mees

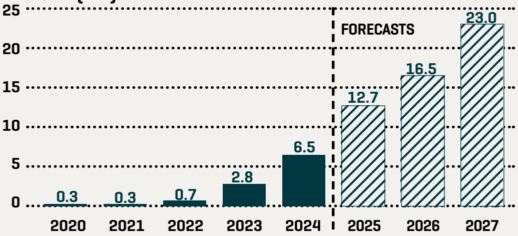
Weekly Energy, Economic & Geopolitical Outlook
Vol. 68. No. 9
28. February.2025.

POWER & WATER

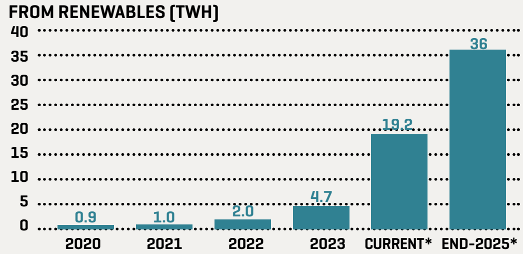
Saudi Solar's 2025 Power Surge

2025 is set to be the year that renewables start to make a sizeable contribution to the Saudi electricity mix. Currently-operational plants can generate 19TWh annually, and with capacity set to nearly double by summer, the ramp-up should curb oil burn. ***Page 14***

1: SAUDI ARABIA IS ACCELERATING ITS RENEWABLES ROLLOUT (GW)...



2: ...RESULTING IN SOARING ELECTRICITY GENERATION FROM RENEWABLES (TWH)



UPSTREAM OIL & GAS

Leviathan Expansion: FID Near?

The partners at Israel's key 22tcf Leviathan gas field are progressing plans to expand capacity to 21bcm/y by 2029 and to 23bcm/y by 2032. ***Page 4***

CORPORATE

BP Lands Kirkuk Terms: Now For The Contract?

Iraq and BP have finalized terms for redevelopment of the giant Kirkuk fields. The UK major will develop both oil and gas but the precise contract model remains unclear. ***Page 6***

UPSTREAM OIL & GAS

Libya's Sharara Output Hits Five-Year High

Output from Libya's key Sharara concessions has topped 300,000 b/d for the first time since 2019. Major ongoing drilling means further gains are in the pipeline. ***Page 2***

OPEC & GLOBAL MARKETS

Opec+ Decision: Geopolitics To The Fore?

Oil sector officials in London for IE Week broadly see 2025 shaping up as a year of oversupply. But Opec+ may nevertheless bring back barrels from April. ***Page 8***

GEOPOLITICAL RISK

Baghdad Fears US As Kurdish Restart Drags

US threats to sanction Iraq over relations with Iran and, potentially, the non-resumption of Kurdish exports have spooked officials in Baghdad. ***Page 10***

CORPORATE

Oxy: UAE Gas Dominates Non-US Gains

US mini-major Occidental has trimmed its international portfolio to just four countries: Oman, Qatar, UAE & Algeria. UAE gas was the standout success for 2024. ***Page 8***

CORPORATE

BP Strategy 'Reset' Boosts Mauritania

With the first cargo from Tortue LNG set to sail, Kosmos is dusting off long-stalled expansion plans which mesh with operator BP's latest strategy U-turn. ***Page 12, 7***

DOWNSTREAM

Gulf NOCs Expand Tanker Fleets

National shipping firms for GCC oil and gas producers Saudi Arabia, UAE, Oman, and Qatar are investing in fleet expansions after raking in bumper revenues for 2024. ***Page 13***

Repsol 'Optimistic' As Libya's Sharara Output Hits Five-Year High

Output from Libya's key Sharara concessions has topped 300,000 b/d for the first time since 2019. And with operator Repsol stepping up both development and exploration drilling, the firm is 'optimistic' of further gains for 2025.

Crude output at the Sharara fields in far southwestern Libya is on course for a five-year high for Q1. All four of the daily production figures reported by NOC so far this year have been above 300,000 b/d, a level last topped on a quarterly basis in 2019, the highest being 309,510 b/d on 28 January (see chart).

Spain's Repsol is the lead foreign partner and de-facto operator of the Akakus Oil Operations JV with Libya's NOC, with 16% and 20% respectively of the two key Sharara blocks NC-186 and NC-115. France's TotalEnergies and Austria's OMV each have 12% and 15% stakes in the two blocks, whilst Norway's Equinor has 10% of NC-186 alone.

Despite a 17.9% fall in annual output, from 244,000 b/d in 2023 to 200,000 b/d in 2024 due to two major outages at Sharara last year (MEES, 26 January 2024 & MEES, 11 October 2024), Repsol CEO Josu Jon Imaz remains "optimistic" amid an ongoing development drilling campaign.

"Once the last interruption was lifted in October, we managed to bring the field to its maximum production since 2020, and it has been running at peak level since December," Mr Imaz told his firm's 20 February earnings call.

Gross Sharara capacity rose by 37,000 b/d over the course of 2024 with the target a further 15,000 b/d hike for 2025, he says. Speaking in December, Repsol's Mikel Erquiaga Aguirre said that the target was to hit 350,000 b/d Sharara output by end-2025 (MEES, 6 December 2024).

These planned 2025 output gains are given teeth by a substantial ongoing development drilling campaign. The Akakus JV says it plans to run "five drilling rigs and six workover rigs" on the acreage to work on its "drilling portfolio for the next five years [2025-2031]." Mr Imaz adds that Akakus plans to "finalize the drilling of 32 new [development] wells" during 2025 alone.

And to refill the hopper of development prospects, Repsol, which operates the adjoining exploration acreage, on 31 December resumed oil exploration activity in the Murzuq basin after more than a decade, beginning with exploratory well A1-2/130 (Nisser prospect), which is located 12km from the Sharara central processing facilities (MEES, 3 January).

"On top of that, we are analyzing further bid rounds in Libya that are going to be the first in 20 years," Mr Imaz says.

NOC has been promising the launch of the long-awaited bid round for exploration across 22 onshore and offshore concessions for months, missing several deadlines (MEES, 31 January). To date, with ongoing political instability and leadership rivalries, it remains unclear whether the bid round will materialize anytime soon.

However, despite facing "difficult" times over the past 15 years, Mr Imaz says the Libyan authorities had always "respected their contracts with a very strong rule of law and with, in some way, legal security in the country," counting on this to contribute to the increase of the production this year.

SABAH FIELD RESTART

This comes as NOC continues efforts to rehabilitate offline or damaged fields in a bid to boost production to 1.6mn b/d in 2025 (MEES, 24 January).

On 22 February, Zueitina Oil Company (OMV 50%, NOC 50%) announced the resumption of production at the Sabah oil field, a decade after it was damaged alongside several other fields in a rampage by the Islamic State group across the Sirte Basin (MEES, 6 March 2015).

The OMV-led company said output resumed with 600 b/d from the revived G18 well, with crude being transported via mobile tankers to the nearby Zella oil field, another damaged site Zueitina restarted in 2021 (MEES, 24 September 2021).

The G18 well restart is part of a two-phase plan outlined by Zueitina to ramp up production at Sabah, with the first phase adding another well to boost output to 1,200 b/d in total.

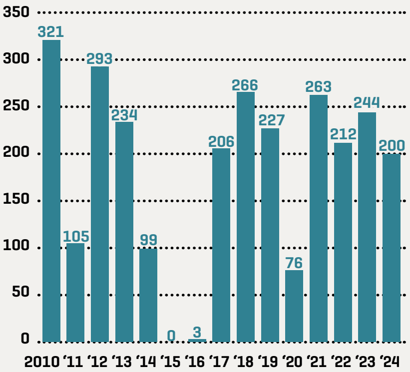
The second phase will see the installation of an early production facility (EPF), integrating 17 additional wells to increase capacity to 4,000 b/d by 4Q 2025, with the field's total output expected to reach 5,000 b/d once fully operational, the company says.

NOC in October announced that OMV had resumed exploration drilling on its Sirte Basin exploration acreage in Libya after a 13-year hiatus as Eni and BP kicked off an even more ambitious onshore and offshore exploration drilling campaign (MEES, 1 November 2024). BP, in its 25 February upstream-focused strategy relaunch, says Libya is one five countries globally to see "key exploration wells" over 2025-27 and one of only three (alongside Brazil and the US offshore) to see "5+" such wells.

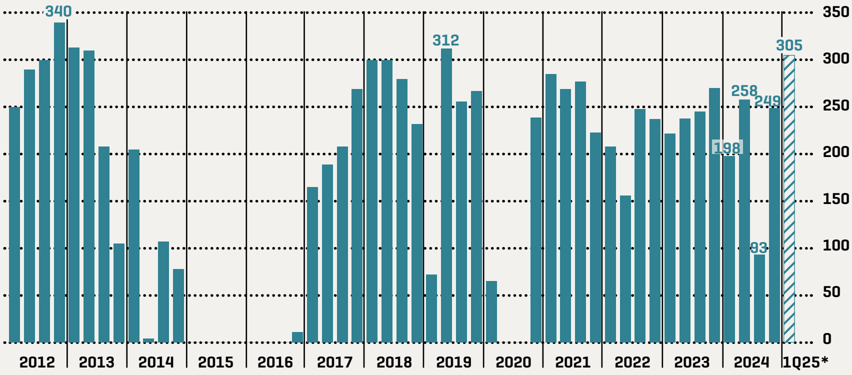
Zueitina is also working to restart its Fedah and Hakim fields located on Block NC-74.

Zueitina operates several blocks across the Sirte Basin with the bulk of its current output coming from its portion of the Nafoora field located on Block C-102 as well as the Intisar field on Block C-103. Zueitina had a production capacity of nearly 60,000 b/d before the 2011 revolution but output has averaged 25-30,000 b/d in recent years. ◆◆

LIBYA'S SHARARA CONCESSION: AVERAGE OUTPUT SLUMPED TO 200,000 B/D FOR 2024 ON THE BACK OF LENGTHY OUTAGES ('000 B/D)....



...BUT NEW DRILLING CONTINUED APACE. REPSOL SAYS CAPACITY LEAPT BY 37,000 B/D OVER THE COURSE OF 2024. WITH OPERATOR AKAKUS REPORTING SEVERAL 300,000 B/D+ DAILY OUTPUT FIGURES SO FAR THIS YEAR, Q1 LOOKS ON PACE FOR A FIVE-YEAR HIGH ('000 B/D)



*AVERAGE OF PUBLISHED DAILY FIGURES. THIS IS LIKELY BIASED TO 'GOOD DAYS' WITH ACTUAL AVERAGE OUTPUT SOMEWHAT LOWER. SOURCE: NOC, REPSOL, EQUINOR, OMV, MEES.

◆◆

Abu Dhabi Unconventional Gas Boost

The Ruwais-Diyab unconventional gas concession in Abu Dhabi has started producing gas, says TotalEnergies CEO Patrick Pouyanné.

Abu Dhabi state energy firm Adnoc sees its Ruwais-Diyab unconventional gas concession as a key pillar of the UAE's efforts to achieve gas self sufficiency by 2030. The concession (Adnoc 90%, TotalEnergies 10%) is slated to produce 1bn cfd by 2030.

TotalEnergies was awarded its stake in the project in November 2018, but in 2023 cut its position from 40% to the current 10%, with Adnoc taking over as operator (MEES, 19 April 2024). Total CEO Patrick Pouyanné tells MEES that the concession has recently started producing. Speaking on the sidelines of the International Energy Week conference in London on 25 February he says that "production is... about 100mn cfd currently."

After acquiring its stake, TotalEnergies tested the concession's existing exploration wells, before drilling two appraisal wells in 2020 and two more exploration wells in 2021. Testing and hydraulic fracturing operations began in 2020, with gas delivered to the grid via an early production facility (MEES, 18 June 2021). The firm also previously stated that it made a "notable discovery" at the concession's DE-09 well in 2022, but the partners have made few subsequent updates.

UNCONVENTIONAL PUSH

Ruwais-Diyab is one of three unconventional concessions to have been awarded to date in Abu Dhabi, with Malaysian state firm Petronas snagging the Unconventional Block 1 and 5 concessions in 2022 and 2024 respectively (MEES, 27 September 2024).

Adnoc puts its unconventional gas resources at 160tcf, and its Adnoc Drilling joint venture (Adnoc 78.5%, Baker Hughes 5%, free float 16.5%) has been tasked with derisking these volumes through its Turnwell joint venture with services giant SLB (30%) and Patterson-UTI (15%). Turnwell was awarded a 144-well contract last year, which is due to be completed by end-2026 (MEES, 4 October 2024). Adnoc Drilling currently has eight unconventional rigs operating in the country, with the rigs operating across Abu Dhabi as Adnoc seeks to firm up its resource base (MEES, 14 February).

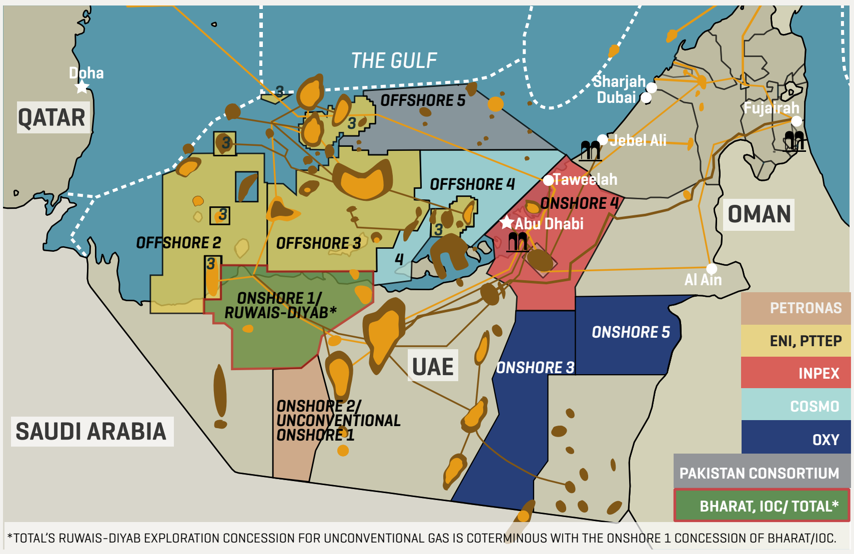
Adnoc's unconventional program was highlighted during the 20 February meeting of the Executive Committee of the Adnoc Board of Directors. Following the meeting, Adnoc said "His Highness [Crown Prince Khaled bin Mohamed bin Zayed] reviewed Adnoc's domestic growth initiatives, including its unconventional exploration programme, as it continues to create value for the UAE and future-proof its business."

Although gas-for-power demand is declining in Abu Dhabi itself thanks to the increasing penetration of renewables and nuclear, demand for gas from the power sector in the broader UAE is on the rise. Adnoc Gas CFO Peter van Driel said earlier in the month that "the growth [in UAE gas demand] that we see is very much driven by the power sector, and that, in turn, is explained by the growth in the economy, and also the population growth" (MEES, 14 February).

TotalEnergies is a major oil producer in Abu Dhabi, but its net gas output in 2023 was just 34mn cfd (see chart), and even a full year of 100mn cfd production from Ruwais Diyab would net the firm just 10mn cfd. All output is for the local market, and Mr Pouyanné told the conference that his strategic preference is to produce gas for LNG exports rather than be restricted to a single domestic market. ◆◆

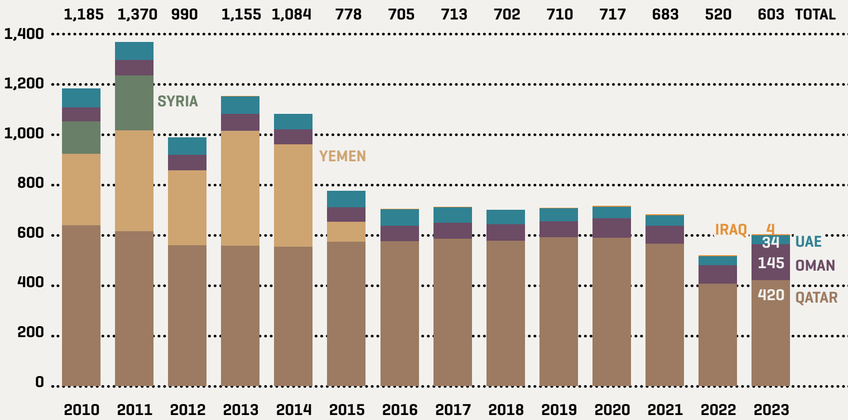
ABU DHABI EXPLORATION BLOCKS

GAS FIELD/PIPELINE | OIL FIELD/PIPELINE | REFINERY | OIL TERMINAL | LNG EXPORT TERMINAL



*TOTAL'S RUWAIS-DIYAB EXPLORATION CONCESSION FOR UNCONVENTIONAL GAS IS COTERMINOUS WITH THE ONSHORE 1 CONCESSION OF BHARAT/IOC.

TOTALENERGIES' NET MIDDLE EAST GAS PRODUCTION (MN CFD): UAE STAYS FLAT AS OMAN OUTPUT DOUBLES IN 2023



SOURCE: TOTALENERGIES, MEES.

Israel's Leviathan: Chevron Advances Plans To Near-Double Capacity To 23 Bcm/y

The partners at Israel's key 22tcf Leviathan gas field are progressing plans to expand capacity to 21bcm/y by 2029 and to 23bcm/y by 2032 with FID on the first stage just months away according to partner NewMed Energy.

US major Chevron (39.66%op) and its Israeli partners NewMed Energy (45.34%) and Ratio Energies (15%) "aim" to take a final investment decision (FID) on 'Phase1B' expansion to 23bcm/y (2.22bn cfd) "in the coming months," NewMed says in a release marking the 23 February submission of an expansion development plan.

The plan splits 'Phase 1B' expansion into a 21bcm/y (2.03bn cfd) 'stage one' followed by 'stage two'. Capacity is currently 1.2bn cfd with expansion to 1.4bn cfd ongoing (see table).

Collectively the two 'Phase 1B' stages imply full development of Leviathan's remaining 20.49tcf proved and probable resource: FID would see the 5.66tcf '2C' contingent portion reclassified as 2P reserves (MEES, 7 February).

PHASE 1A, STAGE 2: 1.4BN CFD BY EARLY 2026

Currently the partners are in the process of expanding the field's capacity from 1.2bn cfd to 1.4bn cfd as part of the second stage of 'Phase 1A' development (MEES, 29 November 2024). A third gathering line linking the field 130km offshore in 1,500ms water depth to the near-shore platform "is scheduled for completion in 2026," Chevron says in its freshly released 2024 report.

This appears to mark a delay versus comments made by CEO Mike Wirth in November that expansion was "on-track for late next year [2025]" (MEES, 8 November 2024). Notwithstanding the latest Chevron phrasing, other sources tell MEES that the partners remain hopeful of early-2026 start up, with Mr Wirth on his firm's 31 January earnings call saying that the "pipelay vessel that was demobilized during the height of the conflict" would be "remobilized here during the first half of this year to complete the work" (MEES, 7 February).

A fifth 400mn cfd-capacity production well drilled in early 2022 will help the field to consistently deliver at the increased 1.4bn cfd capacity.

Initial 1.2bn cfd Phase 1A Leviathan development was costed at $3.75bn with start-up achieved in the final days of 2019 (MEES, 3 January 2020).

LEVIATHAN'S THREE-STAGE EXPANSION PLANS

	PHASE-1A		PHASE-1B	
	Stage 1	Stage 2	Stage 1	Stage 2
Capacity (bn cfd)	1.2	1.4	2.0	2.2
Production Wells*	4	5	8	10
No. of Pipelines^	2	3	3	4
Cost ($bn)	3.75	0.568	2.4	TBC
Start-Up	End-2019	Early-2026	2029	2032

*INITIAL DELIVERABILITY OF 400MN CFD EACH. ^120KM 20-INCH LINES LINKING THE FIELD WITH THE NEARSHORE PRODUCTION PLATFORM. SOURCE: COMPANY FILINGS, MEES.

PHASE 1B: 2.0BN CFD BY 2029, 2.2BN CFD BY 2032?

The partners last year launched front-end engineering design (FEED) for Phase 1B, stage one, at the same time approving an initial budget of $500mn to cover "long-lead items" (MEES, 2 August 2024). Phase 1B, stage one "will involve drilling three additional wells, adding necessary subsea systems, and enhancing the treatment facilities on the platform to increase the system's total gas production capacity to approximately 21 bcm/year [2.03bn cfd]," Chevron says. NewMed costs Phase 1B stage one expansion at "approx. $2.4bn," whilst MEES understands that 2029 is the most likely date for the start of production.

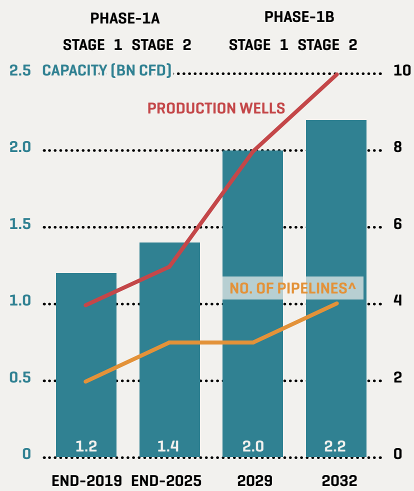
Phase 1B, stage two will likely include the drilling of two extra wells taking the total to 10 and the construction of a fourth gathering line linking the field with the near-shore platform. This is "expected to increase the maximum daily production capacity by another ~2bcm/year, i.e. to a total quantity of ~23bcm/year [2.22bn cfd]," NewMed says.

Whilst neither NewMed nor Chevron are willing to provide an estimated start-up date for this second stage, a well-placed MEES industry source says start-up would likely be in 2032. Previously both NewMed and Ratio had talked-up the possibility of the expansion taking output to 2.35bn cfd (MEES, 2 August 2024).

NEW EXPORT DEALS?

The Leviathan partners' 23 February submission of an updated full-field development plan was a precondition for the energy ministry approving additional exports, MEES understands.

LEVIATHAN CAPACITY SET TO NEAR DOUBLE BY 2032 AS CHEVRON PROGRESSES EXPANSION PLANS



*INITIAL DELIVERABILITY OF 400MN CFD EACH. ^120KM 20-INCH LINES LINKING THE FIELD WITH THE NEARSHORE PRODUCTION PLATFORM. SOURCE: CHEVRON, NEWMED, RATIO, ISRAEL ENERGY MINISTRY, MEES.

In its press release the same day, NewMed says that the partners have "the aim of adopting a Final Investment Decision (FID) for performance of stage one of Phase 1B in the coming months." However, the Israeli firm says this will be dependent on receiving Israeli regulatory approvals and inking additional gas sales "in a total volume of over 100bcm [3.5tcf]."

The partners were last year given the conditional green light by Israel's energy ministry to export an addi-

Continued on – p5

Continued from – p4

tional 118bcm (4.2tcf) of Leviathan gas, potentially rising to 145bcm (5.1tcf) under certain conditions (MEES, 28 June 2024). Leviathan currently has 105bcm (3.7tcf) of contracted gas exports, with 60bcm to Egypt state backed offtaker Blue Ocean Energy and 45bcm to Jordan's state utility Nepco.

With NewMed stating that FID is just months away, negotiations have already begun with planned foreign offtakers, MEES learns.

The main market will be Egypt which is currently importing more than 1bn cfd of gas from both Leviathan and Israel's other key gas field, 14tcf Tamar, which Chevron also operates with a 25% stake. MEES understands the Leviathan partners also plan to increase gas sales to Jordan, although volumes would be modest.

Chevron twelve months ago took FID on Tamar expansion from 1.0bn cfd to 1.6bn cfd on the back of increased gas sales to Blue Ocean (MEES, 23 February 2024). The first stage of this expansion, taking capacity to 1.2bn cfd, includes the construction of a new pipeline and is due to be completed later this year while further expansion to 1.6bn cfd which "includes investment in additional midstream infrastructure," is scheduled to be ready next year, Chevron says.

In advance of this and of initial Leviathan expansion to 1.4bn cfd, the completion of an Ashdod-Ashkelon offshore pipeline link late this year should boost deliverable capacity to Egypt by 200mn cfd to around 1.2-1.3bn cfd including 800mn cfd via the direct EMG pipeline (see map).

New compression facilities at Rehab in northern Jordan should see a further 400mn cfd boost late next year via the more circuitous route that sees Leviathan gas flow south via Jordan to Egypt. Other plans to build a 600mn cfd capacity pipeline linking Israel's southern gas network directly to Egypt's network in the Sinai via the Nitzana border have been somewhat delayed over capacity share issues but should still start-up in the first half of 2028 (MEES, 31 May 2024).

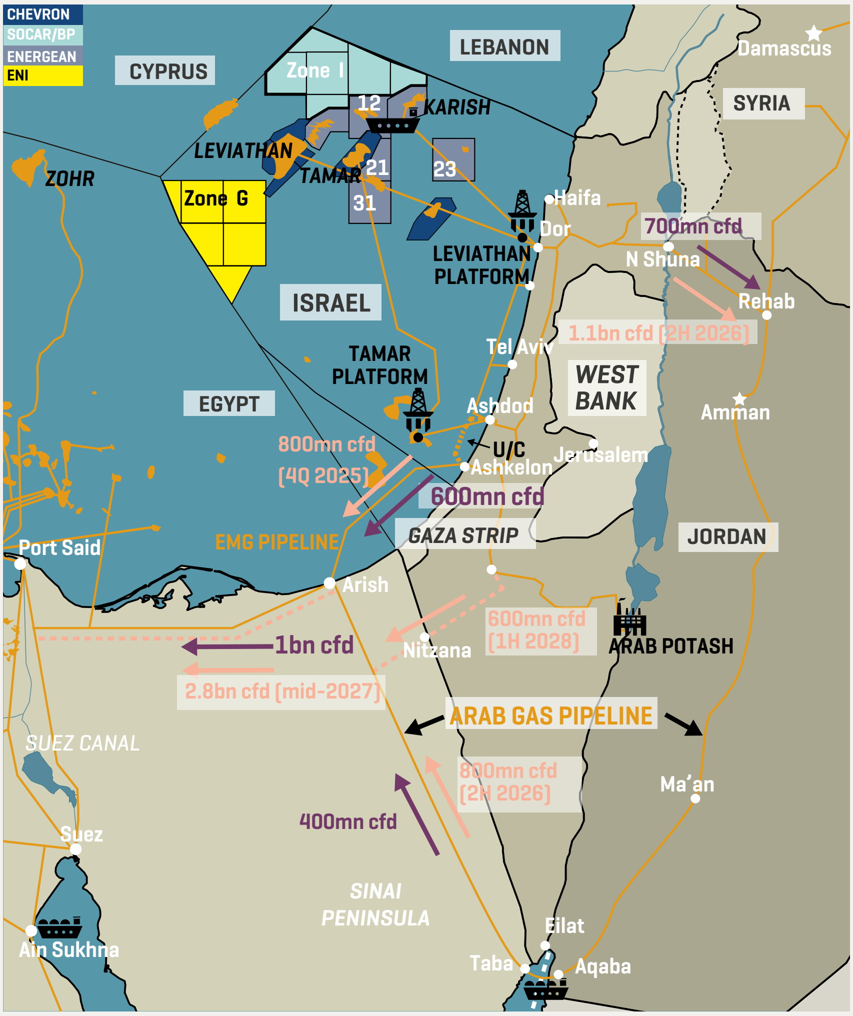
This should take overall export capacity to 2.5bn cfd with around 2bn cfd targeting Egypt. In Egypt, Israel has a very willing customer with Cairo looking to take as much regional gas as possible. Along with the imported Israel volumes it also penned two deals in Cairo earlier this month that should see it import Cypriot gas before the turn of the decade (MEES, 21 February).

COMMITTEE QUALMS

Ongoing negotiations with potential foreign offtakers signals the Leviathan partners' confidence that additional

KEY ISRAEL OFFSHORE ACREAGE AND GAS FLOWS

GAS FIELD/PIPELINE   POTENTIAL PIPELINE   CURRENT FLOWS   FUTURE CAPACITY



export permits will be granted.

But, discussions during the inter-ministerial meetings to review the country's overall gas export policies and other security issues have been far from plain sailing with officials from the energy and finance ministries clashing in recent weeks. There appears to be a deep-rooted conflict between the two ministries following a similar public spat two years ago with finance ministry officials concerned that permitting further exports would reduce volumes to the domestic market, resulting in an increase in the price Israelis pay for gas (MEES, 7 July 2023).

Israeli business daily Calcalist reports that finance ministry officials, in a bid to increase competition and keep domestic prices low, have in recent weeks tabled the suggestion that Chevron relinquish its stakes in either Leviathan or Tamar.

MEES understands that energy ministry officials have expressed their vehement opposition to such an "extreme and baseless idea," stating that they would never sanction a move that would "jeopardize the mainstay of the domestic market [Chevron] for little apparent gain."

An industry insider adds that "One of the key aspects IOCs look for when entering a country is a stable regulatory environment. Woodside was scared-off a decade ago from entering Leviathan after Israel began antitrust proceedings against Noble [the then Leviathan and Tamar operator – taken over by Chevron in 2020] and Delek [now NewMed] – I'm not sure Israel wants a repeat of that debacle on its hands." The antitrust issue saw Israel's upstream frozen between 2015-2017 and the unprecedented intervention of PM Netanyahu to get things moving again with the signing of a gas outline deal that saw Leviathan development kickstarted (MEES, 8 December 2017).

Beyond Chevron, London-listed Greek firm Energean is the only other operator in Israeli waters. Its 600mn cfd Karish is banned from exporting and Energean was able to secure a foothold in the domestic market by undercutting Tamar and Leviathan on price.

UK major BP, Azeri state firm Socar and Italy's Eni are the standout awardees following Israel's most recent bid round for offshore acreage, with awards set to be finalized in Q2 this year MEES understands (MEES, 3 November 2023). They will undoubtedly be keeping a close eye on the current proceedings although in the event that Chevron has one of its key Israel assets taken away, they are unlikely to walk away at this late stage.

BP Lands Kirkuk Terms: Now For The Contract?

BP and Iraq have finalized commercial terms for redevelopment of the giant Kirkuk fields in the north of the country. Unlike its Rumaila operations south, the UK major will develop both oil and gas resources and enjoy more streamlined payment. But the precise contract model remains unclear for now.

BP executives are promoting their return to Iraq's giant Kirkuk oilfield as symbolic of its strategic reset back to hydrocarbons. One day before the firm's eagerly anticipated 26 January capital markets update (see p7), the London-based major announced it had "reached agreement on all contractual terms," with the Iraqi government for what CEO Murray Auchincloss calls "one of the most important transactions BP has done in twenty years."

Baghdad says the 25 February agreement is "the last step before signing a final contract." BP says it remains "subject to final [Iraqi] government ratification," but expects to begin work at Kirkuk later this year.

The 25-year deal covers two of the Kirkuk field's domes as well as a number of neighboring fields, with BP noting that it also spans "gas, power and water with potential for investment in exploration." Iraq says BP will build a 400MW power plant but did not specify whether this will operate on gas or be solar-powered.

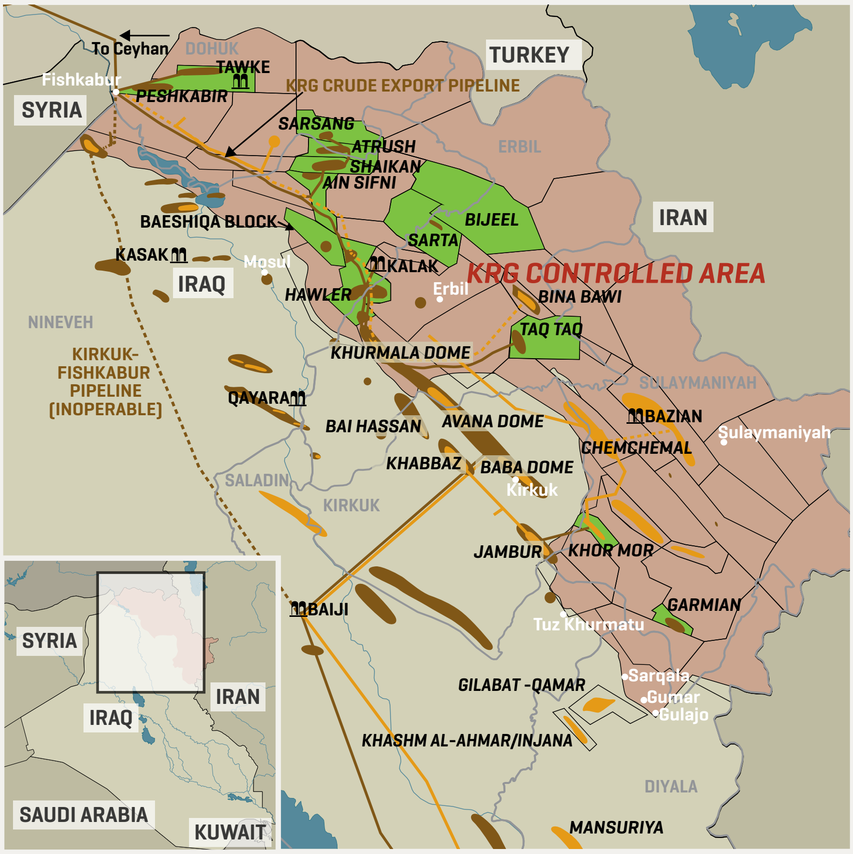
The deal offers a "huge resource base, low lifting cost, low development cost, [and] a tremendous opportunity for us to use our big field management skills," Mr Auchincloss says, emphasizing to analysts that BP has secured better commercial terms than those it got at Iraq's southern 1.45mn b/d-capacity Rumaila oilfield. "We've got access to gas. We get paid in 60-90 days. We can take the product where we want. And... both sides are very, very incentivized," he says.

The agreement is for an initial phase, during which BP will oversee the integrated redevelopment of Kirkuk's Baba and Avanah domes, as well as the neighboring Bai Hassan, Jambur and Khabbaz oil fields (see map). Data from early 2024 show these assets producing at just under 300,000 b/d of crude and 400mn cfd of wellhead gas output of which around 300mn cfd was captured. Current output is thought to be near these levels. The firm says "The wider resource opportunity across the contract and surrounding area is believed to include up to 20 billion barrels of oil equivalent."

BP's history in Kirkuk dates to the

IRAQ'S NORTHERN OIL AND GAS INFRASTRUCTURE

OIL FIELD/PIPELINE GAS FIELD/PIPELINE KEY BLOCKS REFINERY



field's discovery in the 1920s. BP then returned in 2013, via an MoU to study redevelopment prospects, but work was then disrupted by the rise of the Islamic State. Work resumed in 2018 before BP walked away in 2020. But last August, the firm signed a fresh MoU (MEES, 2 August 2024), with subsequent negotiations culminating in this week's agreement.

HYBRID DPC CONTRACT?

BP's management has come under increasing shareholder pressure as its earlier pivot to renewables and commitment to reduce oil and gas production resulted in the firm's valuation lagging its peers. Mr Auchincloss highlights the Kirkuk deal as part of a "back to the Middle East" plan (MEES, 29 November 2024). Executive vice president William Lin says that "This opportunity is fully in line with our priority of pursuing new growth opportunities for BP as we strengthen and high-grade our portfolio across the world."

The firm says that upon finalization it will contribute to the formation of the new operator, "which will be an unincorporated organization comprising predominantly personnel from [current operator] North Oil Company (NOC) and North Gas Company (NGC), but also with secondees from BP." Subsequently, BP says it "expects to form a standalone incorporated joint venture to hold its interests in

Continued on – p7

Continued from – p6

the operator." A structure that appears similar to its operations at Rumaila.

BP adds that its "remuneration will be linked to incremental production volumes, price and costs," and that it will be "able to book a share of production and reserves proportionate to the fees it earns for helping to increase production."

MORE OUTPUT, MORE CASH

This makes production increases from levels of around 300,000 b/d and 400mn cfd key. Oil minister Hayan Abdulghani said on 26 February that BP will bring capacity to 450,000 b/d and rehabilitate gas processing plants to "produce no less than 400mn cfd." He says a final contract will be signed "in the coming days," though a senior ministry official tells MEES that a version of the contract has been "sent to an advisory firm" by the Petroleum Contracts and Licensing Directorate for further study. The official pegs the output target at a lower 420,000 b/d and expects BP to invest $10bn over 20 years to stabilize and increase production.

The Iraqis had maintained that BP would be offered a 'profit sharing' Development and Production Contract (DPC) model, which provides IOCs with improved profitability in comparison to Iraq's traditional Technical Service Contracts (TSCs). The DPC replaces unpopular fixed per-barrel TSC remuneration with a sliding cost recovery mechanism and a profit share based on oil prices.

An industry source says that BP's role will be primarily to act as a provider of technical services to the new operator, with the terms an "evolution" from the earlier TSC model at fields such as Rumaila. The ability to book reserves is a key difference, given the important role reserves play in driving the share price.

Certainly Mr Lin was effusive when speaking of the terms, which he labels "a fantastic agreement," giving BP access to more than 3bn barrels of oil equivalent (boe) of "discovered and developable resources related to the initial phase of redevelopment."

He adds "we're doing [an] MoU that's going to access additional exploration" allowing 20bn boe of potential resources "across our lease and surrounding area." Mr Lin expects early cash flow from the first phase in "as little as 2-3 years" given competitive development and operating costs with "the use of existing infrastructure and access to a mature supply chain." That said, Kirkuk's reservoirs have suffered from decades of natural decline, and Iraq's notorious bureaucracy will likely cause project delays.

The executive also underlined BP's ability to develop both oil and gas at Kirkuk, unlike Rumaila where gas is monetized by the Shell-led Basrah Gas Co (BGC) JV. "We don't have that in Rumaila. Right? We have BGC that takes the gas. We manage the oil, and that creates all kinds of complexity... We have gas rights and oil rights [in Kirkuk], and we'll be able to lift the incremental production that we produce."

Predictable and streamlined payment was another feature Mr Lin and Mr Auchincloss keenly highlighted. IOCs have for long decried Baghdad's payment delays, and repeated deductions to their reimbursed expenses (MEES, 7 April 2023). Further frustration has built up in recent months as Baghdad has mandated deeper cuts to comply with its Opec+ quota, with state marketer Somo relying more on crude payment 'in kind' to compensate the firms for curtailed volumes under TSC terms.

DOMESTIC REFINING FIRST?

With Baghdad now more comfortable than before with paying IOCs in equity crude, Mr Lin says remuneration for BP's work in Kirkuk could even be lifted from Iraq's southern ports. "We have the ability to take cargos either through [direct] export or down south through displacement in Basra. So, there's a lot of flexibility in the contract," he explains.

Despite ongoing delays, the Iraqi government and its Kurdish regional counterpart are intent on restarting pipeline exports through the Iraq-Turkey Pipeline with the US piling on pressure (see p10). The resumption of these flows would further strengthen BP's economic case as the pipeline before its closure carried up to 70,000 b/d of Kirkuk crude to Turkey's Ceyhan, indeed it handled several times this volume in earlier decades. But a readout from PM Sudani's office says Kirkuk's redevelopment will at least initially focus on optimizing in-country crude flows by "reducing northern refineries' dependence on southern crude."

For Mr Auchincloss, the terms reached resolve many of the issues BP faced in Rumaila. "The biggest hamper to making great money out of it [Rumaila] was the original terms. It was an auction, it was a bidding round, and everybody bid it to the lowest number. And presto, what you got was difficult terms as a contractor," he said. Thanking Prime Minister Sudani for the agreement, the BP CEO says "we're going to do proud for him." ◆◆

BP STRATEGY 'RESET': BLACK IS THE NEW GREEN

BP on 25 February "fundamentally reset" its strategy. The "significant capital reallocation" away from renewables and towards the upstream marks a complete U-turn from the strategy set out by former CEO Bernard Looney in 2020 when he pledged to "reinvent" BP, cutting upstream output by 40% versus 2019 levels by 2030, from 2.6mn boe/d to just 1.5mn boe/d (MEES, 7 August 2020).

A year ago then-new CEO Murray Auchincloss scaled this back to a 25% cut, for 2mn boe/d 2030 output with $8.5bn/year in upstream capex. Mr Auchincloss on 25 February said BP will hike this to $10bn/y with the aim of rebounding output to 2.3–2.5mn boe/d by 2030 and "the capacity to increase further out to 2035."

"We will grow upstream investment and production to allow us to produce high margin energy for years to come," he says. The renewed focus on upstream spending comes as BP on 24 February announced a deal to redevelop Iraq's giant Kirkuk field (see p6). It also means BP looks more likely to sanction expansion at a key recent start-up, its 2.45mn t/y Tortue LNG project on the Mauritania/Senegal maritime border (see p12).

Though 2024's output of 2.36mn boe/d was within the target range, the swingeing upstream cuts instigated under the previous strategy mean that output is set to fall this year and next bottoming out at 2.2mn boe/d for 2026 "as some gas regions decline in the near term - before production starts to grow again in 2027 and beyond." BP's recent 2024 results singled out Egypt as a particular source of falling output (MEES, 14 February).

Falling output notwithstanding, BP continued to drill offshore Egypt (MEES, 14 February), and late last year finalized its Arcius upstream JV with Adnoc (MEES, 23 December 2024). Egypt offers "shorter-cycle, faster pay-back opportunities... backfilling existing ullage," BP says.

BP's planned "~40" global exploration wells over 2025-27 include 3-4 in Egypt and "5+" in Libya where it recently kicked off an ambitious onshore and offshore exploration campaign in partnership with Eni (MEES, 1 November 2024) .

The hike in oil and gas spend comes despite plans to cut capex overall. For 2025, capex is "expected to be ~$15bn," down $1bn from the prior forecast and more than $1bn below 2024's $16.24bn, with a $13-15bn/year range to 2027 implying further cuts to come.

With oil and gas spending up and overall spending down, something's got to give. The ax is falling, and falling brutally, on BP's "transition" investment which will be "very selective" going forward, with annual capex slashed from $7bn/year to a mere $1.5-2bn.

"We are reducing and reallocating capital expenditure to our highest-returning businesses to drive growth, and relentlessly pursuing performance improvements and cost efficiency. This is all in service of sustainably growing cash flow and returns," BP says.

◆◆

OXY: UAE GAS BOOSTS 'INTERNATIONAL' PROSPECTS

CORPORATE

US mini-major Occidental trimmed its international portfolio to just four core countries in recent years – Oman, Qatar, UAE and Algeria. Whilst the others offer growth potential, UAE gas was the standout success for 2024.

The aggressive push of US independent Occidental Petroleum (Oxy) into the Permian Basin over the past decade (MEES, 11 November 2016) has resulted in the firm's portfolio being increasingly US-dominated. Last year alone, 85% of its global crude output came from the US, alongside roughly 75% of gas production. A 14% surge in Permian output to a record 664,000 boe/d boosted the firm's global output by 4% and that of gas by 12%, in both cases the highest level since 2020.

The firm has slimmed down its international portfolio, ditching positions in Bahrain, Yemen and Libya (MEES, 12 August 2016 & MEES, 10 February 2017) and focusing its slimmed-down international focus on Oman, Qatar, UAE and Algeria. In Qatar, the firm's focus is on natural gas for export through the Dolphin pipeline to UAE and Oman. This follows Qatar's 2019 takeover of Oxy's share in the Idd al-Shargi oil fields, long the firm's top international producer though output had dipped to 85,000 b/d (55,000 b/d net to Oxy) by the time of the sale.

Though accidental, Algeria entry in 2019 via its purchase of Anadarko (Oxy's plans to pass on the Algeria assets to TotalEnergies were nixed by Algiers – MEES, 1 November 2019) has in part compensated, the firm's international crude output has remained on a downward trend since, falling to just 103,000 b/d for 2024, little more than half 2015 levels (see chart 1). The liquids total is 141,000 b/d once NGLs – mostly from Abu Dhabi's Al Hosn – are included.

But for gas the picture is more positive. 'International' output rebounded from an eight-year low of 451mn cfd in 2022 to 524mn cfd last year with the UAE's Shah sour gas field driving gains (see chart 2).

OIL: ALGERIA & OMAN HOPES

Since losing its large share of Qatari oil, Algerian crude output has become an important resource for the company. Oxy holds 24.5% shares in Blocks 404a and 208 in the Berkine Basin. But though it signed up to renewed concession agreements alongside Italy's Eni and France's TotalEnergies in 2022 (MEES, 22 July 2022), output at the aging HBNS, El Merk and Ourhoud fields has continued to slide with Oxy netting just 26,000 b/d for 2024, less than half Anadarko's decade-ago figures.

That said, in comments similar to those made by Total counterpart Patrick Pouyanné on neighboring Libya (MEES, 14 February), Oxy CEO Vicki Hollub says that the firm could potentially hike investment in Algeria, where an ambitious bid round is ongoing (MEES, 18 October 2024), if the terms are right. "Algeria is definitely in our future for growth," it "has incredible reservoirs," she says, adding that "we recently completed the country's largest seismic data acquisition, which was also the largest ever onshore acquisition for Oxy. This will play a key role as we look to enhance value through future development opportunities."

As for Oman, Oxy has "opportunities with continued development of oil" on top of "gas opportunities… that could turn out to be a really good thing for us," Ms Hollub says.

Oxy netted 56,000 b/d of oil output in Oman for 2024, level with 2023, but still down on the 2015 peak of 82,000 b/d. One of the firm's largest assets is the Mukhaizna heavy oil field in Oman's Block 53 which produced only 75,000 b/d for 2024, well below 2019's 120,000 b/d (MEES, 15 November 2024).

Oxy has seemingly prioritized its other Oman blocks. Figures from state firm OQEP show 1H 2024 output of around 95,000 b/d from Block 9 (Oxy 50%op, OQEP 45%, Mitsui 5%) and a ramp up in output to around 16,000 b/d from Block 65 (Oxy 72.86%op, OQEP 27.14%) after Oxy tested 6,000 boe/d at a well in the block back in 2023 (MEES, 11 August 2023). Oxy also produces around 5,000 b/d from Block 27.

GAS: OMAN DOWN, UAE SURGE

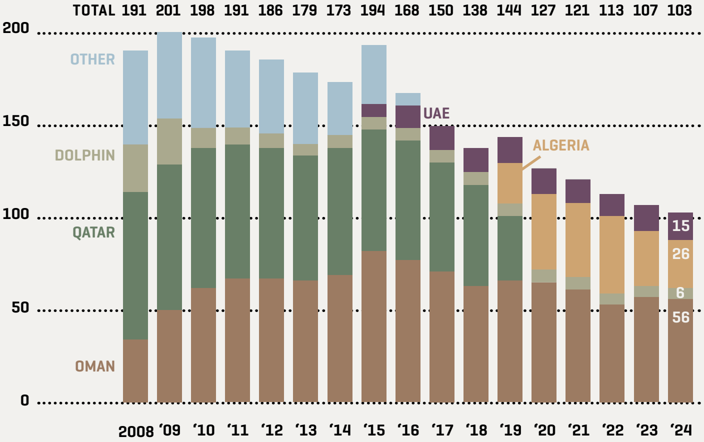
But Oxy's Oman gas output has been falling: 2024's net output of 63mn cfd was less than half 2018's 139mn cfd. Declining gas output may have been behind OQEP's decision to withdraw from its 27.14% share in Oxy-operated Block 30 and its 20% stake in Block 62 last year, both gas producing assets (MEES, 27 September 2024).

Ms Hollub's talk of Oman's "really good" gas opportunities may be a reference to Block 30 where first output was planned for 2024 (MEES, 17 November 2023), though Oxy's 2024 annual report released last week says that the asset remains at the "exploration phase". Beyond this, Oxy picked up a swathe of acreage in northern Oman around 2016, but an Omani ministry source tells MEES the ministry does not want to award Oxy more blocks and wants Oxy instead to move to develop the assets it already has. Oxy declined to respond to questions from MEES.

But whilst Oman gas is down, UAE gas is the standout success story, not only for gas but for Oxy's international output as a whole. Oxy's international gas output has been supported by the 2015 start-up of Adnoc's Shah sour gas field in its onshore Block 3 (Adnoc 60%op, Oxy 40%), where capacity increased to 1.45bn cfd in 2023 (MEES, 19 May 2023).

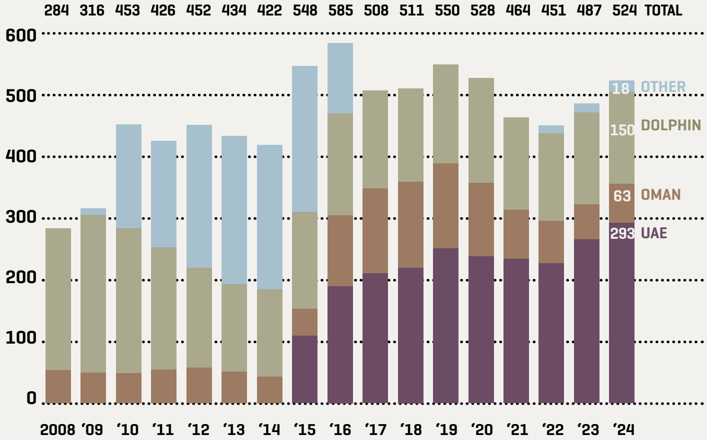
The UAE netted Oxy a record 293mn cfd last year, accounting for 56% of its Mena (ie non-US) gas output, and the firm eyes potential expansion elsewhere in the country through two exploration blocks. "We're doing a little bit of exploration in Abu Dhabi just to see how that will turn out," says Ms Hollub about Onshore Block 3 and Onshore Block 5. "Those reservoirs there are very similar to what we've developed in Oman." Oxy in 2022 announced a 100mn barrel discovery at Abu Dhabi's Onshore 3 block (MEES, 20 May 2022). ◆◆

1: OXY'S INTERNATIONAL NET CRUDE OUTPUT HAS CONTINUED TO SLUMP IN RECENT YEARS FOLLOWING MULTIPLE ROUNDS OF DIVESTMENT ('000 B/D)...



OTHER INCLUDES LIBYA, IRAQ, BAHRAIN. *DOLPHIN PRODUCTION COMES FROM QATAR'S NORTH FIELD. SOURCE: OXY, MEES.

2: ...WHILE EXPANDED SHAH SOUR GAS OUTPUT FROM THE UAE HAS FUELLED A REBOUND IN INTERNATIONAL GAS OUTPUT SINCE 2022 (MN CFD)



OTHER INCLUDES LIBYA, IRAQ, BAHRAIN. *DOLPHIN PRODUCTION COMES FROM QATAR'S NORTH FIELD. SOURCE: OXY, MEES

OPEC+ OUTPUT DECISION: WILL GEOPOLITICAL UNCERTAINTY TRUMP MARKET FUNDAMENTALS?

Oil sector officials in London for International Energy Week broadly see 2025 shaping up as a year of oversupply. But there was still a tentative expectation that Opec+ will bring barrels back onto the market from 1 April as planned.

"Raise your hands if Donald Trump will affect your business this year," the audience at one of the industry events taking place on the sidelines of London's International Energy Week (IE Week) was told this week. If anyone in the audience kept their hands down, they were in a very small minority.

The first month of US President Donald Trump's second term in office has upended global geopolitical norms, with the new administration re-examining core policy positions through the 'America First' lens. Amid White House pronouncements on the Ukraine conflict, trade tariffs, preferred oil prices and sanctions on Russian and Iranian energy exports, global energy markets are highly exposed to the shifting policy landscape.

Attempting to navigate this, key Opec+ producers must decide in early March whether or not to begin the process of unwinding around 2.2mn b/d of voluntary production cuts from 1 April as planned.

A look at the market fundamentals alone paints a mixed picture. Global inventories are running low, with the IEA noting in its Oil Market Report for February that "throughout 2024, global stocks have remained below but parallel to the five-year average. Preliminary data for January 2025 show total global inventories plunged by a further 49.3mn barrels, led by a large reduction in Chinese crude stocks."

Time-spreads too point to a market short of near-term oil supplies. The premium for front month ('M1') Dubai crude over the M3 contract spiked to more than $5/B in January amid a tightening of sanctions on Russian and Iranian oil exports which pushed Asian buyers to look to the Middle East for replacement barrels. Although the spread has eased, it remains strongly backwardated at around $3/B according to General Index assessments (see chart 1). "If you look at the time-spreads alone, you would say that Opec+ would ease the cuts," says one industry figure.

But set against the bullish inventories and time-spreads, are bearish expectations for global supply and demand dynamics over the course of the year. A consistent theme throughout IE Week was that supply gains will outstrip demand growth in 2025, and indeed for 2026. Non-Opec+ supply gains are being led by the Americas, with solid if unspectacular gains from the USA, alongside Guyana and potentially Brazil, while another year of limited demand growth from China points to an oversupplied market. Indeed, a growing number of analysts suspect that China's demand may already have peaked.

TO TAPER OR NOT TO TAPER?

The fundamentals alone present a complicated picture, but the waters are further muddied by the rapidly changing geopolitical environment. President Trump has made it clear that, as with his predecessors, lowering US gasoline prices is a priority and he expects Saudi Arabia and Opec to help with that by increasing production (MEES, 24 January).

That could lead to friction should ministers assess that the market is not able to absorb new volumes from April, and opt to again pause the process. Saudi Arabia does at least have credit in the bank with the Trump administration having hosted last week's high-level US-Russia talks (MEES, 21 February), while the potential of increased Saudi investment into the US may also appease some in Washington should the cuts be extended (MEES, 31 January).

However, a slim majority indicated during IE Week discussions that while the fundamentals point to a pause, the political benefits from tapering production from April mean that this remains the likeliest course of action. As S&P Global Commodities Vice President Jim Burkhard told the company's IE Week event "if you were to just look at oil price, you'd say Opec+ will defer again. But then you have President Trump asking for more production at a time when the US and Russia are starting a new type of relationship, with Saudi Arabia involved as well. So at some point this year, we think in the second quarter, there will be some type of increase from Opec+."

With barely a month to go until the production increases are due to begin, even Opec+ delegates themselves appear uncertain as to whether the tapering will begin as planned. While some delegates polled by MEES see the market as unable to absorb production increases, others are confident that new barrels will enter the market as planned on 1 April. Ultimately while the final decision will be grounded in market fundamentals, broader geopolitical considerations at the highest level of government will also play a role.

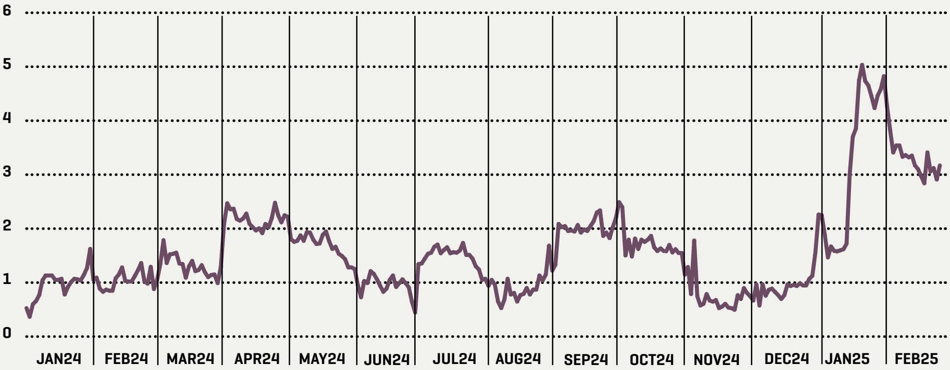
It also requires emphasizing that unwinding cuts of cuts only add around 140,000 b/d of supply to the market each month – little more than 0.1% of global supply. Moreover, the process can be paused at any time should the market be unable to absorb the extra supply – few expect the full 2.2mn b/d to be returned by September 2026 as laid out in the current roadmap – and so action can be swiftly taken should balances soften. Also, expect a heavy emphasis on how 'compensation cuts' from the likes of Iraq will offset the impact of any taper.

LONG TERM OUTLOOK IMPROVES?

While the near-term outlook is unsettled, analysts see the market tightening considerably in the medium-term, leaving Opec+ with the prospect of both high prices and high volumes. "If you're a Saudi or the UAE, Iraqi, and you're looking three to five to 10 years out, you see demand growth remaining healthy and non-Opec supply growth tapering out. And therefore, if you can be patient and just get through this weak economic growth period, be patient. Don't crash the price and then bring the barrels back," one analyst notes.

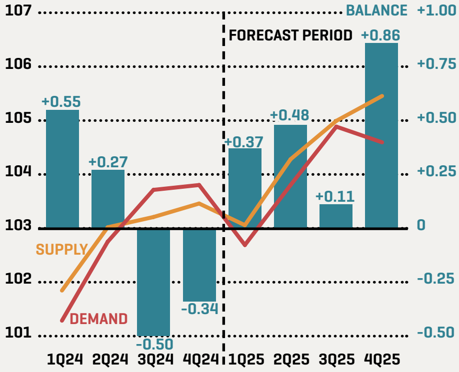
One thing increasingly united observers – there will be at least one more bull market in the coming years. Opec officials also see the global narrative turning back towards the long-term need for oil in the energy mix, expecting long-term industry forecasts to be revised up in the coming months to be closer to the position in the group's own World Oil Outlook (MEES, 27 September 2024). ◆◆

1: DUBAI M1 V M3 SPREAD REMAINS STRONGLY BACKWARDATED FOLLOWING JANUARY SPIKE AMID HEIGHTENED DEMAND FOR PROMPT CARGOES ($/B)



SOURCE: GENERAL INDEX, MEES.

2: IEA SEES STOCKBUILDS IN EVERY QUARTER THIS YEAR (MN B/D)



SOURCE: IEA, MEES.

Baghdad Fears US Sanctions As Kurdish Oil Export Resumption Drags

US threats to sanction Iraq over relations with Iran and, potentially, the non-resumption of Kurdish exports have made officials in Baghdad apprehensive. PM Sudani is pressing the oil ministry to restart flows. But Erbil-Baghdad disagreements persist, and IOCs are yet to sign new contracts. Iraq may be on a collision course with Washington.

The Iraqi government finds itself between a rock and a hard place. The new Trump administration is pressuring Baghdad to resume Kurdish oil exports through the Iraq-Turkey Pipeline (ITP) as Iraqi politicians worry they could face a wave of US sanctions as part of Washington's 'maximum pressure' campaign against neighboring Iran.

Meanwhile, fellow Opec+ members are pressing Iraq to begin compensating for last year's overproduciton as they mull their plans (see p9), a difficult task that will be further complicated by a return of Kurdish exports through the ITP pipeline to Turkey, which could enable production from the region to increase by around 100,000 b/d. Iraq would have to cut more profitable southern exports to make room for this, hitting its already precarious financial position.

Amid these dynamics, Reuters reported on 22 February that US officials have explicitly threatened Baghdad "to allow Kurdish oil exports to restart or face sanctions alongside Iran."

Multiple American and Iraqi sources state that there has been no explicit threat made. They see the threat being "anticipatory by the Iraqis," and that it was "Iraqi-inferred," not formally delivered by the Americans. Speaking on the condition of anonymity, a US Department of State official says they were "surprised" by the report and that it is not Washington's policy to dictate to Baghdad "open the ITP or else we sanction you." They stress: "there was never a threat of sanctions [from the US]."

A Washington insider says the Iraqis are "basically reacting to the fact that they know those sanctions will come" on the basis that there has been a "ton of informal messaging from people who [will] really matter" in the administration, and who "view Iraq as the primary set of economic lungs for Iran."

While another US government source speculates that the threat may have informally come from the White House and/or its National Security Council, the Washington insider emphasizes that there are not yet any political appointees managing Iraq affairs there to deliver the threat.

They expect appointments within "2-4 weeks," with Mr Trump's 4 February National Security Presidential Memorandum (NSPM-2), which officially re-launched 'maximum pressure' on Iran (MEES, 7 February), opening the floodgates on Iraq. Not only will this end a critical Iranian electricity imports waiver in the coming days (MEES, 14 February), but there are "a number of sanctions packages that are sitting right now in Treasury [Department] that [were] worked up during the late Biden era" that can be developed and enacted against Iraqi officials and entities.

US PUSHES FOR PIPELINE RESTART

Prime Minister Mohammed al-Sudani held a phone call with US Secretary of State Marco Rubio on 25 February, with a US readout saying both parties discussed "reducing Iran's malign influence" while agreeing "on the need for Iraq to become energy independent, to quickly reopen the Iraq-Türkiye Pipeline, and to honor contractual terms for US companies working in Iraq to attract additional investment."

Earlier this month, the Iraqi parliament passed an amendment to the country's Federal budget increasing the envisaged per-barrel fee to Kurdistan-based IOCs from $6.90/B to $16/B. While the proposal partially addresses some of the IOC concerns, and has largely been welcomed by all parties as a first step towards resuming exports (MEES, 7 February), Mr Sudani faced an uphill battle as some anti-Kurdistan MPs attempted to sabotage the arrangement (MEES, 31 January).

And despite Baghdad saying last week that exports were imminent (MEES, 21 February), new agreements detailing handover and payment mechanisms are yet to be reached with the IOCs. On 24 February, oil minister Hayan Abdulghani was bullish again, saying he hopes exports restart "in the next two days" once approvals are obtained from the Turkish side.

Apikur, an industry body representing the firms was much more cautious on 22 February. While noting that they "stand ready" to resume exports "after agreements are reached that uphold our member companies existing contractual, commercial, and economic terms," it added that "We seek written sales and lifting agreements, with the Government of Iraq and Kurdistan Regional Government [KRG], that provide payment transparency and surety without political interference."

HEATED ERBIL MEETING

MEES understands that the oil ministry has been pressured by Mr Sudani to reach an agreement with its KRG-counterpart, the Ministry of Natural Resources (MNR). The Reuters report was published soon after what was by all accounts a difficult meeting between both sides in Erbil on 18 February.

The Baghdad delegation included deputy oil minister for extraction Bassim Khudaier and state marketer Somo's former director general Alaa al-Yasiri. The latter currently heads the ministry's economic directorate but is a trusted confidant of Mr Abdulghani, having dealt with Kurdistan affairs for a long period. The Kurdish side included Khazal Auzer, the MNR's contracts and economic affairs director and Umed Sabah, President of the Diwan of the KRG's Council of Ministers who typically leads negotiations with the oil ministry. Neither the IOCs nor American officials were present.

According to one account of the meeting, MEES is told that the Baghdad delegation sought to sabotage talks and this was "unpleasant and resulted in quite an overreaction [by the Kurds]." Mr Yasiri is said to have informed the MNR that Kurdish oil will not be exported via ITP, but will instead be used in local refineries and power plants.

While theoretically the existing 2023-25 budget legislation allows the ministry to "utilize domestically [up to 400,000 b/d of Kurdish oil] as its needs determine" if exports to Ceyhan are not possible (MEES, 16 June 2023), such a move would hurt the IOCs' potential remuneration by capping volumes, given the limits to local demand.

The move would fit a Baghdad policy of prioritizing southern exports amidst Opec+ pressure, and perhaps "keeping the ITP clear for a rejuvenated Kirkuk" now that UK major BP is poised to redevelop the aging oilfield (see p6). That said, future Kirkuk exports would need the Kurdistan portion of the ITP anyway (see map p6).

In another version of the meeting, the MNR is said to have offered only 185,000 b/d for export via ITP from current Kurdistan output of around 300,000 b/d. Kurdish officials told their Iraqi counterparts that a ramp up to the budget's mandated 400,000 b/d has been impeded by field declines since the pipeline closure in March 2023, and that the remaining 115,000 b/d would instead be sold locally "to cover KRG debts and local refining throughputs."

The amendment does not resolve outstanding KRG payables to the IOCs, prepayment debts to trading firms and unpaid fees to pipeline operators. Apikur estimates dues owed to its member

Continued on – p11

Continued from – p10

firms at around $1bn covering production from September 2022 to March 2023.

The Kurdistan portion of the ITP is operated by Kurdistan Pipeline Company, which in turn is 40%$ owned by local firm Kar and 60% by Russian state firm Rosneft. After meeting Mr Abdulghani this week, Russian officials said they have been assured by the minister and PM Sudani that all KRG-Baghdad disagreements "have been resolved... projects [by Russian firms] will start operating in the near future."

Aside from Rosneft's investment in the pipeline, the state firm operates the Bijeel block and significant exploration acreage, while compatriot Gazprom Neft operates Garmian. Output stood at 6,000 b/d and 30,000 b/d pre-closure respectively.

LOCAL SALES TO CONTINUE

Local sales, despite being at a large discount, have enabled Kurdish oil output to rebound since the closure of the ITP pipeline, with gains of 50,000 b/d last year bringing annual production to 288,000 b/d (see chart). The sales have seen politically-connected Kurdish trading firms profit handsomely, with volumes trucked to Iran and Turkey as crude and/or locally refined products.

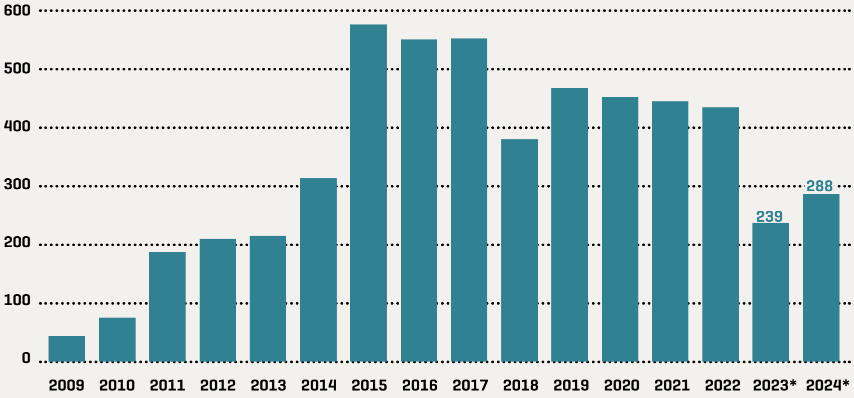
These Kurdish flows come on top of growing US unease with Iran-backed Iraqi militias' utilization of the country's southern ports to smuggle local fuel oil, providing revenues for Iran (MEES, 1 November 2024). The Department of State official says that the US is keen to see a resumption of Kurdish oil exports through the ITP in part to curb cross-border smuggling from the region "which benefits Iran." But they caution that even if the ITP is reopened this will not entirely stop smuggling.

The prospect of continued local sales was protested by the Baghdad delegation during the Erbil meeting as it would enable smuggling to continue, with Mr Yasiri proposing that the MNR either seek approval from the Federal finance ministry to ensure future budget payments, or that the KRG in turn proposes amending the law again to allow local sales. Oil ministry officials are also concerned about future legal action by anti-Kurdistan MPs if they do not precisely follow the amendment's text.

It is unclear yet how the MNR will allocate volumes from different fields between ITP exports and local sales should the pipeline restart. But a likely scenario could see output from small fields and the KRG-controlled Khurmala dome in Kirkuk diverted to local sales, while IOC-operated output is exported. Khurmala is operated by Kar.

The two sides also disagree on the appointment of an independent party to assess production and transportation costs as set by the amendment. MEES understands that the MNR has proposed several firms, with a preference

KURDISTAN'S OIL** OUTPUT INCREASED BY 50,000 B/D IN 2024 DESPITE ONGOING PIPELINE CLOSURE (000 B/D)



*MEES ESTIMATE. **INCLUDES APPROXIMATELY 15,000 B/D OF KHOR MOR CONDENSATE. SOURCE: KRG, DELOITTE, COMPANY FILINGS, MEES.

for Deloitte which the KRG had commissioned in the past to audit its oil sector.

But the oil ministry in Baghdad is unlikely to agree with Deloitte's appointment, instead it wants a "technical not financial auditing firm" to conduct the assessment, with the Baghdad delegation proposing Wood Mackenzie or "any other firm not associated with either party in the past." With a 60-day deadline after the passage of the amendment to agree a firm, Baghdad says it has formed a committee to that effect.

KRG 'READY' TO RESTART...

With Washington piling pressure on the Sudani government, Baghdad appears willing to take whatever volumes the KRG makes available. Speaking to state Iraqia TV on 23 February, Mr Khudaier said that the KRG has "officially informed us today of their readiness [to resume exports]."

He confirms that while Kurdistan can produce up to 300,000 b/d, only 185,000 b/d "is available as a first stage with the rest used for domestic consumption in the region." He hopes that a "minimum" of 400,000 b/d will be handed over at a later stage once "problems within the oilfields" are resolved.

Meanwhile, Mr Khudaier said that his ministry had sent an official letter to Turkey demanding an update on pipeline readiness and that he expected a reply "within 24 hours."

Minister Abdulghani said on 28 February that an "announcement of resuming export operations" could be "in coming hours." But Apikur immediately countered that "There has not yet been any outreach in this regard" to its member companies. The pipeline's integrity after two years of inactivity is questionable and could cause delays. If Baghdad and Erbil opt to restart ITP immediately without IOC participation, this could be with volumes from Khurmala and North Oil Co's Kirkuk. However, such a move may not sit well with Washington.

...WITH SUDANI UNDER PRESSURE

Political pressure to get the oil ministry "in line" on the Kurdistan oil resumption comes as Mr Sudani and other elements within the ruling Shia Coordination Framework (SCF) coalition are eager to "demonstrate goodwill towards the Americans" out of fear of incoming sanctions, as the Washington insider puts it. The ministry's non-cooperation would be "a very negative signal about the Sudani administration for the new Trump guys," they add.

As such, the SCF and Mr Sudani were keen to see the amendment pass through parliament, while political pressure on the judiciary prompted Baghdad's Karkh Court of Appeals on 18 December to rule that contracts signed between the KRG and several IOCs are valid (MEES, 10 January). This was later upheld by the Court of Cassation against an oil ministry appeal, despite a 2022 Federal Supreme Court ruling nullifying the KRG's oil and gas law upon which these contracts are based (MEES, 18 February 2022).

Although these recent lower court decisions argue that the Supreme Court's ruling does not apply retrospectively to the signed contracts, MEES is told that the Supreme Court has informed the ministry to "continue contract abrogation procedures" according to its 2022 ruling, adding to legal ambiguity. The ministry filed a final appeal against the contracts on 25 February but is expected to lose. The move is likely to protect against future legal challenges by MPs.

Such legal questions by the ministry have now essentially been dismissed by the government for the sake of political convenience. Mr Sudani and the SCF are eyeing other overtures to Mr Trump, including dropping a previously issued Iraqi warrant against him for the killing of former IRGC commander Qassim Soleimani in Baghdad in 2019, and liaising for the release of Elizabeth Tsurkov, an Israeli-Russian researcher kidnapped by Iran-backed Iraqi militias. On 25 February, US special forces raided Najaf airport with unconfirmed reports of a search and rescue mission being conducted.

While Mr Sudani has pulled off a successful job in buoying Iraq's relationship with the US in the aftermath of the Israel-Gaza war (MEES, 19 April 2024), he now faces a very different US administration. "The incoming US political appointees...[don't care if] Sudani survives or if he looks good or bad going into elections. These Trump guys don't care at all if Iraq is in financial distress," the Washington insider cautions.

Tortue LNG Expansion Regains Momentum As First Cargo Nears

With the first LNG cargo from the Tortue LNG project on the Mauritania-Senegal border set to sail in the coming days, minority partner Kosmos is dusting off long-stalled expansion plans which mesh with operator BP's latest strategy U-turn.

Having announced first gas at the end of 2024 (MEES, 3 January) and first LNG production on 10 February, US independent Kosmos says that the 2.45mn t/y Tortue LNG project on the Mauritania-Senegal maritime border is "about to ship its first cargo" on the British Sponsor LNG carrier of operator BP.

Kosmos says it expects two cargoes to sail by the end of March, and 25 by the end of 2025, for implied total 2025 volumes of around 1.9mn tons.

Speaking on his firm's Q4 earnings call on 24 February, Kosmos CEO Andy Inglis says he "expects to end the quarter near full capacity" of 400mn cfd and hit this figure during Q2, which he says translates into full Phase-1 contractual capacity of 2.45mn t/y of LNG.

MAX OUT THE INFRASTRUCTURE

Indeed, Kosmos says 2025's output ramp-up will be "to nameplate capacity or above." "While we have sold 2.45mn t/y under the BP sales contract, the floating LNG vessels should be able to achieve a nameplate production of around 2.7mn t/y or higher," Mr Inglis says.

As for the upstream, Kosmos has previously said that the initial four production wells have the potential to deliver over 700mn cfd (MEES, 25 November 2022).

With this in mind, Kosmos says that it and BP are "working collaboratively to prioritize the low-cost brownfield expansion of the development to fully utilize the existing infrastructure."

"The FPSO actually has a debottleneck capacity of close to 800mn cfd, which is double what it produces to today. And that is a relatively really low-cost debottlenecking. Then it's about utilizing the rest of the infrastructure we have in place to best move that gas through the existing plant and beyond."

Spending required for this 'Phase 1+' expansion includes on "increasing the capacity of the current [FLNG] vessel, the Gimi." This Phase 1+ expansion will be "phenomenally economic. Because it's literally a very low capital cost and you have the potential to double the throughput," Mr Inglis says.

BP STRATEGY: 'GOOD TIMING'

"In terms of timing, we have great alignment now between the [Mauritania and Senegal] NOCs, ourselves and BP on getting on with the technical studies to deliver that [Phase 1+]... It's about a brownfield expansion. It's getting the most out of what we have today and doing that in a really capital-efficient way."

Whilst BP previously appeared disinterested in the prospect of Tortue expansion in the light of former CEO Bernard Looney dramatic pullback from new upstream projects (MEES, 7 August 2020), with the major now making a strategy 'U'-turn (see p7), all this has changed.

"BP has always talked about getting the first phase on, getting results from the wells. Enabling them then to sort of start to think about the next phases with new data. What I would add is that the initial data from actually flowing the wells from the beginning of the year is actually positive. So that sort of underpins the resource base. That enables you, therefore, to have confidence in the future phases. So, I think that is an important piece of... seven weeks into the flowback," Mr Inglis says.

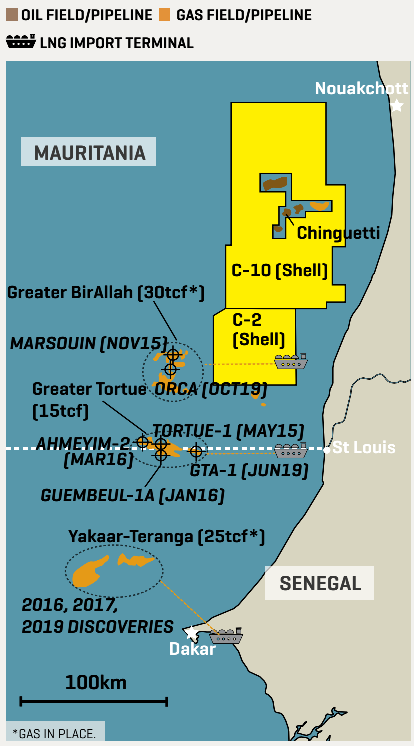
THREE-PHASE EXPANSION

Indeed, Kosmos' ambitions at Tortue (also known as GTA) go well beyond this 'Phase 1+' brownfield expansion to around 700-800mn cfd (4.5-5mn t/y).

The firm says that recoverable resources of 15tcf have the potential to support "full field potential" output of 2.0bn cfd, with Phase 1+ to be followed by similar size Phase 2 and Phase 3 increments for a total of "1.5bn cfd+" (around 10mn t/y).

"With GTA Phase 1 starting up, the partnership has been working collaboratively on the expansion of future phases... There is more than enough recoverable gas in place to build out multiple future phases, each capable of producing for over 20 years. Initial data from the producing GTA wells has been positive, providing confidence in the reserve base for future expansion phases," Mr Inglis says.

MAURITANIA/SENEGAL LNG HUB PLANS



KOSMOS CASHFLOW CONSTRAINTS

That said, Kosmos is only a midsize firm, and one whose capital constraints were at times a brake on Phase 1 development. And further comments from Mr Inglis suggest that this could remain a brake on the timing of any expansion.

"I think we're also clear about being really capital efficient about the next phases... It's about phasing those growth projects. [Investors ask us] Are you off to the races again with a massive capital spend? The answer is absolutely no. We're going to prioritize the free cash flow, and the capital spend on Tortue really through the end of this decade is going to be minor. It's going to be about sustaining the current well count and doing a little bit of brownfield mode, which allows us to get more volume and maximize the revenue," he says.

GULF NOCs FUND TANKER FLEET EXPANSIONS AFTER BUMPER YEAR IN 2024

DOWNSTREAM

National shipping firms for GCC oil and gas producers Saudi Arabia, UAE, Oman, and Qatar are investing in fleet expansions. A bumper year for tanker owners in 2024 helps finance their growing ambitions.

Shipowners earned windfall revenues last year on the back of disruptions caused by Houthi attacks on vessels in the Red Sea. Container shipping giant Maersk, a bellwether for global shipping, originally guided that it would at best break even for 2024. But the company ended the year with $6.8bn in pre-tax earnings, up 56% year-on-year "reflecting the progressively strong container demand following the situation in the Red Sea beginning in late 2023."

Disruptions similarly boosted the rates tanker shipowners could charge, buoying their profits (MEES, 15 November 2024).

KEY SHIPOWNERS FULL-YEAR 2024 EARNINGS

		2024	*vs 23*	2023	2022
National Shipping Companies*					
Bahri (Saudi)	Revenue	2,560	*+190*	2,370	2,317
	Profit	635	*+151*	484	314
Adnoc L&S (UAE)	Revenue	3,549	*+794*	2,755	1,952
	Profit	756	*+136*	620	261
Nakilat (Qatar)	Revenue	1,223	*-33*	1,256	1,188
	Profit	442	*+21*	421	727
Asyad Shipping (Oman)	Revenue	-	-	946	905
	Profit	-	-	103	111
Private Tanker Companies					
Scorpio	Revenue	1,244	*-97*	1,341	1,563
	Profit	669	*+122*	547	721
Teekay	Revenue	1,168	*-196*	1,364	1,063
	Profit	395	*-118*	514	229
DHT	Revenue	568	*+12*	556	450
	Profit	182	*+20*	161	62
Okeanis Eco	Revenue	393	*-20*	413	271
	Profit	109	*-36*	145	85

*RESULTS ACROSS ALL COMPANY SEGMENTS. SOURCE: COMPANY FILINGS, MEES.

After the initial shock of Houthi attacks and ship diversions passed new supply chains crystalized. In the second half of the year rates did slip back with very-large crude carrier (VLCC) and smaller product tanker rates from the Middle East ending the year roughly 50% and 60% lower than their respective peaks at the beginning of 2024 (see charts). But shipowners still managed to accrue strong revenues and profits, even if not all firms broke the records reached in 2022 and 2023 (see table).

With a fragile ceasefire in Gaza holding since 19 January (MEES, 24 January), the Houthis have stopped their attacks in the Red Sea. On 23 February Suez Canal Authority chairman Osama Rabie said 47 ships had rerouted from the Cape of Good Hope to the Suez Canal since the beginning of February. But IMF PortWatch data show average transits in February are still largely the same as previous months. Shipowners are likely in no rush to return (MEES, 10 January), and executives at London's International Energy Week this week were cautious about the prospect of significant returns.

GCC NOCS: EXPANDING THE FLEET

State shipping companies in the GCC on the whole benefited from the volatile shipping markets last year. For Saudi Arabia's national shipping company Bahri, "2024 was more than just a record-breaking year... it was a pivotal year that laid the foundation for our future," says CEO Ahmed al-Subaey in the firm's 2024 results on 2 February.

Bahri's main operations focus on the transportation of crude through its fleet of very-large crude carriers and the shipping of chemicals produced by state petrochemicals giant Sabic. Bahri profits leapt from $151mn to $635mn for 2024 as it added 11 ships to its fleet, bringing the total to 109. This includes five new very-large crude carriers, bringing the total to 41, and four chemical tankers to reach 49. In January this year it added a further three VLCCs with the firm expecting seven more in the first half of 2025.

Fellow GCC state firm Adnoc Logistics and Services (Adnoc L&S) also had a pivotal year with CFO Nicholas Gleeson praising the firm's "extremely strong" results on its 12 February earnings call: "you hear the word 'record' repeatedly through the results," he says. Adnoc L&S saw profits leap 22% to $756mn across its diverse fleet, with the tanker segment's profits increasing by 46% to $172mn. It also tied up the first phase of its $1bn takeover of international tanker firm Navig8, adding 32 tankers to its fleet effective 8 January (MEES, 10 January).

Looking forward, Adnoc L&S plans to invest $8bn in expanding its fleet by 2029. Particularly it has outlined plans for 14 new LNG carriers, four ammonia carriers, and nine ethane carriers. These ships will no doubt complement Adnoc's own expansion plans for these products. The firm is working on the 9.6mn t/y Ruwais LNG project due online in 2028 and the Meram project which will add 2.2mn t/y of ethane and 1.2mn t/y of NGLs once complete in 2026 (MEES, 7 February), while a 1mn t/y low-carbon ammonia plant is due online in 2027 (MEES, 7 February).

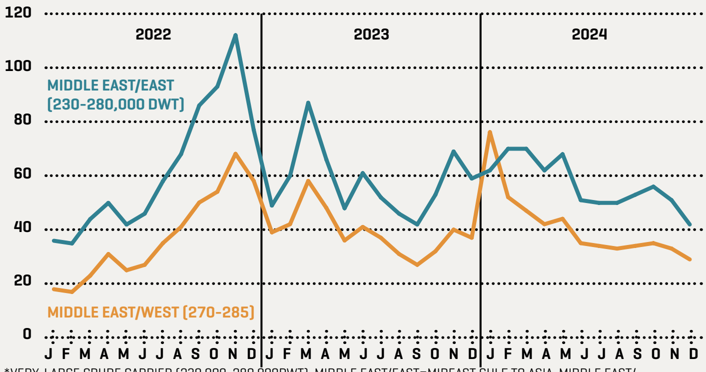
This focus on gas carriers is shared by neighbor Qatar which rapidly expanded its orderbook of new LNG vessels to 128 with state shipping firm Nakilat taking a sizeable chunk of the ships (MEES, 31 January). More so than other national shipping arms, Nakilat focuses on carrying Qatar's own output of LNG which is set to nearly double to 142mn t/y by the end of the decade.

Oman's state shipping firm Asyad Shipping, a subsidiary of logistics company Asyad, details its own expansion plans under its recently announced IPO (see p17). According to its prospectus it is planning to expand its fleet to 112 vessels including acquiring 13 new crude carriers, six product tankers, and four gas carriers while shedding some of its older and inefficient ships. It estimates $915mn committed capital expenditure and a further $1.5-1.9bn uncommitted investment in vessels out to 2029. ◆◆

RED SEA DISRUPTIONS PUSHED UP MEDIUM-RANGE (MR) PRODUCT TANKER RATES FROM THE MIDDLE EAST* SHARPLY IN THE FIRST HALF OF 2024 (WS)...

*30-35,000 DWT TANKERS, MIDEAST GULF TO ASIA. JOURNEYS. SOURCE: OPEC, MEES

...WHILE MIDDLE EAST VLCC* TANKER RATES BOUND FOR EUROPE ONLY BRIEFLY SPIKED ON THE BACK OF RED SEA DISRUPTIONS (WS)



*VERY-LARGE CRUDE CARRIER (230,000-280,000DWT). MIDDLE EAST/EAST=MIDEAST GULF TO ASIA. MIDDLE EAST/WEST=MIDEAST GULF TO EUROPE OR UNITED STATES. SOURCE: OPEC, MEES.

Saudi Renewables Capacity Set To Double To 12.7GW In 2025

2025 is set to be the year that renewables start to make a sizeable contribution to the Saudi electricity mix. Currently-operational plants can generate 19TWh annually, and with capacity set to nearly double by summer, the ramp-up should curb oil burn.

The next twelve months are set to be transformational for Saudi Arabia's renewables sector, with capacity on track to nearly double to 12.7GW by year-end. Meanwhile, battery energy storage system (BESS) capacity will quadruple to 8GWh by year-end as Riyadh invests in addressing the intermittency of renewables.

Saudi Arabia's renewables capacity currently stands at 6.551GW following the recent start-up of the 91MW Layla solar PV plant, which has been developed by Saudi firms Acwa Power and WEHC alongside China's SPIC. The Layla plant is the smallest component of the National Renewable Energy Program's third round. The final plant from NREP 3, the 112MW Wadi al-Dawaser plant, is set to come online imminently.

Wadi al-Dawaser is by far the smallest increment due online this year, with a pipeline of six projects set to add a combined 6.162GW (see table), nearly doubling installed capacity. This includes four projects with capacity in excess of 1GW, led by the 2GW Ar Rass 2 solar PV plant.

Crucially, much of this capacity is due online by the peak-demand summer season. The CEO of Saudi state offtaker SPPC, Mazin al-Bakhali, told the GE Vernova New Era of Energy summit this week that "we will reach around 12GW of connected renewable energy by summer of this year." Peak energy demand can nearly double from the cooler winter months to more than 70GW during summer.

GROWING MOMENTUM

Saudi Arabia's current 6.55GW installed renewables capacity puts it slightly ahead of the UAE's 5.8GW as the GCC leader. By year end it will be far and away the regional leader, with capacity nearly double that of the UAE, which is set to increase to around 6.6GW by year-end. The gains are set to keep on coming, with conservative estimates projecting Saudi Arabia's installed capacity rising to 16.5GW next year and then to more than 20GW in 2027 (see chart 1). By 2030, Saudi Arabia aims to have 100-130GW of installed renewable capacity; an extremely ambitious target, but one it is chasing down as it plans to tender 20GW of new capacity annually.

In contrast to the current momentum, Saudi Arabia was a comparatively slow starter, with renewables capacity only hitting the 1GW mark in 2023. Capacity is being rolled out through the NREP's two-track process. Around 30% of capacity is being awarded through a tendering process which also serves as a price-discovery mechanism, while the remaining 70% is being managed by sovereign wealth fund PIF and constructed by national champion Acwa Power.

As Saudi Arabia has built up its renewables capabilities, project timelines are shortening, with the time from signing a power purchase agreement (PPA) to grid-connection shrinking rapidly. Acwa CEO Marco Arcelli last year hailed the speed at which the firm and its partners secured financing for 5.5GW of projects as symbolic of the speed of Saudi Arabia's decarbonization programs (MEES, 6 September 2024).

As it stands, the 3.56GW of solar PV capacity from the PIF-track accounts for around 54% of the national total, and this is set to increase to 64% by year-end as the track dominates start-ups this year (see chart 2). Nearly 75% of this year's additions will come from the PIF.

PHASING OUT OIL BURN

The NREP is a core component of Saudi Arabia's liquids displacement program to end the burning of more than 1mn b/d of oil for power generation (MEES, 21 February), with a 50:50 mix of renewables and gas envisaged by 2030. The IEA says in its recent Electricity 2025 report that "the surge in renewable power capacity will contribute to meeting growing domestic electricity demand, reducing the country's dependence on oil-fired power generation, and driving down power sector emissions."

The latest full year figures for renewables' contribution show that they

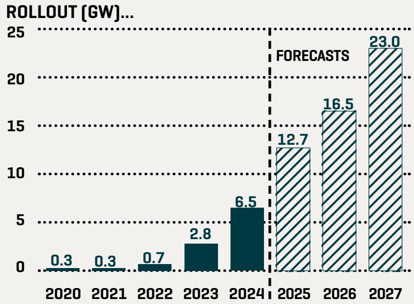
Continued on – p15

SAUDI'S GRID CONNECTED RENEWABLE PROJECTS

Plant	Status	Capacity (MW)
Sakaka	Operational	300
Dumat Al-Jandal	Operational	400
Rabigh 1	Operational	300
South Jeddah	Operational	300
Sudair	Operational	1,500
Ar Rass 1	Operational	700
Al Shuaibah 1	Operational	600
Al Shuaibah 2	Operational	2,060
Saad 1	Operational	300
Layla	Operational	91
TOTAL OPERATIONAL		**6,551**
Wadi Al-Dawaser	Under Construction	112
Saad 2	Under Construction	1,125
Ar Rass 2	Under Construction	2,000
Al Kahfah	Under Construction	1,425
Henakiyah 1	Under Construction	1,100
Tabarjal	Under Construction	400
TOTAL PLANNED 2025 ADDITIONS		**6,162**
END-2025 TOTAL		**12.713GW**

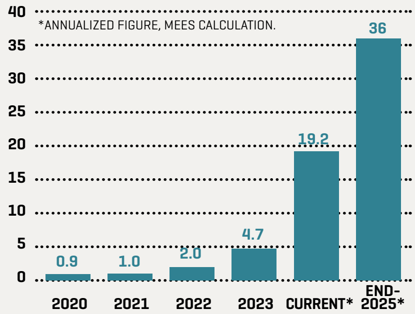
SOURCE: MINISTRY OF ENERGY, MEES.

1: SAUDI ARABIA IS ACCELERATING ITS RENEWABLES ROLLOUT (GW)...



SOURCE: MINISTRY OF ENERGY, COMPANY STATEMENTS, MEES.

2: ...RESULTING IN SOARING ELECTRICITY GENERATION FROM RENEWABLES (TWH)



SOURCE: SEC SUSTAINABILITY REPORTS, MINISTRY OF ENERGY, ACWA POWER, MEES.

Continued from – p14

generated a record 4.7TWh in 2023 (see chart 3), equating to 1.2% of total generation (MEES, 10 January). Although this will have increased again last year, the gains will have been capped because the largest tranches came online late in the year. For instance, the 2.06GW Shuaibah-2 solar plant, now the largest in Saudi Arabia, was connected to the grid in Q4 (MEES, 6 December 2024).

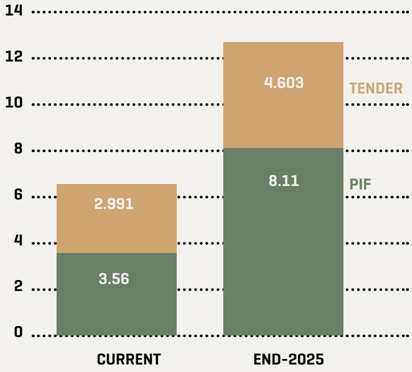
Currently installed renewables plants have capacity to generate around 19.2TWh on an annual basis, and this is set to hit 36TWh by year end, equivalent to around 9% of recent annual generation levels.

BATTERY STORAGE DRIVE

The cost of renewables has come down sharply in recent years, with Saudi Arabia's 600MW Al Shuaibah-1 project holding the record low levelized cost of electricity (LCOE) at just US¢1.04/KWh since 2021 (MEES, 16 April 2021).

However, while renewables are now a cost-effective form of power generation in the region, their rollout requires significant investment in grid upgrades to maintain grid stability. "Those existing 95,000km [or transmission lines] are old, unattended to and lack maintenance, so we are overhauling them to ensure that the grid will be commensurate with the bigger ask, when more renewables brings the issue of intermittence,"

3: PIF'S SHARE OF SAUDI ARABIA'S INSTALLED RENEWABLES CAPACITY IS SET TO INCREASE SIGNIFICANTLY THIS YEAR (GW)



SOURCE: MINISTRY OF ENERGY, MEES.

Saudi Arabia's Minister of Energy Prince Abdulaziz bin Salman Al Saud said last year (MEES, 1 November 2024).

The kingdom intends to have 48GWh of BESS capacity operational by 2030, and recently brought online its first grid-connected facility. The 2GWh plant at Bishah, around 350km south east of Jeddah, can provide 500MW of electricity for four hours, and was developed by Saudi Electricity Company (SEC). EPC work was undertaken by the State Grid Corporation of China and local firm Alfanar. Another three facilities with the same capacity – at Jazan, Najran and Khamis Mushait – are due to be connected to the grid by the end of this year, bringing total capacity to 8GWh. All four plants are located in south-western Saudi Arabia (see map). ◆◆

SAUDI ARABIA RENEWABLE ENERGY PROJECTS

OIL FIELD   GAS FIELD/PIPELINE   ELECTRICITY GRID   OPERATING   END-2025 COMPLETION   BESS

UAE's Amea Inks 1.5GWh Egypt BESS Deal

Dubai-based Amea Power on 23 February signed "Capacity Purchase Agreements" with the Egyptian Electricity Transmission Company "to develop the first standalone battery energy storage systems in Egypt."

The 1.5GWh of BESS capacity will be split between 1,000MWh at Benban near Aswan in the far south of the country, site of the bulk of Egypt's 2.25GW solar PV capacity, and 500MWh near Zafarana on the Red Sea where all of Egypt's 2.19GW wind capacity is located.

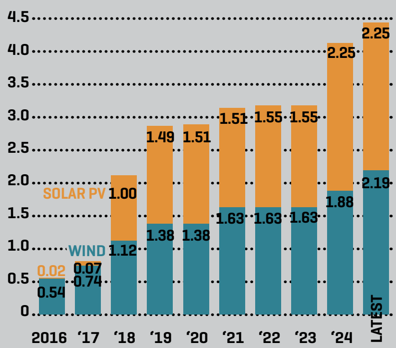
With further renewables capacity to be added in each of the two locations – Saudi Arabia's Acwa Power last week signed up for Egypt's largest-yet wind project of 2GW at Hurgada further down the Red Sea coast (MEES, 21 February) – Amea says its planned BESS capacity "will enhance grid stability and enable greater integration of renewable energy sources in the country's national energy mix."

Amea CTO Mahabir Sharma tells Abu Dhabi-based The National that it plans to invest $350mn across the two sites for March 2027 completion.

The latest BESS deal comes alongside 900MWh that Amea signed up to develop last September (MEES, 20 September 2024): 600MWh at Benban and 300MWh at nearby Kom Ombo where Amea started up the 500MW Abydos I solar PV plant last October (MEES, 25 October 2024). Amea also appears close to taking FID on 1GW Abydos II solar at Benban following a panel award last month (MEES, 24 January).

Amea says that its total actual and planned investments in Egypt "exceed $3bn across solar, wind, and battery storage projects, bringing the company's total capacity in the country to 2,500MW of wind and solar projects, and 2,400MWh BESS."

EGYPT'S 4.44GW 'NEW RENEWABLES' CAPACITY IS EVENLY SPLIT BETWEEN RED SEA WIND & SOLAR, WHICH IS MOSTLY IN THE FAR SOUTH (GW)



◆◆

INDIA CRUDE IMPORTS: RUSSIA CEMENTS DOMINANT ROLE FOR 2024

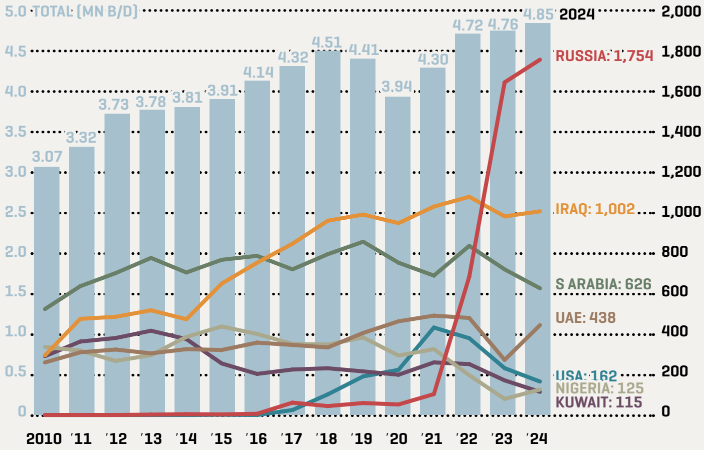
*India imported a record 4.85mn b/d of crude for 2024, cementing its position as the world's number three importer, behind China and the US but well ahead of South Korea and Japan. Domestic oil demand was up 3.5% at a record 5.17mn b/d, with the IEA predicting "world leading" demand growth of 210,000 b/d for 2025.

*The key story of the last three years has been the dramatic surge in Russian volumes since that country's full-scale invasion of Ukraine in February 2022 and the resultant imposition of western sanctions. Since then, the vast bulk of Russia's seaborne crude exports have gone to either China (MEES, 24 January), or India. India's imports from Russia rose almost sevenfold to a then-record 683,000 b/d for 2022 (MEES, 3 February 2023). And, whilst this remained behind India's long-time top two suppliers Iraq and Saudi Arabia, for 2023 Russia near-tripled volumes to surge ahead of both for top spot (MEES, 23 February 2024).

*For 2024, Russia, up 7% at a new record of 1.754mn b/d, cemented its lead with a record market share of 36.2%, more than Iraq (20.7%) and Saudi Arabia (12.9%) combined. Iraqi volumes were relatively firm at 1.002mn b/d, up 2.6% year-on-year though below 2022's record 1.073mn b/d, with a seven-year low market share. In contrast, there is no good news in the Saudi stats, down 13% at 626,000 b/d for the lowest since 2010 in volume terms and a multi-decade low market share.

*The strongest Gulf performer was the UAE, up 60% at 438,000 b/d. The overall Mideast market share of 46.6% was also up fractionally from 2023's record low. Rounding out the top five is the USA on 162,000 b/d. Though US president Trump earlier this month used Indian PM Narendra Modi's visit to Washington to lobby Indian refiners to take more US crude, whether such volumes rise will be more reliant on factors such as sanctions on Russia and whether or not crude shippers return to the Suez Canal.

INDIA'S TOP CRUDE SUPPLIERS ('000 B/D): RUSSIA STRENGTHENS LEAD FOR 2024 AS SAUDI SLUMPS TO 14-YEAR LOW



SOURCE: INDIA COMMERCE MINISTRY, MEES.

INDIA CRUDE IMPORTS ('000 B/D): RUSSIA DOMINANT, SAUDI SLUMP

SOURCE: INDIAN MINISTRY OF COMMERCE, MINISTRY OF PETROLEUM & NATURAL GAS, MEES.

	2024	vs 2023	%	2023	2022	2021	2020	4Q24	vs 3Q24	%	vs 4Q23	%	3Q24	2Q24	1Q24	4Q23	Oct24	Nov24	Dec24
Middle East	**2,257**	*+53*	*+2.4*	**2,204**	**2,776**	**2,620**	**2,478**	**2,535**	*+967*	*+61.7*	*+372*	*+17.2*	**1,568**	**2,375**	**2,550**	**2,163**	**2,803**	**2,570**	**2,231**
Iraq	1,002	*+25*	*+2.6*	977	1,073	1,025	944	1,075	*+346*	*+47.4*	*+25*	*+2.3*	729	1,069	1,135	1,050	1,349	841	1,035
Saudi Arabia	626	*-91*	*-12.7*	717	830	687	749	733	*+348*	*+90.4*	*+61*	*+9.1*	385	634	752	672	682	1,068	450
UAE	438	*+165*	*+60.3*	273	472	483	456	594	*+304*	*+104.8*	*+312*	*+110.3*	290	426	440	282	624	519	638
Kuwait	115	*-55*	*-32.6*	170	248	256	197	73	*-18*	*-19.7*	*-53*	*-42.3*	90	151	144	126	36	85	97
Oman	46	*+28*	*+160.0*	18	92	130	54	55	*+5*	*+10.5*	*+47*	*+601.6*	50	42	36	8	96	58	12
Qatar	31	*-18*	*-36.3*	49	54	34	78	6	*-18*	*-76.9*	*-20*	*-78.2*	24	52	43	25	17	0	0
North Africa	**45**	*-1*	*-3.1*	**46**	**86**	**94**	**93**	**27**	*-15*	*-36.1*	*-29*	*-51.4*	**42**	**58**	**51**	**56**	**15**	**66**	**0**
Algeria	26	*+21*	*+352.2*	6	39	15	28	0	*-35*	*-100.0*	*-23*	*-100.0*	35	36	35	23	0	0	0
Egypt	15	*-9*	*-37.1*	24	34	62	61	16	*+8*	*+103.6*	*-10*	*-39.4*	8	22	15	26	15	32	0
Libya	3	*-9*	*-76.4*	12	13	10	0	12	*+12*	-	*+12*	-	0	0	0	0	0	35	0
Africa (sub-Saharan)	**265**	*+79*	*+42.2*	**186**	**389**	**522**	**433**	**291**	*+146*	*+100.0*	*+104*	*+55.9*	**145**	**282**	**341**	**187**	**246**	**258**	**368**
Nigeria	125	*+45*	*+56.6*	80	194	320	289	125	*+72*	*+135.7*	*+41*	*+49.2*	53	126	194	84	93	159	124
Angola	115	*+36*	*+46.2*	78	86	62	80	103	*+30*	*+41.3*	*+30*	*+40.7*	73	136	147	73	92	0	216
Congo DRC	13	*+2*	*+18.8*	11	0	0	0	30	*+30*	-	*+30*	-	0	20	0	0	0	62	29
Ghana	8	*+8*	-	0	0	12	5	31	*+31*	-	*+31*	-	0	0	0	0	61	31	0
Togo	5	*+5*	-	0	0	3	3	0	*-20*	*-100.0*	*+0*	-	20	0	0	0	0	0	0
Eq. Guinea	1	*+1*	-	0	18	26	13	2	*+2*	-	*+2*	-	0	0	0	0	0	7	0
Americas	**408**	*-33*	*-7.4*	**441**	**623**	**789**	**701**	**434**	*+144*	*+49.6*	*+26*	*+6.5*	**290**	**479**	**430**	**408**	**311**	**617**	**375**
USA	162	*-65*	*-28.6*	227	372	424	219	197	*+35*	*+21.5*	*-2*	*-1.1*	162	226	63	199	136	282	172
Venezuela	72	*+72*	-	0	0	0	183	44	*+27*	*+154.4*	*+44*	-	17	94	132	0	0	94	39
Colombia	70	*+1*	*+0.7*	70	61	88	31	71	*+32*	*+81.8*	*-8*	*-9.6*	39	72	99	79	53	116	45
Mexico	60	*-5*	*-7.9*	65	99	145	151	67	*+26*	*+62.2*	*+14*	*+27.1*	41	64	69	53	62	95	45
Brazil	38	*-13*	*-25.8*	51	65	81	71	54	*+47*	*+623.4*	*-23*	*-29.4*	8	23	68	77	60	30	73
Ecuador	3	*-15*	*-81.7*	19	21	33	17	0	*-14*	*-100.0*	*+0*	-	14	0	0	0	0	0	0
Canada	2	*+2*	-	0	4	12	19	0	*-9*	*-100.0*	*+0*	-	9	0	0	0	0	0	0
Europe/FSU	**1,801**	*+56*	*+3.2*	**1,745**	**782**	**194**	**155**	**1,909**	*+397*	*+26.3*	*+334*	*+21.2*	**1,512**	**1,996**	**1,787**	**1,575**	**2,488**	**1,757**	**1,481**
Russia	1,754	*+112*	*+6.8*	1,642	683	103	52	1,866	*+366*	*+24.4*	*+380*	*+25.6*	1,501	1,945	1,703	1,486	2,422	1,757	1,420
Azerbaijan	41	*-5*	*-11.6*	46	50	27	27	42	*+31*	*+286.4*	*-34*	*-44.6*	11	34	76	76	66	0	61
Asia/Oceania	**70**	*-64*	*-47.8*	**135**	**63**	**84**	**83**	**91**	*+24*	*+35.5*	*-54*	*-37.0*	**67**	**54**	**69**	**145**	**138**	**136**	**0**
Malaysia	25	*-11*	*-31.2*	36	46	44	50	23	*+16*	*+244.6*	*+23*	-	7	38	32	0	48	20	0
Brunei	7	*+4*	*+115.9*	3	7	19	21	8	*+8*	-	*+1*	*+10.3*	0	8	13	7	0	23	0
TOTAL	**4,846**	*+89*	*+1.9*	**4,757**	**4,718**	**4,302**	**3,943**	**5,288**	*+1,662*	*+45.8*	*+754*	*+16.6*	**3,625**	**5,243**	**5,228**	**4,534**	**6,002**	**5,405**	**4,456**
Opec	**2,406**	*+86*	*+3.7*	**2,321**	**3,041**	**2,935**	**2,960**	**2,657**	*+1,058*	*+66.2*	*+337*	*+14.5*	**1,599**	**2,537**	**2,832**	**2,320**	**2,783**	**2,807**	**2,382**
% of total	*49.7*	*+0.9*		*48.8*	*64.5*	*68.2*	*75.1*	*50.3*	*+6.1*		*-0.9*		*44.1*	*48.4*	*54.2*	*51.2*	*46.4*	*51.9*	*53.5*
Crude Output	578	*-6*	*-1.1*	585	590	599	626	566	*-1*	*-0.1*	*-18*	*-3.0*	567	584	591	584	560	573	-
Refinery runs (mn b/d)	5.27	*+0.02*	*+0.5*	5.25	5.08	4.82	4.50	5.17	*-0.03*	*-0.6*	*+0.01*	*+0.1*	5.20	5.38	5.30	5.16	5.04	5.30	-
Oil Demand (mn b/d)	5.17	*+0.18*	*+3.5*	5.00	4.75	4.33	4.19	5.29	*+0.50*	*+10.3*	*+0.30*	*+6.0*	4.80	5.31	5.29	5.00	5.16	5.44	5.28

NEWS IN BRIEF

IRAQ: NEW SOMO CHIEF

Iraq's oil ministry has re-shuffled the top position at state oil marketer Somo, this week appointing Ali al Shatari as new director general. The position has been something of a revolving door of late, with Mr Shatari the third to hold the post since the long-serving Alaa al-Yasiri was replaced in early 2023 (MEES, 10 March 2023). Directorships in the Iraqi government are increasingly politicized, and Mr Yasiri's successors Ammar al-Anbagi, and more recently Khudhyer Abed, were criticized for lacking knowledge of the oil market.

Mr Shatari reverses this trend, given his long career within Somo, market expertise and familiarity with traders and analysts. The new DG served as head of various Somo marketing divisions starting 2009 and as deputy director general from September 2019 to October 2022. He returned to that position in April 2023 after a short stint as deputy director general for state-owned Midlands Refining.

The appointment comes at a critical time for Iraq and Somo. Washington has grown uneasy with Iran-backed Iraqi militias' utilization of southern ports to smuggle fuel oil for the benefit of Tehran and delay in reopening the Iraq-Turkey Pipeline (see p10 & MEES, 1 November 2024). And despite Somo's non-involvement in smuggling, some Republican lawmakers have called for sanctioning the marketer. Mr Shatari will also become Iraq's governor at Opec. Somo has submitted an updated compensation schedule to Opec, as it seeks to compensate for around 65mn barrels of overproduction by June 2026.

BAHRAIN TAPS EOG FOR GAS DRILLING

State firm Bapco Energies on 25 February signed up US shale specialists EOG Resources to "evaluate a promising gas exploration prospect" in Bahrain. Drilling is expected to begin in 2025, subject to final approvals, according to a Bapco Energies announcement which is light on further details.

Bahrain is currently targeting development of deep pre-Unayzah gas layers that sit below the island's key Bahrain Field as part of its Bahrain Field Oil and Gas Development Expansion project (MEES, 8 November 2024). Speaking to MEES last year, Bapco Group CEO Mark Thomas said the company had found "interesting things" about the reservoir, and while "unconventional gas is never easy" Bapco is "now confident going into a development phase."

Bahrain's gas output has climbed to new highs in recent years. Production for the first eleven months of 2024 averaged 2.62bn cfd, breaking the 2023 record of 2.59bn cfd.

SIPCHEM, LYONDELLBASELL ADVANCE 'WORLD-SCALE' SAUDI CRACKER

Saudi private-sector firm Sipchem (60%) and US chemicals firm LyondellBasell (40%) announced on 27 February that they have been awarded a feedstock allocation from Saudi Arabia's Ministry of Energy for their planned "world-scale mixed feed cracker complex."

The planned Jubail complex will have capacity to produce 1.5mn t/y of ethylene and 1.8mn t/y of derivatives, serving both local and international markets. The development supports the ongoing joint feasibility study for the project.

LyondellBasell says the project will benefit from its "technologies to produce differentiated grades of polyethylene and polypropylene, including the Catalloy product line of elastomeric polyolefins."

The global firm is expanding its presence in Saudi Arabia, having agreed last year to buy a 35% stake in Natpet from Saudi firm Alujain, which retained 63.7%, for $499mn (MEES, 19 January 2024). The transaction was completed in May, and the partners are examining a potential $2bn 600,000 t/y propane dehydrogenation (PDH) facility and a 500,000 t/y polypropylene (PP) plant.

OMAN SHIPPING IPO TO RAISE $333MN

Omani state logistics firm Asyad has completed the subscription period for the initial public offering of 20% in its shipping subsidiary. The company expects the 12 March listing on the Muscat Stock Exchange to raise $333mn, valuing Asyad Shipping at around $1.7bn.

This is the latest divestment organized by sovereign wealth fund Oman Investment Authority (OIA), the ultimate shareholder in Asyad. It falls under OIA's plan to raise $5bn by the end of 2024 through divesting stakes in state-owned companies (MEES, 22 November 2024).

Divestments from state upstream company OQ Exploration and Production (OQEP), downstream subsidiary OQBI, gas network operator OQGN, and drilling firm Abraj Energy have already raised $3.7bn. Next on the list to round out the $5bn is state grid company Oman Electricity Transmission Company (OETC).

MOROCCO CSP: STILL OUT

Morocco's troubled 150MW Noor III concentrated solar power (CSP) plant at Ouarzazate in the south of the country remains offline almost a year after a "forced outage" due to a leak in the hot molten salts tank (MEES, 29 March 2024). In its 2024 results on 25 February Saudi operator Acwa Power says it expects the outage "to last till the end of the first quarter of 2025," adding that the Acwa-led project company impaired SAR191.6mn ($51.1mn) for 2024 due to the outage. Morocco appears to have shelved planned further CSP additions amid these repeated technical problems (MEES, 29 March 2024).

SHELL HIKES LONG-TERM LNG FORECAST

Shell's LNG Outlook 2025, released 25 February, hikes the major's forecast of 2040 global LNG demand to 630-718mn tons, at its midpoint a hike of over 60% versus 2024's 407mn tons. Though a record, last year's annual increase of just 2mn tons was the lowest in a decade (MEES, 31 January).

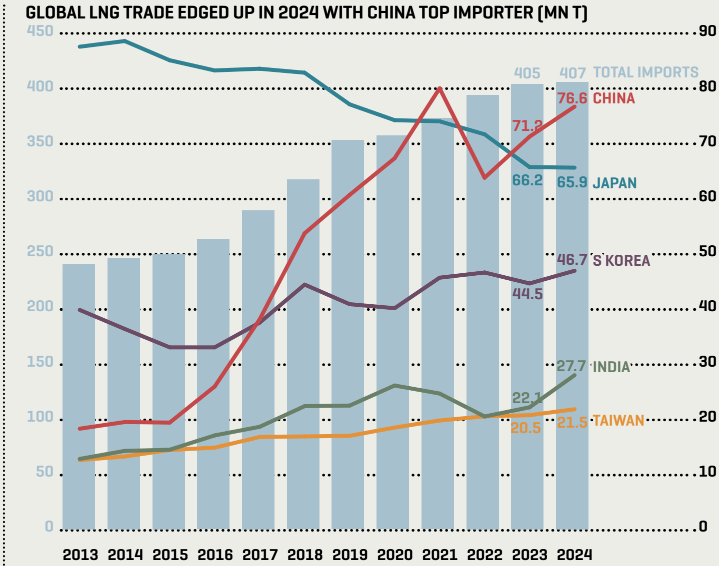
However demand is set to surge in the coming years as a slew of new liquefaction projects in North America and Qatar come onstream (MEES, 3 January). Indeed, with demand growth likely to lag supply capacity additions from 2026 through to at least the end of the decade, most analysts expect a period of sustained low prices, though the good news in this for producers is that this should spur a new wave of import projects, locking in demand for decades to come.

"More than 170mn tons[/year] of new LNG supply is set to be available by 2030, helping to meet stronger gas demand, especially in Asia, but start-up timings of new LNG projects are uncertain," Shell says.

Of this new demand, some 16mn t/y will be from LNG-powered shipping, a 60% hike versus last year's forecast of 2030 demand, and four times 2024 demand of just over 4mn tons. In terms of the top global supplier, "The USA is set to extend its lead as the world's largest LNG exporter, potentially reaching 180mn t/y by 2030 and accounting for a third of global supply," Shell says.

Whilst 2025 is set to see relatively modest LNG capacity gains, these include Venture Global's 20mn t/y Plaquemines LNG on the US Gulf coast and Shell's own 14mn t/y LNG Canada where first cargoes are expected in mid-2025. Shell provided no update on this.

GLOBAL LNG TRADE EDGED UP IN 2024 WITH CHINA TOP IMPORTER (MN T)



*WHILST 2024's TOP FIVE WERE ALL IN ASIA, NUMBERS 6-8 WERE IN EUROPE (FRANCE 19.0MN T, SPAIN 14.3, NETHERLANDS 13.7), WITH THAILAND (12.1MN TONS) AT NUMBER 9. SOURCE: NATIONAL IMPORT STATISTICS, KPLER, MEES.

CRUDE OFFICIAL SELLING PRICES ($/B)

SELECTED DATA

	Nov23	Dec23	Jan24	Feb24	Mar24	Apr24	May24	Jun24	Jul24	Aug24	Sep24	Oct24	Nov24	Dec24	Jan25	Feb25	Mar25
SAUDI ARABIA																	
to Asia (FOB Ras Tanura, vs Oman/Dubai average)																	
Arab Super Light (>40°)	+5.45	+5.45	+4.95	+2.95	+2.95	+2.95	+2.95	+3.45	+2.95	+2.75	+2.95	+2.45	+2.95	+2.45	+1.75	+2.25	+4.35
Arab Extra Light (36-40°)	+3.35	+4.05	+3.55	+1.55	+1.50	+1.70	+2.10	+2.80	+2.20	+1.60	+1.70	+1.10	+2.00	+1.50	+0.90	+1.50	+3.90
Arab Light (32-36°)	+4.00	+4.00	+3.50	+1.50	+1.50	+1.70	+2.00	+2.90	+2.40	+1.80	+2.00	+1.30	+2.20	+1.70	+0.90	+1.50	+3.90
Arab Medium (29-32°)	+3.45	+3.35	+2.75	+0.75	+0.55	+0.85	+1.35	+2.35	+1.95	+1.25	+1.25	+0.45	+1.35	+0.95	+0.25	+0.75	+3.25
Arab Heavy (<29°)	+1.70	+2.00	+1.70	-0.30	-0.30	+0.00	+0.50	+1.60	+1.20	+0.50	+0.50	-0.50	+0.20	-0.20	-0.90	-0.50	+2.10
to Northwest Europe (FOB Ras Tanura, vs ICE Brent)																	
Arab Extra Light (36-40°)	+8.50	+6.20	+4.20	+2.70	+2.70	+2.00	+2.00	+3.70	+4.70	+5.60	+2.85	+2.05	+1.15	+1.45	+0.35	+1.65	+4.85
Arab Light (32-36°)	+7.20	+4.90	+2.90	+0.90	+0.90	+0.30	+0.30	+2.10	+3.10	+4.00	+1.25	+0.45	-0.45	-0.15	-1.25	+0.05	+3.25
Arab Medium (29-32°)	+6.00	+3.70	+1.70	+0.20	+0.20	-0.40	-0.40	+1.30	+2.30	+3.20	+0.45	-0.35	-1.25	-0.95	-2.05	-0.75	+2.45
Arab Heavy (<29°)	+3.30	+1.00	-1.00	-2.50	-2.50	-3.10	-2.80	-1.10	-0.10	+0.80	-1.95	-2.75	-3.65	-3.35	-4.45	-3.15	+0.05
to Mediterranean (FOB Ras Tanura, vs ICE Brent)																	
Arab Extra Light (36-40°)	+7.70	+5.80	+3.80	+2.30	+2.30	+1.60	+1.70	+3.70	+4.70	+5.60	+2.85	+2.05	+1.15	+1.45	+0.35	+1.65	+4.85
Arab Light (32-36°)	+6.30	+4.40	+2.40	+0.40	+0.40	-0.20	-0.10	+2.00	+3.00	+3.90	+1.15	+0.35	-0.55	-0.25	-1.35	-0.05	+3.15
Arab Medium (29-32°)	+5.30	+3.40	+1.40	-0.10	-0.10	-0.70	-0.60	+1.40	+2.40	+3.30	+0.55	-0.25	-1.15	-0.85	-1.95	-0.65	+2.55
Arab Heavy (<29°)	+2.30	+0.40	-1.60	-3.10	-3.10	-3.70	-3.30	-1.30	-0.30	+0.60	-2.15	-2.95	-3.85	-3.55	-4.65	-3.35	-0.15
to US (FOB Ras Tanura, vs ASCI)																	
Arab Extra Light (36-40°)	+9.60	+9.60	+9.30	+7.30	+7.10	+7.00	+7.00	+7.00	+7.00	+7.10	+6.35	+6.25	+6.15	+6.05	+6.05	+5.75	+6.05
Arab Light (32-36°)	+7.45	+7.45	+7.15	+5.15	+4.85	+4.75	+4.75	+4.75	+4.75	+4.85	+4.10	+4.00	+3.90	+3.80	+3.80	+3.50	+3.80
Arab Medium (29-32°)	+8.15	+8.15	+7.85	+5.85	+5.85	+5.65	+5.65	+5.45	+5.45	+5.45	+4.70	+4.60	+4.40	+4.10	+4.10	+3.70	+3.90
Arab Heavy (<29°)	+7.70	+7.70	+7.40	+5.40	+5.40	+5.30	+5.30	+5.10	+5.10	+5.10	+4.35	+4.25	+4.05	+3.75	+3.75	+3.35	+3.45
delivered US Gulf (vs ASCI)																	
Arab Light (32-36°)	+8.75	+8.75	+8.45	+6.45	+6.15	+6.05	+6.05	+6.05	+6.05	+6.15	+5.40	+5.30	+5.20	+5.10	+5.10	+4.80	+5.10
Arab Medium (29-32°)	+9.45	+9.45	+9.15	+7.15	+7.15	+6.95	+6.95	+6.75	+6.75	+6.75	+6.00	+5.90	+5.70	+5.40	+5.40	+5.00	+5.20
Arab Heavy (<29°)	+9.00	+9.00	+8.70	+6.70	+6.70	+6.60	+6.60	+6.40	+6.40	+6.40	+5.65	+5.55	+5.35	+5.05	+5.05	+4.65	+4.75
IRAQ																	
to Asia (vs Oman/Dubai average)																	
Basrah Medium (FOB)	+2.10	+1.80	+1.00	-0.80	-0.80	-0.60	+0.00	+1.00	+0.60	-0.10	+0.00	-0.50	+0.40	+0.00	-0.60	+0.05	+2.65
vs Saudi Arab Heavy	*+0.40*	*-0.20*	*-0.70*	*-0.50*	*-0.50*	*-0.60*	*-0.50*	*-0.60*	*-0.60*	*-0.60*	*-0.50*	*+0.00*	*+0.20*	*+0.20*	*+0.30*	*+0.55*	*+0.55*
Basrah Heavy (FOB)	-1.40	-1.60	-1.90	-3.80	-4.10	-4.00	-3.20	-1.95	-2.25	-3.00	-3.00	-3.50	-2.75	-3.15	-3.70	-3.20	-0.40
to Europe (vs Dated Brent)																	
Basrah Medium (FOB)	-1.15	-2.15	-4.35	-5.15	-5.45	-5.85	-5.15	-3.35	-2.85	-2.40	-3.90	-4.70	-5.00	-4.60	-5.50	-4.00	-1.25
vs Saudi Arab Heavy	*-3.45*	*-2.55*	*-2.75*	*-2.05*	*-2.35*	*-2.15*	*-1.85*	*-2.05*	*-2.55*	*-3.00*	*-1.75*	*-1.75*	*-1.15*	*-1.05*	*-0.85*	*-0.65*	*-1.10*
Basrah Heavy (FOB)	-3.75	-4.95	-7.35	-8.15	-8.65	-8.95	-8.15	-6.15	-5.55	-4.95	-6.45	-7.25	-7.55	-7.05	-8.05	-6.65	-4.05
Kirkuk (FOB Ceyhan)	+1.75	+0.75	-1.25	-1.25	-1.25	-1.25	-1.15	-1.15	-1.15	-0.90	-1.00	-1.00	-1.00	-1.00	-1.30	-1.00	+1.00
to US (vs ASCI)																	
Basrah Medium (FOB)	-0.25	-0.40	-0.70	-1.00	-1.00	-0.95	-0.90	-0.65	-0.65	-0.65	-1.10	-1.10	-1.10	-1.10	-1.25	-1.05	-0.65
Basrah Heavy (FOB)	-4.40	-4.70	-5.20	-5.50	-5.35	-5.25	-5.15	-4.80	-4.85	-4.95	-5.45	-5.45	-5.45	-5.55	-5.65	-5.45	-5.05
Kirkuk (FOB Ceyhan)	+1.35	+1.35	+1.35	+1.35	+1.35	+1.45	+1.50	+1.65	+1.65	+1.65	+1.25	+1.25	+1.25	+1.25	+1.00	+1.00	+1.20
KUWAIT																	
to Asia (FOB, vs Oman/Dubai)																	
Kuwait Export Blend (31°)	+3.05	+2.85	+2.10	+0.25	+0.25	+0.55	+1.15	+2.35	+1.95	+1.25	+1.25	+0.15	+1.00	+0.60	+0.00	+0.45	+2.80
vs Saudi Arab Medium	*-0.40*	*-0.50*	*-0.65*	*-0.50*	*-0.30*	*-0.30*	*-0.20*	*+0.00*	*+0.00*	*+0.00*	*+0.00*	*-0.30*	*-0.35*	*-0.35*	*-0.25*	*-0.30*	*-0.45*
Kuwait Super Light (48°)	+2.95	+3.35	+2.45	+0.65	+0.70	+0.90	+1.40	+2.35	+1.95	+1.35	+1.25	+0.25	+1.00	+0.60	+0.00	+0.50	+2.80
Khafji (28.5°)	+1.70	+2.00	+1.70	-0.30	-0.30	+0.00	+0.50	+1.60	+1.20	+0.50	+0.50	-0.50	+0.20	-0.20	-0.90	-0.50	+2.10
Hout (33°)	+3.71	+3.66	+3.10	+1.10	+1.00	+1.25	+1.66	+2.61	+2.16	+1.51	+1.60	+0.85	+1.75	+1.30	+0.56	+1.10	+3.56
Kuwait Export Blend to other destinations:																	
to Mediterranean (FOB, vs Dated Brent)	+2.50	+0.10	-1.10	-2.95	-2.95	-4.55	-4.35	-2.45	-0.70	+0.30	-2.50	-3.60	-4.10	-3.65	-4.90	-3.40	-0.25
to North West Europe (FOB, vs Dated Brent)	+3.25	+0.45	-0.70	-2.55	-2.55	-4.15	-4.05	-2.45	-0.70	+0.30	-2.50	-3.60	-4.10	-3.65	-4.90	-3.40	-0.25
FOB Sidi Kerir (vs Dated Brent)	+2.80	+0.40	-0.80	-2.65	-2.65	-4.25	-4.05	-2.15	-0.40	+0.60	-2.20	-3.20	-3.60	-3.25	-4.60	-3.10	+0.05
to US (FOB, vs ASCI)	+8.15	+8.15	+7.85	+5.85	+5.85	+5.65	+5.65	+5.45	+5.45	+5.45	+4.70	+4.60	+4.40	+4.10	+4.10	+3.70	+3.90
delivered US Gulf (vs ASCI)	+9.45	+9.45	+9.15	+7.15	+7.15	+6.95	+6.95	+6.75	+6.75	+6.75	+6.00	+5.90	+5.70	+5.40	+5.40	+5.00	+5.20

CRUDE OFFICIAL SELLING PRICES ($/B): (CONTINUED)

SELECTED DATA

	Oct23	Nov23	Dec23	Jan24	Feb24	Mar24	Apr24	May24	Jun24	Jul24	Aug24	Sep24	Oct24	Nov24	Dec24	Jan25	Feb25	Mar25
IRAN to Asia (FOB Kharg Island, vs Oman/Dubai average)																		
Iranian Light (33-34°)	+3.50	+3.85	+4.00	+3.60	+1.75	+1.75	+1.95	+2.25	+3.10	+2.60	+2.10	+2.35	+1.70	+2.60	+2.15	+1.35	+1.95	+4.35
vs Saudi Arab Light	*-0.10*	*-0.15*	*+0.00*	*+0.10*	*+0.25*	*+0.25*	*+0.25*	*+0.25*	*+0.20*	*+0.20*	*+0.30*	*+0.35*	*+0.40*	*+0.40*	*+0.45*	*+0.45*	*+0.45*	*+0.45*
Iranian Heavy (30-31°)	+1.75	+1.75	+1.80	+1.40	-0.50	-0.70	-0.45	+0.05	+1.10	+0.80	+0.10	+0.15	-0.65	+0.25	-0.10	-0.80	-0.30	+2.20
vs Saudi Arab Medium	*-1.70*	*-1.70*	*-1.55*	*-1.35*	*-1.25*	*-1.25*	*-1.30*	*-1.30*	*-1.25*	*-1.15*	*-1.15*	*-1.10*	*-1.10*	*-1.10*	*-1.05*	*-1.05*	*-1.05*	*-1.05*
Foroozan (31°)	+1.75	+1.85	+1.85	+1.50	-0.35	-0.50	-0.25	+0.25	+1.25	+0.90	+0.25	+0.30	-0.40	+0.50	+0.15	-0.55	-0.05	+2.45
South Pars Condensate	+0.15	+0.25	+0.45	+0.20	-1.75	-1.80	-1.50	-1.00	+0.10	-0.25	-0.95	-0.95	-1.95	-1.15	-1.55	-2.20	-1.80	+0.80
Soroosh (18.6°) vs Iran Heavy	-3.50	-3.50	-3.25	-3.10	-3.05	-2.85	-2.80	-2.80	-2.65	-2.70	-2.70	-2.75	-2.95	-3.05	-3.10	-3.05	-3.15	-3.05
to Northwest Europe/South Africa (FOB Kharg Island, vs ICE Brent)																		
Iranian Light (33-34°)	+4.00	+5.40	+3.15	+1.15	-0.80	-0.75	-1.25	-1.15	+0.65	+1.65	+2.50	-0.20	-1.00	-1.90	-1.60	-2.70	-1.35	+1.85
vs Saudi Arab Light	*-1.70*	*-1.80*	*-1.75*	*-1.75*	*-1.70*	*-1.65*	*-1.55*	*-1.45*	*-1.45*	*-1.45*	*-1.50*	*-1.45*	*-1.45*	*-1.45*	*-1.45*	*-1.45*	*-1.40*	*-1.40*
Iranian Heavy (30.7°)	+1.75	+3.15	+0.90	-1.10	-2.55	-2.50	-3.00	-2.90	-1.20	-0.20	+0.70	-2.00	-2.80	-3.70	-3.40	-4.50	-3.15	+0.05
vs Saudi Arab Medium	*-2.75*	*-2.85*	*-2.80*	*-2.80*	*-2.75*	*-2.70*	*-2.60*	*-2.50*	*-2.50*	*-2.50*	*-2.50*	*-2.45*	*-2.45*	*-2.45*	*-2.45*	*-2.45*	*-2.40*	*-2.40*
Foroozan (31°)	+1.80	+3.15	+0.90	-1.00	-2.40	-2.20	-2.70	-2.60	-0.80	+0.20	+0.90	-1.80	-2.60	-3.65	-3.35	-4.40	-8.00	+0.15
to Mediterranean (FOB Kharg Island, vs ICE Brent)																		
Iranian Light (33-34°)	+2.55	+4.45	+2.55	+0.70	-1.20	-1.10	-1.70	-1.50	+0.60	+1.60	+2.50	-0.25	-1.00	-1.80	-1.50	-2.60	-1.25	+1.95
vs Saudi Arab Light	*-1.85*	*-1.85*	*-1.85*	*-1.70*	*-1.60*	*-1.50*	*-1.50*	*-1.40*	*-1.40*	*-1.40*	*-1.40*	*-1.40*	*-1.35*	*-1.25*	*-1.25*	*-1.25*	*-1.20*	*-1.20*
Iranian Heavy (30-31°)	+0.05	+1.95	+0.10	-1.75	-2.55	-3.10	-3.70	-3.50	-1.50	-0.50	+0.40	-2.35	-3.10	-3.90	-3.60	-4.70	-3.35	-0.15
Foroozan (31°)	+0.15	+1.95	+0.00	-1.65	-2.40	-2.85	-3.50	-3.25	-1.20	-0.20	+0.60	-1.80	-2.90	-3.85	-3.55	-4.60	-3.25	-0.05
ABU DHABI																		
Murban (40.3°)	87.28	93.92	91.00	83.32	77.69	79.06	80.99	84.52	89.14	83.93	82.52	83.80	77.94	73.41	74.87	72.81	73.28	80.22
Das (38.8°)	86.68	93.32	90.40	82.72	76.99	78.31	80.19	83.82	88.39	83.28	81.77	83.00	77.19	72.71	74.27	72.36	72.88	79.82
Das-vs Murban	-0.60	-0.60	-0.60	-0.60	-0.70	-0.75	-0.80	-0.70	-0.75	-0.65	-0.75	-0.80	-0.75	-0.70	-0.60	-0.45	-0.40	-0.40
Umm Lulu (38.7°)	87.48	94.17	91.25	83.57	77.94	79.31	81.14	84.67	89.34	84.13	82.67	84.00	78.19	73.66	75.05	73.06	73.53	80.47
Umm Lulu-vs Murban	+0.20	+0.25	+0.25	+0.25	+0.25	+0.25	+0.15	+0.15	+0.20	+0.20	+0.15	+0.20	+0.25	+0.25	+0.20	+0.25	+0.25	+0.25
Upper Zakum (34.1°)	86.68	93.42	90.50	83.82	77.49	78.91	80.99	84.42	89.74	84.23	82.52	83.85	77.49	73.46	74.82	72.81	73.28	80.32
Upper Zakum-vs Murban	-0.60	-0.50	-0.50	+0.50	-0.20	-0.15	+0.00	-0.10	+0.60	+0.30	+0.00	+0.05	-0.45	+0.05	-0.05	+0.00	+0.00	+0.10
QATAR																		
Qatar Land (40°)-vs Dubai^	+1.00	+1.70	+2.35	+0.10	-0.75	-0.10	+0.05	+0.40	+0.85	+0.35	-0.40	+0.35	+0.30	+0.85	+0.70	+0.15	+0.30	+2.75
Qatar Marine (36°)-vs Dubai^	+1.30	+1.80	+2.00	+0.90	-0.75	+0.20	+0.25	+0.65	+1.75	+1.10	+0.15	+0.60	+0.25	+1.00	+0.65	+0.15	+0.45	+2.90
DUBAI																		
Dubai (31°, vs Oman)	+0.00	+0.00	+0.05	+0.05	+0.05	+0.10	+0.00	+0.00	+0.00	-0.10	+0.00	+0.00	+0.10	+0.00	+0.00	+0.00	+0.05	+0.05
outright price	86.57	92.77	89.84	83.22	77.26	78.85	80.85	84.14	89.30	83.79	82.50	83.85	77.64	73.49	74.82	72.46	73.21	80.31
OMAN																		
Oman (34°)	86.57	92.77	89.79	83.17	77.21	78.75	80.85	84.14	89.30	83.89	82.50	83.85	77.54	73.49	74.82	72.46	73.16	80.26
ALGERIA (vs Dated Brent)																		
Saharan Blend (45.7°)	+2.15	+1.75	+0.85	+1.10	+2.10	+2.10	+0.90	+0.25	+0.15	+0.15	+1.00	+1.95	+1.95	+0.65	+0.85	+1.00	+0.95	
LIBYA (vs Dated Brent)																		
Zueitina (41°)	+0.40	+0.20	+0.00	-0.20	+0.20	+0.30	+0.00	-0.10	-0.65	-0.45	+0.05	-0.50	-0.70	-1.05	-0.65	-0.45	-0.25	
Brega (40°)	-0.30	-0.50	-0.70	-0.90	-0.50	-0.35	-0.70	-0.80	-1.55	-1.45	-1.05	-1.70	-2.00	-2.40	-2.00	-1.80	-1.30	
Sirtica (41°)	+0.40	-0.25	-0.45	-0.75	-0.40	-0.55	-0.85	-0.95	-1.55	-1.45	-1.15	-1.55	-1.75	-2.10	-1.70	-1.55	-1.05	
Es Sider (37°)	+1.00	+0.30	-0.20	-0.60	+0.05	-0.10	-0.55	-0.55	-1.25	-0.90	-0.50	-1.05	-1.55	-2.25	-1.85	-1.70	-1.15	
Bu Attifel (36°)	+1.20	+0.70	+0.35	-0.05	+0.25	+0.00	+0.00	-0.15	-0.70	-0.50	-0.10	-0.65	-1.25	-1.95	-1.55	-1.35	-0.85	
Sarir (36°)	-1.20	-1.90	-2.30	-2.90	-2.90	-3.05	-3.35	-3.35	-3.95	-3.60	-3.10	-3.65	-3.95	-4.55	-4.15	-4.00	-3.50	
Amna (36°)	+1.55	+0.90	+0.40	+0.00	+0.65	+0.50	+0.25	+0.10	-0.50	-0.15	+0.25	-0.30	-0.70	-1.20	-0.90	-0.80	-0.25	
Sharara (43°)	+0.70	+0.50	+0.30	+0.30	+0.40	+0.55	+0.20	+0.05	-0.70	-0.45	-0.05	-0.65	-0.95	-1.45	-1.05	-0.85	-0.40	
Mellitah (41.6°)	-0.35	-0.55	-0.75	-0.75	-0.35	-0.20	-0.55	-0.70	-1.45	-0.45	-0.95	-1.55	-1.75	-2.15	-2.05	-1.55	-1.10	
Bouri (26°)	-1.65	-1.65	-1.85	-1.85	-1.85	-1.95	-1.95	-1.65	-1.65	-1.55	-1.55	-1.85	-2.05	-2.05	-2.05	-1.95	-1.55	
Al Jurf (30°)	-0.15	-0.15	-0.35	-0.35	-0.35	-0.45	-0.45	-0.25	-0.25	-0.15	-0.15	-0.45	-0.65	-0.65	-0.65	-0.65	-0.45	

SAUDI LPG OFFICIAL CONTRACT PRICES ($/T)

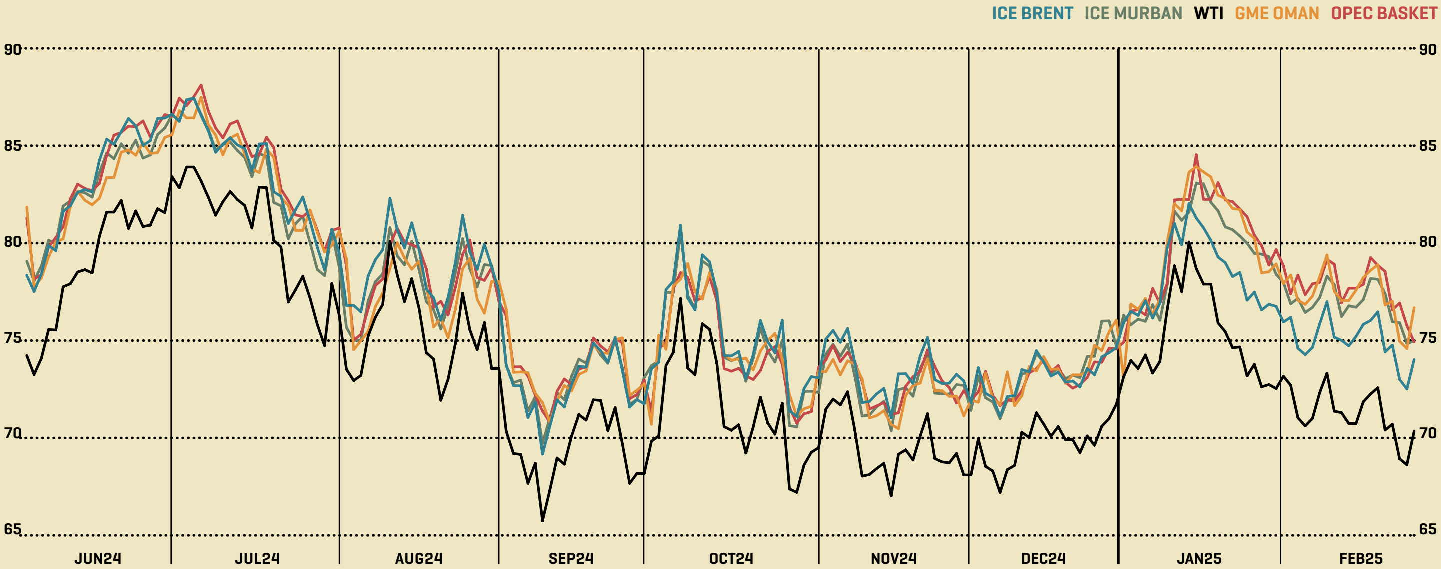
	Nov23	Dec23	Jan24	Feb24	Mar24	Apr24	May24	Jun24	Jul24	Aug24	Sep24	Oct24	Nov24	Dec24	Jan25	Feb25	Mar25
Propane	610	610	620	630	630	615	580	580	580	590	605	625	635	635	625	635	615
Butane	620	620	630	640	640	620	585	565	565	570	595	620	630	630	615	625	605
propane vs butane	*-10*	*-10*	*-10*	*-10*	*-10*	*-5*	*-5*	*+15*	*+15*	*+20*	*+10*	*+5*	*+5*	*+5*	*+10*	*+10*	*+10*

SELECTED DATA

BENCHMARK CRUDE PRICES ($/B)

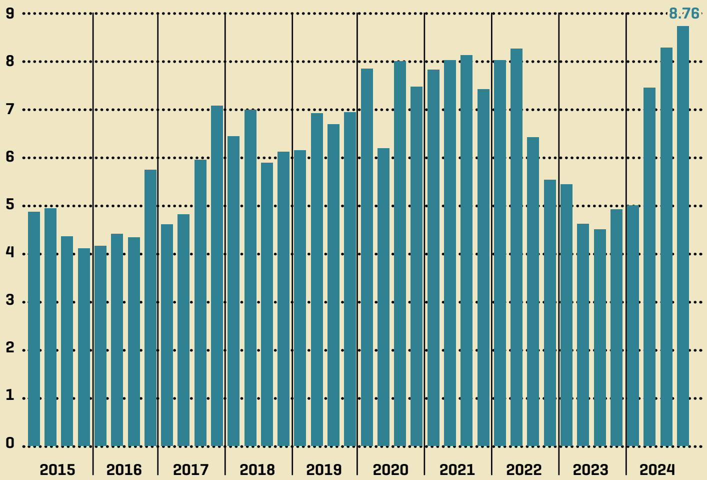
	27Feb	17-21Feb	10-14Feb	Jan25	Dec24	Nov24	4Q 2024	3Q 2024	2Q 2024	2025 (27Feb)	2024	2023	2022
WTI	70.35	71.56	71.81	75.22	69.87	69.53	70.31	75.38	80.61	73.39	75.79	77.58	94.37
ICE Brent	74.04	75.60	75.56	78.35	73.26	73.40	74.01	78.72	85.02	76.82	79.86	82.18	99.02
ICE Murban	76.70	78.04	77.87	80.18	73.47	72.74	73.76	78.34	85.24	78.89	79.74	82.80	98.84
GME Oman	74.95	78.46	78.15	80.02	73.34	72.48	73.60	78.47	85.20	78.97	79.61	82.02	94.42
OPEC Basket	74.98	77.52	77.29	79.38	73.07	72.98	73.54	78.97	85.31	78.23	79.89	82.95	100.08
JCC	na	na	na	76.57	76.50	78.14	78.24	85.86	87.48	na	83.92	86.56	102.70

AVERAGE SETTLEMENT PRICES FOR PERIOD IN QUESTION.



EGYPT WORKER REMITTANCES SURGE AFTER MARCH 2024 CURRENCY FLOAT

REMITTANCES FROM EGYPTIAN WORKERS OVERSEAS SURGED TO A RECORD $8.76BN FOR Q4, DOUBLE YEAR-AGO LEVELS....



...BUT 2024'S $29.6BN WAS WELL SHY OF 2021'S RECORD DUE TO THE DEPRESSED EARLY-YEAR FIGURES BEFORE MARCH 2024 LIBERALIZATION OF THE EGYPTIAN POUND ($BN)