



The 26th Annual Middle East Petroleum & Gas Conference

22 April - 24 April 2018
Jumeirah @ Etihad Towers

PRESS CLIPPING

Platts (Abu Dhabi) – 23 April 2018

Adal Mirza

Iraq plans 40% crude export capacity hike with new infrastructure

Iraq plans to increase its crude oil export capacity by as much as 40% from the south of the country -- currently its sole export route -- hitting up to 5.2 million b/d, a senior official from State Oil Marketing Organization said Monday.

The maximum capacity figure would be a 40% increase from the current 3.7 million b/d, SOMO's deputy director Ali Nazar al-Shatari said, without saying when the target capacity could be reached.

"Four million b/d is reasonable. When the Sealine [project] is rehabilitated or replaced, we could reach 5 million b/d or 5.2 million b/d," Shatari told the Middle East Petroleum and Gas conference in Abu Dhabi.

There are currently three options for exports from the south of the country, Khor al-Amaya, Basra Oil Terminal and its five single-point moorings (SPMs). Currently only three of the SPMs are in daily use, with the other two left spare in case of bad weather so crude can still be loaded, he explained. The Sealine project covers the expansion of offshore infrastructure, with a new 48-inch pipeline from Khor al-Amaya.

"We have expanded the Sealine from Khor al-Amaya. The new pipeline inland has been completed, and now we are extending the Sealine," Shatari said.

All of SOMO's exports are currently shipped from the south, with no volumes exported from Turkey's Ceyhan oil terminal on the Mediterranean.

All the crude that reaches Ceyhan from Iraq is under control of Kurdistan, and Baghdad will not agree to use that route until it has assurances that all oil is transferred to its SOMO.

NEW EXPORT GRADE PLANNED

Iraq is unlikely to launch a new crude export grade, Basrah Medium, in the near future, while it works on building segregation infrastructure, he said.

"The infrastructure needs to be finalized, and the Sealine [export pipeline] and segregation of storage. It won't happen tomorrow, or a year after," Shatari said.

The new grade would add to Iraq's existing Basrah Heavy and Light export grades, two of Asia's key grades, competing with Middle Eastern medium-heavy sour crudes. SOMO has previously said it would have an API gravity of between 29-30 degrees and 2% sulfur.

The OPEC producer shipped some 3.45 million b/d in March, from its Persian Gulf terminals, according to the latest data from the oil ministry, with Basrah Light accounting for about 75% of the exports.

Iraq began exports of Basrah Heavy in June 2015, after separating the existing Basrah crude stream into Light and Heavy grades. Both are loaded from the country's southern oil export terminals and single point moorings in the Persian Gulf.

CONTINUING WITH AUCTIONS

Iraq has been using the DME for spot Basrah Light sales since last April and for Basrah Heavy since last June. Out of its total exports of 3.23 million b/d, it ships around 2 million b/d of crude to Asian buyers from its southern Persian Gulf terminals. Basrah Heavy accounts for about a quarter of the exports, with the rest being Basrah Light.

"The auction system was very successful. We are planning to continue whenever there is a chance. We are not doing it without studying the market conditions", Shatari said.