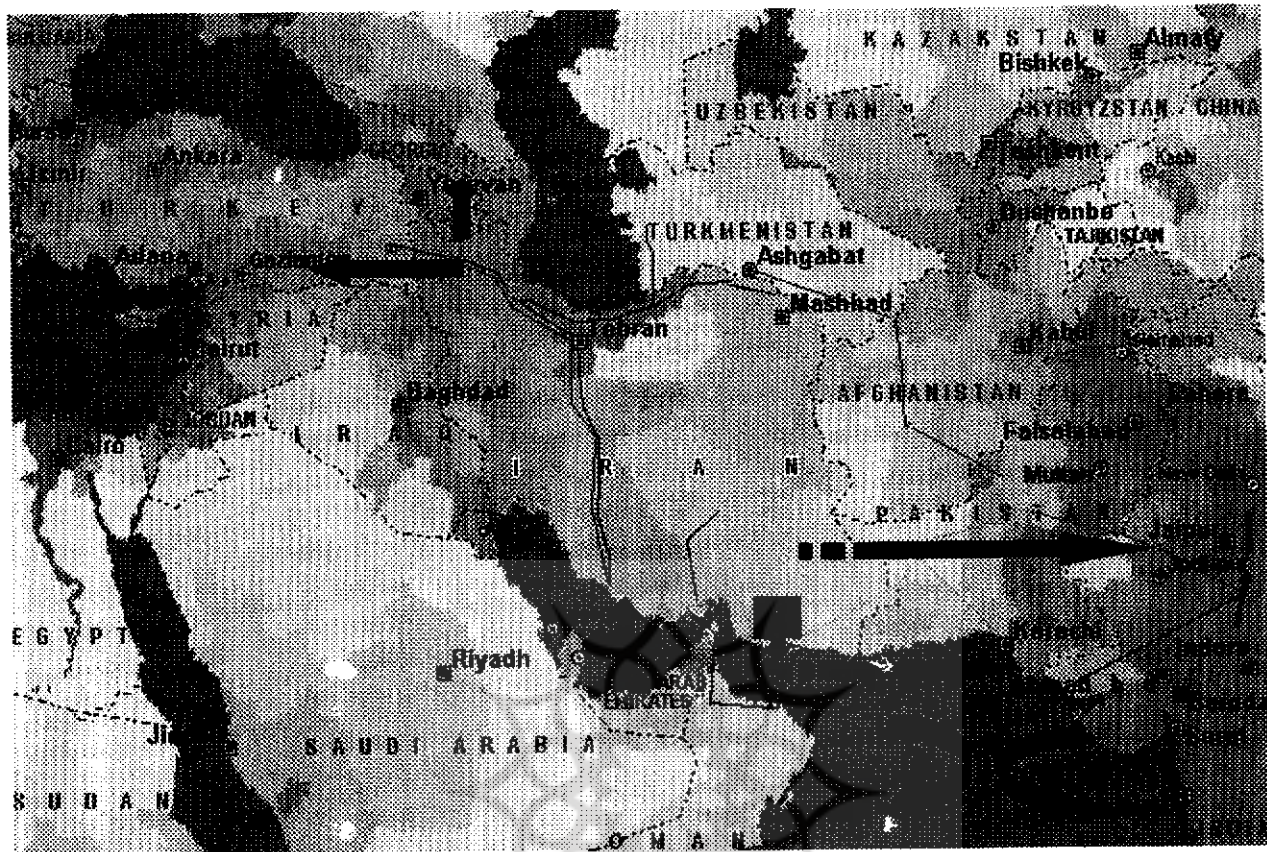
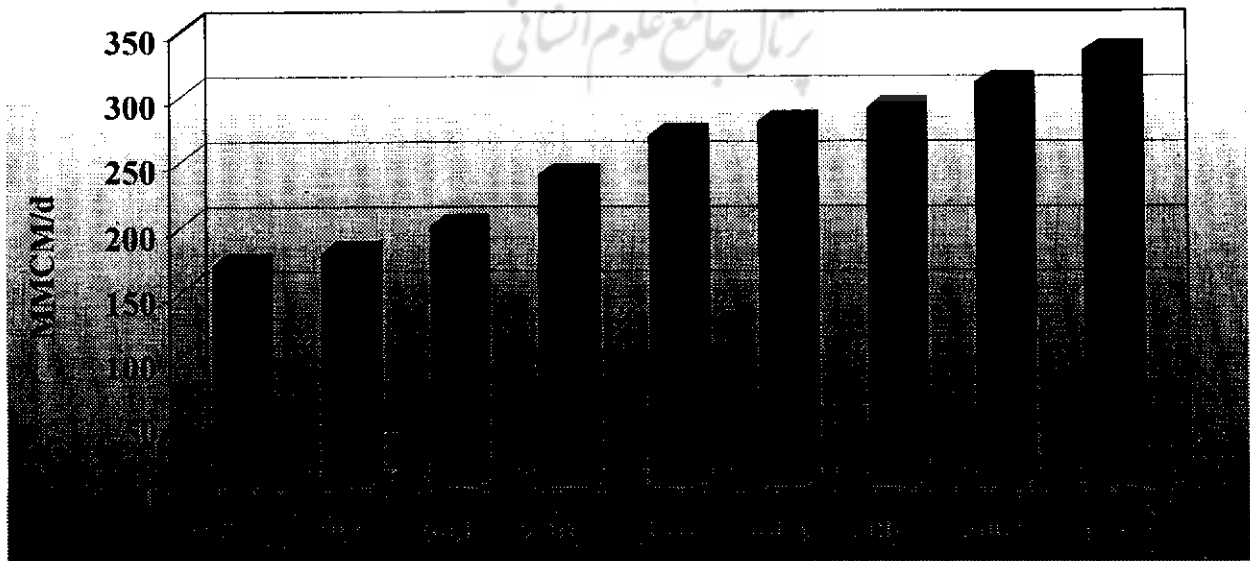


IRAN NATURAL GAS EXPORT PROJECT & POTENTIAL



NATURAL GAS DOMESTIC CONSUMPTION FORECAST

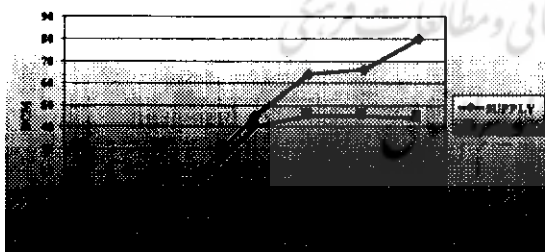


IRAN TOTAL NATURAL GAS PRODUCTION

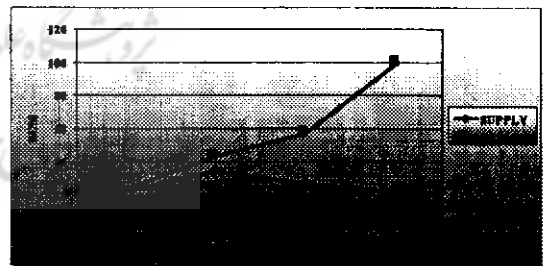


IRAN NATURAL GAS STUDY MARKETS

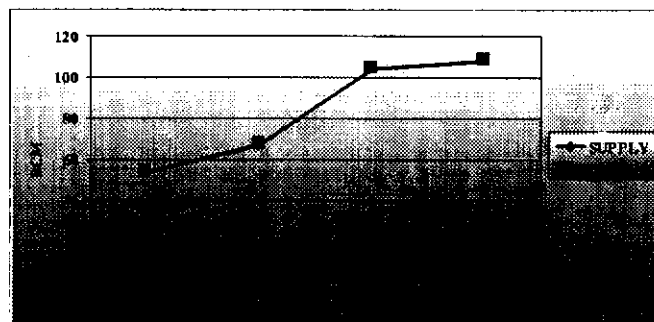
TURKEY NATURAL GAS SUPPLY & DEMAND



PAKISTAN NATURAL GAS SUPPLY & DEMAND



INDIA NATURAL GAS SUPPLY & DEMAND



execution of this policy.

This policy also reveals the strong relation with the owners of gas reserves in the region, i.e. Turkmenistan, that is a beginning for closer cooperation later on.

4- Natural Gas Production Policy

Iran needs more than 300 MMCM/d of natural gas for the execution of its domestic and international projects.

Considering the domestic and export natural gas, Iran intends to meet the demand by expanding upstream natural gas projects with the help of foreign investments.

As you know these are the buy back projects that Iran has already concluded some of them and has gained good experience in these contracts.

The source of pay back of these buyback projects are:

- Condensate sales
- Sale of oil products coming from the saving in local market.
- Extra production of oil due to gas injection into oil reserves.

5- Conclusion

Considering the above mentioned subjects. Iran will surely have a very great and important role in the regional

trade of natural gas at the beginning of 21 century.

The availability of abundant gas reserves in Iran will make the buyers confident and secure.

The economically suitable location of Iran is a good reason for regional markets to benefit from this situation.

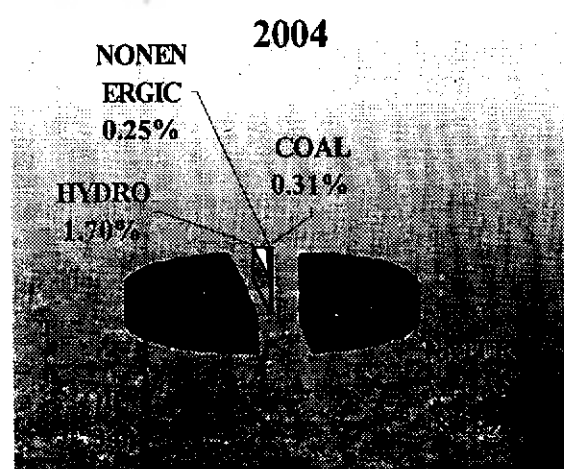
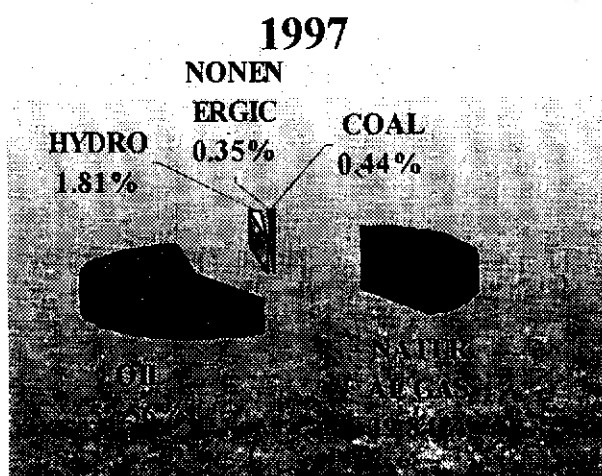
We sincerely hope that the new role of Iran in the international trade of natural gas at the beginning of the next century, will pave the way for the expansion of peaceful relationships between the countries of the region.

Thank you all very much.

IRAN NATURAL GAS EXPORTS PROJECTS

NAME OF PROJECT	EXPLAIN	QUANTITY (BCM)	START	STATUS
IRAN-TURKEY	PIPELINE	3-10	2000	SIGNED
IRAN-ARMENIA	PIPELINE	1	2000	SIGNED
IRAN-NAKHCHAVAN	PIPELINE	0.4	2000	SIGNED
IRAN-PAKISTAN	PIPELINE	8-15	2005	MOU
IRAN-EUROPE	PIPELINE/LNG	4-16	-	STUDY
IRAN-FAR EAST	LNG	6	-	STUDY
IRAN-INDIA	LNG/PIPELINE	3-10	2006	MOU
CHINA	LNG	3	-	MOU

COMPARISON BETWEEN NATURAL GAS IN IRAN PRIMARY ENERGY



pace of development plan in different time schedules.

The most important goal of the energy sector policy in the 25 year development plan, i.e. until the beginning of the year 2021 is to replace petroleum products with natural gas, through developing gas distribution network of the country. The main reasons for this program are as follows:

A- The low marginal cost of natural gas as compared with other fuels.

B- To reduce the domestic consumption of oil products, in other words, the recent changes in the world oil markets and the fall of oil price will cause Iran to replace domestic consumption of oil products with natural gas for the purpose of increasing oil exports.

C- The environmental effects and the reduction of CO₂ emission.

Iran's primary energies are crude oil and condensates, natural hydropower generators, coal and non-commercial energies. In 1998 the largest share of primary energies belonged to crude oil and condensate (57%) and after that, the natural gas had the biggest share (40%).

In other words, with the constant consumption trend of crude oil and condensate and the increasing in the trend of consumption of natural gas in Iran's energy basket (Primary energies) will increase considerably.

The largest share of natural gas consumption is related to power generation.

Power generation and industry sectors in Iran use about 60% of natural gas produced in the country.

Domestic consumption of natural gas in Iran will reach from 170 MMCM/d in 1998 to 334 MMCM/d in the year 2006.

Iran also is in dire need of the injection of natural gas into oil reserves for their enhancement. It is anticipated that the amount of natural gas injection to oil reserves shall reach from 80

MMCM/d in 1998 to 202 MMCM/d in 2006.

The country's total demand for natural gas, excluding the export, shall reach from 250 MMCM/d in 1998 to 530 MMCM/d.

It should be noted that the injected natural gas could be utilized again after a period of 20 to 25 years.

3- Natural Gas Export Policy

Considering Iran's large gas reserves, the efforts made towards exporting of natural gas seem reasonable.

Our country, having 1% of the world population, owns 16% of the world's natural gas reserves.

The record of Iran's natural gas exports goes back to the period before Islamic Revolution i.e. 1980 but after the revolution, great efforts have been made for entering into the field of natural gas international trade.

In international trade, Iran is considering two different policies:

A- Policies for Export of Natural Gas

The August 1996 contract between Iran and Turkey could be considered as the starting point for accomplishing the natural gas policies.

Iran's geological situation in the center of the important gas consuming countries is note worthy.

Turkey in West of Iran is one of the most important consuming markets of natural gas.

Turkey may be considered as the gate for Iran's natural gas into Europe in future. However, the fact of being a highly potential with rapid, demand growth at the beginning of the twenty first century in this market, cause the Republic of Turkmenistan to start activities for entering to this market.

We believe that if Turkmenistan wants to begin its gas export to Turkey, the best route is Iran. The availability of market and the strong infrastructure facilities create very exceptional

conditions for transit of gas through Iran.

Iran signed a contract in May 1995 with a volume of 1 BCM/T for export of gas to Armenia, which will be implemented in the year 2000.

Discussions have also been made for a contract of selling gas to Azarigas in Azerbaijan Republic for export of gas to autonomous Republic of Nakhjevan.

Other important markets of Iran in the East are Pakistan and India; Iran has signed Memorandums of Understanding (MOU) with the above-mentioned countries.

India is amongst the very important markets of natural gas in the world and its importance will increase as from the year 2000 onwards.

At present, National Iranian gas Company is studying the export of natural gas to this country through an LNG pipeline. According to studies made, in case of settlement of political disputes between Pakistan and India the onshore pipeline will be more economically advantageous.

Presently, Iran is studying different LNG projects and NIGC had already started the preparation of feasibility studies for exporting gas to the Far East and Europe. In this regard Iran has signed MOU's with China and India.

National Iranian Gas Company has also made feasibility studies for export of natural gas to Europe through the European consortium called Iran Gas Europe (ELG).

B- Natural Gas Import Policy

Iran has signed a contract for gas import from Turkmenistan in July 1995 and the import from Turkmenistan has started. The average volume of import in the year 1998 was 5 MMCM/d. The aim of this policy is the distribution of consuming areas of North of the country.

National Iranian Gas Company has been able to avoid a large part of unnecessary investment through the

companies have concluded contracts with us such as Total, Elf, Petronas, Gazprom, Bow Valley. Tens of others are now competing for some forty investment opportunities.

This shows the world does not condone sanctions. The U.S. is isolated. The American oil firms are the only ones to lose the most from this policy, for they would be left out of the competition.

Iran's attractive oil and gas investment opportunities are luring oil companies. This indicates mostly our willingness for sustainable partnerships based on mutual respects in the global oil and gas arena. Iran is determined to play its constructive role in its economic development, the future of the international community and meeting its rising energy needs.

Iran aims for equal, constructive ties with reputable oil firms within the frame-work of contracts, acceptable to both sides.

Mr. Chariman, Ladies and Gentlemen:

In conclusion, I would like to point out that competition and synergy reinforce each other. Cooperation in our world which is fraught with contention is practical. Hence my support for bodies like OPEC. Member states' collaboration has led to correcting abnormal market situations, the most recent of which was in 1998. We have now been witness to multilateral efforts in OPEC to recover market stability.

OPEC should not be regarded in negative lights.

This view has been promoted in the past two decades while it has been proven that OPEC has contributed positively to correcting imbalances in the oil shocks. It has exhibited constructive effects in the world energy economy.

Thank you for your patience.

**Persian Gulf Gas
Resources Conference
7th-8th November, 1999,
Tehran-Iran**

THE ROLE OF IRAN IN NATURAL GAS TRADE IN THE REGION

Mehdi Rafsanjani

In the name of God

Ladies and Gentlemen:

It is a great pleasure for me to be among distinguished guests. In this lecture, I intend to demonstrate the role of Iran, as a very important country, at the beginning of the third millennium for the development of Natural Gas Project in the region.

We are now entering a century, called by many energy experts, as the century of Natural Gas, an important and clean energy.

The special situation of Iran, especially in view of probable and proven reserves of natural gas, is in itself a cause to play important role in this century and I have in mind to explain this in the following chapters:

1. Comparison between Iran and the world natural gas reserves.
2. Natural Gas Domestic Policy
3. Natural Gas International Policy
4. Natural Gas Production Policy

1- Comparison between Iran and the world Natural Gas Reserves

Iran, having more than 800 TCF reserves of natural gas of the world, is the world's second largest country in gas reserves after the Russian Federate Republic. This fact has created a strong and powerful situation in view of a safe and secure supply of natural gas in the region. Iranian share of the proven reserves of natural gas in the Middle East is 58% (fifty eight percent) followed by Qatar, Abu Dhabi and Saudi Arabia.

2- Natural gas Domestic Policy

The general goals of the energy sector in the 25-year development plan of the Islamic Republic of Iran include many varieties.

The goal of energy sector, in the first stage, considering the importance of the role of energy as a main infrastructure factor of the country's economy, is to provide the required energy for continuing social economical