OAPEC
Vol. 48 No. (4) April 2022

THE RUSSIAN- UKRAINIAN CRISIS REPERCUSSIONS ON ENERGY MARKETS

OAPEC Oapec Oapec @OAPEC1
OAPEC1 OAPEC ORG

Organization of Arab Petroleum Exporting Countries

The Cover

OAPEC Monthly Bulletin is published by the General Secretariat of OAPEC- Information and Library Department.

(ISSN: 1018-595X)

Annual Subscription (11 issues)

Arab Countries

Individuals: KD **10** or equivalent in USD $
Institutions: KD **15** or equivalent in USD $

Other Countries

Individuals : USD $ **40**
Institutions : USD $ **60**

Subscription orders should be sent to :
P.O. Box 20501 Safat - Kuwait 13066 - State of Kuwait
Tel : (+965) **24959724**
Fax : (+965) **24959755**

E-mail : mail@oapecorg.org
Web-site: www.oapecorg.org

@OAPEC1 OAPEC1
OAPEC Oapec Oapec

Contents

IN THIS ISSUE

ORGANIZATION OF ARAB PETROLEUM EXPORTING COUNTRIES (OAPEC)

The Organization of Arab Petroleum Exporting Countries (OAPEC) was founded on the basis of the agreement signed in Beirut, Lebanon on 9 January 1968 between the governments of Kingdom of Saudi Arabia, the State of Kuwait and the (then) Kingdom of Libya. The agreement stipulates that the Organization shall be domiciled in the City of Kuwait.

The principal objective of the Organization is the cooperation of the members in various forms of economic activity in the petroleum industry, the determination of ways and means of safeguarding the legitimate interests of its member countries in this industry, individually and collectively, the unification of efforts to ensure the flow of petroleum to its markets on equitable and reasonable terms, and providing appropriate environment for investment in the petroleum industry in member countries.

In 1970 the United Arab Emirates, the State of Qatar, the Kingdom of Bahrain and the Republic of Algeria joined the Organization, followed by the Syrian Arab Republic and the Republic of Iraq in 1972, Arab Republic of Egypt in 1973, then the Republic of Tunisia in 1982 (its membership was suspended in 1986). Any Arab country which derives a significant share of its national income from petroleum is eligible for membership in OAPEC upon the approval of three-quarters of the member countries, including all three founding members.

EMIR OF KUWAIT LAUNCHES KNPC CELEBRATIONS ON FULL OPERATION OF CLEAN FUEL PROJECT

12

18

QATAR LAUNCHES BARZAN GAS PROJECT

AGREEMENT SIGNED BETWEEN SAUDI ARAMCO AND THE EGYPT'S RED SEA NATIONAL REFINING AND PETROCHEMICALS COMPANY

20

- **OAPEC-Joint Ventures:**

OAPEC has sponsored the creation of four companies: The Arab Maritime Petroleum Transport Company (AMPTC), established in 1972 with headquarters in Kuwait City, the Arab Shipbuilding and Repair Yard Company (ASRY) established in 1973 with headquarters in Bahrain, the Arab Petroleum Investments Corporation (APICORP) established in 1974 with headquarters in Khobar, Saudi Arabia, the Arab Petroleum Services Company (APSC) established in 1975 with headquarters in Tripoli, Libya.

OAPEC'S ORGANS

The Organization carries out its activities through its four organs:

- **Ministerial Council:** The Ministerial Council is the supreme authority of the Organization, responsible for drawing up its general policy.
- **Executive Bureau:** The Executive Bureau is composed of one representative from each of the member countries, drawing recommendations and suggestions to the Council, reviewing the Organization's draft annual budget and submitting it to the Council, it also adopts the regulations applicable to the staff of the General Secretariat. The resolutions of the Executive Bureau are issued by the majority of two- thirds of all members.
- **General Secretariat:** The General Secretariat of OAPEC plans, administers, and executes the Organization's activities in accordance with the objectives stated in the agreement and directives of the Ministerial Council. The General Secretariat is headed by the Secretary General. The Secretary General is appointed by resolution of the Ministerial Council for a tenor of three years renewable for similar period(s). The Secretary General is the official spokesman and legal representative of the Organization and is accountable to the Council.
  The Secretary General directs the Secretariat and supervises all aspects of its activities, and is responsible for the tasks and duties as directed by the Ministerial Council. The Secretary General and all personnel of the Secretariat carry out their duties in full independence and in the common interests of the Organization member countries. The Secretary General and the Assistant Secretaries General possess in the territories of the Organization members all diplomatic immunities and privileges.
- **Judicial Tribunal:** The protocol of the Judicial Tribunal was signed in Kuwait on 9 May 1978 and came into effect on 20 April 1980. The Tribunal is competent to consider all disputes related to the interpretation and application of OAPEC's establishment agreement, as well as disputes arising between two or more member countries concerning petroleum operations.

THE RUSSIAN- UKRAINIAN CRISIS REPERCUSSIONS ON ENERGY MARKETS

Risks threatening global economy and the recovery of energy markets (still struggling with the COVID19 pandemic repercussions) have increased as a result of the exacerbation of the Russian-Ukrainian crisis on the one hand, and the renewed closure measures imposed by China in the framework of the "Zero-Covid" policy on the other hand. These developments have caused disruptions in global oil supply chains, disruption in global trade movement, and a noticeable rise in inflation rates worldwide in light of high energy prices.

With the outbreak of the crisis in late February 2022, energy prices rose in general, especially crude oil prices, which witnessed a rise of more than 40% during the elapsed period of 2022, amid warnings about the security of supplies, given that Russia is one of the largest energy producers worldwide.

In light of this crisis, the United States of America and the European Union imposed a series of sanctions against Russia, including banning it from dealing with the international payment system, a move that raised concerns about its potential effects on global energy markets. The USA also announced a complete ban on energy imports from Russia. Britain indicated that it would gradually get rid of Russian oil imports by the end of 2022. The EU is also considering imposing gradual ban on its imports of Russian oil and oil products of about 3.5 million b/d by the end of 2022 despite the opposition of some EU member countries.

In return, Russia has taken a series of countermeasures, such as converting the payments it receives for its oil and gas supplies to "unfriendly countries" into the Russian Ruble only. Moreover, Russia has imposed sanctions on 31 companies headquartered in countries that have imposed sanctions on it, most of which are from the EU countries, which import more than a third of their gas needs from Russia.

For its part, the International Energy Agency (IEA) announced the withdrawal of about 72.7 million barrels from its strategic oil stocks, as part of the initial emergency response plan to alleviate the growing supply shortage in the oil markets resulting from the Russian-Ukrainian crisis. This has come before the agency announced the largest ever withdrawal from oil stocks in its history, amounting to about 120 million barrels over a period of six months, starting in May 2022, in an attempt to limit the rise in crude oil and fuel prices that reached record levels in the USA.

In the same context, OPEC warned that current and future sanctions on Russia could lead to the worst shock to oil supplies ever. In its continued quest to ensure balance and stability in the global oil markets (necessary to achieve sustainable growth in the global economy performance, especially in light of the current challenges), OPEC+ reaffirmed the adoption of the monthly production adjustment mechanism approved in its nineteenth ministerial meeting, and the decision to adjust the total monthly production by an increase of 432 thousand b / d, until the production cuts are gradually phased out, which is expected to be achieved in September 2022.

The Russian-Ukrainian crisis has proved what the Secretariat General had previously warned of that the insufficient current investments in the oil and gas sector will have undesirable consequences in energy markets. In addition, there is a dire need to support these investments to return to pre-COVID19 levels, as the pandemic led to their decline by 30% during 2020. Also, work should continue to reduce the carbon footprint in this sector as well as encourage investments in renewable energy sources and hydrogen.

In this vein, the Secretariat General stresses the importance of OPEC + role to ensure the stability of the oil market and to avoid further shortages in oil supplies and increased fluctuations in energy prices in general. This helps achieving a smooth energy transition in a sustainable manner, which is a fundamental pivot that will be under focus during the Climate Summit “COP 27” scheduled to be held in Sharm El Sheikh, Arab Republic of Egypt, during November 2022.

Ali Sabt Ben Sabt
OAPEC Secretary General

OAPEC WELCOMES SIGNING OF AL DORRA GAS FIELD DEVELOPMENT DOCUMENT

OAPEC Secretary-General HE Ali Sabt Ben Sabt welcomed the signing of the document for the development of the offshore Al Durra gas field in the Arabian Gulf between **His Royal Highness Prince Abdulaziz bin Salman bin Abdulaziz Al Saud, Minister of Energy of the Kingdom of Saudi Arabia, and his counterpart His Excellency Dr. Mohammed Abdul Latif Al Faris, Minister of Oil and Minister of State for Cabinet Affairs in the State of Kuwait.** Ben Sabt lauded the importance of this step to enhance and consolidate the existing cooperation between the two brotherly countries in various vital sectors. The signing of this document comes in implementation of the memorandum of understanding signed by the Kingdom of Saudi Arabia and the State of Kuwait on 24 December 2019, which included joint action to develop and exploit the Al Durra field.

The Dorra field is expected to produce one billion cubic feet per day of natural gas and 84,000 barrels per day of condensates. Al Khafji Joint Operations Company, a joint venture between Aramco Gulf Operations Company and Kuwait Gulf Oil Company, will agree on selecting a consultant who will conduct the engineering studies necessary to develop the field in accordance with the best methods, modern technologies and practices that take into account safety, health and preservation of the environment.

SEMINAR ON RUSSIAN-UKRAINIAN CRISIS DEVELOPMENTS & THEIR REPERCUSSIONS ON GLOBAL OIL MARKETS

As part of its efforts to implement the ninth clause of its role activation plan on "activating the partnership between the organization and the Oxford Institute for Energy Studies", and in light of its continuous follow-up of the latest developments in the global oil markets, OAPEC Secretariat invited Dr Bassam Fattouh, Director of the Oxford Institute for Energy Studies, on 22 March 2022, to talk about the repercussions of the Russian-Ukrainian crisis on global oil markets.

OAPEC Secretary-General, HE Ali Sabt Ben Sabt, inaugurated the event welcoming Dr Fattouh, expressing his appreciation for the existing cooperation between the institute and the organization and calling to strengthening it in the future. The event addressed the following key topics:

- Russia's importance to the global energy system
- Sanctions imposed on Russia
- Disruption and redirection of oil flow

- The repercussions of the crisis on the oil products market
- The different scenarios of the crisis development and the repercussions on oil prices, and the response of demand and supply to that
- The response of the OPEC + countries to the developments of the crisis, the response of US shale oil to the crisis, and the extent of the impact of the full return of Iranian oil
- Other relevant topics
- The event was attended by a group of specialists from OAPEC member countries, whose contributions enriched the discussion.

Our valued readers can read more details of the paper presented during the event through the following link:

https://drive.google.com/file/d/1t2dlme-Rumxfm9Voe5B2oY1OOR_yJce6/view?usp=sharing

OAPEC PARTICIPATES IN 9TH SESSION OF THE UNITED NATIONS GAS EXPERTS GROUP IN GENEVA

OAPEC Secretariat General took part in the Ninth Session of the United Nations Gas Experts Group, which was held at the United Nations Headquarters in Geneva, Switzerland, on 24-25 March 2022. The event was attended by representatives of the member countries of the European Economic Committee and the European Commission, as well as, EU and international institutions and organisations, including the International Gas Union, the Gas Exporting Countries Forum (GECF), the Hydrogen Corporation in Europe, and representatives of international oil companies, experts and academics.

The Secretariat General introduced its vision on the status of Arab countries in providing gas supplies to global markets and future prospects, by presenting a paper entitled "The Current Role and Future Prospects of the Arab Region in Meeting Europe's Gas Needs", presented by Eng. Wael Hamed Abdel Moati, Gas Industries Expert in the organisation.

The OAPEC paper indicated that the global LNG trade has grown significantly by about 7% during 2021, with a total of 380 million tons, and an operating rate of liquefaction plants of 85%, in a clear indication of the recovery of the global market from the repercussions of the Corona virus pandemic. The paper also touched upon the sharp hikes in prices in the European market, which depends by 80% on pricing in the spot market, the matter that exposes consumers to price fluctuations with any market dynamics or concerns. The

European market has also been witnessing a rise in its dependence on gas imports (from outside Europe) by 63% in 2021 compared to 37% in 1990, due to the coincidence of a decline in production in the Netherlands and the United Kingdom, with a recovery of European demand for gas.

The Arab countries are the second largest exporter of gas to Europe, as the Arab countries' exports of natural gas via pipelines from Algeria and Libya, and liquefied natural gas (from Qatar, Algeria and Egypt) constituted a total share of 14% of the total gas supplies in Europe in 2021. A range of LNG projects are under currently execution, including the expansion of a field in Qatar with a capacity of 49 million tons / year, and the "Torto Ahmeim" project in Mauritania with a capacity of 5 million tons / year. These projects will contribute to raising the export capacity of LNG in the Arab region from 138 million tons / year to 193 million tons / year by 2027, at a total rate of 40%, which will enable it to increase its exports of liquefied natural gas to the European and global markets if new agreements were signed in a way that ensures mutual benefits.

It is worth noting that OAPEC has been participating in meetings of gas experts at the United Nations since 2016 in order to boost cooperation with international institutions, present its vision regarding the most prominent developments in global gas markets, and exchange views on energy issues of common interest.

EMIR OF KUWAIT LAUNCHES KNPC CELEBRATIONS ON FULL OPERATION OF CLEAN FUEL PROJECT

Under the patronage and in the presence of His Highness the Emir of the State of Kuwait, Sheikh Nawaf Al Ahmad Al Jaber Al Sabah, Kuwait National Petroleum Company (KNPC) held a celebration on the occasion of the full operation of the clean fuel project at Mina Abdullah Refinery on 22 March 2022. The ceremony was attended by His Highness the Crown Prince of the State of Kuwait, Sheikh Mishaal Al Ahmad Al Jaber Al Sabah; His Highness the Prime Minister Sheikh Sabah Al Khaled Al Hamad Al Sabah; Deputy Prime Minister, Minister of Oil and Minister of State for Cabinet Affairs HE Dr. Mohammad Abdullatif Al Faris, His Royal Highness Prince Abdulaziz bin Salman bin Abdulaziz Al Saud, Minister of Energy of the Kingdom of Saudi Arabia, in addition to the Vice Chairman and CEO of the Kuwait Petroleum Corporation (KPC), Sheikh Nawaf Saud Al Nasser Al Sabah; the CEO of the Kuwait National Petroleum Company, Eng. Walid Khaled Al Reshaid Al Bader, and a group of senior officials and workers in the field.

His Highness the Emir inaugurated the full operation of the clean fuel project and unveiled the commemorative plaque.

Minister Al Fares delivered a speech on the occasion, in which he explained that the clean fuel project is one of the most prominent major projects in the history of the oil sector. Within its framework, the Mina Al Ahmadi and Mina Abdullah refineries witnessed a vast and unprecedented revamp and development process in order to enable the refineries to produce high-quality petroleum products that meet international environmental standards and requirements. He said that this pioneer project translates the state's orientation towards transforming Kuwait into an economic hub of attraction. He added that the project stems from the most important KPC strategic objective, which is to achieve optimal exploitation of the country's oil wealth, "as the project contributes to increasing the profitability of our products, opening new global markets, and enhancing Kuwait's leadership in the global oil industry."

KNPC CEO, Eng. Walid Khalid Al Rasheed Al Bader then delivered a speech in which he stated that KNPC executed the clean fuel project with the aim of keeping pace with the new global environmental standards and in order to be able to produce high-quality petroleum products that meet the needs

of the local market and pave the way to enter new global markets that contribute to strengthening Kuwait's position in the global oil refining industry. He explained that the production capacity of this vital project is 800,000 barrels per day distributed between the Mina Abdullah and Mina Al Ahmadi refineries. He added that this volume will be added to the expected production of Al Zour refinery (after its operation), which amounts to about 600,000 barrels per day, therefore the refined crude oil volume will witness a significant increase to reach one million and four hundred thousand barrels per day for the three refineries, which means raising operational efficiency, developing processing capacities as well as optimizing the exploitation and achieving the best value and the highest possible return for hydrocarbon resources.

KUWAIT & SAUDI ARABIA SIGN AL DORRA GAS FIELD DEVELOPMENT DOCUMENT

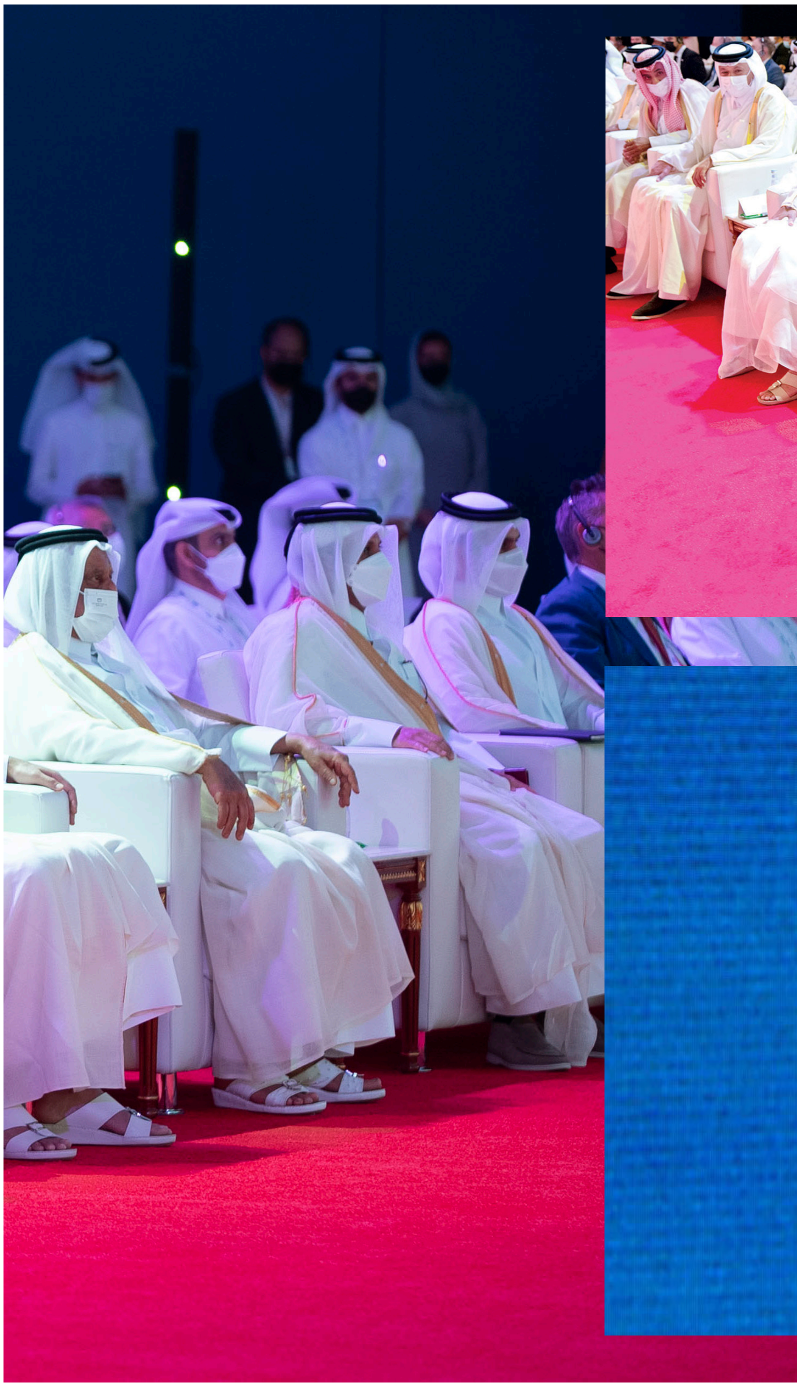
During a meeting held in the Kuwaiti capital recently, Saudi Arabia's Energy Minister HRH Prince Abdulaziz bin Salman Al Saud and his Kuwaiti counterpart HE Dr Mohammed Al Fares, Minister of Oil and Minister of Electricity and Water and Renewable Energy signed a "minutes of meeting" document to develop Al Dorra offshore gas field.

The signing of this document comes in implementation of the memorandum of understanding signed by the Kingdom of Saudi Arabia and the State of Kuwait in 2019, which included joint action to develop and exploit the Al Durra field.

The Dorra field is expected to produce one billion cubic feet per day of natural gas and 84,000 barrels per day of condensates. Al Khafji Joint Operations Company, a joint venture between Aramco Gulf Operations Company and Kuwait Gulf Oil Company, will agree on selecting a consultant who will conduct the engineering studies necessary to develop the field in accordance with the best methods, modern technologies and practices that take into account safety, health and preservation of the environment. The output would be a 50/50 share between the two countries.

QATAR LAUNCHES BARZAN GAS PROJECT

His Highness the Emir of the State of Qatar Sheikh Tamim Bin Hamad Al Thani inaugurated, on 15 March 2022, the Barzan Gas project that is expected to produce 1.4 billion cubic feet of methane per day. In a speech at the opening ceremony, the Qatari Minister of State for Energy Affairs, Managing Director and CEO of Qatar Energy, (Eng.) Saad Al Kaabi, said the project is one of the most important energy ventures in Qatar. “It will add a high-quality value in meeting our local needs of natural gas and in supporting comprehensive and economic development of the state,” he said. “We have achieved one of our continuous goals for the optimal exploitation of the North Field by



providing energy needed for electricity, water, and large development projects in the country, in addition to the facilities for hosting the FIFA World Cup Qatar 2022 and other important and strategic projects," Al Kaabi added.

In addition to methane, the project will produce 1,920 tons of ethane per day as a feedstock for the local petrochemical industries, liquefied petroleum gas in the form of 864 tons of propane per day and 677 tons of butane per day for international export. The project will also produce 5,600 barrels of factory condensate per day for international export, 24,200 barrels of untreated field condensate per day delivered to the Laffan Refinery, and 3,565 tons of liquid sulfur daily. (KUNA)

AGREEMENT SIGNED BETWEEN SAUDI ARAMCO AND THE EGYPT'S RED SEA NATIONAL REFINING AND PETROCHEMICALS COMPANY

Aramco signed a non-binding agreement with Egypt's Red Sea National Refining and Petrochemicals Company for a long-term crude oil supply for its planned refinery complex with a provision for offtake of refined and petrochemical products. Under the agreement, Aramco will supply 100,000 barrels per day of Arabian Crude into its Refining and Petrochemical complex, which is expected to be built at the Suez Canal Economic Zone in Ain Sokhna. This comes within the framework of the plan of the Arab Republic of Egypt to meet the needs of the local market for petroleum and petrochemical products, and to enhance export opportunities for these products, with investments amounting to about $7.5 billion, with a refining capacity of 4 million tons per year of crude oil to produce 2.8 million tons per year of petrochemical products and about 930 thousand tons annually of high-quality petroleum products. The complex is expected to be completed by the end of 2024.

The agreement will pave the way for Aramco to buy end products from this project, most importantly polymers, including polyethylene, polypropylene, and polyethylene terephthalate used in the production of plastic packaging, a number of intermediate products, aromatic solvents, and some petroleum products, such as jet fuel and low-sulfur diesel fuel.

The Red Sea National Petrochemicals Company (Red Sea Co.) was established to meet the needs of the local market for refined and petrochemical products in addition to creating export opportunities for these products. The planned petrochemical refinery is expected to have a liquid-to-chemical conversion rate of around 60-70%, which goes in line with Aramco›s strategy to increase the conversion rates of crude oil into chemical products. (SPA and others)

منظمة الأقطار العربية المصدرة للبترول
أوابك

APICORP BECOMES MENA'S FIRST FINANCIAL INSTITUTION TO RECEIVE A SOLICITED SUSTAINABILITY RATING FROM MOODY'S ESG SOLUTIONS

The Arab Petroleum Investments Corporation (APICORP), an OAPEC joint venture, announced on 20 April 2022 that it has become the first MENA financial institution to receive a solicited sustainability rating from V.E., part of Moody's ESG Solutions.

In its report, Moody's ESG Solutions noted that the 'A2' assigned to APICORP is based on its capacity and willingness to integrate ESG factors into its strategy, operations, and risk management, which were formalized in its ESG policy framework.

Commenting on the rating, Dr. Ahmed Ali Attiga, CEO of APICORP, said: "I am proud that APICORP's extensive work in mainstreaming sustainability across its operations has been recognized with this 'A2' Sustainability Rating. Having such a reputed, independent, third-party assessment of our progress positions us as an exemplar for best practices in ESG integration and a prime enabler of green financing to achieve a balanced, responsible

energy transition across the MENA region."

Notably, Moody's reported that APICORP's share of project financing in renewables and other areas of climate finance has increased over the last three years by 10 percentage points to reach 13%, indicating continued future growth. The near-term progress is buoyed by its successful debut green bonds in 2021, which aligns with its strategic dedication is to combat climate change through its lending and financing practices.

With good governance and its energy transition agenda, APICORP developed new protocols to oversee its green financing work, including establishing a cross-functional green bond committee to ensure that projects funded through its green issuances are properly aligned.

"The rating reflects APICORP's commitment to sustainable and inclusive development. Our green bond issuance, for example, enables us to provide new avenues for investment in projects that further the accessibility of safe, affordable, and renewable energy sources for communities. Furthermore, these projects will be governed by globally benchmarked ESG standards in terms of climate change mitigation, sustainable use of water resources, the transition to a circular economy, pollution prevention and biodiversity preservation," Dr.

THE SUSTAINABILITY RATING REFLECTS APICORP'S SUCCESSFUL INTEGRATION OF ESG FACTORS INTO ITS STRATEGY, OPERATIONS, AND RISK MANAGEMENT

THE RATING ALSO RECOGNIZES APICORP'S COMPREHENSIVE ANTI-CORRUPTION, ANTI-MONEY LAUNDERING, NON-DISCRIMINATION, AND GENDER DIVERSITY PROTOCOLS

Attiga added.

Moody's' assessment also points towards an 'advanced performance in the company's non-discrimination and diversity practices', borne out in a sustained rise of women in management positions, which has increased by 20 percentage points from 2018 to 2020 to reach 24%.

The report also comments on APICORP's performance in corruption prevention, which is noted as 'advanced', with comprehensive commitments and internal controls to prevent fraud and business ethics risks. The report stated that APICORP's formalized corporate governance framework covers all recommended features in different Board-related charters, HR policy, and risk management charter.

Monthly Report on Petroleum Developments in The World Markets

Monthly Report on Petroleum Developments In The World Markets April 2022

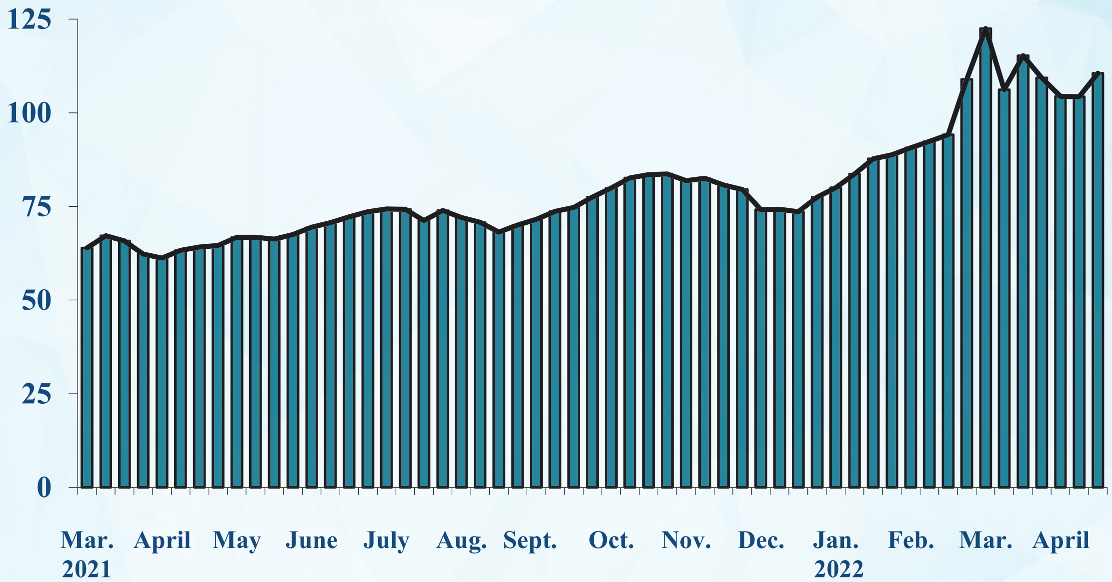
First: World Oil Markets

1. Oil Prices

OPEC primary estimates indicate that OPEC Reference Basket price decreased in April 2022 by 7.1% compared to the previous month, to reach $105.4/bbl. While annual price of OPEC Basket is estimated to increase in 2022 by 42% compared to 2021, to reach $99.3/bbl.

It's worth mentioning that, OPEC Reference Basket increased in March 2022 by 20.8% or $19.5/bbl compared to the previous month, to reach $113.5/bbl. This is mainly attributed to strong physical crude oil market fundamentals, amid rising concerns about possible oil supply shortages in the wake of escalating geopolitical tensions in Eastern Europe, as well as supply disruptions in the Caspian.

Weekly Average Spot Prices of OPEC Basket of Crudes, 2021-2022 ($/bbl)



Source: OPEC, Monthly Oil Market Report, Various issues.

2. Supply and Demand

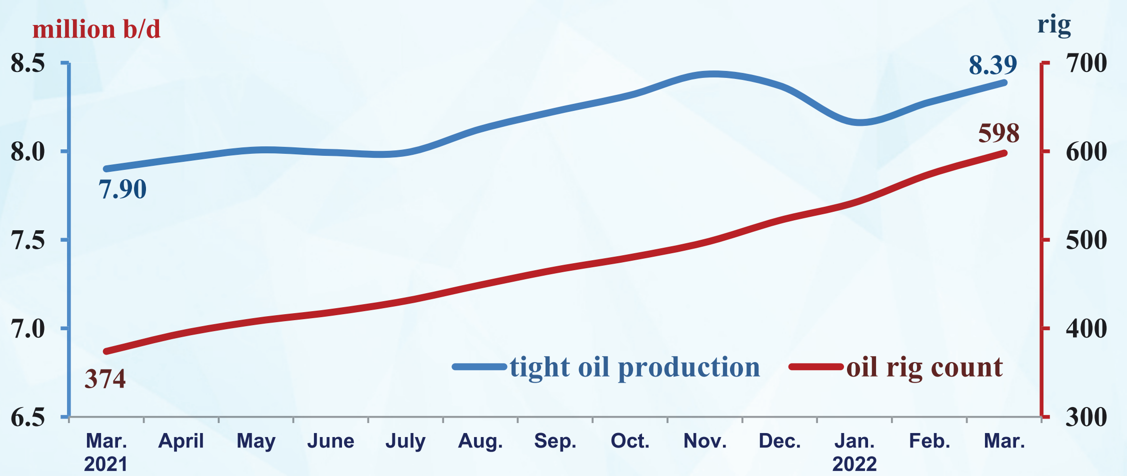
- Primary estimates indicate that world oil demand is decreased in Q1 2022 by 1.2% compared with previous quarter, to reach 99 million b/d. As demand in OECD countries decreased by 3.3% to reach 45.2 million b/d. Whereas demand in Non-OECD countries increased by 0.7% to reach 53.8 million b/d.

Projections indicate that world oil demand is expected to increase in Q2 2022 to reach 99.1 million b/d. As Demand in OECD countries is expected to increase to reach 45.8 million b/d. Whereas demand in Non-OECD countries is expected to decrease to reach 53.3 million b/d.

- Primary estimates indicate that **world** crude oil and NGLs/condensates total supplies in March 2022, increased by 122 thousand b/d or 0.1% comparing with previous month level to reach 99.5 million b/d. Non-OPEC supplies increased by 0.1% to reach 65.7 million b/d, and OPEC supplies increased by 0.2% to reach 33.8 million b/d.
- **OPEC+** crude oil total supplies in March 2022, is increased by 16 thousand b/d, or 0.04% comparing with previous month level to reach 39.9 million b/d. Non-OPEC supplies, which are members in OPEC+, decreased by 0.6% to reach 15.7 million b/d. Whereas OPEC-10 supplies, which are members in OPEC+, increased by 0.3% to reach 24.2 mb/d.

- US tight oil production increased in March 2022 by 111 thousand b/d compared to previous month level to reach 8.388 million b/d. Production is expected to continue rising in April and May 2022 to reach 8.649 million b/d. On other development, US oil rig count increased in March 2022 by 24 rigs, to stand at 598 rigs.

US tight oil production and oil rig count

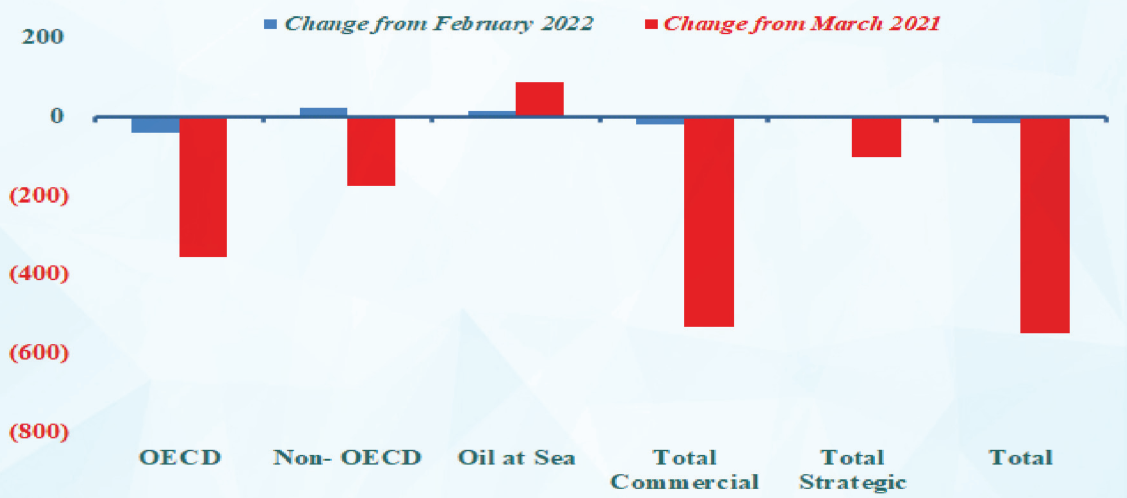


Source: EIA, Drilling Productivity Report for key tight oil and shale gas regions April 2022.

3. Oil Inventories

- OECD commercial inventories in March 2022 decreased by 43 million barrels from the previous month level to reach 2568 million barrels, and strategic inventories decreased by 8 million barrels from the previous month level to reach 1748 million barrels.

Change in Global Inventories at the End of March 2022 (million bbl)



Source: Oil Market intelligence, June 2021 and April 2022.

4. Oil Trade

US Oil Imports and Exports

- US crude oil imports in March 2022, increased by 2.7% from the previous month level to reach about 6.4 million b/d, and US crude oil exports increased by 13.6% to reach about 3.4 million b/d.
- US petroleum products imports in March 2022 decreased by 4.2% from the previous month level to reach about 2.1 million b/d, whereas US petroleum products exports increased by 26.9% to reach 5.9 million b/d.

Second: Natural Gas Market

1. Prices

- The average spot price of natural gas at the Henry Hub increased in March 2022 to reach $4.9/million BTU.
- The price of Japanese LNG imports in February 2022 increased by $2.15/m BTU to reach $15.88/m BTU. Whereas the price of Korean LNG imports decreased by $5.64/m BTU to reach $16.22/m BTU, the price of Taiwan LNG imports decreased by $6.64/m BTU to reach $14.64/m BTU. And the price of Chinese LNG imports reaches $12.97/m BTU.

2. Exports

Arab LNG exports to Japan, South Korea and Taiwan were about 4.421 million tons in February 2022 (a share of 25.9% of total imports).

Tables Annex