Oil and Gas News Briefs
Compiled by Larry Persily
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Crude oil prices breach $100 a barrel as war escalates in Persian Gulf

(Reuters; Sept. 9) - Brent crude futures breached $100 a barrel on Sept. 9 for the first time since July 24 as escalating attacks in the Middle East, including on tankers, stifled hopes of a normalization of oil shipping in the region. "The move toward and back above $100 Brent is reflecting a market that increasingly has to change its view on how long the Middle East crisis will continue to curb supply from the region," said Ole Hansen, head of commodity strategy at Saxo Bank.

In a sharp escalation of the six-month-old war in recent days, U.S. forces hit multiple Iranian oil tankers and Iran targeted a U.S. base in Jordan and attacked ships. This week, attacks by Iran-backed Houthis on Saudi energy facilities have also set oil installations ablaze, threatening a significant expansion of the conflict. The attacks threaten crude shipments via the Red Sea, which has been a key alternative route to the crucial Strait of Hormuz, where oil flows have been severely curtailed.

"Market participants appear to be pricing in a more prolonged conflict in the Middle East as well as the risk that the latest escalation in military strikes disrupts oil flows from the Middle East," said Hamad Hussain, senior climate and commodities economist at Capital Economics. "The key risk is whether the recent attacks on oil tankers lead to fewer ship-to-ship transfers taking place in the Gulf of Oman, which have so far played a key role in providing oil to global markets and keeping a lid on prices."

Increased attacks threaten flow of Saudi oil

(The New York Times; Sept. 9) - Saudi Arabia has made several quick pivots to keep its oil flowing since the start of the U.S. war with Iran. Within weeks of Iran's closure of the Strait of Hormuz — once Saudi Arabia's primary export route for oil — the kingdom turned to Plan B: Bypass the strait by ramping up exports through pipelines to the Red Sea. When the Iranian-backed Houthi militia in Yemen announced a blockade in the Red Sea, Saudi Arabia used a new detour, sending ships north to a pipeline near the Suez Canal. This Mediterranean route is costlier and adds weeks to the voyage to Asia.

Now Saudi Arabia, long the world's biggest oil exporter, is facing yet another test of its ability to deliver its oil. Edging toward a full-blown war with the Houthis, Saudi officials said the kingdom would retaliate after the Houthis injured 73 civilians and hit energy facilities in the southern part of the kingdom. Whatever comfort shipping companies

may have found using the Red Sea before the most recent escalation “has clearly soured,” said Peter Sand, a shipping analyst at Xeneta.

A steady flow of Saudi oil is critical to keeping energy prices stable, and the kingdom’s exports are already squeezed. Its oil exports fell last month to 3.2 million barrels a day, the lowest in at least 13 years, according to data from Kpler, a maritime information company. In the past week only two Saudi Arabian cargoes passed through the Bab al-Mandab Strait to the Red Sea, the group found. The recent attacks by Houthi militants, on top of escalating tension in the Strait of Hormuz, are forcing further trade shifts, underscoring how the war in Iran has scrambled the normal routes for doing business.

Banks raise oil price forecasts as shipping disruptions persist

(Reuters; Sept. 8) - Goldman Sachs and international bank HSBC raised their oil price forecasts this week as prices climbed to multi-week highs on persistent Middle East shipping disruptions. Goldman Sachs on Sept. 7 raised its Brent and West Texas Intermediate crude oil price forecasts by $5 a barrel for December 2026 and 2027, citing an expectation that shipping disruptions in the Middle East will persist into next year.

Goldman Sachs said in a note that Brent crude could climb above $120 a barrel if average Gulf oil output in 2027 remains 4 million barrels per day below pre-war levels, compared with its base case assumption of a 0.5 million shortfall. It also noted that Brent crude could fall into the $60s in 2027 under a downside price scenario in which average Gulf oil output rises 1 million barrels per day above pre-war levels.

HSBC on Sept. 8 raised its 2026 and 2027 Brent price forecasts to $90 and $85 a barrel, respectively. “We think the market is adjusting to a disrupted ‘new normal’ in which the strait is neither fully closed nor fully open, but persistently impaired,” HSBC said in a note, referring to the vital Strait of Hormuz shipping route. HSBC said it does not expect the market to return to balance until around mid-2027, implying further inventory drawdowns in coming quarters.

Africa’s largest refinery runs at full capacity to sell fuels to Europe

(Bloomberg; Sept. 8) - Billionaire Aliko Dangote’s giant refinery in Nigeria is running at full capacity and maximizing supplies of diesel and jet fuel to Europe to benefit from surging profit margins. “Right now we’re very much maximizing our diesel, but the jet is still extremely significant from a yield perspective,” David Bird, CEO of Dangote Petroleum Refinery and Petrochemicals FZE, said in an interview. “Rest assured you’re going to see a massive amount of aviation fuel still making its way to Europe.”

Middle East oil-product supplies have cratered since the start of the war, choking off vital diesel and jet fuel shipments to Europe, and Dangote has stepped in to help fill the gap. Africa's largest refinery reached full production shortly before the start of the U.S.-Israel war on Iran on Feb. 28, putting it in a position to help replace disrupted fuel supplies to Europe while cashing in on soaring margins. The timing also demonstrates its profit potential ahead of its Sept. 14 initial public offering, Africa's biggest share sale.

Maximizing production of fuels like diesel is especially attractive for refiners right now, with the premium the fuel fetches over crude at the highest in at least 15 years. "We are running flat out at 700,000 barrels a day right now as we speak," Bird added, touting the refinery's capability to run the gamut of crude grades and to prioritize the fuels that the market deems most valuable. The growth strategy Dangote has outlined ahead of the stock listing includes doubling refining capacity to 1.4 million barrels a day by building a second crude processing unit at the site by 2029.

Brazil's oil exports reach record high as war reshapes global trade

(CNN; Sept. 8) - Brazilian oil production and exports have hit record highs this year, largely due to increased demand from China as the U.S.-Iran war continues to reshape global trade and geopolitical relationships. The change highlights a race for alternative supplies as the war slows oil from the region — a race that has major repercussions for the price of gas, oil, cooking fuel and other energy for consumers around the world.

China's cultivation of trade ties with Latin America's largest economy isn't new. Over the past two decades, China has grown its foothold in a part of the world long thought of as the U.S. backyard. Brazil's record oil production ramped up after the warring nations closed the Strait of Hormuz. The bottleneck sent China's crude imports plunging about 40% between February and May, "making them look elsewhere — to Brazil," said Kathryn Rooney Vera, chief market strategist for financial services company StoneX.

The significance of Brazil's expanded role as an alternative global supplier isn't lost on the country's government. Given "greater geopolitical instability and risks on the main international supply routes," Brazil's Minister of Mines and Energy, Alexandre Silveira, said, expanded oil production "has greater strategic relevance." Brazil's crude production, largely driven by Chinese demand, rose to a record 4.5 million barrels per day in June, up 19% from a year earlier.

China's oil demand down for the third year in a row

(Reuters; Sept. 9) - China's oil demand is expected to fall by 600,000 barrels a day, or 8.9%, in 2026, marking a third straight annual decline, while refining capacity is forecast to shrink up to 5.5% from 2026 levels by 2030, according to Sinopec's research arm. Oil

demand destruction, or a long-term drop in consumption, at the world's largest oil importer has been a key factor in capping China's crude imports and global oil prices, despite severe disruption in supplies via the Strait of Hormuz due to the Iran war.

Gasoline and diesel are expected to lead the consumption decline in China, falling 8.7% and 11.4%, respectively, in 2026. Meanwhile, jet fuel demand could rise 1.3% year on year to 41.55 million tonnes in 2026, the Sinopec Economics & Development Research Institute said in a report. China's chemical industry demand remains depressed, with full-year ethylene-equivalent consumption forecast to contract 8% year on year amid high costs and inventory headwinds.

Exxon will take over as operator of proposed Papua LNG project

(Reuters; Sept. 7) - TotalEnergies will sell a 9.1% stake in the Papua LNG joint venture to its partners and hand the operatorship to ExxonMobil, the French major said Sept. 7. The company, which co-owns the project with Exxon, Santos, Kumul Petroleum/MRDC and ENEOS Xplora, said it would sell shares to its partners in proportion to their existing interests, while retaining a 20% stake. It did not disclose a sale price.

The deal is subject to Papua LNG reaching a final investment decision, expected in the fourth quarter, Santos said. TotalEnergies said contractual and commercial hurdles had now been cleared for that decision. Papua LNG would produce 5.6 million tonnes per year of LNG with gas from the Elk and Antelope fields in Papua New Guinea's Gulf Province, mainly for Asian buyers. Exxon, which already runs the neighboring PNG LNG plant, which started production in 2014, will take over as the operator of the project.

"Bringing Papua LNG and PNG LNG under ExxonMobil operatorship is expected to strengthen alignment across the projects, improve execution efficiency," an ExxonMobil spokesperson said. TotalEnergies has completed the tendering process for engineering, procurement and construction work for Papua LNG, it said, with contracts now pending its partners' approval. Close to $4 billion has been achieved in cost savings since 2024 through rebidding those contracts and optimizing the project design, bringing capital spending down to around $14 billion, TotalEnergies said.

Australia’s Woodside Energy bets big on Louisiana LNG project

(Australian Financial Review; Sept. 6) - Across a sweltering stretch of former Louisiana swamp, Woodside Energy’s biggest global bet is rising out of compacted earth. As alligators sometimes slide by, mobile cranes, trucks and excavators crunch across the site. Then there are the classic yellow school buses, endlessly looping across 10-hour

shifts, from sheds to lunch tents to two of the largest concrete tanks in North America and a maze of metal that will one day liquefy natural gas for export.

The buses are a practical transport solution for 2,200 construction workers — rising to 5,500 next year — and a visual marker that the Australia-based oil and gas company's $US17.5 billion bet on growth is deeply rooted in the U.S. When then-CEO Meg O'Neill approved the Louisiana LNG terminal in April last year, she anchored Woodside in a state that handles 61% of U.S. LNG exports. Now, CEO Liz Westcott must deliver the mega-project and unlock the promises made to investors and customers.

Those promises are: Sell cheap U.S. gas into Europe, give Asian buyers an alternative to Mideast supply, and have options in North America, Australia and Africa when the company next invests for growth. Backed by the Trump administration's deregulation drive and the state government's welcome mat, Louisiana offers the kind of regulatory certainty that Australian energy developers only dream of. "The fact that even Woodside is looking to spend most of its next wave of investment in the U.S. instead of Australia is a stark signal that Australia is losing its competitiveness to attract investment in our world-scale gas resource base," said MST Marquee analyst Saul Kavonic.

Developers hope to replicate U.S. shale success in Australia

(Reuters; Sept. 8) - The developers of Australia's Beetaloo Basin are bringing in U.S. equipment, money, expertise and — they hope — U.S.-style scale and efficiencies to reduce costs and make the country's first shale gas project economically viable. The Beetaloo shale formation, where Tamboran Resources delivered its first gas this month, is often compared with the prolific Marcellus shale in the U.S., but its remoteness deep in the Northern Territory means billions of dollars will be needed to build pipelines.

The development's success could open a new source of LNG supply for Asia, but first well costs must come down by as much as 60% in a region that lacks the infrastructure and supplier networks of mature U.S. basins. It also faces challenges from Canberra's new policies over gas use, even as the territory government is all-in on a project that developers hope can produce enough gas to feed two liquefied natural gas trains.

"This is … the most supportive government I've worked under, and that includes Texas," Tamboran Resources CEO Todd Abbott, a veteran of the U.S. shale patch, said last week after its first gas started flowing. Australia-based Tamboran is backed by fracking services firm Liberty Energy, founded by U.S. Energy Secretary Chris Wright, and U.S. oil field services giant Baker Hughes. It has brought in high-powered rigs made by U.S.-based Helmerich & Payne. Beetaloo developers hope to avoid mistakes of some U.S. shale developers, who prioritized drilling more wells over making profits.

Australia’s exporters may have to reserve gas for domestic needs

(Australian Broadcasting Corp.; Sept. 7) - As he stood at a lectern in Perth, Peter Coleman must have known he would be inviting trouble. It was May 2017 and the then-CEO of Australia's biggest oil and gas company, Woodside, was there to deliver some home truths to his colleagues. The gas industry, he told the audience, had "lost the trust of the public.” Gas, he said, risked being seen as an unreliable and unaffordable source of energy, despite Australia being one of the world's biggest exporters of the fuel.

He said the public was right to expect reasonable returns in taxes, given they owned the resources. The comments did not go down well. Recalling the speech, Coleman said it made him a social pariah. "I was kicked out of the boys' club for a while, that's for sure.” For all the industry harrumphing, however, he doesn't regret making the comments. If anything, he laments they have proved prescient. As Coleman feared, the past decade was torrid for the image of Australia's gas industry, especially on the East Coast.

Periods of extreme profitability abroad have been overshadowed by a deepening reputational crisis at home. Soaring domestic gas prices have fueled the backlash, sent some manufacturers to the wall and caused real pain for electricity consumers. Now, in a bid to end the upheaval, the federal government is proposing a dramatic intervention. The draft framework outlines a requirement for gas producers to supply 20% of their export volume to the domestic market. And for the first time, some of the biggest players in the industry are cautiously backing such a domestic reservation requirement.

Europe is betting it can get through winter with less natural gas

(Wall Street Journal; Sept. 9) - Faced with its second energy crisis in four years, you would think European countries would be doing everything in their power to have proper provisions for winter. Instead, the region is about to head into the colder months with the lowest levels of natural gas in storage in 15 years. It’s a sign that some governments are willing to roll the dice on what happens next in energy markets rather than repeat mistakes made in 2022. That could help keep already high gas prices in check.

But, if Europe has miscalculated and needs to turn to the spot market for more supplies later this year, U.S. exporters of liquefied natural gas will profit from higher prices. And some European economies could suffer. Currently, Europe’s natural gas tanks are 67% full, which is 13 percentage points lower than a year ago. One reason storage is so low is that European buyers were hoping the Strait of Hormuz would be open by now, and that Qatari LNG would be back on the market. This would push down prices and allow Europe to inject more gas into storage at the last minute.

That hasn’t happened. Meanwhile, the European Union put out a statement last week saying low stockpiles are nothing to worry about. It said Europe has diversified away from gas since the 2022 energy shock caused by Russia’s invasion of Ukraine, so it

doesn’t need to hold as much inventory. This has some truth to it. Demand for gas in winter is 17% lower now than it was in 2022, according to Wood Mackenzie. This is partly because renewable power now makes up a bigger share of Europe’s energy mix. But Europe is still cutting it close.

Norwegian gas processing plant essential for Europe’s energy supply

(POLITICO; Sept. 5) - Europe was supposed to leave gas facilities like Kårstø behind. Instead, the giant gas processing plant in Norway is at the center of a wider continental shift. Emission reductions are out. Energy security is in. Wars in Iran and Ukraine have upended Europe’s climate and clean-energy plans, leaving the continent scrambling to secure gas still needed to generate electricity, heat homes and power factories. European gas storage levels are near historic lows as winter approaches, a potentially ominous sign for continental heating and power bills.

Many European leaders are wary of leaning too heavily on U.S. LNG, lest their energy needs be used against them in trade and security negotiations with President Donald Trump. “We live in a world where dependencies can and are weaponized,” said Ann Mettler, who worked as adviser to former European Commission President Jean-Claude Juncker. “It’s understandable that the Europeans may have second thoughts.”

Which leads back to Kårstø. An industrial warren of pipelines, distillation towers and flare stacks along the Norwegian coast, Kårstø is the largest gas processing facility of its kind in Europe. Though Norway is outside the European Union — and uses little fossil fuels itself — it supplied nearly a third of the bloc’s gas and 14% of its crude oil last year. Roughly a quarter of Norwegian gas production passes through Kårstø, much of which is shipped to Europe via pipelines to Belgium, France and Germany.

Report says South Asia data centers out of economic reach for LNG

(Wood Mackenzie; Sept. 7) - The hyperscale data center boom sweeping Asia is generating materially divergent outcomes for LNG demand across the region, with Southeast Asia emerging as a new demand driver while South Asia remains structurally out of reach for gas, according to research from Wood Mackenzie. The report finds that Southeast Asia’s data center pipeline is set to more than triple from 2.8 gigawatts today to 9.4 GW by 2035, with electricity demand from data centers also tripling.

Combined-cycle gas turbines are currently the most viable technology capable of meeting 24/7 reliability requirements at scale, as grid-scale battery storage remains commercially immature across the region through the mid-2030s. “What makes data center demand interesting from an LNG perspective is the counterparty profile,” said Md

Fadhlullah Omarali, principal analyst at Wood Mackenzie. “These are large, creditworthy off-takers with power needs that remain stable regardless of economic cycles.”

In South Asia, India’s data center market is set to grow fivefold to nearly 12 GW by 2035, making it the second largest in Asia Pacific. Despite this scale, Wood Mackenzie finds that LNG is structurally unable to capture the opportunity. LNG-to-power generation costs two to three times more than renewables paired with battery storage in India, making gas economic as a baseload fuel for data centers. Gas currently accounts for under 2% of India’s power generation mix and is forecast to remain at that level through the outlook period, as coal and renewables continue to dominate.

South Korea may build new nuclear plants to meet demand for power

(Reuters; Sept. 8) - South Korea’s demand for power in the coming years is set to surge on plans by chipmakers Samsung Electronics and SK Hynix to expand production and the building of new AI data centers, according to the country’s energy minister. Those AI-driven power needs alone will lift South Korea’s demand for power by 25 gigawatts to 30 gigawatts, the Minister of Climate, Energy and Environment Kim Sung-whan said in a Reuters interview this month.

The country will also need to contend with increased power demand due to the shift to electric vehicles from gasoline cars and to heating with electricity rather than gas, he said. His comments come ahead of a government plan to unveil next month an update to the nation’s long-term energy roadmap, extending it by two years to 2040. One key focus is whether South Korea will announce plans to build more nuclear reactors.

Kim declined to comment on how many more reactors he thinks the country needs, saying the matter was being reviewed by experts. But he described nuclear energy as “an essential element to consider within the power generation structure of our energy mix.” If an extra 25 GW to 30 GW were to come from nuclear alone, that would be equivalent to the capacity of about 20 reactors based on the current standards of a South Korean-designed unit. Asia’s fourth-largest economy currently has 26 nuclear reactors and nuclear accounts for just under a third of the country’s power needs.

Thailand maps out ambitious turn to more clean energy

(Bloomberg; Sept. 8) - Thailand is considering generating 89% of its electricity from cleaner sources by 2050 as it formally puts a more ambitious long-term power plan to public consultation. The draft released Sept. 8 sets a minimum clean-power share of 65%, with several more aggressive options also under consideration. The most renewable-heavy scenario would lift that share to 89%, well above the target outlined by Energy Minister Akanat Promphan last month.

The plan comes as the country faces rising electricity demand from data centers and advanced manufacturing while trying to cut its reliance on imported natural gas, which still supplies most of its power. That dependency leaves Thailand exposed to swings in global fuel prices, a risk highlighted by the Mideast conflict and higher gas import costs.

Bloomberg News first reported last month that the government was preparing to sharply increase its use of renewable energy and add nuclear power. Renewables account for about 15% of the power mix. The country has attracted billions of dollars of investment in data centers, cloud computing and advanced manufacturing, adding to pressure on the government to ensure there is enough electricity without pushing up household bills. Under the draft plan, about 51 GW of power capacity would be added through 2037, with most coming from solar, wind and batteries, alongside new gas and nuclear power.

Japanese shipping company unveils wind-assisted LNG carrier

(Nikkei Asia; Sept. 8) - Japanese shipping companies are developing vessels that use hard sails or kites to harness ocean winds, looking to reduce fuel consumption and carbon dioxide emissions. Mitsui O.S.K. Lines unveiled Sept. 7 a liquefied natural gas carrier equipped with two rigid sails at Geoje Island in southern South Korea. The vessel was constructed at a shipyard of South Korean shipbuilding giant Hanwha Ocean for U.S. oil major Chevron.

Two sails tower on either side of the ship's bow. Mounted on the deck, each of the sails is almost 50 feet wide and can extend to a maximum height of 160 feet. They can rotate 180 degrees from side to side. Mitsui O.S.K. developed this system, which it calls Wind Challenger, with universities starting in 2009. Sensors detect wind direction and speed, automatically adjusting angle and height. Made from lightweight glass-fiber-reinforced plastic, the sails are designed to maximize reductions in LNG fuel consumption.

A coal carrier equipped with a single Wind Challenger sail achieved average fuel savings of 5% to 8% per voyage, according to Mitsui O.S.K. The LNG carrier unveiled is the first to carry two sails, which the company expects will boost fuel savings to as much as 12%. A second twin-sail vessel is scheduled for completion in 2026. Mitsui is working with major Korean shipbuilders to develop a four-sail version. The company operates three Wind Challenger-equipped vessels and aims to expand the fleet to 25 by 2030.

Russian LNG operator files claim against South Korean shipbuilder

(Reuters; Sept. 8) - Arctic LNG 2, a liquefied natural gas project led by Russia’s Novatek, is seeking about $1 billion in damages from South Korean shipbuilder Hanwha Ocean over cancelled tanker construction contracts, according to a disclosure by Hanwha. Arctic LNG 2, which is 60% owned by Novatek, was expected to become one

of Russia's largest LNG plants, with planned output of 19.8 million tonnes a year. But U.S. sanctions imposed over Russia's war in Ukraine have complicated its prospects.

Novatek began production at Arctic LNG in December 2023, but cargo deliveries — all to China — did not begin until August 2024. Hanwha, formerly Daewoo Shipbuilding & Marine Engineering, had agreed to build six Arc7 tankers for the project, including three for Russia's Sovcomflot and three for Japan's Mitsui O.S.K. Lines. However, the three tankers ordered by Sovcomflot were cancelled because of the sanctions on Russia.

In a disclosure dated Sept. 3, Hanwha said Arctic LNG 2 had filed a claim with the Singapore International Arbitration Centre related to a shipbuilding contract that had been terminated. The claim totals 1.37 trillion won, equivalent to about $1.02 billion.

Pipeline spill in Wisconsin largest in more than 50 years

(Wisconsin Public Radio; Sept. 9) - A leak that occurred last month on Enbridge's Line 5 pipeline is the largest oil and gas spill reported in Wisconsin in more than 50 years, according to a review of federal data. Wisconsin Public Radio analyzed hazardous liquid accident data submitted to the federal Pipeline and Hazardous Materials Safety Administration and data submitted by Enbridge and its predecessor Lakehead Pipe Line Company since 1970. The data represents reporting for pipeline facilities used to transport hazardous liquids that include crude oil and natural gas liquids.

Federal data indicates the Aug. 25 leak in Iron County, which released 31,000 barrels — or 1.3 million gallons — of natural gas liquids, is the company's largest release reported to federal regulators. Line 5 remains shut down. Enbridge said the leak occurred after a subcontractor's flatbed truck rolled into an open excavation site for a Line 5 valve project, striking the line and releasing mainly propane and butane into the atmosphere. Line 5 moves liquids from Canada through northern Wisconsin and Michigan to Ontario.

"The vast majority of the remaining two thousand barrels of liquid initially contained within the excavation site have now also vaporized and dispersed. Today crews continue working on removing the remaining liquid from the trench," said Enbridge spokesperson Juli Kellner in a statement. Environmental groups are urging the Wisconsin Department of Natural Resources to do more in response to the spill, including demands for an independent investigation and revocation of permits for Enbridge's planned $1 billion reroute of Line 5.