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PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Committee on Homeland Security and Governmental Affairs

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Carl Levin, Ranking Minority Member

**SUPPLEMENTAL REPORT
ON
BAYOIL DIVERSIONS OF IRAQI OIL
AND
RELATED OVERSIGHT FAILURES**

**PREPARED BY THE
MINORITY STAFF
OF THE
PERMANENT SUBCOMMITTEE
ON INVESTIGATIONS**



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**SUPPLEMENTAL REPORT
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I. EXECUTIVE SUMMARY AND FINDINGS

The Minority Staff of the U.S. Senate Permanent Subcommittee on Investigations has obtained and evaluated evidence that certain shipments of oil from Iraq by Bayoil, Inc., a U.S. corporation, violated United Nations (U.N.) Oil-for-Food (OFF) program requirements and U.S. sanctions on Iraq. In this Supplemental Report, the Minority Staff makes the following findings.

- 1. Illegal Surcharge Demands.** In early 2001, Bayoil financed the payment of illegal surcharges demanded by the Hussein regime by paying increased fees for Iraqi oil that Bayoil purchased from intermediaries who paid the surcharges to Iraq.
- 2. Millions in Illicit Revenue.** In early 2001, Bayoil appears to have generated millions of dollars in illicit revenue by diverting Iraqi oil shipments to unapproved destinations in violation of OFF requirements and U.S. sanctions on Iraq.
 - a. Bayoil and Rosnefteimpex, a Russian company that bought and sold Iraqi oil, provided the United Nations with false information about the timing, transport, and final destination of Iraqi oil that Rosnefteimpex had purchased from Iraq and sold to Bayoil.
 - b. The false information provided by Bayoil and Rosnefteimpex misled the United Nations.
 - c. Bayoil appears to have diverted at least 4 million barrels of Iraqi oil to unapproved destinations.
 - d. Bayoil's delivery of Iraqi oil to unapproved destinations violated OFF requirements and U.S. regulations restricting trade with Iraq.
 - e. Bayoil appears to have generated at least \$7.5 million in illicit revenue by delivering 4 million barrels of Iraqi oil to unapproved destinations. This illicit revenue provided Bayoil with a source of funds to pay higher fees to companies paying illegal surcharges to Iraq.

3. **U.S. Oversight Failure.** The U.S. failure to investigate or help the United Nations to investigate suspect Bayoil shipments involving several million barrels of Iraqi oil impaired oversight of the OFF program and efforts to deter the payment of illegal surcharges.
4. **U.N. Oversight Failure.** The failure of the U.N. Office of Iraq Programme to notify the U.N. 661 Committee of Bayoil's failure to provide requested documentation on suspect shipments involving several million barrels of Iraqi oil impaired oversight of the OFF program and efforts to deter the payment of illegal surcharges.

II. BACKGROUND

A. Minority Staff Investigation

In 2004, the U.S. Senate Permanent Subcommittee on Investigations began investigating allegations of misconduct regarding the United Nations Oil-for-Food and Iraqi sanctions programs, particularly the extent to which such misconduct involved U.S. persons or affected U.S. national interests. On May 17, 2005, in connection with the Subcommittee's third hearing on this matter, Ranking Minority Member Senator Carl Levin issued a staff report entitled, "Illegal Surcharges on Oil-for-Food Contracts and Illegal Oil Shipments from Khor al-Amaya." (hereinafter "Minority Staff Report").¹ Among other concerns, the Minority Staff Report examined issues related to illegal surcharges imposed by the Iraqi Government, from September 2000 to September 2002 (hereinafter "surcharge period"), on the export of Iraqi oil pursuant to contracts approved by the United Nations under the OFF program. The Minority Staff Report presented detailed information on certain Bayoil activities, including the extent to which Bayoil appears to have financed the payment of at least \$37 million in illegal surcharges to Iraq.²

Additionally, the Minority Staff Report presented evidence showing that the United States Government, particularly the U.S. Department of Treasury Office of Foreign Assets Control (OFAC), failed to provide assistance requested by the United Nations to obtain information about certain suspect shipments of Iraqi oil handled by Bayoil. In early 2001, the U.N. Oil Overseers, oil industry experts employed by the United Nations to assist the U.N. 661

¹ "Illegal Surcharges on Oil-for-Food Contracts and Illegal Oil Shipments from Khor al-Amaya," prepared by the U.S. Senate Permanent Subcommittee on Investigations Minority Staff, released in connection with the Subcommittee hearing entitled, "Oil for Influence: How Saddam Used Oil to Reward Politicians under the U.N. Oil-for-Food Program" (May 17, 2005).

² *Id.* at 13-42. The Minority Staff Report identified 102 oil cargoes, involving over 200 million barrels of Iraqi oil, that were purchased by Bayoil during the surcharge period, mostly from third parties holding allocations to purchase Iraqi oil from the Government of Iraq. According to SOMO records, these third parties paid approximately \$37 million in illegal surcharges to the Government of Iraq. See also U.N. Independent Inquiry Committee Report, "Report on Programme Manipulation" (Oct. 27, 2005), Chapter 2, Section VI.B on Bayoil.

Committee in its approval and oversight of Iraqi oil sales, began to seek specific information from Bayoil about certain shipments of oil from Iraq. When Bayoil refused to provide the detailed information or documentation sought by the Oil Overseers showing that these shipments fully conformed to U.N. requirements, the Oil Overseers turned to the U.S. Government for assistance. The Oil Overseers first asked the U.S. State Department for assistance in mid-2001; when no information was provided by early 2002, the Oil Overseers asked the State Department for a second time to obtain the requested information from Bayoil. Despite these two requests, OFAC failed to obtain any of the requested information from Bayoil or to direct Bayoil to cooperate with the United Nations.

Based on these events and OFAC's failure to conduct meaningful oversight of Bayoil or any other U.S. company handling Iraqi oil, the Minority Staff Report concluded that "the United States did not exercise meaningful oversight to detect or stop particular persons and companies within its jurisdiction from paying the illegal surcharges demanded by Iraq."³

After the issuance of the initial Minority Staff Report, the Minority Staff obtained new information about the Bayoil shipments that were the focus of the attention of the U.N. Oil Overseers. This new information provides strong evidence that, as the U.N. Oil Overseers had suspected, Bayoil violated U.N. requirements and U.S. regulations by diverting shipments of Iraqi oil from their approved destinations. By diverting oil that had been discounted in price by Iraq, with the approval of the United Nations, for sale in North America, and instead selling that oil in higher-priced European markets, Bayoil was able to generate millions of dollars in illicit revenues. Because the price discount would not have been provided had the U.N. and Iraq known of the true destination of the oil, these gains were obtained at the expense of the U.N. escrow account in which the proceeds from Iraq's oil sales were to be deposited, and, ultimately, at the expense of the humanitarian needs of the Iraqi people. These revenues also provided a source of funds for Bayoil to have financed the payment of illegal surcharges to the Hussein regime.

This evidence, which was obtained by the Minority Staff with the support of Subcommittee Chairman Norm Coleman, includes shipping records from one of the vessels that carried oil purchased by Bayoil; oil purchase records from U.S. companies that purchased oil cargoes from Bayoil; and interviews of knowledgeable persons about the key shipments, including former and current U.N. personnel. The Minority Staff also requested interviews, submitted requests for information, and provided an opportunity to respond to preliminary findings to David Chalmers, President of Bayoil, and to Sergei Issakov, formerly associated with Rosnefteimpex, two of the companies involved in the suspect oil shipments. Neither Mr. Chalmers nor Mr. Issakov provided any information in response to the Subcommittee's requests.

³ Minority Staff Report at 63.

The new evidence obtained by the Subcommittee indicates that, in early 2001, Bayoil shipped over 4 million barrels of Iraqi oil to unapproved destinations in violation of the relevant U.N.-approved contracts, OFF program requirements, and U.S. regulations. U.N.-approved contracts authorizing Iraqi oil exports established the price of the oil, in part, according to the final destination where the oil was to be shipped and sold. The contracts also required that the Iraqi oil be delivered to the destination specified in the contract. With respect to the Bayoil shipments investigated by the Minority Staff, one shipment appears to have been diverted from North America to delivery in Europe, while another appears to have been diverted from Europe to delivery in the United States.

Bayoil appears to have generated at least \$7.5 million in illicit revenue from these two diversions. At the time these diversions occurred, in early 2001, Iraq was illegally demanding that companies buying oil from Iraq pay directly to the Hussein regime a thirty-cent per barrel surcharge, above the U.N.-approved official sales price for Iraqi oil, on oil exports to North America and twenty-five cents per barrel on oil exported to other destinations. Bayoil records indicate that, when questioned about one of these shipments by the U.N. Oil Overseers, both Bayoil and Rosnefteimpex – the Russian company which bought the shipment, paid illegal surcharges for it, and sold it to Bayoil – provided the United Nations with materially false information that mischaracterized the timing, transport, and final destination of this shipment.

The Minority Staff has also obtained evidence that, in 2002, the U.N. Oil Overseers sent a memorandum to the Director of the U.N. Office of Iraq Programme, Benon Sevan, recommending that the Oil Overseers notify the U.N. 661 Committee about the suspect Bayoil shipments and Bayoil's refusal to provide requested information and documentation about the shipments to the United Nations. Mr. Sevan did not approve this recommendation, apparently without providing any explanation for his decision. The result was that the Bayoil matter was never formally presented to the U.N. 661 Committee.

The United States' failure to assist the U.N. Oil Overseers or to conduct its own examination of the suspect Bayoil shipments impaired the Oil Overseers' efforts to detect what appears to have been a serious violation of OFF program requirements, the loss of several million dollars of Iraqi oil revenues for the U.N. escrow account, and the payment of millions of dollars in illegal surcharges to the Hussein regime. Similarly, Mr. Sevan's refusal to notify the 661 Committee of the Oil Overseers' concerns regarding the Bayoil shipments impaired the United Nations' ability to prevent illegal surcharge payments to the Hussein regime.

B. The U.N. Oil-for-Food Program

Within days of Iraq's invasion of Kuwait in August 1990, the U.N. Security Council adopted Resolution 661, imposing a broad economic and military embargo on Iraq. With respect to the economic embargo, Resolution 661 directed that "all States shall prevent ... the import into their territories of all commodities and products originating in Iraq" and "the sale or supply by

their nationals . . . of any commodities or products” to Iraq.⁴ The same week, President George H.W. Bush issued executive orders declaring that Iraq posed an “unusual and extraordinary threat to the national security and foreign policy of the United States,” and imposing a U.S. trade embargo on Iraq in accordance with U.N. sanctions.⁵ Implementing federal regulations, issued by the U.S. Treasury Department’s Office of Foreign Assets Control (OFAC) which administers U.S. sanctions programs, prohibited U.S. individuals and companies from executing contracts or otherwise transacting business in commodities bought from or sold to Iraq unless authorized by a specific OFAC license.⁶

Prior to Iraq’s invasion of Kuwait and the imposition of sanctions, Iraq had imported most of its food and medicine. Although the U.N. sanctions contained an exception for the importation of food, medicine, and other humanitarian supplies, Iraq was unable to generate sufficient revenues or obtain loans to make such purchases. To address the humanitarian needs of the Iraqi people, in mid-1991 the Security Council passed Resolutions 706 and 712, which authorized the sale of not more than \$1.6 billion of oil over a six-month period. The proceeds from approved oil sales were to be placed into a U.N.-controlled escrow account, which then could be used for the purchase of food, medicine, humanitarian supplies, and other goods for the essential civilian needs of the Iraqi people.⁷

Saddam Hussein, however, refused to accept the terms of these resolutions. Iraq stated that it had already complied with U.N. cease-fire resolutions, and claimed that the imposition of these controls on Iraqi oil sales was an impermissible infringement upon Iraqi sovereignty. Saddam Hussein’s objections to the implementation of U.N. Resolutions 706 and 712 developed into a protracted political stalemate.

The primary victims of Saddam Hussein’s intransigence were the Iraqi people. By the mid-1990s, the average daily caloric intake of the average Iraqi adult had fallen below 2,000 calories per day, “typical of a drought-affected country in Sub-Saharan Africa and is associated with extensive and rising malnutrition.”⁸ By this time the Iraqi people were also suffering increases in child malnutrition, significant deteriorations in essential environmental

⁴ United Nations Security Council Resolution 661 (8/6/90).

⁵ See Executive Orders 12722 (8/2/90) and 12724 (8/9/90). The President imposed the trade embargo using authority granted under the International Emergency Economic Powers Act, 50 U.S.C. §1701. Successive executive orders by subsequent U.S. Presidents continued this trade embargo on Iraq until 2003.

⁶ See 31 C.F.R. Ch. V, Part 575 (7-1-03 Edition).

⁷ Prior to such purchases, thirty percent of the value of the oil exports were to be paid to the United Nations Compensation Fund to compensate governmental and other claimants for damages arising from Iraq’s invasion of Kuwait, as required under previous U.N. resolutions. U.N. Resolution 706.

⁸ Report of an Independent Working Group established by the Independent Inquiry Committee, *The Impact of the Oil-for-Food Programme on the Iraqi People* (Sept. 7, 2005) (hereinafter “Independent Working Group”), at 20.

infrastructure such as electricity production and sewage treatment, the re-emergence of previously controlled diseases, precipitous declines in the availability of medicine and health care, and rapid inflation.

In April 1995, faced with a humanitarian crisis in Iraq, and in light of positive reports on the Hussein regime's progress towards compliance with its disarmament obligations, the U.N. Security Council passed Resolution 986, which again authorized the Iraqi Government to sell oil, under certain conditions, and use the proceeds from these sales for the purchase of humanitarian goods. Iraq initially objected to Resolution 986, but several months later reversed course. In May 1996, as a result of extensive diplomatic efforts and negotiations involving U.N., Iraqi, and various U.N.-member state officials, Iraq and the United Nations formally agreed to a "Memorandum of Understanding" (MOU) to govern the implementation of Resolution 986.⁹ U.S. sanctions regulations were modified to conform to Resolution 986 and the terms of the MOU; these regulations and other U.S. regulations relating to Iraq remained in effect until May 2003, after the fall of the Hussein regime.

Under the Oil-for-Food program established by Resolution 986 and the subsequent MOU, all of the proceeds from the sale of Iraqi oil were to be deposited into an escrow bank account under U.N. control at Banque Nationale de Paris (BNP). Although Iraq was provided with the authority to select the companies with which it would enter into contracts for the sale of oil, all contracts between the Government of Iraq and purchasers of Iraqi oil had to be approved by the U.N. 661 Committee, the Committee established by the U.N. Security Council to oversee implementation of U.N. sanctions on Iraq. Prospective purchasers of Iraqi oil had to be approved by the government of a member state in order to participate in the program.¹⁰

To administer the OFF program, the United Nations established the Office of Iraq Programme (OIP), which for the entire duration of the program was headed by Benon Sevan.¹¹

⁹ For an extensive description of the development of the OFF program, including the diplomatic maneuvering leading to the MOU, see the U.N. Independent Inquiry Committee Report, "The Management of the United Nations Oil-for-Food Programme" (hereinafter "IIC Management Report"), Vol. II (Sept. 7, 2005).

¹⁰ To win an OFF contract, a person or company had to be designated a "national oil purchaser" by a specific U.N. member country. Member countries were supposed to evaluate each applicant for this designation and then forward only approved applications to the United Nations. In the United States, OFAC was assigned the responsibility of approving U.S. companies as "national oil purchasers" and issued federal regulations establishing a procedure for so doing. See 31 CFR Part 575 (Subpart E). OFAC viewed its licensing role for U.S. participants in the OFF program as a purely ministerial task. OFAC sought to ensure that prospective U.S. participants completed the registration forms and forward those completed forms to the U.N. OFAC did not perform any substantive review of the application or the applicant. For more information, see Minority Staff Report at 53-58.

¹¹ The Independent Inquiry Committee (IIC) has since found significant instances of corruption and malfeasance involving Mr. Sevan and the OFF program. In its Third Interim Report, the IIC concluded: "Mr. Sevan corruptly derived substantial financial benefits by soliciting and receiving oil allocations for AMEP [African Middle East Petroleum Co. Ltd. Inc.] from the Government of Iraq," and "derived financial benefits that [he] knew would be tainted by payment from [the head of AMEP] Mr.[Fakhry] Abdelnour of an illegal surcharge to the Iraqi regime in

The United Nations also hired several oil industry experts, designated as “U.N. Oil Overseers,” to assist the OIP and U.N. 661 Committee in overseeing OFF oil sales and contracts.

Iraqi oil sales under the Oil-for-Food program began in December 1996. During the program, Iraq sold over \$64 billion worth of oil. Approximately \$34 billion of this amount was spent for humanitarian purposes.

U.S. and U.N. reviews have concluded that the OFF program provided essential humanitarian benefits to the people of Iraq. Former U.S. Ambassador to the United Nations and Iraq John D. Negroponte testified to the Senate:

“The U.S. Government supported the program’s general objective of creating a system to address the humanitarian needs of the Iraqi civilian population, while maintaining strict sanctions enforcement of items that Saddam Hussein could use to rearm or reconstitute his WMD program. We believe the system the Security Council devised by and large met those objectives.”¹²

The U.N.’s Independent Inquiry Committee (IIC) has concluded the OFF program “achieve[d] important successes,” including helping to “maintain the international effort to deprive Saddam Hussein of weapons of mass destruction,” and that “minimal standards of nutrition and health were maintained in the face of a potential crisis.”¹³ More specifically, the Independent Working Group established by the IIC to evaluate the impact of the OFF program on the Iraqi people found:

“The food supplies provided through the OFFP reversed a serious and deteriorating food crisis, preventing widespread hunger and probably reducing deaths to which malnutrition was contributing. ... In terms of numbers, it can be estimated, for example, that there were some 360,000 fewer malnourished children in 2000 than there would otherwise have been.”¹⁴

violation of both the United Nations sanctions regime and the rules of the Programme.” IIC Third Interim Report (Aug. 8, 2005) at 6. In its Comprehensive Report, the IIC found “a significant body of evidence demonstrates that Mr. Sevan did not administer the Programme in a transparent manner and did not report sanctions violations to the 661 Committee in a sufficient manner.” IIC Management Report, Vol. III, at 71.

¹² “Statement of Ambassador John D. Negroponte Before the United States Senate Committee on Foreign Relations, Hearing on the Oil-for-Food Program,” (April 7, 2004).

¹³ IIC Management Report, Vol. I, at 1.

¹⁴ Independent Working Group, at 177-178.

C. Role of Bayoil

During the OFF Program, the United States was the largest single consumer of Iraqi oil, importing about 1.2 billion barrels overall or about 50 percent of all the oil sold by Iraq under the program.¹⁵ Although some U.S. companies bought oil directly from Iraq in the first few phases of the OFF program, in subsequent phases Iraq imposed a policy which, in general, barred the direct issuance of OFF contracts to U.S. companies or their affiliates.¹⁶ Instead, U.S. companies typically bought oil from individuals or companies who had been given Iraqi oil allocations or from companies which had contracted with an oil allocation holder to load and transport oil from Iraq.

From 2000 to 2002, Bayoil (U.S.A.), Inc. and its affiliates, operating out of Houston, Texas, became one of the largest importers of Iraqi oil into the United States.¹⁷ The prior Minority Staff Report identified 102 oil cargoes, involving over 200 million barrels of Iraqi oil, that were purchased by Bayoil during the surcharge period from September 2000 to September 2002, mostly from third parties holding Iraqi oil allocations. In April 2005, a U.S. federal grand jury indicted Bayoil and its principal officers, David Chalmers, John Irving, and Ludmil Dionissiev, charging in part that Bayoil and its three principals “agreed to pay, did pay, and caused to be paid millions of dollars in secret illegal surcharges to the Government of Iraq.”¹⁸

D. Suspect Bayoil Shipments

The suspect Bayoil shipments examined in this Report took place in the first quarter of 2001, during the surcharge period, and involved approximately four million barrels of Iraqi oil. The U.N.-approved contracts in the OFF program required Iraqi oil to be directly transported to and sold at the final destination specified in the contract. In the spring of 2001, the U.N. Oil Overseers became concerned that Iraqi oil purchasers may have been gaining illicit revenues by diverting exported Iraqi oil to unapproved destinations, meaning destinations other than the

¹⁵ U.S. Energy Information Administration: September 2005, Monthly Energy Review, Table 11.1a (Crude Oil Production, OPEC Members); Gross Oil Imports from Iraq into Individual OECD Countries and Total OECD, Most Recent 12 Years, at www.eia.gov/emeu/international/petroleu.html#IntlTrade.

¹⁶ See, e.g., Subcommittee Interview with Senior Hussein Regime Official No. 1 (4/14/05); letter dated 5/22/02, from Bayoil’s legal counsel, Dickstein Shapiro Morin & Oshinsky LLP, to OFAC; letter dated 12/15/98, from the Iraqi Ambassador to Russia, Dr. Hassan Fifahmi Juma, to Vladimir Zhirinovskiy, Bates BAYOILUSA009396 (apologizing that “Iraq cannot do any deals with American companies” and so cannot issue a contract to Bayoil to load oil allocated to Mr. Zhirinovskiy); Comprehensive Report of the Special Advisor to the DCI on Iraq’s WMD (Sept. 30, 2004) (hereinafter “ISG Report”), Annex B.

¹⁷ See Minority Staff Report, Appendix.

¹⁸ *United States v. Chalmers*, Case No. S1-05-Cr. 59(DC) (U.S.D.C. S.D.N.Y.), Indictment (April 2005; superseded by Indictment filed on October 19, 2005). The Minority Staff Report determined that, during the surcharge period, Bayoil financed the payment of at least \$37 million in illegal surcharges demanded by the Iraqi Government in connection with the sale of its oil. See Minority Staff Report at 13-27.

destination specified in the U.N.-approved contract. The U.N. Oil Overseers were particularly concerned that Iraqi oil destined and priced for delivery in North America may have been delivered to Europe instead.

Generally, Iraqi oil sold for delivery to North America was priced less than oil destined for Europe, in part to compensate for the additional cost of shipping it across the Atlantic Ocean. This pricing policy was in accordance with oil industry practice for other types of Middle Eastern oil, most of which was sold with destination restrictions. Absent these destination restrictions, purchasers could sell the lower-priced oil initially destined for North America in higher-priced European markets, thereby reaping profits simply by misleading the sellers as to the final destination. On rare occasions, due to localized variations in the price of crude oil in different markets, it could even be profitable to sell and deliver in North America oil destined and priced for delivery in Europe.

With respect to Iraqi oil in particular, the U.N. Oil Overseers were concerned that illicit profits obtainable from destination switching could be used to fund the illegal surcharge payments that Saddam Hussein had begun to demand in late 2000.¹⁹ Additionally, to the extent that Iraq – with approval of the United Nations – had discounted the price of its oil for North American destinations, illicit sale of that oil to Europe deprived the U.N. escrow account of the full sales price that could have been obtained had the oil been properly priced for delivery to Europe. Ultimately, therefore, these diversions were at the expense of the funds used to purchase humanitarian goods and supplies for the Iraqi people. Destination switching not only unjustly enriched the company selling the Iraqi oil at the expense of the Iraqi people, but those illicit profits also could then be used to pay higher fees to companies that were paying illegal surcharges to the Hussein regime.

By the spring of 2001, the U.N. Oil Overseers expressed particular interest in tracking Bayoil's shipments of Iraqi oil that had been priced for delivery to North America but were discharged into the SUMED pipeline at the Egyptian port of Ain Sukhna, near the southern entrance to the Suez Canal in the Red Sea. The SUMED pipeline runs parallel to the Suez Canal, from Ain Sukhna to the Egyptian port of Sidi Kerir, near the northern end of the canal in the Mediterranean. Due to the physical limitations of the Suez Canal, large oil tankers cannot pass through the canal fully loaded; instead such tankers must discharge either all or part of their cargo through the SUMED pipeline and then pass through the canal either partially or fully empty.²¹ The U.N. Oil Overseers sought to determine whether Bayoil had re-loaded the oil at

¹⁹ Subcommittee interviews of former U.N. Oil Overseer (5/5/05 and 8/10/05).

²¹ According to oil experts contacted by the Subcommittee, large oil tankers with cargoes of more than 2 million barrels cannot pass fully loaded through the Suez Canal. Shippers transporting larger cargoes through the Canal must discharge all or part of their load of oil into the SUMED pipeline. At the other end of the pipeline, at Sidi Kerir, the oil is re-loaded onto either the same ship – after it has passed partially or fully empty through the canal – or onto a different vessel. Alternatively, large oil tankers can sail around the Cape of Good Hope, a route that extends the sailing time from the Middle East to North America by 10 to 12 days. In determining whether to employ the SUMED pipeline or sail around the Cape of Good Hope, shippers typically consider such factors as oil

Sidi Kerir from the pipeline onto the same or a different ship and then transported to North America, as required by the U.N.-approved contracts, or instead had sold the oil to buyers in Europe.

In particular, the U.N. Oil Overseers were concerned that “transshipments”²² through the SUMED pipeline were being used to obscure the ultimate destination of the Iraqi oil, in contravention of U.N.-approved contracts. Oil cargoes discharged into the SUMED pipeline and subsequently re-loaded onto a vessel were particularly difficult to follow, since it required the Oil Overseers to track multiple shipments and transfers of the oil after it had left Iraq. Accurately tracing oil offloaded from a vessel into the SUMED pipeline and then re-loaded onto the same or a different vessel required the U.N. Oil Overseers to obtain additional documentation from additional shipping companies regarding the relevant vessels, loading dates, and volumes of oil loaded into and taken from the SUMED pipeline.

On several occasions, beginning in the spring of 2001, the U.N. Oil Overseers asked Bayoil to provide information and documentation establishing that the final destinations of certain oil shipments it had sent through the SUMED pipeline were consistent with the approved destinations in the relevant U.N. contracts.²³

Initially, Bayoil refused to provide any information to the U.N. Oil Overseers. In a June 2001 letter addressed to the Chairman of the U.N. 661 Committee, Bayoil’s president, David Chalmers, complained of the “compelling evidence of a long standing prejudice toward myself and the company I am affiliated with.” He stated “the documentation request is completely outside [Oil Overseer] Mr. Tellings’s authority and mandate under the program.” He informed the 661 Committee he would “respectfully decline Mr. Telling’s [sic] request for information outside the authority of this office, while maintaining our accountability to all our suppliers, including SOMO, with respect to meeting contractual terms and conditions.”²⁴

In a July 2001 letter to the U.N. Oil Overseers, Bayoil wrote that it was “perplexed” by the Oil Overseers’ request for information about the transshipments, but “exclusively as a matter of courtesy” would nonetheless provide certain information “in the spirit of cooperation.”

prices, the ultimate destination of the oil, sailing times, tanker costs, and pipeline transport and storage rates.

²² A “transshipment” occurs when oil being transported to a specific destination is offloaded from one ship and onto another ship before reaching its destination. According to former U.N. officials, U.N.-approved contracts under the OFF program forbade transshipments. Subcommittee interviews of U.N. Oil Overseer (5/5/05 and 8/10/05).

²³ This Report’s description of the U.N. Oil Overseers’ requests for information, Bayoil’s refusal to cooperate with the U.N., and OFAC’s non-responsiveness to the U.N. Oil Overseers’ requests for assistance is taken from the prior Minority Staff Report at 59-62.

²⁴ Memorandum dated 6/25/01, from Bayoil to the U.N. 661 Committee Chairman, Bates BAY04-01301-01302 (Exhibit 1). A Bayoil document labeled “Draft” indicates that Bayoil may have made the same complaints about the Oil Overseers to the Russian mission to the United Nations. Draft Memorandum dated 6/25/01, from Bayoil to the U.N. Mission of the Russian Federation, Bates BAYOILUSA015391 (Exhibit 2).

Bayoil then provided, for each of the questioned shipments, the vessel name, quantity of oil loaded, bill of lading date, loading port, destination, and the routing used, meaning whether the oil went through the SUMED or around the Cape of Good Hope.²⁵ This information, however, was not responsive to the Overseers' request for documentation showing the volumes of oil discharged from the SUMED pipeline and the actual, final destination of that discharged oil.

As a result of Bayoil's lack of cooperation, the U.N. Oil Overseers requested assistance from the U.S. Mission to the United Nations in obtaining the information from Bayoil. On August 17, 2001, the U.S. State Department formally requested OFAC to "contact Bay Oil and urge that the company respond quickly and completely to the Office of the Iraq Program's request for information."²⁶

While awaiting U.S. assistance, the Oil Overseers persisted in their effort to obtain the critical information directly from Bayoil. On November 28, 2001, for example, the Oil Overseers wrote to Bayoil to "restate the information we require." Specifically, the Oil Overseers sought "the relevant logistical information" about two specific shipments by Bayoil, one that had been purchased from Italtel, and another that had been purchased from the Russian company Rosnefteimpex. The Oil Overseers told Bayoil, "As nearly six months have now passed since we first requested this information, we would like to advise that, in absence of a prompt response, we have to inform the United Nations Sanctions Committee of this situation."²⁷

On January 10, 2002, the Oil Overseers again wrote to Bayoil:

"Our understanding on this issue is as follows. Both cargoes of oil were bought by Bayoil Supply and Trading . . . and that this company was involved in the shipment of this oil to its ultimate destinations. The clause in the SOMO oil purchase contract (letter of credit), which prohibits transshipment, was not adhered to and this oil was pumped via the SUMED pipeline into other vessels.

Although we have no reason to believe that any violation of destination restrictions has taken place, you will appreciate that monitoring of this is difficult in cases like this where the oil has been transshipped.

Albeit that some information has been provided, this remains incomplete. In order to eliminate any doubt and to satisfy that no money has been withheld from the UN-Iraq account, we urge you again to supply us with all the relevant information on this matter.

²⁵ Memorandum dated 7/14/01, from Bayoil to the U.N. Overseers, Bates BAYOILUSA015393-015394 (Exhibit 3).

²⁶ Memorandum dated 8/17/01, from Bruce Williamson, Acting Director, Office of Economic Sanctions Policy, to R. Richard Newcomb, Director, OFAC (Exhibit 4).

²⁷ Fax dated 11/28/01, from the U.N. Oil Overseers to Bayoil, U.N. Security Council document S/AC.25/2001/OIL/1360, Bates IT-02314 (Exhibit 5).

Specifically, for the aforementioned vessels we require discharge dates and discharge volumes.”²⁸

Once again, the Oil Overseers threatened, if the information was not forthcoming, to inform the Director of the Office of Iraq Programme “for the purpose of briefing the 661 Sanctions Committee.”

Bayoil again responded with charges of bias and prejudice by the Oil Overseers. Bayoil wrote it was “surprised by the continued request directly to Bayoil relating to specific detailed information,” and was “greatly concerned” that the Oil Overseers were “on some kind of mission to find fault with our Company.” It charged the Oil Overseers with “apparent prejudice toward Bayoil,” and felt “compelled” to respond to the Oil Overseers’ “over-zealous efforts to audit our company’s indirect participation in the Oil Sale program.” Bayoil stated that with respect to the Oil Overseers’ “ultimatum in connection with the documentation requested,” the company did “not feel currently obligated to provide such information under such circumstances, particularly as the information requested is likely to be used out of context.”²⁹

In January 2002, the U.N. Oil Overseers apparently made a second request for U.S. assistance to obtain information from Bayoil. This request presumably followed the same path through the U.S. State Department to OFAC. OFAC has no records associated with this second request, however, and was unable to provide the Subcommittee with any information about its receipt of or response to the U.N. request.

Eight months after the U.N. Oil Overseers’ initial request to the U.S. Mission to the United Nations, OFAC finally wrote to Bayoil on April 23, 2002, requesting “a complete report in writing concerning your transactions conducted pursuant to the OFAC Licenses or otherwise subject to the provisions of the Reporting Regulations.”³⁰ OFAC did not ask for the specific shipping information sought by the United Nations, nor did it direct Bayoil to cooperate with the U.N. Oil Overseers.

In May 2002, Bayoil responded that it no longer contracted directly with Iraq and so had no licensing activity to report.³¹ Since OFAC had not asked for specific shipment information,

²⁸ Fax dated January 10, 2002, from the Oil Overseers to Bayoil, U.N. Security Council document S/AC.25/2001/OIL/1382, Bates IT-02312-02313 (Exhibit 6).

²⁹ Memorandum dated 1/24/02 from Bayoil to U.N. Oil Overseers, Bates BAYOILUSA015308-015310 (Exhibit 7).

³⁰ Letter dated 4/23/02, from David H. Harmon, Chief, Enforcement Division, OFAC, to Bayoil, Inc, Bates BAY14-01965-01966 (Exhibit 8).

³¹ Letter dated 5/22/02, from Bayoil’s legal counsel, George T. Boggs of Dickstein Shapiro Morin & Oshinky, LLP, to OFAC., Bates BAY14-01961-01963 (Exhibit 9).

Bayoil did not supply any of the information sought by the United Nations. OFAC then failed to submit Bayoil's response either to the State Department or the United Nations.³²

The prior Minority Staff Report found that the U.S. Government had failed to provide the assistance requested by the U.N. Oil Overseers to determine whether Bayoil had violated the U.N.-approved contracts and OFF requirements. Such a violation also would have constituted a violation of OFAC regulations implementing U.S. sanctions against Iraq, since those regulations allowed U.S. persons to trade in Iraqi oil only if that oil was obtained in accordance with U.N. OFF program requirements.³³ Hence, the Minority Staff Report concluded that the U.S. Government had not only failed to help the United Nations monitor compliance with the OFF program, but also failed to adequately monitor and police a key U.S. importer of Iraqi oil and its compliance with U.S. regulations imposing sanctions on Iraq.

III. FINDINGS

This section of the Report discusses the new evidence obtained by the Subcommittee since the issuance of the Minority Staff Report in May 2005. It also presents and explains the Minority Staff's new findings.

1. In Early 2001, Bayoil Financed the Payment of Illegal Surcharges Demanded By the Hussein Regime by Paying Increased Fees for Iraqi Oil That Bayoil Purchased from Intermediaries Who Paid the Surcharges to Iraq.

As explained in the prior Minority Staff Report, in September 2000, Iraq began demanding that purchasers of Iraqi oil pay an illegal ten-cent per-barrel surcharge, over and above the official sales price established by SOMO and agreed to by the 661 Committee, and that the money be paid to Iraq directly instead of being deposited into the U.N.-controlled escrow account designated to receive all oil revenues from the OFF.³⁴ In December 2000, Iraq increased the surcharge to thirty cents per barrel for oil exported to North America, and twenty-five cents per barrel for oil exported elsewhere.³⁵

By early 2001, the number of companies willing to buy Iraqi oil dropped dramatically due to the surcharge demands by Iraq, warnings by the United Nations and several countries, articles about the situation in the international press, and close scrutiny by the U.N. 661

³² For more detail on OFAC's failure to investigate or help the United Nations to investigate suspect Bayoil shipments, see Minority Staff Report at 60-63.

³³ See Section III.B.4 below for further analysis.

³⁴ See Minority Staff Report at 7-9.

³⁵ *Id.* at 9, 11.

Committee. According to one senior Iraqi official interviewed by the Subcommittee staff, the Iraqis were “kissing feet to lift oil” during this period.³⁶

During the surcharge period, which took place from September 2000 to September 2002, Bayoil was unable to purchase oil directly from the Government of Iraq because the Iraqis were generally refusing to sell its oil directly to American-owned companies. Instead, Bayoil purchased Iraqi oil from non-U.S. companies who had obtained allocations to purchase oil from the Iraqi Government. In most cases, Bayoil actually loaded and transported from Iraq the oil it had purchased from these non-U.S. companies. According to Iraqi records, these non-U.S. companies paid illegal surcharges to Iraq on the Iraqi oil they sold to Bayoil.

According to Bayoil records, during the first three months of 2001, Bayoil bought 18 cargoes of Iraqi oil totaling over 35 million barrels from four companies. Bayoil purchased 14 of these cargoes from Italtch, and 2 from Rosnefteimpex. Table 1 identifies the four companies from which Bayoil bought the oil, the amount of oil involved in each purchase, and the Minority Staff’s estimates of the amount of illegal surcharges assessed and paid on this oil purchased from Iraq during this period.³⁷

Table 1
Iraqi Oil Purchased by Bayoil
January - March 2001

Original Purchaser of Iraqi Oil	U.N. Contract #	Number of Cargoes Sold to Bayoil	Barrels Purchased by Bayoil	Surcharge Rate on Original Purchase (per barrel)	Estimated Surcharges Paid by Original Purchaser
Italtch	M/09/07	14	29,301,023	19¢	\$5,567,194
Rosnefteimpex	M/09/25	2	4,131,066	26.8¢	\$1,107,126
NAFTA	M/09/28	1	1,982,882	30¢	\$594,865
Camtech	M/08/100	1	500,000	30¢	\$150,000
Total Surcharges Paid on Cargoes Bought by Bayoil, Jan. - Mar. 2001					\$7,274,320

Source: Table prepared by Minority Staff, Senate Permanent Subcommittee on Investigations. Information taken from the Appendix to the Minority Staff Report issued on May 17, 2005.

³⁶ *Id.* at 21.

³⁷ The estimates of the surcharges paid on the Italtch, Rosnefteimpex, and NAFTA shipments were derived by using SOMO records of paid surcharges and prorating the total amount of surcharges paid on the corresponding U.N. contract according to the fraction of the total amount lifted under those contracts represented by these particular shipments. With respect to the Camtech cargo, the 500,000 barrel cargo sold to Bayoil represented the entire Camtech allocation. See also Minority Staff Report at 19-20, and Appendix.

The prior Minority Staff Report presented evidence that Italtch passed on to Bayoil the costs of the illegal surcharges demanded by the Iraqi Government.³⁸ The prior Minority Staff Report also described evidence suggesting that Bayoil may have financed Italtch's payment of over \$6 million in illegal surcharges in the first half of 2001.³⁹

Bayoil appears to have entered into similar arrangements with Rosnefteimpex, the Russian company that obtained oil allocations from Iraq and sold two cargoes – a total of about 4 million barrels – to Bayoil in early 2001. On January 18, 2001, presumably in response to Iraq's demands for illegal surcharges of 25 and 30 cents per barrel, Rosnefteimpex and Bayoil amended a sales agreement they had initially entered into on July 11, 2000. The amendment required Bayoil to pay Rosnefteimpex 35 cents per barrel above the U.N.-approved Official Sales Price (OSP) for Iraqi oil.⁴⁰ This 35-cent per barrel payment was substantially higher than typical sales commissions in the oil industry of a few cents per barrel, and the second of two increases above the two-cent per barrel payment in the initial Bayoil-Rosnefteimpex sales agreement.

Iraq's State Oil Marketing Organization (SOMO), the governmental agency responsible for administering Iraq's oil programs, kept records of the illegal surcharges assessed and paid on specific oil shipments.⁴¹ These SOMO records state that Rosnefteimpex paid an average of about 27 cents per barrel in illegal surcharges during Phase IX of the OFF program, from December 6, 2000, through June 3, 2001.

Bayoil's financial records indicates that Bayoil's suppliers did, in fact, pass on the costs of the illegal surcharges to Bayoil, in the form of higher fees or commissions, and that Bayoil did, in fact, pay these additional costs to its suppliers. Table 2 presents the fees and commissions paid by Bayoil to its suppliers for several of the shipments identified in Table 1.

³⁸ This evidence included contractual agreements between Bayoil and Italtch, various expenses submitted by Italtch to Bayoil, and evidence of various payments made by Bayoil to Italtch. *Id.* at 22-26.

³⁹ *Id.* at 23-27.

⁴⁰ Addendum No. 2 to contract dated July 11, 2000 between Rosnefteimpex (BV) United Kingdom and Bayoil Supply & Trading Limited, Nassau, Bahamas, (1/18/01), Bates BAY09-02250 (Exhibit 10). Five days later, Bayoil and Rosnefteimpex executed Addendum No. 3, in which Rosnefteimpex warranted to Bayoil that it "will not make any payments, directly or indirectly, to or for the benefit of the Government of Iraq or a person in Iraq, except transfers to the 986b Escrow Account maintained by the United Nations." Addendum No. 3 to contract dated July 11, 2000 between Rosnefteimpex (BV) United Kingdom and Bayoil Supply & Trading Limited, Nassau, Bahamas, (1/23/01), Bates BAY09-02251 (Exhibit 11). The initial contract between Bayoil and Rosnefteimpex provided for a 2-cent per barrel payment. The first Addendum to the contract, dated July 26, 2000, called for a 24-cent per barrel payment; 12 cents in advance and 12 cents after each lifting. The second Addendum increased the payment to 35 cents per barrel. See Subcommittee staff report, "Report on Oil Allocations Granted to the Russian Presidential Council," Exhibits RPC FN 69 and 70.

⁴¹ Undated SOMO document entitled "Surcharge," in Arabic, with English translation (hereinafter "SOMO Surcharge document"). See Minority Staff Report, Exhibit 35. Both the Iraq Survey Group and the U.N.'s Independent Inquiry Committee have concluded this is a credible document.

Table 2
Bayoil Payments on Selected Iraqi Oil Purchases
January - March 2001

Bayoil Shipment Number	Supplier of Iraqi Oil to Bayoil	Number of Barrels Sold to Bayoil	Surcharge Paid by Supplier to Iraq (per barrel)	Fee Paid By Bayoil to Supplier (per barrel)	Date of Payment by Bayoil to Supplier	Amount Paid by Bayoil to Supplier
V-50128	Italtech	2,007,757	19¢	8¢	4/5/01	\$160,521.17
				20¢	4/23/01	\$401,489.16
V-50129	Rosnefte-impex	2,103,164	26.8¢	35¢	3/26/01	\$739,107.40
V-50129	NAFTA	1,982,882	30¢	34¢	2/26/01	\$793,132.80
V-50129	Camtech	500,000	30¢	33¢	2/27/01	\$165,000.00
V-50130	Rosnefte-impex	2,027,902	26.8¢	35¢	2/27/01	\$709,765.70
V-50134	Italtech	2,376,927	19¢	8¢	4/9/01	\$189,937.34
				20¢	8/10/01	\$475,385.40

Source: Table prepared by Minority Staff, Senate Permanent Subcommittee on Investigations. Information taken from Bayoil financial records entitled "Transaction Detail by Account," Shipments V-50128, V-50129, V-50130, and V-50134. The amounts paid to Italtech are consistent with the Bayoil-Italtech relationship and documents described in the prior Minority Staff Report at 21-27.

To enable companies to sell Iraqi oil for a large enough profit to meet its demands for illegal surcharges, the Government of Iraq attempted to lower the OSP for Iraqi oil. Iraq's attempts to lower the OSP were largely unsuccessful, however, due to objections by the U.N. Oil Overseers and a few U.N. member countries, particularly the United States and United Kingdom.⁴² A key question, then, is how Bayoil obtained the funds needed to pay additional per-barrel amounts to Italtech, Rosnefteimpex, and others.

The evidence discussed in this Supplemental Report indicates that Bayoil appears to have generated millions of dollars in additional revenues by selling Iraqi oil in unapproved markets in violation of the relevant U.N. contracts, OFF program requirements, and U.S. regulations. The amount of illicit revenues generated by these unapproved sales – at least \$7.5 million – appears

⁴² For more detail, see Minority Staff Report at 45-47.

to have been of sufficient magnitude to enable Bayoil to finance the payment of illegal surcharges to the Hussein regime in the first quarter of 2001, which amounted to about \$7.3 million. With respect to Rosnefteimpex in particular, the evidence indicates that, for the 4 million barrels of Iraqi oil Bayoil purchased from Rosnefteimpex in the first quarter of 2001, Bayoil paid Rosnefteimpex over \$1.4 million in sales fees, while Rosnefteimpex paid Iraq over \$1.1 million in illegal surcharges.

2. In Early 2001, Bayoil Appears to Have Generated Millions in Illicit Revenue By Diverting Iraqi Oil Shipments to Unapproved Destinations in Violation of OFF Requirements and U.S. Sanctions on Iraq.

On January 18, 2001, the U.N. 661 Committee approved contract number M/09/25 between Rosnefteimpex and SOMO for the sale and export from Iraq of 4 million barrels of Basrah Light oil and 2 million barrels of Kirkuk crude oil.⁴³ In late February 2001, Rosnefteimpex sold to Bayoil approximately 2 million barrels of Basrah Light crude oil purchased from Iraq under contract M/09/25. The pricing formulas for the sales of this oil to Rosnefteimpex and Bayoil were based upon North America being the final destination of the oil.⁴⁴ On or around February 25, 2001, Bayoil finished loading this oil onto the vessel *Hellespont Paradise*, which then set sail from the Iraqi port of Mina al-Bakr in the Persian Gulf.

Later in 2001, the U.N. Oil Overseers asked Bayoil and Rosnefteimpex to provide documentation establishing that this cargo of Iraqi oil was, in fact, delivered to North America. Both Bayoil and Rosnefteimpex stated that North America was the final destination, but did not provide the requested supporting documentation.

Evidence obtained and analyzed by the Minority Staff indicates that, contrary to Bayoil's and Rosnefteimpex's statements to the United Nations, the Iraqi oil loaded onto the *Hellespont Paradise* was never delivered to North America, but instead sold in Europe. As explained below, Bayoil obtained substantial trading gains from the purchase and sale of futures contracts from this switch in destinations, and possibly additional sales gains from the price differential between the North American and European markets.

These illicit revenues were generated at a time when Bayoil was facing increased fees for Iraqi oil due to Saddam Hussein's demands for the payment of illegal surcharges on exported oil. In addition to possibly being used to finance the payment of these surcharges, the illicit sale to Europe of oil that was purchased at a discount due to a stated destination of North America resulted in a loss of income to the U.N. escrow account. Hence, the evidence indicates that

⁴³ U.N. Contract Number M/09/25, Bates BAY18-01000 (Exhibit 12).

⁴⁴ See, e.g., SOMO Bill of Lading, Bates BAY18-01033; SOMO Certificate of Origin, Bates BAY18-01034; and SOMO Commercial Invoice, Bates BAY18-01032. Correspondence between Rosnefteimpex and the financing bank, CAI, Bates BAY18-01030-1, also reflected "North America" as the destination of the oil aboard the *Hellespont Paradise*. (Exhibit 13).

Bayoil actions also deprived the U.N. escrow account of funds to be held in trust for the humanitarian needs of the Iraqi people.

a. Bayoil and Rosnefteimpex Provided the United Nations with False Information about the Timing, Transport, and Final Destination of Iraqi Oil that Rosnefteimpex Purchased from Iraq and Sold to Bayoil.

According to Bayoil records, after finishing loading on February 25, 2001, the *Hellespont Paradise* set sail for the port of Ain Sukhna in the Red Sea, at the southern entry point of the SUMED pipeline. After arriving at Ain Sukhna on March 7, 2001, the *Hellespont Paradise* discharged its entire cargo.⁴⁵

Bayoil's records regarding what happened to the oil after it was discharged at Ain Sukhna are unclear and contradictory. Most of the oil was shipped through the pipeline; whether all the oil was shipped is unclear. The U.N. Oil Overseers repeatedly asked Bayoil for information and documentation identifying the ship that loaded the oil from the SUMED pipeline, where the oil was transported, dates of loading and discharge, and the volumes loaded and discharged. Bayoil refused to provide the specific information requested.

On June 7, 2001, the U.N. Oil Overseers sent a letter to Bayoil requesting documentation regarding the final destination of certain cargoes of oil Bayoil had recently exported from Iraq, including the cargo of oil aboard the *Hellespont Paradise* that had left Iraq on February 25, 2001.⁴⁶ At the same time, the U.N. Oil Overseers also sent a letter to Rosnefteimpex requesting the same information about the oil it had purchased from Iraq.⁴⁷

On July 14, 2001, Bayoil responded to the Oil Overseers' request, stating it was "perplexed" by their request for information, but "exclusively as a matter of courtesy" would nonetheless provide information "in the spirit of cooperation." For the eight Bayoil cargoes of Iraqi oil loaded from Mina al-Bakr between January 20, 2001 and March 22, 2001, Bayoil provided the vessel name, quantity of oil loaded, bill of lading date, destination, and whether the oil had been routed through the SUMED or around the Cape of Good Hope.⁴⁸ With respect to the *Hellespont Paradise* cargo with a bill of lading dated February 25, 2001, Bayoil stated the vessel carried 2,103,164 barrels of oil and its final destination was North America. Bayoil did not provide any supporting documentation.

⁴⁵ See, e.g., Bayoil spreadsheet identifying Bayoil shipments of Iraqi oil (Bayoil excel file name SHARED\BOARD2001.xls), Bates BAYOILUSA008637-008638 (Exhibit 14).

⁴⁶ Interview with U.N. personnel (8/9/05).

⁴⁷ Id.

⁴⁸ Letter dated July 14, 2001, from David Chalmers of Bayoil to U.N. Oil Overseers, Bates BAYOILUSA015393 (Exhibit 3); see also Minority Staff Report at 58-62.

On August 20, 2001, “S. Issakov” of Rosnefteimpex sent a fax to “A. Kramer,” one of the U.N. Oil Overseers, stating the following:

“[I]t is our understanding that your Office maintains concerns over final destination of vessel ‘Hellespont Paradise’, [Bill of Lading] 25.02.01.

According to our information the final delivery of Basrah Light corresponding to the shipment from ‘Hellespont Paradise’ was delivered April 2, 2001 to ‘Valero’ (USA) from lighter of the ‘Rich Dachef’, lightered from ‘Astro Gamma’ routed via Suez.

We are providing this information as a courtesy to your office, despite our previous correspondence in this respect.

We hope this clarification of delivery vessels for the above mentioned shipment should finalize this matter.

Best regards,

S. Issakov”⁴⁹

This fax from Rosnefteimpex correctly states that the *Hellespont Paradise* loaded oil from Iraq on February 25, 2001.⁵⁰ The fax added that the oil was transported “via Suez” to the vessel *Astro Gamma* and then delivered to “Valero (USA).” Valero Energy Corporation is an American company that operates a number of refineries in the United States, most of which are located in the Gulf Coast region.⁵¹

Shipping records obtained by the Subcommittee, however, provide conclusive evidence that the *Astro Gamma* never loaded any oil from the *Hellespont Paradise*. The Subcommittee obtained the records of the voyage instructions for the *Astro Gamma* from Lone Star R.S. Platou, Inc., the shipbroker that chartered the *Astro Gamma* for Bayoil. These shipping records show that the *Astro Gamma* loaded Iraqi oil at the Mediterranean port of Sidi Kerir on February 12, and sailed on February 13, 2001. Bayoil records reflect similar information, namely that the

⁴⁹ Fax dated August 20, 2001, from “S. Issakov,” Rosnefteimpex, to A. Kramer, U.N. Oil Overseer, Bates BAYOILUSA014004 (Exhibit 15). The Subcommittee believes that “S. Issakov” refers to Sergey Issakov, a Russian citizen who received a number of oil allocations issued by Iraq to Rosnefteimpex. See, e.g., “Report on Oil Allocations Granted to the Russian Presidential Council,” Exhibits RPC FN 66, 87.

⁵⁰ The SOMO Bill of Lading, Bates BAY18-01033, SOMO Certificate of Origin, Bates BAY18-01034, SOMO Commercial Invoice, Bates BAY18-01032, and various Bayoil records all reflect February 25, 2001 as the Bill of Lading date for the *Hellespont Paradise*. See Exhibit 13.

⁵¹ The Rosnefteimpex fax provides the additional detail that the oil was delivered to Valero on April 2, 2001, from the *Astro Gamma* via the lighter vessel named the *Rich Dachef* [sic]. Lightering is a common practice in the oil industry in which oil is transferred from a larger vessel to one or more smaller vessels when the larger vessel is unable to navigate in shallow waters or dock at a port facility.

Astro Gamma loaded 1.8 million barrels of oil at Sidi Kerir on February 13, 2001.⁵² In contrast, the *Hellespont Paradise* loaded oil from the Iraqi port of Mina al-Bakr on February 25, 2001. Hence, the actual shipping records of the *Astro Gamma* indicate the *Astro Gamma* was filled with 1.8 million barrels of oil and left port in the Mediterranean nearly two weeks before the *Hellespont Paradise* loaded oil from Iraq.

After departing Sidi Kerir, the *Astro Gamma* sailed directly to Gibraltar, where it took on bunker oil for its transatlantic voyage. From Gibraltar, the *Astro Gamma* sailed directly to the U.S. Gulf Coast, where it arrived on March 17, 2001. By the time the *Hellespont Paradise* arrived at the SUMED pipeline on or about March 7, the *Astro Gamma* was in the Atlantic Ocean, on its way to the Gulf of Mexico. Hence, the *Astro Gamma* could not have loaded any oil from the *Hellespont Paradise*.⁵³

⁵² See Exhibit 14.

⁵³ Exhibit 16 contains a sample of these shipping records.

Table 3 summarizes the information contained in the contemporaneous records of the *Astro Gamma*'s voyage to the United States.

Table 3
Shipping Records on the Voyage of the *Astro Gamma*
February - April 2001

<u>Date</u>	<u>Event</u>
2/12/01	Bayoil took delivery of <i>Astro Gamma</i> from Owner at Sidi Kerir Terminal #6, and vessel commenced loading 1,847,551.73 net barrels Basrah Light crude oil.
2/13/01	Vessel sailed from Sidi Kerir enroute to Gibraltar for bunkers.
2/20/01	Vessel arrived at Gibraltar and took on bunkers.
2/22/01	Vessel sailed from Gibraltar for North America.
3/17/01	Vessel arrived South Sabine lighter area in the US Gulf of Mexico.
3/22/01	Vessel commenced lightering ~ 550,000 barrels to the EAGLE ATLANTA that discharged them to Premcor Neaderland.
3/24/01	Vessel commenced lightering ~ 94,000 barrels to the GENMAR BOSS that discharged them to Diamond Shamrock.
3/30/01	Vessel commenced lightering ~ 550,000 barrels to the EAGLE CORONA that discharged them to Premcor Neaderland.
3/31/01	Vessel commenced lightering ~ 129,000 barrels to the GENMAR ALEXANDER that discharged them at Corpus Christi.
4/01/01	Vessel commenced lightering ~ 525,000 barrels to the RICH DUCHESS that discharged them to Valero in Texas City.

Source: Table prepared by Minority Staff, Senate Permanent Subcommittee on Investigations. Records provided to the Subcommittee by Lone Star R.S. Platou, Inc., a shipbroker contracted by Bayoil to charter the Astro Gamma in February 2001.

The Minority Staff has been unable to find any credible evidence that the oil aboard the *Hellespont Paradise* was ever delivered to North America. Accordingly, Minority Staff has concluded that the information Bayoil provided to the U.N. Oil Overseers regarding the final destination of the oil exported from Iraq on the *Hellespont Paradise* was materially false. Similarly, the Minority Staff has concluded the information provided by Rosnefteimpex to the United Nations about the *Astro Gamma*'s role in picking up oil from the *Hellespont Paradise* was materially false.

b. The False Information Provided by Bayoil and Rosnefteimpex Misled the United Nations.

On November 28, 2001, the U.N. Oil Overseers sent a letter to Bayoil, reiterating their request for specific information and documentation related to the shipment of oil loaded on the *Hellespont Paradise* on February 25, 2001.⁵⁴ The U.N. Oil Overseers wrote:

“Further to various correspondence and telephone conversations since the beginning of June 2001 we still require some important pieces of information with respect to the oil shipped on the abovementioned two vessels.

For your convenience we restate the information we require.

1) The crude oil on the MT *Hellespont Paradise* (B/L date 25 February 2001); Apart from some 40,000 tonnes this oil this [sic] was apparently shipped via Sumed and on the MT *Astro Gamma* to the USA/Caribs. We are still looking for the relevant logistical information (names(s) of the vessel(s), loading date(s) and discharge port(s) with respect to the shipment of the remaining volume (approx. 40,000 tonne(s)) from Sidi Kerir to the USA/Caribs. ...

As nearly six months have now passed since we first requested this information, we would like to advise that, in absence of a prompt response, we have to inform the United Nations Sanctions Committee of this situation.

Best Regards

cc: Italtech
Rosnefteimpex”

This letter shows that the United Nations had been misled by the Rosnefteimpex fax, in that the U.N. letter repeats the inaccurate information that most of the oil on the *Hellespont Paradise* had been carried to the United States by the *Astro Gamma*.⁵⁵ The U.N. letter conveys this misinformation to Bayoil. The Subcommittee also located in Bayoil’s files a copy of the August 2001 fax sent by Rosnefteimpex to the United Nations containing this misinformation. The presence of this fax in Bayoil’s files suggests that Bayoil was fully aware of the source of the misinformation provided to the United Nations. It is unknown whether Rosnefteimpex had

⁵⁴ See Exhibit 5.

⁵⁵ In an interview on August 10, 2005, a former U.N. Oil Overseer confirmed that the Oil Overseers had received the Rosnefteimpex fax dated August 20, 2001, and relied on the information about the *Astro Gamma* in the Rosnefteimpex fax for the information included in the Overseers’ November 28, 2001 letter. The former Overseer indicated that the Overseers nonetheless persisted in trying to verify the information with documentation.

consulted with Bayoil prior to sending the inaccurate fax to the United Nations or simply sent the fax to Bayoil after sending it to the United Nations.⁵⁶

Although Rosnefteimpex obtained the oil in question from Iraq, sold it to Bayoil, and communicated directly with the United Nations about its disposition, it was Bayoil that actually chartered the *Hellespont Paradise* and *Astro Gamma*, transported the oil, and later sold the oil to third parties. These actions mean Bayoil had first hand knowledge of the true facts involving these oil shipments. At no time, however, did Bayoil inform the United Nations that the November 2001 letter contained inaccurate information about the *Hellespont Paradise* and *Astro Gamma*, despite ample opportunity and despite knowing the importance placed by the United Nations on this information. By failing to correct the inaccurate information in the letter, Bayoil contributed to the Rosnefteimpex fax that misled the United Nations.

c. Bayoil Appears to have Diverted at least 4 Million Barrels of Iraqi Oil to Unapproved Destinations.

Upon obtaining evidence establishing that the *Astro Gamma* did not obtain its oil from the *Hellespont Paradise*, the Minority Staff sought to answer two resulting questions regarding those shipments: (1) what was the origin of the oil that the *Astro Gamma* delivered to the United States; and (2) what was the disposition of the Iraqi oil loaded onto the *Hellespont Paradise* on February 25, 2001?

Based upon an examination of Bayoil's shipping and financial records for all shipments of Iraqi oil during the months of January, February, and March 2001, an examination of purchase records supplied by a U.S. company that purchased some of the oil from one of these shipments, and an analysis of market conditions at the time of these shipments, the Minority Staff has concluded the following:

(1) The Iraqi oil loaded onto the *Astro Gamma* at Sidi Kerir appears to have been delivered to the SUMED pipeline by a vessel named the *Golden Fountain*. The *Golden Fountain's* oil was destined to be sold in Europe, but Bayoil appears to have misdirected it to North America via the *Astro Gamma*.

(2) The Iraqi oil delivered to the SUMED pipeline by the *Hellespont Paradise*, and which was destined for North America, appears to have been sold by Bayoil for delivery in Europe.

⁵⁶ The prior Minority Staff Report found that, on occasion, Bayoil drafted documents for the companies from which it purchased Iraqi oil, including Rosnefteimpex, and asked these companies to send the supplied correspondence over their own signatures. See, e.g., Minority Staff Report at 34, footnotes 105-106. The Minority Staff has been unable to determine whether Bayoil authored the initial draft of this fax or contributed to its wording prior to its transmittal by Rosnefteimpex to the United Nations.

The Minority Staff has also concluded, from examining Bayoil's financial records and prevailing market conditions, that Bayoil generated at least \$7.5 million in illicit trading gains from these transactions. By taking advantage of the price discount offered to purchasers of oil in North America to generate extra revenues by selling and delivering the oil in Europe, Bayoil also deprived the U.N. escrow account held for humanitarian purchases for the Iraqi people of the additional oil revenues that would have resulted if the oil had been priced higher on the basis of a European destination. The fact that Bayoil also delivered European-priced Iraqi oil to North America did not financially compensate the U.N. escrow account for this significant loss of funds for the Iraqi people. Moreover, as explained below, Bayoil may have even generated additional illicit revenues by selling European-priced oil in North America due to unusual price relationships between the North American and European oil markets that arose in late January and early February 2001.

Iraqi Oil Destined for Europe But Delivered to North America. The Minority Staff has concluded that the source of the crude oil for the mid-February sailing of the *Astro Gamma* to North America was the *Golden Fountain*, an oil tanker chartered by Bayoil to carry a cargo of 2 million barrels of Iraqi oil that Bayoil had purchased from Italtel in late January. The U.N. had authorized Italtel to purchase and export this oil from Iraq under U.N. contract number M/09/07. According to Bayoil's records, this cargo of oil was destined and priced for delivery in Europe.⁵⁷

On January 24, 2001, the *Golden Fountain* finished loading about 2 million barrels of Iraqi oil at the Iraqi port of Mina al-Bakr, and immediately set sail for Ain Sukhna, the Red Sea entrance to the SUMED, arriving on February 5, 2001. Assuming a typical transit time through the SUMED of three to five days, this oil would have been available for re-loading at Sidi Kerir sometime between February 8 and 10, 2001. As indicated earlier, shipping records show that the *Astro Gamma* began loading at Sidi Kerir on February 12th.⁵⁸

In examining Bayoil's records, the Minority Staff has been unable to find any other Bayoil cargoes discharged into the SUMED during this period that could have been the source of the oil loaded onto the *Astro Gamma*. Bayoil's records account for the disposition, to either North American or European destinations, of all other Bayoil cargoes delivered to the SUMED during this period. Exhibit 22 displays this information in a flowchart format.

Bayoil's financial records provide additional evidence that the *Golden Fountain* was the source of oil on the *Astro Gamma*. In general, Bayoil designated each of its shipments of oil from Iraq by the common symbol "V" followed by a 5-digit number. In instances where a cargo of Iraqi oil was transferred from one vessel onto another vessel, Bayoil used the same 5-digit number to track the voyage of the subsequent vessel. In the case of the *Golden Fountain* and the

⁵⁷ See Exhibit 14.

⁵⁸ See Exhibit 15.

Astro Gamma, Bayoil used the same designation, “V-50128,” for both shipments, indicating that both ships carried the same cargo of Iraqi oil.

Iraqi Oil Destined for North America But Delivered to Europe. Bayoil’s spreadsheets tracking its shipments of Iraqi oil are uncharacteristically blank with respect to the 2 million barrels of Iraqi oil that were loaded aboard the *Hellespont Paradise* at Mina al-Bakr on February 25, 2001.⁵⁹ The *Hellespont Paradise* delivered this oil to the SUMED pipeline, and the oil arrived at Sidi Kerir, the northern terminus of the pipeline, on or around March 7, 2001. The Bayoil spreadsheets do not identify the final purchaser or destination for that oil.

Bayoil records do indicate, however, that on March 13 and 23, 2001, Bayoil sold two cargoes of Iraqi oil at Sidi Kerir, totaling about 1.8 million barrels, to ExxonMobil.⁶⁰ In this respect, Bayoil’s sales records are consistent with the purchase records provided by ExxonMobil for these two shipments.⁶¹ In light of the typical three- to five-day transit time for oil to pass through the SUMED pipeline, the oil from the *Hellespont Paradise* would have been available for delivery just prior to the time Bayoil delivered the first of the two cargoes it sold to ExxonMobil at Sidi Kerir. Accordingly, it appears that the barrels of Iraqi oil aboard the *Hellespont Paradise* were diverted by Bayoil from its approved destination of North America and instead sold to ExxonMobil, which then delivered the oil to a refinery in Europe. As explained below, Bayoil reported “hedge gains” of nearly \$800,000 from this shipment and may have generated substantial additional gains by selling oil discounted for North American delivery into the higher-priced European market.

The Minority Staff has located two Bayoil documents which identify the *Golden Fountain* (rather than the *Hellespont Paradise*) as the source of the oil that was sold to ExxonMobil in mid-March.⁶² The Minority Staff has concluded it is highly unlikely, however, that these two documents are accurate. Market conditions in early 2001 would have made it extremely unprofitable to store the oil at the SUMED for the six weeks between the arrival of the *Golden Fountain* on February 5 and mid-March, when the oil at issue was sold to ExxonMobil.

⁵⁹ See Exhibit 14.

⁶⁰ Id.

⁶¹ The documents Bayoil provided ExxonMobil in connection with these oil sales did not identify the date on which the oil was originally lifted from Iraq, or the ship from which the oil was loaded. The U.N.-approved contract provided by Bayoil to ExxonMobil identifies Italtech as the original purchaser under contract M/09/07. The documentation provided by Bayoil to ExxonMobil did not identify any destination restrictions. After purchasing the oil from Bayoil, ExxonMobil took the oil to a refinery in Sicily.

⁶² The entry for *Golden Fountain* shipment “V-50128” in Bayoil’s spreadsheet tracking the disposition of each of its shipments of Iraqi oil shipment states that 964,154 barrels from the *Golden Fountain* were sold to ExxonMobil at Sidi Kerir on March 13-14, and another 868,334 barrels were sold to ExxonMobil at Sidi Kerir on March 23-24. See Exhibit 14. A Bayoil document entitled “Transaction Detail by Account” also identifies ExxonMobil as the purchaser of the cargo from the *Golden Fountain*. (Exhibit 17).

Throughout February 2001, both the London and New York crude oil markets were in backwardation, meaning that current prices for oil were higher than prices on the futures market to sell the oil for delivery in a subsequent month. Normally, in a backwardated market, sellers sell as much of their oil as possible in the spot market or near-term futures market to take advantage of the higher near-term prices. From a market perspective, then, it would have made little sense for Bayoil to store the 2 million barrels of oil from the *Golden Fountain* at Sidi Kerir for nearly six weeks, from early February until mid-March. Not only would the oil have lost value, but Bayoil would have had to pay substantial storage costs, on the order of hundreds of thousands of dollars, as this asset declined in value.⁶³ A more logical course would have been for Bayoil to immediately sell and deliver the cargo from the *Golden Fountain*. Indeed, the Minority Staff believes Bayoil engaged in this more logical course of action, transferring the oil from the *Golden Fountain* onto the *Astro Gamma* without delay, and then directing the *Astro Gamma* to set sail for North America.

The Minority Staff therefore concludes that the cargo from the *Golden Fountain* was delivered to North America, and that the *Hellespont Paradise* was indeed the source of the oil that Bayoil sold to ExxonMobil in mid-March and which ExxonMobil then disposed of in Europe.

⁶³ Bayoil's document entitled "Transaction Detail by Account," which appears to identify and account for all expenses and receipts for each Bayoil shipment, lists a payment of \$36,702.53 to the SUMED for storage costs for the *Golden Fountain*. See Exhibit 17. Storage costs at Sidi Kerir are 15 cents per barrel for crude oil stored 14 days or less; 23 cents per barrel on oil stored for more than 14 days (up to 30 days); and, for any period exceeding 30 days, a proration based on 23 cents per barrel per month. "Terms and Conditions of Storage Service of Sidi Kerir Discharged Crude Oil." (Exhibit 18). To store 1.85 million barrels of oil at Sidi Kerir from mid-February to mid-March, therefore, would have cost Bayoil approximately \$425,000 in storage costs alone. The Minority Staff was unable to locate any storage expenses of such a magnitude in Bayoil's ledgers.

The ledger entry of \$36,702, which Bayoil paid to SUMED for "storage costs" at Sidi Kerir, represents the amount it would have cost to store approximately 160,000 barrels of crude oil at Sidi Kerir for between 14 and 30 days – the exact difference between the amount of oil originally carried by the *Golden Fountain* and the amount taken by the *Astro Gamma* to North America. Of the 2,007,767 barrels of Iraqi oil the *Golden Fountain* transported from Iraq, the *Astro Gamma* delivered 1,847,552 barrels to North America, leaving 160,215 barrels unaccounted for. These 160,215 barrels were apparently stored at Sidi Kerir for 14 to 30 days; what happened to them after that remains unclear.

Table 4 reflects the Minority Staff's conclusions regarding the actual disposition of the oil cargoes that originated in Iraq aboard the *Golden Fountain* and *Hellespont Paradise*.⁶⁴

Table 4
Oil Shipments on the *Golden Fountain* and the *Hellespont Paradise*
January - March 2001

Vessel	Loading Date Mina al-Bakr	Barrels Loaded	Approved Destination	SUMED Arrival Date	Actual Destination
<i>Golden Fountain</i>	1/24/01	2,007,767	Europe	2/5/01	1,847,552 barrels delivered to US Gulf Coast via <i>Astro Gamma</i>
<i>Hellespont Paradise</i>	2/25/01	2,103,164	N. America	3/7/01	1,850,488 barrels delivered to Europe via sale to ExxonMobil

Source: Table prepared by Minority Staff, Senate Permanent Subcommittee on Investigations. Bayoil shipping and financial records; Lone Star R.S. Platou voyage records for the Astro Gamma; ExxonMobil oil purchase records.

Bayoil's general ledger provides additional support for these conclusions. For each shipment of Iraqi oil, Bayoil kept records of the expenses and revenues associated with that shipment in a document it called the "General Ledger" for that shipment. Bayoil maintained a single general ledger entry for all such financial information for the three oil shipments on the *Golden Fountain*, *Astro Gamma*, and *Hellespont Paradise*.⁶⁵ The commingling of the financial information for these three shipments indicates that the three shipments were related. If, indeed, the oil aboard the *Golden Fountain* had been delivered to Europe, and, independently, the oil aboard the *Hellespont Paradise* had been delivered to North America, as required by the relevant U.N. contracts, there would have been no reason to combine such distinct shipments in the same general ledger entry. On the other hand, if the cargo from the *Golden Fountain* that should have been sold in Europe was delivered instead by the *Astro Gamma* to North America, and the cargo that should have been delivered to North America by the *Hellespont Paradise* was instead sold in Europe to make up for the redirected cargo from the *Golden Fountain*, it makes sense that

⁶⁴ Table 4 also reflects the discrepancy between the amounts of oil originally loaded from Iraq and the amounts of oil ultimately delivered in the United States and Europe. In addition to the "missing" 160,215 barrels from the *Golden Fountain*, of the 2,103,164 barrels the *Hellespont Paradise* lifted from Iraq, 1,850,488 barrels were sold to ExxonMobil in Europe, leaving 252,676 barrels unaccounted for. The Minority Staff has been unable to determine where these 412,891 barrels from these two ships were delivered but it is possible this oil was sold for additional profit in unapproved markets.

⁶⁵ See Exhibit 19.

Bayoil combined the financial records for all three shipments in the same general ledger entry.

d. Bayoil's Delivery of Iraqi Oil to Unapproved Destinations Violated OFF Requirements and U.S. Regulations Restricting Trade with Iraq.

OFAC regulations in effect during the OFF program authorized U.S. persons to trade or import Iraqi oil from a third-party only when and if that third-party had specific approval from the United Nations to export that oil from Iraq. These regulations meant that a U.S. person was not authorized to import into the United States – or even purchase for resale outside the United States – Iraqi oil from a third party who lacked U.N. approval to sell the oil. The key OFAC regulation stated, in part, the following:

§575.526 Dealings in and importation of certain Iraqi-origin petroleum and petroleum products authorized.

(a) United States persons are authorized to deal in, and to import into the United States, Iraqi-origin petroleum and petroleum products, the purchase and exportation from Iraq of which have been authorized by the 661 Committee or its designee and, if otherwise required pursuant to this part, by the Office of Foreign Assets Control.⁶⁶

All U.N. contracts approving the sale of Iraqi oil under the OFF program specified that the oil had to be exported to the destination identified in the contract, since the price of the oil was partially determined by the specified destination. Oil exported to North America was priced lower than oil exported to Europe due to the added expense for North American purchasers of transporting the oil across the Atlantic Ocean and other market factors. Shipments of Iraqi oil to destinations not specified in the contract were not authorized by the United Nations, since selling discounted oil in higher-priced markets would deprive the U.N. escrow account of the added revenue that otherwise would have been generated by the sale if the oil had been priced according to the actual destination.

Since destination-switching was not allowed under the U.N.-approved contracts, U.S. persons were not authorized to buy, trade, or import oil transported to an unspecified and unapproved destination. Accordingly, to the extent that Bayoil transported Iraqi oil to a destination other than the destination specified in the relevant U.N.-approved contract, Bayoil would have violated not only U.N. program requirements, but also OFAC regulations.

⁶⁶ 31 C.F.R. §575.526 (2003).

e. Bayoil Appears to Have Generated at Least \$7.5 Million in Illicit Revenue by Delivering 4 Million Barrels of Iraqi Oil to Unapproved Destinations. This Illicit Revenue Provided Bayoil with a Source of Funds to Pay Higher Fees to Companies Paying Illegal Surcharges to Iraq.

Bayoil records indicate that it generated revenues totaling nearly \$7.5 million by purchasing and selling futures contracts related to the redirected delivery of the cargoes aboard the *Golden Fountain* and *Hellespont Paradise*. In addition to these trading gains, due to the substantial price difference between Iraqi oil priced for sale in North America versus Europe and market conditions at the time of the shipments, Bayoil could have generated additional illicit revenues on the order of several millions of dollars by selling the oil in unapproved markets.

Trading Gains. Bayoil’s “General Ledger” entry for the *Golden Fountain* and *Hellespont Paradise* oil shipments indicates that in early February 2001 – a few days prior to the loading of the *Astro Gamma* – Bayoil began to engage in a large number of transactions in the futures markets.⁶⁷ With respect to the oil on the *Golden Fountain*, Bayoil’s ledger lists a “Hedge Gain” of \$6,689,067.12. For the oil on the *Hellespont Paradise*, Bayoil’s ledger shows a “Hedge Gain” of \$781,330. In aggregate, these trading revenues exceed \$7.47 million (see Table 5).

Table 5
Trading Gains from Shipments with Changed Destinations
February - March 2001

Vessel	Destination in UN Contract	Final Destination of Oil	Trading Gains
<i>Golden Fountain</i>	Europe	US Gulf Coast (via <i>Astro Gamma</i>)	\$6,689,067
<i>Hellespont Paradise</i>	N. America	Europe (sold 3/13/01 and 3/23/01)	\$781,330
Total Trading Gains			\$7,470,397

Source: Table prepared by Minority Staff, Senate Permanent Subcommittee on Investigations. Information taken from Bayoil “General Ledger” for shipment Ven. No. V-50128.

Additional Sales Gains. In addition to the trading gains recorded on Bayoil’s general ledger from trades on the futures markets, because oil destined for North America was sold at a much lower price than oil priced for sale in Europe – as much as \$4 to \$4.50 per barrel less during the relevant period of the OFF program – the sale of a cargo priced for North America in Europe could have produced substantial gains arising from this price differential. A cargo

⁶⁷ The ledger shows multiple payments to a commodities broker named “Carr Futures”; it does not describe the particular types of financial instruments Bayoil purchased or sold. See Exhibit 19.

containing 2 million barrels of oil, for example, could have produced sales gains on the order of several millions of dollars.⁶⁸

Because Bayoil has refused to answer questions posed by the Subcommittee about the oil shipments at issue in this Report, the Minority Staff has been unable to form a complete picture of Bayoil finances related to these shipments. The trading gains cited in Table 5 likely do not reflect the full extent of Bayoil's illicit revenues arising from the switching of destinations for the suspect shipments. The switching of these destinations could have earned Bayoil additional millions of dollars in illicit revenues.⁶⁹

Such illicit gains arose largely from Bayoil's taking advantage of price differentials for Iraqi oil in various markets and its apparent willingness to sell Iraqi oil in unapproved markets, in contravention of the U.N. contracts and OFF program requirements. These gains appear to have enriched Bayoil, its initial contracting partners, and the Hussein regime at the expense of the Iraqi oil revenues held in escrow by the United Nations for the humanitarian needs of the Iraqi people.

⁶⁸ It is also possible that Bayoil profited from redirecting the *Golden Fountain's* cargo from Europe to North America. In early February 2001, when Bayoil appears to have transferred oil from the *Golden Fountain* to the *Astro Gamma* for resale in North America, the price curves for Brent crude oil (the reference price for crude oil delivered in Europe) and West Texas Intermediate (WTI) crude oil (the reference price for crude oil delivered to North America) indicate that it could have been more profitable for a trader to sell oil for delivery to North America in March rather than deliver the oil to Europe in February. At that time, the price of crude oil for delivery to North America in March was higher than the price of crude oil for delivery to Europe in February. On February 7, 2001, for example, the price of WTI for delivery into the United States in March was \$31.27 per barrel, while the spot price for Brent crude oil for immediate delivery in Europe was \$29.10 per barrel. Even taking transatlantic shipping costs into account, this significant price differential would have provided a price incentive for Bayoil to redirect the oil on the *Golden Fountain* for delivery to the United States in March, rather than immediate delivery to Europe in February.

⁶⁹ The Bayoil document entitled "Transaction Detail by Account" suggests that, despite its trading gains and possible sales gains, Bayoil's net costs may have exceeded its net revenues for these shipments. See Exhibit 17. The document identifies \$89,028,154 in costs for crude purchases for the *Golden Fountain* and the *Hellespont Paradise*, and \$86,038,890.86 in revenue from gross crude oil sales from those shipments. About \$2 million of Bayoil's costs involved the payment by Bayoil of substantial "fees" or "commissions" to Italtel and Rostnefteimpex which, in turn, apparently used the funds to finance their payment of illegal surcharges to the Iraqi Government, as explained in Section III.A. above. In addition, in late January 2001, Bayoil apparently agreed to tie the price it would pay for the *Golden Fountain's* oil to market prices at a particular point in time – early February 2001 – when the price of crude oil happened to spike upwards by a few dollars per barrel. Within a few days after Bayoil paid for the cargo, the price of crude oil abruptly fell by a few dollars per barrel. It appears, therefore, that the value of the *Golden Fountain's* cargo may have fallen by as much as \$2 to \$3 per barrel immediately after Bayoil took possession of the oil, which would amount to a loss for Bayoil of between \$4 million and \$6 million for the entire cargo. If indeed, Bayoil were faced with the possibility of these substantial losses due to an adverse market, this factor would have provided still another powerful incentive for Bayoil to find creative ways to generate revenues from these cargoes and minimize its losses. Whether Bayoil ultimately obtained a net profit or net loss from these particular shipments remains unclear. In either event, however, the facts suggest that its misdirection of oil cargoes to unapproved markets enabled Bayoil to generate additional, illicit revenues at the expense of the funds held in the U.N. escrow account for the humanitarian needs of the Iraqi people.

When, around the same time as the Bayoil inquiry in 2001, the United Nations uncovered a similar incident involving a Swiss oil trading company, Glencore International, AG, Glencore was not allowed to keep any illicit gains. Instead, the United Nations required Glencore to reimburse the U.N. OFF escrow account for the full amount of illicit profits it was found to have obtained as a result of delivering to Europe a cargo of Iraqi oil priced for delivery to North America – or else be prohibited from obtaining any further OFF oil contracts. When confronted with the information obtained by the U.N. Oil Overseers and the 661 Committee that Glencore had illegally diverted Iraqi oil to a European destination, the Swiss Government reported:

“In the course of executing contract M/09/44 approved on 2 February 2001 under the ‘oil-for-food’ programme, the company discharged a shipment of 1 million barrels of Iraqi crude oil from the vessel “Front Maple” in Croatia, whereas the commercial documents, particularly the letter of credit, drawn up by the company for calculating the purchase price of the crude oil gave the destination as the United States. Since the company had paid the purchase price for Iraqi crude oil destined for the United States market, in other words, some \$US 3 million less than the price of crude oil destined for the European market, it unlawfully enriched itself by this amount.”⁷⁰

Glencore asserted its innocence, but nevertheless paid the \$3 million into the U.N. escrow account – the amount by which the company was found to have “unlawfully enriched itself” by switching destinations.⁷¹

In sum, Bayoil appears to have generated a minimum of \$7.5 million in illicit revenues from misdirecting two cargoes of Iraqi oil in the first quarter of 2001. These illicit revenues provided Bayoil with a source of funds to pay several millions of dollars of additional fees for Iraqi oil to Rosnefteimpex, Italtex and two other companies that owed Iraq over \$7 million in illegal surcharges in the first quarter of 2001.

3. The U.S. Failure to Investigate or Help the United Nations to Investigate Suspect Bayoil Shipments involving Several Million Barrels of Iraqi Oil Impaired Oversight of the OFF Program and Efforts to Deter the Payment of Illegal Surcharges.

⁷⁰ State Secretariat for Economic Affairs, “Report of Investigation, Irregularity in the course of an oil transaction under the “oil-for-food” programme involving Glencore International AG, Baar, Switzerland.” (October 8, 2001). (Exhibit 20).

⁷¹ Iraqi records obtained after the OFF program ended state that Glencore also paid over \$3 million in illegal surcharges for the 12 million barrels of oil it had purchased from Iraq under U.N. Contract No. M/09/44. SOMO Surcharge Document (relevant excerpt is Exhibit 21).

4. The Failure of the U.N. Office of Iraq Programme to Notify the U.N. 661 Committee of Bayoil's Failure to Provide Requested Documentation on Suspect Shipments involving Several Million Barrels of Iraqi Oil Impaired Oversight of the OFF Program and Efforts to Deter the Payment of Illegal Surcharges.

As detailed in the prior Minority Staff Report, U.S. Government agencies, particularly OFAC, failed to provide the assistance requested by U.N. personnel to obtain information from Bayoil regarding suspect shipments of Iraqi oil. Since that Report was issued, additional information has emerged indicating that the U.N. Office of Iraq Programme (OIP), headed by Benon Sevan, also failed to notify the U.N. 661 Committee of the suspect Bayoil shipments and ask the 661 Committee to require Bayoil to provide the requested information. Both of these failures impaired effective oversight of the OFF program and the efforts to deter the payment of illegal surcharges.

By 2001, the U.N. Oil Overseers had identified a number of Bayoil shipments raising concerns, due to the possibility that the transshipments used by Bayoil provided a potential source of funds for the payment of illegal surcharges to Iraq. As this Report demonstrates, the information the U.N. Oil Overseers unsuccessfully sought to obtain about the Bayoil shipments was significant and would have provided important information concerning: (1) the actual disposition of at least 4 million barrels of Iraqi oil; (2) Bayoil's compliance or noncompliance with OFF and OFAC contract requirements; and (3) Bayoil's methods for generating sufficient revenues to pay substantial fees and commissions to the non-U.S. companies paying illegal surcharges to the Government of Iraq.

The potential for companies to use transshipments through the SUMED pipeline for destination-switching and illicit revenues was a significant concern within the United Nations during the surcharge period. The U.N. Oil Overseers asked a number of companies about suspected SUMED transshipments and, soon after learning about the practice and the difficulty of determining the final destination of transshipped oil, prohibited the practice altogether.⁷²

At the same time as the Overseers were seeking information about suspected transshipments from Bayoil, the U.N. Oil Overseers were also following up on information they had received that Glencore had switched destinations on one of its shipments. Perhaps because they had irrefutable documentary evidence, the Oil Overseers succeeded in bringing the Glencore matter to the attention of the U.N. 661 Committee. During the 661 Committee's discussion of the matter, the U.S. representative to the Committee spoke in favor of formally asking Switzerland to conduct an investigation into Glencore's activities, conditioning further approvals of Glencore contracts upon repayment of any illicit profits to the U.N.'s OFF escrow account for Iraq, and warning Glencore that further irregularities would lead the 661 Committee to bar Glencore from future OFF contracts. In this instance, the 661 Committee voted

⁷² Subcommittee interviews of former U.N. Oil Overseer (5/5/05 and 8/10/05).

unanimously to request Switzerland to investigate the allegations; following the Swiss investigation Glencore reimbursed the U.N. escrow account for the \$3 million in unlawful enrichment Glencore had obtained.

In contrast to the Glencore case, the U.N. Oil Overseers were unable to initiate an in-depth inquiry into Bayoil's activities. Bayoil refused to provide requested documentation about the suspect shipments, the Office of Iraq Programme refused to bring the Overseers' concerns to the attention of the 661 Committee, and the Overseers' two requests to the United States for assistance in obtaining this information from Bayoil produced no result. In 2002, the U.N. Oil Overseers sent a memorandum to the Director of the Office of Iraq Programme, Benon Sevan, asking to bring the Bayoil shipments to the formal attention of the U.N. 661 Committee, as the Overseers had done with respect to Glencore. Mr. Sevan did not approve this request, however, apparently without providing any explanation for his decision. The result was that the Bayoil matter was never formally presented to the 661 Committee.⁷³

Based upon the 661 Committee's response to the information provided by the Oil Overseers about Glencore and other potential violators of the OFF program requirements, it is likely that, had the Bayoil matter been presented to it, the 661 Committee would have requested the United States to investigate and formally report back to the 661 Committee on the suspect shipments. Mr. Sevan's failure to bring information about the suspect Bayoil shipments to the Committee's attention impaired the United Nations' oversight of the OFF program and its ability to deter the payment of illegal surcharges to Iraq.

Moreover, had the United States provided the assistance requested by the U.N. Oil Overseers, had it been asked to conduct an investigation by the 661 Committee, or had it initiated its own inquiry into the suspect Bayoil shipments, U.S. authorities might have determined that Bayoil had generated millions of dollars in illicit revenue by redirecting shipments to unapproved destinations. The United States might also have determined that this illicit revenue provided the money Bayoil used to pay higher per-barrel fees or commissions being demanded by non-U.S. companies paying illegal surcharges to Iraq. Furthermore, the United States might have learned of Bayoil's preeminent role in importing into the United States 200 million barrels of Iraqi oil for which it financed at least \$37 million in illegal surcharges.

The failure of the United States to investigate the suspect Bayoil shipments, or to help the United Nations investigate them, impaired effective oversight of the OFF program, was an abdication of U.S. responsibility to enforce U.S. sanctions on Iraq against U.S. companies, and resulted in a missed opportunity to detect the generation of millions of dollars in illicit revenues generated by traders in Iraqi oil. These illicit revenues provided a source of funds for financing the payment of millions of dollars in illegal surcharges to the Hussein regime and were obtained

⁷³ The information in this paragraph is based upon Subcommittee interviews with former U.N. personnel (8/9 and 10/05). Also, in its Comprehensive Report, the IIC stated that "a significant body of evidence demonstrates that Mr. Sevan did not administer the Programme in a transparent manner and did not report sanctions violations to the 661 Committee in a sufficient manner." IIC Management Report, Vol. III, at 71.

at the expense of the funds held in trust by the United Nations for the humanitarian needs of the Iraqi people.



EXHIBITS

TO

**SUPPLEMENTAL REPORT
ON
BAYOIL DIVERSIONS OF IRAQI OIL
AND
RELATED OVERSIGHT FAILURES**

**PREPARED BY THE
MINORITY STAFF
OF THE
PERMANENT SUBCOMMITTEE
ON INVESTIGATIONS**

**RELEASED IN CONJUNCTION WITH THE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
OCTOBER 31, 2005, HEARING**



BAYOIL

TO: Mr. Peter Kolby, Chairman
U.N. 661 Committee
FAX: [REDACTED]
FROM: David B. Chalmers, Jr.
DATE: June 25, 2001

[REDACTED] = Redacted by the Permanent
Subcommittee on Investigations

Dear Sirs:

I am enclosing a copy of a letter sent to an affiliated company, addressed to myself, from the office of The Oil Overseers, together with copies of letters sent to several oil contract holders. While the various companies may respond to the letters directly or through their respective U.N. Mission, I feel compelled to advise your office of our concerns regarding the motivations behind the sending of these letters.

Specifically, our concerns center on the compelling evidence of a long standing prejudice toward myself and the company I am affiliated with, extended to the companies we have contracted for supply, by the individual U.N. Overseers, Mr. Michel Tellings. In this connection, I would like to summarize some key points supporting our concerns as follows:

Firstly, Bayoil has from the beginning of the Oil-for-Food" program provided the office of The Oil Overseers regular well documented market information in the spirit of assisting The Overseers to achieve their sole mandate of establishing monthly price mechanisms which are reflective of fair market conditions. As such, since the start of the program until late last year, there were seldom differences between Bayoil's market assessments applicable for each monthly price mechanism and the final agreed formula between SOMO and the U.N. Overseers.

Beginning late last year, there has been consistent differences between fair market formulas proposed by lifters, and the formula which the office of the Overseers would accept from SOMO. Since most lifters, such as Bayoil, make such arrangements well in advance of each month, SOMO has endeavored to propose or submit prices consistent with lifters current assessments, often leading to a stalemate or outright rejection by the Overseers. This development is widely known to be due to the hard line approach of Mr. Tellings, including a departure of methodologies used to establish monthly formulas prior to his appointment, which has led to widely reported friction between Mr. Tellings and SOMO, as well as most established lifters such as Bayoil who regularly contested the price formula.

BAY04-01301

BAYOIL SUPPLY & TRADING LIMITED

2 4731 FAX: 242 362 4733 TX. 20644

Permanent Subcommittee on Investigations

Bayoil Diversions Report

EXHIBIT #1

U.N. 661 Committee

Page 2

The prejudice specifically directed toward Bayoil and myself personally, can be traced to our correspondence to the Committee during previous months outlining the inconsistency in calculating fair formula prices, and is further evidenced by Mr. Tellings' refusal to have a telephone conversation or meeting on the subject which is, of course, outside the guidelines and completely unprofessional.

The recent letter request for information enclosed is further evidence of a pattern of prejudice, whereby the documentation request is completely outside Mr. Tellings' authority and mandate under the program. Furthermore, the fact that the type of documentation request has not been part of historical practice and not requested of any other lifter than ourselves.

It should be further noted that the requested documentation is specifically targeting the lightering of vessels through the Egyptian SUMED Pipeline and Canal, which is a historical shipping route, recently interpreted by Mr. Tellings as outside the contract terms.

This interpretation has led to the current situation, whereby, new documentation requirements for vessel owners under destination disallows such Suez routings to final disport, leading to a stoppage of all transit through the Suez Canal. It is not reasonable that such an occurrence was contemplated by the Committee, whereby an individual overzealous Overseer has established the power to stop shipping through an established trade route due to a technical contract interpretation and based on prejudice toward a specific shipper.

Due to the above circumstances we respectfully decline Mr. Tellings' request for information outside the authority of his office, while maintaining our accountability to all our suppliers, including SOMO, with respect to meeting contractual terms and conditions.

It is with great regret that I feel compelled to address the above referenced concerns to your office, as I have previously had great respect for the office of the Oil Overseers, who's job is of great importance to the success of the program.

Sincerely,

David B. Chalmers, Jr.

Encls.

BAY04-01302

DRAFT

TO: United Nations Mission
Russian Federation

DATE: June 25, 2001

REF: U.N. Overseers Letter Reference S/AC.25/2001/1330 Dated June 7, 2001

We feel compelled to write to your office to explain our concerns regarding the enclosed correspondence received from the office of the Oil Overseers on June 7, 2001.

After review of the enclosed letter, and making further enquiries with other Russian allocation holders as well as our receivers of the shipments referred to, we feel compelled to outline our serious concerns about the office of the U.N. Oil Overseers.

Firstly, it should be noted that the Russian U.N. Oil Overseer has not signed the enclosed letter, which implies an absence of unanimous support for this request.

Secondly, according to our understanding of the role of the U.N. Oil Overseers under the applicable resolutions, that there exists no mandate or authority for such type of information.

Thirdly, we have determined that no other Russian oil lifter has received such request for information which, therefore, gives us great concerns about the fair and equitable dealings between various contract holders.

Fourthly, the request for information indirectly targets the purported routing of shipments via the Suez, instead of the Cape for the applicable shipments which we understand certain Overseers to now retroactively deem outside contractual or U.N. guidelines, despite it being a long-standing industry shipping route.

In conclusion, we are greatly concerned over the apparent prejudice toward Rosneftimpex and our receivers in connection with this inquiry, specifically by the recently appointed Mr. Michel Tellings. This prejudice possibly stems from our past objections to U.N. proposed price mechanisms, which in late 2000 resulted in correspondence to your office on this matter.

Due to the serious concerns outlined above, we are reluctant to provide any information outside the guidelines and limitations applicable under this request to the office of the Overseers. Further, we hope such concerns raised, whereby, the Overseer Mr. Tellings, can take such initiatives leading to a possible restraint of trade will be considered in his re-appointment to that office.

BAYOILUSA015391

Permanent Subcommittee on Investigations

Bayoil Diversions Report

EXHIBIT #2

TO: UN OVERSEERS
ATTN: Michel Tellings
FAX: [REDACTED]
FROM: David B. Chalmers, Jr.
DATE: July 14, 2001
REF: Your letter dated June 7, 2001

[REDACTED] = Redacted by the Permanent
Subcommittee on Investigations

Dear Sir:

I am quite perplexed about the above referenced request for information, as according to my understanding, it is not within the framework of the important responsibility your office is entrusted with, i.e. verifying that monthly price formulas submitted for U.N. approval are reasonable in light of prevailing market conditions.

Additionally, I am concerned that request for information of this type is not being made to all Contract Holders and instead, is primarily targeting suppliers of Bayoil only.

Despite these concerns I have reviewed the letters sent to the various companies, which appears to center around obtaining information which can somehow confirm that the various vessels listed have sailed via the Sumed/Suez Canal instead of via The Cape.

In this connection, I would like to note that newly adopted U.N. required destination declarations by vessel Masters at loadport are interpreted by vessel owners as restricting transit via the Suez to the final destination, despite historical practice by the industry since the program started. We understand your offices' unwillingness to allow such flexibility by Masters results from an apparently new interpretation of contractual terms prohibiting transshipment. As you are aware, many industry participants in the program, including Bayoil, have not considered Suez transit as transshipment. Accordingly, we consider the recent interpretation as disputable. It seems to me the current inflexibility to allow vessels either routing could be constituted as a restraint of trade which has led indirectly to a defacto blockade of Iraqi oil flow through the Suez. It is difficult to believe that the U.N. Members, and the 661 Committee in particular, intended the new requirement for vessels to lead to such a consequence.

BAYOILUSA015393

Permanent Subcommittee on Investigations
Bayoil Diversions Report
EXHIBIT #3

Page 2

Nevertheless, and exclusively as a matter of courtesy, we are enclosing the information below in the spirit of cooperation with you, while we reserve our position on whether such a request is warranted.

VESSEL	QUANTITY	B/LDATE	LOADPORT	DESTINATION	ROUTING
TINA	2,371,092	1/20/01	AL BAKR	NORTH AMERICA	SUMED
HELESPONT PARADISE	2,103,854	1/23/01	AL BAKR	EUROPE	SUMED
HELESPONT CAPITOL	1,982,832 500,000	1/27/01 1/27/01	AL BAKR AL BAKR	NORTH AMERICA NORTH AMERICA	SUMED SUMED
MAJESTIC UNITY	2,027,902	2/14/01	AL BAKR	EUROPE	SUMED
OLYMPIA SPIRIT	2,607,148	2/18/01	AL BAKR	NORTH AMERICA	SUMED
TINA	2,376,927	2/19/01	AL BAKR	NORTH AMERICA	SUMED
HELESPONT PARADISE	2,103,164	2/25/01	AL BAKR	NORTH AMERICA	SUMED
HELESPONT PARADISE	2,073,230	3/22/01	AL BAKR	NORTH AMERICA	THE CAPE

The primary routing through Sumed, per the above table, should explain the frequency of some vessels calling back to the Port of loading.

Accordingly, the above referenced barrels have been shipped and performed in accordance with the U.N. approved contract conditions, including transshipment and destination according to standard industry practice.

Sincerely,

David B. Chalmers, Jr.
For and on behalf of
Bayoil Supply & Trading Limited

BAYOILUSA015394



United States Department of the Treasury

TREASURY DEPARTMENT
OFFICE OF FOREIGN ASSETS CONTROL
Washington, D.C. 20520

2001 AUG 21 A 10:48

August 17, 2001

UNCLASSIFIED
MEMORANDUM

TO: R. Richard Newcomb
Director
Office of Foreign Assets Control
Department of the Treasury

FROM: Bruce Williamson *BW*
Acting Director
Office of Economic Sanctions Policy

SUBJECT: Bay Oil Licenses

REFS: OFAC Licenses No. IQ-1457, IQ-1242, IQ-976,
IQ-910, IQ-843

We have learned that the United Nations Office of the Iraq Program has contacted the company Bay Oil seeking specific information about recent shipments of crude oil under the "Oil-for-Food" program for Iraq, and that so far Bay Oil has not responded.

OFAC has granted Bay Oil at least five licenses for the purchase of Iraqi crude. The licenses stipulate that Bay Oil must conform to relevant UN Security Council resolutions as well as procedures and guidelines established to implement those resolutions. Accordingly, the State Department requests that OFAC contact Bay Oil and urge that the company respond quickly and completely to the Office of the Iraq Program's request for information.

Permanent Subcommittee on Investigations

Bayoil Diversions Report

EXHIBIT #4

UNITED NATIONS



NATIONS UNIES

SECURITY COUNCIL COMMITTEE ESTABLISHED BY RESOLUTION 661 (1990) CONCERNING THE SITUATION BETWEEN IRAQ AND KUWAIT

S/AC.25/2001/OIL/1360

28 November 2001

TO: BAYOIL SUPPLY & TRADING LTD. NASSAU, BAHAMAS	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO. [REDACTED]	FAX NO. [REDACTED]
ATTENTION: Mr. David Chalmers	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE: 1	

SUBJECT: Iraqi crude oil on MT Helleport Paradise (B/L date 25 February 2001) and MT Tina (B/L date 20 January 2001)

Sir,

Further to various correspondence and telephone conversations since the beginning of June 2001 we still require some important pieces of information with respect to the oil shipped on the abovementioned two vessels.

For your convenience we restate the information we require.

1) The crude oil on the MT Helleport Paradise (B/L date 25 February 2001): Apart from some 40,000 tonnes this oil this was apparently shipped via Sumed and on the MT Astro Gamma to the USA/Cariba. We are still looking for the relevant logistical information (name(s) of the vessel(s), loading date(s) and discharge port(s) with respect to the shipment of the remaining volume (approx. 40,000 tonnes) from Sidi Kerir to the USA/Cariba.

2) The crude oil on the MT Tina (B/L date 20 January 2001). We still require the relevant logistical information (name(s) of the vessel(s), loading date(s) and discharge port(s) with respect to the shipment of the total volume (approx. 320,000 tonnes) from Sidi Kerir to the USA/Cariba.

As nearly six months have now passed since we first requested this information, we would like to advise that, in absence of a prompt response, we have to inform the United Nations Sanctions Committee of this situation.

Best Regards

cc: Italtex
Rosnoftimpex

Permanent Subcommittee on Investigations
Bayoil Diversions Report
EXHIBIT #5

FOI
File Italtex
AG Informafo

= Redacted by the Permanent Subcommittee on Investigations

UNITED NATIONS



NATIONS UNIES

SECURITY COUNCIL COMMITTEE ESTABLISHED BY RESOLUTION 661 (1990)
CONCERNING THE SITUATION BETWEEN IRAQ AND KUWAIT

S/AC.25/2002/OIL/1382

10 January 2002

TO: BAYOIL (USA) INC. 909 TEXAS AVE., SUITE 202 HOUSTON, TX 77002	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995) <i>[Signatures]</i>
FAX NO. [REDACTED]	FAX NO. [REDACTED]
ATTENTION: Mr. David B. CHALMERS	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE: 2	

Dear Sir,

Reference: Shipment through SUMED pipeline and destination compliance.

We should like to refer to the various communications, which we have had with you concerning the shipment of Iraqi oil on the MT "Tina" (bill of lading date 20 January 2001) and on the MT "Hellepout Paradise" (bill of lading date 25 February 2001).

Our understanding on this issue is as follows. Both cargoes of oil were bought by Bayoil Supply and Trading on a free on board (Mina Al Bakr) basis and that this company was involved in the shipment of this oil to its ultimate destinations. The clause in the SOMO oil purchase contract (letter of credit), which prohibits transshipment, was not adhered to and this oil was pumped via the SUMED pipeline into other vessels.

Although we have no reason to believe that any violation of destination restrictions has taken place, you will appreciate that monitoring of this is difficult in cases like this where the oil has been transhipped.

Albeit that some information has been provided, this remains incomplete. In order to eliminate any doubt and to satisfy that no money has been withheld from the UN-Iraq account, we urge you again to supply us with all the relevant information on this matter. Specifically, for the abovementioned vessels we require discharge dates and discharge volumes.

Permanent Subcommittee on Investigations
Bayoil Diversions Report
EXHIBIT #6

For all additional vessels used in shipping this oil to its final destinations we require names of vessels, ports (or lightering locations) of discharge, dates of loading and discharge and volumes loaded and discharged.

As we have been in communication with you on this matter since the beginning of June 2001, we would appreciate receipt of this information at your earliest convenience, but not later than 25 January 2002.

In event that we do not receive information which enables this matter to be concluded, we will feel duty bound to inform the Executive Director of the Iraq Programme for the purpose of briefing the 661 Sanctions Committee.

Best regards.

cc: Mr. Benon Sevan, Executive Director - Office of the Iraq Programme
Italtech
Rosnefteimpex

TO: UN OIL OVERSEERS
ATTN: Alexander Kramar
Michel Tellings
Morten Buur-Jensen

FAX: [REDACTED]

FROM: Bayoil Supply & Trading Limited

DATE: January 24, 2002

REF: Your Ref: S/AC.25/2002/1382 dated 10 January 2002
M/T Hellespont Paradise – B/L 2/25/01 and M/T Tina – B/L 1/20/01

[REDACTED] = Redacted by the Permanent
Subcommittee on Investigations

Dear Sirs:

For your information with regard to the referenced shipments, Bayoil has according to standard industry practice, made every effort to comply on all shipments within the terms and conditions of the contracts applicable for each lifting. To this extent, we have further provided our supplier, when requested, any information relevant to the application of the appropriate contractual terms.

Therefore, we are surprised by the continued request directly to Bayoil relating to specific detailed information for the shipments referenced to above as Bayoil had previously provided your office, on a courtesy basis, clarification about shipping routes for a number of vessels, including the vessels mentioned, which should have satisfied your overall concerns. As such we understand your office has already obtained directly and indirectly the information requested concerning the vessels used in shipping the oil to final destination which should have satisfied your overall concerns. Secondly, we are surprised by such a request directly to Bayoil as recently your office had made it clear to our personnel that there is no reason for communications between your office and Bayoil's professional personnel, despite the fact Bayoil is an approved lifter and therefore formally authorized to have discussions on price with your office.

This was evident during a recent telephone call by Bayoil London representative, Dr. John Irving to Mr. M. Tellings to discuss market prices, in which Dr. Irving was told in response to an enquiry about how formulas were calculated, "who are you", "you are not a refiner, you are not an allocation holder". "I am bored with this conversation".

Permanent Subcommittee on Investigations

Bayoil Diversions Report

EXHIBIT #7

BAYOILUSA015308

Page 2

Based on this disturbing conversation, we are greatly concerned that your office, whose mandate is primarily in connection with reviewing prices submitted for establishing fairness, is instead, on some kind of mission to find fault with our Company, by attempting to directly audit the activities of our company in a manner not universally applied to all industry participants in the program and outside your office's standard scope of responsibility.

A further example of your apparent prejudice toward Bayoil is evident in your recent letters statement regarding the purported non-adherence to the contract provision under transshipments, whereby your office now retroactively interprets that Bayoil's shipments routing via SUMED/Suez Canal, constitute a breach of contract while the shipping route has been both historically and widely used by the industry including during this period, which was well known by your office. It should be further noted that Bayoil, along with most industry participants, consider your offices recently adopted vessel loading documentation requirements for the purpose of prohibiting such vessel routing via Suez constitutes a clear restraint of trade and further prohibits the successful operation of the Oil-for-Food Program.

In connection with your office's current over-zealous efforts to audit our company's indirect participation in the Oil Sale Program, for reasons we conclude to be highly prejudicial, we feel compelled to address herein the most serious example of such practice as follows:

Bayoil has previously on several occasions corresponded with your offices and provided supporting documentation concerning a most serious injustice affecting our company in connection with a shipment Bayoil lifted on June 8, 2000, whereby the quantities loaded were substantially below the documented B/L quantities under which Bayoil's Letter of Credit was automatically drawn. As this mistake in loading was due primarily to the negligence of the U.N. appointed inspector, which was known almost immediately after loading, it is incredulous that Bayoil was required to pay for quantities of oil not loaded, and that your office has taken no initiative to correct this injustice and has relayed that no remedy for Bayoil's recovery of funds paid to the U.N. account without a direct initiative by of S.O.M.O. as well as full U.N. membership approvals which thus far has not happened.

With regard again to your fax of giving Bayoil an ultimatum in connection with the documentation requested, we do not feel currently obligated to provide such information under such circumstances, particularly as the information requested is likely to be used out of context and without consideration of the normal practice at SUMED, whereby shipping tolerances and logistics allow for differences in shipping capacities to be accrued and compensated over time, unless in the current environment whereby your office has initiated methods to stop all transit via Egypt to major consuming countries. As, and if circumstances and attitudes change to a more commercial tone, we shall further consider your request.

BAYOILUSA015309

Page 3

Meanwhile, we look forward to your suggestions for resolution of the matter also addressed herein, whereby funds have been paid into the U.N. Oil-for-Food Account under the L/C for vessel M/T "Essex", an amount of \$50,720,155.83 resulting a minimum of \$1,202,678.93 more than should have been paid due to the discrepancy of B/L volume which was recalculated at loadport to be 1,989,133 barrels or 48,312 barrels greater than paid under the L/C which as drawn basis 2,037,445 barrels. Further the recalculated loadport volume of 1,989,133 barrels is still substantially above the final disport figures according to the same U.N. Inspection company of Saybolt.

Look forward to your earliest response.

Sincerely,

David B. Chalmers Jr.
For and on behalf of
Bayoil Supply & Trading Limited

BAYOILUSA015310



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

APR 26

FAC No. IQ-195077

APR 23 2002

REQUIREMENT TO FURNISH INFORMATION

Bayoil (USA), Inc.
c/o Dickstein, Shapiro, Morin
& Oshinski, LLP
2101 L Street, N.W.
Washington, DC 20037-1526
attn: George T. Boggs, Esq.

Dear Mr. Boggs:

The Office of Foreign Assets Control ("OFAC") has issued certain licenses authorizing Bayoil (USA), Inc. and associated individuals ("Bayoil USA") to engage in those transactions necessary to assist Bayoil, S.A. (Geneva) to negotiate and conclude executory contracts for Bayoil, S.A. (Geneva) to purchase Iraqi-origin crude oil from the Government of Iraq, as described in the respective applications. Those licenses are OFAC Licenses No. IQ-1457, IQ-1242, IQ-976, IQ-910, and IQ-843 (collectively, the "OFAC Licenses"). The OFAC Licenses provide, *inter alia*, that the Licensee(s) hereunder is required to keep full and accurate records of all transactions engaged in under the licenses. Such records shall be made available for examination upon demand for at least 5 years from the date of each transaction.

Pursuant to the terms of the OFAC Licenses and section 501.602 of the Reporting and Procedures Regulations, 31 C.F.R. Part 501 (the "Reporting Regulations"), it is hereby required that you provide this Office, with a complete report in writing concerning any transactions conducted pursuant to the OFAC Licenses or otherwise subject to the provisions of the Reporting Regulations. Your response must include copies of those executory contracts that were executed by Bayoil, S.A. (Geneva) with the assistance of Bayoil USA.

BAY14-01965

Permanent Subcommittee on Investigations

Bayoil Diversions Report

EXHIBIT #8

Please submit your response within twenty (20) business days of your receipt of this letter. It should be directed to the attention of Elton A. Ellison, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW, Annex, Room 2151, Washington, D.C. 20220. You should be aware that failure to respond may result in the imposition of civil penalties. If you have any questions, Mr. Ellison can be reached at [REDACTED]

Sincerely,



David H. Harmon
Chief, Enforcement Division
Office of Foreign Assets Control

[REDACTED] = Redacted by the Permanent
Subcommittee on Investigations

DICKSTEIN SHAPIRO MORIN & OSHINSKY LLP

2101 L Street NW • Washington, DC 20037-1526
Tel (202) 785-9700 • Fax (202) 887-0689
Writer's Direct Dial: (202) 828-2203
E-Mail Address: BojgsG@dsmo.com

May 22, 2002

VIA HAND DELIVERY

Mr. Elton A. Ellison
Office of Foreign Assets Control
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Annex, Room 2151
Washington, DC 20220

Re: Bayoil (USA) Inc., FAC No. IQ-195077

Dear Mr. Ellison:

We are writing on behalf of our client, Bayoil (USA) Inc. ("Bayoil"), in response to the letter dated April 23, 2002, from Mr. David H. Harmon, a copy of which is attached hereto as Exhibit 1. Mr. Harmon's letter asks Bayoil to submit a "complete report in writing concerning any transactions conducted pursuant to the OFAC Licenses (IQ-1457, IQ-1242, IQ-976, IQ-910, and IQ-843) or otherwise subject to the provisions of the Reporting Regulations," within 20 business days of our receipt of his letter. We received that letter on April 26, 2002, and thus this response is being provided on a timely basis.

We note at the outset that the information set forth herein was provided to us by Bayoil. We also note that Bayoil has advised us that it and its affiliates engaged in only one transaction involving Iraqi crude oil pursuant to the OFAC Licenses,¹ and the details of that transaction are described below.

Pursuant to License IQ-843 dated August 11, 1997, Bayoil and its employees were authorized to assist Bayoil's foreign affiliate, Bayoil SA, in obtaining a contract to purchase Iraqi crude oil pursuant to the "Oil-for-Food" Program. The license was sought immediately upon Bayoil SA receiving an offer from SOMO on August 7, 1997, to obtain an allocation of crude oil if the contract could be made quickly and the lifting could occur by August 12, 1997.

¹ As with many other major oil companies, Bayoil's foreign affiliates traded Iraqi-origin crude oil on the world market after UN approval as permitted by the general license in 31 C.F.R. § 575.526. We assume your request for information is not intended to cover any such transactions.

Mr. Elton A. Ellison
May 22, 2002
Page 2

Bayoil SA executed by fax the contract with SOMO on August 11, 1997, to purchase 3.6 million barrels of crude oil for the U.S. market. The contract covered two cargoes: one for 2.1 million barrels of Kirkuk crude oil shipped from Ceyhan, and one for 1.5 million barrels of Basrah light crude oil shipped from Mina Al-Bakr. A copy of the contract is attached hereto as Exhibit 2.² Also attached hereto as Exhibits 3 and 4 are the letters of credit issued in connection with the two cargoes covered by the contract. The contract was submitted by Bayoil SA's London office to the 661 Committee at the U.N. for approval on August 11, 1997, and such approval was issued on the same day. A copy of the approval is attached hereto as Exhibit 5. The first cargo was loaded at Ceyhan, Turkey, with a Bill of Lading dated August 15, 1997, and the second cargo was loaded at Mina Al-Bakr with a Bill of Lading dated August 23, 1997.

Bayoil applied for OFAC License Nos. IQ-910, IQ-976, IQ-1242, and IQ-1457, in conjunction with the beginning of the respective six-month phases of the U.N. "Oil-for-Food" Program. For example, License IQ-910 applied to the phase beginning in January 1998, and IQ-1457 applied to the phase ending in June 2001.

Given the normal delays in processing license applications at OFAC, Bayoil submitted these license applications prior to any anticipated oil contracts being offered by SOMO and to ensure compliance with the Iraqi Sanctions Regulations at the time any such contract may be offered.

However, with the exception of License IQ-843, Bayoil and its affiliates were not offered and did not enter into any further contracts with SOMO to purchase Iraqi crude oil after August 1997, pursuant to the OFAC Licenses or otherwise.³

Bayoil believes that its failure to be offered any oil contract allocations after 1997 was due to an Iraqi government policy not to sell its crude oil to any entity with a possible U.S. interest. Seeing no apparent change in this Iraqi policy, Bayoil determined that continuing to obtain OFAC licenses in the hope of a future contract was a waste of its time

² We note that the attached contract has some handwritten marks on pages 3 and 5. We have been advised by Bayoil that those marks were put on this file copy after the transaction for other internal purposes and do not reflect changes to the original contract. On the other hand, the date on the last page was changed from August 9, 1997, to August 11, 1997, to reflect the date the contract was executed by Bayoil SA.

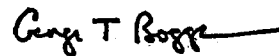
³ In June 1999, Bayoil and its affiliates, applied to the 661 Committee to have Bayoil's affiliate, Bayoil Supply and Trading Ltd., approved as a purchaser of Iraqi crude oil. Such approval and registration was issued by the 661 Committee on June 17, 1999, a copy of which is attached as Exhibit 6.

Mr. Elton A. Ellison
May 22, 2002
Page 3

and resources, and thus no further licenses were requested after IQ-1457, which was issued on November 28, 2000.

If you require any additional information, please contact the undersigned.

Sincerely,



George T. Boggs

GTB:ms
Enclosures

cc: Mr. David B. Chalmers, Jr. (w/enc.)

Addendum No 2
to contract dated July 11, 2000
between Rusnaftimpex" (BVI) United Kingdom and
Messrs. 'Bayoil Supply & Trading Limited, Nassau, Bahamas

Houston

January 18, 2001

In accordance with contract dated July 11, 2000 regarding additional 2,000,000 barrels of Basrah Light crude oil ex Mina Al Bakr and 2,000,000 barrels of Kirkuk ex Ceyhan the price of cargoes to be delivered during January/February 2001 in the frame of 9 Phase of the UN "Oil-for-Food" program will be the official selling price of SOMO for "Basrah Light" and "Kirkuk" for US/ Europe destinations plus premium per net US barrels of USD 0.35 (thirty five cents) plus \$3,000.00 per cargo to cover interest in absence of premium pre-payment.

Value of SOMO invoice at official selling price will be paid to BNP Paribas., New York as per corresponding Letter of Credit.

Balance amount in US dollars per net barrel of delivered crude oil will be transferred by Buyers to account in the bank to be designated by Sellers against Sellers invoice on the 30th day from Bill of Lading date (B/L date = day one)

Buyers are committed to contract additional 2,000,000 barrels Basrah Light crude oil ex Mina Al Bakr for lifting in February at terms and conditions to be mutually agreed upon latest January 25 and undertake to nominate suitable tonnage and to effect lifting within agreed with SOMO loading date.

Sellers specifically warrants that no surcharge or other payment was made to SOMO by the Sellers, or to Sellers' knowledge by any third party, outside the UN Escrow account in obtaining the Crude oil sold to Buyers hereunder. Sellers will present to the Buyer a copy of the U.N. permission as well.

Sellers - RUSNAFTAIMPEX (BVI) LIMITED
c/o Jardine House, 1 Wesley St., St. Heiler,
Jersey, JE4 8HD, Channel Islands
United Kingdom
Tel: +44 01534 888111
Fax: +44 01534 88118

And

Buyers — BAYOIL SUPPLY & TRADING LIMITED
P.O. Box CB 12918, Nassau,
Bahamas
Tel: +1 242 362 4731
Fax: +1 242 362 4733
Tlx: 20644

For Sellers:
A. Milovanov
Director, Moscow Representation Office

For Buyers:
David B. Chalmers, Jr.
President

Permanent Subcommittee on Investigations

Bayoil Diversions Report

EXHIBIT #10

BAY09-02250

**Addendum No 3
to contract dated July 11, 2000
between Rusnaftimpex" (BVI) United Kingdom and
Messrs. 'Bayoil Supply & Trading Limited, Nassau. Bahamas**

Houston

January 23, 2001

Supplier - RUSNAFTAIMPEX (BVI) LIMITED hereby represents, warrants, and agree that Supplier shall be bound and abide by and strictly with United Nations Security Council Resolution ("UNSC") 986 and other related Security Council resolutions, the Memorandum of Understanding, guidelines and other guidance issued by the 661 Committee established by UNSC Resolution 661. Supplier, hereby further represents, warrants, and agrees that Supplier will not make any payments, directly or indirectly, to or for the benefit of the Government of Iraq or a person in Iraq, except transfers to the 986 Escrow Account maintained by the United Nations

**For Supplier:
A. Milovanov
Director, Moscow Representation Office**

**For Buyers:
David B. Chalmers, Jr.
President**

Permanent Subcommittee on Investigations

Bayoil Diversions Report

EXHIBIT #11

BAY09-02251

01-30-2001 09:12PM FROM
1/01 THU 15:52 FAX 212 963 1628

UNHQ NYK

TO

7132248101

P.01

0001

Att. Mr. Poukhov

(4)

UNITED NATIONS



NATIONS UNIES

SECURITY COUNCIL COMMITTEE ESTABLISHED BY RESOLUTION 661 (1990)
CONCERNING THE SITUATION BETWEEN IRAQ AND KUWAIT

S/AC.25/2001/OIL/1330/OC.17

18 January 2001

TO: "ROSNEFTIMPEX" NK ROSNEFT RUSSIAN FEDERATION	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO.: 011-7095-979-6071	FAX NO.: (212) 963-1628
ATTENTION: Mr. Sergey ISSAKOV	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE: 1	

Re: Contract Number: M/09/25 UN REF: S/AC.25/2001/OIL/1330/COMM.25
Between: SOMO and "ROSNEFTIMPEX" NK ROSNEFT
Date of Receipt: 18 January 2001
Quantity: 2,000,000 bbls
Quality: Kirkuk
Pricing Formula: Europe and/or U.S.A Market
Port of Loading: Ceyhan
Quantity: 4,000,000 bbls
Quality: Basrah Light
Pricing Formula: Europe and/or U.S.A
Port of Loading: Mina al-Bakr

FURTHER TO YOUR ABOVE REFERENCED APPLICATION FOR APPROVAL
OF THE OIL CONTRACT, PLEASE BE ADVISED THAT THE APPLICATION
HAS BEEN:

■ APPROVED

cc:
SOMO
BNP
SAYBOLT ROTTERDAM
PERMANENT MISSION OF IRAQ TO THE UN

BAY18-01000

Permanent Subcommittee on Investigations

Bayoil Diversions Report

EXHIBIT #12

SOMO

ORIGINAL NEGOTIABLE

BILL OF LADING

BBL/3957

Shipped in apparent good order and condition by **SOMO** in the S/S - M/T called the
~~"HELESPONT PARADISE"~~ Whereof ~~CAPT. GEORGIOS KOHLIOS~~
is Master for this present voyage now lying at the Port of ~~AL-BAKH TERMINAL IRAQ~~
IRAQ CRUDE OIL (BASRAH LIGHT) in Bulk

Cubic Meters	U.S. Barrels	Long Tons	Metric Tons
334342.989	2104216	284826.68	289399.148
334375.735	2103164	284662.41	289234.241

and to be delivered (subject to the undermentioned conditions and exceptions) in like good order and condition at the Port of ~~"NORTH UBERIA"~~ or as near thereto as she may safely get (always afloat) unto order ~~"CREDIT AGRICOLE ENDOSUEZ (GENEVE) S.A. GENEVA"~~ of to their assigns upon payment of freight as per charter party, all conditions and exceptions of which charter party, including the negligence clause, are deemed to be incorporated in this Bill of Lading.

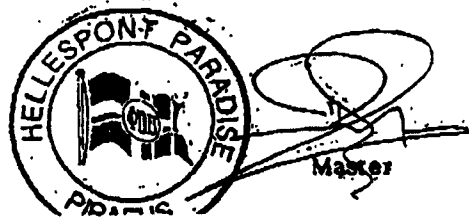
The Ship has liberty before or after proceeding on the voyage to proceed to and stay at any port or ports in any order for any purpose and notwithstanding that same may be out of the direct route to the port of discharge, with liberty to sail without pilots, and to tow or be towed and to tow and assist vessels in distress or otherwise in all positions, and to deviate for the purpose of saving life or property,

In witness whereof the Master of the said ship has affirmed to ~~THREE~~ Bills of Lading, all of this tenor and date, one of which being accomplished the others to stand void.

"CLEAN ON BOARD"

"FREIGHT PAYABLE BY BUYER AS ARRANGED"

Dated at ~~AL-BAKH TERMINAL~~ this TWENTY FIFTH day of FEBRUARY 2001 2001



BAY18-01033

SOMO

CERTIFICATE OF ORIGIN

ORIGINAL

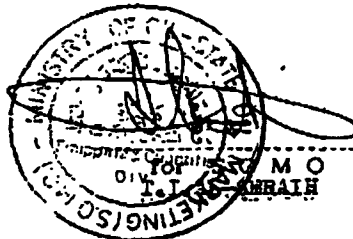
REL/3057

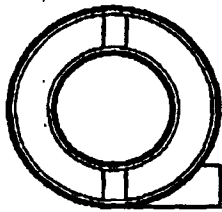
SOMO hereby certifies, that the commodity described herein, shipped per
 S/S - M/T : "HELLESPONT PARADISE" on 25th of Feb., 2001
 Consigned to : "CREDIT AGRICOLE INDOSUEZ (SUISSE) S.A., GENEVA"
 At : "NORTH AMERICA"
 is of Iraq origin.

QUANTITY		DESCRIPTION
	<u>Gross</u>	<u>Net</u>
Cubic Meters :	334542.989	334375.735
U. S. Barrels :	2104216	2103164
Long Tons :	284826.68	284662.41
Metric Tons :	289398.148	289231.241
		IRAQ CRUDE OIL (BASRAH LIGHT)

Certified at AL-BAKHTERMIN ALI, IRAQ.

Date : 25th of Feb., 2001





State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq Commercial Invoice No.: B/272001

Sold to : ROSNETEMPEX - NK ROSNEFT
 Exporting Port : MINA AL BAKR TERMINAL
 Ship's Name : HELLESPOINT PARADISE
 Destination : NORTH AMERICA
 Country of origin : IRAQ

Due date : 26.3.2001
 Contract No. : M/09/25
 BNP Confirmation no : D726068
 Opening Bank L/c No. : C10279500
 Shipment No. : BBL/1057

Description of commodity	Quantity		Price per Barrel FOB	Total value in EURO
	Metric Tons	U.S. Bbls		
IRAQ CRUDE OIL (BASRAH LIGHT) 31.71 API GRAVITY AT 60° F	289,231.241	2,103,164	19.336	40,666,779.10
				40,666,779.10

Total EURO : FORTY MILLION SIX HUNDRED SIXTY SIX THOUSAND SEVEN HUNDRED SEVENTY NINE AND TEN CENTS

Price Calculation WTI (SECOND MONTH) MINUS \$9.65/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15TH DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS \$0.22 API DE. ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONALE DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT, ACCOUNT NUMBER 0200-201752-002-03



For State Oil Marketing Organization
 HEAD OF FINANCE DEPT.

ORIGINAL

B/L DATED 25/2/2000

FEBRUARY 20, 2001

TO: ROSNEFTEIMPEX, MOSCOW
ATTN: Mr. Y.N. Poukhov
FAX: ██████████

CC: CREDIT AGRICOLE INDOSUEZ (SUISSE) SA, GENEVA
ATTN: SUSAN UNITT
FAX: ██████████

RE: LOADING OF APPROX 2,100,000 BBLs +/- 5% OF BASRAH LIGHT CRUDE OIL EX MINA
AL BAKR BY M/T HELLESPONT PARADISE

PLEASE FIND BELOW OUR DOCUMENTARY REQUIREMENTS FOR THE ABOVE
REFERENCED LOADING:

CONSIGNEE ON BILL OF LADING: ISSUED OR ENDORSED TO THE ORDER OF
CREDIT AGRICOLE INDOSUEZ (SUISSE) SA,
GENEVA

DESTINATION ON BILL OF LADING: NORTH AMERICA

QUANTITY REQUIREMENT: **MINIMUM 289,600 METRIC TONS (APPROX
2,128,850 BBLs BASIS API 33.5) AS CLOSE AS
POSSIBLE BASRAH LIGHT CRUDE OIL ALWAYS
CONSISTENT WITH MASTER'S INSTRUCTIONS
FOR SAFE SAILING DRAFT 21 METERS**

DOCUMENTS:

1. ONE FULL SET CLEAN ON BOARD BILLS OF LADING IN 3/3 ORIGINAL AND 6 NON-NEGOTIABLE COPIES DATED ON BOARD AND ISSUED OR ENDORSED TO THE CREDIT AGRICOLE INDOSUEZ (SUISSE) SA, GENEVA OF SHOWING SHIPMENT FROM MINA AL BAKR TERMINAL, IRAQ TO DESTINATION NORTH AMERICA MARKED "FREIGHT PAYABLE BY BUYER AS ARRANGED".

EACH ORIGINAL BILL OF LADING TO BE ORIGINALLY SIGNED AND STAMPED BY VESSEL'S MASTER AND MARKED WITH A SHIPMENT NUMBER.

2. ONE CERTIFICATE OF IRAQI ORIGIN ISSUED BY SOMO IN ONE ORIGINAL AND SIX COPIES.
3. ONE QUANTITY AND QUALITY CERTIFICATE IN ONE ORIGINAL AND SIX COPIES.
4. ONE MASTER'S RECEIPT FOR DOCUMENTS IN ONE ORIGINAL AND SIX COPIES.
5. ONE MASTER'S RECEIPT FOR SAMPLES IN ONE ORIGINAL AND SIX COPIES.
6. ONE LOADING TIME SHEET IN ONE ORIGINAL AND SIX COPIES.

BAY18-01030

7. ONE ULLAGE REPORT IN ONE ORIGINAL AND SIX COPIES.

DISTRIBUTION:

- A. TWO COPIES OF ALL DOCUMENTS TO MASTER OF VESSEL, ONE COPY FOR MASTER'S OWN USE, ONE COPY FOR RECEIVERS.
- B. FULL SET ORIGINAL BILLS OF LADING PLUS ALL OTHER ORIGINALS AND REMAINING COPIES DIRECTLY TO BANQUE NATIONALE DE PARIS, NEW YORK BY COURIER AS FOLLOWS:

BNP PARIBAS, NEW YORK
200 LIBERTY STREET
NEW YORK, NEW YORK
ATTN: TRADE FINANCES

THE ABOVE DOCUMENTARY INSTRUCTIONS ARE AS PER CURRENT BUSINESS PRACTICE FOR VLCC LOADINGS AT MINA AL BAKR.

BEST REGARDS,
BAYOIL SUPPLY AND TRADING LIMITED

BAY18-01031

FILE NAME: SHARED\BOARD2001.xls

VENNO	VESSEL	SUPPLIER	LOAD	PKMODD	CUSTOMER	ETA	WINDOW	LIGHTER DATES	LIGHTER NAME	PKMODD	ACTUAL
V-50124	TINA(S)	ITALTECH	1/20/2001	ETA SUMED JAN 31 0500	SUMED	1/30	2/2				
52,750/DAY	2,371,082	M08/07	OSP=7.80	APR(2/5-9)-OSP	ONTO						
	API 33.18	UEB	2/7/01		SUMED BBL'S						
V-50124B	SETTEBELLO(S)	UEB	2/7/01		501,488.00	2/25 0600	2/22-25	2/24-25	CURACAO	NARYNM(2/12-16)-4.85	24,858
50,000/DAY	2,211,864.21	UEB	SIDI KERIR		402,978.00	TVE VALID	2/22-25	2/25-26	CURACAO	APRNYM(2/26-28)-4.85	23,130
	API 32.73	UEB			1,308,563.77	2/27 1930	2/16-28	2/28-3/2	ST.CROIX	MARPLTIS(2/12-16)-4.80	25,077
V-50131	A.EAGLE(T)	ITALTECH	2/10/2001		838,814.33	ENRONCTGO(DELV)	3/1-5	3/7-8	N.SPRIT	APRNYM(3/7)-4.82	23,758
	2,140,302	UEB		FMONTH(2/26-3/2)-OSP	CLARK(EXS)	TVE VALID	3/5-10	3/9-10	A.LEGEND	PLTTSFMINTH(3/1-6)-5.80	22,378
	API 33.79	M08/07			527,540.42	PAULSBORO	3/18-21	3/15-13	G.CONSTANTIN	APRNYM(3/12-16)-4.45	22,608
					542,863.40	T.CITY	3/18	3/15-16	EURYDICE	MAYNYM(3/19-23)-6.00	20,844
V-50123	H.PARADISE(Z)	ITALTECH	1/23/2001	ETA SUMED FEB 2 1800	AGIP	33.07	SIDI KERIR 2/5-6		ECO EUROPA	DTDBR(2/5-9)-2.70-API 0.09	27,086
T/C	2,103,864	UEB		DTDBR(2/16-12)-OSP	PETROGAL	31.93	SIDI KERIR 2/10-12	2/5 2200	HARRIETT	DTDBR(2/12-16)-3.10-API 0.20	23,886
44,000/DAY	32.36	UEB		TOTAL BBL'S							
				SUMED BBL'S	1,014,404.85						
V-50128	G.FOUNTAIN	ITALTECH	1/24/01	ETA SUMED FEB 5 1000	EXXON(F08)	32.6	SIDI KERIR 3/13-14		ECLIPSE	DTDBR(3/19-30)-4.25-API 0.14	18,430
T/C	2,007,757	CAI		DTDBR(2/7-3)-OSP	EXXON(F08)	32.84	SIDI KERIR 3/23-24	3/21	ECLIPSE	DTDBR(3/19-30)-4.25-API 0.10	19,470
59,000/DAY	API 31.58				888,334.22						
V-50129	H.CAPITOL	PAR	1/27/2001	ETA SUMED FEB 8 2200 HRS	SKAUGEN	467,550.82	BP OIL(EXS)	3/8-4	OVERSEAS NY	APRNYM(3/5-7)-6.65	21,960
T/C	1,882,832	NAFTA M08/28		APR(2/12-16)-O.S.P.	SKAUGEN	1,108,084.16	LOOP STORAGE	3/10-11	N/A	N/A	N/A
2,835,342	500,000	CHAMTECH M08/100		APR(2/12-16)-O.S.P.	SKAUGEN	504,774.85	GULF/PDVS(DELVD)	3/13-14	E.AUGUSTA	APRNYM(3/12-16)-6.00	21,058
	152,508.78	EX SUMED BAL STORAGE			AET	541,911.12	(PACQ)(CLARK)(EXS)	3/14-15	G.COMMINDR	PLTTSFMINTH(3/1-20)-6.80	21,843
		API 31.28			(300,000.00)	2128884	TOSCO(TRF)(EX LOOP)	4/1-3	LOOP	MAYNYM(28.80)-6.15	20,450
					(500,000.00)	047171	MARATHON(TRF) EX LOOP	3/25-4/15	LOOP	MAYNYM(4/2-6)-6.70	19,044
					(114,758.11)	R03012405P	MORGAN(TRF) EX LOOP	4/1-15	LOOP	MAYNYM(4/2-12)-6.88	20,588
					(114,563.23)	R03012405P	MORGAN(TRF) EX LOOP	4/1-15	LOOP	MAYNYM(4/2-12)-6.88	20,588
					(77,708.74)	R03012405P	MORGAN(TRF) EX LOOP	4/1-15	LOOP	MAYNYM(4/2-12)-6.88	20,588
					(328.42)		BALANCE STORAGE AT LOOP	4/1-15	LOOP	MAYNYM(4/2-12)-6.88	20,588
V-50130	M.UNITY(S)	ROSNFT	2/14/2001	ETA SUMED FEB 24 1800	EXXONMOBIL	33.00	EXXONMOBIL	2/27	ALIBERTY	DTDBR(2/28-3/9)-3.30-API .10	22,134
T/C	2,027,902	M08/25		DTDBR(2/28-3/6)-OSP	EXXONMOBIL	33.55	EXXONMOBIL	3/4	ECLIPSE	DTDBR(2/28-3/9)-3.30-API .04	22,184
	API 33.38	PAR			1,872,486.32						
V-50120	A.BETA(S)	ITALTECH	1/21/2001		494,378.01	MTL	GULF/PDVS(DELVD)	3/18-20	WILMINGTON	APRNYM(3/12-16)-6.00	21,058
WS 115	1,883,686	M08/07		APR(2/5-9)-OSP	SKAUGEN	407,162.00	DIAMOND(DELVD)	3/23-25	G.BOSS	MAYNYM(3/26-30)-6.45	21,368
39,000/DAY	API 32.22	BBL			483,182.88	CSOTM10215	EXXON(DELVD)	3/25-27	EURYDICE	MAYNYM(4/2-6)-6.275	20,398
					483,988.37	CSOTM10215	EXXON(DELVD)	3/27-29	WILMINGTON	MAYNYM(3/28-4/3)-6.275	20,027

9/20/2004 12:24 PM

Sheet1

FILE NAME: SHARED\BOARD\2001.XLS

VEN.NO.	YESSSEL	SUPPLIER	LOAD	PROMODDI	LIGHTER	CUSTOMER CONTRACT	CUSTOMER	ETA	WINDOW	LIGHTER DATES	LIGHTER NAME	PROMODDI	ACTUAL
V-50128	A.GAMMA(4) 1,847,551.73 BASRAH API 31.74	SIDI KERIR CAI	2/12/2001		547,744.81 91,447.87 549,894.08 190,370.00	AET SKAUGEN AET ENRONCTGO(DLVD)	(PACC)CLARK(EXS) DIAMOND(DLVD) (PACC)CLARK(EXS) ENRONCTGO(DLVD)	3/17 1700 TVE VALID	3/23-25 3/23-25 3/29-42 3/30-31	3/23-24 3/24-26 3/29-30 3/30-31	E.ATLANTA G.BOSS E.CORONA G.ALEXANDRA	PLTTSFMNTH(3/1-20)-6.60 MAYNYM(3/28-30)-5.45 PLTTSFMNTH(3/1-20)-5.60 MAYNYM(3/28-30)-6.37	21,843 21.38 21,843 20,400
V-50184	TINA (4) 2,376,827 BASRAH API 33.5	ITALTECH M0907 UEB	2/19/2001	ETA SUMED 3/4 0800	384,482.38 501,182.46	MTL 420007180	ENRONCTGO(DLVD)	3/31 0800	3/31-4/1	3/31-4/1	G.ALEXANDRA WILMINGTON	MAYNYM(3/28-30)-4.37 MAYNYM(4/2-6)-6.30	20,460 20,344
V-50185	1,859,234 KIRKUK API 34.47	ITALTECH UEB	3/12/2001	MAY(3/5-9)-OSP	465,709.54 468,004.71	SKAUGEN MTL	EXXON(DLVD)	4/2-4	4/2-4	4/3-4	N.MORIGOS EURYDICE	MAYNYM(4/4-10)-6.275 MAYNYM(4/8-12)-6.275	21,165 21,575
V-50186	O.BREEZE 2,002,056 BASRAH API 34.47	ITALTECH UEB	3/12/2001	FMNTH(3/28-30)-OSP	488,140.87 487,008.24	420007488 432867	VALERCO(DLVD) KOCH(EXS)	4/5-10 4/5-6	4/5-10 4/5-6	4/5-6 4/6-7	GLENBUCK E.CHARLOTTE	MAYNYM(4/8-12)-6.10 MAYNYM(4/2-6)-6.65	21,750 19,984
V-50187	1,859,234 KIRKUK API 34.47	ITALTECH UEB	3/12/2001	OSP-9.80	491,461.01 481,887.28	HC01-0073	COASTAL(DLVD) VALERCO(EXS)	TVE VALID	4/3-7 4/6-8	4/7-8 4/8-9	S.PRINCE N.LIGHT	MAYNYM(4/2-6)-6.15 MAYNYM(4/2-6)-6.60	20,464 20,044
V-50188	G.FOUNTAIN(2) 2,002,056 BASRAH API 32.80	ITALTECH M0907 BCV	2/27/2001	2NDMONTH(3/13-19)-OSP	491,984.87 507,501.20	CSOTM10277 INSP8	EXXON(DLVD) (PACC)CLARK(EXS)	4/8 1100 VIA CAPE	4/8-14 4/8-10	4/7-8 4/8-10	G.ALEXANDRA E.CHARLOTTE	MAYNYM(4/8-16)-6.45 PLTTSFMNTH(4/1-20)-6.50	21,746 21,688
V-50189	H.PARADISE(3) 2,103,164 BASRAH API 32.80	BASRAH CAI ROSIREF	2/28/2001	2NDMONTH(3/12-16)-OSP	504,819.78	ITS CB	ENRONCTGO(DLVD)	4/2 2400	4/12-14	4/10-11	E.ALBANY GLENBUCK	MAYNYM(4/8-12)-6.22	21,828
V-50190	E.BOSCH(2) 2,050,910 BASRAH API 30.83	ITALTECH BCV	3/11/2001	2NDMONTH(3/28-30)-OSP	485,689.58 524,637.28	CSOTM10215 VALERCO(EXS)	EXXON(DLVD) VALERCO(EXS)	4/18 2200 TVE VALID	4/20-22 4/20-22	4/18-19 4/20-21	G.ALEXANDRA COMPASS 1	FNYM(4/19-25)-8.275 FNYM(4/23-27)-6.70	21,067 20,984
V-50191	2,050,910 BASRAH API 30.83	ITALTECH BCV	3/11/2001	2NDMINTH(3/28-30)-OSP	486,146.00 528,012.77	CSOTM10216 (PACC)CLARK(EXS)	EXXON(DLVD) VALERCO(EXS)	4/22-24 4/23-25	4/22-24 4/23-25	4/21-22 4/22-23	R.DUCHESS E.AUGUSTA	FNYM(4/25-31)-6.275 PLTTSFMNTH(4/1-20)-6.50	22,005 20,990
V-50192	H.PARADISE(4) 2,073,230 BASRAH API 31.47	ITALTECH UEB	3/22/2001	2NDMONTH(4/5-11)-OSP	500,000.00 170,000.00	047339 047339	MARATHON(DLVD) MARATHON(DLVD)	5/2 0001 LOOP	5/3-5 5/3-5	5/4-5 5/4-5	LOOP FIXED & FLAT	JUNENYM(27.75)-8.60 JUNENYM(27.75)-6.66	21,150 21,150
V-50193	2,073,230 BASRAH API 31.47	ITALTECH UEB	3/22/2001	2NDMONTH(4/5-11)-OSP	500,000.00 100,000.00	047339 VITOL(DLVD)	MARATHON(DLVD) VITOL(DLVD)	TVE VALID	5/3-5 5/4-6	5/5-6 5/5-6	LOOP FIXED AND FLAT 20.40	JUNENYM(27.30)-6.80 FIXED AND FLAT 20.40	21,200 20,400
V-50194	305,840.92	MORGAN(DLVD)	5/4-6		305,840.92			5/4-6	5/4-6	5/5-6	LOOP	JUNENYM(5/14-16)-6.70	22,374

— = Redacted by the Permanent
Subcommittee on Investigations

38, Obraztsova str., Moscow 127018, Russia
Phone: [REDACTED]
Fax: [REDACTED]
Telex: [REDACTED]
E-mail: [REDACTED]

ROSNEFTEIMPEX

Fax

To:	UN Overseers	From:	S. Issakov
Fax:	1212 963 1628	Pages:	1
Re:		Date:	20.08.01
Att:	Mr.A. Kramer	No.:	

Ref: Letter from the Office of Overseers dtd 7 June 2001

Further to our letter of 21 of June, 2001 in reply to the above Overseers' letter, it is our understanding that your Office maintains concerns over final destination of vessel «Hellasport Paradise», B/L 25.02.01.

According to our information the final delivery of Basrah Light corresponding to the shipment from «Hellasport Paradise» was delivered April 2, 2001 to «Valero» (USA) from lighter of the «Rich Dachef», lightered from «Astro Gama» routed via Suez.

We are providing this information as a courtesy to your office, despite our previous correspondence in this respect.

We hope this clarification of delivery vessels for the above mentioned shipment should finalize this matter.

Best regards,

S.Issakov

Permanent Subcommittee on Investigations
Bayoil Diversions Report
EXHIBIT #15

BAYOILUSA014004

13-FEB-2001 16:14 FROM

TO 75352627

P.02

2/4

ST ASTRO GAMMA
PIRAEUS

PORT : SIDI KERIR
DATE : FEBRUARY 12TH 2001

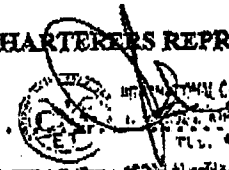
DELIVERY CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE VESSEL UNDER MY COMMAND WAS DELIVERED AS PER C/P CLAUSE TO T/C MESSRS 'BAYOIL SUPPLY AND TRADING LIMITED' AT SIDI KERIR ON FEBRUARY 12TH 2001 AND AT 00.01 LOCAL TIME OR FEBRUARY 11TH 2001 22.01GMT.
RELEVANT ON HIRE SURVEY CARRIED OUT BY CHARTERERS REPRESENTATIVE MR. KHALED OSMAN AND CHIEF ENGINEER MR. STAMOY KONSTANTINOS ON OWNERS BEHALF.

SHIP DELIVERED ON ARRIVAL SIDI KERIR, SEAWORTHY HAVING ALL CARGO TANKS EMPTY AND SUITABLE TO LOAD NEXT CARGO BASRAH LIGHT CRUDE OIL BASIS ATTACHED DETAILED CALCULATIONS.
TOTAL BUNKERS ON A/M DELIVERY :

FUEL OIL (380 CST) : 2319 MT
DIESEL OIL : 63 MT

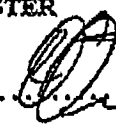

CHARTERERS REPRESENTATIVE


INTERNATIONAL CARGO SURVEYORS
... ..
KHALED OSMAN
TEL. 4274400
FAX: 55770163 ET

CHIEF ENGINEER


... ..
STAMOY KONSTANTINOS

MASTER


... ..

TH. IKONOMOPOULOS

From: ATT Telex [attmail!telex!0]
Sent: Tuesday, February 13, 2001 11:35 AM
To: telex
Subject: 217 13-02-01

[REDACTED] = Redacted by the Permanent
Subcommittee on Investigations

402372168 UI

423919110=SYKG X
CI

NL BURUM LES 423919110=SYKG X 13-FEB-2001 17:29:38 334034

TO: BAYOIL SUPPLY AND TRADING LTD
CC: LONE STAR TANKERS INC
CC: ARAB PETROLEUM PIPELINES CO.SUMED EGYPT
CC: KRISTEN PIRAEUS
FM: **ASTRO GAMMA**

REF:217 13-02-01

PLS BE ADVISED AS FOLLOWS:

AA.SCAC CODE:KRTNSYKG13020101

BB.TVEL ISSUED JULY 11TH 2000 EXP.JULY 11TH 2001

CC. 111454 ALL FAST

111624 COMM.DEBALLASTING
120001 NOR TENDERED
120001 NOR ACCEPTED
120001 CGO HOSES CONNECTED (2 X 16)
120001 LOADING COMMENCED
120700 DEBALLASTING COMPLETED
131306 LOADING COMPLETED
131406 HOSES DISCONNECTED
131512 ALL CLEAR FROM BERTH
131624 CALCULATION COMPLETED
131736 PILOT DISEMBARKED
131830 FULL AWAY

B/L FIGURES

GROSS BBLs:N/A

NET BBLs:1847551.73

GROSS METRIC TONS:254623.065

NET METRIC TONS:N/A

GROSS LONG TONS:250602.567

NET LONG TONS:N/A

DD.CARGO TEMP. 86.5F/LOWEST TEMP 80F AT NO 3 PORT.

EE.PROTESTS:SHIP FOR:CGO DIFFERENCE-WATER INCREASE-INADEQUATEHOSE
HOSE CONNECTION.

FF.API:31.74

GG.CONSIGNEE:ISSUED TO THE ORDER OF CREDIT AGRICOLE INDOSUEZ

HH.BL API:31.74

II.BL DATE:FEBRUARY 13TH 2001

JJ.SHIP'S FIGURES AFTER VEF APPLIED:

1854130 BBLs AT 60F/254961.416 MTONS/250933.926 LTONS.

RGDS/MASTER

From: [REDACTED]
Sent: Wednesday, February 14, 2001 11:17 AM
To: Vessel Astro Gamma (Business Fax); [REDACTED] (E-mail)
Cc: SGS Inspection Co. (E-mail); Agents Gibraltar (E-mail); LST
Subject: Astro Gamma – proceeding orders

To: Astro Gamma
Attn: Master
CC: Braemar
Attn: Mark
CC: SGS
Attn: Surveyor

[REDACTED] = Redacted by the Permanent
Subcommittee on Investigations

Re: Astro Gamma – proceeding orders

Vsl to proceed to Gibraltar for loading approx. 9,000 mt suppliers Peninsular on or about Feb. 19 pm. SGS will be inspectors for bunker survey. Upon completion of bunkering vsl then to proceed to South Sabine Lightering Area for orders.

The agents to use at Gib are:

J. LUCAS IMOSI AND SONS LTD.
1/5 IRISH TOWN
P.O. BOX 167
GIBRALTAR
TLX: [REDACTED]
CABLE: PUMP
PHONE: [REDACTED]
FAX: [REDACTED]
EMAIL: [REDACTED]

Brgs,
For and on Behalf of Bayoil

End msg

From: [REDACTED]
Sent: Wednesday, February 14, 2001 11:22 AM
To: Darleen Samayoa (E-mail); Mary Jenkins (E-mail); Jean Johnston (E-mail)
Cc: LST
Subject: Astro Gamma – proceeding orders for bunkers stemmed at Gib.

Darleen,

Stemmed below bunkers for \$134.50 on 30 day credit. Also pls confirm with SGS for bunker survey.

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

From: [REDACTED]
Sent: Wednesday, February 14, 2001 11:17 AM
To: Vessel Astro Gamma (Business Fax); Mark Szpiek (E-mail)
Cc: SGS Inspection Co. (E-mail); Agents Gibraltar (E-mail); LST
Subject: Astro Gamma – proceeding orders

To: Astro Gamma
Attn: Master
CC: Braemar
Attn: Mark
CC: SGS
Attn: Surveyor

[REDACTED] = Redacted by the Permanent
Subcommittee on Investigations

Re: Astro Gamma – proceeding orders

Vsl to proceed to Gibraltar for loading approx. 9,000 mt suppliers Peninsular on or about Feb. 19 pm. SGS will be inspectors for bunker survey. Upon completion of bunkering vsl then to proceed to South Sabine Lightering Area for orders.

The agents to use at Gib are:

J. LUCAS IMOSSI AND SONS LTD.
1/5 IRISH TOWN
P.O. BOX 167
GIBRALTAR
TLX: 2221
CABLE: PUMP
PHONE: 73500/73525/
FAX: 73550
EMAIL: EQUIRES@IMOSSI.GIB.GI

Brgs,
For and on Behalf of Bayoil

End msg

From: ATT Telex [attmail!telex!0]
Sent: Thursday, February 15, 2001 6:56 AM
To: telex
Subject: AE555MT/BY

402372168 UI

TRQPI SUMED UN
15 FEB 01 12:46 GMT

SUBJECT: AE555MT/BY
MSG 6972 15-FEB-2001 14:13

TO : BAYOIL SUPPLY AND TRADING LIMITED
TLX NO. 402372168
ATTN : MR. DAVID KOWALIK U.S.A.
FROM: SUMED SCHEDULING ? OIL MOVEMENT DEPT.
DATE: 15/02/2001
SC/555

VESSEL: ASTRO GAMMA SHIP.NO:SK/BY/003/0101

QUANTITY LOADED

=====	GROSS	NET
CU.MT. AT 60 F :	294,405.265	293,737.755
BbLS . AT 60 F :	1,851,750.240	1,847,551.730
M/TONS :	254,623.065	254,045.753
L/TONS :	250,602.567	250,034.371
API :	31.74	KIN.VIS. : 7.93
CARGO BSW / :	0.230 PCT VOL AVERAGE BSW /:	0.227 PCT VOL
SEALINE BSW / :	0.146 PCT VOL BSW VOLUME :	667.510 CU.MT.
CRUDE TYPE :	BASRAH LIGHT	

TIME SHEET

=====	DATE	HOUR
ARRIVED SIDI KERIR :	10/02	1930
LOADING STARTED :	12/02	0001
LOADING COMPLETED :	13/02	1306
LEFT BUOY :	13/02	1512
DIRTY BALLAST :	41,000.000	M.T.

BEST REGARDS
A. MOKHTAR / A.ETMAN
SCHEDULING ? STOCK CONTROL DEPT.

54108 SUMED UN
402372168 UI

= Redacted by the Permanent
Subcommittee on Investigations

From: [REDACTED]
Sent: Wednesday, March 21, 2001 5:25 PM
To: Vessel Astro Gamma (E-mail)
Cc: LST
Subject: ASTRO GAMMA C/P FEBRUARY 9, 2001 - V-50128 - DISCHARGE INSTRUCTIONS

PLS CONFIRM RECEIPT AND THAT MASTER HAS BEEN INSTRUCTED ACCORDINGLY.

MARCH 21,2001

RE: ASTRO GAMMA C/P FEBRUARY 9, 2001 - V-50128

PLS PASS ON FOLLOWING DISCHARGE INSTRUCTIONS TO OWNERS:

PLEASE INSTRUCT MASTER OF VESSEL TO PROCEED SOUTH SABINE POINT LIGHTERING AREA (28-30N 93-40W) AND BE READY IN ALL RESPECTS TO DISCHARGE CARGO AS FOLLOWS (SUBJECT TO CHANGE):

- 1) VESSEL TO LIGHTER 550 MIN/MAX ACAP GSV AT 60 DEG F CONSISTENT WITH AET SERVICE SHIP "TBN"/SUB MASTER'S INSTRUCTION FOR SAFE ARRIVAL DRAFT NEDERLAND, TX TO RECEIVERS THE PREMCOR REFINING GROUP, LP
- 2) VESSEL TO LIGHTER 94 MB MIN/MAX ACAP GSV AT 60 DEG F CONSISTENT WITH SKAUGEN SERVICE SHIP "GENMAR SUN"/SUB MASTER'S INSTRUCTION FOR SAFE ARRIVAL DRAFT NEDERLAND, TX TO RECEIVERS DIAMOND SHAMROCK REFINING CO., LP.
- 3) VESSEL TO LIGHTER 129 MB MIN/MAX ACAP GSV AT 60 DEG F CONSISTENT WITH MTL SERVICE SHIP "TBN"/SUB MASTER'S INSTRUCTION FOR SAFE ARRIVAL DRAFT CORPUS CHRISTI, TX FOR DELIVERY TO RECEIVERS TBN.
- 4) VESSEL TO LIGHTER 550 MIN/MAX ACAP GSV AT 60 DEG F CONSISTENT WITH AET SERVICE SHIP "TBN"/SUB MASTER'S INSTRUCTION FOR SAFE ARRIVAL DRAFT NEDERLAND, TX TO RECEIVERS THE PREMCOR REFINING GROUP, LP
- 5) VESSEL TO LIGHTER BALANCE CARGO APPROX. 525 MB GSV AT 60 DEG F CONSISTENT WITH SKAUGEN SERVICE SHIP "TBN"/SUB MASTER'S INSTRUCTION FOR SAFE ARRIVAL DRAFT TEXAS CITY, TX TO RECEIVERS VALERO MARKETING AND SUPPLY CO.

AGENTS TO BE APPOINTED AT LIGHTERAGE:

OBC HOUSTON TEL: [REDACTED]
 FAX: [REDACTED]
 TLX: [REDACTED]
 CONTACT: [REDACTED]

MASTER TO PROVIDE 96/72/48/24 HOURS LOCAL TIME NOTICE OF ARRIVAL, POSITION ON HIGH SEA, 6 HOURS NOR AND ANY CHANGE OF ETA EXCEEDING SIX HOURS OR MORE TO THE FOLLOWING PARTIES:

BAYOIL HOUSTON (TLX 3771825)AND(408368232)
AGENTS OBC

MASTER TO NOTIFY CHARTERERS, OBC AND LONESTAR ONLY THRU TELEX NUMBER HOUSTON 3771825 AND 408368232 OF ARRIVAL TIME, TIME NOR TENDERED, EXPECTED COMMENCEMENT OF LIGHTERING OPERATIONS, ANY EXPECTED DELAYS AND REASON FOR SAME.

MASTER TO ISSUE LETTER OF PROTEST IF NECESSARY. MASTER IS REQUESTED TO ADVISE CHARTERERS OF ANY ANTICIPATED STOPPAGE(S) AS SOON AS KNOWN, CARGO TEMPERATURE ON ARRIVAL AT DISPORT AND STATING LOWEST TEMP AND TANK LOCATION OF SAME, BRIEF DETAILS OF ANY LETTERS OF PROTEST MADE BY SHIP/SHORE/INSPECTORS, API GRAVITY OF CARGO AT 60 DEG F.

PLEASE BE ADVISED REPRESENTATIVE (NAME TO BE ADVISED) OF OIL INSPECTIONS WILL ATTEND LIGHTERING OPERATIONS ON BEHALF OF OWNERS AND CHARTERERS IN RESPECT TO LOSS CONTROL. PLEASE ADVISE ANY OBJECTION TO SAME AND EXTEND ALL COURTESIES.

PLS CONFIRM RECEIPT OF THE ABOVE AND THAT MASTER INSTRUCTED ACCORDINGLY.

THANK YOU AND REGARDS,
DARLEEN SAMAYOA
FOR AND ON BEHALF OF
BAYOIL SUPPLY & TRADING LIMITED

4:16 PM
07/15/04
Accrual Basis

Bayoil Supply & Trading, Ltd.
Transaction Detail By Account
January 1995 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Gross Sales								
Sales - Oil Products								
General Journal	2/28/2001	Je-Ck-16a	Edon	G. Fountain	V-50128	Interest		
General Journal	2/28/2001	Je-Ck-16a	BP OIL INTERNA...	GERANI	V-50128	Interest		
General Journal	2/28/2001	Je-Ck-16b	PACC	A. Gamma-4	V-50128	Accounts Re...		
General Journal	2/28/2001	Je-Ck-16b	PACC	A. Gamma-4	V-50128	Accounts Re...		
General Journal	2/28/2001	Je-Ck-16b	ENRON	A. Gamma-4	V-50128	Accounts Re...		
General Journal	2/28/2001	Je-Ck-16b	VALERO MARKE...	A. Gamma-4	V-50128	Accounts Re...		
General Journal	2/28/2001	Je-Ck-16b	Diamond Shamro...	A. Gamma-4	V-50128	Accounts Re...		
Deposit	4/3/2001	REV	PORT ARTHUR ...	A.GAMMA-4	V-50128	Cash - CAI 1...		
Check	4/3/2001	PYMNT	CAI	A.GAMMA-4	V-50128	Banque Brux...		
Deposit	4/5/2001	REV	Diamond Shamro...	A. Gamma-4	V-50128	Banque Brux...		
Check	4/9/2001	PYMNT	CAI	A.GAMMA-4	V-50128	Banque Brux...		
Deposit	4/12/2001	REV	PARIBAS SUISSE	A.GAMMA-4	V-50128	Cash - CAI 1...		
Check	4/12/2001	PYMNT	CAI	A.GAMMA-4	V-50128	BNP Paribas...		
Deposit	4/12/2001	REV	ENRON	A.GAMMA-4	V-50128	BNP Paribas...		
General Journal	5/31/2001	Je-Ck-20	Various	POOL	V-50128	Accounts Re...		
Total Sales - Oil Products							86,038,890.96	86,038,890.96
Total Gross Sales							86,038,890.96	86,038,890.96
Cost of Sales								
Broker Comm								
Check	5/1/2001	WT	AMEREX PETRO..	G.FOUNTAIN	V-50128	Cash - Wells		
Check	5/9/2001	WT	AMEREX PETRO ..	G.FOUNTA...	V-50128	Cash - Wells...		
Check	5/9/2001	WT	AMEREX PETRO...	G.FOUNTA...	V-50128	Cash - Wells...		
Check	5/9/2001	WT	AMEREX PETRO...	H PARADIS...	V-50128	Cash - Wells...		
Check	5/9/2001	WT	AMEREX PETRO...	G.FOUNTA...	V-50128	Cash - Wells...		
Check	5/9/2001	WT	AMEREX PETRO...	G FOUNTA...	V-50128	Cash - Wells...		
Check	5/15/2001	1307	ECHO ENERGY	C2103/A.G...	V-50128	Cash - Wells...		
Check	5/15/2001	1307	ECHO ENERGY	C2113/A G ..	V-50128	Cash - Wells...		
Check	5/15/2001	1307	ECHO ENERGY	C2132/A.G...	V-50128	Cash - Wells...		
Check	5/15/2001	1307	ECHO ENERGY	C2154/A.G...	V-50128	Cash - Wells...		
Check	5/15/2001	1307	ECHO ENERGY	C2197/A.G. .	V-50128	Cash - Wells...		
Check	5/15/2001	1309	OIL ASSOCIATE...	A.Gamma- .	V-50128	Cash - Wells...		
Check	5/15/2001	1309	OIL ASSOCIATE. .	A.Gamma-...	V-50128	Cash - Wells...		
Check	5/15/2001	1309	OIL ASSOCIATE.	A.Gamma- .	V-50128	Cash - Wells...		
Total Broker Comm							-16,874.50	-16,874.50
Exchange gain/loss								
Check	2/22/2001	WT	ITALTECH SRL	G. FOUNT...	V-50128	Cash - CAI 1...	-43,525.10	-43,525.10
General Journal	2/28/2001	Je-Ck-16b	Accrual	H. Paradise-3	V-50128	Accounts Re...	-36,430.20	-79,955.30
Check	3/28/2001	WT	UNITED NATIONS	H.PARADIS...	V-50128	Cash - CAI 1...	-38,430.20	-116,385.50
General Journal	3/31/2001	Je-Ck-20	Reverse Accrual	G F /A. G/H/P	V-50128	-SPLIT-	38,430.20	-79,955.30
General Journal	3/31/2001	Je-Ck-20	Accrual	GF/AG/HP	V-50128	Exchange ge...	21,938.02	-58,019.28
Total Exchange gain/loss							-58,019.28	-58,019.28
Pipeline Charges								
Check	2/5/2001	PIPE	SUMED	GOLDEN F...	V-50128	Cash - CAI 1...	-678,520.39	-678,520.39
General Journal	2/28/2001	Je-Ck-16a	Accrual	G. Fountain	V-50128	Interest	343,896.27	-334,625.12
General Journal	2/28/2001	Je-Ck-16b	Accrual	H. Paradise-3	V-50128	Accounts Re...	-708,850.00	-1,043,275.12
Check	3/8/2001	PYMT	SUMED	H.PARADIS...	V-50128	Cash - CAI 1...	-376,417.00	-1,419,692.12
Check	3/12/2001	PYMNT	SUMED	H.PARADISE	V-50128	Cash - CAI 1...	-332,233.00	-1,751,925.12
General Journal	6/30/2001	Je-Ck-24	Accrual	H. Paradise-3	V-50128	Estimated C...	71,879.02	-1,680,246.10
Deposit	7/10/2001	REV	ARAB PETROLE..	H.PARADIS...	V-50128	BNP Paribas...	14,249.98	-1,666,996.12
General Journal	7/31/2001	Je-Ck-24	Reverse Accrual	H. Paradise-3	V-50128	-SPLIT-	708,650.00	-957,346.12
Total Pipeline Charges							-957,346.12	-957,346.12
Demurrage @ Lighter								
General Journal	2/28/2001	Je-Ck-16b	Accrual	a. gamma-4	V-50128	Accounts Re...	31,312.78	31,312.78
General Journal	12/31/2001	Je-Ck-06	Reverse Accrual	POOL	V-50128	-SPLIT-	-31,312.78	0.00
Total Demurrage @ Lighter							0.00	0.00
Storage								
Check	3/20/2001	PYMNT	SUMED	G.FOUNTAIN	V-50128	Cash - CAI 1...	-36,702.53	-36,702.53
Total Storage							-36,702.53	-36,702.53
Crude Purchases								
Check	2/22/2001	WT	ITALTECH SRL	G. FOUNT...	V-50128	Cash - CAI 1...	-47,961,299.22	-47,961,299.22
General Journal	2/28/2001	Je-Ck-16a	Accrual	G. Fountain...	V-50128	Interest	-3,381,000.00	-51,342,299.22
General Journal	2/28/2001	Je-Ck-16b	Accrual	H. Paradise-3	V-50128	Accounts Re...	-36,384,737.20	-87,727,036.42
General Journal	2/28/2001	Je-Ck-28	Accrual	G. FOUNT	V-50128	Crude Purch .	-82,172.00	-88,289,208.42
Check	3/26/2001	PYMNT	RUSNAFTAMPE...	H PARADIS...	V-50128	Cash - CAI 1...	-739,107.40	-89,028,315.82
Check	4/5/2001	EXCHANGE	ITALTECH SRL	G.FOUNTAIN	V-50128	Cash - CAI 1...	-160,521.17	-89,188,836.99
Check	4/23/2001	EXCHANGE	ITALTECH SRL	G FOUNTAIN	V-50128	Cash - CAI 1...	-401,489.16	-89,590,326.15
General Journal	5/31/2001	Je-Ck-20	Reverse Accrual	POOL	V-50128	Accounts Re...	562,172.00	-89,028,154.15
Total Crude Purchases							-89,028,154.15	-89,028,154.15

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Permanent Subcommittee
on Investigations

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Permanent Subcommittee
on Investigations

Permanent Subcommittee on Investigations
Bayoil Diversions Report
EXHIBIT #17

4:16 PM

07/15/04

Accrual Basis

Bayoil Supply & Trading, Ltd. Transaction Detail By Account

January 1995 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Check	9/28/2001	INSP	OBC SHIPPING I...	ASTRO GA...	V-50128	Cash - CAI 1...	Redacted by Permanent Subcommittee on Investigations	
General Journal	12/31/2001	Je-Ck-62	Accrual	Pool	V-50128	Estimated C...		
Check	6/18/2002	INSP	INSPECTORATE...	G.FOUNTAIN	V-50128	BNP Paribas...		
Total Inspection							-93,555.56	-93,555.56
Insurance							Redacted by the Permanent Subcommittee on Investigations	
General Journal	2/28/2001	Je-Ck-16a	Accrual	G. Fountain	V-50128	Interest		
General Journal	2/28/2001	Je-Ck-16b	Accrual	s. gamma-4	V-50128	Accounts Re...		
Check	3/23/2001	PYMNT	CRAIG FERGUS...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
General Journal	3/31/2001	Je-Ck-20	Reverse Accrual	GF/AG/HP	V-50128	Exchange ga...		
General Journal	12/31/2001	Je-Ck-06	Reverse Accrual	s. gamma-4	V-50128	Demurrage ...		
Total Insurance							-28,873.76	-28,873.76
L/C Charges								
Check	1/19/2001	LC	ITALTECH SRL	GOLDEN F...	V-50128	Cash - CAI 1...	-62,790.00	-62,790.00
General Journal	1/31/2001	Je-Ck-14	Accrual	G. Fountain	V-50128	Cargos in tra...	52,790.00	0.00
General Journal	2/28/2001	Je-Ck-18a	Accrual	G. Fountain	V-50128	Interest	-52,790.00	-62,790.00
General Journal	2/28/2001	Je-Ck-16b	Accrual	s. gamma-4	V-50128	Accounts Re...	-50,000.00	-102,790.00
General Journal	3/31/2001	Je-Ck-20	Reverse Accrual	GF/AG/HP	V-50128	Exchange ga...	60,000.00	-52,790.00
Total L/C Charges							-62,790.00	-62,790.00
Freight								
Check	1/19/2001	FREIGHT	TANKERS INTE...	GOLDEN F...	V-50128	Cash - CAI 1...		
Check	1/22/2001	FREIGHT	TANKERS INTE...	GOLDEN F...	V-50128	Cash - CAI 1...		
General Journal	1/31/2001	Je-Ck-14	Accrual	G. Fountain	V-50128	Cargos in tra...		
Check	2/20/2001	FREIGHT	ASTRO TANKER...	A. GAMMA-4	V-50128	Cash - CAI 1...		
Check	2/27/2001	FREIGHT	ASTRO TANKER...	A. GAMMA-4	V-50128	Cash - CAI 1...		
Check	2/28/2001	FREIGHT	FAL ENERGY C...	G FOUNT...	V-50128	Cash - CAI 1...		
General Journal	2/28/2001	Je-Ck-16a	Accrual	G. Fountain	V-50128	Interest		
General Journal	2/28/2001	Je-Ck-18b	Accrual	H Paradise-3	V-50128	Accounts Re...		
General Journal	2/28/2001	Je-Ck-18b	Accrual	A Gamma-4	V-50128	Accounts Re...		
Check	2/28/2001	FREIGHT	FAL ENERGY C...	G FOUNT...	V-50128	Cash - CAI 1...		
Check	3/5/2001	PYMNT	HELLESPONT S...	H.PARADIS...	V-50128	Cash - CAI 1...		
Check	3/14/2001	PYMNT	ASTRO TANKER...	A.GAMMA-4	V-50128	Cash - CAI 1...		
Check	3/21/2001	PYMNT	PENNSULA PET...	A. GAMMA-4	V-50128	Cash - CAI 1...		
Check	3/28/2001	PYMNT	AVIN INTL S.A.	H. Paradise...	V-50128	Cash - CAI 1...		
Check	3/30/2001	PYMNT	FAL ENERGY C...	H.PARADIS...	V-50128	Cash - CAI 1...		
Check	3/30/2001	PYMNT	FAL ENERGY C...	H. Paradise-3	V-50128	Cash - CAI 1...		
General Journal	3/31/2001	Je-Ck-04	Reverse Accrual	A. Gamma-4	V-50128	Estimated C...		
General Journal	3/31/2001	Je-Ck-04	Accrual	A. Gamma-4	V-50128	Estimated C...		
General Journal	3/31/2001	Je-Ck-04	Reclass	A. Gamma-4	V-50128	Estimated C...		
General Journal	3/31/2001	Je-Ck-04	Accrual	A. Gamma-4	V-50128	Estimated C...		
General Journal	3/31/2001	Je-Ck-05A	Accrual	G. Fountain	V-50128	-SPLIT-		
General Journal	3/31/2001	Je-Ck-05A	Accrual	G. Fountain	V-50128	Freight		
General Journal	3/31/2001	Je-Ck-06A	Reclass	H. Paradise-3	V-50128	Estimated C...		
General Journal	3/31/2001	Je-Ck-06B	Reverse Accrual	H. Paradise-3	V-50128	Estimated C...		
Check	4/12/2001	PYMNT	ASTRO TANKER...	A. Gamma-4	V-50128	BNP Paribas ...		
Check	4/24/2001	PYMNT	HELLESPONT S...	H.PARADIS...	V-50128	Cash - CAI 1...		
Check	5/8/2001	PYMNT	LUCAS MOSSI S...	A.GAMMA-4	V-50128	BNP Paribas ...		
Check	5/8/2001	PYMNT	THE KANCO GR...	H PARADIS...	V-50128	BNP Paribas ...		
General Journal	5/31/2001	Je-Ck-20	Reverse-Accrual	POOL	V-50128	Accounts Re ...		
General Journal	5/31/2001	Je-Ck-08	Reverse Accrual	A GAMMA-4	V-50128	Accounts Re...		
Check	6/13/2001	PYMNT	HELLESPONT S...	H. Par-3 re...	V-50128	BNP Paribas...		
Check	6/13/2001	PYMNT	HELLESPONT S...	H. Par-3 ad...	V-50128	BNP Paribas...		
General Journal	6/30/2001	Je-Ck-06	Reclass	A. GAMMA-4	V-50128	Freight		
General Journal	6/30/2001	Je-Ck-07	Reverse Accrual	A. GAMMA-4	V-50128	-SPLIT-		
General Journal	6/30/2001	Je-Ck-07	Reclass	A. GAMMA-4	V-50128	Freight		
General Journal	6/30/2001	Je-Ck-10	Reclass	H. Paradise-3	V-50128	Freight		
General Journal	6/30/2001	Je-Ck-10	Reclass	H. Paradise-3	V-50128	Freight		
General Journal	6/30/2001	Je-Ck-10	Reverse Accrual	H. Paradise-3	V-50128	Freight		
General Journal	6/30/2001	Je-Ck-10	Reverse Accrual	H. Paradise-3	V-50128	Freight		
General Journal	6/30/2001	Je-Ck-11	Reverse Accrual	A. GAMMA-4	V-50128	Freight		
General Journal	6/30/2001	Je-Ck-25	Reclass	G. Fountain-2	V-50128	L/C Charges		
General Journal	7/31/2001	Je-Ck-24	Reverse Accrual	G. Fountain	V-50128	Pipeline Cha...		
Check	11/7/2001	FRGHT	LUCAS MOSSI S...	A.GAMMA-4	V-50128	BNP Paribas...		
Check	10/31/2002	FRGHT	GULF AGENCY ...	H PARADIS...	V-50128	BNP Paribas		
Total Freight							-7,499,771.78	-7,499,771.78
Demurrage								
General Journal	2/28/2001	Je-Ck-16b	Accrual	s. gamma-4	V-50128	Accounts Re...		
General Journal	3/31/2001	Je-Ck-20	Reverse Accrual	GF/AG/HP	V-50128	Exchange ga...		
General Journal	3/31/2001	Je-Ck-20	Accrual	GERANI	V-50128	Exchange ga		
General Journal	6/30/2001	Je-Ck-18	Reclass	A. Gamma-4	V-50128	Sales - Oil P...		
Check	9/4/2001	DEM	AVIN INTL S.A.	GERANI(Po...	V-50128	Cash - CAI 1...		
General Journal	9/30/2001	Je-Ck-34a	Reverse Accrual	Gerani (pool)	V-50128	Estimated C...		
Total Demurrage							273,106.37	273,106.37

Redacted by the
Permanent Subcommittee
on Investigations

4:16 PM

07/16/04

Accrual Basis

Bayoil Supply & Trading, Ltd. Transaction Detail By Account

January 1995 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Interest								
Check	1/31/2001	LOAN	FIXED TERM AD...	G. FOUNT...	V-50128	Cash - CAI 1...		
General Journal	1/31/2001	Je-Ck-14	Accrual	G. Fountain	V-50128	Cargoes In tra...		
Check	2/8/2001	LOAN	FIXED TERM AD...	G. FOUNT	V-50128	Cash - CAI 1...		
Check	2/12/2001	LOAN	FIXED TERM AD...	G. FOUNT...	V-50128	Cash - CAI 1...		
Check	2/13/2001	LOAN	FIXED TERM AD...	G. FOUNT...	V-50128	Cash - CAI 1...		
Check	2/22/2001	LOAN	FIXED TERM AD...	G. FOUNT...	V-50128	Cash - CAI 1...		
General Journal	2/28/2001	Je-Ck-18a	Accrual	G. Fountain	V-50128	-SPLIT		
General Journal	2/28/2001	Je-Ck-18a	Accrual	G. Fountain	V-50128	Interest		
General Journal	2/28/2001	Je-Ck-16b	Accrual	H. Paradise-3	V-50128	Accounts Re...		
Check	3/9/2001	LOAN	FIXED TERM AD...	H.PARADIS...	V-50128	Cash - CAI 1...		
Check	3/9/2001	LOAN	FIXED TERM AD...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/9/2001	LOAN	FIXED TERM AD...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/9/2001	LOAN	FIXED TERM AD...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/9/2001	LOAN	FIXED TERM AD...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/9/2001	LOAN	FIXED TERM AD...	H PARADISE	V-50128	Cash - CAI 1...		
Check	3/12/2001	LOAN	FIXED TERM AD...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/19/2001	LOAN	FIXED TERM AD...	H.PARADIS...	V-50128	Cash - CAI 1...		
Check	3/19/2001	LOAN	FIXED TERM AD...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/19/2001	LOAN	FIXED TERM AD...	ASTRO GA...	V-50128	Cash - CAI 1...		
Check	3/23/2001	LOAN	FIXED TERM AD...	H.PARADIS	V-50128	Cash - CAI 1...		
Check	3/23/2001	LOAN	FIXED TERM AD...	ASTRO GA	V-50128	Cash - CAI 1...		
Check	3/23/2001	LOAN	FIXED TERM AD...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/23/2001	LOAN	FIXED TERM AD...	ASTRO GA	V-50128	Cash - CAI 1...		
Check	3/28/2001	LOAN	FIXED TERM AD...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/28/2001	LOANS	FIXED TERM AD...	ASTRO GA...	V-50128	Cash - CAI 1...		
Check	3/28/2001	LOAN	FIXED TERM AD...	H.PARADIS...	V-50128	Cash - CAI 1...		
Check	3/30/2001	LOAN	FIXED TERM AD...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/30/2001	INT	INTEREST CHA...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
General Journal	3/31/2001	Je-Ck-20	Reverse Accrual	GF/AG/HP	V-50128	Exchange ga...		
Check	4/2/2001	LOAN	FIXED TERM AD...	ASTRO GA...	V-50128	Cash - CAI 1...		
Check	4/2/2001	LOAN	FIXED TERM AD...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	4/3/2001	LOAN	FIXED TERM AD...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	4/4/2001	LOAN	FIXED TERM AD...	H.PARADIS...	V-50128	Cash - CAI 1...		
Check	4/4/2001	LOAN	FIXED TERM AD...	H PARADIS...	V-50128	Cash - CAI 1...		
Check	4/4/2001	LOAN	FIXED TERM AD...	H.PARADIS...	V-50128	Cash - CAI 1...		
Check	4/4/2001	LOAN	FIXED TERM AD...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
General Journal	4/5/2001	INT	INTEREST CHA...	HELLESPO...	V-50128	25302/Carr...		
Check	4/8/2001	LOAN	FIXED TERM AD...	H.PARADIS...	V-50128	Cash - CAI 1...		
Check	4/8/2001	LOAN	FIXED TERM AD...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	4/9/2001	LOAN	FIXED TERM AD...	G FOUNTAIN	V-50128	Cash - CAI 1...		
Check	4/12/2001	LOAN	FIXED TERM AD...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	4/12/2001	LOAN	FIXED TERM AD...	H.PARADIS...	V-50128	Cash - CAI 1...		
Check	4/12/2001	LOAN	FIXED TERM AD...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	4/20/2001	LOAN	FIXED TERM AD...	G FOUNTAIN	V-50128	Cash - CAI 1...		
Check	5/1/2001	LOAN	FIXED TERM AD...	G FOUNTAIN	V-50128	Cash - CAI 1...		
Check	5/2/2001	LOAN	FIXED TERM AD...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	5/3/2001	LOAN	FIXED TERM AD...	G FOUNTAIN	V-50128	Cash - CAI 1...		
Check	5/4/2001	LOAN	FIXED TERM AD...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
General Journal	5/7/2001	INT	INTEREST CHA...	HELLESPO	V-50128	25302/Carr...		
General Journal	5/31/2001	Je-Ck-20	Reverse Accrual	POOL	V-50128	Accounts Re...		
General Journal	6/6/2001	INT	INTEREST CHA...	HELLESPO...	V-50128	25302/Carr...		
Total Interest							-1,048,170.62	-1,048,170.62
Inspection								
Check	2/27/2001	INSP.	OIL INSPECTION...	GOLDEN F...	V-50128	Cash - CAI 1...		
General Journal	2/28/2001	Je-Ck-16a	Accrual	G Fountain	V-50128	Interest		
General Journal	2/28/2001	Je-Ck-16b	Accrual	a. gamma-4	V-50128	Accounts Re...		
Check	4/27/2001	PYMNT	CALEB BRETT U...	G FOUNTAIN	V-50128	Cash - CAI 1...		
Check	5/3/2001	PYMNT	OIL INSPECTION	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	5/3/2001	PYMNT	OIL INSPECTION	H.PARADIS...	V-50128	Cash - CAI 1...		
Check	5/3/2001	PYMNT	OIL INSPECTION ..	A GAMMA-4	V-50128	Cash - CAI 1...		
General Journal	5/31/2001	Je-Ck-20	Reverse Accrual	POOL	V-50128	Accounts Re...		
Check	6/6/2001	PYMNT	CALEB BRETT U...	A GAMMA-4	V-50128	Cash - CAI 1...		
Check	6/6/2001	PYMNT	CALEB BRETT U...	A GAMMA-4	V-50128	Cash - CAI 1...		
General Journal	7/31/2001	Je-Ck-24	Reverse Accrual	Pool	V-50128	Pipeline Cha...		
Deposit	9/4/2001	CAI	CAI	G FOUNTAIN	V-50128	Cash - CAI 1...		
Check	9/14/2001	INSP	INSPECTORATE...	ASTRO GA...	V-50128	Cash - CAI 1...		
Check	9/14/2001	INSP	INSPECTORATE...	ASTRO GA...	V-50128	Cash - CAI 1...		
Check	9/14/2001	INSP	INSPECTORATE...	ASTRO GA...	V-50128	Cash - CAI 1...		
Check	9/14/2001	INSP	INSPECTORATE...	ASTRO GA...	V-50128	Cash - CAI 1...		
Check	9/28/2001	INSP	OIL INSPECTION...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	9/28/2001	INSP	OIL INSPECTION...	A.GAMMA-4	V-50128	Cash - CAI 1...		
Check	9/28/2001	INSP	OIL INSPECTION...	GERAN	V-50128	Cash - CAI 1...		
Check	9/28/2001	INSP	OIL INSPECTION...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	9/28/2001	INSP	OIL INSPECTION...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	9/28/2001	INSP	OIL INSPECTION...	H.PARADIS...	V-50128	Cash - CAI 1...		

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Accrual Basis

Bayoil Supply & Trading, Ltd. Transaction Detail By Account

January 1995 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Finance Charges								
Check	1/19/2001	FREIGHT	TANKERS INTE...	GOLDEN F...	V-50128	Cash - CAI 1...		
Check	1/22/2001	FREIGHT	TANKERS INTE...	GOLDEN F...	V-50128	Cash - CAI 1...		
General Journal	1/31/2001	Je-Ck-14	Accrual	G. Fountain	V-50128	Cargos in tra...		
Check	2/5/2001	PIPE	SUMED	GOLDEN F...	V-50128	Cash - CAI 1...		
Check	2/8/2001	BC	CARR FUTURES	G. FOUNT...	V-50128	Cash - CAI 1...		
Check	2/9/2001	BC	CARR FUTURES	G. FOUNT...	V-50128	Cash - CAI 1...		
Check	2/13/2001	LC	ARCADIA PETR...	G. FOUNT...	V-50128	Cash - CAI 1...		
Check	2/14/2001	BC	CARR FUTURES	G. FOUNT...	V-50128	Cash - CAI 1...		
Check	2/20/2001	FREIGHT	ASTRO TANKER...	A. GAMMA-4	V-50128	Cash - CAI 1...		
Check	2/21/2001	PYMT	Phibro	G. FOUNT...	V-50128	Cash - CAI 1...		
Check	2/22/2001	WT	ITALTECH SRL	G. FOUNT...	V-50128	Cash - CAI 1...		
Check	2/23/2001	BC	CARR FUTURES	G. FOUNT...	V-50128	Cash - CAI 1...		
Check	2/28/2001	BC	CARR FUTURES	G. FOUNT...	V-50128	Cash - CAI 1...		
Check	2/27/2001	FREIGHT	ASTRO TANKER...	A. GAMMA-4	V-50128	Cash - CAI 1...		
Check	2/28/2001	FREIGHT	FAL ENERGY C...	G. FOUNT...	V-50128	Cash - CAI 1...		
General Journal	2/28/2001	Je-Ck-16a	Accrual	G. Fountain	V-50128	Interest		
General Journal	2/28/2001	Je-Ck-16b	Accrual	H. Paradise-3	V-50128	Accounts Re...		
Check	3/5/2001	PYMNT	HELLESPONT S...	H.PARADIS...	V-50128	Cash - CAI 1...		
Check	3/8/2001	PYMT	SUMED	H.PARADIS...	V-50128	Cash - CAI 1...		
Check	3/12/2001	PYMNT	SUMED	H PARADISE	V-50128	Cash - CAI 1...		
Check	3/14/2001	PYMNT	ASTRO TANKER...	A.GAMMA-4	V-50128	Cash - CAI 1...		
Check	3/15/2001	BC	BANK CHARGES	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/20/2001	PYMNT	SUMED	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/21/2001	PYMNT	PENNISULA PET	A. GAMMA-4	V-50128	Cash - CAI 1...		
Check	3/28/2001	PYMNT	RUSNAFTAIMPE	H.PARADIS	V-50128	Cash - CAI 1...		
Check	3/28/2001	WT	UNITED NATIONS	H PARADIS	V-50128	Cash - CAI 1...		
Check	3/28/2001	PYMNT	AVIN INTL S.A.	H. Paradise...	V-50128	Cash - CAI 1...		
Check	3/30/2001	PYMNT	FAL ENERGY C...	H.PARADIS...	V-50128	Cash - CAI 1...		
General Journal	3/31/2001	Je-Ck-20	Reverse Accrual	GF/AG/HP	V-50128	Exchange ga...		
Deposit	4/2/2001	REV	PORT ARTHUR ...	A.GAMMA-4	V-50128	Banque Bruc...		
Check	4/3/2001	BC	BANK CHARGES	A.GAMMA-4	V-50128	Cash - CAI 1...		
Check	4/4/2001	PYMNT	Gulfstream	A.GAMMA-4	V-50128	Cash - CAI 1...		
Check	4/5/2001	BC	BANK CHARGES	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	4/6/2001	BC	BANK CHARGES	A.GAMMA-4	V-50128	Cash - CAI 1...		
Check	4/6/2001	BC	BANK CHARGES	G FOUNTAIN	V-50128	Cash - CAI 1...		
Check	4/9/2001	PYMNT	CAI	A.GAMMA-4	V-50128	Banque Bruc...		
Deposit	4/9/2001	rev	PORT ARTHUR ...	a. Gamma-4	V-50128	Cash - CAI 1...		
Check	4/12/2001	BC	BANK CHARGES	A.GAMMA-4	V-50128	Cash - CAI 1...		
Check	4/12/2001	BC	BANK CHARGES	GERANI	V-50128	Cash - CAI 1...		
Deposit	4/12/2001	REV	VALERO MARKE...	A.GAMMA-4	V-50128	Cash - CAI 1...		
Check	4/12/2001	PYMNT	CAI	A.GAMMA-4	V-50128	BNP Paribas ..		
Deposit	4/13/2001	REV	Exxon	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	4/19/2001	BC	BANK CHARGES	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Deposit	4/20/2001	REV	Exxon	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	4/24/2001	PYMNT	HELLESPONT S...	H.PARADIS...	V-50128	Cash - CAI 1...		
Check	4/27/2001	PYMNT	CALEB BRETT U ..	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	5/3/2001	PYMNT	OIL INSPECTION.	A.GAMMA-4	V-50128	Cash - CAI 1 ..		
Check	6/9/2001	PYMNT	CALEB BRETT U	A.GAMMA-4	V-50128	Cash - CAI 1...		
Check	9/4/2001	DEM	AVIN INTL S.A.	GERANI(Po...	V-50128	Cash - CAI 1...		
Check	8/18/2002	INSP	INSPECTORATE ..	G FOUNTAIN	V-50128	BNP Paribas...		
Total Finance Charges							-100,553.10	-100,553.10
Lightering Charges								
General Journal	2/28/2001	Je-Ck-16b	Accrual	A Gamma-4	V-50128	Accounts Re...		
General Journal	3/31/2001	Je-Ck-20	Reverse Accrual	GF/AG/HP	V-50128	Exchange ga...		
Check	4/4/2001	PYMNT	Gulfstream	A.GAMMA-4	V-50128	Cash - CAI 1...		
Deposit	6/21/2001	DEM	PORT ARTHUR ...	A. GAMMA-4	V-50128	Cash - CAI 1...		
Deposit	2/8/2002	WT	CAI	A.GAMMA-4	V-50128	Cash - CAI 1...		
Deposit	2/8/2002	WT	Gulfstream	A.GAMMA-4	V-50128	Cash - Wells...		
Total Lightering Charges							27,673.01	27,673.01
Total Cost of Sales							-98,618,032.02	-98,618,032.02

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Accrual Basis

Bayoil Supply & Trading, Ltd. Transaction Detail By Account

January 1996 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Bank Service Charges								
Check	2/22/2001	WT	ITALTECH SRL	G. FOUNT...	V-50128	Cash - CAI 1...		
General Journal	2/28/2001	Je-Ck-16b	Accrual	H. Paradise-3	V-50128	Accounts Re...		
Check	3/5/2001	BC	BANK CHARGES	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/5/2001	BC	BANK CHARGES	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/8/2001	BC	BANK CHARGES	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/13/2001	BC	Phibro	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/13/2001	BC	BANK CHARGES	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/15/2001	BC	BANK CHARGES	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/16/2001	BC	SHELL INTL. TR...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/16/2001	BC	BANK CHARGES	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/19/2001	BC	BANK CHARGES	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/22/2001	BC	BANK CHARGES	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/28/2001	WT	UNITED NATIONS	H.PARADIS...	V-50128	Cash - CAI 1...		
Check	3/28/2001	BC	BANK CHARGES	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/28/2001	BC	BANK CHARGES	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	3/30/2001	BC	BANK CHARGES	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	4/2/2001	BC	BANK CHARGES	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Check	4/11/2001	BC	BANK CHARGES	G.FOUNTAIN	V-50128	Cash - CAI 1...		
General Journal	5/31/2001	Je-Ck-20	Reverse Accrual	POOL	V-50128	Accounts Re...		
Deposit	8/4/2001		CAI	G.FOUNTAIN	V-50128	Cash - CAI 1...		
							-748.45	-748.45
Total Bank Service Charges								
Swap-Bookout								
Check	2/21/2001	PYMT	Phibro	G. FOUNT...	V-50128	Cash - CAI 1...		
General Journal	2/28/2001	Je-Ck-16a	Accrual	G Fountain	V-50128	Interest		
Deposit	3/9/2001	REV	Glencore Internatio...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Deposit	3/9/2001	REV	Phibro	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Deposit	3/9/2001	REV	ARCADIA PETR...	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Deposit	3/30/2001	REV	Phibro	G.FOUNTAIN	V-50128	Cash - CAI 1...		
General Journal	3/31/2001	Je-Ck-20	Reverse Accrual	GF/AG/HP	V-50128	Exchange ga		
Deposit	4/4/2001	REV	BP OIL INTERNA ..	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Deposit	4/6/2001	REV	Phibro	G.FOUNTAIN	V-50128	Cash - CAI 1...		
Deposit	4/20/2001	REV	SHELL INTL. TR ..	G.FOUNTAIN	V-50128	Cash - CAI 1...		
General Journal	5/31/2001	Je-Ck-20	Reverse Accrual	POOL	V-50128	Accounts Re...		
							1,142,842.00	1,142,842.00
Total Swap-Bookout								
Commissions								
General Journal	2/8/2001	COM	COMMISSIONS	GOLDEN F ..	V-50128	25300/Carr ...		
General Journal	2/8/2001	COM	COMMISSIONS	GOLDEN F ...	V-50128	25300/Carr ...		
General Journal	2/9/2001	COM	COMMISSIONS	GOLDEN F ...	V-50128	25300/Carr ...		
General Journal	2/12/2001	COM	COMMISSIONS	GOLDEN F ...	V-50128	25300/Carr ...		
General Journal	2/12/2001	COM	COMMISSIONS	GOLDEN F ...	V-50128	25300/Carr ...		
General Journal	2/13/2001	COM	COMMISSIONS	GOLDEN F ...	V-50128	25300/Carr ...		
General Journal	2/13/2001	COM	COMMISSIONS	GOLDEN F ...	V-50128	25300/Carr ...		
General Journal	2/28/2001	Je-Ck-16a	Accrual	G. Fountain	V-50128	Interest		
General Journal	3/8/2001	COM	COMMISSIONS	GOLDEN F	V-50128	25300/Carr ...		
General Journal	3/7/2001	COM	COMMISSIONS	GOLDEN F	V-50128	25300/Carr ...		
General Journal	3/8/2001	COM	COMMISSIONS	GOLDEN F ..	V-50128	25300/Carr ...		
General Journal	3/12/2001	COM	COMMISSIONS	HELLESPO...	V-50128	25302/Carr ...		
General Journal	3/13/2001	COM	COMMISSIONS	HELLESPO...	V-50128	25302/Carr ...		
General Journal	3/14/2001	COM	COMMISSIONS	HELLESPO...	V-50128	25302/Carr ...		
General Journal	3/15/2001	COM	COMMISSIONS	HELLESPO...	V-50128	25302/Carr ...		
General Journal	3/19/2001	COM	COMMISSIONS	HELLESPO...	V-50128	25302/Carr ...		
General Journal	3/19/2001	COM	COMMISSIONS	HELLESPO...	V-50128	25302/Carr ...		
General Journal	3/19/2001	COM	COMMISSIONS	GOLDEN F ..	V-50128	25300/Carr ...		
General Journal	3/20/2001	COM	COMMISSIONS	GOLDEN F ...	V-50128	25300/Carr ...		
General Journal	3/20/2001	COM	COMMISSIONS	HELLESPO...	V-50128	25302/Carr ...		
General Journal	3/21/2001	COM	COMMISSIONS	GOLDEN F ...	V-50128	25300/Carr ...		
General Journal	3/21/2001	WCOM	COMMISSIONS	HELLESPO...	V-50128	25302/Carr ...		
General Journal	3/22/2001	COM	COMMISSIONS	GOLDEN F ...	V-50128	25300/Carr ...		
General Journal	3/23/2001	COM	COMMISSIONS	GOLDEN F ...	V-50128	25300/Carr ...		
General Journal	3/28/2001	COM	COMMISSIONS	GOLDEN F ...	V-50128	25300/Carr ...		
General Journal	3/27/2001	COM	COMMISSIONS	GOLDEN F ...	V-50128	25300/Carr ...		
General Journal	3/28/2001	COM	COMMISSIONS	GOLDEN F ...	V-50128	25300/Carr ...		
General Journal	3/29/2001	COM	COMMISSIONS	GOLDEN F ...	V-50128	25300/Carr ...		
General Journal	3/30/2001	COM	COMMISSIONS	GOLDEN F ...	V-50128	25300/Carr ...		
General Journal	3/30/2001	COM	COMMISSIONS	HELLESPO...	V-50128	25302/Carr ...		
General Journal	3/31/2001	Je-Ck-20	Reverse Accrual	GF/AG/HP	V-50128	Exchange ga...		
General Journal	4/2/2001			GOLDEN F ...	V-50128	Hedge Gain ...		
General Journal	4/2/2001	COM	COMMISSIONS	HELLESPO...	V-50128	25302/Carr ...		
General Journal	4/3/2001	COM	COMMISSIONS	GOLDEN F ...	V-50128	25300/Carr ...		
General Journal	4/3/2001	COM	COMMISSIONS	HELLESPO...	V-50128	25302/Carr ...		
General Journal	4/4/2001			GOLDEN F ...	V-50128	Hedge Gain ...		
General Journal	4/4/2001	COM	COMMISSIONS	HELLESPO...	V-50128	25302/Carr ...		
General Journal	4/5/2001	COM	COMMISSIONS	GOLDEN F ...	V-50128	25300/Carr ...		
General Journal	4/5/2001	COM	COMMISSIONS	HELLESPO...	V-50128	25302/Carr ...		
General Journal	4/6/2001	com	COMMISSIONS	HELLESPO ..	V-50128	25302/Carr ...		

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Accrual Basis

Bayoil Supply & Trading, Ltd.
Transaction Detail By Account

January 1995 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
General Journal	4/9/2001	COM	COMMISSIONS	HELLESPO...	V-50128	25302/Carr ...	Redacted by Permanent Subcommittee on Investigations	
General Journal	4/10/2001	COM	COMMISSIONS	HELLESPO...	V-50128	25302/Carr ...		
General Journal	4/11/2001	COM	COMMISSIONS	HELLESPO...	V-50128	25302/Carr ...		
General Journal	4/12/2001	COM	COMMISSIONS	HELLESPO...	V-50128	25302/Carr ...		
Total Commissions							-85,448.40	-85,448.40
Hedge Gain /(Loss)								
General Journal	2/8/2001			GOLDEN F...	V-50128	25300/Carr ...	-2,784.00	-2,784.00
General Journal	2/28/2001	Je-Ck-18a	Accrual	G. Fountain	V-50128	Interest	6,695,610.00	6,692,828.00
General Journal	3/31/2001	Je-Ck-20	Accrual	GH/AG/HP	V-50128	Exchange ga...	781,330.00	7,474,158.00
General Journal	4/2/2001			GOLDEN F...	V-50128	-SPLIT-	3,168,380.00	10,642,538.00
General Journal	4/4/2001			GOLDEN F...	V-50128	-SPLIT-	3,527,230.00	14,169,768.00
General Journal	5/1/2001			HELLESPO...	V-50128	25302/Carr ...	781,330.00	14,951,098.00
General Journal	5/31/2001	Je-Ck-20	Reverse Accrual	POOL	V-50128	Accounts Re...	-7,476,940.00	7,474,158.00
Total Hedge Gain /(Loss)							7,474,158.00	7,474,158.00
Interest Income								
Deposit	3/8/2001	WT	CARR FUTURES	GOLDEN F...	V-50128	25300/Carr ...	152,424.31	152,424.31
General Journal	3/31/2001	Je-Ck-20	Accrual	GF/AG/HP	V-50128	Exchange ga...	149,300.67	301,724.98
Deposit	4/5/2001	WT	CARR FUTURES	GOLDEN F...	V-50128	25300/Carr ...	137,370.10	439,095.08
Deposit	4/5/2001	WT	CARR FUTURES	GOLDEN F...	V-50128	25300/Carr ...	11,930.57	451,025.65
General Journal	5/31/2001	Je-Ck-20	Reverse Accrual	POOL	V-50128	Accounts Re...	-149,300.67	301,724.98
Total Interest Income							301,724.98	301,724.98
TOTAL							-3,726,610.93	-3,726,610.93

**TERMS AND CONDITIONS
OF
STORAGE SERVICE OF SIDI KERIR DISCHARGED CRUDE OIL**

1-Scheduling Procedures:

- a) Scheduling of vessels at Sidi Kerir shall be placed according to the 2005 Transportation Agreement with best endeavor by both parties to accommodate any required changes.
- b) At the time of providing nominations as per Article 2.03 (a) of the 2005 Transportation Agreement - i.e. by the fifth (5th) of the month before the month of arrival at Sidi Kerir - Shipper shall inform SUMED of his intention whether to store the discharged crude for up to 14 days from delivery or to store it for a longer period.
- c) However, for lifting of stored quantity from Sidi Kerir, and unless it is agreed upon in the monthly schedule, Shipper shall provide SUMED with 10 days notice (minimum) of intention to lift such crude with SUMED's doing its best to meet Shipper's request.

2- Size of Vessels Calling on Sidi Kerir:

The minimum vessel size at Sidi Kerir shall be 50,000 DWT and minimum cargo size shall be 40,000 Metric Tons.

3- Laytime and Berth Occupancy:

3.01 SUMED shall be allowed, weather permitting, as laytime at Sidi Kerir the following times in hours:-

<u>VESSEL SIZE</u>	<u>Discharging</u>	<u>Loading</u>
Vessels over 320,000 DWT	62	68
250,000 - 320,000 DWT	52	58
200,000 - 250,000 DWT	46	52
Less than 200,000 DWT	38	44

3.02 Shipper shall be allowed the following berth occupancy times at Sidi Kerir in hours:

<u>VESSEL SIZE</u>	<u>Discharging</u>	<u>Loading</u>
Vessels over 320,000 DWT	52	58
250,000 - 320,000 DWT	41	48
200,000 - 250,000 DWT	36	42
Less than 200,000 DWT	28	34

4- Measurement of Quantities and Quality Determination:

a) Measurement of Discharged Quantities:

Measurement of quantities of crude oil received from Shipper at Sidi Kerir shall be by hand gauging of shore tanks.

b) Quality Determination:

Shipper will, at its discretion, appoint a recognized surveying company accepted by SUMED. The ship-board automatic samplers, owned and operated by the surveying company, shall be used to collect representative samples to be taken automatically at the ship's manifold during discharge. Separate samples shall be collected for the bulk of the cargo and the final sea-line fill. The samples collected shall be used for the custody transfer quality determination. All inspection cost including the hire of the manifold automatic sampler shall be for Shipper's account.

The performance criteria should be according to *API CH 8.2*. The manifold samplers must be certified in compliance with Series 150. It is the responsibility of both the ship Master and the Charterer to ensure that the operators use only tested and certified instruments.

In case of sampler failure, the ship composite samples and free water measurements on arrival to Sidi Kerir, carried out by the Shipper's representative and witnessed by SUMED representative shall be used for custody transfer quality determination.

5- Applicable Storage Service Fees and Settlement:

For quantities discharged at Sidi Kerir for storage as notified by Shipper pursuant to Section 1(b) above, the hereunder fees shall apply on the actual gross quantities stored in barrels - determined as per Section 4(a) above - minus the loss allowance determined as per Article 6 below. Payments of

such fees shall be effected by Shipper within 5 banking days from receiving SUMED's invoice.

5.01 The storage period shall be from the date of discharging commencement up to the date of reloading commencement provided however that:

- a- For crude oil scheduled for up to 14 days storage, the minimum storage period shall be 14 days at the fee of US dollars **0.15** per barrel. Unlifted quantities shall be subject to a storage fee of **1** US cent per barrel per day for days in excess of 14 days and up to 30 days.
- b- For crude oil scheduled for more than 14 days storage, the minimum storage period shall be one month (30 days) at a fixed storage fee of US Dollars **0.23** per barrel.
- c- The storage fee for the period exceeding the first 30 days in either of the above options shall be prorated based on US Dollars **0.23** per barrel per month.

5.02 In no case stored quantity shall be lifted before payment of due storage fees as per 5.01 (a) or (b) above.

5.03 Fees due for the period exceeding the minimum period specified in Section 5.01 above (i.e. 14 days or 30 days) will be effected by Shipper after the expiration of such period or the end of each calendar month whichever first occurs and within 5 banking days from receiving SUMED's invoice.

5.04 Impact on Sidi Kerir Cargo Sizes:

When co-loaded on the same vessel at Sidi Kerir, the stored quantities will not be used to upgrade the cargo size of crudes discharged at Ain Sukhna. i.e. No tariff adjustment will apply on the cargo originally discharged at Ain Sukhna based on the combined quantity resulted from such co-loading.

6- Loss Allowance:

Point one percent (0.1%) of the net quantities delivered to Sidi Kerir will be considered as pipeline deemed loss i.e. shipper's stock amount will be credited by 99.9% (ninety nine point nine percent) of net barrels received into Sidi Kerir tanks.

7- Stock Transfer:

In case of stock transfer to a third party of quantities discharged at Sidi Kerir, the storage fees as per 5.01 (a) or (b) above should have been paid by the transferor before the stock transfer takes place.

7.01: Stock Transfer for loading on vessels out of Sidi Kerir:

- a) When co-loaded on the same vessel at Sidi Kerir, the stock transferred quantities will not be used to upgrade the cargo size of crudes discharged at Ain Sukhna. i.e. No tariff adjustment will apply as a result of such co-loading.
- b) Transferee shall pay SUMED storage fees as per 5.01(c) for the period commencing from the stock transfer date to the date of loading from Sidi Kerir excluding any period paid for by the transferor.
- c) Transferee should nominate a date acceptable to SUMED for lifting the transferred quantity out of Sidi Kerir.

7.02: Stock Transfer for In-country Delivery Through Pipeline:

- a) Stock transferred quantity shall be subject to an additional 0.1% loss allowance to that stated in Article 6.0 above (i.e. deemed loss of 0.2% shall apply).
- b) Transferor shall pay SUMED a transportation tariff of US Dollars **1.40** per gross Metric Ton of stock transferred quantity minus the loss allowance in (a) above.

8- Post Expiry Period:

In the event that Shipper is not able to lift all or part of the stored quantity on the agreed upon expiry date of storage, then Shipper shall be allowed a period of one month from such expiry to remove his crude oil from storage, and the same terms and conditions contained herein shall apply to such post-expiry period.

9- Other Terms and Conditions:

Where not inconsistent with the above terms and conditions of the 2005 Crude Oil Transportation Agreement shall apply.

4:15 PM
07/15/04
Accrual Basis

Bayoil Supply & Trading, Ltd.
General Ledger
As of December 31, 2003

V-50128
(G. Fountain, H. Paradise (3)
& A. Gamma (4))

Type	Date	Num	Name	Memo	Split	Amount	Balance
Cash							0.00
Cash-USTAN Overseas Ltd.							0.00
Total Cash-USTAN Overseas Ltd.							0.00
Short Term Investments -1							0.00
EURO							0.00
Total EURO							0.00
BCV							0.00
Total BCV							0.00
BBL							0.00
Total BBL							0.00
Investment CAI							0.00
Check	2/22/2001	WT	ITALTECH SRL	G. FOUNTAIN	Cash - CAI 1...	1,377,098.40	1,377,098.40
Check	2/22/2001	WT	ITALTECH SRL	G. FOUNTAIN	Cash - CAI 1...	285,575.71	1,662,674.11
Total Investment CAI						1,662,674.11	1,662,674.11
UEB							0.00
Total UEB							0.00
Paribas							0.00
Total Paribas							0.00
Short Term Investments -1 - Other							0.00
Total Short Term Investments -1 - Other							0.00
Total Short Term Investments -1						1,662,674.11	1,662,674.11
Banque Bruxelles Lambert, Geneva							0.00
Bank Bruxelles Lambert-SA-Hedge							0.00
Total Bank Bruxelles Lambert-SA-Hedge							0.00
Banque Bruxelles Lambert, Geneva - Other							0.00
Total Banque Bruxelles Lambert, Geneva - Other							0.00
Total Banque Bruxelles Lambert, Geneva							0.00
Banque Cantonale Vaudoise							0.00
Total Banque Cantonale Vaudoise							0.00
BNP Paribas (UEB) Combined							0.00
Total BNP Paribas (UEB) Combined							0.00
Banque Paribas 084746L							0.00
Total Banque Paribas 084746L							0.00
Petty Cash							0.00
Total Petty Cash							0.00
Cash - Wells Fargo							0.00
Total Cash - Wells Fargo							0.00
Cash in Bank UOB - 76814/1M							0.00
Total Cash in Bank UOB - 76814/1M							0.00
Cash - CAI 1602890F							0.00
Deposit	2/8/2001	WT	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-526,794.84	-526,794.84
Deposit	2/8/2001	WT	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-447,208.26	-974,002.90
Deposit	2/14/2001	WT	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-400,147.28	-1,374,150.18
Deposit	2/23/2001	WT	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-310,500.00	-1,684,650.18
Deposit	2/26/2001	WT	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-219,000.00	-1,903,650.18
General Journal	2/27/2001	wt	CAI	GOLDEN FOUNTAIN	25300/Carr ...	1,099,000.00	-804,650.18
General Journal	2/28/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	310,500.00	-494,150.18
General Journal	3/1/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	1,228,524.00	734,373.82
Deposit	3/5/2001	WT	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-1,056,600.00	-322,126.18
Deposit	3/6/2001	WT	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-1,750,000.00	-2,072,126.18
General Journal	3/7/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	1,746,768.10	-325,358.08
Deposit	3/8/2001	WT	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-1,802,520.00	-1,927,878.08
General Journal	3/9/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	949,680.00	-978,198.08
General Journal	3/12/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	851,000.00	-127,198.08
Deposit	3/13/2001	wt	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-977,336.00	-1,104,534.08
General Journal	3/14/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	917,234.20	-187,299.88
Deposit	3/15/2001	WT	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-108,737.60	-296,037.48
Deposit	3/16/2001	WT	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-2,474,037.80	-2,770,075.28
Deposit	3/19/2001	WT	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ..	-1,532,474.40	-4,302,549.68

Permanent Subcommittee on Investigations
Bayoil Diversions Report
EXHIBIT #19

4:16 PM

07/16/04

Accrual Basis

Bayoil Supply & Trading, Ltd.
General Ledger

As of December 31, 2003

Type	Date	Num	Name	Memo	Split	Amount	Balance
General Journal	3/20/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	1,525,704.75	-2,776,844.93
General Journal	3/21/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	1,274,227.75	-1,502,617.18
Deposit	3/22/2001	WT	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-537,602.25	-2,040,219.43
General Journal	3/23/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	1,403,323.75	-636,895.68
Deposit	3/26/2001	wt	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-791,901.25	-1,428,796.93
General Journal	3/27/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	80,890.25	-1,348,106.68
Deposit	3/28/2001	WT	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-525,783.75	-1,873,890.43
General Journal	3/29/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	3,669,266.25	1,795,375.82
Deposit	3/30/2001	WT	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-517,823.19	1,277,552.63
Deposit	4/2/2001	WT	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-654,475.19	723,077.44
General Journal	4/3/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	1,345,199.68	2,068,277.12
Deposit	4/5/2001	WT	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-4,804,382.64	-2,736,105.52
General Journal	4/6/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	3,702,401.79	966,296.27
General Journal	4/9/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	1,031,849.12	1,998,145.39
General Journal	4/10/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	116,979.68	2,115,125.07
Deposit	4/11/2001	WT	CARR FUTURES	GOLDEN FOUNTAIN	25300/Carr ...	-974,420.32	1,140,704.75
General Journal	4/12/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	336,382.72	1,477,087.47
General Journal	4/16/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	6,202.72	1,483,290.19
General Journal	4/18/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	392,200.00	1,875,490.19
General Journal	4/19/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	286,200.00	2,161,690.19
General Journal	4/20/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	371,000.00	2,532,690.19
General Journal	4/23/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ...	667,200.00	3,189,890.19
General Journal	4/24/2001	WT	CAI	GOLDEN FOUNTAIN	25300/Carr ..	69,302.40	3,259,192.59
General Journal	4/25/2001	WT	CAI	HELLESPOND PARADISE	25300/Carr ..	1,176,909.80	4,436,102.19
Total Cash - CAI 1602890F						4,436,102.19	4,436,102.19
Cash - Other							0.00
Total Cash - Other							0.00
Total Cash						6,098,776.30	6,098,776.30
Accounts Receivable							0.00
Interest Receivable-\$5mm-CAI							0.00
Total Interest Receivable-\$5mm-CAI							0.00
Loans Receivable							0.00
Total Loans Receivable							0.00
Interest Receivable							0.00
Total Interest Receivable							0.00
Exchange Receivable							0.00
Total Exchange Receivable							0.00
Trade Accounts Receivable							0.00
Total Trade Accounts Receivable							0.00
Accounts Receivable - Other							0.00
General Journal	2/28/2001	Je-Ck-16a	Various	G. Fountain	Interest	48,724,247.75	48,724,247.75
General Journal	2/28/2001	Je-Ck-16b	Various	A. Gamma-4	-SPLIT-	38,800,482.26	87,524,730.01
General Journal	3/31/2001	Je-Ck-04	Various	A. Gamma-4	Estimated C...	323,256.30	87,847,986.31
General Journal	3/31/2001	Je-Ck-05A	Various	G. Fountain	Freight	100,000.00	87,947,986.31
General Journal	3/31/2001	Je-Ck-20	Various	GF/AG/HP	Exchange ga ..	-573,719.33	87,374,266.98
Deposit	4/2/2001	REV	PACC	A.GAMMA-4	Banque Brux...	-11,964,389.88	75,409,877.10
Deposit	4/9/2001	rev	PACC	A.GAMMA-4	Cash - CAI 1...	-12,011,349.50	63,398,527.60
Deposit	4/9/2001	REV	Diamond Sham...	A GAMMA-4	Cash - CAI 1 ..	-1,965,151.18	61,443,376.42
Deposit	4/12/2001	REV	VALERO MAR...	A.GAMMA-4	Cash - CAI 1 ..	-10,199,814.09	51,243,562.33
Deposit	4/13/2001	REV	Exxon	G.FOUNTAIN	Cash - CAI 1...	-18,733,515.33	32,510,047.00
Deposit	4/20/2001	REV	Exxon	G.FOUNTAIN	Cash - CAI 1...	-16,906,487.26	15,603,559.74
General Journal	5/31/2001	Je-Ck-20	Various	POOL	-SPLIT-	-3,571,600.27	12,032,179.47
General Journal	6/30/2001	Je-Ck-07	Various	A. GAMMA-4	Freight	-323,256.30	11,708,923.17
General Journal	7/31/2001	Je-Ck-24	Various	G. Fountain	Pipeline Cha...	-100,000.00	11,608,923.17
Total Accounts Receivable - Other						11,608,923.17	11,608,923.17
Total Accounts Receivable						11,608,923.17	11,608,923.17
INVESTMENTS							0.00
UEB - 2200603							0.00
Total UEB - 2200603							0.00
Pipeline Investments							0.00
Total Pipeline Investments							0.00
FID-\$5MM -USTAN OVERSEAS LTD							0.00
Total FID-\$5MM -USTAN OVERSEAS LTD							0.00

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07/15/04

Accrual Basis

Bayoil Supply & Trading, Ltd.

General Ledger

As of December 31, 2003

Type	Date	Num	Name	Memo	Split	Amount	Balance
Ustan Overseas Ltd.							0.00
Total Ustan Overseas Ltd.							0.00
Southern Futures Investment							0.00
Total Southern Futures Investment							0.00
Merrill Lynch Investment							0.00
Total Merrill Lynch Investment							0.00
INVESTMENTS - Other							0.00
Total INVESTMENTS - Other							0.00
Total INVESTMENTS							0.00
Advances							0.00
Ludmil							0.00
Total Ludmil							0.00
J.IRVING							0.00
Total J.IRVING							0.00
DBC Jr. Advance							0.00
Total DBC Jr. Advance							0.00
Advances - Other							0.00
Total Advances - Other							0.00
Total Advances							0.00
CARR FUTURES							0.00
25303/Carr Futures							0.00
Total 25303/Carr Futures							0.00
25301/Carr Futures							0.00
Total 25301/Carr Futures							0.00
25302/Carr Futures							0.00
General Journal 5/1/2001				HELLESPONT PARADISE 3	Hedge Gain ...	781,330.00	781,330.00
Total 25302/Carr Futures						781,330.00	781,330.00
25300/Carr Futures							0.00
General Journal 2/8/2001				GOLDEN FOUNTAIN	Hedge Gain ...	-2,784.00	-2,784.00
General Journal 4/2/2001				GOLDEN FOUNTAIN	Hedge Gain ...	3,166,500.58	3,163,716.58
General Journal 4/4/2001				GOLDEN FOUNTAIN	Hedge Gain ...	3,525,350.58	6,689,067.12
Total 25300/Carr Futures						6,689,067.12	6,689,067.12
CARR FUTURES - Other							0.00
Total CARR FUTURES - Other							0.00
Total CARR FUTURES						7,470,397.12	7,470,397.12
Receivable-Storage							0.00
Receivable-Storage-USA							0.00
Total Receivable-Storage-USA							0.00
Receivable-Storage - Other							0.00
Total Receivable-Storage - Other							0.00
Total Receivable-Storage							0.00
15340 DAIWA							0.00
Total 15340 DAIWA							0.00
470/Group							0.00
471/Paribas Futures							0.00
Total 471/Paribas Futures							0.00
470/Paribas Futures							0.00
Total 470/Paribas Futures							0.00
470/Group - Other							0.00
Total 470/Group - Other							0.00
Total 470/Group							0.00

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07/16/04

Accrual Basis

Bayoil Supply & Trading, Ltd.

General Ledger

As of December 31, 2003

Type	Date	Num	Name	Memo	Split	Amount	Balance
499/Group							0.00
498/Paribas Futures							0.00
Total 498/Paribas Futures							0.00
499/Paribas Futures							0.00
Total 499/Paribas Futures							0.00
499/Group - Other							0.00
Total 499/Group - Other							0.00
Total 499/Group							0.00
490 IPE GROUP							0.00
492 IPE							0.00
Total 492 IPE							0.00
486 IPE							0.00
Total 486 IPE							0.00
487 IPE							0.00
Total 487 IPE							0.00
493 IPE							0.00
Total 493 IPE							0.00
495 IPE							0.00
Total 495 IPE							0.00
490 IPE GROUP - Other							0.00
Total 490 IPE GROUP - Other							0.00
Total 490 IPE GROUP							0.00
490/Group							0.00
486/Paribas Futures							0.00
Total 486/Paribas Futures							0.00
487/Paribas Futures							0.00
Total 487/Paribas Futures							0.00
497/Paribas Futures							0.00
Total 497/Paribas Futures							0.00
496/Paribas Futures							0.00
Total 496/Paribas Futures							0.00
495/Paribas Futures							0.00
Total 495/Paribas Futures							0.00
494/Paribas Futures							0.00
Total 494/Paribas Futures							0.00
493/Paribas Futures							0.00
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492/Paribas Futures							0.00
Total 492/Paribas Futures							0.00
491/Paribas Futures							0.00
Total 491/Paribas Futures							0.00
490/Paribas Futures							0.00
Total 490/Paribas Futures							0.00
489/Paribas Futures							0.00
Total 489/Paribas Futures							0.00
488/Paribas Futures							0.00
Total 488/Paribas Futures							0.00
490/Group - Other							0.00
Total 490/Group - Other							0.00
Total 490/Group							0.00

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07/15/04
Accrual Basis

Bayoil Supply & Trading, Ltd.
General Ledger
As of December 31, 2003

Type	Date	Num	Name	Memo	Split	Amount	Balance
468/Group							0.00
468/Paribas Futures							0.00
Total 468/Paribas Futures							0.00
466/Paribas Futures							0.00
Total 466/Paribas Futures							0.00
467/Paribas Futures							0.00
Total 467/Paribas Futures							0.00
468/Group - Other							0.00
Total 468/Group - Other							0.00
Total 468/Group							0.00
465/Group							0.00
464/Paribas Futures							0.00
Total 464/Paribas Futures							0.00
463/Paribas Futures							0.00
Total 463/Paribas Futures							0.00
460/Paribas Futures							0.00
Total 460/Paribas Futures							0.00
461/Paribas Futures							0.00
Total 461/Paribas Futures							0.00
462/Paribas Futures							0.00
Total 462/Paribas Futures							0.00
465/Paribas Futures							0.00
Total 465/Paribas Futures							0.00
465/Group - Other							0.00
Total 465/Group - Other							0.00
Total 465/Group							0.00
Mark to Market							0.00
General Journal	2/28/2001	Je-Ck-16a	Accrual	G Fountain	Interest	6,651,603.05	6,651,603.05
General Journal	3/31/2001	Je-Ck-20	Accrual	GF/AG/HP	Exchange ga...	825,338.95	7,476,940.00
General Journal	5/31/2001	Je-Ck-20	Reverse Accrual	POOL	Accounts Re...	-7,476,940.00	0.00
Total Mark to Market						0.00	0.00
Short Term Investments							0.00
umc							0.00
Total umc							0.00
CAI							0.00
Total CAI							0.00
Short Term Investments - Other							0.00
Total Short Term Investments - Other							0.00
Total Short Term Investments							0.00
Investment Paribas Suisse							0.00
Total Investment Paribas Suisse							0.00
Investments - UOB 76814-5							0.00
Total Investments - UOB 76814-5							0.00
Undeposited Funds							0.00
Total Undeposited Funds							0.00
Cargos in transit							0.00
Inventory Mark to Market							0.00
Total Inventory Mark to Market							0.00
Cargos in transit - Other							0.00
General Journal	1/31/2001	Je-Ck-14	Accrual	G. Fountain	-SPLIT-	1,929,419.47	1,929,419.47
General Journal	2/28/2001	Je-Ck-16a	Accrual	G. Fountain	Interest	-1,929,419.47	0.00
Total Cargos in transit - Other						0.00	0.00
Total Cargos in transit						0.00	0.00

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Accrual Basis

Bayoil Supply & Trading, Ltd.

General Ledger

As of December 31, 2003

Type	Date	Num	Name	Memo	Split	Amount	Balance
Prepaid Items							0.00
Total Prepaid Items							0.00
Foward Commitment-Euros							0.00
Check	2/22/2001	WT	ITALTECH SRL	G. FOUNTAIN	Cash - CAI 1...	-285,675.71	-285,675.71
Check	3/26/2001	WT	UNITED NATIO...	H.PARADISE-3	Cash - CAI 1...	-121,907.00	-407,482.71
Check	3/26/2001	WT	UNITED NATIO...	H.PARADISE-3 /a/t invest	Cash - CAI 1...	-1,604,019.80	-2,011,502.31
Total Foward Commitment-Euros						-2,011,502.31	-2,011,502.31
Trading Investments							0.00
Total Trading Investments							0.00
Intercompany Receivable							0.00
Castle Creek							0.00
Total Castle Creek							0.00
IC-Rec-Mars-Spec-Bay USA Ltd.							0.00
Total IC-Rec-Mars-Spec-Bay USA Ltd.							0.00
DBC PERSONAL CO.							0.00
Total DBC PERSONAL CO.							0.00
Rec-USA, Inc./Castle Creek							0.00
Total Rec-USA, Inc./Castle Creek							0.00
Bayoil Limited-Bermuda							0.00
Total Bayoil Limited-Bermuda							0.00
BAYOIL USA LTD							0.00
Total BAYOIL USA LTD							0.00
Intercompany Receivable - Other							0.00
Total Intercompany Receivable - Other							0.00
Total Intercompany Receivable							0.00
Investment non dep. property							0.00
Total Investment non dep. property							0.00
Fixed Assets							0.00
Office Equipment							0.00
Total Office Equipment							0.00
Accum Depr - Office Equipment							0.00
Total Accum Depr - Office Equipment							0.00
Office Furniture							0.00
Total Office Furniture							0.00
Accum Depr - Office Furniture							0.00
Total Accum Depr - Office Furniture							0.00
Telephones							0.00
Total Telephone							0.00
Accum Depr - Telephone							0.00
Total Accum Depr - Telephone							0.00
Computer							0.00
Total Computer							0.00
Accum Depr - Computer							0.00
Total Accum Depr - Computer							0.00
Leasehold Improvements							0.00
Total Leasehold Improvements							0.00
Accum Depr - Leasehold Imp							0.00
Total Accum Depr - Leasehold Imp							0.00
Autos							0.00
Total Autos							0.00
Accum Depr - Auto							0.00
Total Accum Depr - Auto							0.00

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Accrual Basis

Bayoil Supply & Trading, Ltd.

General Ledger

As of December 31, 2003

Type	Date	Num	Name	Memo	Split	Amount	Balance
Fixed Assets - Other							0.00
Total Fixed Assets - Other							0.00
Total Fixed Assets							0.00
Escrow Account - H.EMBASSY							0.00
Total Escrow Account - H.EMBASSY							0.00
Escrow Account - H. GRAND							0.00
Total Escrow Account - H. GRAND							0.00
RESTRICTED FUNDS							0.00
Restricted Funds-Italtech							0.00
Total Restricted Funds-Italtech							0.00
Banca Nazionale del Lavoro-Rest							0.00
Total Banca Nazionale del Lavoro-Rest							0.00
RESTRICTED FUNDS - Other							0.00
Total RESTRICTED FUNDS - Other							0.00
Total RESTRICTED FUNDS							0.00
BANCA COMM ITALIANA -Restricted							0.00
Total BANCA COMM ITALIANA -Restricted							0.00
Fine-Arts							0.00
Total Fine Arts							0.00
Long Term Investments							0.00
Total Long Term Investments							0.00
Security Deposits							0.00
Total Security Deposits							0.00
Accounts Payable							0.00
Total Accounts Payable							0.00
Payable-Storage							0.00
Payable-Storage-USA							0.00
Total Payable-Storage-USA							0.00
Payable-Storage - Other							0.00
Total Payable-Storage - Other							0.00
Total Payable-Storage							0.00
Merrill Lynch Payable							0.00
Total Merrill Lynch Payable							0.00
Restricted Guarantees							0.00
Total Restricted Guarantees							0.00
Estimated Cargo Costs Payable							0.00
General Journal	2/28/2001	Je-Ck-16a	Accrual	G. Fountain	Interest	-256,000.00	-256,000.00
General Journal	2/28/2001	Je-Ck-16a	Accrual	G. Fountain	Interest	343,895.27	87,895.27
General Journal	2/28/2001	Je-Ck-16b	Accrual	a. gamma-4/H. paradise-3	Accounts Re...	-42,404,581.45	-42,316,686.18
General Journal	2/28/2001	Je-Ck-16b	Accrual	a. gamma-4	Accounts Re...	31,312.78	-42,285,373.40
Check	3/28/2001	WT	UNITED NATIO...	.PARADISE-3	Cash - CAI 1...	36,384,737.20	-6,900,636.20
General Journal	3/31/2001	Je-Ck-04	Reverse Accrual	A. Gamma-4	-SPLIT-	2,428,460.78	-3,472,175.41
General Journal	3/31/2001	Je-Ck-04	Accrual	Gamma 4 & 5	Estimated C...	-1,050,075.00	-4,522,250.41
General Journal	3/31/2001	Je-Ck-05A	Accrual	G. Fountain	Freight	-176,000.00	-4,698,250.41
General Journal	3/31/2001	Je-Ck-06B	Reverse Accrual	H. Paradise-3	Freight	2,205,492.90	-2,492,757.51
General Journal	3/31/2001	Je-Ck-20	Reverse Accrual	GF/AG/HP	Exchange ga...	617,172.68	-1,875,584.83
Check	4/5/2001	EXCHAN...	ITALTECH SRL	G.FOUNTAIN	Cash - CAI 1 .	-4,188.25	-1,879,773.08
Deposit	4/20/2001	REV	ARAB PETROL...	G.FOUNTAIN	BNP Paribas...	-343,895.27	-2,223,668.35
Check	4/23/2001	EXCHAN...	ITALTECH SRL	G.FOUNTAIN	Cash - CAI 1...	-17,747.77	-2,241,416.12
General Journal	5/31/2001	Je-Ck-20	Reverse Accrual	POOL	Accounts Re ..	982,914.15	-1,258,501.97
General Journal	5/31/2001	Je-Ck-08	Reverse Accrual	A. GAMMA-4/5	Accounts Re .	1,050,075.00	-208,426.97
General Journal	6/30/2001	Je-Ck-10	Reverse Accrual	H. Paradise-3	Freight	-146,193.25	-354,620.22
General Journal	6/30/2001	Je-Ck-11	Reverse Accrual	A. GAMMA-4	Freight	176,000.00	-178,620.22
General Journal	6/30/2001	Je-Ck-24	Accrual	H. Paradise-3	Pipeline Cha...	71,679.02	-106,941.20
Deposit	7/10/2001	REV	ARAB PETROL...	H.PARADISE-3	BNP Paribas...	-71,679.02	-178,620.22
General Journal	7/31/2001	Je-Ck-24	Reverse Accrual	Pool	Pipeline Cha...	724,650.00	548,029.78
General Journal	9/30/2001	Je-Ck-34a	Reverse Accrual	Gerani (pool)	Demurrage	22,455.00	568,484.78
General Journal	12/31/2001	Je-Ck-06	Reverse Accrual	POOL	Demurrage ..	-31,312.78	537,172.00
General Journal	12/31/2001	Je-Ck-06	Reverse Accrual	a. gamma-4	Demurrage ...	26,000.00	562,172.00

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Accrual Basis

Bayoil Supply & Trading, Ltd.

General Ledger

As of December 31, 2003

Type	Date	Num	Name	Memo	Split	Amount	Balance
General Journal	12/31/2001	Je-Ck-82	Accrual	Pool	Inspection	-2,700.00	559,472.00
Check	3/11/2002	INSP	INSPECTORA...	GERANI	Cash - CAI 1...	1,200.00	560,672.00
Check	3/11/2002	INSP	SGS CSI	A.GAMMA-4	Banque Brux...	1,500.00	562,172.00
Total Estimated Cargo Costs Payable						562,172.00	562,172.00
Loans Payable							0.00
Loan - BBL							0.00
Total Loan - BBL							0.00
Loan - Paribas							0.00
Total Loan - Paribas							0.00
Loan - CAI							0.00
Deposit	1/22/2001	LOAN	FIXED TERM A...	G. FOUNTAIN-1/22-1/31	Cash - CAI 1...	-1,873,000.00	-1,873,000.00
Check	1/31/2001	LOAN	FIXED TERM A...	G. FOUNTAIN-1/22-1/31	Cash - CAI 1...	1,873,000.00	0.00
Deposit	1/31/2001	LOAN	FIXED TERM A...	G. FOUNTAIN-1/31-2/8	Cash - CAI 1...	-1,873,000.00	-1,873,000.00
Check	2/6/2001	LOAN	FIXED TERM A...	G. FOUNTAIN-1/31-2/8	Cash - CAI 1...	1,873,000.00	0.00
Deposit	2/6/2001	LOAN	FIXED TERM A...	G. FOUNTAIN-2/6-2/12	Cash - CAI 1...	-1,873,000.00	-1,873,000.00
Check	2/12/2001	LOAN	FIXED TERM A...	G. FOUNTAIN-2/6-2/12	Cash - CAI 1...	1,873,000.00	0.00
Deposit	2/12/2001	LOAN	FIXED TERM A...	G. FOUNTAIN-2/12-2/13	Cash - CAI 1...	-1,873,000.00	-1,873,000.00
Check	2/13/2001	LOAN	FIXED TERM A...	G. FOUNTAIN-2/12-2/13	Cash - CAI 1...	1,873,000.00	0.00
Deposit	2/13/2001	LOAN	FIXED TERM A...	G. FOUNTAIN-2/13-2/22	Cash - CAI 1...	-2,461,000.00	-2,461,000.00
Check	2/22/2001	LOAN	FIXED TERM A...	G. FOUNTAIN-2/13-2/22	Cash - CAI 1...	2,461,000.00	0.00
Deposit	2/22/2001	LOAN	FIXED TERM A...	G. FOUNTAIN-2/22-3/9	Cash - CAI 1...	-45,000,000.00	-45,000,000.00
Deposit	2/23/2001	LOAN	FIXED TERM A...	G. FOUNTAIN-2/23-3/9	Cash - CAI 1...	-2,627,000.00	-47,627,000.00
Deposit	2/27/2001	LOAN	FIXED TERM A...	G. FOUNTAIN-2/23-3/9	Cash - CAI 1...	-1,067,000.00	-48,694,000.00
Deposit	2/28/2001	LOAN	FIXED TERM A...	G. FOUNTAIN-2/28-3/9	Cash - CAI 1...	-591,000.00	-49,285,000.00
Check	3/9/2001	LOAN	FIXED TERM A...	H PARADISE-3	Cash - CAI 1...	820,000.00	-48,465,000.00
Check	3/9/2001	LOAN	FIXED TERM A...	G FOUNTAIN	Cash - CAI 1...	45,000,000.00	-3,465,000.00
Check	3/9/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	2,627,000.00	-838,000.00
Check	3/9/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	1,067,000.00	229,000.00
Check	3/9/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	591,000.00	820,000.00
Deposit	3/9/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-43,694,800.00	-42,874,600.00
Check	3/9/2001	LOAN	FIXED TERM A...	H.PARADISE	Cash - CAI 1...	1,278,000.00	-41,596,600.00
Check	3/12/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	43,694,800.00	2,098,000.00
Deposit	3/12/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-43,850,000.00	-41,752,000.00
Deposit	3/14/2001	LOAN	FIXED TERM A...	ASTRO GAMMA	Cash - CAI 1...	-1,085,000.00	-42,837,000.00
Check	3/19/2001	LOAN	FIXED TERM A...	H.PARADISE-3	Cash - CAI 1...	1,995,850.00	-40,841,350.00
Check	3/19/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	43,850,000.00	3,008,650.00
Check	3/19/2001	LOAN	FIXED TERM A...	ASTRO GAMMA	Cash - CAI 1...	1,085,000.00	4,093,650.00
Deposit	3/19/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-43,850,000.00	-39,758,350.00
Deposit	3/19/2001	LOAN	FIXED TERM A...	ASTRO GAMMA-4	Cash - CAI 1...	-1,085,000.00	-40,841,350.00
Deposit	3/21/2001	LOAN	FIXED TERM A...	ASTRO GAMMA-4	Cash - CAI 1...	-1,210,806.52	-42,051,956.52
Check	3/23/2001	LOAN	FIXED TERM A...	H PARADISE-3	Cash - CAI 1...	1,995,850.00	-40,056,306.52
Check	3/23/2001	LOAN	FIXED TERM A...	ASTRO GAMMA-4	Cash - CAI 1...	1,085,000.00	-38,971,306.52
Check	3/23/2001	LOAN	FIXED TERM A...	G FOUNTAIN	Cash - CAI 1...	43,850,000.00	4,878,693.48
Check	3/23/2001	LOAN	FIXED TERM A...	ASTRO GAMMA-4	Cash - CAI 1...	1,210,806.52	6,089,300.00
Deposit	3/23/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-43,850,000.00	-37,780,700.00
Deposit	3/23/2001	LOAN	FIXED TERM A...	ASTRO GAMMA-4	Cash - CAI 1...	-2,295,806.00	-40,056,306.00
Check	3/26/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	43,850,000.00	3,793,694.00
Check	3/26/2001	LOANS	FIXED TERM A...	ASTRO GAMMA-4	Cash - CAI 1...	2,295,806.00	6,089,300.00
Check	3/26/2001	LOAN	FIXED TERM A...	H PARADISE-3	Cash - CAI 1...	1,995,850.00	8,084,950.00
Deposit	3/26/2001	LOAN	FIXED TERM A...	ASTRO GAMMA-4	Cash - CAI 1...	-2,295,806.00	5,789,344.00
Deposit	3/26/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-43,850,000.00	-38,080,656.00
Check	3/30/2001	LOAN	FIXED TERM A...	G FOUNTAIN	Cash - CAI 1...	43,850,000.00	5,789,344.00
Deposit	3/30/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-44,273,000.00	-38,483,856.00
Check	4/2/2001	LOAN	FIXED TERM A...	ASTRO GAMMA-4	Cash - CAI 1...	2,295,806.00	-36,188,050.00
Check	4/2/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	44,273,000.00	8,084,950.00
Deposit	4/2/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-46,568,800.00	-38,483,856.00
Check	4/3/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	46,568,800.00	8,084,950.00
Deposit	4/3/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-35,000,000.00	-26,915,050.00
Check	4/4/2001	LOAN	FIXED TERM A...	H.PARADISE-3	Cash - CAI 1...	37,475,000.00	10,569,950.00
Check	4/4/2001	LOAN	FIXED TERM A...	H.PARADISE-3	Cash - CAI 1...	552,825.00	11,112,775.00
Check	4/4/2001	LOAN	FIXED TERM A...	H.PARADISE-3	Cash - CAI 1...	918,500.00	12,031,275.00
Check	4/4/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	35,000,000.00	47,031,275.00
Deposit	4/4/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-4,500,000.00	42,531,275.00
Deposit	4/4/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-30,723,000.00	11,808,275.00
Check	4/8/2001	LOAN	FIXED TERM A...	H PARADISE-3	Cash - CAI 1...	39,007,000.00	50,815,275.00
Check	4/8/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	30,723,000.00	81,538,275.00
Deposit	4/8/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-30,940,000.00	50,598,275.00
Check	4/9/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	30,940,000.00	81,538,275.00
Deposit	4/9/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-17,167,000.00	64,371,275.00
Check	4/12/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	4,500,000.00	68,871,275.00
Check	4/12/2001	LOAN	FIXED TERM A...	H.PARADISE-3	Cash - CAI 1...	39,021,000.00	107,892,275.00
Check	4/12/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	17,167,000.00	125,059,275.00
Deposit	4/12/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-15,593,500.00	109,465,775.00
Deposit	4/12/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-3,825,000.00	105,640,775.00
Deposit	4/19/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-384,000.00	105,256,775.00

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Accrual Basis

Bayoil Supply & Trading, Ltd.
General Ledger
As of December 31, 2003

Type	Date	Num	Name	Memo	Split	Amount	Balance
Check	4/20/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	15,593,500.00	120,850,275.00
Check	4/20/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	384,000.00	121,234,275.00
Check	5/1/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	3,825,000.00	125,059,275.00
Deposit	5/1/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-3,825,000.00	121,234,275.00
Check	5/2/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	3,825,000.00	125,059,275.00
Deposit	5/2/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-3,825,000.00	121,234,275.00
Check	5/3/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	3,825,000.00	125,059,275.00
Deposit	5/3/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	-3,863,482.02	121,195,792.98
Check	5/4/2001	LOAN	FIXED TERM A...	G.FOUNTAIN	Cash - CAI 1...	3,863,482.02	125,059,275.00
Total Loan - CAI						125,059,275.00	125,059,275.00
Loan - UOB							0.00
Total Loan - UOB							0.00
Loans Payable - Other							0.00
Total Loans Payable - Other							0.00
Total Loans Payable						125,059,275.00	125,059,275.00
Deferred Income							0.00
Total Deferred Income							0.00
Accrued Expenses							0.00
Total Accrued Expenses							0.00
Property Taxes Payable							0.00
Total Property Taxes Payable							0.00
Accrued Payroll							0.00
Total Accrued Payroll							0.00
Payroll Taxes Payable							0.00
Total Payroll Taxes Payable							0.00
Intercompany Payable							0.00
Bayoil USA, Inc. (new)							0.00
Total Bayoil USA, Inc. (new)							0.00
USA LTD							0.00
Total USA LTD							0.00
I/C-Pay-Mara-Spec-Bay USA Ltd.							0.00
Total I/C-Pay-Mara-Spec-Bay USA Ltd.							0.00
BAYOIL USA, Inc./Castle Creek							0.00
Total BAYOIL USA, Inc./Castle Creek							0.00
I/C-Bayoil LTD							0.00
Total I/C-Bayoil LTD							0.00
I/C-Bayoil SA							0.00
Total I/C-Bayoil SA							0.00
Intercompany Payable - Other							0.00
Total Intercompany Payable - Other							0.00
Total Intercompany Payable							0.00
Income Taxes Payable							0.00
Total Income Taxes Payable							0.00
Equity-Unrealized Gain/(Loss)							0.00
Total Equity-Unrealized Gain/(Loss)							0.00
Prior Period Adjustment							0.00
Total Prior Period Adjustment							0.00
Dividends							0.00
Total Dividends							0.00
Opening Bal Equity							0.00
Total Opening Bal Equity							0.00
Capital Stock							0.00
Total Capital Stock							0.00

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Accrual Basis

Bayoil Supply & Trading, Ltd.

General Ledger

As of December 31, 2003

Type	Date	Num	Name	Memo	Split	Amount	Balance
Retained Earnings							0.00
Total Retained Earnings						3,726,610.93	3,726,610.93
Legal Settlements-Cargos							0.00
Total Legal Settlements-Cargos							0.00
Gross Sales							0.00
Insurance Claims							0.00
Total Insurance Claims							0.00
Price Adjustment							0.00
Total Price Adjustment							0.00
Lightering Charge							0.00
Total Lightering Charge							0.00
Sales - Oil Products							0.00
Service Agreement Commission							0.00
Total Service Agreement Commission							0.00
Sales - Oil Products - Other							0.00
Total Sales - Oil Products - Other							0.00
Total Sales - Oil Products							0.00
Sales - Refined Products							0.00
Total Sales - Refined Products							0.00
Time Value of Money							0.00
Total Time Value of Money							0.00
Commissions							0.00
Total Commissions							0.00
Gross Sales - Other							0.00
Total Gross Sales - Other							0.00
Total Gross Sales							0.00
Legal Expense-Cargos							0.00
Total Legal Expense-Cargos							0.00
Adjustment-Price							0.00
Total Adjustment-Price							0.00
Cost of Sales							0.00
Gurantee Commission							0.00
Total Gurantee Commission							0.00
Broker Comm							0.00
Total Broker Comm							0.00
Secondary Chgs.							0.00
Total Secondary Chgs.							0.00
Exchange gain/loss							0.00
Total Exchange gain/loss							0.00
Pipeline Charges							0.00
Total Pipeline Charges							0.00
Business Development							0.00
Total Business Development							0.00
Service Agreement Fees							0.00
Total Service Agreement Fees							0.00
Demurrage @ Lighter							0.00
Total Demurrage @ Lighter							0.00
Estimated Cargo Costs							0.00
Total Estimated Cargo Costs							0.00
Storage							0.00
Total Storage							0.00

4:16 PM
 07/16/04
 Accrual Basis

Bayoil Supply & Trading, Ltd.
 General Ledger
 As of December 31, 2003

Type	Date	Num	Name	Memo	Split	Amount	Balance
Overtime							0.00
Total Overtime							0.00
Customs Fee							0.00
Total Customs Fee							0.00
Crude Purchases							0.00
Total Crude Purchases							0.00
Interest							0.00
Total Interest							0.00
Inspection							0.00
Total Inspection							0.00
Insurance							0.00
Total Insurance							0.00
L/C Charges							0.00
Total L/C Charges							0.00
Freight							0.00
Total Freight							0.00
Demurrage							0.00
Total Demurrage							0.00
C.O.W. Expenses							0.00
Total C.O.W. Expenses							0.00
Finance Charges							0.00
Total Finance Charges							0.00
Agent Commissions							0.00
Total Agent Commissions							0.00
Commissions - Russia							0.00
Total Commissions - Russia							0.00
Lightering Charges							0.00
Total Lightering Charges							0.00
Miscellaneous Charges							0.00
Total Miscellaneous Charges							0.00
Cost of Sales - Other							0.00
Total Cost of Sales - Other							0.00
Total Cost of Sales							0.00
EMPLOYEE ADVANCES							0.00
LD							0.00
Total LD							0.00
DBC							0.00
Total DBC							0.00
EMPLOYEE ADVANCES - Other							0.00
Total EMPLOYEE ADVANCES - Other							0.00
Total EMPLOYEE ADVANCES							0.00
Uncategorized Expenses							0.00
Total Uncategorized Expenses							0.00
Automobile Expense							0.00
Gas							0.00
Total Gas							0.00
Insurance							0.00
Total Insurance							0.00
Parking							0.00
Total Parking							0.00

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 07/15/04
 Accrual Basis

Bayoil Supply & Trading, Ltd.
 General Ledger
 As of December 31, 2003

Type	Date	Num	Name	Memo	Split	Amount	Balance
Personal Car Mileage							0.00
Total Personal Car Mileage							0.00
Transportation							0.00
Total Transportation							0.00
Vehicle Expense							0.00
Total Vehicle Expense							0.00
Automobile Expense - Other							0.00
Total Automobile Expense - Other							0.00
Total Automobile Expense							0.00
Bank Service Charges							0.00
Total Bank Service Charges							0.00
Contributions							0.00
Total Contributions							0.00
Depreciation Expense							0.00
Office Equipment							0.00
Total Office Equipment							0.00
Office Furniture							0.00
Total Office Furniture							0.00
Computer							0.00
Total Computer							0.00
Telephone							0.00
Total Telephone							0.00
Leasehold Improvements							0.00
Total Leasehold Improvements							0.00
Automobiles							0.00
Total Automobiles							0.00
Depreciation Expense - Other							0.00
Total Depreciation Expense - Other							0.00
Total Depreciation Expense							0.00
Entertainment							0.00
Total Entertainment							0.00
Insurance							0.00
Total Insurance							0.00
Maintenance							0.00
Total Maintenance							0.00
Meals							0.00
Total Meals							0.00
Miscellaneous							0.00
Income							0.00
Total Income							0.00
Miscellaneous - Other							0.00
Total Miscellaneous - Other							0.00
Total Miscellaneous							0.00
Office Expense							0.00
Accounting London							0.00
Total Accounting London							0.00
Internet							0.00
Total Internet							0.00
Fax							0.00
Total Fax							0.00

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Accrual Basis

Bayoil Supply & Trading, Ltd.

General Ledger

As of December 31, 2003

Type	Date	Num	Name	Memo	Split	Amount	Balance
Insurance - National							0.00
Total Insurance - National							0.00
Accounting							0.00
Total Accounting							0.00
Bank Charges							0.00
Total Bank Charges							0.00
Business Gifts							0.00
Total Business Gifts							0.00
Computer Supplies & Service							0.00
Total Computer Supplies & Service							0.00
Consulting							0.00
GDP							0.00
Total GDP							0.00
Bulcom							0.00
Total Bulcom							0.00
UMC							0.00
Total UMC							0.00
Consulting - Other							0.00
Total Consulting - Other							0.00
Total Consulting							0.00
Conventions							0.00
Total Conventions							0.00
Corporate							0.00
Bayoil Supply Trading Ltd							0.00
Total Bayoil Supply Trading Ltd							0.00
Bayoil (USA) Ltd							0.00
Total Bayoil (USA) Ltd							0.00
Leeward							0.00
Total Leeward							0.00
Bermuda							0.00
Total Bermuda							0.00
Morgan							0.00
Total Morgan							0.00
Corporate - Other							0.00
Total Corporate - Other							0.00
Total Corporate							0.00
Delivery							0.00
Total Delivery							0.00
Director's Fees							0.00
Total Director's Fees							0.00
Foreign Exchange Rate							0.00
Total Foreign Exchange Rate							0.00
Insurance - General							0.00
Total Insurance - General							0.00
Insurance - Life							0.00
Total Insurance - Life							0.00
Insurance - Medical							0.00
Total Insurance - Medical							0.00
Legal							0.00
Total Legal							0.00

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Accrual Basis

Bayoil Supply & Trading, Ltd.

General Ledger

As of December 31, 2003

Type	Date	Num	Name	Memo	Split	Amount	Balance
Market Info Service							0.00
Total Market Info Service							0.00
Memberships							0.00
Total Memberships							0.00
Miscellaneous Office							0.00
Total Miscellaneous Office							0.00
Office Entertainment							0.00
Total Office Entertainment							0.00
Office Supply							0.00
Total Office Supply							0.00
Overhead							0.00
Total Overhead							0.00
Personnel Expense							0.00
Total Personnel Expense							0.00
Postage							0.00
Total Postage							0.00
Professional Fees							0.00
Total Professional Fees							0.00
Professional Org. Fees							0.00
Total Professional Org. Fees							0.00
Recruiting							0.00
Total Recruiting							0.00
Relocation							0.00
Total Relocation							0.00
Reorganization Expense							0.00
Total Reorganization Expense							0.00
Seminars							0.00
Total Seminars							0.00
Storage							0.00
Total Storage							0.00
Subscriptions							0.00
Total Subscriptions							0.00
Telephone							0.00
Total Telephone							0.00
Telex							0.00
Total Telex							0.00
Temporary Employment							0.00
Total Temporary Employment							0.00
Tuition							0.00
Total Tuition							0.00
Utilities							0.00
Total Utilities							0.00
Office Expense - Other							0.00
Total Office Expense - Other							0.00
Total Office Expense							0.00
Payroll Expenses							0.00
Tax UK							0.00
Total Tax UK							0.00
Payroll Expenses - Other							0.00
Total Payroll Expenses - Other							0.00
Total Payroll Expenses							0.00

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Accrual Basis

Bayoil Supply & Trading, Ltd.

General Ledger

As of December 31, 2003

Type	Date	Num	Name	Memo	Split	Amount	Balance
Rent							0.00
Total Rent							0.00
Rent - BAH							0.00
Total Rent - BAH							0.00
Repairs							0.00
Total Repairs							0.00
Tax							0.00
Swiss Interest							0.00
Total Swiss Interest							0.00
Tax - Other							0.00
Total Tax - Other							0.00
Total Tax							0.00
Travel							0.00
Miscellaneous							0.00
Total Miscellaneous							0.00
Entertainment							0.00
Total Entertainment							0.00
Meals							0.00
Total Meals							0.00
Airline Travel							0.00
Total Airline Travel							0.00
Lodging							0.00
Total Lodging							0.00
Taxi / Parking							0.00
Total Taxi / Parking							0.00
Travel - Other							0.00
Total Travel - Other							0.00
Total Travel							0.00
Utilities							0.00
Gas and Electric							0.00
Total Gas and Electric							0.00
Water							0.00
Total Water							0.00
Utilities - Other							0.00
Total Utilities - Other							0.00
Total Utilities							0.00
Inland Revenue-Tax Refund							0.00
Total Inland Revenue-Tax Refund							0.00
Put Option							0.00
Total Put Option							0.00
WTI - Hedge - G(L) - EFP							0.00
Total WTI - Hedge - G(L) - EFP							0.00
Dividend Income							0.00
Total Dividend Income							0.00
Realized Gain/(Loss)							0.00
Total Realized Gain/(Loss)							0.00
Mars-Spec-WTI-Hedge Position							0.00
Total Mars-Spec-WTI-Hedge Position							0.00
Swap-Bookout							0.00
Total Swap-Bookout							0.00

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 07/16/04
 Accrual Basis

Bayoil Supply & Trading, Ltd.
General Ledger
 As of December 31, 2003

Type	Date	Num	Name	Memo	Split	Amount	Balance
Interest Expense							0.00
Total Interest Expense							0.00
Unrealized Gain/(Loss)							0.00
Total Unrealized Gain/(Loss)							0.00
Commissions							0.00
Total Commissions							0.00
Inventory Gain/Loss							0.00
Total Inventory Gain/Loss							0.00
Foward Commitment Gain / (Loss)							0.00
Total Foward Commitment Gain / (Loss)							0.00
Hedge Gain / (Loss)							0.00
Total Hedge Gain / (Loss)							0.00
Interest Income							0.00
Total Interest Income							0.00
Other Income							0.00
Total Other Income							0.00
Other Expenses							0.00
Villa Property Tax							0.00
Total Villa Property Tax							0.00
SA Loans							0.00
Total SA Loans							0.00
Villa Insurance							0.00
Total Villa Insurance							0.00
Villa Renovation							0.00
Total Villa Renovation							0.00
Villa Corporate							0.00
Total Villa Corporate							0.00
Villa Maintenance							0.00
Total Villa Maintenance							0.00
Villa Expenses							0.00
Total Villa Expenses							0.00
Other Expenses - Other							0.00
Total Other Expenses - Other							0.00
Total Other Expenses							0.00
No acct							0.00
Total no acct							0.00
TOTAL						152,514,852.21	152,514,852.21

SECURITY COUNCIL COMMITTEE ESTABLISHED
BY RESOLUTION 661 (1990) CONCERNING THE
SITUATION BETWEEN IRAQ AND KUWAIT

S/AC.25/2001/COMM 465
12 October 2001
ORIGINAL ENGLISH

LETTER DATED 8 OCTOBER 2001 FROM THE PERMANENT OBSERVER MISSION OF
SWITZERLAND TO THE UNITED NATIONS ADDRESSED TO THE CHAIRMAN

Excellency,

*I refer to your letter of 8 May 2001 in which you forwarded to me a report by
the Oil Overseers concerning an alleged irregularity involving the company Glencore
International AG registered in Switzerland.*

*The competent Swiss authority, the State Secretariat for Economic Affairs, has
investigated Glencore's activities mentioned in the report of the Oil Overseers. Its
report is in the enclosure to this letter. It concludes that no evidence has been found
that Glencore intended to divert the shipment of oil from its original destination and
sell it in Europe.*

Please accept, Excellency, the assurances of my highest consideration.

Yours sincerely,



*Jenö C.A. Staehelin
Ambassador*

0157210

-1-

ORIGINAL: FRENCH

State Secretariat for Economic Affairs**Report of investigation****Irregularity in the course of an oil transaction under the
"oil-for-food" programme involving Glencore International
AG, Baar, Switzerland**

By letter dated 8 May 2001 (S/AC.25/2001/OC.217), the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait (hereinafter referred to as "the Committee") requested the Swiss authorities to investigate the Swiss company named above (hereinafter referred to as "the company") and to provide the results of their investigation of the facts detailed in paragraph 1 below, as reported by the United Nations Oil Overseers (hereinafter referred to as "the Overseers"):

1. Facts reported to the Swiss authorities

In the course of executing contract M/09/44 approved on 2 February 2001 under the "oil-for-food" programme, the company discharged a shipment of 1 million barrels of Iraqi crude oil from the vessel "Front Maple" in Croatia, whereas the commercial documents, particularly the letter of credit, drawn up by the company for calculating the purchase price of the crude oil gave the destination as the United States. Since the company had paid the purchase price for Iraqi crude oil destined for the United States market, in other words, some \$US 3 million less than the price for crude oil destined for the European market, it unlawfully enriched itself by this amount. When questioned on the subject by the Overseers, the company stated that the cargo was simply being stored in transit on an intermediate basis in the free port of Omisalj in Croatia, pending its final shipment to the United States, and that the "transshipment prohibited" clause would be violated only if oil was transferred directly from one ship to another, not if it was stored on an intermediate basis in a shore tank, as had happened in the present case.

At the Overseers' request, the company amended the commercial documents to indicate "Europe" as the destination, rather than the "United States", so that it could pay the United Nations authorities the difference in price between oil destined for the United States and oil destined for Europe.

2. Investigation of the company by the Swiss authorities

On the basis of the information communicated to them by the Committee (see para 1 above), the competent Swiss authorities, namely, the State Secretariat for Economic Affairs, began an investigation into the company on 25 May 2001. The company was asked to give its explanation of the facts reported by the United Nations and to provide all the necessary documentation in its defence.

On 7 June 2001, the company's lawyer replied in detail to the Secretariat's questions and submitted copious documentation. Basically, the following information was provided:

The M/09/44 contract is the only contract concluded between the company and the Iraqi authorities (State Oil Marketing Organization). Eight shipments have been

01 57210

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made, including the 28 February 2001 (date of the bill of lading) shipment (hereinafter referred to as "the shipment") on the vessel "Front Maple" of 1,024,790 barrels which were discharged in Croatia

By fax dated 23 April 2001 addressed to the Overseers, the company Glencore UK Ltd, acting on behalf of the Swiss company, gave its explanation of the shipment the company had purchased the crude oil for delivery and use in the United States, which explained why the price had been calculated on the basis of the United States destination indicated in the letter of credit. After being lifted in the Turkish port of Ceyhan, the crude oil had been stored on an intermediate basis in the free port of Omisalj in Croatia, pending more favourable market conditions for its final shipment to the United States. Glencore UK Ltd took the position that intermediate storage of the shipment prior to final delivery to the United States did not constitute a prohibited transshipment or violate United Nations regulations in any other way

According to Glencore UK Ltd, oil shipments from Iraq under the "oil-for-food" programme were, in practice, regularly transshipped from one vessel to another in the port of Fujairah in Saudi Arabia or had transited through the pipelines of the SUMED system in the Mediterranean before their final delivery to Europe or the United States, without the United Nations ever intervening on grounds of a possible violation.

The Secretariat is not in a position to verify the accuracy of this last allegation: only the United Nations authorities can do this. In any case, the situations mentioned do not apply in the present case

Lastly, Glencore UK Ltd alleges that, following the company's 23 April 2001 fax, the United Nations published an amendment to its regulations whereby it prohibited transshipment through SUMED pipelines

If this is true, it would suggest that the term "transshipment" was not sufficiently clear

3. Conclusion

3.1 The investigation by the Swiss authorities found no evidence that the company intended to sell the oil in Europe. While no such evidence was found, some doubts remain, in that the investigation established that the oil was indeed discharged in Europe and transferred to a free port. However, such an operation constitutes neither transshipment from one vessel to another (a practice which the United Nations apparently allows) nor transit through SUMED pipelines (a practice which the United Nations appears to have allowed initially but then prohibited)

3.2 Since the company, in order to conform to the terms of the "oil-for-food" programme, amended the commercial documents and paid the United Nations the difference between the price originally agreed and the price actually owed, the Secretariat does not consider it appropriate to institute procedures for the revocation of the 9 September 1996 authorization to purchase Iraqi oil products

Bern, 18 September 2001/Doc. No 277612.1

مبلغ الاسترجاع (Surcharge)

في إجراء التصد منه حصول النظام البائد على مبالغ نقدية تم فرض مبلغ الاسترجاع على الكميات المحملة من النفط الخام بموجب مذكرة التفاهم وأثناء المعلومات الخاصة بمبالغ الاسترجاع .

لولا : نسب مبالغ الاسترجاع

- أتخذ قرار في آب/٢٠٠٠ بفرض مبلغ استرجاع على الشحنات التي يتم تحميلها اعتباراً من ٢٠٠٠/٩/١ بمبلغ ١٠ سنت للبرميل لكافة الأسواق (من منتصف المرحلة الثامنة ولغاية نهاية المرحلة) .
- عدل المبلغ اعتباراً من بداية المرحلة التاسعة في شهر كانون الأول /٢٠٠٠ ليكون ٣٠ سنت للبرميل للسوق الأمريكية و ٢٥ سنت للبرميل للأسواق الأخرى واستمرت لغاية نهاية المرحلة الحادية عشر .
- عدل المبلغ اعتباراً من ٢٠٠٢/٥/٣٠ ليصبح ١٥ سنت للبرميل لكافة الأسواق (من بداية المرحلة الثانية عشر ولغاية نهاية المرحلة) .
- ألغي مبلغ الاسترجاع اعتباراً من الشحنات التي ترفع في ٢٠٠٢/٩/١ بداية المرحلة الثالثة عشر .

ثانياً : للشركات النفطية من أصحاب المصافي :

عندما تم فرض مبلغ الاسترجاع في المرحلة الثامنة كان موقف الشركات النفطية من أصحاب المصافي يمثل (توتال ، ألف ، بتروبراس ، أجب ، ريسول ، لو ، أم ، في ، تيراش وغيرها) يتمثل بعدم استعداده للدفع لكون ذلك يتعارض مع قوانين دولها وقرارات الأمم المتحدة بما أن التبليغ بالدفع كان في شهر آب (الشحنات التي ترفع اعتباراً من ٢٠٠٠/٩/١) فقد كانت هذه الشركات قد رشحت لشهر أيلول والأشهر اللاحقة من المرحلة الثامنة لذلك تم التفاوض عن موقفها الرافض بالدفع حسب موافقة وزير النفط وقتذاك وتقرر تبليغها بالاستمرار بالتحميل لضمان استمرارية التنفيذ . وهكذا استمرت هذه الشركات بالتحميل لغاية نهاية المرحلة الثامنة في ٢٠٠٠/١٢/٥ وتوقف التعامل معها في المراحل اللاحقة لحين إلغاء مبلغ الاسترجاع في ٢٠٠٢/٩/١ عندما دعت الحاجة للتعامل معها مجدداً بعد تكمو التحميل بشكل واضح ووصول معدلات التصدير إلى أدنى مستوياتها .

ثالثاً : الشركات والشخصيات والجهات الأخرى:

أما بالنسبة للشركات والجهات الأخرى من أصحاب التخصيص فقد أعربت عن استعدادهما لدفع مبلغ الاسترجاع واستمر التعامل معها خلال المراحل اللاحقة للمرحلة الثامنة وأن كان بعض هذه الجهات قد امتنع عن دفع مبلغ الاسترجاع للمرحلة الثامنة مدعياً بأن تبليغهم بالدفع للشحنات التي ترفع في ٢٠٠٠/٩/١ جاء متأخراً وأنهم باعوا الكميات المخصصة لهم إلى شركات أخرى قبل تبليغهم بالدفع وبذلك لايتسنى لهم دفع ١٠ سنت للبرميل .

رابعاً : تحصيل مبالغ الاسترجاع :

أن الإلتزام الوحيد من قبل الجهات المتعاقدة معنا هو التعهد الشخصي بالتسديد ولم تكن هناك أي طريقة أخرى لإلزامها بالدفع بسبب حساسية وسرية العملية .
ولكن من خلال الجهود الحثيثة المبذولة تم التمكن من تحصيل مبلغ ٢٢٨ مليون دولار من أصل ٢٦٣ مليون دولار أي نسبة تحصيل بلغت حوالي ٨٧% بعد استخدام شتى طرق التسديد منها التسديد في السفارات العراقية في الخارج لكون بعض الشركات تخشى التسديد من خلال مصارف لضمان عدم انكشاف أمرها وتعرضها للمسائلة القانونية ومنها التسديد نقداً .
أما بصدد المبالغ المتبقية بذمة للشركات المتعاقدة معنا والبالغة ٣٥ مليون دولار فإن قسم من هذه الشركات كانت قد رفضت التسديد كما أوضحنا في ثالثاً أعلاه والقسم الآخر من هذه الشركات رفضت التسديد لأجل الاحتفاظ بالمبالغ للمدينة لها توقعاً منهم صدور توجيه بإعفائهم من هذه المبالغ ، علماً بأن جهود تحصيل المبالغ كانت مستمرة معهم لحين حصول الظرف الراهن .

أن معظم المبالغ التي تم تحصيلها جرى تسديدها في المصارف والجهات التالية :-

- ١ - البنك الأهلي / عمان .
- ٢ - فرنسبنك / لبنان .
- ٣ - سردار بنك / لبنان .
- ٤ - البنك المركزي العراقي / بغداد .
- ٥ - مصرف الرافدين / بغداد الفرع الرئيسي .
- ٦ - السفارات العراقية في الخارج (موسكو ، أثينا ، القاهرة ، أنقرة ، صنعاء ، فييتام ، ماليزيا ، روما ، فينا ، دمشق ، جنيف) .
- ٧ - شركة الوصل وبابل / الإمارات .
- ٨ - جرى تسديد مبلغ ٨٤٠ ألف دولار عبثاً من خلال تملك دار لصالح السفارة العراقية في موسكو ومن ثم استخدامها كمدرسة عراقية (المبالغ التي كانت بذمة للسيد جيرنوفسكي والذي ادعى بأنه غير قادر على تسديدها نقداً فقبلت الدار بالمقابل) .



شركة تسويق النفط

كشف بخلاصة المبالغ المسترجعة والمبالغ المتبقية بذمة الشركات

محل مبلغ الاسترجاع دولار كويتي	المبلغ المتبقي الف دولار	المبلغ المسدد الف دولار	المبلغ المستحق الف دولار	الكمية المحملة الف برميل	المرحلة
٠,١٠	٧,٣٦٥	١١,١٩٧	١٨٥,٦٢٢	١٨٥,٦١٨	8 الثامنة
٠,٢٨	٩,٤٠١	٧٢,١٨٧	٨١,٥٨٨	٢٩١,٩٩٦	9 التاسعة
٠,٢٨	٣,٥٢٨	٨٢,١٧١	٨٥,٦٩٩	٣٠١,١٨٨	10 العاشرة
٠,٢٨	١٠,١٠٠	٥٣,٩٥٩	٦٤,٠٥٩	٢٢٨,٩٤٣	11 الحادية عشر
٠,١٥	٤,٨٨٥	٨,٥١٥	١٣,٤٠٠	٨٩,٣٣١	12 الثانية عشر
	٣٥,٢٧٩	٢٢٨,٠٢٨	٢٦٣,٣٠٨	١,٠٠٩٧,٠٧٦	

Surcharge

In an action the purpose of which the acquirement by the previous regime of cash/money, a surcharge was implemented on the crude oil according to an understanding of the following details.

First- Percentage of the surcharge

1. A decision was made in August 2000 requiring a surcharge on the shipments that will be loaded on ships starting September 1, 2000, the surcharge being \$.10 per barrel for all markets. (From the middle of the 8th phase until the end).
2. The surcharge was adjusted starting with the 9th phase in December 2000 to be \$.30 per barrel for the American market and \$.25 for the others. (Continued to the end of the 11th phase)
3. It was adjusted beginning May 30, 2002, to become \$.15 per barrel for all markets (from the beginning of the 12th phase until the end)
4. The surcharge was cancelled starting with the shipments that would be loaded September 2002, the beginning of the 13th phase.

Second- Refinery owning oil companies

When the surcharge was instituted during the 8th phase, the responses of the refinery oil companies (Total, Alf, Petrobras, Agipi, Repsol, OMFI, Teprash, and others) was their unwillingness to pay because it contradicts the laws of their countries and the resolution of the United Nations. And because they were told about the surcharge payments in August for the shipments to be shipped September 1, 2000; those companies were to be nominated to buy oil for September and the following months of the 8th phase. Their unwillingness to pay was overlooked. In agreement with the Minister of Oil, they were told to continue loading shipments to continue execution of the program. And so, these companies continued loading until the end of the 8th phase by December 5, 2000. Dealing with those companies stopped during the following phases until the surcharge was cancelled on September 1, 2002, when it became necessary for Iraq to deal with those companies after the delays in shipping and the decline of the amounts of exports became an all time low.

Third- Other Factors/ Personalities

Companies and other entities (that do not own refineries) agreed to pay the surcharge, and dealing with them continued after the 8th phase. Although some of these companies declined to pay the surcharge during the 8th phase because they were told of the shipments that will be shipped on September on a late phase, and they had already sold their share of the oil to other companies before they had been told about the surcharge.

Fourth- Collecting the surcharge

The only way to guarantee payment was personal guarantee (or word), and there was no other way to force them to pay because of the sensitivity and secrecy of the operation. But, with the continuous efforts they were able to collect \$228 million of \$263 million owed (which is 87%). This was using different methods of payments, including paying with cash at the Iraqi embassies because those companies were afraid to pay at banks because they did not want to be discovered or legally liable.

About the amounts that are still owed to us, which total \$35 million, some of those companies refused to pay as we explained in paragraph 3, and some of them wanted to keep the money and expected they would be forgiven for payment. (Keeping in mind that the efforts to collect the money continued until the present circumstances). Most of the money collected was paid in the following banks and locations:

Al Ahli Bank/Oman

French bank/ Lebanon

Sardar bank/ Lebanon

Iraqi Central Bank/ Baghdad

Al Rafidayn Bank/ Baghdad main branch

Iraqi Embassies (Moscow, Athens, Cairo, Ankara, San'aa, Vietnam, Malaysia, Rome, Vienna, Damascus, Geneva)

Company of Wasil and Babel/ United Arab Emirates

An amount of \$840,000 was collected through giving the ownership of a house to the Iraqi embassy in Moscow; this house was used as an Iraqi school (the amount Mr. Gernowisky owed was paid with his house as a substitution because he claimed he could not pay with cash).

Ministry of Oil
List of Surcharges per Agreement

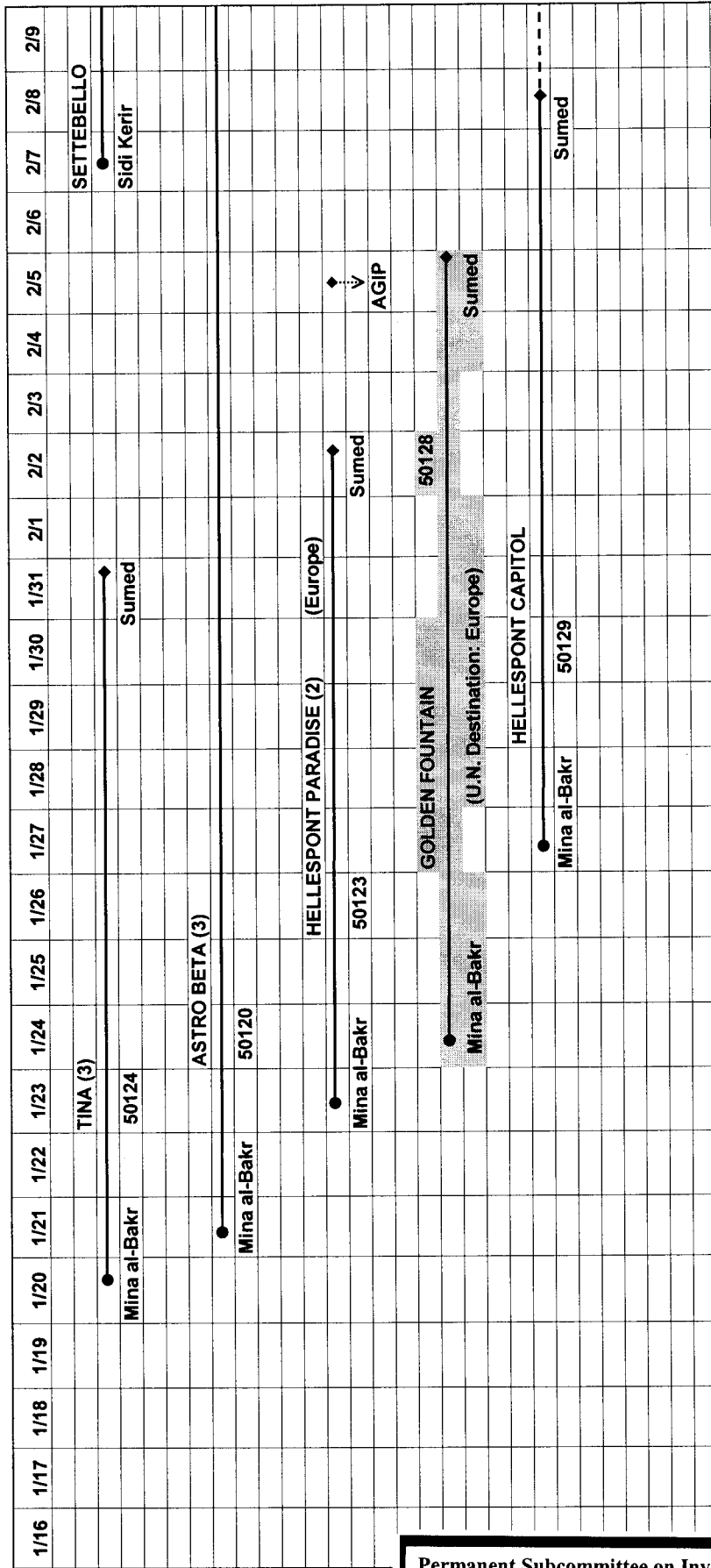
Difference (\$)	Amount Paid (\$)	Total Amount Owed (\$)	Surcharge- per agreement	# of Barrels	Contract #	Buyer	Phase
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شركة تسويق النفط
كشوف بمبالغ الإسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة
للتقريب من

عمولات

معدل مبلغ الإسترجاع/دولار/العمولة	المبلغ العائلي/دولار	المبلغ المسدود/دولار	المبلغ المستحق/دولار	الكمية / برميل	رقم العقد	المشتري	المرحلة
0.10	80,611.00	0.00	80,611.00	806,124	M/08/44	ETAP	8
0.10	284,521.00	0.00	284,521.00	2,845,229	M/08/115	EUROL	8
0.10	50,273.00	0.00	50,273.00	502,736	M/08/46	EXPANSION	8
0.25	0.00	250,089.75	250,089.75	1,000,359	M/09/125	FADI OIL INTRNATIONAL	10
0.25	0.00	491,763.75	491,763.75	1,967,055	M/09/85	FADI OIL INTRNATIONAL	9
0.25	0.00	498,650.00	498,650.00	1,994,600	M/11/104	FADI OIL INTRNATIONAL	11
0.25	-0.27	154,556.27	154,556.00	618,224	M/11/53	FADI OIL INTRNATIONAL	11
0.30	0.00	1,213,146.30	1,213,146.30	4,043,821	M/09/51	FAL OIL	9
0.30	17.00	299,983.00	300,000.00	1,000,000	M/09/57	FEDERALINIY TORGOVY DOM(FTD)	10
0.10	195,483.00	0.00	195,483.00	1,954,834	M/08/67	FENAR	8
0.27	0.00	2,212,486.90	2,212,486.90	8,048,812	M/10/09	FENAR	10
0.30	0.00	621,471.60	621,471.60	2,071,572	M/10/96	FENAR	11
0.26	0.00	1,019,130.30	1,019,130.30	3,397,101	M/11/65	FENAR	11
0.26	0.00	203,538.45	203,538.45	1,356,923	M/11/65	FENAR	12
0.25	0.00	418,187.00	418,187.00	1,672,748	M/11/67	FENAR	11
0.15	416.43	597,025.02	597,441.45	3,982,943	M/12/39	FENAR	12
0.10	-4,604.00	200,000.00	195,396.00	1,953,968	M/08/04	GAZPROM	8
0.10	0.00	367,930.00	367,930.00	3,679,310	M/08/113	GENMAR	8
0.10	313.00	95,070.00	95,383.00	953,833	M/08/99	GENMAR	8
0.30	21.70	1,183,769.00	1,183,790.70	3,945,969	M/10/20	GHASSAN SHALLAH	10
0.16	0.00	50,000.00	50,000.00	200,000	M/11/26	GHASSAN SHALLAH	11
0.16	148,997.50	273,425.00	422,422.50	2,816,150	M/11/28	GHASSAN SHALLAH	12
0.27	0.00	3,222,780.70	3,222,780.70	12,106,613	M/09/44	GLENORE	9



Bayoil Shipments of Iraqi Oil January - March, 2001

Chart Prepared by:
 Minority Staff, Senate Permanent Subcommittee on
 Investigations
 Data Source: Bayoil records

	2/10	2/11	2/12	2/13	2/14	2/15	2/16	2/17	2/18	2/19	2/20	2/21	2/22	2/23	2/24	2/25	2/26	2/27	2/28	3/1	3/2	3/3	3/4	3/5	3/6

