

Oil and Gas News Briefs

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Sharp rise in prices coming after Iranian attack on Qatar LNG facilities

(Bloomberg; March 19) Asian LNG prices are expected to rise sharply in the coming months after Qatar reported “extensive damage” to the complex hosting the world’s largest liquefied natural gas facility, following multiple Iranian strikes. From the second half of April up through the first half of June, the superchilled fuel may be trading above \$26 per million Btu, traders said, citing indicative prices from S&P Global Energy.

Several LNG facilities at the Ras Laffan site, which typically produces about a fifth of global supply, were the subject of missile attacks, causing fires and extensive damage, QatarEnergy said on March 19. While shipments from the plant had already been halted due to the war, the latest strikes threaten to keep gas prices in Europe and Asia higher for longer. The strikes on Ras Laffan “is putting further away the normalization of Qatari LNG flows and the comeback of their cargoes into the global LNG market,” Leslie Palti-Guzman, founder of advisory firm Energy Vista, said in a BloombergTV interview.

Depending on the scale of the damage, there could be four or five months of delay to the restart, and potentially up to 30 million tonnes of LNG being removed from the market, she added. While the full extent of damages at the facility is still unclear, the attacks on key energy infrastructure signal that the crisis will likely prolong, “much longer than what market participants had been pricing in initially,” said Evan Tan, an analyst from ICIS. The loss of Ras Laffan is quickly tightening the global LNG market, which was forecast to flip into an oversupply this year as new projects begin.

LNG Canada ramps up exports to Asia, loading 8 ships this month

(Globe and Mail; Canada; March 17) - LNG Canada has been sharply boosting exports to Asia, coinciding with reduced global supplies for liquefied natural gas after the virtual shutdown of the Strait of Hormuz. During the first 17 days of March, the Shell-led project in Kitimat, British Columbia, had eight ships wait their turn to load up and begin the journey to deliver LNG, according to data from Kpler, a provider of real-time analytics.

On March 17, the vessel Puteri Mahsuri departed with LNG Canada’s 60th cargo to Asia since export operations began in mid-2025. After only four vessels departed from Kitimat in December, Canada’s first LNG export terminal has been ramping up, with 10 ships starting the voyage across the Pacific Ocean in January and another 11 vessels in February, Kpler statistics show. The Kitimat terminal went through a slow startup phase for six months after the first vessel headed for Asia last June 30.

LNG Canada's Phase 1 has the capacity to export 14 million tonnes a year. "The facility has yet to produce at close to maximum utilization due to operational issues," JP Lacouture, a principal insight analyst at Kpler, said in a statement on March 17. The volume so far in March puts LNG Canada on pace to reach almost 85% of full capacity in early spring. Lacouture said there are now at least six vessels waiting to load up. Shell has the largest stake in the terminal at 40%, with Malaysia's state-owned Petronas (25%), Japan-based Mitsubishi (15%), PetroChina (15%) and Korea Gas (5%).

Asia's utilities burn more coal to cope with LNG supply shortage

(Reuters; March 17) - Asian utilities are boosting coal-fired power generation to cut costs and safeguard energy supply, industry officials say, as the U.S.-Israeli war on Iran chokes liquefied natural gas shipments and soaring prices threaten to suppress LNG demand. Asia spot LNG prices have doubled to three-year highs in the second major supply shock in four years, as shipping through the Strait of Hormuz has all but stopped and No. 2 global exporter Qatar has halted shipments.

In South Asia, Bangladesh is increasing coal power generation and coal-fired power imports in March, daily government data shows. Pakistan, meanwhile, aims to further boost power generated from domestic sources after solar additions helped it avoid a repeat of the LNG supply volatility behind widespread outages following Russia's 2022 Ukraine invasion, Power Minister Awaiz Leghari said.

"With reduction in LNG generation, plants running on locally mined coal will be able to produce more during off-peak hours," Leghari told Reuters. In Southeast Asia, the Philippines is ramping up coal-fired power and slashing LNG-fired output, while Vietnam's EVN said last week it is negotiating coal supply and Thailand is boosting generation from its largest coal plant to preserve LNG. South Korea plans to remove ceilings on coal-fired output and increase nuclear generation, while Japan's top utility JERA said last week it will keep coal-fired power generation at high utilization rates.

South Korea wants to get more power from coal plants and nuclear

(Reuters; March 16) - South Korea's ruling Democratic Party said on March 16 that the government will lift limits on coal-fired power generation capacity and raise nuclear power plant utilization to as high as 80% as part of an energy response to the Middle East crisis. Lawmakers in the party's Middle East crisis economic response task force said the measures are aimed at stabilizing energy supply and prices as oil and gas shipments to South Korea have been blocked by tensions in the Strait of Hormuz.

South Korea relies almost totally on imports for its energy, buying about 70% of its oil and 20% of its liquefied natural gas from the Middle East, according to Korea

International Trade Association data. The government would prioritize managing LNG supplies by increasing coal and nuclear output while reducing reliance on LNG-fired power generation, Democratic Party lawmaker Ahn Do-geol said.

Limits capping coal power output at 80% of installed capacity would be lifted from March 16, Ahn said, while maintenance work at six nuclear reactors would be completed early to boost nuclear utilization from the high-60% range to 80%. In addition, South Korea on March 13 introduced a gasoline price cap at 1,724 won (\$1.15) per litre to ease the pain of rising oil prices on consumers. It will adjust these prices every two weeks to reflect changes in global oil prices.

LNG supply disruption underscores long-term risks

(The New York Times; March 18) - The war in the Middle East is forcing a reckoning for nations dependent on liquefied natural gas, which anchors power generation in many of Asia's largest economies. The fighting has closed Qatar's LNG output, removing about a fifth of global supply. This poses an existential threat to Asia, the world's top consumer of the fuel and buyer of more than 80% of Qatar's exports. Japan, Taiwan, Singapore, Thailand, Pakistan and Bangladesh generate a third or more of their electricity from gas.

In Asia, LNG has long been called a bridge fuel — less polluting than coal, more reliable than renewables and capable of powering a region where ballooning populations and economic activity are set to drive more than half of global energy demand growth by 2050. But that depends on a reliable supply of the fuel. After Russia attacked Ukraine, LNG prices spiked as Europe raced to replace Russian pipeline gas with imported LNG. Even before the U.S. strikes on Iran, Asia was growing increasingly nervous about a market in which Qatar and the U.S. would dominate most of the new supply to 2030.

“Asia is in full price competition, with any country that can switch from gas to coal doing so,” said Henning Gloystein, a managing director for energy at Eurasia Group, a political risk research firm. The disruptions also underscore the longer-term risks of relying on LNG. “If you're an importer, you say, ‘Well, there are two major crises in five years. We can't keep dealing with this,’” he said. For now, analysts expect countries to continue temporarily switching to coal to replace expensive gas through the duration of the war. Further out, they have a choice to stick with LNG or move more rapidly to renewables.

European natural gas prices look 40% higher than previous forecast

(Bloomberg; March 17) - European natural gas prices will be a whopping 40% higher than previously projected for 2026 and will stay elevated through 2027 as the Iran war and closure of the Strait of Hormuz set off a supply shortfall, according to a report from HSBC Holdings. Dutch futures prices, Europe's gas benchmark, are now expected to

average \$14 per million Btu this year and \$10 in 2027, the London-based investment bank said in its recent forecast. HSBC's outlook for 2028 and beyond remains \$8.50.

About 20% of global liquefied natural gas flows through Hormuz, a key waterway that's been effectively closed since attacks began last month. That disruption to LNG supply will force European countries to pay a significant premium for fuel, the report said. Asian countries, which source around 26% of their LNG from Qatar and the United Arab Emirates, will have to scramble to find alternative cargoes, according to the report.

Europe is particularly sensitive to an LNG supply shock as its storage levels are about 15 percentage points lower than the five-year average after a cold winter drove up demand for the heating and power-plant fuel. The sharp forecast price increase stands in stark contrast to U.S. natural gas futures, which have barely budged as stockpiles are ample and U.S. LNG export terminals are already operating near maximum capacity, insulating the world's largest gas exporter from global supply shock.

[Japan's largest power generator proposes LNG project for Hawaii](#)

(Bloomberg; March 17) - Hawaii's long-awaited plans to import natural gas — and burn it to produce electricity — are advancing, with Japan's largest power-generation company, JERA, laying out a blueprint for development over the next five years. Details of the proposal, including a floating offshore unit to accept imported liquefied natural gas as well as a power plant to burn the fuel, were announced March 17. The effort comes as Hawaii looks to wean its power system off imported oil and lower costs in the state, where retail electricity prices generally are more than three times the national average.

Hawaii Gov. Josh Green said the plan to overhaul the state's electric grid represents "a tangible step" to move the state off its historic dependence on oil. Proponents say that by displacing dirtier-burning imported oil in its power system, the state would curb power plant pollution while bolstering the resilience of its grid and lowering electricity prices. Opponents argue that new investments in gas will only prolong the state's reliance on fossil fuels, distracting from investment in wind and solar power that are needed to fulfill a Hawaii law requiring all electricity sold in the state come from renewables by 2045.

JERA's proposal envisions the construction of a roughly 500-megawatt, onshore gas-fired power plant that would be fueled by imported gas. The imported LNG would be regasified at an offshore facility floating nearby. Project design and permitting would take place over the next two and half years, under JERA's proposal, which envisions finishing construction of necessary LNG infrastructure and the power plant by 2031. The company did not disclose a cost estimate for its proposal.

Oil-price shock could drive world to more energy efficiencies

(Reuters commentary; March 18) - It took two Middle East oil shocks for the world to really focus on energy efficiency. The result was a multi-decade, steady reduction in the amount required to produce a certain amount of wealth. If the region's latest crisis persists, it will accelerate the trend into a new gear. Before 1973, the price of crude was so cheap that consumers couldn't get enough. It replaced dirty coal for heating, catalyzed automaking and inspired scientists to develop new chemicals.

An oil embargo by OPEC members against the U.S. after the 1973 Arab-Israeli War caused the price per barrel to nearly quadruple. A few years later, the Iranian Revolution knocked out 7% of the world's supply, leading prices to double. Economies, naturally, reacted. Shoppers were more discerning and the quest for alternative energy sources intensified. The result has been a steady increase in efficiency. A third crisis is now in the making. Prices are manageable, with \$100 oil about half the inflation-adjusted 2008 rate, but the sheer volume being cut off from consumers invites further increases.

Demand doesn't swing much short term. People need to keep driving to work, heating their homes and shipping goods by truck. But the higher that oil prices go and the longer they last, the more downward push on demand. The reasons are fairly straightforward. Ecologically conscientious goods have boomed in recent years as prices fall, making the overall cost cheaper than those based on fossil fuels. Spiking oil and gas costs make the decision to switch even easier. These choices have long-lasting effects.

High oil prices may go higher and last longer

(Reuters commentary; March 17) - Iran's threat to send oil prices to \$200 a barrel may sound like bombast, but as the energy crisis drags on, that outcome looks more likely than President Donald Trump's prediction that prices will soon fall back to pre-war levels. Now in its third week, the Israeli-U.S. war against Iran has grown into a regional conflict. Brent crude now trades near \$100 a barrel, about 65% above its level at the start of the year, a price that was unthinkable only weeks ago but still below the brief peak of nearly \$120 on March 9.

Investors still appear ready to give Trump the benefit of the doubt, betting that the crisis will unwind quickly and Hormuz will soon be reopened. Call it the "Trump put," the "TACO trade" or "buying the Trump," but many oil traders seem to be wagering that the president will ultimately be able to limit the market damage. However, that optimism looks increasingly hard to square with realities on the ground — where fighting is intensifying, and in physical oil markets where supply snarls are metastasizing.

For refiners, particularly in Asia, this is a problem. The region relies on the Middle East for roughly 60% of its crude imports, and the difficulty of sourcing alternative, timely supplies is rapidly becoming acute. A shipment from the Gulf takes around a month to

reach Asian buyers, meaning that with every day Hormuz remains closed, the supply gap facing refiners widens. And Asia is not alone in the supply squeeze. As crude scarcity deepens, refined fuel prices are soaring. Asian jet fuel prices are approaching \$200 a barrel, close to a record of about \$220 earlier this month. Restoring flows from the Gulf would take weeks, if not months. The supply shock is real and could have legs.

Rising oil prices put political pressure on Washington

(Reuters commentary; March 15) - The U.S. is rapidly running out of shock absorbers to cushion the oil market from the loss of Middle East crude supplies as the Iran war rages, raising the risk of a deeper global economic slowdown if demand destruction accelerates. As the U.S.-Israeli war on Iran enters its third week, at least 15% of the world's oil supplies remain trapped following the closure of the Strait of Hormuz.

Washington has acknowledged that the U.S. Navy is currently unable to forcibly reopen the waterway. While the U.S. has offered financial guarantees to insure vessels against war-related losses in an effort to restart transit, most commercial shippers appear unwilling to take the risk. President Donald Trump has urged allies to send warships to secure Hormuz alongside the U.S., though any such operation remains weeks away.

The Trump administration — aware of the political sensitivity of rising gasoline prices — is pulling nearly every available lever to relieve pressure on the market. It is allowing countries to buy sanctioned Russian crude and petroleum products currently at sea, and the International Energy Agency, which includes the U.S., will release 400 million barrels from emergency reserves. But the headline numbers overstate the likely relief in prices.

These measures underline a stark reality: Washington is running out of tools capable of meaningfully offsetting the compounding impact of the Hormuz closure on the global oil market. And when supply can't meet demand, not only do prices go up but consumption typically drops. With no clear sense of when Hormuz will be reopened, the pressure on global oil supply is intensifying. As the U.S. exhausts its options, the upward pressure on oil prices will likely grow, putting even more political pressure on Washington.

More bad news: Supply shortage driving up price of fuel oil for ships

(Bloomberg columnist; March 14) - In the industry, fuel oil is known as the bottom of the barrel. It's typically cheap, unloved and, crucially, comes from the bottom of a distillation tower — the tall piece of the refining kit where crude gets heated and cracked into multiple petroleum products. But the Iran war has turned the industry upside down. Fuel oil is now an ultra-expensive commodity — and that's bad news for the global economy.

The problem isn't just that it's getting expensive; the worry is that some key ports may run dry, forcing container vessels to bulk carriers to halt. Based on my soundings, fuel-oil supply is very low in two of the top three bunkering locations: Singapore, and Fujairah in the United Arab Emirates. Problems are starting to emerge in several other places within the top 10, although supply is good in Europe and American ports.

Typically, the price of crude and the price of refined products move in tandem, with the latter a bit higher to take into account refining costs. But times aren't normal. Right now, the traditional relationship between crude and fuel oil is broken. Brent is hovering at \$100 barrel, while in Singapore, fuel oil is trading at \$140 a barrel. In Fujairah, a key refueling port just outside the Strait of Hormuz, it's changing hands at nearly \$160. And good luck getting your hands on a barrel: Traders are quoting prices over the phone valid for just a few minutes, on a take-it-now-or-miss-out basis.

The Strait of Hormuz closure is to blame. It isn't just a chokepoint for millions of barrels of crude; it's also the conduit for fuel oil refined in Saudi, Kuwaiti and Emirati plants. The refineries produce 20% of the world's fuel oil that's traded internationally. The shipping and oil industries are rushing to alleviate the problem, shuttling fuel oil from ports in Europe and the Americas into Asia. But the longer the Strait of Hormuz remains closed, the higher the risk that ships won't have sufficient fuel to keep traveling. It may come from the bottom of the barrel, but fuel oil can still become the world's top problem.

Shortages of refined products could cascade into bigger problems

(Reuters commentary; March 16) - The loss of as much as 20% of the world's crude oil and refined fuels through the ongoing effective closure of the Strait of Hormuz gathers most of the media attention as the main fallout from the attack on Iran by the U.S. and Israel. But of more pressing concern is the rapid tightening of refined product markets in Asia, with major importing countries such as Australia and Indonesia potentially facing an emergency situation of lower supplies and massively higher prices.

Australia is Asia's largest importer of refined products, averaging about 900,000 barrels per day, while Indonesia ranks second at about 600,000, according to data compiled by commodity analysts Kpler. Diesel is the biggest component of Australia's imports. The fuel is vital to the country's massive mining operations, while gasoline is the biggest import for Indonesia. The problem for the two countries, and other Asian nations relying on imports such as New Zealand, the Philippines and Vietnam, is that the near total closure of the strait is already leading to changes that point to an emerging crisis.

Major refining countries are cutting runs or restricting exports; China has ordered a ban on fuel exports. If fuel-exporting nations cut back to protect energy security, the risk of shortages in importing nations rises exponentially. In a shortage, one obvious step for Australia to conserve diesel would be to halt iron ore and coal mining and exports. The question is whether governments are prepared to ensure that economies work together

and share the pain caused by President Trump's war against Iran, or whether they allow short-term, narrow self-interest to take hold and turn a bad situation into a disaster.

China close to tapping commercial oil reserves

(Bloomberg; March 18) - China, the world's biggest crude importer, is close to tapping its vast commercial oil reserves as the Middle East war shows no signs of ending, according to FGE NexantECA. A drawdown in commercial and operational stockpiles amounting to as much as 1 million barrels a day may happen over the next four to six weeks, according to the industry consultant's base-case scenario. Refiners — particularly in southern China — may be allowed to draw on commercial stockpiles to limit the extent of run cuts or prevent shutdowns, the consulting firm said.

It's a lever that China can afford to pull. After more than a year of aggressive stockpiling, Beijing has built up an estimated 1.4 billion barrels of reserves that could be tapped if the Strait of Hormuz remains effectively shut. Strategic inventories would likely be left untouched, but even drawing on commercial stocks would require layers of approvals.

Antoine Halff, co-founder and chief analyst at geospatial analytics company Kayrros, estimated earlier this month that China's aboveground commercial inventories were at 851 million barrels, and its strategic stockpiles were 413 million barrels. Erica Downs, a senior research scholar at Columbia University's Center on Global Energy Policy, said last week the reserves totaled around 1.4 billion barrels.

China's state-owned oil majors looking to buy Russian crude

(Reuters; March 17) - Chinese state oil majors looking to head off supply shortages caused by the war in the Middle East have resumed seeking Russian crude cargoes after a four-month hiatus, taking advantage of a U.S. sanctions waiver, five trade sources said. Trading arms under state-run Sinopec and PetroChina have this week made inquiries with suppliers for possible purchases of Russian oil, which would be their first since November, said five sources close to or involved in Russian oil trade.

While no deals were known to have been struck as of March 17, two of the sources said transactions were likely imminent as Russian oil remains cheap versus rival supplies from Brazil and West Africa despite surging prices and premiums triggered by the U.S.-Israel war on Iran. Chinese oil majors were "assessing" the situation, said a state oil trader, including whether payment and delivery could be completed within the 30-day U.S. waiver window that began on March 12 and applies to cargoes already loaded.

One of the sources, involved in Russian oil trading and familiar with PetroChina's trading operations, said majors could also seek to secure cargoes while the situation is

"messy" by buying from Chinese independent refiners (known as "teapots") or traders with Russian-origin oil already in storage. "Some teapots are ready to resell, as that makes more money for them than processing at their plants," said the source, referring to the independent refiners.

Trump waives Jones Act, allows foreign tankers to move U.S. fuels

(Wall Street Journal; March 18) - President Trump has temporarily waived a century-old shipping law in a bid to lower the cost of moving oil, gas and other fuels around the U.S. Foreign ships will be allowed to transport cargoes of vital products such as jet fuel and fertilizer between U.S. ports for 60 days. That is a meaningful change from the current law, which dates back to the Jones Act of 1920, and requires all goods moving between U.S. ports to sail on U.S.-flagged ships that are built at American shipyards and crewed by U.S. sailors. That, in turn, makes those ships more expensive.

The Jones Act was designed to promote and protect U.S. shipbuilding, but most tankers that can carry oil, fuels such as gasoline and diesel, and liquefied natural gas aren't American made. It costs at least three times as much to build such vessels in the U.S. when compared with big shipbuilding nations such as China and South Korea. Trump's temporary waiver will allow foreign ships to move oil, coal, natural gas and other fuels between U.S. ports, which should help ease the cost of shipping.

Foreign tankers could be used to move gasoline and diesel from refineries in Texas and Louisiana to East Coast markets. Waivers of the law are rare. The U.S. government granted one after Hurricane Maria devastated Puerto Rico in 2017 and again after the Hurricane Fiona hit the island in 2022, allowing foreign ships to deliver aid and fuel from U.S. ports. "It's a classic case of 'desperate times call for desperate measures,'" said Basil Karatzas, CEO of New-York based Karatzas Maritime Advisors. "It's questionable the impact the waiver will have for gas prices, but at least it's playing well on the optics."

Oil resumes from offshore California field through disputed pipeline

(The New York Times; March 16) - Oil is flowing through a pipeline near Santa Barbara, California, for the first time in more than a decade after the Trump administration ordered offshore production to resume there despite strong objections from state officials. The pipeline had been shut down since 2015, when a rupture caused one of the worst oil spills in state history, releasing more than 100,000 gallons of oil onto California's Central Coast and covering birds and beaches in tar.

The new owner of the pipeline, Sable Offshore, announced on March 16 that it had resumed oil production on March 14 at the direction of Energy Secretary Chris Wright and after President Donald Trump invoked the Defense Production Act, which the

administration said superseded state laws. The reopening of the pipeline set off a new legal battle between the Trump administration and California leaders. Sable's operations could increase California's in-state oil production by 15%, reducing the need for foreign crude by 1.5 million barrels a month, according to the Department of Energy.

Sable Offshore, which is based in Texas, had been trying to restart the pipeline for more than a year but hadn't been able to secure the required permits. State and local officials have said that Sable had not sufficiently repaired damage on the pipeline that led to the 2015 spill, and the California Department of Parks and Recreation had required the company to undergo an environmental review process. With its project stalled, Sable last year asked the Trump administration for help bypassing state regulations.

Maintaining tankers with seized Venezuelan oil costing U.S. millions

(The New York Times; March 13) - In an effort to crack down on nations it views as promoting terrorism, the Trump administration has been carrying out a campaign of seizing tankers carrying oil, a move the president has repeatedly characterized as a financial boon for Americans. But there's a problem. The seizures have put the U.S. government in a financial bind. The ships are highly expensive to maintain. And the Trump administration cannot legally sell their oil without a judge's permission.

Maintaining the tankers has already cost the U.S. tens of millions of dollars — in one case, \$47 million in only three months — and complicates Trump's claims of financial victories from his military operations against Venezuela and Iran. The situation is laid bare in U.S. District Court in Washington, where Trump officials are detailing the cost of maintaining a seized tanker. The U.S. seized the tanker and its more than 1.8 million barrels of Venezuelan crude on Dec. 10 as it made its way from Venezuela to Asia.

The government has spent \$47 million repairing and maintaining the aging ship, which is only valued at \$10 million, federal prosecutors said in a court filing. And it will most likely need to spend another \$5 million over the next few months to cover insurance and crew, among other costs. Storing the ship's oil costs the government \$15,000 per day. The petroleum seized from the ship has a value of \$120 million to \$135 million, Federal prosecutors have asked a judge to allow the Justice Department to sell the tanker and the oil, even before a final ruling on whether the United States is allowed to keep it.

Saudi Aramco gives oil buyers the option of avoiding Hormuz

(Bloomberg; March 16) - Saudi Arabia is giving long-term oil customers the option of receiving their allocations for April via the Red Sea port of Yanbu as it prepares for lengthy disruptions in the Strait of Hormuz. Buyers who choose Yanbu will only get a portion of their monthly supply due to constraints on how much crude the pipeline to the

port can carry, said traders who have been informed by state-run Saudi Aramco. The other option is to receive oil from the Persian Gulf, but at the risk of not getting any if the strait remains closed, said the traders, who asked not to be named.

Aramco, the world's biggest oil exporter, shipped 7.2 million barrels a day of crude last month, before Iran effectively blocked Hormuz, most of which was exported from its Gulf terminals of Ras Tanura and Juaymah. The Saudis have a 5 million-barrel-a-day pipeline that runs across the country to the Red Sea, although export capacity at Yanbu may be smaller than that. The Saudis typically sell all of their oil via long-term contracts, the bulk of which goes to Asia.

The choices reflect uncertainty over how long the conflict in the Middle East will last and when Hormuz might reopen. If the war continues, the traders said that oil loaded at Yanbu and headed to Asia would likely be marketed on a delivered basis — which means Aramco handles the transport logistics — rather than being sold on the usual loading basis, where customers arrange the shipping themselves. Aramco has been ramping up shipments via Yanbu since the beginning of the war, now into its third week.

Damaged Russian LNG tanker drifting toward Libya

(BBC; March 17) - A sanctioned Russian liquefied natural gas tanker is drifting out of control in the Mediterranean with no crew on board and a gaping hole in one side, prompting warnings of a "serious risk of a major ecological disaster." An official in Italy, one of nine European Union countries to write a joint letter to the European Commission urging action, has called the Arctic Metagaz an "environmental bomb" waiting to go off.

The tanker, part of a shadow fleet transporting sanctioned Russian oil and gas, was badly damaged in a suspected sea drone attack near Maltese waters earlier this month. Ukraine has not commented on reports that it was responsible for crippling the ship. The Arctic Metagaz is now floating south away from Italian waters and the island of Lampedusa toward Libya, with Italian and Maltese officials continuing to monitor its movement. The secretary of Italy's Council of Ministers, Alfredo Mantovano, said the risk is "enormous" and warned the tanker could "explode at any moment."

It is said to be carrying "significant" quantities of LNG. An official in Rome told the BBC it also had 450 tonnes of fuel oil and 250 tonnes of diesel on board. On March 17, the tanker was about 45 nautical miles from Italian territorial waters and 25 miles from the search-and-rescue zone ascribed to Libya. The Arctic Metagaz set out from the Russian port of Murmansk in February. In early March, when it went up in flames, Russian President Vladimir Putin blamed Ukraine for a "terrorist attack."