# Oil and Gas News Briefs
# Compiled by Larry Persily
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## More Permian oil means more gas in need of more pipelines

(Wall Street Journal; July 21) - America's most prolific drilling region finds itself on the brink of being trapped between an uptick in drilling in response to rising energy prices and not enough ways to get product to market. Earlier this year as the conflict between Iran and the U.S. drove global oil prices up, energy producers in the West Texas region known as the Permian Basin extracted so much natural gas as a byproduct of the oil they pumped that they had to pay increasing sums to users to take it because there wasn't enough pipeline capacity to get it to other customers.

In the first half of the year prices averaged negative $2.19 per million Btu at the region's Waha trading hub. In late April, when oil prices were near $100 a barrel, the gas price dropped to a record low of negative $7.95. That compares with $2.72 the same day at Henry Hub, a Louisiana pipeline junction where the national benchmark is set. This summer, new pipeline capacity has opened and lifted Permian gas out of the red, but it is still about 40% below the national benchmark for the heating and power plant fuel.

Analysts think the recent relief might be short-lived given how much drilling is planned in the premier oil patch before the next batch of gas lines comes online toward the end of the decade. The Permian could quickly become flooded with gas again if high oil prices encourage producers to keep drilling. The gas predicament is one of the most glaring examples of how 15 years into the shale boom, the U.S. struggles to connect the fields that remade the country into an energy powerhouse with utilities and manufacturers.

The Permian is unique in that producers typically underwrite drilling there based on oil prices and not the gas. Being a costless byproduct has created a high tolerance for low prices and situations when gas is treated more like a nuisance than a coveted fuel. Some drillers flare or vent gas, meaning they burn it at the wellhead or release it into the atmosphere. There are regulatory limits to how much producers can do that, however.

## Texas oilman with success in Alaska turns his attention to Venezuela

(Financial Times; London; July 17) - One of America's most successful wildcatters is poised to explore for oil in Venezuela after agreeing to a draft deal with the country's authorities and buying seismic data to gain a head start on rivals. "It has dreamland geology and a gigantic resource," said Bill Armstrong, a Texan oilman who helped revive exploration in Alaska and is now racing to capitalize on President Donald Trump's removal in January of former Venezuelan leader Nicolás Maduro.

“There’s no way … I ever would have thought Venezuela would be open for business,” he said. “And then out of the blue, with that kind of raid at frickin’ midnight, they come in and they whisk Maduro away.” Armstrong made his name on Alaska’s North Slope, where his 2013 Pikka discovery transformed perceptions of a basin many companies had written off. By the end of that decade, he had sold his stake in the project for $850 million to Oil Search, which was later acquired by Australia’s Santos. Pikka started pumping last month, on its way to peak production planned for 80,000 barrels a day.

Armstrong already has expanded his position in what he calls the “world’s hottest oil play,” spending $22 million on new leases in the National Petroleum Reserve-Alaska. But now he is focused on the prize in Venezuela. He was one of almost two dozen executives invited to the White House in January for a televised summit aimed at raising $100 billion in investment to rebuild the country’s oil industry, telling Trump, “it is prime real estate” and that he was ready to go. On one of two recent trips to Caracas, he met with the U.S.-backed interim president for talks as he seeks areas to explore. He has also bought seismic data, which he said was essential for modern exploration.

## Miami-based investment firm close to oil deal in Venezuela

(Bloomberg; July 20) - Lionheart Capital is close to a $400 million deal for a stake in a Venezuelan oil field, in what would be one of the first major private investments in the country’s oil industry since the U.S. began easing sanctions. Miami-based Lionheart signed a non-binding letter of intent with Swedish firm Keo Capital, which owns a stake in PetroUrdaneta, according to a statement released on July 20. Under the proposed deal, a new company owned by Keo and Lionheart would be formed. The parties are negotiating and aim to execute a final agreement by Aug. 17, Keo said in the statement.

If a definitive agreement is reached, Keo would receive $400 million in shares of Lionheart Holdings, a blank-check company listed on the Nasdaq, according to people familiar with the matter, who asked not to be identified. The deal remains subject to due diligence and regulatory approvals in both Venezuela and the U.S. The deal comes amid a push to revive the nation’s oil industry by attracting private investment.

PetroUrdaneta, a joint venture with state-owned Petroleos de Venezuela, operates four mature light-oil fields which produce about 1,300 barrels a day. Like many aging PDVSA-operated assets, it would require significant investment, the people said. Venezuela, a founding member of OPEC, holds one of the world’s largest oil reserves. But production, at about 1.2 million barrels a day, is less than a third of its 1970s’ peak. Its infrastructure has been largely neglected and is in need of massive capital injections.

## Oil prices continue climbing as supply disruptions increase

(Bloomberg; July 22) - Oil briefly has spiked above $95, extending this month's price jump to around 30%, as the U.S. and Iran played down the prospect of peace talks and disruptions to global supplies continued to mount. The surge has sent Brent futures to levels last seen in early June, before an interim peace deal that has now unraveled. Iran said there are currently no negotiations, and only an exchange of messages was possible, according to the Mehr news agency in Iran. Hostilities have escalated across the Middle East, with three tankers attacked in the Strait of Hormuz near Oman.

An unrelenting U.S. military campaign against Iran, renewed Houthi threats to Red Sea shipping and disruptions at the Caspian Pipeline Consortium terminal on Russia's Black Sea coast, which exports most of Kazakhstan's oil, drove crude higher for the fourth consecutive session. The commodity has repeatedly swung on hopes of escalation and détente of the U.S.-Iran conflict, driving volatility to its highest level since May and fueling a record number of options trades.

If the war drags on and commercial inventories across the Organization for Economic Cooperation and Development draw down further, Brent could breach $100 a barrel before year-end, according to analysts at Bernstein. Goldman Sachs has also flagged the possibility of triple-digit prices, although that's not the bank's base case. "It is obvious that there is a geopolitical premium to it," Torgrim Reitan, chief financial officer of Equinor, said. "This time around it is very different because storage is down, there is no oversupply situation and the physical situation can easily be visible in the market."

## Threat to Red Sea ship traffic could drive oil prices even higher

(Bloomberg; July 20) - One thing that's helped limit the Iran war's disruption to oil supply is the ability of Saudi Arabia to use the Red Sea as an alternative export route. The fragility of this workaround has been laid bare by the threats to Red Sea shipping posed by the Houthis, Iran-backed militants who control part of Yemen. After launching a series of attacks from 2023 to 2025 on vessels near the Bab el-Mandeb Strait, which connects the Red Sea to the Gulf of Aden, the Houthis resumed such strikes in early July. And on July 20, they declared that they would impose a maritime blockade of Saudi Arabia.

The combination of the Suez Canal, Red Sea and Bab el-Mandeb Strait is a shortcut for ships to travel between Europe and Asia. Close to 10% of global seaborne trade passed through the Bab el-Mandeb before the Houthi strikes began in 2023. That had fallen to around 3% last year, based on data from Clarksons Research and the PortWatch platform from the International Monetary Fund and Oxford University. Several waves of Houthi attacks in recent years have prompted ship operators to avoid the Red Sea.

If Houthi attacks become widespread, that could jeopardize oil exports from Saudi Arabia's Red Sea port of Yanbu, which the kingdom has used to bypass Iran's effective

closure of the Strait of Hormuz. Saudi Arabia has been diverting oil along a pipeline to its western coast. It shipped 3.65 million barrels a day via Yanbu in May, equivalent to just over half the country's total pre-war exports. In order to pick up these cargoes and ferry them to buyers in Asia, ships need to sail through the Bab el-Mandeb waterway. If tankers are unable to take this route due to safety risks, oil prices could surge higher.

## Lower oil exports add to further tightness in refined fuels supply

(Reuters; July 22) - The escalating U.S.-Iran war threatens Asian oil refiners' plans to ramp up output in August, which could keep global fuel stocks tight and bolster prices for longer unless China fills the gap. Asian refiners, counting on steadier oil supply, had been expected to lead a recovery in global fuel production this quarter, but attacks between the U.S. and Iran have again throttled Gulf crude exports through the Strait of Hormuz, where a fifth of the world's oil previously passed before the war.

Now, Yemen's Iran-aligned Houthis have threatened to block Saudi Arabian exports from the Red Sea, which could force more than 3 million barrels per day of Saudi crude that were going to Asia through the Bab el-Mandeb waterway to take much longer routes, according to research firm Energy Aspects. As a result, Asian refiners that had lined up crude supply for August are now bracing for delays in shipments from the Middle East, while refiners in the U.S. and Europe are already running near capacity.

At the same time, Russia has banned diesel exports due to Ukrainian drone attacks on its refineries, which means global oil products supply will remain tight, bolstering gasoline, diesel and jet fuel prices. "Margins are set to stay high. There is simply not enough capacity in the world to deal with the double whammy of Hormuz closure and Russian export bans. Prices need to go up to lower end-user demand," said Sparta Commodities' analyst Neil Crosby. For gasoil and jet fuel, Asian refiners' margins have jumped to more than $65 a barrel, up from just above $20 before the war.

## India importing record volume of Russian oil

(Bloomberg; July 21) - India's refiners are coming to the aid of Russia's oil exporters, with record amounts of their crude being delivered to the south Asian nation. More than 2.3 million barrels a day of Moscow's oil was offloaded at Indian ports last month, vessel-tracking data compiled by Bloomberg showed, with deliveries so far in July close to that level. That's up from almost nothing before the Kremlin's invasion of Ukraine in 2022 and is helping to keep a lid on cargoes of Russian oil mounting up at sea.

Exports from several of Russia's top producers are still subject to U.S. sanctions, but that doesn't appear to be deterring buyers. When the sanctions were introduced late last year, there was an expectation that flows would plunge. Instead, the use of

middlemen has allowed shipments to soar. The huge inflows have come amid the loss of supplies from the Persian Gulf and have been propelled by soaring Russian oil exports. Overall, four-week average seaborne crude oil shipments from Russia remain close to the all-time high seen in the first week of the month.

Continued attacks by Ukraine on Russia's refineries are likely diverting into exports some crude that can't be processed at home, driving up Russia's overseas shipments even as oil production is falling. A wave of attacks has pushed Russian refining runs to the lowest in more than 21 years so far in July, deepening a domestic fuel crunch and forcing Moscow to approve subsidies for imported fuels to ensure a stable supply.

## Pakistan, Bangladesh pay highest prices in years for spot LNG

(Bloomberg; July 21) - Pakistan and Bangladesh were forced to buy some of their most expensive liquefied natural gas shipments in years as the Middle East conflict chokes supply, straining government finances and prompting both countries to rethink their reliance on the fuel. State-owned Pakistan LNG bought a shipment for late July at about $21.88 per million Btu on July 20, its highest price since 2022, according to traders with knowledge of the matter. Bangladesh's state-run buyer procured at least one shipment for August at an elevated price level last week, the traders said.

The disruption to the Strait of Hormuz has sent spot prices higher and deepened an energy crunch across South Asia's most vulnerable nations. Pakistan and Bangladesh have been grappling with rolling blackouts after Qatar — their largest supplier — canceled scheduled deliveries as it closed its export facilities in March following an Iranian attack. The spot shipments cost about double what the two countries would have paid for long-term supply from Qatar. The Persian Gulf producer has delayed plans to restore LNG output following the recent flare-up of fighting around the strait.

While the emergency purchases may help avert deeper power shortages in the near term, the elevated prices are straining government finances and adding pressure on both countries to raise electricity and gas tariffs. The crisis is also accelerating efforts to reduce reliance on imported LNG. Bangladesh is moving faster to expand renewable energy, as policymakers reassess the risks of relying on Middle East oil and gas.

## Despite high prices, Asia buys LNG to avoid shortages

(Bloomberg; July 22) - The ongoing crisis in the Middle East, combined with scorching summer temperatures, is sending Asian buyers rushing to secure liquefied natural gas. Europe should be paying attention. Relentless heat across South Asia is forcing countries to buy some of their most expensive LNG shipments in years. Normally, these price-sensitive buyers would step back from the market when rates are this high. But

the effective closure of the Strait of Hormuz has choked supplies from Qatar — the region's top supplier — leaving them with little choice to avoid a crippling shortage.

The strain is particularly acute in Pakistan, where weaker solar generation has increased the need to run gas-fired power plants. The country has already been grappling with rolling power blackouts for months, and now one of its gas pipeline operators has declared force majeure on supplies to some customers, including a fertilizer producer and a compressed natural gas distributor. Bangladesh is also paying about twice what it would under its long-term contracts with Qatar to replace canceled shipments and keep electricity flowing to homes and businesses.

The gas supply crunch is playing out across Northeast Asia, too. Abnormally high temperatures and pricey gas have pushed Japan's spot power prices to the highest in over three years. LNG imports to China have rebounded since the early days of the Iran conflict, rising 12% so far this month from a year earlier. China's domestic gas production underperformed earlier in 2026, while utilities are preparing for an El Niño that is forecast to bring intense heat to densely populated areas.

## Companies look to find and produce more gas for New Zealand

(Reuters; July 20) - Seven oil and gas players are racing to secure offshore exploration rights in New Zealand ahead of a national election that could lead to a ban on new permits, as the country's major parties battle over the need for natural gas. New Zealand attracted interest after the conservative government last year overturned a ban on new offshore drilling imposed in 2018, seeking to avert gas shortages for industrial users and bolster power generation in dry years when hydropower output falls.

The country produced about 7.2 billion cubic feet of gas in May, largely from fields that are declining or will be soon. It had been close to 10 bcf a month in 2021. Gas reserves fell 23% to less than 70 bcf in 2025 from a year earlier, the government said in January. All the gas produced is used domestically. The prohibition on offshore bids imposed by former Prime Minister Jacinda Ardern's government deterred investment, as did long waits for environmental approvals, according to the industry and government. Chevron and Equinor gave up their exploration permits after the ban took effect.

"We've got old, mature and near end-of-life fields at one end," said John Carnegie, CEO of industry advocacy group Energy Resources Aotearoa. "Because of the ban, we've got a seven-year gap. We're effectively rebuilding the sector from scratch." Last year, New Zealand established a NZ$200 million (US$117 million) fund to help operators develop projects, including extracting additional gas from mature reservoirs. However, no new permits have been issued.

## Europe's effort to turn away from fossil fuels will not be easy

(Reuters commentary; July 22) - Europe faces a looming "death valley" of high energy costs over the next decade that threatens to erode its industrial base, even if its ambitious new plan to double electricity consumption by 2040 materializes. The European Commission on July 17 unveiled an Electrification Action Plan aimed at increasing electricity's share of final energy consumption from around 23% today to 46% by 2040, with an interim reference target of 32% by 2030.

The strategy seeks to accelerate the electrification of transport, buildings and industry, while tackling one of Europe's biggest energy paradoxes — electricity is often more expensive than the fossil fuels policymakers want consumers and businesses to abandon. The Commission argues that turning Europe into the world's first "electro-continent" would dramatically reduce fossil fuel consumption and cut the bloc's energy import bill by as much as €260 billion (US$297 billion) a year by 2040.

The appeal is obvious, but so too is the challenge. Oil, gas and coal account for more than 60% of the EU's overall energy mix, while renewables make up only about one-fifth. While the continent has rapidly expanded renewable power generation at huge cost, it has made far less progress in electrifying the sectors that consume the most energy, particularly transport, industry and heating. So even though Europe is steadily decarbonizing electricity generation, electricity itself remains only a minority of total energy use. The disconnect highlights the scale of the task ahead.

## EU recommends delay in methane emissions rules on imports

(Bloomberg; July 20) - The European Union has recommended that member states delay by three years penalties on energy importers that fail to comply with the bloc's controversial methane emissions rules. The guidelines, adopted by the European Commission on July 20, come after months of disagreements between the bloc's executive arm and some national governments which were pushing for changes to the rules over energy security concerns. The commission resisted pressure to amend the rules, deciding instead that penalties should not be applied between 2027 and 2029.

The rules target emissions of the potent greenhouse gas within the EU and impose new requirements on fossil fuel imports. Disagreements have intensified after the U.S., Qatar and other gas-producing nations warned the bloc that the regulations could jeopardize energy shipments. Beginning in 2027, fossil-fuel imports into the EU will have to comply with monitoring, reporting and verification requirements aimed at reducing methane emissions. By 2030, imports exceeding methane-intensity thresholds will face penalties.

The U.S., which has become Europe's largest supplier of liquefied natural gas, has warned that its output will head elsewhere if the bloc refuses to ease the regulations. The debate comes as the EU seeks to bring down stubbornly high energy costs and

diversify supplies amid the conflict in the Middle East and efforts to end reliance on Russian energy. It also underscores the challenges the bloc faces in extending stricter environmental standards to imports from third countries.

## Plans announced for 3,700-mile, $25 billion West Africa gas pipeline

(BBC; July 20) - One of Africa's most ambitious energy infrastructure projects has finally been signed off at the highest level, with West African leaders formally endorsing the long-awaited Nigeria-Morocco Atlantic Gas Pipeline. The vast 3,700-mile pipeline will run along the Atlantic coast of 14 African nations, carrying Nigerian gas to Morocco before linking into Europe's existing gas network via Spain. Construction is expected to begin in 2028 with a total estimated cost of $25 billion.

If all goes to plan, as much as 3 billion cubic feet per day of gas will pass through the pipeline serving 400 million consumers — making this one of the world's longest offshore gas pipelines and reshaping West Africa's energy landscape. The agreement announced on July 19 follows roughly a decade of negotiations involving more than a dozen countries. It establishes the legal and governance framework for the pipeline and is widely seen as the last major political hurdle before financing and construction.

The project is expected to be built in phases over several years, with analysts telling the BBC it will not begin in Nigeria because the country was initially flagged as a potential stumbling block. "The plan is to finance the project in segments starting with the Morocco-Mauritania-Senegal axis, then moving to the Ghana-Côte d'Ivoire axis ... then the final connection would be to Nigeria which would then provide the gas," said energy expert and former Nigerian government adviser Charles Majomi.

Unlike the Trans-Saharan Gas Pipeline through Niger and Algeria, this Atlantic route largely avoids the Sahel's most insecure regions, although offshore construction significantly increases costs. Feasibility studies are said to be complete, as are the front-end engineering design studies.

## Abu Dhabi National Oil Co. approves $6.2 billion gas project

(Bloomberg; July 21) - Abu Dhabi National Oil Co. approved a $6.2 billion project to ramp up natural gas production, its latest push for supplies of a fuel whose demand it sees continuing to grow in the future. The company and its partners TotalEnergies, Eni and China National Petroleum Corp. will develop the Umm Shaif Gas Cap project to produce the equivalent of about 10% of the United Arab Emirates' current gas consumption, according to a statement. Output is expected to start in 2030.

ADNOC has been increasing gas supply by unlocking reserves domestically, including signing an agreement for the Bab Gas Cap project last month, while taking stakes in liquefied natural gas export facilities from the U.S. to Mozambique. The company is also in the process of more than doubling its own LNG export capacity in Abu Dhabi.

Late last year, ADNOC unveiled a $150 billion five-year spending plan, targeting growth in energy production at home and deals to expand internationally. It is raising its total oil production capacity to 5 million barrels a day from 4.85 million. The company has been one of the most active global dealmakers in the industry. The final investment decision for Umm Shaif Gas Cap includes three contracts totaling $5.1 billion for offshore infrastructure. Production is expected to reach as much as 600 million cubic feet a day.

## Japanese company looks at making naphtha from hydrogen

(Nikkei Asia; July 18) - Kawasaki Heavy Industries is proposing alternative technologies for using hydrogen to produce naphtha, a petrochemical used in a range of plastics and inks, as the closure of the Strait of Hormuz continues to disrupt Japan's industries. A Kawasaki-built plant near Turkmenistan's capital of Ashgabat makes 600,000 tons of synthetic gasoline a year for export to neighboring countries by breaking down natural gas — abundant in the area — under heat and pressure to reassemble its elements.

"It's the world's largest facility of its kind," said Kenji Sanada, a Kawasaki Heavy executive officer. "We can also apply the same technology to build equipment to produce naphtha from hydrogen." The Fischer-Tropsch process, one of the synthesis methods used, was developed in Germany in the 1920s. The process involves adding catalysts such as iron and cobalt to a mixture of hydrogen and carbon monoxide and then applying heat and pressure to produce liquid hydrocarbons, such as naphtha.

The search for alternatives to oil has been an ongoing effort for resource-poor Japan. The biggest hurdle to practical application of producing naphtha from hydrogen is the cost of raw materials. Using green hydrogen, produced by electrolyzing water with renewable energy, would likely cost from several times to 10 times more than crude oil-derived hydrogen. Japan's government aims to reduce the cost of hydrogen from about 100 yen per cubic meter to 30 yen by 2030 and 20 yen by 2050, which would put it at a level where it could compete with natural gas to make naphtha.

## Enbridge starts work on gas pipeline expansion in British Columbia

(The Canadian Press; July 20) - Enbridge has broken ground on a C$4 billion natural gas pipeline expansion in British Columbia. The federal government approved the Sunrise Expansion Program in April. The project aims to add another 300 million cubic

feet per day of transportation capacity to the province's gas transmission system. The Sunrise project is using steel supplied by InterPro Pipe and Steel in Saskatchewan.

The federal government says Sunrise will help ensure natural gas supplies are available to liquefied natural gas export facilities on the West Coast while also meeting local needs. The Sunrise expansion will add almost 90 miles of new pipe to Enbridge's existing 1,800-mile Westcoast Pipeline network. Enbridge plans to build 11 looping segments parallel to the existing pipeline and also boost throughput with additional compression and other upgrades. Enbridge holds a 30% stake in the Woodfibre LNG export terminal under construction in Squamish, British Columbia.

Last year, an alliance of 28 Indigenous communities in British Columbia. acquired a 12.5% stake in the Westcoast gas pipeline network. Enbridge has said those groups are not obligated to take on equity of the expansion but have the option to do so.

## Opinions vary on bringing LNG to Hawaii for power generation

(KHON2 TV, Honolulu; July 20) - Hawaii's electricity is among the most expensive in the country. And now a proposal from Japanese energy company JERA is fueling a new debate over how to bring those costs down. JERA wants to build a $2 billion liquefied natural gas import operation offshore and a gas-fueled power plant onshore on Oahu. The company filed a letter of intent with the Public Utilities Commission last week. The company said replacing oil with LNG could lower power costs while providing reliability.

"When you factor in the cost of a new power plant and all of the investment … it does come out to around a 20% savings on the generation side of power on Oahu," said Erik Montague, JERA vice president. Montague said LNG is the bridge fuel until other types of biofuels are available. But Hawaiian Electric said it has questions about how the proposal would fit into Hawaii's long-term energy future. "Let's run an objective study, maybe overseen by the Public Utilities Commission, and really, really determine whether LNG is the right fuel for Hawaii," said Scott Seu, Hawaiian Electric CEO.

"JERA is saying let them become the brand new regulated generating utility here in Hawaii, which, from our perspective, that is tremendously complicated," Seu said. "It really does put into question what is Hawaiian Electric's role, and that's where we have a difference of opinion. So, arguably, I don't know that makes any sense for Hawaii." Supporters said Hawaii shouldn't ignore an opportunity to reduce costs. But others remain cautious. State Rep. Nicole Lowen wants to make sure a major investment in LNG facilities doesn't slow Hawaii's progress to 100% renewable electricity by 2045.