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Iraq jumped two places to No. 2 in OPEC's rankings this year, cementing its position among the world's leading oil producers. Neighboring Iran dropped three spots to fifth as international sanctions took hold.

Second only to Saudi Arabia within the Organization of Petroleum Exporting Countries, Iraq's output rose by 24 percent this year as the BP Plc-led Rumaila field increased supply. Iranian production shrank by the same percentage to the lowest level since 1988, data compiled by Bloomberg show, and its exports will continue to drop into 2013, according to the International Energy Agency.

Enlarge image [Iraq Star Rises in OPEC as Embargo Hurts Iran](#)

Iraq's crude production averaged 3.35 million barrels a day last month. Photographer: Patrick T. Fallon/Bloomberg

[Iraq Oil Minister Says Keeping El-Badri Good Result](#)

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Dec. 12 (Bloomberg) -- Iraqi Oil Minister Abdul Kareem al-Luaibi talks about the extension of Abdalla El-Badri's tenure as secretary general of the Organization of Petroleum Exporting Countries. He spoke with Bloomberg Television's Ryan Chilcote in Vienna. (Source: Bloomberg)

"Iraq will continue to produce as much crude as it can because oil is and will remain its main source of income in the next few years," said Anas Alhajji, chief economist for NGP Energy Capital Management LLC in Irving, Texas, which oversees \$13 billion in funds. "Iraq wants every penny it can get."

The turnaround illustrates the nations' contrasting geopolitical fortunes. Iraq has become the region's second- fastest growing economy, attracting investment from Royal Dutch Shell Plc (RDSA) and OAO Lukoil in the nine years since the ouster of Saddam Hussein. Iran, stymied by a European Union and U.S. ban on oil exports, will suffer a decline in gross domestic product this year, according to the International Monetary Fund.

Export Reliability

Iraq's crude production averaged 3.35 million barrels a day last month, Bloomberg data show. Iran's daily output slumped to 2.7 million, less than Venezuela and Kuwait, OPEC's third- and fourth-largest producers, respectively.

The reliability of Iraqi exports is still at risk as the central government in Baghdad and the Kurdistan Regional Government fail to agree on crude revenue and contract terms. Exxon Mobil Corp. wants to sell its stake in the West Qurna-1 field in southern Iraq, Oil Minister Abdul Kareem Al-Luaibi said on Nov. 11.

"Constraints on export pipelines, government bureaucracy, and the continuing dispute with the autonomous Kurdish region will keep the country short of its ambitious goals," Robin Mills, the head of consulting at Dubai-based Manaar Energy Consulting and Project Management and a former Middle East specialist at Shell, said in a Dec. 26 e-mail.

Global oil supply has risen this year, led by the U.S., where producers are using hydraulic fracturing, or fracking, to unlock deposits in shale formations from North Dakota to Texas and Oklahoma. Production worldwide averaged 90.8 million barrels a day in the third quarter, up 2.7 percent on 2011, the Paris-based IEA said in its monthly report on Dec. 12.

High Maintenance

Output among OPEC members rose to a four-year high in August, a month after the EU banned imports of Iranian crude, as members sought to benefit from Brent at more than \$100 a barrel.

Brent, the benchmark for more than half the world's crude, is poised for a fourth annual gain after averaging a record \$111.66 a barrel this year on the ICE Futures Europe exchange. West Texas Intermediate futures, the most-traded U.S. grade, is set to drop this year for the first time since 2008 in New York after rising domestic output bolstered inventories at Cushing, Oklahoma, the nation's biggest storage hub. WTI averaged \$94.17 a barrel this year.

"Everyone is high maintenance these days," said Mehdi Varzi, a former Iranian diplomat and director of Varzi Energy Ltd., an energy-consulting company. "The major players all need high oil prices for their own reasons."

Libya Climbs

Libya's production more than doubled in 2012 as operators including Total SA (FP) returned to the North African nation after last year's rebellion against Muammar Qaddafi, lifting its position among OPEC's 12 members to ninth from 11th. Saudi Arabia, the group's biggest producer, pumped an average of 9.8 million barrels a day this year, the most since at least 1983.

"Saudi Arabia's objective is to stabilize the market," Manaar Energy's Mills said.

Iran's output has been in decline since the end of 2008, Bloomberg data show. The drop accelerated this year as the U.S. and EU tightened sanctions aimed at curbing the Islamic republic's nuclear program. Iran says its atomic projects are for civilian purposes.

The Iraqi economy will grow 10.2 percent this year and 14.7 percent in 2013, according to IMF

forecasts. That's the second- fastest rate in the Middle East and North Africa, after Libya.

Rumaila is forecast to produce 2.85 million barrels a day toward the end of the next decade, making it the world's second- biggest field, according to BP's website. The field, which includes China National Petroleum Corp. as a partner, is pumping at a rate of 1.43 million, Salem Bin Ashur, a spokesman for the committee managing the field, said on Dec. 6.

The following table shows rankings for OPEC's 12 members, according to data compiled by Bloomberg. This is based on production rates as of Dec. 31, 2011 and Nov. 30 this year, the most recent data available.

2012	2011
Saudi Arabia	Saudi Arabia
Iraq	Iran
Venezuela	Venezuela
Kuwait	Iraq
Iran	Kuwait
U.A.E.	U.A.E.
Nigeria	Nigeria
Angola	Angola
Libya	Algeria
Algeria	Qatar
Qatar	Libya
Ecuador	Ecuador