

## Unrests in Khuzestan, key oil region in Iran.

Jose Chalhoub

Political Risks and Oil Analyst

Venezuela

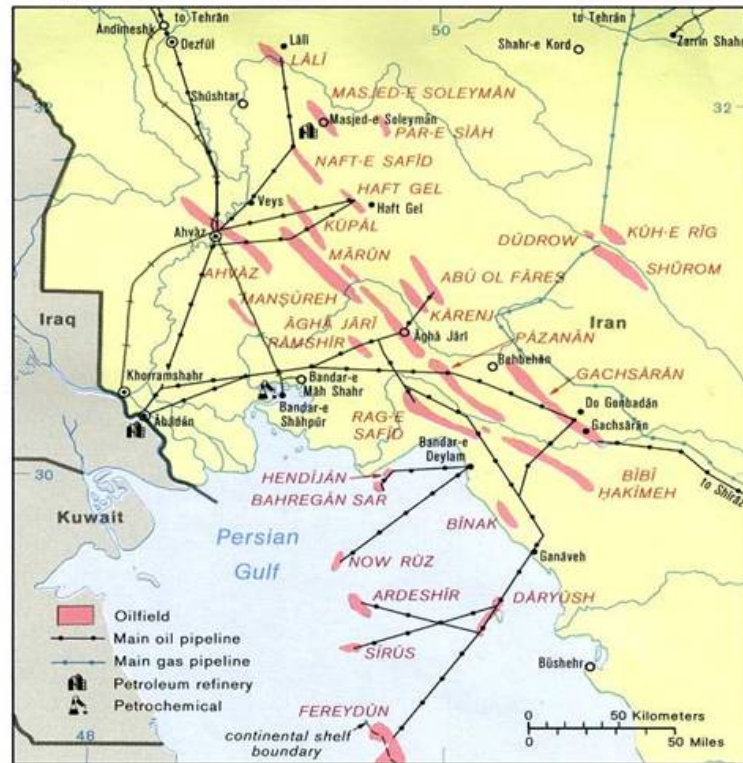


In recent days, there has been a new wave of protests and unrests in the key oil producing region in Iran, which is known as Khuzestan, located close to Iraq, and which is home to the largest Arab speaking and sunni muslim communities inhabiting the country which has been demanding different political, economic and social rights to the Iranian state, allegedly suppressing their rights of whom is suspected that many of the protests and turmoil in the recent years, mostly demanding food and against different issues such as power outages occurring

in different cities, has been exploited by countries such as Saudi Arabia, one of the key geopolitical and religious competitor in the Middle East and the muslim world of Iran, considering the important presence of sunni and Arab speaking population in a predominant shia muslim and farsi speaking country such as Iran and also considering that a significant part of Iran's total oil production comes from fields located in this western province, close to the border with Iraq.

In this regard, its important to point out that around 80% of the total Iran's oil production originates from this province and around 85% of the country's oil reserves are also located in the Khuzestan Basin, where large fields such as the Ahvaz (containing approximately 65 millions of barrels of oil and with a current rate of production of 750.000 barrels per day), the Shadegan field with a current production of 69.000 barrels per day, the Mansouri oil field with a current production of around 300.000 barrels per day and after a recent discovery of another field with reserves of approximately 50 billions of barrels in place also in the Khuzestan Basin, totally underscoring the geopolitical, economic and strategic importance it has for the economic stability of Iran and the Islamic Revolution and of everything that happens in the region related to these repeated unrests, protests and turmoil that happened recently but that has been unfolding in the last 10 years at least represent an important threat to the stability of the government.

## Major Iranian Oilfields



Therefore, in the wake of the recent protests by inhabitants in the capital of Khuzestan, Ahvaz recently, against spiking food prices as another series of tumults in the region and as challenge to the Iranian tight grip on power, considering first the current situation of sanctions against Iran without any certainty over a nuclear deal with the US and the EU, the current situation of global oil markets plenty of fundamental problems regarding supplies and demand and geopolitical risks and threats, while at the same time having in mind the delicate balance of power and power plays and frictions between Iran and its main competitor in the MENA region and the Muslim world, Saudi Arabia, which also has a same issue with a shia minority populated region in the eastern Province where there are the largest and most strategic oil fields and facilities in the Kingdom and have staged multiple protests against the saudi authorities, this is definitely a geopolitical risk and threat to watch in a current unstable and volatile global oil market where any situation of potential disruption or threat to production or exports as a consequence of situations like protests or attacks against any key oil or gas facility (although nothing of this sort has happened yet in Khuzestan) could cause further swings and upward pressure to oil or gas prices, in a moment of extreme tightness of global oil supplies.

