

Oil and Gas News Briefs

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TotalEnergies will restart work at Mozambique LNG; first gas 2029

(Reuters; Jan. 29) - Mozambique and TotalEnergies agreed on Jan. 29 to relaunch work on the French energy major's \$20+ billion liquefied natural gas project in the country, even as they continue negotiations over additional costs linked to delays. Work was halted in 2021 following Islamist militant attacks in the province of Cabo Delgado, where the project is located. TotalEnergies, which has taken on extra equity with its partners after some backers pulled out, said late last year it was ready to resume work.

"You will see a massive ramp-up in activity in coming months ... a first offshore vessel has already been mobilized to begin installing the offshore infrastructure," TotalEnergies CEO Patrick Pouyanne said at a ceremony in Afungi, near the project site in Mozambique's northeast. "We have one target now, which is to deliver the LNG by 2029 on a budget of \$20 billion, so there's a lot of work to be done," he added.

With capacity to produce 13 million tonnes a year, the project is expected to make Mozambique a major gas exporter and to transform the poor African nation's economy. But it has been dogged by security, finance and human rights issues that have spooked some investors. In October, TotalEnergies said the project's costs had risen by \$4.5 billion in the years it was on hold. It said the consortium wanted the production period extended by 10 years as partial compensation. President Daniel Chapo said Jan. 29 the two sides would negotiate for a consensus on revised costs once an audit is finalized.

Abu Dhabi expands its stake in Rio Grande LNG project in Texas

(Reuters; Jan. 26) - Abu Dhabi state energy company XRG said Jan. 26 it is buying an additional 7.6% stake in two liquefied natural gas production trains at the Rio Grande LNG project in Texas, deepening its investment in one of the world's largest export facilities. XRG said it is acquiring the stake in Trains 4 and 5 from an acquisition vehicle of Global Infrastructure Partners (GIP), which is now part of BlackRock. The deal adds to XRG's existing indirect 11.7% holding in the project's first three trains at the Port of Brownsville facility, also through GIP.

Trains 4 and 5 each will have LNG production capacity of approximately 6 million tonnes per year and have secured long-term off-take agreements with high-credit-quality buyers, XRG said in a statement. "By growing our presence in U.S. LNG, we are strengthening a resilient, globally scaled gas platform while further deepening the UAE-U.S. energy partnership," said Mohamed Al Aryani, president of XRG's International

Gas business. Financial terms of the deal, which is subject to regulatory approvals and customary closing conditions, were not disclosed.

Construction is underway at Rio Grande LNG, which will reach 30 million tonnes per year production capacity when all five trains are in operation. The lead developer is Next Decade Corp. Total development cost has been reported at more than \$30 billion, with first LNG in 2027 and the fifth production train set to come online in 2031.

EU competition chief warns of overreliance on U.S. LNG

(Bloomberg; Jan. 27) - The European Union's competition chief has warned against relying "too much" on U.S. liquefied natural gas imports as the bloc looks to diversify its energy basket. "We know that we cannot rely on Russian gas, and that we should pay attention not to rely too much on American gas," Teresa Ribera told RTE Radio in an interview on Jan. 27. Europe has replaced some of its lost Russian gas with U.S. LNG, and has been under pressure to boost those purchases. A trade deal with Washington last year included a commitment to purchase \$750 billion in U.S. energy by 2028.

The EU agreed last year to accelerate a phaseout of Russian gas and sever ties with its once-primary supplier of the fuel. Energy companies have closely monitored the bloc's strategy to seek alternative sources and also speed up its renewables roll-out as it aims to zero-out emissions by 2050. If Europe fulfills all its supply deals for U.S. LNG and its gas demand reduction efforts falter, as much as 80% of its imports could come from the U.S. in 2030, up from 57% in 2025, the Institute for Energy Economics and Financial Analysis said in a report earlier this month.

"The reality is that a lot of gas will be coming onto the market from the U.S. over the next three years," Michael Lewis, CEO of German utility Uniper said at conference in Berlin. "We will never repeat the mistakes of the past in Germany. We will never be as dependent on the USA as we were on Russia in the past."

European nations agree to 100-gigawatt offshore wind network

(Reuters commentary; Jan. 27) - European countries have agreed to jointly develop a vast offshore wind network, marking a pivotal step in the region's push to both trim its dependence on U.S. liquefied natural gas imports and tackle rising renewable energy costs. At the North Sea Summit on Jan. 26, ministers from Britain, Belgium, Denmark, France, Germany, Iceland, Ireland, Luxembourg, the Netherlands and Norway signed an agreement to develop 100 gigawatts of offshore wind capacity in shared economic waters. That's enough to supply more than 50 million households.

The deal builds on a 2023 pledge to construct 300 GW of offshore wind by 2050, conceived after the energy-price shock triggered by Russia's 2022 invasion of Ukraine and subsequent disruption of gas flows to Europe. The latest announcement lands at a delicate moment for Europe's relationship with the U.S., given the recent transatlantic spat over Greenland. U.S. President Donald Trump's transactional diplomacy has sharpened European concerns about their heavy reliance on U.S. LNG, which replaced most of the pipeline gas volumes previously supplied by Russia.

Wind power has long been the cornerstone of Northern Europe's strategy to slash its fossil fuel dependency, with onshore and offshore wind generating 19% of EU electricity in 2025. Yet the region operates only about 37 GW of offshore wind across 13 countries, and the planned 100 GW expansion would profoundly reshape Europe's power market. Europe's joint offshore wind plan offers a pathway to building more homegrown power and industrial capacity while reducing reliance on fossil fuel imports. While important, its ultimate success will depend on whether it lowers power costs for European consumers.

Increase in electric trucks in China threatens demand for natural gas

(Bloomberg; Jan. 28) - China's rapid adoption of electric trucks — which overtook gas-powered vehicle sales for the first time last year — is threatening a key source of demand for the country's suppliers of the fossil fuel. Sales of heavy-duty trucks powered by batteries and other new energy sources hit a record in December, helping lift the full-year figure nearly threefold to over 230,000 units, according to registrations tracked by CVNews, a Chinese platform covering commercial vehicles.

That pushed annual sales of electric trucks to 20% of China's total, an acceleration that's sounding alarm bells in the natural gas market. The electric vehicle boom has already gutted demand for traditional fuels like gasoline and diesel in the market for passenger cars. Cleaner-burning natural gas, which has carved out an important niche in road freight, is now in the firing line. Roughly 50% of China's consumption of liquefied natural gas, the pricier, seaborne version of the fuel, comes from the transport sector.

Most trucks in China still run on diesel or gasoline. LNG-truck use continues to expand, although the pace has slowed. Sales rose 12% last year to just under 200,000 vehicles, based on insurance data cited by CVWorld, another news outlet. But government policies are favoring a faster transition to zero-emission engines. The government has tightened up on auto pollution, pushing its emissions rules closer to global standards. It has also extended subsidies to scrap old trucks. While funding for the program could drop this year, Beijing is prioritizing support for the electric versions, according to BNEF.

India's largest LNG importer says prices need to fall to spur demand

(Bloomberg; Jan. 28) - Liquefied natural gas prices will need to drop markedly to spur more Indian demand, according to the nation's biggest importer of the fuel. Prices would need to be between \$6 to \$7 per million Btu for demand in the South Asian nation to increase significantly, Petronet LNG Chief Executive Officer Akshay Kumar Singh said at the India Energy Week conference on Jan. 28. Asian benchmark prices are currently above \$11 and have been in the double-digit range for much of the past five years.

India is potentially a massive market for LNG, but buyers there are price-sensitive and will opt for alternatives like coal or diesel if gas isn't cheap enough. The country has the capacity to import nearly 53 million tonnes per year of LNG, but around half of that is unused due to a lack of affordable supplies and an underdeveloped pipeline network.

India will need 100 million tonnes of LNG import capacity to meet the government's goal of boosting the share of gas in the energy mix to 15% by 2030, from 6% now, Singh said. However, its purchases are only likely to be around 29 million this year, he said.

LNG brought into the U.S. to take advantage of record winter prices

(Reuters; Jan. 28) - Several liquefied natural gas companies took the unusual step of importing gas into the U.S. over the past week in an apparent move to capture record prices that occurred as a brutal winter storm brought bitter cold to much of the country, according to analysts and ship tracking data from financial firm LSEG. BP and Shell, which together own 90% of Trinidad and Tobago's flagship Atlantic LNG plant, brought gas from Trinidad to U.S. plants amid the freeze, LSEG data showed.

Spot natural gas prices soared in several regions across the country to all-time highs as demand for the fuel rose to near-record levels and homes and businesses cranked up their heaters while output slid to a two-year low as oil and gas wells froze. Appearing to take advantage of that high-price opportunity, LNG companies sent cargoes to the Elba Island LNG terminal in Georgia, Cove Point in Maryland, Everett in Massachusetts and Canaport in New Brunswick, Canada, most of which came from Trinidad and Tobago, according to the LSEG data.

Everett and Canaport are import terminals, but it's unusual to send LNG to Elba Island and Cove Point, which generally export gas. "This shows the problem with the Jones Act because the most efficient thing would be to move LNG cargoes from the Gulf Coast to the East Coast," said Jason Feer, the head of business intelligence at shipping company Poten and Partners. The act restricts U.S. LNG from being moved between U.S. ports. It is extraordinary to see the world's largest LNG exporter importing LNG, but with prices over \$100 per million Btu, it made sense to bring in cargoes, he said.

Tanzania expects stalled LNG project to go ahead

(Reuters; Jan. 26) - Tanzania expects to sign before June a deal for the stalled project to construct a \$42 billion liquefied natural gas plant, a senior government minister said on Jan. 26, with production set to start in eight years. Equinor and Shell are joint operators of the mega gas project, which would unlock 47 trillion cubic feet of gas deposits, while Exxon Mobil, Pavilion Energy, Medco Energi and Tanzania's national oil company TPDC are partners. The development was stalled by proposed government changes to a financial agreement reached in 2023.

Along with LNG exports from neighboring Mozambique, Tanzania's project could help establish the East Africa region as an emerging LNG export hub to Asia. "We have basically concluded the commercial discussions. We are now only discussing the legal framework of this agreement," said Kitila Mkumbo, Tanzania's minister of state in the president's office for planning and investment, during a briefing in London.

A specific legal framework was needed, Mkumbo said, given that at \$42 billion this is the largest investment project ever for the country. "The deal is done and we expect this to be signed before June," he said. Mkumbo also said President Samia Suluhu Hassan had instructed the central bank to sell some gold from its reserves. "We need cash. We have a lot of infrastructure projects that are going on and they need funding, so they have been instructed to sell part of it so that we get money for the infrastructure."

LNG carrier changes direction mid-Pacific toward Europe

(Argus Media; Jan. 26) - The Qingcheng carrier carrying a cargo from the LNG Canada terminal has changed direction mid-Pacific and may transit the Panama Canal to deliver to Europe, which could still be profitable at prevailing rates and delivered European premiums, Argus estimates. If the cargo transits the Panama Canal and delivers to northwest Europe by the end of February — with strong winter demand — it could secure a premium of \$1.77 per million Btu compared to Argus' Northeast Asia price.

The European gas price rally has flipped the import incentive from an Asian premium at the beginning of the month to a European premium by mid-January. But the overall profitability of this mid-Pacific diversion to Europe depends on a combination of factors, including where the charterer intends to deploy the vessel, whether freight costs can be considered sunk or whether the charterer has pre-booked Panama Canal transits.

Assuming a daily charter rate of \$27,000 per day, if the charterer intends to deploy Qingcheng in the Atlantic Basin following a northwest European delivery, it would be able to secure a price advantage of 65 cents per million Btu even after accounting for additional freight, boil-off costs and fees from a Panama Canal auctioned slot.

TotalEnergies exec says LNG buyers value energy security over price

(Reuters; Jan. 28) - Global instability is pushing buyers of liquefied natural gas to prioritize energy security over other considerations, such as pricing, an executive at French oil major TotalEnergies said at the India Energy Week conference on Jan. 28. "In the world we live in security of supply is coming back to the top of the agenda ... the customer wants the energy to be delivered," said Ronan Bescond, Total's vice president of long-term marketing and origination for gas and power.

He added that buyers were more likely to sign contracts with companies like TotalEnergies, which have access to a global portfolio of LNG they can draw on to redirect cargoes when necessary to avoid local blockages. "We are going, in this industry and in this world, from one crisis to another one: Ukraine invasion, COVID, the Panama drought which blocked (certain sized ships from transiting through) the canal ... and customers see the portfolio player as someone that will deliver the molecule no matter what," Bescond said.

Russia's Arctic LNG plant delivers first cargo of the year to China

(Reuters; Jan. 26) - The first liquefied natural gas cargo from Russia's sanctioned Arctic LNG 2 plant this year was discharged at China's Beihai LNG terminal, LSEG data showed on Jan. 26. The Buran gas carrier was loaded with LNG on Dec. 25 at a floating storage unit near the Russian port of Murmansk that is used by the Arctic project, according to the data. The vessel delivered the cargo to China's southwestern Guangxi region via the Suez Canal, a route which Arctic LNG 2 ships began using after winter restrictions limited access to the Northern Sea Route along Russia's Arctic coast.

Arctic LNG 2, 60% owned by Russia's Novatek, was set to become one of the country's largest LNG plants, with a target output of 19.8 million tonnes per year, but sanctions from the U.S. over Ukraine have clouded its prospects. Novatek began production at Arctic LNG in December 2023, but only started deliveries of the cargoes to end-users, all of them in China, in August last year.

According to LSEG, Arctic LNG 2 delivered 23 cargoes, or 1.3 million tonnes of LNG, including from its storage facilities near Murmansk and the eastern Kamchatka Peninsula last year to China's Beihai LNG terminal, the sole importer of the cargoes from the project. Separately, LSEG data showed on Jan. 26 that the first Russia-made Arc 7 gas carrier, Alexey Kosygin, has arrived at Arctic LNG 2 for loadings. Ice-class tankers usually have double hulls and are strengthened to withstand the pressure of ice.

EU countries give final approval to ban Russian gas

(Reuters; Jan. 26) - European Union countries on Jan. 26 gave their final approval to ban Russian gas imports by late 2027, making their vow to cut ties with their former top supplier legally binding, nearly four years after Moscow's full-scale invasion of Ukraine. Ministers from EU countries approved the law at a meeting in Brussels, although Slovakia and Hungary voted against and Bulgaria abstained. Hungary said it would challenge the law at the European Court of Justice.

The ban was designed to be approved by a reinforced majority of countries, allowing it to overcome opposition from Hungary and Slovakia, who remain heavily reliant on Russian energy imports and want to maintain close ties with Moscow. Under the agreement, the EU will halt Russian liquefied natural gas imports by end-2026 and pipeline gas by Sept. 30, 2027. The law allows that deadline to shift to Nov. 1, 2027, at the latest, if a country is struggling to fill its storage with non-Russian gas before winter.

Russia supplied more than 40% of the EU's gas before 2022. That share dropped to around 13% in 2025, according to the latest available EU data. But some EU countries continue to pay Moscow for oil, pipeline gas and liquefied natural gas, contradicting their efforts to support Ukraine and restrict funding to Russia's wartime economy. Last month, the five biggest EU importers spent 1.4 billion euros (\$1.66 billion) on Russian energy, mostly on gas and LNG, data from the nonprofit Centre for Research on Energy and Clean Air showed. Hungary was the biggest buyer, before France and Belgium.

Russian-built ice-class tanker preparing to dock at Arctic LNG plant

(Bloomberg; Jan. 26) - Russia's first domestically built ice-class tanker is closing in on the U.S.-sanctioned Arctic LNG 2 plant, expanding the facility's fleet of vessels able to transport the fuel in winter. The Alexey Kosygin tanker has completed its monthlong maiden journey across the eastern part of the Northern Sea Route and is preparing to dock at the Novatek-led plant, according to ship-tracking data compiled by Bloomberg.

Once the vessel docks at Arctic LNG 2, it will be only the second ice-class tanker to do so. It is rated Arc-7, the highest ice-class ranking, which means the ship can serve the plant in winter. Until now, the only such ship serving the plant has been the Christophe de Margerie. Designed to be Russia's largest liquefied natural gas plant, Arctic LNG 2 is central to the country's ambition to triple its LNG output. The addition of another ice-class tanker will support exports during the winter, when thick ice covers Arctic waters.

During the winter along the Northern Sea Route, only tankers with reinforced hulls can load cargoes at Arctic LNG 2. Most vessels serving the plant aren't designed to operate in such conditions, and Western restrictions have made it difficult to procure additional ice-class ships. Domestic construction of such tankers has also taken longer than

expected due to limited expertise in Russia. The Alexey Kosygin, built at the Zvezda shipyard in the country's Far East, was originally scheduled for delivery in 2023.

U.S. oil producers shut in 2 million barrels a day at worst of storm

(Reuters; Jan. 26) - U.S. oil producers lost up to 2 million barrels per day, or up to 15%, of the country's production over the weekend, analysts and traders estimated, as a winter storm swept across the country, straining energy infrastructure and power grids. Oil production outages peaked on Jan. 24 at 2 million barrels per day, consultancy Energy Aspects estimated, with the Permian Basin likely to have experienced the largest share of that decline at around 1.5 million barrels per day.

Production losses eased on Jan. 26, with Permian shut-ins estimated at about 700,000 barrels per day and production set to be fully restored by Jan. 30. ConocoPhillips' Permian crude production was down by 175,000 barrels per day as of Jan. 25 owing to frigid weather, according to a source familiar with the matter, who was not authorized to speak on the record. Chevron reported hatches were frozen open during the storm on Jan. 25 in Midland, Texas, according to a regulatory filing.

Exxon Mobil was experiencing multiple shutdowns in gas compressors across different fields owing to low ambient temperatures, affecting oil production because the gas compression is used to lift the oil, said a source familiar with the matter. Occidental and Targa Resources were among the two dozen reports of upsets at gas processing plants and compressor stations in Texas, according to regulatory filings over the weekend, but that paled in comparison to the more than 200 reported upsets during the first five days of a severe winter storm in 2021, TACenergy analysts said in a note on Jan. 26.

China builds up oil reserves, but will pull back if prices rise too much

(Reuters commentary; Jan. 27) - Where exactly is the expected supply glut in the global crude market? The best answer is China. The country's surplus of crude oil jumped to 2.67 million barrels per day in December, up from 1.88 million in November and the most since the 2.27 million seen in June 2020, when the world's largest crude buyer was gorging on cheap oil at the height of the COVID-19 pandemic. For all of 2025, the volume of surplus crude averaged 1.13 million barrels per day, largely steady from the 1.15 million seen in 2024, according to calculations based on official data.

It is clear that from March 2025 onward, China was importing crude at a far higher rate than necessary to meet domestic fuel demand. The volume of surplus crude flowing into China largely answers the question as to where the global surplus of crude oil is. But what would happen to the crude price if China pared back its imports by around 1 million barrels per day in 2026 from 2025 levels? This would act as a drag on the global

crude price and make it challenging to outline a bullish case in the absence of a major supply interruption caused by geopolitical conflict.

The question is whether China is likely to continue boosting its crude stockpiles in 2026. China has long aimed to build its strategic reserves by as much as 500 million barrels, meaning there is plenty of scope for it to continue to buy more than it needs to meet demand. But the key factor will be price. China has shown in the past that it tends to pull back on imports when oil prices rise too high or too quickly. It's likely that China will continue to buy extra crude for as long as prices remain at levels deemed reasonable.

U.S. turns to commodities brokers to move initial Venezuela oil

(Bloomberg; Jan. 25) - President Donald Trump has portrayed his takeover of Venezuela's oil sales as a victory for America, but when his administration wanted to sell several billion dollars' worth of the fuel quickly, the experts it turned to were a couple of foreign trading houses. Vitol and Trafigura's special licenses to ship still-sanctioned Venezuelan barrels have given them a head start in a potentially lucrative trade, while Caracas is under pressure to get the oil flowing again after Trump's blockade forced the industry to cut production levels as storage filled up.

For Vitol and Trafigura, it's a chance to claw back business in key markets. U.S. limits on oil from Venezuela, Russia and Iran have squeezed commodity merchants out of a growing chunk of the global oil trade, much of which has flowed at heavy discounts to Asia. "It's an opportunity to get back into a business that was previously off-limits," said Christian Frutig, a former Trafigura commodities executive. Taking delivery of and finding buyers for tens of millions of barrels of sanctioned oil, including a significant share stored on dark-fleet tankers off Venezuela's coast, is a huge and complex task.

The Trump administration turned to Vitol and Trafigura because they were seen as the companies that would be able to move the initial barrels most quickly, according to an official. But the crucial question is how quickly they can find buyers for it — and at what price? The companies have also been offering cargoes to U.S. Gulf Coast refiners at discounts to the Brent benchmark of about \$8 to \$9 a barrel, one person said. Given that the traders are buying crude from Venezuela's state oil company Petróleos de Venezuela at Brent minus about \$15 a barrel, that suggests a potential for hefty profits.

Houston looks for how it can get some of the work in Venezuela

(Reuters; Jan. 26) - In a downtown Houston bar, Matthew Goitia, a director at Pelorus Terminals, lays out his idea to refurbish and build marine terminals that can blend and export crude and ship chemical products in Venezuela. He estimates the ambitious plan would cost \$250 million to \$1 billion to refurbish an existing oil terminal in Venezuela,

build a new one and then convert the older facility to move chemicals and other products. He is also considering adding storage tanks, overhauling the docks and ensuring power supply, all of which could take between three and 10 years.

There is plenty to iron out, and it's not yet clear how to get U.S. government permission to do any of it. Any move into the country will also likely need lots of support from local officials and state oil company PDVSA, but that's not stopping early ideas from emerging. In offices across the city at the heart of the U.S. oil industry, executives, entrepreneurs and chancers are looking for a way to get a piece of the work to plumb Venezuela's huge crude oil reserves — estimated as the world's largest.

"The small guys are willing to take the risk, Venezuela is the lost world," Goitia said. He has already held talks with two private-equity investors and is setting up meetings with like-minded wildcatters exploring ways to enter the South American country. Less than a month after the U.S. incursion to capture Venezuelan President Nicolas Maduro, visions of a new oil rush are galvanizing the industry in Houston, as U.S. President Donald Trump seeks \$100 billion in investment to rebuild the country's dilapidated oil industry.

Chevron assembles fleet to move oil out of Venezuela

(Bloomberg; Jan. 26) - Chevron has assembled its largest fleet of tankers in almost a year to ship Venezuelan crude, after the U.S. moved to exert control over the country's oil sector following the capture of leader Nicolas Maduro. Chevron, with its license to export U.S.-sanctioned oil, sent 15 vessels this month to ship at least 200,000 barrels. That compares with nine ships in the previous month and marks the highest total since March, according to shipping reports and vessel movements compiled by Bloomberg.

Chevron has taken more oil after shipments by the so-called dark fleet vanished, following the U.S. pledge to clamp down on illicit oil trading and Maduro's ouster earlier this year. Chevron's shipments are all bound for U.S. refiners, including Valero Energy and Phillips 66. Volumes have increased as the Houston-based company takes more oil from its Petroboscan project, a joint venture with state oil producer Petroleos de Venezuela. Cargoes of Petroboscan crude account for about half of all shipments.

Iran earns less profit on oil as middlemen take their cut

(Wall Street Journal; Jan. 25) - Iran exported more oil in 2025 than it had done in years, smuggling crude in defiance of sanctions, mainly to China. At the same time, the regime's profits from the commodity collapsed. The falling price of crude compressed prices, but the decline was largely driven by a web of middlemen and buyers taking advantage of Iran's precarious position and dependence on oil revenue. They know it

has few other ways to unload its sanctioned oil apart from through its shadow fleet, a global network of aging tankers the Trump administration is pursuing with sanctions.

Now, those involved in the Iranian oil trade are demanding even higher fees for handling the crude. Buyers are also increasingly exploiting the restrictions on Iran to get the sanctioned oil at even deeper discounts. The drop in oil revenue is sharpening the economic crisis in Iran that triggered days of deadly protests — the biggest challenge to the Shiite leaders in their more than four decades in power.

Adding to the stakes for global energy markets: Iran, a founding member of OPEC, is responsible for about 3% of global oil output. Some analysts estimate Iran's full-year sales of crude totaled about \$30 billion last year, with Iran keeping roughly two-thirds as profit, they say. Profits in prior years have been much higher at times, said oil industry officials and analysts. Sanctions mean the Iranians and the others involved in the trade have to set up new intermediaries to help get around them, said Gregory Brew, senior analyst for Iran and energy at Eurasia Group consulting firm. "Everybody takes a cut."

Kazakhstan oil field partners lose arbitration over payments owed

(Bloomberg; Jan. 26) - The oil majors that operate the Karachaganak field in Kazakhstan lost an international arbitration case, leaving them liable to pay as much as \$4 billion in compensation to the country's government, according to people familiar with the matter. The court has yet to determine the specific amount the field's partners, led by Eni and Shell, will have to pay, the people said, asking not to be named because the arbitration wasn't public. The Karachaganak venture may still appeal the decision.

The ruling is a partial victory for Kazakhstan, which was claiming more than \$6 billion from the operators of Karachaganak. The tribunal upheld the government's position that the companies recovered money from the state — through the field's production-sharing agreement — for cost overruns that were unapproved and other expenses that should not have been recoverable, the people said, asking not to be named.

Legal advice received by Kazakhstan suggests the arbitration ruling means the partners, which also include Chevron, Lukoil and KazMunayGas National Co., will have to pay back an estimated \$2 billion to \$4 billion, the people said. The mechanism for repaying this money will result in changes in the field's production-sharing contract. Kazakhstan's government sued the developers of Karachaganak, the country's third-largest field, in 2023 over cost deductions, with an initial amount of \$3.5 billion rising substantially after further claims that included allegations that expenses were inflated.