



OAPEC

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Organization of Arab Petroleum Exporting Countries

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Lubricating Oils Re-refining Industry's Developments in OAPEC Member Countries

**Iraq's oil sales
surging to a record**

**NOGA celebrates its
10th Anniversary**

**APICORP
Establishes
\$3 billion Sukuk
Programme**



ORGANIZATION OF ARAB PETROLEUM EXPORTING COUNTRIES (OAPEC)



The Organization of Arab Petroleum Exporting Countries (OAPEC) was founded on the basis of the agreement signed in Beirut, Lebanon on 9 January 1968 between the governments of Kingdom of Saudi Arabia, the State of Kuwait and the (then) Kingdom of Libya. The agreement stipulates that the Organization shall be domiciled in the City of Kuwait.

The principal objective of the Organization is the cooperation of the members in various forms of economic activity in the petroleum industry, the determination of ways and means of safeguarding the legitimate interests of its member countries in this industry, individually and collectively, the unification of efforts to ensure the flow of petroleum to its markets on equitable and reasonable terms, and providing appropriate environment for investment in the petroleum industry in member countries.

In 1970 the United Arab Emirates, the State of Qatar, the Kingdom of Bahrain and the Republic of Algeria joined the Organization, followed by the Syrian Arab Republic and the Republic of Iraq in 1972, Arab Republic of Egypt in 1973, then the Republic of Tunisia in 1982 (its activities stopped since 1987). Any Arab country which derives a significant share of its national income from petroleum is eligible for membership in OAPEC upon the approval of three-quarters of the member countries, including all three founding members.

OAPEC'S ORGANS

The Organization carries out its activities through its four organs:

- **Ministerial Council:** The Ministerial Council is the supreme authority of the Organization, responsible for drawing up its general policy.
- **Executive Bureau:** The Executive Bureau is composed of one representative from each of the member countries, drawing recommendations and suggestions to the Council, reviewing the Organization's draft annual budget and submitting it to the Council, it also adopts the regulations applicable to the staff of the General Secretariat. The resolutions of the Executive Bureau are issued by the majority of two-thirds of all members.
- **General Secretariat:** The General Secretariat of OAPEC plans, administers, and executes the Organization's activities in accordance with the objectives stated in the agreement and directives of the Ministerial Council. The General Secretariat is headed by the Secretary General. The Secretary General is appointed by resolution of the Ministerial Council for a tenor of three years renewable for similar period(s). The Secretary General is the official spokesman and legal representative of the Organization and is accountable to the Council. The Secretary General directs the Secretariat and supervises all aspects of its activities, and is responsible for the tasks and duties as directed by the Ministerial Council. The Secretary General and all personnel of the Secretariat carry out their duties in full independence and in the common interests of the Organization member countries. The Secretary General and the Assistant Secretaries General possess in the territories of the Organization members all diplomatic immunities and privileges.
- **Judicial Tribunal:** The protocol of the Judicial Tribunal was signed in Kuwait on 9 May 1978 and came into effect on 20 April 1980. The Tribunal is competent to consider all disputes related to the interpretation and application of OAPEC's establishment agreement, as well as disputes arising between two or more member countries concerning petroleum operations.
- **OAPEC-Sponsored Ventures:** OAPEC has sponsored the creation of four companies: The Arab Maritime Petroleum Transport Company (AMPTC), established in 1972 with headquarters in Kuwait City, the Arab Shipbuilding and Repair Yard Company (ASRY) established in 1973 with headquarters in Bahrain, the Arab Petroleum Investments Corporation (APICORP) established in 1974 with headquarters in Khobar, Saudi Arabia, the Arab Petroleum Services Company (APSC) established in 1975 with headquarters in Tripoli, Libya.

Lubricating Oils Re-refining Industry's Developments in OAPEC Member Countries

The lubricating oils re-refining industry is a basic cornerstone for the development of industrial, agricultural, and services sectors. The importance of this industry is increasing day after day in the light of the continuous developments to improve the performance of engines and equipments worldwide; transportation in particular.

Latest reports issued by specialised international organisations show that global demand for lubricating oils will reach about 43.9 million metric tons in 2017, with an annual increase of 2.3%. The demand will be led by East Asian countries (especially China), followed- on a lower scale- by South American countries, the Middle East, and Africa. Forecasts show that demand for lubricating oils will maintain its current rates in Europe and North America.

OAPEC member countries have recorded a noticeable increase in demand for lubricating oils driven by their industrial and economic renaissance. This has led most of these countries to develop and expand the lubricating oils industry as they work to meet the domestic demand for the various kinds developed locally with high efficiency. OAPEC member countries benefit from having their own crude oil production with the best quality feedstock for producing lubricating oils. This provides promising opportunities to boost OAPEC member countries' competitiveness in this industry in spite of the severe challenge in the world market.

In the light of the world's increasing interest in preserving natural resources and protecting the environment, OECD countries have adopted re-refining of used lubricating oils industry for long decades. They have conducted experiments on the best techniques to maximise economic and environmental advantages including financial support, tax exemption, as well as launching media campaigns for all consumers to promote the economic and environmental benefits of re-refined lubricating oils.

To keep in pace with these important developments, OAPEC member countries have paid considerable attention to develop the re-refining of used lubricating oils industry in order to realise the most ideal use of their hydrocarbon wealth, maintain their natural resources, and boost their commitment to the requirements and legislations on protecting the environment from pollution. The past two decades have witnessed the establishment of many used lubricating oils re-refining refineries whether through national and international companies' cooperation or through private sector companies.

OAPEC Secretariat General has been observing closely the developments on the lubricating oils re-refining industry while underscoring its economic and environmental importance through organising various seminars which form an essential and documenting reference on the industry's developments in the Arab World throughout the past 3 decades. The Organisation has also published many studies and papers on the industry through its scientific periodicals and journals.

Driven by its faith in encouraging scientific research and its interest in contributing to developing the petroleum industry in the member countries as well as the importance of the subject itself, OAPEC has chosen the title "The Re-refining of Used Lubricating Oils: Economic and Environmental Prospects" as a topic for OAPEC Award 2016.

The Secretariat General would like to take this opportunity to invite all specialised researchers to take part in this renowned award. OAPEC hopes that the topic of the award would contribute to improving the techniques and methods that help to develop the used lubricating oils re-refining industry while highlighting its economic and environmental advantages for the member countries.

KSA

A New Phase of Saudi–Russian Petroleum Cooperation



Minister of Petroleum and Mineral Resources of the Kingdom of Saudi Arabia HE Engineer Ali bin Ibrahim Al Naimi and the Russian Energy Minister HE Alexander Novak co-signed, on the sidelines of the current visit of the Deputy Crown Prince HRH Prince Mohammed bin Naif bin Abdulaziz, the Second Deputy Premier and Minister of Defense, an executive program for implementation of the petroleum cooperation agreement between the Kingdom of Saudi Arabia and the Russian Federation.

Addressing the signing ceremony, Al Naimi said that meeting with the Russian Minister of Energy and signing the executive program of this important cooperation agreement will raise the level of cooperation between the two countries and will have a positive impact on the international petroleum market.

On the international oil market conditions, Eng. Al Naimi said, “I am optimistic about the future of the market in the coming months, in terms of the continuing improvement and increasing global demand for oil as well as the low level of commercial inventories which is expected to improve the level of prices.”



Iraq

HE Adel Abdul Mahdi

Iraq's oil sales surging to a record

Iraq's Oil Minister HE Adel Abdul Mahdi said that his country managed to break its own records with regards to oil sales for the fifth consecutive month. Iraq's production surged to a record of 3.187 million barrels a day last June. This helped Iraq restore and compensate for the drop of its oil exports from Kurdistan. The Minister hailed the efforts of the oil sector staff working in Iraq in spite of the security developments in the country, which caused damage to many petroleum installations by terrorist groups. HE Abdul Mahdi explained that the Ministry has been working so hard to resolve obstacles facing the Iraqi oil industry with the big support of the Iraqi Presidency and other official bodies.



The Minister also said that launching Basra Heavy along with Basra Light has contributed to the increase of Iraqi oil sales, as well as, resolving various financial and administrative disputes with foreign oil companies working in Iraq.

Qatar

Qatar Petroleum Restructuring Completed

Qatar Petroleum Chief Executive Officer Engineer Saad Sherida Al Kaabi announced that Qatar Petroleum has completed its restructuring programme that started by the end of last year. The restructuring included a new organisational structure aiming at realising integration between QP and Qatar Petroleum International, which resulted in having one entity that is Qatar Petroleum to be in charge of oil and gas activities both inside and outside Qatar.

Al Kaabi said current developments in the global oil markets made it imperative



for QP to be highly efficient; explaining that pioneering firms, like QP, usually review their requirements based on business needs and will make their own decisions on restructuring in light of the changing competition in order to achieve their new strategic goals.

He added that Qatar Intermediate Industries Ltd has been liquefied according to the restructuring plan. All its projects will be allocated to the private sector. Al Kaabi stressed that QP has no intentions to compete with the private sector companies.

UAE



HE Al Mazroui:

Great efforts to diversify energy resources

During a press conference on the occasion of announcing the release of the second edition of UAE State of Energy Report 2016 on 22 October 2015, the UAE Energy Minister HE Engineer Suhail Mohammad Al Mazroui said that his ministry was preparing a study on the possibilities of freeing the energy and petroleum products market in the UAE. He stressed that this study will be finalised soon to be submit it to the Council of Ministers.

The Energy Minister underscored the positive outcome of energy conservation campaigns as the industrial sector has witnessed a reduction of about 10 to 15% in energy consumption last year. The Minister also said that his country was sparing no effort in diversifying energy resources to strike a balance between the conventional, renewable (solar) and nuclear energy resources. He said that his country continued working on its programmes to make larger quantities of natural gas available in response to the increasing gas consumption. This is done through increasing domestic gas production via Al Hosn Gas project, as well as, importing gas through Dolphin project and other resources.



HE Al Omair

Forecasts: oil prices to improve in final quarter of 2015

Kuwaiti Oil Minister and State Minister for National Assembly Affairs HE Dr Ali Al Omair said that oil prices are expected to extend a rebound in the final quarter of 2015 thanks to a drop in stockpiles and fewer drilling rigs, “We have reached a stage where a drop in oil prices is unlikely,” he said, cited by the official KUNA news agency.

The Minister added that improved oil prices are bound to improved global growth in many countries around the world in East Asia, the Americas, Europe and the Middle East. He noted that the Organization of Petroleum Exporting Countries (OPEC) has seen a decline in excess crude supply in the international market which will push prices up.

HE Al Omair reviewed a number of mega petroleum projects in Kuwait including the clean fuel project, and Al Zour refinery, which would now be reassessed financially. The Minister said the Al Zour refinery project’s new estimates would be presented to the Supreme Petroleum Council, the highest decision-making body on oil, to secure approval for the additional funds.



Bahrain

NOGA celebrates its 10th Anniversary



Under the patronage of Bahrain's Minister of Energy His Excellency Dr Abdul Hussain bin Ali Mirza, Bahrain's National Oil and Gas Authority (NOGA) celebrated the 10th anniversary marking its founding in 2005, with the participation of nogaolding company, Bahrain Petroleum Company (Bapco), Bahrain National Gas (Banagas) and Gulf Petrochemical Industries Company (GPIC).

In his speech, the Minister said that NOGA has made many achievements in Bahrain's oil and gas sector throughout a whole decade, whether investment projects or joint oil company ventures, development projects in the Bahrain Oil Field, as well as, encouraging numerous oil projects that promoted environmental safety, setting up regulations and proposing laws and legislation that regulated the energy sector.

He praised the competent role of NOGA in managing the oil and gas affairs in coordination with a number of specialised international companies and for developing the oil sector in the Kingdom, in addition to strengthening Bahrain's position as a major regional hub for organising international conferences and exhibitions. The Kingdom has seen many global oil and gas events organised by major international companies, including those in the field of oil services. The huge participation of global companies in such events has had a positive impact on the revitalisation of the economic activity in the country, he said.

HE Dr Mirza said he was delighted with the achievements, as well as, the modernisation and development efforts witnessed by the Kingdom of Bahrain under its leadership and the constant support received by the oil and gas sector from the government of Bahrain.



Egypt signs deal to produce high-octane benzene in Alexandria

Egypt's Petroleum and Natural Resources Minister HE Engineer Sherif Ismail witnessed the signing of a deal to set up a new project to produce high-octane benzene in Alexandria with investments worth some \$300 million. The project comes in line with the Petroleum Ministry's strategy aimed to reduce exports and benefit the most from production units at refineries to increase their domestic production capacity, in order to meet the growing demand in the domestic market.



French Development Agency signs Egypt Loan for Home Gas Delivery

Egypt and the French Development Agency (AFD) have signed a €70 million loan agreement on 11 June 2015 for a project aimed to expand natural gas access to 1.5 million Egyptian households in eleven governorates nationwide.

The Egyptian side was represented by the First Undersecretary for Gas Affairs at Egypt's Petroleum Ministry, HE Dr Sherif Sousa and the Deputy Governor of the Central Bank of Egypt (CBE) Mr Gamal Negm.

In a press statement after the signing ceremony, Dr Sousa said that Egypt's Petroleum Ministry adopts policies supporting the Egyptian government's programme to replace household consumption of Liquefied Petroleum Gas (LPG), which is mostly imported, with grid-connected natural gas. This will reduce related subsidies in the country's budget.





Qatar's Energy Minister Meets OAPEC Secretary General

Qatar's Minister of Energy and Industry HE Dr Mohamed bin Saleh Al Sada met on 29 June 2015 with HE Abbas Ali Al Naqi, the Secretary General of the Organisation of Arab Petroleum Exporting Countries (OAPEC). The meeting was attended by the Director of Energy Policies and International Relations Department in the Ministry HE Sheikh Meshal bin Jabor Al Thani, who is also Qatar's Representative at OAPEC Executive Bureau. During the meeting, latest developments related to the OAPEC and Arab petroleum industry were discussed.

It is worth mentioning that Qatar chairs OAPEC's current session for the year 2015.



2nd Meeting for the GCC Petroleum Media Specialists Committee and OAPEC

Riyadh, KSA, 17 June 2015

Upon a kind invitation by the Secretariat General of the Cooperation Council for the Arab States of the Gulf, OAPEC Secretariat General took part in the 2nd Meeting for the GCC Petroleum Media Specialists Committee and OAPEC, held at the GCC Council Secretariat General headquarters in Riyadh, KSA on 17 June 2015. The meeting was headed by Mr Ali Zaid Al Dousary, Director of Public Relations and Communications Department at Qatar's Energy and Industry Ministry. The meeting was attended by representatives of all member countries. OAPEC Secretariat General was represented by Mr Abdul Kareem Ayed, Director of Press and Library Department, and Acting Director for Administrative Affairs, and Mr Nasser Bakheet, Managing Editor of OAPEC's monthly bulletin. During the meeting, the conveners reviewed the recommendations of the 2nd GCC Petroleum Media Forum, which was held under the patronage of the Custodian of the Two Holy Mosques, HM King Salman bin Abdulaziz, with the participation of their Excellencies the GCC petroleum, energy, and oil ministers, from 22-25 March, 2015. The meeting welcomed the positive outcome of the Forum and hailed its role in boosting petroleum media cooperation.

Also, aspects of media cooperation between the GCC Media Specialists Committee and OAPEC Secretariat General were discussed.

23rd Forum on Oil and Gas Industry Fundamentals

Kuwait, 4-7 October 2015

Under the patronage of OAPEC Secretary General HE Abbas Ali Al Naqi, OAPEC Secretariat General plans to organise the 23rd Forum on Oil and Gas Industry Fundamentals, from 4 to 7 October 2015 in Kuwait.

The Forum aims at informing those working in the oil and gas industry, at the level of middle management and others from the member countries, about the various aspects and activities of the oil and gas industry and its stages, as well as, providing an opportunity for networking among the participants.

Over four days of activities, a selection of elite lecturers from OAPEC Secretariat General and other institutions will give lectures covering technical, economic, and media issues. Five lectures will be given by

specialists from outside OAPEC. The lectures are:

- OAPEC and its joint ventures
- Basics of petroleum exploration
- Oil and gas production
- Oil refining
- Oil and gas transport
- Current situation and the role of oil and gas in boosting Arab development
- Petroleum projects funding
- Current and future developments in global oil markets
- New and renewable energies: now and in the future
- Climate change negotiations and the stance of petroleum countries
- Petroleum media



APICORP Establishes \$3 billion Sukuk Programme



The Arab Petroleum Investments Corporation (APICORP), a multilateral development bank created and owned by the governments of the member countries of the Organization of Arab Petroleum Exporting Countries (OAPEC), announced on 6 July 2015 the establishment of a \$3 billion Sukuk programme. Establishing the Islamic Shari'ah compliant Sukuk programme marks a strategic step for APICORP, rated Aa3 by Moody's, in becoming a regular issuer of sukuk in global markets, and will position the company's credit alongside its multilateral development banks peers.

APICORP's Chairman, HE Dr Aabed A. Al Saadoun said, "We are delighted to have established this Sukuk Programme which, in line with the recently approved corporate strategy, will allow APICORP to diversify its funding sources, reduce the overall cost of financing, extend the Company's debt maturity profile and enhance our access to a diverse set of global investors."

HE Dr Al Saadoun further added, "The lower financing costs that APICORP's are expecting to secure after this new Programme will enhance APICORP's ability to foster its development mandate of the hydrocarbon and energy related sectors in Arab countries by, first: enabling APICORP to extend attractive financing terms to its clients and partners alike, second: enhance APICORP's ability to participate in financing some strategic energy related projects which may not attract the commercial banks from either a return or tenor perspective."

APICORP could issue its first Sukuk later this year, subject to prevailing market conditions, as part of its new \$3 billion programme. It is expected that this Programme will support the efforts to deepen the international Sukuk markets by offering Shari'ah compliant investors' access to high-quality Sovereigns, Supra nationals & Agencies (SSA) assets.

Standard Chartered Bank is acting as sole arranger for APICORP's programme. The programme will be listed on the Irish Stock Exchange and rated by Moody's Investor Services.



Asry signs UK Royal Navy support agreement with Babcock

On 29 June 2015, the Arab Shipbuilding and Repair Yard Company (Asry), an OAPEC joint venture, has signed a long-term collaborative enabling agreement with Babcock, an engineering support services company from UK, to undertake maintenance work on UK Royal Navy warships in the Gulf. The agreement will cover work from general maintenance to specific projects. Asry will deliver the in-theatre engineering support while Babcock provides project management and technical information through a locally-based Class Output Management (COM) oversight team, and some specific equipment where required.

An Invitation to Contribute to the

Oil and Arab Cooperation Journal

The “*Oil and Arab Cooperation Journal*” has the pleasure to invite researchers and specialists of the petroleum industry and developmental issues to participate by publishing their research work and scientific reports in accordance with the following requirements:

1. The magazine publishes original scientific research works in the areas of oil and gas, energy, and economic development which adhere to scientific research methodology and globally recognized procedures. Articles must be written in Arabic and should not be previously published.
2. Article should contain 15-40 pages (and more if required), computer typed. Original shall be printed on A4 in Simplified Arabic font, and shall be paginated.
3. An abstract shall be presented in English, briefing the objective, scope, research methodology, main ideas and conclusions. The abstract should be in the vicinity of 2-3 pages, in clear conceivable manner, without referring to the original text.
4. First page of the research shall contain the time, name(s) of researcher(s), employer, address, telephone numbers, and e-mail. Researcher’s name should not be mentioned in the research body.
5. Reference to all sources is made by numbers of footnotes, which are published at the end of the research paper. Recognized scientific principles of documentation shall be considered, including:
 - When the source is mentioned for the first time, the following items should be provided: Book title, name of author, name of publishers, place of publication, number of edition, year of publication, page number.
 - For repeated use, book title and page number shall be mentioned.
6. The research shall be provided with a separate list of footnotes. In the event of foreign sources, an additional list shall be added, apart from the Arabic list, in alphabetical order giving book/research titles, as published in bulletins.
7. A copy of the scientific resume shall be attached, if the researchers has cooperation with the magazine for the first time.
8. The research should not be quoted from a university degree thesis, not previously published, and should not have been submitted to any other publication. The researcher shall provide a separate declaration accordingly.
9. All ideas published on the magazine shall express the opinions of their writers, and not necessarily the view of publishers. Order of researches shall be subject to technical consideration.
10. Researches shall be subject to a confidential assessment to determine validity for publication. Researches shall not be returned to their authors, whether accepted or not, as follows:
 - The researchers shall be notified, within a maximum of 3 weeks, of receipt of the material for publication.
 - Accepted research authors shall be notified of the approval of the editing panel of publication and date of publication.
 - Researches to which assessors decide any additions of modifications prior to publication shall be returned to their authors, along with comments, for necessary action.
 - Authors of rejected researches shall be notified, without giving reasons.
 - Each author shall be provided with 5 copies of the volume where their research is published.



**Articles and reviews should be sent to Editor-in-Chief,
Oil and Arab Cooperation Journal, OAPEC**

P.O. Box 20501 Safat, 13066 Kuwait

Tel: +965 24959 9000 OR +965 24959 728 Fax: +965 24959747

E-mail: oapec@oapecorg.org



1. Oil Market

1. Prices

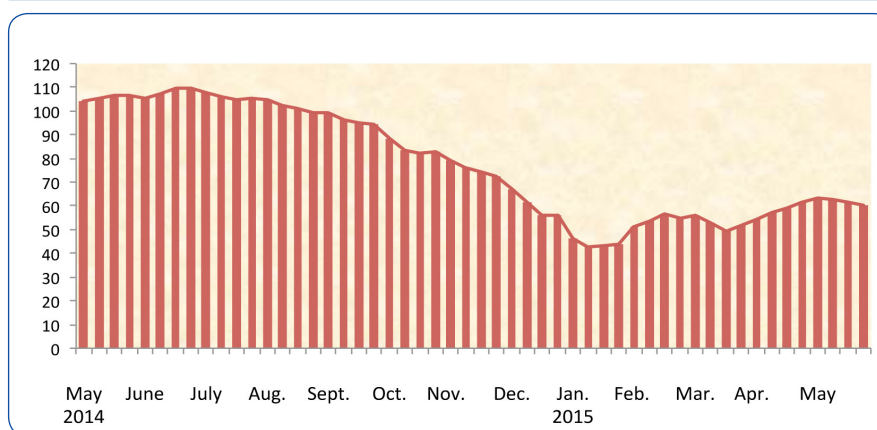
1-1Crude Oil Prices

Weekly average price of OPEC basket increased during the first week of May 2015, recording \$63.6/bbl, and continued to decline thereafter, to reach its lowest level of \$60.4/bbl during the fourth week, as shown in figure 1:

On monthly basis, OPEC Reference Basket in May 2015, averaged \$62.2/bbl, representing an increase of \$4.9/bbl or 8.5% comparing with

previous month, and a decrease of \$43.3/bbl or 41% from the same month of previous year. A pickup in crude oil demand, healthy refined product markets, US crude inventory drawdown, Ongoing geopolitical turmoil and a weaker US dollar were major stimulus for the increase in oil prices during the month of May 2015.

Figure - 1 Weekly Average Spot Price of the OPEC Basket of Crudes 2014 - 2015 (\$/bbl)



Key Indicators

- 📌 *In May 2015, OPEC Reference Basket increased by 8.5% or \$4.9/bbl from the previous month level to stand at \$62.2/bbl.*
- 📌 *World Oil Demand in May 2015, decreased by 0.2% or 0.2 million b/d from the previous month level to reach 92.8 million b/d.*
- 📌 *World oil supplies in May 2015, increased by 0.8% or 0.8 million b/d from the previous month level to reach 97.1 million b/d.*
- 📌 *US tight oil production in May 2015, increased by 5.3% to reach 5.7 million b/d. whereas US oil rig count decreased by 61 rig from the previous month level to stand at 603 rig.*
- 📌 *US crude oil imports in April 2015, increased by 5.3% from the previous month level to reach 7.6 million b/d, and US product imports increased by 19.4% to reach about 2.2 million b/d.*
- 📌 *OECD commercial inventories in April 2015 increased by 38 million barrels from the previous month level to reach 2818 million barrels, and Strategic inventories in OECD-34, South Africa and China remained stable at the same previous month level of 1849 million barrels.*
- 📌 *The average spot price of natural gas at the Henry Hub in May 2015 increased by \$0.28/million BTU from previous month level to reach \$2.82/ million BTU.*
- 📌 *The Price of Japanese LNG imports decreased in April 2015 by \$2/m BTU to reach \$10.2/m BTU, the Price of Chinese LNG imports decreased by \$2/m BTU to reach \$8.1/m BTU, and the Price of Korean LNG imports decreased by \$1.4/m BTU to reach \$11.7/m BTU.*
- 📌 *Arab LNG exports to Japan, Korea and China were about 3.525 million tons in April 2015 (a share of 32.1% of total imports).*

* Prepared by the Economics Department.



Table (1) and figure (2) show the change in the price of the OPEC basket versus last month and the corresponding month of last year :

Table 1 Change in Price of the OPEC Basket of Crudes, 2014-2015 (\$/bbl)

	May 2014	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan 2015	Feb.	Mar.	Apr.	May.
OPEC Basket Price	105.4	107.9	105.6	100.8	96.0	85.1	75.6	59.5	44.4	54.1	52.5	57.3	62.2
Change From previous Month	1.1	2.5	-2.3	-4.9	-4.8	-10.9	-9.5	-16.1	-15.1	9.7	-1.6	4.8	4.9
Change from same month of previous Year	4.7	6.9	1.2	-6.8	-12.7	-21.6	-29.4	-48.2	-60.3	-51.3	-51.7	-47.0	-43.3

* Effective June 16, 2005 OPEC replaced its seven-crude basket with one comprised of eleven crudes, one from each member country (weighted according to production and exports to major markets). Effective 1 January and mid of October 2007, Angola's Girassol and Ecuadorian Oriente crudes have been incorporated to become the 12th and 13th crudes comprising the new OPEC Basket. As of Jan. 2009, the basket excluded the Indonesian crude.

Figure - 2 Change in the Price of the OPEC Basket of Crudes, 2014-2015 (\$/bbl)

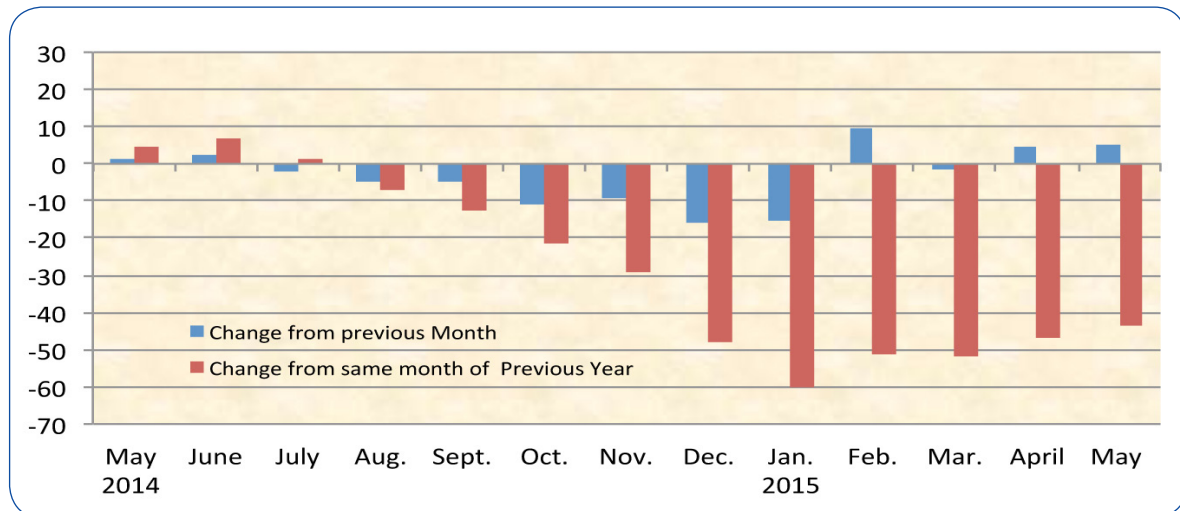


Table (3) in the annex show spot prices for OPEC basket and other crudes for the period 2013-2015.

1-2 Spot Prices of Petroleum Products

- US Gulf

In April 2015, the spot prices of premium gasoline increased by 11.2% or \$8.8/bbl comparing with their previous month levels to reach \$87.2/bbl, spot prices of gas oil increased by 4.8% or \$3.3/bbl to reach \$72.1/bbl, and spot prices of fuel oil increased by 4.3% or \$2.2/bbl to reach \$53.8/bbl.



- Rotterdam

The spot prices of premium gasoline increased in April 2015, by 6.1% or \$4.7/bbl comparing with their previous month levels to reach \$82.3/ bbl, spot prices of gas oil increased by 3.3% or \$2.4/bbl to reach \$74.2/ bbl, and spot prices of fuel oil increased by 8.4% or \$3.8/bbl to reach \$49.2/bbl.

- Mediterranean

The spot prices of premium gasoline increased in April 2015, by 6.7% or \$4.9/bbl comparing with previous month levels to reach \$78.3/bbl, spot prices of gas oil increased by 3.3% or \$2.4/bbl to reach \$75.8/bbl, and spot prices of fuel oil increased by 6.5% or \$3.1/bbl to reach \$51/ bbl.

- Singapore

The spot prices of premium gasoline increased in April 2015, by 2.4% or \$1.8/bbl comparing with previous month levels to reach \$75.6/bbl, spot prices of gas oil increased by 2.1% or \$1.5/bbl to reach \$73.7/bbl, and spot prices of fuel oil increased by 6.4% or \$3.3/bbl to reach \$54.8/ bbl.

Figure (3) shows the price of Premium gasoline in all four markets from April 2014 to April 2015.

Figure - 3 Monthly Average Spot Prices of Premium Gasoline, 2014-2015 (\$/bbl)

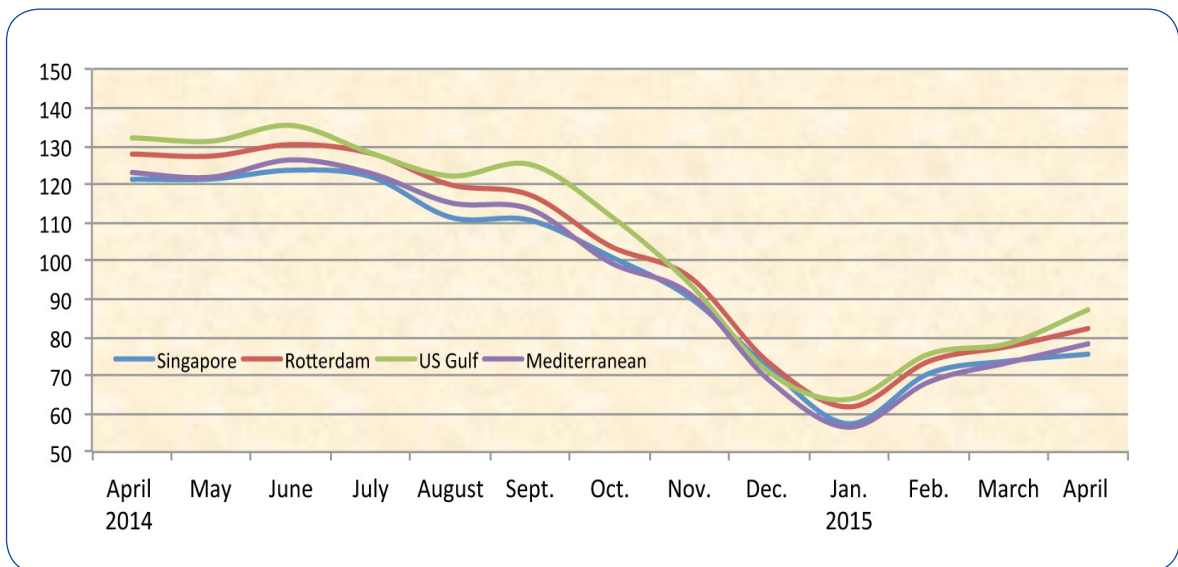


Table (4) in the annex shows the average monthly spot prices of petroleum products, 2013-2015.



1-3 Spot Tanker Crude Freight Rates

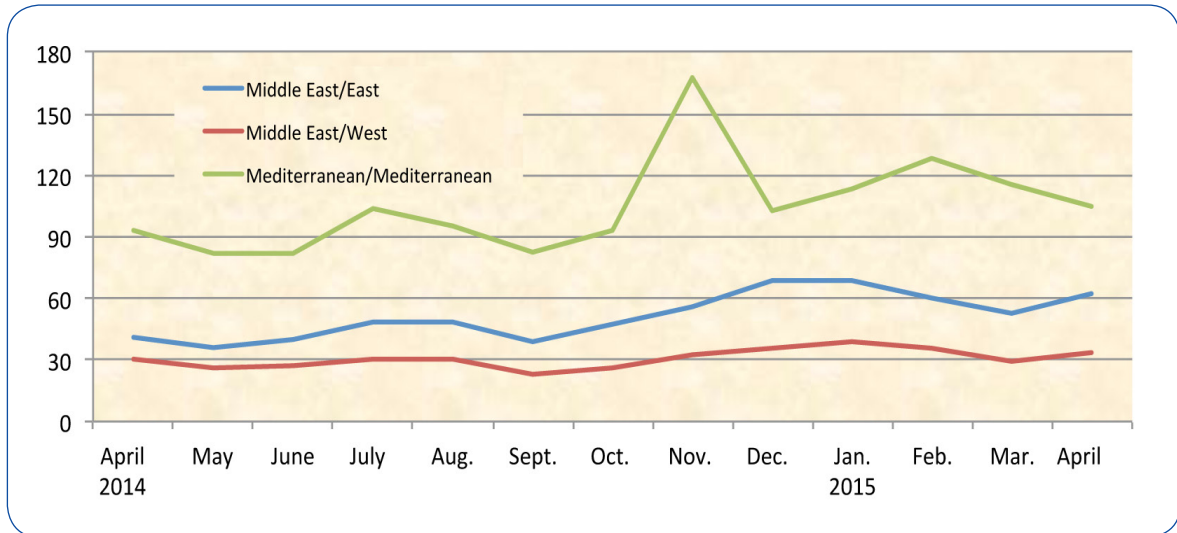
In April 2015, Freight rates for crude oil for tanker size (230-280 thousand deadweight tons (dwt)), leaving Middle Eastern ports to the East, increased by 9 points or 17% comparing with previous month to reach 62 points on the World Scale (WS*), and freight rates for crude oil for tanker size (270-285 thousand deadweight tons (dwt)), leaving Middle Eastern ports to the West, increased by 5 points or 17.2% comparing with previous month to reach 34 points on the World Scale (WS), whereas freight rates for inter - Mediterranean for small to medium sized tankers (80-85 thousand deadweight tons (dwt)), decreased by 11 points or 9.5% comparing with previous month to reach 105 points on the World Scale (WS).

Figure (4) shows the freight rates for crude oil to all three destinations from April 2014 to April 2015.

Figure - 4

Monthly Spot Crude Oil Tanker Freight Rates, 2014 -2015

(World Scale)*



* World Scale is a method for calculating freight prices. One point for the WS means 1% of the standard price of freight in the direction in the WS book, which is published annually by the World Scale Association. The book contains a list of prices in the form of US dollar per ton, called "World Scale 100," for all the major routes in the world.

1-4 Spot Tanker Product Freight Rates

In April 2015, monthly spot Tanker freight rates for petroleum products [for tanker size 30-35 thousand deadweight tons (dwt)], leaving Middle Eastern ports to the East, decreased by 14 points, or 10.9% comparing

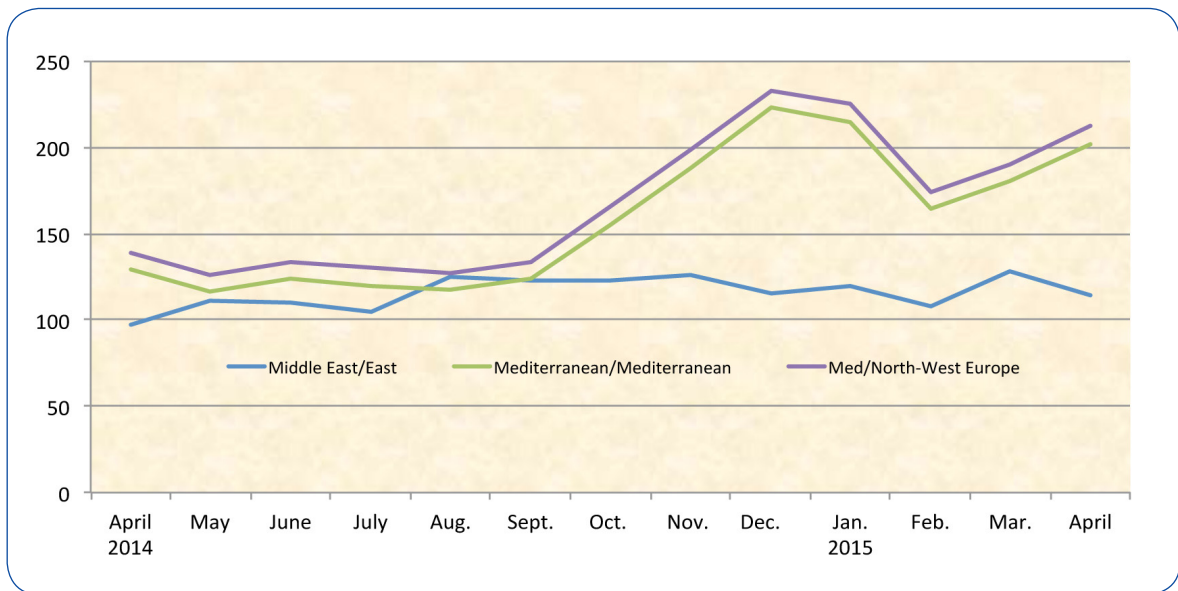


with previous month to reach 114 points on WS. whereas freight rates for Petroleum Products across Mediterranean [for tanker size 30-35 thousand deadweight tons (dwt)], increased by 22 points, or 12.2% to reach 202 points on WS, and freight rates for petroleum products [for tanker size 30-35 thousand deadweight tons (dwt)], leaving Mediterranean to North-West Europe also increased by 22 points, or 11.6% to reach 212 points on WS.

Figure (5) shows the freight rates for oil products to all three destinations from April 2014 to April 2015.

Table (5) and (6) in the annex show crude and products Tankers Freight Rates, 2013-2015.

Figure - 5 Monthly Spot Product Tanker Freight Rates, 2014 -2015 (World Scale)



2. Supply and Demand

Preliminary estimates in May 2015 show a decrease in world oil demand by 0.2% or 0.2 million b/d, comparing with the previous month to reach 92.8 million b/d, representing an increase of 2 million b/d from their last year level.

Demand in OECD countries decreased by 0.2% or 0.1 million b/d comparing with their previous month level to reach 45.3 million b/d, representing an increase of 1 million b/d from their last year level. Similarly demand in Non-OECD countries decreased by 0.2% or 0.1 million b/d comparing with their previous month level to reach 47.5 million b/d, representing an increase of 1 million b/d from their last year level.



On the supply side, preliminary estimates show that world oil supplies for May 2015 increased by 0.8% or 0.8 million b/d comparing with the previous month level to reach 97.1 million b/d, a level that is 4.6 million b/d higher than last year.

In May 2015, OPEC crude oil and NGLs/condensates total supplies increased by 1.3% or 0.5 million b/d comparing with the previous month level to reach 37.8 million b/d, a level that is 2 million b/d higher than last year. Similarly Preliminary estimates show that Non-OPEC supplies increased by 0.5% or 0.3 million b/d comparing with the previous month level to reach 59.3 million b/d, a level that is 2.6 million b/d higher than last year.

Preliminary estimates of the supply and demand for May 2015 reveal a surplus of 4.3 million b/d, compared to a surplus of 3.3 million b/d in April 2015 and a surplus of 1.7 million b/d in May 2014, as shown in [table \(2\)](#) and [figure \(6\)](#):

[Tables \(7\) and \(8\)](#) in the annex show world oil demand and supply for the period 2013-2015.

Table 2 World Supply and Demand (Million b/d)

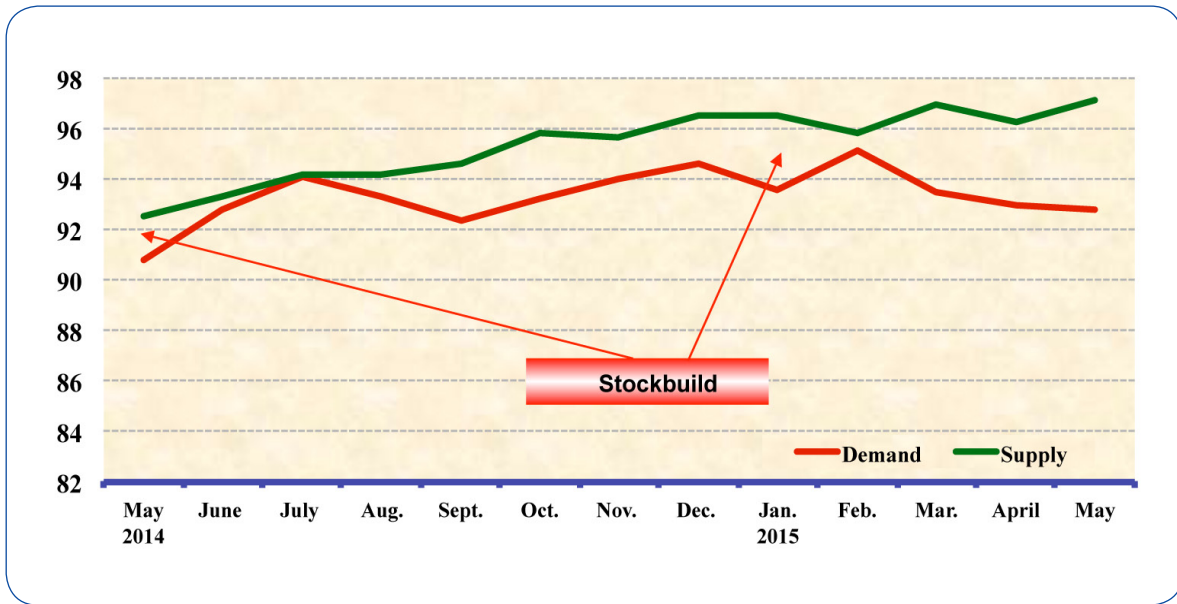
	May 2015	April 2015	Change from April 2015	May 2014	Change from May 2014
<i>OECD Demand</i>	45.3	45.4	-0.1	44.3	1.0
<i>Rest of the World</i>	47.5	47.6	-0.1	46.5	1.0
<i>World Demand</i>	92.8	93.0	-0.2	90.8	2.0
<i>OPEC Supply:</i>	<u>37.8</u>	<u>37.3</u>	<u>0.5</u>	<u>35.8</u>	<u>2.0</u>
<i>Crude Oil</i>	31.2	30.7	0.5	29.6	1.6
<i>NGL's & Cond.</i>	6.6	6.6	0.0	6.2	0.4
<i>Non-Opec Supply</i>	57.2	57.1	0.1	54.6	2.6
<i>Processing Gain</i>	2.1	1.9	0.2	2.1	0.0
<i>World Supply</i>	97.1	96.3	0.8	92.5	4.6
<i>Balance</i>	4.3	3.3		1.7	

Source: Energy Intelligence Briefing June 17, 2015.



Figure - 6 World Supply and Demand

(Million b/d)



US tight oil production

In May 2015, US tight oil production increased by 44 thousand b/d or 0.8% comparing with the previous month level to reach 5.7 million b/d, representing an increase of 1.1 million b/d from their last year level. Whereas, the US oil rig count decreased by 61 rig comparing with the previous month level to reach 603 rig, a level that is 649 rig lower than last year, as shown in table (3) and figure (7):

Table 3 US* tight oil production

(Million b/d)

	May 2015	April 2015	Change from April 2015	May 2014	Change from May 2014
tight oil production	5.651	5.695	0.044	4.558	1.093
Oil rig count (rig)	603	664	-61	1252	-649

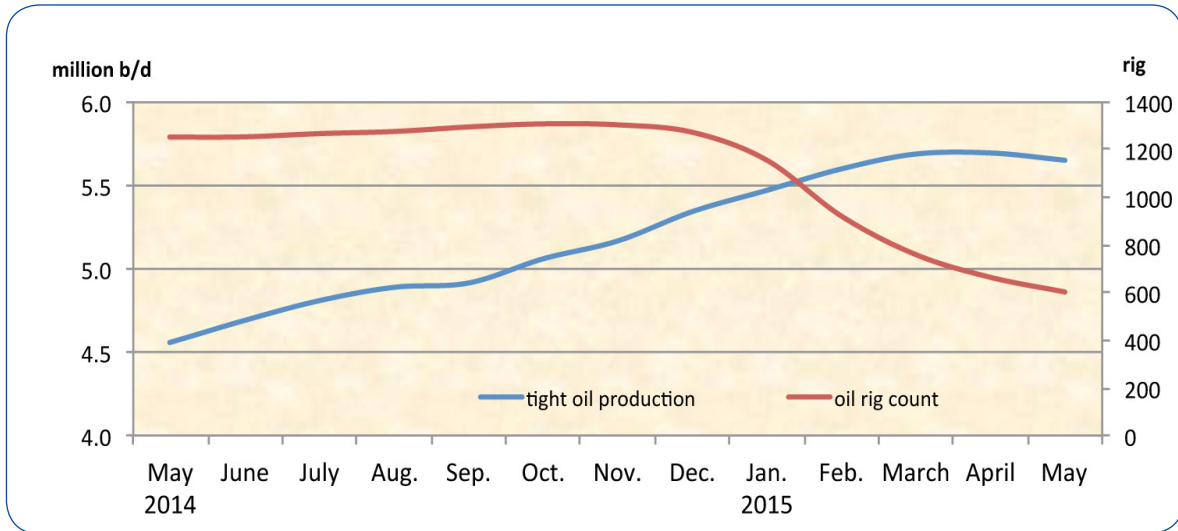
Source: EIA, Drilling Productivity Report for key tight oil and shale gas regions, June 2015.

* focusing on the seven most prolific areas, which are located in the Lower 48 states. These seven regions accounted for 95% of domestic oil production growth during 2011-13 (Bakken, Eagle Ford, Haynesville, Marcellus, Niobrara, Permian, Utica)



Figure - 7 US tight oil production and oil rig comt

(Million b/d)



3.Oil Trade

USA

In April 2015, US crude oil imports increased by 387 thousand b/d or 5.3% comparing with the previous month level to reach 7.6 million b/d, and US oil products imports increased by 361 thousand b/d or 19.4% to reach about 2.2 million b/d.

On the export side, US crude oil exports increased by 3 thousand b/d or 0.6% comparing with the previous month level to reach about 494 thousand b/d, whereas US products exports decreased by 156 thousand b/d or 4% to reach 3.7 million b/d. As a result, US net oil imports in April 2015 were 901 thousand b/d or nearly 17.4% higher than the previous month, averaging 5.7 million b/d.

Canada remained the main supplier of crude oil to the US with 43% of total US crude oil imports during the month, followed by Saudi Arabia with 14% ,then Venezuela with 11%. OPEC Member Countries supplied 35% of total US crude oil imports.

Japan

In April 2015, Japan’s crude oil imports decreased by 335 thousand b/d or 0.9% comparing with the previous month to reach 3.4 million b/d, the lowest level since January 2015, and Japan oil product imports also decreased by 17 thousand b/d or 2.9% comparing with the previous month to reach 613 thousand b/d.

On the export side, Japan’s oil products exports increased in April 2015, by 70 thousand b/d or 14.2% comparing with the previous month, averaging 562 thousand b/d. As a result, Japan’s net oil imports in April 2015 decreased by 422 thousand b/d or 11% to reach 3.4 million b/d.

Saudi Arabia remained the main supplier of crude oil to Japan with 31% of total Japan crude oil imports, followed by UAE with 25% and Russia with 13% of total Japan crude oil imports.



China

In April 2015, China's crude oil imports increased by 1.1 million b/d or 17.5% to reach 7.4 million b/d, and China's oil products imports increased by 7 thousand b/d or 0.6% to reach 1.2 million b/d.

On the export side, China's oil products exports decreased in April 2015, by 68 thousand b/d, averaging 108 thousand b/d, and China's oil products exports decreased by 35 thousand b/d or 4.5% to reach 751 thousand b/d. As result, China's net oil imports reached 7.7 million b/d, representing an increase of 18% comparing with the previous month.

Saudi Arabia remained the main supplier of crude oil to China with 17% of total China's crude oil imports during the month, followed by Russia with 10% and Iran with 10% of total China's crude oil imports.

Table (3) shows changes in crude and oil products net imports/(exports) in April 2015 versus the previous month:

Table 4 USA, Japan and China Crude and Product Net Imports / Exports (Million bbl/d)

	Crude Oil			Total Products		
	April 2015	February 2015	Change from February 2015	March 2015	February 2015	Change from February 2015
USA	7.150	6.766	0.384	1.476 -	1.993 -	0.517
Japan	3.351	3.686	0.335 -	0.051	0.138	0.087 -
China	7.282	6.154	1.128	0.406	0.363	0.042

Source: OPEC Monthly Oil Market Report, various issues 2015.

4. Oil Inventories

In April 2015, OECD commercial oil inventories increased by 38 million barrels to reach 2818 million barrels – a level that is 220 million barrels higher than a year ago. It is worth mentioning that during the month, commercial crude inventories in OECD increased by 11 million barrels to reach 1130 million barrels, and commercial oil products inventories increased by 27 million barrels to reach 1688 million barrels.

Commercial oil inventories in Americas increased by 35 million barrels to reach 1516 million barrels, of which 637 million barrels of crude and 879 million barrels of oil products. Commercial oil Inventories in Europe remained stable at the same previous month level of 931 million barrels, of which 340 million barrels of crude and 591 million barrels of oil products. Commercial oil inventories in Pacific increased by 3 million barrels, to reach 371 million barrels, of which 153 million barrels of crude and 218 million barrels of oil products.



In the rest of the world, commercial oil inventories increased by 47 million barrels to reach 2512 million barrels, and the Inventories at sea increased by 40 million barrels to reach 1064 million barrels.

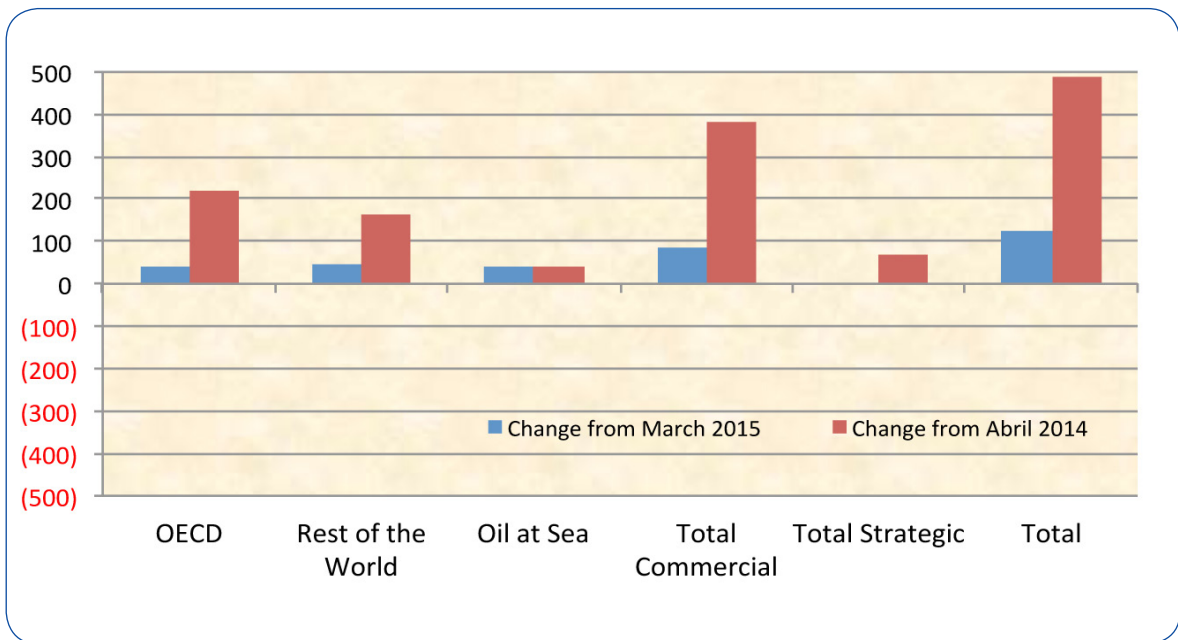
As result, Total Commercial oil inventories in April 2015 increased by 85 million barrels comparing with the previous month to reach 5330 million barrels – a level that is 381 million barrels higher than a year ago.

Strategic inventories in OECD-34, South Africa and China remained stable at the same previous month level of 1849 million barrels – a level that is 67 million barrels higher than a year ago.

Total world inventories, at the end of April 2015 were at 8243 million barrels, representing an increase of 125 million barrels comparing with the previous month, and an increase of 490 million barrels comparing with the same month a year ago.

Table (9) in the annex and figure (8) show the changes in global inventories prevailing at the end of April 2015.

Figure - 8 Changes in Global Inventories at the End of April 2015 (Million bbl)



II. The Natural Gas Market

1- Spot and Future Prices of Natural Gas in US market

The monthly average of spot natural gas price at the Henry Hub in May 2015 increased by \$0.28/million BTU comparing with the previous month to reach \$2.82/ million BTU.

The comparison, shown in table (5), between natural gas prices and those for the WTI crude and low sulfur fuel oil reveal differential of



\$7.4/ million BTU in favor of WTI crude and \$7.0/ million BTU in favor of low sulfur fuel oil.

Table 5 Henry Hub Natural Gas, WTI Crude Average, and Low Sulfur Fuel Oil Spot Prices, 2014-2015 (Million BTU¹)

	May 2014	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 2015	Feb.	Mar.	Apr.	May
Natural Gas ⁽²⁾	4.6	4.1	3.8	3.9	3.9	3.9	4.1	3.2	3.0	2.8	2.8	2.6	2.8
WTI Crude ⁽³⁾	17.6	18.1	17.7	16.6	16.1	14.6	13.1	10.3	8.2	8.8	8.2	9.4	10.2
Low Sulfur Fuel Oil (0.3%)	17.2	16.9	17.4	16.4	15.9	14.3	13.2	11.0	9.1	10.6	9.7	9.9	9.8

1. British Thermal Unit.

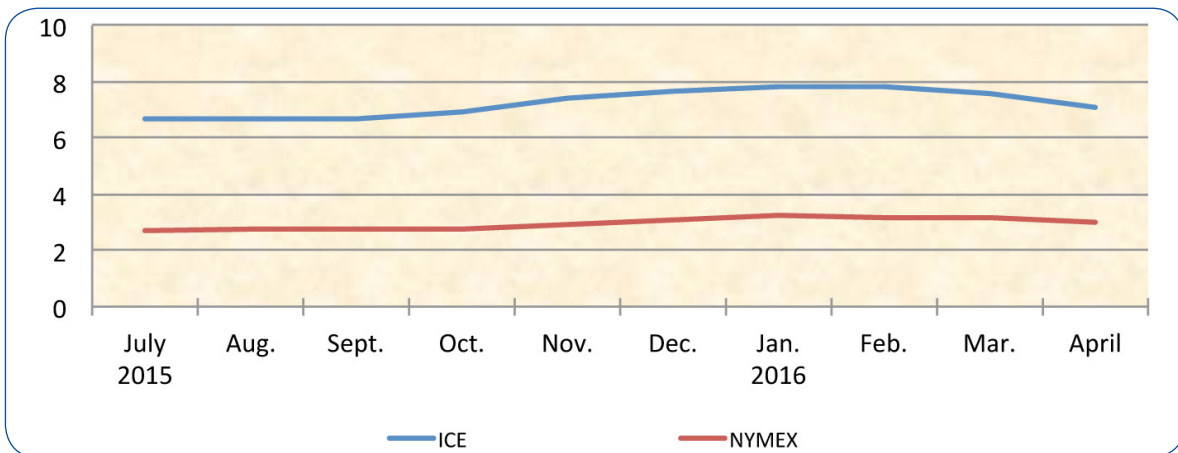
2. Henry Hub spot price.

3. WTI – West Texas Intermediate Crude oil price, in dollars per barrel, is converted to dollar per million BTU using a conversion factor of 5.80 million BTU/bbl.

Source: World Gas Intelligence June 3, 2015.

Futures gas prices recorded on June 8, 2015, indicate that those quoted at the London’s ICE were higher than those quoted at the NYMEX for the period from July 2015 to April 2016, with maximum differential of \$4.62/ million BTU in February 2016. These developments are shown in figure (9).

Figure - 9 Gas Futures, June 8, 2015 (\$/Million BTU)



Source: World Gas Intelligence June 10, 2015.

2- Asian LNG Markets

In April 2015, the price of Japanese LNG imports decreased by \$2/ million BTU comparing with the previous month to reach \$10.2/ million BTU, the price of Chinese LNG imports decreased by \$2/million BTU comparing with the previous month to reach \$8.1/ million BTU, and the price of Korean LNG imports decreased by \$1.4/million BTU comparing with the previous month to reach \$11.7/ million BTU.



Total Japanese, Korean and Chinese LNG imports from various sources, decreased by 12.4% or 1.549 million tons from the previous month level to reach 10.982 million tons.

The Arab countries LNG exports to Japan, Korea and China totaled 3.525 million tons - a share 32.1% of total Japanese, Korean and Chinese LNG imports.

Table (6) shows the prices and quantities of LNG imported by Japan, South Korea, and China for the period 2013-2015.

Table6 LNG Prices and Imports: Korea, Japan, and China 2013-2015

	Imports				10.Average Import Price		
	(thousand tons)				(\$/million BTU)		
	Japan	Korea	China	Total	Japan	Korea	China
2013	87490	40175	17997	145662	16.0	14.7	11.1
2014	104669	44622	23673	172964	18.5	18.6	13.5
February 2014	7511	4194	1498	13203	16.8	16.5	11.7
March	8044	4115	1479	13638	16.6	16.5	12.0
April	7212	3220	1375	11807	16.8	16.4	10.8
May	6495	2212	1579	10286	16.3	16.3	11.4
June	6821	2207	1343	10371	16.1	16.6	11.2
July	7838	2182	1835	11855	16.1	16.3	10.3
August	7050	2543	1582	11175	15.7	16.2	11.7
September	7276	2302	1394	10972	15.2	16.5	12.2
October	6944	2755	1381	11080	15.9	16.2	12.3
November	6877	2932	1757	11566	15.6	15.9	11.6
December	8258	4289	2016	14563	15.6	16.1	12.1
January 2015	8434	4122	2121	14677	15.1	14.3	11.1
February	7730	3098	1661	12489	13.3	13.4	10.3
March	8137	3048	1346	12531	12.2	13.1	10.1
April	6598	2839	1545	10982	10.2	11.7	8.1

Source: World Gas Intelligence various issues.



Oman

Petroleum Development Oman (PDO) and GlassPoint Solar signed an agreement to build a 1,021 MW solar thermal facility, one of the world's largest solar plants, to extract heavy and viscous oil. The solar thermal facility, named Miraah, will be built to produce steam from solar energy with a capital expenditure of \$600 million. The steam will be used in thermal enhanced oil recovery (EOR) to extract heavy and viscous oil. Once completed, Miraah will save 5.6 trillion British Thermal Units (BTUs) of natural gas each year, the amount of gas that could be used to provide residential electricity to more than 209,000 people in Oman.

Jordan

The Jordanian Government announced on 20 June 2015 that a 143 MW steam-generated unit started operating. The unit was co-funded by Kuwait Fund for Arab Economic Development and The Arab Fund for Economic and Social Development (AFESD) at a cost of \$167 million. The new unit will save about 230,000 tons/year of Jordan's fuel, at a total cost of \$162 million. According to government-owned Samra Electric Power Company (SEPCO), the third phase of Samra electricity generating plant is the most efficient among operating units in Jordan's power network in terms of the best use of fuel to generate power.

Asian Infrastructure Investment Bank (AIIB)

Beijing, China has hosted the signing ceremony of the Asian Infrastructure Investment Bank (AIIB). Delegates from 57 countries signed 60 articles that determine each member's share and the bank's initial capital, management structure, and policy mechanism. The bank's capital is \$100 billion. Asia and Oceania will contribute to up to 75% of the total capital. Each country's share will be determined according to the size of their economy. China, which initiated the bank's idea, is considered one of the three biggest shareholders along with India and Russia.



GAZPROM

Russia's Gazprom, Germany's E.ON, British-Dutch Royal Dutch Shell and Austria's OMV signed Memorandums of Intent stipulating the cooperation among the said companies within the project for constructing the gas transmission infrastructure for direct supply of Russian gas to European consumers. The Memorandum reflects the parties' intent to implement a project for the construction of two gas pipeline strings from the Russian coast to the German coast via the Baltic Sea. The capacity of the new Nord Stream-2 gas pipeline will reach 55 billion cubic meters of gas a year.



Tables Annex



OAPEC AWARD FOR SCIENTIFIC RESEARCH FOR THE YEAR 2016

Pursuant to its policy of encouraging scientific research by awarding two prizes on a biennial basis (First Prize KD 7000, Second Prize KD 5000, equivalent to USD \$24000 and USD \$17000), upon the resolution number 1/139 of OAPEC Executive Bureau at its meeting dated 12/10/2014. The Organization of Arab Petroleum Exporting Countries (OAPEC) is pleased to announce that the research topic selected for the “OAPEC Award for Scientific Research for the Year 2016” is:

“Re-Refining of Used Lubricating Oils and its Economic & Environmental Implications”

Research Theme

OAPEC members’ increasing interest in re-refining of used lubricating oils comes in line with their efforts to improving the performance of oil industry, seizing the added value opportunities, and maximizing the utilization of their natural resources, in addition to enhance their compliance with the requirements of the legislation related to environment protection.

The following main issues are suggested for the research, to which the researcher is encouraged to add other suitable aspects:

- 1- **Historical overview of used lube oils re-refining processes.**
- 2- **Sources and evaluation of used lube oils.**
- 3- **Types of used lube oils re-refining processes.**
- 4- **Environmental implications of re-refining of used lube oils.**
- 5- **Economic viability of the re-refining process and its role in improving the added value of oil industry and natural resources conservation.**
- 6- **Examples and case studies of used oils re-refining projects worldwide and in Arab countries.**
- 7- **Conclusions and recommendations.**

Conditions for Submitting the Research

- 1- **The research may be submitted by one or more author(s). Institutions and organizations are excluded.**
- 2- **The research submitted must be new and original, and has not been granted an award previously.**
- 3- **The author(s) shall agree in advance to give OAPEC the right to print and publish the research in case his/her/their win one of the prizes. A signed statement to this effect must be submitted with the research (sample provided below). The author(s) will maintain all other rights, including patent rights (if applicable). OAPEC shall not exercise its right to publish the winning research for a period of six months commencing with the date of advising the winning author (s) with the decision of the Award Committee.**

- 4- A statement by the author(s), attesting that the research is original. Segments fully or partially adopted from other sources should be properly cited. A detailed list of all references used must also be attached.
- 5- Four hard copies and a digital copy of the research (either in Arabic or English) should be submitted, along with the Curriculum Vitae of each researcher, to the Organization of Arab Petroleum Exporting Countries.
- 6- The deadline for submitting the research is 31st May, 2016. No submission will be accepted after that date.
- 7- Prizes are awarded to individuals of all nationalities advised of the Award Committee's decision.
- 8- **The award will not be presented twice consecutively to the same recipient.**
- 9- Any research that does not fulfill the above conditions shall be disregarded.

Researchers will be notified by OAPEC Secretariat of the Award Committee's decision. The winners will be officially announced at the end of the OAPEC's Ministerial Council in 2016.

For further information you may contact the OAPEC General Secretariat at:

Organization of Arab Petroleum Exporting Countries (OAPEC)
Technical Affairs Department
P.O.Box 20501 Safat 13066 Kuwait
Tel.: (+965) 24959715 - Fax: (+965) 24959755
E-mail: oapectech@oapecorg.org
Website: www.oapecorg.org

Organization of Arab Petroleum Exporting Countries (OAPEC)
OAPEC AWARD FOR SCIENTIFIC RESEARCH FOR THE YEAR 2016

TOPIC

“Re-Refining of Used Lubricating Oils and its Economic and Environmental Implications”

Statement of relinquishment of printing and publication right for the research

I, undersigned:

Hereby undertake to relinquish all printing and publications right of the research submitted by me entitled:

to the Organization of the Arab Petroleum Exporting Countries (OAPEC), in the event of winning one of the two prizes of OAPEC Award for Scientific Research for the year 2016.

Name:

Signature:

Date: / /