

From National Oil Companies to Militian Oil Companies

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“ *Libya’s oil production and exports are under the rule of the militias. The ports of Es Sider and Ras Lanuf (both are in Tripolitania) have just reopened after an agreement has been reached between the Libyan government and the separatist rebel militias of Cyrenaica. And, after several months of stop, El-Sharara field (in the Murzuq basin) has just restarted to produce, after the Tuareg (Berber) and Toubou protesters stopped blocking its connecting pipelines. Both the militias and the non-Arab protesters call for federalism and autonomy or at least a better sharing of the oil revenues. Their leaders have even announced the launching of their own oil companies and tried to sell crude oil, out of the control of the Libyan central government and Libya’s National Oil Corporation (NOC).*

In Iraq, the Kurdistan Regional Government (KRG) is openly challenging Iraq’s central government by directly exporting crude oil, out of the control of the State Oil Marketing Organization (SOMO). The Kurds hope to secure by the end of the year an independent and economically viable Kurdistan through its oil revenues. With a current capacity of 450,000 barrels per day (by the combination of the fields of Kirkuk and Bai Hassan), and an expected 1,000,000 b/d by the end of 2015 (and the double by the end of 2019), KRG is now a significant oil producer.

In both Syria and Iraq, the Sunni rebel militias, especially the Islamic State - formerly the Islamic State of Iraq and the Levant -, also took control of several fields. They would control 60% of Syrian oil.

In Saudi Arabia, the Saud family fears that, with the help of Iran, the Shia community in the Eastern Province of the Kingdom could take the control of most of the Saudi oil and also of Saudi Aramco, in which more than two thirds of the employees are Shias from this area, according to Bruce Riedel of the Brookings Institution in Al Monitor.

Crude oil producing countries have invited foreign state-owned and private companies to develop their oil reserves because of the large amounts to spend upfront (capital expenditures) and a lot of the national oil companies are now facing the challenge of local separatist militias which see in oil their survival and the tool to reach their objectives. This phenomenon seems at its start only. As of now, it is observed in both Africa and the Middle East where the nation state, democracy and decentralization concepts have never been solidly implemented.”