



Two Major Oil Facilities in Saudi Arabia Hit by Drone Strikes

Coordinated drone strikes last Saturday on two key Saudi Arabian oil facilities disrupted more than half of the country's oil capacity. At 3:31 am and 3:42 am local time, loud explosions erupted at Khurais oil field and Abqaiq processing facility, respectively. Abqaiq is the world's largest oil processing facility and nearly two-thirds of Saudi Arabia's total output takes place there. Both of these facilities are owned by Saudi Aramco, the nation's state-owned oil company. The strikes set off blazing fires that caused substantial damage and took multiple hours to put out. In a statement, Saudi Arabia announced that the fires had been brought under control and that no one had been killed or injured.

The Houthi rebels, who have been fighting a Saudi-led military coalition in neighboring Yemen, took responsibility for the attacks. A spokesman for the group stated that they successfully carried out a large-scale operation with 10 drones targeting Saudi Aramco oil facilities in Khurais and Abqaiq. He also claimed that the operation was a "legitimate and natural" response to "the enemy's aggression and blockade" of Yemen. Saudi Arabia has been leading a military campaign to suppress the Houthi rebels in Yemen since early 2015. The conflict is widely viewed as a proxy war between Saudi Arabia and Iran, the latter of which has been backing the Houthi rebels.

News of the strikes sent oil prices soaring by about 20% at the market's opening this past Monday morning – the highest ever intraday increase. By the end of Monday, oil prices ended the day at nearly 15% higher overall. On Tuesday evening, the Saudi Arabian Energy Minister announced that the country's oil supply levels were back to normal on some of their production facilities and that their oil market will be fully back online at the end of this month. He also announced that export levels would be uninterrupted since the country was planning on using inventories it had to make up for the downtime in production over the next several weeks. As a result, oil prices fell back down on Wednesday, pushing them back near the levels they were at earlier this month.

While the Houthis have claimed responsibility, some analysts have questioned their capability of carrying out this type of an attack alone and believe that Iran may have had a more direct role. The Saudi-led coalition fighting the Houthis announced that preliminary results of an investigation indicate that the weapons used are Iranian and were not launched from Yemen. The United States, a strong Saudi Arabian ally, has also blamed Iran for the attacks and warned that it could retaliate, releasing satellite images and citing intelligence to defend their claims. U.S. officials say that satellite photos seem to show the points of impact at the targeted facilities have come from the north and northwest – from the direction of Iran or Iraq – not Yemen.

The United Nations has sent a panel of experts to Saudi Arabia to investigate the attacks, and the subject is likely to be a major focus of next week's annual UN General Assembly meeting.