

# IRAQ OIL REPORT

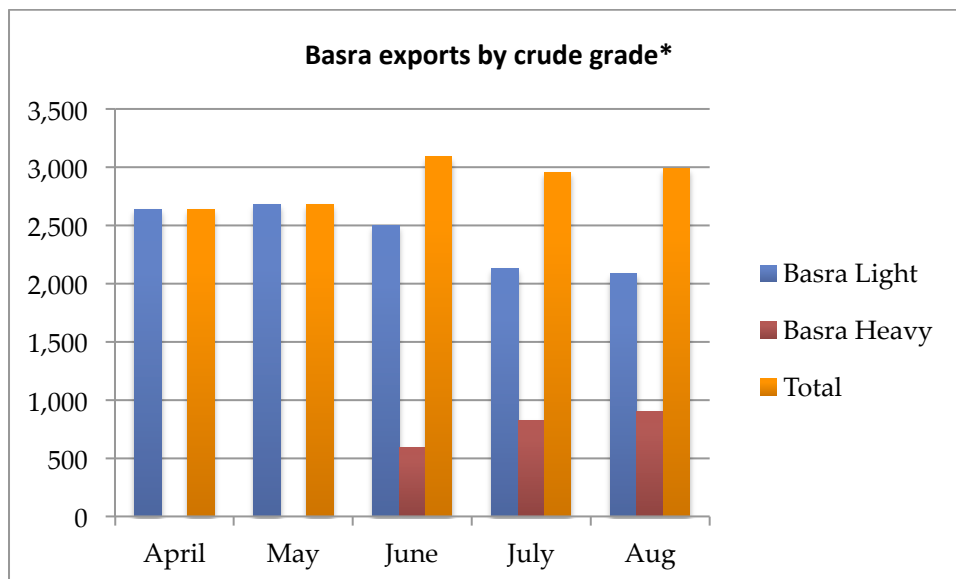
## Iraq Oil and Financial Dataset (IOFD) – Analysis August 2015

### INTRODUCTION

This edition of the IOFD monthly brief focuses on assessing the first three months of data regarding the introduction of the Basra Heavy crude grade. We updated the spreadsheet in June, disaggregating total oil exports from Basra into Basra Light and Basra Heavy. Now with three months of data in hand, we are able to pick up some trends, make some initial observations about the effect of Basra Heavy on Iraq's overall export levels, and see how further export increases probably depend on new developments in Iraq's export infrastructure.

### ANALYSIS

As noted in the June IOFD monthly brief, we added rows (12 and 13) to the 2015 spreadsheet with the inception of Basra Heavy to provide a disaggregated look at Basra exports. Three months in to the Basra Light/Basra Heavy split, Basra Heavy export volumes continue to grow month on month. However, though total exports remain above monthly averages for the first five months of 2015 (i.e., prior to the Basra Light/Basra Heavy split) those gains have plateaued, despite continued increases in Basra Heavy.



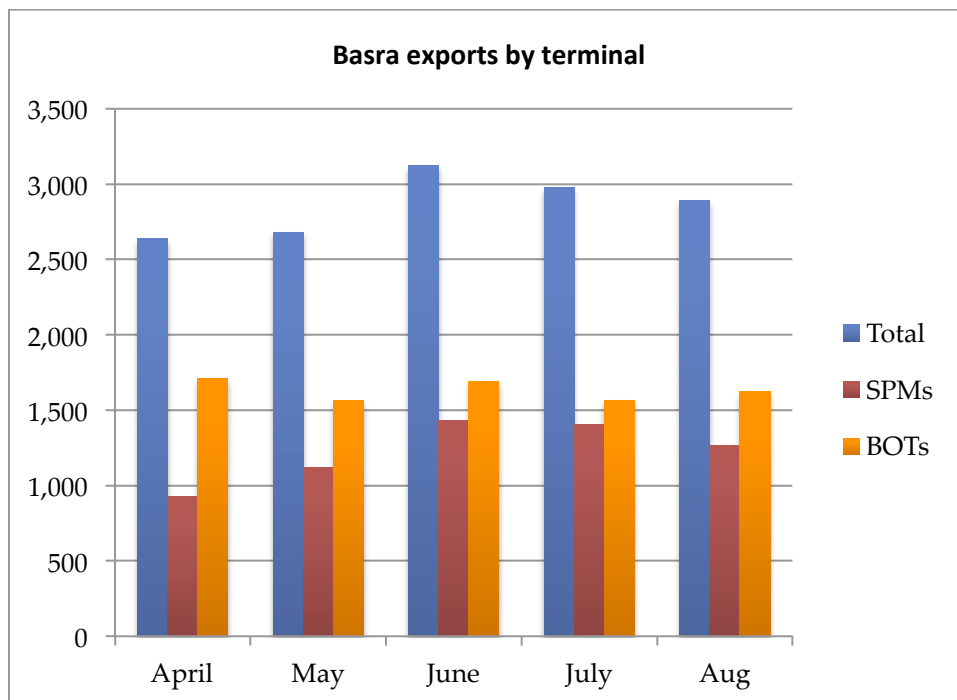
*Note: for April and May Basra Light and Total export volumes are one and the same*

*\*Note: IORs export volumes are based on the date tankers complete loading. SOMO monthly figures are based on the date crude is loaded onto a tanker. As a result, IOR and SOMO figures may differ*

In effect, the split has enabled a jump in exports of approximately 250,000 BPD from pre-split

levels. However, increases in Basra Heavy loadings from just over 500,000 bpd in June to approximately 900,000 bpd in Aug have been offset by drops in Basra Light volumes. In sum, the introduction of Basra Heavy has enabled incremental production increases at fields producing heavy crude (notably Missan province's Halfaya field) but it remains to be seen if the grade split will enable southern exports to climb much higher than 3 million bpd.

As subscribers will recall from the April IOFD monthly brief, that month we began to track Basra crude exports disaggregated by single point mooring export platforms (SPMs, found on row 14 of the 2015 spreadsheet) and the al-Basra Oil Terminal (ABOT) and Khor al-Amaya oil terminal (KAAOT), collectively referred to as BOTs (found on row 15 of the 2015 spreadsheet). Tracking exports disaggregated by SPMs and BOTs from April through August, we can clearly see that while BOT export volumes remain static, SPM volumes have increased significantly. In the three months following the grade split, SPM loadings (averaging approximately 1.37 million bpd) are a full 25% higher than they were in the two months preceding the grade split (when they averaged 1.02 million bpd).



## CONCLUSION

The takeaway here is that while small incremental gains in exports may be achieved via squeezing some more volume out of the BOTs, any real leap forward for Basra exports is predicated on the three SPMs currently in service increasing export volumes to levels near their nameplate capacity. This however will require substantial investment in pumping, storage, and other infrastructure that is unlikely to materialize in 2015. In sum, the grade split can only increase Basra exports so far. Further significant export increases will require additional investment in infrastructure allowing the SPMs to operate closer to nameplate capacity.

Iraq Oil and Financial Dataset (IOFD)

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