

Libya Oil Production Picks Up After Pipeline Leak Fixed



(Bloomberg) – Libya has cut crude production by nearly 20% due to maintenance at its largest oil field and leaks on pipelines linking other desert deposits to the Mediterranean coast.

The OPEC producer began reducing output at fields operated by the Waha Oil Co. over the last two days because of leaks, Mustafa Sanalla, chairman of the country's National Oil Co., said in an online conference. Production has also dropped at its biggest field, Sharara, over the past two weeks, he said. The outages total more than 200,000 barrels a day, according to people with knowledge of the matter.

Libya holds Africa's largest crude reserves, but it's struggled to pump a fraction of the oil it produced under late dictator Moammar Qaddafi. Fighting between rival factions has put the country's oil fields, ports and workers in the firing line, and faltering sales have starved the nation of the income needed to rebuild its infrastructure. Freeing up access to investment would help expand the country's output beyond previous levels, Sanalla said.

"The NOC is facing tremendous challenges in the rehabilitation and restoration of oil installations," Sanalla said. "The lack of funds needed for the projects" and the country's fragile security situation hurt its ability to complete needed work and upgrades, he said.

That means the country is missing out on taking full advantage of oil prices that have surged by 40% this year. Production cuts by the Organization of Petroleum Exporting Countries and partners like Russia have pushed crude to about \$70 a barrel as economies exit coronavirus-linked lockdowns and energy demand recovers.

Production Capacity

Libya pumped 1.14 million barrels a day in May, according to data compiled by Bloomberg. The country wants to boost production capacity to 2.1 million barrels a day over the next few years but faces enormous obstacles to that aim, Sanalla said. Analysts surveyed by Bloomberg estimate the country can pump at most 1.3 million barrels daily.

With the latest problems, production at Sharara is down by about 50,000 barrels a day, Sanalla said, without saying when output might be restored.

Fields operated by Waha Oil have cut production to about 140,000 barrels a day from normal output of 300,000 barrels, according to two people with knowledge of the situation who asked not to be identified discussing operational matters.

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