Oil and Gas News Briefs
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July 30, 2026

China's growth in LNG demand slowing down

(Reuters; July 30) - For years, China was viewed by LNG producers as the key driver of demand growth, helping to justify billions of dollars in export infrastructure investment from the U.S. Gulf Coast to Qatar. But China's appetite for the fuel is flagging, even as producers prepare a wave of new supply in coming years, potentially undermining the viability of future projects that depend on long-term import needs from Asia and Europe.

The Iran war has triggered the second global LNG supply shock in four years after Russia's Ukraine invasion in 2022, reinforcing China's drive to prioritize domestic and pipeline gas imports and renewable energy, relegating imported LNG to a shrinking share of its fuel mix. "Even after Persian Gulf LNG supply is eventually restored, we expect that heightened energy security concerns in China will result in a more conservative approach toward LNG," said S&P analyst Megan Jenkins. "This will drive efforts to boost energy self-sufficiency, meaning lower LNG demand," she said.

JPMorgan, S&P Global Energy and Wood Mackenzie have cut their projections for China's LNG demand growth in the early 2030s. The stakes for global producers are high. The IEA expects around 217 million tonnes of new export capacity by 2030, a more than 40% rise from current levels, led by expansions in the U.S. and Qatar. The weaker outlook for China's LNG demand erodes the need for up to 10% of that new capacity, which could affect producers' final investment decisions on new projects.

"China's accelerating de-carbonization and electrification will almost certainly impact LNG FIDs, and lead to cancellations of projects, especially those with long-lead times and high development costs," said Henning Gloystein, director of energy, climate and resources at Eurasia Group. China's world-leading renewables build-out and continued coal-fired capacity expansion are curbing gas demand growth in the power sector.

LNG price spikes remind cost-conscious buyers of the risk

(Bloomberg; July 29) – LNG was once touted as a cheap and abundant energy for Asia's emerging economies. Five months of war in the Middle East is threatening this hypothesis. Since the conflict began, Pakistan and Bangladesh have spent a combined $1.9 billion on at least 30 spot cargoes to replace canceled contracted shipments and stave off crippling energy shortages, according to Bloomberg calculations. Under their long-term contracts with Qatar, these same volumes would have cost $900 million.

With every day that the Strait of Hormuz remains essentially closed, Asia's pivot to LNG is proving more expensive. The strain is most visible in South Asia, where Bangladesh and Pakistan have slashed gas supplies to factories. When electricity simply isn't available, rolling blackouts have been imposed. Those measures have bought time, but they haven't solved the problem. So the countries are shifting their focus back to investing in domestic production, coal and renewables to feed industrial demand.

The crisis exposes LNG's weakness: It's an expensive product. Over years, the industry convinced governments across Asia that LNG could compete with domestic coal as a greener and more affordable bridge fuel. Long-term contracts were designed to make that possible, smoothing out price spikes and shielding buyers from volatility. But every major disruption — from Russia's invasion of Ukraine to the conflict in the Middle East — has revealed the same risk. When contracted gas disappears, cash-strapped nations must dig deep into their pockets to secure replacement fuel, or else face blackouts.

LNG supply worries drive Asia economies toward domestic energy

(The New York Times; July 27) - For the past two decades, liquefied natural gas traders and exporters have pitched the fuel as a panacea for energy-hungry emerging economies. Tens of billions of dollars of gas produced in the U.S. and Qatar each year can supply all corners of the globe. With both nations rapidly expanding their export capacity, energy experts anticipated the global market would be awash in cheap LNG by 2030. Asia's developing economies were expected to be the center of global energy demand growth for the next half-century.

But five months of war in the Middle East has shaken that belief. The inability of ships to traverse the Strait of Hormuz has abruptly severed Asian buyers from Qatar, their primary LNG supplier. Faced with a sudden supply shock, energy executives and policymakers across Asia are looking to pivot inward. They are turning to whatever domestic resources they can — from coal and gas to wind and solar — to help insulate themselves from future volatility.

The Middle East crisis "accelerated the interest in exploiting the resources in the Philippines," said Guillaume Lucci, CEO of Prime Infra, a Manila-based energy infrastructure conglomerate. "The minute that you depend on imports by definition, you're exposing yourself to market forces that are outside of the control of the importing nation." This "means trying to unshackle ourselves from markets that we don't control."

The Mideast crisis has brought the risks of import dependency into sharp focus, said Emmanuel Rubio, CEO of Meralco PowerGen, a utility-backed power generator that operates and invests in solar and gas- and coal-fired power plants in the Philippines. LNG was championed as a stable option for electricity, unaffected by fluctuations in sunlight or wind. "But with the volatility of LNG, we're rethinking that," Rubio said.

German utility signs up for LNG from West Coast Canada project

(The Canadian Press; July 29) - German utility Uniper said it has signed an agreement to purchase liquefied natural gas from the Ksi Lisims project planned for the northern British Columbia coast. Uniper and Ksi Lisims LNG said in a joint news release that the company will purchase 2 million tonnes per year of LNG for up to 20 years, with first deliveries expected in 2032. German state-owned gas importer SEFE secured Ksi Lisims capacity in May. The project is working toward a final investment decision.

The deals reflect Europe's ambitions to bolster alternative gas routes after former main pipeline gas supplier, Russia's Gazprom, stopped deliveries in 2022, driving Europe to rely on U.S. supplies. Houston-based Western LNG is the lead developer and future operator of Ksi Lisims alongside Rockies LNG, a consortium of Canadian gas producers, and the Nisga'a Nation, on whose lands the C$10 billion project would be located. The floating plant would export up to 12 million tonnes of LNG per year from the site on Pearse Island, just across from the Alaska border.

Uniper has 18.5 gigawatts of power generating capacity and is a major LNG importer in northwestern Europe. The German government took it over amid the 2022 energy crisis following Russia's invasion of Ukraine, but is now in the process of privatizing it.

PetroChina weighs options to raise money for LNG Canada expansion

(Bloomberg; July 28) - PetroChina is weighing options to sell part of its shares in the LNG Canada project to help fund a planned expansion, according to people familiar with the matter. The Chinese state-owned energy giant is working with an adviser to help gauge interest for its 15% stake, which could be worth a few billion dollars, the people said, asking not to be identified because the deliberations are private. PetroChina may reduce its holding gradually through several smaller transactions, they added.

The discussions are at an early stage and no decision has been made, the people said. PetroChina didn't respond to requests for comment. China's largest oil and gas producer plans to use proceeds from the sale to help finance the LNG facility's second phase, the people said. The expansion, which would double output to 28 million tonnes per year, is gaining urgency as the war with Iran and the closure of the Strait of Hormuz — a route for about 20% of global LNG — leave the market with a supply crunch.

The LNG Canada project has provided an important alternative for China after the Middle East conflict disrupted deliveries from Qatar, which supplied nearly 30% of Chinese LNG imports last year. Cargoes from Canada have partly offset that shortfall, ship-tracking data show. The first phase of the project's facility in Kitimat, British Columbia, began exports last year, kicking off a wave of new global supply. Its partners include Shell, Mitsubishi, Petronas and Korea Gas Corp.

Newfoundland wants to develop offshore resources for LNG export

(Financial Post; Canada; July 27) – Newfoundland and Labrador is trying to launch a liquefied natural gas export industry based on offshore natural gas reserves, but while the Canadian province says it has identified enough gas to support major development, turning those resources into LNG exports could require overcoming major commercial and technical hurdles. The Jeanne d'Arc Basin, an offshore region containing the province's producing oil fields, holds an estimated 27.6 trillion cubic feet of recoverable gas, according to a resource assessment released by the Energy and Mines Ministry.

That gas would be worth about $560 billion at current European prices, according to government estimates. But there are obstacles: Developing Newfoundland's offshore gas industry will require costly subsea infrastructure. The province's assessment is part of a broader effort to revive offshore gas development after exploration activity has slowed in recent years. The province is also developing an offshore gas royalty regime and other incentives to encourage exploration and gas development, with the goal of establishing Newfoundland as an LNG exporter to Europe and other markets.

Unlike the country's West Coast LNG projects, Newfoundland's offshore gas is closer to Europe, raising the possibility of the country's first Atlantic LNG export industry. But Tom Liles, senior vice president of upstream research at Rystad Energy, said proximity to Europe alone will not determine whether companies invest in a Newfoundland LNG project. Instead, they would weigh it against other opportunities across their global portfolios. "If you're looking at this from a company's point of view, they have to look at this in terms of their entire global portfolio," he said.

Partners expect to start up Cyprus gas field by 2028 to supply Europe

(Reuters; July 28) - France's TotalEnergies and Italy's Eni have approved development of the Cronos gas field in Cyprus to supply Europe with liquefied natural gas, with production start-up expected in 2028, TotalEnergies said on July 28. The 2.8 million tonnes of LNG per year expected from the field will be marketed equally between the two companies. European countries have shown growing interest in exploiting domestic resources after losing access to Russian oil and gas in the wake of the Ukraine war in 2022 and now as they face import disruptions from the war in Iran.

Cronos is a major natural gas discovery in Block 6 of Cyprus' exclusive economic zone in the Mediterranean Sea, operated as a 50/50 joint venture between operator Eni and TotalEnergies. Estimated to hold more than 3 trillion cubic feet of gas, the project plans to pipe and process the reserves in Eni's existing facilities in Egypt for export toward Europe via the Damietta LNG terminal.

Compressor damage slows ramp-up of West Coast Mexico LNG plant

(Gasworld; July 28) – U.S. energy infrastructure company Sempra Infrastructure has extended commissioning at its 3.25-million-tonne-per-year Energia Costa Azul liquefied natural gas Phase 1 export project in Ensenada, Mexico. Following the export of its first LNG cargo earlier this month, Sempra said planned inspections identified damage in the project's refrigerant compressors, extending the commissioning process of the plant on the Pacific coast of Mexico's Baja California Peninsula.

Sempra said damage to the project's refrigerant compressors was identified during a planned shutdown and inspection process following the first shipment. The project is expected to reach substantial completion by the fourth quarter of the year, subject to the completion of an investigation and the issue being identified and remediated. Sempra expects cargoes under long-term sale and purchase agreements to follow shortly after.

This represents a change from earlier guidance, with the company previously targeting substantial completion of Phase 1 this summer. Sempra achieved the first LNG production in June and shipped its first cargo to Asia earlier this month. The project is a joint venture between Sempra and its subsidiaries (83.4%) and global energy company TotalEnergies (16.6%). TotalEnergies will offtake 1.7 million tonnes per year for 20 years from the start of commercial operations. It will be the sole offtaker during ramp-up.

Nitrogen-rich feed gas can be a challenge for U.S. LNG terminals

(East Daley Analytics; July 28) - Elevated nitrogen content in natural gas flowing from the Permian Basin is creating operational hazards for some liquefied natural gas exporters. The problem is particularly acute at Cheniere Energy's Corpus Christi facility in Texas, according to East Daley Analytics' monitoring of feed gas quality at LNG projects. Daily gas composition data shows Corpus Christi LNG is receiving gas with the highest nitrogen concentration among major U.S. LNG facilities.

The data shows Corpus Christi has taken in gas with an average 1.3% nitrogen content since April 27. This is 35% over the commonly referenced 1% threshold to ensure normal operations at LNG plants. By comparison, gas to Sabine Pass LNG in Louisiana averaged just 0.16% nitrogen content over the same period, while flows to Cove Point, Maryland, averaged 0.28% nitrogen content, making Corpus Christi a clear outlier.

Nitrogen is an inert component of natural gas and does not contribute to heating value. Since nitrogen boils at a much lower temperature than methane, rich nitrogen feeds can overload a liquefaction plant's vapor handling and compressor loops. Elevated nitrogen has become a growing concern for some LNG facilities as new pipelines have pushed more nitrogen-rich Permian gas to the Gulf Coast. Cheniere has acknowledged the problem at Corpus Christi and taken several measures to address it, including modifying plant operations and injecting solvents into the gas stream to mitigate the nitrogen.

Middle East turmoil comes as U.S. power system under strain

(Reuters commentary; July 27) - One of the defining features of global energy markets has been America's declining vulnerability to turmoil in the Middle East. As the world's largest oil and gas producer, the U.S. is better insulated from overseas supply shocks than during previous Gulf crises. Yet the latest escalation involving Iran and the Houthis is arriving at a particularly sensitive time. The U.S. energy system is under heavy strain as record electricity demand, peak summer fuel consumption, growing data-center load and persistent reliance on gas-fired generation push infrastructure closer to its limits.

While the country remains energy-rich, the key question is no longer whether it has abundant supplies, but whether production is expanding fast enough to stay ahead of demand. That helps explain why traders, utilities and policymakers are paying unusually close attention to a handful of key indicators. Together, they offer a real-time measure of the resilience of the U.S. energy system as geopolitical risks in the Middle East move back to the forefront in energy markets.

The metrics under closest scrutiny are domestic oil production, natural gas output, electricity generation, refinery throughput and gasoline supply and gas storage levels. Taken together, these indicators reveal whether the U.S. is adding spare capacity and resilience or simply operating existing infrastructure closer to its limits. Oil and gas production show supply strength, power generation reflects sustained demand growth, refined products track fuel availability, and gas storage captures the overall balance. For now, the data point to a system that remains well supplied. But that could change.

Analysts see oil supply back to surplus before end of the year

(Bloomberg; July 27) - Oil markets could tilt back into oversupply before the end of the year as Washington faces mounting pressure to end the Iran conflict with fewer than 100 days until the midterm elections, analysts from Macquarie said. A de-escalation is “weeks away, not months,” Macquarie’s energy strategist Vikas Dwivedi said in an interview on July 24. “They’re long a put option, but that value is decaying with time, and the expiration date is the midterms.”

While a full peace is unlikely in the short-term, tensions are expected to ease, allowing oil flows from the Middle East to resume, Dwivedi said. As soon as a deal is reached, the market will be “significantly” oversupplied, he said. Before the war broke out in late February, the oil market was bracing for a glut, but the war sapped millions of barrels of supply. Macquarie says stocks are set to start building again, reaching a daily surplus of 2 million barrels in the fourth quarter, doubling that in the first three months of next year.

A potential de-escalation of the conflict ahead of the elections would likely involve concessions from both sides, including the imposition of tolls in the Strait of Hormuz, an outcome seen as “inevitable,” Dwivedi said. “It’s as clear as day, we don’t have a way to

stop Iran for blocking the strait," he said. Iran, on the other hand, may continue to be denied access to billions of dollars in frozen funds.

OPEC+ likely to pause increases in output after September

(Reuters; July 28) - OPEC+ is likely to pause its gradual oil output hikes after September for the rest of this year, four sources said, as the producer group needs to have additional talks before deciding its output quotas for 2027. The pause would mark the end of several months of output hikes, which have been largely on paper as the Iran war forced Middle East members to cut exports.

The debate over next year's quotas may test the alliance's cohesion, as some members seek higher output targets and forecasters such as the International Energy Agency say supply may outpace demand. Seven core OPEC+ members — Saudi Arabia, Russia, Iraq, Kuwait, Algeria, Kazakhstan and Oman — will likely increase their combined output target at an Aug. 2 meeting by about 188,000 barrels per day for September, the same as for June, July and August, OPEC+ sources told Reuters last week.

The September increase would complete a phased rollback of a 1.65-million-barrel-per-day supply cut originally agreed to in 2023, when the group still included the United Arab Emirates, which left OPEC in May. "There won't be any further changes for the remainder of the year," one of the four sources said. "The current production levels will be maintained until the new quotas come into effect in January 2027." All sources spoke on condition of anonymity and said no final decision had been made.

U.S. imported 575,000 barrels a day of Venezuelan oil in June

(Texas Tribune; July 28) - Imports of Venezuelan crude oil into the Gulf Coast have sharply risen in the months since the U.S. took control of Venezuela's oil industry, giving Texas oil refiners a boost during the historic energy supply shock triggered by the Iran war. Average imports have increased from roughly 110,000 barrels per day in January, when U.S. military forces seized Venezuelan President Nicolás Maduro and took him to a New York jail, to 575,000 barrels per day in June, according to federal data.

It's the largest average daily import volume from Venezuela since 2018, the year of Maduro's disputed reelection that eventually led to Trump administration sanctions that effectively banned Venezuelan oil imports to the U.S. beginning in 2019. The Texas coast has received the largest share of imports so far this year — 43% of Venezuelan oil has flowed to the more than 10 Texas refineries equipped to handle Venezuela's heavy crude grade, according to S&P Global Energy. Another 39% has gone to Louisiana refiners, while the remainder has moved to Mississippi and Delaware.

It’s an opportune time for Venezuelan oil to return to the Texas coast, analysts say. The on-again, off-again closure of the Strait of Hormuz since the U.S. and Israel launched the war with Iran has choked off crude oil shipments to the Gulf Coast from several Middle Eastern countries, leaving refiners in need of alternate supply sources. “It’s not shocking that the U.S. is importing a lot of Venezuelan barrels, because they’re needed — especially as the strait is shut down,” said Debnil Chowdhury, a refining analyst at S&P Global Energy. “You need whatever barrel of heavy crude you can get.”

Venezuela’s refineries need billions of investment to restore capacity

(Reuters; July 29) - The Paraguana Refining Center in western Venezuela once symbolized the country's oil wealth and its ambition to turn vast crude reserves into fuels and export revenue. Today, the 955,000-barrel-per-day complex in Falcon state runs at a fraction of capacity, a decline decades in the making. Reuters visited the area surrounding the refineries that make up the complex, along with one of Venezuela's other two active refineries, and interviewed workers, contractors, residents and experts.

One worker at the 645,000-barrel-per-day Amuay refinery said everything looks "ugly and rusty." Open-air waste pits are nearly full. Residue seeps across pipelines and valve stations. Workers say years of underinvestment, equipment failures and shortages have left Paraguana struggling to produce the fuel Venezuelans need. The reporting revealed festering decay and little ongoing maintenance at all three facilities, underscoring the monumental challenges Venezuela faces in restoring its oil industry.

Venezuela's refineries are among its most dilapidated assets, yet are among the least likely to see foreign investment any time soon, industry executives and analysts said. Recovery from the recent earthquakes, which killed more than 5,000 people and caused widespread destruction, has further complicated the refineries' outlook, said Oswaldo Felizzola, a Venezuelan energy analyst. "Right now, the priority clearly seems to be rebuilding and dealing with all the devastation the earthquakes caused," he said. Fully restoring refining capacity would require at least $20 billion, Felizzola said.

Australia thinking about first new refinery in more than 60 years

(Reuters; July 28) - Australia will consider building its first new oil refinery in more than 60 years, Prime Minister Anthony Albanese said on July 28, as war in the Middle East squeezes supplies from overseas and underscores the urgency to improve energy security. Albanese said the project will help build Australia's resilience and sovereign capability on fuel, potentially helping shield the country from future supply shocks.

If the project proves feasible, the new large-scale oil refinery will be built by industrial chemical producer Perdaman in Western Australia, he said. The federal government

and the Western Australia state government will jointly spend A$4 million ($2.8 million) on a feasibility study for the refinery. Australia depends on imports for about 80% of its fuel needs and has been racing to secure supplies amid the Iran war.

Most of Australia's domestic oil refineries were built during the 1950s and 1960s, but high operating costs and the emergence of large refineries across Asia forced many to shut down over the past three decades. Ampol's Queensland refinery and the Viva Energy facility in Victoria — both on the country's East Coast — are the only two now operational, compared to eight in 2000. Western Australia's only refinery was shut down in 2021 after BP decided to convert its plant into a fuel import terminal.

China's connections with Iran help keep it supplied with oil

(Wall Street Journal; July 28) - Wartime disruptions at two shipping chokepoints in the Middle East are sending shock waves through global markets, but China has still found a way to get oil from the region. Iran-backed Houthis in Yemen began last week to attack Saudi-linked oil tankers at the Bab al-Mandeb Strait, expanding the Iran conflict and disrupting a crucial Red Sea route that Saudi Arabia has used to bypass the embattled Strait of Hormuz and deliver oil to customers in Asia.

But the rebels gave safe passage to two Chinese tankers carrying Saudi oil through the Bab al-Mandeb. Both ships broadcast "Chinese crew and owner" as they sailed. At least two more China-bound supertankers with Saudi oil have since cleared the strait. The rebels appear to be holding fire on behalf of Iran's friends. "Fuel security is a major geopolitical lever and China has historically been in a vulnerable position as a big importer, but they've gone to great lengths to reduce that vulnerability," said Saul Kavonic, head of energy research at MST Financial, a Sydney-based services firm.

How China has worked around blockades that have disrupted global markets shows the benefits of Beijing's longtime position as both a financial lifeline to Iran and a customer for its foes. China buys about 90% of Iran's oil exports — helping Iran endure punishing sanctions — but also buys oil from Saudi Arabia, a rival to Iran. China's ability to work around chokepoints gives it access to cheap Iranian oil despite the war and the U.S. blockade, though, officially, China hasn't logged any imports of Iranian oil since 2022.

Tankers loaded with Iranian crude idle off Malaysian coast

(Bloomberg; July 28) - A large cluster of oil tankers laden with Iranian crude are idling off eastern Malaysia, as Chinese independent refiners remain largely absent from the market despite deeper price discounts. Cargoes of Iranian Light are being offered at a discount of around $5 a barrel to the global benchmark Brent, compared with about

$2.50 two weeks ago, according to traders who participate in the market. The shipments are for delivery next month.

China's independent refiners, known as teapots, are the biggest buyers of Iran's crude but they have reduced processing rates well below seasonal levels due to razor-thin refining margins. That's led to Iranian crude at sea in Asia swelling by 60% to 24.4 million barrels since the U.S. naval blockade was reimposed in mid-July, according to figures compiled by data intelligence firm Kpler.

The largest concentration of tankers laden with Iranian oil is near the Singapore Strait off Malaysia's eastern coast, according to Kpler, a common staging area for vessels conducting ship-to-ship transfers. Once a cargo has been transferred, it's typically taken to China. Teapots in Shandong province, home to most of China's independent oil refiners, were running at just over 48% of capacity as of July 24, according to consultant Mysteel OilChem. That compares with the five-year seasonal average of close to 60%.

Houthi threats add another risk factor to oil prices

(Wall Street Journal; July 26) - Saudi Arabia's vast oil exports increasingly depend on one last narrow exit. Since the Iran war began, the kingdom has ramped up exports across the country to its Red Sea coast, bypassing the Strait of Hormuz, and shipped them through the Bab al-Mandeb Strait to Asian customers. Now, threats from Houthi militants — and several attacks against Saudi vessels in recent days — risk choking off that workaround, forcing more Saudi barrels onto a longer, costlier and technically challenging journey through Egypt's Suez Canal and then all the way around Africa.

In the first three weeks of July, seaborne oil transit via the Suez Canal ran at its highest volume in 2½ years, while imports to a pipeline — which runs parallel to the canal — were up 50% from the previous month, Vortexa data showed. The diversions mark the latest redrawing of global flows after months of war have forced producers, traders and shipowners to abandon familiar routes for ever costlier detours. Producers from Kuwait to the United Arab Emirates have been racing to build routes bypassing Hormuz.

"The Saudis can get oil out of the Red Sea, but the issue is that this is a much longer and more expensive route to get to markets in Asia," said Gregory Brew, senior analyst for Iran and energy at Eurasia Group. "For the oil market this means more pressure on prices." The new Red Sea threat compounds a double hit of disruption to global energy markets: Flows through Hormuz have slowed to a trickle, while Ukraine has intensified attacks on Russian oil infrastructure. After months of war eroded the market's inventory buffers, crude prices have risen sharply to reflect the risk of further losses.

Iraq will work with Syria to explore oil pipeline to Mediterranean

(Bloomberg; July 25) - Iraq will sign an agreement with Syria on the construction of pipelines linking oil production sites to global export markets via the Mediterranean, according to a statement. The Iraqi cabinet authorized the director general of Basra Oil Co. to sign a memorandum of understanding with the Syrian oil ministry on the building of the project, the cabinet said in the statement.

Iraq's government also instructed the oil minister to sign a memo with a consortium including ConocoPhillips, TI Capital and Novaterra to begin discussions on assessing exploration and development of the Akkas field and its surrounding areas, the cabinet said. The oil ministry will announce that the Integrated Qayyara Project will be put up for bidding to further develop Iraq's oil infrastructure and boost output, the statement said.

Japan may expand financial support for Middle East pipelines

(Bloomberg; July 28) - Tokyo is planning to expand its financial support to Japanese companies investing in pipelines overseas including the Middle East, as part of efforts to strengthen alternative oil and gas transportation routes in the Persian Gulf to bypass the Strait of Hormuz. The government will consider measures including risk-capital funding to promote Japanese firms' participation in such pipeline projects, according to a document released by the country's Ministry of Economy, Trade and Industry last week.

The paper, which outlines key challenges and potential new measures aimed at strengthening Japan's stable energy supply, was opened for public comment through Aug. 22. The move comes as Saudi Arabia is considering expanding the capacity of its crude oil pipeline to the country's Red Sea coast, Reuters has reported. The head of Japan's oil refiners' lobby group said in mid-July that both Abu Dhabi and Riyadh had asked Tokyo to cooperate in expanding pipeline facilities in the region.

The ministry is likely seeking to expand the role of the Japan Organization for Metals and Energy Security as one of the potential measures to achieve this, according to a ministry official. This includes allowing JOGMEC to provide financing for pipeline projects on a standalone basis, the official said. The public company's mandate for supporting oil transportation investments, including pipelines, is currently limited to projects associated with upstream oil and gas development, according to the ministry.