Exxon Mobil Boss Meets Iraqi Leader

ADAM SCHRECK, Associated Press

BAGHDAD (AP) — Iraq's prime minister met with the head of Exxon Mobil on Monday to discuss the firm's plans in the country, raising the possibility that Baghdad could be mending its dispute with America's largest oil company.

Exxon is helping to develop one of Iraq's largest oil fields, but it has infuriated Baghdad by signing separate deals with the OPEC member's largely autonomous Kurdish region to hunt for crude there too.

Baghdad and the Kurds have been at loggerheads for years over rights to develop Iraq's vast oil wealth, but tensions have been on the rise in recent months. The Kurds, who have their own armed forces, have signed dozens of deals with foreign oil companies since the 2003 U.S.-led invasion.

Recently, the Kurds began trucking oil pumped from their self-rule region into neighboring Turkey, prompting allegations of smuggling and threats of lawsuits from Baghdad. Iraq's central government does not recognize the Kurdish agreements, which offer more generous terms than its own. It believes it should manage the country's oil policy and wants all exports to travel through state-run pipelines.

Iraq announced the meeting between Prime Minister Nouri al-Maliki and Exxon Chairman and CEO Rex Tillerson in a brief statement following the talks in Baghdad. It offered few specifics, saying that the men discussed the company's activities and working conditions in Iraq.

Tillerson said Exxon was eager to continue and expand its work in Iraq and "will take important decisions in this regard," according to the statement.

The Exxon chief also met with U.S. Ambassador Robert S. Beecroft during his visit to the Iraqi capital, said embassy spokesman Frank Finver. He would not provide further details.

Exxon spokesman Alan Jeffers declined to comment to The Associated Press. Ali al-Moussawi, a spokesman for the prime minister, would not elaborate on the government's statement.

Exxon, based in Irving, Texas, reached a deal with the Kurds to hunt for oil in their largely autonomous region in late 2011. That deal is particularly contentious from Baghdad's point of view because it includes the exploration of land claimed by both the Kurds and Arabs.

Dueling claims to disputed territories running along the Kurdish region are seen as one of the gravest threats to Iraq's long-term stability. An exchange of fire in one

disputed city in November prompted a military standoff, with both sides sending reinforcements and heavy weapons into the contested area.

Exxon and Royal Dutch Shell signed a deal to develop Iraq's 8.6-billion-barrel West Qurna-1 oil field in 2009. But Exxon has been looking to get out of that contract so it could focus on the Kurdish deal instead.

A spokesman for the Kurdish regional government, Safeen Dizayee, downplayed the significance of Monday's meeting.

"What is important is the results of this meeting, not the meeting itself," he said. "We have not seen any change in Exxon Mobil's policies regarding its work in Kurdistan."

Iraq sits atop the world's fourth largest proven reserves of conventional crude, with about 143.1 billion barrels. Oil revenues make up 95 percent of the country's budget — a portion of which is earmarked for the Kurdish region.

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