

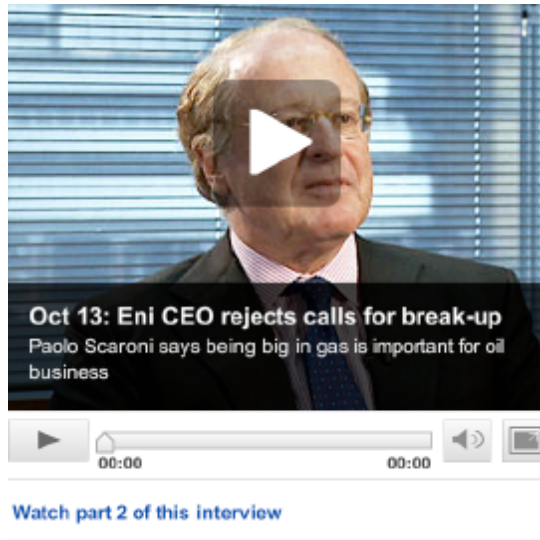
Eni wins Iraq oil field deal

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By Carola Hoyos in London

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Iraq has given a consortium led by **Eni**, the Italian oil group, the right to develop its giant Zubair field, in a deal that signals the country's desire to attract more of the world's biggest oil companies 40 years after nationalising its oil industry.



Tuesday's breakthrough, which needs cabinet approval, came after Iraq sweetened its terms following the failure of a June auction. It could lead to further foreign investment in a country with the world's third-largest oil reserves.

As part of the agreement, the Iraqi government told the Eni consortium to drop **Sinopec**, the Chinese state-owned oil company, as a partner.

Baghdad has vowed to block Sinopec from its oil resources **because of its entry into Kurdistan**, the oil-rich semi-autonomous region in northern Iraq. In June Sinopec agreed to a C\$8.3bn (US\$7.2bn) takeover of Addax, which had a stake in the Kurdish Taq Taq field.

Eni and its minority-share partners – **Kogas** of Korea and **Occidental** of the US – are only the second group of international oil companies to enter Iraq since it nationalised its industry four decades ago. **BP and CNPC** were the only companies willing to accept Iraq's tough fiscal terms in the country's June auction.

Paolo Scaroni, Eni chief executive, told the Financial Times: "**Zubair** is one of the most important oil fields in the world. It is one of very few that is capable of producing more than 1m barrels a day. Because we are going to Iraq, it means we will not be doing other things."

Mr Scaroni said the project would boost the field's production from 200,000 barrels per day to 1.125m b/d within seven years.

Under the agreement, Eni and its partners will receive \$2 for each barrel over 1.125m bpd they are able to pump from the field, which holds reserves of 4bn barrels and is Iraq's fourth-largest. In the first bidding round, Eni – like many of its peers – refused to accept the \$2 payment. Eni had asked for more, but agreed on \$2 after Baghdad sweetened other terms that raised the overall value of the contract.

Iraq is in talks with other companies that walked away in June. [Lukoil](#) of Russia on Tuesday confirmed that it and US partner [ConocoPhillips](#) would restart discussions for Iraq's West Qurna field on Wednesday. Royal Dutch Shell said it was still in talks with Baghdad.

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