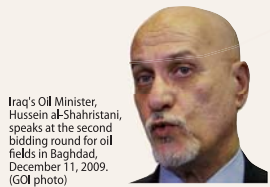


SIGIR THE OIL STORY



www.sigir.mil
PublicAffairs@sigir.mil
(703) 428-1100

JANUARY 2010



Ministry of Oil Facts
Iraq's Estimated Proved Oil Reserves: 115 billion barrels
2009 Production: 2.4 million barrels per day
2009 Exports: 1.9 million barrels per day
Number of Ministry Employees: 108,158
Budget (\$ Millions):
• Capital: \$2,206 (2009), \$2,650 (2010)
• Operating: \$954 (2009), \$983 (2010)
Companies:
• Downstream (4): Oil Products Distribution Co., Oil Pipeline Co., LPG Bottling Co., Iraqi Oil Tanker Co.
• Upstream (6): North Oil Co., South Oil Co., Oil Exploration Co., Iraqi Drilling Co., Maysan Oil Co., Dhi Qar Oil Co.
• Midstream (6): North Refinery Co., Midlands Refinery Co., South Refinery Co., North Gas Co., South Gas Co., State Co. for Oil Projects
• Marketing (1): State Oil Marketing Organization

Attacks on Oil Infrastructure
In 2009, there were at least 9 attacks on Iraq's oil infrastructure. No attacks occurred in Iraq's Pipeline Exclusion Zones (PEZs), which are guarded by elements of the Oil Police (now 29,500 strong).

Najma
Winning Bid: Sonangol* (100%)
Remuneration Fee: \$6.00/barrel
Production Plateau Target: 110,000 barrels per day
Current Production Capacity: None
Proved Reserves: 0.9 billion barrels

Qaiyarah
Winning Bid: Sonangol* (100%)
Remuneration Fee: \$5.00/barrel
Production Plateau Target: 120,000 barrels per day
Current Production Capacity: 2,000 barrels per day
Proved Reserves: 0.8 billion barrels

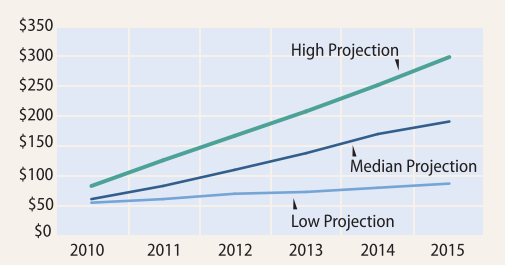
2009 Bidding Rounds for Oil Service Contracts

* Denotes state-owned entity

• **June 30, 2009: First Round**
22 companies bid, and 1 initial service contract awarded (Rumaila). Two additional contracts awarded several months later (Zubair and West Qurna 1).

• **December 11–12, 2009: Second Round**
21 companies bid, and 7 service contracts awarded (Najma, Qaiyarah, Badra, Halfaya, Garraf, Majnoon, West Qurna 2).

Projections of Potential Iraqi Oil Export Revenues \$ Billions



OPEC Oil Export Revenues, 2009

COUNTRY	NET (\$ Bil)	PER CAPITA (\$)	% OF GDP
Angola	42.2	3,294	61%
Libya	34.3	5,421	57%
Iraq	37.2	1,284	53%
Saudi Arabia	154.2	5,368	41%
Kuwait	46.0	17,061	40%
Algeria	42.7	1,250	32%
Nigeria	46.1	325	28%
Qatar	24.0	25,221	26%
UAE	52.2	10,863	23%
Iran	54.6	821	16%
Ecuador	5.8	411	10%
Venezuela	33.3	1,239	9%
OPEC	572.6	1,553	28%

Challenges to Increased Production
Aging Infrastructure: Existing pipeline and export infrastructure unable to accommodate anticipated production increases
Corruption: Substantial amounts of oil lost to smuggling each year
Human Capital: Insufficient number of skilled workers to handle 10 major new projects
Legal Uncertainty: Many multinational oil companies wary of contracts signed before passage of hydrocarbons legislation
OPEC Tensions: Significant Iraqi production increase could greatly influence the price of oil
Violence: No attacks in PEZs, but interdictions still cause lost export revenue

Exports to Jordan by truck:
~0.01 million barrels per day (<1%)

Legend:
● 1st Round Oil Fields
● 2nd Round Oil Fields
● Other Oil Fields
— Crude Oil Pipeline
■ Operational Refinery

West Qurna 2
Winning Bid: Lukoil (75%), Statoil* (25%)
Remuneration Fee: \$1.15/barrel
Production Plateau Target: 1.8 million barrels per day
Current Production Capacity: None
Proved Reserves: 12.9 billion barrels

West Qurna 1
Winning Bid: ExxonMobil (80%), Shell (20%)
Remuneration Fee: \$1.90/barrel
Production Plateau Target: 2,325,000 barrels per day
Current Production Capacity: 270,000 barrels per day
Proved Reserves: 8.6 billion barrels

Rumaila
Winning Bid: BP (51%), CNPC* (49%)
Remuneration Fee: \$2.00/barrel
Production Plateau Target: 2,850,000 barrels per day
Current Production Capacity: 1 million barrels per day
Proved Reserves: 17.8 billion barrels

Zubair
Winning Bid: Eni* (44%), Occidental (31%), Kogas (25%)
Remuneration Fee: \$2.00/barrel
Production Plateau Target: 1.2 million barrels per day
Current Production Capacity: 205,000 barrels per day
Proved Reserves: 4 billion barrels

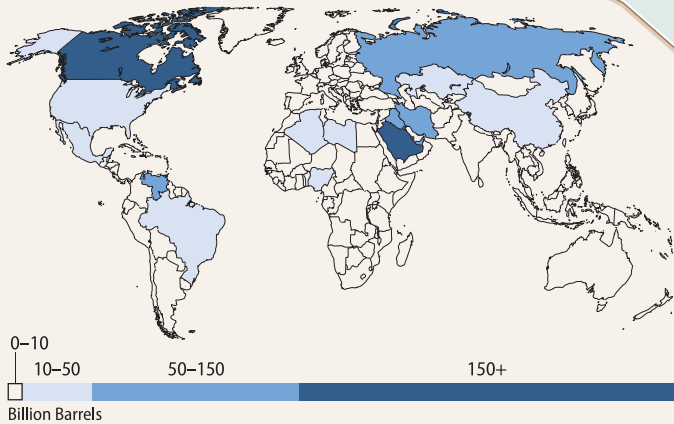
Halfaya
Winning Bid: CNPC* (50%), Petronas* (25%), Total (25%)
Remuneration Fee: \$1.40/barrel
Production Plateau Target: 535,000 barrels per day
Current Production Capacity: 3,000 barrels per day
Proved Reserves: 4.1 billion barrels

Garraf
Winning Bid: Petronas* (60%), Japex (40%)
Remuneration Fee: \$1.49/barrel
Production Plateau Target: 230,000 barrels per day
Current Production Capacity: None
Proved Reserves: 0.9 billion barrels

Badra
Winning Bid: Gazprom* (40%), Kogas (30%), Petronas* (20%), TPAO* (10%)
Remuneration Fee: \$5.50/barrel
Production Plateau Target: 170,000 barrels per day
Current Production Capacity: None
Proved Reserves: 0.1 billion barrels

Majnoon
Winning Bid: Shell (60%), Petronas* (40%)
Remuneration Fee: \$1.39/barrel
Production Plateau Target: 1.8 million barrels per day
Current Production Capacity: 55,000 barrels per day
Proved Reserves: 12.6 billion barrels

Countries with the Most Proved Crude Oil Reserves



SIGIR Oversight Reports on U.S. Oil-related Programs and Projects

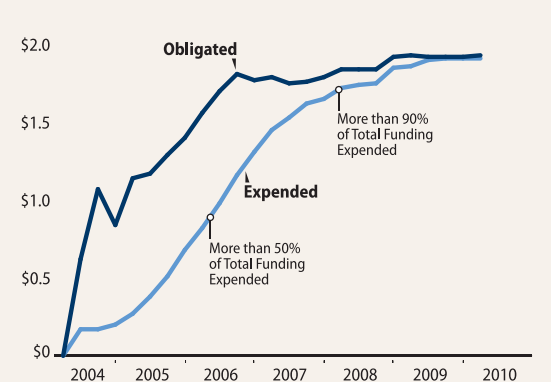
TITLE	REPORT TYPE	DATE ISSUED	REPORT #
Pipeline River Crossing, Al Fatah, Iraq	Assessment	1/27/2006	SA-05-001
Kirkuk Canal Crossing, Kirkuk, Iraq	Assessment	3/7/2006	PA-05-011
Al Fatah Pipe River Crossing, Al Fatah, Iraq	Assessment	3/7/2006	PA-05-010
Al Fatah River Crossing Tie-Ins, Al Fatah, Iraq	Assessment	3/15/2006	PA-05-012
Review of Task Force Shield Programs	Audit	4/28/2006	06-009
Kirkuk-to-Baiji Pipeline Project	Assessment	7/31/2006	PA-06-063, PA-05-013, PA-05-014
Unclassified Summary of SIGIR's Review of Efforts To Increase Iraq's Capability To Protect Its Energy Infrastructure	Audit	9/27/2006	06-038
Al Basrah Oil Terminal, Basrah, Iraq	Assessment	4/26/2007	PA-06-080
Kirkuk-to-Baiji Pipeline Exclusion Zone-Phase 3, Kirkuk, Iraq	Assessment	7/24/2008	PA-08-137
Cost, Outcome, and Oversight of Iraq Oil Reconstruction Contract with Kellogg Brown & Root Services, Inc.	Audit	1/13/2009	09-008

Cumulative Value of U.S. Oil & Gas Projects in Iraq \$ Millions

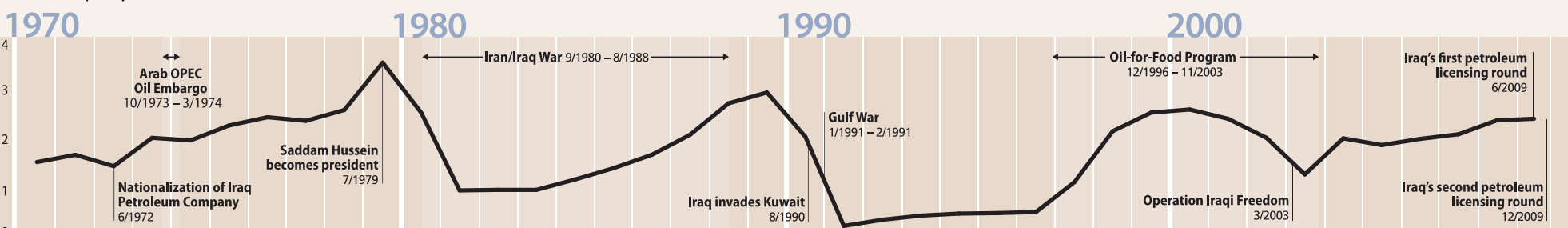
PROJECT CATEGORY	COMPLETED	ONGOING	Total
Misc. Facilities	935.54	0.66	936.19
Capacity Building	373.52	-	373.52
Infrastructure Security	245.47	2.85	248.31
LPG/LNG Plant Rehabilitation	151.55	-	151.55
Water Injection Pump Stations	33.47	-	33.47
Dedicated Power	26.47	-	26.47
Other	10.88	-	10.88
Total	1,776.89	3.50	1,780.39

A U.S.-funded \$90 million project to rehabilitate 80 oil wells in southern Iraq has added several billion dollars per year in Iraqi oil revenue since early 2007.

U.S. Funding for Iraqi Oil and Gas Projects \$ Billions



Crude Oil Production, 1970–2009 Million Barrels per Day



PROFESSIONALISM PRODUCTIVITY PERSEVERANCE

For the sources of information used to create this insert, please see the last endnote in this Quarterly Report.