

In 1384, political tensions in the Middle East and some oil-producing countries, sabotage in Iraq's oil industry and speculation in the market raised oil prices incrementally. As of the beginning of 1384 (March 21, 2005), the Organization of Petroleum Exporting Countries (OPEC) raised its production quota in three phases. The first phase was on April 1st, 2005 and the last on October 1st, 2005. In the last phase, it was decided that previous quotas remain as before, however, depending on market demand, OPEC Member Countries were authorized to raise their production by 2 mb/d for three months as of October 1st, 2005.

OPEC

Primary Energy Consumption

Primary energy consumption by the OPEC Member Countries reached 627.1 million tons oil equivalent in 2005 from 600.5 million tons oil equivalent in 2004. Among primary energy bearers, crude oil and natural gas are consumed by Member Countries to a large extent while hydroelectricity and coal are consumed by Iran, Venezuela, and Indonesia sparingly. Nuclear energy is not consumed by any of the OPEC Member Countries. Middle East members (Saudi Arabia, Iran, Kuwait, U.A.E. and Qatar), with a total consumption of 407.6 million tons oil equivalent, had a higher amount of consumption as compared with other members (Venezuela, Indonesia and Algeria). Iran, with 161.9 million tons oil equivalent, ranked the first among OPEC members and Saudi Arabia, with 149.8 million tons oil equivalent, ranked the second.

OPEC PRIMARY ENERGY CONSUMPTION IN 2005 (1) (million tons oil equivalent)

	Oil	Natural gas	Coal	Nuclear energy	Hydroelectricity	Total
Middle East members	202.1	201.6	1.1	0	2.8	407.6
Saudi Arabia	87.2	62.6	0	0	0	149.8
Iran	78.4	79.6	1.1	0	2.8	161.9
Kuwait	14.4	8.7	0	0	0	23.1
United Arab Emirates	18.3	36.4	0	0	0	54.7
Qatar	3.8	14.3	0	0	0	18.1
Other members	91.9	83.3	24.5	0	19.8	219.5
Total	294.0	284.9	25.6	0	22.6	627.1

Source: BP Statistical Bulletin, 2006

(1) Excludes Iraq, Libya and Nigeria.

Crude Oil Reserves

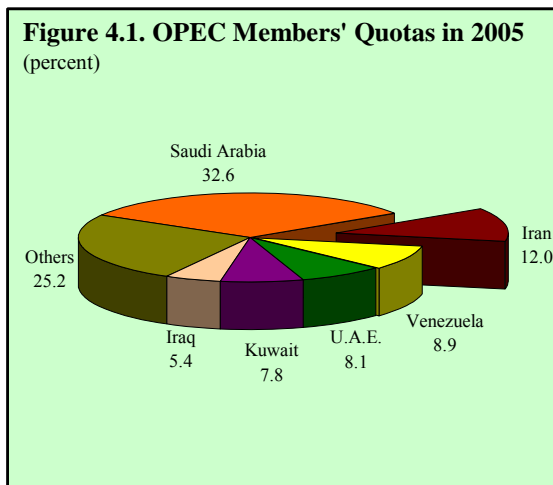
OPEC crude reserves increased by 0.6 percent to 902.4 billion barrels in 2005 as compared with the previous year. Out of 11 OPEC Member Countries, the largest reserves belong to Saudi Arabia (by 264.2 billion barrels) and Iran (by 137.5 billion barrels), followed by Iraq and Kuwait by 115.0 and 101.5 billion barrels, respectively.

OPEC PROVEN CRUDE OIL RESERVES							(billion barrels)	
	2003 ▲	2004 ▲	2005	Percentage change		Share (percent)		
				2004	2005	2004	2005	
Middle East members	723.0	726.5	731.2	0.5	0.6	81.0	81.0	
Saudi Arabia	262.7	264.3	264.2	0.6	0	29.5	29.3	
Iran	133.3	132.7	137.5	-0.5	3.6	14.8	15.2	
Iraq	115.0	115.0	115.0	0	0	12.8	12.7	
Kuwait	99.0	101.5	101.5	2.5	0	11.3	11.2	
United Arab Emirates	97.8	97.8	97.8	0	0	10.9	10.8	
Qatar	15.2	15.2	15.2	0	0	1.7	1.7	
Other members	167.7	170.8	171.2	1.8	0.2	19.0	19.0	
Total	890.7	897.3	902.4	0.7	0.6	100.0	100.0	

Source: BP Statistical Bulletin, 2006

Crude Oil Production

In the review year, average OPEC crude oil production, with 2.6 percent rise, reached 33.8 mb/d (41.7 percent of world crude oil production), as compared with 2004. Increase in the OPEC production quotas was in line with targets such as market regulation and provision of sufficient supply to stabilize the crude market. In this year, production of OPEC Middle East members, with 2.6 percent rise, reached 23.4 mb/d. Production of other members reached 10.4 mb/d, up by 2.6 percent.



OPEC CRUDE OIL PRODUCTION (1)							(thousand b/d)	
	2003 ▲	2004 ▲	2005	Percentage change		Share (percent)		
				2004	2005	2004	2005	
Middle East members	21,416	22,806	23,396	6.5	2.6	69.1	69.1	
Saudi Arabia	10,222	10,588	11,035	3.6	4.2	32.1	32.6	
Iran	3,999	4,081	4,049	2.0	-0.8	12.4	12.0	
Iraq	1,339	2,010	1,820	50.2	-9.4	6.1	5.4	
Kuwait	2,329	2,481	2,643	6.5	6.5	7.5	7.8	
United Arab Emirates	2,611	2,656	2,751	1.7	3.6	8.1	8.1	
Qatar	917	990	1,097	8.0	10.8	3.0	3.2	
Other members	9,391	10,179	10,440	8.4	2.6	30.9	30.9	
Total	30,806	32,985	33,836	7.1	2.6	100.0	100.0	

Source: BP Statistical Bulletin, 2006

(1) Includes NGL, shale oil and oil sands.

OPEC Production Ceiling

In this year, OPEC raised its production ceiling in three phases. The first increase was in April 2005 by 500 thousand b/d to 27.5 mb/d. The second was on July 1st by another 500 thousand barrels, which brought the production ceiling of OPEC Member Countries to 28 mb/d. During the 137th Meeting of the OPEC Conference convened in Vienna, while keeping the previous quotas unchanged, the Conference agreed to make available to the market the spare capacity of 2 mb/d in Member Countries, for a period of three months, starting 1st October 2005.

OPEC PRODUCTION QUOTA					(thousand b/d)
	November 2004	April 2005	July 2005	October 2005	
Saudi Arabia	8,775	8,937	9,099		
Iran	3,964	4,037	4,110		
Other members (1)	14,261	14,526	14,791		
Production ceiling (1)	27,000	27,500	28,000	30,000	

Source: www.opec.org

(1) Excludes Iraq.

Consumption of Oil Products

In 2005, average consumption of crude products by OPEC Member Countries⁽¹⁾ grew by 4.6 percent to 6.3 mb/d as compared with 2004. The highest and the lowest amounts of consumption were related to Saudi Arabia and Qatar with 1.9 and 0.1 mb/d, respectively. Iran, with 1.7 mb/d consumption, accounted for 26.4 percent of total OPEC consumption.⁽²⁾

OPEC CONSUMPTION OF OIL PRODUCTS (1)							(thousand b/d)	
	2003 ▲	2004 ▲	2005	Percentage change		Share (percent)		
				2004	2005	2004	2005	
Middle East members	3,844.2	4,085.6	4,303.0	6.3	5.3	68.1	68.5	
Saudi Arabia	1,683.5	1,805.2	1,890.6	7.2	4.7	30.1	30.1	
Iran (2)	1,512.6	1,574.7	1,658.6	4.1	5.3	26.2	26.4	
Kuwait	237.8	265.8	279.8	11.8	5.2	4.4	4.5	
United Arab Emirates	333.3	355.5	376.5	6.6	5.9	5.9	6.0	
Qatar	76.9	84.3	97.6	9.7	15.7	1.4	1.6	
Other members	1,842.3	1,916.2	1,975.9	4.0	3.1	31.9	31.5	
Total (3)	5,686.5	6,001.8	6,278.9	5.5	4.6	100.0	100.0	

Source: BP Statistical Bulletin, 2006

(1) Includes domestic demand for oil, aviation and navy fuel, fuel for refineries and oil wastes.

(2) Estimations by the BP are more than those published by the Ministry of Petroleum.

(3) Excludes Iraq, Nigeria and Libya.

Proven Natural Gas Reserves

Proven natural gas reserves reached 88.6 trillion cubic meters in 2005, showing 0.1 percent increase compared with 2004. Iran and Qatar enjoyed the highest reserves of proven natural gas among OPEC Member Countries by 26.7 and 25.8 trillion cubic meters, respectively.

(1) Excludes Iraq, Nigeria, and Libya.

(2) Estimations by the BP are more than those published by the Ministry of Petroleum.

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OPEC PROVEN NATURAL GAS RESERVES (trillion cubic meters)

	2003 ▲	2004 ▲	2005	Percentage change		Share (percent)	
				2004	2005	2004	2005
Middle East members	70.9	70.2	70.2	-1.1	0	79.3	79.3
Saudi Arabia	6.8	6.8	6.9	1.2	1.0	7.7	7.8
Iran	27.6	26.7	26.7	-3.0	0	30.2	30.2
Iraq	3.2	3.2	3.2	0	0	3.6	3.6
Kuwait	1.6	1.6	1.6	0	0	1.8	1.8
United Arab Emirates	6.1	6.1	6.0	0	0	6.8	6.8
Qatar	25.8	25.8	25.8	0	0	29.1	29.1
Other members	17.8	18.3	18.4	2.8	0.3	20.7	20.7
Total	88.7	88.5	88.6	-0.3	0.1	100.0	100.0

Source: BP Statistical Bulletin, 2006

Production of Natural Gas⁽¹⁾

OPEC production of natural gas grew by 5 percent in 2004 to reach 482.5 billion cubic meters in 2005. The greatest amount was related to Algeria by 87.8 billion cubic meters. Iran, with a total production of 87 billion cubic meters, 18 percent of total OPEC production, ranked the second.

OPEC NATURAL GAS PRODUCTION (billion cubic meters)

	2003 ▲	2004 ▲	2005	Percentage change		Share (percent)	
				2004	2005	2004	2005
Middle East Members	226.9	245.8	256.3	8.3	4.3	53.5	53.1
Saudi Arabia	60.1	65.7	69.5	9.3	5.8	14.3	14.4
Iran	81.5	84.9	87.0	4.2	2.5	18.5	18.0
Kuwait	9.1	9.7	9.7	6.6	0	2.1	2.0
United Arab Emirates	44.8	46.3	46.6	3.3	0.6	10.1	9.7
Qatar	31.4	39.2	43.5	24.8	11.0	8.5	9.0
Other members	205.8	213.8	226.2	3.9	5.8	46.5	46.9
Total	432.7	459.6	482.5	6.2	5.0	100.0	100.0

Source: BP Statistical Bulletin, 2006

Consumption of Natural Gas

OPEC consumption of natural gas reached 316.4 billion cubic meters, showing a 4.1 percent growth compared with the previous year. Of this figure, 224 billion cubic meters (70.8 percent) was related to OPEC Middle East members, which shows a growth of 3.2 percent.

OPEC NATURAL GAS CONSUMPTION (billion cubic meters)

	2003	2004 ▲	2005	Percentage change		Share (percent)	
				2004	2005	2004	2005
Middle East members	202.2	217.0	224.0	7.3	3.2	71.4	70.8
Saudi Arabia	60.1	65.7	69.5	9.3	5.8	21.6	22.0
Iran	82.9	86.5	88.5	4.3	2.3	28.5	28.0
Kuwait	9.1	9.7	9.7	6.6	0	3.2	3.1
United Arab Emirates	37.9	40.2	40.4	6.1	0.5	13.2	12.8
Qatar	12.2	14.9	15.9	22.1	6.7	4.9	5.0
Other members	80.0	87.0	92.4	8.8	6.2	28.6	29.2
Total	282.2	304.0	316.4	7.7	4.1	100.0	100.0

Source: BP Statistical Bulletin, 2006

(1) Includes commercial production and consumed gas.

IRAN**Production and Export of Crude Oil**

Iran's average crude oil production, in compliance with the production quota, was set at 4.1 mb/d in 1384. Crude oil export grew by 2.1 percent to 2.6 mb/d, while export of oil products fell by 6.1 percent to 245 thousand b/d. The total oil export (including crude oil and oil products) reached 2.8 mb/d, showing a rise of 1.4 percent compared with the previous year. Crude oil export held 91.4 percent of total oil exports. The average spot price of each barrel of crude oil was estimated at \$53.11, up by 46.2 percent compared with the previous year.

In 1384, out of total crude oil exports, 59.4 percent was exported to Asia, of which 39.4 percentage points was related to Asia and the Far East and 20 percentage points to Japan. During this year, the share of Western Europe in Iran's crude oil exports grew markedly to 33.5 percent. Moreover, 7.1 percent of crude oil was exported to Africa.

In this year, the average price of oil products remained unchanged. On this basis, the price of gasoline, gas oil, kerosene and fuel oil reached Rls. 800, 165, 165 and 94.5 per liter, respectively.

Domestic consumption of oil products reached 1,394 thousand b/d. Consumption of gas oil and gasoline, with 29.9 and 26.8 percent share in total consumption of oil products, amounted to 417 and 373 thousand b/d.

Natural Gas

With the growth of natural gas consumption in urban and rural areas, its total domestic consumption reached 106.7 billion cubic meters in 1384, showing 9.2 percent growth compared with the previous year. Export volume, with 37.1 percent growth, reached 4.8 billion cubic meters. According to the contract concluded between Iran and Turkey, natural gas export to Turkey is to move up to 10 billion cubic meters by 1387.

Electricity

Electricity generation, with 7.7 percent growth, reached 178.1 billion kw/h in 1384. Out of total generated electricity, 171.2 billion kwh (96.1 percent) was generated by power plants affiliated to the Ministry of Energy and 6.9 billion kwh (3.9 percent) by other institutions.

Steam power plants generation, with 89.6 billion kwh, had the highest share in electricity generation and diesel power plants, with 0.2 billion kwh, the least. The highest growth in electricity generation, i.e. 39.2 percent, was attributable to hydropower plants. The amount of electricity generated by diesel power plants was reduced by 13.5 percent and the amount of electricity generated by gas and combined cycle power plants grew by 4.1 percent to 62.2 billion kwh.

Consumption of electricity grew by 6.9 per cent to 134.2 billion kw/h in 1384, the highest being related to public sector consumption by 11.6 percent. Sectors such as commercial, residential, street lighting and industrial witnessed growth of respectively 11, 10, 6.5 and 4.7 percent, the highest being related to residential with 33.8 percent and industrial with 31.7 percent. Consumption of electricity in agriculture sector fell by 0.8 percent in this year.