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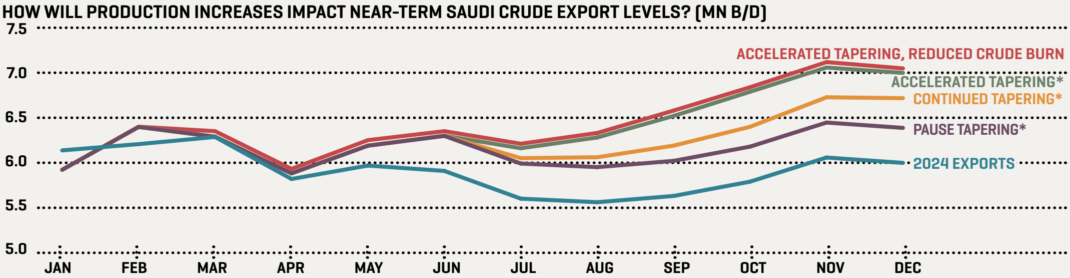
OPEC & GLOBAL MARKETS

Saudi Arabia: Oil Production Up, Exports Down?

Opec production edged up in April as the unwinding of voluntary cuts began. As the largest producer, the biggest output gains will come from Saudi Arabia, but will that translate into increased exports in the coming months? **Page 6, 5**

HOW WILL PRODUCTION INCREASES IMPACT NEAR-TERM SAUDI CRUDE EXPORT LEVELS? (MN B/D)



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UPSTREAM OIL & GAS

Chevron Eyes 'Exciting' East Med

Chevron's CEO says that he is excited by the firm's East Med portfolio. Expansion is underway in Israel, but an overreliance on Egypt as an export market remains a bottleneck. **Page 2**

GEOPOLITICAL RISK

Trump Set For Gulf Visit

When US President Trump touches down in Saudi Arabia next week, he will find a very different region than in his first term. But as ever, the key focus will be on trade. **Page 7**

POWER & WATER

Adnoc Gas Plans $15bn+ Capex

Adnoc Gas has committed to $15bn investments over the next five years, and plans to take FID this summer on another major project which will take this higher still. **Page 10**

UPSTREAM OIL & GAS

Oxy Bags Oman Gas Find

Oxy has made a 250mn boe gas and condensate discovery in northern Oman. Its location near existing infrastructure will help expedite any development. **Page 12**

CORPORATE

Adnoc Drilling's Bumper Q1 Earnings

Adnoc Drilling has started 2025 with a bang. Having banked its highest ever Q1 profits, it has secured $4.8bn of new domestic contracts already this year. **Page 4**

ECONOMY & FINANCE

Saudi Budget Deficit Hits $15.7bn

Saudi Arabia's Q1 deficit of $15.7bn accounts for more than 50% of its budgeted 2025 deficit; and the full impact of low oil prices has yet to hit. **Page 11**

GEOPOLITICAL RISK

Algeria And Oman Deepen Ties

Algeria and Oman are deepening their economic ties. Omani drilling firm Abraj aims to capitalize on Algeria's recently launched bid round with a new JV. **Page 8**

POWER & WATER

Iraq Suffers April Blackouts

Iraq has already faced protests on the streets amid widespread blackouts. The issue threatens to overshadow November elections and complicate Opec+ compliance. **Page 12**

CHEVRON EYES EGYPT EXPANSION AS ISRAEL OUTPUT CLOSES IN ON RECORD HIGH

UPSTREAM OIL & GAS

Chevron is "excited" by its East Mediterranean portfolio and could soon be adding to its footprint offshore Egypt with further blocks. This comes as output from its key Israel assets posted a near record 2.19bn cfd for Q1.

The East Mediterranean has emerged as a highly dynamic area of operations for US major Chevron over the five years since its $5bn takeover of compatriot Noble Energy in 2020. The firm has continued to expand its footprint in the basin since then, and although last year's net output of 100,000 boe/d was just 3% of its global output, it sees the region as ripe for growth.

"I'll start by saying we're excited about our entire portfolio in the Eastern Mediterranean, and that is a tribute to the people at Noble - this is largely a legacy Noble Energy position," CEO Mike Wirth told his firm's earnings call on 2 May. "We've got some good exploration acreage in the offshore Egypt area that we brought to the table as well and the expectation is for some exploration wells there in the coming couple of years," he adds.

While Mr Wirth paints a positive picture of the firm's exploration acreage, Chevron did suffer a setback earlier this year when its Khendjer-1 wildcat on the North El Dabaa block in the country's underexplored West Mediterranean flopped (MEES, 10 January). The firm also relinquished its sole Red Sea block in April after seismic failed to show any sizeable reservoirs (MEES, 25 April).

As for the exploration wells over the next couple of years, Mr Wirth could be alluding to talks with Cairo to take new acreage. Talks have intensified in recent months over a direct award of the giant West Star block, which is located to the south of ExxonMobil's giant Cairo and Masry blocks in the deep offshore near the Cyprus border (see map).

MEES learns that Chevron has also bid for two blocks in last year's 12-block offering by state firm EGAS; awards are likely in the coming months (MEES, 30 August 2024).

Cairo will also be hoping that Chevron proceeds with appraisal drilling before then at the 2.8tcf Nargis field, discovered in 2023, in the offshore north Sinai region of the Mediterranean (MEES, 20 January 2023). While a development plan won't be filed until an appraisal well is drilled, MEES understands that Chevron (45%,op) and partner Eni (45%) have communicated to Cairo that they will likely require fiscal incentives to move ahead with development (MEES, 7 June 2024).

Egypt's gas output is in steep decline, and development of fields like Nargis and the nearby 1-2tcf Nour are essential if the decline is to be halted, let alone reversed by 2028 (MEES, 21 February).

CASH COW

Chevron's producing East Mediterranean assets lie offshore Israel, where it operates the 22.3tcf Leviathan and 13.7tcf Tamar fields. Chevron's net output from its Israel operations was up 9% quarter on quarter to 630mn cfd, equating to approximately 12% of the firm's non-US gas output.

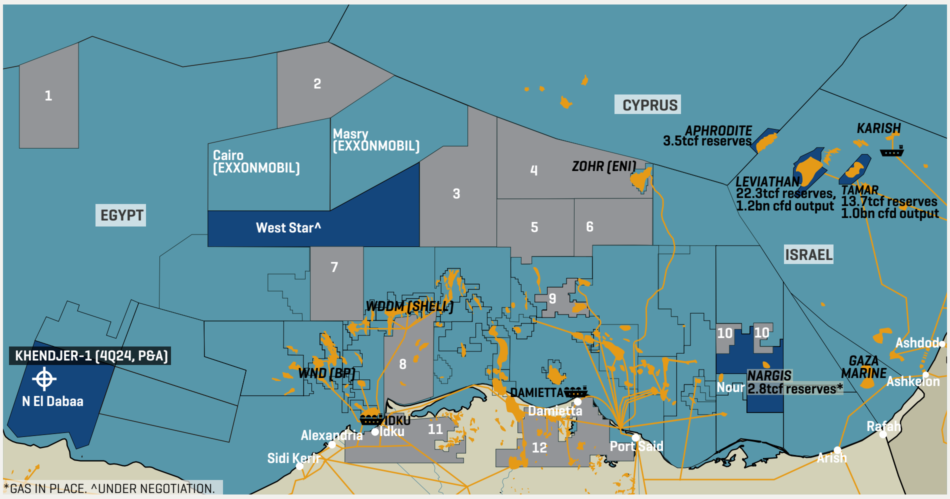
Gross output at Leviathan was up 12% to 1.17bn cfd, while gross output from Tamar increased by 8% to 1.02bn cfd according to preliminary figures obtained by MEES. The combined 2.19bn cfd was a 10% quarter-on-quarter increase in gross terms and is the third highest on record behind 3Q24's record 2.22bn cfd and 3Q22's 2.21bn cfd (see chart). Gas demand in Israel's key export market, Egypt, peaks in Q3 when electricity demand soars amid high temperatures.

While the Q1 output figure this year of 2.19bn cfd is the highest first quarter number on record, exports to Egypt fell modestly by 2%. Unplanned outages at Israel's third gas producing field, the 775mn cfd capacity Karish, operated by London-listed Greek firm Energean, meant that more gas from Chevron's two fields has been called upon to meet domestic demand, MEES understands.

Expansion work at both fields is progressing, and MEES learns that capacity at Leviathan has increased incrementally from 1.2bn cfd to 1.3bn cfd. Leviathan capacity is due to increase further to 1.4bn cfd early next year (MEES, 28 March). Tamar capacity is also planned to rise from 1.1bn cfd to 1.6bn cfd over the same timeframe.

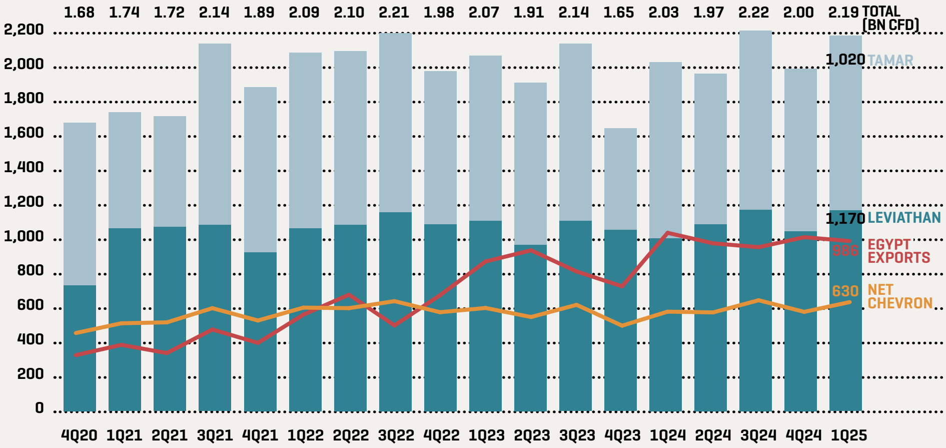
CHEVRON KEY EAST MED ASSETS

GAS FIELD/PIPELINE ■ CHEVRON ■ EGAS 2024 BID ROUND BLOCKS ■ LNG IMPORT TERMINAL



*GAS IN PLACE. ^UNDER NEGOTIATION.

CHEVRON ISRAEL GAS OUTPUT AT NEAR-RECORD 2.19BN CFD FOR Q1 BUT EXPORTS TO EGYPT DIP BELOW 1BN CFD (MN CFD)



SOURCE: CHEVRON, NEWMED, RATIO, ISRAEL ENERGY MINISTRY, JODI, MEES.

TROUBLE BREWING

Despite this momentum, Chevron could justifiably be feeling uneasy with its position in Israel, given that the finance and energy ministries have recently clashed over the firm's dominance over the country's gas production. Not just do its assets account for around 80% of production, they are also around 90% of the country's gas reserves (MEES, 28 March). Finance ministry officials have voiced concern that such market concentration could lead to higher gas prices, but an interministerial committee led by the energy ministry and which included the finance ministry,

Continued on – p3

Continued from – p2

concluded that it would not be in Israel's best interests to remove Chevron from either asset.

Seemingly displeased by these conclusions, the finance ministry has come out firing. It has rejected the report and has again called for Chevron to be ousted from one of its two fields by 2030. The finance ministry has also proposed that Israel increases the volume of gas reserved for the domestic market from 440bcm (15.5tcf) currently to 515bcm (18.2tcf) to avoid any potential future shortages which would necessitate imports.

"I'm not completely convinced that this whole argument is rooted in the finance ministry's concern about the potential for rising gas prices," an inside source tells MEES. "There are growing quarters in Israel concerned that Chevron's position in Israel is going unchecked. They are concerned that Israel's key export market of Egypt is highly unreliable as its gas deficit continues to widen and its finances stretched but that Chevron is more than happy to continue sending more and more relatively cheap gas there," they claim.

Egyptian state-backed offtaker Blue Ocean pays around $6.50/mn Btu for the 1bn cfd of Israeli gas it currently receives. Domestic Israeli customers pay an average of $4.52/mn Btu but the Finance Ministry is pushing for export prices to be further elevated to factor in the perceived increased Egypt risk.

MEES understands that the Finance Ministry has also tabled the idea of Chevron exiting Tamar in return for leniency regarding exports from Leviathan. "Israel has no obvious other export routes right now. But that's in large part due to Chevron's unwillingness to consider potential synergies with Cyprus," the source tells MEES. Chevron also gained Cyprus' 3.5tcf Aphrodite field in the Noble transaction, but despite the field being discovered in 2011 it has yet to be developed. Aphrodite is located just 30km from Leviathan (see box).

"Chevron still has its work cut out for it to get the green light for expansion of Leviathan to 2.1bn cfd and 2.3bn cfd [MEES, 28 February] but at no point has it shown a willingness to look to combine the development with Aphrodite, despite the Cypriot field's development also being stunted. Something just doesn't add up," the source says.

Mooted plans to build an onshore LNG plant in Cyprus were shelved more than a decade ago but MEES understands talk of such a venture could be on the cards again.

"Ultimately, when we get to the heart of the matter, the region needs export optionality," the source says. "Relying exclusively on Egypt is a high-stakes gamble considering the current state of affairs."

"If Egypt-Israel relations deteriorate further on the Gaza conflict then Cyprus becomes the only politically neutral and geographically central location for a scalable LNG solution," an industry source tells MEES. "But let's be clear: nothing gets built on Cyprus unless a sovereign or supermajor steps in. Right now, it's a long shot—but one worth re-examining."

Nevertheless, Chevron has shown little desire to export gas via Cyprus and earlier this year had an Aphrodite field development plan approved by Nicosia under which output would be piped to Egypt's Port Said (MEES, 21 February). ◆◆

CHEVRON APHRODITE: WORK TO DO

Much of Chevron's East Mediterranean attentions focus on Egypt and Israel (see main story) but development activities have also commenced offshore Cyprus this quarter CEO Mike Wirth revealed during his firm's Q1 call on 2 May.

"We entered pre-FEED activities in the first quarter," he said. Chevron (35%, op) has until November of this year to complete pre-FEED at the 3.5tcf Aphrodite gas field and must complete FEED by the end of 2026 according to the new milestones set out in the approved development plan from February this year (MEES, 21 February).

"It was a nice milestone to see that we've got an agreed field development plan for Aphrodite... and the initial development plan is going to be a floating production unit in Cypriot waters, production of about 800mn cfd," Mr Wirth says. But it hasn't been plain sailing for Chevron at Aphrodite, and the voyage ahead is long.

The original operator Noble Energy – purchased by Chevron in 2020 - along with partners Shell (35%) and Israel's NewMed (30%) signed an amended production sharing contract with Nicosia in 2019 that included a field development plan and fixed milestones to ensure timely development (MEES, 8 November 2019).

But Chevron's entry the following year precipitated four years of delays, with Nicosia rejecting the US major's first updated development plan in 2023 (MEES, 25 August 2023). Twelve months later, tired of endless talks about a new development plan and the US major's reluctance to adhere to the original 2019 plan, Cyprus issued Chevron with a notice of breach of contract last August (MEES, 30 August 2024).

This took the US major and US government officials by surprise, and led to Chevron largely acquiescing to Nicosia's demands, with the new development plan sharing many similarities to the 2019 plan.

WORRYING SIGNALS

"The gas would flow to Egypt, a market that's growing and has a need for more gas. The demand there is very strong," Mr Wirth says. Nicosia, Cairo and Chevron signed an MoU in February that envisages all Aphrodite gas heading to Egypt.

Having finally agreed a field development plan, Mr Wirth's next words will have come as some concern to Cypriot authorities, where there are grumblings that Chevron moves the goalposts too often.

"We're working to ensure that we can get competitive returns out of this project, there's some commercial work that needs to be done as well. And all that needs to be done before we move to a potential FID." According to the new plan, a decision on whether to take FID or not is due in 2027, MEES understands.

Cyprus has made it clear to Chevron that it is unwilling to provide the US major with further fiscal enhancements or incentives to proceed with Aphrodite development, believing that enough concessions were made when the 2019 contract was rejigged.

Already first gas from the field is unlikely before 2031 according to junior partner NewMed, and there is plenty of scope for further delays.

Delays could also be linked to a lack of resolution regarding a potential unitization deal between Cyprus and Israel, in whose waters a portion of Aphrodite lies, where it is called Ishai.

The main bone of contention is what proportion of the field lies in Israeli waters and therefore how much compensation the partners at Ishai are entitled to (MEES, 30 June 2023). This threatens to throw off any financial calculations the Aphrodite partners are looking to make ahead of potential FID.

With that in mind, Cyprus President Nikos Christodoulides and Energy Minister George Papanastasiou were in Israel on 4 May to discuss the issue, amongst others, with Israel's Prime Minister Benjamin Netanyahu and Energy Minister Eli Cohen.

"Also discussed was an agreement on the division of the 'Aphrodite-Ishai' gas field between the two countries, the negotiations for which are in an advanced stage, and which is expected to be signed in the next two months," Israel's PM's office and Energy Ministry said in a joint statement on 4 May.

Working teams from both countries' energy ministries are due to meet later this month to discuss the matter, MEES learns, but the idea of a firm deal being struck within the next two months appears optimistic considering talks have rumbled on for a decade now.

"Talk of a two-month deal is theater," says a source close to the talks. "Unless Chevron signs off on compensation and unit metrics, it's just a press release." Chevron tells MEES that it is "confident that this matter will be resolved." Although provides no timeframe.

Adnoc Drilling Starts 2025 At Record Breaking Pace

Adnoc Drilling continues to capitalize on the UAE's ambitious upstream growth projects, with its Turnwell JV accelerating the emirate's unconventional gas development. After signing nearly $5bn in contracts so far in 2025, the firm says it is just getting started.

The UAE is pushing ahead with ambitious upstream development plans, including working towards Adnoc's goals of reaching 5mn b/d crude production capacity by 2027 and gas self-sufficiency by 2030.

This has put state drilling firm Adnoc Drilling on a strong growth trajectory (MEES, 14 February). Fresh from securing an $806mn contract for three offshore island rigs on 5 May, Adnoc Drilling unveiled another set of record quarterly results for Q1 on 8 May. Revenues and profits for Q1 were by far the strongest start to the year, although both were down slightly from the all-time highs set in Q4.

Revenues of $1.17bn and profits of $341mn represented year-on-year increases of 32% and 24% respectively.

Adnoc Drilling CFO Youssef Salem is bullish for the rest of the year. "The key is we are just starting," Mr Salem told Dubai Eye radio. "We were awarded more than $2.4bn of contracts in the first quarter, so growth in the rest of the year will be even faster."

When asked about the possible hit to the drilling business on the back of lower oil prices in the wake of increased US tariffs (see p5), Mr Salem was confident about the company's resilience through its long-term contracts: "We have seen oil prices not only go to $40/B, we saw prices go negative during Covid, and we still had a year of growth."

In total, the firm operates 142 rigs (95 onshore and 47 offshore), all of which are in the UAE except for one rig operating in Jordan. Looking ahead it plans for at least 148 rigs by 2026 and at least 151 by 2028.

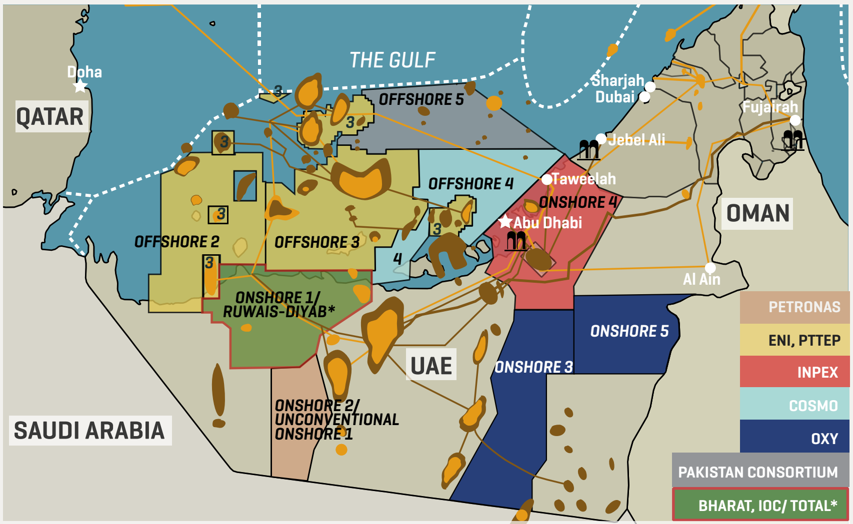
UNCONVENTIONAL GAS MILESTONE

An ongoing major project for Adnoc Drilling is its development of onshore unconventional gas assets through the Turnwell joint venture it formed last year with SLB and Patterson-UTI (MEES, 4 October 2024). Turnwell is currently executing a first phase 144-well drilling program, which is due to be completed by the end of next year.

By the end of March, Turnwell had drilled 34 of the 144 wells according to Adnoc Drilling's first quarter results. Due to the JV's work, Adnoc managed to produce and treat the first gas from an unconventional gas reservoir at the Ruwais Diyab concession the firm says, (see map) marking a major step forward in the unconventional development campaign. The concession (Adnoc 90%, TotalEnergies 10%) is slated to produce 1bn cfd by 2030, and TotalEnergies CEO Patrick Pouyanné told MEES earlier this year that output was around 100mn cfd (MEES, 28 February).

ABU DHABI EXPLORATION BLOCKS

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



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

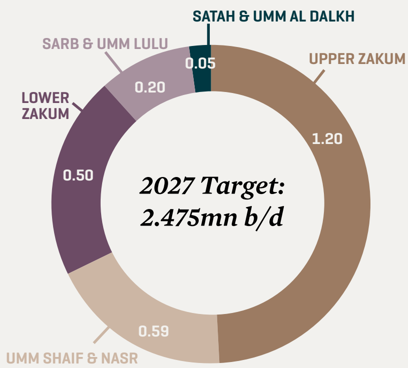
For Abu Dhabi's offshore work, Adnoc Drilling was awarded $2.4bn in contracts last quarter. Since then, it has signed this week's $806mn contract and a $1.63bn five-year contract in April "to provide integrated drilling services" to a number of assets.

This week's contract was for three island rigs to "support expanding operations at the offshore Zakum development project." Under the contract, Adnoc Drilling will operate "existing and newly constructed innovative artificial islands for drilling and completion of wells."

The three rigs under the new deal will join three additional rigs ordered in July 2024 and will join the fleet between 2027 and 2028. Satellite imagery at Zakum shows that construction of a new artificial island was begun in approximately May 2024, with work ongoing.

Adnoc plans to increase the capacity of the Upper Zakum concession (Adnoc 60%, ExxonMobil 28%, Inpex 12%) from 1mn b/d to 1.2mn b/d under its overall 5mn b/d target for 2027 (MEES, 2 August 2024). It also targets 500,000 b/d from the Lower Zakum field, up from around 450,000 b/d.

ADNOC OFFSHORE'S 2027 CAPACITY TARGETS BY CONCESSION (MN B/D)



SOURCE: ADNOC, MEES.

INTERNATIONAL GROWTH "VERY NEAR"

Outside the UAE, the company is still chasing international expansions including pre-qualification by Kuwait Oil Company and an ongoing initial tender in Oman after pre-qualifying for "certain services" on top of its single international drill rig operating in Jordan (MEES, April 11). "Today we have live tenders which we are bidding for. So we are looking at those very seriously. In the very near future you will be hearing more about those activities," says Adnoc Drilling CEO Abdulrahman al-Seiari speaking during an 8 May earnings call.

Through the company's Enersol JV with state firm Alpha Dubai it has also acquired stakes in key international drilling service firms. Through this vehicle Mr Salem is bullish on the US as a market as well, saying it is "a massive growth opportunity for us through Enersol. We have done already two acquisitions in the US: Deepwell Services and Gordon Technologies," the CFO said during his radio appearance. "We will continue to do much more in the US." ◆◆

OPEC OUTPUT FLAT IN APRIL DESPITE TAPER

Opec+ ministers agreed to accelerate the easing of voluntary production cuts in June. Producers began tapering the cuts in April, but the actual production increase significantly undershot the headline quota increase. A similar dynamic is likely for the "accelerated" increases in May and June.

Opec began the unwinding of voluntary production cuts last month but the impact on actual production was limited. Output edged up by just 10,000 b/d to 26.98mn b/d, largely because previous unfettered overproduction by a handful of producers limited the scope for actual gains. The broader Opec+ alliance began unwinding 2.2mn b/d of voluntary cuts being made by eight core members in April, with combined quotas increasing by 138,000 b/d. Five of these eight producers are part of Opec.

Opec's share of this quota increase was 105,000 b/d, but output rose by barely 10% of this total. This was in large part because Iraq, a consistent overproducer, cut supply by 50,000 b/d to 4.10mn b/d in April. Although this left it above quota, it offset the increases from elsewhere. Opec+ officials had been confident when speaking with MEES that the actual impact of the tapering on production would be much less than the paper increase to quotas given that some producers were already overproducing and so at minimum wouldn't be increasing output; under a best case scenario they will cut production further to compensate for previous overproduction (MEES, 7 March).

This would indicate that the Opec+ production increases for the next two "accelerated" months could come in well below the 411,000 b/d nominal increases. Ministers from the 'Group of Eight' met on 3 May and confirmed the accelerated tapering for June, as Saudi Arabia and other compliant states try to increase pressure on overproducers (MEES, 2 May).

The 3 May decision means that by next month, 960,000 b/d of the 2.2mn b/d voluntary cuts will have been unwound against an initially planned 411,000 b/d. If ministers agree to repeat the trick for July when they meet on 1 June, the total would surge past the halfway mark with 1.37mn b/d ostensibly returned to the market.

Opec says the decision was made "in view of the current healthy market fundamentals, as reflected in the low oil inventories." Oil markets reacted calmly to the move, with Brent prices hovering around $61-$63/B since late last week.

OPEC WELLHEAD PRODUCTION, APRIL 2025 (MN B/D, MEES CALCULATIONS)

	Apr25	vs Mar25	vs Apr24	vs Allocation	Allocation**	Mar25	Feb25	1Q25	vs 4Q24	2024	vs	2023
Algeria	0.91	-	-	-0.00	0.91	0.91	0.91	0.91	-	0.91	-0.06	0.97
Congo	0.26	-	-	-0.02	0.28	0.26	0.26	0.26	+0.00	0.25	+0.01	0.25
Eq Guinea	0.06	-	+0.01	-0.01	0.07	0.06	0.06	0.06	+0.00	0.06	-0.00	0.06
Gabon^	0.22	-	+0.02	+0.05	0.17	0.22	0.22	0.22	+0.01	0.21	+0.01	0.20
Iran^	3.32	+0.03	+0.12	n/a	n/a	3.29	3.27	3.26	-0.01	3.22	+0.41	2.81
Iraq^	4.10	-0.05	-0.08	+0.09	4.01	4.15	4.11	4.09	+0.03	4.20	-0.11	4.31
Kuwait*^	2.42	-	-0.01	-0.00	2.42	2.42	2.41	2.41	-	2.42	-0.20	2.62
Libya	1.39	+0.02	+0.21	n/a	n/a	1.37	1.38	1.38	+0.15	1.12	-0.06	1.18
Nigeria^	1.54	+0.04	+0.19	+0.04	1.50	1.50	1.54	1.52	+0.06	1.41	+0.10	1.31
S Arabia*	9.05	+0.07	+0.07	+0.02	9.03	8.98	8.95	8.97	-0.04	9.00	-0.65	9.65
UAE	2.92	+0.01	-0.03	-0.02	2.94	2.91	2.91	2.91	-0.02	2.96	+0.01	2.95
Venezuela^	0.79	-0.11	-0.01	n/a	n/a	0.90	0.92	0.91	+0.03	0.84	+0.11	0.73
TOTAL^	**26.98**	+0.01	+0.49	n/a	**n/a**	**26.97**	**26.94**	**26.90**	+0.20	**26.59**	-0.44	**27.04**
Opec 9	21.48	+0.07	+0.17	+0.15	21.33	21.41	21.37	21.34	+0.04	21.41	-0.90	22.31

^REVISED *INCLUDES SHARE OF NEUTRAL ZONE. **INCLUDES VOLUNTARY CUTS, EXCLUDES COMPENSATION CUTS. SOURCE: MEES.

APRIL: MODEST GAINS

Saudi Arabia led the way last month, increasing its production by 70,000 b/d to a 22-month high of 9.05mn b/d, slightly above its Opec+ allocation. Elsewhere in the GCC, the UAE's output increased by 10,000 b/d to 2.92mn b/d, while Kuwaiti output held steady at 2.42mn b/d.

Despite being set for 398,000 b/d of production increases between March and June, Saudi Arabia's crude oil exports may fall over this period due to the expected spike in domestic oil burn (see p6). Oil burn will also increase significantly in Iraq and Kuwait, further limiting the scale of any export gains from the Gulf region this summer. Out of the Group of Eight's Gulf members, the UAE is the only member not reliant on oil in its power sector thanks to gas imports, significant renewables capacity and 5.6GW of nuclear power capacity (MEES, 11 April).

For Iraq, the need to burn more oil for power will greatly limit its ability to cut below current levels in the coming months. Indeed, it is already suffering blackouts (see p12). Its quota rises to 4.09mn b/d in June, broadly in line with current production, which will help it comply.

In Iran, which is not subject to quota restrictions, output increased by 30,000 b/d to a nine-month high of 3.32mn b/d. Domestic demand remains high, and although its dominant buyer China has reduced imports amid a recent flurry of US sanctions announcements, Iran has continued loading crude and is building up floating storage volumes.

VENEZUELA'S RELAPSE

Underlining the disconnect between the easing of paper cuts and actual production increases, the EIA expects in its latest STEO report published on 6 May that Opec+ will "produce below the current target path," seeing only 100,000 b/d growth in the alliance's supply this year.

Baked into this forecast is also the impact of sanctions on Russia, Iran and Venezuela. Of these, Venezuela in particular is feeling the brunt of Mr Trump's sanctions. The US government had given Chevron until 27 May to unwind operations in the country, and state firm PDVSA called back multiple US-bound cargoes last month amid payment uncertainty.

This saw Venezuela's oil exports sink to their lowest in nine months according to Kpler, with output falling to 790,000 b/d last month; its lowest level since December 2023. This is down sharply from the Q1 average of 910,000 b/d. That was the highest quarterly average since 1Q 2019, with steady gains last year driven in large part by Chevron's operations.

Caracas is now lobbying Beijing to buy more volumes, with ships loaded with Venezuelan oil taking on the identities of scrapped vessels in a bid to avoid US scrutiny. If Washington cracks down on these 'zombie' vessels, Venezuelan output could drop considerably even from current levels.

If Opec+ is to bring significant volumes back online, now is arguably the best time to do it. Demand globally is entering its peak season, while Saudi Arabia's own demand is set to surge in the coming months as it burns more oil to meet soaring electricity demand over the summer. However, price signals point increasingly to an oversupplied market in next winter (see p13).

The EIA cut its oil price forecast for this year compared with the previous month's STEO report. It now sees Brent averaging $62/B in the second half of the year as inventories rise. It cites "considerable market uncertainty" from ongoing US-China trade tensions and evolving tariff politics, adding that higher oil price volatility, particularly in the Brent market, is "mostly driven by concerns of an economic slowdown or recession, rather than any risk of supply disruption." It adds that this "has been reflected primarily in downward oil price movements over recent weeks." ◆◆

WILL INCREASED SAUDI OIL PRODUCTION TRANSLATE INTO HIGHER SUMMER EXPORTS?

The accelerated unwinding of Opec+ voluntary production cuts means Saudi Arabia's June production could be as much as 389,000 b/d more than in Q1. But with oil burn still running high, exports will decline in summer unless there are further large quota boosts in the coming months.

The decision to accelerate the tapering of Opec+ production cuts in May and June means that Saudi production will be considerably higher than initially expected over summer. Saudi Arabia's Opec+ allocation rises to 9.367mn b/d next month, up from 9.145mn b/d under the roadmap agreed on in December (MEES, 6 December 2024), and up a substantial 389,000 b/d from the beginning of the year.

With another accelerated tapering for July a very real possibility when the Opec+ 'Group of Eight' ministers meet on 1 June, Saudi output could ramp up further through summer. Nevertheless, a significant increase in Saudi crude exports to global markets in the coming months is unlikely given the kingdom's own domestic demand dynamics. Indeed, crude exports could still drop over summer even if there is another acceleration in July.

Crude oil, alongside fuel oil, remains a major part of the power generation mix in Saudi Arabia along with gas and renewables. Crucially, liquids are the swing feedstock and so oil burn soars in summer when increased use of air conditioning drives a surge in electricity generation (see chart 1). Crude burn specifically more than doubled from a Q1 average of 325,000 b/d to 700,000 b/d in Q3 last year, and this contributed to a 616,000 b/d drop in crude export volumes over the same period, according to the kingdom's Jodi submissions.

EXPORTS: RISE OR FALL?

Saudi Arabia's oil sector is highly complex, with more than 1mn b/d of oil burned for power generation, refining capacity of 3.28mn b/d and crude exports of 5.91mn b/d last year. Production increases can certainly enable higher crude export levels, but the exact figure will also be impacted by how oil burn and refining runs are managed. For instance, on 15 April the 400,000 b/d Petro Rabigh refining and petrochemicals complex entered a 60-day maintenance shutdown, potentially freeing up crude oil for exports unless runs at other domestic refineries are increased to compensate.

Nevertheless, it is instructive to assess whether the scale of the production increases agreed on so far are likely to translate into actual export increases.

As it stands, Saudi Arabia's Opec+ allocation for June will be 389,000 b/d more than at the beginning of the year. Should the tapering be paused for the remainder of the year, last year's export trends imply that crude exports will remain below the 6.16mn b/d Jan-Feb average (the latest available official figures) over Q2 and Q3 (see chart 2). During the Q3 peak demand season, crude exports could average just 5.99mn b/d if there are no further production increases after June.

Even if the group continues to unwind production cuts each month, but at the slower pace originally-planned, implied Q3 exports of 6.10mn b/d would still be slightly down on the Jan-Feb average. Only if the group continues with the 'accelerated' increases will Q3 exports of 6.32mn b/d rise above the Jan-Feb average. Even then, the 160,000 b/d increase in implied crude exports from Saudi Arabia is far from a flood of new barrels. A wildcard to consider is if Saudi Arabia successfully reduces crude burn this summer, having made a strong start over the first two months of the year, but any volumes here are unlikely to be substantial (MEES, 25 April).

LOOKING INTO Q4

Even under an accelerated return of production, it is unlikely that Saudi Arabia's crude exports will rise much above early-year levels this summer. Where things become more complicated is when temperatures begin to cool at the end of summer and the combination of increased production and falling oil burn results in sharp export increases for Q4. Under the accelerated scenarios, crude exports could end the year at more than 7mn b/d for the first time since April 2023.

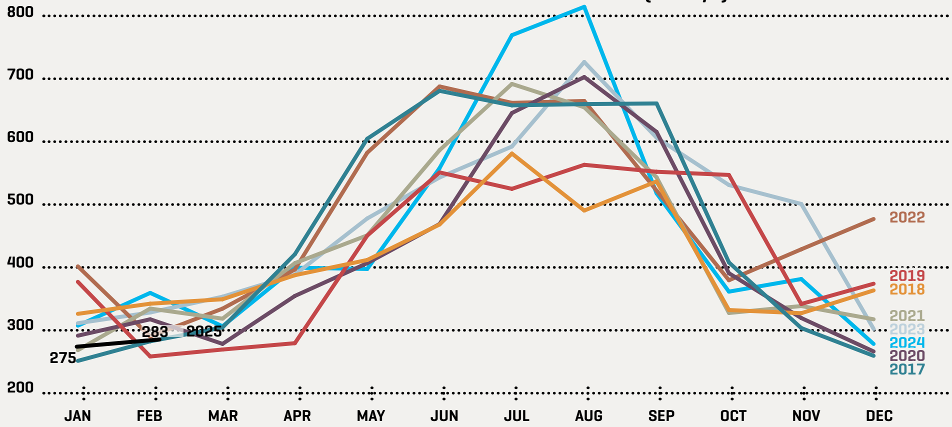
Such an increase would coincide with an expected softening of global supply/demand balances in Q4. Futures curves for crude oil benchmarks already point to markets becoming oversupplied at the end of the year (see p13). A further acceleration of the tapering could further exacerbate this.

However, Q4 balances might ultimately not be as soft as expected. Most forecasters still expect strong US production growth this year – 500,000 b/d from the IEA, 430,000 b/d from the US EIA and 400,000 b/d from Opec – but low prices are increasingly calling this into question. In a much-cited letter to shareholders this week, key US Shale producer Diamondback warned that "it is likely that US onshore oil production has peaked and will begin to decline this quarter." CEO Travis Stice says that the firm's capex for 2025 has now been slashed by 10%, with the potential to go lower still if oil prices weaken further, amid what he warns could be "a tipping point for US oil production at current commodity prices."

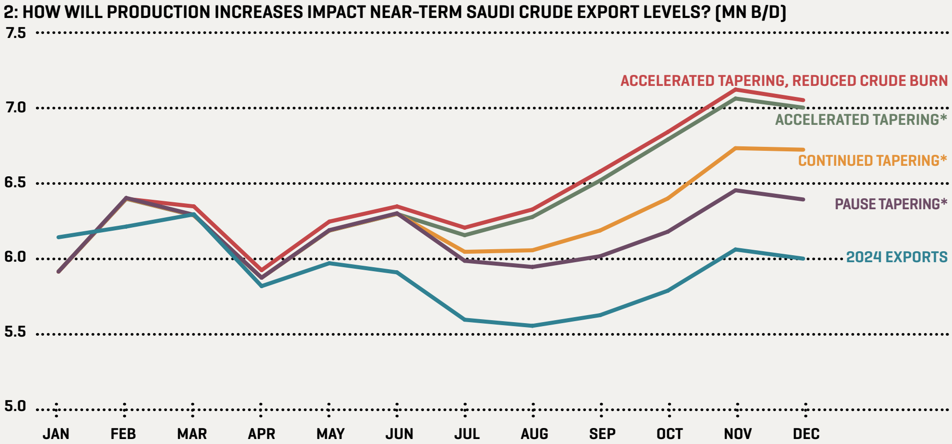
A retrenchment in short-cycle US shale activity could have a material impact on global balances, creating space for increased volumes from Saudi Arabia and its fellow Opec+ producers. ◆◆

1: SAUDI CRUDE BURN HAS STARTED THE YEAR AT THE LOWEST LEVEL SINCE 2017 ('000 B/D)

SOURCE: JODI, MEES.



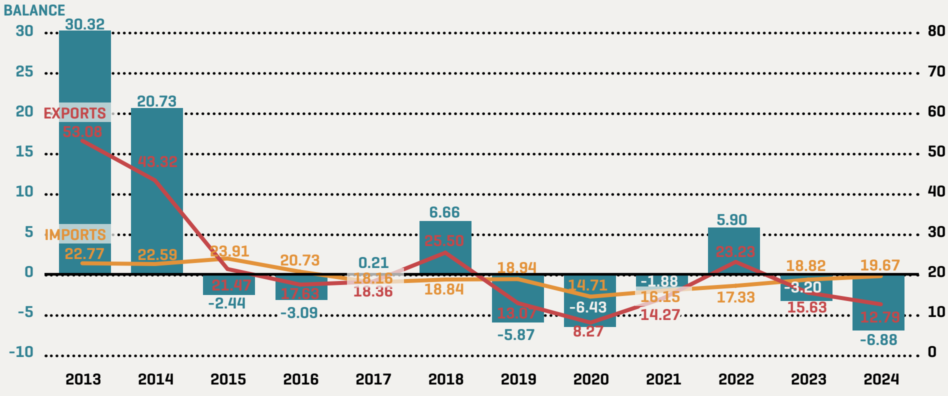
2: HOW WILL PRODUCTION INCREASES IMPACT NEAR-TERM SAUDI CRUDE EXPORT LEVELS? (MN B/D)



*PAUSE SCENARIO: NO MORE PRODUCTION INCREASES AFTER JUNE. CONTINUED TAPERING SCENARIO: 55,000 B/D MONTHLY INCREASES. ACCELERATED SCENARIO: 167,000 B/D INCREASES UNTIL CUTS FULLY UNWOUND. SOURCE: JODI, OPEC, MEES.

TRUMP CALLS OFF HOUTHI STRIKES AHEAD OF GCC VISIT

SAUDI TRADE WITH THE US HAS DROPPED SHARPLY OVER THE PAST DECADE ($BN), AS THE US NEED FOR OIL IMPORTS HAS SLUMPED



SOURCE: GENERAL AUTHORITY FOR STATISTICS, MEES.

In the latest in a long line of White House statements which have taken the world by surprise, US President Donald Trump this week said that Yemen's Houthis had "capitulated" and that as a result "we will stop the bombings." The 6 May announcement came just a week before President Trump is due to visit the GCC and will have been well received in capitals there, although it will have caused consternation in Israel which is engaged in an increasingly fierce conflict with the Houthis.

The agreement was mediated by Oman, and in a 6 May statement, the Omani Foreign Ministry said that "In the future, neither side will target the other, including American vessels, in the Red Sea and Bab al-Mandab Strait, ensuring freedom of navigation and the smooth flow of international commercial shipping."

This statement is unlikely to reassure international shipping firms sufficiently that they will return en masse to the Red Sea, especially given that the Houthis maintain that the agreement does not touch on their conflict with Israel. Houthi attacks on shipping since early 2024 have ostensibly been in support of Gaza, and have led to a sharp drop in shipping through the Suez Canal. Egypt's Suez Canal revenues dropped 61% last year as a result (MEES, 11 April).

The Israel-Houthi conflict has become increasingly explosive of late, and Tel Aviv's Ben Gurion international airport was forced to suspend flights on 4 May after a Houthi missile fired from bases in Yemen landed nearby. This prompted fierce Israeli retaliation, with airstrikes against Yemen's vital Hodeidah port on 5 May and the capital's Sanaa airport the following day.

Israel sees the Houthi threat as part of its broader post-7 October conflict against Iran-backed groups in the region, which has seen it conduct a major offensive against Lebanon's Hezbollah on top of its ongoing conflict with Hamas in Gaza. It is therefore unlikely to heed any potential external pressure not to respond with strength to any further Houthi attacks.

On 8 May, Defense Minister Israel Katz posted on 'X' that "The Houthis will suffer heavy blows from Israel if they continue to fire at us," adding that "I also warn the Iranian leadership that finances, arms, and operates the Houthi terrorist organization: the proxy system is over and the axis of evil has collapsed. You bear direct responsibility. What we did to Hezbollah in Beirut, Hamas in Gaza, Assad in Damascus, and the Houthis in Yemen - we will also do to you in Tehran."

TRUMP READY FOR RIYADH

As with his first term in office, President Trump is making Saudi Arabia his first official overseas state visit. Landing in Riyadh on 13 May, he will also visit Abu Dhabi and Qatar during a regional trip which will last until 16 May.

Saudi Arabia has been trying to broker a negotiated peace deal between Yemen's Aden-based government and the Houthis since end-2023, as well as improve relations with Iran. There will have been concerns that an escalating US-Houthi confrontation could lead to Houthis targeting US-allies in the region; i.e. Saudi Arabia and other GCC states. Prior to the new US-Houthi agreement, the president's visit to Riyadh risked escalating regional security risks.

The headline event during President Trump's stay in Saudi Arabia will be an invitation-only Saudi-US Investment Forum on 13 May. According to Saudi Arabia's Ministry of Investment, the forum will bring together senior figures from government, business and finance and cover sectors including energy, minerals, financial services, artificial intelligence and technology, manufacturing and healthcare.

Both parties are eager to secure investments from one another, with Saudi Arabia aiming to increase FDI inflows from $20.69bn last year to $100bn by 2030 in order to finance capital intensive Vision 2030 projects and stimulate private sector growth (MEES, 2 May). US investment giant BlackRock last year signed an MoU with Saudi Arabia's PIF to establish "a Riyadh-based multi-asset class investment platform" anchored by an initial investment mandate of up to $5bn from PIF. CEO Larry Fink will be one of the most high-profile members of the US delegation (MEES, 10 May 2024).

Meanwhile, Saudi Arabia earlier this year pledged to boost investments and trade with the US by $600bn, with President Trump then saying he would prefer $1 trillion (MEES, 24 January). Big announcements of planned investments and deals to purchase US products, potentially in the defense sector, can be expected during the visit. The same will be true during the UAE leg of the trip, while Bloomberg has reported that Qatar Airways plans to announce a massive order of jets from Boeing.

Gulf NOCs are increasingly investing in the US-LNG sector. The latest such announcement came on 9 April when MidOcean Energy, in which Saudi Aramco has a 49% stake, signed a Heads of Agreement with Energy Transfer to take a 30% stake in the planned 16.45mn t/y Lake Charles export terminal in Louisiana. FID is targeted by the end of this year. Also on the energy front, Saudi Arabia hopes to secure US technology for planned domestic nuclear power plants (MEES, 22 December 2023). While in Riyadh last month, US Energy Secretary Chris Wright said he expects meaningful developments on that front this year.

SPECTER OF IRAN

Sources confirm reports that Riyadh plans to host a high-level summit on 14 May featuring GCC leaders and President Trump. High on the agenda will likely be US-Iran talks over Iran's nuclear program; unlike the Obama-era JCPOA agreement which President Trump pulled out of in his first term, the recent talks have been cautiously supported by the GCC states.

However, while the initial rounds of discussions in Muscat and Rome went smoothly, progress slowed at the third round of talks on 27 April when discussions turned to more technical matters (MEES, 25 April). The fourth round of talks on 3 May were postponed, and while Reuters reports that discussions could continue in Muscat this weekend, a speedy resolution will be challenging.

Should a nuclear deal be reached, it would have major implications for regional security, and potentially for global oil markets as the lifting of US sanctions would enable Iran to increase oil exports and broaden its customer base away from China.

President Trump's decision this week to wade into another highly contentious issue could also complicate discussions; he confirmed on 7 May that he is considering changing how the US refers to the 'Persian Gulf' to the 'Arabian Gulf.'

Mr Trump's most ambitious goal remains for Saudi Arabia to normalize relations with Israel, but progress on this front came crashing to a halt with the Gaza conflict. ◆◆

Algeria-Oman Deepen Economic And Energy Ties

On the back of an official state visit by Oman's Sultan Haitham, Algeria and Oman have signed a string of deals including a nearly $300mn joint investment fund. Sonatrach signed up Omani drilling firm Abraj to a planned joint-venture oil services company.

Oman's Sultan Haitham Al Said visited Algiers on an official state visit between 4-5 May, leading a delegation including deputy prime minister for defence affairs Shihab Al Said and foreign minister Badr al-Busaidi. The visit comes less than six months after Algeria's President Abdelmadjid Tebboune visited Muscat over 28-30 October.

As part of the visit, Oman's sovereign wealth fund Oman Investment Authority (OIA) and Algeria's finance ministry signed a preliminary agreement to establish a joint investment fund worth more than OMR115mn ($299mn). According to OIA, the fund will target investments in mining, pharmaceuticals, and food security.

An official joint communique released after the visit says the deal builds on one of the largest existing joint investments shared between the two countries, the $2.4bn Arzew fertilizer plant. The facility is a joint venture between Sonatrach (49%) and Omani conglomerate Suhail Bahwan Group (51%) and came online in 2015 with production capacity of 1.46mn t/y ammonia and 2.56mn t/y urea.

According to Gulf States Newsletter, chairman of the Omani conglomerate Saad Bahwan previously met with Algeria's energy minister Mohammed Arkab on 16 January to discuss expanding the group's business in Algeria. Discussions reportedly included proposals to expand the Arzew fertilizer plant and further cooperation with Sonatrach. Fertilisers are big business in Algeria, with Abu Dhabi's Fertiglobe operating facilities with 1.61mn t/y ammonia capacity and urea capacity of 1.26mn t/y.

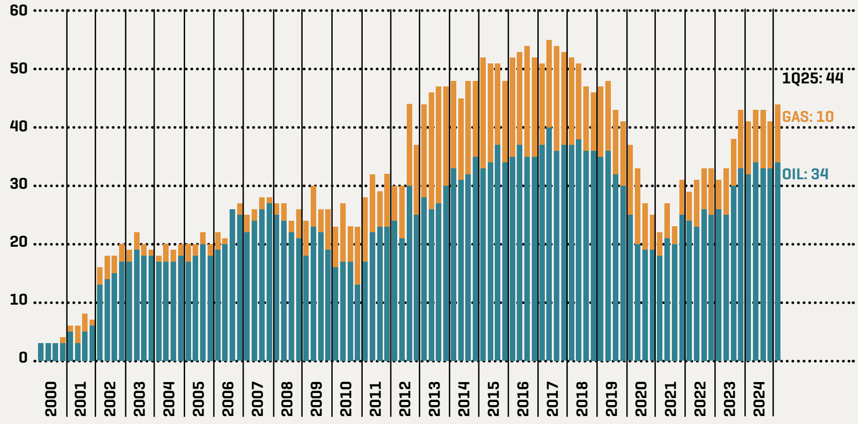
Beyond the existing Arzew keystone investment, the joint communique also mentions "ongoing discussions for projects in automotive manufacturing, energy, pharmaceuticals, and other sectors."

According to the Oman News Agency, bilateral trade last year increased by 48% to OMR62.98 ($164mn).

DRILLING DEEPER TIES

Seemingly as part of this overall deepening of commercial ties came an agreement on upstream collaboration.

ALGERIA'S RIG COUNT IS THE HIGHEST SINCE EARLY 2019



SOURCE: BAKER HUGHES.

Sonatrach and Omani drilling firm Abraj Energy, a subsidiary of state firm OQ, announced the signing of a term sheet on 5 May. According to Sonatrach the deal was signed "in anticipation of the creation of a joint venture specializing in oil services." The agreement follows a 25 April MoU between the companies, which Sonatrach says focused on cooperation on "drilling, workover, well services and also in integrated project services."

As Algeria's state energy firm, Sonatrach operates key oil and gas fields in Algeria including the country's two largest: the 300,000 b/d Hassi Messaoud oil field and the Hassi R'Mel gas field, which has gross output of around 66bcm/year.

Abraj's moves in Algeria align with the international expansion ambitions announced during its 2023 initial public offering (MEES, 17 February 2023). It highlighted "six focus countries" of "potential strategic interest" at the time, namely Algeria, Saudi Arabia, Kuwait, Qatar, and the UAE.

So far it has opened branches in Kuwait and Saudi Arabia but is only currently operating in Kuwait as it "is getting itself prequalified with Saudi Aramco," according to its recent first quarter results published 5 May.

Abraj signed a contract with Saudi Arabia Chevron and Kuwait Gulf Oil Company (KGOC) in February 2023 for the Wafra field in the onshore Partitioned Neutral Zone. It has three rigs earmarked for this work, with the first Rig-112 starting drilling from March 2024 followed by the second rig in July 2024. According to Abraj's recent Q1 results KGOC has "advised the company to mobilize the third Rig in January 2026."

Algeria's upstream has also been the focus of renewed international interest due to its ongoing bid round, the first in a decade, which it is expected to wrap up on 17 June (MEES, 2 May). However, Algeria's stifling bureaucracy could still cause lengthy delays, holding up potential awards and any subsequent development plans. Algeria undoubtedly has the geological potential to offer plentiful work for Abraj, but that won't necessarily be enough.

That said, drilling activity over the past year has consistently been at the highest level since early 2019, according to the Baker Hughes rig count (see chart). Algeria began unwinding Opec+ voluntary production cuts last month, with its quota increasing from 908,000 b/d to 911,000 b/d (see p5). With the tapering underway, crude exports increased to a one-year high of 565,000 b/d for April according to Kpler, with more gains potentially on the way given that its quota rises further to 928,000 b/d next month. The vast majority of these exports head to European markets, with just 80,000 b/d going to Asia and 19,000 b/d to the Americas last month. ◆◆

Sabic Posts Q1 Loss In 'Oversupplied Market'

Amid a challenging petrochemicals market, Sabic is still investing in growth with planned 2025 capex of up to $4bn. Two domestic MTBE projects are due online this year, while a $6.4bn complex in China is due to start up late next year, although non-core assets are being shed.

Saudi petrochemicals giant Sabic posted a first quarter loss of $320mn amid a weak market characterized by continued oversupply. This marked Sabic's second consecutive quarterly loss, the firm's worst spell since the end of 2023, although it attributes this to "one-time restructuring costs that position us for long term value creation."

The company benefits from advantaged feedstock costs domestically, although Saudi Arabia has been steadily increasing prices recently. In January, Sabic announced that it had been notified of increased feedstock prices by Saudi Aramco, with "the expected financial impact of the feedstock prices estimated at an increase equivalent to approximately 1% of the company's annual cost." Key feedstocks include natural gas, ethane, naphtha and propane.

Having returned to a modest profit last year, Sabic was already expecting a challenging year in 2025 due to oversupply in the industry. The outlook has deteriorated in recent weeks as global economic outlooks have been downgraded following the unveiling of US tariffs last month (MEES, 25 April). CEO Abdulrahman al-Fageeh told the firm's 5 May earnings call that "macroeconomic indicators point to increasing uncertainty about the global economy, largely as a result of US trade policies."

Amid this uncertainty, Sabic is focused on restructuring the business through shedding non-core assets and investing in identified growth areas. As part of this, Sabic completed the sale of its 20.6% stake in Bahraini aluminum giant Alba to Saudi mining firm Ma'aden last quarter. This follows the 2023 sale of Sabic's Hadeed metals unit to the PIF (MEES, 8 September 2023).

Increased European energy prices have also contributed to the restructuring, with Sabic last year closing its Olefins 3 cracker at Geleen in the Netherlands.

FOCUS ON GROWTH

On the growth side, Sabic expects 2025 capex of $3.5-4bn, and the CEO flagged up a number of key projects aimed at boosting Sabic's profitability. The firm's Ibn Zahr subsidiary has now completed its "LTRS-1 mega project" which it says will increase MTBE production by 50,000 t/y. Ibn Zahr is a JV where Sabic (80%) partners with Italy's Ecofuel (10%) and the Arab Energy Fund (formerly Apicorp: 10%), in a complex at Jubail in Eastern Province.

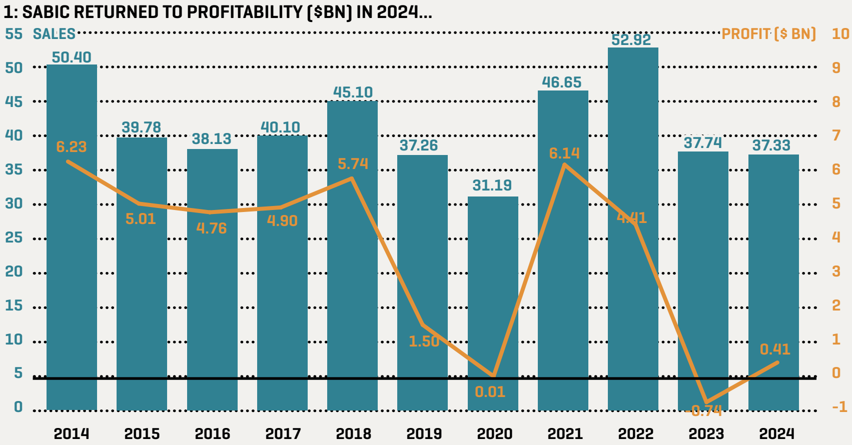
Also targeting mechanical completion this year is a new MTBE plant at Sabic affiliate Petrokemya's Jubail complex. The new plant will increase Petrokemya's MTBE capacity to 1mn t/y and is replacing the Petrokemya North isobutane dehydrogenation unit. MTBE (methyl tertiary butyl ether) is primarily used as an additive to boost gasoline's octane rating. Saudi Arabia exported a record 1.2mn t/y of MTBE last year according to Kpler, primarily to blending hubs in the UAE, Oman and Singapore.

By far the biggest growth project underway is the Sabic Fujian Petrochemical Complex in China, which the CEO describes as "the flagship project of our strategic expansion in Asia." It is targeting mechanical completion and the start of commissioning in the second half of 2026. This project is a $6.4bn complex being developed by Sabic (51%) alongside China's Fujian Fuhua Gulei Petrochemical (49%), and will be centered around a 1.8mn t/y mixed feed cracker. The complex will also include "world-class downstream facilities including Ethylene Glycols (EG), polyethylene (PE), polypropylene (PP), polycarbonate (PC)," among other units, says Sabic.

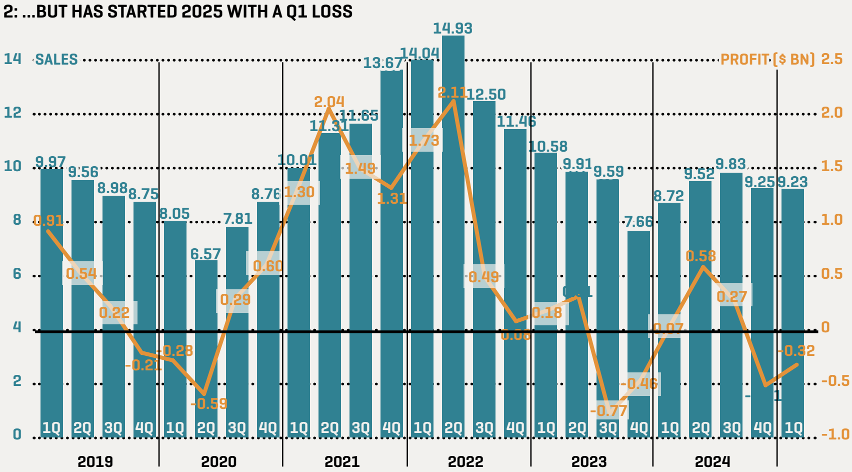
Saudi Arabia is highly active in petrochemicals projects in China. Saudi Aramco, which owns 70% of Sabic, is also developing the 'Fujian Gulei Phase-2' project which will combine a 16mn t/y (320,000 b/d) refinery with a 1.5mn t/y ethylene unit, 2mn t/y paraxylene and downstream derivatives capacity. Aramco holds a 25% stake in the project alongside Sinopec (25%) and state firm Fujian Petrochemical (50%). This project is due online in 2030.

Sabic's Mr Fageeh sought to emphasize that "our Selective Growth projects are being cost-efficiently executed so that our business can expand through strategic partnerships and optimized market deployments. This creates value…[through] value creation, we can consistently deliver stable-to-growing dividends to our shareholders. We intend to do this by maintaining robust financials through disciplined capital allocation and cost management." ◆◆

1: SABIC RETURNED TO PROFITABILITY ($BN) IN 2024…



2: …BUT HAS STARTED 2025 WITH A Q1 LOSS



SOURCE: SABIC, MEES.

Adnoc Gas Lays Out $15bn+ Investment Plans

Adnoc Gas plans to invest at least $15bn in growth projects over the next five years as it accelerates its growth plans. Export markets are highly profitable, but it sees domestic growth as the real driver of its performance.

Fresh off the back of a year of record profits, Adnoc Gas has put itself in position for another record breaking year with Q1 profits up 7% year-on-year to $1.27bn. The gains were largely driven by an increase in domestic gas sales, coupled with a flexible approach to LNG sales which enabled the firm to capitalize on a strong LNG spot market.

"The growth is across the board," Adnoc Gas CFO Peter van Driel told the firm's 6 May earnings call. The firm has three core revenue generating areas which all experienced strong quarters; selling gas into the domestic market; exporting gas liquids and exporting LNG. However, domestic gas supplies remain the dominant segment, accounting for around half of total profits. "Growth in the UAE economy drives our performance," Mr van Driel told journalists on 6 May. Emphasizing the domestic demand, the CFO said "It is in the power sector, making sure that the lights stay on and homes get cooled, but also industries — think about steel."

Total sales gas for the first quarter reached 902 trillion Btu, up 2.4% year-on-year and a record start to a year since its incorporation in January 2023 (see chart). The majority of the company's sales are made up of domestic gas sales with the company providing for around 60% of the UAE's gas needs, according to its annual report. As such, Q1 is typically a low-volume period given that domestic electricity demand spikes in the hot summer months.

The ability of Adnoc Gas to meet rising domestic demand should be bolstered in the coming months with the startup of the IGD-E2 project. This will increase capacity to deliver gas from Das Island to onshore processing facilities at Habshan from 1.6bn cfd to 1.97mn cfd, and is due online in Q3 (MEES, 24 January).

SURPASSING $15BN CAPEX

IGD-E2 is the most advanced of three major projects currently underway which, alongside smaller projects, account for $15bn of capital investment over the next five years. Next up is the $3.6bn, 3.4mn t/y Meram project which will yield 2.2mn t/y of ethane and 1.2mn t/y of LPG. The ethane is earmarked for Adnoc's Borouge petrochemicals joint venture which is adding 1.6mn t/y capacity to its Ruwais complex by 2028 (MEES, 2 May), while the LPG will be exported. The third project is the 9.6mn t/y Ruwais LNG export project which is due online in 2028.

Ultimately Adnoc Gas sees $15bn as a highly conservative projection for its five-year capex, with two other major projects on the drawing board. It expects to take FID on its Rich Gas Development project this summer, with a planned completion date of 2027. This project will enable Adnoc Gas to handle the additional associated gas output which will come from increased crude oil production; although the UAE's Opec+ quota for this month is 3.015mn b/d (see p5), Adnoc intends to increase its production capacity to 5mn b/d by 2027 and is keen to tap into its rising spare capacity.

Mr van Driel says the project will combine debottlenecking existing facilities with development of a new processing train and a new fractionation train. "This project is important because Adnoc is producing more oil and gas. In order to produce more oil and gas, you need to be able to process that gas that comes from the increased production. And as upstream is ramping up its production, we see more gas coming through."

Also on the drawing board is the planned 1.85mn cfd Bab Gas Cap development, where completion is planned for 2029 at the earliest. These expansion projects are key for Adnoc Gas if it is to meet what the CFO says is "our key target" of growing Ebitda by 40% between 2023 and 2029; a roughly $3bn increase by MEES calculations.

LNG: SPOT MARKET ADVANTAGE

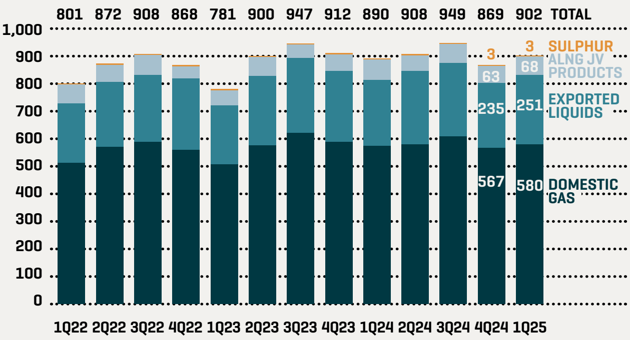
Earnings were also bolstered by strong performances from the LNG and LPG export segments. Although LPG earnings did drop year-on-year from $438mn to $427mn, prices held up stronger than oil prices. The 2% drop in LPG prices over this period was significantly less than the 9% drop in Brent.

As for LNG, Adnoc Gas capitalized on favorable market conditions to increase spot market sales from its 5.8mn t/y Das Island export facility; Adnoc Gas holds a 70% stake in the facility. "Internationally, you saw that we were able to sell more LNG on a small basis, and on purpose, we basically accelerated our sales given the strong pricing environment that we saw in the first quarter." A cold northern hemisphere winter elevated spot prices, with European buying elevated through Q1 as countries seek to refill inventories.

Adnoc Gas has been busy over the last year signing sales deals for volumes from its under-construction Ruwais facility, and it targets an 80-20 split between LNG sold under long-term contracts versus short term spot tenders and sales. "In order to make use of the markets you have to play a careful balance between long-term commitments... [and] keep some upside in case prices improve," says Van Driel adding "we always want to keep some cargoes for the spot market. You saw the advantage. We did it in the first quarter."

According to figures from data intelligence firm Kpler the UAE has ramped up exports to India this year, with the 1.18mn tons exported there in Q1 accounting for 73% of all LNG exports. ◆◆

ADNOC GAS SALES (TRILLION BTU): Q1 VOLUMES UP SLIGHTLY YEAR-ON-YEAR



SOURCE: ADNOC GAS, MEES.

ADNOC GAS: KEY FIGURES

	1Q25	VS 1Q24	1Q24	2024	2023
Sales: Trillion BTU	**902**	*+11.7*	**890**	**3,616**	**3,540**
Domestic Gas	580	*+7.1*	573	2,330	2,292
Exported Liquids	251	*+10.1*	241	1,007	997
Sulphur	3	*+0.4*	3	16	18
LNG	68	*-5.9*	74	264	233
Revenue ($bn)	6.10	*+0.1*	6.01	24.43	22.73
Ebitda ($bn)	2.16	*+0.1*	2.08	8.65	7.61
Capex ($bn)	0.55	*+0.2*	0.39	1.84	1.27
Net Income ($bn)	**1.27**	*+0.1*	**1.19**	**5.00**	**4.72**

COMPARISON FIGURES ARE PERCENTAGE POINT CHANGES. SOURCE: ADNOC GAS, MEES.

◆◆

Saudi Budget Deficit Swells To Largest Since 2021

Saudi oil revenues tumbled in Q1, even before oil prices felt the impact of US President Trump's tariffs. With oil prices since dropping below the key $70/B barrier in April, another sharp decline is likely for Q2. The budgeted full year deficit of $26.9bn already looks highly optimistic.

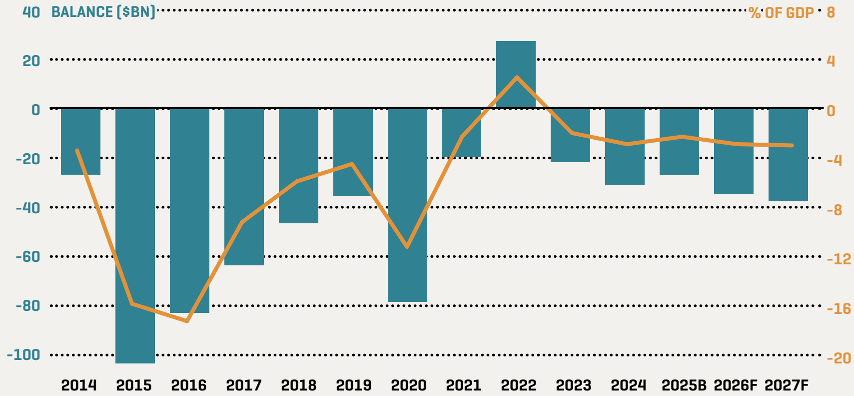
Saudi Arabia may have to prepare for a much higher than expected budget deficit this year, with freshly-released data from the Ministry of Finance showing that a quarter of the way into the year the deficit is already more than half way to the expected full year figure of $26.9bn. Ominously, the figures relate to the period before oil prices dropped sharply in early April when US President Donald Trump unveiled his tariff plans (MEES, 4 April), with more economic pain likely on the way for Q2.

Overall, the Saudi economy remains in good health, growing by 2.7% in Q1 according to provisional government figures. The growth was driven by 4.2% gains in the non-oil sector while the oil-sector contracted by 1.4%. But it remains highly reliant on the oil and gas sector, which provided 56.8% of government revenues in Q1 despite dropping to a six-quarter low of $39.9bn (see table).

Oil revenues are provided by Saudi Aramco in the form of taxes, royalties and dividends. The government's share of dividend payouts has been dropping in recent years following two share offerings and the assignment of a 16% stake to the PIF sovereign wealth fund (MEES, 31 May 2024), which have left the government with an 81.5% stake in Aramco. Meanwhile crude oil royalties are paid on a sliding scale, with a 15% baseline rate applied to prices up to $70/B, a marginal 45% rate for $70-$100/B and a marginal 80% rate on production at prices above $100/B. With prices dropping below the $70/B threshold last month, royalty payouts will have dropped sharply.

This threatens to push quarterly government oil revenues below $35bn for the first time since early 2021. Increased oil production following recent Opec+ decisions will help offset lower prices, but even here higher domestic demand over summer will limit the amount sold into more lucrative export markets (see p6).

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



B= BUDGET. F = GOVERNMENT FORECAST. SOURCE: MINISTRY OF FINANCE, MEES.

SAUDI ARABIA'S GOVERNMENT FINANCES ($BN)

	1Q25	vs 1Q24	vs 4Q24	1Q24	2Q24	3Q24	4Q24	2025B
Revenue	**70.3**	-8.0	-10.5	**78.2**	**94.3**	**82.5**	**80.8**	**315.7**
Oil revenue	39.9	-8.6	-5.6	48.5	56.8	50.9	45.6	n/a
non-oil	30.3	+0.6	-4.9	29.7	37.5	31.6	35.2	n/a
o/w tax	23.6	+0.6	-0.6	23.0	30.1	24.2	24.2	101.1
Oil %	*56.8*	*-5.2*	*+0.4*	*62.0*	*60.2*	*61.7*	*56.4*	*n/a*
Spending	**86.0**	+4.4	-10.2	**81.6**	**98.4**	**90.5**	**96.1**	**342.7**
current	78.5	+6.2	-6.1	72.4	81.1	77.7	84.7	293.6
o/w salaries	39.0	+2.3	-0.1	36.7	37.3	37.0	39.0	0.0
capital	7.4	-1.8	-4.1	9.2	17.3	12.8	11.5	49.1
Balance	**-15.7**	-12.4	-0.3	**-3.3**	**-4.1**	**-8.1**	**-15.4**	**-26.9**

B = BUDGET. SOURCE: MOF, SAMA, MEES.

DEALING WITH THE DEFICIT

Last quarter's oil revenue decline drove an $8bn year-on-year drop in total revenues to $70.3bn, but was partially offset by a $600mn increase in tax revenues. Meanwhile, government spending increased by $4.4bn over the same period, despite capital investments falling by $1.8bn to a two-year low of $7.4bn.

These all combined to push the budget deficit up to $15.7bn, which was the highest quarterly figure since 4Q 2021's $18.2bn. Indeed, it is the worst start to the year since 2016, at the height of the 2014-2016 oil price crash.

Since 2014's $26.8bn deficit, Saudi Arabia has only run a single annual surplus; $27.7bn in 2022 (see chart). The cumulative deficit over this period is a massive $481bn, and is set to rise to more than $500bn this year. Prospects for keeping the deficit below the budgeted $26.9bn are slim, and the key questions are just how far above $500bn the cumulative figure will climb and when will the kingdom be in a position to again return a surplus?

Whereas over the 2014-2016 period, Saudi Arabia opted to draw down its foreign reserves to finance the deficit, it is now increasingly turning to debt. Foreign reserves have been stable at $400-450bn since 2020 (see p16).

Even a deficit in excess of $30bn this year would still be manageable for Saudi Arabia, which has relatively low debt levels. It ended 2024 with debt of $324bn, which equated to 29.7% of GDP, and the government expected this to edge up to 29.9% of GDP this year as robust economic growth mitigated the impact of the increased debt.

What is more problematic for Saudi Arabia is the struggle to boost foreign direct investment (FDI), which is key to financing Vision 2030's capital intensive projects. Here, hopes will be high that next week's visit of President Trump at the head of an entourage of US business leaders will yield results, although Mr Trump will also be looking to firm up Saudi pledges to invest in the US (see p7 & MEES, 24 January). ◆◆

NEWS IN BRIEF

OXY STEPS ON THE GAS IN OMAN

American independent Occidental revealed it has made a sizeable discovery in North Oman. Speaking on the company's 8 May first quarter earnings call, CEO Vicki Hollub says Oxy "made a significant gas and condensate discovery with estimated resources in place exceeding 250mn boe. While it is still early days with appraisal and development plans under evaluation, the resource is advantageously located near existing infrastructure."

Oxy did not specify at which block it made the discovery but VP of international operations Kenneth Dillon says it "also had another small discovery on the same block which is also onstream and being assessed." The firm picked up considerable exploration acreage, primarily across northern Oman, in 2018.

Oxy also negotiated a 15-year extension to 2050 for its operations at Block 53 (Oxy 47%, OQEP 20%, Liwa Energy 15%, Indian Oil Corp 17%, PTTEP 1%) which is home to the Mukhaizna heavy oil field. One of Oman's largest oil fields, production has dropped in recent years from 120,000 b/d to 75,000 b/d in 2024 (MEES, 28 February).

"The proposed expansion would cover all reservoirs, including both low decline enhanced oil recovery and primary production across stacked pay formations [where oil and gas layers sit on top one another]. We see the potential to unlock more than 800mn gross barrels of additional resources that offer competitive returns," Ms Hollub noted. Final agreement is still pending further negotiations, but she is hopeful: "Oman is a country that keeps giving."

SCATEC BREAKS GROUND ON 1.1GW EGYPT SOLAR & STORAGE PROJECT

Norwegian renewables developer Scatec has begun construction of its 1.1GW 'Obelisk' solar project, which also includes 100MW/200MWh of battery storage in southern Egypt, the firm announced on 5 May.

"We are proud to break ground on Egypt's first hybrid solar and battery project, building on our proven track record with similar developments," Scatec CEO Terje Pilskog says.

On 13 March Scatec signed a 25-year power purchase agreement (PPA) with Egypt Aluminium for Obelisk to be sited next to its 320,00 t/y smelter at Nag Hammadi in the south of the country (MEES, 14 March). The project will be constructed in two phases, Scatec says. "The first phase of 561 MW solar + 100 MW/200 MWh battery storage is targeted to reach commercial operational date (COD) in the first half of 2026 and the second phase of 564 MW solar in the second half of 2026."

Scatec has revised down total capex from $650mn to $590mn, which will be "partly financed by a targeted 80% non-recourse long-term project debt." It expects discussions with potential equity partners to conclude in the next few months.

In December, London-based lender EBRD approved $120mn in funding for the project, with the Norwegian firm announcing on 5 May that it has signed equity bridge loans for another $120mn, while postponing the project equity injections until construction is complete. $90mn of the total will be provided by The Arab Energy Fund, with maturity in the second quarter 2028, while the EBRD will provide the remaining $30mn, which matures in 1Q 2027.

IRAQ SUFFERS BLACKOUTS AS TEMPERATURES RISE

Many cities across Iraq have been suffering blackouts since late April amid a spike in temperatures across the region. Iraq struggles to meet power demand during summer at the best of times, but Adel Kareem, former electricity minister and current advisor to the Iraqi PM, this week said the loss of 800-1,000MW of Iranian power imports after the US cancelled a waiver allowing indirect payment has exacerbated the situation (MEES, 14 March). Maintenance to get plants ready for the summer is also still ongoing, further adding to the woes. On 4 May, protestors took to the street in Diwaniya province after a blackout, and there could be a summer of unrest ahead of November's parliamentary elections.

OPEC INSIDER, WARTIME OPERATOR: REMEMBERING ABDUL SAMAD AL-AWADHI

In December 1975, when Ilich Ramírez Sánchez, aka Carlos the Jackal, and an armed group attacked Opec headquarters in Vienna and took dozens of ministers and delegates hostage, one man kept his cool. His name was Abdul Samad al-Awadhi, a member of the Kuwaiti delegation and a former head of the Kuwait Petroleum Corporation's (KPC) Europe operations. He died in London last week.

On 21 December, Carlos and five men armed with guns and explosives forced their way into the Opec building and took 60 people hostage after killing an Austrian policeman, an Iraqi security guard and a Libyan delegate. They called themselves the "Arm of the Arab Revolution" and their declared aim was to liberate Palestine. To that end they planned to kidnap the Opec ministers and hold them for ransom. Opec at the time was made up of 12 member states but the Libyan minister was absent because of a pressing appointment elsewhere. Two of the ministers, Saudi Arabia's Ahmed Zaki Yamani, and Iranian Oil Minister Jamshid Amouzegar were to be assassinated. Ministers and their delegations were divided into separate groups – friendly countries, neutrals and enemies. The list of enemies included the Saudi, Iranian, Qatari and UAE delegations.

During the two-day siege as Ramirez negotiated with authorities to secure flights out of Austria for himself and the hostages, the only food provided was cheese sandwiches, which the captives soon grew sick of. Samad, who was of slight build, plucked up the courage to ask for a change of diet. Impressed by his boldness, Carlos allowed him to order chicken but on condition that the delegates considered to be "imperialist," including the Saudis and the Shah's Iranians, got none.

The plane carrying the hostages was supposed to fly from Vienna to Tripoli but Muammar Gaddafi, angry at the killing of a Libyan citizen, refused to let them land and they went to Algiers, where the drama ended with Algerian mediation. Both Yamani and Amouzegar lived to celebrate their 90th birthdays. Yamani was so traumatized by the experience that he refused to return to Vienna and Opec meetings were subsequently held in Geneva. In those days, Opec meetings would last for days and often weeks, allowing the reporters who regularly covered Opec meetings to develop relationships with some delegates, including Samad.

These relationships lasted long after Samad had retired and many of the reporters who benefited from his insights during drawn-out Opec conferences kept in touch. Over drinks or dinner at the Intercontinental Hotel in Geneva, which served as de facto Opec headquarters, Samad would provide valuable updates to a select group of reporters, often resorting to spicy language when things didn't go Kuwait's way.

When Iraq invaded Kuwait in the summer of 1990, Kuwait's oil fields shut down and exports were halted. As head of KPC's London office, Samad, who was also known as Samad Blouki, took charge and managed the company's European operations by securing crude oil from the international market to operate Kuwait's overseas refineries, using funds recovered from buyers who had received shipments of oil and products from Kuwait before the invasion.

Understanding the mechanics of the oil market and the inner workings of Opec were just two assets that served him well during those years as a senior member of the Kuwaiti delegation.

Samad's calm resolve under pressure, his sharp grasp of oil diplomacy, and a flair for storytelling left an enduring mark on Opec history and on those who knew him. Whether managing Kuwait's oil interests in wartime or regaling journalists with stories over dinner, Samad combined grit with charm and gravitas. His legacy, like his voice in the corridors of Opec, will not easily be forgotten.

Middle Eastern crude oil pricing structures have strengthened over the past week despite the latest Opec+ agreement to ease cuts. Crude exports from the region have dropped in recent weeks as it enters the high-demand season.

*Crude exports from the Middle East Gulf have been falling in recent weeks, with the latest rolling four-week average of 16.41mn b/d the lowest figure since June last year, according to preliminary Kpler data (see chart 1).

*This drop in regional crude exports comes despite major producers in the region increasing production in April and May as Opec+ cuts are being eased, with cuts to be eased again next month (see p5). It indicates that seasonal increases in domestic demand in Saudi Arabia and Iraq in particular are reducing export availability.

*Front month oil prices have steadied since the 3 May Opec+ agreement to accelerate the easing of cuts in June, with Brent set to end this week up on the previous week.

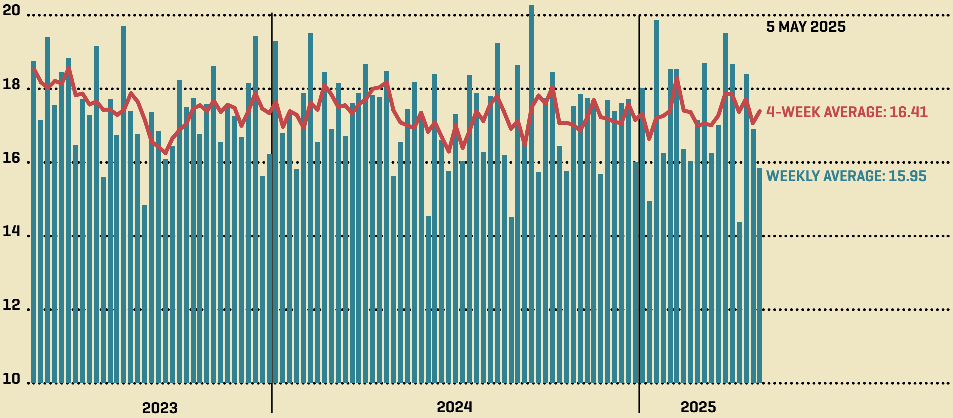
*As with Brent, Middle East crude oil futures prices continue to display an unusual shape with the first months in backwardation, indicating shortages, before flipping into contango. The contango has been pushed slightly down the curve, with ICE Murban now entering contango for January 2026 prices and GME Oman for December 2025 (see chart 2). Both continue to signal an oversupplied market emerging at the turn of the year.

*Another closely watched metric is the Dubai M1 vs M3 spread – currently the premium of July 2025 prices over September 2025. This has weakened from recent highs, but has gradually firmed again over the course of the week according to General Index assessments, suggesting a slight tightening of the market for Middle Eastern crudes (see chart 3).

*Likewise, the Brent Dubai EFS – essentially the premium of Brent against Dubai – has weakened over the past week to its lowest level since 25 April (see chart 4).

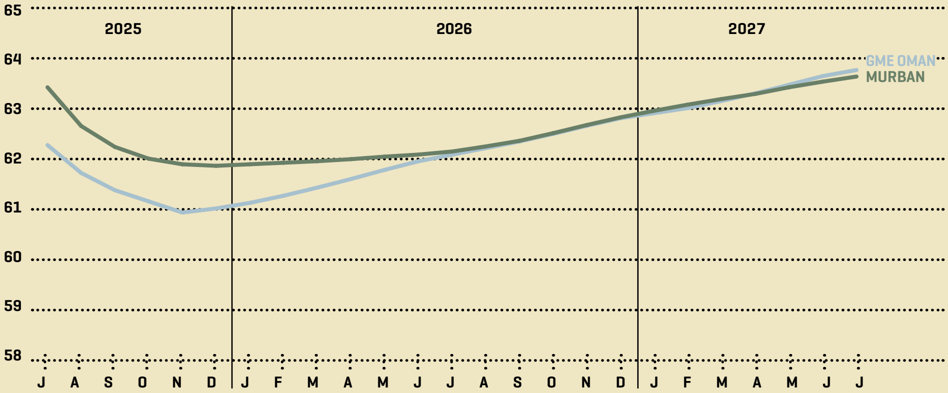
*These pricing movements will have been welcome news for Opec+ producers, with many observers having expected that the move to accelerate the tapering of cuts would have significantly weakened prices. Instead, markets appear to have been reassured by Saudi Aramco's decision to increase its closely watched official selling prices (OSP) to Asia this week (see p14), with the move reducing overblown speculation of a market share war.

1: WEEKLY MIDDLE EAST* CRUDE EXPORTS: VOLUMES DECREASE DESPITE OPEC+ EASING PRODUCTION CUTS (MN B/D)



*GCC, IRAQ, IRAN. SOURCE: KPLER, MEES.

2: IFAD MURBAN, GME OMAN BOTH FLIP INTO CONTANGO AT THE TURN OF THE YEAR, SIGNALLING OVERSUPPLY AND INCENTIVIZING STOCKBUILDS ($/B)



*8 MAY CONTRACTS. SOURCE: ICE, GME.

3: DUBAI CRUDE M1 VS M3 SPREAD ($/B): STRUCTURE WEAKENING, BUT CONTINUES TO SIGNAL NEAR-TERM UNDERSUPPLY

4: BRENT DUBAI EFS ($/B):
BRENT STRENGTHENING AGAINST DUBAI AS OPEC+ UNWINDS CUTS, BOOSTING SUPPLY OF MIDDLE EAST CRUDES

SOURCE: GENERAL INDEX, MEES.

CRUDE OFFICIAL SELLING PRICES ($/B): SAUDI ARAMCO RAISES JUNE ASIA PRICES

SELECTED DATA

	Feb24	Mar24	Apr24	May24	Jun24	Jul24	Aug24	Sep24	Oct24	Nov24	Dec24	Jan25	Feb25	Mar25	Apr25	May25	Jun25
SAUDI ARABIA																	
to Asia (FOB Ras Tanura, vs Oman/Dubai average)																	
Arab Super Light (>40°)	+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	+1.75	+1.95
Arab Extra Light (36-40°)	+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	+1.00	+1.20
Arab Light (32-36°)	+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	+1.20	+1.40
Arab Medium (29-32°)	+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	+0.65	+0.85
Arab Heavy (<29°)	-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	-0.50	-0.30
to Northwest Europe (FOB Ras Tanura, vs ICE Brent)																	
Arab Extra Light (36-40°)	+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	+4.15	+3.05
Arab Light (32-36°)	+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	+2.55	+1.45
Arab Medium (29-32°)	+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	+1.75	+0.65
Arab Heavy (<29°)	-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	-0.65	-1.75
to Mediterranean (FOB Ras Tanura, vs ICE Brent)																	
Arab Extra Light (36-40°)	+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	+4.05	+2.95
Arab Light (32-36°)	+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	+2.35	+1.25
Arab Medium (29-32°)	-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	+1.75	+0.65
Arab Heavy (<29°)	-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	-0.95	-2.05
to US (FOB Ras Tanura, vs ASCI)																	
Arab Extra Light (36-40°)	+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	+5.85	+5.65
Arab Light (32-36°)	+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	+3.60	+3.40
Arab Medium (29-32°)	+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	+3.70	+3.50
Arab Heavy (<29°)	+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	+3.25	+3.05
delivered US Gulf (vs ASCI)																	
Arab Light (32-36°)	+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	+4.90	
Arab Medium (29-32°)	+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	+5.00	
Arab Heavy (<29°)	+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	+4.55	
IRAQ																	
to Asia (vs Oman/Dubai average)																	
Basrah Medium (FOB)	-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	+0.25	+0.45
vs Saudi Arab Heavy	*-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*	*+0.75*	*+0.75*
Basrah Heavy (FOB)	-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	-2.90	-2.70
to Europe (vs Dated Brent)																	
Basrah Medium (FOB)	-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	-2.00	-3.20
vs Saudi Arab Heavy	*-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*	*-1.05*	*-1.15*
Basrah Heavy (FOB)	-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	-4.55	-5.55
Kirkuk (FOB Ceyhan)	-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	+0.70	+0.00
to US (vs ASCI)																	
Basrah Medium (FOB)	-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	-0.65	-0.75
Basrah Heavy (FOB)	-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	-5.05	-5.20
Kirkuk (FOB Ceyhan)	+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	+1.50	+1.50
KUWAIT																	
to Asia (FOB, vs Oman/Dubai)																	
Kuwait Export Blend (31°)	+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	+0.35	
vs Saudi Arab Medium	*-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*	*-0.30*	
Kuwait Super Light (48°)	+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	+0.35	
Khafji (28.5°)	-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	-0.50	
Hout (33°)	+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	+0.91	
Kuwait Export Blend to other destinations:																	
to Mediterranean (FOB, vs Dated Brent)	-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	-1.15	
to North West Europe (FOB, vs Dated Brent)	-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	-1.15	
FOB Sidi Kerir (vs Dated Brent)	-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	-0.95	
to US (FOB, vs ASCI)	+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	+3.70	
delivered US Gulf (vs ASCI)	+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	+5.00	

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

SELECTED DATA

	Jan24	Feb24	Mar24	Apr24	May24	Jun24	Jul24	Aug24	Sep24	Oct24	Nov24	Dec24	Jan25	Feb25	Mar25	Apr25	May25	Jun25
IRAN to Asia (FOB Kharg Island, vs Oman/Dubai average)																		
Iranian Light (33-34°)	+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	+3.95	+1.65	
vs Saudi Arab Light	*+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*	*+0.45*	*+0.45*	
Iranian Heavy (30-31°)	+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	+1.90	-0.35	
vs Saudi Arab Medium	*-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*	*-1.05*	*-1.00*	
Foroozan (31°)	+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	+2.15	-0.10	
South Pars Condensate	+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	+0.55	-1.85	
Soroosh (18.6°) vs Iran Heavy	-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	-2.95	-2.80	
to Northwest Europe/South Africa (FOB Kharg Island, vs ICE Brent)																		
Iranian Light (33-34°)	+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	+1.75	+1.35	
vs Saudi Arab Light	*-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*	*-1.30*	*-1.20*	
Iranian Heavy (30.7°)	-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	-0.05	-0.45	
vs Saudi Arab Medium	*-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*	*-2.30*	*-2.20*	
Foroozan (31°)	-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	+0.05	-0.35	
to Mediterranean (FOB Kharg Island, vs ICE Brent)																		
Iranian Light (33-34°)	+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	+1.70	+1.25	
vs Saudi Arab Light	*-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*	*-1.15*	*-1.10*	
Iranian Heavy (30-31°)	-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	-0.40	-0.85	
Foroozan (31°)	-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	-0.35	-0.80	
ABU DHABI																		
Murban (40.3°)	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	72.63	67.73
Das (38.8°)	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	72.23	67.23
Das-vs Murban	-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	-0.40	-0.50
Umm Lulu (38.7°)	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	72.93	67.93
Umm Lulu-vs Murban	+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	+0.30	+0.20
Upper Zakum (34.1°)	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	72.93	68.03
Upper Zakum-vs Murban	+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	+0.30	+0.30
QATAR																		
Qatar Land (40°)-vs Dubai^	+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	+0.50	+0.70
Qatar Marine (36°)-vs Dubai^	+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	+0.60	+0.80
DUBAI																		
Dubai (31°, vs Oman)	+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	+0.05	+0.00
outright price	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	72.56	67.87
OMAN																		
Oman (34°)	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	72.51	67.87
ALGERIA (vs Dated Brent)																		
Saharan Blend (45.7°)	+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	+0.20	+0.40	
LIBYA (vs Dated Brent)																		
Zueitina (41°)	-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	-0.40	-0.40	
Brega (40°)	-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	-1.40	-1.25	
Sirtica (41°)	-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	-0.75	-0.60	
Es Sider (37°)	-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	-0.75	-0.55	
Bu Attifel (36°)	-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	-0.55	-0.55	
Sarir (36°)	-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	-3.20	-2.95	
Amna (36°)	+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	-0.40	-0.30	
Sharara (43°)	+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	-0.70	-0.70	
Mellitah (41.6°)	-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	-1.25	-1.25	
Bouri (26°)	-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	-1.55	-1.35	
Al Jurf (30°)	-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	-0.45	-0.45	

SAUDI LPG OFFICIAL CONTRACT PRICES ($/T)

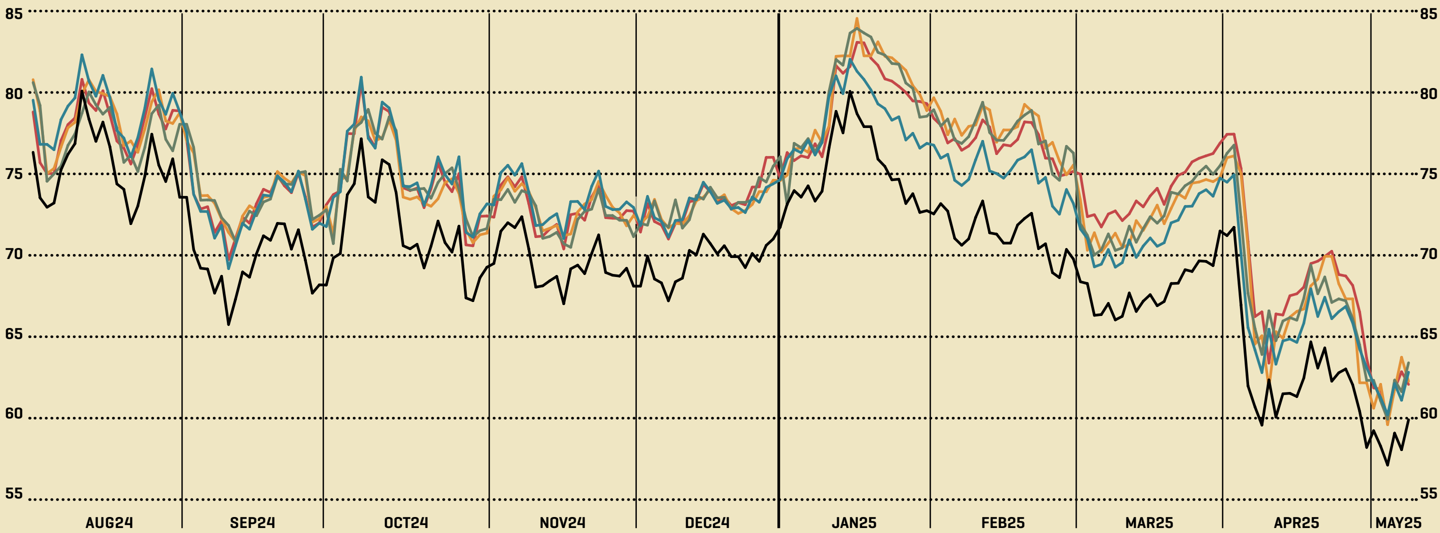
	Jan24	Feb24	Mar24	Apr24	May24	Jun24	Jul24	Aug24	Sep24	Oct24	Nov24	Dec24	Jan25	Feb25	Mar25	Apr25	May25
Propane	620	630	630	615	580	580	580	590	605	625	635	635	625	635	615	615	610
Butane	630	640	640	620	585	565	565	570	595	620	630	630	615	625	605	605	590
propane vs butane	*-10*	*-10*	*-10*	*-5*	*-5*	*+15*	*+15*	*+20*	*+10*	*+5*	*+5*	*+5*	*+10*	*+10*	*+10*	*+10*	*+20*

SELECTED DATA

BENCHMARK CRUDE PRICES ($/B)

	8May	28Apr-2May	21-25Apr	Apr25	Mar25	Feb25	1Q 2025	4Q 2024	3Q 2024	2025 (8May)	2024	2023	2022
WTI	59.91	59.64	63.09	62.96	67.93	71.19	71.51	70.31	75.38	68.66	75.79	77.58	94.37
ICE Brent	62.84	63.33	66.65	66.46	71.47	74.95	74.98	74.01	78.72	72.10	79.86	82.18	99.02
ICE Murban	63.42	63.28	67.60	67.61	72.58	77.34	76.74	73.76	78.34	73.62	79.74	82.80	98.84
GME Oman	62.28	62.89	68.81	67.75	72.51	77.64	76.76	73.60	78.47	73.65	79.61	82.02	94.42
OPEC Basket	62.09	64.41	69.48	68.98	74.00	76.81	76.77	73.54	78.97	73.95	79.89	82.95	100.08
JCC	na	na	na	na	79.49	80.40	78.82	78.24	85.86	na	83.92	86.56	102.70

AVERAGE SETTLEMENT PRICES FOR PERIOD IN QUESTION.



SAUDI NET FOREIGN ASSETS INCREASED TO A SIX-MONTH HIGH OF $431BN IN MARCH ($BN)

SOURCE: SAMA, MEES.