Oil and Gas News Briefs
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U.S. oil majors will be reluctant to commit billions to Venezuela oil

(Reuters commentary; Jan. 6) - U.S. President Donald Trump is giving U.S. energy companies the opportunity to revive Venezuela's massive, derelict oil industry. It's an offer they may want to refuse. After the U.S. military's ouster of Venezuelan President Nicolas Maduro at the weekend, representatives of the Trump administration plan to meet with oil executives later this week to discuss boosting Venezuelan oil production. Tapping Venezuela's vast oil reserves — the world's largest at more than 300 billion barrels — may be a tempting prospect for ExxonMobil, Chevron and ConocoPhillips.

An opportunity approaching this scale has only been seen on a handful of occasions in recent decades, including following the collapse of the Soviet Union in the early 1990s, when Western oil majors scrambled to acquire cheap oil and gas assets. But Trump's proposal is far from a slam-dunk. To start, most of Venezuela's oil reserves, located in the Orinoco belt, are classified as heavy and extra-heavy. These highly viscous grades must be blended with diluent and upgraded into lighter oil to be extracted, transported and processed. All this raises the production costs.

The energy-intensive upgrading process also increases the carbon footprint, which could push up costs further if more governments start taxing emissions or raising levies. Breakeven costs for key grades in the Orinoco belt average more than $80 a barrel, according to estimates by consultancy Wood Mackenzie. That places Venezuela at the higher end of the cost scale for new production. Heavy oil produced in Canada has an average breakeven of around $55. Exxon's breakeven target for global production by 2030 is $30 a barrel, driven by low-cost fields in Guyana and the U.S. Permian shale.

Convincing U.S. majors to invest billions to extract pricey Venezuelan oil might be a hard sell. But contradicting Trump also carries risks. The U.S. oil giants will thus likely acquiesce to the White House's plan, at least in part, by signaling willingness to explore the opportunities. But will they pour billions of dollars into a country long considered the poster child for corruption and mismanagement? That might be hard to swallow.

Trump plan would assert control over Venezuelan oil industry

(Wall Street Journal; Jan. 7) - President Donald Trump and his advisers are planning a sweeping initiative to dominate the Venezuelan oil industry for years to come, and the president has told aides he believes his efforts could help lower oil prices to his favored level of $50 a barrel, according to people familiar with the matter. A plan under

consideration envisions the U.S. exerting some control over Venezuela's state-run oil company Petróleos de Venezuela, or PdVSA, including acquiring and marketing the bulk of the company's oil production, people familiar with the matter said.

If successful, the plan could effectively give the U.S. stewardship of most of the oil reserves in the Western Hemisphere, when factoring in deposits in the U.S. and other countries where U.S. companies control production. It could also fulfill two of the administrations' primary goals: to box Russia and China out of Venezuela and to push energy prices lower for U.S. consumers. Trump has repeatedly raised the prospect of lowering oil prices to $50 a barrel, two senior administration officials said.

But prices are already low, with the U.S. benchmark hovering around $56 a barrel Jan. 7, and Trump has struggled to persuade U.S. producers to crank out more crude and help him accomplish his political goals. Many companies see $50 as a threshold below which it becomes unprofitable to drill, and a sustained period of low oil prices could decimate the U.S. shale industry, which has been a key backer of the president. "Investors don't care about energy dominance. They care about energy dividends," said Clay Seigle, a senior fellow at the Center for Strategic and International Studies.

Sending more Venezuela oil to U.S. will take away from China's supply

(Reuters commentary; Jan. 4) - The U.S. military's ouster of Venezuelan President Nicolás Maduro is set to swiftly reroute the country's oil exports back toward the United States — and away from China. That will give U.S. refiners an immediate boost, but President Donald Trump's plans to revive production in the Latin American country may be slower to materialize. Oil refineries along the U.S. Gulf Coast, the country's main refining and exporting hub, were built decades ago to process heavy-grade crude — the type that Venezuela exports — for products such as gasoline, diesel and jet fuel.

A shift in Venezuela's exports would come largely at the expense of China, which became the main importer of Venezuelan oil after Trump imposed sanctions on the country's energy industry in 2019. China took more than half of Venezuela's exports of 768,000 barrels per day last year, according to data from analytics firm Kpler. Around two-thirds of Chinese oil imports from Venezuela go to independent refineries, known as teapots, that are willing to flout sanctions in order to purchase the crude at sharp discounts, according to Reuters estimates. However, if U.S. sanctions are lifted, oil would be sold at international prices, removing the incentive for these buyers.

The remaining one-third of current oil exports to China goes toward repaying debts to Beijing. It is unclear if this trade would continue, as the oil is probably delivered at or near production costs, far below market prices. Ultimately, the direction for the bulk of Venezuela's crude is clear. The U.S. is a far more natural market than China. Western companies will likely be eager to tap into Venezuela's abundant and low-cost resources.

But they will require a certain degree of political stability and confidence regarding the sanctity of contracts before they pour billions into new projects or sign long-term deals.

China's deal for Venezuelan oil goes back more than 20 years

(New York Times; Jan. 5) - The bargain was struck when China was thirsty for oil and Venezuela was hungry for cash. Now, with the ouster of Venezuela's leader, Nicolás Maduro, the partnership's future is in question. In the early 2000s, China's economy was expanding at such a strong pace that it needed more energy to power its growth. Beijing, which imports most of its oil, sent its companies to scour the world to secure access to resources. They found a partner in Venezuela, where its leader at the time, Hugo Chávez, was looking to diversify his country's economic ties away from the U.S.

The two countries struck a trade partnership that would yield more than $100 billion in financing promises from China in exchange for oil. The money financed railways and power plants and gave Caracas much-needed cash. Venezuela paid the money back with "all the oil that China needs for its growth and consolidation as a power," Chávez said in 2010. The deal continues today under far more challenging circumstances.

"If we do see (U.S.) sanctions lifted, then we see Venezuela becoming a less important oil supplier to China, especially after those loans are repaid," said Erica Downs, a senior research scholar at the Center on Global Energy Policy at Columbia University.

Boost in Venezuela oil to U.S. could cut into Canadian exports

(Reuters; Jan. 6) - A full-scale resumption of Venezuelan oil exports would benefit refiners in the U.S. and lower their costs, with the refineries capable of absorbing most of the roughly 1 million barrels per day of crude if U.S. sanctions on the South American country are removed. But a boost in Venezuelan exports could hurt Canadian producers that sell a similar heavy oil, and small Chinese refiners, which would face higher costs if the discounted Venezuelan crude they have been buying diverts to the U.S.

It would take years of work for companies to pump a lot more oil from Venezuela. The country's existing exports could, however, quickly redirect to the U.S. from China if the U.S. lifted its blockade on Venezuelan exports. "If sanctions are lifted in the short term, the U.S. Gulf Coast can absorb a substantial portion … but the barrels would clear by pushing out other heavy crudes and competing aggressively on price," said Rommel Oates, founder of refining software company Refinery Calculator.

U.S. refiners have imported more crude from Canada, Mexico, Colombia, Brazil and the Mideast since sanctions were imposed on Venezuela. More U.S. imports of Venezuela oil would displace those crudes, most notably Canadian. Canada boosted its output to

record levels in 2025, exporting about 90% of its crude to the U.S. "Canadian heavy crude had picked up the slack while Venezuela was struggling. The grades will compete, which is good for U.S. refining but also bad for Canada," a refining source, who was not authorized to speak on the record, said.

Oil prices decline after Trump announces imports of Venezuelan oil

(Reuters; Jan. 7) - Oil prices initially fell on Jan. 7 after President Donald Trump said the U.S. had reached a deal to import up to $2 billion worth of Venezuelan crude, a move that is expected to increase supplies to the world's largest oil consumer. Brent crude futures fell 11 cents to $60.59 a barrel, while U.S. West Texas Intermediate crude fell 27 cents to $56.86 a barrel. Both benchmarks extended declines of more than $1 from the previous trading session, as market participants expect ample global supply this year.

The deal between Washington and Caracas could initially require cargoes that were bound for China to be rerouted, sources told Reuters. Venezuela has millions of barrels of oil loaded on tankers and in storage tanks that it has been unable to ship since mid-December due to a blockade on exports imposed by Trump. Venezuela will be "turning over" between 30 million and 50 million barrels of "sanctioned oil" to the U.S., Trump wrote in a social media post on Jan. 6.

Morgan Stanley analysts estimated the oil market could reach a surplus of as many as 3 million barrels per day in the first half of 2026, based on weak growth in demand last year and rising supply from OPEC and non-OPEC producers. However, the prospect of Venezuelan oil exports could pause expansion of productive capacity in the U.S. and elsewhere, analysts at BMI, a unit of Fitch Solutions, said Jan. 7. Venezuela has been selling its flagship crude grade at about $22 a barrel below Brent for delivery at its ports.

Venezuela running out of room to store oil, starts cutting production

(Reuters; Jan. 5) - Venezuela's state-run oil company PDVSA has begun cutting crude production because it is running out of storage due to an ongoing U.S. oil blockade that has reduced exports to zero, piling more pressure on an interim government trying to hang on to power in the face of U.S. threats of more military action. The OPEC country's oil exports, its main source of revenue, are now at a standstill following a U.S. blockade on tankers under sanctions and the seizure of two oil cargoes last month.

Chevron's cargoes bound for the U.S. had been an exception, continuing to move, because the company has a license from Washington for its operations. But even those have stopped since Jan. 1, shipping data showed on Jan. 4. PDVSA's move includes shutting down oil fields or well clusters as onshore stocks mount and the company runs

out of diluents to blend Venezuela's heavy crude for shipment. The company requested output cuts to ventures that include Chevron and Chinese and Russian companies.

The U.S. pressure has forced PDVSA to store oil in vessels since late December and slow down cargo deliveries at its main port, Jose. If loaded tankers cannot depart, company executives and experts view more output cuts as unavoidable. After filling more than 45% of its 48-million-barrel onshore storage capacity and sending fuel oil to open-air waste pools, PDVSA two weeks ago began loading tankers with crude and fuel as floating storage. There are now more than 17 million barrels in ships waiting to depart, according to TankerTrackers.com.

Deloitte expects global oil oversupply, low prices to persist in 2026

(Financial Post; Canada; Jan. 6) - Oil prices could slide further in 2026 amid deepening geopolitical uncertainty and a global crude market facing its largest oversupply since the COVID-19 pandemic, Deloitte said in its latest price forecast released Jan. 6. Global crude prices fell sharply last year as rising production from the U.S., Canada, Brazil and Guyana, along with OPEC+ countries, outstripped demand. But despite rising political tensions around the globe, the outlook for prices isn't looking any rosier in 2026.

Deloitte expects global oil production to keep rising next year, albeit at a slower pace, even after investment in oil and gas fell in 2025 for the first time in five years. "The oversupply is real, and while demand and economies are waking up and moving forward, they're not moving forward at the robust rates that we might hope," Andrew Botterill, a partner at Deloitte Canada and lead author of the report, said. "We see ourselves in a big oversupply situation right now of about 3 million barrels a day. We should expect downward pressure on prices, especially in the first half of the year."

Even as geopolitical risks flare — including the surprise ouster of Venezuela's Nicolás Maduro — Botterill said the current oversupply of crude seems to be blunting the impact of war and sanctions on prices. OPEC+ nations came out this past weekend and said they were going to be a little cautious and not add to that oversupply. Deloitte's forecast calls for U.S. benchmark West Texas Intermediate to average about US$58 a barrel over the next 12 months, down from an average of US$65.58 in 2025.

Record U.S. LNG exports may be pushing up domestic gas prices

(Financial Times; London; Jan. 6) - On the campaign trail Donald Trump promised to "drill, baby, drill" and slash energy prices within 12 months of taking office. But just weeks before that milestone, soaring gas and electricity prices have led to rising complaints about affordability for the average American. Since his election, the cost of

gas and electricity piped into people's homes has continued climbing, with rates increasing by 9.1% and 6.9%, respectively, in the 12 months to the end of November.

What has gone wrong for a president who promised voters lower prices? On his first day in office Trump declared a "national energy emergency" and has fast-tracked the permit process for projects, slashed environmental regulations and scrapped a pause on approvals of liquefied natural gas export terminals. Exports of the fuel hit a record high last month. The U.S. is already the world's largest exporter, but since taking office Trump has doubled down. Analysts forecast U.S. LNG exports will double by 2030.

But there are concerns among consumer and business organizations that the surge in exports — currently 10% of U.S. gas production and expected to rise to 20% by 2030 — is pushing up domestic prices, particularly when household demand peaks. Last month, in the midst of freezing weather, wholesale gas prices reached the highest level since the 2022 energy crisis after Russia's invasion of Ukraine. Such a trend also pushes up electricity prices, as about 40% of U.S. electricity is generated in gas-fired power plants.

Wave of new LNG supply to create buyers' market through 2030

(Bloomberg; Jan. 7) - A record-breaking wave of new liquefied natural gas supply is creating a buyers' market that looks set to last through the rest of the decade. It's a huge shift from a few years ago, when European buyers rushed to replace Russian pipeline gas after the invasion of Ukraine. The war, combined with a long stretch with hardly any new export projects, spurred a shortage that saw many cash-strapped emerging nations priced out of the LNG market.

That's changing rapidly. Global LNG output rose 6% in 2025 and is expected to grow for at least another four years on the back of record-setting investment in new export facilities. This year alone, two giant projects — Golden Pass in Texas and a major expansion in Qatar — are due to start production. Once fully ramped up, they will add supply equivalent to roughly 11% of global exports. The International Energy Agency expects annual capacity additions between 2026 and 2029 to exceed those of 2025.

It's a relief for developing nations that want to secure LNG to supplement declining local gas supplies, displace dirtier coal and meet rising electricity demand. High prices have curbed imports in major markets like China and India over the past few years. Spot LNG prices in Asia have dropped to their lowest in over a year, and traders expect them to fall further as supply growth outstrips demand. For years, there wasn't enough LNG to go around, and shipments flowed to the highest bidders — usually in Europe. That era is ending. If prices stay low, Asian gas demand could be on the cusp of historic growth.

Japan’s new prime minister pushes for restart of more nuclear power

(The Japan Times; Jan. 4) - As she settles into the nation’s top office, Japan’s Prime Minister Sanae Takaichi’s energy policy is coming into focus. Over her short two months in office, Takaichi has emphasized the restart of aging nuclear reactors and developing futuristic — but not yet commercially viable — technologies like nuclear fusion. She has also given considerably less attention to renewables, with the exception of geothermal, all with the goal of making Japan 100% energy self-sufficient.

Takaichi’s bid to resurrect nuclear power comes despite significant renewable energy growth in recent years as Japan pursues its goal of net-zero emissions by 2050. Ministry of Economy, Trade and Industry data show that renewable energy provided 23% of Japan’s electricity generation in fiscal 2024, while nuclear’s share was 9.4%. Thermal power (including oil, liquefied natural gas and coal, but excluding biomass), however, still accounted for the largest share at 67.5%, raising significant questions about whether the goal of self-sufficiency is achievable.

Last February, Japan's latest Strategic Energy Plan included a goal to increase the share of renewable energy in power generation from about 20% to between 40% and 50% by the 2040 fiscal year. But that plan was approved during the administration of Prime Minister Shigeru Ishiba and it’s clear that Takaichi intends to take Japan in a slightly different direction. Takaichi, long one of Japan’s strongest advocates for nuclear power, says the controversial energy source is needed to deal with projected increases in electricity consumption, especially by energy-hungry data centers.

Russia depends on single ice-class LNG carrier for Arctic exports

(Bloomberg; Jan. 4) - Russia has used a single icebreaker ship to continue exporting liquefied natural gas from a U.S.-sanctioned project in the Arctic through the winter, highlighting Moscow’s need for more vessels that can traverse icy waters. The Christophe De Margerie docked at the blacklisted Arctic LNG 2 export plant on Jan. 5, and is poised to export its third shipment since Dec. 20, according to ship-tracking data compiled by Bloomberg. The tanker is the only operating ship identified in the Russian LNG fleet that’s capable of navigating frozen areas all year-round.

Christophe De Margerie, an ice-class Arc7 build, delivered its last two shipments to the Saam floating storage unit in Russia’s western Murmansk region. Fuel in that storage facility can be picked up by regular vessels and brought to China, the sole buyer of sanctioned Russian LNG. This trade is likely to continue until the shorter eastern sea route reopens when the ice melts during the summer.

The continued exports are a shot in the arm for Russia, which is struggling to boost gas sales amid tightening Western restrictions and the loss of Europe as its top buyer. Arctic LNG 2 was forced to significantly curtail production last winter due to the lack of

shipping and storage. The single icebreaking vessel is allowing Arctic LNG 2 to operate at roughly 25% of its current capacity, the ship data shows. Russia last month finished its first domestically built ice-class LNG tanker, Alexey Kosygin, which is heading toward the Arctic from the nation's Far East. This ship could help unlock more exports.

After years of delay, Russia takes delivery of ice-class LNG carrier

(High North News; Jan. 5) - Russia has launched and handed over its first domestically assembled Arc7 ice-class liquefied natural gas carrier, the Aleksey Kosygin, to state-controlled shipping company Sovcomflot, marking a rare piece of good news for the country's shipbuilding ambitions after years of delays caused by Western sanctions and technology shortages. The Aleksey Kosygin was assembled at the Zvezda yard in the Far East and has been transferred to its operator, Sovcomflot, Russian media reported.

The vessel, designed to operate year-round in Arctic conditions, had originally been scheduled to enter service several years ago but was repeatedly delayed as Western sanctions cut off access to key equipment, engineering support and expertise. Large sections of the hull were not built in Russia. Instead, they were constructed by Korean shipbuilder Samsung Heavy Industries and towed to Zvezda for final assembly, pointing out the limits of Russia's domestic shipbuilding capabilities for complex LNG carriers.

In total, Samsung supplied five Arc7 hulls under contracts signed before Western sanctions were imposed following Russia's invasion of Ukraine. The Aleksey Kosygin's prolonged construction and testing underscore the challenges Zvezda has faced in completing Russia's first-ever domestically assembled LNG carrier of this class. The ship underwent roughly a year of on-and-off sea trials, reflecting technical issues and delays as the yard sought to integrate propulsion systems, cargo handling equipment and ice-class features without the full participation of Western suppliers.

Osaka Gas starts up new 1.25-gigawatt power station

(Reuters; Jan. 5) - Japan's second-biggest city gas provider, Osaka Gas, said it started commercial operations of the No.1 unit at its new 1.25-gigawatt gas-fired power station in Himeji, western Japan, on Jan. 1. The plant comprises two 622.6-megawatt units, with the No. 2 unit expected to begin operations in May, the company, which also supplies electricity, said. The facility runs on natural gas and uses a high-efficiency gas turbine, combined-cycle power generation system, according to a company statement.

Once both units are online, Osaka Gas' domestic thermal power generation capacity will rise to about 3.2 GW from roughly 2 GW. The move comes as data centers are expected to consume vast amounts of power to support the AI boom, while Japan's latest Strategic Energy Plan, approved in February last year, identified gas as a realistic

transition fuel toward the nation's goal of net-zero carbon emissions by 2050 and "an important energy source even after carbon neutrality."

Japan has been auctioning for new gas-fired power capacity mainly to replace aging coal plants, awarding 7 GW over the past two years, the Organization for Cross-Regional Coordination of Transmission Operators of Japan said last year. OCCTO has projected that gas-fired capacity will rise to 85.75 GW by 2034 from 79.98 GW in 2024.

Qatar signs deal to supply Egypt with LNG

(Reuters; Jan. 4) - Egypt and Qatar signed a memorandum of understanding to boost cooperation in liquefied natural gas sales and imports, including terms for supplying Qatari shipments to Egypt's Ain Sokhna and Damietta ports, Egypt's petroleum ministry said on Jan. 4. QatarEnergy said in a statement that the agreement includes supplying Cairo with up to 24 LNG cargoes for the upcoming summer.

Egypt, the Arab world's most populous nation, has been trying to increase its own gas production and diversify import sources to meet its growing energy needs. Domestic gas production began declining in late 2022, putting pressure on its ambitions to become a regional supply hub, and forcing it to plan for significant pipeline gas imports from Israel, along with costly LNG cargoes.

Papua New Guinea LNG pays off project debt 11 years after startup

(Radio New Zealand; Jan. 6) - Papua New Guinea's largest resource development has reached a milestone more than a decade in the making. The PNG liquefied natural gas project has fully retired its bank-financed project debt, closing a complex financing arrangement. The debt, raised in the late 2000s to fund construction of onshore and offshore facilities, totaled about US$16 billion, including interest. Exports began in 2014, with repayment over more than a decade, limiting how much revenue flowed to equity holders, including the state through Kumul Petroleum Holdings, with a 19.4% stake.

In December 2025, the joint-venture partners accelerated the final repayment, clearing the facility around six months ahead of schedule. With the project finance facility closed, PNG LNG's future revenues will no longer be directed first to servicing debt. After operating costs, cash will flow directly to shareholders, including Kumul Petroleum and, by extension, the state, along with partners ExxonMobil (the project operator), Santos and a Japanese energy company, ENEOS.

Papua New Guinea adopted a project-finance joint-venture model, anchored by foreign operators and lenders. The state participates primarily as an equity partner through Kumul Petroleum rather than as an operator or manager. Large upfront borrowing was

repaid from LNG revenues, meaning debt servicing took priority over dividends. The $19 billion project has consistently produced more than 8.5 million tonnes per year, about 20% above its nameplate capacity, according to ExxonMobil.