



2005 Minerals Yearbook

OMAN

THE MINERAL INDUSTRY OF OMAN

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The Sultanate of Oman occupied 212,460 square kilometers of the northeastern tip of the Arabian Peninsula and supported a population of about 2.6 million in 2005. Production of hydrocarbons and processing (petroleum refining and the liquefaction of natural gas) formed the basis of Oman's economy. In 2005, total crude oil production declined by less than 1% compared with a decline of almost 5% in 2004 and an 8.5% drop in 2003. The Government's potential loss of revenue from the production decline again was offset by the average price received for Omani oil, which increased to \$50.26¹ per barrel compared with \$34.42 per barrel in 2004. Total Government revenues were \$11.8 billion in 2005. Government revenue from hydrocarbons increased to more than \$9.2 billion, of which crude oil accounted for \$8.2 billion, and natural gas, \$1.0 billion. In addition to hydrocarbons, chromite, gypsum, salt, sand and gravel, and stone were mined or quarried; ammonia, cement, and urea were manufactured; imported copper ore was smelted and refined; and sulfur was recovered as a coproduct of petroleum processing (Ministry of National Economy, 2006b², c²; U.S. Central Intelligence Agency, 2006²; World Bank Group, 2006²).

In 2005, the Omani gross domestic product (GDP) based on purchasing power parity was estimated to be \$40.9 billion and the GDP per capita based on purchasing power parity was reported to be \$16,862. In 2005, total merchandise exports were valued at more than \$18.7 billion, of which crude oil exports accounted for \$13.1 billion; liquefied natural gas, \$2.3 billion; base metals and articles, \$249 million; refined petroleum products, about \$230 million; and other mineral products, \$131 million (International Monetary Fund, 2006²; Ministry of National Economy, 2006a²).

Commodity Review

Metals

Aluminum.—Sohar Aluminium Co. [a venture of Oman Oil Co. S.A.O.C. (40% interest), the Abu Dhabi Water and Electricity Authority (40%), and Alcan Inc. of Canada (20%)] awarded the construction contract for an aluminum smelter to the Mining & Metals division of Bechtel Corp. of the United States. The reported capacity of the A35-technology potline ranged from 325,000 to 360,000 metric tons per year (t/yr). The smelter was scheduled to begin production in 2008. A second potline at Sohar, which was proposed to come online in 2010, would double the smelter's capacity (Alcan Inc., 2005; Dow Jones Newswires, 2006²).

¹Where necessary, values have been converted from Omani Rials (OR) to U.S. dollars (US\$) at the average rate of OR0.386=US\$1.00 for 2005, OR0.386=US\$1.00 for 2004, and OR0.384=US\$1.00 for 2003.

²References that include a section mark (§) are found in the Internet References Cited section.

Iron and Steel.—Shadeed Iron & Steel LLC (a subsidiary of Al-Ghaith Holding PJSC of the United Arab Emirates) proceeded with the proposed 720,000-t/yr-capacity direct-reduced iron (DRI) module and 500,000-t/yr-capacity steel plant at Sohar. Construction was planned to begin in 2006; initial output was expected in 2008. Iron ore would be imported. Excess DRI would be hot briquetted for export sale. Shadeed also proposed to double the capacity of the facility (Middle East Economic Digest, 2005; Shadeed Iron & Steel LLC, undated²).

Industrial Minerals

Nitrogen.—In July, the 3,500-metric-ton-per-day (t/d)-capacity ammonia and 5,060-t/d-capacity granular urea facility of Oman India Fertilizer Co. S.A.O.C.'s was commissioned at Sur. The company planned to export about 1.6 million metric tons per year (Mt/yr) of urea and 250,000 t/yr of excess ammonia to India. Construction of Sohar International Urea and Chemical Industries S.A.O.C.'s 2,000-t/d ammonia and 3,500-t/d granular urea plant at Sohar was underway. Commercial operations were expected to begin in 2008 (Middle East Economic Digest, 2004; Oman Oil Co., S.A.O.C., undated²).

Mineral Fuels

Natural Gas and Petroleum.—Construction continued on the \$690 million 3.7-Mt/yr-capacity natural gas liquefaction plant (train) for Qalhat LNG Co. S.A.O.C. (QLNG). Commercial operations at the QLNG liquefied natural gas train, which was located adjacent to the two-train 6.6-Mt/yr-capacity facility of Oman Liquefied Natural Gas LLC at Qalhat, were expected to begin in 2006. Construction also continued on the 116,000-barrel-per-day (bbl/d)-capacity crude oil refinery of Sohar Refinery Co.; the refinery was expected to begin commercial operations in 2006. Oman Refining Co. LLC planned a \$320 million expansion of its crude oil refining capacity to 106,000 bbl/d from 85,000 bbl/d by 2007 (Petroleum Economist, 2005; Kumar, 2005²; SPG Media PLC, 2005²).

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Major Sources of Information

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TABLE 1
OMAN: PRODUCTION OF MINERAL COMMODITIES¹

(Metric tons unless otherwise specified)

Commodity ²	2001	2002	2003 ^c	2004 ^c	2005 ^c
Cement, hydraulic	1,369,570	1,700,000 ^c	2,100,000	2,500,000	2,500,000
Chromium, gross weight	30,150	27,444	13,000	18,575 ³	19,000
Copper, metal:					
Smelter	24,220	25,000 ^{r,e}	18,000 ^{r,e}	25,000 ^{r,e}	25,000
Refinery	24,000 ^e	24,000 ^e	17,000	24,000	24,000
Gas, natural:					
Gross million cubic meters	19,268	22,366	24,128 ³	24,150 ³	23,998 ³
Dry do.	14,000	14,800 ^e	17,000 ^e	17,000	17,000
Gold kilograms	603	188 ^e	4 ³	--	--
Gypsum	44,323	55,722	50,000	60,000	60,000
Iron and steel, crude steel ^c	10,000	60,000	80,000	90,000	90,000
Natural gas liquids ^c thousand 42-gallon barrels	6,000	6,000	6,000	6,000	6,000
Nitrogen:					
N content of ammonia	--	--	--	--	620,000
N content of urea	--	--	--	--	320,000
Petroleum:					
Crude and condensate ^c thousand 42-gallon barrels	352,000	328,000	300,000	285,385 ³	282,616 ³
Refinery products:					
Liquefied petroleum gas ^c do.	366 ³	545	550	473 ³	580 ³
Gasoline do.	4,198	5,428	5,400	5,215 ³	5,436 ³
Jet fuel and kerosene do.	1,489	2,008	2,000	1,407 ³	1,770 ³
Distillate fuel oil do.	5,338	6,658	6,700	6,442 ³	7,089 ³
Residual fuel oil do.	11,980	14,942	15,000	14,247 ³	15,445 ³
Other do.	666	1,048	1,000	1,162 ³	1,253 ³
Total do.	24,037	30,629	30,700	28,946 ³	31,573 ³
Salt	13,983	14,410	15,000	15,000	15,000
Sand and gravel	25,967,815	21,736,414	22,000,000	23,000,000 ^r	24,000,000
Silver kilograms	3,153	38	--	--	--
Stone:					
Marble	157,249	135,930	140,000	140,000	140,000
Other	3,395,589	3,182,522	3,200,000	3,500,000	3,600,000
Sulfur ^c	30,000	30,000	30,000	30,000	30,000

^cEstimated; estimated data are rounded to no more than three significant digits; may not add to totals shown. ^rRevised. -- Zero.

¹Table includes data available through September 27, 2006.

²In addition to the commodities listed, clay for bricks and tile was produced and steel scrap melted, but available information is inadequate to make estimates of output.

³Reported figure.