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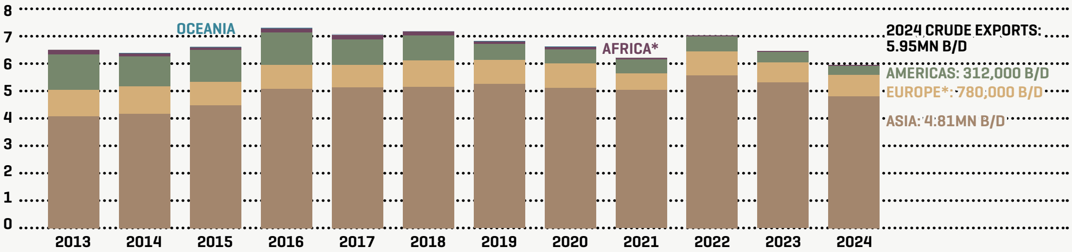
OPEC & GLOBAL MARKETS

2024 Sees Opec Output, Saudi Exports Slump

Opec output fell 460,000 b/d last year as the group's core members implemented tighter 'voluntary' output cuts. For 2025, substantial increases are far from guaranteed for both Opec as a whole and for core member Saudi Arabia whose crude exports fell to a 14-year low for 2024. ***Page 8, 4***

SAUDI CRUDE EXPORTS WERE A 14-YEAR LOW 5.95MN B/D FOR 2024



UPSTREAM OIL & GAS

Egypt: Exxon Strikes Gas, Apache Expands

Exxon has seemingly struck gas with its first ever Egypt well, but Chevron's nearby offshore well has flopped whilst key onshore producer Apache is expanding. ***Page 6, 5***

GEOPOLITICAL RISK

Iraqi Kurdistan: Robust 2024; Early 2025 Deal?

Steady local sales enabled Kurdistan-based IOCs to boost output and revenue last year. But the resumption of exports requires a comprehensive deal with Baghdad. ***Page 10***

UPSTREAM OIL & GAS

Murban: Record 2024 Exports, IFAD Trade

Refinery upgrades enabled Adnoc to export record volumes of its flagship Murban crude grade last year, underpinning a banner year for the IFAD Murban contract. ***Page 2***

ECONOMY & FINANCE

Oman Debt Down With 2024 Surplus

Muscat is budgeting for a $1.6bn 2025 deficit, but a conservative $60/B oil price forecast means it stands a good chance of notching up a fourth straight surplus. ***Page 15***

GEOPOLITICAL RISK

Red Sea Shipping: 2025 Rebound?

Global maritime trade was shaken in 2024, with more than 3mn b/d of oil displaced from the Red Sea amid Houthi attacks. Resolution prospects look slim. ***Page 12***

GEOPOLITICAL RISK

Libya: Threat Of Key Terminal Shutdowns

Less than two weeks into a new year that promised higher output and a long-awaited bid round, protesters in Libya are threatening to again shut key crude export terminals. ***Page 11***

CORPORATE

Eni Eyes 'Zohr For LNG' Trade-Off With Cairo

Eni is to press ahead with more Zohr drilling later this month in a bid to bolster output. It is hoping Cairo lets it resume LNG exports as a quid-pro-quo. ***Page 7, 13***

POWER & WATER

Saudi 2024 Renewables: Record Growth

Having connected a record 3.7GW of renewable capacity in 2024, Saudi Arabia aims to accelerate its renewables rollout further in 2025 to exit the year above 12GW. ***Page 14***

Record 2024 Exports For Abu Dhabi's Murban Underpin Banner Year For IFAD Contract

Refinery upgrades enabled Adnoc to export record volumes of its flagship Murban crude grade last year, with buyers in India and China scooping up the extra volumes. Increased availability underpinned a banner year for the IFAD Murban contract, with more than six million contracts traded.

Exports of the UAE's flagship Murban crude grade jumped to record levels last year despite Opec+ commitments limiting production. Exports averaged 1.36mn b/d for 2024 as a whole according to data-intelligence firm Kpler, easily beating 2022's previous record of 1.13mn b/d.

Murban is primarily produced from the giant 22.6bn barrel Adco Concession, which is operated by Adnoc Onshore (Adnoc 60%, Total 10%, BP 10%, CNPC 8%, Inpex 5%, Zhenhua 4%, GS Energy 3%) and accounts for around 50% of Abu Dhabi's crude oil production capacity.

Exports of the light crude grade (40°API, 0.7% sulfur) soared from the start of 2024 thanks (see chart 1) to the late-2023 completion of the Crude Flexibility Project (CFP) upgrades to Adnoc's 417,000 b/d Ruwais West refinery. Volumes averaged 1.36mn b/d for the year as a whole, up 30% on 2023 (see chart 2). Previously running almost entirely on Murban, the CFP enabled the refinery to process heavier grades, with Adnoc now supplying it with 300,000 b/d of Upper Zakum instead of Murban (MEES, 2 August 2024), alongside periodic volumes of third party grades such as Iraq's Basrah Heavy.

The 301,000 b/d of Upper Zakum that was supplied to the refinery last year according to data intelligence firm Kpler enabled the 289,000 b/d year-on-year increase in Murban exports.

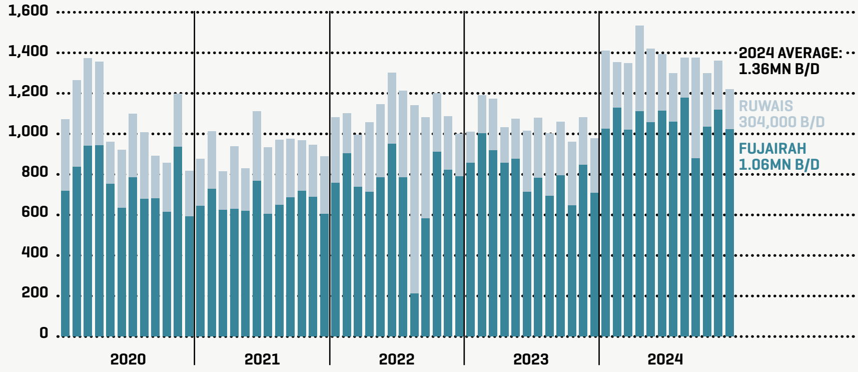
ADVANTAGEOUS POSITIONING

Japan is the largest destination for Murban crude, and while volumes hit a record 434,000 b/d last year, the year-on-year increase was a modest 9,000 b/d. Rather, the biggest beneficiaries of the increased availability of Murban were in the third and fourth largest markets for the grade; India and China.

Exports of Murban to India more than doubled from 101,000 b/d to 223,000 b/d last year, while those to China jumped from 80,000 b/d to 151,000 b/d. India's import mix has been transformed since 2022, with buyers snapping up enormous quantities of Russian crude which has been displaced from Western markets. Official import stats show volumes surging from just 103,000 b/d for 2021 to 1.64mn b/d for 2023, and that after the first ten months of 2024 they were on course for a full year average of 1.78mn b/d, including a record 2.42mn b/d for October.

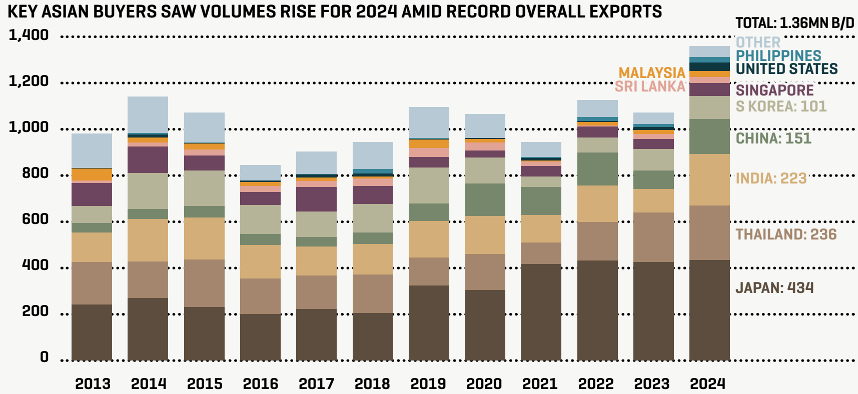
However, while Russia's Urals is now dominating India's medium-sour crude market, refiners still need lighter barrels such as Murban. The two largest Indian destinations for the grade have been Reliance Industry's 1.4mn b/d Jamnagar refining complex and India Oil's 300,000 b/d Paradip refinery, where volumes increased from 19,000 b/d to 99,000 b/d and 16,000 b/d to 41,000 b/d respectively. This has coincided with a reduction in imports of light crude from the US and Nigeria, against which Murban has a competitive advantageous as the UAE's proximity to India means lower shipping costs.

1: MURBAN EXPORTS BY ORIGIN PORT ('000 B/D): VOLUMES SOARED AFTER END-2023 COMPLETION OF RUWAIS REFINERY UPGRADES ENABLED HEAVY CRUDE TO BE PROCESSED



SOURCE: KPLER, MEES.

2: MURBAN EXPORTS BY DESTINATION ('000 B/D): KEY ASIAN BUYERS SAW VOLUMES RISE FOR 2024 AMID RECORD OVERALL EXPORTS



SOURCE: KPLER, MEES.

IFAD VOLUMES SOAR

Increased availability of Murban crude has boosted the Murban crude oil futures contract which trades on the ICE Futures Abu Dhabi (IFAD) exchange. The contract is physically deliverable at the UAE's Indian Ocean terminal of Fujairah, with Adnoc releasing monthly forecasts of Murban availability to boost transparency. Availability to-date peaked at 1.665mn b/d in October 2024, but is due to set new records this year, peaking

Continued on – p3

Continued from – p2

at 1.77mn b/d for August (see chart 3).

Murban crude oil deliveries through the contract have been increasing rapidly over the past two years, hitting a record 13.84mn barrels for September. However, they have since dropped markedly and volumes for delivery in January and February 2025 are both down year-on-year (see chart 4).

Overall, a record 6.04mn of IFAD's 1,000-barrel Murban contracts were traded in 2024, for a total of 6.04bn barrels. An ICE spokesperson notes that this is close to three times the 2.33mn contracts traded the previous year, with average daily volumes (ADV) for 2024 trading days coming to 23,967 (23.97mn barrels).

Indeed, between the launch of the contract in March 2021 and end-2024 a total of 10.8mn contracts have now been traded, meaning that last year's figures account for 55% of total contracts traded since inception. A series of single day records were set last year, with the record rising from 36,464 on 15 April to 57,391 on 10 June and 62,824 on 19 November. This momentum is carrying over into early 2025, with a new single day record of 63,938 contracts set on 8 January.

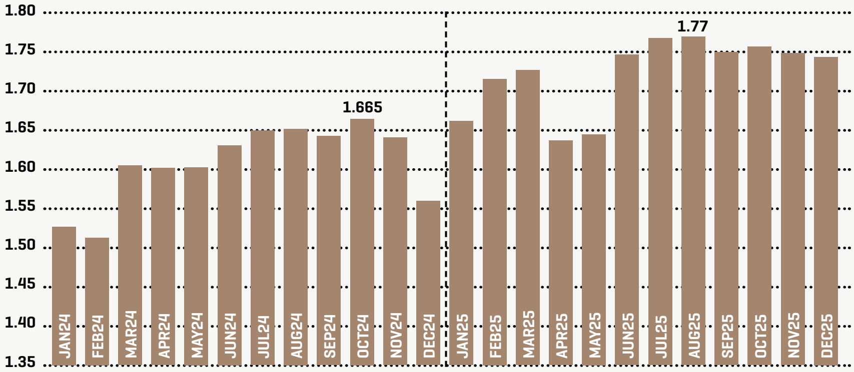
ICE says the ADV is currently around 30,000 contracts on a five-day rolling average basis, up by more than 120% year-on-year. It also represents an approximately 40% increase on 1Q 2024's ADV of 21,454 (MEES, 26 June 2024), as IFAD looks to build on last year's record figures. One industry source notes that trading of the Murban-WTI spread on ICE has increased considerably, adding that there appears to be an increase in secondary liquidity coming into Middle East oil trading from US markets more generally, but it will be hard to replicate the growth rate of 2024.

LONG TERM GROWTH TRAJECTORY

Adnoc has left its Murban availability forecast for future months unchanged since September, despite the unwinding of Opec+ cuts being postponed three months to April during the group's December meeting (MEES, 6 December 2024). Further delays to the process could result in availability being cut from current levels, but longer term the outlook for Murban exports is one of growth.

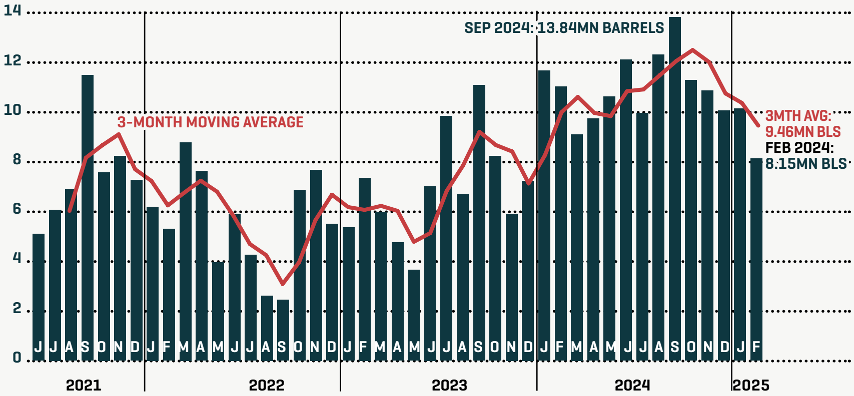
The UAE's Opec+ voluntary quota is currently set at 2.912mn b/d, but Adnoc claims production capacity of 4.85mn b/d, leaving it with a massive 1.9mn b/d of spare capacity. Adnoc intends to increase capacity to 5mn b/d by 2027, of which 50% will come from its onshore fields, transforming export availability. In order to handle these volumes, Adnoc aims to expand its strategic Adcop pipeline to Fujairah, which bypasses the Straight of Hormuz chokepoint, by 1.5mn b/d by 2027, although some of this additional capacity will be for offshore fields (MEES, 18 October 2024). ◆◆

3: ADNOC MURBAN AVAILABILITY FORECAST: AFTER DROPPING IN LATE-2024, AVAILABILITY TO RISE TO NEW RECORD HIGHS IN MID-2025 (MN B/D)



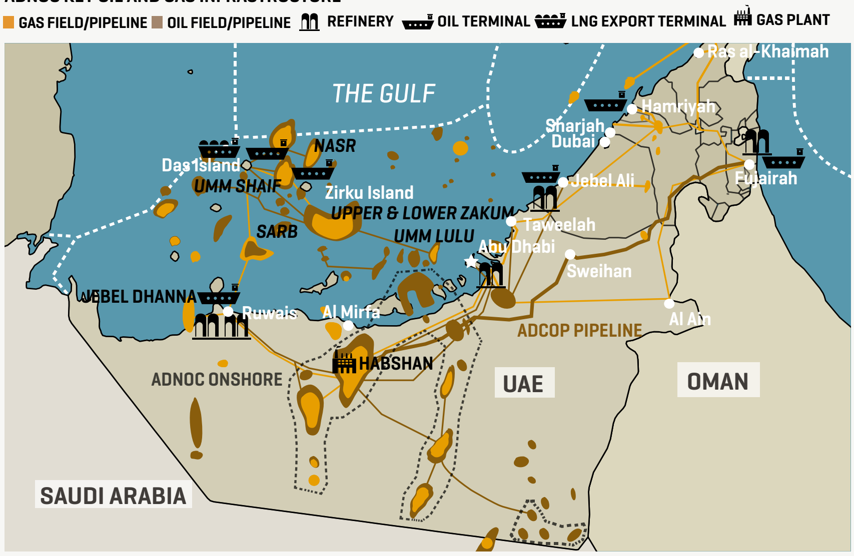
SOURCE: ADNOC, MEES.

4: MURBAN CRUDE OIL DELIVERIES THROUGH IFAD CONTRACT HAVE FALLEN BACK FROM THE RECORD LEVELS HIT IN 3Q 2024 (MN BARRELS/MONTH)



SOURCE: ICE, MEES.

ADNOC KEY OIL AND GAS INFRASTRUCTURE



ADNOC SUPPLIES RUWAIS REFINING COMPLEX WITH FIRST KUWAITI CRUDE

Kuwait supplied a 500,000-barrel cargo of its 48°API Kuwait Super Light (KSL) crude oil to the UAE's Ruwais refining complex last month according to a market source. Adnoc is increasingly sourcing third party crudes to free up domestic volumes for export (see main story), and this marks the first instance of Kuwaiti crude being purchased.

The late-2023 completion of the Crude Flexibility Project (CFP) upgrades to the 417,000 b/d Ruwais West refinery enabled it to run on heavier grades such as Adnoc's Upper Zakum and Iraq's Basrah Heavy rather than the lighter Murban crude. However, even prior to this, modest volumes of third-party light crudes and condensate such as KSL had been imported for Ruwais West and the neighboring 420,000 b/d Ruwais East. This has often been of Saudi Arabia's Khuff condensate, a 1mn-barrel cargo of which was also supplied in December.

◆◆

Saudi Crude Exports Drop To 14-Year Low For 2024

Despite deep production cuts, Saudi Aramco demonstrated its flexibility in 2024 and boosted exports to Europe amid Houthi attacks on shipping in the Red Sea and increased competition from sanctioned producers in its core Asian markets.

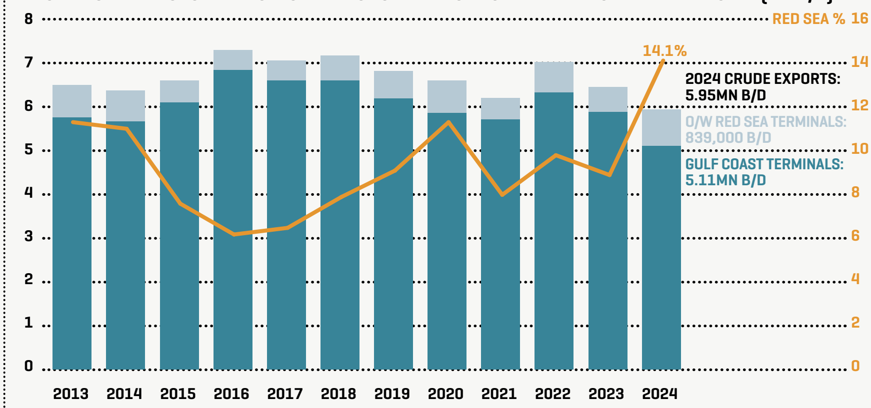
Two key trends stand out for Saudi Aramco's crude oil exports in 2024; overall volumes dropped significantly due to a full year of voluntary Opec+ cuts, while exports to Europe increased amid geopolitical disruption to global shipping lanes. For the year ahead, overall export volumes will remain constrained, and although Red Sea shipping disruption looks set to remain, Europe's demand for oil is on a downwards trend.

Preliminary figures from data intelligence firm Kpler show that crude exports from Saudi Arabia (excluding the Neutral Zone) averaged just 5.95mn b/d in 2024. This would be the lowest level since 2010, and is significantly below even the peak-Covid years of 2020 and 2021 (see chart 1).

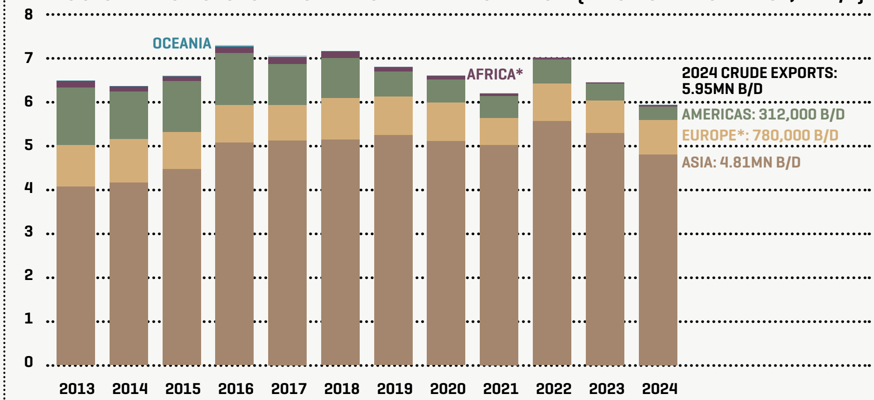
The key driver of the decline from 6.46mn b/d the previous year was a full year of deep Opec+ production cuts, with Saudi Arabia's voluntary quota set at 8.98mn b/d since July 2023. Incremental increases in domestic demand also contributed, with 10M Jodi figures showing refinery intake up 2% year-on-year at 2.62mn b/d.

The voluntary Opec+ cuts are due to begin gradually easing from April. But, even if the roadmap is implemented as planned, full year output of 9.19mn b/d would still be significantly below 2023's 9.65mn b/d, with exports remaining suppressed as a result. Absent unexpected geopolitical developments, 2025 is set to be another year of low oil exports.

1: SAUDI ARABIA EXPORTED RECORD CRUDE VOLUMES FROM ITS RED SEA TERMINALS IN 2024 DESPITE OVERALL CRUDE EXPORTS FALLING TO THEIR LOWEST LEVEL IN MORE THAN A DECADE (MN B/D)...



2: ...AS CRUDE EXPORTS TO ASIA DROPPED TO NINE-YEAR LOW IN 2024 (EXPORTS BY DESTINATION, MN B/D)



*PRESUMES ALL VOLUMES SHIPPED TO EGYPT'S AIN SUKHNA CONTINUE TO EUROPE VIA THE SUMED PIPELINE. SOME WILL REMAIN IN EGYPT.
SOURCE: KPLER, MEES.

HOUTHI'S RESHAPE TRADE ROUTES

Despite the drop in overall crude exports, those from Saudi Arabia's Red Sea terminals jumped by 47% to a record 839,000 b/d. As a share of total exports this was also a clear record, with the 14.1% easily overtaking 2020's 11.3%.

This pivot was driven by geopolitical developments, with the offensive by Yemen's Houthis against shipping in the southern Red Sea (see p12) forcing most East of Suez producers to divert tankers around the Cape of Good Hope when supplying European buyers, adding to shipping costs. The exception was Saudi Arabia, whose Red Sea export terminals at Yanbu lie north of the Houthi-patrolled waters, providing it with a competitive advantage against other suppliers when supplying Europe.

Until last year, much of the crude oil Saudi Arabia shipped to Europe was loaded onto tankers at its Gulf Coast terminals at Ras Tanura, but now it all loads from Yanbu. As such, the increase in volumes to Europe is markedly less than the increase in exports from Yanbu. Europe-bound volumes – primarily via Egypt's Sumed pipeline system – averaged 780,000 b/d last year according to Kpler, which was still below 2022's 866,000 b/d when Saudi production was 1.5mn b/d higher than current levels.

ASIA EXPORTS DECLINE

With overall exports down, the increased European exports meant there was much less crude for other markets. And that translated into a 500,000 b/d drop in exports to Asia, with the 4.81mn b/d shipped there the lowest in nine years (see chart 2).

Asia remains by far the dominant destination for Saudi crude oil, and despite the drop-off, 80% of shipments still headed there. Meanwhile, exports to the Americas continue to dwindle, with the latest US stats showing Saudi imports dropping to 273,000 b/d for the year, for the lowest figure since 1985.

Saudi Arabia has been steadily losing market share in China since 2022, when Russian barrels were displaced from Europe. The latest Chinese import data shows that for 11M 2024, average Saudi imports were on course for a five-year low of 1.58mn b/d, after having spent the previous three years at more than 1.7mn b/d. Russian imports meanwhile were averaging 2.16mn b/d, while total Chinese imports were on course to drop from 11.32mn b/d to 11.06mn b/d (MEES, 20 December 2024). Meanwhile, imports of 'Malaysian' crude – primarily disguised Iranian barrels – were on course for a 300,000 b/d increase to 1.4mn b/d.

However, Saudi Aramco still sees China as a long-term growth market and is not going to cede market share without a fight. Allocations to Chinese buyers for January and February this year are both up markedly year-on-year. Longer term, Aramco is investing in Chinese refineries in order to secure long-term outlets for its core offering. ◆◆

Apache Solidifies Egypt Western Desert Dominance After Securing Higher Gas Price

After agreeing a 60% higher gas price of $4.25/mn BTU for new output, Egypt's main onshore upstream player, Apache, has significantly expanded its Western Desert acreage, cementing an already dominant position in Egypt's key oil province.

Egypt's dominant oil producer, US independent Apache, has further solidified its position, on 8 January signing up for four additional Western Desert blocks totaling over 6,300km², representing a 30% increase to its acreage in the country's oil heartland (see map).

This follows a landmark agreement last November under which Cairo agreed to pay Apache $4.25/mn BTU for 'new' gas output, up from the legacy price of $2.65/mn BTU for onshore gas output (MEES, 15 November 2024).

The new price, a 60% hike, will be paid for all new discoveries and production from yet-to-be-tapped reservoir layers as well as for incremental gains from currently-producing fields. The latter will be calculated from a baseline to be agreed between Apache and state oil firm EGPC.

Apache and other producers had long complained that the $2.65/mn BTU they were paid for gas output was insufficient to justify gas-focused drilling, a key reason that the country's gas output has been in steep decline (MEES, 6 December 2024). For Apache, whilst its Egypt output of oil and gas have been falling, that of gas has fallen far further in recent years as the US independent has focused investment on more-remunerative oil-rich prospects (see chart). The firm's gross Egypt output, all of which comes from the Western Desert was 136,700 b/d oil (52% of the Western Desert total and 25% for Egypt as a whole), whilst for gas Apache's 447mn cfd figure was 57% of the total Western Desert figure and just under 10% of that for Egypt as a whole.

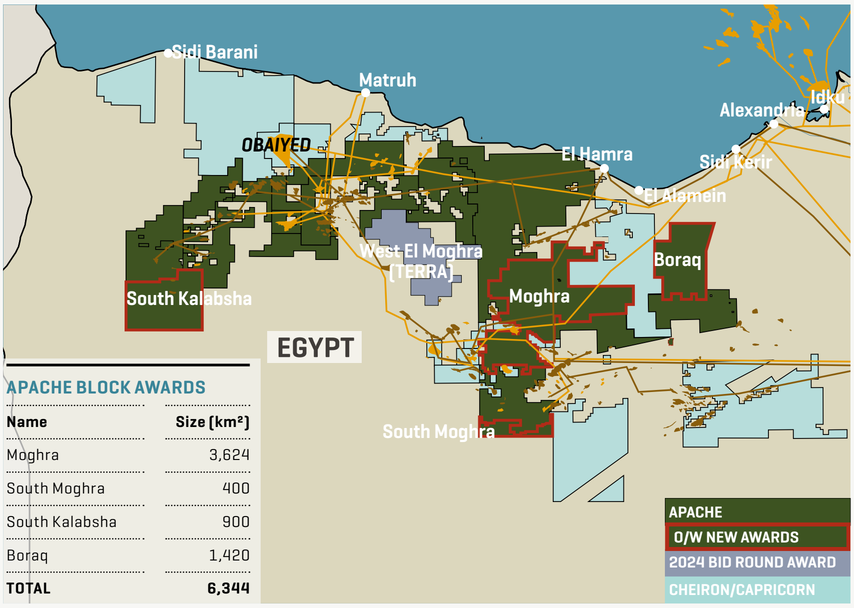
But speaking on his firm's latest earnings call in November, Apache CEO John Christmann said that the new terms "make gas exploration and development more economically competitive with oil," adding that "pursuant to the terms of the new gas price agreement, we recently added one drilling rig, bringing our total rig count to 12."

And this week saw further major evidence that Apache is prepared to ramp up investment in response to the new terms. The four new blocks represent a large swathe of acreage contiguous to Apache's existing Western Desert blocks.

The largest of the new blocks, 3,624km²

APACHE CEMENTS EGYPT WESTERN DESERT FOOTPRINT

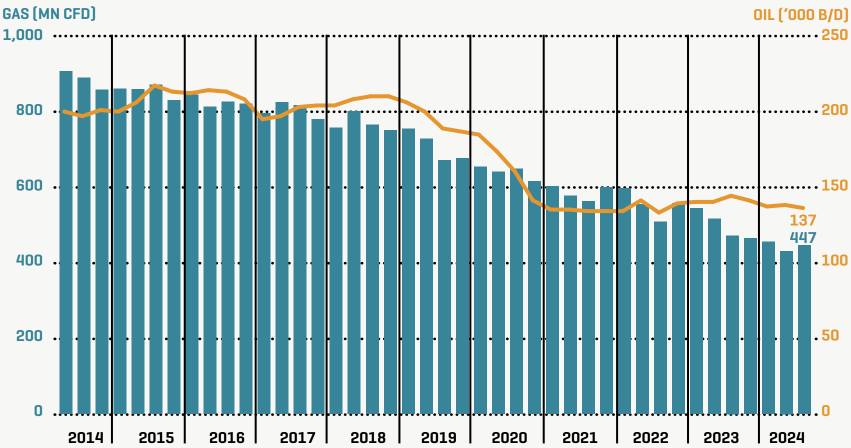
GAS FIELD/PIPELINE   OIL FIELD/PIPELINE



APACHE BLOCK AWARDS

Name	Size (km²)
Moghra	3,624
South Moghra	400
South Kalabsha	900
Boraq	1,420
TOTAL	**6,344**

APACHE EGYPT OIL OUTPUT FLATLINES, GAS EDGES UP FROM Q2'S RECORD LOW



SOURCE: APACHE, MEES.

Moghra includes part of the Northern Egypt and Abu Gharadig basins as well as the Qattara ridge. The block "encompasses historical dry wells," the oil ministry says. The smaller 400km² South Moghra block in the region's far south has never been drilled and is located near the Upper Egypt Basin boundary.

The 900km² South Kalabsha block in the region's far west is south of Apache's West Kalabsha block while the 1,420km² Boraq block to the east contains the Boraq-2 discovery made by Canada's TransGlobe (now Vaalco) in 2010 in what was then the South Alamein block (MEES, 7 May 2012).

Apache is now even more dominant in the Western Desert ahead of the region's second largest producer, a JV of local firm Cheiron and UK firm Capricorn. The JV, which produced 217mn cfd gas and 28,000 b/d oil for 1H24, is progressing negotiations for improved terms as part of an asset consolidation deal.

Elsewhere in Egypt, UAE firm Dana Gas which produces 73mn cfd of gas and 3,800 b/d liquids in the onshore Nile Delta says it will increase activity after improved terms with Cairo were ratified last year (MEES, 13 December 2024). The firm has linked that activity, which has already begun and includes investment of $100mn to drill 11 wells, with continued and consistent payment of receivables.

Italian firm Eni, Egypt's top gas producer has also used the threat of halting activity if Cairo doesn't make good on its pledge to keep paying off its receivables (see p7). ◆◆

Exxon Strikes Gas In Egypt's West Med But Chevron Well Flops, As Shell Snags Block

Exxon has seemingly struck gas with its first ever Egypt well, and only the third in Egypt's new West Med region. But the region's second well, drilled by Chevron, flopped, whilst Shell has signed up for a new large block further offshore.

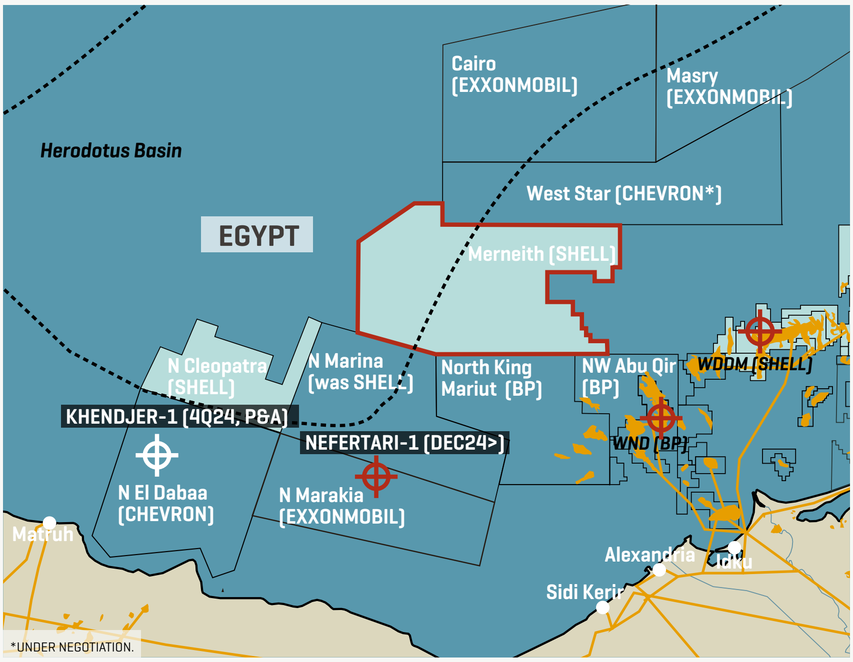
US major ExxonMobil has struck gas with its first ever offshore Egypt well MEES learns. Drilling at the Nefertari-1 prospect on the North Marakia block, which began in mid-December (MEES, 20 December 2024) and is located in Egypt's underexplored West Mediterranean is still ongoing but news has filtered through to MEES that the Valaris DS-9 drillship has struck gas (see map).

The size of the find has yet to be confirmed but Exxon and Cairo will both be hoping that Nefertari will be in line with pre-drill estimates of approximately 3.5tcf. Exxon (60%op) is partnered at North Marakia by QatarEnergy (40%).

Oil minister Karim Badawi this week flew out to the Valaris DS-9 drillship which is set to wrap-up operations at Nefertari in the coming days before heading north to drill the highly anticipated Electra prospect on Cyprus' Block 5 where Exxon is also partnered by QatarEnergy (MEES, 13 December 2024).

EGYPT: RECENT & ONGOING 'WEST MED' EXPLORATION

GAS FIELD/PIPELINE ONGOING DRILLING



MIXED BAG

But the news is mixed for the Qatari state firm which also partners Chevron on the North el Dabaa block immediately to the west of Exxon's North Makaria (Chevron 40%op, Australia's Woodside 27%, QatarEnergy 23%, Egypt state firm Tharwa 10%).

Here the Stena Forth drillship has drilled a duster with the Khendjer-1 wildcat, MEES understands. Having spudded on 2 November drilling wrapped up on 2 January. Drilling "has ended… and it's a flop," a well-placed source tells MEES, though Chevron says it is "assessing the results" of the well for which it had high hopes pre-drilling, targeting both oil and gas as an extension of Egypt's prolific Western Desert (see p5).

Khendjer was Chevron's second ever Egypt offshore well, following on from the 2.8tcf (gas in place) Nargis discovery in the country's offshore North Sinai region, which was announced in 2023. While Egypt is desperate for gas, talks here have been slow as the partners (Chevron 45%op; Eni 45%) look to secure improved terms and a higher gas price, with appraisal drilling set to go ahead later this year (MEES, 1 November 2024). Cairo had hoped that the Stena Forth would follow up Khendjer with Nargis drilling, but the drillship is now set to leave Egyptian waters.

SHELL EXPANDS

But Exxon's is not the only good news for the country's offshore. Though UK major Shell has given up several exploration blocks in recent years, it this week signed up to explore the large Merneith block, located between the prolific offshore Nile Delta including the Shell-operated West Delta Deep Marine (WDDM) fields and the little-explored Herodotus basin. The award came on 8 January, along with four onshore Western Desert blocks to key oil producer Apache, in parallel to the ongoing bid round for 10 offshore and two onshore Nile Delta blocks (MEES, 30 August 2024).

The 4,680km² Merneith block is sandwiched between compatriot BP's North King Mariut block to the south, where it is likely to spud the El King-1 wildcat in the coming weeks after wrapping up Raven infill drilling (MEES, 22 November 2024), and West Star to the north, which US major Chevron is in talks with Cairo to take.

The western portion of Merneith is covered by legacy 3D seismic while the eastern portion formed part of Shell's previously held North El Fanar, although the UK major never drilled the acreage. The new block also lies north of North Marina, which Shell relinquished last year (MEES, 11 October 2024). North Marina in turn lies to the north of Exxon's North Marakia and the ongoing Neferatari-1 well.

Shell last year did decide to retain its other West Med block, North Cleopatra, although the Khendjer flop just to the south will be of some discouragement. Cairo hopes that Shell will drill an exploration well here this year, although MEES understands an initial North Cleopatra well is more likely in 2026.

For now, Shell is focusing on development drilling at WDDM with the aim of doubling output from the current 200mn cfd to 400mn cfd by later this year (MEES, 13 September 2024).

Zohr Drilling Set To Proceed Despite Continued Eni-Cairo Tension

Eni will begin drilling two sidetrack wells at Egypt's flagship Zohr field later this month after Cairo paid off some of the Italian firm's receivables bill. But exports from Damietta continue to prove elusive for the Italians.

Italy's Eni is Egypt's dominant gas producer but relations with Cairo have been far from smooth. Cairo blames Eni for water breakthrough issues that have hit output at its flagship Zohr gas field since late 2021, whilst Eni is unhappy at its rising receivables bill as well as the unavailability of gas feedstock for the 5mn t/y Segas LNG facility it operates (MEES, 21 June 2024).

In a bid to draw a line under their tensions, Cairo in September ponied up around $600mn of the receivables owed to Eni, with the Italian firm in return agreeing to go ahead with a stalled plan to drill two sidetrack wells aimed at bolstering Zohr output (MEES, 1 November 2024).

Though Eni again threatened to postpone drilling before Cairo made a new round of payments to Eni and other firms in late December, both parties now say that drilling with the Saipem 10000 drillship is set to begin later this month. Despite Cairo's commitment to make full and timely monthly payments from October, disbursements to Eni and other IOCs have continued to be sporadic and often fall short of covering each company's full monthly revenues.

MEES understands that Zohr output has fallen to just 1.6bn cfd, down 46% from the record quarterly figure of 2.96bn cfd hit in 1Q 2021 (MEES, 11 June 2021) and just half the field's 3.2bn cfd infrastructure capacity (see chart). That said, Zohr remains of crucial importance to keeping the lights on in Egypt: even at 1.6bn cfd, the field accounts for 36% of Egypt's overall 4.5bn cfd gas output.

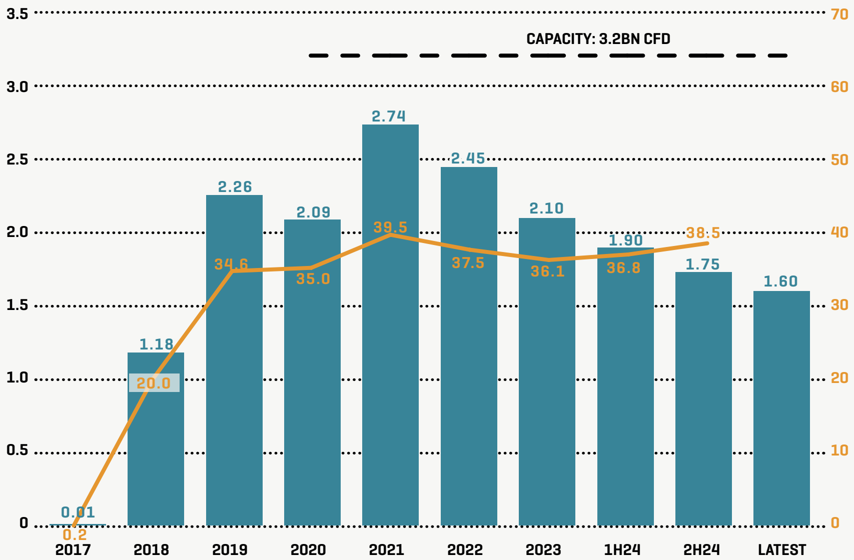
220MN CFD BOOST?

As for the potential addition from the two upcoming wells, oil minister Karim Badawi puts the figure at 220mn cfd.

PM Madbouly is more bullish still, saying he expects that "before mid-2025 production from Zohr will return to what it was before the crisis and this will greatly benefit Egypt in terms of reducing the import bill and increasing exports."

Notwithstanding this vague 'pre-crisis' reference, an increase to substantially above 1.8bn cfd looks unlikely: indeed, depending on when any new gas comes online, stabilizing output at around 1.6-1.7bn cfd may be a more likely outcome.

EGYPT'S ZOHR GAS FIELD: OUTPUT HAS DROPPED TO 1.6BN CFD AHEAD OF DEVELOPMENT DRILLING THAT AIMS TO ADD 220MN CFD BY MID-2025 (BN CFD)



SOURCE: ENI, ROSNEFT, JODI

WHAT CHANCE LNG EXPORTS?

The lack of LNG exports from the Segas terminal at Damietta has been another contentious issue between Eni and Cairo. Though Eni was forced to shutter Damietta in April due to an acute domestic gas shortage in Egypt, the Italian firm had hoped to export at least some cargoes this winter once the 2024 peak summer demand season had passed.

"We cannot rule out that a few cargoes may be exported next winter. But for sure, it is not very likely," exploration chief Guido Brusco said on his firm's Q2 earnings call in July (MEES, 2 August 2024).

Eni has more recently appealed to Egyptian authorities to allow it to export the incremental gains that it expects to post once the upcoming Zohr drilling has been completed. But it has received short shrift with Cairo unable to guarantee there will be any gas to spare.

Despite this, Eni is pushing ahead with modifications at Damietta, MEES understands. The modifications aim at making the facility more capable of exporting an occasional cargo.

Of Egypt's two LNG export terminals the two train configuration of Shell's 7.2mn t/y ELNG facility at Idku enables it to operate on just 150mn cfd of feedgas versus a 350mn cfd minimum for Segas. This means that ELNG has received preferential treatment for occasional volumes.

"They [Eni] have been carrying out trials over the last month or so to reduce the turndown ratio [minimum operational volume] to 125-150mn cfd. They claim they have been successful, but we have yet to see the results from the trials," a MEES source says.

Egypt will need to make numerous gas discoveries and bring them online quickly if it is to harbor any hopes of exporting significant volumes of LNG in the coming years. That said, ongoing development drilling at BP's Raven and Shell's WDDM aimed at boosting waning output at the UK majors' key Egyptian projects (MEES, 6 December 2024), combined with a milder winter could still see Egypt export a few cargoes in the near-term (see p13). ◆◆

OPEC OUTPUT AT THREE-YEAR LOW FOR 2024 AMID VOLUNTARY CUTS

Opec production dropped by 460,000 b/d last year as the group's core members implemented tighter 'voluntary' output cuts. These voluntary cuts more than offset a resurgent Iran, which boosted output by 410,000 b/d. Looking into 2025, ongoing voluntary production cuts will keep the group's overall output restrained, and Iran will be the main wildcard as the US seeks to tighten sanctions on its oil sector.

Output of 26.58mn b/d for 2024 was a three-year low, although it remained more than 1mn b/d above the Covid-era lows of 2020 and 2021 (see table).

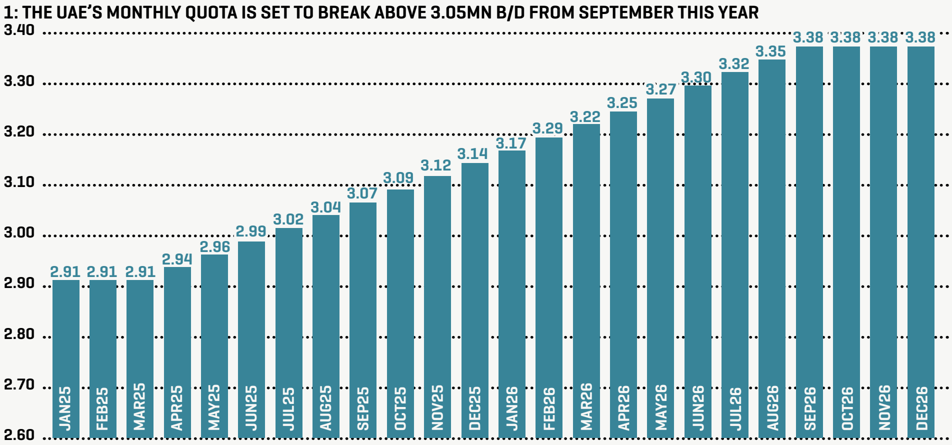
While Iran added the most production last year, it was Saudi Arabia which cut the most. Output from Opec's largest producer dropped by 650,000 b/d to a 14-year low of just 9.00mn b/d, thanks to full year adherence to a series of Opec+ cuts, which pushed its quota down from 10.48mn b/d in January 2023 to its current 8.98mn b/d since July 2023.

OPEC WELLHEAD PRODUCTION, DECEMBER 2024 (MN B/D, MEES CALCULATIONS)

	2024	vs 2023	2023	2022	2021	2020	Dec24	vs Nov24	vs Allocation	Allocation**	Nov24	Oct24
Algeria	0.91	-0.06	0.97	1.01	0.91	0.90	0.91	-	+0.00	0.91	0.91	0.91
Congo^	0.25	+0.01	0.25	0.25	0.27	0.30	0.26	+0.01	-0.02	0.28	0.25	0.26
Eq. Guinea^	0.05	-0.01	0.06	0.09	0.10	0.11	0.05	-0.01	-0.02	0.07	0.06	0.05
Gabon^	0.21	+0.01	0.20	0.19	0.18	0.19	0.21	-	+0.04	0.17	0.21	0.21
Iran^	3.22	+0.41	2.81	2.57	2.38	1.99	3.25	-0.05	n/a	n/a	3.30	3.26
Iraq	4.20	-0.11	4.31	4.43	4.02	4.01	4.04	-0.01	+0.04	4.00	4.05	4.09
Kuwait*^	2.41	-0.20	2.62	2.70	2.41	2.42	2.41	+0.02	-0.00	2.41	2.39	2.41
Libya	1.12	-0.06	1.18	1.02	1.18	0.34	1.35	+0.05	n/a	n/a	1.30	1.10
Nigeria^	1.40	+0.09	1.31	1.14	1.45	1.62	1.44	+0.03	-0.06	1.50	1.41	1.40
S Arabia*	9.00	-0.65	9.65	10.57	9.12	9.22	9.01	+0.02	+0.03	8.98	8.99	9.02
UAE	2.96	+0.02	2.95	3.05	2.72	2.78	2.91	-0.07	-0.00	2.91	2.98	2.95
Venezuela^	0.84	+0.11	0.73	0.69	0.54	0.51	0.86	-	n/a	n/a	0.86	0.89
TOTAL^	**26.58**	-0.46	**27.04**	**27.71**	**25.28**	**24.40**	**26.70**	-0.01	n/a	**n/a**	**26.71**	**26.55**
Opec 9	21.40	-0.91	22.31	23.43	21.17	22.81	21.24	-0.01	+0.01	21.23	21.25	21.30

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

1: THE UAE'S MONTHLY QUOTA IS SET TO BREAK ABOVE 3.05MN B/D FROM SEPTEMBER THIS YEAR



SOURCE: OPEC, MEES.

COHESION REMAINS STRONG

A core Opec+ grouping of eight countries – five from Opec, three non-Opec – have been cutting a combined 2.2mn b/d of production since January 2024. This was originally planned just for 1Q 2024, but has since been extended in full until April this year, from when it will be gradually eased over 18 months (MEES, 6 December 2024).

There remains a very real possibility that the cuts will have to be extended again due to expectations of weak Chinese demand growth and strong non-Opec+ supply growth. However, cohesion within Opec and the wider Opec+ coalition appears solid, and an outreach program led by the Opec Secretariat and Saudi Arabia with overproducing members in the second half of the year appears to have had success.

Within Opec, Iraq has typically been the worst offender when it comes to compliance, with production of 4.36mn b/d in February last year a massive 360,000 b/d over-quota. However, Opec's leaders have since engaged with Iraq's political leadership at the highest level, securing pledges of cuts from Prime Minister Mohammed al-Sudani, and there have been clear signs of progress.

Iraqi output fell to 4.04mn b/d in December, just 40,000 b/d above quota, and the lowest figure since July 2021. It still has some way to go if it is to compensate for last year's overproduction, but the scale of the cuts in recent months will have eased concerns within Opec.

Overall, Iraqi output averaged 4.20mn b/d for 2024, 200,000 b/d above-quota. Had it not overproduced on such a scale, last year's global oversupply wouldn't have been as pronounced. Overall Opec output would have declined by 660,000 b/d with full Iraq compliance, broadly in line with the previous year's 670,000 b/d.

SAUDI: 14-YEAR LOW OUTPUT

Saudi Arabia's 14-year low production of 9mn b/d translated into crude oil exports dropping to a 14-year low 5.95mn b/d according to preliminary Kpler data (see p4). Under the current Opec+ roadmap, Saudi output should increase to 9.19mn b/d for 2025, but this is still nearly 1.5mn b/d below 2022 levels. Whether Opec+ will be able to implement this roadmap in full as planned is also up for debate, and the group's leadership has made it clear that it is willing to postpone any production increases should the market weaken further.

The voluntary cuts have left Gulf producers with sizeable spare capacity, with Saudi Arabia's approximately 12.2mn b/d capacity leaving 3.2mn b/d untapped. While Riyadh last year dropped plans to add another 1mn b/d of capacity by 2027, the UAE has continued with its capacity expansion plans. The UAE's quota currently stands at 2.91mn b/d, but Adnoc claims capacity of 4.85mn b/d and targets 5mn b/d by 2027. This puts UAE spare capacity at 1.94mn b/d currently, or 40% of total capacity.

With Adnoc and the UAE eager to tap into its expanding capacity, the UAE has managed to secure unilateral quota increases for 2024 and 2025. This year's tapered quota increase has been postponed, but as it stands, the UAE's quota is set to increase to 3.38mn b/d in September 2026 (see chart 1).

Overall, the UAE produced 2.96mn b/d last year, around 50,000 b/d more than its quota. Output in December dropped to 2.91mn b/d amid field maintenance work.

Opec's third GCC member is Kuwait, whose 200,000 b/d annual production cut was the group's second largest. Output averaged right on quota at 2.41mn b/d. Kuwait's

Continued on – p9

Continued from – p8

production capacity is currently around 3mn b/d, and it aims to increase this to 3.2mn b/d by year-end (MEES, 3 January).

IRAQ: MAMMOTH OVERHANG

Despite bringing production down by 110,000 b/d last year, Iraq has been left with an enormous 67mn barrels of cumulative overproduction since the start of 2024 – the amount for which it is supposed to 'compensate' (see chart 2). The compensation period runs until June 2026, enabling Iraq to mitigate the impact on monthly output, but realistically the only way Iraq will be able to compensate in full by then is if its allocation increases from April as currently planned and without being paused.

The late-year improvement in compliance was driven by lower seasonal demand, refinery turnarounds and a pledge by Federal marketer Somo to limit exports to 3.3mn b/d, although tracking data from intelligence firm Kpler show December's seaborne exports slightly above that level.

Local demand for road fuels and liquids at power generation plants is typically lower in Q1, and this presents Baghdad with the opportunity to maintain the progress. But the ongoing curtailment of Iranian gas exports to Iraq could hinder such efforts, with the oil ministry forced to hike gas production in recent weeks (see p16). As the bulk of this is of associated gas, this entails an increase in crude production.

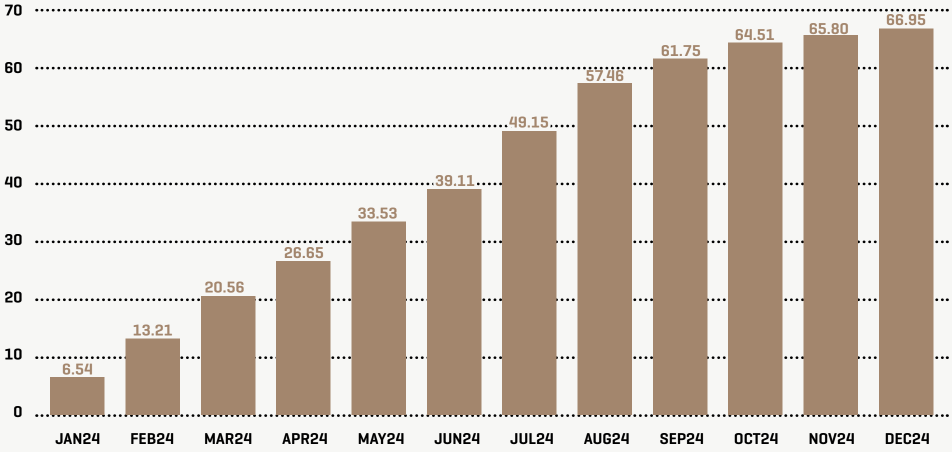
Another issue is resilient output in Iraq's semi-autonomous Kurdistan region. Here, Baghdad's hopes that Kurdish officials would press independent operators into cutting local sales proved misplaced. These sales have bolstered Kurdish output in 2024 despite the ongoing Turkey export pipeline closure.

IRAN: SANCTIONS WILDCARD

Iran, which is exempt from production cuts, once again exceeded expectations last year by adding 410,000 b/d of output. Comfortably producing above 3mn b/d throughout 2024, last year's average 3.22mn b/d was yet another post-2018 sanctions record, driven by steady demand for discounted Iranian barrels by independent refiners in China, mainly located in the Shandong province, and lax US sanctions enforcement.

However, the US has in recent months sought to tighten up enforcement, issuing new sanctions on a number of tankers which have been carrying Iranian cargoes (MEES, 20 December 2024). There are early signs that these measures are having an impact, with Chinese imports of Iranian barrels dropping in late-2024, leading to a buildup of Iranian crude in floating storage offshore Malaysia.

2: IRAQ'S CUMULATIVE OVERPRODUCTION* IN 2024 STANDS AT ALMOST 67MN BARRELS



*DECEMBER IS MEES ESTIMATE. OTHER MONTHS BASED ON OPEC SECONDARY SOURCES PRODUCTION. SOURCE: OPEC, MEES.

Then, on 6 January, Shandong Port Group, which operates the key Qingdao, Rizhao and Yantai ports where almost 50% of Iranian oil is delivered, banned US-sanctioned vessels from calling at its ports.

These could ultimately just be temporary measures, with China seeking to appease incoming US president Donald Trump ahead of his inauguration, and certainly these latest sanctions could still be bypassed. But it does raise the prospect of a potential slump in Iranian crude exports, which averaged nearly 1.6mn b/d last year.

A sizeable drop-off in Iranian exports and production would boost the prospects for Opec+ implementing its roadmap in full without pushing down prices. It is unlikely though that the group would expedite the unwinding of cuts, given its preference for caution.

NIGERIA: CLOSING ON QUOTA

Libya, another Opec member exempt from production cuts, just missed out on a second consecutive year of production increases, as an oil blockade in August and September caused annual output to drop 60,000 b/d to 1.12mn b/d. Still, the bounce back from those outages was swift, and December output of 1.35mn b/d was the highest since May 2013 (MEES, 3 January). If sustained, this would clearly top 2012's 1.18mn b/d, the highest figure since the revolution that overthrew Gaddafi the previous year, but the specter of another politically-induced disruption remains ever-present (see p11).

Elsewhere in Africa, Nigeria brought output to a three-year high of 1.40mn b/d, just 100,000 b/d below its 1.5mn b/d quota. 2024 was a mixed-year for Abuja. The commissioning of the 650,000 b/d Dangote refinery helped drive some gains, with the facility receiving a record 450,000 b/d of Nigerian crude in December according to Kpler. The refinery's run rate had hit 85% by late December despite 2024 seeing numerous disagreements over crude supply with NNPC, regulators and IOCs.

Nigeria has yet to resolve structural problems within its sector, ranging from high decline rates, ambiguous regulation and underinvestment to theft and sabotage. There is a glimmer of hope, however, as oil majors active in the country migrate from the Niger Delta to the secure and prospective deep offshore. If recent gains are sustained, Nigeria could well reach its quota this year, although any offshore bump may take years to materialize.

VENEZUELA: EXEMPTIONS AT RISK?

Like Iran, Opec's third exempt member Venezuela marked a new post-2019-sanctions record with production increasing by 110,000 b/d to a six-year high 840,000 b/d. The key drivers were broad energy sector waivers issued by the US Biden administration, allowing foreign oil investment, exports and receipt of US dollars by Caracas in exchange for a promise of fair elections last year.

With those elections ending in dispute and political turmoil, the waivers have been limited to exemptions awarded to Chevron and some European IOCs, in part to recoup their Venezuelan debts. While flows of heavy Venezuelan crudes to US refiners on the Gulf of Mexico remain important for margins there with US crude imports from Venezuela hitting a six-year high 229,000 b/d for 2024, output gains will be jeopardized by Mr Trump's return.

Any upside in 2025 remains capped by aging infrastructure and lacking investment, in addition to the need to import diluents to produce exportable grades. Venezuela is no longer getting these volumes from Iran, instead it is via Washington-authorized oil swaps with US and European companies.

IRAQI KURDISTAN OIL OUTPUT PROVES ROBUST IN 2024

GEOPOLITICAL RISK

Steady local sales enabled Kurdistan-based IOCs to boost output and revenue last year. But more substantial gains require a comprehensive deal with Baghdad enabling the restart of exports via the Iraq-Turkey Pipeline. In this, their legal position has now been bolstered by an unexpectedly favorable Iraqi court decision, but a budget amendment that would help resume exports is hostage to parliamentary politics.

Resilience was the theme for Iraqi Kurdistan's oil sector in 2024, with steady local sales enabling IOCs to claw back much of the production lost since the March 2023 closure of the Iraq-Turkey Pipeline (MEES, 31 March 2023). MEES calculates based on company statements that the region's oil output averaged nearly 290,000 b/d for 2024, up around 50,000 b/d year-on-year. Prior to the shut-in, volumes were typically just below 450,000 b/d.

While local sales have enabled IOCs to generate invaluable cash flow to keep their operations going, prices are around $30/B below international market rates, while there is often considerable month-to-month variation in sales volumes. Production peaked at nearly 315,000 b/d in summer 2024, but dropped back to around 270,000 b/d in Q4 due to seasonal demand, refinery turnarounds and a short-lived political disruption to local trucking following local elections.

The resilience of Kurdish output has frustrated Baghdad, which had hoped that outages there would enable it to comply with Opec+ cuts without having to cut significantly from its own fields. The rise in output from the region therefore contributed to significant overproduction from Iraq, which it has pledged to compensate this year and next (see p8).

Demands that Kurdistan restrain output were followed by threats to cut budget payments to the Kurdistan Regional Government (KRG). Subsequent claims that Erbil had promised to instruct the IOCs to cut output to help Baghdad improve Opec+ compliance never materialized (MEES, 27 September 2024). Indeed, some IOCs have stepped up spending, with Norway's DNO drilling a new well at its Baeshiqa license (DNO 64%op, KRG 20%, Turkish state TEC 16%).

Last year also saw M&A return to the region, with US firm HKN and Canadian-listed partner Shamaran finalizing their purchase of UAE state firm Taqa's stake at the Atrush license (MEES, 9 August 2024). New operator HKN (25%, Shamaran 50%, KRG 25%) aims to stabilize output at around 30,000 b/d, just below pre-closure levels.

Meanwhile, London-listed Gulf Keystone (GKP) completed upgrade works at Shaikan where output exceeded 47,000 b/d pre-closure levels on multiple occasions last year (MEES, 13 December 2024).

IOCS WIN BAGHDAD CASE

The end of 2024 also saw the IOCs secure a legal victory against Iraq's oil ministry on its own turf. Baghdad's Karkh Court of Appeals on 18 December ruled that contracts signed between the KRG and several IOCs are valid, and that they do not fall under the remit of the Supreme Court's decision nullifying them in early-2022 (MEES, 18 February 2022) as they were signed prior to this.

The cases, against DNO, Genel Energy, Gulf Keystone, HKN, Shamaran, Western Zagros, Addax Petroleum, Dana Gas and Gazprom Neft, were filed by the ministry in 2022 shortly after the Supreme Court decision, which had also invalidated the KRG's own oil and gas law. Initially, the commercial court had ruled in the oil ministry's favor, but the KRG's Ministry of Natural Resources appealed the judgement.

The oil ministry now has 30 days to file a counter at the Court of Cassation but has yet to clarify its legal position. It is unclear whether the contracts can still hold water given that the KRG's oil and gas law, upon which their legality is based, is still considered invalid as per the Supreme Court's decision.

PATHWAY TO RESUMPTION?

The court ruling opens a pathway for Baghdad, Erbil and the IOCs to reach an amicable agreement to resume exports, should there be sufficient political will.

While the court case was ongoing, the IOCs were reluctant to hand over copies of their contracts and data (MEES, 26 April 2024). Meanwhile in November, the central government proposed amending the Federal budget to raise a fixed remuneration fee offered to the IOCs if they hand over production (MEES, 8 November 2024).

This latest offer of a fixed fee for producing and transporting oil is $16/B, up from the previous derisory offer of $6.90/B. It also proposes bringing in an independent consultant to assess costs at each oilfield within 60 days.

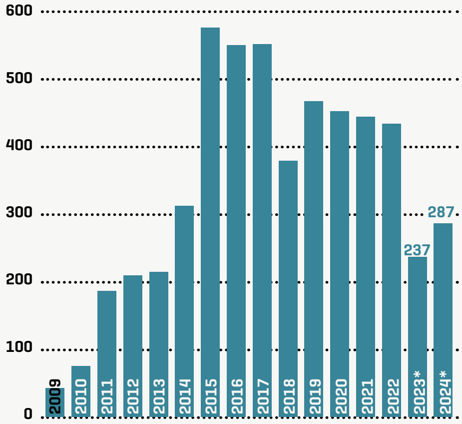
Parliamentary oil and gas committee member, MP Nehro Mohammed, says that per this offer oil sales would be handled by Baghdad's state marketer Somo, with the IOCs to be retroactively reimbursed their production costs. "The consultant will [later] determine the cost of production and export, if the cost is set at $20/B, $4/B will be disbursed retroactively, and if it is less than $16/B, it will be deducted [from future production]," he explains.

Apikur, an industry group representing IOCs in Kurdistan, has welcomed the amendment and the recent court decision. Its spokesperson, Myles Caggins, told Kurdistan's Channel 8 "now that the court has ruled that our contracts are valid, we are hopeful that this will add more momentum and more encouragement for the parliament to pass the budget amendment."

While saying that Apikur welcomes the 60-day assessment "by an independent international group" and that its members "will closely review the outcomes of those independent assessments," he emphasized the need to reach an agreement which ensures that "our economic and commercial terms are retained."

The Apikur members want guarantees of

KURDISTAN'S OIL OUTPUT INCREASED BY 50,000 B/D IN 2024 DESPITE ONGOING PIPELINE CLOSURE (000 B/D):**



*MEES ESTIMATE. **INCLUDES APPROXIMATELY 15,000 B/D OF KHOR MOR CONDENSATE. SOURCE: KRG, DELOITTE, COMPANY FILINGS, MEES.

repayment for more than $1bn in KRG receivables, unpaid for production from October 2022 to March 2023, in addition to a "clear path forward for future sales," ensuring direct payment by Somo either in cash or in the form of crude oil cargoes from the Turkish Mediterranean port of Ceyhan.

"We want to remove our payments from being caught in politics between Baghdad and Erbil, so there can be more surety, more confidence for our companies and our employees that will benefit everybody," says Mr Caggins.

UPHILL BATTLE?

The 18 December court ruling could make it palatable for Somo to recognize the existing contracts, but the first concrete step towards resolving the impasse now lies with parliament. Here, any agreement faces an uphill battle, especially if it is combined with ongoing plans for a second budget amendment, which could delay passage for months.

The government sent the amendment relating to Kurdistan's IOCs to the parliamentary finance committee in early-November according to documents seen by MEES. The committee, which is dominated by pro-Iran and anti-KRG MPs, discussed the proposal internally on 26 November, then held a meeting with the oil ministry on 1 December discussing "varying production costs [at Kurdistan fields], contractual obligations and emphasizing adapting contracts in line with national requirements."

The latest update from the committee on 9 December is that its final assessment remains "subject to clarifications from the Ministry of Finance on the legal basis for paying financial dues to foreign oil companies operating in the region." The committee is also tying the amendment to clarifications on KRG debts to the Federal government, in what appears to be a delaying tactic.

Jamal Kocher, a Kurdish member of the committee, struck a pessimistic tone on 4 January, telling Kurdish media outlet Rudaw that his Shia colleagues "don't agree with the amendment and have started a pre-emptive campaign [to sabotage it]." ◆◆

Libya: Protesters Threaten To Shut Key Terminals Over Social Demands

Less than two weeks into a new year that promised higher output and a long-awaited bid round, protesters in Libya are threatening to shut key crude export terminals, once again raising concerns over instability in the country's lifeline oil and gas sector.

Libya is entering the new year with another bout of instability that undermines its vital oil and gas sector, with protesters threatening to shut down key oil terminals and fields over social demands.

In a video statement on 5 January, protesters from the self-proclaimed Oil Crescent Movement said they would shut down the four key crude export terminals on the Bay of Sirte 'Oil Crescent', as well as the country's core Sirte Basin fields which supply them, if NOC does not relocate the headquarters of the companies operating the region's fields and terminals to the "marginalized" region.

"For years, our region has been supporting the country and playing a pivotal role in backing the national economy through its oil resources," they said in their statement. "Yet, despite its importance, the region and its people continue to suffer from marginalization and a lack of access to benefits from these resources."

"We will not accept the continuation of the status quo that neglects the rights of our region and its people," they added.

The protesters gave NOC a two-week ultimatum – until 19 January – to relocate the headquarters and operations of the Waha, Zueitina, Harouge, Sarir, and Mabruk oil companies to their region, saying it was their "legitimate right."

"Otherwise, we will have to shut down the fields and terminals until our demands are met," they said.

All five companies group NOC with foreign partners: TotalEnergies and ConocoPhillips at Waha; Austria's OMV at Zueitina; Canada's Suncor at Harouge; Germany's BASF and Russia's Gazprom at Sarir; and Total, Norway's Equinor and UK independent Harbour Energy at Mabruk.

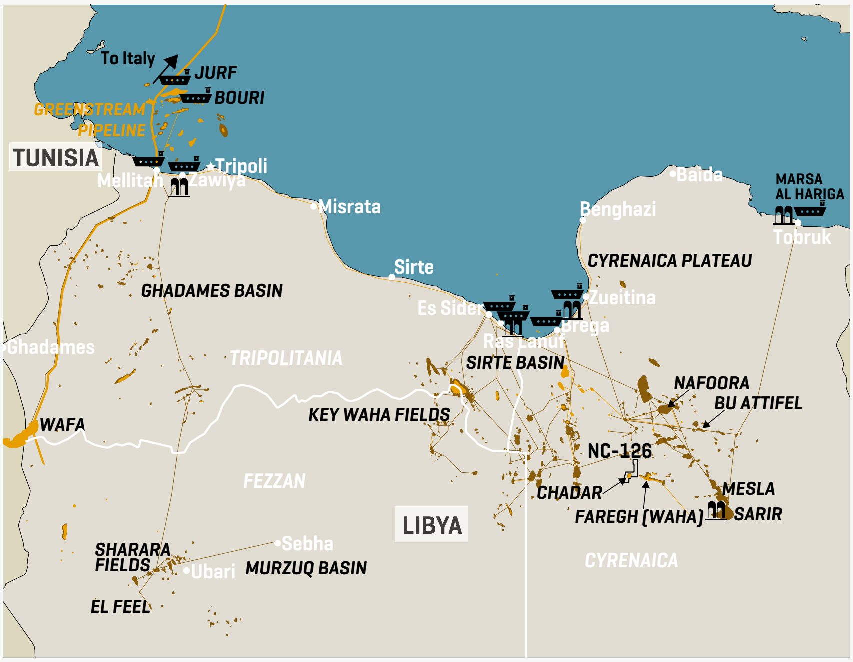
NOC has yet to comment on the protests and the demands.

INSTABILITY CONTINUES INTO 2025

The oil crescent region is home to four key terminals: Es Sider, Ras Lanuf, Brega, and Zueitina (see map). According to data intelligence firm Kpler, these terminals are responsible for over 50% of Libya's crude exports, averaging a combined 566,000 b/d in 2023 (54%), and 555,000 b/d in 2024 (56%).

LIBYA: KEY OIL AND GAS INFRASTRUCTURE

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



The terminals are key to NOC's plans to boost crude output to 2mn b/d within 3-5 years (MEES, 19 January 2024), having recently celebrated a new milestone, with MEES estimates putting crude output at an average of 1.35mn b/d for December, the highest monthly figure since 2013 (MEES, 3 January).

But political instability remains the main threat to the country's energy and economic ambitions.

The oil crescent protests are only the latest of similar incidents that had caused significant losses for the vital sector.

Last year also began with protests that caused an 18-day shutdown at the 270,000 b/d-capacity Sharara fields in the far southwest (MEES, 26 January 2024). Later the same year, protests led by Libya's Petroleum Facilities Guard (PFG) also led to a brief shutdown of the Greenstream gas pipeline link to Italy (MEES, 1 March 2024). ◆◆

NOC STARTS UP OIL & GAS FIELD

Libya's NOC on 6 January announced that its Zallaf Oil & Gas company had started production at the Chadar field (NC-126) in the southeastern part of the country's Sirte Basin oil heartland (see map).

The field is producing 1,500 b/d crude and 7.5mn cfd gas from well A1/A, NOC says.

The field will contribute to Libya's plans to boost crude output, the statement reads, with NOC planning to hit 2mn b/d of oil and 4bn cfd of gas within 3-5 years (see main story), the statement reads.

Chadar field on block NC-126, was first discovered by Mobil (now ExxonMobil) in 1968. Zallaf has been working to tie in output to Waha Oil Company's 250mn cfd Faregh gas project located some 30km east (MEES, 10 September 2021).

◆◆

Red Sea Shipping In 2024: A Year Of Conflict And Commercial Exodus

Global maritime trade flows were again shaken up in 2024, with more than 3mn b/d of oil displaced from the Red Sea, where Yemen's Houthis sunk two ships and escalating conflict ensnared the US, EU, and Israel. 2025 opens with little prospect of a resolution.

When the Houthis began their series of attacks in the Red Sea the world was caught off guard, not expecting the Yemeni group to hold a global trade route in a chokehold. More than a year after their first attack on vessels transiting the Bab al-Mandeb straight which separates Yemen from the Horn of Africa and lies at the southern end of the Red Sea they have created a new normal: international trade has largely rerouted around southern Africa or been otherwise displaced, and a permanent coalition naval force led by the United States is stationed in the waterway.

The crisis can be said to have started after 7 October 2023, when the Houthis started firing missiles at Israel. The following month the Houthis kicked off their naval campaign in the southern Red Sea targeting ships supposedly linked to Israel and seizing the Galaxy Leader car carrier and its crew on 19 November (MEES, 24 November 2023). The group ended 2023 widening the scope of their attacks, causing major shipping firms to begin rerouting their vessels away from the Red Sea (MEES, 22 December 2023).

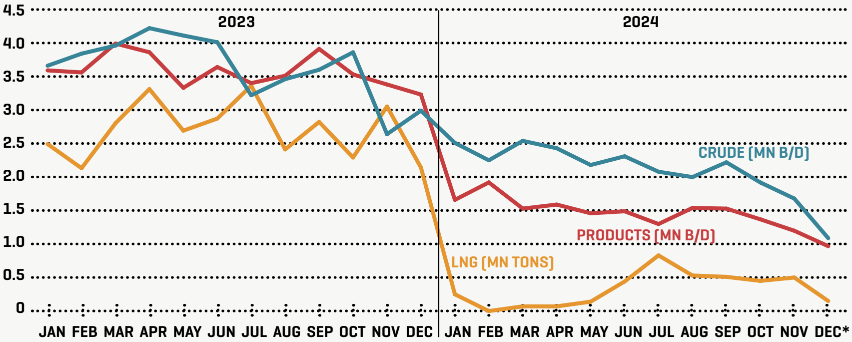
In the opening days of 2024 the US and the UK kicked off a bombing campaign against the Houthis meant to deter and degrade their capabilities to attack ships in the Red Sea (MEES, 12 January 2024). Despite this, the Houthis managed to carry out at least 55 serious confirmed attacks on merchant vessels in the year, according to MEES tallies, part of at least 100 incidents recorded by conflict data firm Acled. Some 24 vessels sustained some form of damage including the sinking of the Rubymar on 2 March, the Tutor on 19 June, and the forced dereliction of the Sounion tanker in August (MEES, 30 August 2024). Houthi attacks killed four sailors on these ships.

To avoid joining the graveyard of ships in the Red Sea, most vessels diverted away from the waterway. Daily transits of oil tankers dropped from 26 for 2023 to an average of just 11 passing the Suez Canal and eight passing the Bab al-Mandeb for 2024, according to IMF's PortWatch. For other cargo vessels the fall was from 48 for 2023 (for both the Canal and Bab al-Mandeb) to 2024 figures of 22 for the Suez Canal and 18 for the Bab al-Mandeb.

As a result, the amount of seaborne oil and gas passing through the Suez Canal also collapsed in 2024 (see chart 1). Crude passing through the Suez Canal dropped by 42% to average 2.1mn b/d for 2024 as a whole, while refined products dropped 59% to 1.5mn b/d, according to data intelligence firm Kpler. This drop in traffic cost Egypt revenues of around $7bn last year (MEES, 3 January).

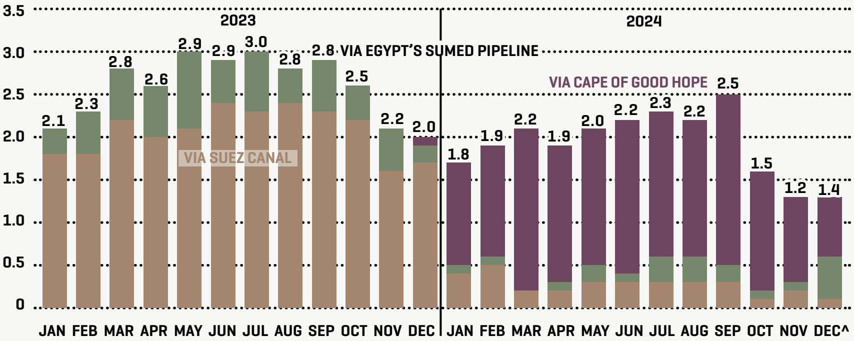
One of the largest disruptions within this has been to oil traveling east to west through the Bab al-Mandeb and the Red Sea from GCC oil producers and India (see chart 2). According to MEES estimates using Kpler data, more than 2mn b/d of crude and refined products stopped passing the Bab al-Mandeb from Asia bound for Europe in 2024. This doesn't include sizeable flows from Saudi Arabia's west coast which it has been able to utilize to avoid attacks from the Houthis (see p4 & MEES, 13 December 2024). A further roughly 1mn b/d of crude and products from Europe and North America to Asia in the other direction stopped passing through the strait in 2024.

1: CRUDE, REFINED OIL PRODUCTS, AND LNG VOLUMES TRANSITING THE SUEZ CANAL SLUMPED IN 2024



*DEC 2024 WILL LIKELY BE REVISED UPWARDS AS VESSEL TRACKING UPDATES. SOURCE: KPLER, MEES.

2: ASIA-TO-EUROPE* CRUDE & REFINED PRODUCTS SHIPMENTS: VOLUMES VIA THE BAB AL-MANDEB SLUMPED BY OVER 2MN B/D FOR 2024 (MN B/D)



*ASIA EXCLUDES MEDITERRANEAN LITTORAL COUNTRIES AS WELL AS RUSSIA AND SAUDI ARABIA'S WEST COAST. ^DECEMBER SUMED VOLUMES WILL BE LOWER ONCE VESSEL TRACKING DATA UPDATES. SOURCE: KPLER, MEES.

2025: A RED SEA RETURN?

When diversions began in earnest at the beginning of 2024, shipping companies were unsure how permanent disruptions would be. But with a year of disruptions — and windfall profits for some — most are settled into the new normal (MEES, 15 November 2024).

This is despite efforts from coalition naval forces to maintain security. Head of the EU Naval force in the Red Sea, Rear Admiral Vasileios Gryparis, in December told shipping news outlet TradeWinds that the industry is "too frightened" by the Houthi threat. He says more ships can and should return to the route. While a source active in Red Sea maritime insurance tells MEES that brokers and some shipowners are comfortable with the new normal, as it stands major shipping firms look in no position to return the Red Sea anytime soon.

Adding to their security concerns are recent escalations between Israel and the Houthis. A tit-for-tat pattern of strikes between the two have repeated throughout 2024 (MEES, 4 October 2024) and intensified in December when leader Abdul Malik al-Houthi declared the group in "open war" against Israel.

After intercepting a Houthi missile near Tel Aviv, Israel responded on 19 December striking the Houthi capital Sanaa and the group's main ports of Hodeidah, Salif, and Ras Issa oil terminal. Two days later the Houthis again struck Tel Aviv injuring dozens of people, and Israel responded with airstrikes targeting power infrastructure, Sanaa airport, and Houthi ports. If the Red Sea in 2024 provides any lessons for 2025 it is that escalations like this could presage wider and deeper conflict. ◆◆

Egypt LNG Imports Hit 7-Year High 2.78mn T For 2024, Eyes Tentative Exports For 2025

Egypt resumed LNG imports last year after a six-year hiatus, with volumes of 2.78mn tons the highest since 2017 after a late-year surge. Cairo eyes the resumption of exports later this year, but this is far from guaranteed.

Egypt's slumping gas output and rising demand saw the country dramatically swing from LNG exporter to importer over the course of 2024.

April 2024 saw the country both export its last LNG cargoes, possibly for some time, and import its first cargo since September 2018 (see chart 1).

The latter, as well as three subsequent Q2 cargoes, came via Jordan's Energos Eskimo FSRU at Aqaba with Cairo adding its own Hoegh Galleon FSRU at Ain Sukhna on the Red Sea from June (MEES, 3 May 2024). This enabled a surge in deliveries to 505,000 tons for July, the highest monthly figure since September 2017, with 87% of Egypt's seven-year high 2024 imports of 2.78mn tons coming in the second half of the year.

On a quarterly basis, Q3's imports of 1.36mn tons or 19 cargoes were a seven-year high. With power demand peaking in summer, and output of key power fuel gas also falling to a seven-year low, Egypt's 'gas deficit' (output minus consumption) peaked at a record 1.852bn cfd for August (MEES, 18 October 2024).

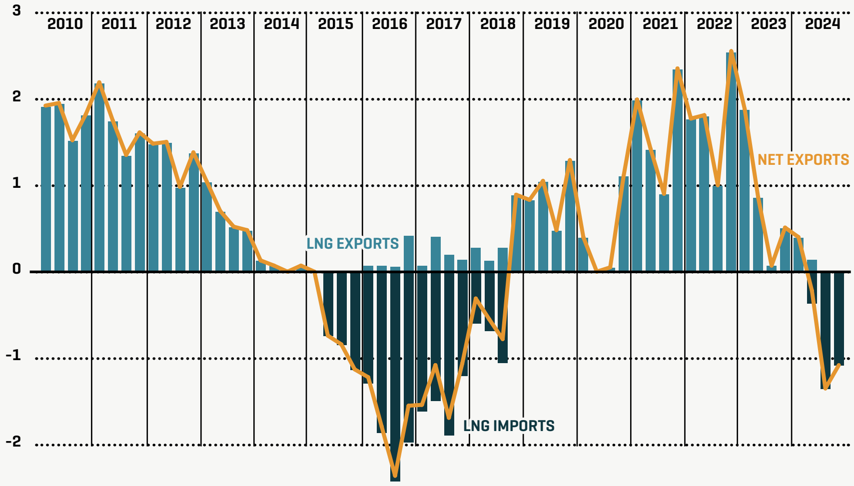
While Qatar was the top supplier of cargoes during Egypt's previous 2015-18 stint as LNG importer, the US was top supplier for 2024 with 2.04mn tons or 73% of Egypt's seven-year high total of 2.78mn tons according to figures from data intelligence firm Kpler (see chart 2).

Q3's imports followed a tender in which French major TotalEnergies and trading giant Trafigura were the two big winners supplying five cargoes each with fellow trading firm Vitol supplying three.

Egypt awarded a tender for a further 20 import cargoes for Q4 delivery (MEES, 13 September 2024). But for once Cairo's outlook turned out to be overly pessimistic: actual Q4 imports were 16 cargoes, or 1.08mn tons, according to Kpler.

It has managed to defer the four remaining cargoes for delivery in the current quarter, whilst an additional tender for 1Q 2025-delivery cargoes is under consideration by Egyptian authorities, MEES understands.

1: EGYPT'S LNG BALANCE (MN TONS): CAIRO MAY LOOK TO TENTATIVELY RESTART LNG EXPORTS IN 2025 AFTER IMPORTS SURGED TO A SEVEN-YEAR HIGH FOR 2024



SOURCE: KPLER, MEES.

EXPORT RESTART?

Cairo is also eying a tentative restart of occasional LNG exports in 2025, MEES learns, after they were halted in April last year. This will require development work at key gas projects to help post an output rebound. BP is hoping to soon add 200mn cfd output at its Raven field while Shell should be bringing on the first wells of its Phase 10 development drilling at West Delta Deep Marine (WDDM) soon also (MEES, 6 December 2024).

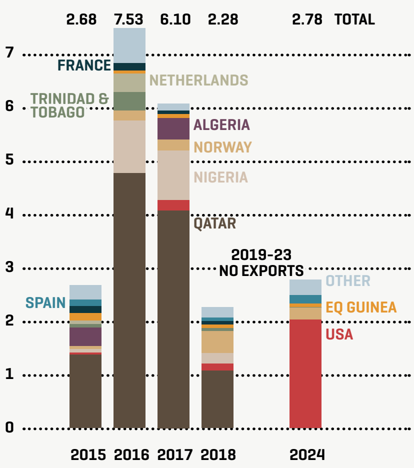
Italy's Eni also hopes to start drilling later this month at the flagship Zohr gas field where output has dwindled to 1.6bn cfd: two sidetrack wells are slated to provide a 220mn boost. That said, Eni's hopes of LNG exports anytime soon via its 5mn t/y Segas facility at Damietta appear optimistic (see p7).

Egypt's 2024 LNG exports, all in the first four months of the year, were split evenly between Segas and the Shell-operated 7.2mn t/y ELNG terminal at Idku.

ISRAEL VOLUMES TO RISE?

As well as LNG, Egypt also imports piped gas from Israel. Volumes hit a new record of around 1bn cfd for 2024,

2: EGYPT LNG IMPORTS: QATAR WAS TOP FOR 2015-2019 BUT THE US CLEAR #1 FOR 2024 (MN TONS)



SOURCE: KPLER, MEES.

though a significant further boost is unlikely before late 2025 when initial expansion volumes at Israel's key Leviathan and Tamar fields are due onstream (MEES, 19 November 2024).

Cairo could also enable LNG exports (or cut imports) by choosing to import more fuel oil to use for power generation, after it imported record volumes last year (MEES, 20 December 2024). Rising renewables capacity also has the potential to reduce domestic gas demand (MEES, 20 September 2024). ◆◆

Saudi Renewables Sector Looks To Build On 2024's Record Growth

Having connected a record 3.7GW of renewable capacity in 2024, Saudi Arabia aims to accelerate its renewables rollout further in 2025. With capacity set to exit the year above 12GW, renewables will be making a significant contribution to the power mix.

Saudi Arabia's renewable energy sector notched up a stellar year in 2024 as the kingdom connected a record amount of new capacity to the grid. The addition of four new solar PV plants added 3.7GW, bringing total grid-connected capacity to 6.5GW, although not all of this is as yet fully operational.

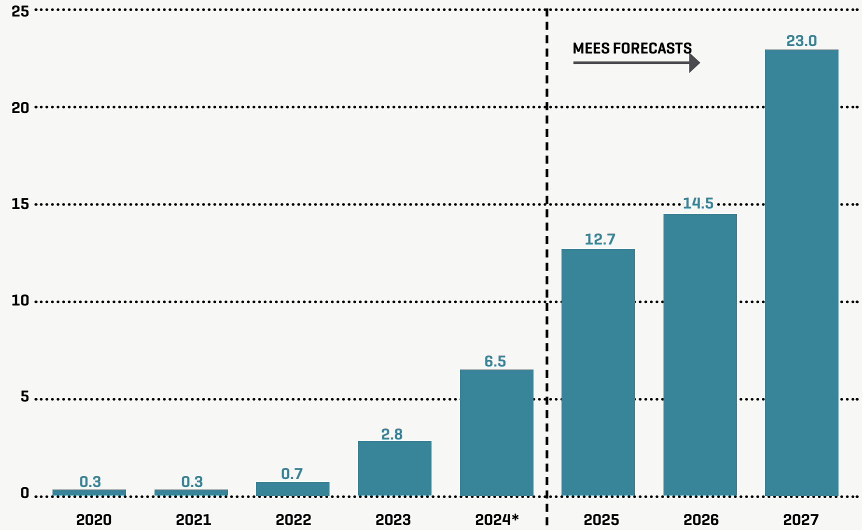
The biggest development was the connection of the 2.06GW Shuaibah 2 solar PV plant, which is now the kingdom's largest renewable facility supplanting the 1.5GW Sudair PV plant. EPC contractor China Energy Engineering International says that the plant was connected to the grid on 16 October 2024. The facility was developed by the PIF sovereign wealth fund, Acwa Power and Saudi Aramco.

The majority of 2024's capacity additions came in the second half of the year, with the 300MW Saad solar PV plant energized in December (MEES, 20 December 2024). The other plants brought online last year were the 700MW Ar Rass and 600MW Shuaibah 1 facilities.

Once the 6.5GW of grid-connected renewables is brought fully online in the coming months, Saudi Arabia will overtake the UAE as the Gulf's largest renewables player. The UAE currently has 5.6GW of capacity across Dubai and Abu Dhabi. However, in the broader region it remains below Israel's 6.5GW.

With momentum building in the sector, MEES calculates that installed capacity should nearly double again this year to 12.7GW (see chart) as a series of new large-scale projects are commissioned. This acceleration will ensure that renewables make meaningful contributions to the Saudi power mix. As it stands, the contribution has been relatively modest, with the latest statistics showing generation of 4.7TWh in 2023, accounting for just 1.2% of total generation. On an annualized basis, the facilities currently connected to the grid should produce 19TWh.

SAUDI ARABIA'S ACCELERATING RENEWABLES ROLLOUT (GW, END-YEAR CAPACITY)



*MEES CALCULATION. SOURCE: MINISTRY OF ENERGY, COMPANY STATEMENTS, MEES.

2025'S RECORD PIPELINE

A total of seven new projects should come online in 2025. The next capacity gains for Saudi Arabia will come from the kingdom's smallest renewables projects – the 80MW Layla and 120MW Wadi al-Dawasir solar PV plants. Satellite imagery shows that panel installation at both facilities, which are located in central Saudi Arabia, has now been completed and grid connection is likely imminent.

Layla and Wadi ad-Dawasir will barely make a dent in Saudi Arabia's overall generation capacity, producing a combined 500GWh annually once fully operational. Instead, they should help displace local, small-scale power plants running on liquid fuels.

The big capacity gains are set to come later in the year, with Acwa Power stating that three solar PV plants with combined capacity of 4.55GW it is developing with PIF are expected to begin commercial operations in Q4. These are the 2GW Ar Rass 2, 1.425GW Al Kahfah and 1.125GW Saad 2 plants. Q4 commercial operations look very achievable, with satellite imagery showing rapid development at all three, and most panels seemingly already installed at Ar Rass 2 and Saad 2. These three projects symbolize the extent at which construction timeframes for solar projects in Saudi Arabia are accelerating: financial close on each was only reached in November 2023 (MEES, 28 June 2024).

Elsewhere, the 1.1GW al-Henakiyah and 400MW Tarbarjal plants are also due online this year (see table).

SAUDI ARABIA RENEWABLES: EXPECTED 2025 ADDITIONS

Project	Capacity (MW)	TWh/y	US¢/kWh
Layla	80	0.24	2.98
Wadi ad-Dawasir	120	0.26	1.87
al-Henakiyah	1,100	3.09	1.68
Tabarjal	400	1.12	1.71
Ar Rass 2	2,000	5.34	1.70
Al Kahfah	1,425	4.37	1.77
Saad 2	1,125	2.98	1.79
Total	**6,250**	**17.41**	

SOURCE: MOE, SPPC, COMPANY STATEMENTS, MEES.

Looking further ahead, next year's gains look set to be fairly modest at around 1.8GW, bringing installed capacity up to 14.5GW, before a surge to 23GW in 2027. With another 4.5GW out to tender through Round 6 of the National Renewable Energy Program (NREP), 2027 capacity could be higher still.

The Ministry of Energy aims to tender 20GW annually as it chases down a target of 100-130GW by 2030, and the pace of annual capacity increases looks set to accelerate further in the coming years. The Ministry intends to achieve a 50:50 balance of gas and renewable power by 2030 as it seeks to eliminate oil burn, which has stayed stubbornly above 1mn b/d on an annual basis since 2020. ◆◆

Oman Debt Drops As 2024 Sees Third Straight Surplus

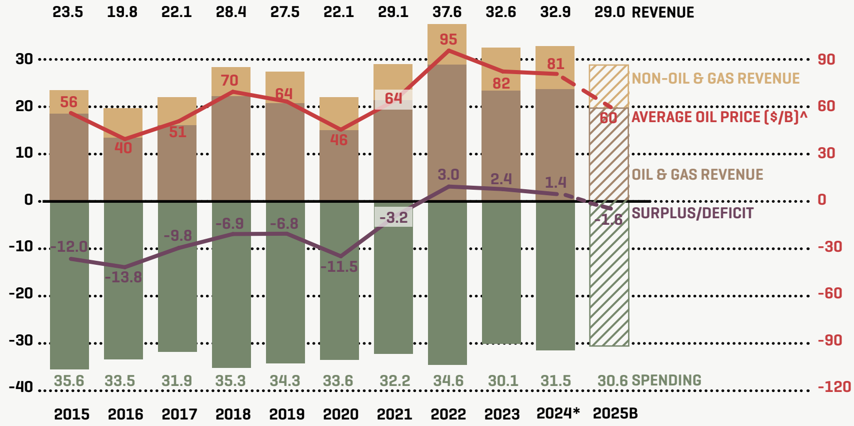
Muscat is budgeting for a $1.6bn deficit this year, but with a conservative $60/B oil price forecast some $15/B below current levels, it stands a good chance of again ending the year in the black.

Oman notched up a third consecutive budget surplus for 2024 and stands a good chance of making it four in a row this year, despite budgeting for a $1.61bn deficit. Muscat's 2025 revenue projections are based on an assumed oil price of $60/B, which appears conservative even amid concerns over weakening oil markets.

Last year's budget anticipated $60/B as well, and forecasts of a $1.7bn deficit proved wide of the mark, with preliminary full year figures showing a $1.40bn surplus. With oil and gas accounting for 72% of government revenues last year, oil prices remain far and away the key determinator of economic health for Oman. As the new year begins the oil-producer will be eying flagging oil demand from China (MEES, 20 December 2024), by far the largest buyer of Omani oil, and non-Opec+ supply growth for the coming year.

Opec+ production cuts are slated to begin easing from April, but restrictions will remain in force until the end of 2026. However, Oman has been able to mitigate the impact of the cuts through record output of condensate, which is exempt from Opec+ output quotas and accounted for a record 24% of the sultanate's liquids output for 2024.

OMAN BUDGETS A CAUTIOUS $1.6BN DEFICIT FOR 2025 AS SURPLUSES NARROW FROM 2022 RECORD



*PRELIMINARY FIGURES. ^BASED ON OMAN OSP PRICES, 2025 FIGURE BUDGET ASSUMPTION. SOURCE: MOF, NCSI, MEES.

OMAN BUDGET 2025: MUSCAT HOLDS TO ITS $60/B OIL PRICE ASSUMPTION

	2025B	vs 2024	2024	vs 2024B	vs 2023	2024B
Revenue	**29.0**	-3.9	**32.9**	+4.3	+0.3	**28.6**
Oil & Gas	19.8	-4.0	23.8	+4.3	-19.1	19.5
Net Oil	15.1	-4.0	19.1	+3.7	+0.5	15.4
Net Gas	4.6	-0.1	4.7	+0.6	-0.2	4.1
Non-Oil & Gas	9.3	+0.1	9.1	+0.0	-0.0	9.1
Expenditure	**30.6**	-0.9	**31.5**	+1.3	+1.4	**30.3**
Surplus/Deficit	**-1.6**	-3.0	**1.4**	+3.1	-1.0	**-1.7**
Average Oil Price	60.0	-20.8	80.8	+20.8	-1.5	60.0

SOURCE: MOF, NCSI, MEES.

2024: THIRD ANNUAL SURPLUS

Alongside the budget Oman's finance ministry released preliminary annual figures for 2024. The data show a third annual surplus in a row at $1.4bn, although higher spending meant it was down from 2022-2023's $2bn+ figures (see chart).

Revenues actually increased by a modest $340mn last year despite lower oil prices, with hydrocarbon revenues up 3% year-on-year. The key driver of this was the first full year of operations at the 230,000 b/d Duqm refinery, which enabled Oman to increase production and sales of higher value refined products such as diesel (MEES, 5 July 2024).

The increase in spending outstripped the revenue boost. At $31.5bn for 2024, spending was up $1.4bn (5%) from 2023. A full breakdown of expenditure has yet to be released, but spending on subsidies and welfare was up $2bn, while capital investments were down $500mn at $3bn.

The proportion of spending going on subsidies has been on the rise: from below 10% to 2021, to 15% for 2022 before rising again to around 20% for 2024. The two largest segments were subsidies for electricity provision ($1.3bn) and oil products ($1bn), but for 2025 these are to be overtaken by a budgeted $1.5bn for the social protection system.

This bears watching, as any structural shift towards rising subsidy handouts will be of concern for ratings agencies. However, the drop in capex should not yet raise red flags, as the government has increasingly moved responsibility for this to state-owned entities, keeping it away from the budget.

The creation of Energy Development Oman (EDO) in 2020 shifted the roughly $4bn cost of funding upstream operations off the government ledger (MEES, 28 April 2023). Similarly the cost of purchasing and transporting gas from producers to customers has been transferred to the Integrated Gas Company (IGC) shifting a further $2-4bn off Muscat's balance sheet (MEES, 6 January 2023).

The state budget for the first time lists investment budgets from EDO at $3.9bn and sovereign wealth fund Oman Investment Authority (OIA) at $4.7bn.

DIVERSIFICATION DELAYED?

Muscat has in recent years sought to diversify its revenue stream beyond hydrocarbon receipts. Since 2021, Oman has instituted a 5% value-added tax on goods and services which brings in around $1.5bn annually.

The government was also set to introduce a 5-9% personal income tax on high earners starting in 2026 after a bill passed the lower legislative Shura Council in June 2024. But in December the upper State Council recommended that implementation of the new tax be postponed. A source in the State Council tells MEES this is because the tax would hinder the country's competitiveness in attracting high-skilled workers and authorities still need to improve their tax collection system.

After running deficits for 13 straight years to 2022, Oman's economic reform program has already yieleded benefits. Preliminary results show debt falling from OR15.2bn ($39.5bn) to OR14.4bn ($37.4bn) over the course of 2024, having peaked at $54bn in 2021 (MEES, 23 August 2024), and interest payments are falling as a result. ◆◆

NEWS IN BRIEF

ADNOC GAS AWARDS $2.1BN CONTRACTS FOR RUWAIS LNG

Adnoc Gas announced on 9 January that it has awarded three contracts worth $2.1bn for development of the 9.6mn t/y Ruwais LNG export facility as part of its $15bn capex plan (2025-2029). The contracts cover development of an LNG pre-conditioning plant (LPP), compression facilities and transmission pipelines to supply feedstock to the Ruwais LNG Project.

The largest of the contracts is $1.24bn to a consortium of Egyptian state firms ENPPI and Petrojet for development of the LPP at its 1.34bn cfd Habshan 5 gas processing plant. Petrofac Emirates was awarded a $335mn contract for two compressor trains and associated utilities at Habshan 5, while China Petroleum Pipeline Engineering Company was awarded a $514mn contract for transmission pipelines between Habshan and Ruwais.

The Ruwais LNG plant is due online in 2H 2028, and FID was taken in June 2024, with a JV of Technip Energies alongside JGC and local firm NMDC Energy awarded the key $5.5bn EPC contract for the two 4.8mn t/y liquefaction trains (MEES, 14 June 2024).

"These contract awards reaffirm Adnoc Gas' commitment to delivering sustainable growth and maximizing shareholder value. We are investing in world-class infrastructure and innovative technologies as we expand our capacity in LNG liquefaction and strengthen our position as a global player," says Fatema al-Nuaimi who took over as Adnoc Gas CEO on 1 January (MEES, 20 December 2024).

ADNOC COMPLETES $1BN SHIPPING TAKEOVER

Adnoc shipping arm Adnoc L&S announced on 8 January it had completed its acquisition of an 80% stake in international tanker firm Navig8 for $1.04bn. The deal adds 32 tankers to the company's 23-strong fleet and includes a "contractual commitment" to acquire the remaining 20% of the company in mid-2027.

The deal was announced in June last year during Posidonia 2024 and is part of expansion plans for national shipping fleets of fellow GCC countries (MEES, 7 June 2024). Owning tankers has become a more lucrative business since Red Sea disruptions in 2024 has dislocated global oil flows (see p12) meaning shipowners can charge more to lease out their vessels.

BP-BAGHDAD: KIRKUK DEAL CLOSE?

BP executives held extensive meetings with their Iraqi counterparts this week to finalize terms for the UK major's re-development of the aging Kirkuk oilfield in the north of the country. Oil minister Hayan Abdulghani stated on 9 January that "negotiations are ongoing with the firm [BP] to finalize technical, economic and contractual aspects of the project." The meetings involved officials from Kirkuk's operator, state-owned North Oil Company, and the ministry's Petroleum Contracts and Licensing Directorate in addition to the Reservoirs and Field Development Directorate.

BP previously said it aimed to wrap up talks by early 2025 and in late December the two parties reached an important milestone by agreeing technical terms which the major said was "an important step toward a fully termed contract" (MEES, 20 December 2024). Current talks appear more focused on technical requirements for development than fiscal terms.

Iraqi PM Mohammed al-Sudani is to visit the UK next week, which presents an opportunity for an initial contract signing. A final contract would require approval by the country's Ministerial Energy Council, then ratification by the cabinet.

BP has a long history at Kirkuk, but earlier talks fell apart in 2020 following a three-year study initially commissioned in 2013, which was interrupted by the rise of the Islamic State in 2014. In August last year, both parties re-engaged in negotiations to develop the field's Baba and Avanah domes, as well as the neighboring Bai Hassan, Jambur and Khabbaz oil fields (MEES, 2 August 2024).

BP sees Kirkuk as a cornerstone to CEO Murray Auchincloss' "back to the Middle East" plans (MEES, 29 November 2024), and Baghdad's improved contract offerings have attracted the major's interest. BP is expected to sign Iraq's 'profit sharing' Development and Production Contract for Kirkuk, which provides firms with improved profitability in comparison to previous service contracts. The deal would span oil and gas investment, power generation and solar.

IRAQ DEAL CLOSE FOR KURDISH KHOR MOR GAS

Iraqi PM Mohammed al-Sudani has directed the electricity ministry on 7 January to finalize a contract with the UAE's Crescent Petroleum to supply 100mn cfd from Kurdistan's 500mn cfd Khor Mor Gas field to Kirkuk province. Iraq's cabinet approved the contract last year (MEES, 24 May 2024), but its finalization has since faced delays.

The PM, along with oil and electricity officials, met Crescent executives in Baghdad where plans to develop the company's Khashim al-Ahmar/Injana block in Diyala province were also discussed. Khor Mor's gas would power the 620MW Kirkuk power plant, and the move comes as Baghdad scrambles for gas after Iranian flows were cut since late-November (MEES, 29 November 2024) amidst record winter heating demand there (MEES, 20 December 2024). On 10 January, the ministry laid the foundation stone for the 50mn cfd Accelerated Gas Project at TotalEnergies' Ratawi oilfield.

Oil ministry deputy for gas affairs, Izzat Sabir, said in late-December that his ministry is providing 1.5bn cfd of sales gas and 15mn liters/d (94,000 b/d) of gasoil to power plants to help cover shortages. Resuming gas exports was discussed during Mr Sudani's visit to Tehran this week.

TOTAL, SHELL LOAD FIRST OMAN LNG CARGOES UNDER NEW DEALS

TotalEnergies and Shell this week loaded their first cargoes of Omani LNG under new supply deals.

According to data intelligence firm Kpler, the Total-chartered Cool Explorer loaded 71,000 tons from Oman LNG's facility in Sur on 5 January for delivery at the Jiangsu LNG Terminal in China. The next day Energy Fortitude also loaded around 77,000 tons and is bound for an unknown destination. The volumes are the first under a ten-year 0.8mn t/y supply deal signed in April last year as part of the firm's final investment decision in the 1mn t/y Marsa LNG project (MEES, 26 April 2024).

Shell on 8 January loaded the first cargo under a new ten-year 1.6mn t/y supply agreement, with the 77,000 tons cargo on the Magdala apparently heading to Asia.

Oman has been boosting its gas output in recent years, running its three-train 11.4mn t/y liquefaction facility in Sur above its nameplate capacity. Oman exported a record 12.1mn tons of LNG in 2024. To further expand its LNG capacity the energy ministry greenlit a fourth train to bring its capacity to 15.2mn t/y by 2029 (MEES, 2 August 2024).

EWEC: ZARRAF SOLAR RFP

Abu Dhabi state offtaker Ewec on 9 January issued a Request for Proposals (RFP) to qualified companies for development of the 1.5GW Zarraf Solar PV Independent Power Producer (IPP) project. The firm previously invited Expressions of Interest (EOI) in October, and the move to issue RFP has been faster than with other large-scale solar projects in Abu Dhabi (MEES, 4 October 2024). Ewec says that a total of 16 companies and consortiums were qualified, and that responses to the RFP are due by Q2.

Based on similar projects, Zarraf will likely be operational in 2028, bringing Abu Dhabi's installed renewable capacity to 7.2GW (solar 7.1GW). Ewec targets installed solar capacity of 10GW by 2030 (MEES, 3 January).

EGYPT ADDS 306MW WIND

Egypt's Orascom Construction on 9 January announced the start of commercial operations at the first 306MW of capacity at the 'Red Sea Wind Energy' (RSWE) wind farm at Ras Gharib on the Gulf of Suez. This takes Egypt's total wind capacity to 2.19GW, all on the Gulf of Suez (MEES, 3 January).

Orascom says the 306MW addition "took place four months ahead of schedule and exceeds the contractual target by 56MW," referencing the plan to bring online an initial 250MW of RSWE capacity in Q2 followed by the remaining 250MW in Q3 this year (MEES, 10 March, 2024).

But Orascom also confirmed on 9 January that total planned RSWE capacity has now been hiked from 500MW to 650MW with the RSWE consortium (France's Engie 35%, Orascom 25%, Toyota Tsusho 20%, and Eurus Energy 20%) achieving financial close on an additional 150MW with funding to come from the original project lenders. "With the first 306MW phase now operational, construction of the remaining capacity is on track to be gradually connected to the national grid by 3Q 2025, making the project the largest operational wind farm in the Middle East and Africa," Orascom says.

Calling The Peak On ‘Energy Transition’ Discourse

An advisor to four Saudi oil ministers, Dr Ibrahim al-Muhanna has seen dominant trends in the global energy discourse come and go. Narratives of an ‘energy transition’ have been dominant in recent years. But the term is unhelpful and its use will likely prove transient, he argues.*

These days, attending any conference on oil and energy inevitably involves extensive discussions about the energy transition. This refers to the shift from fossil fuels (oil, gas, and coal) to renewable energy (solar, wind) and nuclear, as well as the transition from internal combustion engine vehicles running on gasoline and diesel to electric vehicles.

In any language, “transition” means moving from one state to another, such as moving from one house to another or changing one’s ideology, religion, or mindset—often in a gradual manner. Throughout its long history, humanity has experienced hundreds, if not thousands, of transitions, differing by society, era, speed, and impact.

In the context of energy sources and uses today, this transition demands special attention. It is not as straightforward as some may believe. Energy is the backbone of all aspects of life—industry, agriculture, individual well-being, travel, medicine, war and peace, and much more. Moreover, energy use and demand are growing daily due to economic and population growth, increasing human needs, and the expansion of modern cities. Oil demand, for example, has risen from less than a million barrels per day at the start of the 20th century to over 100 million barrels per day today.

Energy sources are diverse and will remain so. Some countries have tried to reduce the use of certain sources (i.e., transition in energy use, as the modern term suggests) for political, economic, or scientific reasons—such as the belief that oil will soon run out. Politically, after the 1973 war and the Arab oil embargo, Western countries worked to reduce their oil imports from Opec by turning to other sources. They succeeded in cutting demand for Opec’s crude oil output from about 30 million barrels per day in the mid-1970s to 14 million barrels per day by the mid-1980s.

However, the world is not confined to the West, and it is constantly changing. The energy transition has costs, and the extent to which energy use transitions depends on economic, financial, and competitive considerations, including prices. Consequently, growth in global demand for Opec oil eventually returned. A significant shift in energy and oil usage occurred in Southeast Asia, particularly China, due to economic growth and social prosperity. China transitioned from being an oil exporter in the mid-1990s to the second-largest oil consumer and largest importer today, despite increased domestic production (currently importing over 11 million barrels per day).

Although China’s oil demand growth has slowed in recent years due to economic factors and other challenges, other countries like India, Indonesia, and parts of Southeast Asia are experiencing growing oil demand. Just as China and Southeast Asia led significant economic growth over the past 30 years, sub-Saharan Africa could become a major driver of global economic growth and energy demand, including oil. Several factors contribute to this, such as an annual economic growth rate twice that of Europe. Africa’s GDP is projected to rise from $2 trillion today to $29 trillion by 2050 (in today’s dollars), and its population is expected to grow from 1.5 billion to 2.5 billion during the same period. This contrasts with the shrinking populations of Western countries. Urbanization and aspirations for a lifestyle similar to that of the global majority are also fueling growth, alongside increasing international investment and competition among China, the US, and some Western nations to tap into Africa’s growth and resources.

In summary, the global discourse on the energy transition, often featured in studies and international debates, will eventually reach its peak and then fade gradually as the world shifts focus to new ideas. It’s essential to note that intellectual trends have a lifecycle: they gain prominence, peak, and then gradually decline, eventually being replaced by new concepts. This applies not only to energy but also to other areas like politics, economics, and even science. For instance, in the oil sector, discussions in the 1970s revolved around oil depletion, in the 1980s on the supposed impending end of Opec, in the 1990s on peak oil production, and later on peak demand. Over the past five years, the focus has been on the energy transition.

> The global discourse on the energy transition, will eventually reach its peak and then fade gradually as the world shifts focus to new ideas.”

If the goal is to combat global warming by addressing harmful emissions such as carbon dioxide, then it is crucial to name the problem accurately and focus efforts on reducing these emissions, rather than emphasizing ambiguous concepts like “transition.” Discussions should center on the four key aspects of energy: its affordability, energy security (ensuring supply meets demand), diversification of energy sources, and the reduction of harmful emissions — not targeting specific sources.

FROM ‘TRANSITION’ TO ‘DIVERSIFICATION’

These four principles should guide thinking and action in energy matters, rather than the vague and increasingly obscure concept of transition. It’s time to think outside the box and gradually shift our focus from the “transition box” to a new framework, such as diversification of sources of energy supply. This aligns with the natural evolution of ideas and past experiences in various fields.

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TAIWAN LNG IMPORTS: QATAR CLOSES GAP TO TOP SUPPLIER AUSTRALIA FOR 2024

SELECTED DATA

Volume (mn tons)	2024	vs2023	%	2023	2022	2021	2020	4Q24	vs3Q24	%	vs4Q23	%	3Q24	2Q24	1Q24	4Q23	Oct24	Nov24	Dec24
Australia	7.95	-0.25	-3.0	8.20	7.50	6.15	4.78	2.01	-0.10	-4.6	+0.02	+0.8	2.10	1.89	1.95	1.99	0.60	0.78	0.62
Qatar	**5.63**	-0.10	-1.7	**5.73**	**5.48**	**4.84**	**5.03**	1.11	-0.68	-38.1	-0.38	-25.7	**1.79**	**1.43**	**1.30**	**1.49**	**0.37**	**0.31**	**0.43**
% of total	26.2	-1.8		28.0	27.0	25.1	28.0	20.4	-9.5		-8.5		29.9	28.3	25.7	28.9	20.0	17.3	24.1
USA	2.19	+0.14	+6.7	2.06	2.15	1.72	1.06	0.42	-0.20	-31.7	-0.02	-5.4	0.62	0.57	0.58	0.45	0.12	0.24	0.06
PNG	1.38	-0.02	-1.6	1.41	1.28	1.38	1.70	0.31	-0.01	-3.1	-0.20	-39.4	0.32	0.30	0.45	0.51	0.08	0.08	0.15
Malaysia	1.06	+0.42	+65.8	0.64	0.52	0.56	0.77	0.40	+0.14	+55.2	+0.20	+101.9	0.26	0.19	0.21	0.20	0.13	0.14	0.13
Indonesia	0.85	+0.38	+79.8	0.47	1.11	1.17	1.02	0.32	+0.14	+79.5	+0.26	+439.1	0.18	0.11	0.24	0.06	0.13	0.06	0.14
Russia	0.47	-0.09	-15.6	0.56	1.09	1.76	2.47	0.07	+0.00	+1.7	+0.00	+0.8	0.07	0.20	0.12	0.07	0.07	0.00	0.00
UAE	**0.43**	+0.31	+243.0	**0.13**	**0.18**	**0.06**	**0.18**	0.18	-0.00	-0.2	+0.18	-	**0.18**	**0.00**	**0.06**	**0.00**	**0.06**	**0.06**	**0.06**
Brunei	0.40	+0.08	+23.4	0.32	0.00	0.00	0.19	0.26	+0.26	-	+0.13	+100.1	0.00	0.07	0.07	0.13	0.13	0.00	0.13
Peru	0.36	+0.22	+160.1	0.14	0.17	0.00	0.00	0.15	+0.15	-	+0.15	-	0.00	0.22	0.00	0.00	0.15	0.00	0.00
Oman	**0.26**	-0.14	-35.0	**0.40**	**0.33**	**0.47**	**0.06**	0.13	+0.07	+106.0	-0.02	-11.1	**0.06**	**0.00**	**0.07**	**0.14**	**0.00**	**0.06**	**0.06**
Nigeria	0.26	-0.05	-16.8	0.31	0.27	0.59	0.39	0.00	-0.19	-100.0	-0.06	-100.0	0.19	0.06	0.00	0.06	0.00	0.00	0.00
Eq Guinea	0.21	+0.21	-	0.00	0.18	0.00	0.00	0.07	-0.06	-46.0	+0.07	-	0.13	0.00	0.00	0.00	0.00	0.07	0.00
Mozambique	0.07	+0.07	-	0.00	0.00	0.00	0.00	0.00	-0.07	-100.0	-	-	0.07	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	**21.52**	+1.04	+5.1	**20.47**	**20.27**	**19.25**	**17.95**	5.43	-0.56	-9.3	+0.26	+5.1	**5.99**	**5.05**	**5.05**	**5.17**	**1.84**	**1.80**	**1.79**
Mideast	6.32	+0.01	+0.2	6.31	5.99	5.55	5.38	1.42	-0.62	-30.4	-0.22	-13.2	2.04	1.43	1.43	1.64	0.43	0.44	0.56
% of total	29.4	-1.4		30.8	29.5	28.8	30.0	26.2	-7.9		-5.5		34.1	28.3	28.3	31.7	23.3	24.1	31.2

Price ($/mn BTU)	2024	vs2023	%	2023	2022	2021	2020	4Q24	vs3Q24	%	vs4Q23	%	3Q24	2Q24	1Q24	4Q23	Oct24	Nov24	Dec24
Australia	12.01	-2.94	-19.7	14.95	24.42	12.72	6.57	12.38	+0.16	+1.3	-0.72	-5.5	12.22	11.02	12.34	13.10	12.57	12.41	12.16
Qatar	**8.80**	+0.22	+2.6	**8.58**	**9.23**	**6.90**	**5.26**	9.06	+0.36	+4.1	+0.71	+8.5	**8.70**	**8.73**	**8.81**	**8.35**	**9.00**	**8.65**	**9.39**
vs average price	-2.11	+1.73	-45.0	-3.83	-9.94	-4.33	-0.86	-2.66	-0.44	+19.6	+0.78	-22.7	-2.23	-1.19	-2.21	-3.45	-2.75	-2.89	-2.47
USA	7.66	-1.55	-16.8	9.21	13.09	10.87	5.71	7.97	+0.09	+1.2	-0.95	-10.7	7.88	6.83	8.02	8.92	7.13	8.39	7.96
PNG	13.38	-0.94	-6.6	14.32	21.52	10.37	7.34	13.86	+0.12	+0.9	-0.28	-2.0	13.74	12.23	13.56	14.14	13.95	13.88	13.80
Malaysia	11.88	-3.64	-23.4	15.51	34.58	13.94	8.13	13.25	-0.39	-2.9	-1.26	-8.7	13.64	6.90	11.71	14.51	13.61	14.03	12.06
Indonesia	13.45	+0.38	+2.9	13.07	32.86	13.39	4.11	13.66	+0.67	+5.2	+0.81	+6.3	12.99	15.35	12.61	12.85	13.46	13.36	13.96
Russia	9.40	-1.39	-12.9	10.79	15.45	13.60	7.62	9.07	-1.05	-10.4	-0.71	-7.3	10.13	8.70	10.33	9.79	9.07	-	-
UAE	**12.71**	-6.38	-33.4	**19.09**	**42.84**	**33.90**	**3.94**	13.93	+1.31	+10.3	-	-	**12.63**	**-**	**9.43**	**-**	**14.21**	**13.68**	**13.91**
Brunei	14.35	-1.35	-8.6	15.69	-	-	5.14	14.17	-	-	-4.07	-22.3	-	13.42	15.94	18.24	14.03	-	14.31
Peru	13.62	-2.53	-15.7	16.15	19.27	-	-	13.83	-	-	-	-	-	13.47	-	-	13.83	-	-
Oman	**13.83**	-1.36	-9.0	**15.19**	**31.66**	**17.10**	**5.64**	13.08	+1.28	+10.8	-3.67	-21.9	**11.80**	**-**	**14.87**	**16.76**	**-**	**13.00**	**13.17**
Nigeria	11.99	-1.50	-11.1	13.49	17.37	12.38	3.04	-	-	-	-	-	13.04	8.66	-	13.61	-	-	-
Eq Guinea	13.21	-	-	-	18.17	-	-	13.81	+0.92	+7.2	-	-	12.89	-	-	-	-	13.81	-
Mozambique	13.03	-	-	-	-	-	-	-	-	-	-	-	13.03	-	-	-	-	-	-
Average Price	**10.91**	-1.50	-12.1	**12.41**	**19.17**	**11.23**	**6.12**	11.72	+0.79	+7.3	-0.07	-0.6	**10.92**	**9.92**	**11.02**	**11.79**	**11.76**	**11.54**	**11.86**

Value ($mn)	2024	vs2023	%	2023	2022	2021	2020	4Q24	vs3Q24	%	vs4Q23	%	3Q24	2Q24	1Q24	4Q23	Oct24	Nov24	Dec24
Australia	4,802	-1,363	-22.1	6,165	9,218	3,934	1,578	1,249	-43	-3.3	-63	-4.8	1,292	1,048	1,213	1,312	381	488	380
Qatar	**2,583**	+23	+0.9	**2,560**	**2,634**	**1,740**	**1,377**	523	-289	-35.6	-126	-19.4	**813**	**650**	**597**	**649**	**173**	**140**	**210**
USA	853	-108	-11.3	962	1,432	953	308	171	-77	-30.9	-31	-15.5	248	198	235	203	44	102	25
PNG	940	-83	-8.1	1,022	1,405	726	635	219	-5	-2.2	-150	-40.7	224	187	310	369	56	57	106
Malaysia	619	+131	+26.9	487	879	385	310	261	+88	+50.8	+119	+84.4	173	66	119	141	90	94	76
Indonesia	582	+268	+85.1	314	1,866	801	214	223	+105	+88.8	+184	+473.1	118	88	153	39	86	39	98
Russia	212	-77	-26.5	289	813	1,154	904	31	-3	-8.9	-2	-6.6	34	85	62	33	31	0	0
UAE	**279**	+157	+128.4	**122**	**386**	**102**	**35**	130	+12	+10.1	+130	-	**118**	**0**	**30**	**0**	**44**	**42**	**45**
Brunei	282	+32	+12.8	250	0	0	48	183	+183	-	+65	+55.5	0	45	54	118	92	0	91
Peru	251	+137	+119.3	114	167	0	0	103	+103	-	+103	-	0	148	0	0	103	0	0
Oman	**181**	-124	-40.8	**305**	**534**	**410**	**18**	88	+49	+128.4	-39	-30.6	**38**	**0**	**54**	**127**	**0**	**44**	**44**
Nigeria	156	-55	-26.1	211	237	370	60	0	-129	-100.0	-43	-100.0	129	27	0	43	0	0	0
Eq Guinea	139	+139	-	0	162	0	0	51	-37	-42.2	+51	-	88	0	0	0	0	51	0
Mozambique	48	+48	-	0	0	0	0	0	-48	-100.0	-	-	48	0	0	0	0	0	0
TOTAL	**11,926**	-985	-7.6	**12,911**	**19,734**	**10,987**	**5,581**	3,232	-91	-2.7	+137	+4.4	**3,323**	**2,543**	**2,828**	**3,095**	**1,100**	**1,057**	**1,076**
Mideast	3,042	+12	+0.4	3,030	3,554	2,451	1,458	742	-228	-23.5	-34	-4.4	970	650	681	776	216	226	299
% of total	25.5	+2.0		23.5	18.0	22.3	26.1	22.9	-6.2		-2.1		29.2	25.6	24.1	25.1	19.7	21.4	27.8

SOURCE: TAIWAN CUSTOMS, MEES CALCULATIONS

CRUDE OFFICIAL SELLING PRICES ($/B): SAUDI RAISES ASIA PRICES FOR FEBRUARY

SELECTED DATA

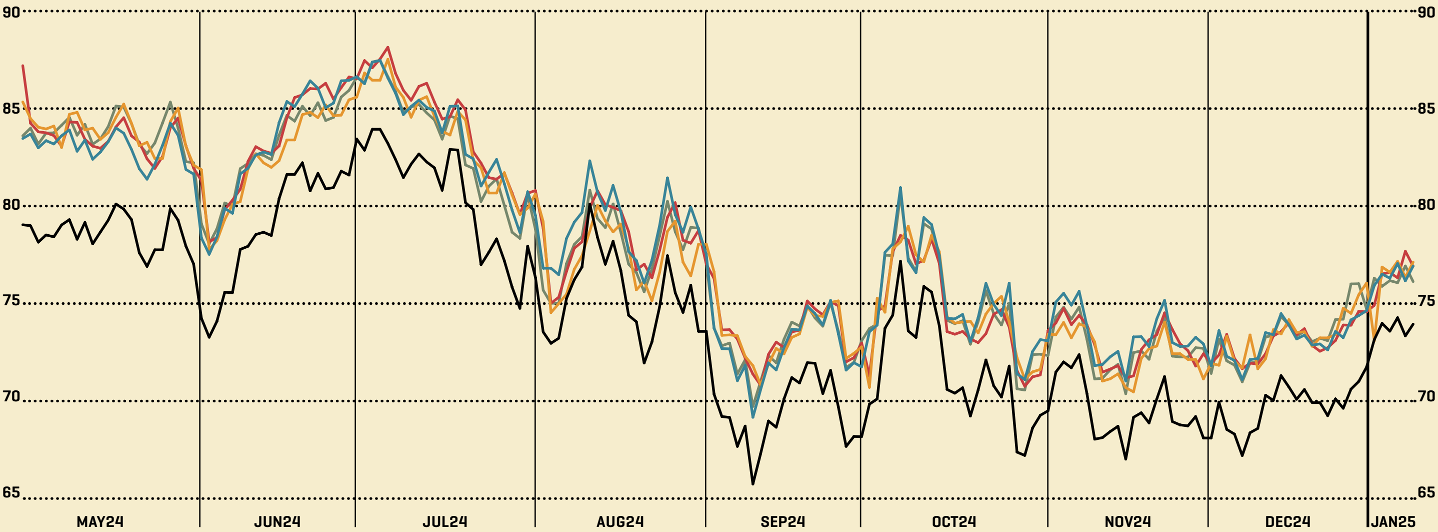
	Aug23	Sep23	Oct23	Nov23	Dec23	Jan24	Feb24	Mar24	Apr24	May24	Jun24	Jul24	Aug24	Sep24	Oct24	Nov24	Dec24	Jan25	Feb25
SAUDI ARABIA: to Asia (FOB Ras Tanura, vs Oman/Dubai average)																			
Arab Super Light (>40°)	+4.35	+4.95	+5.45	+5.45	+5.45	+4.95	+2.95	+2.95	+2.95	+2.95	+3.45	+2.95	+2.75	+2.95	+2.45	+2.95	+2.45	+1.75	+2.25
Arab Extra Light (36-40°)	+2.55	+2.55	+2.85	+3.35	+4.05	+3.55	+1.55	+1.50	+1.70	+2.10	+2.80	+2.20	+1.60	+1.70	+1.10	+2.00	+1.50	+0.90	+1.50
Arab Light (32-36°)	+3.20	+3.50	+3.60	+4.00	+4.00	+3.50	+1.50	+1.50	+1.70	+2.00	+2.90	+2.40	+1.80	+2.00	+1.30	+2.20	+1.70	+0.90	+1.50
Arab Medium (29-32°)	+2.65	+3.35	+3.45	+3.45	+3.35	+2.75	+0.75	+0.55	+0.85	+1.35	+2.35	+1.95	+1.25	+1.25	+0.45	+1.35	+0.95	+0.25	+0.75
Arab Heavy (<29°)	+1.00	+1.60	+1.70	+1.70	+2.00	+1.70	-0.30	-0.30	+0.00	+0.50	+1.60	+1.20	+0.50	+0.50	-0.50	+0.20	-0.20	-0.90	-0.50
to Northwest Europe (FOB Ras Tanura, vs ICE Brent)																			
Arab Extra Light (36-40°)	+4.40	+7.40	+7.30	+8.50	+6.20	+4.20	+2.70	+2.70	+2.00	+2.00	+3.70	+4.70	+5.60	+2.85	+2.05	+1.15	+1.45	+0.35	+1.65
Arab Light (32-36°)	+3.80	+5.80	+5.70	+7.20	+4.90	+2.90	+0.90	+0.90	+0.30	+0.30	+2.10	+3.10	+4.00	+1.25	+0.45	-0.45	-0.15	-1.25	+0.05
Arab Medium (29-32°)	+3.30	+4.60	+4.50	+6.00	+3.70	+1.70	+0.20	+0.20	-0.40	-0.40	+1.30	+2.30	+3.20	+0.45	-0.35	-1.25	-0.95	-2.05	-0.75
Arab Heavy (<29°)	+0.90	+1.90	+1.80	+3.30	+1.00	-1.00	-2.50	-2.50	-3.10	-2.80	-1.10	-0.10	+0.80	-1.95	-2.75	-3.65	-3.35	-4.45	-3.15
to Mediterranean (FOB Ras Tanura, vs ICE Brent)																			
Arab Extra Light (36-40°)	+4.80	+6.30	+6.20	+7.70	+5.80	+3.80	+2.30	+2.30	+1.60	+1.70	+3.70	+4.70	+5.60	+2.85	+2.05	+1.15	+1.45	+0.35	+1.65
Arab Light (32-36°)	+3.50	+4.50	+4.40	+6.30	+4.40	+2.40	+0.40	+0.40	-0.20	-0.10	+2.00	+3.00	+3.90	+1.15	+0.35	-0.55	-0.25	-1.35	-0.05
Arab Medium (29-32°)	+3.20	+3.50	+3.40	+5.30	+3.40	+1.40	-0.10	-0.10	-0.70	-0.60	+1.40	+2.40	+3.30	+0.55	-0.25	-1.15	-0.85	-1.95	-0.65
Arab Heavy (<29°)	+0.40	+0.50	+0.40	+2.30	+0.40	-1.60	-3.10	-3.10	-3.70	-3.30	-1.30	-0.30	+0.60	-2.15	-2.95	-3.85	-3.55	-4.65	-3.35
to US (FOB Ras Tanura, vs ASCI)																			
Arab Extra Light (36-40°)	+9.40	+9.40	+9.60	+9.60	+9.60	+9.30	+7.30	+7.10	+7.00	+7.00	+7.00	+7.00	+7.10	+6.35	+6.25	+6.15	+6.05	+6.05	+5.75
Arab Light (32-36°)	+7.25	+7.25	+7.45	+7.45	+7.45	+7.15	+5.15	+4.85	+4.75	+4.75	+4.75	+4.75	+4.85	+4.10	+4.00	+3.90	+3.80	+3.80	+3.50
Arab Medium (29-32°)	+7.95	+7.95	+8.15	+8.15	+8.15	+7.85	+5.85	+5.85	+5.65	+5.65	+5.45	+5.45	+5.45	+4.70	+4.60	+4.40	+4.10	+4.10	+3.70
Arab Heavy (<29°)	+7.50	+7.50	+7.70	+7.70	+7.70	+7.40	+5.40	+5.40	+5.30	+5.30	+5.10	+5.10	+5.10	+4.35	+4.25	+4.05	+3.75	+3.75	+3.35
IRAQ: to Asia (vs Oman/Dubai average)																			
Basrah Medium (FOB)	+0.40	+1.40	+1.80	+2.10	+1.80	+1.00	-0.80	-0.80	-0.60	+0.00	+1.00	+0.60	-0.10	+0.00	-0.50	+0.40	+0.00	-0.60	+0.05
vs Saudi Arab Heavy	*-0.60*	*-0.20*	*+0.10*	*+0.40*	*-0.20*	*-0.70*	*-0.50*	*-0.50*	*-0.60*	*-0.50*	*-0.60*	*-0.60*	*-0.60*	*-0.50*	*+0.00*	*+0.20*	*+0.20*	*+0.30*	*+0.55*
Basrah Heavy (FOB)	-2.65	-1.90	-1.60	-1.40	-1.60	-1.90	-3.80	-4.10	-4.00	-3.20	-1.95	-2.25	-3.00	-3.00	-3.50	-2.75	-3.15	-3.70	-3.20
to Europe (vs Dated Brent)																			
Basrah Medium (FOB)	-3.15	-2.05	-2.55	-1.15	-2.15	-4.35	-5.15	-5.45	-5.85	-5.15	-3.35	-2.85	-2.40	-3.90	-4.70	-5.00	-4.60	-5.50	-4.00
vs Saudi Arab Heavy	*-3.55*	*-2.55*	*-2.95*	*-3.45*	*-2.55*	*-2.75*	*-2.05*	*-2.35*	*-2.15*	*-1.85*	*-2.05*	*-2.55*	*-3.00*	*-1.75*	*-1.75*	*-1.15*	*-1.05*	*-0.85*	*-0.65*
Basrah Heavy (FOB)	-5.80	-4.80	-5.20	-3.75	-4.95	-7.35	-8.15	-8.65	-8.95	-8.15	-6.15	-5.55	-4.95	-6.45	-7.25	-7.55	-7.05	-8.05	-6.65
Kirkuk (FOB Ceyhan)	+0.45	+0.85	+0.75	+1.75	+0.75	-1.25	-1.25	-1.25	-1.25	-1.15	-1.15	-1.15	-0.90	-1.00	-1.00	-1.00	-1.00	-1.30	-1.00
to US (vs ASCI)																			
Basrah Medium (FOB)	-0.80	-0.55	-0.35	-0.25	-0.40	-0.70	-1.00	-1.00	-0.95	-0.90	-0.65	-0.65	-0.65	-1.10	-1.10	-1.10	-1.10	-1.25	-1.05
Basrah Heavy (FOB)	-4.70	-4.60	-4.40	-4.40	-4.70	-5.20	-5.50	-5.35	-5.25	-5.15	-4.80	-4.85	-4.95	-5.45	-5.45	-5.45	-5.55	-5.65	-5.45
Kirkuk (FOB Ceyhan)	+1.35	+1.35	+1.35	+1.35	+1.35	+1.35	+1.35	+1.35	+1.45	+1.50	+1.65	+1.65	+1.65	+1.25	+1.25	+1.25	+1.25	+1.00	+1.00
IRAN: to Asia (FOB Kharg Island, vs Oman/Dubai average)																			
Iranian Light (33-34°)	+3.15	+3.45	+3.50	+3.85	+4.00	+3.60	+1.75	+1.75	+1.95	+2.25	+3.10	+2.60	+2.10	+2.35	+1.70	+2.60	+2.15	+1.35	
vs Saudi Arab Light	*-0.05*	*-0.05*	*-0.10*	*-0.15*	*+0.00*	*+0.10*	*+0.25*	*+0.25*	*+0.25*	*+0.25*	*+0.20*	*+0.20*	*+0.30*	*+0.35*	*+0.40*	*+0.40*	*+0.45*	*+0.45*	
Iranian Heavy (30-31°)	+1.10	+1.80	+1.75	+1.75	+1.80	+1.40	-0.50	-0.70	-0.45	+0.05	+1.10	+0.80	+0.10	+0.15	-0.65	+0.25	-0.10	-0.80	
vs Saudi Arab Medium	*-1.55*	*-1.55*	*-1.70*	*-1.70*	*-1.55*	*-1.35*	*-1.25*	*-1.25*	*-1.30*	*-1.30*	*-1.25*	*-1.15*	*-1.15*	*-1.10*	*-1.10*	*-1.10*	*-1.05*	*-1.05*	
Foroozan (31°)	+1.05	+1.75	+1.75	+1.85	+1.85	+1.50	-0.35	-0.50	-0.25	+0.25	+1.25	+0.90	+0.25	+0.30	-0.40	+0.50	+0.15	-0.55	
South Pars Condensate	-0.50	+0.10	+0.15	+0.25	+0.45	+0.20	-1.75	-1.80	-1.50	-1.00	+0.10	-0.25	-0.95	-0.95	-1.95	-1.15	-1.55	+2.20	
Soroosh (18.6°) vs Iran Heavy	-3.50	-3.60	-3.50	-3.50	-3.25	-3.10	-3.05	-2.85	-2.80	-2.80	-2.65	-2.70	-2.70	-2.75	-2.95	-3.05	-3.10	-3.05	
to Northwest Europe/South Africa (FOB Kharg Island, vs ICE Brent)																			
Iranian Light (33-34°)	+2.10	+4.15	+4.00	+5.40	+3.15	+1.15	-0.80	-0.75	-1.25	-1.15	+0.65	+1.65	+2.50	-0.20	-1.00	-1.90	-1.60	-2.70	
vs Saudi Arab Light	*-1.70*	*-1.65*	*-1.70*	*-1.80*	*-1.75*	*-1.75*	*-1.70*	*-1.65*	*-1.55*	*-1.45*	*-1.45*	*-1.45*	*-1.50*	*-1.45*	*-1.45*	*-1.45*	*-1.45*	*-1.45*	
Iranian Heavy (30.7°)	+0.60	+1.90	+1.75	+3.15	+0.90	-1.10	-2.55	-2.50	-3.00	-2.90	-1.20	-0.20	+0.70	-2.00	-2.80	-3.70	-3.40	-4.50	
vs Saudi Arab Medium	*-2.70*	*-2.70*	*-2.75*	*-2.85*	*-2.80*	*-2.80*	*-2.75*	*-2.70*	*-2.60*	*-2.50*	*-2.50*	*-2.50*	*-2.50*	*-2.45*	*-2.45*	*-2.45*	*-2.45*	*-2.45*	
Foroozan (31°)	+0.50	+1.95	+1.80	+3.15	+0.90	-1.00	-2.40	-2.20	-2.70	-2.60	-0.80	+0.20	+0.90	-1.80	-2.60	-3.65	-3.35	-4.40	
to Mediterranean (FOB Kharg Island, vs ICE Brent)																			
Iranian Light (33-34°)	+1.60	+2.65	+2.55	+4.45	+2.55	+0.70	-1.20	-1.10	-1.70	-1.50	+0.60	+1.60	+2.50	-0.25	-1.00	-1.80	-1.50	-2.60	
vs Saudi Arab Light	*-1.90*	*-1.85*	*-1.85*	*-1.85*	*-1.85*	*-1.70*	*-1.60*	*-1.50*	*-1.50*	*-1.40*	*-1.40*	*-1.40*	*-1.40*	*-1.40*	*-1.35*	*-1.25*	*-1.25*	*-1.25*	
Iranian Heavy (30-31°)	-0.10	+0.20	+0.05	+1.95	+0.10	-1.75	-2.55	-3.10	-3.70	-3.50	-1.50	-0.50	+0.40	-2.35	-3.10	-3.90	-3.60	-4.70	
Foroozan (31°)	-0.05	+0.25	+0.15	+1.95	+0.00	-1.65	-2.40	-2.85	-3.50	-3.25	-1.20	-0.20	+0.60	-1.80	-2.90	-3.85	-3.55	-4.60	
ALGERIA (vs Dated Brent)																			
Saharan Blend (45.7°)	+0.55	+1.25	+2.15	+1.75	+0.85	+1.10	+2.10	+2.10	+0.90	+0.25	+0.15	+0.15	+1.00	+1.95	+1.95	+0.65	+0.85	+1.00	

SELECTED DATA

BENCHMARK CRUDE PRICES ($/B)

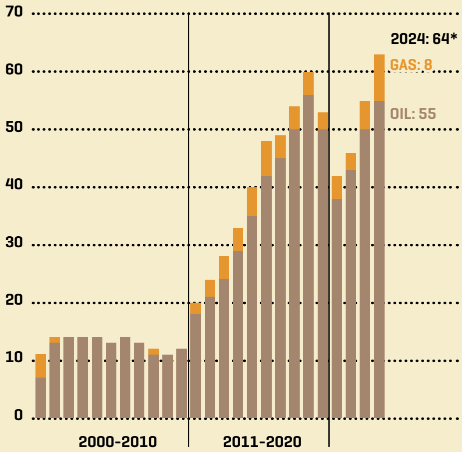
	9Jan	30Dec-3Jan	23-27Dec	Dec24	Nov24	Oct24	4Q 2024	3Q 2024	2Q 2024	2025 (9Jan)	2024	2023	2022
WTI	73.92	71.17	69.89	69.87	69.53	71.56	70.31	75.38	80.61	73.69	77.60	77.58	94.37
ICE Brent	76.92	74.39	73.41	73.26	73.40	75.38	74.01	78.72	85.02	76.48	82.14	82.18	99.02
ICE Murban	77.13	75.18	74.38	73.47	72.74	75.08	73.76	78.34	85.24	76.74	82.82	82.80	98.84
GME Oman	76.92	74.64	73.99	73.34	72.48	74.86	73.60	78.47	85.20	76.20	82.04	82.02	94.42
OPEC Basket	76.13	74.22	73.43	73.16	72.98	74.49	73.54	78.97	85.33	76.02	82.91	82.90	100.01
JCC	na	na	na	na	78.14	80.09	na	85.86	87.48	na	na	86.56	102.70

AVERAGE SETTLEMENT PRICES FOR PERIOD IN QUESTION.

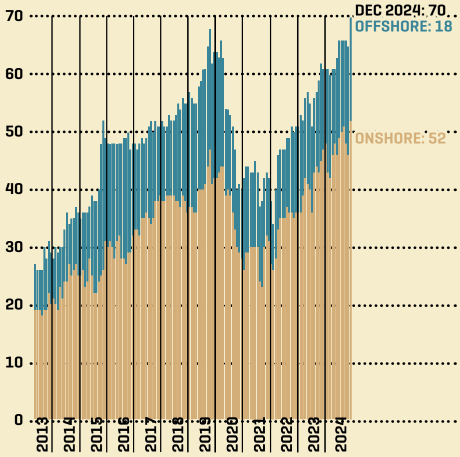


KEY GULF PRODUCERS' 2024 RIG COUNTS: ABU DHABI RECORDS, SAUDI GAS DRILLING SURGE

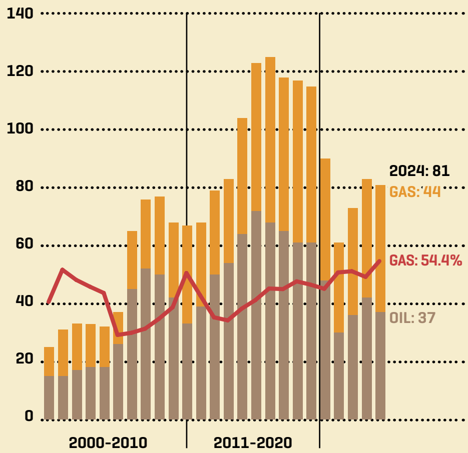
ABU DHABI'S AVERAGE 2024 RIG COUNT OF 64 INCLUDED A RECORD 47 ONSHORE RIGS AND A GAS RECORD OF 8...



...WITH BOTH THE TOTAL AND ONSHORE FIGURES ENDING 2024 AT AN ALL-TIME MONTHLY HIGH



SAUDI ARABIA'S 2024 RIG COUNT OF 81 WAS DOWN ON 2023 BUT GAS HIT A 5-YEAR HIGH AND A RECORD SHARE



*FIGURES ARE ROUNDED TO NEAREST WHOLE NUMBER. ANNUAL TOTAL INCLUDES ONE 'MISCELLANEOUS' RIG FOR PART OF THE YEAR. SOURCE: BAKER HUGHES.