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RUSSIA:

Oil Production-Sharing Agreement With Iraq

Russian Fuel and Energy Minister Rodionov signed an agreement last week to develop Iraq's Western Qurnah oilfield. Industry sources say the deal could be worth \$70 billion through the year 2020. Western Qurnah has reserves estimated at 8 billion barrels and could produce some 600,000 b/d of crude five years after work begins.

- The deal is Moscow's first production-sharing agreement with a Third World partner. Iraq will have a 25-percent share. The rest will go to a consortium of Russian companies formed by Lukoil, Mashinoeksport, and Zarubezhneft.
- Moscow and Baghdad also formed a drilling company that is 52 percent owned by Iraq. The company will work on Iraqi projects and will bid on projects in third countries after sanctions are lifted, according to press reports.
- The agreements must be ratified by legislatures in both countries.

Rodionov publicly repeated assurances that UN sanctions would be observed, and press reports suggest Moscow intends to go ahead only with permitted activities, such as inventorying Russian equipment left in Iraq during the Persian Gulf war and trying to arrange financing.

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