

Oil Exploration Horizons in the Arab Region in Light of Global Energy Developments



14th IEF Ministerial Meeting

**The New Geography of Energy and the Future
of Global Energy Security**

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 and its membership was suspended in 1986. 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.

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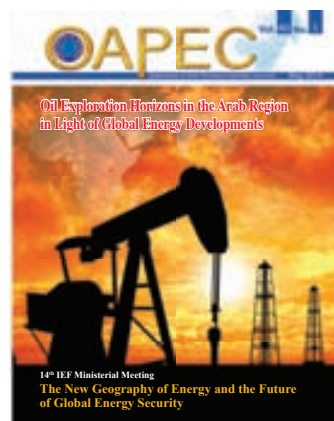
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Oil Exploration Horizons in the Arab Region in Light of Global Energy Developments

Oil discovery in the Arab region goes back to the beginning of the last century. The discovery was a turning point in the global petroleum industry and a start of a long journey of economic and social changes in the Arab region making it the prime choice for global oil companies. Old documentaries showing oil exploration field teams in the beginning of last century challenging the depths of the Arabian Desert in quest for the 'Grand Prize' are still vivid in our minds.

The series of Arab oil discoveries started in the Arab Republic of Egypt with the discovery of Gamasah Field in 1907, then Kirkuk Field in the Republic of Iraq in 1927, followed by Awali Field in the Kingdom of Bahrain in 1932, then Burgan Field in the State of Kuwait in 1938 (the world's second largest oilfield), and Ghawar Field in the Kingdom of Saudi Arabia in 1948 (the world's largest oilfield); in addition to other important discoveries that have put the Arab region on top of the world's oil reserves.

For the past long decades, Arab countries led by the OAPEC member countries have achieved a lot with regards to increasing hydrocarbon reserves significantly due to new petroleum discoveries and their success in developing and boosting their existing oilfield production capacities. This matter has led to a positive impact on stabilizing global oil and gas supplies.

These successes are a result of God's blessings and the sincere efforts of those

working in the Arab petroleum industry in cooperation with renowned international companies with long experience in the energy industry. These companies have been working in Arab petroleum projects according to oil contracts drawn in line with international standards. They are Concession Agreements, Production Sharing Agreements, and Technical Services Agreements. These achievements have also been a result of OAPEC member countries' huge financial investments in all stages of the petroleum industry.

Data available at OAPEC Secretariat General has shown that member countries managed to achieve good results in 2013 in the field of onshore and offshore exploration and development with a total of 34 new oil discoveries and 10 new gas discoveries. On Arab countries' level, Oman and Yemen have also made oil discoveries which increased the total up to 36 discoveries in all Arab countries together.

Some of the significant oil discoveries in member countries in 2013 included Algeria's oil discovery in Amqeed Basin (112 km from Hassi Messaoud Field) with about 1.3bb reserves. Also, Qatar has made a new gas discovery near the Grand North Field in waters with a depth of 70m and reserves estimated at 71bm³.

In 2013, member countries have established a number of mega offshore oil and gas projects including Saudi Arabia's

Karan gas project which produces 4.2 mm³/day of gas and Manifa project which produces 0.5mb/d of heavy oil. Manifa's production capacity is expected to reach 900,000 b/d of oil and about 65,000 b/d of condensates in addition to processing 2.55 mm³/d of associated gas in 2014.

There is no doubt that such projects and their likes would contribute in providing current production capacities with new quantities of oil and gas that are indispensable for local consumption and international markets.

In spite of the huge oil and gas discoveries in the Arab region, it still has huge potentials for more discoveries as estimated by some international agencies and bodies specialized in oil reserves estimation (including United States Geological Survey- USGS). In 2009, these amounts have been estimated at 269 bb of oil and gas liquids and 43.5 trillion m³ of natural gas.

OAPEC member countries consider developments in oil and gas production from unconventional resources, especially shale oil and gas in the US, as an addition to the global oil and gas reserves. It contributes to meeting the increasing global demand for energy and shall enhance long term investments needed for the energy industry.

While observing Arab and global developments in oil and gas production, OAPEC Secretariat General lauds member countries' efforts. It asserts that the ideal use of hydrocarbon resources is a main factor to achieve sustainable development goals represented in economic and social growth

and maintain the environment and natural resources.

A study prepared by the Secretariat General titled "Dialogue between Oil Producing and Consuming Countries and its Important Role in Stabilizing Global Petroleum Market", has found out that the sustainability of OAPEC member countries' financial investment in the various stages of the petroleum industry including exploration is conditioned by creating an atmosphere of transparency and direct dialogue with the main consuming countries on the future of global demand for oil and gas. This should be based on supply security versus demand security. Disagreement between oil producing and oil consuming countries on energy issues, when happen, should not affect the international petroleum market's balance and its possible consequences on production and price. Cooperation between the two sides has become more crucial especially during periods when energy markets in general and oil markets in particular witness disturbances and severe fluctuations due to various factors including the lack of full transparency required for understanding oil market developments.

The Secretariat General reiterates its keenness on supporting all international efforts to encourage dialogue between oil producing and oil consuming countries. It took part in the Fourteenth International Energy Forum held in Moscow recently. The Forum had a wide participation including ministers and senior officials of the oil producing and oil consuming countries; in addition to the secretary generals of international organizations and agencies specialized in energy and oil.

Algerian Presidency has named a new cabinet in May 2014 headed by HE Abdel Malek Al Sallal. HE Youcef Yousfi has been reappointed as Energy and Mining Minister. HE Mr Yousfi has been in this post since May 2010.

OAPEC Secretary General HE Abbas Ali Naqi has sent a cable of congratulation to HE Dr Youcef Yousfi on his reappointment expressing his hopes for the continuation for Algeria's support for the organization activities. HE Youcef Yousfi with a thanking cable.



Bahrain

Posts Record Revenues in 2013

Recent official statistics by Bahrain's Central Information Organisation have shown that the value added to crude oil and natural gas in the Bahraini economy's GDP has risen by about 12% (from BD 2.8b to BD 3.2b) forming 26% of the country's GDP. These figures are the highest revenues in the history of the Kingdom of Bahrain.

Bahrain produces 198,000 b/d of crude oil, 150,000 b/d of which are from Abu Sa'afa Field and about 48,000 b/d from Bahrain Field. Abu Saafa is a joint field between Bahrain and Saudi Arabia. Its production capacity is 300,000 b/d. The production is distributed evenly between the two countries (150,000 b each).

Bahrain's Abu Saafa share is exported directly to international markets in the form of crude oil while Bahrain Field crude oil is sold to Bahrain Petroleum Company (BAPCO) to be refined and exported as oil products.

Natural gas production is consumed locally by power plants and giant factories like BAPCO and Gulf Petrochemical Industries Co. (GPIC) in addition to other industries.

Electricity and Water Authority and other power generation companies come on top of the consumers (35%) followed by Aluminium Bahrain (Alba) then BAPCO, GPIC and other industrial companies in Bahrain respectively.



9th Meeting for the Oslo Group on Energy Statistics

Energy Essential for Global Development and Progress

HE Dr Matar Hamed Al Neyadi, Undersecretary of the Ministry of Energy and UAE representative at OAPEC has said that although his country is a main oil exporter and a member in OPEC and OAPEC, it has made a decision to adopt energy resources diversification policy in line with its geographical and climate nature. This policy has put the country forward in the region as the UAE is planning to achieve 24% of clean energy by 2021.

Mr Al Neyadi has added during the 9th meeting for the Oslo Group on Energy Statistics hosted by Abu Dhabi in May 2014 that energy is a basis for development and progress in the world. Countries rich with energy resources are trying to strike a balance between their need for energy to meet sustainable economic requirements and their global role as energy providers. They are trying to maintain these resources by ideal use.

He pointed out that due to the continuous economic development and increasing



population in the UAE, power demand has also increased up to 19 Giga Watts. He expected the demand to double in the coming 10 years. Demand for petroleum products has also increased to reach 15.2 mmt/y in 2013 with

an increase of 2.6% compared to 2012.

The Undersecretary stressed that modern technology developments contributed to opening new horizons in oil and natural gas production in a way that helped in developing hydrocarbon reserves in complex reservoirs. Exploration technology development helped in the emergence of nontraditional hydrocarbon resources like shale oil and gas.

Mr Al Neyadi drew the attention to the fact that producing oil and gas from nontraditional energy resources did not represent any threat to the revenues of oil and gas producing countries. He has said that energy is the core of the growth and development process worldwide and that global demand for energy has been continuously increasing.

Iraq

Iraqi Oil Ministry Oil Declares its March 2014 Oil Export

The Iraqi Ministry of Oil announced its crude oil exports for March 2014 which reached 74.3 million barrels with revenues of about \$7.507billion, according to SOMO statistics.

The exports were distributed as follows: Basra oil exports were 73.5 million barrels with revenues of \$ 7.429 billion, and Kirkuk exports were 0.8 million barrels with revenues of \$74 million. Oil price was set at \$101.036 per barrel.

Mr. Assim Jihad, Ministry of Oil Spokesperson, said that March 2014 figures were lower than February because of the



repeated attacks against Ceyhan – Kirkuk pipeline.

Mr. Jihad pointed out that the above quantities were shipped by 30 different international oil companies from ports of Basra, Khor Al Amia, SPM of the Arabian Gulf as well as the Turkish Ceyhan port on the Mediterranean and by the tanker trucks to Jordan.

Terraseis will be carrying out a 3D seismic survey involving 3C technique for the first time in Iraq's Kurdistan. LUKOIL Overseas started 2D surveys in Block 10 Southern Iraq. The Block's size is 5,600km² and stretches from Muthanna Governorate till Dhi Qar, 120km west Basra. The operations involve carrying out surveys across an area of 2,000 linear kilometers within a period of 16 months as a mandatory part of the Block's exploration programme that lasts for five years with a 2 years extension option.



Shell has announced exporting the first oil shipment from Majnoon Oil Field which is run jointly with South Oil Company, Petronas, and Missan Oil Company. This step has come after Majnoon Field oil production rate hit 21,000 b/d. The rate is far much higher than agreed commercial quantities required for starting commercial investment and expense recovery, which are 175,000 b/d. 18 new wells have been drilled in the field since 2013.



Dr Ali Al Omair



Kuwait Signs Clean Fuel Project Contracts

On 13 April 2014, under the auspices and attendance of the Minister of Oil and Minister of National Assembly Affairs Dr Ali Al Omair, **Kuwait's Clean Fuel Project** contracts were signed by Kuwait National Petroleum Company (KNPC), an affiliate to Kuwait Petroleum Corporation (KPC), and the companies who won the project's bid. The ceremony took place at KNPC's headquarters in Ahmadi and has been attended by Kuwait's senior oil sector leaders and officials, Ambassadors of the countries whose companies won the bid, and the media.

The project's total cost is KD 3.4 billion and is distributed as follows:

- 1. Mina Abdulla 1 refinery upgrade by Petrofac, worth KD1.07 billion**
- 2. Mina Abdulla 2 refinery upgrade by Flour, worth KD962 million**
- 3. Mina Al-Ahmadi refinery upgrade by JGC, worth KD1.36 billion**

The Clean fuel project is one of the most important KNPC strategic projects. It aims at upgrading and expanding Mina Abdulla



and Mina Al Ahmadi and supporting their integration to become a refining complex capable of meeting the local and global petroleum demands- quantity and quality-wise- in the near future. It also aims at developing technical and economic performance to boost competitiveness and achieve highest returns while maintaining highest environmental and safety standards in line with KPC's trends.

The project should be completed by 2018. The refining capacity of Mina Al Ahmadi and Mina Abdulla will go up to 800,000 barrels a day by the completion of the project.

Massive Qatari Investments in Bul Hanin Oil Field



HE Dr Mohammed bin Saleh Al Sada

Qatar Petroleum (QP) has announced plans to invest over 40 billion Qatari Riyals in the re-development of the existing Bul Hanine offshore oil field located about 120 kilometers to the east of the Qatari coastline.

The project, which is currently at the pre-FEED stage, is one of the largest to be managed and executed by QP. It is designed to prolong the field's life by countering its production decline and doubling

up to 90,000 b/d by 2020. The project includes building central offshore production facilities and a new onshore station to process natural gas liquids in Mesaieed. Huge drillings for about 150 new wells should also be ongoing until 2028.

Commenting on the redevelopment plans, HE Dr Mohammed bin Saleh Al Sada, Minister of Energy and Industry and Chairman of QP, said: "This important project is part of a development and production strategy based on maximum recovery of reserves through the longest possible plateau of sustainable production levels. It will help boost Qatar's oil production capacity and reinforce its position as a reliable energy provider."

its current oil production rate





TENTH ARAB ENERGY CONFERENCE

Energy & Arab Cooperation

Abu Dhabi - United Arab Emirates, December 21-23, 2014

The Tenth Arab Energy Conference will be convened in Abu Dhabi, UAE, during the period 21 – 23 December 2014, under the patronage of His Highness Sheikh Mohammed bin Rashid Al Maktoum. The theme of the Conference will be “**Energy and Arab Cooperation.**” Discussions will cover: energy resources and their development prospects; energy consumption and conservation in Arab Countries; environment and energy for sustainable development; the role of regional markets and energy institutions in world market stability. Discussions will also include international developments in oil and natural gas markets; investment in oil and natural gas projects; prospective technology developments and their impact on Arab energy; and Arab cooperation in the energy sector.

OBJECTIVES

- To establish an Arab institutional framework to review oil and energy issues in order to develop a Pan-Arab perspective.
- To coordinate relations among Arab institutions concerned with energy and development.
- To harmonize energy policies with development issues.
- To investigate present and future Arab energy requirements and the means of meeting them.
- To identify and assess energy resources existing in the Arab countries, and to coordinate and enhance efforts towards developing these resources.
- To identify and evaluate the impact of international energy policies on the Arab countries.

Sponsors of the Conference



منظمة البلدان المصدرة للبترول (أوابك)
Organization of Arab Petroleum Exporting Countries



المنظمة العربية للتنمية الصناعية والتعدين
Arab Industrial Development and Mining Organisation



المستقل العربي للإستثمار الاقتصادي والاجتماعي
Arab Fund for Economic and Social Development



جامعة الدول العربية
League of Arab States

The 13th International Arab Mineral Resources Conference

Upon an invitation by the Director General of the Arab Industrial and Mining Organisation (AIDMO) HE Mohammed bin Youssef, OAPEC Secretary General HE Abbas Al Naqi took part in The 13th International Arab Mineral Resources Conference and Exhibition in Marrakech, Morocco. The event was organised by the



Arab Organization for Industrial Development and Mining in collaboration with the Moroccan Ministry of Energy, Mines, Water and Environment, as well as, the Saudi Ministry of Petroleum. The conference was held under the slogan “Mineral Resources: promising potential for sustainable development,” with the participation of several Arab ministers in charge of mineral resources, experts, and leaders of organizations working in the mining sector.

The 5th Arab Ministerial Consultative Meeting on Mining Resources was held at the same time with the participation of official delegations from Arab countries.

The conference aimed at exchanging knowledge, experiences, and activating cooperation among Arab and international institutions working in the mining sector. It also aimed at raising awareness about the status quo of the mining sector and its impact on the Arab countries’ economies, promoting mining projects, removing obstacles facing Arab and foreign investments in the sector, and identifying modern mining exploration and production technologies.

The conference tackled many topics including:

- **Mining investment climate and opportunities in the Arab countries**
- **International experiences in the mining sector and its role in sustainable development**
- **Geological mineral zones in the Arab world and potential capabilities**

- **Geological surveys, exploration, extraction and processing of mineral ores**

His Excellency OAPEC Secretary General chaired the conference’s third session under the title “Mineral Resources as a Supplementary Energy Resource”. The session was co-chaired by HE Dr Yehia Hussein Al Aaajam, Assistant Undersecretary for Mineral Affairs at the Yemeni Ministry of Oil and Minerals. Four papers were presented during the session tackling current and future prospects for supplementary energy resources use in the Arab countries.



The conference's Communiqué stressed the importance of promoting investments, bringing in new incentives and simplifying investment process in the mining sector, and encouraging cooperation and coordination among Arab research centres. The communiqué has also called for expanding geological surveys to explore hydrocarbons in Arab countries. Moreover, it stressed the importance of remote sensing, geographical database, and conducting studies on Arab integration in the mining sector in coordination with the Arab Industrial Development and Mining Organisation.



Excellence Award for HE Ali bin Ibrahim Al Naimi

The 13th International Arab Mineral Resources Conference has awarded HE Ali bin Ibrahim Al Naimi, Minister of Petroleum and Mineral Resources of the Kingdom of Saudi Arabia, an Excellence Award for his efforts in developing mutual Arab workforce in the mining sector. HE Al Naimi chaired the first Arab seminar on mining opportunities, headed the first consultative ministerial mining meeting, and headed the advisory committee for three successive years in his ministerial capacity. He also sponsored five workshops organized by the Saudi Ministry of Petroleum and Mineral Resources to train and qualify Arab workforce.

The Minister delivered a speech on the occasion thanking the conference organizers. He mentioned that Saudi Arabia has set articles and measures through the mining investment system and its executive



regulations to strike a balance between the exploitation of mineral resources and achieving development goals on one hand and maintaining the environment on the other hand. He highlighted the Kingdom's efforts in making the ultimate ideal use of its mineral resources and meeting local demand for mineral crudes and relevant industries like construction materials, and transforming crudes into products or condensates of value added without exporting them abroad.

With the Participation of OAPEC Secretary General

The Economist event: “Europe and the Arab World: “Strengthening Political, Business and Investment Ties

Under the auspices of the Greek Presidency of the Council of the EU and the Arab League, The Economist organised on 5 and 6 May a 2-day event entitled “Europe and the Arab World: Strengthening Political, Business and Investment Ties”.

The Conference discussed a number of issues focusing on the impact of the Arab region’s political developments in the past few years on the European – Arab political, cultural and business relations. Here are the most significant topics that have been tackled during the sessions:

The Arab World’s economic horizons

- **Europe and the Arab World: strengthening political, business and investment ties**
- **The importance of the Mediterranean Region in linking Europe and the Arab World**
- **Enhancing economic relations between the Arab World and Europe to support the Greek economy**
- **Energy policies: a main sustainable development player**
- **Infrastructure and road projects in the Arab World**

OAPEC Secretary General HE Abbas Ali Al Naqi took part as a keynote speaker in “Energy Prospects in the Arab Region” session. He gave a comprehensive presentation on the oil and gas industry on both Arab and international levels. HE Al Naqi gave a presentation on the status quo and future prospects of energy in the OAPEC member countries. He clarified that petroleum industry cooperation among member countries was the main goal of the organization.

HE the Secretary General has enlisted Arab joint ventures among OAPEC member countries which included: Arab Maritime Petroleum Transport Company (AMPTC), Arab Shipbuilding and Repair Yard Company (ASRY), Arab Petroleum Investments Corporation



(APICORP), Arab Petroleum Services Company (APSCO); in addition to the Arab Petroleum Training Institute (APTI).

HE Mr Al Naqi has clarified that Arab countries play a major role in meeting the increasing international energy demand as they have about 57% of the world’s proven oil reserves, about 32% of global oil production, about 29% of proven natural gas, and about 17% of global production (marketed).

According to most specialized agencies and international organizations, it is expected that global energy demand would grow by 52% during 2010 and 2035. Renewable wind, solar, and geothermal energies are expected to grow by more than 7% per year conditioned by the amount of government support and incentives.

HE Al Naqi reiterated the fact that OAPEC member countries would continue to play their role as secure and stable oil and gas suppliers due to their hard efforts in increasing their production capacities and developing their petroleum facilities.

The conference topics were of vital importance to the European side due to the Arab region’s strategic importance and the EU’s will to enhance political and economic relations with Arab countries. In order to achieve this goal, efforts are focused on creating a stable and secure investment climate in the Arab region.



14th IEF Ministerial Meeting

The New Geography of Energy and the Future of Global Energy Security

OAPEC Secretary General HE Abbas Ali Al Naqi took part in the 14th IEF Ministerial Meeting held in Moscow, Russia, on 15 and 16 May 2014 upon an invitation by the Russian Energy Minister HE Mr Alexander Novak and International Energy Forum Secretary General HE Aldo Flores-Quiroga.



Official delegations participated in the meeting headed by Their Excellencies Energy and Petroleum Ministers in the IEF member countries. The ministerial meeting was held under the title “The New Geography of Energy and the Future of Global Energy Security”.

The meeting included 4 public sessions that tackled the following topics:

- **New energy geography: maintaining the status quo or stepping into a new era of energy demand and supply?**
- **Oil and gas production from unconventional resources: future outlook, risks, and potentials**
- **Transforming into low-carbon economy: reality or science fiction?**
- **Global energy and good governance: IEF role**

A special session was held to launch the new Joint Organisations Data Initiative gas market database (JODI-Gas).

During the meeting, the first session of its kind since the establishment of the IEF, between IEF Ministers and CEOs was held. On the sidelines of the forum, various bilateral meetings took place among exporting and importing countries and oil companies' CEOs to discuss relations and joint ventures.

The meeting has included 3 parallel sessions as well which tackled:

- **Sustainable energy for all: what is appropriate for the current situation? What needs developing?**
- **Expansion of clean energy: public and private sectors' partnerships**
- **New energy composition: building up strong national and regional systems .**

During The 14th International Energy Forum (IEF-2014), a number of Their Excellencies Energy and Petroleum Ministers in the OAPEC member countries have delivered speeches highlighting the Arab and global oil industry status and future prospects. Here are some extracts:

UAE Energy Minister

HE Suhail bin Mohammed Faraj Al Mazroui

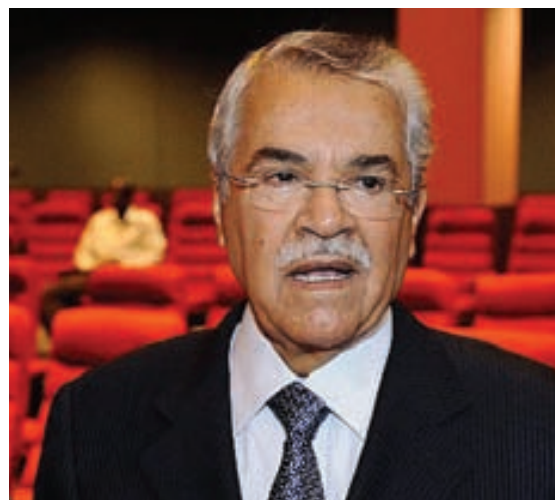


The Minister explained the UAE's experience and initiatives to reduce CO2 emissions. He highlighted his country's

national goals to reach 24% of total power production from clean energy by 2021. He reiterated the importance of the international community's cooperation to reduce emissions and encourage green economy.

KSA Petroleum and Mineral Resources Minister

HE Engineer Ali bin Ibrahim Al Naimi



Al-Naimi said that the IEF has become an ideal place for testing new ideas and exploring the possible impacts of new energy developments in the world. He has called upon all nations to commit themselves to working with the IEF to enhance its purpose and structures, regionally and internationally as it could be leaner and stronger. He added that there was an argument to take the IEF to the level of a full international organization, which will reflect the vital importance of energy in the world.



**Kuwait's Minister of Oil and State
Minister for National Assembly Affairs
HE Dr Ali Saleh Al Omair**

The Minister has stressed the importance of dialogue between the oil producing and oil consuming countries within the framework of the IEF in order to bolster cooperation amongst main players in the oil market, enhance transparency and reduce fluctuation risks in international markets.

HE Al Omair has added that Kuwait is interested in expanding its oil and gas exports to the Asian oil market. He clarified that Kuwait was ready to handle all challenges imposed by international markets variables. He has highlighted that Kuwait intends to produce 4mb/d until 2020 and stressed that Kuwait is committed to energy security.

He has explained that the Asian region receives around 75 percent of Kuwaiti oil exports. He stressed that his country was willing to further expand cooperation with the Asian oil market.

The 14th International Energy Forum (IEF-2014)- Final Communiqué

The 14th International Energy Forum (IEF-2014) concluded with a final communiqué highlighting a number of issues relevant to the global energy and oil industry. It has mentioned that the supply and demand mechanism will continue to be a causal factor for market instability and national energy policies. The final communiqué expects that the demand for oil will range between 90 million and 110 million b/d in 2035.

It calls for closer coordination and dialogue between energy policymakers and heads of energy companies in order to keep abreast with the developments in the global market in the coming decade.

It noted that the rising status of the alternative energies leads to faster technological innovations, safer energy and more thriving market. In this connection, the document urged keeping the manipulation of alternative energy resources in tune with the environmental requirements and the sustainability of the strategic reserves of the conventional energies.

The growing reliance on liquefied natural gas (LNG) could change the power balance on the global energy market, the statement said, noting that long-term contracts play a key role in guaranteeing the stability of the energy market and investments in the energy industry. The communiqué called on states to support the initiatives and projects in the renewable energy sector, notably the solar and wind energies, and make better use of the technological innovations and the IT. It affirmed the need for having financial mechanisms to enable accessing clean energy resources and improving them.

APICORP Signs Agreements with Saudi Investment Companies



The Arab Petroleum Investments Corporation (APICORP), a multilateral development bank owned by OAPEC, has recently announced signing an agreement on investment cooperation with the International Company for Water & Power Projects (ACWA Power) for an initial period of 3 years.



According to the agreement, APICORP will act as an investment partner with ACWA Power in various power generation and water distillation projects within the basic geographical zone of ACWA Power. The initiative covers investing in power generation facilities operated by fossil fuel or renewable energy resources. The co-investment initiative goes in line with APICORP's new investment trends aiming at enhancing and diversifying investments and achieving strategic benefits through the creation of investment opportunities in the Arab region. This will mark APICORP's entry into yet another important market sector. This investment will enhance APICORP's value to the shareholders and support its position in the power generation and water desalination market in the MENA region.

On another note, APICORP has announced the successful completion of a forward bilateral financing deal worth \$267 million in line with Islamic Sharia rules due in 5 years with the Saudi Al Rajhi Bank. The deal has been concluded on competitive conditions.



Ahmad Bin Hamad Al Nuaimi, Chief Executive and General Manager of Arab Petroleum Investments Corporation (APICORP), mentioned that this deal was considered an extension of former deals between the two sides since Al Rajhi has been supporting all mega Islamic deals by APICORP recently.



ASRY's New Facilities



Arab Shipbuilding and Repair Yard (ASRY) , has welcomed a new dedicated living quarters outfitter and HVAC facility operated by UAE-based Seven Seas within the yard. The facility includes a metal moulding workshop, a carpentry workshop, offices and stores, and will increase the variety and quality of accommodation and air conditioning works ASRY can offer ship and rig clients. The facility was launched at a ribbon-cutting ceremony that was attended by ASRY Chief Executive Nils Kristian Berge, ASRY Technical Resources and Business Development General Manager Magdy Mustafa, Seven Seas Chairman and Owner Freddy Sidhwa, CEO and Owner Shahvir Sidhwa and Managing Director Craig Rose as well as other officials from both companies.

“ASRY is well-known for its range of onsite specialist contractors, of which Seven Seas is a leading example, and one of a series of new additions,” said Berge. “This is the third development made under Project Jupiter, an initiative launched in 2014 to make ASRY the leading provider of onsite specialist contractors in the Middle East. We have already announced two developments of this project – a new SOLAS facility under development, and a new ABB workshop recently opened – and this new Seven Seas facility is the third announcement, with more still to come this year. ASRY’s partnerships with companies like Seven Seas are integral to our development, and I look forward to our companies achieving even more growth together.”

Al-Naimi: KSA Very Keen on Environment and Climate Change Issues

Saudi Minister of Petroleum and Mineral Resources HE Engineer Ali Ibrahim Al-Naimi said the Kingdom's success in providing trusted and secure natural oil, gas and mineral supplies has actively contributed to boosting economic growth both locally and internationally.

In a speech at Clingendael Institute for International Relations in The Hague, Holland, Al Naimi has showcased a number of current and future petroleum projects in the Kingdom which would lay economic basis for expanding downstream petroleum industries (refining and petrochemicals) in cooperation with international petroleum companies. This is in addition to building, developing, and expanding integrated industrial complexes. He explained that Saudi observed implementing economic and industrial policies in line with local and international priorities.

Also, the minister has stressed the Kingdom's great concern over environment and climate

issues in light of the world's dependency on oil and natural gas consumption highlighting the vital role of modern technology in reducing the negative effects of energy consumption. He clarified the Kingdom's support for a number of research projects in CO2 capturing and storage techniques.

He has pointed out that the USA's shale oil production helped in providing more oil supplies in international markets and meeting the increasing global energy demand resulting from increasing population. He added that shale oil would help setting a minimum price for oil which in turn would enhance long term investments necessary of energy industry.

His Excellency has clarified that from a Saudi, and oil producing country's perspective in particular, the most important thing is to keep oil prices stable because sharp price fluctuations are not in favour of any party.



Russia takes EU Energy Rules to WTO Arbitration

On 30 April 2014, Russia has officially filed a complaint at the World Trade Organisation (WTO) against the European Union's **Third Energy Package Rules** that ban energy companies from combining supplying activities (fuel) and owning basic infrastructures like pipelines. Russia sees this issue as discrimination against foreign energy suppliers operating in the European Commission market. While the European Commission sees that the Russian Gazprom company's contribution in the South Stream gas pipeline project as a violation of the European Commission's rules. The company combines supply with owning pipelines at the same time.

If the two sides failed to reach an agreement within two months of the complaint submission date, an arbitration committee from the WTO would be formed to investigate the issue and judge according to the Organisation's Central Arbitration Committee rules. The Committee has dealt with five energy-related cases in the past, most important of which was Japan's complaint against Canada on 13 September 2010 on renewable energy measures. Also, on 22 Decemebr 2010, the USA has complained against China on wind energy measures. On 19 December 2013, Argentine has filed a complaint against the EU on fossil diesel anti-dumping measures.



HE Al Neyadi: UAE to Launch World Green Economy Initiative

HE Dr Matar Al Neyadi, Undersecretary at the Ministry of Energy, and the UAE's representative at OAPEC's Executive Bureau has said that the UAE Ministry of Energy is working with relevant governmental bodies to prepare an integrated legislative umbrella for energy policies to regulate the energy sector in the UAE. The umbrella should cover energy production, resources, waste recycling, and targeted consumption rates.

On the sidelines of The World Green Economy Summit, WGES 2014, held in Dubai last April, HE Al Neyadi added that his country has adopted a number of ambitious projects to generate power from clean energy (solar and nuclear) in order to reach 24% of total power production from clean energy by 2021. He mentioned that Dubai has launched its clean coal initiative.

His Excellency the undersecretary said that the UAE has become an international focal point for creative thinking in the energy sector. He has also highlighted the challenges facing the transformation process to green economy including the absence of regulatory and legislative frameworks and general policies, in addition to shortage in international partnerships.





Extensive International Discussions in Abu Dhabi High-Level Ministerial Meeting on Climate Change

The United Arab Emirates has hosted a high-level ministerial meeting on climate change «Abu Dhabi Ascent» on 4 and 5 May 2014 to look into ambitious and active resolutions to climate change impacts. About 1100 leading political participants took part in the event including 100 ministers from around the globe, OAPEC member countries' Energy and Petroleum Ministers, senior businessmen, and decision makers. US Former Deputy President Al Gore, Former British PM Tony Blair, and Former Mexican President Felipe de Jesús Calderón Hinojosa were among those gathering at Abu Dhabi Ascent.



The High Level Ministerial Meeting included extensive discussions on 9 highly influencing issues on preventing climate change impacts which included energy efficiency, land and forest use, funding, renewable energy, agriculture, adoption and transport flexibility, short-term climate

pollutants, and cities.

Abu Dhabi discussions stressed the close relationship between climate change impacts and basic sustainable development issues like energy, water, and food security.

HH Sheikh Abdullah bin Zayed Al Nahyan, UAE Foreign Minister, has

delivered a speech on the conference first day which stressed the importance of the world's cooperation in facing climate change phenomena. His Highness has explained his country's keenness on securing its citizens' long-term welfare. Based on this vision, the UAE has been supporting all regional and international efforts and programmes that would contribute to preventing climate change impacts.

His Highness has stressed that his country has been working on diversifying energy resources and expanding renewable and clean energies including peaceful nuclear energy in order to reach 24% of total power production from clean energy by 2021. One of the biggest solar energy plants in the world and the first of its kind in the Middle East with a 100 megawatt capacity would be launched as part of the UAE's national goals.

UN Secretary-General Ban Ki-moon said in a speech delivered at the end of the meetings that Abu Dhabi has played a focal role in gathering momentum before the UN Climate Summit to be held in New York in September 2014 to secure the success of COP21 in Paris 2015.

Ban Ki-moon hailed the UAE's efforts describing it as the World's Champion in the war against climate change especially in renewable energy and sustainable development. Abu Dhabi Ascent was an important step to agree approaches for tackling climate change issues.

He called upon all participants to be inspired by the lessons and experiences learnt in Abu Dhabi to continue cooperating and launching initiatives and projects in the build up for the Climate Summit and COP21



in Lima and Paris respectively.

HE Dr. Sultan Ahmed Al Jaber, UAE Minister of State, Special Envoy for Energy and Climate Change, said that "Abu Dhabi Ascent" reflected the world's trust in his country's efforts and capacity to introduce its value added to climate change prevention efforts and laying the right foundation for ensuring the success of future meetings.

Petroleum Developments in the World Market and Member Countries*

1. Oil Market

1. Prices

1-1Crude Oil Prices

Weekly average price of OPEC basket decreased during the first week of March 2014, recording \$105.7/bbl, and continued to decline after that, to reach its lowest level of \$103.2/bbl in the third week. During the fourth week, weekly average price raise to \$103.6/bbl, as shown in **figure 1**:

Figure - 1 Weekly Average Spot Price of the OPEC Basket of Crudes 2013 - 2014 (\$/bbl)

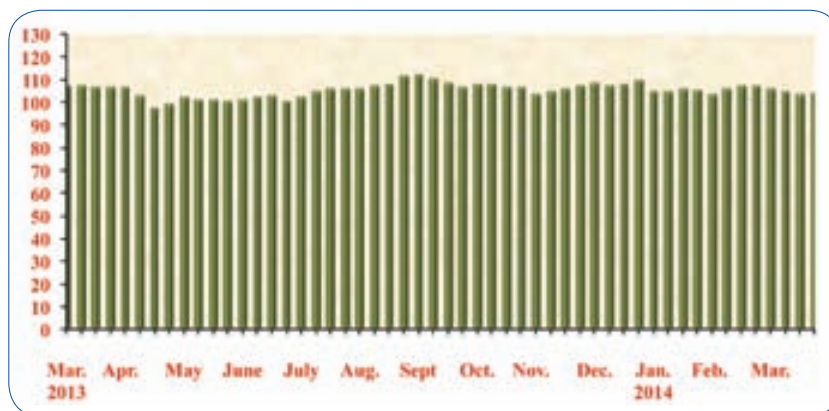


Table (1) and figure (2) show the change in the price of the OPEC basket versus last month and the corresponding month of last year :

Table 1 Change in Price of the OPEC Basket of Crudes, 2013-2014 (\$/bbl)

	Mar. 2013	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan 2014	Feb.	Mar.
Monthly Change	-6.4	-5.3	-0.4	0.4	3.4	3.0	1.2	-2.0	-1.7	2.7	-3.0	0.7	-1.2
Month-on-Month Change from the Previous Year	-16.6	-17.1	-7.4	7.1	4.9	-2.0	-2.0	-1.7	-1.9	1.1	-4.6	-7.4	-2.2

* 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, 2013-2014 (\$/bbl)

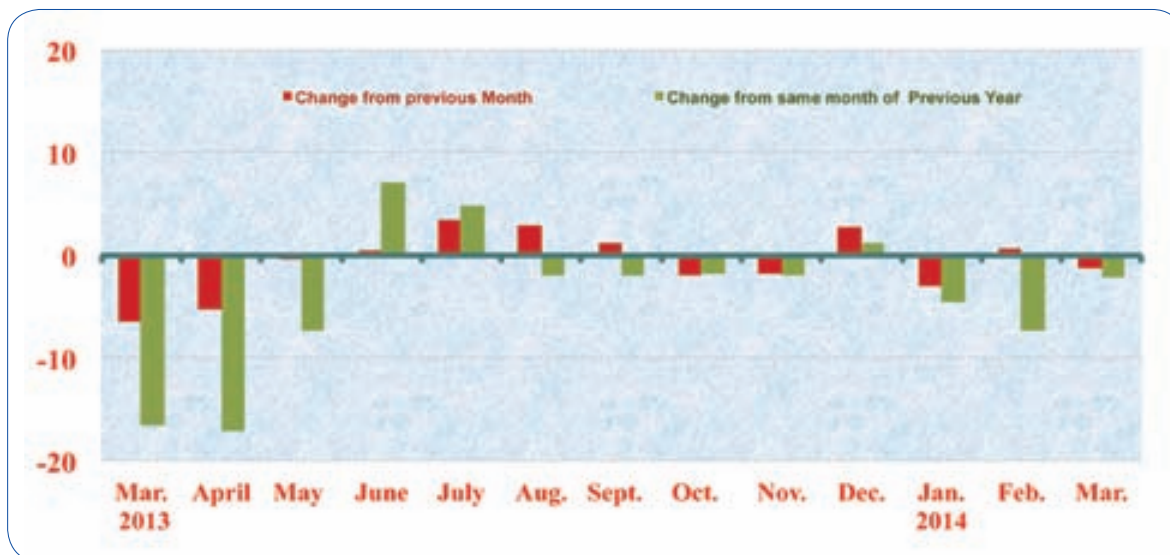


Table (3) in the annex show spot prices for OPEC basket and other crudes for the period 2012-2014.

1-2 Spot Prices of Petroleum Products

- US Gulf

In February 2014, the spot prices of premium gasoline increased by 7.7% or \$9.2/bbl comparing with their previous month levels to reach \$128.9/bbl, spot prices of gas oil increased by 0.2% or \$0.3/bbl to reach \$121.0/bbl, and spot prices of fuel oil increased by 4.1% or \$4.1/bbl to reach \$102.9/bbl.

- Rotterdam

The spot prices of premium gasoline increased in February 2014, by 2.9% or \$3.4/bbl comparing with their previous month levels to reach \$119.9/bbl, spot prices of gas oil increased by 1.2% or \$1.5/bbl to reach \$123.3/bbl, and spot prices of fuel oil increased by 5.6% or \$5.2/bbl to reach \$97.6/bbl.

- Mediterranean

The spot prices of premium gasoline increased in February 2014, by 2.7% or \$3.1/bbl comparing with previous month levels to reach \$116.4/bbl, spot prices of gas oil increased by 0.8% or \$1.0/bbl to reach \$124.1/bbl, and spot prices of fuel oil increased by 6.5% or \$6.0/bbl to reach \$98.9/bbl.

- Singapore

The spot prices of premium gasoline increased in February 2014 by 1.4% or \$1.7/bbl comparing with previous month levels to reach \$119.7/bbl, spot prices of gas oil increased by 1% or \$1.2/bbl to reach \$124.2/bbl, whereas spot prices of fuel oil decreased by 0.2% or \$0.2/bbl to reach \$96.3/bbl.

Figure (3) shows the price of Premium gasoline in all four markets from February 2013 to February 2014.

Figure - 3 Monthly Average Spot Prices of Premium Gasoline, 2012-2013 (\$/bbl)

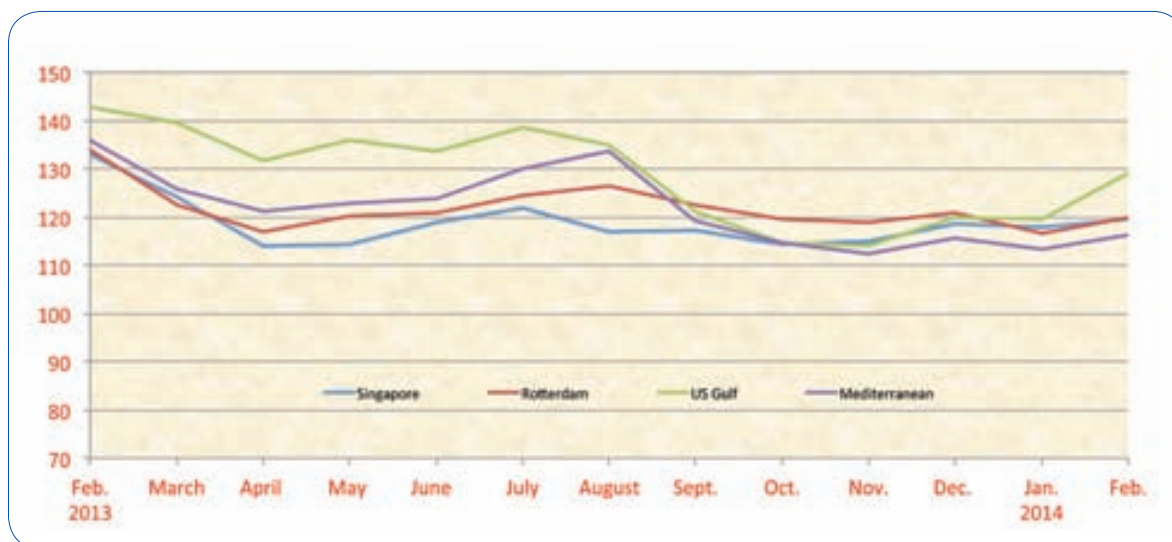


Table (4) in the annex shows the average monthly spot prices of petroleum products, 2012-2014.

1-3 Spot Tanker Crude Freight Rates

In February 2014, Freight rates for crude oil for tanker size (230-280 thousand deadweight tons (dwt)), leaving Middle Eastern ports to the East, decreased by one point or 1.8% comparing with previous month to reach 56 points on the World Scale (WS*).

Freight rates for crude oil for tanker size (270-285 thousand deadweight tons (dwt)), leaving Middle Eastern ports to the West, decreased by one point or 2.8% comparing with previous month to reach 35 points on the World Scale (WS), and freight rates for inter - Mediterranean for small to medium sized tankers (80-85 thousand deadweight tons (dwt)), decreased by 87 points or 50.6% comparing with previous month to reach 85 points on the World Scale (WS).

Figure (4) shows the freight rates for crude oil to all three destinations from February 2013 to February 2014.

Figure - 4 Monthly Spot Crude Oil Tanker Freight Rates, 2012 -2013 (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 February 2014, monthly spot Tanker freight rates for petroleum products [for tanker size 30-35 thousand deadweight tons (dwt)], leaving Middle Eastern ports to the East, increased by 12 points or 13.3% comparing with previous month to reach 102 points on WS.

Freight rates for Petroleum Products across Mediterranean [for tanker size 30-35 thousand deadweight tons (dwt)], decreased by 13 points, or 7.9% to reach 152 points on WS, similarly freight rates for petroleum products [for tanker size 30-35 thousand deadweight tons (dwt)], leaving Mediterranean to North-West Europe decreased by 13 points, or 7.4% to reach 162 points on WS.

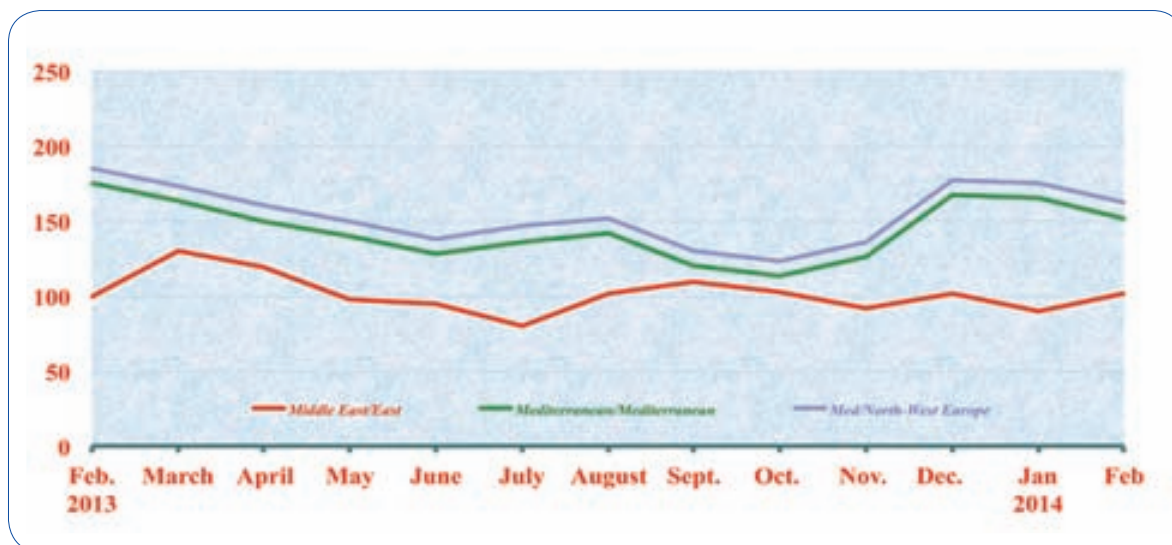
Figure (5) shows the freight rates for oil products to all three destinations from February 2013 to February 2014.

Table (5) and (6) in the annex show crude and products Tankers Freight Rates, 2012-2014.

Figure - 5

Monthly Spot Product Tanker Freight Rates, 2012 -2013

(World Scale)



2. Supply and Demand

Preliminary estimates in March 2014 show a decrease in world oil demand by 2.7% or 2.5 million b/d, comparing with the previous month to reach 90.1 million b/d, representing an increase of 0.8 million b/d comparing with their last year level.

Demand in OECD countries decreased by 2.6% or 1.2 million b/d comparing with their previous month level to reach 45.3 million b/d, same of previous year's level. Similarly, demand in Non-OECD countries also decreased by 2.8% or 1.3 million b/d comparing with their previous month level to reach 44.8million b/d, representing an increase of 0.8 million b/d from their last year level.

On the supply side, preliminary estimates show that world oil supplies for March 2014 decreased by 0.6% or 0.6 million b/d comparing with the previous month level to reach 92.9 million b/d, a level that is 2 million b/d higher than last year.

In March 2014, OPEC crude oil and NGLs/condensates total supplies decreased by 2.2% or 0.8 million b/d comparing with the previous month level to reach 35.7 million b/d, a level that is 0.5 million b/d lower than last year. Preliminary estimates show that Non-OPEC supplies increased by 0.4 % or 0.2 million b/d comparing with the previous month level to reach 57.2 million b/d, a level that is 2.5 million b/d higher than last year.

Preliminary estimates of the supply and demand for March 2014 reveal a surplus of 2.8 million b/d, compared to a surplus of 0.9 million b/d in February 2014 and a surplus of 1.7 million b/d in March 2013, as shown in [table \(2\)](#) and [figure \(6\)](#):

[Tables \(7\)](#) and [\(8\)](#) in the annex show world oil demand and supply for the period 2012-2013.

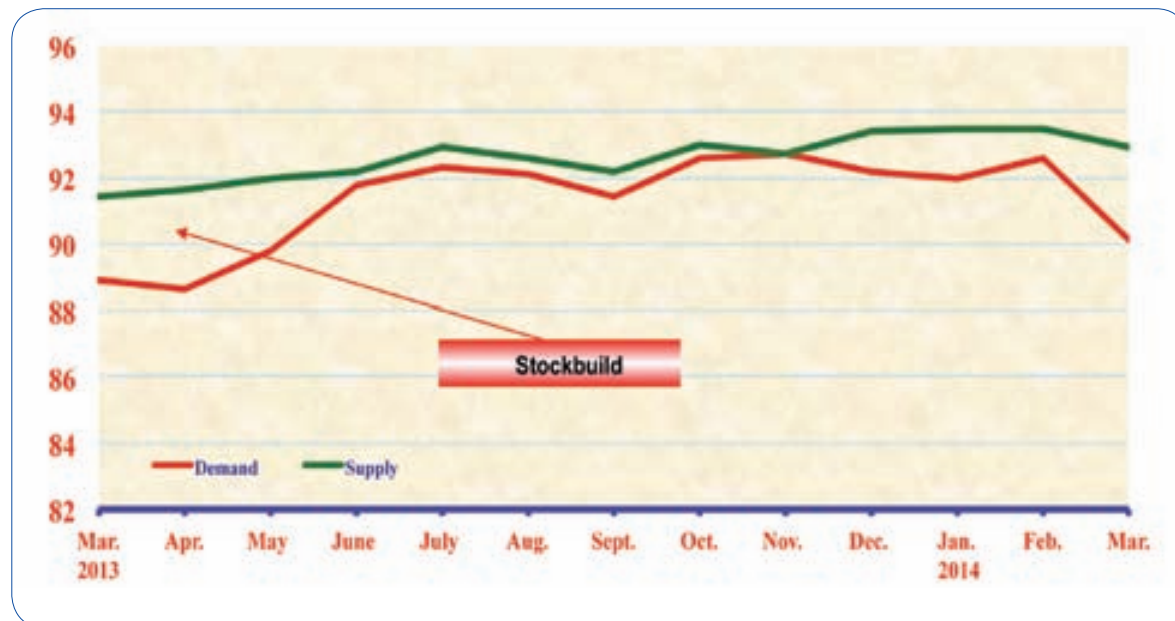
	<i>March 2014</i>	<i>February 2014</i>	<i>Change from February 2014</i>	<i>March 2013</i>	<i>Change from March 2013</i>
<i>OECD Demand</i>	45.3	46.5	-1.2	45.3	–
<i>Rest of the World</i>	44.8	46.1	-1.3	44.0	0.8
<i>World Demand</i>	90.1	92.6	-2.5	89.2	-0.8
<i>OPEC Supply:</i>	35.7	36.5	-0.8	36.2	-0.5
<i>Crude Oil</i>	29.3	30.1	-0.8	30.1	-0.8
<i>NGL's & Cond.</i>	6.4	6.4	-	6.1	0.3
<i>Non-Opec Supply</i>	55.0	54.7	0.3	52.6	2.4
<i>Processing Gain</i>	2.2	2.3	-0.1	2.1	0.1
<i>World Supply</i>	92.9	93.5	-0.6	90.9	2.0
<i>Balance</i>	2.8	0.9		1.7	

Source: Energy Intelligence Briefing April 9, 2014.

Figure - 6

World Supply and Demand

(Million b/d)



3.Oil Trade

USA

In February 2014, US crude oil imports decreased by 94 thousand b/d or 1.3% comparing with the previous month level to reach 7.3 million b/d, whereas US oil products imports increased by 75 thousand b/d or 4% to reach about 1.7 million b/d.

On the export side, US product exports increased by 91 thousand b/d or 2% comparing with previous month level to reach 3.7 million b/d. As a result, US net oil imports in February 2014 were 110 thousand b/d or nearly 2% lower than the previous month, averaging 5.3 million b/d.

Canada remained the main supplier of crude oil to the US with 37% of total US crude oil imports during the month, followed by Saudi Arabia with 19% and Mexico with 13%. OPEC Member Countries supplied 42% of total US crude oil imports.

Japan

In February 2014, Japan's crude oil imports decreased by 49 thousand b/d or 1 % comparing with the previous month to reach 3.95 million b/d, Japan oil product imports also decreased by 17 thousand b/d or 2 % comparing with the previous month to reach 703 thousand b/d.

On the export side, Japan's oil products exports increased in February 2014, by 81 thousand b/d or 17% comparing with the previous month, averaging 548 thousand b/d, the highest level seen since September 2013, As a result, Japan's net oil imports in February 2014 decreased by 148 thousand b/d or 3.5% to reach 4.1 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 23% and Qatar with 13% of total Japan crude oil imports.

China

In February 2014, China's crude oil imports decreased by 622 thousand b/d or 9% to reach 6.0 million b/d, and China's oil products imports decreased by 414 thousand b/d or 33% to reach 841 thousand b/d, the lowest level seen since August 2012.

On the export side, Chinese crude oil exports increased by 27 thousands b/d or 142% comparing with the previous month to reach 46 thousand b/d, the highest level seen since August 2013 ,and Chinese oil products exports remained stable at the same previous month level of 623 thousand b/d.

As result, China's net oil imports reached 6.2 million b/d, representing a decrease of 15% comparing with the previous month.

Saudi Arabia remained the main supplier of crude oil to China with 19% of total China's crude oil imports during the month, Angola with 16%, followed by Russia with 12% of total China's crude oil imports.

Table (3) shows changes in crude and oil products net imports/(exports) in February 2014 versus the previous month:

Table 3 USA, Japan and China Crude and Product Net Imports / Exports (Million bbl/d)

	Crude Oil			Total Products		
	February 2014	January 2014	Change from January 2014	February 2014	January 2014	Change from January 2013
USA	7.312	7.407	-0.094	-1.973	-1.957	-0.016
Japan	3.950	3.999	-0.049	0.155	0.254	0.099
China	5.980	6.630	-0.650	0.218	0.628	-0.410

Source: OPEC Monthly Oil Market Report, various issues 2014.

4. Oil Inventories

In February 2014, OECD commercial oil inventories decreased by 13 million barrels from the previous month to settle at 2506 million barrels – a level that is 139 million barrels lower than a year ago. It is worth mentioning that during the month, commercial crude inventories in OECD increased by 13 million barrels to reach 944 million barrels, whereas commercial oil products inventories decreased by 26 million barrels to reach 1562 million barrels.

Commercial oil inventories in Americas remained stable at the same previous month level of 1270 million barrels, of which 499 million barrels of crude and 771 million barrels of oil products. Commercial oil Inventories in Europe increased by 8 million barrels to reach 886 million barrels, of which 306 million barrels of crude and 580 million barrels of oil products. whereas Commercial oil inventories in Pacific decreased by 21 million barrels, to reach 350 million barrels, of which 139 million barrels of crude and 211 million barrels of oil products.

In the rest of the world, commercial oil inventories increased by 30 million barrels to reach 2388 million barrels, and the Inventories at sea increased by 17 million barrels to reach 1045 million barrels.

As result, Total Commercial oil inventories in February 2014 increased by 17 million barrels comparing with the previous month to reach 4894 million barrels – a level that is 36 million barrels lower than a year ago.

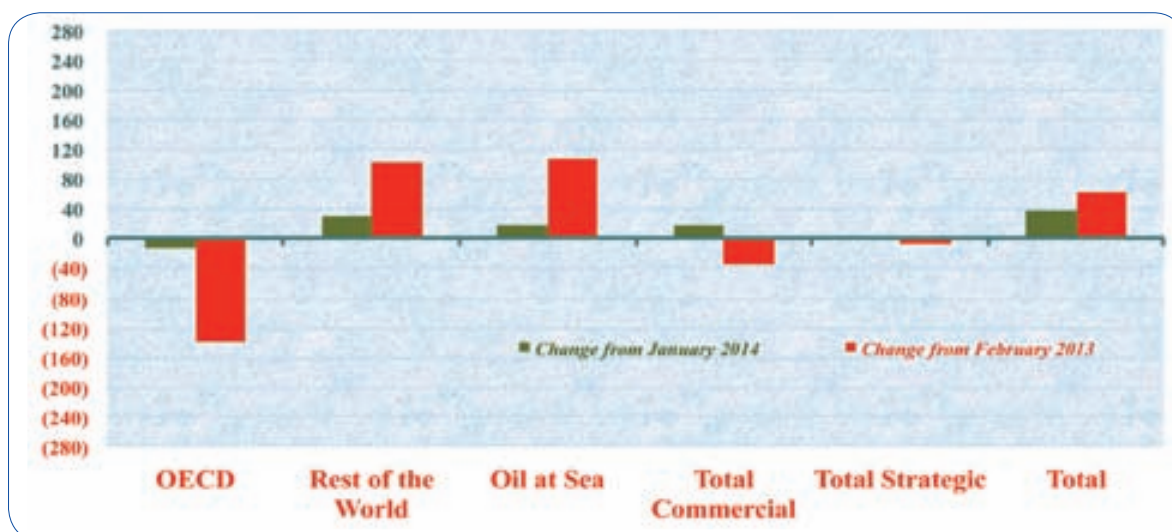
Strategic inventories in OECD-34, South Africa and China went up by 3 million barrels comparing with the previous month to reach 1870 million barrels – a level that is 9 million barrels lower than a year ago.

Total world inventories, at the end of February 2014 were at 7809 million barrels, representing an increase of 37 million barrels comparing with the previous month, and an increase of 61 million barrels comparing with the same month a year ago.

Table (9) in the annex and figure (7) show the changes in global inventories prevailing at the end of February 2014.

Figure - 7 Changes in Global Inventories at the End of January 2014

(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 March 2014 decreased by \$2.03/million BTU comparing with the previous month to reach \$3.79/ million BTU.

The comparison, shown in table (4), between natural gas prices and those for the WTI crude and low sulfur fuel oil reveal differential of \$13.5/ million BTU in favor of WTI crude and \$14.5/ million BTU in favor of low sulfur fuel oil.

Table 4 Henry Hub Natural Gas, WTI Crude Average, and Low Sulfur Fuel Oil Spot Prices, 2013-2014 (Million BTU¹)

	Mar. 2013	Apr.	May	Jun.	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 2014	Feb.	Mar.
Natural Gas ⁽²⁾	4.0	4.2	4.0	3.9	3.6	3.4	3.6	3.7	3.6	4.2	3.3	5.8	3.8
WTI Crude ⁽³⁾	16.0	15.9	16.3	16.5	18.0	18.4	18.3	17.3	16.2	16.8	16.4	17.4	17.3
Low Sulfur Fuel Oil (0..3%)	18.3	17.1	16.8	16.3	16.1	16.7	17.0	17.7	19.1	19.4	19.0	20.7	18.3

1. British Thermal Unit.

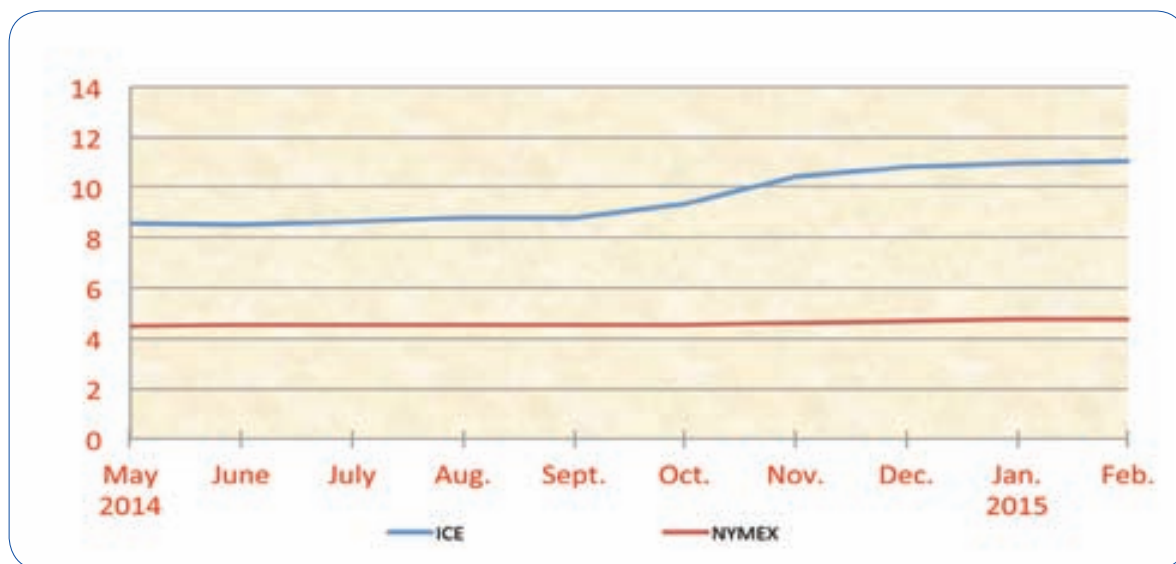
2. Henry Hub spot price.

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 April 2, 2014.

Futures gas prices recorded on April 7, 2014, indicate that those quoted at the London's ICE were higher than those quoted at the NYMEX for the period from May 2014 to February 2015, with maximum differential of \$6.32/ million BTU in February 2015. These developments are shown in figure (8).

Figure - 8 Gas Futures, March 10, 2014 (\$/Million BTU)



Source: World Gas Intelligence April 9, 2014.

2- Asian LNG Markets

In February 2014, the price of Japanese LNG imports increased by \$0.1/ million BTU comparing with the previous month to reach \$16.8/ million BTU. Similarly the price of Korean LNG imports increased by \$1.0/ million BTU comparing with the previous month to reach a level of \$15.6/ million BTU, whereas the price of Chinese LNG imports decreased by \$1.6/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 13.6% or 2079 thousand tons from the previous month level to reach 13.203 million tons.

The Arab countries LNG exports to Japan, Korea and China totaled 5.478 million tons - a share 41.5% of total Japanese, Korean and Chinese LNG imports.

Table (5) shows the prices and quantities of LNG imported by Japan, South Korea, and China in 2009-2014.

Table 5 LNG Prices and Imports: Korea, Japan, and China 2009-2014

	Imports (thousand tons)				Average Import Price (\$/million BTU)		
	Japan	Korea	China	Total	Japan	Korea	China
2009	64492	25847	5532	95871	9.0	10.0	4.4
2010	70008	32466	9295	111769	10.8	10.4	6.1
2011	78411	36679	12215	127305	14.7	12.5	9.1
2012	87184	36399	14698	138281	16.6	14.5	10.8
2013	87490	40175	17997	145662	16.0	14.7	11.1
Jan. 2013	8230	3982	1505	13717	15.9	14.8	11.5
February	7525	4144	1412	13081	16.5	15.0	13.3
March	7739	4174	1257	13170	16.3	15.2	10.5
April	7050	3513	1559	12122	16.2	14.3	10.9
May	6421	2915	1352	10688	16.2	14.6	9.1
June	6442	2788	1250	10480	16.6	14.9	11.0
July	7412	2426	1347	11185	16.2	14.9	10.8
August	7249	3271	1689	12209	15.6	14.7	11.5
September	6582	2476	1517	10575	15.0	14.9	11.8
October	7538	3189	1356	12083	15.2	14.4	9.4
November	7217	3277	1318	11812	15.4	14.5	9.5
December	8085	4020	2435	14540	16.4	14.6	13.8
Jan. 2014	8179	4451	2652	15282	16.7	15.5	13.3
February	7511	4194	1498	13203	16.8	16.5	11.7

Source: World Gas Intelligence various issues.

Australia

Santos Ltd. has announced a new gas discovery through Mt Kitty-1 exploration oil well in Amadeus basin in mid Australia. When tested at a depth of 2144m, the well produced an average of 14,000m³/day which then dropped to 1982 m³/day. It was tested later at a depth of 2156m where it initially produced 15,000m³/d, then dropped to 11,900m³/d.

USA

Nighthawk Energy has made a new oil discovery through Snow King 13-33 exploration well near Arikaree Creek Field in Colorado. The company stated that the well started oil production from the Mississippian Spargen formation at an initial rate of 300-100 b/d.

Malaysia

Shell has made a new gas discovery in deep waters 135km offshore Malaysia through the Rosmari-1 well.

China

CNOOC has made a new medium size gas discovery within the southern part of Bohai Sea at waters with a depth of 25m. Bozhong 22-1 well has been drilled and completed at a depth of 4,611m where it penetrated a gas reservoir with a thickness of 92m. When tested, it produced 400,000m³/day.

Morocco

The Office of Hydrocarbons and Mining (ONHYM) said on 16 May 2014, that gas drilling by Longreach Oil & Gas Ltd, had found encouraging signs in the Kamar-1 exploratory well, located in Sidi Moktar, near Essaouira city (south).

The t ONHYM's announcement was the most positive result so far since Morocco started to grant many permits to foreign oil companies to develop its energy resources in the past few years.

The drilling has encountered signs of gas in two levels inside a Jurassic formation.

Drilling started on 20 March and ended on 8 May 2014 at a depth of 2,790 metres.

It is worth mentioning that Morocco is planning to drill around 30 oil and gas wells in 2014 as part of the Kingdom's expansion of exploration.

Argentina

YPF, Argentina's largest Shale oil producer, has signed 2 agreements worth \$1.2b to rent 15 drills to join its current fleet of 65 drills. The 2 contracts cover a period of 5 years with a 3 years extension option. This step comes within the company's plans to invest \$37b until 2018 to develop Vaca Muerta shale formation whose reserves of shale oil are estimated at 27bb putting it among the world's biggest shale oil locations.

Cote d'Ivoire

Total has made a new oil discovery through Saphir-1XB exploration well that was drilled at a depth of 2,300m in Block CI-514. The well's depth is 4,655m and penetrates 40m of net thickness containing oil of API 34° quality.

Norway

Statoil has made a new oil and gas discovery in Valemon North license in the North Sea. The company estimated the total reserves of the new discovery to be between 20 and 75 BOE.



إصدارات الأمانة العامة لمنظمة الأقطار العربية المصدرة للبترول (أوابك)



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Tables Annex



ANNOUNCEMENT

OAPEC AWARD FOR SCIENTIFIC RESEARCH FOR THE YEAR 2014

Pursuant to its policy in encouraging scientific research by awarding two prizes on biennial basis (First Prize KD 7000, Second Prize KD 5000). The Organization of Arab Petroleum Exporting Countries (OAPEC) is pleased to announce that the research topic for the OAPEC Award for Scientific Research for the year 2014 is:

“THE INTEGRATION BETWEEN REFINING AND PETROCHEMICAL INDUSTRIES”

Research Theme:

Refining and petrochemical industries are facing several challenges that drive the refiners and petrochemical producers toward higher levels of integration in order to improve the revenues and maximize their operational performance.

The main objective of the research is to highlight the impact of the integration of petrochemical plant with the refining industry on their performance and competitiveness.

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

1. **Opportunities of integration between oil refineries and petrochemical plants.**
2. **Success factors of the refinery-petrochemical integrated projects.**
3. **The technical and economic advantages of integration between oil refineries and petrochemical plants.**
4. **Case studies on projects implemented worldwide.**
5. **Review of the current and planned refining-petrochemical integrated projects in Arab countries.**
6. **Conclusion 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 must be new, and has not been granted an award previously.**
3. **The author(s) shall, in advance, agree to give OAPEC the right to print and publish the research in case he/she/they win one of the prizes. A signed statement to this effect must be submitted (sample appended). The author(s) maintain all other propriety rights including that of patent (if applicable). OAPEC shall exercise its right to publish the winning research after six months from the date of advising the winning author (s) with the decision of the award committee.**

4. The author (s) should submit a statement to declare that the research is new and original. Segments fully or partially adopted from other sources should be properly cited. A detailed list of reference, cited or used, must be attached.
5. Four hard copies along with a digital copy of the research (either in Arabic or English) should be submitted. The author(s) resume' giving his/her/their professional background (s) should also be included.
6. The deadline for submitting the research is 31st May, 2014
7. The competition is open to all nationalities.
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.

The OAPEC Secretariat shall notify the author (s) of the Award Committee's decision. The official declaration of the winner (s) will be announced at OAPEC's 2014 Ministerial Council Meeting.

For further information please contact the OAPEC General Secretariat at:

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Organization of Arab Petroleum Exporting Countries (OAPEC)
OAPEC AWARD FOR SCIENTIFIC RESEARCH FOR THE YEAR 2014

TOPIC

**“The Integration Between Refining
and Petrochemical Industries”**

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:

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