

Iraq Needs \$200 Billion in Investment to Boost Oil Production  
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By Grant Smith and Rachel Graham

Dec. 7 (Bloomberg) -- Iraq will require investment of \$200 billion to increase crude oil output to at least 11 million barrels a day, a government spokesman said before a second bidding round for oil licenses later this week.

Ali Al Dabbagh told reporters in London that Iraq has "no chance" of passing an oil and gas law before parliamentary elections are held in February.

Iraq, which has the world's third-largest oil reserves, started issuing licenses earlier this year to companies including BP Plc. It will hold its second bidding round on Dec.

11-12. Iraqi Oil Minister Hussain Al-Shahristani said in October Iraq would boost output to between 10 million and 12 million barrels a day.

More than 40 companies have been qualified to bid in the second round for 10 projects holding about 41 billion barrels of oil, or a third of the country's proven reserves.

The production targets in bids already made to develop Iraq's oil fields were too high, said Thamir Ghadhban, chairman of the Advisory Commission to the Iraqi Prime Minister.

"Iraq's plateau capacity will not be equal to the sum of plateaus submitted in the bids," he told reporters in London today, citing geology at the fields. "I believe they are inflated."

Cabinet approval on accords to develop the Zubair and West Qurna fields may come as soon as tomorrow, he said. Zubair and West Qurna-1 fields were awarded after the first bidding round to groups led by Eni Spa and Exxon Mobil Corp. respectively.

Iraq's oil exports rose 2.7 percent on a daily basis last month to 1.93 million barrels a day, according to the Oil Ministry. The country's oil production in November slipped 2 percent to 2.4 million barrels a day. Output hasn't exceeded 3 million barrels a day since 2000, when the late Saddam Hussein was still president.

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