



Our Updates

Al Majal Exhibits at Basra's Premier International Oil & Gas Show

Al Majal participated in the Basra International Oil, Gas, Petroleum Equipment, and Energy Exhibition from January 21–24, bringing together global industry leaders and energy professionals. The event served as a key platform for Al Majal to showcase its extensive range of services and industry-leading partnerships, reinforcing its commitment to driving innovation and shaping the future of Iraq's energy sector.



Exciting Expansion: North Rumaila Business Park Grows to Meet Demand

We're pleased to announce a 10,000 sqm expansion at the North Rumaila Business Park, designed to support our growing operations. This addition enhances our existing 50,000 sqm facilities with secure workshops, open and shaded fabrication yards, customizable warehouses, and a fully equipped training center. This expansion reflects our commitment to innovation, ensuring we continue to meet the evolving needs of our business and partners.



Al Majal Named Excellent Supplier of the Year 2024

Al Majal has been recognized as Antonoil's Excellent Supplier of the Year 2024, recognizing our consistent reliability, efficiency, and quality of service. Al Majal Oilfield Services and Downhole Tools divisions have been pivotal in supporting Antonoil's operations, providing services including Coiled Tubing and Stimulation, Pressure Pumping, Nitrogen, Downhole Tools and Directional Drilling Surveys.



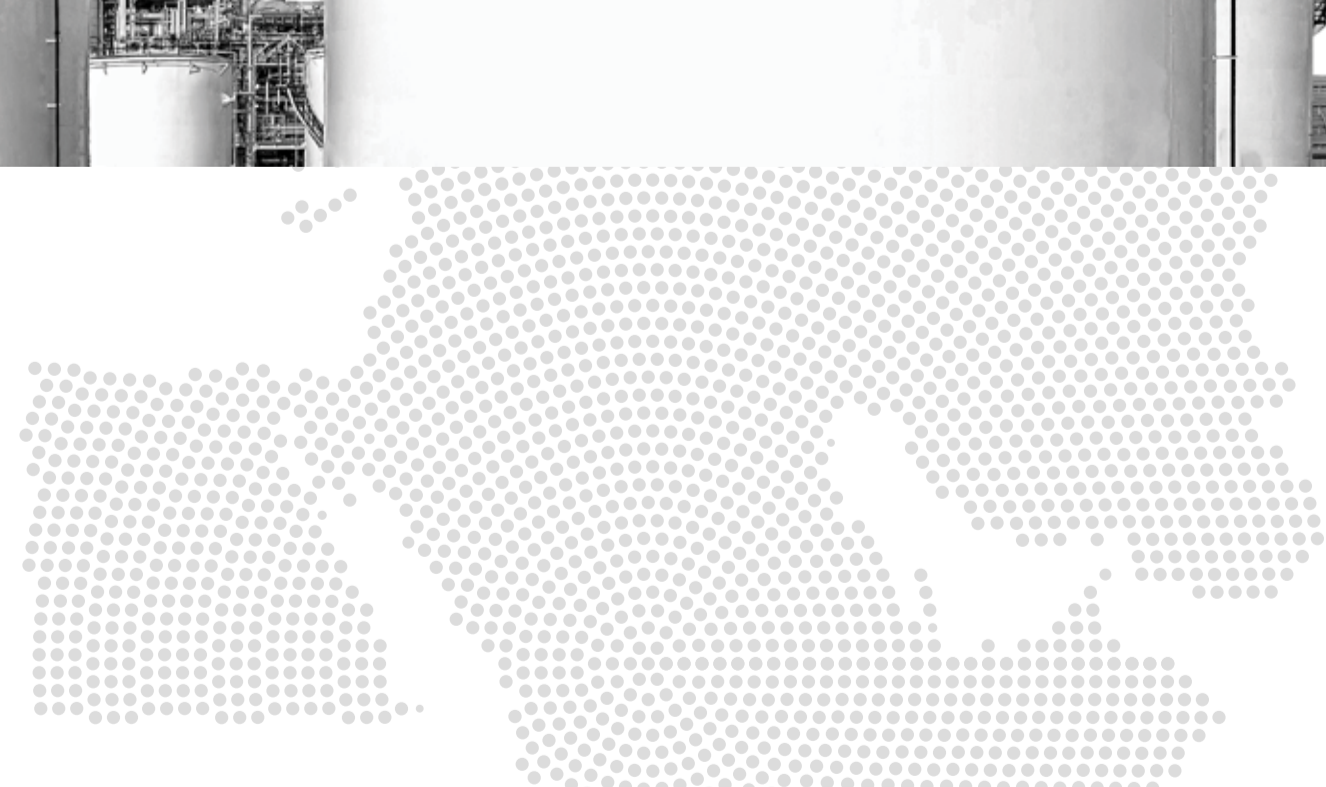
AL MAJAL OIL & GAS ROUNDUP IN COLLABORATION WITH QAMAR ENERGY

LATEST IN IRAQI & GLOBAL ENERGY MARKETS



Oil Demand in Iraq & the Middle East

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Iraq's Oil Production and Exports

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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

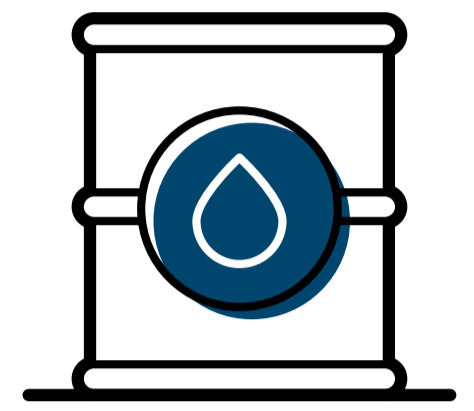


Location	October	November	Change	Main Observations
Iraq	0.91 Mb/d	0.95 Mb/d	+4.7%	Overall demand remains robust on back of improving economy and higher demand for road fuels (for example, LPG for transportation demand increased to 2.1 Mbbl in 2024, up from 1.89 Mbbl previously), plus return to diesel for power generation due to reduced Iranian gas supplies from shortages.
Major Middle East Economies	3.56 Mb/d	3.73 Mb/d	+5.0%	Positive economic activity; higher demand due to holiday season and increased tourist activity.

Key Factors Impacting Oil Demand in Iraq

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

Major Refining Sector Developments That Can Impact Oil Demand



Refining Capacity	Developments
Expansions	<ul style="list-style-type: none"> 70 kb/d expansion at Shuaiba Refinery to receive additional FCC by end-2024 to increase gasoline production now likely by early-2025. 70 kb/d expansion of the Diwaniya Refinery by 2029 under yet-to-be-decided direct-award contract to Barham Group. 20 kb/d expansion at North Refineries' Al Siniya Refinery to 50 kb/d on the back of 2 new production units launched on January 2nd. Start of executive works for a third refining unit at the 70 kb/d Salah Al-Din Refinery.
Rehabilitations	<ul style="list-style-type: none"> Upgrade of the Kirkuk Refinery to process about 12 kb/d of naphtha into high-octane gasoline by end-2024. US\$ 380 M loan from Japan International Cooperation Agency to fund ongoing Basrah Refinery Upgrading Project secured. Key project components include 34.5 kb/d FCC unit, 55 kb/d vacuum distillation unit, and 40 kb/d diesel desulphurisation unit.
Greenfields	<ul style="list-style-type: none"> 140 kb/d Karbala Refinery (trial stage) producing high-octane gasoline, with full operations planned for beginning of 2025. Potential interest to bring in operating partner for Karbala. Dora Refinery planned to be shifted outside Baghdad as new 140 kb/d refinery instead of 70 kb/d expansion due to environmental reasons, but parliamentary objections due to high cost (US\$ 4B). 300 kb/d Fao Refinery with CNCEC Phase-1 in 2028.
KRI Refineries	<ul style="list-style-type: none"> 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). FI sending 40 kb/d of crude previously exported via ITP to the Bazian Refinery and 50 kb/d to Kalak. If Lanaz has reduced feedstock from Kurdish-controlled administration in Syria, KRI IOC operators can send their crude directly to it.
Crude Burn	Recent increase due to Iranian gas supply dropping to 7 Mcm/d (resulting in 6-8 GW of lost power), despite cool weather, more gas from domestic processing plants and new power lines.

Key Factors Impacting Oil Demand in Major Middle East Economies

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

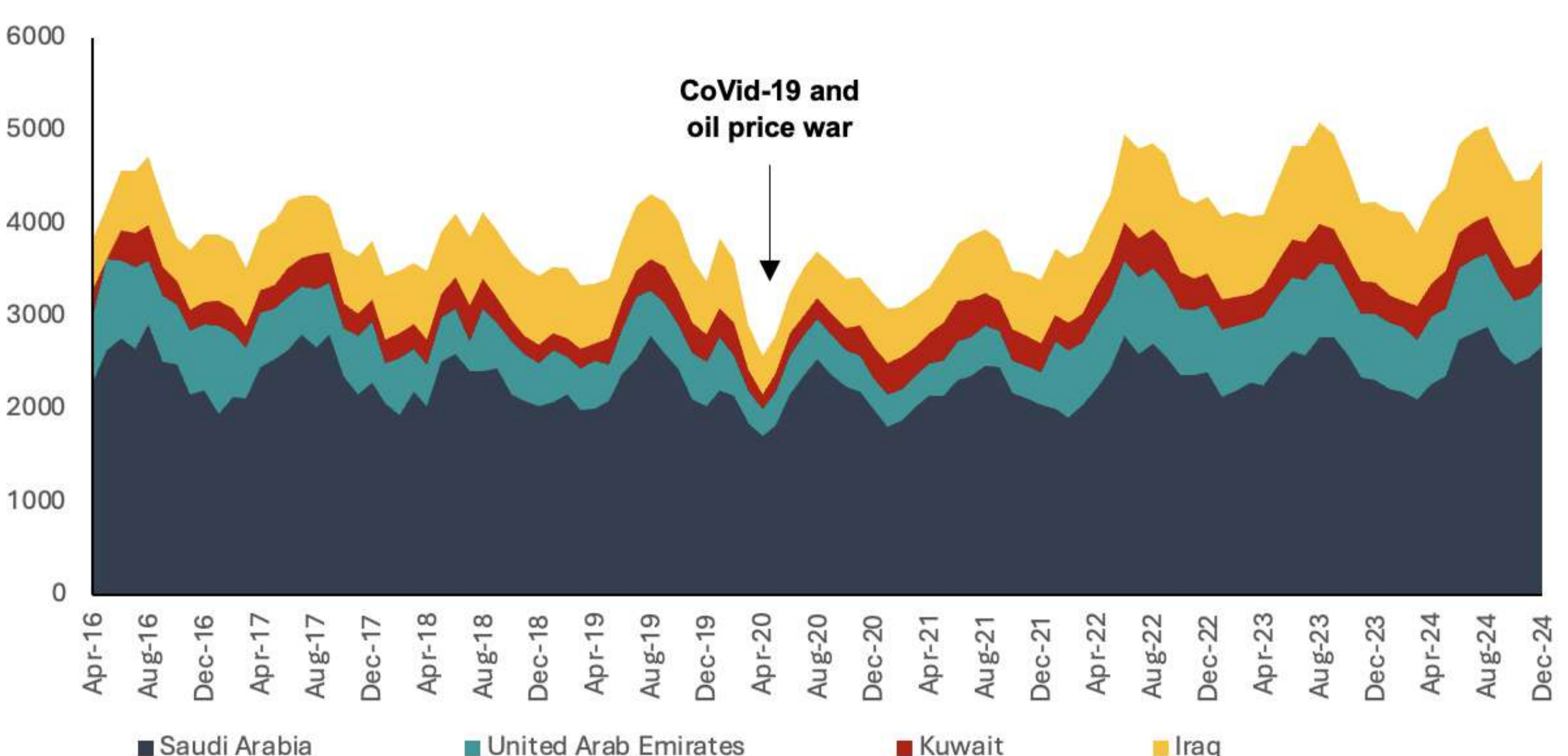


Figure 1 Oil Demand of Major Middle East Economies, kb/d

Iraq's Oil Production and Exports

Metric	Units	November	December	Change	Main Observations
Production	Mb/d	4.49	4.46	-0.7%	Steep reduction in Rumaila's output (due to diesel shortages required for powering electric submersible pumps (ESPs) since diesel redirected to power sector following Iran gas shortages), plus ongoing state-run fields' efforts to curtail output as part of OPEC+ cuts
Secondary Sources	Mb/d	4.04	4.02	-0.6%	Likely under-characterises domestic consumption, which is as high as 1 Mb/d ³ , corresponding to higher production
Exports	Mb/d	3.29	3.26	-0.9%	More or less at November levels as state-run fields curtail output in line with OPEC+ compensatory cuts
Revenues	US\$ B	7.01	7.15	+2.0%	Weaker global oil benchmark pricing but revenues higher due to one extra day in December
Sales Price	US\$ B	70.89	70.77	-0.2%	FI prices export crude at 3-5% discount to Brent; KRI crude currently trading between US\$ 28/b – US\$ 41/b
Brent Price	US\$ B	74.35	73.85	-0.7%	Softer oil prices in December due to expectations of slower-than-expected demand growth in key economies, such as China
OPEC+ Quota	Mb/d	3.90	3.89	-0.26%	Agreed to reduce by 90-110 kb/d from August to September 2025 to compensate for past overproduction
KRI Production	Mb/d	0.29	0.3	+3.5%	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 twenty-first 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.
 - OPEC+ supplemental cuts now increased to March 2025 after which they will gradually unwind through September 2026.
 - Iraq's quota will gradually rise to 4.22 Mb/d by end-2026, and not quicker, due to the effect of its compensatory cuts.
- 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 162 kb/d in November.
 - Rumaila's production has dropped below 1.2 Mb/d for the first time in 7 years due to fuel shortages exacerbating natural declines.
 - However, West Qurna-1's production has reached 550 kb/d as part of its overall expansion plan to reach 800 kb/d by 2028 and 1.2 Mb/d by 2035.
 - Planned expansion of the Ratawi oilfield as part of TotalEnergies' GGIP will see output reach 210 kb/d from the current 60 kb/d by 2027/28.
 - Halliburton and BOC are finalising agreement to develop Nahr bin Omar oilfield and increase production to 300 kb/d from 50 kb/d currently.
 - A new 2 Bbbl oilfield with medium and light crude has been discovered by the Midland Oil Company in collaboration with China's EBS at the southern East Baghdad field and has tested initially at 5 kb/d.
 - BP's deal with Iraq for the Kirkuk-area fields is expected to be finalised by early-February and will boost these fields' production to about 450 kb/d.
 - Both Iraq and BP are aiming to finalise their profit-sharing contract which will feature an initial phase of drilling 16 wells to raise production by 70 kb/d from the current 220 kb/d.
- 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 Basrah, 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.
 - The Iraqi Cabinet has approved the US\$ 4.56 B Basrah-Haditha oil pipeline project funded under the 2019 Iraq-China Framework Agreement to transport 2.25 Mb/d of crude to Iraq's central and northern regions, but no timeline provided on the anticipated start of works.
 - 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 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 2024 from Q1.
 - Shamran and Gulf Keystone also eyeing production expansions as domestic demand increases.
- KRI-FI ITP Discussion**
 - Proposed budget amendment of Article 12 still yet to be passed - 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 FI-appointed consultant.
 - KRG IOCs still insistent on higher costs (production US\$ 20/b and transport US\$ 6/b).
 - Also, amendment contains no reference to profits of IOCs under existing PSCs.
 - APIKUR wants all agreements to be in writing before ITP exports resume.
 - Question of how to integrate resumed ITP exports with OPEC+ quota constraints.

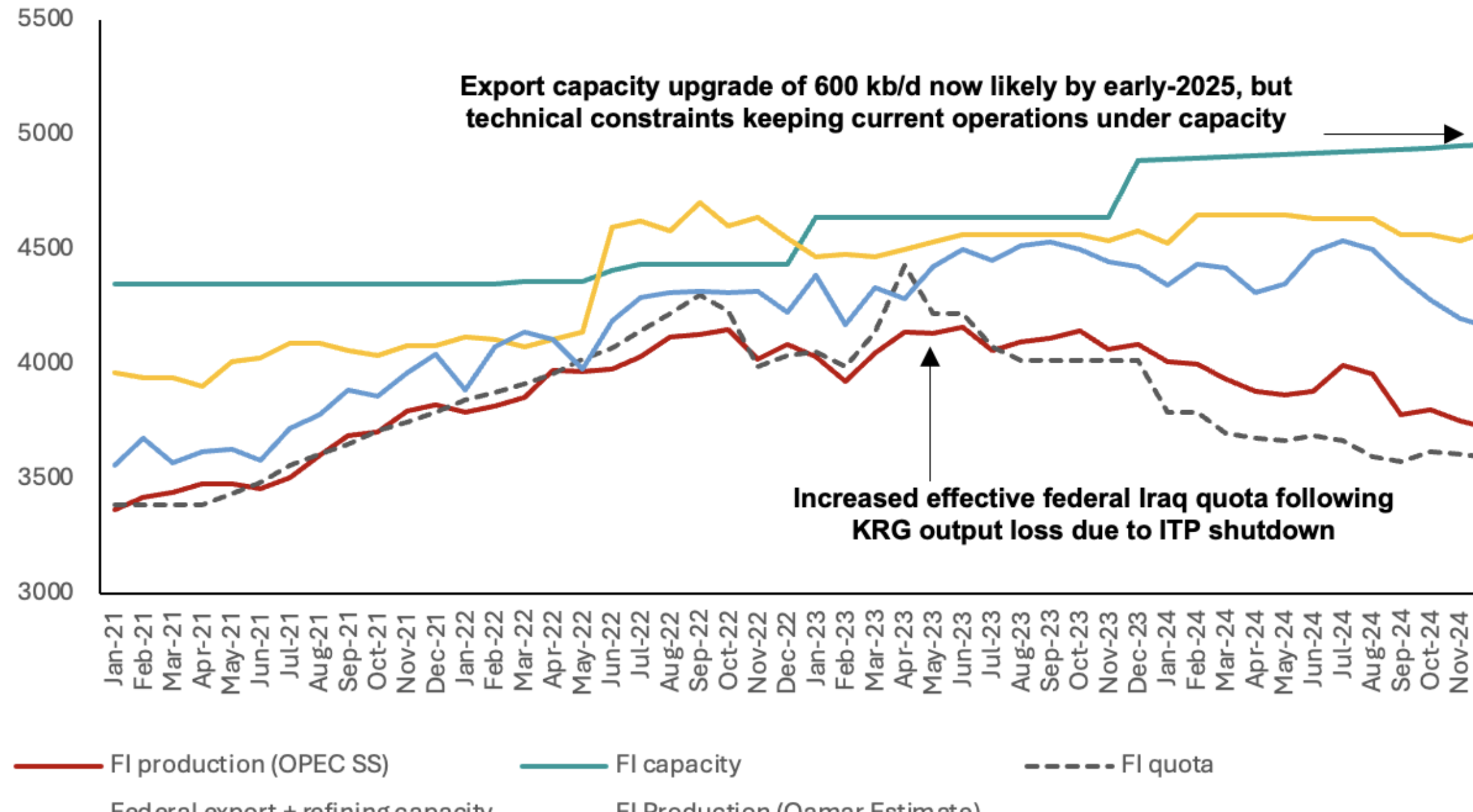


Figure 2 Federal Iraq production vs capacity, kb/d

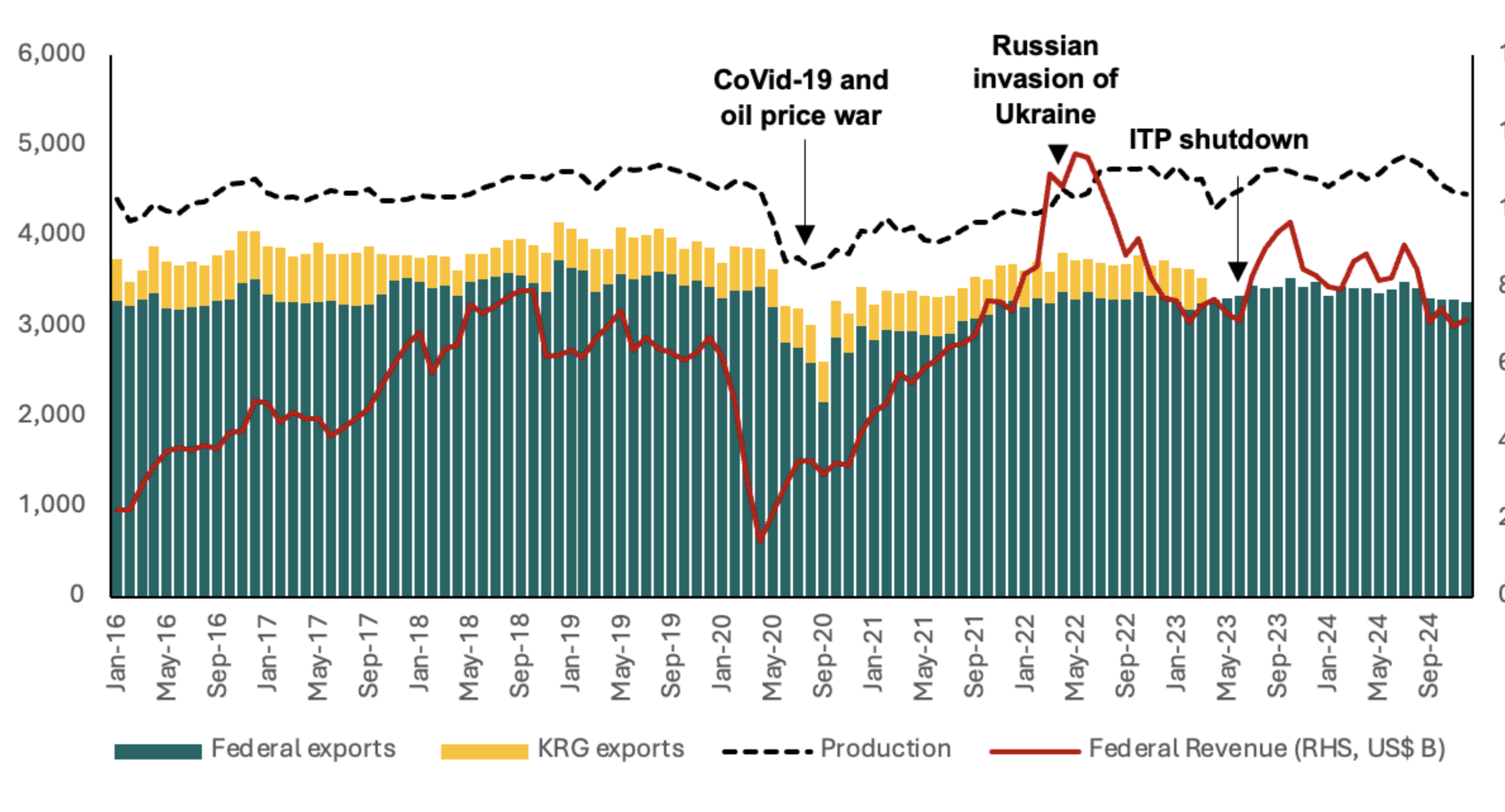


Figure 3 Iraq production vs exports, kb/d

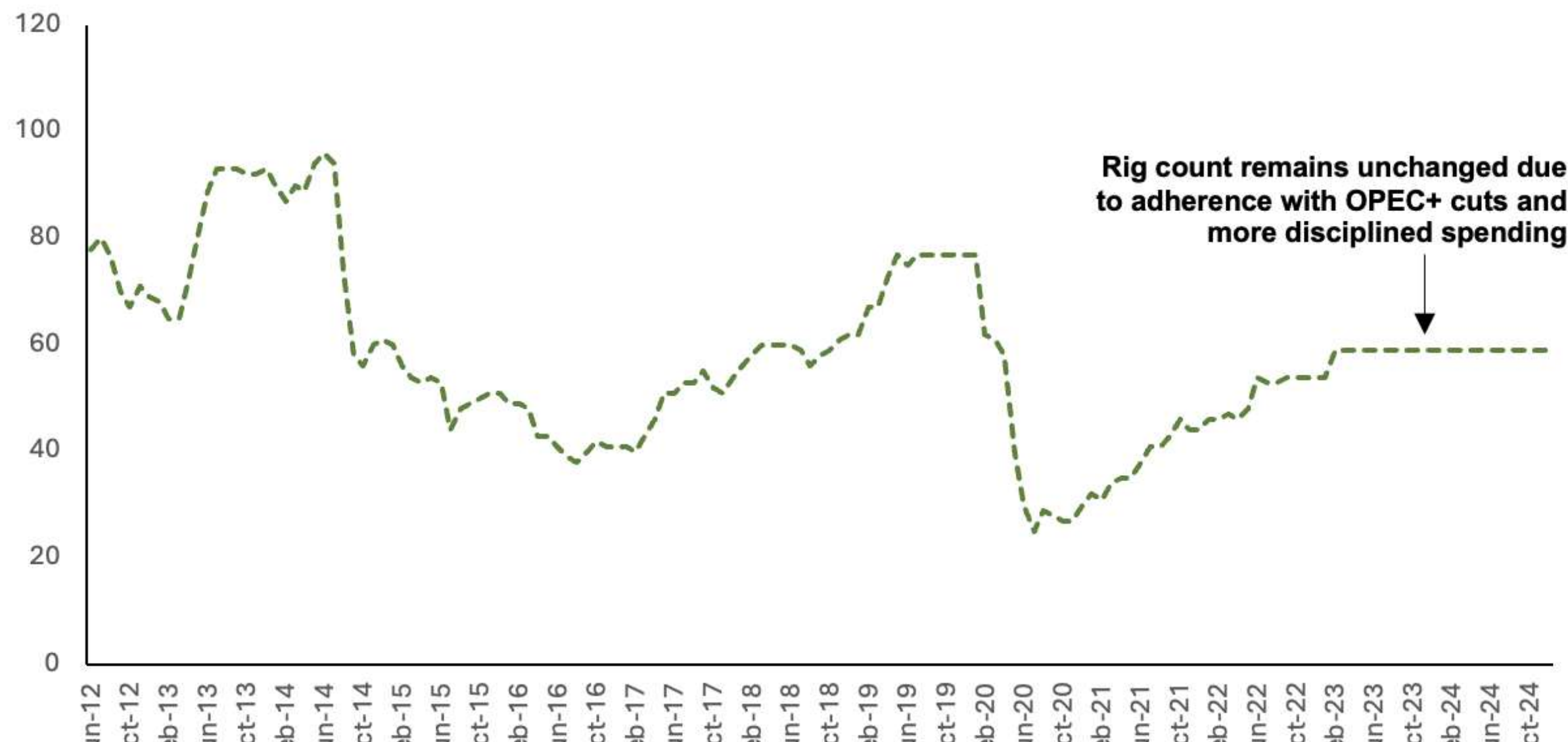
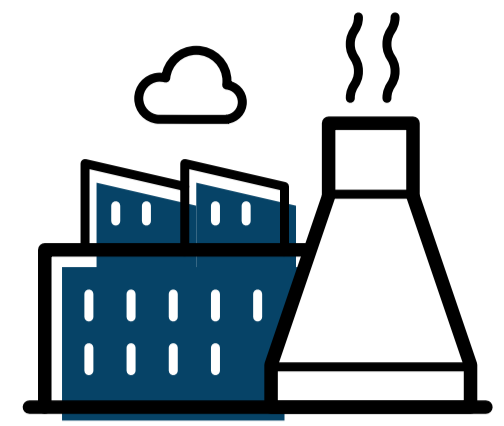


Figure 4 Iraq's monthly oil rig count

Iraq Natural Gas & Power Sector Developments

Iraq Natural Gas Sector Updates



Gas Output

- 3.1 Bcf/d by end-H1 2024 with associated gas utilisation increasing to 70% from 61% in 2023; current associated gas utilisation at 67%.
- Associated gas utilisation rate should approach 100% as Iraq targets end-2028 to ending flaring completely.
- Talks with Turkmenistan for the delivery of 20 Mcm/d of natural gas via Iran's pipeline network using a swap mechanism have stalled.
- Iraq has also been urging Iran to meet the conditions of their gas supply agreement due to gas shortages on Iran's side causing widespread blackouts in Iraq.
- Discussions ongoing on ways to improve the performance of electricity transmission lines connecting the two countries to increase their efficiency.
- Meanwhile, Iraq transferring up to 190 kb/d of straight-run HFSO to Iranian traders to pay down its energy, mainly gas import debt – which was as high as US\$ 11 B in early 2024 – to Tehran.

Gas Expansion

- Output expected to increase to 4.5 - 5 Bcf/d by 2030 from new 1.825 Bcf/d gas developments:
 - 600 MMscf/d Ratawi Gas Hub Project with TotalEnergies (300 MMscf/d Phase-1 in 2028), including 50 MMscf/d of “emergency quantities” this year
 - 200 MMscf/d Capture Project at Nasiriyah and Gharraf fields by end-2026
 - 2x 150 MMscf/d Phases of Nahr bin Omar Project with China Petroleum Engineering & Construction Corporation, although US\$ 1.7 B price tag being negotiated
 - 300 MMscf/d Halfaya Gas Project with CNPC (launched in June)
 - 125 MMscf/d Gas Project at Al-Faihaa Oilfield
 - 100 MMscf/d from Crescent Petroleum-operated Khashm Al-Ahmar-Injana field once developed (no defined timeline)
 - 140 MMscf/d from two BGC NGL projects
 - 300 MMscf/d Non-Associated Gas Project at Mansuriyah with Chinese firm Jereh and PetroIraq
- Additionally, Iraq could receive more associated gas from West Qurna-1 as it expands from 550 kb/d to 800 kb/d.
 - North Oil Company is currently capturing 410 MMscf of gas from Kirkuk-area fields for power and industrial use in the neighbouring areas, and expects more gas capture under the BP deal as oil output increases

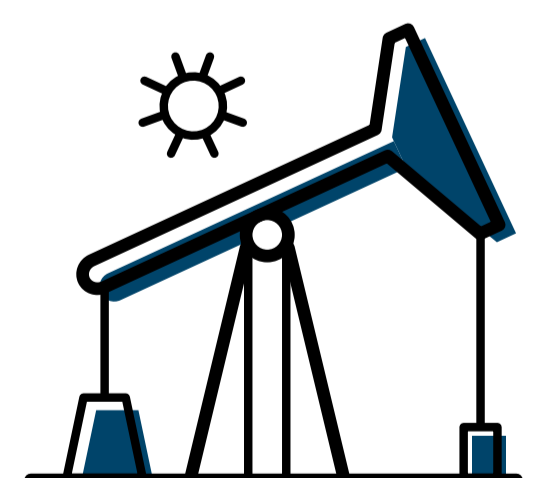
Domestic Demand

- 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).
- 2030 self-sufficiency target requires development of additional new gas and/or agreements with KRI for surplus gas from developments there.

Gas Exploration

- Ongoing strategic push to offer 10 gas exploration blocks to US companies left unclaimed from past licensing rounds.
- Committed US interest can support Baghdad's efforts to reopen the ITP and foster positive outlook for investment opportunities.
- US investment would even the playing field with more diverse players to keep the gas sector competitive.
- However, gas blocks are in relatively remote areas with limited geological data and will struggle to attract international interest.

Iraq Power Sector Updates



New Power Projects

- New power projects will be primary offtakers for all new gas produced, with new projects announced in Baghdad, Diyala, and Anbar to add 614 MW to national grid.
- Plans also underway to add 495 MW between Al-Haydariya and Al-Najaf power plants in Najaf.
- These projects are part of a wider Ministry of Electricity-led push to install 4 GW of combined cycle projects across 67 existing plants.
- Construction has also begun on the 1.4 GW North Thermal Power Plant after a 34-year pause under agreement with the Chinese Government, and will include four generating units with a 350 MW capacity each, with a possible upgrade to six units.
- 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 6-8 GW to the Iraqi national grid over the last three weeks.
- Meanwhile, electricity production in the KRI has returned to normal after a temporary 750 MW reduction following maintenance operations at the Khor Mor field.

Top Energy Deals in Iraq

Project 01

2 GW Electricity to National Grid

Client / Buyer

Iraq MOE

Contractor /Seller

Stellar Energy

Implications

- US-backed Stellar Energy will add 2 GW of electricity to Iraq's grid in line with growing demand.
- The deal will be financed through a loan provided by the Export-Import Bank of the United States.
- The deal includes the construction of five transmission substations with a capacity of 400 kilovolts and 25 transmission substations with a capacity of 132 kilovolts, as well as at least 100 distribution stations in several Iraqi provinces.

Project 02

Resumption of Syrian Oil Exports

Client / Buyer

Government of Syria

Contractor /Seller

Iraq

Implications

- Resuming Iraq's oil exports to Syria that were stopped after the fall of the Assad regime will be done only after new agreement utilising a "more organised and precise mechanism" is agreed on, according to the Ministry of Oil.
- Iraq previously supplied Damascus with 33 kb/d of crude and 120 kt/m of fuel oil, the suspension of which has exacerbated Syria's fuel crisis.

Project 03

1 GW Solar Project

Client / Buyer

Iraq MOE

Contractor /Seller

ACWA Power

Implications

- Iraq has invited Saudi's ACWA Power to finalise a deal for a 1 GW solar plant in Najaf, as part of a 12 GW solar target by 2030.
- Details are limited, but ACWA will build the plant as a joint venture with Iraq.
- Iraq is targeting Gulf countries' expertise and experience to develop its renewable sector, including negotiations with the UAE's Masdar for 4 solar units with a combined capacity of 1 GW.
- Meanwhile, 40% of 3 solar projects with a combined capacity of 1.75 GW have also been completed in Basra, Muthanna, and Karbala.

Project 03

100 MW Waste-to-Energy

Client / Buyer

Iraq MOE

Contractor /Seller

Not disclosed

Implications

- Iraq has awarded a contract for a 100 MW waste-to-energy plant in Nahrawan, Baghdad, its first such project, to process 3 kt/d of waste.
- The project is part of a broader plan to expand clean energy. While the name of the contractor has not been officially disclosed, previous local media reports have stated it to be China's Shanghai SUS Environment Co.

Iraq Oil Market Highlights

Crude Oil Prices

As of February 9th, 2025

WTI: 71.00 USD

Brent: 74.66 USD

Iraq Oil Exports

January 2025: TBA

December 2024: 3.26 Mbpd

Iraq Rig Count

January 2025: 59

December 2024: 59

Oil Exports Revenue

January 2025: TBA

December 2024: 7.15 USD Billion