

ENERGY • ENERGY AND OIL

# Attack on Saudi refinery sends oil prices soaring to 14-month high

BY ANTHONY DI PAOLA, VIVIAN NEREIM, JAVIER BLAS, AND SYLVIA WESTALL

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Saudi Arabia said some of the world's most protected oil infrastructure came under missile and drone attack in an escalation of regional hostilities that sent crude prices surging.


The attacks on Sunday were intercepted, Saudi Arabia said, and oil output appeared to be unaffected. But the latest in a spate of assaults claimed by Iran-backed Houthi rebels pushed oil prices to above \$70 a barrel for the first time since January 2020.

The attacks are the most serious against Saudi oil installations since a key processing facility and two fields came under fire in September 2019, cutting production for about a month and exposing the vulnerability of the kingdom's petroleum industry. Yemen's Houthi fighters claimed responsibility for that attack, although Riyadh pointed the finger at arch-rival Iran.

On Sunday, the Saudi Energy Ministry said an oil storage tank farm at the Ras Tanura export terminal on the country's Persian Gulf coast was attacked by a drone from the sea. Shrapnel from a missile also landed close to a residential compound for employees of national oil company [Saudi Aramco](#) in Dhahran. The compound is home to families of Saudi and expat employees, and there's a U.S. consulate nearby.

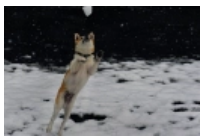
**Javier Blas**  @JavierBlas · Mar 7, 2021 

OIL MARKET: Saudi Arabia says "no loss of life or property" in missile attack — but confirms an oil tank farm in Ras Tanura terminal was targeted. And also says debris of a missile landed near Saudi Aramco's residential compound in Dhahran | [#OOTT](#) [#SaudiArabia](#) 

**Javier Blas**  @JavierBlas

This is the Ras Tanura terminal, the world's largest oil export port. The key export facility is the so-called "Sea Island" (actually, 3 interconnected offshore platforms) where super-tankers dock. There are two large oil tank farms | [#OOTT](#) Map from [@TheTerminal](#) with my own notes

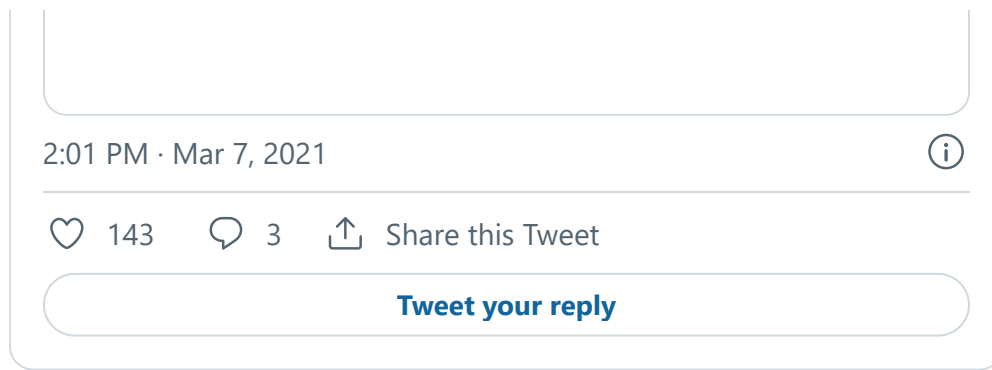
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Witnesses in the coastal city of Dhahran, where Aramco is also headquartered, reported an explosion rocking the city, and windows shaking. Ras Tanura is about an hour by car up the coast.

“Both attacks did not result in any injury or loss of life or property,” a spokesman for the Saudi Energy Ministry said. Two people familiar with the situation also said oil output was unaffected, and on Monday loading in the Ras Tanura area was continuing, with tankers docking on the north pier and sea islands.

Brent crude rose as much as 2.9% to \$71.37 a barrel on Monday, before paring gains. Oil had already received a boost from an OPEC meeting last week, when [ministers agreed to keep a tight leash](#) on supply.

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Ras Tanura is the world's largest oil terminal, capable of exporting roughly 6.5 million barrels a day -- nearly 7% of oil demand -- and as such is heavily protected. The port includes a large storage tank farm where crude is kept before it's pumped into super-tankers. A refinery at the same site is Aramco's oldest and largest.

A Saudi-led coalition has been fighting the Houthis since 2015. The conflict has killed tens of thousands of people and it has triggered what the United Nations says is the world's worst humanitarian crisis.

On Sunday the Saudi-led coalition said a recent U.S. decision to revoke the designation of the Houthis as terrorists had fueled the rise in attacks. The Biden administration has moved to ditch the designation after the UN warned of famine. The administration of Donald Trump adopted the label toward the end of his time as president, and it was seen as a way of increasing pressure on Iran. Biden during his campaign pledged to rejoin a nuclear pact between Iran and world powers.

“The Houthi attacks on Saudi Arabia will likely further complicate efforts of the Biden administration to negotiate a follow-on nuclear agreement with the Iranians,” Helima Croft, the head of global commodity strategy and MENA research at RBC Capital Markets in New York, wrote in a research note.

The Biden administration would have been placed in a very difficult position if the attacks had resulted in significant casualties or infrastructure damage, after promising to safeguard Saudi Arabia's security interests, specifically citing the cross border threat from Yemen, she said.

The coalition carried out retaliatory air strikes on Yemen's capital, Sana'a also on Sunday. It said it intercepted missiles and drones launched at the kingdom from Yemen, just as the Houthi rebels claimed a series of attacks -- including on Ras Tanura.



The group launched eight ballistic missiles and 14 bomb-laden drones at Saudi Arabia, a spokesman for the Houthis, Yahya Saree, said in a statement to Al Masirah television, which is run by the group.

The Houthis have stepped up assaults on Saudi Arabia and last week claimed they hit an Aramco fuel depot in Jeddah with a cruise missile and a military base. It wasn't clear how much damage had been caused. While such assaults rarely result in extensive damage, their frequency has created unease in the Gulf, affecting oil and shipping markets.

**Anthony Di Paola, Vivian Nereim, Javier Blas and Sylvia Westall**



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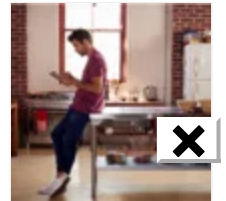
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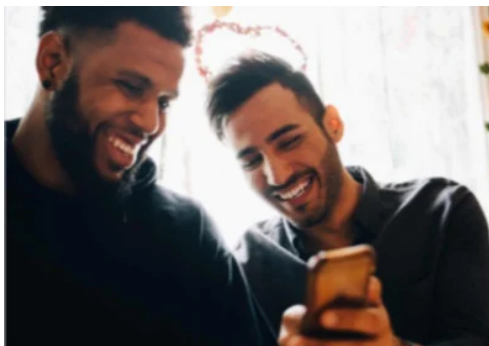
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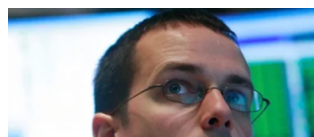
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