

2008). The scale of the capacity increments pledged by investors in Round One has sparked concerns of unsustainably disruptive expansion undermining Iraq's relationship with OPEC and its neighbors. But these fears have been overblown, argued Thamir al-Ghadhban, former oil minister and current chairman of the Iraqi prime minister's advisory commission. "With all due respect also to the IOCs and their technical expertise, I believe that some of the plateau figures that were bid on certain fields in the first bid round are inflated and most likely unsustainable for the stated plateau period of seven years," Mr Ghadhban said in a speech, published by *Iraq Oil Forum* and given at the CWC Iraq Petroleum Conference on 7 December. "My statement is based on thorough examination of the geology of the fields, their production profiles, and other similar criteria. The plateaus bid were motivated by the IOCs' eagerness to win contracts and the fact that the scoring formula used to assess offers encouraged that, by giving an unbalanced preference to the production rates in comparison to the remuneration fee," he continued, arguing that Iraq's rate of expansion would not be as disruptive as predicted by some.

Mr Ghadhban called on international oil companies (IOCs) to implement best practices in Iraq, especially with regard to interaction with local communities. "In view of the importance of the oil and gas resources to the nation as a whole and the controversy associated with the re-entry of the IOCs, it would be of critical importance that all obligations be met on time in accordance with the contracts," he said. "I would also recommend that IOCs take social corporate responsibility seriously as it will always be conceived by the population as a yardstick for measuring the success of the contracts awarded. The local communities, as the companies will witness for themselves – I think one company, CNPC, has already had the first experience with this in al-Ahdab – have expectations which I advise taking into consideration as companies go over their investment plans (MEES, 9 November)."

Mr Ghadhban gave details of the Ministry of Oil's 2008 five-year and 10-year plans. These called for oil production of 4.1mn b/d to be reached by 2012 and 6mn b/d by 2017. On exploration, the 10-year plan for 2008-17 includes adding some 40bn barrels of oil and some 70 trillion cu ft of gas to Iraq's proven oil and gas reserves. In what appeared to be an expression of support for the Shell deal, Mr Ghadhban said gas utilization was a priority. This "requires a halt to flaring and satisfying the country's need for gas as fuel and feedstock, as well as enabling the country to become a gas exporter in view of the size of its gas reserves."

#### Iraq's Second Upstream Licensing Round

	Current Production Level	First Commercial Production Rate	Minimum Plateau Production Target	Plateau Production Duration	Crude Reserves	Gas Reserves	Non- Recoverable Signature Bonus	Minimum Expenditure Obligation
		B/D		Years	Bn Barrels	TCF	\$Mn	
East Baghdad (Central and North)	10,300	30,000	250,000	10	3	1.4	150	150
Gharaf		35,000	150,000	13	0.86	1.4	100	150
Halfaya	3,100	70,000	300,000	13	4.1	2	150	200
Majnoun	45,900	175,000	700,000	10	12	9.5	150	300
West Qurna 2 (Eastern Fields)		120,000	750,000	13	12.8	7.7	150	250
Gullibat, Qamar, Khashm-al-Ahmar, Naudoman		20,000	80,000	7	0.44	2.96	100	150
Najma		20,000	110,000	9	0.59	0.6	100	100
Qayara		30,000	120,000	9	0.62	0.07	100	150
Badra (Middle Furat)		15,000	80,000	7	0.11	0.18	100	100
Merjan, Kifl, West Kifl		15,000	75,000	7	0.63	-	100	100

Source: Ministry of Oil.