

Is the UAE Increasing Oil Production?

The UAE has announced it will increase investment into expanding its oil production capacity in line with meeting its 2027 targets. As well as exploring untapped reserves in new locations throughout the Emirates, this expansion will also involve the development of midstream and downstream infrastructure, with one eye on accommodating the aforementioned growth in capacity.

However, this does not mean that the UAE will be substantially increasing its oil production output in the near future. Indeed, the country has produced an average of less than three million barrels per day (bpd) over the last decade, despite already having the capacity to produce more than four million bpd at present. This is due to its agreements with OPEC and non-OPEC countries that are in place to stabilise oil prices and support the global economy.

Ramping up capacity

The Abu Dhabi National Oil Company (ADNOC), which is the state-owned oil and gas company of the UAE, has previously indicated that it intends to push its oil production capacity to five million bpd by 2027. That's three years ahead of its prior target as it seeks to shore up its oil reserves and ensure that there is sufficient fuel to meet global demand in this all-important time of transition to a greener tomorrow.

In order to achieve that goal, ADNOC is increasing its investment into upstream exploration and development to a total of \$150 billion in capital expenditures between 2023 and 2027. This project will encompass the development of new locations, with sites in Abu Dhabi, Ras al Khaima and Sharjah all holding several licensing rounds for both domestic and international parties in new blocks in 2018 and 2019.

Current capabilities

The present capacity of the UAE varies according to different sources. ADNOC itself has reported a maximum production capacity of 4.5 million bpd, though it's unclear if operating at this level would be sustainable in the long run. Other sources, such as Energy Intelligence and Rystad Energy, believe the true figure is somewhere between 4.3 million and 4.4 million bpd. In any case, that number is expected to rise to five million bpd by the end of 2027.

For context, the UAE was the seventh largest producer of liquid fuels in the world in 2022, and the third largest within the OPEC consortium. According to the latest estimates from the beginning of last year, there are roughly 111 billion barrels of crude oil reserves in the UAE, which is a slight uptick from the 107 billion barrels that were estimated in 2022.

Controlled output

Despite this incredible potential, the UAE has been keeping a tight leash on its oil production output over the last decade, during which time it has averaged less than three million bpd. That's due to existing agreements with other OPEC+ members, who are intentionally limiting supply of the commodity in order to ensure fair market prices around the globe.

These commitments were [reaffirmed at the beginning of this year](#) through the collective agreement of the Declaration of Cooperation (DoC), which was first launched in December 2016 and has been endorsed again several times since. What's more, the UAE also agreed to extend its voluntary cuts of 163 million bpd into the second quarter of 2024, meaning it is expected to produce 3.06 million bpd during this time. The figure may rise to 3.22 million bpd in the second half of the year if no further cuts are introduced.