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U.S. Government's \$2 million grows to \$6 billion for Iraq

By Gary Vogler
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(Brig. Carew Wilks, Gary Vogler, John Scott, Graeme Lang, Richard Large, Kent McAnany and Malcolm Corry at contract close out meeting) [USACE file photos]

Baghdad, Iraq - The Gulf Region Division Energy Sector recently completed a \$2 million oil project that provided the catalyst for a \$6 billion Iraqi export project over the next five years. South Oil Company recently signed contracts worth about \$80 million to kick off the largest project under the Ministry of Oil in decades. This project will provide export redundancy for the current export facilities in the northern Arabian Gulf and add significant capacity over the next five years by constructing oil tanks, pipelines, pumps, power supplies and off shore loading facilities.

"Helping the Iraqis fund and manage their own infrastructure reconstruction has been a GRD goal over the last year and this export project is a great example of how GRD can leverage limited U.S. Government funding and expertise to enable the Iraqis to succeed with their own reconstruction goals," said Brig. Gen. Jeff Dorko. "This project is a very high priority with senior leadership, in the Oil Ministry and in the Prime Minister's office. GRD is proud to have participated."

GRD's involvement in the Iraqi oil sector officially ended in 2007 when the last of the USG funded \$1.7 billion Iraqi

reconstruction funds for the oil program were spent. The IRRF program started in 2004 and provided the much needed equipment and construction projects to enable the Ministry of Oil to regain and maintain current production levels. The USG funds were only a small fraction of the need. One Iraqi oil expert estimated in mid 2007 that Iraq needs investments of \$75 billion to reconstruct and expand the oil infrastructure to meet their plans.

When the need for an export project was recognized in 2007 the IRRF oil accounts were empty and funding from another program had to be obtained. The U.S. Embassy and Department of State went back to Congress in order to reassign \$2 million needed to support this effort.

The Energy Fusion Cell played a role to influence and obtain the needed focus for such an important endeavor. "It has been a great team effort amongst the Oil Ministry, South Oil Company, DOS, Embassy, MNF-I and GRD. Everyone has played a role in this vital project" said Brig. Hamish McNinch, Energy Fusion Cell director. The GRD team was led by Dorko and there were great contributions made by several of the GRD oil leads over the last year to include Cmdr. Tim Spicer, Cmdr. Angel Salenas, Cmdr. Phil Malone, Capt. Joe Konicki, Lt. Col. Jarrett Purdue and Mr. Kent McAnany.

McAnany recently traveled to the contractor's office to close out the USG funded GRD contract. He met with the senior management of Foster Wheeler Energy Ltd to finalize their work on the feasibility study, as well as early engineering and procurement activity. "GRD's strength has been to engage world class engineering talent to help the Oil Ministry" said McAnany. "The exports in the south provide 80 percent of the revenue coming into Iraq's treasury and this project will be a quick insurance policy for those revenues." Others accompanying McAnany at



Al Basra Oil Terminal located in the Arab Gulf
[USACE file photo]

Foster Wheeler included the former director of the Energy Fusion Cell, Brigadier Carew Wilks and Stanley Baker Hill employee, Gary Vogler.

Wilks highlighted the importance of this project in his address to the Foster Wheeler management. "There are about 1.6 million barrels a day being exported in the South to the global oil markets. The security of this oil supply is extremely important to the success of the Government of Iraq and the global economy," Wilks said. Foster Wheeler will continue working with South Oil Company as their engineering consultant for the project.

South Oil Company's initial project efforts will include a thorough survey of the Northern Gulf area to identify any unexploded ordinance and mitigation of any ordinance that is found. Surveys of the contour of the sea bottom and core samples of the various locations where offshore facilities will be located will also be accomplished. This preliminary work will be completed while continuing an engineering effort to finalize a design, procure material and establish construction contracts. There remains a lot of work for South Oil Company to accomplish. Many hurdles remain. GRD has provided the initial catalyst for helping the Ministry of Oil get a start on a huge project for their country.

Note: Gary Vogler is a contributing writer for the Gulf Region Division, U.S. Army Corps of Engineers, Iraq. For more information, contact the public affairs office at (540) 665-5339 or email requests to or email requests to CEGRD.PAO@usace.army.mil. For more information on the U.S. Army Corps of Engineers in Iraq, visit www.grd.usace.army.mil.