

Lukoil Is Promised Government Help to Win Oil Project in Iraq  
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By Eduard Gismatullin

Dec. 7 (Bloomberg) -- OAO Lukoil, the Russian oil producer that was unsuccessful in its bid to win a contract to develop an oilfield in Iraq last month, will get help from the Iraqi government as the second round of bids draws near.

"We would like Lukoil to take part in Iraq," Ali al-Dabbagh, a spokesman for the Iraqi government, said in an interview in London today. "We welcome Russian companies."

Iraq's government will "rethink" what role Lukoil could play in helping to develop its oil industry, battered by decades of neglect and war, al-Dabbagh said. Lukoil lost out in the race to develop the first phase of the West Qurna oilfield to Exxon Mobil Corp. and Royal Dutch Shell Plc.

Iraq, which has the world's third-largest oil reserves, is holding a second round of licenses at the end of this week in which 45 energy companies will compete to develop 10 fields. The Iraqi government wants Lukoil to have a "good chance" of being selected for a contract, al-Dabbagh said, without elaborating.

Lukoil, based in Moscow, has been in talks with the Iraqi authorities to gain recognition of a contract to develop West Qurna's second phase, awarded by the former government of Saddam Hussein. The second phase of the field development will be one of several new projects to be offered in this week's licensing round.

West Qurna-2 contains about 6 billion barrels of oil, based on Lukoil estimates. Iraq holds a total of 115 billion barrels, according to BP Plc's Statistical Review of World Energy.

Russia agreed to write off \$12 billion of Iraqi debt in February 2008, a move Russian Finance Minister Alexei Kudrin predicted would lead to increased Russian investment in the Persian Gulf country.

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