2026

Mid-Year Update

Energy

Surplus Asset Market Trends

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Energy Surplus Asset Market Trends Report

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In January, Liquidity Services published the 2026 Energy Surplus Asset Market Trends Report, detailing a surplus asset market shaped by capital discipline, non-core divestitures, rising surplus volumes, and a gas-weighted secondary equipment cycle. Six months in, the scorecard is notable: the core structural predictions made are materializing, but the rules of the game have changed fast and are changing again.

The military conflict with Iran, which began on February 28, sent Brent crude from roughly $65/bbl to a peak of $126.41 on April 30 (Britannica 2026). The Strait of Hormuz, through which roughly one-fifth of the world's daily oil shipments pass, was effectively closed, triggering surges in war-risk insurance, equipment repositioning, and a sharp contraction in available surplus supply (Al Jazeera 2026). As of mid-June 2026, a peace framework has been announced, and a memorandum of understanding is scheduled to be signed on June 19, with a stated aim of bringing the conflict to a formal close within 60 days (Britannica 2026). Brent has already dropped to the low $80s in response (Trading Economics 2026).

For oil and gas operators managing surplus assets, this is the moment that matters. The seller conditions created by the conflict - elevated prices, constrained new equipment supply chains, and record buyer demand - are actively unwinding. The operator who brings quality assets to market now captures the premium. The one who waits absorbs the correction.

What our January Forecast got Right

Capital Discipline and Non-Core Divestitures Are Accelerating

The January 2026 report anticipated that oil and gas operators would continue to prioritize portfolio rationalization over mega-mergers, shedding non-core assets and midlife fields to fund higher-return core positions. This is precisely what has unfolded. U.S. upstream M&A deal value dropped to $9.7 billion in Q3 2025, marking three consecutive quarterly declines, driven by persistently soft crude prices in the first part of the period that kept many private equity sellers on the sidelines.

Ovintiv provides the clearest case study. In February 2026, to accelerate debt reduction and concentrate capital in its Montney and Permian core positions, the company announced the $3.0 billion sale of substantially all of its Anadarko Basin position: approximately 360,000 net acres producing about 90,000 boe/d as of February. The deal closed in April 2026 with CEO Brendan McCracken noting it "completes the transformation of our portfolio and our balance sheet." And with the sale, the assets, equipment, and infrastructure associated with those positions flow into secondary markets as the operator exits, substantiating the surplus cycle our report described (Ovintiv 2026).

A similar pattern is visible across midstream and gas-linked operators. Shell, Antero, Diversified Energy, and NextEra have all executed or advanced divestitures of non-core gas and mid-life fields, channeling compressors, processing units, and pipeline segments into secondary channels.

Surplus Asset Volumes Are Rising from Consolidation

Portfolio high grading by acquiring core and divesting non-core assets, structurally generates surplus. Every basin exit, facility decommission, and fleet rationalization produces drilling equipment, production systems, and midstream infrastructure that operators no longer want to operate, and secondary buyers want to own. The January prediction that consolidation would drive surplus volume growth has proven accurate and is accelerating.

Liquidity Services' own Energy sub-segment data through Q1 and Q2 FY2026 validates this at the transaction level: unique seller activity increased 47% year-over-year, and bid activity rose 46%, even against a backdrop of somewhat constrained inventory compared to 2024 (Liquidity Services 2026a). When bid density rises faster than seller inventory, it is an unambiguous signal: demand is outpacing supply, and sellers are achieving stronger outcomes.

Gas-Weighted Assets Remain Central to Surplus Flows

In January we identified LNG export growth and domestic power demand, particularly from data centers and manufacturing, as the twin forces concentrating activity in gas-weighted asset classes: wells, pipelines, compressors, and treatment plants. That forecast is well-supported by 2026 activity.

Venture Global's Plaquemines LNG expansion and broad-based growth in LNG infrastructure are continuing to drive operators toward targeted divestitures of older gas assets. Natural gas deal flow is accelerating, underpinned by Haynesville, Marcellus, and Anadarko activity. Saudi Aramco is targeting an 80% increase in sales gas production capacity by 2030 over its 2021 baseline, now confirmed with the Jafurah unconventional gas field and Tanajib Gas Plant startups. This is increasing global demand for new gas infrastructure and channeling older assets into secondary markets.

Digitally Enabled Assets Command a Premium

The January report highlighted digital twins and data-integrated assets as emerging premium categories — equipment buyers are willing to pay more for hardware with documented operating histories and integration-ready control systems. This has proven correct. The 2025 EY Future of Energy Survey found that 50% of oil and gas and chemicals companies were already using digital twins to manage assets, with 92% either implementing, planning, or developing new applications (EY 2025). The market for digital twins in oil and gas is growing fast off a small base, from about $137 million in 2024 toward roughly $1.1 billion by 2033, a CAGR of 26.5% (Astute Analytica 2025).

For surplus asset sellers, the practical implication is clear. Equipment with a documented history of digital integration, accessible data records, and control-system compatibility commands a meaningful premium over otherwise comparable hardware. Condition documentation is no longer just good housekeeping; it is a value driver.

Where the January 2026 Forecast Requires Revision

Oil Prices: A Spike, a Ceasefire, and a Rapidly Shifting Baseline

We began 2026 reporting on a Brent forecast of approximately $55–$60/bbl, with global inventory builds of 1.8–2.2 mb/d expected to pressure capex and push more assets into distressed surplus. That baseline was overtaken by events that no commercial forecast reliably predicted.

The military conflict with Iran, initiated on February 28, 2026, and the closure of the Strait of Hormuz drove Brent to an April 30 peak of $126.41 per barrel, its highest level since March 2022 (Britannica 2026). The loss of Gulf supply through Hormuz was the immediate spike driver. The UAE's exit from the OPEC+ framework, announced April 28 and effective May 1, added structural uncertainty to the market, though analysts noted its near-term price impact was limited because Emirati exports were constrained by the same Hormuz closure (Al Jazeera 2026). Hand in hand with the shutdown of the Strait of Hormuz, which handles about 20% of global petroleum liquids consumption and about one-fifth of global LNG trade, while also accounting for more than one-quarter of global seaborne oil trade, one of the most severe energy market disruptions in years was triggered (EIA 2026).

As of June 17, 2026, the picture has shifted. A memorandum of understanding between the U.S. and Iran aimed at formally ending the conflict within 60 days was signed on June 19 (Britannica 2026). The agreement included an immediate cessation of hostilities, reopening of the Strait of Hormuz, lifting of the US naval blockade on Iranian ports, and suspension of sanctions on Iranian oil sales (Al Jazeera 2026). Brent responded sharply, falling roughly 35% from its April peak to the low $80s (Trading Economics 2026).

Markets remain cautious, though the worst of the supply shock appears to be easing. Brent forecasts have been revised down as the reopening of the Strait of Hormuz reduced immediate disruption risk, but analysts still expect a lag before prices and flows fully normalize. Saudi Aramco CEO Amin Nasser has also warned that even if the Strait reopened immediately, it would take months for markets to rebalance, with normalization potentially stretching into 2027 if reopening were delayed further (Reuters 2026; CNBC 2026).

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The "Rising Volumes, Lower Prices" Thesis Is Only Half Right

We reported in January that rising surplus supply would generally depress secondary-market pricing for oil and gas equipment. In practice, 2026 has produced a sharply bifurcated market that this broad-brush characterization misses:

Asset Category	2026 Pricing Direction	Key Driver
Older land rigs, low-spec tubulars, standard pressure-pumping units	Softer, discount pricing	Fleet rationalization, technology upgrades
High-spec offshore rigs, subsea systems, LNG-ready equipment	Firm to elevated	War-driven LNG demand, constrained project lead times
FPSOs and mid-spec offshore platforms (Gulf/Middle East exposed)	Mixed — pressure from war-risk insurance	Insurers exiting coverage, repositioning to other regions
High-spec, corrosion-resistant tubulars and subsea valves	Tight supply, strong resale values	New offshore and LNG project demand

U.S. Supply and the Rig Count Picture

The January report positioned the U.S. as a driver of global oversupply. While U.S. production hit record highs in late 2025, the combination of OPEC+ cuts and geopolitical disruptions significantly muted the inventory-build effect. The Baker Hughes rig count for the week ending July 2, 2026, stood at 540 rigs (Baker Hughes 2026). The year-over-year gap is at its narrowest since January 2026, with the Anadarko and Permian each adding rigs while Gulf of Mexico activity softened slightly. The "high production drives oversupply drives asset fire sales" chain did not materialize. Elevated oil prices sustained investment, kept more equipment in service, and deferred large-scale distressed surplus flows. As prices normalize toward the $80–$90 range, that dynamic will shift.

Global Surplus Asset Markets: A Mid-Year Regional View

North America

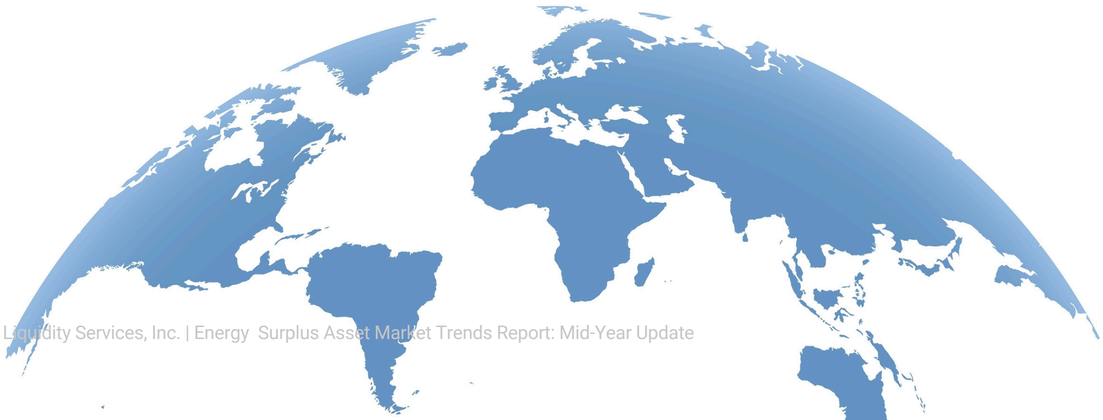
Strong investment in the U.S. Gulf of Mexico, including major deepwater expansions, is absorbing high-spec drilling rigs, subsea trees, and tubulars, keeping the secondary market for premium hardware tight. The elevated oil price environment underpins continued investment in the Permian, Bakken, and Gulf of Mexico, though prices are now declining as the Iran conflict moves toward resolution. At the same time, older land rigs, legacy pressure-pumping equipment, and lower-generation drilling tools are entering the surplus and rental markets as operators rationalize their fleets and upgrade to electrified and automated systems.

EMEA

In Europe, North Sea and Mediterranean projects are driving demand for offshore infrastructure, while older North Sea platforms, pipelines, and topsides are being decommissioned or sold as surplus, creating recurring secondary-market inventory. Saudi Aramco's confirmed 80% expansion of gas production capacity by 2030 is driving investment in new upstream and midstream infrastructure across the Arabian Peninsula, while phasing out older rigs and surface equipment. War-risk insurance surges that drove equipment repositioning away from Gulf-anchored assets during the conflict are expected to ease as the Strait of Hormuz reopens, though full normalization of tanker flows and insurance markets will take time.

APAC

APAC is the fastest-growing region for oilfield equipment demand, led by deepwater activity in China, India, Indonesia, Australia, and Malaysia. With over 80–90% of Gulf-origin crude destined for Asia traveling through the Strait of Hormuz, the region was acutely exposed to disruption during the conflict. This compressed margins for import-reliant refiners and drives strong buyer interest in regionally sourced secondary equipment. That urgency is easing as the peace framework takes shape, but market normalization will be gradual. Saudi Aramco's CEO has noted that even a prompt reopening of the Strait leaves months of rebalancing work ahead. For sellers, APAC buyers remain an active, well-funded audience for high-spec equipment, particularly as regional operators continue building out deepwater capacity independent of Middle East supply dynamics.



The Iran Conflict: What It Created and What Comes Next

The geopolitical disruption that defined the first half of 2026 is moving toward resolution. Understanding what the conflict created, and what resolution means for surplus asset economics is essential for operators making decisions in H2 2026

What the conflict created

The conflict drove Brent above $100 for roughly six weeks, constrained new equipment supply chains, and pushed war-risk insurance costs for Gulf-region shipping up more than 1,000%. The result was a seller's market: buyers competing for available assets, resale values firm to elevated for high-spec equipment, and a distinct category of surplus created by operators repositioning Gulf- and Middle East-anchored rigs, FPSOs, and LNG assets to less geopolitically exposed locations. These repositioned assets carry strong residual values and are well-suited to a competitive global auction.

What resolution means

The peace framework announced June 14-15 is expected to reopen the Strait of Hormuz, lift the US naval blockade, and suspend sanctions on Iranian oil sales. Brent has already dropped to the low $80s in response — down roughly 35% from peak (Al Jazeera 2026; Trading Economics 2026). The conditions that created the seller's window are unwinding.

This does not mean the opportunity disappears. Saudi Aramco's CEO has stated that market normalization will take months, regardless of how quickly the Strait reopens — and could extend into 2027 if the reopening is delayed (Reuters 2026; CNBC 2026). Infrastructure damage across Gulf refineries and pipelines, depleted inventories, and lingering shipping uncertainty mean the transition will be uneven. Equipment repositioning continues. Buyer demand remains strong. But the price tailwind is shifting to a headwind, and it is moving quickly.

Two-tier market for pipes, valves, and modular plants

High-spec corrosion-resistant tubulars and subsea valves remain in tight supply due to new offshore and LNG project activity; resale values remain elevated. Standard onshore pipe, older skid-mounted processing plants, and used valves are being released as operators standardize on newer, lower-emission equipment — creating growing but lower-value secondary-market inventory. When new equipment supply chains are strained, the well-maintained surplus asset is still the fastest path to operational continuity.

Liquidity Services' Energy Marketplace: Q1–Q2 FY2026 Performance

Liquidity Services' overall Q2 FY2026 results demonstrate the health of the marketplace model that energy sellers depend on. Gross merchandise volume grew 6% year-over-year to $389.9 million, revenue rose 4% to $120.7 million, and adjusted EBITDA jumped 37%, reflecting the operating leverage of a well-functioning two-sided marketplace. Registered buyers on the platform reached approximately 6.3 million, an 8% increase year-over-year, and completed transactions rose 9% to approximately 280,000 (Liquidity Services 2026b).

Within the Liquidity Services Capital Assets Group, the Energy sub-segment delivered what may be its strongest performance in recent memory through Q1 and Q2 FY2026:

- Unique sellers increased 47% year-over-year — confirming that the divestiture and portfolio rationalization cycle anticipated in the January report is now flowing through auction channels in volume.
- Bid activity increased 46% year-over-year — even against a backdrop of somewhat tighter inventory relative to 2024.

When bid density outpaces seller inventory growth this significantly, the market is communicating something clear: buyers want more equipment than is currently available. For energy operators holding idle or surplus assets, this is the most favorable demand environment in years. The combination of geopolitically driven equipment repositioning, consolidation-driven portfolio exits, and an increasingly qualified global buyer network creates conditions in which the disciplined seller achieves outcomes well above what an internal sales process or regional broker can deliver.

What This Means for Energy Asset Sellers in H2 2026

The conflict created a window – one that is now closing. Decisions made in the next 60 to 90 days will determine whether operators capture peak-cycle value or sell into a normalizing market.

Brent has dropped more than 35% from its April peak on ceasefire optimism alone. As Hormuz reopens, Iranian oil returns to the market, and supply chains stabilize, the price premium that has supported strong secondary-market values will erode. The seller who moves in Q3 captures conditions that may not return for years. The one who waits for "more certainty" is waiting for lower prices.

Know your asset category. The bifurcated pricing environment still applies. High-spec offshore equipment, LNG-ready systems, and digitally integrated assets remain in a sellers' market. Demand for these categories is structural, not purely conflict driven. Older, non-spec land equipment can still be monetized effectively, but through competitive global auction formats that drive bid density rather than regional or bilateral sales.

Documentation drives value. Equipment with clean maintenance records, accessible operating histories, and documented condition commands a measurable premium. Before bringing assets to market, invest in documentation.

Partner for global reach. The buyer pool for energy surplus is genuinely global and includes APAC operators building out deepwater capacity, Latin American and African operators absorbing repositioned rigs, and domestic buyers upgrading aging fleets. Reaching that buyer pool requires a global marketplace with verified, sector-qualified buyers.

Liquidity Services operates the world's largest industrial asset marketplace, with 27 years of cultivating energy sector buyers, a buyer network exceeding 6.3 million registered participants, and deep expertise across every major energy asset category — from line pipe and oil country tubular goods to gas compression packages, drilling rigs, subsea systems, refinery units, and power generation equipment. The Energy Investment Recovery Program is designed to convert idle equipment into working capital with no upfront program cost — the proceeds from asset sales fund the service itself.

Idle equipment is stranded capital. And unlike fine wine, surplus assets do not improve with age — conditions deteriorate, documentation disappears, and newer technologies erode the value of yesterday's models. The seller's window created by the conflict is narrowing. The cost of delay is real and rising.

Disclaimer*: The information in this report, including all references to oil prices, the status of the U.S.-Iran conflict, and related market conditions, was accurate as of June 17, 2026. The situation in Iran and the broader Middle East remains fluid. Details regarding the ceasefire framework, the Strait of Hormuz, sanctions, and any related agreements may change after publication. Readers should verify current conditions. Liquidity Services makes no representation that the information will remain accurate after the date noted above.*

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Services

Consultative surplus asset management, valuation, and sales solutions

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About Liquidity Services

Every organization has surplus assets. Liquidity Services (NASDAQ:LQDT) works with clients to ensure surplus is sustainably transformed, generating capital that fuels strategic goals.

Liquidity Services partners with over 15,000 clients, including 130+ Fortune 1000 companies, to sell their surplus equipment. The company maintains a robust database of over 6.3 million registered buyers, and executes over one million transactions annually across 100+ countries. With over $15 billion in completed online transactions, Liquidity Services has cemented its market strength through a steadfast focus on compliance, extensive global reach, and dedicated client support.

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You have surplus. We have solutions.
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