

Libya's National Oil Corporation to re-open key southern oilfield

Libya's National Oil Corporation (NOC) said yesterday it will re-open a southern oil field and resume production within 48 hours, after announcing a resumption of exports in the eastern oil crescent. The NOC announced "the lifting of force majeure" at the Al-Fil field, in place since February 23, in a statement on its website.

Production would resume at an initial rate of "50,000 bpd (barrels per day) within two days and (rise) to 72,000 bpd three days later", the NOC added. Production stopped at Al-Fil due to a strike by the local branch of the Petroleum Facilities Guard, which demanded higher salaries.

The NOC said "the dispute regarding pay and benefits was brought to an end" at the field. Al-Fil is in the Marzuq basin in the southwest of the country and is managed by Mellitah Oil and Gas, a joint venture between NOC and Italian firm Eni. Separately, the NOC on Wednesday said it was resuming exports from terminals in eastern Libya's oil crescent after shipments were stopped for more than two weeks due to a standoff between rival political administrations. Exports from all four of the eastern ports had been suspended after military strongman Khalifa Haftar's self-styled Libyan National Army regained full control of the region from a rival militia in June.

Haftar refuses to recognise the authority of a UN-backed government based in Tripoli and supports a parallel administration in eastern Libya. Libya's oil output will keep dropping day by day if major ports remain closed, the head of the NOC had said last week, a Bloomberg report said last week. "Today, production is 527,000 barrels a day,

tomorrow it will be lower, and after tomorrow it will be even lower and every-day it will keep falling," Mustafa Sanalla, chairman of the NOC said in a video statement posted on the company's Facebook page. The nation was producing more than twice that amount before fighting in February forced an oil field in western Libya to shut down, he said. Haftar's forces had given control of the ports to a separate oil authority in the eastern city of Benghazi, after recapturing them from a rival militia.

The US, the UK, France and Italy expressed concern about this transfer to an entity other than the NOC. The surprise handover led to a halt in shipments from the ports of some 850,000 barrels a day. Libya's instability in complicating Opec's effort to pump more crude as well as UN-backed efforts to hold elections this year. Haftar's forces said their army was not receiving payments for protecting oil facilities.

Sanalla said in the video statement that crude revenue is sent to the central bank and that the NOC isn't responsible for how it gets distributed. "I understand Haftar's feeling," Sanalla said. "He must be frustrated like most Libyans, but do we express this disappointment by halting exports? I don't think this is right. We all agree that the situation is not right, that national wealth is not utilised to its best."

While Libya holds Africa's largest oil reserves, years of conflict among armed groups competing for influence over its energy riches have hobbled production and exports since a 2011 revolt led to the ouster and death of former strongman Muammar al-Gaddafi. The economy's decay economy has stoked anger in eastern Libya over a perceived misuse of funds and a view that that too much wealth is concentrated in the west. Libya was pumping about 1.3mn barrels of crude a day in February before militias closed the western 80,000-barrels-a-day Elephant, or El-Feel, field in February, Sanalla said on Saturday.

Output will continue to decline if the five ports recaptured by Haftar stay closed, he said. Oil facilities in the Gulf of Sirte along the central coast are old and in poor condition, and only four of 13 storage tanks at the port of Ras Lanuf are currently operational, he said.