Oil and Gas News Briefs
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Markets indicate high energy costs could hang around into 2028

(Reuters commentary; Oct. 15) - Oil markets initially treated the Iran war as a brief disruption. But traders are now betting that oil prices will remain elevated through 2028, forcing a rethink of the global inflation outlook. Eight months into the war, the buffers that helped absorb the initial energy shock — most notably onshore crude oil stockpiles — are wearing dangerously thin. At the same time, the recovery in crude exports through the Strait of Hormuz remains fragile, global refining capacity has been eroded and credible diplomatic pathways to end the conflict appear narrower than ever.

Global benchmark Brent crude futures tell the story. Contracts for delivery in December 2027 have climbed more than 13% since the start of September to $86 a barrel, the highest level for the contract, while December 2026 contracts have gained around 12%. The Brent forward curve is not a price forecast, of course. But it reflects the willingness of refiners, airlines, commodity traders and asset managers to lock in elevated prices months and even years into the future. In effect, market participants are paying a premium against the possibility that today's disruptions will become tomorrow's normal.

Absent a durable settlement over Hormuz, much of that higher cost is likely to remain entrenched in prices for the foreseeable future. The issue is no longer simply how much oil can move through Hormuz. Markets need to know whether the global energy system can quickly rebuild the inventories, refinery capacity and supply chains damaged by months of conflict. Until then, the world risks becoming trapped in an era of structurally higher energy costs that lasts long after the shooting stops.

Brent crude hits $110 for first time since May

(Bloomberg; Oct. 16) - Brent crude on Oct. 16 hit $110 a barrel for the first time since May as prospects for imminent supply relief dwindle, prompting traders to ramp up bets on higher prices ahead of the weekend. The global benchmark rose 3.7%, notching a second straight weekly gain, as bullish sentiment crystallized in the course of a session punctuated by reports of ongoing conflict in major export centers. Iran-backed Houthi rebels continue to pummel Saudi Arabia with missile and drone strikes, while Russia and Ukraine exchange tit-for-tat attacks on energy infrastructure.

The last time prices reached these levels was almost five months ago, when paralyzed global crude and fuel flows spurred a fragile, short-lived agreement that briefly reopened the Strait of Hormuz. Now, cargo volumes traversing the key waterway are nearing pre-

war levels, topping 100 million barrels of crude last week. Still, prices remain stubbornly high, leaving U.S. President Donald Trump with fewer and fewer options to tame energy costs ahead of the Nov. 3 midterm elections.

“After a brief reprieve, the oil market is having to price risk back in, particularly heading into the weekend,” said Rebecca Babin, senior energy trader at CIBC Private Wealth Group. Diesel and gasoline futures also rose. Contracts for both commodities are trading at the highest-ever levels seasonally. “The conflict is likely to escalate,” Eurasia Group analysts wrote in a note, raising their odds of intensification to 65% from 35%. “The standoff status quo is no longer sustainable for the U.S.”

Trump waives new sanctions and tariffs on Russian oil

(CBS News; Oct. 17) - President Donald Trump prevented some new sanctions on Russia and hefty tariffs on large-scale buyers of Russian oil from taking effect late Oct. 16, waiving portions of a bipartisan law aimed at pressuring the Russian government. Trump is seeking to ease prices by tapping Russian energy. Tariffs of 100% on the world's five largest importers of Russian crude oil and natural gas were set to take effect on Oct. 18 under a law that the president Trump signed late last month.

But the law gives the president the authority to waive portions of the law if he certifies to Congress that halting the sanctions is "in the national interests of the United States," a provision that Trump invoked in an executive order Oct. 16. He also waived the law's 500% tariffs on Russian goods, and halted certain other sanctions on Russia. He said the waivers will remain in place until administration officials "determine that further action is appropriate."

An envoy to Russian President Vladimir Putin praised Trump's decision. "The Trump administration's suspension of the Graham Act is an important and truly historic moment," Kirill Dmitriev said in a post on social media. The waivers came one week after Trump eased sanctions on Russian diesel and announced a deal with Russian President Vladimir Putin to import diesel to the U.S. market. The moves mark an about-face for the U.S., which has imposed tight restrictions on Russian oil and gas for years.

EU leaders look for ways to ease soaring energy costs

(Bloomberg; Oct. 15) - European Union leaders are searching for ways to ease soaring energy prices, but U.S. President Donald Trump’s war against Iran has left them with few affordable options. Surging energy costs form the cornerstone of a broader debate on European competitiveness that will open a two-day summit in Brussels starting Oct. 15. The conflict in the Persian Gulf has pushed up oil and gas prices, boosting inflation and weighing on economic growth across the 27-nation bloc.

The European Commission, the EU's executive branch, is expected to tell the bloc's leaders that there's no silver bullet to combat high energy prices, according to a senior EU official, speaking on the condition of anonymity. The Iran war has so far added more than €100 billion ($111 billion) to Europe's fossil fuel import bill, while leaving the region's natural gas storages at record low levels before the winter heating season.

EU member states are hobbled in what they can do: Price caps and tax cuts come with a heavy fiscal cost at a time when government budgets are increasingly stretched. Soaring interest rates are compounding the challenge. The EU has few, if any, quick fixes. The commission is looking to extend joint energy purchases, while postponing a climate rule to tackle methane in fossil fuel imports and prolonging state aid to hard-hit industries. But neither of those do anything to curb prices in the short term, with the region dependent on oil and gas imports.

U.S.-to-Asia supertanker rates soar to $40 per barrel

(Reuters; Oct. 15) - When the supertanker Esteem Explorer sails from the U.S. to Japan in late November, loaded with about 2 million barrels of crude, the journey will cost $81 million. It would have cost $9.1 million last year, on average. The shipping translates into $40.50 per barrel. While oil's soaring price worries consumers, the Esteem Explorer's expensive voyage illustrates how transportation costs are further inflating the price. Refiners process oil into fuel to move food, retail goods and construction materials, and rising costs are stoking inflation in countries that depend on oil imports.

Every $10-per-barrel increase in shipping costs adds about 23 cents per gallon to gasoline, said Kenneth Medlock, a fellow in energy and resource economics at the Houston-based Baker Institute for Public Policy. On that basis, the Esteem Explorer's shipping cost works out to at least 80 cents more per gallon of gasoline than last year, according to Reuters calculations.

"It's sort of like a slow-moving train. It doesn't all happen instantly ... but the longer this drags on, the more sticky it becomes, which means you get more of a sustained impact at the grocery store, in the convenience store, at the mall," Medlock said. "Everything gets more expensive." Freight rates account for more than 40% of the price of U.S. oil exports, based on the Oct. 14 price of about $95 per barrel, compared to an average 7% in 2025, according to LSEG shipping and price data. Countries reliant on imports — including India, the Philippines and Indonesia — bear the brunt of the costs, he said.

Canadian oil trades at a widening discount to U.S. crude

(Bloomberg; Oct. 16) - While the world continues to pay surging oil prices, Canadian producers are failing to get top dollar for their barrels. The discount for Canadian heavy

oil versus U.S. supplies — a measure that's widely scrutinized by the oil market — has flared out dramatically in the past few weeks. Producers in Alberta's oil sands are now receiving about $26 a barrel less that what U.S. producers get. The gap has widened under the combined effects of U.S. President Donald Trump's foreign policy decisions.

After the removal of President Nicolás Maduro in January, Canadian producers faced increased competition from Venezuelan oil, a similar type of heavy crude that some refineries are optimized to use. Then, the Iran war sent tanker rates skyrocketing, leading to a glut of heavy oil in the U.S. and lowering demand for Canadian supplies. Canadian crude consistently trades below U.S. prices, and that discount has long been a source of frustration, along with the country's reliance on sending oil to U.S. refiners.

The province of Alberta produces the vast majority of Canada's barrels, exporting about 90% of it to the U.S. That dependence is now driving Prime Minister Mark Carney's government to prioritize diversifying trade away from the U.S. amid an intensifying trade war. The only export pipeline to Canada's west coast is already full, hampering producers' ability to get a better price for their barrels in hungrier overseas markets. Carney is backing the construction of a new million-barrel-a-day pipeline to the British Columbia coast to address the export crunch.

Venezuela's acting president says oil and gas investment coming

(Bloomberg; Oct. 18) - Venezuela expects almost $76 billion of investment in its oil and gas sector over the next five years, Acting President Delcy Rodríguez said on Oct. 18, as the country seeks to draw private capital into a push to boost energy production. Rodríguez gave the estimate during the closing of an energy conference in Maracaibo, capital of the oil-producing Zulia state, where more than 150 domestic and international companies gathered to discuss investment and the revival of production.

The acting leader said the government has signed 61 agreements under its revamped hydrocarbons framework and is negotiating an additional 44. The projects are intended to combine foreign investment with Venezuelan capital and labor, according to Rodríguez. The announcement highlights the scale of Venezuela's ambitions as it tries to rebuild an oil industry that remains well below its historic output highs despite holding the world's largest crude reserves.

Turning the commitments into production will require years of drilling and investment in deteriorated oil fields, power systems and other infrastructure, and reassurances for investors wary of the country's history of nationalizations and political and legal uncertainty. The investment drive is increasingly intertwined with a U.S.-backed effort to revive Venezuela's vast but long-struggling oil industry. Washington struck an agreement in August with North American Blue Energy Partners, covering 17 fields and as much as $100 billion of planned investment.

Korea will burn more coal this winter to reduce gas consumption

(Bloomberg; Oct. 16) - South Korea plans to depend more on coal this winter as supplies of liquefied natural gas are disrupted by the war in the Middle East, underscoring how energy-security concerns are complicating the country's retreat from fossil fuels. The government needs to reduce gas consumption this winter, when demand for heating fuel peaks, and make greater use of coal and nuclear, Climate, Energy and Environment Minister Kim Sungwhan said in an interview on Oct. 15.

The policy shift highlights a stark dilemma for one of the world's top fossil fuel importers: balancing long-term climate ambitions with the immediate economic realities of volatile energy markets and a heavily indebted national power company. "In the short term, we are in a situation where we must somehow reduce LNG demand," Kim said. "Inevitably, we have to reduce gas usage by rapidly expanding renewables while more actively utilizing nuclear and coal power."

While the Mideast conflict has made diversifying overseas energy suppliers a national security issue, Kim said the ultimate goal is to reduce dependence on imported fossil fuels. South Korea took 11% of the world's LNG shipments last year, according to the International Gas Union, behind only China and Japan. The U.S.-Iran war has severely cut the flow of gas from the Persian Gulf, leaving the country heavily exposed to soaring prices. Kim said relying more on coal and nuclear doesn't alter the government's long-term direction, which is to reduce coal and LNG consumption as it shifts to renewables.

U.S. Gulf Coast LNG projects look toward expansions

(Louisiana Illuminator; Oct. 15) - Over the past 14 months, liquefied natural gas companies have proposed new expansion projects at seven gas export terminals along the U.S. Gulf Coast, encouraged in part by wars in the Middle East and Ukraine that have boosted the market for U.S. LNG shipments. Three of the expanding terminals are in Louisiana, including southeast of New Orleans at the Plaquemines LNG terminal, and in Cameron, in southwest Louisiana, at the CP2 and Commonwealth LNG terminals, according to public records available in the Oil & Gas Watch database.

Four expanding terminals are in Texas, near Port Arthur, Brownsville and Corpus Christi. If built, these new expansions would increase by about 14%, or 75 million tonnes per year, the capacity of U.S. LNG export terminals that are operating, under construction, or previously proposed. The expansions and associated pipelines could also damage hundreds of acres of fragile coastal wetlands and release millions of tons of greenhouse gases, according to permit applications.

"These gas export facilities are a radical transformation of the Louisiana coast," said Anne Rolfes, director of the Louisiana Bucket Brigade. "This coastal area, including our wetlands, protects South Louisiana from storms, a crucial buffer as hurricanes get more

fierce.” Developers of the LNG projects argue that the wars in Iran and Ukraine are contributing to increasing market demand overseas for U.S. LNG exports, and the new expansions of Gulf Coast export terminals would help meet that rising need.

FERC proposes making it easier to expand LNG export terminals

(Utility Dive; Oct. 16) - The Federal Energy Regulatory Commission on Oct. 15 issued proposals aimed at making it easier to develop gas infrastructure, including liquefied natural gas export projects and pipelines. On a 4-1 vote, the commission issued a notice of proposed rulemaking to create a tiered, blanket authorization program for additions at LNG plants, along with a draft policy statement under which applicants would no longer be required to submit air dispersion modeling for National Environmental Policy Act review of natural gas projects.

Air dispersion models simulate how a proposed project’s emissions will spread in the atmosphere and interact with background pollution and emissions from nearby sources, FERC said. The commission also proposed a three-tiered authorization for LNG projects that would allow certain activities to proceed automatically, without the developer filing an application at the agency. The notice of proposed rulemaking seeks public comment on the change in FERC policies and procedures within the next 60 days.

Some activities would require a 60-day notice and comment period and others — such as adding liquefaction trains, LNG tanks and marine berths to an existing plant — would require a 90-day period. Chairman Laura Swett said the program is intended to focus staff time on consequential projects rather than routine abandonments, replacements or incremental expansions, while maintaining safety and environmental protections.

U.S. Gulf Coast needs more storage to meet rising demand for gas

(S&P Global; Oct. 14) - Midstream companies are advancing new storage and pipeline projects along the U.S. Gulf Coast as a wave of LNG and power developments drives expectations for sharply higher natural gas demand over the coming decade, speakers said Oct. 14 at the Gulf Coast Energy Forum in New Orleans. But analysts and some of the developers behind those projects said the industry's infrastructure buildout may still struggle to keep pace with expected demand growth.

"We need more storage," ConocoPhillips analyst James Pearson said, adding natural gas markets are becoming more volatile as demand growth continues to outpace development of the supporting infrastructure. "And we need more interstate pipelines." Gulf Coast LNG feed gas demand is expected to rise to about 35 billion cubic feet per day by 2031, more than double 2025 levels, according to S&P Global Energy CERA's

latest North American gas outlook. LNG exports are expected to account for roughly 80% of the region's projected demand growth over the period.

That growth is increasing the value of storage, which gives LNG exporters a place to temporarily hold gas when maintenance, operational problems, severe weather or other disruptions reduce demand. "The need for storage has changed," Enbridge's Elizabeth Perez, director of business development, said. "It's not a seasonal need anymore. It's not just the marketers participating. You have LNG players participating in a big way."

U.S. LNG exporter wants to build power plants for data centers

(Wall Street Journal; Oct. 15) – U.S. natural gas exporter Venture Global is joining the race to provide power to the artificial intelligence boom, aiming to build gas-fired generation at its facilities to supply electricity to data centers. Venture Global said it has entered into agreements with GE Vernova and Baker Hughes Energy Services to procure equipment for on-site power plants, including turbines and transformers, which have been in high demand. The deals will allow Venture Global over time to make up to 10 gigawatts of computing capacity available at sites the company owns or controls.

Venture Global already operates its own off-grid power plants. The new projects wouldn't be connected to the grid either. The company expects to order equipment by the end of the year for the first wave of on-site power generation for data centers. Its agreements allow it to phase in orders over time. Venture Global said it could have power generation available starting around late 2028 or early 2029.

The AI race has started a scramble for electricity that has created a logjam to connect to the power grid. Data centers have been increasingly willing to build their own power generation, a faster, though more complex solution than connecting to the grid. Venture Global builds and operates its own power plants to run its liquefied natural gas export facilities. The company is one of the top exporters of LNG. It operates two shipping terminals on Louisiana's Gulf Coast and it is developing additional facilities.

Deal gives First Nations economic stake in Canadian gas pipeline

(The Canadian Press; Oct. 13) - TC Energy says it has completed an investment deal that gives five Canadian First Nations an economic interest in the Coastal GasLink pipeline. Financial terms of the deal were not immediately available. Under the agreement, the Haisla Nation, Halfway River First Nation, McLeod Lake Indian Band, Saulteau First Nations and West Moberly First Nations have obtained an economic interest in the entity that holds TC Energy's limited partner interest in Coastal GasLink.

The deal is the first of two planned Indigenous investment transactions related to Coastal GasLink. TC Energy says a second transaction is expected to close in the fourth quarter of this year. In 2022, TC Energy announced the signing of option agreements to sell a 10% equity interest in the pipeline to Indigenous communities across the project corridor from northeastern British Columbia to the west coast.

The company recently announced plans to double the capacity of the 415-mile pipeline, which feeds gas to the LNG Canada export facility, by adding new compressor stations and upgrading facilities. The decision came after LNG Canada made a final investment decision to go ahead with expansion of its LNG export plant in Kitimat, British Columbia. TC Energy operates Coastal GasLink and has a 35% interest in the pipeline, with KKR & Co. and Alberta Investment Management Corp. holding the rest on behalf of clients.

Russian LNG plant operator expands its fleet of ice-class tankers

(Reuters; Oct. 14) - Russia's largest liquefied natural gas producer Novatek is expanding its fleet serving Arctic projects through the acquisition of at least two Arc4 ice-class LNG carriers, registration and shipping data showed on Oct. 14. Acquisition of the vessels is a significant development for Novatek, which is under Western sanctions over Moscow's war in Ukraine. Fleet constraints to operate in icy waters have hindered the development and export volume of its LNG projects, notably Arctic LNG 2.

According to the shipping database Equasis and LSEG data, Novatek Gas & Power Asia is now listed as commercial operator of the North Ocean and North Moon tankers. The vessels were built at a South Korean shipyard in 2024 and 2025 and were operated by Japan's Mitsui O.S.K. Lines before the ownership and management changes. According to LSEG data, the tankers are currently sailing along the Northern Sea Route in the Arctic from South Korea.

Japan cautious of Australia’s plan to reserve gas for domestic needs

(S&P Global; Oct.15) - Japan's largest power generation company, JERA, is concerned about the "unintended consequences" of Australia's domestic gas reservation legislation, a company spokesperson told Platts, part of S&P Global Energy, on Oct. 15. JERA's comments come as the Australian government introduced the national domestic gas reservation legislation on Oct. 14. The new domestic supply obligation is set at 20% of LNG exports and is slated to take effect on Jan. 1, 2028.

The spokesperson said JERA respects the decision to introduce a national gas reservation law to address gas availability problems on Australia's east coast, adding that the company has direct experience with Western Australia's existing domestic gas reservation policy, which has operated effectively for many years. "However, like many

other long-term customers of and investors in Australian LNG, we remain concerned by unintended consequences of the legislation as it has been drafted," the person said.

As Japan's largest buyer of Australian LNG and one of the world's leading LNG buyers, JERA understands "very well the important responsibility of maintaining domestic energy security," the spokesperson said. JERA handled about 40 million tonnes of LNG in fiscal year 2025-26 (April-March), with Australia accounting for roughly 40% of that volume. "The challenge is now constructive parliamentary negotiation to improve the legislation and ensure that it successfully safeguards both domestic gas for Australia and LNG supplies for trusted trade partners well into the future," the spokesperson said.

IEA agrees to accelerate release of oil and diesel from reserves

(Reuters; Oct. 15) - The International Energy Agency agreed on Oct. 15 to release more than 20 million barrels of diesel to the market and any oil remaining from a record emergency reserves release pledged in March to boost supply and cool soaring prices. U.S. President Donald Trump has pressed European Union countries to draw down reserves or face a potential U.S. diesel export ban as he seeks to lower prices ahead of Nov. 3 midterm elections.

Diesel prices have surged to record highs in many markets due to disrupted supply because of the Iran war and the Russia-Ukraine conflict, posing inflation and cost-of-living threats to governments and consumers. The 32-nation IEA's board met to discuss the scale and timing of stock releases. "The IEA governing board reaffirmed its commitment to continue delivering on the March 2026 collective action in response to the Strait of Hormuz crisis," it said in a statement after the meeting.

In March, countries had pledged to release more than 400 million barrels of crude and oil products as prices soared. On Oct. 14, members "agreed to accelerate the release of the remaining volumes, with specific plans already in place, including over 20 million barrels of diesel as soon as possible." The IEA announcement “is a step in the right direction but falls short on the details the market was looking for," said Abhishek Kumar, an analyst at Sparta Commodities. "The 20+ million barrels of diesel appear to be an acceleration of existing commitments rather than genuinely new volumes."