

Thamir Abbas Ghadhban

John Donnelly, JPT Editor

What is Iraq's current oil production and reserves?

Oil production in Iraq is currently about 2.25 million BOPD, with production capacity of 2.8 million BOPD. There has been a recent increase of some 300,000 BOPD because of the resumption of exports of oil in the north through Turkey after the government succeeded in securing the export pipeline. Exports are now about 1.85 million BOPD. Our production target for 2008 is 2.5 million BOPD. Iraq's oil reserves are between 112 and 115 billion bbl of proved reserves.

What is the current status of the hydrocarbons law, which you helped to draft?

Right now it is in Parliament, in the Council of Representatives. There has been a delay on this law for various reasons, some of which are administrative—the council was on holiday for a month in August, and there are other laws pending that require debate. But I expect discussion on the hydrocarbons law to begin soon.

What are the main objections to the law by its opponents?

There have been some differences between the federal government and the regional government of Kurdistan on some details, but they are not of a serious nature. It is not about ownership of the oil but about authority. The ownership question has been solved—oil and gas are the property of the whole nation of Iraq. There is some disagreement about the nature of contracts, particularly production sharing. But the main political parties in the government favor the law.

If the law passes, what role will there be for international oil companies (IOCs) in Iraq?

There is no doubt there will be a big role for IOCs because there is a recognition in Iraq that there is a great need for technology, managerial skills, and speedy development of oil and gas fields. There is agreement that IOCs will have a role. The disagreement is over what type of role or what form of contracts will be implemented.

I would expect that in the coming years, and especially next year, there will be room for IOCs to start taking an active role in oilfield development and exploration. The country's major resources are oil and gas, and the revenue from oil exports constitutes more than 90% of the federal budget. The government is aware that oil and gas development and expansion are priorities for the country, and for speedy development of production capacity and export capacity, the involvement of IOCs is essential.

There has been some concern within Iraq that a rapid exploration program is not in the country's best interest.

Iraq is one of the least explored countries among the big producers because of wars and sanctions in the past, and there is a huge potential with our reserves. We have to adopt a national policy based on a very objective national interest. One thing we have to do is replace production. Exploration should be aimed at replacement of produced reserves. Number two, we have to ascertain the magnitude of probable reserves in Iraq. It is only through exploration work that we can tell how much oil Iraq really has. The third thing is that we have to bring probable reserves to a higher level. I know that 100 billion bbl of proved reserves is not small, but countries in the Middle East have huge reserves.

Another point, which is my own point of view, is that we need to provide Iraqi society with jobs, and when companies come and explore, that will be a fringe benefit. There will be a lot of work with IOCs and subcontractors and so



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the constitutional and economic committees. Ghadhban became an adviser to the vice president in March 2006.

After the fall of Saddam Hussein, Ghadhban played a leading role in managing the severely damaged oil industry and enabling the resumption of oil activities across Iraq. He became chief executive officer of the Ministry of Oil in May 2003 and later became Minister of Oil from June 2004 through May 2005.

During 1991–92, Ghadhban worked as director general of Planning and Studies in the Ministry of Oil after serving as director general of Reservoir and Field Development in the Ministry of Oil. Ghadhban is author or coauthor of more than 50 studies and technical papers on various aspects of Iraqi oil fields, as well as several published and presented papers on Iraq's oil industry. In 2000, he was the winner of the Organization of Arab Petroleum Exporting Countries (OAPEC) scientific award.

Ghadhban earned a BS degree in geology from University College, London, and an MS degree in petroleum reservoir engineering from Imperial College, London.

on. Therefore, an exploration program would help revitalize the economy and provide jobs for people. But all of this should be done within a constructive national policy and not through haphazard exploration.

What is the status of Iraq's gas sector?

Gas has been, to a certain extent, neglected in the past. A lot of gas is currently being flared, but the industry and government are now aware that more attention should be paid to gas. We are burning at least 600 MMcf/D in the south alone. If that gas is captured, and assuming a very conservative price of gas at USD 2 per 1 million Btu, this amounts to quite a bit, and Iraq of course is in need of additional revenues.

Iraq could become not only self-sufficient in the supply of gas for power generation and for the petrochemical industry but also could become an important exporter, whether it is dry gas by pipeline or through shipment of gas liquids. Some detailed studies have been carried out on this, and our gas master plan is almost completed. We certainly want to stop flaring gas and identify the options available to us for the export of gas.

We reckon that gas would be developed in parallel with oil, whether it is associated gas or free gas. In the future, I would expect that Iraq definitely will be self-sufficient in its gas requirements, will stop flaring gas, and will stop burning oil for power generation. We will become a net exporter, perhaps to the European Union, Kuwait, or through the Arabian Gulf to consumer regions such as the Far East.

What is the timeframe for this?

According to the preliminary master plan, Iraq could become a gas exporter after 2010. Actually, we could become an exporter earlier than that through the development of gas fields close to neighboring countries. We have a sizable field near the Syrian and Jordanian borders and also gas fields near Kuwait.

How much sabotage is there now of oil infrastructure?

The main sabotage is in the north. The number of incidents is much less than previously, and that is how Iraq became capable of resuming exports. But there are still numerous pipelines to the main refineries, which are located about

220 km north of Baghdad, that have received severe damage by sabotage. So the products from these refineries, instead of being shipped by pipeline, are now transported by truck, which is costly and not very efficient. In the south, the pipelines are secure.

But we expect that with improvement in security, which has been witnessed in the past several months, especially since October, some pipelines could be repaired and secured. Therefore, transporting oil from the south to the north could resume again, and this will enhance Iraq's capability to export more. Security has improved, but it is not yet adequate. We have to work further.

What are the biggest hurdles Iraq's oil industry now faces?

Number one is definitely the problem of security. Two, we have to introduce service companies into the country. Iraq may be the only producing country in the world without an active presence of service companies. These are

not IOCs, these are international service companies that provide drilling, well completion, workover, and other services. This is very important and badly needed. The third thing is that we have to have a legal framework so that the oil companies, especially the large and medium-sized ones, have confidence that their investment in the country is secure and they can work in a normal environment.

We also have to rehabilitate our facilities and improve our refining system. Iraq is still a net importer of oil products. Demand is high, but the refineries are not supplied with enough crude because of the sabotage and also because total refinery capacity is too low for the country. So the country is embarking on a project to upgrade the refineries. We have to improve our cracking capability. We have to improve on the octane level of gasoline produced and the sulfur content. In summary, we have to produce products in line with European or international specifications. **JPT**



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