IRAQ
OIL
OUTLOOK &
OPPORTUNITIES

1st Services Drilling Conference
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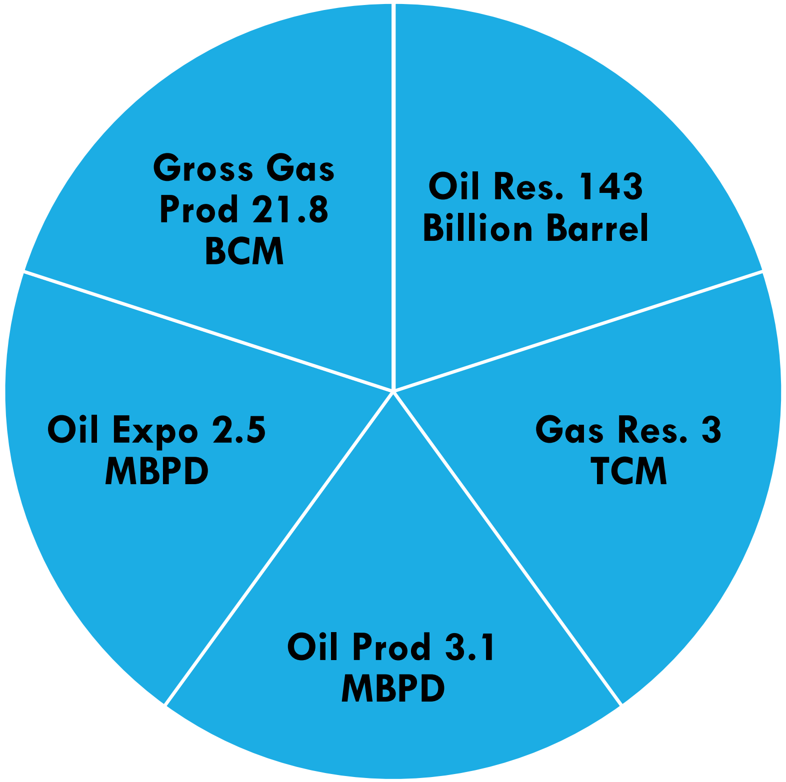
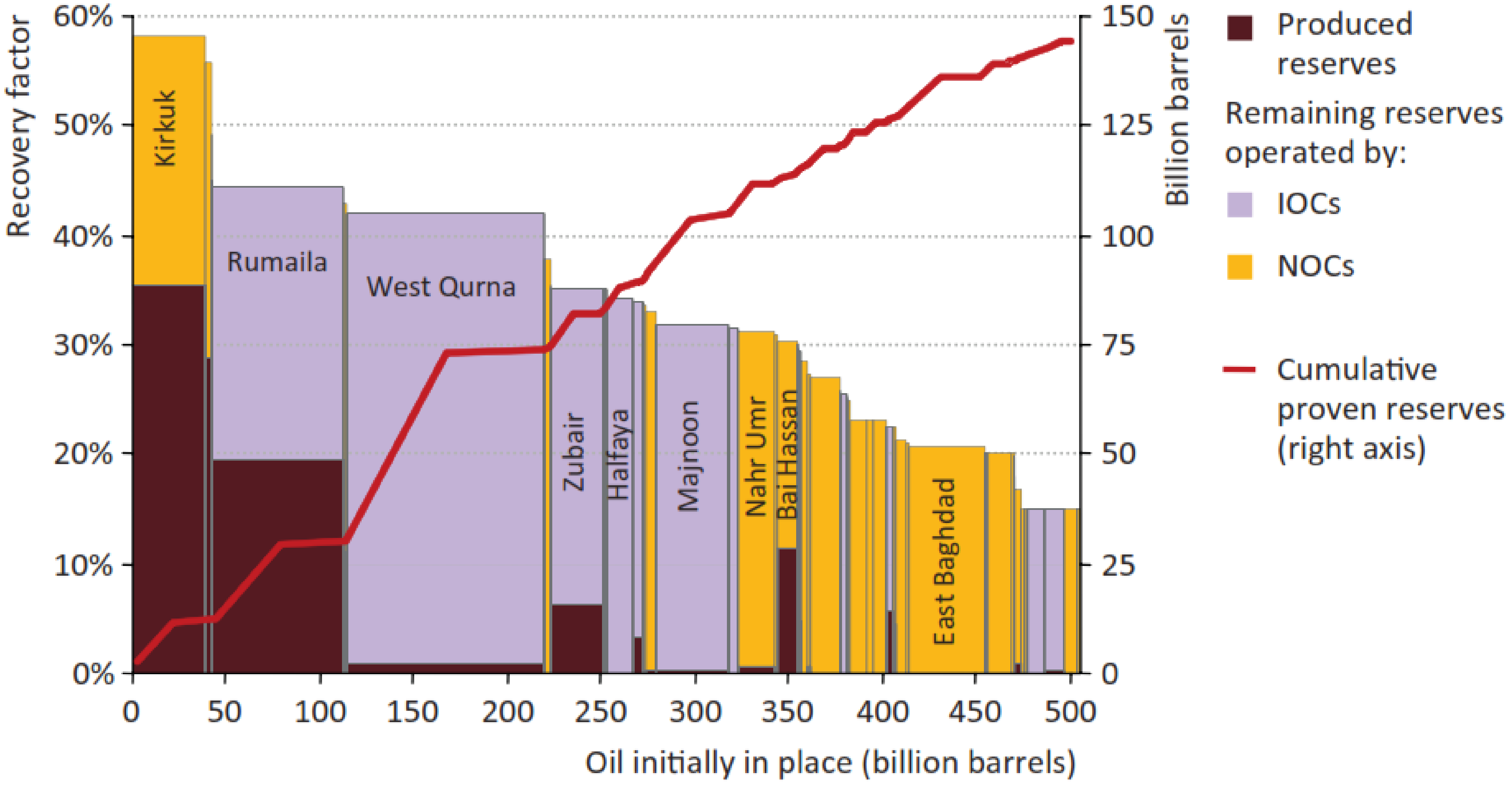
AGENDA

- Overview
- Bids
- Outlook & Performance
- The Way Toward Iraq
- Conclusion

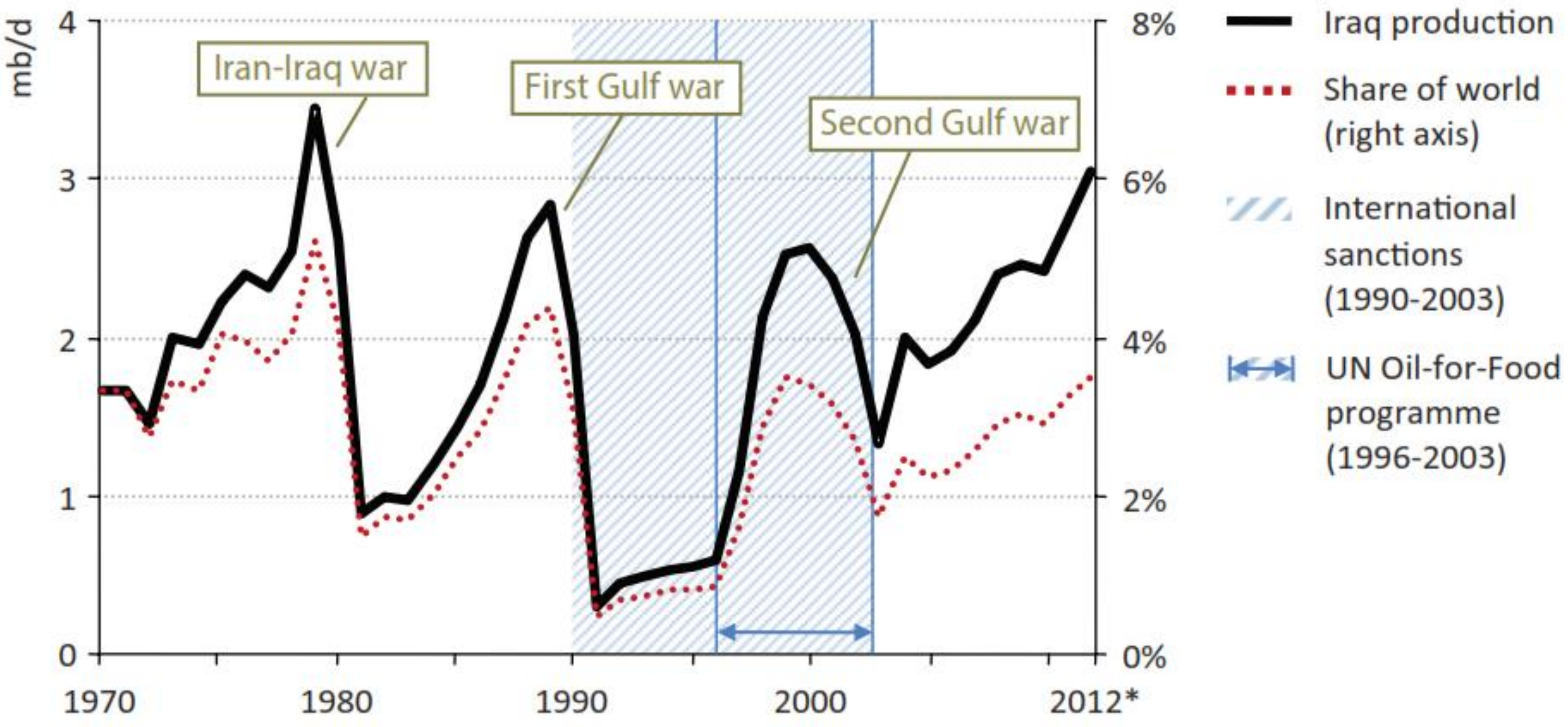
OVERVIEW (2014)



MAJOR FIELDS



OIL PRODUCTION FLUCTUATIONS



IRAQ'S 1ST LICENSING ROUND (2009)

- 140 Participants, 35 Pre-Qualified, 22 Participants
- Rumaila awarded to BP
- Missan and West Qurna (1) awarded through negotiations
- No deal for 5 fields

IRAQ'S 2ND LICENSING ROUND (2009)

- 40 Prequalified Companies
- 7 Winners of 12 Consortiums
- Production Increase Forecast: 4.765 MBPD

IRAQ'S 3RD LICENSING ROUND (2010)

- Bid for 3 Gas Fields
- Absence of Major IOC's

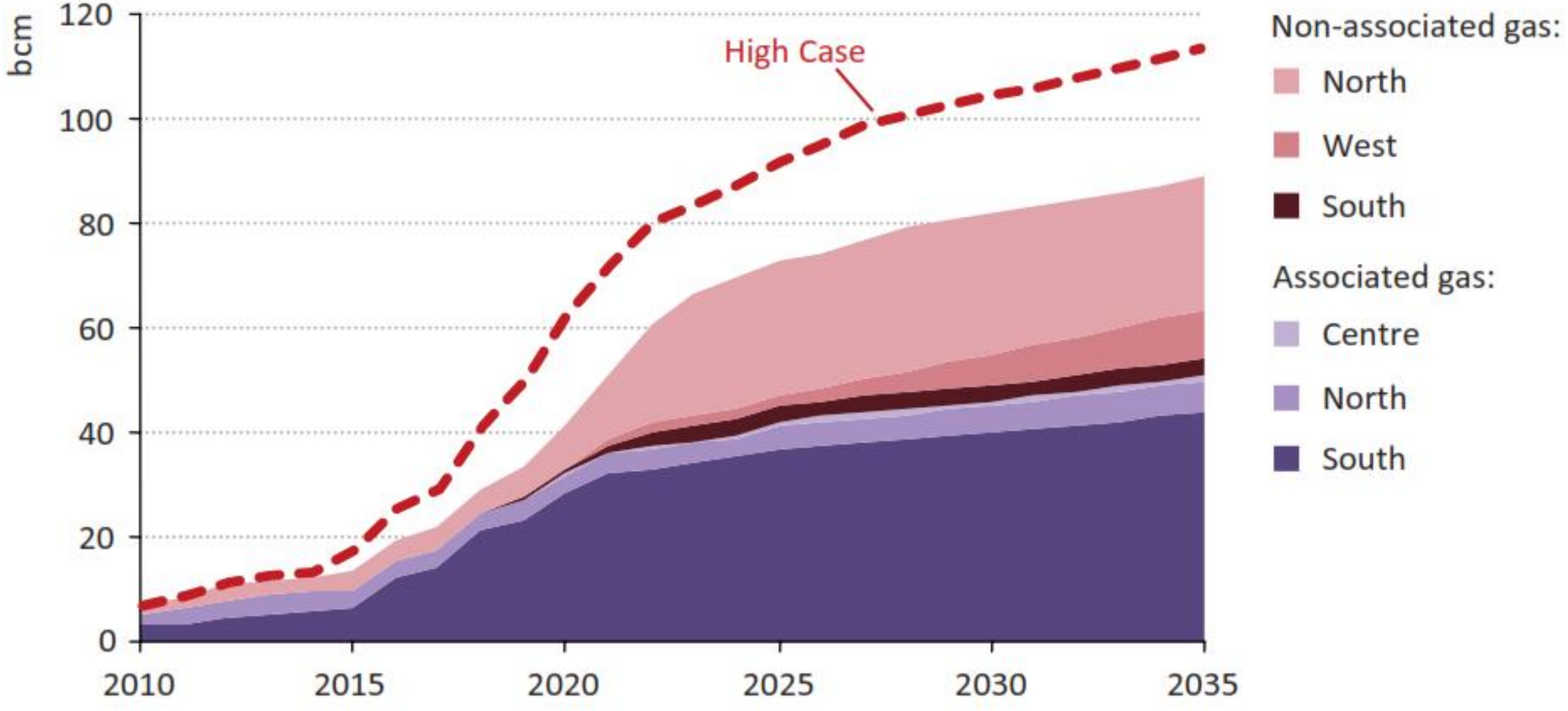
IRAQ'S 4TH LICENSING ROUND (2012)

- Prequalification of previously qualified companies
- Bid for Exploration Blocks
- 2 Rejected Companies

FIELDS & OPERATORS

Bid round	Project or licensing block	Operator	Type	Production* Initial Target	Production* June 2012	Production* Plateau target	Max. fee**
2008	Ahdab	Petrochina	Oil	25	129	140	6.00
One (2009)	Rumaila	BP	Oil	1 173	1 279	2 850	2.00
	West Qurna (I)	ExxonMobil	Oil	268	417	2 825	1.90
	Zubair	Eni	Oil	201	225	1 200	2.00
	Missan Group	CNOOC	Oil	97	91	450	2.30
Two (2009)	West Qurna (II)	Lukoil	Oil	120	-	1 800	1.15
	Majnoon	Shell	Oil	175	21	1 800	1.39
	Halfaya	Petrochina	Oil	70	34	535	1.40
	Gharraf	Petronas	Oil	35	-	230	1.49
	Badra	GazpromNeft	Oil	15	-	170	5.50
	Qairayah	Sonangol	Heavy oil	30	2	120	5.00
	Najmah	Sonangol	Heavy oil	20	-	110	6.00
Three (2010)	Akkas	KOGAS	Gas	1.03	-	4.1	5.50
	Mansuriyah	TPAO	Gas	0.78	-	3.1	7.00
	Siba	Kuwait Energy	Gas	0.26	-	1.0	7.50
Four (2012)	Block 8	Pakistan Petroleum	Gas-prone	n/a	-	n/a	5.38
	Block 9	Kuwait Energy	Oil-prone	n/a	-	n/a	6.24
	Block 10	Lukoil	Oil-prone	n/a	-	n/a	5.99
	Block 12	Bashneft	Oil-prone	n/a	-	n/a	5.00

GAS PRODUCTION



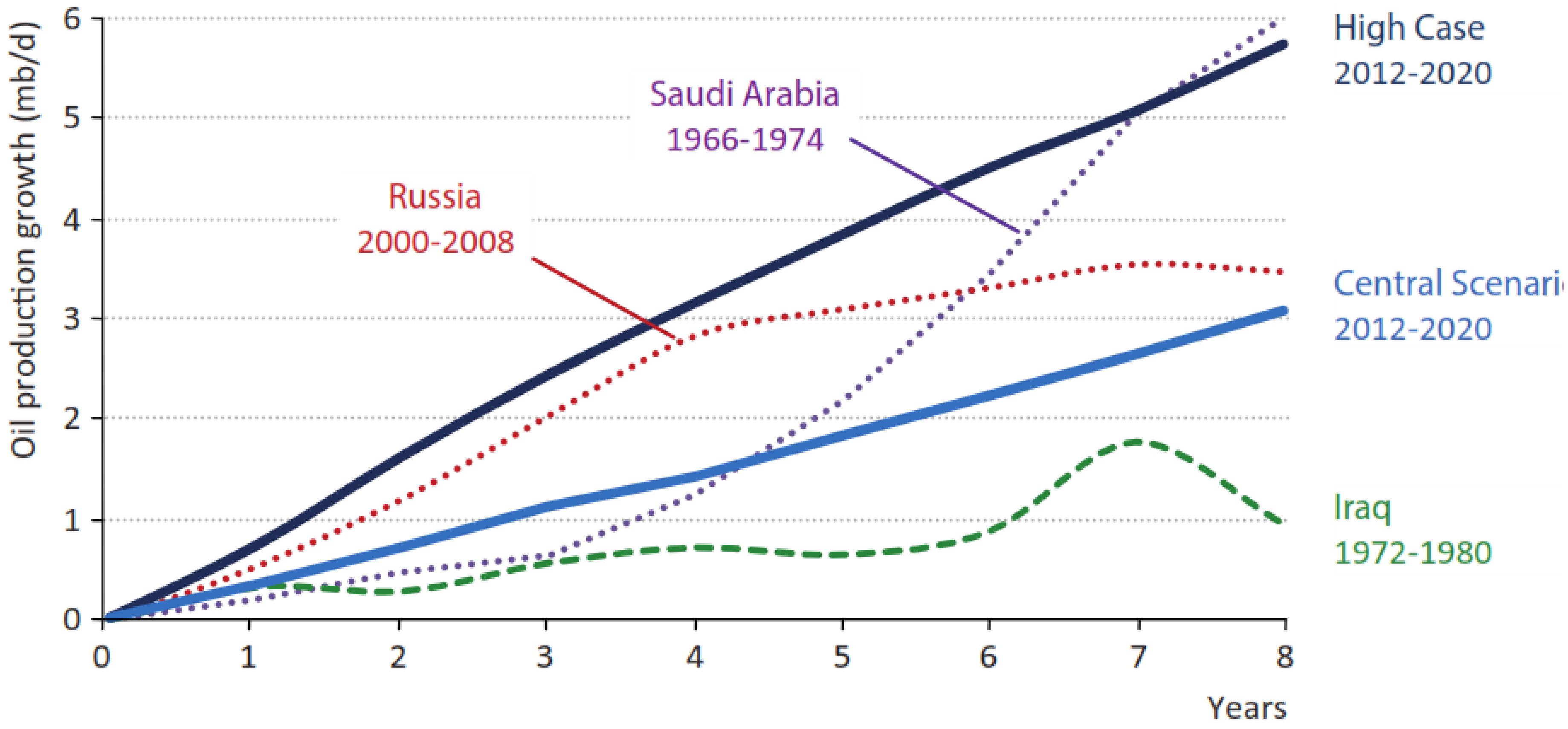
GAS PRODUCTION RECORDS

IRAQ GAS PRODUCTION (MN CFD)

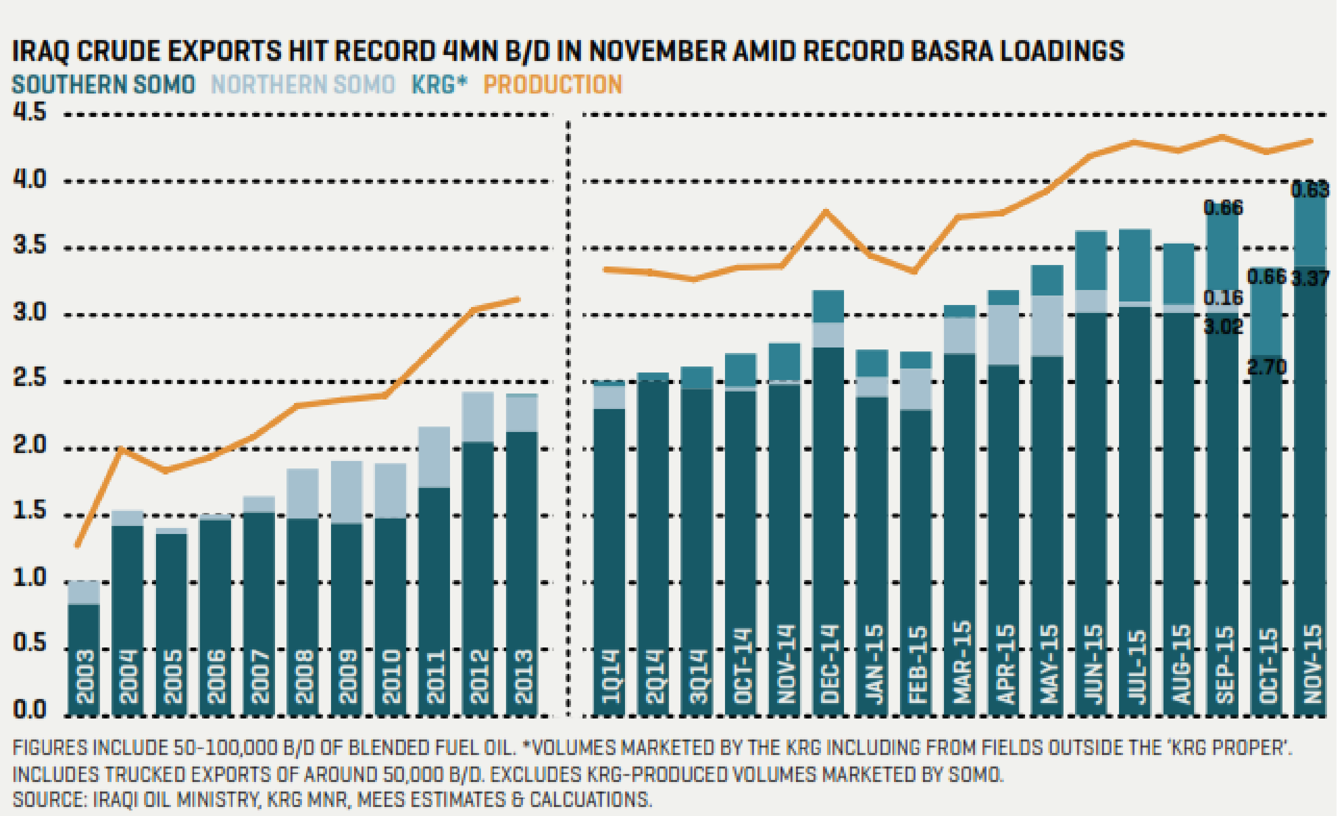
	2009	2010	2011	2012	2013	2014	Jan-Aug15	vs'14
Gross Gas Output	**1,413**	**1,426**	**1,577**	**1,742**	**1,814**	**1,896**	**2,022**	**+126**
of which: flared	721	732	921	1,147	1,230	1,289	1,407	+118
Sales Gas	**692**	**694**	**657**	**595**	**584**	**607**	**615**	**+9**
flaring % of production	*51.1*	*51.3*	*58.4*	*65.9*	*67.8*	*68.0*	*69.6*	*+1.6*
Southern Oil & Maysan Oil	968	998	1,152	1,278	1,354	1,596	1,738	+142
of which flared	552	571	767	951	1,008	1,153	1,267	+114
Sales Gas	415	427	385	327	346	443	472	+29
flaring % of production	*57.1*	*57.2*	*66.6*	*74.4*	*74.4*	*72.2*	*72.9*	*+0.6*
Northern & Midland Oil	445	427	426	464	457	300	283	-16
of which flared	169	160	154	196	222	136	140	+4
Sales Gas	276	267	272	267	234	164	143	-20

SOURCE: IRAQ OIL MINISTRY, MEES CALCULATIONS.

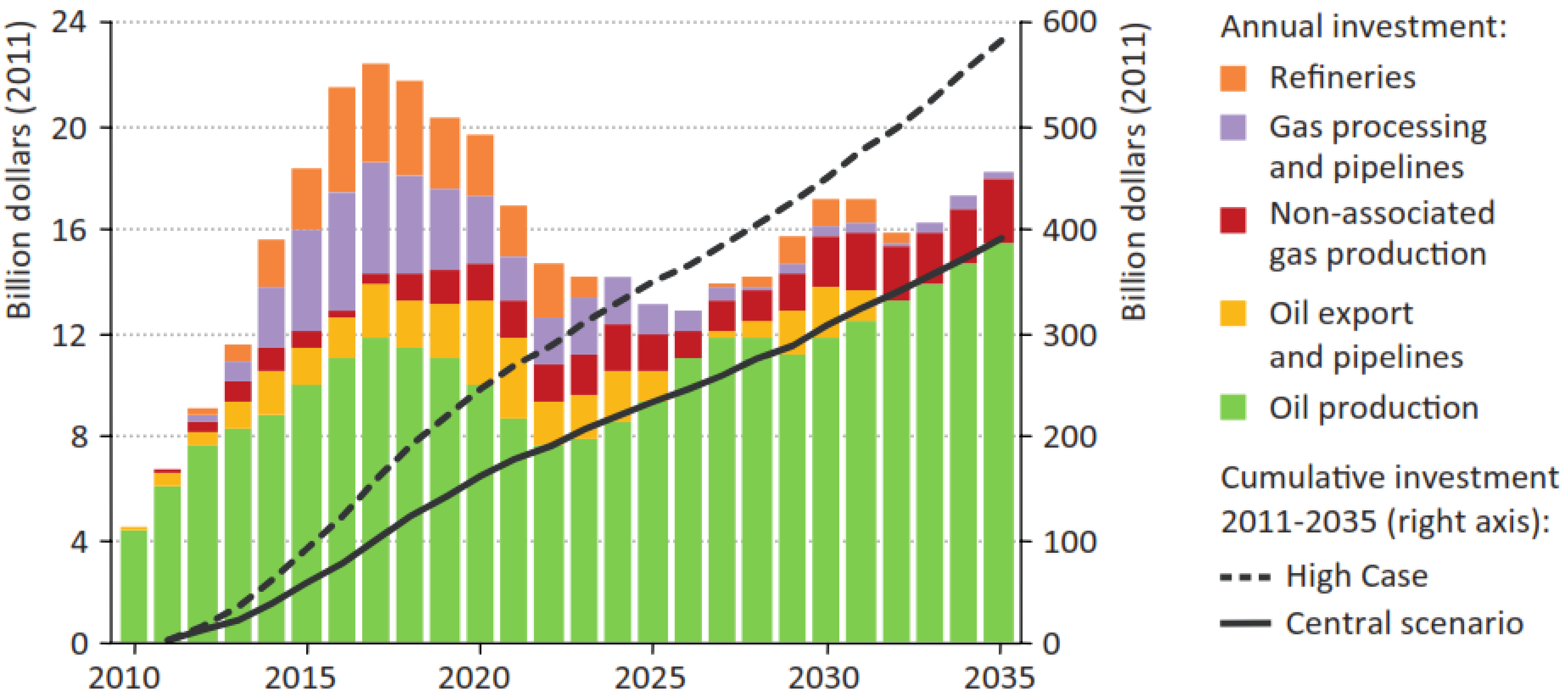
OIL PRODUCTION



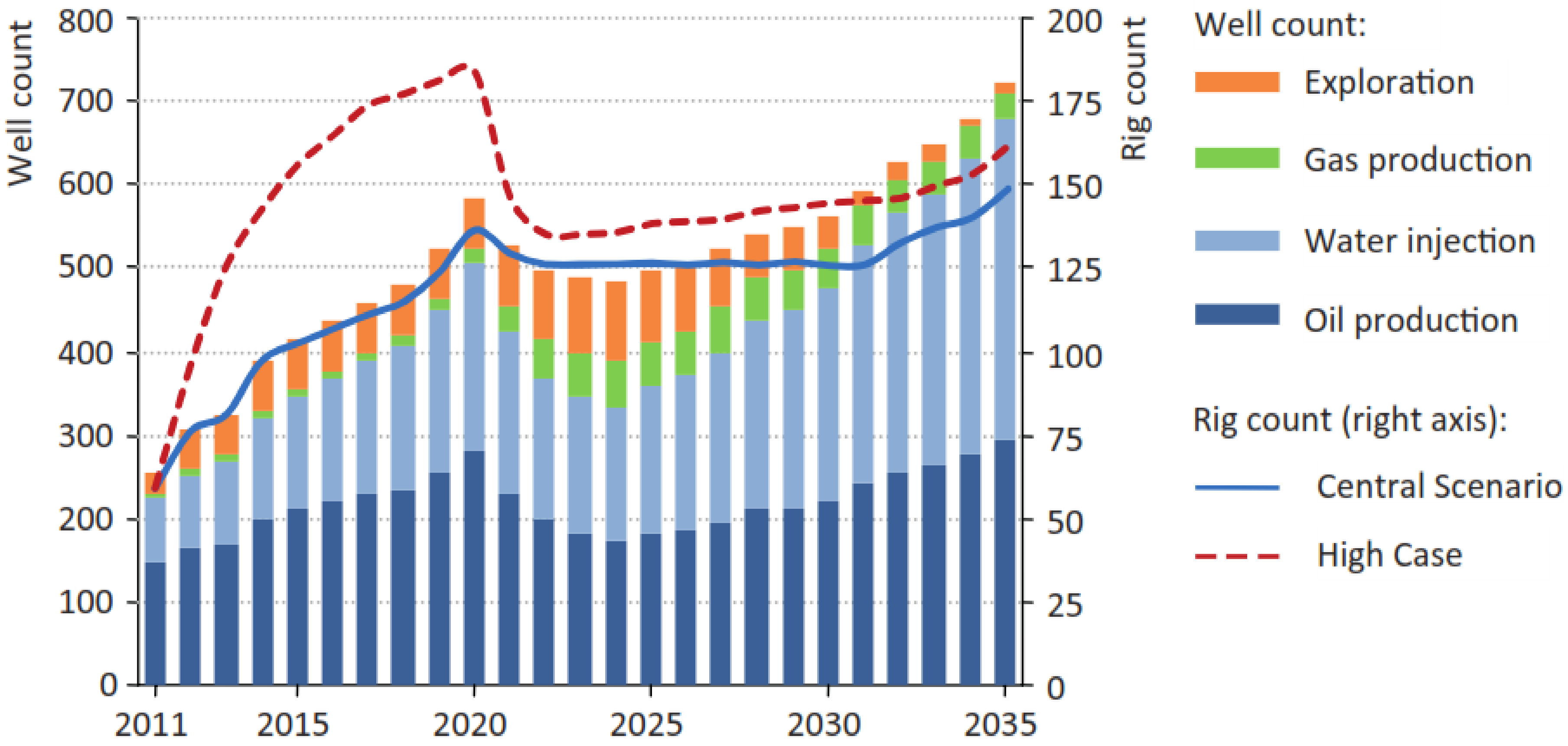
OIL PRODUCTION & EXPORT RECORDS



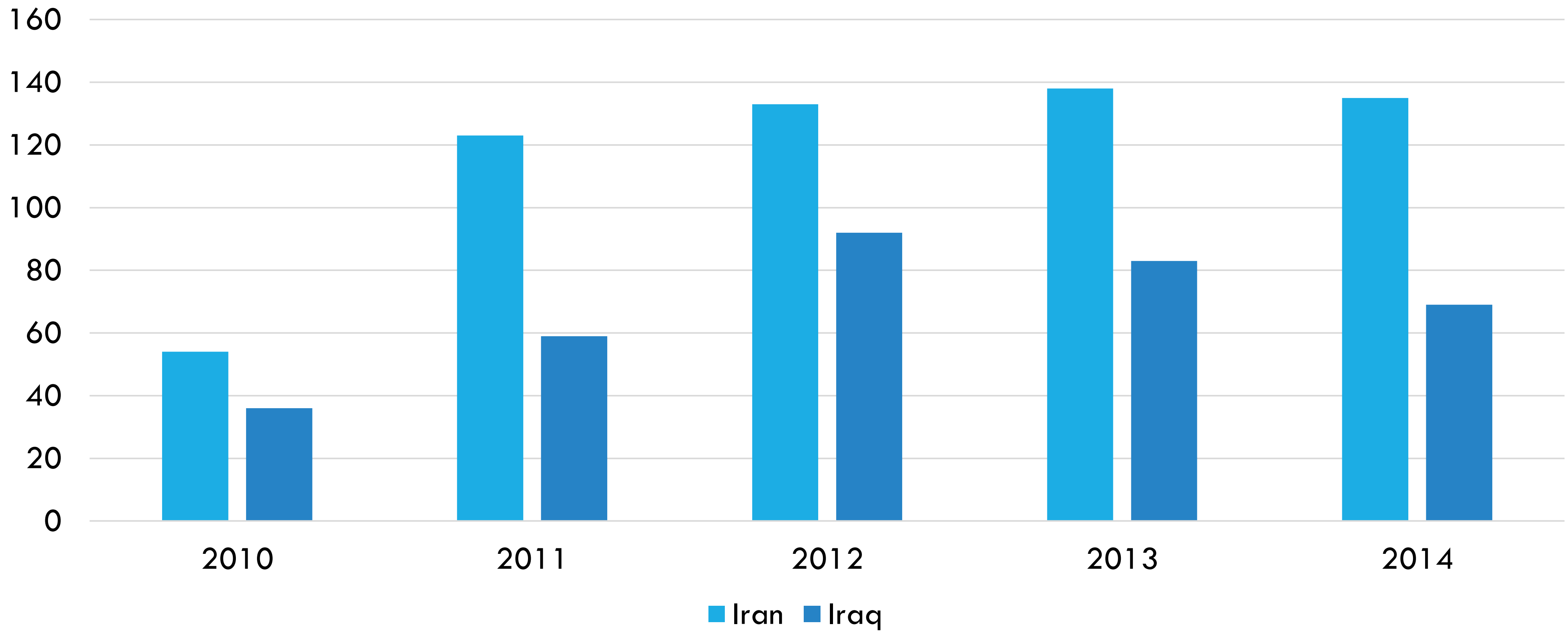
REQUIRED INVESTMENT



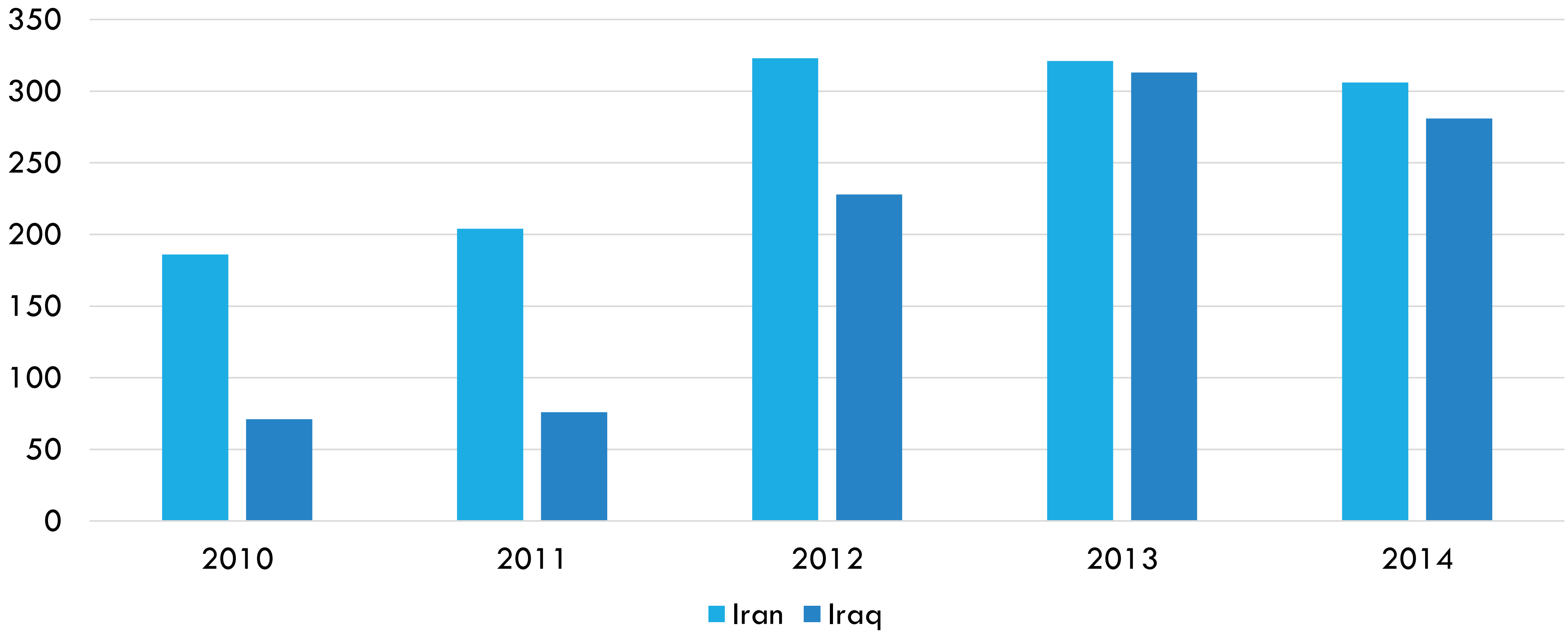
REQUIRED WELLS



ACTIVE RIGS



COMPLETED WELLS



THE WAY TOWARD IRAQ

- High Efficiency Drilling in Iraq
- Absence of Iranian Developers / Drilling Companies
- Cultural and Religion Resemblance
- High Security Costs
- Service Contracts for Development and EPD for Drilling
- Lack of International Experience
- Small Size of Companies
- Tough Contract Terms for Service Providers
- Presence of IDC and International Service Providers
- Using International accounts and Qualified Insurance

MAJOR DRILLING CONTRACTS

Year	Company	Description
2011	SLB	15 wells in West Qurna Phase 2
2011	SLB	10 wells in Rumaila
2011	Baker	23 wells, 2 year, West Qurna Phase 2
2011	Baker	60 wells, 3 years, 640 m$
2013	Weatherford	Two Contracts in Missan: 95 m$ and 82 m$
2013	Bohai	97 m$ Contract
2013	COSL	74 m$ Contract
2014	Hall	30 wells, 30 months, West Qurna, 278.5 m$
2015	ZPEC	Well Services 26 m$
2015	Hongua	West Qurna phase 2, 527 m$
2015	Anton	3 wells, 18 m$

THE HALFAYA EXPERIENCE

- Efforts by in Iranian Drilling Company to Enter Halfaya
- High-Level Political Support
- Necessity of Base, Office and Insurance
- No Special Difficult Technical Consideration
- Call-Out Contract with no minimum level of jobs
- Submission of all equipment's and prices
- No Result at end

SOLUTIONS

- **1st Best**
- A joint between Drilling/ Development companies and Service Providers
- Requires high-level negotiations

- **2nd Best**
- Entrance as independent company
- High chance for holdings/ IDS providers
- Necessity of Associations, Chamber of Commerce and Diplomatic Relations
- Need to Start a coordination office

SOLUTIONS

- High-Level Negotiations (Ministry, Chamber of Commerce, Association,...)
- Starting with a Shared Office/Base
- Priority for Developing/Drilling Companies
- Creating a Joint Venture