

Our Updates

Al Majal Showcases its Capabilities at the Largest International Oil and Gas Exhibition in Basra

Al Majal participated at the Basra International Oil, Gas, Petroleum Equipment and Energy Exhibition that took place from April 16-19. Supported by the Iraqi Prime Minister's Office and the Iraqi Ministry of Oil, the event is the largest of its kind in Basra, attracting over 60 global industry participants gathering from the energy industry.

The event provided an invaluable platform for our team to demonstrate Al Majal's strong capabilities, commitment, and continued investment towards upholding the highest standard of service to the growing Oil & Gas sector in Iraq.



AL MAJAL OIL & GAS ROUNDUP IN COLLABORATION WITH QAMAR ENERGY

Latest in the Iraqi & Global Energy Markets



Oil Demand in the Middle East

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Iraq's Oil Production and Exports

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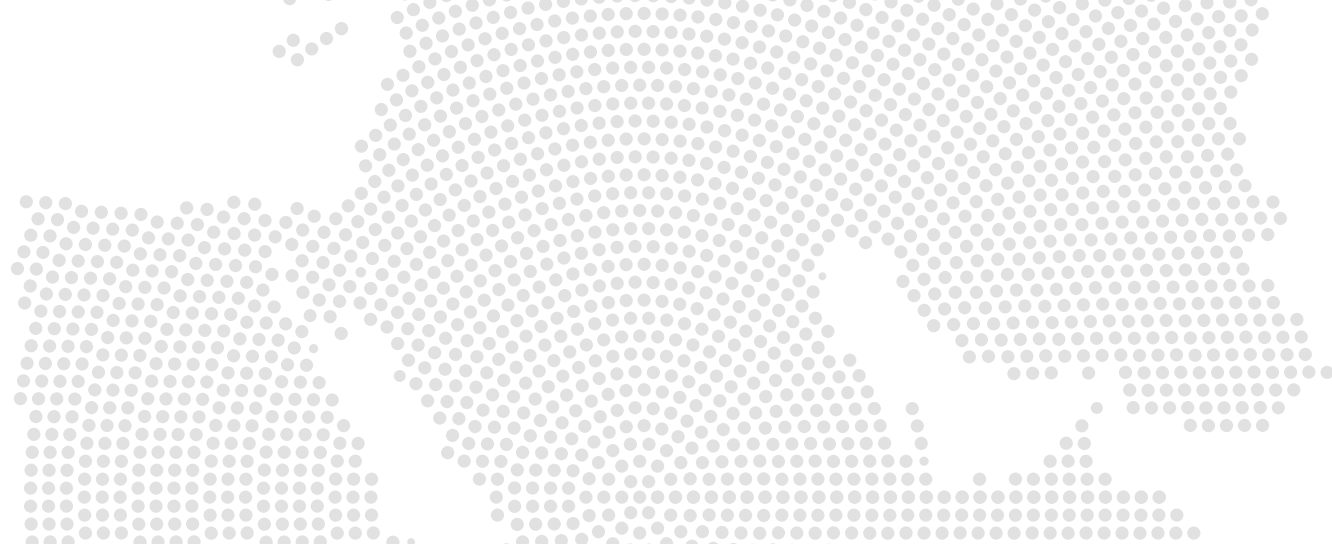
Iraq's Oil & Gas Project Developments

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Oil Demand in the Middle East



- Iraq's March oil demand witnessed a decline of 67 kb/d m-o-m from February 2024 to reach 882 kb/d
- But overall Q1 demand was still 4% higher than Q1 2023
- This is indicative of an improving economy, requiring higher volumes of road fuels, primarily gasoline and diesel
- Additionally, gas imports from Iran were halted in February (due to shortages on the Iranian side), requiring higher fuel oil use



Iraq typically uses fuel oil, some crude oil and diesel for power in the summer months due to the inability of local and imported gas to meet peak demand. The start-up of the 140 kb/d Karbala Refinery last year, the completion of a 70 kb/d expansion at the Shuaiba Refinery, and **the recent resumption of the North Refinery in the Baiji Complex after a decade** have also contributed to reduced oil products' imports, although continued "technical" challenges at Karbala mean the refinery is still running below design capacity. Bids for seven new refineries could also provide some upside to Iraq's domestic demand in the medium-term, although unlikely to have any major impact in the short-term, given that Iraq launched the bids only last year.

For the other major Middle East economies, oil demand declined 7% in March, as cooler weather due to higher-than-expected rainfall reduced power demand, especially for cooling needs. The start-up of the Al Zour LNG Terminal in 2021 in Kuwait has cut the amount of crude oil the country uses to meet its peak summer demand.

Positive economic activity, led by higher manufacturing and construction activity, indicated by strong composite PMIs, primarily in the UAE and Saudi Arabia, and more air travel, are forecast to keep the region's annual demand elevated vis-à-vis 2023 and 2022. We expect 2024 demand from the region to average 4.6 Mb/d, 4% higher than 2023 figures, and 7% higher than 2022. Transportation fuels will also contribute to demand growth.

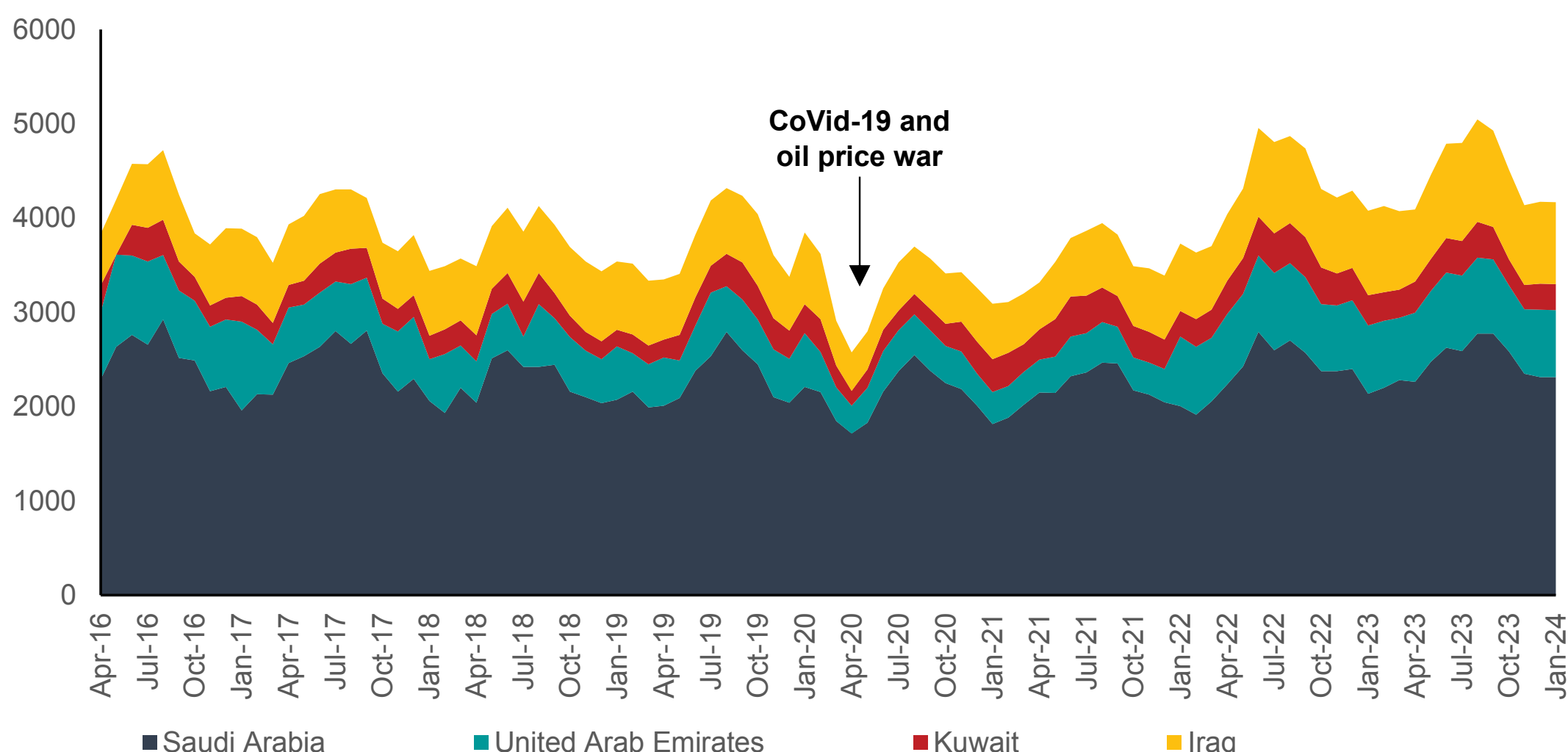


Figure 1 Oil Demand of Major Middle East Economies, kb/d

Iraq's Oil Production and Exports



The Iraq-Turkey pipeline (ITP) remained offline for the twelfth month straight, marking a year since the landmark ICC ruling, although overall exports remained steady in March at 3.42 Mb/d, down marginally from February's 3.43 Mb/d. Iraq exports have dipped by only 85 kb/d in Q1 2024 (down from an average of 3.48 Mb/d in Q4 2023), **despite committing to a lower OPEC+ quota starting January** of 4 Mb/d of production till June 2024 from the previous 4.22 Mb/d, including 220 kb/d of voluntary cuts. **Higher exports are unsurprisingly the result of production breaching the set quota**, with countrywide oil output increasing by 80 kb/d from February to reach 4.72 Mb/d.

Iraq maintains that it is in compliance with the OPEC+ quota despite independent on-ground estimates showing otherwise. This is because the Ministry of Oil in Iraq insists that oil produced by the KRG is beyond the authority of the federal government and therefore should not count as part of the national total. **Even by this logic, Iraq would have breached its quota by 400 kb/d in March**, given that KRG production for that month was 300 kb/d. However, OPEC+ gives credence to "secondary source"¹ assessments of member countries' output, according to which Iraq produced 4.2 Mb/d in March. Removing the KRG share, this would put federal Iraq's production at 3.9 M/d, overachieving on compliance with its quota, which seems unlikely given the incremental gains in output the last two months from several state-run oilfields.

The difference between independent on-ground estimates versus secondary source estimates is substantial, however. This could mean, either, secondary sources are, (a) counting production mainly for exports (crude, plus oil products) or (b) already excluding Kurdish output as the Ministry has encouraged them to do so. Exports have remained relatively steady around the 3.4 Mb/d mark for a few months now, so the extra production is likely being absorbed in higher refining runs and direct crude burn. Iraqi refineries have a combined functional capacity of >1.1 Mb/d, while power plants have in some months consumed over 250 kb/d of crude oil for generation. Additionally, if Kurdish refineries have lessened intake of Syrian Kurdish crude, that would mean more Kurdish crude being utilised in domestic refineries. Theoretically, Kurdish refining capacity is almost enough to process all of its production.

The main reason for the increase in Kurdish production to 300 kb/d in March, meanwhile, was the return of output from DNO's Tawke field returning to pre-ITP shutdown levels of 80 kb/d, which is being routed to domestic market sales at extremely discounted prices of US\$ 30-35/b.

Production in March averaged 4.72 Mb/d, ~0.72 Mb/d higher than Iraq's OPEC quota, mainly due to KRI production recovering to >50% of its capacity since August 2023, but still lower than the record of >4.75 Mb/d recorded in January 2023 when the KRI was outputting at capacity. Most of the KRI's 14 producing fields are now operational again, although the reduced output is being sold in the domestic market at substantial discounts. Current production is at 0.3 Mb/d, still well below the February 2023 average of 0.43 Mb/d, the last full month of production before the ITP's closure.

The increase in production at a time when the country's OPEC quota has reduced means Iraq will continue betting on KRI's shut-in production capacity to be the main contributor to its overall compliance rate, even if not anywhere close to where it needs to be. In other words, a lower quota will contribute to higher undercompliance, which is why the Ministry of Oil has begun insisting to exclude KRG production from overall calculations. Based on March's production figures, Iraq's compliance with its 3.99 Mb/d quota was a measly 13%, despite announcing just a few weeks prior that it would make up for past transgressions in coming months. Iraq has been pushing to increase production in the wake of global developments, including Venezuelan oil being taken off the market, tensions in the Red Sea increasing the risk premium of oil shipped through it, and a budget deficit that requires as much oil revenue as possible to be narrowed.

For the KRI, the lower quota could spell additional difficulties in resolving the issues that are keeping its exports offline, as the quota would appear to reduce the sense of urgency in Baghdad to reinstate pipeline flows via Turkey, since offline volumes would allow it to maintain a "higher" compliance without compromising on output from its strategic southern fields. Federal Iraq has already "promised" to make up for its previous compliance transgressions over the next couple of months, which might not bode well for a resumption of northern exports. On the other hand, Baghdad is likely incurring substantial penalties to Turkey for not shipping committed volumes of oil through the ITP, in the range of US\$ 800k per day.

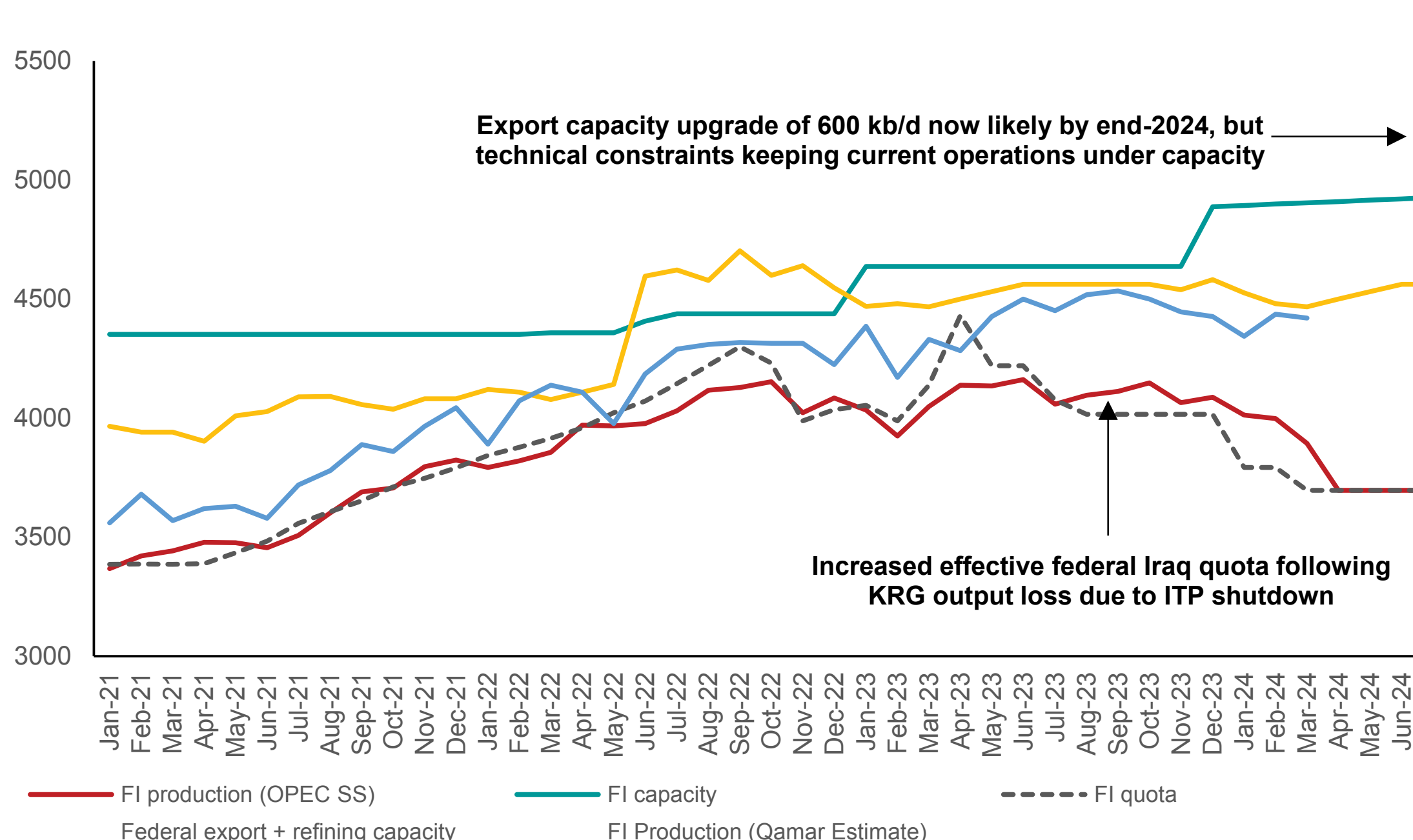
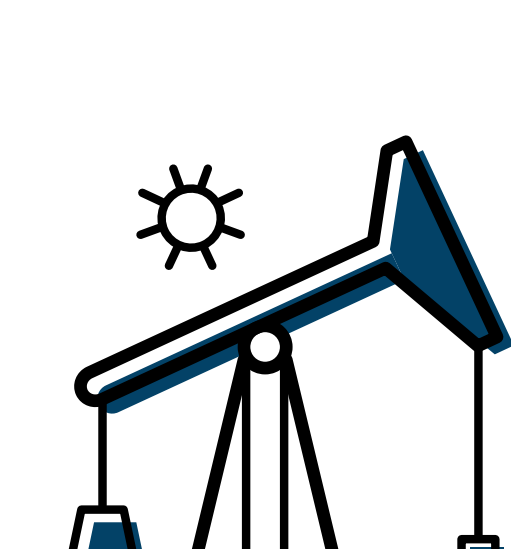


Figure 2 Federal Iraq production vs capacity, kb/d



Revenues from March exports clocked in at US\$ 8.7 B, almost US\$ 720 M higher than February earnings, due to higher global prices that also translated into higher Iraqi OSPs. Federal Iraq typically prices its crude to international markets at a 3-5% discount to Brent. Current international oil prices are hovering around US\$ 90/b, which should also be reflected in pricing for April-loading cargoes. Exports are expected to continue flowing solely from the Basra Gulf for the next 3 months, till a definitive decision on the resumption of the ITP is reached. This raises concerns over Iraq's ability to maintain its southern export infrastructure's maximum sustainable capacity or risk bottlenecks that could shrink valuable

export flows. It also continues Iraq's complete dependence on the insecure Red Sea or the longer route around the Cape of Good Hope for its shipments to Europe.

Plans for a new 2 Mb/d, US\$ 416 M offshore pipeline by 2025 under contract with Dutch company Boskalis are also yet to be finalised, with financial negotiations expected to be the main sticking point – in any case, it is highly unlikely that the project could commit to a 1-year timeline given Iraq's bureaucracy. A 300 kb/d export refinery at Fao is also gathering pace with a contract planned to be signed by end-April with Chinese firm Hualu (subsidiary of the state-owned China National Chemical Engineering Co.), which will reinforce the urgency of revamping transport and export infrastructure at the Al Fao depot, a strategic initiative by the Ministry of Oil to store crude oil upwards of 5 Mbbbl, and rehabilitate a series of pipelines leading to Basra export ports and the Khor al-Zubair port to expand overall capacity.

Another solution that is being explored in case the ITP does not resume operations is the utilisation of the Iraqi side of the ITP (the original Kirkuk-Turkey pipeline that runs through federal territory) which had suffered damage from ISIS attacks in 2014 and subsequently stopped operating. Repairs are currently underway, raising the possibility of restarting crude exports from northern Iraq with an alternate route that could bypass the ongoing political disputes between Baghdad and Erbil, and possibly reduce Kurdish leverage in negotiations over the oil and gas law. Some estimates indicate the Iraqi side of the pipeline could be operable in the "next few months", but even if it could theoretically create the possibility of pumping some crude to Turkey (about 80 kb/d from Kirkuk, unless the Iraq Strategic Pipeline it connects to is also repaired to flow more southern crude), political stalemates will likely keep KRG-controlled oil from flowing through it.

For one, both Federal Iraq and KRG IOCs continue trading accusations, with the former now attributing "the responsibility" of the failure of the resumption of exports through the ITP to Erbil's "illegal" contracts with IOCs, which the MNR has shot down, citing the 2005 Constitution of Iraq that has no provision conferring power upon the federal government to "approve" contracts issued by the KRG. Baghdad has repeatedly said that the PSCs between the IOCs and the KRG are a violation of the Iraqi constitution, and need to be amended to Baghdad's TSCs before exports can resume, but this has received significant pushback from IOCs who are worried they will not enjoy the same level of profit as they did under the KRG PSCs. The other issue is the per barrel production cost, discussions over which seem to have hit an impasse, after previous indications that federal Iraq might up the provision of production costs in the budget for KRG oil to US\$ 21/b from the federal level of US\$ 6-7/b. KRG IOCs however are insisting on a per barrel cost of not less than US\$ 25/b, highlighting that costs are usually as high as US\$ 30/b. If Baghdad does not pay the KRG an adequate amount to cover its production costs, the KRG would have to pay IOCs out of its own pocket, or risk cutting what it pays, resulting in further complications and eventual legal action.

So far, there does not seem to be any indication of a near-term resolution just yet (with a recent parliamentary session for reviewing the oil and gas framework once again delayed), but the decline in KRI's production, and domestic sales at extreme discounts will begin to exert significant pressure on IOCs who are already struggling to cover costs. This could result in either them exiting the region (if they do not feel overlevered that they could get the federal government to agree to their requests), or accept Baghdad's terms, which might result in lower profits than those they are contractually entitled to. Additionally, some might also consider arbitration, either against the KRG or Baghdad for not honouring their contracts. Also, even if Baghdad succeeds in pushing KRG IOCs to shift to its contract model, the recovery of future and especially past costs will become an issue, since Baghdad has reiterated that it shall not assume any responsibility for Kurdish liabilities.

In any case, the failure of both sides to reach consensus on resumption of an important export outlet, which, pre-closure was helping meet 0.5% of global supply (although OPEC+ restrictions mean Iraq's production wouldn't be much higher than current levels if the ITP reopens), casts a negative light on future investment prospects in Kurdistan, with extremely lucrative assets (including for natural gas) at risk of remaining undeveloped. In fact, if federal Iraq were to recognise the KRG oil sector as legitimate, then it would be under more pressure to make it comply to cuts.

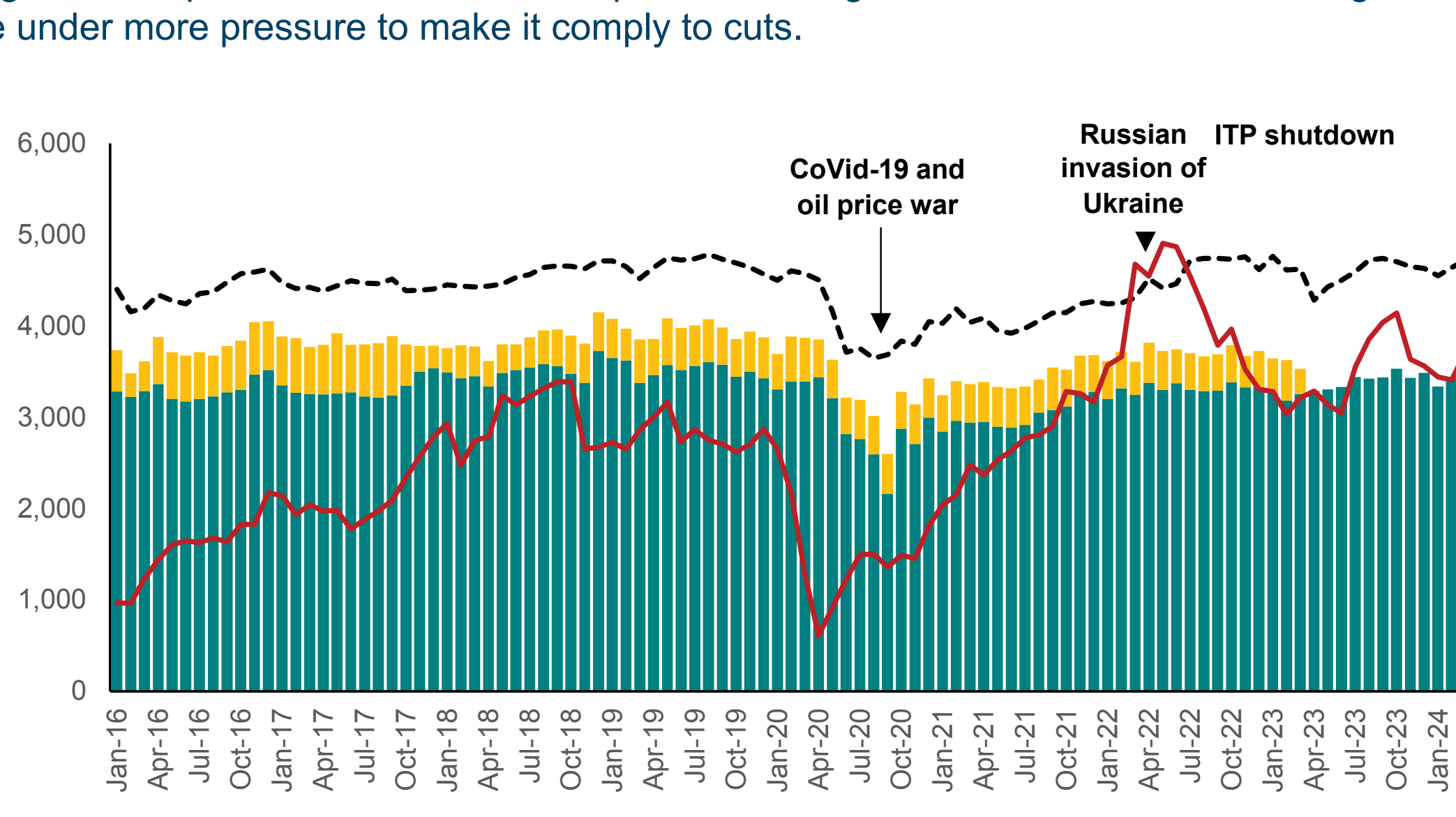
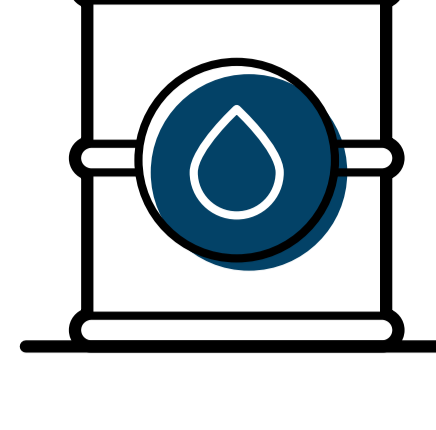


Figure 3 Iraq production vs exports, kb/d

Iraq's Oil & Gas Developments

Renewed Momentum for the Al Fao Refinery Project Could Unlock a New Source of Domestic Demand for Iraq



The long-anticipated Al Fao Refinery Project in Basra might be close to signing off on a contract for development with Chinese firm Hualu by end-April, after years of stagnation. First announced in March 2017 as a 300 kb/d export refinery to be built on the Fao Peninsula (which is planned to be developed as a major industrial hub), the project signed a non-binding agreement in 2018 with a consortium of PowerChina and Norinco for a 150 kb/d export refinery plus an additional 150 kb/d expansion to serve the nascent petrochemicals sector; however, disagreements on costs and financing stalled the deal from moving forward. In December 2021 the project was given a new lease of life when the South Refineries Company (SRC) signed an HoA with Hualu and parent company CNCEC, but since the agreement was signed during a period of caretaker governance after national elections, it remained in limbo. This latest development of the contract finally being signed by end-April signals a step forward for the project which will become the cornerstone of the overall vision and ambition planned for the Al Fao depot, which is envisaged as a state-of-the-art industrial and petrochemical hub in the region equipped with modern storage facilities to provide much-needed elasticity to Iraq's relatively underdeveloped refining and petrochemical sectors.

There is talk of a power station being part of the overall project development plan, which is interesting, since it will rely on Iraq's capabilities of supplying natural gas from its southern fields (mainly all associated) to the Fao peninsula, and could eventually lay the groundwork for future natural gas export capabilities. If gas is unable to be supplied, the plant would likely utilise a share of the supplied crude for generation, although this would be counter to Iraq's aims to reduce pollution caused by crude / fuel oil burn for generation.

Still, there are roadblocks to the project kicking-off in a timely manner, not least of which is the financing. The SRC has committed to a 20% stake in the project, with "associated financial obligations borne by the Ministry of Finance", which seems to be a new move aimed at attracting future investors, although how and if the Ministry could provide reassurances to financiers remains unclear. Past investments in Iraq's refining scene have usually fallen through since lenders are sceptical of returns, since the main market earmarked for refined products is the domestic market, which is extremely subsidised. For example, Shell withdrew from the US\$ 11 B 1.8 Mt/y Nebras Petrochemical project in Basrah earlier in February, although the firm maintains that the decision was prompted by its "new investment policy", which includes a switch from investment in petrochemicals to gas.

There is also some confusion among on-ground officials about the purposes of the planned refinery, with some suggesting that the "latest version" of the project is not intended to be primarily an export refinery. Crude will be supplied to the refinery at global prices, with subsequent production delivered to the federal government for local use, and any surpluses then exported.

Even if the contract with Hualu goes ahead and CNCEC agrees to domestic offtake as the primary commercial arrangement, the lack of clarity on the final purpose of the refinery unwittingly casts uncertainty on future investor interest in the refining sector. Previous planned refineries have failed to go ahead due to less-than-ideal economics arising from sales to an extremely subsidised domestic market, and Iraq has really not committed to a phase-out of subsidies that could bring new investment onboard.

There are also disagreements within government officials, some of which seem hesitant to lend more control to Chinese entities of Iraq's oil and gas sector, while others seem inclined to sign off on as many investment projects under the current government's term as possible, with subsequent kick-off and development becoming the responsibility of a future government, if required. Next round of parliamentary elections in Iraq are slated for 2025, and historically, several new deals and contracts are signed-off on in the run-up to them to boost incumbent powers' position amongst voters, despite little to no follow-through on the actual projects themselves.

Iraq Looks to Eliminate Routine Flaring by 2030 with Progress on 5 Gas Capture Projects



Iraq is looking to reduce current flaring levels to 10.8 BCM from a projected 18 BCM in 2024 thanks to advancements on five separate associated gas projects that have become a cornerstone of the government's efforts to meet new climate pledges (such as ending routine flaring by 2030) and improve domestic power supply, reduce pollution, and offer an additional source of revenue for the national budget. These are the **Halfaya Gas Processing Facility Project, operated by PetroChina**; the **Basrah Gas Company Processing Capacity Expansion**; the **Gas Growth**

Integrated Project (GGIP), led by TotalEnergies; the **Nahr Bin Omar Gas Facility**, led by the Halfaya Gas Company, and; the **Nassiriya Gas Facility** to process associated gas from Nassiriya and the Gharraf field, operated by Petronas.

All projects are at different stages of progress, with some lesser-advanced than others, but all sharing a similar sense of urgency to monetise and utilise a readily-available resource with multiple benefits.

The first project with PetroChina, the Halfaya Gas Processing Facility Project with a capacity of 300 MMscf/d, is slated to come online in April (although more likely in mid-2024, as initially planned) at about half of its capacity since a pipeline needs to be completed to carry NGLs back to Basrah, which will be an important source of financing for the overall project. A contract to help "accelerate the construction" of the project has been offered to an Iranian company called Tadbeer, but work has been delayed due to sanctions, which could push back the overall timeline of the project. A solution to transfer LPG via trucks is being explored till the pipeline can be established, but no agreement has been reached yet.

The facility will supply initial volumes to a local power station, and then additional quantities to the Missan gas power station (most of Missan's power stations already operate well below capacity due to lack of the right kind of feedstock). The project will receive gas from Halfaya and the Buzurgan fields, with a local company recently completing a 70 km pipeline connecting Buzurgan's compression station to the Halfaya facility. Halfaya currently produces 350 kb/d of crude and is en route to ramp up to its targeted 400 kb/d, which will increase the level of associated gas, at which point it will become the sole supplier of gas to the processing facility, eliminating flaring at the field completely. Other nearby fields in the Missan province, however, will still flare between 60-80 MMscf/d, which is acknowledged by the Missan Oil Company as requiring further surface projects to achieve zero flaring in the company's fields by 2026.

The second project that has witnessed some notable progress is the Basrah Gas Company associated gas capture project, which now has capacity to process 1,200 MMscf/d from Zubair, West Qurna-1, and Rumaila, despite falling short of the originally planned target of processing 2,000 MMscf/d from these fields by 2017 from an initial 250 MMscf/d. That schedule was delayed due to disputes over payments and financing, lack of coordination and mismanagement, security issues, bureaucracy, and revisions to plateau targets reducing projected associated gas volumes, and, subsequently, OPEC+ production limits.

Still, BGC is targeting reaching a 1,400 MMscf/d processing capacity with the completion of the second phase of the Basrah Natural Gas Liquids (BGNL) Project, which theoretically would mean ~93% of all gas from the three fields would be captured. However, BGC receives only 910 MMscf/d from the three fields, partly because of the lower production than original contracts envisioned, and partly because a fair share of the raw gas is being diverted to power stations needed to operate oil fields, particularly at the Eni-operated Zubair oilfield.

The issue is the contract terms of the three fields, which require operators to send all excess gas back to BGC, but there is no commercial incentive to do so. Also, there is little clarity between operators' gas-related responsibilities – most of whom want to use the associated gas produced on-site for their own power needs as that contributes to reduced operational emissions – and BGC's, since the gas sent from the fields to BGC is of lower pressure than the gas Iraq imports from Iran (40 bar compared to 60 bar for Iranian gas). Imported Iran gas enters the national grid at 60 bar, meaning the lower-pressure BGC gas cannot push into the national grid without new compressors along the grid.

Eni has long used raw associated gas from Zubair to fuel a nearby 700 MW power plant (which was built on the assumption that Zubair would eventually reach a plateau target of 1.2 Mb/d, with a large need for power, although the field is currently producing under 500 kb/d) for use in the summer season, instead of sending the gas to BGC. This is also a waste of resources, since the gas is not processed to extract valuable liquids and condensates. Utilising processed dry gas has also not worked, since the design of the plant's turbines supports only raw gas.

These issues have raised concerns over the ultimate expansion of the BGC to be able to process 2,000 MMscf/d, whenever that might be. BGNL-1 is operational, and BGNL-2 should be "ready" by the "end of this current year". However, the third, fourth, and fifth phases remain unplanned, with no concrete plans as of yet for their development. In any case, they would require extensive study into surrounding fields, since the three so far have been unable to provide the volumes stipulated even in the current capacity target.

The third project is TotalEnergies' Ratawi Gas Hub as part of the GGIP, and seems to be on-track so far to be ready in four years to gather and treat 300 MMscf/d of associated gas from the Ratawi, Majnoon, and West Qurna-2 oilfields (in a first phase, with the second phase targeting an additional 300 MMscf/d from other fields including Tuba and Luhais). Since 2028 is still a while away, the company is also pursuing some "fast track" initiatives to begin reducing flaring within the next 12-18 months, including a plan to restore the integrity and operability of existing facilities to secure current production from Ratawi at 60 kb/d and then increase it to 120 kb/d (sales of which will fund other projects in the GGIP) onwards to a final target of 210 kb/d, with projected associated gas production of 160 MMscf/d. Under contract with KBR, project engineering work on the gas hub is reportedly 90% complete, which should allow for tendering for power generation units and gas compressors.

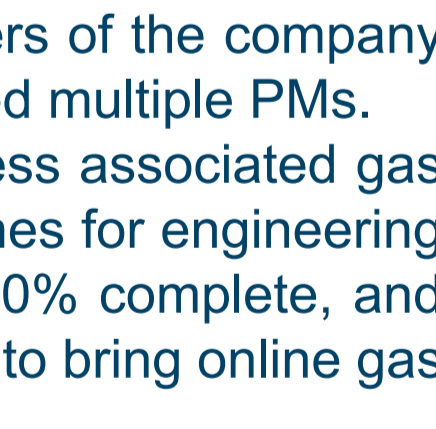
The fourth project is a build-own-operate-transfer (BOOT) contract with the Halfaya Gas Company, a subsidiary of the company Raban al-Safina, Iraqi partner of Siemens, to rehabilitate and expand gas processing infrastructure at the Nahr Bin Omar oilfield, where about 100 MMscf/d is currently already being captured and sent to a nearby power plant, with another 50 MMscf/d being flared. The project with Halfaya Gas Company (who is partnering with Baker Hughes) will increase processing capacity at the facility to 150 MMscf/d, thereby eliminating all flaring at the field. There is also an option for a second processing train to capture an additional 150 MMscf/d, once production from the field increases. In further support for the project, the Iraqi Cabinet has also approved a US\$ 3.3 B sovereign guarantee for a period not exceeding 11 years. Previous efforts to expand gas processing at Nahr Bin Omar failed, including a deal that was awarded nominally in 2018 to US firm Orion Energy but was never signed.

Local company Raban al-Safina might be getting more traction, however, due to leaders of the company being allegedly close to the Dawa party, a major political power in Iraq that has produced multiple PMs. The fifth project is the planned new gas facility at the state-run Nassiriya field to process associated gas from both it and the Gharraf field, a contract for which was first signed with Baker Hughes for engineering work in 2018, but since hit delays. Officials suggest that work on the project is now 60% complete, and compressors have also been ordered from suppliers, with Phase-1 of the project slated to bring online gas processing capacity of 67 MMscf/d.

Ultimately the facility will have a capacity of 200 MMscf/d, which should be enough to handle the projected associated gas output of both Nassiriya and Gharraf once they hit their plateau targets, although no firm timelines have been made public so far. Last year, Iraq had estimated that Phase-1 of the project would come online in 2024, but we have not received any indication so far that this timeline will be adhered to. Still, the outlook looks promising for the project, especially on the back of new financing after the Iraqi Cabinet voted in favour of a request by Dhi Qar Oil Company (operator of Nassiriya and overseeing Gharraf) to approve an increase in the overall projected cost of the project. The project is now priced at US\$ 272 M, 7.3% higher than previously anticipated.

Together, these five projects could add over 700 MMscf/d of gas processing this year alone, which should increase the country's capacity by about 50%. In 2023 Iraq processed no more than 1,600 MMscf/d of associated gas, while it flared a whopping 1,700 MMscf/d, the second-highest in the world after Russia.

PM Sudani Visits the US, Aims to Attract More Investors for Recently Announced New Licensing Rounds



As part of a week-long trip to help open "a new chapter" in bilateral ties with the US (majorly focussed on a new relationship with Washington that pivots away from the current security focus towards one more focussed on economic opportunities), PM Mohammed Shia Al Sudani also met with major American oil and gas firms to attract investment into Iraq's recently announced new licensing rounds – the fifth licensing round 'plus' (LR5+) and the gas-focussed sixth licensing round (LR6) – which will offer 30 blocks across Iraq with some "key sweetener investment-friendly amendments" to the 2018 profit-sharing contract model.

The meetings resulted in an announcement of a two-week extension for applications to both rounds, to give more companies the opportunity to participate, and a reiteration that Iraq's "previous challenging conditions and obstacles" (likely a reference to past investment terms being too rigid, as well as security concerns) have now been alleviated, which would result in mutual benefit for both government and investor, and the optimal exploitation of Iraq's natural resources.

Noteworthy points raised in the discussion included Sudani sharing the Iraqi government's new strategic focus towards resource utilisation for oil and gas derivatives, rather than just exports, and the advancement of the petrochemical and fertiliser industries. Iraq seems to be following the footsteps of its other large oil and gas producing neighbours in the region by now introducing "integrated projects" that focus on downstream monetisation of produced oil and gas into valuable derivatives, rather than standalone projects with an individual focus on extraction, distribution, and refining.

Key project sites underlined as most viable for these "integrated project" opportunities were the Dima field in petrochemical, Bin Omar in Basra, and the exploration blocks in Dhi Qara. Other opportunities included petrochemical and fertiliser complexes in Karbala and the Fao Peninsula, and the Nebras Project (which could be split into separate opportunities, following Shell's exit). Iraq also seems to be considering international investment, similar to the what ADNOC, Aramco, and Kuwait Petroleum have done, with stakes in major refineries and petrochemical projects overseas (typically in large industrial markets like India and China, and other Asia), with a focus on exporting to the European and wider African market. A petrochemical and refinery complex in Ain Sokhan in Egypt is currently under discussion, although no formal agreement has been signed yet.

So far, it is hard to assuage if the American firms will be keen to submit expressions of interest in the bid rounds. Major American companies like ExxonMobil and Chevron have already exit the country as part of a wider portfolio shift away from the Middle East, that had been underpinned by security concerns and political instability. If PM Sudani succeeds in re-attracting US support to Iraq, it would be a major achievement ahead of parliamentary elections next year. More importantly, it would inject renewed optimism into Iraq's slowly-but-surely shifting perspective on oil and gas investment, and provide a morale boost for other investors who acknowledge the superiority of Iraqi natural resources, but have shied away due to investment and security concerns.

TOP ENERGY DEALS IN THE MENA REGION

Project 01

New Crude Oil Processing Facilities at Rumaila

Client / Buyer

BP

Contractor /Seller

China Petroleum
Engineering & Construction
Corporation (CPECC)

Implications

- BP-operated Rumaila oilfield's project to develop new crude oil processing facilities is underway
- The planned plant in Mishrif Qurainat is the first new crude oil processing facility project at the field in a decade
- CPECC signed a US\$ 386 M contract for the design, procurement, construction and testing of the crude oil processing facilities in Q4 2022, and will develop two new oil trains, each with a capacity of 120 kb/d
- New oil processing facilities will support some expected gains in output from Rumaila, which will also support additional associated gas volumes for sale to the BGC

Project 02

Iraq Nuclear Power

Client / Buyer

-

Contractor /Seller

International Atomic
Energy Agency (IAEA)

Implications

- Iraq is considering the development of a peaceful nuclear programme and is working on setting out a roadmap for a new reactor with the IAEA amid growing interest in nuclear energy in the region
- The UAE and Egypt already have nuclear plants, while Saudi Arabia is also considering establishing nuclear power facilities for clean energy generation
- Iraq in the past had three nuclear reactors in Tuwaitha, its main nuclear research site, south of Baghdad. One was destroyed by an Israeli air raid in 1981 and the two others by US warplanes in the 1991 Gulf war
- Given the very early stage of these talks, it is unlikely that anything material will come out of these anytime soon, although Iraq's interactions with the IAEA will definitely pique the interest of the international community

Iraq Oil Market Highlights

Crude Oil Prices

As of May 13th, 2024

WTI: USD 78.42

Brent: USD 82.92

Iraq Oil Exports

April 2024: 3.413 Mbpd

March 2024: 3.423 Mbpd



Iraq Rig Count

April 2024: 59

March 2024: 59



Oil Exports Revenue

April 2024: 8.85 USD Billion

March 2024: 8.68 USD Billion

