

Organization of Arab Petroleum Exporting Countries

# OAPEC

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## ROLE OF ENERGY SECURITY IN SECURING PETROLEUM INDUSTRY'S FUTURE

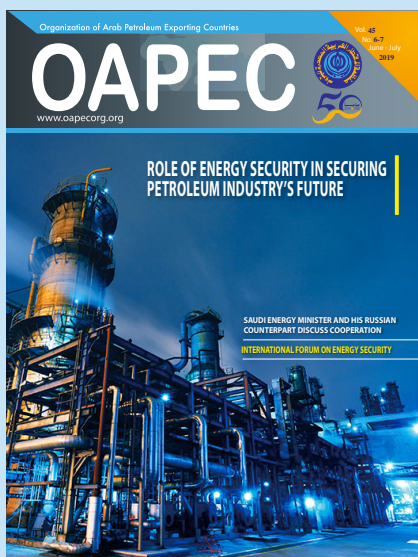
SAUDI ENERGY MINISTER AND HIS RUSSIAN  
COUNTERPART DISCUSS COOPERATION

INTERNATIONAL FORUM ON ENERGY SECURITY





## The Cover



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## 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.



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INTERNATIONAL FORUM ON ENERGY SECURITY

#### • 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.



## ROLE OF ENERGY SECURITY IN SECURING PETROLEUM INDUSTRY'S FUTURE

For long decades, the petroleum industry has been playing a key role in the economic and social development of the oil producing and exporting countries as well as oil importing and consuming countries. Years have only proven that oil is a key strategic commodity and the main drive for the global economy now and for long decades to come. Petroleum is the most proper fuel in terms of production costs and price. Therefore, global energy- which means sustainable and uninterrupted supplies reaching consumption regions around the world- emerged as an ultimately important issue. In this regard we would like to stress that the concept of energy security should include the other side of the coin, that is, the security of demand. This is in order to provide further guarantee for investments and mega projects executed by oil and gas producing countries to secure their petroleum exports.

At this point it is important to highlight the important status of

OAPEC member countries in the world's oil and gas markets. The member countries have about 705 billion barrels of proven crude oil reserves (representing 48% of the world's total). Their crude output was around 24.7 million barrels/day in 2018 (representing 28% of the world's total). As for natural gas, OAPEC members have about 53 trillion cubic metres of proven reserves (about 26.4%) of the world's total.

There are numerous risks that threaten energy security whether technical, geological, technological, economic, environmental or geopolitical. At the same time, policies that can be followed to reduce these risks vary. There are many measures that can help promoting energy security in general, including improving the efficiency of energy use and exploiting renewables as complementary energy resources.

Arab countries face various significant energy industry challenges, including the high annual growth of demand for electricity, a matter that



calls for raising awareness on energy conservation in the society and securing these countries' power needs through encouraging and attracting Arab and foreign investments. This is in addition to supporting and accelerating the pace of executing signed technical and commercial agreements on electricity interconnection between Arab countries to cut capital and operational power production costs to meet future demand in the Arab world that is expected to grow at high rates on the one hand and to save primary energy on the other hand.

OAPEC Secretariat General has given special attention to energy security through its specialised studies and research papers. In this regard, we would also like to stress the importance of boosting cooperation between Arab, regional, and international organisations and institutions specialized in energy in order to facilitate reaching out to clean energy research and technology, including renewables, efficiency of advanced and cleaner energy and fossil fuel technology like the CCS, as

well as, encouraging energy and clean energy technology infrastructure investments in order to provide modern and sustainable energy for all.

While following up energy security developments- both regionally and internationally-, OAPEC Secretariat General hails the huge efforts of its member countries and their vital role in maintaining the stability of the global energy market through supplying the rest of the world with safe and stable oil and gas supplies, as well as, their nonstop endeavours to boost dialogue and cooperation with importing countries by being present at international forums on energy, especially oil and gas. OAPEC reiterates that boosting cooperation and dialogue between petroleum stakeholders (i.e. producers, consumers, and investors) would actively contribute to facing the energy industry's challenges, especially economic, in terms of oil and energy price volatility in the world markets, in addition to helping with expertise and technology transfer and exchange to achieve energy security.



## SAUDI ENERGY MINISTER AND HIS RUSSIAN COUNTERPART DISCUSS COOPERATION



The sixth meeting of the Saudi-Russian Joint Committee on Trade, Economic and Scientific Cooperation was held in Moscow under co-chairmanship of Saudi Minister of Energy, Industry and Mineral Resources HE Eng. Khalid bin Abdulaziz Al Falih and Russian Energy Minister HE Alexander Novak.

During the meeting, they discussed the main issues of trade and economic cooperation between the Kingdom and Russia, including improving the regulatory framework, enhancing economic and investment cooperation, joint projects in the fields of energy, industry and agriculture, in addition to following up the implementation of the projects agreed upon at the previous meetings of the Joint Committee. In a joint press conference with his Russian counterpart, Minister Al Falih hailed the bilateral relations

and said that both Russian national projects and the Kingdom's Vision 2030 represent new motives, strong momentum and wider dimensions of joint efforts due to the similarity and integration potentials between the two plans in terms of aspiration to realize the ambitions of both countries and their peoples to reach high and unprecedented levels of achievement, progress, prosperity and sustainability. On his part HE Novak expected Moscow and Riyadh to conclude various agreements this year, most prominent of which in the energy sector. He also affirmed the cooperation and integration between the two countries covered many rich areas of common interest, including projects in petrochemicals and gas liquefaction, as well as, agriculture in Russia. He underscored that KSA is an important partner in the Gulf region.

# IRAQ, OMAN INK MOU ON OIL AND GAS COOPERATION



Iraq and Oman have signed a memorandum of understanding (MoU) to boost cooperation in the oil and gas sector. The Iraqi Deputy PM for Energy Affairs and Oil Minister, HE Thamer Ghadhban, and Oman's Oil Minister HE Dr Mohammed Al Rumahi represented their countries at the signing ceremony.

HE Al Ghadhban reaffirmed Iraq's keenness on strengthening its relations with its neighbouring and Arab countries to contribute to the development of the oil and gas industry in his country.

He added that the agreement will allow Iraq to export crude oil to and import petroleum products from Oman adding that the MoU aims at studying the possibility of building a shared oil refinery in the Sultanate of Oman to process the

crude oil imported from Iraq. The two countries will also explore prospects of cooperation and investment in the exploration and production of crude oil and natural gas, as well as refining, manufacturing, storing, and marketing crude oil and petroleum products.

He stated that the MoU also included transferring modern technology, exchanging information and expertise, boosting technical cooperation, conducting joint research, workshops, seminars, and training courses in the various cooperation aspects.

On his part, HE Al Rumahi said that his country is keen on developing relations with Iraq in all aspects; the MoU is just one aspect of cooperation and "we will work on boosting and developing these relations to serve the common interests of both countries."





## HE AL FADHEL: KUWAIT PLANS OIL DEAL WITH IRAQ

Kuwait's Oil, Electricity and Water Minister HE Dr Khaled Al Fadhel said his country plans to sign an oil agreement with Iraq upon completing a study concerning the potential production of northern oilfields. Following talks with the Iraqi side on the sidelines of the recent state visit to Iraq by Kuwait's Emir HH Sheikh Sabah Al Ahmad Al Jaber Al Sabah, HE Al Fadhel added that a joint agreement will be signed with the Iraqi side after the Kuwait Oil Company completes a study about the production of the shared oilfields in northern Kuwait.

He explained that the talks also tackled bilateral cooperation in the oil and electricity sectors with serious measures to connect Iraq to the GCC Electricity Interconnection Network.





## HE EL MOLLA PARTICIPATES IN CONFERENCE ON NATURAL GAS IN THE MEDITERRANEAN



Egypt's Petroleum and Mineral Resources Minister HE Eng. Tarek El Molla took part in a strategic debate as part of day 3 of the conference on the "Natural Gas in the Mediterranean" under the title the "Role of LNG in Securing Gas Supplies in the Mediterranean" in Paris, France. The conference was organized by the Observatoire Méditerranéen de l'Energie (OME) in cooperation with the European Union (EU).

The Minister showcased Egyptian efforts in supporting regional cooperation to exploit gas resources in East Mediterranean pointing out to the launch of the first forum that includes gas producing countries in the East Mediterranean in January 2019. The forum comprises of 7 countries from the region. He explained that the door is open for all Mediterranean countries to join the forum.

HE. El Molla also clarified that the Egyptian petroleum and gas industry is witnessing positive changes in terms of investment. He said that it is a strong indication of the success of the reform plans in attracting global companies to conduct exploration operations in Egypt for the first time and increasing the number of global investments. He added that the petroleum and gas sector has done various reforms to improve its ability to attract investment and achieve Egypt's national goal of transforming the country into a regional hub for petroleum and gas trade.

He stressed that these reforms are taking place in all aspects in parallel with legislative reforms (including: a law regulating the gas market activities and the establishment of an independent apparatus to regulate the market). This is in addition to implementing various solutions to reduce debts and accumulated payments of foreign partners (pending for years), which have been a source of concern to foreign companies and a great challenge to the Egyptian Government. HE El Molla said that the reforms have been done urgently without delay which attracted the attention of the whole world.



# SAUDI ARABIA JOINS WEC24



The Kingdom of Saudi Arabia signed a contract to participate in the 24th World Energy Congress in Abu Dhabi, UAE, on 9-12 September 2019. The contract was signed by His Excellency Dr Matar Al Neyadi, Undersecretary at the UAE Ministry of Energy and Industry and Chairman of the UAE Organizing Committee and His Excellency Dr. Yasir Al Turki, Advisor to the Deputy Minister for Electricity Affairs at the KSA Ministry of Energy, Industry and Mineral Resources and Secretary of the Saudi Arabia National Committee of the World Energy Council, in the presence of senior officials.

In a press statement, HE Dr Al Neyadi said that the contract signed with Saudi Arabia represents a great addition to the WEC24 and the participating companies. The Saudi energy sector is important worldwide and being present at the WEC24 with 22 companies under one stand gives

the participants the opportunity to explore the Saudi expertise in this vital sector.

He added that Saudi Arabia's energy sector is growing and advancing in many aspects whether oil, gas, renewables, or energy efficiency. He drew the attention to the many important programs and initiatives that have been highlighted by the Kingdom's 2030 Vision.

HE Al Neyadi pointed out that Saudi Arabia will showcase advanced Saudi energy technology and research in hydrogen, CCS, vehicle development and smart and sustainable cities.

He said he was pleased with the participation of Saudi Arabia through its Energy Ministry and energy leaders as speakers including, HE Eng. Khalid A. Al Falih Minister of Energy, Industry and Mineral Resources, and HE Amin Bin Hassan Nasser, President and CEO, Saudi Aramco, and other Saudi experts.

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## SONATRACH EXTENDS GAS SUPPLY CONTRACT WITH ENEL



Algeria's Sonatrach and Italy's Enel agreed to extend their current gas supply contract, set to expire at the end of 2019. The agreement provides for an eight-year supply from Algeria, with effect as of 1 January 2020.

Sonatrach CEO Rashid Hashishi said renewing the contract puts his company in an important position in the Italian gas market as Sonatrach would pump over 12 billion cubic metres of gas/year into Italy via Eni and Enel through the Trans-Mediterranean Enrico Mattei Pipeline from Algeria via Tunisia to Italy.

It is worth mentioning that on 16 May 2019, Sonatrach have renewed Italy's Eni contracts for the supply of Algerian gas to Italy for ten years from 2020 onwards, and in quantities set at 9 billion cubic meters annually. On 11 June 2019, it also renewed contract for the export of gas to Portugal through the Portuguese company "Ghalib" for another ten years from the beginning of 2020 onwards, for quantities up to 2.5 billion cubic meters per year. Also, during 2018, it renewed gas supply contract with Spain for another 9 years as of 2019 in quantities set at about 85 billion cubic meters per year.

Algeria supplies Europe with gas through 3 pipelines: the first towards Italy via Tunisia to Sicily; the second to Spain via Morocco; and the third to Spain's Almeria via coastal Bani Saff.



# EGYPT'S ENPPI WINS NEW SAUDI PROJECT TENDER



Egypt's Petroleum and Mineral Resources Minister HE Eng. Tarek El Molla underscored that Egyptian companies' winning of new tenders outside Egypt is part of the Ministry's strategic vision to

expand the size of its companies' foreign businesses. The step aims at investing in these companies' international expertise, excellent staff, efficient performance, and previous outstanding work in executing projects inside and outside Egypt at the highest quality and in record time. He added that investing in the potential of Egyptian companies in foreign projects contributes to achieving the highest added value of the national economy, and consolidates its chances to win more projects.

The Minister's statements came on the occasion of ENPPI's winning a major global tender for a new petrochemical project in Saudi Arabia to treat crude oil aiming to increase production rates that is worth more than half a billion US dollars, after competing with a number of Saudi and international companies. The ENPPI would carry out the basic and detailed specifications of the project and buy the implementation works, pre-operating and operating-aid work. The total volume of ENPPI's work in oil projects in Saudi Arabia will reach more than US\$1.25 billion after the implementation of this project. The project represents a new qualitative leap for ENPPI in terms of its size and the technical potentials.





## KUFPEC ANNOUNCES GAS DISCOVERY IN MALAYSIA'S SK-410B



Kuwait Foreign Petroleum Exploration Company (KUFPEC) announced that its subsidiary KUFPEC Malaysia (SK-410B) Limited, made a significant gas discovery via the first exploration well, Lang Lebah-1RDL2, drilled pursuant to the SK-410B Production Sharing Contract (PSC). Block SK-410B is located in shallow waters, nearly 90 kilometers offshore Sarawak, Malaysia covering an area of approximately 1870 sq. km in the prolific Central Luconia Gas Province.

KUFPEC Malaysia (SK-410B) Limited holds a 42.5% working interest under the PSC. The drilling of Lang Lebah-1RDL2 commenced in March 2019. This well targeted non-associated gas in the primary formation of the carbonate reservoir and was drilled to a total depth of 3,810 meters. The well encountered a gross gas column of 252 meters: the discovery is estimated to be a multi-TCF gas discovery. The well was tested in the carbonate main target reservoir with a stabilized combined flow rate of 41.3 MMSCFD and 246 barrel of condensate per day (BCPD) through 40/64-inch choke size.

KUFPEC is a wholly-owned subsidiary of Kuwait Petroleum Corporation.



# QATARGAS COMPLETES MULTI-PORT DELIVERY OF SINGLE LNG CARGO



Qatargas Operating Company (Qatargas) announced that it has successfully completed the largest ever multi-port delivery of a single cargo of liquefied natural gas (LNG) for the first time in the LNG industry's history. A Q-Max vessel safely discharge LNG at two terminals in Spain: Qatargas loaded the cargo at the Ras Laffan terminal in Qatar on the Q-Max LNG vessel 'Mekaines' on 12 May 2019. The two cargo 'parcels' were delivered to the Barcelona and Cartagena LNG terminals in Spain on 30 May and 1 June 2019 respectively.

Qatargas Chief Executive HE Sheikh Khalid bin Khalifa Al Thani stressed that Qatargas continues to deliver innovative solutions which provide greater efficiency, flexibility and optimisation of resources. He added that "This multi-port delivery further demonstrates our commitment to maintaining our leading position as the world's premier LNG company."





## INTERNATIONAL FORUM ON ENERGY SECURITY



OAPEC Secretary General HE Abbas Al Naqi took part as a keynote speaker in the International Forum on Energy Security held in Amman, Jordan, on 20 June 2019, under the slogan “Energy Security: geopolitical dimensions and sustainability of supplies.” The event was organised by the Arab Institute for Security Studies (ACIS) in collaboration with Konrad Adenauer Stiftung and the NATO Studies and Research Centre. An elite of Arab and foreign experts in the industry attended the event.





Jordan's Energy and Mineral Resources Minister HE Eng. Hala Zawati inaugurated the event by a speech reviewing current status and future prospects of the energy industry in Jordan explaining that Jordan imports 92 per cent of its energy needs with a total annual value of JD3 billion that equals 10 per cent of the Kingdom's GDP.

The minister noted that this figure constitutes a big burden to the national economy, where stakeholders of securing power provision have to ensure that the Kingdom avoids risks of power resources cuts.

She added that Jordan is connected to a gas grid with Egypt, Syria and Lebanon and is considered a transit hub, describing this connection as a "safety valve", especially after the use of a floating gas vessel that has helped diversifying gas resources.

Electric connection is a priority for Jordan that is linked through a power grid with Egypt, Syria and Palestine, Zawati said, adding that the Kingdom seeks to connect with Iraq at a time that electric connection has become essential for reducing generation costs and increasing power security.

Secretary General of the Organisation of Arab Petroleum Exporting Countries (OAPEC) HE Abbas Al Naqi said that the participation of

the organisation is part of cooperation with Arab peers that are interested in energy issues.

HE Al Naqi tackled the "Role of Energy Security in Securing Stability at Global Markets" which is the title of his paper. He highlighted the Arab electricity interconnection projects and the issue of gas in the East Mediterranean.

He added that OAPEC enjoys an important status in the international markets of oil and natural gas, mainly due to owning some 705 billion barrels of reserves that constitute 48 per cent of the international reserves. Their crude oil output was around 24.7 million barrels/day in 2018 (representing 28% of the world's total). As for natural gas, OAPEC members have about 53 trillion cubic metres of proven reserves (about 26.4%) of the world's total.

The world's total oil and petroleum products exports in 2018 was about 76 million b/d; OAPEC's stake was about 21 million b/d (or 28%). The world's total natural gas exports (LNG and gas) reached about 1134 billion cubic metres in 2018, from which OAPEC claimed about 17% (or about 188 billion cubic metres).

HE Dr Xiansheng Sun, IEF Secretary General, said that the IEF expects renewables to claim more than 70% of the global electricity generation growth, led by solar photoelectricity, followed by wind, hydropower, and biomass by 2023.



## 50<sup>TH</sup> SESSIONS OF THE UNFCCC SUBSIDIARY BODIES



The 50th sessions of the UNFCCC Subsidiary Body for Implementation (SBI) and Subsidiary Body for Scientific and Technological Advice (SBSTA) convened in Bonn, Germany, from 17-27 June 2019. More than 4500 participants attended the event.

OAPEC participated as Observer and was represented by Mr Abdul Kareem Ayed.

The Bonn Climate Change conference addressed numerous implementation issues under the Convention, the Kyoto Protocol and the Paris Agreement that is supposed to be completed in Santiago Conference, Chili, in December 2019.

**Progress has been made in a number of issues discussed including:**

- Carbon market mechanisms: The Paris Agreement (Art. 6) allows countries that so wish to engage in “cooperation” that results in reductions in CO<sub>2</sub> emissions, which can then be transferred to the international level. The rules for the application of this article are the only ones that have not been adopted by the UNFCCC within the Katowice Package. The parties presented their points of view on Art.6 to be discussed in the next COP.
- Loss and damage: The “Warsaw International Mechanism for Loss and Damage” has been established, at the request of developing countries, and is currently confined to a role of collecting and disseminating information on the subject.
- The parties agreed the reports’ schedules and



other issues in connection to transparency according to the Paris Agreement to be discussed in the next COP.

- The countries welcomed the Koronivia joint work on agriculture and organizing a workshop on land and water sustainable management; expanding the scope of practices and technologies for more flexibility and sustainable production.
- Disagreement on the future budget funding on managing the UNFCCC. Negotiations ended with a mere 5% increase for the period 2020-2021.

The parties could not introduce many issues on the membership of the Adaptation Fund’s Board of Directors nor a final common timeframe for the Nationally Determined Contributions (NDCs).

On the IPCC report that has made essential to limit global warming to 1.5°C, it was agreed that it is the science’s best knowledge and stress should not be put on the uncertainties.

The countries decided to postpone discussions on the next periodic review of the long-term global goal under the Convention.

Many technical problems remain unresolved and should be fully tackled in the next COP25 in Chili.





## MEETING DISCUSSING JOINT ARAB ECONOMIC REPORT 2019 DRAFTS

OAPEC Secretariat General took part in the meeting discussing the Joint Arab Economic Report 2019 drafts held in Abu Dhabi, UAE, from 23 to 27 June 2019. Representatives from the Arab League's Secretariat General, the Arab Monetary Fund, and the Arab Fund for Economic and Social Development took part in the event. Mr. Abdul Fattah Dandy, Director of the Economic Affairs Department, and Mr. Majed Amer, Economic Researcher from the same department, represented OAPEC Secretariat General at the meeting.

During the meeting, the drafts of the report chapters have been discussed. Some remarks have been made and it was agreed to take them into consideration upon preparing the final draft. OAPEC Secretariat General prepares Chapter 5 on oil and energy developments, which covers the general status of exploration, reserves, production (both on Arab and international levels), energy demand,



world oil stocks (commercial and strategic), oil and natural gas exports, and the value of the Arab oil exports. OAPEC also prepares the section on hydrocarbon industries in chapter 4 on the industrial sector.

The conveners underscored the importance of developing the statistical methods followed in calculating economic and social data chains. This would be done by benefitting from the Arabsat Initiative on boosting statistical skills in the Arab countries with the help of regional and international expertise.

It has also been agreed to continue developing the report's database to be shared among the institutions that prepare it. Moreover, it was advised to continue developing the methods of preparing the report both in content and form.

At the end of the meeting, it was agreed to hold the introductory meeting to discuss the 2020 report on 3-5 December 2019.

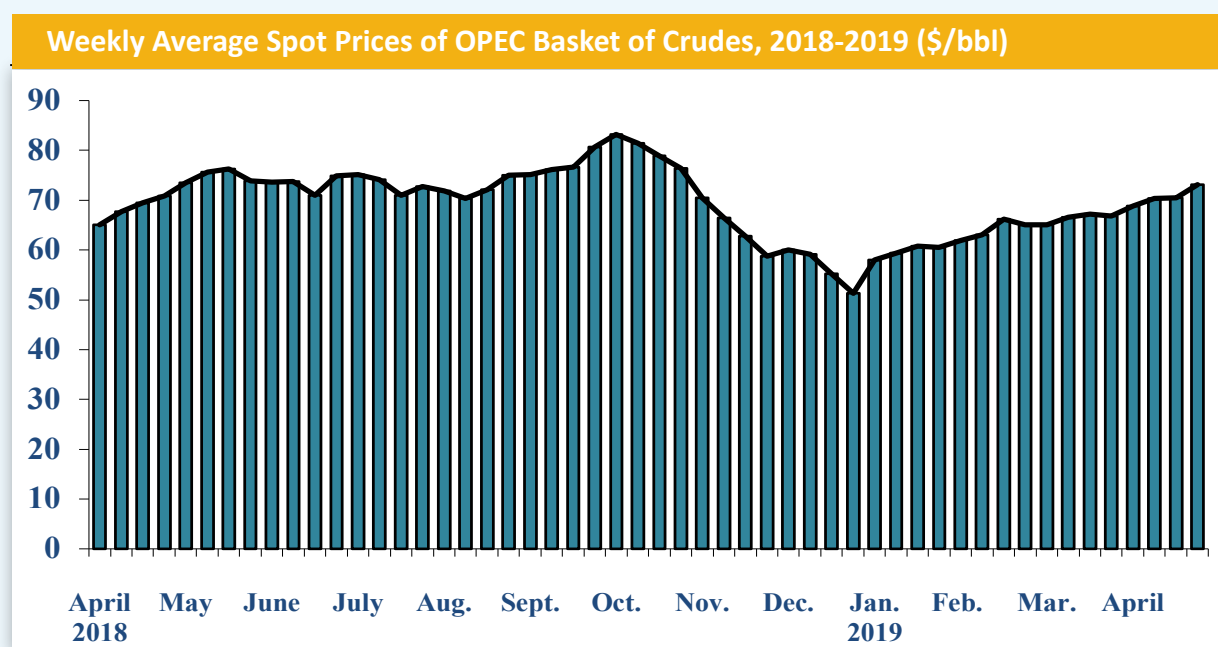


## Petroleum Developments in the World Market and Member Countries\*

### First: World Oil Markets

#### 1. Oil Prices

In April 2019, OPEC Reference Basket increased by 6.6% or \$4.4/bbl from the previous month level to stand at \$70.8/bbl. High conformity to the (OPEC+) Declaration of Cooperation, as well as strong crude demand, geopolitical risks in key oil producing regions, and Supply disruptions of Russian Urals via the Druzhba pipeline to Eastern Europe and Germany due to crude contamination by organic chlorides, were major stimulus for the increase in oil prices during the month of April 2019 to reach its highest level since October 2018.



Source: Organization of Petroleum Exporting Countries, OPEC.

#### 2. Supply and Demand

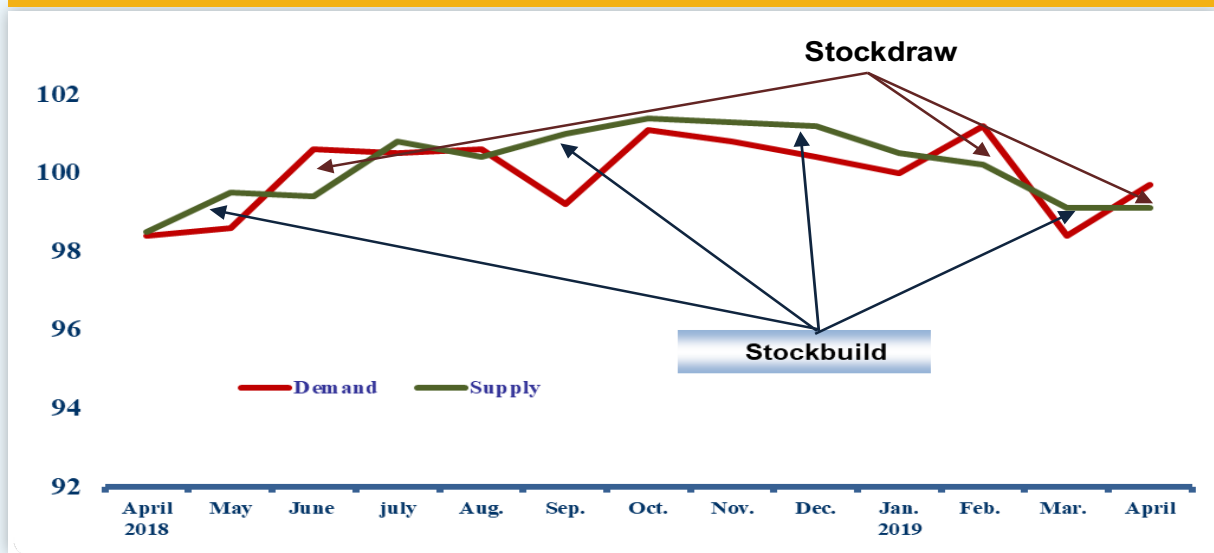
World oil demand in April 2019, increased by 1.3% from the previous month level to reach 99.7 million b/d. Demand in OECD countries decreased by 0.8% comparing with the previous month to reach 47 million b/d. Whereas demand in Non-OECD countries increased by 1.7% comparing with their previous month level to reach 52.7 million b/d.

\* Prepared by the Economics Department.



World oil supplies in April 2019, remained stable at the same previous month level of 99.1 million b/d. OPEC crude oil and NGLs/condensates total supplies decreased by 0.6% comparing with the previous month to reach 35.1 million b/d. Whereas preliminary estimates show that Non-OPEC supplies increased by 0.3% comparing with the previous month to reach 64 million b/d.

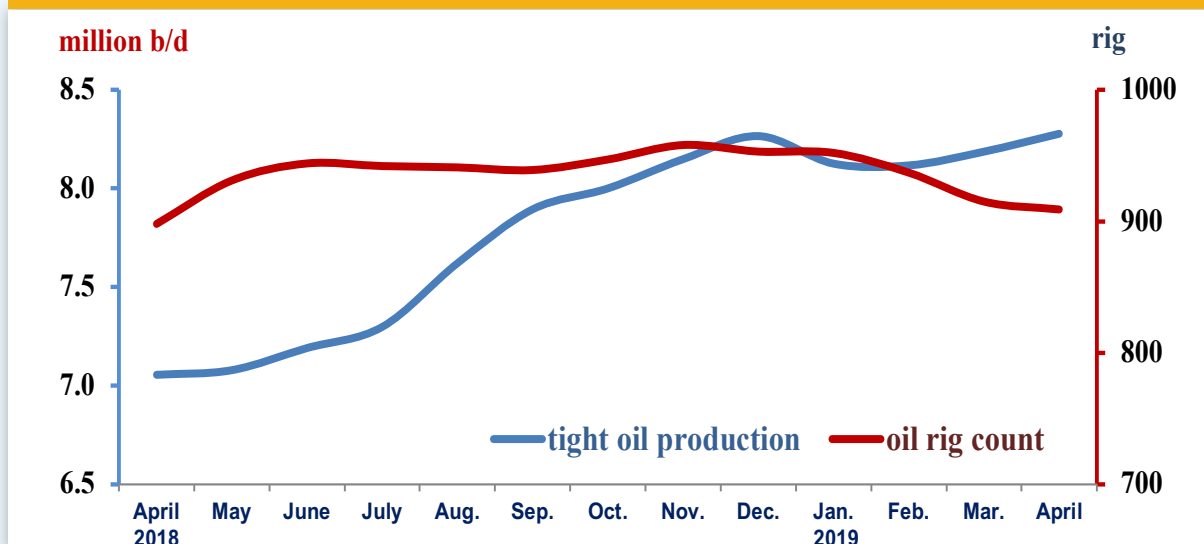
### World Oil Supply and Demand (million b/d)



Source: Energy Intelligence Briefing May 20, 2019.

US tight oil production in April 2019, increased by 1.1% to reach about 8.3 million b/d, whereas US oil rig count decreased by 6 rig from the previous month level to stand at 909 rig.

### US tight oil production and oil rig count



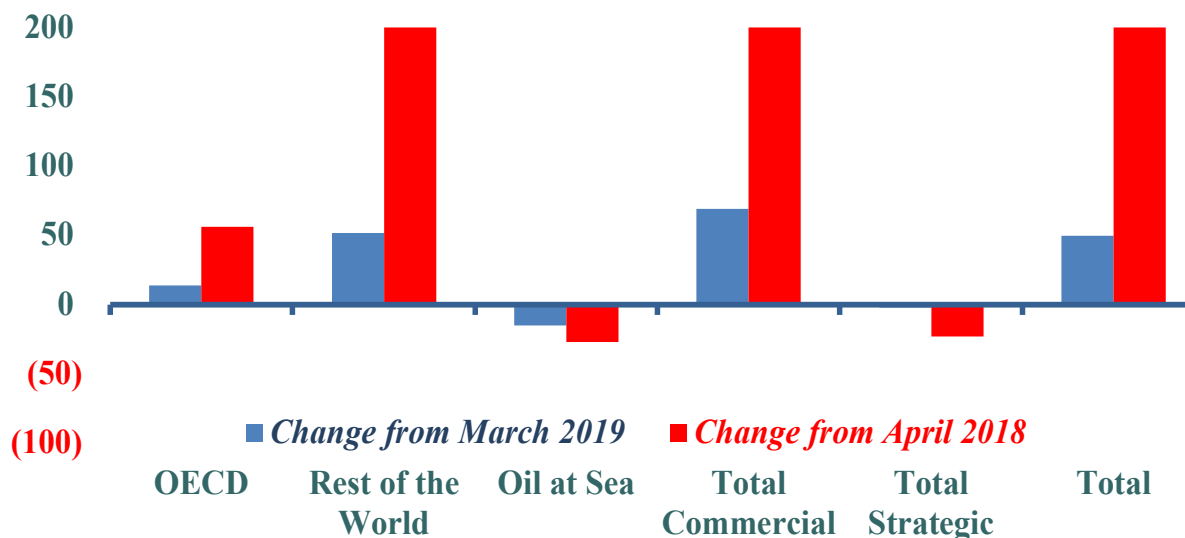
Source: EIA, Drilling Productivity Report for key tight oil and shale gas regions May 2019.



### 3. Oil Inventories

OECD commercial inventories in April 2019 increased by 14 million barrels from the previous month level to reach 2882 million barrels, whereas Strategic inventories in OECD-34, South Africa and China decreased by 2 million barrels from the previous month level to reach 1830 million barrels.

Change in Global Inventories at the End of April 2019 (million bbl)



Source: Oil Market intelligence, May 2019.

### 4. Oil Trade

#### US Oil Imports

US crude oil imports in March 2019, increased by 0.7% from the previous month level to reach 6.7 million b/d, whereas US product imports decreased by 1.5% to reach about 2.1 million b/d.

### Second: Natural Gas Market

#### 1. Prices

- The average spot price of natural gas at the Henry Hub decreased in April 2019 to reach \$2.65/million BTU.
- The Price of Japanese LNG imports in March 2019 decreased by \$0.5/m BTU to reach \$10.56/m BTU, the Price of Korean LNG decreased by \$0.9/m BTU to reach 10.86/m BTU, and the Price of Chinese LNG imports decreased by \$0.4/m BTU to reach \$10.17/m BTU.

#### 2. Exports

Arab LNG exports to Japan, Korea and China were about 2.943 million tons in March 2019 (a share of 20.8% of total imports).

## Tables Annex



