

Platts Survey: OPEC Pumps 30.6 Million Barrels of Crude Oil Per Day in September

Up 400,000 Barrels Per Day from August, Led by Libyan Output Recovery

PR Newswire
LONDON

LONDON, Oct. 15, 2014 [PRNewswire/](#) -- [Platts](#) - Oil production from the Organization of the Petroleum Exporting Countries (OPEC) totaled 30.6 million barrels per day (b/d) in September, up 400,000 b/d from August and the highest level since December 2013 when the oil producer group pumped an average 30.65 million b/d, according to the latest Platts survey of OPEC and oil industry officials and analysts.

A further recovery in Libyan production and higher volumes from Iraq drove the increase.

"It's numbers like this that are contributing to the enormous slide in oil prices," said John Kingston, global director of news for Platts, a leading global energy, petrochemicals, metals and agriculture information provider. "The projections of the International Energy Agency this week reveal that this much production out of OPEC is far more than the world needs to keep inventories balanced. It's the challenge OPEC faces at its meeting in Vienna next month."

Libya produced an average 780,000 b/d in September, 230,000 b/d more than August's 550,000 b/d and the highest volume since July last year when production fell to 1 million b/d as a series of strikes and protests shut in fields and facilities.

Libyan production ramped up quickly in September after key export terminals Es Sider and Ras Lanuf reopened, reaching 925,000 b/d at the end of the month. However, new strike action in the east of the country has pushed output back to around 765,000 b/d, raising a question mark about whether Libya can sustain the higher levels.

Libyan production had been running close to 1.6 million b/d in early 2011 before the beginning of the bloody uprising against Moammar Qadhafi, fell to negligible levels that summer and eventually recovered to 1.4 million b/d in early 2013.

Iraq, meanwhile, boosted output in September by some 200,000 b/d to 3.15 million b/d, the survey showed. This was the highest level since June but still below the 3.28 million b/d estimated for May. Pumping and storage constraints continue to limit Baghdad's export capability, which is now concentrated on its southern terminals because the advance of militant Islamists across the north of the country has closed the key export pipeline linking Kirkuk with the Turkish Mediterranean.

The September output total leaves OPEC exceeding its 30-million-b/d crude oil production ceiling by 600,000 b/d, at a time of rising non-OPEC supply, in particular from the United States where the shale boom has revolutionized production, and falling demand.

The International Energy Agency (IEA) on Tuesday cut its forecasts of the full-year 2015 call on OPEC crude by 200,000 b/d to 29.3 million b/d. The call is the amount of oil OPEC must produce to keep inventories flat; it's arrived at by estimating global demand, and then subtracting non-OPEC output, and OPEC natural gas liquid (NGL) output. What's left is the "call."

OPEC's Vienna secretariat took an even more pessimistic view late last week, estimating the call on its crude at 28.4 million b/d in the first quarter of next year and at 29.2 million b/d for 2015 as a whole.

Oil prices have fallen precipitously in recent weeks, weighed down by bearish outlook. Brent crude futures, which were valued at around \$115 per barrel (/b) in mid-June, dipped below the \$100/b level in early September and have continued to fall, trading at levels below \$84/b earlier Wednesday.

A call from Venezuela for an emergency OPEC meeting has so far gone unheard by the group's powerful Gulf bloc -- Saudi Arabia, Kuwait, the United Arab Emirates (UAE) and Qatar. Recent crude price cuts by these countries and by Iraq and Iran have fuelled the perception that OPEC's Middle Eastern producers are prioritizing the defense of market share, especially in Asia, which is drawing in exports from Latin America and West Africa that have been pushed out of the U.S. market by rising shale oil output.

Several senior officials from OPEC countries have downplayed the likelihood of an emergency meeting before the November 27

scheduled conference.

At the same time, however, there have been no indications of what action OPEC might take -- if any -- to reduce supply in support of prices. The cartel had informally embraced \$100/b as an acceptable price for both producers and consumers. But now analysts believe Saudi Arabia could be happy to see the price fall to render U.S. shale oil production less economical.

OPEC meetings have been largely peaceful affairs since the acrimonious conference of June 2011 that ended without an agreement when there was opposition to a proposal from the Gulf camp to increase production by 1.5 million b/d to 30.3 million b/d. This proposed increase was based on an estimated actual level of 28.8 million b/d rather than the notional quotas under a 24.845 million b/d target agreed in late 2008 when oil prices were plunging as the global recession took hold.

A few months later, in December 2011, ministers agreed to set an official production ceiling of 30 million b/d for the entire group, including Iraq, but without individual country quotas.

If OPEC does decide to reduce output, whether in November or earlier, there could be some hard bargaining over how any cut will be shared.

For output numbers by country, click [here](#). You may be prompted for a cost-free, one-time-only log-in registration. For the latest OPEC news features, visit this [OPEC Features link](#) and for an OPEC guide, access this link: <http://www.platts.com/news-feature/2014/oil/opec-guide/index>.

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