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Policy Paper: Strategic Restructuring and Rebuilding of Syria's Oil&Gas Sector

Created by Ghiath Bilal, on 15.03.2025, (Updated on 30.03.2025, ver. 01)

Contents

Overview of Key Changes

	Revesion	Date	Update summary
	Rev. 00	15.03.2025	First issue

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	Rev.01	30.03.2025	**Section 2 – Current Status and Challenges,** Expanded analysis of Syria's current oil and gas production levels, updated field-specific data, and added a detailed explanation of the "Control Disputes" including legacy contracts and the SDF-government agreement. **Section 3 – Roadmap for Rebuilding and Restructuring,** Added a conceptual overview outlining the strategic rationale and long-term vision behind the phased roadmap, emphasizing Syria's potential as a regional energy hub.

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1. Executive Summary

Syria's oil and gas sector, once a key pillar of the national economy, has been severely disrupted by conflict, infrastructure destruction, and international sanctions. Before 2011, Syria produced 400,000 barrels per day (bpd) of crude oil and 30 million cubic meters of natural gas per day. However, production has now declined to 80,000 bpd, with only 20,000 bpd effectively supplied, and gas production has fallen below 10 million cubic meters per day. Over 90% of Syria's oil and gas reserves remain under the control of the Syrian Democratic Forces (SDF), complicating efforts to restore operations and attract investment.

Recent developments, including the March 2025 agreement between the Syrian government and the SDF, aim to unify oil and gas operations. Additionally, Syrian Minister of Oil & Gas, Ghiath Diab, has called for the return of international companies, signaling Syria's readiness to reintegrate into the global energy market.

Syria's strategic location gives it potential to become a regional energy transit hub. This roadmap offers a phased approach to stabilize production, modernize infrastructure, and strengthen sector governance. It aims to balance short-term recovery with long-term transformation and regional integration:

1. **Immediate Stabilization** (0-6 months): Assess damages, restore limited production in key fields, and engage in diplomatic efforts to ease sanctions.
2. **Rehabilitation and Capacity Expansion** (6-24 months): Focus on increasing crude production through well rehabilitation, improving transport logistics, and training a skilled workforce.
3. **Modernization and Sustainability** (24-60 months): Implement advanced recovery techniques, modernize refining processes, and Position Syria as a regional energy transit hub via pipeline infrastructure and cross-border corridors.

Germany can play a key role in this recovery by mobilizing energy firms, providing governance and technical expertise, and offering financial support for refining upgrades, environmental remediation, and workforce development.

It is in the EU's long-term interest to integrate Syria as an interconnected Eastern Mediterranean energy hub, providing access to the European market for both gas and electricity.

2. Current Status and Challenges

Before the outbreak of conflict in 2011, Syria had a well-established oil and gas sector that played a vital role in the national economy. The country produced in 2010 over 400,000 bpd of crude oil and had a proven oil reserve of approximately 2.5 billion barrels according to an estimation by US Energy Information Administration (EIA) in 2015. Most of these reserves located in the northeastern regions of Deir ez-Zor, Hasakah, and Raqqa. In 2010, Syria was rated number 31 among the oil exporters. In addition, Syria produced 30 million cubic meters of

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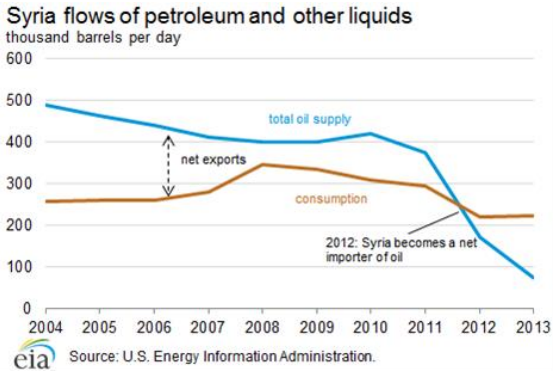
natural gas per day, which was largely used for power generation and domestic consumption. In 2015, the EIA estimated Syria's natural gas reserves at 240 billion cubic meters (BCM). Syria possesses both wet and dry gas.

By 2025, the situation has drastically changed, production has dropped to around 80,000 bpd, but due to operational inefficiencies, effective supply is only 20,000 bpd. Gas production has declined to less than 10 million cubic meters per day, creating severe shortages for industrial and domestic use.



1Syria becomes a net importer of oil after 2012

Over 90% of Syria's oil and gas resources are currently under the control of the Syrian Democratic Forces (SDF), backed by the U.S. A new agreement has been reached between SDF and the central government on March 10, 2025, to integrate oil and gas operations under a unified framework. This deal includes merging military and civil institutions, aiming to consolidate Syria's resource management and gradually restore central control over oil production.

Furthermore, on March 12, 2025, Syrian Minister of Oil & Gas, Ghiath Diab, publicly called on all international oil and gas companies, including Total, Shell, Gulfsands Petroleum, and Suncor, to resume operations in Syria. This initiative reflects the government's efforts to reintegrate the energy sector into the global market and attract foreign investment for rebuilding.

As of 2025, the Syrian government owns and operates three key national oil and gas companies active in the territories under its control:

- Syrian Petroleum Company– operating in the Mahash, Al-Kharata, and Al-Qusibat fields.
- Deir ez-Zur Petroleum Company– managing production in the Al-Mazraa field.
- Al Furat Petroleum Company (AFPC)– active in the Al-Taim, Joula, Nishan, and Al-Bukamal fields.

A notable structural shift following the recent political transition is the reallocation of oil revenue. Under the former regime, Qatirji Company, which held a monopoly over crude transportation, retained up to 58% of oil revenues in exchange for its logistics services. This

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arrangement was widely criticized for enabling elite capture and limiting public benefit from national resources.

Following the regime change, full revenue from oil production now accrues to the Syrian state, marking a critical step toward fiscal transparency and national ownership of strategic assets.

The following list shows the main Oil&Gas resources in Syria and how they have been effected by the conflict.

Oil & Gas Resource	Location	Pre-2010 Capacity	2025 Capacity
Omar Oil Field	Deir ez-Zor	80,000 bpd	20,000 bpd
Rumeilan Oil Field	Hasakah	90,000 bpd	15,000 bpd
Tanak Oil Field	Deir ez-Zor	40,000 bpd	10,000 bpd
Jbessa Oil Field	Hasakah	25,000 bpd	8,000 bpd
Conoco Gas Field	Deir ez-Zor	13 million m^3/day	4 million m^3/day
Suwaydiyah Gas Field	Hasakah	25 gas wells	10 gas wells
Ebla Gas Field	Homs	50% owned by Suncor	Severely damaged
Banias Refinery	Banias	120,000 bpd	30,000 bpd
Homs Refinery	Homs	130,000 bpd	20,000 bpd

The interim Syrian government faces significant challenges in securing stability and rebuilding the country while lacking the financial resources necessary to support this process. Simultaneously, Syria is undergoing a fundamental economic transition—from a state-controlled system to a more liberalized and competitive market. This shift requires extensive structural reforms across all state institutions and ministries to align with the evolving economic landscape. Revenue from Syria's oil and gas resources is critical to funding this transformation and ensuring the provision of essential public services, particularly electricity, which is vital for stabilizing the nation. This will be crucial for generating public resources needed for investment in social services, social protection, and infrastructure to support economic recovery. However, the financial returns from these resources are constrained by numerous challenges:

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Technical key Challenges

- Infrastructure Damage:

Heavy bombardment has destroyed major oil fields, pipelines, and refineries, particularly in Deir ez-Zor and Al-Hasakah. Critical infrastructure such as pumping stations, storage tanks, and export terminals have been extensively damaged, making logistics and transportation of crude oil extremely difficult. In addition, sabotage and illegal tapping of pipelines by non-state actors have further exacerbated the sector's decline, leading to fuel shortages and environmental hazards.

Banias and Homs refineries, previously processing over 250,000 barrels per day, are now operating at a fraction of their capacity (below 50,000 bpd). ears of under-maintenance, supply chain disruptions, and damage from military action have left these refineries struggling to operate at minimal capacity. The outdated technology and lack of spare parts, especially for crucial refining units, have led to increased inefficiencies and reduced product quality. As a result, Syria has been forced to import refined petroleum products, further straining the state's finances and increasing reliance on external suppliers. The inability to produce sufficient refined fuels domestically has also affected electricity generation and industrial activities, deepening the country's economic crisis.

- Unregulated Extraction Practices:

Crude extraction by untrained operators has caused irreparable damage to some fields, reducing long-term production potential and environmental degradation due to crude oil spills and uncontrolled gas flaring. E.g. the last comprehensive soil remediation for contaminated oil fields was conducted in 2010. leading to severe soil degradation, groundwater contamination, and long-term environmental damage. The lack of remediation has also reduced the productivity of many fields, as spills and unregulated extraction have rendered some reserves less economically viable. For the new government, restarting soil remediation presents a major challenge due to the high costs involved and the lack of technical expertise in the sector. Moreover, international environmental standards must now be adhered to if Syria hopes to attract responsible foreign investment in oil and gas redevelopment. Addressing this issue will require strategic partnerships with countries experienced in environmental recovery, such as Germany, which could provide technology and financial assistance to restore degraded sites and prevent further ecological harm.

Legal and Political key Challenges

- Control Disputes:

Over 90% of Syria's crude oil reserves are located in northeastern territories currently controlled by the Syrian Democratic Forces (SDF), creating substantial legal, operational, and political uncertainty. Although the March 2025 agreement between the SDF and the Syrian central government aims to unify management of oil and gas resources, implementation remains fragile and politically sensitive.

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This division of control has delayed investment, complicated production planning, and led to parallel revenue flows that undermine fiscal consolidation. Security conditions in these areas also remain unstable, further hindering access for government entities and international companies.

In addition, legacy contracts and production-sharing agreements (PSAs) signed before the conflict with companies such as Gulfsands Petroleum, Shell (formerly holding a 20% stake in Furat Oil Company), Total, and Suncor remain unresolved. These agreements may still carry legal weight under international arbitration frameworks, potentially exposing Syria to disputes or claims should new investments be launched without formal renegotiations or settlements.

The current situation demands a comprehensive legal reconciliation process, which should involve formal renegotiation of legacy contracts, the establishment of a unified licensing authority, and a new hydrocarbons law that reflects post-conflict realities and international investment standards. Resolving these control and ownership disputes is essential for rebuilding investor confidence and reestablishing operational clarity across the sector.

- International Sanctions:

US sanctions against Syria's energy sector have severely restricted access to foreign investment, technology, and financial transactions. These sanctions have blocked Syrian access to critical equipment needed for oil exploration, refining, and pipeline infrastructure, preventing the sector from modernizing and scaling production.
In addition, restrictions on financial transactions have made it nearly impossible for Syria to secure international funding for rehabilitation projects, limiting the government's ability to restore operational capacity.

Despite these restrictions, the European Union recently suspended sanctions on Syria's oil sector, opening the possibility for European companies to re-enter the market. This decision signals growing recognition of the need to support Syria's energy recovery to stabilize the country. Companies such as Total, Shell, and Gulfsands Petroleum have expressed interest in resuming operations, though regulatory uncertainties and geopolitical concerns remain a deterrent.

The suspension of EU sanctions presents an opportunity for joint ventures, technology transfer, and structured investment mechanisms that could help revitalize Syria's energy industry. However, as long as US sanctions remain in place, full-scale recovery remains limited, as many global energy firms rely on US-dollar transactions, US-made equipment, and financial institutions with ties to American regulatory systems. These restrictions also make it difficult for Syria to import essential refining components, forcing the country to rely on outdated infrastructure and low-efficiency production methods.

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To navigate these challenges, Syria must engage in diplomatic efforts to negotiate phased sanction relief while fostering closer ties with European energy companies that can operate within the framework of suspended EU restrictions. Encouraging alternative financing mechanisms and strategic partnerships with non-Western energy players, such as China and Russia, could also help mitigate the adverse effects of prolonged US sanctions.

3. Roadmap for Rebuilding and Restructuring

Syria's geographic location at the crossroads of the Middle East positions it as a potential energy transit hub between regional producers and European markets. However, realizing this potential requires a comprehensive rebuilding and modernization of the oil and gas sector.

The roadmap outlined in this policy paper is designed to guide this transformation through a phased approach. In the short term, priority must be given to resolving urgent legal and technical issues, reestablishing a clear regulatory framework, and restoring oil and gas production to meet domestic demand and generate much-needed revenue for national recovery.

In the medium term, the focus shifts to building institutional and human capacity, enhancing operational efficiency, introducing new technologies, and exploring untapped reserves. These efforts should be supported by the rehabilitation and modernization of the downstream sector, particularly refining and distribution infrastructure, to ensure self-sufficiency and improve product quality. This phased strategy balances immediate stabilization needs with long-term sectoral transformation, paving the way for Syria to reemerge as a resilient and competitive energy player in the region.

- ### Phase 1: Immediate Stabilization (6 Months)
    - **Conduct damage assessments** for key oil fields and refineries. This involves a comprehensive evaluation of critical infrastructure such as the Omar, Rumeilan, and Tanak oil fields, assessing pipeline integrity, storage tanks, and refining units to determine the feasibility of short-term restoration.
    - **Restore basic production capabilities** in high-yield fields such as Omar and Rumeilan. Emergency maintenance and minimal investment in functional wells can help ramp up production incrementally, ensuring immediate revenue generation.
    - **Secure legal agreements** on extraction rights, particularly in areas controlled by non-state actors. This includes finalizing operational terms under the March 2025 SDF agreement and ensuring that resource control disputes do not hinder initial investment efforts.
    - **Engage with international entities** for phased sanction relief discussions. Diplomatic efforts will be required to clarify EU sanctions suspensions, engage in dialogues with potential European investors, and explore alternative financing mechanisms to bypass US restrictions.

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- ## Phase 2: Rehabilitation and Capacity Expansion (6-24 Months)
  - **Increase crude oil production** by rehabilitating key wells in Omar, Rumeilan, and Tanak fields.
    - Conduct well workovers and enhanced recovery techniques such as gas injection to maximize extraction.
    - Reopen temporarily shut-in wells and drill new wells where feasible.
    - Deploy mobile production units to handle crude processing efficiently while permanent infrastructure is restored.
  - **Expand operational efficiency** through modern well management.
    - Implement digital monitoring systems to optimize field performance.
    - Reduce flaring by capturing associated gas for reinjection or power generation.
  - **Enhance logistics for crude transport and storage**.
    - Repair essential sections of pipelines that directly impact oil exports and local refinery supply, but without diverting major resources from production expansion efforts.
    - Upgrade crude storage capacity to manage production fluctuations and ensure a stable supply chain.
  - **Implement training programs to rebuild a skilled workforce**, leveraging support from oil-producing allies.
    - Establish collaborations with technical institutes in countries like Russia, China, and Germany to train engineers and technicians in advanced extraction and refining techniques.
  - **Establish a legal framework for controlled foreign investments** under international supervision. E,g, develop a structured regulatory framework that ensures investment protections, contract stability, and compliance with international operational standards.
  - **Prioritize infrastructure rehabilitation**, focusing on oil pipelines and refineries. Implement critical repairs on damaged refineries such as Banias and Homs, rebuild export terminals, and replace sections of the pipeline network that have been compromised due to sabotage or aging.

- ## Phase 3: Modernization and Competitive based Sustainability (24-60 Months)
  - **Deploy enhanced oil recovery (EOR)** techniques to maximize existing reserves. Introduce gas injection, chemical flooding, and thermal recovery methods to extract additional oil from mature fields, improving long-term output efficiency.
  - **Introduce clean refining technologies** to mitigate environmental damage. Implement new desulfurization units, improve refining efficiency to reduce emissions.

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- **Encourage partnerships with foreign firms** for investment in natural gas production. Focus on developing new agreements for gas field expansion, particularly in Conoco and Suwaydiyah, which can provide long-term energy security for power generation and industrial use.
- **Diversify energy supply**, integrating renewable energy where feasible to reduce reliance on crude imports. Develop hybrid power plants that integrate gas with solar and wind energy, reducing operational costs and increasing energy security.
- **Position Syria as a regional energy transit hub.** Develop long-term infrastructure plans for cross-border pipelines and storage terminals to connect Syrian production with neighboring countries and international markets.
- **Establish strategic energy corridors with regional partners.** Engage in regional dialogue to facilitate infrastructure agreements with Iraq, Lebanon, and potentially Turkey to support export logistics and regional energy integration.

4. Actionable Recommendations for the Ministry

- **Establish a National Oil & Gas Recovery Task Force** to oversee restructuring and coordinate with international stakeholders.
- **Legal Framework Development** for reintegrating foreign investments while ensuring national sovereignty over key resources.
- **Establish a stakeholder council** to engage local developers, investors, and key players and consider their concerns and interests
- **Establish a collaboration form with Academia and international research centers** to upskill local resources and help attract new (yet proven) technologies.
- **Incentivize Public-Private Partnerships (PPPs)** to attract investment in refining and downstream distribution networks.
- **Environmental Remediation Program** to address soil contamination and oil spill damage.
- **Strengthen Anti-Corruption Measures** to improve transparency in the energy sector and attract legitimate foreign investment.

5. How Germany Can Support this Sector

Germany can play a pivotal role in supporting Syria's power sector reconstruction through both administrative and technical avenues:

a. Administrative Level Support within the Ministry of Oil&Gas:

Syria is undergoing a fundamental economic transition—from a state-controlled system to a more liberalized and competitive market. This shift requires extensive structural reforms across all state institutions and ministries to align with the evolving economic landscape. German expertise can advise at following process:

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1. **Reorganization of Ministry Departments**: Germany can provide expertise to streamline and modernize the Ministry's structure, ensuring better coordination and operational efficiency.
2. **Establishing a Governance Framework:** Support in developing a governance framework that sets clear Key Performance Indicators (KPIs) and ensures accountability and transparency in decision-making.
3. **Policy Development:** Collaborating with Syrian officials to draft policies aimed at attracting both local and foreign investors. This would include regulatory incentives for infrastructure investments and measures to promote renewable energy deployment.
4. **Capacity Building:** Germany can assist in establishing institutional frameworks to empower local authorities and stakeholders through targeted capacity-building programs.

b. Technical Level Support:

- **Provide expertise in modern refining techniques and infrastructure rehabilitation.** Germany can mobilize its engineering and energy firms, such as Siemens Energy and Wintershall Dea, to provide technical assistance in modernizing Syria's refineries and improving energy efficiency. Advanced refining technologies will help improve product yield and reduce operational costs.
- **Offer specialized training programs for Syrian engineers** and technicians. Germany's vocational training institutions and industrial associations can support capacity-building programs that equip Syrian professionals with expertise in refinery operations, pipeline management, and advanced extraction techniques.
- **Advise on policy frameworks for attracting foreign investment** while maintaining regulatory oversight. Germany can provide strategic guidance on designing investor-friendly regulations that balance economic liberalization with strong governance. This includes helping Syria develop transparent bidding processes, contractual frameworks, and environmental compliance standards to attract reputable foreign oil and gas firms.
- **Assist in environmental remediation strategies for damaged oil fields.** German firms specializing in environmental engineering can offer expertise in oil spill clean-up, soil remediation, and water treatment. Germany's experience in restoring industrial sites through sustainable solutions can be leveraged to rehabilitate Syria's heavily contaminated oil production areas.
- **Mobilize German companies and financial institutions to support Syria's energy recovery.** The German government can play a facilitating role in encouraging German energy firms to engage in Syria's reconstruction through structured partnerships. Additionally, institutions such as KfW Development Bank and DEG (Deutsche

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Investitions- und Entwicklungsgesellschaft) can offer financial instruments, grants, and concessional loans to support oil and gas infrastructure projects and workforce development initiatives.

In the long term, Germany, in coordination with the EU, can advocate for Syria's gradual integration into the European energy system by facilitating future interconnections through Cyprus and Greece for both gas and electricity. This would enable Syria to access alternative gas networks and tap into a larger regional electricity market. While such infrastructure requires long-term investment and regional cooperation, it aligns with the broader EU strategy to deepen energy ties with the Eastern Mediterranean and promote regional stability.

6. Summary and Conclusion

Syria's oil and gas sector has been devastated by conflict, resource mismanagement, and international sanctions, leading to a collapse in production and energy shortages. However, recent political agreements and renewed investment interest offer a window of opportunity for recovery.

The roadmap presented in this policy paper provides a structured approach for stabilizing production, expanding capacity, and modernizing the sector over the next five years. Prioritizing crude production increases in Phase 2 will be essential to restoring financial sustainability. Additionally, international cooperation—particularly with Germany and European partners—can help secure vital technical expertise, investment frameworks, and environmental remediation strategies.

Despite ongoing challenges, Syria's resource wealth, combined with strategic policy reforms and international partnerships, can drive long-term recovery. Implementing this phased approach will not only revitalize Syria's energy sector but also lay the groundwork for broader economic stability and future investment opportunities.

This policy paper was authored by Ghiath Bilal to provide strategic guidance to the Oil&Gas Ministry in Syria following recent political developments. The paper presents an actionable plan to stabilize, modernize, and transition the Syrian Oil&Gas sector into a sustainable system.

Ghiath Bilal is an engineering and business development leader with over two decades of experience at globally renowned organizations, including Siemens, Mitsubishi, Babcock & Wilcox, and Hatch Engineering Consulting. He leads transformative projects in the energy sector.

For further information check:

https://www.linkedin.com/in/ghiasbilal/

https://www.ghiathbilal.com/index.php/en/

Syria, Damascus, Kafarsouseh. Tel.: +963 940842421, +4917610494282; Email: info@frankly-solutions.com

Contact info:

Email: gb@bridge-expert.com or Ghiath.bilal@frankly-solutions.com

Tel.: +4917610494282

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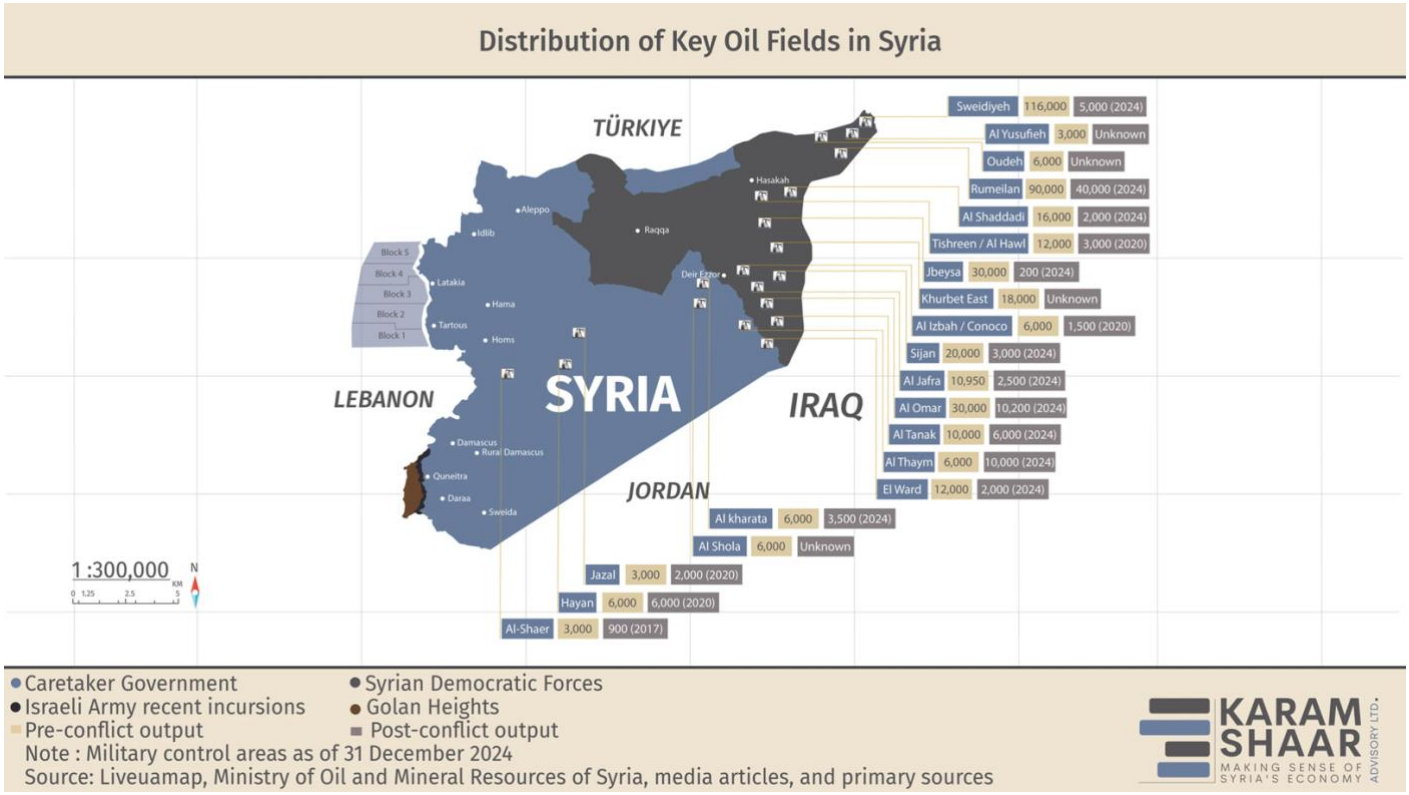
8. Annex:



2Source: Karam Shaar Advisory Limited; Potential and Outlook for Syria's Oil Sector

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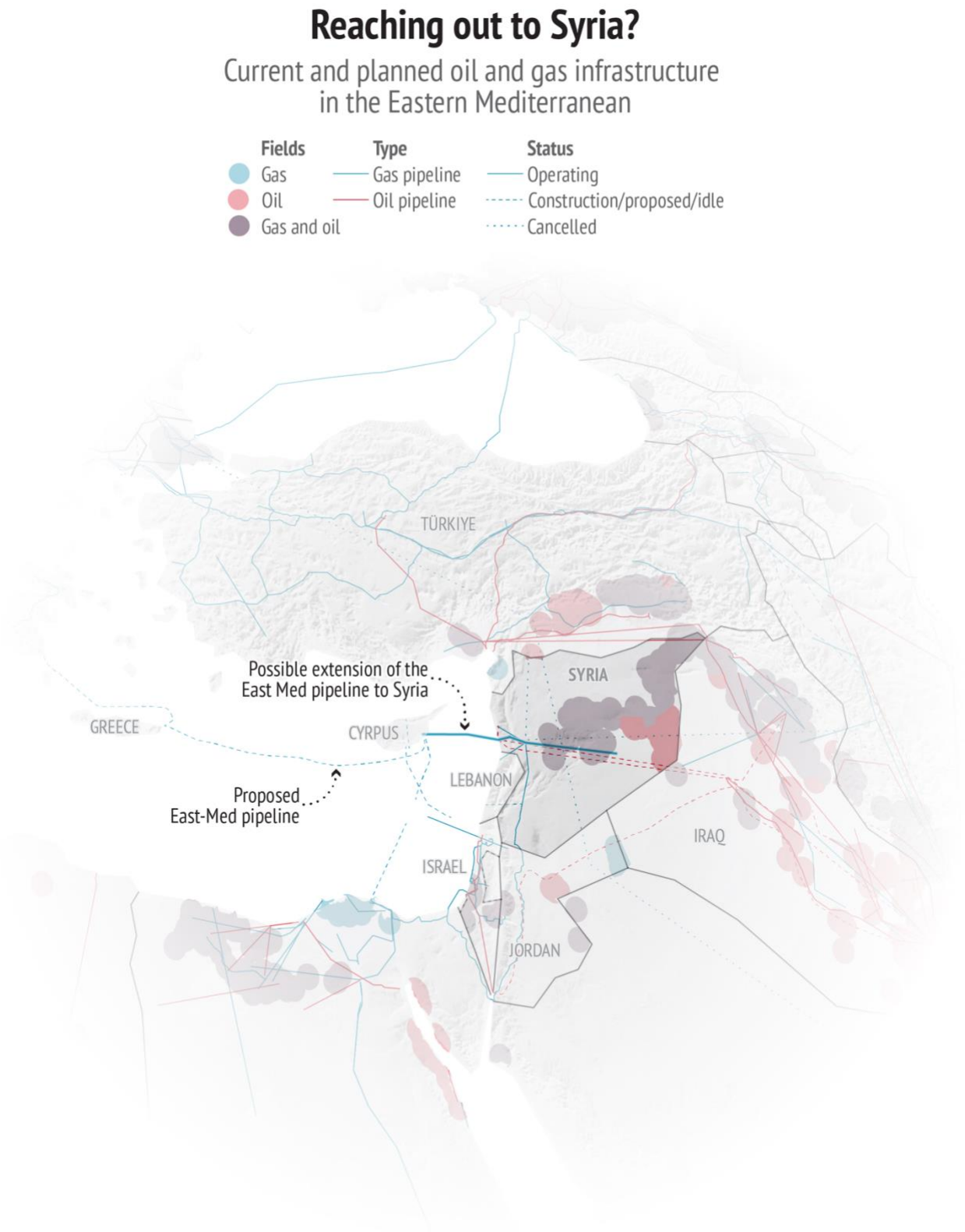

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