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COOPERATION BETWEEN NATIONAL AND INTERNATIONAL OIL COMPANIES: NECESSITY OR CHOICE?



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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• 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.



COOPERATION BETWEEN NATIONAL AND INTERNATIONAL OIL COMPANIES: NECESSITY OR CHOICE?



By: Jamal Essa Al Loughani
OAPEC Secretary General

After national oil companies' formation trend had stabilized in most countries around the world (in order to break away from the mantle of international companies that had been in control of more than 85% of the world's oil reserves throughout the 1970s), the relationship between the two sides began to take a more

rational direction based on achieving common interests and benefiting from their potentials and capabilities in enhancing the gains of both parties. However, this equation did not always go in the desired direction, as the extent of the success of a joint venture depends on many factors, the most important of which is the behaviour of the

partners, especially what relates to each party's respect for the interests of the other party, in addition to other factors related to the presence of elements of integration between the two parties that result in the success and continuation of the project. A partner may not find it necessary for another party to take part in a project for reasons and justifications related to special circumstances and factors that differ from one region to another.

In order for the picture to be clearer, it is necessary to review some previous experiences of joint projects or ventures in OAPEC member countries to identify the most important justifications that prompted the partners to build a joint venture, and the factors and causes of its success.

One of the successful examples of joint ventures is the Saudi Aramco Total Refining and Petrochemical Company (SATORP) project in the Jubail Industrial Zone in the Kingdom of Saudi Arabia. The project has a refinery with a refining capacity of 400 thousand barrels per day integrated in a petrochemical complex. It began its commercial operations in 2014, with 62.5% ownership of Saudi Aramco, and 37.5% ownership of the French company Total Energies.

One of Saudi Aramco's most important motives for establishing the joint venture is to benefit from the advanced technology and refinery operating expertise owned by Total Energies, in addition to ensuring the marketing of its products surplus to European markets. Whereas, Total's motives for the partnership were to benefit from the availability of crude oil near the refinery site to save transportation costs and thus produce oil products at low costs, and then export them at competitive prices to European and Asian markets that are close to the refinery site.

One of the indicators that highlights the success of the project is the recent decision taken by the two parties to execute the SATORP petrochemical complex expansion project at an investment cost of \$ 11 billion, as the construction, supply and operation contract was signed. The expansion project will include the establishment of the world's largest steam cracking unit for ethylene production. It will contribute to creating subsequent investment opportunities estimated at about four billion dollars in the field of lubricating oils, drilling fluids, detergents, and others, in

addition to creating about seven thousand direct and indirect local job opportunities.

Another example of successful joint ventures is the Saudi Aramco Shell Refinery Company (SASREF) in the Kingdom of Saudi Arabia, whose establishment contract was signed in 1981 and its commercial operation began in December 1986, with a refining capacity of 305 thousand barrels per day, and equal ownership shares of 50:50% between Saudi Aramco and Shell.

During its operation for more than four decades, the SASREF refinery was able to represent a model of a long and successful partnership between Saudi Aramco and Shell. The refinery operated with high reliability, made great achievements in terms of performance and production of high-quality petroleum products, and has an outstanding safety record.

In April 2019, Saudi Aramco acquired Shell's stake for \$631 million to become the sole owner of the refinery. This was when both parties found that the project had contributed to achieving their goals, and new circumstances were formed that paved the way for the acquisition deal. Saudi Aramco's interest in the acquisition lies in implementing its plan aimed at developing and increasing the refining capacity of its refineries as part of its long-term strategy to advance its activities related to oil refining, processing and marketing. Whereas Shell's interest in selling its stake in the project came in the context of its efforts to improve the activity of its refining businesses and projects, and achieve integration with commercial centres and the chemicals sector in other regions of the world.

In conclusion, we would like to point out here that cooperation between national oil companies and international companies when establishing joint ventures is not limited to achieving individual interests of the parties despite their importance. Rather, we must not forget the importance of public interests that require all parties to stand together to face the current challenges at the time, and to make every possible effort to ensure that clean energy is accessible to everyone at reasonable and fair prices. We should also work to protect the environment from pollution, mitigate the effects of climate change, and tackle other dilemmas that threaten future generations.



THE SECRETARY-GENERAL RECEIVES THE ALGERIAN AMBASSADOR TO THE STATE OF KUWAIT

His Excellency Eng. Jamal Essa Al Loughani, Secretary-General of the Organization of Arab Petroleum Exporting Countries (OAPEC), received in his office on Wednesday, 27 September 2023, His Excellency Mr Nouredine Mariam, Ambassador of the People's Democratic Republic of Algeria to the State of Kuwait.

The meeting reviewed OAPEC Secretariat General activities and means to boost energy cooperation between the organization and its member countries. Methods of developing the organization's activities to keep pace with new developments in the global energy industry were also discussed.





OAPEC SECRETARY-GENERAL RECEIVES THE REPRESENTATIVE OF THE SYRIAN ARAB REPUBLIC AT THE EXECUTIVE BUREAU

OAPEC Secretary-General, HE Engineer Jamal Essa Al Loughani, received in his office on Wednesday, 25 October 2023, HE Engineer Farhat Jamil Abdullah, representative of the Syrian Arab Republic in the Executive Bureau and Undersecretary for Petroleum and Mineral Resources Affairs in the Syrian Arab Republic, who participated in the meetings of the organization's Executive Bureau for the first time. The meeting tackled the organization's current activities and the efforts made towards developing and activating the organization's role in the future to keep in pace with the latest developments in the global energy scene.





THE 167TH MEETING OF OAPEC EXECUTIVE BUREAU

The 167th meeting of OAPEC Executive Bureau was held on Thursday, 26 October 2023, at the headquarters of the Secretariat General in the State of Kuwait. The meeting was chaired by His Excellency Engineer Naseer Aziz Jabbar, representative of the Republic of Iraq at OAPEC Executive Bureau, in the presence of the member countries' representatives.



His Excellency Engineer Jamal Essa Al Loughani, OAPEC Secretary General, began his opening speech by welcoming His Excellency Engineer Farhat Jamil Abdullah, representative of the Syrian Arab Republic at the Executive Bureau, who is participating in the

meetings for the first time. His Excellency the Secretary-General also extended his sincere thanks and appreciation to the State of Kuwait for its generous hosting of the organization's meetings. He also praised the efforts made by Dr Sheikh Nimr Fahd Al Sabah, Undersecretary of the Ministry of Oil, and the representative of the State of Kuwait at the Executive Bureau, to facilitate holding these meetings in a successful way.

It is worth noting that the 167th meeting of the Executive Bureau discussed a number of items on the agenda, including a major item related to the draft estimated budget of the organization (the Secretariat General and the Judicial



Tribunal) for the year 2024. This is in addition to reviewing the latest developments related to the implementation of Ministerial Council Resolution No.

109/9 on developing the organization's activities and restructuring it in response to the energy industry developments.

In this regard, the Secretary-General thanked Their Excellencies the members of the organization's Executive Bureau for their continued support and effective contribution towards developing and restructuring the organization. The meeting also discussed the 12th Arab Energy Conference preparations, which is scheduled to be held in the State of Qatar during the period 11-12 December 2023.



OAPEC JVS MEETING



OAPEC Secretariat General held the 52nd annual coordination meeting of OAPEC Joint Ventures, on Saturday, 21 October 2023, in Cairo, the Arab Republic of Egypt.

The meeting was chaired by His Excellency the Secretary-General, Engineer Jamal Essa Al Loughani, in the presence of representatives of the Arab Maritime Petroleum Transport Company, the Arab Shipbuilding and Repair Company (ASRY), the Arab Petroleum Investments Corporation (APICORP), the Arab Petroleum Services Company, and the Arab

Geophysical Exploration Services Company.

The Secretary-General emphasized providing the necessary support that contributes to the growth and prosperity of the JVs and achieving the goals for which they were established. He also stressed the importance of building on the previous meetings, and their positive results and important recommendations to move forward towards a new stage based on opening areas of cooperation between OAPEC JVs and national companies of a similar nature and activity in the member countries of the organization.

STATISTICAL COORDINATION COMMITTEE MEETING BETWEEN ARAB LEAGUE SECRETARIAT GENERAL AND ARAB ORGANIZATIONS

The Secretariat General of the Organization of Arab Petroleum Exporting Countries (OAPEC) participated in the Statistical Coordination Committee Meeting between the Arab League Secretariat General and Arab Organizations, which was held on the sidelines of the forty-first meeting of the Permanent Technical Committee for Statistics at the headquarters of the Arab League, Cairo, Arab Republic of Egypt in the period from 25 to 27 September 2023.

The Secretariat General was represented at this meeting by Mr Fouad Ali Abdel Rahman, Energy Analyst, the Economic Department, who presented a paper in which he reviewed the statistical activity of OAPEC Secretariat for the year 2023 as well as the Secretariat's statistical action plan for the year 2024.



OAPEC PARTICIPATES IN ANNUAL MEETING OF THE GULF DOWNSTREAM ASSOCIATION

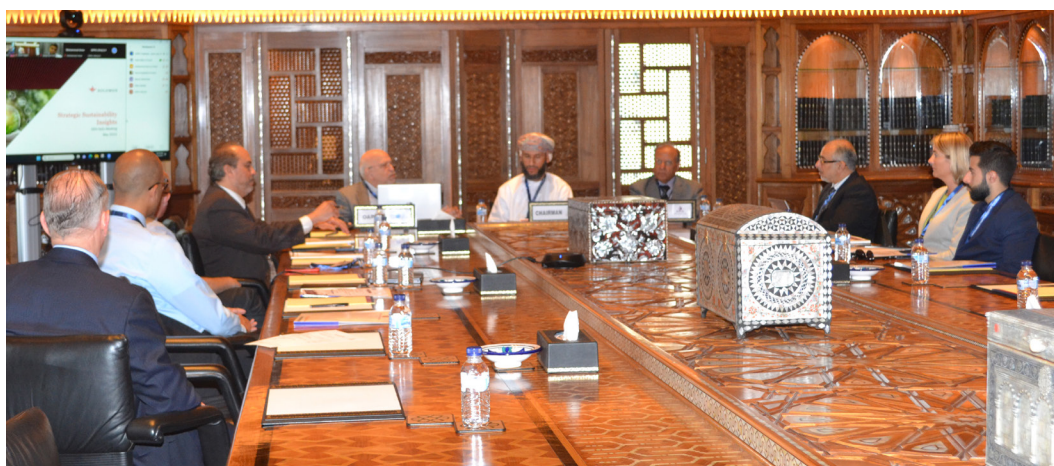


Upon an invitation by the Gulf Downstream Association, OAPEC Secretariat participated in the annual meeting of the Gulf Downstream Association, and the annual general assembly meeting, under the slogan “Together Towards Sustainable Energy”, which was held during the period 30-31 October 2023, in the State of Kuwait.

During the annual meeting, a number of technical papers were reviewed that discussed the challenges facing the refining industry in the member states, and the role of innovation in finding appropriate solutions to these challenges and taking the refining industry to global levels.

OAPEC Secretariat also took part in the Association’s annual general assembly meeting, headed by Mr Sulaiman Al Bargan, Chairman, in the presence of senior executives from Gulf refining companies that are members of the Association. The activities of the year 2023, the budget, and next year’s work plan were discussed.

It is noteworthy that OAPEC joined the Gulf Downstream Association in 2019, as a knowledge partner. It participates in the “Operational Excellence and Industrial Trends” committees of the nine



main committees. The Secretariat is represented by Engineer Imad Makki, Director of the Technical Affairs Department, and Dr Yasser Baghdadi, senior expert in oil industries.

The Gulf Refining Federation is a platform and forum that brings together experts and specialists in refineries, gas plants, distribution facilities, and petrochemical plants in the United Arab Emirates, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the State of Kuwait, and the Sultanate of Oman.

The Gulf Downstream Association is a platform that brings together experts and specialists in refineries, gas plants, distribution facilities, and petrochemical plants in the United Arab Emirates, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the State of Kuwait, and the Sultanate of Oman.



OAPEC PARTICIPATED IN LNG APPLICATIONS SUMMIT

OAPEC Secretariat General participated in an LNG Applications Summit “The Small-Scale LNG Summit 2023”, which was held in Milan, Italy, during the period 25-26 October 2023, with the participation of about 150 experts and specialists from several European institutions, companies and bodies working in the field of gas, including the company French Total Energy, British Shell, Italian Snam, Italian Biogas Authority, and others.

The summit sessions were devoted to discussing several topics, including:

- Fundamentals of supply and demand for LNG in Europe.
- The economic returns of the LNG sector according to the latest trends.
- Hydrogen future versus LNG future.
- Feasibility study for small-scale LNG projects.
- Current and future legislation and laws that regulate the liquefied natural gas market in Europe.

OAPEC Secretariat presented its vision at the summit about the current landscape of the liquefied natural gas industry in the Arab countries by a presentation entitled “The Reality and Prospects of Large- and Small-Scale Liquefied Natural Gas Applications in the Arab countries”, presented by Engineer Wael Hamed Abdel Moati, gas industries expert at the organization. He explained that global demand for liquefied natural gas achieved a growth of 5% during the year 2022, driven by the growing European demand, which alone achieved a jump of about 60% compared to 2021 due to the decline in Russian gas supplies, as it recorded about 119 million tons in 2022 compared to 75 million tons in 2021. He pointed out that the Arab countries contributed to meeting 28% of the European demand for liquefied natural gas, and enhanced their exports to the European market with a growth rate of 15%.

The OAPEC representative also explained that the Arab countries had the leading position in the LNG industry with large capacities (higher than 5-6 million tons/year) dedicated to producing and exporting LNG to global markets, the first of which came from Algeria nearly six decades ago. Thanks to the investments made by national and international companies in this vital sector, the Arab countries have become the world’s largest exporters with a 29% share of global trade, followed by Australia with a 20% share, the United States with a 20% share, and Russia with an 8% share.

Speaking about natural gas applications with



small capacities that do not exceed 1 million tons/year, such as LNG ship bunkering stations, Engineer Wael explained that the Arab countries have several components that enable them to lead in this emerging sector, which are: an LNG infrastructure, including liquefaction facilities, LNG receiving and regasification terminals, the availability of gas at competitive prices, human resources, in addition to the geographical location that is in the middle of the main navigation lines for international maritime trade. Hence, the region is an attractive option for investments in this activity, especially in light of international legislation aimed at reducing carbon emissions from the maritime transport sector. The OAPEC paper also indicated that the number of announced projects for liquefied natural gas for small-scale applications in Arab countries has increased to 9 projects, distributed in the Arab Republic of Egypt, the State of Qatar, the UAE, the Sultanate of Oman, and the Kingdom of Morocco. Most of these projects are for the establishment of facilities for bunkering ships with liquefied natural gas, including the “Marsa LNG” project in Sohar in the Sultanate of Oman with a capacity of 1 million tons/year, which is being developed by both the Omani company “OQ” and the French company “Total Energy”. Construction is expected to begin before the end of 2023. There is also a ship bunkering project in the Suez Canal in Egypt using a bunkering ship with a capacity of 6,000 cubic metres.

At the conclusion of the paper, the OAPEC representative explained that the Arab countries have great potential and promising opportunities to attract investment not only in large-scale LNG applications, in which they have achieved great success, but also in applications with small capacities.



OAPEC PARTICIPATES IN ARAB ENERGY AND WATER CONFERENCE AND EXHIBITION

Upon an invitation of the Arab Council for Sustainable Energy, OAPEC Secretariat General participated in the Arab Energy and Water Conference and Exhibition, which was held in the State of Kuwait during the period 11-12 October 2023, under the slogan “Modern Solutions for a Better Future,” under the patronage of the Minister Electricity, Water and Renewable Energy HE Dr Jassim Al Ustad.

The conference aimed to contribute to the achievement of Arab strategies and initiatives by creating an effective convergence between the three basic pillars: the visions and aspirations of the countries of the region and their strategies; scientific and research results in the field of energy and water; and sharing the latest solutions provided by the commercial and industrial sector in the fields of energy and water to achieve the goals of the Green Middle East Initiative.

The conference included a review of 30 scientific papers, from 23 local and Arab scientific and institutional bodies, along with a number of international companies in the field of renewable energies and their applications. There were 5 key sessions, which addressed the following main topics:

- Visions of global leaders and professionals about the future of energy and water in the Arab region
- Modern legislation and policies in water and energy projects, and partnerships between the public and private sectors
- Improving the efficiency of conventional power plants, carbon capture and hydrogen production
- Improving the reliability of renewable energy resources, energy storage and green hydrogen
- Water and energy conservation in green and smart cities, modern agriculture, information and communications technology and smart grids

A delegation from the Secretariat General, consisting of Dr Yasser Baghdadi, Senior Oil industries Expert; Engineer Wael Hamid Abdel Moati, Gas Industries Expert, and Dr Sufyan Oujida, Senior Economic Researcher, participated in the conference and exhibition.





THE 43RD OXFORD ENERGY SYMPOSIUM

OAPEC Secretariat General participated in the forty-third Oxford Energy Symposium, which was held at the headquarters of St. Catherine's College, Oxford, United Kingdom, during the period from 11 to 20 September 2023.

There were 55 participants, representing a number of ministries, organizations and bodies related to energy. The organization was represented at this symposium by Mr. Majed Amer, Economist at the Economic Department.

The symposium addressed many topics related to the energy industry at regional and global levels, including challenges in energy transitions, challenges of the energy sector in China, the energy trilemma, and energy policy in the European Union after the Russian-Ukrainian crisis. Other topics included: the future of US energy policy, the geopolitics of energy relations in the Middle East, energy transitions in Japan and Asia, the path to net zero emissions,

critical minerals and their impact on geopolitics and energy transitions, carbon market developments, energy sector challenges in India, the Kuwaiti energy strategy, and the future of renewable energy. The symposium also tackled the role of nuclear energy in energy transitions, the role of technology in energy transitions, expanding the scope of new energy technology, the reality and future prospects of the energy sector in Russia, the liquefied natural gas markets in the United States of America, and the hydrogen economy.

It is worth mentioning that the Oxford Energy Symposium has been held annually since 1979, and is considered a platform for scientific dialogue on energy issues, sponsored by the Organization of Arab Petroleum Exporting Countries (OAPEC), the Organization of the Petroleum Exporting Countries (OPEC), and St. Catherine's College at the University of Oxford.

OAPEC
ORGANIZATION OF ARAB
PETROLEUM EXPORTING
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منظمة الأقطار
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DESPITE CALLING FOR ENERGY TRANSITION, EUROPE IS INCREASING ITS EXPLORATION ACTIVITY!



By Eng. Turki Hemish

*Senior Petroleum Expert, Exploration
and Production*

The Russian-Ukrainian geopolitical crisis has clearly cast a shadow on the world's policies regarding energy sources, as the year 2023 witnessed significant endeavours by many countries around the world towards accelerating exploration and production activities and various related works. This was evident in several aspects, the most prominent of which were attempts to accelerate the process of awarding exploratory licenses. In Norway, for example, 47 exploratory licenses were awarded within less than four months from the date of the deadline of submitting bids, which is a record time for the large number of licenses offered, especially since awarding was made to 25 companies. In early May 2023, the Norwegian Ministry of Petroleum and Energy- directly and explicitly- called on companies to do everything they can to find more oil and gas sources in the Norwegian section of the North Sea.

Another example is the announcement of the Ministry of Energy, Climate and Utilities in Denmark in July 2023 about launching a bidding round for exploration and production licenses in the North Sea, within areas where gas had previously been discovered. The deadline for submitting bids was set on 15 October 2023, that is, within 4 months of the announcement; a record time that is not very common in the petroleum industry. The irony here is that at the beginning of 2022, Denmark announced its intention to cancel all future licenses for exploration!

In July 2023, Britain announced its commitment to granting hundreds of exploration licenses in the North Sea, as a step it considers important to preserve its energy independence. It is noteworthy that Britain is among the countries that have committed to reaching net-zero in 2050, but the British Prime Minister justified the step of granting licenses by saying that even if Britain achieves its net-zero target, at least 25% of its energy will be from oil and gas. In October 2023, 27 exploratory blocks out of the 33 blocks announced in October 2022 were already awarded. The North Sea Transition Authority stated that the blocks for which bids were awarded were carefully selected in areas that could be put on production quickly. Six other blocks were also merged into five existing licenses.

With a clear growing trend among major players in the energy market to gain more profits, it was noted that many giant companies have modified their previous steps that aimed at reducing their production of fossil fuels in favour of energy transition

and cutting carbon emissions, including, for example, BP, which increased its stake in the Browse LNG project in Australia, from 17.3% to 44.3% in May 2023. Most recently, ExxonMobil acquired Pioneer Natural Resources for more than \$56 billion. Chevron announced that it is acquiring Hess for \$53 billion.

Overall, it seems that the 2022 lesson is being repeated, as the year 2022 was a vivid example of energy markets volatility. The European Union and United Kingdom economies had a feeling that renewable energy sources, in which they had invested a lot, would not be enough during the winter of 2022-2023*, so they began searching everywhere for shipments of liquefied natural gas and coal, which were originally intended towards Asia and India. The process of accelerating exploration in conjunction with giant acquisitions has already begun to raise doubts among investors about the reality of reaching peak demand for fossil energy sources, which the International Energy Agency's claims herald from time to time.

* Of course, electricity production in Europe plays a decisive role when considering the energy sources used. In its report issued in July 2023, the International Energy Agency admitted that electricity production in the OECD declined by 5% on an annual basis. Despite the growing role of energy sources in this group, tracking the energy sources used to generate electricity shows an increase in the use of fossil fuels on a monthly basis. For example, fossil fuels contributed to the production of 72.6 terawatt hours of electricity in the month of May 2023, while it contributed to the production of about 85 terawatt hours in July 2023, an increase of approximately 17%.

* *Views expressed in the article belong solely to the author, and not necessarily to the organization.*



Monthly Report on Petroleum Developments in The World Markets

in the World Markets

October 2023

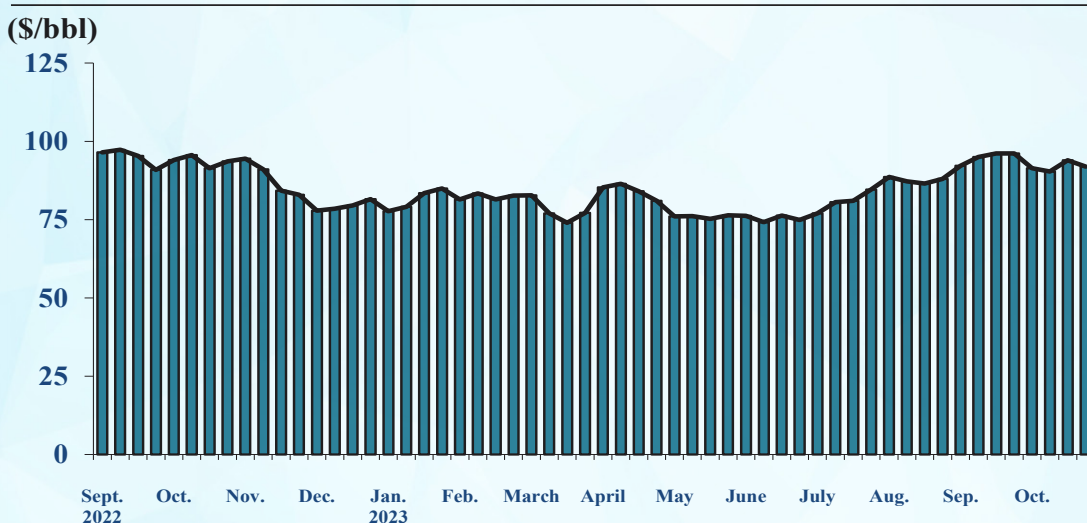
First: World Oil Markets

1. Oil Prices

OPEC primary estimates indicate that OPEC Reference Basket price decreased in October 2023 by 3% compared to the previous month, to reach \$91.8/bbl. And annual price of OPEC Basket is estimated to decrease in 2023 by 16.8% compared to 2022, to reach \$83.26/bbl.

It's worth mentioning that, OPEC Reference Basket increased in September 2023 by 8.4% or \$7.3/bbl compared to the previous month of August, to reach \$94.6/bbl. This is mainly attributed to the rally in futures prices, improvements in physical market fundamentals, strong crude buying from refiners in Europe and the Asia Pacific, and Strong middle distillate margins.

Weekly Average Spot Prices of OPEC Basket of Crudes, Sep. 2022-Oct. 2023



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

2. Supply and Demand

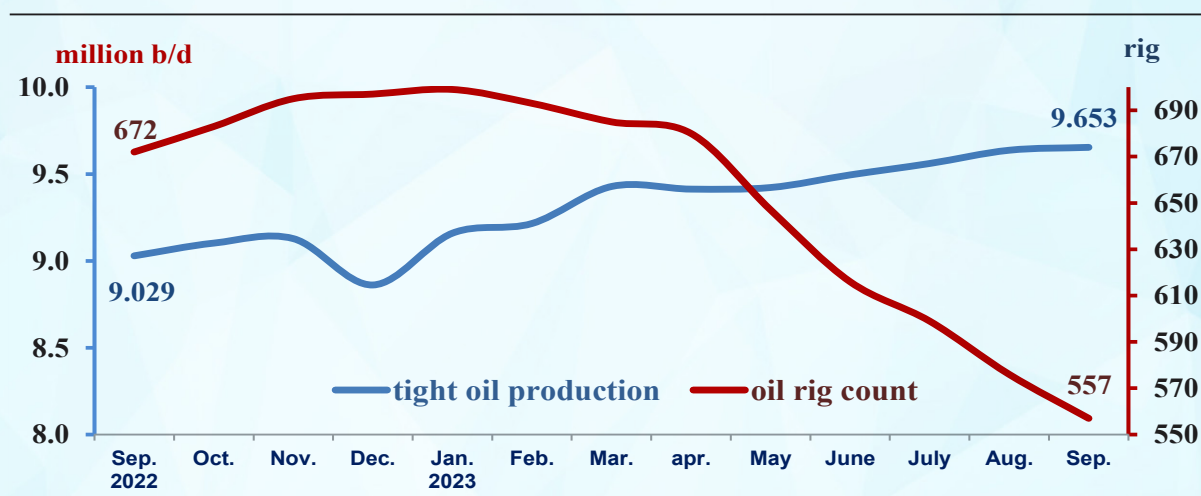
- Primary estimates indicate that world oil demand is increased in Q3 2023 by 0.8% compared with previous quarter, to reach 102.2 million b/d. As demand in OECD countries increased by 1.6% to reach 46.3 million b/d, and demand in Non-OECD countries increased by 0.2% to reach 55.9 million b/d.

Projections indicate that world oil demand is expected to increase in Q4 2023 to reach 103.1 million b/d. As demand in Non-OECD countries is

expected to increase by 1.4 million b/d to reach 57.2 million b/d. Whereas demand in OECD countries is expected to decrease by 440 thousand b/d to reach 45.9 million b/d.

- Primary estimates indicate that **world** crude oil and NGLs/non-conventional supply in September 2023, increased by 0.4% to reach 101.6 million b/d. OPEC supply increased by 0.8% to reach 33.2 million b/d, and Non-OPEC supplies increased by 0.2% to reach about 68.4 mb/d.
- **OPEC+** crude oil supply in September 2023, increased by about 509 thousand b/d, or 1.4% comparing with previous month level to reach 37.7 million b/d. The supplies of Non-OPEC supplies, which are members in OPEC+, increased by 1.6% to reach 14.9 million b/d, and the supplies of OPEC-10 supplies, which are members in OPEC+, increased by 1.2% to reach 22.8 mb/d.
- US tight oil production increased in September 2023 by 17 thousand b/d compared to previous month level to reach 9.653 million b/d. Production is expected to raise slightly in October 2023 to reach 9.658 million b/d, before decline in November to reach 9.654 million b/d. On other development, US oil rig count decreased in September 2023 by 19 rigs, to stand at 557 rigs.

US tight oil production and oil rig count



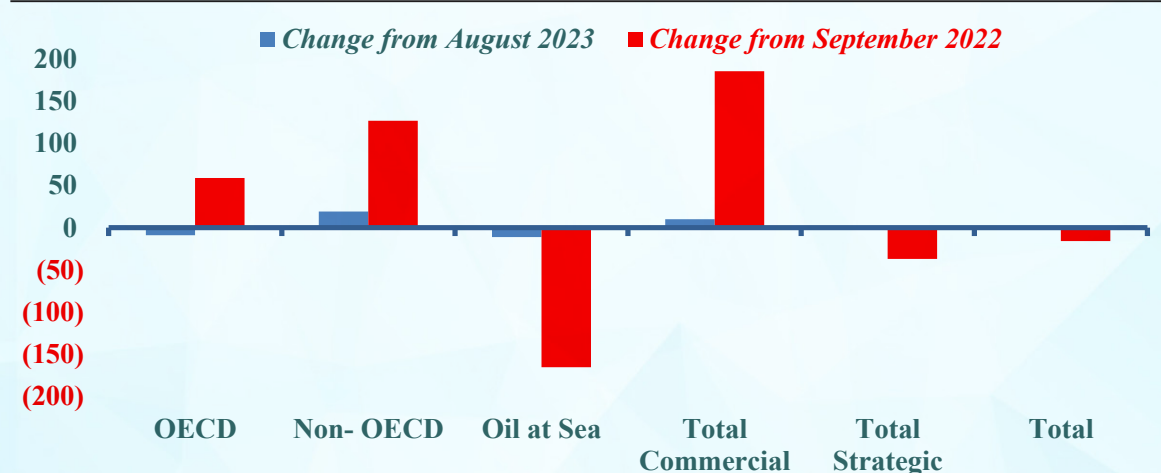
Source: EIA, Drilling Productivity Report for key tight oil and shale gas regions Oct. 2023.

3. Oil Inventories

- OECD commercial inventories in September 2023 decreased by 9 million barrels from the previous month level to reach 2807 million barrels, whereas strategic inventories remained stable at the same previous month level of 1504 million barrels.



Change in Global Inventories at the End of September 2023 (million bbl)



Source: Oil Market intelligence, Oct. 2023 and Dec. 2022.

4. Oil Trade

US Oil Imports and Exports

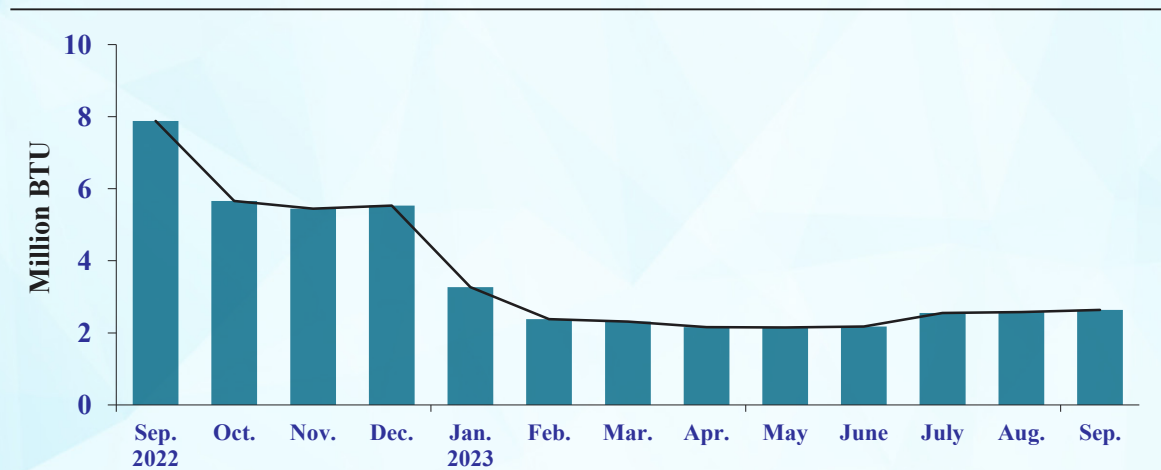
- US crude oil imports in September 2023 increased by 0.6% from the previous month level to reach about 6.9 million b/d, and US crude oil exports increased by 8.8% to reach about 4.3 million b/d.
- US petroleum products imports in September 2023 decreased by 4.6% from previous month level to reach about 1.8 million b/d, whereas US petroleum products exports increased by 0.1% to reach 6.1 million b/d.

Second: Natural Gas Market

1. Prices

- The average spot price of natural gas at the Henry Hub increased in September 2023 to reach \$2.64/million BTU.

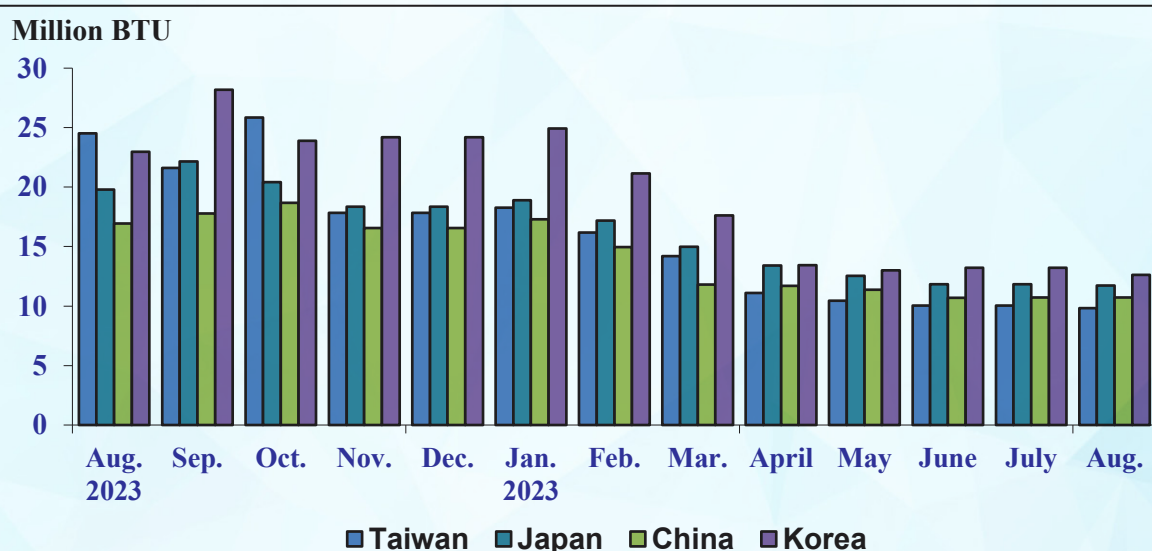
Average spot price of natural gas at the Henry Hub, Sep. 2022 – Sep. 2023



Source: EIA, Henry Hub Natural Gas Spot Price.

- The price of Japanese LNG imports in August 2023 decreased by \$0.12/m BTU to reach \$11.72/m BTU, the price of Korean LNG imports decreased by \$0.59/m BTU to reach \$12.62/m BTU, and the price of Taiwan LNG imports decreased by \$0.23/m BTU to reach \$9.82/m BTU. Whereas the price of Chinese LNG imports increased by \$0.01/m BTU to reach \$10.72/m BTU.

The price of Northeast Asia LNG imports, August 2022- August 2023



Source: Energy Intelligence - WGI, Various issues.

2. Exports

Arab LNG exports to Japan, South Korea and Taiwan were about 3.824 million tons in August 2023 (a share of 23.6% of total imports).

Tables Annex