

Argus Middle East Crude 2014:
The Quest for Secure Supply in an Era of Geopolitical Challenges

Iranian oil production growth. Impact on oil markets and prices

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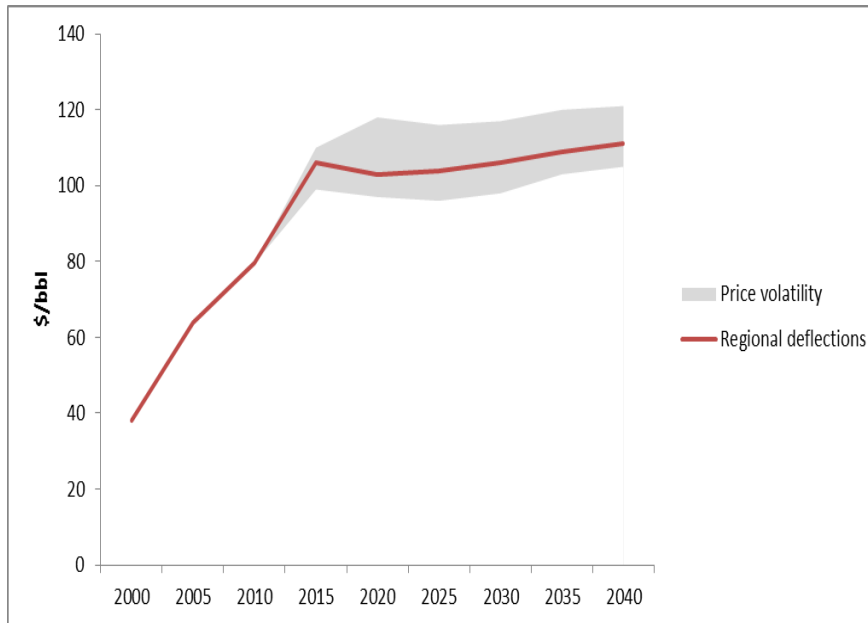
Abu Dhabi, UAE

May 07, 2014

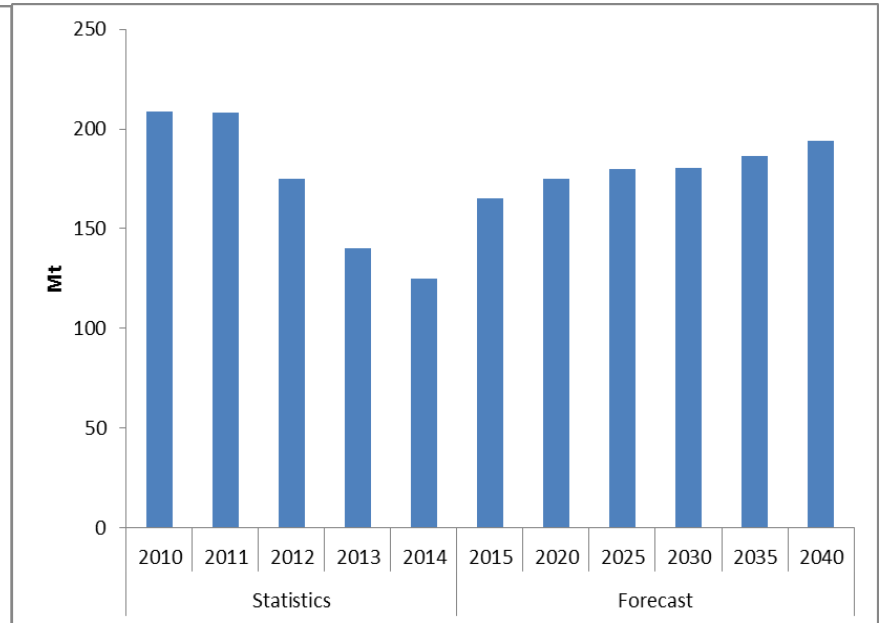


Iranian influence on oil prices and markets in not high in Base scenario...

Equilibrium oil price forecast

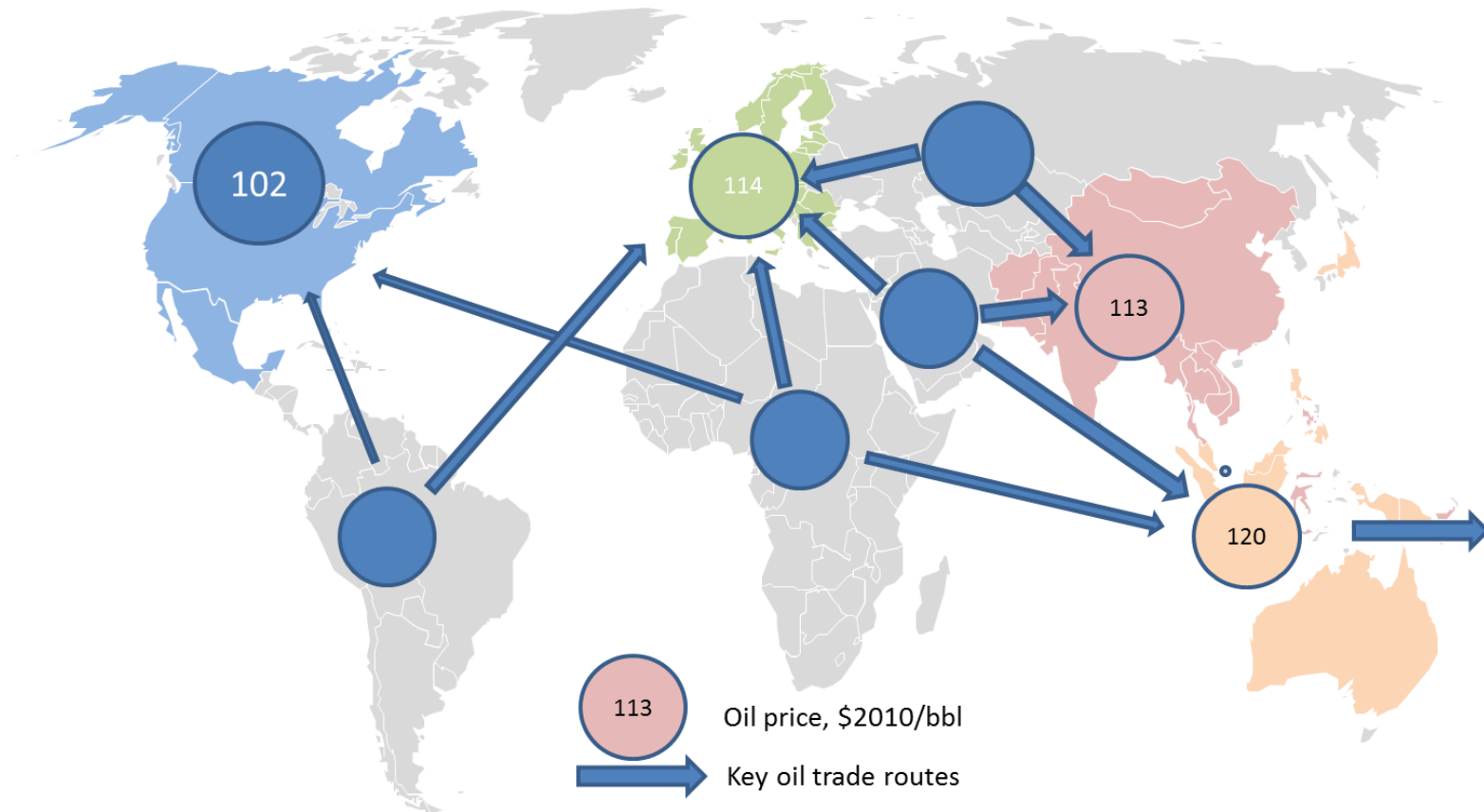


Iranian oil production



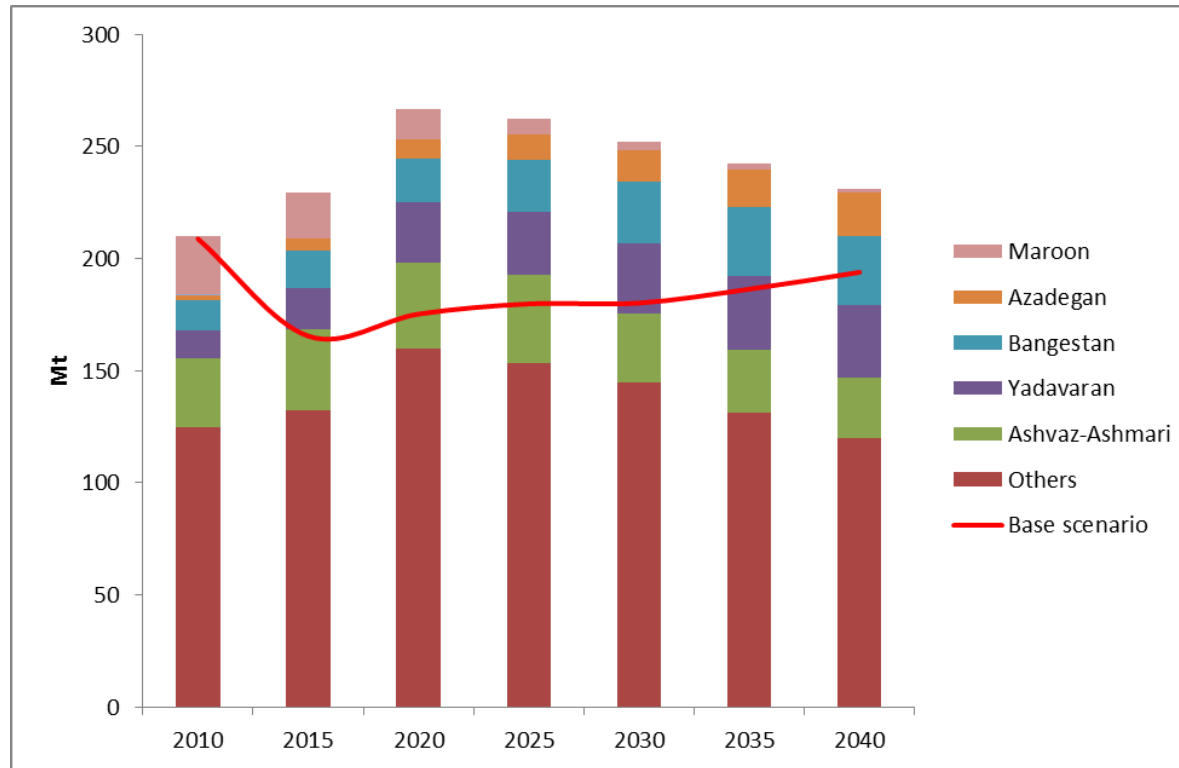
In Base scenario, in BAU conditions, Iranian oil production doesn't reach 2010's level after significant fall in 2011-2014

... under the sanctions the only market for Iranian oil is low-price Mainland Asia



Modern oil market structure and North America production increase forms a significant difference in oil prices for different regions

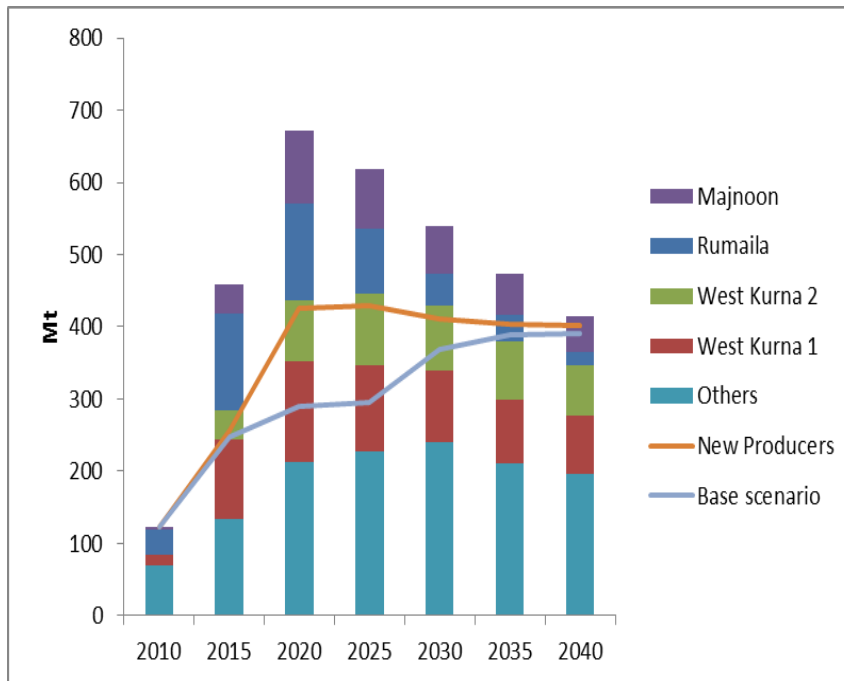
In New Producers scenario Iranian oil industry can increase production by 40% in 2020 as compared with BS ...



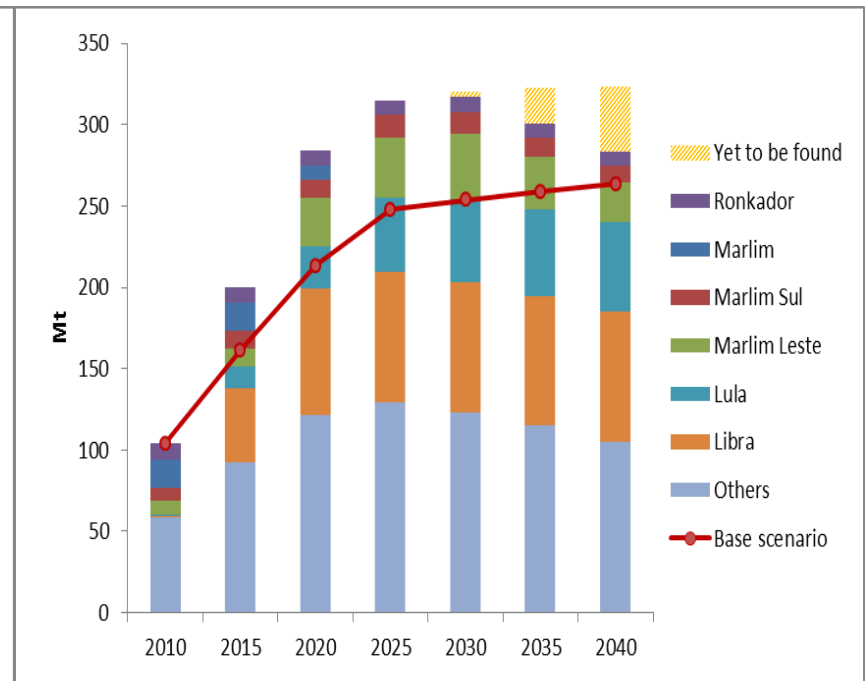
Post-sanction Iran reaches 265 Mt of oil production in 2020 with graduate decline to 230 Mt till 2040

However post-sanctions Iran is not only source to increase cheap oil production...

Iraq oil production



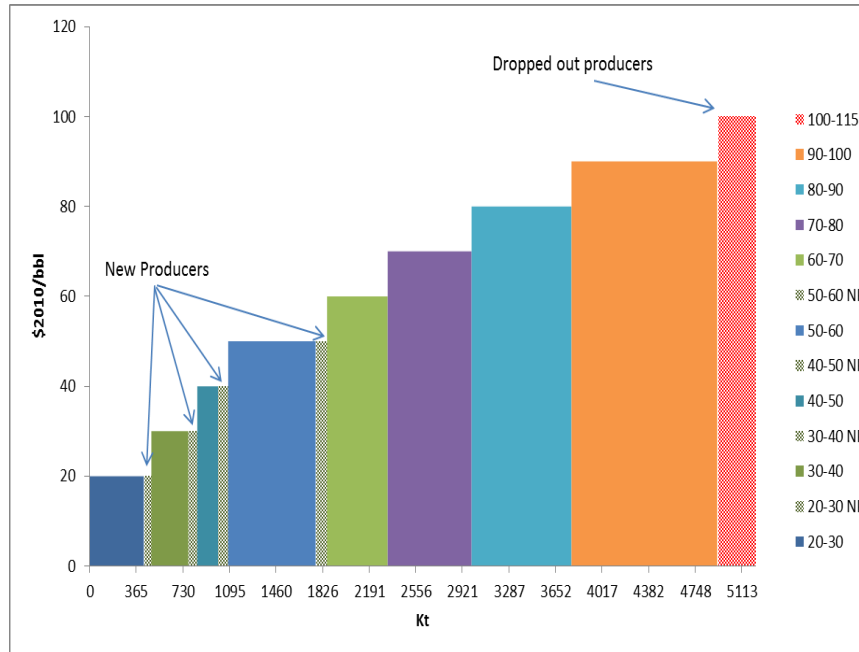
Brazil oil production



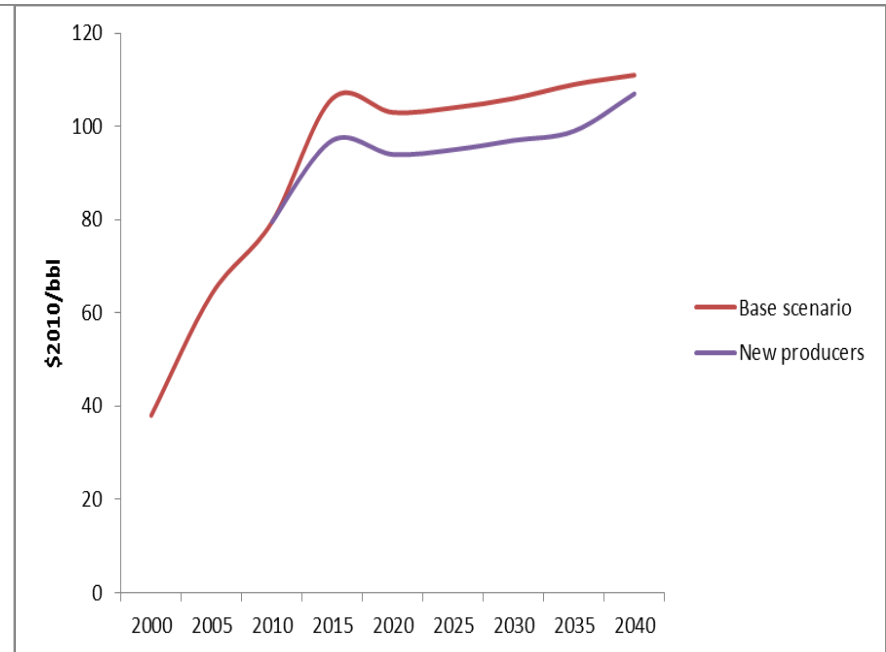
Main challenge for marginal oil producers in future is Iraq's and Brazil's low-cost oil fields

But even all of this three New producers would reach maximum production profiles, oil prices in New Producers scenario won't change dramatically...

Oil supply curve 2020

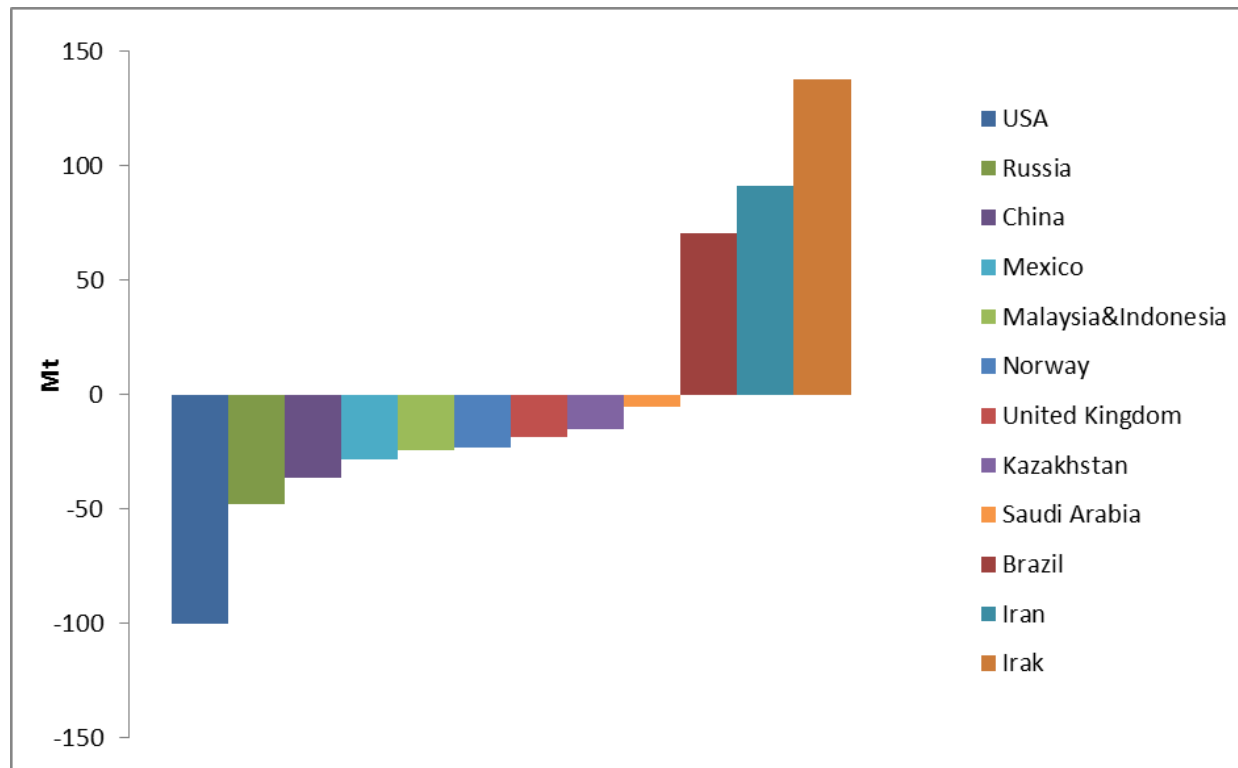


Equilibrium oil price forecast



The biggest oil price difference between scenarios is 10 \$/bbl. in 2020 - 2035

... while it will have huge impact on others producers



300 Mt of additional cheap oil from New Producers will remove 300 Mt from 10 “old” producers. First of all it will be USA tight oil and Russian Arctic projects.

China position in New Producers scenario

Presence of Chinese oil companies in Iran and Iraq	
Country	Oil field
Iran	North Azadegan(CNPC)
Iran	Zagross formation(CNPC)
Iran	Yadavaran (Sinopec)
Iraq	Al Ahdab (CNPC)
Iraq	Rumaila (CNPC)
Iraq	Halfaya(CNPC)
Iraq	Missan (CNOOC)

Decrease of crude oil production is not a critical factor due to the significant presence of Chinese oil and gas companies in projects abroad, particularly oil projects of Iran and Iraq



Thank you for your attention

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