



## **Despite hopes, Substantial Obstacles Remain for Near-Term Iraqi Gas Exports**

*Following closely after the ground-breaking Turkey-Russia gas export/pipeline MoU announced last week, another agreement was publicized between the Iraqi government and the KRG that could send additional KRG gas to Turkey. Some argue that, if the KRG ramps up and exports significant volumes, it could pose problems for Putin's new plan. EGF Affiliated Expert Ahmed Mousa Jiyad explains why this is unlikely.*

### **Ahmed Mousa Jiyad, Iraq Development Consultancy and Research**

Iraq has the potential to export gas (by pipeline and or LNG) but the logistics, availability and capacities to monetize that are many years ahead.

Most gas is associated, and thus depends on oil production. Though contractual provisions pertaining to first and second bid rounds compel IOCs to process associated gas, the flared gas is still high and increasing. Three non-associated gas fields are contracted with IOCs consortia but two of them (Akkas and Mansuriya) are on hold due to the security situation in the provinces of Anbar and Diyala. The smallest third N-A gas field (Siba) is progressing but when fully developed it will be used for domestic needs or export to neighbouring Kuwait.

Gas-prone exploration blocks are many but only one of them was awarded, and again the work on the area is suspended due to security conditions in Diyala province. Basra Gas Company-BCG, which is a joint venture with Shell and Mitsubishi and South Gas Company established to utilize surplus associated gas from three oilfields in the south of the country (Rumaila, WQ1 and Zubair), is still functioning below what was supposed to be. The Integrated National Energy Strategy - 2013-2030 (INES) asserts that potential export markets for Iraqi gas are available, but each such market will require the construction of a dedicated pipeline or LNG infrastructure, and each of the pipeline options will require long-term supply & demand commitments. There are a good deal of uncertainties in both surplus gas and confirmed destinations.

Furthermore, the 2 December 2014 agreement between the federal government and the KRG obliges the KRG to market oil produced in the Kurdish Region through the federal government (i.e., through SOMO). This agreement would consolidate the long-standing legal position of the federal government and surely this will have implications for export of oil from the country (including KRG) immediately, and pipeline gas export in the future through Turkey; but this is another yet important issue.

Overall, Iraqi surplus gas export (through Turkey, Jordan or Syria) is many years in the future, depending on the security situation in the country and the region.

---

#### Disclaimer

The information presented in this report is believed to be correct at the time of publication. Please note that the contents of the report are based on materials gathered in good faith from both primary and secondary sources, the accuracy of which we are not always in a position to guarantee. EGF does not accept any liability for subsequent actions taken by third parties based on any of the information provided in our reports, if such information may subsequently be proven to be inaccurate.