

# Reconstituting Iraq's Oil Industry post-Saddam

## ***What would we like to see the Iraqi oil industry look like in five to ten years time?***

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- Production volumes much greater than today
- State of the art technology employed to expand ultimately recoverable volumes
- Benefits flowing to individual Iraqis in as direct and equitable a manner as possible

## ***What it might look post-conflict, in the event of sabotage?***

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- Oil field production facilities aflame a la Kuwait 1991?
- Pipelines (especially pumping stations) destroyed?

## ***What it might look post-conflict, even without sabotage?***

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- **Enormous investment still required**
    - \$30-\$50 billion good ballpark figure
      - Much upstream CapEx needed to revive production
        - Rule of thumb on CapEx; \$1.50 (for some southern fields) to \$3.00 (in the north and elsewhere)
      - Export outlets also critical: Controls, pumping stations required for ITP and Strategic capability (from south to north)
  - **Potential Enterprise Value of Iraq oil industry: \$250 billion to \$750 billion**
  - **Problem: INOC capital investment has always come from internally generated cash flows**
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## ***Existing Debt obligations***

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- Existing foreign debts, nominally \$50-60 billion
  - \$40 billion to Saudi/Kuwait
  - \$5-10 billion to Russians
  - \$5 billion to French
  - \$5-\$10 to others, banks
  
- Crippling ?
  
- Iraqi debt capacity could be expanded somewhat via oil price hedging