

OPEC FEB CRUDE OIL OUTPUT 32.39 MIL B/D, DOWN 70,000 B/D FROM JAN: PLATTS SURVEY

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- **OPEC production well below ceiling of 32.73 million b/d**
- **Saudi output 9.98 mil b/d, Iraq 4.43 mil b/d, Iran 3.83 mil b/d**
- **Libya crosses 1 mil b/d threshold, Nigeria hits 28-month high**
- **Venezuela falls for seventh straight month to 1.57 mil b/d**

A continued collapse in Venezuela's oil industry to a historic nadir and field maintenance that dropped UAE output to almost two-year lows drove down OPEC's crude production to 32.39 million b/d in February, according to an S&P Global Platts survey released Tuesday. That is a 70,000 b/d decline from January, even as Libyan and Nigerian production hit multi-year highs in their recovery from civil unrest, the Platts review of analysts, industry sources and proprietary data found. The February output figure was 340,000 b/d below OPEC's notional ceiling of about 32.73 million b/d, when every country's quota under its production cut agreement is added up.

The cuts, which began January 2017 and are scheduled to run through the end of this year, are aimed at rebalancing the market by inducing draws of barrels held in storage. Venezuelan production, which has been in freefall as the country struggles with a host of economic and financial afflictions, slumped another 70,000 b/d in February to 1.57 million b/d, as Platts survey participants cited state oil company PDVSA's difficulties in securing diluent and other chemicals needed to pump crude, keeping its refineries operational and maintaining deteriorating infrastructure.

This was the seventh straight month in which Venezuelan output fell and is the lowest level recorded since Platts began its OPEC survey in 1988, save a major industry strike in late 2002 and early 2003. Analysts expect further declines, which could be exacerbated if the US imposes additional sanctions that hamper PDVSA's ability to export crude, import diluent or refinance its debt, as the Trump administration is considering. UAE production, meanwhile, fell 60,000 b/d in February to 2.80 million b/d, its lowest since March 2016, according to survey archives, as industry sources said maintenance on key export grade Murban impacted output during the month. Country officials have in recent months announced a series of allocation cuts for customers of Murban and other grades, due to seasonal maintenance, including a 25% reduction for Murban cargoes loading in March and April. Murban and Das Blend allocations were lowered by 20% for February, while Upper Zakum volumes were cut 10%.

OPEC PRODUCTION VS. CUT ALLOCATIONS (IN MILLION B/D)

Country	February	Allocation	Over/Under
Algeria	1.05	1.04	0.01
Angola	1.61	1.67	-0.06
Ecuador	0.52	0.52	0.00
Equatorial Guinea	0.13	0.13	0.00
Gabon	0.19	0.19	0.00
Iran	3.83	3.80	0.03
Iraq	4.43	4.35	0.08
Kuwait	2.70	2.71	-0.01
Libya*	1.03	1.00	0.03
Nigeria*	1.95	1.80	0.15
Qatar	0.60	0.62	-0.02
Saudi Arabia	9.98	10.06	-0.08
UAE	2.80	2.87	-0.07
Venezuela	1.57	1.97	-0.40
Venezuela	32.39	32.73	-0.34

OPEC PRODUCTION (IN MILLION B/D)

Member	February	Change	January	December
Algeria	1.05	0.00	1.04	1.04
Angola	1.61	-0.03	1.61	1.64
Ecuador	0.52	0.00	0.52	0.52
Equatorial Guinea	0.13	0.01	0.14	0.13
Gabon	0.19	0.01	0.20	0.19
Iran	3.83	0.01	3.83	3.82
Iraq	4.43	0.00	4.41	4.41
Kuwait	2.70	0.01	2.71	2.70
Libya	1.03	0.00	0.98	0.98
Nigeria	1.95	0.03	1.93	1.90
Qatar	0.60	0.00	0.60	0.60
Saudi Arabia	9.98	0.09	9.99	9.90
UAE	2.80	-0.01	2.86	2.87
Venezuela	1.57	-0.06	1.64	1.70
Total	32.39	0.06	32.46	32.40

BRIGHTER DAYS

Libya, which has been rebuilding its oil industry from devastating domestic turmoil that still sparks sporadic attacks by militant groups on fields, pumping stations, pipelines and other facilities, boosted production to 1.03 million b/d in February, the highest since June 2013, the last month it was above the 1 million b/d mark, according to survey records.

The country saw the Wintershall-operated As-Sarah oil field return to service in late January, adding some 55,000 b/d of production throughout February, although the 74,000 b/d El Feel, or Elephant, field was shut in by militants starting February 23. Nigerian production rose to 1.95 million b/d, the survey found, its highest since October 2015, as key grade Bonga, which was shut down for repairs on a pipeline system in the last half of January, came back online, although at reduced rates. Nigeria and Libya had been exempt from the OPEC production cut agreement until this year, when they were given an unofficial combined cap of 2.80 million b/d.

Their February combined production of 2.98 million b/d is well above that limit, although Libyan officials have said their industry remains vulnerable to disruptions, while Nigeria has disputed various calculations of its output by the independent secondary sources that OPEC uses to monitor production, including Platts, saying they include condensate. Platts counts all Nigerian grades marketed as crude in its calculation of the country's output for the survey.

ALLIANCE COMPLIANCE

Besides Libya and Nigeria, the other 12 OPEC members given individual allocations under the production agreement maintained high collective compliance at 145% for February and 114% over the course of the deal, according to Platts calculations. Compliance has steadily improved due in large part to Venezuela's contraction, as the country's falling production has it actualizing 222% of its required cuts.

OPEC kingpin Saudi Arabia produced 9.98 million b/d in February, according to the survey, down from 9.99 million b/d in January, with exports remaining relatively flat despite some refinery maintenance. Saudi Arabia has cut the most of all its OPEC brethren in terms of barrels -- an average of 570,000 b/d since the deal began -- achieving 117% compliance, according to Platts survey data. Second largest producer Iraq has exceeded its target by the most in OPEC -- about 74,000 b/d since the deal began -- with its compliance level a mere 65%. Iraq increased output to 4.43 million b/d in February, the survey found, as fields in the Kurdistan region in the north saw greater pumping, more than offsetting a drop in exports from the southern port of Basra due to weather conditions, which may not indicate an actual fall in production, sources said. Iran, OPEC's third largest producer, pumped 3.83 million b/d in February, flat from the previous month, the survey found. That is 30,000 b/d above its cap under the deal. The production cut deal calls on OPEC and 10 non-OPEC allies, led by Russia, to cut a combined 1.8 million b/d. The Platts OPEC figures were compiled by surveying OPEC and oil industry officials, traders and analysts, as well as reviewing proprietary shipping data. ■