

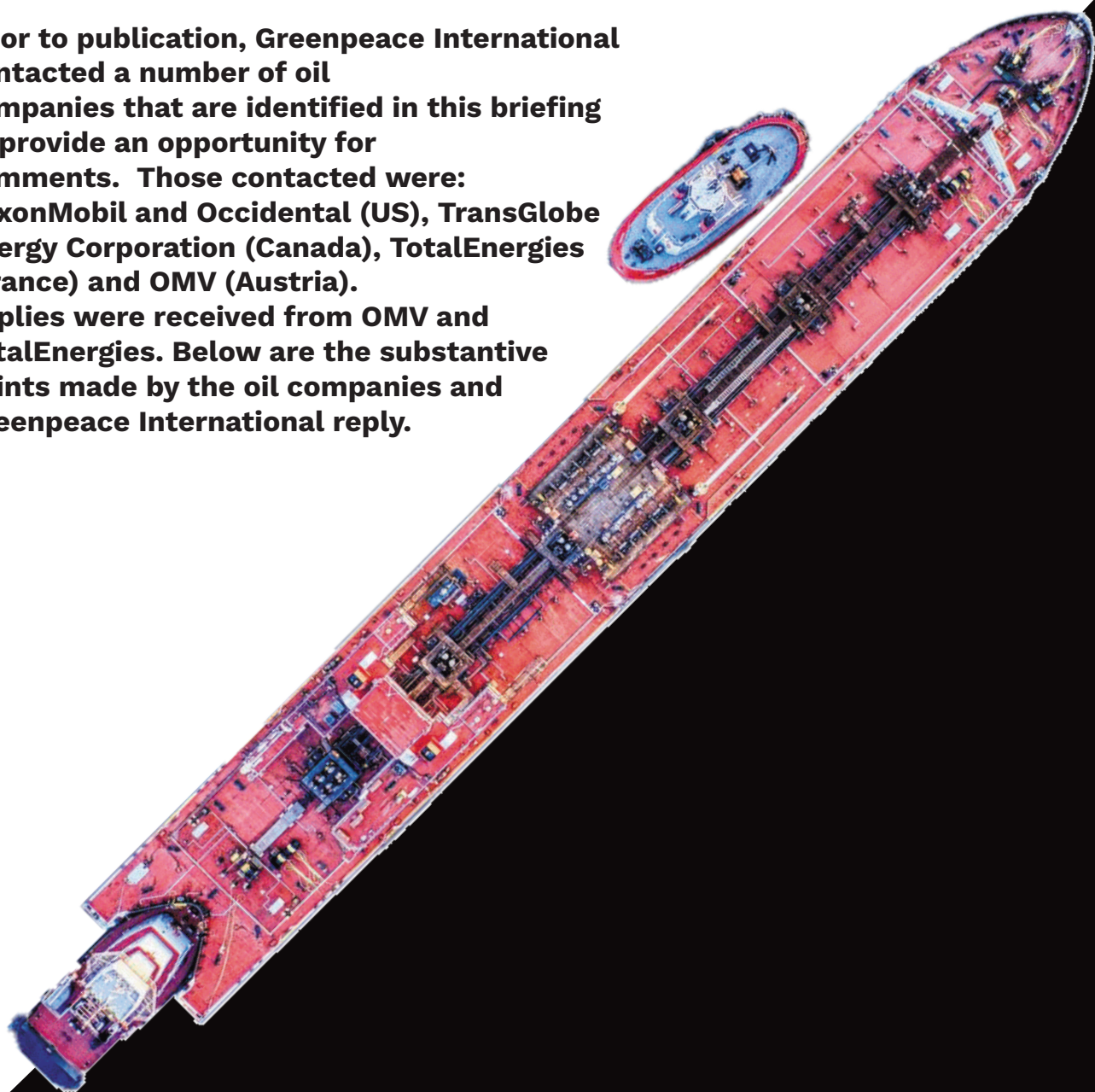
BIG OIL SHADOW LOOMING OVER YEMEN:

the fossil fuel giants behind
the FSO Safer



ADDENDUM, 26th September 2022:

Prior to publication, Greenpeace International contacted a number of oil companies that are identified in this briefing to provide an opportunity for comments. Those contacted were: ExxonMobil and Occidental (US), TransGlobe Energy Corporation (Canada), TotalEnergies (France) and OMV (Austria). Replies were received from OMV and TotalEnergies. Below are the substantive points made by the oil companies and Greenpeace International reply.



1 . OMV:

“From 2006 to spring 2015, OMV delivered crude oil from its operations in Block S2 in Yemen to the facilities in Block 18 near Marib, which are owned and operated by Safer E&P Operations.

From Block 18 the crude oil was piped to and exported from SAFER’s owned and operated FSO, which is located in the Red Sea. This was based on the entitlement of the producing parties.

OMV and its partners in Block S2 have no current entitlement to any of the crude oil on board the FSO.

After resumption of production in April 2018, OMV’s crude oil production in Yemen was shipped via an alternative export route to the Bir Ali oil terminal in the Gulf of Aden, operated by YICOM, a Yemeni Government entity.”

Greenpeace response: This confirms what is reported in the briefing. On the issue of having “no current entitlement to any of the crude oil on board the FSO” we would argue that this fact does not absolve OMV from the responsibility for the oil being extracted and transferred to the Safer, even if they have no current entitlement.

2 . TotalEnergies:

““First, you state that “[] it seems that TotalEnergies has a share in being responsible for the oil on the Safer [].”

TotalEnergies does not own any oil which is currently stored in the FSO SAFER and had no oil entitlement on the FSO SAFER when the terminal was closed.”

Greenpeace response: We accept that TotalEnergies does not “own” oil on the Safer and had no “oil entitlement on the Safer” when the Terminal was closed. But these do not absolve responsibility: TotalEnergies, as a part owner of block 5 from which oil was extracted and subsequently transferred to the Safer, carries a share in the responsibility for the potential risk the oil on board represents.

“Second, you state that “Despite the profits that Total has earned from past operations in Yemen and despite Total's recent recording of record profits (Q1 2022 10 billion USD, Q2 2022 10.8 billion USD), Total has offered no financial support to UN fundraising to salvage the Safer.”

“In June 2022, TotalEnergies was contacted by the Dutch Ministry of Foreign Affairs (through the European Round Table for Industry), who invited our Company to consider a possible contribution to the UN-coordinated plan for the FSO SAFER. Contrary to your statement, in August 2022, TotalEnergies responded and confirmed its willingness to make a financial contribution to the UN-led salvage operation of the FSO SAFER, and also to engage other companies in order to mobilize a wider support. Since then, we have been working actively with other energy companies and through industry associations to promote and assemble contributions to the SAFER FSO salvage effort, in close coordination with the Dutch Ministry of Foreign Affairs and the United Nations Resident Coordinator in Yemen.”

Greenpeace response: It is good to hear that TotalEnergies responded to the request from the Dutch Ministry. But the fact is the UN has struggled to raise funds for the operation - even launching a crowd-fund campaign - and now has “pledges” from most governments and not actual cash. This funding-shortage has resulted in delays such that the salvage plan is now likely to be undertaken at a much riskier time due to deteriorating weather and current conditions. Despite “working actively with other energy companies and through industry associations” - there is still no money coming from TotalEnergies or other oil companies. And there has been no communication about this initiative.

“Third, you state that “In 2014 TotalEnergies had a 15% share in ownership of Block 5 Dev Jannah; Kuwait Energy Company was, until 2019, the operator”. Please note that in 2014, the operator of Block 5 was Jannah Hunt Oil Company and not Kuwait Energy Company. In addition, TotalEnergies did not sell its 15% participating interest in Block 5 in 2019.”

Greenpeace response: We agree, and have made the relevant changes in the briefing.

WHO OWNS FSO SAFER OIL ?

Background

Yemen began producing very low levels of crude oil in 1986, according to the EIA,¹ but production gradually increased throughout 1987 with the first significant production in 1988 when it produced 173,000 barrels per day (bpd): production peaked in 2001 at 440,000bpd and has since declined.

The Yemen Hunt Oil Company, a subsidiary of the Hunt Oil Company of Dallas, was the first foreign company to discover and develop oil in North Yemen in the Marib al-Jawf Basin in 1984. Partnering with Exxon, a 423km crude oil pipeline from Marib to Ras Issa was built to export oil from the Marib oil fields in northern Yemen.^{2,3,4} This eventually came onstream in November 1987.^{5,6}

The pipeline includes three pump stations and two pressure reduction stations.⁷

To provide an export terminal for the oil at the end of the pipeline, YEPCO bought the redundant 400,000 dwt crude oil tanker, Esso Japan from Exxon.⁸ This was then converted into a floating storage and offloading (FSO) unit by Hyundai in South Korea. It was renamed FSO Safer and, in 1988, installed just 4.8 nautical miles offshore on a single point mooring to serve as the offshore oil terminal at Ras Issa off the Yemen Red Sea coast. Loading from the Ras Issa Marine Terminal was operated by Yemen Hunt Oil Company.⁹

The Safer Exploration and Production Operations Company (SEPOC) took over operations of block 18 from US Hunt oil and Exxon in 2005.^{10, 11} This is one of the important oil assets that supplied the Marib light oil to the Safer for export.

In 2009, SEPOC, reportedly, announced plans to build a terminal onshore to replace the Safer which, at that time was recognised to be ageing and needing to be replaced.¹² The construction never happened and the Safer continued to be used for the next five years.

Assets producing oil in Marib Basin from 2010 to 2015

From 2010 to 2015, there were 13 operating oil assets (oil and gas-condensate fields) from five blocks in the Marib Basin (Table 1). These blocks supplied the oil for export via the pipeline to Ras Issa and the FSO Safer (maps 1 and 2).

¹ <https://www.eia.gov/international/analysis/country/YEM>

² <https://www.dmagazine.com/frontburner/2021/10/the-old-hunt-oil-tanker-that-might-explode-and-kill-thousands-of-people/>

³ <http://abarrelfull.wikidot.com/marib-oil-pipeline>

⁴ <https://www.encyclopedia.com/books/politics-and-business-magazines/hunt-oil-company>

⁵ <https://www.encyclopedia.com/humanities/encyclopedias-almanacs-transcripts-and-maps/yemen-hunt-oil-company>

⁶ <https://www.thefreelibrary.com/YEMEN+-+The+Logistics-a050118051>

⁷ Ibid no 6

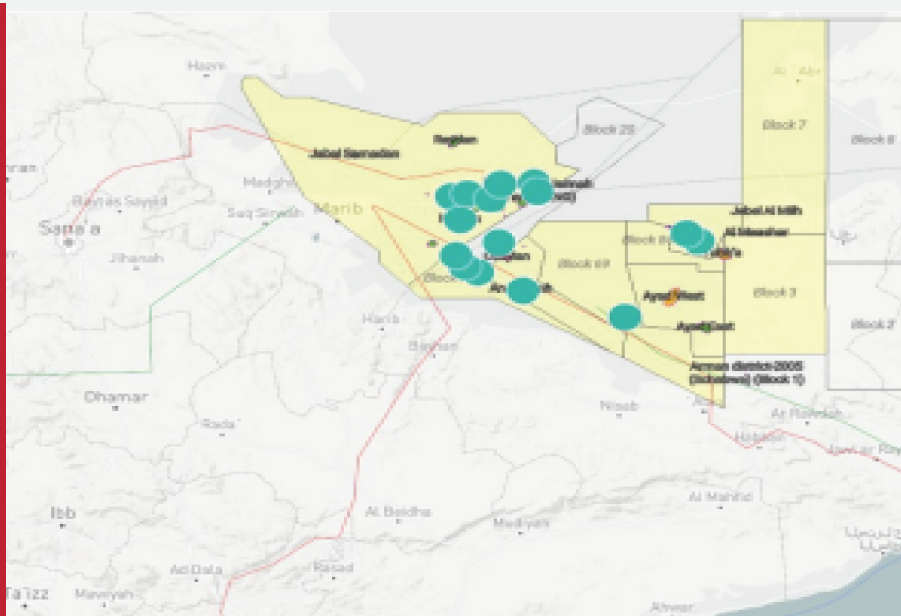
⁸ Ibid no 6

⁹ <https://corporate.exxonmobil.com/Crude-oils/Crude-trading/Marib-Light>

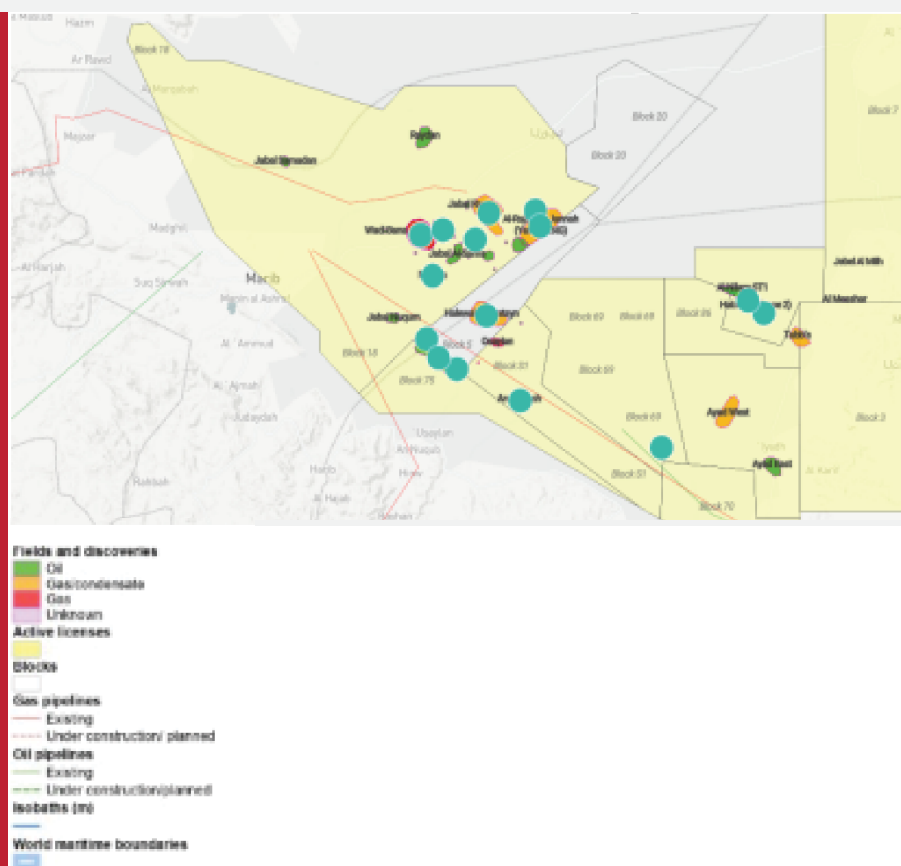
¹⁰ <https://www.sepocye.com/>

- 1 Block S2 Al Uqlah (Al Kharwah)
- 2 Block 18 Marib Al Jawf (Alif)
- 3 Block 5 Dev Jannah (Halewah-Sabatayn)
- 4 Block S-1 Damis (An Naeem 01)
- 5 Block 4 Ayadh (Amal)

Map 1: Yemen operating oil assets in Marib Basin from 2010-2015 by Rystad (overall)¹³



Map 2: Yemen operating oil assets in Marib Basin from 2010-2015 by Rystad (detail)



¹¹ <https://www.rystadenergy.com/> Data extracted from their data dashboard, with Greenpeace's access.

¹² <https://www.meed.com/yemen-invites-bids-for-ras-issa-terminal/>

¹³ <https://www.rystadenergy.com/> Data extracted from their data dashboard, with Greenpeace's access.

In November 2014 saboteurs, reportedly blew up the pipeline,¹⁴ halting crude flows (this may or may not have been a significant event as during the period there were regular such attacks). Subsequently, due to the Saudi coalition oil embargo, the Marib pipeline, and Ras Issa Oil Export Terminal, i.e., the FSO Safer, have been shut down since March 2015.¹⁵

The 1.14 million barrels (140,000 tonnes) of oil still on board the Safer is highly likely to be from production in the latter part of 2014 and/or early 2015.

Who Owns the Oil?

Table 1: Operating oil assets (oil and gas-condensate fields) from Marib Basin from 2010 to 2015 (source: Rystad Energy).¹⁶

Project	Asset	License/Block	Operator	Field Type Category
Habban, YE	Habban, YE	Block S2 Al Uqlah (Al Kharwah), YE	OMV	Oil field
	Habban (Phase 2), YE	Block S2 Al Uqlah (Al Kharwah), YE	OMV	Oil field
Alif, YE	Alif, YE	Block 18 Marib Al Jawf (Alif), YE	SEPOC	Oil field
The Jannah Block 5 Venture, YE	Halewah Sabatay n, YE	Dev Jannah (Halewah Sabatayn), YE	Kuwait Energy Company	Oil field
	Dhahab, YE	Dev Jannah (Halewah Sabatayn), YE	Kuwait Energy Company	Oil field
	Al Nasr, YE	Dev Jannah (Halewah Sabatayn), YE	Kuwait Energy Company	Oil field
	Aser, YE	Dev Jannah (Halewah Sabatayn), YE	Kuwait Energy Company	Oil field
Azal, YE	Azal, YE	Block 18 Marib Al Jawf (Alif), YE	SEPOC	Oil field
Al-Shura, YE	Al-Shura, YE	Block 18 Marib Al Jawf (Alif), YE	SEPOC	Oil field
An Nagyah, YE	An Nagyah, YE	Block S-1 Damis (An Naeem 01), YE	Occidental Petroleum	Gas-Condensate field

¹⁴ <https://www.reuters.com/article/yemen-oil-idUKL6N0TG0QH20141126>

¹⁵ <http://www.petsec.com.au/operations/yemen-leases/>

¹⁶ Ibid Ref 6

Mawza, YE	Mawza, YE	Block 18 Marib Al Jawf (Alif), YE	SEPOC	Oil field
Amal, YE	Amal, YE	Block 4 Ayadh (Amal), YE	Yemen General Oil and Gas	Oil field
Al-Saidah, YE	Al-Saidah, YE	Block 18 Marib Al Jawf (Alif), YE	SEPOC	Oil field

For the 5 blocks, the ownership situation is as follows. (Table 2)

Table 2: Ownership and operator of the 5 blocks as reflected late 2014 (Source: Rystad).¹⁷

License/Block	Operator	Ownership
Block 18 Marib Al Jawf (Alif), YE	SEPOC	SEPOC* (100%)
Block 4 Ayadh (Amal), YE	Yemen General Oil and Gas	Yemen General Oil and Gas*
Block S-1 Damis (An Naeem 01), YE	Occidental Petroleum (Until 2016)	Occidental Petroleum* (75%) TransGlobe Energy Corporation (25%)
Block S2 Al Uqlah (Al Kharwah), YE	OMV	OMV* (44%), Sinopec Group (parent) (37,5%), Yemen General Oil and Gas (12.5%), Yemen Resources (6%)
Block 5 Dev Jannah (Halewah Sabatayn), YE	Jannah Hunt Oil company	Kuwait Energy Company* (15%), Kuwait Petroleum Corp (KPC)(20%), Yemen General Oil and Gas (20%), ExxonMobil (15%), TotalEnergies (15%), Zarubezgeologia & Machino Impt (15%)

The owners, and their subsidiaries, of the oil on board the Safer are likely among the following companies:

- SEPOC – Safer Exploration & Production Operations Company, Yemen’s National oil and gas company (aka Safer) operates Block 18 (from 2005).
- Yemen General Oil and Gas
Yemen’s national oil company - <http://www.yogc.com.ye/en/view.asp?id=1>
- Occidental Petroleum (Oxy) – US
A US based company, organized in Delaware with an HQ in Houston. It has operations in the US, Middle East, Africa, and Latin America. <https://www.oxy.com/>

- TransGlobe Energy Corporation – based in Calgary, Canada

TransGlobe’s focus is on the Middle East/North Africa as well as an interest in a the Harmattan property about 80km north of Calgary, Alberta.
- OMV – An Austrian multinational integrated oil, gas and petrochemical company which is headquartered in Vienna, Austria.¹⁸

OMV Yemen was forced to shut in all production activities in April 2015 and declared force majeure on all its blocks and ongoing contracts.¹⁹
- Sinopec Group – China Petroleum & Chemical Corporation is a Chinese oil and gas company based in Beijing.
- Yemen Resources – very little information post 2008
- Kuwait Energy Company – is a subsidiary of United Energy Group from March 2019²⁰
- Kuwait Petroleum Corp (KPC) – owned by the State of Kuwait
- ExxonMobil – US

ExxonMobil Corporation is a North American multinational oil and gas corporation headquartered in Irving, Texas.
- TotalEnergies-France

TotalEnergies SE is a French multinational oil and gas company founded in 1924 and one of the seven supermajor oil companies.²¹ Total has been present in Yemen since 1987.²²
- Zarubezgeologia & Machino Impt -Russia- no further information

Current Situation

Oil operations in the Marib Basin have used the FSO Safer as the major export terminal since 1988.²³ Despite its deteriorating state identified in 2009, the Safer continued to be used up until the latter part of 2014, possibly early 2015, although it was reportedly still ‘in-class’ (through the American Bureau of Shipping) until 2016.²⁴

From the above data from Rystad, the companies (owners, operators, subsidiaries, shareholders) involved in production from the blocks in the Marib fields pumping oil via the pipeline to the Ras Issa terminal i.e., the Safer, were:

¹⁸ <https://www.mees.com/2018/8/3/oil-gas/yemen-omvs-risky-reen-try-pays-dividends/9b32ac30-971b-11e8-8c52-a71457a60576>

¹⁹ <https://www.omv.com/en/about-us/business-areas/exploration-production/yemen>

²⁰ <http://www.uegl.com.hk/en/petro>

²¹ <https://oilnow.gy/uncategorized/the-super-majors-what-and-who-are-they/>

²² <https://totalenergies.com/media/news/press-releases/yemen-to-tal-acquiert-une-participation-dans-le-permis-dexploration-bloc-3-et-en-devient-loperateur>

²³ <https://www.imo.org/en/MediaCentre/HotTopics/Pages/FSO-SAFER-oil-spill-risk.aspx>

²⁴ <https://www.newyorker.com/magazine/2021/10/11/the-ship-that-became-a-bomb>

- SEPOC – Safer Exploration & Production Operations Company.
- Yemen General Oil and Gas
- Occidental Petroleum (Oxy) – US
- TransGlobe Energy Corporation – based in Calgary, Canada
- OMV – Austria
- Sinopec Group – China Petroleum & Chemical Corporation
- Yemen Resources
- Kuwait Energy Company
- Kuwait Petroleum Corp (KPC) – owned by the State of Kuwait
- ExxonMobil – US
- TotalEnergies – France
- Zarubezgeologia & Machino Impt – Russia

The Safer, has an estimated 1.14 million barrels (140,000 tonnes) of oil on board and, as has been widely recognised, this presents a grave humanitarian and environmental threat.²⁵

The threat posed by the neglected Safer is recognised among experts and politicians.²⁶ The UN and de facto authorities (Ansar Allah or Houthis) have agreed an operational plan to salvage the Safer and remove the oil at a cost of US\$80 million.²⁷ Unfortunately a pledging conference in May and subsequent lobby efforts²⁸ only succeeded in raising US\$66 million in pledges from some governments which have yet to be fulfilled.³⁰

Finally, after months of lobbying to raise the funds, the UN has now³¹ had sufficient money pledged to start the operation to transfer the oil from the Safer to a more secure tanker, but these pledges need to be urgently followed through with the disbursement of the funds to ensure there is not a major catastrophe.

Big Oil has gone AWOL

Despite the billions of dollars that the big oil companies have earned and, most recently recording record profits for their shareholders, as illustrated in Table 3 below, yet not one has stepped up to help. And while the companies in Table 3 may not actually be in Yemen currently, they have operated and used the Safer in the past.

²⁵ <https://www.greenpeace.org/international/press-release/52094/fso-safer-tanker-could-trigger-major-oil-disaster-study-shows/>

²⁶ <https://www.imo.org/en/MediaCentre/HotTopics/Pages/FSO-SAFER-oil-spill-risk.aspx>

²⁷ <https://reliefweb.int/report/yemen/fso-safer-operational-plan-april-2022-enar>

²⁸ <https://yemen.un.org/en/181310-un-netherlands-press-release-fso-safer-pledging-event>

²⁹ Personal communication

³⁰ <https://www.unognewsroom.org/story/en/1423/bi-weekly-press-briefing-30-august-2022>

³¹ Ibid No 24

Table 3: Record profits (measured as net income) announced by oil companies for the first six months of 2022.³²

Oil Company	Country	Q1 2022 Profits (USD)	Q2 2022 Profits (USD)	Comments
Occidental Petroleum (Oxy)	US	4.6 billion	3.1 billion	See Note 1
TransGlobe Energy Corporation	Canada	24.9 million	N/A	See Note 2
OMV	Austria	703.5 million	1.6 billion	OMV is in the process of quitting Yemen
Sinopec	China	3.7 billion	1.7 billion	
ExxonMobil	US	8.8 billion	17.6 billion	
TotalEnergies	France	10 billion	10.8 billion	

Notes:

- 1 Petsec Energy (Australia) acquired 100% of block S1 late 2015/early 2016 from Occidental Petroleum Corporation and TransGlobe Energy Corporation. The block is now operated by Octavia Energy (UK) with Petsec maintaining a 25% interest.
- 2 Yemen is a legacy international asset that provided the revenue platform that allowed TransGlobe to expand its operations into Egypt. In total the Company's wholly owned subsidiaries invested approximately \$138.8 million in Yemen and recovered approximately \$224.1 million in funds flow to date.³³
- 3 The Ras Issa oil terminal-FSO Safer- was operated by the US company, Hunt Oil. According to the company's website³⁴ as a privately held company it does not release its financial statements or other financial data to the public.
- 4 Oil from the Marib fields is still being exported but via the southern pipeline to Bir Ali.³⁵

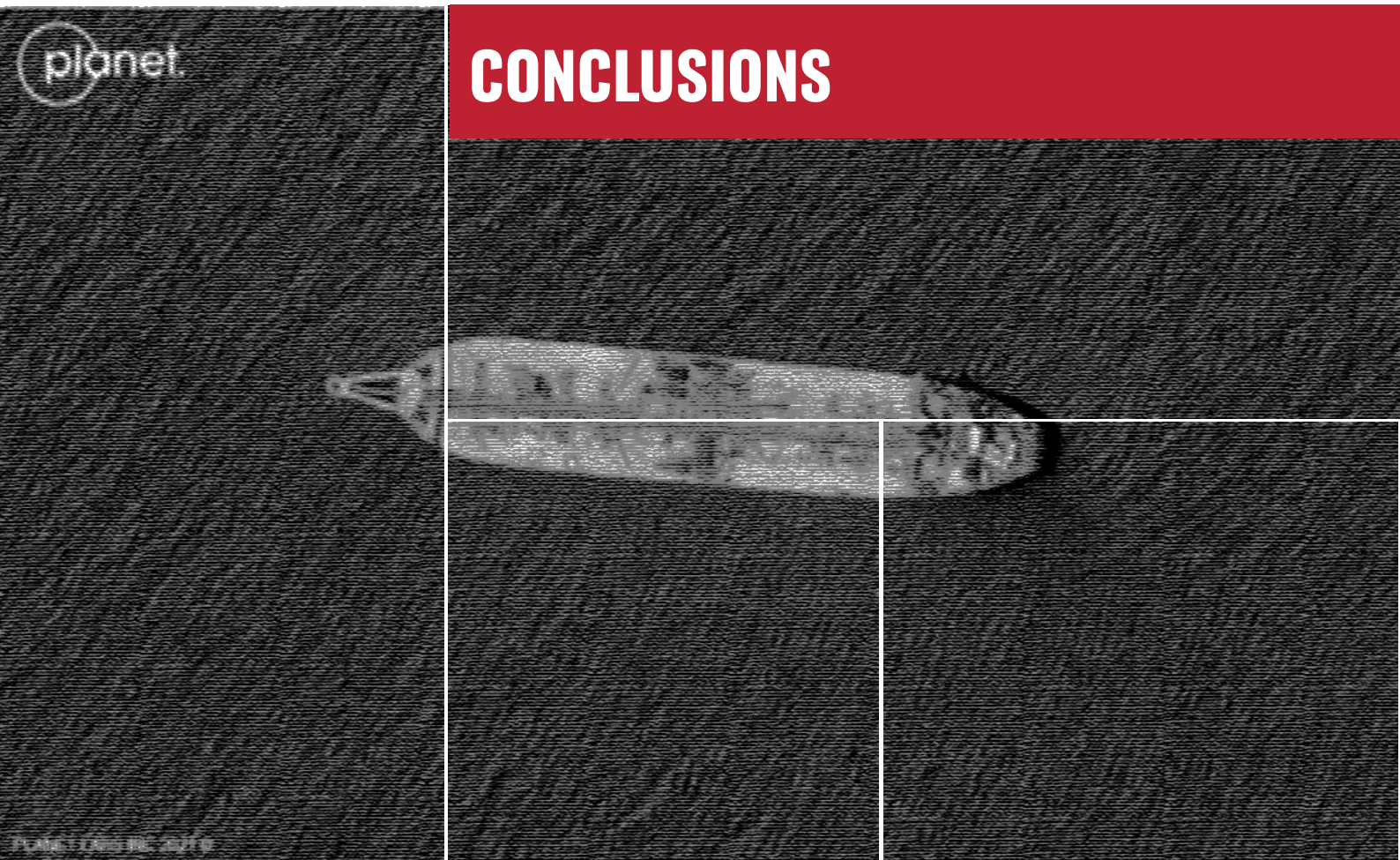
³² According to financial data analysis accessed from the Bloomberg terminal

³³ <https://www.trans-globe.com/news/news-details/2015/TransGlobe-Energy-Corporation-Announces-2014-Year-End-Reserves-Yemen-Write-Down-and-Export-Marketing-Update/default.aspx>

³⁴ <http://www.huntoil.com/financial-summary.aspx>

³⁵ <https://www.mees.com/2022/7/1/geopolitical-risk/yemen-upstream-hit-by-omv-exit/487edb30-f933-11ec-9fba-e3dc0403fbc7>

CONCLUSIONS



We have not been able to find out whether the pipeline was repaired after the November 2014 attack and before the March 2015 close-down of the Safer operation, or if any other oils were pumped to the Safer, we also cannot be certain exactly when oil stopped flowing from Marib to the FSO Safer. However, clearly the owners of the Safer oil are among the Marib basin producers and their subsidiaries and shareholders from the five blocks that fed the pipeline to the Safer operators in the Marib basin used the pipeline to the Ras Issa terminal i.e., the Safer, as the main export route until 2015.³⁶ As a result of the closure of the Safer terminal, those still operating in the Marib basin are using the southern pipeline route.

Transporting the oil was facilitated by SEPCO who owns the Safer and the Marib to Ras Issa pipeline³⁷ and the loading operation through Yemen Hunt Oil Company.

What and who is to blame?

There are indeed many complicating political issues, in reality, these have been a feature of the situation in Yemen for decades although perhaps now brought into focus by the devastating war in the country.

³⁶ Ibid no 17

³⁷ https://www.gem.wiki/Marib-Ras_Isa_Oil_Pipelin

Governments, as member states of the UN, have singularly failed in their role to ensure the finances needed are committed to resolving the problem of the Safer. At the time of writing, despite pledges and self-congratulatory press releases, despite the agreed urgency, these governments have not put the money on the table which would enable the Salvage operation to start.

Ultimately it is the operations of oil companies that are to blame for the oil on the Safer, companies that have reaped the benefits of their exploitation of the Yemen oil fields over many years. Most recently these same companies have announced gargantuan profits that dwarf the cost of the salvage plan, yet none of them have provided any funding to support the salvage plan.

These companies must be held accountable for their lack of engagement and any impact that would result from a leak or explosion. They cannot hide in the shadows pretending that they have nothing to do with this situation.



GREENPEACE INTERNATIONAL DEMANDS THAT:

- 1** The oil companies that utilized the Safer until late 2014/early 2015 bear the blame for the oil on the Safer should fund the Salvage plan.
- 2** The oil companies must be held accountable for any damage that results from the SAFER including compensation for humanitarian and environmental damages and interventions in case of an oil spill or explosion.

GREENPEACE