mees

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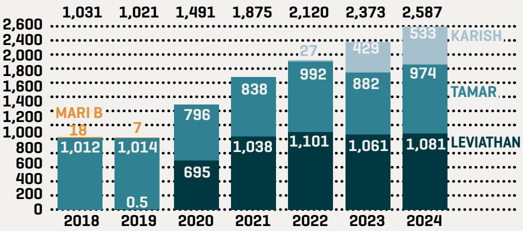
UPSTREAM OIL &GAS

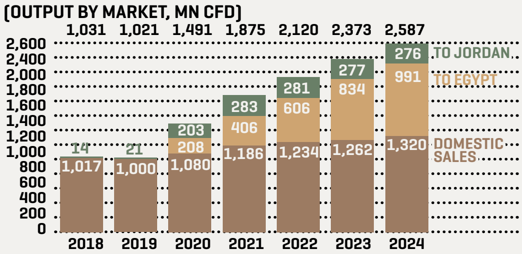
Chevron In Crosshairs As Israel Gas Surge Hits Buffers

Israel hit gas records for 2024 as shipments to Egypt soared, but maxed out export infrastructure means only minimal gains for 2025. Chevron's Tamar is set to lead a renewed surge for 2026, but could the US major be forced off its second giant Israeli field amid competition concerns? ***Page 2, 6***

1: ISRAEL GAS OUTPUT HIT A RECORD OF 2.6BN CFD FOR 2024 AS NUMBER THREE PROJECT KARISH RAMPED UP (MN CFD)...



2: ...WITH THE BULK OF INCREMENTAL VOLUMES GOING TO EGYPT (OUTPUT BY MARKET, MN CFD)



OPEC & GLOBAL MARKETS

Opec Condensate Growth Set To Accelerate

Opec's cuts-exempt NGLs and condensate output hit record highs for 2024 with Saudi Arabia & the UAE leading the gains. Further Saudi growth is incoming. ***Page 5***

DOWNSTREAM

Iraq Eyes Gasoline Surplus By End Of 2025

Problems at Iraq's secondary refining units meant record fuel oil exports in 2024, and persistent gasoline imports. Can upcoming capacity additions turn this around? ***Page 8***

CORPORATE

Adnoc Plans $8bn Shipping Investments

Adnoc Logistics & Services eyes a whopping $8bn in future investment, including $5bn on gas and ammonia carriers to go hand in hand with Adnoc's key expansion projects. ***Page 4***

POWER & WATER

Tunisia: Solar Progress But Gas Remains King

Tunisia is advancing 1GW of solar. But for 2024 gas, mostly from Algeria, fueled 95% of powergen, whilst direct power imports from Algeria also surged. ***Page 11***

ECONOMY & FINANCE

Saudi Oil Export Revenues Start 2025 On A High

A geopolitics-driven price spike lifted Saudi oil export revenues to their highest level since May 2024 in January. Though prices have since eased, volumes are set to rise from April. ***Page 12***

DOWNSTREAM

Saudi Arabia's Luberef: Profits Down, Costs Up

Luberef generated $259mn in profits in 2024 despite feeling the squeeze from rising feedstock prices. A major expansion project should boost margins from 2026. ***Page 10***

DOWNSTREAM

Saudi's Advanced Petchems Slumps To Rare Loss

Jubail-based Advanced slipped to a loss for 2024, the first since its 2008 start-up. A major new affiliated Jubail plant should bolster its performance this year. ***Page 9***

NEWS IN BRIEF

BP Finalizes Kirkuk Entry Deal

BP and Iraq have finalized the UK major's re-development of Iraq's giant Kirkuk oilfield with Baghdad ratifying the deal on 26 March. BP eyes 20bn boe in nearby resources. ***Page 13***

ISRAEL GAS: 2024 RECORDS AS INFRASTRUCTURE CAPS GAINS

*Detailed 2024 filings by the partners in Israel's three producing gas projects, Leviathan, Tamar and Karish confirm the provisional headline figures previously obtained by MEES which show the country's output rising 9% to a record 26.8bcm (2.6bn cfd) for 2024 (see table & MEES, 31 January). They also indicate that ongoing expansion work is set to result in a further surge in output and exports from 2026, though any gains this year are likely to be modest.

*For 2024, the key boost to Israeli output came from Karish, the smallest of the three projects and the most recent to start up. Karish, operated by Greek firm Energean, saw output rise by 24% to a record 533mn cfd, though output to date has never got close to the 8bcm/y (775mn cfd) capacity of the Energean Power FPSO. Of the two larger projects, both operated by Chevron, Leviathan output was up 2% at 1.08bn cfd for 2024 and that of Tamar up 10% at 973mn cfd (10.1bcm), though for both last year's figures are shy of records set in 2022 and 2019 respectively (see chart 1).

*Israel's domestic gas consumption continues to rise steadily, up 5% at a record 1.32bn cfd for 2024. But the bulk of extra output went to Egypt, with volumes surging by 19% to just shy of 1bn cfd (see chart 2). With Karish barred from exporting, the newest producer's share of the domestic market leapt to 40% for 2024. Tamar's domestic market share fell to 49% albeit with volumes up fractionally at 645mn cfd, whilst Leviathan's collapsed to just 11%.

EGYPT: RECORD IMPORTS...

*This came as Leviathan's sales to Egypt surged to 680mn cfd, 63% of the project's total output and 69% of Egypt's imports of Israeli gas. Tamar-to-Egypt sales, which account for the remainder, remain less than half those of Leviathan but also surged, by 35% to a record 311mn cfd for 2024 (see charts 3 & 4). Exports to Jordan, the vast bulk of which come from Leviathan, were steady at 276mn cfd for 2024.

*With all three projects producing at substantially below capacity, and Egypt thirsty for more gas with its own output in steep decline (MEES, 21 February), the limiting factor for output is not supply or demand but export infrastructure constraints.

...HUNGRY FOR MORE

*Notwithstanding a monthly record of 1.07bn cfd

ISRAEL'S GAS PROJECTS BY THE NUMBERS

	Leviathan	Tamar	Karish^^	TOTAL
Operator (%)	Chevron 39.66%	Chevron 25%	Energean 100%	
partners	NewMed 45.34%, Ratio 15%	Isramco 28.75%, Tamar Pet 16.75%, Union Energy 14.5%, Mubadala 11%, Dor Gas 4%	n/a	
Reserves (TCF, end-24): 2P	14.8	9.9	4.3	29.0
2C resource	5.7	-	0.2	5.9
Cumulative gas output (TCF)	1.8	3.8	0.4	6.0
Gas orig in place (2P/2C)*	22.3	13.7	4.8	40.9
2024 Output: (bn cfd)	1.08	0.97	0.53	2.59
'000 b/d liquids	2.5	1.2	14.6	18.3
Output capacity	1.2bn cfd	1.1bn cfd	775mn cfd, 16kbd	3.1bn cfd
early-2026 capacity	1.4bn cfd	1.6bn cfd	775mn cfd, 32kbd	3.8bn cfd, 37,000 b/d**

*IMPLIED BY END-24 FIGURE AND CUMULATIVE PRODUCTION. **ASSUMES LEVIATHAN & TAMAR GAS/LIQUIDS RATIO IN LINE WITH 2024 OUTPUT. ^^PRODUCTION IS SPLIT BETWEEN KARISH AND KARISH NORTH FIELDS. RESERVES ARE SPLIT BETWEEN KARISH (1.0TCF 2P), KARISH NORTH (1.2), TANIN (0.9) AND KATLAN AREA FIELDS (1.1), WITH KATLAN'S HERMES FIELD ACCOUNTING FOR MOST OF THE 2C RESOURCE. SOURCE: MEES (BASED ON COMPANY FILINGS).

for January (MEES, 14 February), for Israel-Egypt volumes to rise substantially above the 2024 average of 991mn cfd infrastructure expansion is required. Here the key ongoing project is a 46km offshore pipeline linking Ashdod and Ashkelon in southern Israel. NewMed in its 10 March results says that both this offshore link and debottlenecking of the EMG pipeline to Egypt with which it connects will be completed by 1Q 2026, boosting deliverable EMG capacity to Egypt from the current 600mn cfd to 850mn cfd, of which 650mn cfd is reserved for Leviathan gas and 200mn cfd for Tamar.

*With Israel's own gas demand only set for modest growth, this capacity for increased exports to Egypt will also be needed for the partners at the Tamar and Leviathan fields to take advantage of output capacity increases that are set to come online at the end of 2025 and early 2026 respectively. Both ongoing expansion projects, to take capacity at Tamar from 1.1bn cfd to 1.6bn cfd and that at Leviathan from 1.2bn cfd to 1.4bn cfd, involve the laying of a third production pipeline among other infrastructure (MEES, 23 February 2024).

*Both Chevron, in its recently-released 2024 report, and its lead Israeli partners Isramco and Tamar Petroleum in their 2024 results, say that Tamar expansion to 1.6bn cfd will be complete by end-2025: Tamar Petroleum says that as of its results on 20 March, $551mn of the total $673mn budget had been spent. Nevertheless, both Tamar Petroleum and Isramco predict that Tamar output will dip from 2024's 10.1bcm (974mn cfd) to 9.9bcm (960mn cfd) for 2025 before surging to successive records of 12.4bcm (1.20bn cfd) and 14.0bcm for 2026 and 2027 respectively.

*In contrast, Leviathan partners NewMed Energy and Ratio predict 4% Leviathan output growth to a new record of 11.6bcm (1.12bn cfd) for 2025 despite $568mn expansion at the larger field only being set for early-2026 completion (MEES, 28 February).

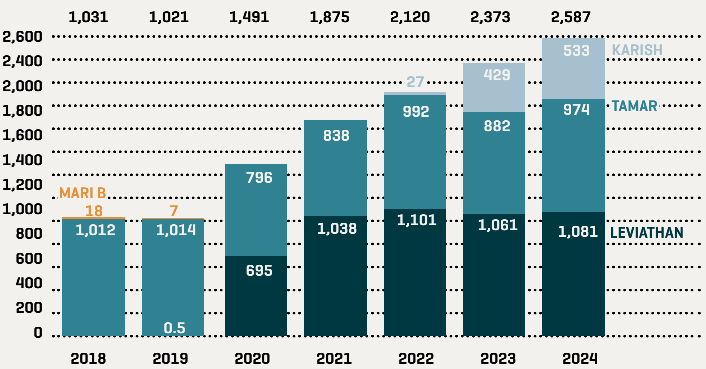
2026 EXPORT BOOST

*With Q1 2026's 250mn cfd EMG capacity increase substantially less than the planned 700mn cfd hike in collective Tamar and Leviathan output capacity by the same date, for Chevron and its respective partners to take advantage of this extra capacity a further boost to export capacity is needed.

*And this will come later in 2026 with the completion of a $353mn compression project at Rehab in northern Jordan: NewMed CEO Yossi Abu told his firm's 10 March earnings call that work is set for "first half of 2026" completion, though last week's Isramco and

Continued on – p3

1: ISRAEL GAS OUTPUT HIT A RECORD OF 2.6BN CFD FOR 2024 AS NUMBER THREE PROJECT KARISH RAMPED UP (MN CFD)...



SOURCE: ISRAEL MINISTRY OF ENERGY, CHEVRON, NEWMED, RATIO, ISRAMCO, TAMAR PETROLEUM, ENERGEAN, MEES.

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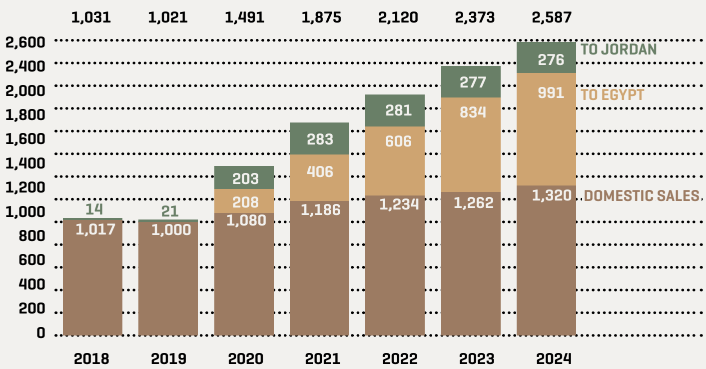
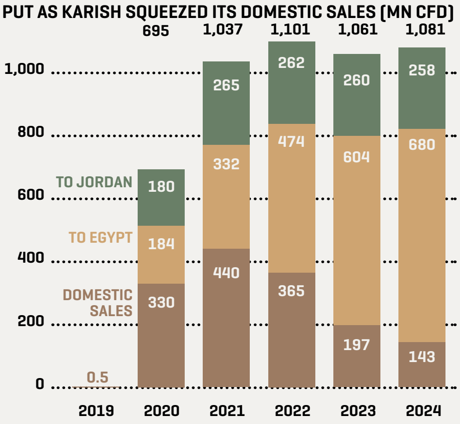


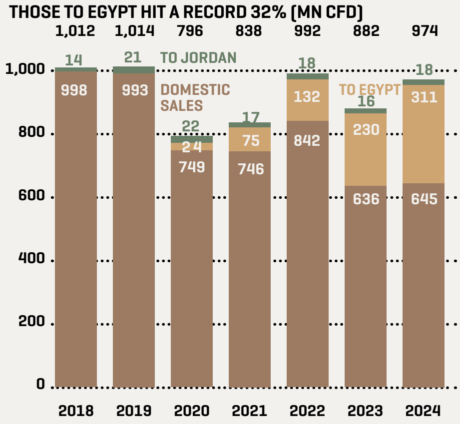
SOURCE: ISRAEL MINISTRY OF ENERGY, CHEVRON, NEWMED, RATIO, ISRAMCO, TAMAR PETROLEUM, ENERGEAN, MEES.

3: LEVIATHAN SALES TO EGYPT SURGED TO 63% OF OUTPUT AS KARISH SQUEEZED ITS DOMESTIC SALES (MN CFD)



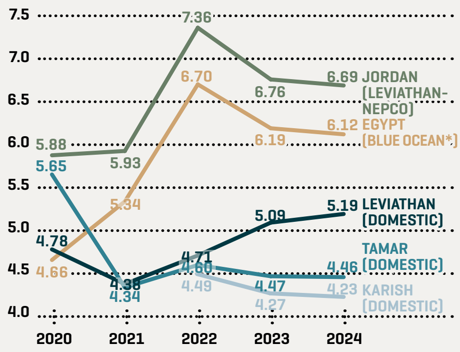
SOURCE: CHEVRON, NEWMED, RATIO, MEES.

4: FOR TAMAR, DOMESTIC SALES STILL DOMINATE BUT THOSE TO EGYPT HIT A RECORD 32% (MN CFD)



SOURCE: CHEVRON, ISRAMCO, TAMAR PETROLEUM, MEES.

5: BANNED FROM EXPORTING, KARISH HAS UNDERCUT ITS RIVALS TO SNAG DOMESTIC SALES, ENABLING LEVIATHAN TO FOCUS ON MORE LUCRATIVE EXPORTS (AVERAGE GAS SALES PRICES, $/MN BTU)



*FROM BOTH LEVIATHAN AND TAMAR. SOURCE: MEES (BASED ON COMPANY FILINGS).

Continued on – p2

Tamar Petroleum results presentations indicate 2H 2026. Rehab expansion will boost deliverable capacity of Israeli gas to Jordan and on to Egypt via the more circuitous Arab Gas Pipeline route by 400mn cfd to 1.1bn cfd versus the current 700mn cfd (see map). Both the price tag and the extra 400mn cfd will be split 50:50 between the Leviathan and Tamar partners with most additional gas likely headed to Egypt.

*With deliverable Israel-Egypt capacity capped at 1bn cfd through early 2026 and Jordan demand steady, any Israeli gas output growth this year will depend on domestic demand. And any incremental growth here is likely to be captured by Karish, which has consistently undercut the larger two fields on price since its end-2022 start up. Whilst Israeli officials fear that Chevron could nevertheless exploit its still-dominant position to hike prices (see p6), to date there is little sign of this (see chart 5).

ENERGEAN: VALUE OVER VOLUMES...

*Energean CEO Mathios Rigas acknowledges the trade-off between volumes and price that explains why Karish gas output remains well below 775mn cfd capacity: Q3 last year saw a quarterly record of 646mn cfd before slumping to 508mn cfd for Q4, whilst guidance for 2025 implies only a modest increase.

*Speaking on his firm's 20 March earnings call, Mr Rigas gave contradictory signals. "Our goal will be to fill the boat [FPSO].... So produce as much gas as the FPSO can produce and as much gas as the wells can produce. We continue to sign new contracts. You will hear shortly in the next months, more gas contracts being signed," he says. However, he also cautions that "We're not going to sell gas at any price just to show production numbers. We have been criticized that sometimes we missed production guidance. We could bring the price down and sell the last molecule of gas. That's bad business. So we are maximizing returns and yields from the gas we have in the ground. This is happening today in Israel."

*Back in early 2023, Energean's production guidance was for output to hit the FPSO's full capacity of 8.0bcm/y gas and 32,000 b/d liquids by the end of that year. The gas portion of this was dependent on starting output from Karish North and completion of a second gas export riser; doubling oil output was dependent on installation of a second oil train on the FPSO. Clearly, Hamas' 7 October 2023 assault on southern Israel threw these plans off track. Nevertheless, Energean in February 2024 announced the start-up of both Karish North and the second gas export riser "enable[ing] utilization of the FPSO's maximum gas capacity" (MEES, 1 March 2024).

...MEANS INCREASED OIL FOCUS

*But, more than a year on, Energean does not envisage gas output getting close to capacity anytime soon. 2025's expected modest output gains will both be focused on the second half of the year and on oil rather than gas. The second oil train is now set to come online in June, Mr Rigas says, adding that this will see oil output "push 22, 23, 25 ['000 b/d]...it will definitely increase liquids for the second half of the year" versus "today 17,000 barrels[/day]" and the 2024 average of 14,600 b/d. Plugging in a 20,000 b/d liquids figure to the midpoint of Energean's overall 2025 guidance implies around 560mn cfd Israel gas output for 2025, up a modest 30mn cfd or 5% on 2025.

*And, whilst liquids are set to provide around 20% of Karish 'oil-equivalent' output from 2H 2025, this considerably understates the importance of liquids to Karish revenue and profitability. 2024's average Karish gas sales price of $4.24/mn BTU equates to $24/B on an 'oil equivalent' basis. In contrast, sales of liquids to Vitol achieved just shy of $75/B to bring in a third of total revenue ($400mn of the $1.24bn total), with this share set to rise considerably for 2025. "The [Karish oil] price is getting closer and closer to Brent. So we're improving the revenue, the yields from liquids, and we need to find and produce more.... we have the ability to produce as much oil as we can and export it to the world. And we're going to capitalize on that," Mr Rigas says, adding that "we will be doing all the technical work to find more liquids... we believe there's a lot more liquids sitting under our assets."

DRILLING PLANS

*In contrast to the giant Leviathan and Tamar fields, where the initial development wells were capable of sustaining plateau output for many years, Energean's model at Karish is based on ongoing drilling and development of satellite fields via tieback to its FPSO. Of end-2024 2P reserves of 4.26tcf, just 1.00tcf is accounted for by the eponymous Karish field. Karish North accounts for 1.22tcf, and the yet-to-be-developed Tanin and Katlan area fields 0.92tcf and 1.12tcf respectively.

*Following 2024's start up of Karish North, next up for development is the Katlan area's Athena and Zeus fields (0.5tcf each) which are set for 1H 2027 start up, with Energean having last month inked a development drilling contract with Saipem. In addition to one development well at each field, the contract also has the option for two additional wells which will likely focus on firming up other nearby prospects, whilst the Hera and Apollo prospects are slated for drilling in 2028, Energean says.

ISRAEL GAS INFRASTRUCTURE & EXPORT ROUTES

Adnoc Shipping Arm Plans $8bn Investments Through 2029

Adnoc Logistics & Services eyes a whopping $8bn in future investment, including $5bn on gas and ammonia carriers to go hand in hand with Adnoc's key expansion projects.

Abu Dhabi state shipping firm Adnoc Logistics & Services booked a record year in 2024. All-time high profits of $756mn were driven by its recent rapid fleet expansion, coupled with its tanker segment securing higher rates on the back of Red Sea disruptions (MEES, 28 February).

With windfall profits on the books, it is looking to invest at least $8bn by 2029. It has already committed $5bn to expanding its current 75-strong shipping fleet with 27 new ships to complement Adnoc's gas-linked projects (see charts). "Adnoc L&S aims to be the provider of choice for Adnoc Group's needs as they grow domestically & internationally," the company says in its 2024 annual report, released 24 March.

It also has "$3bn+" earmarked for future projects as it says "there is more growth to come." This could be in the form of acquisitions, a tactic it has used to grow rapidly in recent years. Most recently it finalized the purchase of an 80% stake of global tanker firm Navig8 in January under a $1bn deal, which added 32 tankers to the firm's fleet (MEES, 10 January).

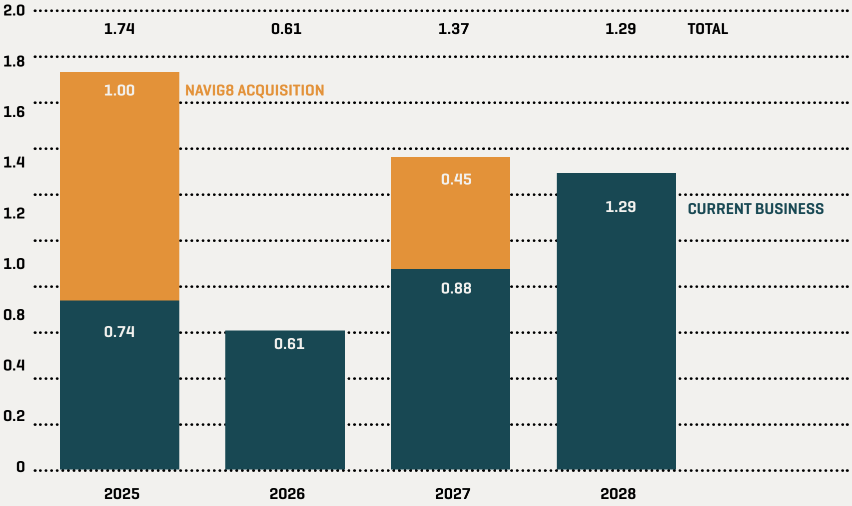
A DOUBLE ORDER FOR LNG

Top of the big-ticket spending commitments are two batches of LNG tankers. In 2022, Adnoc L&S placed an order for six newbuild 175,000m³ LNG vessels. It took delivery of the first, Al Shelila, in November 2024 and expects the rest across 2025 and 2026. "These vessels are contracted for use in connection with the [5.8mn t/y] Das LNG project from mid-2026," the company says.

Nevertheless, since Al Shelila was delivered, instead of handling Das cargoes, it appears to have been utilized by Adnoc Trading's nascent LNG trading arm. The Al Shelila has been chartered by Adnoc to deliver third party spot cargoes to a range of clients according to data intelligence firm Kpler.

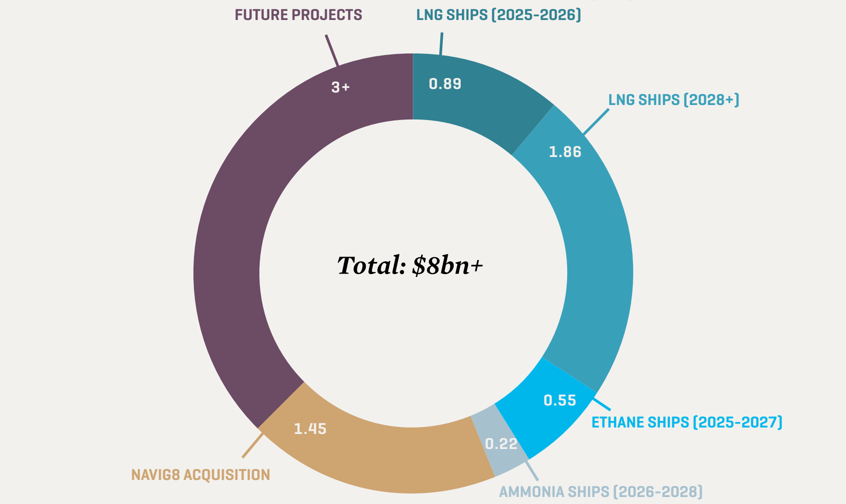
The second batch of eight 174,000m³ LNG tankers will be delivered from 2028 onwards "to serve the long-term shipping requirements of the [9.6mn t/y] Ruwais LNG Project" which is due online in 2028 (MEES, 11 October 2024).

ADNOC L&S HAS COMMITTED TO $5BN IN INVESTMENTS BETWEEN 2025-2028...



SOURCE: ADNOC L&S, MEES.

...WITH AT LEAST ANOTHER $3BN EARMARKED FOR FUTURE PLANS BY 2029 ($BN)



FUTURE FUELS: ETHANE AND AMMONIA

In a first for Adnoc L&S, the firm also last year ordered nine 99,000m³ very-large ethane carriers under the AW Shipping joint venture with China's Wanhua Chemical Group. Once it receives the ships over 2025-2027 they will be "among the world's largest ethane carriers" making up "one of the world's largest fleets of VLECs," according to Adnoc L&S.

Currently, Adnoc Gas is pursuing a Maximizing Ethane Recovery and Monetization (Meram) project due in 2026. Under the project it will extract 2.2mn t/y of ethane and 1.2mn t/y of NGLs primarily from its raw gas output at the onshore Habshan complex (MEES, 7 February).

The final batch of ships is for four 93,000m³ very-large ammonia carriers. These ships "are not yet contracted," says Adnoc L&S, adding that they are "targeted to serve the emerging ammonia transportation market." For its part, Adnoc subsidiary Fertiglobe is developing a 1mn t/y low-carbon ammonia plant at the Ta'ziz Industrial Chemicals Zone, which is due online in 2028 (MEES, 7 February). ◆◆

◆◆

OPEC'S CONDENSATE GROWTH SET TO ACCELERATE

Production of Opec NGLs and condensate increased to new record highs in 2024, with the gas byproducts exempt from production cuts. Gains are set to accelerate in the coming years, with Saudi production alone set to increase by 60% by 2030.

More than five years ago, non-Opec members of the Opec+ alliance won a major boost when in December 2019 they secured an agreement that condensate would be exempt from their Opec+ production quotas. The move brought them in line with Opec members and swiftly resulted in condensate production increases from the likes of Russia and Oman (MEES, 6 December 2019).

Omani condensate output jumped from 130,000 b/d in 2019 to 189,000 b/d in 2020 – despite global oil demand cratering amid the Covid-19 pandemic – and has continued rising since, hitting a record 234,000 b/d last year (MEES, 24 January). But it's not just the non-Opec countries which are increasing their production of condensate and NGLs, Opec's figures show that the group's own production of non-crude liquids has been steadily increasing through the years, rising from 5.12mn b/d in 2020 to 5.47mn b/d last year (see chart 1). This was equivalent to 17% of Opec's 2024 liquids output, meaning that a sizeable proportion of the group's total output is now exempt from production cuts.

The increase in condensate output comes as a number of Opec states have increased gas production, with the light oil a gas-byproduct. Saudi Arabia, the UAE and Kuwait are all increasing gas output to fuel power stations as well as providing feedstock for burgeoning petrochemicals industries. However, producers are also seeking to support revenues by maximizing production of quota-free condensate and NGLs.

This is contributing to a broader lightening of the global oil slate, with Opec+ crude production cuts falling primarily on medium and heavy grades, while production growth in the US last year was primarily driven by NGLs (MEES, 3 January).

The growth in global NGLs output matches demand dynamics, with the key driver in recent years being the petrochemicals sector's need for LPG and naphtha (MEES, 20 December). "While global oil consumption in 2024 recovered to 1.3% above 2019 levels, this was almost entirely due to higher demand for petrochemical feedstocks, which climbed by over 12% over the previous five years," says the IEA in its Global Energy Review 2025 report released this week.

SAUDI ARABIA: JAFURAH BOOST IMMINENT

Saudi Arabia is the largest producer within the Opec+ alliance. It produced largely in line with its voluntary cut commitments last year, with the US' EIA calculating crude oil output of 9.02mn b/d for 2024. The EIA estimates that total Saudi liquids output averaged 10.72mn b/d last year, leaving it with implied NGLs output of 1.70mn b/d – the largest such figure in Opec, and Saudi Arabia's joint highest figure ever (see chart 2).

Saudi output of NGLs has been broadly flat in recent years, but Aramco is investing heavily in projects which will see this surge in the coming years. The 200mn cfd first phase of the giant $100bn+ Jafurah unconventional gas project is due online this year, with the project ultimately yielding 2bn cfd of natural gas alongside 630,000 b/d of NGLs and 418mn cfd of ethane in 2030.

With other gas developments underway, such as the Tanajib gas processing plant which is also due online this year, Aramco says these projects will yield a total of 1mn b/d of additional oil production by 2030 (MEES, 21 June 2024). That represents a substantial near-60% uplift on NGLs output from current levels.

UAE: CONDENSATE RECORDS

Behind Saudi Arabia is the UAE, where implied NGLs output of 1.24mn b/d equated to 30% of total oil output last year, double that in Saudi Arabia. Last year's record output figure followed years of strong growth, with output increasing by 22% from 2020 (see chart 3).

Much of this production comes from the massive Adnoc Onshore concession, where total oil output has increased from 1.8mn b/d in 2018 to a record 2.02mn b/d last year (MEES, 21 March). With the UAE targeting gas self sufficiency by 2030, Adnoc Gas is increasing its gas processing capacity accordingly, which will yield more NGLs. For instance, Adnoc Gas plans to take FID on the 1.8mn cfd Bab Gas Cap processing plant next year.

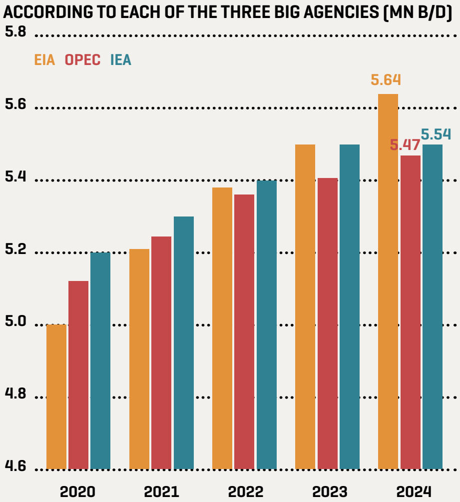
KUWAIT, IRAQ EDGE UP

Unlike its fellow GCC Opec members, Kuwait's implied NGL output has stayed broadly flat in recent years, edging up from 300,000 b/d in 2020 to 320,000 b/d currently. Political instability has held up capital projects in recent years, and with the energy sector no-exception, planned gas expansion projects have stalled and been downsized.

As with Kuwait, Iraq's NGLs output has also increased by just 20,000 b/d since 2020, but its total output is much lower at just 110,000 b/d. A lack of gas processing capacity means that Iraq is piping a lot of gas to power plants after dehydration, desulfurization and compression but without stripping out NGLs (MEES, 12 July 2024). Some gains should come this year following the startup of the second 200mn cfd BNGL unit (MEES, 20 December 2024).

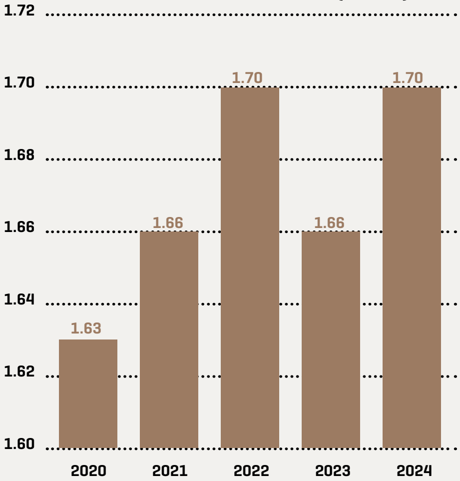
Elsewhere in the region, Iran's implied NGL output has experienced the largest growth of all, up 280,000 b/d since 2020 to 1.31mn b/d. The gains have largely been driven by increased production from the huge 750mn m^3/d (26.5bn cfd) South Pars offshore gas field, where the final phase, Phase 11, is partially online (MEES, 27 September 2024). ◆◆

1: OPEC NON-CRUDE LIQUIDS OUTPUT HAS BEEN RISING ACCORDING TO EACH OF THE THREE BIG AGENCIES (MN B/D)



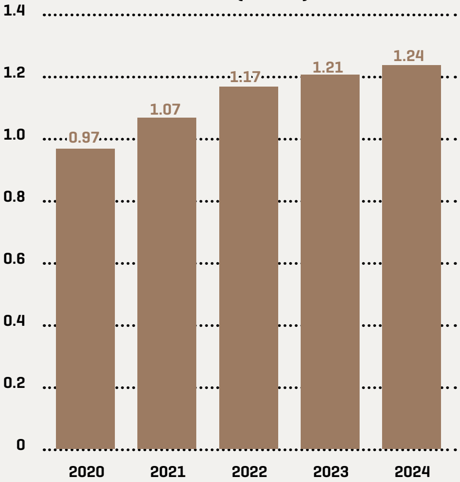
SOURCE: IEA, OPEC, EIA MONTHLY REPORTS, MEES.

2: SAUDI OUTPUT OF CONDENSATE & NGLs* BOUNCED BACK TO A JOINT RECORD HIGH LAST YEAR (MN B/D)



*IMPLIED FROM EIA FIGURES. SOURCE: EIA, MEES.

3: UAE CONDENSATE & NGLs OUTPUT* HAS INCREASED BY MORE THAN 20% SINCE 2020 (MN B/D)



*IMPLIED FROM EIA FIGURES. SOURCE: EIA, MEES.

Israel's Finance Ministry Seeks Chevron Tamar Ouster

Could US major Chevron be forced to sell its 25% operator's stake in Israel's 1bn cfd Tamar gas field? For now, such an eventuality looks unlikely, but the country's finance ministry is certainly pushing the envelope as it looks to preempt potential future domestic gas price hikes.

Israel's key current focus may be on threats from its northern and southern borders but there is also internal strife brewing with the finance and energy ministries clashing in recent weeks over a perceived lack of competition within the country's domestic gas market.

At first the finance ministry's qualms related to the ongoing inter-ministerial committee that is discussing gas export policy, with a leaked letter to the press some two years ago warning that a potential decision to increase already stringent export quotas could see domestic gas prices rise (MEES, 28 February & MEES, 7 July 2023).

While striking a similar tone, the finance ministry and its far right minister Bezalel Smotrich, are now claiming that Chevron's continued presence as operator of both of the country's key gas fields threatens an increase in domestic gas prices and as such has recommended publicly and privately that the US major is removed from one of its two assets. Leviathan and Tamar collectively produced 79% of Israel's 2.6bn cfd gas output for 2024 and hold 88% of the country's 41tcf of proved and probable reserves (see p2).

"As a government, we cannot stand by and look at a monopoly or a concentrated market without dealing with it. Unfortunately, I feel that we are entering into a head-on confrontation. I would prefer to resolve things through agreement, but insofar as it might be required, we will do what is necessary for the Israeli market and the gas market, under the assumption that we need energy security and that we are committed to the Israeli consumer," Yogev Gardus, the Director General of the budget department at the Finance Ministry told a conference in Israel earlier this month.

"The solution we are considering - and it is not an easy one to digest - is one of structural separation. This means that we are removing a player from an existing field, namely removing Chevron from Tamar," Mr Gardus added.

While Leviathan is the larger field, Tamar supplies more of its gas to the domestic market. For 2024 Tamar supplied 645mn cfd or two thirds of its 974mn cfd output to the domestic market while Leviathan supplied just 143mn cfd or 13% of 1.08bn cfd output.

MONOPOLY? MAYBE; BUT WHAT'S THE ALTERNATIVE?

It is difficult to argue with the accusations that Chevron's 39.66% stake at Leviathan and 25% at Tamar, Israel's two key producing fields, constitute a near-monopoly considering their combined 80% output share, with the fields competing in some instances for the same domestic customers. While this is not technically against the law it is problematic, as would any attempts to find a replacement, especially one of the same caliber, for the US major at Tamar.

There are perhaps a dozen firms globally with experience of operating complex deepwater projects. Of these, several, such as Brazil's Petrobras and Norway's Equinor, have shown no interest in entering the Mediterranean, whilst others would surely baulk at investing in Israel (TotalEnergies CEO Patrick Pouyanné flatly rejected the possibility in 2019, although the regional geopolitical landscape has since changed: MEES, 26 July 2019). Ongoing expansion from 1.1bn cfd to 1.6bn cfd adds to the complexity at Tamar (MEES, 7 February).

None of Chevron's Tamar partners, most of which are local Israeli firms, have the requisite upstream experience. UAE state firm Mubadala Energy (11%) and Azerbaijan's Socar which is in the process of taking 10% (MEES, 7 February) are far larger firms but neither has significant experience as a deepwater operator.

BP? EXXON? ENI?

With BP and Socar teaming up with Israel's NewMed to take Israel's offshore Zone I earlier this month (MEES, 21 March) it's possible the UK major could be convinced to team up with its Azerbaijani partner again if Chevron's Tamar stakes were made available.

Alternatively, with Mubadala Energy being eyed for takeover by fellow UAE state firm Adnoc (MEES, 21 March), this could present an opportunity for BP and Adnoc to expand their East Med footprint following their failed attempts to take 50% of NewMed last year (MEES, 15 March 2024). The pair have since firmed up their Arcius Energy JV (Adnoc's participation coming via its newly formed XRG subsidiary) with the focus only on Egypt for now (MEES, 20 December 2024).

Beyond that, US major Exxon, which has a strong presence in the region, having made discoveries offshore Cyprus and Egypt in recent years could also be tempted to enter Israel. Exxon had looked at potentially taking stakes at Leviathan and also considered taking blocks in Israel's 2019 bid round but at the time decided to steer clear (MEES, 1 November 2019).

Tamar's diluted and fractured shareholdings may, however, dissuade the US major from taking its compatriot's place.

Italy's Eni, which is just weeks to months away from officially entering Israel itself at Zone G could also look to make a statement with a buy-in at Tamar. It already has a dominant position offshore Egypt and Cyprus as well as stakes offshore Lebanon. That said, the Italian firm's most relevant experience, as developer of Egypt's nearby giant deepwater Zohr gas project, could also be seen as a handicap. With Eni's Cyprus discoveries also slated for development via tieback to Zohr/Egypt (MEES, 21 February), and Tamar gas sales increasingly targeting Egypt, the Italian firm could be seen as competing with itself.

The Finance Ministry acknowledges the risks of trying to remove Chevron from Tamar but says its efforts are justified. "There is a heavy price for regulatory intervention, but the problem is one of a structural monopoly issue — and we need to intervene in it. We do not want to have to wave populist flags, but there will be intervention, and it will be aggressive," Mr Gardus warns.

Energy Minister Eli Cohen has sought to play a more moderate role in the whole saga and sees no reason to force Chevron out of Tamar, but did warn that "if the gas partnerships or Chevron think of raising prices for the Israeli market, there will be consequences to this." So far there is little

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sign of this: for 2024 both the average price for Tamar's domestic gas sales and that for such sales overall was level with 2023 at around $4.50/mn BTU (see chart, p3). Two key developments in recent years to have kept Israel's gas market competitive were a May 2021 agreement enabling each of the Tamar partners to independently market their share of gas output (MEES, 5 February 2021) and the start-up of the country's third project, Karish, as the end of 2022.

MEES understands that the majority of participants in the interministerial committee, especially those from the energy ministry are strongly opposed to the move against Chevron as it sends the wrong signals to potential future investors regarding Israel's regulatory regime. It also raises a level of unwanted uncertainty over the future of Israel's second largest field and largest domestic market supplier.

The inter-ministerial committee is due to report on its findings next month and will likely strongly recommend against removing Chevron from its Israeli assets. The government is looking at other ways to introduce price stability and increase competition, a well-placed source tells MEES.

"There are other ways to promote competition within the domestic market rather than forcibly removing a world class operator like Chevron from one of its fields," another source close to the situation adds.

ON THE DEFENSIVE

The finance ministry's threats have not gone unnoticed in Washington which has seemingly attempted to intervene and put a halt to the unsettling of a US major.

According to Israeli media an "unusual" and "aggressive" meeting was held last week at the Finance Ministry, where US officials led by diplomat Larry Memmott demanded that authorities halt regulatory moves. In response to the media reports, the US Embassy in Israel said that meetings with the Finance Ministry and other ministries take place on a regular basis and there was nothing unusual about the reported meeting.

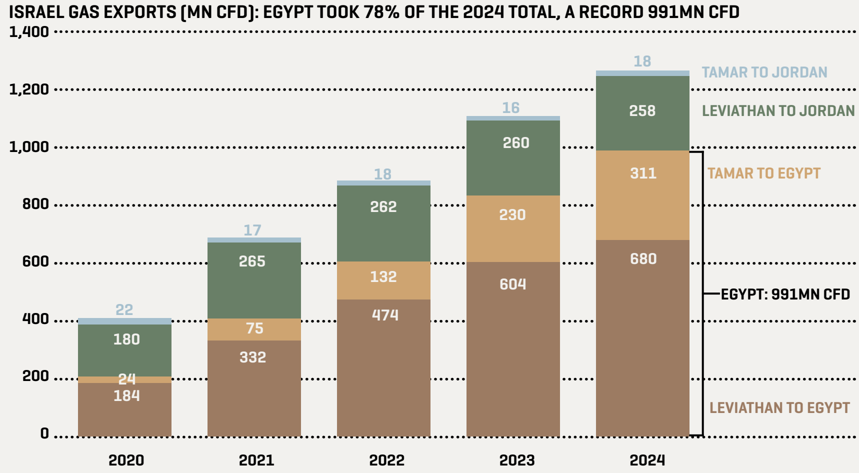
Responding itself to the growing rumors of a potential standoff, Chevron says it "will continue to collaborate with all of our stakeholders including the Government of Israel, our customers, and our joint venture partners with the aim of reaching an outcome that benefits all parties."

"We believe that direct communications and direct dialogue is the most effective way for all parties to achieve this goal," the firm adds.

Chevron's East Med MD Jeff Ewing was also keen to point out that the US major has been undeterred in continuing operations offshore Israel during the past 18 months of conflict.

"Even during this period, we continued our projects, which were very challenging. We had a floating hotel at the Tamar

ISRAEL GAS EXPORTS (MN CFD): EGYPT TOOK 78% OF THE 2024 TOTAL, A RECORD 991MN CFD



SOURCE: CHEVRON, NEWMED, RATIO, ISRAMCO, TAMAR PETROLEUM, ISRAEL ENERGY MINISTRY, MEES.

gas field with 400 contractors working on the platform. At the same time, a pipeline was being laid from the Tamar reservoir to the platform, a distance of 150km — all in the middle of a war. These are certainly significant achievements," he told a conference in Tel-Aviv on 23 March.

It has been a challenge for Chevron and its partners to complete planned expansions of both fields with some contractors shying away due to the conflict. This has seen Tamar expansion to 1.6bn cfd pushed back to end-2025 and that at Leviathan from 1.2bn cfd to 1.4bn cfd to early 2026 (MEES, 28 February). But while there has been a delay, work hasn't stopped. "Because of the situation, they didn't want to come, but thanks to our experience and global connections, we convinced them to arrive," Mr Ewing says.

MORE THAN MEETS THE EYE

The finance ministry's concerns are not rooted in the current price that domestic users pay for gas but rather where prices might go once Israel's third gas project Karish begins to see output decline – notwithstanding that Karish proved and probable reserves of 4.3tcf would sustain 22 years of output at 2024 levels of 533mn cfd.

While many have pointed to the possibility that Mr Smotrich is playing to his nationalistic base, MEES understands the agenda to remove Chevron from Tamar has largely been driven by his finance ministry's budget department. And according to a MEES source in Israel there may be something more behind the finance ministry's attempts to shake up the country's upstream.

"It's no coincidence that this push from the finance ministry and the unsettling of Chevron comes at a time when the US major is progressing plans to expand Leviathan with Egypt the only real target market for those extra volumes," the source says.

"Sending the gas to Egypt might be the cheapest and quickest way to monetize its assets but Israel doesn't want to rely on one customer, especially when that customer is renowned for late and at times failed payments to IOCs," he adds.

Last year Israel exported a record 1.267bn cfd with new highs for both Leviathan at 938mn cfd and Tamar at 329mn cfd. 78% of the record exports or 991mn cfd made their way to Egypt while 276mn cfd went to Jordan according to company filings (see chart).

Chevron may feel aggrieved that it is being unfairly targeted by Israeli authorities, having spent billions of dollars to progress both Leviathan and Tamar and considering there are no other obvious export solutions. Previous plans to expand Leviathan via a floating LNG (FLNG) facility were shelved on high costs and difficulty in insuring a multi-billion dollar piece of infrastructure offshore Israel in the wake of the events of 7 October 2023 (MEES, 19 April 2024).

Talk of piping gas to Turkey looks highly unlikely any time soon given Ankara and Israel's frosty relations and the complexity of the route of such a pipeline. Other plans to pipe the gas to Cyprus, tabled by Cypriot Energy Minister George Papanastasiou two years ago would require the construction of a $5bn+ LNG export facility on the island and so far, investment for such a project has yet to materialize.

HISTORY REPEATING ITSELF?

The current saga has echoes of an antitrust ruling a decade ago that plunged Israel's upstream into chaos. The Antitrust Authority ruled that US firm Noble (now Chevron) and its partner Delek Drilling (now NewMed), which held controlling stakes in Leviathan, Tamar and Karish (and Tanin) were operating as a cartel (MEES, 2 January 2015).

It took more than 24 months and the intervention of PM Netanyahu to find a compromise that allowed Chevron to remain at Leviathan and Tamar, albeit farming down at Tamar from 36% to 25%. It came at a cost though, with NewMed forced to exit Tamar completely and the pair made to sell off Karish and Tanin to Energean (MEES, 8 December 2017).

Sources within the Tamar partnership believe the dispute will eventually be "resolved amicably" although it could drag out and could potentially impact Chevron's decision to further invest in Israel.

Iraq Eyes End-2025 Gasoline Surplus On Continued Refinery Gains

Problems at Iraq's secondary refining units meant record fuel oil exports in 2024, and persistent gasoline imports. Iraq hopes early commissioning of an FCC project will enable gasoline self-sufficiency by end-2025, but a return to gasoil imports looks on the cards.

Iraq's archaic refining fleet churns out huge volumes of fuel oil, providing power plants with enough volumes to offset gas shortages and leaving a substantial surplus for export. For the year ahead, Iraq may have to burn record volumes of both fuel oil and crude during the summer's peak electricity demand season after the US this month opted not to renew a 120-day waiver permitting payment for Iranian electricity imports (MEES, 14 March). With Iraqi officials concerned Washington could move to block crucial Iranian gas exports, they are looking at alternatives, including LNG imports, but time is running out.

Iraq's refineries can produce up to 500,000 b/d of fuel oil, over 40% of products output, but this would entail maxing run rates and reducing crude oil exports. Iraq would struggle to manage this and implement the deep Opec+ "compensation cuts" it last week committed to (MEES, 21 March), leaving Baghdad in a tricky position.

Quarterly fuel oil exports approached 300,000 b/d for the first time in Q4 according to state marketer Somo as shutdowns at several secondary units at key refineries caused output of the fuel to soar (MEES, 25 October 2024). Overall, fuel oil exports averaged a record 200,000 b/d last year, accounting for 80% of total products exports (see chart).

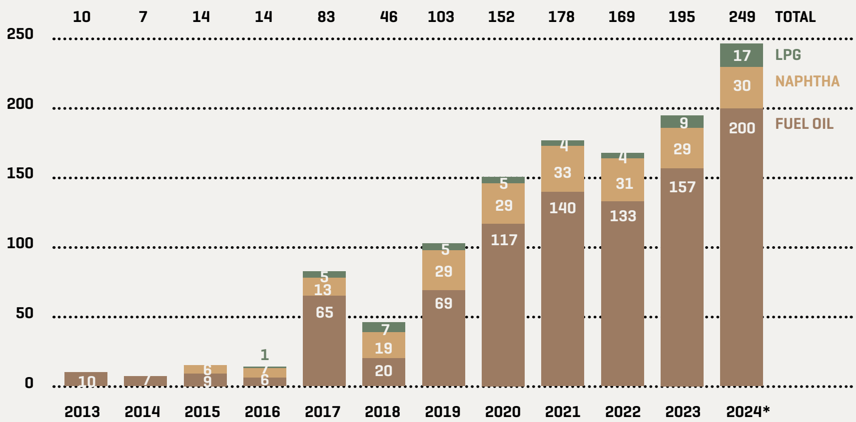
LESS FUEL OIL TO SMUGGLE?

Despite these record-breaking volumes, preliminary trade data from Iraq's central bank indicate that proceeds from last year's oil product exports were at multi-year lows. The value of these exports at $2.9bn was more than $2bn below Somo's reported 2022 revenues of $5bn, a record reflecting high realized fuel oil prices that year, driven by the fallout from Russia's invasion of Ukraine. Whilst the final 2024 figure is likely to be above $3bn, it is still set to be well down on previous highs.

Somo ceased publishing oil revenue figures in early 2024, and unlike the central bank's 'balance of payments' dataset, which provides a monetary share for oil product exports by private sector Iraqi firms, the state marketer previously provided only its total product revenues figure. Somo typically tenders surplus fuel oil volumes for export by these firms. Of last year's preliminary proceeds for product exports, $470mn-worth was exported by the private sector, with state exports bringing in $2.43bn.

IRAQ'S PRODUCTS EXPORTS HIT A RECORD HIGH FOR 2024, BUT WITH FOUR-FIFTHS OF THE TOTAL LOW-VALUE FUEL OIL ('000 B/D)

SOURCE: JODI, SOMO, KPLER, MEES.



*BASED ON SOMO DATA EXCEPT LPG FROM KPLER. LPG EXPORTS ARE MOSTLY BY BGC, BUT TRACKED VOLUMES MAY INCLUDE MASKED IRANIAN VOLUMES.

These private firms have developed a dominant position at Basra's Khor al-Zubair port, and last year's surge in seaborne fuel oil exports gave rise to concerns of domestic smuggling by Iran-backed entities (MEES, 1 November 2024). Adding to the complexity, the Khor al-Zubair lightering area has been utilized for clandestine Iranian fuel oil exports, often with forged Somo documents. Oil minister Hayan Abdulghani acknowledged to state-run Iraqia TV on 24 March that the US has raised the issue with his government, and he reiterated that Somo is not involved in such trade.

Higher domestic fuel oil demand would no doubt impact the availability of surplus fuel for export, legally or otherwise, by private Iraqi firms.

GASOIL EXPORTS MISSED

Aside from being sold to the electricity ministry at subsidized prices, with the latter often not paying in full or on time if ever, burning high-sulfur fuel oil in power plants designed to burn natural gas would see the government rack up even more costs through increased maintenance. The impact could be less if Iraq opts to burn higher volumes of gasoil/diesel, but it is unlikely that sufficient local volumes can be secured in the run up to summer. Moreover, the lost revenues from burning gasoil over fuel oil would be significant.

Iraq's 140,000 b/d Karbala refinery was commissioned in 2023 and despite last year's technical difficulties and month-long turnaround in Q4, the plant's output played a key role in ending gasoil/diesel imports altogether in 2024. Additional volumes were also secured from Baiji's 150,000 b/d Shamal (North) refinery, the fourth 70,000 b/d CDU at the 280,000 b/d Basrah refinery and two new 10,000 b/d CDUs at the now-36,000 b/d Haditha refinery.

Not only did Iraq last year end gasoil imports, but it was on the cusp of exporting some of the surplus after building up stocks. Somo last May issued its first-ever gasoil export tender, but the marketer reports no gasoil exports for 2024. Mr Abdulghani says plans for gasoil exports were shelved as Iranian pipeline gas dwindled to virtually zero by November, prompting the ministry to direct gasoil volumes to power plants instead. The country did at least export around 500,000 barrels of jet/kerosene in the sec-

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ond half of 2024 according to Somo figures.

Late 2024 saw countrywide diesel shortages amidst Q4 turnarounds and unit stoppages (MEES, 11 October 2024), while Iraqi efforts to adhere to its Opec+ crude output quota forced it to cut back on refinery runs. In January, Somo issued a tender to import up to 5.9mn barrels of gasoil for 2025 (MEES, 31 January).

BASRAH FCC IN JUNE

On the bright side, Iraq's successes in boosting refining capacity saw gasoline imports fall 23,000 b/d year-on-year to a four-year low 57,000 b/d for 2024. More inroads in cutting gasoline imports could be on the way, with the 20,000 b/d catalytic reformer (CCR) at Shamal officially inaugurated earlier this quarter. Next up should be a 55,000 b/d fluid catalytic cracking (FCC) complex at Basrah refinery – Mr Abdulghani earlier this month said this will begin commissioning by end-June.

This is significantly ahead of the previously-communicated official timeline of 2026 completion (MEES, 16 February 2024). Mr Abdulghani says the complex will help Iraq become self-sufficient in gasoline by end-2025, although he says it will only produce 4,200 m³/d (26,000 b/d) of high-octane gasoline; this could then be blended to maximize the volume of end-product lower-quality gasoline. It will also boost output of gasoil by 2,000 m³/d (12,500 b/d).

Other than higher yields of fuel oil, secondary unit shutdowns last year and delays in adding key isomerization and CCR units mean that Iraq continues to have a large naphtha surplus which it cannot convert to gasoline blendstock. Naphtha exports last year were just 3,000 b/d below their 33,000 b/d record from 2021, and the ministry's focus remains on increasing primary CDU capacity given their lower technical construction requirements.

In Saladin province, the Sainia refinery's capacity was expanded to 50,000 b/d in December (MEES, 20 December 2024), followed by breaking ground on a third 70,000 b/d CDU at the province's 140,000 b/d Baiji refinery in January. These projects are likely to be delivered by state firms, while Baghdad is eying investment from local private sector to upgrade small old plants.

In February, Al Barham Group signed a $800mn project to add a 70,000 b/d CDU to the 20,000 b/d Diwaniya refinery, with the project also including 8,000 b/d isomerization, 10,000 b/d CCR and 18,000 b/d naphtha hydrotreatment units. Barham Group was previously awarded a 2019 contract to build a gasoline production complex in Kirkuk with feedstock provided by the ministry. Similar private sector-led arrangements could be envisioned for February announced plans to expand the 40,000 b/d Missan refinery through a 70,000 b/d CDU and associated units. ◆◆

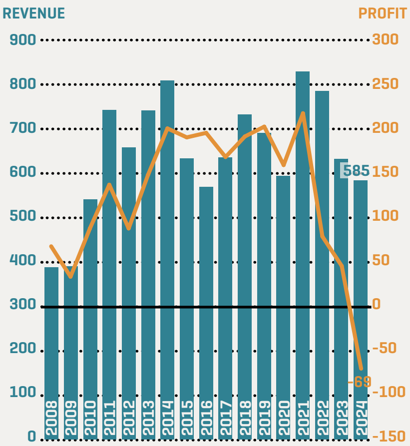
Saudi's Advanced Petchems Slumps To Rare Loss

Buffeted by industry headwinds, Advanced Petrochemicals slipped to a $69mn loss in 2024, its first such loss since it started operations in 2008 (see chart). The loss comes as the Saudi-listed firm prepares to start up operations in the coming weeks of a major new petrochemicals complex in Jubail which should help bolster its financial performance this year.

Advanced attributes last year's loss to a number of factors. It cites a 10% increase in the price of propane feedstock for its existing propane dehydrogenation (PDH) and polypropylene (PP) facility, which is capable of producing 450,000 t/y of polypropylene, a 7.6% drop in revenues, and crucially a SAR212mn ($56mn) impairment on its SK Advanced investment. It also reports a SAR133mn ($35mn) loss at SK Advanced, a petrochemicals complex in Ulsan, Korea in which Advanced has a 30% stake alongside Korea's SK Gas and Kuwait's PIC.

Advanced's 2024 losses were essentially all accounted for by a loss of $76mn for Q4 which came despite the 3 November startup of a new pipeline supplying associated gases from Advanced's PDH facilities to Jubail United Petrochemical Company's (United) 1.4mn t/y cracker. Advanced says the gases contain "high value chemicals," which will have a positive financial impact for both firms.

ADVANCED PETROCHEMICAL CRASHES TO FIRST ANNUAL LOSS SINCE ITS 2008 STARTUP($BN)



SOURCE: ADVANCED, MEES.

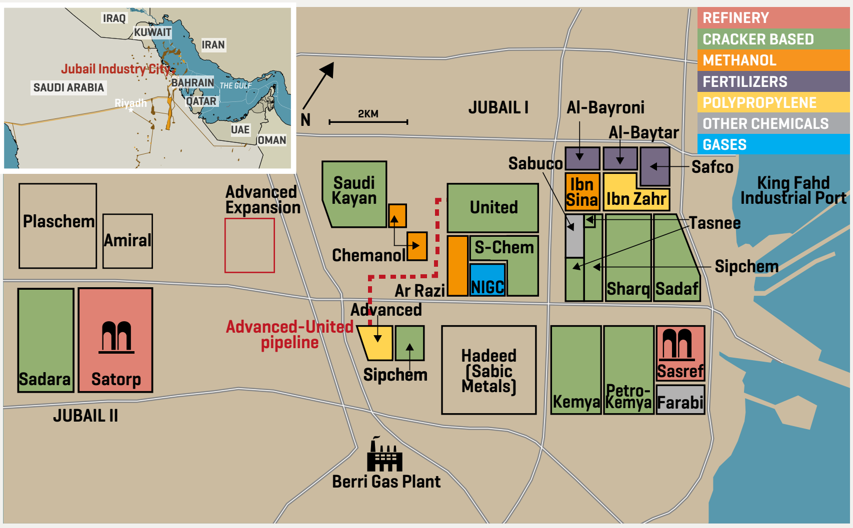
NEW COMPLEX POISED FOR STARTUP

Although the Ulsan complex has been dragging down Advanced's balance sheet in recent years with a series of impairments recorded, the firm is again teaming up with SK Gas. Advanced (85%) and SK Gas (15%) are partnering at the under-development Advanced Polyolefins Industry Company (Apoc) project at Jubail. The complex will comprise of an 843,000 t/y PDH plant, which will provide feedstock for two 400,000 t/y PP plants, and a 70,000 t/y isopropanol (IPA) unit (MEES, 2 June 2023).

Originally due online in 2H 2024 (MEES, 11 December 2020), the delayed Apoc complex is now expected online imminently. Advanced noted in its recently released 2024 annual report that construction is "expected to be completed by the end of first quarter of 2025." This aligns with recent statements from Maire Tecnimont, which is developing the complex's PP units. The Italian contractor says in its 2024 annual report that construction will be completed in Q1, with the facility start-up ready in 1H.

Maire attributes the bulk of the delays to its work to global supply chain disruptions, as well as a lack of availability of "[propylene] feedstock for the execution of the commissioning of some critical equipment." It adds that propylene has now been provided to some units where commissioning work is underway. ◆◆

JUBAIL INDUSTRIAL CITY: KEY PETCHEMS PLANTS



◆◆

Saudi Arabia's Luberef Profits Drop 36% Amid Rising Feedstock Costs

Luberef generated $259mn in profits in 2024 despite feeling the squeeze from rising costs. More of the same is expected in 2025, before a major expansion project should boost margins from 2026 onwards.

Saudi Aramco's base oils subsidiary Luberef produces and markets high value lubricants which are used in a range of sectors including automotives and emerging energy-transition industries such as wind turbines. The firm is finalizing a major expansion project which will enable it to move further up the value chain, and is now studying a further potential expansion project which would yield still-higher margins.

After securing bumper revenues and profits over 2021-2023, higher feedstock costs led to a sharp drop in profits to a post-pandemic low of $259mn last year. The firm operates facilities at Yanbu and Jeddah in Saudi Arabia, with combined base oil production capacity of 1.3mn t/y, alongside lower-margin byproducts.

Speaking on Luberef's 2024 earnings call last month, CEO Samer al-Hokail said "the market environment in 2024 was complex, with normalized base oil crack margins and the Red Sea crisis creating significant headwinds."

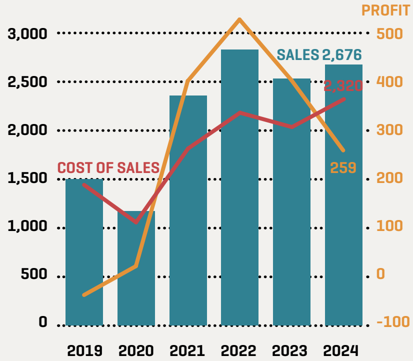
For the year ahead, Luberef's primary focus is on completing the Yanbu Growth II project which will enable it to produce and market more profitable Group III base oils alongside its current Group I and II offerings. "We are targeting project mechanical completion in December and pre-commissioning completion by January 2026," says Mr Hokail, marking a slight slippage from earlier plans for operations to begin this year (MEES, 16 December 2022).

CRACKS DOWN, PROFITS DOWN

Luberef produced a record high 1.28mn tons of base oils last year, including a record 834,000 tons of Group II and 446,000 tons of less valuable Group I base oils. It also markets volumes from Aramco US-based subsidiary Motiva and its Korea-based JV S-Oil, with the trio comprising the Aramco Base Oil Alliance; Luberef procures and resells Group III base oils until its own production capacity comes online from next year. Luberef's current output comes from its 275,000 t/y Jeddah facility (all Base I) and its 1.18mn t/y Yanbu plant.

Total revenues increased from $2.53bn to $2.68bn in 2024, but with the cost of sales increasing faster, from $2.04bn to $2.32bn, profits tumbled by 36% to $259mn (see chart). This was the lowest figure since 2020's $22mn. As well as the increased shipping costs generated by ongoing Red Sea disruptions, costs were pushed up by higher feedstock prices, with base oil crack margins dropping below their ten-year average of $493/ton to a still highly profitable $465/ton.

LUBEREF PROFITS FALL AMID HIGHER COSTS ($MN)



SOURCE: LUBEREF, MEES.

Luberef's plants primarily run on RCO (Reduced Crude Oil) supplied by Saudi Aramco under a long-term sales agreement which runs to 2038. The RCO is leftover Arab Light crude from vacuum distillation units at Aramco refineries, which Luberef says is typically comparable in price to high sulfur fuel oil (HSFO).

As it seeks to improve its operations, Luberef is examining alternative feedstocks and last year signed an agreement with Yanbu's 400,000 b/d Samref refinery (Aramco 50%, ExxonMobil 50%) for 3,000 b/d (minimum) of HVGO to be supplied to its Yanbu facility (MEES, 2 February 2024). It says this is expected to boost production of Group II products by around 96,000 t/y, with deliveries commencing in the second half of last year.

UPGRADED OFFERINGS

Luberef aims to finish its transformative Yanbu Growth II project this year, with operations beginning in early 2026. The project will boost capacity of the Yanbu facility to 1.3mn t/y, with capacity to produce 270,000 t/y of Group I, 815,000 t/y of Group II and 175,000 t/y of Group III base oils, with the flexibility to adjust production of the latter two products depending on market requirements. The project entails expansion of Yanbu's hydrocracker to 35,000 b/d and isodewaxer to 29,000 b/d.

The firm is examining how best to capitalize on the project through further adjusting its feedstock mix. "Post Growth II project, Luberef aims to continue its transformation journey by further optimizing feedstock strategies, including leveraging Heavy Vacuum Gas Oil (HVGO) and unconverted oil (UCO), the project will maximize facility utilization and operational efficiency," it notes in its 2024 Annual Report released this week.

"By securing additional feedstocks such as HVGO, processed in the hydrocracker unit, and UCO, processed in the isodewaxing unit, Luberef is poised to enhance its production of Group II and Group III Base Oils," the report adds.

UCO is the heavy oil fraction which remains uncracked after being fed into a hydrocracker. Luberef's Investor Relations Manager Ahmed al-Jiffry told the firm's Q4 earnings call that "In terms of UCO, we have ongoing discussions with multiple facilities" over securing supplies.

Meanwhile, Luberef has begun to implement its next planned expansion phase. A feasibility study for developing a Group III+ production facility, most likely at Yanbu, has been completed, with pre-Feed expected to start soon leading to a potential Feed contract in Q4 says the CEO. The project is intended to enable Luberef to produce up to 800,000 t/y of Group III/III+ base oils, and the firm estimates capex to be a modest $300-400mn.

There remains uncertainty over the fate of the 275,000 t/y Jeddah facility, which will be shuttered next year if Aramco goes ahead with the planned closure of its Jeddah terminal in mid-2026. Mr Hokail suggests that the facilities might yet remain open, noting that "based on the recent discussions with our counterpart in Saudi Aramco, we have initiated the feedstock allocation request from the Ministry of Energy, and we will be updating the market accordingly." ◆◆

Tunisia Advances 1GW Solar But Gas Remains King For Now

France's Qair International and Norway's Scatec on 24 March signed 25-year power purchase agreements with Tunisian state utility STEG for almost 400MW of solar PV capacity that was initially awarded at the end of December (see table & MEES, 3 January).

At the same time the Aeolus subsidiary of Japan's Toyota Tsusho is taking a 50% stake in one of the three projects, Scatec's 100MW 'Sidi Bouzid II' at Mezzouna. The presence of a deep-pocketed partner should help to wrap up financing and move to construction over the coming months. "Scatec is currently in dialogue with selected financial institutions for debt financing... financial close is expected in the second half of 2025," it says. Scatec itself is the designated EPC provider with its contract to account for 85% of overall capex of €87mn.

Qair's two projects are 198MW Khobna and 100MW Gafsa. The final project of the 498MW awarded in December was to France's Voltalia at Menzel Habib in Gafes province. With Voltalia already having announced in January that it expects construction to begin at the end of 2025, the five project would appear to have a good chance of hitting the Tunisia energy ministry's 2027 start-up target. The ministry, in its own 24 March announcement, puts the total cost of the five projects at $710mn and says they will generate 1.1TWh annually to meet 5% of Tunisia's power needs.

Presuming a rapid move to construction, Tunisia could potentially have almost 1GW of solar capacity underway by the end of 2025. This includes Scatec's two previous 50MW solar projects in the country – Sidi Bouzid I and Tozeur – which moved to the construction phase in September after Toyota Tsusho took 49% in each (MEES, 16 August 2024). "Scatec will continue to explore Tunisia's attractive renewables market through upcoming auctions, leveraging its partnership with Aeolus," it says.

An additional 100MW operated by Amea Power of the UAE at Metbassta in Kairouan province is also under construction, whilst both Amea and Voltalia have previously-awarded projects of 200MW and 100MW respectively slated for 2026 start-up.

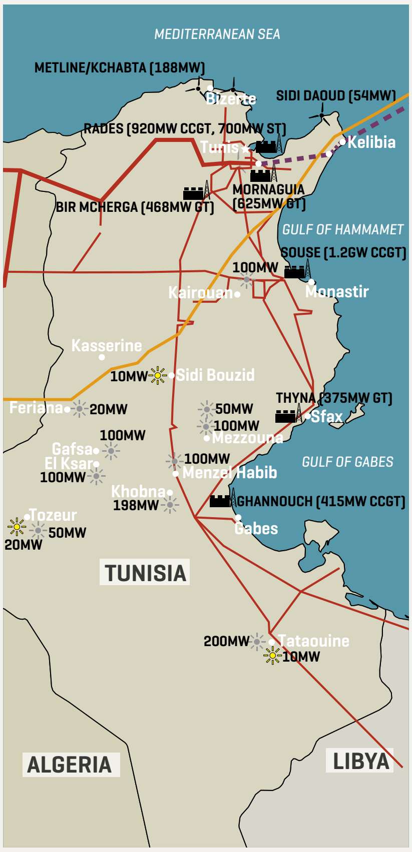
SMALL SCALE GAINS

Whilst this 1GW of solar PV capacity is finally moving forward, 2024 saw precisely zero additions to the country's 337MW of utility-scale renewables capacity (229MW wind, 62MW hydro 46MW solar PV).

However, one success story of recent years has been small-scale solar inspired by net-metering rules. Such capacity surged by 45% or 98MW over the course of 2024 to end the year at 315MW, almost half the country's total renewables capacity of 652MW. It's the same story when it comes to power generation. Renewables output was up 17% at a record 0.98TWh entirely thanks to a 34% surge to 0.56TWh in output from so-called 'self-generators'.

That said, gas remains dominant in Tunisia's power mix. Whilst renewables provided a record 5.1% of total 2024 powergen of 19.39TWh, the gas share was 94.6%. And this understates the effective share of gas in Tunisia's power mix given that Tunisia imported a record 3.1TWh of gas-fired power from Algeria, a record 14% of total power supply (see chart). This in turn understates Tunisia's reliance on Algeria, with a record 72.4% of the country's 484mn cfd of 2024 gas consumption supplied by its larger neighbor as domestic output slumped to a 16-year low (MEES, 7 March). ◆◆

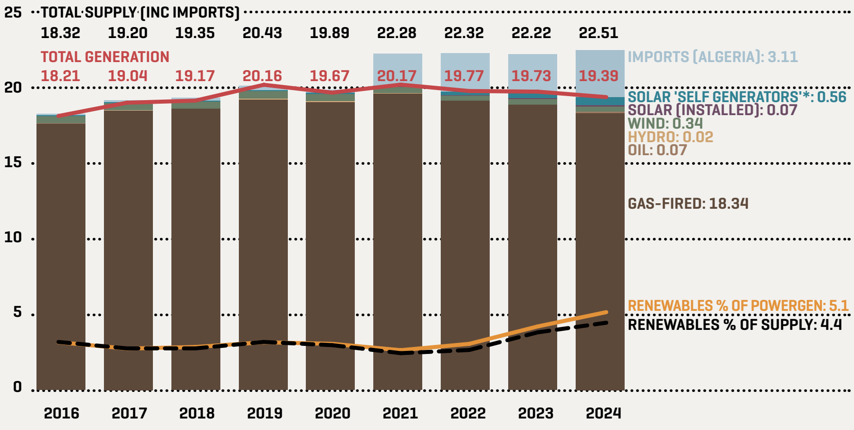
TUNISIA: KEY POWER INFRASTRUCTURE & SOLAR PLANS



Company	MW	Project/Location	Status
1: TUNISIA AWARDED 498MW OF SOLAR PV CAPACITY IN LATE DECEMBER...			
Voltalia (France)	100	Menzel Habib, Gabes	Construction end-25, 2027 start-up
Scatec (Norway)	100	Mezzouna, Sidi Bouzid	PPA Mar 2025
Qair International (France)	198	Khobna, Sidi Bouzid	PPA Mar 2025
Qair International (France)	100	El Ksar, Gafsa	PPA Mar 2025
2:...ON TOP OF 500MW ALREADY SET FOR 2025-26 START-UP			
AMEA (UAE)	100	Metbassta, Kairouan	Construction May24>, 2025 start-up.
Scatec (Norway)	50	Tozeur	Construction Sep24>, 2026 start-up.
Scatec (Norway)	50	Sidi Bouzid I, Mezzouna	Construction Sep24>, 2026 start-up.
AMEA (UAE)	200	Tataouine	2025 construction, 2026 start-up.
Voltalia (France)	100	Sagdoud, Gafsa	2025 construction, 2026 start-up.

SOURCE: TUNISIA MINISTRY OF INDUSTRY, MINES, AND ENERGY

TUNISIA POWER SUPPLY (TWh): RENEWABLES PRODUCED A RECORD 5% FOR 2024 BUT GAS REMAINS DOMINANT WITH IMPORTS FROM ALGERIA ALSO AT RECORD LEVELS



*END-USERS WITH NET METERING AGREEMENTS. SOURCE: ETAP, STEG, MEES.

◆◆

Saudi Oil Export Revenues Start 2025 At Eight-Month High

A geopolitical-driven price spike lifted Saudi oil export revenues to their highest level since May 2024 in January. Subsequent price drops will have driven revenues lower for February and March, but Riyadh can look forward to higher output from April.

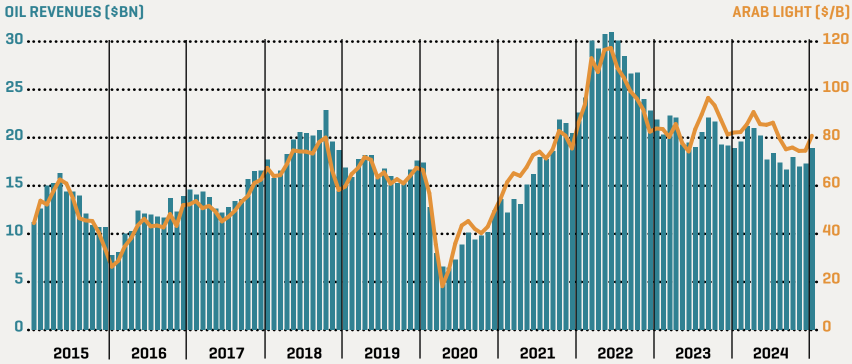
Saudi Arabia's oil revenues began 2025 strongly as a raft of new US sanctions targeting Iranian and Russian oil exports in January caused a temporary oil price spike (MEES, 17 January). With the price of Saudi Arabia's flagship Arab Light crude export grade rising back above $80/B for the first time since July, oil export revenues increased to an eight-month high $18.9bn in January, level with the year-ago figure (see chart 1).

With oil accounting for more than 70% of Saudi Arabia's export revenues, this provided a healthy uplift to total revenues which also hit an eight-month high of $25.9bn. However, as the price of Arab Light dropped from January's $80.78/B to $78.59/B in February, oil revenues will have weakened again last month – always a weak month due to its fewer days – and with US tariff policies continuing to weigh on prices this month, March is also unlikely to offer green shoots.

January export revenues were also strengthened by lower domestic oil demand from the highly-seasonal power sector. Oil burn last year increased by 500,000 b/d from January to its peak in July. This means that a higher proportion of oil production can be exported during the winter months, and Kpler data shows that oil exports of 7.25mn b/d were around 500,000 b/d more than in July, when Arab Light was last above $80/B.

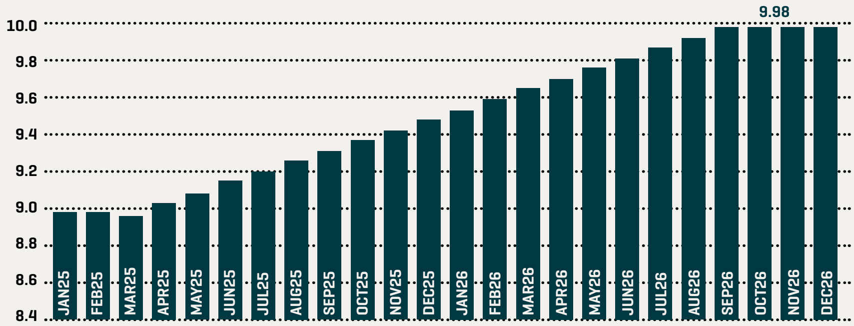
With Brent remaining below $75/B, the near-term revenue outlook for Saudi Arabia remains relatively muted. However, there is potential upside in the shape of the gradual easing of Opec+ voluntary production cuts from April. After factoring in compensation cuts, Saudi Arabia's Opec+ quota rises from its current 8.96mn b/d to 9.03mn b/d for April (see chart 2). It is then set to continue increasing through to September 2026, although most market forecasts suggest that absent a supply shock elsewhere, the process will have to be paused before then.

1: SAUDI ARABIA'S MONTHLY OIL EXPORT REVENUES ($BN) REBOUNDED TO AN EIGHT-MONTH HIGH IN JANUARY AS ARAB LIGHT PRICES ROSE BACK ABOVE $80/B



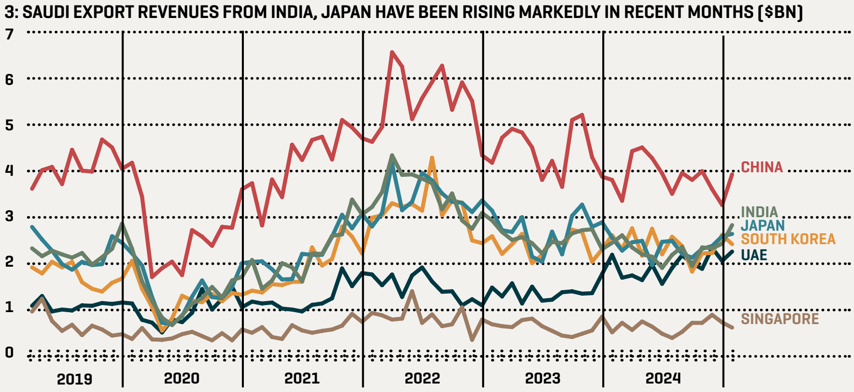
SOURCE: GENERAL AUTHORITY FOR STATISTICS, OPEC, MEES.

2: SAUDI ARABIA'S VOLUNTARY PRODUCTION ALLOCATION* SET TO GRADUALLY INCREASE FROM APRIL (MN B/D)



*INCLUDING COMPENSATION CUTS ANNOUNCED MARCH 2025. SOURCE: OPEC, MEES.

3: SAUDI EXPORT REVENUES FROM INDIA, JAPAN HAVE BEEN RISING MARKEDLY IN RECENT MONTHS ($BN)



SOURCE: GENERAL AUTHORITY FOR STATISTICS, MEES.

KEY ASIA BUYERS STOCK UP

The majority of Saudi oil exports are to Asia, with the region accounting for 80% of the kingdom's crude exports for 2024 (MEES, 10 October). Key Asian buyers increased their purchases of Saudi crude in January, stocking up on competitively priced barrels after Aramco cut its official selling prices (OSPs) for the region to a four-year low (MEES, 13 December 2024).

Total exports to China – including non-oil – increased to a three-month high $3.93bn as a result, but the trend was more pronounced in other Asian markets. Exports to India rose to $2.83bn, their highest level in two years, despite oil prices having dropped significantly since early 2023. Kpler shows oil exports to India reaching 735,000 b/d in January, their highest level since February 2024, while the 175,000 b/d from the Partitioned Neutral Zone (PNZ) shared with Kuwait was the highest since 2013.

Exports to Japan also continued to trend up, with January's $2.64bn the highest figure since December 2023. January marked the third consecutive month in which oil exports to Japan exceeded 1mn b/d according to Kpler, the first time this has been achieved since February 2024. Oil accounted for around 85% of export revenues from Japan in January.

NEWS IN BRIEF

BP FINALIZES KIRKUK ENTRY

BP and Iraq have finalized the contract for the UK major to re-develop Iraq's giant Kirkuk oilfield with Baghdad ratifying the deal on 26 March. BP CEO Murray Auchincloss says the deal opens "on our next chapter of production in the country." BP already operates Iraq's giant southern 1.45mn b/d-capacity Rumaila oilfield.

Under the deal, BP will oversee integrated redevelopment of Kirkuk's Baba and Avanah domes, as well as the neighboring Bai Hassan, Jambur and Khabbaz oil fields. Official data from early 2024 show these assets producing at just under 300,000 b/d crude and 400mn cfd wellhead gas output of which around 300mn cfd was captured (MEES, 26 February). The plan is to increase production to 420,000 b/d, capture 400mn cfd gas and build a 400MW power plant. The initial phase covers reserves of more than 3bn barrels of oil equivalent, but BP says the "wider resource opportunity across the contract and surrounding area is believed to include up to 20bn barrels of oil equivalent."

BP is partnering with state firms North Oil and North Gas in a JV to be mostly made up of personnel from the two Iraqi firms, with BP providing some secondees. Once the new organization is established, BP will consider bringing in other foreign partners.

BP is confident that the contractual terms are superior to those at Rumaila, crucially allowing it to book reserves and production. Remuneration will be "linked to incremental production volumes, price and costs."

XRG: MOZAMBIQUE LNG ENTRY

Adnoc's XRG announced on 28 March that it has completed its acquisition of the 10% stake of Portugal's Galp in the Area 4 concession of Mozambique's Rovuma Basin, marking its entry into the international LNG sector. The deal was originally inked last May, during the same week as it announced a deal to invest in NextDecade's under-development Phase 1 Rio Grande LNG project in the US (MEES, 24 May 2024).

The deal gives XRG access to LNG projects with a combined potential production capacity of more than 25mn t/y, including stakes in the operational 3.5mn t/y Coral South Floating LNG (FLNG), the planned 3.5mn t/y Coral North FLNG and Rovuma LNG's 18mn t/y onshore development projects.

Khaled Salmeen, who has now been appointed XRG's Chief Operating Officer and is Adnoc's Downstream CEO, says "we are looking forward to sharing our expertise, adding value and accelerating these developments towards their full potential LNG capacity. This milestone investment will enhance XRG's ability to provide energy solutions to meet rising demand and help unlock sustainable economic growth."

UAE: $1.4TRN US INVESTMENT PLEDGE

The oil rich states of the GCC are engaging in large-scale investment diplomacy with the US in order to secure their relationships with the new Trump administration. Following Saudi Arabia's earlier pledge to invest $600bn – or was that $1 trillion? – in the US over four years (MEES, 31 January), the UAE this week pledged $1.4 trillion over ten years. The new investment framework will focus on AI infrastructure, semiconductors, energy, and American manufacturing.

Investments on such a scale are unlikely to ever be realized, but both countries are still expected to invest heavily in the US. The UAE statement came days after it established a fund to invest $25bn in powering data centers and AI projects in the US (MEES, 21 March), while Adnoc is chasing major energy sector investments through its XRG subsidiary, having last year agreed to invest in the under-development 17.5mn t/y Phase 1 Rio Grande LNG project (MEES, 24 May 2024). XRG also plans investments in gas, chemicals, energy infrastructure and low carbon solutions.

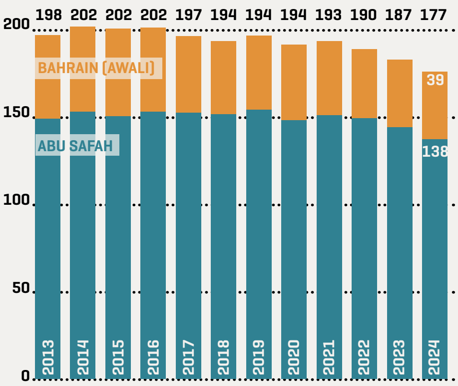
BAHRAIN OIL OUTPUT: NEW LOW

In the continuation of a decade-long trend, Bahrain's crude output slumped to a new low of 177,000 b/d for 2024 according to recently released Jodi data (see chart).

The only producing asset within Bahrain territory, the onshore Bahrain (or Awali) field, contributed 39,000 b/d. The remaining 138,000 b/d came from Bahrain's 50% share of output from the Saudi Aramco-produced offshore Abu Safah field. Abu Safah was responsible for nearly all of Bahrain's 6,700 b/d year-on-year decline, with the field's output dropping significantly in Q3.

Last year aside, the long-term trend of declining Bahraini output has been driven by the Bahrain Field, which is now producing over 20% less than its 2015 peak of 51,000 b/d. To arrest this decline, state firm Bapco Energies is pursuing a $1.7bn oil development program including the commissioning of 400 new wells and testing oil recovery techniques (MEES, 16 August 2024). Bapco expects to drill 93 new oil wells in 2025 as part of this program.

LOWER ABU SAFAH OUTPUT DRAGGED BAHRAIN'S OIL OUTPUT TO A RECORD LOW IN 2024 ('000 B/D)



SOURCE: JODI, BAPCO UPSTREAM, MOO, MEES.

GENEL EYES FURTHER OMAN GROWTH

London-listed Genel Energy has seen efforts to diversify its portfolio stumble in recent years. All of its 19,650 b/d in 2024 working interest output came from its 25% stake in Iraqi Kurdistan's DNO-operated Tawke field, whose output achieved an average price of just $35/B (MEES, 7 February).

With attempts to expand in Morocco and Somaliland failing to bear fruit, Genel has now entered Oman, earlier this month taking 40% stake in exploration Block 54 alongside a 60% operator stake held by state upstream firm OQEP (MEES, 14 March).

Genel ultimately eyes a wider position in the country. "We have taken the first step in our geographical diversification journey... Block 54 provides us with the platform for further expansion towards building a material and profitable business in Oman," Genel says this week in its 2024 report.

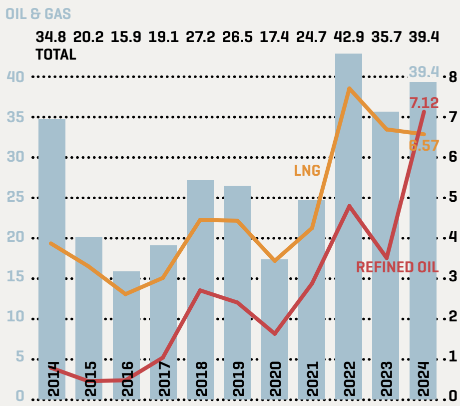
OQEP and Genel have agreed a $63mn program for Block 54 over an initial three-year exploration period to include testing existing wells, drilling new wells and shooting 3D seismic. CEO Paul Weir says work will begin "sometime in May" and that "our initial program is to go back and revisit wells that have been drilled where oil has already been found and to examine those and to look at the productivity of those wells."

OMAN: $7BN PRODUCTS EXPORTS

Freshly released official stats show Oman generated record export revenues from its downstream operations for 2024 including a record $7.12bn for refined oil products, double 2023's $3.51bn (see chart). This was driven by the first full-year operations of the 255,000 b/d Duqm refinery which exports all of its output (MEES, 14 February).

LNG exports raised a strong $6.57bn, down from $7.70bn in 2022, but still high on the back of record exports (MEES, 24 January). Together these accounted for an all-time high 35% of oil and gas export revenue. But crude and condensate exports continue to dominate trade revenues at $25.7bn for 2024.

OMAN 2024 REFINED OIL EXPORT REVENUE HIT RECORD $7BN ON DUQM REFINERY STARTUP ($BN)



SOURCE: NCSI, MEES.

QATAR: SOLAR GENERATION STEADY

Qatar's 800MW Kharsaah solar PV plant generated around 2TWh in 2024, according to minority partner (19.6%) TotalEnergies. In its latest sustainability report, Total puts its net solar generation in Qatar at 0.4TWh, in line with the 1.9TWh (net 0.37TWh) generated in 2023 and which accounted for 3% of total generation (MEES, 1 November 2024). Solar's role is set to expand this year, with the Ras Laffan and Mesaieed solar plants (875MW combined) ready to come online imminently (MEES, 19 July 2024).

CRUDE OFFICIAL SELLING PRICES ($/B)

SELECTED DATA

	Dec23	Jan24	Feb24	Mar24	Apr24	May24	Jun24	Jul24	Aug24	Sep24	Oct24	Nov24	Dec24	Jan25	Feb25	Mar25	Apr25
SAUDI ARABIA																	
to Asia (FOB Ras Tanura, vs Oman/Dubai average)																	
Arab Super Light (>40°)	+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	+4.05
Arab Extra Light (36-40°)	+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	+3.30
Arab Light (32-36°)	+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	+3.50
Arab Medium (29-32°)	+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	+2.95
Arab Heavy (<29°)	+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	+1.80
to Northwest Europe (FOB Ras Tanura, vs ICE Brent)																	
Arab Extra Light (36-40°)	+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	+4.65
Arab Light (32-36°)	+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	+3.05
Arab Medium (29-32°)	+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	+2.25
Arab Heavy (<29°)	+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	-0.15
to Mediterranean (FOB Ras Tanura, vs ICE Brent)																	
Arab Extra Light (36-40°)	+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	+4.55
Arab Light (32-36°)	+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	+2.85
Arab Medium (29-32°)	+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	+2.25
Arab Heavy (<29°)	+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	-0.45
to US (FOB Ras Tanura, vs ASCI)																	
Arab Extra Light (36-40°)	+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	+6.05
Arab Light (32-36°)	+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	+3.80
Arab Medium (29-32°)	+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	+3.90
Arab Heavy (<29°)	+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	+3.45
delivered US Gulf (vs ASCI)																	
Arab Light (32-36°)	+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	+5.10
Arab Medium (29-32°)	+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	+5.20
Arab Heavy (<29°)	+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	+4.75
IRAQ																	
to Asia (vs Oman/Dubai average)																	
Basrah Medium (FOB)	+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	+2.15
vs Saudi Arab Heavy	*-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*	*+0.35*
Basrah Heavy (FOB)	-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	-0.90
to Europe (vs Dated Brent)																	
Basrah Medium (FOB)	-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	-1.50
vs Saudi Arab Heavy	*-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*	*-1.05*
Basrah Heavy (FOB)	-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	-4.15
Kirkuk (FOB Ceyhan)	+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	+1.00
to US (vs ASCI)																	
Basrah Medium (FOB)	-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	-0.65
Basrah Heavy (FOB)	-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	-5.05
Kirkuk (FOB Ceyhan)	+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	+1.50
KUWAIT																	
to Asia (FOB, vs Oman/Dubai)																	
Kuwait Export Blend (31°)	+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	+2.45
vs Saudi Arab Medium	*-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*	*-0.50*
Kuwait Super Light (48°)	+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	+2.45
Khafji (28.5°)	+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	+1.80
Hout (33°)	+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	+3.21
Kuwait Export Blend to other destinations:																	
to Mediterranean (FOB, vs Dated Brent)	+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	-0.45
to North West Europe (FOB, vs Dated Brent)	+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	-0.45
FOB Sidi Kerir (vs Dated Brent)	+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	-0.25
to US (FOB, vs ASCI)	+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	+3.90
delivered US Gulf (vs ASCI)	+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	+5.20

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

SELECTED DATA

	Nov23	Dec23	Jan24	Feb24	Mar24	Apr24	May24	Jun24	Jul24	Aug24	Sep24	Oct24	Nov24	Dec24	Jan25	Feb25	Mar25	Apr25
IRAN to Asia (FOB Kharg Island, vs Oman/Dubai average)																		
Iranian Light (33-34°)	+3.85	+4.00	+3.60	+1.75	+1.75	+1.95	+2.25	+3.10	+2.60	+2.10	+2.35	+1.70	+2.60	+2.15	+1.35	+1.95	+4.35	
vs Saudi Arab Light	*-0.15*	*+0.00*	*+0.10*	*+0.25*	*+0.25*	*+0.25*	*+0.25*	*+0.20*	*+0.20*	*+0.30*	*+0.35*	*+0.40*	*+0.40*	*+0.45*	*+0.45*	*+0.45*	*+0.45*	
Iranian Heavy (30-31°)	+1.75	+1.80	+1.40	-0.50	-0.70	-0.45	+0.05	+1.10	+0.80	+0.10	+0.15	-0.65	+0.25	-0.10	-0.80	-0.30	+2.20	
vs Saudi Arab Medium	*-1.70*	*-1.55*	*-1.35*	*-1.25*	*-1.25*	*-1.30*	*-1.30*	*-1.25*	*-1.15*	*-1.15*	*-1.10*	*-1.10*	*-1.10*	*-1.05*	*-1.05*	*-1.05*	*-1.05*	
Foroozan (31°)	+1.85	+1.85	+1.50	-0.35	-0.50	-0.25	+0.25	+1.25	+0.90	+0.25	+0.30	-0.40	+0.50	+0.15	-0.55	-0.05	+2.45	
South Pars Condensate	+0.25	+0.45	+0.20	-1.75	-1.80	-1.50	-1.00	+0.10	-0.25	-0.95	-0.95	-1.95	-1.15	-1.55	-2.20	-1.80	+0.80	
Soroosh (18.6°) vs Iran Heavy	-3.50	-3.25	-3.10	-3.05	-2.85	-2.80	-2.80	-2.65	-2.70	-2.70	-2.75	-2.95	-3.05	-3.10	-3.05	-3.15	-3.05	
to Northwest Europe/South Africa (FOB Kharg Island, vs ICE Brent)																		
Iranian Light (33-34°)	+5.40	+3.15	+1.15	-0.80	-0.75	-1.25	-1.15	+0.65	+1.65	+2.50	-0.20	-1.00	-1.90	-1.60	-2.70	-1.35	+1.85	
vs Saudi Arab Light	*-1.80*	*-1.75*	*-1.75*	*-1.70*	*-1.65*	*-1.55*	*-1.45*	*-1.45*	*-1.45*	*-1.50*	*-1.45*	*-1.45*	*-1.45*	*-1.45*	*-1.45*	*-1.40*	*-1.40*	
Iranian Heavy (30.7°)	+3.15	+0.90	-1.10	-2.55	-2.50	-3.00	-2.90	-1.20	-0.20	+0.70	-2.00	-2.80	-3.70	-3.40	-4.50	-3.15	+0.05	
vs Saudi Arab Medium	*-2.85*	*-2.80*	*-2.80*	*-2.75*	*-2.70*	*-2.60*	*-2.50*	*-2.50*	*-2.50*	*-2.50*	*-2.45*	*-2.45*	*-2.45*	*-2.45*	*-2.45*	*-2.40*	*-2.40*	
Foroozan (31°)	+3.15	+0.90	-1.00	-2.40	-2.20	-2.70	-2.60	-0.80	+0.20	+0.90	-1.80	-2.60	-3.65	-3.35	-4.40	-8.00	+0.15	
to Mediterranean (FOB Kharg Island, vs ICE Brent)																		
Iranian Light (33-34°)	+4.45	+2.55	+0.70	-1.20	-1.10	-1.70	-1.50	+0.60	+1.60	+2.50	-0.25	-1.00	-1.80	-1.50	-2.60	-1.25	+1.95	
vs Saudi Arab Light	*-1.85*	*-1.85*	*-1.70*	*-1.60*	*-1.50*	*-1.50*	*-1.40*	*-1.40*	*-1.40*	*-1.40*	*-1.40*	*-1.35*	*-1.25*	*-1.25*	*-1.25*	*-1.20*	*-1.20*	
Iranian Heavy (30-31°)	+1.95	+0.10	-1.75	-2.55	-3.10	-3.70	-3.50	-1.50	-0.50	+0.40	-2.35	-3.10	-3.90	-3.60	-4.70	-3.35	-0.15	
Foroozan (31°)	+1.95	+0.00	-1.65	-2.40	-2.85	-3.50	-3.25	-1.20	-0.20	+0.60	-1.80	-2.90	-3.85	-3.55	-4.60	-3.25	-0.05	
ABU DHABI																		
Murban (40.3°)	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	77.62
Das (38.8°)	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	77.27
Das-vs Murban	-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	-0.35
Umm Lulu (38.7°)	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	77.92
Umm Lulu-vs Murban	+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	+0.30
Upper Zakum (34.1°)	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	77.92
Upper Zakum-vs Murban	-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	+0.30
QATAR																		
Qatar Land (40°)-vs Dubai^	+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	+1.85
Qatar Marine (36°)-vs Dubai^	+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	+2.10
DUBAI																		
Dubai (31°, vs Oman)	+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	+0.00
outright price	92.77	89.84	83.22	77.26	78.85	80.85	84.14	89.30	83.79	82.50	83.85	77.64	73.49	74.82	72.46	73.21	80.31	77.63
OMAN																		
Oman (34°)	92.77	89.79	83.17	77.21	78.75	80.85	84.14	89.30	83.89	82.50	83.85	77.54	73.49	74.82	72.46	73.16	80.26	77.63
ALGERIA (vs Dated Brent)																		
Saharan Blend (45.7°)	+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	+0.30	
LIBYA (vs Dated Brent)																		
Zueitina (41°)	+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	-0.40	
Brega (40°)	-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	-1.55	
Sirtica (41°)	-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	-1.05	
Es Sider (37°)	+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	-1.35	
Bu Attifel (36°)	+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	-1.05	
Sarir (36°)	-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	-3.70	
Amna (36°)	+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	-0.70	
Sharara (43°)	+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	-0.70	
Mellitah (41.6°)	-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	-1.40	
Bouri (26°)	-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	-1.55	
Al Jurf (30°)	-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	-0.45	

SAUDI LPG OFFICIAL CONTRACT PRICES ($/T)

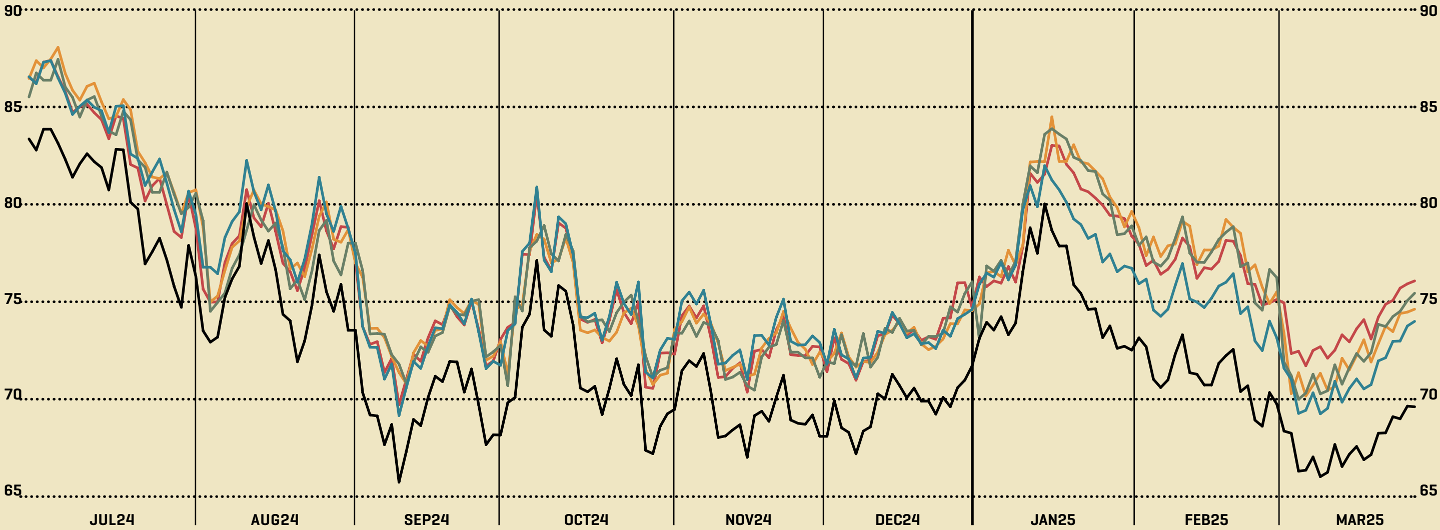
	Dec23	Jan24	Feb24	Mar24	Apr24	May24	Jun24	Jul24	Aug24	Sep24	Oct24	Nov24	Dec24	Jan25	Feb25	Mar25	Apr25
Propane	610	620	630	630	615	580	580	580	590	605	625	635	635	625	635	615	615
Butane	620	630	640	640	620	585	565	565	570	595	620	630	630	615	625	605	605
propane vs butane	*-10*	*-10*	*-10*	*-10*	*-5*	*-5*	*+15*	*+15*	*+20*	*+10*	*+5*	*+5*	*+5*	*+10*	*+10*	*+10*	*+10*

SELECTED DATA

BENCHMARK CRUDE PRICES ($/B)

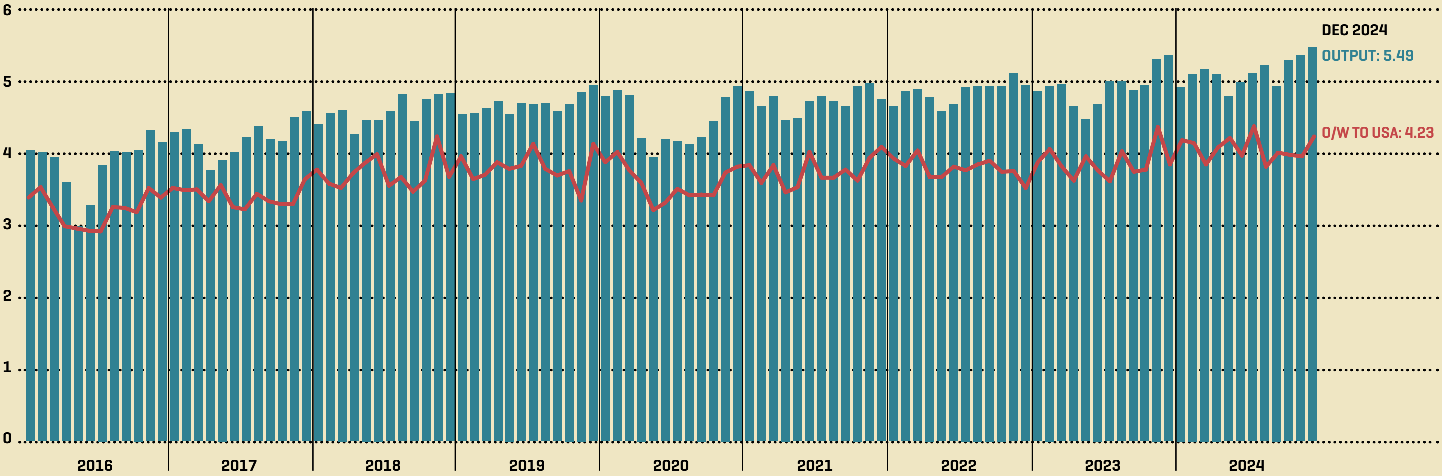
	27Mar	17-21Mar	10-14Mar	Feb25	Jan25	Dec24	4Q 2024	3Q 2024	2Q 2024	2025 (27Mar)	2024	2023	2022
WTI	69.62	67.64	66.74	71.19	75.22	69.87	70.31	75.38	80.61	71.54	75.79	77.58	94.37
ICE Brent	74.03	71.31	70.05	74.95	78.35	73.26	74.01	78.72	85.02	75.00	79.86	82.18	99.02
ICE Murban	75.48	72.89	71.01	77.34	80.18	73.47	73.76	78.34	85.24	76.79	79.74	82.80	98.84
GME Oman	74.66	72.80	71.25	77.64	80.02	73.34	73.60	78.47	85.20	76.83	79.61	82.02	94.42
OPEC Basket	76.11	74.01	72.75	76.81	79.38	73.07	73.54	78.97	85.31	76.78	79.89	82.95	100.08
JCC	na	na	na	80.40	76.57	76.50	78.24	85.86	87.48	na	83.92	86.56	102.70

AVERAGE SETTLEMENT PRICES FOR PERIOD IN QUESTION.



CANADA CRUDE*: RECORD 5.13MN B/D OUTPUT FOR 2024 WITH ALMOST 80% HEADING SOUTH ACROSS THE US BORDER

CANADA'S MONTHLY OUTPUT HIT A RECORD 5.49MN B/D FOR DECEMBER, WHILST US IMPORTS AVERAGED A RECORD 4.07MN B/D FOR 2024 PEAKING AT 4.37MN B/D IN JULY (MN B/D)



*INCLUDES SYNTHETIC CRUDE OUTPUT FROM OIL SANDS MINING. SOURCE: STATISTICS CANADA, EIA.