
IRAQ TARGETS AMBITIOUS OUTPUT JUMP AT QAYARA OIL FIELD

28.09.2018

S&P Global (28 September 2018)

Amman ██████████ from northern Iraq's Qayara oil field, which until last year was shut-in during the war with Islamic State, is gradually ramping up with the government targeting an ambitious 60,000 b/d by end-2018.

Iraq's oil ministry said in a statement late Thursday that production was currently 30,000 b/d and it was putting a plan in place to double it by year-end. The ministry also said crude from this field was being exported for the first time by Iraq's State Oil Marketing Organization.

Previously the crude from this field would go solely to the nearby Qayara refinery operated by North Refineries Company, due to both proximity and a lack of viable alternatives.

Since the field came back online, a road has been built with a special loading platform for trucks, sources close to the matter told S&P Global Platts. The oil loaded on trucks is then marketed by SOMO, either inside Kurdistan or exported to either Turkey and Iran, sources said.

Qayara, located south of the Ninewa province in northern Iraq, is one of the country's oldest oil fields. It has 1.52 billion barrels in proven reserves of very heavy oil of around 15-18 API degrees quality.

The field was awarded in the second licensing round in late 2009 to Angola's Sonangol to achieve a plateau of 120,000 b/d in seven years, earning a remuneration fee of \$5.00/b .

But the company declared a force majeure in 2010 because of the deteriorating security situation in the area.

REHABILITATION

The field was eventually occupied by IS insurgents in June 2014 for more than two years.

More than a dozen wells were set on fire by IS as it tried to reduce visibility to airplane bombers, and then as a scorched earth tactic upon retreat.

Since then Iraq's North Oil Company extinguished the burning wells, rehabilitated seven and abandoned the rest.

Sonangol resumed work late last year after making contractual arrangements with partners and

local contractors, drilling more wells. A 10,000 b/d degassing unit was added, which raised the treatment capacity to 30,000 b/d.

In April, the ministry announced a tender for building out the Qayara refinery from its previous 20,000 b/d capacity to 100,000 b/d, part of an effort to increase domestic refining by 1 million b/d through nearly a dozen projects to expand existing refineries or build new ones.

There have been few investors, however, likely due to an upcoming change of government after May 12 elections and concerns over the government's ability to pay on time.

-- Eklavya Gupte, eklavya.gupte@spglobal.com

-- Faleh Al-Khayat, newsdesk@spglobal.com

-- Edited by Jonathan Fox, newsdesk@spglobal.com

Kaynak/Source: