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Since 2014, the Saudi-back government and the Yemen Houthis have been engaged in a civil war. Saudi Arabia has led repeated airstrikes on Houthi targets, and Yemen's Houthis have done the same against facilities belonging to Saudi Arabia oil giant Aramco. In July 2018, the Houthis attacked two Saudi oil tankers in the Red Sea, causing Saudi Arabia to temporarily suspend oil shipments through the Bab al-Mandeb Strait, a [strategic chokepoint at the entrance to the Red Sea](#). In June 2020, Yemen's Saudi-backed government and southern separatist forces reportedly agreed on a ceasefire and to begin talks on implementing a peace deal.¹ However, fighting has continued in southern Yemen.²

As Houthi control spread across the country and the political climate became more precarious, the energy sector was drastically affected. Foreign firms operating in Yemen were forced to abandon operations and evacuate staff. In 2015, nearly all production in Yemen's oil and natural gas fields was shut in. Total petroleum and other liquids production fell from an average of 125,000 barrels per day (b/d) in 2014 to a low of 18,000 b/d in 2016. During the past few years, production has been slowly increasing. Petroleum and other liquids production returned to approximately 61,000 b/d in 2019. However, natural gas production fell from 328 billion cubic feet (Bcf) in 2014 to 3 Bcf in 2018.

Current crude oil production comes almost entirely from Blocks 10 and 14 in the Masila Basin, now operated by state-owned PetroMasila.³ The Masila Basin holds more than 80% of the country's oil reserves. In the summer of 2016, partial production from Blocks 14 and 10 was restored under state operator PetroMasila.⁴ In 2018, Yemeni state firm Safer Exploration & Production reportedly restarted production at Block 18 in Yemen's oil-rich Marib Basin.⁵ In 2019, Total sold its stake in the oil asset, Block 5. Block 5 was Yemen's second-largest producing block, but production stopped in 2015 because of fighting.⁶ In 2019, Indonesia's Medco Energi was the second foreign firm to restart operations in Yemen, restarting production at Block 9 between the Shabwa Basin and Masila Basin.⁷

Pipelines and port facilities have also been attacked and disrupted repeatedly. The Aden refinery was shut down when *force majeure* (an unforeseeable event, beyond the control of a contracted party, that prevents them from fulfilling contractual obligations) was declared in April 2015, and it sustained further damage from attacks by Houthi forces in July of that year. The area has since been retaken by the Yemeni government, although the refinery is still struggling to restart operations, forcing Yemen to import refined products from the United Arab Emirates and other countries. Yemen's only liquefied natural gas (LNG) plant has been shut down since April 2015 when Total, the largest stakeholder at the Balhaf facility, left the country.⁸

Yemen resumed limited crude oil exports in August 2016. In July 2018, Austria's OMV exported crude oil from the Shawba Basin's Habban field in Block S2 through the Bir Ali terminal (at the port of Mukalla)—the first international oil company export since 2015.⁹ According to Clipperdata, Inc., exports from Bir Ali in 2020 are estimated to reach 16,000 b/d. Since 2018, China has been the primary buyer of Yemen's flagship export grade, Masila, from the southeastern Ash Shihr terminal.¹⁰ Clipperdata, Inc., estimates

that Ash Shihr loadings are on pace to reach more than 35,000 b/d in 2020, the highest level since 2014.¹¹ The port of Hodeidah Al Hudayah has been out of service since 2016 because of ongoing fighting nearby.

The following country brief represents the energy sector in Yemen before the Houthi capture of Sanaa and the conflict in the rest of Yemen.

¹ Reuters, "[Yemen's government, separatists agree on ceasefire, Saudi-led coalition says](#)," June 22, 2020.

² AP News, "[Clashes between Yemen's gov't, separatists mar ceasefire](#)," June 25, 2020.

³ Middle East Economic Survey, "War-Torn Yemen Maintains Steady Crude Exports; China, Thailand the Key Buyers," September 17, 2017.

⁴ Energy Intelligence International Oil Daily, "Yemen Revives Oil Heartland on Front line of War," May 3, 2017.

⁵ Middle East Economic Survey, "Yemen: Second State Firm Restarts Production," October 8, 2019.

⁶ Middle East Economic Survey, "Total Sells Last 'Production Asset' In Yemen," April 26, 2019.

⁷ Middle East Economic Survey, "Yemen: Political Standoff, Oil Sector Stability," June 19, 2020.

⁸ Middle East Economic Survey, "Total: Adco Boosts Oil Output but Gas Lower on Yemen conflict," March 25, 2016.

⁹ Middle East Economic Survey, "Yemen: Japan Takes Omv Cargo," August 24, 2018.

¹⁰ Middle East Economic Survey, "Yemen: Political Standoff, Oil Sector Stability," June 19, 2020.

¹¹ Middle East Economic Survey, "Yemen: Political Standoff, Oil Sector Stability," June 19, 2020; Clipperdata, Inc.