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An OPEC Overview

Summary

The December 1998 election in Venezuela was a major event in the history of the oil business. The end of Venezuela's "growth and expansion" policy made possible the March 1999 cuts in OPEC quotas.

The model for control of oil prices remains the monthly allowable for production in Texas set by the Railroad Commission. OPEC has not yet adopted it, but it has gotten much closer. In 2003 there were seven meetings of OPEC. In 2004 there were five meetings. In the first quarter of 2005 there were two.

OPEC capacity in 2004 was approximately 34.55 million barrels per day (mmbd). It is forecast to reach 38.10 by 2015.

Actual production in 2004 was 31.5 mmbd, about 3 mmbd less than capacity. Of the unused capacity nearly half, 1.4 mmbd, consisted of heavy crude, condensate, and gas liquids in Saudi Arabia.

In the short term the timing of the attack on the nuclear weapons program in Iran is a major issue. For the longer term the large unknown is the length of the occupation of Iraq. The above forecast places the end of the occupation in 2013, roughly ten years after it began.