



## The 27<sup>th</sup> Annual Middle East Petroleum & Gas Conference 7 – 9 April 2019 \* InterContinental Dubai Festival City

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Wednesday, 10 April 2019 International Oil Daily (Energy Intelligence Group)

## ENOC DIVERSIFIES CONDENSATE SOURCING, READIES FOR NEW UNIT

*Oliver Klaus, Dubai*

Dubai's Emirates National Oil Corp. (Enoc) has diversified its condensate supply sources to countries as far as Algeria and the US since stringent sanctions imposed by Washington on Iran and an Arab blockade of Qatar prevent the refiner from buying from its traditional suppliers.

"We're getting condensate from the US, Algeria, Africa, Saudi Arabia all the people that sell condensate," Enoc Group CEO Saif Humaid Al Falasi told Energy Intelligence on the side lines of the 27th Middle East Petroleum & Gas Conference in Dubai.

Enoc is presently sourcing about 60% of its condensate requirements via one year term contracts, with the remainder being purchased on the spot market, Al Falasi said.

Enoc owns a 140,000 barrel per day condensate refinery at Jebel Ali that provides the emirate with a large chunk of its oil products. The plant was built in the late 1990s to run on Iranian gas condensate shipped across the Gulf, reflecting the close commercial ties between Iran and the city state that forms part of the United Arab Emirates.

However, with Iran under stringent US sanctions since November that also prevent it from selling condensate, not just crude oil, Enoc has had no choice but to buy feedstock for its refinery elsewhere.

The problem facing the refiner is that the obvious alternative to replace the Iranian condensate, Qatar, is also off limits since the UAE and Saudi Arabia imposed an economic and diplomatic blockade of their gas rich neighbor in June 2017 amid claims that it supports terrorist groups and enjoys too friendly ties with Iran.

In 2013, in a move to diversify its imports away from Iran, Enoc had begun buying regular cargoes of Qatari condensate sourced from the North Field, which it shares with its large northern neighbor where it is known as South Pars. Shipments of around 20,000 b/d continued right up until the Qatari embargo came into force.

Industry sources say it is unclear whether Enoc still receives Iranian condensate cargoes, directly or via back channels. Unlike other countries, the UAE did not receive a temporary sanctions waiver from Washington in November that would have allowed it to continue buying from Iran.

Of the eight countries that were granted waivers, South Korea had been the one relying most on Iranian condensate imports in the past. Korean refiners were quick to return as buyers of the product from Iran, lifting again since January, but are expected to stop purchases again this month or next amid uncertainty about whether Washington will extend waivers when they expire in early May.

Enoc will have to source even more condensate once the expansion of its refinery is completed in the third quarter this year. In 2016, the company announced plans to expand processing capacity at the refinery by 50% to 210,000 b/d under an expansion program valued at more than \$1 billion.

"In the fourth quarter, we should be commissioning," Al Falasi said, adding that the new unit was expected to become fully operational in early 2020.

Once up and running, Enoc will be able to produce more gasoline, jet fuel and diesel for local and export markets. Products from the upgraded facility will also meet tight Euro 5 standards.