



# IRAQ OIL REPORT

## IRAQ OIL AND FINANCIAL DATASET ANALYSIS: DECEMBER 2018

### INTRODUCTION

This edition of the IOFD monthly analysis covers the following topics:

- December production hits record highs
- Increased production comes despite cuts to several state fields
- JODI reporting confirms October production hike, despite export drop

### PRODUCTION UP, DESPITE STATE CUTS

Our data suggests an all-time production high in December, driven by modest increases at North Oil Company-operated Kirkuk fields, and at Halfaya, while other IOC-operated fields fairly uniformly produced near recent record highs following a series of recent sporadic curtailments.

Notably, when queried about Iraq's OPEC quota, Iraqi officials generally say that that cuts will come from state operated fields. But in December, all-time record production happened despite significant cuts from state-run fields. By means of example, the combined production total of Majnoon, Luhais, Nahr Bin Umar, Ratawi and Tuba in November was 505,000 bpd; in December it was 388,000 bpd.

MoO officials are advertising that they will comply with the OPEC production quota by cutting from state fields. However, they are already cutting from many of those fields, and the result was still country wide record production. The upshot is the MoO will either have to order further significant cuts at state fields (either in the south, or Kirkuk), cut at IOC fields too, or flout OPEC cuts.

### IRAQ'S JODI REPORTING CORROBORATES OUR PRODUCTION DATA

We just added Iraq's reporting on domestic crude consumption and refined product imports/exports for October and November (36-62:K-L) to the 2018 IOFD spreadsheet.

In our data update for October 2018, we noted an increase in production to a then record high 4.912m bpd (cell 9:K), despite a country-wide month on month drop in exports from 3.95m bpd in September to 3.87m bpd in October.

Iraq's October JODI reporting claims the addition of some 196,000 bpd to storage (60:K), by far the highest figure for 2018 (the next highest figure is 60,000 bpd in February).

The upshot is that Iraq's JODI reporting adds confidence to our estimates, as it confirms that Iraq's production could indeed jump even as exports slightly stagnated.

### DECEMBER SOMO SALES PRICE WELL BELOW 2019 BUDGET ASSUMPTION

SOMO average sale price for the year was \$65.58 per barrel (cell 23:N), which is significantly above the expectation set in 2019 Iraqi budget for \$56. That said, December sale price was \$52.80 (23:M). So there is rationale to argue that the 2019 budget has a reasonable oil price estimate, or that it's too aggressive.

#### Iraq Oil and Financial Dataset (IOFD)

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