

OPEC CRUDE OUTPUT PLUNGES ON SAUDI ATTACKS SANCTIONS: PLATTS SURVEY

BY S&P GLOBAL PLATTS

- **OPEC pumps 28.45 mil b/d in Sep, down 1.48 mil b/d on month**
 - **Attacks cause Saudi output to shrink to 8.45 mil b/d**
 - **Sanctions-hit Iran, Venezuela hit multi-decade lows**

OPEC's crude production in September registered its steepest month-on-month fall in almost 17 years, according to an S&P Global Platts survey. Attacks on Saudi Arabia's Abqaiq processing facility and Khurais field caused its crude output to plummet to 8.45 million b/d in September, which, combined with the effects of US sanctions on Iran and Venezuela, caused OPEC production to tumble to 28.45 million b/d, according to the survey. That is a 1.48 million b/d fall from August, the largest month-on-month shrinkage for the producer group since a Venezuelan strike in December 2002 caused much of state-owned oil company PDVSA's operations to grind to a halt.

The September figure, which measures production at the wellhead, is also OPEC's lowest since May 2009, which came five months after the organization agreed at an extraordinary meeting to implement its deepest output cuts to shore up cratering oil prices due to the global financial crisis. OPEC is almost three years into its latest commitment to cut production -- forged with Russia and nine other non-OPEC allies. Though Saudi Arabia, as the group's de-facto leader, has in most months voluntarily slashed its output more than it pledged to, the attacks on September 14 caused the biggest involuntary outage in its history and brought its production down to its lowest since January 2011, according to Platts survey archives. As a result, compliance among the 11 OPEC members with quotas under the 1.2 million b/d OPEC/non-OPEC production cut accord, which runs through March 2020, surged to 308%. Saudi officials have sought to reassure the market in recent days its production has now been restored to pre-attack levels of around 9.9 million b/d, but the initial aftermath took some 5.7 million b/d of output capacity offline, forcing the kingdom to draw on its considerable oil inventories to keep customers supplied. With the repairs at the Abqaiq crude processing facility -- the world's largest -- expected to take months, Saudi Arabia has already begun to inform customers that some cargoes of Arab Light and Arab Extra Light may be substituted with lower value grades of Arab Medium and Arab Heavy.

The kingdom has blamed the attacks on Iran, which has denied involvement. Iran has threatened crude flows through the Persian Gulf in retaliation for harsh US sanctions -- backed by Saudi Arabia -- that have crippled its oil exports. Iranian crude production dropped to 2.23 million b/d in September, the Platts OPEC survey found, as the country continues to face difficulties in finding willing buyers for its oil. That is its lowest output since August 1988, according to Platts survey data. In Venezuela, on which US sanctions targeting its oil sector have also been tightened, crude output shrank to 600,000b/d in September, the Platts survey found, even less than the 650,000 b/d it pumped in January 2003, with the PDVSA strike in full effect.

Pressure on compliance

Other significant falls in September included one in Iraq, where production was down 80,000 b/d, under pressure from Saudi Arabia at an OPEC/non-OPEC monitoring committee meeting in Abu Dhabi just days before the attacks. New Saudi energy minister Prince Abdulaziz bin Salman had publicly called on Iraq, Nigeria and other countries pumping above their committed output quotas to tighten compliance. Iraq's September production of 4.80 million b/d is still significantly over its cap of 4.51 million b/d. It had hit an all-time high in August. Nigeria's output dropped 40,000 b/d to 1.94 million b/d, the survey found. Oil minister Timipre Sylva last week said Nigeria had received a new OPEC production quota of 1.77 million b/d, up from 1.69 million b/d, pledging that his country would be fully compliant this month.

Nigerian officials have insisted that some grades of its crude should be counted as condensate, which is not subject to OPEC caps. Libya posted the sole rise of note, with its production growing 90,000 b/d in September due to the restart of its Sharara oil field in late August, according to the survey. Ecuador, OPEC's fourth largest producer, announced last week it was quitting OPEC at the end of the year, citing fiscal austerity measures as it pursues higher oil revenues unconstrained by its production quota. The country pumped 540,000 b/d in September, the survey found. The Platts OPEC figures are compiled by surveying OPEC and oil industry officials, traders and analysts, as well as reviewing proprietary shipping and inventory data.

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OPEC PRODUCTION (IN MILLION B/D)

COUNTRY	SEP	CHANGE	AUG
Algeria	1.01	0	1.01
Angola	1.40	+0.02	1.38
Congo-Brazzaville	0.33	0	0.33
Ecuador	0.54	+0.01	0.53
Equatorial Guinea	0.12	-0.01	0.13
Gabon	0.20	0	0.20
Iran	2.23	-0.07	2.30
Iraq	4.80	-0.08	4.88
Kuwait	2.65	+0.02	2.63
Libya	1.11	+0.09	1.02
Nigeria	1.94	-0.04	1.98
Saudi Arabia	8.45	-1.32	9.77
UAE	3.07	0	3.07
Venezuela	0.60	-0.10	0.70
TOTAL	28.45	-1.48	29.93

OPEC PRODUCTION VS ALLOCATIONS (IN MILLION B/D)

COUNTRY	AUG	QUOTA	OVER/UNDER
Algeria	1.01	1.03	-0.02
Angola	1.40	1.48	-0.08
Congo-Brazzaville	0.33	0.32	+0.01
Ecuador	0.54	0.51	+0.03
Equatorial Guinea	0.12	0.12	0
Gabon	0.20	0.18	+0.02
Iraq	4.80	4.51	+0.29
Kuwait	2.65	2.72	-0.07
Nigeria	1.94	1.77	+0.17
Saudi Arabia	8.45	10.31	-1.86
UAE	3.07	3.07	0
TOTAL NON-EXEMPT	24.51	26.02	-1.51
Iran	2.23	EXEMPT	N/A
Libya	1.11	EXEMPT	N/A
Venezuela	0.60	EXEMPT	N/A

* Qatar left OPEC, effective January 1.

* In July, OPEC and 10 non-OPEC partners agreed to extend through March 2020 their 1.2 million b/d production cut agreement, which exempts Iran, Libya and Venezuela.

* The next OPEC meeting will be December 5, with the OPEC/non-OPEC meeting due the next day.

The S&P Global Platts OPEC survey, which has been published since 1988, measures well-head crude oil production in each member country.