
BP and CNPC win bid for Rumaila oil field in Iraq

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It is reported that UK based BP Plc and China National Petroleum Corp won the bid to develop the Rumaila oil field, the largest oil field in Iraq, beating out their counterparts.

According to the statement of the Iraqi government, the consortium of BP and CNPC won a 20 year contract to develop the oil field.

BP and CNPC reached an agreement to increase daily oil output to 2.8 million barrels from the current output of about 1.1 million barrels. Previously, the Iraqi government expressed the hope that investment contributed by foreign firms could increase Rumaila oil field's daily production capacity to 1.75 million barrels.

Although BP and CNPC had requested USD 3.99 remuneration for each extra barrel of oil produced, the consortium accepted the terms of USD 2 a barrel proposed by the Oil Ministry of Iraq.

The remuneration of USD 2 a barrel is relatively low, said an expert on Iraq issues at the Chinese Academy of Social Science adding that the risk of exploration and development of the oil field is also relatively low.

Some data indicates that Iraq's proven oil reserves may be 214 billion barrels, accounting for a 10% share of the world's oil reserves, following only Saudi Arabia and Iran.

(Sourced from Chinaknowledge.com)

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