

Production Report

Ministry of Natural Resources
Kurdistan Regional Government

Jan - Aug 2014





Introduction

This report provides a summary of crude oil and natural gas production, refining and sales (local and export) in the Kurdistan Region of Iraq from 2003 until the end of August 2014. Over that period, production has grown steadily and sustainably. In 2015, the Kurdistan Region can expect to see the most significant rise in production to date as flows increase toward the mid-term target of one million barrels per day by end 2015/early 2016.

As of December 2014, the KRG is exporting almost 400,000 barrels per day, and by end of the first quarter of 2015 that figure is expected to rise to 500,000 bpd. Production for refining and domestic consumption continues at around 120,000-150,000 bpd. As KRG production continues to increase, so too will its export to the international market through the Kurdistan crude pipeline and the trucking arrangements through Turkey. The revenues from all export activity will be treated as part of Kurdistan's constitutionally mandated share of the federal budget and will continue to benefit the people of the Kurdistan Region and Iraq.

In 2014, the Region's share of fuel products from the Federal Government halted due to the instability in areas of Iraq that were administered by the federal authorities. As a result, the Kurdistan Region was forced to become self-reliant on its own production and imports of fuel products in order to satisfy its domestic needs. These imports mostly occurred through the crude oil for products swaps arrangement the KRG has established through Turkey.

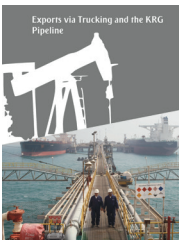
The Kurdistan Region remains focused on its plans to substantially increase oil production after reaching its initial target of one million barrels per day.



Contents



**Production and Refining
(Page 4)**



**Exports via Trucking and the
KRG Pipeline (Page 5)**



**Local Sales & Exports via
SOMO (Page 6)**



**Domestic Oil Consumption
(Page 7)**



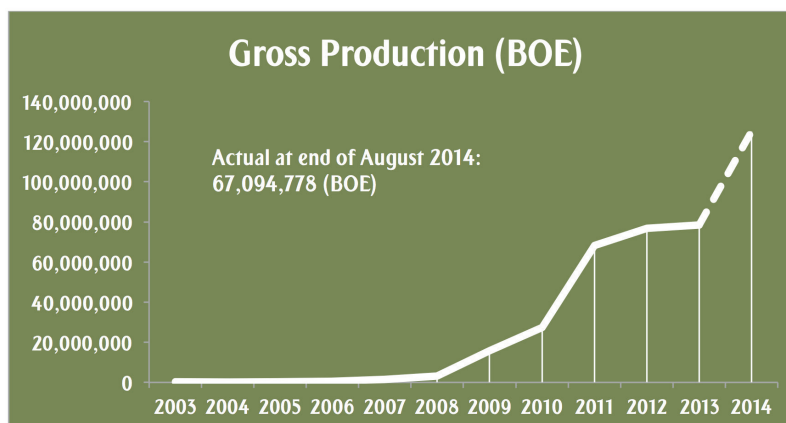


Production & Refining

2014 Forecast

Gross Production (BOE)

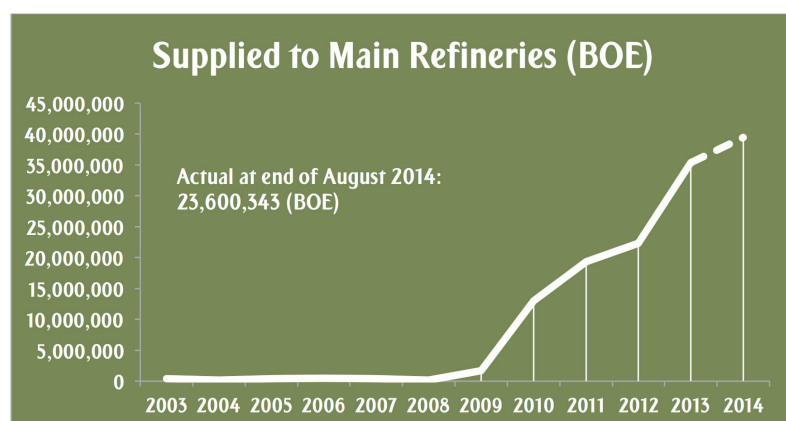
2003	395,945
2004	160,599
2005	367,738
2006	506,269
2007	1,524,211
2008	3,117,172
2009	15,689,046
2010	27,483,775
2011	68,231,486
2012	76,706,152
2013	78,463,518
2014	125,094,778
Grand Total	397,740,689



Gross Production: Measured in Barrels of Oil Equivalent (BOE), the Gross Production refers to the quantity of oil and gas produced by IOCs operating assets belonging to the KRG.

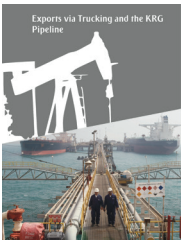
Supplied to Main Refineries (BOE)

2003	395,117
2004	160,599
2005	367,738
2006	505,780
2007	391,617
2008	178,429
2009	1,716,206
2010	13,039,469
2011	19,357,929
2012	22,295,663
2013	35,382,470
2014	39,460,343
Grand Total	133,251,359



Supplied to Main Refineries: Measured in Barrels of Oil Equivalent (BOE), Supplied to Main Refineries refers to the quantity of oil and gas supplied to the MNR monitored refineries; Kalak (operated by Kar Group), Bazian (operated by Bezhah Per) and Tawke (operated by DNO). Almost all of the refined products from the main refineries are consumed locally, except for Naphtha and Fuel Oil which are sometimes exported through Iran to the international market.



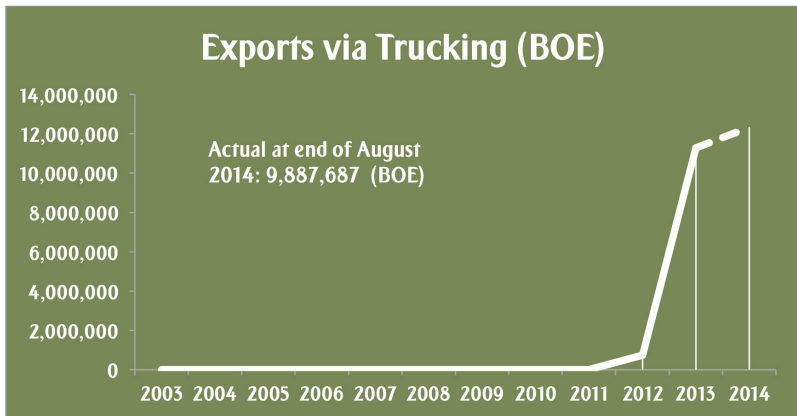


Exports via Trucking & Exports via the KRG Pipeline

2014 Forecast

Exports via Trucking (BOE)

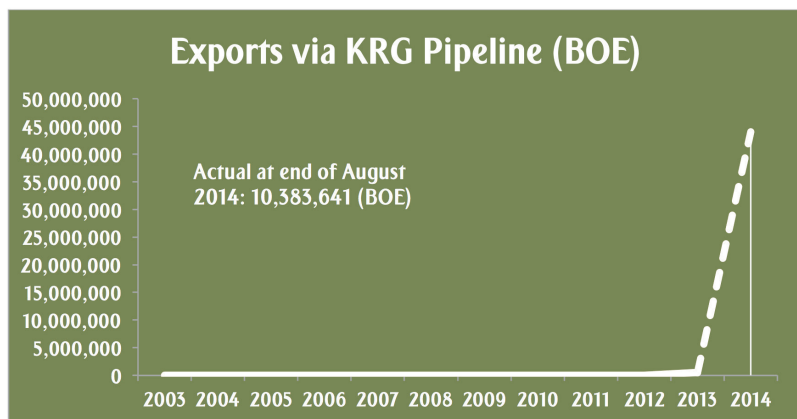
2003	0
2004	0
2005	0
2006	0
2007	0
2008	0
2009	0
2010	0
2011	0
2012	749,567
2013	11,282,860
2014	12,327,687
Grand Total	24,360,114



Exports via Trucking: Measured in Barrels of Oil Equivalent (BOE), Export via Trucking refers to oil exports out of the Kurdistan Region through trucks, under the current crude oil for products swaps arrangement through Turkey.

Exports via KRG Pipeline (BOE)

2003	0
2004	0
2005	0
2006	0
2007	0
2008	0
2009	0
2010	0
2011	0
2012	0
2013	491,121
2014	44,003,641
Grand Total	44,494,762



Exports via KRG Pipeline: Measured in Barrels of Oil Equivalent (BOE), Export via KRG Pipeline refers to exports through the KRG-owned pipeline to Turkey.





Exports via SOMO & Local Sales

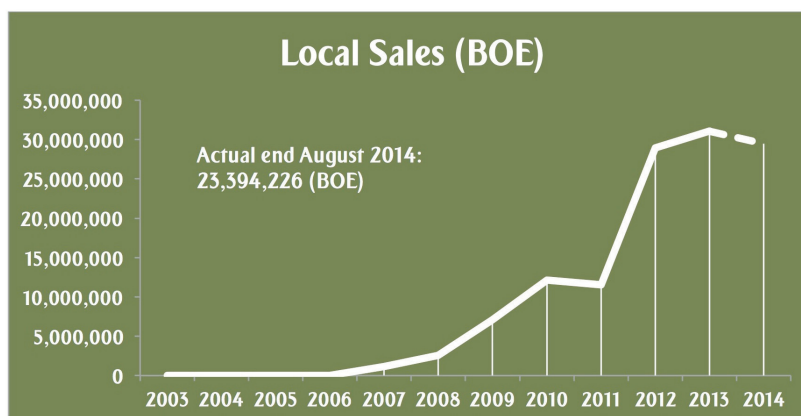
2014 Forecast

Exports via SOMO (BOE)	
2003	0
2004	0
2005	0
2006	0
2007	0
2008	328,708
2009	6,870,351
2010	2,176,791
2011	37,242,281
2012	24,507,213
2013	8,602
2014	0
Grand Total	71,133,945



Exports via SOMO: Measured in Barrels of Oil Equivalent (BOE), Export via SOMO refers to the quantity of oil or gas exported through the State Organisation for Marketing of Oil (SOMO). SOMO is part of the Iraqi Federal Ministry of Oil and manages all petroleum exports out of Southern Iraq.

Local Sales (BOE)	
2003	0
2004	0
2005	0
2006	0
2007	1,118,191
2008	2,594,596
2009	7,065,234
2010	12,152,594
2011	11,512,599
2012	28,953,021
2013	31,053,639
2014	29,474,226
Grand Total	123,924,100



Local Sales: Measured in Barrels of Oil Equivalent (BOE), Local Sales refers to the quantity of oil and gas sold domestically to local buyers. Locally purchased crude oil is processed in country at Topping Plants, and the majority of the refined products are consumed locally (except for Naphtha and Fuel Oil which are sometimes exported through Iran).





2004 - August 2014 Domestic Oil Consumption Summary

2014 Forecast

Iraq Domestic Oil Consumption versus KRG Oil Consumption (Including Contractor Compensation)

Year	Total Consumed in Iraq incl. KRG (BOE)	Total KRG Consumption incl. Supplied by MoO and Contractor's Compensation (BOE)	KRG 17% Entitlement (BOE)	Difference Between Consumed & Entitled (BOE)
2004	139,942,334	14,929,834	23,790,197	-8,860,363
2005	279,709,696	30,597,196	47,550,648	-16,953,452
2006	432,378,699	41,792,199	73,504,379	-31,712,180
2007	557,844,340	53,925,340	94,833,538	-40,908,198
2008	754,159,556	70,660,556	128,207,124	-57,546,569
2009	950,129,816	95,810,816	161,522,069	-65,711,253
2010	1,187,408,699	130,514,699	201,859,479	-71,344,780
2011	1,447,173,673	172,374,673	246,019,524	-73,644,851
2012	1,730,691,732	227,648,732	294,217,594	-66,568,862
2013	2,057,285,486	309,758,231	349,738,533	-39,980,301
2014	2,282,384,733	377,239,021	388,005,405	-10,766,383

2004 - August 2014 Cumulative Oil Consumption Deficit (BOE)
[Including Contractor Compensation]





For more information:

contact@mnr.krg.org

www.mnr.krg.org