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Organization of Arab Petroleum Exporting Countries

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OAPEC & KISR SIGN SCIENTIFIC COOPERATION MOU

SECRETARY GENERAL

OAPEC MEMBERS ENJOY PRESTIGIOUS STATUS AT GLOBAL OIL & GAS MARKETS

THE DEVELOPMENTS OF GLOBAL LNG SECTOR IN 2020



KUWAIT'S OIL MINISTRY UNDERSECRETARY HE SHEIKH DR NIMR AL SABAH VISITS OAPEC



The Cover



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OAPEC AWARD

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.

OAPEC & KISR SIGN SCIENTIFIC COOPERATION MOU

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KUWAIT'S OIL MINISTRY UNDERSECRETARY HE SHEIKH DR NIMR AL SABAH VISITS OAPEC

• 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 DEVELOPMENTS OF GLOBAL LNG SECTOR IN 2020

2020 was an extraordinary and challenging year due to the outbreak of covid-19 pandemic and its implications on the economic activity in the vast majority of regions around the world. To contain spreading of the pandemic, many countries have adopted restrict measures including social distancing, closure of their borders, suspension of air flights and even restricting people movement within the same country. Other restrict measures included banning public events and shutting in most retail and manufacturing activities or operating them at the minimum levels to meet the essential requirements.

According to the most recently published version of OAPEC quarterly report of the developments of the global LNG sector, the global scene of LNG industry and trade gas in 2020 has been affected by several consequences caused by the pandemic. Nevertheless, OAPEC has believed that there are potential opportunities could evolve to help stabilize the global market and assure the continuing flow of investment capital.

For Arab LNG exporters, the total LNG exports have been slightly affected by covid-19 pandemic, totaling 105.7 million tons in 2020 against 108.5 million tons in 2019 or a decline rate of -2.6%, while reserved a global market share of 29.65%.

This limited impact can be attributed to the main feature of LNG contracting agreements that based on long term agreements between state-owned Arab countries and their clients in the European and Asia markets. It is worth mentioning that Arab countries is still the major long term-reliable supplier of LNG to many markets.

Globally, the total LNG trade reached 360.3 million tons in 2020, slightly higher than that of 2019 at an annual growth rate of 2%. Once again, the natural gas, and in particular LNG, emphasizes its significance as a reliable and affordable energy source able to meet the global energy demand.

Prior to covid-19 outbreak, the global market was set to be oversupplied, due to rapidly growing LNG supplies outpacing global demand. However, the production reduction taken by some LNG producers due to maintenance activities and other reasons and the balancing role of the European market effectively achieved the required supply-demand balance over 2020.

From investment perspective, the pandemic has led to the delay of FIDs taking on many LNG projects, leaving 2020 as the worst year in the past five years with only one project has been sanctioned in Mexico totaling 2.5 MTPA. A further 20 planned projects were delayed for FID taking in 2021 and beyond.

The volatility of spot LNG prices was the main dynamic change caused by covid-19 outbreak. Spot LNG prices have reached historic highs at the end of 2020, leaving the market condition similar to that following Fukushima disaster in Japan when prices reached over \$20/MMBTU. Thus, long term oil-indexed contracts provide guaranteed stability to the market which will achieve mutual benefits for sellers and buyers.

Looking ahead, the global LNG market is forecasted to be more stabilized in 2021 with confidence of stable LNG supplies from major exporters. Furthermore, some of delayed LNG projects are forecasted to reach FID taking in 2021. As a consequence, the demand on LNG is forecasted to continue to grow.



OAPEC & KISR SIGN SCIENTIFIC COOPERATION MOU



In the presence of OAPEC Secretary General, HE Ali Bensabt, and the Director General of Kuwait Institute for Scientific Research, Dr. Samira A. S. Omar, an MoU on scientific cooperation has been signed between the two sides, on 8 March 2021 at OAPEC's headquarters in Kuwait. Senior officials from both sides witnessed the signing ceremony.



In a press statement, HE Bensabt said that by signing this MoU, the two sides are seeking to exchange scientific expertise on energy in light of the speedy technological developments of the energy industry on Arab and international levels.

He added that the cooperation between the two institutions has been ongoing for long decades explaining that the MoU will expand the scope of cooperation to include studies on oil and gas production; refining and



processing; petrochemicals; water management at oil projects; along with environmental studies of the oil and gas projects. It will also cover technological studies in terms of renewables and oil consumption, advanced topics in oil and gas operational processes, and economic studies relevant to oil and gas.

The MoU ticks the box in terms of OAPEC's goal on supporting its member countries in all aspects of economic activities of the petroleum industry and fostering the closest ties amongst its members.

On her part, Dr Omar said that the signing of the MoU comes as a continuation of KISR's role in contributing to the renaissance of scientific and applied research, especially on industry, energy, and natural resources, as well as, strengthening ties and conducting joint research between Kuwait and the rest of the world including regional and international



organisations, to serve the public interest, OAPEC and KISR.

She added that the MoU signing is a form of scientific support- from both institutions- to the international community in combating current challenges facing the energy sector, especially the oil industry; and at the same time, it marks the beginning of a new era of scientific cooperation between OAPEC and KISR.



KUWAIT'S OIL MINISTRY UNDERSECRETARY HE SHEIKH DR NIMR AL SABAH VISITS OAPEC

On 27 January 2021, OAPEC Secretary General HE Ali Bensabt received, at his office, Kuwait's Oil Ministry Undersecretary and the country's Representative at OAPEC Executive Bureau HE Sheikh Dr Nimr Al Sabah. He was accompanied by the Acting Director of the Ministry's Public Relations and Media Sheikha Tumadher Al Sabah. The Oil Ministry's delegation has been updated with OAPEC's latest and most important activities. Aspects of boosting future cooperation have also been discussed.



During the meeting, the two sides' massive efforts on linking OAPEC e-library with the Oil Ministry's website have been reviewed. A hyperlink has been placed on the Ministry's website to access OAPEC's e-library. Moreover, a hotline has been launched to receive the

ministry employees' inquiries by OAPEC.

The visiting delegation then made a tour of OAPEC library, where they listened to a thorough presentation on the Secretariat General's research activities including economic and technical studies, as well as, the library's



work mechanism (being the oldest specialised petroleum library in the Arab World which embraces a treasure of the world's petroleum books, periodicals, and magazines). The library's advanced digital operating system has been also explained. The system represents a rich reference providing integrated data and information on the oil industry.

The delegation's tour extended to cover all parts of the Arab Organisations' Permanent Headquarters building, where they saw the main halls allocated for large conferences and official meetings.

It has been agreed during the meeting to expand the scope of future cooperation and integration between the Oil Ministry and OAPEC Secretariat General in all aspects, in line with the Council of Ministers' directives to activate OAPEC's role on Arab and international levels.



OAPEC Secretary General, HE Ali Bensabt, received at his office on 16 February 2021, the Ambassador of the State of Libya to the State of Kuwait, HE Sulayman Al Saheli. The talks focused on issues of mutual interest.



SECRETARY GENERAL: OAPEC MEMBERS ENJOY PRESTIGIOUS STATUS AT GLOBAL OIL & GAS MARKETS

OAPEC Secretary General, HE Ali Sabt Bensabt, stated that OAPEC's development and role activation plan, endorsed by its Council of Ministers and prepared by the Secretariat General in collaboration with the Executive Bureau, marks the beginning of a new era based on identifying current challenges and future prospects in the energy industry, especially petroleum. It also stems from the member countries' desire to support initiatives and strategies serving the development of the organization that are suitable to its important position as an Arab joint action organisation specialised in petroleum with regional and international activities.



In an interview with Kuwait's Al Anba newspaper, HE Bensabt added that the Secretariat General's vision on developing OAPEC stems from the goals stated in its foundation agreement, which seek boosting cooperation between its member countries in all aspects of the industry. To this end, the action plan is based on the following basic principles:

- Identifying OAPEC's points of strength to maximise their benefits
- Identifying points of weakness that hinder its progress
- Learning lessons from past experiences
- Building on achievements
- Supporting professional staff by meeting the needs of performance and productivity improvement
- Intensifying media activities and promotional campaigns to shed the light on OAPEC's role and goals

Revision of expenditure channels and redirecting funds to activities that serve the organisation's goals

He pointed out that OAPEC member countries enjoy a prestigious status at global oil and natural gas markets due to their proven oil and gas reserves- the largest in the world- and their petroleum exports to global markets. OAPEC member countries' proven oil reserves by the end of 2020 were estimated at about 707 billion barrels representing about 55% of the world's total. Crude oil and NGLs output averaged at about 25 million barrels/day by the end of 2020, representing over 27% of the world's total.

Natural gas proven reserves in OAPEC members were estimated at about 53.4 trillion cubic metres by the end of 2020, representing about 26% of the world's total. Marketed natural gas from OAPEC countries was about 563 billion cubic metres by the end of 2019, representing 14.2% of the world's total.

HE Bensabt explained that the energy industry in OAPEC member countries is facing unprecedented challenges due to COVID-19 pandemic, which led to the postponement of some petroleum projects and sharp decline in

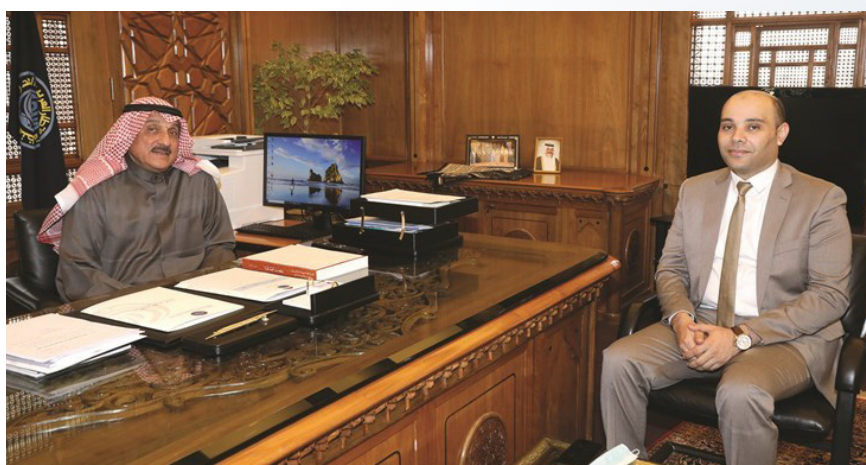
petroleum products demand that caused a drop in petroleum revenues- the main source of income in most oil exporting countries in general. Most OAPEC countries' governments have announced taking urgent economic measures aiming for economic recovery.

He clarified that energy consumption has dropped notably in OAPEC members during 2020 as a result of imposing pre-emptive measures to curb the spread of the pandemic. Most countries imposed general economic lockdown on commercial and industrial facilities alike, in addition to, the big blow to the transportation sector, which is the main drive for energy demand. International Energy Agency (IEA) forecasted a decline of about 20% (or \$400 billion) in global energy investments in 2020.

In another vein, HE Bensabt stressed that OAPEC Secretariat General managed to execute its annual plan scheduled for 2020- in spite of the global health situation caused by the CPVID-19 pandemic- through virtual conferencing and video communications technology. It also prepared a group of technical and economic studies that provide an insight analysis of the current developments and future prospects of the oil and gas industry. OAPEC's annual meetings have also been held according to the set annual plan for the year 2020.

The Secretary General explained that oil exporting countries, including OAPEC members, are keen on adopting a transparent and objective media communication. They continue to emphatically support global efforts on climate change in line with international agreements in this regard. OAPEC countries are also committed to improving energy efficiency, encouraging green energy research, expanding the use of CSS, as well as, boosting the general trend of using renewables (solar, thermal and wind energy) as complementary to fossil fuel.

He drew the attention to the fact that petroleum resources are key to the energy industry in spite of what is circulating on their unsustainability and rarity. Scientific data emphasise that oil and gas will continue to feed into the progress of our civilisation, as proven



oil reserves worldwide reached 1.3 trillion barrels in the beginning of 2020, while natural gas estimates were more than 205 trillion cubic metres. The world's growing population goes hand in hand with rising demand for energy. The petroleum industry work on meeting this demand through various channels including supply, which starts from well- drilling through completion, production, transportation, refining, storage, to distribution. Realizing the size of challenges facing the energy sector, OAPEC members took the initiative to diversify the energy production mix in a way that contributes to securing energy future.

The Secretary General called for supporting the petrochemicals industry in the member countries in light of these countries' potentials that include natural resources in encouraging quantities eligible for setting up an advanced petrochemicals industry; and most importantly: abundant raw material (that is natural gas), petroleum products at competitive prices, highly consuming market, and excellent geographical location.

He also called for paying more attention to renewables as complementary to fossil fuel (oil and natural gas), most importantly solar and wind energy, which would complement oil and gas use in the domestic energy mix, to maximise income through liberating more oil and gas for exportation and adding extra revenues to public income as a result of cutting costs and using technology.



PRESS STATEMENT



OAPEC Secretary General, HE Ali Bensabt, strongly denounced the terrorist attacks of 7 March 2021, against Ras Tanura Port and Aramco's facility in Dharan, Saudi Arabia, which left no casualties.

HE Bensabt stressed that such terror attacks are flagrant violation of international laws and such that coward attempts not only target Saudi Arabia but also- and to a larger extent- the global economy and the security and stability of the world's energy supplies. He lauded the massive efforts of those in charge of the energy industry in Saudi Arabia led by the Saudi Energy Minister HRH Prince Abdul Aziz bin Salman Al Saud.

The Secretary General wished the Kingdom sustainable prosperity under the wise leadership of the Custodian of the Two Holy Mosques His Majesty King Salman bin Abdulaziz Al Saud, and Crown Prince HRH Mohammed bin Salman bin Abdulaziz Al Saud.

OAPEC'S PARTICIPATION IN THE LAUNCH OF 5TH EDITION OF GECF GLOBAL GAS OUTLOOK 2050



In response of the invitation by H.E. the Secretary General to the Gas Exporting Countries Forum (GECF) to OAPEC's General Secretariat, OAPEC participated in the Launch of 5th Edition of GECF Global Gas Outlook 2050 held on February 24th 2021 via video conference.

High level representatives from the member countries of Gas Exporting Countries Forum (GECF) have participated in the event as well as representatives of a number of international organizations, (including OPEC and International Energy Forum (IEA)), in addition to a number of VIPs and stakeholders in gas industry. The General Secretariat was represented by Eng. Wael Abdel Moati, Gas Industry Expert at OAPEC.

The Secretary General of the (GECF) Dr. Yuri Sentyurin gave a presentation in the major findings of the 5th edition of 2050, which is the

flagship publication of the (forum) and its only of the world energy outlook that focuses on the natural gas industry. Dr. Sentyurin stressed the role to be played by natural gas in the energy mix by increasing its share from 23% to 28% by 2050, thanks to its economic and environmental benefits. He also reviewed the major findings of the outlook on the prospects of demand for gas in the various economic sectors, and investments in the production and export infrastructure as well as global economy outlook and gas trade via pipelines and LNG. Dr. Sentyurin concluded his statement by highlighting the main concluding remarks.

OAPEC's patriations comes towards enhancing the cooperation between the two organizations in the area of natural gas and participation in events of mutual interests.



THE JOINT ARAB ECONOMIC REPORT 2020 RELEASED

The Joint Arab Economic Report 2020 has been released recently. It is prepared jointly by the Secretariat General of the League of Arab States (LAS), the Arab Fund for Economic and Social Development, the Arab Monetary Fund (AMF), and the Organization of Arab Petroleum Exporting Countries (OAPEC). The report tackled developments in global economies and their implications for Arab economies and economic and social developments in the Arab countries in 2019.

The report has also reviewed developments in: agriculture, industry, oil, energy, public financing, monetary and banking conditions, Arab stock markets, foreign trade, Arab intra-trade, balance of payments, public debts in foreign currencies, currency exchange rates, Arab developmental aids, Arab cooperation on environment and its role in achieving sustainable development. The core chapter of this year's report has focused on digital economy and boosting its role in the Arab development.

OAPEC Secretariat General prepared the chapter on oil and energy developments. It covers the general status of: exploration; reserves; Arab and global output; energy demand; global oil inventories (commercial and strategic); crude oil, petroleum products and gas products prices; oil and gas exports; and the value of Arab oil exports while giving an overview of the potential implications for Arab economies. OAPEC also prepared the section on hydrocarbon industries in Chapter 4 on the industrial sector.

It is worth noting that the Joint Arab Economic Report has become a key reference that enjoys growing demand by researchers, specialists, Arab institutions, and those interested in the field.



OAPEC Secretary General HE Ali Sabt Bensabt received a thanking letter from the General Manager and Chairman of the Arab Monetary Fund, Mr Abdul Rahman Al Humaidi, on the occasion of the release of the Joint Arab Economic Report 2020 as OAPEC Secretariat General takes part in the report writing.

Al Humaidi thanked OAPEC for its invaluable and constructive contributions to the report chapters and for the Organisation's fruitful cooperation with the other Arab institutions preparing the report, which has become a key reference for economists in the Arab countries.

PLASTIC WASTE RECYCLING, INVESTMENT OPPORTUNITIES AND ENVIRONMENTAL SOLUTIONS

It would be hard to imagine a modern society today without plastics. Plastics have found a myriad of uses in fields as diverse as household appliances, packaging, construction, medicine, electronics, automotive and aerospace components. As can be seen from this list, plastic technology can be applied with great success in a variety of ways. It is widely recognized that plastics have a crucial role to play in delivering a more sustainable future.

However, challenges relating to littering and end-of-life options for certain types of plastics waste - especially packaging waste- must be addressed if the material is

to achieve its fullest potential in a circular and resource efficient economy.

There is a global focus on plastics for obvious reasons: while the global recycling rate for paper is estimated at 58%, and aluminum at 69%, only 14% of all plastic packaging materials produced worldwide is collected for recycling, and 10% is actually recycled. As a result, large amounts of plastic are flowing into our natural environment, particularly our oceans, and the global economy is losing \$80-120 billion (USD) of resources each year.

New processes have emerged, i.e., advanced mechanical recycling of plastic waste as virgin or second grade plastic feedstock, and thermal treatments to recycle the waste as virgin monomer, as synthetic fuel gas, or as heat source (incineration with energy recovery). These processes avoid land filling, where the non-biodegradable plastics remain a lasting environmental burden.

The study is divided into four chapters, and provides analytical data not only for the amount of plastics produced over the past



years, but also for their composition, types of additives and their quantities used in the production of plastics.

the study also dealt with the identification and classification of the types of polymers “plastic materials”, their properties and uses. It also included the classification of plastic waste, its effects on humans and the environment, and modern methods for safe disposal, especially after the end of the plastic life cycle, on the other hand, the study include a review of the experiences of some countries in plastic waste recycling , finally the study concluded with some conclusions.



CORROSION IN OIL REFINING AND PETROCHEMICAL INDUSTRY

Aging plants, stringent industry standards and an increased focus on safety, encourage the refining and petrochemical industry to move forward on preventing corrosion to save the environment and the economy.

Petroleum refining and petrochemical industry represent a high hazard industry with media which are flammable, explosive, harmful to human and environment. The combination of numerous factors makes refinery equipment very vulnerable to a variety of corrosion phenomena that can lead to serious accidents.

The purpose of this study is to provide an overview of corrosion and metallurgical problems that may occur in petroleum refining and petrochemical industry, also examines techniques and practices that may be used to control corrosion.

The study includes four chapters. The first chapter reviews the basic principles of corrosion, its forms and types. The chapter also reviews the factors affecting the formation of each of these types, and the most important measures that can be taken to reduce the rate of corrosion and minimize its impacts.

The second chapter explains the ways to avoid or control corrosion, such as, selection of corrosion resistant or suitable materials, correct design, use of anti-corrosive chemicals, modify the operating conditions, and change the corrosive environment.

The second chapter also reviews the methods and tools for monitoring and measurement processes through which potential problems can be monitored and acted to curb them and provide valuable information that enables the operator to choose the appropriate methods to control corrosion.

The third chapter includes an introduction to the corrosion management system through which the problems resulting from corrosion can be evaluated according to their degree of importance, the control methods are defined, the analysis of every problem that occurs in the equipment, and its causes can be studied, throughout the entire life cycle. The corrosion management system can also help the operator to avoid resolving corrosion problems in one plant without pushing the corrosion to another plant.

The fourth chapter deals with the types of corrosion problems that occur in each of the main refining processes and utilities, the reasons for their occurrence and the preventive measures that can be taken to reduce its impacts.



The study includes many case studies of corrosion problems that occurred in petroleum refineries in several world regions, and in OAPEC member states and other non-OAPEC Arab countries. These case studies provide lessons learned from the experiences of others in dealing with the problems resulted from corrosion, as each of these cases included a description of the problem and the factors that led to its occurrence, and the solutions and recommendations that were followed to address it and measures taken to avoid its recurrence.

The study ended up with some conclusions and recommendations. The recommendations emphasized on the need for enhancing cooperation between oil research institutes in OAPEC member states to develop advanced techniques that enable the refining and petrochemical industry to solve corrosion problems and mitigate their implications.

The study also calls for creating a joint database in OAPEC member states that provides the possibility of exchanging information about corrosion problems that occur in the refining and petrochemical industry, measures taken for its prevention, and lessons learned from them.



منظمة الأقطار العربية المصدرة للبترول (أوابك)
ORGANIZATION OF ARAB PETROLEUM EXPORTING COUNTRIES (OAPEC)

SIGNIFICANT DATES IN THE HISTORY OF PETROLEUM INDUSTRY

| YEAR | PLACE | EVENT |
|-----------|----------------------|--|
| 5000 B.C. | Egypt | Using oil in mummification |
| 940 B.C. | China | Transferring gas via bamboo pipes |
| 600 B.C | Japan | Excavations of wells to access gas |
| 331 B.C. | Near the Caspian Sea | Alexander the Great's tent burnt using oil |
| 347 | China | Well excavations to access oil using bamboo |
| 1264 | Persia | Marco Polo described oil assembling from superficial spills |
| 1500 | Poland | Street lighting by oil recovered from superficial leaks |
| 1594 | Baku & Iran | Well drilling to reach a depth of 35 metres |
| 1735 | France | Gathering tar sand to extract oil |
| 1780 | Sweden | Invention of oil lamp |
| 1807 | Britain | Street lighting using coal oil |
| 1815 | USA | Oil considered an undesired secondary product found in saltwater wells |
| 1833 | France | First use of drilling fluids by French Engineer Fauvelle |
| 1848 | North East Baku | F. N. Simonov drills his first well |
| 1849 | Canada | Kerosene distillation from oil by Abraham Gesner |
| 1850 | California | Carbon oil distillation by General Andreas Pico |
| 1854 | Poland | First oil wells drilled in Europe at depths between 30-50 metres |
| 1858 | Ontario, Canada | Drilling of first oil well in North America |
| 1859 | Pennsylvania | Drilling of the renowned Drake oil well at a depth of 21 metres |

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APICORP ISSUES \$750 MILLION IN BONDS



The Arab Petroleum Investments Corporation (APICORP) announced the successful issuance of a benchmark \$750 million dollar-denominated five-year bond aimed at further bolstering the Corporation's business operations and capital and liquidity positions.

The latest and final transaction of APICORP's \$3 billion Global Medium-Term Note (GMTN) program launched in 2020, the issuance was more than 2.5 times oversubscribed, with around 57% of the more than \$2 billion in orders coming from central banks, multilateral development banks (MDBs), and other sovereign, supranational and agency (SSA) investors.

The final spread was +69 basis points with a 1.26% yield, both of which are the lowest ever for an APICORP bond issuance of this type. The geographic distribution of the deal was also the most well-diversified in APICORP's history, with 82% of the 65 investors in the transaction coming from outside the MENA region.

Dr. Ahmed Ali Attiga, APICORP's Chief Executive Officer, commented: "We are immensely pleased with the success of our

latest US dollar bond issuance. The ability for APICORP to issue in benchmark size and at historical low pricing, especially amid these challenging times in the global markets, speaks volumes of the stature of APICORP in the global debt capital markets. In further bolstering our already strong capital and liquidity positions, we can continue to forge ahead with our development mandate in supporting projects that advance the sustainable development of the energy sector, both in the region and beyond."

Dr. Sherif Elsayed Ayoub, Chief Financial Officer of APICORP, said: "This benchmark issuance represents another important milestone for APICORP, as it allows us, in line with our long-term funding strategy, to further broaden and diversify our funding sources and deepen the relationship with our investor base. The ever-expanding range and high caliber of investors – including both regional and global central banks and official institutions – clearly reflects APICORP's status as a leading multilateral development bank at the global level, and attests to the high-quality nature of its credit profile."

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Monthly Report on Petroleum Developments in The World Markets

Monthly Report on Petroleum Developments in The World Markets *

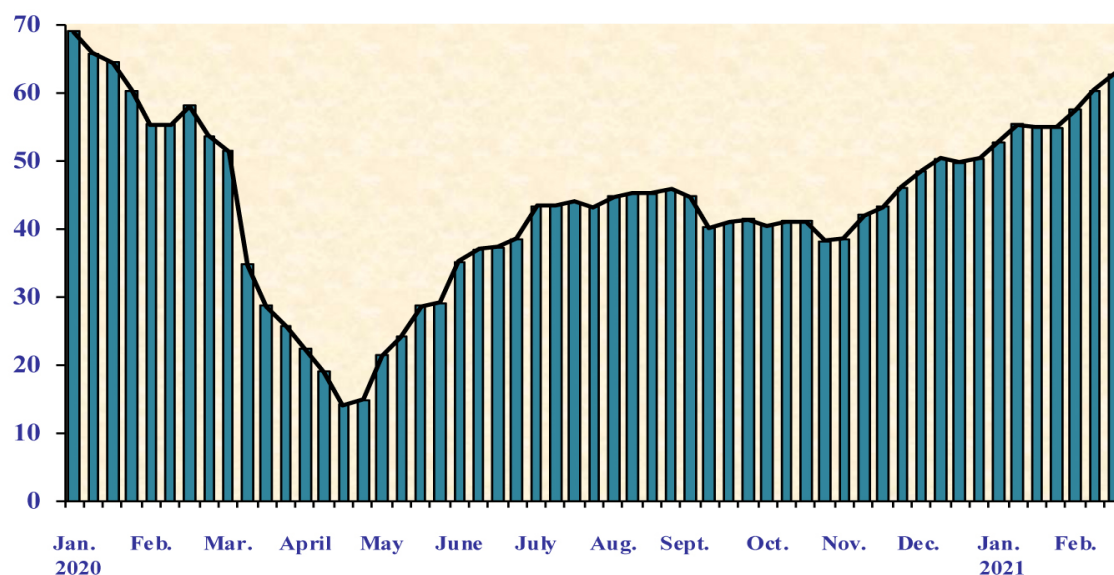
First: World Oil Markets

1. Oil Prices

OPEC primary estimates indicate that OPEC Reference Basket price increased in February 2021 by 10.5% compared to the previous month, to reach \$60.09/bbl. While annual price of OPEC Basket is expected to increase in 2021 by \$15.4/bbl or 37% compared to 2020, to reach \$56.83/bbl.

It's worth mentioning that, OPEC Reference Basket increased in January 2021 by 10.6% or \$5.2/bbl, compared to the previous month, to reach its eleven-month high level of \$54.4/bbl. This is mainly attributed to continuing improvements in market fundamentals, particularly prospects for tighter crude supply and declining global oil stocks, and prospect of improving heating oil demand following cold waves in North America, Europe and Asia.

Weekly Average Spot Prices of OPEC Basket of Crudes, 2020-2021 (\$/bbl)



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

2. Supply and Demand

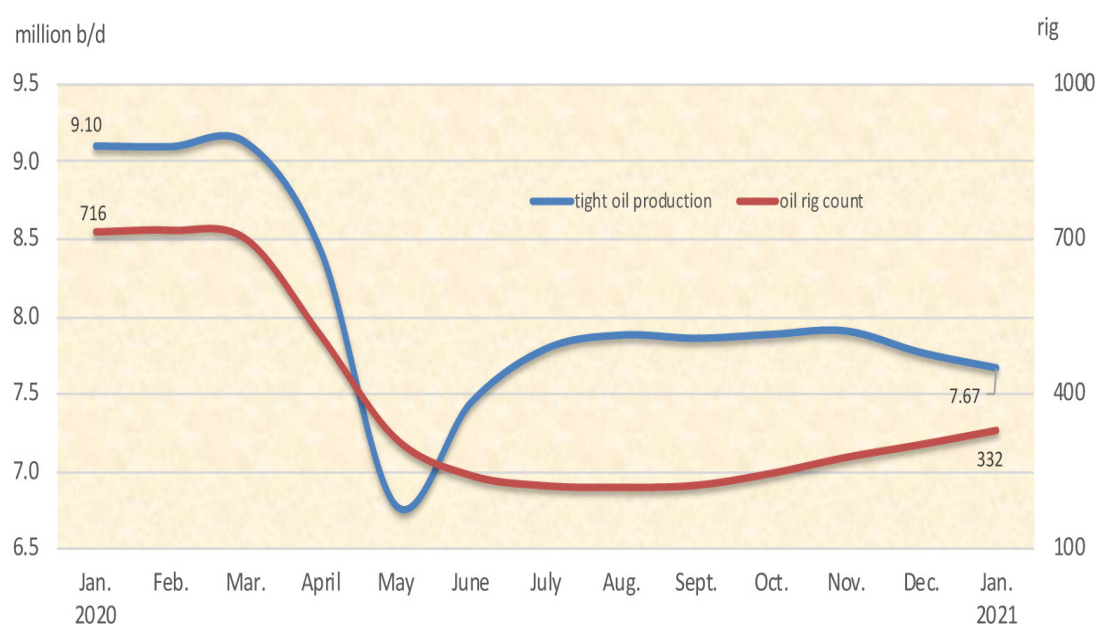
- Primary projections indicate that world oil demand is expected to decrease in Q1 2021 by 0.7% compared with previous quarter, to reach 93.2 million b/d. As demand in OECD countries is expected to increase by 1% to reach 43.4 million b/d. Whereas demand in Non-OECD countries is expected to decrease by 2.2% to reach 49.9 million b/d.

* Prepared by the Economics Department.



- Projections indicate that world oil demand is expected to increase in Q2 2021 to reach 95.9 million b/d. As Demand in OECD countries is expected to increase to reach 45.3 million b/d. And demand in Non-OECD countries is expected to increase to reach 50.6 million b/d.
- Primary estimates indicate that world oil supplies in January 2021, increased by 108 thousand b/d or 0.1% comparing with previous month level to reach 93.4 million b/d. Non-OPEC supplies decreased by 0.1% to reach 62.8 million b/d, whereas OPEC crude oil and NGLs/condensates total supplies increased by 0.5% to reach 30.6 million b/d.
- US tight oil production in January 2021 decreased by 98 thousand b/d compared to the previous month level, to reach 7.670 million b/d. Production is expected to continue its declining during February 2021 to 7.581 million b/d, and during March 2021 to 7.503 million b/d. On other development, US oil rig count increased in January 2021 by 27 rigs, to stand at 332 rigs.

US tight oil production and oil rig count

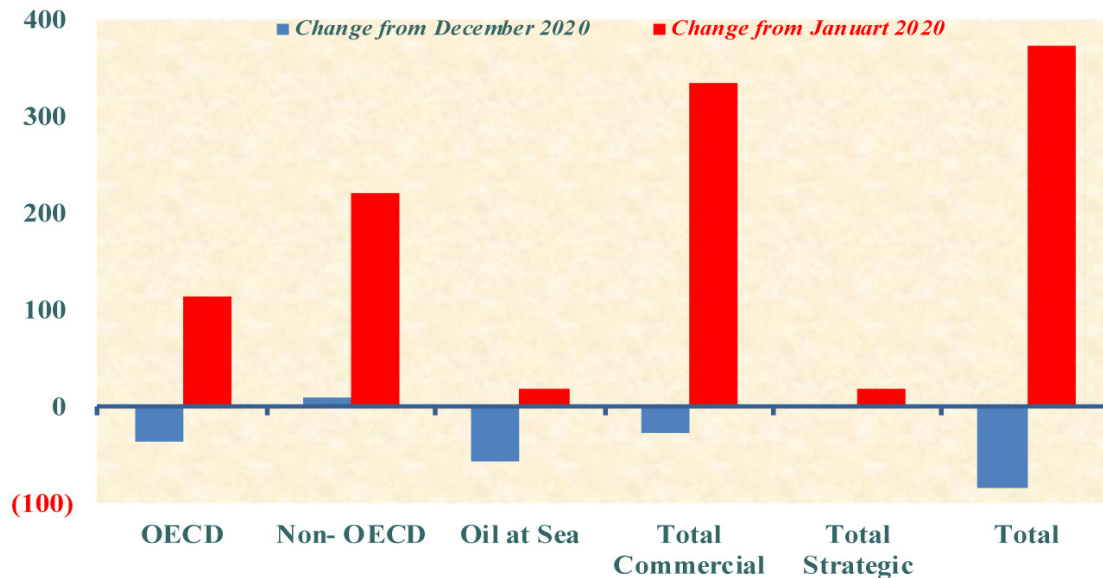


Source: EIA, Drilling Productivity Report for key tight oil and shale gas regions Feb. 2021.

3. Oil Inventories

- OECD commercial inventories in January 2021 decreased by 36 million barrels from the previous month level to reach 3027 million barrels, whereas strategic inventories settled at the same previous month level of 1845 million barrels.

Change in Global Inventories at the End of January 2021 (million bbl)



Source: Oil Market intelligence, April 2020 and February 2021.

4. Oil Trade

- US crude oil imports in January 2021, increased by 4.7% from the previous month level to reach about 6 million b/d, and US crude oil exports increased by 8.2% to reach about 3 million b/d.
- US petroleum products imports in January 2021 increased by 2.9% from the previous month level to reach about 2.1 million b/d, whereas US petroleum products exports decreased by 1.2% to reach about 5.2 million b/d.

Second: Natural Gas Market

1. Prices

- The average spot price of natural gas at the Henry Hub increased in January 2021 to reach \$2.71/ million BTU.
- The price of Japanese LNG imports in December 2020 increased by \$0.75/m BTU to reach \$7.16/m BTU, the price of Korean LNG imports increased by \$0.89/m BTU to reach \$6.88/m BTU, and the price of Chinese LNG imports increased by \$0.68/m BTU to reach \$6.92/m BTU.

2. Exports

- Arab LNG exports to Japan, China and South Korea were about 4.446 million tons in December 2020 (a share of 22.7% of total imports).

Tables Annex

ANNOUNCEMENT

OAPEC AWARD

FOR SCIENTIFIC RESEARCH

FOR THE YEAR **2020**

Pursuant to its policy of encouraging scientific research by awarding two prizes on a biennial basis (**First Prize** KD 7000, **Second Prize** KD 5000, equivalent to USD \$23000 and USD \$16000), upon the resolution number 1/151 of OAPEC Executive Bureau at its meeting dated 1/10/2018. **The Organization of Arab Petroleum Exporting Countries (OAPEC)** is pleased to announce that the research field selected for the “OAPEC Award for Scientific Research for the Year 2020” is:

Environmental Research Related to Petroleum & Energy Industry

The deadline for receiving research participating in the OAPEC Scientific Award for the year 2020 has been extended to 31 May 2021 instead of 31 December 2020.

Research papers will be received by email of the award:
Oapecaward2020@oapecorg.org

Research Field:

Environment is an important aspect of the world's energy system. Energy is closely linked with environmental issues, particularly after the conclusion of the UN agreement on climate change by the international community. The petroleum and energy industry is currently facing many challenges, most significantly the increasing global interest in environmental perspectives and the tightening of environmental legislations and their impacts on the energy industry in general, and petroleum industry in particular. Therefore, research work in this field varies to cover all aspects of the petroleum industry from exploration, production, transportation, storage, to refining, distribution and marketing. This is along with considering the impact of new energy and renewables on the environment.

The research work eligible for this award may address one or more of the environmental perspectives of the petroleum and energy industry, including, but not limited to:

- 1. Environmental Impacts and the Role of Modern Technologies in:**
 - Exploration and Production of Oil and Gas
 - Treatment of Liquid and Solid Waste Resulting from Downstream Industries
- 2. Environmental Impact Assessment of the Petroleum and Energy Facilities and the Processing Methods.**
- 3. Economic Implications of Environmental Legislations on the Petroleum and Energy Industry**
- 4. New Environmental Regulations and their Impacts on the Operation Performance of Production Units, e.g. Cleaner Fuel Production.**
- 5. New Energy and Renewables Technologies and their Potential Implications for the Status of Oil in the Global Energy Mix.**
- 6. Energy Policies Trends in the Developed Countries and the Impacts of Carbon Tax and its markets following the Conclusion of Paris Climate Change Agreement During COP21 in Paris in 2015.**

Conditions for Submitting the Research

1. The research may be submitted by one or more author(s). Institutions and organizations are excluded.
2. The research submitted must be new and original, and has not been granted an award previously.
3. The author(s) shall agree in advance to give OAPEC the right to print and publish the research in case he/she/they win one of the prizes. A signed statement to this effect must be submitted with the research (sample provided below). The author(s) will maintain all other rights, including patent rights (if applicable). OAPEC shall not exercise its right to publish the winning research for a period of six months commencing with the date of advising the winning author (s) with the decision of the Award Committee, must be provided.
4. A statement by the author(s), attesting that the research is original, must be provided. Segments fully or partially taken from other sources should be properly cited. A detailed list of all references used must also be attached.
5. Four hard copies and a digital copy of the research (either in Arabic or English) should be submitted, along with the Curriculum Vitae of each researcher.
6. The deadline for submitting the research is **31st December, 2020**. No submission will be accepted after that date.
7. Prizes are awarded to individuals of all nationalities advised of the Award Committee's decision.
8. **The award will not be presented twice consecutively to the same recipient.**
9. Any research that does not fulfill the above conditions shall be disregarded.

Researchers will be notified by OAPEC Secretariat of the Award Committee's decision. The winners will be officially announced at the end of the OAPEC's Ministerial Council in 2021.

For further information you may contact the OAPEC General Secretariat at:

Organization of Arab Petroleum Exporting Countries (OAPEC)

Secretariat of the Award Organizing Committee

P.O.Box 20501 Safat 13066 Kuwait

Tel.: (+965) 24959763 - Fax: (+965) 24959755

E-mail: oapecaward2020@oapecorg.org - Website: www.oapecorg.org

Organization of Arab Petroleum Exporting Countries (OAPEC) OAPEC AWARD FOR SCIENTIFIC RESEARCH FOR THE YEAR 2020

Field

Environmental Research Related to Petroleum & Energy Industry

Statement of relinquishment of printing and publication rights for the research

I, undersigned:

Hereby undertake to relinquish all printing and publication rights of the research submitted by me entitled:

to the Organization of Arab Petroleum Exporting Countries (OAPEC), in the event of winning one of the two prizes of OAPEC Award for Scientific Research for the year 2020.

Name:

Signature:

Date: / /