

Platts: OPEC Crude Oil Production Rose to 31.75 Million Barrels Per Day in May

May OPEC Output at Highest Levels Since October 2008

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LONDON

LONDON, June 8, 2012 /PRNewswire/ -- Crude oil production from the Organization of the Petroleum Exporting Countries (OPEC) rose 40,000 barrels per day (b/d) to 31.75 million b/d in May, a Platts survey of OPEC and oil industry officials and analysts showed June 8. The May production marks a rise from April's output level of 31.71 million b/d and is the highest level since October 2008 when OPEC volumes averaged 32.26 million b/d.

"The number that really matters is the jump from January to May this year, which shows that OPEC output rose from 30.87 million b/d in January to 31.75 million b/d last month," said John Kingston, Platts global director of news. "This has occurred even as Iranian supplies were being squeezed by a drop in the number of customers willing to take its oil. We can now assume OPEC members at least will discuss at their upcoming meeting a possible paring of production. This scenario was almost impossible to fathom just a few months ago, as OPEC continues to surprise the world with its ability to put oil on to the market."

The output increases that totaled 150,000 b/d from Saudi Arabia, Kuwait and Libya more than offset declines that totaled 110,000 b/d from Angola, Iran, Iraq, Nigeria and the United Arab Emirates (UAE).

The survey showed that Iranian output was 3.25 million b/d in May, down from 3.28 million b/d in April.

Iran's crude exports to Europe already have fallen ahead of a European Union ban on Iranian crude imports set to come into full effect on July 1. Banking restrictions already in place have made it difficult for some refiners to process payments to the National Iranian Oil Company, and as a result, they've started to switch to alternative grades.

Iranian crude exports to Asia also are under pressure ahead of the imposition of new U.S. sanctions on June 28. Those restrictions will bar from the U.S. financial system banks from countries that do not reduce their imports of Iranian oil. Japan is the only non-European country so far to have won exemption from the U.S. sanctions by agreeing to lower its intake of Iranian oil.

Iran already has lost its position as OPEC's second biggest exporter to Iraq, which has been ramping up its output as a result of development work being undertaken by foreign oil companies in its southern oil fields. Saudi Arabia is OPEC's largest exporter.

Saudi Arabia boosted output 50,000 b/d to 10 million b/d in May, according to the survey. But with oil prices having fallen sharply in recent weeks - from \$128.40 per barrel (/b) for North Sea Brent crude futures on March 1 to the high \$90s on June 8 - many in the industry are wondering how long Riyadh is likely to maintain production at this elevated level.

The Saudis could face pressure from some countries at OPEC's upcoming June 14 meeting to rein in production. Earlier this week, Algerian oil minister Youcef Yousfi said OPEC should cut production if it emerged that output was exceeding the official ceiling of 30 million b/d. Iranian oil minister Rostam Ghasemi said he would insist that OPEC maintain the current ceiling. Iran OPEC governor Mohammad Ali Khatibi said the meeting would include discussion of "Saudi Arabia's oil production increase beyond OPEC's regulations and order."

The latest Platts survey shows that OPEC production exceed its established ceiling by 1.75 million b/d in May. The ceiling does not include individual country quotas.

For production numbers by country, click [here](#). If prompted for a cost-free, one-time-only log-in registration, the log in is your email address and a password of your choosing.

Platts OPEC and oil experts are available for media interviews; please consult [Platts Media Center](#) to schedule an interview. For other [oil](#), energy and related information, visit [www.platts.com](#).

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