



IEA Chief: Oil and Gas Recovery Could Take Two Years

Description

It could take up to two years to regain a significant portion of oil and gas production lost during the conflict in Iran, according to Fatih Birol, the head of the International Energy Agency (IEA). This timeline is crucial as markets are currently treating the disruption as a short-term issue, which it is not.

Damage has occurred to oil fields, refineries, and pipelines throughout the Persian Gulf. The Strait of Hormuz, a vital export route for crude and other fuels, is largely closed, leading to a significant reduction in available oil, with hundreds of millions of barrels taken off the market.

In a recent interview with Bloomberg's Wall Street Week, Birol challenged the belief that supply would quickly recover once shipping resumes. He emphasised that reopening the Strait does not mean production will return to previous levels immediately. Repairs to facilities will be necessary, and this process will take time.

The IEA previously estimated that the conflict has eliminated about 13 million barrels per day of oil production, with losses from refined products being even greater. Over 80 oil and gas facilities in the region have been damaged.

Recovery of natural gas production may take even longer, with some liquefied natural gas (LNG) terminals possibly needing more than two years to operate normally again.

The impact on the market is evident, with spot crude prices for immediate delivery increasing, some approaching \$150. Buyers in Europe and Asia are competing for limited supplies, leading some refiners to reduce operations due to shortages.

Demand is beginning to shift, marked by signs of decreased usage, including fuel rationing and reduced industrial activity, particularly in emerging markets in Asia and Africa, which are heavily reliant on imported energy.

Vocabulary List:

1. **disruption** //dɪs'rʌpʃən// (noun): a break in normal work or service
2. **refineries** //rɪ'faɪnərɪz// (noun): places where raw oil is turned into fuel
3. **pipelines** //'paɪ,plaɪnz// (noun): long pipes used to move oil or gas
4. **terminals** //'tɜːmɪnəlz// (noun): places where oil or gas is loaded or stored
5. **rationing** //'ræʃənɪŋ// (noun): limiting how much people can buy or use
6. **emerging** //'ɪmɜːdʒɪŋ// (adjective): starting to grow or become important



Comprehension Questions

Multiple Choice

1. Who is the head of the International Energy Agency (IEA)?
 - Option: Fatih Birol
 - Option: David Malpass
 - Option: Christine Lagarde
 - Option: Kristalina Georgieva

2. How many million barrels per day of oil production has the conflict eliminated according to the IEA?
 - Option: 10 million
 - Option: 11 million
 - Option: 12 million
 - Option: 13 million

3. What is the expected timeline to regain a significant portion of oil and gas production lost during the conflict?
 - Option: A few months
 - Option: One year
 - Option: Up to two years
 - Option: More than two years

4. What is the significant waterway largely closed that impacts oil exports?
 - Option: Suez Canal
 - Option: Strait of Gibraltar
 - Option: Strait of Hormuz
 - Option: Bosphorus Strait

5. What has been the impact on spot crude prices according to the report?
 - Option: Decreased significantly
 - Option: Remained stable
 - Option: Increased, some approaching \$150
 - Option: Dropped below \$50

6. Where are buyers competing for limited supplies of oil?



- Option: North America and South America
- Option: Europe and Asia
- Option: Australia and Antarctica
- Option: Africa and the Middle East

True-False

7. The timeline for regaining production is considered a short-term issue.
8. The IEA has estimated that over 80 oil and gas facilities have been damaged.
9. Fatih Birol believes that supply will quickly recover once shipping resumes.
10. Repairs to facilities will not be necessary for production to return to previous levels.
11. Natural gas production recovery is expected to be quicker than oil recovery.
12. Signs of decreased usage are evident in emerging markets in Asia and Africa.

Gap-Fill

13. According to Fatih Birol, it could take up to _____ to regain oil and gas production.
14. The Strait of _____ is a vital export route for crude and other fuels.
15. The conflict has eliminated about 13 million barrels per day of oil _____ according to the IEA.
16. Repair processes for damaged facilities _____ take time.
17. Spot crude prices for immediate delivery are some approaching _____ \$150.
18. Emerging markets in Asia and Africa are heavily reliant on _____ energy.

Answer

Multiple Choice: 1. Fatih Birol 2. 13 million 3. Up to two years 4. Strait of Hormuz 5. Increased, some approaching \$150 6. Europe and Asia

True-False: 7. False



8. True 9. False 10. False 11. False 12. True

Gap-Fill: 13. two years 14. Hormuz 15. production 16. will 17. 150 18. imported

CATEGORY

1. Business - LEVEL5

POST TAG

1. C1
2. ESL learning
3. esl news
4. Gas Recovery
5. IEA Chief
6. Level 5
7. Oil Recovery

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