

OPEC Output Increased in October, Bloomberg News Survey Shows

Contributed by Egypt News
Monday, 02 November 2009

Bloomberg.com

The Organization of Petroleum Exporting Countries raised crude-oil production last month to the highest level in 10 months as members took advantage of higher prices, a Bloomberg News survey showed.

Output averaged 28.76 million barrels a day in October, up 80,000 barrels from September, according to the survey of oil companies, producers and analysts. The entire gain came from the 11 OPEC members with quotas, all except Iraq. The 11 countries pumped 26.31 million barrels a day, 1.465 million barrels above their target. Iraqi output was unchanged.

OPEC cut output quotas by 4.2 million barrels to 24.845 million barrels a day last year as fuel demand tumbled during the worst recession since the 1930s. The group, which left the targets unchanged at a Sept. 9 meeting in Vienna, is set to meet again on Dec. 22 in Luanda, Angola.

“They are looking at prices near \$80, and a stronger economic picture, and have decided it’s a good time to earn a bit more,” said Rick Mueller, a director of oil markets at Energy Security Analysis Inc. in Wakefield, Massachusetts.

Crude prices have more than doubled from a four-year low of \$32.40 a barrel reached at the end of last year, which caused OPEC to make production curbs. Oil has traded between \$65 and \$82 since Aug. 1. Prices on Oct. 30 fell \$2.87, or 3.6 percent, to \$77 a barrel on the New York Mercantile Exchange.

“Until inventories get so high that prices have to fall, or we get bad economic news from the U.S. or China, you can expect OPEC to continue to squeeze additional barrels out of their fields,” Mueller said.

OPEC had 5.74 million barrels a day of spare capacity last month, down from 5.82 million in September, the survey showed. Saudi Arabia can increase daily output by 2.65 million barrels, the most of any member.

African Output

OPEC’s two West African members, Nigeria and Angola, had the biggest production increases last month.

Nigeria’s output rose 70,000 barrels to an average 1.875 million barrels a day in October, the highest since December. Production was 202,000 barrels a day above the country’s quota. A cease fire and amnesty agreement with the Movement for the Emancipation of the Niger Delta, the country’s main militant group, has allowed Nigeria to regain ground lost during the summer.

Angola increased production by 65,000 barrels to 1.88 million barrels a day last month, the most since August 2008. Angola pumped 363,000 barrels a day above its target.

The Chevron Corp.-operated Tombua-Landana and Mafumeira Norte offshore fields were responsible for most of the increase. The company began pumping oil at Tombua-Landana in August and at Mafumeira Norte in July.

“The oil majors have sunk a lot of money in Angola’s deepwater projects and want a decent return on their investment,” Mueller said.

Light, Sweet Oil

Nigerian and Angolan crude grades are light, low-sulfur varieties favored by U.S. refiners for the quantity of gasoline they yield.

Saudi Arabia, OPEC’s biggest producer, pumped 8.15 million barrels of crude oil a day in October, down 50,000 barrels from the previous month. Production was 99,000 barrels a day above the country’s quota of 8.051 million.

The kingdom’s September total was revised 185,000 barrels higher. Production from the Khurais and Nuayyim fields, which came on line this year, were responsible for much of the gain.

Kuwait and Qatar were the only OPEC members to keep within their targets in October. Kuwaiti output rose 15,000 barrels a day to 2.2 million, according to the survey. Output was 22,000 barrels a day lower than the country’s quota.

Qatar, the second-smallest producer in the group, pumped 720,000 barrels a day last month, unchanged from September and 11,000 barrels below its target. Work to expand output of the country’s Al-Shaheen grade didn’t affect October loadings.

Exceeding Targets

Iran produced 3.78 million barrels a day in October, unchanged from the prior month, the report showed. The country pumped an average 444,000 barrels a day above its target, making it the least compliant with output limits.

Venezuelan output dropped 10,000 barrels to 2.22 million barrels a day last month. The South American country pumped 234,000 barrels above its target of 1.986 million a day. Venezuela has the third-worst quota compliance, after Iran and Angola.

The United Arab Emirates reduced output by 20,000 barrels to 2.25 million barrels a day, the second-biggest decline after Saudi Arabia. Production was 27,000 barrels a day above the country’s quota.

Libyan production fell 10,000 barrels a day to 1.51 million, the survey showed. The dip came amid lower output from

fields operated by Suncor Energy Inc.'s Petro-Canada unit.

EGYPT NEWS