
IRAQ SAYS SHELL MAY NOT QUIT MAJNOON OILFIELD

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Negotiations between Baghdad and Shell regarding the companys possible exit from the Majnoon oilfield are still continuing, Iraqi Oil Minister Jabbar al-Luiebi said on Sunday. The official added that the government had not yet begun talking about the fields operation with other companies.

Reports about Shells plans to quit its Iraqi oilfields, including the divestiture of its 45-percent stake in the Majnoon field, first appeared last November. The sales were to be part of a wider divestment strategy, prompted by Shells acquisition of BG Group, which swelled its debt load.

Back then, Shell was mulling the sale of only its oilfield interests, and was set on keeping its natural gas fields in Iraq. At the Majnoon oilfield, near Basra in southern Iraq, Shell is the operator and holder of 45 percent, with Malaysias Petronas owning 30 percent, and Iraqs Missan Oil Company holding the remaining 25 percent.

The company confirmed the reports earlier this month, saying it had agreed with Baghdad on an "amicable and mutually acceptable release" of its stake in Majnoon. No timeline was specified, and judging by this Sundays statement from Al-Luiebi, the release might take some time. Interestingly, Shell started an expansive drilling program earlier this year, aimed at raising the fields output to 420,000 bpd.

The oilfield started production in 2014 and now produces an average of 210,000 bpd, according to Shells website. According to Iraqi oil officials who spoke to Reuters, the current production is around 235,000 bpd. The fields reserves have been estimated at 38 billion barrels of crude oil, and the initial production plan for maximum output was 1.8 million bpd, at a payment of US\$1.39 a barrel for the consortium developing the field.

If Shell quits Majnoon, it will become the first supermajor to pull out of an oilfield project under Iraqs technical service contract, S&P Platts notes.

Kaynak/Source: