

Oil and Gas News Briefs

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Short supply, high prices could undermine demand for LNG

(Wall Street Journal; March 26) - "Natural gas, delivered at a fraction of the cost in a fraction of the time," says Billy Bob Thornton in a commercial for U.S. liquefied natural gas exporter Venture Global. Thornton, whose voice accompanies images of an export facility being built, is associated with the oil patch these days, due to his role in the TV series "Landman." But it's a jarring moment to hear LNG described as low-cost. Prices have jumped since the Iran war knocked Qatar, the No. 2 producer, out of the market.

U.S. producers stand to gain market share. Venture Global, which operates two LNG export terminals and is building a third in Louisiana, sells a greater share of its gas in the spot market than other exporters, giving it more to gain from rising prices (long-term contracts are the norm). Venture Global, which has decided to expand one of its plants in Louisiana, says its ability to bring extra supply online will help ensure stable prices.

But the current high prices are boosting the appeal of alternatives, from renewables to coal. "It's a scary thing, it's not good for our industry," said Michael Smith, CEO of Freeport LNG in Texas, at a conference in Houston this week. Global export capacity had been expected to outpace demand in the coming years, with the U.S. adding the most. That's no longer the case, as Qatar suspended production after an Iranian missile attack damaged its facilities; it will take years to repair and delay its expansion plans.

High prices will undermine LNG in key markets, such as developing Asian economies where power consumption is rising fast, said Anne-Sophie Corbeau, a researcher at Columbia University's Center on Global Energy Policy. For now, Asian coal plants are running hot as governments carefully husband dwindling supplies of oil and gas. The crisis boosts the appeal of low-carbon energy too. In South Korea, one of the biggest LNG importers, the government is pushing to reduce dependency on fossil fuel imports with renewables. It has also floated accelerating the restart of six nuclear plants.

Asia turning to coal, but renewables may gain from energy crisis

(The Japan Times; March 25) - Asian countries are ramping up their use of polluting coal to tackle energy shortages and price spikes linked to the Iran war, but the crisis could have an environmental silver lining. While leaning on the fossil fuel will raise emissions in the near term, the energy crisis is demonstrating the risks of energy import dependence, and could push policymakers to embrace renewables faster, analysts said.

"The ongoing Iran oil and gas crisis shows the importance of having domestic energy sources that are not exposed to the global commodity market, which coal is," said Amy Kong, research analyst at Zero Carbon Analytics. "Countries like Vietnam, who have rapidly increased their share of solar generation, have a stronger buffer against rising energy import prices," Kong said. Much of Asia is heavily exposed to the energy crisis that has unfolded since the U.S.-Israel attack on Iran began last month.

As a result, many nations are bumping up use of coal, which can be sourced regionally or even domestically, to prevent power outages and protect citizens from price shocks. While it cannot be substituted directly in gas-fueled plants, countries can run existing coal plants at a higher capacity or bring idle units back online. But renewables are now cheaper in the long run, and the crisis is illustrating their benefits in terms of stable supply, said Putra Adhiguna, managing director at Energy Shift Institute, an energy finance think tank. "The story of gas as a stable transition fuel is highly in question."

Cutoff of Persian Gulf LNG may drive nations toward alternative fuels

(The New York Times; March 29) - From Western Europe to East Asia, countries are scouring the globe for liquefied natural gas after the war in Iran cut off the Persian Gulf fuel that they relied on to cook dinner, heat homes and generate electricity. The U.S., as the world's biggest gas exporter, will almost certainly benefit, at least in the short term. But the war with Iran is also a reminder that importing gas is a risky proposition that can leave buyers exposed to high prices and shortages during geopolitical strife.

That presents a big challenge to the oil and gas industry's plans to sell more natural gas — and creates an opening for alternatives like renewable energy, coal and nuclear power. "What you're seeing with this type of volatility that seems to happen every four or five years, it's just not good," Jack Fusco, CEO of a large U.S. gas exporter Cheniere Energy, said last week at a Houston energy conference, CERAWEEK by S&P Global.

The longer the war disrupts the global energy trade, the more likely it is that importing countries will try to insulate themselves from future shocks by developing energy domestically or taking steps to conserve. "The credibility of LNG and gas imports really has taken a hit," said Ira Joseph, a senior research associate at Columbia University's Center on Global Energy Policy. Higher prices also make alternatives more attractive.

Growth could slow if countries switch to other energy sources because they can't buy enough LNG or can't afford it. Some may look to China as an example. Over the past 20 years, China has pushed hard to reduce its reliance on imported oil and gas, driven mainly by worries about energy security rather than climate change. It's built hundreds of power plants that burn domestically produced coal, installed more wind and solar power than the rest of the world combined and is building dozens of nuclear plants.

High prices drive analysts to reduce LNG demand growth forecast

(Reuters; March 26) - The Iran war is upending the global LNG outlook as soaring prices, damage to major supplier Qatar's export infrastructure and potential delays to new supply raise doubts about previously expected demand from price-sensitive Asian buyers. Before the war, analysts expected global liquefied natural gas supply to rise as much as 10% this year to between 460 million and 484 million tonnes as new capacity, mainly in the U.S. and Qatar, came online, with demand forecast to grow in tandem.

Now, Iran's blocking of the Strait of Hormuz, which handles 20% of global LNG, and damage to Qatar's liquefaction trains — sidelining 12.8 million tonnes per year of LNG for up to five years — have prompted consultancies S&P Global Energy, ICIS, Kpler and Rystad Energy to cut global annual supply outlooks by as much as 35 million tonnes, equal to about 500 LNG cargoes, enough to meet over half of Japan's annual imports.

"We expect this gas price crisis will lead some countries to reconsider growing their gas demand at the rate we previously forecast, and so LNG demand growth will be lower," said S&P Global Energy analyst Lucien Mulberg. At a more than three-year high of \$25.30 per million Btu, prices far exceed the \$10 threshold at which emerging market demand picks up, and analysts see prices holding above that comfort zone through 2027. "In the near term, the market rebalances primarily through higher prices and demand destruction in South Asia," said Laura Page, manager of LNG Insight at Kpler.

Asian nations step up their response to growing energy crisis

(Bloomberg; March 26) - Governments across Asia are preparing for worst-case energy scenarios that could include a prolonged and severe disruption to supplies, as the U.S. and Iran remain at odds over proposals to end a conflict that has roiled global markets. South Korea shifted into crisis mode on March 25, setting up an emergency economic task force to urgently prepare for adverse scenarios. The Philippines declared a national emergency, citing an "imminent danger of a critically low energy supply."

Japan is reviewing its entire supply chain of petroleum-related products as the likelihood of shortages and knock-on effects across the economy grows. India's Prime Minister Narendra Modi warned the war could cause unprecedented challenges for the nation. The Middle East conflict and energy supply shock threaten to further fan inflation, Reserve Bank of Australia assistant governor Chris Kent said on March 26 in Sydney.

"Right now, the closure of the Strait of Hormuz is, in a sense, an Asian crisis," Singapore's Foreign Minister Vivian Balakrishnan said on March 23. "The vulnerability is known, but it has never been tested to the extreme that it is being tested today." The shortage is already being keenly felt across Asia, with workweeks cut short, streetlights switched off and gas stations forced to close. In Pakistan, cricket fans have even been

told to stay home and watch the games on television to conserve fuel. The country is also planning to impose fuel quotas for vehicles, according to sources.

Japan will relax limits on coal-fired power plants for one year

(Reuters; March 27) - Japan's industry ministry will relax rules for one year to increase the use of coal-fired power plants in the fiscal year starting April, as the U.S.-Israel war with Iran adds uncertainty to liquefied natural gas imports, it said on March 27. Japan takes delivery of some 4 million tonnes of LNG annually — about 6% of its total imports — via the Strait of Hormuz, which has been effectively closed due to the war.

"There is increasing uncertainty about future LNG procurement. We believe that it is necessary to increase the operation of coal-fired power plants and save LNG fuel," an industry ministry official told a special government panel. The Ministry of Economy, Trade and Industry proposed suspending for one year its 50% cap on the capacity utilization rate of coal-fired power plants with generation efficiency below 42%.

LNG consumption could then fall by about 0.5 million tonnes a year, or slightly more than 10% of the LNG it imports via the Strait of Hormuz, according to a METI's estimate. That's the equivalent of seven or eight LNG tanker cargoes. The ministry will implement the change April 1 as an emergency measure and there were no objections from the ministry's panel members, the official told Reuters. "This is strictly a short-term adjustment and does not alter our long-term decarbonization policy," he said.

EU may need to scale back climate policies to deal with rising costs

(Reuters; March 26) - The European Union may be forced to scale back its flagship climate policies and geopolitical aims as the Iran war drives up energy prices — with lasting consequences for the bloc's energy strategy. The energy crunch sparked by the conflict, now in its fourth week, has rattled Europe, which is heavily dependent on imported oil and gas. European benchmark natural gas prices have jumped more than 60% since the conflict began. That is still far below the eye-watering peak after Russia's invasion of Ukraine in 2022, when pipeline gas supplies collapsed.

While the EU has sharply expanded renewable energy deployment since then, with wind and solar generating more electricity than fossil fuels in Europe for the first time in 2025, gas still accounts for about a fifth of total energy consumption, reflecting the fuel's dominant role in heating and industry. Europe has also dramatically reduced its exposure to Russian energy, but it has instead become heavily dependent on the U.S., which supplied nearly 60% of the bloc's LNG in 2025, according to Kpler data.

One option to offset the loss of Middle East supply would be to soften a raft of climate policies designed to reduce emissions by steadily making fossil fuels more expensive. These include easing regulations around carbon pricing for regional polluters along with energy-efficiency mandates, methane-emissions limits and renewable targets. European policymakers are increasingly aware that some of these environmental measures are pushing up energy costs and undermining industrial competitiveness.

LNG buyers chase after limited U.S. cargoes available

(Bloomberg; March 25) - Asian and European buyers of liquefied natural gas are chasing the limited number of cargoes still available from U.S. suppliers after the world's largest LNG plant in Qatar was shut out of the market by the war in Iran. Importers from Japan and Germany are among those in discussions with U.S. LNG companies to buy more of the fuel, particularly for short-term delivery, according to people familiar with the situation who asked not to be because the information is private.

The early-stage talks, happening during the CERAWEEK by S&P Global conference in Houston, highlight how the attacks on Qatar's Ras Laffan plant that knocked about a fifth of global supply offline have stretched worldwide LNG supplies like never before. That presents U.S. LNG producers who were already well positioned with a chance to take some long-term market share from their biggest rival, Qatar.

Yet there isn't much spare U.S. LNG to go around. The majority of producers on the Gulf Coast are running their plants at near capacity, and much of their supply is under long-term contract. "The incremental LNG supply in a very constrained market is going to be bid up between Asia and Europe," said Balaji Krishnamurthy, Chevron's Australia upstream chief, during a panel on March 24. U.S. exporters Cheniere Energy, Venture Global and Woodside Energy all said they were producing at maximum capacity.

Agreements help advance LNG Canada expansion

(The Canadian Press; March 26) - The companies behind the Coastal GasLink pipeline and the massive LNG Canada facility in Kitimat, British Columbia, have signed agreements that bring both of their second phases closer to reality. Pipeline owner TC Energy says the agreement to establish a "comprehensive commercial framework" is an important milestone for advancing its Coastal GasLink Phase 2, while supporting LNG Canada's pathway to a final decision on its expansion.

François Poirier, president of TC Energy, said in a statement on March 25 that doubling the pipeline's capacity would strengthen Canada's role "as a reliable supplier to global LNG markets." The Coastal GasLink pipeline brings gas from fields in northeastern British Columbia to the LNG Canada facility on the coast, where it is liquefied and

exported. The Shell-led project started loading cargoes last summer. Phase 2 would double the plant's existing production capacity of 14 million tonnes per year.

The agreements mark a key milestone for Coastal GasLink Phase 2, which still requires a final investment decision by LNG Canada and its joint venture partners, along with approvals from Coastal GasLink. These agreements create a commercial framework that advances LNG Canada toward a final investment decision by supporting front-end engineering and design, as well as subsequent execution activities. The parties will now further develop firm cost and schedule estimates for Coastal GasLink Phase 2.

China's LNG imports in March on pace for lowest volume since 2018

(Bloomberg; March 26) - China's liquefied natural gas imports this month are on pace to hit the lowest level since 2018, according to ship-tracking data compiled by Kpler, as a price spike caused by the conflict in the Middle East curbs demand. Imports are estimated below 3.7 million tonnes for March, according to Kpler, which uses shipping data to predict deliveries. If confirmed, that would be a decline of about 25% from the same month the year before.

The Iran war has shut the world's largest LNG export plant in Qatar and effectively closed the Strait of Hormuz — a conduit for 20% of global trade in the super-chilled fuel. Chinese companies have cut back spot purchases, relying instead on domestic gas or deliveries via pipelines, after Asian LNG prices roughly doubled since the start of March.

The potential drop in deliveries to the world's biggest buyer points to another year of soft demand. China's importers have been curbing their dependence on LNG since the price spike of 2022, when Russia's invasion of Ukraine made the fuel too costly compared to the domestic market. They've also resold more shipments for higher profits overseas. The war in Iran has led other price-sensitive importers in Asia to cut back on purchases. Gas deliveries have been curtailed to fertilizer industries in India and Bangladesh due to the drop in Qatari shipments.

India preparing to buy Russian LNG for first time since 2022

(Reuters; March 27) - As India's diplomats negotiated an accord that would ease punitive U.S. tariffs on the country's exports in January, New Delhi slashed its purchases of Russian crude oil in a move that was widely seen as a painful concession to President Donald Trump. Just two months later, however, Delhi and Moscow are deepening their energy cooperation, with both sides agreeing to prepare for Russia to resume direct sales of liquefied natural gas to India for the first time since the start of the Ukraine war in 2022, according to two people familiar with the matter.

If India decides to pursue the deal, which risks violating Western sanctions, negotiations with Russia could be concluded in weeks, one of the people said. The talks come amid skyrocketing energy prices triggered by the U.S.-Israeli attack on Iran. The "verbal agreement" to negotiate an LNG deal was reached during a March 19 meeting between Russian Deputy Energy Minister Pavel Sorokin and Indian Petroleum and Gas Minister Hardeep Singh Puri in Delhi, the people said.

The two officials also agreed to further increase Russian crude oil sales to India, which could double from January's levels to at least 40% of India's total imports in about a month, three people familiar with their deliberations said. India became a major buyer of Russian crude that was heavily discounted after the invasion of Ukraine, which became a point of contention with the Trump administration. The world's third-biggest oil importer and consumer purchased nearly \$44 billion of crude from Moscow last year, playing a vital role in keeping the Kremlin's wartime economy alive.

Asian nations turn to Russian oil to replace lost Middle East cargoes

(Reuters; March 26) - Asian countries including Vietnam, Thailand, the Philippines, Indonesia and Sri Lanka are lining up to buy Russian oil as the Iran war blocks supplies, raising the possibility that demand may exceed supply, several sources including Russia said. Since the war in Ukraine prompted European customers — once the biggest buyers of Russian oil and gas — to shun Moscow, India and China have accounted for around 80% of Russian oil exports. Turkey has also been a significant buyer.

But in recent weeks, a host of Asian countries have been lining up, according to various sources including news media and Russia. "Demand is high, particularly for alternative destinations. As a result, a point may come when it becomes difficult to meet additional demand," Kremlin spokesman Dmitry Peskov said in response to a question about Russian oil demand. Russia has benefited from high oil prices and a 30-day sanctions waiver from the United States for purchases of Russian oil at sea.

Oil and gas sales generate around a quarter of the country's state funds. Russia's ability to boost oil exports is, however, constrained, in part by Ukrainian drone attacks which have effectively shut down at least 40% of the country's oil-exporting capacity.

Iran earning hundreds of millions of dollars from higher oil prices

(Bloomberg; March 26) - Iran has likely earned hundreds of millions of dollars of extra income from oil sales since the start of the war, benefiting from a surge in prices after it became the only major exporter able to use the Strait of Hormuz. Its flagship crude grade is selling to buyers, mostly in China, at the slimmest discount in more than 10 months to Brent. And the international benchmark has surged above \$100 a barrel.

Iran's exports are estimated to have remained close to prewar levels of about 1.6 million barrels a day this month. Ships carrying Iranian crude continue to load at the Kharg Island terminal and exit the Persian Gulf through the Strait of Hormuz — with activity gaining pace recently. That's in stark contrast to the effective blockade imposed on cargoes from other Gulf producers. Tehran stands to gain even more after Washington, seeking to lessen the war's impact on oil prices, took the surprising step of temporarily suspending sanctions on a trove of Iranian oil that was already at sea in tankers.

Based on export estimates from Tankertrackers.com and prices for the country's flagship grade Iranian Light, Tehran would have earned about \$139 million a day from sales of its main Iranian Light crude blend so far in March, up from \$115 million in February. Iran's oil has grown more valuable compared with international benchmark Brent, narrowing to a discount of \$2.10 a barrel at the start of this week, the smallest in almost a year. The differential was wider than \$10 before the war. The higher selling price for each barrel is key for Iran, which has suffered major damage from airstrikes.

Traders load up on call options that Brent will surge to \$150 a barrel

(Reuters; March 26) - Traders are piling into oil options betting Brent crude will surge to an all-time high of at least \$150 a barrel by the end of April, as the war in the Middle East continues to choke supplies through the Strait of Hormuz. Brent, which is currently trading around \$107 a barrel for May, has shot up nearly 50% since the U.S.-Israeli war against Iran, effectively blocking oil transit through the strait. Prices remain volatile despite signs that Washington and Tehran are looking for a way to end the conflict.

Options trades in the derivatives market show bets have risen tenfold in the past few weeks on oil hitting at least \$150 by the end of April, as traders position themselves for near-term volatility. That would surpass Brent's record high of \$147 a barrel set in 2008, when booming demand strained supply. Data from ICE shows ownership of contracts which expire at the end of April and give the holder the option to buy June Brent futures at \$150 — known as call options — is almost 10 times larger than it was a month ago.

"These calls are clear signs that investors see tail risk outcomes to the conflict and are increasingly trying to manage those outcomes," said Tim Skirrow, head of derivatives and energy at Energy Aspects. "\$150 oil will certainly cause a demand shock, but as long as oil cannot flow out of the Gulf, there will be risks of outright shortages."

Trump officials reportedly examine economic effects of \$200 oil

(Bloomberg; March 25) - Trump administration officials are examining what a potential spike in oil prices as high as \$200 a barrel would mean for the economy, according to people familiar with the matter, a sign senior officials are studying the possible fallout

from extreme scenarios for the Iran war. Modeling how damaging a bigger jump in oil prices could be to growth prospects is part of regular assessment done during times of strain and is not a prediction, according to the people, who asked not to be identified.

The effort is aimed at making sure the administration is prepared for all contingencies, including a prolonged conflict, they said. Even before the war began, Treasury Secretary Scott Bessent expressed concern that the conflict would boost oil prices and damage economic growth, the people said. Senior Treasury officials have expressed worries to the White House about swings in oil and gasoline prices for several weeks. White House spokesman Kush Desai called that account false.

Crude at \$200 would be an enormous shock to the world economy. In inflation-adjusted terms, the price has hit that level only once in the last half-century — in 2008, just before the global financial crisis. Even at lower levels, Bloomberg Economics forecasts that oil at \$170 for a few months would push inflation higher for the U.S. and Europe and cut economic growth.

U.S. LNG producer settles arbitration with Italian buyer

(Reuters; March 26) - Venture Global and Edison said March 26 they had reached an agreement to settle a long-running arbitration dispute related to accusations that the American exporter of liquefied natural gas failed to provide the Italian firm with its contractually obligated shipments. Completion of the Edison settlement is expected by the end of June, when the arbitration will be formally terminated, the companies said in a joint statement. “The agreement fully resolves the arbitration in its entirety,” they said.

Edison and several energy companies including BP, Shell, Repsol, Galp and Orlen filed for arbitration after accusing Venture Global of selling LNG on the spot market at higher prices following Russia’s invasion of Ukraine, rather than supplying contracted volumes from initial production at the company’s Calcasieu Pass plant in Louisiana. Venture Global has argued it was permitted to conduct the spot sales because commercial operations were delayed by problems with a faulty power system.

The U.S. exporter has logged one loss, two settlements and two victories to date. As part of the deal with Edison, Venture Global will supply Edison with additional LNG cargoes beyond those in their long-term contract, primarily to support deliveries to the Italian market. The first cargo is scheduled to arrive in May at the Adriatic LNG terminal. Edison, a subsidiary of France’s EDF, signed a 20-year contract in 2017 to buy LNG from Venture Global but did not receive its first cargo until April 2025. The company launched its arbitration case at the London Court of International Arbitration in 2023.

Italy most vulnerable to natural gas supply risks

(Wall Street Journal; March 27) - For the second time in four years, Europe is hunting for new natural gas supplies after a war exposed its vulnerability to the geopolitics of energy. The U.S.-Israeli war with Iran has halted Qatar's production of liquefied natural gas, trapping 20% of global supplies of the fuel behind the Strait of Hormuz and sending prices surging. Damage to Qatari LNG plants from Iranian strikes could take years to repair. That is a big problem for Europe, which has relied heavily on LNG to replace Russian pipeline gas since the invasion of Ukraine began in 2022.

Italy is especially vulnerable. It shut down its nuclear plants long ago, has invested relatively little in renewables and relies more on gas for power generation than any other major European country. Around 10% of its natural gas came from Qatar before the Iran war began in late February. "It's a real emergency," said Davide Tabarelli, head of the Italian energy research institute Nomisma Energia. "Italy is Europe's weak link when it comes to energy because it is so dependent on energy imports."

The upheaval sent Italian Prime Minister Giorgia Meloni to Algeria to firm up gas supplies. Italy was Europe's largest importer of LNG from Qatar; Algeria is Italy's biggest supplier of gas overall, through a pipeline under the Mediterranean. Spain's foreign minister traveled to Algiers the next day to also seek assurances that Algerian gas would continue to flow. But Algeria's capacity to increase supply is limited, meaning it's unlikely to fix the price shock facing European economies. Europe's main alternative to Qatari gas has been U.S. LNG, which is now a hot commodity on global markets.