Iraq Crude Production and Export Tracker

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Covered in This Report

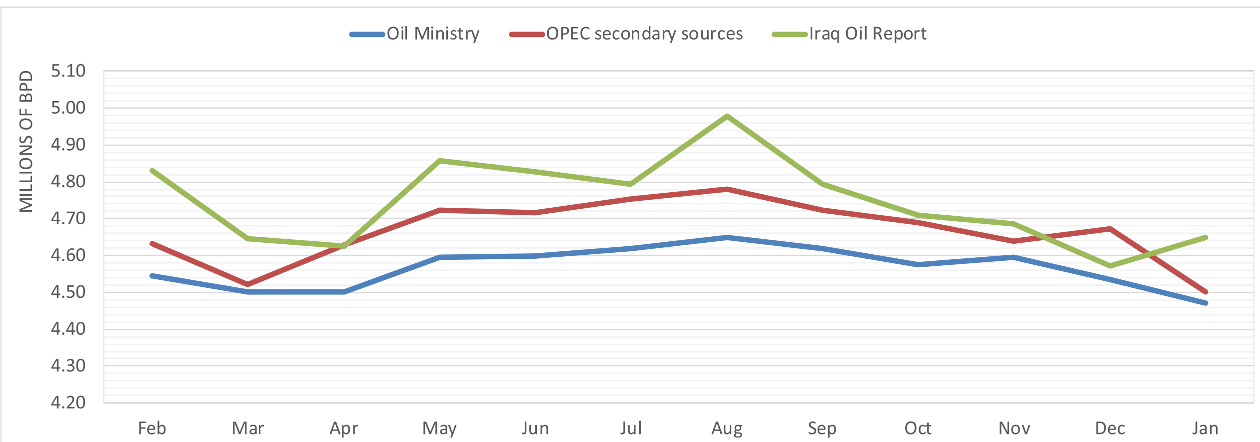
- **Production and export levels**
- **Technical developments impacting immediate term production**
  - Rumaila
  - State operated Basra fields
  - Gharraf
  - Nasseriya
  - Sarqala
  - Sarta
  - Flooding
- **Technical developments impacting immediate term export capacity**
  - No Qayara loadings
  - KRG export line repairs
  - KRG loading volumes down
- **Technical developments with longer term impact potential**
  - Cabinet approves 5th license round contracts
  - Chinese credit line could be oil infrastructure financing source
- **Political and security developments with immediate term production and export impact**
  - Coronavirus travel restrictions impact oil sector
  - GOI contingency planning for disaster scenario of IOC departures
  - New PM-designate Allawi strives to form government
  - Trajectory of U.S.-Iraq relations still unclear
  - Instability in PUK controlled areas impacts energy sector
  - Labor unrest threatens southern fields
  - Ali Maarij takes over PCLD
  - U.S.-Iran tensions impact on KRG
  - Future of MNR leadership remains in flux

Production and exports: January 2019

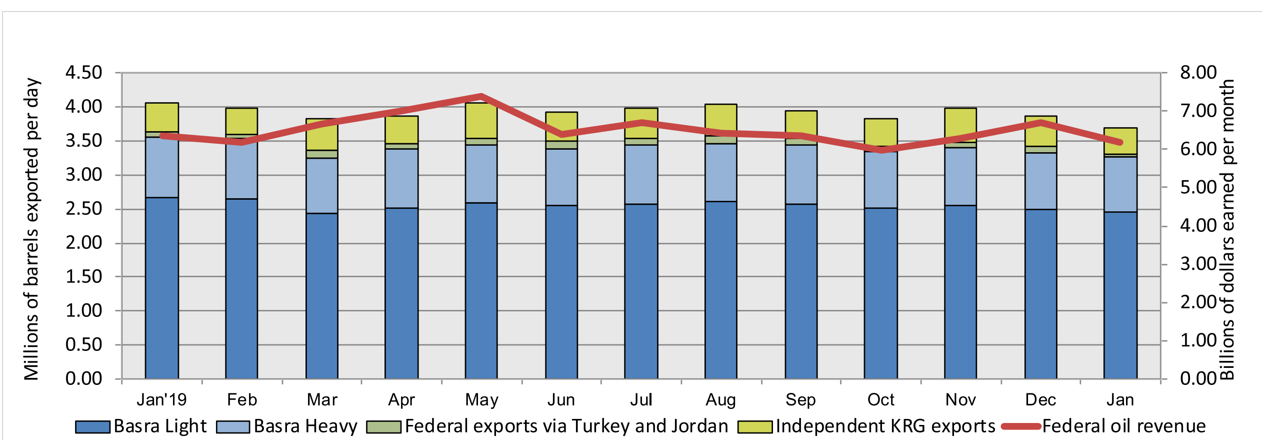
	January 2020 volume	Month to month change +/-
Federal Production	4,160,000	76,000
KRG Production	490,000^	2,000
Total Production	**4,650,000**	**78,000**
Federal Export	3,306,000	122,000
KRG Exports	388,000	58,000
Total Exports	**3,694,000**	**180,000**

*KRG pipeline throughputs in January 523,000 bpd, a decrease of 35,000 bpd from December
^ Includes 15,000 bpd condensate

IRAQI MONTHY OIL PRODUCTION



IRAQI OIL EXPORTS AND REVENUE



Technical developments impacting near-term production

Field: Issue	Recent Production Trend	BPD impact and timeframe
Rumaila: Production at Rumaila rebounded in January after maintenance related drop in December.	January production at Rumaila averaged 1.44m bpd, a 134,000 bpd increase over December. Excluding December – when production dipped to 1.316m bpd due to maintenance – Rumaila production averaged 1.465m bpd per our field level sources.	*Increase of up to 15,000 bpd in February.* Though a sharp month on month increase, January 2020 output at Rumaila was still lower than any 2020 month save for April (when production was curtailed due to bad whether reducing exports and causing a storage shortage) and December (when production was reduced due to maintenance at gas separation stations).
State operated fields in Basra: The MoO moderately curtailed production month on month at Basra Oil Company operated fields.	Net production at the five Basra Oil Company operated fields (Majnoon, Luhias, Ratawi, Bin Umar and Tuba) decreased to 149,000 bpd in January, down from 170,000 bpd in December. The December 2019 bump – the highest output total since September 2019 – was likely a product of compensating for some of Rumaila's December reduction. Luhais remained entirely shut in for the third month in a row.	*Drop of 20,000-50,000 bpd likely in February.* The five state operated fields in Basra are typically where the MoO looks first when it comes to OPEC+ compliance. Additional cuts at these fields in February are likely.
Gharraf: Production dropped slightly due to maintenance.	Production at the Petronas operated Gharraf field in Dhi Qar province dropped to 92,000 bpd in January, 6,000 bpd below December output and 15,000 bpd below the field's October 2019 peak. A source at the field attributed the reduced production to maintenance of crude processing equipment.	*Increase of 5,000-15,000 bpd likely in February.* Gharraf averaged 102,000 bpd in Q4 2019 and its one-month peak was 107,000 bpd achieved in October 2019. There is no obvious variable preventing the field from getting back to those levels in the immediate term.

Nasseriya: Production facilities at the 82,000 bpd field were shut down for a multi-day period during January.	Production at the Dhi Qar Oil Company operated Nasseriya field dropped to 69,000 bpd in January thanks to an approximately five day production shut in. The shut in occurred after staff were unable access the field due to employment seeking protesters (for more details see political and security section below). This is the second consecutive month with protest related production outages at Nasseriya.	*Increase of 13,000 bpd likely in February.* This increase assumes no further shut ins due to protests, which is hardly a given as protests have now derailed output at Nasseriya two months in a row.
Sarqala: Output at the field is poised to rebound after a temporary reduction due to gas flaring concerns.	Output at the Gazprom Neft operated Sarqala field fell from its peak of roughly 38,000 bpd down to below 20,000 bpd in late December after the KRG's Ministry of Natural Resources enforced a cap on flaring. Following the late January signing of a contract for a new gas fired power generation unit located at the field, the MNR will allow output to increase, albeit not all the way back to 38,000 bpd.	*Increase of 13,000 bpd by March*. Field level sources suggest output was cut to 17,000 bpd. We assume production will climb back to 30,000 bpd by March, if not sooner.
Sarta: Genel continues to give guidance that production will start at Sarta in the Kurdistan region by mid-2020.	A mid-January statement by Genel Energy said that production will commence at the Sarta block in summer 2020. Industry sources speculate that initial production will be in the range of 12,000-20,000 bpd, and will continue at that rate until the operators are confident the fractured carbonate reservoir is not prone to water cut related issues.	*Increase of up to 20,000 bpd by summer 2020*. We anticipate Sarta output will be trucked to Khurmala or another access point for injection into the KRG export line.

Flooding: Heavy rains in Iran are cause for concern that flooding around southern Iraqoil fields could again be an issue in late winter/early spring 2020.	As of late January emergency teams were mobilized in Missan province to direct heavier than usual cross border water flow from Iran into Missan's marsh network. Engineers in Basra have also been deployed to check berms around oil fields, including Majnoon.	*Decrease of up to 100,000 bpd*. Heavy flooding last year threatened wellheads at Majnoon and threatened access to fields in Missan. Precautions have been taken in the form of reinforcing dirt berms, but if heavy rains in Iran continue, Iraq could be in for similar flooding this year. The situation would have to be more dire than last year for there to be a sustained 100,000 bpd impact.

Technical developments impacting near-term export capacity

Issue	Impact on exports
No Qayara loadings: For the second month in a row, no Qayara crude was exported via Khor al-Zubair.	For most of 2019 upwards of 30,000 bpd of Qayara crude was exported via Basra's Khor al-Zubair port. Volumes dropped in October 2019 as protests blocked overland trucking routes between Qayara and Khor al-Zubair, and fell to zero in December. The MoO also reported zero exports from Khor al-Zubair in January. Massive quality discounts coupled with high trucking costs (the field is 1,000 km from the port) means that Qayara exports are SOMO's least profitable. The upshot is that continuing the halt on Qayara exports (and thus reducing the field's production) is a relatively easy means of showing some fealty to OPEC+ cuts.
KRG export line repairs: Service companies are bidding on two tenders for minor repairs to the KRG export pipeline.	The first tender is for the repair of 105 defects on one stretch of pipeline, and the second for 78 defects on a second segment, according to a source briefed on the matter. An industry official said that the repairs are all minor in nature, and that a shut down of the pipeline will not be necessary for the project's implementation. Assuming this assessment holds, the repairs should have no negative impact on exports, and instead improve the resilience of the Kurdistan export pipeline, reducing the chances of future outages.
KRG loadings down: KRG tanker loadings were down in January, with multiple industry sources suggesting efforts to resolve crude quality issues played into the reduced loading volumes.	While total KRG pipeline throughputs were down in January to 523,000 bpd, the reduction was primarily a product of reduced inputs of federal Kirkuk crude into the pipeline; only 65,000 bpd were transferred to SOMO tanks down from a 2019 average of 93,000 bpd. KRG inputs remaining fairly static at approximately 460,000 bpd. However, KRG loadings (388,000 bpd) were over 50,000 bpd below the 2019 average. Two sources said the drop in loadings were due to quality concerns, with one citing organic chlorides, and the second citing high water content. The upshot is KRG crude in storage increasing to roughly 2.5m bbl by the end of January. It seems more likely than not that loading volumes will normalize in February.

Technical developments with longer-term production and export impact

Issue	Impact and timeframe
Cabinet approves 5th license round contracts: Iraq's cabinet approved the contracts for all six of the gas heavy exploration blocks auctioned of in Iraq's 5th oil and gas licensing round, held in April 2018. The contracts now await signing.	GoI officials are hopeful that Crescent Petroleum will be able to bring 250 mmscf/d of gas online from Diyala fields within 12 months. This timeframe may prove optimistic, though Crescent was able to bring its Khor Mor field in Kurdistan online quickly, suggesting the company has a blueprint for rapid action. If this assessment on the ambitious timeframe proves accurate, that could mean roughly 5,000-10,000 bpd of condensate/NGLs in a one-year timeframe, or more likely an 18-24 month timeframe.
Chinese credit line could be oil infrastructure financing source: Officials speculate that a prospective $10b Chinese credit agreement could be used to fund oil infrastructure projects.	The prospective agreement is for up to $10 billion in credit from China, to be insured by SInosure, for use in development projects in Iraq over the next 20 years. Per commentary from GoI officials, Iraq will guarantee any borrowing by setting up accounts to hold oil revenue earmarked for repayment. The agreement states that the line of credit can be expanded at a future date by both parties' agreement. Per one source, financing for any single loan to be funded via the agreement is capped at $1.8 billion. Iraq will only action the Chinese credit line if it is unable to implement a given project on an EPC basis using oil revenue. One official briefed on the issue said there has already been some discussion about using the Chinese credit line to finance oil infrastructure projects, with chatter specifically around the Iraq-Jordan Export Pipeline (IJEP). If the GoI pushes ahead with formalizing the Chinese credit line and opts to use it as a source of financing for export infrastructure, it could speed up the timeframe of major oil infrastructure projects, while shifting their implementation towards Chinese firms.

Political & security issues with potential near-term production and export impact

CORONAVIRUS TRAVEL RESTRICTIONS IMPACTS OIL SECTOR

- **Issue:** Restrictions on Chinese nationals entering Iraq are having a significant impact on the ability of Chinese oil and oil service companies to rotate staff into Iraq. Airport authorities in the Kurdistan region and Basra say they were instructed in early February to deny entry to Chinese nationals and to third-country nationals recently in China. Multiple Chinese oil officials confirm that they are unable to rotate staff into Iraq.
- **Upshot:** The impact that the restrictions on Chinese nationals is having on Chinese companies operating in Iraq's oil sector is significantly increased because many senior Chinese staff were out of Iraq due to the Chinese new year. Multiple Chinese industry sources say the travel restriction is unlikely to have an impact on current production levels, but it will disrupt decision making processes, and delay the implementation of field development projects, thus potentially delaying planned production increases. This is true at Chinese operated oil fields in Missan, as well as fields with a significant Chinese service presence, including Majnoon in Basra.
- **Potential barrel impact:** A worst case scenario of a 30,000-50,000 bpd dip at fields with a significant Chinese presence in a six-month timeframe. For now, Chinese oil and service companies are likely to keep in place staff currently in country, though this approach could become problematic if the travel ban extends longer than 2-3 more months. A more likely scenario is no impact on current production levels, but a delay in some drilling and other field development work being executed by Chinese firms.

GOI CONTINGENCY PLANNING FOR DISASTER SCENARIO OF IOC DEPARTURES

- **Issue:** MoO instructed BOC, at a January 14 meeting, to inform the ministry of contingency plans in the event that BP and Eni evacuate foreign staff from the Rumaila and Zubair fields. In its reply to MoO, BOC wrote that it would be capable of maintaining existing production levels at both fields, on two conditions: 1) that coordination with BP and Eni be maintained, particularly in regard to dealing with sub-contractors; 2) that MoO provide funding for a surge in temporary hires to keep the fields operational. Multiple senior officials, both in MoO and in industry, said that MoO's query was intended solely for contingency planning purposes, and was not based on any specific information suggesting the IOCs have plans to leave Basra.
- **Upshot:** It is conceivable, although not likely, that an uptick in protest activity or a hot conflict between the U.S. and Iran could force IOCs to evacuate staff from Basra, either temporarily or long-term. Proper preparations by BOC could limit the production impact of such a scenario. However, BOC's assertion that production could be sustained without foreign staff was not backed up by detailed written analysis. BOC's projections might be little more than a product of national pride, baseless optimism, and a desire to give MoO the answer it wants. In practice, evacuation of foreign

staff would likely take place in an atmosphere of domestic political uncertainty and tense security conditions, and could have unpredictable consequences.

- **Potential barrel impact:** No immediate impact, however, in the event of a forced evacuation, production would likely be reduced indefinitely by hundreds of thousands of bpd, with the impact increasing incrementally the longer the evacuation lasted. Even if BOC was able to maintain routine operations in the face of multiple IOCs departing simultaneously (and this is not a certainty), it would probably struggle to keep up with necessary drilling and field maintenance plans, resulting in an overall decline in output, which would be felt over the course of several weeks to months, and would end only through the return of the contract-holders, or solicitation of services from oil companies with a higher risk tolerance – potentially Chinese or Russian ones.

NEW PM-DESIGNATE ALLAWI STRIVES TO FORM GOVERNMENT

- **Issue:** President Barham Saleh has tasked Muhammad Tawfiq Allawi with forming the next cabinet. If and when Allawi presents his cabinet and wins parliamentary approval, he will take office. Allawi, a long-time activist in the London-based opposition to Saddam Hussein, served in the post-Baath era as an MP and later as Communications Minister. Most observers say that his political beliefs are liberal and pro-western, although he himself is a devout Shia Muslim – a fact which may help his relations with Islamist parties. Kurdish political sources from multiple parties said in interviews that they believe Allawi is favorably disposed towards the KRG. Kurdish political observers expect an Allawi-led government will be as good or better than Abd al-Mahdi's was in terms of dealing with KRG oil and finance issues. On the cabinet front, GoI politicians say they expect a full replacement of all cabinet officials, mostly by technocratic figures. But some sources say the KDP may insist on keeping Minister of Finance Fuad Hussein in place, and some officials say Allawi may keep Oil Minister Thamer al-Ghadban and/or Minister of Electricity Luay al-Khatteeb in place, as both men are already seen as politically independent.

- **Upshot:** Allawi's government will only be in place either until early elections can be held, or until regularly scheduled 2022 elections. Whether or not Ghadban returns as oil minister, no major oil related policy shifts are likely under Allawi's government. Instead, the government will be focused on crisis management and convincing protesters that it is serious about reforms, while reassuring powerful political parties and militias that any reforms don't pose a significant threat to their interests. Continued political instability will likely delay decision making on major infrastructure initiatives, to include a multi-field water injection project, and major southern export infrastructure.

  A senior GOI official predicted that a budget for 2020 will be passed by parliament in May or June, although this is far from certain. Until a budget is passed, government entities will continue to receive their 2019 funding levels on a pro-rated monthly basis, indefinitely. The KRG would also receive its 2019 funding levels indefinitely, with Allawi ignoring demands from some Arab MPs to cut KRG funding to protest continued KRG oil exports. Any new 2020 budget law will likely be designed to keep KRG's funding at more or less the current level, although the formula used to justify the funding may be tweaked to create the impression of an updated deal. There is a slight chance that the KRG begins some crude deliveries to SOMO in late 2020, but probably only of symbolic quantities or in return for a full off-set of costs by additional budget transfers from Baghdad. Continued good relations between KRG and GOI leaderships should allow for operations to proceed as planned in KRG, Kirkuk, and the disputed territories. Good relations between the two sides mean that, in the event of any disruption of work at refineries in central Iraq, the KRG pipeline and KRG refineries can be used as back-up destinations for NOC crude.

At southern oil fields, the threat of protest-related disruption, while not eliminated entirely, is substantially relieved at least for the short-term and perhaps for longer, depending on the public's reception of Allawi's cabinet (see more below).

- **Potential barrel impact:** No immediate impact on production, but a delay in critical infrastructure development will negatively impact near to mid term growth.

TRAJECTORY OF U.S.-IRAQ RELATIONS STILL UNCLEAR

- **Issue:** Political efforts by pro-Iran groups to eject U.S. military forces continue, but political observers are divided on whether or not they will bear fruit. Abd al-Mahdi has treated a parliamentary resolution passed in January calling for foreign military forces to leave Iraq as a mandate to negotiate a U.S. withdrawal. But legal experts say the resolution is non-binding, and Allawi would be free to ignore it. Pro-Iran groups are reportedly pressuring Allawi to include a plank on U.S. withdrawal in his government's platform, but Kurdish and Sunni leaders are reluctant to agree to this. On the ground, security sources say that the U.S. is still providing reconnaissance and air support to ISF and Peshmerga forces fighting IS.
- **Upshot:** Some kind of restructuring of the U.S. military posture in Iraq seems likely. Possible scenarios include: 1- (most favorable) a cosmetic declaration that the U.S. is no longer involved in a combat role; 2- (most likely) a more substantial reduction in U.S. ground forces, but with existing intelligence sharing, air operations, and logistical support relationships maintained, and perhaps some expanded role for non-U.S. western militaries in training and supporting Iraqi forces; 3- (worst case) a complete severing of the U.S.-Iraq security partnership, that leaves Iraq as a no-go zone for the coalition against IS, and forces Iraq to turn to China, Russia, and/or Iran to replace the roles previously filled by the U.S. – with little prospect that any of these partners can entirely fill the gap. A scenario in which U.S. forces remain in the KRG only is theoretically possible, but multiple Kurdish officials said in interviews that the Iranian government would put severe pressure on the KRG to abide by any GOI decision to end the U.S. presence (more on this below).
- **Potential barrel impact:** A worst case scenario of a U.S. military withdrawal causing an IS resurgence, putting roughly 400,000 bpd of production in the restive provinces of Kirkuk and Ninewa at an increased risk of exposure to terrorist attacks. In the event of a sharp deterioration in U.S.-Iraq relations to a degree that the U.S. ends of putting restrictive sanctions on Iraq's oil sector, this could

have an impact in the high hundreds of thousands to low millions of barrels per day. This scenario is unlikely, although a belief in some quarters of the U.S. government that millions of barrels of Iraqi production could be taken offline without having a major impact on global oil prices elevates this scenario from 'nearly inconceivable' to 'unlikely but plausible'.

INSTABILITY IN PUK-CONTROLLED AREAS IMPACTS ENERGY SECTOR

- **Issue:** A contracting dispute at the Khor Mor gas field turned violent in early February, with PUK-aligned armed groups trying to disrupt work by Soor Gas, a contractor selected by MNR to handle LPG trucking from Khor Mor. Soor Gas' owner was abducted and beaten, trucks were held up on the roads, and in several cases shots were fired at trucks. The disruption resulted in a spike in LPG prices in domestic markets across the Kurdistan Region. Informed sources say that, prior to MNR's contract award, distribution from Khor Mor to domestic markets had been handled by Golden Jaguar, a company tied to a powerful faction of the PUK.
- **Upshot:** There is a risk that incidents of this type will be repeated at other oil facilities in PUK-controlled areas. The incident received substantial negative coverage in Kurdish media, but this probably won't be enough to deter the PUK from using force again, should it feel that the KDP-controlled MNR is trying to prevent PUK powerbrokers from controlling contracting processes at oil and gas fields in the PUK's zone of control. The PUK's opaque multi-polar leadership structure, combined with the fact that the KDP's Masrur Barzani also serves as acting Minister of Natural Resources, will make it difficult for the two parties to agree on keeping politics out of MNR contracting decisions. At the same time, communications channels between KDP and PUK leaders are open. They may be able to settle such disputes on a case-by-case basis before any violence disrupts operations, an outcome that benefits neither side.
- **Potential barrel impact:** Fields in PUK-controlled areas have a production capacity of a combined 60,000 bpd (including 15,000 bpd of condensate) across four fields, and an absolutely worst case scenario – a total meltdown in PUK-KDP relations and/or open intra-PUK conflict – could jeopardize all of that output. However, it is far more likely that any future production disruptions will likely be limited to one field at a time, and will be resolved in a few days or weeks, meaning that the maximum impact at any one time would be limited to approximately 30,000 bpd, and even this level of disruption would require a significant escalation from current levels of tension and unrest.

LABOR UNREST THREATENS SOUTHERN FIELDS

- **Issue:** Workers demanding higher pay or better conditions and unemployed local residents demanding jobs held protests at various southern oil fields over the past month. Dhi Qar Oil Company shut down the Nasseriya field (average daily production 82,000 bpd) for five days after an aggrieved tribe unhappy with its share of a recent hiring program blocked worker access to the field. Employment related protests also hit the CNPC operated Ahdab and Gazprom Neft operated Badra fields in Wassit province in late January, but did not result in any disruption to production.

Separately, over 20,000 bpd of production from Qayarah remains shut in because of the threat of protesters blocking the road to Basra ports. Other oil exports, which go through pipelines, are not affected.

- **Upshot:** Disruptive protests at oil fields could resume at any point over the coming year. Oil field protests are largely a rural phenomenon, motivated by job-seeking or labor disputes. While distinct from the urban protests demanding government reforms, oil field protests do tend to pick up momentum during periods of high protest activity, during election seasons, and at any other time when local residents or tribal leaders perceive that the government is weak, divided, or otherwise constrained from cracking down decisively on protests at oil fields. Generally speaking, summer months tend to be peak season for oil field protests.
- **Potential barrel impact:** Employment related protests could fairly easily derail production at Nasseriya, Ahdab or state fields in Basra, bringing upwards of 100,000 bpd offline for a period of days to weeks. The protests that tend to threaten production are driven by local concerns, and thus a coordinated effort impacting several fields simultaneously is unlikely. On the upside, if authorities do manage to get a grip on protests, the 30,000 bpd of exports from Qayarah, stopped late last year, could resume.

ALI MAARIJ TAKES OVER PCLD

- **Issue:** Ali Maarij took over the Ministry of Oil's Petroleum Contracts and Licensing Directorate (PCLD) after the forced retirement of its longtime head Abd al-Mahdi al-Ameedi. Sources describe Maarij as much more of a "political animal" than Ameedi, though with less experience in contractuall matters than his predecessor.
- **Upshot:** Maarij's relative lack of experience in contractual negotiations, combined with the present cabinet's precarious status as a caretaker administration suggest that there will limited policy changes coming out of PCLD in the immediate future. Consultants like Gaffney, Cline & Associates are also likely to continue playing a significant role advising PCLD. In the medium term though, the ouster of Abd al-Mahdi al-Ameedi could be a step that helps shift Iraq away from adherence to the TSC model, given that several sources have suggested Ameedi saw the TSCs as his legacy, and a move away from TSCs as an admission of prior shortcomings.
- **Potential barrel impact:** No immediate term impact, but a potential positive impact of several hundred thousand barrels per day over the next 2-5 years if Ameedi's ouster changes contracting dynamics sufficiently that the MoO is able to find a middle ground with IOCs. For example, Ameedi's ouster could increase the chances of an agreement with BP for a development contract at Kirkuk, and with other IOCs for development at Nasseriya and Majnoon.

U.S.-IRAN TENSIONS IMPACT ON KRG

- **Issue:** KRG leaders worry that U.S.-Iran tensions will have a negative impact on the KRG. In a series of interviews, senior officials expressed concerns about four possible scenarios: 1- kinetic Iranian or Iranian proxy attacks on the KRG, or on U.S. military bases or diplomatic facilities in the Kurdistan Region; 2- Iranian pressure forcing the KRG to end the U.S. military presence in Kurdistan as part of a general withdrawal of U.S. forces from Iraq, to be requested by GOI; 3- a drawn-down of U.S. military forces resulting in a resurgence of IS in areas it formerly controlled, especially in the disputed territories; 4- U.S. sanctions on Iraq or Iraqi entities having direct or indirect impacts on the KRG economy. Of these scenarios, the first is seen as possible but remote, and the other three as potentially very worrying but contingent on political developments in GOI-U.S. relations.
- **Upshot:** KRG officials place a high value on U.S. support, but if push comes to shove, they may have to yield to Iranian demands. As one senior PUK official put it, the U.S. is a "strategic ally" but also highly unpredictable and might withdraw from the region entirely without warning – whereas Iran will always be the KRG's neighbor. A scenario in which U.S. forces leave the rest of Iraq but remain in KRG therefore seems unlikely. KRG officials will be especially focused on lobbying in Washington to ensure that sanctions levied against Iraqi PMF groups or banks that finance them do not have knock-on effects on the KRG economy. The odds of this lobbying effort's success are good, but not certain, especially in a scenario in which U.S. forces are forced to withdraw from the country entirely. Notably, any sanctions that devalue the Iraqi dinar would negatively impact the KRG regardless of whether that is a desired outcome. On the upside, the KRG may have some success at portraying itself as a source of pro-Western influence inside Iraq: Kurdistan's natural gas, in particular, could in theory serve as an alternative to Iranian imports for power plants in central and southern Iraq, though there are several hurdles to that potential being realized.
- **Potential barrel impact:** In a worst case scenario, the entirety of the KRG's export line throughputs (550,000 bpd) could temporarily be jeopardized. This unlikely scenario could come to pass if, as a byproduct of U.S.-Iran and U.S.-PMF tensions in which the KRG clearly sided with the U.S., there were another outbreak of violence in Iraq's disputed territories akin to what transpired in the aftermath of the KRG's September 2017 independence referendum. At that time ISF and PMF forces threatened to take Feshkabur, where the KRG export line ties into the Turkish side of the ITP. A repeat of that scenario could theoretically cause a temporary loss of KRG control at Feshkabur, which until resolved would derail KRG (and NOC Kirkuk) exports).

FUTURE OF MNR LEADERSHIP REMAINS IN FLUX

- **Issue:** Ashti Hawrami remains – in his capacity as advisor to the PM on energy matters – the de facto day to day manager of the KRG's Ministry of Natural Resources (MNR). Multiple political sources say that KAR Group chairman Baz Karim is still the front runner to succeed Hawrami and take the MNR mantle, although there is a wild difference of opinion among stakeholders as to a likely timeframe.

- **Upshot:** Baz Karim to MNR rumors have existed in one form or another for years. While the current iteration of this speculation appears to have a lot more substance than prior versions, it is still too early to describe Karim's shift from KAR chairman to MNR head as inevitable. Ultimately, the decision on whether and when to appoint Karim rests in the highly centralized KDP decision making apparatus, which for all intents and purposes consists of Masrur and Masoud Barzani. In the interim, PM Masrur Barzani is formally the acting Minister of Natural Resources, while Hawrami retains oversight and continues to hold many of the functions – including in engagement with IOCs – that he did as minister.
- **Potential barrel impact:** The absence of a permanent Minister of Natural Resources may not have an immediate negative production impact. However, the disruption to bureaucratic approval processes inherent in not having a minister or smoothly operating Regional Oil and Gas Council may serve to delay future mid-term production growth.

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