



# Risks to the Outlook

## Iran and the Rest of OPEC

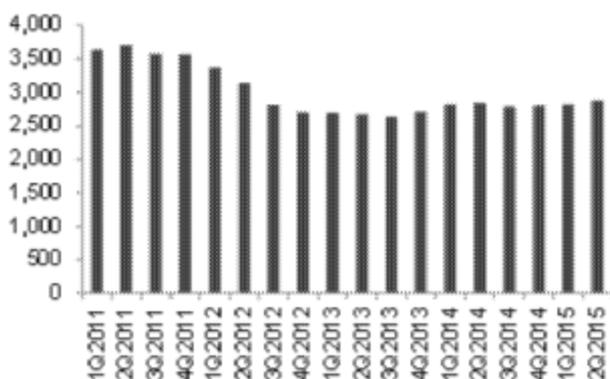
The above analysis rests upon the premise that OPEC (led by Saudi Arabia) will largely keep production flat with current levels. In summary, outside of a change in policy by Saudi, we see two primary risks to our near-term forecast: Iran (a potential reduction in the call on US growth by ~450 Mb/d) and Iraq (risks likely weighted toward a reduction in current Iraq production levels). Longer-term growth in sustainable productive capacity from Iraq and the UAE pose the greatest risks to an increased need for US onshore crude during the tail-end of our forecast period.

Iran: Holding the fate of US growth:

For all of the uncertainty on both sides of the Iranian debate, the stakes are potentially enormous for US producers. An increase of even 400 Mb/d by the middle of 2016 from Iran would effectively cancel out any call on US growth in 2016 (pushing it to 2017), and with it, eliminating the need for a crude price high enough to incentivize US growth.

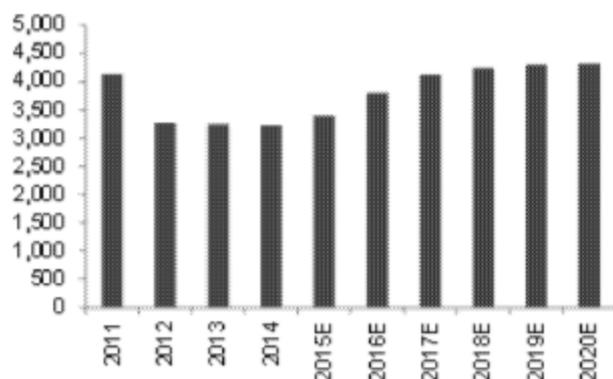
Iran remains the main wildcard as it relates to the global 2H15/2016 oil supply picture. The recently-struck (April 2) framework agreement between Iran and the P5+1 countries was the initial key milestone before any potential final deal on Iran's nuclear program. While recent rhetoric among Iranian hardliners (Khomeini has plenty to say) and select US participants/GOP congressional members remains polarizing (parties remain wide on details such as the pace of the removal of sanctions, etc) causing some doubt, the recent letter of strong support shown by US House Democrats (150 on paper/145 voting members, just enough to sustain a presidential veto of a Congress disapproval of any final deal) have certainly increased the odds of reaching a final deal by June 30 (deadline could be moved). While the risk of a final agreement (and the resultant addition of Iranian crude barrels into the global market) is real, the key question remains

Figure 55: Historical Iranian crude prod'n, 2010-April 2015



Source: Deutsche Bank, IEA. Note: crude-only production shown

Figure 56: Iranian liquids prod'n forecast, 2011-2020E



Source: Wood Mackenzie, Deutsche Bank. Note: Wood Mackenzie's forecast includes NGL/Condensate