

Shell to Boost Iraq Majnoon Oil Output, Eyes Gas

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Iraq's Majnoon oilfield is targeting production of 175,000 barrels of oil equivalent per day in 2012, a senior Royal Dutch Shell executive said on Monday.

Iraq's largest field is currently pumping at 45,000 boe/d, Shell's Mounir Bouaziz, Vice-President New Business LNG for the Middle East and North Africa, told an industry event.

Shell and Malaysia's Petronas signed a final contract earlier this year to develop the Majnoon oilfield, one of the world's biggest.

"We have already started work at Majnoon...we have already taken over operations," Bouaziz told Reuters on the sidelines.

"The effective (start) date was on March 1."

The eventual production target for the field is 1.8 million barrels per day (bpd).

Shell and Petronas won the rights in an auction held in Baghdad in December for the field in southern Iraq, estimated to hold 12.6 billion barrels of oil.

The 20-year development contract is one of several deals that Iraq has sealed to try to catapult the country to third place from 11th in the league of oil producing nations.

GAS

Shell has not yet reached a final agreement on a natural gas venture around the southern oil hub of Basra, Bouaziz said.

Earlier this month Iraq's oil minister Hussain al-Sharistani said the OPEC member had extended a memorandum of understanding with Shell on the venture, but a final deal would be left to the new government.

Iraq has been working to finalise a multi-billion-dollar joint venture between its South Gas Company, Shell and Mitsubishi, that would capture huge amounts of gas now being wasted and use it in the domestic market or for exports.

Bouaziz said that delays in capturing the flared gas was costing Iraq about \$50 a second.

Iraq is losing 1 billion cubic feet per day (cfd) of gas through flaring, mostly from the south, Bouaziz said.

"What they are flaring now is sufficient to produce power generation for a country like Jordan, twice," Bouaziz said.

"People are getting an average of two hours of electricity a day, there are plans to add power generation but that needs fuel...gas is the natural solution."

Bouaziz said that the basic infrastructure was already in place to start capturing the gas being burned.

"But the task to really get it to work, to improve it, to upgrade it and increase the capacity is huge because of a legacy of many, many years of lack of maintenance and underdevelopment," he said.

Bouaziz said Iraq could start exporting gas "very very quickly".

Bouaziz said the construction of Shell's Pearl gas-to-liquids (GTL) project in Qatar is expected to be completed by the end of 2010, with a ramp up in production expected to start in 2011.

"This will take 12 months," he said.