

## Iran, Syria sign deal on gas export

Iran has signed a memorandum of understanding with Syria to begin gas export to the country from the next year. The agreement was signed in Damascus by Iran's Deputy Oil Minister, Hossein Noghreker-Shirazi and the head of the Syrian state Gas Co. Ali Abbas.

According to the agreement Iran will export gas to Syria via Turkey before the end of the 2009.



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TOP STORIES

### Iran Oil Bourse to deal blow to dollar

The long-awaited Iranian Oil Bourse, a place for trading oil, petrochemicals and gas in various non-dollar currencies, will soon open. Iran's Finance Minister Davoud Danesh-Jafari told reporters the bourse will be inaugurated during the anniversary of the Islamic Revolution at the latest. «All preparations have been made to launch the bourse; it will open during the Ten-Day Dawn (the ceremonies marking the victory of the 1979 Islamic Revolution in Iran),» he said. The Minister had earlier stated that the Oil Bourse is located on the Persian Gulf island of Kish. Some expert opinions hold inauguration of the bourse could significantly devalue the greenback.

### Private sector's first port on stream

The managing director of Ports and Shipping Organization announced that the private sector's first port has come on stream in southern Iran. Ali Taheri added Aftab Port in Hormuzgan Province is in its pilot stage. The private sector made the investment, receiving a loan from Oil Stabilization Fund (OSF) to implement the project, he said.

### Iran's SP gas output up 24%

A South Pars Gas Complex Company official on Sunday announced that gas extraction from in South Pars reserves showed a 24 percent growth in Iranian calendar month of Azar when compared to that of its preceding month. Mohammadreza Julaii put the reason of the rise at annual repair and an increase in the refineries' capacity. Talking to reporters, he said four billion cubic meters of sour gas was derived from phases 1-5 and treated by refineries 1-3 of South Pars from Nov. 22 to Dec. 21. He put the refined gas of the complex at 3.7 billion cubic meters, adding of the figure 73 million and 24 million cubic meters was transported to Pars Petrochemical Complex and Phase 6 respectively and the remaining was injected into the national grid after undergoing sweetening process. The official said that 4.7 million barrels of gas condensates were exported by tankers. The shared South Pars field in the Persian Gulf is the world's largest gas reserve, holding 50 percent and 9 percent of gas reserves of Iran and world respectively.

### \$100 a barrel for oil is not high

OPEC President Chakib Khelil expects oil prices to keep rising during the first quarter of 2008 before stabilizing in the second quarter. The rise is likely to continue until the end of the first quarter of 2008, followed by a period of stabilization in the second quarter, Khelil, who is also Algeria's energy and mines minister. «Given the global inflation and the steadily depreciating US dollar, \$100 a barrel for oil, which is lower than its 1980 price in real terms, is only nominal and does not reflect the commodity's real value,» he was reported as saying in a separate interview.

### ENERGY AT A GLANCE

- Iraqi Tawke Crude <Being Sold By KRG to Iran,
- Algeria's Oil And Gas Revenues Hit \$59Bn In 2007, Says Minister
- Sonatrach Makes Double Oil And Gas Finds
- Oman LNG To Supply ORPC With NGLs
- Plan To Sell 23% Stake In Oman Oil Marketing Postponed
- SABIC Board Recommends Capital Increase To \$8Bn
- Syrian Crude Production Fell To 370,000 B/D In Third Quarter 2007
- ADNOC And Linde Form Industrial Gases Joint Venture
- ADNOC To Set Up 11 CNG Stations By 2008

## IPI GAS PIPELINE DEAL APPROVED BY ISLAMABAD

The Pakistani Cabinet approved the Iran-Pakistan-India gas pipeline agreement last week.

The cabinet also recommended making a formal request to the Iranian government to allocate an additional volume of 1.05 billion cubic feet of gas a day to Pakistan if India doesn't participate.

Last week Pakistan's Minister for Petroleum and Natural Resources Ahsanullah Khan told a news conference that Iran and Pakistan were moving ahead positively on the IPI gas pipeline project and the Gas Supply/Purchase. He said that India would be most welcome to join the project when it was ready.

The gas sale and purchase agreement was initiated during talks on December 18, 2007.

The approval was accorded in a meeting of the Economic Coordination Committee of the Cabinet, chaired by Prime Minister Mohammadmian Soomro.

The Prime Minister appreciated the efforts of Ministry of Petroleum and Natural Resources as well as all those involved in the negotiations and finalization of agreement with Iran for Gas Supply to Pakistan, it said.

The sale and purchase agreement includes issuance of the Government of Pakistan guarantee to back agreements with

Pakistan's state-owned Sui Northern Gas Pipeline Limited & Sui Southern Gas Company for resale of imported gas on terms similar to those contained in the Iranian GSPA.

The Prime Minister asked the Ministry of Petroleum and Natural Resources to complete formalities of the project.

Pakistan and Iran will sign an agreement on the proposed gas pipeline within this week.

Pakistan's Minister for Petroleum and Natural Resources Ahsanullah Khan told a news conference that Pakistan and Iran were moving ahead positively on the IPI gas pipeline. However,

the Pakistani minister did not say where the agreement would be signed, but said the venue was to be decided.

Pakistan pays 665 million US dollars annually on the import of furnace oil and also offers 14 billion rupees (about 23 million US dollar) on petroleum subsidy which will be saved after the IPI project is completed, according to the Pakistani minister.

The pipeline, to involve some 7.4 billion US dollars, will run from Iran to India via Pakistan and supply some 90 million cubic meters of Iranian gas to India and 60 million cubic meters to Pakistan every day.

### Count Down

#### Zagros Petrochem Ph.2 by Sept.

Methanol No. 2 of the Zagros Petrochemical Complex will come on stream by September. Managing Director of the plant, Mehdi Hamidi announced that the plant would come on stream in the first half of next Iranian calendar year adding that the pre-commissioning of the second unit that had made a 95 physical progress started. The managing director added the complex had been set up in Pars Special Economic Energy Zone and earned 300 million dollars through its exports since the current Iranian year. Hamidi said the plant was set up in 2000 within the framework of the Third Five-Year Economic Development Plan, aiming to produce 1.65 million tons of methanol per annum. «When the second unit is put into operation, Zagros Petrochemical Complex will produce 1.65 million tons of methanol per annum,» said the official, adding the investment for the construction of the second unit would reach 135 million dollars.



### Glory

#### 111 Wells in 9 Months

The National Iranian Drilling Company drilled 111 oil and gas wells in the first three quarters of current year.

NIDC chief said the company had drilled 262,972 meters during the nine month period, showing a 5,967 meter growth from the corresponding time in the previous year.

Bahmani said the drilling operations in phases 9 and 10 of South Pars field started in late March 2007, adding 18,124 meters had been up to now drilled, indicating a 3,675 meter increase in comparison with the targeted figure.

The NIDC has 50 onshore and offshore derricks that are carrying out the drilling operations in 10 provinces.

He added the NIDC would increase its investment by 1.05 billion dollars within the next two years.



### Record

#### 181.5 bn Cu. M. of Sour Gas

South Pars Gas Complex Co. managing director announced last week that the joint SP field's sour gas output reached 181.5 billion cubic meters by the end of Iranian calendar month of Azar.

Since the company's setup, 269 million barrels of gas condensates had been produced in phases 1-5 refineries, said Homayoun Shokouh-Saremi, adding 267 million barrels of condensates had been exported to foreign countries.

He added that 163.4 billion cubic meters of the total derived sour gas was treated and sweetened in the refineries of phases 1-5 before being injected into the cross-country pipeline.

Saremi added the first refining phase had the capacity to sweeten 27 million cubic meters of sour gas, followed by the second and third refineries with capacities of 51 and 56 million cubic meters respectively.

The official reiterated that South Pars refining phases had yielded the highest capacity of sweet gas which was supplied to the nationwide gas pipeline and to the main industries.

About 50 percent of country's gas reserves and 8 percent of the world's proven gas reserves are in South Pars. In addition to gas, South Pars also has oil layers.

Gas development projects in South Pars include 24 phases, of which five phases have become operational. Phases 6, 7, and 8 are in the final stages while phases 9 and 10 have made a 70 percent physical progress.



### It's possible

#### Bahregan Oil Output to Reach 0.1 mbpd

Oil production in Bahregan region will soar to 80 to 100 thousand barrels per day when new platforms are installed. The Iranian Offshore Oil Company's Bahregan operations head said the 50 year old platform of Bahregan region was currently producing about 40 thousand barrels of impure crude oil a day. Mohammad-Reza Khajeh-Jahromi added the figure would touch some 100 thousand barrels daily when new platforms were placed in the region covering Bahregansar and Hendijan. The increase, said the official, would be in line with the development plan and renovation of platforms of Bahregansar and Hendijan oilfields. Bahregansar field's oil is of API 27-27.5 crude type that is classified in heavy crude oil category. Bahregansar oil platform would switch on next February, project manager said last September. The total capacity of the refinery would be 10 thousand barrels, he said, adding that the brimstone volume, included in the oil, would increase from 15 to 20 API to 34 API.



## Nozari: We want to produce one B. c.m. of gas per day

Tehran will not extend the June 2008 deadline for Royal Dutch Shell



Photo: Hamed Noori

Iran would need an investment of around \$150-160 billion over the next seven years

Minister of Petroleum Gholam-Hossein Nozari paid a visit to the Dispatching Center of National Iranian Gas Company last week.

Following the sharp drop in temperature and increase in gas consumption, the minister inspected the center that is responsible for coordinating and supervising the production, transmission, and distribution of natural gas.

The NIGC Managing Director Seyed Reza Kassaiezadeh, Dispatching Center Manager Hassan Torbati, and other responsible officials accompanied Nozari.

Given the growing fridity, the daily gas consumption in the country has reached some 465 million cubic meters.

Demand has surged with heavy snowfalls and temperatures in Iran's north plummeting to minus ten degrees Celsius, causing gas cuts in around a dozen Iranian cities and towns, local media said.

#### Iran warns Shell

Nozari said Shell should submit a proposal by June.

The Iranian Oil Minister says Royal Dutch Shell must submit its proposal for participation in the South Pars development project by June.

«If Shell's proposal is accepted by the Oil Ministry, we will continue cooperation with the company,» Gholam-Hossein Nozari told reporters.

Nozari added that Iran's recent deals with China's Sinopec and Malaysia's SKS indicate foreign firms, interest in making investment in the country's oil and gas industry.

Ali Vakili, the Managing Director of Iran's Pars Oil & Gas Company, said the Anglo-Dutch company has not officially called for an extension of deadline to decide whether to invest in two phases of Iran's South Pars gas field and Tehran will not extend the June 2008 deadline for Royal Dutch Shell to sign a major gas deal with the country.

«Iran will not agree to extend the deadline once it expires,» he warned.

Shell, Europe's largest oil and gas company, teamed up with Spain's Repsol to sign a preliminary deal with Tehran to invest \$10 billion to develop phases 13 and 14 of the South Pars project.

However, Shell is reportedly hesitant to finalize the deal with Iran due to concerns about US pressure.

#### Oil Output to Reach 4.2 mbpd by March '08

The National Iranian oil Company production affairs head announced that the country's crude output would soar to 4.2 million barrels per day by the end of its current year from current 4.15 Mbpd.

According to the Fourth Five-Year Development Plan, the country needs to increase its crude oil output to 4.5 million barrels per day by 2010, but it seems we will achieve the goal

much earlier than the end of the plan.

«Predictions show that the world will invest 8.2 trillion dollars in the oil and gas sectors until 2030 and the National Iranian Oil Company's share will be 15.7 billion dollars per annum,» Assemipour had already announced.

«Iran will also invest 6.4 billion dollars in the upstream oil industry and 9.3 million dollars in the upstream gas industry per year,» said the official.

«Over the next 28 years, Iran needs investments of \$480 billion in the oil and gas sector to materialize its long-term energy plans,» Minister of Petroleum Gholam-Hossein Nozari said.

«The government also wants to produce one billion cubic meters of gas per day during the same period,» Nozari added.

He said Iran would need an investment of around \$150-160 billion over the next seven years to expand its hydrocarbon projects.

### WEEK REVIEW

## Oil prices rebound

Oil prices resumed their march higher just hours before sending this paper to print house.

Despite rising, prices remained far off historic highs of above 100 dollars a barrel that were reached last week.

New York's main contract, light sweet

crude for delivery in February, jumped 98 cents to 96.07 dollars per barrel in electronic deals.

It had struck a record high of 100.09 dollars last Thursday but fell heavily thereafter as traders took profits.

Brent North Sea crude for February rallied

83 cents to 95.22 dollars per barrel. Last week it struck an historic peak of 98.50 dollars.

Outgoing OPEC president, the United Arab Emirates, said the recent rise in prices to 100 dollars had nothing to do with market fundamentals.