

Oil & gas month in review

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American
Chamber of
Commerce in
Russia

MONTHLY OIL & GAS REPORT

Emerging Markets
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Welcome to the March edition of AmCham-EMOGCP monthly oil & gas report. The outbreak of war in the Persian Gulf and the closing of the Strait of Hormuz dominated world news in March. Regarding Russian oil, the theme is opportunity and obstacles, as on one hand there was a partial lifting of sanctions on “on-the-water” oil and a massive price increase for Urals, but on the other hand a sustained drone campaign was opened against key Russian ports and refineries. Less attention was paid to Russian gas, but the EU is now decidedly short gas following the loss of over 20% of global LNG production from Qatar and the UAE, but remains determined to fully reject Russian LNG and pipeline gas.

EMOGCP research in February:

- Mar 4: [Russian Oil & Gas Monthly - January, 2026](#)
- Mar 4: [Russian Oil After Iran – Strategic Implications](#)
- Mar 11: [A New “Shadow Fleet” – Blockade Running](#)
- Mar 11: [Russian LNG after onset of Iran Crisis – Is EU supply at risk?](#)
- Mar 18: [Russian oil after onset of Iran Crisis – Supply potential](#)
- Mar 18: [Economic signals – New well returns rebound](#)
- Mar 25: [Is the Iran Crisis a Game-Changer for Russian Gas?](#)
- Mar 25: [Vostok Oil – Part 1: Logistical, administrative hurdles](#)

Oil

EMOGCP key takeaways: The closure of the Strait of Hormuz triggered a limited removal of sanctions from Russian crude and a very large increase in the price of Urals. However, Russia’s oil exporter face rising logistical obstacles after numerous drone strikes against key ports and the continued shut-down of the Druzhba pipeline. Both refinery runs and upstream production may need to be scaled back unless those ports can quickly return to service.

Oil markets overview

- **The closure of the Strait of Hormuz completely upended global oil markets.** Brent crude prices rose 45% on the month to \$105/bbl, while the price of Russian Urals crude rose 90% to c\$112/bbl, by one estimate, reducing the Urals-Brent discount to only c\$7/bbl (Fig. 1). [Note: Due to travel, for all end-month dates we are using Friday, March 27.]

EMOGCP View – Global market impact: Month-forward oil prices seem disconnected from the reality on the ground. The closure of the Strait of Hormuz has resulted in the loss of at least 15mmbpd of crude supply. Some countries are already dealing with supply shortages, crude cash prices have been reported at \$140/bbl or higher, and diesel and jet fuel are also selling very dearly and in short supply in some places. If this continues, it is only a matter of time before the month-ahead Brent price catches up. Our view remains that traders are wary of bidding Brent up too much in case military operations stop as suddenly as they started. That said, the above-normal levels of “on the water” crude of February are largely gone now, and oil prices could begin rising relentlessly any day now.

EMOGCP View – What does this mean for Russian oil prices? We don’t trust any of the estimates for Russian oil prices, especially the typical “Urals” price in Russian ports, which always includes a large estimate shipping fees that may or may not be real. However, we are comfortable stating that the market price for Urals undoubtedly has gone up massively since February 28, and that Russian oil is likely trading around parity to comparable crude grades at the port of destination. Just how much oil can Russia export is now the question. The other main story of the month for Russian oil is the late-March drone campaign against Russian oil terminals, which we will address in detail later in this report.

Key oil story #1: The return of Russian oil to global markets

- **The US issued a general license to allow sales of Russian oil to India,** giving the nation more options to purchase fuel as an escalating conflict in the Persian Gulf cuts off a major producing region. The license covers transactions related to the sale of Russian crude oil and petroleum products loaded onto vessels before March 5, so long as it’s delivered to India and purchased by an Indian firm. The measure expires April 4 at 12:01 a.m. Washington time. (Mar 5, [Bloomberg](#))
- **India boosting imports:** India, which had pared back purchases of oil from Moscow in recent weeks amid US pressure, has resumed buying Russian barrels after the White House issued a temporary 30-day waiver. In the week immediately after the US waiver was granted, Indian refiners including Indian Oil Corp. and Reliance Industries Ltd. snapped up some 30mn bbl of unsold Russian crude in the spot market, per [Bloomberg’s](#) sources. (March 11)
- **The United States lifts sanctions on Russian oil loaded into tankers before March 12 to practically all purchasers, not just India.** The relevant license, published by the Office of Foreign Assets Control

(OFAC), allows such operations until 00:01 on April 11, 2026. (Mar 12, [InfoTEK](#))

- **China oil majors resume seeking Russian oil after a 4-month halt**, taking advantage of a U.S. sanctions waiver, five trade sources told Reuters, as Russian oil remains cheap versus rival supplies from Brazil and West Africa despite surging prices and premiums triggered by the U.S.-Israel war on Iran that began on February 28. Differentials for ESPO, mostly consumed by China's independent refiners, flipped into a \$2-\$3 premium in mid-March for April/May shipments, compared with discounts of \$7-\$10 for March-loading barrels. China's seaborne Russian oil imports surged to an all-time high of 1.92mmbpd in February, Kpler data showed, as independent buyers snapped up deeply discounted cargoes after top buyer India's demand fell. (Mar 17, [Reuters](#))
- **Russia's seaborne exports averaged 3.44mmbpd in the four weeks to March 15**, up by about 90kbd from the period to March 8 but still ~400kbd below the pre-Christmas peak. The backlog of tankers full of Russian crude is slowly starting to ease after remaining stable at about 140mn barrels since mid-December, up by about 60mn barrels, or around 65%, since the end of August. On a daily average basis, shipments in the week to March 15 jumped to 3.97mmbpd, a surge of about 1.1mmbpd to the highest in about three months. (March 16, [Bloomberg](#))
- **In early March, traders were reportedly selling Russian Urals to India at a premium of \$4-\$5/bbl** to Brent on a delivered basis for arrival at Indian ports in March and early April, vs. a discount of about \$13/bbl for cargoes traded in February, traders said. (March 5, [Reuters](#))
- **Russian crude trading roughly on parity with Brent in Indian ports**, at anywhere from a \$1/bbl discount to a \$1/bbl premium (March 9, [Reuters](#))
- **Russian Oil Price in India Hits Record as Demand for Urals Grows**: Urals crude on India's west coast reached \$98.9 a barrel on Friday, March 13, according to data from Argus Media. The discount on Urals crude in Indian ports narrowed to \$4.8/bbl vs. Dated Brent, the lowest in more than four months. After receiving the green light from the US in early March, Indian refiners — including Indian Oil Corp. and Reliance Industries Ltd — purchased about 30 million barrels of unsold seaborne Russian crude, people familiar with the deals said in the second week of March. Urals averaged \$73.7/bbl at Russia's western ports on Friday, the highest since mid-July 2024. (Mar 16, [Bloomberg](#))
- **EMOGCP View – Price quotes vary widely, but all agree Russian crude is now much more expensive**: [General License 134](#), lifted for 30 days all

restrictions on the purchase of Russian oil already “on the water” for all potential buyers, not just Indian. In our view, this should have removed most, if not all, of any remaining negotiating leverage that traders from China and India still had in terms of setting prices for Russian crude. Those two countries accounted for over 75% of Russian crude exports over the last 4 years, and were the first to jump on the opportunity to buy more Russian oil with sharply-reduced sanctions risk. The prices quoted are inconsistent, but that is likely accounted for by the unusually-high volatility on oil markets in general, and by widely differing quotes for month-forward oil compared to physical oil in Asia.

Key oil story #2 – Sustained drone campaign against ports

- **The port of Novorossiysk struck by drones on March 2:** Video posted to social media showed substantial flames, but no structures were visible for scale or to give an idea of the damage actually incurred. The port resumed loading tankers on March 6. However, the pace of loading was reported to be low, with the port frequently forced to halt operations and move tankers away from the berths due to the threat of drone attacks. (March 13, [Reuters](#))
- **Russia's Baltic ports halt oil and fuel exports after drone attacks:** The Baltic Sea ports of Primorsk and Ust-Luga, Russia's largest petroleum export outlets, have suspended exports of crude oil and fuel since Sunday following drone attacks, two industry sources told Reuters. Satellite photos indicate 4 of 18 storage tanks at Primorsk are burning, with another 2 threatened by flames. (March 23, [Reuters](#))
- **Russia's Baltic ports of Primorsk and Ust-Luga again suspended crude oil and oil products loadings** on Wednesday, two sources told Reuters, after massive Ukrainian drone attacks sparked blazes, with smoke visible from Finland (March 25, [Reuters](#))
- **Primorsk Resumes Loading Amid Attempt to Divert Flow:** Russia's top oil port in the Baltic Sea resumed loading days after it came under attack from Ukrainian drones, although the company that pipes crude there said it is trying to divert barrels elsewhere because of the incidents. The Minerva Georgia, a Suezmax-class vessel capable of hauling about 1 million barrels of crude, berthed on Wednesday, shipping information seen by Bloomberg shows. Another, the Anlan, is scheduled to depart Thursday having been there for several days. (Mar 26, [Bloomberg](#))
- **Damaged Ust-Luga terminal may force major Russian refineries to cut runs:** According to sources and social media reports, the strike damaged a rail unloading rack for petroleum products at the Ust-Luga terminal. The Ust-Luga export bottleneck puts at risk oil processing at four of the

biggest refineries in the European part of Russia – in Kirishi, Yaroslavl, Moscow and Ryazan. The Ust-Luga Oil terminal on Wednesday stopped discharging rail cargoes, including supplies from these four big refineries. (March 26, [Reuters](#))

- **Primorsk and Ust-Luga ports are on fire again after overnight drone attacks**, according to the latest satellite images from NASA's Fire Information for Resource Management System show fresh blazes that started between three and 12 hours before they were detected by the system earlier this morning (Mar 27, [Bloomberg](#))
- **Ust-Luga refinery damaged**: According to preliminary data, the complex for the transshipment and a unit for fractionation of stable gas condensate (SGC) have been put out of action, while the hydrocracker was also struck. The complex includes 2 SGC fractionation units with a capacity of 66kbd tons per year each. The hydrocracking complex, which was launched in 2023, has a capacity of 22kbd. (Mar 27, [Neft' i Kapital](#))
- **Russian oil producers have warned buyers they could declare force majeure** on supplies from major Baltic Sea ports as Ukraine presses ahead with attacks on Russian energy infrastructure, two industry sources said on Friday. Oil loadings at Ust-Luga have been halted since Wednesday due to the raids, the sources said. One of the sources said oil loadings from the Ust-Luga terminal may not resume until mid-April. Primorsk, another major Russian Baltic Sea port, was also damaged during the recent attacks, though it partially resumed oil and fuel loadings on Thursday. (March 27, [Reuters](#))
- **Druzhba remains shut amid diplomatic rows**: Ukraine has caved in to EU pressure to enable repairs to the Druzhba pipeline carrying Russian oil to central Europe, in order to unblock a €90bn loan that was being held up by Hungary and Slovakia. Ukrainian President Volodymyr Zelenskyy said he would accept technical support and funding from Brussels after previously resisting the idea of inspections of the pipeline, which has been offline since January. ... He added that repairs to a pumping station in Ukraine's western Lviv region would allow for the resumption of oil flows in a month and a half. (Mar 17, [FT](#))

EMOGCP View – Attacks on Russia's west-facing ports could have significant implications: *The stories above account for the more notable drone attacks on Russian oil-related energy infrastructure in the course of March, most of which happened late in the month. At times, around 40% of Russia's export capacity was offline in the form of Russia's Baltic Sea ports of Primorsk and Ust-Luga.*

Experience shows that one-off strikes can shut a port down for 1-5 days, but rarely longer. Refineries can often be returned to service quickly as

well, but in more severe cases can be down for months. However, we have yet to see a sustained campaign against ports such the one against Primorsk and Ust-Luga in late March, and so past patterns may be of limited use here.

Additionally, the last two stories above indicate that all west-facing export infrastructure is under pressure, not just the Baltic Sea port. First, the southern leg of the Druzhba pipeline has been down for weeks, removing ~200kbd of Russian crude exports to Slovakia and Hungary. Second, while the key Black Sea port of Novorossiysk is operating after the early-March drone strike, it has had trouble maintaining its capacity due to continued drone threats periodically interrupting operations.

EMOGCP View – Oil production in April seems likely to decline due to Baltic port closures in late March: *The closure of both the Primorsk and Ust-Luga ports as of late March due to sustained drone attacks has temporarily removed as much as 40% of Russia’s overall crude and refined product export capacity. That is too large an amount to be fully redirected to alternative export routes. Thus, if these two ports remain offline for more than a few days, then there will likely be a cascading effect back upstream, requiring refinery throughput and to oil production at the wellhead to both be reduced until the situation can be addressed.*

Policy and taxes

- **February oil & gas tax revenues rose by 39bn rubles vs. January to 432bn rubles.** The lion's share of the revenues, 314bn rubles, came from Mineral Extraction Tax (MET). The reverse excise tax (a refining subsidy) amounted to 65bn rubles, but the fuel damper of refineries in February (that is, for January activities) resulted in companies paying 19bn rubles to the treasury.
- **Damper payments to jump for March:** Oil producers could receive payments on domestic sales of 19,000 rubles per ton of gasoline and 37,000 rubles per ton of diesel fuel. The total amount of payments to oil companies under the fuel damper by the end of March could reach 240bn rubles, according to estimates by analysts at the [PetroMarket](#) research group.

EMOGCP View – The rare negative damper of February will be fleeting: *The damper mechanism is designed to compensate refiners for a portion of any opportunity cost of selling fuel into the domestic market at largely-fixed ruble prices. But, with external oil prices low in January and a strong ruble elevating dollar-equivalent prices on the Russian wholesale market, internal margins were higher than external in January, so companies were obliged to return some to the government.*

However, with the price for Russian crude more than doubling in March and the ruble weakening from 77 to 81 Rb/\$, export margins are once again significantly higher than those available on the domestic market. The result will be higher payments to Russian refiners, which will be covered multiple times over by overall increases in tax receipts as higher oil prices get reflected in higher extraction taxes. Which brings us to the next stories...

- **Government briefly considers lowering budgetary oil price**

assumptions: In early March, the Minister of Finance, Anton Siluanov, confirmed that the base level of the Urals oil price used in budgeting assumptions is being reviewed with a view to lower it from the current \$59/barrel to \$45-50/barrel. (Mar 5, [Neft' i Kapital](#))

- **Russia is earning as much as \$150mn a day in extra budget revenues from its oil sales**, making it the biggest winner from the conflict in the Middle East. Moscow has so far earned an estimated \$1.3bn-\$1.9bn windfall from taxes on oil exports after the effective closure of the Strait of Hormuz led to rising demand for Russian crude from India and China. The Russian government could receive \$3.3bn-\$4.9bn in overall additional revenues by the end of March, according to [FT](#) calculations based on industry data and several analysts' assessments. (March 12)

EMOGCP View – Pretty simple calculations: For a rough rule of thumb, assume that the government receives about 75% of any oil price increase in the form of higher extraction taxes, which are adjusted monthly based on a complex set of formulas tied directly to reported oil prices. Russia produces a bit over 10mmbpd of crude and condensate, and at the time of the FT story, Russian oil prices had increased around \$20/bbl. Thus, the math works out to $\$20/\text{bbl} \times 75\% \times 10\text{mmbpd} \times 30 \text{ days} = \4.5bn .

- **The export of gasoline from Russia will be banned again from April 1:** Deputy Prime Minister Novak gave an order to reinstate a total ban on gasoline exports from April 1 to July 31. Novak noted that the instability in the global hydrocarbon market, triggered by the Middle East crisis, is causing sharp price fluctuations. Representatives of industry companies, in turn, confirmed the presence of established reserves of gasoline and diesel, as well as a high level of utilization of refinery production capacities, necessary to meet domestic demand. (Mar 27, [Neft' i Kapital](#))

EMOGCP View – No surprises here: A reintroduction of the gasoline export ban was to be expected, having only recently been lifted after being imposed in early fall of last year following the drone campaign on Russia's refineries. However, for international product markets, the volumes at stake should keep this from being very market-moving, as in

the best of times Russia rarely exported more than 100-150kbd of gasoline.

Other Russian oil stories

- **Russian crude oil output fell for a third consecutive month in February, OPEC data show**, to 9.184mmbpd. This is the lowest level since last August. The figure, which doesn't include output of condensate, is 56kbd below an already-reduced level in January, and is 390kbd below Russia's OPEC+ quota.

EMOGCP View – The February production drop is likely due to export bottlenecks and Caspian Sea production issues: The pile-up of Russian oil “on the water” from October through January – caused by the October sanctions on Lukoil and Rosneft – began to decline in February as China stepped up purchases. Add in possible (but not confirmed) damage to Lukoil’s production platforms in the Caspian Sea from reported drone attacks in December and January, and the “on-the-water” issue can probably account for most of the crude production decline from October to February. Therefore, the sudden draw-down in “on-the-water” oil should result in an increase in Russian oil production, but probably not for several weeks. Meanwhile, the problems with port capacity due to drone attacks will likely delay a production response for at least a few weeks.

- **Share of TRIZ (hard-to-produce) reserves growing:** Speaking about the key challenges for the industry, Energy Minister Sergey Tsivilev reported that the current problems in the oil and gas sector are associated with the deterioration of the mineral resource base. According to him, the share of hard-to-recover oil and gas reserves in Russia has increased by 40%, and in the structure of current resources it already reaches 75% with the prospect of growth to 85%. (Mar 25, [InfoTEK](#))

EMOGCP View – Just confirming that TRIZ is the future: Every quoted number we see regarding the share of TRIZ in current production and current reserves is different. However, they all have the same underlying theme – the numbers are large, and growing. We have already written about the TRIZ phenomenon several times on Substack, including [here](#) and [here](#), and we believe it is safe to say that, “for Russia, TRIZ is the future”.

- **Upstream CapEx in 2025:** Energy Minister Sergey Tsivilev also reported that Russia's vertically integrated oil companies' upstream capital investment rose ~1% to 1.93trn rubles in 2025. This compares to 1.82trn rubles in 2022, 2.06trn rubles in 2023, and 1.92trn rubles in 2024.

EMOGCP View – In terms of USD, upstream investment is relatively stable at ~\$24bn/yr over the last four years. In real terms, of course, the 1% increase in ruble-based investment in 2025 was an effective decrease, and matches up relatively well with the earlier-reported 3% [drop in drilling](#). What cannot be captured by such numbers, however, is the effectiveness of the spending and the drilling. We believe – but cannot yet prove – that Russia’s oil companies are likely following the same path of US oil companies and lengthening the lateral sections of their horizontal wells, decreasing the number of meters drilled and the CapEx required while the amount of productive horizon being exposed to the wellbore is maintained or even increased.

- **Novatek's proved SEC reserves fell in 2025:** Gas reserves fell by 2.9% to 2.35tcm, while liquids decreased by 4.2% to 1.3bn barrels. Gas production rose by 0.6pc to 84.1bcm, while liquids output rose by 2.3pc to 282kbd. ([Novatek](#))
- **Energy Minister Sergey Tsivilev reported on import substitution in the digital sphere.** Russian analogues in the oil and gas industry and electric power industry already exist for more than 80% of industrial software positions, and by 2028, this figure will exceed 90%. Within the framework of state-owned energy companies, the share of spending on domestic solutions in the field of software and radio-electronic products amounted to 90% in each of the categories by the end of 2025. (Mar 25, [InfoTEK](#))
- **Tatneft's net profit in 2025 fell almost 50%,** to 159bn rubles from 306bn rubles in 2024 on a 10.5% year-on-year drop in revenue to 1.8trn rubles. The company's EBITDA fell 30% 333bn rubles, while capital expenditures decreased by 21% to 136bn rubles. This came despite a 2% increase in oil production to 556kbd and a 1% increase in refined product output to 346kbd. (Mar 12, [InfoTEK](#))

EMOGCP View – The drop in EBITDA is actually pretty good: In terms of EBITDA per produced barrel, the drop was from \$26/bbl to \$20/bbl, and is actually quite respectable considering the poor macro environment consisting of a strong ruble and falling Urals oil prices.

Gas

EMOGCP key takeaways: Europe’s difficult storage refill season just got harder, the EU is determined to follow through rejecting Russian LNG this year and pipeline gas in 2027, and Arctic LNG-2’s next Arc7 ice-class tanker enters sea trials.

Gas markets last month:

- European gas prices rose 64% to \$665/mcm in February, while Asian spot prices for LNG rose 97% to c\$745/mcm.
- European gas storage levels fell by 1.7 points to 28.3%. Although they are no longer at record low levels for the time of year, the refill task in front of the EU is daunting in light of a suddenly very tight LNG market (Fig. 2).
- LNG imports to Europe rose 2% month-on-month, but only because March had 3 more days than February. Overall deliveries were down 2% vs. the same month last year (Fig. 3).
- US gas prices rose 10.6% to an average of c\$3.2/mcf (c\$112/mcm) in March.

EMOGCP View – We saw questions being raised why the US gas prices didn't rise in parallel with international gas prices. The reason is that US LNG was already heavily incentivized by the existing price gap in February, and all available liquefaction trains were already running as close to full capacity as practically possible. Thus, the surge in international prices could precipitate a change in the supply/demand dynamic within the North American gas market.

Gas in general

- **Repeated attacks on PJSC Gazprom facilities:**
 - “Today, an object of the gas transportation infrastructure in southern Russia - the Russian compressor station (CS) - was once again attacked by aerial means. The day before, attacks on the Beregovaya and Kazachya compressor stations were recorded. In total, over the past two weeks, starting from February 24, Gazprom facilities in southern Russia have been attacked 12 times. These facilities belong to the critically important energy infrastructure and ensure the reliability of gas export supplies through the Turkish Stream and Blue Stream gas pipelines. All attacks have been repelled.”
(March 11, [Gazprom's Telegram channel](#), machine translation)
 - “From March 17 to 19, attacks on critical infrastructure facilities supporting gas exports via the TurkStream and Blue Stream pipelines escalated. In particular, - twenty-two (22) unmanned aerial vehicles (UAVs) were recorded attempting to strike the Russkaya compressor station; - three (3) UAVs were recorded attempting to strike the Kazachya compressor station; - one (1) UAV was recorded attempting to strike the Beregovaya compressor station. Joint actions by the Russian Ministry of Defense and mobile task forces repelled the

attacks, preventing damage to Gazprom facilities.”

(March 19, [Gazprom’s Telegram channel](#), machine translation)

EMOGCP View – Despite the repeated attacks on Gazprom's gas export infrastructure, no damage or interruption in deliveries have yet been reported. For context, the Blue Stream and Turk Stream pipelines are the only operating Russian gas export pipelines going to Europe and Türkiye, and their loss could completely cut off Russian piped gas supply to the region. Westbound pipeline gas deliveries this year should be in the range of 40-50bcm. Replacing these volumes would require Europe and Türkiye to turn to an already deeply under-supplied LNG market and be prohibitively expensive.

- **Putin suggests Russia could stop supplying gas to European markets soon:** Russian President Vladimir Putin suggested that Russia could stop supplying gas to European markets now and move to more promising markets. The European Commission will submit a legal proposal to permanently ban Russian oil imports on April 15, three days after Hungary's parliamentary election, according to EU officials and a document seen by Reuters. "And now other markets are opening up. And perhaps it would be more profitable for us to stop supplying the European market right now. To move into those markets that are opening up and establish ourselves there," Putin told Russian state TV reporter Pavel Zarubin. "But this is not a decision, it is, in this case, what is called thinking out loud. I will definitely instruct the government to work on this issue together with our companies." Short-term LNG deliveries are to be blocked from April 25, long-term LNG deals from Jan 1, 2027. (Mar 5, [Reuters](#), [Interfax](#))
- **The EC does not intend to revise the timing of the abandonment of Russian LNG:** The head of the European Commission Ursula von der Leyen said that the EC does not plan to revise the established deadlines for the abandonment of liquefied natural gas (LNG) from Russia. She added that the rejection of Russian energy carriers will continue even if there is a shortage of energy resources in Europe. "We have a clear goal, and we stick to our goal. We will continue the transformation of our energy sector, transferring it to green energy and energy produced in Europe," the head of the European Commission said at a press conference following the EU summit. The termination of long-term LNG contracts is required by the end of 2026, while deliveries under short-term contracts concluded before June 17, 2025 will be prohibited from April 25, 2026. (March 20, [Kommersant](#))
- **Novatek signed a contract for the supply of LNG to Vietnam,** per an announcement by Leonid Mikhelson, Chairman of the Board of the

Russian company. "Novatek is interested in LNG supplies to the Vietnamese market. We are ready to start deliveries as soon as possible," Mr. Michelson said on the air of the Russia-24 TV channel. According to him, the company has been negotiating LNG supplies to Vietnam for more than five years. Russia and Vietnam agreed to strengthen cooperation in the energy and oil and gas industries in May 2025. In March, Deputy Prime Minister Alexander Novak announced his decision to start redirecting part of the LNG volumes supplied to Europe to other markets. The issue of gas withdrawal from the European market was instructed to be worked out by Russian President Vladimir Putin. (Mar 23, [Kommersant](#))

- **India, Russia discuss LNG purchases:** Details of the talks, which come amid skyrocketing energy prices triggered by the U.S.-Israeli attack on Iran, have not been previously reported. 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. India has separately told its energy importers to get ready to resume purchases of Russian LNG, one of the people said. Delhi has already approached Washington about a possible sanctions waiver, according to the source and a second person familiar with the request. (March 27, [Reuters](#))

EMOGCP View – Ships are the issue here: *Should the EU indeed follow through and block the import of all Russian LNG, we anticipate LNG production at Yamal LNG. At issue is the project's 14-ship fleet of Arc7 ice-class tankers, which we estimate has insufficient capacity to reroute all of Yamal LNG's output to alternate destinations, be they Türkiye, India, or Vietnam. This would likely result in a 5bcm/a loss to global LNG supply while Europe itself would have to look further afield for a replacement for a significant portion of its LNG import needs. For more details, see our report entitled "[Russian LNG after onset of Iran Crisis – Is EU supply at risk?](#)".*

Of course, Europe does have a practical option to help plug the hole in the market left by the closure of the Strait of Hormuz and the loss of over 20% of world LNG capacity – Russian pipeline gas. The country still has the capacity to produce and export to Europe via pipelines a very large amount of gas, likely enough to mostly or even fully offset the missing LNG capacity of Qatar and the UAE. However, for rather obvious reasons, Europe seems highly unlikely to take that path. For more details, see "[Is the Iran Crisis a Game-Changer for Russian Gas?](#)"

- **Iran has stopped gas supplies to Türkiye:** Iran has stopped gas exports to Türkiye following the Israeli strike on the South Pars field. Türkiye has

a long-term contract with Iran for the supply of up to 10bcm annually.
(Mar 24, [Neft' i Kapital](#))

EMOGCP View – This should help Gazprom’s pipeline exports, while it lasts: Türkiye has few options to replace Iranian gas, given that the LNG market is suddenly under-supplied after the closure of the Strait of Hormuz. However, it does have the opportunity to import more gas from Russia, which has available capacity on its pipelines running under the Black Sea. By the numbers: Türkiye took 7.7bcm of Iranian gas in 2025, while Russia shipped 21.2bcm via pipeline to Türkiye vs. 32bcmpa of capacity. The only issue is in peak winter months, when the Russian pipelines run at or near capacity. However, the other 10 months or so each year Gazprom should be able to fully offset the lost Iranian supplies.

- **Russia’s Newest Arc7 LNG Carrier Leaves Zvezda Yard for Possible Sea Trials:** An ice-class LNG carrier under construction at Russia’s Zvezda shipyard in the Far East – the Konstantin Posyet – may have begun sea trials this week. (March 13, [gCaptain](#))

EMOGCP View – Let’s see how long sea trials take this time: The Zvezda shipyard handed over its first Arc7 LNG tanker – the Alexei Kosygin – to Sovkomflot on December 24 of last year after more than a year of sea trials and years behind schedule. At the time, the shipyard’s management team promised that the next two ships under construction, the Konstantin Posyet and the Pyotr Stolypin, would be delivered in the course of 2026.

Given the delays with the Alexei Kosygin, some skepticism was warranted regarding that timeline. However, it is possible that the shipyard went up a steep learning curve with the Alexei Kosygin, and has already incorporated many of the lessons gleaned from the completion of that ship to the next two vessels, allowing their completion and delivery in the course of 2026, as promised. All of these ships are destined for Novatek’s Arctic LNG-2 project, which is running at a fraction of capacity due to a lack of ice-class LNG tankers. For more details, see “[Arctic LNG-2: How Much Can a Lean Shadow Fleet Export?](#)”.

- **Russian LNG production climbs in February:** Russian liquefied natural gas (LNG) production rose 6.2 percent in February this year compared to the same month in 2025, according to the Russian statistics agency Rosstat. (March 30, [gCaptain](#))

EMOGCP View – This is undoubtedly the influence Arctic LNG-2, which began commercial operations in August of 2025 with the first delivery of gas to China’s Beihai terminal. The project’s two 6.6mtpa trains are likely running at no more than 20%-25%, we estimate, but are having an effect on the country-wide numbers.

- Serbia secures gas import deal with Russia:** Serbia has secured a further three months of gas imports from Russia, per President Aleksandar Vucic. "...we got another three-month extension of the gas contract on very favorable terms," Vucic told reporters in Belgrade. He added that the extension maintained current price and volume conditions. "We ... pay between \$320 and \$330 (per 1,000 cubic meters). So the extension is, under the same conditions, 6 mmcm of gas per day ... " he said. (March 30, [Reuters](#))

EMOGCP View – Serbia gets Russian gas at ~\$325/mcm in this deal, less than half current spot price. This implies the country is still on the old-fashioned, typical oil-linked price mechanism with 6 to 9-month lag. However, this is only a 3-month extension of the contract, and the EU is still determined to reject all Russian gas by October of 2027.

Charts

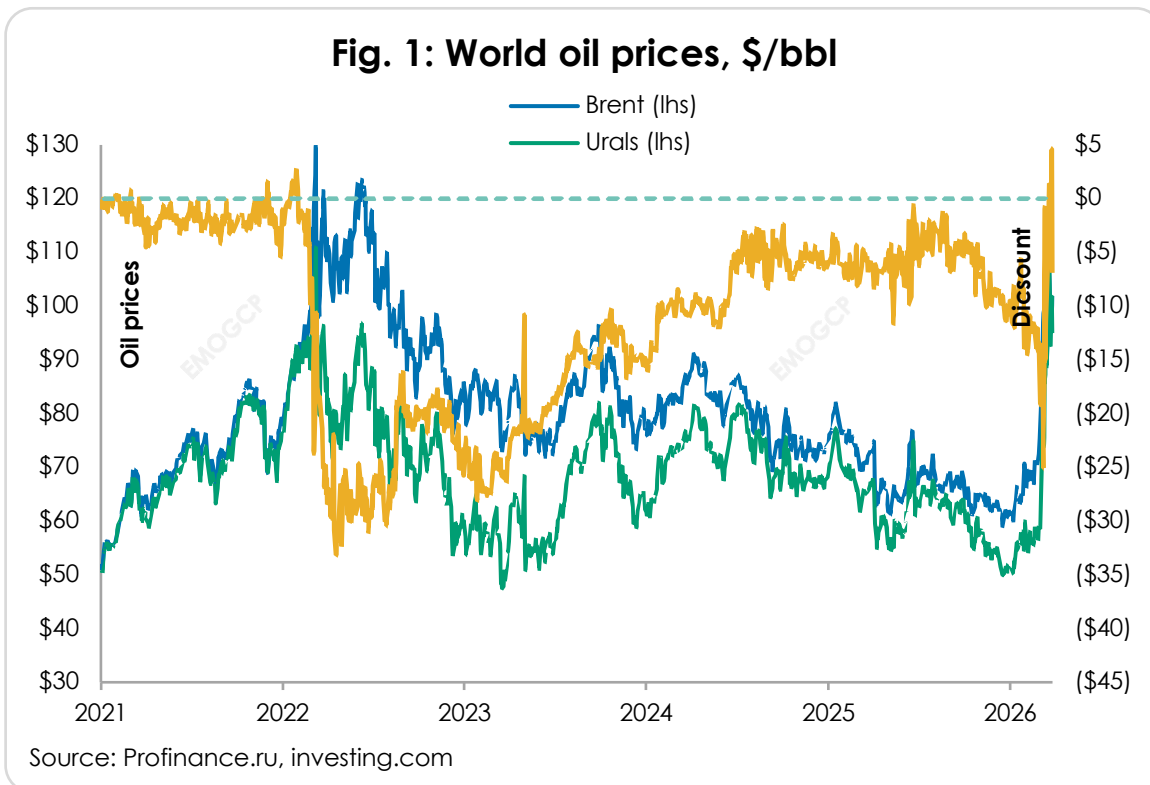


Fig. 2: European gas storage, % of full

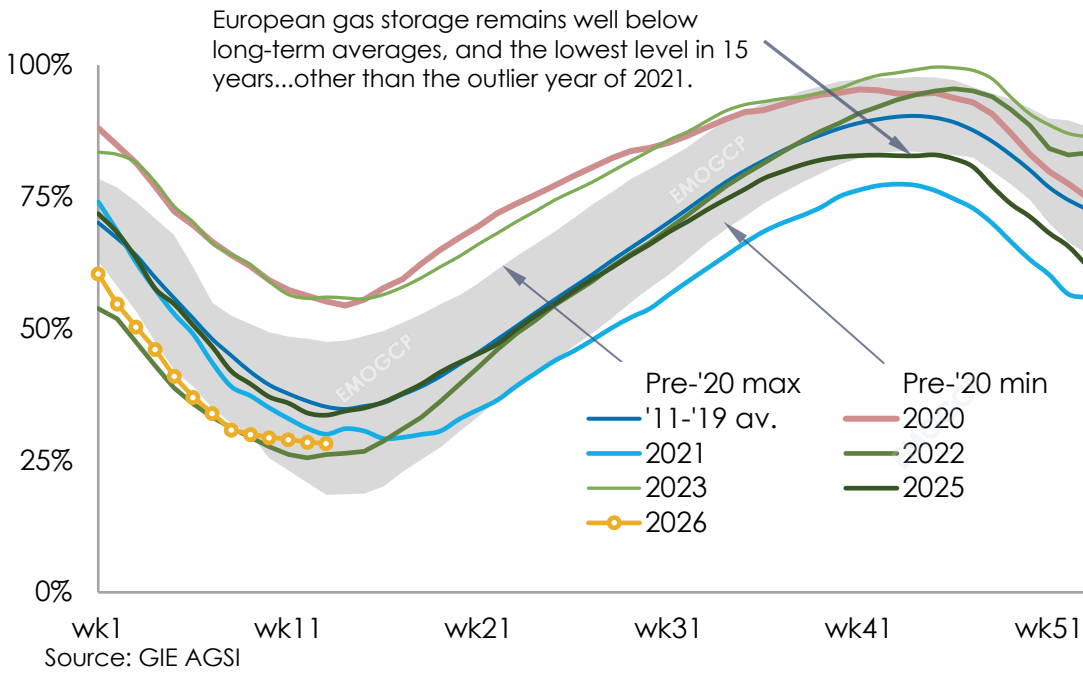
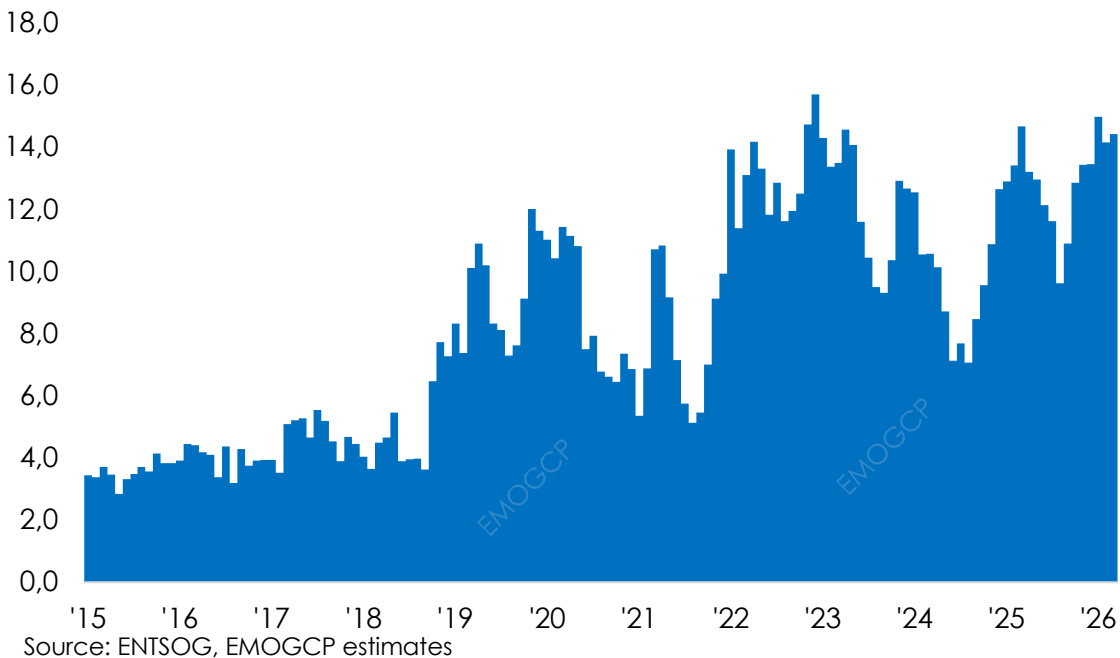


Fig. 3: European LNG imports, bcm/mo



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