By Reza Abesh Ahmadlou
Staff writer

Iran's oil and gas industry has witnessed an eye-catching productivity growth under the current administration as it has focused on beating off economic challenges since President Ebrahim Raisi took office in August 2021.

Signs of hope for finding a way out of the 2010s stagflation have now appeared thanks to the current administration's efforts as the average economic growth in 2021 and 2022 rose to 4.2 percent, of which 75 percent owes to productivity growth. The oil and gas industry has played a greater role when compared to other sectors' shares in achieving the economic growth.

According to the figures released by the Statistical Center of Iran (SCI), the oil industry registered 19.8 percent and 25.6 percent growth in spring and summer 2023 respectively – 22.7 percent on aggregate in the six months – having a 16 percent role in increasing Iran's gross domestic product (GDP). The SCI data also showed that Iran's economic growth in summer 2023 stood at 7.1 percent if the oil sector's growth included and 4.2 percent if excluded.

Top in exploration

Iran stands top among regional countries, including Saudi Arabia, Iraq, Kuwait, the United Arab Emirates, and Qatar, in terms of exploration, as all wells drilled for exploration purposes have contained hydrocarbon, meaning the exploration success rate has stood at 100 percent.

Over the past two years, $20 billion have been invested to complete the unfinished projects with the aim of increasing production and added value.

Flare gas capture

The Oil Ministry has announced plan for gathering 2 billion cubic feet of flare gas which would be carried out under five long-term plans.

A total of $5 billion have been invested in this sector, as all flare gas gathering projects are operated by the private sector and all costs would be recouped by feedstock supply.

Long-term projects for flare gas capture include building LPG plants and flare gas capture stations which are expected to come on stream by March 2026.

Short-term projects include flare gas gathering from facilities in the three provinces of Khuzestan, Bushehr Kohgiluyeh and Boyer Ahmad which are planned under a $1.1 billion contract with Persian Gulf Bidboland Gas Refining Company. That would help capture 593 mcf/d of gas, thereby supplying 1.5 tons of feedstock to refineries per annum.

Petchem production up

Iran's annual petrochemical production capacity will surpass 95 million tons by the end of the current Iranian year (March 19, 2024) as the figure was around 2.5 million tons in 1979.

NPC has conducted a thorough study on the petrochemical industry's value chain, launching 20 project packages for producing propylene, methanol, ethylene, aromatics, and butylene.

South Pars completion

Iran, in August 2023, brought to operation the last development phase of the world's largest gas field in the Persian Gulf which French oil and gas major Total quit twice under sanctions.

Inauguration of Phase 11 of South Pars, developed by Iranian experts, put an end to 20 years of waiting and saved the country $800 million in development costs.

Extraterritorial refinery project

The National Iranian Oil Refining and Distribution Company (NIORDC) was the first Iranian company to start extraterritorial refineries.

Venezuela was the first country, and El Palito was the pilot refinery for Iran's extraterritorial project.

The El Palito refinery project in Venezuela has progressed by about 85 percent, as 85-90 percent of its equipment has been provided by Iranian companies.

Iran also has reached an agreement with South Africa to develop and equip five refineries in the African state.

The agreement was reached on the sidelines of the 15th BRICS Summit in Johannesburg, South Africa, under which the Iranian Oil Ministry will help to develop five refineries in South Africa by exporting technical and engineering services.

Greater refining output

Iran's refining industry has refined 2.2 mb/d of crude oil and gas condensate, supplied 112 ml/d of diesel and 100 ml/d of gasoline. This achievement has been made owing to the implementation of strategic projects and switch from fuel-based approach to profit-based approach.

The country will reduce crude oil and natural gas sales by developing the value chain and bring its oil refining capacity to 3 mb/d.