



Seriously, maybe they do need the energy

Posted by [Heading Out](#) on May 4, 2005 - 5:21am

Much has been [written in recent days](#) about the Iranian nuclear program. There have been a lot of questions as to whether this is a subterfuge to cover the development of nuclear weapons. The jury on that may not even have been called yet, but perhaps the Iranian Government are not being totally deceptive, and do need the potential energy.

Judy Clark has an interesting piece in [The Oil and Gas Journal](#) about the energy situation in Iran. The story covers an ongoing debate about the use of natural gas deposits, of which Iran has an abundance. One of the arguments is about the use of the gas is to help with the domestic production of oil.

One quote of concern is the note that

Iran is losing 350,000 b/d/year of oil production capacity, Fesharaki said, and the decline rate could increase to 500,000 b/d/year by the end of the decade. Onshore decline rates have risen to 8%/year from 7%/year and offshore decline rates to 13%/year.

However if the natural gas, currently either used domestically or intended to be sold abroad as a liquified product (LNG) is used to re-stimulate existing oil fields then it may have a more beneficial impact on overall energy economics for Iran. The article continues:

Production of Ahwaz Bangestan oil field, for example, has fallen to 160,000 b/d from 250,000 b/d and will fall to 60,000 b/d within 1-2 years. A gas injection program could increase production to 220,000 b/d and maintain it at that level.

Iran, it should be noted, currently produces around 4 mbd of oil, so current declines in their production are at about the 10% level. With that sort of a lifetime on their current energy production they will need some form of replacement source to provide power in a decade, when the oil and gas run out.

All things considered, the use of nuclear power as a form of energy makes some sense for Iran. Given that it will take some significant amount of time to get enough of the background protocols covered, planning to have such power in around 10 years, as their current power supply disappears, could be considered only prudent. Of course it could also be being used for a more clandestine purpose, but the legitimate need should not be treated in too cavalier a fashion in light of the evidence.

At the same time the debate over whether the gas should be used to stimulate oil production, or to supply domestic and foreign needs for natural gas is likely to be of interest to us all. Certainly

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the oil would fit more easily into current world needs, but the decision will likely be made on domestic political concerns.

And, of course, the debate (and the article) do not address the interesting question to the rest of us regarding exactly where those currently supplied with the 350,000bd of oil that will be lost in the next year, can anticipate finding a replacement source.

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