# Oil and Gas News Briefs
# Compiled by Larry Persily
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## War pushes oil to $110 a barrel, diesel above $6 a gallon

(The New York Times; Sept. 11) - Mounting fears that widening clashes in the Mideast could further disrupt energy supplies pushed the price of oil as high as $110 a barrel on Sept. 11, while U.S. diesel prices rose above $6 a gallon. Concerns over oil supplies, already heightened by the U.S. war against Iran, broadened this week with reports that the Houthi militia had seized a port on the Red Sea, presenting a new threat to shipping.

The price of Brent crude, the international benchmark, surged before easing to $103 a barrel, after the International Energy Agency lowered its forecast for global oil demand by 2.5 million barrels a day this year, from a drop of 1.6 million barrels a day it predicted last month. “The continuing impasse in negotiations between the United States and Iran delays the prospect of a normalization of flows into next year,” the IEA said, adding that demand for oil is expected to rebound in 2027, “narrowly offsetting this year’s losses.”

The average price of a gallon of diesel fuel in the U.S. jumped to $6.06, according to the AAA motor club, a 60% rise since the United States and Israel attacked Iran on Feb. 28. Homeowners who use heating oil, which is similar to diesel, are growing concerned about their monthly bills as winter nears. Prices for heating fuel are up 52% year over year, according to the August inflation report. Fuel accounts for as much of 30% of food costs in the U.S., said Kate Gordon, a former senior adviser in the Department of Energy and now the chief executive of California Forward, a nonprofit business group.

## Middle East energy transit corridors closing down

(The New York Times; Sept. 11) - The world’s most valuable energy corridors are pinching shut. On Sept. 11, Houthi militants backed by Iran expanded their control of the Red Sea, threatening a critical route for Persian Gulf crude. That left the region with few alternatives, since shipping traffic through the Strait of Hormuz — once the world’s primary oil transit point — remains significantly constrained and far below what it was before the war. And oil exports from Saudi Arabia, long the most important producer in the Middle East, plunged last month to their lowest point in at least 13 years.

The U.S. Navy has been able to keep oil flowing out of the Strait of Hormuz on sea paths close to the coast of Oman, the opposite side from Iran. But that has required an extensive and dangerous operation. For shipping companies, the once routine operation of navigating the strait has become a high-risk endeavor. At least 23 ships were hit in

the waterway near Oman in July and August. Since the war began at the end of February, at least 22 sailors have been killed in the Middle East.

“These waters aren’t safe,” said Michelle Wiese Bockmann, an analyst at Windward, a maritime intelligence company. As the war in Iran nears its seventh month, it appears to be spinning out of control, analysts said. The economic consequences are piling up. Oil prices on Friday briefly topped $108 per barrel after escalating attacks from the Iranian-backed Houthi militia. That is roughly 50% above prewar levels. Average U.S. gasoline prices have climbed above $4 a gallon — over $1 more than they were a year ago.

## Saudi Arabia shuts down east-to-west oil pipeline

(Reuters; Sept. 11) - Saudi Arabia has shut down its East-West pipeline after the vital oil conduit came under aerial attack in the widening Middle East war, threatening to send energy prices even higher. The world’s largest crude oil exporter temporarily closed the pipeline after a drone attack that both Baghdad and Riyadh said had originated in Iraq, where Iranian-backed militias operate.

The 745-mile pipeline running across the Arabian Peninsula had helped Saudi Arabia to bypass a shipping logjam in the Strait of Hormuz, where tanker traffic has slowed to a trickle due to the six-month war between the U.S. and Iran. The Saudi Energy Ministry said it had shut the pipeline as a precaution. The line has been moving 4 million to 5 million barrels per day in recent months, amounting to 4% to 5% of global supply.

Satellite images showed black smoke rising from an area of the pipeline south of Medina. The attack resulted in some injuries and damage that was being assessed, the Saudi Foreign Ministry said without detailing the impact on exports. Oil prices shot up over the past week and the retail price of diesel in the United States surged past a record $6 a gallon for the first time, as the U.S. and Iran both fired on tankers in the Gulf and the Iran-aligned Houthis in Yemen tightened their grip in the Red Sea.

## Saudis will need to stop exports if pipeline does not restart

(Reuters; Sept. 13) - Saudi Arabia will run out of oil stocks for export if it doesn't restart its pipeline to the Red Sea within days, leading to a loss of up to 4% of global supply, Saudi oil buyers and traders said. A further decline in Saudi flows will worsen the global supply crunch, which has already pushed oil prices to record highs, spurred inflation worldwide and sent U.S. bond yields to their highest level since the 2008 financial crisis.

Since drone attacks forced Saudi Arabia to shut its huge east-west oil pipeline on Sept. 11, Riyadh has not given full details about the extent of the damage or how long the route will stay off-line. Sources that spoke to Reuters gave varying estimates, with one

saying the damage could take as long as five to six weeks to repair, while another said it could be fixed sooner and could resume pumping partially while repairs are ongoing.

For the past six months, the pipeline running through the desert across the Arabian Peninsula has spared Saudi Arabia from the brunt of the wartime shutdown of the Strait of Hormuz that has crippled exports from its neighbors. The world's biggest exporter has used the pipeline to reroute around 4 million barrels per day — around 4% of global supply — to the port of Yanbu on the Red Sea. But with the pipeline out of service, Yanbu now has stocks to maintain exports for just five to seven days, according to three industry sources familiar with Saudi exports.

## IEA cuts forecast for oil demand, warns it could get worse

(Bloomberg; Sept. 11) - The International Energy Agency cut its forecast for oil demand this year and warned consumption may decline further in the coming months as the Iran war drags on and consumers are forced to adjust to lower supply. The Paris-based agency deepened its forecast for this year's decline in global oil demand by 940,000 barrels a day, projecting a drop of 2.5 million barrels a day — the biggest loss in annual average terms since the 2020 pandemic shuttered vast swathes of the world economy.

"With supplies still constrained, and commercial inventory buffers rapidly depleting, further demand reductions may be required in the coming months to close the gap," the energy adviser to major economies said in its monthly report. "Global oil inventories have been drawing at record rates." The return of an oil supply surplus will now be delayed until 2027, the IEA said.

The agency said the hit to 2026 oil demand looks set to be on a comparable scale to the four largest shocks of the past 60 years, with the biggest impact falling on middle distillates like diesel, and feedstocks for petrochemical plants in Asia. The market is heading for a deeper supply shortfall than previously estimated because the war is having an even bigger impact on the flow of oil than on consumption, the IEA said.

## Oil tanker shipping rates spike to record high

(Reuters; Sept. 11) - The cost of shipping oil in the largest tankers hit record highs this week following the biggest wave of attacks on shipping since the U.S.-Iran war began in late February. The shipping rate for supertankers — also called very large crude carriers, or VLCCs — loading oil from the Gulf of Oman for shipment to China reached roughly $11.50 per barrel, according to Baltic Exchange data. This is the highest since earlier this year, after the start of the U.S.-Israeli war with Iran.

The spike in rates shows how the Middle East conflict is feeding into the broader economy. If elevated shipping costs persist, they could add to inflationary pressures and further raise costs for businesses and consumers already facing uncertainty from the widening conflict. "Renewed attacks between the U.S. Navy and Iran continue to push freight rates around the Gulf to new highs," said Vortexa analyst Ioannis Papadimitriou.

The higher risk of operating in and around the Middle East Gulf is driving Gulf of Oman freight rates higher, in fear of Iranian retaliation, which naturally thins the available tankers in the region, Papadimitrou added. The recent military escalation in the region is also having a wider knock-on effect, as VLCC rates on the West Africa-to-Asia route also reached record highs.

## China's refiners search for crude to replace Russian, Iranian oil

(Reuters; Sept. 10) - Chinese independent refiners have been rushing to secure crude from West Africa, Canada and South America in recent weeks, supporting spot premiums at multi-month highs as they replace thinning Iranian and Russian supplies, trade sources and analysts said. The purchases are set to further tighten physical markets as escalating attacks between the U.S. and Iran have reduced Gulf exports through the Strait of Hormuz, pushing Brent above $100 a barrel.

Over the past few weeks Chinese independents have snapped up cargoes from West Africa, Canada and Columbia, with total purchases exceeding 20 million barrels, according to estimates from two of the traders. That could climb as nearly 10 Chinese independent refineries sent traders to an annual industry gathering in Singapore this week to track down available supplies and discuss deals, according to several trading sources who met the refinery representatives.

While traders from Chinese independents typically visit the APPEC event for networking, this time the team was bigger and was "less leisurely and more work-focused as they're short of oil," said a senior trader. China's smaller independent refiners, known as teapots, account for one fifth of the country's crude imports. They have in recent years relied on cheaper supply from sanctioned producers.

## U.S. oil production forecast to reach record high in 2026

(U.S. Energy Information Administration; Sept. 10) – The Energy Information Administration forecasts U.S. crude oil production will average 13.8 million barrels per day in 2026, surpassing the previous record of 13.7 million set in 2025. In the first half of 2026, crude oil production averaged 13.7 million barrels per day, 2% (0.3 million) more than the same period in 2025. Most of this expansion is concentrated in the Permian region in Texas and New Mexico and the Gulf of Mexico.

The agency forecasts Permian oil production will average 6.8 million barrels per day in 2026, 3% more than in 2025. Growth in the Permian is driven by higher crude oil prices. West Texas Intermediate prices rose from an average of $65 per barrel in 2025 to an average of $84 through August 2026, more than the region's average breakeven price — the minimum price needed to cover costs. Oil industry executives responding in March to the Dallas Fed Energy survey reported average breakeven prices of $69 in the Permian's Midland Basin and $63 in the Delaware Basin, the two largest in the Permian.

In the Gulf of Mexico, oil production increased by 0.2 million barrels per day in the first half of 2026 compared with a year ago. The increased production is primarily the result of four new major projects that have come online in the past year, including the Shenandoah floating production unit drawing from the Shenandoah field, which has produced an average of 70,000 barrels per day since it came online in July 2025

## Middle East producers fear prolonged supply disruption

(Reuters commentary; Sept. 10) - Asia's crude oil industry has a good idea of how to end the current crisis created by the Iran conflict. But they also know their wish is unlikely to be granted and they are hunkering down for an extended disruption to supplies from the Middle East. Across thousands of conversations at this week's APPEC conference in Singapore, the big issue was how to safely and sustainably reopen the Strait of Hormuz. The answer was remarkably consistent.

President Trump needs to back down and leave the Persian Gulf region to allow the countries in the region to clean up the mess created when the U.S. and Israel attacked Iran. But there also is widespread recognition that is unlikely, and that the conflict shows no sign of nearing a political resolution. The oil and gas sector initially was confident the war with Iran would be resolved within a matter of weeks, or a few months at worst. That optimism has evaporated and APPEC delegates, who include oil producers, trading houses, shippers and refiners, now talk of how to navigate a prolonged disruption.

The view is that the conflict will be resolved with a political agreement, but this is unlikely as it has morphed into a war of egos. Trump is viewed as being unable to accept anything less than something he can claim as a victory, and much the same applies to the hardline leaders in Tehran, who want to continue to exert influence over the Strait of Hormuz and get billions of dollars to rebuild damage from the bombings. As one delegate said: "We need a political settlement, but that will take regime change in Washington or Tehran."

## World on track to burn record amount of coal this year

(The New York Times; Sept. 10) - The world is set to burn record amounts of coal this year, in large part because of the ongoing conflict in the Middle East, the International Energy Agency said on Sept. 10. The agency projected that global coal consumption will increase 1.2% this year compared to last year, reaching an all-time high of 8.94 billion tonnes. A big reason is that many countries have struggled to procure enough oil and natural gas because of disruptions to shipping in the Strait of Hormuz.

That has led places like Europe, China, Japan and South Korea to burn more coal for electricity instead. While coal is highly polluting, it is also abundant and often cheap. At the same time, a powerful global weather pattern known as El Niño is expected to drive up coal use this year in countries like Vietnam and India by increasing demand for air-conditioning and reducing output from hydropower dams, the agency said. The increase in coal use is a major setback for efforts to address climate change.

Five years ago diplomats from nearly every country at a climate conference in Glasgow agreed to “phase down” global coal consumption to slow the rise in temperatures. Since that agreement, however, many countries have continued to burn even more coal to help meet rising demand for electricity. While nations are also installing solar panels and wind turbines at a rapid pace, renewable energy hasn’t been increasing fast enough to satisfy the growth in energy demand, which means fossil fuel use has continued to rise.

## Chinese company signs 20-year LNG deal with U.S. supplier

(Reuters; Sept. 14) - China Gas Holdings will buy 0.5 million tonnes of U.S. liquefied natural gas from Venture Global for 20 years starting in 2030, the two companies said on Sept. 14. The deal comes ahead of Chinese President Xi Jinping's expected trip to Washington this month. China halted imports of U.S. LNG in March 2025 after Beijing's tariffs on U.S. energy products took effect.

"It further strengthens our portfolio and reinforces our commitment to establishing an international energy trading platform," Liu Ming Hui, chairman and president of China Gas, said at the Gastech conference in Bangkok, referring to the agreement with Venture Global. The deal brings Venture Global's long-term supply commitments with China Gas to 2.5 million tonnes a year, Venture Global said in a statement. The company operates two export terminals in Louisiana and is developing a third.

China was a major buyer of U.S. LNG and imported as much as $6.2 billion worth of cargoes in 2021. But after tariffs imposed by Beijing raised costs, Chinese importers started diverting U.S.-sourced cargoes to buyers elsewhere. At the same time, appetite for the fuel in the world's largest LNG importer has flagged, with China prioritizing piped gas and renewable energy and relegating LNG to a shrinking share of its fuel mix.

## Qatar in talks to buy U.S. LNG to meet its supply commitments

(Bloomberg; Sept. 10) - Qatar is in discussions to buy U.S. liquefied natural gas under long-term contracts as the Iran war has crippled its ability to supply its own customers, according to people familiar with the matter. State-owned QatarEnergy is interested in supplies from existing and under-construction export projects, said the people, who asked not to be named as the talks are private. The discussions are the first indication since the start of the war that Qatar is looking past the Mideast to expand its portfolio.

Qatar used to supply around a fifth of the world's LNG, but its shipments have all but ground to a halt due to the riskiness of moving gas tankers through the Strait of Hormuz. Before the war erupted in late February, Qatar was pushing ahead with an ambitious plan to nearly double production from the Ras Laffan LNG export plant by 2030. However, the facility, the world's largest, was damaged by an Iranian strike in the early weeks of the conflict and may take as long as three to five years to fully repair.

Qatar already has access to some U.S. supply: It's one of the owners of the Golden Pass LNG plant in Texas, which began exports in April and is ramping up production. The Persian Gulf producer has also been steadily increasing its capabilities to ship fuel from the U.S. with its QatarEnergy Trading unit, which focuses on shorter-term trading.

## Qatar in negotiations for U.S. LNG supply through 2031

(Reuters; Sept. 11) - QatarEnergy is negotiating with several producers to secure multi-year U.S. liquefied natural gas contracts through 2031 to replace its production capacity knocked out by Iranian attacks that will take years to repair, three trading and industry sources said. Discussions include talks with Venture Global, Cheniere and Woodside, two of the sources said. The contract talks are part of the company's efforts to replace lost volumes from its Ras Laffan facility after two of its 14 LNG trains and a gas-to-liquids facility were damaged by Iranian strikes in March, the sources said.

The discussions also mark a shift from QatarEnergy's purchases of dozens of U.S. spot LNG cargoes to help meet commitments to some of its Asian clients, suggesting it is now seeking longer-term solutions to cover the shortfall. QatarEnergy CEO Saad al-Kaabi said in March that the repairs would sideline 12.8 million tonnes per year of LNG capacity for three to five years. Having halted production in March, QatarEnergy has renewed force majeure notices monthly, most recently extending them to November, with further extensions possible as the Strait of Hormuz remains closed, sources said.

QatarEnergy Trading, the trading arm of QatarEnergy that managed 10 million tonnes of the company's LNG portfolio, is seeking 2 million to 3 million tonnes per year through to 2031, one of the sources said. "They will have to buy whatever they can get their hands on," a fourth source said. U.S. projects under construction have a total of 25 million

tonnes of annual production capacity available for purchase, according to data compiled by research firm Rapidan Energy.

## Russia's Arctic LNG plant produces record volume in July and August

(Bloomberg; Sept. 9) - Russia's sanctioned Arctic LNG 2 project pumped gas at a record pace in July and August as an expanded dark fleet of tankers allows it to boost exports. Natural gas volume at the Novatek-operated facility exceeded 950 million cubic feet per day in July and August, according to a person with knowledge of the matter, who asked not to be identified because the information isn't public. That's nearly double the volume produced in August 2025.

The ramp-up means more liquefied natural gas to fill more tankers to transport the fuel to China, the only buyer of its sanctioned cargoes. The plant, located above the Arctic Circle, is key to Russia's ambition to triple LNG production. Western sanctions, imposed after its full-scale invasion of Ukraine, have delayed that goal from 2030. Russia has responded by amassing a shadow fleet of LNG carriers. Arctic LNG 2 now has at least 20 ships, most with opaque ownership structures, according to ship-tracking data compiled by Bloomberg. That compares to 11 vessels last December.

Exports from the facility reached monthly historic highs of over 500,000 tons in both July and August, according to data compiled by Bloomberg. That equates to roughly 24 billion cubic feet of natural gas each month.

## Louisiana fishers, seafood processors sue over LNG project dredging

(Verite News; Louisiana; Sept. 10) - A group of commercial fishers, fishing guides and seafood processors in southwest Louisiana is suing Venture Global, claiming that dredging operations in preparation for the construction of a new liquefaction and export terminal resulted in a sediment spill that killed millions of oysters and lessened catches of finfish, crabs and shrimp. Venture Global, which already operates a nearly $10 billion LNG terminal, is constructing a second, $30 billion terminal in Cameron Parish. The company is enlarging a channel to allow tankers to reach the new terminal, called CP2.

The suit, filed on July 30 in the 38th Judicial District Court in Louisiana, adds to a growing list of legal actions alleging that the construction of CP2 is hurting the seafood industry in the area. Anthony "Tad" Theriot, one of the 20 plaintiffs in the suit, estimates his immediate losses at over $450,000, and he doesn't know when or if his fishing grounds will fully recover. "Best-case scenario, they pay you for every year that they mess up and … then you get to go back fishing," he said.

Dredging began in June 2025. The following month, a crabber alerted the parish government about mud-covered traps in a marsh close to the CP2 site. Then, in August, fishers and advocates captured footage of muddy water pouring over a small dam, directly into Calcasieu Lake. Venture Global acknowledged the leak but initially denied that sediment reached the lake, although at public meetings, fishermen reported turbid lake water and muddy oysters and equipment. Eventually, the company acknowledged that the spill was significant, sending between 9,000 and 18,000 cubic yards of sediment into a channel and marsh that borders Calcasieu Lake.

## Australia eases back on gas reservation rule to protect local market

(Bloomberg; Sept. 9) - Australia eased its plans to force liquefied natural gas exporters to reserve supplies for domestic users, replacing a fixed requirement with an annual cap based on demand. Producers will be required to keep as much as 20% of their export-bound LNG in Australia, Energy Minister Chris Bowen said on Sept. 10. The country's energy regulator will set the amount annually, based on a rolling five-year demand forecast with an added 10% supply buffer, Bowen said during a press conference.

Previously, the government had said it would require exporters to set aside 20% of annual output with no allowance for flexibility. Australia — now the world's second-biggest LNG exporter after Qatari supplies dried up due to the Middle East war — ships about three-quarters of its locally produced gas. With projects in Western Australia already subject to a 15% reservation policy, the new rules will have the biggest impact on producers in Queensland on the East Coast that export most of their LNG and even buy gas on the domestic market to meet export contracts.

The policy is set mainly to affect three major projects in the state — Australia Pacific LNG, Gladstone LNG and QCLNG — and shareholders including ConocoPhillips, Shell, Origin Energy and Santos. Overseas partners had sought assurances that existing contracts would be honored, while other feedback warned that excessive domestic supply could deter investment, Bowen said. The new measures come as gas fields on Australia's East Coast — where domestic demand is highest — are rapidly depleting, while plans to develop new supply projects have run into opposition.