



Personalised for:
Eric Thorp

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Exxon becomes first foreign company to pull staff from Iraq after security warning

Iraq's oil minister has hit out at ExxonMobil's decision to evacuate foreign staff working at its West Qurna 1 oilfield in the south of Iraq, claiming the move is driven by politics rather than the security situation on the ground. The energy major's move came a day before a rocket was fired in the capital Baghdad, landing a reported 0.5 km from the US embassy.

"The withdrawal of multiple employees – despite their small number – temporarily has nothing to do with the security situation or threats in the oilfields in of southern Iraq, but it's for political reasons," Iraq's oil minister Thamer Ghadhban said on Saturday.

"For us, this withdrawal is unacceptable and unjustified because other international companies are working freely and safely in developing oil fields," added Ghadhban, who reportedly requested an explanation from Exxon.

The US supermajor withdrew some 30-60 staff and moved them to Dubai, according to reports. The move – the first by foreign oil companies operating in the country – will not impact production at the field, which produces up to 490,000 barrels/d of crude and 200 MMcf/d of gas, the field's owner Basra Oil Company, was quoted as saying.

The US company was awarded a contract in 2010 to rehabilitate and redevelop the field, alongside partners PetroChina and Pertamina.

Exxon and PetroChina were close to signing a major deal valued at USD 53 billion to use seawater to boost oil production from the Umar and Artawi oilfields to 500,000 barrels/d from 125,000 barrels/d currently. Ghadhban indicated that Exxon's withdrawal of staff will slow the conclusion of the deal.

The extraction of staff came days after the US embassy in Baghdad issued its third security alert this month – the latest ordering the departure of non-essential US government employees from the country.

The US embassy was the apparent target of Sunday's rocket attack. No casualties were reported and no-one has taken responsibility for the attack. The embassy's latest security alert came after perceived threats from Iraq's neighbour Iran, to which Iraqi Shia militias are allied.

Fighting talk

On Sunday US president Trump took to social media, stating: "If Iran wants to fight, that will be the official end of Iran". The president's tone has changed since last week when he replied "I hope not" when asked by reporters if the US was going to war with Iran.

Washington has deployed additional ships and planes to the Gulf in recent days as tensions increase with Tehran.

The situation is precarious for Iraq, which is reliant on gas imports from Iran to keep the lights on. The US, which has sanctioned Iran's crude exports, has allowed Baghdad to continue to import gas from Tehran, with reports suggesting Exxon's proposed deal will see Iraq's sanctions waiver for Iranian gas imports extended.

Energy expert Justin Dargin told Gas Matters Today more attacks could be expected in Iraq if US-Iran tensions continue to escalate – and energy infrastructure could be targeted.

He said: “[I]f tension continues to increase, it is entirely likely that Iraqi groups allied with Iran would target Western energy assets to telegraph the intention that Iran would actively pursue asymmetric countermeasures in a response to Washington. And, previously, Iran has utilized its proxy forces in Iraq against Western targets.”

He added: “It is likely that there will be other temporary evacuations if threat assessments continue to indicate that Iran and its proxies pose a threat to Western-based organizations operating in the country.

“However, it is important to note that since the 2003 invasion, international energy companies were well aware of the risks dealing in Iraq, therefore, it is not a surprise that periodically upticks in regional instability would occur from time to time. For the international energy companies, it is considered a cost of doing business in Iraq, as well as in the broader region.” - ET



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