

LUKoil Mulls Buying \$50Bln Exxon Project in Iraq

By [The Moscow Times](#)

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Oil producer LUKoil said Friday it will study an offer from Exxon to take over the West Qurna-1 oilfield in Iraq, Interfax said.

ExxonMobil has informed the Iraqi government it wants to pull out of the \$50 billion oil project in southern Iraq.

LUKoil, which is already developing West Qurna-2, has previously said West Qurna-1 is "too big for it to swallow," but on Friday said it would at least look into the proposal.

"We received an offer from Exxon. We will likely study this possibility. But we haven't make any decision today," Andrei Kuzyayev, head of LUKoil foreign operations, was quoted as saying.

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, a senior official said on Friday.

"Exxon informed us that it has started talks with some oil majors, including BP, Shell, LUKoil, CNPC and Eni, offering them its complete stake in West Qurna-1," said Faisal Abdullah, a spokesman for Deputy Prime Minister for Energy Hussain Shahrstani.

"Our condition for approval of the purchase is that the buyer should have adequate financial and technical resources to develop the super-giant oilfield."

LUKoil is attempting to offset production decline at its fields in Russia, where it faces competition from the state-backed companies, by acquiring foreign upstream assets.

LUKoil is active in the Middle East, Central Asia, West Africa and Latin America. But Russia's vast Arctic offshore reserves are off-limits for the company due to legal restrictions, which allow only state-controlled company participation.

Doubts about who can replace Exxon in the important project could raise questions about Iraq's target to increase crude output to between 5 million and 6 million barrels per day by 2015 from 3.4 million barrels per day.

Some industry sources have said Baghdad is keen to replace Exxon with companies from Russia or China. But it was unclear which companies would have the financial heft to follow Exxon.

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