

## OPEC Members' Rift Deepens Amid Falling Oil Prices

### Rival Producers Moving in Sharply Different Directions

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Updated Oct. 12, 2014 9:10 p.m. ET

A rift between OPEC members deepened over the weekend, as producers in the cartel moved in different directions amid falling oil prices.

Venezuela, which has been one of the most outspoken proponents of a production cut by the Organization of the Petroleum Exporting Countries, called over the weekend for an emergency meeting of the group to respond to falling prices. But Kuwait said Sunday that OPEC was unlikely to act to rein in output.

Saudi Arabia, meanwhile, appeared to expand on its recent move to defend its market share at the expense of other members by aggressively courting customers in Europe. Traders said Saudi Arabia is now asking for stronger commitments from some of its buyers in Europe, a move that would lock in those customers, including any new ones it would gain with recent price reductions.

Also on Sunday, Iraq's State Oil Marketing Company cut the price of Basrah Light crude in November for Asian and European buyers by 65 cents to a discount of \$3.15 a barrel below the Oman/Dubai benchmark for Asian customers and \$5.40 below the Brent benchmark for European customers, according to official selling prices published by the company.

The moves and countermoves are the latest in a time of particular discord in OPEC. The organization was founded to leverage members' collective output to help influence global prices. In recent periods of low prices, Saudi Arabia—OPEC's top producer and de facto leader—has managed to cobble together some level of consensus.

But even modest cooperation between many members has broken down, and Saudi Arabia, in particular, has moved to act on its own. While it cut output earlier this summer, other members didn't go along. Since then, it has dropped its prices.

Each member has a different tolerance for lower prices. Kuwait, the United Arab Emirates and Saudi Arabia generally don't need prices quite as high as Iran and Venezuela to keep their budgets in the black.

Late Friday, Venezuelan Foreign Minister Rafael Ramirez, who represents Caracas in the group, called for an urgent meeting to tackle falling prices. The group's next regular meeting is set for late next month.

But on Sunday, Ali al-Omair, Kuwait's oil minister, said there had been no invitation for such a meeting, suggesting the group would need to stomach lower prices. He said there was a natural floor to how low prices could fall—at about \$76 to \$77 per barrel—near what he said was the average production costs per barrel in Russia and the U.S.

“I don’t think there is a chance today that [OPEC] countries would reduce their production,” Mr. al-Omair said, according to the official Kuwait News Agency. A cut in OPEC production “may not necessarily boost prices” because of high output by other producers, he said.

Last week, OPEC’s average basket of crude fell to its lowest level since December 2010, while the Brent international benchmark fell near a four-year low at one point before bouncing back to close Friday at \$90.21.

Saudi Arabia has cut its Asian prices, and traders said it was asking European buyers to commit to maximum shipments, after cutting European prices, too.

This month, state-owned Saudi Aramco stunned the rest of OPEC by slashing its November prices to defend its share of Asia’s growing market. Saudi Arabia also said it increased its output in September.

After Saudi Aramco cut its November prices in Europe, traders said it was also asking refiners to commit to full, fixed deliveries in talks to renew contracts for next year, where it had previously offered a formula allowing flexibility of more or less 10% of contracted volumes, the most commonly used.

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#### Corrections & Amplifications

Iraq’s State Oil Marketing Company on Sunday cut the price of Basrah Light crude in November for Asian and European buyers by 65 cents to a discount of \$3.15 a barrel below the Oman/Dubai benchmark for Asian customers and \$5.40 below the Brent benchmark for European customers, according to official selling prices published by the company. A previous version of this article misstated both discount figures.