



Our Updates

Al Majal Score Offers First ECITB Licensed Training in Iraq

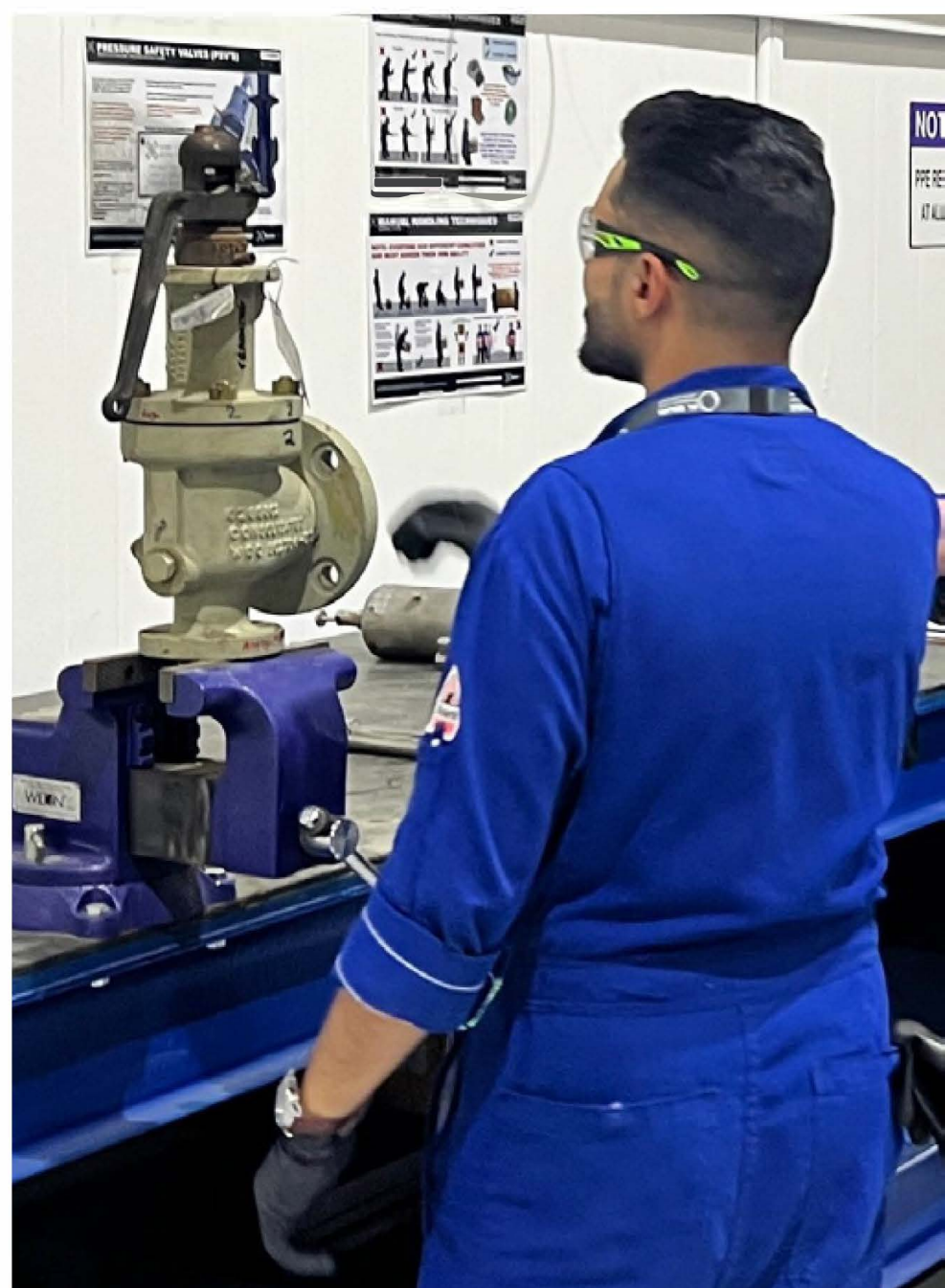
Al Majal Score has become the first training provider licensed by the UK based Engineering Construction Industry Training Board (ECITB) to offer Mechanical Joint Integrity and Pressure Safety Valves training courses in Iraq.

Located at Al Majal Business Park – North Rumaila, the courses are offered at the fully dedicated training center by highly skilled ECITB-approved training specialists in a classroom and hands on training environment.

Designed to reflect 'good practice' by elevating the skillset of Oil & Gas professionals, the following 3-day comprehensive courses are now available:

- MJI 10: Hand Torque Flange Bolted Connections
- MJI 18: Hydraulic Tension Bolted Connections
- MJI 19: Hydraulically Torque Bolted Connections
- Pressure Safety Valves (PSV 01)

For more information, please contact us at irq-training@almajal-score.com



Al Majal Oilfield Services Expands Capabilities with Continuous PLT Operations

Led by our team of technical specialists, Al Majal Oilfield Services successfully completed a continuous Production Logging Tool (PLT) operation in one of Iraq's major oilfields.

This successful completion of another PLT operation in a challenging and dynamic environment is a testament to our commitment towards investing in technical capabilities that surpass the stringent requirements of our clients, setting the new standard in delivering reliable wireline services.



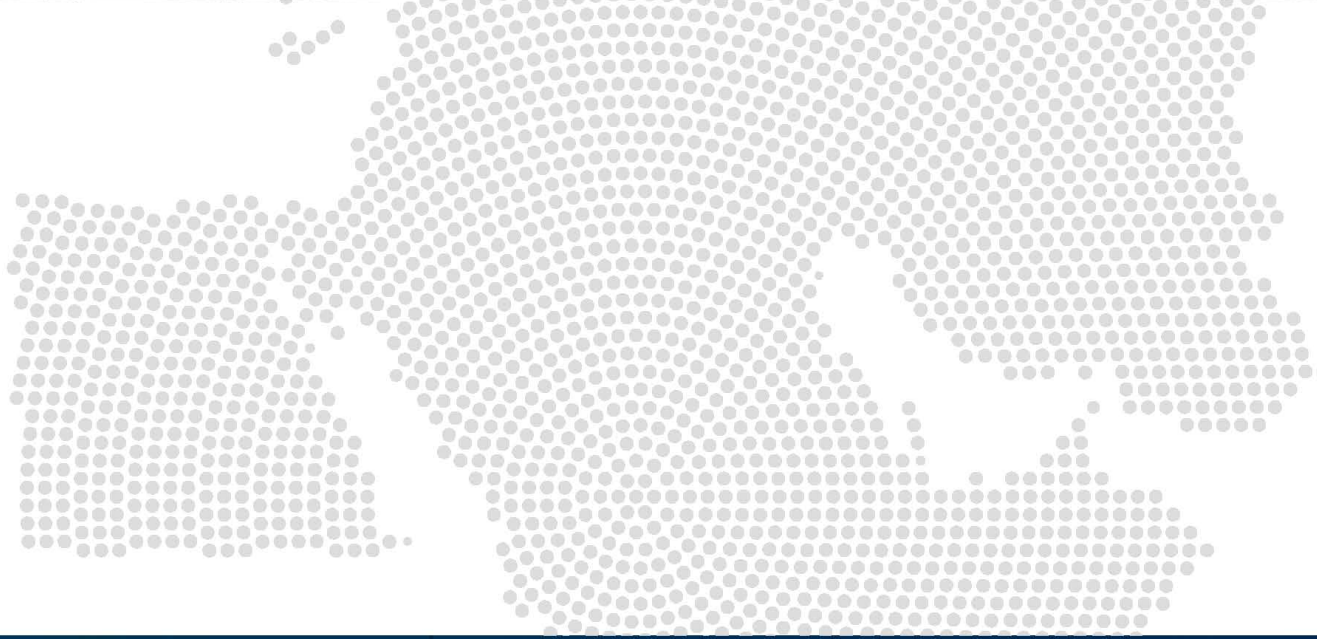
AL MAJAL OIL & GAS ROUNDUP IN COLLABORATION WITH QAMAR ENERGY

LATEST IN IRAQI & GLOBAL ENERGY MARKETS



Oil Demand in Iraq & the Middle East

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Iraq's Oil Production and Exports

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Iraq Natural Gas & Power Sector Developments

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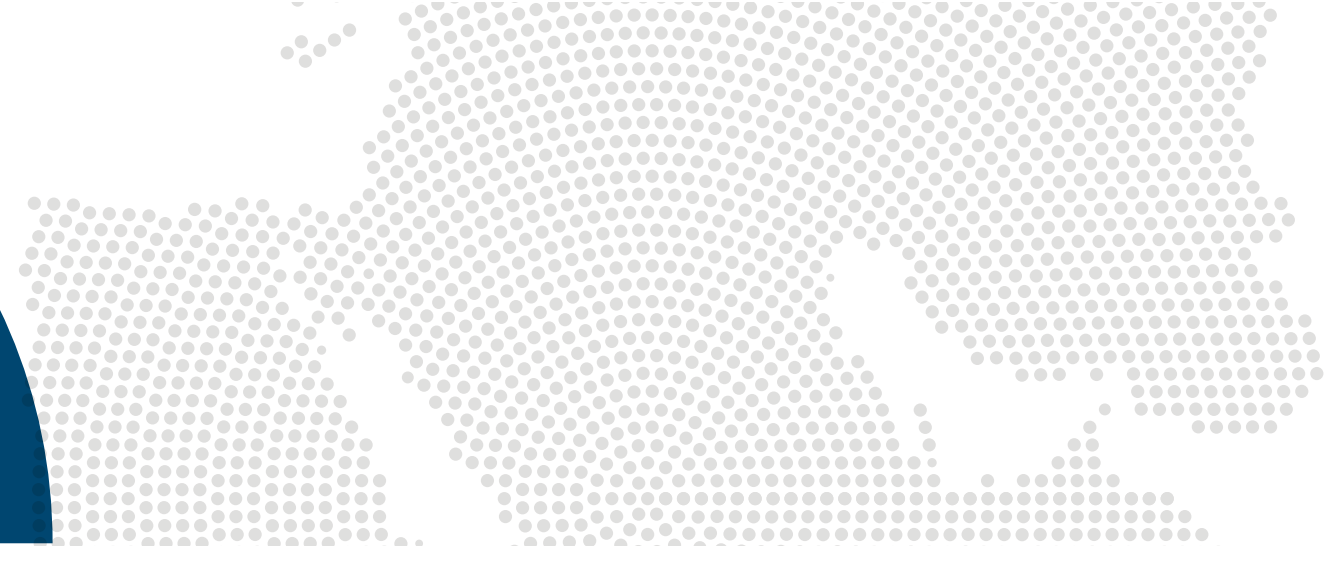


Top Energy Deals in Iraq

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Oil Demand in Iraq & the Middle East

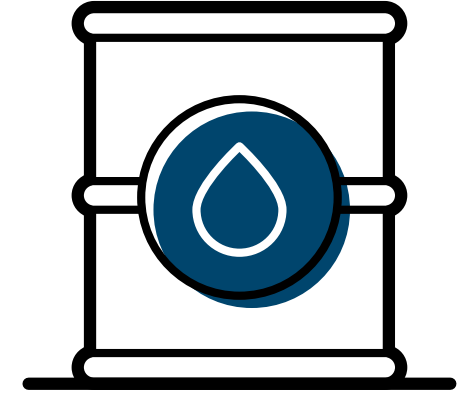


Location	October	November	Change	Main Observations
Iraq	0.93 Mb/d	0.91 Mb/d	-2.4%	Efficiency improvements have led to slightly lower demand compared to November 2023 levels; overall demand remains robust on back of improving economy and higher demand for road fuels, plus return to diesel for power generation due to reduced Iranian gas supplies from shortages.
Major Middle East Economies	3.52 Mb/d	3.44 Mb/d	-2%	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
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.
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. Planned new 140 kb/d refinery outside Baghdad after changing course on 70 kb/d expansion of Dora Refinery. 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.

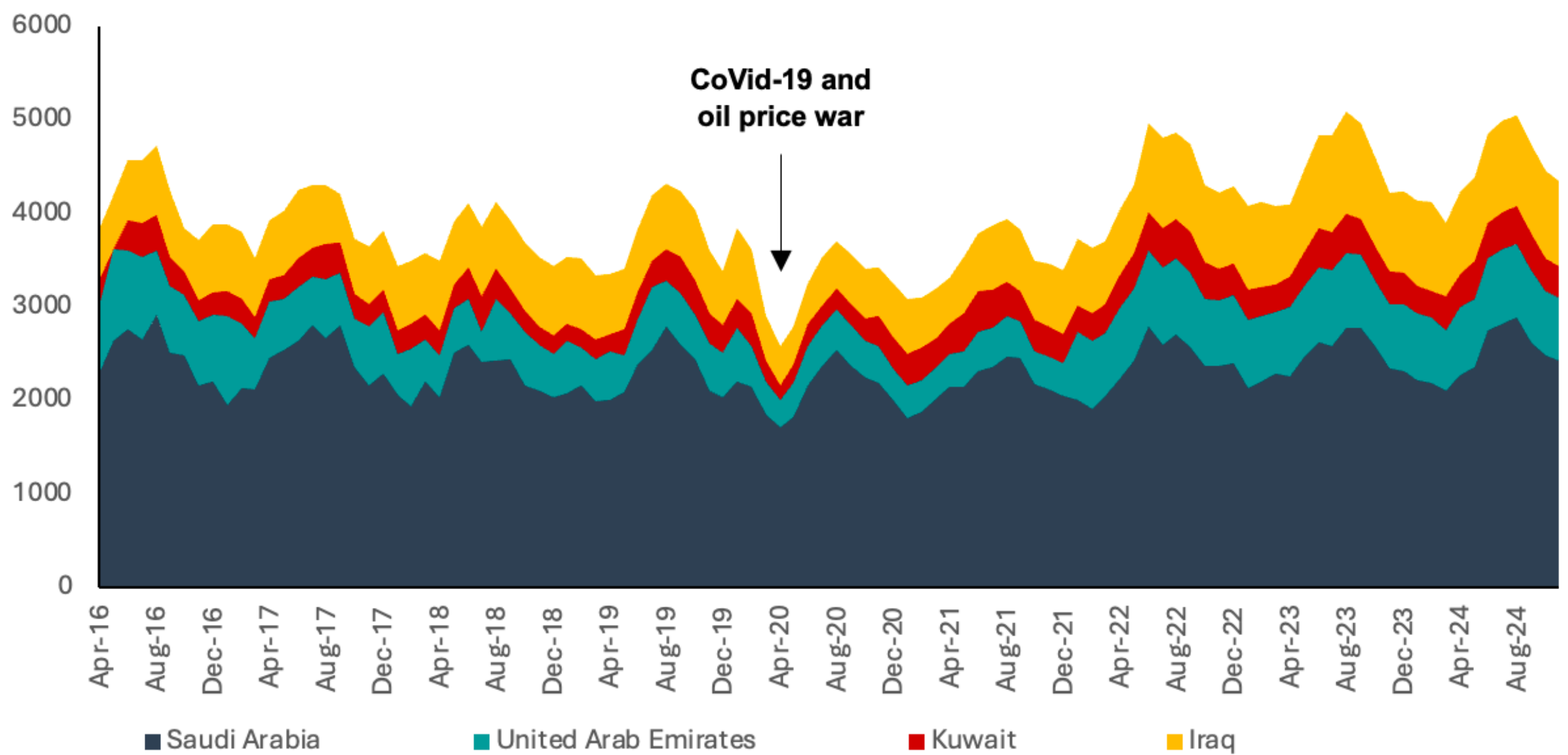
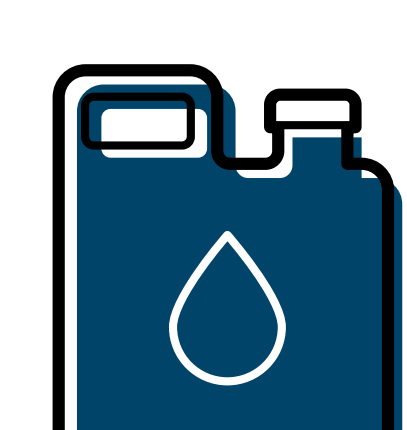


Figure 1 Oil Demand of Major Middle East Economies, kb/d

Iraq's Oil Production and Exports

Metric	Units	October	November	Change	Main Observations
Production	Mb/d	4.57	4.49	-1.7%	Rumaila and West Qurna-1 have reduced output as part of ongoing maintenance works, supporting state-run fields' efforts to curtail production as part of OPEC+ compliance
Secondary Sources	Mb/d	4.09	4.04	-1.2%	Likely under-characterises domestic consumption, which is as high as 1 Mb/d ³ , corresponding to higher production
Exports	Mb/d	3.33	3.29	-1.2%	More or less at October levels as state-run fields curtail output in line with OPEC+ compensatory cuts
Revenues	US\$ B	7.47	7.01	-6.1%	Weaker global oil benchmark pricing contributing to decrease in revenues
Sales Price	US\$ B	73.02	70.89	-2.9%	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	3.90	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	0.29	0.29	0%	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 twentieth 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 (slightly higher than October's 106 kb/d to partially compensate for reductions at Rumaila and West Qurna-1).
 - Rumaila's production has dropped below 1.2 Mb/d for the first time in 7 years, while West Qurna-1's production has reduced by 50 kb/d on the back of maintenance efforts.
 - 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.
- 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.
 - 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 from Q1.
 - Shamran and Gulf Keystone also eyeing production expansions as domestic demand increases.
 - Recent denial of MoO appeal to invalidate KRI IOC contracts by a Baghdad court has given some firepower to KRI operators, and could encourage further expansion / new investments.
- 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.
 - No political objection so far + optimism from Arab and Kurdish parties, but APIKUR wants all agreements to be in writing before ITP exports resume (now further bolstered by court denial of MoO appeal).
 - Question of how to integrate resumed ITP exports with OPEC+ quota constraints.

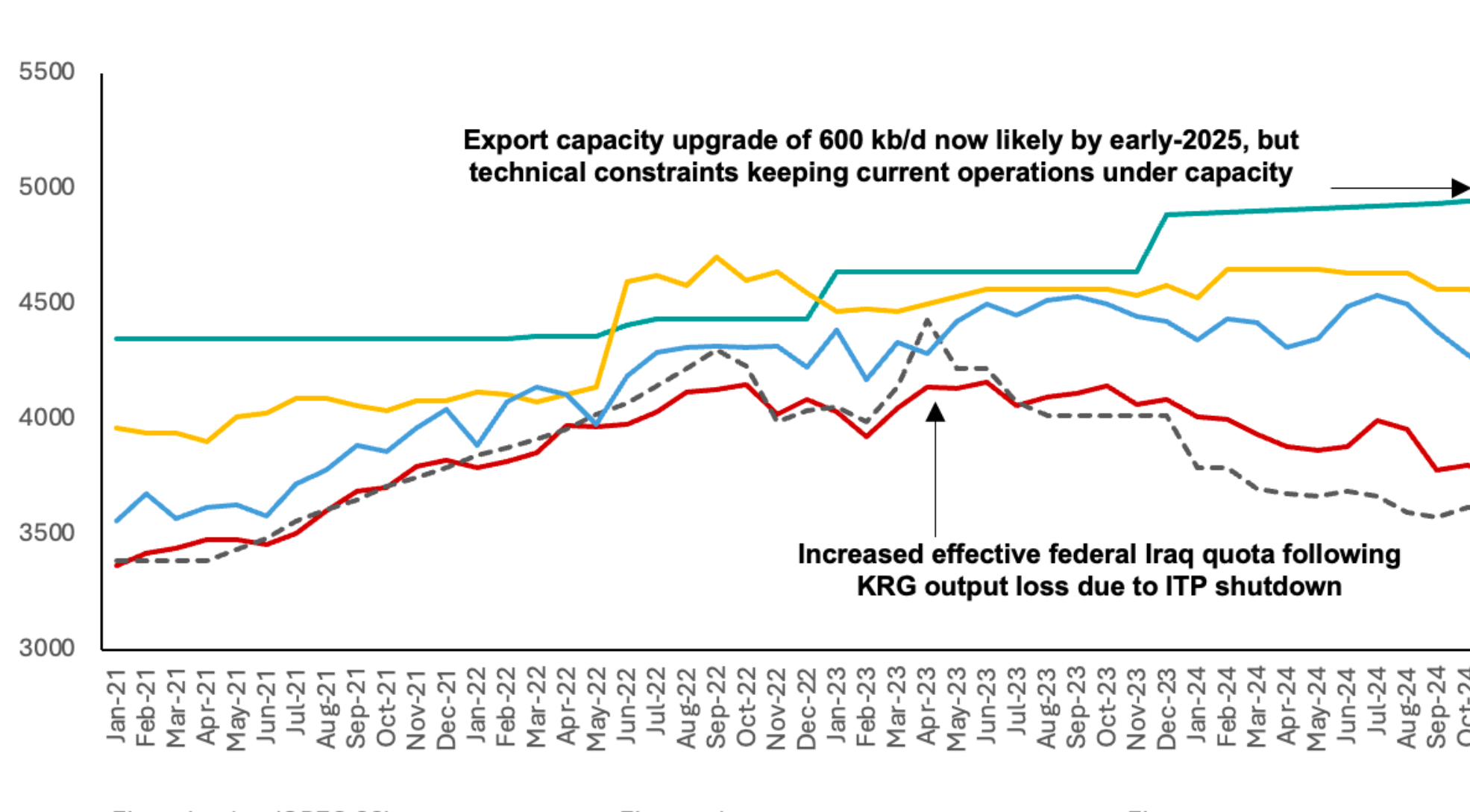


Figure 2 Federal production vs capacity, kb/d

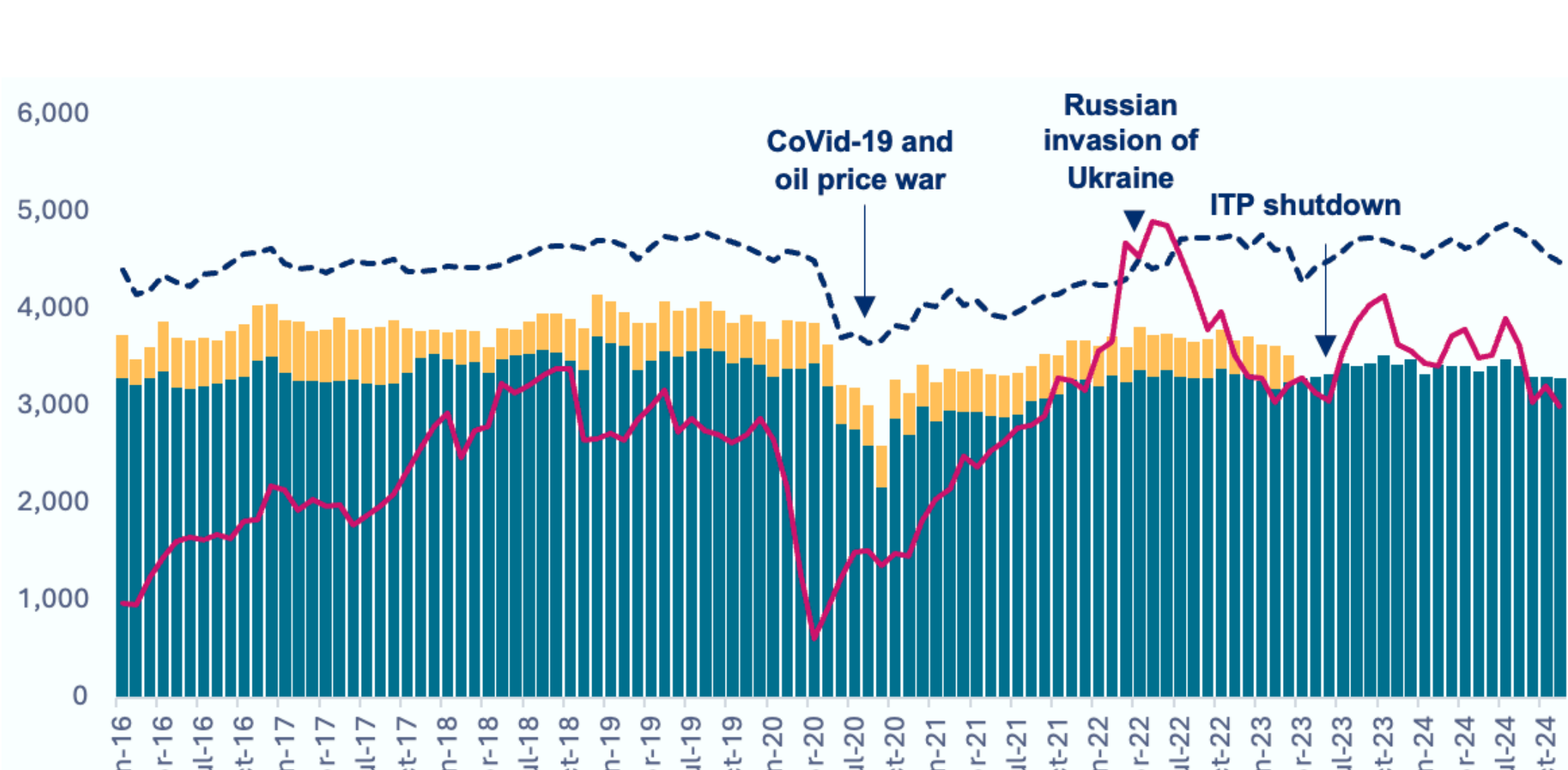


Figure 3 Iraq production vs exports, kb/d

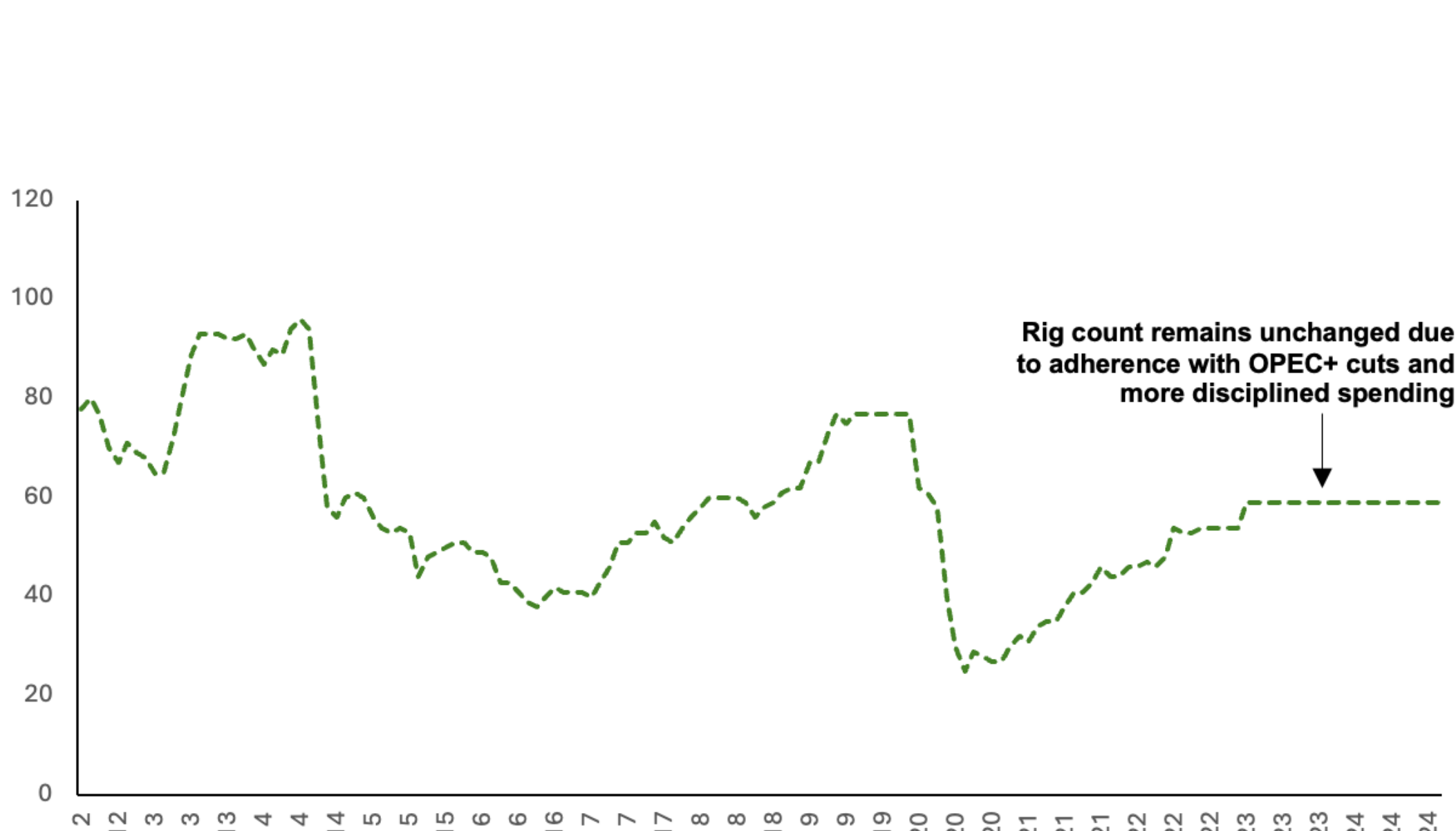


Figure 4 Iraq's monthly oil rig count

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 65%.
- Associated gas utilisation rate should logically approach 100% as Iraq targets end-2028 to ending flaring completely.
- Iraq is also in ongoing talks with Turkmenistan for the delivery of 20 mcm/d of natural gas, pending negotiations with Swiss company Luxton Energy, which will supply the gas via Iran's pipeline network using a swap mechanism.

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).
 - 200 MMscf/d Capture Project at Nasiriyah and Gharraf fields by end-2026.
 - 2x 150 MMscf/d Phases of Nahr bin Omar Project with local contractors, but loan agreement pending finalisation.
 - 300 MMscf/d Halfaya Gas Project with CNPC (launched in June).
 - 125 MMscf/d Gas Project at Al-Faihaa Oilfield.
 - 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.
 - 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.
 - North Oil Company is currently capturing 410 MMscf of gas from Kirkuk-area fields for power and industrial use in the neighbouring areas.

Domestic Demand

- Expected to reach 6 Bcf/d by 2030 from current ~5 Bcf/d⁵, 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 out 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.

Top Energy Deals in Iraq

Project 01

Kirkuk Fields' Rehabilitation

Client / Buyer

BP

Contractor /Seller

North Oil Company

Implications

- BP has finalised technical terms with the NOC for redeveloping Kirkuk's oil and gas fields, following an August agreement to rehabilitate the assets.
- The deal is expected to feature a more favourable profit-sharing model due to the declining profile of Kirkuk fields.
- Like Total's deal for the Gas Growth Integrated Project around Ratawi field, the Kirkuk deal could also include investment in solar power.
- BP holds a 50% stake in a JV operating the lower-margin Rumaila field in Basrah.
- The Kirkuk project presents stronger growth potential as BP shifts its investment strategy toward new opportunities in Kuwait and Iraq, refocusing on oil and gas.

Project 02

Basrah-Haditha Oil Pipeline Project

Client / Buyer

State Company for Oil Projects

Contractor /Seller

Basrah Oil Company

Implications

- The Iraqi Cabinet has approved the Basrah-Haditha oil pipeline project, costing about US\$ 4.56 B (5.5% lower than the initial estimated cost), funded under the Iraq-China Framework Agreement.
- The proposed pipeline – 56 inches and 685 km long – is planned to transport 2.25 Mb/d of crude oil to Iraq's central and northern regions.
- No timeline has yet been provided on the anticipated start of works.

Project 03

Gas Station Rehabilitation

Client / Buyer

N/A

Contractor /Seller

North Oil Company

Implications

- The North Oil Company has successfully restarted one of the company's most important gas plants – the Sarlo gas separation plant – through the rehabilitation of a 14 kbbl storage tank.
- The plant is expected to be operational shortly, marking its return to service after being idle since 2014.
- In addition to the gas station rehabilitation, the company has also reactivated 16 oil wells in the Bai Hassan field, as part of broader efforts to upgrade existing facilities and increase production capacity before handing over the field to BP as part of its Kirkuk deal.

Iraq Oil Market Highlights

Crude Oil Prices

As of January 9th, 2025

WTI: 73.22 USD

Brent: 76.11 USD

Iraq Rig Count

December 2024: 59

November 2024: 59



Iraq Oil Exports

December 2024: 3.26 Mbpd

November 2024: 3.29 Mbpd



Oil Exports Revenue

December 2024: 7.15 USD Billion

November 2024: 7.01 USD Billion

