mees

*Weekly Energy, Economic & Geopolitical Outlook*
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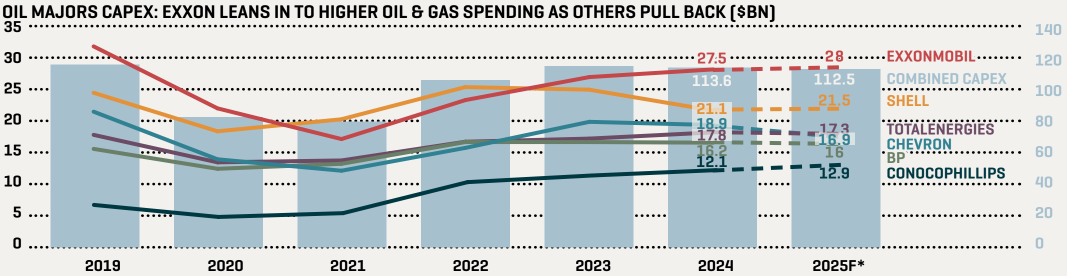
CORPORATE

# Majors Plan For More Oil & Gas With Less Capex

*All of the majors preach the virtues of higher shareholder returns. Most plan to grow upstream output – with BP set to about-turn on a previous commitment to cut. But only one, Exxon, is leaning in to higher oil and gas investment, both upstream and downstream.* ***Page 9***

OIL MAJORS CAPEX: EXXON LEANS IN TO HIGHER OIL & GAS SPENDING AS OTHERS PULL BACK ($BN)






UPSTREAM OIL & GAS

## Libya's Waha Tops 300kbd Amid Scandal

*Libya's top concession Waha saw output hit an 11-year high 306kbd for 4Q 2024 including a claimed daily high of 375kbd. But Total & Conoco say better terms are needed.* ***Page 2***

GEOPOLITICAL RISK

## Baghdad Taps US On Iran Power Waivers

*Trump's 'maximum pressure' on Iran is targeting 'waivers' that have enabled Iraq to continue importing electricity from its eastern neighbor. Gas imports appear safe for now.* ***Page 14***

DOWNSTREAM

## Oman's Duqm Eyes Feedstock Flexibility

*One year since inauguration, OQ8, operator of Oman's 255kbd Duqm refinery, is looking to increase the flexibility of its crude slate to take advantage of market arbitrages.* ***Page 16***

POWER & WATER

## Kuwait Powergen Capacity Lags Demand Growth

*Kuwait burned more gas in its power plants than ever before last year, with oil burn also rebounding, but still suffered summer blackouts. More capacity is vital.* ***Page 18***

UPSTREAM OIL & GAS

## Iraq Oil Export Revenues Hold Firm For 2024

*Iraqi oil exports held steady last year with revenues down 4% amid lower oil prices. Somo sent record volumes to Asia as Red Sea disruptions saw West of Suez flows dip.* ***Page 4***

OPEC & GLOBAL MARKETS

## Trump-Putin Call Adds To Oil Price Pressure

*After last week's tariff threats led to fears of lower demand, this week saw a Trump-Putin call that raised speculation that sanctions could be weakened. Both factors are bearish for prices.* ***Page 12***

GEOPOLITICAL RISK

## Sudan Army Close To Retaking Capital

*As the Sudanese army nears the complete recapture of the capital Khartoum, the military commander plans a new government to lead the war-torn country.* ***Page 13***

ECONOMY & FINANCE

## Dubai Solar Capacity Tops 3GW

*Dubai's MBR solar park generated a record amount of power last year. But gas-fired generation continues to climb too as consumption growth shows no sign of slowing.* ***Page 20***

# Libya: Waha Output Hits 11-Year High As Company Faces Corruption Controversy

*Libya's key Waha concession saw output hit an 11-year high quarterly figure of 306,000 b/d for 4Q 2024, whilst a claimed daily high of 375,000 b/d would be the highest since 2008. But corruption charges and management instability threaten to destabilize the company, whilst foreign partners Total & Conoco say better terms are needed for them to sanction the investment needed for further expansion.*

Libya's Waha Oil Company saw oil output rise to 306,000 b/d for 4Q 2024, the highest quarterly figure since early 2013 (see chart). This comes on the back of development drilling and infrastructure upgrades. Speaking at the start of 2024 Dag Sanner, Libya chief of Waha partner ConocoPhillips said "effective capacity" had risen from 285,000 b/d to 300,000 b/d over the course of 2023 (MEES, 19 January 2024).

Output then hit the latter figure for the first time since 2013 on a quarterly basis in Q2. And, though average output slumped for Q3 on August-September shut-ins (MEES, 4 October 2024), Waha claimed that daily output had hit 322,000 b/d on 9 July (MEES, 12 July 2024).

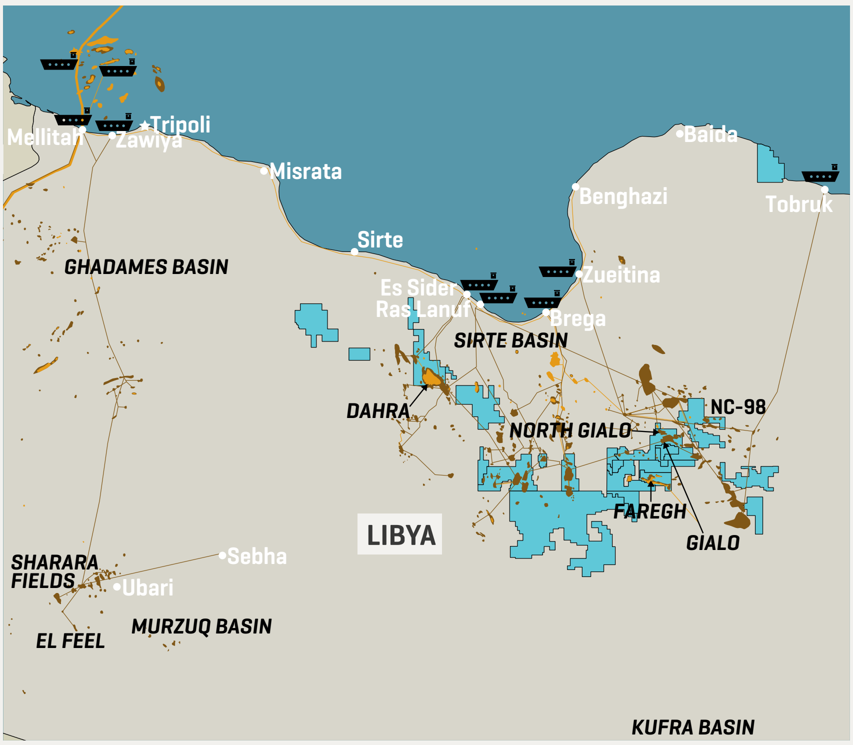
This has been followed by a series of further claimed daily records, the highest of which was 375,000 b/d on 24 December, Waha officials last week told their NOC counterparts, with the details of the meeting published on social media. More recently, NOC's write-up of a 13 February meeting with Waha management gave current output as 370,000 b/d. These are the highest daily figures since December 2008.

So far, so impressive, though still some way short of the official target of hiking output to 400,000 b/d by the end of 2024.

The Waha gains have been instrumental in Libya's overall output hitting an 11-year high of 1.4mn b/d at the end of 2024 (MEES, 6 December 2024). As Libya's top producer for 2023 and likely 2024, the Waha consortium is key to NOC plans to boost output to 1.6mn b/d by end-2025 and 2mn b/d within three years (MEES, 24 January).

**LIBYA'S WAHA OIL COMPANY BLOCKS**

OIL FIELD/PIPELINE | GAS FIELD/PIPELINE | WAHA BLOCKS | OIL TERMINAL




## PROMISING ASSET, TIGHT TERMS

Waha groups ConocoPhillips and TotalEnergies (20.41% each) with NOC (59.18%). The foreign partners have long said that improved terms are needed for them to sanction the new developments needed for further major output hikes. Former NOC chief Farhat Bengdara last year touted the possibility of investing a whopping $15-20bn to hike output to 850,000 b/d with the most likely near-ish term gains to come from redevelopment of the Dahra field and the 100,000 b/d North Gialo project (MEES, 19 April 2024).

Speaking at his firm's 2024 results and 2025 outlook event on 5 February, Total CEO Patrick Pouyanné bigged up Libya's potential – if the terms are right. Dismissing an analyst's suggestion that it might be "a good time to sell" his firm's assets in the country, Mr Pouyanné said that "Libya... is more of a long-term position. There is a lot of oil to be developed, not with the present terms but we are currently negotiating so we are working on it, and I think we can improve the tax rate in Libya heavily. It is a country where it is very easy to develop with a cost per barrel that is nothing, it is onshore with a huge amount of oil, so I will not forget this position because the contracts are high-tax today. They will have to be improved if Libya wants to develop its reserves one day and that is the debate we are having with the authorities today."

Likewise, Alfred Stern, CEO of Austria's OMV, which partners Repsol, Total and Equinor at the Sharara concession among other Libya assets, told his firm's Q4 earnings call on 4 February that OMV "remains committed to its long-term strategy in Libya," despite

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Continued from – p2

facing "significant challenges in 2024 due to disruptions to Libyan oil production," with Sharara particularly badly hit (MEES, 3 January). As with Waha, Sharara has seen extensive ongoing development drilling: the aim for 2024 was to raise effective capacity from 270,000 b/d to 300,000 b/d over the course of the year. NOC claims that Sharara output hit 306,000 b/d on 19 January, a level last hit on a quarterly basis back in 2013. In addition to being party to the Sharara drilling, NOC last October announced that OMV had resumed exploration drilling on its Sirte Basin exploration acreage in Libya after a 13-year hiatus (MEES, 1 November 2024).

## WAHA CORRUPTION STORM

But, this being Libya, it's never all good news. Waha has become mired in controversy amid an anti-corruption reform drive led by NOC's new acting chief Masoud Suleiman (MEES, 7 February).

On 10 February, the Attorney General ordered the detention of Waha chairman Fathi Bin Zahia on corruption charges including profiteering and abuse of power.

According to a statement from the Attorney General's office, Mr Bin Zahia secured illicit financial gains for himself and others through questionable deals, including a LYD 770mn ($156mn) contract to install a breakwater at the Es Sider terminal, despite receiving another offer for under LYD 394mn ($80mn).

The Waha executive was also accused of paying $100mn over three years to a company contracted to drill oil wells, without any actual work being completed.

The contracts in question will now be suspended pending investigation and review by the Audit Bureau and industry experts, the Attorney General's office said.

## DAHRA REHABILITATION CONTROVERSY

Among the charges listed by the Attorney General against Mr Bin Zahia was paying a newly established and "inexperienced" company $140mn between 2023 and 2024 for rehabilitation works at the Dahra field, which was damaged by the Islamic State group in 2015 (MEES, 6 March 2015).

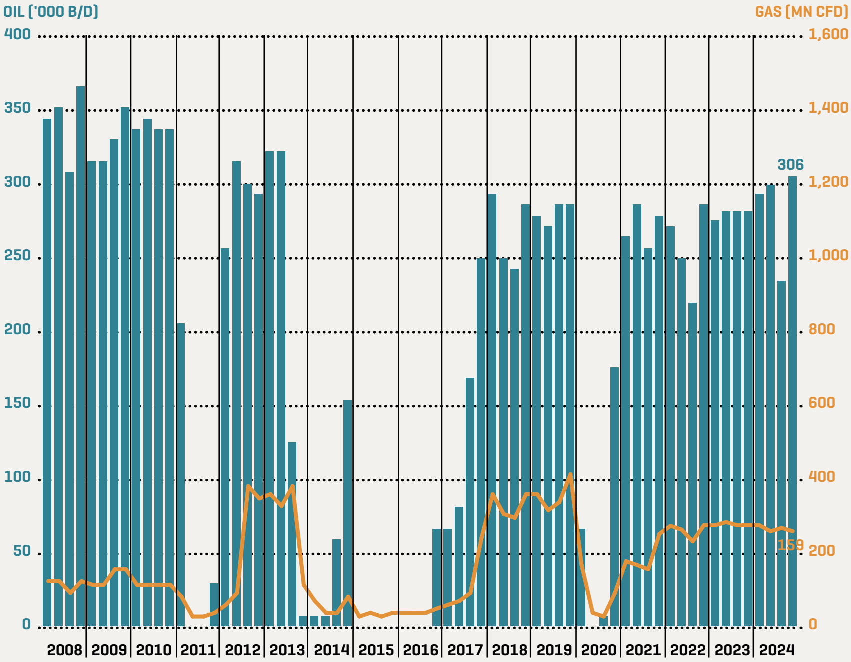
While the prosecutors did not name the company, a statement signed by "Waha company employees" and published by local news outlet Sada on 11 February in response to the charges identified it as the JV grouping US firm Halliburton with Esnad, a UAE-linked firm that has been at the centre of controversy since its establishment in 2022 (MEES, 19 April 2024).

According to the statement, Waha in 2022 approached the Halliburton/Esnad JV for the rehabilitation of Dahra at the instigation of Mr Bengdara, who already faces accusations of close ties with the UAE and has previously been accused of orchestrating the controversial deal (MEES, 19 January 2024).

NOC says Mr Bengdara resigned last month on 'medical grounds', though his departure was seen as linked to his successor's anti-corruption drive amid political wranglings over the leadership of NOC (MEES, 31 January).

The Waha statement also stressed that out of the $145mn budgeted for the Dahra project, only $16mn had been spent to date, covering equipment and maintenance costs. The status of the rehabilitation project remains unclear.

**LIBYA'S WAHA OIL CONCESSION PRODUCED AN 11-YEAR HIGH OF 306,000 B/D FOR Q4**




SOURCE: CONOCOPHILLIPS, HESS, NOC, MEES CALCULATIONS.

> Libya is a country where it is very easy to develop [oil reserves] with a cost per barrel that is nothing. It is onshore with a huge amount of oil... the contracts are high tax today. They will have to be improved if Libya wants to develop its reserves.
>
> *-TotalEnergies CEO Patrick Pouyanné*

## NEW WAHA CHAIRMAN

Amid the controversy and investigations, NOC's new interim chief tasked Khairallah Abdelsalam, the chairman of the National Oil Wells Drilling & Workover Company (NWD), an NOC subsidiary, with managing Waha operations "until further notice."

The new appointment, however, comes with its own challenges, with Mr Abdelsalam – who is based in Benghazi – claiming he received "threats" warning him against coming to Tripoli to assume his new duties.

"Under these circumstances, I will begin my duties as chairman of the [Waha] committee from Benghazi until the threats subside and my personal safety is guaranteed," he said in a letter addressed to NOC's Mr Suleiman.

Indeed, Mr Abdelsalam attended the 13 February NOC-Waha meeting, which took place at the latter's Tripoli HQ, by video link according to an NOC statement.

Mr Abdelsalam's claims were also supported by the eastern government, which issued a statement on 13 February condemning the "extortion and threats" facing oil institutions like Waha, among others, by "militias and armed groups in Tripoli."

"The [eastern] Libyan government will not stand idly amid these threats, and will take the necessary legal measures to protect the Libyan oil sector and its employees," the government statement said.

## GOING FORWARD

Despite the record output achieved by Waha this quarter, these political wranglings do not bode well for the company, nor the entire sector, with corruption and security concerns threatening their prospects.

# Iraq Oil Export Revenues Hold Firm For 2024

*Iraqi oil exports held steady last year with revenues down 4% amid lower oil prices. Somo sent record volumes to Asia as Red Sea disruptions saw West of Suez flows dip.*

Iraqi crude oil export revenues dropped by a modest 4% to around $94bn last year according to MEES calculations, as oil prices dipped despite another year of heightened geopolitical volatility (see chart 1). Red Sea disruptions saw more Iraqi barrels pushed into Asia, where they faced strong competition from sanctioned Iranian and Russian crudes in the key Chinese and Indian markets.

Federal crude exports stayed largely flat last year, averaging around 3.37mn b/d on an annual basis according to data from state marketer Somo. This is despite deeper 'voluntary' Opec+ cuts coming into force from January 2024. Iraq's poor compliance with its Opec+ commitments through most of the year was a source of friction with other members, but its performance improved markedly in the second half of 2024.

Rather, oil prices were the key reason for the decline last year. Not only did overall prices trend down, but within its overall export slate, Iraq boosted sales of its low-value, heavy ultra-sour Qayara crude oil (<17°API, 7% sulfur) by around 7,000 b/d to 20,000 b/d, while keeping trucked Kirkuk (34° API, 2.2% sulfur) exports to Jordan steady at 10,000 b/d. Both are discounted; Qayara due to the grade's inherent low value and to cover part of transportation costs to Jordan, which would have brought down the average Somo-realized oil price.

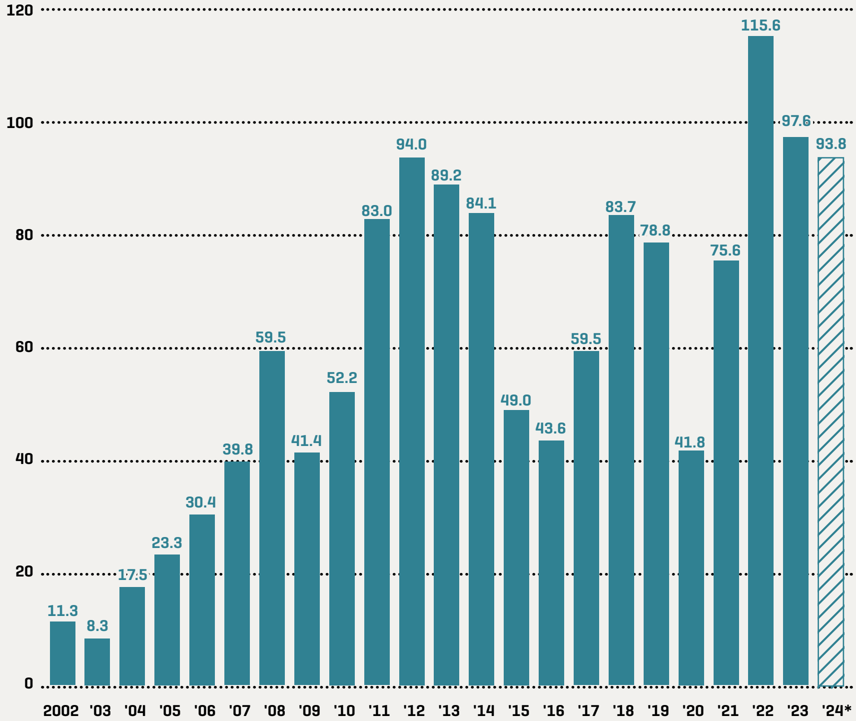
The overwhelming majority of Iraqi exports are from the Gulf's Basra export terminals, aside from the Jordan trucked volumes. Seaborne exports of Basrah crude grades, excluding Qayara exports from the onshore Khor al-Zubair terminal, increased 12,000 b/d year-on-year to 3.34mn b/d, with official data showing flows at or below 3.3mn b/d since September as Iraq improved Opec+ compliance. Two-thirds of these volumes were Basrah Medium (29° API, 3% Sulfur) with the rest being Basrah Heavy (24°API, 4% sulfur). These increases compensated for around 20,000 b/d of average Kirkuk exports in 2023, prior to the Iraq-Turkey Pipeline closure in March that year.

## ASIAN FLOWS AT A RECORD...

Tracking data from Kpler puts 2024's

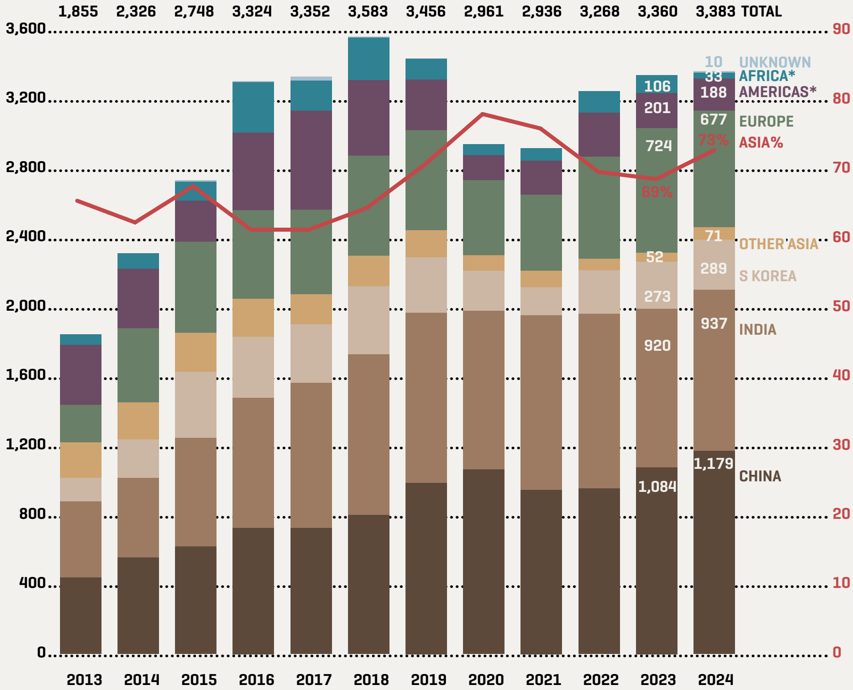
Continued on – p5

1: IRAQ'S CRUDE OIL REVENUES FELL SLIGHTLY LAST YEAR ($BN)




*MEES ESTIMATE. SOURCE: MINISTRY OF OIL, SOMO, CENTRAL BANK OF IRAQ, OPEC, MEES.

IRAQ CRUDE EXPORTS ('000 B/D): SHIPMENTS TO ASIA SURGED FOR 2024 DESPITE INCREASED COMPETITION FROM CUT-PRICE SANCTIONED RUSSIAN AND IRANIAN SUPPLIES ('000 B/D)




*ALMOST ENTIRELY TO THE UNITED STATES SINCE 2022. SOURCE: KPLER, MEES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seaborne exports slightly higher than official figures at 3.38mn b/d. The difference is partly accounted for Khor al-Zubair's Qayara exports. Of total seaborne exports, around 73% went to Asia (see chart 2). These flows were up 147,000 b/d year-on-year to a record 2.48mn b/d with a combined 2.16mn b/d shipped to Iraq's core customers in China and India.

Iraq exported a record 1.18mn b/d to China – official Chinese import figures show an even higher record 1.28mn b/d of deliveries – despite Chinese imports dropping overall and despite competing with record volumes of Russian and Iranian crude. Instead, Iraq appears to have capitalized on China's reduced imports from other major Middle Eastern suppliers including Saudi Arabia, the UAE and Kuwait.

The vast majority of Iraqi exports to China were of Basrah Medium, which at 900,000 b/d were more than triple the 270,000 b/d of Basrah Heavy. Official Chinese stats placed Iraq as the fourth largest oil supplier behind Russia, Saudi Arabia and Malaysia; volumes from the latter being primarily mislabeled Iranian barrels (MEES, 24 January).

Chinese demand growth is expected to remain relatively muted this year, with the IEA pegging it at 220,000 b/d for 2025. But if US President Trump implements his stated 'maximum pressure' policy on Iranian oil exports (see p14), then Iraq could emerge as a key source of replacement barrels for China.

China is now Iraq's largest market, having overtaken India in 2023 as the latter cut Iraqi purchases amid a surge in Russian imports. India-bound volumes increased by 17,000 b/d last year to 937,000 b/d, with Indian refiners receiving a 50:50 mix of Basrah Medium and Heavy cargoes according to Kpler.

Iraq's third largest market is South Korea, with flows increasing by 16,000 b/d last year to 289,000 b/d. But this remains below 2018's record 391,000 b/d. Despite the modest gain, Iraq remains firmly behind Saudi Arabia, the US and the UAE in Korea (MEES, 17 January).

## ...AS EXPORTS WEST OF SUEZ DIP

Iraq's gains in Asia last year were aided by the diversion of some volumes previously sent West of Suez to Europe and the Americas amid the offensive by Yemen's Houthis against shipping in the southern Red Sea (MEES, 10 January), which has forced most Mideast producers to divert tankers around the Cape of Good Hope. West of Suez volumes declined by 133,000 b/d to just 897,000 b/d overall.

Europe is Iraq's largest West of Suez market, with direct flows of 677,000 b/d last year. Traditionally, modest volumes have also been delivered via Egypt's Suez Canal, but Europe-bound deliveries through this route were halted last year resulting in a 73,000 b/d drop in exports to Egypt. This implies a total drop in Europe-bound volumes of 120,000 b/d last year.

Aside from No.1 European importer the Netherlands (157,000 b/d), Iraqi cargoes headed mostly to Mediterranean destinations. The Red Sea crisis is yet another reminder of the need to diversify Iraq's export outlets and restart the Iraq-Turkey Pipeline (ITP) to the Mediterranean port of Ceyhan. This would allow Federal exports from the Kirkuk oilfield, where UK major BP eyes re-development (see p5).

## TOUGHER JOB THIS YEAR?

But any resumption of the ITP pipeline, which is far from guaranteed, would complicate Baghdad's efforts to comply with its Opec+ quota. Even with Baghdad planning to agree new fiscal terms with the IOCs which dominate production in Kurdistan (MEES, 7 February), government revenues from Kurdish exports would be less than from the cheap-to-produce southern fields.

An oil ministry source says Iraq plans to keep exports at 3.3mn b/d this year, but even maintaining this beyond Q1 would require keeping domestic refining runs at low levels in order to adhere with Opec+ quotas. Plans to ease cuts from April would provide some additional headroom, but at 12,000 b/d extra per month, these increments will make little impact. Especially when factoring in Iraq's additional 'compensation cuts' to make up for earlier overproduction.

## BP CEO 'VERY EXCITED' ON KIRKUK DEAL

BP CEO Murray Auchincloss struck an optimistic tone this week regarding ongoing negotiations with Iraq for a contract to re-develop the aging Kirkuk oilfield in the north of the country. "We're in the final throes of the negotiations now" he told BP's 2024 results call on 11 February (see p9).

The company says it has finalized "the majority of commercial terms," but it is unclear whether this was in reference to the 'technical terms' agreed in late December (MEES, 20 December 2024) or the subsequent MoU signed during Iraqi PM Mohammed al-Sudani's visit to London last month (MEES, 17 January).

BP has approached negotiations carefully, and finalization has taken longer than suggested by bullish statements from both sides (MEES, 20 September 2024). Mr Auchincloss says that "Hopefully, at Capital Markets Day, we can update you more on that," referencing the upcoming 26 February event. Given the scale of the planned project, a lengthy process of negotiations is only to be expected.

BP is to sign a 'profit sharing' Development and Production Contract (DPC) model, which provide firms with improved profitability in comparison to Iraq's traditional service contracts. Mr Auchincloss says this is "a competitive PSA [Production Sharing] agreement... we feel very excited about that, and it will be internationally competitive."

The DPC replaces unpopular fixed per-barrel remuneration with a sliding cost recovery mechanism and a profit share based on oil prices, but it is not a production sharing contract. If signed, BP would be the second major to take up a DPC in Iraq following TotalEnergies' $27bn megadeal to develop a swathe of energy-related infrastructure in southern Iraq (MEES, 14 July 2023).

BP is to oversee the integrated development of Kirkuk's Baba and Avanah domes, as well as the neighboring Bai Hassan, Jambur and Khabbaz oil fields. Reuters reported earlier this month that the company would invest $20-25bn, with the Iraqis expecting that BP will help hike the fields' combined capacity by 150,000 b/d to 450,000 b/d in 2-3 years.

It is unclear whether this target is for an initial phase as the timeline appears overly optimistic. Kirkuk's reservoirs have suffered from decades of natural decline, and Iraq's notorious bureaucracy would likely cause project delays.

> We're in the final throes of the negotiations [on Kirkuk]... Five domes of oil, 20 billion barrels yet to produce, a competitive PSA agreement... we feel very excited about that."
>
> *-BP CEO Murray Auchincloss*

The five fields collectively produce over 300,000 b/d, with state operator North Oil Co conducting a number of well workovers in recent months. Crude is consumed by nearby refineries and another 10,000 b/d is trucked to Jordan (see p4). Any future resumption of piped exports to Turkey via Iraqi Kurdistan would strongly support BP's economic case for Kirkuk. But the regional government there controls the field's other 160,000 b/d-capacity Khurmala dome which may eventually require its involvement in the development.

The planned project is not limited to just upstream, with BP describing it as a "material integrated redevelopment program... spanning oil and gas investment, power generation and solar, together with wider exploration activities" (MEES, 2 August 2024).

# China's UEG Doubles Egypt Output With $150mn Apex Purchase

*Six years after entering Egypt, Hong King listed United Energy Group is expanding its Western Desert footprint with the $150mn purchase of Apex.*

Chinese independent United Energy Group (UEG) is set to double its Egypt output, after agreeing a deal to pay Houston-based Apex International Energy $150mn for its largely oil weighted 11,300 boe/d Western Desert portfolio. Added to UEG's existing 11,700 b/d of Egypt output, the resultant oil total of 22,100 b/d (see table) makes UEG a top-10 Egypt oil producer, the Hong Kong-listed firm says. Egypt's total oil output fell to a multi-decade low 547,000 b/d for 2024.

The deal announced by UEG to the Hong Kong stock exchange on 7 February also includes a $7mn deferred payment for Apex which is owned by private investment firm Bluewater.

"Apex's portfolio offers considerable growth potential, with numerous drilling and re-entry opportunities, enhanced oil recovery, and a large exploration acreage of over 3,500 km²," UEG says.

"UEG is committed to leveraging its strong financial capabilities and technical experience to unlock the full development potential of Apex's portfolio, driving continued growth and value creation for the company and Egypt's energy sector," it adds.

Whilst UEG's Egypt portfolio is marginally larger than that of Apex in terms of working interest output, the Chinese firm's assets consist almost entirely of small production leases where output is in decline. In contrast, Apex's swathe of Western Desert acreage offers much more in the way of exploration potential (see map).

Four of UEG's current Egypt concessions are in the Western Desert, with the exception of the 'Area A' development leases on the west bank of the Gulf of Suez (see map, p7). UEG operates all save East Ras Qattara (49.5%), which was the largest producer with 10,700 b/d of gross output for 9M 2024, and is operated by Chile's Enap (50.5%).

## IRAQ STILL DOMINANT

UEG entered Egypt in 2019 with the purchase of independent Kuwait Energy making the country its second production base globally after Pakistan (MEES, 28 September 2018). But Egypt was overtaken by Iraq as UEG's top Mena producer in 2020, with Iraq overtaking Pakistan for top spot in 2023.

Whilst UEG Egypt output has been on a downward trend, the firm's working interest Iraq output grew from 13,300 boe/d in 2019 to around 55,000 boe/d last year according to MEES estimates. As such, even after the Apex deal completes, UEG's resultant 23,000 boe/d of post-deal Egypt output will be less than half of the Iraq figure.

UEG has 60% of Iraq's Block 9 where output from the Faihaa field averaged around 80,000 b/d for 2024 with the start-up of a 100,000 b/d processing facility in Q2 (MEES, 12 July 2024). Commissioning is ongoing at a 130mn cfd gas processing plant (MEES, 20 December 2024). At the Siba field, where UOG has 30%, output is steady at around 17,000 b/d oil and 50mn cfd gas.

For Apex this marks the end of the road for a firm that was formed in 2016 by former executives from the Western Desert's top producer, US firm Apache (MEES, 9 December 2016).

Apex holds stakes in eight concessions (6 operated, 2 non-operated) with

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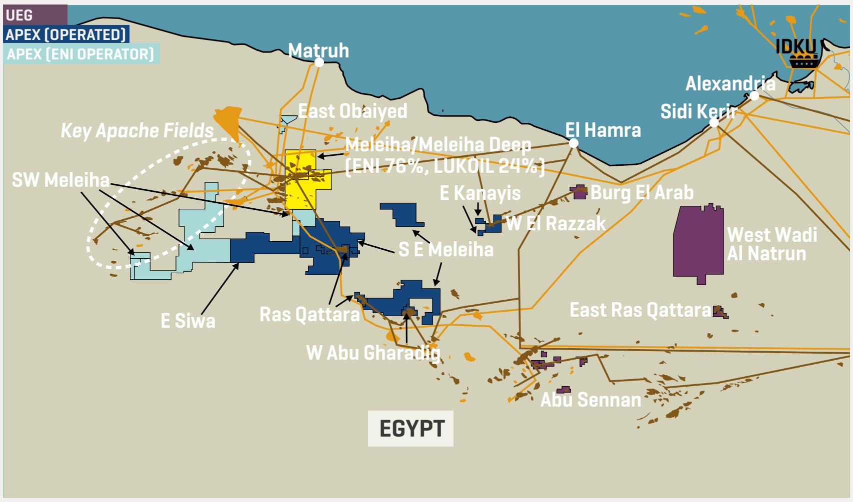
**UEG INCREASES EGYPT FOOTPRINT WITH APEX PURCHASE**

OIL FIELD/PIPELINE   GAS FIELD/PIPELINE




**CHINA'S UEG IS SET TO DOUBLE EGYPT OUTPUT WITH APEX PURCHASE**

| | | '000 b/d Oil Output (10M 2024) | |
|---|---|---|---|
| **Current UEG Assets** | **%** | **Gross** | **Working Interest** |
| East Ras Qattara | 49.5 | 10.7 | 5.3 |
| Area A (Eastern Desert) | 70 | 5.0 | 3.5 |
| Abu Sennan^ | 25 | 4.6 | 1.2 |
| Burg El Arab | 100 | 1.7 | 1.7 |
| West Wadi Al Natrun | 100 | 0.1 | 0.1 |
| | TOTAL | **22.1** | **11.7** |
| **Apex Output ('000 boe/d)*** | | **16.9** | **11.3** |
| o/w oil | | 13.3 | 10.4 |
| gas (mn cfd)^ | | 20 | 5 |
| **POST-DEAL: '000 boe/d** | | **39.0** | **23.0** |
| o/w oil | | 35.4 | 22.1 |
| gas (mn cfd)^ | | 20.3 | 5.1 |

ALL APEX ASSETS & ALL UEG EXCEPT 'AREA A' ARE IN THE WESTERN DESERT. *GROSS FIGURE IS INFERRED FROM UEG 8 FEB PRESS RELEASE. WORKING INTEREST IS FOR 2024. ALL APEX GAS OUTPUT (20MN CFD GROSS, 5MN CFD WI) COMES FROM FARAMID FIELD IN ENI-OPERATED EAST OBAIYED CONCESSION. ALL UEG GAS OUTPUT (0.3MN CFD GROSS, <0.1MN CFD NET) FROM ABU SENNAN. SOURCE: UEG, APEX, MEES.

Continued from – p6

the most recent expansion coming with purchases from Eni in 2023 that helped double working interest output to 10,280 b/d, rising further to 11,400 b/d for 1H 2024 (MEES, 12 July 2024). Apex's 5mn cfd gas output comes from the Faramid field on the Eni-operated East Obaiyed block (Eni 75%, Apex 25%).

"We look forward to supporting United Energy as they continue to expand their footprint and grow their operations in Egypt," Apex CEO Tom Maher says.

Like numerous other operators in Egypt, Apex has recently been pushing for the consolidation of some of its assets in a bid to improve financial terms and payment of receivables (MEES, 10 January). On 5 February the merger of West Razzak, East Kanayis and Southeast Meleiha was approved by Egypt's cabinet "under a unified merged concession agreement."

"This strategic agreement will enhance fiscal terms, provide for increased investment through drilling commitments, and unlock greater economic potential for all parties," UEG says.

"Apex's high-quality assets, combined with the newly merged concession agreement, offer significant growth potential and align with our commitment to delivering value to our stakeholders," Kamel Al Sawi UEG's Egypt President says.

## EGYPT: BP PLANS FAST-TRACK EL KING DEVELOPMENT

BP says it envisages fast-track development of the El King field on the North King Mariut block offshore Egypt despite the freshly-completed El King-2 appraisal well confirming only a modest 200bcf of recoverable gas in Messinian reservoirs, MEES learns.

"We are well-positioned to fast-track the development of this discovery and contribute timely to the domestic market needs," BP's Mena regional president Nader Zaki said on 5 February.

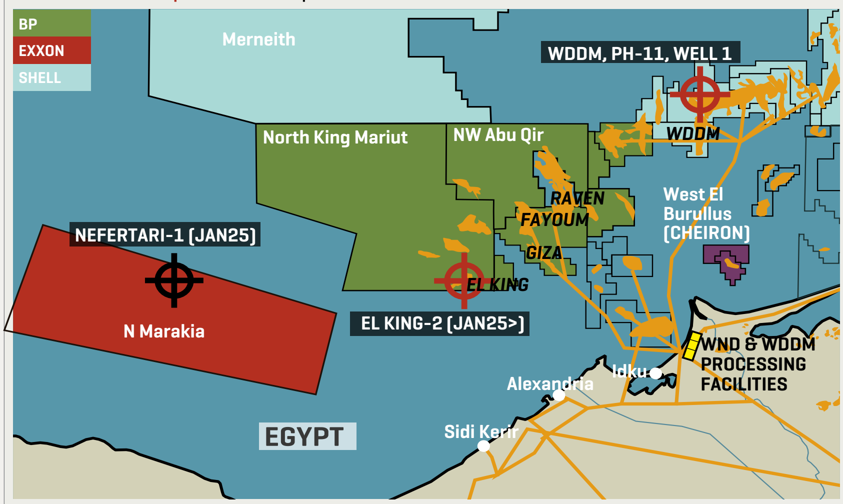
BP spudded El King-2 on 14 January using the Valaris DS-12 drillship (MEES, 24 January). The aim was "to prove commerciality" of a field discovered in 2002 by US firm Apache, a BP spokesperson tells MEES.

Whilst Apache subsequently walked away, the prospects of commercial development have since been boosted by BP's nearby West Nile Delta (WND) development, which started up in 2017. The nearest infrastructure at the Giza field is just 20km east of El King (see map). WND output has dwindled to 400mn cfd and 10,000 b/d condensate, almost all from the Raven field but two infill wells are due to be brought online imminently to give a 200mn cfd boost (MEES, 17 January).

The DS-12 is now set to spud the Fayoum-5 well, the fourth and last well of BP's current offshore Egypt campaign.

**BP FIRMS-UP EGYPT OFFSHORE EL KING GAS FIND**

GAS FIELD/PIPELINE · CURRENT WELL · DISCOVERY




## CHEIRON TAPS FUNDS FOR 100MN CFD EGYPT DEVELOPMENT

Egyptian independent Cheiron has secured a $75mn loan from a local banking syndicate led by Banque du Caire to help finance the development of the firm's West el Burullus (WEB) project. The $75mn equates to 45.5% overall $165mn development costs, Cheiron says.

Cheiron initially hoped to produce 150-180mn cfd from the West el Burullus and Papyrus fields, 15km offshore in just 15 metres water depth 65km northeast of Alexandria (see map above), but subsequent development drilling has proven disappointing, MEES learns (MEES, 17 January). The output target has been revised down to 100mn cfd with first gas potentially as early as June, although slippage to H2 is possible, a source at Egypt's oil ministry says.

Engie (formerly Gaz de France), which discovered the field in 2008 (MEES, 9 June 2008), went as far as filing a development plan before selling up to Cheiron in 2017.

Cheiron's recent Neptune wildcat, within WEB's extended concession to the south only encountered non-commercial gas quantities, according to the source.

## EGYPT: RUSSIA'S LUKOIL TAKES GULF OF SUEZ BLOCK

Russia's Lukoil has been awarded the South Wadi El-Sahl block in Egypt's Eastern Desert, located on the southwest bank of the Gulf Suez. The large block surrounds Lukoil's West Esh El Mallaha, Wadi El-Sahl and South Wad El-Sahl development leases (see map).

According to Egyptian daily Al Mal the Russian firm will spend $22.5mn to drill six exploratory wells in the new acreage.

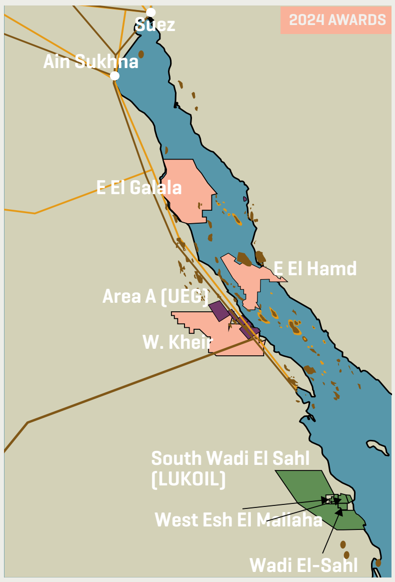
In December 2023 Cairo extended the West Esh El Mallaha contract for another five years.with Lukoil granted the West Esh El Mallaha extension that adjoins the main block to the east after it committed to spend $73mn on development operations.

Lukoil's key Egypt asset in terms of output is 24% of the Eni-operated (76%) Meleiha concession in the Western Desert (see map, p6). Eni says ongoing Phase-2 development will add 20,000 boe/d of mostly oil output from 2026 (MEES, 26 April 2024).

Cairo has been trying to lure firms back to the Gulf of Suez, where Egypt first produced oil more than a century ago, with mixed success. It made three block awards last year, although Dubai's state firm Enoc's subsidiary Dragon Oil was the only notable name to take any acreage (MEES, 15 November 2024).

**EGYPT'S SOUTHERN GULF OF SUEZ**

GAS FIELD/PIPELINE · OIL FIELD/PIPELINE



# Egypt Taps Shell & Total For 60 LNG Cargoes For 2025

*European majors Shell and TotalEnergies have signed up to supply Egypt with 60 LNG cargoes for 2025 in the clearest signal yet that Cairo expects imports to continue for the foreseeable future.*

Egypt has signed up majors BP and TotalEnergies to supply it with 60 cargoes of LNG for 2025.

The deal, which was apparently inked in late 2024, is for 4.2mn tons of LNG to be delivered over the course of 2025. This is the clearest indication yet that Cairo expects its 2025 LNG import volumes to surge further from 2024's seven-year high of 2.78mn tons (MEES, 10 January). This comes as the shortfall between Egypt's falling output and rising demand widens further, even taking into account record 1bn cfd piped gas imports from Israel (MEES, 18 October 2024).

Of those 60 cargoes, five have already been delivered, with Shell and Total supplying two cargoes each in January and the UK major a solitary cargo so far in February according to data intelligence firm Kpler.

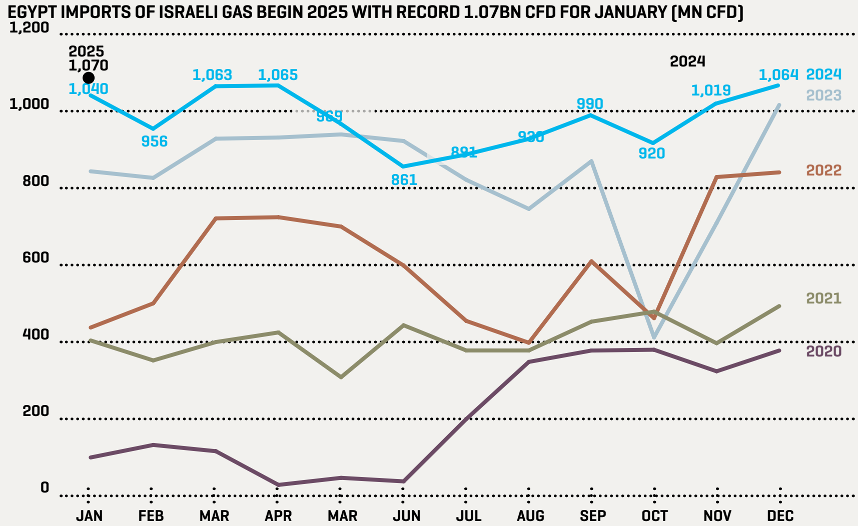
The full-year tender marks something of a strategy shift from the previous short-term tenders – most recently for Q3, and then 4Q 2024 – via which Cairo has secured LNG imports. Last year's short-term tenders were awarded at prices linked to Europe's TTF gas benchmark (MEES, 20 September 2024).

While there has been no official confirmation of the deal, numerous reports expect it to be on a floating price basis and linked to the TTF benchmark. Payment terms will be flexible and could range up to a year as opposed to the 180 days provided in the previous tenders.

Shell (36.8%) and Total (2.5%) are partners at the 7.2mn t/y ELNG export facility at Idku on Egypt's Mediterranean coast where both firms have offtake agreements, although neither has been able to export any LNG since volumes ground to a halt last April as Egypt's gas crunch intensified.

According to a MEES industry source, part of the reason that Total and Shell were awarded the contract was to compensate them for Egypt failing to meet its contractual obligations to supply them with LNG export cargoes at Idku. "If they can't get paid to export at least they will be paid to import," the source says. The suggestion that the 2025 LNG import deal was made on a non-competitive basis, as well as the extended payment terms, suggest that Egypt may be set to pay over the odds.

EGYPT IMPORTS OF ISRAELI GAS BEGIN 2025 WITH RECORD 1.07BN CFD FOR JANUARY (MN CFD)




SOURCE: JODI, MEES.

## MORE LNG ON THE WAY

The 60 cargoes from Shell and Total won't be all the LNG Egypt imports this year. Of the 20-cargo tender awarded for 4Q 2024, four cargoes were deferred to 1Q 2025 delivery, whilst in January Cairo awarded a tender for a further four cargoes for February and March arrival with pricing at a $0.80-$1/mn BTU premium to TTF (MEES, 17 January).

There are also unconfirmed media reports that Egypt is looking for another 15 cargoes to be delivered over the first half of this year.

All this comes at a time when Egypt is also importing record volumes of Israeli gas via pipeline. After importing a record-equalling 1.065bn cfd for December, Egypt imported a new high of 1.070bn cfd for January, MEES understands (see chart). Imports from Israel have grown year-on-year since starting up in 2020 to post an annual high of 981mn cfd for 2024 (MEES, 17 January).

And, while volumes will likely see a further increase in late 2025, that increase is only due to be a modest one with current infrastructure capped at approximately 1.1bn cfd. The end of 2025 should see a 200mn cfd boost to that capacity with completion of an offshore by-pass pipeline coinciding with capacity expansions at Israel's Leviathan and Tamar fields (MEES, 7 February).

## FSRU CONFUSION

Egypt currently imports LNG via the Hoegh Galleon FSRU moored at Ain Sukhna on the Red Sea, with the Energos Eskimo at Jordan's Aqaba acting as a back-up. Once the Energos Eskimo's lease expires this summer it will head for extensive maintenance before moving to Ain Sukhna under a deal signed last year (MEES, 6 December 2024).

Egypt will then have both of its FSRU berths at Ain Sukhna occupied for the latter part of 2025 and perhaps beyond: though the Hoegh Galleon is due to leave Egypt in early 2026, Cairo may have secured an extension, MEES understands.

Egypt has also been in talks with Turkish state firm Botas about leasing an FSRU. However the prospect of Egypt leasing Cyprus' yet-to-enter-service Etyfa Prometheus FSRU (MEES, 31 January) looks increasingly unlikely. The vessel is still moored offshore Malaysia and needs to be fitted with two pieces of equipment before it can be certified as an FSRU, a process that could take between eight to ten months, MEES understands. ◆◆

# Oil Majors Strategy: More Oil & Gas But Less Spending (Except Exxon)

If there is one key takeaway from the recent earnings calls of the six largest international oil companies it is their continued commitment to capital discipline. All preached the virtue of higher shareholder returns and higher dividends, not just for 2024 and 2025, but in perpetuity.

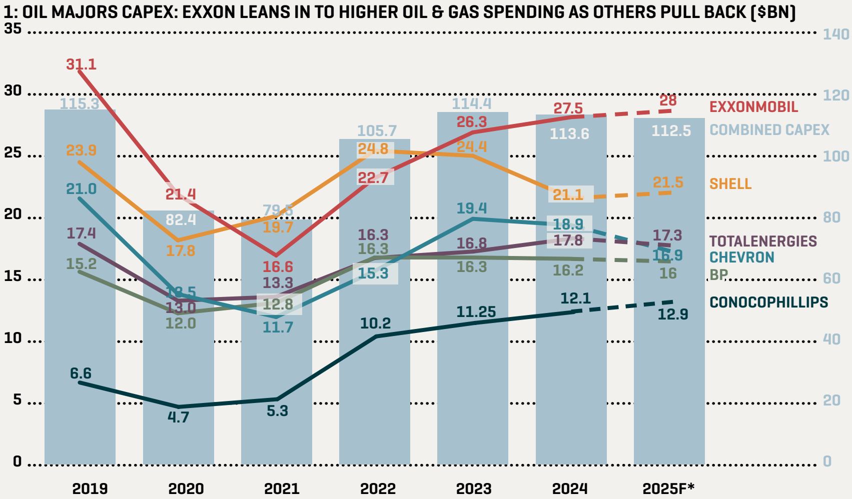
*Of the big three US majors, the largest, Exxon, stands out as leaning in to higher oil and gas investment, both upstream and downstream.

*Chevron, in contrast, says its peak spending both overall and in its key Permian asset is in the past with the focus going forward on returning more cash to shareholders.

*BP is in flux with "a fundamental reset... NOT business as usual" to be unveiled on 26 February.

*Total eyes "challenging" development of discoveries made with QatarEnergy offshore Namibia. But Shell has partially written off its nearby finds, also in partnership with the Qatar state firm. Both firms, alongside Exxon and ConocoPhillips, eye a major revenue boost as Qatar brings on expanded LNG capacity in the second half of the decade.

**1: OIL MAJORS CAPEX: EXXON LEANS IN TO HIGHER OIL & GAS SPENDING AS OTHERS PULL BACK ($BN)**




*BP TO UPDATE 2025 GUIDANCE ON 26 FEBRUARY. SHELL GUIDES "LOWER THAN" PREVIOUSLY-INDICATED $22-25BN RANGE. EXXON, CHEVRON & TOTAL FIGURES ARE MIDPOINTS OF STATED RANGES (EXXON $27-29BN, CHEVRON $16.2-17.5BN, TOTAL $17-17.5BN). SOURCE: COMPANIES, MEES.

## EXXON: MORE SPENDING...

But, whilst five of the six flagged up cuts to capex, there's an exception. And it's a big one. ExxonMobil is by some distance the biggest of the six – its 2024 net earnings of $33.7bn were $10bn higher than number two Shell – and at both the launch of its 'Corporate Plan to 2030' on 11 December and again on its 2024 results on 31 January, Exxon set out plans to not only grow output but also spend more over the coming years. In the words of CEO Darren Woods, the scale of the firm's ambitions "truly puts us in a league of our own."

Whilst three of the other five cut capex for 2024 (Total and Conoco are the exception) and only Conoco plans what it says is a temporary acquisition-fueled increase for 2025, for Exxon there is no end in sight to higher spending. Exxon hiked capex to $27.5bn for 2024 from $26.3bn for 2023. And, unlike its peers, the upward trend is set to continue with the firm planning capex of $27-$29bn for 2025 and "$28-$33bn annually in 2026-2030 to progress attractive long-term opportunities" (see chart 1).

## ...MORE UPSTREAM...

Exxon sees this spending translating into a further surge in upstream output from 2024's record 4.33mn boe/d to 4.7mn boe/d for 2025 and 5.4mn boe/d by 2030.

Spending will be increasingly focused on "advantaged assets," which it defines as the Permian, Guyana and LNG (deepwater offshore Brazil was also previously included but has apparently been relegated), which will collectively account for more than 70% of upstream capex to 2030, some $140bn, to provide over 60% of total output by the latter date.

Already for 2024, Exxon says it hit its prior 'over 50% from advantaged assets' target three years early thanks to the May 2024 completion of the $60bn purchase of what had been the top independent Permian producer, Pioneer Resources (MEES, 13 October 2023).

## ...AS PERMIAN HITS 1.5MN BOE/D

Exxon doubled its Permian output to 1.2mn boe/d for 2024 thanks to the addition of Pioneer's Delaware Basin acreage which alone produced a record 770,000 boe/d for Q3 – indeed Exxon says both its 'heritage' Permian assets and those acquired from Pioneer produced record volumes in 2024.

"The company now has the largest contiguous acreage position in the Permian Basin with double the number of low-cost net drilling locations versus the next closest competitor... [and] is applying its technology advantage to increase capital efficiency and resource recovery," Mr Woods says.

And Exxon targets a further near-doubling to 2.3mn boe/d by 2030 via intermediate targets of 1.5mn boe/d for 2025 and 2mn boe/d for 2027. Indeed, with Mr Woods saying that output already hit 1.5mn boe/d "at the end of 2024," the 2025 target looks conservative. The Pioneer purchase has seen Exxon surge past Chevron and ConocoPhillips as the basin's top producer (see chart 2).

Guyana output, all of which comes from the Exxon-operated Stabroek block, averaged a record 614,000 b/d for 2024 ending the year at 650,000 b/d. And 2025 is set for further gains with the start-up of the block (and Guyana's) fourth FPSO, 250,000 b/d-capacity Yellowtail in mid-year. Already in the works are further 250,000 b/d expansions for both 2026 (Uaru) and 2027 (Whiptail). With Exxon recently announcing plans for two more FPSO-led developments, this is set to take the total number of FPSOs to eight with 1.3mn b/d output and 1.7mn b/d capacity by 2030.

On LNG, Exxon says that thanks to "four world-class LNG projects under development" it expects "to surpass" 40mn t/y in sales by 2030. Prime among these is 18mn t/y Golden Pass in Texas where ExxonMobil (30%) partners

Continued on – p10

Continued from – p9

operator QatarEnergy (70%). Though the project has suffered extensive delays, Exxon is increasingly confident that the project will ship its first cargoes by the end of 2025 (MEES, 3 January).

However, Exxon may prove over-optimistic in also predicting "near the end of 2025" for first LNG sales from Qatar's own 32mn t/y North Field East expansion, where Exxon has a 6.3% stake. Both Total (6.3% stake) and ConocoPhillips (3.1%) explicitly reference expected 2026 start up on their recent earnings calls, in line with the timeline given by Qatari officials. Shell also has 6.3%.

## ...MORE DOWNSTREAM

On the downstream, Exxon's key expansion projects are based on leveraging its massive gains in cheap natural gas, ethane and other NGLs output from the Permian via Gulf Coast-based export-focused projects.

These include the 1.8mn t/y Gulf Coast Growth Ventures ethane cracker JV with Sabic in Corpus Christi, Texas which started up in 2022 (MEES, 12 August 2022). Exxon's largest potential upcoming FID relates to what would be the world's largest blue hydrogen/ammonia production facility at Baytown in Texas in partnership with Adnoc's XRG subsidiary (MEES, 7 February). Here, Exxon "is working toward a final investment decision in 2025 with the potential to start operations in 2029," the firm says, though go-ahead will require clarity from the Trump administration on subsidies (MEES, 29 November 2024).

By focusing on these "advantaged opportunities" Exxon says it will return more cash to shareholders – despite the planned higher overall spend, Exxon says its "reinvestment rate" will fall from 50% to 40% by 2030. Exxon envisages a $20bn rise in earnings including a $9bn increase from the upstream over the same period based on $65/B Brent and $3/mn BTU Henry Hub gas.

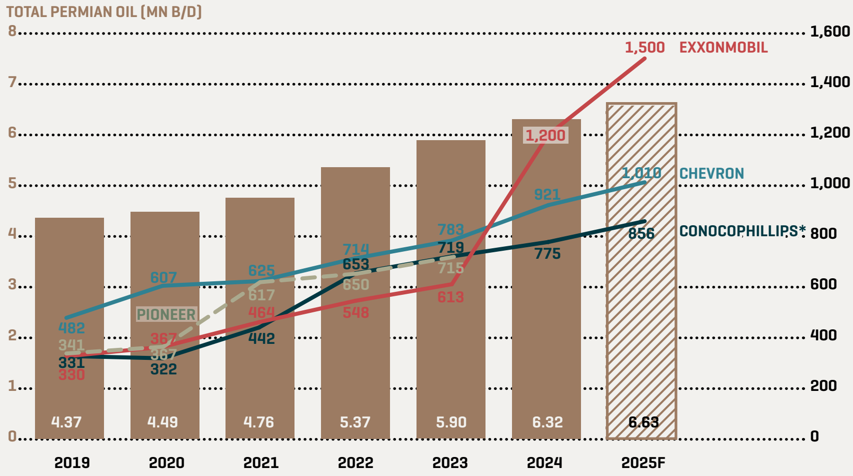
## CHEVRON: 'PEAK PERMIAN'

In contrast to Exxon, Chevron's capex, including that of 'equity affiliates' fell from 2023's four-year high $19.4bn to $18.9bn for 2024.

And the differing trajectories for 2024 are set to widen into a gulf this year. Whilst Exxon is guiding a further rise, Chevron is guiding a fall to $16.9bn with the firm saying that capital investment in its core Permian asset has now peaked.

Chevron's Permian output was up 18% at a record 921,000 boe/d for 2024 thanks to a full year of output from PDC Energy, the takeover of which completed in August 2023 (MEES, 26 May 2023). Q4 saw record quarterly output

**2: TOP PERMIAN BASIN PRODUCER ('000 BOE/D): EXXON SURGES AHEAD WITH MAY 2024 COMPLETION OF PIONEER RESOURCES TAKEOVER**




*CONCHO RESOURCES TO 2020. 2025F = EIA FORECASTS (FEB25 STEO) FOR OVERALL OUTPUT, BY-COMPANY FIGURES INFERRED FROM COMPANY STATEMENTS. SOURCE: COMPANIES, EIA, MEES.

of 992,000 boe/d, with CEO Mike Wirth telling his firm's 31 January earnings call that Chevron's Permian production topped 1mn boe/d for December.

However, in contrast to Exxon, Chevron has no plans for significant further growth – though the firm is guiding 9-10% growth for 2025 as a whole, this implies an annual average of just over 1mn boe/d, essentially flat with December.

"We've now passed our peak investments, and we've started to bring capital investment down... We're headed towards a lower rate of growth. At some point, you can't grow a position like this infinitely. That was the criticism of the industry last decade, companies only focused on growing, and they never focused on generating free cash flow and returning [cash] to shareholders. That's always been our plan to do just that. We'll have an asset that will produce something over one million [oil equivalent] barrels a day for many years into the future. As we can maintain that with a lower rate of capital investment than we've required to get to where we are, that really opens up the free cash flow off of that asset. We are very pleased with that," Mr Wirth says.

## CONOCO: 2025 CAPEX PEAK

The number three US producer ConocoPhillips is treading something of a middle path between the big two. Capex rose from $11.25bn for 2023 to a 10-year high $12.1bn for 2024 (for all of the majors, including Exxon, spending remains substantially below decade-ago levels), and Conoco is guiding a further rise to $12.9bn for 2025. However, the firm's management was keen to stress on the firm's 6 February earnings call that this capex surge is temporary and related to the $22.5bn purchase of Marathon Oil which closed on 22 November (MEES, 7 June 2024).

Indeed, Conoco's management frames the firm's planned $12.9bn 2025 capex spend as a substantial reduction versus the $13.7bn 2024 figure for the two companies combined. Andy O'Brien, Senior VP for Strategy, Commercial, Sustainability & Technology says 2025 will mark the high-water mark for capex.

The planned 2025 figure "includes $3bn of long-cycle project spend... 2025 is expected to be the peak spend as we undertake the biggest winter construction season in Willow [Alaska]. If you look past 2025, we are going to see the major project spend step down each year. At the same time, we'll start to see the projects coming online delivering on our expected cash flow and free cash flow improvements. And the first one of those will be [Qatar's] NFE in 2026," he says.

Whilst the Marathon Oil purchase added a relatively modest 55,000 boe/d of Permian output – still enough to boost Conoco to records of 775,000 boe/d and 833,000 boe/d for 2024 and Q4 respectively – in the US number two and three shale basins the purchase transforms Conoco's position into a leading one. In the Bakken, adding in Marathon's 112,000 boe/d output (9M 2024) implies 215,000 boe/d for the combined company, just ahead of privately-held Continental Resources as the basin's top producer. For Eagle Ford, where Marathon produced a record 166,000 boe/d for Q3, the two firms' combined output of around 410,000 boe/d is now way ahead of the basin's number two producer EOG Resources (around 250,000 boe/d). Already tor Q4, that is to say including around 40 days of Marathon output, Conoco posted record quarterly figures of 151,000 boe/d for the Bakken and 296,000 boe/d for the Eagle Ford in addition to the Permian record.

## BP: 'NOT BUSINESS AS USUAL'

Of the majors, it is BP's manage-

Continued on – p11

Continued from – p10

ment that is under the strongest investor pressure, with 2024 profits not only substantially lower than those of US peers Exxon and Chevron, but those of Shell and Total too.

Indeed it is in the face of potential rumors that BP could become a takeover target – perhaps by Shell – or else perhaps pressured into massive divestment by activist investor Elliott Investment, that BP held its Q4 earnings call on 11 February.

And the key massage of CEO Murray Auchincloss was.... wait until 26 February when BP is set to hold a Capital Markets Update.

This will see “a new direction for BP, and NOT business as usual,” he says. “We now plan to fundamentally reset our strategy and drive further improvements in performance, all in service of growing cash flow and returns.” He adds that the firm will update 2025 capex guidance – previously given as $16bn with a “mid-term target” of $14-18bn/y – on 26 February.

BP has partially, though not completely or wholly convincingly, reversed course from the ‘all in’ energy transition strategy of former CEO Bernard Looney who departed in September 2023.

Though Mr Auchincloss has sought to present an ‘oil and gas is back’ narrative to US investors in particular (MEES, 17 November 2023) this sits awkwardly with the fact that the firm is guiding a fall in upstream output for 2025.

A key reason for both the expected 2025 fall and that in output for its ‘gas & low carbon energy’ segment (overwhelmingly gas) for 2024 is “base decline in Egypt.” Indeed, with the major adding that the Egypt fall was “partially offset by” higher output elsewhere, the inference is that the fall in BP’s net Egypt output was substantially larger than the 26,000 boe/d (around 150mn cfd of ‘gas equivalent’) fall in the major’s overall gas-unit output. BP has 10% in Egypt’s giant Eni-operated Zohr field, partners the Italian firm on several other producing fields off Egypt’s Nile Delta, and operates the 400mn cfd WND project. All have been in steep decline (MEES, 6 December 2024), though ongoing WND and upcoming Zohr drilling offers some hope of a rebound (see p7).

BP adds that an additional reason that its reported (as opposed to underlying) output was lower year-on-year for Q4 and will be again for the current quarter is due the effective sale of a 49% stake in some of its offshore Egypt assets with the formation of the Arcius Energy JV with XRG, the international energy investment company of UAE state firm Adnoc (51% bp, 49% XRG). This completed 16 December (MEES, 20 December) with XRG investing over $900mn in the new entity.

## KIRKUK: ‘VERY EXCITED’

Whilst BP endeavored to keep the 6 February call short with Q&A to a minimum, as part of his ‘upstream is back’ narrative Mr Auchincloss did expand on BP’s plans for the redevelopment of Iraq’s giant northern Kirkuk field (MEES, 17 January).

Referencing the firm’s “strong track record in... being able to help operators with late-life developments. As water starts to come into developments, as you have to develop tricky reservoirs. We built a very strong reputation... Rumaila [in southern Iraq] is a good example of it,” he adds that the firm is in the “final throes” of negotiations with Iraq for Kirkuk (see p5).

## TOTAL EYES ‘CHALLENGING’ NAMIBIA DEVELOPMENT

For France’s TotalEnergies, a key theme of the firm’s 5 February earnings call was development plans for Venus and potentially other discoveries made in partnership with QatarEnergy (30%) on Block 2913B offshore Namibia (MEES, 15 November 2024).

CEO Patrick Pouyanné says that, despite considerable subsurface challenges, his firm is targeting 1H 2026 FID for Venus development with 150,000 b/d output via an FPSO.

He contrasted the prospects for Venus favorably with those of Shell, which last month wrote off $400mn in past exploration spending on the adjoining Block PEL39 (QatarEnergy 45%) where it made the 2022 Graff discovery and has drilled eight subsequent wells.

“Our friends [Shell] have made some decisions... We share the same partner [QatarEnergy], and we have the data.”

Whilst “there are some challenges,” Venus “has better petrophysical characteristics” than Graff, he says. For Venus, reservoir thickness is 80-120 meters giving 10-20mn barrels of oil per km$^2$ compared “less than five” at Graff.

In addition, whilst “permeability is not very high” at Venus, the figure here is between two and four millidarcies versus “less than one” at Graff (a figure of around 10-15 is typical for oil fields).

He also says that whilst the high gas-to-oil ratio (GOR) is a challenge given that “we don’t flare,” and the remote location in 3,000ms water depth 300km off the coast of a sparsely-populated country makes gas development uneconomic, “our GOR in our license is lower than the neighboring [Shell] one, 500 [cubic feet of gas per barrel of oil] against 700.”

As such, the gas will be reinjected, but this is made complicated by the low permeability figure, reducing prospective output. As such, Total’s latest 150,000 b/d figure for prospective plateau output of very light 45 API oil is lower than previously-indicated figures. However, “it will be a very long plateau and a slow decline,” Mr Pouyanné says.

“So, all that makes the commerciality of this discovery achievable. It is in our hands. We are working on it and that’s why we don’t make any write-offs. On the contrary we want to transform this discovery into production. So probably we are there at the heart of the system in the western part of the Namibia Orange Basin,” he says, adding that Total is “confident” of achieving development costs of $20/boe or below.

Total and QatarEnergy’s latest exploration well on Block 2913B, Tamboti, was a flop “not good... consistent [with Shell’s findings just to the north]... There was an oil pool ... [but] Permeability was low, lower than Venus....and the well did flow but it was limited, so it was basically less good than Venus... It is not commercial so we cannot envisage connecting Tamboti to Venus, the game is over on Tamboti,” Mr Pouyaneé and Total E&P chief Nicolas Terraz say.

However, Mr Pouyanné adds that Total and QatarEnergy’s exploration efforts off both Namibia and across the border in the South African deepwater Atlantic continue.

“It’s not the end... We will drill I think during the second quarter. The rig is on its way to Marula, which is a big prospect south of Venus,” Mr Pouyanné says adding that Total also plans to drill the Olympe prospect, “a different thematic” on the neighboring Block 2912 (QatarEnergy 28.3%) “either the end of 2025 or the beginning of 2026” as part of “a full campaign... continuing in South Africa. We took some positions in the Orange Basin on the South African side where we have two prospects to be drilled. One is called Volstruis and the other one is Nayla... The idea is that in end-2025 and 2026 is to have a rig coming and to drill these three exploration wells,” he adds.

QatarEnergy has 30% of the Deepwater Orange Basin (DWOB) block which contains the Volustrius prospect and 24% of Block 3B/4B which contains Nayla.

Shell for its part says that it hasn’t given up on Namibia despite the write down. “Extracting the discovered resources presents challenges... [but] there remain opportunities. Together with our partners, we are continuing to explore potential commercial pathways to development,” the Anglo-Dutch major says.

As with BP, Shell says it will give an updated 2025 capital spending guidance at its upcoming Capital Markets Day, which in Shell’s case is on 25 March. The firm does say that it “expects” 2025 capex to be “lower than the 2024 [guidance] range,” though as actual 2024 capex of $21.1bn was also below this $22-25 range, this doesn’t give much away. ◆◆

# TRUMP-PUTIN CALL ADDS TO DOWNWARD OIL PRICE PRESSURE

***After last week's tariff threats led to fears of slower economic and oil demand growth, this week saw Trump's apparently friendly call with Vladimir Putin increase speculation that more supply could be incoming, adding to the downwards pressure on oil prices. But analysts caution that even should he want to, President Trump has no easy way to ease sanctions on Russian oil exports.***

US President Donald Trump's phone call with his Russian counterpart Vladimir Putin this week appears to mark a radical reversal of US foreign policy. Following the 12 February call, Mr Trump announced plans for the two leaders to visit each other's countries – with a potential first meeting in Saudi Arabia – and stated that talks on ending the Ukraine conflict would begin immediately.

Whether or not this truly marks the beginning of a movement towards ending the Ukraine conflict, which is just 10 days away from hitting the three-year mark, it signifies that further tightening of US sanctions on Russian energy flows are off the table for the foreseeable future. That's a big change, with the call coming less than a month after Mr Trump threatened on his Truth social media platform to impose new sanctions on Russia if it didn't "STOP this ridiculous War!"

While new sanctions now appear off the table, the previous Biden administration had toughened up the sanctions regime in its final days in office, and those measures remain in force. "Most of the eleventh-hour measures imposed last month by President Biden would require a congressional review before being lifted," notes Helima Croft, RBC Capital Markets Head of Global Commodity Strategy, adding that "We think the outgoing administration did this by design to prevent the Trump administration from lifting the most punitive measures without a deal that would be seen as adequate to Kyiv."

Analysts speaking at an off the record event following the announcement remain confident that these Biden-era sanctions will indeed take Russian barrels off the market, and that even if a ceasefire is achieved this year, a rollback of US sanctions – let alone EU sanctions – is unlikely any time soon. However, Mr Trump's ability to force measures through Congress, where the Republicans have a majority in both houses, shouldn't be dismissed. Nor should the possibility of enforcement being relaxed.

While the prospect of additional sanctions being imposed on Russia has now been diminished, the US is set on squeezing Iran energy flows. Iranian crude exports have stayed resilient at more than 1.5mn b/d in recent weeks. But, with China having cut back on taking delivery, there has been a build in floating storage offshore Malaysia and loadings from Iran may begin to drop significantly in the coming months. US Treasury Secretary Scott Bessant this week said he targets a drop to 100,000 b/d. (MEES, 7 February).

The fresh sanctions on Russia and Iran pushed up global oil prices at the beginning of the year, especially for medium-sour grades from the Middle East as refiners sought extra spot cargoes from the region. The IEA, in its February Oil Market Report (OMR) notes that Dubai's premium to Brent (as per EFS, 'exchange of futures for swaps', trade) rose by $0.46/B to an average of $1.50/B for January.

Prices have since dropped back sharply amid concerns that Mr Trump's tariffs policies risk a global economic slowdown. General Index price assessments show Dubai partials prices peaking at $84.59/B on 17 January, before dropping back to $76.99/B on 13 February following the Trump-Putin phone call.

**IEA SUPPLY & DEMAND FORECASTS, FEBRUARY 2025 (MN B/D)**

SOURCE: IEA, OPEC, MEES.

| | 2023 | 2024 | vs'23 | 2025 | vs'24 | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **World Oil Demand** | **102.03** | **102.89** | *+0.87* | **104.00** | *+1.10* | **101.29** | **102.75** | **103.71** | **103.80** | **102.69** | **103.80** | **104.88** | **104.59** |
| *vs Jan25 report* | *+0.06* | *-0.01* | *-0.07* | *+0.04* | *+0.05* | *-0.15* | *+0.20* | *+0.13* | *-0.21* | *+0.03* | *+0.10* | *+0.16* | *-0.13* |
| Non-Opec Supply | 69.31 | 70.19 | *+0.89* | 71.63 | *+1.43* | 69.39 | 70.26 | 70.52 | 70.60 | 70.34 | 71.43 | 72.14 | 72.57 |
| *vs Jan25 report* | *-0.02* | *-0.03* | *-0.01* | *-0.15* | *-0.12* | *-0.03* | *-0.02* | *-0.02* | *-0.04* | *-0.07* | *-0.30* | *-0.16* | *-0.07* |
| Opec NGLs | 5.52 | 5.58 | *+0.06* | 5.68 | *+0.10* | 5.54 | 5.55 | 5.61 | 5.62 | 5.64 | 5.68 | 5.68 | 5.72 |
| **Call on Opec** | **27.20** | **27.12** | *-0.08* | **26.69** | *-0.43* | **26.37** | **26.95** | **27.57** | **27.58** | **26.71** | **26.69** | **27.06** | **26.31** |
| *vs Dec24 report* | *+0.08* | *+0.02* | *-0.06* | *+0.19* | *+0.17* | *-0.11* | *+0.22* | *+0.16* | *-0.17* | *+0.11* | *+0.40* | *+0.32* | *-0.06* |
| Opec Crude Prod | 27.42 | 27.11 | *-0.31* | *n/a* | *n/a* | 26.92 | 27.22 | 27.08 | 27.23 | *n/a* | *n/a* | *n/a* | *n/a* |
| **Opec vs Call** | **+0.22** | **-0.01** | *-0.23* | *n/a* | *n/a* | **+0.55** | **+0.27** | **-0.50** | **-0.34** | *n/a* | *n/a* | *n/a* | *n/a* |
| **Call on Opec+** | **42.2** | **41.5** | *-0.7* | **41.1** | *-0.4* | **41.0** | **41.4** | **41.9** | **41.7** | **41.0** | **41.1** | **41.6** | **40.8** |
| **World Oil Supply** | **102.25** | **102.89** | *+0.64* | *n/a* | *n/a* | **101.85** | **103.02** | **103.21** | **103.46** | *n/a* | *n/a* | *n/a* | *n/a* |

**OPEC SUPPLY & DEMAND FORECASTS, FEBRUARY 2025 (MN B/D)**

| | 2024 | 2025 | vs'24 | 2026 | vs'25 | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26 | 2Q26 | 3Q26 | 4Q26 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **World Oil Demand** | **103.75** | **105.20** | *+1.45* | **106.63** | *+1.43* | **104.20** | **104.34** | **105.50** | **106.71** | **105.63** | **105.72** | **107.12** | **108.00** |
| *vs Jan25 report* | *+0.00* | *+0.00* | *-0.00* | *+0.00* | *+0.00* | *-0.00* | *+0.00* | *+0.00* | *+0.00* | *-0.00* | *+0.00* | *+0.00* | *+0.00* |
| Non-Opec+ Supply | 53.20 | 54.21 | *+1.01* | 55.21 | *+1.00* | 53.91 | 53.96 | 54.25 | 54.71 | 55.00 | 54.86 | 55.20 | 55.77 |
| *vs Jan25 report* | *+0.03* | *-0.07* | *-0.10* | *-0.17* | *-0.10* | *-0.07* | *-0.07* | *-0.07* | *-0.07* | *-0.17* | *-0.17* | *-0.17* | *-0.17* |
| Opec+ NGLs | 8.31 | 8.39 | *+0.08* | 8.52 | *+0.13* | 8.41 | 8.43 | 8.31 | 8.40 | 8.48 | 8.51 | 8.49 | 8.62 |
| **Call on Opec+** | **42.24** | **42.59** | *+0.36* | **42.89** | *+0.30* | **41.88** | **41.94** | **42.93** | **43.60** | **42.15** | **42.35** | **43.43** | **43.61** |
| *vs Jan25 report* | *-0.04* | *+0.06* | *+0.11* | *+0.17* | *+0.10* | *+0.05* | *+0.07* | *+0.07* | *+0.07* | *+0.17* | *+0.17* | *+0.17* | *+0.17* |
| Opec+ Crude Prod | 40.87 | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* |
| **Opec+ vs Call** | **-1.37** | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* |
| **World Oil Supply** | **102.38** | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* |

## CLOUDY FORECASTS

Charting a course through the increasingly convoluted geopolitical landscape is a challenging affair. As oil brokerage PVM notes, "One of the hazards of being involved in the oil space at present is that getting comfortable in any seat of thinking can be a dangerous thing...Bullish becomes bearish, and contemporary news is measured in hours rather than days, weeks or months."

Opec, too, notes the uncertainties generated by the new US government, stating in its Monthly Oil Market Report that "the new US Administration's trade policy has added more uncertainty into markets, which has the potential to create supply-demand imbalances that are not reflective of market fundamentals, and therefore generate more volatility."

As it stands, Opec+ is scheduled to begin easing its production cuts from April (MEES, 6 December 2024), although heightened market uncertainty could yet force another deferral. The volumes to be returned each month are modest, starting at just 138,000 b/d for April, and so the group can begin the process of unwinding before pausing if the market appears oversupplied.

There remains huge variance between the IEA and Opec market forecasts for the year ahead. Where the IEA sees strong non-Opec supply growth of 1.43mn b/d outstripping still-robust global demand growth of 1.10mn b/d, Opec sees demand growth of 1.45mn b/d well ahead of non-Opec+ supply growth of 1.01mn b/d (see tables).

As such, the IEA's figures point to an oversupplied market even if Opec keeps production cuts in place, whilst the Opec numbers point to ample space for production increases.

Global supply growth over the past two years has been driven by US gains, and the same is expected to hold true this year. The IEA notes that supply and demand matched each other last year, but that a closer look "reveals a more nuanced picture. Crude oil markets were undersupplied last year, as crude oil and condensate production declined by 120,000 b/d y-o-y (while natural gas liquids and biofuels production increased by 570,000 b/d and 200,000 b/d, respectively)."

This aligns with US production trends, where last year's crude and condensate gains of 277,000 b/d were outpaced by NGLs growth of 424,000 b/d (MEES, 7 February). With an already undersupplied crude market facing up to losing Iranian and Russian barrels, there may be more scope for Opec+ to bring back production than broader supply/demand balances suggest. ◆◆

# Sudan Eyes New ‘Wartime’ Government As Army Nears Khartoum Recapture

*As the Sudanese army nears the complete recapture of the capital Khartoum, the military commander plans a new government to lead the war-torn country.*

Nearly two years into a civil war that has torn through Sudan and created one of the world’s largest humanitarian crises (MEES, 12 April 2024), the Sudanese army is seeking a new government to lead the country after the recapture of Khartoum, which appears imminent.

The Sudanese Armed Forces (SAF) lost control of Khartoum to the rival paramilitary Rapid Support Forces (RSF) early on in the conflict (MEES, 22 December 2023), but a series of successful advances have seen the army regain control of key strategic sites and most of Khartoum in recent weeks.

Having the advantage of an air force, as well as allied militias, the army is now closing in on the remaining RSF strongholds in Khartoum, saying that recapturing the whole of the capital would be their most significant victory in the past two years of war.

Once Khartoum is retaken, the RSF will likely retreat west towards the Darfur region, where it has a stronger presence.

## ‘WARTIME GOVERNMENT’

On 8 February, SAF commander Abdel Fattah al-Burhan held talks with political and civil groups in Port Sudan, which has served as the de-facto capital of the country since last year (MEES, 2 August 2024).

With most of Khartoum back under control, the military commander is now eying a “roadmap” for the post-war transitional period.

“The coming period will see the formation of a government to complete the transition,” Mr Burhan told the army-aligned attendees, according to a SAF statement.

“We can call it a caretaker government, or a wartime government, one that will help the state complete the remaining military objectives, namely to cleanse all of Sudan of these rebels,” he adds.

According to Mr Burhan’s plan, a “comprehensive dialogue” with Sudanese political and civil forces will be followed by a “constitutional document,” after which a prime minister will be appointed to carry out his duties “without any interference.”

The military commander insisted there would be no negotiations with the RSF, demanding its fighters give up their arms and leave civilian homes that they currently occupy. He also ruled out a ceasefire during the upcoming holy month of Ramadan (28 February-30March) as long as the RSF remains in the city.

Numerous international and regional mediation attempts over the past two years have failed to implement a lasting ceasefire or persuade the political rivals to agree on reconciliation terms (MEES, 12 July 2024).

Today, there is little hope that Mr Burhan’s plan will be any different, with observers concerned that it will only include groups aligned with the military.

## ARMY RETAKES REFINERY

Among the army’s key strategic wins in recent weeks was the recapture of the 100,000 b/d al-Jaili refinery north of Khartoum, which was largely-destroyed by the intense fighting that has left much of the country’s infrastructure badly damaged (MEES, 24 May 2024).

Al-Jaili was the country’s only commercial-scale refinery, a joint venture of the Sudanese Petroleum Corporation and China’s CNPC (10%).

On 4 February, just after the army recaptured the key site, the oil minister in the SAF-led government visited the facility to assess the damage and discuss “reconstruction” with the refinery staff.

According to the refinery director, the destruction of the facility – which was under RSF control for most of the war – was “systematic” and will “require a lot [of work] to return to its original state.”

The ministry says CNPC is “willing to inspect and reconstruct the refinery,” based on discussions between the minister and company officials during a visit to China in November. However neither Chinese state media nor CNPC have reported any meetings, much less any pledge to fund reconstruction.

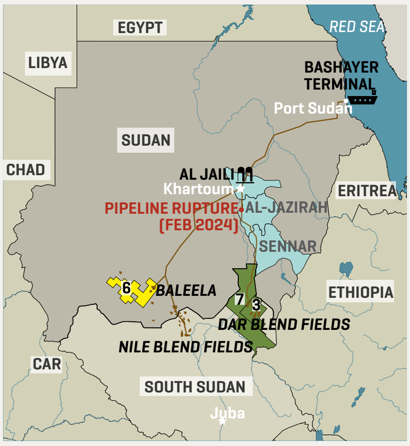
Photos published by the ministry, as well as satellite images, show the core facilities at the refinery completely destroyed: reconstruction may be economically unviable.

## DAR FLOWS TO RESUME?

Meanwhile, South Sudan may have finally resumed flows of its Dar Blend crude to Port Sudan. This would follow a one-year hiatus that has cost both countries hundreds of millions of dollars in revenue and transit fees (MEES, 24 January).

**SUDAN & SOUTH SUDAN: OIL FIELDS & INFRASTRUCTURE**

OIL FIELD/PIPELINE · OIL TERMINAL · REFINERY




Shipments from South Sudan’s Dar Blend oilfields came to a complete halt in February last year following a “major rupture” south of Khartoum in the pipeline linking the landlocked country’s oilfields on Blocks 3 & 7 with Sudan’s Bashayer-2 Marine Terminal at Port Sudan on the Red Sea (see map).

Sudan’s SAF-led government at the time declared force majeure, blaming rival forces for hindering access to the area, which led to a “gelling incident” that caused a blockage and eventually the pipeline rupture (MEES, 22 March 2024).

Maintenance operations have been hindered by the raging conflict in Sudan, with most of the fighting in recent months concentrated in Khartoum, Sennar, and al-Jazirah states, through which the Dar pipeline passes.

But with force majeure finally lifted last month, Juba now hopes to ramp up output to pre-outage levels over the next six months, though it remains to be seen whether this will materialize.

This week, the Dar Petroleum Operating Company – operated by China’s CNPC and Sinopec, along with Sudan’s Nile Petroleum Corporation – resumed oil production operations from four wells tied to the pipeline, Bloomberg reported, citing people with knowledge of the matter.

Data intelligence firm Kpler indicates that Chinese state firm Sinopec is set to load a 800,000 b/d cargo at Port Sudan’s Bashayer terminal on 19 February. ◆◆

# Baghdad Scrambles To Keep US Sanctions Waivers On Iran Electricity Imports

*Trump's 'maximum pressure' on Iran is targeting 'waivers' that have enabled Iraq to continue importing electricity from its eastern neighbor. More critical gas imports are safe for now. But Iran's own domestic problems make these increasingly unreliable.*

Iraq is feeling the squeeze from US President Donald Trump's 'maximum pressure' policy on Iran, with the president's recent memorandum (MEES, 7 February) already threatening the waivers Baghdad requires to import Iranian electricity. With the most recent 120-day waiver having been approved on 7 November, the US State and Treasury departments are now mulling whether to cancel that waiver outright or let it expire in early March. Under the waivers, the US grants Iraq a 'national security' exemption to financial sanctions on Iran to enable it to pay for power imports.

Iraq is heavily dependent on imports of both electricity and natural gas from Iran: together they contribute up to 40% of the country's maximum available power supply during the peak summer demand months. In contrast to the precarious 120-day waiver regime governing power imports, those for gas are on a firmer footing given that the 2012 US Iran Freedom and Counter-Proliferation Act (IFCA) inherently grants Iraq a "significant reduction exception" to pay for imports of Iranian gas via deposits made in an Iraqi bank account. The waiver allows electricity dues to be similarly deposited in an escrow account in Iraq (MEES, 21 July 2023). But US banking restrictions prevent direct transfers to Iran in either case, prompting the latter to regularly cut supplies to Iraq to force payment as dues mount (MEES, 16 June 2023).

Mr Trump's 4 February National Security Presidential Memorandum (NSPM) called for the "modification or rescission" of general licenses that typically allow exemptions for dealing with Iran. And specifically for Iraq, it called for "immediate steps" to prevent the use of the Iraqi financial system for "sanctions evasion or circumvention."

NSPMs are technically considered as equivalent to executive orders, although MEES understands that the 4 February Iran 'NSPM-2' provides "policy direction and guidance" but not direct orders to government agencies.

The gas exemption for now looks more secure given that cancelling it would require the US Congress amend the IFCA legislation, which would likely be a complex and time-consuming process. However, the electricity waivers are a low-hanging fruit for Washington to target.

Looking at the bigger picture, Mr Trump's policy is focused on throttling Iranian oil exports, with those of gas and electricity a much smaller priority. However, the flows are politically important, helping Iran to maintain considerable influence in Baghdad, which successive US administrations have sought to curtail.

For Iraq the biggest threat to reliable supplies of Iranian gas comes not from US political pressure, but from Iran's own growing demand. Supplies of both gas and electricity have become increasingly unreliable in recent years as high demand in Iran during both summer and winter have resulted in periodic curtailments.

Iraq has been suffering blackouts since November after Iranian gas and electricity were nearly halted amidst a winter energy crisis in Iran (MEES, 24 January). Iraqi officials estimate they lost 6GW of supply this winter due to Iranian gas cuts, and their plan to provide 27-28GW of peak supply in summer rests on Iran delivering contracted supplies in full (MEES, 24 January).

While the electricity waiver has yet to be officially rescinded, Iraqi media reports have mistakenly inferred that the NSPM also covers the IFCA exception permitting gas imports.

Indeed, Iraqi PM Mohammed al-Sudani has added to the confusion by seemingly making the same error. When asked of the impact of Mr Trump's Iran sanctions, he told Asharq Business on 7 February that the "impact will be on Iranian gas utilized by our electricity plants."

Mixing up the electricity waivers with the gas-exceptions, the PM says that previous administrations had given these exemptions to allow Iraq time to diversify its energy imports and build projects to capture its own flared gas. On the latter, there has been progress with Iraq's gas capture rising to more than 60% last year, although the pace of new projects is set to slow going forward (MEES, 20 December 2024).

Iraqi officials have set 2028 as their new target year to reach zero flaring, and Mr Sudani says that by then his country will cease Iranian gas imports. He gave a less ambitious target of 2030 when vising Washington last April (MEES, 19 April 2024). Iraqi officials had set many deadlines in the past to stop flaring and reduce imports from Iran, but rampant demand growth continues to undermine efforts to achieve this.

Mr Sudani pleads to "our friends in the US to understand our plans and allow us to continue using Iranian gas until our projects are completed." MEES also understands that the PM is to dispatch his advisors to Washington to discuss the waivers issue, with the US side likely to push for American firms to take up contracts to modernize Iraq's grid, with a focus on reducing transmission and distribution losses which amount to 40-50% of final supply.

## NO IRAN POWER: CAN IRAQ COPE?

Whether or not the current electricity waiver is cancelled, Mr Sudani's advisors have "very little chance" of convincing the Americans to permit another extension once it expires early next month says one informed source. The question will then be whether Iraq is able to live without Iranian electricity imports this summer.

Iraq imports power from Iran through four interconnectors, which provide up to 1.2GW. The 132 kV Khaniqin-Serpel-o-Zahab and 400kV Diyala-Mersad links serve northern parts of the country, while the 400kV Khor-al-Zubair-Khorramshahr and 400kV Amara-Karkheh serve the south. But these lines have never reached full capacity as Tehran prioritizes electricity provision on its side of the border.

The highest figure for annual imports was an average of 930MW in 2012, with average flows dwindling from 2020's 848MW to just 358MW in 2023 according to the latest Ministry of Electricity figures (see chart 1). Flows may well have dropped even further last year amid frequent interruptions. To compensate for these outages Baghdad has in recent years increased 'imports' of electricity to the rest of Iraq from the semi-autonomous Kurdistan Region, with volumes primarily supplying the northern provinces of Kirkuk and Nineveh. Flows from Kurdistan overtook those from Iran in 2023 (see chart 2).

Continued on – p15

Continued from – p14

More than 70% of gas used by Kurdish power plants is sourced from the 500mn cfd Khor Mor gas field in Sulaymaniyah province. Mr Sudani was keen to highlight plans to contract 100mn cfd from Khor Mor to power the nearby 620MW Kirkuk power plant. Khor Mor is increasingly pivotal for Federal Iraq's energy security and work is underway to add 250mn cfd capacity to the field. Last week it was once again targeted by a drone strike linked to Iran-backed Shia militias though operations were not impacted (MEES, 7 February).

Baghdad could opt to increase power imports from Kurdistan this summer, as it did last summer (MEES, 28 June 2024), but scaling up imports will be capped by the region's own demand surge during the hot season and limited capacity. Kurdistan is facing a winter electricity crisis of its own. Its 3.7GW of installed capacity has been generating 3.5GW of supply, but this was far outstripped by peak demand of 7.5GW according to a January statement by the region's electricity ministry.

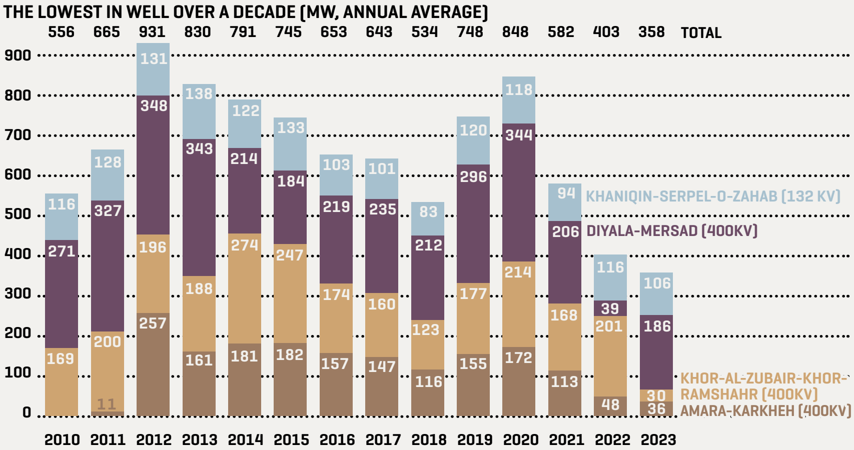
With demand increasing both in winter and summer, 2024 electricity provision in Kurdistan averaged only 13 hours/day. Plans are to add 500MW of gas-fired capacity in Halabja province's Khurmal district by end March in the hope of increasing provision this summer.

However, any hope of significantly-increased power flows from Kurdistan to the rest of Iraq rest on the region serving as a transit hub for Turkish electricity supplies. Last July, Iraq began importing Turkish power through a 300MW-capacity 400kV line that links Turkey's Cizre to Iraq's Mosul via Kurdistan's Dohuk province (MEES, 26 July 2024).

Kurdish conglomerate Kar was contracted last year as an intermediary for the imports, and the Federal electricity ministry previously said that capacity could increase to 500MW. Iraq's other interconnection with Turkey, the 132kV Silopi-Zakho line, has been offline since at least 2021, with no notable imports since 2010's 146MW. Higher Turkish flows this summer could make up for a portion of Iranian imports during the peak season, but the condition of the grid in northern provinces remains questionable given substantial damage to the region's infrastructure when under ISIS control in 2014-16 .

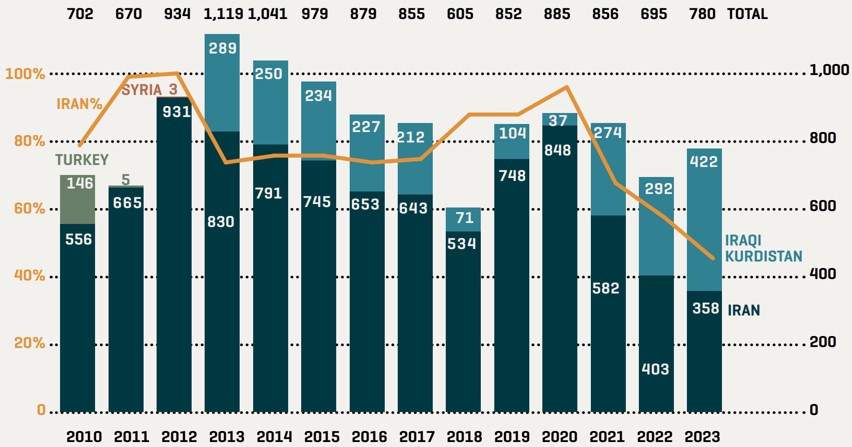
Mr Sudani also highlights Iraq's plans to import electricity via the GCC's common interconnector and Jordan this summer. Having missed its earlier end-2024 target, the GCC Interconnection Authority targets commissioning its new 2.5GW Wafra (Z) substation in Kuwait this quarter, with Iraq set to import 500MW through a line to Basra. Longer term, the plan is for these flows to exceed 900MW, but Kuwait's own rising demand and increasing dependence on the common interconnector may squeeze amounts available to Iraq (see p18).

1: IRAQ'S IMPORTS OF ELECTRICITY FROM IRAN SLUMPED TO JUST 358MW FOR 2023, THE LOWEST IN WELL OVER A DECADE (MW, ANNUAL AVERAGE)




SOURCE: IRAQ MINISTRY OF ELECTRICITY, MEES.

2...WITH BAGHDAD TURNING TO KURDISH SUPPLIES TO COMPENSATE, IRAN'S SHARE OF 'IMPORTS'* HAS FALLEN FROM 95% IN 2020 TO LESS THAN HALF FOR 2023 (MW, ANNUAL AVERAGE)




*'IMPORTS' TO FEDERAL IRAQ. SOURCE: IRAQ MINISTRY OF ELECTRICITY, MEES.

Power provision in Iraq's southern Basra province has already improved in recent years thanks to grid upgrades funded by the local government and the ready availability of local gas feedstock from nearby oilfields to power plants. Bringing this power north is the bigger obstacle for Iraq.

## DANCING TO TRUMP'S TUNE?

As for Iraqi imports of power from Jordan, modest flows of 50MW began in mid-2023, and even at 150MW full first phase capacity will only feed the western Anbar province (MEES, 2 June 2023). MEES understands that GE Vernova will soon be awarded another contract for the second phase which is intended to boost capacity to 500MW with a third phase ultimately taking cross border imports to 900MW (MEES, 28 October 2022). Like other interconnection projects intended to diversify away from Iranian electricity imports, the link has faced years of delay.

Mr Sudani's advisors will be keen to highlight the role of a US stalwart like GE in Iraq's power sector whilst flagging up the opportunities for other American companies. Earlier this month, the US firm completed upgrades at multiple gas-fired plants in the country, with maintenance at 46 gas turbines set to firm up 500MW of capacity by summer 2025. This follows the addition of five new substations in November, with further work potentially seeing 250MW unlocked from existing turbines and another four new substations added.

In January, Iraq's electricity ministry also signed an MoU with Florida-based Stellar Energy to build 130 new substations, with the estimated $2bn cost covered by financing from the US government's Export-Import (EXIM) Bank.

The Iraqis may perhaps pitch to Mr Trump's American 'energy dominance' agenda by highlighting their plans to build a fixed LNG import platform in Basra's Fao port (MEES, 26 January 2024) and the possibility of importing US LNG. In December, the country's cabinet approved a $46mn consulting contract between US firm KBR and the planning ministry "to manage organizational and contractual aspects" of the project.

Any LNG imports would no doubt be much pricier than Iraq's current pipeline imports of Iranian gas. Indeed, an energy advisor to Mr Sudani previously told MEES that the LNG plans were primarily drawn up as a "negotiations tactic with the Iranians." That said, given rising calls to sanction Iraqi state organizations by many Republican congressmen, the expensive and impractical proposal may gain some traction.

# Oman's Duqm Refinery Sees Feedstock Flexibility As The Route To Riches

*One year since its official inauguration, capacity at the joint OQ-KPC Duqm refinery has been boosted by 10% to 255,000 b/d. Operator OQ8 is now looking to increase the flexibility of its crude slate to take advantage of market arbitrages.*

This week marks the one-year anniversary since the Sultan of Oman and Emir of Kuwait travelled to Duqm to royally inaugurate the Duqm refinery (MEES, 9 February 2024). The $9bn greenfield project is run by OQ8, a joint venture between state firms Kuwait Petroleum International (KPI) and OQ who are both shareholders, suppliers, and offtakers for the refinery.

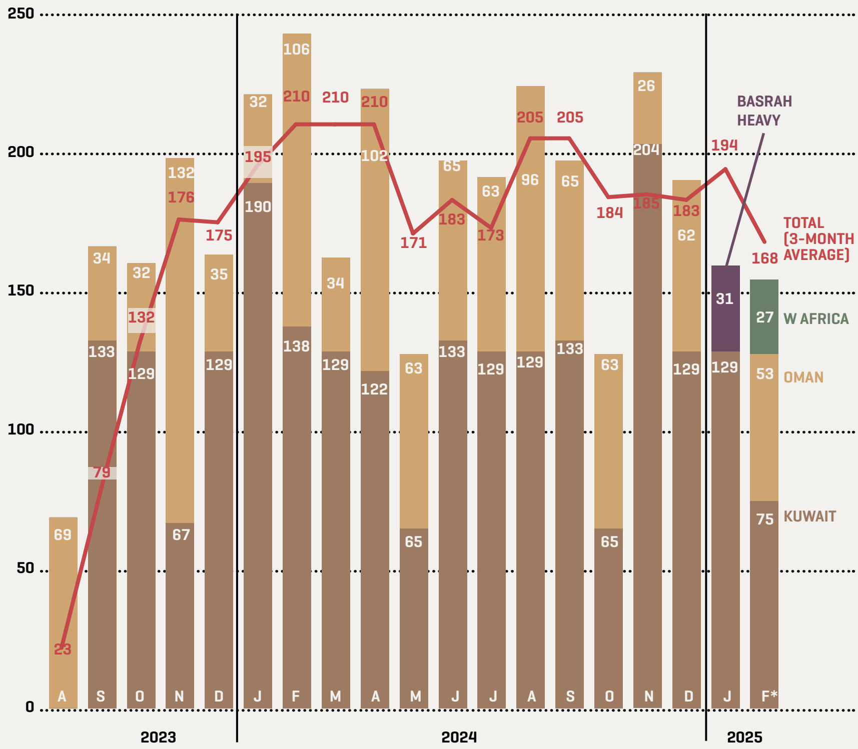
With a year of operation under its belt, OQ8 has passed a 'lender reliability test' set by owners OQ and KPI and is on the cusp of securing its financial independence. Now it's looking to make use of the autonomy it has from its shareholders as a merchant refinery.

OQ8 CEO David Bird tells MEES that he sees the refinery going through three phases: launch, ascend, and cruise. Launch came with the start-up of the refinery across 2023 (MEES, 15 September 2023) and was capped by the official inauguration last year. Now, Mr Bird says "we are firmly in ascend."

What this means for the refinery is that it is focused on two paths for its "ascension," increasing capacity and achieving greater feedstock flexibility.

For the first, OQ8 has managed to increase the plant's effective crude throughput capacity from the original 230,000 b/d to 255,000 b/d. Now it is turning its attention to feedstock management. The company's plan is to utilize its independence and trading-led character to broaden its crude slate, although Kuwaiti and Omani crude will remain its primary baseload.

1: DUQM REFINERY HAS IMPORTED ROUGHLY 200,000 B/D OF CRUDE SINCE ITS 2023 STARTUP ('000 B/D)




*TO 12 FEB. SOURCE: KPLER, MEES.

**OMAN'S DUQM REFINERY: REFINED PRODUCTS IMPORTS**

| Vessel | '000 barrels | Product | Import Date | Origin |
|---|---|---|---|---|
| Fossil | 450 | Fuel Oil | 13 Feb 2025 | Kuwait |
| Ashley Lady | 76 | Naphtha | 8 Jan 2025 | Kuwait |
| Kerala | 97 | VGO | 5 Jan 2025 | India |
| Kerala | 97 | Fuel Oil | 5 Jan 2025 | Thailand |
| Clean Sanctuary | 300 | Fuel Oil | 28 Nov 2024 | UAE |
| Pacific Sky | 708 | Fuel Oil | 22 Sep 2024 | Oman |

SOURCE: KPLER, MEES.

## FEEDSTOCK FLEXIBILITY

Since August 2023 OQ8 has regularly imported around 200,000 b/d of crude via the nearby Ras Markaz terminal (see chart 1). Until last month, this was solely supplied with oil from its two shareholders in Kuwait (130,000 b/d) and Oman (65,000 b/d, all of which arrives by seaborne tanker).

OQ8's plan is to develop a supply strategy that balances these crudes from its shareholders with a combination of term contracts with third parties, short duration tenders, and spot purchases from anywhere in the world whenever opportunities emerge. In order to prepare for this, OQ8 needs to test different crude grades to assess the economics.

On 18 January OQ8 imported a 960,000-barrel cargo of Iraqi Basrah Heavy at Ras Markaz and on 5 February another 710,000-barrel cargo of unspecified crude from Fujairah, according to data intelligence firm Kpler. According to Mr Bird the latter is of West African origin; the only such crude delivered to Fujairah in recent months is Cameroon's heavy (21° API), acidic (TAN 5.2mg KOH/g) Doba Blend.

"Over time we just want to grow that crude acceptance matrix to continue to ensure we can seize the opportunity to process more and more of those third party crudes when the economics makes sense: it's all economics driven," Mr Bird told MEES in the 10 February interview.

Another form of flexibility comes from OQ8's ability to directly import and

Continued on – p17

Continued from – p16

run residual products. "A lot of flexibility has been built in," Mr Bird says, "we're not just a single train refinery anymore. So when we did have to make an intervention on one of our units we were able to do work arounds both technically — physical workarounds and bypasses — but also commercially and logistically bring in those feedstocks so we could keep the other units online." This greatly boosts the resilience of the refinery.

Kpler shows that OQ8 imported a 100,000-barrel cargo of vacuum gasoil (VGO) from India's Vadinar Refinery on 5 January. OQ8 has also received multiple cargoes of fuel oil, which the plant's 52,000 b/d delayed coker unit can upgrade into transport fuels. This includes a 450,000 barrel HSFO cargo from Kuwait, according to Kpler.

Achieving greater feedstock flexibility confers "huge" economic advantages, he adds. "We truly value our shareholder crudes, but there is opportunity to blend those with advantaged feedstocks where the economics makes sense, and we've certainly seen that in the residues and VGOs that we've processed and also some of the heavier crudes that we've processed in blend ratios."

## 'UNSEASONABLE TIGHT MARGINS'

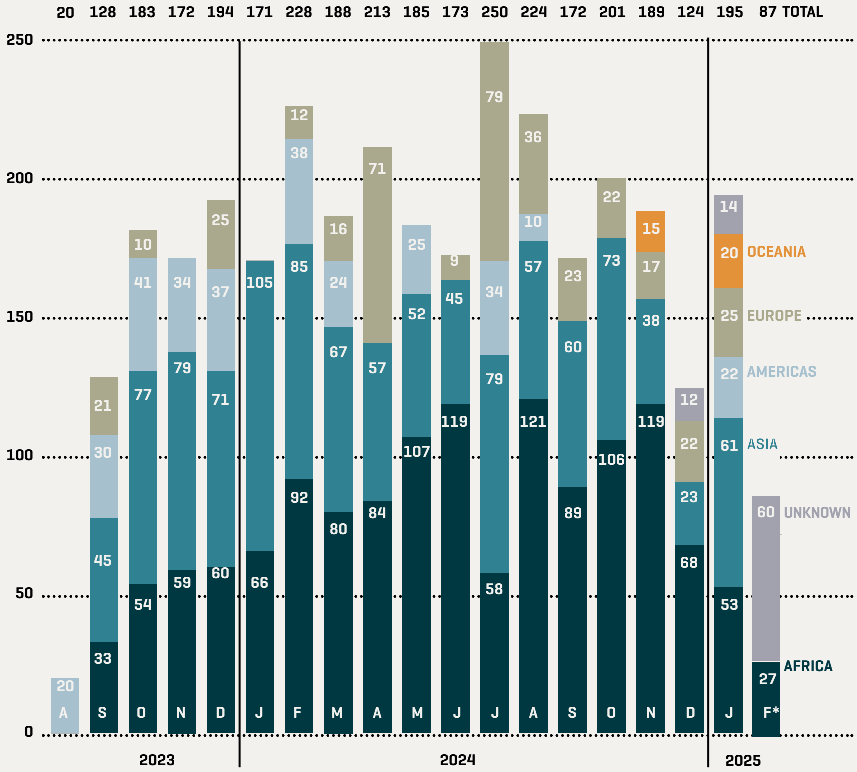
While market fundamentals for crude at the end of last year pointed to an oversupplied market in 2025, markets have since faced heightened geopolitical uncertainty (MEES, 17 January). As one of its last acts, the outgoing US administration of Joe Biden in December announced sweeping sanctions against tankers and companies involved in shipping Iranian oil followed by 10 January sanctions against the 'shadow fleet' carrying Russian oil.

Ratcheting up pressure on Iran, newly-inaugurated president Trump announced a new campaign of "maximum pressure" against Iran to drive its "export of oil to zero" (MEES, 7 February). All of this, coupled with existing Opec+ cuts, is rerouting or reducing the availability of medium and heavier barrels that Duqm refinery is designed to run, resulting in pricier feedstock.

"Right now, there is an unseasonable tightening of margins because of this sanction on crude vessels," Mr Bird admits, adding that "that's a bit of a blip — the market will correct."

This is an outlook shared by Neil Crosby, associate Vice President of Oil Analytics at Sparta Commodities. Whilst the market for medium-sour crudes is "reasonably tight" he thinks the premium attached to "angst and risk over sanctions," is overblown. "All else equal the medium sour market cools over the next weeks. It will take a

2: AFRICA HAS BEEN A KEY MARKET FOR DUQM'S REFINED PRODUCT EXPORTS ('000 B/D)




*TO 12 FEB. SOURCE: KPLER, MEES.

very concerted effort to get Russian and Iranian barrels off the market," he adds.

Whether sanctions end up fundamentally disrupting crude markets or not, OQ8's reliance on its partners' crude in addition to its flexibility to snap up third-party bargains puts it in a secure position. A Dubai-based trading source tells MEES that OQ8 "look like they're doing better than the most, with higher gross refining margins making [OQ8] better money than their peers."

Despite the market uncertainty, Mr Bird says that he has been pleasantly surprised by the breadth of markets into which Duqm has been able to sell products (see chart 2). "Originally, we envisaged that we would be binary 'Singapore' [east/southeast Asia] or Europe, but actually we're seeing that a significant portion, particularly diesel, is ending in East Africa. A portion of our products are staying right here in the region, with jet going to the UAE for example, and a significant portion going to India." Duqm's location always made it well placed to supply multiple markets, and so it is proving (MEES, 31 August 2018).

## PETCHEM EXPANSION AWAITS APPROVAL

Looking further down the line at another potential money-maker, OQ8 is still eying integrating petrochemical facilities with the refinery. These would further process OQ8's naphtha and LPG output to produce polyethylene, ethylene glycol and polypropylene. Mr Bird last year told MEES that Saudi petrochemicals giant Sabic completed

> We just want to grow that crude acceptance matrix to... seize the opportunity to process more and more of those third party crudes when the economics makes sense: it's all economics driven.
>
> *- David Bird, OQ8 CEO*

a feasibility study for the project last March and that this was under consideration by OQ8's owners OQ and KPC.

But they apparently didn't like the look of Sabic's plans. The petchems proposals have since gone through "full recycle... through feasibility again," Mr Bird now says.

The new feasibility study may be related to requests KPC had for the project. In the company's 2024 annual report the firm requested OQ to provide an "incentives package that will improve the project's economics" specifically mentioning feedstock pricing and land rent. Regardless, the final decision rests with the three stakeholders and Mr Bird is optimistic about the project's prospects: "I think all three are obviously keen to see the project proceed...We're very keen to see that next phase of the OQ8 evolution."

# Kuwait's Power Generation Unable To Keep Up With Demand

*Kuwait burned more gas in its power plants than ever before last year, with oil burn also rebounding, but still suffered summer blackouts. With generating capacity the key bottleneck, not feedstock, electricity imports will rise again in 2025, and building new capacity is increasingly vital.*

Kuwait pushed its power system as hard as it could last year, but even after importing record amounts of electricity through the GCCIA interconnection, the summer was blighted by power cuts. Peak demand increased by more than 4% for the second consecutive year, yet with available capacity stretched, total generation was up by a much more incremental 1.4% to 89.5TWh (see charts 1 & 2).

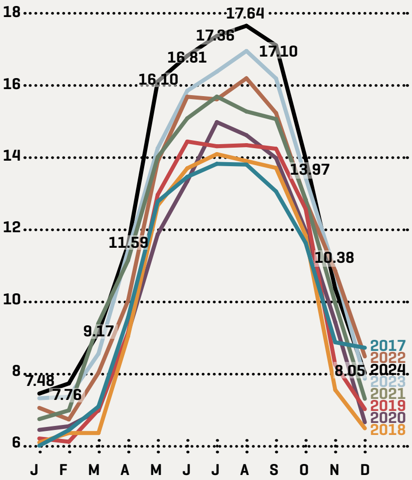
Indeed, with Kuwait's power sector overstretched, the government reduced supplies to industrial facilities in August, while a gas plant outage forced the temporary shutdown of units at the 6.9GW Sabiya and 2.4GW Doha West complexes (MEES, 23 August 2024). Total generation of 30.22TWh during the Q3 peak demand season actually fell by 1.6% year-on-year.

Demand peaked at 17.64GW in August last year, and although installed generation capacity is higher at 19.38GW, available capacity that month was just 17.68GW.

Domestic generation was supplemented by record net annual imports of 1.71TWh through the GCCIA interconnection, with Kuwait flipping from being a net exporter in previous years. Net imports peaked at 515GWh in August (see chart 3), which equated to an average of 691MW, and for this summer the plan is for imports to increase further to 1GW and then to 1.5GW during summer 2026.

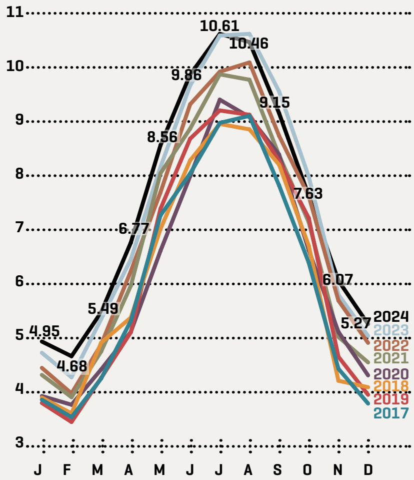
The plan to step up GCCIA imports this year and next is a recognition of two key facts; firstly, there will be no substantial increase in power generation capacity before summer 2026, with a 250MW bump from the stage-2 CCGT conversion of Sabiya the most likely near-term source of gains. Secondly, demand growth will continue to increase steadily given the highly-subsidized cost of electricity in Kuwait and the absence of any serious plans to address this.

**1: KUWAIT'S PEAK POWER DEMAND SET A NEW RECORD IN AUGUST (GW)...**



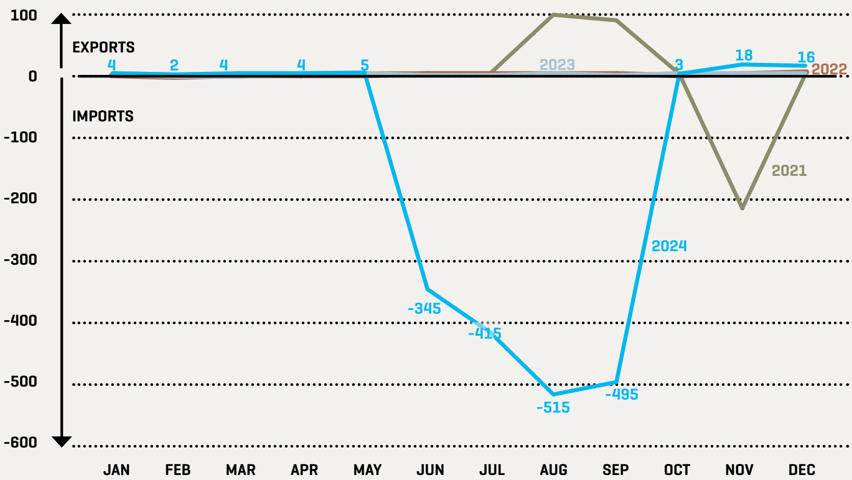

*REACHED ON 27 AUG AT 2PM. SOURCE: MEW, MEES.

**2: ...BUT TOTAL GENERATION FOR SUMMER 2024 WAS DOWN YEAR-ON-YEAR (TWH)**




SOURCE: MEW, MEES.

**3: KUWAIT'S NET POWER FLOWS VIA GCCIA INTERCONNECTION (GWH): HAVING PREVIOUSLY BEEN A MODEST NET EXPORTER, IMPORTS SURGED TO RECORD LEVELS LAST SUMMER IN ORDER TO MEET DEMAND**




SOURCE: MEW, MEES.

## INCREASED GAS AVAILABILITY BOOSTS EFFICIENCY

Kuwaiti power plants received record volumes of natural gas last year, with volumes increasing from 1.4bn cfd to 1.45bn cfd (see chart 4). This was in large part enabled by a 5% increase in domestic gas production to approximately 1.92bn cfd, thanks to the completion of the third phase of the Jurassic Gas development project which added 320mn cfd of non-associated gas capacity (MEES, 23 February 2024). Gas output hit a monthly record 2.02bn cfd in September. LNG imports also soared, with Kpler data showing a surge from 6.1mn tons in 2023 to a new record 6.89mn tons last year.

Gas fueled approximately 64% of power generated last year, MEES calculates, accounting for around 520 trillion Btu out of the total 815 trillion

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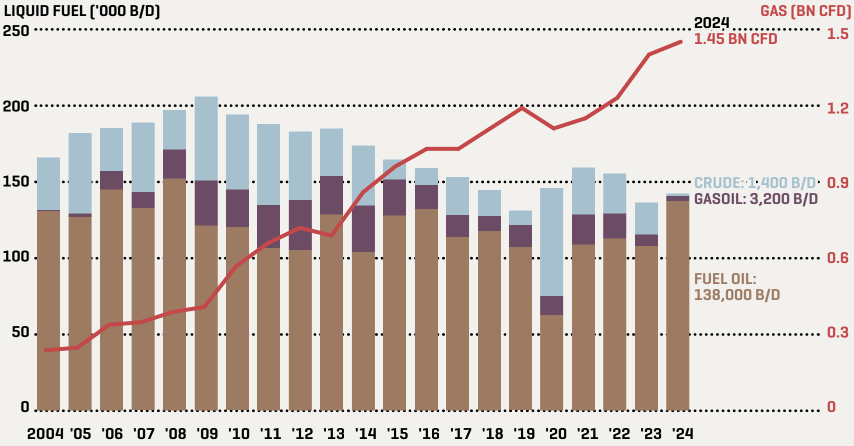
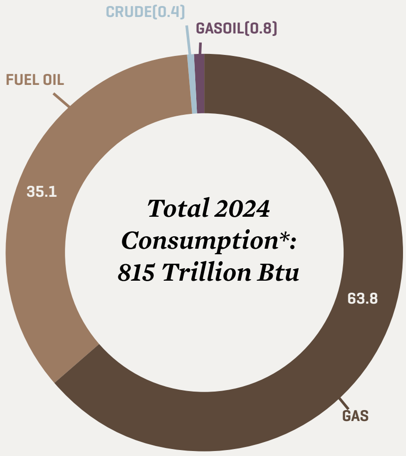
**4: KUWAIT POWER FUEL CONSUMPTION: INCREASED FUEL OIL AVAILABILITY DISPLACED CRUDE & GASOIL FOR 2024, WHILST GAS HIT A RECORD HIGH**




SOURCE: MEW, MEES.

**5: KUWAIT POWER SECTOR FUEL CONSUMPTION (%)**




*PROVISIONAL CALCULATION. SOURCE: MEW, MEES.

Continued from – p18

Btu (see chart 5). The remaining 36% is provided by less-efficient liquid fuels.

Total liquids-burn also increased last year, edging up to 143,000 b/d from 137,000 b/d for 2023. More notable was the shift in the components of this liquids burn, with a 28% increase in fuel oil burn to 138,000 b/d all but eliminating the use of crude oil and gasoil in the power sector. This was enabled by the ramp-up to full capacity by February 2024 of the 615,000 b/d Al Zour refinery, which has a 45% yield of very low sulfur fuel oil (VLSFO). This has also enabled the Ministry of Electricity and Water (MEW) to switch out HSFO in favor of less-polluting VLSFO, and to halt the modest levels of fuel oil imports, with no cargoes received since September 2023.

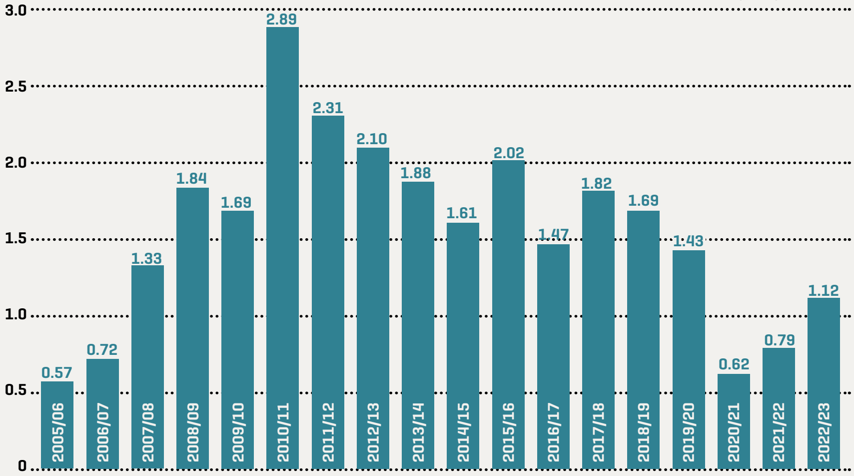
For the year ahead, gas production is unlikely to be much changed from 2024. They key variable will be whether the easing of Opec+ production cuts from April goes ahead as planned, as production increases would yield additional associated gas output, potentially displacing less efficient liquids from the power sector. However, the limiting factor is not fuel availability for Kuwait, but generating capacity.

## SUBSIDIES TAKE THEIR TOLL

Runaway electricity consumption has driven Kuwaiti power generation up by a massive 21TWh (30%) over the past decade from 68.29TWh in 2015. Kuwaiti electricity prices are among the cheapest in the world, with the rate for residential consumption for Kuwaiti citizens flat at $0.7/KWh since 1966. A recent report by the Baker Institute for Public Policy noted that when adjusted for inflation, "Kuwait's power price has declined by 800% over the past 58 years."

The report states that the "fuel for subsidized power cost the Kuwaiti state more than $10bn in 2022," – a year in which energy prices were especially

**6: KUWAIT POWER MINISTRY SPENDING ON 'BASIC MAINTENANCE & CONSTRUCTION PROJECTS' ($BN)**




SOURCE: MEW, MEES.

high – but the true cost for the state is considerably higher when factoring in the economic impact of last year's power cuts and industrial curtailments, while the growing role of electricity imports will also be pushing the cost up each year.

But despite the economic drain stemming from the subsidies, there are no expectations that the issue will be resolved any time soon. There is huge societal opposition to such reform, even though other GCC states such as Saudi Arabia and the UAE have reduced subsidies over the past decade.

The rising cost to the state of subsidizing power is also reducing funding for other important areas, with MEW figures showing a general downwards trend in expenditure on "basic maintenance and construction projects" over the past decade (see chart 6). Spending peaked at $2.89bn in the 2010/11 financial year (to April) but had fallen well below $2bn even prior to the Covid-19 pandemic, and was just $1.12bn in 2022/23 according to the latest results.

Spending is in large part low because no new major capacity additions have been made in recent years. The last significant new capacity to come online was over 2019-2020, when capacity at the Sabiya plant was increased from 5.87GW to 7.05GW. This brought Kuwait's installed capacity above 20GW for the first time, but it has since fallen back to 19.38GW, with Sabiya itself dropping to 6.89GW, as aging units have been brought offline.

With installed capacity now just 1.74GW more than peak demand in the summer, maintenance is increasingly important as MEW seeks to eke out as much as it can from its power fleet during the high demand season. On 29 December, MEW announced that it had signed two maintenance contracts worth nearly KD238mn ($770mn); the first covers maintenance at multiple gas and steam turbine units to maximize operations during summer, while the second covers the 2.39GW Doha West plant.

However, MEW's own figures show peak demand ballooning out to 24.46GW in 2031 driven by 4.7% annual growth rates, and that will necessitate a significant increase in installed capacity. No large-scale projects are currently underway, but on 27 January, the ministry signed an MoU with ABC Transco for the potential development of a 3GW gas-turbine power plant. The firm plans to develop the facility alongside GE Vernova, which would be the developer, operator and investor. No further details have been announced.

# Dubai Solar Capacity Tops 3GW As Power Demand Hits New Record

*Dubai's MBR solar park generated a record amount of power last year. But gas-fired generation continues to climb too as consumption growth shows no sign of slowing.*

Installed capacity at Dubai's Mohammed Bin Rashid (MBR) Solar Park reached 3.06GW by the end of 2024, says state power company Dewa. Solar power's share of Dubai's installed capacity increased to a record 17.8% as a result (see chart), although the sector's gas consumption continues to also rise amid rapid power demand growth.

Commenting on Dewa's operations in 2024, CEO Saeed Mohammed al-Tayer says that "today, approximately 17.8% of our installed generation capacity is clean, and we are determined to remain above the curve during Dewa's energy transition journey."

## MBR: PHASE SIX INCREMENT ONLINE

Dewa's total installed capacity reached 17.18GW by the end of last year, driven by a 500MW increase at the MBR solar park, the startup of the 200MW Dubai Waste-to-Energy plant and completion of the 830MW Phase 4 of the Aweer power plant's H station complex (MEES, 16 August 2024).

Completion of the first five phases of the MBR solar park in Q2 last year brought Dubai's solar capacity up to 2.86GW, with a further hike to 4.66GW in the works as the 1.8GW Phase 6 (Dewa 60%, Masdar 40%) comes online in phases between 2024 and 2026. Dewa targets 5.3GW clean energy capacity by 2030, including from the nearing-completion Hatta pumped storage facility which will be able to produce 250MW.

With the first tranche of Phase 6 capacity now online, MBR output increased by 7.4% to a new record 6.62TWh last year, accounting for a record 11.2% share of total Dewa generation of 59.2TWh.

MBR generation should increase further this year thanks to a full year of operations from its current capacity, while satellite imagery showing accelerating progress indicates that additional Phase 6 capacity should be brought online in short order; commercial operations for the first 600MW portion of Phase 6 are slated for this quarter. Under Dewa's schedule is for 1GW of the 1.8GW Phase 6 capacity to be completed by the end of 2025.

## DEMAND INCREASING STEADILY

But with electricity demand growing at a swift pace – the total 2024 generation figure of 59.2TWh was up 5.4% year-on-year whilst peak demand was up 3.4% at a record 10.8GW – Dewa needs to keep adding new clean energy capacity just to keep gas demand growth from accelerating rapidly.

As a result, the 460GWh increase in solar generation was only a relatively small portion of the overall 3.04TWh increase across the portfolio. Some of the other gains will have come from the completion of the Waste-to-Energy plant, but the bulk will have come from Dewa's 13.9GW capacity fleet of gas-fired thermal plants. Gas-fired generation was 48.8TWh in 2023, and will likely have crossed the 50TWh mark for the first time last year.

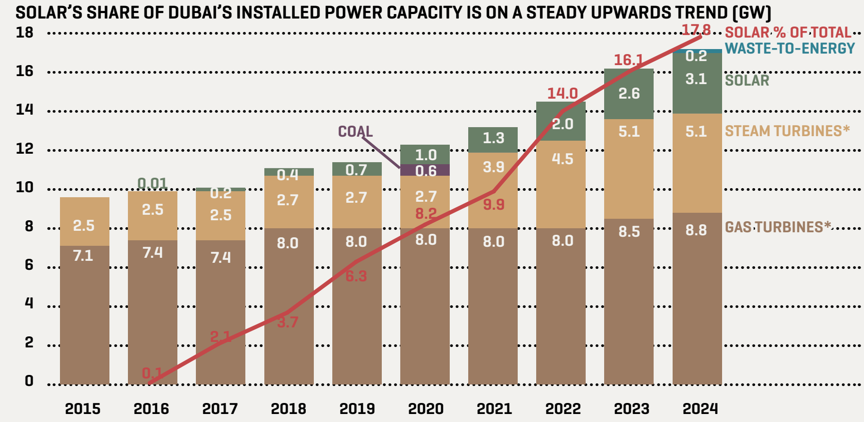
Dewa receives its gas from state supplier Dusup, which in turn purchases volumes produced in neighboring Abu Dhabi, alongside pipeline gas from Qatar and LNG imports through an FSRU at Jebel Ali.

Despite the growth of low-carbon electricity capacity in Dubai and Abu Dhabi, Adnoc Gas sees the power sector driving further domestic gas sales growth in the coming years. CFO Peter van Driel said last week that "the growth that we see is very much driven by the power sector, and that, in turn, is explained by the growth in the economy, and also the population growth" (MEES, 7 February).

The increasing role of renewables in the power mix brings its own set of complexities, with Dewa having to upgrade the grid to maintain stability and manage renewables' inherent intermittency. This is where the Hatta project comes in, with the facility capable of storing 1.5GWh of electricity and delivering power to the grid within 90 seconds. Dusup is also upgrading its Margham gas storage facility in order to meet sudden increases in gas demand from Dewa (MEES, 11 October 2024).

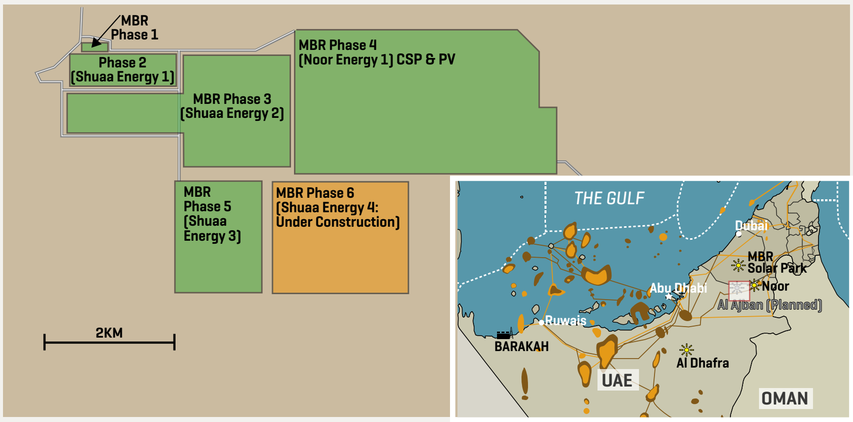
"In the UAE during the day, demand for gas is low, but during the night when the sun doesn't shine, demand for gas is high. What's the answer? You create underground storage facilities, inject the gas during the day, and then at night when it's needed, you retrieve the gas," says Mr van Driel. ◆◆

SOLAR'S SHARE OF DUBAI'S INSTALLED POWER CAPACITY IS ON A STEADY UPWARDS TREND (GW)




*RUNNING ON GAS FEEDSTOCK. SOURCE: DEWA, MEES.

DUBAI'S MBR SOLAR PARK



# NEWS IN BRIEF

## ADNOC REFINING GETS LOW CARBON AVIATION FUEL BOOST

UK engineering firm Wood announced on 11 February that it has "confirmed Adnoc Refining's capability to produce Lower Carbon Aviation Fuel (LCAF)." This paves the way for alignment with the International Civil Aviation Organization's (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (Corsia), once that certification process has been formalized.

Unlike Sustainable Aviation Fuels (SAF) which Corsia defines as "renewable or waste-derived aviation fuels," LCAF is "a fossil-based aviation fuel that meets the Corsia Sustainability Criteria." Corsia says this can be achieved through measures such as carbon capture and the use of low-carbon hydrogen.

Adnoc Refining CEO Sultan Al Bigishi says "confirmation of our capability to produce LCAF underscores our commitment to developing lower-carbon solutions that support the decarbonization of aviation and accommodate the sustainable growth in air travel," but provided no details on how the firm can produce LCAF. MEES understands Adnoc Refining does not currently produce LCAF, with the announcement merely confirming that it has the capability to do so.

## NEOM PLANS $5BN NET-ZERO DATA CENTER

Neom and fellow-Saudi firm DataVolt announced on 10 February that they have signed an agreement for the phased development of an AI data center in the under-development Neom region on Saudi Arabia's northern Red Sea coast. A $5bn first phase entails construction of a 1.5GW facility at the coastal industrial hub of Oxagon by 2028.

Neom says that Oxagon will lease DataVolt the land for the facility and provide it with infrastructure support. "The ambition is for the facility to be entirely powered by renewable energy, providing a fully integrated, end-to-end data center solution. The project will utilize advanced cooling technologies and is designed to operate at net zero," says Neom. But while Neom is planned as a 100% renewably powered region (MEES, 2 August 2024), it will initially rely on receiving electricity through Saudi Arabia's hydrocarbon-reliant grid. A first 3GW HVDC link is due online in 2027 (MEES, 18 August 2023). Initially, therefore, the data center will receive power generated from thermal plants.

The energy-rich Gulf States aim to be key players in the emerging AI race, with the neighboring UAE also planning to invest heavily in developing energy-hungry data centers (MEES, 13 December 2024).

Neom is a cornerstone of Saudi Arabia's Vision 2030 economic reform program, and is also home to the Neom Green Hydrogen Company's under-development $8.4bn 1.2mn t/y green ammonia facility which is due to start up in late-2026.

## QATAR: 2.4GW NEW POWER CAPACITY BY 2029

Qatar Electricity and Water Company (QEWC) has announced that it expects the 2.4GW Ras Abu Fontas Facility E power plant to start up in the first half of 2028. QEWC expects the plant, being developed alongside Japan's Sumitomo and Shikoku Electric (MEES, 29 November 2024), to "commence production" in 1H 2028, before reaching full capacity by 1H 2029, according to its 10 February results presentation.

QEWC is also working with state offtaker Kahramaa to develop an open cycle 500MW power plant in the Ras Abu Fontas area. According to QEWC the two are set to ink final agreements in the first quarter of this year with construction also set to begin in "early 2025" with commercial operations from "early 2027."

The two plants will add roughly 25% to Qatar's existing 11.4GW generation capacity. This excludes 1.4GW of captive capacity at the Qatalum aluminum smelter in Mesaieed and capacity from the 458MW Ras Laffan and 417MW Mesaieed solar PV plants which appear to have been completed, but for which there has been no official announcement. Qatar's only other planned capacity is the 2GW Dukhan solar project which QatarEnergy expects to be online "by 2030" (MEES, 6 September 2024).

## ADNOC DRILLING: RECORD REVENUES, PROFITS FOR 2024

Adnoc Drilling reported a 32% year-on-year increase in revenue to a record $4.03bn last year, with net profits up 26% to $1.30bn as it continues its operations. The firm ended the year with 142 rigs, up from 129 at end-2023 as Abu Dhabi's overall drilling hit a record high (see p24). With Adnoc Drilling (Adnoc 78.5%, Baker Hughes 5%, free float 16.5%) supporting parent company Adnoc's huge upstream expansion projects, the firm expects further strong growth this year and is guiding for revenues of $4.6-4.8bn and net profit of $1.35-1.45bn.

One of the major developments last year was the December closing of the Turnwell joint venture with SLB and Patterson-UTI which is tasked with unlocking Abu Dhabi's unconventional energy resources. Under a $1.7bn first phase contract it will deliver 144 unconventional wells by end-2026 (MEES, 4 October 2024). Overall, Adnoc Drilling expects to drill thousands of wells for Adnoc's unconventional program, and says that for the Ruwais-Diyab concession (Adnoc 90%, TotalEnergies 10%) alone it expects to drill around 300 wells. Ruwais-Diyab is planned to produce 1bn cfd by 2030.

Adnoc Drilling currently has eight unconventional rigs operating across Abu Dhabi as Adnoc seeks to derisk its unconventional resources. The unconventional business contributed around $117mn in Q4; $69mn for oilfield services and $48mn for onshore.

Adnoc Drilling also has international expansion plans, and has one rig operating in Jordan. It has also been prequalified by Kuwait Oil Company (KOC) for drilling, rig and ancillary services, and for "certain services" in Oman. However, executives told the firm's Q4 earnings call on 13 February that while international markets can offer some incremental growth opportunities, the fundamental premise of the business remains its Abu Dhabi operations.

## OMAN TO BOOST UAE POWER GRID LINK

Oman's Ministry of Energy and Minerals on 13 February announced the signing of an agreement to finance a $700mn 1.7GW interconnection project with the Gulf Interconnection Authority and the Qatar Fund for Development. The deal is in reference to long held plans to upgrade its 220kV to a 400kV connection to Abu Dhabi (MEES, 10 November 2023).

According to the ministry's announcement, construction will begin this year with operations starting in 2027. Oman has managed to stay on top of rising power demand in recent years, and is pursuing a further 2.4GW of gas-powered capacity by 2029 to shore up its baseload generation (MEES, 6 December 2024). Oman is unlikely to look at the GCC interconnection as an essential source of electricity, but perhaps as an opportunity to expand power trading.

## IEA: NEW ERA OF SLOWER, FRAGMENTED DEMAND GROWTH?

The IEA posits in its February Oil Market Report (OMR) released this week (see p12) that 2024 marked "the beginning of a period of slower and more fragmented global oil demand growth." For the past decade, China was the driver of global oil demand growth, with its demand increasing by 600,000 b/d each year on average over 2013-2023. However, this slowed drastically last year to just 150,000 b/d, putting it behind India on 200,000 b/d, according to IEA figures.

Asia remains the heart of future demand growth, and the IEA says that "excluding China and India, non-OECD Asian consumption rose by 300,000 b/d, for a regional-wide total of about three-quarters of all gains. Middle Eastern demand also played an important role, rising by a combined 110,000 b/d in 2024."

"However, none of these alternative sources of growth can be expected to match China for the scale and pace of its material transformation over the century so far, nor to sustain it for decades at a time," the report adds.

## CRUDE OFFICIAL SELLING PRICES ($/B): MIDDLE EAST PRODUCERS FOLLOW ARAMCO IN HIKING PRICES

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 | |
| *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* | |
| 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 | |
| *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* | |
| 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 | |
| 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 | |
| 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 | |
| **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 | |
| *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* | |
| 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 | |
| *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* | |
| 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 | |
| **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 | |
| *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* | |
| 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 | |
| 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 | |
| **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 | |
| **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 | |
| **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)

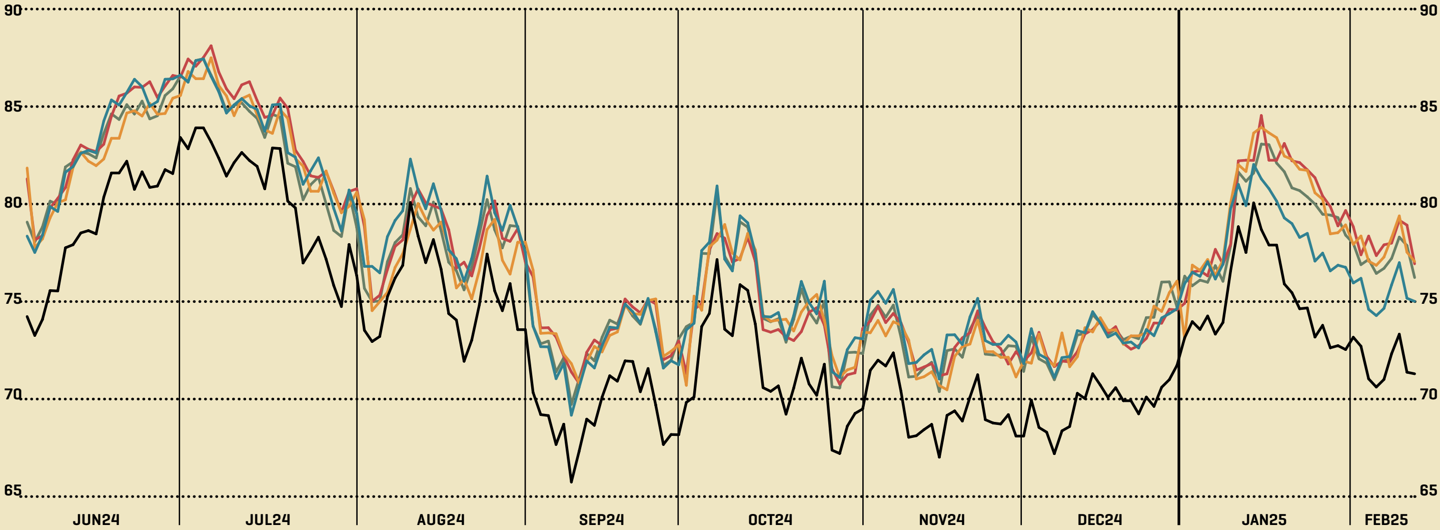
| | Sep23 | Oct23 | Nov23 | Dec23 | Jan24 | Feb24 | Mar24 | Apr24 | May24 | Jun24 | Jul24 | Aug24 | Sep24 | Oct24 | Nov24 | Dec24 | Jan25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Propane | 550 | 600 | 610 | 610 | 620 | 630 | 630 | 615 | 580 | 580 | 580 | 590 | 605 | 625 | 635 | 635 | 625 |
| Butane | 560 | 615 | 620 | 620 | 630 | 640 | 640 | 620 | 585 | 565 | 565 | 570 | 595 | 620 | 630 | 630 | 615 |
| *propane vs butane* | *-10* | *-15* | *-10* | *-10* | *-10* | *-10* | *-10* | *-5* | *-5* | *+15* | *+15* | *+20* | *+10* | *+5* | *+5* | *+5* | *+10* |

## SELECTED DATA

### BENCHMARK CRUDE PRICES ($/B)

| | 13Feb | 3-7Feb | 27-31Jan | Jan25 | Dec24 | Nov24 | 4Q 2024 | 3Q 2024 | 2Q 2024 | 2025 (13Feb) | 2024 | 2023 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **WTI** | 71.29 | 71.70 | 72.96 | 75.35 | 69.87 | 69.53 | 70.31 | 75.38 | 80.61 | 74.25 | 75.79 | 77.58 | 94.37 |
| **ICE Brent** | 75.02 | 75.14 | 76.96 | 78.42 | 73.26 | 73.40 | 74.01 | 78.72 | 85.02 | 77.50 | 79.86 | 82.18 | 99.02 |
| **ICE Murban** | 77.07 | 77.51 | 79.36 | 80.24 | 73.47 | 72.74 | 73.76 | 78.34 | 85.24 | 79.48 | 79.74 | 82.80 | 98.84 |
| **GME Oman** | 76.95 | 77.98 | 80.05 | 80.03 | 73.34 | 72.48 | 73.60 | 78.47 | 85.20 | 79.46 | 79.61 | 82.02 | 94.42 |
| **OPEC Basket** | 76.24 | 77.04 | 79.33 | 79.38 | 73.07 | 72.98 | 73.54 | 78.97 | 85.31 | 78.75 | 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 |

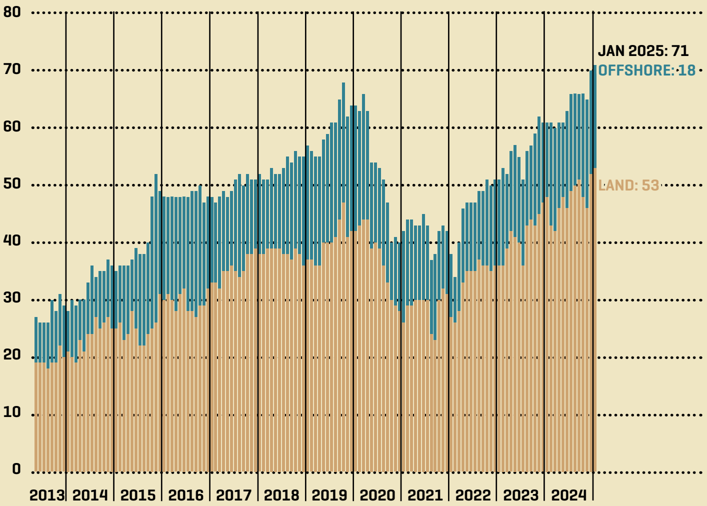
AVERAGE SETTLEMENT PRICES FOR PERIOD IN QUESTION.




### ABU DHABI RIG COUNT HITS NEW RECORD HIGH

SOURCE: BAKER HUGHES.

JANUARY'S RECORD 71 RIGS INCLUDED A RECORD 53 ONSHORE...




...WITH THE OIL RIG COUNT OF 63 JUST ONE SHY OF THE LATE-2019 RECORD