



The Role of OPEC Spare Capacity

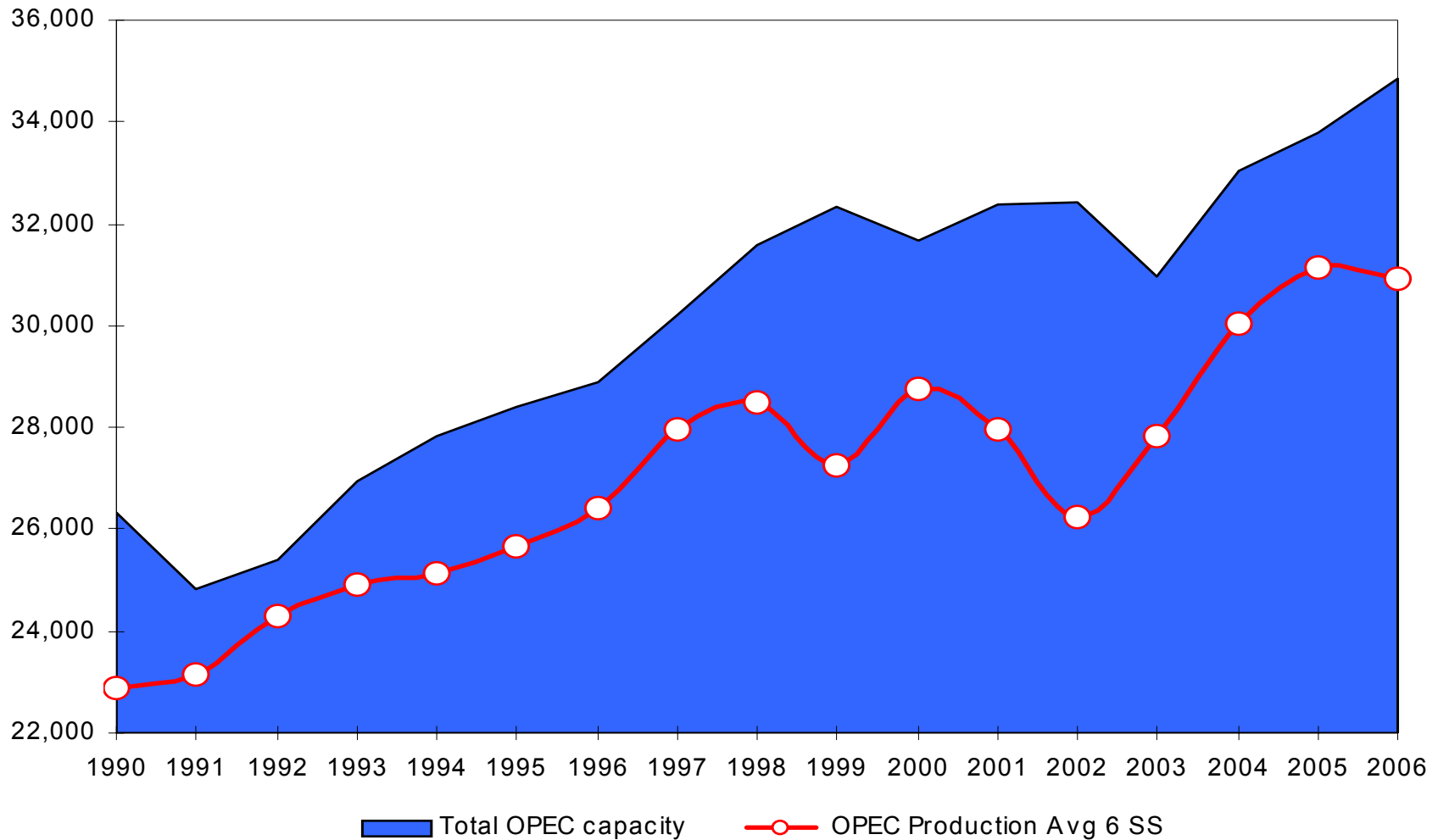
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**Offshore Technology Conference 2007
May 2007**



OPEC capacity and production, kb/d

Recent trends



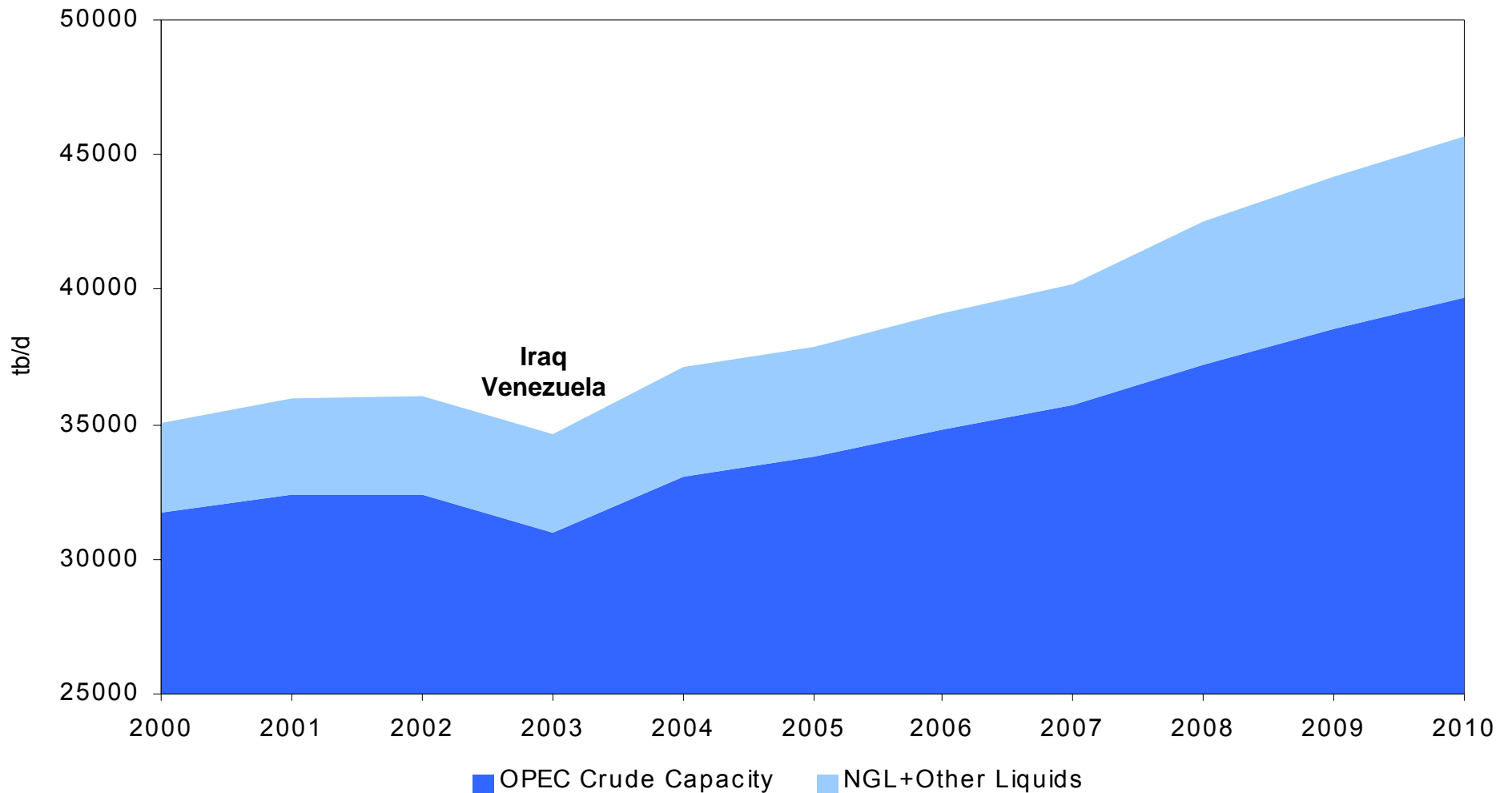
Medium term prospects OPEC capacity expansion plans

- **Capacity end 2006**
 - Crude- 34.8 mb/d
 - NGIs- 4.3 mb/d
- **Over 130 projects in execution or planning stage**
- **All Member Countries are doing something**
 - 50% of projects with IOC
- **Cumulative investment in new projects >\$130 bn**
 - Saudi Arabia, Nigeria, Angola, Algeria, UAE , Libya represent 85%
 - Est. expansion costs ~ \$ 9,500 per b/d (range from 5,700 to 15,000)
- **Total OPEC net capacity expected to increase around 5 mb/d per year by end 2010**
- **Production of other liquids + NGL to increase by 1.7 mb/d**



Medium term prospects

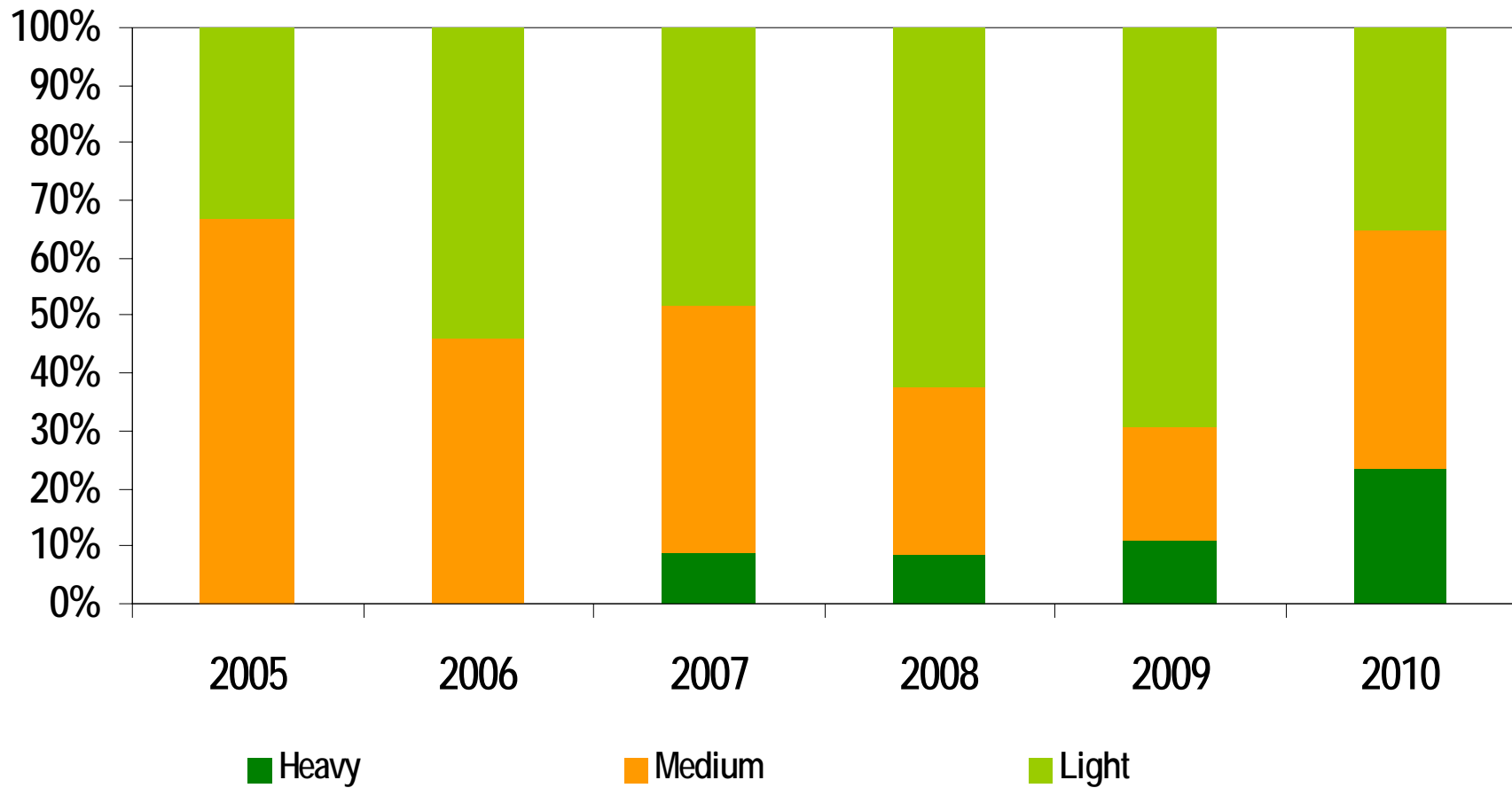
OPEC: crude oil capacity and NGL+ Other Liquids



Based on projects and other assumptions including secondary sources



OPEC new gross oil Crude quality of projects



Heavy <26, Medium 26-35, Light >35 API

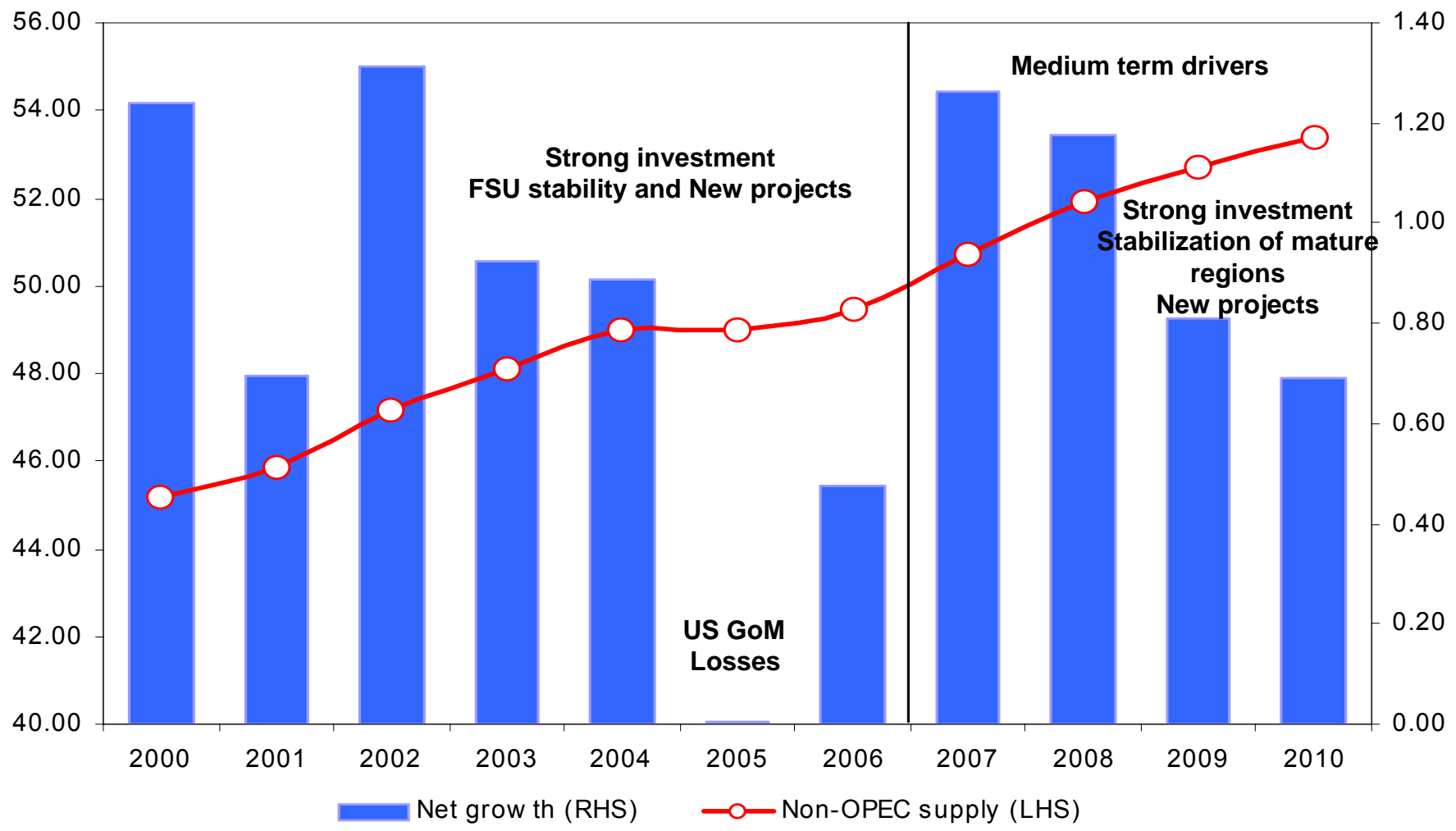
Based on projects and other assumptions including secondary sources



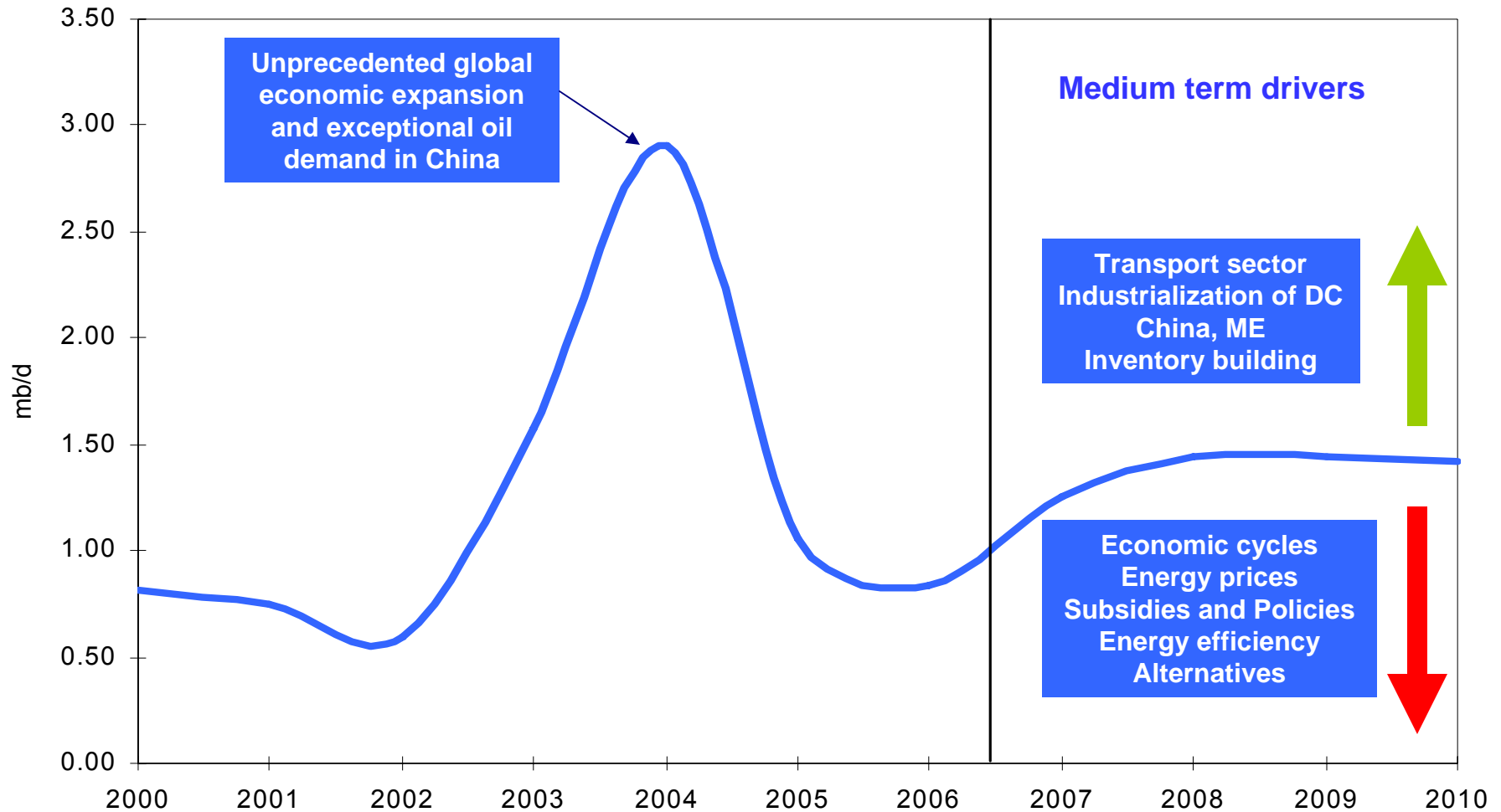
Medium term prospects

Strong investment
FSU stability and New projects

Non OPEC oil Supply and net growth-OPEC view

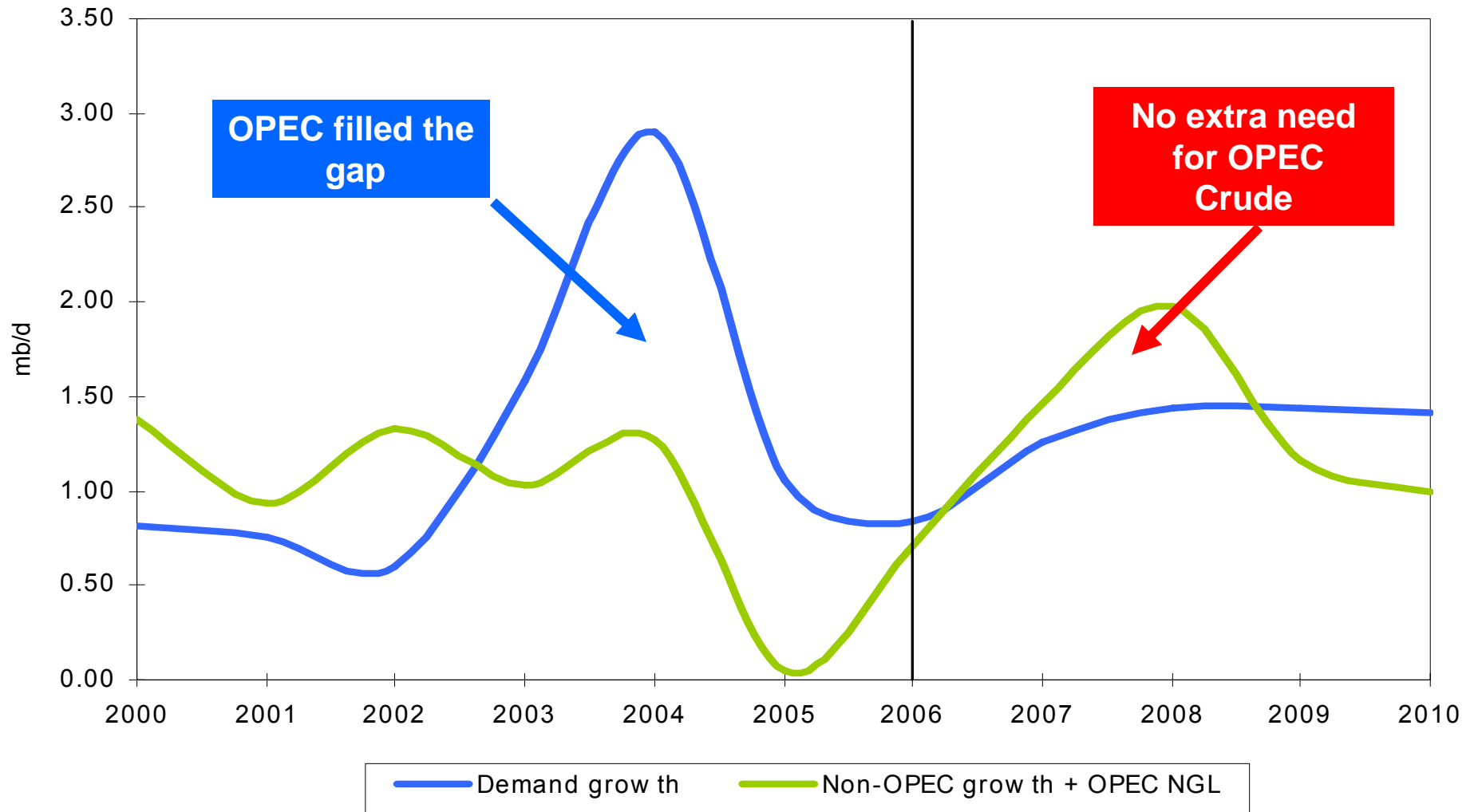


World oil demand growth-OPEC view

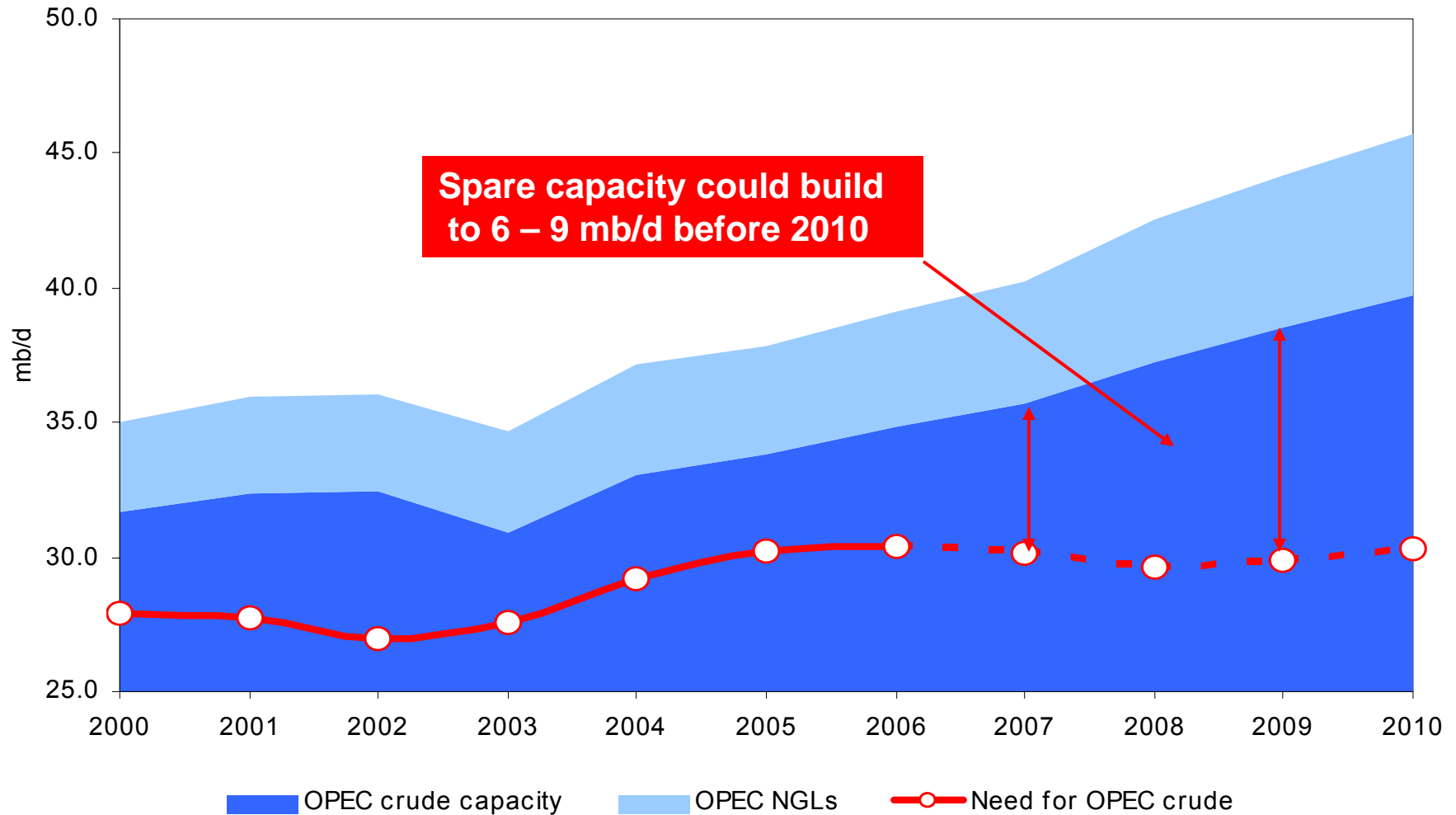


The Role of OPEC's Capacity

World oil demand growth vs supply growth ex OPEC crude



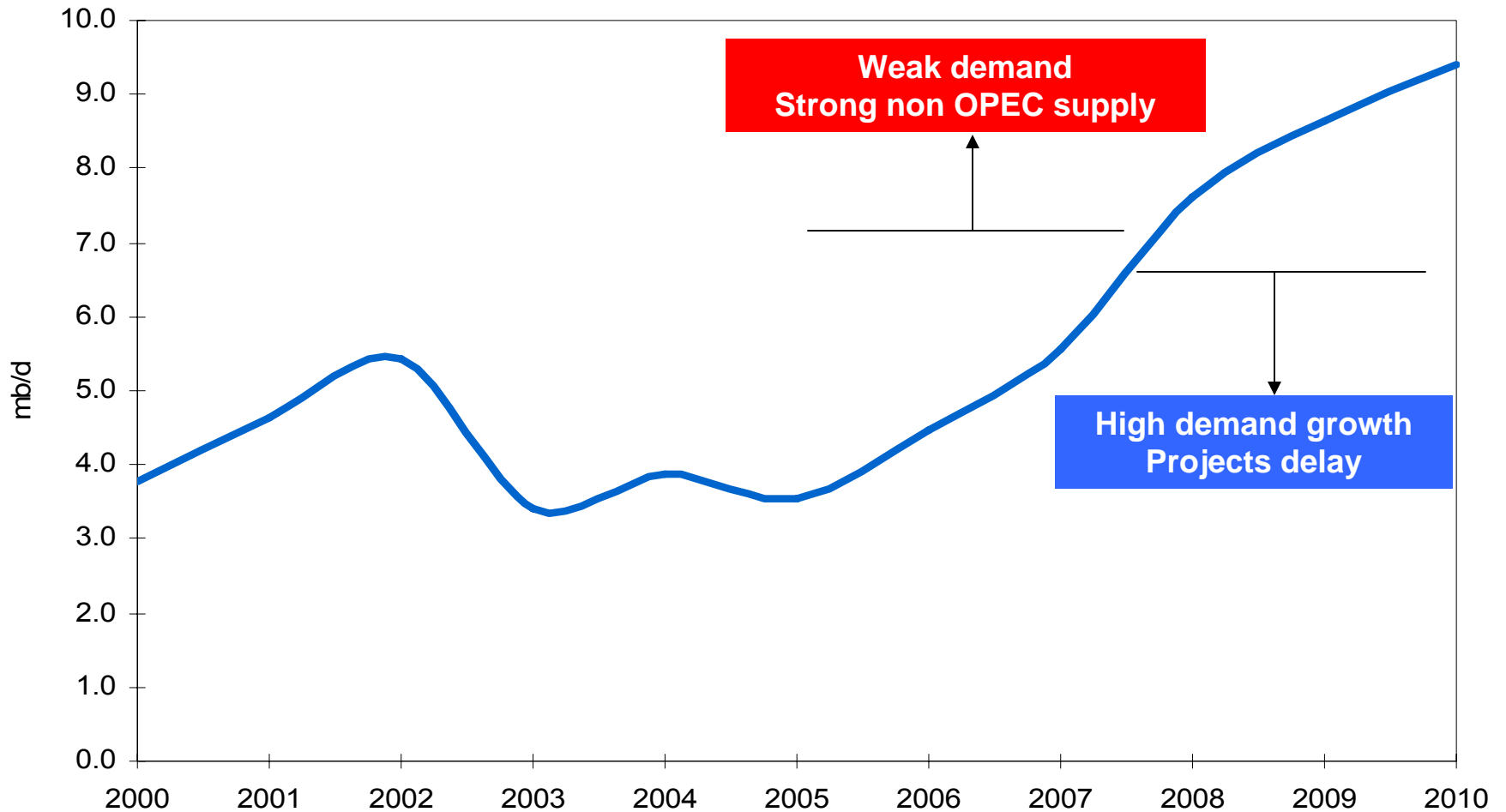
Medium term prospects Required OPEC crude



Based on projects and other assumptions including secondary sources

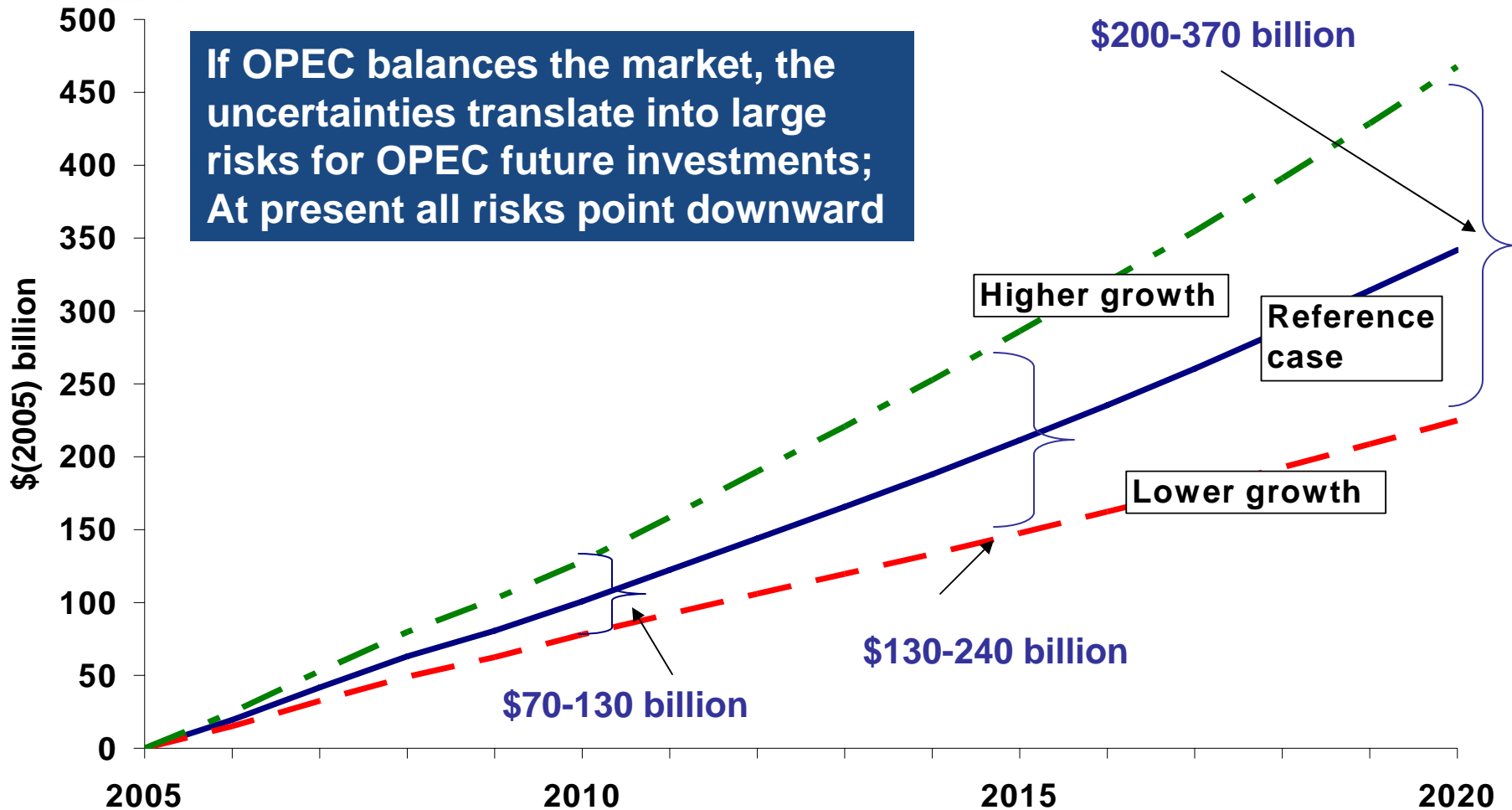


Medium term prospects OPEC spare capacity



OPEC upstream capacity expansion plans

Investment uncertainties



General conclusions

- Next few years point to a strong increase in non-OPEC supply and OPEC capacity
- OPEC spare capacity expected to continue to rise in the medium term
- The required OPEC crude is likely to drop or remain flat at best until 2009
- Strong collaboration between non-OPEC and OPEC a must for future market stability
- Upstream investment challenge not dissimilar to the past: nevertheless, ensuring market stability will be complicated by considerable uncertainties driven by:
 - Growth of world economy
 - Energy policies (substantial downside risk to demand)
 - Technological developments
 - Oil price path



General conclusions

- OPEC will continue to support security of supply to consumers
- Security of energy demand is an inherent factor in supporting long-term market stability





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