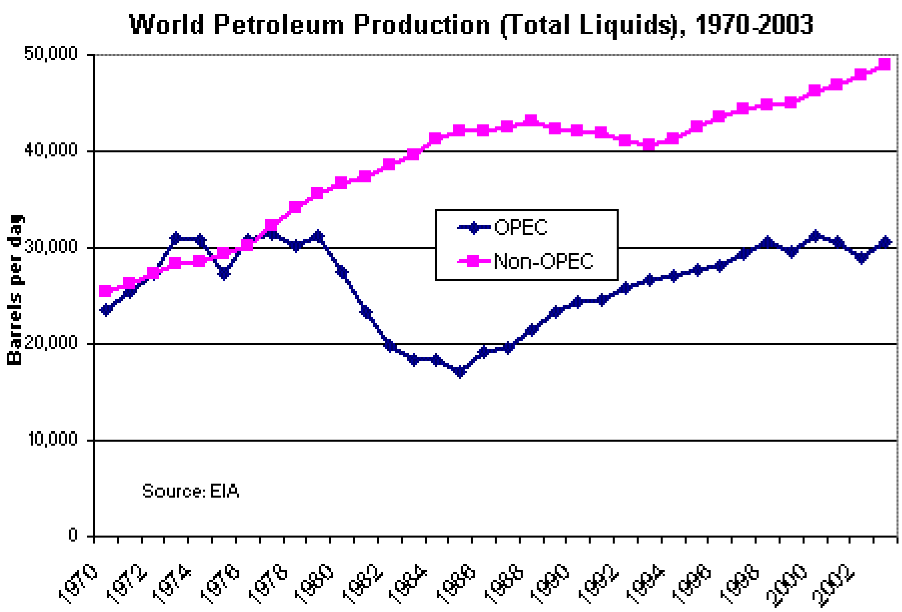
June 2004

Non-OPEC Fact Sheet

NON-OPEC Countries
Non-OPEC countries (countries not members of OPEC - the Organization of Petroleum Exporting Countries) produced 62% of the world's oil (total liquids) in 2003. Since 1970, non-OPEC production as a share of world total oil production reached a high of 71% in 1985 and a low of 48% in 1973, with a 60% average.

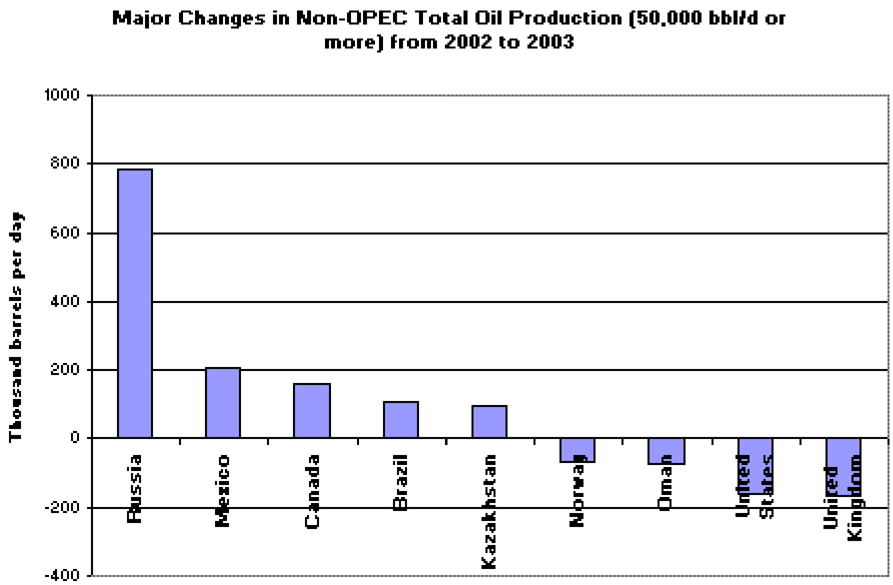


Non-OPEC countries share the following characteristics:

- Most non-OPEC countries are net oil importers. Of the 204 non-OPEC countries and territories for which EIA maintains data, 172 (84%) were net oil importers in 2003. Even large producers can also be large (net) importers.
- Because most major non-OPEC countries have private oil sectors (Mexico is one noteable exception), their governments generally have very little control over production levels. Companies react to international price expectations, exploring and drilling more and in higher cost areas when prices are high, and focusing on lower-cost production when prices are low. Russia has private companies in its oil sector for the most part; however, the export pipeline network is controlled by the state-owned company Transneft.
- Private companies do not hold back profitable production, and maintain very little spare production capacity. Hence, in the case of a significant world oil production disruption, OPEC (rather than private oil companies) would be the primary immediate source of additional oil to displace the loss, other than stocks.
- Non-OPEC production costs tend to be higher than OPEC lifting costs, which makes non-OPEC production more vulnerable to price collapses. Prolonged periods of low prices can drive higher cost producers out of business, and make major oil companies focus less on higher cost areas.

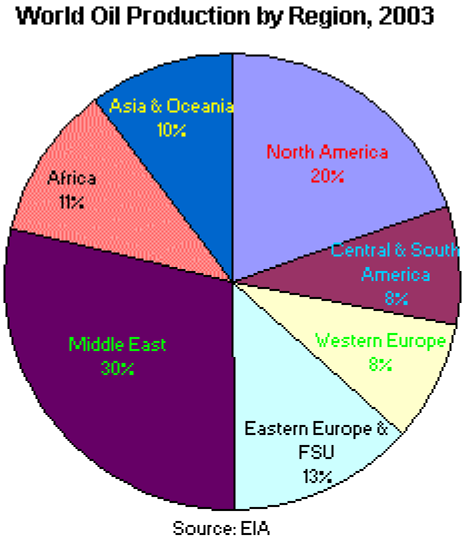
WORLD OIL PRODUCTION
The world's oil supply comes from a wide variety of sources. While the Middle East (home to the largest OPEC producers) was the largest producing region in 2003, with 29% of total world

production, North America accounted for 20%, with the remaining 51% dispersed fairly evenly throughout the globe. OPEC member countries together accounted for about 38% of world total oil production in 2003.



Of the the 13 countries that produced more than 2 million barrels of total liquids per day in 2003, six were OPEC members. The remaining seven were not OPEC members, including: the United States (the world's second-largest total oil producer for the year); Russia; Mexico; China; Canada; and North Sea countries Norway and the United Kingdom. It should be noted that the United States' total liquids production is boosted by the very large refinery gain that occurs there - over 960,000 bbl/d in 2003.

Of the world's top net oil exporters, OPEC countries are strongly represented. Eight of the 11 countries exporting more than one million barrels per day of total oil (net) in 2003 were OPEC members. Russia, Norway, and Mexico are the world's largest non-OPEC net oil exporters. The United States is the world's largest net oil importer. China is also a net oil importer, while Canada and the United Kingdom are smaller net oil exporters. (Note: EIA does not have 2003 data for worldwide *gross* oil exports, and figures *net* oil exports from production and consumption data.)



Top World Oil Producers and Oil Net Exporters 2003 Tables

Non-OPEC oil production is expected to rise during the next 2 years, with the greatest increases expected in the former Soviet Union (FSU), including Russia and the states bordering the Caspian Sea, and in other non-OECD producers (not including China). (view a table of world production data).

PRODUCTION COORDINATION WITH OPEC?

A few non-OPEC countries that share some traits of OPEC countries sometimes coordinate production policies with OPEC. While the volumes of non-OPEC production (or export) restrictions are often small, the participation of these non-member countries can make member countries more likely to maintain their own output restriction policies. Therefore, non-OPEC coordination with OPEC often carries a significance beyond what the output data might imply. It should be noted that the absence of low oil prices since the first quarter of 2002 have meant that non-OPEC producers have seen little reason to restrain output of late - there has been no explicit cooperation with OPEC to cut production and/or exports in 2003 or so far in 2004.

Mexico

Mexico has had more involvement with OPEC than any other major non-OPEC oil producing country. Since 1997, Mexico has attended most of OPEC's meetings (more than any other non-OPEC country). Mexico has made seven pledges to restrict exports since 1997. Mexico was a key player in organizing OPEC's 1998 production cuts, as Mexican officials negotiated between OPEC members Saudi Arabia and Venezuela (these countries had been at odds over production agreements). Like OPEC member countries, Mexico's oil sector is in public hands, with 100% government-owned PEMEX as the only oil company in Mexico. This allows the government to control oil production and export decisions. Mexico's output restrictions generally apply to *exports* rather than total production, and PEMEX data show that the targets are usually kept. Mexico's Isthmus crude oil is the only non-OPEC crude oil included in the "OPEC basket," the arithmethic average of seven selected crudes that is used to as an indicator of the average price per barrel of OPEC's oil. In May 2004, Mexican Energy Minister Felipe Calderon announced that Mexico would not be able to increase production to match increases in OPEC quotas in more than a marginal way in the short run, as further increases in Mexican production would require long-term investment. However, the Minister did announce a new export target of 1.95 million bbl/d for "around the second half of the year [2004]," up from the current target of 1.88 million bbl/d.

Announcements of intentions to cut production and/or exports include:

- **75,000 bbl/d cut, effective February 1, 2001:** Shortly after OPEC's 113th meeting, at which the group decided to cut output by 1.5 million bbl/d, Mexico announced that it would restrict exports to 1.75 million bbl/d, 75,000 bbl/d less than its previously stated export target of 1.825 million bbl/d.
- **40,000 bbl/d cut, effective April 1, 2001:** A few days after OPEC's 114th meeting, at which the group decided to cut production by 1 million bbl/d, Mexico announced that it would cut exports in support of OPEC. The resulting export target was 1.71 million bbl/d, 40,000 bbl/d lower than March export levels.
- **70,000 bbl/d cut, effective August 2001:** Prior to OPEC's July 2001 conference, in which the group decided to cut 1 million bbl/d as of September 1, 2001, Mexico announced a 70,000 bbl/d cut. (This cut announcement came in conjunction with Mexico's *force majeure* on Maya crude exports, as Mexico's huge Cantarell oil field was down for maintenance. After OPEC's July decision, Mexico stated that the decrease in production and exports caused by the maintenance at the field would be sufficient to support OPEC production policies, and that no further, separate production/exports cuts from Mexico would be necessary.)
- **100,000 bbl/d cut, effective January 2002:** Following OPEC's November 14, 2001 meeting, at which the group called for non-OPEC production cuts of 500,000 bbl/d, Mexico pledged to cut exports by 100,000 bbl/d, contingent upon other producers' simultaneous cuts. Mexico announced an export target of 1.56 million bbl/d, effective through the first half of 2002. Data show that this target was exceeded by about 50,000 bbl/d in the first quarter of 2002, giving Mexico a significantly better compliance track record than some OPEC countries. On August 7, 2002 Energy Minister Martens announced that Mexico would continue to limit its crude oil exports to 1.66 million barrels per day, in coordination with OPEC. Mexican exports started to increase in the second quarter of 2002, and in November 2002, Mexico became the top foreign crude supplier to the United States for the month. On January 13, 2003, following OPEC's announcement to raise the OPEC-10 output ceiling by 1.5 million bbl/d, Mexico announced its intentions to increase its own production platform by 120,000 bbl/d to 1.88 million bbl/d.

Russia

Russia has attended many of OPEC's meetings since 1997 and has made three commitments to reduce production and/or exports in coordination with OPEC. Russia was the world's largest oil producer until oil production collapsed in 1992. Production has rebounded since 1998, and the country soon could be in a position to regain its status as the leading global producer. Oil production in Russia is mostly in the hands of the private sector, while government-owned Transneft controls the pipeline network.

There is often considerable ambiguity regarding whether Russia's reduction pledges are for production or export cuts. It is also unclear from what level of production Russia intends to cut, or for how long.

Announcements of intentions to cut production and/or exports include:

- **150,000 bbl/d cut, effective January 2002:** At OPEC's 118th meeting, the group decided to cut its production by 1.5 million bbl/d, contingent upon a non-OPEC agreement to cut 500,000 bbl/d of production. On December 5, 2001 Russia announced that it would reduce oil "shipments" by 150,000 bbl/d for the first quarter of 2002. This verbal commitment to cut was extended through the second quarter, then ended definitively according to the Russian government. However, Russia's oil exports actually increased during the first half of 2002.

Norway

Norway does not generally participate in OPEC meetings, but the world's third-largest exporting country has adjusted its production in coordination with OPEC on three occasions since 1998. While the Norwegian oil sector historically has been state-dominated through 100% state-owned Statoil and majority state-owned Norsk Hydro, major restructuring is augmenting the role of the private sector. Norsk Hydro is no longer majority state-owned, and the Norwegian government privatized about 18% of Statoil in 2001. Additionally, many private international oil companies are active in Norway.

Because Norway is an extremely small oil consumer, its reduction commitments affect production rather than exports (the domestic market would not be large enough to absorb extra production resulting from shut-in exports).

Announcements of intentions to cut production include:

- **100,000 bbl/d cut, effective April 1, 1999:** Norway met with major world oil producers, including many OPEC members, in early March 1999 in The Hague, Netherlands. After this meeting, Norway announced its production cut. At OPEC's 109th meeting later that month, the group announced its own cut, as well as Norwegian, Russian and Omani cuts. Norway stipulated that its cut would come from the annual government production projection (3.2 million bbl/d), rather than from existing production. The cuts were to last through the first quarter of 2000.
- **150,000 bbl/d cut, effective January 2002:** After OPEC's November 14, 2001 decision to make its 1.5 million bbl/d production cut contingent upon non-OPEC pledges to cut production by 500,000 bbl/d, Norway announced on December 17, 2001 that it would cut production by 150,000 bbl/d. Norway made its cut contingent upon other OPEC and non-OPEC producers following through with their reduction commitments. The cut came from the government's annual forecast for total Norwegian production of 3.17 million bbl/d, trimmed to 3.02 million bbl/d for the first half of 2002. In both the first and second quarters of 2002,

Norway produced at above-target levels for the first two months of the quarter. Then, in the third months of the quarters (March and June), production was ramped down and fields were taken offline in order to meet the target. In June 2002, the Norwegian government announced that production restrictions would not be extended into the second half of 2002.

Oman
Oman is a smaller Persian Gulf oil producer that has attended most of OPEC's meetings in the last few years. Since 1997, Oman has made three commitments to reduce production, in cooperation with OPEC. State-controlled Petroleum Development Oman (PDO) dominates the country's oil sector.

Announcements of intentions to cut production and/or exports include:

- **63,000 bbl/d cut, effective April 1, 1999:** At OPEC's 107th meeting, OPEC announced that Oman had agreed to cut 63,000 bbl/d.
- **40,000 bbl/d cut, effective January 2002:** After OPEC's November 14, 2001 decision to make its 1.5 million bbl/d production cut contingent upon non-OPEC pledges to cut production by 500,000 bbl/d, Oman announced that it would cut production by 40,000 bbl/d. However, production fell by even more than this, as mature fields experienced declines during this period. In any case, the government officially extended the cut into the third quarter of 2002.

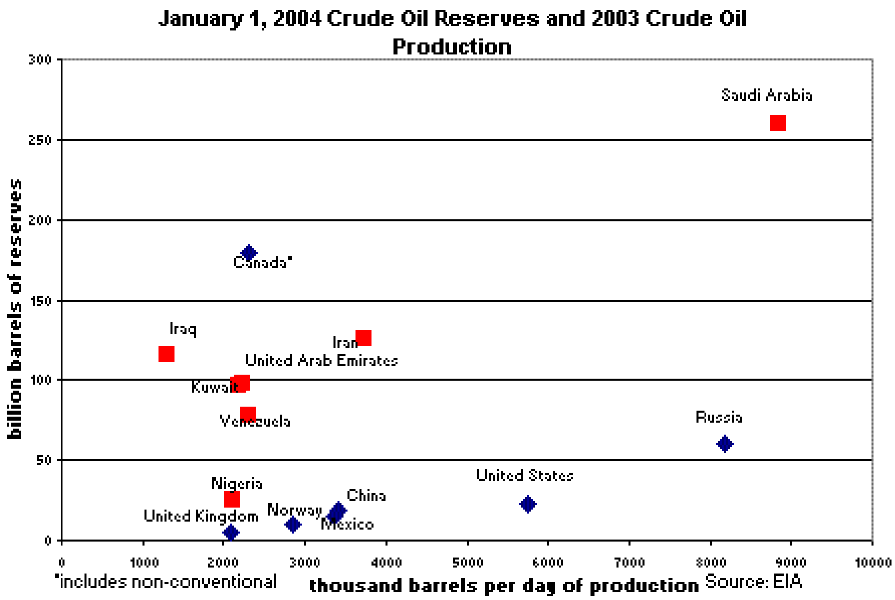
Angola
Angola, sub-Saharan Africa's second-largest oil producer (behind OPEC member Nigeria), has attended a few of OPEC's recent meetings. In December 2001, Angola made its first-ever commitment to reduce production, promising to cut 22,500 bbl/d. This decision came after OPEC's November 14, 2001 decision to make its 1.5 million bbl/d production cut contingent upon non-OPEC pledges to cut production by 500,000 bbl/d. Angola's oil production began to rise in late 2001, with the start up of its new Girassol field. It exceeded 900,000 bbl/d in the first two quarters of 2002.

WORLD OIL CONSUMPTION
Of the preliminary estimate of 79.5 million bbl/d of oil that the world consumed in 2003, OPEC countries together consumed about 6.5 million bbl/d, or 8%. Most of the world's largest oil consumers are also net oil importers. Of the world's top ten oil consumers in 2003, only Russia and Canada were net oil exporters. Brazil, the world's ninth-largest consumer, imported about 240,000 bbl/d (net). The remaining top consumers also are listed as the world's largest oil importers.

Top World Oil Consumers and Oil Net Importers 2003 Tables

PROVEN CRUDE OIL RESERVES
The location of proven world crude oil reserves is far more concentrated in OPEC countries than current world oil production. According to one independent estimate (*Oil and Gas Journal*), of the world's 1.27 trillion barrels of proven reserves, 870 billion barrels (69%) are held by OPEC, as of January 2004. The non-OPEC reserves include Canadian non-conventional reserves. Not including Canada, the world's proven oil reserves are about 1.09 trillion barrels. In the future, the inclusion of non-conventional oil reserves for other countries may also significantly impact OPEC member Venezuela, as well as non-OPEC countries such as Australia. Non-conventional reserves may not be on average as economic as conventional reserves. Because non-OPEC countries' smaller reserves are being depleted more rapidly than OPEC reserves, their overall reserves-to-production ratio -- an

indicator of how long proven reserves would last at current production rates -- is much lower (about 26 years for non-OPEC and 88 years for OPEC, based on 2003 crude oil production rates). This implies increased OPEC production as a proportion of world production over the long term.



REFINED PRODUCTS

As of January 2004, 73.2 million bbl/d of the world's 82 million bbl/d of crude oil refinery capacity was located in non-OPEC countries. Countries with high petroleum demand tend to have large refinery capacities. The United States has far more refinery capacity than any other country, with 149 of the world's 739 refineries, and a crude oil refinery capacity of about 16.8 million bbl/d. Russia's refinery capacity stands at an estimated 5.4 million bbl/d. Japan (4.8 million bbl/d) and China (4.5 million bbl/d) are the only remaining countries with refinery capacities exceeding 3 million bbl/d.

There are several countries that are important to world trade in refined petroleum products despite very low (or non-existent) levels of crude oil production. For instance, Caribbean nations (including U.S. and European territories) have very limited oil production (213,000 bbl/d in 2003), but refinery capacity of about 1.7 million bbl/d. Much of this refined product is exported to the United States. Other countries that are important sources of refined petroleum products yet have very limited domestic production include the Netherlands, South Korea, and Singapore.

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