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Weekly Energy, Economic & Geopolitical Outlook
Vol. 68. No. 8
21.February.2025.

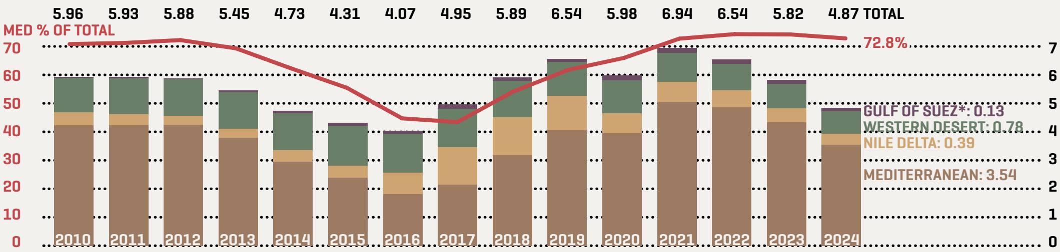
UPSTREAM OIL & GAS 2
CORPORATE 8
OPEC & GLOBAL MARKETS 9
GEOPOLITICAL RISK 10
DOWNSTREAM 12
POWER & WATER 13
ECONOMY & FINANCE 16
NEWS IN BRIEF 17
SELECTED DATA 18

UPSTREAM OIL & GAS

Egypt Gas Output Collapse: 2025 Gains Unlikely

Egypt hopes that ongoing offshore drilling and tie-ins will halt a collapse in gas output which fell 16% to below 5bn cfd for 2024. Further losses are more likely than gains for the next two years, though Cairo eyes a 2027 boost from combined development of the Nargis & Nour fields. **Page 4, 6**

EGYPT GAS OUTPUT SLUMPS 16% YEAR-ON-YEAR TO 8-YEAR LOW 4.87BN CFD FOR 2024 (BN CFD)



GEOPOLITICAL RISK

Yemen Oil And Gas Restart: Any Hope Of A Deal?

Yemen is set for a third straight year of zero oil exports with the Houthis blockading shipments. A restart would need a peace deal. But this looks a long way off. **Page 10**

UPSTREAM OIL & GAS

Cyprus Eyes Cronos & Aphrodite Riches

Cyprus could produce gas as soon as 2026 with operator Eni eying fast-track development of its 2.5tcf Cronos field. Development of the larger Aphrodite is also edging forward. **Page 2**

CORPORATE

Adnoc's XRG: Turkmenistan Gas Push

With UAE-Turkmenistan political relations deepening, Adnoc is planning to enter the Galkynysh gas field. A lack of infrastructure will hinder commercialization. **Page 8**

POWER & WATER

Saudi's Acwa: A Regional Champion

Acwa Power is stepping up its project pipeline with a 3GW gas-fired award in Saudi Arabia as well as expansion in Kuwait, Bahrain and Egypt. **Page 13, 14**

DOWNSTREAM

Saudi Refines Record Crude Output Share

Extended output cuts complicated Saudi attempts at balancing crude exports and refining runs for 2024. Refineries won, with crude exports hitting a 14-year low. **Page 12**

ECONOMY & FINANCE

Saudi Deficit Pushes Past $30bn For 2024

Saudi Arabia's government deficit increased by 43% to a four-year high of $30.8bn last year, bringing the cumulative deficit over the past ten years to $454.6bn. **Page 16**

UPSTREAM OIL & GAS

Chevron Eyes Long-Term PNZ Gains

Development work has slowly been ramped up at the PNZ's onshore portion since production resumed in 2020. Exploration drilling at the 'huge' Wafra resource resumed last year. **Page 7**

POWER & WATER

Egypt & Algeria's Power Fuels Crunch

Freshly-released 2024 stats show both of North Africa's top two energy consumers struggling to balance fuel supply as power demand hit new record highs. **Page 15, 20**

Cyprus Eyes Gas Riches: Cronos And Aphrodite Plans Advance, Destination Egypt

Cyprus could join the ranks of the world's hydrocarbon producers as soon as 2026 with operator Eni eying fast-track development of its 2.5tcf Cronos field. Development of the larger Aphrodite is also edging forward. But even following an Egypt gas sales MoU and development plan approval it could be 2031, 20 years after discovery, before Chevron achieves first output.

Cyprus' 3.5tcf Aphrodite field, the Mediterranean island's first gas discovery in 2011, has a new development plan after Nicosia on 14 February accepted proposals filed by Chevron in September that envisage 800mn cfd output via four wells at a cost of $4bn.

This was followed in short order by a 17 February MoU that would see all Aphrodite output piped from an above-field floating production unit (FPU) to Egypt via a 240km tie-back to Port Said (see table & map).

"We look forward to the expeditious development of the field via Egypt's facilities, a tangible step towards establishing the role that Cyprus envisions in the energy sector of the region," Cyprus Energy Minister George Papanastasiou says.

"We welcome this major development and our productive engagements with the Cypriot government," Chevron VP for global exploration and production Frank Cassulo says, with the firm adding that "We anticipate Aphrodite will over time be a key part of our regional network of highly reliable assets."

Chevron's key East Med assets are across the maritime border in Israel: 25% of the 13.7tcf (2P) Tamar field (MEES, 7 February), and 39.66% of 22.3tcf (2C & 2P) Leviathan (MEES, 7 February). Chevron says it has a "gross resource" of 45tcf across the three assets. The two Israeli fields produced a combined 2.07bn cfd last year, with Chevron's net figure of 592mn cfd equating to 11% of the major's global gas output.

NOT SO 'EXPEDITIOUS'

But, whilst Cyprus may be calling for "expeditious development" of Aphrodite, Chevron (35%op) and its partners Shell (35%) and Israel's NewMed Energy (30%) remain more cautious.

Whilst the firms have agreed to a timeline that envisages a final investment decision in 2027, it is far from decided that this will be a positive one. NewMed, in a 16 February filing, says a positive FID is contingent on "performance of the pre-FEED and the FEED," which, as per the milestones agreed on 14 February, are due to be wrapped up in November 2025 and January 2027 respectively, MEES learns. These new milestones have been amended in the Aphrodite production sharing contract (PSC), with Nicosia as part of the deal revoking the notice of breach of contract it issued in August (MEES, 30 August 2024).

APHRODITE DEVELOPMENT PLANS

	Approved	Rejected	Approved
	Feb 2025	May 2023	2019
Production Wells	4	3	5
Output	800	650	800
Processing via	Floating Unit (FPU)	WDDM	Floating Unit (FPU)
Pipeline Length	240km	406km	480km
Destination	Port Said	WDDM Offshore	WDDM Onshore (Idku)
Cost	$4bn	$2.6bn	$3.6bn

SOURCE: MEES

Aphrodite development is also contingent on "the formulation of commercial arrangements for the development and construction of the pipeline for export, on the signing of agreements for the supply of natural gas and on the fulfillment of the closing conditions of such agreements, on receipt of regulatory approvals and on the finalization of financing agreements."

Cyprus and Israel will also need to agree on a pricing scheme for the partners in the Ishai field, the name given to the portion of Aphrodite that lies in Israeli waters (MEES, 30 June 2023).

If the numerous conditions set out in NewMed's release are all met then the firm estimates first gas from Aphrodite in 2031, some 20 years after the field was discovered. Operator Chevron is more bullish and believes it can achieve first gas by 2029, MEES understands.

DESTINATION EGYPT

But, whilst the terms have yet to be finalized, the destination for Aphrodite gas sales is set to be Egypt.

Chevron, Cyprus and Egypt on 17 February signed a non-binding MoU at the Egypt Energy Show (EGYPS) in Cairo under which "EGAS shall serve as the sole buyer of the natural gas produced from the Reservoir, while the Partners shall be granted an option to purchase specific quantities of the gas that is sold to EGAS as liquefied natural gas (LNG)," NewMed says.

What this "option" will mean in practice, or whether it will be retained in any final deal remains to be seen. Industry officials and experts canvassed by MEES at EGYPES are doubtful that the addition of Aphrodite gas will be sufficient to again make Egypt a significant LNG exporter, although a big gas discovery could change that.

"The MOU also includes principles regarding the construction of the required transmission infrastructure and the sale arrangements, which shall be established in detailed agreements intended to be signed between the parties in due course," NewMed adds.

BACK TO SQUARE ONE

Already facing years of delays, Cyprus thought it finally had line of sight on Aphrodite development when it agreed a PSC and development plan with previous operator Noble Energy in 2019 (MEES, 8 November 2019). That plan envisaged the same 800mn cfd output and above-field FPU as the latest plan, but with

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five rather than four wells and a longer 480km tie-back to Shell's West Delta Deep Marine (WDDM) onshore facilities at Idku near Alexandria at a cost of $3.6bn (a somewhat higher figure than the current $4bn when adjusted for inflation).

Chevron's $5bn takeover of Noble as well as 2020's crash in oil prices and firms' capex budgets (MEES, 12 February) put the brakes on that plan. Following appraisal drilling at Aphrodite in early 2023, Chevron submitted a new cut-price proposal that envisaged just three production wells, lower output of 650mn cfd and direct long-distance tieback 406km (with no FPU) to the WDDM offshore facilities.

Cyprus, piqued by the lower prospective output (and revenue) and lack of an FPU, rejected the proposals (MEES, 25 August 2023).

Relations were clearly strained following Nicosia's rejection and while both sides agreed on a path forward at the end of December 2023, in August of last year, having run short on patience, Cyprus served Chevron with a notice of breach of contract citing missed development milestones included in the 2019 PSC.

Chevron appeared to acquiesce to Nicosia's demands, filing just days later its now approved development plan that shares many similarities to the original 2019 plan (MEES, 20 September 2024).

CRONOS: SPEEDY DEVELOPMENT?

Should NewMed's 2031 start-up timeline, or even Chevron's unofficial 2029 target prove correct, then Aphrodite may well be overtaken to first gas by 2.5tcf Cronos (Eni 50%op, TotalEnergies 50%).

Eni is due to file a development plan before the end of March that envisages 60km tieback to Egypt's giant Zohr field, where slumping output has left spare capacity (MEES, 17 January). Cypriot authorities expect first gas in 2027 while MEES understands some Eni officials believe first gas can be achieved in 2026.

While this timeline looks optimistic, Eni is always quick to remind any doubters that it was able to produce first gas from Zohr, a complex field with a standalone development more than 200km from Port Said, just 28 months after gas was discovered in August 2015.

Eni and TotalEnergies signed their own provisional gas sales deal with Egyptian authorities at EGYPS this week. This Host Government Agreement (HGA) commits all of Cronos gas to be exported via the Eni-operated Damietta LNG export terminal (MEES, 31 January).

"This agreement paves the way to bring Cyprus' gas to the market in a timely fashion, contributing to energy security and competitiveness of energy supply. This project leverages Egypt's existing infrastructure, including export facilities, which are a key enabler for developments in the Region," Eni CEO Claudio Descalzi said following the signing.

"Following the signature of this agreement, the Block 6 partners will now proceed with the Cronos Development and Production Plan, in close collaboration with Cyprus authorities," Total said in its own statement the same day.

LNG GUARANTEE?

The HGA, signed by Egypt oil minister Karim Badawi, Mr Papanastasiou and Mr Descalzi "outlines a comprehensive framework enabling a rapid development of the Cronos gas discovery offshore Cyprus: the gas will be transported and processed in existing Zohr facilities to be then liquefied in the Damietta LNG plant for export to European markets," Eni says.

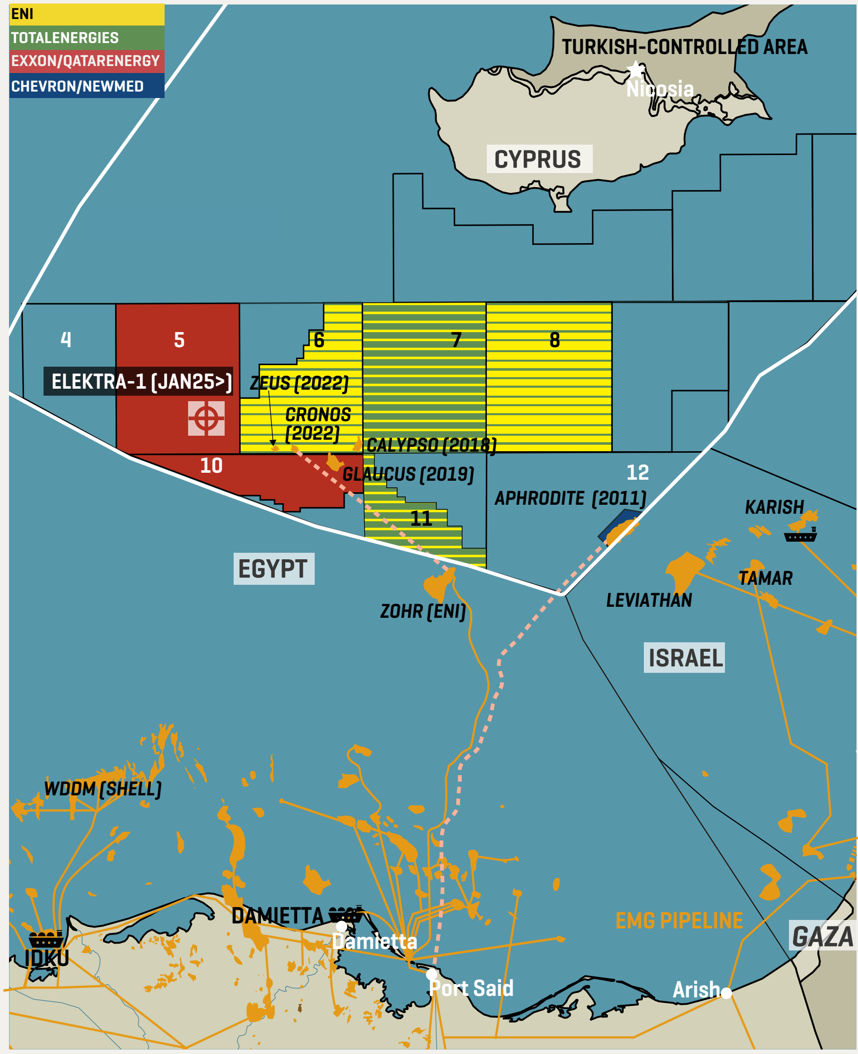
Eni and Total's chances of snagging LNG cargoes in return for their gas appear to be on firmer footing than those of the Aphrodite partners.

Cronos gas will flow via the Zohr gas pipelines to the El Gamil processing facilities at Port Said where a dedicated pipeline will transport the gas directly to the Eni-operated 5mn t/y Segas liquefaction facility at Damietta, MEES understands.

According to the HGA, Eni and Total's Egypt affiliates will be the purchasers of the gas at the inlet of the Damietta LNG plant although ultimately Egypt has an option to purchase at least part of the gas for its domestic market, MEES learns. Industry participants at EGYPES are not convinced that much of Cronos gas will be exported, if at all, at least not in the short to mid-term.

CYPRUS KEY BLOCKS & GAS DISCOVERIES

GAS FIELD/PIPELINE POTENTIAL PIPELINE



ELEKTRA DREAMS

While progress on Aphrodite and Cronos is good news for Cyprus, Nicosia will also be keeping close tabs on US major ExxonMobil's Elektra well on Block 5 where drilling continues (MEES, 24 January). Any discovery will be a play-opener and anything near pre-drill reserve estimates of 30tcf could very well be a game-changer for Cyprus and the region.

Anything substantial at Elektra, say 10tcf or more, may revive Cyprus' long-standing hopes of building an onshore LNG facility considering the remaining undeveloped resources in its exclusive economic zone (EEZ). These include Exxon's 3.2tcf Glaucus in Block 10, Eni's 2-3tcf Zeus and 1tcf Calypso in Block 6, though development plans at Cronos (also Block 6) are likely far enough advanced to not be affected. ◆◆

Cairo Aims To Arrest Gas Output Decline But 2025 Gains Look Unlikely

Egypt hopes that ongoing development drilling and tie-ins at key offshore projects will help halt a collapse in gas output. Further losses are more likely than gains for the next two years at least, though Cairo eyes a 2027 boost from combined development of the Nargis & Nour fields.

Egyptian officials remain bullish that 2025 will see a halt in the collapse in Egypt's gas output which fell by 16% or almost 1bn cfd to an eight-year low 4.87bn cfd for 2024. The offshore Mediterranean is both the largest contributor to overall output, with 3.54bn cfd, 73% of the total, and to the collapse, with output down a stonking 773mn cfd for 2024 (see p6).

An output increase this year looks less and less likely despite ongoing key development work at offshore Mediterranean projects.

Italy's Eni, the country's top gas producer, this week kicked-off the drilling of two sidetrack wells at the flagship Zohr field. Oil minister Karim Badawi last year said the two wells, which are due to come online in the second half of 2025, will add 220mn cfd.

However, whilst this may be correct in incremental terms, underlying output decline due to water breakthrough issues means that this may not be sufficient to increase output on an annual basis. Current Zohr output of 1.5bn cfd is less than half the field's nominal 3.2bn cfd capacity.

SHELL: WDDM BOOST

A new increment already online is from the three 'Phase 10' wells (Sepia-1, Seagull West-1 and Sapsat-3) of Shell's WDDM project. With all three of the wells drilled last year now online they are producing at a combined 140-150mn cfd. Current overall WDDM output is 320mn cfd, up from 200mn cfd last year.

Shell earlier this month began drilling the first of three Phase 11 wells that are also due to produce around 150mn cfd by the end of this year. Beyond that, Cairo is hoping to encourage Shell to move ahead with Phase 12 although the UK major will likely demand a gas price higher than the $5.88/mn BTU it receives for WDDM gas currently if it is to proceed (MEES, 24 January).

As of the latest national stats, for December, there was no sign of a turnaround, with production of 4.421bn cfd the lowest since early 2017.

This takes output back to levels last seen before the March 2017 start-up of BP's $9bn West Nile Delta project. As with many projects offshore Egypt, WND saw rapid decline with the 'WND Phase 3' Raven gas-condensate field the only remaining significant producer.

But here a boost is also incoming, with BP announcing on 16 February the start-up of two infill wells at Raven (MEES, 17 January). "The new wells are expected to produce approximately 220 billion cubic feet of gas and 7 million barrels of condensate," BP says. Egypt's oil ministry expects the two wells to produce 200mn cfd – in theory boosting Raven output from 400mn cfd to 600mn cfd – though other sources canvassed by MEES view this figure as optimistic.

"The focus of the Raven Infills project has been to fight natural decline and increase production while maximizing our existing infrastructure to meet Egypt's domestic market demand at pace," BP says.

BP's next development may then be tie-back to WND of the El King field on the North King Mariut block to the west. Recent appraisal drilling has firmed up 200bcf of recoverable reserves, with BP set to file a development plan within the next six months.

With a relatively short tieback 40km to the WND facilities, Egyptian authorities are confident that despite the modest reserves BP will proceed with development, with first gas potentially by the first half of 2027 (see map).

Having drilled El King, BP is cur-

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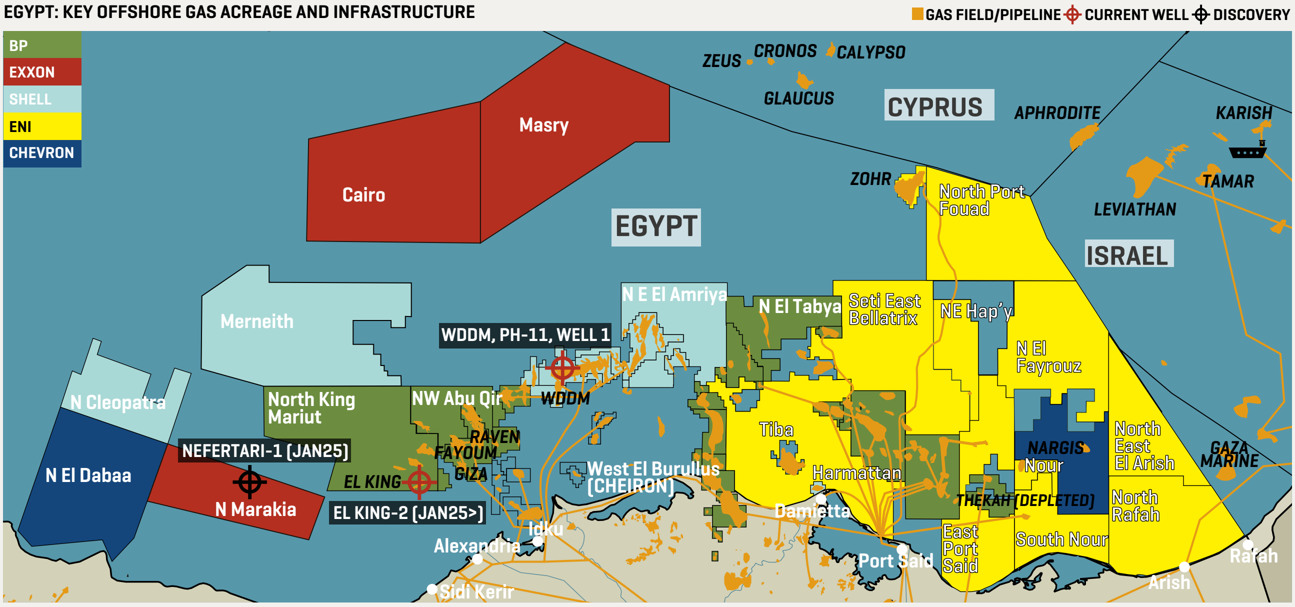
EGYPT: KEY OFFSHORE GAS ACREAGE AND INFRASTRUCTURE

GAS FIELD/PIPELINE CURRENT WELL DISCOVERY



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rently drilling 'Fayoum-5', a development well at the Fayoum field which alongside Giza constituted Phase 2 of WND. But these fields, along with the Phase 1 Libra and Taurus, now only produce modest and intermittent volumes.

Beyond development drilling from Egypt's key producers the only new near-term project set to come online this year is local independent Cheiron's West El Burullus in the shallow offshore Nile Delta. Expected output though has been revised down from 150-180mn cfd to 100mn cfd with first gas set to come online around the middle of this year (MEES, 14 February).

The next project after that sees Shell (60%op) and BP (40%) working together at Harmattan, again in the shallow offshore Nile Delta. In December last year a government official told Asharq Business that first gas will be in 1Q 2026 with production of 125mn cfd although MEES understands the field is more likely to come online in the second half of next year (see table).

TOUGH TWO YEARS

Speaking to MEES on the sidelines of the Egypt Energy Show (EGYPES) in Cairo this week an oil ministry official who wished to remain anonymous believes the country is in for "two tough years."

While the aforementioned projects provide some hope that decline can be at least slowed if not stemmed for 2025, with gas demand looking likely to continue rising, Egypt will need to continue importing piped gas from Israel and pricey LNG to make up for the growing shortfall (see p15). Egypt imported a record 1.07bn cfd of gas from Israel in January and has also signed up TotalEnergies and Shell to import 60 LNG cargoes this year signaling the country's growing thirst for gas (MEES, 14 February). Eni's plans to tie back gas from Cyprus' Cronos field to Egypt, potentially from late-2026 also promises a potential boost to Egypt's gas supply, if not domestic output (see p2).

NARGIS TO THE RESCUE?

Beyond this, the key hope is that 2027 will see the start-up of the Nargis and Nour fields offshore North Sinai. The 2.8tcf Nargis discovery was announced in 2023 and teams operator Chevron (45%) with Eni (45%) and state firm Tharwa (10% - MEES, 20 January 2023).

As for Nour, operator Eni (40%) announced the discovery in 2019 (BP 25%, Mubadala 20%, Tharwa 15%) but has yet to submit a development plan (MEES, 21 June 2019). However MEES understands that having reviewed seismic and well data, the estimated resource has been revised up from sub-1tcf to 1-2tcf, with appraisal drilling likely to take place later this year.

MEES understands that the most likely scenario would see combined development of Nargis and Nour. "Considering their proximity to under-utilized Eni facilities [the now depleted Thekah field is just 40km away], and Eni's participation in both, this presents obvious synergies," an Egyptian oil official tells MEES.

But before Chevron files a development plan it too will need to drill an appraisal well at Nargis, which MEES understands is planned for the second half of this year. The Nargis partners are also looking for a higher guaranteed gas price to justify the field's development (MEES, 7 June 2024).

"Cairo has been left frustrated by their approach and was hoping to fast-track Nargis development due to its growing gas needs. Evidently Chevron and Eni are leveraging this to try and squeeze Cairo for those improved terms," an industry source tells MEES, with the suggestion being that Chevron is angling for higher than the highest current price of $6.20/mn BTU which Cairo pays Eni for Zohr output.

MAJOR HOPE

Cairo will also be hoping that US major ExxonMobil will fast-track the 3-4tcf Nefertari discovery, made in January of this year in the North Marakia block in the country's unexplored West Med (MEES, 10 January).

In the meantime, Cairo hopes that Exxon will drill wildcats early next year on the giant Cairo and Masry blocks that were awarded in 2023 and lie in the deepwater near the maritime border with Cyprus, though the government source acknowledges that Exxon has yet to commit to anything.

Exxon's current focus is further north at the Elektra prospect on Cyprus' Block 5. Pre-drill estimates of up to 30tcf reserves have Cypriot officials cautiously optimistic (MEES, 24 January). ◆◆

EGYPTS PLANNED OFFSHORE MEDITERRANEAN KEY GAS OUTPUT ADDITIONS 2025-2027

Project	Current Output (mn cfd)	Addition (mn cfd)	Operator	*Date
West Nile Delta	400	200	BP (82.75%)	1Q25
Zohr	1500	200	Eni (50%)	2H 2025
WDDM	320	150	Shell (50%)	2H 2025
West El Burullus	n/a	100	Cheiron (100%)	2H 2025
Harmattan	n/a	125	Shell (60%)	2H 2026
El King	n/a	200	BP (100%)	1H27
Nargis & Nour	n/a	500	Chevron (45%)/Eni (40%)	2027

*LIKELY START-UP. SOURCE: MEES

Iraqi Optimism On KRG Pipeline Restart Warrants Caution

Iraqi Oil Minister Hayan Abdulghani said this week that oil exports from the Kurdistan Region of Iraq will resume as early as next week, according to local media. Kurdistan's Minister of Natural Resources Kamal Atroshi was almost as optimistic, telling local news outlet Rudaw that exports will resume in March.

The pipeline delivering crude from Kurdistan fields, as well as Federal Iraq's northern Kirkuk province, to Turkey's Ceyhan export terminal on the Mediterranean has been shut-in since March 2023 but recent developments have spurred optimism of the possibility of a near-term restart.

Iraq's parliament earlier this month amended the Federal budget to increase the envisaged fixed per-barrel fee to Kurdistan-based IOCs from $6.90/B to $16/B, partially addressing IOC concerns (MEES, 7 February). This followed Baghdad's Karkh Court of Appeals on 18 December ruling that contracts signed between the KRG and several IOCs are valid (MEES, 10 January).

DEVIL IN THE DETAIL?

However, despite this progress, caution is warranted and a swift return of exports looks unlikely. Exports are to be managed by Federal state marketer Somo, but Kurdistan's IOCs still do not have new sales and lifting agreements with Somo and have been adamant that they won't hand over production to Somo until they have reassurance on fiscal terms, and will instead continue selling into the local market. Moreover, under the budget law, an independent auditor is to assess the cost of production and transportation from each field to determine remuneration. As yet, no consultant has been selected.

Furthermore, for Federal Iraq a return of Kurdistan exports would be problematic. Increased Kurdish production means Iraq would either overproduce its Opec+ quota or have to cut production at its more profitable southern fields. With Iraq under pressure to compensate for previous overproduction a restart of northern exports may prove more trouble than it would be worth (MEES, 10 January). ◆◆

Egypt's Output Collapse: Gas Down 16% To Below 5bn Cfd For 2024, Oil At 45-Year Low

*Egypt's gas and oil output both plumbed new lows for 2024. Gas output slumped by 16% or nearly 1bn cfd, year-on-year to an eight-year low 4.867bn cfd, the third consecutive annual drop, according to latest data from Egypt's Petroleum Ministry. Latest data from Jodi peg the figure even lower at 4.77bn cfd. Crude output was down 3% at 476,000 b/d, the lowest figure since the late 1970s, whilst condensate was down 18% at 71,500 b/d, also a multi-decade low.

*For gas, Egypt's dominant region remains the offshore Mediterranean. But, whilst the region's share of Egypt's total output remains above 70%, production is not only falling, but has been falling more rapidly than the overall figure. Mediterranean output fell by 773mn cfd or 18% year-on-year to a six-year low 3.544bn cfd with the region's share of Egypt's overall output down to 72.8% from over 74% for 2023 and 2024 (see chart 1).

*And, despite Shell recently bringing on new production at its WDDM project and BP at WND, with further development wells at Eni's Zohr to follow (see p4), as of the latest data for December production remained on a downward trajectory. December's national gas output of 4.421bn cfd was the lowest since the start up of WND in early 2017, whilst December's Med figure of 3.169bn cfd was the lowest since Zohr began to ramp up output the following year.

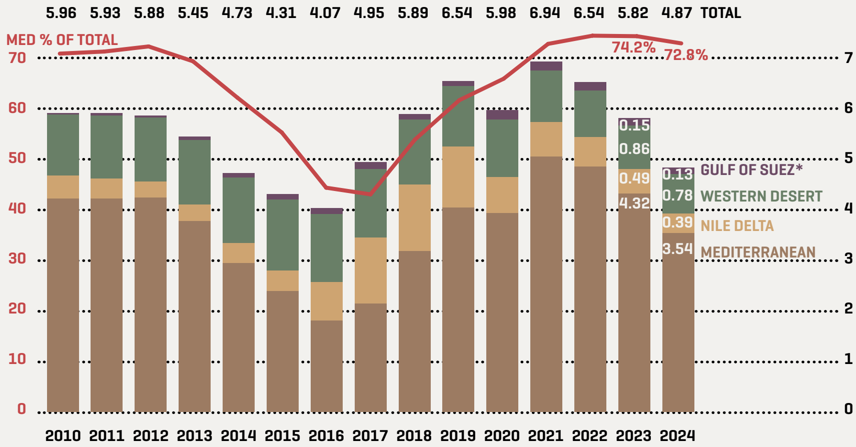
*BP's Raven field, which accounts for almost all of current WND output, is also the country's largest condensate producer. As such, slumping output here has also been a key driver of the fall in Egypt's overall liquids output: Med condensate output was down 11,200 b/d (22%) year-on-year at 40,200 b/d for 2024, Egypt's overall condensate output down 15,700 b/d (18%), and the country's overall crude and condensate figure down 29,000 b/d (5%) at 547,000 b/d (see chart 2).

*But, with BP on 16 February announcing the start of production at two new infill wells at Raven which were completed last month (MEES, 17 January), this month may finally have seen a rebound in condensate output, and perhaps for national oil and gas output too. Egypt's oil ministry says that the two wells should produce 200mn cfd, in theory boosting Raven gas output from 400mn cfd to 600mn cfd and that of condensate from 20,000 b/d to 30,000 b/d.

*The Western Desert is Egypt's second largest gas producing region as well as its largest oil province. On the gas front, output dropped 9% to 784mn cfd for 2024, a multi-decade low. But the region's top producer, US firm Apache, says that having secured an improved gas price and terms from Cairo last year it plans to step up activity (MEES, 10 January).

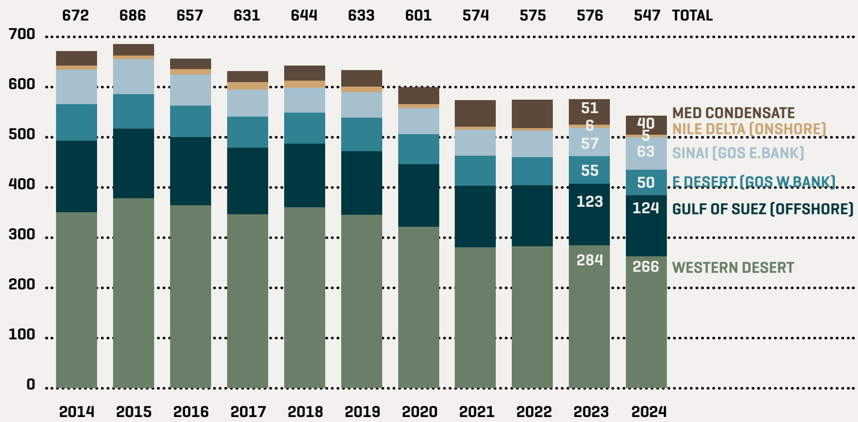
*On the oil front, after posting two consecutive modest annual increases, Western

1: EGYPT GAS OUTPUT SLUMPS 16% YEAR-ON-YEAR TO 8-YEAR LOW 4.87BN CFD FOR 2024 (BN CFD)



*INCLUDES 'EASTERN DESERT' & 'SINAI' SOURCE: PETROLEUM MINISTRY, MEES.

2: EGYPT'S LIQUIDS OUTPUT SLUMPED AGAIN TO THE LOWEST SINCE THE LATE-1970S WITH MED CONDENSATE SEEING THE BIGGEST FALL ('000 B/D)



SOURCE: EGYPT PETROLEUM MINISTRY, MEES.

Desert output slumped again for 2024, by 6% to 266,000 b/d, another multi-decade low.

*The onshore Nile Delta, which was overtaken by the Western Desert as the country's second largest gas province in 2020 saw the largest proportionate drop of all Egypt's key producing regions. Output of 391mn cfd for 2024 was an eleven-year low and down 20% year-on-year, 70% below the record 1.32bn cfd posted in 2018. It was a similar story for the region's oil output which was down 25% year-on-year to 4,500 b/d, some 72% down on 2017's peak of 16,000 b/d.

*UAE firm Dana Gas is the key producer here and like Apache has recently penned new terms for its concessions in the region, committing to drilling 11 new wells as part of the deal (MEES, 13 December 2024). This comes as Dana's Egypt gas output slumped 15% to 80mn cfd for 2024, with that of condensate down 21% at 1,600 b/d.

*Notwithstanding the stated plans of Apache, Dana and others to hike activity, there is little to be positive about in the latest stats: Western Desert oil output of 252,000 b/d for December was a new multi-decade low whilst gas at 763mn cfd was level with November's record low figure. Nile Delta (onshore) output of 345mn cfd for December was down again to the lowest figure since 2015.

*The one region to have seen some recent gains has been the Gulf of Suez, the country's oldest producing province where oil was discovered more than a century ago. Offshore Gulf of Suez output edged up 1% to a four-year high 124,000 b/d while the biggest gain came from the Sinai (fields on the east bank of the Gulf of Suez) where output was up 10% to a nine-year high 63,000 b/d.

*Driving the gains from the region is Canada's Mediterra which last year signed a service agreement with state firm GPC with the aim of lifting output to 26,000 b/d from its Sudr, Ras Matarma and Assal concessions (MEES, 5 April 2024).

*But in terms of Egypt's overall output, it remains to be seen whether pledges of increased investment onshore, and recent development drilling offshore can translate into output gains for 2025 as a whole.

◆◆

Chevron Eyes Long Term Gains From Saudi-Kuwait Neutral Zone

Development work has slowly been ramped up at the PNZ's onshore portion since production resumed in 2020. Exploration drilling at Wafra resumed last year, and a discovery is being tied back to existing facilities for further testing.

Five years after production restarted in the Partitioned Neutral Zone (PNZ) following a lengthy shutdown, there is renewed optimism over the area's potential. Production is holding steady at relatively close to pre-shut in levels (MEES, 31 January), and plans to develop new production areas onshore and offshore are progressing.

Oil and gas production in the PNZ is jointly overseen by Saudi Arabia and Kuwait. At the onshore portion, Chevron operates on behalf of Saudi Arabia through its Saudi Arabian Chevron (SAC) subsidiary, where it partners Kuwait Gulf Oil Company (KGOC) in the Wafra Joint Operations (WJO) joint venture. The US major netted 60,000 b/d from the PNZ last year, and while this only accounted for around 3.0% of its global liquids output for 2024 (3.7% of global crude), Chevron sees sizeable growth potential in the region.

Indeed, Chevron CEO Mike Wirth flagged up the PNZ as an area for long term output growth during the firm's Q4 earnings call earlier this month. Asked about the firm's upstream growth pipeline beyond 2026, Mr Wirth stated that "[In] Venezuela and the Partition Zone [we have] huge resource positions. We've been moving thoughtfully for particular reasons in each of those locations, but those present long-term opportunities that are captured and can become very attractive."

NEUTRAL ZONE REBOUND

Production in the PNZ was fully shut-in from May 2015 until February 2020, with the offshore Khafji field taken offline in October 2014 followed by the onshore Wafra field in May 2015. On the surface, the shut-in brought operations to a halt, but, despite operational difficulties, appraisal work carried on throughout these years. WJO managed a "seamless restart" of operations in 2020 thanks to the continuation of work through the shut-in period says one source.

Production from Wafra ramped up swiftly after the restart, with Chevron's net production increasing from 17,000 b/d in 2020 to 56,000 b/d in 2021 and to its current level of 60,000 b/d in early 2023 (see chart).

Chevron's net production figures imply that gross WJO liquids output is currently averaging 120,000 b/d. Despite the gains, output still remains below implied pre-shut in levels of approximately 155,000 b/d in 2015, let alone the pre-2009 levels of 200,000 b/d.

Wafra is a mature asset, with the first well having been drilled at the field in 1954. In order to reverse natural decline, the WJO partners had been examining enhanced oil recovery (EOR) methods prior to 2015, and steam injection began at the Large-Scale Steamflood Pilot Project in 2009 (MEES, 25 October 2010). Chevron had said it intended to commence Front End Engineering and Design (FEED) work at the Wafra Steamflood Stage 1 project in 2015 to unlock heavy oil in the first Eocene carbonate reservoir (MEES, 3 April 2015).

Although the PNZ is back producing, with both Kuwait and Saudi Arabia implementing deep Opec+ production cuts there is no near-term pressure to push for further production gains at Wafra. This enables the partners to conduct in-depth studies of the complex reservoirs.

EOR PLANS PICK UP STEAM

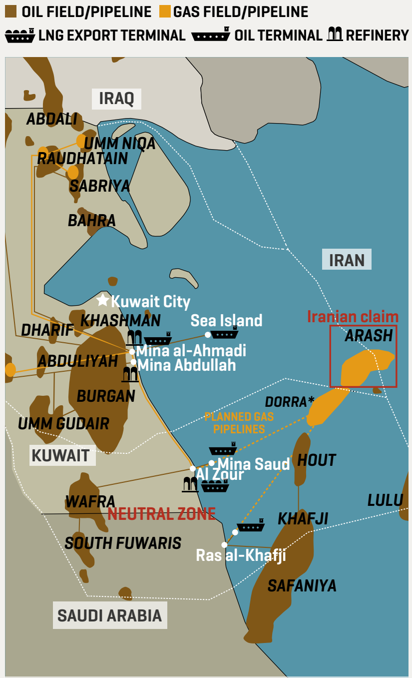
Now, as WJO puts in place plans to increase capacity from current levels, work on the steamflood project is progressing. The partners last year agreed on drilling locations for the project, with KGOC Acting CEO Abdulwahab al-Mithin visiting the facilities last month. The WJO partners also tested polymer injection at Wafra in 2023, which is less water-intensive and has a lower carbon intensity than steam flooding. "This project, if it's as successful as our analytical models, could add significant incremental oil production to our operations," says Don Stelling, Senior Vice President of Operations at SAC.

A new drilling campaign has also begun, with KGOC saying that the first well in more than eight years was drilled at WJO in September 2023. As activities have stepped up, a total of eight new wells were drilled in 2024, and Omani firm Abraj Energy was awarded a contract in 2023 to deploy three drilling rigs at Wafra.

As well as drilling new production wells, WJO also began an exploration drilling campaign last year based on 3D seismic shot over 2014-2016. In early 2024, WJO drilled the NFR-1 well, and followed that up later on in the year with the NWWB-1 exploration well, where KGOC says it "confirmed new oil potentials."

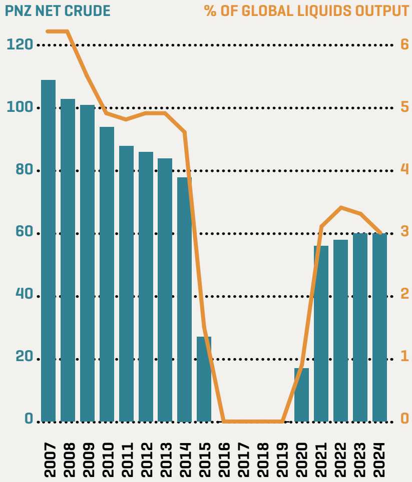
MEES understands that the WJO partners have indeed made a discovery, and that while appraisal work is ongoing it will be tied back to existing facilities at Wafra for test production. That was a relatively shallow well, but the partners are now preparing to drill Kuwait's deepest well to-date. The WD-2 well in the Wafra field will be drilled alongside a team from Kuwait Oil Corporation (KOC) which manages Kuwait's upstream outside of the PNZ. A coordination meeting between the teams was held on 22 January in preparation for the drilling. ◆◆

KUWAIT & NEUTRAL ZONE: OIL INFRASTRUCTURE



*DORRA LOCATION AS PER OFFICIAL KUWAIT OIL MINISTRY MAP. IRAN CLAIMS PART OF THE FIELD EXTENDS INTO ITS WATERS WHERE IT IS KNOWN AS ARASH.

CHEVRON NET CRUDE OIL PRODUCTION FROM THE NEUTRAL ZONE ('000 B/D): STEADY BUT WELL BELOW PREVIOUS HEIGHTS



SOURCE: CHEVRON, MEES.

Adnoc's XRG Progresses Towards Turkmenistan Gas-Development Deal

With UAE-Turkmenistan political relations deepening, Adnoc is preparing to enter the country's upstream. Though a substantial gas supplier to China, Turkmenistan's massive reserves are under-developed, with the lack of alternate export options a major impediment to future output hikes.

Adnoc's newly established international arm XRG has made concrete progress on its plans to enter Turkmenistan's extremely challenging upstream sector. Adnoc XRG Turkmenistan Ltd was incorporated in the UK on 5 February, following high-level discussions between officials from the two countries over the last year, with Adnoc signing an MoU with state firm Türkmengaz in 2024 to discuss potential future phases of development of the 27tcm (950 tcf) - not all proven - Galkynysh gas field in southeastern Turkmenistan (MEES, 24 January).

Two key officials who have been leading XRG's negotiations in Turkmenistan, and in implementing its upstream strategy more broadly, are listed as directors at Adnoc XRG Turkmenistan; Mohamed al-Aryani, who has now been confirmed as XRG President International Gas, and Abdulla al-Shamsi, who has been appointed XRG's Director of Business Development. A third director of the firm is Kyle Knight, who is Adnoc General Counsel (Upstream). Adnoc XRG Turkmenistan was incorporated with a value of $2.5mn.

Incorporation of the new company is a formal registration process and doesn't mean that XRG will imminently be signing terms to acquire an upstream position in Turkmenistan. MEES understands that XRG could finalize a deal in the second half of this year, but with the Central Asian state being notoriously difficult for foreign firms to enter, negotiations could yet drag out.

EXPANDING INTERNATIONAL FOOTPRINT

If a deal is completed, Turkmenistan would mark the third jurisdiction in which XRG has established an upstream presence. In December, XRG and BP closed their deal to establish their new East Med gas-focused joint venture which has stakes in a number of assets in Egypt (MEES, 20 December 2024).

The formation of Arcius "fully aligns with XRG's objectives to accelerate the transformation of energy systems and build a world-scale integrated gas and chemicals portfolio to meet rising global demand," XRG Executive Chairman and CEO of Adnoc Sultan Al Jaber said at the time.

Outside of Egypt, XRG is also taking on Adnoc's 30% stake in Azerbaijan's TotalEnergies operated Absheron gas field, where first phase capacity is for 1.46 bcm/y natural gas and 12,000 b/d condensate. Azerbaijan's Trend news agency reported this week that TotalEnergies, Azerbaijani state firm Socar, and XRG have now selected the development concept for Phase 2 development of Absheron.

A NEW FRONTIER

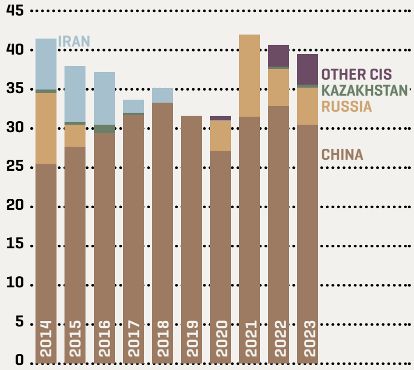
Azerbaijan and Turkmenistan are both Caspian Sea littoral states, but while the former has a long history of foreign firms operating in the country and is an increasingly important gas supplier to Europe, the latter is much more of a closed shop. Turkmenistan's upstream sector is tightly controlled, with a September report by the OIES noting that it "only allows limited access through service contracts to its onshore gas upstream sector. The sole known exception to this is CNPC's Bartyyarlyk production sharing agreement (PSA)."

Gas exports overwhelmingly head to China (see chart), but margins are low and Tatiana Mitrova, Research Fellow at the Center on Global Energy Policy says the question of market access is "perhaps the greatest challenge in Turkmenistan's upstream sector," making monetization a daunting task.

Turkmenistan has sought to reduce this dependence on China, but the proposed Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline project is highly unlikely to move forwards any time soon. State firm Turkmengaz announced on 11 February that a deal has been reached with Turkey's Botas to export volumes to Turkey through 'swaps' with Iran, and Turkey's Minister of Energy Alparslan Bayraktar subsequently stated that deliveries will begin on 1 March, with 1.3bcm to be sent this year. However, volumes are small and a renewed US focus on Iranian energy exports could derail the process (MEES, 14 February).

Galkynysh is one of the world's largest non-associated gas fields, and industry figures note that, despite Turkmenistan having produced gas since 1966 with output peaking at 85bcm/y at the end of the Soviet period in 1989, the unpredictable regulatory environment means the sector is underexplored.

TURKMENISTAN GAS EXPORTS: HEAVILY RELIANT ON CHINA (BCM)



SOURCE: ENERGY INSTITUTE'S STATISTICAL REVIEW OF WORLD ENERGY, MEES.

Turkmenistan is now seeking to attract more foreign investment into its upstream. It hosted an investment forum last year where President Serdar Berdimuhamedov said that the government wants to scale up "mutually beneficial" partnerships with foreign firms to attract foreign investment and boost output.

Turkmenistan has emphasized that it wants foreign firms to work alongside those from neighboring states, and Adnoc has held talks with Kazakhstan state firm QazaqGaz about partnering in Turkmenistan.

Adnoc sees considerable hydrocarbon potential in Turkmenistan, which has huge natural gas reserves. Proven gas reserves are typically given at 13-14 trillion m³ (up to 500tcf), whereas the UAE puts its own proven gas reserves at a much smaller 8.2 trillion m³ (300tcf). However, Ms Mitrova also notes that the country's geology is challenging, "high sulfur content in the gas leads to severe equipment corrosion, a persistent issue that has caused frequent operational problems for Chinese companies in Turkmenistan, particularly at Galkynysh." Adnoc at least has experience with such projects, currently producing 1.45bn cfd from its 23% H_2S Shah onshore gas field (MEES, 19 May 2023).

The absence of an independent legal framework for foreign investors is also a major obstacle for IOCs, says Ms Mitrova, with "any business arrangement entirely dependent on direct agreements with the country's leadership." Here, the UAE's political leadership is playing a major role. In November, UAE Minister of Energy Suhail al-Mazrouei and Adnoc CEO Sultan al-Jaber led a high-level delegation to Turkmenistan, where they held discussions with the country's leadership, which followed a visit to Ashgabat in February by UAE Vice President Sheikh Mansour bin Zayed Al Nahyan and in June by Minister of Economy Abdulla bin Touq al-Marri. ◆◆

SAUDI ARABIA 2024 KEY OIL STATS ('000 B/D): CRUDE EXPORTS FALL 10% TO 14-YEAR LOW

	2024	vs 2023	%	2023	2022	2021	4Q24	vs 3Q24	%	vs 4Q23	%	3Q24	2Q24	1Q24	4Q23	Nov24	Dec24
Crude Output	**8,955**	-658	-6.8	**9,613**	**10,589**	**9,117**	**8,934**	-35	-0.4	+33	+0.4	**8,969**	**8,936**	**8,980**	**8,901**	**8,925**	**8,905**
Crude Stocks (mn bl)	**147.8**	-1	-1.0	**149.2**	**148.6**	**134.7**	**147.8**	+9	+6.6	-1	-1.0	**138.6**	**134.2**	**139.3**	**149.2**	**145.1**	**147.8**
crude stock change (mn bl)	-1.4	-2	n/a	+0.6	+13.9	-5.4	+9.2	+5	+107.3	+6	+209.3	+4.4	-5.1	-9.9	+3.0	+3.9	+2.6
('000 b/d)	-3.9	-6	n/a	+1.7	+38.1	-14.7	+98.5	+50	+105.1	+66	+206.0	+48.0	-56.0	-109.1	+32.2	+130.0	+85.2
Crude Supply to Market	**9,095**	-556	-5.8	**9,651**	**10,549**	**9,132**	**8,978**	-68	-0.7	+13	+0.1	**9,045**	**9,134**	**9,221**	**8,965**	**8,941**	**8,968**
Crude Exports	**6,050**	-615	-9.2	**6,665**	**7,364**	**6,222**	**6,092**	+371	+6.5	-221	-3.5	**5,721**	**6,044**	**6,342**	**6,314**	**6,206**	**6,146**
% of crude output	67.6	-1.8		69.3	69.5	68.2	68.2	+4.4		-2.7		63.8	67.6	70.6	70.9	69.5	69.0
% of liquids exports	82.4	-1.5		84.0	83.4	82.2	83.2	+1.9		-3.0		81.4	82.0	83.0	86.2	84.4	84.5
Crude Imports: Bahrain/Abu Safah	136	+94	+228.0	41	0	0	144	+19	+15.5	+47	+49.1	124	145	129	96	146	148
Crude Exports (net - ex Abu Safah)	**5,914**	-709	-10.7	**6,623**	**7,364**	**6,222**	**5,949**	+352	+6.3	-269	-4.3	**5,597**	**5,899**	**6,213**	**6,217**	**6,060**	**5,998**
% of crude output	66.0	-2.9		68.9	69.5	68.2	66.6	+4.2		-3.3		62.4	66.0	69.2	69.9	67.9	67.4
Direct Burn Crude	**455**	-17	-3.7	**472**	**486**	**437**	**341**	-359	-51.3	-104	-23.4	**700**	**452**	**325**	**445**	**382**	**279**
% of crude output	5.1	+0.2		4.9	4.6	4.8	3.8	-4.0		-1.2		7.8	5.1	3.6	5.0	4.3	3.1
Total Oil Burn**	**1,105**	+2	+0.1	**1,104**	**1,093**	**1,004**	**1,022**	-365	-26.3	-18	-1.7	**1,387**	**1,148**	**864**	**1,040**	**1,171**	**906**
% of crude output	12.3	+0.9		11.5	10.3	11.0	11.4	-4.0		-0.2		15.5	12.8	9.6	11.7	13.1	10.2
Refinery Crude Intake	**2,590**	+76	+3.0	**2,514**	**2,701**	**2,474**	**2,545**	-80	-3.0	+338	+15.3	**2,625**	**2,638**	**2,553**	**2,207**	**2,354**	**2,543**
% of crude output	28.9	+2.8		26.2	25.5	27.1	28.5	-0.8		+3.7		29.3	29.5	28.4	24.8	26.4	28.6
Run rate (% of capacity)	78.9	+2	+3.0	76.6	82.2	75.3	77.5	-2	-3.0	+10	+15.3	79.9	80.3	77.8	67.2	71.7	77.4
Refinery Output	**2,618**	+89	+3.5	**2,529**	**2,769**	**2,547**	**2,545**	-121	-4.5	+332	+15.0	**2,666**	**2,708**	**2,554**	**2,213**	**2,354**	**2,543**
Gasoline	650	+36	+5.8	615	631	544	647	-41	-6.0	+114	+21.3	688	677	589	534	599	627
Jet-Kero	194	+36	+22.8	158	153	126	218	+42	+23.6	+74	+51.6	177	170	209	144	228	223
Diesel/Gasoil	1,114	+21	+1.9	1,093	1,209	1,114	1,057	-113	-9.6	+70	+7.1	1,170	1,182	1,046	987	943	1,009
Fuel Oil	443	+3	+0.6	440	482	422	447	+6	+1.4	+27	+6.5	441	435	447	420	444	464
Oil Product stocks (mn bl)	**77.9**	-2	-3.0	**80.3**	**86.9**	**98.8**	**77.9**	-11	-12.5	-2	-3.0	**89.0**	**93.1**	**91.1**	**80.3**	**81.9**	**77.9**
Total Oil Stocks (mn bl)	**225.6**	-4	-1.7	**229.5**	**235.5**	**233.4**	**225.6**	-2	-0.9	-4	-1.7	**227.6**	**227.2**	**230.3**	**229.5**	**227.0**	**225.6**
oil stock change (mn bl)	-3.8	+2	-36.2	-6.0	+2.0	-1.2	-2.0	-2	-670.9	+4	-66.9	+0.3	-3.1	+0.9	-5.9	-1.2	-1.4
('000 b/d)	-10.5	+6	-36.4	-16.5	+5.6	-3.3	-21.1	-25	-664.8	+43	-67.2	+3.7	-34.0	+9.6	-64.4	-39.9	-44.8
Refined Products Consumption	**2,034**	+58	+2.9	**1,976**	**1,886**	**1,729**	**2,197**	+117	+5.6	+225	+11.4	**2,080**	**2,008**	**1,850**	**1,972**	**2,176**	**2,288**
Gasoline	514	+5	+0.9	509	500	480	528	+3	+0.6	+6	+1.2	525	498	505	522	527	512
Jet-Kero	96	+1	+0.7	96	72	47	91	-13	-12.2	+5	+6.2	104	91	100	86	98	77
Diesel/Gasoil	612	+3	+0.5	609	574	503	642	+9	+1.4	+13	+2.1	633	593	579	629	608	643
Fuel Oil	651	+19	+3.0	632	608	567	681	-6	-0.9	+86	+14.5	687	696	539	595	789	627
Refined Products Exports	**1,290**	+16	+1.3	**1,274**	**1,470**	**1,343**	**1,226**	-82	-6.3	+219	+21.8	**1,309**	**1,331**	**1,295**	**1,007**	**1,143**	**1,131**
% oil exports	17.6	+2	+9.5	16.0	16.6	17.8	16.8	-2		+3		18.6	18.0	17.0	13.8	15.6	15.5
Naphtha	93	-16	-14.3	109	145	169	102	+11	+12.5	+2	+1.7	91	77	102	101	117	107
Gasoline	281	+23	+9.1	257	271	182	262	-73	-21.8	+70	+36.2	335	291	234	193	272	229
Jet-Kero	117	+28	+31.9	89	97	77	135	+19	+16.7	+45	+49.3	116	81	135	91	118	157
Diesel/Gasoil	574	+8	+1.4	566	671	682	496	-88	-15.1	+88	+21.5	584	652	562	408	439	408
Fuel Oil	142	-42	-22.7	183	204	156	161	+61	+61.2	-2	-1.0	100	138	168	162	131	173
Crude & Products Exports*	**7,340**	-598	-7.5	**7,939**	**8,833**	**7,565**	**7,319**	+289	+4.1	-2	-0.0	**7,030**	**7,375**	**7,637**	**7,321**	**7,349**	**7,277**
% of crude output	82.0	-0.6		82.6	83.4	83.0	81.9	+3.5		-0.3		78.4	82.5	85.0	82.2	82.3	81.7
Oil Products Imports	340	-93	-21.4	433	360	361	395	+89	+28.9	+5	+1.3	306	312	348	390	428	319
Gasoline	84	-3	-3.2	87	92	83	103	+34	+50.2	-10	-8.9	68	50	114	113	90	106
Diesel/Gasoil	27	-64	-70.4	91	64	91	20	+15	+306.7	-32	-61.1	5	6	77	52	8	25
Fuel Oil	218	-24	-9.7	241	191	177	264	+45	+20.5	+46	+21.1	219	239	148	218	328	187
Total Net Crude & Products Exports*	**6,864**	-600	-8.0	**7,464**	**8,473**	**7,204**	**6,780**	+181	+2.7	-54	-0.8	**6,599**	**6,918**	**7,160**	**6,834**	**6,775**	**6,810**
NET PRODUCTS EXPORTS*	**950**	+109	+12.9	**841**	**1,110**	**982**	**831**	-171	-17.1	+214	+34.7	**1,002**	**1,019**	**947**	**617**	**715**	**812**
Naphtha	86	-11	-11.8	97	137	163	96	+19	+24.1	+2	+2.1	77	66	102	94	117	107
Gasoline	197	+26	+15.3	171	179	99	160	-107	-40.2	+80	+99.6	267	242	120	80	182	123
Jet-Kero	113	+27	+30.8	86	92	73	135	+19	+16.7	+45	+49.3	116	73	127	91	118	157
Diesel	547	+72	+15.3	474	607	592	476	-104	-17.9	+120	+33.6	579	646	485	356	431	383
Fuel Oil	-76	-18	+30.9	-58	13	-21	-104	+16	-13.4	-48	+85.1	-120	-101	20	-56	-197	-14
Products % of net oil exports	13.8	+2.6		11.3	13.1	13.6	12.3	-2.9		+3.2		15.2	14.7	13.2	9.0	10.6	11.9

SEE ANALYSIS P12. *REFINED PRODUCTS ONLY. EXCLUDES FIELD LPG (AROUND 850,000 B/D OUTPUT), OTHER NGLS AND CONDENSATE. **PRESUMES ALL DOMESTICALLY-CONSUMED FUEL OIL IS BURNT IN POWER PLANTS. SOURCE: JODI, MEES.

Restarting Yemen's Oil And Gas Exports: Logistically Difficult, Politically Impossible?

Yemen is set for a third straight year of zero oil exports with the Houthis imposing an embargo on shipments. Hopes of a restart of output, exports, and revenues rest on a peace deal. But this looks a long way off. And without it, the internationally recognized Aden-based government faces economic meltdown.

Yemen's oil sector has been paralyzed since late 2022. Despite shifting frontlines in its decade-long civil war, all the country's oil and gas resources remain in areas controlled by the internationally-recognized government based in Aden. Nominally the Aden-based government is headed by an eight-member Presidential Leadership Council unifying the various anti-Houthi factions in Yemen. In reality, these groups hold conflicting political interests and influence in various regions in Yemen (see map).

A series of attacks by the Houthis in October 2022 targeted key southern oil and gas terminals, effectively imposing an embargo on exports (MEES, 28 October 2022). With such exports having previously made up 70% of state revenues, the economic impact has been crippling.

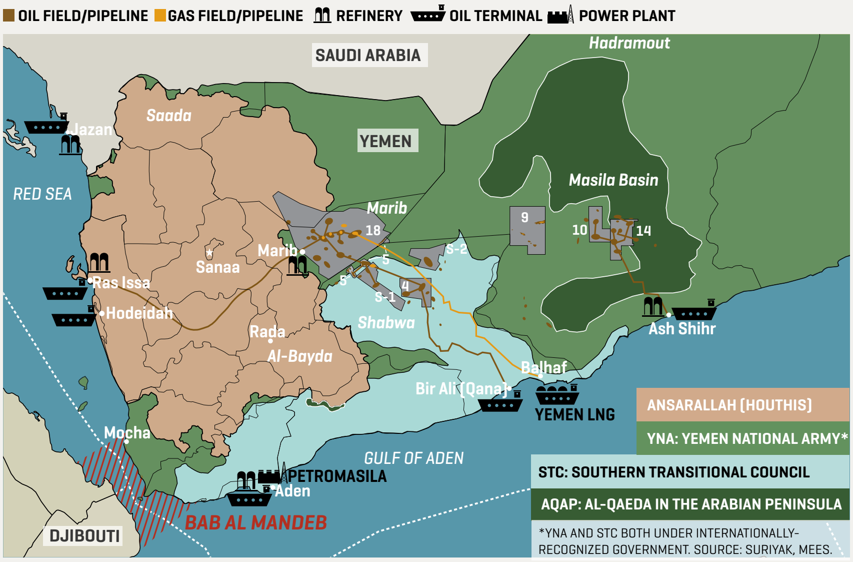
There was a glimpse of hope at the end of 2023 for a negotiated peace organized by Saudi Arabia. Riyadh is the Aden-based government's key financial, military, and political backer, but is also keen to end its entanglement in the long-running civil war, which has spilled over into its territory on a number of occasions. The 2023 deal's roadmap included negotiations for the Houthis to allow the resumption of oil and gas exports in exchange for a share of the revenues (MEES, 1 December 2023). But the deal has been on ice since the Houthis started their attacks on Red Sea shipping.

Since then, the parts of Yemen under the control of the Aden-based government have slid further into economic collapse. The majority of the state's meagre revenues, largely supported by Saudi deposits, is being spent on fuel for the south's failing power sector.

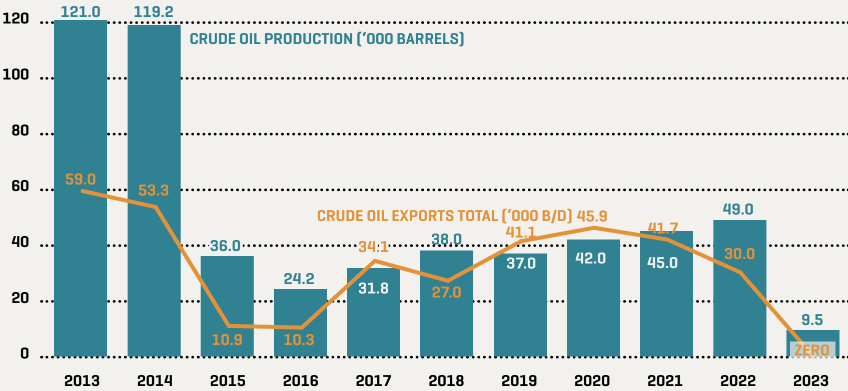
With exports impossible, state hydrocarbon firms have continued to keep oil and gas fields operational at a fraction of their previous output to provide fuel. Before the blockade, Yemen was producing roughly 50,000 b/d of oil (see chart).

But, speaking during roundtable sessions at the Yemen International Forum in Amman, Jordan between 16-18 February, Yemeni oil sector and government representatives were doubtful over if and when such output levels might be regained. Officials say that oil production and exports could restart within one to two months with roughly 30-40,000 b/d of output. This technically could ramp back up to 50-60,000 b/d if operations resumed at all previously active fields, but this unlikely figure is still well below the roughly 120,000 b/d peak before the war. One of the most prominent foreign firms still in Yemen is Austria's OMV. But its continued presence is only because its planned exit was disrupted by the conflict, which nixed a planned sale to a Chinese-backed firm (MEES, 13 January 2023). It's therefore unlikely to direct much in the way of time or resources to Yemen even should the conflict be resolved.

YEMEN: POLITICAL CONTROL & OIL INFRASTRUCTURE



YEMENI OIL PRODUCTION AND EXPORTS FELL DURING THE CIVIL WAR AND CRASHED AFTER LATE-2022 HOUTHI ATTACKS ('000 B/D)



SOURCE: OPEC, KPLER, MEES.

NO TIME FOR PEACE

Any prospect of a return to oil production and export depends entirely on the larger political reality. The peace deal that seemed possible 15 months ago now is all but impossible. Soon after taking office, US president Trump's administration announced a "maximum pressure" campaign against the Houthi's foreign backer Iran (MEES, 7 February) and on 22 January announced a Foreign Terrorist Organization (FTO) designation for the Houthis.

The FTO designation, set to take effect before the end of February, will allow for strict sanctions for providing "material support" to the Houthis in the form of tangible currency or intangible services and training. In response to the designation, the Houthis started mobilizing forces in early February to attack the oil-rich region of Marib, home to the government's Safer oil facility in Block 18.

Continued on – p11

Continued from – p10

"Now, the possibility of a negotiated deal is remote because of the Houthis' actions in the Red Sea. And even were we able to agree on a deal, what would the US FTO designation mean were we to start sharing oil revenues with them?" says a senior government official involved in the previous negotiations with the Houthis.

The Houthis have insisted on revenue sharing as a condition of a political settlement. "They said that since they have 80% of the population [in their territory] they should get 80% of the revenues," the senior government official notes. But this would be suicide for the already weak Aden-based government.

For their part, the Houthis have learned in recent years that they can gain more from military action than through diplomacy. And, as weak as the anti-Houthi factions that make up the government are, their public position remains uncompromising. Foreign Minister Shaya al-Zindani was clear in comments during the Yemen International Forum: "When we talk about peace, we are deceiving ourselves, you cannot talk about peace when someone has a sword over you. You need to be strong in the field to be able to impose your conditions," adding "to end the war we must change the balance of power. We need to force this group [the Houthis] to come to the table."

WHAT A RESTART LOOKS LIKE

Most of the capacity that could feasibly be brought online quickly, at around 30,000 b/d, would come from Block 5, according to oil and gas sector representatives. Block 5 is currently operated by Jannah Hunt (15%) alongside a group of local and international firms (Yemeni state firm Yicom 20%, Kuwaiti state Kufpec 20%, ExxonMobil 15%, TotalEnergies 15%, and Greece-based firm Newco 15%).

Jannah Hunt is registered in the British Virgin Islands. It is a wholly-owned subsidiary of WellTech Energy whose threadbare website lists no other assets but says it is "a private service and investment company that is registered in Singapore. Its main business aspects are in petroleum engineering consulting and technology applications, exploration, development, acquisition and investment, through integrating business and finance with its sight on the global markets."

WellTech acquired the asset from Hong Kong-listed United Energy Group via a second Virgin Islands-registered entity, Merry Year Investments (MEES, 5 July 2019).

Nonplussed by the lack of pedigree of the new operator, Yemen's government assigned state firm PetroMasila to take over in 2022. But Jannah Hunt returned as operator to the block at the beginning of this year after PetroMasila's proposed budget and work program was rejected by the block's other partners at the end of 2024.

The remainder of the 30,000 b/d estimate would come from Block 18, which is operated by a second Yemeni state firm, Safer Exploration & Production. Before the war, oil produced from this block was piped to Ras Isa and exported via the FSO Safer vessel. This port now sits within Houthi controlled territory and is the site of the group's key refined oil product import hub (MEES, 3 November 2023). In 2022 the Aden government's Ministry of Oil constructed a new 16-inch, 60,000 b/d pipeline connecting Block 5 with Block 4. This provided the last link for oil from Block 18 to reach the Bir Ali terminal outside Houthi control via the preexisting 20-inch, 135,000 b/d pipeline from Block 4.

Further east, the outlet for crude from Block 14 at Ash Shihr requires repairs to be operational. According to oil and gas sector representatives, attacks by the Houthis severely damaged an SPM at the port.

Even more complicated is the possible restart of Yemen's largest petroleum-sector facility, the 6.7mn t/y Yemen LNG liquefaction terminal (Total 39.62%, Hunt Oil 17.22%, Yemen Gas Company 16.73%, SK Corp 9.55%, Kogas 6%, and Hyundai 5.88%). MEES understands that Total is conducting maintenance work at the two-train facility at Balhaf in the hope of expediting restart should conditions allow. But, as is common among most IOCs that previously operated in the country, Total has set a high threshold of safety and stability on their return (MEES, 22 November 2019).

Representatives of minority partner Hunt Oil of the US say that preconditions for a return to operations at the LNG plant include an official peace deal demonstrated by six months of uninterrupted oil exports. At least $300mn of investment would be needed to bring online both trains to their original capacity, a senior Yemeni government official tells MEES. This doesn't include the upstream investment needed to bring gas output back online.

Proposals to resume exports without a peace deal have been previously floated. According to the senior official, the government ultimately rejected an offer by the unknown UAE-based firm EMO to lift crude oil under its own security and insurance arrangements first reported back in 2023 (MEES, 26 January 2024).

ECONOMIC CRISIS...

Even should a peace deal be reached and oil exports resume, the country's economic situation would still be dire. "Realistically, it will be already difficult to return to the output levels of 2022. And the prices of 2022 are not the prices of today. Factor in production sharing agreements, and the revenue from oil and gas exports will not even cover public sector salaries the government needs to pay," the official notes.

According to another oil and gas sector representative, production sharing agreements in Yemen split revenues between oil companies and the government in two stages. First, a 7-10% royalty is paid to the government from gross revenues. Then the rest is split evenly between so-called "cost -oil", which are revenues the company takes to cover the cost of operations, and "profit oil". Revenues from "profit oil" are again split between the government (70%) and the companies (30%). Take out another chunk to be shared with the Houthis under a theoretical deal and there is little left for the government to govern with.

...WORSENS POLITICAL CHAOS

Yemen's domestic stability is unravelling amid the absence of sufficient revenues. Protests in Aden escalated at the beginning of the year over rolling blackouts and rising electricity prices. Yemen has few large scale and modern power plants to rely on, and the most important one for Aden is the 264MW PetroMasila power plant (also known as the President's power plant) which has recently been burning crude oil trucked from storage tanks in Al Dhabba. Yemen has limited refining capacity as the 170,000 b/d Aden refinery is offline and the 10,000 b/d Marib refinery only produces modest amounts of diesel and fuel oil.

And crude oil transportation is also becoming more difficult. Further to the east, a collection of tribes under the Hadhramaut Tribal Alliance in the oil and gas-rich region of Hadhramaut on 3 February instituted a roadblock on crude oil deliveries to Aden, including the PetroMasila power station. Citing a lack of transparency of PetroMasila operations in the region, and the lack of government spending in the governorate, the Hadhramaut Tribal Alliance and its symbolic head Amr bin Habrish says the government lacks legitimacy in their region.

And their claims are not frivolous. An ongoing report by the Central Organization for Control and Accounting (COCA) into state corruption has already found that PetroMasila withheld financial information from the Ministry of Oil and Minerals and has never filed an audited annual budget in its 13 years of existence. The report estimates roughly $1.2bn in revenue generated over those years from oil sales has not been deposited into government accounts. Instead, the company has set up foreign companies in Oman and the Bahamas which are suspected to have siphoned the funds elsewhere, the report alleges.

If the government is to avoid a breakdown it will need to root out corruption. But ultimately it seems a negotiated peace deal will be necessary to prevent economic collapse. For now, the key international parties to peace negotiations (the UN, Saudi Arabia, Oman) appear open to diplomacy, but the political reality on the ground does not currently allow this. ◆◆

Saudi Arabia's Refineries Take A Record Share Of Crude Output

Last year didn't go as planned for Saudi Arabia's oil sector as extended production cuts complicated the process of balancing crude exports and refining runs. In the end, refineries won, with crude exports dropping to a 14-year low.

Saudi Arabia kept the handbrake on its oil sector through 2024 as global demand growth failed to meet initial expectations, forcing the kingdom and its allies in Opec+ to repeatedly extend deep voluntary production cuts in order to balance the market (MEES, 6 December 2024).

Jodi's publication this week of its full year figures for 2024 provide greater clarity on how Saudi Arabia managed its oil sector in a year in which its crude oil production dropped by 650,000 b/d to a 14 year low of 8.96mn b/d. With crude oil burn edging down for the second year in a row, the key decision for the kingdom was whether to prioritize crude oil exports or refining runs, and the answer is clear; the refineries won.

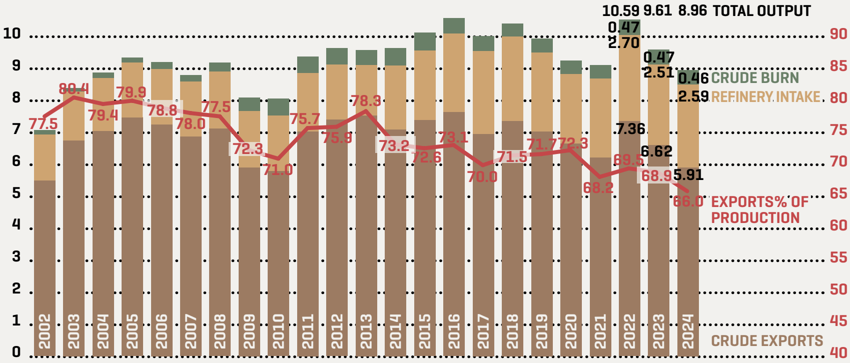
Crude exports came in at 5.91mn b/d, after removing Bahrain's 136,000 b/d share of Abu Safah exports marketed by Saudi Aramco which are listed as imports by Jodi, the lowest annual figure since 2010. As a share of total crude production, this amounted to a record low of 66% (see chart 1).

This meant that Saudi Arabia refined a record 28.9% of last year's crude production, with refining runs increasing by 76,000 b/d to 2.59mn b/d. This was driven in large part by record throughputs at the 400,000 b/d Jazan refinery in southwestern Saudi Arabia, where seaborn deliveries to Aramco's newest refinery increased from 304,000 b/d to 373,000 b/d according to data intelligence firm Kpler. This came despite security concerns in the southern Red Sea pushing Aramco to drastically change the refinery's supply chain (MEES, 25 October 2024).

Not just did refining runs increase, but upgrades to Aramco's refining fleet meant that the gains were focused on higher-value products. Output of jet fuel and kerosene increased by a massive 23% to a five year high of 194,000 b/d, gasoline output increased 6% to a record 650,000 b/d, while diesel output increased 2% to 1.1mn b/d. Meanwhile production of lower value fuel oil edged up by less than 1% to 443,000 b/d.

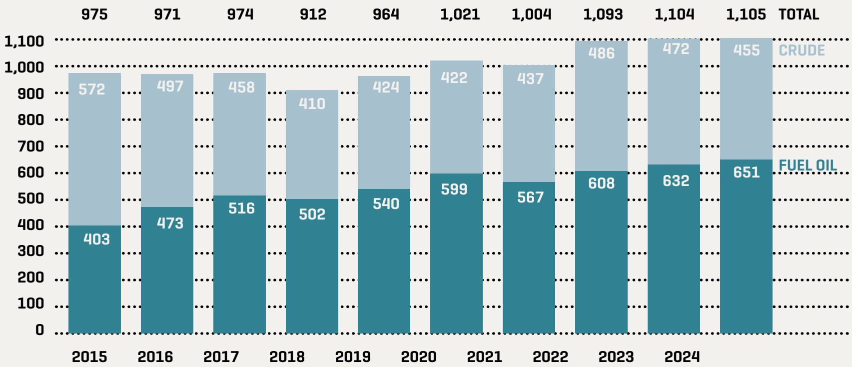
This also translated into a big increase in net exports of refined products last

1: SAUDI CRUDE EXPORTS* FELL TO A RECORD LOW SHARE OF PRODUCTION IN 2024 AS REFINING RUNS INCREASED DESPITE PRODUCTION CUTS (MN B/D)



*NET OF VOLUMES MARKETED ON BEHALF OF BAHRAIN. SOURCE: JODI, MEES.

2: SAUDI OIL BURN* HAS FLATLINED AT 1.1MN B/D SINCE 2022 ('000 B/D)



*PRESUMES ALL FUEL OIL CONSUMPTION IS BURNED, ALTHOUGH SOME IS USED IN MARINE BUNKERING. EXCLUDES SMALL VOLUMES OF DIESEL. SOURCE: JODI, MEES.

year, with volumes up 109,000 b/d to 950,000 b/d. Net gasoline exports of 197,000 b/d were a record, while diesel exports of 547,000 b/d accounted for more than half of the total. Meanwhile, net fuel oil imports increased to their second highest figure on record of 76,000 b/d.

POWER DEMAND UP, OIL BURN FLAT

The rise in net fuel oil imports came as consumption of the fuel increased to a record 651,000 b/d. The vast bulk of this is burned in power plants, with last year's increase contributing to a slight drop in crude burn from 472,000 b/d to 455,000 b/d. Combined oil burn stayed essentially flat at 1.105mn b/d, up just 2,000 b/d year-on-year (see chart 2).

Keeping oil burn flat last year was a notable success given the scale of the increase in electricity demand. Peak load increased by 5% year-on-year to a record 74.8GW in Q3, with Q2's high of 72.9GW also the highest ever for the respective quarter (MEES, 6 December 2024). Achieving flat oil burn was down to a combination of Aramco increasing gas capacity in late-2023, and a sizeable renewables build out which enabled installed capacity to increase from 2.8GW to 6.5GW over the course of 2024 (MEES, 20 December 2024).

Saudi Arabia aims to displace oil from the power sector by 2030 through a 50:50 mix of gas and renewables (see p13), which will free up 1mn b/d for refining and exports.

2025: ALL EYES ON OPEC+

For the year ahead, Saudi Arabia is currently operating under the same restrictions as in 2024, with Opec+ voluntary cuts in force and the power sector experiencing a race between rising demand and the increase in capacity of gas and renewables.

The key variable will be whether the voluntary cuts begin to taper from April as planned, with the agreed-upon roadmap increasing Saudi Arabia's quota from its current 8.978mn b/d to 9.478mn b/d by year-end and then 9.978mn b/d by September 2026. Despite reports this week that the process may be delayed, no decision has yet been made, with the eight producers participating in the voluntary cuts having until early March to decide whether to press ahead as planned. ◆◆

◆◆

Saudi Arabia Awards PPA For 3GW Gas-Fired Power Plant

An Acwa-led consortium has been awarded 3GW of new CCGT capacity in Saudi Arabia, as the kingdom targets 110GW of gas-fired capacity by 2030 in its bid to eliminate oil burn.

Saudi Arabia's work to revamp and expand its thermal power fleet picked up again this week, with a power purchase agreement signed for 3GW of new gas-fired capacity. The latest award brings to 18.6GW the total of PPAs for new gas-fired capacity awarded since October 2023.

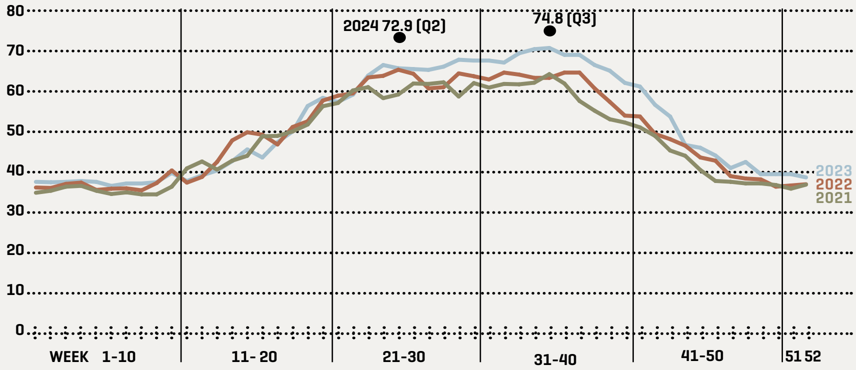
On 20 February, the Saudi Power Procurement Company (SPPC) announced that it has signed a PPA for the expansion of the Qurayyah Independent Power Plant (QIPP) through the addition of 3GW of CCGT capacity. The PPA was signed with a consortium of Acwa Power (40%), Saudi Electric Company (SEC: 40%) and local firm Haji Abdullah Alireza & Co (20%), with the expansion requiring SR13.4bn ($3.56bn) of investment.

The new facility will have "readiness to build carbon capture units," and "aims to bolster electricity production capacity and enhance operational efficiency within Saudi Arabia... It contributes to improving electricity generation efficiency and reducing costs by diversifying energy production sources to achieve the optimal energy mix and displacing liquid fuels in the Kingdom's power sector," says SPPC. Acwa CEO Marco Arcelli says it will remove almost 280mn t/y of greenhouse gases by 2030.

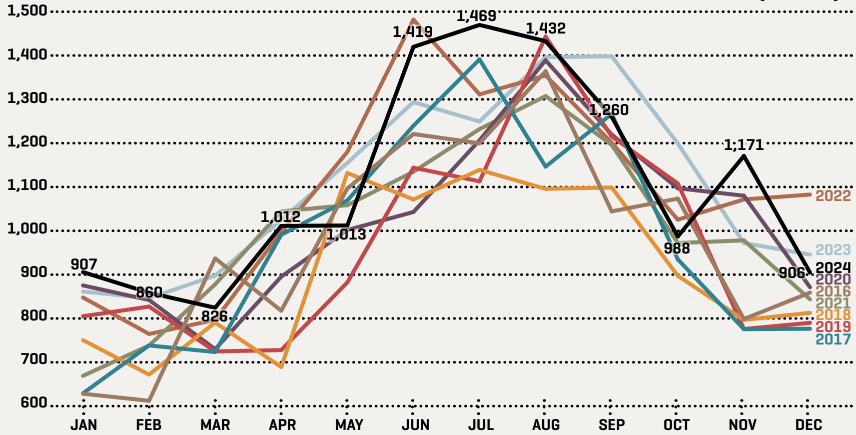
The plant is expected online in 2028, with SEC noting that "the financial impact of the operation is expected to be reflected from the second quarter of 2028." The contract duration is for 25 years from the expected commercial operation date.

The existing Qurayyah IPP plant has 3.927GW capacity and is operated by the Hajr Electricity Production Company joint venture of SEC, Acwa Power, Samsung C&T and Mena Infrastructure. It started operations in 2015 and is located around 100km south of Dammam in Saudi Arabia's Eastern Province oil and gas heartlands. It receives natural gas feedstock from Aramco under a tolling arrangement with SEC.

1: SAUDI ARABIA ELECTRICITY DEMAND SURGES IN THE SUMMER, AND LAST YEAR'S PEAK LOAD SMASHED PREVIOUS RECORDS (GW)



2: RECORD SAUDI OIL BURN: A SUMMER SURGE PUSHED FULL YEAR VOLUMES ABOVE 2023 LEVELS('000 B/D)



*CRUDE PLUS FUEL OIL CONSUMPTION. PRESUMES ALL FUEL OIL BURNED IN POWER PLANTS (SOME IS USED AS INDUSTRIAL & BUNKER FUEL); EXCLUDES DIESEL. SOURCE: JODI, MEES.

NEW WAVE OF GAS PLANTS

Thermal power generation capacity in Saudi Arabia stands at around 88GW, but is set to increase to 110GW by 2030 as rapid electricity demand growth necessitates a build out of additional reliable baseload capacity. However, with much of this consisting of aging oil-fired plants, the Ministry of Energy last year said that it intends to add another 42GW of new thermal capacity by 2030, retiring less efficient plants, and also plans to convert 23GW of existing capacity from liquids feedstock to gas feedstock through ten projects (MEES, 1 November 2024).

Of this 42GW, 5.6GW has been added to the grid since 2019, and the ministry is quickly advancing the remaining 36.4GW.

PPAs for 8.4GW of new capacity were awarded in October 2023 (MEES, 3 November 2023), with another 7.2GW of awarded last November (MEES, 6 December 2024).

To enable this, Aramco is working to expand the Master Gas System (MGS) which distributes gas to facilities across the country to 17.5bn cfd by 2028, as well as expanding its reach into new areas (MEES, 5 July 2024).

POWER SURGE

Power demand in Saudi Arabia is highly seasonal, peaking in the hot summer months when air conditioning use is ramped up. Power consumption increased significantly in 2024, with SEC reporting that demand hit a new all-time record of 72.9GW in Q2, ahead of the peak demand season, and then smashed this with 74.8GW in Q3 (see chart 1). This represented a 5% year-on-year increase.

With Saudi Arabia using liquids as the swing fuel for power generation, oil burn peaks during the summer. The surge in demand in Q2 is mirrored in oil burn dynamics, with volumes spiking in June to a two-year high 1.419mn b/d. They then remained close to record levels through the remainder of the summer, peaking at 1.469mn b/d in July, with the Q3 average of 1.387mn b/d the highest ever quarterly figure (see chart 2).

Overall, liquids burn stayed flat in 2024 despite the surge in electricity consumption (see p12). With demand set to increase sharply again this year, Acwa Power is playing a key role in efforts to prevent accompanying increases in oil burn. Renewables capacity increased from 2.8GW to 6.5GW last year, driven in large part by the completion of Saudi Arabia's largest solar plant, the 2.06GW Shuaibah 2 facility (MEES, 10 January). Developed by Acwa Power, the PIF and Saudi Aramco, Acwa confirmed this week that it received the Commercial Operation Certificate for the plant on 19 February. ◆◆

SAUDI ARABIA'S ACWA POWER EXPANDS GCC PRESENCE

Saudi Arabia's Acwa Power is expanding its presence within the GCC. The firm this week announced transactions worth \$693mn which will afford it a foothold in Kuwait, and expand its presence in Bahrain. CEO Marco Arcelli separately added that the firm has submitted a bid for a planned 2.7GW power plant in Kuwait, which is desperately in need of new generation capacity.

In a 19 February statement on Saudi Arabia's Tadawul bourse, Acwa states that it has signed a share purchase agreement (SPA) with France's Engie to purchase stakes in facilities with capacity to produce 4.6GW of power generation and 1.1mn m^3/d of desalinated water.

Through a newly established special purpose vehicle (SPV), Acwa is purchasing Engie's 18% indirect stake in Kuwait's 1.6GW, 486,000 m^3/d Az-Zour North gas-fired plant, as well as 45% in Bahrain's 940MW Al Ezzel and 1.22GW, 218,000 m^3/d Al Dur plant, and 30% in the 930MW, 409 m^3/d Al Hidd plant.

Acwa Power says that "The acquisition will reinforce ACWA Power's position as global leader in water desalination and expand its presence in the power generation market." In Bahrain, the firm is already present at the 1.5GW Al-Dur 2 plant, and it also has a longstanding presence in Oman and the UAE, leaving Qatar the only GCC state in which it is absent.

KUWAIT'S OVERSTRETCHED FACILITIES

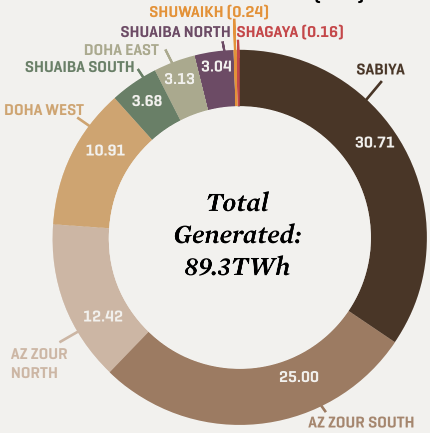
Kuwait's power sector is under unprecedented pressure, and the country is having to increasingly resort to imports through the GCCIA interconnection to keep the lights on. Even then, disruptions during the peak summer demand period can result in blackouts (MEES, 14 February).

The Az Zour North plant is a key facility in Kuwait. As the third largest power plant in the country, it generated 14% of total electricity last year (see chart 1). However, last year's output of 12.42TWh was the lowest since 2016 (see chart 2), and was down by 12% year-on-year, with generation consistently down on previous levels throughout 2024. Most notably, output over the peak June-September period totaled 4.01TWh, down sharply from 4.75TWh in the previous year.

This is also reflected in gas supplies to Az Zour North, which averaged 269mn cfd last year, down 9% year-on-year. This was not due to insufficient feedstock, as total gas supplies to power plants in Kuwait increased last year. Instead, it appears to be the result of lingering issues at a gas turbine, which was offline for maintenance through much of the year.

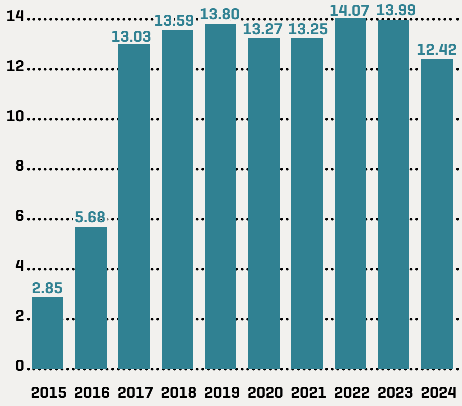
Improving the plant's performance will be of crucial importance for Kuwait this year, with demand growth set to rise substantially again. It is owned by the Shamal Az Zour Al-Oula company, 50% of which has traded on the Boursa Kuwait since August 2020, while Engie and Sumitomo each hold 17.5%, alongside local firm A.H Al Sagar & Bros (5%), the Kuwait Investment Authority (5%) and the Public Institution for Social Security (5%).

1: AZ ZOUR NORTH GENERATED 12.4TWh FOR 2024, 14% OF KUWAIT TOTAL POWER OUTPUT (TWH)...



SOURCE: MEW, MEES.

2:... BUT THE 2024 AZ ZOUR NORTH OUTPUT FIGURE WAS THE LOWEST SINCE 2016 (TWH)



SOURCE: MEW, MEES.

Acwa Power hopes to build on this initial transaction, with Mr Arcelli saying that the firm recently submitted a bid for Kuwait's new 2.7GW, 540,000 m^3/d Az Zour North 2 project which is to be developed as an IPP. Acwa is bidding in a consortium with Gulf Investment Corporation (GIC). Failure to develop new generation capacity to keep up with highly-subsidized consumption is at the heart of Kuwait's current power woes. With parliament suspended for up to four years by the Emir in May, Kuwait may now be able to press ahead with much-needed capital projects and modernize its power sector (MEES, 17 May 2024).

STRONG BAHRAIN POSITION

In Bahrain, Acwa Power is building up a strong position through the purchase of Engie's stakes in the two plants. Coupled with its existing stake in Al-Dur 2, the kingdom's newest plant which started up in 2021, Acwa will have positions in all four of Bahrain's IPP plants with a combined capacity of 4.59GW once the deal is completed. This accounts for 91% of Bahrain's 5.04GW installed capacity.

Peak load hit a record 3.819GW in 2023, and as Bahrain seeks to keep capacity ahead of demand, it is currently tendering for a new 1.2GW, 110,000 m^3/d capacity plant at Sitra, which is scheduled to start up in 2028, reaching full commercial operations in 2Q 2029. Electricity and water purchase agreements are to be signed by year-end. ◆◆

ACWA SIGNS UP FOR 2GW MORE EGYPT WIND

Saudi Arabia's Acwa Power on 18 February signed a 25-year Power Purchase Agreement (PPA) with the Egyptian Electricity Transmission Company (EETC) to finance, develop, build, own and operate a wind farm with "capacity of up to 2.0GW" at Hurgada on Egypt's Red Sea coast.

Acwa, in a filing to Saudi Arabia's Tadawul exchange, values the contract at SAR 8.6billion (\$2.3bn) and says that financial close "is expected in 2026" and "will occur after the completion of the environmental studies, which are expected to be finished by mid-2026."

Speaking at the Egypt Energy Show in Cairo on 17 February, the day before the signing, Saudi energy minister Prince Abdulaziz bin Salman said that the project "will be the largest of its kind in Egypt."

Egypt's current largest wind farm is the 580MW of capacity at Gebel el Zeit on the Gulf of Suez. However this is set to be overtaken later this year when the 'Red Sea Wind Energy' project at nearby Ras Gharib hits full 650MW capacity – the start-up of an initial 306MW in January took Egypt's total wind capacity to 2.19GW and total renewables to 4.44GW (MEES, 10 January).

This will then be overtaken in 2Q 2027 with the scheduled start of full commercial operations at Acwa's 1GW, \$1.2bn Suez Wind Energy project on the Gulf of Suez on which the Saudi firm last month announced financial close (MEES, 3 January). As with Acwa's latest Hurgada plans, power sales will be also via a 25-year contract with EEHC.

Acwa currently operates 320MW of solar capacity in Egypt: 120MW at Benban which started up in 2019, and 200MW at nearby Kom Ombo which entered service last year (MEES, 5 July 2024).

Egypt Gas Demand Edges Up As Record Israel Supplies Make Up For Output Slump

*Egypt gas consumption ended 2024 strongly with December's 5.948bn cfd a record for the month and almost 200mn cfd above the previous December high (see chart 1). For 2024 Egypt gas consumption averaged 6.038bn cfd, up 1% year-on-year and the second highest on record behind 2021's 6.139bn cfd.

*The largest portion of Egypt's gas consumption is accounted for by power generation: 2024's 3.478bn cfd according to the latest Jodi stats was up 2% at a three-year high to account for 58% of total national consumption. As with the total, gas burned for power also increased month-on-month for December to 3.205bn cfd, the highest December figure since 2020 (see chart 2).

*But whilst gas consumption continues to edge higher, output has collapsed, slumping by 16% to a eight-year low of 4.87bn cfd for 2024 (see p6), with the shortfall of output versus consumption hitting a record of almost 1.2bn cfd for 2024 (see chart 3).

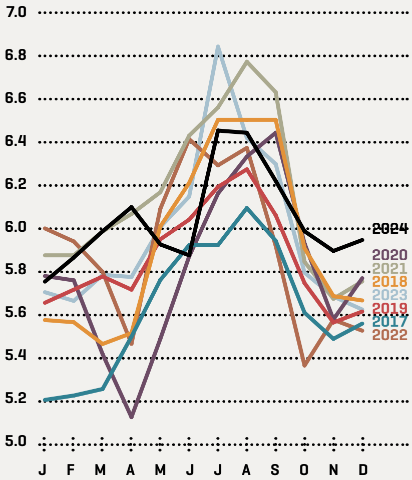
*Indeed, Egypt's gas consumption would have been far higher were it not for a lack of availability. Supplies have been bolstered by imports from Israel which averaged a record 981mn cfd for 2024, and rose again to 1.07bn for January 2025 (MEES, 17 January). LNG imports, which posted a seven-year high 2.78mn tons for 2024 (MEES, 10 January) have also started the year strongly with Cairo already importing 620,000 tons or nine cargoes to date according to Kpler data.

*Egypt's overall power generation hit a record 232TWh for the 2023-24 financial year (to June 2024). With gas supplies unable to keep up with demand over the peak summer months, state generator EEHC ramped up the import and burning of fuel oil, in particular cut-price Russian cargoes (MEES, 23 August 2024). Fuel oil consumption peaked at an eight-year monthly high of 214,000 b/d in August before easing to end the year at 63,000 b/d for December (see chart 4). On an annual basis, 2024's fuel oil consumption of 116,000 b/d was level with 2022 as the highest since 2017.

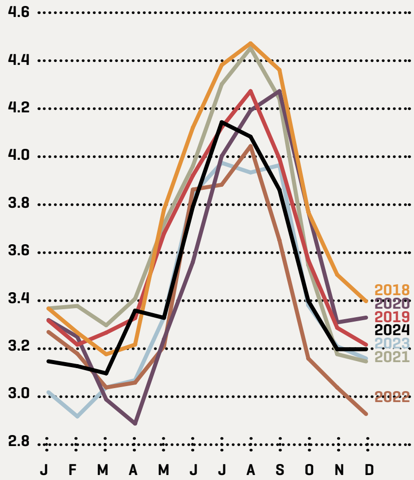
*Whilst fuel oil provided a short-term fix, longer term Cairo sees expanding renewables capacity as making a serious dent in the country's gas demand. Solar and wind provided around 5% of Egypt's power output for 2024, with latest data from Egypt's New and Renewable Energy Authority (NREA) indicating annual output records for both wind (up 19% at 6.69TWh) and solar (up 6% at 4.97TWh). October saw a monthly 'new renewables' record of 1.28TWh for October including a record 869GWh from wind.

*Egypt's new renewables capacity continues to grow, hitting 4.44GW (2.25GW solar, 2.19GW wind) with the latest start-up (MEES, 10 January). And it is set to grow further with Saudi Arabia's Acwa Power signing up for a new 2GW wind project at Hurgada having recently taken FID on a separate 1GW project (see p14).

1: EGYPT GAS CONSUMPTION ENDS 2024 WITH RECORD DECEMBER (BN CFD)

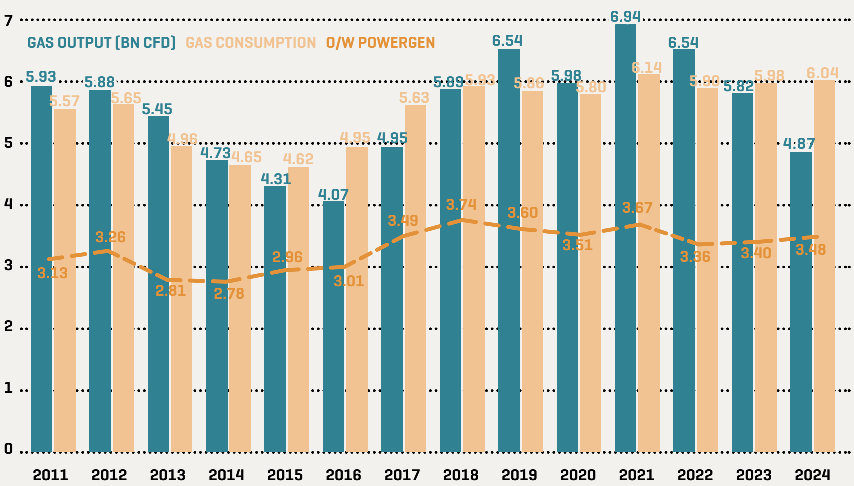


2: DECEMBER 2024's GAS USE IN POWER GENERATION WAS THE HIGHEST SINCE 2020 (BN CFD)



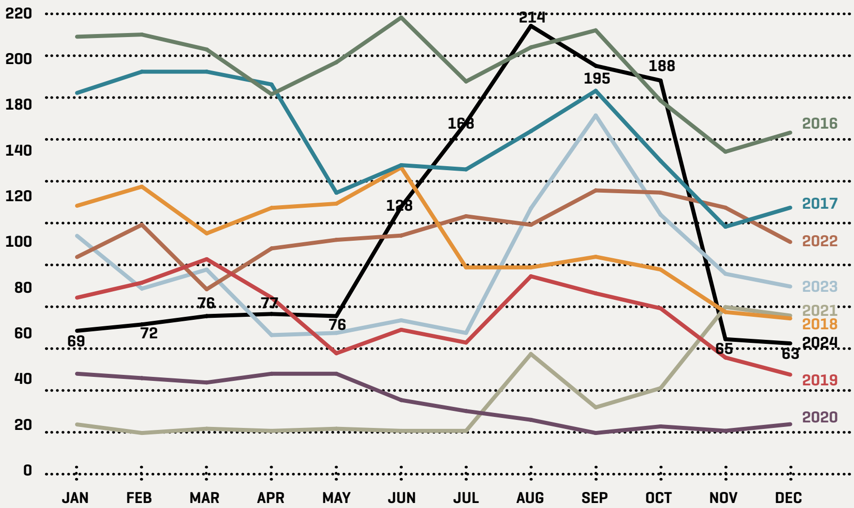
SOURCE: JODI, MEES.

3: EGYPT'S GAS DEFICIT HIT A RECORD 1.2BN CFD FOR 2024 AS OUTPUT COLLAPSED (BN CFD)



SOURCE: JODI, EGYPT MINISTRY OF PETROLEUM, MEES.

4: EGYPT FUEL OIL BURN TOPPED OUT AT AN 8-YEAR HIGH 214,000 B/D FOR AUGUST 2024 BUT HAS FALLEN BACK IN RECENT MONTHS ('000 B/D)



SOURCE: JODI, MEES.

SAUDI ARABIA'S DEFICIT PUSHES PAST $30BN FOR 2024

Saudi Arabia's government deficit increased by 43% to a four-year high of $30.8bn last year, bringing the cumulative deficit over the past ten years to $454.6bn. During this period, the government has only recorded a surplus once, in 2022 when energy prices spiked amid concerns over the impact of the Ukraine conflict.

Riyadh financed 2024's deficit through borrowing, but despite government debt rising to $324bn, it still only accounts for a relatively modest 29.7% of GDP. With the government budgeting for a $26.9bn deficit this year, debt is forecast to increase to $347bn. But, with economic growth projected at a buoyant 4.6% (MEES, 31 January), this means the debt-to-GDP ratio is set to only edge up to 29.9% (see chart 1).

With Saudi Arabia committed to its Vision 2030 economic reform plan, Riyadh has no plans to throttle back its domestic investments and as such is projecting to run budget deficits each year out to at least 2027 (see chart 2).

NON-OIL GROWS AGAIN

Total revenues increased by 3.9% last year to $335.8bn, driven primarily by the non-oil sector. Oil revenues stayed broadly flat at $201.8bn as the impact of lower oil prices offset increased performance-linked dividend payments from Saudi Aramco. Oil revenues could well decline further this year as oil prices have started the year below 2024 levels and a fall in Aramco's free cash flow last year should result in a sharp drop in this year's performance dividend distributions (MEES, 4 October 2024).

Instead, the main revenue story of last year was a 10% increase in non-oil revenues to a record $134bn. Non-oil revenues have been climbing steadily since VAT was introduced in January 2018 with the rate tripling to 15% in July 2020 (see chart 3). The total tax take of $101.5bn accounted for 75% of non-oil revenues last year.

Tax revenues should continue to rise as Saudi Arabia's economy grows, and once again the non-oil sector is expected to lead the way. Minister of Economy Faisal Al-Ibrahim said last month that the non-oil economy is expected to grow by 4.8% and 6.2% this year and next.

US WANTS: A TRICKY POSITION

Amid this, Saudi Arabia is navigating a tricky geopolitical position, with the new US administration of President Donald Trump floating a number of policy positions which would have significant implications for the kingdom's economy.

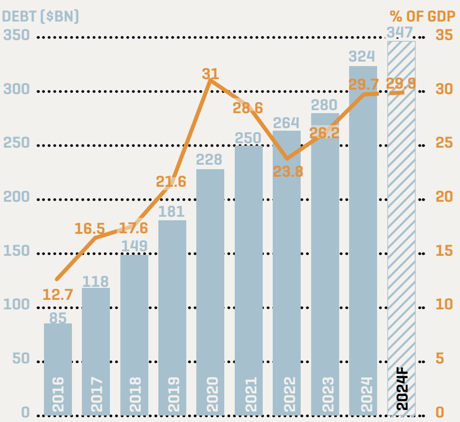
Firstly, Mr Trump called on Saudi Arabia and Opec to bring down oil prices during his speech to the Davos Forum last month, while also calling for a huge increase in investments from the kingdom into the US (MEES, 24 January). All this comes amid speculation that Saudi Arabia and other GCC countries will be called on to finance much of the eventual Gaza reconstruction work.

The upshot of this is a significant call on Saudi finances, coupled with moves which would reduce the kingdom's revenues, all at a time when Riyadh is already running sizeable budget deficits and seeking to direct more of its revenues into domestic projects.

That appears a largely impossible ask, leaving Saudi Arabia looking for alternative ways to demonstrate value to the US. Capitalizing on its strong ties to both the Trump administration and the Russian government, the past week has seen Riyadh achieve just this. First came the 11 February announcement that Saudi Arabia had helped secure the release of US teacher Mark Fogel from Russia, which then led to Riyadh hosting this week's high level direct talks between US and Russian officials. With the eyes of the world focused on Riyadh during the talks, this was a major geopolitical success for the kingdom.

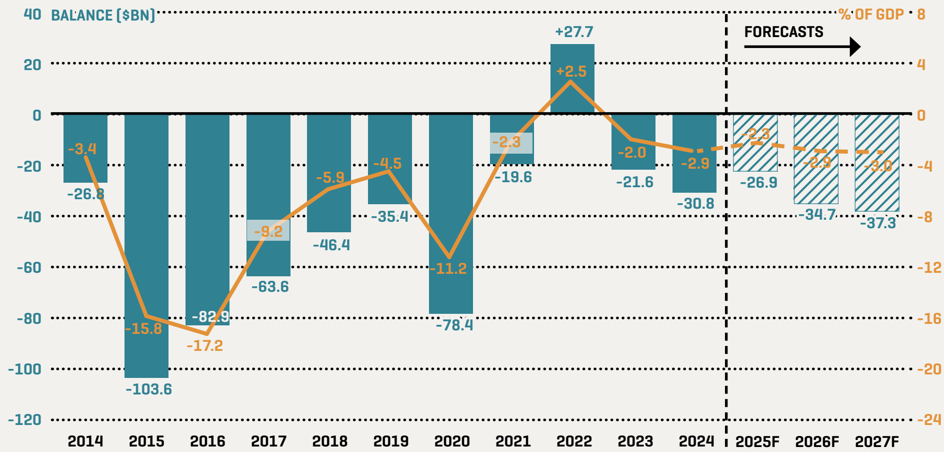
Indeed, speaking at Saudi Arabia's FII conference in Miami on 19 February, Mr Trump praised Saudi Arabia's role; "our teams began negotiations this week in Saudi Arabia. I want to thank Saudi Arabia for that...in particular, we have to thank Crown Prince Mohammed bin Salman for hosting these historic talks. Talks that went very, very well." ◆◆

1: SAUDI ARABIA PROJECTS GOVERNMENT DEBT CLIMBING CLOSE TO 30% OF GDP IN 2025



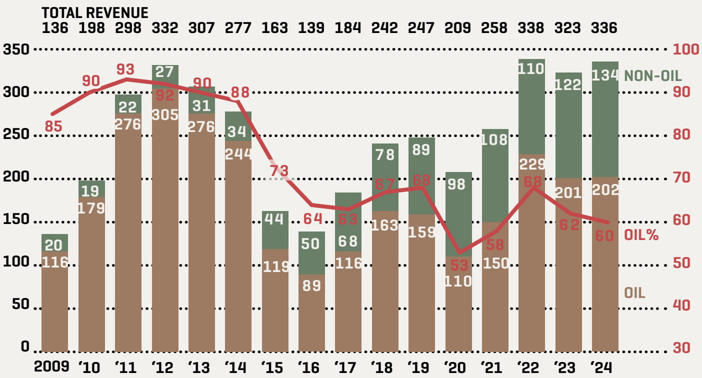
SOURCE: MINISTRY OF FINANCE, MEES.

2: SAUDI BUDGET DEFICIT TOPPED $30BN LAST YEAR. DEFICITS FORECAST TO STRETCH OUT TO AT LEAST 2027



SOURCE: MINISTRY OF FINANCE, MEES.

3: SAUDI NON-OIL REVENUES HIT NEW HEIGHTS AS OIL REVENUES PLATEAU ($BN)



SOURCE: MOF, MEES.

SAUDI ARABIA GOVERNMENT FINANCES ($BN)

	2024	vs 23	%	2023	1Q24	2Q24	3Q24	4Q24
Revenue	**335.8**	*+12.5*	*+3.9*	**323.3**	**78.2**	**94.3**	**82.5**	**80.8**
Oil revenue	201.8	*+0.5*	*+0.3*	201.2	48.5	56.8	50.9	45.6
non-oil	134.0	*+11.9*	*+9.8*	122.1	29.7	37.5	31.6	35.2
o/w tax	101.5	*+6.4*	*+6.7*	95.1	23.0	30.1	24.2	24.2
Oil %	*60.1*	*-2.2*	*-3.5*	*62.2*	*62.0*	*60.2*	*61.7*	*56.4*
Spending	**366.6**	*+21.7*	*+6.3*	**344.9**	**75.7**	**85.4**	**78.5**	**105.3**
current	315.7	*+20.6*	*+7.0*	295.1	68.8	73.8	67.5	85.1
o/w salaries	149.9	*+6.7*	*+4.6*	143.3	36.7	37.3	37.0	39.0
capital	50.8	*+1.1*	*+2.2*	49.7	6.9	11.6	11.0	20.2
Balance	**-30.8**	*-9.2*	*+42.8*	**-21.6**	**-0.8**	**-1.4**	**-9.5**	**-9.9**

SOURCE: MOF, MEES.

NEWS IN BRIEF

ALGERIA: ALRAR RESTART

Algerian oil and gas giant Sonatrach says that three of the four processing trains at the Alrar gas complex in the Illizi Basin on the Libya border restarted on 12 February. The plant was taken offline after a 27 November fire at Train N1, which remains offline. Restart of the other three trains follows the completion of repairs to damaged infrastructure shared by all four trains, Sonatrach says.

Sonatrach CEO Rachid Hachichi, in a 13 February visit to the complex, says that the restart of the three trains enables Alrar "to resume with its full productive capacity, estimated at 18mn m³/day [640mn cfd]." In reality, the capacity figure is moot: typical throughputs have dwindled to perhaps half this in recent years with the aim of a 2024 EPC award for the fields supplying the plant to "maintain production at 10mn m³/day [350mn cfd]" (MEES, 23 August 2024).

The loss of Alrar output was keenly felt, with Algeria's gas exports for January falling to the lowest level since 2020 and those of LNG to a multi-decade low (MEES, 7 February).

"Despite this outage, Sonatrach's gas supply operations to customers were not affected, which confirms the group's ability to honor its contractual commitments and preserve its place as a reliable exporter on the global energy market," Mr Hachichi says.

ADNOC GAS RAISES $2.84BN THROUGH SECONDARY OFFERING

Abu Dhabi state energy firm Adnoc has completed a secondary share offering of Adnoc Gas, the firms announced on 21 February. Having raised $2.5bn through listing 5% in a March 2023 IPO, Adnoc has now placed another 3.1bn shares representing 4% of the firm's share capital. With shares priced at AED3.58 ($0.97) per share, up 50% from the IPO price of AED2.37 ($0.65), the offering raised $2.84bn. Adnoc now holds 86% of Adnoc Gas, with 9% listed on the ADX and 5% held by state firm Taqa.

The offering was open only to professional investors, and Adnoc says it "saw exceptional demand from institutional investors in the GCC and internationally."

Proceeds will go to Adnoc, but the firm says the primary goals are to enhance trading and liquidity in Adnoc Gas shares and diversify its shareholder base, as well as pave the way towards inclusion in the MSCI Emerging Market Index and the FTSE Emerging Market Index.

DUBAI TEES UP MBR SOLAR PHASE 7

Dubai's Dewa announced on 18 February that it has appointed a Deloitte-led consortium as consultant for the 1.6GW Phase 7 of its MBR Solar Park. Capacity at the facility currently stands at 3.06GW and will hit 4.66GW once the 1.8GW Phase 6 is completed next year (MEES, 14 February). Phase 7 will take capacity to 6.26GW by 2029, well above the original 5GW by 2030 target.

As well as the solar capacity, Dewa says Phase 7 will have "a pioneering 1,000MW battery energy storage system (BESS)." The announcement comes a month after the UAE announced plans for a $6bn 5GW solar plant in Abu Dhabi with 19GWh BESS capacity capable of supplying 1GW of electricity 24/7 (MEES, 17 January).

ARABIAN DRILLING & SHELF TEAM UP

Saudi Arabia's Arabian Drilling and Oslo-listed Shelf Drilling announced on 18 February that they have signed an MoU to cooperate internationally. Under the agreement, Arabian Drilling will provide access to some of its "premium offshore rigs" for development overseas, with Shelf Drilling using its international footprint to secure contracts.

The announcement comes a year after Saudi Aramco announced that it had cancelled its plans to expand crude oil capacity by 1mn b/d (MEES, 2 February 2024). Subsequently, Saudi Aramco suspended a number of rig contracts with firms including with Arabian Drilling (MEES, 12 April 2024). The kingdom's offshore rig count has subsequently dropped from 16 in January 2024 to just nine last month, according to Baker Hughes data. This week's MoU provides an opportunity for the firm to monetize its idling rigs.

FUJAIRAH TO RECEIVE RARE CARGO OF CAMEROON'S LOKELE CRUDE

A cargo of Cameroon's 24 API, 0.4% sulfur Lokele crude oil is en route to Fujairah according to data intelligence firm Kpler. The 500,000-barrel cargo of the heavy sweet crude is scheduled to be delivered on 24 February and will be refined in the 80,000 b/d Vitol refinery, which is operated by VTTI. The refinery processes such heavy, sweet grades in order to produce IMO-compliant low sulfur bunkering fuels for the local market. This will be the first delivery of Lokele crude to Fujairah, although deliveries of Chad's Doba blend via Cameroon are relatively common.

SUDAN TO MERGE STATE DOWNSTREAM FIRMS

Sudan's oil minister Mohieddine Saeed on 18 February announced that state oil products distribution company Nile Petroleum is to assume control of state-owned fuel retailer Bashaer Energy and oil products distribution firm PetroTrans.

All three companies are 100% owned by the state. Both Nile and Bashaer import and distribute petroleum products via a network of fuel stations across the country.

The merger comes "in preparation for increased consumption of petroleum products," as the armed forces have managed to close in on rival forces and recapture al-Jazeera state and most of Khartoum state (MEES, 14 February), which together make up "70% of the country's consumption," according to the ministry.

This would also end "competition" and enable PetroTrans to transport petroleum products "to areas that private companies cannot reach," the ministry says.

SUDAN: RSF EYES 'GOVERNMENT'

As Sudan's army edges closer to retaking the capital Khartoum and forming a new military-aligned 'wartime' government (MEES, 14 February), the commander of the rival paramilitary Rapid Support Forces (RSF) is eying a government of his own, with a Libya-style partition threatening to become a new reality after two years of war (MEES, 2 August 2024).

Senior RSF leaders and allied politicians have been in Nairobi this week with the aim of signing a political charter to form a "Government of Peace and Unity" to govern the remaining RSF-controlled territories, mainly in Darfur and parts of Kordofan state. But amid delays due to tensions and divisions among the attendees, it remains to be seen whether a deal will be reached.

The Sudanese Armed Forces (SAF) expressed opposition to the move and to Nairobi's implied backing for the RSF, recalling the Sudanese ambassador to Nairobi and announcing on 19 February "the establishment of a committee to deal with the Kenyan position."

SAF deputy commander-in-chief Yasser al-Atta also dismissed the Nairobi initiative, vowing to "fight anyone attempting to establish a parallel government in Sudan."

This comes days after the SAF, which has the backing of powerful northern neighbor Egypt, announced plans for a new constitution and a caretaker government to rule post-war Sudan, insisting that the army will not negotiate with the RSF at any point.

The UAE is considered the RSF's key foreign backer (MEES, 3 May 2024). Russia has developed strong links with both sides of the conflict, last week firming up plans for a naval base on the SAF-controlled Red Sea coast (MEES, 31 May 2024).

OMAN-MERCURIA 10-YEAR LNG DEAL

Oman LNG is to supply trading house Mercuria with 800,000 t/y of LNG for 10 years under an 18 February deal with supplies to begin in April.

"We are delighted to formalize this long-term agreement with Mercuria, reinforcing Oman LNG's reputation as a reliable LNG supplier while also expanding across a wider portfolio of partners and market access," says Oman LNG CEO Hamad al-Nu'amani.

Oman now has 10.8mn t/y of LNG under contract after a major 2023 marketing push for volumes from long-term sales deals that were set to expire in 2025 and 2026 (MEES, 1 September 2023). Already both TotalEnergies and Shell announced the loading of the first LNG cargoes under their respective ten-year 800mn t/y deals (MEES, 10 January).

Oman exported a record 12mn tons of LNG last year with Oman LNG pushing its 11.4mn t/y three-train facility above its nameplate capacity. In an effort to take advantage of its growing gas output, the energy ministry greenlit a fourth liquefaction train at the LNG facility for a total capacity of 15.2mn t/y by 2029 (MEES, 2 August 2024).

CRUDE OFFICIAL SELLING PRICES ($/B): IRAN MATCHES SAUDI PRICE HIKES FOR MARCH

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)

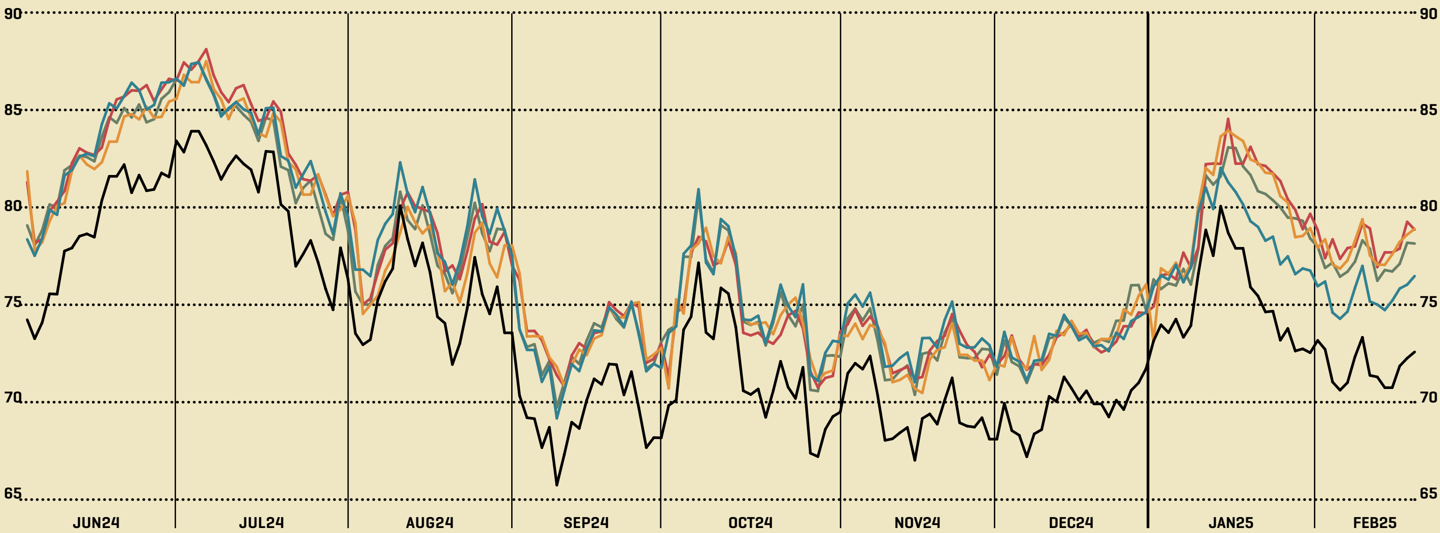
	Oct23	Nov23	Dec23	Jan24	Feb24	Mar24	Apr24	May24	Jun24	Jul24	Aug24	Sep24	Oct24	Nov24	Dec24	Jan25	Feb25
Propane	600	610	610	620	630	630	615	580	580	580	590	605	625	635	635	625	635
Butane	615	620	620	630	640	640	620	585	565	565	570	595	620	630	630	615	625
propane vs butane	*-15*	*-10*	*-10*	*-10*	*-10*	*-10*	*-5*	*-5*	*+15*	*+15*	*+20*	*+10*	*+5*	*+5*	*+5*	*+10*	*+10*

SELECTED DATA

BENCHMARK CRUDE PRICES ($/B)

	20Feb	10-14Feb	3-7Feb	Jan25	Dec24	Nov24	4Q 2024	3Q 2024	2Q 2024	2025 (20Feb)	2024	2023	2022
WTI	72.57	71.81	71.70	75.35	69.87	69.53	70.31	75.38	80.61	73.89	75.79	77.58	94.37
ICE Brent	76.48	75.56	75.14	78.42	73.26	73.40	74.01	78.72	85.02	77.24	79.86	82.18	99.02
ICE Murban	78.90	77.87	77.51	80.24	73.47	72.74	73.76	78.34	85.24	79.28	79.74	82.80	98.84
GME Oman	78.87	78.15	77.98	80.03	73.34	72.48	73.60	78.47	85.20	79.30	79.61	82.02	94.42
OPEC Basket	78.15	77.29	77.04	79.38	73.07	72.98	73.54	78.97	85.31	78.56	79.89	82.95	100.08
JCC	na	na	na	na	76.50	78.14	78.24	85.86	87.48	na	83.92	86.56	102.70

AVERAGE SETTLEMENT PRICES FOR PERIOD IN QUESTION.



ALGERIA: RECORD OIL DEMAND HITS EXPORTS & REVENUE

*Algeria's economy is reliant on exports of oil and gas as its key source of revenue. Gas exports fell sharply for 2024 (MEES, 7 February), and latest oil stats from Jodi do not make positive reading either.

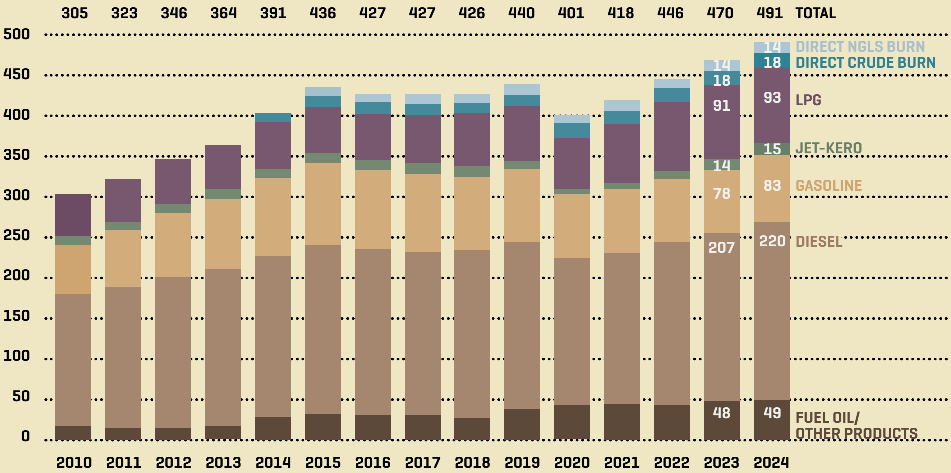
*Algiers can blame Opec+ commitments for the 7% fall in crude output to 908,000 b/d for 2024. But, as with gas, steadily-rising demand for oil products – sales of which on the domestic market are heavily subsidized – is cutting into the ability to translate output into export earnings.

*Algeria's demand for refined products rose by 5% to a record 459,000 b/d for 2024 including records for diesel (220,000 b/d), LPG (93,000 b/d) and jet-kerosene (15,000 b/d). Add in record direct oil burn of 32,000 b/d and Algeria's total domestic oil consumption hit a record 491,000 b/d (see chart).

*The records for diesel and LPG – both partial substitutes for natural gas, in power generation and household use respectively – are indicative of Algeria's stretched gas supplies. LPG consumption surged to a monthly record of 116,000 b/d for December with the outage of the country's key Alrar gas processing plant (see p17). Diesel consumption topped out at a record 233,000 b/d for July as peak load hit a record 19.54GW (MEES, 29 November).

*December also saw monthly records for oil products demand (486,000 b/d, or 511,000 b/d including direct burn).

ALGERIA'S OIL CONSUMPTION HIT A RECORD 491,000 B/D FOR 2024 INCLUDING RECORDS FOR DIESEL & LPG ('000 B/D)



SOURCE: JODI, MEES.