

جمهورية العراق
وزارة النفط

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



REPUBLIC OF IRAQ
MINISTRY OF OIL
ECONOMICS AND FINANCE
DEPARTMENT

MR. CLARK TURNER

COALITION PROVISIONAL AUTHORITY
BAGHDAD

PROCESSING OF OIL AND FOOD (OFF) CONTRACTS

RE MR. PHIL CARROLL LETTER OF 12.6.2003 REGARDING
PRIORITIZATION OF "OFF" (MOU) CONTRACTS AS PER SCR 1483 &
THE VARIOUS DISCUSSIONS WITH CPA & UNOCHI OFFICIALS, WE
ATTACH HERewith BOTH A HARD & AN ELECTRONIC COPY OF OUR
PROPOSED PRIORITIZATION OF MINISTRY OF OIL CONTRACTS IN "3"
BATCHES:

- BATCH "1" :FUNDED & L/C OPENED
- BATCH "2": FUNDED BUT AWAITING L/C OPENNING
- BATCH "3" : APPROVE D ONLY (NO FUNDING & NO L/C)

THE PRIORITIES FOLLOWED THE PRINCIPLES & RULES SET
BELOW FOR ALL BATCHES:

P1:
A NEEDED FOR DOMESTIC CONSUMPTION OF OIL PRODUCTS,
LPG, CRUDE OIL PRODUCTION: THIS INCLUDES NECESSARY
CHEMICALS, EQUIPMENT (MOSTLY ROTATING MACHINES,
ELECTRICALS, COMMUNICATIONS & CONTROL, TOGETHER WITH
THEIR SPARES.
B: CONTRACTS WHOSE MATERIALS HAVE ALREADY ARRIVED OR
IN TRANSIT.

P2:
MATERIALS & EQUIPMENTS FOR DRILLING AND EXPLORATION,
FIRE FIGHTING, LABORITES APPARATUS & SUCH LIKE.

P3:
CONTRACTS COVERING SERVICES SUCH AS TRANSPORT &
FIELD EQUIPMENTS

P4:
CONTRACTS NOT OF MEDIUM TERM NEEDS OR WITH
UNRELIABLE SUPPLIERS
PX,PENDING: LOW PRIORITY CONTRACTS REQUIRING FURTHER
INVESTIGATION.

P.?:
CONTRACTS WITH L/C VALUE MOSTLY PAID, REQUIRING BNP
CLARIFICATION REGARDING THE REMAINING SUMS.THESE
COULD BE DUE TO: PENALTIES, VALUE OF SMALL ITEMS NOT
SUPPLIED FOR A LONG TIME AND HENCE CAN BE NEGLECTED,
AS WELL AS BALANCE VALUES RESULTING FROM CURRENCY
EXCHANGE. WE HAVE HANDED OVER THE (P?) LIST TO UNOCHI
FOR CLARIFICATION WITH BNP & SHALL ACTION ACCORDING TO
THE CLARIFICATION RECEIVED .

FURTHERMORE WE ATTACH, BOTH A HARD & AN ELECTRONIC
COPY OF THOSE CONTRACTS WITH (AFTER SALE SERVICES -
ASS) VALUES WITH MORE THAN 10%, TABULATING THE ACTUAL
VALUES & DIFFERENCES LISTED. THOSE CONTRACTS WITH THE
ASS UNPAID ARE MARKED AS (U) IN THE LAST COLUMN..

BEST REGARDS

FOR MINISTRY OF OIL



DR. RADHWAN H. AL-SAAD
DIRECTOR GENERAL (EFD)

Jalal
22.6.03

doc. 2



COALITION
PROVISIONAL
AUTHORITY
REPRESENTATIVE

~~CONFIDENTIAL~~
OFFICE OF THE SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON DC 20310-1000

INFO MEMO

24 May 2004

MEMORANDUM FOR THE DEPUTY SECRETARY OF DEFENSE

From: Reuben Jeffery

SUBJECT: Allegations of Iraqi Oil Corruption

(S) You asked about allegations of corruption involving the Iraqi Oil Minister, Ibrahim Bahr al-Uloum, particularly relating to Ahmad Chalabi. The following allegations have been advanced by historically reliable sources with close ties to Iraqi and Middle Eastern oil figures. Neither their sources nor the allegations can be verified.

- (S) Among allegations involving Chalabi:
 - (S) Muhammad al-Jabouri, the well respected postwar head of SOMO (the exporting/importing arm for Iraqi fuel), was supposedly removed from his post in the fall 2003 because he refused to sell oil to the trading company Glencore (formerly owned by Marc Rich), whose agent in Iraq was Nabil Mussawi, a close associate of Ahmad Chalabi. (Some of this was reported in the press as well.)
 - (U) Chalabi's newspaper published at the time harsh attacks against al-Jabouri on another matter.
 - (S) Glencore, which had been on a SOMO blacklist pending payment of \$10 M based on an export violation before the war, has still not received a contract to purchase Iraqi oil.
 - (S) Nabil Musawi has told people to go through him for dealing with the Oil Ministry. His brother has done the same.
 - (S) Musawi apparently has not been seen at the Ministry lately.
 - (S) The agent in Iraq for Erinys (the South African company awarded the contract for oil facility security), one Mr. Saadoun, is the son of Chalabi's secretary in Jordan, Tamara Balghistani, who supposedly smuggled Chalabi out of Jordan when he was escaping arrest.

~~CONFIDENTIAL~~

CPA 5/12/04

~~CONFIDENTIAL~~

- (U) However, this contract was awarded after competition. Former Senior Oil Advisor Phil Carroll, who had recused himself from the process, understood that the award was based on price.
- ~~(C)~~ Among allegations not involving Chalabi:
 - ~~(C)~~ A deal done for SOMO to buy fuel from the Kuwaiti trading/trucking company Al-Tamniya instead of from the Kuwait Petroleum Company (KPC), from which SOMO already has been purchasing fuel. Since Al-Tamniya would have to buy the fuel from KPC, this deal has meant an unnecessary price increase for SOMO. Unclear why the Iraqi Oil Minister agreed to this.
 - ~~(C)~~ Al-Tamniya, formerly known mostly as a small trucking company, is very well connected and does not have the tough auditors that KPC does.
 - ~~(C)~~ One co-owner is Talal Fahd al-Sabah, the brother of the Kuwaiti Oil Minister.
 - ~~(C)~~ The other co-owner head is Walid al-Houmaydh, who used to employ Bahr al-Uloum, the current Iraqi oil minister, when the latter worked in Kuwait many years back.

(b)(1)

COORDINATION: None

Attachments: NONE

~~As stated~~

Prepared by: (b)(6) (b)(2)

Classified by CPA Representative MA (b)(6) for reasons 1.4 (B and D)
Declassification: 24MAY14

~~CONFIDENTIAL~~

(b)(2)

DATE 5/31

TO: Commissioner Kerik
Phil Carroll
Peter McPherson
General Strock
Walt Slocombe
Ryan Crocker
Robin Raphael
(b)(6)

FROM: Pat Kennedy *PKK*

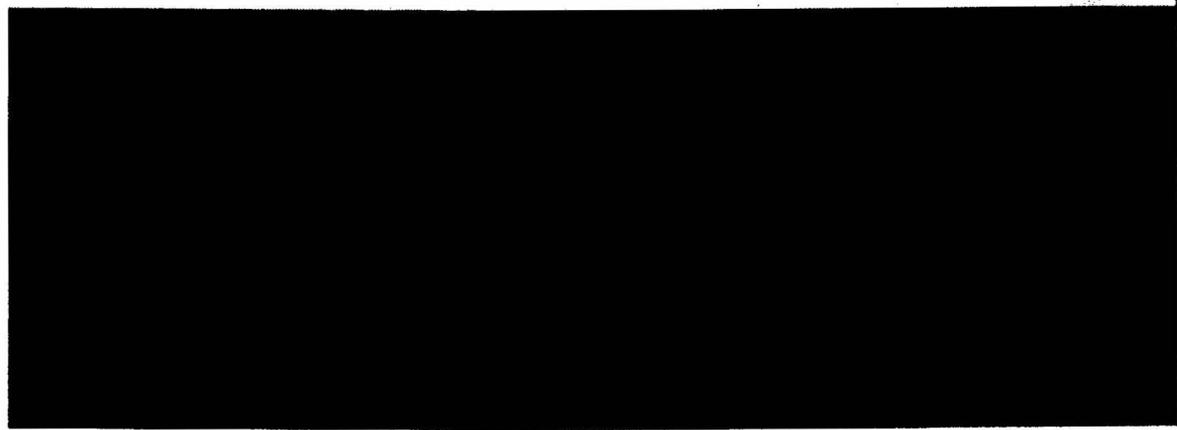
RE: Briefings for the Sec Def

To keep D.C. better informed of our progress here, we plan to start sending written updates to the Secretary of Defense three times a week. We will include a brief paragraph on each of the following issues: security, economy, oil, political process, Baghdad government services, and media.

For at least the next few weeks, we will also include a chart that reflects the preceding week's daily data on the following items: Petrol supply; LPG supply; electricity output in Baghdad; number of police patrols in Baghdad; water volume in Baghdad; number of civil servants paid; and food rations distributed. In other words, our Monday report will show daily LPG supply for the seven days prior to Monday and so on.

Will you please assist by forwarding 1) a paragraph describing major developments in your area and 2) daily data for the preceding week on any item within your area that is listed above? Information should be forwarded to (b)(6) OCPA Baghdad C-Staff C-33. (b)(6) can be reached at (b)(2) or at (b)(2) (b)(6) should receive the information by 5pm every Sunday, Tuesday and Thursday evening.

Thank you.



جمهورية العراق
وزارة النفط
الدائرة الاقتصادية والمالية
العدد: لم/ا/
التاريخ: ١٩ / ٦ / ٢٠٠٣ م
٨١٤٢٢



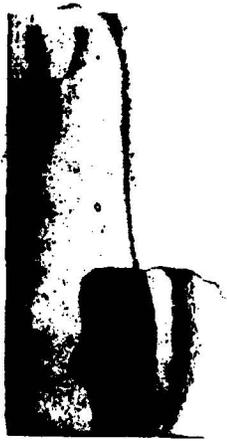
REPUBLIC OF IRAQ
MINISTRY OF OIL

REF.:
DATE:

M.r Clark Turner
CPA Baghdad

Authorized Personell

Re Mr. Phil Carroll's letter In 12.6.2003.
Authorized personal to receiver MOU materials in Daura Refineries are:
- Fakhri yaakoob-Chief Euqineer
- Munther Munim - H/ Stores dept.
- Usama Abdul Razzag- Stores Assistant.
For other receiving points, we shall advise the names latter.
Best regards



RAL Saadi

For Ministry of Oil

Dr. Radhwan H. Hassan AL-SAAD I

doc. 7
UA 030525-08

ACTION MEMORANDUM

May 25, 2003

TO: Patrick Kennedy, Chief of Staff
FM: Robin Raphael, Dir. Ministries Coordination Office (MCO)
SUBJECT: Interim Facilities for Ministries

Summary and Purpose:

We have identified 8 ministries whose headquarter facilities require long term reconstruction or have been destroyed and which have been unable to identify vacant facilities which fall under their ministries' control, authority and/or possession. We have explored many facilities and believe that we have identified alternative locations which would accommodate ministry core staff while their buildings are reconstructed or could serve as permanent facilities for the ministries. We believe that these sites can be quickly occupied and made fully functional with some rehabilitative work. We request that you take appropriate steps to ensure these properties can be officially allocated to the ministries which are not yet operational, on a timely basis.

Discussion:

Thus far, we have yet to develop a process for allocation of public buildings in Baghdad for government ministries for other functions. After nearly a month, patience is wearing thin on all fronts. We need to make decisions on temporary quarters for ministries so they can get on with their work in a modestly efficient manner. We propose the following allocation of property as described in Attachment A.

Recommended Action:

That you approve the attached building allocation plan for ministries.

Approve Disapprove Discuss

PK
HCS
05/25/03

Cleared:

(b)(6) C-Staff
Ministry of Oil, Phillip Carroll
Ministry of Housing/Constr. (b)(6)
Ministry of Trade, Robin Raphael
Info: Ministry of Military Industrialization
Ministry of Education, (b)(6)
Ministry of Irrigation, (b)(6)
Ministry of Interior (civil services) (b)(6)
Electricity Commission

Drafted by: Sherri G. Kraham, Ministry Coordination Office; 5/24/03, 1100 am
d:\ministry alternative space - memo to kennedy 5-24

doc. 8

U 030209 I

EXS HAS SEEN

**Coalition Provisional Authority
Directorate of Oil**

6 June 2003

To Ambassador Bremer

Cc Ambassador Kennedy
Ambassador Raphel

From Phil Carroll, Senior Adviser, Oil

Re **Status of De-Ba'athification Order in the Ministry of Oil**

I refer to the request by Ambassador Kennedy for a status report on the implementation of the de-Ba'athification Order in the Ministry of Oil.

A review has been made of all senior leadership positions in the top three levels of the Ministry of Oil, including the State Owned Companies. Seven applications for exemption have been filed with Ambassador Raphel. Three of these senior persons who were senior party members have been sent home. The other four, all below Senior Member status, have been demoted to positions below the Director General level but are still working pending a decision on the application for an exemption.

Reviews of all other employees at lower levels are underway and should be completed within 10 days. Recommendations for exemptions at these lower levels should not exceed 10 to 15 persons.



doc 9

TO: Ambassador Bremer
FROM Phil Carroll, Senior Oil Adviser
RE Short term outlook for the Oil Industry

This note responds to your request today for advice on the short term outlook for the Iraq oil industry.

In summary, the oil industry is gradually being restored towards pre war levels by the Iraq Ministry of Oil and its associated companies, with the assistance of ORHA, the Military including Team RIO and KBR (a contractor with Team RIO). However, regional gasoline problems will continue to occur over the next two weeks and LPG supply problems will continue for another month. Security and communications will be key issues to be managed over this period.

Crude oil production is gradually increasing and is about 800,000 barrels of oil per day. About 300,000 barrels per day is re-injected into the oil reservoirs (after stripping off the gas and LPG), with the balance sent to refineries in Iraq. A normal level of refinery input is about 600 to 700,000 barrels per day.

We expect the first export of crude oil will be made no earlier than 8 June. The crude oil will probably be sourced from the eight million barrels of stocks held at shipping terminals in Turkey (Ceyhan).

The three major refineries are all operating, although they are operating at less than their capacity due to power restrictions and need for further repairs. Two additional, smaller refineries have also recently been restarted. Gasoline production has been about 6.5 million liters per day or less than 50 percent of capacity and also of requirements.

The State Oil Marketing Organisation (SOMO) and also KBR have been seeking to source additional supplies of gasoline from Kuwait, Turkey and Jordan. Actual supplies received had been less than expected but reached a peak of 6.8 million liters on 27 May. With refinery production, total gasoline supplies were 13.3 million liters on 27 May which is probably close to the normal level of consumption.

Regional shortages of gasoline will continue for some time, especially in Baghdad. In addition, stocks of gasoline are extremely low and any refinery outages or disruptions to imports could result in immediate supply problems especially in Baghdad.

Supply problems will continue for LPG for at least another 10 days. Refineries produce only a small proportion of LPG requirements (about 20 percent) - most LPG is sourced from the gas associated with the production of crude oil. One LPG processing plant (at Kirkuk) that extracts LPG from the gas is currently operating. LPG supplies will increase significantly when crude oil production in the South increases and allows a restart of the South Gas LPG processing plant in the first week of June. Both KBR and SOMO have found it difficult to source significant quantities of LPG from other Middle East countries, primarily due to access to trucks. Imports have been meeting about 10 to 15 percent of national requirements.

offering period longer than usual - 7 or 8 days - b/c only 2 lines. started Monday. expecting final terms negotiated at end of next wk.



COALITION PROVISIONAL AUTHORITY
BAGHDAD

INFO MEMO

October 7, 2003

FOR: THE ADMINISTRATOR
FROM: Irfan Siddiq, GOVERNANCE
SUBJECT: Meeting with Minister of Oil

Ambassador Bremer met today with the Minister of Oil, Ibrahim Bahr al Uloom.

Uloom outlined that his first month in charge had been focused on visiting the south, attending the OPEC meeting and listening to the concerns of Ministry officials. He was not looking to make any immediate changes in the Ministry, he wanted to conduct a comprehensive review, study his options and then implement gradual change. The last thing he wanted was disruption in the ministry.

Uloom asked why public sector employees were not being paid on time in the South. This had led to strikes and disruption in Basra. Southerners had already suffered a great deal, we should do all we could to avoid this. Gen Crear explained that the problem was an administrative failure, it had been agreed that the workers would be paid a specific salary, but were in fact paid a lower amount. Bremer promised we would look into why this happened and make sure there was no repeat in October, which was particularly important because of Ramadan. Uloom also asked about Ministry of Finance instructions stopping incentive payments to workers at the al Dawra refinery. Bremer said he would check with Ministry of Finance immediately.

Uloom moved on to the issue of co-operative projects with neighboring states. Discussions with the Kuwaitis on a pipeline were developing positively. Ambassador Bremer asked that Uloom keep CPA fully informed as the American Embassy in Kuwait could play a useful role. Similar plans with Saudi Arabia looked promising. Once again Bremer supported Uloom's ideas and urged that he build on the contacts Phil Carroll had provided to ensure that the proposals had high level Saudi support. With Iran, Uloom recognized the political sensitivities but was eager to use their offers of extra fuel to meet the peak winter demands. Bremer told Uloom to go ahead and develop the plans after which we would review the situation. Uloom was also enthusiastic on Syria. Bremer explained that an Iraq at peace with all of its neighbors was the goal and we should be looking for co-operative projects, but sensitivities with Syria were currently acute.

Uloom turned to the idea of reforming the Iraqi National Oil Company (INOC); too many tasks were centralized in the Ministry and overly bureaucratic. He aimed to re-create INOC within 12-

UNCLASSIFIED

UNCLASSIFIED

18 months as a separate independent organization that could work more efficiently. Bremer supported the idea and stressed the importance of this idea coming from the Ministry and not the CPA. The Ministry would need to sell the idea to the GC. Uloom mentioned that regular co-ordination meetings between the GC and ministers were taking place every Tuesday and he would raise the idea soon. Uloom also raised the idea of the financing of the Oil Ministry being separate from the normal budget and not beholden to the CPA, to reflect its importance in revenue generation. Bremer replied that the Oil Ministry was already being treated specially (e.g. in the salaries the staff were being paid), but this was not an issue where the CPA was dictating the procedure. The Oil Ministry would have to agree the position with the GC. The important point was for oil revenues to be used for the benefit of the Iraqi people, perhaps through a dividend from an oil trust. Once the INOC is set up and overall use of oil revenue was agreed, then issues such as financing of the Ministry could be addressed.

Uloom's final point concerned statements to the media on oil policy emanating from coalition forces/ CPA. These issues were very sensitive and as the presentation of the FDI law had shown poor presentation could sometimes damage a good policy. Ambassador Bremer made clear that such statements were not authorized and he would seek to clamp down upon them. But he himself could not avoid answering some questions about oil production.

Bremer concluded by notifying Uloom of the intent to run a panel session on downstream investment at the Private Sector Development conference being held in parallel with the Madrid Donors' conference. Uloom or a senior representative from the Ministry should attend.

ATTACHMENTS: NONE

COORDINATION: Ministry of Oil, Rob McKee - ok

UNCLASSIFIED

doc.11

UNCLASSIFIED



COALITION PROVISIONAL AUTHORITY
BAGHDAD

ACTION MEMO

October 20, 2003

FOR: THE ADMINISTRATOR

FROM: Tom Foley, George Wolfe, David Oliver, (b)(6)
(b)(6) Rob McKee

SUBJECT: Recommendations for Comprehensive Subsidy Reform

You have asked us to combine our efforts and prepare for you a plan for comprehensive subsidy reform. We have met and discussed this issue at length and we have considered and incorporated the earlier contributions of Phil Carroll's group including (b)(6) and (b)(6) (b)(6) a July 18 paper by the World Bank, papers by (b)(6) (b)(6) and others, and the opinions of several subsidy policy experts including (b)(6) (b)(6) and (b)(6) of the World Bank and (b)(6) of the Center for Strategic and International Studies. These are our recommendations:

Separation of Certain Reforms

Four broad areas of reforms should be addressed separately. They are:

- **The Food Basket** – A reform policy for the food basket has already been determined and is in the process of being implemented making it difficult to incorporate into other subsidy policy reform.
- **Energy** – Energy subsidies in the form of below market fuel and electricity prices are a large and critical area requiring near term reform. These subsidies are interconnected and require a comprehensive policy.
- **Agriculture** – Agricultural subsidies are significant, but create less critical distortions in the economy than the food basket and energy subsidies. The agricultural sector will be significantly affected by the monetization of the food basket and energy subsidy reform. We recommend agricultural subsidy reform be treated separately and be left for later consideration when the impact of other reforms on the agricultural sector are known and the political effects of agricultural subsidy reform are better understood.
- **Other Subsidies** – There are other subsidies of a less critical nature on isolated goods and services which we recommend be addressed separately and not be included as part of a more comprehensive policy.

UNCLASSIFIED



UNCLASSIFIED

As a result of this separation of subsidy reform, we are only addressing energy policy at this time as the food basket is decided and underway, agricultural reform should wait, and other subsidies can and should be treated individually.

Energy Subsidy Reform Recommendations

We agree on the following recommendations to you:

- **Energy subsidies should be reformed all at once and not in a series of small steps.** Most energy subsidy reforms have been implemented in small steps because governments rarely have the political confidence to implement reforms in one move. However, most experts believe that if the political will exists, the political cost and risk associated with reform is less if the reforms are implemented in one move. These experts say at the same time, however, that single step reform should not be a sneak attack. It must be well communicated and publicly debated in advance. A second reason for recommending a one time move is that in a discussion with the Governing Council we may be forced into a compromise including implementation in several steps. If we start with a proposal for a single move we can go to two or more steps, but it would probably not be possible to go from several steps to a single move.
- **A single step liberalization of energy prices must include a concurrent compensatory payment of cash to cover the increased cost of fuels.** Liberalization of energy prices will increase the costs of energy to consumers. This burden will fall disproportionately on lower income Iraqi's. To be fair and politically acceptable, a compensating payment should be made to everyone in an amount as yet undetermined, but it should be no less than the amount by which the typical lower income Iraqi's fuel costs rise.
- **A cash compensation payment to ease the burden of increased energy prices should be structured to be temporary.** The cash compensation payment should be fixed in amount, not indexed, and should contain other features to assure it does not become a permanent subsidy.
- **Fuel subsidy reform should be implemented by having the Ministry of Finance impose a fee at the refinery equal to the regional parity price of crude oil plus appropriate delivery costs.** All operations would be required to operate without any financial subsidy and would be required to earn and remit a return on capital, thereby forcing them to price all oil related products at or near market prices.
- **Electricity subsidy reform should be implemented by raising electricity prices to regional free market rates.** Rates for all consumers of electricity should be raised at the same time as fuel prices, but enforcing payment by residential customers at the new rates should be introduced gradually taking into account political factors and changes in demand on the electrical grid resulting from increased fuel costs.
- **Two interdepartmental task teams should be staffed with fulltime people to implement the food basket monetization program and energy subsidy reforms.** Properly implementing both subsidy reform programs will be challenging. We believe it will best be done by two dedicated teams. The food basket team would take-on responsibility for implementing the monetization payment system for both subsidy

UNCLASSIFIED

UNCLASSIFIED

reform programs. The food basket monetization team would report to OMB. The energy subsidy reform team would report jointly to the Directors of Economic Policy, Private Sector Development, and OMB, with OMB serving as the primary report on implementation matters.

- **A number of implementation challenges should be addressed soon and aggressively.** To ensure successful reform implementation a number of challenges with long lead times must be addressed soon. The most important of them are:
 - Determine the details of the energy reform proposal including the implementation date, the amount of the compensatory payment, and other requirements for its implementation.
 - Begin consultation with the Governing Council in November and, as soon as possible thereafter, announce the plan for public comment.
 - Develop a means for making a compensatory payment by the implementation date.
 - Begin working with the Ministry of Oil, Electricity Commission and others to prepare for the impact of subsidy reform. For example, developing stockpiles in anticipation of demand fluctuations, ensuring that opening of new retail outlets for fuel is unrestricted, developing means for addressing the lack of volume measuring equipment at many retail outlets, and managing the significant influx of cash revenues and changes to many Ministry budgets that will result.
 - Initiate study of legal/regulatory impediments that constrain competition in refined oil markets – wholesale, retail, and import markets – in order to improve competition and influence scope for consumer price increases.

An open issue we have decided to leave for you to consider is the timing of energy subsidy reform. We believe the feasible options are to implement it March 1 or concurrently with the monetization of the food basket on July 1. We have identified pros and cons for each, but as a group had no strong opinion either way. The advantages of each as we see them are the following:

Advantages of a March 1 Implementation:

- Earlier implementation eliminates market distortions four months sooner.
- Not implementing at the same time as the food basket will result in less potential for too much happening all at once and the risk of resulting implementation problems.
- Cooler weather in March presents less external irritation than July weather and provides 4-8 weeks of milder weather during which adverse political reactions can be addressed.

Advantages of a July 1 Implementation:

- Doing everything at once may consume the least long term political capital.
- Allows four additional months to prepare for energy subsidy reform including implementing the compensatory payment system.

UNCLASSIFIED

UNCLASSIFIED

If you have a strong preference for either date, that will determine it. If not, our group will come-up with a firm recommendation for you as to the better implementation date.

We propose the following action steps:

1. Immediately form and staff the two task teams described above.
2. Have the energy subsidy reform team prepare by November 15 a detailed plan for your approval reflecting the terms outlined above, but including more detail, the amount of the compensatory payment, and detailed implementation steps.

Approve _____ Disapprove _____ Approve with Modification _____

COORDINATION: None

ATTACHMENTS: None

UNCLASSIFIED

Memorandum

6/8/03

To: Mr. Peter Mcpherson, Director Economic Policy

From: Phil Carroll, Senior Oil Ministry Advisor

Subject: Transfer of Military Industrial Corporation (MIC) Companies to Ministry of Industry

As a follow-up to the attached memorandum on the importance of the Iraq industrial base to the restoration of the Iraq oil infrastructure, request that the following MIC companies be transferred to the Ministry of Industry:

- Al-nasr Al-Adeem- Steel fabrication plant.
- ~~Al-Faris- Steel fabrication plant.~~
- Al-Somood- Steel forging, machining and fabrication.
- Ibn Sina Company - Liquid nitrogen manufacturer.
- Al-Zawraa- Electrical switch boards and panels.
- Al-Khazin- Control and instrumentation systems.

The Oil Ministry is a chief consumer of these companies products and the fast start up of these companies is instrumental to the restoration of the oil infrastructure. We have reports from many of these companies that the workers have not been paid recently and much discontent is developing. By transferring these companies they will receive the necessary support and attention.

These are large companies with hundreds of engineers and technicians. It is essential that these companies retain their engineers and technicians to help rebuild the oil industry. We could save 3-5 months by utilizing these companies and help to rejuvenate the economy. There will be a large return in oil revenues from the small amount of money invested. The sooner these people are returned to work the funding will be needed to address the problems occurring from the idle work force in the long run. These are general manufacturing companies that serve a diverse spectrum of the Iraqi industrial base. A majority are have not been looted and are only needing the electricity and money to pay their workers to get started.

Phil Carroll
 Phil Carroll
 Senior Oil Ministry Advisor

10 June
What
Basically, this suggestion
come from a MIM
Dir Gen and is a good idea
but Walt Stocomb's people
have MIM and need
to be 11/20/03

(b)(6)


DATE: 25 June 2003

TO: Ambassador L. Paul Bremmer
Administrator CPA

SUBJECT: Request for Funding For Restoration of Iraq Oil Infrastructure

Summary and Purpose

Funds are requested in the amount of \$298 million for JUN and JUL 03 to continue restoration of the Iraq Oil Infrastructure to prewar levels. DOD/DA assigned the mission to restore the Iraqi oil infrastructure to Task Force RIO (Restore Iraqi Oil). Attachment 1 provides the ORHA Budget Request Form. Attachment 2 provides budget request rationale in the form of TF RIO's Strategic Plan and Rough Order of Magnitude (ROM) Estimate for the restoration of the Iraqi oil infrastructure. This plan has been coordinated with CPA and the Iraqi Oil Ministry (IOM) and is consistent with guidance provided by the Director of Oil Policy and IOM. The estimated remaining cost of restoration is \$1,154,000,000 to be funded in monthly increments as work proceeds toward the prewar oil system capability.

Issues:

Funding detail is provided in attachment 2 ROM is summarized as follows:

• System Restoration	\$ 817,000,000
• System Maintenance and Operating Equipment	\$ 16,790,000
• Vehicles and Heavy Equipment	\$ 54,215,000
• Security, Safety and Environment	\$ 58,145,000
• Communications	\$ 35,694,000
• Other	<u>\$ 416,100,000</u>
Total	\$1,398,240,000
Subtracted Costs already funded	\$ 444,000,000
Contingency	<u>\$ 192,292,000</u>
Total Remaining Cost	\$1,153,752,000

The total ROM cost has been adjusted to subtract costs already funded or obligated on contracts to date, emergency fuel distribution costs, TF RIO costs to date and UXO removal costs to date. A contingency of 20 % is added to the estimate

TF RIO recommends that funding be on a monthly basis to allow us to forecast monthly costs more accurately as we proceed. There is a great deal of uncertainty in the estimate. We have opportunities to reduce the estimated costs and alternatively continued looting and unexpected engineering challenges could increase costs and delay our schedule.

The Congress appropriated \$489 million in the Natural Resource Risk Remediation Fund (NRRRF) to fund this restoration effort. I recommend that the NRRRF be used to fund this effort completely. The balance available in the NRRRF should be released immediately to fund the next 7 weeks effort. However, the total cost of the infrastructure

repair exceeds the amount in the NRRRF. We cannot wait for a supplemental appropriation to increase the NRRRF to the required amount. I therefore also recommend that DOD fund the work required in excess of \$489 million in the interim and concurrently request the additional funds required in the FY03 supplemental appropriation.

Our current estimated monthly funding requirement is as follows:

<u>Month</u>	<u>Amount in \$ millions</u>
JUN 03	118
JUL 03	180
AUG 03	160
SEP 03	150
<u>NEXT BY</u>	<u>546</u>
TOTAL	1,154

The Iraqi oil infrastructure is the heart of the Iraqi economy. It is extremely important that the oil production capability be restored as quickly as possible to prevent delays in Iraq's economic recovery. Additionally, the return to normal oil production will release // the Coalition Forces from the costly import and distribution of gas and LPG and the associated security escort for truck convoys.

Phil Carroll
Director of Oil Policy

BG Robert Crear
Commander, Task Force RIO

doc. 14



TRIGEANT
PETROLEUM

Trigeant, Ltd.
3020 Military Trail, Suite 100
Boca Raton, Florida 33431
561.999.9916 office
561.999.9506 fax

FAX NBR: +1 (703) 693.1483

DATE: 4th August 2003

**OCPAR - Iraq
Office of Coalition Provisional Authority Representative
2500 The Pentagon 2C148
Washington, DC 20301**

**ATTENTION: Mr. Philip CARROLL
Adviser to SOMO, Baghdad**

SUBJECT: Request for Meeting to negotiate Term Crude Purchases

Dear Mr Carroll,

As you may be aware, my company is an independent refiner with 2 facilities in the US Gulf Coast and we are interested in buying Iraqi crude. I am writing to request your assistance in arranging a meeting with SOMO to discuss term purchases.

As a refiner, we are an end-user. Our plant in Corpus Christi is located immediately adjacent to one of the largest topping units, with direct pipeline connections. The Basrah light currently being exported has special properties that few crudes – light or heavy – have and which yields an excellent roofing flux. This flux is a material in which we deal in our niche market.

My staff has been in contact with Mr al-Jibouri regarding this matter. After an interval, we received a copy of SOMO's General Terms and Conditions. Frankly, we have not participated in the UN Oil for Food program and have not had prior commercial relations with SOMO. Thus far, we have not been able to start one.

What we are essentially asking for is an opportunity to discuss the issues and to be able to offer bids on the crude exports. We are interested in a long-term purchase relationship. We are writing to request proposed date(s) to meet with you and SOMO.

We thank you for your attention and I would personally appreciate any assistance you can give.

Sincerely,

**Harry SARGEANT III
President
Trigeant Ltd**

LPE HAS SEEN



COALITION PROVISIONAL AUTHORITY
BAGHDAD

October 4, 2003

Dear Mr. Bremer:

As we have previously discussed, I must now officially step down from my role as the Director of the CPA Office of Oil Policy and the Senior Advisor to the Iraqi Oil Ministry. I believe the wheels are in motion for Iraq to become again a great oil power. I have complete confidence that my successor Mr. Robert McKee will be able to provide you with the necessary support to continue the mission here in Iraq. Further Minister Ibrahim Bahr al-Uloum and Mr. Thamir al-Ghadhban will provide excellent leadership and help guide the Iraqi Oil Industry and their nation toward the goal of a free Iraq.

It has been an honor and a pleasure to work under your leadership. I know that you will succeed in your mission and as an American, I thank you for your effort and sacrifice. If I may ever be of service to you or the cause of creating a new Iraq, I hope you will call on me

Thank you for both your support and friendship.

Sincerely,
Philip Carroll
Philip Carroll



COALITION PROVISIONAL AUTHORITY
BAGHDAD

MEMORANDUM FOR Director of Program Management
Director of Interior
Director of Infrastructure
Director of USAID
Director of Oil
Director of the New Iraqi Army

SUBJECT: Information and Operational Security Guidance

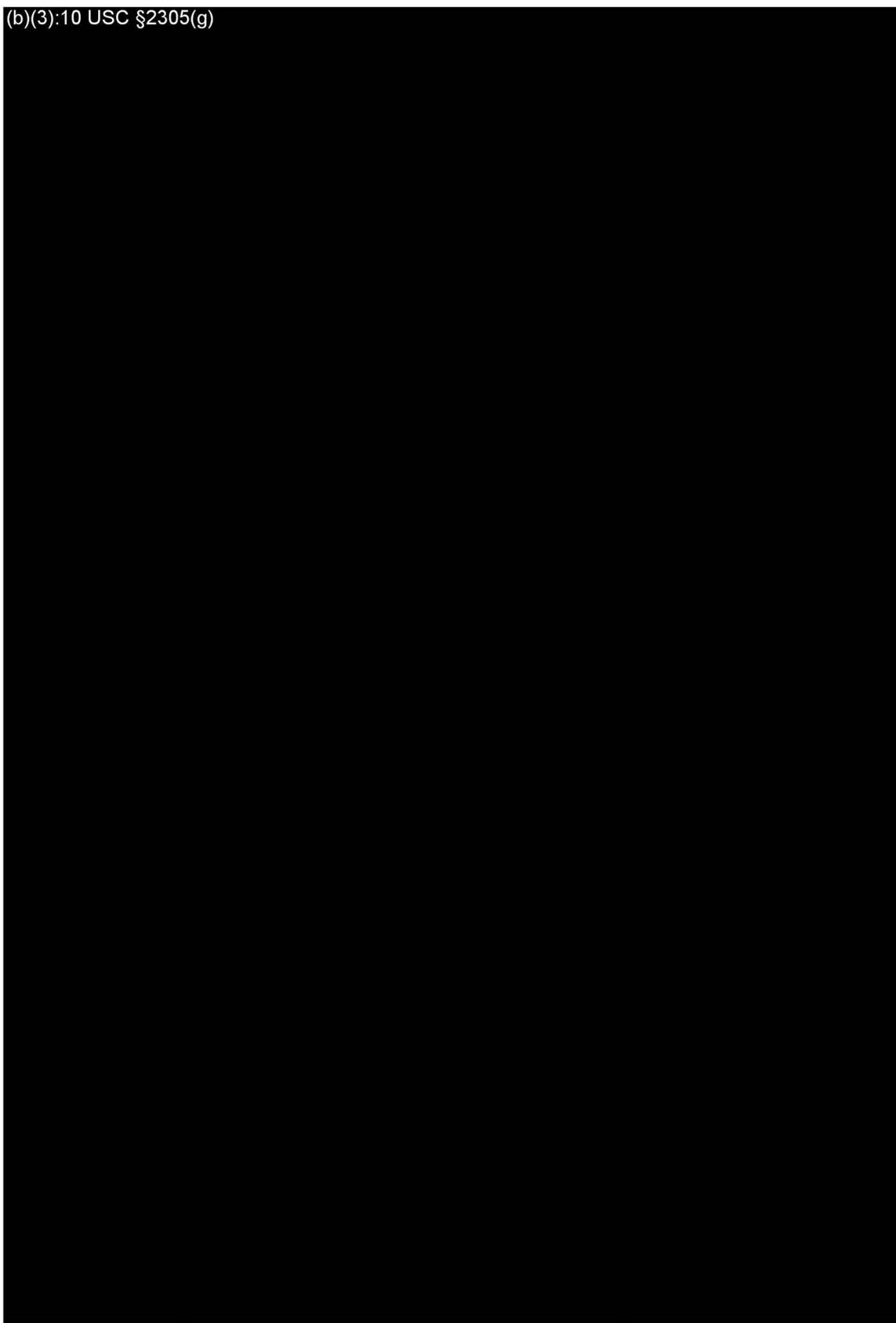
1. This memorandum lays out my guidance on improving the security of information within the Office of the Chief Operating Officer and the Directorates within my office.
2. With continued combat operations, it is absolutely essential that we safeguard all the operational information we touch – classified, sensitive, and privileged. Since my arrival, I have seen incidents where security procedures for operational information seemed lacking. We can never be too safe in this regard and must therefore double our efforts to secure all sensitive information – the lives of our Servicemembers and civilians depend on it.
3. Starting today, I ask each Director to assess the information management and security procedures in their organizations. If required, processes need to be tightened to better manage and safeguard all sensitive information you come in contact with. This effort starts with your direct leadership. It includes better discipline for communications on secured and unsecured nets. It includes better safeguards in the storage of sensitive information. It includes better disposal procedures of paper communications in burn bags. It includes smarter dissemination or non-dissemination of sensitive information. Lastly, it requires all of our attention to ensure we get it right.
4. I ask each Directorate to assess its procedures soonest and to report back to me by 21 December 2003. Use all appropriate operational security regulations to frame your assessment and to implement needed changes.

5. POC, this action, (b)(6) [redacted] DSN (b)(2) [redacted] CELL (b)(2) [redacted] or (b)(2) [redacted]

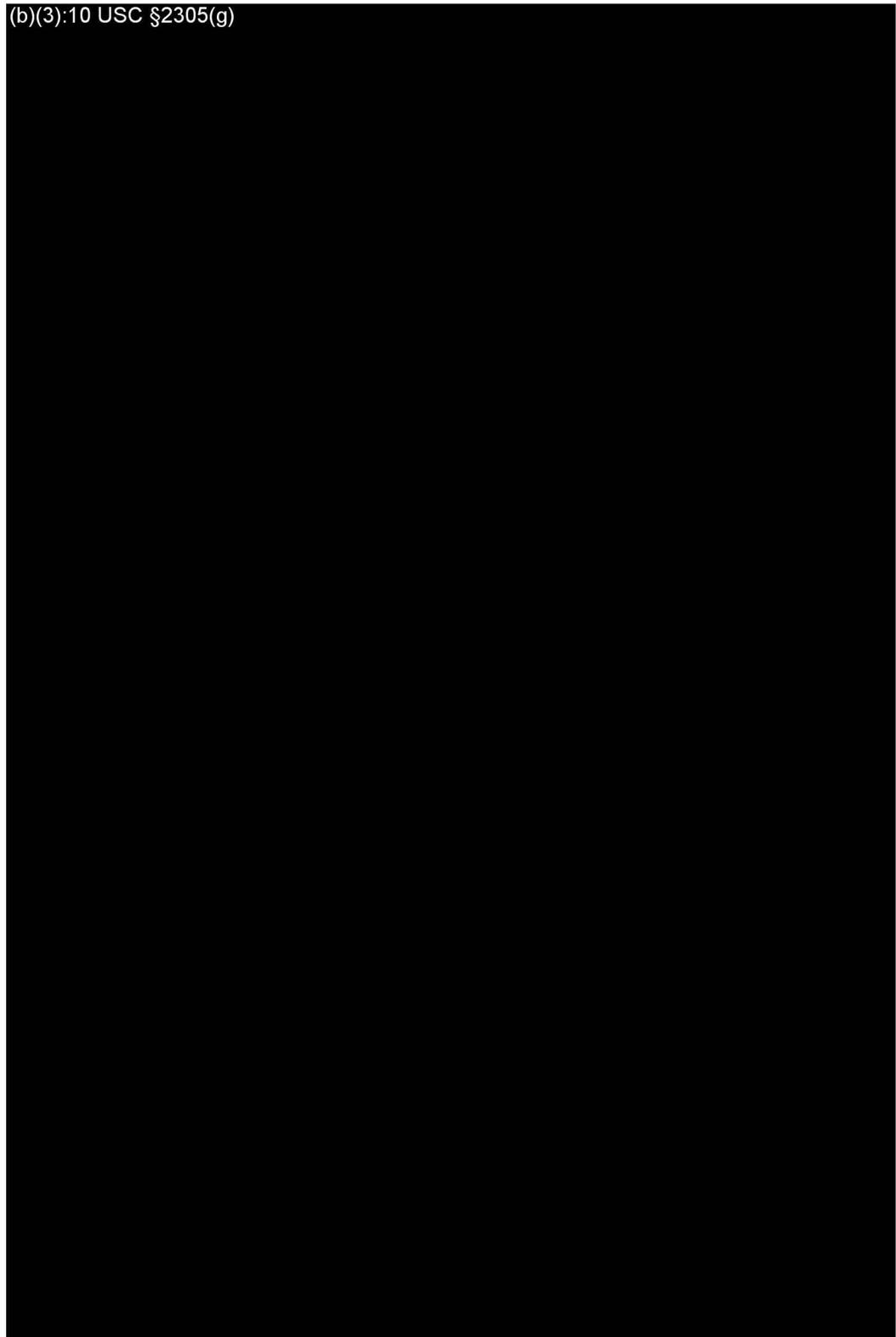
[Handwritten Signature]
Joseph K. Kellogg Jr.
Deputy Administrator and
Chief Operating Officer

UNCLASSIFIED

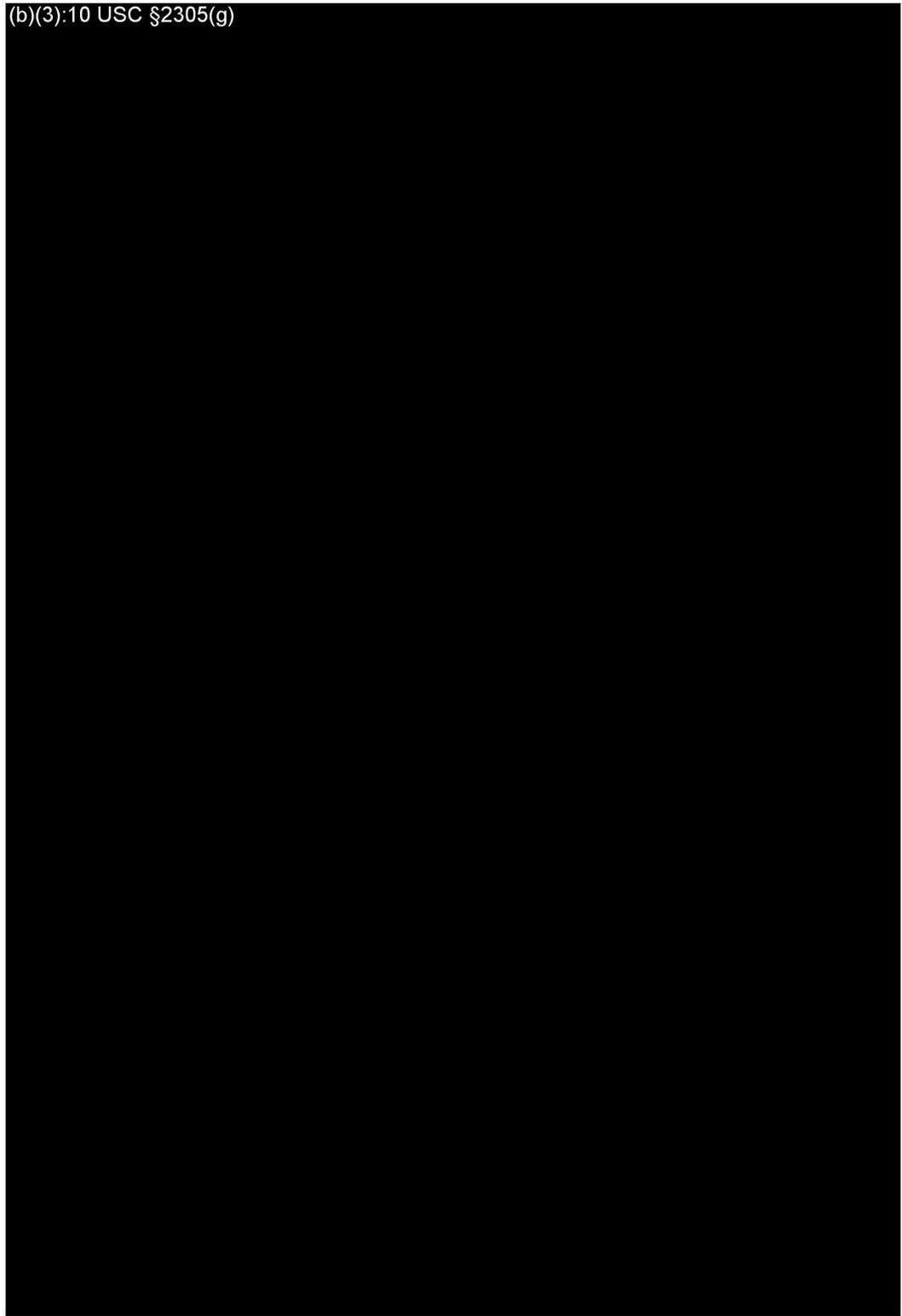
(b)(3):10 USC §2305(g)



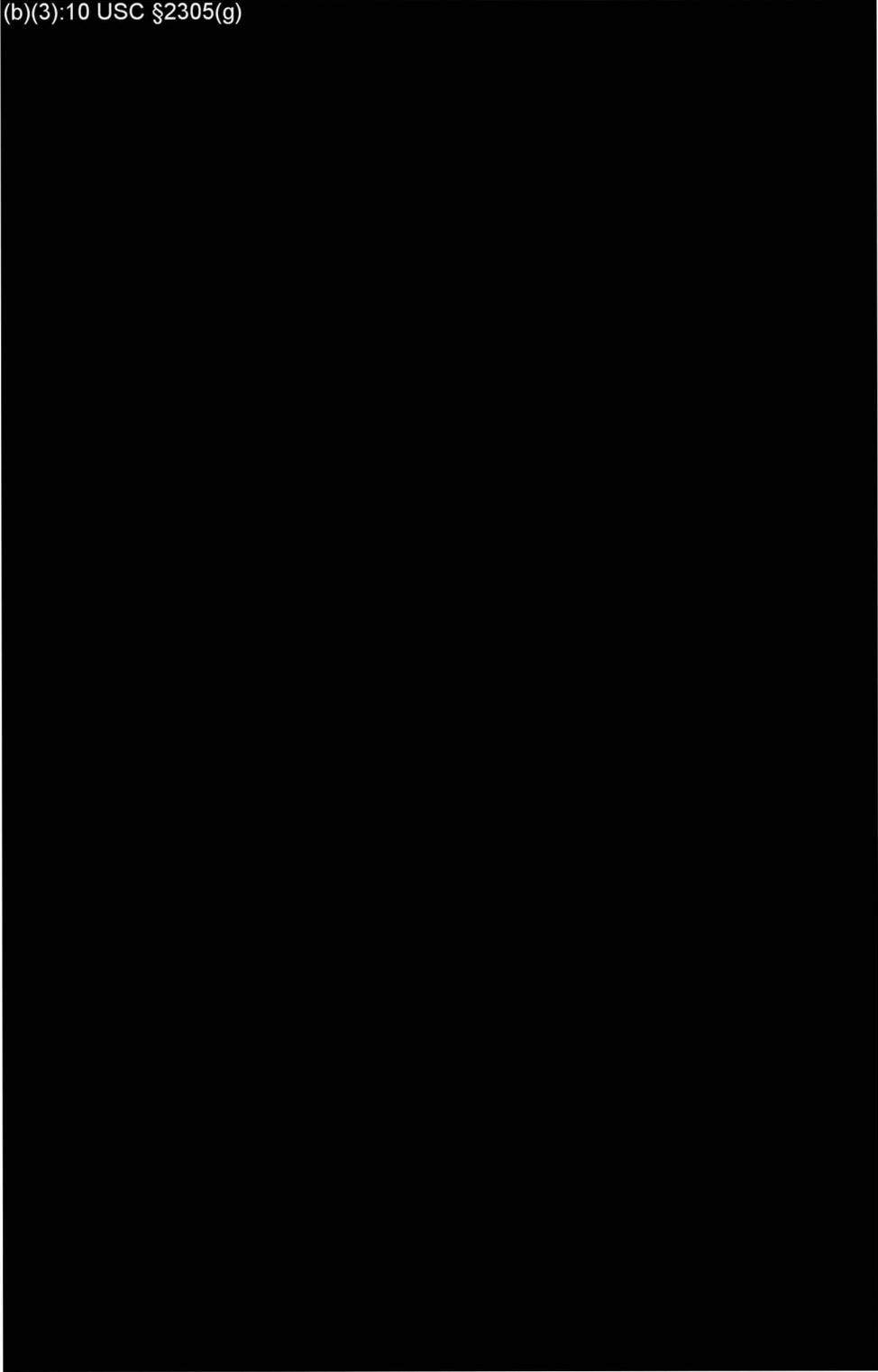
(b)(3):10 USC §2305(g)



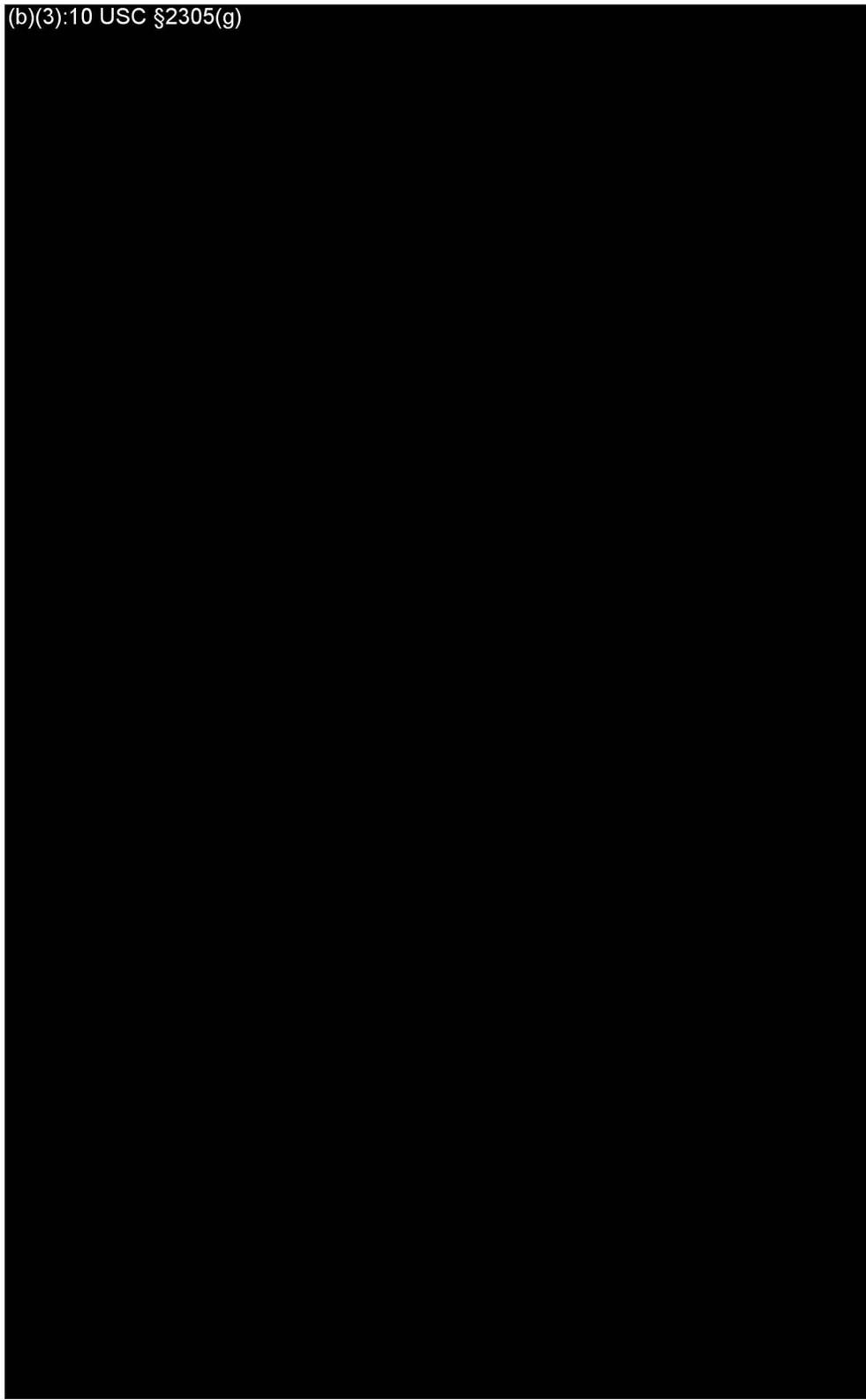
(b)(3):10 USC §2305(g)



(b)(3):10 USC §2305(g)



(b)(3):10 USC §2305(g)



(b)(3):10 USC §2305(g)



doc. 18

EXCELLENCIES MEMBERS OF THE GOVERNING COUNCIL

Subject / Overview resume of the Ministry Of Oil

The Ministry of Oil avail this opportunity to extend greetings for members of the Esteemed Governing Council on the occasion of the foundation of the Governing Council .

We would like to submit an overview resume of the Ministry of Oil .

The Ministry of Oil was founded in 1959 with very limited responsibilities, then tasks had gradually developed to cover oil activities in Iraq , starting from exploration , well drilling and oil fields production and development , oil refining and gas processing , and finally distribution of oil products and worldwide oil marketing .

We state hereunder the main functions of the Ministry of Oil :-

A-The functions :-

- 1- Exploration of oil and gas in the Republic of Iraq . To increase proven reserves .
- 2- Developing of oil and gas fields to increase oil and gas production capacity .
- 3- Production of oil and gas and their storage , transportation and export .
- 4- Refining of oil to get various types of oil products such as gasoline (benzine) , kerosene , gas oil , lube oil , asphalt and wax etc.
- 5- Free and associated gas processing and the production of LPG , dry gas , natural gasolene and sulphur .
- 6- Supply of dry gas as fuel for electric power generation stations and other industrial ventures , fertilizing and petrochemical plants in Iraq .
- 7- Supply and distribution of oil products (gasoline , kerosene and gas oil) to citizens and consumers .
- 8- Carrying out other oil related activities such as drilling , work-over of oil and gas wells , engineering and construction of Oil projects , training and research activities .

The organisational structure of the Ministry of Oil includes (15) companies . (7) central departments , (3) oil training institutes , and a research and development centre .

B-Present status of the Ministry of Oil :-

- 1- Buildings :-the Ministry of Oil is fully operational in its headquarters, so is the status in most oil companies.
- 2- State of de-bathification efforts ,the Ministry of Oil fully implemented the instructions concerning this process.
- 3- Numbers of employees :- about (770) people are working at the Ministry of Oil /headquarters , the total staff number of the ministry is about (68000) ,all are engaged in various oil activities except the drilling company and the research centre which were affected by severe damages due to looting and sabotage
- 4- Security tasks many oil facilities were looted and destroyed especially in the post war era which negatively affected capacity in the oil and gas production And gas processing .

The continuous sabotage incidents on oil and gas pipelines halt operations of refineries , therefore main security concerns are for :_

- Oil , gas and oil products pipelines throughout the country .
- Oil field installations and oil storage depots .for oil and oil products .
- Major refineries in Baiji , Daura and Basrah .

The priority is to curtail the smuggling operations of oil products which still inflict severe damage to the national economy and increase the shortage of oil products in the Iraqi market .

Trading of oil products whether through looting from pipelines by force , or cheating or smuggling by force , in addition to sabotage of oil and gas transportation pipelines put a great burden on the Ministry's technical and inspection teams and distract them from their basic duties at the present time .

The Ministry of Oil can not currently tackle this issue alone , in the light of the current critical prevailing conditions , otherwise the country will face other crisis that should be dealt with from now , such as the availability of kerosene next winter , and the inability to provide the growing needs of other ministries and the private sector for operating asphalt , cement , brick and other factories required to re-habilitate and re-vitalise national economy .

C-Policy priorities of the Ministry of Oil :-

- 1-To provide ample and continuous supply of oil products to the citizens of Iraq .

2-Supply the Electric Power Commission with the agreed upon fuel types and quantities and for other consumers too .

3-Progressive increase of oil and gas production and maximize crude oil exports to reach pre-war export capacities.

4-Re-habilitation of damaged oil installations , and restoration of production and processing capacities to level prevailing before the outbreak of the military operations , as well as storage , pumping and transportation processes.

5-Develop fair wage and salary pay-roll system in order to attract and retain highly qualified and motivated work force necessary for the modernization , revamping and expansion of Iraqi oil industry .

6-Seek a financing policy that encourages investment in the oil industry required to quickly enable Iraq regain its position as a major oil exporter .

7-Develop a policy to address previous and future investment contracts in the field of exploration and fields development.

8-Activate Arab and international relations with Iraq in the field of oil industry and policy together with enhancing the presence of Iraq in international and Arab petroleum forums .

D-Plans :-

1-A (45) day plan to solve the gasoline crisis (1st of May -15th of June)
This plan was successfully implemented on weekly basis and daily follow-up.
The crisis was over ten days prior to the target date.

2- A (9) month plan to reconstruct the installations and restoration of production capacities .which aims at :-

- Restoration of of export and production capacities .
- Restoration and maintenance of crude oil refining capacities and gas processing .
- Restoration of the Ministry's capabilities in the field of drilling and exploration .

3-Investment plan :-(6) months for the period from (1/7-31/12/2003)

Aims at implementing investment projects which commenced at the start of year 2003 or were continuing from previous years and were stopped because of outbreak of war and the events that followed. Those projects have been reconsidered giving priority to the projects that would increase production and improve operational efficiency .

It is worth noting that the strategic plans of the Ministry of Oil usually last for five to ten years. The Ministry of Oil shall , in the coming months, prepare the investment and production plan for the year 2004 followed by a five-year plan .

E-Ministry's activities in the governorates .

The type ,extent and density of the Ministry of Oil activities vary from one governorate to the other .

1- Basrah:-

- Oil and gas activities exist therein. South Oil Company carries out oil and gas production operations as well as oil export . Oil production level is around (250) thousand barrels/ day for domestic consumption , production recently increased to (750) thousand barrels / day. Gradual increase will take place pending continuous supply of electric power ..also export of crude oil continued at limited rates .
- Operations go smoothly in spite of the difficulties encountered because of the post war events of looting and sabotage of oil installations and the loss of most equipment and tools , let alone the security risks facing the installations and the employees and the financial restrictions . Great efforts are being exerted to rehabilitate the damaged installations .
- Three field teams were formed to deal with results of the sabotage inflicted on the strategic line that carries crude oil to the refineries and some electric power stations , as well as the gas pipeline that feeds Al-Hilla , Al-Najaf electric power stations ,which in most cases end up in fires lasting several days. Those teams exerted adamant efforts which they deserve all thanks and praise , the Ministry of Oil regrettably can not reward them because of the financial restraints and this condition requires speedy remedy .
- Oil refining operations continue in Al-Basrah Refinery whereby the refinery approximately operates with maximum capacity to supply oil products to Basrah , Thi-qar and Meesan , the rest is carried from Al-Shuaiba depot to Baghdad and

to a number of the midland region governorates via tankers because of the sabotage strikes on the pipelines. Transportation operations not only encounter

□

difficulties because of the large quantities transported but also face threat and blackmail of outlaws to grab the oil products by force .

□ LPG is produced in the refinery for consumption purposes in Basrah governorate.

□ Work is currently underway to restore capacities in the gas treatment plant at North-Rumaila and Khor-Al-Zubair after major damages inflicted on them especially in Khor Al-Zubair , it is expected to commission LPG production during the first week of August which would alleviate shortage crisis of LPG in Iraq , still there are security risks facing company employees particularly in Khor-Al-Zubair region .

□ Oil products distribution operations are continuing , yet the smuggling of gas oil and fuel oil via Shatt Al-Arab and Khor Al-Zubair are still going on which aggravated the shortage crisis of gas oil , let alone the threat and blackmail that key Iraqi oil people are exposed to .

□ Gasoline import by the Ministry of Oil is continuing via the port of Um-Qasir, it is expected that shortly LPG would be imported via Khor Al-Zubair terminal. Also export of fuel oil is expected in barter with the above mentioned imports .

This requires overcoming security and other obstacles paving the way for the presence of oil management there as this is important in safeguarding a smooth supply of oil products .

2- Kirkuk :

□ Oil and gas production and export are carried out by North Oil Company and is going on normally . In spite of the numerous difficulties encountered in the post war events of looting and sabotage operations of oil installations and the loss of most equipment and tools .

Crude oil production currently exceeds (500) thousand barrels / day , some of which is used to supply Daura and Baiji refineries . Also free and associated gas are produced for LPG production purposes and electric power generation .

□ Five field teams were formed to tackle sabotage operations on the pipelines that transport crude oil to the Refineries and to Turkey for export purposes which end mostly in fires that last for several days, members of these teams

deserve thanks and praise for their great efforts , but the Ministry regrettably is unable to reward them because of centrally imposed financial restrictions which needs speedy solution

□

- Gas processing operations are smoothly carried out by north gas company except for electric power interruptions .LPG Production is around (1000) ton/day which goes to supply the governorates of Kirkuk, Suleimaniya and Baghdad (Taji).Dry gas is compressed and transported via Pipelines to the electric power stations to the governorates of Kirkuk, Salah Eldeen ,Nineveh and Baghdad.
- Distribution of oil products is continuing with shortages In kerosene and gas oil which will be overcome upon the re - commissioning of the second unit of Kirkuk Refinery .

3- Salah EL-Deen:-

- The biggest Iraqi refinery is located in this governorate , refining capacity is (300) thousand barrels /day of crude oil .the three refineries are In operation but face many problems such as lack of crude oil supply because of sabotage operations on pipelines , electricity interruptions and the unprogrammed stoppages that affect the operational efficiency , besides the frequently required maintenance .

Oil products (kerosene , gasoline , gas oil)from this refinery are supplied to the governorates of Nineveh , Baghdad and Kirkuk , quantities of LPG are also produced in this refinery.

Refining capacity is expected to increase to (250) thousand barrels / day in the coming days . Therefore gas oil and kerosene production levels will be increased besides gasoline which would alleviate the shortage crisis in gas oil and kerosene provided that no sabotage strikes occur on pipelines and the non-interruptions of electric power supply .

- Oil products are being smoothly distributed in this governorate

4- Baghdad:-

- Oil refining is carried out in Daura Refinery besides the production of LPG from the refinery .Oil products are pumped to the nearby Daura depot where Baghdad is supplied with fuel In addition to other midland governorates , and also Daura and southern Baghdad power stations .
- The refinery is ready to operate with full capacity but crude oil supply is disrupted frequently because of the sabotage strikes on the crude oil pipelines

that feed the refinery from the north and the south which resulted in the production decline of gas oil, kerosene and gasoline .

- Gas bottling operations are carried out in the main Plants at Taji , Daura and Rusafa besides (25) small Plants In Baghdad run by the private sector and the Ministry of Oil .

The bottling capacity is sufficient to meet the requirements of the capital of around (100) thousand cylinder / day , upon availability of LPG . Distribution of LPG cylinders is Through more than (110) cylinder distribution sites . There is still a big shortage which will be overcome upon the re-habilitation of the south -gas complex in Basrah , the first line shall be re-commissioned next month as mentioned before

- The biggest storage and distribution depots of oil products are located in Baghdad , namely Al-Latifiya -Al Karkh, Rusafa and Al-Mshahda depots which are efficiently run and are linked with pipeline network whereby emptying capacity of gasoline imported by tankers was increased during the last two months which contributed to solving the gasoline crisis.
- Gasoline is distributed in Baghdad via (100) stations , more than half of them is run by the private sector

The Ministry exerted dire efforts to deal with those negative behaviors that occur in times of product shortages such as the unofficial price hikes and the selling outside the petrol stations .

5- Other Governorates :

- Other governorates are alike in terms of type of activities which concentrates on the distribution of oil products and LPG with some differences in Meesan and Nineveh governorates whereby oil and gas production takes place.
 - There are small refineries in Nasiriya , Amara , and Haditha (Anbar) which were re-commissioned and are contributing In providing gas oil and kerosene in these governorates
- Gasoline is generally available in all governorates , yet they all still have shortages in gasoil , Kerosene and LPGG for the reasons referred to above.
- Oil activities in the governorates of Suleimaniya , Arbeel and Dhok are a special case because of the previous years . Meetings were held at the Ministry 's headquarters with the key oil people in those governorates and the Ministry of Oil is keen to have positive and a constructive relation with them to serve the national interest in rendering better service for the Iraqi citizens everywhere in Iraq.

F - Contact information :-

- CEO , Ministry of Oil :	Thamir Abbas Ghadhban
- CPA Oil Director :	Phil Carroll
- CPA Senior Oil Advisor :	Gary Vogler

G- Conclusion :

The Iraqi oil industry had encountered three main wars , and a thirteen years of economic sanctions, That left behind destruction and backwardness. the Iraqi oil staff and in spite of the difficulties encountered , exerted great efforts and tried their best to maintain the wheel of the national oil industry and finding solutions under extreme conditions .

What has been achieved can not last long taking into account that many efficient and qualified employees left their jobs because of deprivation ,cash shortage

The oil industry needs special attention , more freedom of action and flexibility , it needs tremendous expenditure that would definitely contribute to a better efficient and advanced oil infrastructure .This would encourage the staff to work in the Iraqi oil industry and not seek better job chances in other Arab countries .

Iraq owns several giant oil fields with unique economic and technical specifications enabling the doubling of crude oil production capacities in a few years with relatively moderate expenditure. Compared to other neighboring states , it still remains the least explored among major oil producing countries .

Iraq has now hundreds of geological structures waiting to be drilled ,and its probable reserves is estimated at (214) billion barrels and in spite of all the obstacles faced by the Iraqi oil industry , it , nevertheless, was not isolated from international Industry , the staff of the Ministry of Oil has always been keen to follow up latest oil industry development Including financing of exploration and field development as well as developing co-operation formulae with international oil companies, which will enable to bring foreign investments .

The private sector also has an access in steering some of the oil industry lines specially In oil service line : implementation of some contracts for the oil projects and other oil products related industries .

Political stability , security , and law prevalence will create the healthy environment to develop the Iraqi oil industry .

We look forward for a better prosperous future where oil revenues are channeled for the welfare of Iraqis and securing their future.

The Ministry would like to present their greetings to the Council wishing every success on the road to democratic development and prosperity and offers all its capabilities for the sake of public interest .

Thamir Abbas Ghadhban

**Chief Executive Officer
Ministry of Oil**

**COALITION PROVISIONAL AUTHORITY
OFFICE OF THE CHIEF OF STAFF
BAGHDAD**

July 16, 2003

TO: ALL HANDS
FROM: THE CHIEF OF STAFF
SUBJECT: REORGANIZATION OF CPA

Ambassador Bremer has decided that we need to reorganize the CPA. The reorganization set forth here builds on lessons learned since the first, preliminary organization was established. Clearly, we will continue to learn in the future, but this reorganization is needed now.

The changes in organization affect for the most part the Directorates of Economic Affairs, Civil Affairs, Operations and Governance. Other changes to the organization chart announce decisions made earlier but not yet reflected in the organization chart. These decisions named former NYC Police Commissioner Bernie Kerik as Director of Interior Affairs, and established the

Office of Strategic Communications and the Office of Policy Planning.

David Oliver will head up a new Office of Management and Budget. This will place budgeting and resource allocation under one manager. A Directorate for Private Sector Development will provide a focus on this important sector that it does not now have. Reuben Jeffery will be its Director. All State Owned Enterprises (SOEs) will be grouped within the CPA Directorate for Private Sector Development regardless of which Iraqi Ministry they belong to.

It is apparent that critical infrastructure sectors need special management attention. The Electricity Commission, Public Works and Transport and Communications will be moved to a renamed Directorate of Operations and Infrastructure under Andy Bearpark.

Oil will continue to stand alone. Its importance and breadth of activities, from exploration to production and distribution to marketing and sales continue to justify a separate Directorate. Phil Carroll will remain Director.

The Economic Affairs Directorate will be renamed Economic Development. Agriculture and Irrigation will be moved there. Finance, the Central Bank, debt restructuring, economic policy and financial institutions will remain under Peter McPherson as Director of Economic Development.

The Governance Team will stand alone from the Directorate for Civil Affairs and will report directly to the Administrator. It will be headed by Ryan Crocker. This will better position the Governance Team for the work that will follow the standing up of the Governing Council. This will also provide the opportunity for more attention to the Ministries now in Civil Affairs, where Judge Campbell will be in charge.

One important policy consideration regarding the responsibilities of the Governance Team and the Director of Operations and Infrastructure at headquarters and the Regional Coordinators and the Senior Advisor at the Governorate level bears elaboration. The Governance Team is responsible to the Administrator for policy and political guidance to the Regional Coordinators and the Senior Advisors. The Director of Operations and Infrastructure is responsible to the Administrator for guiding and assisting the Coordinators and Senior Advisors with local development

activities, and for operations and civil/military coordination. The Director of the Governance Team will keep the Office of the Director of Operations and Infrastructure closely informed of instructions and guidance sent by his office to the Regional and Governorate level.

Ambassador Bremer considers the Regional Coordinators and the Senior Advisors an extension of his office and the official representatives of the CPA at their levels. They report to him through the Governance Team on political and policy matters and through the Director of Operations and Infrastructure for all other matters.

The new "Steering Group," is a management tool set up to improve coordination and to provide direction to the organization based on our overall strategy. The membership of this group is: Major General Viggers, Ambassador Kennedy, Brigadier General Hahn, and Ambassador McManaway. The Chairman is Andy Bearpark.

With regard to the Ministries in general, one important activity is the daily coordination meeting that Ambassador Raphel has continued to oversee. Upon her departure, the Chief of Staff will chair these meetings twice weekly.

This is a hefty reorganization. The cooperation of everyone affected will be important and appreciated. (b)(6) will manage the reorganization to completion. Once completed, she will assume the responsibilities of Executive Assistant to the Administrator and Executive Secretary of CPA.

These changes are reflected in the attached organization charts.

doc. 20

COALITION PROVISIONAL AUTHORITY
OFFICE OF THE CHIEF OF STAFF
COUNSELORS OFFICE
BAGHDAD

July 11, 2003

TO: LPB
FROM: CEM/PK/S *[Handwritten Signature]*
SUBJECT: THE NEED TO REORGANIZE

We believe that we need to reorganize the CPA. We need to do this for internal management reasons. We also believe that with the changes we propose we will be better positioned to handle real world developments that are coming. These developments include the standing up of the Governance Council, the prospect of joint planning with CJTF, the issuance of the CPA vision paper and the beginning of strategic planning, the creation of a new management structure designed to coordinate more closely CPA operations as well as planning with those of CJTF (the new Steering Group), the arrival soon of a number of World Bank/IMF teams, the prospect of the World Bank assessment and the need to respond to it, the

need to support a supplemental request of the US Congress, the UN phase out, and the UN sponsored donor conference.

Although we recommend other adjustments the greatest need for change is with the Directorates of Economic Affairs and Civil Affairs, and the latter's relationship to the work of the Governance Team.

Taking the Economic Directorate first, we all have been trying for two months to get this priority activity organized and functioning in an efficient and effective way to lead our efforts in this crucial area. Our attempts to deal with it within the current organization have met with no greater success than before. We are persuaded that we need to step back and consider this function as we have others. In certain areas we have gone forward with the approach that CPA is in effect a government with the full scope of responsibilities and authorities of a government. We have yet to fully apply that approach to the area of economic policy and activity. We believe that our recommended reorganization would do that.

Taking our government as the model that we understand best, in the case of the Economic Affairs Director we have placed under

one person the equivalent of the Council of Economic Advisors, the Department of the Treasury, the Department of Commerce, OMB, and the Federal Reserve. In addition, we have added the responsibility for advice to the Ministries of Trade, Housing, Agriculture, Transport and Communication, Industry and Minerals, Housing, Planning, Financial Institutions, Irrigation and the Electricity Commission. This is an impossible task for anyone. We recommend changing this to a logical and manageable set of responsibilities.

We would begin by creating a separate OMB with David Oliver as the Director. This would place budgeting and resource allocation under one manager, and acknowledge how this is being done in fact. Next, we would separate out the private sector and make Rueben Jeffrey Director of Private Sector Development. This would provide a focus on this important sector that it does not now have. Then, we would separate out the critical sectors of the infrastructure and put them in a new Directorate headed by Phil Carroll. We have identified these infrastructure sectors as critical: electricity, transport and communications, and irrigation (see below for a discussing of oil operations and pipeline security). Clearly, this would require a commitment from Carroll (we have not approached him pending your decision). If we do not approach

Carroll, or if he should decline, we would recommend moving the critical infrastructure sectors to a renamed Directorate for Operations and Infrastructure under Andy Bearpark.

These changes would leave finance, the central bank, debt restructuring, monetary policy and financial institutions under Peter McPherson as Director of Finance. For overall economic policy advice, we would create a small Council of Economic Advisors reporting directly to you. We would name (b)(6) (b)(6) Acting Chairman.

Another change that we believe should be made to reflect the work of CPA as it has played out since the establishment of our current organization would be to break out the Governance Team from The Directorate for Civil Affairs. Aside from reflecting reality, this would better position the Governance Team for the work that will follow the standing up of the Governance Council, work that will be less confusing if not so closely associated with advising the Ministries. This would also provide the opportunity for more attention to the Ministries now in Civil Affairs. We would move Housing and Agriculture to Civil Affairs and place Justice Campbell in charge. The Governance Team would become just that reporting directly to you and headed by Ryan Crocker.

Oil would continue to stand alone for production, sales and marketing. But we would move oil operations and security of the pipeline to either the new Directorate of Critical Infrastructure or the newly named Directorate of Operations and Infrastructure. Responsibility for designing an oil trust fund proposal would be assigned to the Director of the Office of Management and Budget, who would be tasked with completing this important project on an accelerated schedule.

We have shown the new "Steering Group" as a management structure. This is just getting started, and there is hope that it will improve coordination and direction to the organization. With regard to the Ministries in general, one important activity that the current organization does not provide for is the daily coordination meeting that Robin Raphel has continued to perform on an informal basis. This is an activity that should be continued and given more status. We recommend that the Chief of Staff chair these daily coordination meetings.

Other changes to the organization chart would announce decisions already made but not reflected in the current chart. These are the decisions to make Bernie Kerik the Director of Interior Affairs, to

establish a planning unit, and to establish the Office of Strategic Communications.

This is a hefty reorganization requiring close supervision. We recommend that (b)(6) manage it to completion. Once she has completed the reorganization, she would join us in the front office as your Executive Assistant and Executive Secretary.

These changes are reflected in the attached organization chart.

Iraq

Iraq is estimated to hold more than 112 billion barrels of proven oil reserves, and possibly much more undiscovered oil in unexplored areas of the country. Iraq also is estimated to contain at least 110 trillion cubic feet of natural gas. The country is a focal point for regional and international security issues.

Note: The information contained in this report is the best available as of August 2003 and can change. Also, please click [here](#) for a complete chronology of events pertaining to Iraq from 1980 through July 2003.



GENERAL BACKGROUND

In the aftermath of war in March and April 2003, Iraq now finds itself in a period of uncertainty and transition from over three decades of Ba'ath party rule. The events of 2003 mark the latest upheaval which Iraq has faced in its recent history. Since the early 1980s, for instance, Iraq experienced two major wars (Iran-Iraq and the Kuwait war), plus more than a decade of economic sanctions. As a result, the country's economy, infrastructure, environment, health care system, and other social indicators all deteriorated sharply. Iraq also assumed a heavy debt burden, possibly as high as \$116 billion if debts to

Gulf states and Russia are counted, and even more if \$200 billion in reparations payments stemming from Iraq's 1990 invasion of Kuwait are included. It is possible, however, that much of Iraq's debt will be written off in the end, and that reparations will be capped at a certain level, possibly \$40 billion or so. On August 8, 2003, the U.N. Humanitarian coordinator for Iraq, Ramiro Lopez da Silva, estimated that Iraq's reconstruction bill for 2004 would be \$20 billion.

Now, with the regime of former President Saddam Hussein no longer in power, the country is being governed temporarily by a "Coalition Provisional Authority (CPA)" led by the United States and the United Kingdom. On May 6, 2003, President Bush named Ambassador L. Paul Bremer as presidential envoy to, and senior CPA official in, Iraq. In addition, there is a 25-member "Governing Council" made up of leading Iraqis, which met for the first time on July 13, 2003. The Governing Council's goals are to help rebuild Iraq as well as to prepare for "full, free and fair democratic elections." Also heavily

involved in rebuilding Iraq are the U.S.-led Office of Reconstruction and Humanitarian Assistance (ORHA), the U.S. Army Corps of Engineers (headed by Brig. Gen. Robert Crear), private contractors like Halliburton (and its subsidiary, Kellogg Brown & Root - KBR), non-governmental organizations, and coalition military forces.

Iraq's economy appears to have recovered somewhat from its condition just after the war, but the Economist Intelligence Unit (EIU) still forecasts a contraction in Iraq's real gross domestic product (GDP) of 7.5% in 2003, with inflation of 75%. This follows more than a decade of economic stagnation and decline. In 2004, on the contrary, the EIU expects a sharp upturn in real Iraqi GDP growth, to around 20%, assuming continued increases in Iraqi oil production (and export revenues). In mid-August 2003, at the first meeting of the Council for International Coordination (CIC), which is tasked to coordinate donor countries financing Iraqi reconstruction, Paul Bremer stated that "Iraq is a rich country that is temporarily poor."

In July 2003, World Bank President James Wolfensohn stated that Bank assistance for Iraq's reconstruction could come after "a constitution and an elected government" were in place. Estimates of total, long-term Iraqi reconstruction costs run to \$100 billion or higher. As of late June 2003, the CPA reportedly had \$5.4 billion available in order to rebuild Iraq's power grid, sewer systems, and other public services. Paul Bremer, head of the CPA, said that the 2004 budget would run a deficit of \$4 billion.

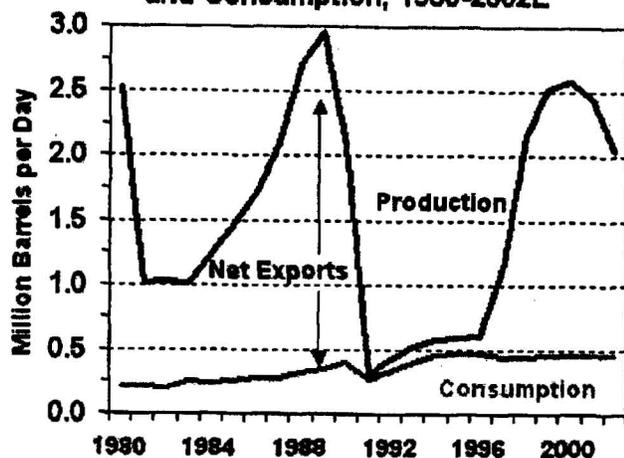
In May 2003, the U.N. Security Council passed Resolution 1483, lifting sanctions on Iraq, phasing out the U.N. "Oil-for-Food" program over six months, and designating a U.N. "special representative" to assist Iraq in its reconstruction efforts. In addition, according to the U.S. State Department, the resolution "stresse[d] the right of the Iraqi people to freely determine their own political future and control their own natural resources" (including oil), "encourage[d] international support for Iraq's recovery," and "enliste[d] the support of international financial institutions" in this effort. One billion dollars of unallocated funds in the U.N. escrow account were to be transferred to an Iraqi "Development Fund" to provide for immediate reconstruction needs. In June 2003, Paul Bremer suggested that revenues from oil sales "could be distributed to Iraq's citizens as 'dividends', along the lines of the system used by the State of Alaska."

On May 27, 2003, the U.S. Treasury Department lifted most U.S. sanctions on Iraq, thereby implementing U.N. Security Council Resolution 1483. For over a decade after Iraq's invasion of Kuwait in 1990, the United States had maintained unilateral economic sanctions against Iraq. Executive Order #12722 (August 2, 1990) imposed a complete trade embargo, and Executive Order #12724 (August 9, 1990) imposed additional restrictions. Under U.S. sanctions, goods or services were not permitted to be imported from or exported to Iraq, with the exception of the U.N. "oil-for-food" program.

OIL

On May 4, 2003, ORHA announced the appointment of Thamer Ghadban as chief executive of the interim management team for the Iraqi oil sector, in essence the *de facto* Oil Minister. Phillip Carroll, former head of Royal Dutch/Shell in the United States, also

**Iraq's Oil Production
and Consumption, 1980-2002E**



Note: Production includes crude oil, lease condensate, natural gas liquids, ethanol, and refinery gain.

was appointed as head of an advisory board for the sector. Thamir Ghadban had formerly been a top official in Iraq's South Oil Company (SOC). Other important players include Ali Hassan at the State Oil Marketing Organization (SOMO), Adel Qazaz at the North Oil Company (NOC), and Jabbar Hussein Luaibi at SOC. In early August 2003, the CPA put the cost of rehabilitating Iraq's oil sector to its pre-war state at \$1.144 billion, and the time frame to do so at nine months.

According to the *Oil and Gas Journal*, Iraq contains 112 billion barrels of proven oil reserves, the third largest in the world (behind Saudi Arabia and Canada). Estimates of Iraq's oil reserves and resources vary widely, however, given that only 10% or so of the country has been explored. Some analysts (the Baker Institute, Center for Global Energy Studies, the Federation of American Scientists, etc.) believe, for instance, that deep oil-bearing formations located mainly in the vast Western Desert region, for instance, could yield large additional oil resources (possibly another 100 billion barrels or more), but have not been explored. Other analysts, such as the US Geological Survey, are not as optimistic, with median estimates for additional oil reserves closer to 45 billion barrels.

Iraqi oil development began in 1901, with the first well (Chia Surkh-1) drilled. The Iraq National Oil Company (INOC) was formed in 1964, and with Iraqi oil nationalization between 1972 and 1975, INOC took over from the international oil companies previously running the country's oil industry. In 1987, INOC was merged with the Ministry of Oil.

Iraq's oil development and production costs are amongst the lowest in the world (perhaps \$3-\$5 billion for each million barrels per day), making it a highly attractive oil prospect. However, only 17 of 80 discovered fields have been developed, while few deep wells have been drilled compared to Iraq's neighbors. Overall, only about 2,300 wells reportedly have been drilled in Iraq (of which about 1,600 are actually producing oil), compared to around 1 million wells in Texas for instance. In addition, Iraq generally has not had access to the latest, state-of-the-art oil industry technology (i.e., 3D seismic, directional or deep drilling, gas injection), sufficient spare parts, and investment in general throughout most of the 1990s. Instead, Iraq reportedly utilized sub-standard engineering techniques (i.e., overpumping, water injection/"flooding"), obsolete technology, and systems in various states of decay (i.e., corroded well casings) in order to sustain production. In the long run, reversal of all these practices and utilization of the most modern techniques, combined with development of both discovered fields as well as new ones, could result in Iraq's oil output increasing by several million barrels per day.

Iraqi oil reserves vary widely in quality, with API gravities in the 22° to 35° range. Iraq's main export crudes come from the country's two largest active fields: Rumaila and

Kirkuk. The southern Rumaila field, which extends a short distance into Kuwaiti territory, has around 663 wells and produces three streams: Basra Regular; Basra Medium (normally 30° API, 2.6% sulfur); and Basra Heavy (normally 22°-24° API, 3.4% sulfur). Basra Blend normally averages around 32° API, 1.95% sulfur, but reportedly is heavier and more sour currently at around 29-30° API and 2%+ sulfur content.

The northern Kirkuk field, first discovered in 1927, forms the basis for northern Iraqi oil production. Kirkuk has around 337 wells and normally produces 35° API, 1.97% sulfur crude, although the API gravity and sulfur content both reportedly deteriorated sharply in the months just preceding the war. Kirkuk's gravity, for instance, had declined to around 32-33° API, while sulfur content had risen above 2%. Declining crude oil qualities -- and an increased "water cut" as well -- was likely the result of overpumping as Iraq attempted to sell as much oil as possible. An additional export crude, known as "Fao Blend," is heavier and more sour, with a 27° API and 2.9% sulfur. Pre-war, Bai Hassan, Jambur, Khabbaz, Ajil (formerly "Saddam"), and Ain Zalah-Butmah-Safaia were the other oil fields in northern Iraq. An estimated 60% of Northern Oil Company's (NOC) facilities in northern and central Iraq were damaged during the Gulf War.

Another major Iraqi oil field is the 11-billion barrel East Baghdad field, which came online in April 1989. Prior to the war, this centrally-located field currently produced around 50,000 bbl/d of heavy, 23° API oil as well as 30 million cubic feet per day (Mmcf/d) of associated natural gas.

Production

As of mid-August 2003, Iraqi oil output was fluctuating on a daily basis, but generally was averaging just under 1 million barrels per day (bbl/d). Some Iraqi oil -- perhaps 200,000-300,000 bbl/d -- was being reinjected into oil reservoirs in the North due to constraints on both domestic processing ability as well as export outlets. According to the U.N. Joint Logistics Centre (JLC), as of mid-August 2003 "about 40% of [northern Iraqi] production is transferred to the Baiji refinery, with the balance reinjected into the fields, ostensibly to maintain pressure. This is a most unusual practice but extraction of the surplus crude is necessary to produce much needed LPG. It means, however, that crude oil production is overstated by the volume reinjected (it not being available for refining or export, but counted as production). The reinjected crude may be lost forever."

On August 13, Iraq's main oil export pipeline from its main northern oilfield of Kirkuk to the Turkish port of Ceyhan reopened (see below for more details), but the line was shut down once again shortly thereafter due to sabotage on August 15 and 17. Iraq currently is aiming to increase its production to 2 million bbl/d by December 2003, and 2.8 million bbl/d by April 2004, but this goal may not be attained if problems continue in both the north and the south of the country.

Historically, Iraqi production peaked in December 1979 at 3.7 million bbl/d, and then in July 1990, just prior to its invasion of Kuwait, at 3.5 million bbl/d. From 1991, Iraqi oil output increased slowly, to 600,000 bbl/d in 1996. With Iraq's acceptance in late 1996 of U.N. Resolution 986, which allowed limited Iraqi oil exports in exchange for food and

other supplies ("Oil-for-Food"), the country's oil output began increasing more rapidly, to 1.2 million bbl/d in 1997, 2.2 million bbl/d in 1998, and around 2.5 million bbl/d during 1999-2001.

During 2002, Iraqi oil production averaged 2.04 million bbl/d, down from about 2.45 million bbl/d in 2001 (and 2.69 million bbl/d in 2000), with large weekly and monthly fluctuations. Iraqi monthly oil output increased in the last few months of 2002 and in early 2003, peaking at around 2.58 million bbl/d in January 2003. Iraqi officials had hoped to increase the country's oil production capacity to 3.5 million bbl/d by the end of 2000, but did not accomplish this given technical problems with Iraqi oil fields, pipelines, and other oil infrastructure. Iraq also had hoped to expand production by 2010, to around 6 million bbl/d, through joint efforts by international oil companies (IOCs) and the Iraqi National Oil Company (INOC).

Prior to the latest war, oil industry experts generally assessed Iraq's sustainable production capacity at no higher than about 2.8-3.0 million bbl/d, with net export potential of around 2.3-2.5 million bbl/d (including smuggled oil). In comparison, Iraq produced 3.5 million bbl/d in July 1990. Approximately 2 million bbl/d of Iraq's production pre-war capacity came from oil fields in the southern part of the country, particularly North Rumaila (0.8 million bbl/d), South Rumaila (0.5 million bbl/d), West Qurnah (250,000 bbl/d at the end of 2002), Az Zubair (200,000-240,000 bbl/d), Misan/Buzurgan (100,000 bbl/d), Majnoon (50,000 bbl/d), Jabal Fauqi (50,000 bbl/d), Abu Ghurab (40,000 bbl/d), and Luhais (30,000-50,000 bbl/d). Iraq's remaining oil production capacity is located in the northern and central fields of Kirkuk (around 550,000-700,000 bbl/d), Bai Hassan (100,000-150,000 bbl/d), Jambur (75,000-100,000 bbl/d), Khabbaz (30,000 bbl/d), Ajil (formerly "Saddam," 25,000 bbl/d), East Baghdad (20,000 bbl/d), and 'Ayn Zalah/Batmah (17,000-20,000 bbl/d).

Among other challenges in maintaining, let alone increasing, oil production capacity, were Iraq's battle with "water cut" (damaging intrusion of water into oil reservoirs) especially in the south. Saybolt International had reported that NOC and SOC were able to increase their oil production through use of short-term techniques not generally considered acceptable in the oil industry (i.e., "water flooding," injection of refined oil products into crude reservoirs). A U.N. report in June 2001 said that Iraqi oil production capacity would fall sharply unless technical and infrastructure problems were addressed.

Exports

Iraqi oil sales and exports currently are being handled by the State Oil Marketing Organization (SOMO), under CPA supervision. SOMO operations were seriously disrupted by war and turmoil during 2003, but the organization has now been reconstituted and has resumed many of its operations. On June 5, 2003, SOMO issued its first oil sales tender since the war started, for 8 million barrels of Kirkuk crude stored in tanks at Ceyhan and 2 million barrels stored at Basra. Dozens of companies placed bids for the oil, with winners including ChevronTexaco, Cepsa, ENI, Repsol, Total, and Tupras. Bids for the Kirkuk oil reportedly ranged around \$2.70-\$3.30 per barrel below dated Brent (f.o.b. Ceyhan). On June 22, a tanker arrived at Ceyhan to load the first oil

since March 20, 2003, when the 600,000-barrel tanker "Caithness" completed loading one day after the outbreak of war. On July 3, SOMO issued its second spot tender, for 8 million barrels of Basra Light. At the time, SOMO stated that it was not yet ready to resume term sales, which generally require a certain level of stability, certainty, and predictability.

In late July 2003, however, SOMO signed its first term contracts since the war, for Basra Light oil from Iraq's southern fields. Exports of about 650,000 bbl/d were anticipated through the rest of 2003. Major purchasers included BP, ChevronTexaco, ConocoPhillips, ExxonMobil, Marathon Oil, Mitsubishi, Brazil's Petrobras, Repsol, Shell, Chinese trader Sinochem, and Vitol. However, with difficulties at the southern port of Mina al-Bakr (see below), Iraq has only been averaging exports of 545,000 bbl/d or less since the restart of term contracts.

Pre-War State of Iraq's Oil Sector

In December 2002, the Council on Foreign Relations and the Baker Institute released a report on Iraq's oil sector. Among other things, the report concluded that: 1) Iraq's oil sector infrastructure is in bad shape at the moment, being held together by "band-aids," and with a production decline rate of 100,000 bbl/d per year; 2) increasing Iraqi oil production will require "massive repairs and reconstruction...costing several billions of dollars and taking months if not years;" 3) costs of repairing existing oil export installations alone would be around \$5 billion, while restoring Iraqi oil production to pre-1990 levels would cost an additional \$5 billion, plus \$3 billion per year in annual operating costs; 4) outside funds and large-scale investment by international oil companies will be needed; 5) existing oil contracts will need to be clarified and resolved in order to rebuild Iraq's oil industry, with any "prolonged legal conflicts over contracts" possibly "delay[ing] the development of important fields in Iraq;" and 6) any "sudden or prolonged shut-down" of Iraq's oil industry could result in long-term reservoir damage; 7) Iraq's oil facilities could easily be damaged during any domestic unrest or military operations (in early February 2003, the Patriotic Union of Kurdistan claimed that Iraqi soldiers were mining oil wells in the north of the country in anticipation of war); and 8) given all this, a "bonanza" of oil is not expected in the near future.

According to the *Middle East Economic Survey (MEES)*, problems at Iraqi oil fields include: years of poor oil reservoir management; corrosion problems at various oil facilities; deterioration of water injection facilities; lack of spare parts, materials, equipment, etc.; damage to oil storage and pumping facilities; and more. *MEES* estimates that Iraq could reach production capacity of 4.2 million bbl/d within three years at a cost of \$3.5 billion, and 4.5-6.0 million bbl/d within seven years.

Status of Oil Development Deals with Foreign Companies

Prior to the toppling of Iraq's Ba'athist regime, the country reportedly had signed several multi-billion dollar deals with foreign oil companies mainly from China, France, and Russia. Deutsche Bank estimates \$38 billion total on new fields -- "greenfield" development -- with potential production capacity of 4.7 million bbl/d if all the deals come to fruition (which Deutsche Bank believes is highly unlikely). The former Iraqi

government reportedly had been growing increasingly frustrated at the failure of these companies actually to begin work on the ground, and was threatening to no longer sign deals unless firms agreed to do so without delay. Iraqi upstream oil contracts generally required that companies start work immediately, but U.N. sanctions dissuaded companies from doing so for the most part.

Now, following the toppling of Saddam Hussein's regime, the legal status of these agreements is up in the air, increasing the uncertainty level for companies interested in doing business with Iraq. Besides legal issues, companies are also looking for a relatively stable security situation, a functioning government, and other conditions to be in place before they move heavily into the country. In May 2003, Philip Carroll stated that contracts signed under the previous regime would be assessed to determine whether "they were made in the best interests of the Iraqi people."

Russia, which is owed billions of dollars by Iraq for past arms deliveries, has a strong interest in Iraqi oil development. This includes a \$3.7 billion, 23-year deal to rehabilitate Iraqi oilfields, particularly the 11-15 billion barrel West Qurna field (located west of Basra near the Rumaila field). West Qurna is believed to have production potential of 800,000-1 million bbl/d. In a surprising and somewhat puzzling development, in mid-December 2002 the Iraqi Oil Ministry announced that it was severing its contract with the Lukoil consortium on West Qurna due to "fail[ure] to comply" with contract stipulations. Specifically, the Iraqis cited Lukoil's failure to invest a required \$200 million over three years. Two other, smaller, stakes in West Qurna by Russian companies Zarubezhneft and Mashinoimport reportedly were left intact.

In addition, three exploration and production deals were signed between Iraq and Russian companies (Soyuzneftegaz, Stroytransgas-Oil, and Tatneft, to develop the 100,000-bbl/d Rafidain field, the Western Desert's Block 4, and the Western Desert's Block 9, respectively). Despite all this, Russia's Foreign Ministry said that it viewed the Iraqi decision on Lukoil and West Qurna "with regret." In mid-February 2003, following a month of talks between the two sides aimed at reversing Iraq's decision, the Iraqis announced that its decision to cancel the Lukoil deal was "finished and the contract has been scrapped." In May 2003, Lukoil said it would fight to keep the contract, and Russia's Deputy Foreign Minister said that Russia would seek compensation if contracts signed under the Saddam Hussein regime now were not honored.

In May 2003, another Russian company, Tatneft, set up a joint venture with Germany's MRH in order to win work in Iraq's oil sector. According to Tatneft's President, the company had been close to reaching a deal on exploring Block 9 in Iraq's Western Desert region prior to the war. In October 2001, a joint Russian-Belarus oil company, Slavneft, had signed a \$52 million service contract with Iraq on the 2-billion-barrel, Suba-Luhais field in southern Iraq. Full development of Suba-Luhais could result in production of 100,000 bbl/d (35° API) at a cost of \$300 million over three years.

In early April 2001, Russia's Zarubezhneft received U.N. approval to drill 45 wells in the Ajil (formerly "Saddam") field, plus Kirkuk and Bai Hassan, as part of an effort to reduce

water incursion into the fields. The Ajil field contains 3 billion barrels of oil and 5 trillion cubic feet (Tcf) of associated gas. Iraq had been seeking foreign assistance for a second-phase Ajil development, which would raise oil production capacity to 50,000 bbl/d, as well as 300 Mmcf/d of gas.

The largest of Iraq's oilfields slated for post-sanctions development is Majnoon, discovered by Braspetro of Brazil in 1975, and containing reserves of 11-30 billion barrels of 28°-35° API oil. Majnoon is located 30 miles north of Basra on the Iranian border. In the 1990s, French company Elf Aquitaine (now merged with Total as TotalFinaElf) negotiated on a possible \$4 billion deal with Iraq on development rights for Majnoon. In 1999, however, TotalFinaElf declined to sign a 23-year production sharing agreement (PSA) with Iraq on Majnoon. Following this, the field reportedly was brought onstream (under a "national effort" program begun in 1999) in May 2002 at 50,000 bbl/d. Future development on Majnoon ultimately could lead to production of 450,000 bbl/d within two years or so at an estimated (according to Deutsche Bank) cost of \$4 billion. Eventually, Majnoon could produce significantly more oil than that, possibly as high as 3 million bbl/d.

In July 2001, angered by France's perceived support for the U.S. "smart sanctions" plan, Iraq announced that it would no longer give French companies priority in awarding oil contracts, and would reconsider existing contracts as well. Iraq also announced that it was inclined to favor Russia, which has been supporting Iraq at the U.N. Security Council, on awarding rights to Majnoon and another large southern oil field, Bin Umar. As of February 2003, Russian company Zarubezhneft reportedly was negotiating a contract to develop Bin Umar. The status of TotalFinaElf, which had previously expressed interest in the field, was not clear. In February 2003, TotalFinaElf's chief executive, Thierry Desmarest, said "We will fight in order to have the best chances for participating in the reconstruction of the country's oil industry."

In early June 2003, China's National Petroleum Company (CNPC) refuted a comment by Thamir Ghadban that CNPC's contract on the 90,000-bbl/d al-Ahdab development was now "void by mutual agreement." CNPC agreed in 1997 to spend \$1.3 billion on Al-Ahdab, located in southern Iraq, but no progress was made while sanctions remained in place.

The 2.5-5 billion-barrel Halfaya project is the final large field development in southern Iraq. Prior to the war, several companies (BHP, CNPC, Agip) reportedly had shown interest in Halfaya, which ultimately could yield 200,000-300,000 bbl/d in output at a possible cost of \$2 billion. Smaller fields with under 2 billion barrels in reserves also had received interest from foreign oil companies. These fields included Nasiriya (Eni, Repsol), Tuba (ONGC, Sonatrach, Pertamina), Ratawi (Shell, Petronas, CanOxy), Gharaf (Mashinoimport, Rosneftgasexport), Amara (PetroVietnam), Noor (Syria), and more.

In May 2003, Thamir Ghadban stated that three exploration agreements for blocks in Iraq's Western Desert were still valid. These included Indonesia's Pertamina on Block 3, Russia's Stroitransgas on Block 4, and Indian's Oil and Natural Gas Corp. for Block 8. In

January 2003, Stroitransgas signed a \$33.5 million contract for exploration on Block 4, and in July 2003, it indicated its interest in winning post-war business in Iraq.

Upstream Oil Sector: Current Status

During the war, approximately 7 Iraqi oil wells were set on fire, out of around 1,500 total wells. On April 14, 2003, the last of these fires were extinguished at the South Rumaila field. This was considered a significant accomplishment, given pre-war speculation that Iraq might set many of its oilfields ablaze as it did with Kuwaiti oilfields in 1991.

However, in spite of the fact that little damage was done to Iraq's oil fields during the war itself, looting and sabotage after the war ended was highly destructive. On June 6, 2003, Phillip Carroll, Chairman of the Advisory Board to Iraq's Oil Ministry, indicated that there was an organized campaign of sabotage against Iraq's oil industry, and that "their techniques appear to be very professional and aim at causing harm to significant and important installations." On July 24, 2003, the CPA launched "Operation Power Crude" to protect key infrastructure (fuel pipelines, power facilities, etc.) against sabotage and looting.

On April 22, the first oil production since the start of the war began at the Rumaila field, with the restart of an important gas/oil separation plant (GOSP). Starting in mid-May 2003, the U.S. Army Corps of Engineers -- which has the lead in restoring Iraq's oil output to pre-war levels -- began a major effort to ramp up production in Iraq. At that time, Iraqi output was only about 230,000 bbl/d: 120,000 bbl/d from southern fields; and 110,000 bbl/d from northern ones. Plans at that time called for Iraq to reach over 1 million bbl/d in output by June 1. This proved overly optimistic. In actuality, Iraqi oil output did not hit 1 million bbl/d until late July

Iraq's southern oil industry was decimated in the 1990/1991 Gulf War, with production capacity falling to 75,000 bbl/d in mid-1991. That war resulted in destruction of gathering centers and compression/degassing stations at Rumaila, storage facilities, the 1.6-million bbl/d (nameplate capacity) Mina al-Bakr export terminal, and pumping stations along the 1.4-million bbl/d (pre-war capacity) Iraqi Strategic (North-South) Pipeline. Seven other sizable fields remain damaged or partially mothballed. These include Zubair, Luhais, Suba, Buzurgan, Abu Ghirab, and Fauqi. Generally speaking, oilfield development plans were put on hold following Iraq's invasion of Kuwait, with Iraqi efforts focused on maintaining production at existing fields.

Oil Export Pipelines

Under optimal conditions, and including routes through both Syria and Saudi Arabia that are now closed, Iraq's oil export infrastructure could handle throughput of around 6 million bbl/d (2.4 via the Gulf, 1.65 via Saudi Arabia, 1.6 via Turkey, and perhaps 300,000 bbl/d or so via Jordan and Syria). However, Iraq's export facilities (pipelines, ports, pumping stations, etc.) were seriously disrupted by the Iran-Iraq War (1980-1988), the 1990/1991 Gulf War, the most recent war in March/April 2003, and periodic looting and sabotage since then.

The 600-mile, Kirkuk-Ceyhan (Turkey) dual pipeline is Iraq's largest crude oil export line. One, 40-inch line has a fully-operational capacity of 1.1 million bbl/d, but reportedly could handle only around 900,000 bbl/d pre-war. The second, parallel, 46-inch line has an optimal capacity of 500,000 bbl/d and was designed to carry Basra Regular exports, but at last report was inoperable. Combined, the two parallel lines have an optimal capacity of 1.5-1.6 million bbl/d. On August 13, 2003, officials at the Turkish port of Ceyhan said today that Iraq had begun pumping fresh crude oil through the Kirkuk-Ceyhan pipeline for the first time since war broke out in late March 2003. However, the pipeline was operating far below capacity, at perhaps 300,000-400,000 bbl/d, with significant repairs still required. Also, the line was damaged by a bridge ("Al Fatah") that collapsed on it after being bombed by U.S. planes during the war. This will require major repairs, including the drilling of a new tunnel under the Tigris River and the laying of a new pipeline. In addition, the IT-1 pumping station on the Kirkuk-Ceyhan line was damaged by looters, but reportedly is operable manually. The IT-2 pumping station on the same line reportedly was looted and destroyed.

On August 16, 2003, two blasts on the Kirkuk-Ceyhan line once again shut down Iraqi oil flows to Turkey. Officials estimated that it would take 10 days to two weeks in order to repair the line, and also that the shutdown was costing Iraq \$7 million per day in lost oil export revenues.

At least since 2001 until March 2003, Iraq and Syria were utilizing the 50-year-old Banias oil pipeline in violation of U.N. sanctions. The pipeline, from Iraq's northern Kirkuk oil fields to Syria's Mediterranean port of Banias (and Tripoli, Lebanon), reportedly was being used to transport as much as 200,000 bbl/d of Iraqi oil, mainly from southern Iraq, to Syrian refineries at Homs and Banias. The oil was sold at a significant price discount and freed up additional Syrian oil for export. Iraq and Syria also had talked of building a new, parallel pipeline as a replacement for the Banias line. In March 2003, flows on the pipeline were halted, although the US Defense Department denied that its forces had targeted the line.

During the Iran-Iraq War, Iraq also built a pipeline through Saudi Arabia (called IPSA) to the Red Sea port of Mu'ajiz, just north of Yanbu. IPSA has a design capacity of 1.65 million bbl/d, but was closed after Iraq invaded Kuwait in August 1990. In June 2001, Saudi Arabia expropriated the IPSA line, despite Iraqi protests. In June 2003, Thamir Ghadban said that he hoped Iraq would be able to use the IPSA line again.

In order to optimize export capabilities (i.e., to allow oil shipments to the north or south), Iraq constructed a reversible, 1.4-million bbl/d "Strategic Pipeline" in 1975. This pipeline consists of two parallel 700,000-bbl/d lines. The North-South system allows for export of northern Kirkuk crude from the Persian Gulf and for southern Rumaila crudes to be shipped through Turkey. During the 1990/1991 Gulf War, the Strategic Pipeline was disabled after the K-3 pumping station at Haditha as well as four additional southern pumping stations were destroyed. In June 2003, the NOC estimated that it would take "a long time," possibly until the end of 2003, to repair the K-3 pumping station and resume

operations on the Strategic Pipeline. The whole system also reportedly is in need of modernization.

In April 2003, there was some discussion of "reopening" the old oil pipeline from Mosul in northern Iraq to Haifa, Israel. The line, which was built in the 1930s, carried 100,000 bbl/d at its peak, but has been closed since Israel's establishment in 1948. Today, however the Mosul-Haifa pipeline is in extremely poor condition (the Iraqi section is completely rusted and the Jordanian section was sold as scrap metal several years ago), and reportedly would require hundreds of millions of dollars to repair/rebuild, even if this were politically feasible. Along those lines, Jordan strongly denied any interest in rebuilding this pipeline at the present time, stating that "the pipeline no longer exists in Jordanian territory."

Jordan and Iraq had agreed in 1998 to build a pipeline for the transport of Iraqi oil to Jordan's 100,000-bbl/d Zarqa refinery, and renewed this commitment in their most recent oil supply agreement. This would eliminate the necessity of transporting oil over 600 miles of highway from Haditha, Iraq, using a fleet of 1,500 tanker trucks, as was done for several years prior to 2003. Eventually, the line was seen as transporting as much as 300,000 bbl/d of Iraqi crude through Jordan, including oil for export. In December 2002, the Jordanian government was evaluating bids on the project from four competing contractors. However, it now seems unlikely that the project will move forward in the near future. With Iraqi oil supplies to Jordan halted since the war started, Jordan has been receiving oil from Kuwait, Saudi Arabia, and the UAE at a discounted price.

Oil Terminals

In the Persian Gulf, Iraq has three tanker terminals: at Mina al-Bakr, Khor al-Amaya, and Khor az-Zubair (which mainly handles dry goods and minimal oil volumes, plus natural gas liquids and liquefied petroleum gas). Mina al-Bakr is Iraq's largest oil terminal, with four 400,000-bbl/d capacity berths capable of handling very large crude carriers (VLCCs). Gulf War damage to Mina al-Bakr appears to have been repaired in large part and the terminal reportedly was handling around 1 million bbl/d in early 2003. A full return to Mina al-Bakr's nameplate capacity (1.6 million bbl/d) would require extensive infrastructure repairs. Mina al-Bakr also is constrained by a shortage of storage and oil processing facilities, most of which were destroyed in the Gulf War.

As of mid-August 2003, Mina al-Bakr was experiencing sporadic problems with power supplies (in part the result of wide-scale looting of copper power transmission cables), slowing the port's rate of tanker loading and throwing overall oil export targets into question. Reportedly, the power problems had slowed the time needed to load a VLCC from 2 days to 4-6 days. Mina al-Bakr's nameplate loading capacity is 85,000 barrels per hour (bph), but the loading rate now reportedly is only around 55,000 bph, about two-thirds of capacity.

Iraq's Khor al-Amaya terminal was heavily damaged during the Iran-Iraq War (and completely destroyed during Operation Desert Storm in 1991) and has been out of commission since then. As of March 2001, reports indicated that Iraq had largely

completed repairing two berths at Khor al-Amaya, allowing for capacity of 600,000 bbl/d. Upon full completion of repairs, Iraq projects Khor al-Amaya's capacity will rise to 1.2 million bbl/d, and will help prevent delays at Mina al-Bakr while repairs are conducted there.

Refining

Iraq's refining capacity as of January 2003 was believed to be over 417,000 bbl/d, compared to a pre-Gulf War, nameplate capacity of 700,000 bbl/d. Before the latest war, it was believed that Iraq needed to refine 560,000 bbl/d in order to produce 400,000 bbl/d of needed products for domestic consumption. Currently, around 250,000 bbl/d of Iraqi heavy oils reportedly are being burned for power generation. In late April 2003, the Basra refinery restarted at 70,000 bbl/d, or half of its total capacity. As of mid-August, the 140,000-bbl/d plant was experiencing periodic stoppages due to electric power problems, reducing its output by around 40%-50%.

Overall, Iraq has 10 refineries and topping units. The largest are the 150,000-bbl/d Baiji North, 140,000-bbl/d (or higher) Basra, and 100,000-bbl/d Daura plants. During the Gulf War, both Baiji in northern Iraq as well as the refineries at Basra, Daura, and Nasiriyah were severely damaged. Prior to the war in March/April 2003, a lack of light-end products, low quality gasoline, and rising pollution levels because of a lack of water treatment facilities were some of the major problems faced by Iraq's refining sector. Following the war, significant investment will now be needed to perform refinery upgrades (Iraq had identified dozens of such projects prior to the war) and possibly to build a new \$1 billion, 290,000-bbl/d "Central" refinery near Babylon.

At the present time, problems with Iraq's refineries are forcing the country to barter fuel oil for gasoline and liquid petroleum gas (LPG) from neighboring countries (mainly Kuwait, Jordan, and Turkey). In addition to supply shortfalls, distribution of LPG and other petroleum products, plus low "buffer stock levels," each remain major challenges that needs to be resolved. According to the JLC, "the supply of fuels in Iraq continue[d] to be poor," with an "LPG shortage in particular...affecting the most vulnerable elements of the population." In addition, as of mid-August 2003, the JLC was reporting that "gasoline was also in short supply...especially in the north, but at levels that the populace has become used to" and that "major shortages of LPG and diesel continue." However, the overall fuel supply situation in Iraq seems to be improving slowly if not steadily as of mid-August 2003. At the same time, the situation is being made somewhat worse by smuggling of refined products out of the country.

NATURAL GAS

Iraq contains 110 trillion cubic feet (Tcf) of proven natural gas reserves, along with roughly 150 Tcf in probable reserves. About 70% of Iraq's natural gas reserves are associated (i.e., natural gas produced in conjunction with oil), with the rest made up of non-associated gas (20%) and dome gas (10%). Until 1990, all of Iraq's natural gas production was from associated fields. In 2001, Iraq produced 97 billion cubic feet (Bcf) of natural gas, down drastically from peak output levels of 700 Bcf in 1979. Iraq plans to increase its natural gas output in order to reduce dependence on oil consumption and

possibly for export at some point. Prior to the recent war, Iraq had even been developing plans to build a liquefied natural gas terminal.

Within two years after the lifting of U.N. sanctions, Iraq had hoped to produce 550 Bcf, and within a decade, Iraq had aimed to be producing about 4.2 Tcf of natural gas annually. Since most of Iraq's natural gas is associated with oil, progress on increasing the country's oil output will directly affect the gas sector as well. Associated gas often is simply flared off. Significant volumes of gas also are used for power generation and reinjection for enhanced oil recovery efforts.

Main sources of associated natural gas are the Kirkuk, Ain Zalah, Butma, and Bai Hassan oil fields in northern Iraq, as well as the North and South Rumaila and Zubair fields in the south. The Southern Area Gas Project was completed in 1985, but was not brought online until February 1990. It has nine gathering stations and a larger processing capacity of 1.5 billion cubic feet per day. Natural gas gathered from the North and South Rumaila and Zubair fields is carried via pipeline to a 575-Mmcf/d natural gas liquids (NGL) fractionation plant in Zubair and a 100-Mmcf/d processing plant in Basra. At Khor al-Zubair, a 17.5-million-cubic-foot LPG storage tank farm and loading terminals were added to the southern gas system in 1990. Natural gas also used to be pumped from Rumaila into northern Kuwait via a 40-inch, 105-mile pipeline. The gas was used to supply Kuwaiti power stations and LPG plants, but was halted following Iraq's invasion of Kuwait in August 1990.

Iraq's only non-associated natural gas production is from the al-Anfal field (200 Mmcf/d of output) in northern Iraq. Al-Anfal production, which began in May 1990, is piped to the Jambur gas processing station near the Kirkuk field, located 20 miles away. Al-Anfal's gas resources are estimated at 4.5 Tcf, of which 1.8 Tcf is proven. In December 2001, Russia's Gazprom reportedly was negotiating possible development of al-Anfal. In November 2001, a large non-associated natural gas field reportedly was discovered in the Akas region of western Iraq, near the border with Syria, and containing an estimated 2.1 Tcf of natural gas reserves. It is not clear whether the field is associated or non-associated.

Besides al-Anfal, Iraq has four large non-associated natural gas fields (Chemchamal, Jaria Pika, Khashm al Ahmar, Mansuriya) located in Kirkuk and Diyala provinces. In February 2000, Iraq's Oil Ministry named Agip and Gaz de France as leaders on a \$2.3 billion PSA (production sharing agreement) project to develop these fields, which reportedly have total recoverable reserves of more than 10 Tcf.

Currently, Iraq has a major natural gas pipeline with the capacity to supply around 240 MMcf/d to Baghdad from the West Qurna field. The 48-inch line was commissioned in November 1988, with phases II and III of the project never completed due to war and sanctions. The last two phases of the pipeline project were meant to supply Turkey. Iraq's Northern Gas System, which came online in 1983, was damaged during the Gulf War as well as by the Kurdish rebellion of March 1991. The system supplied LPG to Baghdad

and other Iraqi cities, as well as dry gas and sulphur to power stations and industrial plants. Iraq also has a Southern Gas System, which came online in 1985.

ELECTRIC POWER

As of late July 2003, indications were that Iraq had no more than perhaps 3,600 MW of power generating capacity, well below the amount needed to satisfy peak summer demand. Baghdad alone is estimated to require 2,400 MW of power during the summer's extreme heat for refrigeration and air conditioning, but was receiving perhaps half that amount. The Doura plant, which supplies the capital, was only running at 30% capacity as of late July, while power lines between the Beiji facility, which also serves Baghdad, had been cut or looted. Overall, according to Paul Bremer, Iraq requires an extra 2,000 MW of generating capacity in order to meet demand, at a cost of perhaps \$2 billion. In the meantime, the CPA has introduced a rationing system for the entire country, except for Basra, with three hours on and three hours off. Key facilities like hospitals, oil facilities, water and sewage plants were to receive power 24 hours a day under the plan.

Around 85%-90% of Iraq's national power grid (and 20 power stations) was damaged or destroyed in the 1990-1991 Gulf War. Existing generating capacity of 9,000 megawatts (MW) in December 1990 was reduced to only 340 MW by March 1991. In early 1991, transmission and distribution infrastructure also was destroyed, including the 10 substations serving Baghdad and about 30% of the country's 400-kilovolt (kV) transmission network. In early 1992, Iraq stated that it had restarted 75% of the national grid, including the 1,320-MW Baiji and Mosul thermal plants as well as the Saddam Dam. The U.N. Iraq Program estimated in November 2002 that Iraq's generating capacity was 4,300-4,400 MW. The U.N. Iraq Program further stated that, by the summer of 2004, Iraq's generating capacity could reach 5,900 MW, with several power stations (Al-Quds, Beji, Himreen, Yousfiya, Rumaila -- all gas-fired) under construction and several others (Dibs, Hart, Najaf, Nassriya -- gas and thermal) awaiting approval and/or funds.

Prior to the war, Iraq reportedly had signed contracts for renovating two generation units at the Harithah power plant, and another to rebuild the Yusufiyah plant, which stopped operating in 1990. Iraq's Electricity Authority reportedly also had signed several other contracts with Chinese, Swiss, French, and Russian companies, to build 3,000 MW of additional power generating capacity. In December 2000, it was reported that a Chinese company had completed work on the Abdullah power plant north of Baghdad. In October 2001, it was reported that Russia's Mosenergmontazh was working to modernize Iraq's Southern Heat and Power Plant in Najibia, Basra province. The project aims to add 200 MW of generating capacity to Iraq's grid. In August 2002, the Najaf governate in southern Iraq announced that two new power plants, with a combined capacity of 20 MW, had come online.

Sources for this report include: Agence France Presse; APS Review Oil Market Trends; Associated Press; BBC Summary of World Broadcasts; Business Week; Chicago Tribune; CIA World Factbook; Deutsche Bank; Dow Jones; The Economist; Economist Intelligence Unit; Energy Compass; Energy Intelligence Briefing; Financial Times;

Global Insight; Gulf News; Hart's Africa Oil and Gas; Interfax News Agency; Janet Matthews Information Services (Quest Economic Database); Los Angeles Times; Middle East Economic Survey; Nefte Compass; New York Times; Oil & Gas Journal; Oil Daily; Petroleum Economist; Petroleum Finance Company (PFC); Petroleum Intelligence Weekly; Platt's Oilgram News; Reuters; Russian Oil and Gas Report; Stratfor; U.N. Office of the Iraq Programme; U.S. Energy Information Administration; U.S. Department of State; Wall Street Journal Europe; Washington Post; Weekly Petroleum Argus; World Markets Research Centre.

COUNTRY OVERVIEW

Head of Government: N.A. For a discussion of Iraq's current governing structure, please see the discussion above.

Independence: October 3, 1932

Population (2002E): 23 million

Location/Size: Middle East/168,709 square miles, slightly more than twice the size of Idaho.

Major Cities: Baghdad (capital), Basra, Mosul, Karbala, Kirkuk

Languages: Arabic, Kurdish

Ethnic Groups: Arab 75-80%, Kurdish 15-20%, Turkmen, Assyrian, or other 5%

Religions: 97% Muslim (Shi'a 60-65%, Sunni 32-37%), Christian or other (3%)

ECONOMIC OVERVIEW

Currency: Iraqi Dinar (ID)

Unofficial Exchange Rate (7/03E): US\$1=ID 1,500, compared to around US\$1=ID3,000 just after the war

Gross Domestic Product (at market exchange rates) (2002E): \$28.6 billion (down from \$54 billion in 1988)

Gross Domestic Product (at purchasing power parity rates) (2002E): \$15.5 billion (around one-third of 1989's economic output)

Real GDP Growth Rate (Global Insight: Base Case Scenario) (2002E): 5.5% (2003F): -22.0% (2004F): 37.0%

Inflation Rate (Global Insight: Base Case Scenario) (consumer prices) (2002E): 24.6% (2003F): 7.6% (2004F): 6.9%

Major Export Products (2002): Crude oil and oil products (regulated by the United Nations)

Major Import Products (2002): Food, medicine, consumer goods (regulated by the United Nations)

Merchandise Exports (2002E): \$13.0 billion

Merchandise Imports (2002E): \$7.8 billion

Merchandise Trade Balance (2002E): \$5.2 billion

Current Account Balance (2002E): \$2.3 billion

Oil Export Revenues (2002E): \$12.3 billion (includes \$3 billion or so in smuggling)

Oil Export Revenues/Total Export Revenues (2002E): 95% or more

External Debt (2003E): estimates range from over \$100 billion to more than \$300 billion

ENERGY OVERVIEW

Minister of Oil: N.A., although Thamer Ghadban is de facto acting head of the Iraqi Oil Ministry, with Philip Carroll as an advisor (see above for more details)

Proven Oil Reserves (1/1/03E): 112.5 billion barrels (around 75 billion barrels of which has not yet been developed; "probable" and "possible" reserves are as high as 220 billion barrels)

Oil Production (2002E): 2.04 million barrels per day (bbl/d), of which 2.02 million bbl/d was crude oil

Oil Production (January-May 2003E): 1.35 million barrels per day (bbl/d), ranging from a high of 2.58 million bbl/d in January to a low of 64,000 bbl/d in April; as of mid-August, production was believed to be above 1 million bbl/d

Pre-war Oil Production Capacity, Maximum Sustainable: 2.8-3.0 million bbl/d (declining by about 100,000 bbl/d per year)

Current Oil Production Capacity, Maximum Sustainable (8/03E): 1.0 million bbl/d

Oil Export Routes: Kirkuk-Ceyhan pipeline; Mina al-Bakr port; to Jordan and Turkey via truck; reportedly to Syria via the Kirkuk-Banias pipeline; smuggling by boat along the Gulf coast

Oil Consumption (2002E): 460,000 barrels per day (bbl/d) (8/03E): 300,000-350,000 bbl/d

Net Oil Exports (2002E): 1.58 million bbl/d (8/03E): 650,000-700,000 bbl/d

U.S. Oil Imports from Iraq (2002E): 459,000 bbl/d (down from 795,000 bbl/d during 2001)

Crude Oil Refining Capacity (1/1/03E): 417,500 bbl/d (according to the *Oil and Gas Journal*)

Natural Gas Reserves (1/1/03E): 109.8 trillion cubic feet (Tcf)

Natural Gas Production/Consumption (2001E): 97 billion cubic feet (Bcf)

Electricity Generation Capacity (2002E): 4.3-4.4 gigawatts (90% thermal) (8/03E): x.x gigawatts

Electricity Production (2001E): 36.0 billion kilowatthours

ENVIRONMENTAL OVERVIEW

Total Energy Consumption (2001E): 1.08 quadrillion Btu* (0.3% of world total energy consumption)

Energy-Related Carbon Emissions (2001E): 20.0 million metric tons of carbon (0.3% of world total carbon emissions)

Per Capita Energy Consumption (2001E): 45.6 million Btu (vs U.S. value of 341.8 million Btu)

Per Capita Carbon Emissions (2001E): 0.85 metric tons of carbon (vs U.S. value of 5.5 metric tons of carbon)

Energy Intensity (2000E): 13,172 Btu/ \$1995 (vs U.S. value of 11,014 Btu/ \$1995)**

Carbon Intensity (2000E): 0.24 metric tons of carbon/thousand \$1995 (vs U.S. value of 0.17 metric tons/thousand \$1995)**

Fuel Share of Energy Consumption (2001E): Oil (90%), Natural Gas (9%); Hydroelectric (<1%)

Fuel Share of Carbon Emissions (2001E): Oil (90%), Natural Gas (10%)

Status in Climate Change Negotiations: Iraq is not a signatory to the United Nations

Framework Convention on Climate Change or to the Kyoto Protocol.

Major Environmental Issues: Under Saddam Hussein, government water control projects drained most of the inhabited marsh areas east of An Nasiriyah by drying up or diverting the feeder streams and rivers. A once sizable population of "Marsh Arabs," who have inhabited these areas for thousands of years, were displaced, while the destruction of the natural habitat harmed the area's wildlife populations. Other problems include inadequate supplies of potable water, development of Tigris-Euphrates Rivers system contingent upon agreements with upstream riparian Turkey, air and water pollution, soil degradation (salination) and erosion, and desertification.

Major International Environmental Agreements: A party to the Law of the Sea and the Nuclear Test Ban.

* The total energy consumption statistic includes petroleum, dry natural gas, coal, net hydro, nuclear, geothermal, solar, wind, wood and waste electric power.

**GDP based on EIA International Energy Annual 2001

OIL AND GAS INDUSTRY

Major Oil Fields (proven reserves - billion barrels, 2002E): Majnoon (12-30), West Qurna (11.3-15.0), East Baghdad (11+), Kirkuk (10+), Rumaila (10+), Bin Umar (6+), Rattawi (3.1), Halfaya (2.5-4.6), Nassiriya (2-2.6), Suba-Luhais (2.2), Tuba (1.5), Khurmala (1.0), Gharaf (1.0-1.1), Rafidain (0.7), Amara (0.5)

Oil Refineries (crude refining capacity bbl/d, 2003E): Baiji (150,000), Basra (140,000), Daura (100,000), Khanakin (12,000), Haditha (7,000), Muftiah (4,500), Qayarah Mosul (2,000)

Major Ports: Mina al-Bakr, Khor al-Amaya, Khor al-Zubair, Umm Qasr

Major Pipelines (nameplate capacity): *Kirkuk-Ceyhan (Dortyol) Pipeline* - around 1.5-1.6 million bbl/d (currently partly operational); *Iraq-Saudi Arabia Pipeline (IPSA1, 2)* - possibly 1.65 million bbl/d (closed by Saudi Arabia in 1990); *Banias/Tripoli Pipeline* - possibly 0.3 million bbl/d (currently closed); *Iraq Strategic Pipeline* - less than 1.4 million bbl/d (reversible, internal transportation only)

LINKS

For more information on Iraq, see these other sources on the EIA web site:

[Iraq Chronology: 1980-2002](#)

[EIA - Country Information on Iraq](#)

Links to other U.S. government sites:

[CIA World Factbook - Iraq](#)

[Coalition Provisional Authority Home Page](#)

[US Dept. of Commerce Iraq Reconstruction Task Force](#)

[US State Dept. Iraq Reconstruction Contracts Page](#)

[US State Dept. International Information Programs: Iraq](#)

[U.S. Office of Foreign Assets Control \(for information on Iraqi Sanctions\)](#)

Radio Free Europe "Iraq Report"
U.S. State Department's Consular Information Sheet - Iraq
State Dept. Iraq information
US Agency for International Development Iraq page
Library of Congress -- Iraq Country Study

The following links are provided solely as a service to our customers, and therefore should not be construed as advocating or reflecting any position of the Energy Information Administration (EIA) or the United States Government. In addition, EIA does not guarantee the content or accuracy of any information presented in linked sites.

UN Office of the Iraq Program U.N. Security Council Resolutions Relating to Iraq
International Atomic Energy Agency (IAEA) and Iraq
Permanent Mission of Iraq to the United Nations
MENA Petroleum Bulletin
University of Texas at Austin -- Iraq Page
Perry Castaneda Collection: Iraq Maps
University of Pennsylvania -- Middle East Center
Planet Arabia.com
BBC "After Saddam" page
Washington Post "War in Iraq" page
Online NewsHour: "The New Iraq"
Iraq Daily
AME Info Middle East Business Information

If you liked this Country Analysis Brief or any of our many other Country Analysis Briefs, you can be automatically notified via e-mail of updates. You can also join any of our several mailing lists by selecting the listserv to which you would like to be subscribed. The main URL for listserv signup is http://www.eia.doe.gov/listserv_signup.html. Please follow the directions given. You will then be notified within an hour of any updates to Country Analysis Briefs in your area of interest.

[Return to Country Analysis Briefs home page](#)

File last modified: August 20, 2003

Contact:

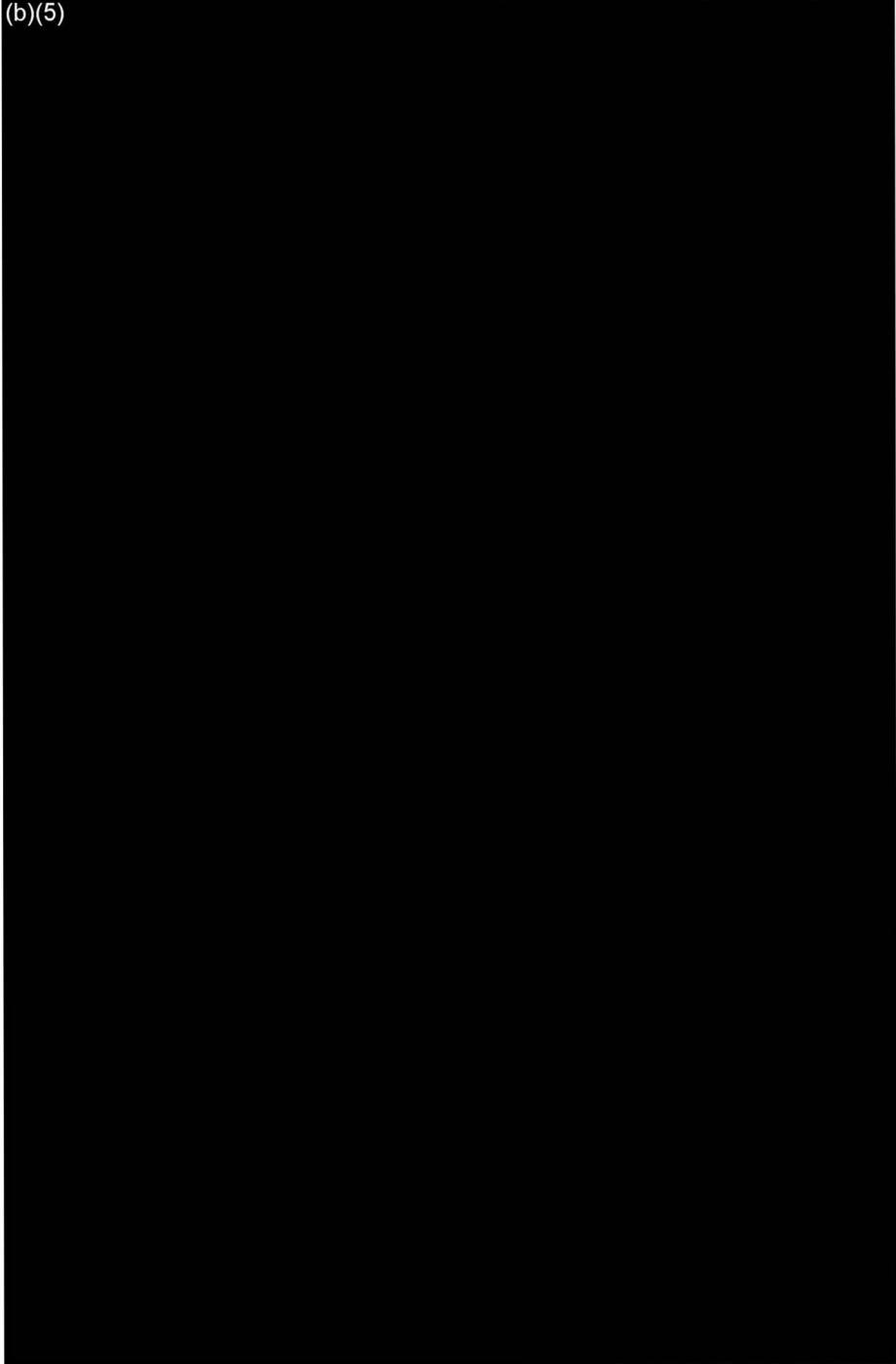
(b)(6)

(b)(2)

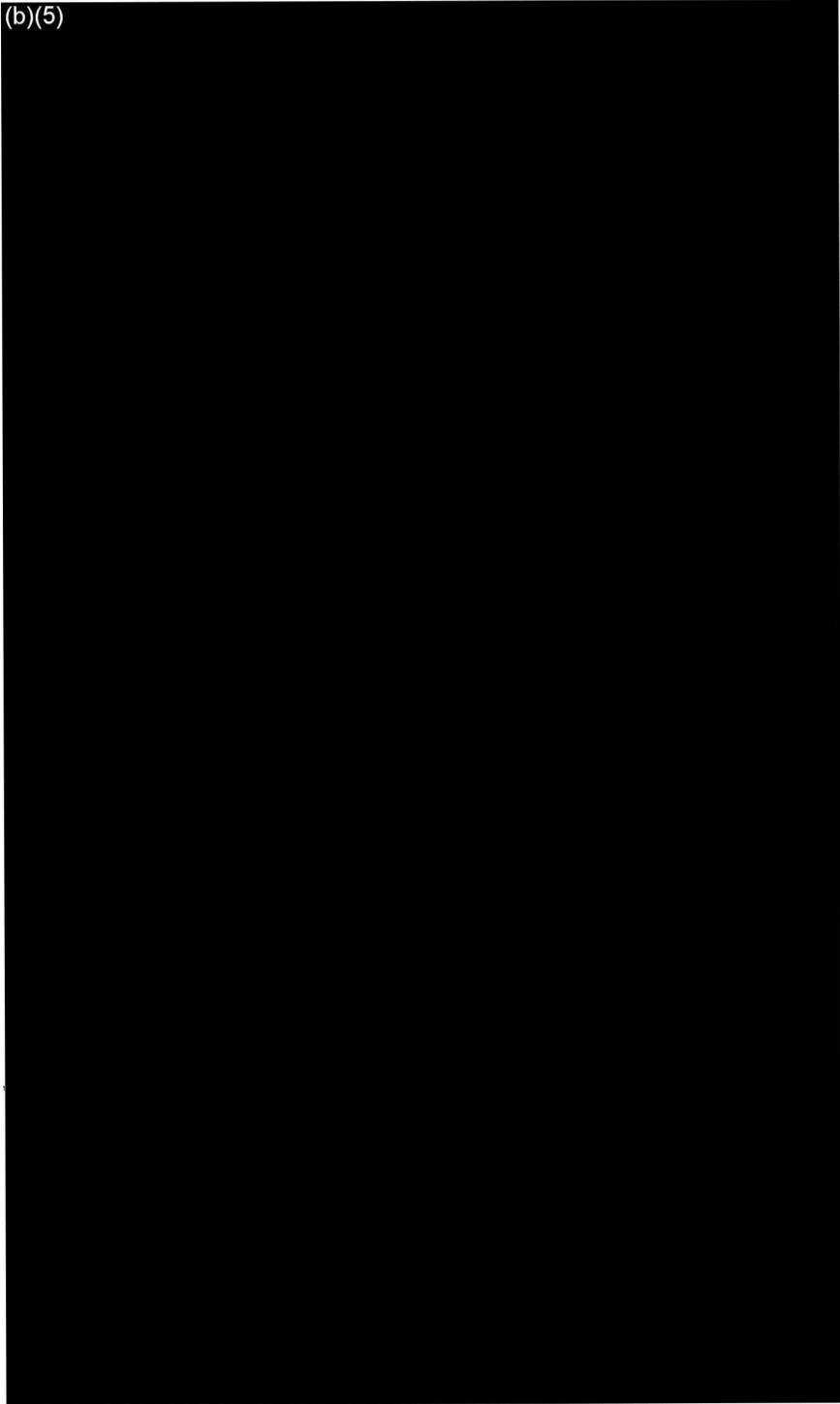
Phone: (b)(2)

Fax: (b)(2)

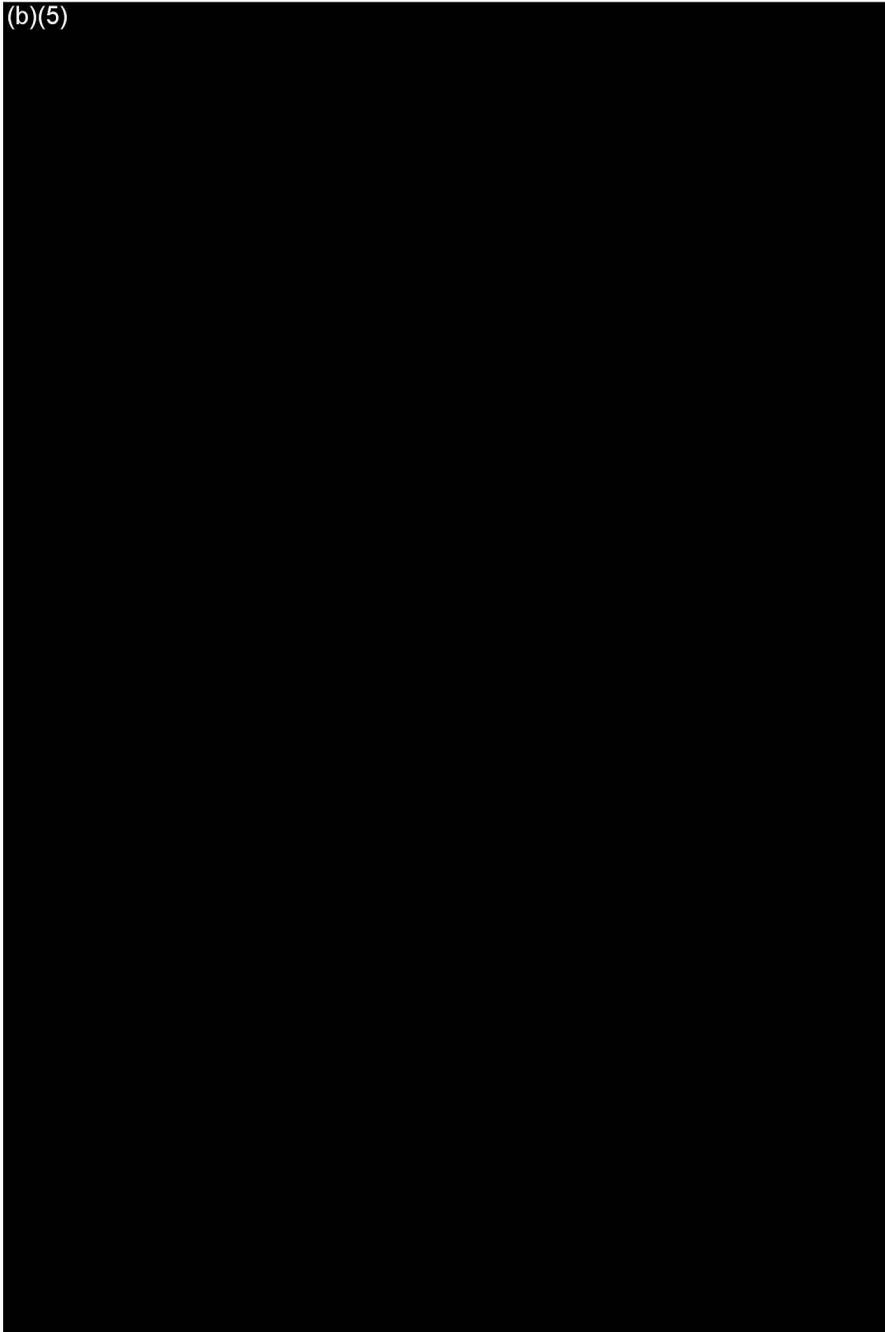
(b)(5)



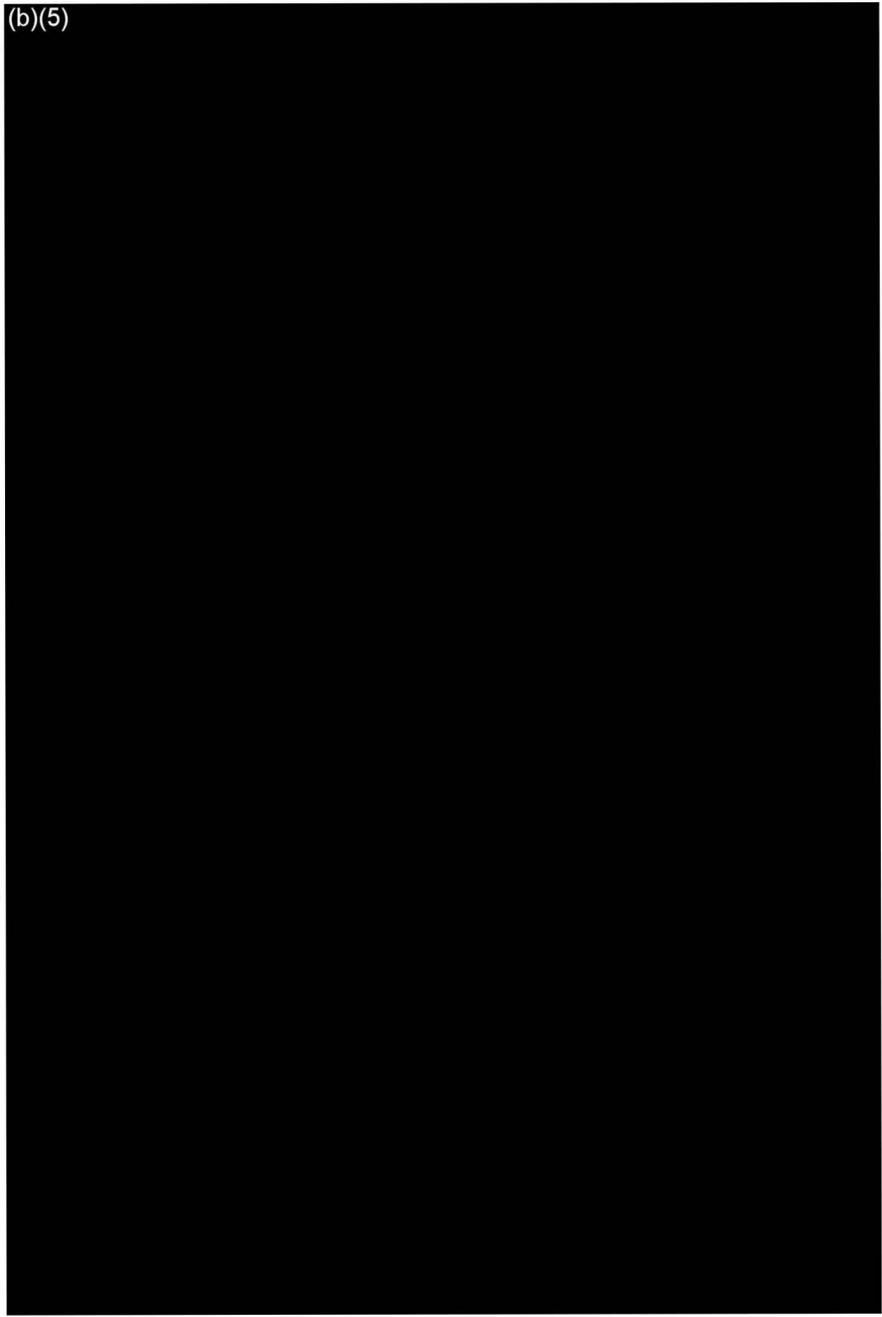
(b)(5)



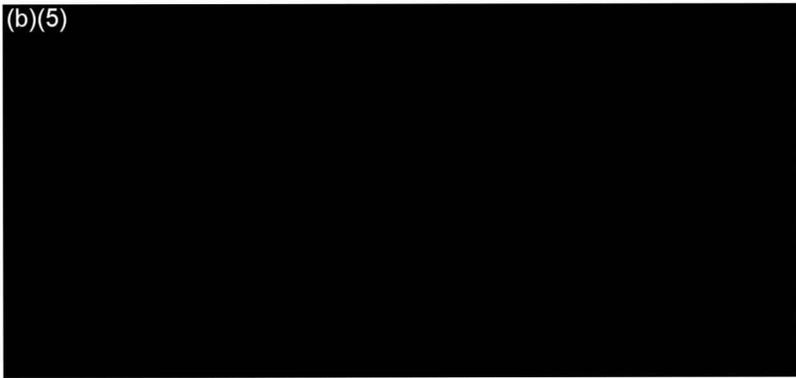
(b)(5)



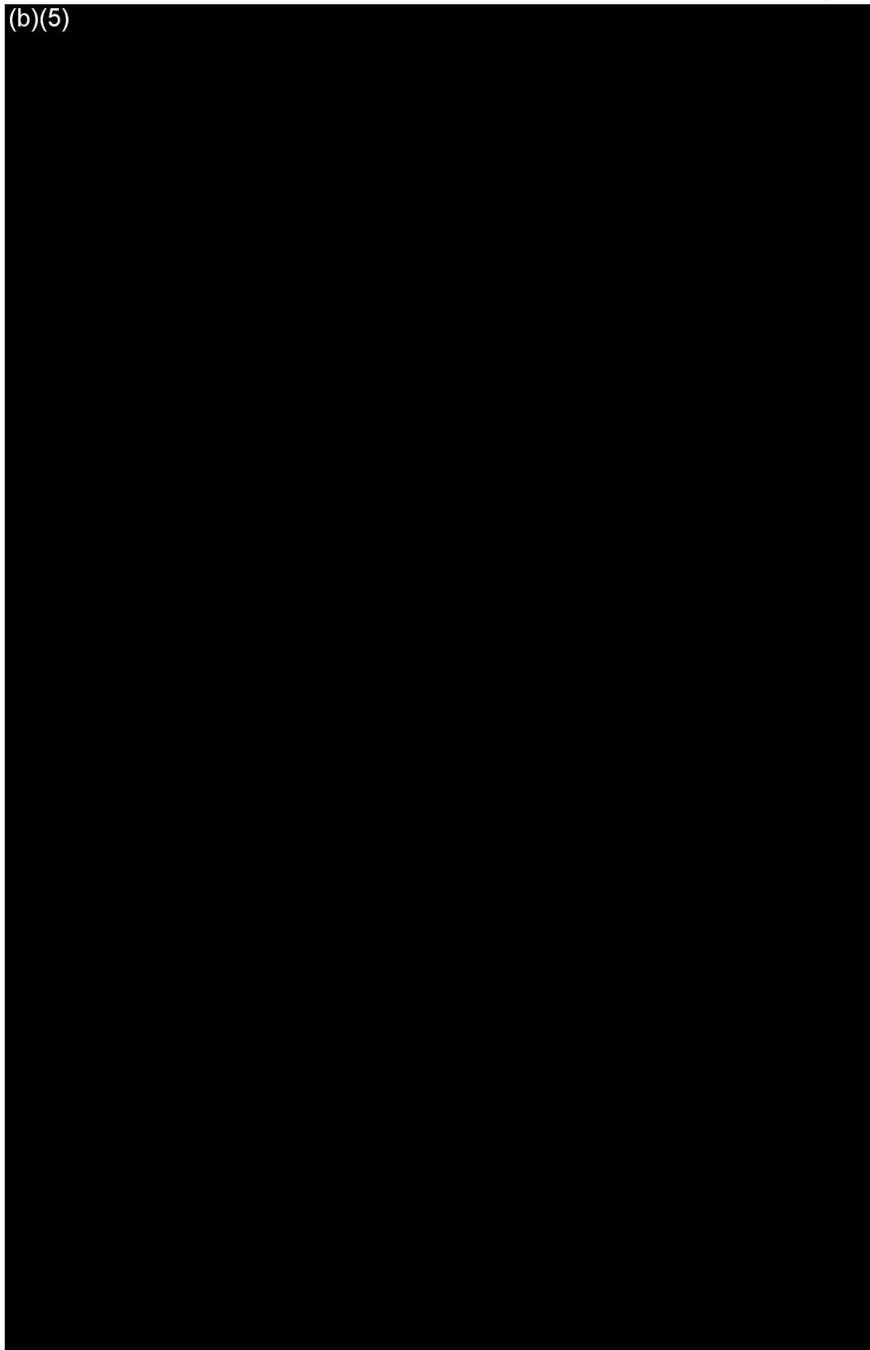
(b)(5)



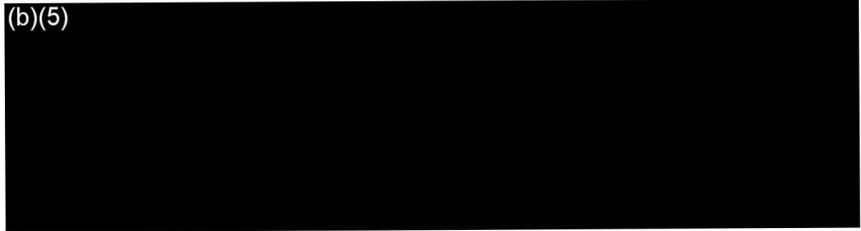
(b)(5)



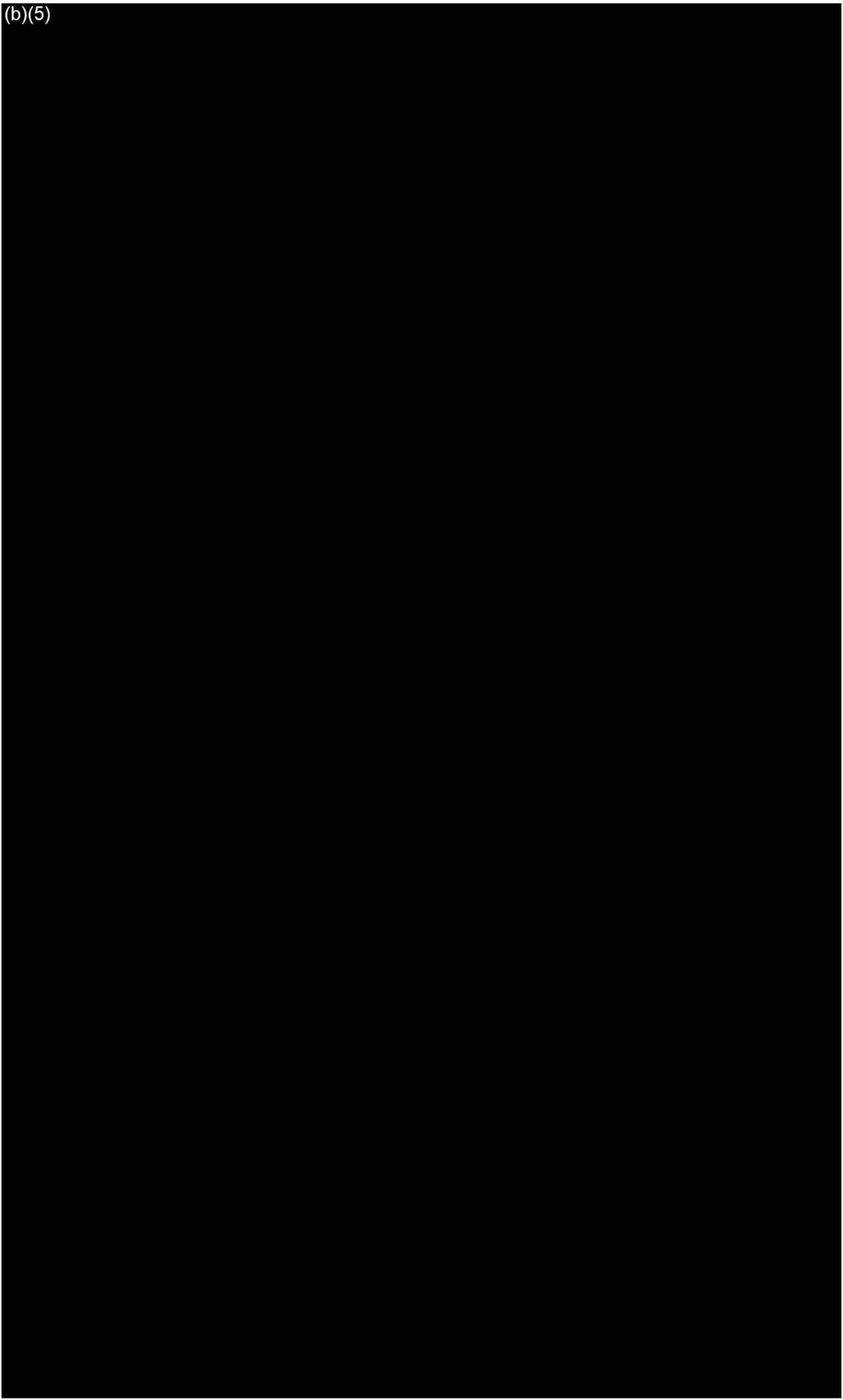
(b)(5)



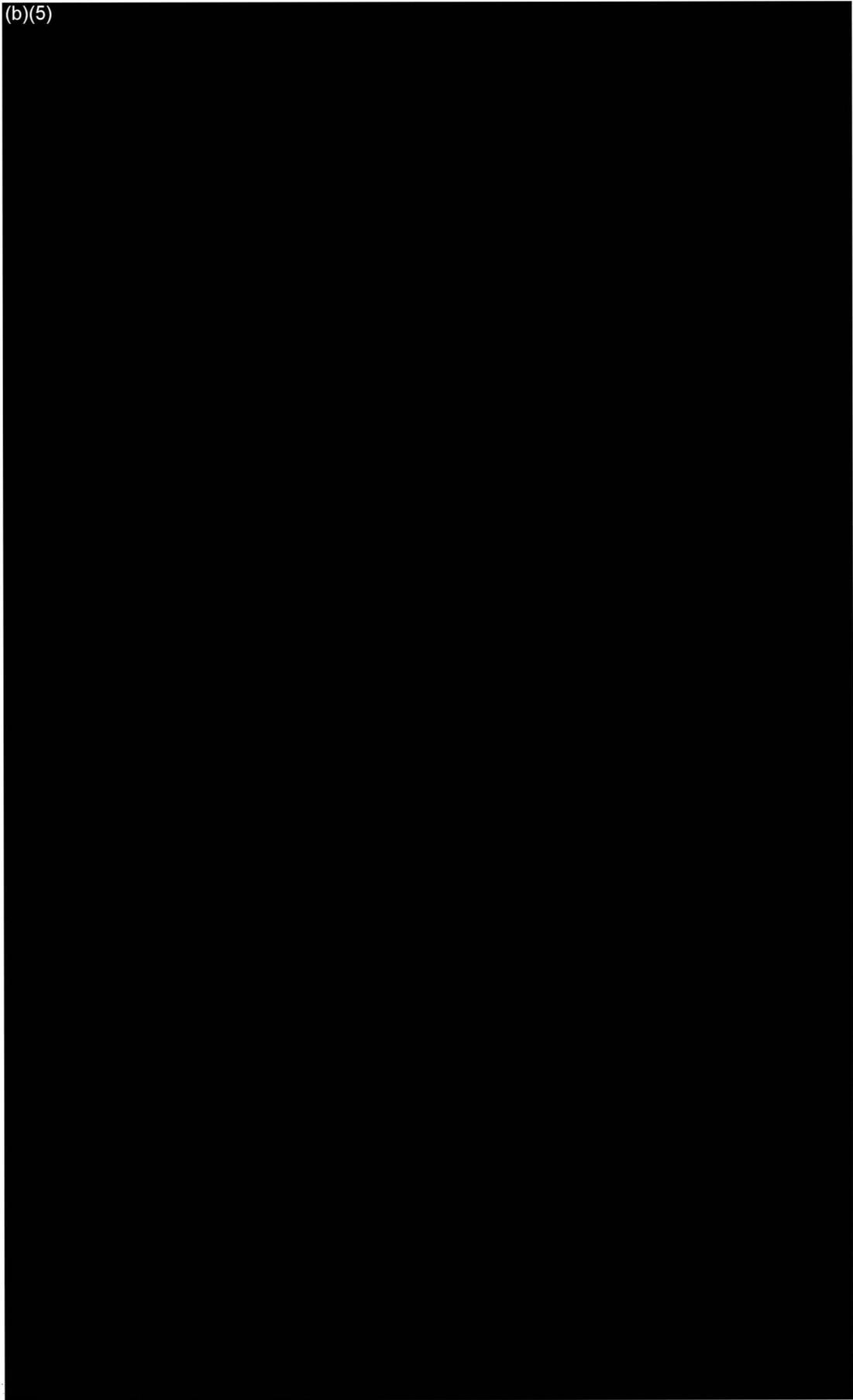
(b)(5)



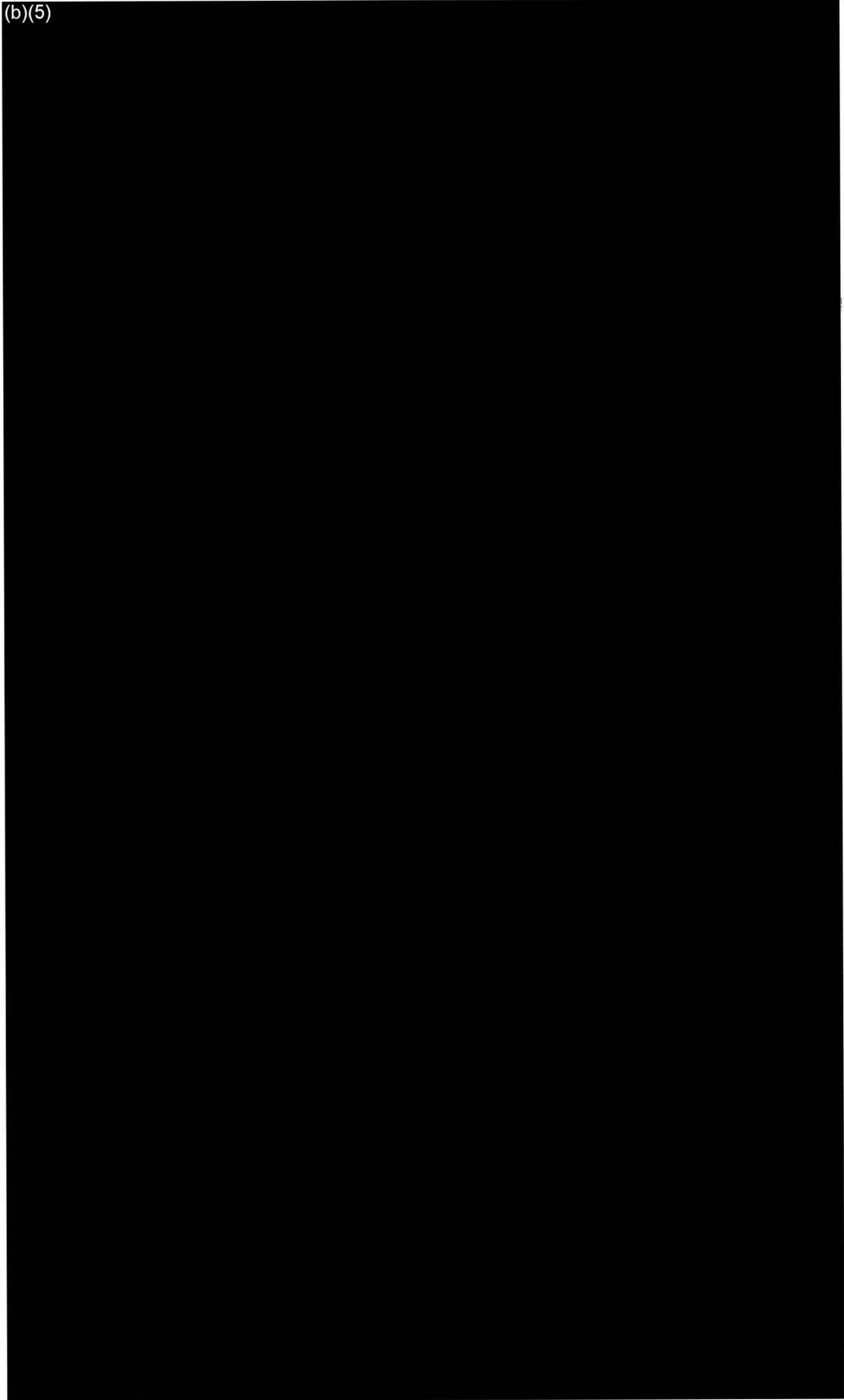
(b)(5)



(b)(5)



(b)(5)



14 June 2003

Enclosure (2)

Timeline and Process for 04 Budget

Purpose. To intimately involve the Iraqi government, with the continual supervision of the Senior Advisors, in the process of allocating available funds in order to produce a fully justified and balanced budget which will be reviewed and issued by early November.

This process will include the projection of expected oil and other revenues and the consequent development of fiscal guidance for the different sectors of the Iraqi economy, a review of how Iraqi Ministries and Public Companies have executed programs during July and August 2003, and the concurrent development of a budget with the Iraq Ministry of Finance.

Process.

Date	Event
15 July	Begin discussion of fiscal guidance with Iraqi's. Inform Ministries and Companies that they will be required to submit three years of proposed budgets (04, 05 and 06). The 04 budget is the only one which will be reviewed by the OCPA authority, however the Iraqi Ministry of Finance and Senior Advisors will use the developed 05 and 06 budgets to determine if individual programs and projects proposed to be started in 04 are appropriately planned and can be funded within anticipated fiscal guidance.
1 August	Budget guidance and Ministry and Company fiscal targets issued for 04, 05 and 06.
5-15 Sep	Review of execution data for Jul and Aug 03 with Iraq Minister of Finance in order to determine which organizations have been able to perform to their predictions and where Ministries, Companies and Projects are overfunded.
30 Sep	Budget proposals for 04, 05 and 06 due to Senior Advisors and Iraq Ministry of Finance.

*Iraqis
Q0115*

doc. 32

2 April 2003

FOR: DEPUTY SECRETARY OF DEFENSE

FROM: UNDER SECRETARY OF DEFENSE, POLICY *ES*

SUBJECT: Report on SVTC Meeting Today on Management of Iraqi Oil

- (b)(6) participated in a SVTC today on the management of Iraqi oil.
- An Interim Management Team (IMT) filled with Iraqis will be created.
 - It will provide general direction and control of operations of the Oil Ministry/SOMO but report to ORHA.
 - ORHA will have the authority to hire and fire IMT personnel, and will be required to co-sign any contracts over \$50-100K.
 - It will operate and service existing fields but will not decide on existing development contracts or concessions or seek new ones. However, it will have the flexibility to adapt to the realities on the ground, including drilling new wells, etc.
 - The CEO of the IMT will be Fadhil Uthman.
- A non-binding Advisory Board, with 8-16 members (at least half Iraqi) will advise ORHA and the IMT.
 - Phil Carroll will play a central role as Chairman of a non-binding Advisory Board. In effect, IMT will report to Carroll since ORHA will be guided by Carroll's advice.
 - (b)(6) will speak with Carroll tomorrow to explain the change in structure and seek his acceptance for this position.
 - The Vice Chairman of the Advisory Board will be Fadhil Chalabi.
 - Carroll and Chalabi will provide names for the Advisory Board.

Prepared by: (b)(6) (b)(2)

Classified by DUSD(SP-NESA) William J. Luti
Reason: 1.5(d)
Declassify: X6

1 Apr 03
2PM

**Read Ahead for Today's SVTC on
Iraqi Candidate for Oil Authority**

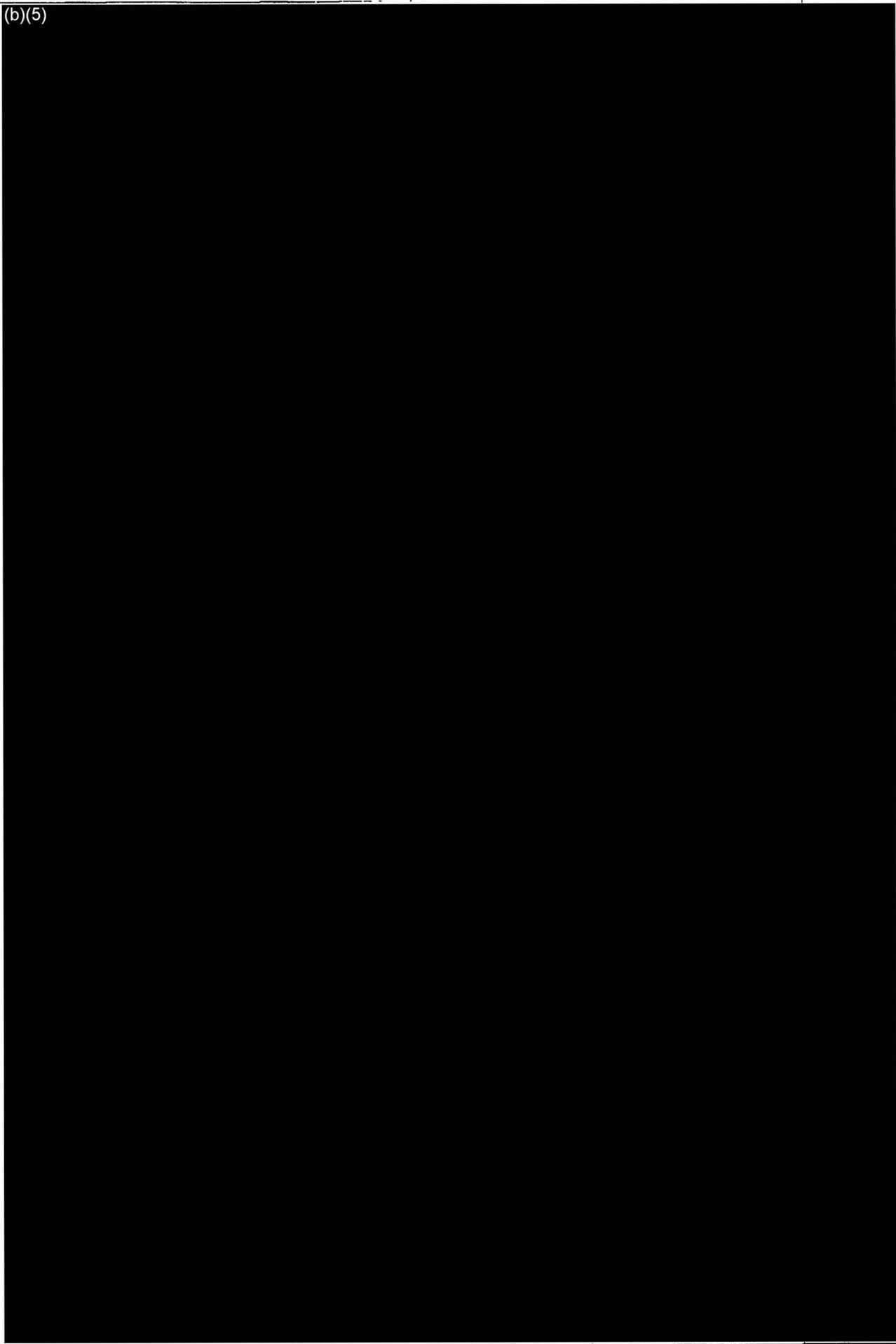
NSC Proposal to Staff Major Oil Industry Positions

- **Current State of Play (as best we understand it).**
 - **Phil Carroll** – Chairman of the Advisory Board
 - **Fadhil Chalabi** – Vice Chairman of the Advisory Board
 - **Fadhil Othman** – CEO
- We agree with this arrangement.
- Carroll and Chalabi will recommend who the other members of the Advisory Board should be.
- Attached is back-up material on the various Iraqi candidates that have been considered.

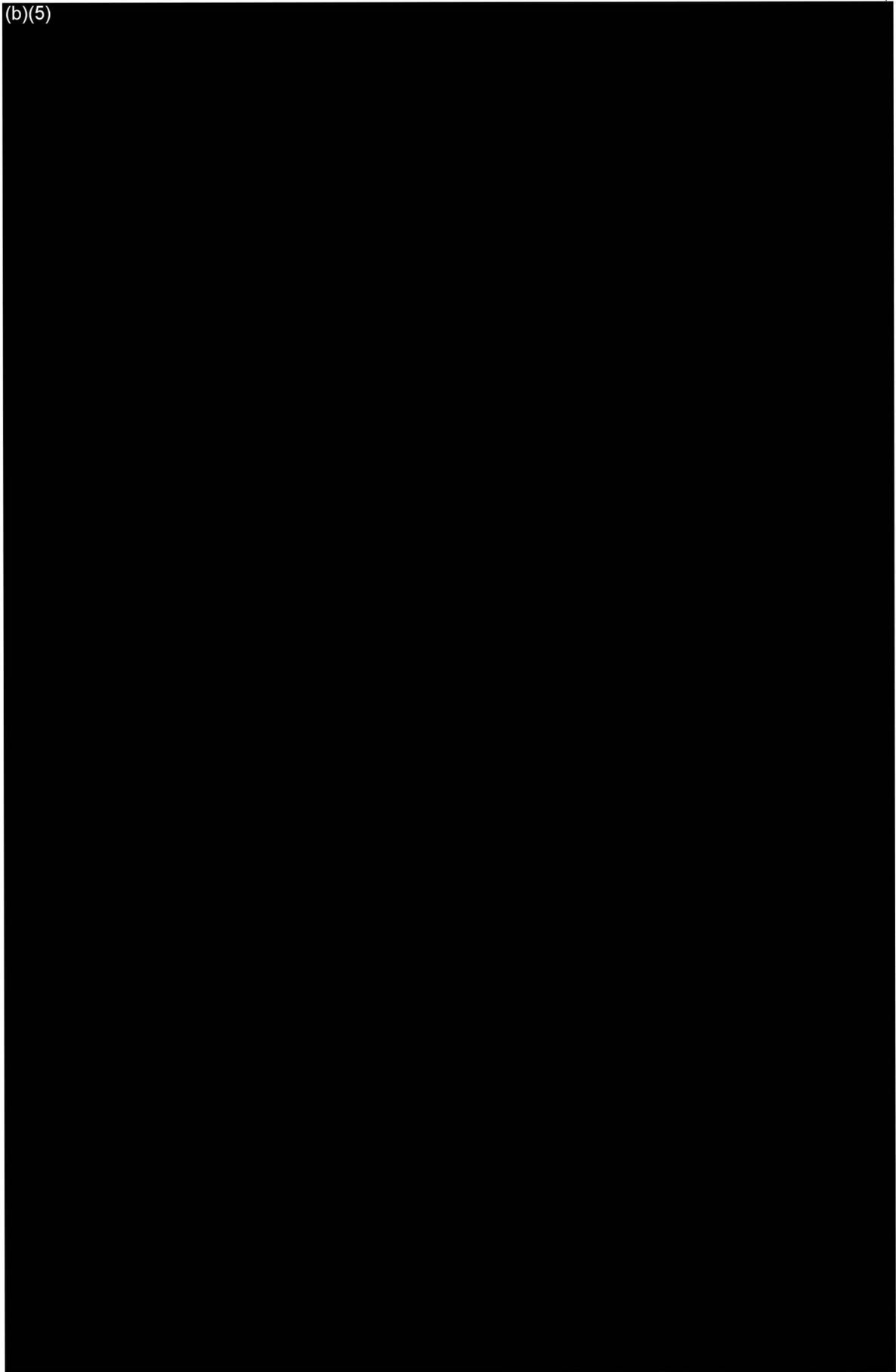
Classified by DUSD(SP-NESA) William J. Luti
Reason: 1.5(d)
Declassify: X6

1

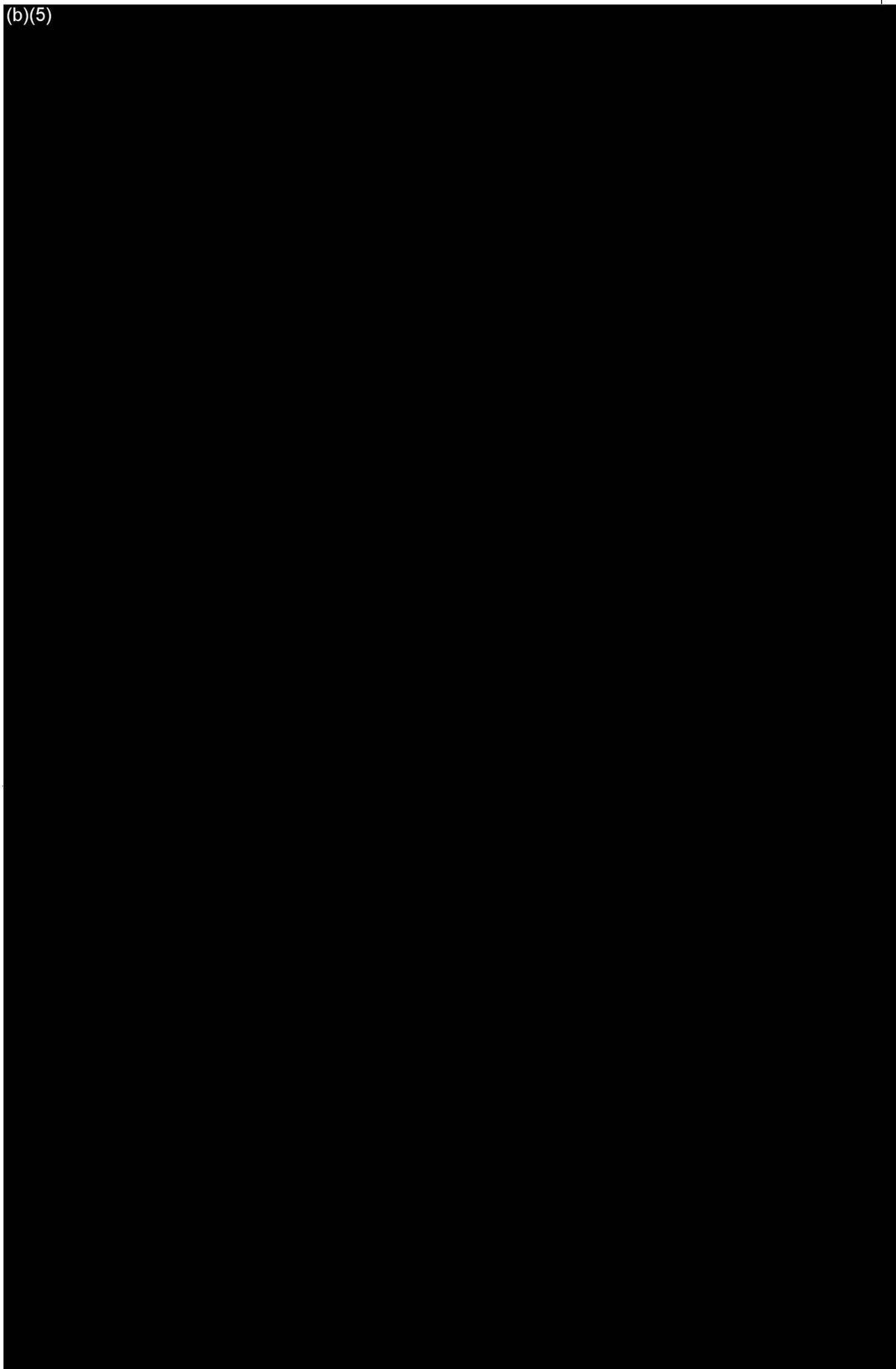
(b)(5)



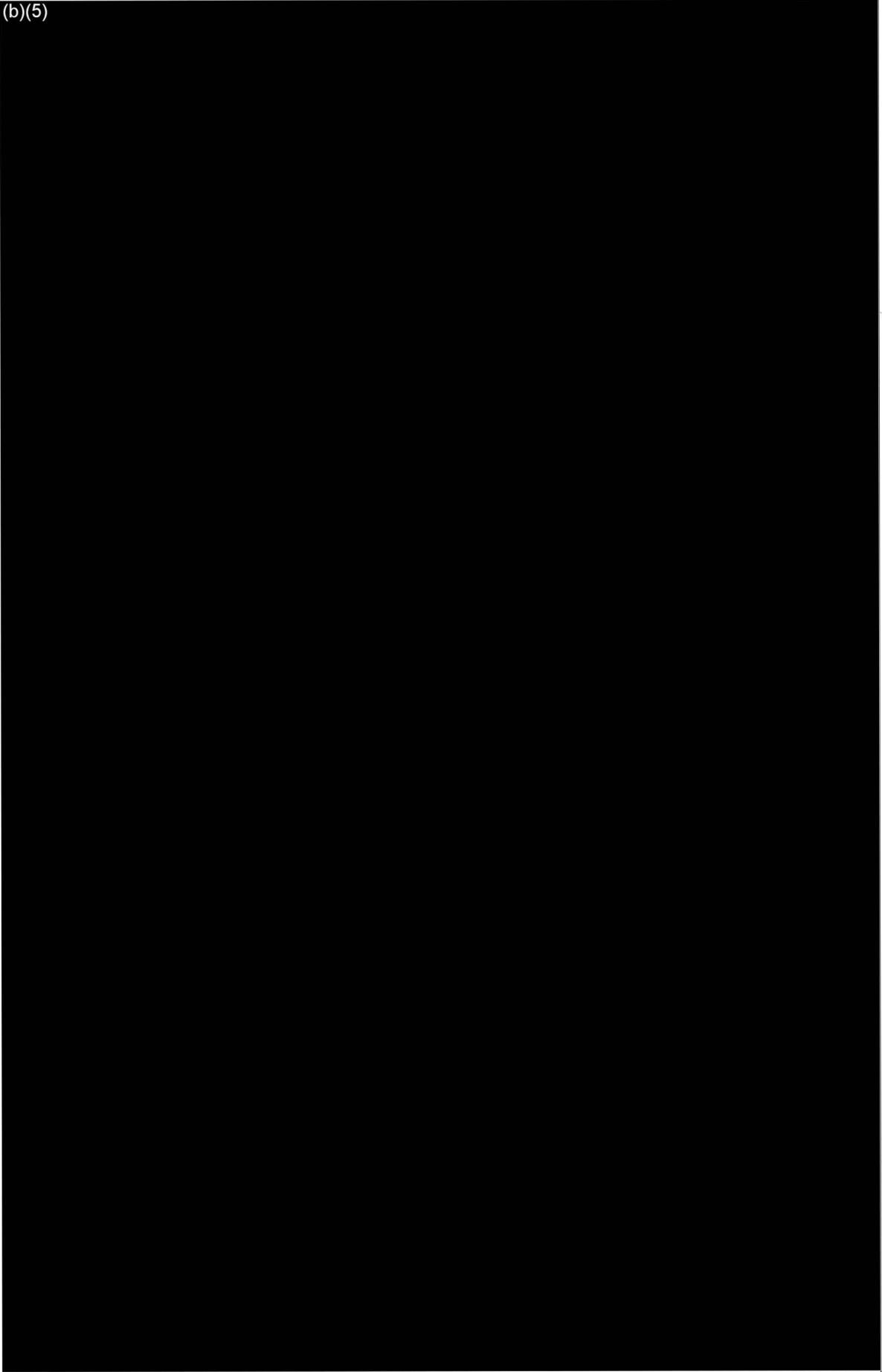
(b)(5)



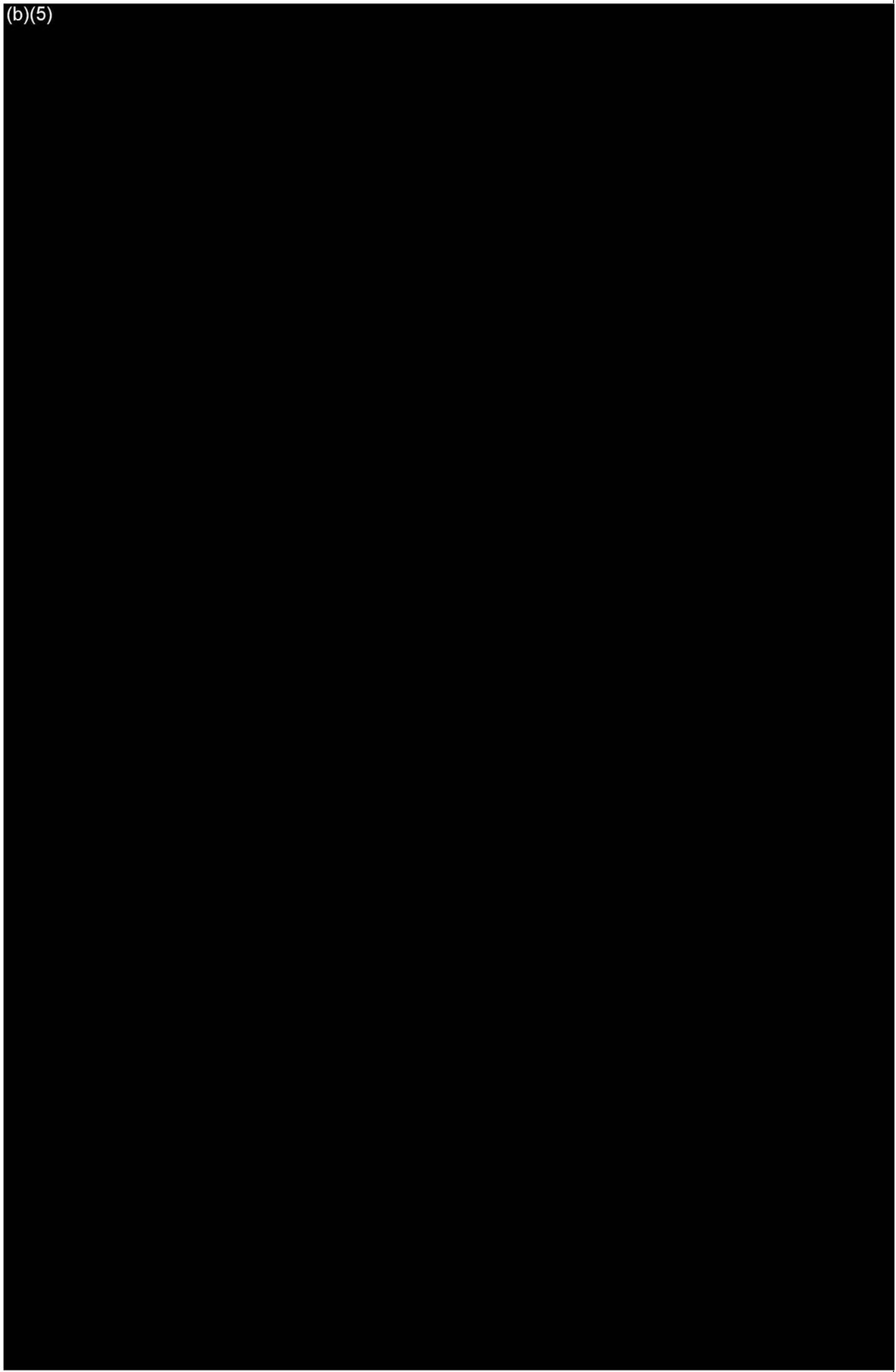
(b)(5)



(b)(5)



(b)(5)



(b)(6) Vogler, Gary; Kennedy, Patrick AMB; (b)(6)
(b)(6)

Subject: RE: DSD SFRC Testimony Prep Help

(b)(6) - from this understand you all are working 1 & 3, assume you have someone else working the On the Record response for #2?

V/r-- Bill Caldwell

-----Original Message-----

From: (b)(2),(b)(6)
Sent: Friday, July 25, 2003 12:17 PM
To: Caldwell, Bill, MG, OSD; Carroll, Phil
Cc: Executive Secretary; Oliver, David R., Jr.; McManaway, Clayton;
(b)(6) Vogler, Gary; Kennedy, Patrick AMB; (b)(6)
(b)(6)
Subject: RE: DSD SFRC Testimony Prep Help

wilco
vr (b)(6)

Mr. Carroll - Can you please provide an assessment of Sen Biden's statements at (1) and (3) below for Amb Bremer and DSD.

thx
vr (b)(6)

-----Original Message-----

From: Caldwell, Bill, MG, OSD
Sent: Friday, July 25, 2003 6:37 PM
To: (b)(6)
Cc: (b)(6)
(b)(6) Luti, William, CIV, OSD-POLICY; (b)(6)
(b)(6) CIV, OSD; Ganyard, Stephen, COL, OSD; (b)(6)
(b)(6)
Subject: RE: DSD SFRC Testimony Prep Help

(b)(6) - during the phone call this morning the DSD talked with Clay on this request and told Clay we would get the excerpt from the testimony to you all so you could provide accurate answers to these questions. Steve Ganyard has provided that below.

We testify this Tuesday, so we really do need the responses here by Sunday night.

Thanks -- Bill Caldwell

> -----Original Message-----

> From: Ganyard, Stephen, COL, OSD
> Sent: Friday, July 25, 2003 10:17 AM
> To: (b)(6)

7/28/2003

> Cc: Caldwell, Bill, MG, OSD; (b)(6)
 (b)(6) Luti, William, CIV, OSD-POLICY
 > Subject: DSD SFRC Testimony Prep Help
 >
 > (b)(6)
 > Need some help from Mr. Carroll's department. DSD previously
 > testified before the SFRC and was challenged by Sen Biden on what it
 > will
 > take to restore Iraqi oil production. Below are excerpts from the
 > Biden
 > comments.
 > We would like to respond to these comments by offering the latest
 > CPA estimates on projected oil production and future investment
 > requirements. Specifically, we need responses to the assertions,
 > labeled
 > [1] and [3] below, as well as the inquiry labeled as [2], that Sen
 > Biden
 > made on MAY 22.
 > We need a quick turnaround on this. Can you get it to us by Sunday
 > night? Thanks very much.
 >
 >
 > s/f - STG
 > -----
 > HEADLINE: U.S. SENATOR RICHARD G. LUGAR (R-IN) HOLDS HEARING ON THE
 > STABILIZATION AND RECONSTRUCTION OF IRAQ
 > May 22, 2003
 >
 > BIDEN: What are the -- I just attended a meeting with oil experts,
 > Mr. Larson (ph) present and with Ms. Chamberlain present, where the
 > following numbers were -- to get it -- [1] for us just to get to the
 > point where we're talking about increasing to one million barrels per
 > day
 > export, there's going to be a need for a \$5 billion investment in the
 > oil
 > fields to get to that point. To get to the point where you'll build up
 > production to 5.5 million barrels per day, it is estimated by the
 > testifying today -- and I ask either of your colleagues if they
 > disagree
 > with it -- seven to 10 years and an investment of \$30 to \$40 billion
 > the fields.
 >
 > Now nobody I know in the oil business is suggesting that there are
 > going
 > to be revenues that remotely cover the cost of rebuilding Iraq coming
 > from
 > those oil fields in the next three years. I've not heard anybody.
 >
 > [2] For the record, I'd love you to submit -- take as much time as you
 > want -- any evidence to suggest that a significant part of the
 > reconstruction of Iraq required in the next three years will come out
 > of
 > oil revenues from Iraqi oil.
 >
 > Would you be willing to do that for the record?
 >
 >
 > Later in the session, Biden continued.....
 >
 > BIDEN: Well, that's very useful, because I may have misunderstood, but

7/28/2003

he
> said today that also Mr. Yergin (ph) and Mr. Mackenzie agree, and I
> have misheard it, misunderstood him, but he said to get to there would
> require an investment of over \$1 billion.
>
> Now, to get to where they were at a million barrels a day. Now, that
may
> not be correct. If you guys don't know these numbers, we're really in
> trouble, we really have a problem.
>
> So I'm confident you've got to have a good estimate.
>
> And secondly, [3] in two to three years we're talking about trying to
get
> to 3.5 million barrels a day, I'm told, and I'm told that would, a
minimum
> requirement to get there would be a \$5 billion out-of-pocket
by
> a consortia or, doesn't have to be by us, but someone's got to invest
up
> to \$5 billion.
>
>
>
> Colonel Stephen T. Ganyard, US Marine Corps
> Military Assistant to the Deputy Secretary of Defense
> The Pentagon, Rm. (b)(2)
> (b)(2)
>

7/28/2003

(b)(6)

From: (b)(6)
Sent: Saturday, July 05, 2003 10:00 AM
To: Turner, Clarke D. (SES); (b)(6) Carroll, Phil;

(b)(6)

Subject: Raphael, Robin; (b)(6)
FW: OFF Contract Review



Interim Findings of Pricing Ev...

All,

Please find attached an initial review by a Task Force in the States of the pricing of Oil for Food contracts. This is something you can take into consideration as you are prioritizing/processing your contracts.

(b)(6)

OFF Transition Coordination Team

-----Original Message-----

From: (b)(6)
Sent: Thursday, July 03, 2003 10:27 AM
To: (b)(6)
Subject: FW: OFF Contract Review

-----Original Message-----

From: (b)(6)
Sent: Wednesday, July 02, 2003 3:50 PM
To: (b)(6)
Cc: (b)(6)

(b)(2),(b)(6)

Subject: OFF Contract Review

(b)(6)

Sorry we did not get a chance to talk while you were in New York, but (b)(6) told me about your meeting with him. He passed on your suggestion about possibly engaging the assistance of members of our pricing team to help review contracts. We're looking into whether there would be value added in doing this. I wanted to provide some background on what we have been doing and explain what the capabilities of my folks are, so that we can both better evaluate how we could help each other out.

The joint Defense Contract Audit Agency (DCAA) and Defense Contract Management Agency (DCMA) pricing evaluation team was asked to review, from the standpoint of price reasonableness, specific contracts that are part of the United Nation's Oil for Food (OFF) Program with Iraq. The objective of this review is not to perform a detailed audit or make recommendations as to what the specific contract prices should have been, nor is the team attempting to prioritize the contracts or determine the needs of the Iraqi people. Rather, the purpose is to identify potential pricing issues and develop lessons learned that may be applied to ongoing and future Iraqi humanitarian and reconstruction efforts.

The team is evaluating approximately 700 approved and funded OFF contracts totaling \$7 billion in the following sectors: Agricultural Supplies & Equipment, Electricity, Oil, Water & Sanitation, Food & Food Handling, Health, Housing, Telecommunications, Transportation, and Education. Vehicles (passenger cars and buses) have been identified in all sectors and will be evaluated together and reported as if they were their own sector. Please let me know if you have identified different priority sectors.

To evaluate the pricing of the selected OFF contracts, the team compared contract prices to other OFF contracts, searched for publicly available pricing information, obtained quotes from suppliers of the same or similar items, and consulted with technical experts. For commodity contracts, they compared the contract prices to published world market prices for the individual commodities coming from the specific countries and for the time periods identified in the contracts. The team has completed its review of about 200 contracts. The interim results indicate potential pricing issues on a significant number of contracts - particularly but not solely related to transportation charges. I attach for your information their first interim report which identifies some of these issues. The team is now preparing a more comprehensive interim report on their findings; I will share it with you.

We had a very cordial and productive meeting with (b)(6) and his OIP staff a couple of weeks ago in New York. They were extremely helpful and responsive. They acknowledged that they often heard rumors of excessive "service" charges and transportation costs but never actually stopped a contract because they believed that they did not have the authority to do so. We are continuing to research these possible pricing issues

So I wanted to make sure you understood that DOD's auditors are not technical experts in any industry sector and thus would not be in a position to help prioritize the contracts. However, they have developed some expertise in the actual pricing of the contracts in the broad sectors described above and some familiarity with the suppliers. Thus they may be able to assist the CPA in deciding which contracts should be renegotiated.

The pricing team leaders would welcome the opportunity to talk with the CPA staff in more detail about the type of assistance they might be able to provide. Whether such assistance would involve team members traveling to Baghdad or assisting from Kuwait or from Washington could be determined at a future date. One advantage from my perspective of sending a team out to Baghdad is that they might be able more information on the price negotiation process. In the meantime, it might be useful if you could send the names and contact information of ministry personnel that could respond to some of these questions. Alternatively, we could send you questions that you could forward to the ministries to respond to us.

These are my initial thoughts. As I said we will continue to explore your idea, and I will discuss it with senior DOD folks. Let me know what role you envisaged for the auditors, and we can proceed from there.

On other matters, we would appreciate your input on the issue of which contracts no longer serve the interests of the Iraqi people. As I indicated in an earlier email, this is among the issues included in our terms of reference for our study. Since you and others at the CPA are best positioned to advise us on this issue, we especially would value your input.

Additionally, since the interim and final reports that we will be doing are likely going to be classified, it would be most helpful to have a classified email address for you.

Finally, please feel free to share this email and the attached report with others in the CPA who are examining OFF contracts.

I look forward to hearing back from you. Thank you.

Sincerely,

(b)(6)

Senior Director
Negotiations Policy
OSD Policy

(b)(2)

doc 37

(b)(6)

From: (b)(6)

Sent: Friday, August 22, 2003 3:34 AM

To: Oliver, David R., Jr. (b)(6)

Cc: McPherson, Peter; Kennedy, Patrick Amb: (b)(6)
 Trade; Runnels, Al (CFO, CPA, Iraq); (b)(6) Castle, Edwin S.
 (SES-2 General Counsel); McManaway, Clayton; MOF; Vogler, Gary; Carroll, Phil; Norquist, David,
 OUSDC; Leuthy, Cameron, SES, OUSDC

Subject: RE: Oil For Food and Oil Projections

David

Thank you very much. Now - on to digest and prepare for UN session and my immersion in this issue. I will be in touch with any questions - AND will get back to you all with a full accounting of what goes on with the UN Liaison Group next Tuesday, including how their assumptions seem to compare with yours. May be interesting to see what the 60 odd other countries who are invited to the meeting ask about - The session last month of the Liaison Group included a report by the UN Oil for Food people, but the issue was so complex that (b)(6) decided to arrange this special session for just this issue.

More to follow and thanks again.

(b)(6)

(b)(2)

- call - will have with me on Tuesday.

-----Original Message-----

From: Oliver, David R., Jr. (b)(2)

Sent: Friday, August 22, 2003 3:50 AM

To: (b)(6)

Cc: McPherson, Peter; Kennedy, Patrick Amb: (b)(6)
 Runnels, Al (CFO, CPA, Iraq); (b)(6) Castle, Edwin S. (SES-2 General
 Counsel); McManaway, Clayton; MOF; Vogler, Gary; Carroll, Phil

Subject: RE: Oil For Food and Oil Projections

(b)(6)

Oil for Food. The budget shows numbers which are a result of the auditing we are doing of the Oil for Food Contracts. The numbers have changed slightly in the last week. This is the status as of today.

We have divided the money/contracts into several different fiscal categories:

Unencumbered funds. Those funds which have not been allocated against specific contracts. We have identified \$3.2B in this category, of which the UN used \$1B for the initial financing of the Development Fund for Iraq.

We have identified a need for and authorized \$1.2B of existing contracts to be delivered, and expect to authorize another \$200M this week (for medical items). so, on 21 Nov, we expect there to be \$800M in unencumbered funds which should be immediately deposited in the DFI account. This \$800M is an update to the \$1B number in the budget document.

Note that several of the UN projects (especially the construction projects in the North) will be left in an unfinished, but nearly completed, state on 21

8/22/2003



Nov. Prudence and proper management will probably require that we complete several of those projects, which will require immediate, previously unbudgeted, 03 money. This is one of the reasons we need the unencumbered money immediately, in order to fund those other projects we will have to unfund to solve the immediate cash flow problem.

Another category is contracts which the UN has put money against but not awarded and which the Iraqis and CPA have identified as not needed. In accordance with the UN provisions, these will all be cancelled effective on 21 Nov, and thus I expect us to get \$340M in the first few months of 2004, which is the source of that number.

There are another series of contracts, which have already been awarded, which we do want, and for which there are surcharges that we will not pay. This area will take more time to resolve, as I expect there are bills against each contract, and the normal commercial time for billing could be in excess of 120 days in various industries.

I have therefore estimated that this category will return CPA approximately \$220M sometime in 2005. There are also some other contracts that fall into this category which our team in the Northern areas is still definitizing, and I have estimated their value at \$120M. That is the source of the \$340M in 05. Of course, anything you can do to bring this money back into 04 would be appreciated.

By the time the team in the North completes work, I expect them to identify another few hundred million of contracts which can be cancelled and money made available within the next year. I have not counted them against other needs in the budget, because politically it will be very difficult to move those funds from projects in the North (where arguable the need is not as great) to projects in the South. So, in this limited case, this particular money is not fungible nor realistically available to budget.

Oil Revenues.

The oil revenues are based on the following projections:

It is assumed that, though our \$1.5B investment in reestablishing the oil fields, we will achieve, by October 2004, sustained (e.g. continuous) export levels equal to the highest non-sustained production the Iraqi's had achieved in the previous twenty years (2.5 million barrels a day, export).

It is assumed, for 2003, that we will obtain a selling price of \$20/barrel, net of discounts given for various factors, such as the difference in oil quality, north and south, and marketing factors. We are currently marketing oil in excess of that number, but our security, electrical and oil field material problems are making the production numbers tenuous.

In 2004 and beyond, it is assumed that we will obtain a selling price of \$18/barrel, same net assumptions. This number was established in consideration of the last ten years of oil prices (low \$8/high \$28), classified information on the current OPEC and Russian production intentions as well as the impact of additional Iraqi oil on the world market.

In all cases, since the terms of oil agreements are 30 days net, the budget revenues are not realized until an average of 45 days after sale.

I do not know what the UN assumptions and numbers compare, but I believe ours are the most optimistic parametric assumptions a reasonable person can make.

8/22/2003

(b)(6) after reading, if you have any other questions, either email me (I will be here late tonight but am leaving for travel tomorrow) or call me at 1 (b)(2)

Addes welcome to chime in on any issues you would like (b)(6) to address.

Dave Oliver
-----Original Message-----
From: McPherson, Peter
Sent: Thursday, August 21, 2003 12:30 PM
To: Oliver, David R., Jr.
Subject: FW: Oil For Food Projections

would you respond or someone in your office. Sounds hard but a good idea.
peter

-----Original Message-----
From: (b)(6)
Sent: Thursday, August 21, 2003 9:26 PM
To: McPherson, Peter
Cc: (b)(6)
Subject: Oil For Food Projections

Peter

(b)(6) asked me to dig into the numbers the UN is using for Oil for Food and find out if we agree with them and can expect the kind of money out of the program that the UN is predicting. He has cleared this idea with (b)(6) of the UNIDG, so she is expecting me to start taking a close look at these numbers.

To this end -- I am first going to attend a large UN liaison group meeting in NYC on Tuesday -- Oil for Food is going to be briefed by the Office of Iraq Programme. (b)(6) from CPA Backreach will also attend). If this does not provide me all the info I need to "scrub" the OFF numbers, (b)(6) from the UN has agreed that I can schedule some follow up meetings.

Before Tuesday, I wanted your perspective on the UN estimates and your budget assumptions. If you would like to give me a name of someone else I should contact -- feel free. These are the types of things I am interested in

The Budget Document shows several lines related to Oil for Food -- following are some of my questions on each of these.

Cancellation of Oil for Food contracts --(1.0, .340, and .340 in years 03, 04, and 05 Is this in billions, I assume)

* Is this financing source as a result of the audits of the OFF contracts?

* How firm are these numbers and how realistic are they?

Oil Revenues(\$2.294, 12.114, 19.950, 20.220 in 03, 04, and 05)

* What assumptions do these numbers reflect -- barrels per day, price, etc. (I want to compare to the UN numbers to compare assumptions)

* How firm are these numbers, and how confident are you that these will be realized -- likelihood of more or less?

8/22/2003

* Do you know how the UN assumptions and numbers compare? (I can find this out when I get your assumptions, if you don't know.)

FINALLY and perhaps more importantly -- where should I focus my attention -- do you have any questions you want me to try to get answered on the OFF UN numbers? Or any issues you would like for me to ask about?

I know this is long, If you would prefer to just call me or have someone call me -- please do. (And thank you very much in advance)

(b)(6)

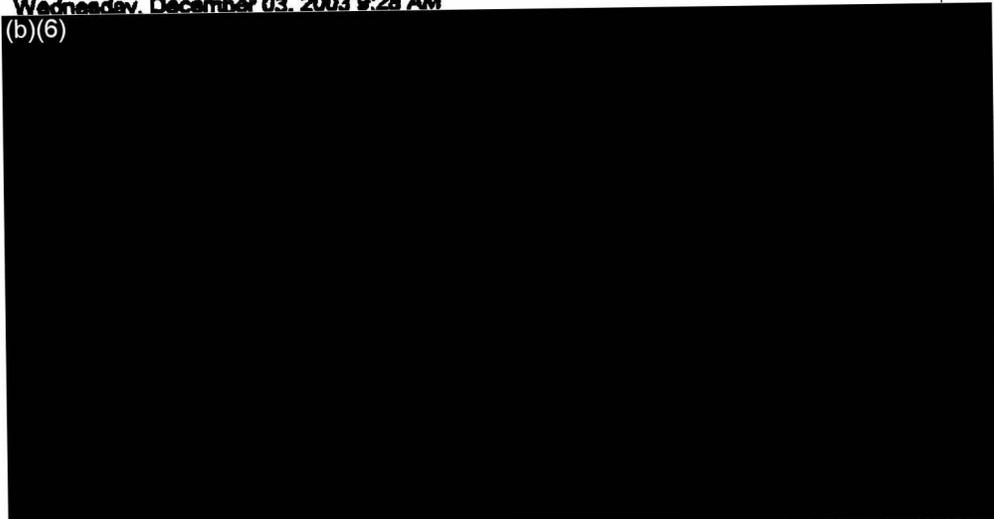
QNSD(Comptroller)

(b)(2)

8/22/2003



From: PATH Telegram Delivery
Sent: Wednesday, December 03, 2003 9:28 AM
To: (b)(6)



Subject: (U) IRAQ: KUWAIT WANTS TO INCREASE "HUMANITARIAN FUEL" DELIVERIES TO IRAQ, NEEDS DETAILS ON QUANTITIES

SUBJECT: (U) IRAQ: KUWAIT WANTS TO INCREASE "HUMANITARIAN FUEL" DELIVERIES TO IRAQ, NEEDS DETAILS ON QUANTITIES

Classified By: Charge d'Affaires Frank C. Urbancic, Reasons 1.4 (b) and (d)

1. ~~(S)~~ SUMMARY. Officials from Altanmia, the Kuwaiti consortium transporting humanitarian fuel to Iraq under contract to KBR, have told CPA and KBR representatives that they are willing and able to deliver more fuel to Iraq, and that the GOK considers this a high priority. Increases in most fuel types can be made immediately up to 4 million liters/day of gasoline and 9 million liters/day total, including diesel and kerosene. Further increases can be made following some technical modifications, all of which would be paid for by Altanmia but would be economical only if demand stays high in the medium term. However, the Kuwaitis need a clear idea of what quantities and types of fuel Iraq requires, and for how long. CPA/KBR did not have specific figures for the Kuwaitis as of December 1, although KBR representative Stoney Cox said that he would obtain them by December 5. CPA Senior Advisor to the Oil Minister Rob McKee stressed the urgency of this operation, with only 2-6 days' worth of stocks in Iraq and winter approaching. It is apparent that the GOK has told Altanmia to do whatever is necessary to avoid a hydrocarbon shortage in Iraq. Altanmia is awaiting instructions from the US on what fuels are needed and at what volume. If hydrocarbons are needed in Iraq, the GOK is ready to meet the requirement, but somebody has to ask them. END SUMMARY.

2. ~~(S)~~ On December 1, CPA's Senior Adviser to the Oil Minister Rob McKee and Kellogg Brown and Root's (KBR) (b)(6) met in Kuwait with representatives of Altanmia, the Kuwaiti company responsible for transporting humanitarian fuels to Iraq; A/DCM and EconOff (notetaker) sat in. The

meeting followed an earlier visit by McKee and two other CPA officials, who met with Altanmia, GOK officials and the head of Kuwait Petroleum Corporation (KPC) on November 24. At both meetings, the participants discussed Kuwait's provision of humanitarian fuel aid to Iraq and difficulties that have prevented Kuwait from supplying greater quantities. According to Altanmia's (b)(6) one of the major obstacles they have faced thus far has been KBR's inability to determine the actual need, which prevents Altanmia from planning to fill it. He also noted that the turnaround time for trucks in Iraq was very inefficient, with trucks waiting for days for convoys to return to Kuwait. He asserted that security was the main bottleneck.

3. ~~Let~~ At the December 1 meeting, McKee informed Altanmia that he had been successful in reducing some of the logistical impediments (including securing a commitment to run more convoys each day). He also indicated that the USG would like to take advantage of Kuwait's spare capacity to supply Iraq with a greater volume of fuel. McKee said that Iraq was facing a crisis as winter approached and stocks dwindled to 2-5 days' worth of fuel. However, neither McKee nor (b)(6) provided the Kuwaitis with specific information about the quantity or types of fuel that they were seeking. (b)(6) said that he hoped to have this information by December 5.

4. ~~Let~~ Altanmia told (b)(6) and McKee that ramping up to provide additional fuel would not be a problem. (b)(6) specified the following volumes available for each product:

-- Kerosene: Kuwait can load 1.7 million liters/day of kerosene within 72 hours. Supply can be further increased if the US military allows Altanmia to use two pipelines that run through air bases used by the US. These pipelines are currently being used by the US military at only 25-30% capacity. If the US military agrees, KPC will pay to install gauges and meters, and establish separate filling pumps for Altanmia. Alternatively, (b)(6) proposed that the US military could use the line at Ali al-Salem airbase, with Altanmia using the other at Ahmed al-Jaber airbase, currently not in use by the US. (b)(6) said he would ask the military if Altanmia can use the 75% of capacity that is going unused.

-- Mogas (aka benzene, aka gasoline): Altanmia can provide up to 9 million liters/day of mogas, but not immediately. Although there are sufficient vehicles to transport the fuel,

there is insufficient local storage space that could be used if production outpaces deliveries. Altanmia can lift up to 4 million liters/day of benzene with no additional investment. With investments in containment vessels, Kuwait can increase benzene supplies to 9 million liters/day (Kuwait lifted up to 15 million liters/day during the Iran-Iraq war).

-- Diesel: Altanmia can provide 1-1.5 million liters/day within 7-10 days (with some modifications needed, similar to those for kerosene deliveries). They can ramp up to 4 million liters/day within 2-3 weeks.

5. ~~Let~~ Altanmia officials stressed that they need a clearer idea of Iraq's longer term fuel needs. They asked whether Kuwait would simply be surging to meet shorter-term, seasonal supply shortfalls, or if the provision of humanitarian fuel supplies would be a longer, continuous operation.

(b)(6) underscored that the Kuwaitis are willing and able to do either. If the US says that only a surge in production is needed for the winter months, Kuwait can can

provide 5-7 million liters/day of mixed fuels within days, increasing to 9 million liters/day of mixed fuels within weeks. If, on the other hand, the US projects that there will be a longer-term need, Altanmia will make several investments at their own expense. (b)(6) outlined Altanmia's tentative plans to revamp the abandoned Kazima loading depot, located near the Iraqi border. The depot would be linked by pipeline to large-capacity storage barges offshore, which would solve the containment dilemma that Kuwait would face at higher production levels. (b)(6) said that the Prime Minister has indicated that fast-tracking approval of the Kazima renovation project within 48 hours could possibly be undertaken on an emergency basis, with further discussion. The renovation can be completed within 45-60 days using local contractors, or less with US military support. (b)(6) reiterated that Altanmia would make these investments at no/no cost to the US, and with no need for a US commitment on quantities of fuel to be delivered to Iraq. However, Altanmia will not undertake such a large financial commitment if Iraq only needs increased fuel supplies for this winter. Again, (b)(6) emphasized that they simply need a clearer picture of what quantities and types of fuels are needed, so that they may make the necessary logistical arrangements. He noted that the Government of Kuwait supports the US operation in Iraq "110 percent." GOK officials are perplexed that despite the GOK's willingness to do whatever it takes to get supplies into Iraq, the US continues to ignore this Kuwaiti offer, while purchasing fuel supplies from non-producing countries such as Jordan and Turkey.

6. ~~let~~ COMMENT. It is clear from both meetings that Altanmia is under firm orders from the highest levels of the GOK to provide Iraq with whatever fuel it needs. Although the volumes and time lines for provision of the several fuels shift slightly from one scenario to another, the intent is clear. The overriding goal of the GOK is to ensure that there is no hydrocarbon shortage in Iraq, and the GOK believes Kuwait is best positioned to ease Iraq's fuel crisis. However, Altanmia needs to know what quantities of each type of fuel are needed, and for how long. Altanmia has already demonstrated its determination to make this work -- for example, Altanmia has absorbed penalties levied by the Kuwait Petroleum Corporation when KBR did not order the quantities of fuel it had indicated it would. But it is imperative that CPA provide the Kuwaitis with a clear outline of quantities and types of fuel that Iraq needs, and an estimate of how long Iraq will require fuel exported from Kuwaiti, so that the Kuwaitis can increase fuel deliveries.
END COMMENT.

7. (U) Mr. McKee did not clear this cable.

8. (U) Baghdad minimize considered.
URRANCIC

~~CONFIDENTIAL~~

-PAGE 01 KUWAIT 05454 00 OF 02 031102Z

①INFO: CMS(00) D(00) E(00) EAO(00) G(00)
G(00) F(00) PA(00) PRS(00) R(00)
R(00) SP(00) SRBP(00) T(00)
USNW(00) USNW(00)

***** 031428Z DEC 03 STePS (TOTAL COPIES:000)

Slocombe, Walt B. (SES)

From: Oliver, David R., Jr.
Sent: Tuesday, July 22, 2003 6:20 PM
To: (b)(6)
Cc: McPherson, Peter; McManaway, Clayton; Kennedy, Patrick AMB; (b)(6); (b)(6); Vogler, Gary; Carroll, Phil; Slocombe, Walt B. (SES); Kerik, Bernard B.
Subject: \$4B Supplemental for Iraq

Dave

Supplemental for \$4 billion:

(This deletes the international police force (which is very expensive), cuts back on the pace of outfitting of the New Iraqi Army (which is not a true security issue) and adjusts electric down somewhat to keep some work done on potable water.)

<u>Security:</u>	Sum	Total
Establish effective police, customs and border force in order to control unauthorized cross-border transactions and to enforce food and good quality standards. Recruit, train and equip. Primary expense is equipment.	\$325M	
New Iraqi Army. Expenses for recruiting, training and equipping. Going from 4000 to 20,000 in 04, toward a goal of 40,000. Primary expense is the equipment necessary to form Infantry Battalions, since it is now assumed that US Army will not be available to support.	85	405
 <u>Oil Industry:</u>		
Provide the capital improvement projects (e. g. water injection, drilling, Etc.) necessary to establish and maintain oil production at pre-war level	489	994
 <u>Infrastructure:</u>		
Capital investment which is necessary to increase capacity from 40% to 75% of the level necessary to provide 24/7 power to community and growth to industrial sector	2281	
3275		
Additional rehabilitation to conduct the missed five-year maintenance cycles on major capital equipment in order to increase the efficiency of existing steam plants from 22% to 60%	500	3775
Provide potable water to 70% of major city inhabitants and commence massive sewage program which will provide minimum sanitation		

7/23/2003

400,40

UNCLASSIFIED//

From: Coalition Provisional Authority (DMS)
 Sent: 15:51:10 01/29/2004
 To: 'HOMELAND SECURITY CENTER WASHINGTON DC'
 To Precedence: Immediate
 C: 'SECDEF WASHINGTON DC'; 'SECSTATE WASHINGTON DC'; 'NATIONAL SECURITY COUNCIL
 WASHINGTON DC'
 Cc Precedence: Immediate
 Subject: CPA HQ 0524: REQUEST FOR SIGNIFICANT PUBLIC BENEFIT PAROLE
 Message Type: Other-Organizational
 Extended Auth: 12:45:00 01/29/2004 (UTC)
 15:45:00 01/29/2004 (Client/Local)
 Security: This message has been digitally signed and encrypted

UNCLASSIFIED//

MSGID/GENADMIN/CPA HQ/0524//
 SUBJ/CPA HQ 0524 REQUEST FOR SIGNIFICANT PUBLIC BENEFIT PAROLE//
 GENTEXT/REMARKS/UNCLASSIFIED
 PROG: 29 JANUARY 2004
 DRAFTED: (b)(6) PCARROLL
 AUTHORIZED: PBREMER
 CLEARED: (b)(6)

FROM: HEADQUARTERS COALITION PROVISIONAL AUTHORITY
 TO: RUEAHL / DEPARTMENT OF HOMELAND SECURITY

INFO: SECDEF WASHDC
 SECSTATE WASHDC
 NSC WASHDC

FOR SECRETARY RIDGE FROM CPA ADMINISTRATOR BREMER

UNCLASS HQ CPA 0524
 F 12356: N/A
 SUBJECT: CPA HQ 0524: REQUEST FOR SIGNIFICANT PUBLIC BENEFIT PAROLE

1. THE FOLLOWING CABLE CONTAINS THE TEXT OF A LETTER FROM AMBASSADOR BREMER TO SECRETARY RIDGE.

2. BEGIN TEXT OF LETTER:

MR. SECRETARY:

I WOULD LIKE TO PUT BEFORE YOU A PARTICULAR APPLICATION FOR HUMANITARIAN PAROLE. IT WOULD BE GREATLY APPRECIATED IF YOU COULD ASK YOUR STAFF TO REVIEW THIS DOCUMENTATION ON AN EXPEDITED BASIS.

APPLICATION

1. NAME: (b)(6)

2. DPOB: (b)(6)

3. (b)(6) IS ONE OF THE PERSONAL BODYGUARDS FOR FORMER INTERIM IRAQI GOVERNING COUNCIL (IGC) MEMBER, DR. AKILA AL-HASHEMI. (b)(6) WAS CRITICALLY WOUNDED DURING THE SAME ASSASSINATION ATTEMPT ON 20 SEPTEMBER 2003 IN BAGHDAD THAT LATER CLAIMED THE LIFE OF DR. AKILA. (b)(6) WOUNDS HAVE LEFT HIM PARTIALLY PARALYZED/PARAPLEGIC, AND DEPENDENT ON A WHEELCHAIR FOR MOBILITY.

(b)(6) REQUIRES PHYSICAL THERAPY THAT IS NOT CURRENTLY AVAILABLE IN IRAQ. (b)(6) THE NEUROSURGEON AT THE 28TH COMBAT SUPPORT HOSPITAL (CSH) IN BAGHDAD WHO WAS RESPONSIBLE FOR THE SPECIAL CARE OF (b)(6) STRESSED THAT THERE WERE ONLY THREE APPROPRIATE MEDICAL FACILITIES CAPABLE OF OFFERING FURTHER TREATMENT TO (b)(6) THEY ARE THE FOLLOWING: NATIONAL REHABILITATION HOSPITAL, WASHINGTON, DC; CRAIG SPINAL REHABILITATION HOSPITAL, DENVER, CO; AND THE THOMAS JEFFERSON MCGEE REHABILITATION CENTER, PHILADELPHIA, PA. ACCORDING TO (b)(6) CHANCES FOR RECOVERY ARE VERY GOOD, BUT HE WILL REQUIRE TREATMENT FOR A PERIOD OF EIGHTEEN (18) MONTHS.

UNCLASSIFIED//

UNCLASSIFIED//

THE IRAQI MINISTER OF FOREIGN AFFAIR'S REPRESENTATIVE WHO VISITED DR. AKILA AND (b)(6) THE DAY FOLLOWING THE SHOOTING RELAYED A MESSAGE FROM THE MINISTER THAT IRAQ WILL SPARE NO EXPENSE TO ASSURE (b)(6) FULL RECOVERY. SUBSEQUENTLY, STATEMENTS GUARANTEEING FULL FINANCIAL SUPPORT FROM THE MINISTRY OF FOREIGN AFFAIRS, THE IGC'S SECRETARY GENERAL'S OFFICE, AND THE ACTING IGC PRESIDENT, DR. ADNAN PACHACHI, WERE ISSUED.

IT IS ALSO IMPORTANT THAT THE COALITION PROVISIONAL AUTHORITY DEMONSTRATE ITS FULL SUPPORT FOR INDIVIDUALS WHO RISK THEIR LIVES TO PROTECT SENIOR IRAQI INTERIM AUTHORITY OFFICIALS IN THIS DANGEROUS ENVIRONMENT. FAILURE TO PROVIDE (b)(6) WITH THE BEST MEDICAL TREATMENT POSSIBLE COULD DISCOURAGE OTHERS FROM ADEQUATELY PROTECTING BOTH IRAQI AND U.S. GOVERNMENT OFFICIALS IN THE FUTURE.

4. SPONSORSHIP INFORMATION: EMBASSY OF IRAQ, 1801 P ST., NW, WASHINGTON, DC 20036, TEL: (202) 483-7500. POC: MR. FAIZ GAILANI, CHARGE D'AFFAIRS, TEL: (202) 413-4925.

5. CLASS NAME CHECKS HAVE BEEN PERFORMED FOR (b)(6) AND ALL INDIVIDUALS MENTIONED IN PARAGRAPH 7. ALL RESULTS NEGATIVE.

6. THE IRAQI MINISTRY OF FOREIGN AFFAIRS AND THE INTERIM IRAQI GOVERNING COUNCIL WILL BE FINANCIALLY RESPONSIBLE FOR THE PAROLEE'S LIVING EXPENSES WHILE IN THE UNITED STATES.

(b)(6)

THE PRINCIPAL APPLICANT AND HIS WIFE AND SON LIVE TOGETHER AS ONE FAMILY.

8. I, L. PAUL BREMER, COALITION PROVISIONAL AUTHORITY, BAGHDAD, IRAQ, ATTEST TO THE DEPARTMENT OF HOMELAND SECURITY BUREAU OF CITIZENSHIP AND IMMIGRATION SERVICES THAT:

1) THE JUSTIFICATION AND INFORMATION PERTINENT TO THE PAROLE REQUEST ARE ACCURATE AND COMPLETE, INSOFAR AS INFORMATION IS AVAILABLE TO THIS POST.

2) NAME CHECKS HAVE BEEN COMPLETED IN THE CLASS DATABASE ON THE PERSONS NAMED IN THE REQUEST AND, AS APPROPRIATE, INFORMATION OBTAINED FROM FOREIGN LAW ENFORCEMENT AGENCIES.

3) ALL DATABASE FINDINGS ON THE PERSON NAMED ABOVE, INCLUDING COPIES OF COMPUTER SCREENS AND OTHER RELATED MATERIALS HAVE BEEN IDENTIFIED AND FORWARDED TO THE DEPARTMENT OF HOMELAND SECURITY, BUREAU OF CITIZENSHIP AND IMMIGRATION SERVICES. THE FOLLOWING IS A COMPLETE LIST OF ALL DEPARTMENT OFFICES AND U.S. GOVERNMENT AGENCIES KNOWN OR THOUGHT TO HAVE AN INTEREST IN THIS REQUEST: DEPARTMENT OF DEFENSE.

3. END TEXT OF LETTER.

BREMER
BT
0524
//

UNCLASSIFIED//

UNCLASSIFIED//

From: Coalition Provisional Authority (DMS)
Sent: 15:46:31 01/29/2004
To: 'SECDEF WASHINGTON DC'; 'JOINT STAFF(sc)'; 'SECSTATE WASHINGTON DC'; 'DEPT OF JUSTICE WASHINGTON DC'; 'NATIONAL SECURITY COUNCIL WASHINGTON DC'
Precedence: Immediate
Subject: CPA HQ 0523: IRAQ COMMISSION ON PUBLIC INTEGRITY
Message Type: Other-Organizational
Extended Auth: 12:45:00 01/29/2004 (UTC)
15:45:00 01/29/2004 (Client/Local)
Security: This message has been digitally signed and encrypted

UNCLASSIFIED//

MSGID/GENADMIN/CPA HQ/0523//
SUBJ/CPA HQ 0523 IRAQ COMMISSION ON PUBLIC INTEGRITY//
GENTEXT/REMARKS/

UNCLASSIFIED
PROG: 29 JANUARY 2004
DRAFTED: OGC (b)(6)
AUTHORIZED: PEREMER
CLEARED: (b)(6) SCARPENTER

FROM: HEADQUARTERS COALITION PROVISIONAL AUTHORITY
TO: SECDEF WASHDC
CJCS
SECSTATE WASHDC
DOJ WASHDC
NSC WASHDC

UNCLAS HQ CPA 0523
E.O.: 12958: N/A
TAGS: PREL, PGOV, IZ
SUBJECT: CPA HQ 0523: IRAQ COMMISSION ON PUBLIC INTEGRITY

1. SUMMARY. THE IRAQI GOVERNING COUNCIL (IGC), PURSUANT TO AN EXPRESS DELEGATION FROM AMBASSADOR BREMER, ESTABLISHED AN INDEPENDENT COMMISSION ON PUBLIC INTEGRITY (COMMISSION). THE COMMISSION IS DESIGNED TO WORK IN COORDINATION WITH THE INSPECTORS GENERAL OF EACH IRAQI MINISTRY AND THE SUPREME BOARD OF AUDIT TO FERRET OUT CORRUPTION IN IRAQ AND ENSURE THAT THE IRAQI GOVERNMENT REMAINS HONEST, TRANSPARENT, EFFICIENT AND ACCOUNTABLE TO THE IRAQI PEOPLE. THE RESPECTIVE ROLES AND RESPONSIBILITIES OF THE COMMISSION, THE MINISTRY INSPECTORS GENERAL AND THE SUPREME BOARD OF AUDIT ARE DESIGNED TO PRESERVE EACH ORGANIZATION'S INDEPENDENCE AND TO SEPARATE INVESTIGATIVE AND ENFORCEMENT FUNCTIONS, THEREBY ENSURING THAT THESE ORGANIZATIONS CAN PERFORM THEIR WATCHDOG FUNCTIONS EFFECTIVELY. END SUMMARY.

PROGRESS ON ANTI-CORRUPTION INITIATIVES IN IRAQ

2. A CRITICAL COMPONENT OF CPA'S PRE-TRANSITION AGENDA IS THE ESTABLISHMENT OF ENDURING INSTITUTIONS TO COMBAT CORRUPTION AND ENSURE ACCOUNTABLE AND TRANSPARENT GOVERNMENT IN IRAQ. AS AN INDEPENDENT BODY WITH AUTHORITY TO INVESTIGATE AND ENFORCE ANTI-CORRUPTION LAWS AND PROMULGATE NEW ANTI-CORRUPTION REGULATIONS, THE COMMISSION WILL PLAY A CRUCIAL ROLE IN ACHIEVING THIS OBJECTIVE. IN ADDITION TO THE COMMISSION, THE COALITION PROVISIONAL AUTHORITY IS IN THE FINAL STAGES OF ESTABLISHING INSPECTORS GENERAL FOR EACH IRAQI MINISTRY AND RECONSTITUTING THE SUPREME BOARD OF AUDIT, THE PRINCIPAL AUDIT INSTITUTION IN IRAQ. THESE WATCHDOG ENTITIES WILL PROMOTE EFFICIENT GOVERNMENT THROUGH AUDITS AND PERFORMANCE EVALUATIONS AND REFER EVIDENCE OF ABUSE OR CORRUPTION TO THE COMMISSION FOR ENFORCEMENT IN IRAQI COURTS.

FORMAL ESTABLISHMENT OF THE COMMISSION

3. ON JANUARY 28 THE IRAQI GOVERNING COUNCIL VOTED UNANIMOUSLY TO ESTABLISH THE COMMISSION AS THE PRINCIPAL ANTI-CORRUPTION INSTITUTION IN IRAQ. THIS VOTE WAS HELD PURSUANT TO A DELEGATION OF AUTHORITY FROM THE ADMINISTRATOR, WHICH WAS CONDITIONED ON AN UNDERSTANDING THAT THE COMMISSION, THE INSPECTORS GENERAL, AND THE

UNCLASSIFIED//

UNCLASSIFIED//

SUPREME BOARD OF AUDIT ACT IN COORDINATION TO PROMOTE HONEST, TRANSPARENT, AND EFFICIENT GOVERNANCE IN IRAQ. AS DESCRIBED IN THE DELEGATION OF AUTHORITY, THE INTERRELATIONSHIP AMONG THESE THREE ENTITIES RECOGNIZES THEIR DISTINCT ROLES AND RESPONSIBILITIES; PRESERVES EACH ENTITY'S AUTONOMY AND INDEPENDENCE; AND ENSURES THAT INVESTIGATIVE AND ENFORCEMENT FUNCTIONS WILL BE PERFORMED SEPARATELY DISCRETELY, IN ORDER TO CHECK POTENTIAL ABUSE OF THE BROAD OVERSIGHT AUTHORITY VESTED IN THESE WATCHDOG ORGANIZATIONS.

TEXTS OF THE DELEGATION AND THE PROPOSED LANGUAGE

4. THE DELEGATION OF AUTHORITY INCLUDED PROPOSED LEGISLATIVE LANGUAGE ESTABLISHING THE COMMISSION, AS ACCEPTED BY CONCERNED IRAQI GOVERNING COUNCIL REPRESENTATIVES, FOLLOWING EXTENSIVE NEGOTIATIONS WITH CPA OVER THE PAST SEVERAL MONTHS. THE COMPLETE TEXT OF THE AGREED UPON LANGUAGE IS SET FORTH BELOW. AN ENGLISH TRANSLATION OF TODAY'S ENACTMENT BY THE IRAQI GOVERNING COUNCIL WILL BE PROVIDED AS SOON AS POSSIBLE.

STRATEGIC COMMUNICATIONS PLAN

5. THE OFFICE OF STRATEGIC COMMUNICATIONS WILL PUBLICIZE THE COMMISSION'S ENACTMENT WITH A PRESS CONFERENCE FEATURING ONE OR MORE MEMBERS OF THE IRAQI GOVERNING COUNCIL WHO WERE THE DRIVING FORCE BEHIND TODAY'S RESOLUTION. THE FOCUS OF THE COMMUNICATIONS PLAN IS THAT THE COMMISSION IS AN IRAQI INITIATIVE AND REPRESENTS THE FIRST OF MANY STEPS TOWARD TRANSPARENCY AND ACCOUNTABILITY IN IRAQI GOVERNANCE. CONCERNED CPA OFFICIALS WILL ALSO BE MADE AVAILABLE TO EXPLAIN BACKGROUND DETAILS REGARDING THE COORDINATED STRUCTURE BETWEEN THE COMMISSION, THE INSPECTORS GENERAL, AND THE BOARD OF SUPREME AUDIT.

6. BEGIN TEXTS.

1. DELEGATION OF AUTHORITY

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 55

DELEGATION OF AUTHORITY REGARDING THE
IRAQ COMMISSION ON PUBLIC INTEGRITY

PURSUANT TO MY AUTHORITY AS ADMINISTRATOR OF THE COALITION PROVISIONAL AUTHORITY (CPA), AND UNDER THE LAWS AND USAGES OF WAR, AND CONSISTENT WITH RELEVANT U.N. SECURITY COUNCIL RESOLUTIONS, INCLUDING RESOLUTION 1483 (2003), RESOLUTION 1500 (2003), AND RESOLUTION 1511 (2003),

AVOWING THAT CORRUPTION IS THE BANE OF GOOD GOVERNMENT AND PROSPERITY;

RECOGNIZING THAT THE IRAQI PEOPLE DESERVE LEADERS WHO ARE HONEST AND DEDICATED TO THE TRANSPARENT GOVERNANCE OF IRAQ;

EMPHASIZING THAT EFFECTIVE GOVERNANCE DEPENDS ON THE CONFIDENCE THAT IRAQI PEOPLE HAVE IN THEIR LEADERS AND CORRUPTION ERODES THAT CONFIDENCE,

UNDERSCORING THAT HONEST AND TRANSPARENT GOVERNANCE WILL PROMOTE LASTING PROSPERITY OF THE IRAQI PEOPLE BY ASSURING THEM AND THE WORLD COMMUNITY OF THE INTEGRITY OF IRAQI LEADERS;

NOTING THAT IRAQ HAS LONG PROHIBITED CORRUPTION IN GOVERNMENT, BUT ENFORCEMENT HAS BEEN ARBITRARY AND INTERMITTENT AND THAT CORRUPTION HAS PROLIFERATED UNDER THE BAATH REGIME;

ACKNOWLEDGING THAT THE BATTLE AGAINST CORRUPTION IS A LONG-TERM STRUGGLE THAT REQUIRES LASTING COMMITMENT TO CHANGE BEHAVIOR AT ALL LEVELS OF GOVERNMENT,

RECOGNIZING THAT THE CPA IS COMMITTED TO THE EFFECTIVE ADMINISTRATION OF IRAQ AND THAT BUILDING THE IRAQI CAPACITY TO FIGHT

UNCLASSIFIED//

CORRUPTION CONTRIBUTES TO CIVILIAN ADMINISTRATION,

NOTING THAT THE GOVERNING COUNCIL IS LEADING THE DEVELOPMENT OF AN ANTI-CORRUPTION STRATEGY FOR IRAQ,

HEREBY PROMULGATE THE FOLLOWING:

SECTION 1
DELEGATION OF AUTHORITY

THE GOVERNING COUNCIL IS HEREBY AUTHORIZED TO ESTABLISH THE IRAQ COMMISSION ON PUBLIC INTEGRITY (COMMISSION) AS AN INDEPENDENT BODY RESPONSIBLE FOR ENFORCING ANTI-CORRUPTION LAWS AND PUBLIC SERVICE STANDARDS; PROPOSING ADDITIONAL LEGISLATION AS NECESSARY; AND HEIGHTENING THE IRAQI PEOPLE'S DEMAND FOR HONEST, TRANSPARENT AND ACCOUNTABLE LEADERSHIP THROUGH PUBLIC AWARENESS AND EDUCATION INITIATIVES. PROPOSED PROVISIONS ESTABLISHING THE COMMISSION HAVE BEEN DISCUSSED BETWEEN THE GOVERNING COUNCIL AND THE CPA AND ARE SET FORTH IN APPENDIX A.

SECTION 2
TERMS AND CONDITIONS

THE AUTHORITY DELEGATED UNDER SECTION 1 OF THIS REGULATION SHALL BE SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

A) THE GOVERNING COUNCIL SHALL ENSURE THAT THE COMMISSION IS ESTABLISHED AND ACTS IN A MANNER CONSISTENT WITH ORDERS, REGULATIONS, AND MEMORANDA PROMULGATED BY THE CPA.

B) THE GOVERNING COUNCIL SHALL ENSURE THAT THE COMMISSION ACTS AS THE PRINCIPAL ENFORCEMENT ARM OF IRAQ'S ANTI-CORRUPTION LAWS AND PERFORMS ITS DUTIES IN CONJUNCTION WITH THE BOARD OF SUPREME AUDIT ("BOARD") AND THE INSPECTORS GENERAL OF IRAQI MINISTRIES.

C) THE GOVERNING COUNCIL UNDERSTANDS AND ACKNOWLEDGES THAT THE COMMISSION, THE BOARD, AND THE INSPECTORS GENERAL HAVE EXPRESSLY DEFINED POWERS AND AREAS OF RESPONSIBILITY. ACCORDINGLY, THE GOVERNING COUNCIL SHALL ENSURE (I) THAT THE BOARD SERVES AS IRAQ'S SUPREME AUDIT INSTITUTION, AND REMAINS RESPONSIBLE FOR DETECTING FRAUD, WASTE, AND ABUSE IN IRAQI MINISTRIES AND OTHER GOVERNMENT ORGANIZATIONS; (II) THAT THE BOARD RETAINS NO PROSECUTORIAL OR ENFORCEMENT POWERS AND MUST REFER ALL EVIDENCE OF FRAUD, WASTE, AND ABUSE TO THE INSPECTOR GENERAL OF THE RELEVANT MINISTRY; (III) THAT THE INSPECTORS GENERAL, IN TURN, AND IN ADDITION TO POLICING THEIR OWN MINISTRIES, MUST INVESTIGATE ALL REFERRED MATTERS AND REPORT THEIR FINDINGS AND RECOMMENDATIONS TO THE RELEVANT MINISTER AND TO THE COMMISSION FOR FINAL REVIEW AND APPROPRIATE ACTION; AND (IV) THAT ONLY THE COMMISSION IS EMPOWERED TO DISPOSE OF CASES INVOLVING MISCONDUCT THROUGH CRIMINAL PROCEEDINGS.

D) THE GOVERNING COUNCIL ACKNOWLEDGES THAT THIS SYSTEM IS EXPRESSLY DESIGNED TO FACILITATE TRANSPARENT GOVERNANCE AND COMBAT CORRUPTION AT ALL LEVELS BY ENABLING OVERSIGHT AGENCIES TO OPERATE INDEPENDENTLY AND BY ENSURING THAT INVESTIGATIVE AND ENFORCEMENT FUNCTIONS ARE PERFORMED SEPARATELY AND DISCRETELY. THE GOVERNING COUNCIL SHALL THEREFORE ENSURE THAT THE SYSTEM IS IMPLEMENTED AS DESIGNED.

E) AS PART OF THE DELEGATION IN SECTION 1, THE GOVERNING COUNCIL IS AUTHORIZED TO MODIFY EXISTING IRAQI LAW AS SET FORTH IN APPENDIX A AND TO PERMIT THE COMMISSION TO PROMULGATE A REVISION OF THE CODE OF STATE EMPLOYEES AND SOCIAL SECTOR DISCIPLINE.

F) IN THE EVENT OF A CONFLICT BETWEEN ANY PROMULGATION BY THE GOVERNING COUNCIL AND ANY PROMULGATION OF THE CPA, THE PROMULGATION OF THE CPA SHALL PREVAIL.

G) THE ADMINISTRATOR RESERVES THE AUTHORITY TO ALTER THE STATUTE CREATING THE COMMISSION OR ANY RULES AND REGULATIONS PROMULGATED BY THE COMMISSION, OR TO OTHERWISE INTERVENE TO PREVENT AND UPROOT GOVERNMENT CORRUPTION IN IRAQ, IF REQUIRED IN THE INTERESTS OF JUSTICE.

SECTION 3
EFFECTIVE DATE

THIS REGULATION SHALL ENTER INTO FORCE ON THE DATE OF SIGNATURE.

L. PAUL BREMER, ADMINISTRATOR
COALITION PROVISIONAL AUTHORITY

TEXT OF APPENDIX A

THE COMMISSION ON PUBLIC INTEGRITY

AVOWING THAT CORRUPTION IS THE BANE OF GOOD GOVERNMENT AND PROSPERITY;

RECOGNIZING THAT THE IRAQI PEOPLE DESERVE LEADERS WHO ARE HONEST AND DEDICATED TO THE TRANSPARENT GOVERNANCE OF IRAQ;

UNDERSCORING THAT HONEST AND TRANSPARENT GOVERNANCE WILL PROMOTE LASTING PROSPERITY OF THE IRAQI PEOPLE BY ASSURING THEM AND THE WORLD COMMUNITY OF THE INTEGRITY OF IRAQI LEADERS;

NOTING THAT IRAQ HAS LONG PROHIBITED CORRUPTION IN GOVERNMENT, BUT THAT ENFORCEMENT HAS BEEN ARBITRARY AND INTERMITTENT AND THAT CORRUPTION HAS PROLIFERATED IN IRAQ SINCE JULY 17, 1968;

ACKNOWLEDGING THAT THE BATTLE AGAINST CORRUPTION IS A LONG-TERM STRUGGLE THAT REQUIRES LASTING COMMITMENT TO CHANGE BEHAVIOR AT ALL LEVELS OF GOVERNMENT;

BE IT APPROVED BY THE GOVERNING COUNCIL:

SECTION 1
PURPOSE

THIS STATUTE ENCOURAGES HONEST AND TRANSPARENT GOVERNANCE BY ESTABLISHING A TRULY INDEPENDENT BODY CAPABLE OF EFFECTIVELY ENFORCING ANTI-CORRUPTION LAWS AND PUBLIC SERVICE STANDARDS, PROPOSING ADDITIONAL LEGISLATION AS NECESSARY, AND HEIGHTENING THE IRAQI PEOPLE'S DEMAND FOR HONEST, TRANSPARENT AND ACCOUNTABLE LEADERSHIP THROUGH PUBLIC AWARENESS AND EDUCATION INITIATIVES; BY REQUIRING IRAQ'S LEADERS TO DEMONSTRATE THEIR COMMITMENT TO ETHICAL PUBLIC SERVICE THROUGH OATHS OF OFFICE AND PUBLIC DISCLOSURE OF PERSONAL FINANCIAL INTERESTS; AND BY STRENGTHENING AND CLARIFYING IRAQ'S STANDARDS OF ETHICAL PUBLIC SERVICE AND ITS CRIMINAL LAWS PROHIBITING PUBLIC CORRUPTION. .

SECTION 2
DEFINITIONS

FOR PURPOSES OF THIS LAW, THE FOLLOWING DEFINITIONS SHALL APPLY. WORDS IMPORTING THE SINGULAR INCLUDE AND APPLY TO SEVERAL PERSONS, PARTIES, OR THINGS; WORDS IMPORTING THE PLURAL INCLUDE THE SINGULAR; AND WORDS IMPORTING THE MASCULINE GENDER INCLUDE THE FEMININE:

- 1) "PERSON" MEANS ANY NATURAL PERSON, CORPORATION, COMPANY, ASSOCIATION, FIRM, PARTNERSHIP, SOCIETY, UNION, INSTITUTION, OR ORGANIZATION.
- 2) "PENAL CODE" MEANS THE IRAQI PENAL CODE OF 1969, AS AMENDED.
- 3) "CODE OF CONDUCT" MEANS THE CODE FOR STATE EMPLOYEES AND SOCIAL FOR DISCIPLINE, RESOLUTION NO. 144.
- 4) "CORRUPTION CASE" MEANS A CRIMINAL CASE THAT INVOLVES A SUSPECTED VIOLATION OF
 - A) PARAGRAPHS 233, 234, 271, 272, 275, 276, 290, 293, OR 296 OF THE PENAL CODE,
 - B) PARAGRAPHS 307 THROUGH 341 (CHAPTER SIX) OF THE PENAL CODE,

- C) ANY PROVISION OF THE PENAL CODE TO WHICH PARAGRAPH 135(5), (6), OR (7), ADDED BY SECTION 6 OF THIS MEASURE, APPLIES, OR
- D) ANY OTHER PROVISION OF THE PENAL CODE, WHERE THE SUSPECTED VIOLATION ARISES FROM THE SAME OPERATIVE FACTS AS A SUSPECTED VIOLATION OF A PROVISION LISTED IN SUBSECTIONS (A) THROUGH (D), ABOVE.
- 5) "COVERED PERSONS" MEANS:
- A) GOVERNING COUNCIL MEMBERS AND THEIR DEPUTIES;
- B) MINISTERS AND DEPUTY MINISTERS;
- C) GOVERNORS;
- D) JUDGES;
- E) THE COMMISSIONER, DEPUTY COMMISSIONER, AND ALL DIRECTORS AND INVESTIGATORS OF THE COMMISSION;
- F) MEMBERS OF THE NATIONAL LEGISLATURE AFTER THE TRANSITION; AND
- G) THE CHIEF EXECUTIVE OF IRAQ ON AND AFTER THE TRANSITION.
- 6) "TRANSITION" MEANS THE MOMENT AT WHICH THE SOVEREIGN TRANSITIONAL IRAQI ADMINISTRATION ASSUMES FULL GOVERNANCE AUTHORITY IN IRAQ.
- 7) BEFORE THE TRANSITION, "NATIONAL LEGISLATURE" MEANS THE GOVERNING COUNCIL. AFTER THE TRANSITION, "NATIONAL LEGISLATURE" MEANS THE BODY THAT IS VESTED WITH THE NATIONAL LEGISLATIVE AUTHORITIES AND DUTIES.

SECTION 3
COMMISSION ON PUBLIC INTEGRITY

THE COMMISSION ON PUBLIC INTEGRITY (COMMISSION) IS HEREBY ESTABLISHED AS A SEPARATE AND INDEPENDENT GOVERNMENT OFFICE THAT WILL IMPLEMENT AND ENFORCE THIS STATUTE, BY INVESTIGATING AND REFERRING CASES TO COURTS FOR CRIMINAL PROCEEDINGS; PROMOTING THE PEOPLE'S TRUST IN THE GOVERNMENT OF IRAQ THROUGH FINANCIAL DISCLOSURE AND OTHER PROGRAMS; AND FOSTERING A CULTURE IN GOVERNMENT AND IN THE PUBLIC OF PERSONAL INTEGRITY, ETHICAL PUBLIC SERVICE, AND ACCOUNTABILITY, THROUGH PUBLIC AWARENESS AND EDUCATION PROGRAMS. THE COMMISSION MAY DEVELOP AND PROPOSE FOR ENACTMENT ADDITIONAL LEGISLATION, PROMULGATE REGULATIONS AS AUTHORIZED HEREIN, AND TAKE SUCH OTHER ACTIONS AS IT DEEMS NECESSARY AND APPROPRIATE TO ACHIEVE ITS OBJECTIVES.

SECTION 4
POWERS AND DUTIES

- 1) THE COMMISSION SHALL HAVE THE AUTHORITY TO INVESTIGATE AND, THROUGH AN INVESTIGATOR OF THE FIRST CLASS, PRESENT TO AN INVESTIGATIVE JUDGE A CORRUPTION CASE INVOLVING ACTIONS DATING AS FAR BACK AS JULY 17, 1968. UPON PRESENTATION OF THE CASE TO THE INVESTIGATIVE JUDGE, THE COMMISSION SHALL BECOME A PARTY TO THE CASE.
- 2) THE COMMISSION MAY REFER INFORMATION REGARDING POSSIBLE VIOLATIONS OF THE CODE OF CONDUCT TO THE HEAD OF THE GOVERNMENT AGENCY THAT EMPLOYS THE SUSPECTED VIOLATOR OR THAT AGENCY'S INSPECTOR GENERAL, WITH OR WITHOUT A RECOMMENDATION FOR DISCIPLINARY ACTION.
- THE COMMISSION SHALL ESTABLISH PROCEDURES TO RECEIVE, THROUGH THE OFFICE OF AN OMBUDSMAN, AND INVESTIGATE ALLEGATIONS OF CORRUPTION, INCLUDING ANONYMOUS ALLEGATIONS. THE COMMISSION SHALL TAKE ALL NECESSARY AND APPROPRIATE STEPS TO PROTECT THE IDENTITY OF INFORMANTS TO THE MAXIMUM EXTENT PERMITTED BY LAW, UNLESS THE INFORMANT WAIVES SUCH PROTECTION.
- 4) THE COMMISSION SHALL EMPLOY, AMONG OTHERS, FINANCIAL AUDITORS, INVESTIGATORS, AND INVESTIGATORS OF THE FIRST CLASS. AN INVESTIGATOR

OF THE FIRST CLASS IS HEREBY EMPOWERED TO EXERCISE THE POWERS OF A COURT INVESTIGATOR UNDER IRAQI LAW IN ANY PART OF IRAQ, AND A REQUEST, MOTION, INFORMATION, APPLICATION, OR SUPPLICATION OF WHATEVER FORM SUBMITTED TO A JUDGE BY AN INVESTIGATOR OF THE FIRST CLASS SHALL BE RECEIVED AND ENTERTAINED IN THE SAME MANNER AS SUCH SUBMISSIONS FROM A COURT INVESTIGATOR.

5) AN INVESTIGATING JUDGE SHALL NOTIFY THE DIRECTOR FOR LEGAL AFFAIRS OF THE COMMISSION UPON COMMENCING AN INVESTIGATION INTO A CORRUPTION CASE. AT THE COMMISSION'S REQUEST, THE INVESTIGATING JUDGE SHALL UPDATE THE COMMISSION ABOUT THE INVESTIGATION AS IT PROGRESSES. THE COMMISSION MAY ELECT AT ANY TIME TO ASSUME RESPONSIBILITY FOR SUCH AN INVESTIGATION. IF THE COMMISSION ELECTS TO ASSUME SUCH RESPONSIBILITY, THE INVESTIGATING JUDGE SHALL TRANSFER THE ENTIRE CASE FILE TO THE COMMISSION IMMEDIATELY, COOPERATE WITH AND FULLY INFORM THE COMMISSION ABOUT THE CASE, AND CEASE HIS INVESTIGATION.

6) THE COMMISSION SHALL PROMULGATE MANDATORY FINANCIAL DISCLOSURE REGULATIONS IN ACCORDANCE WITH SECTION 7. THE REGULATIONS SHALL BE DESIGNED TO GAIN PUBLIC TRUST AND CONFIDENCE IN THE HONESTY AND TRANSPARENCY OF GOVERNMENT SERVICE. THE REGULATIONS SHALL HAVE THE FORCE AND EFFECT OF LAW, AND MAY BE AMENDED FROM TIME TO TIME AS THE COMMISSION DEEMS NECESSARY TO ACHIEVE THEIR PURPOSE. THE REGULATIONS SHALL REQUIRE, AT A MINIMUM, DISCLOSURE OF THE INFORMATION CALLED FOR BY THE FORM ANNEXED HERETO AS APPENDIX A.

7) THE COMMISSION SHALL PROMULGATE A REVISION TO THE CODE OF CONDUCT, TO CLARIFY AND STRENGTHEN THE STANDARDS OF ETHICAL CONDUCT TO WHICH IRAQ'S GOVERNMENT EMPLOYEES MUST ADHERE. IN REVISING THE CODE OF CONDUCT THE COMMISSION WILL CONSULT WITH THE NATIONAL CENTER FOR CONSULTATION AND DEVELOPMENT OF GOVERNMENT ADMINISTRATION AND WITH THE INSPECTORS GENERAL OF THE IRAQI MINISTRIES. THE CODE OF CONDUCT SHALL ADDRESS THE DUTY OF GOVERNMENT EMPLOYEES:

A. TO REPORT CORRUPTION TO AN APPROPRIATE AUTHORITY;

B. TO ACT IMPARTIALLY AND NOT TO GIVE UNFAIR AND UNLAWFUL PREFERENTIAL TREATMENT TO ANY ORGANIZATION OR INDIVIDUAL;

C. NOT TO ENGAGE DIRECTLY OR INDIRECTLY IN FINANCIAL TRANSACTIONS USING OFFICIAL, NONPUBLIC INFORMATION;

D. NOT KNOWINGLY TO PROVIDE FALSE, MISLEADING, OR INCOMPLETE INFORMATION TO THE COMMISSION;

E. NOT TO ACCEPT GIFTS OF MORE THAN A NOMINAL VALUE TO BE SPECIFIED BY THE COMMISSION, EXCEPT FOR BONA FIDE GIFTS FROM BONA FIDE FRIENDS OF LONG STANDING;

F. NOT TO PARTICIPATE PERSONALLY AND SUBSTANTIALLY IN OFFICIAL MATTERS THAT HAVE A DIRECT AND PREDICTABLE EFFECT UPON THE FINANCIAL INTERESTS OF THEMSELVES, THEIR SPOUSES OR THEIR FAMILY RELATIONS TO THE SECOND DEGREE, EXCEPT WHERE EXPRESSLY AUTHORIZED BY LAW.

EVERY GOVERNMENT EMPLOYEE MUST SIGN A WRITTEN PLEDGE OF ADHERENCE TO THE CODE OF CONDUCT AS A CONDITION OF EMPLOYMENT. HEADS OF GOVERNMENT AGENCIES WILL TAKE APPROPRIATE ACTIONS TO ENSURE THAT EMPLOYEES SIGN SUCH PLEDGES.

8) THE COMMISSION MAY PROPOSE TO THE NATIONAL LEGISLATURE LEGISLATION DESIGNED TO ERADICATE CORRUPTION AND FOSTER A CULTURE OF INTEGRITY, HONESTY, TRANSPARENCY, ACCOUNTABILITY, SUBMISSION TO QUESTIONING, AND FAIR DEALING IN GOVERNMENT.

THE COMMISSION SHALL MAKE AVAILABLE TO GOVERNMENT EMPLOYEES AND THE IRAQI PUBLIC SUCH EDUCATION AND PUBLIC AWARENESS PROGRAMS AS THE COMMISSION DEEMS APPROPRIATE TO FOSTER A CULTURE OF INTEGRITY, HONESTY, TRANSPARENCY, ACCOUNTABILITY, AND FAIR DEALING IN PUBLIC SERVICE. IT SHOULD ENFORCE SUBMISSION TO QUESTIONING AND IMPARTIAL DEALING IN PUBLIC SERVICE. IN PERFORMING THIS RESPONSIBILITY, THE COMMISSION SHALL WORK WITH EDUCATION OFFICIALS TO DEVELOP A NATIONAL SCHOOL CURRICULUM TO PROMOTE PUBLIC INTEGRITY.

10) IN PERFORMING ITS DUTIES, THE COMMISSION AND ITS OFFICIALS SHALL NOT DISCRIMINATE ON THE BASIS OF, AND SHALL ACT WITHOUT REGARD TO, RELIGION, CONFESSION, RACE, ETHNICITY, GENDER, POLITICAL AFFILIATION OR IDEOLOGY, OR FAMILIAL AFFILIATION OR TRIBE. ANY ACT OF THE COMMISSION BASED ON OR MOTIVATED BY SUCH A DISTINCTION IS INVALID AND NULL. THE SUBJECT OF SUCH AN ACT MAY SUE TO HAVE IT SO DECLARED A COURT OF LAW.

11) THE COMMISSION SHALL, IN ALL OF ITS OPERATIONS, FASTIDIOUSLY OBSERVE AND ENSURE THE PROTECTION OF DUE PROCESS UNDER LAW.

SECTION 5 ORGANIZATION AND FUNCTIONS

- 1) THE COMMISSION SHALL BE CHAIRED BY A COMMISSIONER, WHO SHALL SERVE A TERM OF FIVE YEARS. A COMMISSIONER MAY SERVE NO MORE THAN TWO TERMS, WHETHER OR NOT SUCCESSIVE. THE INITIAL COMMISSIONER SHALL BE NOMINATED BY THE GOVERNING COUNCIL AND APPOINTED TO HIS INITIAL TERM BY THE ADMINISTRATOR. COMMISSIONERS AFTER THE INITIAL COMMISSIONER SHALL BE APPOINTED BY THE CHIEF EXECUTIVE OF IRAQ FROM A POOL OF THREE NOMINEES OF THE COUNCIL OF JUDGES, SUBJECT TO CONFIRMATION BY A MAJORITY VOTE OF THE NATIONAL LEGISLATURE. THE NOMINEES OF THE COUNCIL OF JUDGES SHALL HAVE THE HIGHEST STANDARDS OF ETHICAL BEHAVIOR AND A REPUTATION FOR INTEGRITY AND HONESTY. THE COMMISSIONER MAY BE REMOVED FROM OFFICE BY A TWO-THIRDS VOTE OF THE NATIONAL LEGISLATURE FOR INCAPACITY, SERIOUS MISCONDUCT IN OR OUT OF OFFICE, DERELICTION OF DUTY, OR ABUSE OF OFFICE.
- 2) THE COMMISSIONER SHALL:
- A) AUTHORIZE, DIRECT AND CONTROL ALL OPERATIONS OF THE COMMISSION AND ENSURE THAT IT FULFILLS ITS DUTIES UNDER LAW;
 - B) PROPOSE A BUDGET FOR AND APPROVE EXPENDITURES BY THE COMMISSION;
 - C) HIRE, FIRE, AND DISCIPLINE COMMISSION PERSONNEL IN ACCORDANCE WITH THE CODE OF CONDUCT EXCEPT AS OTHERWISE PROVIDED BY LAW, AND PRESCRIBE THEIR TRAINING AND QUALIFICATIONS;
 - D) PROMULGATE AND ENSURE COMPLIANCE WITH FINANCIAL DISCLOSURE REGULATIONS AS DIRECTED IN THIS STATUTE, AND THE PROCEDURAL RULES DESCRIBED IN SECTION 4(3) OF THIS STATUTE; AND
 - E) PROMULGATE AMENDMENTS TO AND HELP ENSURE COMPLIANCE WITH THE CODE OF CONDUCT AS SET FORTH IN SECTION 4(7) OF THIS STATUTE.
- THE COMMISSIONER MAY DELEGATE HIS DUTIES TO HIS SUBORDINATES IN THE COMMISSION.
- 3) THE COMMISSION SHALL HAVE A DEPUTY COMMISSIONER, A DIRECTOR FOR INVESTIGATIONS, A DIRECTOR FOR LEGAL AFFAIRS, A DIRECTOR FOR PREVENTION, A DIRECTOR FOR EDUCATION AND PUBLIC RELATIONS, A DIRECTOR FOR RELATIONS WITH NON-GOVERNMENTAL AGENCIES, AND A DIRECTOR FOR ADMINISTRATION, EACH OF WHOM SHALL BE APPOINTED BY THE COMMISSIONER AND SHALL SERVE UNDER HIS AUTHORITY, DIRECTION AND CONTROL.
- 4) THE DEPUTY COMMISSIONER SHALL BE THE CHIEF ASSISTANT TO THE COMMISSIONER. THE DEPUTY COMMISSIONER SHALL ACT AS THE COMMISSIONER, WITH ALL APPURTENANT AUTHORITIES, POWERS, RIGHTS, RESPONSIBILITIES AND DUTIES, DURING THE COMMISSIONER'S INCAPACITY.
- 5) THE DIRECTOR OF INVESTIGATIONS SHALL BE PRIMARILY RESPONSIBLE FOR THE DETECTION AND INVESTIGATION OF CORRUPTION IN THE GOVERNMENT OF IRAQ, AND FOR ESTABLISHING PROCEDURES FOR RECEIVING AND INVESTIGATING ALLEGATIONS OF CORRUPTION, INCLUDING ANONYMOUS ALLEGATIONS.
- 6) THE DIRECTOR FOR LEGAL AFFAIRS SHALL ASSIST AND ADVISE THE COMMISSIONER IN ENSURING COMPLIANCE WITH THE LAW OF IRAQ, AND IN SUGGESTING LEGISLATION TO THE COMMISSIONER FOR SUBMISSION TO THE NATIONAL LEGISLATURE.
- THE DIRECTOR OF PREVENTION SHALL BE PRIMARILY RESPONSIBLE FOR ASSISTING THE COMMISSIONER IN FULFILLING HIS DUTIES UNDER SUBSECTIONS 4(6)-(7) OF THIS STATUTE.
- 8) THE DIRECTOR OF EDUCATION AND PUBLIC RELATIONS SHALL ASSIST THE COMMISSIONER IN FULFILLING THE DUTY IMPOSED ON THE COMMISSION BY SUBSECTION 4(9) OF THIS STATUTE. HE SHALL EDUCATE PUBLIC OFFICIALS, GOVERNMENT EMPLOYEES AND THE PUBLIC AS TO THE PRINCIPLES OF ETHICAL PUBLIC SERVICE, THE CODE OF CONDUCT, AND THE FINANCIAL DISCLOSURE

REGULATIONS APPLICABLE TO GOVERNMENT EMPLOYEES. HE SHALL DEVELOP WITH THE MINISTRY OF EDUCATION AND OTHER EDUCATION OFFICIALS AND ORGANIZATIONS A NATIONAL SCHOOL CURRICULUM TO PROMOTE ETHICS IN PUBLIC SERVICE, AND MAY CARRY OUT SUCH TRAINING, STUDIES, MEDIA CAMPAIGNS, CONFERENCES, SEMINARS AND SIMILAR EVENTS, AND HIRE CONSULTANTS IN FURTHERANCE OF THESE ACTIVITIES.

9) THE DIRECTOR OF RELATIONS WITH NON-GOVERNMENTAL ORGANIZATIONS SHALL WORK WITH NON-GOVERNMENTAL ORGANIZATIONS TO PROMOTE A CULTURE OF ETHICS IN BOTH THE PUBLIC AND PRIVATE SECTORS, BY DEVELOPING AND DISSEMINATING MATERIALS, CONDUCTING TRAINING PROGRAMS AND MEDIA OUTREACH EFFORTS, AND OTHER ACTIONS IN FURTHERANCE OF THESE ACTIVITIES.

10) THE DIRECTOR FOR ADMINISTRATION SHALL BE RESPONSIBLE FOR OFFICE ADMINISTRATION AND PERSONNEL AND HUMAN RESOURCES.

SECTION 6 PENAL CODE AMENDMENTS

THE PENAL CODE IS AMENDED:

1) BY APPENDING TO THE END OF PARAGRAPH 135 THE FOLLOWING:

"(5) THE ABUSE OF PUBLIC OR TRUSTED OFFICE FOR PRIVATE GAIN OR THE OFFERING, GRANTING OR ACCEPTANCE OF SOME ADVANTAGE IN VIOLATION OF THE PERSON'S TRUSTED OR PUBLIC OFFICIAL DUTIES AND THE OFFICIAL ABUSE OF THE RIGHTS OF OTHERS, OR ATTEMPTING TO INDUCE SUCH ABUSE OR VIOLATION.

"(6) THE COMMISSION OF AN OFFENSE IN CONNECTION WITH, IN FURTHERANCE OF, OR TO IMPEDE DETECTION OF ANY OF THE OFFENSES DESCRIBED IN SECTIONS 2(4)(A) THROUGH (D) OF THE ORGANIC LAW ESTABLISHING THE COMMISSION ON PUBLIC INTEGRITY.

"(7) VIOLATION OF FINANCIAL DISCLOSURE REGULATIONS PROMULGATED BY COMMISSION ON PUBLIC INTEGRITY."

2) BY APPENDING TO THE END OF PARAGRAPH 136 THE FOLLOWING:

"(4) IF THE OFFENSE INVOLVES A PROVISION DESCRIBED IN SECTIONS 2(4)(A) THROUGH (D) OF THE ORGANIC LAW ESTABLISHING THE COMMISSION ON PUBLIC INTEGRITY, THEN THE OFFENDING PERSON SHALL BE IMMEDIATELY AND PERMANENTLY DISQUALIFIED FROM GOVERNMENT EMPLOYMENT OR FROM CONTRACTING TO PROVIDE GOODS OR SERVICES TO THE GOVERNMENT AND, UNLESS A MORE HARSH SENTENCE IS PRESCRIBED BY ANOTHER PROVISION OF LAW, THE SENTENCE MAY BE IMPRISONMENT OF UP TO 10 YEARS, AND A FINE OF UP TO \$10 MILLION OR ITS EQUIVALENT IN IRAQI DINARS, AND THE FORFEITURE AND RESTITUTION OF ANY AND ALL AMOUNTS, OBJECTS, AND TANGIBLE ASSETS OF UNJUST ENRICHMENT RESULTING FROM THE OFFENSE OR RELATED ACTIVITIES."

SECTION 7 FINANCIAL DISCLOSURE

1) WITHIN 30 DAYS OF THE DATE OF ASSUMING OFFICE, THE INITIAL COMMISSIONER SHALL PROMULGATE REGULATIONS REQUIRING, AT A MINIMUM, THAT COVERED PERSONS ANNUALLY DISCLOSE THE INFORMATION CALLED FOR BY THE FORM ANNEXED HERETO AS APPENDIX A.

2) TIMELY COMPLIANCE WITH COMMISSION REGULATIONS PROMULGATED PURSUANT TO THIS STATUTE SHALL BE A CONDITION OF EMPLOYMENT.

3) THE COMMISSION SHALL MAKE AVAILABLE TO THE PUBLIC FOR INSPECTION AND COPYING THE INFORMATION AND FORMS FILED PURSUANT TO THE FINANCIAL DISCLOSURE REGULATIONS PROMULGATED PURSUANT TO THIS STATUTE.

4) THE COMMISSION SHALL REVIEW, AUDIT, AND INVESTIGATE AS APPROPRIATE COVERED PERSONS' FINANCIAL DISCLOSURES ENSURE HONEST COMPLIANCE.

SECTION 8 REPORTING REQUIREMENTS

UNCLASSIFIED//

AFTER THE TRANSITION, THE COMMISSIONER SHALL PROVIDE THE CHIEF EXECUTIVE OF IRAQ AND THE NATIONAL LEGISLATURE WITH A REPORT ON THE ACTIVITIES OF THE COMMISSION, AT LEAST ANNUALLY. SUCH REPORTS SHALL INCLUDE STATISTICS ON CASES REPORTED, INVESTIGATED, REFERRED, PROPPED, AND PROSECUTED AS WELL AS INFORMATION ON THE COMMISSION'S PUBLIC OUTREACH ACTIVITIES. THE COMMISSIONER SHALL MAKE THESE REPORTS AVAILABLE TO THE PUBLIC.

END TEXTS. NOTE: THE ATTACHED FINANCIAL DISCLOSURE FORM HAS BEEN OMITTED FROM THE TEXT. END NOTE.

BREMER
BT
0523
//

UNCLASSIFIED//

UI030801-05

Bremer, Paul

From: (b)(2),(b)(6)
To: (b)(6)
Cc: Bremer, Paul; Carroll, Phil; (b)(6)
Subject: Olive Security (UK) Ltd: Proposal for the Iraqi Oil Ministry
Attachments: CPA Oil Paper v2.doc(82KB)

Sent: Fri 7/25/2003 2:44 PM

(b)(6)

How seen? he know? 7/28

Dear (b)(6)

I attach a letter which sets out our views about the issues you face with respect to the Oil Ministry's work in the security field.

Lord Renwick of Clifton, the former UK Ambassador to the United States and our senior adviser, knows Ambassador Bremer and Mr Carroll personally and would be more than happy to vouch for us with them. I have sought to divine their e-mail addresses using the same format as yours, but would be grateful if you could ensure that they also receive copies of this document.

Many thanks

Regards

(b)(6)

(b)(6)

Chief Executive

Olive Security (UK) Ltd

(b)(2)

(b)(6)

From: Vogler, Gary
Sent: Tuesday, October 07, 2003 2:45 AM
To: (b)(6)
Subject: RE: Query re Oil: Madrid Private Sector Conference and Oct. 16 International Energy Agency Governing Board

(b)(6)

I am presently in the DC area on R&R, but can answer some of your questions.

Madrid private sector conference - There are a lot of requests for Oil Ministry representation at conferences all over the world. If this particular one is considered important and you think their presence is necessary, we can approach Thamir to send a representative. It would be helpful if you could help us better understand what this conference is about and why it is important.

Cancellation of IEA conference - Getting flights out of Iraq for Oil Ministry employees is not easy. It is a logistical problem. I do not know why Thamir had to cancel, but the logistics in getting him to Dubai were so cumbersome that he almost cancelled that conference too.

December conference - There are some private promoters and I think Mr Bristol is one of them that have been trying to set up an industry conference in Baghdad. They approached Thamir in July about doing a conference in December and he agreed to participate. Phil Carroll and I have tried to discourage such an event due to the security situation. I think we may have had some impact as the last I heard was that the conference is supposed to be scheduled for March 2004.

If you want to discuss further, please call me at my home (b)(2)

Gary

1:15 AM
To: (b)(6) Vogler, Gary; (b)(6)
Cc:
Subject: Query re Oil: Madrid Private Sector Conference and Oct. 16 International Energy Agency Governing Board

(b)(6) Gary,

I'm not sure who works on which sectors should be represented at the Madrid private sector conference, but I am sure you are hearing from many people in EB and elsewhere that we really think there should be oil reps there -- they can say what they are doing and defer commitments on areas they aren't doing, like long-term contracts for exploration and drilling. They made it to the Dubai petroleum conference a few weeks ago and spoke about current plans -- and what they are not doing. So we imagine they could do that again -- and there is real interest in hearing from them.

Also, today I heard that Ghadhban would not/not be attending the International Energy Agency Governing Board next Thursday. He'd been scheduled to give a presentation on Iraq's oil sector and called the IEA today to say it was no longer convenient to come.

One more oil issue -- Friday's NYT reported they hired a Mr. Bristol in the

10/7/2003

PRB #?
\$00

Kraham, Sherri Program Review Bd

From: (b)(6)
Sent: Friday, September 26, 2003 2:30 PM
To: Kraham, Sherri Program Review Bd
Cc: (b)(6)
Subject: RE: PRB Request

Sherri,

The reason is that this additional fuel is required for the electricity mission and needs to be attributed to the electrical mission. This is important because when auditors and senior officials ask the question, "Why did RIO have to import so much fuel. Aren't they doing their jobs?" we can explain why this money was spent and what it was for.

CPA Electricity has made the conscious decision to go with hundreds of megawatts in diesel generation resulting in millions of dollars being needed to import this fuel. RIO is acting only as the agent for the importation of this fuel.

Hope this helps. Let me know if you need any additional information.

Regards,

(b)(6)

-----Original Message-----

From: Kraham, Sherri Program Review Bd
Sent: Friday, September 26, 2003 2:21 PM
To: (b)(6)
Cc: (b)(6)
Subject: RE: PRB Request

(b)(6) Thanks. I understand the requirement. Why can't we prorate the amount required for electricity into three monthly portions and add it to your request month by month? Why submit separately?
Thanks, Sherri

-----Original Message-----

From: (b)(6)
Sent: Friday, September 26, 2003 2:16 PM
To: Kraham, Sherri Program Review Bd
Cc: (b)(6)
Subject: PRB Request

Sherri,

You asked (b)(6) about whether our PRB request for fuels includes fuel for electricity. The answer is no.

On Monday (9/20) in a meeting with BG Crear, BG(p) Hawkins, Phil Carroll, Gary Vogler, (b)(6) and myself, CPA-Electricity provided a spreadsheet of their fuel requirements for Oct and Nov 2003. These requirements included 5.5 million liters of diesel per day for October and November. This represents 37% of the national consumption and a cost of \$1.185 million dollars per day.

At this meeting it was stated that the Iraqi Ministry of Oil was committed to supporting the goals of the Ministry of Electricity, but the quantities of diesel required were over and above what is currently being supplied to the country through production and imports. Therefore the

9/27/2003

additional diesel requirement identified by the Ministry of Electricity would need to be imported. On Tuesday Phil Carroll discussed this requirement with Mr. Ghadhban, CEO of the Iraqi Ministry of Oil, and Mr. Ghadhban agreed that the additional diesel required by the Ministry of Electricity would need to be imported.

A separate PRB request will be supplied today for the diesel required by the MOE.

Regards,

(b)(6)

9/27/2003

fax: (b)(2)
e-mail: [redacted]

-----Original Message-----

From: (b)(2), (b)(6)
Sent: Saturday, August 09, 2003 7:15 AM
To: (b)(2)
Subject: FW: Trigeant

-----Original Message-----

From: (b)(6)
Sent: Saturday, August 09, 2003 4:02 AM
To: (b)(2)
Subject: FW: Trigeant

-----Original Message-----

From: (b)(6)

Dear (b)(6)

I am writing in further response to your request about Trigeant Petroleum receiving assistance from us in setting up a meeting with SOMO. Out the outset let me say we are fully aware of Congressional intent in making sure Iraqi oil revenues are maximized to assist with reconstruction of Iraq. We strive for that every day.

However, (b)(6) your request has nothing to do with maximizing oil revenues. You are asking us to give Trigeant special treatment over other oil companies and, as you put it: "to discuss a possible long term purchase relationship..." Mr. Sargeant, in his letter to Mr. Phil Carroll of CPA calls it a "request to negotiate term crude purchases."

We just are NOT in a position to participate in such a meeting or to set one up. In the first place, the security situation and the country clearance process is such that a meeting of this type just cannot be accomplished. Other firms have made similar requests of our oil ministry people in CPA and we have told them all the same thing. As I said to you before, we have made a point of not interfering or appearing to influence how SOMO does its business. The Director General of SOMO has received many inquiries about any influence the US Government or CPA is having on their sales. He has been able to report there has been no influence whatsoever and we hope to keep it that way.

I am puzzled as well by your comment that Trigeant is likely to bid higher than any other trader. The tender process was open to everybody in June

8/16/2003



and July. SOMO published the tender in industry publications. Why didn't Trigeant enter that process, or why didn't they give the highest bid at that time?

The names, addresses, email coordinates and all the data on SOMO is in the industry publications such as Platts.

(b)(6) 

8/16/2003



doc. 45

McManaway, Clayton

From: Jeffery, Reuben
Sent: Wednesday, June 18, 2003 10:23 AM
To: McManaway, Clayton
Cc: Jeffery, Reuben
Subject: working groups

By way of starting the staffing discussion-there follows something to shoot at. For the next draft, it would be extremely helpful to have the list of current personnel in the finance area, their current functions, start and proposed end dates, recent cv (and the same for people in the pipeline)

Banking Sector Reform (b)(6) plus professional support from the Financial Services Volunteer Corps (whitehead and volkers organization)

Currency Reform-McP and Treas team, plus some Iraqi input. I'm trying to convince my friend (b)(6) an Oxford phd economist, exile Iraqi and son of founding Iraq central bank governor, and now money manager in London, to come visit and help out in some of this, as well as other, financial market areas. He has been a strong supporter of US Iraq policy.

Privatization/State Owned Enterprises/Stimulating the Private Sector- (b) pleased to lead the effort. Am working on (b)(6) Libyan national, American educated, goldman trained, to spend three months here driving the effort. He is retiring from Goldman in three weeks and has spent his entire ten years there working on these sorts of issues in the Arab world (I had previously forwarded his cv to Pat K)

Legal Framework/Commercial Law reform-this should be driven by (b)(6) working with (b)(6) and (b)(6) and (b)(6) in commerce, in the short term. Personally, I'd tap a strong NY or DC business lawyer(s) with intl experience who is prepared to invest several months here, to help drive this effort (am working on a couple of ideas-hopeful that firms would view sending someone here as an outstanding pro bono opportunity)

Debt Relief policy-Taylor, UST with a group back here that includes you and perhaps (b)(6) We can't leave this solely in a departmental black box-CPA needs to know the state of play of negotiations/discussions, formal and informal, on a real time basis, and to have the ability to offer direction, comments and otherwise away from the formality of being presented with set piece proposals out of Treas or anywhere else. This is a hugely important (and complex) area from a CPA public relations perspective, not to mention from a budgetary and financial planning angle. There are a couple of very able NSC staffers on the econ/financial markets side which we should ask be included in the core USTreas think/policy development team.

National Accounts/Budget-I'm at a loss on this one-but in the short term would be inclined to task (b)(6) a CEA economist on loan to the Treas team-at a minimum he may have some good ideas as to economists we could tap who have experience in preparing national accounts) and (b)(6) who, as you know, is a strong numbers man and can get things done (like running around to various ministries and bashing heads of ministry advisors to sharpen their numbers); (b)(6) might be helpful here as well. (b)(6) is thinking of market oriented IMF/World Bank types who we might be able to attract.

Oil Trust-Phil Carroll plus one of us (b)(6) This, in the first instance, is about fleshing out the idea, developing quickly several alternatives, and forging CPA (and interagency, if necessary) backing of a particular strategy; followed by implementation, which could be the same or different team.

[On the Oil trust, currency reform and many of the areas above, it is incumbent on the CPA to know what it wants to do, BEFORE, we have an interim government. Once we know what outcomes we would like to see, we can then decide whether to act as a coalition or wait for an interim authority. Even if we decide to wait to consult with the interim group, we risk substantial further policy drift, gridlock or worse, if we haven't taken advantage of the time now to set an agenda and a course for such group's consideration.]

Agricultural Policy-I'm sniffing that there are a whole host of issues here which we need to get our arms around

6/19/2003



before we are faced with more 11th hour crisis (like buying the wheat crop at the last minute before it rots). Hopefully someone is thinking globally here.

Food bAcket-oil for food phase out strategy (b)(6) drive, perhaps with (b)(6) support. Although a standalone issue, as you well know, this is inextricably tied with the Oil Trust concept and the Nat'l Accounts.

To add meat to the above, we really should sit down with (b)(6) after having reviewed the personnel info noted above, and from there sharpen up the short term working team composition (I'd envision a project leader and two associates in each case) and proposed near term deliverables.

Hope this is helpful. (b)(6)

6/19/2003



(b)(6)

From: Kennedy, Patrick AMB
Sent: Friday, August 08, 2003 11:48 AM
To: Executive Secretary
Subject: FW: Trigeant Ltd. Letter to Phil Carroll

-----Original Message-----

From: (b)(6)
Sent: Wednesday, August 06, 2003 10:23 AM
To: Kennedy, Patrick AMB
Subject: FW: Trigeant Ltd. Letter to Phil Carroll

Pat: for central files. Thanx, (b)(6)

-----Original Message-----

From: (b)(6)
Sent: Tuesday, August 05, 2003 11:02 PM
To: Vogler, Gary;
Subject: FW: Trigeant Ltd. Letter to Phil Carroll

Gary: fyi. Thnx. (b)(6)

-----Original Message-----

From: (b)(6)
Sent: Tuesday, August 05, 2003 10:59 PM
To: (b)(2)
Cc: (b)(6)
Subject: RE: Trigeant Ltd. Letter to Phil Carroll

(b)(6)

I am writing in response to your request for information about Trigeant Petroleum having an opportunity to bid on Iraqi crude oil exports. I have discussed this with our Oil Ministry people here at the Coalition for Provisional Authority and have been told that we have made a point of not interfering or influencing how SOMO does its business. The process involves SOMO informing CPA of who they sign contracts with and who they sell to. Thus far the process seems to be working quite well and we have not seen any problem with how they select customers and who they might select. As you can imagine the Director General of SOMO is constantly asked by the media and others about any influence the US Government or CPA is having on their sales. The Director General has been able to report that there has been no influence whatsoever from the US and we hope to keep it that way. Nice to hear from you, (b)(6) Senior Counselor to Ambassador L. Paul Bremer

-----Original Message-----

From: (b)(2), (b)(6)
Sent: Tuesday, August 05, 2003 7:20 AM
To: (b)(6)
Cc:
Subject: Trigeant Ltd. Letter to Phil Carroll
Importance: High

(b)(6)

Thank you for calling me back several days ago after I left you a phone message regarding our client's interest in having an opportunity to bid on Iraqi crude oil exports.

At the time, you suggested to me that our client should contact Phil Carroll directly. The attached letter was faxed this morning to Mr. Carroll at the Provisional Authority's fax number at the Pentagon.

As you know, several U.S. senators have also written to Ambassador Bremer in support of Trigeant's request. Anything you can do to help this along would be greatly appreciated.

Take good care of yourself, my friend.

(b)(6)

(b)(6)

Executive Vice President
Griesinger Associates, Inc.

(b)(2)

M

LPB HAS SEEN

U1030808-116

COALITION PROVISIONAL AUTHORITY
BAGHDAD

August 7, 2003

TO: THE ADMINISTRATOR
FROM: CPA Governance Office
RE: Daily Governing Council Sitrep

only if 2 am present

Item for your approval:

- Formal request from committee chairman Chalabi for meeting with Dave Oliver to discuss the 2003 and 2004 budgets. Committee eager to set a time.

Meeting Schedule: GC agreed to meet in full session only on Monday/Tuesday/Wednesday. Saturday/Sunday/Thursday will be reserved for committee meetings and perhaps presidency group meetings.

Constitutional Convention: One source reported that after Ja'afari convinced Sistani that the constitution would be written by and for Iraqis (vice press reports it would be written by "Jews in the CPA"), Sistani agreed that the CPC could move forward without a plebiscite. GC may vote to elect the 15 members of the CPC on Monday. There was also discussion of the CPC's scope of choices and how it would make those choices.

Ministries: GC voted to create a Ministry of Environment and a Ministry of Human Rights. The rejected a proposal to create a Ministry for Expatriates.

Ministers: No action. Still waiting for the presidential group to present a slate of candidates. There may be a vote on Wednesday.

Attendance/Atmospherics: Talabani and Hakim absent.

Governance/GC Legal Committee Meeting: Committee members sought to clarify the GC's authority to issue legislation, citing the need to form the special tribunal and to appoint judges. Carpenter and OGC Castle said that close consultation was required to ensure that new laws are consistent with our obligations as an occupying power. Nevertheless, the GC might publish laws in the Iraqi Gazette under the name of the GC alone. Judge Dara said he would seek GC decision on whether they needed an MOU on this process or whether they would prefer to handle it on an ad hoc basis.



CPA/GC 300,000 Jobs Meeting: The GC Jobs Committee had met on Wednesday after your visit to the Council to draw up principles to guide the program. The committee's members had envisioned distributing the number of jobs by population concentration and relying heavily on the governorates to identify and administer elements of the program. This, Steve Browning explained, did not differ dramatically from our concept. The GC committee initially envisioned an early announcement, with the plan's execution to begin on July 1. All agreed to delay the announcement of the program by a few days in order to work out as many details as possible. We agreed that CPA would present the subcommittee with a written paper on Sunday that spelled out further details and provided sample Q&As; the committees would meet again on Monday; and the announcement would happen as early as Tuesday.

Incidentally, the GC did put forward a press release on jobs, citing your meeting with the full Council. The release stated that CPA and the GC discussed the need for a jobs creation program, with the GC stating its preference for a nationwide scheme that would be part of larger efforts to rehabilitate the work force.

I would like to see it

-----Original Message-----

From: (b)(6)
Sent: Friday, July 25, 2003 2:35 AM
To: Bremer, Paul
Cc: (b)(2), (b)(6) Jeffery, Reuben; (b)(6)
Kennedy, Patrick AMB; McManaway, Clayton; baghdad
Subject: FW: Rose meeting summary--alaska oil dividend fund.

(b)(6)

This is an interesting project. We could start it back here under Reuben and then, as you develop the oil project in Iraq, it could be the basis for the dividend fund. (b)(6) helped set up the Alaska project. He understands what is required to do this.

He comes recommended by (b)(6) and Sen Stevens.

(b)(6)

(b)(6) will talk to you about it on the way to baghdad.

j

> -----Original Message-----

> From: (b)(6)
> Sent: Thursday, July 24, 2003 6:28 PM
> To: (b)(6)
> Subject: FW: Rose meeting summary

> -----Original Message-----

> From: (b)(6)
> Sent: Thursday, July 24, 2003 5:58 PM
> To: (b)(6)
> Subject: Rose meeting summary

> Hi (b)(6)

> Here is the message that you may copy into yours, along with the attachments.

> Sincerely,

> (b)(6)

> To: Clay McManaway, Phil Carroll, and Reuben Jeffery

> From: (b)(6)

> cc: (b)(6) and Pat Kennedy

> Re: Alaska Permanent Dividend Fund

> Dear Clay, Phil, and (b)(6)

> We met with (b)(6) today. He designed Alaska's popular Permanent Dividend Fund program in 1982 and has proposed to design a similar oil revenue sharing system for Iraq. Ambassador Bremer is supportive of the idea in theory. Attached is (b)(6) business proposal for your review and your comments.

> In Alaska, 25% of oil revenue (less expenses) goes into a fund that



~~SECRET//NOFORN~~

Organization and Management

General Principle: *Increase Iraqi role as situation stabilizes, return to full Iraqi control as soon as feasible.*

Three phases – In sync with overall administration of Iraq:

First: Military (aims: secure, protect).

- General Franks, CENTCOM.

Second: US/Coalition civil administration (aims: post-conflict triage, repair, rebuild, resume and oversee operations).

- Chairman, Chief Executive Officer; Iraqis in senior posts to extent feasible (but not in control of funds).

(b)(5)
[Redacted]

- Resources in US/Coalition hands (not UN) to ensure Iraqi needs met.

Third: New Iraqi government/indigenous Iraqi management.

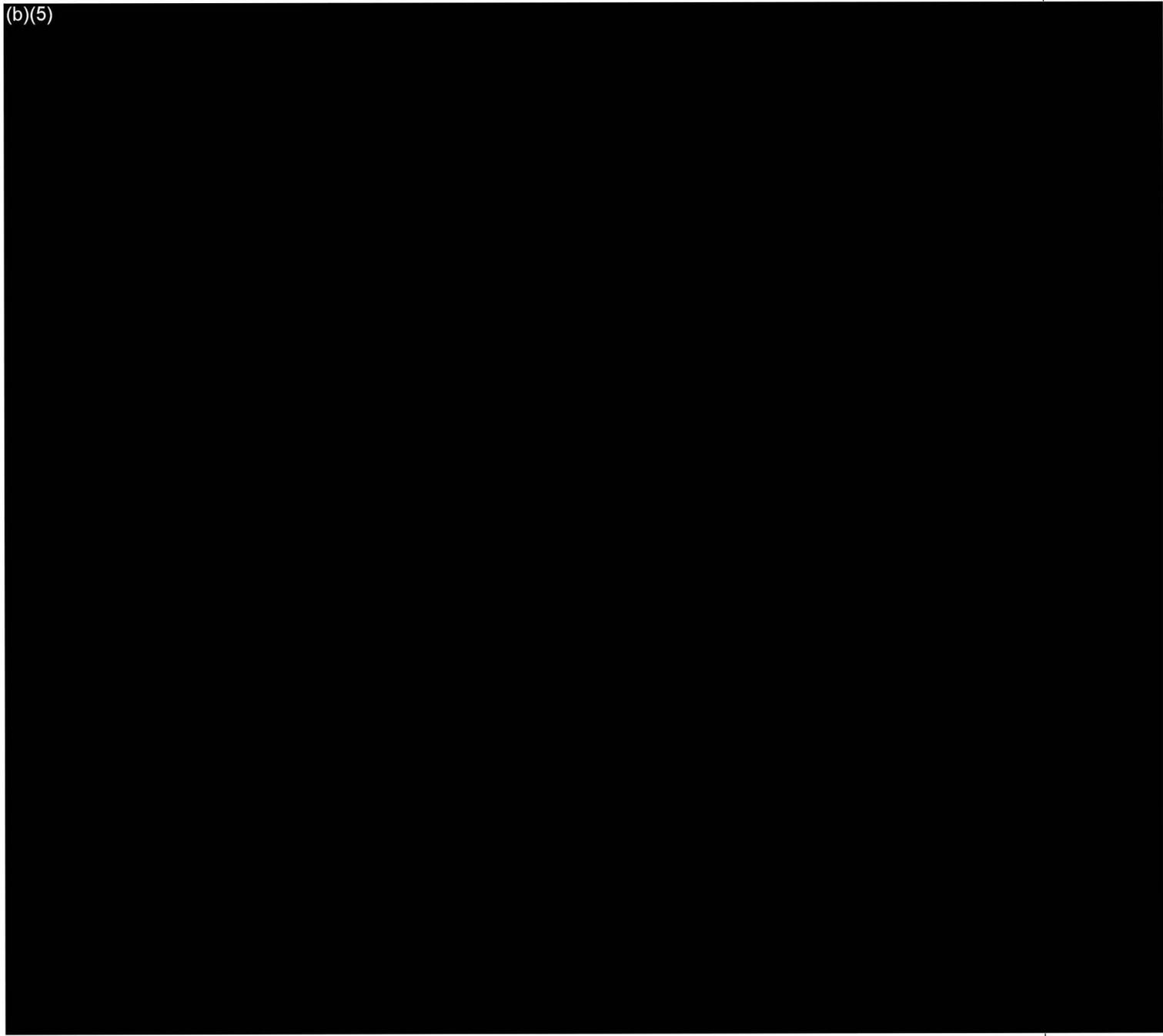
28/03 15:56

Prepared by Energy Infrastructure Planning Group

(b)(2)
[Redacted]

~~SECRET//NOFORN~~
Derived from Multiple Source
DECL ON: 28 JAN 2013

(b)(5)



(b)(5)



~~SECRET~~

Interim/Contingency Plans for Sale

side Iraq

Bremer has given order to sell starting May 22

Creating Development Fund of Iraq in the Iraqi Central Bank

Carroll reaching out to independent auditors

Bremer has designated SOMO as selling agent

Establishing SOMO international communications

Port facilities tested, pipelines coming on-line

from Multiple Sources
20 MAY 2013

**Policy, Governance & External Relations in Post War Iraq
Key Ministerial Advisors**

IRAQ GOVERNMENT MINISTRY

**TEAM LEADER
(PROPOSED)**

**TEAM MEMBER
(PROPOSED)**

Interior

Bob Gifford (State)
Edward P. Joseph
Howard Safir

Irrigation

Robert Page

Justice

Clint Williamson (State)

Richard Rotunda

Labor & Social Affairs

Cam Findlay

Linda Chavez
Rudy Deleon
David Fortney
Dick Wilson

Military Industrialization

Oil

Phil Carroll

Planning

Dave Oliver

L. Schermerhorn (State)
Roger Porter

Trade

Robin Raphael (State)

Transport & Communication

Richard Beard (State)
Warren Titchner
Nathan Fletcher
Andrew Devlin

doc.53

Fluor Corporation
One Enterprise Drive
Aliso Viejo, California 92656-2606

Keith Karpé
Media Relations
949.349.7661 tcl

949.349.2000 tcl
949.349.5014 fax

Lori Scrato
Media Relations
949.349.7420 tcl

FLUOR.

Executive Profile

PHILIP J. CARROLL, JR.
Former Chairman and Chief Executive Officer
Fluor Corporation

Philip J. Carroll, Jr. is the former chairman and chief executive officer of Fluor Corporation. He joined the company in 1996 and retired in early 2002.

Prior to joining Fluor, Carroll served 37 years with Shell Oil Company. He joined Shell as a petroleum engineer and held positions in every major division during his tenure. He was elected president and chief executive officer in 1993.

Active in a variety of professional and civic organizations, Carroll serves on the boards of American Express Funds, Vulcan Materials Company, Scottish Power, Glasgow, Scotland, and Texas Medical Center. Carroll also serves as a trustee for the National Fund for the U.S. Botanical Garden. He is a member of the board of the American Air Museum in Britain, The National D-Day Museum, National Petroleum Council, and University of Houston's National Advisory Council, as well as an honorary life member of the American Petroleum Institute.

Carroll earned a bachelor's degree in physics from Loyola University in New Orleans and a master's degree in physics from Tulane University of Louisiana.

With 2001 revenues of \$9 billion, Fluor Corporation provides services on a global basis in the fields of engineering, procurement, construction, operations, maintenance, project management and business services.

**Coalition Provisional Authority
Signators for Verifying the Schedule of Priority Contracts under the OFF**

Ministry of Trade
Robin Ranhel
(b)(6)

Food, Food Handling:

✓ Ministry of Oil
Philip Carroll
Gary Vogler
Clark Turner

✓ Electricity Commission
(b)(6)

✓ Ministry of Transportation and Communications
(b)(6)

Ministry of Irrigation
(b)(6)

✓ Ministry of Agriculture
(b)(6)

✓ Ministry of Industry and Minerals
Ambassador Tim Carney
(b)(6)

✓ Ministry of Health
(b)(6)

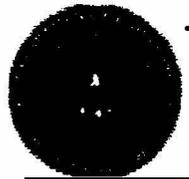
Central Bank (only AT3)
Housing/Construction
Information (only AT3)
Justice (only AT3)
Water Sanitation
Youth + Sports (Special Alloc)
Labor (Special Alloc)
Interior (Special Alloc) (Water + Sanitation)

OIL	
Ministry of Oil	Philip CARROLL – Senior Advisor (ret. oil exec) Gary VOGLER – Deputy Senior Advisor Clarke TURNER – Oil Advisor (b)(6) – Oil Logistics (b)(6) – Oil Team

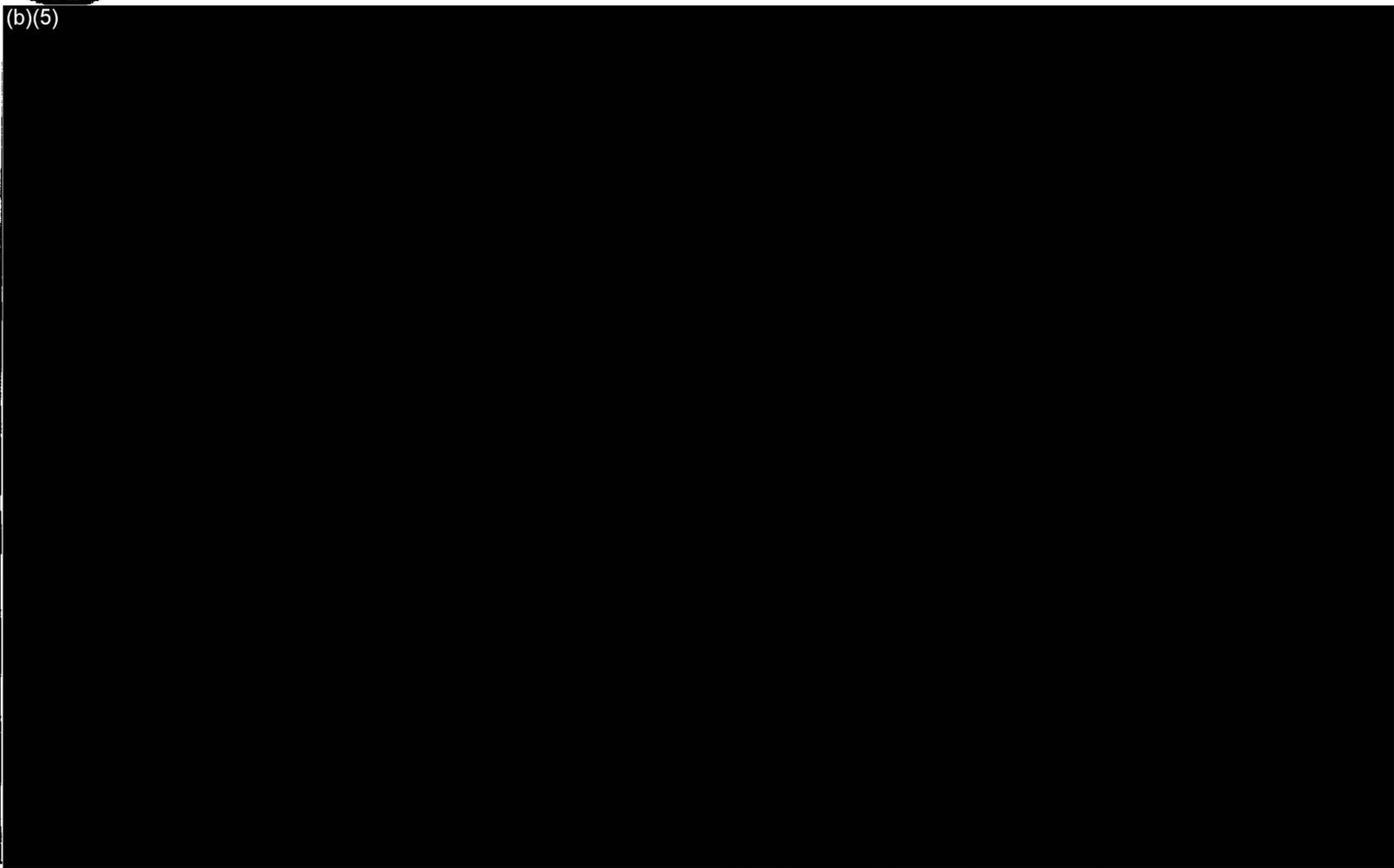
MCO- Front office	
	Col. Tony PUCKETT – Deputy Director Sherri KRAHAM – Program Coordinator (State) (b)(6) – Transition Coordinator (State) (b)(6) – Legal Coordinator (Army reserve)

Ministries' Coordination Office	(b)(6) – General Services Office Manager – Admin Support – Admin Support – Admin Support – State Commo – State Commo
--	--

~~SECRET//NOFORN~~



Proposed CEO Candidates



(b)(5)

~~SECRET//NOFORN~~
Derived from Multiple Sources 25
DECL ON: 06 FEB 2013

CPA FUNDING REQUEST

PRB No: <u>361</u> (PRB Staff to Assign)	Project Name: SOMO Office Equipment
Date of Request: 14 July	Date Required: 21 July
Name of Requester: Gary Vogler	Signature: <i>[Signature]</i> for Gary Vogler
CPA Office/Unit: Ministry of Oil	POC/Person Completing Form: Gary Vogler
Amount of Request: US\$25,000	DSN/Cell Phone: (b)(2)
Project Location: Baghdad (Region)	Email Address: (b)(2)

1. Project Category (check all that apply):

Reconstruction	<input checked="" type="checkbox"/>	Health	<input type="checkbox"/>	Salaries	<input type="checkbox"/>
Humanitarian	<input type="checkbox"/>	Transportation	<input type="checkbox"/>	Pensions	<input type="checkbox"/>
Food Distribution	<input type="checkbox"/>	Economic Programs	<input type="checkbox"/>	Budget/Ops. Support	<input checked="" type="checkbox"/>
Water/Sewer	<input type="checkbox"/>	Education	<input type="checkbox"/>	Other Public Services	<input type="checkbox"/>
Electricity	<input type="checkbox"/>	Ministry	<input type="checkbox"/>	Social Programs	<input type="checkbox"/>
Rule of Law/Govern.	<input type="checkbox"/>	Police/ Security	<input type="checkbox"/>	Cultural Programs	<input type="checkbox"/>
Div. Commanders	<input type="checkbox"/>	Brig. Commanders	<input type="checkbox"/>	Regional Dir.	<input type="checkbox"/>
Construction Initiative	<input type="checkbox"/>				

2. Proposed Funding Source: (PRB Staff Only)	3. Funding Data:
Vested Assets <input type="checkbox"/>	Bank Account Details: or
Seized Assets <input type="checkbox"/>	Name/Title of Iraqi Receiving Disbursement: (b)(6)
Appropriated Funds <input type="checkbox"/>	DG, SOMO
Iraqi Development Fund <input type="checkbox"/>	CPA Rep/Unit Responsible for Oversight: Ministry of Oil
	Engineering Oversight Assigned to:
	Name of Certifying Official:

4. Clearances: Please indicate you have obtained appropriate clearances, as applicable.
(Note: If that coordination cannot be done at the regional level, it will be done by PRC.)

Regional Coordinator: Yes No Name:

Ministry Senior Advisor: Yes No Name: **Phil Carroll**

Office Director/Unit Commander: Yes No Name:

Reconstruction/USAID: Yes No Name:

International Coordination Council: Yes No Name: Others:

Program Staff Use Only

Date Request Received: 7/14 Form Complete: Yes No

Disposition: Pending - Sent to Budget for approval

Date Request Submitted to Program Review Committee:

Disposition:

Date Request Submitted to Program Review Board:

Disposition:

Date Request Returned to Requester/Submitted to Comptroller:

Disposition (including expenditure authorized):

Description of Program or Goods To Be Purchased

Purpose/Objective

The State Oil Marketing Organisation (SOMO) is responsible for the marketing of all crude oil exported from Iraq as well as the arrangements for imports of gasoline and LPG in exchange for exports of fuel oil.

SOMO's offices were completely looted after the war. An interim allocation of US\$25,000 was approved and spent during June to purchase office equipment, and an allocation of US\$236,131 was approved in late June for repairs to the building. The purpose of this funding request is to seek an additional interim allocation of US\$25,000 to purchase additional office equipment. A final application will be submitted after the restoration of the building which is expected to be completed in September/October.

Justification

SOMO handles a large volume of commercially sensitive and time critical information and operates in a competitive, international environment. The value of SOMO's export transactions will soon rise to US\$25 to 50 million per day. Missed opportunities are very costly.

The equipment purchased to date has been sufficient to establish the minimum operating environment capable of enabling the export of crude oil. However, additional equipment is necessary to provide a properly functioning office. For example, bids for oil purchases, and letters of credit from successful bidders, are all sent via a single fax machine that is shared with the Central Bank of Iraq.

Coordination

This request has been prepared following consultation with SOMO.

Goods and Commodities

SOMO requires additional computers, tables, chairs, laser printers, photocopiers, and fax machines. This material will be purchased from suppliers in Baghdad. Prices are expected to be similar to equipment purchased under the earlier interim funding – see attached copy of the reconciliation.

Project implementation

Disbursement of funds to SOMO, with a report to be provided by SOMO with receipts.

Form PRB-01 SOMO application

Ministry Senior Advisors

Agriculture	(b)(6)
Culture	
Education	
Electricity	
Finance/OMB	David Oliver
Foreign Affairs	(b)(6)
Health	
Higher Education	
Housing & Construction	
Industry & Minerals	
Interior	Bernie Kerik
Iraqi Media Network	(b)(6)
Water Resources	
Justice/CA	
Labor & Social Affairs	
National Defense	Walt Slocombe
National Standards	(b)(6)
Oil	
Public Works	(b)(6)
Planning	
Religious Affairs	
Science & Technology	
Trade	Robin Raphel
Trans. & Comm.	(b)(6)
Youth & Sports	
Governance	Ryan Crocker
Ops & Infrastructure	Andy Bearpark
Economic Development	Peter McPherson
Oil Policy	Phil Carroll
Private Sector Development	Reuben Jeffery
Strategic Communications	TBA
Baghdad Central	(b)(6)