



## The second quarter of the year is normally quiet

Posted by [Heading Out](#) on March 20, 2006 - 12:43pm

Topic: [Supply/Production](#)

Tags: [iran](#), [iraq](#), [ngl](#), [united arab emirates](#) [[list all tags](#)]

For those waiting the tech talk on cracking, it has been delayed a week, since I was working on trying to index the first six months of our efforts.

It seems relevant to be talking a little about refineries since the latest [ASPO-USA newsletter](#) has a piece by Tom Standing about the dangers of including all produced hydrocarbon liquids into the total of oil products available. As he points out the CERA study, that we have discussed [earlier](#) includes Natural Gas Liquids (NGL) and Condensate in their report that production of "petroleum liquids" will increase in volume by 16 mbd between 2004 and 2010. Forgoing the reality of that increase for a moment, Tom points out that there are some problems with including the Condensate and NGL in the supply, particularly as it relates to transportation needs.

Gasoline, diesel, and aviation fuels consist of hydrocarbon molecules with roughly 8 to 16 carbon atoms. This size range keeps fuels within the specification for vapor pressure, but light enough to be readily ignited.

Condensate is a much lighter and more volatile liquid. It frequently is a co-product in natural gas fields, but also appears in some oil fields. Its molecules may be as large as 12 carbon atoms or as small as 4 (butane). The heavier end of condensate (higher boiling temperatures) can be blended into transportation fuels. But the light, volatile end must be used sparingly to keep within the specification for vapor pressure.

Natural gas liquids consist mostly of propane and butane (3 and 4 carbon atoms) with some ethane (C<sub>2</sub>H<sub>6</sub>). NGL is too volatile for blending into transportation fuels.

Given the relatively large amount of NGL that is anticipated to be available over the next four years this is a fairly critical distinction, that has not previously been obvious. However the article points out that most of the NGL goes into chemical feedstock, and thus including it in the crude oil numbers (which of most critically oriented towards transportation use where NGL doesn't work) is akin to "comparing apples with rhubarb."

In regard to the quality of product available [Platts](#) reported last week that OPEC production rose in February, with the largest increase (from 1.53 to 1.79 mbd) coming from Iraq, while there were production drops of 40 kbd from Iran and 30 kbd from Nigeria. The report notes that Iran is having problems:

Iran, with a high depletion rate in its producing fields and experiencing great difficulty in selling Soroush/Nowrouz crude, has not managed to produce its 4.11 million b/d quota since it came into effect in July 2005.

The production drop for Nigeria is a bit low, given the [continuing attacks](#) that have now cut

The Oil Drum | The second quarter of the year is normally quiet <http://www.theoil Drum.com/story/2006/3/20/114331/722> production by 622,000 bd, some 26% of their capacity. (A number that over-rides the gains from Iraq). The two offshore Iranian fields were set to produce 190,000 bd and to come on line two years ago, but are now reported to be coming into production by May of this year. The [Arab Times](#) notes that UAE production is also now down 150,000 bd, due to maintenance at Murban.

Platts is also noting that Gazprom is still looking to increase its market penetration with talks scheduled with [Israel](#) for a pipeline extension that will secure additional supplies for the future.

And in regard to the "We Were Warned" program, I am still not sure of its value, so I may return to the topic later in the week. I guess that in part I had not considered [Westexas point](#) about the role that advertising might play in setting the content. I did note that the program did not say what would happen after the period covered by the program was over. Certainly there was no arrival of the odd tanker from Russia to bail us out. Guess we're toast.



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