

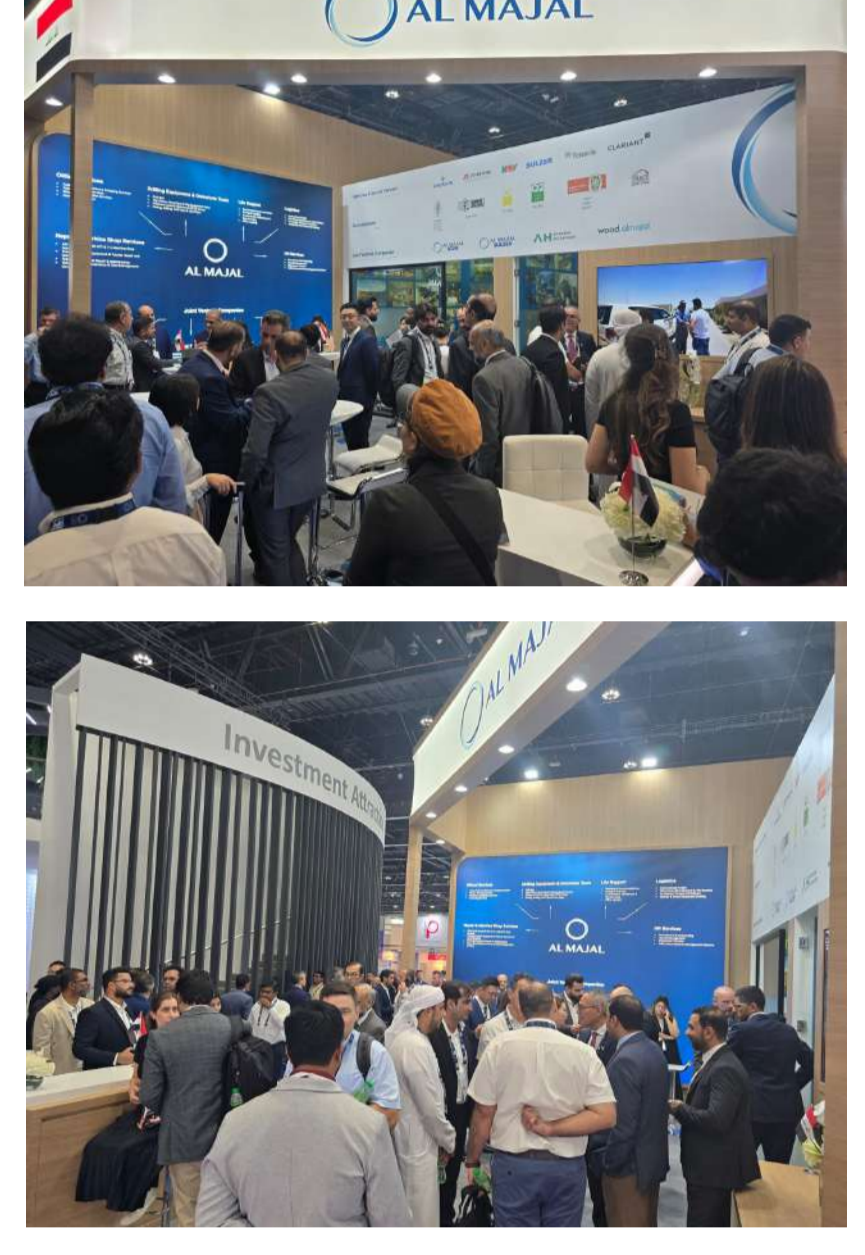
**Our Updates**



**A Memorable Week at ADIPEC 2024**

Al Majal participated at the Abu Dhabi International Petroleum Exhibition and Conference which took place from November 3-7. ADIPEC, the world's largest and most inclusive gathering for the energy industry, attracted a record breaking 205,000 attendees from 173 countries. Over 2,200 companies from across the world showcased the latest innovations that are defining the future of energy.

The event provided an invaluable platform for us to connect, collaborate, and showcase our wide range of offerings for the Iraqi Oil & Gas sector and we were thrilled by the tremendous amount of interest and inquiries from the numerous business partners, customers, suppliers and industry enthusiasts from around the globe.



**Wood Al Majal Completes First Stage of BTTC Development**

Al Majal, together with joint venture partner Wood, have completed the first stage of the new Basra Technical Training Centre (BTTC) development, opening new fully operational classrooms to facilitate their pilot training program.

The BTTC provides advanced vocational training for local Iraqis to support regional energy projects. The five-month pilot program sees students participating in a wide range of Engineering Construction Industry Training Board (ECITB) accredited courses including electrical and mechanical engineering disciplines, electrical maintenance, pipefitting and welding.

The first full cohort, which is expected to start in June 2025, will accommodate approximately 60 students and cover a wider curriculum. The BTTC will provide both accredited and non-accredited fee-for-service training programs to international and national oil companies operating in Iraq, contributing to the development of the local workforce.

A new Wood Al Majal fabrication facility has been built on the same complex, providing engineered fabrication to meet international standards. It supplies design, engineering, inspection, painting and fabrication services.



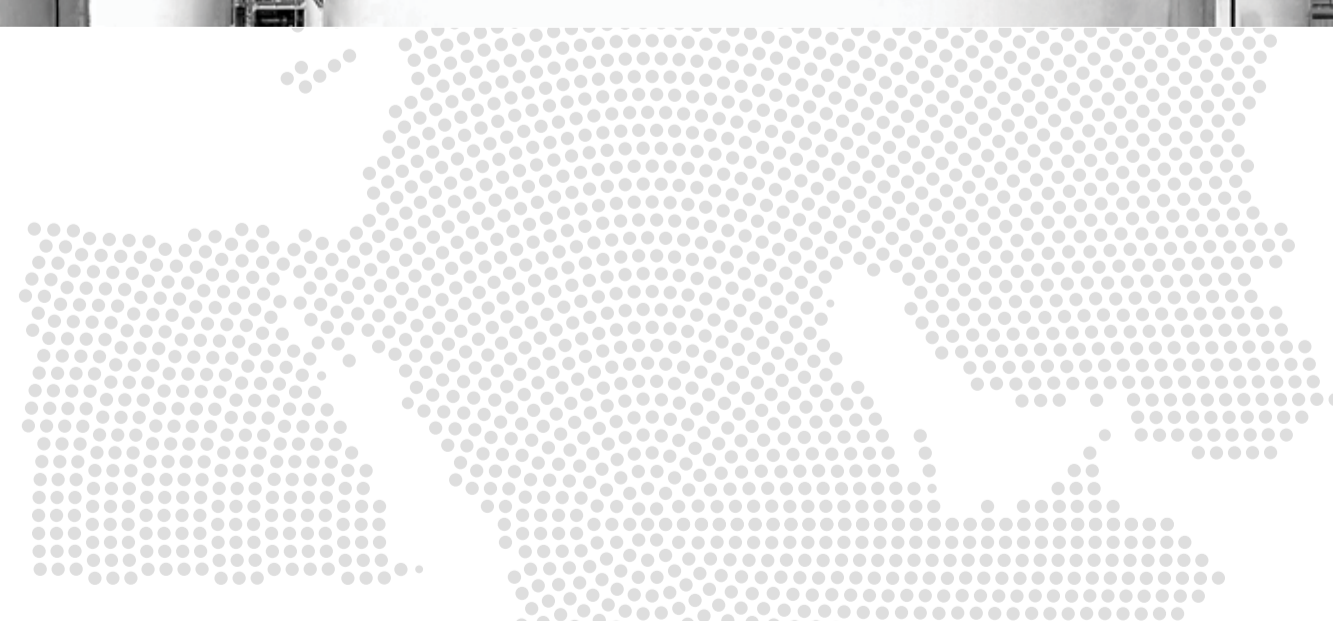
**AL MAJAL OIL & GAS ROUNDUP IN COLLABORATION WITH QAMAR ENERGY**

**LATEST IN IRAQI & GLOBAL ENERGY MARKETS**



**Oil Demand in Iraq & the Middle East**

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**Iraq's Oil Production and Exports**

[Read More](#)



**Iraq Natural Gas & Power Sector Developments**

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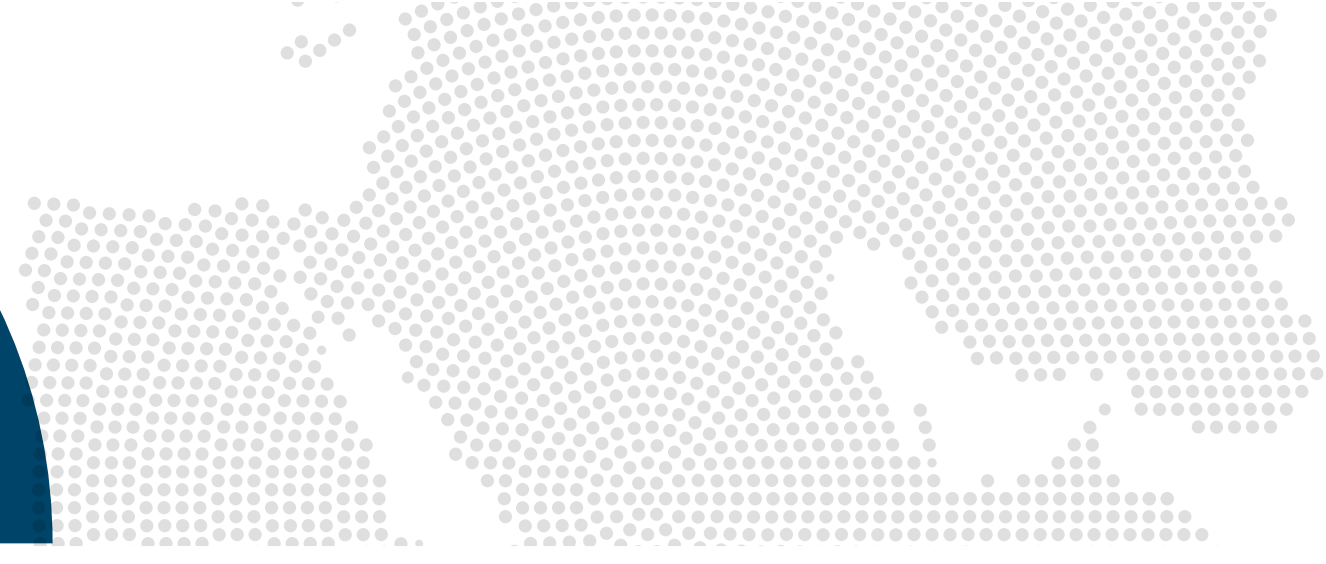


**Top Energy Deals in Iraq**

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# Oil Demand in Iraq & the Middle East

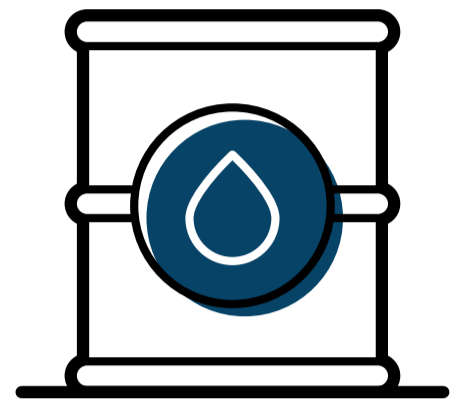


| Location                    | September | October   | Change | Main Observations   |
|-----------------------------|-----------|-----------|--------|---|
| Iraq                        | 950 kb/d  | 930 kb/d  | -2%    | Efficiency improvements have led to slightly lower demand compared to October 2024 levels; overall demand remains robust on back of improving economy and higher demand for road fuels. |
| Major Middle East Economies | 3.79 Mb/d | 3.36 Mb/d | -11.3% | Positive economic activity; reduced temperatures lowering power demand for cooling.   |

## Key Factors Impacting Oil Demand in Iraq

Current refining capacity at 1.3 Mb/d with 80% utilisation rate

### Major Refining Sector Developments That Can Impact Oil Demand



| Refining Capacity      | Developments  |
|------------------------|---|
| <b>Expansions</b>      | <ul style="list-style-type: none"> <li>70 kb/d expansion at Shuaiba Refinery to receive additional FCC by end-2024 to increase gasoline production.</li> <li>70 kb/d expansion of the Diwaniya Refinery by 2029 under yet-to-be-decided direct-award contract to Barham Group.</li> <li>New processing unit at Samawah Refinery, but contract pending.</li> <li>70 kb/d planned expansion of Amarah Refinery, but no deal signed.</li> </ul>  |
| <b>Rehabilitations</b> | <ul style="list-style-type: none"> <li>Upgrade of the Kirkuk Refinery to process about 12 kb/d of naphtha into high-octane gasoline by end-2024.</li> <li>US\$ 380 M loan from Japan International Cooperation Agency to fund ongoing Basrah Refinery Upgrading Project secured.</li> <li>Key project components include 34.5 kb/d FCC unit, 55 kb/d vacuum distillation unit, and 40 kb/d diesel desulphurisation unit.</li> </ul>   |
| <b>Greenfields</b>     | <ul style="list-style-type: none"> <li>140 kb/d Karbala Refinery (trial stage) producing high-octane gasoline, with full operations planned for beginning of 2025.</li> <li>Potential interest to bring in operating partner for Karbala.</li> <li>Planned new 140 kb/d refinery outside Baghdad after changing course on 70 kb/d expansion of Dora Refinery.</li> <li>300 kb/d Fao Refinery with CNCEC Phase-1 in 2028.</li> </ul>   |
| <b>KRI Refineries</b>  | <ul style="list-style-type: none"> <li>KRI refining capacity at 341 kb/d, but hundreds of illegal topping plants processing small amount of additional crude (138 shutdown by the KRG, while others ordered to implement environmental protection requirements).</li> <li>FI sending 40 kb/d of crude previously exported via ITP to the Bazian Refinery and 50 kb/d to Kalak.</li> <li>If Lanaz has reduced feedstock from Kurdish-controlled administration in Syria, KRI IOC operators can send their crude directly to it.</li> </ul> |
| <b>Crude Burn</b>      | <p>Reducing due to improved weather, more gas from domestic processing plants and new power lines such as Iraq-Turkey for 300 MW of power to Northern Iraq, Jordan-Iraq Phase-1 connection for 40 MW to Al-Rutbah, with Phase-2 for 100 MW supply to Al-Qa'im nearly 90% complete.</p>  |

## Key Factors Impacting Oil Demand in Major Middle East Economies

|                      |   |
|----------------------|---|
| <b>Improved PMIs</b> | Positive economic activity, higher manufacturing and construction activity, and strong composite PMIs (mainly in the UAE and Saudi Arabia). |
| <b>Transport</b>     | Increased air travel and road transportation to sustain elevated demand patterns.   |

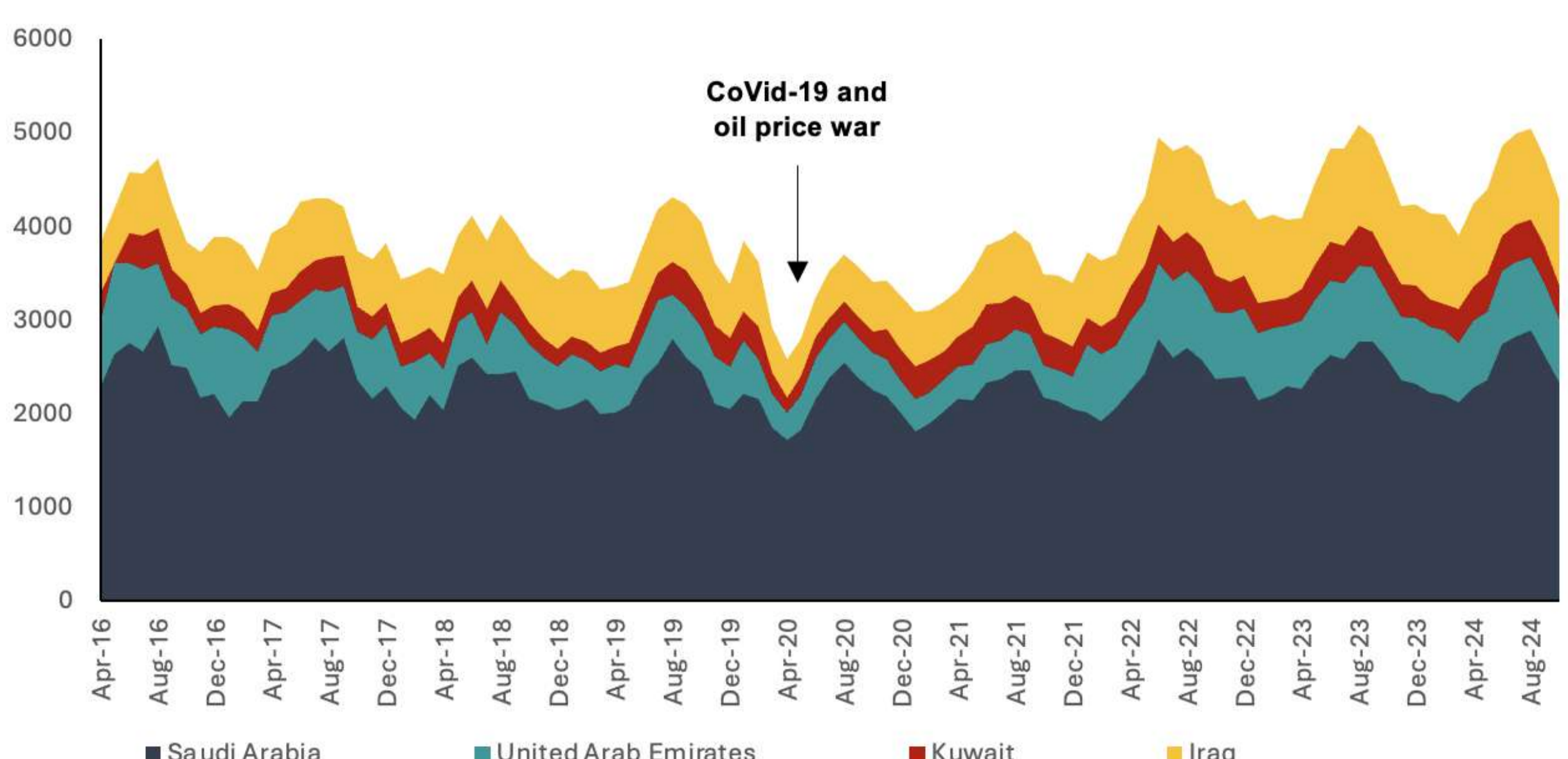


Figure 1 Oil Demand of Major Middle East Economies, kb/d

# Iraq's Oil Production and Exports

| Metric            | Units  | September | October | Change | Main Observations   |
|-------------------|--------|-----------|---------|--------|---|
| Production        | Mb/d   | 4.7       | 4.57    | -3%    | State-operated fields in Basra have reduced production by an additional 96 kb/d in October, as part of OPEC+ compliance and maintenance |
| Secondary Sources | Mb/d   | 4.13      | 4.07    | -1.7%  | Likely under-characterises domestic consumption, which is as high as 1 Mb/d <sup>3</sup> , corresponding to higher production           |
| Exports           | Mb/d   | 3.31      | 3.33    | +0.6%  | More or less at September levels as state-run fields curtail output in line with OPEC+ compensatory cuts                                |
| Revenues          | US\$ B | 7.11      | 7.52    | +5.7%  | Improved global oil benchmark pricing contributing to slight increase in revenues   |
| Sales Price       | US\$ B | 71.60     | 73.51   | +2.7%  | FI prices export crude at 3-5% discount to Brent; KRI crude currently trading between US\$ 28/b – US\$ 41/b                             |
| OPEC+ Quota       | Mb/d   | 3.905     | 3.90    | -0.1%  | Will reduce by 90-110 kb/d from August to September 2025 to compensate for past overproduction  |
| KRI Production    | Mb/d   | 0.33      | 0.29    | -12%   | Intra-Kurdish political disputes causing disruptions to flow of tanker trucks and reduced local demand                                  |
| ITP Exports       | Mb/d   | 0.00      | 0.00    | 0%     | ITP offline for the nineteenth month straight, over a year and half since ICC ruling  |

## Major Factors Impacting Iraq Production and Exports



### OPEC Cuts

- Rising pressure from OPEC+ to adhere to reduced quota to compensate for past overproduction.
- Iraq's quota will rise in January 2025 as OPEC+ cuts are expected to unwind, but its compensation schedule means its quota will not rise as much as previously anticipated.

### Fields Expansion

- Majnoon, Nahr bin Omar, Luhais, and Tuba in Basrah have reduced output by 214 kb/d since July in response to OPEC+ pressure; output of 106 kb/d in October.
- Rumaila and Abu Ghirab undergoing maintenance (120 kb/d and 75 kb/d output reduction respectively).

### Export Capacity

- Current sustainable export capacity just below 3.5 Mb/d, raising concerns of bottlenecks that could shrink valuable export flows.
- Primarily concentrated at Basra, continuing Iraq's complete dependence on the insecure Red Sea or longer route around Cape of Good Hope to Europe.
- Plans for a new 2 Mb/d, US\$ 416 M offshore pipeline by 2025 under contract with Dutch company Boskalis are yet to be finalised.
- A deal for a 300 kb/d export refinery at Fao with CNCEC could reinforce the urgency of revamping export infrastructure but Phase-1 is still 4 years out

### KRI Trade

- Up to 200 kb/d allegedly exported cross-border illegally on trucks to Iran and bringing in US\$ 200 M, but not independently or officially verified.

### KRI Expansion

- DNO mobilising rig to drill new well at Tawke, with overall production at DNO fields up 9% to 79.8 kb/d in Q2 from Q1.
- Shamran and Gulf Keystone also eyeing production expansions as domestic demand increases.

### KRI-FI ITP Discussion

- Proposed budget amendment of Article 12 could authorise advance payments of US\$ 16/b to cover production and transport costs of KRG operators, with any remainder adjusted retroactively after being assessed by independent FI-appointed consultant.
- KRG IOCs still insist on higher costs (production US\$ 20/b and transport US\$ 6/b).
- Also amendment contains no reference to profits of IOCs under existing PSCs.
- No political objection so far + optimism from Arab and Kurdish parties, but APIKUR wants all agreements to be in writing before ITP exports resume.
- Question of how to integrate resumed ITP exports with OPEC+ quota constraints.

### Politics

- Recent statements by the Parliament Oil & Gas Committee raising objections to the awarding of Bid Rounds 5+ and 6 contracts to inexperienced Chinese companies could slow progress on departmental-level authorisations and political capital for some of the projects, although unlikely to impact them in any major way.
- A major fire outbreak at the NGL gas station in the Northern Rumaila field on 30 October due to a gas valve malfunction has been contained, with no impact to the field's operations.

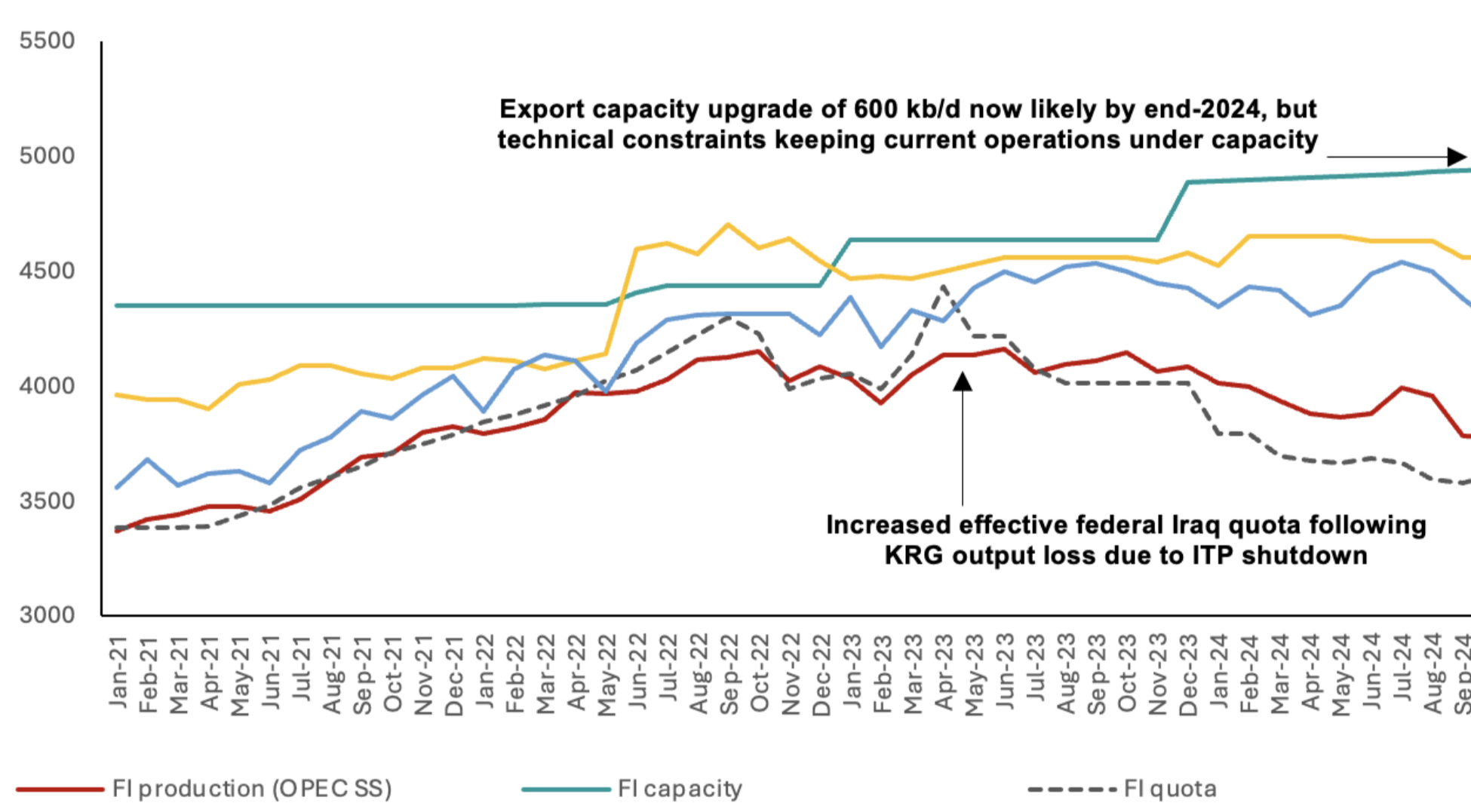


Figure 2 Federal Iraq production vs capacity, kb/d

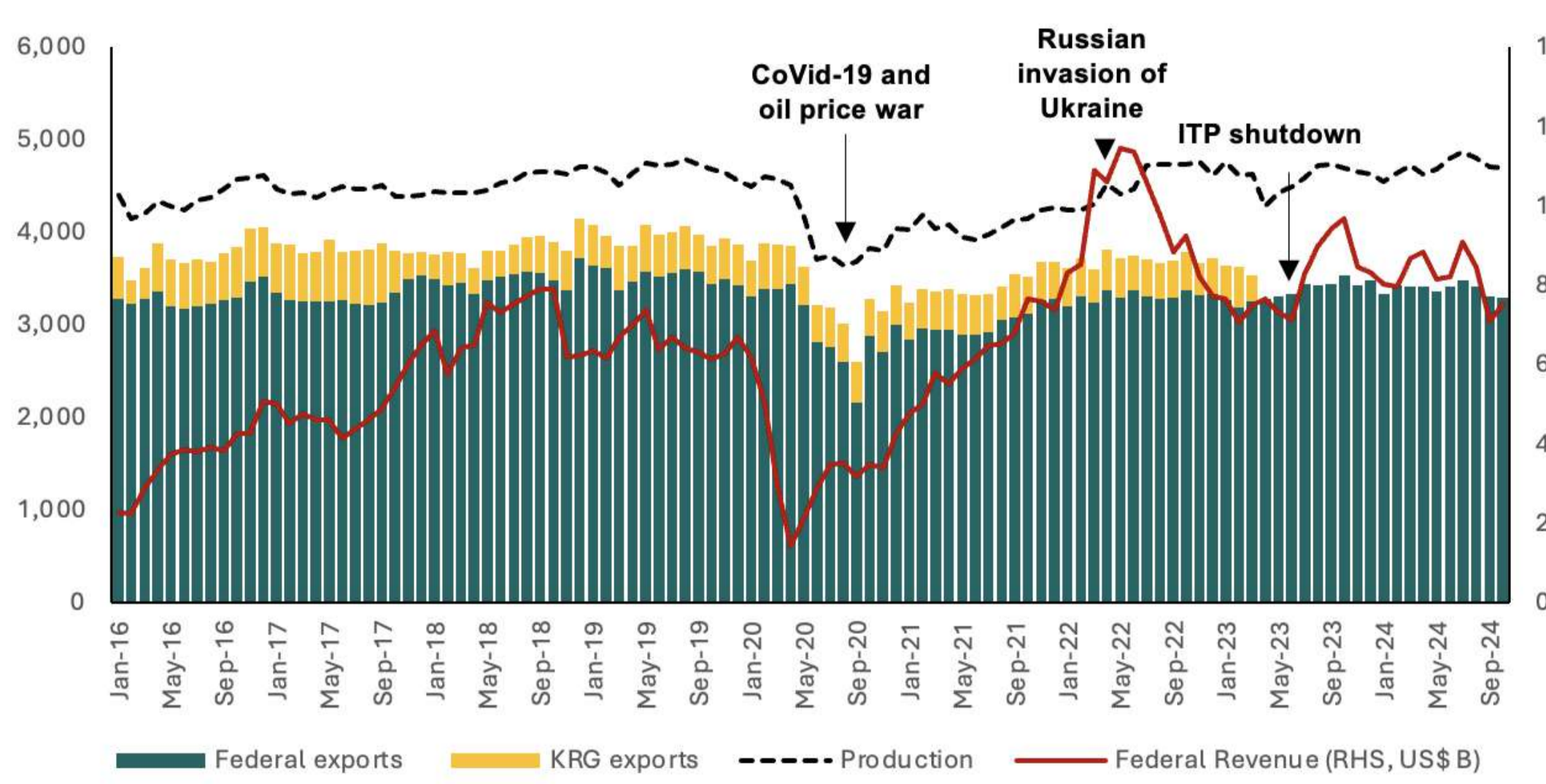


Figure 3 Iraq production vs exports, kb/d

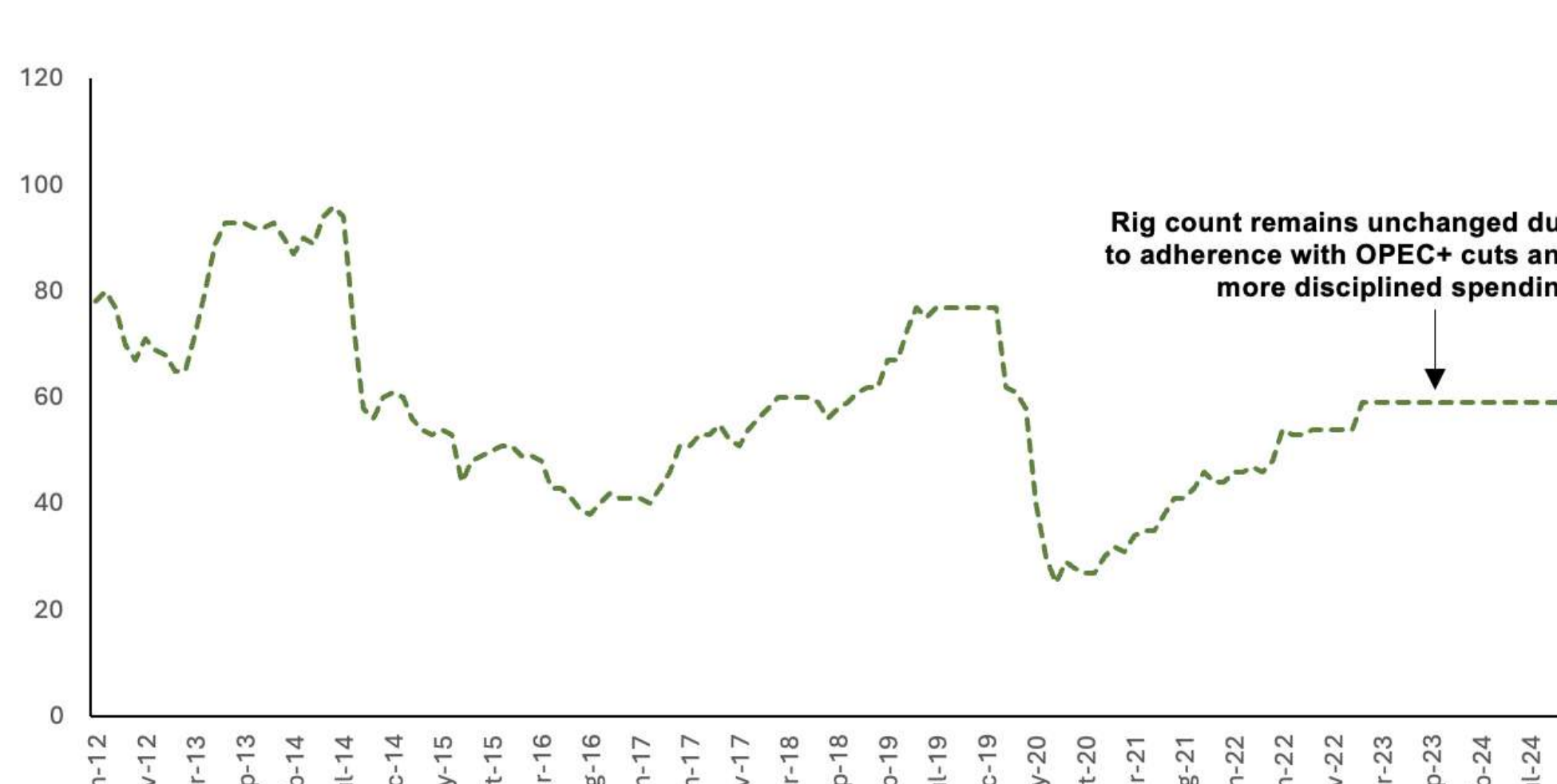
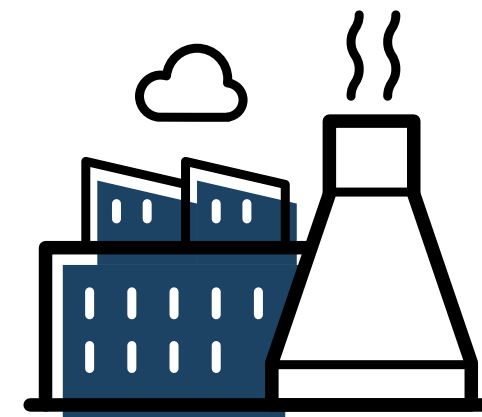


Figure 4 Iraq's monthly oil rig count

# Iraq Natural Gas & Power Sector Developments

## Iraq Natural Gas Sector Updates



|                        |   |
|------------------------|---|
| <b>Gas Output</b>      | <ul style="list-style-type: none"><li>• 3.1 Bcf/d target by end-H1 2024 with associated gas utilisation increasing to 70% from 61% in 2023; current associated gas utilisation at 65%.</li><li>• Associated gas utilisation rate should logically reach 100% as Iraq targets end-2028 to ending flaring completely.</li></ul>   |
| <b>Gas Expansion</b>   | <ul style="list-style-type: none"><li>• Output expected to increase to 5 - 4.5 Bcf/d by 2030 from new 1.825 Bcf/d gas developments:<ul style="list-style-type: none"><li>◦ 600 MMscf/d Ratawi Gas Hub Project with TotalEnergies (300 MMscf/d Phase-1 in 2028)</li><li>◦ 200 MMscf/d Capture Project at Nasiriyah and Gharraf fields by end-2026</li><li>◦ 2x 150 MMscf/d Phases of Nahr bin Omar Project with local contractors, but loan agreement pending finalisation</li><li>◦ 300 MMscf/d Halfaya Gas Project with CNPC (launched in June)</li><li>◦ 125 MMscf/d Gas Project at Al-Faihaa Oilfield</li><li>◦ 300 MMscf/d Non-Associated Gas Project at Mansuriyah with Chinese firm Jereh and PetroIraq (new contract signed overcoming last-minute investor doubts about political and security climate in Diyala)</li></ul></li><li>• Additionally, Iraq could receive more associated gas from West Qurna-1 as it expands from 550 kb/d to 800 kb/d.<ul style="list-style-type: none"><li>◦ Potential of BGC capacity increasing to 1.4 Bcf/d if more gas is captured from WQ-1, Rumaila and Zubair, but depends on their expansion programmes.</li><li>◦ North Oil Company is currently capturing 410 MMscf of gas from Kirkuk-area fields for power and industrial use in the neighbouring areas</li></ul></li></ul> |
| <b>Domestic Demand</b> | <ul style="list-style-type: none"><li>• Expected to reach 6 Bcf/d by 2030 from current ~5 Bcf/d , narrowing supply gap to 1 Bcf/d from 2 Bcf/d currently (if projects come to fruition).</li><li>• 2030 self-sufficiency target requires development of additional new gas and/or agreements with KRI for surplus gas from developments there.</li><li>• Dana Gas has reiterated its commitment to expanding the Khor Mor Gas Project (KM250 Expansion) in under two years after terminating its contract with gas industry supplier Enerflex due to delays.</li></ul>  |
| <b>Gas Exploration</b> | <ul style="list-style-type: none"><li>• Ongoing strategic push to offer 10 gas exploration blocks to US companies left unclaimed from past licensing rounds.</li><li>• Committed US interest can support Baghdad's efforts to reopen the ITP and foster positive outlook for investment opportunities.</li><li>• US investment would even out playing field with more diverse players to keep the gas sector competitive.</li><li>• However gas blocks are in relatively remote areas with limited geological data and will struggle to attract international interest.</li></ul>   |

## Iraq Power Sector Updates



|                           |  |
|---------------------------|--|
| <b>New Power Projects</b> | <ul style="list-style-type: none"><li>• New power projects will be primary offtakers for all new gas produced, with three new projects announced in Baghdad, Diyala, and Anbar to add 614 MW to national grid:<ul style="list-style-type: none"><li>◦ Shanghai Electric will add 364 MW via combined cycle units at the Mansuriyah power plant in Diyala.</li><li>◦ Dongfang Electric will add 125 MW to the South Baghdad plant.</li><li>◦ Iraqi Sada al-Najoom will add 125 MW to the Akkas gas-fired power plant in Anbar.</li></ul></li><li>• Plans also underway to add 495 MW between Al-Haydariya and Al-Najaf power plants in Najaf.</li><li>• These projects are part of a wider Ministry of Electricity-led push to install 4 GW of combined cycle projects across 67 existing plants .</li><li>• The projects will help reduce reliance on costly Iranian gas and power, the reliability of which has come into question once again due to Iranian pipeline outages, causing a loss of 5.5 GW to the Iraqi national grid over the last two weeks.</li></ul> |
|---------------------------|--|

# Top Energy Deals in Iraq

## Project 01

### New Iraq Oil Exploration Venture

#### Client / Buyer

Sonoro Energy

#### Contractor /Seller

IPR Energy Group

#### Implications

- Canada's Sonoro Energy has signed an Heads of Agreement with IPR Energy, a private energy company based in Texas, to collaborate in evaluating known oil accumulations expected to be made available through Iraqi government licensing bid rounds and/or direct negotiations.
- The two companies will enter a joint study and bid agreement to secure assets where significant production increases can be achieved through the application of advanced technologies.
- Initially, the focus of the Heads of Agreement will be on acquiring producing assets in Iraq. The agreement also lays the groundwork for expanding future collaboration across the MENA region.

## Project 02

### Iraq Oil Export to India

#### Client / Buyer

HPCL

#### Contractor /Seller

SOMO

#### Implications

- India's state-run Hindustan Petroleum Corp. Ltd. (HPCL) will raise its annual crude import deal with Iraq by 43% in 2025 to 100 kb/d as it commissions some residue upgradation units at its 274 kb/d Vizag Refinery and the start of operations at its 180 kb/d Barmer Refinery.

## Project 03

### Iraq-Lebanon Fuel Supply Deal Renewed

#### Client / Buyer

Government of Lebanon

#### Contractor /Seller

SOMO

#### Implications

- Iraq has agreed to extend a deal to supply Lebanon with fuel oil for power generation until the end of January 2025.
- Lebanon signed an agreement with Iraq in July 2021 to import 1 Mt of heavy fuel oil to produce electricity in order to avoid blackouts.
- In return Lebanon deposits funds in Lebanon's Central Bank, which Iraq can use exclusively in Lebanon for unspecified services.

## Iraq Oil Market Highlights

#### Crude Oil Prices

As of December 8th, 2024

WTI: USD 67.20

Brent: USD 71.12

#### Iraq Rig Count

November 2024: 59

October 2024: 59



#### Iraq Oil Exports

November 2024: 3.29 Mbpd

October 2024: 3.32 Mbpd



#### Oil Exports Revenue

November 2024: 7.01 USD Billion

October 2024: 7.47 USD Billion

