

LUKoil Says No to Iraq's West Qurna-1 Project

By [The Moscow Times](#)

December 24, 2012

The  Moscow Times

LUKoil said Monday that it had decided not to join the development of Iraq's West Qurna-1 oil field, citing high risks, paving the way for Chinese companies to enter the project.

LUKoil oversees the largest share of oil reserves in Iraq among foreign companies and is already involved in the West Qurna-2 project, while company's from China are vying for Iraqi oil.

"We have analyzed all the risks and decided that since we have been implementing such a global project as West Qurna-2 without a partner, we would have taken great risks by entering another big project such as West Qurna-1," Andrei Kuzyayev, head of LUKoil Overseas, told Russian state TV channel Rossia-24.

West Qurna-1 became available for LUKoil and other majors last month when ExxonMobil has informed the Iraqi government it wanted to pull out of the \$50 billion project in southern Iraq.

Iraqi and Chinese sources said that CNPC unit Petrochina

is negotiating for Exxon's 60 percent in West Qurna-1 project and that there are rival bidders. Royal Dutch Shell is a minority partner.

For China, a major buyer of Iraqi crude, access to reserves is a strategic imperative, and Beijing is prepared to accept tougher terms and lower profits than those expected by Western oil majors and even Russian firms, which have to answer to shareholders.

Baghdad expects Exxon to complete the sale of its shares in West Qurna-1 by the end of December, and the U.S. company has told Iraq it is already in talks with other oil majors.

The U.S. firm riled the Iraqi central government by signing deals with the regional government of autonomous Kurdistan.

LUKoil has been trying to offset production declines at its brownfields in Russia's west Siberia, which accounted for some 56 percent of its total production last year, by increasing its portfolio of foreign upstream assets.

LUKoil owns 75 percent in West Qurna-2 and has been looking for a partner to replace Statoil, which decided to leave the project earlier this year.

LUKoil declined to name any candidates.

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