

## **Saudi Arabia Oil and Gas Midstream Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 95 pages | Mordor Intelligence

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### **Report description:**

The Saudi Arabian oil and gas midstream market is expected to register a CAGR of around 5.51% during the forecast period of 2022-2027. The outbreak of COVID-19 in Q1 of 2020 had a significant impact on the Saudi Arabian oil and gas midstream market, with low demand for oil products in 2020. Lower crude oil prices and low demand created an unfavorable market for all the oil and gas producers in Egypt, resulting in low revenue during the year. For instance, state-owned oil and gas company Saudi Aramco reported a 44.4% plunge in net profit in 2020 as the COVID-19 pandemic curbed global demand. Factors such as increasing oil and gas production, the government's push to invest in the pipelines, and the growing oil and gas consumption are expected to boost the demand for the Saudi Arabian oil and gas midstream market during the forecast period. However, a policy to artificially reduce production to increase the price of oil has reduced the required capacity of the pipeline and thereby impeded market growth.

□ The pipeline sector is expected to witness growth due to the government's push in the oil and gas midstream sector. The Kingdom of Saudi Arabia and neighboring countries have proposed a few pipelines that are expected to cross the country over the forecast period.

□ In 2020, the Kingdom of Saudi Arabia announced plans to develop unconventional natural gas reserves in the eastern Jafurah field, which can create an opportunity for companies with expertise in unconventional resources and increase the capacity required for storage and pipelines.

□ Increasing gas production and further plans to increase the output are expected to drive the market. Infrastructure related to storage and pipeline is likely to increase as the country's oil and gas demand increases.

Saudi Arabia Oil & Gas Midstream Market Trends

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## Pipeline Sector to Witness Growth

- The country's oil refining capacity increased from 2,899 thousand barrels per day in 2015 to 2,905 thousand barrels per day in 2020, and the capacity is expected to grow as new refinery expansions are announced in the country.
- Saudi Arabia's Aramco-controlled Jizan Refinery is currently running at 400,000 barrels per day (b/d), at 50% capacity. When fully operational, the Jizan complex is expected to process Arabian Heavy and Medium crudes to produce up to 75,000 b/d of gasoline, 250,000 b/d of ultra-low sulfur gasoil, and 90,000 b/d of vacuum residue for the power plant.
- Saudi Aramco's Master Gas System (MGS), an extensive network of pipelines that connects its key gas production and processing sites throughout the kingdom, is currently undergoing an expansion. The system's current capacity is 9.6 billion standard cubic feet per day (bscfd) of natural gas supplying Eastern, Central, and Western industrial complexes.
- Saudi Aramco also operates one of the world's largest refining businesses, with a gross refining capacity of 6.4 (million barrels per day) mmbpd as of December 31, 2020.
- Saudi Aramco owns and operates 90 crude oil and petroleum products pipelines, totaling 12,000 miles (19,000 km), which link producing fields to processing plants, export terminals, and consumption hubs. The major operational pipelines are the Petroline or East-West crude and the Abqaiq-Yanbu carrying natural gas liquids (NGL) products.
- In December 2021, Saudi Aramco announced a USD 15.5 billion landmark gas pipeline deal with a global consortium led by BlackRock Real Assets and Hassana Investment Company.
- Hence, pipeline capacity is expected to increase significantly during the forecast period due to an increase in the refining capacity of oil and gas and increased investments in the sector through government-owned companies.

## Increasing Gas Production to Drive the Market

- As of 2020, the country had 6 trillion cubic meters of proven natural gas reserves. Consumption of natural gas increased in the country from 99.2 billion cubic meters in 2015 to 112.1 billion cubic meters in 2020, mainly due to the government's focus on increasing gas production and usage to reduce the carbon footprint.
- Production of natural gas in Saudi Arabia also increased significantly from 99.2 billion cubic meters in 2015 to 112.1 billion cubic meters in 2020. A further increase in production is expected to boost the sector's growth.
- The country has a master gas system (MGS), an integrated gas gathering, processing, and transmission system. The transportation of natural gas, both associated and non-associated, uses this system to derive NGLs (natural gas liquids) production. An increase in demand for NGLs is expected to drive the demand for natural gas.
- Saudi Arabia's midstream oil and gas sector is expected to grow significantly in the forecast period due to an expected increase in oil and gas production.

## Saudi Arabia Oil & Gas Midstream Market Competitor Analysis

The Saudi Arabian oil and gas midstream market is consolidated. Some of the major companies include Bahrain Petroleum Company, Saudi Aramco Total Refining and Petrochemical Co., Saudi Aramco Jubail Refinery Company, Saudi Arabian Oil

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Company, and Saipem SpA.

Additional Benefits:

The market estimate (ME) sheet in Excel format  
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