

Why Has the UAE Brought Forward Oil Production Capacity Expansion?

The UAE has announced it will target the expansion of its oil production capacity to five million barrels per day (bpd) three years sooner than previously expected. Originally slated to come into effect in 2030, the board of the Abu Dhabi National Oil Company (ADNOC), which is the state-owned oil company, has revealed it will now do so by 2027 instead.

The reason for bringing forward the expansion plans is the rising global demand for energy, alongside the current crisis that is afflicting nations around the world. At the same time, the UAE remains committed to neutralising the carbon output of its economy and continues to pour significant resources into renewable energy and mitigation technologies.

Larger reserves, larger capacity

As well as announcing the acceleration of their production capacity expansion plans, ADNOC also took the opportunity to publish figures about its known fossil fuel reserves. This year, its reserves of hydrocarbons (which are mostly composed of Murban-grade crude oil) swelled by two billion stock tank barrels (STBs). Its stores of natural gas also grew by one trillion standard cubic feet (TSCF).

That means that overall, the national reserves of hydrocarbons and natural gas stand at 113 billion STBs and 290 TSCF, respectively. Keen to leverage that potential and serve the increasing demands of a global population on the rise, ADNOC will expand its production capabilities from the four million bpd it enjoys today.

Creation of new companies

The press conference from ADNOC also held other news of interest. The oil giant plans to unite its processing and liquid natural gas (LNG) arms into a single division, with ADNOC Gas replacing ADNOC Gas Processing and ADNOC LNG going forwards. A minority stake on the single entity is expected to be floated on the stock market in early 2023.

Meanwhile, ADNOC's directors have also approved a five-year plan covering the period between 2023 and 2027. \$150 billion (550 billion dirhams) has been set aside to continue the company's growth, while a new international growth vertical concentrating on innovative energy technologies, petrochemicals, gas and LNG will also be created.

Still committed to Net Zero

Despite those announcements, ADNOC remains firmly committed to bringing its net carbon emissions down to zero by 2050. Expanding production capacity might seem

counterproductive to such an objective, but the UAE's plentiful reserves, alongside its expertise in carbon capture use and storage (CCUS) technology, will mean that its extraction practices will be among the least environmentally intensive in the world.

At the same time that it plans to export more oil to the countries around the globe which need it most, it will transform its own energy profile. It will do so by investing heavily in renewables (it's already home to the planet's largest single-site solar farm in Noor Abu Dhabi) and clean energy forms such as hydrogen.