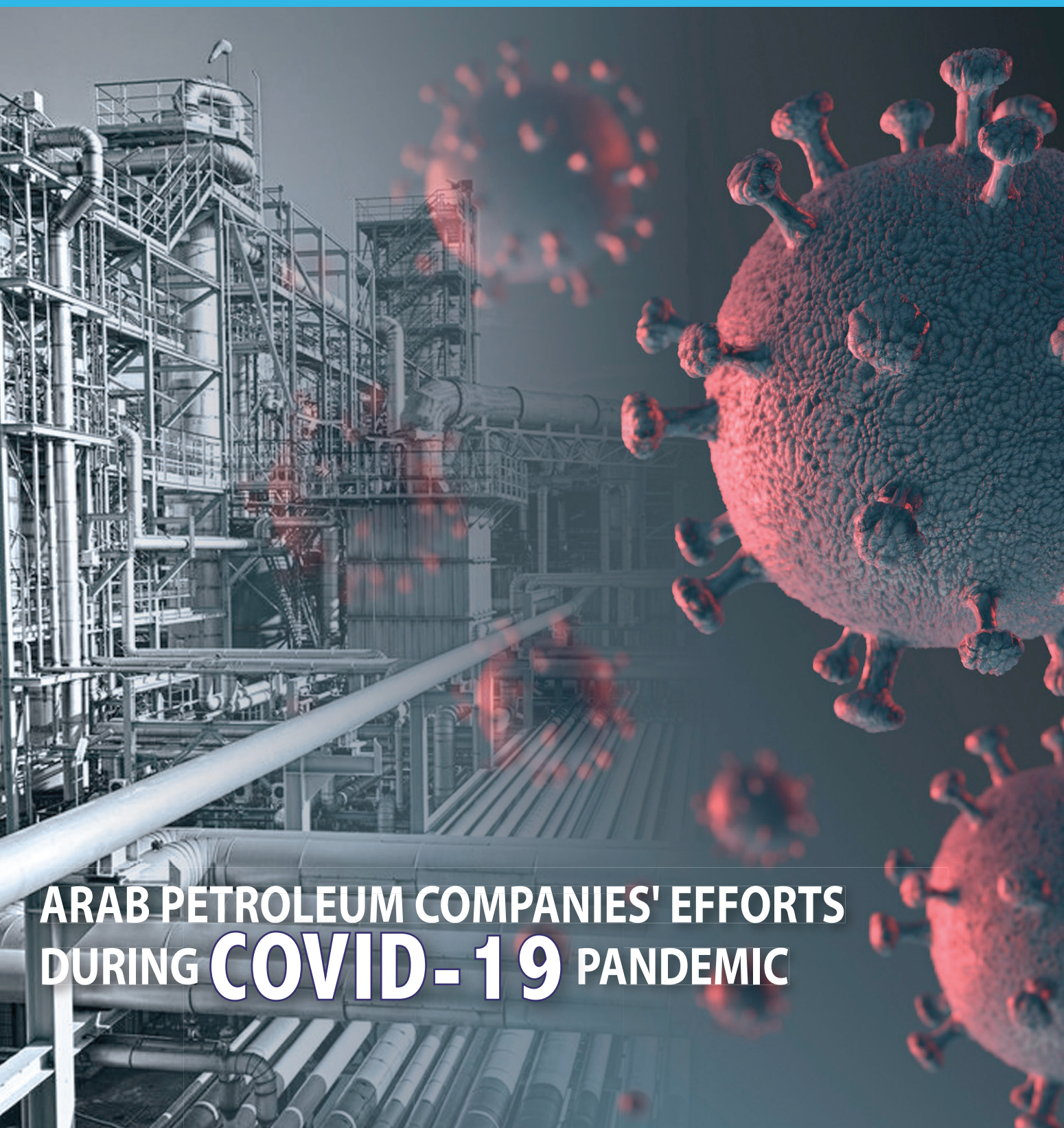


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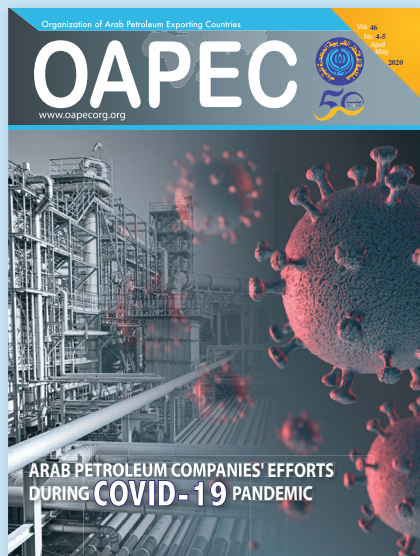
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ARAB PETROLEUM COMPANIES' EFFORTS
DURING **COVID-19** PANDEMIC



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.



BAHRAIN & ENI SIGN AGREEMENT TO BOOST ENERGY COLLABORATION

4



EGYPT SIGNS INTERNATIONAL MOUS ON PETROLEUM COOPERATION

5



6

HE ALI BENSABT ASSUMED OFFICE AS OAPEC SECRETARY GENERAL

• **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.



HE SHARIF AL OLAMA

APPOINTED UAE REP AT OAPEC EXECUTIVE BUREAU

OAPEC Secretariat General received a letter from UAE's Energy and Industry Minister HE Suhail Al Mazroui appointing the Energy Ministry's Under Secretary HE Sharif Salim Al Olama as the UAE Rep at OAPEC Executive Bureau in succession to HE Dr Matar Al Neyadi.

On his part, OAPEC Secretary General HE Ali Sabt Binsabt sent a cable of congratulation to HE Al Olama on his appointment wishing him all success in his new post and wishing the UAE further progress and prosperity.



HE DR MEDJELLED MILOUD

APPOINTED ALGERIA'S REP AT OAPEC EXECUTIVE BUREAU

OAPEC Secretariat General received, on 19 May 2020, a letter from Algerian Energy Minister HE Mohammed Arqab appointing HE Dr Medjelled Miloud, Director General for Future Studies at the Ministry, as Algeria's representative at OAPEC Executive Bureau in succession to HE Mohammed Ras El Kaff.

On his part, OAPEC Secretary General HE Ali Sabt Binsabt sent a cable of congratulation to HE

Miloud on his appointment wishing him all success in his new post and wishing Algeria further progress and prosperity.



HE ENG. NASEER JABBAR

APPOINTED IRAQ'S REP AT OAPEC EXECUTIVE BUREAU

OAPEC Secretariat General received, on 17 February 2020, a letter from Iraq's Deputy Prime Minister for Energy Affairs and Minister of Oil HE Thamer Al Ghadhban appointing HE Eng. Naseer Aziz Jabbar, Deputy Director General for Studies, Planning and Follow up Department at the Ministry, as Iraq's representative at OAPEC Executive Bureau in succession to HE Mahmoud Hashim.

OAPEC Secretariat General sent a cable of congratulations to HE Eng. Jabbar on his appointment wishing him all success in his new post and wishing Iraq further progress and prosperity.





ENERGY CONSUMPTION IN THE INDUSTRIAL SECTOR IN OAPEC MEMBER COUNTRIES

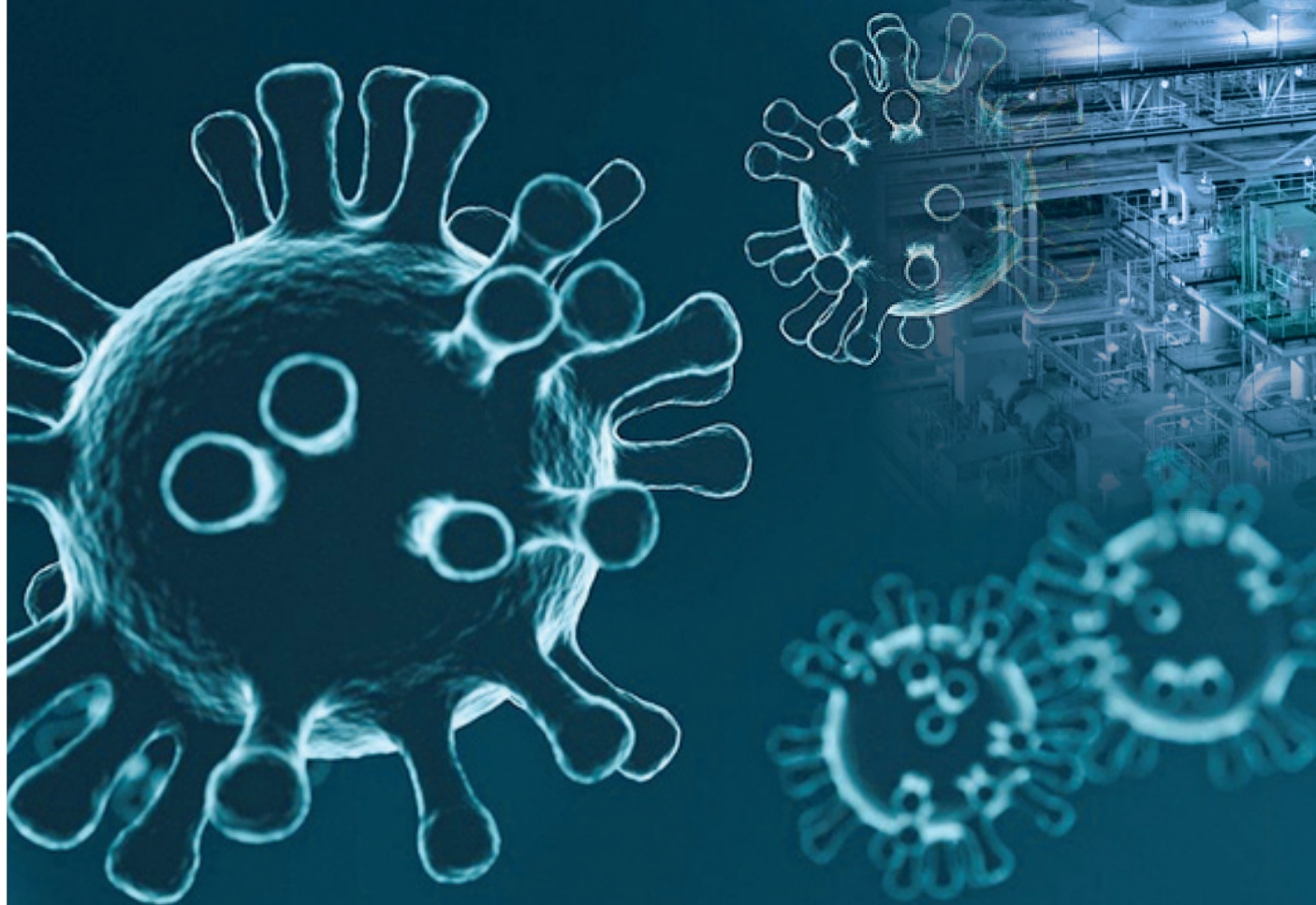
The study aims primarily to identify the volume of energy consumption in the industrial sector in OAPEC members, given the importance of this sector in terms of its contribution to the national economies of member countries, or in terms of its share in the final energy consumption in OAPEC members. This study includes eight parts. The first part provides an overview of the gross domestic product at constant prices and current prices in OAPEC member countries, in addition to the added value of the industrial sector and its share in the GDP of OAPEC members. The second part highlights energy production in OAPEC members. The third part reviews developments of final consumption in OAPEC members member countries according to various energy sources and according to economic sectors. The fourth part focuses on the final consumption of energy in the industrial

sector, according to sources, and according to the main industries that make up this sector in OAPEC member countries. The fifth part completes the picture by providing a summary of the final energy consumption in the rest of the economic sectors. The sixth section reviews energy consumption in the intermediate sector, which consists mainly of power stations, gas liquefaction plants and refineries. As for the seventh part, it gives a picture of energy production and final consumption of energy, particularly in the industrial sector and major energy-consuming industries, for each individual member. The eighth part provides data on the energy intensity index in the industrial sector in member countries. Finally, the study summarizes its most important results, and provides some recommendations on energy consumption in the industrial sector in OAPEC member countries.



ARAB PETROLEUM COMPANIES' EFFORTS DURING **COVID-19** PANDEMIC

Arab petroleum companies continued executing their petroleum projects during COVID-19 pandemic by committing to securing safe and stable oil and gas supplies to global oil markets. These companies have put in place a series of plans and strict preemptive measures to guarantee the sustainability and continuation of work progress on the one hand and the safety and health of their staff.







During an online seminar organized by the American Chamber of Commerce in Bahrain, **Bahrain Oil Minister HE Sheikh Mohammed Al Khalifa** said that

COVID-19 pandemic led to an unprecedented drop in oil demand in modern times. He added these are concerning indications for the oil industry which would necessarily have impacts on the prosperity and growth of developmental oil projects. The Minister explained that this was the basis for OPEC's decision in its March 2020 meeting to cut oil production by 10 million barrels/day for two months as of May 2020. He hoped for a soon decrement of this pandemic and a recovery for the economy.



Speaking during a webcast organised by the US-Qatar Business Council, Qatari State Minister for Energy Affairs and **Qatar Petroleum Chief Executive HE Eng. Saad**

Al Kaabi said recent developments will not impede Qatar. He added that Qatar's plans remain on course for the long run, "we are gas producers with the cheapest production costs. We can absorb market shocks. We are in extremely sound financial position and we are looking for good investment opportunities."

Responding to a question whether there would be any gas output cuts due to declining prices and abundance of supply, the Minister clarified "in light of this scenario, high-cost producers would be forced to slash

production but not us as low-cost producers." He added "in fact we are looking to expand production maybe beyond 126 million tons/annum."



In a press statement, **Egyptian Petroleum and Mineral Resources HE Eng. Tariq El Molla**

said conservation and cutting production costs have become imperative to face

petroleum industry challenges, not only in Egypt but worldwide in light of COVID-19 crisis and the sharp drop of global oil prices, in addition to abundant supplies in global markets. HE El Molla added that continuing to work at appraisal Wells is key to increase production. This goes hand in hand with executing maintenance and upgrading operations of oil and gas wells by modern technologies through unconventional solutions to face the dropping numbers of existing operating fields. He underscored the importance of full adherence to safety, occupational health and environmental protection procedures, as well as, precautionary measures to protect staff health during COVID-19 pandemic.

The Saudi Arabian Oil Company (Aramco)



announced its financial results for the first quarter of 2020, demonstrating financial and

operational strength despite a challenging macro environment and lower energy demand caused by the COVID-19 pandemic.

Commenting on the results, Aramco President & CEO Amin H. Nasser, said:

“The COVID-19 crisis is unlike anything the world has experienced in recent history and we are adapting to a highly complex and rapidly changing business environment. Aramco has demonstrated resilience during economic cycles and has an unparalleled position due to a strong balance sheet and low-cost structure.

“We have delivered solid earnings with robust free cash flow, despite weak energy demand and low oil prices. We remain committed to the safety of our people while delivering on our long-term value creation strategy for all of our shareholders.

“During the first quarter, we took steps to further optimize our planned 2020 capital spending and identified opportunities to improve operational productivity.”

The Abu Dhabi National Oil Company (ADNOC) announced its Panorama Digital Command Center (Panorama) has generated over \$1 billion (AED 3.67 billion) in business value since its inception three years ago. Panorama is a key part of ADNOC’s ongoing strategic investments in digitization.

In addition to the business value Panorama has enabled, it has also proven to be a valuable asset in navigating the current COVID-19 situation. The access to real-time data and analysis provided by Panorama enables simulations and scenario planning, and plays an important role in ADNOC’s business continuity.

Panorama Digital Command Center acts as Adnoc’s ‘eyes on the ground’ and enables speed, accessibility, and integration across their operations – key attributes that are

required to make smart business decisions.

In addition to its digital transformation journey, ADNOC is also leveraging technology to strengthen its health, safety, and environmental (HSE) performance. An HSE information system is currently being built into Panorama, enabling real-time readings across multiple environmental key performance indicators.

Kuwait National Petroleum Company



(KNPC) announced successful exporting of its first shipment

of 15 metric tons of petroleum coke to international markets from the revamped Mina Al Ahmadi refinery that started operations beginning of April 2020 at a production capacity of 37 thousand b/d. All export requirements were met. The company lauded its staff for their hard work to ensure the success of this operation in spite of the difficult COVID-19 pandemic circumstances that affected Kuwaiti oil sector companies.

Algeria’s Sonatrach Group continued



business under strict precautions to protect its staff health. Among most significant achievements during the pandemic has been the signing a memorandum of understanding (MoU) with Russia’s Lukoil to look

at possibilities for the two parties to invest jointly in fuel exploration and production operations inside and outside Algeria. Sonatrach has also announced recently that it has become the majority owner of the Medgaz pipeline to Europe via Spain after raising its stake to 51% to boost its position as key and reliable gas exporter to Europe.



Monthly Report on Petroleum Developments in The World Markets *

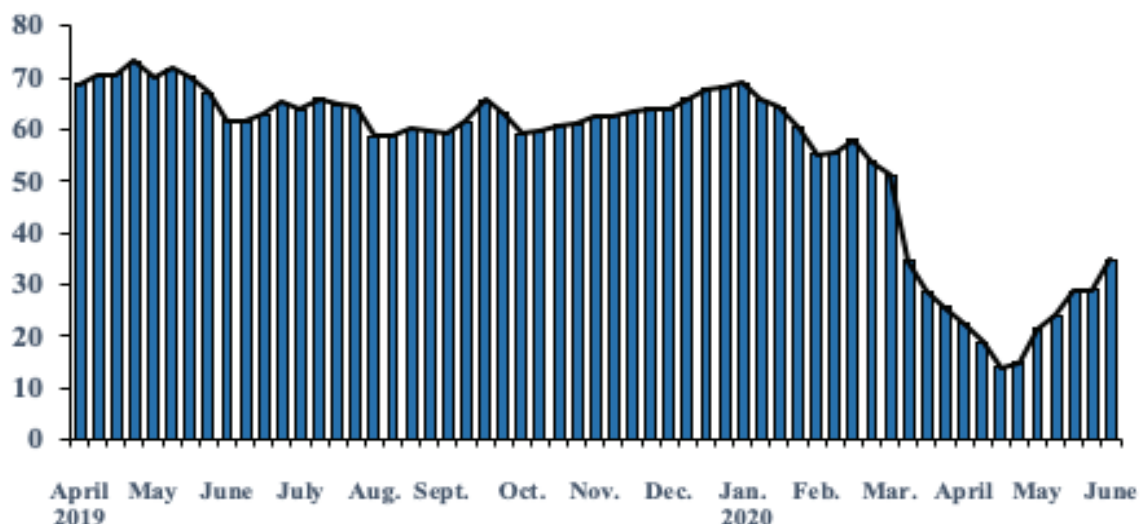
First: World Oil Markets

1. Oil Prices

OPEC primary estimates indicate that **OPEC Reference Basket price increased** in May 2020 by 42.5% to reach \$25.17/bbl. While OPEC projections indicate that OPEC Reference Basket price is expected to increase in June 2020 by 38% to reach \$34.73/bbl, and annual price of OPEC Basket is expected to decrease in 2020 by \$24.57/bbl or 38.4% compared to 2019, to reach \$39.47/bbl.

It's mentioned that, OPEC Reference Basket decreased by 47.9% or \$16.3/bbl In April 2020, compared to the previous month, reaching \$17.7/bbl. The continuing growth of oil surplus in the spot markets, refiners heavily cut runs due to plunging oil demand and global oil stocks rose, as a result of Corona Virus (Covid-19) pandemic, were major stimuli for decline in oil prices during the month of April 2020, to reach its lowest level since December 2001.

Weekly Average Spot Prices of OPEC Basket of Crudes, 2019-2020 (\$/bbl)



Source: Organization of Petroleum Exporting Countries, Monthly Oil Market Report.

2. Supply and Demand

- Preliminary estimates indicate that **world oil demand** in Q1 2020, **decreased** by 8.4 million b/d or 8.3% comparing with Q4 2019 level to reach 92.4 million b/d. **Demand in OECD countries decreased** by 6.2% to reach 45.3 million b/d. Moreover, **demand in Non-OECD countries decreased** by 10.3% to reach 47.1 million b/d.

* Prepared by the Economics Department.

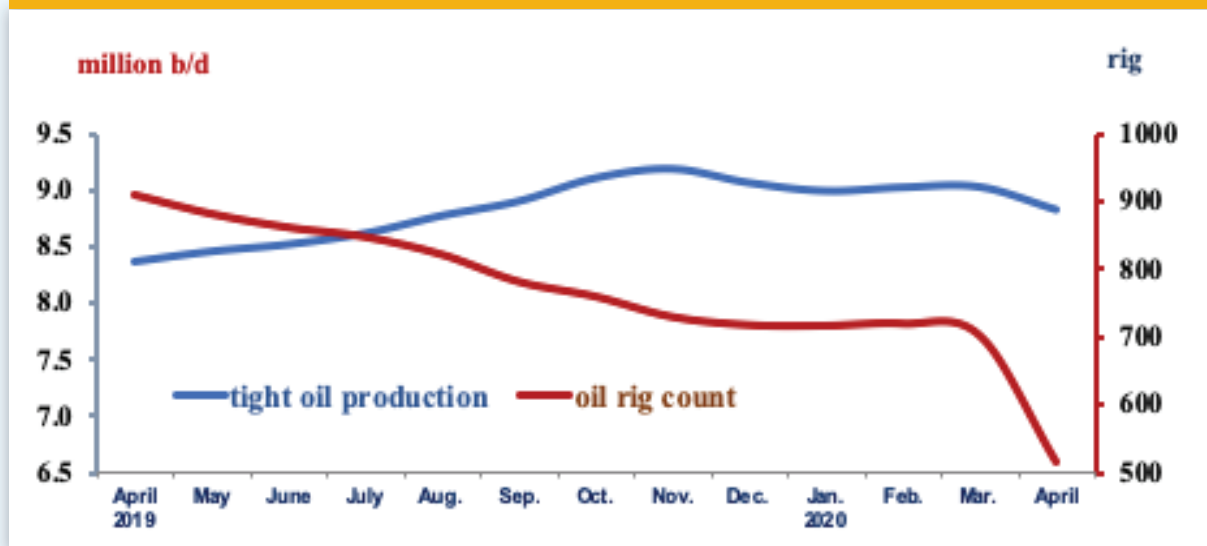
Projections indicate that **world oil demand** in Q2 2020, is expected to **decrease** by a record of 11.1 million b/d or 12% comparing with Q1 2020 level to reach 81.3 million b/d. **Demand in OECD countries** is expected to **decrease** by 23% to reach 34.9 million b/d. And **demand in Non-OECD countries** is expected to **decrease** by 1.5% to reach 46.4 million b/d.

- Preliminary estimates indicate that **world oil supplies** in Q1 2020, **decreased** by 600 thousand b/d or 0.6% comparing with Q4 2019 level to reach 99.7 million b/d. **Non-OPEC supplies increased** by 0.2% to reach 66.5 million b/d, whereas **OPEC crude oil and NGLs/condensates total supplies decreased** by 2.1% to reach 33.2 million b/d.

Projections indicate that **world oil supplies** in Q2 2020, is expected to **decrease** as a result of the beginning of implementing production reduction agreement between OPEC+ and other oil producing countries since May 2020.

- US tight oil production** in April 2020 **decreased** by 2.2% compared to the previous month level, the fifth consecutive monthly decline, to reach 8.824 million b/d. Besides **US oil rig count decreased** by 187 rig from the previous month level, the largest drop on record, to stand at its lowest level since November 2016 of 515 rig. Preliminary estimates indicate that US tight oil production sharply decreased during May 2020 by 805 thousand b/d compared to the previous month, the largest monthly decrease since data records began, to reach 8.019 million b/d, and production is expected to decline during June 2020 to 7.822 million b/d, the lowest level since August 2018.

US tight oil production and oil rig count



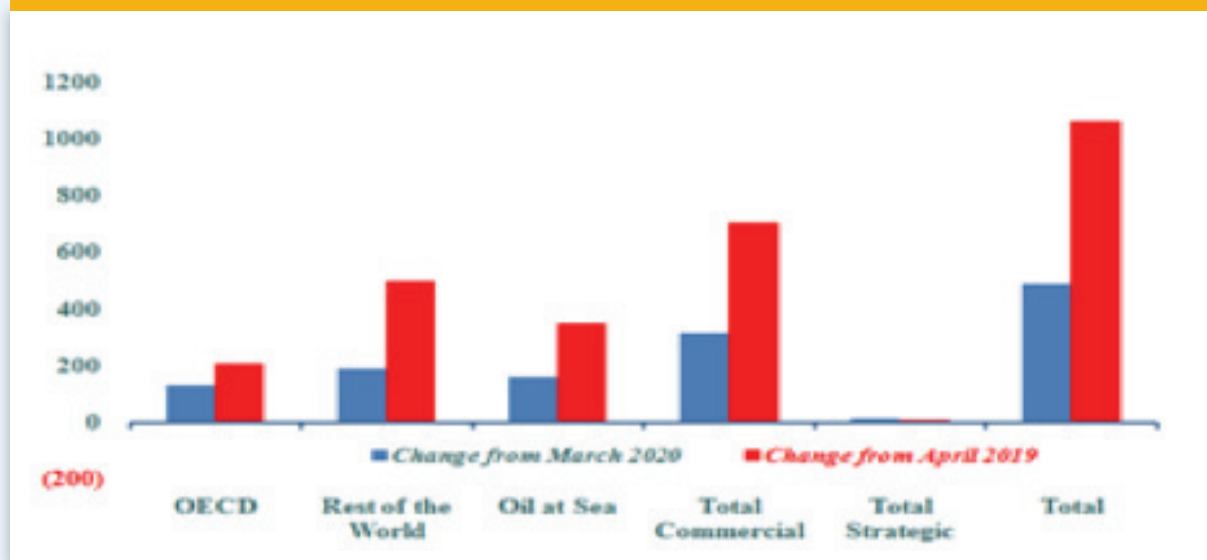
Source: EIA, Drilling Productivity Report for key tight oil and shale gas regions May 2020.

3. Oil Inventories

- OECD commercial inventories** in April 2020 **increased** by 128 million barrels from the previous month level to reach 3089 million barrels, and **strategic inventories** in OECD-34, South Africa and China **increased** by 13 million barrels from the previous month level to reach 1842 million barrels.



Change in Global Inventories at the End of April 2020 (million bbl)



Source: Oil Market intelligence, July 2019 and May 2020.

4. Oil Trade

US Oil Imports and Exports

- **US crude oil imports** in April 2020, **decreased** by 13.2% from the previous month level to reach 5.4 million b/d, and **US product imports decreased** by 19.5% to reach about 1.8 million b/d.
- **US crude oil exports** in April 2020, **decreased** by 15.8% from the previous month level to reach 3.1 million b/d, whereas **US product exports increased** by 1.6% to reach about 5.6 million b/d.

Second: Natural Gas Market

1. Prices

- **The average spot price of natural gas at the Henry Hub decreased** in April 2020 to reach \$1.74/million BTU.
- **The price of Japanese LNG imports** in March 2020 **increased** by \$0.28/m BTU to reach \$9.53/m BTU, and **the price of Korean LNG imports increased** by \$0.32/m BTU to reach \$8.87/m BTU. Whereas **the price of Chinese LNG imports decreased** by \$0.61/m BTU to reach \$7.82/m BTU

2. Exports

- **Arab LNG exports to Japan and South Korea** were about 2.561 million tons in March 2020 (a share of 17.1% of total imports).



Tables Annex

