



ORIGINAL PAPER



DOI: 10.26794/2220-6469-2025-19-3-27-36
UDC 339.5(045)
JEL Q49

Reforming the Dated Brent Oil Benchmark

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ABSTRACT

Subject. The 2023 reform of the Dated Brent benchmark, one of the world's most important crude oil pricing indicators, marked a significant development in the global commodities market. As part of this reform, the West Texas Intermediate (WTI) Midland grade was added to the Brent basket. **Objective.** This article examines the goals and intentions of the reform's initiators and developers who revised the Dated Brent assessment methodology in 2023. It also explores the key factors that made the reform possible. These include the depletion of North Sea oil fields – which for decades served as the physical basis for Dated Brent – the surge in U.S. production of light, low-sulfur crude oil, and European Union sanctions against the Russian oil industry. These sanctions have triggered a sharp increase in U.S. hydrocarbon exports to Europe. **Findings.** The study demonstrates that the reform was also driven by unsuccessful attempts to create an influential oil benchmark based on U.S. crude exported from Gulf of Mexico ports. **Keywords:** global economy; oil benchmark; oil price indicators; Dated Brent; WTI Midland; infrastructure factors in the development of the global oil market

For citation: Tsvetaev Yu.V. Reforming the Dated Brent oil benchmark. *The World of the New Economy*. 2025;19(3):27-36. DOI: 10.26794/2220-6469-2025-19-3-27-36

INTRODUCTION

The notion that the modern global crude oil market is inherently unpredictable and volatile is virtually axiomatic. Price shocks represent the most extensive and disruptive manifestations of these characteristics: each has significantly transformed the oil industry, sometimes in a fundamental way — either creating new operating conditions and setting trends, or accelerating processes that had begun in previous years. One area where the impact of such price shocks is most consistently observed is the very system of price formation in the global crude oil market.

The first oil shock of 1973 ended the dominance of major vertically integrated oil companies from the United States and the United Kingdom in this sphere and marked a transition of international oil trade toward reference prices set by the Organization of the Petroleum Exporting Countries (OPEC). The most important among them became the price of Arab Light crude produced by Saudi Arabia [1].

The second oil shock of 1979–1980 created the conditions for increased production outside OPEC, which ultimately led to a weakening of the organization's influence. The sharp and deep decline in oil prices in 1986 undermined the dominance of OPEC reference prices and paved the way for the formation of the modern oil pricing system, centered around global market benchmarks such as Platts Dated Brent (Dated Brent), Platts Dubai, and NYMEX WTI [2]. The first two represent daily price assessments for tanker cargoes on the relevant spot markets, both published by Platts, while the third is an index based on the price of the WTI futures contract traded on the New York Mercantile Exchange (NYMEX). The oil shock of 2008, in turn, contributed to the success of the U.S. shale oil revolution, which in subsequent years strengthened the position of NYMEX WTI, whose credibility had previously been questioned [3,4].

At the same time, the 2020 oil shock “created a new reality for the global oil industry — and indeed for the global energy sector as a whole” [5]. In particular, it spurred U.S. oil corporations to intensify efforts in developing new solutions in

the field, culminating in the June 2023 reform of Dated Brent and all related Brent basket indicators. The demand for reforming the global crude oil benchmark had been articulated long before, but the extraordinary events of 2020 accelerated this process and largely shaped its direction.

THE 2020 OIL SHOCK

AND THE EROSION OF TRUST IN NYMEX WTI

The oil shock that struck global energy markets in the spring of 2020, unlike most previous ones, was not triggered by a supply shortage but by an unprecedentedly rapid and deep collapse in demand. This shock sharply intensified competition in the largest segment of the global energy market. As a result, massive stocks of unsold crude oil accumulated, while demand for storage capacity surged dramatically [6]. On April 20, 2020, after five weeks of extremely painful decline, the price of the May NYMEX WTI futures contract experienced an unprecedented collapse into deeply negative territory (–\$ 40.32 per barrel) [7]. To this day,¹ this event remains largely unexplained and once again raised doubts about the adequacy of the North American benchmark [8]. By contrast, the world's leading reference marker — Dated Brent — demonstrated far greater consistency with the actual conditions of the global physical crude oil market [9]. The same applies to the ICE Brent Futures contract.

Just two months later, at the end of June 2020, Platts and Argus simultaneously began publishing assessments for light sweet West Texas crude destined for exports through U.S. Gulf Coast ports. Notably, both price reporting agencies refrained from referencing its traditional name,² West Texas Intermediate (WTI³). Instead, they labeled this “branch” of the WTI stream identically as American Gulf Coast Select (AGS). Platts explicitly stated

¹ URL: <https://www.cftc.gov/PressRoom/SpeechesTestimony/berkovitzstatement112320a>

² URL: <https://www.prnewswire.com/news-releases/sp-global-platts-launches-new-benchmark-for-us-crude-platts-american-gulfcoast-select-301083750.html>

³ URL: <https://www.prnewswire.com/news-releases/argus-launches-new-benchmark-for-growing-us-crude-oil-hub-301084369.html>

that this decision was driven by market demand arising from the events on the New York Mercantile Exchange (NYMEX) two months earlier.

Both Platts and Argus cited the profound structural changes in the U.S. oil industry brought about by the shale revolution as the main reason for introducing AGS. Whereas in 2008 the United States produced 1.83 billion barrels (approximately 250 MMT) of crude oil, by 2019 this figure had increased almost 2.5 times to 4.49 billion barrels (about 615 MMT), and in 2023 it reached 4.72 billion barrels (around 647 MMT.⁴).

A much faster increase was observed in crude oil exports from the United States: 168 million barrels (about 23 MMT) in 2015 (the year the previous export restrictions were lifted); 1.09 billion barrels (approximately 149 MMT) in 2019; and 1.49 billion barrels (around 204 MMT) in 2023.⁵ A significant share of these exports was WTI crude from the Midland area in West Texas. Accordingly, in a number of its reports, Platts referred to this stream as WTI Midland and, in August 2020, published its quality specs. It was this crude that became the basis for Platts AGS assessments in June 2020, while Argus AGS relied on a similar grade with comparable characteristics. However, these new assessments failed to gain the confidence of most exporters and importers. The pricing formula for cargoes of West Texas crude continued to rely on the North Sea benchmark Dated Brent or on indicators derived from ICE Brent futures. As for domestic U.S. deliveries, the above-mentioned price indicators were not designed for pipeline-based North American transactions, where NYMEX WTI remained dominant.

The failure of the new light sweet oil assessments revealed the inability of the selling companies — including major oil traders — to create an influential benchmark, even one closely linked to the global one. The price of cargoes of oil produces in West Texas and New Mexico (as well as all grades produced in the Atlantic Basin) remained pegged to

Dated Brent — the world's most influential crude oil benchmark. It should be noted that, due to the high degree of liberalization in international oil trade as well as of trading operations in crude oil major consumers (such as North America and the EU), the sector has suffered from a lack of reliable information since the late 1980s. As a result, assessing the true influence of any particular benchmark is extremely difficult. Nevertheless, the core role of the Brent basket price indicators is beyond dispute, even if experts may disagree over the precise figures.

According to Mike Wittner, Head of Oil Market Research at the Intercontinental Exchange (ICE), “The price of about 78% of all crude oil traded globally — that is, exported physical oil — is directly or indirectly linked to the Brent benchmark.” [10] Notably, the ICE Brent futures contract is traded on the ICE itself, and its price, in various combinations, is used to form a number of indicators within the Brent basket. Moreover, the Dated Brent benchmark is used not only to determine the price of crude oil but also that of petroleum products, liquefied natural gas (LNG), liquefied petroleum gas (LPG), and gas condensate. The failure of Platts AGS and Argus AGS can be attributed to a combination of factors, most notably:

- the absence of universally accepted General Terms and Conditions (GTCs) for light sweet U.S. crude exported abroad;
- high geographical diversification of supply routes;
- and uncertainty among non-U.S. participants in the global oil market regarding the full applicability of international commodity trading practices to transactions conducted within waters that fall under the exclusive economic zone of the United States.

High production volumes did not help either, which once again demonstrated that, by itself, this undoubtedly important factor is insufficient to guarantee success in creating a crude oil pricing benchmark. In our view, it was only after it became clear that the growing flow of U.S. seaborne crude oil would be “linked” either to Dated Brent or to indicators based on ICE Brent futures that American oil companies set a course to integrate the increas-

⁴ URL: <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MCRFPUS1&f=A>

⁵ URL: <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MCREXUS1&f=A>

ingly prominent crude stream from West Texas into the Brent basket (essentially aiming to secure a dominant position for WTI Midland within these indicators), with the intention of “becoming the global leader in the pricing system with a single WTI price benchmark” [11].

THE EVER-CHANGING DATED BRENT

It should be noted that by this time the North Sea benchmark was also experiencing challenging conditions. The price reporting agency Platts, its publisher, once again faced the classic issue affecting oil benchmarks: a decline in the production of the grades that underpin Dated Brent [12]. Although high or very high production volumes of a particular crude do not automatically qualify it as a benchmark crude, a sharp decline in production for an already established benchmark poses a serious challenge and can undermine market confidence in it [13]. Such confidence depends on influential market participants for the relevant crude grade, an assessment methodology recognized by them, and a sufficient number of price signals.

For this reason, the entire history of Dated Brent, created by Platts in 1987, can be seen as a series of reforms aimed at aligning the benchmark with these conditions as recognized by key Brent market participants [14]. Initially based on crude from the Brent field — the largest field connected to the Brent pipeline system and forming part of the Brent grade — the benchmark had, by 2017, expanded to include five light sweet grades (the Brent Blend, the Forties Blend, Oseberg, Ekofisk, and Troll) sourced from dozens of North Sea fields. In 1990, the substantial Ninian crude stream was added to the original Brent grade, giving rise to Brent Blend, commonly referred to simply as Brent. In the same year, Shell U.K. Limited developed the General Terms and Conditions (GTCs) for tanker transactions in the Brent market, which became the standard for all its participants. The Cash BFOE forward market, critical for other benchmark indicators, fully adopted Shell’s GTCs. However, by 2002, Brent Blend production had declined to the point that it became necessary to create the Brent basket, comprising quality-equivalent crudes: the

British Brent Blend and Forties, and the Norwegian Oseberg. In 2007, the basket was expanded to include the Norwegian Ekofisk, and the Forties stream was supplemented by crude from the Buzzard field. The BFO basket evolved into BFOE, and in 2018 the Norwegian Troll grade was added.

Despite the similarity in physicochemical properties, these crude streams were not identical in quality, which necessitated the introduction of adjustment factors in the Dated Brent assessment methodology: discounts for the Forties Blend, referred to as a “sulphur de-escalator” due to its higher sulfur content, and quality premiums (QPs) for the Norwegian grades (Ekofisk, Oseberg, and Troll) [15].

By early 2019, it became clear that the process of adjustment would not end with the inclusion of Troll in the Brent basket. In February, Platts announced that starting in October, both Cash BFOE and Dated Brent assessments would take into account information on offers for sale under CIF Rotterdam terms. Until that point, for over 30 years, only FOB deals had been considered. On one hand, this decision increased the number of price signals from the then Brent basket, but on the other, it opened the way for inclusion into the basket crude streams from outside the North Sea.

Following the inclusion of Troll, the Norwegian state oil and gas company Statoil (now Equinor) assumed a dominant position in the Brent market. The data and transaction information from Statoil were used to calculate Cash BFOE (Brent forward market indicator), Dated Brent (Brent spot market indicator), the ICE Brent Index (Brent futures market indicator), as well as related swap contracts. By early 2020, it was evident that production of the five aforementioned marker crudes in the Brent basket would continue to decline, as most of the fields had been in operation since the 1970s-1980s, and depletion was a natural consequence. In 2020, their combined production amounted to only 0.87 million barrels per day (approximately 43.5 MMT per year, i.e., less than 1% of global output⁶) and

⁶ URL: <https://www.argusmedia.com/en/news/2204216-maintenance-project-delays-sap-north-sea-liquidity>

Table 1

Qualitative Characteristics of Selected North Sea Crude Grades and WTI Midland

Oil type	Density, (API)	Sulfur, % mass	Production Volume (million barrels/day, Jan- Jul 2024)
Brent blend	37.5	0.4	0.025
Forties blend	41	0.55	0.18
Oseberg	39.6	0.2	0.1
Ekofisk	38.5	0.19	0.13
Troll	37.5	0.15	0.09
Johan Sverdrup	28.7	0.81	0.22
WTI Midland (Platts)	40.0–44.0	≤ 0.2	1.078 (2020)

Source: compiled by the authors: URL: https://www.spglobal.com/commodityinsights/plattscontent/_assets/_files/downloads/crude_grades_periodic_table/crude_grades_periodic_table.html

Table 2

Qualitative characteristics of West Texas Intermediate (WTI) Crude Oil and Its Variations

Oil type	Density, (API)	Sulfur, % mass	Production Volume (million barrels/day, Jan- Feb 2025)
WTI	37–44	≤ 0.42	4.4
WTI Cushing (NYMEX)	37–42	≤ 0.42	–
WTI Midland(Platts)	40–44	≤ 0.2	–

Source: compiled by the authors: URL: <https://www.rystadenergy.com/trading-signals-macro-trends> <https://www.cmegroup.com/markets/energy/crude-oil/light-sweet-crude.contractSpecs.html>;

continued to fall. Several industry experts and companies, including the competing price reporting agency Argus, proposed further expanding the basket to include Johan Sverdrup, another Norwegian grade. However, the proposal was rejected, formally on the grounds that the candidate crude had higher density and sulfur content. It cannot be ruled out, however, that the true reason was the reluctance of Anglo-American companies to allow dominance by grades supplied by the Norwegian state oil and gas company Statoil.⁷

THE MOST COMPLEX REFORM IN DATED BRENT HISTORY

As early as late February 2020, Platts, the administrator of the Dated Brent benchmark, stated

⁷ URL: <https://www.argusmedia.com/en/news-and-insights/market-opinion-and-analysis-blog/the-crude-report-wti-swallows-brent>

that it did not see the urgent need to add new grades to the Brent basket,⁸ in the near term. However, by early December of the same year, the price reporting agency officially invited market participants to provide their opinions on the inclusion of West Texas Intermediate (WTI) Midland under FOB Scapa Flow delivery terms. Platts noted that this North American grade was finding an increasing number of buyers in the UK and EU and, in terms of quality, was close to the five North Sea grades (Table 1).

According to Platts, total WTI Midland production in 2020 amounted to 1.078 million barrels per day, of which approximately 0.443 million barrels per day were estimated to be supplied to Europe. It was observed that the proposed inclusion would

⁸ URL: <https://www.reuters.com/article/oil-brent-wti-idAFL5N2AO2TZ>

provide additional volumes of crude with similar quality, necessary to support the Dated Brent FOB benchmark. At the same time, WTI Midland (as interpreted by Platts) differs in characteristics from the WTI Cushing crude stream, which is the underlying asset for the NYMEX WTI futures contract (*Table 2*). The changes were scheduled to take effect in March 2022.⁹

The decision announced by Platts on 22 February 2021 (formally on the basis of the results of the consultations) caused an explosive reaction in the global crude oil market, as it differed drastically from the initial proposals in one highly significant aspect: the agency declared the abandonment of the traditional reliance on tanker shipment data under FOB terms in favor of CIF-based data. The market's response, including that of the ICE commodity exchange, was so decisive that by 10 March 2021,¹⁰ Platts was forced to withdraw its February decision, retain FOB as the primary delivery term, and launch a new round of consultations [16]. Fifteen months later, a new decision emerged, whose implementation required another year of extensive revisions and coordination with key market participants handling light sweet crude from the North Sea and West Texas. From the outset, there was no full certainty that the main actors in the global crude oil market would broadly accept the inclusion of WTI Midland into the industry's most critical benchmark.

Platts' first success on this path came on 21 July 2021, with the publication of a joint circular¹¹ issued with the Intercontinental Exchange (ICE). The circular provided a concise overview of the indicators used in the North Sea oil market, which are based on the data from its forward, spot, and

futures segments, as well as from related swap markets. It explicitly reaffirmed the determination of the Dated Brent and ICE Brent Futures administrators to preserve the traditional nature of all these indicators, using cargo shipment data under FOB terms (and CIF, as per Platts' 2019 practice). After acknowledging the clear need to incorporate additional volumes into the basket of marker crudes, the circular identified two preferred candidates: the Norwegian Johan Sverdrup and the North American WTI Midland. A key part of the circular consisted of a list of questions for market participants regarding problematic aspects of the proposed reform, the most challenging of which concerned the inclusion of the new grade(s) in the Brent forward contract. This clearly indicated that the questions were primarily addressed to Shell, the holder of the GTCs generally accepted in the North Sea forward market. Even a large vertically integrated company could not disregard the fact that two highly influential global oil market infrastructure organizations had consolidated their positions. As subsequent events demonstrated, it was precisely the adoption of new GTCs by Shell for WTI Midland that made possible the reform of the aforementioned indicators, including Cash BFOE, Dated Brent, and the ICE Brent Index. With the support of the Intercontinental Exchange, Platts on the same day (21 July 2021) officially announced for the second time the launch of consultations on the reform of Dated Brent and other Brent basket indicators.

Platts' official proposal to market participants following the consultations was published seven months later, on 14 February 2022. Its adoption, with certain modifications, became virtually inevitable by May–June 2022, when the EU first approved the REPowerEU plan (aimed at reducing dependence on energy imports from Russia) and subsequently adopted its sixth sanctions package against Russia, which, among other measures, banned the import of Russian seaborne oil starting in December. It became clear that the options for most European countries in this sphere were sharply limited, making the supply of large volumes of light sweet crude from North America

⁹ URL: <https://www.spglobal.com/commodityinsights/en/our-methodology/subscriber-notes/120320-sampp-global-platts-opens-consultation-on-inclusion-of-wti-midland-crude-in-dated-brent>

¹⁰ URL: <https://www.spglobal.com/platts/en/our-methodology/subscriber-notes/031021-platts-opens-further-consultation-on-brent-benchmarks-transition>

¹¹ URL: https://www.spglobal.com/commodityinsights/PlattsContent/_assets/_files/en/our-methodology/platts-ice-brent-july-2021.pdf



(where it faced limited domestic demand and significant surplus) to the EU and the UK unavoidable. Consequently, the positions of companies supplying such crude on the international market were significantly strengthened. In this context, Shell faced two options: either participate in the reform and revise its general terms and conditions (GTCs) for transactions in the North Sea oil market, or cede this crucial element of the entire Brent basket indicator system to competitors. Shell chose the first option, amending the relevant contract on 23 May 2022. This was not a finalized document, but rather a declaration of intent to include WTI Midland in the contract.

Just four days after the adoption of the sixth sanctions package, on 8 June 2022, Platts officially announced its decision regarding the Dated Brent benchmark reform¹²:

- to include North American WTI Midland crude in the Brent basket, with an API gravity of 40–44° (804–823 kg/m³) and sulfur content not exceeding 0.2% by mass;
- to apply no quality premiums for WTI Midland;
- when converting the price of WTI Midland cargoes on a CIF Rotterdam basis to the FOB standard used for cargo valuation, to apply a Freight Adjustment Factor (FAF) of 80%;
- to increase the size of the standard Aframax tanker cargo acceptable for Dated Brent assessment from 600,000 to 700,000 barrels;
- for Dated Brent assessment, to consider only those WTI Midland cargoes shipped from the US Gulf Coast terminals that had been pre-approved by Platts;
- the changes apply to cargoes of the six grades in the expanded Brent basket starting June 2023 and thereafter.

The most complex issue — determining which general terms and conditions (GTCs) would apply — was deferred. However, the timeline was clear: the new rules would take effect in February 2023, with June 2023 serving as the M3 month

for the Cash BFOE forward contract. Accordingly, Shell's new GTCs (STASCO Cash BFOETM 2022 v1.1) came into force in February 2023, paving the way for the implementation of the reform of the Dated Brent benchmark and other Brent basket pricing indicators. Proposals to replace Shell's contract with alternatives offered by other companies, notably BP, were rejected, although such options were actively discussed in industry publications as late as autumn 2022.

The June 2023 data showed that the number of price signals used by price reporting agencies to assess Brent basket indicators increased approximately 2.5 times compared to the pre-reform average. Moreover, out of 22 trading days, Dated Brent was determined 18 times by the price of cargoes arriving from overseas.¹³ Thus, an immediate consequence of the reform was the dominance of North American crude in the global crude oil benchmark.

Analysis of the 2023 changes indicates that inclusion of WTI Midland in the basket of marker grades helped stabilize Dated Brent by introducing new volumes and new market participants, primarily from North America. Their influence on the global crude oil benchmark increased accordingly, which was precisely their objective. Given wide spread sanctions and the threat of additional measures (e.g., tariffs on oil shipments to the U.S. from Mexico and Canada), it is difficult to assess the impact of the reform on market confidence. However, Platts regards the emergence of new participants as evidence of increased trust. Clearly, the influence of companies producing the five original North Sea grades, including the Norwegian Equinor (formerly Statoil), has diminished, while “the effective integration of the two key global benchmarks ... significantly enhances the influence of U.S. oil production on the global crude oil pricing process” [17].

While the addition of WTI Midland resolved the pressing issue of declining liquidity in the Brent basket market, it also raised certain questions.

¹² URL: <https://www.spglobal.com/commodityinsights/en/our-methodology/subscriber-notes/060822-platts-to-reflect-wti-midland-in-dated-brent-cash-bfoe-from-june-2023>

¹³ URL: <https://www.argusmedia.com/en/news-and-insights/market-opinion-and-analysis-blog/the-crude-report-wti-swallows-brent>

First, which market does Dated Brent actually reflect? Previously, the price of North Sea crude delivered on FOB terms served as an indicator for the light sweet crude markets across the entire Atlantic basin. Now, with tankers arriving in Rotterdam from the far side of the Atlantic, it is evident that the U.S. oil market in the EU countries that lost Russian supply is much more specialized (albeit larger in scale). The assumption that a CIF price, converted to FOB by subtracting freight, can be treated as an FOB-equivalent was acceptable when it did not determine Dated Brent in 18 out of 22 trading days per calendar month. Today, however, this assumption is increasingly questionable.

Secondly, since their inception in the late 1980s, benchmarks were formed based on data from a specific crude stream with well-known characteristics. This cannot be said of Platts WTI Midland, which was included in the Brent basket in 2023 — it represents only a portion of the broader West Texas pipeline blend (WTI). According to Rystad Energy, by early 2025, total production of this blend was approximately 4.4 million barrels per day, of which around 3 million barrels per day do not find buyers in North America and are exported, with 52% directed to European markets.¹⁴ Therefore, in the case of Platts WTI Midland, it represents roughly one-third of total WTI volumes. Regardless of what share of WTI Midland transactions is captured in the data used by Platts to assess Dated Brent, the key fact remains: two-thirds of WTI consistently targets entirely different export destinations.

Consequently, Dated Brent has, on the one hand, ceased to be an indicator of the exports price of light sweet crude and has become a reflection of Western European refineries' import demand for North American crude. On the other hand, the determining factor is now the price of such crude at the U.S. Gulf Coast, which bears no direct relation to North Sea grades. It is unclear how relevant this assessment is for the broader market, given that in most cases it is based on data covering only

one-third of total WTI volumes shipped across the Atlantic to specific destinations. Recognizing the fragility of this situation, market participants are asking: when should the next reform be expected, and which grade will become the seventh in the Brent basket? Confidence is further undermined by the highly complex and increasingly judgment-dependent methodology employed by Platts to assess Dated Brent, particularly concerning its application to the core element — forward contracts in WTI Midland.

Questions also arose following the October 2024 Reuters report indicating that not all WTI Midland tankers recorded by Platts as destined for European markets were actually delivered there [18]. According to Reuters, some of this crude was redirected to Asia-Pacific countries after the cancellation of the original contracts. In this context, it is crucial to note that reported trades carry significantly higher priority and weight than most other data, thus exerting a decisive influence on the final benchmark assessment.

However, in our view, the central question is whether the inclusion of WTI Midland in the Brent basket represents the first step toward making light sweet crude shipped from U.S. Gulf Coast ports the de facto single stream underpinning the world's most important oil benchmark. If, following the failed launch of the AGS indicators in summer 2020, the chosen path was indeed a gradual adaptation of the Dated Brent assessment mechanism to the North American export-oriented crude flow from Texas (and possibly Louisiana) ports, then the global oil market may find itself in a situation where two of its three key indicators are based on U.S.-produced crude.

In this regard, it is worth noting the regularly published announcements by North Sea operators (notably TotalEnergies, EnQuest, and Taqa) to fully cease production at several well-known fields (Ninian, Marnus, and Cormorant, respectively). It should be emphasized that, once production declines to a certain threshold, maintaining the costly offshore drilling rigs, pipelines, and port infrastructure will become economically unviable for all fields relying on that infrastructure.

¹⁴ URL: <https://www.argusmedia.com/en/news-and-insights/market-opinion-and-analysis-blog/the-crude-report-wti-swallows-brent>



This will result in a sudden instantaneous drop in production of one of the North Sea marker grades included in the Brent basket, forcing U.K. and EU refineries to once again expand crude imports from the U.S. The growing dominance of North American crude in the Brent basket will inevitably trigger a new global benchmark reform, potentially excluding the fully depleted Brent field. Implementation of such a scenario would resolve most of the issues that arose from the Platts decisions of 2021–2023, effectively reflecting their transitional nature from Brent to an updated American GulfCoast Select — essentially the present-day WTI, a shale crude oil stream by its characteristics.

CONCLUSION

The multi-year preparation and implementation in 2023 of the reform described above demonstrated the complexity and variability involved

in making changes, even to a well-established mechanism governing the indicators of one of the key segments of the global crude oil market, as well as the associated challenges. The reform also highlighted the significant role played by both the infrastructural organizations of the global oil market and the largest vertically integrated energy companies. In our view, studying the reform carried out two years ago, along with the evolution of Dated Brent, provides extensive material for understanding the mechanisms underlying the formation and functioning of this pricing benchmark. This knowledge can be effectively applied to the development of domestic price indicators for Russian crude grades exported by sea. Analyzing such experience in the context of current conditions in the target markets for Russian crude oil will allow for optimization of the process, saving both time and resources.

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Conflicts of Interest Statement: The author has no conflicts of interest to declare.

The article was received on 21.05.2025; revised on 10.06.2025 and accepted for publication on 20.06.2025. The author read and approved the final version of the manuscript.