The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Bashneft Receives Iraq License

By The Moscow Times

July 02, 2012



Bashneft has won rights to explore for oil in southern Iraq. Above, a Bashneft facility in the Bashkortostan republic.

BAGHDAD — Iraq has awarded Bashneft rights to explore for oil in the south of the country after nearly one month of negotiations, a senior Baghdad official said Sunday, bringing the total number of Russian companies with oil deals in Iraq to three.

Bashneft and Vietnam's PetroVietnam were part of a consortium led by Britain's Premier to bid for Block 12 in Iraq's fourth energy bidding round in May. The consortium rejected the government's proposed fee of $5 per barrel of oil equivalent as too low and sought $9.85 for each barrel.

The deputy director of the oil ministry's contracts department, Sabah al-Saidi, said that the ministry reached a separate agreement with Bashneft last week after it accepted the $5 fee.

The 8,000-square-kilometer block is in the southern provinces of Muthanna and Najaf.

The May auction was Iraq's fourth since 2009. It drew a lukewarm response from foreign companies due to tough contract terms. Out of the 12 exploration blocks on offer, only three were awarded.

The three successful bids were made by consortiums led by Kuwait Energy, LUKoil and Pakistan Petroleum. LUKoil and Japan's Inpex will explore for oil in southern Iraq and will be paid $5.99 for each barrel of oil equivalent they find.

Original url: https://www.themoscowtimes.com/2012/07/02/bashneft-receives-iraq-license-a15924