

Overview of CNPC Operations in Iraq

Iraq's Reviving Oil Industry

Iraq boasts abundant oil resources, with proven oil reserves ranking the 5th in the world. In 2009, the Iraqi government formulated a plan to increase crude oil production by utilizing international funds and advanced management and technical expertise. Under the plan, revenue from the increased production is earmarked for infrastructure construction for the benefit of the nation and its people. Some international oil companies, including CNPC, have invested in the production and operation of a number of large oilfields by virtue of technical service contracts. Under the technical service contract model, CNPC charges a service fee for each barrel of oil and gas produced, while ownership of the oil and gas is held by Iraq.

The technical service contracts signed since 2009 have helped Iraq increase its crude oil production by more than 2.1 million barrels per day (a net increase of about 1.7 million barrels per day considering the declining production of mature oilfields). From 2009 to 2018, Iraq's newly proven reserves hit more than 30 billion barrels, crude oil production increased by more than 80%, and crude oil export revenue increased by more than 140% at its peak compared with 2009. The thriving oil industry has laid a more solid foundation for the peace and security of Iraq. Nevertheless, due to factors such as oil and gas storage and transportation infrastructure, there is a great discrepancy between the country's resource endowments and its oil and gas production and crude oil exports. In this sense, Iraq's oil industry enjoys enormous potential for future development.

Cooperation Review

2008

In November, CNPC became the first foreign oil company to enter postwar Iraq as it signed a service contract with Iraq's Ministry of Oil on the development of the Al-Ahdab Oilfield.

2009

In June, CNPC/BP alliance was awarded a tender for the Rumaila project.

In December, CNPC together with Total and Petronas were awarded a tender for the Halfaya project.

2010

In December, the Rumaila project achieved a production increase of 10%, meeting the Initial Production Target (IPT).

2011

In June, the Al-Ahdab Oilfield (Phase I) became operational with a 3-million ton annual capacity, at the end of 2011 delivered an annual capacity of 6 million tons.

CNPC is a major participant and a technical service provider in the oil and gas sector in Iraq. It has participated in the investment and operation of four major upstream projects: the Al-Ahdab project in partnership with China North Industries Corp. and SOMO, the Halfaya project in partnership with Total, Petronas and MOC, the Rumaila project in partnership with BP and SOMO, and the West Qurna project in partnership with ExxonMobil, Pertamina, ITOCHU and Oil Exploration Company of Iraq. In addition, the Company also provides services such as oilfield services, engineering construction, materials and equipment, and logistics support.



"CNPC has been very active and outstanding in fulfilling its obligations and responsibilities, and it is a very trustworthy company."

— Ahmad T. A. Berwari, Iraqi Ambassador to China



Al-Ahdab project

2012

In June, the Halfaya project (Phase I) became operational with a 5-million ton annual capacity.

2013

In November, the equity transfer of the West Qurna-1 project from ExxonMobil was completed.

2014

In August, the Halfaya project (Phase II) was put into operation with a 10-million ton annual capacity.

In November, the Al-Ahdab Expansion Project was put into operation with a 7-million ton annual capacity.

2018

In September, the Halfaya project (Phase III) was put into operation with a 20-million ton annual capacity.

Project Overview



Oilfield Introduction



Partners

Al-Ahdab



Located 180 km southeast of Baghdad, near Kut City in Wasit Governorate, and adjacent to the Tigris River

Located in the agricultural region of Wasit with a majority population of Shiite Muslims



China North Industries Corp. and SOMO

Halfaya



Located in Amarah City, Maysan Governorate, Iraq



Total, Petronas and Missan Oil Company (MOC)

Rumaila



Located in Basra Governorate, Iraq's largest oilfield in Iraq



BP and SOMO

West Qurna-1



Located about 50 km from Basra Governorate



ExxonMobil, Pertamina, ITOCHU and Oil Exploration Company of Iraq



Our Role



Contract Form



Our Contract Equity



Key Milestones

Our Role	Contract Form	Our Contract Equity	Key Milestones
Operator	Service contract	37.5%	Put into operation in June 2011; Delivered an annual capacity of 6 million tons in November 2011 as required by the contract.
Operator	Service contract	45%	Bid awarded on December 11, 2009; Contract formally signed on January 27, 2010; Phase I with a 5-million ton annual capacity put into operation in June 2012; Phase II with a 10-million ton annual capacity put into operation in August 2014, two years ahead of schedule; Construction of Phase III officially launched in April 2017; Phase III with a 20-million ton annual capacity put into operation in September 2018.
Contracting party	Service contract	46.3733%	Operating right fully transferred to Joint Operation in July, 2010; Initial production target achieved in December 2010; Technical service contract revised to increase CNPC's equity from 37% to 46.3733% in September 2014.
Contracting party	Service contract	32.7%	Project equity transfer completed with ExxonMobil and CNPC got 25% equity on November, 2013; CNPC's equity increased to 32.7% in April 2014; Equity structure changed in May 2018: ExxonMobil—32.7%, CNPC—32.7%, ITOCHU—19.6% Pertamina—10%, Oil Exploration Company of Iraq—5%.