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OIL FOR INFLUENCE: HOW SADDAM USED OIL TO REWARD POLITICIANS UNDER THE UNITED NATIONS OIL-FOR-FOOD PROGRAM

HEARING

BEFORE THE

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

OF THE

COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

MAY 17, 2005

Printed for the use of the Committee on Homeland Security
and Governmental Affairs



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CONTENTS

Opening statements: Page
Senator Coleman ... 1
Senator Levin ... 4
Senator Bennett ... 11
Senator Dayton ... 12

WITNESSES

TUESDAY, MAY 17, 2005

Mark L. Greenblatt, Counsel, Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs, U.S. Senate ... 14
Steven A. Groves, Counsel, Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs, U.S. Senate ... 18
Dan M. Berkovitz, Counsel to the Minority, Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs, U.S. Senate ... 24
George Galloway, Member of Parliament for Bethnal Green and Bow, Great Britain ... 42

ALPHABETICAL LIST OF WITNESSES

Berkovitz, Dan M.:
Testimony ... 24
Prepared statement ... 77
Galloway, George:
Testimony ... 42
Greenblatt, Mark L.:
Testimony ... 14
Additional testimony ... 21
Prepared statement ... 59
Additional prepared statement ... 71
Groves, Steven A.:
Testimony ... 18
Prepared statement ... 68

APPENDIX

Chart entitled "Illicit Iraqi Income 1991–2003," submitted by Senator Levin ... 55
Chart entitled "Illegal Surcharges on Iraqi Oil: Amounts Paid, by Final Destination 2000–2002," submitted by Senator Levin ... 57
Chart entitled "Oil Exports From Khor al–Amaya," submitted by Senator Levin ... 58
"Report on Oil Allocations Granted to Charles Pasqua & George Galloway," prepared by the Majority and Minority Staffs of the Permanent Subcommittee on Investigations ... 84
"Report on Oil Allocations Granted to Vladimir Zhirinovsky," prepared by the Majority and Minority Staffs of the Permanent Subcommittee on Investigations ... 180
"Report on Oil Allocations Granted to the Russian Presidential Council," prepared by the Majority and Minority Staffs of the Permanent Subcommittee on Investigations ... 459
"Report on Illegal Surcharges on Oil-For-Food Contracts and Illegal Oil Shipments From Khor Al-Amaya," prepared by the Minority Staff of the Permanent Subcommittee on Investigations ... 836

Page

EXHIBITS

1. *Iraqi Memo Estimating Zhirinovsky Profit as $8.6 Million* 1447
2. *Zhirinovsky Request For Oil-for-Food Contracts; Zhirinovsky's Request Granted* 1450
3. *Bayoil agrees to pay Zhirinovsky; Bayoil Instructs NAFTA* 1455
4. *Zhirinovsky-Bayoil Surcharge Payments in Phase X* 1459
5. *Zhirinovsky's Offer of Moscow Building* 1468
6. *Zhirinovsky's Phase VI Transaction* 1471
7. *Zhirinovsky Paid $4.7 Million In Illegal Surcharges* 1475
8a.–8d. Documents concerning oil allocations granted to Charles Pasqua 1479–1489
9. *Ministry of Oil Letter Re: Galloway Allocation in Phase IX* 1490
10. *Crude Oil Allocations during Phase (9) of the Memorandum of Understanding* 1493
11. *Surcharge Chart for Aredio* 1496
12. *Ministry of Oil Letter Re: Galloway Allocation in Phase XI* 1498
13. *Surcharge Chart for Middle East Advanced Semi Conductor* 1501
14. *Ministry of Oil Letter Re: Galloway Allocation in Phase XII* (PSI Staff Rpt–VZ–FN 96) 1503
15. *Ministry of Oil Letter Re: Galloway Allocation in Phase XII* (PSI Staff Rpt–VZ–FN 97) 1506
16. *Ministry of Oil Letter Re: Galloway Allocation in Phase XIII* (PSI Staff Rpt–PG–FN 101) 1509
17. *Letter from George Galloway, "To Whom It May Concern"* 1512
18. *Table 1: Oil Allocations to the Russian Presidential Council by Phase,* chart prepared by the Permanent Subcommittee on Investigations 1513
19. *Oil Allocations to Russian Recipients for Phase 8* 1514
20. *Letter from Haverhill Trading Ltd. to Bayoil dated June 10, 2000* 1515
21. *Letter from the Executive Director of SOMO to the Minister of Oil dated July 5, 2000* 1516
22. *Table 3: Estimated Division of Bayoil's Payments Between Haverhill/Rusnaftaimpex and the Russian Presidential Council in Connection with Contract M/08/85.* Chart prepared by the Permanent Subcommittee on Investigations 1517
23. *Letter to the Executive Director of SOMO dated March 24, 2001* 1518
24. *Fax from Rosnefteimpex to Bayoil dated April 17, 2001* 1519
25. *Fax from Rosnefteimpex to Bayoil dated April 20, 2001* 1520
26. *Table 9: Estimated Division of Bayoil's Payments Between Iraq, Rusnaftaimpex, and the Russian Presidential Council in Connection with Contract M/10/15.* Chart prepared by the Permanent Subcommittee on Investigations 1521
27. *Memorandum from SOMO to the Minister of Oil dated September 26, 2002* 1522
28. *Letter from Impexoil to Bayoil dated October 2, 2002* 1523
29. *Internal SOMO Memorandum dated December 25, 2002* 1524
30. *Memorandum from SOMO to Impexoil dated January 2, 2003* 1525
31. *Table 13: Estimated Division of Bayoil's Payments Between Iraq, the Designated Purchasing Agents, and the Russian Presidential Council in Connection With Contract M/08/85, M/09/25, M/10/15, M/12/109, and M/13/33.* Chart prepared by the Permanent Subcommittee on Investigations 1526
32. *Cash Portion of Illicit Iraqi Earnings During Sanctions 1991–2003.* Chart prepared by the Majority Staff of the Permanent Subcommittee on Investigations 1527
33. *Cash Portion of Illicit Iraqi Earnings During Sanctions, 1991–2003.* Chart prepared by the Majority Staff of the Permanent Subcommittee on Investigations 1528
34–37. Documents relating to Illegal Surcharges 1529–1631

Page

38–40. Documents relating to Bayoil participation in Israel boycott..... 1632–1636
41–42. Documents relating to Khor al-Amaya oil shipments..... 1637–1687
43. Bayoil Indictment 1688
44. Permanent Subcommittee on Investigations' letters to the U.S. Department of Defense and U.S. Department of State (U.S. Mission to the U.N.) 1712
45. *Iraqi Chart Showing Allocations to Galloway and Zhirinovsky in Phase IX* 1723
46. *George Galloway MP, Extracts from Hansard 1990–1998 (Verbatim Parliamentary Record),* material provided to the Permanent Subcommittee on Investigations by George Galloway at the Subcommittee hearing on May 17, 2005 1727
47. Prepared statement of Thomas A. Schweich, Chief of Staff of the U. S. Mission to the United Nations, U.S. Department of State 1731
48. Prepared statement of Peter Reddaway, Professor Emeritus of Political Science and International Affairs, George Washington University 1736
49. Transcript of Jeremy Paxman (BBC Newsnight) Interview of George Galloway on April 23, 2003 1741

OIL FOR INFLUENCE: HOW SADDAM USED OIL TO REWARD POLITICIANS UNDER THE UNITED NATIONS OIL-FOR-FOOD PROGRAM

TUESDAY, MAY 17, 2005

U.S. SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,
OF THE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 9:34 a.m., in room 106, Dirksen Senate Office Building, Hon. Norm Coleman, Chairman of the Subcommittee, presiding.

Present: Senators Coleman, Bennett, Levin, and Dayton.

Staff Present: Raymond V. Shepherd, III, Staff Director and Chief Counsel; Mary D. Robertson, Chief Clerk; Leland Erickson, Counsel; Mark L. Greenblatt, Counsel; Steven A. Groves, Counsel; Mark D. Nelson, Counsel; Brian M. White, Professional Staff Member; Katherine Russell, Detailee (FBI); Phillip Thomas, Detailee (GAO); Gregory Coats, Detailee (IRS); Jeffrey James, Detailee (IRS); Richard Fahy, Detailee (ICE); Mike Williams, Intern; Erin Brannigan, Intern; Laila Sabara, Translator; Elise J. Bean, Staff Director/Chief Counsel to the Minority; Bob Roach, Counsel and Chief Investigator to the Minority; Dan M. Berkovitz, Counsel to the Minority; Laura E. Stuber, Counsel to the Minority; Zackary I. Schram, Professional Staff to the Minority; and Merril Springer, Intern.

OPENING STATEMENT OF CHAIRMAN COLEMAN

Senator COLEMAN. This hearing of the Permanent Subcommittee on Investigations is called to order. Good morning. Today, the Permanent Subcommittee on Investigations will present evidence delineating how Saddam Hussein exploited the Oil-For-Food Program for his own political purposes.

Saddam Hussein utilized the same methodology time after time. Over the past week, the Subcommittee has released a number of bi-partisan reports detailing how the Hussein regime quickly manipulated the use of oil allocations to garner political influence around the globe. As one Hussein official described the scheme, Saddam Hussein used oil to his geopolitical and strategic advantage.

The plan was simple. Rather than granting allocations to traditional oil purchases, Iraq gave priority to foreign officials, journalists, and even terrorist entities. The central purpose of this tactic,

according to senior officials under the Hussein regime interviewed by the Subcommittee, was to engender international support for the Hussein regime and against the U.N. sanctions.

By allocating the oil to favored people or entities, the regime forced oil purchases to obtain allocations from those favored few. Those allocation holders essentially became the gatekeepers to Iraqi oil. As gatekeepers, they demanded or earned a commission, which typically ranged from 3 to 30 cents a barrel. In light of the fact that most allocations consisted of millions of barrels of oil, such commissions were quite lucrative, reaching hundreds of thousands of dollars per allocation.

In an interview with the U.S. Treasury Iraqi Financial Asset Team, a Hussein official described how Saddam Hussein devised this plan in simple terms. The source stated that Saddam Hussein began to utilize the memorandum of understanding, the Oil-For-Food Program, to sell oil to people who supported him. The source explained that this was done in order to enhance the power of Saddam Hussein. Hussein instructed that the price of oil should be made as low as possible and made beneficial to his supporters. Inside the SOMO system, the Iraqi marketing oil system, this was nicknamed the "Saddam bribery system."

Other senior members of the Hussein regime confirmed that the Saddam bribery system used oil allocations in an effort to buy political influence around the world. For instance, the Vice President of the Hussein regime, Taha Yasin Ramadan, confirmed to the Subcommittee that the allocations were, indeed, "compensation for support." The vice president also confirmed that, "I know these people," meaning allocation grantees, "yet a benefit." Another senior Hussein official was concerned that the allocation scheme was, "buying influence." When asked whether allocation recipients would make a profit from the oil transactions, that official declared, "That is the whole point."

The Hussein regime used these lucrative allocations in its primary political struggle, ending the U.N. sanctions. To that end, it primarily favored those individuals, entities, and countries on the U.N. Security Council. Senior Hussein regime officials and numerous Ministry of Oil documents confirmed that the regime steered a massive portion of its allocation toward U.N. Security Council members believed by the Hussein regime to support Iraq in its effort to lift sanctions, namely Russia, France, and China.

For example, several Oil Ministry charts expressly separate the allocation recipients by country and specify whether the country is a permanent member of the U.N. Security Council. Russia, a permanent member of the U.N. Security Council, was consistently the largest recipient of oil allocations, and according to one Hussein regime official, this affinity for Russia resulted from Saddam's desire to show "gratitude" to the Russians for their support at the U.N. Security Council.

The recipients of the allocations were determined by a committee of Saddam Hussein's closest advisors, including Deputy Prime Minister Tariq Aziz, and the Minister of Oil, Amir Mohammed Rashid. The committee was led by the Vice President of Iraq, Taha Yasin Ramadan. Every 6 months, the committee would meet to review the allocations and make decisions concerning allocations in the

upcoming phase. The committee would evaluate, "special requests" made by individuals around the world who were soliciting allocations.

The principal criterion for granting the special requests or granting an allocation was the individual's support for Iraq. Once the committee determined the allocations for the upcoming phase, the vice president would generally discuss the allocations with Saddam Hussein himself. This modus operandi was followed by the Hussein regime again and again.

The bipartisan reports issued last week present evidence establishing that members of Russian Presidential Council, including the former Chief of Staff of the Russian President Vladimir Putin, Alexander Voloshin, Russian politician Vladimir Zhirinovsky, numerous political entities within Russia, Charles Pasqua, the former French Minister of the Interior, and George Galloway, a newly-elected member of the British Parliament, were all granted substantial oil allocations from the Hussein regime under the Oil-For-Food Program.

In particular, the evidence obtained by the Subcommittee shows that the Hussein regime granted Russian Presidential Council allocations for 90 million barrels of oil. The allocations were given to Mr. Voloshin and his close confidant, Sergei Issakov. The Iraqi Ministry of Oil estimated the council's allocations granted for 1999 to 2003 were worth in excess of $16 million. Vice President Ramadan recognized Mr. Voloshin as the head of Russia's presidential administration and stated that the oil allocations that were awarded to him had been approved by Saddam Hussein.

The Hussein regime granted Russian official Vladimir Zhirinovsky and his political party, the LDPR, allocations for 75.8 million barrels of oil, enough to supply the entire United States for 4 days. The Iraqi Ministry of Oil estimated that Zhirinovsky's allocations were worth $8,679,000.

Saddam Hussein's Vice President, Taha Yasin Ramadan, confirmed to the Subcommittee that Zhirinovsky did receive oil allocations from the Hussein regime. Another senior official of the regime that was interviewed by the Subcommittee confirmed not only that Zhirinovsky received oil allocations, but that he profited from the transaction, saying, "Of course, Zhirinovsky would make a profit. That is the whole point."

Among the evidence are six letters signed by Zhirinovsky himself that openly discuss the allocations and more than 30 documents of the Iraqi Ministry of Oil that expressly identify Zhirinovsky and his political party, the LDPR, in connection with oil allocations.

The evidence shows that the Hussein regime granted Charles Pasqua allocations for 11 million barrels of oil, and George Galloway was allotted 20 million barrels. Saddam Hussein's Vice President, Taha Yasin Ramadan, verified that Pasqua received allocations and that Galloway was granted allocations, "because of his opinions about Iraq," and because he, again, "wanted to lift the embargo against Iraq."

Among the evidence are documents of the Iraqi Ministry of Oil that expressly identify Pasqua and Galloway in connection with oil allocations. One document shows that Saddam Hussein personally approved an allocation to Pasqua and also indicates that Pasqua

refused to write a letter to the Iraqis about the allocation because he feared political scandals.

The process of monetizing the Pasqua and Galloway allocations appears to have followed the same pattern as the Zhirinovsky and RPC allocations. The allocation recipient would nominate a purchasing agent to sign contracts for the allocation. That company would sell the oil to an oil company, and the oil company would pay a hefty commission, typically amounting to hundreds of thousands of dollars, to the nominal purchasing agent for the benefit of the allocation holder.

In one of Mr. Galloway's transactions, surcharges of more than $300,000 were paid to the Hussein regime. Senior Hussein regime officials informed the Subcommittee that the allocation holders, in this case, Galloway, were ultimately responsible for the surcharge payment and, therefore, would have known of the illegal under-the-table payment.

The Subcommittee is not a court of law. The Subcommittee has a long history of bipartisan, thorough, and factual, substantive investigations. The reports released over the past week contain 99 pages of text and 452 footnotes that detail compelling evidence describing how Saddam abused the Oil-For-Food Program to garner political influence around the globe.

I want to thank my friend and Ranking Member of this Subcommittee, Senator Levin, for his participating in and supporting this investigation. Senator Levin.

OPENING STATEMENT OF SENATOR LEVIN

Senator LEVIN. Mr. Chairman, thank you. As you pointed out, the Subcommittee has now had three hearings examining issues related to the Oil-For-Food Program and sanctions on Iraq.

Because this hearing will focus on the problems associated with the program, it is easy to forget that U.N. sanctions on Iraq achieved their primary objective of preventing Iraq from rearming. Former Secretary of State Colin Powell characterized the U.N. sanctions program as "successful," because Saddam Hussein was not able to "rebuild his army . . . and has fewer tanks in his inventory today than he had 10 years ago." And going on, Secretary Powell said, "We have not seen that capacity for weapons of mass destruction emerge to present a full-fledged threat to us," and concluded that "credit has to be given . . . for putting in place a sanctions regime that has kept him pretty much in check."

Now, the U.N. Oil-For-Food Program was intended to alleviate the humanitarian calamity which resulted from the U.N. trade embargo against Iraq. It was essential to find a way to get Iraq to agree to sell its oil and deposit the proceeds in a U.N.-controlled account from which humanitarian supplies like food and medicine could be purchased. And, in fact, over $65 billion was eventually deposited into the U.N. accounts for that purpose—humanitarian supplies for the people of Iraq, such as food and medicine.

But Saddam Hussein would agree to the Oil-For-Food Program only if he could determine to whom the oil was sold and from whom the supplies would be purchased. U.N. member countries, including the United States, reluctantly agreed to give Saddam Hussein that control. It is unsurprising that Saddam Hussein later de-

vised multiple ways to abuse this authority, including the awarding of oil allocations to political figures and others to reward their support or to curry their favor for efforts to undermine or eliminate the U.N. sanctions against Iraq.

It is also unsurprising that when a corrupt Saddam Hussein saw how profitable the oil allocations were, he schemed again to take a cut of the revenue. From September 2000 to September 2002, Iraq demanded that oil allocation holders awarded an Oil-For-Food contract pay a secret per-barrel surcharge that ranged from 10 to 30 cents per barrel. In 2 short years, through these surcharge payments provided $228 million to Iraq.

U.S. import statistics show that about half of the oil on which those surcharges were paid ended up in the United States. Using Iraqi internal records reviewed by our staffs, we estimate that more than half of all the surcharges paid to Iraq, about $118 million was paid on oil sold to U.S. companies. The remaining $110 million in surcharges was paid on oil sent to other countries, in Europe, Asia, and Africa, and there is a chart that shows that division up here to my right.[1]

A U.S. company called Bayoil (USA), headquartered in Houston, Texas, was smack in the middle of it all. When other oil companies around the world were cutting back on business with Iraq due to Saddam Hussein's surcharge demands, Bayoil increased its business. During the 2-year period in which surcharges were mandatory to get Iraqi oil, Bayoil became the largest single buyer of Iraqi oil for the U.S. market.

Altogether, Bayoil brought in over 200 million barrels to the United States. My staff was able to trace 102 of the U.S. cargoes Bayoil brought here, and found that the surcharges paid on those cargoes, according to internal Iraqi records, totaled $37 million.

Bayoil sold the oil to U.S. oil companies and refineries, which, in turn, sold refined petroleum products, like gasoline and heating oil, to American consumers. Last month, Bayoil was indicted for "violating U.S. sanctions on Iraq and for committing fraud, including by paying or arranging the payment of millions of dollars in secret illegal surcharges to the Government of Iraq," and that is a quote from the indictment.

That indictment comes 2 years after the end of the Oil-For-Food Program. But while the program was going on, no one in the U.S. Government appears to have paid much attention to Bayoil despite plenty of red flags. As soon as Iraq began demanding surcharges, oil companies around the world began complaining. Debate erupted at the United Nations about how to stop the surcharges. Opinions split, with the United States and United Kingdom on one side, trying to keep Iraqi oil prices at fair market value to make surcharges uneconomical, and Russia and China on the other side, supporting lower oil prices.

It took 2 years for the U.S. and U.K. representatives to find a way, using retroactive pricing, to prevent Iraq from imposing these surcharges. By the end of 2002, Iraq had given up imposing sur-

[1] The chart entitled "Illegal Surcharges on Iraqi Oil: Amounts Paid, by Final Destination 2000–2002," appears in the Appendix on page 57.

charges because the resulting price was so high no one could buy the oil, pay a surcharge, and still make a profit.

But at the same time the United States joined in efforts to find a way to end such surcharges, joined in that effort by the U.K. at the United Nations, there was little or no U.S. effort here at home, to enforce our own laws against U.S. companies paying illegal oil surcharges or to help the United Nations find a way to stop a U.S. company, Bayoil, from contributing to the surcharge problem. A few general warnings against paying illegal surcharges were sent out, but U.S. Government agencies, including the government's primary sanctions enforcer, the Office of Foreign Assets Control (OFAC), never took on the issue, never researched U.S. company involvement in the payment of oil surcharges, never took a hard look at Bayoil, despite evidence inviting closer scrutiny.

While OFAC did investigate other issues, such as preventing the sale to Iraq of prohibited military equipment or dual-use items, the surcharge issue that commanded such attention at the United Nations received virtually no attention here in Washington. Bayoil slipped right by, for 2 years.

When asked why OFAC failed to do more, OFAC told the Subcommittee that it considered the Oil-For-Food Program to be a U.N. responsibility and that it was up to the United Nations, not the United States, to police compliance with sanctions. The problem with this position, however, is that the United Nations has no law enforcement authority. It can't police the nationals of any country. It can't even force a company to answer questions. The United Nations is dependent upon its member states for enforcement, and it didn't get much help from the United States on this matter.

Bayoil illustrates the point, and the chart summarizes what happened with Bayoil.[1] In 2001, the United Nations became suspicious that Bayoil and a few other companies were using various tactics to make room for surcharge payments. The U.N.'s oil experts asked Bayoil for specific cargo information, but Bayoil refused to provide it. In August 2001, the United Nations appealed to the U.S. Department of State for help and the State Department asked OFAC to obtain the information. After hearing nothing for months, the United Nations sent another request for help in January 2002.

Eight months after the initial inquiry, in April 2002, OFAC finally wrote a letter to Bayoil, asking for information about its licensed activity in Iraq, without requesting the information wanted by the United Nations and without directing Bayoil to answer U.N.'s questions. Despite its booming Iraqi oil import business, Bayoil told OFAC that it no longer conducted licensed activities in Iraq. OFAC made no follow-up inquiry and never even bothered to send Bayoil's response to the State Department or the United Nations.

In the end, the United Nations never obtained the information it needed from the U.S. State Department, OFAC, or Bayoil. Worse, the U.N.'s inquiries about Bayoil never triggered any OFAC review into whether Bayoil was actually paying illegal surcharges. This lack of interest persisted even though, during the surcharge period, Bayoil suddenly expanded its imports to become one of the largest

[1] The chart entitled "Illegal Iraqi Income 1991–2003," appears in the Appendix on page 55.

U.S. importers of Iraqi oil. It performed precisely the intermediary role that experts flagged as likely to pay surcharges. And all the while Bayoil was constantly bombarding U.S., U.N., and Iraqi officials with letters and faxes urging them to set lower prices for Iraqi oil—prices which would allow more room for the payment of surcharges.

OFAC's failure to investigate Bayoil reflects a major oversight failure and a fundamental misconception on the part of OFAC about its responsibility to police U.S. nationals to ensure compliance with sanctions on Iraq. OFAC's actions represented an abdication of its responsibility to monitor Bayoil's behavior and an inappropriate attempt to shift OFAC's own obligation to enforce U.S. sanctions on Iraq to the United Nations.

Saddam Hussein's corrupt control of oil allocations and illegal surcharges is a serious concern, even though the Hussein regime obtained far greater illicit income through other schemes, some with the knowledge and tacit approval of the United States and other members of the U.N. Security Council. The illegal surcharges from Saddam Hussein's control of oil allocations netted Iraq about $228 million.

But as this chart shows,[1] Iraq's direct oil sales to neighboring countries, Jordan, Turkey, and Syria, generated 40 times as much illicit income, over $8 billion. Those direct oil sales were in violation of U.N. sanctions and the Oil-For-Food Program that we helped draft at the United Nations, and yet the United States and others looked the other way, simply taking note of them. On occasion, the United States was not only aware of illegal Iraqi oil sales to its neighbors, the United States actually facilitated those sales, as happened in the Khor al-Amaya incident of 2003.

This incident involved the largest single illicit sale of oil transported by ship out of Iraq during the sanctions period. Over several weeks in February and March 2003, Iraq loaded 7.7 million barrels of oil into seven seagoing oil tankers at the port of Khor al-Amaya in Southern Iraq.[2] Khor al-Amaya was not authorized as a place for ships to load oil under the Oil-For-Food Program. The oil loaded onto the seven ships was sold to the Government of Jordan, which paid Iraq $53 million, which was wired to bank accounts under the control of the Hussein regime.

The seven massive oil tankers that carried this oil docked at Khor al-Amaya in plain view of the Maritime Interdiction Force (MIF), which was then under U.S. command. Internal ship communications show that the seven ship captains were directed to contact the U.S. Naval officer at the MIF before loading any oil and to give him this message, "We are loading crude oil from the terminal at Khor al-Amaya for the Jordanian company acting for Jordan, called Millenium. Do you have any objection?" After obtaining a response of, "no objection," the ships were directed to go to the port, fill up with oil, and leave with their cargo. They then traveled the length of the Persian Gulf with the MIF's full knowledge and acquiescence.

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[1] The chart entitled "Illicit Iraqi Income 1991–2003," appears in the Appendix on page 55.
[2] The chart entitled "Oil Exports From Khor al-Amaya," appears in the Appendix on page 58.

When word of the first Khor al-Amaya oil shipment hit the press and an outcry arose about this apparent blatant violation of U.N. sanctions, a U.S. company involved with chartering the ships for the Jordanian government called U.S. authorities to make sure that it was not violating U.S. or U.N. sanctions or hurting U.S. foreign policy. The company even offered to turn over the oil in the ships' possession to the MIF, if asked. A State Department official responded that the United States "was aware of the shipments and has determined not to take action." The U.S. company was then reassured.

Those shipments from Khor al-Amaya sent $53 million into the pockets of Saddam Hussein on the eve of the U.S. invasion. The Department of Defense knew about the shipments, the State Department knew about the shipments, and we looked the other way. And, by the way, we can't get answers from either of those Departments to inquiries, questions which the Chairman and I sent to them.

There is a pattern here of erratic and inconsistent U.S. enforcement of sanctions on Iraq. On the one hand, the United States was at the United Nations trying to stop Iraq from imposing illegal surcharges on Oil-For-Food contracts. On the other hand, the United States ignored red flags that some U.S. companies might be paying those same illegal surcharges.

The United States also looked the other way while Iraq sold 40 times as much oil to its neighbors, Jordan, Turkey, and Syria, totaling $8 billion, 40 times as much as the illegal surcharges. As part of that $8 billion, we even permitted Jordanian-chartered ships to load oil illegally and gave them safe passage through the Persian Gulf, past the Maritime Interdiction Force that we were commanding to stop illegal oil ships.

While imperfect, sanctions can be a useful tool. They can stop a country from acquiring armaments, as sanctions did in Iraq. But sanctions can also be undermined by schemes that attempt to corrupt or end-run the program, as Saddam Hussein's scheme. They can spawn illicit income, and damage public confidence in international cooperation and in the United Nations itself.

To safeguard against such schemes in the future, sanctions programs need to build-in stronger anti-corruption measures, including assigning clear responsibilities for detecting and preventing corruption, and for putting greater public pressure on member countries to take appropriate enforcement actions. U.N. member countries, including the United States, will have to stop turning a blind eye to violations. Here at home, OFAC must carry out its enforcement responsibilities under our laws, which include ensuring compliance with U.N. sanctions, with stronger anti-corruption oversight and active enforcement.

Mr. Chairman, I know, like you, I commend our staffs for their hard work which went into their reports, and I look forward to the testimony today.

[The prepared statement of Senator Levin follows:]

OPENING STATEMENT OF SENATOR CARL LEVIN (D-MICH)

This is the Subcommittee's third hearing examining issues related to the U.N. Oil-for-Food program and sanctions on Iraq.

Because this hearing will focus on the problems associated with the program, it is easy to forget that U.N. sanctions on Iraq achieved their primary objective of preventing Iraq from rearming. Former Secretary of State Colin Powell characterized the sanctions as "successful," because Saddam Hussein was not able to "rebuild his army . . . [and] has fewer tanks in his inventory today than he had 10 years ago. . . .[W]e have not seen that capacity [for weapons of mass destruction] emerge to present a full-fledged threat to us." He concluded: "credit has to be given . . . for putting in place a [sanctions] regime that has kept him pretty much in check."

The U.N. Oil-for-Food was intended to alleviate the humanitarian calamity resulting from the U.N. trade embargo against Iraq. It was essential to find a way to get Iraq to agree to sell its oil and deposit the proceeds in a U.N.-controlled account from which humanitarian supplies like food and medicine could be purchased. In fact, over $65 billion was eventually deposited into the U.N. account for that purpose. Saddam would agree to the Oil for Food program only if he could determine to whom the oil was sold and *from* whom the supplies would be purchased. U.N. member countries, including the United States, reluctantly agreed to give Saddam Hussein that control. It is unsurprising that Saddam Hussein later devised multiple ways to abuse this authority, including awarding of oil allocations to political figures and others to reward their support or curry their favor for efforts to undermine or eliminate U.N. sanctions against Iraq.

It is also unsurprising that when a corrupt Saddam Hussein saw how profitable the oil allocations were, he schemed again to take a cut of the profits. From September 2000 to September 2002, Iraq demanded that oil allocation holders awarded an Oil for Food contract pay a secret, per-barrel surcharge that ranged from 10 to 30 cents per barrel. In two short years, through these surcharge payments, Iraq amassed $228 million.

U.S. import statistics show that about half of the oil on which those surcharges were paid ended up in the United States. Using Iraqi internal records reviewed by our staffs, we estimate that more than half of all of the surcharges paid to Iraq, about $118 million, was paid on oil sold to U.S. companies. The remaining $110 million in surcharges was paid on oil sent to other countries, including in Europe, Asia and Africa. [See chart.]

A U.S. company called Bayoil (USA), headquartered in Houston, Texas, was smack in the middle of it all. When other oil companies around the world were cutting back on business with Iraq due to Saddam's surcharge demands, Bayoil increased its business. During the 2-year period in which surcharges were mandatory to get Iraqi oil, Bayoil became the largest single buyer of Iraqi oil for the U.S. market. Altogether, Bayoil brought in over 200 million barrels to the United States. My staff was able to trace 102 of the U.S. cargoes Bayoil brought here, and found that the surcharges paid on those cargoes, according to internal Iraqi records, totaled $37 million.

Bayoil sold the oil to U.S. oil companies and refineries which, in turn, sold refined petroleum products, like gasoline and heating oil, to American consumers.

Last month Bayoil was indicted for violating U.S. sanctions on Iraq and for committing fraud, including by paying or arranging the payment of "millions of dollars in secret illegal surcharges to the Government of Iraq." That indictment comes two years after the end of the Oil for Food program. But, while the program was going on, no one in the U.S. government appears to have paid much attention to Bayoil.

As soon as Iraq began demanding surcharges, oil companies around the world began complaining. Debate erupted at the United Nations about how to stop the surcharges. Opinion split, with the United States and United Kingdom on one side, trying to increase Iraqi oil prices to make surcharges uneconomical, and Russia and China on the other side, supporting lower oil prices. It took two years for U.S. and U.K. representatives to find a way, using retroactive pricing, to prevent Iraq from imposing surcharges. By the end of 2002, Iraq had given up imposing surcharges, because the resulting price was so high, no one could buy the oil, pay a surcharge, and still make a profit.

But at the same time the U.S. joined in efforts to find a way to end such surcharges at the United Nations, there was little or no U.S. effort here at home to enforce our own laws against U.S. companies paying illegal surcharges or to help the U.N. investigate a U.S. company, Bayoil, that was suspected of contributing to the surcharge problem. A few general warnings against paying illegal surcharges were sent out, but the government's primary sanctions enforcer, the Office of Foreign Assets Control (OFAC), never took on the issue, never researched U.S. company involvement in the payment of surcharges, and never took a hard look at Bayoil, despite evidence inviting closer scrutiny. While OFAC did investigate other issues, such as preventing the sale to Iraq of prohibited military equipment or dual

use items, the surcharge issue that commanded such attention in the U.N. received virtually no attention here at home. Bayoil slipped right by, for two years.

When asked why OFAC failed to do more, OFAC told the Subcommittee that it considered the Oil for Food program to be a U.N. responsibility, and that it was up to the U.N., not the U.S., to police compliance with sanctions. The problem with this position, however, is that the United Nations has no law enforcement authority. It can't police the nationals of any country. It can't even force a company to answer questions. The U.N. is dependent upon its member states for enforcement, and it didn't get much help from the United States on this matter.

Bayoil illustrates the point. This chart summarizes what happened with Bayoil. In 2001, the U.N. became suspicious that Bayoil and a few other companies were using various tactics to make room for surcharge payments. The U.N.'s oil experts asked Bayoil for specific cargo information, but Bayoil refused to provide it. In August 2001, the U.N. appealed to the U.S. State Department for help, and the State Department asked OFAC to obtain the information. After hearing nothing for four months, the U.N. sent another request for help in January 2002. Eight months after the initial inquiry, in April 2002, OFAC finally wrote a letter to Bayoil asking for information about its licensed activity in Iraq, without requesting the information wanted by the U.N. and without directing Bayoil to answer U.N. questions. Despite its booming Iraqi oil import business, Bayoil told OFAC that it no longer conducted licensed activity in Iraq. OFAC made no followup inquiry and never even bothered to send Bayoil's response to the State Department or the United Nations.

In the end, the U.N. never obtained the information it needed from the U.S. State Department, OFAC, or Bayoil. Worse, the U.N.'s inquires about Bayoil never triggered any OFAC review into whether Bayoil was paying illegal surcharges. This lack of interest persisted even though, during the surcharge period, Bayoil suddenly expanded its imports to become one of the largest U.S. importers of Iraqi oil. It performed precisely the intermediary role that experts flagged as likely to pay surcharges. And all the while, Bayoil was constantly bombarding U.S., U.N., and Iraqi officials with letters and faxes urging them to set lower prices for Iraqi oil—prices which would allow more room for the payment of surcharges.

OFAC's failure to investigate Bayoil reflects a major oversight failure and a fundamental misconception on the part of OFAC about its responsibility to police U.S. nationals to ensure compliance with sanctions on Iraq. OFAC's actions represented an abdication of its responsibility to monitor Bayoil's behavior and an inappropriate attempt to shift OFAC's own obligation to enforce U.S. sanctions on Iraq to the United Nations. Saddam Hussein's corrupt control of oil allocations and illegal surcharges is a serious concern, even though the Hussein regime obtained far greater illicit income through other schemes, some with the knowledge and tacit approval of the United States and other members of the U.N. Security Council. The illegal surcharges from Saddam Hussein's control of oil allocations netted Iraq about $228 million; Iraq's direct oil sales to its neighboring countries, Jordan, Turkey and Syria, generated 40 times as much illicit income—over $8 billion. [See bar chart.] These direct oil sales were in violation of U.N. sanctions and the Oil for Food program we helped draft at the United Nations, yet the United States and others looked the other way, simply taking note of them.

On occasion, the United States was not only aware of illegal Iraqi oil sales to its neighbors, the United State actually facilitated them as happened in the Khor al-Amaya incident of 2003. This incident involves the largest single illicit sale of oil transported by ship out of Iraq during the sanctions period.

Over several weeks in February and March 2003, Iraq loaded 7.7 million barrels of oil onto 7 seagoing oil tankers at the port of Khor al-Amaya in southern Iraq. Khor al-Amaya was not authorized as a place for ships to load oil under the Oil for Food program. The oil loaded onto the 7 ships was sold to the Government of Jordan, which paid Iraq $53 million, wired to bank accounts under the control of the Hussein regime.

The 7 massive oil tankers that carried this oil docked at Khor al-Amaya in plain view of the Maritime Interdiction Force (MIF), which was then under U.S. command. Internal ship communications show that the 7 ship captains were directed to contact the U.S. naval officer at MIF before loading any oil and give him this message: "We are loading crude oil from the terminal at Khawr Amaya for Millenium [the Jordanian company acting for Jordan], do you have any objection?" After obtaining a response of "no objection," the ships were directed to go to the port, fill up with oil, and leave with their cargo. They then traveled the length of the Persian Gulf, with the MIF's full knowledge and acquiescence.

When word of the first of the Khor al-Amaya oil shipment hit the press and an outcry arose about this apparent blatant violation of U.N. sanctions, a U.S. company involved with chartering the ships for the Jordanian government called U.S. au-

thorities to make sure it was not violating U.S. or U.N. sanctions or hurting U.S. foreign policy. The company even offered to turn over the oil in the ships' possession to the MIF, if asked. A State Department official responded that the United States "was aware of the shipments and has determined not to take action." The U.S. company was reassured.

The Khor al-Amaya shipments sent $53 million dollars into the pockets of Saddam Hussein on the eve of the U.S. invasion. DOD knew about the shipments, the State Department knew, and we looked the other way.

There is a pattern here of erratic and inconsistent U.S. enforcement of sanctions on Iraq. On the one hand, the United States was at the U.N. trying to stop Iraq from imposing illegal surcharges on Oil for Food contracts. On the other hand, the U.S. ignored red flags that some U.S. companies might be paying those same illegal surcharges. The U.S. also looked the other way while Iraq sold 40 times as much oil to its neighbors, Jordan, Turkey and Syria, totaling $8 billion. As part of that $8 billion, we even permitted Jordanian-chartered ships to load oil illegally and gave them safe passage through the Persian Gulf past the Maritime Interdiction Force we were commanding to stop illegal oil shipments.

While imperfect, sanctions can be a useful tool. They can stop a country from acquiring armaments as sanctions did in Iraq. But sanctions can also be undermined by schemes that attempt to corrupt or end-run the program. They can spawn illicit income, and damage public confidence in international cooperation and in the United Nations itself.

To safeguard against such schemes in the future, sanctions programs need to build-in stronger anti-corruption measures, including assigning clear responsibilities for detecting and preventing corruption, and for putting greater public pressure on member countries to take appropriate enforcement actions. U.N. member countries—including the United States—will have to stop turning a blind eye to violations. Here at home, OFAC must carry out its enforcement responsibilities under our own laws, which include ensuring compliance with U.N. sanctions, with stronger anti-corruption oversight and active enforcement.

I commend our staffs for their hard work which went into their reports, and I look forward to the testimony today.

Senator COLEMAN. Thank you, Senator Levin. Senator Bennett.

OPENING STATEMENT OF SENATOR BENNETT

Senator BENNETT. Thank you very much, Mr. Chairman. I have been unable to attend as many of these hearings as I would like and I will have to slip out of this one to go to another committee assignment that I have.

I simply want to recall for the Subcommittee a personal experience which I hope will add a certain perspective to the work of the Subcommittee and the activities surrounding this issue. I was in the Middle East in a country—I will not identify it because it is known as being friendly to the United States, although there are those who might suggest that it is not—and as happens to a traveling Senator, I was exposed to a press conference.

In the course of the press conference, the subject immediately came up about the sanctions in Iraq and the question was posed to me, Senator, how can you justify America's position that is denying food to children, medicines to the ill, putting tremendous humanitarian pressure on the poor, starving people of Iraq? Your support for sanctions is causing undue hardship in Iraq, and how can America justify these hardships?

The State Department official who was sitting at my elbow immediately whispered in my ear, as a Senator, you don't have to answer that question. You can defer that to the State Department and you don't have to respond. That is an inappropriate question for him to ask you when you are here on another purpose and you can deflect it.

I chose to ignore the State Department admonition and said to the press, if the people in Iraq are suffering because of the sanctions, the blame belongs to Saddam Hussein and not to the United States. If the people in Iraq are being deprived of food or medicines, it is because Saddam Hussein himself chooses to use his money to build palaces and take care of his own needs rather than to take care of them, and I do not apologize under any circumstances for the position of the Western world that this man deserves to be sanctioned.

There was no story that appeared as a result of that because they did not want to put that particular response in the press in that country.

I think as we go through the details of the scandal relating to Oil-For-Food, we should pursue them with the kind of diligence that you and the Minority Staff have exhibited here. But I also think we should put it in greater context.

There was a propaganda campaign mounted and maintained over a period of years that said that those people who were opposed to Saddam Hussein and his regime, who used sanctions in an effort to try to bring that regime into some level of civilized behavior, were the bad guys and that Saddam Hussein and those who "represented the Iraqi people," were the good guys.

One of the things we have learned as a result of the administration's actions in response to a 15-to-0 vote in the Security Council of the United Nations in Iraq has been once again the lesson that tyrants do not change their spots. Brutal rulers do not change their attitudes. There must be pressure, and it must be effective pressure, from those who are truly on the side of the poor and the starving. And the information you are developing in this hearing and in other hearings demonstrates the truth of that once again and I hope the rest of the world will watch what you are doing here and recognize that the efforts on behalf of the United States to help the people of Iraq have been well placed and should be applauded rather than attacked in the way that they have been.

Thank you, Mr. Chairman, for your diligence in what you are doing.

Senator COLEMAN. Thank you, Senator Bennett. Senator Dayton.

OPENING STATEMENT OF SENATOR DAYTON

Senator DAYTON. Thank you, Mr. Chairman. I want to commend you and the Ranking Member for your diligence and persistence in this endeavor.

I was State Auditor for Minnesota, and every time I got involved in any kind of audit or investigation, I was accused of having some motive. And I said, well, everyone has a motive, but ultimately, the audit or the investigation will be judged on the facts. If we have access to the facts, then they will stand whole on their own.

I also learned, while it is not determinative, that the behavior of those under investigation was quite instructive as to the validity of some of the initial accusations. I found that those with nothing to hide usually tried to hide nothing, in fact, were most forthcoming. The more the individuals or institutions tried to hide or withhold what was being requested, the more suspicious I became,

and more often than not, those suspicions were validated by the findings.

I must say, the recent difficulties you have mentioned, Senator Levin, regarding the executive agencies responding to requests, the almost unprecedented steps taken last week to go to a Federal court for a temporary injunction to prevent a former FBI agent from releasing materials in his possession that would be relevant to this investigation says to me that certain individuals or institutions have a great deal to hide, and it makes your determination and your persistence in pursuit of the truth and all these facts and the money involved all the more commendable, both of you. Thank you.

Senator COLEMAN. Thank you, Senator Dayton.

I would like to call the first panel. I would like to call Mark Greenblatt and Steven Groves, Counsels for the Majority Staff, and Dan Berkovitz, Counsel to the Minority Staff of the Permanent Subcommittee on Investigations.

I appreciate all the staff's hard work on this investigation, both the Majority and Minority Staff. As I mentioned in my opening statement, today, we will present evidence that has been gathered on how Saddam Hussein manipulated the Oil-For-Food Program to peddle influence and reward friends in order to undermine sanctions. In particular, this hearing will present evidence detailing how Saddam rewarded foreign officials with lucrative oil allocations that could be converted into cash.

Mr. Greenblatt will present his findings on allocations granted to a prominent Russian politician named Vladimir Zhirinovsky to reward him for his outspoken support for Iraq. In addition, Mr. Greenblatt will present evidence that the former French Minister of the Interior, Charles Pasqua, and George Galloway, the newly reelected member of the British Parliament, were granted substantial oil allocations by the Hussein regime.

Mr. Groves will testify about how Saddam Hussein regime's attempt to influence the Russian Government by granting allocation to the Russian Presidential Council. Specifically, oil allocations were given to the head of the Presidential Council, Alexander Voloshin.

Finally, Mr. Berkovitz will be testifying about issues related to illegal surcharges paid on oil contracts under the OFF program, including an American company, Bayoil, as well as illegal oil shipments made from the Iraqi port of Khor al-Amaya.

Before we begin, pursuant to Rule 6, all witnesses who testify before this Subcommittee are required to be sworn.

Do you swear the testimony before the Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. GREENBLATT. I do.

Mr. GROVES. I do.

Mr. BERKOVITZ. I do.

Senator COLEMAN. Thank you, gentlemen. As you are well aware, your written testimony will be presented in its entirety. You will be each allocated 10 minutes for your presentation. Mr. Greenblatt, I understand that you will testify first, followed by Mr. Groves. Mr.

Greenblatt will then testify again, within the same time parameters, and we will finish up with Mr. Berkovitz.

Mr. Greenblatt, you may proceed.

TESTIMONY OF MARK L. GREENBLATT,[1] COUNSEL, PERMANENT SUBCOMMITTEE ON INVESTIGATIONS, COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS, U.S. SENATE

Mr. GREENBLATT. Mr. Chairman, Ranking Member Levin, Members of the Subcommittee, thank you for this opportunity to testify before you today concerning the Subcommittee's investigation into the Oil-For-Food Program.

My testimony today will present evidence demonstrating how the Hussein regime rewarded its political allies under the Oil-For-Food Program.[2] In particular, I will introduce evidence establishing that the Hussein regime granted lucrative oil allocations to Vladimir Zhirinovsky, a prominent Russian official.

In short, the evidence reveals that Zhirinovsky was granted allocations of 75 million barrels of oil. The Iraqi Ministry of Oil estimated that profits of $8.6 million were made in connection with Zhirinovsky's allocations, as reflected in Exhibit 1.[3] In fact, for some of those allocations, the evidence shows that an American oil trader named Bayoil may have paid Zhirinovsky millions of dollars in connection with those transactions. Finally, I will present evidence that Zhirinovsky and Bayoil paid illegal, under-the-table surcharges to the Hussein regime totaling $4.7 million.

Senator Coleman, as you described in your opening statement, Hussein regime officials that were interviewed in Iraq by this Subcommittee told us that the Iraqis gave preferential treatment to specific foreign officials in the allocation of oil because of their support for the Hussein regime and their opposition to U.N. sanctions on Iraq. Vladimir Zhirinovsky was one of those officials.

Zhirinovsky has been a long-time member of the Russian Duma and the leader of the ultra-nationalist Liberal Democratic Party of Russia, commonly called the LDPR. He was popular enough to run for President of Russia three different times. He was a tireless and outspoken supporter of the Hussein regime, taking roughly 16 trips to Iraq during the 7 years of the Oil-For-Food Program, and frequently denouncing U.N. sanctions against Iraq. In addition, Zhirinovsky signed an agreement on, "interparty ties" between his party, the LDPR, and Saddam Hussein's Baath party. He dispatched a group of supporters called, "the falcons of Zhirinovsky" to Iraq to support the Hussein regime during the First Gulf War. Zhirinovsky, who wrote a book entitled "I Spit on the West," was unquestionably a strong supporter of the Hussein regime.

The regime, in turn, rewarded Zhirinovsky with lucrative oil allocations. In total, Zhirinovsky received at least 12 different allocations totaling more than 75 million barrels of oil. The Iraqi Min-

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[1] The prepared statement of Mr. Greenblatt appears in the Appendix on page 59.

[2] See *Report on Oil Allocations Granted to Charles Pasqua and George Galloway* and *Report on Oil Allocations Granted to Vladimir Zhirinovsky,* prepared by the Majority and Minority Staffs of the Permanent Subcommittee on Investigations, which appear in the Appendix on pages 84 and 180 respectively.

[3] See Exhibit No. 1, which appears in the Appendix on page 1447.

istry of Oil estimated that the profits arising from Zhirinovsky's allocations amounted to $8.6 million.

The Subcommittee staff has prepared a thorough and comprehensive report detailing the chronology of events surrounding Zhirinovsky's allocations. Among the voluminous evidence are six letters signed by Zhirinovsky himself and 31 documents from the Ministry of Oil that specifically identify Zhirinovsky or his radical political party.

The report also introduces testimony of four senior members of the Hussein regime, including Tariq Aziz and Saddam's former Vice President, Taha Yasin Ramadan, each of which independently confirm that Zhirinovsky received oil allocations. In fact, one regime official confirmed to this Subcommittee not only that Zhirinovsky received oil allocations, but that Zhirinovsky also earned money from the deals. He said, "Of course, Zhirinovsky would make a profit. That is the whole point." I will present a brief sampling of that evidence today.

The first document is a letter that appears in Exhibit 2.[1] That exhibit is a letter from Zhirinovsky to the Iraqi Ambassador to Russia at the very beginning of the Oil-For-Food Program. In short, this is Zhirinovsky's pitch for oil contracts. He begins the letter by describing his longtime support for the Hussein regime. He states that he and his political party "stood firmly against the enforcement of United Nations sanctions against Iraq," and that his political party used its "influence on the Duma to adopt resolutions that will facilitate economic cooperation between Russia and Iraq." He also stated, "a special resolution to lift the economic sanctions on Iraq was adopted in particular and by virtue of our party's efforts." After brandishing his pro-Hussein credentials, Zhirinovsky states that his party has "commercial institutions" that would like to receive oil contracts under the Oil-For-Food Program.

After Zhirinovsky's letter, there were a series of meetings between his representatives and members of the Hussein regime, including meetings between Zhirinovsky himself and Saddam Hussein and Saddam's right-hand man, Tariq Aziz. The Subcommittee staff report details all those meetings, which ultimately culminated in an oil allocation to Zhirinovsky in Phase II of the program.

The Hussein regime continued to grant oil allocations through the next two phases. Then, in Phase V, a new player enters the picture. That new player is the American oil trader named Bayoil. In early phases of the Oil-For-Food Program, Bayoil was buying up as much Iraqi oil as possible. They aggressively pursued oil allocations and prided themselves on being one of the largest purchasers of Iraqi oil under the program.

In late 1998, Bayoil struck a deal with Zhirinovsky. Zhirinovsky would assign his allocation to Bayoil in exchange for a hefty commission. The evidence suggests that the commission was 17 cents a barrel, which would amount to $850,000 for a medium-sized allocation, such as five million barrels.

When Zhirinovsky informed the Iraqis that his allocation would be assigned to Bayoil, the Iraqis rejected the plan, saying, "Iraq cannot do business with American companies." As a result, Bayoil

[1] See Exhibit No. 2, which appears in the Appendix on page 1450.

was forced to engage a Russian company to act as the nominal purchasing agent. Bayoil eventually did so, engaging a Russian company called Nafta Moscow to interface with the Iraqis.

Bayoil then confirmed the deal with Zhirinovsky in a letter presented on the left-hand side of Exhibit 3.[1] In that letter, Bayoil tells Zhirinovsky that it has engaged Nafta Moscow to act as the purchasing agent and requested that Zhirinovsky confirm the agreement with a letter on LDPR letterhead. Bayoil even drafted the letter for Zhirinovsky, saying, "We LDPR confirm that our Iraqi oil allocation of 7 million barrels is assigned to Bayoil. We will confirm to SOMO to contract this allocation with company designated by Bayoil. Upon receiving from you the agreed premium prior to . . .," and it inserts a certain date. Signed, Mr. Vladimir V. Zhirinovsky. Bayoil then concludes the letter indicating that it hopes to pay Zhirinovsky's premium earlier than the contractual deadline.

Soon after Bayoil's letter to Zhirinovsky, Bayoil explained the deal to Nafta, its nominal purchasing agent. That letter appears on the right-hand side of Exhibit 3. In that letter, Bayoil gives Nafta instructions on how to negotiate with the Iraqis, such as reminding the Iraqis that the allocation was, "being contracted for and on behalf of Mr. Vladimir Volfovich, the LDPR." It is reasonable to conclude that the name "Vladimir Volfovich, the LDPR" is a reference to Zhirinovsky because Zhirinovsky's full name is Vladimir Volfovich Zhirinovsky and the LDPR is his political party. Nafta was also supposed to remind the Iraqis that Zhirinovsky is, "one of the greatest supporter of the Iraqi cause in the world." Bayoil also offered suggestions, "on maximizing the economic result for the LDPR," Zhirinovsky's radical political party.

All of this correspondence eventually culminated in six different oil transactions, starting in Phase V and continuing through Phase X. In connection with those transactions, Bayoil will pay a large commission payment to a seemingly unrelated entity. For instance, in the Phase VI deal, Bayoil paid 17 cents to a mysterious entity called "Plasco Shipping." In total, Bayoil paid Plasco more than $1.3 million. Similarly, in Phase VII, Bayoil paid a massive commission of 31 cents per barrel to another mysterious entity called "Bayvan Consulting." In one document, a Bayoil employee called those payments, "Russian commission." Those Russian commissions to Bayvan appear to total more than $1.5 million.

The Subcommittee could not identify any services provided by these companies, Plasco Shipping or Bayvan Consulting, in connection with the oil deals. Our exhaustive search of Bayoil's files concerning these deals included a thorough vetting of thousands of pages detailing each and every aspect of the transactions. Nevertheless, the Subcommittee could not identify one piece of correspondence with Plasco or Bayvan. There was no contact with either of them, no invoices, no indication of any services provided whatsoever. Moreover, the Subcommittee attempted to locate each of those companies and was unable to do so. Therefore, in light of the fact that Bayoil agreed to pay a premium to Zhirinovsky and Bayoil made these massive payments to dubious companies, it is

[1] See Exhibit No. 3, which appears in the Appendix on page 1455.

reasonable to conclude that those payments were, in fact, commissions to Vladimir Zhirinovsky.

Not only did Zhirinovsky profit from this scheme, but Saddam Hussein profited, as well. In Phase VIII of the program, which occurred towards the end of 2000, the Hussein regime started demanding under-the-table payments in connection with oil purchases. These payments were in direction violation of U.N. sanctions and the rules of the Oil-For-Food Program. According to senior members of the Hussein regime, every single recipient of an oil allocation was obligated to make those payments, commonly called surcharges. Surcharges were imposed over a 2-year period, from September 2000 to mid-2002, and during that period, Zhirinovsky received four distinct allocations. As reflected in the documents presented in Exhibit 7,[1] for those four allocations, the Hussein regime received under-the-table payments totaling approximately $4.7 million.

Let us review one such surcharge payment. In Phase X, Zhirinovsky received an allocation of four million barrels. Bayoil once again purchased that allocation and engaged Russian oil giant Lukoil to be its agent. Lukoil contracted for the oil on behalf of Bayoil and the contract was numbered M/10/67. In connection with Contract M/10/67, Bayoil made payments totaling $1,122,548.70 to Plasco Shipping, the same mysterious entity that we visited previously. Those payments are captured on the left-hand side of Exhibit 4,[2] which presents Bayoil's internal accounting statements reflecting the payments to Plasco Shipping.

It is crucial that we remember the sum paid to Plasco Shipping, $1,122,548.70, because that precise figure appears on a document created by the Ministry of Oil. That document, which is a chart that appears on the right-hand side of Exhibit 4, is a summary of all surcharges paid to the Hussein regime under the Oil-For-Food Program. The entry for Contract M/10/67, the Lukoil contract we discussed earlier, indicates that the surcharge owed was precisely $1,122,548.70, the exact amount to the penny that Bayoil paid Plasco Shipping. Finally, the chart indicates that the surcharge was paid in full. Therefore, given this evidence, it is reasonable to conclude that Bayoil's payments to Plasco Shipping were, in fact, illegal under-the-table payments to the Hussein regime.

As displayed in Exhibit 7, $4.7 million was paid in surcharges in connection with Zhirinovsky's allocations. While Zhirinovsky and his agents paid $4.7 million to the Hussein regime in cash, Zhirinovsky also compensated the regime by literally giving the Iraqis a building in Moscow. In Phase VIII, Zhirinovsky was apparently having difficulty paying off all the surcharge debt. The Vice President of Iraq, Taha Yasin Ramadan, told the Subcommittee that he met with Zhirinovsky face-to-face and actually threatened him, saying, "Pay or get nothing."

In lieu of paying off the surcharge with cash, Zhirinovsky offered to give the Iraqis a building he owned in Moscow. Senior regime officials informed the Subcommittee that the building was worth more than $800,000. In our staff report, we present a letter from

[1] See Exhibit No. 7, which appears in the Appendix on page 1475.
[2] See Exhibit No. 4, which appears in the Appendix on page 1459.

Zhirinovsky in which he discusses his proposal. The Iraqis eventually agreed to Zhirinovsky's offer and the deed was transferred to the Iraqis at their embassy in Moscow. One senior official told the regime—I am sorry, told the Subcommittee that he observed the transaction, saying, "I was there personally." We have learned that the building is being used as an Arabic school.

In conclusion, our staff report establishes that Zhirinovsky received numerous lucrative oil allocations, that Bayoil paid the Russians millions of dollars in exchange for some of those allocations, and that Zhirinovsky, with Bayoil's financing, paid the Hussein regime millions in under-the-table surcharges.

With that, I will close my presentation. I would be happy to answer your questions.

Senator COLEMAN. Thank you, Mr. Greenblatt. Mr. Groves.

TESTIMONY OF STEVEN A. GROVES,[1] COUNSEL, PERMANENT SUBCOMMITTEE ON INVESTIGATIONS, COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS, U.S. SENATE

Mr. GROVES. Good morning, Chairman Coleman, Senator Levin, and Members of the Subcommittee. Thank you for the opportunity to testify today regarding the Subcommittee's latest findings relating to our ongoing investigation into the Oil-For-Food Program.

My testimony today presents evidence gathered by the Subcommittee establishing that the former regime of Saddam Hussein attempted to exert influence at the highest levels of Russian government by awarding lucrative allocations of oil to politically influential officials.[2] In particular, the Hussein regime assigned the rights to massive quantities of oil to the Russian Presidential Council, which was then headed by a powerful Kremlin insider named Alexander Voloshin.

In April, we traveled to Iraq and interviewed senior officials of the former Hussein regime. The officials told us that oil allocations were awarded to foreign politicians and political parties in order to engender international support for their regime. Documents reviewed by the Subcommittee from the Iraqi Ministry of Oil confirmed that massive allocations of oil were awarded to U.N. Security Council members that were sympathetic towards Iraq in its efforts to lift sanctions. Among those members was the Russian Federation. Saddam Hussein personally approved the lists of allocation recipients along with a committee of his closest advisors, including Deputy Prime Minister Tariq Aziz and Vice President Taha Yasin Ramadan, both of whom were interviewed by the Subcommittee.

The Hussein regime gave allocations to Russian individuals, political parties, government ministries, and major oil companies due to their good relationship with Iraq and due to their support for the lifting of sanctions. A total of 30 percent of all of the oil allocated during the entire course of the program went to Russia. The state-owned oil company Zarubezhneft was allocated almost 180 million barrels of oil. The Russian Ministry of Foreign Affairs, the equiva-

[1] The prepared statement of Mr. Groves appears in the Appendix on page 68.

[2] See *Report on Oil Allocations Granted to The Russian Presidential Council,* prepared by the Majority and Minority Staffs of the Permanent Subcommittee on Investigations, which appears in the Appendix on page 459.

lent of our State Department, was allocated 155 million barrels. Individual politicians, such as Mr. Zhirinovsky, and political parties were also given allocations, including 73 million barrels to the Unified Russia Party, now known as the Unity Party, a pro-Kremlin organization associated with Russian President Vladimir Putin. Tariq Aziz stated that the Unity Party received such a large number of allocations because Russia was taking positions at the U.N. Security Council favorable to Iraq. Vice President Ramadan stated that the Unity Party was given massive allocations because it was the governing party and the party of the president.

The Russian Presidential Council received nine oil allocations totaling 90 million barrels. The Presidential Council consisted of advisors appointed by the president, was responsible for devising presidential policy, drafting presidential decrees, and coordinating policy among government agencies. The head of the Presidential Council was Alexander Stalevich Voloshin, who was widely known to be the power behind the throne at the Kremlin. Mr. Voloshin assisted in President Putin's rise to power, managed his first election campaign, and helped to create the Unity Party. He was once referred to as "de facto, after President Vladimir Putin, Russia's most powerful man."

Former regime officials interviewed by the Subcommittee confirmed the allocations given to Mr. Voloshin were a show of support for him, and were granted to him because of his relationships with "very important characters." Vice President Ramadan told the Subcommittee that he knew that Mr. Voloshin was the head of Russia's Presidential administration and stated that the oil allocations awarded to him had been approved by Saddam Hussein.

Many of the allocations to the Russian Presidential Council, like the allocations to Mr. Zhirinovsky, were ultimately purchased and shipped by Houston-based Bayoil. The Presidential Council and Bayoil used a variety of middle-men oil trading companies to execute the actual contracts with Iraq.

The transactions involved in the allocations granted to the Russian Presidential Council followed the same general pattern. It would start at the beginning of each phase with an oil allocation to the Russian Presidential Council. If you would turn your attention to Exhibit 19,[1] it is an example of a Ministry of Oil allocation list. The chart indicates that the Russian Presidential Council was allocated 14 million barrels of oil in Phase VIII and that a Mr. Issakov was named as the designated contact person. Mr. Issakov is Sergei Issakov, who is associated with Mr. Voloshin, as noted in our report. As you can see by the hand-written note at the corner of the document, the allocations had been approved at the highest level by the "the President Leader."

Once the oil is allocated, the contact person would choose a Russian company to act as the nominal purchaser, the middleman, in exchange for a small commission. A representative of the middleman, often Mr. Issakov himself, then traveled to Baghdad and signed a contract with SOMO that could be forwarded to the United Nations for approval. Once the contract was signed, SOMO would forward that contract to the Minister of Oil for approval. If

[1] See Exhibit No. 19, which appears in the Appendix on page 1514.

you could turn your attention to Exhibit 27,[1] which is an example of one such an approval for an allocation given to Mr. Voloshin in Phase XII. As you can see, the terms of the official contract with the Russia middleman company, called Impexoil, were approved by the Minister of Oil, and you can see that the ministry kept track of exactly who the allocation holder was, Mr. Voloshin, the head of the Russian Presidential Council.

Other Ministry of Oil documents also kept track of who was the ultimate beneficiary of the oil allocation. For example, Exhibit 29[2] is a letter from the Crude Oil Marketing Department to the Financial Department outlining the terms of a contract signed during Phase XIII with Impexoil. Again, the letter makes clear who is benefitting from the allocation. It states, "Party Benefiting from Allocation: Head of the Russian Presidential Council."

Once the allocation and the contracts had been approved, the middleman company entered into a separate contract with an oil company, in many instances Bayoil, to actually ship the oil. After the oil was lifted, Bayoil wired payments, usually hundreds of thousands of dollars each, into certain bank accounts in Cyprus or Switzerland, countries not exactly known for their transparency in banking practices. The evidence indicates that the money wired to those accounts by Bayoil was ultimately split between the allocation holder and the middleman.

The Russian middlemen used to facilitate these allocations were paid a commission, usually amounting to two cents per barrel. For example, you can see here in Exhibit 20[3] that in June 2000, Bayoil agreed to pay one of these middlemen, a company called Rosnefteimpex, two cents a barrel for a contract in Phase VIII. As you can see, the Russian Presidential Council does not appear in this document. Instead, a company called Haverhill Trading suddenly appears and is somehow engaged in these transactions. This is because even the middlemen in these transactions had middlemen. As detailed in our report, Cyprus-based Haverhill served as a pass-through for the money that Bayoil paid to the middlemen, to the Russian Presidential Council, and in some instances, back to the Hussein regime in the form of surcharges.

We conclude that the allocation holders and the middlemen profited from these transactions, and Saddam profited, as well. Millions of dollars wired by Bayoil into Cypriot bank accounts during Phase IX and X were routed back to the Hussein regime. The letter displayed in Exhibit 23[4] to the Executive Director of SOMO relates to a Phase IX allocation to the Russian Presidential Council and indicates that the middleman on the transaction, a company called Rosnefteimpex, had paid surcharges due to the regime. As you can see, the document notes that Rosnefteimpex delivered the surcharge payments directly to the Iraqi embassy in Moscow. This was a common practice for the Russian companies who paid surcharges under these oil transactions.

For all of the transactions where Bayoil was involved, Bayoil wired over $9.2 million into different bank accounts in Cyprus,

[1] See Exhibit No. 27, which appears in the Appendix on page 1522.
[2] See Exhibit No. 29, which appears in the Appendix on page 1524.
[3] See Exhibit No. 20, which appears in the Appendix on page 1515.
[4] See Exhibit No. 23, which appears in the Appendix on page 1518.

Greece, and Switzerland between July 2000 and January 2003. As indicated in Exhibit 31,[1] we estimate that approximately $609,000 went to the middleman companies, such as Rosnefteimpex and Impexoil. The contracts connected to the Russian Presidential Council in Phases IX and X resulted in surcharge payments back to the Hussein regime, payments that we estimate to be in excess of $5.6 million. Once the payments to the middlemen and the surcharges to the Hussein regime are deducted from the total payments made by Bayoil, there is a remainder of almost $3 million. That is the amount we conclude went to the allocation holders, specifically Mr. Voloshin and Mr. Issakov under the auspices of the Russian Presidential Council.

Thank you again for allowing me to summarize our findings and I look forward to any questions you have on this matter.

Senator COLEMAN. Thank you, Mr. Groves.

Mr. Greenblatt, are you going to pick it up from here, and then we will go to Mr. Berkovitz?

ADDITIONAL TESTIMONY OF MARK L. GREENBLATT[2]

Mr. GREENBLATT. Thank you again for the opportunity to present additional evidence. This presentation will introduce evidence that the Subcommittee obtained establishing that the Hussein regime granted oil allocations to former French Minister of the Interior Charles Pasqua and recently reelected member of the British Parliament George Galloway. The evidence establishes that Pasqua refused to sign a letter for the Iraqis concerning the allocations because he "fear[ed] political scandals." The evidence also indicates that Galloway appears to have used a children's cancer foundation in at least one transaction.

I will start with a sampling of evidence concerning the allocations granted to Charles Pasqua. The first exhibit, Exhibit 8(a),[3] is a handwritten note written by the Executive Director of SOMO, the State Oil Marketing Organization, that he sent to the Minister of Oil. The subject line of the note is, "The French Personality (Charles Pasqua)." In the first line of the letter, SOMO indicates that Saddam Hussein personally approved the allocation to Charles Pasqua, stating, "The President leader . . . has approved the allocation of 3 million barrels to the French personality (Charles Pasqua)." The note goes on to say that the Iraqis requested that Pasqua sign a letter concerning one aspect of the transaction and that he refused to do so. According to the note, Pasqua refused to sign the letter because he "fear[ed] political scandals."

The next exhibit, which is displayed on Exhibit 8(b),[4] is a letter written by Tariq Aziz's chief assistant. In that letter, he informs SOMO that the identity of Pasqua's agent and indicates that the agent, "represents Mr. Pasqua in receiving the oil allocations allotted to the latter." I should note that Pasqua's agent, Bernard Guillet, was detained 2 weeks ago for charges relating to Oil-For-Food transactions.

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[1] See Exhibit No. 31, which appears in the Appendix on page 1526.
[2] The additional prepared statement of Mr. Greenblatt appears in the Appendix on page 71.
[3] See Exhibit No. 8a., which appears in the Appendix on page 1479.
[4] See Exhibit No. 8b., which appears in the Appendix on page 1481.

The last exhibit appears on 8(d).[1] That exhibit is another letter from the Executive Director of SOMO, in which he informs the Oil Minister that everyone who received an allocation in Phase VI of the program requested an increase in their allotment. At the bottom of the letter is a handwritten note indicating that Tariq Aziz, "endorsed" an increase of 1 million barrels to Pasqua's allocation. Attached to the letter, which appears on the right side of the exhibit, is a chart created by SOMO reflecting the requests for additional barrels of oil. Under the headings "France" and "Special Requests," the chart states "Charles Pasqua" and indicates that his purchasing agent had contracted for 3 million barrels of oil. It also indicates that Pasqua requested an additional allotment of "unspecified" volume.

These documents are a mere sampling of evidence accumulated by the Subcommittee that establishes that Charles Pasqua was granted oil allocations under the program.

Turning to the evidence concerning Mr. Galloway, the evidence indicates that Galloway received allocations in six phases of the Oil-For-Food Program, amounting to a total of 20 million barrels of oil. Saddam Hussein's chief lieutenant, Vice President Taha Yassin Ramadan, confirmed in an interview with the Subcommittee that Galloway received allocations. In addition, as reflected in the poster presented now, Ramadan confirmed that Galloway was granted allocations, "because of his opinions about Iraq. [He] wants to lift embargo against Iraq." Other Hussein regime officials confirmed that Galloway received allocations under the Oil-For-Food Program.

In fact, just yesterday, the Subcommittee re-interviewed a senior member of the Hussein regime to confirm whether Galloway received allocations. The Subcommittee asked the following question: "Did the Iraqis grant any oil allocations to George Galloway, the member of the British Parliament?" His answer, "Yes."

The first series of exhibits reveal that Galloway received an allocation of 3 million barrels of oil in Phase IX of the program. In the first exhibit, which is reflected in Exhibit 9,[2] we see a letter from SOMO to the Minister of Oil requesting approval of Contract M/09/23. In identifying the contact, SOMO indicates that the contract was with a French oil company called Aredio Petroleum Company, and next to that name, the letter states: "(Fawaz Zuraiqat—Mariam's Appeal)."

Yesterday, the Subcommittee verified with that senior member of the Hussein regime that this document was authentic and that the Oil Minister's signature was genuine. Regime officials interviewed by the Subcommittee also confirmed that, in these letters to the Oil Minister, the allocation recipient was identified in parentheses next to the purchaser's name. Accordingly, this document indicates that the recipient of this oil allocation was "Mariam Appeal." The Mariam Appeal was a foundation established by George Galloway, ostensibly to help a 4-year-old Iraqi girl named Mariam who was suffering from leukemia. Therefore, it appears that George Gallo-

[1] See Exhibit No. 8d., which appears in the Appendix on page 1486.
[2] See Exhibit No. 9, which appears in the Appendix on page 1490.

way used a children's cancer foundation to conceal his oil allocation deal.

A different Ministry of Oil document further confirms that Galloway received this allocation. That document, which appears as Exhibit 10,[1] is a chart created by SOMO after the fall of the Hussein regime that lists all oil allocations granted in Phase IX of the program. Entry number 23 of that chart indicates that the oil for Contract M/09/23, the Aredio contract that we discussed a moment ago, had been allocated to George Galloway and his agent, Fawaz Zureikat. A senior Hussein regime official that was interviewed yesterday confirmed that Zureikat facilitated Galloway's oil transactions, "It's my understanding that Fawaz Zuraiqat is oil lifter for Galloway."

The next exhibit, Exhibit 12,[2] is another of the SOMO letters requesting approval of a contract from the Oil Minister. The contract is identified as Contract M/11/04, with Middle East Advanced Semiconductor, and next to the company's name appears "(Mr. George Galloway)." Once again, these forms were authenticated by senior Hussein regime officials. According to those officials, the name in parentheses next to the name of the purchasing company indicates the allocation recipient.

For instance, the Subcommittee asked one senior regime official the following question concerning this very document: Q: "Does the phrase, '(Mr. George Galloway)' mean that the allocation for this oil was granted to George Galloway?" His answer: "Yes."

The letter also indicates that an individual named "Fawaz Zureikat" was involved in the transaction. Once again, a senior Hussein regime official informed the Subcommittee that "Zureikat was the oil lifter for the benefit of George."

In the next exhibit, Exhibit 15,[3] we see the same form yet again, a letter from SOMO to the Oil Minister requesting approval of an oil contract. In this form, SOMO indicates that Contract M/12/14 was signed once again with Middle East Semiconductors, "(on behalf of Mr. George Galloway)," and requests the Oil Minister's approval. Once again, we reconfirmed with a senior Iraqi official from the Hussein regime that this letter was, indeed, genuine and that the Oil Minister's signature at the bottom was authentic. In addition, we confirmed that the form indicated that the oil had been allocated to Galloway. That official was asked, "Does the phrase, 'on behalf of Mr. George Galloway' mean that the allocation for this oil was granted to George Galloway?" His answer: "Yes."

The Subcommittee obtained additional evidence that the oil for this contract had been allocated to Galloway. That evidence is captured in Exhibit 14,[4] a SOMO letter informing the "Financial Department" of pending oil contracts. For Contract M/12/14, SOMO notified the Financial Department of the contract, identifying the contract as "Contract M/12/14 with Middle East ASI, (Mr. Galloway)." Middle East ASI was Fawaz Zureikat's company, and according to this document, it bought the oil that had been allocated to Mr. Galloway. This corresponds with the testimony of the senior

[1] See Exhibit No. 10, which appears in the Appendix on page 1493.
[2] See Exhibit No. 12, which appears in the Appendix on page 1498.
[3] See Exhibit No. 15, which appears in the Appendix on page 1506.
[4] See Exhibit No. 14, which appears in the Appendix on page 1503.

Hussein regime official, who confirmed to the Subcommittee for a second time that "Fawaz Zureikat is oil lifter for Galloway."

The Subcommittee obtained another example of this SOMO form for the last contract involving Galloway. That letter, which is Exhibit 14, is SOMO's notification to the Financial Department for Contract M/13/48.

Senator LEVIN. What exhibit is that?

Mr. GREENBLATT. That is Exhibit 14. Once again, this document indicates that Galloway received the allocation and that Fawaz Zureikat's company signed the contract to lift that oil.

All told, the Subcommittee obtained evidence related to four of Galloway's allocations. That evidence matches parallel evidence presented in the Subcommittee's reports on Vladimir Zhirinovsky, the Russian Presidential Council, and Charles Pasqua. In addition, the Subcommittee authenticated the Galloway evidence with senior Hussein regime officials involved in the allocation of oil.

With that, I will close my presentation and I would be happy to answer your questions.

Senator COLEMAN. Thank you, Mr. Greenblatt. Mr. Berkovitz.

TESTIMONY OF DAN M. BERKOVITZ,[1] COUNSEL TO THE MINORITY, PERMANENT SUBCOMMITTEE ON INVESTIGATIONS, COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS, U.S. SENATE

Mr. BERKOVITZ. Thank you, Mr. Chairman and Senator Levin. My name is Dan Berkovitz. I am Minority Staff Counsel to the Subcommittee.

The Minority Staff report complements the other Subcommittee reports discussed today.[2] Whereas those reports focus on allocation holders and purchasers of Iraqi oil, the Minority Staff report examines what eventually happened to that oil, how so much of that oil got into the United States, and what the United States did to attempt to put an end to the illegal surcharge payments. Additionally, the Minority Staff report examines the largest single incident of oil being exported from Iraq by ship in violation of the U.N. sanctions, what is sometimes referred to as "the Khor al-Amaya shipments," in reference to the Iraqi port where these shipments originated.

From September 2000 until late 2002, the Iraqi government demanded that purchasers of Iraqi oil under the Oil-For-Food Program pay a per-barrel surcharge to the Iraqi regime. These surcharges were above the official sales price for Iraqi oil approved by the United Nations, and were to be paid into accounts outside the control of the United Nations. These payments violated the U.N. sanctions on Iraq. The surcharge amount varied, from a low of 10 cents per barrel to a high of 30 cents per barrel. Detailed internal records kept by the Iraqi Oil Ministry's State Oil Marketing Organization (SOMO), show that, during this period, Iraq collected about $228 million in illegal surcharges.

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[1] The prepared statement of Mr. Berkovitz appears in the Appendix on page 77.

[2] See *Report on Illegal Surcharges on Oil-for-Food Contracts And Illegal Oil Shipments From Khor Al-Amaya,* prepared by the Minority Staff of the Permanent Subcommittee on Investigations, which appears in the Appendix on page 836.

During this surcharge period, the United States was one of the largest customers of Iraqi crude oil, importing an average of about 660,000 barrels of oil per day. The United States imported a total of about 525 million barrels of Iraqi oil over this period.

U.S. companies did not buy this oil directly from Iraq, but rather from oil traders, allocation holders, and various other "middlemen" that were unique to the Iraqi oil trade. Using SOMO records on surcharge amounts assessed and collected and U.S. Energy Information Administration data on U.S. oil imports, the Minority Staff estimates that about $118 million in illegal surcharges were paid on Iraqi barrels of oil sent to the United States.

This means that oil imported into the United States financed about 52 percent of the illegal surcharges paid to the Hussein regime. Oil destined for other countries accounted for about $110 million in illegal surcharges, or about 48 percent of the total illegal surcharges paid. This information is depicted in the chart.[1] These percentages roughly correspond to the percentages of Iraqi oil sent to the United States and elsewhere during this period.

With one notable exception, the Subcommittee Minority Staff has not seen evidence showing that U.S. companies knowingly purchased oil on which a surcharge had been paid. U.S. companies buying Iraqi oil from traders typically included a clause in their contracts requiring the seller to warrant that no surcharge had been paid. However, other than this one notable exception, the Subcommittee Minority Staff did not investigate whether any U.S. companies knowingly purchased oil on which a surcharge had been paid.

The notable exception involves a U.S. company called Bayoil. Bayoil is a privately-held company headquartered in Houston, Texas, with affiliates in the Bahamas, Switzerland, and Luxembourg. During the surcharge period, Bayoil was the largest provider of Iraqi oil for the United States. Bayoil provided about 200 million barrels to U.S. oil companies, or almost 40 percent of American imports of Iraqi oil during this period.

Our examination of Bayoil's activities has found extensive evidence that Bayoil paid or financed illegal surcharges on Iraqi oil. Using Bayoil, Iraqi, and other documents, we were able to trace the history of 102 cargoes of Iraqi oil that Bayoil purchased and imported into the United States. We found that, together, the illegal surcharges paid on those cargoes totaled at least $37 million.

Documents obtained by the Subcommittee also indicate Bayoil knowingly participated in a trade boycott in violation of U.S. law. One of the Bayoil officers signed a note and notarized a statement attesting, "We herewith confirm never to have sold directly or indirectly to Israel and further confirm that this policy will remain permanently in force during the entire validity of our contract." That statement was signed and notarized by the chairman of Bayoil Supply and Trading, Limited.

In interviews with Subcommittee staff, senior Hussein regime officials currently in detention, including former Vice President Taha Yasin Ramadan and former Presidential Secretary Abid Hamid

[1] See an attachment to the prepared statement of Dan M. Berkovitz, Counsel to the Minority, Permanent Subcommittee on Investigations, which appears in the Appendix on page 82.

Mahmoud, who was also Saddam Hussein's chief body guard, confirmed that Iraq prohibited the purchasers of Iraqi oil from subsequently selling it to Israel.

We also found evidence that Bayoil persistently and openly lobbied U.S. and U.N. officials to influence the pricing of Iraqi oil and oppose U.S. efforts to address the surcharge problem by raising the official sales price. Bayoil also helped Iraq and Russia devise objections to U.S. and U.K. pricing proposals to stop the surcharges, and even on occasion drafted documents for Russian companies to send to U.N. officials protesting pricing policies that set Iraqi oil prices very close to world market rates.

We also found a significant contrast in the efforts of U.S. officials to stop the illegal surcharges. At the United Nations, U.S. and U.K. officials worked aggressively and creatively to develop pricing policies for Iraqi oil to prevent Saddam from imposing surcharges. After 2 years of effort, the United States and the United Kingdom moved the United Nations to a so-called "retrospective pricing system," which delayed setting a price on Iraqi crude until after the oil had been loaded onto the ships. This delay allowed the United Nations to set prices which closely reflected actual market prices and made it uneconomical for Iraq to also demand payment of a per-barrel surcharge. By September 2002, the system finally "squeezed out" the surcharges.

In contrast, at the same time the United States was making it harder for Saddam to impose illegal surcharges, the United States took only minimal steps to ensure that U.S. companies were not paying surcharges. In late 2000 and early 2001, the State Department and the Treasury Department's Office of Foreign Assets Control, or OFAC, the office with primary responsibility for enforcing U.S. sanctions, informed U.S. oil companies that it would be illegal to pay any surcharges. Despite the knowledge that Saddam was continuing to impose surcharges on Iraqi oil and that the United States was importing very large amounts of Iraqi oil, the State Department and OFAC took no additional steps to ensure that no American companies were paying surcharges, or even to inquire about the nature of the trade in Iraqi oil.

U.S. authorities also failed to respond to requests by United Nations officials for assistance in obtaining information about potential sanctions violations by Bayoil. In early 2001, the U.N.'s Oil Overseers obtained information that Bayoil may have diverted to Europe shipments of Iraqi oil that the United Nations had approved for sale to North America. Shortening the final destination in this manner, called transshipment, would have violated the sanctions and Bayoil's U.S. license. It also would have earned Bayoil additional profits, which was of particularly concern at that time, in early 2001, because such profits could have been used as a source of funds to pay illegal surcharges.

In early June 2001, the U.N. Oil Overseers formally asked Bayoil to provide details about these shipments. Bayoil refused. The United Nations then requested the U.S. Mission to the United Nations to require Bayoil to provide the information, since Bayoil was a U.S. company. In mid-August 2001, the State Department formally asked OFAC to obtain the information from Bayoil.

Meanwhile, the U.N. Overseers continued to demand that Bayoil provide them with a complete accounting of the shipments in question. Twice, the Overseers threatened to inform the U.N. Security Council of Bayoil's lack of cooperation. Each time, Bayoil claimed the U.N. Overseers were prejudiced against them and refused to provide the information.

The United Nations again complained to the U.S. Mission to the United Nations. In early 2002, the State Department again asked OFAC, informally, it appears, to get the information from Bayoil. In late April 2002, 8 months after the State Department's initial request, OFAC asked Bayoil to report on its licensed activities. In May 2002, Bayoil responded by stating it had not engaged in any licensed activities since 1997. OFAC then telephoned Bayoil to ask permission to release Bayoil's response to the State Department and the U.S. Mission to the U.N. In July 2002, 11 months after the initial request, Bayoil agreed on the condition that the response not be disclosed to anyone else, which presumably included the United Nations.

In the end, OFAC never provided Bayoil's letter—which was nonresponsive to the U.N.'s concerns in any event—to either the State Department or the United Nations. The U.S. Government failed to provide the United Nations with any meaningful assistance, and the United Nations never obtained the requested information. Neither OFAC nor the State Department conducted any further inquiry into Bayoil's role in the Iraqi oil trade. Last month, the Justice Department indicted Bayoil and its three principal officers for various crimes resulting from the payment of illegal surcharges to Iraq.

The Minority Staff report also examines the Khor al-Amaya shipments. Over several weeks in February and March 2003, Iraq loaded seven large oil tankers with a total of over 7.7 million barrels of oil at the port of Khor al-Amaya in Southern Iraq, at the entrance to the Persian Gulf. These were the first loadings at Khor al-Amaya since the port had been damaged during the Iraq-Iran war in 1980. Iraqi oil exports from Khor al-Amaya were not authorized under the Oil-For-Food Program and did not have U.N. approval. They constituted the largest single instances of illicit oil shipments out of Iraq by ship during the sanctions period.

The oil tankers had been chartered by a Jordanian company acting on behalf of the Jordanian government. In exchange for the 7.7 million barrels of oil, the government of Jordan wired over $53 million in hard currency to the government of Iraq. Subcommittee interviews with high-ranking Iraqis currently in detention, again including former Vice President Taha Yasin Ramadan, confirmed that these shipments were authorized at the highest levels of the Iraqi government and the oil proceeds went to bank accounts under control of the Hussein regime.

Each of the large tankers docked at the Khor al-Amaya terminal, filled its tanks with Iraqi crude oil, and then sailed for the port of Fujairah, in the United Arab Emirates, as shown on the second chart.[1] Other shipping interests in the Persian Gulf who saw the

[1] See an attachment to the prepared statement of Dan M. Berkovitz, Counsel to the Minority, Permanent Subcommittee on Investigations, which appears in the Appendix on page 83.

oil tankers characterized the shipments as blatant violations of U.N. sanctions. Press reports asked questions about how the ships were able to travel the Persian Gulf with impunity.

U.N. inspectors and oil overseers interviewed by the Subcommittee stated they were surprised by the presence of the oil tankers. One U.N. oil overseer directly contacted the captain of the first ship to dock at Khor al-Amaya and told the ship it was carrying oil in violation of U.N. sanctions.

In contrast, shipping communications obtained by the Subcommittee indicate that U.S. personnel appear to have had advance warning of the shipments and allowed them to continue. These communications involve a ship's captain, some ship owners, the Jordanian company that chartered the seven ships, and an American shipbroker which was also involved in some of the charters. These communications indicate the ships traveled with the full knowledge and acquiesence of the Maritime Interdiction Force (MIF), the naval force patrolling the Persian Gulf to prevent smuggling of oil out of Iraq. The MIF was then under the command of a U.S. Naval officer. The message indicates, for example, that the Jordanians instructed their ship captains to contact Commander Harry French, the U.S. Naval officer then assigned to the MIF, with the following message. "We are loading crude oil from the terminal at Khor al-Amaya for Millennium," which is the name of the Jordanian company. "Do you have any objection?"

Shipping records obtained by the Subcommittee and contemporaneous reports indicate the MIF officers never objected to any of these shipments. Instead, the MIF allowed the ships to pick up their cargoes and leave unfettered.

When objections were raised publicly to the Khor al-Amaya loadings, the U.S. company involved in chartering the ships for Jordan became concerned about the legality of the Khor al-Amaya shipments and decided to check with U.S. authorities to ensure that the company was not party to a transaction that violated U.S. law, U.N. sanctions, or U.S. foreign policy. The General Counsel for the company called the U.S. Commerce Department to discuss the shipments. The general counsel of the company who made the call was eventually put in touch with an official from the State Department. The general counsel explained to her the circumstances of the shipments. Two hours later, the official, Amy Schedlebauer, called back and said, according to a contemporaneous E-mail from the general counsel describing the conversation, that her office was, "aware of the shipments and has determined not to take action." The general counsel told her there was another shipment on the way, and the State Department officer, in the general counsel's words, "repeated the quoted response and would say no more."

It is not clear who instructed the State Department official to convey this information to the U.S. company, or who within the Department of Defense instructed Commander Harry French not to object to the Khor al-Amaya shipments. Despite written requests by the Subcommittee Chairman and Ranking Member, and repeated verbal and E-mail requests from both Majority and Minority Staffs for unclassified briefings, neither the State Department nor the Defense Department, has provided any information on why the

United States permitted these apparent violations of the Iraqi sanctions.

Thank you. I would be happy to answer questions.

Senator COLEMAN. Thank you very much, Mr. Berkovitz.

We will do 7-minute rounds for this panel.

Mr. Greenblatt, I wonder if we can get Exhibit 13.[1] In Exhibit 13, at the very bottom, you have Middle East Advanced Semi Conductor, and this Exhibit 13 relates to, and I think it is Exhibit 12. This is the Contract M/09/23, I think in Exhibit 10.[2] I think that is Fawaz Zureikat, George Galloway, Aredio Petroleum Company, and I believe that is in Exhibit 9.[3] This would be the one for Mariam's Appeal. So this is a chart, then, that lays out the surcharge for the allocation to Mariam's Appeal, is that correct?

Mr. GREENBLATT. I think you might be referring to Exhibit 11,[4] is the surcharge chart for that particular transaction.

Senator COLEMAN. Exhibit 13, then, is——

Mr. GREENBLATT. That is for the Phase XI transaction, 11/04 is the contract.

Senator COLEMAN. And that one was to Fawaz Zureikat and George Galloway——

Mr. GREENBLATT. That is exactly correct.

Senator COLEMAN [continuing]. Again, Aredio Petroleum?

Mr. GREENBLATT. That was actually Middle East Semiconductor. They used two different companies. The first one, in Phase IX, was Aredio. The Phase XI contract was with Middle East Semiconductors.

Senator COLEMAN. And I don't think we can see it in that chart, but I believe in footnotes, because of where you have Middle East Advanced Semiconductor blown up over there, that actually covers—and I have the original here—it would be footnote 94 in the staff report.[5] That also includes a listing from Machino Import allocations, and could you explain who Machino Import—how that fits into that hearing?

Mr. GREENBLATT. The Machino Import entry on these refer to the contracts lifted by Machino Import that relate to the Zhirinovsky allocations.

Senator COLEMAN. So what we have here—this chart was prepared after the fall of the Hussein regime, is that correct?

Mr. GREENBLATT. That is exactly right.

Senator COLEMAN. What you have on this chart, Zhirinovsky allocations, is that correct?

Mr. GREENBLATT. That is right.

Senator COLEMAN. And also Galloway allocations?

Mr. GREENBLATT. That is right.

Senator COLEMAN. So if one was just targeting somebody here, it would be highly unusual that you would be getting a multitude of companies. But we have checked Zhirinovsky going back and

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[1] See Exhibit No. 13, which appears in the Appendix on page 1501.
[2] See Exhibit No. 10, which appears in the Appendix on page 1493.
[3] See Exhibit No. 9, which appears in the Appendix on page 1490.
[4] See Exhibit No. 11, which appears in the Appendix on page 1496.
[5] See Footnote Exhibit No. 94 attached to the *Report on Oil Allocations Granted to Charles Pasqua & George Galloway,* prepared by the Majority and Minority Staffs of the Permanent Subcommittee on Investigations, which appears in the Appendix on page 167.

there is absolutely no question in your mind as to the validity of the numbers of which, in this chart, relate to Zhirinovsky?

Mr. GREENBLATT. That is right, and other numbers on there match documents from other sources. The amount of oil lifted corresponds, contract numbers, contract entities, they match with other documents that we have elsewhere that we have obtained from other sources.

Senator COLEMAN. What I am trying to do here is going through the exhibits, and what we see is a pattern, whether it is Zhirinovsky or Voloshin or Galloway or Pasqua, the listing on the surcharge charts, the same information, and the validity of those being validated. I believe if I look at Exhibit 9,[1] this is a Mariam's Appeal letter——

Mr. GREENBLATT. That is right.

Senator COLEMAN [continuing]. And this is with the stamp of the Ministry of Oil, is that correct?

Mr. GREENBLATT. That is right.

Senator COLEMAN. And then you would have the same for Exhibit 12. Then at Exhibit 12,[2] again, same form, same letter, same stamp——

Mr. GREENBLATT. That is right.

Senator COLEMAN [continuing]. The name in parentheses being (George Galloway)——

Mr. GREENBLATT. That is right.

Senator COLEMAN [continuing]. And Iraqi officials have identified the name in parentheses uniformly as the person who received the allocation, is that correct?

Mr. GREENBLATT. That is right, and they specifically identified this particular document—they authenticated this particular document, as well.

Senator COLEMAN. And then would you have similar documents, then, for Voloshin and Zhirinovsky, again, documents from the Ministry of Oil, same stamp, same parentheses?

Mr. GREENBLATT. The identical form with virtually identical information, depending on the specific terms of the contract, yes.

Senator COLEMAN. Can you talk to me a little more, then, about how these patterns fit together?

Mr. GREENBLATT. Sure. The one thing that emerges from the Zhirinovsky allocation report, from the Russian Presidential Council report, is that very pattern of documentation as you described it, which includes these SOMO requests for approval from the Oil Minister. If I were to sit here and list the number of these letters that we have, these forms that we have, we would be here all night. For each contract, SOMO would send a request for approval from the Minister of Oil, and in each one of those letters, they would indicate the name of the purchasing company and then indicate, in parentheses, the name of the allocation recipient.

Senator COLEMAN. And how do we know that these documents are genuine?

Mr. GREENBLATT. They corroborate with other documents related to the contracts that we see. For example, if you put up Exhibit 6,[3]

[1] See Exhibit No. 9, which appears in the Appendix on page 1490.
[2] See Exhibit No. 12, which appears in the Appendix on page 1498.
[3] See Exhibit No. 6, which appears in the Appendix on page 1471.

Exhibit 6 is two letters. One, on the left-hand side, is a letter from Vladimir Zhirinovsky informing SOMO that Nafta Moscow is the company that is going to sign the contract. That is the purchasing agent we discussed in my testimony. He is informing SOMO that Nafta Moscow is going to sign the contract.

On the right-hand side, we have that very SOMO approval letter that they are requesting from the Minister of Oil in which they discuss the contract, and that is the culmination of Zhirinovsky's letter on the left-hand side.

Senator COLEMAN. And reference specifically to the Galloway documents that we verified the signature of the Minister of Oil on these Ministry of Oil letters?

Mr. GREENBLATT. That is exactly right.

Senator COLEMAN. Mr. Groves, in dealing with the Russian companies, we appear to have a number of sham companies that are simply set up for the purpose of facilitating the payment of the surcharge, is that correct?

Mr. GROVES. That is correct.

Senator COLEMAN. Can you give me a better understanding? I know that we have looked into some of these companies. I think it was Impexoil, the Russian engineering company, a company in Cyprus that doesn't appear to exist other than on paper. How were these companies allowed to participate in these transactions?

Mr. GROVES. Well, once the contract was signed between the nominal purchaser and SOMO, that was the public face of the dealing. That is the contract that would be sent to the United Nations for review and approval. But the rest of the deal happened completely under the radar. We have access to the key deal documents because of our access to Bayoil documents. It is through those that we found a lot about the guts of these transactions and how they used these pass-through companies in order to effect the surcharges.

For the Russian companies, they didn't want to do a lot of wire transactions—this is based on our interviews—and they ultimately would want those surcharges to be paid in cash to the Iraqi embassy in Moscow. That was their preferred method of payment.

Senator COLEMAN. But with the Russian transactions, because with Bayoil, an American company, we were able to get those documents, is that correct?

Mr. GROVES. Correct.

Senator COLEMAN. And as a result of getting those documents, we know exactly how much was paid.

Mr. GROVES. That is also correct.

Senator COLEMAN. And then we were able to break it down to divide what was paid to whom and what was left over, the amount left over for the allocation holder.

Mr. GROVES. Yes, sir.

Senator COLEMAN. Which is consistent with the testimony of the regime officials that the allocation holder got value from passing on those allocations to others.

Mr. GROVES. The regime official said that is the whole point. The point of the allocation is to create the profit margin that would be split between the allocation holder and the nominal contractor.

Senator COLEMAN. Mr. Greenblatt, the letters, the charts, the summaries, all that we see in the Galloway case completely consists of what we see in the Zhirinovsky case, the Voloshin case, and the other case, is that correct?

Mr. GREENBLATT. Absolutely. If you look at Exhibit 45,[1] you will see another example. This is the chart that we saw earlier, where it has Galloway listed at Contract M/09/23, and then later in the chart, we see an entry for Zhirinovsky under Contract 10—I am sorry, 9/119, and Zhirinovsky is listed in the same exact manner as Galloway is listed in his Contract M/09/23.

Senator COLEMAN. One last question, Mr. Greenblatt, for this round. Several officials identified as allocation recipients have issued categorical denials. I think they said that they, "have never bought a barrel of oil, never sold a barrel of oil." It is correct to say that the allocation holders, in fact, never did buy a barrel of oil or sell a barrel of oil, is that correct?

Mr. GREENBLATT. That is right. They are walking a line where they are saying they never bought a barrel of oil, but that is not the question. The question is whether they traded in the allocations of the oil, the option to buy the oil.

Senator COLEMAN. Thank you. Senator Levin.

Senator LEVIN. Thank you. I would like you to track for us again the relationship between Bayoil and the allocation holders. I think you indicated that Bayoil aggressively sought these allocations. Is that, first of all, correct?

Mr. GREENBLATT. That is right.

Senator LEVIN. Then give us the process. Use Zhirinovsky, for instance.

Mr. GREENBLATT. Sure.

Senator LEVIN. How would they contact Zhirinovsky or vice-versa?

Mr. GREENBLATT. We do not actually have the actual initial contact between Bayoil and Zhirinovsky. We do have subsequent correspondence between them. What we do have is Bayoil courting the nominal purchaser, in that case, Nafta. We have other situations where they were courting companies, Russian companies named Sidanco, and that is documented in our report and I would be happy to show you where they are in the footnotes, if you like. But we have a series of letters. They wrote three letters to one company on one day, hounding them about getting a contract. That same day, they wrote to Nafta Moscow, hounding them to sign up a contract. So they were quite proud of what they were doing.

Senator LEVIN. Now, we know that the allocation holders were committed to pay surcharges, is that correct?

Mr. GREENBLATT. According to the testimony of the senior Hussein regime officials, yes.

Senator LEVIN. In addition to the testimony, we have the documents themselves, do we not, which say surcharge? For instance, I don't know what the new number of this one is, but it is old number 152. That is the Zhirinovsky Report, footnote 152.

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[1] See Exhibit No. 45, which appears in the Appendix on page 1723.

Take Exhibit 9.[1] It is the same thing. This is a Galloway allocation. I think the pattern here is the same, you tell me.

Mr. GREENBLATT. Yes.

Senator LEVIN. OK. Take a look at—this is a new number, Exhibit 9, it is footnote 84. First of all, it reads, to the Oil Minister, approval of exported crude oil contracts. Based on the approval of Your Excellency, please find below the details of the contract signed with, and they say Fawaz Zureikat and Mariam's Appeal in parentheses. Then read number 11 down there.

Mr. GREENBLATT. Surcharge, payable within one month of the date of loading each shipment.

Senator LEVIN. So this was explicit in this allocation, is that correct?

Mr. GREENBLATT. That is right.

Senator LEVIN. And the other allocations, the Zhirinovsky allocations——

Mr. GREENBLATT. That is standard language.

Senator LEVIN. Standard language. It explicitly states when the surcharge is going to be payable.

Mr. GREENBLATT. That is right.

Senator LEVIN. Now, on one of the exhibits, I believe that when the surcharge was not paid—let me see if I can find this Exhibit 12——

Mr. GREENBLATT. Exhibit 12.

Senator LEVIN. It is Exhibit 12.[2] This is another Galloway—a letter that refers to Mr. Galloway and Mr. Fawaz Zureikat. And then if you read the line relative to surcharge, what does it say there?

Mr. GREENBLATT. It says, "Surcharge: As per the instructions of your Excellency," meaning the Minister of Oil, "over the phone on 12/11/2001, of not accepting the company's proposals unless they pay the debt incurred since phase 8."

Senator LEVIN. In other words, this company, whatever that company was that was assigned the allocation, had not paid the surcharge in an earlier time period, is that correct?

Mr. GREENBLATT. That is exactly correct.

Senator LEVIN. And so explicitly, unless that surcharge which is owing, the kickback—we might as well use plain English—which is owing is paid, then it says here that we don't accept the proposal of the company in this time period, is that correct?

Mr. GREENBLATT. That is right.

Senator LEVIN. Now, these efforts which you described to obtain surcharges, first off, that would go to the Iraqi regime, were a violation of the Oil-For-Food Program, is that correct?

Mr. GREENBLATT. Absolutely.

Senator LEVIN. They were an assault, an attack on a U.N. program, is that correct?

Mr. GREENBLATT. Yes.

Senator LEVIN. They were an effort to undermine another U.N. program, which was the sanctions program, is that correct?

Mr. GREENBLATT. All of these manipulations, the surcharges and the allocations were designed to do that, yes.

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[1] See Exhibit No. 9, which appears in the Appendix on page 1490.

[2] See Exhibit No. 12, which appears in the Appendix on page 1498.

Senator LEVIN. To undermine a U.N. effort?

Mr. GREENBLATT. Yes.

Senator LEVIN. So we see in the testimony here, actually, an effort made to undermine, attack, assault something that the international community had devised in the sanctions program and in the Oil-For-Food Program, is that a fair statement?

Mr. GREENBLATT. Yes.

Senator LEVIN. Mr. Berkovitz, going back to the Khor al-Amaya incident, we wrote, I believe—we here being the Chairman and myself—wrote to the Department of Defense on February 8, 2002, a letter requesting certain information and an unclassified answer, is that correct? Exhibit 44?[1]

Mr. BERKOVITZ. That is correct.

Senator LEVIN. And has the Defense Department offered to give us any unclassified response to this letter?

Mr. BERKOVITZ. No, Senator.

Senator LEVIN. All they have offered is a classified briefing, is that correct?

Mr. BERKOVITZ. Yes, sir.

Senator LEVIN. Now, how public were the events that are described in the Chairman's and my letter to the Department of Defense?

Mr. BERKOVITZ. The events were reported almost contemporaneously in the oil trade press. There was a *Wall Street Journal* article about it that shortly followed. There have been renewed press articles about it this year, and the State Department spokesman has addressed this in a State Department press conference. So it is out in the public domain.

Senator LEVIN. All right. And finally, in Exhibit 45—well, I guess it is still part of Exhibit 44, we also, the Chairman and myself, wrote to the U.S. Representative for U.N. Management and Reform, Mr. Kennedy, on March 9, thanking him, first of all, for his testimony in February, but then seeking certain unclassified information from the Department of State, is that correct?

Mr. BERKOVITZ. Yes, sir.

Senator LEVIN. And have they answered that letter at all?

Mr. BERKOVITZ. No.

Senator LEVIN. Thank you. Thank you, Mr. Chairman.

Senator COLEMAN. Thank you, Senator Levin. Senator Bennett.

Senator BENNETT. Thank you very much to all three of you for the diligence with which you have pursued this.

I want to see from your examination of all of this if there is a pattern of purpose that can be identified here. Ruling out Bayoil, because I am assuming that Saddam Hussein or his ministers did not understand that Bayoil would be involved in this, why were the particular people whom you have identified as recipients of Saddam Hussein's largess chosen to be the recipients of Saddam Hussein's largess? I have listed three possibilities here from my own perspective, but I am not into it nearly as deeply as you are.

One would be political influence. They would go after people who would be helpful to them in either the French, the British, or the

[1] See Exhibit No. 44, which appears in the Appendix on page 1712.

Russian governments. We have nationals of those three countries before us.

One would be, we will deal with anybody as long as he is willing to give us a kickback. We don't care whether he has influence or not as long as he will give us money back, and it may be coincidence that the people we are talking about happened to be those who held governmental positions in the three countries.

Or it may have been friendship. Mr. Zhirinovsky made a number of trips to Iraq, was very outspoken in his support of Iraq. As we will hear from, I believe it is Mr. Reddaway in the next panel, looking at his testimony, he says the Iraqis may not, in Zhirinovsky's case, made a particularly good investment. He never had that much influence in the Russian government and his trips to Iraq were not popular with the Russian people as a whole.

Can you add to these three possibilities? They are not exhaustive by any means. I just jotted them down as I listened to you. Give us a sense of what Saddam Hussein, in his mind, thought he was accomplishing by favoring these particular individuals with the opportunity to participate in this illegal activity.

Mr. GREENBLATT. Your first and third ideas are quite closer to the mark. Our interviews with Hussein regime officials confirmed repeatedly that this allocation system was designed to reward friends throughout the world and to undermine U.N. sanctions against Iraq. That was the ultimate goal. They gave allocations, or they gave priority to those individuals and political parties throughout the world who supported them in that goal, regardless of where they were, with one slight exception.

By and large, the regime had a general rule of not dealing with American companies and not dealing with British companies. We have documents to that effect in our reports, where they expressly say Iraq cannot deal with American companies. It doesn't necessarily mean that American individuals weren't granted allocations, but they were much more limited than those given out to Russians and French.

Senator BENNETT. We have in this hearing, a French former Interior Minister. Was he a friend, or did they think he would help undermine U.N. sanctions, or both? Zhirinovsky, we have talked about, various Russian political leaders, and Mr. Galloway, a member of Parliament. Was the assumption that Mr. Galloway or Mr. Pasqua would be able to influence their governments, or was that primarily friendship on those two?

Mr. GREENBLATT. I think it is both, six of one, half-a-dozen of the other in the sense that their friends were the ones who supported them, and I think there was no direct quid pro quo in terms of you get an allocation if you do this action right now.

Senator BENNETT. I see.

Mr. GREENBLATT. But there was a general sense of support.

Senator BENNETT. Yes, sir.

Mr. BERKOVITZ. Senator, you asked from the perspective of the Iraqis, what was in Saddam Hussein's head. We did not interview Saddam HUssein, but almost uniformly, all the other ministers that were interviewed viewed this as that they weren't doing something wrong—or violating the U.N. resolutions in these allocations. They were viewing the process as using trade or using what limited

contractual ability they had to give it to the people who they wanted to strengthen their political ties. It wasn't just these Oil-For-Food contracts, either. They were also giving large contracts for the development of the Iraqi oil fields to Russian companies and French companies to encourage Russia and France to end sanctions so that the oil fields could be developed by those companies in those countries.

So in the Iraqis' mind, this was an extension of using trade for political benefit, strengthening the ties between the two. That is sort of what I think was in their mind.

Senator BENNETT. But I am assuming that they went to lengths to prevent public disclosure of what they were doing. You are saying, in their mind, this was an open trade kind of activity, but they were at least smart enough to realize that they had to keep anybody from knowing about it.

Mr. BERKOVITZ. Yes. They were not—definitely.

Senator BENNETT. OK. We have Mr. Reddaway's comment that in Zhirinovsky, they didn't get a very good investment. Off the top of your heads, do you have any sense as to whether or not Charles Pasqua or George Galloway was able to have any influence on the positions of their respective governments?

Mr. GREENBLATT. I think it is difficult to say whether there was any specific action taken and how much one individual influenced national policy. I think that was clearly the intent of the Hussein regime, but it is hard to quantify what the—but they were certainly outspoken supporters of Iraq throughout—and opponents of the sanctions regime throughout the entire Oil-For-Food Program.

Senator BENNETT. Well, just one last observation. They may have done it for political influence and for friendship to reward those that were on their side, but they always made sure they got their kickback or friendship would disappear.

Thank you, Mr. Chairman.

Senator COLEMAN. Thanks, Senator.

I am going to do one more 5-minute follow-up round. I have just a couple more questions that I would like to address.

If we can put Exhibit 12[1] up again, this is the Ministry of Oil document regarding the Galloway Middle East ASI company allocations. Senator Levin noted, as per the instructions of Your Excellency over the phone on 12/11/2001 of not accepting the company's proposal unless they paid the debt incurred since Phase VIII. If we then, in Exhibit 13, that shows that the surcharge was, in fact, paid, is that correct?

Mr. GREENBLATT. What it would show is in Exhibit 11.[2] That will show that the surcharges paid by the previous allocations had been paid. What is interesting is in Exhibit 13,[3] it actually shows that Middle East Semiconductor was delinquent in paying that surcharge, but up until then, it did lift the oil, which indicates that it had paid off the previous surcharges, which amounted to $304,000.

Senator COLEMAN. Senator Bennett raised the question, and I think, Mr. Berkovitz, you responded, that, in fact, the Iraqi former

[1] See Exhibit No. 12, which appears in the Appendix on page 1498.
[2] See Exhibit No. 11, which appears in the Appendix on page 1496.
[3] See Exhibit No. 13, which appears in the Appendix on page 1501.

regime officials said that there was purpose and reason to these surcharges, that, in fact, Iraq needed cash and they felt they were—they felt it was certainly justifiable that these surcharges were paid. Is that correct, Mr. Berkovitz?

Mr. BERKOVITZ. Saddam Huseein felt that the middlemen were making excessive profits off of Iraqi oil and that it was really money that belonged to the Iraqi people, so he wanted to get some of it back. That seems to be what the ministers said was in his mind, yes.

Senator COLEMAN. I really want to get back to the tone of the interviews with the former officials. They were not, when they were questioned, pointing fingers and looking for leniency by naming names. In fact, when they discussed the allocations to a Galloway or to a Voloshin or to a Zhirinovsky, they felt there was nothing wrong. They thought these folks were doing exactly the right thing. There was nothing improper about it, that they had a perfect right to provide these allocations to folks that were friendly to the regime or that opposed sanctions, is that correct?

Mr. BERKOVITZ. That is correct.

Mr. GROVES. They were actually proud of what they were doing with the system, and they felt that they were being quite creative in many instances of how to evade the fools.

Senator COLEMAN. But there wasn't any sense that they were looking for leniency by naming names. Rather, they were clearly affirming, this is the way we did business. We thought there was a justifiable reason for doing business and there wasn't anything improper about this. Is that a fair statement?

Mr. BERKOVITZ. That is correct.

Senator COLEMAN. The question Senator Bennett asked of whether there was evidence of specific actions regarding the allocations, I do believe as I review the record that in regard to the Russians in particular, the issue of—the whole issue of retroactive pricing, without getting into all the complexities, the U.S. and Britain pushed for a retroactive pricing mechanism which would make it difficult for there to be enough extra cash to pay the surcharge. Is there evidence in the record that, in fact, allocations had an impact on that specific issue?

Mr. GROVES. The evidence in the record and from the interviews indicates a broad pattern and a broad strategy to influence all countries on the U.N. Security Council, or several countries on the U.N. Security Council, including Russia. Their opposition to retroactive pricing, the effort that the U.S. and the U.K. was trying to stop the surcharges, stop the excessive profits, was thwarted by the Russian members and others.

The closest we have to an event where something that a member state did that resulted in a reward came in the sprint of 2001, where there was going to be a resolution floated to institute smart sanctions, where they were going to tighten up the sanctions, restrict border trade. The Russian Federation made it known that if any such resolution was introduced, they would veto it. The word got back to the Hussein regime and they specifically gave rewards to the Federation, both in oil allocations and on the humanitarian contracts because of that action, and I think one of the witnesses

on the third panel will be able to address that matter in more detail.

Senator COLEMAN. Thank you, Mr. Groves.

I just want to make a statement, actually to the benefit of Senator Levin. Mr. Berkovitz, I think it is important to look at American companies that were involved and whether they paid the surcharges. Your analysis notes that Bayoil was affiliated with several transactions involving $37 million in surcharges. I want to say I think it is important that we continue to follow that and continue to look at that.

And then the other statement I want to make is I know we have sent two Chairman's letters to the State Department and the Department of Defense trying to get additional information on the Khor al-Amaya incident and I have not been satisfied with the response. I want to state to the Ranking Member that I intend to pursue this and that we need to follow up on both of those issues again.

Senator Levin.

Senator LEVIN. Thank you. Thank you for both of those statements, Mr. Chairman.

I would like you to look at some documents which don't have exhibit numbers. They are part of the staff report, but they weren't given exhibit numbers, so it may be hard for me to do this, but I am going to give it a try. It is PSI Staff Report, it is Footnote 117.[1]

Mr. GREENBLATT. Which report?

Senator LEVIN. Which report? Oh, on the Russian Presidential Council. Is that something you can get at real quickly?

Mr. GROVES. Yes, Senator. I am here.

Senator LEVIN. OK. And I am going to ask you to do the same thing on three other documents.

This says we have entered into a contract with Rosnefteimpex Company, a long Russian name, Mr. Issakov. Now, is he part of the Presidential Council? Is that Mr. Issakov?

Mr. GROVES. No. Our information is that he is a close confidant of the head of the Russian Presidential Council.

Senator LEVIN. I understand.

Mr. GROVES. He was the point man on many of these contracts.

Senator LEVIN. OK. I would like to make this document and a number of similar documents part of this record, although they are part of the staff report already.

Senator COLEMAN. They will be entered into the record, without objection.

Senator LEVIN. It shows a pattern here. I mean, this is the same type of document that we have referred to before. It shows we have entered into a contract with a company, and then after the company is a parenthesis that says "(Mr. Issakov)."

Mr. GROVES. That is correct.

Senator LEVIN. He contracts with the company, as it must be under the Oil-For-Food Program rules, I see, is that right?

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[1] See *Report on Oil Allocations Granted to The Russian Presidential Council,* prepared by the Majority and Minority Staffs of the Permanent Subcommittee on Investigations, which appears in the Appendix on page 707.

Mr. GROVES. That is correct. These documents and all the documents in this category fall into what in a courtroom would be called documents kept in the ordinary course of business.

Senator LEVIN. OK. So it is a pattern. They name a company, which could be a phony company, could be real, either one. It could be a real company, is that correct?

Mr. GROVES. That is correct.

Senator LEVIN. But it is an entity other than an individual. But then it says down here on all these documents, destination of crude oil, and it says Europe and/or America. So that meant that the Oil Minister knew in the internal documents that this could go to America, but they couldn't deal directly to sell to America under their policy, right?

Mr. GROVES. That is correct. They knew that much of their crude was destined for North American markets.

Senator LEVIN. But they go through the appearance in their own public statements, or their own documents that are filed, that they don't deal with an American company directly, but they know that the oil could end up in America.

Mr. GROVES. Yes. So it is an open secret.

Senator LEVIN. It is just a charade that they were putting on publicly, is that correct?

Mr. GROVES. That is correct.

Senator LEVIN. But even their own documents don't even try to maintain that charade.

Mr. GROVES. They do not.

Senator LEVIN. All right. Now, the same thing is true, is it not, with three other documents which I will give you. These are the documents in the same report. First of all, it is Footnote 152.[1] These are all Zhirinovsky documents, 152, 170, and 181. It is kind of hard to ask you to look at three documents at the same time, but this is what these documents show me.

These are all Zhirinovsky documents, in parentheses, after the name of a company, is that correct?

Mr. GREENBLATT. That is right.

Senator LEVIN. And there are three different companies used here, is that correct?

Mr. GREENBLATT. That is right.

Senator LEVIN. MachinoImport is one, Lukoil is another—I take it back. The third one is the same as the first, MachinoImport. So there are two different companies.

Mr. GREENBLATT. That is right.

Senator LEVIN. All right. But Zhirinovsky's name appears in parentheses in all of them——

Mr. GREENBLATT. That is right.

Senator LEVIN [continuing]. And all of them show that the destination is Europe and/or America, is that correct?

Mr. GREENBLATT. Yes.

Senator LEVIN. OK. Thank you. Thank you, Mr. Chairman.

Senator COLEMAN. Thank you. This panel will be excused.

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[1] See *Report on Oil Allocations Granted to Vladimir Zhirinovsky,* prepared by the Majority and Minority Staffs of the Permanent Subcommittee on Investigations, which appear in the Appendix on pages 415, 439 and 456 respectively.

Let us call the second panel, George Galloway, Member of Parliament for Bethnal Green and Bow, Great Britain.

Mr. Galloway, I am pleased to have you before the Subcommittee today. What I am going to do is briefly summarize the evidence before I give you a chance to give your sworn testimony.

The Oil-For-Food Program was used to support those who were favorable to Iraq. Former Iraqi Deputy Prime Minister Tariq Aziz and Iraqi Vice President Taha Yasin Ramadan confirmed this. I would think that you would admit that your efforts to oppose the sanction were well received by the regime.

I know it has been quoted to you many times, but your, I would say, infamous statement to Saddam Hussein on January 21, 1994, where you said to Saddam, "Your Excellency, Mr. President, I greet you in the name of many thousands of people in Britain who stood against the tide and opposed the war on aggression against Iraq and continue to oppose the war by economic means which is aimed to strangle the life out of the great people of Iraq." You then went on to say you greet him in the name of the Palestinian people. You went on to note that I thought the President would appreciate knowing that even today, 3 years after the war, I still meet with families who are calling their newborn sons Saddam. You went on, ultimately at the very end, to say, "Sir, I salute your courage, your strength, your indefatiguability, and I want you to know that we are with you," and I believe it was in Arabic, which means until victory, until victory in Jerusalem.

And I also would note that you say that you deeply regret those comments and that the comments were not aimed directly at Saddam Hussein, but they were aimed at the Iraqi people.

In the fall of 1999, you headed a 2-month London-to-Baghdad bus trip to gain support for lifting the sanctions on Iraq.

We have your name on Iraqi documents, some prepared before the fall of Saddam Hussein, some after, that identify you as one of the allocation holders, that your allocations were then used by Fawaz Zureikat, operating under the name of Aredio Petroleum and Middle East Advanced Semiconductor to actually lift the oil.

We know, too, based on the statements of former Iraqi officials, and in the cases of Vladimir Zhirinovsky and Alexander Voloshin, correspondence and documents, that allocation holders knew that surcharges on oil allocations were paid to Saddam Hussein and that allocation holders were aware of this and responsible for the payments.

We have also heard testimony regarding several documents retrieved from the Iraqi Ministry of Oil that demonstrate how Iraq allocated oil to its friends and allies. Exhibit 13,[1] which you have seen, displayed a SOMO chart that demonstrated Vladimir Zhirinovsky's dealing with MachinoImport in Phase XI. That chart also lists Contract M/11/04 with Middle East Advanced Semiconductor.

[1] See Exhibit No. 13, which appears in the Appendix on page 1501.

Footnote 93,[1] is a commercial invoice that shows Middle East Semiconductor loaded 2,360,860 barrels of Iraqi crude oil pursuant to SOMO crude oil sales Contact M/11/04.

In Exhibit 12,[2] we heard testimony regarding correspondence from the Executive Director of SOMO to the Iraqi Oil Minister providing details of Contract M/11/04 and listing your name in parentheses next to Middle East Advanced Semiconductor and Fawaz Zureikat, who we know lifted the oil against statements of detainees, including former Vice President Ramadan, confirmed that the name in parentheses, your name, is the allocation holder.

We heard testimony regarding Contract M/11/04, which was signed on December 12, 2001, between SOMO and Fawaz Zureikat, President of Middle East Advanced Semiconductor.

We heard testimony regarding SOMO commercial invoice B–13–201 that shows Aredio Petroleum lifted 1,014,403 barrels of Iraqi oil pursuant to SOMO crude oil sales Contract M/09/23.

Exhibit 45,[3] heard testimony regarding a SOMO chart showing allocations during Phase IX of the Memorandum of Understanding. It indicates Contract M/09/23 was executed between SOMO and Mr. Fawaz Zureikat/George Galloway/Aredio Petroleum.

Exhibit 9,[4] we also heard testimony regarding a memo from the Executive Director of SOMO to the Oil Minister requesting approval of Contract M/09/23. The document includes an official Ministry of Oil stamp dated 1/15/2001 and provides details of Contract M/09/23, signed with Aredio Petroleum Company, (Fawaz Zureikat—Mariam's Appeal), indicating that the allocation recipient for Contract M/09/23 was Fawaz Zureikat-Mariam's Appeal.

Mr. Galloway, as I indicated in my opening statement, this is not a court of law. This Committee has simply made available information obtained during the investigation from interviews of former Iraqi officials as well as Iraqi documents that lay out how the Oil-For-Food Program worked, how allocations were given to favored friends, allocation holders made substantial commissions on those allocations to oil companies, what Ramadan called compensation for support, what another official in talking about another allocation said, "Of course, they made a profit. That is the whole point." Surcharges on oil contracts were given back to the Saddam Hussein regime and were the responsibility of the allocation holder.

The evidence clearly identifies you as an allocation beneficiary who transferred the allocations to Fawaz Zureikat, who became chairman of your organization, Mariam's Appeal. Senior Iraqi officials have confirmed that you, in fact, received oil allocations and that the documents that identify you as an allocation recipient are valid.

If you can help provide any evidence that challenges the voracity of these documents or of the statements of former Iraqi officials, we would welcome that input.

Mr. Galloway, you are appearing before the Subcommittee without asserting any privilege or immunity. Indeed, your appearance

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[1] See *Report on Oil Allocations Granted to Charles Pasqua and George Galloway,* prepared by the Majority and Minority Staffs of the Permanent Subcommittee on Investigations, which appears in the Appendix on page 333.

[2] See Exhibit No. 12, which appears in the Appendix on page 1498.

[3] See Exhibit No. 45, which appears in the Appendix on page 1723.

[4] See Exhibit No. 9, which appears in the Appendix on page 1490.

before the Subcommittee is entirely voluntary and on your own accord. No subpoena was issued to secure your appearance. You are appearing before the Subcommittee concerning matters that do not arise out of the performance of any of your official duties as a member of the British Parliament, but instead concern actions taken by you in your capacity as a private citizen.

Before we begin, pursuant to Rule 6, all witnesses who testify before this Subcommittee are required to be sworn. At this time, I would ask you to rise and please raise your right hand.

Do you swear the testimony you are about to give before this Subcommittee is the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. GALLOWAY. I do.

Senator COLEMAN. We will be using a timing system today, Mr. Galloway. You have 10 minutes for an opening statement. If you need more time, we will certainly accommodate that, and you may proceed.

TESTIMONY OF GEORGE GALLOWAY, MEMBER OF PARLIAMENT FOR BETHNAL GREEN AND BOW, GREAT BRITAIN

Mr. GALLOWAY. Senator, I am not now, nor have I ever been, an oil trader, and neither has anyone on my behalf. I have never seen a barrel of oil, owned one, bought one, sold one, and neither has anybody on my behalf.

Now, I know that standards have slipped over the last few years in Washington, but for a lawyer, you are remarkably cavalier with any idea of justice. I am here today, but last week, you already found me guilty. You introduced my name around the world without ever having asked me a single question, without ever having contacted me, without ever having written to me or telephoned me, without any contact with me whatsoever, and you call that justice.

Now, I want to deal with the pages that relate to me in this dossier and I want to point out areas where there are, let us be charitable and say errors. And then I want to put this in the context that I believe it ought to be.

On the very first page of your document about me, you assert that I have had many meetings with Saddam Hussein. This is false. I have had two meetings with Saddam Hussein, once in 1994 and once in August 2002. By no stretch of the English language can that be described as many meetings with Saddam Hussein.

As a matter of fact, I have met Saddam Hussein exactly the same number of times as Donald Rumsfeld met him. The difference is, Donald Rumsfeld met him to sell him guns and to give him maps, the better to target those guns. I met him to try and bring about an end to sanctions, suffering, and war, and on the second of the two occasions, I met him to try and persuade him to allow Dr. Hans Blix and the United Nations weapons inspectors back into the country, a rather better use of two meetings with Saddam Hussein than your own Secretary of State for Defense made of his.

In the same opening paragraph, you assert that I was an outspoken supporter of the Hussein regime. This is false. I have brought along here a dossier, a dossier for all the Members of your Subcommittee, of statements by me as early as the 15th of March 1990 in which I condemn the Saddam Hussein dictatorship in the

most withering terms;[1] a stance I have taken since around about the time you were an anti-Vietnam War demonstrator. I was an opponent of Saddam Hussein when British and American governments and businessmen were selling him guns and gas. I used to demonstrate outside the Iraqi Embassy when British and American officials were going in and out doing commerce. You will see from the official Parliamentary record from the 15th of March 1990 onwards, voluminous evidence that I have a rather better record of opposition to Saddam Hussein than you do and than any member of the British or American governments do.

Now you say in this document—you have the gall to quote a source, without ever having asked me if the allegation from the source was true—that I am "the owner of a company which has made substantial profits from trading in Iraqi oil."

Senator I do not own any companies beyond a small company whose entire purpose, whose sole purpose is to receive the income from my journalistic earnings from my employer, Associated Newspapers, in London. I do not own a company that has been trading in Iraqi oil. And you had no business to carry a quotation, utterly unsubstantiated and false, implying otherwise.

Now you have nothing on me, Senator, except my name on lists of names from Iraq, many of which have been drawn up after the installation of your puppet government in Baghdad. If you had any of the letters against me that you had against Zhirinovsky and even Pasqua, they would have been up there in your slide show for the Members of your Subcommittee today. You have my name on lists provided to you by the Duelfer inquiry, provided to him by the convicted bank robber and fraudster and con man, Ahmad Chalabi, who many people, to their credit, in your country now realize played a decisive role in leading your country into the disaster in Iraq.

There were 270 names on that list originally. That has somehow been filleted down to the names you chose to deal with in this Subcommittee. Some of the names on that list included the former secretary to His Holiness, Pope John Paul II, the former head of the African National Congress presidential office, and many others who had one defining characteristic in common: They all stood against the policy of sanctions and war which you vociferously prosecuted and which has led us to this disaster.

You quote Taha Yasin Ramadan. Well, you have something on me. I have never met Taha Yasin Ramadan. Your Subcommittee apparently has. But I do know that he is your prisoner. I believe he is in Abu Ghraib prison. I believe he is facing war crimes charges punishable by death. In these circumstances, knowing what the world knows about how you treat prisoners in Abu Ghraib prison, in Bagram Air Base, in Guantanamo Bay, including I may say, British citizens being held in those places, I am not sure how much credibility anyone would put on anything you managed to get from a prisoner in those circumstances.

But you quote 13 words from Taha Yasin Ramadan, whom I have never met. If he said what he said, then he is wrong. And if you had any evidence that I had ever engaged in any actual oil trans-

[1] See Exhibit No. 46, which appears in the Appendix on page 1727.

action, if you had any evidence that anybody ever gave me any money, it would be before the public and before this Subcommittee today. Because I agreed with your Mr. Greenblatt. Your Mr. Greenblatt was absolutely correct. What counts is not the names on the paper. What counts is where is the money, Senator? Who paid me hundreds of thousands of money? The answer to that is nobody. And if you had anybody who ever paid me a penny, you would have produced them here today.

Now you refer at length to a company named in these documents as Aredio Petroleum. I say to you under oath here today, I have never heard of this company. I have never met anyone from this company. This company has never paid a penny to me. And I will tell you something else, I can assure you that Aredio Petroleum has never paid a single penny to the Mariam Appeal campaign. Not a thin dime. I do not know who Aredio Petroleum are, but I dare say if you were to ask them, they would confirm that they have never met me or ever paid me a penny.

Whilst I am on that subject, who is this senior former regime official that you spoke to yesterday? Don't you think I have a right to know? Don't you think the Subcommittee and the public have a right to know who this senior former regime official you were quoting against me, interviewed yesterday, actually is?

Now one of the most serious of the mistakes that you have made in this set of documents is, to be frank, such a schoolboy howler as to make a fool of the efforts that you have made. You assert on page 19, not once but twice, that the documents that you are referring to cover a different period in time from the documents covered by the *Daily Telegraph* which were the subject of a libel action won by me in the High Court in England late last year. You state that the *Daily Telegraph* article cited documents from 1992 and 1993 whilst you are dealing with documents dating from 2001.

Senator the *Daily Telegraph*'s documents date identically to the documents that you are dealing with in your report here. None of the *Daily Telegraph*'s documents dealt with a period of 1992–1993. I had never set foot in Iraq until late in 1993; never in my life. There could possibly be no documents relating to Oil-for-Food matters in 1992–1993 for the Oil-for-Food scheme did not exist at that time. Yet, you have allocated a full section of this document to claiming that your documents are from a different era to the *Daily Telegraph* documents when the opposite is true. Your documents and the *Daily Telegraph* documents deal with exactly the same period.

But perhaps you were confusing the *Daily Telegraph* action with the *Christian Science Monitor*. The *Christian Science Monitor* did indeed publish on its front pages a set of allegations against me very similar to the ones that your Subcommittee have made. They did indeed rely on documents which started in 1992–1993. These documents were unmasked by the *Christian Science Monitor* themselves as forgeries.

Now the neo-con web sites and newspapers in which you are such a hero, Senator, were all absolutely cockahoot at the publication of the *Christian Science Monitor* documents. They were all absolutely convinced of their authenticity. They were all absolutely

convinced that these documents showed me receiving $10 million from the Saddam Hussein regime. And they were all lies.

In the same week as the *Daily Telegraph* published their documents against me, the *Christian Science Monitor* published theirs, which turned out to be forgeries, and the British newspaper *Mail on Sunday* purchased a third set of documents which also on forensic examination turned out to be forgeries. So there is nothing fanciful about this. Not at all fanciful about it. The existence of forged documents implicating me in commercial activities with the Iraqi regime is a proven fact. It is a proven fact that these forged documents existed and were being circulated amongst right wing newspapers in Baghdad and around the world in the immediate aftermath of the fall of the Iraqi regime.

Now, Senator, I gave my heart and soul to oppose the policy that you promoted. I gave my political life's blood to try to stop the mass killing of Iraqis by the sanctions on Iraq, which killed a million Iraqis, most of them children. Most of them died before they even knew that they were Iraqis, but they died for no other reason other than that they were Iraqis with the misfortune to be born at that time. I gave my heart and soul to stop you committing the disaster that you did commit in invading Iraq.

And I told the world that your case for the war was a pack of lies. I told the world that Iraq, contrary to your claims, did not have weapons of mass destruction. I told the world, contrary to your claims, that Iraq had no connection to al Qaeda. I told the world, contrary to your claims, that Iraq had no connection to the atrocity on 9/11/2001. I told the world, contrary to your claims, that the Iraqi people would resist a British and American invasion of their country and that the fall of Baghdad would not be the beginning of the end, but merely the end of the beginning.

Senator, in everything I said about Iraq, I turned out to be right and you turned out to be wrong, and 100,000 people have paid with their lives, 1,600 of them American soldiers sent to their deaths on a pack of lives, 15,000 of them wounded, many of them disabled forever on a pack of lives. If the world had listened to Kofi Annan, whose dismissal you demanded, if the world had listened to President Chirac, who you want to paint as some kind of corrupt traitor, if the world had listened to me and the anti-war movement in Britain, we would not be in the disaster that we are in today.

Senator, this is the mother of all smoke screens. You are trying to divert attention from the crimes that you supported, from the theft of billions of dollars of Iraq's wealth. Have a look at the real Oil-for-Food scandal. Have a look at the 14 months you were in charge of Baghdad, the first 14 months, when $8.8 billion of Iraq's wealth went missing on your watch. Have a look at Halliburton and the other American corporations that stole not only Iraq's money but the money of the American taxpayer. Have a look at the oil that you did not even meter, that you were shipping out of the country and selling, the proceeds of which went who knows where. Have a look at the $800 million you gave to American military commanders to hand out around the country without even counting it or weighing it.

Have a look at the real scandal breaking in the newspapers today, revealed in the earlier testimony in this Subcommittee, that

the biggest sanctions busters were not me or Russian politicians or French politicians. The real sanctions busters were your own companies with the connivance of your own government.

Senator COLEMAN. Thank you, Mr. Galloway.

Mr. Galloway, can we start by talking about Fawaz Zureikat? Do you know the individual?

Mr. GALLOWAY. I know him very well.

Senator COLEMAN. In fact you were best man at his wedding?

Mr. GALLOWAY. I was.

Senator COLEMAN. And at some point in time he became chair of Mariam's Appeal; is that correct?

Mr. GALLOWAY. He did.

Senator COLEMAN. Can you tell me when that occurred?

Mr. GALLOWAY. I think in late 2000 or early 2001.

Senator COLEMAN. Before Mr. Zureikat was chair of Mariam's Appeal, who had that position?

Mr. GALLOWAY. I was the founding chairman.

Senator COLEMAN. Was there somebody in between you and——

Mr. GALLOWAY. Mr. Halford.

Senator COLEMAN. Do you recall when he had that position?

Mr. GALLOWAY. I do not.

Senator COLEMAN. Mr. Zureikat was a significant contributor to Mariam's Appeal; is that correct?

Mr. GALLOWAY. He was the second biggest contributor. The main contributor was Sheikh Zayed, the ruler of the United Arab Emirates, which you have glossed over in your report because it is slightly embarrassing to you. And the third major contributor was the Crown Prince of Saudi Arabia, which you have equally glossed over because it is embarrassing to you, because both of those individuals are your friends.

Senator COLEMAN. How much did Mr. Zureikat contribute to Mariam's Appeal?

Mr. GALLOWAY. Roughly 375,000 English pounds.

Senator COLEMAN. Is that about $600,000 American?

Mr. GALLOWAY. I do not know the conversion but it is 375,000 Sterling.

Senator COLEMAN. By the way, Mr. Zureikat was your designated representative for the activity of Mariam's Appeal; is that correct?

Mr. GALLOWAY. For the activities of the Mariam Appeal, yes.

Senator COLEMAN. When did he get that position?

Mr. GALLOWAY. I think late 2000.

Senator COLEMAN. Looking at Exhibit 9 [1]—I think you have the books in front of you.

Mr. GALLOWAY. Yes.

Senator COLEMAN. That appears to be a document from the Ministry of Oil. Testimony has indicated that the signature is an accurate signature. Do you have any reason to believe that document is false?

Mr. GALLOWAY. I have told you that I have never heard of Aredio Petroleum, and I have told you that the Mariam Appeal never re-

[1] See Exhibit No. 9, which appears in the Appendix on page 1490.

ceived a single penny from Aredio Petroleum. So the information at the top of the page, if you have translated it accurately, is false.

Senator COLEMAN. Have you heard of Middle East ASI Company?

Mr. GALLOWAY. Yes, that is Mr. Zureikat's company.

Senator COLEMAN. Turn to Exhibit 12.[1]

Mr. GALLOWAY. Yes.

Senator COLEMAN. That purports to be, again, a stamp, the seal of the Ministry of Oil, People of Iraq, and this purports to show the details of a contract signed with Middle East ASI Company, George Galloway and Fawaz Zureikat. So Middle East ASI is Mr. Zureikat's company?

Mr. GALLOWAY. Middle East ASI is Mr. Zureikat's company. He may well have signed an oil contract. It had nothing to do with me.

Senator COLEMAN. He was chair of Mariam's Appeal in 2000, so I take it you knew him well. Did he ever talk to you about his dealings in oil with Iraq?

Mr. GALLOWAY. He did better than that. He talked to everybody. He talked to every English journalist that came through Baghdad who he helped, our request, to get the interviews and get the places that they wanted and needed to go. He was introduced to everyone as a major benefactor of the Mariam Appeal and as a businessman doing extensive business in Iraq and elsewhere in the Middle East.

Senator COLEMAN. I am asking you specifically, in 2001 were you aware that he was doing oil deals with Iraq?

Mr. GALLOWAY. I was aware that he was doing extensive business with Iraq. I did not know the details of it. It was not my business.

Senator COLEMAN. So this is somebody who is the chairman of your Subcommittee, that you know well, and you are not able to say that he was——

Mr. GALLOWAY. Well, there are a lot of contributors, I have just been checking, to your political——

Senator COLEMAN. There are not many at that level, Mr. Galloway. For the record——

Mr. GALLOWAY. Let me assure you, I have checked your web site. There are lots of contributors to your political campaign funds. I don't suppose you ask any of them how they made the money they give you.

Senator COLEMAN. Certainly not at $600,000 American. But let me again ask the question, just so the record is clear. I need to be clear on the record, that you are not contesting then the validity of Exhibit 12.[1] You are indicating that Mr. Zureikat could have had dealings with Iraq. But you are saying that at that point in time you were not aware that he had oil dealings with Iraq?

Mr. GALLOWAY. First of all, I have only seen this document today, and I am telling you that insofar as my name is in a parentheses, the information in it is false. I have no reason to believe Mr. Zureikat's company did not do that particular oil deal. But this is your problem in this whole affair. There is nobody arguing that Mr. Zureikat's company did not do oil transactions, and many other, much bigger, frankly, business contracts with Iraq. There is

[1] See Exhibit No. 12, which appears in the Appendix on page 1498.

nobody contesting that Mr. Zureikat made substantial donations to our campaign against sanctions and war.

My point is, you have accused me personally of enriching myself, of taking money from Iraq, and that is false and unjust.

Senator COLEMAN. Mr. Galloway, do you recall an interview you had with Jeremy Paxman on April 23, 2003? Do we have a copy of the transcript? I would like to refresh your memory.[1]

You were asked the question, talking about business dealings with Mr. Zureikat in Iraq, and at least the transcript that I have, and I would like you to know if it is incorrect, your quote is—have you asked him about business in Iraq. "I am trying to reach him"—this is in 2003. "I am trying to reach him to ask him if he has ever been involved in oil deals because I do not know the answer to that."

So in 2003, you are saying you do not know the answer to whether he was involved in oil deals?

Mr. GALLOWAY. I told you in my previous two answers, I knew that Mr. Zureikat was heavily involved in business in Iraq and elsewhere but that it was none of my business what particular transactions or business he was involved in, any more than you ask the American-Israel Public Affairs Committee when they donate money to you, or pay for your trips to Israel, where they got the money from.

Senator COLEMAN. So, Mr. Galloway, you would have this Subcommittee believe that your designated representative for Mariam's Appeal, becomes the chair of the Mariam's Appeal, was listed in Iraqi documents as obviously doing business, oil deals with Iraq, that you never had a conversation with him in 2001 of whether he was ever doing oil business with Iraq?

Mr. GALLOWAY. No, I am doing better than that. I am telling you that I knew that he was doing a vast amount of business with Iraq; much bigger, as I said a couple of answers ago, than any oil business he did. In the airport, he was the representative of some of the world's biggest companies in Iraq. He was an extremely wealthy businessman doing very extensive business in Iraq. Not only did I know that, but I told everyone about it. I emblazoned it in our literature, on our web site, precisely so that people like you could not later credibly question my bona fides in that regard. So I did better than that.

I never asked him if he was trading in oil. I knew he was a big trader with Iraq and I told everybody about it.

Senator COLEMAN. So in 2003, when you said you did not know whether he was doing oil deals, were you telling the truth at that time?

Mr. GALLOWAY. Yes, I was. I have never known until the *Daily Telegraph* story appeared that he was alleged to be doing oil deals. But his oil deals are about one-tenth of the business that he did in Iraq, so I did better than telling people about his oil deals. I told them he was doing much, much more than that.

Senator COLEMAN. So Exhibit 14,[2] which purports to be a contract with Middle East Semiconductor, contract M/12/14—Middle

[1] See Exhibit No. 49, which appears in the Appendix on page 1741.
[2] See Exhibit No. 14, which appears in the Appendix on page 1503.

East semiconductor, again, is Mr. Zureikat's company; is that correct?

Mr. GALLOWAY. Yes, it is.

Senator COLEMAN. So do you have any reason to believe that this document is false?

Mr. GALLOWAY. If the parentheses implies, as you have been arguing all morning what it implies, that this was being signed for by Middle East Advanced Semiconductors in order to pass the money on to me, is false. Mr. Zureikat and Middle East Semiconductors, or any other company, have never given me any money. And if they had, you would have it up here on a board and in front of the Subcommittee here.

Senator COLEMAN. I take it, Mr. Galloway, that in regard to any surcharges paid to Saddam Hussein in, I think it is Footnote 89[1] which refers to the surcharge for the contract focused on Mariam's Appeal, you are saying that document—first of all, any contract between Iraq and Mariam's Appeal, is false?

Mr. GALLOWAY. Senator, I had gotten used to the allegation that I was taking money from Saddam Hussein. It is actually surreal to hear in this room this morning that I am being accused of giving money to Saddam Hussein. This is utterly preposterous—utterly preposterous—that I gave $300,000 to Saddam Hussein. This is beyond the realm of the ridiculous.

Now the Mariam Appeal's finances have been investigated by the Charity Commission on the order of Lord Goldsmith. You will recall him, Senator, he is the attorney general, practically the only lawman in the world that thought your war with Iraq was legal, thought Britain joining your war with Iraq was legal. He ordered the Charity Commission to investigate the Mariam Appeal. Using their statutory powers, they recovered all money in and all money out, ever received or spent by the Mariam Appeal. They found no impropriety.

I can assure you, they found no money from an oil contract from Aredio Petroleum; none whatsoever.

Senator COLEMAN. The commission did not look at these documents relating to this contract with Iraq——

Mr. GALLOWAY. No, but they looked better than that, Senator.

Senator COLEMAN. I am not asking you that. I am asking the question whether they looked at these documents.

Mr. GALLOWAY. Senator, you are not listening to what I am saying. They did better than that. They looked at every penny in and every penny out, and they did not find, I can assure you, any trace of a donation from a company called Aredio Petroleum, or frankly, a donation from any company other than Mr. Zureikat's company. That is a fact.

Senator COLEMAN. If I can get back to Mr. Zureikat one more time. Do you recall a time when you had a conversation with him about oil dealings in Iraq?

Mr. GALLOWAY. I have already answered that question. I can assure you, Mr. Zureikat never gave me a penny from an oil deal, from a cake deal, from a bread deal, or from any deal. He donated

[1] See *Report on Oil Allocations Granted to Charles Pasqua and George Galloway,* prepared by the Majority and Minority Staffs of the Permanent Subcommittee on Investigations, which appears in the Appendix on page 331.

money to our campaign, which we publicly brandished on all of our literature, along with the other donors to the campaign.

Senator COLEMAN. Again, Mr. Galloway, a simple question. I am looking for either a yes or no. Did you ever have a conversation with Mr. Zureikat where he informed you that he had oil dealings with Iraq, yes or no?

Mr. GALLOWAY. Not before this *Daily Telegraph* report, no.

Senator COLEMAN. Senator Levin.

Senator LEVIN. Thank you. Thank you, Mr. Galloway.

Mr. Galloway, could you take a look at Exhibit 12? [1]

Mr. GALLOWAY. Yes.

Senator LEVIN. Where your name is in parentheses after Mr. Zureikat's——

Mr. GALLOWAY. Before Mr. Zureikat, if I am looking at the right exhibit.

Senator LEVIN. I was going to finish my question though. My question was, where your name is in parentheses after Mr. Zureikat's company.

Mr. GALLOWAY. I apologize, Senator.

Senator LEVIN. That is all right.

Now that document, assuming it is an accurate translation of the document underneath it, you are not alleging here today that the document is a forgery, I gather.

Mr. GALLOWAY. I have no idea, Senator, if it is a forgery or not.

Senator LEVIN. But you are not alleging——

Mr. GALLOWAY. I am saying that the information insofar as it relates to me is fake.

Senator LEVIN. Is wrong.

Mr. GALLOWAY. It is wrong.

Senator LEVIN. But you are not alleging that the document——

Mr. GALLOWAY. I have no way of knowing, Senator.

Senator LEVIN. That is fine, so you are not alleging that.

Mr. GALLOWAY. No, I have no way of knowing. This is the first time——

Senator LEVIN. Is it fair to say since you do not know, you are not alleging——

Mr. GALLOWAY. It would have been nice to have seen it before today.

Senator LEVIN. Is it fair to say though that either because you have not seen it before or because otherwise you do not know, you are not alleging the document is a fake; is that fair to say?

Mr. GALLOWAY. I have not had it in my possession long enough to form a view about that.

Senator LEVIN. Would you let the Subcommittee know after you have had it in your possession long enough whether you consider the document a fake?

Mr. GALLOWAY. Yes, although there is an academic quality about all this, Senator Levin, because you have already found me guilty before you actually allowed me to come here and speak for myself.

Senator LEVIN. In order to attempt to clear your name, would you——

Mr. GALLOWAY. Let us be clear about something, Senator——

[1] See Exhibit No. 12, which appears in the Appendix on page 1498.

Senator LEVIN. Let me finish my question. Let me be clear about that, first of all.

Would you submit to the Subcommittee, after you have had a chance to review this document, whether or not in your judgment it is a forgery? Will you do that?

Mr. GALLOWAY. If you give me the original. This is not—presumably you wrote this English translation.

Senator LEVIN. Yes, and there is a copy underneath it of the——

Mr. GALLOWAY. Yes, there is a copy of a gray blur.

Senator LEVIN. A copy of the original.

Mr. GALLOWAY. If you give me the original in a decipherable way then, of course, I will.

Senator LEVIN. That would be fine. We would appreciate that.

Now at the bottom of this document, assuming it is not a forgery for a moment, it says surcharge. Are we together?

Mr. GALLOWAY. Yes.

Senator LEVIN. "As per the instructions of your excellency over the phone on 12/11/01 of not accepting the company's proposals unless they pay the debt incurred since phase eight." If in fact Mr. Zureikat's company paid a surcharge or a kickback to the Iraqi government in order to obtain an allocation of oil, would that trouble you?

Mr. GALLOWAY. It turns out from your own testimony that practically everyone in the world, and especially the United States, was paying kickbacks.

Senator LEVIN. It troubles me a great deal. As you have heard from my statement today, I am very much troubled that we have an oil company that was involved in this and we are going to go after that oil company.

Now let me ask you. I have expressed my view about Bayoil so now let me ask you about Mr. Zureikat's company. If in fact Mr. Zureikat's company paid a kickback to the Iraqi government in order to obtain this allocation, would you be troubled? That is my question.

Mr. GALLOWAY. That is a good question and will you allow me to answer it seriously.

Senator LEVIN. I would be happy to.

Mr. GALLOWAY. Not in a yes or no fashion, because I could give you a glib——

Senator LEVIN. Providing you give us an answer, I would be delighted to hear it.

Mr. GALLOWAY. Here is my answer and I hope it does delight you. I opposed the Oil-for-Food program with all my heart. Not for the reasons that you are troubled by it, but because it was a program which saw the death—I am talking about the death now, I am talking about the mass grave of a million people, most of them children, in Iraq. The Oil-for-Food program gave 30 cents per day per Iraqi for the period of the Oil-for-Food program. Thirty cents for all food, all medicine, all clothes, all schools, all hospitals, and all public services. I believe that the United Nations had no right to starve Iraq's people because it had fallen out with Iraq's dictator.

David Bonior, your former colleague, Senator, whom I admire very much, a former chief whip here on the Hill, described the

sanctions policy as infanticide masquerading as politics. Senator Coleman thinks that is funny. But I think it is the most profound description of that era that I have ever read: Infanticide masquerading as politics. So I opposed this program with all my heart. Not because Saddam was getting kickbacks from it—and I do not know when it is alleged these kickbacks started. Not because some individuals were getting rich doing business with Iraq under it, but because it was a murderous policy of killing huge numbers of Iraqis. That is what troubles me.

Now if you are asking me, is Mr. Zureikat in some difficulty, like all the other companies that it would appear paid kickbacks to the Iraqi regime, no doubt he is, although it would appear he is quite small beer compared to the American companies who were involved in the same thing.

Senator LEVIN. Now my question.

Mr. GALLOWAY. I told you what troubles me.

Senator LEVIN. I am asking you——

Mr. GALLOWAY. And I have told you——

Senator LEVIN. My question, now that you have given us again your statement about your feeling about the Oil-for-Food program, my question is, would you be troubled if you knew that Mr. Zureikat paid a kickback in order to get an allocation of an oil contract? That is a very simple question.

Mr. GALLOWAY. It is Mr. Zureikat's problem, not mine.

Senator LEVIN. It would not trouble you.

Mr. GALLOWAY. It is Mr. Zureikat's problem, not mine.

Senator LEVIN. So that if a kickback which was illegal under international—now you may not agree with the United Nations, but that is the international community that you are attacking, which is fine. You are entitled to do that. You are entitled and I will defend your right to do it. But you are attacking a U.N. program, which is your right to do, which was aimed at providing humanitarian assistance to try to alleviate the problems that the sanctions provided, which is your right to do.

But my question, which you are so far evading is, would you be troubled if that U.N. Oil-for-Food Program was being circumvented by the kind of kickbacks which were taking place and being given to Saddam Hussein in order to obtain allocations under that program, if Mr. Zureikat participated in that kickback scheme which violated the U.N. sanctions? You may not have agreed with it, but it violated the program. Would it trouble you if he violated that U.N. program in that way? That is my question.

Mr. GALLOWAY. Senator, there are many things that——

Senator LEVIN. I know other things trouble you, but can you just give us a straightforward answer? You have given us a long explanation of other things that trouble you, which is your right. Now I am asking you whether that troubles you.

Mr. GALLOWAY. It troubles me that it might put him in difficulty. It troubles me that it might now lead to a prosecution of him. It troubles me that this will be further smoke in the smoke screen. But I opposed this Oil-for-Food Program.

Senator LEVIN. I understand. There are a lot of things you oppose but you do not believe should be circumvented in illegal ways, is that not——

Mr. GALLOWAY. Please, Senator, you supported the illegal attack on Iraq. Do not talk to me about illegalities.

Senator LEVIN. Sorry about that, I did not. But that is beside the point. You are wrong on your facts——

Mr. GALLOWAY. I am collectively talking about the Senate, not you personally.

Senator LEVIN. That is all right. Let me go back to my question. I do not want to get involved in——

Mr. GALLOWAY. Why not? You want to talk about illegality?

Senator LEVIN. No.

Mr. GALLOWAY. You launched an illegal war which has killed 100,000 people. You want me to be troubled about——

Senator LEVIN. No, I want you to answer questions which are fairly put and directly put to you.

Mr. GALLOWAY. All right.

Senator LEVIN. Now I will ask you two last questions. If Mr. Zureikat's contributions to Mariam's Appeal came from the sale of oil, or his share of a sale of oil, which he was able to obtain because he paid a kickback in violation of the U.N. program, would that contribution trouble you? That is my question.

Mr. GALLOWAY. Well, Senator——

Senator LEVIN. If you cannot give a short answer, just——

Mr. GALLOWAY. I will give as short as I can and I appreciate your fairness in this. Fund-raising for political purposes is seldom pretty, as any American politician could testify. I took the view—I could be criticized for it, have been criticized for it—that I would fund-raise from the kings of Arabia, whose political systems I have opposed all my life, in order to raise funds for what I thought was an emergency facing a disaster. I did not ask Mr. Zureikat which part of his profits from his entire business he was making donations to our charity.

Senator LEVIN. That was not my question. My question is, would it trouble you if you found that out?

It is OK, you are not going to answer it, it is clear to me. I want to go to my next question.

Mr. GALLOWAY. All right.

Senator LEVIN. You are just simply not going to answer it. I will say, American politicians who find the source of money after it is given to them is troubling, they find out something they did not know afterwards, frequently will, and hopefully I think always, but at least frequently will return that money, will say they disagree with the source of the money. Hopefully all of us will do that. But whether or not we all live up to that standard, you clearly do not adopt that as a standard for contributions to Mariam's Appeal. You are not going to look at the source of the money. You are just simply going to accept the money, and you have made that clear.

I want to just ask you about Tariq Aziz. You have indicated who you did not talk to and who you did talk to. Did you have conversations with Tariq Aziz about the award of oil allocations? That is my question.

Mr. GALLOWAY. No.

Senator LEVIN. Thank you. I am done. Thank you.

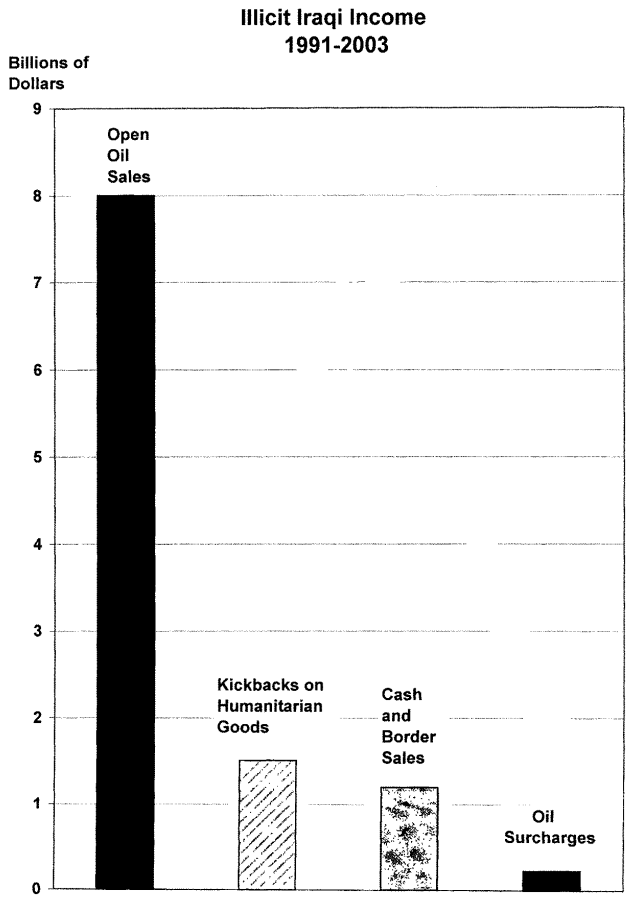
Senator COLEMAN. Just one follow-up on the Tariq Aziz question. Describe your relationship with Tariq Aziz.

Mr. GALLOWAY. Friendly.
Senator COLEMAN. How often did you meet him?
Mr. GALLOWAY. Many times.
Senator COLEMAN. Can you give an estimate of that?
Mr. GALLOWAY. No. Many times.
Senator COLEMAN. More than five?
Mr. GALLOWAY. Yes.
Senator COLEMAN. More than 10?
Mr. GALLOWAY. Yes.
Senator COLEMAN. Is it around 15?
Mr. GALLOWAY. We are getting nearer, but I have not ever counted. But many times. I am saying to you many times, and I am saying to you I was friendly with him.
Senator COLEMAN. You described him as a very dear friend.
Mr. GALLOWAY. I think you have quoted me as saying a dear, dear friend. I do not often use the double adjective.
Senator COLEMAN. I was looking into your heart on that.
Mr. GALLOWAY. But friend I have no problem with.
Senator just before I go on, I do hope you will avail yourself of this dossier that I have produced. I am really speaking through you to Senator Levin. This is what I have said about Saddam Hussein.
Senator COLEMAN. We will enter that into the record without objection.
Mr. GALLOWAY. Thanks.
Senator COLEMAN. I have no further questions for the witness. You are excused, Mr. Galloway.
Mr. GALLOWAY. Thank you very much.
Senator COLEMAN. We have a vote. The hearing will be recessed for 20 minutes.
[Recess.]
Senator COLEMAN. The Permanent Subcommittee on Investigations is back in session.
As I have indicated to the next panel, because of the fact that both Senator Levin and I have to be at our conference lunches today because of some very important issues that are being discussed, and we want to give this panel time, we felt the best thing to do was to adjourn the hearing at this point. We will have another day—we will set another time. There are some other matters and other reports that we wanted to follow up on. This will be the first panel of that next hearing.[1] So we will set a date and we will set a time.
I want to apologize to the panel for the inconvenience but there are some pressing matters that we have to attend to. So with that, this hearing is now adjourned.
[Whereupon, at 12:33 p.m., the Subcommittee was adjourned.]

[1] See Exhibit Nos. 47 and 48, prepared statements of Thomas A. Schweich and Peter Reddaway, which appear in the Appendix on pages 1731 and 1736 respectively.

APPENDIX

Figure 1



Data source: ISG Report, 9/04
Chart prepared by: Senate Permanent Subcommittee on Investigations, Minority Staff

Figure 2

OFAC CHRONOLOGY*

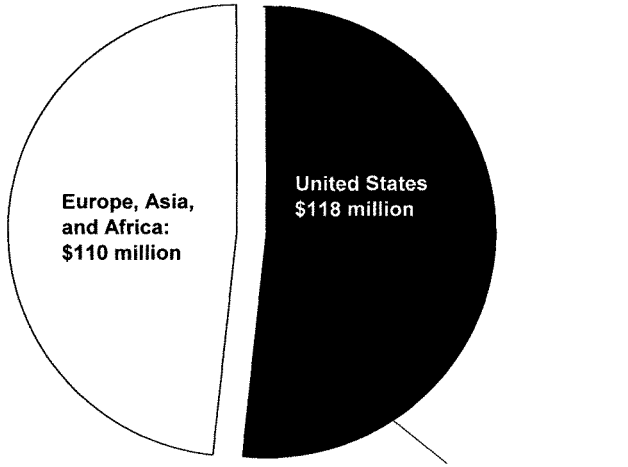
6/7/01	U.N. letter to Bayoil asks for information about specific shipments.
6/25/01	Bayoil refuses to provide shipping information, because it is "completely outside [the U.N. Oil Overseer's] authority and mandate under the [OFF] program."
7/14/01	Bayoil supplies incomplete information.
	U.N. Office of Iraq Programme asks U.S. Mission to the U.N. for assistance.
8/17/01	U.S. State Department writes to U.S. Treasury Department's Office of Foreign Assets Control (OFAC) asking it to "contact Bayoil and urge the company respond quickly and completely to the Office of the Iraq Program's request for information."
11/28/01	U.N. again asks Bayoil for information.
1/10/02	U.N. again asks Bayoil for information.
1/24/02	Bayoil writes to U.N. but still does not provide the requested information, claiming prejudice against the company.
1/02	U.N. again asks the State Department for assistance and the State Department again contacts OFAC.
4/23/02	Eight months after the initial request for assistance, OFAC writes to Bayoil and requests a report on its transactions in Iraq; letter does not request specific information sought by U.N. or direct Bayoil to answer the U.N.'s questions. OFAC told the Subcommittee that its investigator recalled that the request had to do with "surcharges."
5/22/02	Bayoil writes to OFAC saying that because Iraq will not issue contracts directly t U.S. companies, it is not doing work under its OFAC license.
	OFAC telephones Bayoil and asks to send Bayoil's letter to the State Department
7/2/02	Bayoil writes back that OFAC can share its letter with the State Department and U.S. Mission to the U.N. but with no one else, which means it cannot be shared with the U.N.
	OFAC never forwards Bayoil's letter to anyone. The U.N. never obtained the information it sought about Bayoil.

*See Report.
Prepared by U.S. Permanent Subcommittee on Investigations, Minority Staff

Figure 3

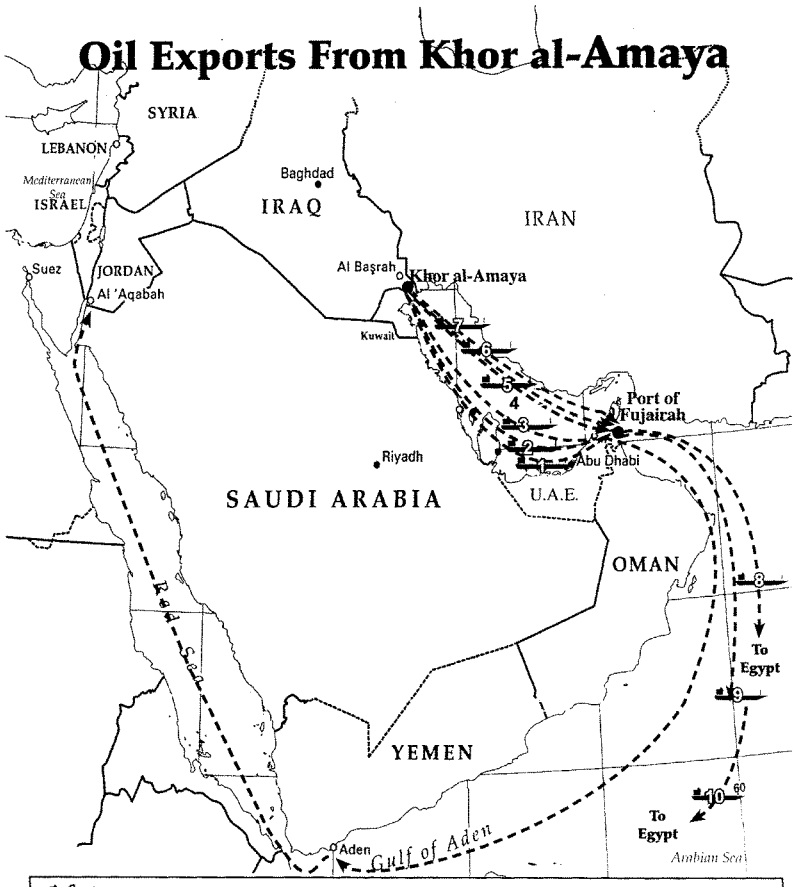
Illegal Surcharges on Iraqi Oil: Amounts Paid, by Final Destination 2000 - 2002

U.S.:	$118 million
Non-U.S.:	$110 million
Total:	$228 million



Data source: These estimates are based on U.S. Energy Information Administration import data, Iraqi surcharge records, and Bayoil documents.
Chart prepared by: U.S. Senate Permanent Subcommittee on Investigations, Minority Staff.

Oil Exports From Khor al-Amaya



Prepared by U.S. Senate Permanent Subcommittee on Investigations

STATEMENT BY
MARK L. GREENBLATT
COUNSEL
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
ON THE
UNITED NATIONS OIL-FOR-FOOD PROGRAM
BEFORE THE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
May 17, 2005

Mr. Chairman, Ranking Member Levin, and Subcommittee Members:

Thank you for this opportunity to testify before you concerning the Subcommittee's investigation into the United Nations Oil for Food Program. My testimony today will present evidence demonstrating how the Hussein regime rewarded its political allies under the Oil for Food Program. In particular, I will introduce evidence establishing that the Hussein regime granted lucrative oil allocations to Vladimir Zhirinovsky, a prominent Russian official. In short, the evidence reveals that Zhirinovsky was granted allocations of 75 million barrels of oil – for a sense of perspective, that amount of oil would satisfy oil consumption for the entire United States for roughly 4 days. The Iraqi Ministry of Oil estimated that profits of $8.6 million were made in connection with Zhirinovsky's allocations. In fact, for some of those allocations, the evidence also shows that an American oil trader named Bayoil may have paid Zhirinovsky an estimated $4.4 million. Finally, I will present evidence that Zhirinovsky and Bayoil paid illegal, under-the-table surcharges to the Hussein regime, totaling $4.7 million.

Before I introduce the evidence concerning Zhirinovsky and Bayoil, let me give a brief summary of what an "oil allocation" is and how Saddam Hussein used them to reward his allies. An oil allocation is essentially the right to buy a certain amount of crude oil – an option to buy cheap Iraqi oil. Whoever had the allocations were the gatekeepers to Iraqi oil, and as a result, were entitled to hefty commissions. Senior officials in the Hussein regime told investigators of this Subcommittee that, early in the Oil for Food Program, the Hussein regime began a policy of handing out these options not to traditional oil companies, but rather to foreign officials, journalists and even terrorist entities. Officials in the Ministry of Oil called this manipulation "Saddam's Bribery System." The recipient of the allocation – the foreign official or terrorist entity – would assign the allocation to a traditional oil company in return for a sizeable commission, usually amounting to hundreds of thousands of dollars. The Hussein officials that were interviewed in Iraq told the Subcommittee that the Iraqis gave preferential treatment to specific foreign officials in the allocation of oil because of their support for the Hussein regime and their opposition to the U.N. sanctions against Iraq.

Vladimir Zhirinovsky was one of those officials. Zhirinovsky has been a long-time member of the Russian Duma, the leader of the ultra-nationalist Liberal Democratic Party of Russia (called the "LDPR"), and ran for President of Russia three different times. He was a tireless and outspoken supporter of the Hussein regime, taking roughly 16 trips to Iraq during the 7 years of the Oil for Food Program, and frequently denouncing U.N. sanctions against Iraq. In addition, Zhirinovsky signed an

agreement on "inter-party ties" between his party and Saddam Hussein's Baath Party. He dispatched a group of supporters called the "Falcons of Zhirinovsky" to Iraq to support the Hussein regime during the first Gulf War. Zhirinovsky, who wrote a book entitled "I Spit on the West," was unquestionably a strong supporter of the Hussein regime.

The regime, in turn, rewarded Zhirinovsky with lucrative oil allocations. In total, Zhirinovsky received at least 12 allocations of more than 75 million barrels of oil under the Oil for Food Program. The Iraqi Ministry of Oil estimated that the profits arising from Zhirinovsky's allocations amounted to $8.6 million, as reflected in Exhibit 1. The Subcommittee staff has prepared a thorough and comprehensive report detailing the chronology of events surrounding Zhirinovsky's allocations. Among the voluminous evidence are 6 letters signed by Zhirinovsky himself, and 31 documents from the Iraqi Ministry of Oil that specifically identify Zhirinovsky or his radical political party. The report also introduces testimony of four senior members of the Hussein regime, including Tariq Aziz and Saddam's former Vice President – each of which independently confirmed that Zhirinovsky received oil allocations. In fact, one regime official confirmed to this Subcommittee not only that Zhirinovsky received oil allocations, but also that Zhirinovsky earned money from the deals. He said, "Of course Zhirinovsky would make a profit. That's the whole point."

I will present a brief sampling of the evidence today.

The first document is a letter that appears on Exhibit 2. This exhibit is a letter from Zhirinovsky to the Iraqi Ambassador to Russia at the very beginning of the Oil for Food Program. In short, this is Zhirinovsky's pitch for oil contracts. He begins the letter by describing his long-time support for the Hussein regime. He states that he and his political party "stood firmly against the enforcement of United Nations economic sanctions" against Iraq, and that his party has used its "influence on the Duma [the Russian parliament] to adopt resolutions that will facilitate the economic cooperation between [Russia and Iraq]." He also said that "A special resolution to lift the economic sanctions on Iraq was adopted in particular and by virtue of our party's efforts." After brandishing his pro-Hussein credentials, Zhirinovsky then states that his party has "commercial institutions" that would like to receive contracts under the Oil for Food Program.

After Zhirinovsky's letter, there were a series of meetings between his representatives and members of the Hussein regime, including meetings between Zhirinovsky and Saddam Hussein and his right-hand man Tariq Aziz. The Subcommittee staff report details those meetings, which ultimately culminated in an oil allocation to Zhirinovsky in Phase II of the Program.

The Hussein regime continued to grant oil allocations to Zhirinovsky through the next 2 phases. Then, in Phase V of the Program, a new player enters the picture. That new player is the American oil trader named Bayoil. In the early phases of the Oil for Food Program, Bayoil was buying up as much Iraqi oil as possible. They aggressively

pursued oil allocations, and prided themselves on being one of the largest purchasers of Iraqi oil under the Program.

In late 1998, Bayoil struck a deal with Zhirinovsky – Zhirinovsky would assign his oil allocation to Bayoil in exchange for a hefty commission. The evidence suggests that the commission was 17 cents per barrel, which would amount to $850,000 for a medium-sized allocation, such as 5 million barrels. When Zhirinovsky informed the Iraqis that his allocation would be assigned to Bayoil, the Iraqis rejected the plan, saying that "Iraq cannot do business with American companies." As a result, Bayoil was forced to engage a Russian company to act as a nominal purchasing agent. Bayoil eventually did so, engaging a Russian oil company called Nafta Moscow to interface with the Iraqis.

Bayoil then confirmed the deal with Zhirinovsky in a letter that is presented on the left-hand side of Exhibit 3. In that letter, Bayoil indicates that it has engaged Nafta Moscow to act as the purchasing agent, and requests that Zhirinovsky confirm the agreement with a letter (written on official LDPR letterhead). Bayoil even drafted the letter for Zhirinovsky, saying: "We LDPR confirm that our Iraqi oil allocation of 7 million barrels is assigned to Bayoil. We confirm to SOMO to contract this allocation with company designated by Bayoil. Upon receiving from you the agreed premium prior to [a certain date.] Signed, Vladimir V. Zhirinovsky." Bayoil concludes the letter by indicating that it hopes to pay Zhirinovsky's premium earlier than the contractual deadline.

Soon after Bayoil's letter to Zhirinovsky, Bayoil explained the transaction to Nafta, its nominal purchasing agent. That letter appears on the right-hand side of Exhibit 3. In this letter, Bayoil gives Nafta instructions on how to negotiate with the Iraqis, such as reminding the Iraqis that the allocation was "being contracted for and on behalf of Mr. Vladimir Volfovich, the LDPR." It is reasonable to conclude that the name 'Vladimir Volfovich, the LDPR' is a reference to Zhirinovsky because his full name is Vladimir Volfovich Zhirinovsky and the LDPR is his political party. Nafta was also supposed to remind the Iraqis that Zhirinovsky is "one of the greatest supporter [*sic*] of the Iraqi cause in the world." Bayoil also offered suggestions on "maximizing the economic result for the LDPR," Zhirinovsky's political party.

All of this correspondence eventually culminated in 6 different oil transactions, starting in Phase V and continuing to Phase X. In connection with those transactions, Bayoil would pay a large "commission" payment to a seemingly unrelated entity. For instance, in the Phase VI deal, Bayoil paid 17 cents per barrel to a mysterious entity called "Plasco Shipping." In total, Bayoil paid Plasco more than $1.3 million. In Phase VII, Bayoil paid a massive commission of 31 cents per barrel to another mysterious entity called "Bayvan Consulting." In one document, a Bayoil employee called those payments a "Russian Commission." These Russian Commissions to Bayvan appear to total more than $1.5 million.

The Subcommittee could not identify any service provided by these companies – Plasco Shipping and Bayvan Consulting – in connection with the oil deals. Our

exhaustive search of Bayoil's files concerning these deals included a thorough vetting of thousands of pages, detailing each and every aspect of the transactions. Nevertheless, the Subcommittee could not identify one piece of correspondence with Plasco or Bayvan. There was no contract with either of them. No invoices. No indication of any service provided whatsoever. Moreover, the Subcommittee attempted to locate each of those companies and was unable to do so. Therefore, in light of the fact that Bayoil agreed to pay Zhirinovsky a "premium" and Bayoil made these massive payments to dubious companies, it seems reasonable to conclude that those payments were in fact commissions to Vladimir Zhirinovsky.

Not only did Zhirinovsky profit from this scheme, but Saddam Hussein profited as well. In Phase VIII of the Program, which occurred toward the end of 2000, the Hussein regime started demanding an under-the-table payment in connection with oil purchases. These payments were in direct violation of the U.N. sanctions and the rules of the Oil for Food Program. According to senior members of the Hussein regime, every single recipient of an oil allocation was obligated to make those payments, commonly called "surcharges." Surcharges were imposed over a 2-year period from September 2000 through mid 2002, and during that period, Zhirinovsky received four distinct allocations. As reflected in the documents presented in Exhibit 7, for those four allocations, the Hussein regime received under-the-table payments totaling approximately $4.7 million.

Let's review one such surcharge payment. In Phase X, Zhirinovsky received an allocation of 4 million barrels. Bayoil once again purchased that allocation and engaged Russian oil giant Lukoil to be its agent. Lukoil contacted for the oil on behalf of Bayoil, and the contract was numbered M/10/67. In connection with Contract M/10/67, Bayoil made payments totaling $1,122,548.70 to Plasco Shipping – the same mysterious entity that we discussed previously. Those payments are captured in the left-hand side of Exhibit 4, which presents Bayoil's internal accounting statements reflecting payments to Plasco Shipping.

It is crucial that we remember the sum paid to Plasco – $1,122,548.70 – because that precise figure appears on a document created by the Iraqi Ministry of Oil. That document, which is a chart that appears on the right side of Exhibit 4, is a summary of all surcharges paid to the Hussein regime under the Oil for Food Program. The entry for Contract M/10/67 (the Lukoil contract) indicates that the "Surcharge Owed" was exactly $1,122,548.70 – the exact amount (to the penny) that Bayoil paid to Plasco Shipping. Finally, the chart indicates that the surcharge was paid in full. Therefore, given this evidence, it is reasonable to conclude that Bayoil's payments to Plasco Shipping were in fact illegal, under-the-table surcharge payments to the Hussein regime.

As displayed in Exhibit 7, $4.7 million was paid in surcharges in connection with Zhirinovsky's allocations. While Zhirinovsky and his agents paid $4.7 million to the Hussein regime in cash, Zhirinovsky also compensated the regime by literally giving the Iraqis a building in Moscow. In Phase VIII, Zhirinovsky was apparently having

difficulty paying all of the surcharges that he owed. The Vice President of Iraq, Taha Yassin Ramadan, told the Subcommittee that he met with Zhirinovsky face-to-face and actually threatened him, saying "Pay or get nothing." In lieu of paying off the surcharge with cash, Zhirinovsky offered to give the Iraqis a building that he owned in Moscow. Senior regime officials informed the Subcommittee that the building was worth more than $800,000. In our staff report, we present a letter from Zhirinovsky in which he discussed his proposal. The Iraqis agreed to Zhirinovsky's offfer, and the deed was transferred at the Iraqi embassy in Moscow. One senior official in the regime told the Subcommittee that he observed the transaction, saying: "I was there personally." We have learned that that building is being used as an Arabic school.

In conclusion, our staff report establishes that Zhirinovsky received numerous lucrative oil allocations, that Bayoil paid the Russian an estimated $4 million dollars in exchange for some of those allocations, and that Zhirinovsky – with Bayoil's financing – paid the Hussein regime millions in under-the-table surcharges.

With that, I will close my presentation and I would be happy to answer your questions.

♦ ♦ ♦

STATEMENT BY

STEVEN GROVES

COUNSEL

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

ON THE

UNITED NATIONS OIL-FOR-FOOD PROGRAM

BEFORE THE

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

UNITED STATES SENATE

May 17, 2005

Mr. Chairman, Ranking Member Levin, and Members of the Subcommittee:

Thank you for the opportunity to testify today regarding the Subcommittee's latest findings relating to our ongoing investigation into the United Nations "Oil-for-Food Program."

My testimony today presents evidence gathered by the Subcommittee establishing that the former regime of Saddam Hussein attempted to influence the highest levels of the Russian Government by awarding lucrative allocations of oil to politically influential officials. In particular, the Hussein regime assigned the rights to massive quantities of oil to the "Russian Presidential Council" which was then headed by a powerful Kremlin insider named Alexander Voloshin.

In April, we traveled to Iraq in order to interview senior officials of the former Hussein regime. The officials told us that oil allocations were awarded to foreign politicians and political parties in order to engender international support for the Hussein regime. Documents reviewed by the Subcommittee from the Iraqi Ministry of Oil confirmed that massive allocations of oil were awarded to Security Council members that were sympathetic towards Iraq in its efforts to lift sanctions -- namely, Russia, France, and China. Saddam personally approved the list of allocation recipients along with a committee of his closest advisors, including former Deputy Prime Minister Tariq Aziz and former Vice President Taha Yasin Ramadan, both of whom were interviewed by the Subcommittee.

The Hussein regime gave allocations to Russian individuals, political parties, government ministries, and major oil companies due to their good relationship with Iraq and their support for the lifting of sanctions. A total of 30 percent of all the oil allocated during the entire course of the Program went to Russia. The state-owned oil company "Zarubezhneft" was allocated almost 180 million barrels of oil. The Russian Ministry of Foreign Affairs, the equivalent of our State Department, was allocated 155 million barrels. Individual politicians (such as Vladimir Zhirinovsky) and political parties (such as the Communist Party), were also given allocations,

including 73 million barrels to the Unified Russia Party -- known then as the Unity Party -- a pro-Kremlin organization associated with Russian president Vladimir Putin. Tariq Aziz stated that the Unity Party received such a large number of allocations because Russia was taking positions at the Security Council that were favorable to Iraq. Vice President Ramadan stated that the Unity Party was given massive allocations because it was the governing party and the party of the president.

The Russian Presidential Council received 9 oil allocations totaling 90 million barrels. The Council consisted of advisors appointed by the president, and was responsible for devising presidential policy, drafting presidential decrees, and coordinating policy among government agencies. The head of the Russian Presidential Council was Alexander Stalevich Voloshin. He was widely known to be the "power behind the throne" at the Kremlin. Mr. Voloshin assisted in President Putin's rise to power, managed his first election campaign, and helped to create the Unity Party. He was once referred to as "de facto, after President Vladimir Putin, Russia's most powerful man." Former regime officials interviewed by the Subcommittee confirmed that the allocations given to Mr. Voloshin were a show of support to him, and were granted to him because of his relationships with "very important characters." Vice President Ramadan told the Subcommittee that knew that Mr. Voloshin was the head of Russia's presidential administration and stated that the oil allocations awarded to him had been approved by Saddam Hussein.

Many of the allocations to the Russian Presidential Council, like the allocations to Mr. Zhirinovsky, were ultimately purchased and shipped by Houston-based Bayoil. The Presidential Council and Bayoil used a variety of middle-men oil trading companies to execute the actual contracts with Iraq. The transactions involving the allocations granted to the Russian Presidential Council followed the same general pattern: At the beginning of each relevant phase, the Hussein regime granted an oil allocation to the Russian Presidential Council. Please turn your attention to Exhibit 19 which is an example of a Ministry of Oil allocation list. The chart indicates that the Russian Presidential Council was allocated 14 million barrels of oil in Phase 8, and that a "Mr. Issakov" was named as the designated contact person. "Mr. Issakov" is Sergey Issakov, who is associated with Mr. Voloshin, as noted in our report. As you can see by the hand-written note at the corner of the document, the allocations have been approved at the highest level by "the President Leader."

Once the oil is allocated, the contact person would choose a Russian company to act as the nominal purchaser of the oil -- a "middleman" -- in exchange for a small commission. A representative of the middleman -- often Mr. Issakov himself -- then traveled to Baghdad and signed a contract with SOMO that could be forwarded to the U.N. for approval. Once the contract was signed, SOMO would forward the contract to the Minister of Oil for approval. Please turn your attention to Exhibit 27 which is an example of such an approval for one of Mr. Voloshin's allocations in Phase 12. As you can see, the terms of the official contract with the Russian middleman company -- Impexoil -- were approved by the Minister of Oil, but the Ministry kept track of exactly who the allocation holder was -- Mr. Voloshin, the "head of the Russian Presidential Council." Other internal Ministry of Oil documents kept track of who was the ultimate beneficiary of the oil allocation. For example, Exhibit 29 is a letter from the crude oil marketing department to the financial department forwarding the terms of a contract signed during Phase 13 with the middleman, Impexoil. The letter makes it clear who is benefiting from

the allocation when it states: "Party Benefiting from Allocation: Head of the Russian Presidential Council."

Once the allocation and the contracts had been approved, the middleman company entered into a separate contract with an oil company -- in many instances Bayoil -- to actually ship the oil. After the oil was lifted, Bayoil wired payments -- usually hundreds of thousands of dollars -- into certain bank accounts in Cyprus or Switzerland, countries not exactly known for transparency in banking practices. The evidence indicates that the money wired to those accounts by Bayoil was then split between the allocation holder and the middleman.

The Russian middlemen used to facilitate these allocations were paid a commission usually amounting to 2 cents for each barrel shipped by Bayoil. For example, you can see here in Exhibit 20 that in June of 2000 Bayoil agreed to pay one of these middlemen -- called "Rosnefteimpex" -- 2 cents a barrel for a contract in Phase 8. As you can see, the Russian Presidential Council is not named in the document, but instead a company called "Haverhill Trading" suddenly appears in the picture. This is because even the middlemen in these transactions have middlemen. As detailed in our report, Cyprus-based Haverhill served as a pass-through for the money that Bayoil paid to the middlemen, to the Russian Presidential Council, and in some instances to the Hussein regime in the form of "surcharges."

The allocation holders and the middlemen profited from this scheme, and Saddam profited as well. Millions of dollars wired by Bayoil into Cypriot bank accounts during Phase 9 and 10 were routed back to the Hussein regime. The letter displayed in Exhibit 23 to the Executive Director of SOMO relates to a Phase 9 allocation to the Russian Presidential Council and indicates that the middleman on the transaction -- a company called Rosnefteimpex -- had paid the surcharges due to the regime. As you can see, the document notes that Rosnefteimpex had delivered the surcharge payments directly to the Iraqi embassy in Moscow, which was a common practice for the Russian companies who paid surcharges, as detailed in our report. PSI estimates that, in connection with the Phase 9 contract, over $3.8 million was ultimately routed to the Hussein regime from money wired by Bayoil to Haverhill's bank accounts.

For all of the transactions where Bayoil was involved, Bayoil wired a total of $9,214,991.56 into different bank accounts in Cyprus, Greece, and Switzerland between July of 2000 and January of 2003. As is indicated in Exhibit 31, we estimate that approximately $609,000 went to the middlemen companies -- such as Rosnefteimpex and Impexoil. The contracts in Phases 9 and 10 resulted in surcharge payments to the Hussein regime, payments that we estimate to be in excess of $5.6 million. Once the payments to the middlemen and the Hussein regime are deducted from the total payments made by Bayoil, there is a remainder of almost $3 million. That is the amount we conclude went to the allocation holders, specifically Mr. Voloshin and Mr. Issakov in the name of the Russian Presidential Council.

Thank you again for allowing me to summarize our findings, and I look forward to any questions you may have on this matter.

♦ ♦ ♦

STATEMENT BY
MARK L. GREENBLATT
COUNSEL
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
ON THE
UNITED NATIONS OIL-FOR-FOOD PROGRAM
BEFORE THE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
May 17, 2005

Mr. Chairman, Ranking Member Levin, and Subcommittee Members:

Thank you for this opportunity to testify before you again concerning the Subcommittee's investigation into the United Nations Oil for Food Program. This presentation will introduce the evidence that the Subcommittee obtained establishing that the Hussein regime granted oil allocations to former French Minister of the Interior Charles Pasqua and recently reelected Member of the British Parliament George Galloway. The evidence establishes that Pasqua refused to sign a letter for the Iraqis concerning the allocations because he "fear[ed] political scandals." The evidence also indicates that Galloway used a children's cancer foundation in at least one transaction.

I will start with a sampling of evidence concerning the allocations granted to Charles Pasqua. The first exhibit – Exhibit 8(a) – is a handwritten note written by the Executive Director of SOMO sent to the Minister of Oil. The subject line of the note is "The French Personality (Charles Pasqua)." In the first line of this letter, SOMO indicates that Saddam Hussein personally approved an allocation to Charles Pasqua, stating: "The president leader … has approved the allocation of 3 million barrels to the

French personality (Charles Pasqua)." The note goes on to say that the Iraqis requested that Pasqua sign a letter concerning one aspect of the transaction, and that he refused to do so. According to the note, Pasqua refused to sign a letter because he "fear[ed] political scandals."

The next exhibit, which is displayed on Exhibit 8(b), is a letter written by Tariq Aziz's chief assistant. In that letter, he informs SOMO of the identity of Pasqua's agent and indicates that the agent "represents Mr. Pasqua in receiving the oil allocations allotted to the latter." I should note that Pasqua's agent was arrested two weeks ago for charges arising from Oil for Food transactions.

The last exhibit appears on Exhibit 8(d). That exhibit is another letter from the Executive Director of SOMO, in which he informs the Oil Minister that everyone who received an allocation in Phase VI of the Program requested an increase of their allotment. At the bottom of the letter is a handwritten note indicating that Tariq Aziz "endorsed" an increase of 1 million barrels to Pasqua's allocation. Attached to this letter was a chart created by SOMO reflecting the requests for additional barrels of oil. Under the headings, "France" and "Special Requests," the chart states "Charles Pasqua" and indicates that his purchasing agent had contracted for 3 million barrels of oil. It also indicates that Pasqua requested an additional allotment of "unspecified" volume.

These documents are a mere sampling of evidence accumulated by the Subcommittee that establishes that Charles Pasqua was granted oil allocations under the Program.

Turning to the evidence concerning Mr. Galloway, the evidence indicates that Galloway received allocations in six phases of the Oil for Food Program, amounting to a total of 20 million barrels of oil. Saddam Hussein's chief lieutenant, Vice President Taha Yassin Ramadan, confirmed in an interview with the Subcommittee that Galloway received oil allocations. In addition, as reflected in the poster presented now, Ramadan confirmed that Galloway was granted allocations "because of his opinions about Iraq. [He] wants to lift embargo against Iraq." Other Hussein regime officials confirmed that Galloway received oil allocations under the Oil for Food Program. In fact, just yesterday, the Subcommittee re-interviewed a senior member of the Hussein regime to confirm whether Galloway received allocations. The Subcommittee asked the following question:

> "Did the Iraqis grant any oil allocations to George Galloway, the member of the British Parliament?"

His answer:

> "Yes."

The first series of exhibits reveal that Galloway received an allocation of 3 million barrels of oil in Phase IX of the Program and that he apparently used a children's cancer charity as a cover in that transaction. In the first exhibit, which is reflected in Exhibit 9, we see a letter from SOMO to the Minister of Oil requesting approval of Contract M/9/23. In identifying the contract, SOMO indicates that the contract was with a French oil company, called Aredio, and next to that name, the letter states: "(Fawaz Zuraiqat – Mariam Appeal)." Yesterday, the Subcommittee verified

with a senior regime official that this document was authentic and that the Oil Minister's signature was genuine. Regime officials interviewed by the Subcommittee also confirmed that, in these letters to the Oil Minister, the allocation recipient was identified in parenthesis next to the purchaser's name. Accordingly, this document indicates that the recipient of this oil allocation was "Mariam Appeal." The Mariam Appeal was a foundation established by George Galloway ostensibly to help a 4-year old Iraqi girl named Mariam who was suffering from leukemia. Therefore, it appears that George Galloway used a children's cancer foundation to hide his oil allocation deal.

A different Ministry of Oil document further confirms that Galloway received this allocation. That document, which appears in Exhibit 10, is a chart created by SOMO after the fall of the Hussein regime that lists all oil allocations granted in Phase IX of the Program. Entry number 23 of that chart indicates that the oil for Contract M/9/23 – the Aredio contract discussed a moment ago – had been allocated to George Galloway and his agent Fawaz Zureiqat. A senior Hussein regime official that was interviewed yesterday confirmed that Zureiqat facilitated Galloway's oil transactions: "It's my understanding that Fawaz Zureiqat is oil lifter for Galloway."

The next exhibit, Exhibit 12, is another of the SOMO letter requesting approval of a contract from the Oil Minister. The contract is identified as Contract M/11/04 with Middle East Advanced Semiconductor and next to the company's name appears "(Mr. George Galloway)." Once again, these forms were authenticated by senior Hussein regime officials. According to those officials, the name in parenthesis is the identity of

the allocation recipient. For instance, the Subcommittee asked one senior regime official the following question concerning this very document:

> Q: Does the phrase "(Mr. George Galloway)" mean that the allocation for this oil was granted to George Galloway?
>
> His answer: "Yes."

The letter also indicates that an individual named "Fawaz Zureiqat" was involved in the transaction. One senior official informed the Subcommittee that "Zuraiqat was the oil lifter for the benefit of George."

In the next exhibit, numbered Exhibit 15, we see the same form yet again – a letter from SOMO to the Oil Minster requesting approval of an oil contract. In this form, SOMO indicates that Contract M/12/14 was signed with Middle East Semiconductors "(on behalf of Mr. George Galloway)" and requests the Oil Minister's approval. Once again, we re-confirmed with a senior Iraqi official from the Hussein regime that this letter was indeed genuine and that the Oil Minister's signature was authentic. In addition, we confirmed that the form indicated that the oil had been allocated to Galloway. The official was asked: "Does the phrase '(on behalf of Mr. George Galloway)' mean that the allocation for this oil was granted to George Galloway?" His answer: "Yes."

The Subcommittee obtained additional evidence that the oil for this contract had been allocated to Galloway. That evidence is captured in Exhibit 14, a SOMO letter informing the "Financial Department" of pending oil contracts. For Contract M/12/14, SOMO notified the Financial Department of the contract, identifying the contract as

"Contract No. M/12/14 with Middle East ASI (Mr. Galloway)." Middle East ASI was Fawaz Zureiqat's company, and according to this document, it bought the oil that had been allocated to George Galloway. That corresponds with the testimony of the senior Hussein regime official, who confirmed to the Subcommittee for a second time that "Fawaz Zureiqat is oil lifter for Galloway."

The Subcommittee obtained another example of this SOMO form for the last contract involving Galloway. That letter, which is Exhibit 14, is SOMO's notification to the Financial Department of Contract number M/13/48. SOMO identifies the contract as "Contract No. M/13/48 with Middle East ASI (Mr. Galloway)." Once again, this document indicates that Galloway received the allocation and that Fawaz Zureiqat's company signed the contract to lift that oil.

All told, the Subcommittee obtained evidence related to 4 of Galloway's allocations. That evidence matches parallel evidence presented in the Subcommittee's reports on Vladimir Zhirinovsky, the Russian Presidential Council and Pasqua. In addition, the Subcommittee authenticated the Galloway evidence with senior Hussein regime officials involved in the allocation of oil.

With that, I will close my presentation and I would be happy to answer your questions.

♦ ♦ ♦

STATEMENT OF DAN M. BERKOVITZ

COUNSEL TO THE MINORITY
U.S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

TESTIMONY PRESENTING

MINORITY STAFF REPORT
ON
ILLEGAL SURCHARGES ON OIL-FOR-FOOD CONTRACTS
AND
ILLEGAL OIL SHIPMENTS FROM KHOR AL-AMAYA

HEARING ON OIL FOR INFLUENCE: HOW SADDAM USED OIL TO REWARD POLITICIANS UNDER THE UNITED NATIONS OIL-FOR-FOOD PROGRAM

MAY 17, 2005

The Minority staff report complements the other Subcommittee staff reports released today and last week. Whereas those reports focus on allocation holders and purchasers of Iraqi oil, the Minority staff report examines what eventually happened to that oil – how so much of that oil got into the United States – and what the United States did to attempt to put an end to the illegal surcharge payments being demanded by Saddam Hussein. Additionally, the Minority staff report examines the largest single incident of oil being exported from Iraq by ship in violation of the U.N. sanctions–what is sometimes referred to as "the Khor al-Amaya shipments," in reference to the Iraqi port where these shipments originated.

Illegal Surcharges

From September 2000 until September 2002, the Iraqi government demanded that purchasers of Iraqi oil under the Oil-for-Food program pay a per-barrel surcharge to the Iraqi regime. These surcharges were above the Official Sales Price (OSP) for Iraqi oil approved by the U.N., and were to be paid into accounts outside the control of the United Nations. These payments violated the U.N. sanctions on Iraq. The surcharge amount varied, from a low of 10 cents per barrel to a high of 30 cents per barrel. Detailed internal records kept by the Iraqi Oil Ministry's State Oil Marketing Organization (SOMO) show that, during this period, Iraq collected about $228 million in illegal surcharges.

Throughout this period, the United States was one of the largest customers of Iraqi crude oil, importing an average of about 660,000 barrels of oil per day, for a total of about 525 million barrels.

U.S. companies did not buy this oil directly from Iraq, but rather from oil traders, allocation holders, and various other "middlemen" that were unique to the Iraqi oil trade. Using SOMO records on surcharge amounts assessed and collected, and U.S. Energy Information Administration data on U.S. oil imports, the Minority staff estimates that about $118 million in illegal surcharges were paid on Iraqi barrels of oil sent to the United States. That means that oil imported into the U.S. financed about 52 percent of the illegal surcharges paid to the Hussein regime. Oil destined for other countries accounted for about $110 million in illegal surcharges, or about 48 percent of the total illegal surcharges paid. This information is depicted in this chart. These percentages roughly correspond to the percentages of Iraqi oil sent to the U.S. and elsewhere during this period.

With one notable exception, the Subcommittee Minority staff has not seen evidence showing that U.S. companies knowingly purchased oil on which a surcharge had been paid. U.S. companies buying Iraqi oil from traders typically included a clause in their contracts requiring the seller to warrant that no surcharge had been paid. However, other than this one notable exception, the Subcommittee Minority staff did not investigate whether any U.S. companies knowingly purchased oil on which a surcharge had been paid.

The notable exception involves a U.S. company called Bayoil. Bayoil is a privately held company headquartered in Houston, Texas, with affiliates in the Bahamas, Switzerland, and Luxembourg. During the surcharge period Bayoil was the largest provider of Iraqi oil for the United States. Bayoil provided about 200 million barrels to U.S. oil companies, or almost 40 percent of American imports of Iraqi oil during this period.

Our examination of Bayoil's activities has found extensive evidence that Bayoil paid or financed illegal surcharges on Iraqi oil. Using Bayoil, Iraqi and other documents, we were able to trace the history of 102 cargoes of Iraqi oil that Bayoil purchased and imported into the United States. We found that, together, the illegal surcharges paid on those cargoes totalled at least $37 million.

Documents obtained by the Subcommittee also indicate Bayoil knowingly participated in a trade boycott in violation of U.S. law. One of the Bayoil officers signed and notarized a statement attesting that Bayoil had never sold and would never sell oil to Israel. In interviews with Subcommittee staff, senior Hussein-regime officials currently in detention, including former Vice President Taha Yasin Ramadan and former Presidential Secretary Abid Hamid Mahmoud, confirmed that Iraq prohibited the purchasers of Iraqi oil from subsequently selling it to Israel.

We also found evidence that Bayoil persistently and openly lobbied U.S. and U.N. officials to influence the pricing of Iraqi oil and oppose U.S. efforts to address the surcharge problem by raising the official sales price. Bayoil also helped Iraq and Russia devise objections to U.S. and U.K. pricing proposals to stop the surcharges, and even on occasion drafted documents for Russian companies to send to U.N. officials protesting pricing policies that set Iraqi oil prices very close to world market rates.

We also found a significant contrast in the efforts of U.S. officials to stop the illegal surcharges. At the United Nations, U.S. and U.K. officials worked aggressively and creatively to develop pricing policies for Iraqi oil to prevent Saddam from imposing surcharges. After two years of effort, the United States and United Kingdom moved the United Nations to a so-called "retrospective pricing system," which delayed setting a price on Iraqi crude until after the oil had been loaded onto the ships. This delay allowed the United Nations to set prices which closely reflected actual market prices and made it uneconomical for Iraq to also demand payment of a per-barrel surcharge. By September 2002, this system finally "squeezed out" the surcharges.

In contrast, at the same time the United States was making it harder for Saddam to impose illegal surcharges, the United States took only minimal steps to ensure that U.S. companies were not paying surcharges. In late 2000 and early 2001, the State Department and the Treasury Department's Office of Foreign Assets Control–the office with primary responsibility for enforcing U.S. sanctions –informed U.S. oil companies that it would be illegal to pay any surcharges. Despite the knowledge that Saddam was continuing to impose surcharges on Iraqi oil, and that the U.S. was importing very large amounts of Iraqi oil, the State Department and OFAC took no additional steps to ensure no American companies were paying surcharges, or even to inquire about the nature of the trade in Iraqi oil.

U.S. authorities also failed to respond to requests by United Nations officials for assistance in obtaining information about potential sanctions violations by Bayoil. In early 2001, the U.N.'s Oil Overseers obtained information that Bayoil may have diverted to Europe shipments of Iraqi oil that the U.N. had approved for sale to North America. Shortening the final destination in this manner would have violated the sanctions and Bayoil's U.S. license. It also would have earned Bayoil additional profits, which was of particular concern at that time because such profits could have been used as a source of funds to pay illegal surcharges.

In early June 2001, the U.N. Oil Overseers formally asked Bayoil to provide details about these shipments. Bayoil refused. The U.N. then requested the U.S. Mission to the U.N. to require Bayoil to provide the information, since Bayoil was a U.S. company. In mid August 2001, the State Department formally asked OFAC to obtain the information from Bayoil.

Meanwhile, the U.N. Overseers continued to demand that Bayoil provide them with a complete accounting of the shipments in question. Twice the Overseers threatened to inform the Security Council of Bayoil's lack of co-operation. Each time Bayoil claimed the U.N. Overseers were prejudiced against them and refused to provide the information.

The U.N. again complained to the U.S. Mission to the U.N. In early 2002, the State Department again asked OFAC – informally it appears – to get the information from Bayoil. In late April 2002 – eight months after the State Department's initial request – OFAC asked Bayoil to report on its licensed activities. In May 2002, Bayoil responded by stating that it had not engaged in any licensed activities since 1997. OFAC then telephoned Bayoil to ask permission to release Bayoil's response to the State Department and the U.S. Mission to the U.N. In July 2002, Bayoil agreed on the condition that the response not be disclosed to anyone else, which presumably included the United Nations.

In the end, OFAC never provided Bayoil's letter – which was non-responsive to the U.N.'s concerns in any event – to either the State Department or the United Nations. The U.S. government failed to provide the U.N. with any meaningful assistance, and the U.N. never obtained the requested information. Neither OFAC nor the State Department conducted any further inquiry into Bayoil's role in the Iraqi oil trade.

Last month the Justice Department indicted Bayoil and its three principal officers for various crimes resulting from the payment of illegal surcharges to Iraq.

Illegal Khor al-Amaya Shipments

The Minority staff report also examines the Khor al-Amaya shipments. Over several weeks in February and March 2003, Iraq loaded 7 large oil tankers with a total of over 7.7 million barrels of oil at the port of Khor al-Amaya in southern Iraq, at the entrance to the Persian Gulf. These were the first loadings at Khor al-Amaya since the port had been damaged during the Iran-Iraq war in 1980. Iraqi oil exports from Khor al-Amaya were not authorized under the Oil-for-Food program and did not have U.N. approval. They constituted the largest single instance of an illicit oil shipment out of Iraq by ship during the sanctions period.

The oil tankers had been chartered by a Jordanian company acting on behalf of the Jordanian government. In exchange for the 7.7 million barrels oil, the government of Jordan wired over $53 million in hard currency to the government of Iraq. Subcommittee interviews with high-ranking Iraqis currently in detention, including former Vice President Taha Yasin Ramadan, confirm that these shipments were authorized at the highest levels of the Iraqi government and the oil proceeds went to bank accounts under the control of the Hussein regime.

Each of the large tankers docked at the Khor al-Amaya terminal, filled its tanks with Iraqi crude oil, and then sailed for the port of Fujairah, in the United Arab Emirates, as shown on the second chart. Other shipping interests in the Persian Gulf who saw the oil tankers characterized the shipments as blatant violations of U.N. sanctions. Press reports raised questions about how the ships were able to travel the Persian Gulf with impunity.

U.N. inspectors and oil overseers interviewed by the Subcommittee stated they were surprised by the presence of the oil tankers. One U.N. oil overseer directly contacted the captain of the first ship to dock at Khor al-Amaya and told the ship it was carrying oil in violation of U.N. sanctions.

In contrast, shipping communications obtained by the Subcommittee indicate that U.S. personnel appear to have had advance warning of the shipments and allowed them to continue. These communications involve a ship's captain, some shipowners, the Jordanian company that chartered the 7 ships, and an American shipbroker which was also involved in some of the charters. These communications indicate the ships traveled with the full knowledge and acquiescence of the Maritime Interdiction Force (MIF), the naval force patrolling the Persian Gulf to prevent smuggling of oil from Iraq. The MIF was then under the command of a U.S. naval officer. The messages indicate, for example, that the Jordanians instructed their ship captains to contact Commander Harry French, a U.S. naval officer then assigned to the MIF, with the following message: "We are loading crude oil from the terminal at Khor al-Amaya for Millenium [the Jordanian company]: do you have any objection?"

Shipping records obtained by the Subcommittee and contemporaneous reports indicate the MIF officers never objected to any of these shipments. Instead, the MIF allowed the ships to pick up their cargoes and leave unfettered.

When objections were raised publicly to the Khor al-Amaya loadings, the U.S. company involved in chartering the ships for Jordan became concerned about the legality of the Khor al-Amaya shipments and decided to check with U.S. authorities to ensure that the company was not party to a transaction that violated U.S. law, U.N. sanctions, or U.S. foreign policy. The General Counsel for the company called the U.S. Commerce Department to discuss the shipments. He was eventually put in touch with an official from the State Department, Amy Schedlebauer. The General Counsel explained to her the circumstances of the shipments. Two hours later she called back and said, according to a contemporaneous email from the General Counsel describing the conversation, that her office was "AWARE OF THE SHIPMENTS AND HAS DETERMINED NOT TO TAKE ACTION." The General Counsel told her there was another shipment on the way, and the State Department officer "repeated the quoted response and would say no more."

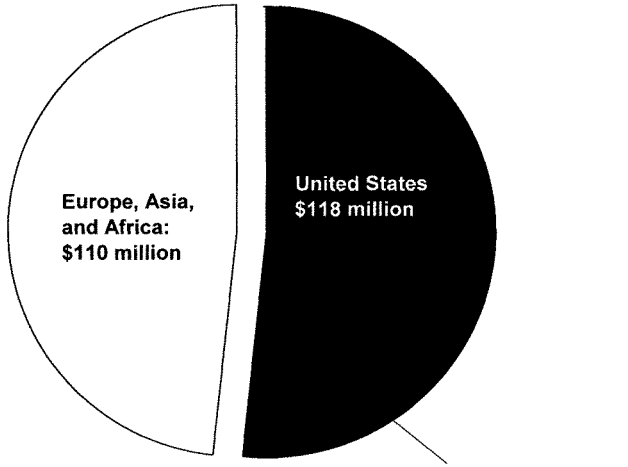
It is not clear who instructed the State Department official to convey this information to the U.S. company, or who within the Department of Defense instructed Commander Harry French not to object to the Khor al-Amaya shipments. Despite written requests by the Subcommittee Chairman and Ranking Member, and repeated verbal requests from both Majority and Minority staffs for unclassified briefings, neither the State nor Defense Departments has provided any information on why the United States permitted these apparent violations of the Iraqi sanctions.

Thank you.

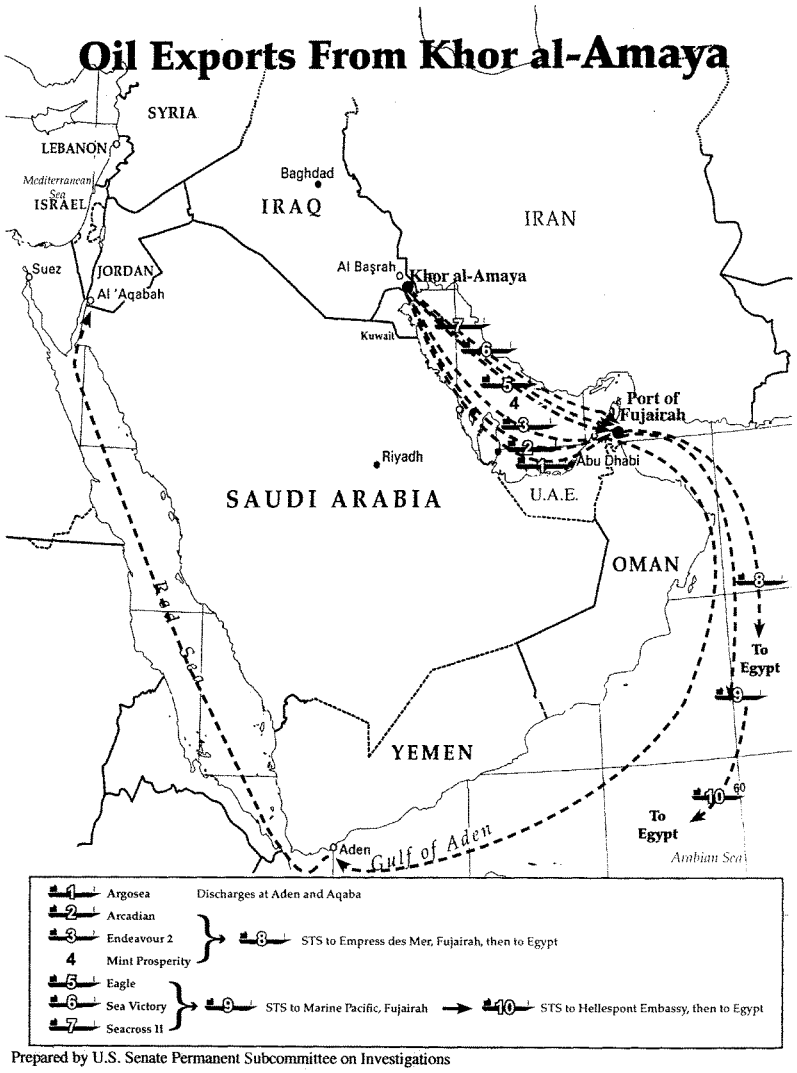
Figure 3

Illegal Surcharges on Iraqi Oil: Amounts Paid, by Final Destination 2000 - 2002

U.S.:	$118 million
Non-U.S.:	$110 million
Total:	$228 million



Data source: These estimates are based on U.S. Energy Information Administration import data, Iraqi surcharge records, and Bayoil documents.
Chart prepared by: U.S. Senate Permanent Subcommittee on Investigations, Minority Staff.



Prepared by U.S. Senate Permanent Subcommittee on Investigations

United States Senate
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
Committee on Homeland Security and Governmental Affairs

Norm Coleman, Chairman
Carl Levin, Ranking Minority Member

REPORT ON OIL ALLOCATIONS GRANTED TO CHARLES PASQUA & GEORGE GALLOWAY

PREPARED BY THE

MAJORITY AND MINORITY STAFFS OF THE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

RELEASED IN CONJUNCTION WITH THE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS MAY 17, 2005, HEARING

OIL FOR INFLUENCE: HOW SADDAM USED OIL TO REWARD POLITICIANS UNDER THE UNITED NATIONS OIL-FOR-FOOD PROGRAM

TABLE OF CONTENTS

I. **INTRODUCTION** 1

II. **IRAQ'S MANIPULATION OF THE OIL FOR FOOD PROGRAM** 1

III. **CHARLES PASQUA** 3
A. Pasqua's Political Career 3
B. Relationship With The Hussein Regime 4

IV. **EVIDENCE THAT CHARLES PASQUA WAS GRANTED OIL ALLOCATIONS FROM THE HUSSEIN REGIME** 4
A. Summary 4
B. Allocation In Phase VI 5
1. Saddam Hussein's Approval of the Allocation to Pasqua 5
2. Genmar Purchases Oil Allocated to Pasqua 6
3. Pasqua Granted An Additional Allocation in Phase VI 6
C. Allocation In Phase VII 7
D. Allocation In Phase VIII 8

V. **ALLOCATIONS TO PASQUA'S ASSISTANT BERNARD GUILLET** 8

VI. **CONCLUSION** 9

VII. **GEORGE GALLOWAY** 10
A. Background 10
1. Outspoken Supporter of Iraq and Hussein Regime 10
2. Founded Mariam Appeal, A Children's Leukemia Fund 11
3. Galloway Denies Allegations 11

VIII. **EVIDENCE THAT GEORGE GALLOWAY WAS GRANTED OIL ALLOCATIONS FROM THE HUSSEIN REGIME** 12
A. Summary 12
B. Allocation In Phase IX 13
C. Allocation In Phase XI 14
D. Allocation In Phase XII 14
E. Allocation In Phase XIII 15

IX. **CONCLUSION** 18

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I. INTRODUCTION

This Report presents the evidence gathered by the U.S. Senate Permanent Subcommittee on Investigations (the "Subcommittee") establishing that Charles Pasqua, the former French Minister of the Interior, and George Galloway, a newly-reelected Member of the British Parliament, were granted substantial oil allocations from the Hussein regime under the U.N. Oil for Food Program.[1] In particular, the Subcommittee presents documents created by the Iraqi Ministry of Oil during the reign of Saddam Hussein, interviews with senior officials of the Hussein regime that were interviewed by the Subcommittee, and interviews of Hussein regime officials conducted by the U.S. Treasury Iraqi Financial Asset Team.

That evidence shows that some of Pasqua's allocations were personally approved by Saddam Hussein. In addition, the evidence reveals that Pasqua attempted to hide his activities for "political reasons" and because he "fear[ed] political scandals." Similarly, an Iraqi Ministry of Oil document indicates that Galloway appeared to use a charity for children's leukemia to facilitate at least one of his oil transactions. That evidence is presented below.

II. IRAQ'S MANIPULATION OF THE OIL FOR FOOD PROGRAM

Under the Oil for Food Program, Iraq was permitted to sell its oil and use those proceeds to purchase food, medicines, and other humanitarian goods. Despite Oil for Food's noble intentions, the Hussein regime quickly exploited the Program for its own political purposes. One of its chief manipulations was the exploitation of "oil allocations" to garner political influence around the globe.[2]

To understand how the Hussein regime manipulated these oil transactions, one must begin with how Iraq sold its crude oil under the Program. The arm of the Iraqi government that managed the sale of Iraqi crude oil was the State Oil Marketing Organization, commonly called "SOMO." In order to manage the volume of oil flowing through its pipelines, Iraq divided its oil supply into discrete units, typically ranging from 1 to 10 million barrels. It then allocated these units to prospective oil purchasers, essentially giving those recipients an option to purchase that allotment of oil. These options are typically called "allocations." Assuming that SOMO and the purchaser could agree on other contractual terms, such as the loading schedule, the purchaser would contract with SOMO and proceed to buy the oil from Iraq.[3] The Iraqis repeated this allocation process for each of the 13 six-month phases of the Oil for Food Program.

Soon after the initiation of the Oil for Food Program, the Hussein regime manipulated this allocation process in an effort to maximize Iraq's influence around the world. As one Hussein regime official described the scheme, Saddam used oil to his geopolitical and strategic advantage.[4] The plan was simple: rather than granting allocations to traditional oil purchasers, Iraq gave priority to foreign officials, journalists, and even terrorist entities.[5] The central purpose of this tactic, according to senior officials of the Hussein regime interviewed by the

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[1] The term "Oil for Food Program" refers to the program implemented pursuant to United Nations Security Council Resolution 986, dated April 14, 1995, and the Memorandum of Understanding between the United Nations and the Government of Iraq on May 20, 1996. Throughout this Report, the Oil for Food Program may be called the "OFF Program" and the "Program."

[2] For a more complete discussion of the oil allocation process and how Saddam Hussein's regime manipulated that process, please see the testimony of Mark L. Greenblatt, Counsel to the Permanent Subcommittee on Investigations, before the Subcommittee, dated November 15, 2004.

[3] Oil purchases under the Oil for Food Program were quite different from typical oil transactions. In particular, the U.N. was heavily involved in the sale of Iraqi oil under the Oil for Food Program. For instance, the U.N.'s Oil Overseers had to approve contracts signed between SOMO and oil purchasers, and participated in the setting and approval of the price for Iraqi oil. U.N. agents were also tasked with inspecting and verifying the loading of oil at authorized oil terminals. In addition, the proceeds from oil sales were held in escrow in a U.N.-monitored account at BNP Paribas, and could be used only to purchase approved goods under the Program.

[4] Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

[5] Subcommittee Interview of Deputy Prime Minister Tariq Aziz, April 21, 2005; Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005; Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005. Terrorist individuals and entities who received allocations include the Popular Front for the Liberation of Palestine, Abu Abbas, and the Mujahedeen-e Khalq.

Subcommittee, was to engender international support for the Hussein regime and against the U.N.'s sanctions.[6]

By allocating the oil to favored people or entities, the regime forced oil purchasers to obtain allocations from those favored few. Those allocation holders essentially became gatekeepers to Iraqi oil. As gatekeepers, they demanded a "commission," which typically ranged from 3 to 30 cents per barrel. In light of the fact that most allocations consisted of millions of barrels of oil, such commissions were quite lucrative, reaching hundreds of thousands of dollars per allocation. Therefore, these allocations were extremely valuable, and by doling them out to favored individuals and entities, the Hussein regime could siphon millions of dollars to a foreign official, journalist, or terrorist entity – without actually paying a dime.

In an interview with the U.S. Treasury Iraqi Financial Asset Team, a Hussein regime official described how Saddam Hussein devised this plan in simple terms:

> [The source] stated that Saddam Hussein began to utilize the Memorandum of Understanding [the Oil for Food Program] to sell oil to people who supported him. [The source] explained that this was done in order to enhance the power of Saddam Hussein. Saddam Hussein instructed that the price [of oil] should be made as low as possible and made beneficial to his supporters. Inside SOMO this system was nicknamed the "Saddam Bribery System."[7]

Other senior members of the Hussein regime confirmed that the "Saddam Bribery System" used oil allocations in an effort to buy political influence around the world. For instance, the Vice President of the Hussein regime, Taha Yassin Ramadan, confirmed to the Subcommittee that the allocations were indeed "compensation for support."[8] The Vice President also confirmed that "I know these people [i.e., allocation grantees] get [a] benefit."[9] Another senior Hussein official confirmed that the allocation scheme was "buying influence."[10] When asked whether allocation recipients would make a profit from the oil transactions, that official declared: "That's the whole point."[11]

The Hussein regime used these lucrative allocations in its primary political struggle – ending U.N. sanctions. To that end, it primarily favored those individuals and entities from countries on the U.N. Security Council. Senior Hussein regime officials and numerous Ministry of Oil documents confirm that the regime steered a massive portion of its allocations toward Security Council members that were believed by the Hussein regime to support Iraq in its efforts to lift sanctions – namely, Russia, France, and China.[12] For example, several Oil Ministry charts expressly separate the allocation recipients by country and specify whether the country is a permanent member of the Security Council. Russia, a permanent member of the Security Council, was consistently the largest recipient of oil allocations and, according to one Hussein regime official, this affinity for Russia resulted from Saddam's desire to show "gratitude" to the Russians for their support at the U.N. Security Council.[13] To ensure that the profits of the oil

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[6] *Id.*

[7] Memorandum of Interview of former regime official by U.S. Treasury Iraqi Financial Asset Team on March 24, 2004 (Interview #50). According to numerous sources and documents, members of the Iraqi government would routinely refer to the Oil for Food Program as "the Memorandum of Understanding," or similar terms. This term refers to the Memorandum of Understanding executed on May 20, 1996 between the Government of Iraq and the United Nations Secretariat that governed the implementation of U.N. Security Council Resolution 986. In order to protect the sources and methods used to obtain this evidence, memoranda of interviews conducted by the Subcommittee and the U.S. Treasury Iraqi Financial Asset Team are not included as exhibits to this Report.

[8] Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005.

[9] *Id.*

[10] Subcommittee Interview of Senior Hussein Regime Official No. 2, April 2005; *see also* Subcommittee Interview of Deputy Prime Minister Tariq Aziz, April 21, 2005; Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

[11] Subcommittee Interview of Senior Hussein Regime Official No. 2, April 2005.

[12] Subcommittee Interview of Deputy Prime Minister Tariq Aziz, April 21, 2005; Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005 (describing a "priority list" of countries that were supportive of Iraq and were granted preferential treatment in oil allocations); Comprehensive Report of the Special Advisor to the DCI on Iraq's WMD dated September 30, 2004, Volume 1 ("Duelfer Report"), p. 31.

[13] Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

transactions would remain in the favored country, allocations recipients were required to assign their oil rights to purchasers in their country.[14]

The recipients of the allocations were determined by a committee of Saddam Hussein's closest advisors, including Deputy Prime Minister Tariq Aziz and the Minister of Oil Amir Muhammad Rashid.[15] The committee was led by the Vice President of Iraq, Taha Yassin Ramadan.[16] Every six months, the committee would meet to review the allocations and make decisions concerning allocations in the upcoming phase.[17] The committee would evaluate "Special Requests" made by individuals around the world who were soliciting allocations.[18] The principal criterion for granting the "Special Requests" – *i.e.*, granting an allocation – was the individual's support for Iraq.[19] Once the committee determined the allocations for the upcoming phase, the Vice President would generally discuss the allocations with Saddam Hussein.[20]

III. CHARLES PASQUA

A. Pasqua's Political Career

Charles Pasqua is a prominent and controversial French politician. His political career began in 1947, when he helped found the ultra-Gaullist political party *Rassemblement du Peuple Francais* (meaning "Rally for France"). Since then, Pasqua has represented the Hauts-de-Seine *deparement* as deputy to the French National Assembly from 1968 to 1973, and as a senator from 1981 to 1986. From 1986 to 1988 and from 1993 to 1995, he served as Interior Minister in charge of law enforcement, and in 2003, he served as a deputy to the European Parliament, where he advocated France's withdrawal from the European Union. In 2004, Pasqua ran for re-election to the European Parliament, but was unsuccessful.[21]

Pasqua, a long-time friend and political ally of French President Jacques Chirac, has been dogged by allegations of corruption for years.[22] According to an article in the Sunday Telegraph in 2004:

> A French judge wants to interview Mr. Pasqua in connection with four corruption investigations, including alleged money laundering to finance his Right-wing Rassemblement pour la France (RPF) political party and the illegal sale of arms to Angola in the late 1990s.

Although Pasqua was under judicial investigation for this array of corrupt activities, he was immune from prosecution under French law as an elected official.

When Pasqua lost his seat in the European parliament, however, he would have lost his immunity. As a result, Pasqua reportedly wrote to French President Jacques Chirac requesting assistance in getting elected to the French Senate, which would restore his immunity:

> Charles Pasqua had let it be known that he expected a little help from his powerful friends after losing his legal immunity when he failed to be re-elected as Euro-MP in June. After his disastrous showing, the former interior minister wrote to the president calling on his support. His immunity was restored when he was elected to a seat in the Senat,

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[14] *Id.*

[15] Subcommittee Interview of Deputy Prime Minister Tariq Aziz, April 21, 2005; Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005; Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

[16] Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005; Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

[17] Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005.

[18] *Id.*

[19] *Id.*

[20] *Id.*

[21] *See* International Herald Tribune, "Both Sides Try to Spin French Senate Election; Chirac Support Slips as Opposition Gains," September 28, 2004.

[22] *See* Sunday Telegraph, "Corrupt? Moi? Don't Be Silly, I'm a Politician – and a Friend of Jacques," October 3, 2004.

France's second house of parliament, last week after support from members of Mr. Chirac's UMP party.[23]

B. Relationship With The Hussein Regime

As Interior Minister, Charles Pasqua was a vocal supporter of restoring economic ties with the Hussein regime. For example, in October 1993, Pasqua reportedly "stunned the French Foreign Ministry" by granting Iraqi Deputy Prime Minister Tariq Aziz a visa to visit France.[24] The purpose of Aziz's visit was ostensibly for medical treatment, but Pasqua reportedly "infuriated" the Foreign Ministry by acknowledging that he met with Aziz to discuss reestablishing relations between France and Iraq once U.N. sanctions were lifted.[25] Six months later, at the March 18, 1994 meeting of the U.N. Security Council, France called for a statement recognizing that Iraq had taken positive steps to comply with the U.N. commission focusing on weapons of mass destruction. Referencing the Security Council meeting, the *Washington Post* reported: "France is seeking future agreements [with Iraq] for its oil companies and is pressing other commercial ventures in the high-tech realm."[26] According to the article, U.S. intelligence sources believed that "France's Minister of the Interior, Charles Pasqua is coaching the Iraqi's behind the scenes."[27]

In early October 1994, a senior advisor to Pasqua told the press that France had "made a mistake" in supporting coalition forces in the Gulf War, and that "the time [had] come to return to Iraq, our natural ally in the Gulf."[28] Shortly thereafter, on October 11, Pasqua again met with Deputy Prime Minister Aziz, this time in New York. Aziz informed Pasqua that Iraq planned to withdraw from the Organization of Petroleum Exporting Countries and would sell oil to France and other "friendly nations" at 40% of world prices.[29] Approximately two weeks later, Bernard Guillet, Pasqua's foreign affairs advisor, told a colloquium on the U.N. embargo that he hoped a "French interests section" would be opened in Baghdad and warned that if sanctions continued, Iraq would be "reduced to despair."[30]

IV. EVIDENCE THAT CHARLES PASQUA WAS GRANTED OIL ALLOCATIONS FROM THE HUSSEIN REGIME

A. Summary

The Subcommittee has uncovered evidence that the Hussein regime granted allocations of 11 million barrels of oil to Charles Pasqua. The evidence includes internal documents of the Iraqi Ministry of Oil created during the reign of Saddam Hussein. In addition, senior Hussein regime officials that were interviewed by this Subcommittee confirmed that Iraq granted oil allocations under the Oil for Food Program to Charles Pasqua.[31] As reflected in the chart below, those allocations to Pasqua fell in Phases VI, VII and VIII of the Oil for Food Program.

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[23] *Id.*

[24] *See* The *Washington Post*, "Christopher May Find French Foreign Policy Obscured by Political Intrigue," January 24, 1994.

[25] *See id.*

[26] *See* The *Washington Post*, "The Saddam Lobby," May 8, 1994.

[27] *See id.*

[28] *See* Times Newspapers Limited, "Saddam Heads for Final Victory in the Gulf War," October 2, 1994.

[29] *See* The *Washington Times*, "France, Britain Oppose Enforcing Exclusion Zone," October 13, 1994.

[30] *See* Agence France Presse, "Iraq Pleads for 'Solid Relations' with France," October 27, 1994.

[31] Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005; Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

Oil Allocations Granted to Charles Pasqua by the Hussein Regime Under the Oil for Food Program

PHASE	DATES	ALLOCATION AMOUNT
VI	May 1999 – December 1999	4 Million Barrels
VII	December 1999 – June 2000	3 Million Barrels
VIII	June 2000 – December 2000	4 Million Barrels

Total Allocations for Charles Pasqua = 11 Million Barrels[32]

When asked by the media whether he had received allocations from the Hussein regime, Pasqua denied the allegations.[33] In particular, Pasqua stated: "I have never received anything from Saddam Hussein."[34]

The evidence concerning the Pasqua allocations is presented and examined below.

B. Allocation In Phase VI

1. Saddam Hussein's Approval of the Allocation to Pasqua

On June 17, 1999, the Executive Director of SOMO sent a handwritten note to the Minister of Oil concerning "The French Personality (Charles Pasqua)."[35] In the first line of this letter, SOMO indicates that Saddam Hussein personally approved an allocation to Charles Pasqua, stating: "The president leader … has approved the allocation of 3 million barrels to the French personality (Charles Pasqua)." SOMO then describes a problematic meeting with Pasqua's agent and requests that the Minister of Oil provide some advice concerning Pasqua's allocation.

In particular, SOMO stated that Pasqua's agent, a man named Bernard Guillet, had declared that Pasqua wanted a Swiss company called Genmar to contract for his allotted oil. Guillet stated that Genmar was their "chosen company."[36] In response, SOMO indicated that, since Pasqua was a "French personality," it was "essential" that a French company lift his allocations. According to the SOMO letter, Guillet explained that this was "impossible for political reasons." Guillet also indicated that he had previously "explained the situation to [Deputy Prime Minister] Tariq Aziz." SOMO then requested that Guillet "provide us with a letter in which Mr. (Charles Pasqua) authorizes (Genmar) company to lift the crude oil." According to SOMO, Guillet refused to send such a letter, explaining that "they cannot do that fearing political scandals."[37]

On June 19, 1999, two days after SOMO's June 17th letter concerning Pasqua, Tariq Aziz's staff informed SOMO that Bernard Guillet was the authorized representative of Charles Pasqua:

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[32] *See, e.g.*, Comprehensive Report of the Special Advisor to the Director of Central Intelligence on Iraq's WMD, Annex B, September 30, 2004 (the "Duelfer Report").

[33] *See* Fox News, "French Connection to Oil for Food Probed," December 5, 2004, http://www.foxnews.com/story/02C29332C1404782C00.html.

[34] *Id.*

[35] *See* Letter from Saddam Zeben Hassan to H.E. the Oil Minister, June 17, 1999

[36] *Id.* On April 26, 2005, Pasqua's agent Bernard Guillet was arrested by French authorities in connection with Mr. Guillet's activities under the Oil for Food Program. *See* Associated Press, "French Ex-Minister Denies Scandal Ties," April 28, 2005.

[37] *Id.*

> Please be informed that Mr. (Bernard Guillet) is the diplomatic and political advisor of Mr. (Charles Pasqua), the French politician and former Minister of the Interior; Mr. Guillet represents Mr. Pasqua in receiving the oil allocation allotted to the latter.[38]

That same day, the Executive Director of SOMO and the Oil Minister held a telephone conference to discuss the allocation to Charles Pasqua. The substance of that conference was captured in a follow-up letter from SOMO to the Oil Minister.[39] That letter was entitled "The French Personality Charles Pasqua" and states:

> With reference to the telephone conversation with your Excellency this morning, 06/19/1999, the Swiss company Genmar is the authorized company by Mr. Charles Pasqua to lift the quantity allocated to him in phase 6.

SOMO then indicated that it would execute a contract with Genmar for Pasqua's allocation.

2. Genmar Purchases Oil Allocated to Pasqua

Later that day, June 19, 1999, SOMO did in fact sign a contract with Genmar.[40] SOMO then forwarded the contractual terms to the Oil Minister for approval. In describing the contract, SOMO indicated that the allocation for the contracted oil had been granted to Charles Pasqua. SOMO also reiterates that the Pasqua allocation had been approved by Saddam Hussein:

> Based on the statement of special requests in phase 6 that was approved as per the letter of the presidency of the republic/the secretary..., please find below the details of the contract signed with Genmar Company (Charles Pasqua) as follows:
>
> 1 – Number of Contract: M/06/74
> 2 – Date of Contract: 06/19/1999
> 3 – Name of Company Buyer: Genmar Resources GMBH, (Charles Pasqua)[41]

According to senior representatives of the Hussein regime that were interviewed by the Subcommittee, this correspondence followed the customary form by which SOMO would request approval of Oil for Food contracts from the Oil Minister.[42] In addition, those senior regime officials confirmed that the name in parentheses following the name of the contracting company was the name of the recipient of the oil allocation.[43] Accordingly, this SOMO approval letter clearly indicates that Genmar had contracted for the oil allotted to Charles Pasqua. The Oil Minister approved the contract the next day. Several weeks later, two million barrels of oil were lifted by Genmar pursuant to Contract M/06/74.[44]

3. Pasqua Granted an Additional Allocation in Phase VI

Later in Phase VI, the Iraqis granted Pasqua a supplemental allocation. On October 5, 1999, the Executive Director of SOMO wrote to the Oil Minister to discuss "Additional Quantities in Phase 6."[45] SOMO indicated that "All companies we do business with... have shown the desire to obtain additional quantities during this phase." SOMO also attached a list that detailed the Phase VI allocation holders and the additional quantities of oil they sought.

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[38] *See* Letter from Dr. Sami Sa'doun, Director of the Deputy Prime Minister's Office, to H.E. Mr. Saddam Zeben, dated "6/19." Although the letter does not indicate the year it was written, its placement in chronological order with numerous documents from June 1999 confirm that it was written on June 19, 1999.

[39] *See* Letter from Saddam Zeben Hassan to H.E. The Oil Minister, June 20, 1999.

[40] *See* SOMO Crude Oil Sales Contract No. M/06/74. Because oil contracts under the Oil for Food Program contain standard language, the Subcommittee has included the entire contract for M/09/23, but will include only the cover and signature pages of subsequent contracts.

[41] *See* Letter of Saddam Zeben Hassan to H.E. the Oil Minister, June 21, 1999.

[42] Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

[43] *Id.*

[44] *See* SOMO Commercial Invoice Nos. C/225/99 and C/231/99.

[45] *See* Letter of Saddam Zeben Hassan to H.E. the Oil Minister, October 5, 1999.

A handwritten note at the bottom of the letter, presumably written by the Minister of Oil, indicated that the supplemental allocations were being considered by the Vice President of Iraq and Tariq Aziz:

> It is still under discussion awaiting for the instructions of the vice-president of the republic... taking into consideration that the deputy prime minister endorsed the increase of 1 million barrels and 0.7 million barrels as indicated.

Below these handwritten comments appears: "Pasqua 1 million." This notation suggests that Tariq Aziz, the Deputy Prime Minister of Iraq, had endorsed the increase of Pasqua's allocation by 1 million barrels.

Attached to SOMO's letter was the list reflecting Phase VI allocation holders. That chart, entitled "Table No. 1," indicated who the allocation recipients were, the volume of the initial allocation for Phase VI, and how many additional quantities of oil they had requested. On the second page of Table No.1, under the heading "Special Requests" for "France," the list indicates that Charles Pasqua was granted an initial allocation of 3 million barrels. The chart also indicates that Pasqua requested an additional quantity, but that the requested increase was "unspecified."

Pasqua's request for a supplemental allocation was apparently granted, as evidenced by the fact that SOMO and Genmar amended their contract to increase the volume by another 1 million barrels. On October 14, 1999, just days after Tariq Aziz approved the supplemental allocation to Pasqua, SOMO and Genmar submitted letters to the U.N. seeking approval for the additional million barrels.[46] The U.N. approved the 1-million-barrel increase several days later.[47] A couple weeks after that, one million barrels of oil were lifted by Genmar pursuant to the amended contract.[48]

The fact that Pasqua's Phase VI allocation was increased by an additional million barrels is confirmed in a SOMO chart written on December 17, 1999, immediately after Phase VI had ended.[49] That chart, entitled "Statement of Quantities Allocated in the Phase Subsequent to Phase VI (Special Requests)," provides detailed information concerning the individuals who received oil allocations. In particular, the chart divides the allocation grantees by country, and indicates the size of their allocation in Phases V, VI and the period after Phase VI. The table also designates which countries were members of the U.N. Security Council, and with even more specificity, points out which were "Permanent Member Countries." As a result, this chart illustrates how the Hussein regime singled out the permanent members of the U.N. Security Council for preferential treatment in order to undermine the U.N.'s sanctions.

With respect to Pasqua, the chart indicates that the former Minister of the Interior received a 4-million barrel allocation in Phase VI. That 4 million barrel figure was comprised of the 3 million barrel initial allotment, and the supplemental 1 million barrels approved by Tariq Aziz in October 1999. This chart provides additional evidence that Pasqua asked for, and was granted, a supplemental allocation of 1 million barrels in Phase VI.

C. Allocation In Phase VII

The SOMO chart created on December 17, 1999 that is discussed above also indicates that Pasqua was granted an allocation in Phase VII of the Oil for Food Program. Under the column "Allocations in the Phase Subsequent to Phase 6," the chart indicates that Pasqua was granted another 3 million barrels.[50]

With this chart in mind, SOMO signed a contract with Genmar for the 3 million barrels that had been allotted to Charles Pasqua.[51] That contract was numbered M/07/92. Immediately

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[46] *See* Letter from Saddam Z. Hassan to the "UN Overseers," October 14, 1999; *see also* Letter from Genmar Resources GMBH to United Nations, October 22, 1999.

[47] *See* Letter from the Oil Overseers to Genmar Resources GMBH, October 27, 1999.

[48] *See* SOMO Commercial Invoice No. C/286/99.

[49] *See* "Statement of Quantities Allocated in the Phase Subsequent to Phase Six (Special Requests)," December 17, 1999.

[50] The initial entry for Pasqua's post-Phase VI allocation was 4 million barrels. That figure, however, was crossed out by hand and replaced with a "3." It is unclear why this adjustment was made.

[51] *See* SOMO Crude Oil Sales Contract No. M/07/92.

after signing that contract, SOMO forwarded the pertinent contractual terms to the Oil Minister for approval.[52] In doing so, SOMO confirmed that this contract was on behalf of Pasqua:

> Based on the statement of allocations in phase 7 that was modified and approved on 12/17/1999, please find below the details of the contract signed with Genmar Company (Charles Pasqua) as follows:
>
> 1 – Number of Contract: M/07/92
> 2 – Date of Contract: 01/22/2000
> ...
> 5 – Quantity: 3 million barrels

The Oil Minister approved the contract in short order.

D. Allocation In Phase VIII

As in the previous two Phases, the Hussein regime granted an oil allocation to Charles Pasqua in Phase VIII. A SOMO chart, entitled "Statement of Allocations for the Phase Subsequent to Phase 7," indicates that Pasqua was granted an allocation of 4 million barrels for Phase VIII, the "Phase Subsequent to Phase 7."[53]

Later in Phase VIII, SOMO signed a contract with Genmar for those 4 million barrels that had been allotted to Pasqua.[54] The Executive Director of SOMO then informed the Oil Minister of the Genmar contract, indicating that the oil had been allocated to Pasqua:

> With reference to your editorial comment on 06/25/2000 regarding the statement of allocations in phase 8, please find below the details of the contract signed with Genmar Resources GMBH Company (Charles Pasqua):
>
> 1 – Number of Contract: M/08/113
> 2 – Date of Contract: 09/21/2000
> ...
> 5 – Quantity: 4 million barrels.[55]

The Minister of Oil approved the contract just a few days thereafter. Several weeks after the contract was approved, Genmar lifted roughly 3.6 million barrels of Iraqi crude oil – oil that had been allocated to Pasqua.[56]

V. ALLOCATIONS TO PASQUA'S ASSISTANT BERNARD GUILLET

Additional evidence obtained by the Subcommittee indicates that Charles Pasqua's representative, Bernard Guillet, also received oil allocations under the Oil for Food Program. SOMO documents indicate that Mr. Guillet was granted oil allocations in Phases X, XII and XIII totaling 5 million barrels.

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[52] *See* Letter from Saddam Zeben Hassan, Executive Director of SOMO, to H.E. the Oil Minister, January 24, 2000.

[53] *See* "Statement of Allocations for the Phase Subsequent to Phase Seven" (excerpt). The first page of this chart indicates that the document was prepared on June 14, 2000.

[54] *See* SOMO Crude Oil Sales Contract No. M/08/113.

[55] *See* Letter from Saddam Zeben Hassan to H.E. the Oil Minister, September 21, 2000.

[56] *See* SOMO Commercial Invoice Nos. C/282/2000, C/281/2000, C/297/2000, and C/296/2000.

Oil Allocations Granted to Bernard Guillet by the Hussein Regime Under the Oil for Food Program

PHASE	ALLOCATION AMOUNT
X	2 Million Barrels
XI	1 5 Million Barrels
XIII	1 5 Million Barrels

Total Allocations for Bernard Guillet = 5 Million Barrels[57]

It is unclear whether those allocated amounts were for the benefit of Mr. Pasqua.

VI. CONCLUSION

Documents created by the Ministry of Oil during the Hussein regime and interviews of high-ranking Hussein regime officials conducted by the Subcommittee provide substantial evidence that Charles Pasqua was granted oil allocations for 11 million barrels of oil from the Hussein regime under the Oil for Food Program in return for his continued support.

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[57] *See, e.g.*, The Duelfer Report, Annex B. In certain documents Mr. Guillet's name is spelled "Giyeh," reflecting the translation of the name from Arabic to English.

VII. GEORGE GALLOWAY

A. Background

1. Outspoken Supporter of Iraq and Hussein Regime

As a Member of the British Parliament, George Galloway was an outspoken supporter of Iraq and the Hussein regime. For instance, during one of his meetings with Saddam Hussein, Galloway told the Iraqi dictator: "I salute your courage, your strength, your indefatigability."[58] Similarly, as a guest speaker at an annual international conference in May 2001 on lifting the sanctions against Iraq that was hosted by former Deputy Prime Minister Tariq Aziz, Galloway described Iraq as "the center of a crusade against globalization backed by the U.S."[59] Galloway later called Mr. Aziz, "my dear, dear friend."[60]



Galloway meets with Saddam Hussein

After the liberation of Iraq by the coalition led by the United States and the United Kingdom, Galloway compared the presence of U.S. and U.K. troops in Iraq with the Nazi occupation of France during World War II, and insisted that Iraqi insurgents had "a legal and moral right to resist foreign occupiers of their country."[61] In October 2004, Galloway was expelled from the Labour Party because of his outspoken comments concerning the Iraq war.[62]



Galloway with Tariq Aziz

After his expulsion from the Labour Party, Galloway founded the Respect party, an acronym for "Respect, Equality, Socialism, Peace, Environment, Community, Trade Unionism."[63] Respect espouses a belief that "there is an alternative to imperialist war, unfettered global capital, and the rule of the market."[64] On May 5, 2005, Galloway was re-elected to Parliament.

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[58] *See* BBC, "Galloway Denies Saddam 'Fawning'," November 16, 2004. This article indicates that Galloway later attempted to clarify his comment, saying that it was directed at the Iraqi people in general.

[59] *See* News Bulletin, "UN Sanctions will in the end be lifted from Iraq – Deputy PM Aziz," May 5, 2001.

[60] *See* The Times, "Globetrotter's 14 trips paid for by appeal," April 23, 2003.

[61] *See* The Sunday Times, "Galloway Compares Iraqi Insurgents to French Resistance," November 23, 2003.

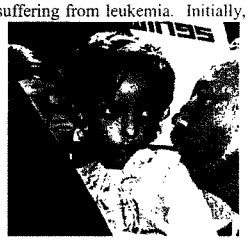
[62] *See* BBC, "Galloway Expelled by Labour," October 24, 2004.

[63] *See* The Constitution of Respect - The Unity Coalition, September 13, 2004.

[64] *Id.*

2. Founded the "Mariam Appeal"

In 1998, Galloway established and served as the first chairman of an anti-sanctions campaign named for Mariam Hamza, a 4-year old Iraqi girl suffering from leukemia. Initially, Galloway declared that funds raised by the organization, called the "Mariam Appeal," would be used to pay for the girl's treatment in the U.K. and "to demand the lifting of the sanctions on Iraq."[65] Galloway also indicated that, once Mariam's treatment was funded, excess donations would be directed to medical aid for Iraqi children.[66] Later, Galloway stated that the foundation was "a political campaign that was involved in a life-or-death struggle against the might of the British and American State."[67]



George Galloway kisses Mariam Hamze

In April 2003, the Charity Commission of England and Wales launched an investigation into the finances of the Mariam Appeal.[68] Galloway indicated that the Appeal raised nearly one million pounds over four years.[69] Of that sum, the United Arab Emirates allegedly contributed 500,000 pounds, a Saudi Arabian donor gave 100,000 pounds, and "the bulk of the rest" came from Fawaz Zureikat, a Jordanian businessman.[70] Galloway insisted that Mariam's Appeal "received no money from Iraq."[71] The Commission's investigation lasted for more than one year, and it ultimately determined that the Mariam Appeal should have been registered as a charity.[72] The Commission's report also stated that: "Some of the activities of the Appeal were political by nature, in particular a campaign to end the sanctions against Iraq."[73] It also noted that the "books and records" of the Appeal had been taken out of England and moved to Amman, Jordan.[74] The Commission also found that, although certain salary payments to Appeal employees were unauthorized, there was no evidence of bad faith on the part of the Appeal's Executive Committee.[75] According to evidence from the Ministry of Oil, both Zureikat and Galloway's Mariam Appeal were involved in the oil allocations granted Galloway. That evidence is examined below.

3. Galloway Denies Allegations

Galloway has consistently denied receiving any money or oil from the Hussein regime. He called allegations that he received hundreds of thousands of British pounds from Saddam Hussein "a lie of fantastic proportions."[76] In a statement issued in 2003, Galloway declared: "I have never solicited nor received money from Iraq for our campaign against war and sanctions. I have never seen a barrel of oil, never owned one, never bought one, never sold one."[77]

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[65] *See* The Scotsman, "Galloway Iraq appeal cleared of impropriety over funds," June 29, 2004.

[66] *See* The Times, "Globetrotter's 14 trips paid for by appeal," April 23, 2003.

[67] *Id.*

[68] *See* BBC, "Probe into Galloway's Mariam Appeal," April 25, 2003.

[69] *See* The Guardian, "Charity Commission Launches Galloway Inquiry," April 25, 2003.

[70] *See* The Charity Commission of England and Wales, "The Mariam Appeal," June 29, 2004; The Guardian, "Charity Commission Launches Galloway Inquiry," April 25, 2003. The name of the Jordanian businessman has been spelled many different ways. For purposes of this Report, his name will be spelled "Fawaz Zureikat," unless it appears differently in a quoted document.

[71] *Id.*

[72] *See* The Charity Commission of England and Wales, "The Mariam Appeal," June 29, 2004; The Scotsman, "Galloway Iraq appeal cleared of impropriety over funds," June 29, 2004.

[73] *Id.*

[74] *Id.*

[75] *Id.*

[76] *See* BBC, "Probe into Galloway's Mariam Appeal," April 25, 2003.

[77] *See* Statement of George Galloway, reprinted in the *Guardian*, April 22, 2003.

VIII. EVIDENCE THAT GEORGE GALLOWAY WAS GRANTED OIL ALLOCATIONS FROM THE HUSSEIN REGIME

A. Summary

As detailed below, the Subcommittee has uncovered significant evidence that George Galloway was allocated millions of barrels of crude oil under the OFF Program. The evidence of Galloway's allocations is primarily comprised of internal documents from the Hussein-era Ministry of Oil, documents from the Ministry of Oil created after the fall of the Hussein regime, interviews of senior officials of the Hussein regime conducted by the Subcommittee, and interviews of Hussein regime officials conducted by the U.S. Treasury Iraqi Financial Asset Team.

In April 2005, the Vice President of Iraq, Taha Yasin Ramadan, told the Subcommittee that Galloway had been granted oil allocations "because of his opinions about Iraq" and because Galloway "want[ed] to lift the embargo against Iraq."[78] In 2003, another Hussein official told investigators of the U.S. Treasury Department that "a member of the British Parliament benefited tremendously from the illegal trade of oil by Iraq," and specifically identified Galloway:

> [The source] stated that George Galloway, Labor Party, was the owner of a company ... that was involved in the Iraqi oil trade scheme.[79]

According to the evidence presented in the Duelfer Report, the Hussein regime granted Galloway six oil allocations totaling 20 million barrels of oil, starting in Phase VIII of the Program (2000) and continuing through Phase XIII (2003).[80]

Oil Allocations Granted to George Galloway by the Hussein Regime Under the Oil for Food Program

PHASE	DATES	ALLOCATION AMOUNT (MILLION BARRELS)
VIII	June 2000 – December 2000	4.0
IX	December 2000 – July 2001	1.0
X	July 2001 – November 2001	3.0
XI	December 2001 – May 2002	3.0
XII	May 2002 – December 2002	6.0
XIII	December 2002 – June 2003	3.0

Total Allocations to George Galloway = 20.0 Million Barrels[81]

For each of Galloway's allocations, the evidence indicates that SOMO contracted with one of two entities – Aredio Petroleum-France or Middle East Advanced Semiconductor, Inc. ("Middle East ASI"). The President of Middle East ASI was Fawaz Zureikat, who facilitated several oil transactions for Galloway. For instance, one Hussein regime official confirmed:

> [H]e was aware that Galloway received an oil allowance of over 3 million barrels of oil. Galloway used a foreign company to broker the sale of the oil allowances. The name of the company was Middle East Semi-conducting Company (MESCC). [The source] identified the owner/manager of MESSC as Fawaz Zureqat.[82]

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[78] Subcommittee Interview of Taha Yassin Ramadan, April 18, 2005.

[79] Memorandum of Interview of former regime official by U.S. Treasury Iraqi Financial Asset Team on November 6, 2003 (Interview #17).

[80] *See* Duelfer Report, Annex B.

[81] *Id.*

[82] Memorandum of Interview of former regime official by U.S. Treasury Iraqi Financial Asset Team on January 16, 2004 (Interview #13).

The evidence presented in this Report focuses on four of the oil allocations granted to Galloway. Specifically, the Subcommittee has obtained evidence concerning allocations granted to Galloway in Phases IX, XI, XII and XIII.

B. Allocation In Phase IX

The first allocation for which the Subcommittee has documentary evidence of Galloway's involvement took place in 2001. On January 13, 2001, a company called "Aredio Petroleum – France" executed an oil purchase contract with SOMO.[83] That contract was numbered M/09/23. The next day, SOMO requested approval of Contract M/09/23 from the Oil Minister. In describing the contract, SOMO stated that the contract was signed with "Aredio Petroleum Company (Fawaz Zuraiqat – Mariam's Appeal)."[84] According to senior Hussein regime officials that were interviewed by the Subcommittee, SOMO's letter followed the traditional form used to request approval from the Oil Minister.[85] At least one regime official also confirmed to the Subcommittee that the name in parenthesis after the name of the oil purchaser was the name of the allocation recipient.[86]

In this case, the letter indicated that the oil had been allotted to "Mariam's Appeal," Galloway's purported charity to help the four-year old leukemia victim. This document indicates that Galloway may have used the charitable organization to conceal payments from the oil allocation he had received from the Hussein regime.

Another SOMO document makes a more direct link between the oil underlying Aredio's January 2001 contract and George Galloway. That document is a chart created after the fall of the Hussein regime entitled, "Crude Oil Allocations during Phase 9 of the Memorandum of Understanding." It lists every oil contract in Phase IX of the Program and indicates the person or entity that had been allocated that oil.[87] The entry for Contract M/09/23 indicates that the contract was executed with "Mr. Fawaz Zuraiqat/George Galloway/Aredio Petroleum – French." This SOMO document shows that the allocation for Contract M/09/23 was not just for Mariam's Appeal, but also for George Galloway.

Roughly two weeks after the contract was signed, Aredio Petroleum lifted 1,014,403 barrels of oil pursuant to M/09/23.[88] SOMO documents reveal that, in connection with this oil transaction, Iraq demanded an under-the-table payment totaling about $300,000 to be paid to the Hussein regime.

This payment was part of a larger Iraqi effort to obtain illegal "surcharges" on oil sold under the Oil for Food Program. The SOMO chart examined above, called "Crude Oil Allocations during Phase 9 of the Memorandum of Understanding," states that the Hussein regime "imposed" a surcharge on each contract in Phase IX:

> Due to the special nature of this phase as the former regime imposed commission on the contractors (surcharge amount) and since many companies refused to pay said surcharge, therefore, instructions were given to contract with any company willing to pay the surcharge.

Since this chart also lists Aredio as a contractor on M/09/23, it suggests that Aredio was "willing to pay the surcharge."

Another SOMO document created after the fall of Hussein regime indicates that Aredio did, in fact, pay the demanded surcharge to the Hussein regime in connection with this contract. That document, a Ministry of Oil chart entitled "List of Surcharges," details (i) each contract for the purchase of oil in Phases VIII through XII of the Oil for Food Program, (ii) the name of the purchasing entity, (iii) the amount of oil lifted, (iv) the rate of the surcharge as agreed by the purchaser and SOMO, (v) the amount of the surcharge owed, (vi) the amount of the surcharge paid by the purchaser, and (vii) any outstanding balance.[89] The entry for Contract M/09/23

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[83] *See* SOMO Crude Oil Sales Contract No. M/09/23.

[84] *See* Letter from Saddam Zeben Hassan to H.E. the Oil Minister, January 14, 2001.

[85] Subcommittee Interview of Senior Hussein Regime Official No.1.

[86] *Id.*

[87] *See* SOMO Chart, "Crude Oil Allocations during Phase (9) of the Memorandum of Understanding," undated.

[88] *See* SOMO Commercial Invoice No. B/13/2001.

[89] *See* Ministry of Oil List of Surcharges (excerpt).

confirms that Aredio lifted precisely 1,014,403 barrels of oil. Next, the chart reveals the "Surcharge per Agreement" was 30 cents per barrel. The amount owed, according to the chart, was $304,320.90. Finally, the chart shows that Aredio paid the entire amount in full.

According to the senior Hussein regime officials interviewed by the Subcommittee, every single individual who received oil allocations throughout the surcharge period (September 2000 through late 2002) knew of and were responsible for paying the illegal surcharges.[90] These officials further stated that, although the allocation recipient knew of the surcharges, the actual oil purchasers may have facilitated or made the illegal payments. According to the senior Hussein regime officials interviewed by the Subcommittee, George Galloway would have known of – and perhaps facilitated – the illegal, under-the-table payment of $304,320.90 that was made to the Hussein regime.

C. Allocation In Phase XI

On December 12, 2001, SOMO signed a contract with Middle East ASI for three million barrels of oil in Phase XI of the Oil for Food Program.[91] That contract, numbered M/11/04, was signed for the purchaser by Fawaz Zureikat. A few days later, the Acting Executive Director of SOMO wrote to the Oil Minister, requesting approval of Contract M/11/04.[92] In describing the contract, SOMO indicated that the oil had been allocated to George Galloway:

> Based on the statement of allocations dated 12/10/2001, please find below the details of the contract signed with Middle East ASI Company (Mr. George Galloway)/Fawaz Zuraiqat.

At the end of the letter, SOMO indicated that Middle East ASI had apparently failed to pay its surcharges from previous contracts, and that the Minister of Oil instructed SOMO to reject any of the company's proposals unless it paid off its outstanding surcharges:

> Surcharge: As per the instructions of your Excellency over the phone on 12/11/2001 of not accepting the company's proposals unless they pay the debt incurred since phase eight.

A few weeks later, Middle East ASI loaded 2,360,860 barrels of Iraqi crude oil onto an oil tanker pursuant to Contract M/11/04.[93] This action implies that Middle East ASI paid its outstanding surcharge balance.

Although Middle East ASI apparently paid its outstanding balance for previous surcharges, a SOMO document indicates that the company failed to pay the agreed-upon surcharge for Contract M/11/04. That document, the Surcharge Chart described above, shows that the company lifted 2,360,860 barrels of oil in connection with M/11/04 and that it had agreed to pay a 30-cent surcharge for each barrel.[94] Accordingly, the chart indicates that the company owed $708,258 in surcharges for that contract. The chart then indicates that the company did not pay the surcharge.

D. Allocation In Phase XII

On June 3, 2002, SOMO executed another oil contract with Middle East ASI for three million barrels of oil in Phase XII of the Oil for Food Program.[95] That contract, numbered M/12/14, was again signed by Fawaz Zureikat for the purchaser. The next day, SOMO informed the Iraqi Financial Department of Contract M/12/14.[96] Tellingly, the Acting Executive Director of SOMO indicated that the oil for this contract had been allocated to George Galloway, referring to the contract as "Contract No. M/12/14 with Middle East ASI (Mr. Galloway)." As

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[90] Subcommittee Interview of Senior Hussein Regime Official No.1.

[91] *See* SOMO Crude Oil Sales Contract No. M/11/04.

[92] *See* Letter from Ali Rajab Hassan, Acting Executive Director of SOMO, to H.E. the Oil Minister, December 19, 2001.

[93] *See* SOMO Commercial Invoice No. B/238/2001.

[94] *See* SOMO Surcharge Chart (excerpt).

[95] *See* SOMO Crude Oil Sales Contract No. M/12/14.

[96] *See* Letter of Ali Rajab Hassan to "The Financial Department," June 4, 2002.

noted above, senior officials in the Hussein regime confirmed to the Subcommittee that the name in parenthesis next to the purchasing company identified the recipient of the allocation.

Another SOMO document also indicates that the oil underlying Contract M/12/14 had been allocated to Galloway. That document, a letter from SOMO requesting approval of M/12/14 from the Oil Minister, states as follows:

> Based on the statement of allocations dated 05/22/2002, please find below the details of the contract signed with Middle East ASI Company (on behalf of Mr. George Galloway).[97]

Not only does this letter confirm that the oil had been allocated to Galloway, it also indicates "Surcharge: payable within (30) days from the date of loading."

Several months after the contract was signed, 1.4 million barrels of oil was lifted pursuant to M/12/14.[98] Although the parties had agreed to pay surcharges within 30 days of the loading of the oil, it appears that no such payments were made in connection with this contract. One possible explanation for this discrepancy is that the United States and the United Kingdom, as members of the U.N. committee monitoring the Oil for Food Program, had instituted a policy called "retroactive pricing" that made payment of the illegal surcharges uneconomical.[99] That retroactive pricing policy was implemented during Phase XII of the Program, precisely when this contract was executed.

E. Allocation In Phase XIII

In the final phase of the Oil for Food Program, Middle East ASI signed contract M/13/48 for the purchase of two million barrels of oil.[100] Soon after Contract M/13/48 was signed, a senior SOMO official informed the Financial Department of the contract.[101] SOMO identified the contract as "Contract No. M/13/48 with Middle East ASI (Mr. Galloway)." In addition, according to the senior Hussein officials interviewed by the Subcommittee, Mr. Galloway had been allocated the oil purchased under M/13/48.

Altogether, SOMO documents and interviews of Iraqi officials provide substantial evidence that Mr. Galloway was granted allocations for millions of barrels of oil by the Hussein regime.

♦ ♦ ♦

On December 2, 2004, Galloway won a libel suit against a British newspaper, the *Daily Telegraph*, relating to an article on Galloway's involvement in the Oil for Food Program.[102] The article that instigated the lawsuit apparently included forged documents concerning Mr. Galloway that were purported to be found in the Iraqi Foreign Ministry after the fall of the Hussein regime.[103] The documents in that article included correspondence from 1992 and 1993. The British court ruled that the documents were "seriously defamatory," that the newspaper was obligated to provide Galloway with an opportunity to respond to the allegations in the documents, and that its failure to do so entitled Galloway to damages.

The documents presented in this Report have no relation to those discussed in the *Daily Telegraph* piece. First, the *Daily Telegraph* article cited documents from 1992 and 1993, whereas the earliest document examined here dates from 2001. In addition, the seemingly forged documents in the article were connected to the Iraqi Foreign Ministry, while the documents examined by the Subcommittee were prepared by the Iraqi Ministry of Oil and its subdivision SOMO. Finally, the *Daily Telegraph* documents reportedly included allegations that Galloway was on the payroll of the Hussein regime, receiving a salary or direct payments. In contrast, the

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[97] *See* Letter from Ali Rajab Hassan to H.E. the Oil Minister, June 4, 2002.

[98] *See* SOMO Commercial Invoice Nos. B/196/2002 and B/208/2002.

[99] *See* UPI, "Analysis: Iraq Complains About Oil Prices," June 19, 2002.

[100] *See* SOMO Crude Oil Sales Contract No. M/13/48.

[101] *See* Letter of Ali Rajab Hassan, Head of Oil Marketing Second Department, to "The Financial Department," January 25, 2003.

[102] *See* New York Times, "British Lawmaker Wins Libel Suit Against Daily Telegraph," December 2, 2004.

[103] *See* BBC, "Galloway Wins Saddam Libel Case," December 2, 2004; *see also* Reuters, "British MP to sue over Iraqi Payoff Report (Galloway)," April 22, 2003.

evidence examined by the Subcommittee indicates that Galloway was granted oil allocations that would have to be monetized through complex oil transactions.

[N.B. After the initial release of this Report on May 17, 2005, it was discovered that the contents of the documents published by *The Christian Science Monitor* and *The Daily Telegraph* were conflated in the two preceding paragraphs. A full explanation regarding both sets of documents is set forth in Appendix C of the "Report Concerning the Testimony of George Galloway Before the Permanent Subcommittee on Investigations" released on October 25, 2005 in conjunction with the Subcommittee's hearing on October 31, 2005, entitled "Corruption In The United Nations Oil-for-Food Program: Reaching a Consensus on United Nations Reform." The full text of Appendix C, including footnotes, follows:

APPENDIX C

SUBJECT: DISTINCTION BETWEEN THE DOCUMENTS USED BY THE SUBCOMMITTEE AND THE DOCUMENTS PUBLISHED IN *THE DAILY TELEGRAPH* AND *THE CHRISTIAN SCIENCE MONITOR*

In its investigation into the Oil-for-Food Program, the Subcommittee has relied upon documents from multiple sources, including documents obtained from the Iraqi State Oil Marketing Organization ("SOMO"). The May 12, 2005 Subcommittee report relating to Galloway ("the May 12 Report") stated that the SOMO documents were different and distinct from those featured in articles published by *The Daily Telegraph* in April 2003. In explaining the differences between the SOMO documents and the documents featured in the *Telegraph*, the May 12 Report stated that the *Telegraph* documents "included correspondence from 1992 and 1993." The May 12 Report also stated that the documents were "seemingly forged." Finally, the May 12 Report stated that the *Telegraph* documents "included allegations that Galloway was on the payroll of the Hussein regime, receiving a salary or direct payments."

The May 12 Report conflated the contents of the *Telegraph* documents with the contents of documents reported on in *The Christian Science Monitor* in April 2003, which indeed "included correspondence from 1992 and 1993," were "seemingly forged," and "included allegations that Galloway was on the payroll of the Hussein regime, receiving a salary or direct payments."

In fact, the documents featured by the *Telegraph* dated from December 1999 through May 2000, and did not contain correspondence from 1992 and 1993. The *Telegraph* documents were not "seemingly forged" (nor is there any evidence to date that the *Telegraph* documents were forged). To the contrary, as presented in the report to which this Appendix is attached, senior Hussein regime officials – including former Deputy Prime Minister Tariq Aziz – have confirmed the authenticity of the *Telegraph* documents as well as the veracity their contents.

The authenticity of the documents published by the *Telegraph* was not at issue in the libel lawsuit brought by Galloway. Instead, Galloway claimed that the *Telegraph* did not provide him with an adequate opportunity to respond to the allegations prior to the publication of their stories. Galloway also claimed that the total effect of the *Telegraph's* extensive coverage of the issues surrounding the documents had a defamatory effect.

A further explanation of the distinction between the documents published by *The Daily Telegraph* and those published by *The Christian Science Monitor* follows.

Documents Discovered by a Reporter from *The Daily Telegraph*:

On Saturday, April 19, 2003 a foreign correspondent for *The Daily Telegraph* named David Blair was in Baghdad reporting on the post-war situation.[104] Blair, along with a hired interpreter, entered the Ministry of Foreign Affairs with the hope of finding documents relating to British Prime Minister Tony Blair. The Ministry was abandoned and unguarded, and there were looters going in and coming out. After some initial exploration, Blair came across a room that was filled with filing boxes stacked on the floor and on tiers of metal shelves. Blair estimates that there were over 200 such boxes in the room. Each box had a small label in Arabic. Blair had his translator go through the boxes reading off the labels. Many of the boxes were labeled by country, and eventually the translator came across two boxes labeled "Britain" and one box labeled "Britain and France." Flipping through one of the binders from one of the "Britain" boxes, Blair found one page that was written in English. This turned out to be the "To Whom it May Concern" letter from Galloway naming Zureikat as his representative on all matters relating to the Mariam Appeal. Blair and his translator took the three boxes and a few loose binders and returned to Blair's hotel room. Once back at the hotel, Blair had his translator go through the binders one by one and translate the gist of each document. Most of the documents were routine correspondence and memoranda that one would expect to cross the desk of the Iraqi foreign minister. Having found nothing more of interest, Blair instructed his translator to go home for the day.

[104] The facts surrounding the discovery of the documents are taken from the witness statement of David Blair in the case of *George Galloway v. Telegraph Group Ltd.*, Case No. HQ03X02026 ("Telegraph Lawsuit").

The next day, April 20, Blair and the translator returned to the Ministry of Foreign Affairs and back to the room with the stacks of orange boxes. Blair instructed the translator to look for boxes labeled "France." The translator found one quickly and they left the ministry. Returning to his hotel, Blair and the translator again leafed through the folders looking for documents of interest. It was during this time when the translator discovered the January 3, 2000 letter written by the head of the Iraqi Intelligence Service ("IIS"). Blair had the IIS letter translated and then had the translator identify a handful of other documents relevant to the IIS letter.

Blair considered the possibility that the IIS letter and other relevant documents had been forged. In the end, however, Blair believed that the circumstances in which he and his translator had discovered the documents favored their authenticity:

> **... I thought that it would have been an extraordinarily elaborate exercise to forge this intelligence memorandum running to several pages, not to mention Tariq Aziz's letter and Mr Galloway's signed letter appointing Mr Zureikat to act for him. Someone would have had to get hold of the right type of paper and forge a signature that matched those that appeared on other documents in that folder. They would have had to take that forged document into the foreign ministry, [and] find this particular folder in this particular filing-box ....**
>
> **Then they would have had to take the folder apart and insert the document into the middle of it – in correct chronological sequence with the other documents, re-bind the folder (using an identical single-bowed knot) and then place it back in the filing-box in the room. There was a hand-written index at the start of the folder where the documents I refer to above were located listing all the documents in it. What I did not know at the time but discovered subsequently was that the document initially stapled at the front of the intelligence chief's memorandum was referred to on this index, so any forger would have had to forge this [the index] too.**[105]

Several articles based on the IIS letter and other relevant documents were published soon afterwards in the *Telegraph*.

Blair and his translator retuned to the Ministry of Foreign Affairs on April 22. At that time, the ministry was guarded by armed men who were members of the Free Iraqi Forces, a militia attached to the Iraqi National Congress. The men initially refused to allow Blair entry, but he was allowed in several hours later when he returned with two TV crews and a freelance photographer, Heathcliff O'Malley. O'Malley took photographs tracing Blair's route to the room that contained the boxes of documents and took photographs of the room itself. Blair did not attempt to remove any documents from the ministry that day. O'Malley took photographs of the key documents back at Blair's hotel room. Blair took all of the key documents and binders with him when he left Baghdad for London on April 25. The documents remain in the custody of the *Telegraph*.

Documents Reported Upon by *The Christian Science Monitor*:

The documents that *The Christian Science Monitor* reported on in April 2003 differ in many respects from those discovered by David Blair and reported on in *The Daily Telegraph*. *The Christian Science Monitor* ("*CSM*") documents, obtained in Iraq by a reporter named Philip Smucker, indicated direct payments of more than $10 million to Galloway.[106] As reported in the April 25, 2003 edition of the CSM, the documents included direct orders from the Hussein regime to issue Galloway six separate payments, starting in July 1992 and ending in January 2003. According to the article, these documents were taken from a Baghdad house purported to have been used by Saddam Hussein's son Qusay. The documents were provided to Smucker by a purported Iraqi general named Salah Abdel Rasool only after Smucker agreed to pay Rasool's neighbor $800 to translate the documents.

The *CSM* articles detailed that the three most recent payment authorizations, beginning on April 4, 2000, and ending on January 14, 2003, were for $3 million each. For example, the document dated January 14, 2003, was written on Iraqi Republican Guard stationary and indicated that a $3 million "gratuity" was issued to Galloway in return for Galloway's "courageous and daring stands against the enemies of Iraq." This letter was purportedly signed by three Iraqi generals as well as Qusay Hussein himself. Another letter dated July 27, 1999, authorized a $1 million dollar payment to Galloway as agreed upon by Qusay Hussein. The *CSM* articles also cited two letters detailing earlier payments to Galloway in July 1992 and October 1993. The October letter indicated a $600,000 payment to Galloway via a representative of the directorate of the Iraqi Special Security Organization.

After the first *CSM* article appeared on April 25, 2003, an extensive investigation ensued stemming from a May 2003 article in *The Mail* newspaper. *The Mail* article disputed the authenticity of certain documents obtained by *The Mail* from Salah Abdel Rasool – the same person who was the source of *CSM*'s documents. The documents purchased by *The Mail* also purportedly showed payoffs to Galloway by the Hussein regime. After an examination by experts, *The Mail* concluded that the documents that it had purchased from Rasool were fake. Rasool also claimed to be in possession of documents "proving" that six of the 19 September 11 hijackers learned to fly in Iraq.

As a result of *CSM*'s investigation, the newspaper reported in June that the six documents detailed in its April 25 article were, in fact, forgeries. This conclusion was based on an examination of the documents using both

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[105] Witness statement of David Blair from the Telegraph Lawsuit at ¶¶ 49-50.

[106] The facts relating to the documents published by *The Christian Science Monitor* are taken from two articles; Philip Smucker, *Newly found Iraqi files raise heat on British MP*, Christian Science Monitor, Apr. 25, 2003, and *Galloway papers deemed forgeries*, Christian Science Monitor, June 20, 2003.

textual analysis and a chemical analysis of the ink used on the documents. The June article, for example, indicated that Hassan Mneimneh of the Iraq Research and Documentation Project conducted a textual examination and compared the *Telegraph* documents to the *CSM* documents. After examining copies of the *Telegraph's* documents, Mr. Mneimneh deemed them to be consistent with other authentic Iraqi documents he had seen, but he did not have the same conclusion for the *CSM* documents. Similarly, the article explained that the *CSM* documents simply could not have been prepared when their dates said they were made based on examination by an ink chemist.]

♦ ♦ ♦

IX. CONCLUSION

Despite Galloway's denials, the evidence obtained by the Subcommittee, including Hussein-era documents from the Ministry of Oil and testimony from senior Hussein officials, shows that Iraq granted George Galloway allocations for millions of barrels of oil under the Oil for Food Program. Moreover, some evidence indicates that Galloway appeared to use a charity for children's leukemia to conceal payments associated with at least one such allocation. Lastly, according to senior Hussein officials, the oil allocations were granted by Iraq because of Galloway's support for the Hussein regime and his opposition to U.N. sanctions.

♦ ♦ ♦

Footnote (FN) Documents

To: H.E. the Oil Minister
RE: The French Personality (Charles Pasqua)

- The president leader (May God Protect him) has approved the allocation of (3) million barrels to the French personality (Charles Pasqua).
- The French personality (Bernard Guillet) visited us this morning on the part of (Charles Pasqua), and requested to send the oil contract to (Genmar), the Swiss company to be signed since this is their chosen company. When we explained it was essential to choose a French company since the quantity was allocated to a French personality, Mr. (Bernard Guillet) said that was impossible for political reasons, and that he explained the situation to Mr. Tariq Aziz.
- We asked Mr. (Bernard Guillet) to provide us with a letter in which Mr. (Charles Pasqua) authorizes (Genmar) company to lift the crude oil. He declined and explained that they cannot do that fearing political scandals.

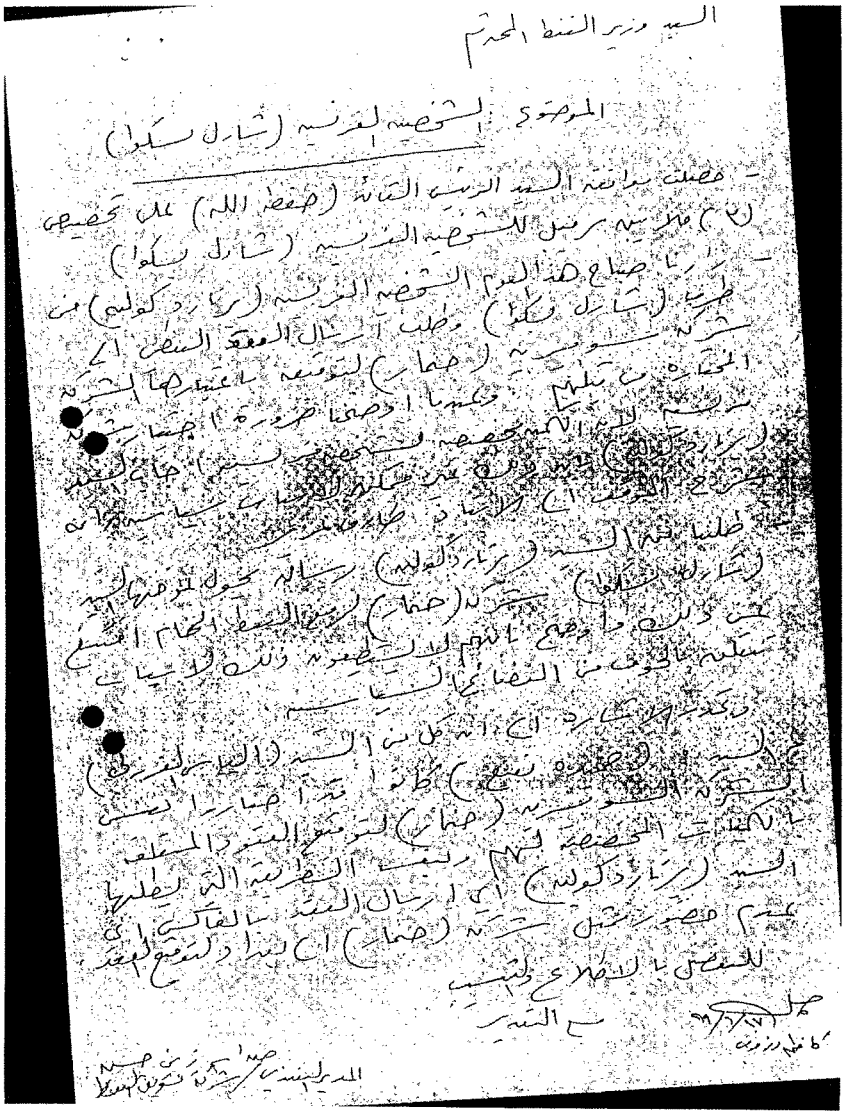
It is worth to mention that both Mr. (Elias Al-Farzali) and Mrs. (Hamidah Na'naa) have chosen the same Swiss company (Genmar) to sign the contracts related to the quantities allocated to them, and in the same way Mr. (Bernard Guillet) requested; meaning sending the contract by fax, which also means that (Genmar) company's representative does not have to come to Baghdad to sign the contract.

Please review and advice.

Regards,
Saddam Zeben Hassan
Executive Director/ State Oil Marketing Organization

06/17/1999
Kadhum Razuqi

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 35

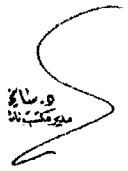


Council of Ministers
Deputy Prime Minister

To: H.E. Mr. Saddam Zeben

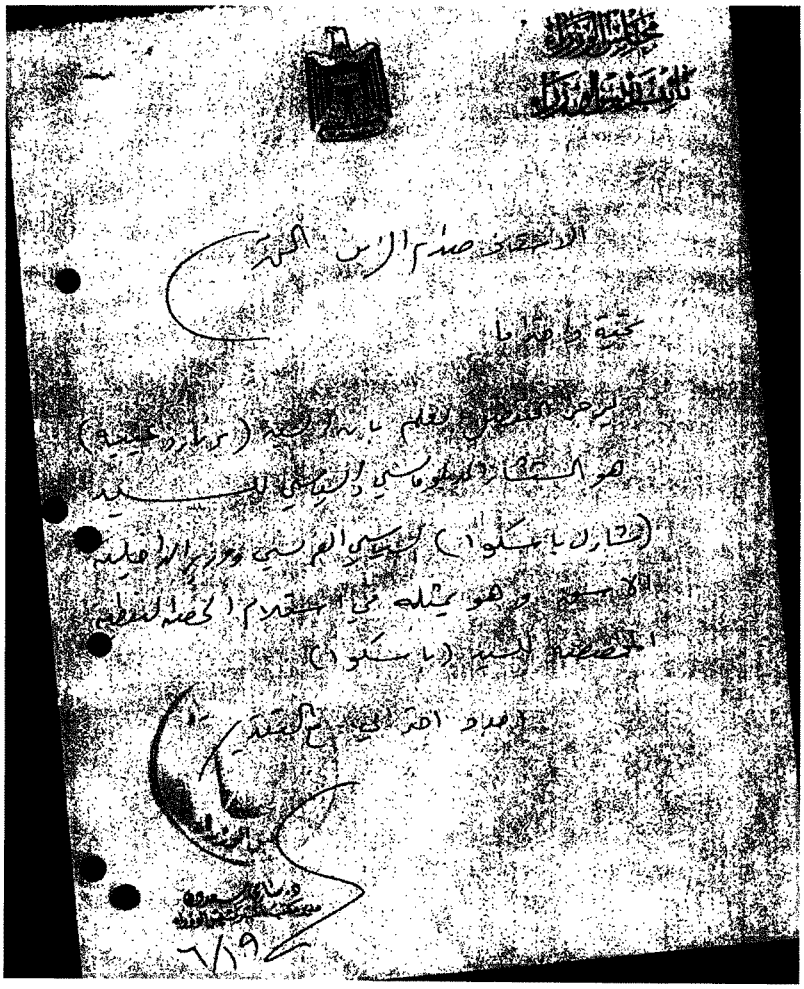
Please be informed that Mr. (Bernard Guillet) is the diplomatic and political advisor of Mr. (Charles Pasqua), the French politician and former Minister of the Interior; Mr. Guillet represents Mr. Pasqua in receiving the oil allocation allotted to the latter.

Regards,



Dr. Sami Sa'doun
Director of the Deputy Prime Minister's Office
06/19

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 38



In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization
(State Company)

No.: KH2/9211
Date: 5 Rabi I, 1420H
Equivalent to 06/20/1999

To: H.E. the Oil Minister
RE: The French Personality Charles Pasqua

With reference to the telephone conversation with your Excellency this morning, 06/19/1999, the Swiss Company Genmar is the authorized company by Mr. Charles Pasqua to lift the quantity allocated to him in phase (6). We will sign the contract and send it by fax to be signed by the aforesaid company the same method that was adopted when we dealt with Mr. Elias Al-Farzali and Mrs. Hamidah Na'naa.

For your review and approval, please.

Regards,



Saddam Zeben Hassan
Executive Director

I approve



06/22

[Page footer]

Arabic Telex 5834
P.O. Box 5118 Baghdad – Iraq

SOMO telex 212198 / 212199
Tel. 7742040 – 10

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 39

بسم الله الرحمن الرحيم

الجمهورية العراقية
وزارة النفط
شركة تسوية النفط (شركة عامة)

الرقم ٢٤/ ٩٢١١
التاريخ ٥/ ربيع ١/ ١٤٢٠ هـ
٢٠/ ٦/ ١٩٩٩م

وزارة النفط / مكتب الوزير
الرقم / ٦٨٢٧
التاريخ ٢٢/ ٦/ ١٩٩٩

السيد وزير النفط المحتـــــــرم

م/ الشخصية الفرنسية شارل بسكوا

بالاشارة الى المكالمة الهاتفية مع سيادتكم صباح هذا اليوم ١٩٩٩/٦/٩ تعتبر شركة جنمار السويسرية الشركة المخولة من قبل السيد شارل بسكوا لرفع الكمية المخصصة له للمرحلة السادسة وسيتم توقيع العقد من قبلنا وارساله بالفاكس الى الشركة المذكورة لتوقيعه وبنفس الطريقة التي اتبعت مع كل من السيد الياس الفرزلي والسيدة حميدة نعنع .

للتفضل بالاطلاع والموافقة .

مع التقديـــــــــــر ...

صدام زين حسن
المدير التنفيـــــــذي

مراجعة

تلكس عربي ٥٨٣٤ سومو تلكس ٢١٢١٩٨ ، ٢١٢١٩٩ ص ب ٥١١٨ بغداد ـ عراق هاتف : ٧٧٤٢٠٤

22. JUN. 1999 10:41 NR. 6354 S. 3

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/06/74

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 40

SECTION ONE

SPECIFIC PROVISIONS

F.O.B. CRUDE OIL SALES CONTRACT

FOB SALES CONTRACT
CONTENTS

Section One

Article One	:	Definitions
Article Two	:	Period
Article Three	:	Quantity and Quality
Article Four	:	Price
Article Five	:	Reopener
Article Six	:	Payment
Article Seven	:	SOMO Standard Documentation
Article Eight	:	Approval of Contract
Article Nine	:	Special Conditions
Article Ten	:	Addresses

Section Two

Article One	:	Measurement and Sampling
Article Two	:	Risk and Property
Article Three	:	Lifting Programme
Article Four	:	Nomination of Vessels
Article Five	:	Vessel Berths
Article Six	:	Loading Conditions
Article Seven	:	Demurrage
Article Eight	:	Taxes and Duties
Article Nine	:	Termination in the event of Liquidation or Default
Article Ten	:	Assignment
Article Eleven	:	Destination
Article Twelve	:	Force Majeure
Article Thirteen	:	Arbitration
Article Fourteen	:	Notices
Article Fifteen	:	Applicable Law
Appendix I	:	Form of Letter of Credit
Appendix II	:	Application Form to Request Approval of Contract

Contract between State Oil Marketing Organization (hereinafter called SELLER) of the one part and GENMAR RESOURCES GMBH - SWITZERLAND (hereinafter called BUYER) of the other part.

Whereby it is agreed as follows:-

SECTION ONE

Wherever the General Provisions of Section Two, attached and herein incorporated in this Contract, are at variance or in conflict with this Section One, the provisions of Section One shall govern.

ARTICLE ONE

DEFINITIONS

As used in this Contract, unless otherwise provided, the following words and terms shall have the following meanings:-

Barrel	:	means forty-two (42) U.S. Gallons at sixty degrees (60°) Fahrenheit and at normal atmospheric pressure.
Day	:	means a period of twenty-four (24) running hours commencing at 00.01 hours local time at the port of loading.
Barrel per Day (B/d):		means the average number of barrels of crude oil supplied during a calendar day as defined above.
F.O.B:		means "Free on Board" as referred to in the ICC Incoterms 1990.
Dollar ($):		The currency of the United States of America.

Month:	:	means Gregorian Calendar Month commencing at 00.01 hours local time at the port of loading on first day of the month.
Quarter	:	means a period of three (3) consecutive months beginning on a 1st January or a 1st April or a 1st July or a 1st October.
Year	:	means a Gregorian Calendar Year.
API Gravity:		means Scale adopted by the American Petroleum Institute for expressing the specific gravity of crude oil.
SCR 986:		means Security Council resolution 986 (1995) of 14 April 1995.
SCR 1111	:	means Security Council resolution 1111 (1997) of 4 June 1997.
SCR 1143	:	means Security Council resolution 1143 (1997) of 4 December 1997.
SCR 1153	:	means Security Council resolution 1153 (1998) of 20 February 1998.
SCR 1210	:	means Security Council resolution 1210 (1998) of 24 November 1998.
SCR 1242	:	means Security Council resolution 1242 (1999) of 21 May 1999.
661 Committee:		means the Security Council Committee established by Security Council resolution 661 (1990).
Procedures	:	means the procedures to be employed by the 661 Committee (United Nations document S/1996/636, dated 8 August 1996).
Overseers	:	means the independent experts in international oil trade appointed by the Secretary-General of the United Nations pursuant to SCR 986 and the procedures.
Inspectors	:	means the independent oil inspection agents appointed by the Secretary-General pursuant to SCR 986.

ARTICLE TWO

PERIOD:

1. Subject to Article Eight below, this Contract shall become effective on the 19th day of June 1999, and shall continue thereafter until the 20th of November 1999, unless renewed by mutual agreement.

2. The ultimate consumer of the crude oil sold under this Contract shall be Refineries in Europe.

   Any change in the destination is subject to the prior approval of Seller.

ARTICLE THREE

QUANTITY AND QUALITY:

1. SELLER undertakes to sell and deliver FOB and BUYER undertakes to purchase, receive and pay for the following:-

Type of crude	Quantity	Port of Loading
KIRKUK	3 000 000/BBLS	CEYHAN

2. The quality of the crude oil shall be the standard export quality available at the port of loading from time to time.

3. Quantities shall represent contracted quantities or number of barrels per day contracted multiplied by the number of days of the relevant period stipulated in Sub Article 2.1

4. Quantities shall be lifted as evenly as possible over the course of such delivery period in lots of approximate barrels and as will be agreed between BUYER and SELLER.

5. Quantities lifted under allowed operational vessel slippage shall be deemed as part of the contracted quantities of the period.

6. In cases when SELLER, for reasons technical or otherwise that are beyond his control, is unable to meet his full contractual commitments, SELLER shall have the right to reduce the contracted quantities for the duration of the period when such circumstances shall prevail. SELLER shall advise BUYER as soon as possible before the beginning of any period during which supplies to all buyers are to be reduced.

7. In no event shall any loading start beyond the 20th of November 1999, unless the Security Council has authorized sales beyond that date.

ARTICLE FOUR

PRICE:

1. The price(s) of the crude oil to be delivered under this contract shall be as follows:-

TYPE OF CRUDE	API	PORT OF LOADING
KIRKUK	36.00	CEYHAN

Price Mechanism in $ per Barrel FOB

Price shall be the standard SOMO price as agreed upon between SOMO and the United Nations from time to time.

ARTICLE FIVE

REOPENER:

Each party shall have the right not later than the 15th day of any month to request a review of the pricing mechanism of this Contract.

If following a request for a review, the parties are unable to agree within a period of ten (10) days from the date upon which such request was made, either party may elect to terminate this Contract by serving written notice of phase-out to the other party and termination shall be effective at the end of the month following the month during which the notice of termination has been received.

But if the parties are able to agree within the above mentioned ten (10) days period, any agreed upon adjustment to the pricing mechanism shall be subject to the approval of the 661 Committee.

However, if such approval has not been granted by the 661 Committee, this Contract shall be considered as terminated as of the end of the month following the month during which the above mentioned ten (10) days period ends unless the parties agree otherwise.

In case of Contract termination under any of the above mentioned events, this Contract shall remain in full force and effect at the pricing mechanism applicable in accordance with this Contract terms and conditions up to the effective date of termination and such termination shall not affect the parties' rights and obligations therefrom, unless the parties agree otherwise during the period prior to the effective date of termination.

ARTICLE SIX

PAYMENT:

1. BUYER shall establish in respect of each shipment lifted under this Contract an irrevocable documentary letter of credit issued by a bank acceptable to Banque Nationale de Paris, S.A. ("BNP") for confirmation, in the form set out in Appendix I hereof.

   In all cases, the Letter of Credit shall be established, confirmed and accepted at least seven (7) days prior to loading date.

2. BUYER irrevocably undertakes that payment for each cargo of crude oil lifted shall be made out of the proceeds of the confirmed Letter of Credit directly to account number 0200-201752-001-08 established by the Secretary-General of the United Nations, pursuant to paragraph 7 of SCR 986, at BNP (New York Branch) (hereinafter "United Nations Iraq Account"), upon presentation to BNP of the documents required by the Letter of Credit, including but not limited to the Commercial Invoice and the Bill of Lading.

3. All charges within Iraq are for SELLER, whereas all charges outside Iraq are to be borne by BUYER.

4. Unless otherwise provided herein, payment shall be made not later than thirty (30) days from B/L date, in same date funds.

   If payment falls due on a Saturday or Bank holiday other than Monday in the place where payment is to be made then payment shall be made on the last preceding banking day. If payment falls due on a Sunday or a Monday bank holiday in the place where payment is to be made then payment shall be made on the next succeeding banking day.

ARTICLE SEVEN

SOMO STANDARD DOCUMENTATION:

Bill of Lading	9 (3 orig. & 6 copies)
Certificate of Origin	4
Certificate of Quality and Quantity	4
Loading Time Sheet	4
Ullage Report	4
Master's Receipt for Samples	4
Distribution of Documents	4

Two sets of documents are handed to Master, one being for Consignee. SELLER shall advise BUYER by telex or cable within forty eight (48) hours following each loading with the following details:-

a) Vessel's Name
b) Loading Port
c) Commenced Loading Date.
d) Completed Loading Date.
e) Sailing Date
f) Gross and net quantities in metric tons, long tons and U.S. barrels.
g) API Gravity.

ARTICLE EIGHT

APPROVAL OF CONTRACT

This Contract is subject to the approval of the Overseers on behalf of the 661 Committee. Such approval shall be obtained in accordance with the Procedures, utilizing the form set out in Appendix II hereof.

ARTICLE NINE

SPECIAL CONDITIONS

1. Loading of any shipment of crude oil shall be subject to the authorization of the Inspectors at the port of loading. The Inspectors shall also have the authority to stop the loading if they determine that there is any evidence of irregularity.

2- Notwithstanding Sub Article 4-3 of Section Two of this Contract, the accepted date of arrival of the vessel at the loading ports shall be fixed on a one (1) day range. All related Articles of Section Two of the Contract will read to that effect and conformity.

3. Notwithstanding Sub Article (6-5) of Section Two of this Contract SELLER shall be allowed as laytime at Al Bakr Terminal as follows:-

Laytime (hrs)	Vessel DWT(MT)
36	Up to 129 999
54	130 000 - 199 999
65	Over 200 000

All related Articles of Section Two of the Contract will read to that effect and conformity.

4. In addition to the events specified in Sub Article 6-6 of Section Two, any time consumed due to the Inspectors prohibiting loading shall not count as used laytime.

5. This Contract shall terminate forthwith in the event that the Security Council terminates the authorisation to import petroleum or petroleum products originating in Iraq.

6. Assignment of the rights or obligations of the SELLER or BUYER shall be subject to the approval of the 661 Committee.

7. Any claims from BUYER under Sub Article 1-3 or Article Seven of Section Two, and any analyses carried out under Sub Articles 1-5 and 1-6 of Section Two, shall be copied to the Overseers. Payments or other awards under Article Thirteen of Section Two, in respect of claims under Articles One and Seven of Section Two are subject to the approval of the 661 Committee. Any sum to be paid by BUYER in settlement of a dispute under Article Thirteen of Section Two relating to the proceeds of the sale of crude oil under this Contract shall be paid by BUYER directly to the United Nations Iraq Account.

- 9 -

8. Payments to SELLER under Sub Article 5-5 and Sub Article 5-7 of Section Two, and any other payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.

9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143, SCR 1153, SCR 1210, SCR 1242 the Procedures and the Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

Other Terms and Conditions as per the standard SOMO General Conditions F.O.B. Crude Oil Sales Contract (Section Two).

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:

STATE OIL MARKETING ORGANISATION
P.O.BOX 5118
BAGHDAD - IRAQ

TELEX: 212198 - 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX: 964-1-2853925

FOR BUYER:

GENMAR RESOURCES GMBH
ZENTRALSTRASSE, 10-12
WIDENHÖPFLATZ
CH-6030 EBIKON-LUCERNE
SWITZERLAND
TLX: 862322 GENR CH
TEL: 41 41 4450167
FAX: 41 41 4450166

FOR OVERSEERS:

UNITED NATIONS, NEW YORK, U.S.A
FAX: 212 - 963 - 1628

This Contract has been done and signed on the 19th day of June 1999.

SADDAM

FOR SELLER
SADDAM S. HASSAN
EXECUTIVE DIRECTOR GENERAL

FOR BUYER
STUART CLEMENT
DIRECTOR

- 10 -

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/9268
Date: 8 Rabi I, 1420H
Equivalent to 06/21/1999

Stamp
Ministry of Oil/Office of the Minister
No.: 6890
Date: 06/21/1999

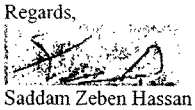
To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the statement of special requests in phase six that was approved as per the letter of the presidency of the republic- the Secretary-letter no. 3080/K dated 05/27/1999, please find below the details of the contract signed with Genmar Company (Charles Pasqua) as follows:

1- Number of Contract: M/06/74
2- Date of Contract: 06/19/1999
3- Name of Company Buyer: Genmar Resources GMBH, (Charles Pasqua)
4- Nationality: Swiss
5- Quantity: (3) million barrels
6- Type of Crude Oil: Kirkuk
7- Destination of Crude Oil: Europe
8- Pricing Formula: Europe
9- Period of Supply: until 11/20/1999
10- Estimated Value of Contract in Dollar: about (39) million dollars (based on the rate of $13/barrel)

For your review and approval, please.

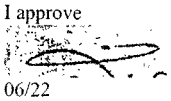
Regards,



Saddam Zeben Hassan
Executive Director

For the Approval of the Minister

I approve



06/22

[Page footer]

Arabic Telex 5834
P.O. Box 5118 Baghdad – Iraq

SOMO telex 212198 / 212199
Tel. 7742040 – 10

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 41

بسم الله الرحمن الرحيم

الجمهورية العراقية
وزارة النفط
~~هيئة التسويق~~
شركة تسويق النفط (شركة عامة)

الرقم ٢٠/ ٩٣٦٨
التاريخ ٨/ ربيع ١/ ١٤٢٠ هـ
٢١/ ٦/ ١٩٩٩م

وزارة النفط / مكتب الوزير
الرقم / ٦٨٩٠
التاريخ ٢١/ ٦/ ١٩٩٩

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

استنادا الى كشف الطلبات الخاصة للمرحلة السادسة الذى تمت الموافقة عليه بموجب كتاب رئاسة الجمهورية - السكرتير - المرقم ٣٠٨٠/ك والمؤرخ في ١٩٩٩/٥/٢٧ .

ادناه تفاصيل العقد الموقع مع شركة GENMAR (شارل بسكوا) وكما يلي:-

١- رقم العقد : M/06/74
٢- تاريخ العقد : ١٩٩٩/٦/١٩
٣- اسم الشركة المشترية : GENMAR RESOURCES GMBH (شارل بسكوا)
٤- الجنسية : سويسرية
٥- الكمية : (٣) مليون برميل
٦- نوع النفط الخام : كركوك
٧- وجهة النفط الخام : أوربا
٨- التسعيرة : أوربا
٩- فترة التجهيز : لغاية ١٩٩٩/١١/٢٠
١٠- القيمة التقديرية للعقد بالدولار : حوالي (٣٩) مليون دولار (على اساس ١٣ دولار للبرميل الواحد) .

للتفضل بالاطلاع والمصادقة مع التقدير ...

صدام زين حسن
المدير التنفيذي

موافقة
مصادقة السيد الوزير

تلكس عربي ٥٨٣٤ سومو تلكس ٢١٢١٩٨ ، ٢١٢١٩٩ - ص ب ٥١١٨ بغداد - عراق هاتف : ١٠ - ٧٧٤٢٠٤٠

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : C/225/99

Sold to	: GENMAR RESOURCES GMBH SWITZERLAND	Due date	: 18.10.1999
Exporting Port	: CEYHAN TERMINAL - TURKEY	Contract No.	: M/06/74
Ship's Name	: BRABANT	BNP Confirmation No.	: W 715833
Destination	: LAVERA	Opening Bank L\C No.	: 3/190707/ANI/02000
Country of origin	: IRAQ	Shipment No.	: CK/4589

Description of commodity	Quantity			Price per Barrel FOB	Total value in U . S . Dollars
	Metric Tons	Long Tons	U . S . Bbls		
IRAQI CRUDE OIL (KIRKUK) 34.03 API GRAVITY AT 60°F	136,173.683	134,022.62	1,004,183	21.391	21,480,478.55
					21,480,478.55

Total U . S . Dollars : TWENTY ONE MILLION FOUR HUNDRED EIGHTY THOUSAND FOUR HUNDRED SEVENTY EIGHT AND FIFTY FIVE CENT

Price Calculation : DATED BRENT MINUS $ 1.25/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.19 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, ACCOUNT NUMBER 0200-201752-001-08

B/L DATE 19/ 9 /1999

ORIGINAL

P. O. Box 5118 FINANCIAL DEPARTMENT

I. A. SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 44

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : C/231/99

Sold to : GENMAR RESOURCES GMBH SWITZERLAND
Exporting Port : CEYHAN TERMINAL - TURKEY
Ship's Name : POLAR
Destination : ROTTERDAM
Country of origin : IRAQ

Due date : 23.10.1999
Contract No. : M/06/74
BNP Confirmation No. : W 716019
Opening Bank L\C No. : 3/190718/ANI/02000
Shipment No. : CK/4593

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (KIRKUK) 33.84 API GRAVITY AT 60°F	131,389.337	129,313.85	967,814	21.804	21,102,216.46
					21,102,216.46

Total U . S . Dollars : TWENTY ONE MILLION ONE HUNDRED TWO THOUSAND TWO HUNDRED SIXTEEN AND FORTY SIX CENT

Price Calculation : DATED BRENT MINUS $ 1.25/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.21 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, ACCOUNT NUMBER 0200-201752-001-08

B/L DATE 24/9 /1999

ORIGINAL

I. A. SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/15083
Date: Jumada Al-Akhirah, 1420 H
Equivalent to 10/05/1999

Stamp
Ministry of Oil/Office of the Minister
No.: 11388
Date: 10/07/1999

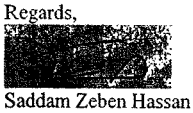
To: H.E. the Oil Minister
RE: Additional Quantities in Phase Six

All companies we do business with, and with whom we had the chance to meet or have a telephone conversation with their representatives lately, have shown the desire to obtain additional quantities during this phase.

Enclosed is table no. (1) for the companies in phase six and the additional quantities they requested (which we received in the form of a written or verbal request).

Enclosed, as well, is table no. (2) with the contractual and lifted quantities in the current phase and up to date.
Please review and advice.

Regards,



Saddam Zeben Hassan
Executive Director

Enclosures:

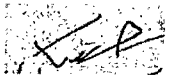
- (2) tables

[TC: There is a hand-written note in Arabic that reads as follows]
It is still under discussion waiting for the instructions of the vice-president of the republic... taking into consideration that the deputy prime minister endorsed the increase of (1) million barrels and (0.7) million barrels as indicated.



10/07

KH2



1- Pasqua (1) million

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 45

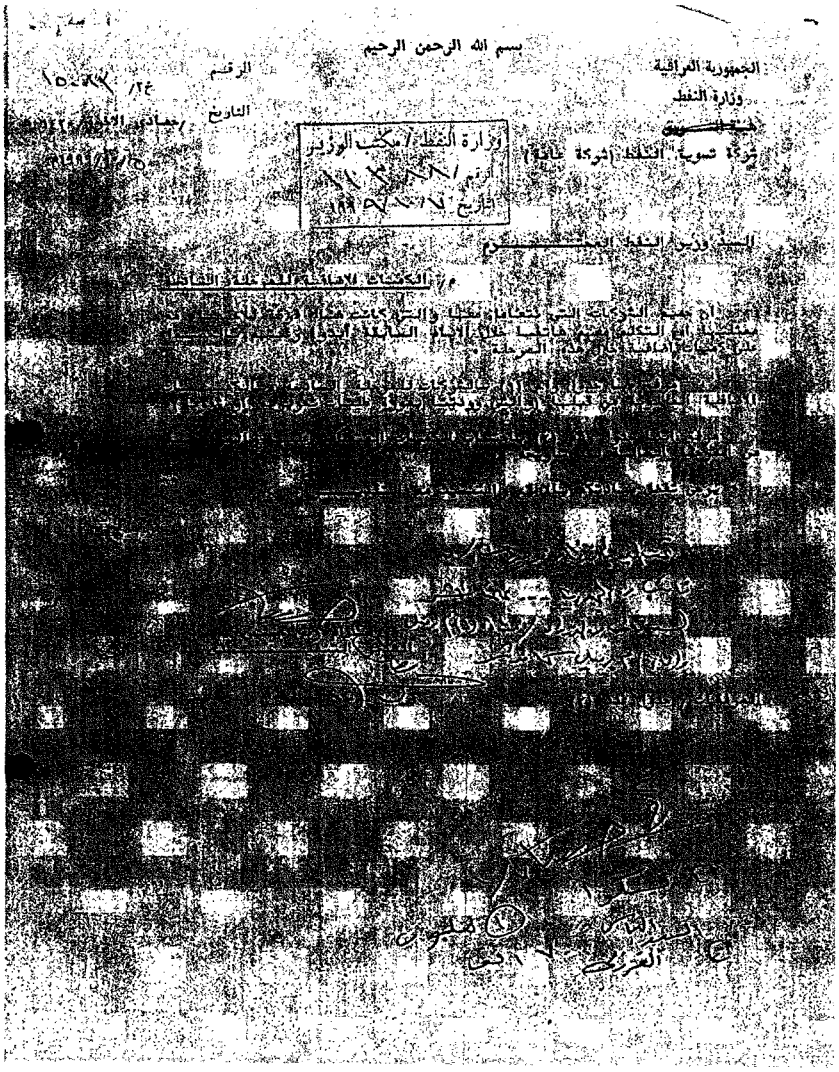


Table no. (1)

Country/Company	Contractual Quantity (million barrels)	Additional Quantity Requested (million barrels)	Remarks
France			
A- Special requests	50.3		
Charles Pasqua (Genmar Company)	3	Unspecified	

الدولة / الشركة	الكمية المتعاقد عليها (مليون برميل)	الكمية الاضافية المطلوبة (مليون برميل)	الملاحظات
٢- المبنى	٣٤		الكمية المخصصة حسب الكشف (٣٦) .
أ- الطلبات الاعتيادية			
سينوكيم	١٢	٣	
جاينا اويل	١٢	غير محددة	
يونيبيك	٢	-	
زنغ رونغ	٢	-	
ب- الطلبات الخاصة			
السيد خوان	٦	-	
٣- فرنسا	٥٠ر٢		
أ- الطلبات الاعتيادية			
توتال	١٤	غير محددة	
موكاي	١٤	٢	
ب- الطلبات الخاصة			
ميشيل غريمار (شركة الاكس)	١ر٨	-	
باتريك موجان (شركة ترافيكورا)	٧	-	
بودانيه (شركة فيتول)	٥	٢	
جمعية الصداقة (شركة اوبيدو)	١ر٨	-	
شارل بسكوا (شركة جنمار)	٣	-	
حميدة نعنع (شركة جنمار)	١ر٨	-	
الياس الفوزلي (شركة جنمار)	١ر٨	غير محددة	

REPUBLIC OF IRAQ
MINISTRY OF OIL
STATE OIL MARKETING
(S O M O)

10/14/99

M2/ 15541

Ref : 14 /10/1999

Date :

TO : THE UN OVERSEERS
FAX : 001212 963 1628 NEW YORK

CC : GENMAR RESOURCES GMBH - SWITZERLAND
TLX: 862012
FAX: 41 41 4450166
ATTN: MR. STUART CLEMENZ - DIRECTOR

FROM : SOMO - BAGHDAD - IRAQ
FAX : 00964-1-2853925

RE : CONTRACT M/06/74 DATED 19/6/1999

FURTHER OUR FAX P/9224 DATED 20/6/1999.

KINDLY NOTE THAT WE HAVE AGREED WITH THE CUSTOMER GENMAR RESOURCES TO INCREASE THE ABOVEMENTIONED CONTRACTS QUANTITY BY 1 000 000 BBLS OF BASRAH LIGHT CRUDE OIL.

DESTINATION FOR THIS ADDITIONAL QUANTITY SHALL BE THE FAR EAST WITH THE APPLICABLE PRICING FORMULA FOR THE MONTH OF LOADING.

OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

BEST REGARDS

SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL
S.O.M.O

P. O. Box 3118 BAGHDAD - IRAQ TELEX 212198 & 212199 S O M O IM TEL 7742040 10

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 46

GENMAR RESOURCES GMBH
Zentralstrasse, 10-12
Wydenhofplatz
CH - 6030 Ebikon-Lucerne

telephone : +41 41 4450167
telefax : +41 41 4450166
telex : 862.012 genm ch

22/10/99 SC

22nd October 1999

To United Nations
Attn Mr. Alex Kramer
Fax +1 212 963 1628

Re : Genmar Resources GmbH / SOMO Crude Oil Sales Contracts M/06/66 and M/06/74

Please be advised that we have agreed to the following amendments to our contracts with Somo:

Contract M/06/66

Quality	:	Basrah Light Crude Oil
Quantity	:	additional 800,000 bbls
Loadport	:	Al Bakr
Destination	:	US Destinations
Date of loading	:	November

Contract M/06/74

Quality	:	Basrah Light Crude Oil
Quantity	:	additional 1,000,000 bbls
Loadport	:	Al Bakr
Destination	:	US Destinations
Date of loading	:	November

Please note that we intend to lift this cargo in one lot.

We would be grateful for your approval of the above.

Thank you for your assistance.

Yours truly,

Stuart Clements
Director
Genmar Resources GmbH

UNITED NATIONS NATIONS UNIES

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

S/AC.25/1999/OIL/1242/OC.61/add.1 27 October 1999

TO: GENMAR RESOURCES GMBH SWITZERLAND	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO.:011-41-41-445-0166	FAX NO.: (212) 963-1628
ATTENTION: Mr. Stuart CLEMENS	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE: 1	

AMENDMENT:

Re: Contract Number: **M/06/74** UN REF: **S/AC.25/1999/OIL/1242/COMM.74**
Between: **SOMO and "GENMAR RESOURCES GMBH"**
Date of Receipt: **22 October 1999**

PLEASE BE ADVISED THAT THE AMENDMENT TO THE ABOVE CONTRACT :

CONTRACTUAL VOLUME INCREASED BY 1,000,000 BBLS OF BASRAH LIGHT CRUDE OIL FOR USA DESTINATION.

OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

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

REMARKS:

cc:

SOMO
BNP
SAYBOLT ROTTERDAM
PERMANENT MISSION OF IRAQ TO THE UN

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 47

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : C/286/99

Sold to : GENMAR RESOURCES GMBH SWITZERLAND
Exporting Port : CEYHAN TERMINAL - TURKEY
Ship's Name : INIGO TAPIAS
Destination : EUROPE
Country of origin : IRAQ

Due date : 17.12.1999
Contract No. : M/06/74
BNP Confirmation No. : W716811
Opening Bank L\C No. : 3/190862/ANI/02000
Shipment No. : CK/4642

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (KIRKUK) 33.56 API GRAVITY AT 60°F	137,738.685	135,562.90	1,012,915	23.958	24,267,417.57
					24,267,417.57

Total U . S . Dollars : TWENTY FOUR MILLION TWO HUNDRED SIXTY SEVEN THOUSAND FOUR HUNDRED SEVENTEEN AND FIFTY SEVEN CENT.

Price Calculation : DATED BRENT MINUS $ 1.35/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.24 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, ACCOUNT NUMBER 0200-201752-001-08

B/L DATE 18/11/1999

ORIGINAL

Y. H. IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 48

12/17/1999

Statement of Quantities Allocated in the Phase Subsequent to Phase Six (Special Requests)

Country	Allocations in Phase Five	Allocations in Phase Six	Allocations in the Phase Subsequent to Phase Six	Remarks
Permanent Member Countries				
3- France	15%	13.3%	33.3 11.9%	
B- Special requests	4.8%	6.1%	5.5%	
- Charles Pasqua	-	4 million barrels	3 million barrels ["4" was originally written, but then crossed out]	

[There is a hand-written note in Arabic to the top right corner of this page that reads as follows]

It has been modified as per the instruction of president leader, may God protect him, during the meeting on Friday morning, 12/17/1999.

[Signature]
12/17

[There is another hand-written note in Arabic to the bottom of this page that reads as follows]

As per central order no. 2, no increase will be allowed on the quantities of special requests that were approved on 12/17/1999.

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 49

١٩٩٩/١٢/

كشف التخصيصات للمرحلة مابعد السادسة
(الطلبات الخاصة)

الدولة	التخصيص للمرحلة الخامسة	التخصيص للمرحلة السادسة	التخصيص المقترح لمابعد المرحلة السادسة	الملاحظات
الدول دائمة العضوية				
١- روسيا	**٢٨ر٢٪**	**٢٤ر٦٪**	**٨٧ر٠ ١ر٣١٪**	
أ- الطلبات الاعتيادية	٢٥ر٢٪	٢٣ر٦٪	١٩ر٣٪	
ب - الطلبات الخاصة	١٣٪	١١٪	١١ر٨٪	
- الحزب الشيوعي	١٦	١٦	١٠ر٥	
- الحزب الليبرالي	١٠	١٠	٦ر٥	
- حزب الوحدة والسلام	٣	٣	٢ر٠	
- وزارة الخارجية	١٦	١٢	٨ر٠	
- السفير في بغداد	٢	٢	١ر٥	
- شفرانك/مؤسسة	-	-	١ر٥	
- اكاديمية العلوم السياسية	-	-	١ر٥	
- جامعة(نوبكن)للنفط والغاز الروسية	(٤٧) مليون برميل	(٤٣) مليون برميل	(٣٣) مليون برميل	
٢- الصين	**١ر٩٪**	**٢ر٩٪**	**٢٥ر٠ ٩ر٨٪**	
أ - الطلبات الاعتيادية	٤ر٧٪	٧ر٧٪	٧ر٠٪	
ب - الطلبات الخاصة	١ر٧٪	١ر٦٪	١ر٩٪	
- السيد خوان	٦ مليون برميل	٦ مليون برميل	١ر٥ مليون برميل	
- شركة نورنكو	-	-	١ر٥	
٣- فرنسا	**١٥٪**	**١٢ر٣٪**	**٢٢ر٣ ١١ر٩٪**	
أ - الطلبات الاعتيادية	١٠ر٢٪	٧ر٢٪	٦ر٤٪	
ب - الطلبات الخاصة	٤ر٨٪	٦ر١٪	٥ر٥٪	
- ميشيل فريمار	١ر٨	١ر٨	١ر٢	
- باتريك موجان	٧	٧	١ر٢	
- يودافيه	٥	٥	١ر٢	
- جمعية الصداقة	١ر٨	١ر٨	١ر٢	
- شركة ايبكس	١ر٨	-	١ر٣	
- شارل بسكوا	-	٤	١ر٣	
- حميدة نعنع	-	١ر٨		
- الياس الفرزلي	-	٢ر٦		
	(١٧) مليون برميل	(٢٤) مليون برميل	(١٥ر٣) مليون برميل	

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/07/92

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 51

8. Payments to SELLER under Sub Article 5-5 and Sub Article 6-7 of Section Two, and any other payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.

9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143, SCR 1153, SCR 1210, SCR 1242, SCR 1281, the Procedures and the Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

Other Terms and Conditions as per the standard SOMO General Conditions F.O.B. Crude Oil Sales Contract (Section Two) as per contract M/06/74 dated 19/6/1999.

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:

STATE OIL MARKETING ORGANIZATION
P.O.BOX 5118
BAGHDAD - IRAQ

TELEX: 212198 - 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX: 964-1-2853925

FOR BUYER:

GENMAR RESOURCES GMBH
ZENTRALSTRASSE, 10-12
WYDENHOPPPLATZ
CH-6030 EBIKON-LUCERNE
SWITZERLAND
TLX: 862322 GENM CH
TEL: 41 41 4450167
FAX: 41 41 4450166

FOR OVERSEERS:

UNITED NATIONS, NEW YORK, U.S.A
FAX: 212 - 963 - 1628

This Contract has been done and signed on the 22nd day of Jan. 2000.

FOR SELLER
SADDAH Z. HASSAN
EXECUTIVE DIRECTOR GENERAL

FOR BUYER
GEURT CLEMENS
DIRECTOR

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/1410
Date: 18 Shawal, 1420H
Equivalent to 01/24/2000

Stamp
Ministry of Oil/Office of the Minister
No.: 1004
Date: 01/25/2000

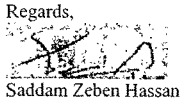
To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the statement of allocations in phase seven that was modified and approved on 12/17/1999, please find below the details of the contract signed with Genmar Company (Charles Pasqua) as follows:

1- Number of Contract: M/07/92
2- Date of Contract: 01/22/2000
3- Name of Company Buyer: Genmar Resources
4- Nationality: Swiss
5- Quantity: (3) million barrels
6- Type of Crude Oil: Kirkuk
7- Destination of Crude Oil: Europe
8- Pricing Formula: Europe
9- Period of Supply: until 06/08/2000
10- Estimated Value of Contract in Dollar: about (66) million dollars (based on the rate of $22/barrel)

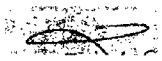
For your review and approval, please.

Regards,

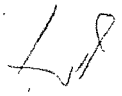


Saddam Zeben Hassan
Executive Director

For the Approval of the Minister
I approve



01/27



01/28

[Page footer]

Arabic Telex 5834
P.O. Box 5118 Baghdad – Iraq

SOMO telex 212198 / 212199
Tel. 7742040 – 10

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 52

بسم الله الرحمن الرحيم

الجمهورية العراقية
وزارة النفط
شركة تسويق النفط (شركة عامة)

الرقم ٢٦/ ١٤١٠
التاريخ ١٨/شوال/١٤٢٠ هـ
٢٤/١/٢٠٠٠م

وزارة النفط - مكتب الوزير
الرقم / ٤٠٠
التاريخ: ٢٥/١/٢٠٠٠

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

بالاشارة الى كشف التخصيصات للمرحلة السابعة المعدل والمقر بتاريخ ١٩٩٩/١٢/١٧ .

أدناه تفاصيل العقد الموقع مع شركة GENMAR (شارل بسكوا)

١- رقم العقد : M/07/92
٢- تاريخ العقد : ٢٠٠٠/١/٢٢
٣- اسم الشركة المشترية : GENMAR RESOURCES
٤- الجنسية : سويسرية
٥- الكمية : (٣) مليون برميل
٦- نوع النفط الخام : كركوك
٧- وجهة النفط الخام : أوربا
٨- التعبئة : أوربا
٩- فترة التجهيز : لغاية ٢٠٠٠/٦/٨
١٠- القيمة التقديرية للعقد بالدولار : حوالي (٦٦) مليون دولار (على اساس ٢٢ دولار للبرميل الواحد) .

للتفضل بالاطلاع والمصادقة مع التقدير ...

مدام ريه حسن
المدير التنفيذي

مصادقة السيد الوزير

Statement of Allocations for the Phase Subsequent to Phase Seven
(Million Barrels)

No.	Country	Allocations in Phase Six		Allocations in Phase Seven		Allocations for the Phase Subsequent to Phase Seven		Remarks
3	France	52	12.3%	31.9	9%	32.5	8.1%	
	B- Special Requests							
	Charles Pasqua	4		3		4		

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 53

ت	الدولة	التخصيص للمرحلة السادسة		التخصيص للمرحلة السابعة		التخصيص للفترة مابعد السابعة		الملاحظات
٢	المجموع	٢٣,١	%٩,٦	٣٣,٣	%٩,١	٣٧	%٨,٧	
	أ. الطلبات الاضافية	٣٠,١		٣٠,٨		٣٤		
	- سيدوكم	١٣,١		١١,٦		١٢		وزارة التجارة الخارجية
	- وايتا اويل	٨٣		١١,٥		١٢		شركة النفط الوطنية
	- يونيبك	٢		٣,٧		٤		= = =
	شركة ليزنكو			١,٥		٤		شركة حكومية
	- زنغ رونغ	٢		٧,٥		٢		= = =
	* ب. الطلبات الخاصة							
	* شركة بورج	٦		٢,٥		٣		السيد خوان
	أ. الطلبات الاضافية	٢٨,٠		٢٣,١		٢٢		
	- اويل	٨٤		١١,٥		١١		
	- كيلف	١٤		١١,٥		١١		
	* ب. الطلبات الخاصة							
	* ميتسوي فرماتو	١٨		١٢		١٥		
	* باتريك بوزيان	٧		٤		٥		
	* بوزاهيه	٥		٦,٥		٥,٥		
	* جمعية الصداقة	١٨	٢٤	١٢	٨,٩	١٥		
	* خالد إسكو	٤		٣		٤		
	* حميدة الحج	١,٨		٢		١		
	* فيلكس الزراني	٢,٦		٦		٦		
	أ. الطلبات الاضافية	٦٢		٩,٠		١٠		
	- سيدكاه	١٢		٩		١٠		
	* ب. الطلبات الخاصة							

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M / 08 / 113

EMPFANGSZEIT 21. SEP. 7:33 AUSDRUCKSZEIT 21. SEP. 7:50

EMPFANGSZEIT 21. SEP. 7:33 AUSDRUCKSZEIT 21. SEP. 7:50

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 54

A. Payments to SELLER under Sub Article 5-5 and Sub Article 6-7 of Section Two, and any other payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.

B. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143 SCR 1153, SCR 1210, SCR 1242, SCR 1281, SCR 1302, the Procedures and the Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996,356, dated 20 May 1996).

Other Terms and Conditions as per the standard SOMO General Conditions G.C.B. Crude Oil Sales Contract (Section Two), as per Contract No. M/07/92 dated 22/1/2000.

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below.-

FOR SELLER:

STATE OIL MARKETING ORGANIZATION
P.O.BOX 5118
BAGHDAD - IRAQ

TELEX: 212198 - 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX: 964-1-2853925

FOR BUYER:

GLENMAR RESOURCES GMBH
ZENTRALSTRASSE, 10-12
WYDENHOFPLATZ
CH-6030 EBIKON-LUCERNE
SWITZERLAND
TLX: 863322 GENM CH
TEL: 41 41 4450167
FAX: 41 41 4450166

FOR OVERSEERS:

UNITED NATIONS, NEW YORK, U.S.A
FAX: 212 - 963 - 1628

This Contract has been done and signed on the 21st day of Sept. 200

FOR SELLER
SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL

FOR BUYER
EDUART CLEMENZ
DIRECTOR

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/16964
Date: 23 Jumada II, 1420H
Equivalent to 09/21/2000

Stamp
Ministry of Oil/Office of the Minister
No.: 12641
Date: 09/22/2000

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

With reference to your editorial comment on 06/25/2000 regarding the statement of allocations in phase eight, please find below the details of the contract signed with Genmar Resources GMBH Company (Charles Pasqua):

1- Number of Contract: M/08/113
2- Date of Contract: 09/21/2000
3- Name of Company Buyer: Genmar Resources GMBH
4- Nationality: Swiss
5- Quantity: (4) million barrels
6- Type of Crude Oil: Kirkuk
7- Destination of Crude Oil: Europe
8- Pricing Formula: Europe
9- Period of Supply: until 12/05/2000
10- Estimated Value of Contract in Dollar: about (104) million dollars (based on the rate of $26/barrel)

For your review and approval, please.

Regards,

Saddam Zeben Hassan
Executive Director

For the Approval of the Minister
I approve

10/03

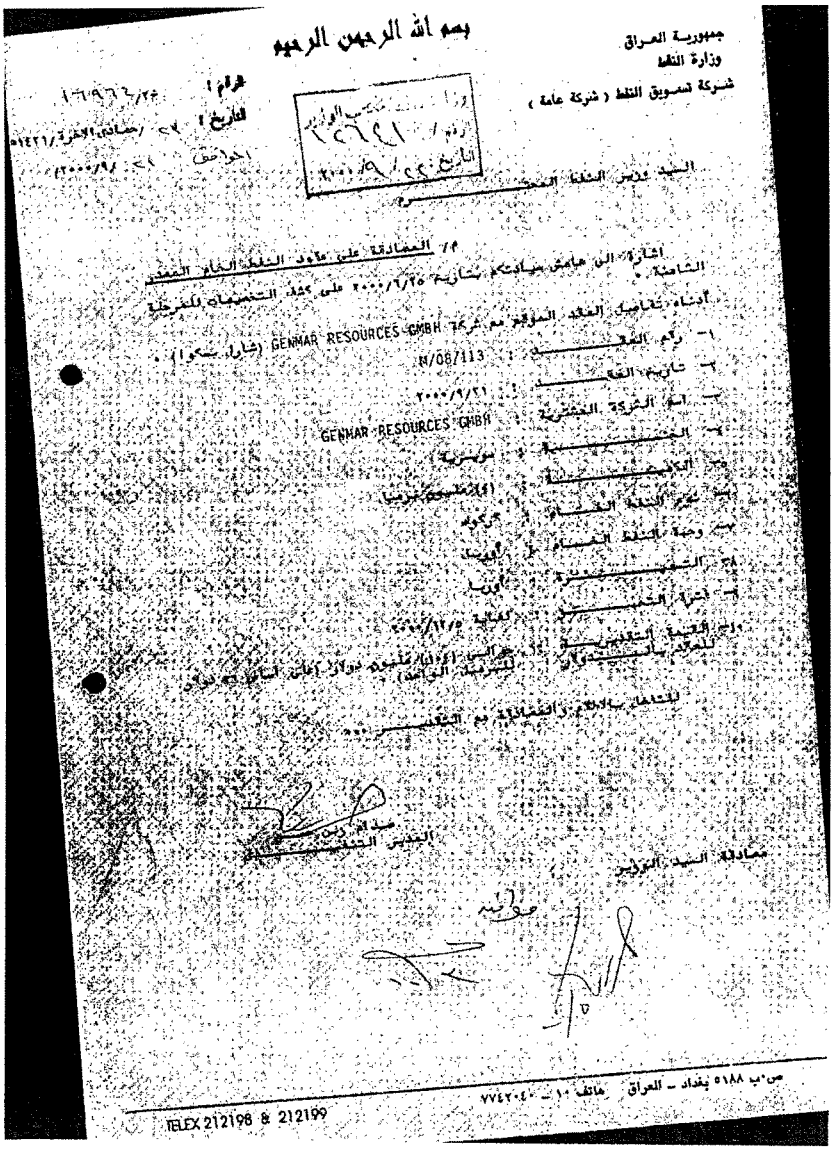
10/05

[Page footer]

Arabic Telex 5834
P.O. Box 5118 Baghdad – Iraq

SOMO telex 212198 / 212199
Tel. 7742040 – 10

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 55



بسم الله الرحمن الرحيم

جمهورية العراق
وزارة النفط
شركة تسويق النفط (شركة عامة)

الرقم : ١٦٩٦٦/٢٥
التاريخ : ٢٧ / جمادى الآخرة / ١٤٢١هـ
الموافق : ٢١ / ٩ / ٢٠٠٠م

وزارة النفط مكتب الوزير
رقم : ١٢٦٤١
التاريخ : ٢٢ / ٩ / ٢٠٠٠

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

اشارة الى هامش سيادتكم بتاريخ ٢٠٠٠/٦/٢٥ على كشف التخصيصات للمرحلة الثامنة .

أدناه تفاصيل العقد الموقع مع شركة GENMAR RESOURCES GMBH (شارل بسكوا) .

١- رقم العقد : M/08/113
٢- تاريخ العقد : ٢٠٠٠/٩/٢١
٣- اسم الشركة العشرية : GENMAR RESOURCES GMBH
٤- الجنسية : سويسرية
٥- الكمية : (٤) مليون برميل
٦- نوع النفط الخام : كركوك
٧- وجهة النفط الخام : أوربا
٨- التسعيرة : أوربا
٩- فترة التحميل : لغاية ٢٠٠٠/١٢/٥
١٠- القيمة التقديرية للعقد بالدولار : حوالي (٤٠) مليون دولار (على أساس ٢٥ دولار للبرميل الواحد)

للتفضل بالاعلام والمصادقة مع التقدير ...

صدام زين
المدير التنفيذي

مصادقة السيد الوزير

ص.ب ٥١٨٨ بغداد - العراق هاتف ١٠ - ٧٧٤٢٠٤٠
TELEX 212198 & 212199

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: C/282/2000

Sold to : GENMAR RESOURCES GMBH . SWITZERLAND
Exporting Port : CEYHAN TERMINAL - TURKEY
Ship's Name : ECLIPSE
Destination : EUROPE
Country of origin : IRAQ

Due date : 27.11.2000
Contract No. : M/08/113
BNP Confirmation no : B723567
Openinig Bank L/c No. : F2ILC0002744
Shipment No. : CK/4914 PART(2)

Description of commodity	Quantity			Price per Barrel FOB	Total value in U.S. Dollars
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (KIRKUK) 34.28 API GRAVITY AT 60° F	51,925.764	51,105.52	383,490	26.543	10,178,975.07
					10,178,975.07

Total U.S. Dollars :TEN MILLION ONE HUNDRED SEVENTY EIGHT THOUSAND NINE HUNDRED SEVENTY FIVE AND SEVEN CENT

Price Calculation: DATED BRENT MINUS $4.20/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.17API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT NUMBER 0200-201752-001-08

B/L DATED 29/10/2000

ORIGINAL

I.A.SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 56

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: C/281/2000

Sold to	: GENMAR RESOURCES GMBH , SWITZERLAND	Due date	: 27.11.2000
Exporting Port	: CEYHAN TERMINAL - TURKEY	Contract No.	: M/08/113
Ship's Name	: ECLIPSE	BNP Confirmation no	: B723567
Destination	: EUROPE	Openinig Bank L/c No.	: F2ILC0002744
Country of origin	: IRAQ	Shipment No.	: CK/4914 PART(1)

Description of commodity	Quantity			Price per Barrel FOB	Total value in U.S. Dollars
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (KIRKUK) 34.28 API GRAVITY AT 60° F	81,241.905	79,958.57	600,000	26.543	15,925,800.00
					15,925,800.00

Total U.S. Dollars : FIFTEEN MILLION NINE HUNDRED TWENTY FIVE THOUSAND EIGHT HUNDRED ONLY

Price Calculation: DATED BRENT MINUS $4.20/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.17API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT NUMBER 0200-201752-001-08

B/L DATED 29/10/2000

ORIGINAL

P.O. Box 5118 FINANCIAL DEPARTMENT

.For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq

Commercial Invoice No.: C/297/2000

AK, MT, MBJ

5/12/00

Sold to : GENMAR RESOURCES GMBH , SWITZERLAND
Exporting Port : CEYHAN TERMINAL - TURKEY
Ship's Name : BERING SEA
Destination : EUROPE
Country of origin : IRAQ

Due date : 15.12.2000
Contract No. : M/08/113
BNP Confirmation no : P724347
Opening Bank L/c No. : F21LC0002807
Shipment No. : CK/4926

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (KIRKUK) 34.83 API GRAVITY AT 60° F	83,716.932	82,394.50	620,421	35.534	22,046,039.81
					22,046,039.81

Total EURO : TWENTY TWO MILLION FORTY SIX THOUSAND THIRTY NINE AND EIGHTY ONE CENT.

Price Calculation: DATED BRENT MINUS $3.20/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.11API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB- ACCOUNT . ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 16/11/2000

ORIGINAL

P.O. Box 5118 FINANCIAL DEPARTMENT L.A.SHIHAEB

For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

12-05-00 03:23pm From-UNITED NATIONS TREASURY DIV 2129632086 T-816 P.001 F-523

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: C/296/2000

Sold to	: GENMAR RESOURCES GMBH , SWITZERLAND	Due date	: 16.12.2000
Exporting Port	: CEYHAN TERMINAL - TURKEY	Contract No.	: 4/08/113
Ship's Name	: MACOMA	BNP Confirmation no	: 4724520
Destination	: EUROPE	Opening Bank L/c No.	: 2ILC0002810
Country of origin	: IRAQ	Shipment No.	: CK/4925

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (KIRKUK) 34.42 API GRAVITY AT 60° F	280,762.495	276,327.44	2,075,399	35.487	73,649,684.31
					73,649,684.31

Total EURO : SEVENTY THREE MILLION SIX HUNDRED FORTY NINE THOUSAND SIX HUNDRED EIGHTY FOUR AND THIRTY ONE CENT

Price Calculation: DATED BRENT MINUS $3.20/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.15 API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB- ACCOUNT, ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 17/11/2000

ORIGINAL

I.A.SHUAIBI

For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

12-05-00 03:25pm From-UNITED NATIONS TREASURY DIV 2126632086 T-816 P 007/009 F-523

The Mariam Appeal

(Unregistered)

Introduction

1. This is a statement of the results of an inquiry under section 8 of the Charities Act 1993 ("the Act").

2. The Mariam Appeal ("the Appeal") was established in 1998. The objects of the Appeal as stated in its Constitution were: "to provide medicines, medical equipment and medical assistance to the people of Iraq; to highlight the causes and results of the cancer epidemic in Iraq and to arrange for the medical treatment of a number of Iraqi children outside Iraq".

3. Part of the Appeal's activities were to bring a young child 'Mariam Hamza' to the UK to receive treatment for Leukaemia, a cancer which the founders of the Appeal considered to have been caused by the programme of sanctions imposed by the United Nations and the use of weapons containing depleted uranium during and since the 1991 Gulf War.

Issues

4. In April 2003 the Charity Commission received a complaint that had been presented to the Attorney General in response to a newspaper article. The complainant was concerned that the funds held by the Mariam Appeal were held for purposes which were, or were capable of being, charitable, and that these funds had been used for non-charitable purposes, including the funding of visits abroad.

5. The Commission opened an evaluation on 24th April 2003. During the course of this evaluation, the Commission requested information from individuals connected to the Appeal. The Commission established that the fund-raising literature circulated prior to Mariam's arrival in the UK for hospital treatment expressed the purpose of the Appeal in charitable form and that the funds raised in connection with this were for charitable purposes. As the Commission had insufficient information from the Appeal at that point to satisfy itself that the causes for concern were unfounded, on 27th June 2003, an inquiry under Section 8 of the Act was opened to investigate how the monies raised for the Appeal between March 1998 and April 1999 had been spent.

6. At the same time, the Commission continued to evaluate the later stages of the Appeal. In the course of the inquiry, the Commission obtained a copy of the Appeal's Constitution that had been used to open a bank account in the Appeal's name and after consideration and review of its contents the Commission concluded that the Appeal's objects were charitable.

7. On 13th November 2003 a second inquiry was opened into the Appeal to investigate how the monies raised throughout the lifetime of the Appeal had been expended.

Findings

8. The Commission concluded that the objects of the Appeal were charitable and that, given the level of income raised in the name of the Appeal, it should have been registered with the Commission and placed on the Register of Charities. The Constitution placed the control and management of the administration of the Appeal with the

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 70

members of the Executive Committee of the Appeal, who in accordance with the provisions of the Act were the charity trustees.

9. The Commission concluded that those persons who founded the Appeal were unaware that they had created a charity. The founders had received legal advice, that the Commission considers to be in error, that the Constitution did not create a charity.

10. The Commission used powers under Section 8 and Section 9 of the Act to obtain details of the opening of the Appeal's bank accounts, the signatories on the various mandates and the receipt and payment of funds.

11. Apart from public donations it was established that the major funders of the Appeal were the United Arab Emirates, a donor from Saudi Arabia and a Jordanian Businessman Fawaz Zuriekat.

12. The Commission has been unable to obtain all the books and records of the Appeal. Mr Galloway, the first Chairman of the Appeal, has stated that this documentation was sent to Amman and Baghdad in 2001 when Fawaz Zuriekat became Chairman of the Appeal. Mr Galloway has informed the Commission that this documentation is no longer under the control of the original trustees of the Appeal and cannot be located by them. Mr Galloway confirmed that the Appeal did not produce annual profit and loss accounts or balance sheets.

13. The Commission received assurances from Mr Galloway that the monies received by him from the Appeal related to expenses incurred in his duties as Chairman of the Appeal.

14. The Commission established that Dr Amineh Abu-Zayyad and Stuart Halford, two of the original trustees, received unauthorised benefits in the form of salary payments from the Appeal's funds. The information provided to the Commission suggests that the Executive Committee considered these payments were necessary and were unaware that they were unauthorised. The Commission accepts that none of the Executive Committee acted in bad faith and that the services provided were of value to the Appeal.

15. Some of the activities of the Appeal were political by nature, in particular a campaign to end the sanctions against Iraq. The information provided is consistent with the view that these activities were ancillary in terms of expenditure to the purposes of the Mariam Appeal. The trustees could reasonably have formed the view that this would have the impact of enabling treatment for sick children.

16. The Commission is satisfied that Mariam's treatment and aftercare were funded by the Appeal in furtherance of its purposes.

Outcomes

17. The Commission informed the founders of the Appeal that its objects were charitable and that accordingly, the Appeal should have been registered with the Commission.

18. The Commission informed the trustees who had received salary payments from the Appeal's funds that these were indeed unauthorised benefits made in breach of the trusts of the Appeal. The Commission has informed these trustees and Mr Galloway that, as the services provided were of value to the Appeal and as there was no evidence of bad faith on behalf of any member of the Executive Committee, none of them being aware that these payments were unauthorised and believing them to be necessary, the Commission would not be pursuing recovery of those sums.

19. Given that the political activities of the Appeal were capable of being viewed as ancillary to the purposes of the Appeal and in light of the fact that the Appeal was closed and in view of the difficulties in obtaining the books and records of the Appeal, the Commission decided that it would not be proportionate to pursue its inquiries further.

20. The Commission advised the trustees that they had a duty to keep accounting records under trust law and as a charity should have kept and produced accounts in accordance with the provisions of the Act. However given that the founders of the Appeal were unaware that they had created a charity and because the Commission has found no evidence that the funds of the Appeal were misapplied (other than the payment of unauthorised benefits to trustees), the Commission will be taking no further action on this matter.

21. The inquiries were closed on 17th May 2004.

Wider Issues

22. A body is a charity if it is:

- Set up under the law of England and Wales; and
- Is established for exclusively charitable purposes

23. To be a charity an organisation must have purposes that are exclusively charitable. A charity's purposes are its objects or aims, which are usually set out in its governing document. The meaning of "charitable purposes" is largely based upon the decisions of the Court and the Charity Commission over the years. Generally, if an organisation is a charity then it must apply to the Commission for registration, and the Commission must register it.

24. Trustees should be aware that they may only apply their charity's assets to further its stated purposes and not for any other purposes, whether charitable or not. If there is evidence that trustees have deliberately or recklessly used charity assets for inappropriate purposes, the Commission will consider taking steps to obtain restitution from them personally.

25. Charities have an obligation to keep accounting records and to prepare accounts. There is a detailed statutory framework for this and for the preparation of annual reports. It is designed to meet the need for public accountability for the large resources held by charities without adding unnecessarily to the burden on trustees.

26. In respect of political activities, charity trustees must be able to satisfy themselves that there is a reasonable expectation that the charity's campaigning will be effective in furthering the charity's purposes, and that the resources the charity uses for campaigning are justifiable and proportionate to the outcomes the charity expects to achieve.

Fax émis par : 0142463715 OPERA HELDER 15/01/01 12:03 Pg: 2/20
13-JAN-01 SAT 22:03 SOMO. BAGHDAD FAX NO. 0096412853925 P. 2

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M /09/ 23

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 83

8. Payments to SELLER under Sub Article 5-5 and Sub Article 6-7 of Section Two, and any other payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.

9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143, SCR 1153, SCR 1210, SCR 1242, SCR 1281, SCR 1302, SCR 1330, the Procedures and the Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

Other Terms and Conditions as per the standard SOMO General Conditions F.O.B. Crude Oil Sales Contract (Section Two), as per Contract No. M/08/35 dated 10/7/2000.

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:

STATE OIL MARKETING ORGANIZATION
P.O.BOX 5118
BAGHDAD - IRAQ

TELEX: 212198 - 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX: 964-1-2853925

FOR BUYER:

AREVIA PETROLEUM - FRANCE
5, RUE DU HELDER F-75009 PARIS
TEL: + 33 1 48 01 61 35
FAX: + 33 1 42 46 37 15

FOR OVERSEERS:

UNITED NATIONS, NEW YORK, U.S.A
FAX: 212 - 963 - 1628

This Contract has been done and signed on the 13th day of Jan. 2001.

FOR SELLER
SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL

FOR BUYER
MARTIN D. SCHENKER
CO-MANAGER

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/729
Date: 19 Shawal, 1421 H
Equivalent to 01/14/2001

Stamp
Ministry of Oil/Office of the Minister
No.: 616
Date: 01/15/2001

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the approval of your Excellency, please find below the details of the contract signed with Aredio Petroleum Company (Fawaz Zuraiqat – Mariam's Appeal):

1- Number of Contract: M/09/23
2- Date of Contract: 01/12/2001
3- Name of Company Buyer: Aredio Petroleum – France
4- Nationality: French
5- Quantity: (2) million barrels of Basrah light crude oil
(1) million barrels of Kirkuk oil
6- Type of Crude Oil: Basrah and Kirkuk
7- Destination of Crude Oil: the United States, Europe and the East
8- Period of Supply: until 02/28/2001
9- Pricing Formula: America, Europe, and the East
10- Estimated Value of Contract in Euro: about (64) million euros (Based on the rate of $20 per barrel)
11- Surcharge: payable within one month from the date of loading each shipment

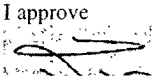
For your review and approval, please.



Saddam Zeben Hassan
Executive Director

For the approval of the minister

I approve



01/15



01/16

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 84

بسم الله الرحمن الرحيم

جمهورية العـــــراق
وزارة النفط
شركة تسويق النفط (شركة عامة)

الرقـم: ٣٤/ ٧٢٩
التاريخ: ١٩ /شوال/١٤٢١هـ
الموافق: ١٤ /١/ ٢٠٠١م

وزارة النفط/المكتب الوزاري
٢٠٠١/١/١٥

(احذر من نفسك قبل عـــدوك
وانتبه الى مذنبك قبل ذنبك)
الرئيس القائد (حفظه الله ورعاه)
٢٠٠٠/٨/٨

السيد وزير النفط المحتـــــــــــــرم

م/ المصادقة على عقود النفط الخام المعدل

استنادا الى موافقة سيادتكم ، أدناه تفاصيل العقد الموقع مع شركـــة AREDIO PETROLEUM (فواز زريقات - حملة مريم) .

١- رقم العقـــــــد : N/09/23
٢- تاريخ العقـــــد : ٢٠٠١/١/١٣
٣- اسم الشركة المشترية : AREDIO PETROLEUM - FRANCE
٤- الجنســـــــية : فرنسية
٥- الكميـــــــة : (٢) مليون برميل نفط خام بصرة خليط
(١) " " نفط كركوك
٦- نوع النفط الخـــام : بصرة + كركوك
٧- وجهة النفط الخـــام : الولايات المتحدة وأوربا والشرق
٨- التصديـــــرة : تصدير الولايات المتحدة وأوربا والشرق
٩- فترة التحميـــــل : لغاية ٢٠٠١/٢/٢٨
١٠- القيمة التقديريـــة للعقد بالـــدولار : حوالـــي (٦٤) مليون يورو (على اساس ٢٠ دولار للبرميل الواحد) .
١١- مبلغ الاسترجـــــاع : يدفع خلال شهر واحد من تاريخ تحميل كل شحنة.

يرجى التفضل بالاطلاع والمصادقة مع التقديـــر ...

مدام رين حسن
المدير التنفيـــــذي

مصادقة السيد الوزير

Crude Oil Allocations during Phase (9) of the Memorandum of Understanding*

- Total quantities lifted reached about (354) million barrels
- Estimated profit margin of this phase is $0.85 per barrel

*Due to the special nature of this phase as the former regime imposed commission on the contractors (surcharge amount), and since many companies refused to pay said surcharge, therefore, instructions were given to contract with any company willing to pay the surcharge.

No.	Contract No.	Contractual Company	Quantity Lifted
23	M/09/23	Mr. Fawaz Zuraiqat / **George Galloway** / Aredio Petroleum - French	1.014

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 87

تخصيصات النفط الخام خلال المرحلة التاسعة من مذكرة التفاهم *

- بلغ اجمالي الكميات المحملة حوالي (٣٥٤) مليون برميل .
- تم تقدير هامش الربح لهذة المرحلة بحدود (٠,٨٥) دولار للبرميل الواحد .

* نظرا للطبيعة الخاصة لهذة المرحلة بسبب قيام النظام السابق بفرض عمولة على المتعاقدين (مبلغ الاسترجاع) ولامتناع معظم الشركات عن التعاقد نتيجة لذلك فقد تم التوجيه بالتعاقد مع اية شركة لديها الاستعداد لدفع تلك العمولة

ت	رقم البند	الشركة المتعاقدة	الكمية المنفذة مليون برميل
1	M/09/01	ألكون بتروليوم – سويسرية	21.171
2	M/09/02	أردم هولدنك – تركية	4.003
3	M/09/03	السيد نديم شاغور - كوالتم هولدنك – ماليزية	1.910
4	M/09/04	فينار بتروليوم لمتد – ليختنشتاين	22.633
5	M/09/05	روز نفط الروسية	
6	M/09/06	السيد ساندي مجالي - مونتيكا تريدنك بي تي واي ليمتد – جنوب افريقيا.	1.859
7	M/09/07	ايتالنك الايطالية	37.390
8	M/09/08	بلمونتال تركو البلاروسية	6.715
9	M/09/09	الحزب الديمقراطي الاوكراني - كوانسل اوف ديل كوربوريشن – اوكرانية	
10	M/09/10	الجنرال الثاني ماكروس (الدفاع) - سيدانكو الروسية	
11	M/09/11	الشيخ احمد مانع سعيد العتيبة - بترول – امارتية	
12	M/09/12	السيد عماد الجادة - الفارس العربي – مصرية	
13	M/09/13	عرض عصورة ومشاركوه - سورية	1.962
14	M/09/14	السيد غسان زكريا (سوري الجنسية)- كوالتوم هولدنك الماليزية	
15	M/09/15	الهدى / امارتية	4.135
16	M/09/16	الريكان بتروليوم – نامبية	
17	M/09/17	دلتا بتروليوم – تركية	4.008
18	M/09/18	السيد فائق احمد شريف - ماسنك – ماليزية	38.256
19	M/09/19	زارابشنفط كاز (لصالح احدى الجهات الحكومية الروسية)	2.016
20	M/09/20	نوري للتجارة – سوريا	1.998
21	M/09/21	ساماسو – سودانية	
22	M/09/22	مشينو امبورت – روسية	2.997
23	M/09/23	السيد أوان زريفات / جورج كاوي /أريدو بتروليوم – فرنسية	1.014
24	M/09/24	الشيخ حمد بن علي آل ثاني - بت اويل - بولندية	
25	M/09/25	ديوان الرئاسة الروسي - روز نفط امبكس – روسية	11.428
26	M/09/26	السيدة حميدة نعنع /الريكان بتروليوم ليمتد النامبية	
27	M/09/27	السيد محمود ابو العباس / زارابشنفط كاز جويلت سترك – روسية	
28	M/09/28	السيد اوسكار وايت - مود نفتا بتروليوم كومباني لمتد – قبرصية	8.023
29	M/09/29	روم بترول الرومانية	2.960
30	M/09/30	السيد عبدالقني الاريباني - شاهر للتجارة – يمنية	0.916
31	M/09/31	أويل اكسكو – كندية	
32	M/09/32	الشيخ احمد مانع سعيد العتيبة - أيمرو اويل – امارتية	3.984
33	M/09/33	السيد سلفاتوري نيكوترا - آي . بي. أس الايطالية	
34	M/09/34	جي . أي . بيلفارم البلاروسية	1.982
35	M/09/35	ألكون بتروليوم لمتد ليختنشتاين	6.738
36	M/09/36	ميديا كونسلتنك – سويسرية	2.011

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq

Commercial Invoice No.: B/13/2001

Sold to : AREDIO PETROLEUM FRANCE
Exporting Port : MINA AL BAKR TERMINAL
Ship's Name : NORDMILLENNIUM
Destination : ONE OR TWO U.S. PORTS
Country of origin : IRAQ

Due date : 26.2.2001
Contract No. : M/09/23
BNP Confirmation no. : D 725637
Openinig Bank L/c No. : LCIM1156916
Shipment No. : BBL/3043

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (BASRAH LIGHT) 31.51 API GRAVITY AT 60° F	139,682.998	137,476.50	1,014,403	22.563	22,887,974.89
					22,887,974.89

Total EURO: TWENTY TWO MILLION EIGHT HUNDRED EIGHTY SEVEN TOUSAND NINE HUNDRED SEVENTY FOUR AND EIGHTY NINE CENTS

Price Calculation: WTI (SEWCON MONTH) MINUS $ 8.70/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 $ 0.24 API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB- ACCOUNT ,ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 2 8/1/2001

ORIGINAL

I.A.SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 88

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٦ ٦:٢٤:٢٥ PM

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحله

عمولات للفترة من لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
9	ALCON+FENAR	M/09/01	23,039,984	0.28	6,483,722.00	6,483,722.00	0.00
9	ALCON+FENAR	M/09/04	22,633,183	0.28	6,236,219.90	6,236,219.90	0.00
9	ALCON+FENAR	M/09/35	4,868,682	0.25	1,217,170.50	1,217,170.50	0.00
9	AREDIO	M/09/23	1,014,403	0.30	304,320.90	304,320.90	0.00
9	AVIN OIL	M/09/42	1,740,137	0.25	435,034.25	435,000.00	34.25
9	AWAD AMMORA	M/09/13	1,962,493	0.25	490,623.25	490,623.25	0.00
9	B.B. ENERGY	M/09/38	2,020,873	0.27	555,218.25	50,000.00	505,[illegible]
9	B.C.INTERNATIONAL(PVT)	M/09/91	1,914,971	0.25	478,742.75	478,742.75	[illegible]
9	BELMET	M/08/41	1,863,000	0.30	558,900.00	558,900.00	[illegible]
9	BELMET	M/09/08	4,851,657	0.30	1,455,497.10	1,455,463.80	[illegible]
9	BELPHARM	M/09/34	1,982,013	0.27	544,627.55	545,046.50	[illegible]
9	BULA RESOURSES	M/09/95	1,030,402	0.25	257,600.50	251,961.00	[illegible]
9	BULF DREILING AND OIL SERVIC	M/09/55	1,001,245	0.25	250,311.25	250,311.25	[illegible]
9	CAMTECH	M/08/100	500,000	0.30	150,000.00	150,000.00	[illegible]
9	CHAIYAPORN	M/09/100	1,977,670	0.30	593,301.00	593,301.00	[illegible]
9	CHINA OIL	M/08/13	910,340	0.25	227,585.00	227,358.00	[illegible]
9	COGEP	M/09/65	1,002,382	0.25	250,595.50	250,580.50	[illegible]
9	DELTA PETROLEUM	M/09/17	4,008,094	0.27	1,100,051.55	1,099,862.50	[illegible]
9	DELTA SERVICES	M/09/71	2,057,639	0.25	514,409.75	50,000.00	[illegible]
9	E.O.T.C	M/09/39	3,970,520	0.25	992,630.00	992,630.00	[illegible]
9	ENERGY RESOURCES	M/09/87	1,928,233	0.30	578,469.90	578,470.00	[illegible]
9	ERDEM HOLDING	M/09/02	4,002,725	0.30	1,200,817.50	1,200,810.00	[illegible]

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 89

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/11/04

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 91

9.This Contract shall be subject to SCR 986, SCR 1111, SCR 1143 SCR 1153, SCR 1210, SCR 1242, SCR 1281, SCR 1302, SCR 1330, SCR 1360,SCR1382, the Procedures and the Memorandum of Understanding between the Secretariat of the United nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

All other terms and conditions as per (Section Two) General Conditions of F.O.B. crude oil sales contract and attached appendixes 1 & 2 as per Contract No. M /10/38 dated 6/8/2001.

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and Communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:

STATE OIL MARKETING ORGANIZATION
P.O. BOX 5118 BAGHDAD – IRAQ
TELEX : 212198 – 212199 SOMO IK
TELEPHONE: 964-1-7742040 - 10 Lines FAX: 964-1-8853925

FOR BUYER:

MIDDLE EAST ADVANCED SEMICONDUCTOR ,INC.
AMMAN ,24 ABU ERSHEID CENTRE /GARDENS ST.-TLAA AL –ALI
TEL:9626 5533166/5532863/5522862
FAX:9626 –5533177
TLX:21199 MARJI JO.
P.O.BOX 7373 AMMAN (11118) JORDAN
E-MAIL FAWAZ@ MEASI .COM -JO

FOR OVERSEERS

UNITED NATIONS, NEW YORK, U.S.A.
FAX : 212 – 963 – 1628

This Contract has been done and signed on the 12th day of December 2001.

FOR SELLER
ALI R. HASSAN
ACTING EXECUTIVE DIRECTOR GENERAL
(S.O.M.O)

FOR BUYER
FAWAZ A. ZUREIKAT
PRESIDENT

14 Dec 01 19:09 Fawaz Zureikat 5339114 p.12

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/18304
Date: 4 Shawal, 1422 H
Equivalent to 12/19/2001

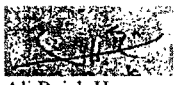
Stamp
Ministry of Oil/Office of the Minister
No.: 21214
Date: 12/20/2001

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the statement of allocations dated 12/10/2001, please find below the details of the contract signed with Middle East ASI Company (Mr. George Galloway)/Fawaz Zuraiqat:

Name of Company: Middle East Advanced Semiconductor.
Number of Contract: M/11/04
Date of Contract: 12/12/2001
Nationality: Jordanian
Quantity: (3) million barrels (2 millions of Basrah light and 1 million of Kirkuk)
Type of Crude Oil: Basrah light and Kirkuk
Period of Supply: until 11/25/2002
Destination of Crude Oil: Europe and America for Kirkuk, and the East and America for Basrah light
Pricing Formula: America, Europe, and the East
Estimated Value of Contract in Euro: about (66) million euros (Based on the rate of $20 per barrel)
Surcharge: As per the instructions of your Excellency over the phone on 12/11/2001 of not accepting the company's proposals unless they pay the debt incurred since phase eight.

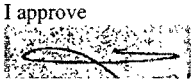
For your review and approval, please.



Ali Rajab Hassan
Acting Executive Director

For the approval of the minister

I approve



12/23

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 92

بسم الله الرحمن الرحيم

جمهورية العراق
وزارة النفط
شركة تسويق النفط (شركة عامة)

الرقم : خ/٢/ ١٨٢٠٤
التاريخ : ٤ /شوال/ ١٤٢٢ هـ
الموافق : ١٩/١٢/٢٠٠١م

وزارة النفط/مكتب الوزير
الرقم / ٢١٢١٤
التاريخ : ٢٠/١٢/٢٠٠١

(لا تقرب إليك من يظنك تحتقره)
الرئيس القائد (حفظه الله ورعاه)
٢٠٠٠/٨/٨

السيد وزير النفـــــط المحترم

م/ المصادقة على عقود النفط الخام

استنادا إلى كشف التخصيصات في ٢٠٠١/١٢/١٠ أدناه تفاصيل العقد الموقع مع شركـــــة MIDDLE EAST ADVANCED SEMICONDUCTOR (السيد علوي) فواز زريقات :-

١- إسم الشركـــــة : MIDDLE EAST ADVANCED SEMICONDUCTOR

٢- رقم العقـــــد : M/11/04

٣- تاريخ العقـــــد : ٢٠٠١/١٢/١٢

٤- الجنسيـــــة : أردنيـــــة

٥- الكميـــــة : (٣) مليون (٢ مليون بصرة خفيف و ١ مليون كركوك)

٦- نوع النفط الخـــام : بصرة خفيف وكركوك

٧- وجهة النفط الخـــام : أوربا وأمريكا بالنسبة لنفط كركوك والشرق وأمريكا بالنسبة لنفط البصرة الخفيف .

٨- التسعيـــــرة : أمريكا ، أوربا ، الشرق

٩- فترة التجهيـــز : لغاية ٢٠٠٢/٥/٢٩

١٠- القيمة التقديريـــة للعقد باليـــورو : حوالي (٦٦) مليون يورو (على أساس ٢٠ دولار للبرميل الواحد)

١١- مبلغ الاسترجـــاع : حسب توجيه سيادتكم هاتفيا يوم ٢٠٠١/١٢/١١ بعدم قبول ترشيحـــات الشركة ما لم يتم تسديد الدين المترتب عليها من المرحلة الثامنة .

يرجى التفضل بالاطلاع والمصادقة مع التقدير .

علي رجب حسـن
المدير التنفيذي وكالة

مصادقة السيد الوزير

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/238/2001

Sold to : ASI MIDDLE EAST ADVANCED SEMI CONDUCTOR INC.

Exporting port : MINA ALBAKR TERMINAL

Ships Name : JAHRE POLLUX

Destination : ONE OR TWO SAFE BERTH(S)/PORT(S) U.S.

Country of origin : IRAQ

Due date : 27/01/2002

Contract no. : M/11/04

BNP Confirmation no : W732681

Openinig Bank L/c No. : BCHA 43-013567

Shipment No. : BBL/3240

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 31.83 API GRAVITY AT 60 F °	324,417.551	319,292.90	2,360,860	15.742	37,164,658.12
					37,164,658.12

Total EURO : THIRTY SEVEN MILLION ONE HUNDRED SIXTY FOUR THOUSAND SIX HUNDRED FIFTY EIGHT AND TWELVE CENT

Price Calculation: WTI(SECOND MONTH)MINUS $ 6.00 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.21 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

FOR STATE OIL MARKETING ORGANIZATION

B/L DATED 29/12/2001

ORIGINAL

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 93

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٦ ٧:١٨:٤٢ PM

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحلة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
11	FENAR	M/11/65	3,397,101	0.30	1,019,130.30	1,019,130.30	0.00
11	FENAR	M/11/67	1,672,748	0.25	418,187.00	418,187.00	0.00
11	GHASSAN SHALLAH	M/11/28	200,000	0.25	50,000.00	50,000.00	0.00
11	HAMED EST	M/10/40	1,046,898	0.30	314,069.40	314,095.40	-26.00
11	HIU LTD	M/11/13	2,979,591	0.25	744,897.75	744,962.00	-64.25
11	HYPERXOREY	M/10/25	1,940,324	0.30	582,097.20	59,985.00	522,112.20
11	HYSON(NIGERIA)	M/11/120	1,017,7[illegible]	[illegible]70	[illegible]5,313.60	0.00	[illegible]
11	INCOMED TRADING	M/11/112	966,[illegible]7	[illegible]25	241,601.75	241,601.75	0.00
11	INCOMED TRADING	M/11/22	3,032,927	0.25	758,231.75	757,062.35	1,169.40
11	IVES COLTD	M/10/73	1,034,372	0.30	310,311.60	310,261.30	50.30
11	IVES COLTD	M/11/75	1,469,869	0.25	367,467.25	367,467.25	0.00
11	IVES COLTD	M/11/83	899,052	0.30	269,715.60	269,715.60	0.00
11	JAWALA	M/11/12	2,000,000	0.30	600,000.00	250,000.00	350,000.00
11	JORDAN GRAIN	M/11/61	1,800,000	0.25	450,000.00	450,000.00	0.00
11	JORDAN GRAIN	M/11/94	1,635,348	0.30	490,604.40	490,604.00	0.40
11	MACHINOIMPORT	M/11/17	3,042,671	0.30	912,801.30	912,771.30	30.00
11	MACHINOIMPORT	M/11/79	3,366,413	0.27	916,603.25	916,603.25	0.00
11	MARBEL RESOURCES	M/10/16	525,000	0.30	157,500.00	157,500.00	0.00
11	MED NAFTA	M/11/55	8,094,595	0.30	2,428,378.50	2,388,708.51	39,669.99
11	MEDCO	M/11/34	1,873,996	0.25	468,499.00	461,567.70	6,931.30
11	MEDEX SERVICES	M/10/87	1,039,555	0.30	311,866.50	311,866.50	0.00
11	MIDDLE EAST ADVANCED SEMI CONDUCTOR	M/11/04	2,360,860	0.30	708,258.00	0.00	708,258.00

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 94

STATE OIL MARKETING ORGANIZATION
CRUDE OIL SALES CONTRACT

NO. M /12/14

00 Jan 02 00:00 Fawaz Zureikat 5539114 p.2

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 95

ARTICLE TEN

ADDRESSES:
In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and Communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:
STATE OIL MARKETING ORGANIZATION
P.O. BOX 5118 BAGHDAD – IRAQ
TELEX : 212198 – 212199 SOMO IK
TELEPHONE: 964-1-7742040 - 10 Lines FAX: 964-1-8853925

FOR BUYER:
MIDDLE EAST ADVANCED SEMICONDUCTOR ,INC.
P.O.BOX 7373 AMMAN(11118) JORDAN
AMMAN ,24 ABU ERSHEID CENTRE /GARDENS ST.-TLAA AL- ALI
TEL .9626 5533166/5532863/5522862
FAX :9626 5533177
E-MAIL :. FAWAZ@ MEASI .COM•JO.

FOR OVERSEERS

UNITED NATIONS, NEW YORK, U.S.A.
FAX : 212 – 963 – 1628

This Contract has been done and signed on the 3rd day of June , 2002 .

FOR SELLER
ALI R. HASSAN
ACTING EXECUTIVE DIRECTOR GENERAL

FOR BUYER
FAWAZ A. ZUREIKAT
PRESIDENT

00 Jan 02 00:00 Fawaz Zureikat 5539114 p.14

Oil Marketing Company (State Company)

To: The Financial Department
From: Crude Oil Marketing Second Department

No.: KH2/66
Date: 06/04/2002

RE: Contract No. M/12/14 with Middle East ASI **(Mr. Galloway)**

On 06/03/2002, we signed a contract with the aforesaid company to supply it with quantity of crude oil as per the following terms:

Number of Contract: M/12/14
Date: 06/03/2002
Name of Company: Middle East Semiconductor
Nationality: Jordanian
Quantity & Quality: (3) million barrels (2 millions of Basrah and 1 million of Kirkuk)
Destination of Oil: Europe and America for Kirkuk oil, and America and The East for Basrah light
Pricing Formula: depending on destination
Period of Supply: until 11/25/2002
Approval of Overseers: we will inform you of the approval later on
Other Terms: as per the general terms in force for the company's sales FOB Al-Bakr and Ceyhan terminals

Please be informed and act accordingly.

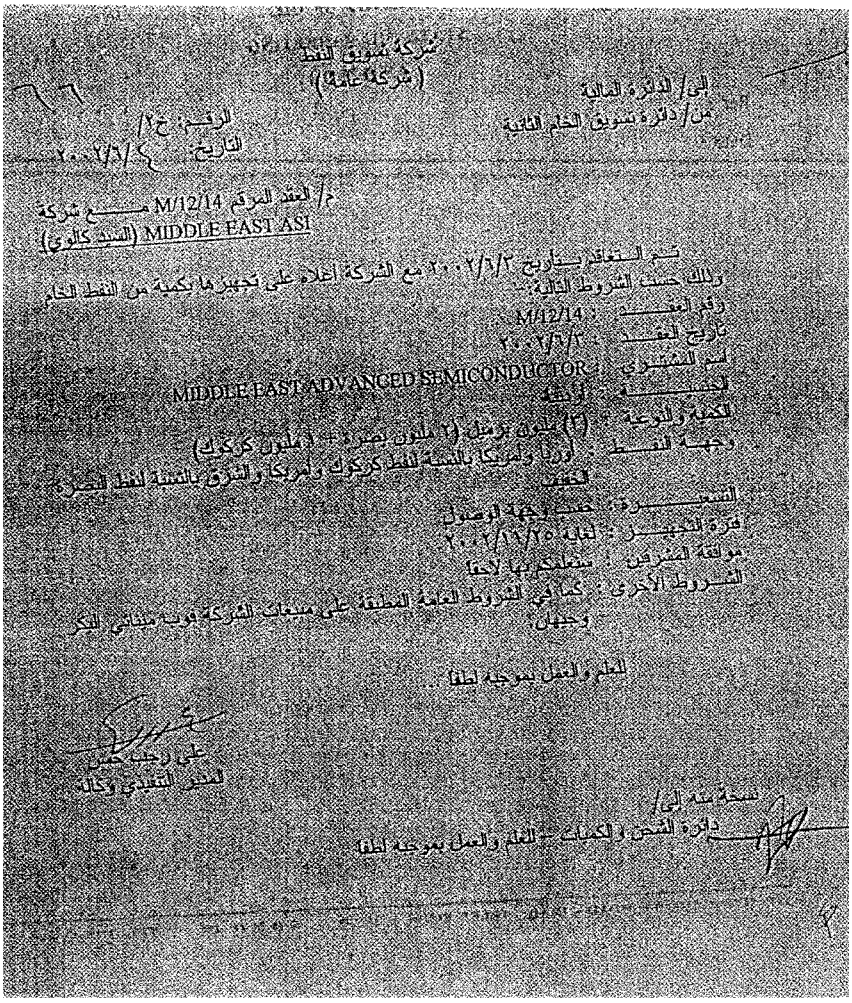


Ali Rajab Hassan
Acting Executive Director

Cc:

Shipping & Quantities Department / please be informed and act accordingly

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 96



شركة تسويق النفط
(شركة عامة)

الى/ الدائرة المالية
من/ دائرة تسويق الخام الثانية

الرقم: خ٢/
التاريخ: ٢٠٠٢/٦/٤

م/ العقد المرقم M/12/14 مع شركة
MIDDLE EAST ASI (السيد كالوي)

تم التعاقد بتاريخ ٢٠٠٢/٦/٣ مع الشركة أعلاه على تجهيزها بكمية من النفط الخام وذلك حسب الشروط التالية:-

رقم العقد : M/12/14
تاريخ العقد : ٢٠٠٢/٦/٣
اسم المشتري : MIDDLE EAST ADVANCED SEMICONDUCTOR
الجنسية : أردنية
الكمية والنوعية : (٣) مليون برميل (٢ مليون بصرة + ١ مليون كركوك)
وجهة النفط : أوربا وأمريكا بالنسبة لنفط كركوك وأمريكا والشرق بالنسبة لنفط البصرة الخفيف
التسعيرة : حسب وجهة الوصول
فترة التجهيز : لغاية ٢٠٠٢/١١/٢٥
موافقة المشرفين : سنعلمكم بها لاحقا
الشروط الأخرى : كما في الشروط العامة المطبقة على مبيعات الشركة فوب ميناءي البكر وجيهان

للعلم والعمل بموجبه لطفا

علي رجب حسن
المدير التنفيذي وكالة

نسخة منه إلى/
دائرة الشحن والكميات - للعلم والعمل بموجبه لطفا

Stamp

Ministry of Oil/Office of the Minister
No.: 9825
Date: 06/04/2002

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/6447
Date: 23 Rabi' I, 1423 H
Equivalent to 06/04/2002

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the statement of allocations dated 05/22/2002, please find below the details of the contract signed with Middle East ASI Company (on behalf of Mr. George Galloway):

Name of Company: Middle East Advanced Semiconductor.
Number of Contract: M/12/14
Date of Contract: 06/03/2002
Nationality: Jordanian
Quantity: (3) million barrels
Type of Crude Oil: (2) million barrels of Basrah and (1) million barrels of Kirkuk
Period of Supply: until 11/25/2002
Destination of Crude Oil: Europe and America for Kirkuk, and America and The East for Basrah light
Pricing Formula: depending on destination
Estimated Value of Contract in Euro: about (66) million euros (Based on the rate of $20 per barrel)
Surcharge: payable within (30) days from the date of loading

For your review and approval, please.

Ali Rajab Hassan
Acting Executive Director

For the approval of the minister

I approve

06/06

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 97

٩٨٢٥

بسم الله الرحمن الرحيم

جمهورية العراق
وزارة النفط
شركة تسويق النفط(شركة عامة)

الرقم : خ٢/ ٦٤٤٧
التاريخ : ٢٧ /ربيع الأول/١٤٢٣هـ
الموافق : ٢٧ / حزيران /٢٠٠٢م

(لا تعمل كل ما أنت قادر على القيام به وإنما ما يعد صحيحاً
ومشروعاً على أساس المبادئ التي تؤمن بها بعد الاتكال على الله)
الرئيس القائد (حفظه الله ورعاه)
٢٠٠٠/٨/٨

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

استناداً إلى كشف التخصيصات في ٢٠٠٢/٥/٢٢ أدناه تفاصيل العقد الموقع مع شركة MIDDLE EAST ASI (لصالح السيد جورج كالوي) .

اسم الشركـــــــة : MIDDLE EAST ADVANCED SEMICONDUCTOR

رقم العقـــــــد : M/12/14

تاريخ العقـــــد : ٢٠٠٢/٦/٣

الجنسيـــــــة : أردنية

الكميـــــــة : (٣) مليون برميل

نوع النفط الخـــام : ٢ مليون بصرة + ١ مليون كركوك

فترة التجهيـــز : لغاية ٢٠٠٢/١١/٢٥

وجهـة النفط الخـــام: أمريكا وأوربا بالنسبة لنفط كركوك وأمريكا والشرق بالنسبة لنفط البصرة الخفيف .

التسعيـــــرة : حسب وجهة الوصول

القـيمة الـتقديرية للعقد باليورو: حوالي (٦٦) مليون يورو (على أساس ٢٠ دولار للبرميل الواحد) .

مبلغ الاسترجـــاع : يدفع خلال (٣٠) يوم بعد التحميل .

يرجى التفضل بالاطلاع والمصادقة . مع التقدير

علي رجب حسن
المدير التنفيذي وكالة

مصادقة السيد الوزير

12/12/2002 12:59 FAX 1 917 36 @005
FROM : SOMO-BAGHDAD******
Dec. 12 2002 12:41PM PS
Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 98

AK, HT, MJ

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No. : B/196/2002

Sold to	:	ASI MIDDLE EAST ADVANCED SEMI CONDUCTOR INC.	Due date	:	17/12/2002
Exporting port	:	MINA ALBAKR TERMINAL	Contract no.	:	M/12/14
Ships Name	:	BERGE BORG	BNP Confirmation no	:	X737908
Destination	:	ONE OR TWO SAFE BERTH(S)/PORT(S) U.S.	Openning Bank L/c No.	:	LCIM1266641
Country of origin	:	IRAQ	Shipment No.	:	BBL/3389 (1)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 30.35 API GRAVITY AT 60 F °	138,680.837	136,490.17	1,000,000	20.167	20,167,000.00
					20,167,000.00

Total EURO : TWENTY MILLION ONE HUNDRED SIXTY SEVEN THOUSAND ONLY

Price Calculation: WTI(SECOND MONTH)MINUS $ 6.40 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.36 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

Y.H.IBR

For State Oil Marketing Organization

B/L DATED 18/11/2002

ORIGINAL

12/19/2002 10:53 FAX 1 917 367 2118 ALCOA 209-A 001

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/208/2002

Sold to : ASI MIDDLE EAST ADVANCED SEMI CONDUCTOR INC.

Due date : 24/12/2002

Exporting port : MINA ALBAKR TERMINAL

Contract no. : M/12/14

Ships Name : POLYTRADER

BNP Confirmation no. : X738089

Destination : ONE OR TWO SAFE BERTH(S)/PORT(S) EUROPE

Openning Bank L/c No. : LCIM1268821

Country of origin : IRAQ

Shipment No. : BBL/3386 (1)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 29.32 API GRAVITY AT 60 F.°	55,828.249	54,946.56	400,000	22.050	8,820,000.00
					8,820,000.00

Total EURO : EIGHT MILLION EIGHT HUNDRED TWENTY THOUSAND ONLY

Price Calculation: DATED BRENT MINUS $ 4.20 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.46 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT ACCOUNT NUMBER 0260-201752-002-05

B/L DATED 25/11/2002

ORIGINAL

Y.H.IBRAHIM
For State Oil Marketing Organization

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/13/48

Permanent Subcommittee on Investigations
PSI Staff Rpt(PG)-FN 100

9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143 SCR 1153, SCR 1210, SCR 1242, SCR 1281, SCR 1302, SCR 1330, SCR 1360, SCR 1382, SCR 1409, SCR 1447, the Procedures and the memorandum of Understanding between the Secretariat of the United nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).
All other terms and conditions as per the standard SOMO General Conditions of F.O.B. crude oil sales contract (Section Two) .
As per our contract No. M/12/16 Dated 3/6/2002.

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and Communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:
STATE OIL MARKETING ORGANIZATION
P.O. BOX 5118 BAGHDAD – IRAQ
TELEX : 212198 – 212199 SOMO IK
TELEPHONE: 964-1-7742040 - 10 Lines FAX : 964-1-8853925

FOR BUYER:
MIDDLE EAST ADVANCED SEMICONDUCTOR, INC.
P.O.BOX. 7373 AMMAN (11118) JORDAN
AMMAN, 24 ABU ERSHEID CENTRE / GARDENS ST. TALAA AL-ALI
TEL: 9626 5533166/5532863/5522862
FAX: 9626 5533177
E-MAIL:FAWAZ@MEASI.COM..JO

FOR OVERSEERS
UNITED NATIONS, NEW YORK, U.S.A.
FAX : 212 – 963 – 1628

This Contract has been done and signed on the 7TH day of January 2003.

FOR SELLER 21.1.2003
RAFID A. JASSIM
DIRECTOR GENERAL
S O M O

FOR BUYER
FAWAZ A. ZUREIKAT
PRESIDENT

In the name of God, Most Gracious, Most Merciful

To: The Financial Department
From: Crude Oil Marketing Second Department

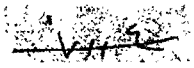
No.: KH2/15
Date: 01/25/2003

RE: Contract No. M/13/48 with Middle East ASI **(Mr. Galloway)**

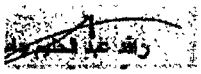
On 01/07/2003, we signed a contract with the aforesaid company to supply it with quantity of crude oil as per the following terms:

Number of Contract: M/13/48
Date: 01/07/2003
Name of Company: Middle East Semiconductor, Inc.
Nationality: Jordanian
Quantity & Quality: (1) million barrels of Basrah light crude oil and (1) million barrels of Kirkuk
Destination of Crude Oil: America and the East for Basrah, and Europe and America for Kirkuk
Pricing Formula: depending on destination
Period of Supply: until 06/02/2003
Approval of the Overseers: we will inform you of the overseers' approval once we receive it
Address of the Company: as in the previous contract
Other Terms: as per the general terms in force for the company's sales FOB Al-Bakr terminal

Please be informed and act accordingly.



Ali Rajab Hassan
Head of Oil Marketing Second Department



Rafid Abd-al-Halim Jassem
General Director
Chairman of Board of Directors

Cc:

Shipping & Quantities Department / please be informed and act accordingly

Permanent Subcommittee on Investigations
PSI Staff Rpt(PG)-FN 101

بسم الله الرحمن الرحيم

إلى / الدائرة الماليـــــــــــة
من / دائرة تسويق الخام الثانية

الرقم : خ/ ١٥
التاريخ : ٦/١/٢٠٠٣م

م/ العقد المرقم M/13/48 الموقع مع شركـــة
MIDDLE EAST ASI (السيد كلـــــوي)

تم التعاقد بتاريخ ٢٠٠٣/١/٧ مع الشركة أعلاه على تجهيزها بكمية من النفط الخام وذلك حسب الشروط التالية:-

رقم العقـــــد : M/13/48

التاريـــــخ : ٢٠٠٣/١/٧

اسم الشركـــة : MIDDLE EAST ADVANCED SEMICONDUCTOR, INC.

الجنسيـــــة : أردنية

الكمية والنوعية : (١) مليون برميل نفط خام بصرة خفيف + (١) مليون برميل كركوك

وجهة النفـــط : أمريكا والشرق بالنسبة لنفط البصرة وأوربا وأمريكا بالنسبة لنفط كركوك

التسعيـــــرة : حسب وجهة الوصول

فترة التجهيـــز : لغاية ٢٠٠٣/٦/٢

موافقة المشرفين : سنعلمكم بموافقة المشرفين حال ورودها إلينا .

عنوان الشركـــة : كما في العقد السابق.

الشروط الأخرى : كما في الشروط العامة المطبقة على مبيعات الشركة فوب ميناء البكر

للعلم والعمل بموجبه لطفـــــــا .

علي رجب حسن
رئيس دائرة تسويق الخام الثانية

رافد عبد الحكيم جاسم
المدير العـــــام
رئيس مجلس الإدارة

نسخة منه إلى /-
دائرة الشحن والكميات / للعلم والعمل بموجبه لطفا

United States Senate
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
Committee on Homeland Security and Governmental Affairs

Norm Coleman, Chairman
Carl Levin, Ranking Minority Member

REPORT ON OIL ALLOCATIONS GRANTED TO VLADIMIR ZHIRINOVSKY

PREPARED BY THE

MAJORITY AND MINORITY STAFFS OF THE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

RELEASED IN CONJUNCTION WITH THE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS MAY 17, 2005, HEARING

OIL FOR INFLUENCE: HOW SADDAM USED OIL TO REWARD POLITICIANS UNDER THE UNITED NATIONS OIL-FOR-FOOD PROGRAM

TABLE OF CONTENTS

I. **BACKGROUND** 1
A. Saddam's Manipulation of the Oil for Food Program 1
B. Zhirinovsky's Political Career 3
C. Zhirinovsky's Relationship with the Hussein Regime 3

II. **EVIDENCE THAT VLADIMIR ZHIRINOVSKY WAS GRANTED LUCRATIVE OIL ALLOCATIONS** 4
A. Summary of Evidence Concerning Allocations Granted to Zhirinovsky 4
B. The First Allocation (Phase II) 5
1. Letter from Zhirinovsky Requesting OFF Contracts 5
2. Meeting between Iraqi Ambassador and Zhirinovsky's Deputy 6
3. Oil Minister's Instruction to Grant an Allocation to Zhirinovsky 6
4. Meeting between Zhirinovsky and Hussein Regime Regarding OFF Opportunities 7
5. Letter from Tariq Aziz Concerning Zhirinovsky's Oil for Food Delegation .. 7
6. Sidanco Contracts for Zhirinovsky's Allocation 7
7. Zhirinovsky Meets with Saddam Hussein and Tariq Aziz 8
C. The Second Allocation (Phase III) 8
D. The Third Allocation (Phase IV) 9
1. Vice-President of Iraq Approves Allocation to Zhirinovsky in Phase IV 9
2. Sidanco Contracts for Zhirinovsky's Oil 9
3. Zhirinovsky Receives an Additional Allocation of 3 Million Barrels in Phase IV 10
E. The Fourth Allocation (Phase V) 10
1. Bayoil Aggressively Pursued Russian Oil Companies 11
2. Bayoil Orchestrates the Purchase of Zhirinovsky's Oil Allocation 12
3. Bayoil Uses Nafta as an Intermediary to Buy Oil Allocated to Zhirinovsky .. 16
4. Shipments under Contract M/05/50 17
F. The Fifth Allocation (Phase VI) 17
1. Zhirinovsky Authorizes Nafta to Purchase His Oil Allocation 18
2. On Behalf of Bayoil, Nafta Contracts for Zhirinovsky's Oil 18
3. SOMO Confirms Nafta's Contract is on Behalf of Zhirinovsky and His Political Party 19
4. Nafta's Contract is Increased to 10 Million Barrels 19
5. Unknown Payments from Bayoil Related to Contract M/06/25 21
6. Zhirinovsky Requests Additional Oil in Phase VI 22
G. The Sixth Allocation (Phase VII) 22
1. Zhirinovsky Visit to Iraq 22
2. Tyumen Signs Contract "on Behalf of the Liberal Democratic Party of Russia (Mr. Zhirinovsky)" 22
3. Bayoil Pays Roughly $1 Million to a "Russian" in Connection with Contract M/07/90 23
4. Additional Evidence of Zhirinovsky's Phase VII Allocation 24
H. The Seventh Allocation (Phase VIII) 25
1. SOMO Grants Zhirinovsky an Oil Allocation for Phase VIII 25
2. Bayoil Contracts with Tyumen to Buy the Allotted Oil 26
3. Oil Liftings for Contract M/08/40 and Dubious Payments Totaling $2.45 Million 26
4. Bayoil Financed Illegal Surcharges to the Hussein Regime 27
5. Zhirinovsky Paid Illegal Surcharges by Giving a Building to Iraq 28
I. The Eighth Allocation to Zhirinovsky (Phase IX) 30
1. Zhirinovsky Leads Another Delegation to Iraq 30
2. While Zhirinovsky is in Baghdad, a Russian Company Contracts for His Allotment of Oil 30
J. The Ninth Allocation (Phase X) 30

1. Zhirinovsky Receives 9th Allocation and Machinoimport Contracts for the Allotted Oil 30
2. Bayoil Contracts with Machinoimport 31
3. Bayoil Lifts Oil Allocated to Zhirinovsky and Pays More Than $800,000 to Machinoimport 32
4. Machinoimport Pays a Massive Surcharge to the Hussein Regime 32
K. The Tenth Allocation (Phase X) 33
1. Zhirinovsky Receives Another Allocation and Lukoil is the Contracting Party 33
2. Lukoil Lifts the Oil on Behalf of Bayoil and Bayoil Pays $1.1 Million Surcharge 33
L. The Thirteenth Allocation (Phase XI) 34
M. The Fourteenth Allocation (Phase XII) 35

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This Report presents the evidence gathered by the U.S. Senate Permanent Subcommittee on Investigations (the "Subcommittee") establishing that Russian official Vladimir Zhirinovsky was granted lucrative allocations of oil from the Hussein regime under the U.N. Oil for Food Program.[1] In addition, this Report reveals how Zhirinovsky assigned those allocations to Bayoil, an American oil trader, for commissions of hundreds of thousands – if not millions – of dollars.[2] More importantly, the Subcommittee's evidence demonstrates that, in giving money to Zhirinovsky, Bayoil knew that it was paying a Russian official on behalf of the Hussein regime – in short, the Subcommittee's evidence establishes that Bayoil knowingly acted as a conduit between Saddam Hussein and Vladimir Zhirinovsky. Finally, this Report details how Zhirinovsky, Bayoil and certain Russian entities paid millions of dollars in illegal, under-the-table surcharges to the Hussein regime in connection with these oil transactions.

The evidence contained in this Report includes at least six documents related to oil allocations signed by Vladimir Zhirinovsky himself. In addition, the evidence includes more than 30 documents from the Iraqi Ministry of Oil that expressly identify Vladimir Zhirinovsky or his political party. That evidence is presented below.

I. BACKGROUND

A. Saddam's Manipulation of the Oil for Food Program

Under the Oil for Food Program, Iraq was permitted to sell its oil and use those proceeds to purchase food, medicines, and other humanitarian goods. Despite Oil for Food's noble intentions, the Hussein regime quickly exploited the Program for its own political purposes. One of its chief manipulations was the exploitation of "oil allocations" to garner political influence around the globe.[3]

To understand how the Hussein regime manipulated these oil transactions, one must begin with how Iraq sold its crude oil under the Program. The arm of the Iraqi government that managed the sale of Iraqi crude oil was the State Oil Marketing Organization, commonly called "SOMO." In order to manage the volume of oil flowing through its pipelines, the Iraqis divided its oil supply into discrete units, typically ranging from 1 to 10 million barrels. They then allocated these units to prospective oil purchasers, essentially giving those recipients an option to purchase that allotment of oil. These options are typically called "allocations." Assuming that SOMO and the purchaser could agree on other contractual terms, such as the loading schedule, the purchaser would contract with SOMO and proceed to buy the oil from Iraq.[4] The Iraqis repeated this allocation process for each of the 13 phases of the Oil for Food Program.

Soon after the initiation of the Oil for Food Program, the Hussein regime manipulated this allocation process to maximize Iraq's influence around the world. As one Hussein regime official described the scheme, Saddam used oil to his geopolitical and strategic advantage.[5] The plan was simple: rather than granting allocations to traditional oil purchasers, Iraq gave priority to foreign officials, journalists, and even terrorist entities.[6] The central purpose of this tactic,

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[1] The term "Oil for Food Program" refers to the program implemented pursuant to United Nations Security Council Resolution 986, dated April 14, 1995, and the Memorandum of Understanding between the United Nations and the Government of Iraq on May 20, 1996. Throughout this Report, the Oil for Food Program may be called the "Program" and the "OFF Program."

[2] The term "Bayoil" refers to the Houston-based oil trading company Bayoil (USA) Inc., and its subsidiaries and affiliates, such as Bayoil Supply and Trading Limited, Bayoil Technologies, and Bayoil SA.

[3] For a more complete discussion of the oil allocation process and how Saddam Hussein's regime manipulated that process, please see the testimony of Mark L. Greenblatt, Counsel to the Permanent Subcommittee on Investigations, before the Subcommittee, dated November 15, 2004.

[4] Oil purchases under the Oil for Food Program were quite different from typical oil transactions. In particular, the U.N. was heavily involved in the sale of Iraqi oil under the Oil for Food Program. For instance, the U.N.'s Oil Overseers had to approve contracts signed between SOMO and oil purchasers, and participated in the setting and approval of the price for Iraqi oil. U.N. agents were also tasked with inspecting and verifying the loading of oil at authorized oil terminals. In addition, the proceeds from oil sales were held in escrow in a U.N.-monitored account at BNP Paribas, and could be used only to purchase approved goods under the Program.

[5] Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

[6] Subcommittee Interview of Deputy Prime Minister Tariq Aziz, April 21, 2005; Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005; Subcommittee Interview of Senior Hussein Regime Official

according to senior officials of the Hussein regime interviewed by the Subcommittee, was to engender international support for the Hussein regime and against the U.N.'s sanctions.[7]

By allocating the oil to favored people or entities, the regime forced oil purchasers to obtain allocations from those favored few. Those allocation holders essentially became gatekeepers to Iraqi oil. As gatekeepers, they demanded a "commission," which typically ranged from 3 to 30 cents per barrel. In light of the fact that most allocations consisted of millions of barrels of oil, such commissions were quite lucrative, reaching hundreds of thousands of dollars per allocation. Therefore, these allocations were extremely valuable, and by doling them out to favored individuals and entities, the Hussein regime could siphon millions of dollars to a foreign official, journalist, or terrorist entity – *without actually paying a dime.*

In an interview with the U.S. Treasury Iraqi Financial Asset Team, a Hussein regime official described how Saddam Hussein devised this plan in simple terms:

> [The source] stated that Saddam Hussein began to utilize the Memorandum of Understanding [the Oil for Food Program] to sell oil to people who supported him. [The source] explained that this was done in order to enhance the power of Saddam Hussein. Saddam Hussein instructed that the price [of oil] should be made as low as possible and made beneficial to his supporters. Inside SOMO this system was nicknamed the "Saddam Bribery System."[8]

Other senior members of the Hussein regime confirmed that the "Saddam Bribery System" used oil allocations to buy political influence around the world. For instance, the Vice President of the Hussein regime, Taha Yassin Ramadan, confirmed to the Subcommittee that the allocations were indeed "compensation for support."[9] The Vice President also confirmed that "I know these people [i.e., allocation grantees] get [a] benefit."[10] Another senior Hussein official confirmed that the allocation scheme was "buying influence."[11] When asked whether allocation recipients would make a profit from the oil transactions, that official declared: "That's the whole point."[12]

The Hussein regime used these lucrative allocations in its primary political struggle – ending U.N. sanctions. To that end, it primarily favored those individuals and entities from countries on the U.N. Security Council. Senior Hussein regime officials and numerous Ministry of Oil documents confirm that the regime steered a massive portion of its allocations toward Security Council members that were believed by the Hussein regime to support Iraq in its efforts to lift sanctions – namely, Russia, France, and China.[13] For example, several Oil Ministry charts expressly separate the allocation recipients by country and specify whether the country is a permanent member of the Security Council. Russia, a permanent member of the Security Council, was consistently the largest recipient of oil allocations and, according to one Hussein regime official, this affinity for Russia resulted from Saddam's desire to show "gratitude" to the Russians for their support at the U.N. Security Council.[14] To ensure that the profits of the oil transactions would remain in the favored country, allocations recipients were required to assign

---

No.1, April 2005. Terrorist individuals and entities who received allocations include the Popular Front for the Liberation of Palestine and Abu Abbas.

[7] *Id.*

[8] Memorandum of Interview of former regime official by U.S. Treasury Iraqi Financial Asset Team on March 24, 2004 (Interview #50). In order to protect the sources and methods used to obtain this evidence, memoranda of interviews conducted by the Subcommittee and the U.S. Treasury Iraqi Financial Asset Team are not included as exhibits to this Report.

[9] Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005.

[10] *Id.*

[11] Subcommittee Interview of Senior Hussein Regime Official No. 2, April 2005; *see also* Subcommittee Interview of Deputy Prime Minister Tariq Aziz, April 21, 2005; Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

[12] Subcommittee Interview of Senior Hussein Regime Official No. 2, April 2005.

[13] Subcommittee Interview of Deputy Prime Minister Tariq Aziz, April 21, 2005; Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005 (describing a "priority list" of countries that were supportive of Iraq and were granted preferential treatment in oil allocations); Comprehensive Report of the Special Advisor to the DCI on Iraq's WMD dated September 30, 2004, Volume 1 ("Duelfer Report"), p. 31.

[14] Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

their oil rights to purchasers in their country.[15] For instance, in one document examined below, the Iraqis instructed Zhirinovsky that a Russian company, not an American one, must contract for the oil allotted to him.

The recipients of the allocations were determined by a committee of Saddam Hussein's closest advisors, including Deputy Prime Minister Tariq Aziz and the Minister of Oil Amir Muhammad Rashid.[16] The committee was led by the Vice President of Iraq, Taha Yassin Ramadan.[17] Every six months, the committee would meet to review the allocations and make decisions concerning allocations in the upcoming phase.[18] The committee would evaluate "Special Requests" made by individuals around the world who were soliciting allocations.[19] The principal criterion for granting the "Special Requests" – *i.e.*, granting an allocation – was the individual's support for Iraq.[20] Once the committee determined the allocations for the upcoming phase, the Vice President would generally discuss the allocations with Saddam Hussein.[21]

B. Zhirinovsky's Political Career

A prominent politician in Russia, Vladimir Zhirinovsky has long championed an ultra-nationalist, anti-West agenda. Zhirinovsky founded the Liberal Democratic Party of Russia (commonly called the "LDPR") in 1990 and ran for President of Russia in 1991, 1995, and 2000. Known for fiery rhetoric, Zhirinovsky gained only 8% of the popular vote in the 1991 presidential race. In the parliamentary elections of 1993, however, the LPDR stunned the world by winning 23% of Russian votes and became the second-largest faction in the Duma. In 1995, Zhirinovsky wrote a book entitled "I Spit on the West," which the LDPR called "a literary work" and a "philosophical book." In 1995, the meteoric rise of LDPR and Zhirinovsky slowed a bit, and Zhirinovsky won only 6% of the popular vote in the presidential race. In addition, LDPR's representation in the Duma dropped to 11%, making it the third largest faction in the parliament. The LDPR lost additional Duma seats in 1999, and Zhirinovsky's bid for president in 2000 netted him a meager 2.7% of the vote. In 2003, however, Zhirinovsky's party improved its standing, capturing 12% of the Duma. According to a December 2003 article in the *Washington Post*, Zhirinovsky was "back in vogue in Russian politics."[22]

Recently, Zhirinovsky became involved in yet another controversy. On March 30, 2005, Zhirinovsky reportedly started a fistfight with opposing members of the Duma.[23] During the brawl, Zhirinovsky spit on another parliamentarian. Zhirinovsky allegedly received a concussion in the melee. As a result of his misconduct, he was barred from speaking in the Duma for a month.[24]

C. Zhirinovsky's Relationship with the Hussein Regime

For years, Zhirinovsky was a tireless and vocal supporter of Saddam Hussein's regime. For example, when negotiations concerning the Oil for Food Program were underway in 1995, Zhirinovsky led a delegation of 50 people to Baghdad and called for the immediate end to U.N. sanctions against Iraq.[25] During the trip, he met with Saddam Hussein, Deputy Prime Minister Tariq Aziz and Speaker of the National Assembly Saadi Mehdi Saleh.[26] He signed "an agreement on cooperation between the parliament of Iraq and the LDPR faction."[27] In addition,

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[15] *Id.*

[16] Subcommittee Interview of Deputy Prime Minister Tariq Aziz, April 21, 2005; Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005; Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

[17] Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005; Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

[18] Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005.

[19] *Id.*

[20] *Id.*

[21] *Id.*

[22] *See* Washington Post, "Russia Votes as Putin Says," December 9, 2003.

[23] *See* Herald Sun (Australia), "Zhirinovsky sanctioned after Duma spat," March 30, 2005.

[24] *Id.*

[25] *See* Mideast Mirror, "An Arab Day of Solidarity with Iraq," February 28, 1995.

[26] *See* Xinhua News Agency, February 28, 1995.

[27] *See* Official Kremlin International News Broadcast, March 5, 1995.

he signed an agreement on "inter-party ties" between the Hussein-controlled Baath Party and the LDPR.[25]

In August 1996, just a few months before the onset of the Oil for Food Program, Zhirinovsky made a 3-day visit to Iraq.[26] During the trip, he met with Saddam Hussein, Tariq Aziz and the Minister of Trade, offering pledges of support in Iraq's effort to end U.N. sanctions. Zhirinovsky reportedly told Hussein that his political party, the LDPR, and Russian nationalist forces "favor the development of relations between Iraq and Russia."[27]

Such pro-Iraq comments were commonplace for Zhirinovsky, especially during his frequent trips to Iraq. Over the life of the Oil for Food Program, Zhirinovsky traveled to Iraq on at least 16 occasions. Those visits followed a similar pattern, in which Zhirinovsky would lead a delegation of Russian politicians to Baghdad, meet with Saddam Hussein, Tariq Aziz or other senior members of the Hussein regime, and would frequently declare his support for the Hussein regime and denounce U.N. sanctions against Iraq. A handful of those trips are discussed in this Report.

II. EVIDENCE THAT VLADIMIR ZHIRINOVSKY WAS GRANTED LUCRATIVE OIL ALLOCATIONS

A. Summary of Evidence Concerning Allocations Granted to Zhirinovsky

After the fall of the Hussein regime, the Iraqi Ministry of Oil compiled data concerning the activities of the regime during the Oil for Food Program.[28] In doing so, SOMO created several charts revealing who was granted oil allocations for each phase, and how much profit the allocation recipient or oil purchaser generated from the transactions.

According to these SOMO documents, the Hussein regime allocated millions of barrels of oil to Zhirinovsky and his political party, the LDPR, under the Oil for Food Program. Those allocations occurred throughout the life of the Oil for Food Program, starting in Phase II (mid-1997) and continuing through Phase XII (late 2002). SOMO's documents indicate that the allocations were quite lucrative for Zhirinovsky and the LDPR, generating an estimated $8.679 million.[29] The information in those Ministry of Oil charts is reflected in the chart below:

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[25] *Id.*

[26] *See* Agence France Presse, "Zhirinovsky Wraps up Visit to Iraq After Pledging Support," August 22, 1996.

[27] *Id.*

[28] *See* SOMO charts entitled "Table No. 1: Quantities of Crude Oil Allocated to the Companies during the Phases of the Memorandum of Understanding," and "Table No. 3: An Estimate of the Profits the Companies and Russian Parties made from Purchasing the Iraqi Crude Oil during the Phases of the Memorandum of Understanding." According to numerous sources and documents, officials in the Iraqi government would routinely refer to the Oil for Food Program as "the Memorandum of Understanding," or similar terms. This term refers to the Memorandum of Understanding executed on May 20, 1996 between the Government of Iraq and the United Nations Secretariat that governed the implementation of U.N. Security Council Resolution 986. For purposes of this Report, these charts will be called the "SOMO Allocation Charts."

[29] *See* SOMO Allocation Chart, Table No.3.

OIL ALLOCATIONS TO VLADIMIR ZHIRINOVSKY AND/OR HIS POLICITAL PARTY UNDER THE OIL FOR FOOD PROGRAM & ESTIMATED PROFITS

PHASE	DATES	ALLOCATION AMOUNT	SOMO ESTIMATE OF ZHIRINOVSKY'S PROFITS
II	June 1997 – December 1997	3 6 Million	$360,000
III	December 1997 – May 1998	7 2 Million	$700,000
IV	May 1998 – November 1998	19 Million	$2,000,000
V	November 1998 to May 1999	10 Million[30]	$890,000
VI	May 1999 – December 1999	10 Million	$735,000
VII	December 1999 – June 2000	6 5 Million	$488,000
VIII	June 2000 – December 2000	9 Million	$2,275,000
IX	December 2000 – July 2001	6 Million	(contract not performed)
X	July 2001 – November 2001	4 Million	$833,000
XI	December 2001 – May 2002	5 5 Million	$398,000
XII	May 2002 – December 2002	4 0 Million	(contract not performed)
Total Allocations to Zhirinovsky and Estimated Profits		**75.8 Million**	**$8,679,000**

Senior Hussein officials that were interviewed by this Subcommittee further verified that Zhirinovsky was granted oil allocations from the Hussein regime. For instance, the Vice President of the regime, Taha Yassin Ramadan, confirmed that Zhirinovsky received allotments of oil.[31] Another Hussein regime official confirmed not only that Zhirinovsky was granted oil allocations, but also verified that the Russian earned money on the transactions: "Of course Zhirinovsky would make a profit. That's the whole point."[32]

The Subcommittee has obtained extensive documentary evidence that Bayoil purchased the oil allocated to Zhirinovsky in Phases V, VI, VII, VIII, and X. The Subcommittee has also uncovered evidence that, in conjunction with these oil purchases, Bayoil paid millions of dollars to "Russian," and other entities based in secrecy havens such as Cyprus. Finally, the Subcommittee has uncovered detailed evidence that Zhirinovsky, Bayoil and Russian entities made massive, under-the-table payments to the Hussein regime in connection with some of these Oil for Food transactions. This evidence is presented in detail below.

B. The First Allocation (Phase II)

1. Letter from Zhirinovsky Requesting OFF Contracts

On July 30, 1997, just a few months after the onset of the Oil for Food Program, Vladimir Zhirinovsky wrote a letter to the Iraqi Ambassador to Russia Dr. Hasan Fhami Jum'ah.[33] In that letter, Zhirinovsky reminded the Ambassador of Zhirinovsky's vocal support for the Hussein regime and his ardent opposition to the U.N. sanctions, saying that he and the LDPR "stood firmly against the enforcement of the United Nations economic sanctions" against Iraq. Zhirinovsky then stated that, "[i]n order to balance the political situation in the world, [the LDPR] used our influence on the [Duma] to adopt resolutions that will facilitate the economic

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[30] The 10 million barrel allocation in Phase V is comprised of (i) a 3 million barrel supplemental allocation that was granted at the end of Phase IV, but lifted in Phase V, and (ii) a 7 million barrel allocation in Phase V. Those allocations are discussed in detail in this Report.

[31] Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005.

[32] Subcommittee Interview of Senior Hussein Regime Official No. 2, April 2005.

[33] *See* Letter from Vladimir Zhirinovsky to Dr. Hasan Fhami Jum'ah, July 30, 1997.

cooperation between our countries. A special resolution to lift the economic sanctions on Iraq was adopted in particular and by virtue of our party's efforts."

After declaring his steadfast support for the Hussein regime, Zhirinovsky then requested that the Hussein regime provide contracts under the OFF Program to his party's "commercial institutions":

> We have commercial institutions that support the program and goals of our party, and possess true potentials and wish to supply medicine and food to the Republic of Iraq. I hope that you will consider the possibility of companies and institutions we offer to participate in the mentioned operations; I suggest adding them to your list in order to implement the above-mentioned resolution of the United Nations. I hope this will serve the ideal steps to bring our countries together; it is considered one of the important basic elements of our common understanding.

In a post-script, Zhirinovsky indicates that the LDPR contact person for these "issues" is his "assistant for economic affairs," Mr. Kondratev.

2. Meeting between Iraqi Ambassador and Zhirinovsky's Deputy

Ten days after Zhirinovsky's letter, the Iraqi Ambassador met with Zhirinovsky's deputy, Mr. Kondratev. This Ambassador later described that meeting and Zhirinovsky's proposal in a letter to the Ministries of Foreign Affairs, Trade, and Oil.[34] Stating that Zhirinovsky "supports the participation of his party in the supply of medicine and food as per the Memorandum of Understanding signed between Iraq and the United Nations," the Ambassador recounts the meeting with Zhirinovsky's deputy:

> I met with Mr. Kondratev, deputy of Mr. Zhirinovsky for Economic Affairs, in the presence of Trade Counsel in this embassy on 08/10/1997. Mr. Kondratev requested the possibility to fulfill the wish of the head of the Liberal Democratic Party of Russia, with whom we have strong relationships, and who has been supportive of Iraq's position, whether at the Duma Council or in the mass popular meetings and others. We informed him that Iraq has no objection to cooperate with them according to traditional rules of trade....[35]

3. Oil Minister's Instruction to Grant an Allocation to Zhirinovsky

Immediately after receiving the letters from Zhirinovsky and the Iraqi Ambassador to Russia, the Minister of Oil forwarded the correspondence to SOMO, and instructed SOMO as follows:

> You need to call our ambassador in Moscow to settle the issue of supplying them with an appropriate quantity of crude oil, taking into consideration that they have already put in a request in this regard.

SOMO responded to the Oil Minister's instruction two days later on September 16, 1997, in a letter entitled "Contacting Mr. Vladimir Zhirinovsky."[36] According to SOMO's letter, it held a telephone conference with the Iraqi Ambassador to Russia "in connection with allocating a quantity of crude oil to Mr. Vladimir Zhirinovsky, head of the Liberal Democratic Party of Russia." SOMO informed the Minister of Oil that "Zhirinovsky's company has not been registered yet at the United Nations."[37]

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[34] *See* Letter from Dr. Hasan Fhami Jum'ah to multiple recipients, August 21, 1997.

[35] The precise meaning of the phrase "traditional rules of trade" in the Ambassador's letter is unclear.

[36] *See* Letter from SOMO Executive Director Saddam Zeben Hassan to H.E. the Minister of Oil entitled "Contacting Mr. Vladimir Zhirinovsky," September 16, 1997.

[37] This sentence suggests that the company Zhirinovsky proposed to contract for the allocated oil had not yet obtained authorization by the U.N., as required under the rules of the Oil for Food Program.

4. Meeting between Zhirinovsky and Hussein Regime Regarding OFF Opportunities

One high-ranking Hussein official indicated that Zhirinovsky visited the Iraqi embassy in Moscow in 1997 to request oil allocations.[38] That meeting was captured in a letter written by the Iraqi Ambassador to Russia, who described a September 18, 1997 meeting with Zhirinovsky.[39] The Ambassador stated that Zhirinovsky's assistants, including Mikhail Gutseriev, the Deputy Speaker of the Russian Duma, attended the meeting. At that conference, the Ambassador and Zhirinovsky agreed that Zhirinovsky would send "a delegation" to Iraq.

Following up on the agreement to dispatch a delegation to Iraq, Zhirinovsky wrote a letter to the Iraqi Ambassador listing the individuals that would travel to Iraq to "conduct negotiations with the government."[40] Zhirinovsky wrote, "In accordance with the agreement that was reached earlier, [I] would like to inform you, that to conduct negotiations with the government, a delegation of the following composition is being planned to be sent to Iraq." Included on that list are Mikhail Gutseriev, the Deputy Speaker of the Russian Duma, and Anatoly Gromov, a senior official of the Russian oil company called Sidanco. Notably, Zhirinovsky indicated that Gromov was "empowered to conduct negotiations and to conclude contracts of oil quotas earmarked for the Liberal Democratic Party of Russia."

The Ambassador forwarded Zhirinovsky's letter to the Ministry of Oil and the Ministry of Foreign Affairs. In that letter, the Ambassador noted that Zhirinovsky's delegation would arrive in Baghdad in late September 1997.

5. Letter from Tariq Aziz Concerning Zhirinovsky's Oil for Food Delegation

On October 1, 1997, Tariq Aziz, then Acting Foreign Minister for the Hussein regime, wrote a letter to the Minister of Oil entitled "Russian Delegation Visits the Country."[41] Aziz's letter shines more light on the nature of Zhirinovsky's delegation:

> [T]he Russian delegation, lead by Mikhail Gutseriev, deputy of the Duma Council leader, will arrive in the country on Sunday, 10/05/1997 to complete the contracts pertaining to oil and foods. Zhirinovsky, head of the Liberal Democratic Party of Russia, requested full support to the delegation, and mentioned that Gutseriev is his personal representative and has full authority to sign contracts.... Sidanco general manager to Iraq and the United Nations will accompany the delegation in order to buy oil on behalf of the Liberal Democratic Party.

From this letter, it is clear that Zhirinovsky was soliciting oil allocations for him and his political party under the Oil for Food Program and that he was sending a team of representatives to Baghdad to negotiate those transactions. After receiving the letter from Aziz, the Minister of Oil forwards the letter to SOMO and instructs it to "take the necessary steps to contract for the appropriate quantity." SOMO would heed this instruction within days.

6. Sidanco Contracts for Zhirinovsky's Allocation

On October 7, 1997, Anatoly Gromov, the Sidanco executive that Zhirinovsky had "empowered to conduct negotiations and to conclude contracts of oil quotas earmarked for the Liberal Democratic Party of Russia," signed a contract with SOMO for the sale of 1.8 million barrels of oil.[42] That contract was numbered M/02/32.[43]

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[38] Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

[39] *See* Letter of Dr. Hasan Fahmi Jum'ah, Iraqi Ambassador to Russia, to the Ministry of Oil and SOMO, September 23, 1997.

[40] *See* Letter from Vladimir Zhirinovsky to Dr. Hasan Fahmi Jum'ah, Iraqi Ambassador to Russia, September 22, 1997. The Subcommittee obtained copies of this letter in both Arabic and Russian. Reading the two translated versions together, the Subcommittee was able to determine the contents of Zhirinovsky's letter.

[41] *See* Letter from Tariq Aziz to Ministry of Oil, October 1, 1997.

[42] *See* SOMO Crude Oil Sales Contract No. M/02/32. Because oil contracts under the Oil for Food Program contain standard language, the Subcommittee has included the entire contract for M/02/32, but will include only the cover and signature pages of subsequent contracts.

The day after Contract M/02/32 was signed, SOMO requested approval for the contract from the Minister of Oil.[44] At least one Hussein regime official verified that this letter was the traditional form that SOMO would use to inform the Minister of Oil of the contract and request his approval.[45] In that letter, SOMO wrote, "Please find below the details of contract signed with Sidanco Russian Co. (for Mr. Vladimir Zhirinovsky, head of the Liberal Democratic Party of Russia)." The name in parenthesis after the oil purchaser, according to several senior officials in the Hussein regime interviewed by the Subcommittee, was the name of the allocation recipient.[46] Typically, SOMO would indicate the identity of the allocation grantee by saying the contract was "for" or "on behalf of" that person or entity. In this case, the letter indicated that the oil had been allotted to "Mr. Zhirinovsky, head of the Liberal Democratic Party of Russia." The Oil Minister approved the contract just a few days later.

7. Zhirinovsky Meets with Saddam Hussein and Tariq Aziz

A few weeks after Sidanco contracted for the oil allocated to Zhirinovsky, the Russian made two well-publicized trips to Iraq to demonstrate his support for the Hussein regime. In early December 1997, Zhirinovsky led a delegation of Russian officials to Iraq. That trip culminated in a meeting between Zhirinovsky and Saddam Hussein and Hussein's chief deputy, Tariq Aziz. During that meeting, Zhirinovsky informed Saddam of his efforts in the Russian parliament to lift the U.N.'s sanctions on Iraq and denounced U.S. aggression against Iraq.[47]

A couple weeks later, Zhirinovsky led a group of 21 members of his political party to Iraq. The purpose of the trip was to deliver 5 tons of medical supplies to the Hussein regime. One party leader told Tariq Aziz that the LDPR leaders were prepared to act as human shields against any attack by the United States. Aziz publicly thanked Zhirinovsky for his "courageous step."[48]

C. The Second Allocation (Phase III)

According to the SOMO Allocation Chart discussed above, Zhirinovsky received an allotment of 7.2 million barrels of oil in Phase III of the Program. Not surprisingly, Sidanco – the Russian company that lifted the oil allocated to Zhirinovsky in Phase II – contracted with SOMO for precisely the same amount (7.2 million barrels).[49] After that contract was signed, Zhirinovsky wrote to the Iraqi Ambassador to Russia informing the Iraqis that a "delegation" from Sidanco would be traveling to Iraq in March 1998, and requested that SOMO help Sidanco in executing the contract.[50] The Iraqi Ambassador then forwarded Zhirinovsky's request to the Executive Director of SOMO:

> Mr. Vladimir Zhirinovsky, Head of the Liberal Democratic Party of Russia, has requested help to be offered to members of the delegation of the Russian company Sidanco in order to participate in the execution of phase three of the Memorandum of Understanding of Oil for Food and Medicine. The delegation will be arriving by you on Monday, 03/16/1998. Please offer them the help and greet them.

Another Oil Ministry document indicates that Zhirinovsky may have received a second oil allocation in Phase III. That document, a letter written by the Executive Director of SOMO to the Oil Minister, states that 3 million barrels of oil were allocated to Zhirinovsky, and that the oil would be lifted by a Russian company called Rosebulnefte:

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[43] Oil contracts under the Oil for Food Program were numbered chronologically by phase. All contracts began with the prefixed letter 'M,' followed by the applicable number of the Phase of the OFF Program. The second number indicated when in the phase it had been signed. For instance, the third OFF contract in Phase VI was numbered M/06/03. Therefore, Sidanco's contract M/02/32 indicates that it was the 32nd contract executed in Phase II.

[44] *See* Letter from SOMO Executive Director Saddam Zeben Hassan to H.E. the Minister of Oil, October 8, 1997.

[45] Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

[46] *E.g., id.*

[47] *See* Xinhua News Agency, "Saddam Meets Russian Party Leader," December 8, 1997.

[48] *See* Associated Press, December 27, 1997.

[49] *See* SOMO Crude Oil Sales Contract No. M/03/25 (cover and signature page).

[50] *See* Telegram from Hasan Fhami Jum'ah to "The Executive Director," March 12, 1998.

> Please take into consideration that 3 million barrels of Kirkuk crude oil has already been allocated to the aforesaid company [Rosebulnefte] in phase three on behalf of the Liberal Party of Russia (Mr. Zhirinovsky), who notified the company of being the one to lift the quantity that will be allocated to the Liberal Party in phase four.[51]

On the same day, SOMO prepared a chart that describes the allocations doled out in Phases III and IV.[52] This chart, entitled "Quantities Allocation in Phase IV of the Memorandum of Understanding," lists the recipients of oil allocations from the Hussein regime in Phases III and IV and indicates the amount of allotted oil for each grantee. Under the heading "Russia," the chart reveals that an allocation was provided to Rosebulnefte. Next to the company's name appears "Zhirinovsky." That chart indicates that Zhirinovsky received an allocation of 3 million barrels in Phase III.

D. The Third Allocation (Phase IV)

1. Vice-President of Iraq Approves Allocation to Zhirinovsky in Phase IV

According to the SOMO Phase IV Chart, Zhirinovsky was allocated another 10 million barrels in Phase IV of the Program.[53] A handwritten note to the Executive Director of SOMO indicates that the Vice-President of Iraq "has approved allocating the quantities as indicated in this table." SOMO was then instructed to "take the necessary steps to carry out" the allocations.[54]

2. Sidanco Contracts for Zhirinovsky's Oil

Although the chart described above suggests that Zhirinovsky's Phase IV allocation would be lifted by Rosebulnefte, later documents indicate that the allotted 10 million barrels were actually purchased by Sidanco. For instance, Sidanco signed Contract M/04/44 to purchase the same amount of oil – 10 million barrels.[55] The next day, SOMO wrote to the Minister of Oil, requesting approval for Contract M/04/44.[56] In describing that contract, SOMO makes clear that the Sidanco contract was "on behalf of [the] Liberal Democratic Party of Russia/Mr. Zhirinovsky":

> Based on the approval of Mr. Taha Yassin Ramadhan, the vice-president of the republic, as per the statement of allocations in phase 4, please find below the details of [the] contract signed with Sidanco Russian Company (on behalf of [the] Liberal Democratic Party of Russia/Mr. Zhirinovsky).

Additional SOMO documents confirm that Sidanco's contract in Phase IV covered Zhirinovsky's allocation of oil.[57] For example, a SOMO-created chart, entitled "Exports of Iraqi Crude Oil as per the Memorandum of Understanding/Phase Four from 06/03/1998 to 11/25/1998," indicates that Sidanco contracted for 10 million barrels. In parentheses next to the company's name appears "Zhirinovsky." The chart also indicates that 99% of the contracted volume – 9.941 million barrels of oil – was actually lifted. Of those 9.941 million barrels, 2.021 million were exported to the U.S. market.

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[51] *See* Letter from Saddam Zeben Hassan to H.E. the Minister of Oil, June 11, 1998.

[52] *See* SOMO chart entitled "Allocation of Quantities in Phase Four of the Memorandum of Understanding" (the "SOMO Phase IV Chart").

[53] *Id.*

[54] Although the signature under this handwritten note is unclear, such instructions to the Executive Director of SOMO would typically come from the Minister of Oil. Examples of such instructions from the Minister of Oil to SOMO are presented below. *See, e.g.*, Handwritten notation on letter from Saddam Zeben Hassan to the Oil Minister, December 5, 1998 (presented in Footnote 61, below).

[55] *See* SOMO Crude Oil Sales Contract No. M/04/44 (cover and signature pages).

[56] *See* Letter from Saddam Zeben Hassan to H.E. the Minister of Oil, July 9, 1998.

[57] *See* SOMO table entitled "Exports of Iraqi Crude Oil as per the Memorandum of Understanding/Phase Four from 06/03/1998 to 11/25/1998."

3. Zhirinovsky Receives an Additional Allocation of 3 Million Barrels in Phase IV

On October 31, 1998, toward the end of Phase IV, the Iraqi government decided to halt dealings with the U.N. weapons inspectors. Just a few days later, Zhirinovsky met with Saddam Hussein and Tariq Aziz in Iraq for two hours.[58] Zhirinovsky pledged his support for Iraq and denounced the U.N. sanctions.[59] Moreover, soon after his return to Russia, Zhirinovsky submitted a motion to the Russian parliament that called for the lifting of sanctions against Iraq.[60]

Just two weeks after Zhirinovsky's various expressions of support, the Hussein regime rewarded him with an additional allocation of 3 million barrels of oil. To that end, the Minister of Oil instructed SOMO to execute a 2-month extension of Contract M/04/44 – the Sidanco contract for Zhirinovsky's Phase IV allocation – and include an additional 3 million barrels of oil. SOMO complied with the Minister's request, and sent him a letter confirming that it had done so.[61] In that letter, SOMO once again makes clear that the Sidanco contract was "on behalf of [the] Liberal Democratic Party of Russia/Mr. Zhirinovsky":

> In compliance with the instructions of your Excellency to extend the validity of contracts with Russian companies for two months in phase 4, to expire on 01/25/1999, we have extended the contract signed with Sidanco Company (on behalf of [the] Liberal Democratic Party of Russia/Mr. Zhirinovsky).

The Minister of Oil approved the extension, but instructs SOMO to confirm with "the Party" that Sidanco is still acting as its representative: "You need to verify with the Party's representative that this company remains its representative."

Over the next few months, only two-thirds of the supplemental allocation (1,980,775 barrels) had apparently been lifted. Zhirinovsky, however, wanted to ensure that the rest of his allocation would be purchased. To that end, he sent a letter to SOMO's Executive Director requesting that the Iraqis extend his Phase IV allocation yet again.[62] Zhirinovsky's letter, expressly referring to "Contract M/04/44 of [July 8, 1998]," reads as follows:

> We would like to refer to the above Contract [M/04/44] and to inform you that the balance of 1'019'225 [*sic*] US bbls of Kirkuk was left over under the above mentioned [*sic*] Contract after completion of the last [*sic*] shipment.
>
> We would appreciate, [*sic*] if you agree to extend the validity of the above Contract in order to permit O.J.S.C Sidanco to perform their contractual obligations and to lift the balance.
>
> We hope that our wishes will be favourably welcomed and assure you of our desire to be of service at all times.

Zhirinovsky's request appears to have been successful because Contract M/04/44, which was set to expire on January 25, 1999, was extended to April 30, 1999.[63]

E. The Fourth Allocation (Phase V)

Zhirinovsky received another sizeable allocation in the next term of the OFF Program, Phase V. One SOMO chart lists the allocations doled out in Phase V, and indicates that 7.2

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[58] *See* Associated Press, November 3, 1998.

[59] *See* BBC Summary of World Broadcasts, Republic of Iraq Radio, November 5, 1998.

[60] *See* Associated Press Online, "U.N. Pulls Workers From Iraq," November 11, 1998 (noting that Zhirinovsky's parliamentary motion failed).

[61] *See* Letter from Saddam Zeben Hassan to the H.E. the Oil Minister, December 5, 1998.

[62] *See* Letter from Vladimir Zhirinovsky to SOMO, undated. Although the letter was undated, it was stamped as received by the Office of the Executive Director of SOMO on April 15, 1999.

[63] *See* Letter from U.N. Oil Overseers to Sidanco, April 13, 1999 (granting approval of extension of M/04/44 to April 30, 1999).

million barrels was "the quantity of Mr. Zhirinovsky."[64] Although Sidanco had marketed Zhirinovsky's previous allocations of oil, the contracting company for this allotment was a different Russian entity, J.S.C. Nafta Moscow.[65] Nafta Moscow's role in the transaction, however, was minimal – the company that really orchestrated this oil transaction was the American oil trading company, Bayoil.

1. Bayoil Aggressively Pursued Russian Oil Companies

In 1998, during Phases IV and V of the Program, Bayoil conducted an aggressive campaign to buy Iraqi oil under the Oil for Food Program. Bayoil's efforts were complicated, however, by the fact that the Hussein regime had initiated a policy that forbade any direct contracting with American or British companies under the OFF Program.[66] In addition, according to senior officials in the Hussein regime interviewed by the Subcommittee, Iraq demanded that the company that purchased the oil had to be located in the same country as the recipient of the allocation. For example, oil that had been allotted to a Russian official had to be purchased by a Russian company. That meant that Bayoil, an American company, could not buy oil that had been allotted to any Russian individuals or entities. Instead, Bayoil would have to arrange for a Russian entity to act as a nominal purchaser for the oil, which would contract with SOMO for the oil, and without ever taking possession of it, sell that cargo to Bayoil.

Accordingly, Bayoil reached out to numerous Russian companies to act as a purchasing agent. To that end, on December 2, 1998, Bayoil wrote to Anatoly Gromov, the Sidanco official that was "empowered" to buy on behalf of Zhirinovsky and the LDPR.[67] In that letter, Bayoil solicited an offer to purchase Sidanco's Phase V allocation:

> I understand that you may have some Iraqi oil allocation [*sic*]. If this is correct we would like to receive an offer from you for quantities available to you under future oil allocation [*sic*] of the Iraqi/UN Oil for food [*sic*] deal during the 5th period.
>
> We are ready to pay market premiums for the oil as well as to open the respective Letters of Credit from your name in favor of U.N./SOMO for our account, if this is needed.

Bayoil sent a similar letter on the same day to a different Sidanco representative, and reiterated its willingness to pay "market premiums for the oil."[68] Bayoil sent yet another letter to Sidanco that day. This third letter informed Sidanco that Bayoil's President David B. Chalmers, Jr. and its Special Advisor Ludmil Dionissiev would be traveling to Moscow from December 9 – 14, 1998, and requested a meeting "to discuss matters of mutual interest."[69]

Continuing its aggressive approach, Bayoil wrote an identical letter concerning the Chalmers-Dionissiev trip to Vladislav Efremov of Nafta Moscow.[70] Bayoil again indicated that it wanted to meet "to discuss matters of mutual interest." Bayoil's trip to Moscow and Nafta Moscow would ultimately play a central role in the Bayoil-Zhirinovsky transactions.

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[64] *See* SOMO chart entitled "Statement of Quantities Allocated in Phase Subsequent to Phase Five," Sidanco and the "quantity of Mr. Zhirinovsky." This chart lists Sidanco as the contracting company, but indicates that Sidanco was "omitted from the list of the Ministry of Energy / in order to enable it to market the quantity of Mr. Zhirinovsky." The precise meaning of this notation is unclear.

[65] The Subcommittee will refer to J.S.C. Nafta Moscow as "Nafta Moscow" or "Nafta."

[66] *See, e.g.*, Letter from Dr. Hassan Fifahmi Juma to "Mr. Z," December 15, 1998 (presented in Footnote 71, below).

[67] *See* Letter from Bayoil Special Adviser Ludmil Dionissiev to Anatolii Nickolaevich Gromov, December 2, 1998. The letter was directed to Anatoly Gromov, the Sidanco official, at an entity called "Gruppa Alliance." The nature of the Gruppa Alliance is unclear.

[68] *See* Letter from Bayoil Special Adviser Ludmil Dionissiev to Valerii Ivanovich Polyakov, December 2, 1998, BAY04-01467.

[69] *See* Letter from Bayoil Special Adviser Ludmil Dionissiev to Valerii Ivanovich Polyakov, December 2, 1998, BAY04-01469.

[70] *See* Letter from Bayoil Special Adviser Ludmil Dionissiev to V.A. Efremov, December 3, 1998, BAY04-01465.

2. Bayoil Orchestrates the Purchase of Zhirinovsky's Oil Allocation

Bayoil's trip to Moscow in early December 1998 set the stage for its purchase of Zhirinovsky's Phase V oil allocation. The essence of the Bayoil-Zhirinovsky transaction, as described below, involves (i) the assignment of the allocation from Zhirinovsky to Bayoil, and (ii) the arrangement of a Russian agent to purchase the oil on behalf of Bayoil. Bayoil accomplished both of those tasks in late 1998 – early 1999. The nature of this two-pronged transaction is captured in an illuminating series of letters that are presented below.

(a) Bayoil and Zhirinovsky Must Find a Russian Purchasing Agent

At some point in December 1998 – presumably during Bayoil's trip to Russia – Bayoil reached agreement with Zhirinovsky to buy his oil allocation. Soon thereafter, Zhirinovsky appears to have written to Iraqi Deputy Prime Minister Tariq Aziz to propose that Bayoil would be lifting his allotment of oil. On December 15, 1998, the Iraqi Ambassador to Russia responded to Zhirinovsky, informing him that the Iraqis refused to do business with American companies. This correspondence was captured in translated letter to "Mr. Z, Leader of the LDPR":

> To Mr. Z
> Leader of LDPR
> Dear Friend:
> In answer of your letter address[ed] to Mr. Tariq Azis [*sic*], Deputy Prime Minister of Iraq, I have the honour to convey to you the apology of the Iraqi side that Iraq cannot do any deals with American companies....[71]

The fact that this translation was found in Bayoil's letters strongly implies that Bayoil was the American company that Zhirinovsky had proposed.

In light of the Iraqi rule prohibiting American involvement, Bayoil was forced to engage a purchasing agent that would interface with SOMO. The Russian company Nafta Moscow would quickly fill that role.

(b) Nafta Accepts Bayoil's Proposal

During that same month, December 1998, Bayoil reached an agreement with Nafta such that Nafta would act as Bayoil's agent in the purchase of oil from Iraq. Nafta later provided written confirmation that it accepted Bayoil's proposal to act as an agent, in exchange for a commission of 3 cents per barrel:

> In addition to our negotiations we confirm our readiness to purchase 7 – 10 million barrels of Iraqi oil, with possible increase in quantity, within the scope of the fifth phase of the UN program [Oil for Food], under quota which will be set by your company. The contract to purchase oil will be entered into by "NAFTA MOSKVA" and "SOMO" and it will be implemented exclusively by your company at the official purchase price "SOMO," plus 0.03 American dollars per net barrel of shipped oil. The stated premium added to the official sales price represents the costs of servicing the contract by the company "NAFTA MOSKVA."
>
> The opening of letters of credit in the name of "NAFTA MOSKVA," but on the account of your company to the benefit of the UN will be implemented by "Bayoil" and will bear all expenses related to this, ...[72]

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[71] *See* Letter from Dr. Hassan Fifahmi Juma to "Mr. Z," December 15, 1998 (described as "Translation answer to Mr. Z, Leader of LDPR").

[72] *See* Letter from V.A. Bunin, General Director of Nafta Moscow, to Ludmil Dionissiev, Senior Advisor to Bayoil, December 18, 1998. It is unclear whether the activities of the Russian individuals and political parties detailed in this Report violate Russian law. *See* Memorandum from the Library of Congress, Law Library, Eastern Law Division, "Legality of Russian Business Under the Oil for Food Program," LL File No. 2005-01892, May 6, 2005.

In response to Nafta's December 18th letter, Bayoil President David Chalmers wrote to Nafta to confirm that "your letter reflects our understanding."[73] Tellingly, Chalmers also stated: "we hope that we will be in a position very soon to indicate the quota to be contracted by Nafta and SOMO."

These letters confirm that (i) Bayoil was responsible for obtaining the "quota" of oil, (ii) Bayoil was "exclusively" responsible for implementing the oil purchase, and (iii) Bayoil was responsible for financing the transaction through funding the letter of credit. As a result, it is clear that Nafta was simply a nominal purchasing agent for Bayoil in the Zhirinovsky transaction.

The parties ultimately consummated their agreements in two written contracts. One contract was an agreement by which Bayoil would purchase the oil that Nafta had bought under the OFF Program.[74] The second contract was an agency agreement by which Bayoil would pay Nafta three cents for each barrel of oil purchased.[75]

(c) After Nafta is Engaged, Bayoil Details the Transaction to Zhirinovsky

On December 17, 1998, Bayoil President David Chalmers wrote to Vladimir Zhirinovsky to confirm the transaction.[76] Chalmers's letter to Zhirinovsky, who he identified as "The Chief of the LDPR's Faction," provides crucial insight into the Bayoil-Zhirinovsky arrangement. In particular, Chalmers confirms that Bayoil would purchase Zhirinovsky's allocation and that Nafta Moscow would act on behalf of Bayoil:

> Today I have returned from a long business trip and I would like to confirm that everything on our side is under control and there is no change in our position.... You know that we have succeeded to put Nafta Moscow as a contracting party for your allocation.

Chalmers then requests that Zhirinovsky send a letter back to Bayoil confirming that Bayoil will purchase his Phase V allocation. In doing so, Chalmers actually provides the precise language for the proposed letter. Not only does the draft letter confirm Bayoil's orchestration of the entire transaction, it also reveals that Bayoil agreed to pay a "premium" to Zhirinovsky for his allocation:

---

[73] *See* Letter from Bayoil President David B. Chalmers, Jr. to V.A. Bunin, December 23, 1998.

[74] *See* "Contract" between Nafta Moskva and Bayoil Supply & Trading Limited, February 19, 1999.

[75] *See* "Agency Agreement" between Nafta Moskva and Bayoil Supply & Trading Limited, February 19, 1999.

[76] *See* Correspondence from Bayoil President David B. Chalmers, Jr. to Vladimir V. Zhirinovsky, The Chief of the LDPR's Faction, December 17, 1998.

> It would be very helpful for the execution of the second part of our job to receive from you on Letterhead of LDPR, [*sic*] the following text.
>
> Quote
>
> To: Bayoil
> Attn: David B. Chalmers, Jr. []
>
> Dear Sirs:
>
> We LDPR confirm that our Iraqi oil allocation of 7 million barrels is assigned to Bayoil. We will confirm to SOMO to contract this allocation with company designated by Bayoil. Upon receiving from you the agreed premium prior to January 8th, 1999 [*sic*].
>
> Signed,
>
> Mr. Vladimir V. Zhirinovsky
>
> Unquote

After proposing this language, Chalmers reiterates that Bayoil had agreed to pay Zhirinovsky a premium, and indicated that he hoped to do so before the end of 1998:

> We hope that we will be in a position to effect payment prior to year end but as there are holidays in the U.S., Europe and Russian [*sic*] there may be some delays therefore January 8th seems an appropriate date.

(d) Bayoil Describes Its "Agreement" to Nafta

With the two prongs of the transaction set – *i.e.*, Zhirinovsky would assign his allotment of oil to Bayoil and Bayoil had arranged with Nafta to act as an agent to interface with the Iraqis – the next step in the process was the formal contracting between Nafta and SOMO. In order to execute the contract with SOMO, however, Nafta was obligated to travel to Baghdad. That trip was scheduled for early March 1999. Immediately before Nafta's trip to Baghdad, Bayoil wrote a lengthy letter to Nafta, providing detailed advice on how Nafta should interact with the Iraqis.[77] This letter provides startling detail concerning Bayoil's relationship with Zhirinovsky.

The first part of the letter provides Bayoil's analysis of why the price for U.S.-bound Iraqi oil is too high. Bayoil then urges Nafta to remind the Iraqis that Nafta is operating on behalf of Zhirinovsky and that increasing prices to Nafta will deny any "benefit" to Zhirinovsky. Lastly, Bayoil then reveals that it has a secret contract with Zhirinovsky:

> For the reasons outlined above, it is imperative that Nafta receive full flexibility with respect to lifting period and destination for the allocation being contracted for and on behalf of Mr. Vladimir Volfovich, the LDPR.[78]
>
> ... There might be some strong arguments in Baghdad and we suggest your answer should be – [*sic*] that you are a service company of this contract and you are providing a service to Mr. Zhirinovsky, who is one of the greatest supporter [*sic*] of the Iraqi cause in the world. As SOMO recently increased the price of oil for March they have denied [Zhirinovsky] of any benefit from March [*sic*] shipment.

---

[77] *See* Letter from Ludmil Dionissiev to Yu. N. Poukhov, Deputy General Director of Nafta Moscow, February 24, 1999.

[78] Notably, Zhirinovsky's full name is Vladimir Volfovich Zhirinovsky.

> Off the record you may say that this contract further on is marketed by Bayoil. This is under the agreement between Mr. Zhirinovski [*sic*] and Bayoil that you are not aware of.

Bayoil also offered suggestions to Nafta and the Iraqi government on how to "maximiz[e] the economic result for the LDPR."

After providing this in-depth advice for Nafta's meetings with the Iraqis, Bayoil anticipated that Nafta would be called upon to act as a "service company" for other allocation recipients from countries like Singapore and Bangladesh. Bayoil writes:

> [Nafta] might be asked [in its meeting with SOMO] to contract [for] some additional barrels on behalf of third country [*sic*], Singapore or Bangladesh. We have informed the contract holders [i.e., the recipients of the allocations of oil] that "Nafta Moskva" may contract with SOMO the same way you do it for LDPR.

The letter concludes by noting that Zhirinovsky wrote a letter to the Iraqis requesting an increase in his allocation and that Nafta was hand-delivering that letter on his behalf. Bayoil emphasizes that it wants to purchase any additional barrels allocated to Zhirinovsky.

(e) Nafta Confirms It Will Buy Zhirinovsky's Allocation

At some point in Phase V, Nafta wrote to SOMO to confirm that it would contract for Zhirinovsky's allocation.[79] Nafta's letter, which appears to have been drafted by Bayoil, states in clear terms that (i) Zhirinovsky received an allocation, and (ii) Nafta would "contract" for that allotment:

> We have been informed to contact you regarding the allocation of Mr. Vladimir Volfovich Zhirinovski [*sic*]. We understood that you have approved Nafta Moscow to contract 7,000,000 barrels of Iraqi crude oil for the fifth phase under the above mentioned allocation.[80]

Like the other correspondence in this series, this letter shines further light on the behind-the-scenes mechanics of the Bayoil-Zhirinovsky transaction. Together with the earlier correspondence, this letter confirms of several crucial facts concerning the Zhirinovsky allocations and the Bayoil-Zhirinovsky relationship. In particular, these letters confirm that:

- Zhirinovsky and the LDPR received oil allocations from the Hussein regime in Phase V of the OFF Program;
- Bayoil knew that the allocations were granted to the Russian official and his political party;
- Bayoil knew that the oil allocations were granted to Zhirinovsky to "benefit" him, and that, by increasing the price of oil, the Iraqis would eliminate any premiums destined for Zhirinovsky;
- Bayoil had a secret "agreement" with Zhirinovsky to purchase his allocations and pay him a "premium";
- Nafta was simply a "service company" for the contract on behalf of Zhirinovsky and Bayoil;
- Bayoil expected to buy allocations from recipients in other countries, and sought to use Nafta Moscow as a conduit in those transactions; and

---

[79] *See* Letter from Nafta Moscow to Saddam Z. Hassan, Executive Director General of SOMO, undated.

[80] The letter appears to be another letter drafted by Bayoil in the name of Nafta Moscow for three reasons. First, the letter is not on Nafta letterhead, which appears to have been Nafta's normal practice. Second, Zhirinovsky's name is spelled "Zhirinovski," which is how Bayoil executive Ludmil Dionnisiev spelled the Russian's name. *See, e.g.*, Letter from Bayoil Special Advisor Ludmil Dionissiev to Nafta Moscow, February 24, 1999 (cited above in Footnote 77).

- Zhirinovsky wrote to the Iraqis requesting an increase in his allocation, Nafta was delivering the letter on Zhirinovsky's behalf, and Bayoil sought to purchase any supplemental allocation.

3. Bayoil Uses Nafta as an Intermediary to Buy Oil Allocated to Zhirinovsky

On March 2, 1999, two representatives of Nafta Moscow were in Baghdad to sign a contract to buy Iraqi crude oil on behalf of Zhirinovsky and Bayoil. Vladislav Efremov, Director of Nafta Moscow, signed Contract M/05/50 between Nafta and SOMO for 7 million barrels of oil.[81] Notably, the contract amount of 7 million barrels matches the amount of Zhirinovsky's allotment, as reflected in the SOMO Allocation Chart, Bayoil's December 17, 1998 letter, Bayoil's January 12, 1999 letter, and Nafta's undated letter to SOMO.[82]

Two days after Contract M/05/50 was signed, SOMO officials informed the Minister of Oil about Contract M/05/50, and indicated that the contract arose from the Phase V allocation to Zhirinovsky and the LDPR:

> Based on the approval of the Vice-President of the republic, Mr. Taha Yassin Ramadan, as per the allocations' statement of phase five ..., a contract has been signed on 3/03/1999 with Nafta Moscow which was chosen by the Liberal Party of Russia (Zhirinovsky) for the supplemental quantity to their allocations for phase five [].[83]

The Oil Minister approved the contract shortly thereafter.

On March 22, 1999, Bayoil drafted a letter for Nafta to send to the Acting General Director of SOMO, the Iraqi oil marketing agency.[84] In that letter, Bayoil – under Nafta's name – reiterates that Zhirinovsky had requested an additional 1-million barrel allocation and requests confirmation that the supplemental allotment will be granted:

> Dear Mr. Pukhov:
>
> Please send the following telex to Mr. Awni – Acting General Director of SOMO.
>
> Quote:
>
> With reference to the contract for the 7 Million barrels of [Iraqi] crude oil, the holder of the allocation has already sent the written request to the relevant Iraqi authorities for the increase of 1 Million barrels.
>
> ***
>
> Unquote.

Nafta apparently sent the letter to the Iraqis, but neither Bayoil nor Nafta received a response. Seven days later, on March 29, 1999, Bayoil prepared another letter for Nafta concerning the "7 Million Allocation."[85] The March 29th letter reiterates the request to increase the allocation by 1 million barrels and laments that SOMO has neglected to respond:

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[81] *See* SOMO Crude Oil Sales Contract No. M/05/50 (cover and signature pages).

[82] Although the SOMO Allocation Chart created after the fall of the Hussein regime indicates that Zhirinovsky was granted an allocation of 10 million barrels in Phase V, that figure includes the 3 million barrel supplemental allocation that was granted to Zhirinovsky at the end of Phase IV. Therefore, the figures in the SOMO Allocation Chart comport with those of the documents mentioned above.

[83] *See* Letter from Saddam Zeben Hassan to H.E. the Oil Minister, March 3, 1999.

[84] *See* Letter from David B. Chalmers, Jr./Ludmil Dionissiev to Y. Pukhov, March 22, 1999.

[85] *See* Facsimile from Bayoil to Nafta Moscow, March 29, 1999.

TO: JSC Nafta Moscow
***
Please forward following to S.O.M.O.

QUOTE:

TO: S.O.M.O.
***
Date: March 29, 1999

Re: 7 Million Allocation [*sic*]

As per our telex message March 22, 1999 regarding holder of allocations [*sic*] request to authorities to increase by 1 million barrels, we have yet to receive a formal response.

***
UNQUOTE: [*sic*]

Together, the evidence shows that Bayoil was a key moving party behind the Zhirinovsky transaction in Phase V. Bayoil lined up Nafta as the nominal contractor, literally wrote letters for Nafta to be sent to SOMO, and coached Nafta on dealing with Iraqi officials. In addition, the evidence shows that Bayoil – not Nafta – had direct communications with Zhirinovsky concerning his request to increase his allocation by 1 million barrels, and Bayoil was using Nafta as an intermediary to convince Iraq to increase Zhirinovsky's allocation in Phase V.

4. Shipments under Contract M/05/50

Contract M/05/50 resulted in five different shipments of Iraqi oil from late March through early May 1999, as reflected in the chart below.[86] The volume of oil shipped in those five cargoes totaled roughly 7 million barrels. Bayoil purchased each of those shipments, and each cargo was destined for the United States. For each cargo, Bayoil maintained detailed ledger statements reflecting all income and expenses. Among other information, the ledger statements for the M/05/50 shipments show that Bayoil made a payment of exactly 17 cents per barrel to an Italian company named United Management.[87] According to Bayoil's ledger statements, these payments were for "Commissions." A review of Bayoil's files for these shipments, which include hundreds of pages, did not reveal any service provided by United Management in connection with these shipments.

Shipment	Date	Oil Lifted (barrels)	Payment to United Management	Rate of UM Commission
1	3/29/99	1,949,679	$331,445.43	17 cents/barrel
2	4/9/99	1,482,633	$252,047.61	17 cents/barrel
3	4/11/99	1,996,834	$339,461.78	17 cents/barrel
4	4/18/99	506,115	$86,039.55	17 cents/barrel
5	5/6/99	989,975	$168,295.75	17 cents/barrel
Total Commissions Paid to "United Management" by Bayoil under M/05/50 = **$1,177,290.12**				

F. The Fifth Allocation (Phase VI)

As in Phase V, Zhirinovsky received a substantial allocation in Phase VI of the OFF Program. Two different SOMO charts – along with a host of documents analyzed below –

[86] *See* SOMO Commercial Invoice Nos. B/88/99, B/101/99, B/99/99, B/111/99, and B/127/99.

[87] *See* Bayoil Supply & Trading Ltd. General Ledgers for M/05/50 (excerpts). Due to the length of these ledgers, only the pages from Bayoil's ledger statements with pertinent information will be exhibits to this Report.

confirm that Zhirinovsky received a 10-million barrel allocation in Phase VI.[88] In fact, multiple letters presented below indicate that Saddam Hussein personally approved the Phase VI allocation to Zhirinovsky. The monetization of that Phase VI allocation followed the same pattern as in Phase V – Zhirinovsky sold the allocation to Bayoil, and Bayoil engaged Nafta Moscow as an intermediary to contract with SOMO.

1. Zhirinovsky Authorizes Nafta to Purchase His Oil Allocation

On April 27, 1999, Zhirinovsky wrote to SOMO, verifying that Nafta was the company that would contract for his allocation.[89] The letter, written on LDPR letterhead that featured a picture of Zhirinovsky himself, stated:

> We confirm that we have the cooperation with the "NAFTA MOSCOW" company.
>
> The balance allocation for the sixth phase of 1999, in an amount of one cargo..., but not more than 2,5 million barrels of [a specific grade of Iraqi crude oil], should be assigned to "NAFTA MOSCOW" for contracting and lifting.

In light of the fact that these are Zhirinovsky's own words, this letter is truly significant. Not only does Zhirinovsky openly discuss an allocation granted to him in connection with Phase VI of the OFF Program, he also indicates which entity is authorized to contract for that allocation. Why Zhirinovsky limits the Nafta contract to only 2.5 million of his 10 million barrel allocation is unclear.

This letter may have been delivered by hand, as Zhirinovsky traveled to Baghdad the very next day.[90] On this trip, Zhirinovsky led a delegation of Russian officials to celebrate Saddam Hussein's 62nd birthday and to attend a conference sponsored by the Hussein regime condemning U.S.-U.K. military activity against Iraq. During the trip, Zhirinovsky met with Tariq Aziz and the Vice President of Iraq Taha Yassin Ramadan, two members of the committee that doled out the oil allocations.

2. On Behalf of Bayoil, Nafta Contracts for Zhirinovsky's Oil

With Zhirinovsky's authorization in hand, Nafta prepared to travel to Baghdad to sign the contract for Zhirinovsky's allocation. On May 24, 1999, just three days before Nafta's representatives would leave for Baghdad, Nafta requested certain critical information from Bayoil concerning the contract.[91] The letter by Nafta indicates that Bayoil was orchestrating the entire transaction and that Nafta was simply its agent:

> Since our representatives intend to leave Moscow for Baghdad on 27 May 1999 please urgently advise ... whether necessary arrangements are already made in order they could sign Contract with "SOMO", also kindly indicate allocated volumes and grades of crude oil.

This letter reveals that, even though Nafta personnel were departing imminently to sign a multi-million barrel oil contract in Baghdad, they did not know (i) whether the "necessary arrangements" for the contract had been made, (ii) the volume of oil allocated for this contract, or (iii) the grade of oil to be purchased.[92] That Nafta is demanding this information from Bayoil is telling – in particular, it reveals that Nafta understands that Bayoil is communicating directly with the allocation recipient (i.e., Zhirinovsky) concerning the volume and grade of the allocation.

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[88] *See* SOMO Chart entitled "Statement of Allocations for Phase Subsequent to Phase 7," June 14, 2000; SOMO Chart entitled "Quantities of Crude Oil Allocated to the Russian Companies," November 1, 2000.

[89] *See* Letter from Vladimir Zhirinovsky to SOMO, April 27, 1999.

[90] *See* Associated Press Worldstream, "Senior Iraqi Leaders Meet Russian Politician Zhirinovsky," April 28, 1999.

[91] *See* Letter from Nafta Moscow to Bayoil, May 24, 1999.

[92] The term "grade" refers to the type of oil purchased. Under the OFF Program, buyers could contract for oil from Kirkuk or Basrah. Therefore, in this letter, Nafta is requesting that Bayoil identify whether the oil contract will be for crude oil from Kirkuk or Basrah.

Whether Bayoil responded to Nafta's request is unclear. Nevertheless, Bayoil must have made the "necessary arrangements" for the contract because, just a few days later, Nafta did indeed execute a Phase VI contract with SOMO.[93] This contract, numbered M/06/25, covered only 2.5 million barrels of oil, as per Zhirinovsky's instruction in his April 27th letter.

3. SOMO Confirms Nafta's Contract is on Behalf of Zhirinovsky and His Political Party

Several days after M/06/25 was signed, SOMO notified the Minister of Oil of the agreement, and requested his approval:

> Based on the allocations statement coupled with the approval of President Leader (may God protect him) as per the letter of the Presidency... regarding the allocation of (10) ten million barrels to company of the Liberal Democratic Party of Russia, please find below the details on the contract signed with Nafta Moscow Company on behalf of the aforesaid party.[94]

In describing the contract, SOMO mistakenly indicated that Contract M/06/25 covered 4 million barrels of oil, rather than 2.5 million. In light of SOMO's error, the Minister of Oil refused to approve Contract M/06/25, instructing SOMO to "correct the numbers." Several days later, on June 8, 1999, SOMO wrote back to the Minister of Oil, indicating that the volume of oil for Contract M/06/25 had been corrected from 4 million barrels to 2.5 million.[95] The Oil Minister then approved the contract for 2.5 million barrels.

Both SOMO letters state that Zhirinovsky and his political party had been granted allocations of 10 million barrels of oil. In addition, both SOMO letters affirm that Saddam Hussein had personally approved the allocations.

On June 8, 1999, Nafta lifted 2,393,440 barrels of oil pursuant to Contract M/06/25.[96]

4. Nafta's Contract is Increased to 10 Million Barrels

Although Nafta's contract in Phase VI was limited to 2.5 million barrels, Nafta was eventually authorized to lift the remaining 7.5 million barrels that had been allocated to Zhirinovsky in Phase VI. On June 30, 1999, Bayoil sent a letter to Zhirinovsky's son, Igor Ledebev, who is also a Member of the Russian Duma.[97] In that letter, Bayoil drafted a letter for Zhirinovsky to send to SOMO, in which Zhirinovsky "authorize[d]" Nafta to lift the remaining 7.5 million barrels. According to the letter, SOMO had agreed to supply 4 million of those remaining 7.5 million barrels in July 1999, leaving 3.5 million barrels for shipment at a later date. The Bayoil document states:

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[93] *See* SOMO Crude Oil Sales Contract No. M/06/25 (cover and signature pages).

[94] *See* Letter from SOMO to H.E. the Oil Minister, June 3, 1999.

[95] *See* Letter from SOMO to H.E. the Oil Minister, June 8, 1999 (corrected request for approval of M/06/25).

[96] *See* SOMO Commercial Invoice No. B/155/99.

[97] *See* Letter from "Ludmil" to Igor Lebedev, June 30, 1999. The author appears to be Bayoil Special Advisor Ludmil Dionissiev.

> PLEASE FIND BELOW FOLLOWING DRAFT TEXT OF THE LETTER WE HAVE DISCUSSED TODAY.
>
> QUOTE
>
> WE CONFIRM THAT WE HAVE A COOPERATION WITH "NAFTA MOSKVA", MOSCOW AND HEREBY AUTHORISE NAFTA TO CONTRACT THE WHOLE REMAINING PART OF THE ALLOCATION WHICH, AT THIS MOMENT, TOTALS 7,500,000 BARRELS OF BASRAH LIGHT CRUDE OIL.
>
> IN ADDITION TO THIS, WE CONFIRM THAT WE HAVE AUTHORISED NAFTA TO LIFT THE ALREADY AGREED 4,000,000 BARRELS OF BASRAH LIGHT CRUDE OIL WITHIN THE PROGRAM DURING JULY 1999.
>
> AT THIS TIME, WE KEEP OUR RIGHTS TO ADVISE YOU AT A LATER STAGE WHEN THE REMAINING 3,500,000 BARRELS OF BASRAH LIGHT CRUDE OIL WILL BE LIFTED BY NAFTA.
>
> UNQUOTE

Three days later, on July 2, 1999, Nafta and SOMO executed an Addendum to Contract M/06/25, by which the contract volume was increased by 4 million barrels.[98] As usual, SOMO informed the Oil Minister of the agreement, and sought his approval:[99]

> Following to our memorandum ... dated 06/08/1999, and based on the allocations statement for phase six, which was approved as per the letter of the Presidency-Secretary ... regarding the allocation of (10) ten million barrels to the company of The Liberal Democratic Party of Russia (Zhirinovsky), please find below details on the addendum of the contract signed with Nafta Moscow Company on 07/02/1999, on behalf of the aforesaid party, as another part of the quantity subject matter.

In describing the addendum to the contract, SOMO makes clear that the revised contract with Nafta Moscow was "on behalf of Mr. Zhirinovsky." SOMO also indicated that, of the 10 million barrels allocated to Zhirinovsky in Phase VI, "3.5 million barrels remain for future contract."

An internal SOMO chart adds further confirmation that Zhirinovsky had been allocated an additional 3.5 million barrels for Phase VI.[100] That chart, dated July 12, 1999, indicates the "contractual quantities through 07/12/99," which fell within Phase VI. Under the heading "Quantities allocated and expected to be allocated," the name "Zhirinovsky (Russia)" appears. Next to his name, the chart lists 3.5 million barrels.

That remaining 3.5 million barrels became the subject of extended correspondence between Bayoil and Nafta. For instance, on July 15, 1999, Nafta notified Bayoil of its attempts to obtain the remaining 3.5 million barrels:

> [P]lease be advised that yesterday we applied to 'SOMO' with request to sign by fax Addendum No. 2 to Contract M/06/25 of 30.5.99 for the increase of quantity up to [10 million barrels].... By their telex ... "SOMO" gave only partial reply to our inquiry....[101]

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[98] *See* Addendum No.1 Contract M/06/25, July 2, 1999.

[99] *See* Letter of SOMO to the H.E. the Oil Minister, dated July 5, 1999.

[100] *See* Memorandum from Saddam Zeben Hassan to Oil Minister, July 12, 1999 (forwarding handwritten chart reflecting oil allocations).

[101] *See* Letter from Nafta Moscow to Bayoil, July 15, 1999.

Later that day, Bayoil responded to Nafta's letter, stating:

> We understand SOMO answer as a silent confirmation of what the allocation holder told us, i.e. "the contract is increased to 10,000,000 barrels...."[102]

From this interchange, it is clear that (i) SOMO had promised the "allocation holder" – Zhirinovsky – the additional 3.5 million barrel allocation, and (ii) Zhirinovsky had communicated that promise directly to Bayoil. Therefore, Bayoil's letter provides further confirmation that Bayoil had continuing, direct communication with the "allocation holder" – Zhirinovsky – throughout the transaction.

Bayoil's understanding that the contract would be increased to 10 million barrels ultimately proved correct – just a few weeks later, SOMO executed another addendum to Contract M/06/25, increasing the volume of oil from 6.5 million barrels to 10 million.[103] SOMO once again requested approval for the change from the Oil Minister immediately thereafter.[104] SOMO's letter to the Oil Minister reiterates that these barrels had been "allocat[ed] ... to Mr. Zhirinovsky" and that this contract had been executed "on behalf of Mr. Zhirinovsky."

5. Unknown Payments from Bayoil Related to Contract M/06/25

Contract M/06/25 resulted in six different cargoes of oil from June 8 through October 20, 1999, as reflected in the chart below.[105] Those six shipments carried a total of 7,843,376 barrels of oil, all of which was purchased by Bayoil.

As with each of its cargoes, Bayoil maintained detailed ledger statements reflecting all income and expenses. The ledger statements indicate that, in connection with this contract, Bayoil paid $1,333,373.92 to an entity called "Plasco Shipping."[106] Those payments to Plasco Shipping amount to exactly 17 cents per barrel – the precise amount that Bayoil paid to United Management in connection with the Phase V transaction. Like the payments to United Management, the Bayoil ledger statements indicate that these Plasco payments were "Agent Commissions." Despite the fact that Bayoil paid Plasco more than $1.3 million – in payments ranging from $42,500 to $406,884.80 – Bayoil's files do not reflect any interaction with an entity called Plasco Shipping. In fact, Bayoil's files are completely devoid of any reference to Plasco – there is no correspondence of any kind with Plasco Shipping, no contract with any entity named Plasco, and no invoice from an entity with the name Plasco.

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[102] *See* Letter from David B. Chalmers, Jr. to Nafta Moskva, July 15, 1999.

[103] *See* Addendum No. 2 Contract M/06/25, July 31, 1999.

[104] *See* Letter from Saddam Zeben Hassan to H.E. the Oil Minister, August 1, 1999.

[105] *See* SOMO Commercial Invoice Nos. B/155/99, C/198/99, C/223/99, B/260/99, C/257/99,and B/193/99.

[106] *See* Bayoil General Ledgers for M/06/25 (excerpts).

The information concerning each payment is reflected in the chart below:

Shipment	Date	Oil Lifted (barrels)	Payment to Plasco Shipping	Rate of Plasco Commission
1	6/8/99	2,393,440	$406,884.80	17 cents/barrel
2	7/23/99	1,889,602	$321,232.34	17 cents/barrel
3	8/23/99	596,139	$101,343.63	17 cents/barrel
4	9/17/99	894,936	$152,139.12	17 cents/barrel
5	9/24/99	250,000	$42,500	17 cents/barrel
6	10/20/99	1,819,259	$309,274.03	17 cents/barrel
Total Commissions Paid to "Plasco Shipping" by Bayoil under M/06/25 = **$1,333,373.92**				

6. Zhirinovsky Requests Additional Oil in Phase VI

Toward the end of Phase VI, Zhirinovsky apparently requested a supplemental allocation of oil. In a letter dated October 5, 1999, the Executive Director of SOMO informed the Minister of Oil that every allocation grantee had requested additional allotments and requested his advice concerning the requests: "All companies we do business with ... have shown the desire to obtain additional quantities during this phase."[107] Attached to this letter were two charts reflecting data about previous allocations. In the attached Table 1, SOMO listed "the companies in phase six and the additional quantities they requested." Under the heading "Special Requests" in Table 1, the name "Zhirinovsky" appears. Next to that entry, the chart indicates that the "contractual quantity" for Zhirinovsky's allocation was 10 million barrels, matching the other SOMO documentation concerning Zhirinovsky's Phase VI allocation. Under "Additional Quantities Requested," the table indicates that Zhirinovsky had requested a supplemental allocation of 500,000 barrels. It is unclear whether that request was granted or if the allotted oil was ever lifted.

G. The Sixth Allocation (Phase VII)

Numerous SOMO records indicate that Zhirinovsky received another significant allocation – 6.5 million barrels of oil – in the seventh phase of the Oil for Food Program. The SOMO Allocation Chart, described above, confirms the 6.5 million barrel allocation to Zhirinovsky in Phase VII. Like the allocations for Phases V and VI, the oil was ultimately purchased by Bayoil. The purchasing agent for this transaction, however, was not Nafta Moscow, but rather a different Russian company, called Tyumen Oil Company.[108]

1. Zhirinovsky Visit to Iraq

In late December 1999, Zhirinovsky traveled to Iraq – apparently his tenth trip in four years. On December 29, 1999, Zhirinovsky met with Saddam Hussein, and two members of the oil allocation committee, Vice President Taha Yassin Ramadan and Deputy Prime Minister Tariq Aziz.[109] Zhirinovsky once again reiterated his support for the Hussein regime and opposition to the U.N.'s sanctions against Iraq. Zhirinovsky stated that Russia felt "solidarity with Iraq on the lifting of the unfair embargo."

2. Tyumen Signs Contract "on Behalf of the Liberal Democratic Party of Russia (Mr. Zhirinovsky)"

On January 19, 2000, shortly after Zhirinovsky's trip to Baghdad, Tyumen executed a contract for the purchase of 6.5 million barrels of oil from Iraq.[110] SOMO submitted that

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[107] *See* Letter of Saddam Zeben Hasan to H.E. the Oil Minister, October 5, 1999.

[108] Throughout this Report, Tyumen Oil Company will be called "Tyumen" or its widely-used abbreviation "TNK."

[109] *See* Agence France Presse, "Saddam Receives Russian Ultra-Nationalist Zhirinovsky," December 29, 1999.

[110] *See* SOMO Crude Oil Sales Contract No. M/07/90 (cover and signature pages).

contract, numbered M/07/90, to the Oil Minister for approval on January 22, 2000.[111] In notifying the Oil Minister of the contract, SOMO confirmed that the contract was executed "on behalf of Zhirinovsky" or the LDPR:

> Based on the statement of allocations (private) for phase seven, please find below the details of contract signed with the Russian company Tyumen on 1/19/2000 on behalf of the Liberal Democratic Party of Russia (Mr. Zhirinovsky):
>
> 1 – Contract No.: M/07/90 dated 1/19/2000
> 2 – Name of Company Buyer: Tyumen Russian – on behalf of Mr. Zhirinovsky

The Minister of Oil approved the contract the next day.

3. Bayoil Pays Roughly $1 Million to a "Russian" in Connection with Contract M/07/90

A couple of weeks later, on February 5, 2000, the oil tanker *Golar Dundee* lifted roughly 2 million barrels of oil on behalf of Tyumen pursuant to Contract M/07/90.[112] A document entitled "Bayoil Cargoes Loaded Under UN Oil-for-Food Program (1997-2003)" confirms that Bayoil purchased that cargo from Tyumen.[113] Bayoil's internal accounting statement for that shipment indicates that Bayoil made a payment of $620,000 to an entity called "Bayvan Consulting" in connection with that transaction. The entry on the ledger statement states that the $620,000 payment was for "Agent Commissions."[114]

A different Bayoil document, however, indicates that the $620,000 payment to Bayvan Consulting actually went to a "Russian."[115] That document is an email from a Bayoil employee to Bayoil's President David Chalmers listing each of Bayoil's expenses arising from this particular *Golar Dundee* shipment. The list includes, *inter alia*, the cost of the crude oil, the costs to obtain the applicable letter of credit, the U.N.'s finance charges, and the costs of chartering the oil tanker. Importantly, at the end of the list appears an entry entitled "Russian Commission" for $620,000 – precisely the same amount as the "Agent Commission" paid to "Bayvan Consulting." The list further states that the $620,000 payment is comprised of a commission of 31 cents per barrel for a 2 million-barrel cargo, the amount carried on the *Golar Dundee*.

Notably, the document makes clear that the $620,000 payment to a "Russian" is not the commission owed to Tyumen, the Russian intermediary, since the Bayoil breakdown of costs includes a separate entry of 3 cents per barrel for the Tyumen commission. Specifically, the list denotes a payment of $61,315.56 for "TNK Comm," a reference to Tyumen's initials. The amount of $61,315.56 equates to precisely 3 cents per barrel for the *Golar Dundee* shipment of 2,043,852 barrels. As a result, the reference to a "Russian" in connection with the $620,000 payment does not refer to Tyumen; rather, the $620,000 payment to "Bayvan Consulting" must be for a different "Russian." That Russian – in light of the SOMO documents presented above – is likely Zhirinovsky, the allocation recipient.

Importantly, Bayoil documents reveal that at least two other shipments arising from Contract M/07/90 included identical payments of 31 cents per barrel to Bayvan Consulting for "Agency Commissions."[116] For instance, the next M/07/90 lifting occurred on February 20th, involving the oil tanker called *Stena Congress*. That vessel loaded 750,000 barrels on behalf of Tyumen. Bayoil's ledger statement for that shipment indicates that the company purchased the *Stena Congress* cargo, and made a payment of $221,650 to Bayvan Consulting in connection

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[111] *See* Letter from SOMO to Honorable Minister of Oil, January 22, 2000.

[112] *See* SOMO Commercial Invoice No. B/30/2000.

[113] *See* chart entitled "Bayoil Cargoes Loaded Under UN Oil-for-Food Program (1997-2003)" (excerpt).

[114] *See* Bayoil General Ledger for *Golar Dundee* (excerpt).

[115] *See* Email from "Jean" to "David," March 14, 2000.

[116] Although Bayoil purchased the fourth (and final) shipment of Contract M/07/90, it could not locate the complete ledger statement for that shipment. As a result, it is unclear whether Bayoil made a similar 31-cent payment to Bayvan Consulting in connection with the fourth cargo of Contract M/07/90. That cargo amounted to 1,872,090 barrels, and was lifted onto a vessel called the *Stena Conductor* on March 20, 2000. If Bayoil made the 31-cent payment for the *Stena Conductor* cargo, the Bayvan payment for that shipment would have equaled $580,374.90.

with that transaction.[117] That payment of $221,650 is precisely 31 cents for each of the 750,000 barrels lifted by the *Stena Congress*.

The same pattern continues in the third shipment for Contract M/07/90, which involved 415,000 barrels lifted aboard the oil tanker *Boree*. Once again, Bayoil bought that cargo and made a payment for "Agency Commissions" to Bayvan Consulting of precisely 31 cents for each of the 415,000 barrels loaded onto the *Boree*.[118] The result was a payment to Bayvan of $128,650.

Of the three known shipments, Bayoil paid the "Russian" $970,300, all of which went through Bayvan Consulting. Assuming that the pattern continued for the fourth shipment of Contract M/07/90 – meaning that Bayoil made the "Agent Commission" payment to the "Russian" via Bayvan Consulting – the total amount paid would equal $1,550,647.90.

Shipment	Date	Oil Lifted (barrels)	Payment to Bayvan Consulting
1	2/5/00	2,043,852	$620,000 (identified as "Russian Commission")
2	2/20/00	750,000	$221,650
3	3/9/00	415,000	$128,650
4	3/20/00	1,872,090	Unknown – File Incomplete
Total Known Commissions Paid to "Bayvan Consulting" by Bayoil under M/07/90 = $970,300			
Total Probable Payments to "Bayvan Consulting" by Bayoil under M/07/90 = $1,550,647.90			

Although Bayoil's files contain nearly one thousand pages concerning the four cargos related to M/07/90, not a single sheet of paper indicates that Bayvan Consulting provided any services whatsoever in connection with that contract. Simply put, other than individual entries on its ledger statements, the Bayoil files contain no reference to Bayvan Consulting – no contract, no correspondence, and no invoices. Nevertheless, Bayoil saw fit to pay that entity a "Commission" of at least $970,300 and most likely more than $1.5 million.

4. Additional Evidence of Zhirinovsky's Phase VII Allocation

On June 14, 2000, immediately following the end of Phase VII, SOMO created a hand-written chart that summarized its allocations for Phases VI and VII, and indicated proposed future allocations. That chart, entitled "Statement of Allocations for the Phase Subsequent to Phase 7," indicates that a Russian named "Mr. Zhirinovsky" was granted allocations of 10 million barrels in Phase VI and 6.5 million barrels in Phase VII. Both of those amounts comport with the evidence discussed above concerning Zhirinovsky's allocations for Phases VI and VII. In addition, under the heading "Allocations of the Phase Subsequent to Phase 7," the chart notes that Zhirinovsky was granted an allocation of 9 million barrels.

Later in June, SOMO drafted another hand-written chart for the Minister of Oil that summarized the status of oil allocations for Phase VII. Once again, "Mr. Zhirinovsky" appears as recipient of an allocation of 6.5 million barrels for Phase VII. The chart also notes that Zhirinovsky's allocation for Phase VII "has been lifted by Tyumen." Like the previous chart, this table indicates that Zhirinovsky received an allocation of 9 million barrels for Phase VIII. A hand-written note on the chart indicates that some of the recipients of the Phase VIII allocations had not yet indicated which company would purchase their allotted oil, and therefore SOMO had not yet executed contracts for those allocations: "We are still waiting for the private parties who were granted allocations in Phase 8 to specify the companies, so that we can carry out the contract with them." Zhirinovsky's Phase VIII allocation is discussed in detail below.

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[117] *See* SOMO Commercial Invoice No. B/46/2000 and Bayoil General Ledger for *Stena Congress* (excerpt).

[118] *See* SOMO Commercial Invoice No. B/64/2000 and Bayoil General Ledger for *Boree* (excerpt).

H. The Seventh Allocation (Phase VIII)

The Phase VIII allocation to Zhirinovsky followed the pattern established with the allocations in Phases V, VI, and VII. Namely, Zhirinovsky was granted the allocation, Bayoil agreed to purchase the oil allotted to Zhirinovsky, Bayoil engaged a Russian entity to be the purchasing agent and interface with Iraq, and Bayoil made significant payments to a mysterious entity for each shipment.

This transaction, however, included one additional element – a massive under-the-table payment to Saddam Hussein. Such illegal payments, commonly called "surcharges," began on September 1, 2000. According to several Hussein regime officials, Saddam learned of the profits going to allocation recipients and oil traders that were dealing in Iraqi oil, and sought to capture some of those earnings for himself.[119] One regime official described Saddam's intent:

> Saddam Hussein began to think the amount of the bribery [from the so-called "Saddam Bribery System" of oil allocations] became too great. At that point Saddam Hussein implement a system to recover some of the bribe money. [The official] explained that this eventually became an objective and the supporters [who received oil allocations] had to give some of their profits to Saddam Hussein.[120]

Saddam's plan was straightforward: SOMO would lower the price for oil by a small margin and then demand that the oil purchaser pay a surcharge back to the Hussein regime through a designated secret bank account. Initially, the surcharges were 10 cents per barrel, meaning that a purchaser of 1 million barrels would be obligated to pay $100,000 into a secret regime-controlled account. The amount of the surcharge fluctuated over the next two years, reaching 30 cents per barrel for more than a year. These under-the-table surcharge payments were in direct violation of U.N. sanctions and the Oil for Food Program because they were not deposited into the U.N.-controlled escrow account held at BNP Paribas.

One important aspect of this surcharge scheme was that the Iraqis placed responsibility for the surcharges squarely on the shoulders of the allocation grantee.[121] Therefore, in order to receive an oil allocation after September 1, 2000, the allocation recipient was required to promise to pay the illegal surcharge. There were no exceptions.[122] Accordingly, any person or entity that received an allocation after September 1, 2000 knew of and agreed to pay the illegal, under-the-table payment to the Hussein regime.

In the Zhirinovsky-Bayoil transaction in Phase VIII, illegal surcharges of more than $800,000 were paid to the Hussein regime. Those payments, along with the initial allocation to Zhirinovsky, are described in detail below.

1. SOMO Grants Zhirinovsky an Oil Allocation for Phase VIII

As discussed above, SOMO's internal documents reveal that Zhirinovsky was allotted 9 million barrels of oil in Phase VIII of the Program. A few weeks after those charts were prepared, Tyumen entered into Contract M/08/40 for the purchase of the oil allocated to Zhirinovsky in this phase.[123] That contract, however, covered only 6 million barrels, amounting to two-thirds of Zhirinovsky's Phase VIII allocation. It is unclear why the contracted volume of oil was lower than the allotted amount.

Per its typical protocol, SOMO immediately requested approval of the Minister of Oil for Contract M/08/40.[124] That letter clearly establishes that Tyumen's Phase VIII contract was "on behalf of Mr. Zhirinovsky":

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[119] *E.g.*, Subcommittee Interview of Senior Hussein Regime Official No. 1, April 2005.

[120] Memorandum of Interview of former regime official by U.S. Treasury Iraqi Financial Asset Team on March 24, 2004 (Interview #50).

[121] Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005.

[122] *Id.*

[123] *See* SOMO Crude Oil Sales Contract No. M/08/40 (cover and signature pages).

[124] *See* Letter from Saddam Zeben Hassan to the Honorable Minister of Oil, August 13, 2000.

> Based on the statement of allocations for Phase VIII, please find below the details of contract signed with Tyumen Russian company on behalf of Mr. Zhirinovsky (as part of the 9 million barrels allocated to him)..."

The Oil Minister approved the contract shortly thereafter, on August 15, 2000.

At some point after the oil contracts had been signed, SOMO began scheduling the oil liftings arising from its Phase VIII contracts. One document provides further confirmation that Zhirinovsky received an oil allocation in that phase, and that Tyumen had contracted for that oil. That document, a hand-written chart entitled "Table of Proposed Quantities for September 2000," indicates the proposed oil lifting schedule for one month in Phase VIII.[125] The sixth entry on the table indicates that SOMO proposed scheduling Tyumen to lift 5.1 million barrels during September 2000. The name of the contracting company was written as follows: "Tyumen (Mr. Zhirinovsky)."

Another SOMO document written in Phase VIII confirms that Zhirinovsky was granted a 9-million barrel allocation in that phase.[126] That document is a chart entitled "Quantities of Crude Oil Allocated to Russian Companies." As its title suggests, the chart lists the person or entity that received an allocation in Phase VIII and the amount of the allocation. Entry 21 on that list is "Mr. Zhirinovsky," who was scheduled to receive 9 million barrels of crude oil in Phase VIII. The chart also indicates that Zhirinovsky received a 10-million barrel allocation in Phase VI and a 6.5-million barrel allotment in Phase VII.

2. Bayoil Contracts with Tyumen to Buy the Allotted Oil

As SOMO was in the process of granting the oil allocation to Zhirinovsky, Bayoil orchestrated the purchase of the allotted oil. Like the Phase VII transaction, Bayoil engaged Tyumen to act as the Russian purchasing agent that would interface with the Iraqis. To that end, Bayoil signed a contract with a Tyumen affiliate named Crown Trade and Finance Ltd. to purchase "about 10 million barrels of Iraqi crude oil to be delivered in the frame of the 8th period of the United Nations programme 'Oil for food' subject to actual contractual quantities under the Contracts between 'OAO Tyumen Oil Company (TNK) and 'SOMO.'[*sic*]"[127] The terms of the contract obligated Bayoil to pay Crown three cents for each barrel lifted pursuant to Contract M/08/40, the Tyumen-SOMO contract for Phase VIII.

3. Oil Liftings for Contract M/08/40 and Dubious Payments Totaling $2.45 Million

Tyumen, on behalf of Bayoil, began lifting oil pursuant to M/08/40 in September 2000.[128] Bayoil's ledger statements for the Contract M/08/40 transactions show that Bayoil made payments of 3 cents per barrel to Tyumen, and other payments of exactly 27.7246 cents per barrel for each shipment.[129] These 27-cents-per-barrel payments totaled exactly $2.45 million. The expense was identified as an "Agent Commission," but the ledgers do not reveal the identity of the Agent.

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[125] *See* SOMO chart entitled "Table of Proposed Quantities for September 2000."

[126] *See* SOMO chart entitled "Quantities of Crude Oil Allocated to Russian Companies," 11/1/00 (cited above in Footnote 88).

[127] *See* "Contract" between Crown Trade & Finance Ltd. and Bayoil Supply & Trading Limited, June 30, 2000 (excerpt).

[128] *See* SOMO Commercial Invoice Nos. B/261/2000, B/270/2000, B/317/2000, B/33_/2000 (illegible), and B/1/2001.

[129] *See* Bayoil General Ledgers for M/08/40 (excerpts).

Shipment	Date	Oil Lifted (barrels)	Rate of "Agent Commission"	Payment to Unidentified Recipient for "Agent Commission"
1	9/8/00	2,073,906	27.7246 cents/barrel	$574,984
2	9/16/00	2,010,489	27.7246 cents/barrel	$557,402
3	10/23/00	1,050,000	27.7246 cents/barrel	$291,109
4	11/11/00	1,882,481	27.7246 cents/barrel	$521,912
5	1/6/01	1,820,015	27.7246 cents/barrel	$504,593
Total Payments to Unidentified Recipient for "Agent Commissions" by Bayoil in Connection with Contract M/08/40 = $2,450,000				

It is particularly conspicuous that the recipient of the $2.45 million is not named in the Bayoil ledger statements. These ledger statements reflect Bayoil's meticulous accounting for each cargo of oil. These statements contain an enormous amount of accounting information, including the category of each transaction, the date of each expense or revenue, the amount of each such transaction, the method of payment, and the name of the payer/recipient. All cash flow – from the *de minimus* $3.00 receipt to the whopping $50,000,000 expense – is listed in precise detail. For instance, the ledger statement for the first M/08/40 cargo includes 136 separate entries. Of the 136 items, the payment of $574,984 for "Agent Commission" is one of only five entries that do not list the name of the related party. The other four unidentified transactions appear to be mere accounting adjustments. As a result, even though the ledger indicates the parties involved in dealings as minimal as $3, it does not indicate who received the massive commission payment of $574,984.

The same pattern emerges with respect to the second M/08/40 shipment, whose ledger includes 137 different entries. As with the first cargo, this ledger includes only one unnamed transfer of funds – the $557,402 "Agent Commission."[130] Although the ledger details payments as little as $15, the identity of the "Agent" that received more than $557,000 was omitted. The ledgers for the other cargoes of M/08/40 follow the same pattern, in which the recipient of the $2.45 million is conspicuously unidentified.

One Bayoil document indicates that Bayoil paid a 27-cent commission to an unidentified recipient called "Russians/Other."[131] That document is an undated chart that breaks down the costs and revenues associated with some of Bayoil's previous shipments. In particular, the document, entitled "Past Basrah Liftings," lists the costs associated with Bayoil's shipments from Basrah, one of the two Iraqi export terminals that were authorized under the Oil for Food Program. The chart reveals that, for Bayoil's previous shipments from Basrah, it had paid a 27-cent payment to "Russians/Other."

4. Bayoil Financed Illegal Surcharges to the Hussein Regime

While the recipient of Bayoil's $2.45 million commission is unclear, other documents indicate that Bayoil financed surcharge payments in connection with this contract. One document is a spreadsheet created by an Italian company called Italtech. Italtech maintained an extremely close relationship with Bayoil during the Oil for Food Program. In fact, Bayoil and Italtech entered into a revenue sharing agreement, in which they would split profits generated from Oil for Food transactions.[132] One of Italtech's subsidiaries is United Management, the

[130] Like ledger statement for the first M/08/40 shipment, the second ledger statement includes four accounting adjustments that are not linked with an individual or entity.

[131] *See* Bayoil chart entitled "Past Basrah Liftings," undated.

[132] *See, e.g.*, Revenue Sharing Agreement between Italtech S.r.l. and Bayoil Supply & Trading Ltd., December 27, 2000.

recipient of Bayoil's 17-cent commission in the Phase V Zhirinovsky transaction. During the surcharge period from September 2000 through mid-2002, Italtech maintained a spreadsheet of the surcharges that Bayoil and Italtech owed to the Iraqis.[133] Among other things, the chart listed the date of the relevant shipment, the oil tanker, the amount of oil lifted, and the "fee" owed to SOMO. At the end of the chart appears "Totals Due to SOMO for Shipment up to March 1st [2001]." The chart then indicates that Bayoil and Italtech owed SOMO surcharges of $6,373,070.

The chart also lists "contested payment," which appears to represent payments from Bayoil and Italtech that they believed should offset their outstanding surcharge debt. One "contested payment" is a payment to "Tiumen," an apparent reference to Tyumen, Bayoil's Russian purchasing agent for Zhirinovsky's Phase VIII allocation. The chart states that Bayoil/Italtech had "[a]lready paid about 33 centsper [*sic*] barrel to Co TIUMEN." According to the chart, that 33-cent payment to Tyumen amounted to $546,004. Therefore, Bayoil/Italtech was apparently claiming that it had already paid Tyumen $546,004 and therefore that sum should offset their surcharge obligations.

That $546,004 payment to Tyumen, according to one SOMO document, was forwarded to SOMO as a surcharge. That document – a chart reflecting all surcharges collected by the Hussein regime under the Oil for Food Program – was created by the Ministry of Oil after the fall of the Hussein regime.[134] The chart details each contract for the purchase of oil from the imposition of surcharges on September 1, 2000 through the end of the surcharge period in August 2002. The chart indicates (i) the phase when the surcharge was paid, (ii) the name of the purchasing company, (iii) the number of the relevant contract, (iv) the amount of oil lifted, (iv) the amount of the surcharge owed, (v) the amount of the surcharge paid, (vi) the amount of the outstanding balance, and (vii) the rate of the surcharge amount.

With respect to Contract M/08/40, the chart reveals that Tyumen paid surcharges totaling $839,692.10 to Hussein-controlled accounts. That sum was spread over two different payments. The first payment was for $293,686. The second payment was for $546,004.50 – virtually the same figure as Bayoil's "contested payment" to Tyumen. Therefore, it appears that Bayoil and Italtech paid $546,004 to Tyumen and that Tyumen forwarded that payment to the Hussein regime as a surcharge.

5. Zhirinovsky Paid Illegal Surcharges by Giving a Building to Iraq

In addition to the surcharge payment described above, Zhirinovsky gave significant consideration to the Hussein regime in lieu of cash payments. Several senior officials in the Hussein regime provided a similar account about how Zhirinovsky paid non-cash surcharges in connection with Contract M/08/40. According to these officials, Zhirinovsky failed to pay the outstanding surcharge for an extended time, and as a result, "we stopped giving him allocations."[135] Zhirinovsky attempted to pay down his outstanding balance, but complained that it was "impossible" for him to do so.[136] In light of Zhirinovsky's continued intransigence, Vice President Taha Yassin Ramadan traveled to Russia and directly threatened Zhirinovsky: "Pay or get nothing."[137]

One SOMO document confirms that the Iraqis were having difficulty obtaining the surcharge from Zhirinovsky.[138] That document, a handwritten memorandum entitled "The Position of Companies Regarding the Settlement of Surcharge," states:

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[133] *See* Italtech Chart, untitled, December 29, 2000 – March 1, 2001. Subcommittee staff has reviewed a version of this spreadsheet that was authenticated and signed by an officer of Italtech.

[134] *See* SOMO Surcharge Chart (excerpt).

[135] Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005; Subcommittee Interview of Senior Hussein Regime Official No. 1, April 2005; Subcommittee Interview of Senior Hussein Regime Official No. 2, April 2005.

[136] Subcommittee Interview of Senior Hussein Regime Official No. 1, April 2005.

[137] Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005.

[138] *See* SOMO Memorandum (excerpt entitled "The Position of Companies Regarding the Settlement of Surcharge"), undated.

> The position of certain companies remains unclear with regard to the settlement of the surcharge, despite the fact they have been invited to report to Baghdad, but they have not yet."

The memorandum then lists the individuals and entities with outstanding surcharge balances. The fourth entry on the list is "Mr. Zhirinovsky." The memorandum indicates "He has been invited several times."

After continued delinquency, Zhirinovsky eventually offered to give the Iraqis a school building that he owned in Moscow as compensation for his remaining surcharge balance.[139] On March 12, 2002, more than a year after the oil had been lifted, Zhirinovsky wrote to Tariq Aziz to take "full responsibility" for the problems associated with the surcharge debt and expressly offered to transfer a building to pay off the "duty" that he owed:

> As discussed before I have taken the full responsibility to satisfy your requirements and I would like to underline once again that the only one responsible in this particular case is I [*sic*]. The process of settling the matters has taken longer time than expected due to a complicated documentation process, for which you are fully aware and duly informed.
>
> ***
>
> During our numerous meetings we discussed question about deliver[y] of building on the free basis in the center of Moscow for Arabic school and you would cover the duty. Today the building registration documents are on the final stage of registration and it will be ready on the April of 2002 [*sic*].[140]

The Iraqis accepted Zhirinovsky's offer, and Zhirinovsky handed over the deed to this building at the Iraqi embassy in Moscow.[141] In relaying these facts to the Subcommittee, one official confirmed that he personally observed the transfer of the deed, saying: "I was there personally."[142]

Zhirinovsky's transfer of the building to the Iraqis was confirmed in a memorandum written by the Iraqi Ministry of Oil after the fall of the Hussein regime.[143] According to the pertinent section of that memorandum, entitled "Collecting the surcharge," Zhirinovsky "pretended" that he could not pay the surcharge in cash, and therefore, transferred the ownership of the building:

> [T]he sum of $840,000 was collected in vain through the transfer of ownership of a house on behalf of the Iraqi embassy in Moscow, which was used later on as an Iraqi school (the sums Mr. Zhirinovsky owed, and which he pretended not being able to pay in cash; therefore, the house was accepted in return).

One high-ranking official interviewed by the Subcommittee confirmed that the value of the building was roughly $840,000.[144] Another official – the one who was present at the Iraqi embassy when Zhirinovsky transferred the deed – stated that the building was "worth about $800,000."[145]

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[139] Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005; Subcommittee Interview of Senior Hussein Regime Official No. 1, April 2005; Subcommittee Interview of Senior Hussein Regime Official No. 2, April 2005.

[140] *See* Letter from Vladimir Zhirinovsky to Tariq Aziz, March 12, 2002.

[141] Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005; Subcommittee Interview of Senior Hussein Regime Official No. 1, April 2005; Subcommittee Interview of Senior Hussein Regime Official No. 2, April 2005.

[142] Subcommittee Interview of Senior Hussein Regime Official No. 2, April 2005.

[143] *See* SOMO Memorandum (excerpt entitled "Collecting the surcharge"), undated.

[144] Subcommittee Interview of Senior Hussein Regime Official No. 1, April 2005.

[145] Subcommittee Interview of Senior Hussein Regime Official No. 2, April 2005.

I. The Eighth Allocation to Zhirinovsky (Phase IX)

1. Zhirinovsky Leads Another Delegation to Iraq

On May 3, 2001, Vladimir Zhirinovsky led yet another Russian delegation to Baghdad. The ostensible purpose of this trip was to attend an international conference concerning the U.N. "blockade" of Iraq. At the conference, Zhirinovsky met with Deputy Prime Minister Tariq Aziz, one of the members of the oil allocation committee. Both men called for Russia to unilaterally withdraw from the U.N. sanctions regime, and Zhirinovsky called for Russia to take active measures to cancel the sanctions. Two days later, on May 5, 2001, Zhirinovsky met with another member of the committee that doled out oil allocations, Vice President Taha Yassin Ramadan. During that meeting, the two men discussed the impact of U.N. sanctions on Iraq.[146]

2. While Zhirinovsky is in Baghdad, a Russian Company Contracts for His Allotment of Oil

On the same day that Zhirinovsky met with the Vice President of Iraq, a Russian company signed a contract to buy oil that had been allocated to Zhirinovsky. The Russian company, called Machinoimport, signed Contract M/09/119 for 4 million barrels of Iraqi crude. Immediately after the contract was signed, SOMO followed its typical protocol and requested approval of the contract from the Oil Minister.[147] In that letter, SOMO indicates that the 4 million barrels of oil addressed in Contract M/09/119 was allotted to Zhirinovsky:

> As per the approval of your Excellency on 05/01/2001, we have allocated (4) million barrels to Machinoimport Company (on behalf of Mr. Zhirinovsky) and signed a contract as per the following terms:
>
> 1 – Number of Contract: M/09/119 Date: 05/05/2001
> 2 – Name of Company Buyer: Machinoimport

Another SOMO document confirms that the 4 million barrels of Contract M/09/119 had been granted to Zhirinovsky. That document is a chart dated June 14, 2001 and entitled "Exports of Iraqi Crude Oil as per the Memorandum of Understanding/Phase (9) From 12/07/2000 to 06/03/2001."[148] As the title indicates, the chart lists the recipients of allocations, the companies that contracted for the allotted oil, and the status of the related exports. The chart contains an entry for the Machinoimport contract, which has a contracted volume of 4 million barrels. The name of the purchasing company is "Machinoimport (Zhirinovsky)."

Contract M/09/119 ultimately resulted in three cargos lifted in July and August 2001.[149] Although the Subcommittee's evidence demonstrates that oil was indeed lifted pursuant to M/09/119, the Duelfer Report suggests that oil was not lifted in connection with this contract, stating that M/09/119 was "Not Performed."[150] The cause of this discrepancy is unclear.

J. The Ninth Allocation (Phase X)

1. Zhirinovsky Receives 9th Allocation and Machinoimport Contracts for the Allotted Oil

On July 18, 2001, SOMO executed Contract M/010/19 with Machinoimport.[151] The volume of oil for that contract was 8 million barrels. In keeping with its established tradition, SOMO informed the Minister of Oil of Contract M/010/19 and requested his approval.[152] SOMO's description of the contract confirms that Zhirinovsky received an allocation in Phase X:

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[146] *See* Interfax News Agency, May 5, 2001.

[147] *See* Letter from Saddam Zeben Hassan to H.E. the Oil Minister, May 6, 2001.

[148] *See* SOMO chart entitled "Exports of Iraqi Crude Oil as per the Memorandum of Understanding/Phase (9) From 12/07/2000 to 06/03/2001," June 14, 2001.

[149] *See* SOMO Commercial Invoice Nos. C/100/2001, C/101/2001, and B/118/2001.

[150] *See* Duelfer Report, Annex B at 184.

[151] *See* SOMO Crude Oil Sales Contract No. M/010/19 (cover and signature pages).

[152] *See* Letter from Saddam Zeben Hassan to H.E. the Oil Minister, July 20, 2001.

> Based on the allocations' statement, a contract has been signed with Russian company Machinoimport (on behalf of Mr. Zhirinovsky)...

The Oil Minister approved the contract the next day, July 21, 2001.

On the same day, SOMO informed "The Financial Department" of the contract.[153] Once again, in describing the contract, SOMO confirms that the oil contracted in M/010/19 had been allocated to Zhirinovsky:

> A contract has been signed on 07/18/2001 to supply the aforesaid buyer [Machinoimport] with crude oil as per the following details:
>
> > 1 – Name of Company Buyer: Machinoimport Russian (on behalf of Mr. Zhirinovsky)

Notably, SOMO also informs the Minister of Oil that a "Surcharge" would be "Payable within one month of loading." That surcharge will be discussed in detail below.

For an unknown reason, SOMO and Machinoimport later reduced the volume of this contract by half – from 8 million barrels to 4 million.[154] SOMO then informed "The Financial Department" of the revised contract volume and, in describing the contract, SOMO once again declared that the oil was allocated "on behalf of Mr. Zhirinovsky":

> Following to our memorandum dated 07/21/2001, we made an agreement with the above-mentioned buyer [Machinoimport] to change the contractual quantities (on behalf of Mr. Zhirinovsky) from (8) million barrels to (4) million barrels...[155]

2. Bayoil Contracts with Machinoimport

As SOMO proceeded internally, Machinoimport and Bayoil were engaged in contract negotiations. Bayoil's President David Chalmers wrote to Machinoimport on August 7, 2001 and indicated that Bayoil Senior Adviser Ludmil Dionissiev would "visit" with Machinoimport the next day. The purpose of Dionissiev's visit was to conduct "detailed discussions" about purchasing Iraqi crude oil.[156]

On August 14, 2001, several days after this scheduled meeting, Bayoil and Machinoimport executed an "Agency Agreement" concerning the purchase of Iraqi oil in connection with Contract M/010/19.[157] Certain aspects of this agreement are noteworthy. First, Bayoil agreed to purchase from Machinoimport half of the oil covered by M/010/19, which amounted to roughly 2 million barrels.[158] Machinoimport, on the other hand, would act as Bayoil's purchasing agent, including scheduling the loadings of the oil with SOMO, "carry[ing] out operational correspondence" with SOMO and "mak[ing] contacts" with Iraqis on behalf of Bayoil.[159] For Machinoimport's efforts, Bayoil would pay a 40-cents-per-barrel commission, amounting to an estimated $800,000.[160] One other provision merits attention; specifically, in § 7.2 of the contract, Machinoimport affirms that no surcharge was paid to the Hussein regime in connection with Contract M/010/19:

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[153] *See* Letter from SOMO to "The Financial Department," July 21, 2001.

[154] *See* Addendum No. 1 to Contract No. M/010/19, July 18, 2001.

[155] *See* Letter from SOMO to "The Financial Department," August 18, 2001.

[156] *See* Letter from David B. Chalmers, Jr. to Machinoimport State Enterprise, August 7, 2001

[157] *See* Agency Agreement No.50-0601/72011/M/010/19-/B-K, dated August 14, 2001 (the "Bayoil-Machinoimport Agreement").

[158] *See* Bayoil-Machinoimport Agreement, Preamble, § 1.2, § 6.7, §7.1.

[159] *See id.* at §1.2.

[160] *See id.* at §2.1.

> [Machinoimport] specifically warrants that no surcharge or other payment was made to S.O.M.O. by [Machinoimport], or to [Machinoimport]'s knowledge by any third party, outside the U.N. escrow account in obtaining the crude oil sold to [Bayoil] hereunder.

From this provision, it is clear that both Bayoil and Machinoimport knew of the demand for illegal surcharges, and recognized that such under-the-table payments were not permitted.

3. Bayoil Lifts Oil Allocated to Zhirinovsky and Pays More Than $800,000 to Machinoimport

On September 3, 2001, two weeks after the Bayoil-Machinoimport contract was signed, the oil tanker *Amazon Eagle* lifted 2,098,421 barrels of Iraqi crude oil on behalf of Bayoil.[161] On September 21, 2001, pursuant to the Bayoil-Machinoimport Agency Agreement, Machinoimport submitted an invoice requesting payment of its 40-cents-per-barrel commission.[162] The invoice recites that the *Amazon Eagle* shipped 2,098,421 barrels, and as a result, Machinoimport was owed precisely $839,368.40. While the payment information on this invoice is illegible, Machinoimport apparently requested that Bayoil forward payment to an account for the benefit of a third party. Later that day, Bayoil responded to Machinoimport's invoice, indicating that its bank refused to make payment to an account held in the name of anyone other than Machinoimport.[163]

Machinoimport complied with Bayoil's request and resubmitted an invoice stipulating an account at Cyprus Popular Bank Ltd. in Machinoimport's name.[164] Later that day, Bayoil instructed its bank to pay $839,368.40, the requested amount, to the listed Cyprus Popular Bank account.[165] The next day, October 5, 2001, Bayoil's bank confirmed that it had transferred "USD 839368,4" from Bayoil's account to Machinoimport's account at Cyprus Popular Bank.[166] Bayoil's ledger statement for this *Amazon Eagle* cargo similarly confirms that Bayoil paid $839,368.40 on October 5, 2001 to Machinoimport.

4. Machinoimport Pays a Massive Surcharge to the Hussein Regime

After receiving the $839,368.40 payment from Bayoil, Machinoimport apparently forwarded the majority of that amount to the Hussein regime as an under-the-table surcharge. As noted in the SOMO's letter to the Minister of Oil on July 20, 2001, which is discussed above, Machinoimport promised to pay the Hussein regime a "surcharge" "within one month of loading" the oil pursuant to M/010/19. Machinoimport did in fact pay such a surcharge in connection with M/010/19, according to the SOMO Chart entitled "List of Surcharges per Agreement."[167] That chart, which was discussed above, detailed every surcharge payment, showing each contract number, amounts owed and paid, and the identity of the payer. With respect to Contract M/010/19, the chart confirms that Machinoimport lifted a total volume of 4,070,248 barrels, and under the heading "Surcharge per Agreement," that Machinoimport agreed to a surcharge of 30 cents per barrel. The "Total Amount Owed," according to the chart, was $1,221,074.40. The chart then shows that Machinoimport paid the surcharge amount in full.

As noted above, Bayoil purchased only half of the oil lifted pursuant to M/010/19, totaling 2,098,421 barrels. Accordingly, the surcharge owed for Bayoil's share of the oil amounted to $629,526.30. Therefore, Bayoil paid a 40-cents-per-barrel premium to Machinoimport, which amounted to $839,368.40. Machinoimport then paid the Hussein regime

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[161] *See* SOMO Commercial Invoice No. C/119/2001. Bayoil's internal documents confirm that it purchased this shipment. *See, e.g.*, Bayoil chart entitled "Bayoil Cargoes Loaded Under U.N. Oil-For-Food Program (1997-2003)" (listing purchase of cargo of oil aboard *Amazon Eagle* supplied by Machinoimport with bill of lading dated 9/3/2001 for 2,098,421 barrels).

[162] *See* Machinoimport Commercial Invoice NO 50-0601/72011/M/010/19/B-K-1 Dated 21.09.01.

[163] *See* Letter from Bayoil to Machinoimport, September 21, 2001. Notably, the bank Bayoil used in this transaction was different from the banks it had used in previous transactions, in which payments to third-party entities occurred without incident.

[164] *See* Machinoimport Invoice 50-0601-72011/M/010/19-/B-K-1, October 4, 2001.

[165] *See* Letter from Bayoil to Banque Cantonale Vaudoise, Lausanne ("BCV"), October 4, 2001.

[166] *See* Message from BCV to Bayoil, October 5, 2001.

[167] *See* Surcharge Chart (excerpt).

a 30-cents-per-barrel surcharge to the Hussein regime, which (for Bayoil's share) should have equaled $629,526.30. It is unclear the extent to which Bayoil knew of Machinoimport's illegal surcharge payment to the Hussein regime.

K. The Tenth Allocation (Phase X)

For an unknown reason, Zhirinovsky received a second oil allocation from the Hussein regime in Phase X. This allocation followed the pattern of the other Phase X transaction – a Russia-based oil company contracted with SOMO to purchase the oil, Bayoil bought the oil from the Russian company for a sizeable premium, and a massive, under-the-table surcharge was paid to the Hussein regime.

1. Zhirinovsky Receives Another Allocation and Lukoil is the Contracting Party

On July 26, 2001, Zhirinovsky wrote to Tariq Aziz to inform him that yet another Russian oil company would contract for his allotted oil.[168] In that letter, Zhirinovsky stated that he had a "cooperation" with the subsidiary of the Russian oil giant Lukoil, which would contract for his oil in 2001:

> I would like to confirm that I have a cooperation with the company "LUKOIL ASIA PACIFIC PTE LTD" during the next phase of the United Nations oil-for-food agreements.
> Next allocation for this phase of 2001, in an amount of 4 million barrels of oil should be assigned to "LUKOIL ASIA PACIFIC PTE LTD" for the contracting and lifting.

One month later, on August 26, 2001, Lukoil Asia Pacific PTE Ltd. executed Contract M/010/67 with SOMO for the purchase of 4 million barrels of crude oil.[169] In typical form, SOMO requested the Oil Minister's approval of the contract.[170] That letter, like its predecessors, confirms that the allocation underlying that contract had been granted to "Mr. Zhirinovsky":

> Based on the allocations statement, a contract has been signed with Lukoil Russian Company (on behalf of Mr. Zhirinovsky)...[171]

Like SOMO's approval letter for the previous Phase X allocation, SOMO also informs the Minister of Oil that a surcharge would be paid within one month of loading the oil.[172] The Minister of Oil approved the contract several days later.

Another SOMO document further confirms that the allocation for M/010/67 had been granted to Zhirinovsky. That document, a SOMO letter to the "Financial Department," indicates that Contract M/010/67 was with "Lukoil Asia Company (Mr. Zhirinovsky)."[173]

2. Lukoil Lifts the Oil on Behalf of Bayoil and Bayoil Pays $1.1 Million Surcharge

On October 10, 2001, the vessel *Licorne Pacifique* lifted 1,908,566 barrels of Iraqi crude oil pursuant to Contract M/010/67.[174] Several days later, the oil tanker *Astro Gamma* lifted 1,833,263 barrels in connection with M/010/67.[175] Bayoil purchased those shipments from Lukoil, as reflected in the chart entitled "Bayoil Cargoes Loaded Under the UN Oil-For-Food Program (1997-2003)."[176] In purchasing these shipments, Bayoil paid Lukoil a 3-cents-per-barrel premium, which amounted to $112,254.87.[177]

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[168] *See* Letter from Vladimir Zhirinovsky to Tariq Aziz, July 26, 2001.

[169] *See* SOMO Crude Oil Sales Contract No. M/010/67 (cover and signature pages).

[170] *See* Letter of Saddam Hassan to H.E. the Oil Minister, August 27, 2001.

[171] It is noteworthy that SOMO understood that Lukoil's parent company in Russia was the contracting party, not the Asian subsidiary.

[172] *See* Letter from Saddam Zeben Hassan to Oil Minister, August 27, 2001 (stating "Surcharge: Payable within one month") (cited above in Footnote 170).

[173] *See* Letter from Saddam Zeben Hassan to "The Financial Department," August 27, 2001.

[174] *See* SOMO Commercial Invoice No.C/147/2001.

[175] *See* SOMO Commercial Invoice No. B/182/2001.

[176] *See* Bayoil chart entitled "Bayoil Cargoes Loaded Under UN Oil-For-Food Program (1997-2003)" (excerpt).

[177] *See* Letter from Lukoil Asia Pacific PTE Ltd to Bayoil Supply and Trading Limited, November 2, 2001 (fax of invoice for payment of $57,256.98 premium for *Licorne Pacific [sic]* shipment, indicating that the "contractual

In addition to the commission payment to Lukoil, Bayoil made two large payments to "Plasco Shipping" – the same mysterious company that Bayoil paid 17 cents per barrel ($1,333,373.92) in connection with Zhirinovsky's Phase VI allocation. According to Bayoil's ledger statement for the M/010/67 shipments, Bayoil paid $1,122,548.70 to Plasco Shipping in connection with those cargoes. That sum is exactly 30 cents for each barrel lifted under M/010/67.

Shipment	Oil Lifted (barrels)	Rate of Plasco Commission	Payment to Plasco Shipping
Licorne Pacifique	1,908,566	30 cents/barrel	$572,569,80
Astro Gamma	1,833,263	30 cents/barrel	$549,978.90
Total Payments to "Plasco Shipping" by Bayoil under M/010/67 = $1,122,548.70			

It is important to note that, aside from the entries in the ledger statements, the Subcommittee could not identify a single reference to Plasco Shipping in Bayoil's files. The Subcommittee conducted a thorough review of the pertinent files, and despite the fact that Bayoil paid Plasco more than $1.1 million, Bayoil's documents concerning these cargoes do not contain a contract with Plasco or any correspondence involving Plasco. In short, there is no evidence that Plasco provided any service whatsoever for Bayoil to merit payments totaling $1,122,548.70.

The facts suggest that those transfers to Plasco were illegal, under-the-table surcharges to the Hussein regime. As noted above, the Ministry of Oil prepared a detailed register of each contract for which a surcharge was paid.[178] That Surcharge Chart indicates that, for Contract M/010/67, a surcharge of 30 cents per barrel was paid to the Hussein regime. The total surcharge owed for Contract M/010/67 was $1,122,548.70 – the exact amount that Bayoil paid to "Plasco Shipping" for that contract. The chart further confirms that the surcharge had been paid.[179] The chart suggests that Bayoil's payment of $1,122,548.70 to "Plasco Shipping" financed an illegal surcharge to the Hussein regime.

L. The Thirteenth Allocation (Phase XI)

Zhirinovsky was granted another allocation from the Hussein regime in Phase XI of the Program. On January 16, 2002, the Russian company Machinoimport executed an oil contract with SOMO, in which Machinoimport agreed to purchase 5.5 million barrels.[180] In keeping with its established protocol, SOMO requested approval of that contract, which was numbered M/011/79.[181] Like previous Zhirinovsky transactions, SOMO indicated that the contracted oil had been allocated to Zhirinovsky:

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premium" was "USD 0.03 per U.S. bbl"); *see also*, Bayoil General Ledger (excerpt of ledger for *Licorne Pacifique* cargo reflecting payment of $57,256.98 to "Lukoil Petro"); *see also* Letter from Lukoil Asia Pacific PTE Ltd to Bayoil Supply and Trading Limited, November 9, 2001 (invoice for payment of $54,997.89 premium for *Astro Gamma* cargo, indicating that the "contractual premium" was "USD 0.03 per U.S. bbl"); *see also*, Bayoil General Ledger (excerpt of ledger for *Astro Gamma* cargo reflecting payment of $54,997.89 to "Lukoil Petro").

[178] *See* Surcharge Chart (excerpt).

[179] Notably, the Surcharge Chart indicates that the surcharge was actually overpaid by $122.30. The cause of this discrepancy is unclear.

[180] *See* SOMO Crude Oil Sales Contract No. M/011/79 (cover and signature pages).

[181] *See* Letter from Ali Rajab Hassan to H.E. the Oil Minister, January 16, 2002.

> Based on the statement of allocations in phase eleven, a contract has been signed with Machinoimport Company (on behalf of Mr. Zhirinovsky) ...

At the end of the letter, SOMO also indicates that the parties had agreed that a surcharge would be "payable within one month from the date of loading." The Oil Minister approved the contract, and 5.2 million barrels of oil were later lifted pursuant to Contract M/011/79. The Surcharge Chart discussed previously indicates that the Hussein regime was paid $1,584,399.30 in surcharges in connection with Contract M/011/79.[182]

M. The Fourteenth Allocation (Phase XII)

According to the SOMO Allocation Chart discussed above, Zhirinovsky received another allocation in Phase XII of the Program. The volume of that allocation was 4 million barrels. According to SOMO records, the oil allotted to Zhirinovsky in Phase XII was never lifted.

♦ ♦ ♦

[182] *See* Surcharge Chart (excerpt).

Footnote (FN) Documents

STATEMENT BY
MARK L. GREENBLATT
COUNSEL
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
ON THE
UNITED NATIONS OIL-FOR-FOOD PROGRAM

BEFORE THE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
NOVEMBER 15, 2004

Mr. Chairman, Ranking Member Levin, and Subcommittee Members:

Thank you for this opportunity to testify before you concerning the Subcommittee's investigation into the United Nations Oil for Food Program and how Saddam Hussein abused that Program. The purpose of my testimony is to examine two ways in which the Hussein regime abused the Program, and present evidence obtained by the Subcommittee that illustrates our conclusions. First, I will discuss what have been called "oil vouchers" – namely, how Saddam Hussein turned oil into influence. The second portion of my presentation will illustrate how Saddam Hussein exacted millions of dollars in illegal surcharges under the OFF Program.

I. BACKGROUND: WHAT IS AN ALLOCATION OF OIL?

To understand how Saddam Hussein turned oil into influence, we start with how Iraq sold its oil under the Program. The arm of the Iraqi government that controlled the sale of Iraqi crude oil was the State Oil Marketing Organization, which was commonly called "SOMO." In order to manage the volume of oil flowing through its pipelines, SOMO divided its oil supply into discrete units. It then allocated these units to prospective oil purchasers, essentially giving those recipients an option to purchase that allotment of oil. These options are typically called "allocations" or "quotas." Allocations typically ranged from 1 to 2 million barrels of crude oil.

SOMO distributed allocations for each of the 13 Phases of the Program, which lasted 6 months apiece. Each allocation would be valid for the current phase of the Program. Witnesses, including at least one recipient of an oil allocation, have informed the Subcommittee that allocations would have a designated number that SOMO, the allocation holder, and the prospective oil purchasers used to identify the particular allotment. While some allocations were solely verbal in nature, others were documented in writing, as we will see in a few moments. These written allocations are where the term "oil vouchers" comes from.

I should note two critical characteristics of allocations. First, an allocation was only an *option* to buy a certain allotment of oil in a certain window of time – it was not a gift of oil and did not mean that a purchase of oil would necessarily follow. In fact, many of SOMO's allocations under the OFF Program

never resulted in an oil sale. Page 200 of Mr. Duelfer's report provides a list of 71 unused allocations from the 13th Phase alone. The second critical fact is that allocations were transferable – that is, a recipient of an allocation could sell his/her allocation to a third party and that third party would then have the option to buy Iraqi oil.

II. HOW SADDAM USED OIL ALLOCATIONS TO GARNER INFLUENCE

In Phases I and II of the OFF Program, SOMO allocated oil to traditional oil companies throughout the world. Those companies then contracted with SOMO to purchase the oil and lifted the oil themselves. For example, if you would please turn to pages 168 and 169 of Mr. Duelfer's report, which list the oil transactions in Phases I and II, you will see that the allocation recipients, which appear in under the header "Allocation Holders," and the ultimate purchasers of the oil, which appear under the header "Contracted Company," are identical.

Starting in Phase III of the Program, however, Saddam Hussein attempted to manipulate the typical oil allocation process in order to gain influence throughout the world. His plan was simple: rather than giving allocations to traditional oil purchasers, Hussein gave oil allocations to foreign officials, journalists, and even terrorist entities, who then sold their allocations to the traditional oil companies in return for a sizeable commission. In doing so, Saddam could give a foreign official or journalist a bribe of hundreds of thousands of dollars – *without actually paying a dime.*

Now, the key question is why the allocations were valuable. The answer has to do with the price of Iraqi oil. Although the regulations of the OFF Program required that Iraqi oil be sold at "fair market value," Saddam Hussein instructed SOMO to sell the oil at discounted prices. For example, if the market price for oil was $10 per barrel, Iraq would sell its oil at $9.50 per barrel. Therefore, purchasers of Iraqi oil enjoyed massive profits, and clamored to get access to the discounted oil. By allocating the oil to favored people or entities, Hussein forced oil purchasers to obtain allocations from the favored few. Those favored recipients became gatekeepers to cheap Iraqi oil. As gatekeepers, the allocation holders demanded a "commission," which ranged from 3 to 30 cents per barrel. Oil companies were quite willing to pay that 3- or 30-cent commission because the total price for their oil, even including that commission, was still significantly lower than market price. A commission of 3 to 30 cents on an allocation of 1 million barrels would translate to a $30,000 – $300,000 in cash for the allocation holder. As you can see, an allocation from SOMO was certainly valuable.

According to multiple sources, including SOMO documents obtained by PSI, allocation recipients included:

- Benon Sevan, the Executive Director of U.N.'s Office of the Iraq Programme,
- Foreign officials, such as Vladimir Zhirinovsky, the Leader of the Liberal-Democratic Party of Russia, Charles Pasqua, the former French Interior Minister, and George Galloway, a Member of the British Parliament,
- Terrorist entities, such as the Popular Front for the Liberation of Palestine, and Mujahadeen Khalq of Iran, and
- Journalists, such as Hamidah Na'na.

So how did these allocations get translated into cash? That monetization involved a simple process, which we have illustrated in the chart numbered **Exhibit 5.**

Exhibit 5: The chart reveals the steps used to convert an allocation into a shipment of oil and a commission to the allocation recipient.

STEP 1. Saddam himself would approve the grant of an allocation of oil to whomever he sought to influence or reward, typically a government official, journalist, or terrorist organization;

STEP 2. Next, the recipient of the oil allocation would sell the allocation to oil companies for a hefty commission and then inform SOMO of the sale;

STEP 3. The oil company would then formally purchase oil under the Oil for Food Program – which meant entering a formal contract with the Iraqi government for the allocated oil, submitting that contract to the U.N. for approval under the OFF Program, and then lifting the oil pursuant to the contract. Once the oil was lifted, the purchaser would pay the agreed-upon commission to the allocation recipient.

This 3-step process is the basic framework for the sale of oil allocations, although each instance varied slightly. I will now explore each of these steps and present selected evidence to illustrate the various steps.

STEP 1: Saddam Gives Allocations to Foreign Officials, Journalists, and Terrorist Entities

Numerous sources, including senior officials of the former regime, have stated that Saddam Hussein personally approved the people and/or entities that received oil allocations, and would delete those who had fallen out of favor. The Subcommittee has obtained some evidence that senior officials, such as Deputy Prime Minister Tariq Aziz, were also intimately involved in the allocation process.

Exhibit 6: This document is a letter from SOMO to the Minister of Oil concerning an oil allocation provided to a Syrian journalist named Hamidah Na'na. This letter illustrates the in-depth, personal involvement of high-ranking members of the Hussein regime in the granting of oil allocations. For example, the letter states in the first paragraph of text: "With reference to the allocations of 12/09/2002 for phase (13) and ***the approval of Mr. Taha Yasin Ramadan, the Vice-President, as per the telephone call with your Excellency*** on 11/29/2002 regarding the increase of the quantity allocated to Mrs. Hamidah Na'na at the rate of (1) million barrels...." This letter was personally ratified by the Minister of Oil in the bottom left corner of the letter. From this letter, we can see that both the Vice President and the Minister of Oil of the Hussein regime were intimately involved in oil allocations granted to Hamidah Na'na.

Exhibit 7: Before I describe this letter, I should note that we have redacted out the names of some of the entities and/or individuals mentioned in these letters when they are part of the Subcommittee's on-going investigation. In this case, we have redacted out the name of the author of the letter and the recipient. Turning back to the exhibit, this is a letter from a prospective oil purchaser to an allocation holder that is based in Moscow. In the letter, the oil purchaser refers to a face-to-face meeting in Moscow between the allocation holder and Tariq Aziz, one of Hussein's closest aides. The meeting related to a problem that the allocation holder was having with respect to the allocation. The oil purchaser suggests that the allocation holder inform SOMO of the meeting, saying: "***During last week a high ranked*** [sic] ***Iraqi delegation lead*** [sic] ***by his Excellency Mr. Tariq Aziz visited Moscow. The allocation holder... had a personal meeting with him and we are informed that the discrepancies regarding this allocation will be solved very soon***."

Exhibit 8: This document appears to be one of the written allocations that I referred to previously – the original certificate in Arabic is on the left and the translation is on the right. In this allocation, it appears that Saddam Hussein personally ordered an allotment of 6 million barrels to journalist Mahmud Al-Tamimi in recognition of his pro-Saddam stances during the first Gulf War: "***The President leader ... has ordered*** ... as follows: ***six million barrels of petroleum*** will be allocated to ***journalist Mahmud Al-Tamimi in appreciation of his nationalist positions which he has adopted*** since the thirty-nation aggression in the year 1991 in confronting the unjust blockade of our dear country." I should note that this journalist does not appear in any report of allocation recipients, including the *Al Mada* list, Charles Duelfer's report or SOMO documents obtained by PSI.

STEP 2: The Sale of the Oil Allocation and Assignment of the Allocation to the Purchaser

Once recipients learned that they had been allocated oil, they would negotiate with an oil company to sell the allocation. The primary issue of the negotiations was the commission paid to the allocation holder. PSI has obtained evidence, including testimony from witnesses, that some of these negotiations occurred in the lobby of the Al-Rashid Hotel in Baghdad. In those situations, an allocation recipient or their representative would literally bargain with oil traders in the hotel's lobby over the allocation and the rate of the commission. Aside from bargaining at the Al-Rashid, these negotiations also occurred in writing. PSI has obtained evidence of the written negotiations between the allocation holders and the prospective oil purchasers:

Exhibit 9: This letter is written by Vladimir Zhirinovsky, the leader of the ultra-nationalist Liberal-Democratic Party of Russia. On official Party letterhead, Zhirinovsky invites an international oil company to Moscow to "negotiate" with him: "***It is my honor to invite you for negotiations to Moscow, from the 18th to the 25th of January 1999. Will be happy to meet with you.***" I should note that PSI has obtained evidence that Zhirinovsky obtained an oil allocation from Hussein in Phase V of the Program, which ran from November 1998 through May 1999. In addition, if you turn to page 173 of Mr. Duelfer's report and look at entry 51, you will see Mr. Zhirinovsky's name next to the Liberal-Democratic Party of Russia as the allocation recipient.

Exhibit 10: This document is a fax from a representative of an allocation holder who is offering a "Full Corporate Offer" for 2 shipments of 2 million barrels of oil. We know that this is a contract under the Oil for Food Program because it is dated April 2001, which falls in the correct timeframe, and the qualifications of the offer (which are listed in the middle of the page) require that the contract be approved by the United Nations. For our purposes, the key aspect of this offer is that the representative demands a "Seller's Fee" of "***U.S.$ 0.75 / net barrel inclusive of SOMO's***." For now, the key concept is that the holder of the allocation, who is acting as the gatekeeper to the oil, is demanding a significant fee. We will return to the question of what "inclusive of SOMO's fee" means shortly. I should note that the actual recipient of this allocation is unknown.

Exhibit 11: In this series of letters between an allocation holder and a prospective oil buyer, the parties negotiate the amount of the commission. On page 1 of the first letter, the purchaser states that the allocation recipient has been offered "***oil development project opportunities in Iraq***, which are being offered to [the allocation recipient] for completion ***after sanctions are lifted***." These "*oil development project opportunities*" for "*after the sanctions are lifted*" might explain why Hussein would give this company an oil allocation. We will return to this concept later in the presentation. Moving on to Page 2 of that letter, the purchaser offers to by the allocated oil at "SOMO's official selling formula price applicable for the month of lifting ***plus $0.07/barrel***." In the next letter, the purchaser raises its offer, saying "***I refer to the portion of our proposal which includes the purchase of [the recipient]'s allocation under the fourth period U.N. oil sale*** [*sic*]***, we are pleased to increase our premium to S.O.M.O's official selling price from $0.07/barrel to $0.09/barrel***." In the next letter, the allocation recipient rejects that bid, saying commissions of less than 12 cents ***"are not competitive and will not be taken into consideration***." In the following letter, the prospective oil purchaser caves in and accepts the allocation holder's demand. Months later, the purchaser confirms its "***bid of USD 0.13 premium above [official selling price] for any quantities of Iraqi oil that you may decide to make available to us***."

These letters provide a first-hand glimpse at how the negotiations between an allocation recipient and a prospective oil purchaser occurred. Once the allocation holder and the prospective oil purchaser agreed on the amount of the commission, the allocation holder would assign his/her right to the allocation to the purchaser, and inform SOMO of the assignment. In doing so, the allocation holder established a direct link between the prospective oil purchaser and SOMO, thereby eliminating his/her further involvement in the transaction. PSI has obtained evidence of such assignments by the allocation holders and the subsequent notification of SOMO:

Exhibit 12: In this letter, an allocation holder memorialized his commission agreement with a prospective oil purchaser in a letter entitled, "Acceptance of commission": "***Thank you for your cooperation and your letter dated 22 November 1999 in which you guarantee the payment of US $0.10 (ten cents of a US Dollar) per barrel for my commission, referred to in your above mentioned letter.*** I enclose herewith a letter addressed to S.O.M.O. by which I nominate your company [] for the lifting of the crude oil allocated to me[.]" In the attached letter, the allocation holder informed SOMO of the assignment and authorized the purchaser to "handle the crude oil that is allocated to me in all its stages."

Exhibit 13: In this letter, an allocation holder informs SOMO that Devon Petroleum will lift the oil in connection with her allocation, saying "I, Mrs. Hamidah Na'na the presentee cede my allocation for phase (13) totaling (1.5) million barrels to Devon Petroleum Ltd., and empower Mr. Denney Gunel to sign for me."

STEP 3: Oil Purchased & Payment to Allocation Holder

Once the allocation recipient informs SOMO of the identity of the prospective oil purchaser, that oil company would have to execute a formal contract with SOMO. Only after a contract was executed would the parties notify the U.N. of the agreement and seek approval. As a result, the moment the contract is submitted to the U.N. for approval is the first time that the U.N. gets involved.

PSI has obtained evidence of these contracts and the related correspondence with the U.N. For example, please refer back to **Exhibit 6**, which we reviewed earlier when discussing the involvement of senior Hussein officials. In that exhibit, the Minister of Oil was informed that Na'na has assigned her allocation for Phase XIII to Devon Petroleum and that Devon and SOMO had executed a contract. Notice that the contract was numbered M/13/26.

Exhibit 14: These documents illustrate how contract M/13/26 between Devon-SOMO was approved. They are (a) the first page and the signature page of the contract M/13/26, (b) the application of Devon Petroleum to the U.N. for approval of the contract M/13/26, (c) the approval of the U.N. for contract M/13/26, and (d) the official invoice from SOMO for the purchase of oil pursuant to contract M/13/26. If you would turn to page 197 of the Duelfer Report, you will see in entry 26 that contract M/13/26 was allocated to Hamidah Na'na and ultimately purchased by Devon Petroleum.

Once the oil was lifted, the commission for the allocation holders would become due. PSI has obtained some invoices from the allocation holders:

Exhibit 15: This invoice is from Al Wasel & Babel Co. for "***[s]elling of Iraq oil allocation***." It is our understanding that the oil purchaser actually prepared this invoice themselves and that it could be a draft of an invoice. The key point, however, is that the oil purchaser was paying a commission of 0.17 euros per barrel to Al Wasel & Babel. Notably, Al Wasel & Babel is a well-known front company for the Hussein regime.

So that is the story of how Saddam would use oil to reward friends and exert influence throughout the world. The key question remains: **what did the allocation holders do for Saddam in exchange for the allocations?** While we have no direct evidence of a quid-pro-quo for the allocation of oil, we have seen circumstantial evidence. For example, please turn back to **Exhibit 11**, which we reviewed when discussing the negotiations over the commission payment. In this letter, it appears that the allocation holder, a Russian entity that we believe to be affiliated with the Russian government, was negotiating "***oil development project opportunities ... for completion after the sanctions are lifted***" when it received the allocations. This could suggest that Saddam granted this company an allocation in connection with deals for the post-sanction Iraq. Similarly, the Subcommittee has learned that Vladimir Zhirinovsky and his Liberal-Democratic Party received allocations of nearly 80 million barrels of oil. We have observed that, when Hussein kicked out weapons inspectors in the late 1990s and the U.S. threatened military action in response, Zhirinovsky pushed Russia to provide military support to Iraq. That timeframe coincides with the allocation to Zhirinovsky that we discussed earlier (in **Exhibit 9**), which was granted in Phase V (November 1998 through May, 1999). Finally, we discussed the Syrian journalist Hamidah Na'na who received allocations and transferred those allocations to Devon Petroleum and other companies. Ms. Na'na stated in an interview in 2003 that "***The embargo that was imposed on Iraq has been my biggest obsession, and I have devoted much time and effort, as both a journalist and a citizen, in endless attempts to lift the embargo. I have also written a lot about this topic in the papers and magazines I've worked for.***" When she made this statement, she had already received allocations totaling between 10 – 12 million barrels of oil. SOMO estimated her profit from those allocations at $1.4 million.

I will now move on to a different topic related to the oil side of the OFF Program – namely, how Saddam exacted millions of dollars in surcharges from oil purchasers.

III. SURCHARGES – BACKGROUND

A. The Surcharge period: September 2000 to Mid-2002

In mid-2000 (which fell in Phase VIII), Hussein directed SOMO to generate additional revenues outside the OFF Program in connection with the sale of oil. Pursuant to that directive, on September 1, 2000, SOMO began lowering the price of oil even further than usual and demanding a "surcharge" of 10 cents for each barrel exported from Iraq. Over the succeeding months, the rate of the surcharge fluctuated widely, reaching a peak of roughly 30 cents per barrel.

These surcharges were to be paid by the oil purchaser directly to the regime – *i.e.*, outside the U.N.-controlled escrow account maintained at BNP Paribas. Because those payments were not deposited to the BNP account, these surcharges were in direct violation of the OFF Program. As a result, many of the traditional oil companies refused to pay the surcharges. Out of the shadows, however, came

numerous unknown middlemen that were quite eager to participate in the scheme. Those middlemen would contract with Iraq to purchase oil (at the below-market rate), pay the surcharge, and then sell that oil on to the traditional oil industry for a significant profit.

For example, if hypothetical market price of oil was $10 per barrel, Iraq would sell oil to the middleman at only $9.50 per barrel, and then demand a 30-cent surcharge. Therefore, the middleman would pay $9.50 to the U.N.-controlled account at BNP and then 30 cents to a regime-controlled account. Even after paying the surcharge, the middleman would have essentially bought oil at $0.20 per barrel below market rate. The middleman would then sell the oil on to the oil industry at market price – i.e., $10 per barrel. While the profit margin may appear slim (in terms of cents per barrel), Iraqi oil shipments routinely amounted to millions of barrels of oil. As a result, such spreads can be incredibly lucrative – a one million barrel shipment in the example above would net the middleman a quick profit of $200,000.

The amount of the surcharge fluctuated over the subsequent two years. Eventually, Saddam settled on a surcharge range of 25 – 30 cents per barrel. Exports to the U.S. carried a higher surcharge than shipments elsewhere in the world, possibly to spite the U.S.

B. The U.S. and U.K. End Surcharges through "Retroactive Pricing"

Complaints about the illegal surcharge were widespread. In fact, numerous articles concerning Saddam's illegal surcharges appeared in newspapers worldwide. The U.N. learned of the charges and instructed approved purchasers to refuse to make such payments, but did little more to enforce the rule. After roughly 2 years of U.N. inaction in stopping the surcharges, the U.S. and the U.K. (as members of the committee that oversaw the Program) devised a method to eliminate the illegal fees, called "retroactive pricing."

Retroactive pricing meant that the U.S. and U.K., as members of the oversight committee, would not approve the price of oil until the end of the month – *i.e.*, after the sale had been completed. In doing so, the monitors could retroactively set the price at the market price, thereby eliminating any opportunity for a surcharge. Retroactive pricing was completely effective in ending Saddam's illegal surcharges. Over the two year "surcharge period," Saddam amassed $228 million in illegal surcharges. Every single one of those dollars was obtained outside the OFF Program. I will now address how those dollars went into Saddam's coffers and present detailed evidence that illustrates how those transactions occurred.

IV. BEHIND THE SCENES: HOW THE SURCHARGES WERE PAID

PSI has learned that oil purchasers generally paid surcharges to the Hussein regime in two ways – (1) through direct payments to regime-controlled bank accounts and (2) through third parties that would facilitate the transaction.

Exhibit 16: This chart illustrates the two general methods that illegal surcharges were paid.

A. Direct payments by oil purchaser

The simplest method for the surcharge payments was a direct payment from the oil purchaser to the regime-controlled bank account. To that end, the Hussein regime maintained numerous accounts at banks throughout the Middle East, in particular Jordan and Lebanon.

B. Payments through Third-Parties

While many oil companies were willing to comply with Saddam's demand for illegal surcharges, they wanted to conceal those payments as much as possible. As a result, they refused to make direct payments to regime-controlled accounts. In those circumstances, the oil purchaser would make payments to a third party, who would then forward the surcharge on to the regime accounts. Similarly, the recipients of the allocation of oil were also used as a conduit for the surcharge payment.

Exhibit 17: This is an example of the surcharge payment going through the allocation recipient. In this letter, Hamidah Na'na, the Syrian journalist that we discussed earlier, commits to pay the oil surcharge, saying "***I hereby undertake to settle the surcharge at the rate of 30 U.S. cents per barrel for American destination, and 25 U.S. cents per barrel for Europe or the Far East destinations for 1.5 million barrels which Devon Petroleum Company will lift from contract M/11/100 dated 02/11/2002 signed in the name of the aforesaid company on my behalf during Phase 11.***"

In addition, I refer back to **Exhibit 10**, in which a representative of an allocation holder issued a "Full Corporate Offer" for 2 – 4 million barrels of oil under the Program. In connection with this Offer, the representative demands a "Seller's Fee" amounting to "U.S.$ 0.75 / net barrel ***inclusive of SOMO's.***" Notably, the price for the oil is already set at the "SOMO price formula." Therefore, the "fee" to SOMO referred to in "Seller's Fee" cannot refer to the price of the oil, but instead must be a separate payment to SOMO – *i.e.*, an illegal surcharge. In short, this document reveals that the seller of the allocation is offering to pay the surcharge for the oil purchaser.

Exhibit 18: This set of documents relates to a contract between Al Hoda International Trading and an oil company. Al Hoda purchased 4 million barrels of oil in connection with Contract M/9/15 under the OFF Program, and sold half of that oil to the oil company. According to Page 2 of the contract between Al Hoda and the oil company, the oil price was the official selling price of the oil plus 40 cents per barrel. Interestingly, the payment mechanism is divided in three parts. Starting with the last paragraph on page 2, we see the payment "inside the letter of credit," which we will see refers to the letter of credit used to pay the U.N.-controlled account under the OFF Program. Moving up to the next paragraph is a payment of 10 cents per barrel "outside the letter of credit" at the direction of Al Hoda. Third, however, is another "payment of [U.S. dollars] 0.30 per ... barrel to be paid outside the letter of credit as instructed by Al-Hoda..." The next document is an invoice from Al Hoda requesting payment for the "Balance amount due not covered by Letter of credit NR. LCIM 2176337," which PSI has confirmed is the letter of credit for payment for the oil to the U.N.-controlled account within the OFF Program. The balance requested is 40 cents per barrel shipped (the 10 cent commission plus the 30 cent surcharge) which amounts to more than $836,860.60. The next document is the order from the oil company to its bank to make the payment for the $836,860.60 invoice. The next document is an excerpt from the oil company's ledger that confirms that a payment for the $836,860.60 invoice to Al Hoda was actually paid.

So how do we know that that payment (or some portion thereof) was a surcharge payment to Iraq? The Subcommittee has obtained SOMO records that provide detailed information about the surcharge payments it received.

Exhibit 19: This is an excerpt of a chart created by SOMO in February 2004 that details each oil contract in which a surcharge was paid. Specifically, the chart details the contract number, the surcharge payer, the amount of oil lifted, the rate of the surcharge, the surcharge owed, the amount of the surcharge that was actually paid, and whether there are any outstanding balances. If we look at the highlighted entry on the chart, which relates to Al Hoda's contract M/9/15, *this chart confirms that, for Contract M/9/15, Al-Hoda made a surcharge payment of 30 cents per barrel.* Therefore, it appears that the 30-cent clause in the Al Hoda-oil company contract did indeed reflect a surcharge payment.

With that, I will end my presentations and I would be happy to answer any questions that the Subcommittee may have.

♦ ♦ ♦

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 28

Table No.1

Quantities of Crude Oil Allocated to the Companies during the Phases of the Memorandum of Understanding
(Million Barrels)

No.	Country / Company	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	Total
1	Zarubezhneft	5.5	6.7	14.8	18	24.4	21	23	18	17.6	10	7	5.5	7	178.5
2	Roseneftimpex – Issakov (Russian Presidential Council)	-	-	-	-	-	5	-	14	16.5	16	**17	**13.5	**5	87
3	Russian Communist Party Companies	-	4	13	15	23	16	15	16	-	12	9	12	8	142
4	Emercom (Unity Party / Ministry of Emergency)	-	-	-	-	-	-	-	-	-	20	19	12	10	73.5
5	Machinoimport	3	1	3.9	7.6	7	10	12.5	7	5	5	3	10	10	85
6	Alfa-Eco (Russian Ministry of Foreign Affairs)	7	7.2	10.2	10	14.4	13.0	13	12	2	2	10	20	4	124.8
7	Tyumen (Russian Ministry of Foreign Affairs)	-	-	-	3.6	6.5	4	3	4	2	2	3	1.5	1.5	30.1
8	Slavneft (Gotzeriev)	-	-	-	-	-	2	-	5	5	6	4	2	1.5	25.5
9	Zan Gas	-	-	5.6	4	5	8	6	6	6	4	3	2	4	53.6
10	Rosneft	4	6	2.7	4	3.6	-	3	3	2	-	-	-	2	30.3
11	Caspian Invest (Kalmikya)	-	-	-	-	-	-	-	-	2	2	1.5	1.5	1.5	8.5
12	Kalmneftegaz (Kalmikya)	-	-	-	-	-	-	-	-	2	2	1.5	1.5	1.5	8.5
13	Gasprom	-	-	-	-	-	6	5	5	-	5	2	1.5	1.5	26
14	Tatneft – Taterstan	1	3	3	8	10	9	9	5	4	5	3.5	2	2	64.5
15	Bashneft	-	-	-	-	-	-	4	3	-	-	-	3	2	12
16	Lukoil	3	5.5	9	18	16	7	4	0.5	-	-	-	-	-	63

No.	Country / Company	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	Total
17	Sirgutneftgas	-	-	-	-	-	-	4	-	-	-	-	-	-	4
18	Eastern Siberia Gas & Oil	-	-	-	-	-	-	1	-	-	-	-	-	-	1
19	Nafta Moscow	3.5	3	0.6	4	3.6	-	2	4	-	-	-	-	-	20.7
20	Onaco	-	-	-	8	7.2	4	3	4	-	-	-	-	-	26.2
21	Sidanco	-	-	-	8	7.2	4	-	-	2	-	-	-	-	21.2
22	Sibneft	-	-	1.8	4	2.3	-	-	-	-	-	-	-	-	8.1
23	Transneft	-	-	-	-	-	3	2	2	2	-	-	-	1	10
24	Yukos	-	-	-	-	-	2	-	-	-	-	-	-	-	2
25	Liberal Democratic Party (Zhirinovsky)	-	3.6	7.2	10	10	10	6.5	9	6	4	5.5	4	-	75.8
26	Peace & Unity Party (Mrs. Saji)	-	3	3	5	3	3	2	3	4	3	2	1.5	1.5	34
27	Russian Committee for Solidarity with Iraq (Mr. Rudasiev)	-	-	-	-	-	-	-	-	-	2	1.5	1.5	1.5	6.5
28	Russian Society for solidarity with Iraq (Juravilion)	-	-	-	-	-	-	-	-	4	3	2	2	1.5	12.5
29	Rosneftgasexport (Mr. Akababov)	-	-	-	-	-	-	-	-	2	4	3	4.5	2.6	16.1
30	Ural Invest	-	-	-	-	-	-	-	-	3	2	1.5	1	1	8.5
31	Zerich Moscow – Science Academy							1.5	2	-	-	-	-	-	3.5
32	Raomes (Son of the former ambassador in Baghdad)	2	1	1.2	6	2	4	1.5	2	-	-	-	-	-	19.7
33	Zarubezhneft (Ghopkin University)	-	-	-	-	-	-	1.5	2	-	-	-	-	-	3.5
34	Nordwest Group	-	-	-	-	-	-	-	2	-	-	-	-	-	2
35	Zarubezhneftgas (Gasprom) (Mr. Hassan)	-	-	-	-	-	-	-	-	***12	-	-	-	-	12

No.	Country / Company	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	Total
36	Soyuzneftgas (Mr. Shafrank)	-	-	-	-	-	-	1.5	3	-	-	8	5	4	28.5
37	Mr. Nikolai Rajkov	-	-	-	-	-	-	-	-	-	-	3	4	3	13
38	Stroyneftgas	-	-	-	-	-	-	-	-	-	-	2	2	2	6
39	Ukhtaneft	-	-	-	-	-	-	-	-	-	-	2	1.5	2	5.5
40	The Chechen Administration	-	-	-	-	-	-	-	-	-	-	1	1	-	2
41	Adel Al-Jilawi / EVM Aviation	-	-	-	-	-	-	-	-	-	-	2	1.5	1.5	5
42	Khrizolit	-	-	-	-	-	-	-	-	-	-	-	3	2	5
43	Transnafta	-	-	-	-	-		-	-	-	-	-	2	1	3
44	Head of the Russian Presidential Council (Mr. Voloshin)	-	-	-	-	-	-	-	-	-	-	-	3	2	5
45	Russian Orthodox Church	-	-	-	-	-	-	-	-	-	-	-	3	2	5
46	Russian Democratic National Party	-	-	-	-	-	-	-	-	-	-	-	-	2	2
47	Rusneft (Gotzariev)	-	-	-	-	-	-	-	-	-	-	-	-	5	5
48	Rosneftimpex													5	5
	Total	**29**	**44**	**76**	**133.2**	**144.2**	**131**	**136.5**	**131.5**	**99.1**	**119**	**116**	**128.5**	**102.1**	**1390.1**

** (1) million of which is allocated to Mr. Tatrinko – the Russian ambassador to Baghdad
*** General Anatoli
**** (2) millions have been lifted

جـــدول رقـــــم ـ ١ ـ

كميات النفط الخام المخصصة للشركات خلال مراحل مذكرة التفاهـــم
(مليون برميـل)

ت	الدولـة / الشركـة	الاولى	الثانية	الثالثة	الرابعة	الخامسة	السادسة	السابعة	الثامنة	التاسعة	العاشرة	الحادية عشر	الثانية عشر	الثالثة عشر	المجموع
١-	شركة زرانشنفط	٥,٥	٦,٧	١٤,٨	١٨	٢٤,٤	٢١	٢٣	١٨	١٧,٦	١٠	٧	٥,٥	٧	١٧٨,٥
٢-	روزنفط امبكس – ازاكوف (ديوان الرئاسة الروسي)	-	-	-	-	-	٥	-	١٤	١٦,٥	١٦	**١٧	**١٣,٥	**٥	٨٧
٣-	شركات الحزب الشيوعي الروسي	-	٤	١٣	١٥	٢٢	١٦	١٥	١٦	-	١٢	٩	١٢	٨	١٤٢
٤-	اميركوم (حزب الوحـــدة / وزارة الطوارىء	-	-	-	-	-	-	-	-	-	٢٠	١٩	١٢	١٠	٧٣,٥
٥-	شركة مشينوامبورت	٣	١	٣,٩	٧,٦	٧	١٠	١٢,٥	٧	٥	٥	٣	١٠	١٠	٨٥
٦-	الفا ايكو (الخارجية الروسية)	٧	٧,٢	١٠,٢	١٠	١٤,٤	١٣,٠	١٣	١٢	٢	٢	١٠	٢٠	٤	١٢٤,٨
٧-	تيومن (الخارجية الروسية)	-	-	-	٣,٦	٦,٥	٤	٣	٤	٢	٢	٢	١,٥	١,٥	٣٠,١
٨-	سلاف نفط (غوتسريف)	-	-	-	-	-	٢	-	٥	٥	٦	٤	٢	١,٥	٢٥,٥
٩-	شركة زان كاز	-	-	٥,٦	٤	٥	٨	٦	٦	٦	٤	٣	٢	٤	٥٣,٦
١٠-	شركة روز نفط	٤	٦	٢,٧	٤	٣,٦	-	٣	٣	٢	-	-	-	٢	٣٠,٣
١١-	شركة كازبن انفست – كالميكا	-	-	-	-	-	-	-	-	٢	٢	١,٥	١,٥	١,٥	٨,٥
١٢-	شركة كالمنفط غاز - كالميكا	-	-	-	-	-	-	-	-	٢	٢	١,٥	١,٥	١,٥	٨,٥
١٣-	شركة غاز بروم	-	-	-	-	-	٦	٥	٥	-	٥	٢	١,٥	١,٥	٢٦
١٤-	تات نفط – تترستان	١	٣	٣	٨	١٠	٩	٩	٥	٤	٥	٣,٥	٢	٢	٦٤,٥
١٥-	شركة باش نفط	-	-	-	-	-	-	٤	٣	-	-	-	٣	٢	١٢
١٦-	شركة لوك أويل	٣	٥,٥	٩	١٨	١٦	٧	٤	٠,٥	-	-	-	-	-	٦٣

	الدولـة / الشركـة	الاولى	الثانية	الثالثة	الرابعة	الخامسة	السادسة	السابعة	الثامنة	التاسعة	العاشرة	الحادية عشر	الثانية عشر	الثالثة عشر	المجموع
١٧-	شركة سيرغوت نفط غاز	-	-	-	-	-	-	٤	-	-	-	-	-	-	٤
١٨-	شركة النفط والغاز لشرق سايبيريا	-	-	-	-	-	-	١	-	-	-	-	-	-	١
١٩-	شركة نفتا موسكو	٣,٥	٣	٠,٦	٤	٣,٦	-	٢	٤	-	-	-	-	-	٢٠,٧
٢٠-	شركة أوناكو	-	-	-	٨	٧,٢	٤	٣	٤	-	-	-	-	-	٢٦,٢
٢١-	شركة سيدانكو	-	-	-	٨	٧,٢	٤	-	-	٢	-	-	-	-	٢١,٢
٢٢-	شركة سبنفط	-	-	١,٨	٤	٢,٣	-	-	-	-	-	-	-	-	٨,١
٢٣-	شركة ترانزنفط	-	-	-	-	-	٣	٢	٢	٢	-	-	-	١	١٠
٢٤-	شركة يوكوس	-	-	-	-	-	٢	-	-	-	-	-	-	-	٢
٢٥-	شركات الحزب الليبرالي الديمقراطي (جيرنوفسكي)	-	٣,٦	٧,٢	١٠	١٠	١٠	٦,٥	٩	٦	٤	٥,٥	٤	-	٧٥,٨
٢٦-	شركات حزب السلام والوحدة (السيدة ساجي)	-	٣	٣	٥	٣	٣	٢	٣	٤	٣	٢	١,٥	١,٥	٣٤
٢٧-	اللجنة الروسية للتضامن مع العراق (السيد روداسييف)	-	-	-	-	-	-	-	-	-	٢	١,٥	١,٥	١,٥	٦,٥
٢٨-	الجمعية الروسية للتضامن مع العراق (جورافيليون)	-	-	-	-	-	-	-	-	٤	٣	٢	٢	١,٥	١٢,٥
٢٩-	شركة روز نفط غاز اكيمبورت (السيد اكابابوف)	-	-	-	-	-	-	-	-	٢	٤	٣	٤,٥	٢,٦	١٦,١
٣٠-	شركة اورال انفست	-	-	-	-	-	-	-	-	٣	٢	١,٥	١	١	٨,٥
٣١-	زيرج موسكو- اكاديمية العلوم							١,٥	٢	-	-	-	-	-	٣,٥
٣٢-	راومس (ابن السفير السابق في بغداد)	٢	١	١,٢	٦	٢	٤	١,٥	٢	-	-	-	-	-	١٩,٧
٣٣-	زرابشنفط (جامعة غوبكن)	-	-	-	-	-	-	١,٥	٢	-	-	-	-	-	٣,٥
٣٤-	مجموعة نوردويست	-	-	-	-	-	-	-	٢	-	-	-	-	-	٢
٣٥-	زرابشنفطغـــــاز (كاربروم) (السيد حمان)	-	-	-	-	-	-	-	-	***١٢	-	-	-	-	١٢

ت	الدولـة / الشركـة	الاولى	الثانية	الثالثة	الرابعة	الخامسة	السادسة	السابعة	الثامنة	التاسعة	العاشرة	الحادية عشر	الثانية عشر	الثالثة عشر	المجموع
٣٦-	سيوز نفط غاز (السيد شفرانك)	-	-	-	-	-	-	١,٥	٣	-	٧	٨	٥	٤	٢٨,٥
٣٧-	السيد نيكولاي ريجكوف	-	-	-	-	-	-	-	-	-	٣	٣	٤	٣	١٣
٣٨-	شركة ستروي نفط غاز	-	-	-	-	-	-	-	-	-	-	٢	٢	٢	٦
٣٩-	شركة أخت نفط	-	-	-	-	-	-	-	-	-		٢	١,٥	٢	٥,٥
٤٠-	ادارة الشيشان	-	-	-	-	-	-	-	-	-	-	١	١	-	٢
٤١-	عادل الجيلاوي / اي.ف.ام. للطيران	-	-	-	-	-	-	-	-	-	-	٢	١,٥	١,٥	٥
٤٢-	خروزليت	-	-	-	-	-	-	-	-	-	-	-	٣	٢	٥
٤٣-	ترانز نفتا	-	-	-	-	-	-	-	-	-	-	-	٢	١	٣
٤٤-	رئيس ديوان الرئاسة الروسي (السيد فلوشن)	-	-	-	—	-	-	-	-	-	-	-	٣	٢	٥
٤٥-	الكنيسة الارثودوكسية الروسية	-	-	-	-	-	-	-	-	-	-	-	٣	٢	٥
٤٦-	الحزب الديمقراطي القومي الروسي	-	-	-	-	-	-	-		-	-	-	-	٢	٢
٤٧-	رس نفط (غونسريف)	-	-	-	-	-	-	-	-	-	-	-	-	٥	٥
٤٨-	روز نفط امبكس													٥	٥
	المجمـــــوع	٢٩	٤٤	٧٦	١٣٣,٢	١٤٤,٢	١٣١	١٣٦,٥	١٣١,٥	٩٩,١	١١٩	١١٦	١٢٨,٥	١٠٢,١	١٣٩٠,١

** (1) مليون منها للسيد تتزنكو – سفير روسيا في بغداد

*** الجنرال اناتولي

**** منفذ (٢) مليون

Table No.3

An Estimate of the Profits the Companies and Russian Parties made from Purchasing the Iraqi Crude Oil during the Phases of the Memorandum of Understanding (Million Dollars)

No.	Country / Company	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	Total
1	Zarubezhneft	0,412	0,650	0,149	3,640	2,450	1,575	1,725	4,875	6,375	2,250	0,373	0,570	2,235	27,289
2	Roseneftimpex – Issakov (Russian Presidential Council)	-	-	-	-	-	0,368	-	4,550	4,888	3,600	1,200	0,820	-	15,426
3	Russian Communist Party Companies	-	0,370	0,710	3,180	2,220	1,200	1,073	4,095	-	3,150	0,413	-	-	16,411
4	Emercom (Unity Party / Ministry of Emergency)	-	-	-	-	-	-	-	-	-	3,443	1,440	0,830	1,913	7,626
5	Machinoimport	0,225	0,100	0,390	1,440	0,700	0,750	0,923	1,950	1,275	1,125	0,225	0,880	2,250	12,233
6	Alfa-Eco (Russian Ministry of Foreign Affairs)	0,540	0,750	0,100	2,000	1,440	0,960	0,975	3,250	0,950	0,450	0,698	0,780	-	12,893
7	Tyumen (Russian Ministry of Foreign Affairs)	-	-	-	0,740	0,660	0,300	0,225	1,300	0,950	-	0,150	-	-	4,325
8	Slavneft (Gotzeriev)	-	-	-	-	-	0,143	-	1,625	2,210	1,350	0,300	-	-	5,628
9	Zan Gas	-	-	0,560	0,780	0,500	0,600	0,450	1,950	1,700	-	0,150	-	0,713	7,403
10	Rosneft	0,330	0,550	0,280	0,800	0,360	-	0,225	0,975	-	-	-	-	-	3,520
11	Caspian Invest (Kalmikya)	-	-	-	-	-	-	-	-	-	0,450	0,113	-	-	0,563
12	Kalmneftegaz (Kalmikya)	-	-	-	-	-	-	-	-	-	0,450	0,113	0,150	-	0,713
13	Gasprom	-	-	-	-	-	0,450	0,375	1,625	-	-	0,300	0,120	-	2,870
14	Tatneft – Taterstan	0,068	0,350	0,270	1,400	0,980	0,668	0,675	1,625	-	1,125	0,63	-	-	7,424
15	Bashneft	-	-	-	-	-	-	-	0,650	-	-	-	-	-	0,650
16	Lukoil	0,225	0,540	0,960	3,280	0,160	0,525	0,338	-	-	-	-	-	-	6,028

No.	Country / Company	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	Total
17	Sirgutneftgas	-	-	-	-	-	-	0,300	-	-	-	-	-	-	0,300
18	Eastern Siberia Gas & Oil	-	-	-	-	-	-	0,075	-	-	-	-	-	-	0,075
19	Nafta Moscow	0,263	0,300	0,600	0,800	0,370	-	0,150	1,300	-	-	-	-	-	3,783
20	Onaco	-	-	-	1,300	0,620	0,300	0,225	1,300	-	-	-	-	-	3,745
21	Sidanco	-	-	-	1,400	0,720	0,300	-	-	-	-	-	-	-	2,420
22	Sibneft	-	-	0,180	0,800	0,220	-	-	-	-	-	-	-	-	1,200
23	Transneft	-	-	-	-	-	0,225	0,150	0,650	-	-	-	-	-	1,025
24	Yukos	-	-	-	-	-	0,143	-	-	-	-	-	-	-	0,143
25	Liberal Democratic Party (Zhirinovsky)	-	0,360	0,700	2,000	0,890	0,735	0,488	2,275	-	0,833	0,398	-	-	8,679
26	Peace & Unity Party (Mrs. Saji)	-	-	0,300	0,580	0,280	0,225	0,150	0,975	1,700	0,675	-	-	0,563	5,448
27	Russian Committee for Solidarity with Iraq (Mr. Rudasiev)	-	-	-	-	-	-	-	-	-	0,450	-	-	-	0,450
28	Russian Society for solidarity with Iraq (Juravilion)	-	-	-	-	-	-	-	-	0,978	-	-	-	-	0,978
29	Rosneftgasexport (Mr. Akababov)	-	-	-	-	-	-	-	-	-	0,900	0,225	0,390	1,950	3,465
30	Ural Invest	-	-	-	-	-	-	-	-	-	0,450	0,098	-	-	0,548
31	Zerich Moscow – Science Academy	-	-	-	-	-	-	0,113	0,650	-	-	-	-	-	0,763
32	Raomes (Son of the former ambassador in Baghdad)	0,150	0,100	0,120	1,100	0,190	0,300	0,075	0,650	-	-	-	-	-	2,685
33	Zarubezhneft (Ghopkin University)	-	-	-	-	-	-	0,105	0,650	-	-	-	-	-	0,755
34	Nordwest Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	Zarubezhneftgas (Gasprom) (Mr. Hassan)	-	-	-	-	-	-	-	-	0,850	-	-	-	-	0,850

No.	Country / Company	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	Total
36	Soyuzneftgas (Mr. Shafrank)	-	-	-	-	-	-	0,113	0,975	-	1,575	0,600	0,200	0,375	3,838
37	Mr. Nikolai Rajkov	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	Stroyneftgas	-	-	-	-	-	-	-	-	-	-	0,150	-	-	0,150
39	Ukhtaneft	-	-	-	-	-	-	-	-	-	-	0,150	-	-	0,150
40	The Chechen Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41	Adel Al-Jilawi / EVM Aviation	-	-	-	-	-	-	-	-	-	-	0,150	-	-	0,150
42	Khrizolit	-	-	-	-	-	-	-	-	-	-	-	-	0,750	0,750
43	Transnafta	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	Head of the Russian Presidential Council (Mr. Voloshin)	-	-	-	-	-	-	-	-	-	-	-	0,300	0,338	0,638
45	Russian Orthodox Church	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46	Russian Democratic National Party	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	Rusneft (Gotzariev)	-	-	-	-	-	-	-	-	-	-	-	-	1,125	1,125
48	Rosneftimpex	-	-	-	-	-	-	-	-	-	-	-	0,150	0,563	0,713
	Total	**2,213**	**4,070**	**5,319**	**25,240**	**12,760**	**9,767**	**8,928**	**37,895**	**21,876**	**22,276**	**7,519**	**5,190**	**12,775**	**175,828**

جـــدول رقـــــم ـ ٣ ـ

تقديرات ارباح الشركات والجهات الروسية من مشترياتها للنفط الخام العراقي خلال مراحل مذكرة التفاهم
(مليون دولار)

ت	الدولـة / الشركـة	الاولى	الثانية	الثالثة	الرابعة	الخامسة	السادسة	السابعة	الثامنة	التاسعة	العاشرة	الحادية عشر	الثانية عشر	الثالثة عشر	المجموع
١-	شركة زرابشنفط	٠,٤١٢	٠,٦٥٠	٠,١٤٩	٣,٦٤٠	٢,٤٥٠	١,٥٧٥	١,٧٢٥	٤,٨٧٥	٦,٣٧٥	٢,٢٥٠	٠,٣٨٣	٠,٥٧٠	٢,٢٣٥	٢٧,٢٨٩
٢-	روزنفط لمبكس – ازاكوف (ديوان الرئاسة الروسي)	-	-	-	-	-	٠,٣٦٨	-	٤,٥٥٠	٤,٨٨٨	٣,٦٠٠	١,٢٠٠	٠,٨٢٠	-	١٥,٤٢٦
٣-	شركات الحزب الشيوعي الروسي	-	٠,٣٧٠	٠,٧١٠	٣,١٨٠	٢,٢٢٠	١,٢٠٠	١,٠٧٣	٤,٠٩٥	-	٣,١٥٠	٠,٤١٣	-	-	١٦,٤١١
٤-	لميركوم (حزب الوحـدة / وزارة الطوارىء	-	-	-	-	-	-	-	-	-	٣,٤٤٣	١,٤٤٠	٠,٨٣٠	١,٩١٣	٧,٦٢٦
٥-	شركة مشونوامبورت	٠,٢٢٥	٠,١٠٠	٠,٣٩٠	١,٤٤٠	٠,٧٠٠	٠,٧٥٠	٠,٩٢٣	١,٩٥٠	١,٢٧٥	١,١٢٥	٠,٢٢٥	٠,٨٨٠	٢,٢٥٠	١٢,٢٣٣
٦-	الفا ايكو (الخارجية الروسية)	٠,٥٤٠	٠,٧٥٠	٠,١٠٠	٢,٠٠٠	١,٤٤٠	٠,٩٦٠	٠,٩٧٥	٣,٢٥٠	٠,٩٥٠	٠,٤٥٠	٠,٦٩٨	٠,٧٨٠	-	١٢,٨٩٣
٧-	تيومن (الخارجية الروسية)	-	-	-	٠,٧٤٠	٠,٦٦٠	٠,٣٠٠	٠,٢٢٥	١,٣٠٠	٠,٩٥٠	-	٠,١٥٠	-	-	٤,٣٢٥
٨-	سلاف نفط (غوتسريف)	-	-	-	-	-	٠,١٤٣	-	١,٦٢٥	٢,٢١٠	١,٣٥٠	٠,٣٠٠	-	-	٥,٦٢٨
٩-	شركة زان كاز	-	-	٠,٥٦٠	٠,٧٨٠	٠,٥٠٠	٠,٦٠٠	٠,٤٥٠	١,٩٥٠	١,٧٠٠	-	٠,١٥٠	-	٠,٧١٣	٧,٤٠٣
١٠-	شركة روز نفط	٠,٣٣٠	٠,٥٥٠	٠,٢٨٠	٠,٨٠٠	٠,٣٦٠	-	٠,٢٢٥	٠,٩٧٥	-	-	-	-	-	٣,٥٢٠
١١-	شركة كازبن انفست – كالميكا	-	-	-	-	-	-	-	-	-	٠,٤٥٠	٠,١١٣	-	-	٠,٥٦٣
١٢-	شركة كالمنفط غاز - كالميكا	-	-	-	-	-	-	-	-	-	٠,٤٥٠	٠,١١٣	٠,١٥٠	-	٠,٧١٣
١٣-	شركة غاز بروم	-	-	-	-	-	٠,٤٥٠	٠,٣٧٥	١,٦٢٥	-	-	٠,٣٠٠	٠,١٢٠	-	٢,٨٧٠
١٤-	تات نفط – تترستان	٠,٠٦٨	٠,٣٥٠	٠,٢٧٠	١,٤٠٠	٠,٩٨٠	٠,٦٦٨	٠,٦٧٥	١,٦٢٥	-	١,١٢٥	٠,٦٣	-	-	٧,٤٢٤
١٥-	شركة باش نفط	-	-	-	-	-	-	-	٠,٦٥٠	-	-	-	-	-	٠,٦٥٠
١٦-	شركة لوك أويل	٠,٢٢٥	٠,٥٤٠	٠,٩٦٠	٣,٢٨٠	٠,١٦٠	٠,٥٢٥	٠,٣٣٨	-	-	-	-	-	-	٦,٠٢٨

	الدولـة / الشركـة	الاولى	الثانية	الثالثة	الرابعة	الخامسة	السادسة	السابعة	الثامنة	التاسعة	العاشرة	الحادية عشر	الثانية عشر	الثالثة عشر	المجموع
١٧-	شركة سيرغوت نفط غاز	-	-	-	-	-	-	٠,٣٠٠	-	-	-	-	-	-	٠,٣٠٠
١٨-	شركة النفط والغاز لشرق سايبيريا	-	-	-	-	-	-	٠,٠٧٥	-	-	-	-	-	-	٠,٠٧٥
١٩-	شركة نفتا موسكو	٠,٢٦٣	٠,٣٠٠	٠,٦٠٠	٠,٨٠٠	٠,٣٧٠	-	٠,١٥٠	١,٣٠٠	-	-	-	-	-	٣,٧٨٣
٢٠-	شركة لوناكو	-	-	-	١,٣٠٠	٠,٦٢٠	٠,٣٠٠	٠,٢٢٥	١,٣٠٠	-	-	-	-	-	٣,٧٤٥
٢١-	شركة سيدانكو	-	-	-	١,٤٠٠	٠,٧٢٠	٠,٣٠٠	-	-	-	-	-	-	-	٢,٤٢٠
٢٢-	شركة سبنفط	-	-	٠,١٨٠	٠,٨٠٠	٠,٢٢٠	-	-	-	-	-	-	-	-	١,٢٠٠
٢٣-	شركة ترانزنفط	-	-	-	-	-	٠,٢٢٥	٠,١٥٠	٠,٦٥٠	-	-	-	-	-	١,٠٢٥
٢٤-	شركة بوكوس	-	-	-	-	-	٠,١٤٣	-	-	-	-	-	-	-	٠,١٤٣
٢٥-	شركات الحزب الليبرالي الديمقراطي (جيرنوفسكي)	-	٠,٣٦٠	٠,٧٠٠	٢,٠٠٠	٠,٨٩٠	٠,٧٣٥	٠,٤٨٨	٢,٢٧٥	-	٠,٨٣٣	٠,٣٩٨	-	-	٨,٦٧٩
٢٦-	شركات حزب السلام والوحدة (السيدة ساجي)	-	-	٠,٣٠٠	٠,٥٨٠	٠,٢٨٠	٠,٢٢٥	٠,١٥٠	٠,٩٧٥	١,٧٠٠	٠,٦٧٥	-	-	٠,٥٦٣	٥,٤٤٨
٢٧-	اللجنة الروسية للتضامن مع العراق (السيد روداسييف)	-	-	-	-	-	-	-	-	-	٠,٤٥٠	-	-	-	٠,٤٥٠
٢٨-	الجمعية الروسية للتضامن مع العراق (جورافيليون)	-	-	-	-	-	-	-	-	٠,٩٧٨	-	-	-	-	٠,٩٧٨
٢٩-	شركة روز نفط غاز اكيمبورت (السيد لكابابوف)	-	-	-	-	-	-	-	-	-	٠,٩٠٠	٠,٢٢٥	٠,٣٩٠	١,٩٥٠	٣,٤٦٥
٣٠-	شركة اورال انفست	-	-	-	-	-	-	-	-	-	٠,٤٥٠	٠,٠٩٨	-	-	٠,٥٤٨
٣١-	زيرج موسكو- اكاديمية العلوم	-	-	-	-	-	-	٠,١١٣	٠,٦٥٠	-	-	-	-	-	٠,٧٦٣
٣٢-	راومس (ابن السفير السابق في بغداد)	٠,١٥٠	٠,١٠٠	٠,١٢٠	١,١٠٠	٠,١٩٠	٠,٣٠٠	٠,٠٧٥	٠,٦٥٠	-	-	-	-	-	٢,٦٨٥
٣٣-	زرابشنفط (جامعة غوبكن)	-	-	-	-	-	-	٠,١٠٥	٠,٦٥٠	-	-	-	-	-	٠,٧٥٥
٣٤-	مجموعة نوردويست	-	-	-	-	-	-	-	-	-	-	-	-	-	-
٣٥-	زرابشنفطغـــــاز (كازبروم) (السيد حسان)	-	-	-	-	-	-	-	-	٠,٨٥٠	-	-	-	-	٠,٨٥٠

ت	الدولـة / الشركـة	الاولى	الثانية	الثالثة	الرابعة	الخامسة	السادسة	السابعة	الثامنة	التاسعة	العاشرة	الحادية عشر	الثانية عشر	الثالثة عشر	المجموع
٣٦-	سيوز نفط غاز (السيد شفرانك)	-	-	-	-	-	-	٠,١١٣	٠,٩٧٥	-	١,٥٧٥	٠,٦٠٠	٠,٢٠٠	٠,٣٧٥	٣,٨٣٨
٣٧-	السيد نيكولاي ريجكوف	-	-	-	-	-	-	-	-	-	-	-	-	-	-
٣٨-	شركة ستروي نفط غاز	-	-	-	-	-	-	-	-	-	-	٠,١٥٠	-	-	٠,١٥٠
٣٩-	شركة أخت نفط	-	-	-	-	-	-	-	-	-	-	٠,١٥٠	-	-	٠,١٥٠
٤٠-	ادارة للشيشان	-	-	-	-	-	-	-	-	-	-	-	-	-	-
٤١-	عادل الجيلاوي / اي.ف.ام. للطيران	-	-	-	-	-	-	-	-	-	-	٠,١٥٠	-	-	٠,١٥٠
٤٢-	خروزليت	-	-	-	-	-	-	-	-	-	-	-	-	٠,٧٥٠	٠,٧٥٠
٤٣-	ترانز نفتا	-	-	-	-	-	-	-	-	-	-	-	-	-	-
٤٤-	رئيس ديوان الرئاسة الروسي (السيد فلوشن)	-	-	-	-	-	-	-	-	-	-	-	٠,٣٠٠	٠,٣٣٨	٠,٦٣٨
٤٥-	الكنيسة الارثودوكسية الروسية	-	-	-	-	-	-	-	-	-	-	-	-	-	-
٤٦-	الحزب الديمقراطي القومي الروسي	-	-	-	-	-	-	-	-	-	-	-	-	-	-
٤٧-	رس نفط (غوتسريف)	-	-	-	-	-	-	-	-	-	-	-	-	١,١٢٥	١,١٢٥
٤٨-	روز نفط لمبكس	-	-	-	-	-	-	-	-	-	-	-	٠,١٥٠	٠,٥٦٣	٠,٧١٣
	المجمـــــوع	٢,٢١٣	٤,٠٧٠	٥,٣١٩	٢٥,٢٤٠	١٢,٧٦٠	٩,٧٦٧	٨,٩٢٨	٣٧,٨٩٥	٢١,٨٧٦	٢٢,٢٧٦	٧,٥١٩	٥,١٩٠	١٢,٧٧٥	١٧٥,٨٢٨

Duma Council
Liberal Democratic Party of Russia

No.: 283-4-105
Date: 07/30/1997

To: His Excellency Dr. Hasan Fahmi Jum'ah
Extraordinary Authorized Ambassador of Iraq to Federal Russia

Dear Friend,

The Liberal Democratic Party made every effort since it was first established to bring both of our countries and people closer, and to consolidate and increase the common understanding between us, as well.
We stood firmly against the enforcement of the United Nations economic sanctions which conflict with the interests of independent Iraqi people, and which were decided by order of the American capital. In order to balance the political situation in the world, we used our influence on the Duma Council to adopt resolutions that will facilitate the economic cooperation between our countries. A special resolution to lift the economic sanctions on Iraq was adopted in particular and by virtue of our party's efforts.

The party and I, personally, follow with concern the development of situation related to lift the economic sanctions on the Republic of Iraq, and we are confident that the economic sanctions, which are illegal and known to everyone, will be lifted very soon.

Today, and by virtue of the United Nations resolution no. (986), your government implements a program to sell oil for food and medicine.

We have commercial institutions that support the program and goals of our party, and possess true potentials and wish to supply medicine and food to the Republic of Iraq in the light of this operation.

I hope that you will consider the possibility of companies and institutions we offer to participate in the mentioned operations; I suggest adding them to your list in order to implement the above-mentioned resolution of the United Nations.

I hope this will serve the ideal steps to bring our countries closer together; it is considered one of the important basic elements of our common understanding.

Sincerely,
Vladimir Zhirinovsky

Note: as far as the projects technical agreements issues, it can be verified with Mr. Kondratev V.V. (my assistant in economic affairs)
Telephone: 2923324 – 2929204

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 33

مجلس الدوما

كتلة الحزب الليبرالي الديمقراطي الروسي

الرقم: 105 - 4 - 283
التاريخ: 30 تموز 1997

الى/ سعادة الدكتور حسن فهمي جمعه
السفير المفوض فوق العادة
لجمهورية العراق في روسيا الاتحادية

الصديق العزيز ،

لقد بذل الحزب الليبرالي الديمقراطي ومنذ لحظة تأسيسه كل الجهود من أجل التقارب الكبير لبلدينا وشعبينا، وكذلك من أجل تعزيز وزيادة التفاهم المشترك بيننا.

وقفنا بحزم ضد تطبيق العقوبات الاقتصادية لهيئة الامم المتحدة التي تتعارض مع مصالح الشعب العراقي المستقل والتي أتخذت بأمر رأس المال الامريكي. وبهدف موازنة الوضع السياسي في العالم، فقد أستخدمنا تأثيرنا في مجلس الدوما لاتخاذ قوانين تسهل التعاون الاقتصادي بين بلدينا، وبالاخص وبفضل جهود حزبنا، فقد تم أتخاذ قانون خاص برفع العقوبات الاقتصادية عن جمهورية العراق.

أني شخصيا" والحزب نتابع بأهتمام تطور الوضع المرتبط برفع الحصار الاقتصادي عن جمهورية العراق ونحن واثقون بان العقوبات الاقتصادية غير الشرعية والمعروفة للكل سوف تزال في أقرب وقت.

ان حكومتكم اليوم وبموجب قرار هيئة الامم المتحدة الرقم (986) تنفذ برنامج لبيع النفط مقابل المواد الغذائية والادوية.

ولدينا مؤسسات تجارية داعمة لبرنامج واهداف حزبنا تملك الامكانيات الحقيقية والرغبة لتوريد الادوية والمواد الغذائية الى جمهورية العراق في ضوء هذه العملية.

ارجو النظر في امكانية مشاركة الشركات والمؤسسات المقدمة من قبلنا في العمليات المذكورة وأقترح ضمهم الى القائمة المقدمة من قبلكم من اجل تنفيذ قرار هيئة الامم المتحدة اعلاه.

آمل بان هذا سوف يخدم الخطوات المثالية من اجل تقارب دولتينا ويعتبر احدى العناصر المهمة في أساس تفاهمنا المشترك.

المخلص لكم
فلاديمير جيرينوفسكي

ملاحظة : بخصوص قضايا الاتفاقات الفنية للمشاريع ممكن التأكد مع السيد كوندراتيف ف. ف. (مساعدي للشوؤون الاقتصادية)
هاتف : 2923324 ، 2929204

Embassy of the Republic of Iraq
Moscow

In the Name of God, Most Gracious, Most Merciful

No.: S/1/1/45
Date: 17 of Rabi Al-Thani, 1418 Hijri
Equivalent to 08/21/1997

Marketing Commission / Office of the Executive Director
No.: RM/KH1/705
Date: 09/16/1997

Ministry of Oil
Incoming Mail Center
No.: 20318
Date: 09/14/1997
Addressee: The Minister

To: The Ministry of Foreign Affairs / Third Political Bureau
RE: Letter

We hereby enclose the letter of Mr. Vladimir Zhirinovsky, head of the Liberal Democratic Party of Russia dated 07/30/1997, which supports the participation of his party in the supply of medicine and food as per the Memorandum of Understanding signed between Iraq and the United Nations.
Furthermore, I met with Mr. Kondratev, deputy of Mr. Zhirinovsky for Economic Affairs, in the presence of Trade Counsel in this embassy on 08/10/1997. Mr. Kondratev requested the possibility to fulfill the wish of the head of Liberal Democratic Party of Russian, with whom we have strong relationships, and who has been supportive of Iraq's position, whether at the Duma Council or in the mass popular meetings and others. We informed him that Iraq has no objection to cooperate with them according to traditional rules of trade, and asked them to submit their offers to the appropriate Iraqi parties.
Please review.

Regards.

Ambassador
Dr. Hasan Fahmi Jum'ah
08/21/1997

Enclosures:

A letter with its attachment

Cc:

- Ministry of Oil / with a copy of the letter; please review with regards
- Ministry of Trade / with a copy of the letter; please review with regards

Immediate and by Hand

To: Marketing Commission Executive Manager

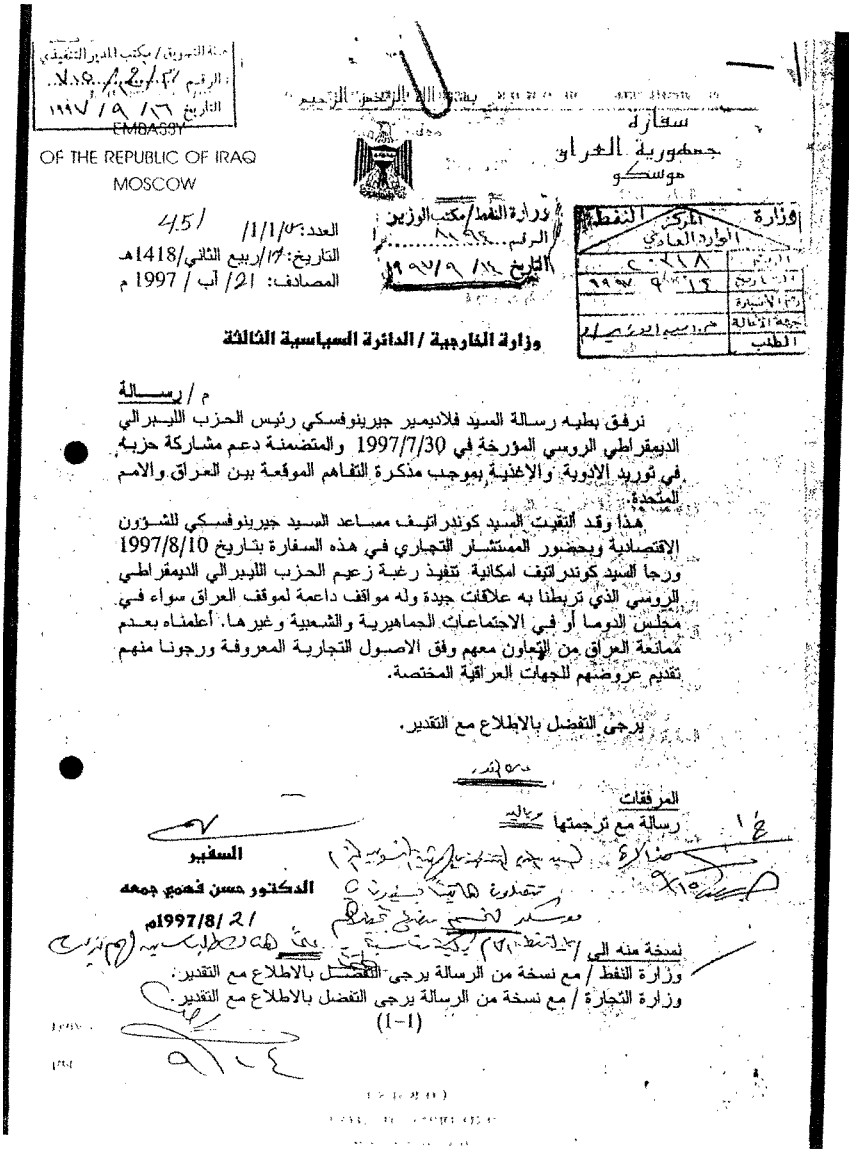
You need to call our ambassador in Moscow to settle the issue of supplying them with an appropriate quantity of crude oil, taking into consideration that they have already put in a request in this regard.

09/14

KH1
For review

09/15

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 34



هيئة التسويق / مكتب المدير التنفيذي
الرقم ٣/٢/٢٠٥٠٧
التاريخ ١٦/٩/١٩٩٧

بسم الله الرحمن الرحيم

EMBASSY
OF THE REPUBLIC OF IRAQ
MOSCOW

سفارة
جمهورية العراق
موسكو

وزارة النفط / مكتب الوزير
الرقم ٨٢٩٢
التاريخ ١٤/٩/١٩٩٧

وزارة النفط / المركز
الوارد العادي
الرقم ٢٠٢١٨
التاريخ ١٤/٩/١٩٩٧
رقم الاشارة
جهة الاحالة
الطلب

العدد: 451/1/1/س
التاريخ: ١٧/ربيع الثاني/1418هـ
المصادف: 21/ آب / 1997 م

وزارة الخارجية / الدائرة السياسية الثالثة

م / رسالة

نرفق بطيه رسالة السيد فلاديمير جيرينوفسكي رئيس الحزب الليبرالي الديمقراطي الروسي المؤرخة في 1997/7/30 والمتضمنة دعم مشاركة حزبه في توريد الادوية والاغذية بموجب مذكرة التفاهم الموقعة بين العراق والامم المتحدة.

هذا وقد التقيت السيد كوندراتيف مساعد السيد جيرينوفسكي للشؤون الاقتصادية وبحضور المستشار التجاري في هذه السفارة بتاريخ 1997/8/10 ورجا السيد كوندراتيف امكانية تنفيذ رغبة زعيم الحزب الليبرالي الديمقراطي الروسي الذي تربطنا به علاقات جيدة وله مواقف داعمة لموقف العراق سواء في مجلس الدوما أو في الاجتماعات الجماهيرية والشعبية وغيرها. أعلمناه بعدم ممانعة العراق من التعاون معهم وفق الاصول التجارية المعروفة ورجونا منهم تقديم عروضهم للجهات العراقية المختصة.

يرجى التفضل بالاطلاع مع التقدير.

المرفقات
رسالة مع ترجمتها

السفير
الدكتور حسن فهمي جمعه
21/8/1997م

نسخة منه الى
وزارة النفط / مع نسخة من الرسالة يرجى التفضل بالاطلاع مع التقدير.
وزارة التجارة / مع نسخة من الرسالة يرجى التفضل بالاطلاع مع التقدير.

(1-1)

Republic of Iraq
Ministry of Oil
Oil Marketing Commission

In the Name of God, Most Gracious, Most Merciful

No.: KH1/5451
Date: 09/16/1997

To: H.E. the Minister of Oil
RE: Contacting Mr. Vladimir Zhirinovsky

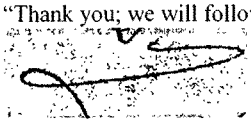
With reference to the comment of your Excellency regarding contacting the Iraqi ambassador in Moscow in connection with allocating a quantity of crude oil to Mr. Vladimir Zhirinovsky, head of the Liberal Democratic Party of Russian, and based on the telephone conversation on 09/16/1997 with his Excellency, Dr. Hasan Fahmi Jum'ah – Embassy of the Republic of Iraq in Moscow, it appears that Mr. Zhirinovsky's company has not been registered yet at the United Nations. The ambassador confirmed that the company has been deliberate in this regard, and that he will be sending your Excellency a detailed letter regarding this matter. He also explained that the deputy of party leader, Mr. Kondratev will be visiting the country soon to have talks with the Ministry of Trade regarding supplying the country with food substances and medicine.
Please review.

Regards,



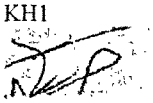
Saddam Zeben Hasan
Executive Director

[TC: there is a hand-written note that reads]
"Thank you; we will follow-up closely"



09/17

KH1



09/18

[Page footer]
Arabic telex 5834 SOMO
P.O. Box 5118 Baghdad – Iraq
Telex 212198/212199
Tel. 7742040 - 10

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 36

بسم الله الرحمن الرحيم

الجمهورية العراقية
وزارة النفط
هيئة التسويق

الرقم ٤/١/٥٤٥١
التاريخ ١٦/٩/١٩٩٧

السيد وزير النفط المحترم

م/الاتصال بالسيد فلاديمير جيرنوفسكي

اشارة الى هامش سيادتكم حول الاتصال بالسيد السفير العراقي في موسكو بخصوص موضوع تخصيص كمية من النفط الخام للسيد فلاديمير جيرنوفسكي زعيم الحزب الليبرالي الديمقراطي الروسي واستناداً للمكالمة الهاتفية التي تمت مع سعادة السفير الدكتور حسن فهمي جمعة - سفارة جمهورية العراق في موسكو بتاريخ ١٦/٩/١٩٩٧ اتضح بان الشركة العائدة للسيد جيرنوفسكي لم يتم تسجيلها في الامم المتحدة لحد الآن واكد السيد السفير بان الشركة متعاملة في هذا الجانب وسوف يوافي سيادتكم برسالة تفصيلية حول الموضوع. كما بين بان مساعد زعيم الحزب السيد كوندراتيف سيزور القطر قريباً لاجراء مباحثات مع وزارة التجارة بخصوص توريد مواد غذائية ودوائية للقطر.

راجين تفضل سيادتكم بالاطلاع مع فائق التقدير والاحترام

صدام زين حسن
المدير التنفيذي

تلكس عربي ٥٨٣٤ سومو تلكس ٢١٢١٩٨ ، ٢١٢١٩٩ - ص ب ٥٦١٨ بغداد - عراق هاتف : ١٠ - ٧٧٤٢٠٤٠

[Fax line] From: Iraqi Embassy Moscow Sep. 23, 1997 1:45PM Phone No.: 2302922

Embassy of the Republic of Iraq
Moscow

4/3/2

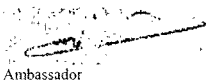
Ministry of Foreign Affairs
Third Political Bureau
No. 1261
Date: 09/24/1997

No.: S/1/1/27
Date: Date: 21 of Jumada Al-Awal, 1418 Hijri
Equivalent to 09/23/1997

To: The Ministry of Oil / State Oil Marketing Organization (SOMO)
RE: Letter

Referring to the telephone conversation with Mr. Saddam Zeben Hassan, head of State Oil Marketing Organization (SOMO) this morning 09/23/1997, I hereby send you by fax the letter of Mr. Vladimir Zhirinovsky, head of the Liberal Democratic Party of Russia, dated 09/22/1997 regarding their delegation who will be arriving in Baghdad on Friday, 09/26/1997.
Please review.

Regards,



Ambassador
Dr. Hasan Fahmi Jum'ah
09/23/1997

Enclosures:

A letter and its translation

Cc:

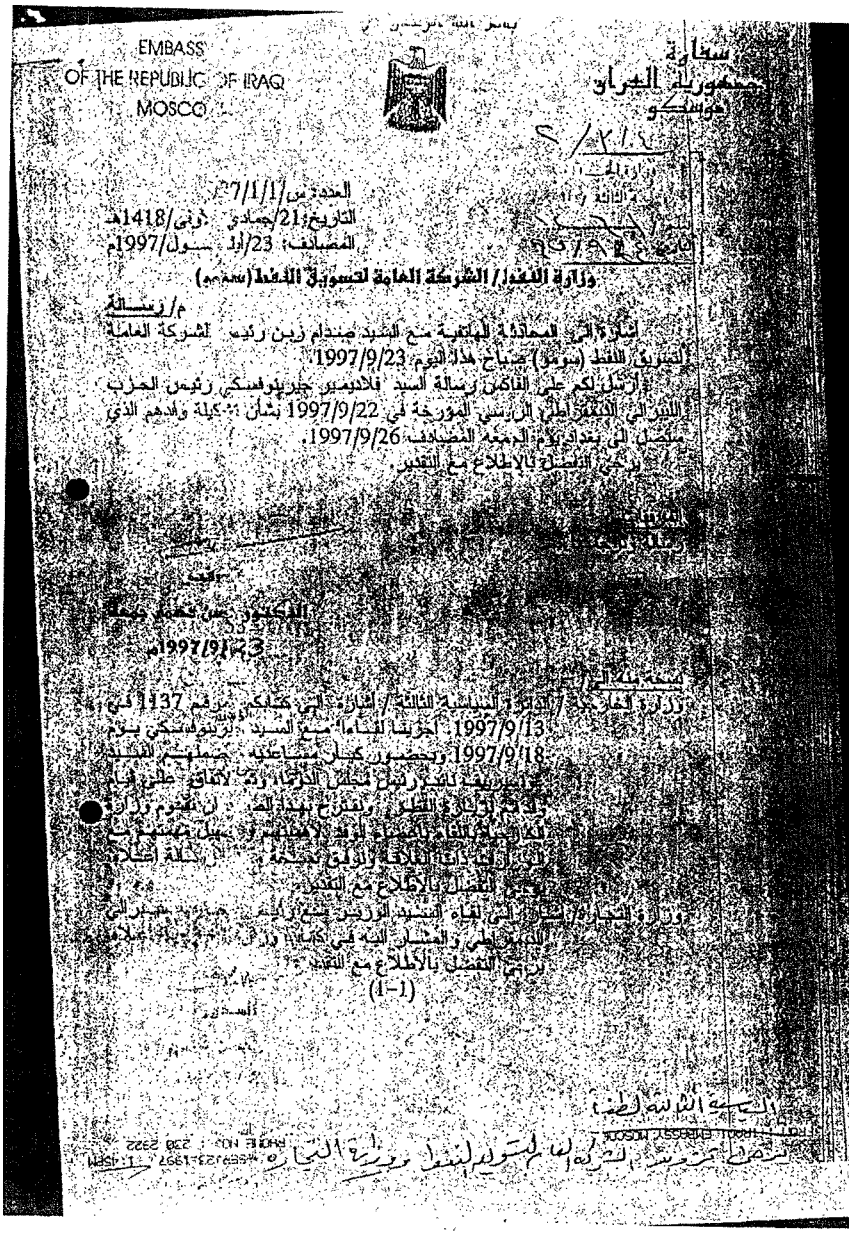
- Ministry of Foreign Affairs/Third Political Bureau/with reference to your letter no. 1137 of 09/13/1997. We met with Mr. Zhirinovsky on 09/18/1997 in the presence of his senior assistants including Mr. Gotzariev, deputy of Duma Council Leader; we agreed that their delegation would visit the country. We suggest in this regard that the Ministry of Foreign Affairs meet with the members of the delegation due to their importance and to facilitate their mission with the related ministries. Attached is a copy of the above-mentioned letter; please review with regards.
- Ministry of Trade / with reference to the meeting of the minister with the head of the Liberal Democratic Party, which was mentioned in the Ministry of Foreign Affairs aforesaid letter. Please review with regards.

[Signature]
Ambassador
Dr. Hasan Fahmi Jum'ah

To: Third Political Bureau

Please provide State Oil Marketing Organization and the Ministry of Trade... [Cut off]

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 39



بسم الله الرحمن الرحيم

EMBASSY
OF THE REPUBLIC OF IRAQ
MOSCOW

سفارة
جمهورية العراق
موسكو

العدد: س/1/1/97
التاريخ: 21/جمادى الأولى/1418هـ
المصادف: 23/أيلول/1997م

وزارة النفط/ الشركة العامة لتسويق النفط (سومو)

م/ رسالة

أشارة الى المحادثة الهاتفية مع السيد صدام زين رئيس الشركة العامة لتسويق النفط (سومو) صباح هذا اليوم 1997/9/23.

أرسل لكم على الفاكس رسالة السيد فلاديمير جيرينوفسكي رئيس الحزب الليبرالي الديمقراطي الروسي المؤرخة في 1997/9/22 بشأن تشكيلة وفدهم الذي سيصل الى بغداد يوم الجمعة المصادف 1997/9/26.

يرجى التفضل بالاطلاع مع التقدير.

المرفقات
رسالة ونرجو

[illegible]

الدكتور حسن نعمة جمعة
1997/9/23م

نسخة منه الى/

وزارة الخارجية/ الدائرة السياسية الثالثة/ أشارة الى كتابكم مرقم 1137 في 1997/9/13. أجرينا لقاءا مع السيد جيرينوفسكي يوم 1997/9/18 وبحضور كبار مساعديه وضمنهم السيد [illegible] نائب رئيس مجلس الدوما وتم الاتفاق على قيام وفدهم لزيارة القطر ونقترح بهذا الصدد ان تقوم وزارة الخارجية بالقاء باعضاء الوفد لاهميتهم وتسهيل مهمتهم مع الوزارات ذات العلاقة ونرفق نسخة من رسالة اعلاه يرجى التفضل بالاطلاع مع التقدير.

وزارة التجارة/ أشارة الى لقاء السيد الوزير مع رئيس الحزب الليبرالي الديمقراطي والمشار اليه في كتابنا [illegible] يرجى التفضل بالاطلاع مع التقدير.

(1-1)

السيد [illegible]

السياسية الثالثة لطفا

[illegible] الشركة العامة لتسويق النفط ووزارة التجارة

[TC: Please note that most of this page is illegible]

Duma Council
Liberal Democratic Party of Russia

No.: 775-40501
Date: 09/22/1997

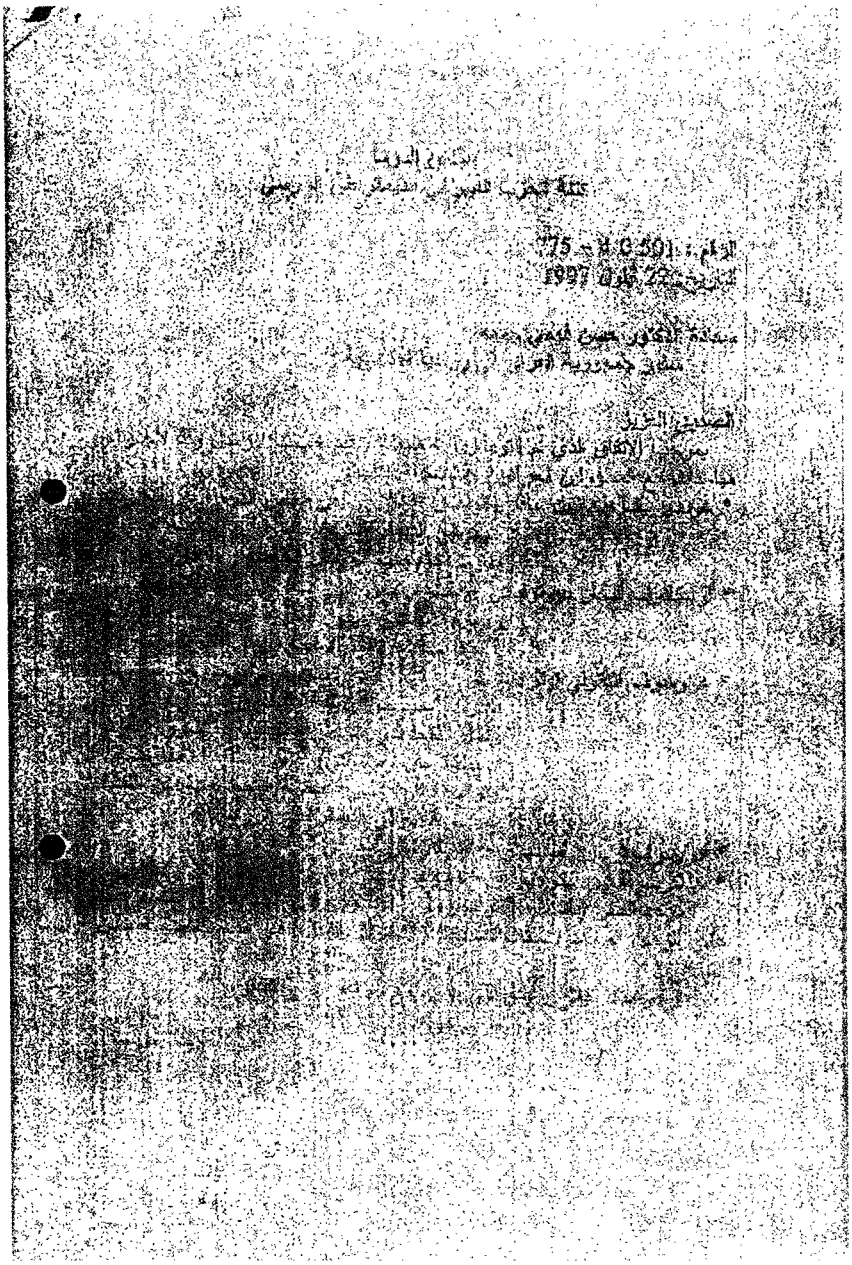
To: His Excellency Dr. Hasan Fahmi Jum'ah / Ambassador of the Republic of Iraq to Federal Russia

Dear friend,

As per the [Illegible] reached agreement, we planned to send a delegation to have talks with the Iraqi officials; the delegation will be formed of the following people:

- Mikael Gotzariev, deputy of Duma Council leader [TC: the rest is illegible]
- Oskalov Alisan... [TC: the rest is illegible]
- [Illegible] Askoli [Illegible] [TC: the rest is illegible]

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 40



FEDERAL ASSEMBLY – PARLIAMENT OF RUSSIAN FEDERATION

GOVERNMENT DUMA

FRACTION OF THE LIBERAL – DEMOCRATIC PARTY OF RUSSIA

September 22, 1997 No. 5.1-4-775

His Excellency
Hassan Fahmi Djum
(Unintelligible)

Dear Friend!

In accordance with the agreement that was reached earlier, would like to inform you, that to conduct negotiations with the government, a delegation of the following composition is being planned to be sent to Iraq.

*???*eriev, Michael Safarbekovich, vice Chairman of Government Duma, deputy of *????*, empowered *??????* all questions regarding this program;

*???*kanov, Alihan Beibotovich, vice Chairman of Federal food-stuffs corporation of the Russian Federation, empowered to conduct negotiations and to sign contracts regarding the food-stuffs portion of the program;

*???*romov, Anatoliy Nikolaevich, director of the external economic activity Department of a company "SIDANCO" (the firm engages in extraction, refining and transportation of oil in the regions of Siberia, Far East, Saratovskaya province), empowered to conduct negotiations and to conclude contracts of oil quotas, earmarked for Liberal – Democratic party of Russia;

Idrisov, Arsen Emilevich, deputy director of Department of a company "SIDANCO".

*???*nakov, Valentin Nikolaevich, assistant to the deputy;

The periods of the visits (with the exception of October 1 – 3 of this year) depend exclusively on the time of registration of visas by the embassy consulate department.

Kindly ask to communicate your thoughts in regards to the abovementioned.

With Respect

The leader of fraction LDPR V. Zhirinovsky
/signed/

International Department PHONE NO. : 095 2927272 Sep. 22 1997 05:43PM P01

ФЕДЕРАЛЬНОЕ СОБРАНИЕ — ПАРЛАМЕНТ РОССИЙСКОЙ ФЕДЕРАЦИИ

ГОСУДАРСТВЕННАЯ ДУМА

ФРАКЦИЯ ЛИБЕРАЛЬНО-ДЕМОКРАТИЧЕСКОЙ ПАРТИИ РОССИИ

10326 г. Москва, ул. Охотный ряд, д. 1. Тел.: 292-80-01, 292-37-95

22 сентября 1997 г. № 5.1-4-775

Его Превосходительству
Д-ру Хассану Фахми Джуна
Полуэлектрик Полковникову Пазан

Дорогой друг!

В соответствии с достигнутой ранее договоренностью сообщаю Вам, что для ведения переговоров с руководством страны в Ирак планируется направить делегацию в следующем составе:

- Шериев Михаил Сафарбекович, заместитель Председателя Государственной Думы, депутат от ЛДПР, наделен полномочиями вести переговоры по всем вопросам, касающимся этой программы;
- Ханов Алихан Бейботович, заместитель Председателя Федеральной продовольственной корпорации Российской Федерации, уполномочен вести переговоры и подписывать контракты по продовольственной части программы;
- Громов Анатолий Николаевич, директор Департамента внешнеэкономической деятельности компании «СИДАНКО» (фирма занимается добычей, переработкой и транспортировкой нефти в регионах Сибири, Дальнего Востока, Саратовской области), уполномочен вести переговоры и заключать контракты на квоту по нефти, выделенную для Либерально-Демократической партии России.
- Идрисов Арсен Эмилевич, заместитель директора Департамента компании «СИДАНКО»;
- Ичнаков Валентин Николаевич, помощник депутата;

Сроки поездки (за исключением 1-3 октября с.г.) зависят исключительно от времени оформления виз консульским отделом посольства.

Любезно прошу сообщить Ваши соображения в связи с вышеизложенным.

С уважением,

Руководитель фракции В.Жириновский

FROM : IRAQI EMBASSY MOSCOW PHONE NO. : 230 2922 SEP.23.1997 1:46PM P.3

Republic of Iraq
Ministry of Foreign Affairs
Office of the Minister

In the Name of God, Most Gracious, Most Merciful

No.: M.KH1/11/1620
Date: 29th of Jumada Al-Awal, 1418 Hijri
Equivalent to October 1997

Stamp
Marketing Commission / Office of the Executive Director No.: RM/KH1/ 814 Date: 10/05/1997

Stamp
Ministry of Oil/Office of the Minister No.: 8946 Date: 10/02/1997

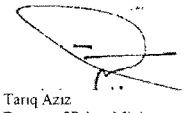
No.: 2355 Date: 10/02/1997 Office of the Minister

Secret

To: Ministry of Oil
RE: Russian Delegation Visits the Country

In its telegram dated 09/30/1997, our embassy in Moscow has informed us that the Russian delegation, lead by (Mikael Gotzariev), deputy of the Duma Council leader, will arrive in the country on Sunday, 10/05/1997 to complete the contracts pertaining to oil and foods. (Zhirinovsky), head of the Liberal Democratic Party of Russia, requested full support to the delegation, and mentioned that (Gotzariev) is his personal representative and has full authority to sign contracts, the embassy added. Sidanco general manager to Iraq and the United Nations will accompany the delegation in order to buy oil on behalf of the Liberal Democratic Party. The embassy mentioned that (Gotzariev) showed his interest to meet the minister of oil and the marketing director.
Please review.

Regards,

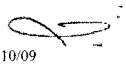


Tariq Aziz
Deputy of Prime Minister
Acting Minister of Foreign Affairs
10/01/1997

[TC: There is a hand-written note to the bottom of this page that reads:]

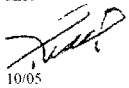
To: The Executive Director of Marketing Commission

Please take the necessary steps to contract for the appropriate quantity. We are working on meeting him with your presence.



10/09

KH1



10/05

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 41

هيئة التسويق / مكتب المدير التنفيذي
الرقم ٣/ج/٨١٤
التاريخ ٥/١٠/١٩٩٧

بسم الله الرحمن الرحيم

وزارة النفط / مكتب الوزير
الرقم ٨٩٢٦٠
التاريخ ٢/١٠/١٩٩٧

جمهورية العراق
وزارة الخارجية
مكتب الوزير

العدد : م.خ/١/١١/١٦٢٠
التاريخ ٢٩ جمادى الأولى/١٤١٨هـ
الموافق ٣٠ تشرين الأول/١٩٩٧م

(سري)

وزارة النفط

م/ وفد روسي يزور القطر

أعلمتنا سفارتنا في موسكو ببرقيتها المؤرخة في ١٩٩٧/٩/٣٠ أن الوفد الروسي برئاسة (ميخائيل غودتسيرييف) نائب رئيس مجلس (الدوما) سيصل القطر يوم الأحد المصادف ١٩٩٧/١٠/٥ لإكمال العقود الخاصة بالنفط والمواد الغذائية. وأضافت السفارة أن (جيرنوفسكي) رئيس الحزب الليبرالي الديمقراطي الروسي طلب تقديم الدعم الكامل للوفد وأشار إلى أن (غودتسيرييف) يمثله شخصياً ولديه كافة الصلاحيات لتوقيع العقود، وسوف يصطحب الوفد معه مدير عام شركة (سيدانكو) المسجلة لدى العراق والأمم المتحدة لشراء النفط نيابة عن الحزب الليبرالي الديمقراطي. وذكرت السفارة أن (غودتسيرييف) قد أبدى رغبته في مقابلة السيد وزير النفط ومدير التسويق.

نرجو التفضل بالأطلاع .. مع التقدير.

طارق عزيز
نائب رئيس مجلس الوزراء
وزير الخارجية وكالة
١٩٩٧/١٠/١

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/02/32

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 42

SECTION ONE

SPECIFIC PROVISIONS

F.O.B. CRUDE OIL SALES CONTRACT

FOB SALES CONTRACT
CONTENTS

SECTION ONE

Article One	:	Definitions
Article Two	:	Period
Article Three	:	Quantity and Quality
Article Four	:	Price
Article Five	:	Reopener
Article Six	:	Payment
Article Seven	:	SOMO Standard Documentation
Article Eight	:	Approval of Contract
Article Nine	:	Special Conditions
Article Ten	:	Addresses

SECTION tWO

Article One	:	Measurement and Sampling
Article Two	:	Risk and Property
Article Three	:	Lifting Programme
Article Four	:	Nomination of Vessels
Article Five	:	Vessel Berths
Article Six	:	Loading Conditions
Article Seven	:	Demurrage
Article Eight	:	Taxes and Duties
Article Nine	:	Termination in the event of Liquidation or Default
Article Ten	:	Assignment
Article Eleven	:	Destination
Article Twelve	:	Force Majeure
Article Thirteen	:	Arbitration
Article Fourteen	:	Notices
Article Fifteen	:	Applicable Law

Appendix I	:	Form of Letter of Credit
Appendix II	:	Application Form to Request Approval of Contract

CONTRACT BETWEEN STATE OIL MARKETING ORGANIZATION (SOMO) hereinafter (called SELLER) of the one part and JOINT STOCK COMPANY "SIDANCO" (hereinafter called BUYER) of the other part.

Whereby it is agreed as follows :-

SECTION ONE

Wherever the general provisions of Section Two, attached and herein incorporated in this Contract, are at variance or in conflict with this section one, the provisions of section one shall govern.

ARTICLE ONE

DEFENITIONS

As used in this Contract, unless otherwise provided, the following words and terms shall have the following meanings :-

Barrel	:	means forty-two (42) U.S. Gallons at sixty degrees (60 Degree) Fahrenheit and at normal atmospheric pressure.
Day	:	means a period of twenty-four (24) running hours commencing at 00.01 hours local time at the port of loading.
Barrel per Day (b/d)	:	means the average number of barrels of crude oil supplied during a calendar day as defined above.
F.O.B.	:	means "Free on Board" as referred to in the ICC Incoterms 1990.
Dollar ($)	:	The currency of the United States of America.

Month	:	means Gregorian Calendar Month commencing at 00.01 hours local time at the port of loading on first day of the month.
Quarter	:	means a period of three (3) consecutive months beginning on a 1st January or a 1st April or a 1st July or a 1st October.
Year	:	means a Gregorian Calendar Year.
API Gravity:		means Scale adopted by the American Petroleum Institute for expressing the specific gravity of crude oil.
SCR 986	:	means Security Council resolution 986 (1995) of 14 April 1995.
SCR 1111	:	means Security Council resolution 1111 (1997) of 4 June 1997.
661 Committee:		means the Security Council Committee established by Security Council resolution 661 (1990).
Procedures	:	means the procedures to be employed by the 661 Committee (United Nations document S/1996/636, dated 8 August 1996).
Overseers	:	means the independent experts in international Oil trade appointed by the Secretary-General of the United Nations pursuant to SCR 986 and the procedures.
Inspectors	:	means the independent oil inspection agents appointed by the Secretary-General pursuant to SCR 986.

ARTICLE TWO

PERIOD :

1. Subject to Article Eight below, this Contract shall become effective on the 7th day of October, 1997, and shall continue thereafter until 4th of Dec. 1997, unless renewed by mutual agreement.

2. The ultimate destination of the crude oil sold under this Contract shall be for Europe.
Any change in the destination is subject to the prior approval of Seller.

ARTICLE THREE

QUANTITY AND QUALITY :

1. SELLER undertakes to sell and deliver FOB and BUYER undertakes to purchase, receive and pay for the following:

Type of Crude	Quantity	Port of Loading
KIRKUK	1,800,000 BBLS.	CEYHAN

2. The quality of the crude oil shall be the standard export quality available at the port of loading from time to time.

3. Quantities shall represent contracted quantities or number of barrels per day contracted multiplied by the number of days of the relevant period stipulated in sub Article 2.1.

4. Quantities shall be lifted as evenly as possible over the course of such delivery period in lots of approximate barrels and as will be agreed between BUYER and SELLER.

5. Quantities lifted under allowed operational vessel slippage shall be deemed as part of the contracted quantities of the period.

6. In cases when SELLER, for reasons technical or otherwise that are beyond his control, is unable to meet his full contractual commitments, SELLER shall have the right to reduce the contracted quantities for the duration of the period when such circumstances shall prevail. SELLER shall advise BUYER as soon as possible before the beginning of any period during which supplies to all buyers are to be reduced.

7. In no event shall any loading start beyond the 4th of December 1997, unless the Security Council has authorized sales beyond that date.

ARTICLE FOUR

PRICE :

1. The price(s) of the crude oil to be delivered under this contract shall be as follows :-

Type of Crude	API	Port of Loading
KIRKUK	36.00	CEYHAN

Price Mechanism in $ per Barrel FOB

KIRKUK EX CEYHAN FOR EUROPE : DATED BRENT - $ 1.80/BBL

The above - mentioned pricing mechanism is for loading in October 1997, and shall be adjusted up or down each successive month for the duration of the contract in the same direction and magnitude cent for cent per barrel as the changes in the published price for Arab Light crude oil as announced by the producer applicable for the same destination and Month of Loading.

The Brent price is calculated by taking the arithmetic average of the means of the high and low spot assessments of Brent Dated quotations as published in the Platt's Crude Oil Marketwire for five consecutive quotations starting from the Bill of Lading date (Bill of Lading date shall be day one).

ARTICLE FIVE

REOPENER

Each party shall have the right not later than the 15th day of any month to request a review of the pricing mechanism of this Contract.

If following a request for a review, the parties are unable to agree within a period of ten (10) days from the date upon which such request was made, either party may elect to terminate this contract by serving written notice of phase-out to the other party and termination shall be effective at the end of the month following the month during which the notice of termination has been received.

But if the parties are able to agree within the above mentioned ten (10) days period, any agreed upon adjustment to the pricing mechanism shall be subject to the approval of the 661 committee.

However, if such approval has not been granted by the 661 committee, this contract shall be considered as terminated as of the end of the month following the month during which the above mentioned ten (10) days period ends unless the parties agree otherwise.

In case of Contract termination under any of the above mentioned events, this contract shall remain in full force and effect at the pricing mechanism applicable in accordance with this contract terms and conditions up to the effective date of termination and such termination shall not affect the parties' rights and obligations therefrom, unless the parties agree otherwise during the period prior to the effective date of termination.

ARTICLE SIX

PAYMENT

1. BUYER shall establish in respect of each shipment lifted under this Contract an irrevocable documentary letter of credit issued by a bank acceptable to Banque Nationale de Paris, S.A. ("BNP") for confirmation, in the form set out in Appendix I hereof.

In all cases, the Letter of Credit shall be established, confirmed and accepted at least seven (7) days prior to loading date.

2. BUYER irrevocably undertakes that payment for each cargo of crude oil lifted shall be made out of the proceeds of the confirmed Letter of Credit directly to account number 0200-201752-001-08 established by the Secretary-General of the United Nations, pursuant to paragraph 7 of SCR 986, at BNP (New York Branch) (hereinafter "United Nations Iraq Account"), upon presentation to BNP of the documents required by the Letter of Credit, including but not limited to the Commercial Invoice and the Bill of Lading.

3. All charges within Iraq are for SELLER, whereas all charges outside Iraq are to be borne by BUYER.

4. Unless otherwise provided herein, payment shall be made not later than thirty (30) days from B/L date, in same date funds.

If payment falls due on a Saturday or Bank holiday other than Monday in the place where payment is to be made then payment shall be made on the last preceding banking day. If payment falls due on a Sunday or a Monday Bank holiday in the place where payment is to be made then payment shall be made on the next succeeding banking day.

ARTICLE SEVEN

SOMO STANDARD DOCUMENTATION :

Bill of Lading	9	(3 Originals & 6 Copies)
Certificate of Origin	4	
Certificate of Quality and Quantity	4	
Loading Time Sheet	4	
Ullage Report	4	
Master's Receipt for samples	4	
Distribution of Documents	4	

Two sets of documents are handed to Master, one being for Consignee. Seller shall advise BUYER by telex or cable within forty-eight (48) hours following each loading with the following details :-

a) Vessel's name
b) Loading Port
c) Commenced Loading Date
d) Completed Loading Date
e) Sailing date
f) Gross & net quantities in metric tons, long tons & U.S. barrels
g) API Gravity

ARTICLE EIGHT

APPROVAL OF CONTRACT

This Contract is subject to the approval of the Overseers on behalf of the 661 Committee. Such approval shall be obtained in accordance with the Procedures, utilizing the form set out in Appendix 11 hereof.

ARTICLE NINE

SPECIAL CONDITIONS

1. Loading of any shipment of crude oil shall be subject to the authorization of the Inspectors at the port of loading. The Inspectors shall also have the authority to stop the loading if they determine that there is any evidence of irregularity.

2. Notwithstanding Sub Article 4-3 of section Two of this Contract, the accepted date of arrival of the vessel at the loading ports shall be fixed on a one (1) day range. All related Articles of Section Two of the Contract will read to that effect and conformity.

3. Notwithstanding Sub Article 6-5 of Section Two of this Contract SELLER shall be allowed as laytime at Al Bakr Terminal as follows :

Laytime (hrs)	Vessel DWT (MT)
36	Up to 129 999
54	130 000 - 199 999
65	Over 200 000

All related Articles of section Two of the Contract will read to that effect and conformity.

4. In addition to the events specified in Sub Article 6-6 of Section Two, any time consumed due to the Inspectors prohibiting loading shall not count as used laytime.

5. This Contract shall terminate forthwith in the event that the Security Council terminates the authorization to import petroleum or petroleum products originating in Iraq.

6. Assignment of the rights or obligations of the SELLER or BUYER shall be subject to the approval of the 661 Committee.

7. Any claims from BUYER under Sub Article 1-3 or Article Seven of Section Two, and any analyses carried out under Sub Articles 1-5 and 1-6 of Section Two, shall be copied to the Overseers. Payments or other awards under Article Thirteen of section Two, in respect of claims under Articles One and Seven of Section Two are subject to the approval of the 661 Committee. Any sum to be paid by BUYER in settlement of a dispute under Article Thirteen of Section two relating to the proceeds of the sale of crude oil under this Contract shall be paid by BUYER directly to the United Nations Iraq Account.

8. Payments to SELLER under Sub Article 5-5 and Sub Article 6-7 of Section Two, and any other payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.
9. This Contract shall be subject to SCR 986, SCR 1111, the Procedures and the Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below :-

FOR SELLER :

STATE OIL MARKETING ORGANIZATION
P.O. BOX 5118
BAGHDAD - IRAQ
TELEX : 212198 - 212199 SOMO IK
TELEPHONE : 964-1-2869561
964-1-7742040 - 10 lines
FAX : 964-1-2853925

FOR BUYER :

LEGEL ADDRESS :

JOINT STOCK COMPANY "SIDANCO"
SETTLEMENT BARVIKHA, 40
ODINTSOVSKI REGION
MOSCOW DISTRICT
RUSSIA

FOR CORRESPONDANCE :

6/1, KADASHEVSKAYA NAB.
MOSCOW RUSSIA, 109017
TELE : (7095) 230-3402
FAX : (7095) 230-32-05
230-39-48
230-01-17
TELEX: 485384

FOR OVERSEERS

UNITED NATIONS, NEW YORK, U.S.A.
FAX : 212 - 963 - 1628

This Contract has been done and signed on the 7th day of October 1997.

FOR SELLER
SADDAM
SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL

FOR BUYER
ANATOLY N. GROMOV
DIRECTOR OF FOREIGN ECONOMIC RELATIONS

Republic of Iraq
Ministry of Oil
Marketing Commission

In the Name of God, Most Gracious, Most Merciful

No.: KH1/6215
Date: 7th of Jumada Al-Thani, 1418 Hijri
Equivalent to 10/08/1997

Stamp
Ministry of Oil/Office of the Minister No.: 9187 Date: 10/08/1997

To: His H.E. the Minister of Oil
RE: Approval

Please find below the details of contract signed with the Russian company Sidanco (for Mr. Vladimir Zhirinovsky, head of the Liberal Democratic Party of Russia)

1- Contract No.: M/02/32 Date: 10/07/1997
2- Name of Company Buyer: Sidanco
3- Nationality: Russian
4- Quantity: 1, 8 million barrels
5- Type: Kirkuk crude oil
6- Destination: Europe
7- Period of Supply: until 12/04/1997
8- Estimated value of contract in dollar: (30) million U.S. dollars

Please review and approve.
Regards,

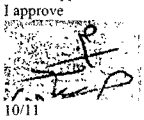


Saddam Zeben Hassan
Executive Director



10/11

For the approval of minister
I approve



10/11

[Page footer]

Arabic telex 5834 SOMO
P.O. Box 5118 Baghdad – Iraq

Telex 212198/212199
Tel. 7742040 - 10

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 44

بسم الله الرحمن الرحيم

الجمهورية العراقية
وزارة النفط
هيئة التسويق

الرقم ٦٢١٥/١٤
التاريخ ٧/جمادي٢/١٤١٨هـ
٨/١٠/١٩٩٢م

٩١٨٧
٩٧١٠٨

السيد وزير النفط المحترم

م/ مصادقـــــــــــة

ادناه تفاصيل العقد الموقع مع شركة سيدانكو الروسية (نيابـــــــة عن السيد فلاديمير جيرنوفسكي رئيس الحزب الليبرالي الديمقراطي الروسي) ٠

١- رقم العقـــــــد : M/02/32 التأريخ : ١٩٩٢/١٠/٧
٢- اسم الشركة المشترية : سيدانكـــو
٣- الجنســـــية : روســـية
٤- الكميـــــة : ١٫٨ مليون برميل
٥- النوعيـــــة : نفط خام كركـوك
٦- وجهة النفط الخـــام : اوربيـــا
٧- فترة التجهيـــز : لغاية ١٩٩٧/١٢/٤
٨- القيمة التقديريـــة للعقد بالدولار : (٣٠) ملايون دولار امريكي

للتفضل بالاطلاع والمصادقـــة مع التقدير ٠

صدام كريم حسن
المدير التنفيذي

مصادقة السيد الوزير

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/03/25

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 49

8. Payments to SELLER under Sub Article 5-5 and Sub Article 6-7 of Section Two, and any other payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.
9. This Contract shall be subject to SCR 986, SCR 1111, the Procedures and the Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

ARTICLE TEN

ADDRESSES:

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FOR SELLER :

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P.O. BOX 5118
BAGHDAD - IRAQ
TELEX : 212198 - 212199 SOMO IK
TELEPHONE : 964-1-2869561
964-1-7742040 - 10 lines
FAX : 964-1-2853925

FOR BUYER :

LEGAL ADDRESS :

JOINT STOCK COMPANY "SIDANCO"
SETTLEMENT BARVIKHA, 40
ODINTSOVSKI REGION
MOSCOW DISTRICT
RUSSIA

FOR CORRESPONDANCE :

6/1, KADASHEVSKAYA NAB.
MOSCOW RUSSIA, 109017
TELE : (7095) 230-3402
FAX : (7095) 230-36-05
230-39-48
230-01-17
TELEX: 485384

FOR OVERSEERS

UNITED NATIONS, NEW YORK, U.S.A.
FAX : 212 - 963 - 1628

All other terms and conditions as per F.O.B. crud oil contract (Section two) No. M/02/27 dated 23/8/1997.

This Contract has been done and signed on the 12th day of January 1998.

SADDAM

FOR SELLER

SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL

FOR BUYER

VALERY I. POLYAKOV
HEAD OF THE DEPARTMENT OF OIL EXPORT

To: The Executive Director

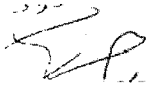
A telegram from the Iraqi Embassy in Moscow dated 03/12/1998.

Mr. Vladimir Zhirinovsky, Head of the Liberal Democratic Party of Russia, has requested help to be offered to the members of the delegation of the Russian company Sidanco in order to participate in the execution of phase three of the Memorandum of Understanding of Oil for Food and Medicine.

The delegation will be arriving by you on Monday, 03/16/1998. Please offer them the help and greet them.

Regards,
Hasan Fahmi Jum'ah
Ambassador of the Republic of Iraq
03/12/1998

KH1



03/14

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 50

السيد المدير التنفيذي المحترم

برقية - عراقية موسكو المؤرخة في ١٢/٣/٩٦

" رجا السيد فلاديمير جيرنوفسكي رئيس الحزب الليبرالي الديمقراطي الروسي تقديم المساعدة لاعضاء وفد شركة سيفانكو الروسية وذلك للمساهمة في تنفيذ المرحلة الثالثة من مذكرة التفاهم اتفاق النفط مقابل الغذاء والدواء

سيصلكم الوفد يوم الاثنين ١٦/٣/٩٦

هو تقديم المساعدة لهم

فود استقبالهم

مع التقدير

٢٨٤

حسن فهمي صبحي

سفير جمهورية العراق

١٢/٣/١٩٩٦

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
Marketing Commission

No.: KH1/6318
Date: 15 Safar, 1419 H
Equivalent to 06/11/1998

Stamp
Ministry of Oil/Office of the Minister
No.: 5799
Date: 06/12/1998

To: H.E. the Oil Minister
RE: The Request of the Russian Company Rosebulnefte

On 06/09/1998, the Russian company Rosebulnefte submitted a request to this commission (hereby enclosed) regarding the allocation of (5) million barrels of Kirkuk crude oil in phase four of the Memorandum of Understanding; the quantity requested represents the immediate allocation of the company since the table submitted by the Russian Ministry of Energy & Fuel did not grant the company any portion.

Please take into consideration that (3) million barrels of Kirkuk crude oil has been already allocated to the aforesaid company in phase three on behalf of the Liberal Party of Russia (Mr. Zhirinovsky), who notified the company of being the one to lift the quantity that will be allocated to the Liberal Party in phase four.

Please review and advice.

Regards,

Saddam Zeben Hassan
Executive Director

[Miscellaneous signatures]

[Under discussion for one week]

06/14

KH1

KH1

06/15

Enclosures: Request photocopy

[Page footer]

Arabic telex 5834 SOMO
P.O. Box 5118 Baghdad – Iraq

Telex 212198/212199
Tel. 7742040 - 10

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 51

بسم الله الرحمن الرحيم

الجمهورية العراقية
وزارة النفط
هيئة التسويق

الرقم ع١ / ٦٢١٩
التاريخ ١٥/صفر/١٤١٩هـ
١١/٦/١٩٩٨م

وزارة النفط / مكتب الوزير
الرقم / ٥٧٩٦
التاريخ ١٢/٦/١٩٩٨

السيد وزير النفط المحترم

م/ طلب شركة روزبلنفط الروسية

بتاريخ ٩٨/٦/٩ تقدمت شركة روزبلنفط الروسية بطلب الى هذه الهيئة (مرفقة طيا) لتخصيص (٥) مليون برميل من نفط خام كركوك للمرحلة الرابعة من مذكرة التفاهم وان الكمية المطلوبة هي كمية للشركة مباشرة . لعدم تخصيص حصة لها في الجدول المقدم من قبل وزارة الطاقة والوقود الروسية .

علما بان الشركة المذكورة سبق وان خصص لها كمية (٣) مليون برميل من خام كركوك خلال المرحلة الثالثة لصالح الحزب الليبرالي الروسي (السيد جيرنوفسكي) الذي ابلغها بانه سيتم تكليفها بتنفيذ الكمية التي ستخصص للحزب الليبرالي للمرحلة الرابعة .

للتفضل بالاطلاع والتوجيه .

مع التقدير .

مدام زين حسن
المدير التنفيذي

المرفقات /
صورة طلب

تلكس عربي ٥٨٣٤ سومو تلكس ٢١٢١٩٨ ، ٢١٢١٩٩ ـ ص ب ٥١١٨ بغداد ـ عراق : هاتف ١٠ ـ ٧٧٤٢٠٤٠

Allocation of Quantities in Phase Four of the Memorandum of Understanding (million barrels)

Country / Company	Phase Four			Phase Three		
	Total	Percentage	Company	Total	Percentage	Company
Russia	120	40%		76.2	41.4%	
[Unrelated entries have been omitted]						
Rosebulnefte (Zhirinovsky)	10					3

To: The Executive Director of Marketing Commission

The vice-president of the republic has approved the allocation of quantities as indicated in this table. Please take the necessary steps to carry out.



06/11

KH1 & KH2



06/11

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 52

تخصيص الكميات للمرحلة الرابعة من مذكرة التفاهم (مليون برميل)

الشركة / الدولة	المرحلة الرابعة: المجموع	المرحلة الرابعة: النسبة	المرحلة الرابعة: الشركة	المرحلة الثالثة: المجموع	المرحلة الثالثة: النسبة	المرحلة الثالثة: الشركة
روسيا	١٢٠	٪٤٠		٧٦ر٢	٪٤١ر٤	
الحزب الشيوعي (شركة ١)	١٥					
اوناكو	٨					١٣
سيدانكو	٨					٧ر٢
روز بلنفط (جرنوفسكي)	١٠					٣
ألفا ايكو (الخارجية)	١					١٠ر٢
لوك اويل	١٨					٩ر٢٤
زرابشت نفط	١٨					١٤ر٨
مشينو امبورت	٤					٣ر٩٣
روز نفط	٤					٢ر٩
مس	٤					١ر٢٤
نات نفط	٨					٢ر٧
نفتا موسكو	٤					٠ر٦
زان كاز	٤					٥ر٦
سبنفط	٤					١ر٨
حزب الوحده والسلام	٥					-
فرنسا	٥٠	٪١٧		٣٢ر٥	٪١٧ر٧	
توتال	١٨					١٤ر٢٢
ايلف	١٨					١٢ر٥٥
* ادكس (كريمار)	٢					١ر٨
* ترافكورا	٧					٣ر٩٦
* فيتول (بودافيه)	٥					
الصين	٣١	٪١٠		١٤ر٢	٪٧ر٧	
سينوكيم - لندن	١٨					٧ر٦
جاينا اويل فرع (CNPC)	٥					-
* فورجن (خوان)	٨					٦ر٦
المجموع	٢٠١	٪٦٧				

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/04/44

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 55

8. Payments to SELLER under Sub Article 5-5 and Sub Article 6-7 of Section Two, and any other payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.

9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143, SCR 1153, the Procedures and the Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below :-

FOR SELLER :

STATE OIL MARKETING ORGANIZATION
P.O. BOX 5118
BAGHDAD - IRAQ
TELEX : 212198 - 212199 SOMO IK
TELEPHONE : 964-1-2869561
964-1-7742040 - 10 lines
FAX : 964-1-2853925

FOR BUYER :

LEGEL ADDRESS :

OPEN JOINT STOCK COMPANY "SIDANCO"
SETTLEMENT BARVIKHA, 40
ODINTSOVSKI REGION
MOSCOW DISTRICT
RUSSIA

FOR CORRESPONDANCE :

6/1, KADASHEVSKAYA NAB.
MOSCOW RUSSIA, 109017
TELE : (7095) 230-3405
FAX : (7095) 230-34-05

TELEX: 485384 SOCO RU

FOR OVERSEERS

UNITED NATIONS, NEW YORK, U.S.A.
FAX : 212 - 963 - 1628

All other terms and conditions as per F.O.B. crud oil contract (Section two) No. M/02/27 dated 23/8/1997.

This Contract has been done and signed on the 8th day of July 1998.

FOR SELLER

SADDAM

SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL

FOR BUYER

MINAKOV VALENTIN NIKOLAEVICH
DIRECTOR

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization
(State Company)

No.: KH1/7632
Date: 15 Rabi' I, 1419 H
Equivalent to 07/09/1998

Stamp
Ministry of Oil/Office of the Minister
No.: 1986
Date: 07/09/1998

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the approval of Mr. Taha Yassin Ramadan, vice-president of the republic, as per the statement of allocations in phase four, please find below the details of the contract signed with the Russian Company Sidanco (on behalf of the Liberal Democratic Party of Russia / Mr. Zhirinovsky):

1- Number of Contract: M/04/44
2- Name of Company Buyer: Sidanco
3- Nationality: Russian
4- Quantity: (10) million barrels
5- Type of Crude Oil: Kirkuk
6- Destination of Crude Oil: Europe and / or America
7- Pricing Formula: European and / or American markets
8- Period of Supply: Until 11/25/1998
9- Estimated Value of Contract in Dollar: (100) million U.S. dollars based on an estimated rate of $10/barrel

For your review and approval, please.

Regards,

صدام زبن حسن

Saddam Zeben Hassan
Executive Director

[Miscellaneous signatures]

For the Approval of Minister
I approve
07/10

07/11

[Page footer]

Arabic Telex 5834
P.O. Box 5118 Baghdad – Iraq

SOMO telex 212198 / 212199
Tel. 7742040 – 10

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 56

بسم الله الرحمن الرحيم

الجمهورية العراقية
وزارة النفط
شركة سومو النفط (شركة عامة)

وزارة النفط / مكتب الوزير
الرقم / ٩٨٦٦
التاريخ ٩ / ٧ / ١٩٩٨

الرقم ١٤ / ٧٦٤٢
التاريخ ١٩/ربيع١/١٤١٩هـ
٢٦/٧/١٩٩٨م

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

استنادا لموافقة السيد نائب رئيس الجمهورية الاستاذ طه ياسين رمضان بموجب كتاب التخصيص للمرحلة الرابعة .

ادناه تفاصيل العقد الموقع مع شركة سيدانكو الروسية (لصالح الحزب الليبرالي الديمقراطي الروسي جيرنوفسكي) .

١- رقم العقد : M/04/44 التاريخ : ١٩٩٨/٧/٨
٢- اسم الشركة المشترية : سيدانكو
٣- الجنسية : روسية
٤- الكمية : (١٠) مليون برميل
٥- نوع النفط الخام : نفط خام كركوك
٦- وجهة النفط الخام : اوربا و/او امريكا
٧- التسعيرة : سوقي اوربا و/او امريكا
٨- فترة التجهيز : لغاية ١٩٩٨/١١/٢٥
٩- القيمة التقديرية للعقد بالدولار : (١٠٠) مليون دولار امريكي بسعر تقديري (١٠) دولار للبرميل .

للتفضل بالاطلاع والمصادقة مع التقدير .

مدام زين حسين
المدير التنفيذي

موافق

مصادقة السيد الوزير

تلكس عربي ٥٨٣٤ سومو تلكس ٢١٢١٩٨ ، ٢١٢١٩٩ ـ ص ب ٥١١٨ بغداد ـ عراق : هاتف ١٠ ـ ٧٧٤٢٠٤٠

Marketing Commission / Shipping & Quantities Department
Exports of Iraqi Crude Oil as per the Memorandum of Understanding/Phase Four From 06/03/1998 to 11/25/1998

As per the Security Council's Resolution no. (1153) 1998

(Thousands of Barrels)

Country	Company	Contractual Qty	Shipped Quantity		Total	Percentage of Lifting	Markets		
							Europe	U.S.A.	East
			Al-Bakr	Ceyhan					
Russia	Total	133200 40%	83004	43294	126298	95%	56928	61603	7767
[Unrelated entries have been omitted]									
	Sidanco (Zhirinovsky)	10000	0	9941	9941	99%	7920	2021	

To: The Executive Director

11/30

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 57

بموجب قرار مجلس الأمن رقم (١١٥٣) ١٩٩٨

هيئة التسويق/دائرة الشحن والكميات

(الأف البراميل)

صادرات النفط العراقي بموجب مذكرة التفاهم / المرحلة الرابعة من ١٩٩٨/٦/٣ - ١٩٩٨/١١/٢٥

الدولة	الشركة	الكميات المتعاقد عليها	الكميات المنفذة: ميناء البكر	الكميات المنفذة: ميناء جيهان	المجموع	نسبة التنفيذ	الأسواق: أوربا	الأسواق: الولايات المتحدة	الأسواق: الشرق
روسيا	المجموع	133200 40%	83004	43294	126298	95%	56928	61603	7767
	الفا ايكو	10000	9978	0	9978	100%		9978	
	ناتنفت	8000	7023	0	7023	88%		7023	
	نافتا	4000	3988	0	3988	100%		3988	
	راومن	6000	5445	0	5445	91%	2067	3378	
	روزنفت	4000	4076	0	4076	102%		4076	
	لوك اويل	18000	5686	10752	16438	91%	10799	5639	
	ماشيلوامبورت	7600	5150	2032	7182	95%	3827	1949	1606
	اوناكو	8000	3964	2690	6654	83%	4752		1902
	سيدانكو	8000	7007	0	7007	88%		4801	2206
	سيدانكو (جرنوفسكي)	10000	0	9941	9941	99%	7920	2021	
	زرابشت نفط	18000	7401	10834	18235	101%	11203	7032	
	ران كاز	4000	3972	0	3972	99%	1888	2084	
	روزبلنفط (الحزب الشيوعي وحزب الخضر)	20000	11601	7045	18646	93%	14672	3974	
	سبنفط	4000	4038	0	4038	101%		1985	2053
	تايومين	3600	3675	0	3675	102%		3675	
فرنسا	المجموع	52900 15%	23756	25222	48978	93%	30524	16469	1985
	توتال	18000	5966	10485	16451	91%	14466		1985
	سوكاب	18000	7414	8971	16385	91%	9816	6569	
	ترافيكورا	7000	4307	1968	6275	90%	2444	3831	
	كلين كور	2000	0	1911	1911	96%	1911		
	فيتول	6100	6069	0	6069	99%		6069	
	سيتا	1800	0	1887	1887	105%	1887		
الصين	المجموع	34700 11%	21085	10998	32083	92%	18959	13590	9534
	فورجن	9000	5388	3018	8406	93%	979	6458	969
	سينوجم	18000	8565	7980	16545	92%	7980		8565
	جاينا اويل	7700	7132	0	7132	93%		7132	
[illegible]	المجموع	[illegible]	[illegible]	21730	21730	94%	21730	0	0
	اجب	5400	0	4838	4838	90%	4838		
	اي اي اس	2000	0	1890	1890	95%	1890		
	كوجيب	4000	0	3878	3878	97%	3878		
	اي بي اي	3600	0	2844	2844	79%	2844		
	سيبيا	1000	0	1014	1014	101%	1014		
	بيتريمكس	1800	0	1829	1829	102%	1829		
	كالاكسي	1800	0	1764	1764	98%	1764		
	بلوم	1755	0	1837	1837	105%	1837		
	جريكان	1800	0	1836	1836	102%	1836		

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization
(State Company)

No.: KH1/3690
Date: 16 Sha'ban, 1419 H
Equivalent to 12/05/1998

Stamp
Ministry of Oil/Office of the Minister
No.: 13062
Date: 12/05/1998

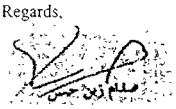
To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

In compliance with the instructions of your Excellency to extend the validity of contracts with Russian companies for two months in phase four, to expire on 01/25/1999, we have extended the contract signed with Sidanco Company (on behalf of Liberal Democratic Party of Russia / Mr. Zhirinovsky):

1- Number of Contract: M/04/44
2- Name of Company Buyer: Sidanco Company
3- Nationality: Russian
4- Quantity: (3) million barels
5- Type of Crude Oil: Kirkuk
6- Destination of Crude Oil: Europe and / or America
7- Pricing Formula: As per the standard rate agreed on between SOMO and the United Nations from time to time
8- Period of Supply: Until 01/25/1999
9- Estimated Value of Contract in Dollar: (20) million U.S. dollars based on the rate of $10/barrel

For your review and approval, please.

Regards,

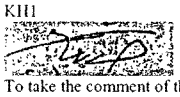


Saddam Zeben Hassan
Executive Director

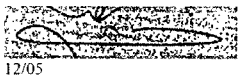
[Miscellaneous signatures]

For the Approval of Minister
I approve.
You need to verify with the Party's representative that this company remains its representative

KH1



To take the comment of the minister into consideration



12/05

[Page footer]

Arabic Telex 5834
P.O. Box 5118 Baghdad – Iraq

SOMO telex 212198 / 212199
Tel. 7742040 – 10

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 61

بسم الله الرحمن الرحيم

الجمهورية العراقية
وزارة النفط
هيئة التسويق
شركة تسويق النفط (شركة عامة)

الرقم ١٤ / ٢٦٩٠
التاريخ ١٦ / شعبان / ١٤١٩هـ
٥ / ١٢ / ١٩٩٨م

وزارة النفط / مكتب الوزير
الرقم / ٢٦٧٠٦٩
التاريخ ٥ / ١٢ / ١٩٩٨

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المعد

تنفيذا لتوجيهات سيادتكم بتمديد عقود النفط الخام للشركات الروسية للمرحلة الرابعة لمدة شهرين تنتهي يوم ١٩٩٩/١/٢٥ فقد تم تمديد العقد الموقع مع شركة سيدانكو (لصالح الحزب الديمقراطي الليبرالي الروسي (جيرنوفسكي)

١- رقم العقد : 4/04/44
٢- اسم الشركة المشترية : شركة سيدانكو
٣- الجنسية : روسية
٤- الكمية : (٢) مليون برميل
٥- نوع النفط الخام : كركوك
٦- وجهة النفط الخام : اوربا و/او امريكا
٧- التسعيرة : الاسعار القياسية حسبما يتفق عليه شركة تسويق النفط والامم المتحدة من وقت لآخر .
٨- فترة التجهيز : لغاية ١٩٩٩/١/٢٥
٩- القيمة التقديرية للعقد بالدولار : (٢٠) مليون دولار امريكي على اساس (١٠) دولار للبرميل الواحد .

للتفضل بالاطلاع والمصادقة مع التقدير .

عدام زين حسن
المدير التنفيذي

ملاحظة
حاشية السيد الوزير

موافقة مع ضرورة التأكد من عمل الحزب بأن هذه الشركة لا زالت ممثلة له

مصادقة السيد الوزير

١٢/٥

تلكس عربي ٥٨٣٤ سومو تلكس ٢١٢١٩٨ ، ٢١٢١٩٩ ـ ص ب ٥١١٨ بغداد ـ عراق ، هاتف ٧٧٤٢٠٤٠

Republic of Iraq
Ministry of oil
SOMO

Attn: Mr. Saddam Z. Hassan
Executive Director General

Re: Contract M/4/44 of 8/7/98, Kirkuk Crude Oil ex Ceyhan.

Dear Sir,

We would like to refer to the above Contract and to inform you that the balance of 1.019'225 US bbls of Kirkuk was left over under the above mentioned Contract after completion of the last shipment.

We would appreciate, if you agree to extend the validity of the above Contract in order to permit O.J.S.C Sidanco to perform their contractual obligations and to lift the balance.

We hope that our wishes will be favourably welcomed and assure you of our desire to be of service at all times.

We remain,
Yours sincerely,

V. V. Zhirinovsky

شركة تسويق النفط / مكتب المدير التنفيذي
الرقم / ٣٠٠ / ج / ٤٤٢
التاريخ ١٥ / ٤ / ١٩٩٨

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 62

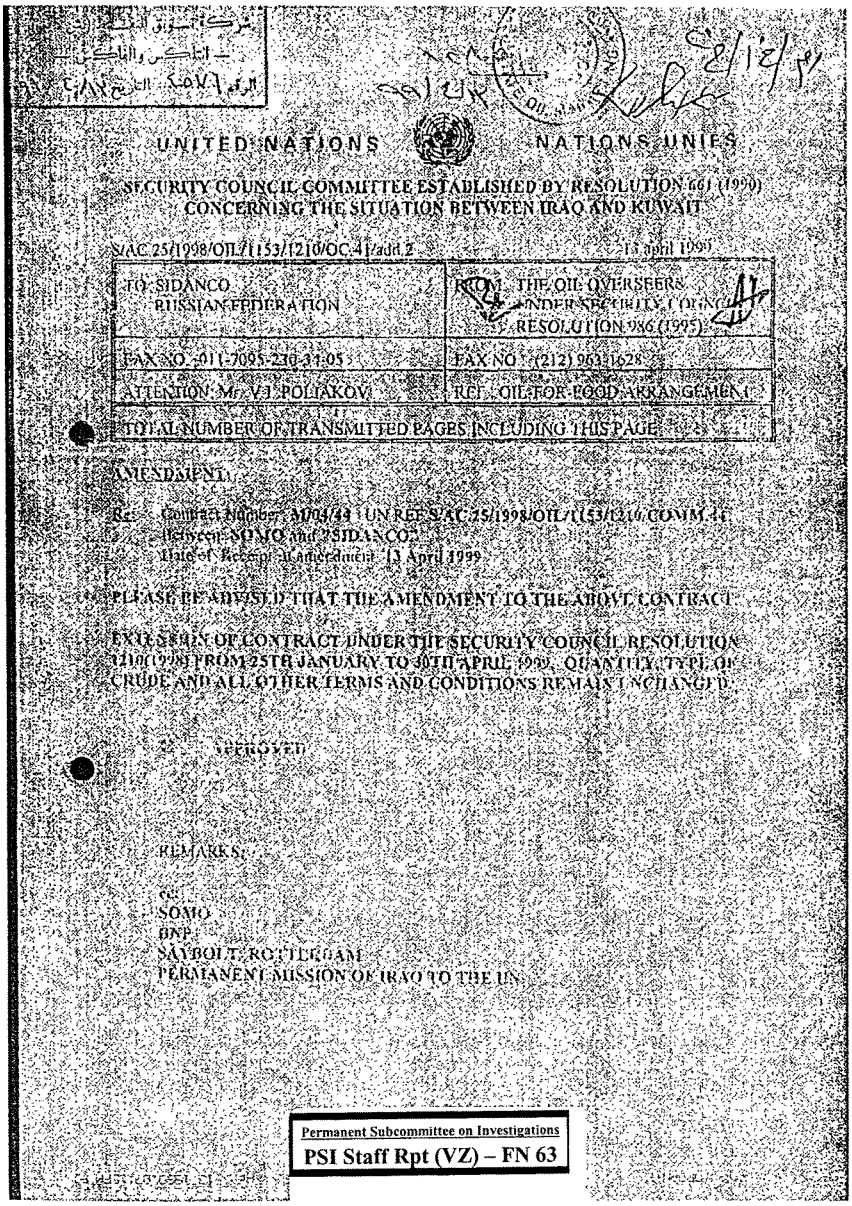
This page is in English, except for the following stamp of SOMO:

Stamp
Oil Marketing Organization /
Office of the Executive Director
No.: RM/KH1/422
Date: 04/15/1999



04/15

شركة سوق النفط ... التلكس والفاكس
الرقم ٢٠٥٧٦ التاريخ ٢٠/٤/٩٩



UNITED NATIONS NATIONS UNIES

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

S/AC 25/1998/OIL/1153/1210/OC.41/add.2 13 april 1999

TO: SIDANCO RUSSIAN FEDERATION	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO.: 011-7095-230-31-05	FAX NO.: (212) 963-1628
ATTENTION: Mr. V.I. POLIAKOV	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE	

AMENDMENT

Re: Contract Number: M/04/44 UN REF S/AC 25/1998/OIL/1153/1210/COMM.44
Between: SOMO and "SIDANCO"
Date of Receipt of amendment: 13 April 1999

PLEASE BE ADVISED THAT THE AMENDMENT TO THE ABOVE CONTRACT

EXTENSION OF CONTRACT UNDER THE SECURITY COUNCIL RESOLUTION 1210(1998) FROM 25TH JANUARY TO 30TH APRIL 1999, QUANTITY, TYPE OF CRUDE AND ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

APPROVED

REMARKS:

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

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 63

This page is in English, except for the following Arabic hand-written notes:

RM/KH1/KH2
04/14/1999



1285
04/13/1999

Stamp

Ministry of Oil
Oil Marketing Organization (State Company)
Telex & Fax
No.: 4576
Date: 04/13/1999

Statement of Quantities Allocated in the Phase Subsequent to Phase Five

No.	Country/Company	Proposed Allocation for the Phase subsequent to Phase Five		Quantities of Phase Five Million barrels			Remarks
		Qty/million barrels	Percentage out of the Total	Original	Additional	Total	
1st	Permanent Member Country						
1-	**Russia**	133	37%				
	A- Regular requests						
	- Sidanco 3 3	3		7.2	-	7.2	It was omitted from the list of the Ministry of Energy / in order to enable it to market the quantity of Mr. Zhirinovsky

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 64

BAYOIL

TO: Gruppa Alliance
ATTN: Mr. Gromov Anatolii Nickolaevich
FAX: 011-7095- 745 5809
FROM: Ludmil Dionissiev
DATE: December 2, 1998

Dear Sirs:

Thank you for the opportunity to talk to you today over the phone. As I mentioned Mr. Mavlit Bajaev has given me your coordinates.

Bayoil is historically one of the Major Supplier of Iraqi oil to the USGC independent refineries.

I understand that you may have some Iraqi oil allocation . If this is correct we would like to receive an offer from you for quantities available to you under future oil allocation of the Iraqi/UN Oil for food deal during the 5th period.

We are ready to pay market premiums for the oil as well as to open the respective Letters of Credit from your name in favor of UN/SOMO for our account, if this is needed.

Our contacts in USA are:
Telephone: 810 1 713 222 7100; fax: 8 10 1 713 224 8101; Telex 3771825
E mail: bayoil@aol.com

I look forward to hearing from you when it will be possible to negotiate terms and conditions and to sign our deal.

Best Regards,

Ludmil Dionissiev
Special Adviser

BAY04-01470

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 67

BAYOIL

TO: Sidanco
ATTN: Mr. Polyakov Valerii Ivanovich
FAX: 011-7095- 230 3405
FROM: Ludmil Dionissiev
DATE: December 2, 1998

Dear Sirs:

Thank you for the opportunity to talk to you today over the phone.
As you had mentioned before all Iraqi crude oil was traded by UP United Petroleum, in Geneva. Although Bayoil is historically one of the major Supplier of Iraqi oil to the USGC independent refineries we have not had the opportunity thus far to cooperate handling any of your oil allocation applicable to the forth period of the Iraqi/UN oil for food deal.

I understand that you will now be handling your Iraqi oil Allocation from Moscow. If this is correct we would like to receive an offer from you for quantities available to you under future oil allocation of the Iraqi/UN Oil for food deal during the 5th period.
We are ready to pay market premiums for the oil as well as to open the respective Letters of Credit from your name in favor of UN/SOMO for our account, if this is needed.

Our contacts in USA are:
Telephone: 1 - 713 - 222 7100; fax: 1 - 713 - 224 8101; Telex 3771825
E mail: bayoil@aol.com

I look forward to hearing from you when it will be possible to negotiate terms and conditions and to sign our deal.

Best Regards,

Ludmil Dionissiev
Special Adviser

BAY04-01467

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 68

TRANSMIT REPORT

1998.12-03 15:44
713-2378949
BAYOIL 713-224-8101

COM No.	REMOTE STATION	START TIME	DURATION	PAGES	RESULT	USER ID	REMARKS
396	095 230 34 05	12-03 15:43	00'26	01/01	OK		

7460210182

BAYOIL

TO: Sidanco
ATTN: Mr. Polyakov Valerii Ivanovich
FAX: 011-7095- 230 3405
FROM: Ludmil Dionissiev
DATE: December 2, 1998

Dear Sirs:

The president of Bayoil, Mr. David Chalmers Jr., and myself will be visiting Moscow in the course of the next week. We are arriving on December 9.
Mr. Chalmers is leaving on Saturday, December 12th, and I am flying back to London on Monday, December 14th late in the evening.
We shall be staying in Hotel Radisson - Slavianskaya.

We would appreciate meeting you on a day and time convenient for you, to discuss matters of mutual interest.

We hope this to be possible.

Faithfully Yours,

Ludmil Dionissiev
Special adviser for
Bayoil Group of Companies

BAY04-01469

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 69

TRANSMIT REPORT

1998.12-03 16:07
713-2378949
BAYOIL 713-224-8101

COM No.	REMOTE STATION	START TIME	DURATION	PAGES	RESULT	USER ID	REMARKS
397	7 095 244 3300	12-03 16:06	00'52	01/01	OK		

7460210182

BAYOIL

Houston,
December 3, 1998

Via fax: 011 7095 244 3300

To: JSC Nafta Moscow
Attn Mr. Efremov V. A

Dear Vladislav Anatolievich,

The president of Bayoil, Mr. David Chalmers Jr., and myself will be visiting Moscow in the course of the next week. We are arriving on December 9.
Mr. Chalmers is leaving on Saturday, December 12th , and I am flying back to London on Monday, December 14th late in the evening.
We shall be staying at Hotel Radisson - Slavianskaya.

We would appreciate meeting you and Mr Pukhov on a day and time convenient for you, to discuss matters of mutual interest.

We hope this to be possible.

Faithfully Yours,

Ludmil Dionissiev
Special adviser for
Bayoil Group of Companies

BAY04-01465

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 70

Translation answer to Mr. Z

Embassy of the Republic of Iraq
Moscow
No. 464
15 Dec. 1998

To Mr. Z
Leader of LDPR

Dear Friend:

In answer of your letter address to Mr. Tariq Azis, Deputy Prime Minister of Iraq, I have the honour to convey to you the apology of the Iraqi side that Iraq cannot do any deals with American companies with sincerely

Dr. Hassan Fifahmi Juma
Ambassador of Republic of Iraq, Moscow

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 71

NAFTA
MPSKVA

December 18, 1998

To:

Attn:

Re: Shipment of Iraqi oil

Dear Gentlemen,

In addition to our negotiations we confirm our readiness to purchase 7 – 10 million barrels of Iraqi oil, with possible increase in quantity, within the scope of the fifth phase of the UN program "Oil in exchange for provisions", under quota which will be set by your company. The contract to purchase oil will be entered into by "NAFTA MOSKVA" and "SOMO" and it will be implemented exclusively by your company at the official purchase price "SOMO", plus 0.03 American dollars per net barrel of shipped oil. The stated premium added to the official sales price represents the cost of servicing the contract by the company "NAFTA MOSKVA"

The opening of letters of credit in the name of "NAFTA MOSKVA", but on the account of your company, to the benefit of the UN will be implemented by "Bayoil" and will bear all expenses related to this, beforehand sending to the corresponding bank a telex confirmation of each purchase of an oil lot.

"NAFTA MOSKVA" also does not bear any other expenses in realization of stated venture, including *(?damage?).* We will accept ourselves our expenses for telexing, faxing, postal and telephone connections and transportation expenses for business trips to Iraq by "NAFTA MOSKVA".

The conditions of the sale of the Iraqi oil from 'NAFTA MOSKVA" to company "Bayoil" will mirror the conditions of the contract between "NAFTA MOSKVA" and "SOMO", with the exception of the price, and will be additionally confirmed by the two-sided exchange of the telexes.

With respect,

General Director V.A. Bunin

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 72

ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО
НАФТА МОСКВА

JOINT STOCK COMPANY
NAFTA MOSKVA

109017 Москва, ул. Большая Ордынка, дом 40/37, стр. 1
Для телеграмм: Москва Нафта
Телекс: 112649
Телефон: 253-94-89
Телефакс: 244-22-91

bld. 1, 40/37, Bol. Ordynka st., Moscow, 109017
Cables: Moscow-Naft
Telex: 411148 A, B, C, D, E, Naft
Telephone: 253-94-89
Telefax: 244-22-91

"06" февраля 1996 г. № 1356-2/1845

на №_____ от _____

To: Bayoil (USA) Inc.
Attn.: Mr. Ludmil Dionissiev
Senior Advisor

Кас.: отгрузок иракской нефти

Уважаемые Господа,

В дополнение к нашим переговорам подтверждаем нашу готовность к закупке 7-10 миллионов баррелей иракской нефти, с возможным увеличением количества, в рамках пятой фазы программы ООН "Нефть в обмен на продовольствие" по квоте, которая будет указана Вашей компанией. Контракт на закупку нефти будет заключен между ОАО "Нафта Москва" и "COMO" и она будет реализовываться исключительно Вашей компании по официальной продажной цене "COMO" плюс 0,03 ам.долл. с нетто барреля отгруженной нефти. Указанная премия к официальной продажной цене представляет собой стоимость обслуживания контракта компанией "Нафта Москва".

Открытие аккредитивов от имени ОАО "Нафта Москва", но за счет Вашей компании, в пользу ООН осуществляет "Bayoil" и несет все связанные с этим расходы, предварительно направив в соответствующий Банк телексное подтверждение закупки каждой партии нефти.

ОАО "Нафта Москва" не несет также никаких других расходов по осуществлению данной операции, включая демередж. Наши расходы по телексной, факсовой, почтовой и телефонной связи и транспортные расходы по командировкам в Ирак ОАО "Нафта Москва" принимает на себя.

Условия продажи иракской нефти от ОАО "Нафта Москва" компании "Bayoil" будут зеркально отражать условия контракта ОАО "Нафта Москва" и "COMO", за исключением цены, и будут дополнительно подтверждены двусторонним обменом телексов.

С уважением,

И.О.Генерального директора В.А.Бунин

BAYOIL

TO: Nafta, Moscow
ATTN: Mr. V.A. Bunin, General Director

FAX: 011-7095-244-2291

FROM: David B. Chalmers, Jr.

DATE: Deceber 23, 1998

Dear Sirs:

Thank you for your letter dated December 18, 1998 outlining the eventual possibility of contracting for our account 7-10 million barrels for the present phase of the U.N. oil-for-food program. In addition, we would like to thank you for the efforts which have enabled us to reach this stage of our agreement and your letter reflects our understanding and we hope that we will be in a position very soon to indicate the quota to be contracted by Nafta and SOMO.

Sincerely,

David B. Chalmers, Jr.

BAY09-01484

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 73

ORIGINAL

CONTRACT

Moscow "19th" February, 1999

Between Joint Stock Company "Nafta Moskva", Moscow, hereinafter referred to as "Sellers" and Messers. "Bayoil Supply & Trading Limited", Nassau, Bahamas, hereinafter referred to as "Buyers" and agreed as follows:

1. Object of the Contract

Sellers have sold and Buyers have bought F.O.B. Ceyhan and Mina Al Bakr about 7,000,000 barrels of Iraqi crude oil to be delivered in the frame of the 5th period of United Nations program "Oil for food" subject to actual contractual quantities under the Contracts between JSC "Nafta Moskva" and "SOMO".

2. Quantity

About 2,000,000 barrels of Kirkuk Crude Oil ex Ceyhan and about 5,000,000 barrels of Basrah Light Crude Oil ex Mina Al Bakr of normal quality usually available at mentioned ports.

3. Time of Delivery

Deliveries are to be effected during March 1999 till 24 May 1999.

4. Destination

Deliveries of mentioned quantities of Iraqi crude oil will be effected to North America/Europe. However, the actual port of destination shall be agreed between Parties for each particular shipment subject to "SOMO" confirmation.

5. Price

a) Official selling price of "SOMO" for Kirkuk crude oil ex Ceyhan for corresponding destination effective for month of delivery plus U.S. Dollars 0.03 per net U.S. Barrel. In case A.P.I. escalation/de-escalation is used by "SOMO" the same will also be applied.

b) Official selling price of "SOMO" for Basrah Light crude oil ex Mina AL Bakr for corresponding destination with A.P.I. escalation/de-escalation effective for month of delivery plus U.S. Dollars 0.03 per net U.S. barrel.

c) The final unit price for Kirkuk and Basrah Light crude oils shall be rounded off to three (3) decimal places to be increased to the next digit whenever the fourth decimal place is five or greater than five.

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 74

ORIGINAL

6. Payment

Payment to be effected on 30th day from Bill of Lading date (B/L date = day one) in U.S. Dollars without any offset, deduction or counterclaim by telegraphic transfer in two parts:

1. Value of "SOMO" invoice at official selling price to "Banque Nationale De Paris S.A., New York Branch, telex No. 6737018 per corresponding Letter of Credit.
2. Balance amount (0.03 U.S. Dollars per net barrel of delivered crude oil) to be transferred to JSC "Nafta Moskva" account in the bank to be designated by Sellers. While effecting the transfer the details of payment should be quoted as "Commission fees under Agency Agreement dated 19th February, 1999".

Payment shall be made upon presentation of Seller's invoice and usual shipping documents (including full set of properly issued or endorsed original Bills of Lading), or Seller's Letter of Indemnity, in format acceptable to Buyer, in lieu of missing documents (telex/fax of Invoice/LOI acceptable).

If payment falls due on a Saturday or Bank Holiday other than Monday in the place where payment is to be made then payment shall be made on the last preceding banking day.

If payment falls due on a Sunday or a Monday Bank Holiday in the place where payment is to be made then payment shall be made on next succeeding banking day.

7. Opening of Letters of Credit in favor of United Nations and transfer of amount due to JSC "Nafta Moskva", Moscow

Upon receipt of written instructions from Sellers, the Buyers shall open with indication in the point "by order of": JSC "Nafta Moskva", Moscow", irrevocable and confirmed Letter of Credit in favor of United Nations according to format enclosed to the Contracts between JSC "Nafta Moskva" and "SOMO" through the bank acceptable for Sellers and covering each shipment of crude oil. All expenses in connection with opening, confirmation and utilization of Letters of Credit including amendments are to be made at written request of Sellers for Buyers' account. Any possible actions of Buyers relating to opening, utilization or amendments of Letter of Credit are subject to prior written consent of Sellers. Buyers' Bank is obliged to send by fax to Sellers copies of opened Letters of Credit and their possible amendments.
Sellers have the right to control the process of opening and utilization of Letters of Credit.

8. Law and Jurisdiction

Each Party bears full responsibility for proper fulfillment of their obligations under present Contract.

All disputes or differences which may arise out of this Contract will be solved by Parties in an amicable way. If an amicable way of settlement is not possible, all

ORIGINAL

disputes or differences which may arise out of or in connection with the present Contract shall be referred, jurisdiction of ordinary courts being excluded, to arbitration.

The arbitration shall be organized as follows:

The Party which intends to submit the dispute or difference to arbitration shall notify the other Party by a registered letter stating the name, and surname of the arbitrator, who may be a citizen of any country, and his address as well as stating the subject of the dispute, the number and/or date of the Contract. The other Party must appoint their arbitrator within 30 days on receipt of such letter who may also be a citizen of any country, informing the Party concerned also by a registered letter of his name, surname, and address.

If the Party summoned to arbitration fails to appoint their arbitrator within the said period of time, an arbitrator shall be appointed by the Chamber of Commerce in Stockholm, Sweden for this Party at the request of the other Party.

The appointment shall be made within 30 days on receipt of the appropriate application from the party which submitted the dispute to arbitration.

Both arbitrators must appoint an umpire within 30 days after their appointment.

If the arbitrators fail to appoint the umpire within the said period he shall be appointed by Chamber of Commerce in Stockholm at the request of any of the Parties.

Seat of Arbitration shall be Stockholm, Sweden. English Language to be used.

The award of the Arbitration shall be made by majority of votes on the basis of the terms and conditions of the present Contract and in conformity with the rules of law to be applied pursuant to the rule of conflict of laws of Sweden. The Arbitration may also additionally utilize generally accepted international trade customs.

The award shall be motivated and indicate the composition of the Arbitration, the date and the place when and where the award was made and appointment of the arbitration expenses between the Parties. The Arbitration award shall be made within 2 months from the date of election or appointment of the umpire and is final and binding for both parties.

9. Other Conditions

All other terms and conditions not mentioned above shall be in accordance with corresponding "SOMO" – JSC "Nafta Moskva", Moscow contracts (to be sent to Buyers).

The entire deal is done subject to "SOMO" confirmation.

Demurrage, if any, will be paid only if "SOMO" accept it and upon receipt of the funds from "SOMO", otherwise there will be no responsibility for demurrage from Sellers. If any other expenses arise in connection with fulfillment of the present Contract and they are not confirmed and paid by "SOMO" they will be for Buyers' account.

The present Contract comes into force from the date of it's signing. The validity of this Contract shall continue as long as corresponding Contracts between JSC "Nafta Moskva" and "SOMO" are valid and with regards to payment obligations until their full completion.

ORIGINAL

10. Legal Addresses

Sellers – Joint Stock Company "Nafta Moskva", the Russian Federation,
✉121200 MOSCOW G-200
32/34 Smolenskaya-Sennaya Sq.,

Mail Address:

Russia, 109017 MOSCOW
Bolshaya Ordynka st. 40/37, bld.1

Cable: Nafta Moscow
Telex: 411148

Telephone: 253-94-88, 253-94-89
244-19-91, 230-26-79

Fax: 244-22-91

Buyers – Bayoil Supply & Trading Limited

✉P.O. Box CB12918, Nassau, BAHAMAS

Telephone: 242-362-4731
Fax: 242-362-4733
Telex: 20644

For JSC "Nafta Moskva"

V. Boonin, General Director

Yu. Poukhov,
Deputy General Director

For "Bayoil Supply & Trading Limited

David B. Chalmers, Jr. – President

Witnessed and Initialed by:
Ludmil Dionissiev, Senior Adviser

ORIGINAL

CONTRACT

Moscow "19th" February, 1999

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2. Quantity

About 2,000,000 barrels of Kirkuk Crude Oil ex Ceyhan and about 5,000,000 barrels of Basrah Light Crude Oil ex Mina Al Bakr of normal quality usually available at mentioned ports.

3. Time of Delivery

Deliveries are to be effected during March 1999 till 24 May 1999.

4. Destination

Deliveries of mentioned quantities of Iraqi crude oil will be effected to North America/Europe. However, the actual port of destination shall be agreed between Parties for each particular shipment subject to "SOMO" confirmation.

5. Price

a) Official selling price of "SOMO" for Kirkuk crude oil ex Ceyhan for corresponding destination effective for month of delivery plus U.S. Dollars 0.03 per net U.S. Barrel. In case A.P.I. escalation/de-escalation is used by "SOMO" the same will also be applied.

b) Official selling price of "SOMO" for Basrah Light crude oil ex Mina AL Bakr for corresponding destination with A.P.I. escalation/de-escalation effective for month of delivery plus U.S. Dollars 0.03 per net U.S. barrel.

c) The final unit price for Kirkuk and Basrah Light crude oils shall be rounded off to three (3) decimal places to be increased to the next digit whenever the fourth decimal place is five or greater than five.

ORIGINAL

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Payment shall be made upon presentation of Seller's invoice and usual shipping documents (including full set of properly issued or endorsed original Bills of Lading), or Seller's Letter of Indemnity, in format acceptable to Buyer, in lieu of missing documents (telex/fax of Invoice/LOI acceptable).

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Sellers have the right to control the process of opening and utilization of Letters of Credit.

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All disputes or differences which may arise out of this Contract will be solved by Parties in an amicable way. If an amicable way of settlement is not possible, all

ORIGINAL

disputes or differences which may arise out of or in connection with the present Contract shall be referred, jurisdiction of ordinary courts being excluded, to arbitration.

The arbitration shall be organized as follows:

The Party which intends to submit the dispute or difference to arbitration shall notify the other Party by a registered letter stating the name, and surname of the arbitrator, who may be a citizen of any country, and his address as well as stating the subject of the dispute, the number and/or date of the Contract. The other Party must appoint their arbitrator within 30 days on receipt of such letter who may also be a citizen of any country, informing the Party concerned also by a registered letter of his name, surname, and address.

If the Party summoned to arbitration fails to appoint their arbitrator within the said period of time, an arbitrator shall be appointed by the Chamber of Commerce in Stockholm, Sweden for this Party at the request of the other Party.

The appointment shall be made within 30 days on receipt of the appropriate application from the party which submitted the dispute to arbitration.

Both arbitrators must appoint an umpire within 30 days after their appointment.

If the arbitrators fail to appoint the umpire within the said period he shall be appointed by Chamber of Commerce in Stockholm at the request of any of the Parties.

Seat of Arbitration shall be Stockholm, Sweden. English Language to be used.

The award of the Arbitration shall be made by majority of votes on the basis of the terms and conditions of the present Contract and in conformity with the rules of law to be applied pursuant to the rule of conflict of laws of Sweden. The Arbitration may also additionally utilize generally accepted international trade customs.

The award shall be motivated and indicate the composition of the Arbitration, the date and the place when and where the award was made and appointment of the arbitration expenses between the Parties. The Arbitration award shall be made within 2 months from the date of election or appointment of the umpire and is final and binding for both parties.

9. Other Conditions

All other terms and conditions not mentioned above shall be in accordance with corresponding "SOMO" – JSC "Nafta Moskva", Moscow contracts (to be sent to Buyers).

The entire deal is done subject to "SOMO" confirmation.

Demurrage, if any, will be paid only if "SOMO" accept it and upon receipt of the funds from "SOMO", otherwise there will be no responsibility for demurrage from Sellers. If any other expenses arise in connection with fulfillment of the present Contract and they are not confirmed and paid by "SOMO" they will be for Buyers' account.

The present Contract comes into force from the date of it's signing. The validity of this Contract shall continue as long as corresponding Contracts between JSC "Nafta Moskva" and "SOMO" are valid and with regards to payment obligations until their full completion.

ORIGINAL

10. Legal Addresses

Sellers – Joint Stock Company "Nafta Moskva", the Russian Federation,
✉121200 MOSCOW G-200
32/34 Smolenskaya-Sennaya Sq.,

Mail Address:

Russia, 109017 MOSCOW
Bolshaya Ordynka st. 40/37, bld.1

Cable: Nafta Moscow
Telex: 411148

Telephone: 253-94-88, 253-94-89
244-19-91, 230-26-79

Fax: 244-22-91

Buyers – Bayoil Supply & Trading Limited

✉P.O. Box CB12918, Nassau, BAHAMAS

Telephone: 242-362-4731
Fax: 242-362-4733
Telex: 20644

For JSC "Nafta Moskva"

V. Boonin, General Director

Yu. Poukhov,
Deputy General Director

For "Bayoil Supply & Trading Limited

David B. Chalmers, Jr. – President

Witnessed and Initialed by:
Ludmil Dionissiev, Senior Adviser

ORIGINAL

AGENCY AGREEMENT

Moscow 19 February, 1999

This Agency Agreement (Agreement") is made on 19th February 1999 between

(1) "Bayoil Supply & Trading Limited", Nassau, Bahamas as principal ("the Principal")
and
(2) Joint Stock Company "Nafta Moskva", Moscow, as the agent ("the Agent").

It is hereby agreed as follows:

1. Appointment of Agent.

1.1 The Principal, upon and subject to the terms of this Agreement, hereby appoints the Agent as its agent for the purpose of studying the market and finding the supplier of crude oil at reasonable price. The Agent hereby accepts such appointment and agrees to act for and on behalf of the Principal.

2. Duties of Agent

2.1 The Agent shall immediately notify the Principal of the name of the supplier, quantity of crude oil, port of loading, quality and price.

3. Duties of Principal

3.1 Upon first demand of the Agent, the Principal shall pay the amount of fee preliminary agreed by exchange of telexes or faxes between "Bayoil Supply & Trading Limited" and JSC "Nafta Moskva".

4. Effectiveness and termination

4.1 The present Agreement comes into force from the date of its signing and is valid until the date of notification by one of the parties about termination of its validity.

5. Miscellaneous

5.1 Each Party bears full responsibility for proper fulfillment of their obligations under present Agreement.
5.2 All disputes or differences which may arise out of the Agreement, will be solved by parties in an amicable way. If an amicable way of settlement is not possible, these disputes and differences will be settled in the arbitration order by the International Commercial Arbitration Court at the Russian Federation Chamber of Commerce and Industry in Moscow, in conformity with the rules and procedures of this Court.
5.3 The award of this Arbitration Court shall be final and binding upon both parties concerned. Both parties agree that Russian Federation Law will be applicable to all disputes and differences and that the arbitration clause shall be considered having legal force irrespective of the validity of the Agreement, component part of which it is.
5.4. Any notices required or permitted under this Agreement shall be in writing and shall be sent to the registered address of the Parties or delivered by telex or fax to the following numbers:

Principal - Telex 3771825
Fax: ++1 713 224 8101

Agent - Telex 411148
Fax - ++7 095 244 22 91

BAY09-01218

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 75

ORIGINAL

6. Legal Addresses

Joint Stock Company "Nafta Moskva", the Russian Federation,
✉121200 MOSCOW G-200
32/34 Smolenskaya-Sennaya Sq.,

Mail Address:

Russia, 109017 MOSCOW
Bolshaya Ordynka st. 40/37, bld.1

Cable: Nafta Moscow
Telex: 411148

Telephone: ++7095 253-94-88, 253-94-89
++ 7095 244-19-91, 230-26-79

Fax: 244-22-91

Bayoil Supply & Trading Limited

✉P.O. Box CB12918, Nassau, BAHAMAS

Telephone: ++1 242-362-4731
Fax: ++1 242-362-4733
Telex: 20644

For "Bayoil Supply & Trading Limited"

David B. Chalmers, Jr. – President

Witnessed and initialed by:
Ludmil Dionissiev, Senior Adviser

For JSC "Nafta Moskva"

V. Boenin, General Director

Yu.Poukhov,
Deputy General Director

TO: Mr. Vladimir V. Zhiriniovsky
The Chief of the LDPR's Faction

FAX: 011-7095-292-7961

FROM: David B. Chalmers, Jr.

DATE: December 17, 1998

Dear Mr. Zhirinovsky:

Today I have returned from a long business trip and I would like to confirm that everything on our side is under control and there is no change in our position. Ludmil Dionissiev will call on Decemger 24, Igor Lebedev to confirm the details. You know that we have succeeded to put Nafta Moscow as a contracting party for your allocation.

It would be very helpful for the execution of the second part of our job to receive from you on Letterhead of LDPR, the following text.

Quote

To: Bayoil
ATTN: David B. Chalmers, Jr.
FAX: (713) 224-8101

Dear Sirs:

We LDPR confirm that our Iraqi oil allocation of 7 million barrels is assigned to Bayoil. We will confirm to SOMO to contract this allocation with company designated by Bayoil. Upon receiving from you the agreed premium prior to January 8th, 1999.

Signed,

Mr. Vladimir V. Zhirinovsky

Unquote

We hope that we will be in a position to effect payment prior to year end but as there are holidays in U.S., Europe and Russian there may be some delays therefore January 8th seems an appropriate date.
This is a very important document to overcome the banking bureaucracy as well as to avoid any double contracting.

Sincerely,

David B. Chalmers, Jr.

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 76

BAYOIL

Houston,
February 24, 1999

Via fax: 011 7095 244 3300

To: JSC Nafta Moscow
Attn Mr. Yu. N. Poukhov, Deputy General Director

Dear Yuri Nickolaevich,

As discussed today over the phone I am sending you by fax the duly initialed and signed Contract and Agency agreement. We shall keep it with us until tomorrow, so if you see any omissions or you need some additional correction we would be able to effect them and to courier by DHL to you latest Thursday.

As far as your discussions with SOMO are concerned we would like to share with you some experience.
SOMO probably would want your view on pricing. This is absolutely normal as you were the only Russian contact for them in the past and you are the only company with historical experience presently in Russia. We would leave to you the crude oil price situations in Europe as we think you can easily work it out. As far as the USA is concerned our view (shared with a lot of end users in USA) is:

- The O.S.P. formula price discount to W.T.I. has increased since January to March from -$4.40/WTI to -$4.00 WTI, thereby increasing cost by USD 0.40/barrel.

- During the same period freight rates have increased from 47.5 - 50.0 to 60 - 62.5 which has increased cost by an additional U.S. $ 0.25 - 0.30 / barrel.

- During the same period export volumes to North America have increased by about 4 shipments per month or 240 M barrels per day.

- Together these factors of a USD 0.65 - 0.75 per barrel increase in cost accompanied by increased competition for market share in North America has left little or no economic benefit to F.O.B. lifters.

- The additional fact that many Basrah light end users in North America have cut runs due to substantial negative refinery margins, has resulted in less requirements for April delivery.

- The combination of factors outlined above has led to great pressure on delivered value of Basrah light which has so far only been offset by refusal of Basrah shippers to sell below cost and instead increase floating storage stocks.

BAY09-01296

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 77

For the reasons outlined above, it is imperative that Nafta receive full flexibility with respect to lifting period and destination for the allocation being contracted for and on behalf of Mr. Vladimir Volfovich, the LDPR.

Enclosed you will find also a memorandum and suporting documents that we have recently sent to SOMO.
You have already received our new revised lifting program. There might be some strong arguments in Baghdad and we suggest your answer should be - that you are a service company of this contract and you are providing service to Mr. Zhirinovski, who is one of the greatest supporter of the Iraqi cause in the world. As SOMO recently increased the price of oil for March they have denied him of any benefit from March shipment.
Off the record you may say that this contract further on is marketed by Bayoil. This is under the agreement between Mr. Zhirinovski and Bayoil that you are not aware of. Intention is to lift all quantities for North America only, however, for reason of security and maximization of economic result for the LDPR a European option is needed. The first vessel for Ceyhan is firmly fixed and is for destination North America.

If you need to contact us you may ask SOMO. They have a satellite connection and they offer it to their partners sometime upon request. Otherwise I believe that the other place you can send a fax out of Baghdad could be the Embassy of the Russian Federation.

Please note as I told you over the phone today that you might be asked to contract some additional barrels on behalf of third country, Singapore or Bangladesh. We have informed the contract holders that "Nafta Moskva" may contract with SOMO the same way you do it for LPDR. If this is the case we shall increase the volume under our Contract only as the Agency Agreement is evergreen. The same applies for the additional barrels that have been requested by Vladimir Volfovich. This letter request is with you to be handed over to the Iraqi authorities.

We would like to assure you that we have firm interest in any incremental barrels (different from the ones stated above) that you can obtain on your own and offer to us as separate contract. Prices and conditions we would agree upon.

Mr. David Chalmers and myself are wishing you and Vladislav safe and successful trip to Iraq.

Faithfully Yours,

Ludmil Dionissiev

Executive Director General
State Oil Marketing Organization
Mr. Saddam Z. Hassan

Dear Sirs,

We have been informed to contact you regarding the allocation of Mr. Vladimir Volfovich Zhirinovski. We understood that you have approved Nafta Moscow to contract 7,000,000 barrels of Iraqi crude oil for the fifth phase under the above mentioned allocation.
We are pleased to work with SOMO again and thank you for your cooperation.

In order to save time and expedite the shipping program we would appreciate a fax contract covering the following grades and quantity:
5,000,000 barrels of Basrah Light crude oil and
2,000,000 barrels of Kirkuk crude oil.

Destination and pricing – North America/Europe.

We are ready to nominate vessels for lifting of the whole contract in due time.

Please confirm by return.

Sincerely Yours,

Nafta Moscow

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 79

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/05/50

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 81

8. Payments to SELLER under Sub Article 5-5 and Sub Article 6-7 of Section Two, and any other payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.

9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143, SCR 1153, SCR 1210, the Procedures and the Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

Other Terms and Conditions as per the standard SOMO General Conditions F.O.B. Crude Oil Sales Contract (Section Two).

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:

STATE OIL MARKETING ORGANIZATION
P.O.BOX 5118
BAGHDAD - IRAQ

TELEX: 212198 - 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX: 964-1-2853925

FOR BUYER:

JOINT STOCK COMPANY, "NAFTA MOSKVA" MOSCOW,
40/37 BLDG. 1. BOLSHAYA ORDYNKA,
MOSCOW 109017, RUSSIA.
TELEPHONE : 7095 - 244-19-91, 7095 244-40-88
SAT : 7502 220-30-27
FAX : 7095 244-33-00
TELEX : 411148 A, B,C NAFTA RU

FOR OVERSEERS:

UNITED NATIONS, NEW YORK, U.S.A
FAX: 212 - 963 - 1628

All other terms and conditions as per F.O.B. crud oil contract (Section two) No. M/02/18 dated 12th day of August 1997.
This Contract has been done and signed on the 2nd day of March 1999.

FOR SELLER

SADDAM

SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL

FOR BUYER

YURI N. POUKHOV
VICE PRESIDENT

VLADISLAV A. EFREMOV
DIRECTOR

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization
(State Company)

No.: KH1/2906
Date: 08 Jumada I, 1422 H
Equivalent to 03/03/1999

Stamp
Ministry of Oil/Office of the Minister
No.: 2434
Date: 03/04/1999

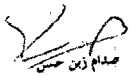
To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the approval of the Vice-President of the republic, Mr. Taha Yassin Ramadan, as per the allocations' statement of phase five, and following to our memorandum KH1/3690 dated 12/05/1998, a contract has been signed on 03/03/1999 with Nafta Moscow which was chosen by the Liberal Party of Russia (Zhirinovsky) for the supplemental quantity to their allocations for phase five as per the following terms:

1- Number of Contract: M/05/50 Date: 03/02/1999
2- Name of Company Buyer: Nafta-Moscow
3- Nationality: Russian
4- Quantity: (7) million barrels
5- Type of Crude Oil: Al-Basrah light
6- Destination of Crude Oil: Europe and / or America
7- Pricing Formula: As per the standard rate agree on between SOMO and the United Nations from time to time
8- Period of Supply: Until 05/24/1999
9- Estimated Value of Contract in Dollar: (70) million U.S. dollars based on an estimated rate of $10/barrel

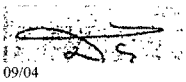
For your review and approval, please.

Regards,



Saddam Zeben Hassan
Executive Director

[Miscellaneous signatures]



09/04



03/06

For the Approval of Minister
I approve

[Page footer]

Arabic telex 5834 SOMO
P.O. Box 5118 Baghdad – Iraq

Telex 212198/212199
Tel. 7742040 - 10

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 83

بسم الله الرحمن الرحيم

الجمهورية العراقية
وزارة النفط
~~هيئة التسويق~~

الرقم ع١ / ٢٩٠٦
التاريخ ١٥ /ذو القعدة/١٤١٩هـ
٣/٣/١٩٩٩م

وزارة النفط / مكتب الوزير
الرقم / ٢٢٢٢
التاريخ ٢ / ٣ / ١٩٩٩

شركة تسويق النفط (شركة عامة)

السيد وزير النفط المحترم

م/المصادقة على عقود النفط الخام المصدر

استنادا لموافقة السيد نائب رئيس الجمهورية الاستاذ طه ياسين رمضان بموجب كشف التخصيصات للمرحلة الخامسة والحاقا بمذكرتنا ع١/٣٦٩٠ في ٥/١٢/٩٨

تم بتاريخ ٣/٣/٩٩ التعاقد مع شركة نافتا موسكو المسماة من قبل الحزب الليبرالي الروسي (جيرنوفسكي) على الكمية المكملة لتخصيصاتهم خلال المرحلة الخامسة وحسب الشروط ادناه :

١- رقم العقد : M/05/50 التاريخ : ٢/٣/١٩٩٩
٢- اسم الشركة المشترية : نافتا موسكو NAFTA-MOSCOW
٣- الجنسية : روسية
٤- الكمية : (٧) مليون برميل
٥- نوع النفط الخام : بصرة خفيف
٦- وجهة النفط الخام : امريكا و اوربا
٧- التسعيرة : الاسعار القياسية حسبما يتفق عليها بين شركة تسويق النفط والامم المتحدة من وقت لآخر .
٨- فترة التجهيز : لغاية ٢٤/٥/١٩٩٩
٩- القيمة التقديرية للعقد بالدولار : (٧٠) مليون دولار امريكي بسعر تقديري (١٠) دولار للبرميل .

للتفضل بالاطلاع والمصادقة مع التقدير .

مدام زين حسن
المدير التنفيذي

موافق

مصادقة السيد الوزير

تلكس عربي ٥٨٣٤ سومو تلكس ٢١٢١٩٨ ، ٢١٢١٩٩ ـ ص ب ٥١١٨ بغداد ـ عراق : هاتف ١٠ ـ ٧٧٤٢٠٤٠

BAYOIL

TO: Nafta Moskva

ATTN: Mr. Y. Pukhov

FROM: David B. Chalmers, Jr./ Ludmil Dionissiev

DATE: March 22, 1999

RE: Additional Quantities – Basrah Light Crude Oil

Dear Mr. Pukhov:

Please send the following telex to Mr. Awni – Acting General Director of SOMO.
Quote:
With reference to the contract for the 7 Million barrels of Basrah light crude oil, the holder of the allocation has already sent the written request to the relevant Iraqi authorities for the increase of 1 Million barrels.
Nafta Moskva was instructed accordingly to nominate for this additional volume.
Subject your confirmation for this additional volume we are confirming lifting on board of already nominated and accepted vessel " TBN" for April 26, 1999 to achieve logical size of cargo of 2,000,000 bbls.
Unquote.

Best regards,

Ludmil Dionissiev

BAYOIL (USA) INC. 909 TEXAS AVE., SUITE 202 HOUSTON, TX 77002 713 222 7100 FAX: 713 224 8101 TLX: 3771825

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 84

SNT 006875

BAYOIL

TO: JSC Nafta Moskva
ATTN: Mr. Yu Poukhov, Deputy General Director
FAX: 011 7095 244-2291

Please forward following to S.O.M.O.

QUOTE:

TO: S.O.M.O.
ATTN: Saddam Hassan
CC: Mr. Awni/Shipping Dept
TLX: 212198

Date: March 29, 1999

Re: 7 Million Allocation/TBN 26 April 1 Million Barrels

As per our telex message March 22, 1999 regarding holder of allocations request to authorities to increase by 1 million barrels, we have yet to receive a formal response.

In this connection, we have made full efforts to cooperate with S.O.M.O. in meeting S.O.M.O. requests to move forward lifting dates early March/April from later periods in May. This has resulted in a final lifting April 26 of only 1 million barrels representing only part shipment.

We therefore, respectfully request S.O.M.O. make a reserve for an allocation to complete a shipment on M/T GRAND LADY/SUB on April 26 or as early as April 20 and provide support to Nafta with relevant authorities to increase this allocation to complete a shipment.

Thank you for your return acceptance as soon as possible.

UNQUOTE:

Best regards,
Bayoil Supply & Trading Limited

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 85

SNT 007028

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : B/88/99

Sold to	: J.S.C NAFTA MOSCOW	Due date	: 27.4.1999
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/05/50
Ship's Name	: MARINE ATLANTIC	BNP Confirmation No.	: T 713442
Destination	: NORTH AMERICA	Opening Bank L\C No.	: LCIM2073402
Country of origin	: IRAQ	Shipment No.	: BBL/2573 PART(2)

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U.S. Bbls	Barrel FOB	in U.S. Dollars
IRAQI CRUDE OIL (BASRAH LIGHT) 32.45 API GRAVITY AT 60°F	266,912.973	262,696.69	1,949,679	12.662	24,686,835.50
					24,686,835.50

Total U.S. Dollars : TWENTY FOUR MILLION SIX HUNDRED EIGHTY SIX THOUSAND EIGHT HUNDRED THIRTY FIVE AND FIFTY CENT.

Price Calculation : WTI (SECOND MONTH) MINUS $ 4.00/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 $ 0.15 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, ACCOUNT NUMBER 0200-201752-001-08

B/L DATE 29/3 /1999

ORIGINAL

Y. H. IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 86

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : B/101/99

Sold to	: JOINT STOCK COMPANY 'NAFTA MOSKVA' MOSCOW 121200 MOSCOW G-200 32/34 SMOLENSKAYA - SENNAYA SQ.	Due date	: 10.5 .1999
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/05/50
Ship's Name	: ARGO ATHENA	BNP Confirmation No.	: T 713595
Destination	: NORTH AMERICA	Opening Bank L\C No.	: LCIM2074538
Country of origin	: IRAQ	Shipment No.	: BBL/2582

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (BASRAH LIGHT) 32.17 API GRAVITY AT 60°F	273,857.470	269,531.49	1,996,834	13.641	27,238,812.59
					27,238,812.59

Total U . S . Dollars : TWENTY SEVEN MILLION TWO HUNDRED THIRTY EIGHT THOUSAND EIGHT HUNDRED TWELVE AND FIFTY NINE CENT.

Price Calculation : WTI (SECOND MONTH) MINUS $ 4.10/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 $ 0.18 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, ACCOUNT NUMBER 0200-201752-001-08

B/L DATE 11/4 /1999

ORIGINAL

I. A. SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : B/99/99

Sold to	: JOINT STOCK COMPANY 'NAFTA MOSKVA' MOSCOW 121200 MOSCOW G-200 32/34 SMOLENSKAYA - SENNAYA SQ.	Due date	: 8 .5 .1999
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/05/50
Ship's Name	: DOCEFJORD	BNP Confirmation No.	: T 713539
Destination	: NORTH AMERICA	Opening Bank L\C No.	: LCIM2074062
Country of origin	: IRAQ	Shipment No.	: BBL/2580 PART(2)

Description of commodity	Quantity			Price per Barrel FOB	Total value in U . S . Dollars
	Metric Tons	Long Tons	U . S . Bbls		
IRAQI CRUDE OIL (BASRAH LIGHT) 32.43 API GRAVITY AT 60°F	202,990.290	199,783.76	1,482,633	13.591	20,150,465.10
					20,150,465.10

Total U . S . Dollars : TWENTY MILLION ONE HUNDRED FIFTY THOUSAND FOUR HUNDRED SIXTY FIVE AND TEN CENT.

Price Calculation : WTI (SECOND MONTH) MINUS $ 4.10/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 $ 0.15 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, ACCOUNT NUMBER 0200-201752-001-08

P.O.Box 5118 FINANCIAL DEPARTMENT S.O.M.

B/L DATE 9 /4 /1999

ORIGINAL

Y. H. IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : B/111/99

Sold to	: JOINT STOCK COMPANY 'NAFTA MOSKVA' MOSCOW 121200 MOSCOW G-200 32/34 SMOLENSKAYA - SENNAYA SQ.	Due date	: 17.5 .1999
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/05/50
Ship's Name	: BERGE FOREST	BNP Confirmation No.	: T 713672
Destination	: NORTH AMERICA	Opening Bank L\C No.	: CI0179410
Country of origin	: IRAQ	Shipment No.	: BBL/2588 PART(2)

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (BASRAH LIGHT) 32.36 API GRAVITY AT 60°F	69,329.226	68,234.07	506,115	14.141	7,156,972.22
					7,156,972.22

Total U . S . Dollars : SEVEN MILLION ONE HUNDRED FIFTY SIX THOUSAND NINE HUNDRED SEVENTY TWO AND TWENTY TWO CENT.

Price Calculation : WTI (SECOND MONTH) MINUS $ 4.10/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 $ 0.16 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, ACCOUNT NUMBER 0200-201752-001-08

B/L DATE 18/4 /1999

ORIGINAL

I. A. SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

320

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : B/127/99

Sold to	: JOINT STOCK COMPANY 'NAFTA MOSKVA' MOSCOW 121200 MOSCOW G-200 32/34 SMOLENSKAYA - SENNAYA SQ.	Due date	: 4 .6 .1999
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/05/50
Ship's Name	: TIJUCA	BNP Confirmation No.	: T 713889
Destination	: NORTH AMERICA	Opening Bank L\C No.	: 100'765/C5
Country of origin	: IRAQ	Shipment No.	: BBL/2601 PART(2)

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (BASRAH LIGHT)	135,800.285	133,655.12	989,975	13.191	13,058,760.23
32.13 API GRAVITY AT 60°F					13,058,760.23

Total U . S . Dollars : THIRTEEN MILLION FIFTY EIGHT THOUSAND SEVEN HUNDRED SIXTY AND TWENTY THREE CENTS

Price Calculation : WTI (SECOND MONTH) MINUS $ 3.85/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 $ 0.18 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, ACCOUNT NUMBER 0200-201752-001-08

B/L DATE 6 /5 /1999

ORIGINAL

I. A. SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

9:42 AM
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
Finance Charges								
Check	3/22/1999	BC	BANK CHARGES	MARINE ATLANTIC	V-50030	Cash in Ban...	-1,905.00	-1,905.00
Check	3/26/1999	BC	BANK CHARGES	MARINE ATLATNIC-NAF...	V-50030	Cash in Ban...	-1,085.00	-2,990.00
Check	4/26/1999	BC	BANK CHARGES	MARINE ATLANTIC	V-50030	Cash in Ban...	-23.06	-3,013.06
General Journal	4/27/1999	bc	BANK CHARGES	MARINE ATLANTIC	V-50030	465/Paribas ...	-15.00	-3,028.06
Check	4/27/1999	pymt	CARGO PAYME...	MARINE ATLANTIC-NAF...	V-50030	Cash in Ban...	-19,899.47	-22,927.53
Check	4/27/1999	WT	JOINT STOCK C...	MARINE ATLANTIC	V-50030	Cash in Ban...	-23.06	-22,950.59
Check	4/27/1999	pymt	CARGO PAYME...	MARINE ATLANTIC	V-50030	Cash in Ban...	-85.00	-23,035.59
Check	4/27/1999	PYMT	CARGO PAYME...	MARINE ATLANTIC	V-50030	Cash in Ban...	-85.00	-23,120.59
Check	4/30/1999	BC	BANK CHARGES	MARINE ATLANTIC-VAL...	V-50030	Cash in Ban...	-15.00	-23,135.59
Check	5/14/1999	WT	MARINE ATLAN...	MARINE ATLANTIC	V-50030	Cash in Ban...	-23.17	-23,158.76
Check	5/21/1999	LOI	BANK CHARGES	MARINE ATLANTIC-VAL...	V-50030	Cash in Ban...	-500.00	-23,658.76
Deposit	5/21/1999	RCPT	CARGO RECEIP...	MARINE ATLNTIC	V-50030	Cash in Ban...	-85.00	-23,743.76
Check	5/21/1999	LOI	BANK CHARGES	MARINE ATLANTIC-MO...	V-50030	Cash in Ban...	-500.00	-24,243.76
Check	5/21/1999	LOI	BANK CHARGES	MARINE ATLANTIC-FINA	V-50030	Cash in Ban...	-500.00	-24,743.76
Deposit	5/21/1999	RCPT	CARGO RECEIP...	MARINE ATLANTIC	V-50030	Cash in Ban...	-85.00	-24,828.76
Deposit	5/25/1999	RCPT	CARGO RECEIP...	MARINE ATLANTIC	V-50030	Cash in Ban...	-85.00	-24,913.76
Check	5/25/1999	LOI	BANK CHARGES	MARINE ATLANTIC-VAL...	V-50030	Cash in Ban...	-500.00	-25,413.76
Deposit	5/27/1999	RCPT	CARGO RECEIP...	MARINE ATLANTIC	V-50030	Cash in Ban...	-85.00	-25,498.76
Check	6/8/1999	LOI	BANK CHARGES	MARINE ATLANTIC,CLA...	V-50030	Cash in Ban...	-500.00	-25,998.76
Deposit	6/25/1999	RCPT	CARGO RECEIP...	MARINE ATLANTIC	V-50030	Cash in Ban...	-85.00	-26,083.76
Check	10/18/1999	WT	MARINE ATLAN...	MARINE ATLANTIC	V-50030	Cash in Ban...	-23.84	-26,107.60
Total Finance Charges							-26,107.60	-26,107.60
Agent Commissions								
Check	12/24/1998	WT	UNITED MANAG...	MARINE ATLANTIC	V-50030	Cash - CAI 1...	-331,445.43	-331,445.43
Total Agent Commissions							-331,445.43	-331,445.43
Commissions - Russia								
Check	4/27/1999	WT	JOINT STOCK C...	MARINE ATLANTIC	V-50030	Cash in Ban...	-58,490.37	-58,490.37
Total Commissions - Russia							-58,490.37	-58,490.37
Lightering Charges								
Check	6/28/1999	WT	AMERICAN EAG...	MARINE ATLANTIC	V-50030	Cash in Ban...	-370,979.17	-370,979.17
Deposit	6/30/1999	WT	FINA OIL CHEMI...	MARINE ATLANTIC	V-50030	Cash in Ban...	81,875.00	-289,104.17
Total Lightering Charges							-289,104.17	-289,104.17
Total Cost of Sales							-36,709,241.15	-36,709,241.15
Commissions								
General Journal	3/11/1999			MARINE PACIFIC	V-50030	Hedge Gain ...	-20,400.00	-20,400.00
General Journal	5/24/1999			MARINE ATLANTIC	V-50030	Hedge Gain ...	-27,075.00	-47,475.00
General Journal	6/1/1999			MARINE ATLANTIC	V-50030	Hedge Gain ...	-1,458.60	-48,933.60
Total Commissions							-48,933.60	-48,933.60
Hedge Gain /(Loss)								
General Journal	3/11/1999			MARINE PACIFIC	V-50030	-SPLIT-	1,335,000.00	1,335,000.00
General Journal	3/11/1999			MARINE PACIFIC	V-50030	Hedge Gain ...	-1,225,000.00	110,000.00
General Journal	5/24/1999			MARINE ATLANTIC	V-50030	-SPLIT-	-2,404,900.00	-2,294,900.00
General Journal	5/31/1999	ddaje			V-50030	460/Paribas ...	-58,050.00	-2,352,950.00
General Journal	6/1/1999			MARINE ATLANTIC	V-50030	-SPLIT-	-58,050.00	-2,411,000.00
General Journal	6/1/1999	JJREV		MARINE ATLANTIC	V-50030	460/Paribas ...	58,050.00	-2,352,950.00
Total Hedge Gain /(Loss)							-2,352,950.00	-2,352,950.00
Interest Income								
Deposit	6/25/1999	RCPT	CARGO RECEIP...	MARINE ATLANTIC	V-50030	Cash in Ban...	37,549.45	37,549.45
Total Interest Income							37,549.45	37,549.45
TOTAL							**395,144.29**	**395,144.29**

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 87

Bayoil Supply & Trading, Ltd.
Transaction Detail By Account
January 1996 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Freight								
Check	5/28/1999	WT	N+T ARGONAUT	ARGO ATHENA	V-50034	Cash in Ban...	-2,312,810.09	-2,312,810.09
Total Freight							-2,312,810.09	-2,312,810.09
Demurrage								
Deposit	7/7/1999	RCPT	VALERO MARKE...	ARGO ATHENA	V-50034	Cash in Ban...	7,974.97	7,974.97
Check	8/25/1999	wt	N+T ARGONAUT	ARGO ATHENA	V-50034	Cash in Ban...	-78,225.47	-70,250.50
Deposit	9/8/1999	wt	CLARK REFINING	ARGO ATHENA	V-50034	Cash in Ban...	5,657.55	-64,592.95
Total Demurrage							-64,592.95	-64,592.95
Finance Charges								
Check	4/1/1999	BCF	BANK CHARGES	ARGO ATHENA	V-50034	Cash in Ban...	-168.77	-168.77
Check	4/27/1999	WT	JOINT STOCK C...	ARGO ATHENA	V-50034	Cash in Ban...	-100.00	-268.77
Check	5/10/1999	WT	JOINT STOCK C...	ARGO ATHENA	V-50034	Cash in Ban...	-85.00	-353.77
Check	5/10/1999	PYAMT	CARGO PAYME...	ARGO ATHENA	V-50034	Cash in Ban...	-22,041.05	-22,394.82
Check	5/10/1999	PYAMT	CARGO PAYME...	ARGO ATHENA	V-50034	Cash in Ban...	-85.00	-22,479.82
Check	5/28/1999	WT	N+T ARGONAUT	ARGO ATHENA	V-50034	Cash in Ban...	-29.40	-22,509.22
Deposit	6/4/1999	RCPT	CARGO RECEIP...	ARGO ATHENA	V-50034	Cash in Ban...	-85.00	-22,594.22
Check	6/4/1999	LOI	BANK CHARGES	ARGO ATHENA, VALERO	V-50034	Cash in Ban...	-500.00	-23,094.22
Check	6/7/1999	loi	BANK CHARGES	ARGO ATHENA-VALERO	V-50034	Cash in Ban...	-500.00	-23,594.22
Check	6/8/1999	WT	SKAUGEN PETR...	ARGO ATHENA	V-50034	Cash in Ban...	-22.85	-23,617.07
Check	6/9/1999	WT	G.A. BECHNEL I...	ARGO ATHENA	V-50034	Cash in Ban...	-22.85	-23,639.92
Check	6/17/1999	WT	SUN PIPE LINE ...	ARGO ATHENA	V-50034	Cash in Ban...	-22.52	-23,662.44
Check	6/24/1999	LOI	BANK CHARGES	ARGO ATHENA-CLARK	V-50034	Cash in Ban...	-500.00	-24,162.44
Check	6/28/1999	WT	AMERICAN EAG...	ARGO ATHENA	V-50034	Cash in Ban...	-22.72	-24,185.16
Deposit	7/8/1999	RCPT	CARGO RECEIP...	ARGO ATHENA	V-50034	Cash in Ban...	-85.00	-24,270.16
Check	7/13/1999	WT	CRAIG FERGUS...	ARGO ATHENA	V-50034	Cash in Ban...	-21.96	-24,292.12
Check	7/19/1999	PYMT	CARGO PAYME...	ARGO ATHENA	V-50034	Cash in Ban...	-21.98	-24,314.10
Deposit	7/19/1999	RCPT	CARGO RECEIP...	ARGO ATHENA	V-50034	Cash in Ban...	-85.00	-24,399.10
Deposit	7/19/1999	RCPT	CARGO RECEIP...	ARGO ATHENA	V-50034	Cash in Ban...	-85.00	-24,484.10
Check	7/20/1999	LOI	BANK CHARGES	argo athena	V-50034	Cash in Ban...	-500.00	-24,984.10
Check	7/21/1999	WT	SUN PIPE LINE ...	ARGO ATHENA	V-50034	Cash in Ban...	-22.66	-25,006.76
Check	8/25/1999	wt	N+T ARGONAUT	ARGO ATHENA	V-50034	Cash in Ban...	-22.67	-25,029.43
Check	10/20/1999	WT	I/C BAYOIL (USA...	ARGO ATHENA	V-50034	Cash in Ban...	-23.23	-25,052.66
Check	11/23/1999	LOI	BANK CHARGES	ARGO ATHENA	V-50034	Cash in Ban...	-55.93	-25,108.59
Check	11/23/1999	LOI	BANK CHARGES	ARGO ATHENA	V-50034	Cash in Ban...	-55.93	-25,164.52
Total Finance Charges							-25,164.52	-25,164.52
Agent Commissions								
Check	12/24/1998	wt	UNITED MANAG...	ARGO ATHENA	V-50034	Cash in Ban...	-322,954.82	-322,954.82
Check	12/24/1998	WT	UNITED MANAG...	ARGO ATHENA	V-50034	Cash - CAI 1...	-16,506.96	-339,461.78
Total Agent Commissions							-339,461.78	-339,461.78
Commissions - Russia								
Check	4/27/1999	WT	JOINT STOCK C...	ARGO ATHENA	V-50034	Cash in Ban...	-13,996.38	-13,996.38
Check	5/10/1999	WT	JOINT STOCK C...	ARGO ATHENA	V-50034	Cash in Ban...	-45,908.64	-59,905.02
Total Commissions - Russia							-59,905.02	-59,905.02
Lightering Charges								
Check	6/9/1999	WT	SKAUGEN PETR...	ARGO ATHENA	V-50034	Cash in Ban...	-16,000.00	-16,000.00
Check	6/28/1999	WT	AMERICAN EAG...	ARGO ATHENA	V-50034	Cash in Ban...	-160,732.64	-176,732.64
Total Lightering Charges							-176,732.64	-176,732.64
Total Cost of Sales							-32,327,992.82	-32,327,992.82
Bank Service Charges								
Deposit	7/12/1999	FID	FIDUCIARY DEP...	ARGO ATHENA	V-50034	Cash in Ban...	-1,192.73	-1,192.73
Total Bank Service Charges							-1,192.73	-1,192.73
Commissions								
General Journal	5/24/1999			ARGO ATHENA	V-50034	Hedge Gain ...	-4,080.00	-4,080.00
General Journal	5/31/1999			ARGO ATHENA	V-50034	Hedge Gain ...	-24,973.48	-29,053.48
Total Commissions							-29,053.48	-29,053.48
Hedge Gain /(Loss)								
General Journal	5/24/1999			ARGO ATHENA	V-50034	-SPLIT-	-110,820.00	-110,820.00
General Journal	5/31/1999	ddaje			V-50034	460/Paribas ...	1,839,300.00	1,728,480.00
General Journal	5/31/1999			ARGO ATHENA	V-50034	-SPLIT-	1,484,970.00	3,213,450.00
General Journal	5/31/1999			ARGO ATHENA	V-50034	Hedge Gain ...	-825,890.00	2,387,560.00
General Journal	6/1/1999	JJREV		ARGO ATHENA	V-50034	460/Paribas ...	-1,839,300.00	548,260.00
Total Hedge Gain /(Loss)							548,260.00	548,260.00

3:49 AM
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
Freight								
Check	6/2/1999	WT	WILSEA SHIPPI...	DOCEFJORD 3	V-50035	Cash in Ban...	-2,291,736.30	-2,291,736.30
Total Freight							-2,291,736.30	-2,291,736.30
Demurrage								
Check	9/23/1999	WT	WILSEA SHIPPI...	DOCEFJORD 3	V-50035	Cash in Ban...	-39,336.57	-39,336.57
Total Demurrage							-39,336.57	-39,336.57
Finance Charges								
Check	4/1/1999	bc	BANK CHARGES	DOCEFJORD	V-50035	Cash in Ban...	-168.77	-168.77
Check	4/30/1999	BC	BANK CHARGES	DOCEFJORD	V-50035	Cash in Ban...	-22.88	-191.65
Check	5/4/1999	BC	BANK CHARGES	DOCEFJORD	V-50035	Cash in Ban...	-22.84	-214.49
Check	5/7/1999	PYMT	CARGO PAYME...	DOCEFJORD	V-50035	Cash in Ban...	-16,370.37	-16,584.86
Check	5/7/1999	PYMT	CARGO PAYME...	DOCEFJORD	V-50035	Cash in Ban...	-45.00	-16,629.86
Check	6/2/1999	WT	WILSEA SHIPPI...	DOCEFJORD 3	V-50035	Cash in Ban...	-22.65	-16,652.51
Check	6/4/1999	LOI	BANK CHARGES	DOCEFJORD, FINA	V-50035	Cash in Ban...	-500.00	-17,152.51
Check	6/7/1999	WT	METROPOLITAN...	DOCEFJORD	V-50035	Cash in Ban...	-22.58	-17,175.09
Deposit	6/7/1999	RCPT	CARGO RECEIP...	DOCEFJORD	V-50035	Cash in Ban...	-85.00	-17,260.09
Check	6/8/1999	WT	PETMAR	DOCEFJORD	V-50035	Cash in Ban...	-22.71	-17,282.80
Deposit	6/9/1999	RCPT	CARGO RECEIP...	DOCEFJORD	V-50035	Cash in Ban...	-85.00	-17,367.80
Check	6/15/1999	WT	METROPOLITAN...	DOCEFJORD	V-50035	Cash in Ban...	-22.68	-17,390.48
Check	6/15/1999	WT	METROPOLITAN...	DOCEFJORD	V-50035	Cash in Ban...	-22.68	-17,413.16
Check	6/29/1999	WT	METROPOLITAN...	DOCEFJORD	V-50035	Cash - CAI 1...	-16.13	-17,429.29
Check	6/29/1999	WT	PETMAR	DOCEFJORD	V-50035	Cash in Ban...	-22.54	-17,451.83
Check	7/9/1999	LOI	BANK CHARGES	DOCEFJORD-LYONDELL	V-50035	Cash in Ban...	-500.00	-17,951.83
Deposit	7/9/1999	RCPT	CARGO RECEIP...	DOCEFJORD	V-50035	Cash in Ban...	-85.00	-18,036.83
Check	9/23/1999	WT	WILSEA SHIPPI...	DOCEFJORD 3	V-50035	Cash in Ban...	-22.69	-18,059.52
Check	11/3/1999	BC	BANK CHARGES	DOCEFJORD 3	V-50035	Cash in Ban...	-56.74	-18,116.26
Check	11/3/1999	BC	BANK CHARGES	DOCEFJORD 3	V-50035	Cash in Ban...	-55.45	-18,171.71
Check	11/3/1999	BC	BANK CHARGES	DOCEFJORD 3	V-50035	Cash in Ban...	-55.44	-18,227.15
Check	11/4/1999	BC	BANK CHARGES	DOCEFJORD 3	V-50035	Cash in Ban...	-56.39	-18,283.54
Check	11/4/1999	BC	BANK CHARGES	DOCEFJORD 3	V-50035	Cash in Ban...	-56.39	-18,339.93
Check	11/4/1999	BC	BANK CHARGES	DOCEFJORD 3	V-50035	Cash in Ban...	-56.39	-18,396.32
Check	11/4/1999	BC	BANK CHARGES	DOCEFJORD 3	V-50035	Cash in Ban...	-56.39	-18,452.71
Total Finance Charges							-18,452.71	-18,452.71
Agent Commissions								
Check	12/24/1998	WT	UNITED MANAG...	DOCEFJORD 3	V-50035	Cash - CAI 1...	-252,047.61	-252,047.61
Check	8/10/1999	WT	LONE STAR TA...	DOCEFJORD	V-50035	Cash in Ban...	-1,777.39	-253,825.00
Total Agent Commissions							-253,825.00	-253,825.00
Commissions - Russia								
Check	4/27/1999	WT	JOINT STOCK C...	DOCEFJORD	V-50035	Cash in Ban...	-44,478.99	-44,478.99
Total Commissions - Russia							-44,478.99	-44,478.99
Lightering Charges								
Check	6/7/1999	WT	METROPOLITAN...	DOCEFJORD	V-50035	Cash in Ban...	-110,250.00	-110,250.00
Check	6/15/1999	WT	METROPOLITAN...	DOCEFJORD	V-50035	Cash in Ban...	-20,021.00	-130,271.00
Check	6/15/1999	WT	METROPOLITAN...	DOCEFJORD	V-50035	Cash in Ban...	-129,248.92	-259,519.92
Deposit	8/15/1999	RCPT	SKAUGEN PETR...	DOCEFJORD	V-50035	Cash in Ban...	91,629.63	-167,890.29
Check	8/28/1999	WT	AMERICAN EAG...	DOCEFJORD	V-50035	Cash in Ban...	-145,958.33	-313,848.62
Check	8/28/1999	WT	AMERICAN EAG...	DOCEFJORD	V-50035	Cash in Ban...	-16,000.00	-329,848.62
Check	8/29/1999	WT	METROPOLITAN...	DOCEFJORD	V-50035	Cash - CAI 1...	-5,490.79	-335,339.41
Deposit	8/19/1999	WT	PHILLIPS PETR...	DOCEFJORD	V-50035	Cash in Ban...	40,638.89	-294,700.52
Total Lightering Charges							-294,700.52	-294,700.52
Total Cost of Sales							-30,305,714.64	-30,305,714.64
Bank Service Charges								
Deposit	7/14/1999	FID	FIDUCIARY DEP...	DOCEFJORD	V-50035	Cash in Ban...	-506.15	-506.15
Total Bank Service Charges							-506.15	-506.15
Commissions								
General Journal	5/24/1999			DOCEFJORD	V-50035	Hedge Gain ...	-4,080.00	-4,080.00
General Journal	7/8/1999			DOCEFJORD	V-50035	Hedge Gain ...	-30,337.30	-34,417.30
Total Commissions							-34,417.30	-34,417.30
Hedge Gain /(Loss)								
General Journal	5/24/1999			DOCEFJORD	V-50035	-SPLIT-	14,070.00	14,070.00
General Journal	5/31/1999	ddaje			V-50035	460/Paribas ...	1,790,470.00	1,804,540.00
General Journal	6/1/1999	JJREV		DOCEFJORD	V-50035	460/Paribas ...	-1,790,470.00	14,070.00
General Journal	7/8/1999			DOCEFJORD	V-50035	-SPLIT-	1,426,940.00	1,441,010.00
General Journal	7/8/1999			DOCEFJORD	V-50035	Hedge Gain ...	-1,049,140.00	391,870.00
Total Hedge Gain /(Loss)							391,870.00	391,870.00

97/16/04

Accrual Basis

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

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Gross Sales								
Sales - Oil Products								
Deposit	6/15/1999	rcpt	CARGO RECEIP...	BERGE FOREST	V-50036	Cash - CAI 1...	7,349,889.12	7,349,889.12
Deposit	6/16/1999	RCPT	CARGO RECEIP...	BERGE FOREST-PHILLI...	V-50036	Cash - CAI 1...	7,975,076.43	15,324,965.55
Deposit	7/12/1999	RCPT	CARGO RECEIP...	BERGE FOREST	V-50036	Cash - CAI 1...	6,887,470.33	22,212,435.88
Deposit	7/16/1999	RCPT	CARGO RECEIP...	BERGE FOREST-CLARK	V-50036	Cash - CAI 1...	6,966,584.41	29,179,020.29
Total Sales - Oil Products							29,179,020.29	29,179,020.29
Total Gross Sales							29,179,020.29	29,179,020.29
Cost of Sales								
Crude Purchases								
Check	5/17/1999	PYMT	CARGO PAYME...	BERGE FOREST-ALFA	V-50036	Cash - CAI 1...	-20,007,400.00	-20,007,400.00
Check	5/17/1999	PYMT	CARGO PAYME...	BERGE FOREST-NAFTA	V-50036	Cash - CAI 1...	-7,156,972.22	-27,164,372.22
General Journal	5/31/1999	ddaje		Berge Forest	V-50036	Cargos in tra...	27,218,640.00	54,267.78
General Journal	6/1/1999	JJRE6V		BERGE FOREST	V-50036	Cargos in tra...	-27,218,640.00	-27,164,372.22
Total Crude Purchases							-27,164,372.22	-27,164,372.22
Interest								
Check	5/31/1999	INT	INTEREST CHA...	BERGE FOREST	V-50036	Cash - CAI 1...	-6,157.99	-6,157.99
Check	6/1/1999	LOAN	FIXED TERM AD...	BERGE FOREST	V-50036	Cash - CAI 1...	-67,224.87	-73,382.86
Check	6/14/1999	LOAN	FIXED TERM AD...	BERGE FOREST	V-50036	Cash - CAI 1...	-3,314.20	-76,697.06
Check	6/15/1999	LOAN	FIXED TERM AD...	BERGE FOREST	V-50036	Cash - CAI 1...	-62,082.76	-138,779.82
Check	7/12/1999	LOAN	FIXED TERM AD...	BERGE FOREST	V-50036	Cash - CAI 1...	-51,610.51	-190,390.33
Check	7/16/1999	LOAN	FIXED TERM AD...	BERGE FOREST	V-50036	Cash - CAI 1...	-3,488.19	-193,878.52
Total Interest							-193,878.52	-193,878.52
Inspection								
Check	6/8/1999	WT	PETMAR	BERGE FOREST	V-50036	Cash - CAI 1...	-9,925.00	-9,925.00
Check	6/29/1999	WT	PETMAR	BERGE FOREST	V-50036	Cash - CAI 1...	-15,520.00	-25,445.00
Check	12/24/1999	WT	INSPECTORATE...	BERGE FOREST	V-50036	Cash - CAI 1...	-8,345.74	-33,790.74
Check	10/24/2000	INSP	OBC SHIPPING I...	BERGE FOREST	V-50036	Cash - CAI 1...	-662.50	-34,453.24
Total Inspection							-34,453.24	-34,453.24
Insurance								
Check	6/22/1999	WT	CRAIG FERGUS...	BERGE FOREST	V-50036	Cash - CAI 1...	-26,407.87	-26,407.87
Total Insurance							-26,407.87	-26,407.87
L/C Charges								
Check	4/7/1999	LC	L/C CHARGES	BERGE FOREST	V-50036	Cash - CAI 1...	-8,520.00	-8,520.00
Check	4/7/1999	LC	L/C CHARGES	BERGE FOREST-ALFA	V-50036	Cash - CAI 1...	-16,050.00	-24,570.00
Total L/C Charges							-24,570.00	-24,570.00
Freight								
Check	6/8/1999	WT	BERGENSEN D....	BERGE FOREST	V-50036	Cash - CAI 1...	-1,982,701.36	-1,982,701.36
Total Freight							-1,982,701.36	-1,982,701.36
Demurrage								
Deposit	9/8/1999	RCPT	CLARK REFINING	BERGE FOREST	V-50036	Cash - CAI 1...	6,257.59	6,257.59
Check	1/6/2000	WT	BERGENSEN D....	BERGE FOREST	V-50036	Cash - CAI 1...	-78,880.21	-72,622.62
Total Demurrage							-72,622.62	-72,622.62
Finance Charges								
Check	5/17/1999	PYMT	CARGO PAYME...	BRGE FOREST	V-50036	Cash - CAI 1...	-145.00	-145.00
Check	5/17/1999	PYMT	CARGO PAYME...	BRGE FOREST	V-50036	Cash - CAI 1...	-155.11	-300.11
Check	5/17/1999	WT	NAFTA MOSKVA	BERGE FOREST	V-50036	Cash - CAI 1...	-16.61	-316.72
Check	5/17/1999	PYMT	CARGO PAYME...	BERGE FOREST-NAFTA	V-50036	Cash - CAI 1...	-8,022.67	-8,339.39
Check	5/25/1999	BC	BANK CHARGES	BERGE FOREST	V-50036	Cash - CAI 1...	-16.66	-8,356.05
Check	5/31/1999	BC	BANK CHARGES	BERGE FOREST-SERVI...	V-50036	Cash - CAI 1...	-49.85	-8,405.90
Check	6/8/1999	WT	PETMAR	BERGE FOREST	V-50036	Cash - CAI 1...	-16.32	-8,422.22
Check	6/8/1999	WT	BERGENSEN D....	BERGE FOREST	V-50036	Cash - CAI 1...	-16.35	-8,438.57
Check	6/15/1999	LOI	BANK CHARGES	BERGE FOREST-CLARK	V-50036	Cash - CAI 1...	-625.00	-9,063.57
Check	6/15/1999	LOI	BANK CHARGES	BERGE FOREST-CLARK	V-50036	Cash - CAI 1...	-625.00	-9,688.57
Check	6/15/1999	LOI	BANK CHARGES	BERGE FOREST-PHILLI...	V-50036	Cash - CAI 1...	-625.00	-10,313.57
Check	6/15/1999	LOI	BANK CHARGES	BERGE FOREST-MOBIL	V-50036	Cash - CAI 1...	-625.00	-10,938.57
Check	6/22/1999	WT	CRAIG FERGUS...	BERGE FOREST	V-50036	Cash - CAI 1...	-16.19	-10,954.76
Check	6/28/1999	WT	AMERICAN EAG...	BERGE FOREST	V-50036	Cash - CAI 1...	-16.24	-10,971.00
Deposit	7/12/1999	RCPT	CARGO RECEIP...	BERGE FOREST	V-50036	Cash - CAI 1...	-55.33	-11,026.33
Deposit	7/16/1999	RCPT	CARGO RECEIP...	BERGE FOREST	V-50036	Cash - CAI 1...	-214.41	-11,240.74
Check	1/6/2000	WT	BERGENSEN D....	BERGE FOREST	V-50036	Cash - CAI 1...	-16.15	-11,256.89
Total Finance Charges							-11,256.89	-11,256.89
Agent Commissions								
Check	12/24/1998	wt	UNITED MANAG...	BERGE FOREST	V-50036	Cash in Ban...	-86,039.55	-86,039.55
Total Agent Commissions							-86,039.55	-86,039.55

9:59 AM
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
Agent Commissions								
Check	12/24/1998	wt	UNITED MANAG...	TIJUCA 4	V-50037	Cash in Ban...	-168,295.75	-168,295.75
Total Agent Commissions							-168,295.75	-168,295.75
Commissions - Russia								
Check	6/8/1999	WT	NAFTA MOSKVA	TIJUCA	V-50037	Banque Pari...	-29,699.25	-29,699.25
Total Commissions - Russia							-29,699.25	-29,699.25
Lightering Charges								
Check	7/7/1999	WT	SKAUGEN PETR...	TIJUCA	V-50037	Banque Pari...	-290,701.39	-290,701.39
Total Lightering Charges							-290,701.39	-290,701.39
Total Cost of Sales							-28,938,955.38	-28,938,955.38
Commissions								
General Journal	7/8/1999			TIJUCA	V-50037	Hedge Gain ...	-19,342.00	-19,342.00
General Journal	7/9/1999			TIJUCA	V-50037	Hedge Gain ...	-509.00	-19,851.00
General Journal	7/23/1999			TIJUCA	V-50037	Hedge Gain ...	-3,054.00	-22,905.00
General Journal	7/23/1999			TIJUCA	V-50037	Hedge Gain ...	-5,497.20	-28,402.20
Total Commissions							-28,402.20	-28,402.20
Hedge Gain /(Loss)								
General Journal	5/31/1999	ddeje		tijuca	V-50037	460/Paribas ...	678,400.00	678,400.00
General Journal	6/1/1999	JJREV		TIJUCA	V-50037	490/Paribas ...	-678,400.00	0.00
General Journal	7/8/1999			TIJUCA	V-50037	-SPLIT-	-350,650.00	-350,650.00
General Journal	7/8/1999			TIJUCA	V-50037	Hedge Gain ...	-2,787,300.00	-3,137,950.00
General Journal	7/9/1999			TIJUCA	V-50037	-SPLIT-	-122,500.00	-3,260,450.00
General Journal	7/23/1999			TIJUCA	V-50037	-SPLIT-	103,480.00	-3,156,970.00
General Journal	7/23/1999			TIJUCA	V-50037	Hedge Gain ...	-179,000.00	-3,335,970.00
Total Hedge Gain /(Loss)							-3,335,970.00	-3,335,970.00
Interest Income								
Deposit	7/7/1999	FID	FIDUCIARY DEP...	TIJUCA	V-50037	Banque Pari...	761.06	761.06
Total Interest Income							761.06	761.06
TOTAL							**339,864.12**	**339,864.12**

Statement of Allocations for the Phase Subsequent to Phase (7)
(Million Barrels)

06/14/2000

No.	Country	Allocations in Phase (6)		Allocations in Phase (7)		Allocations for the Phase Subsequent to Phase (7)		Remarks
1-	Russia	135	34.6%	115	32.4%	137	32.2%	
	A- Regular Requests	118		100 5		111		
	Zarubezhneft	21		20		18		Russian Ministry of Energy
	Machinoimport	10		10.5		8		Russian Ministry of Foreign Trade
	Zan Gas	8		6		6		Russian Ministry of Machinery
	Alfa Eco	13		11		12		Front company for the Russian Ministry of Foreign Affairs
	Tyumen	4		3		4		Front company for the Russian Ministry of Foreign Affairs
	Mr. Issakov	-		-		**14**		**The Russian Presidential Council**
	Actec	16		14.5		16		Communist Party
	Tatneft	9		8		6		Taterstan Region
	Bazhneft	-		4		3		Bashkirstan Region
	Slavneft	2		-		5		Government company (Mr. Gotzeriev)
	Gasprom	6		5		5		Government gas company
	Lukoil	7		4.5		-		Western Al-Qiranah contract
	Sirgotneftgas	-		3		1		Joint company
	Oil and Gas for Eastern Siberia	-		1		-		Joint company
	Rosneft	5		3		3		Government company
	Nafta Moscow	5		2		4		Joint company
	Onaco	4		3		4		Urenberg region (Mr. Zhinomirtin)
	Sidanco	3		-		-		Mr. Zhirinovsky before
	Transneft	3		2		2		Government oil transport company
	B- Special Requests							
	Raomes	4		1.5		2		Former Russian ambassador
	Mr. Zhirinovsky	10	17	6.5		9		
	Mrs. Saji Omalatov	3		2	14.5	3		
	Mr. Shafrank	-		1.5		3	26	
	Political Science Academy	-		1.5		2		
	Gobken University for Oil & Gas	-		1.5		2		
	Mr. Stroyev, head of Unity Russian Council	-				3		
	Nord West Group	-				2		Mr. Tetrenco

[TC: There is a hand-written note in Arabic that reads as follows]
To: The Executive Director of SOMO

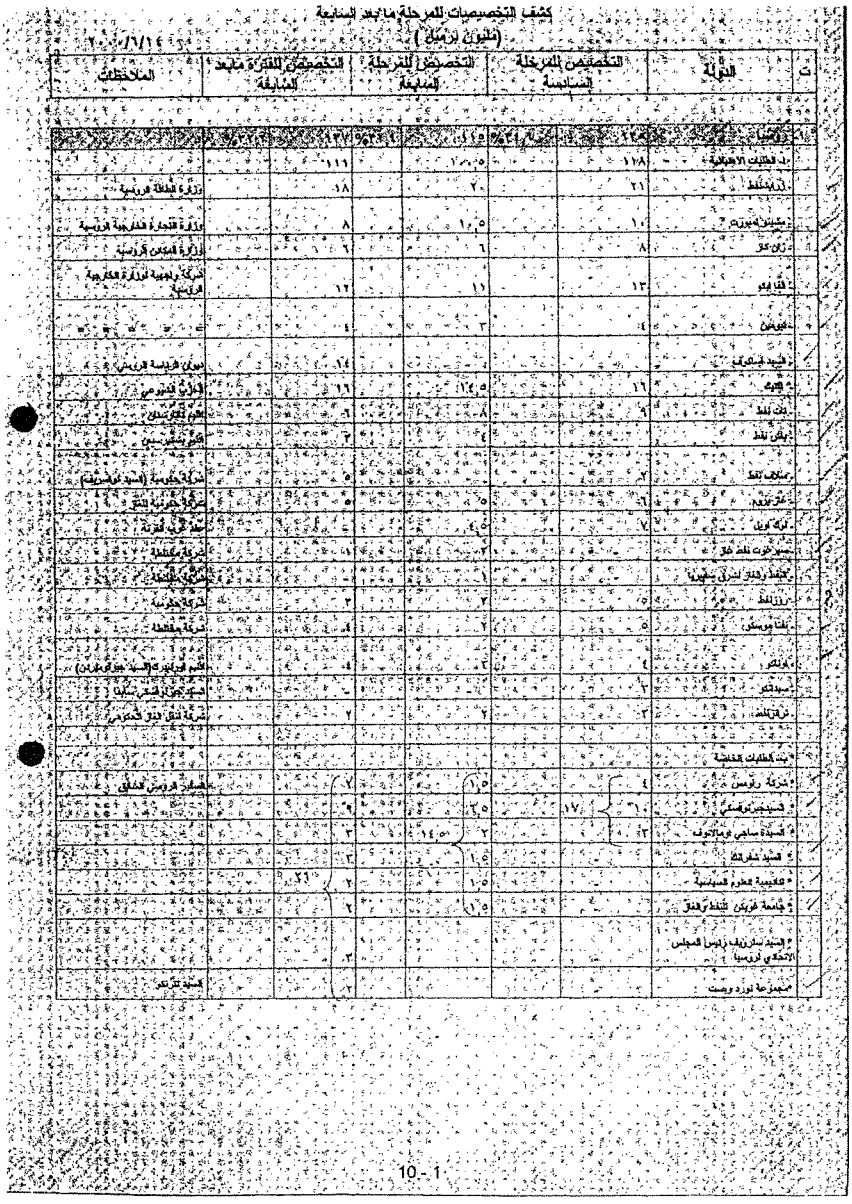
We have obtained the verbal approval of the president, may God protect him, as well as the verbal approval of the vice-president of the republic on the editorial comment on the Parliament's meeting in the morning of 06/25/2000.
Please take the necessary measures for action

06/26

KH1 + Kh2 + SH

06/26

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 88



كشف التخصيصات للمرحلة ما بعد السابعة
(المبالغ بالمليون)
٢٠١٤/٦/١٤

ت	الدولة	التخصيص للمرحلة السابعة	التخصيص للفترة ما بعد السابعة	الملاحظات
	ب- الطائرات الإضافية	١١٨	١١٦	
	أ- الرئيسية	٢١	١٨	وزارة الطاقة فرنسية
	شيراك ومزرعة	١٠	٨	وزارة الخارجية فرنسية
	زان كلو	٨	٦	وزارة المدين فرنسية
	فابيوس	١٣	١٢	شركة رئاسية لوزارة الخارجية فرنسية
	فيرمان	٤	٤	
	السيد فيلبرون		١٤	سفير فرنسية فرنسي
	الوزير	١٦	١٦	الوزارة الفرنسي
	بلان نقط	٩	٦	عضو الكونغرس
	بيكر نقط	٤	٣	كاتب سفير سن
	سانتاف نقط	٢	٥	شركة حكومية (السيد فرنسي)
	غاز فرنسي	٥	٥	شركة حكومية للنفط
	شركة أويل	٧	٤,٥	عضو في الغرفة
	سيدكوت نقط غاز	٢	٢	شركة مختلطة
	السيد رينو لسرق سيوبيرا	١	١	شركة مختلطة
	رينو نقط	٢	٣	شركة حكومية
	ألفا ويستن	٥	٢	شركة مختلطة
	توتال	٤	٢	القسم فرنسي للشركة (السيد جوزيف توتال)
	سيدكو	٢	٢	السيد جوزيف فرنسي توتال
	فرنسا نقط	٢	٢	شركة نفط فرنسي
	ب- الطائرات الخاصة			
	شركة رئيسي	٤	١٠,٥	عضو فرنسي فرنسي
	السيد جيرار فرنسي	٦	٢,٥	
	السيدة سامي وبالكوف	١٢	١٤,٥	
	السيد شارلك		١,٥	
	الأكاديمية لعلوم السياسية		١,٥	
	جامعة فرنسي للنفط والغاز		١,٥	
	السيد سارتر نائب رئيس المجلس الأعلى في فرنسا			
	مجموعة لورد وست			السيد تشرتر

Quantities of Crude Oil Allocated to the Russian Companies

20053
11/01/2000

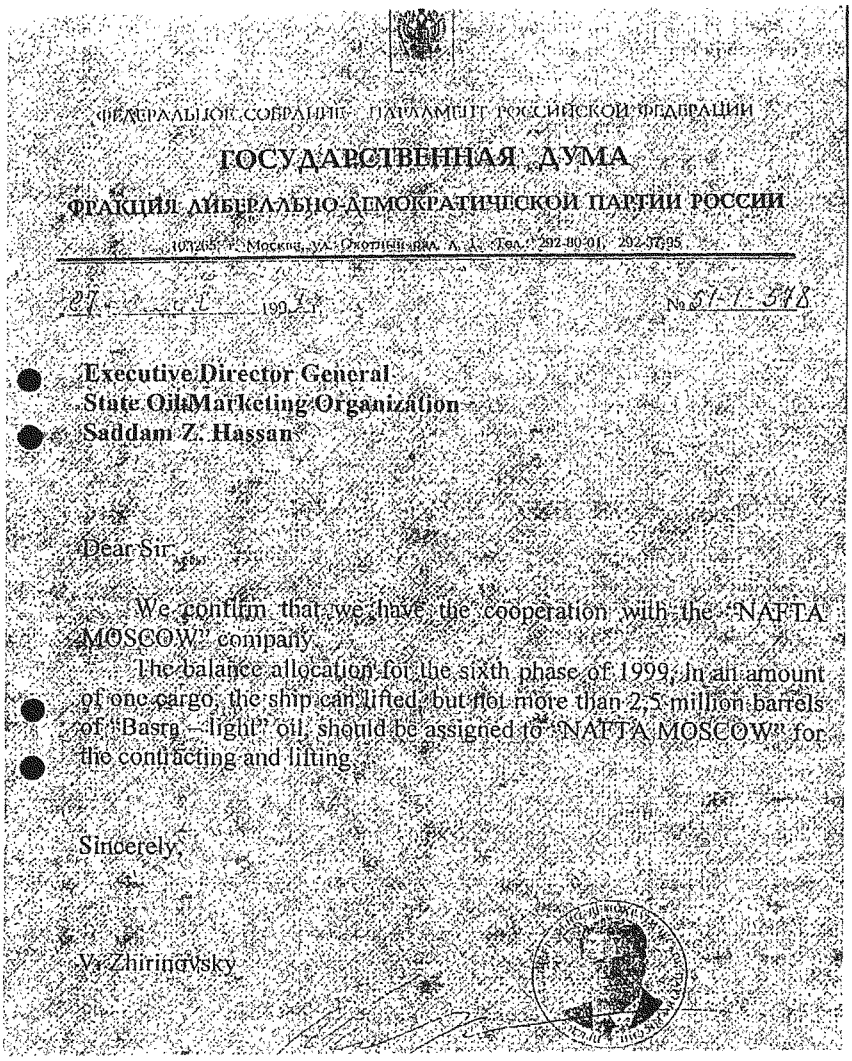
First: Crude Oil

No.	Country / Company	Phase / Million Barrels		
		Six	Seven	Eight
	Russia	135 34.6%	115 32.4%	137 32.2%
	B- Special Requests			
21	Mr. Zhirinovsky	10	6.5	9

ورقة - لشغل الحام

تعيات صنف الحام الموصى للشركات الروسية

	الدولة / الشركة	المرحلة / مليون ريال					
		السابع		السابع		الثامن	
	روسيا	١٢٥	٢٤٫٦٪	١١٥	٢٤٫٤٪	١٢٧	٢٤٫٦٪
٢	الطلبات الاعتيادية	١١٨		١٠٠٫٥		١١١	
٣	نفط بشنط	٦١		٥٠		١٨	
٤	مكتب اسبرت	١٠		١٠٫٥		٨	
٥	بان كاز	٨		٦		٦	
٦	الفا اكيو	١٢		١١		١٥	
٧	تيرسين	٤		٢		٤	
٨	مجمع نفط اسكيك (ديوان الرئاسة)	—		—		١٤	لسيد الأكوى
٩	آكتاك و الشركة	١٦		١٤٫٥		١٦	
١٠	حاتم نفط	٩		٨		٦	
١١	ماش نفط	—		٤		٤	
١٢	سلوان نفط	٥		—		٥	
١٣	غاز بروم	٦		٥		٥	
١٤	لوك اويل	٧		٤٫٥		—	
١٥	سيفنت نفط غاز	—		٢		١	
١٦	النفط وغاز لشركة سايبريا	—		١		—	
١٧	رمز نفط	٥		٢		٢	
١٨	تفنا سوكو	٥		٥		٤	
١٩	ارناكو	٤		٢		٤	
٢٠	سيبانكو	٢		—		—	
٢١	تراكز نفط	٢		٥		٥	
٢٢	الطلبات الخاصة	١٧		١٤٫٥		١٥	
٢٣	شركة روسنت	٤		١٫٥		٥	السيد الروسي الباسم
٢٤	السيد جيرنوفسكي	١٠		٦٫٥		٩	
٢٥	السيد ساجي آرالاتوف	٢		٥		٢	
٢٦	السيد شفدانك	—		١٫٥		٢	
٢٧	شركة بيتة وعلوم إيطاليا	—		١٫٥		٥	
٢٨	جامعة غوتكين	—		١٫٥		٥	
٢٩	السيد ستروبنيك	—		—		٢	
٣٠	جمعية نوردوست	—		—		٥	



ФЕДЕРАЛЬНОЕ СОБРАНИЕ – ПАРЛАМЕНТ РОССИЙСКОЙ ФЕДЕРАЦИИ

ГОСУДАРСТВЕННАЯ ДУМА

ФРАКЦИЯ ЛИБЕРАЛЬНО-ДЕМОКРАТИЧЕСКОЙ ПАРТИИ РОССИИ

103265, г. Москва, ул. Охотный ряд, д. 1. Тел.: 292-80-01, 292-37-95

27 [illegible] 1999 г. № 51-1-578

Executive Director General
State Oil Marketing Organization
Saddam Z. Hassan

Dear Sir,

We confirm that we have the cooperation with the "NAFTA MOSCOW" company.

The balance allocation for the sixth phase of 1999, in an amount of one cargo, the ship can lifted, but not more than 2,5 million barrels of "Basra – light" oil, should be assigned to "NAFTA MOSCOW" for the contracting and lifting.

Sincerely,

V. Zhirinovsky

ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО
НАФТА МОСКВА
JOINT STOCK COMPANY
NAFTA MOSKVA

109017 Москва, ул. Большая Ордынка, дом 40/37, стр. 1
Для телеграмм: Москва Нафта
Телекс: 112649
Телефон: 253-94-89
Телефакс: 244-22-91

bld. 1, 40/37, Bol. Ordynka st., Moscow, 109017
Cables: Moscow-Naft
Telex: 411148 A, B, C, D, E, Naft
Telephone: 253-94-89
Telefax: 244-22-91

-14- MAY 1999 г. № 1321-43/

на № _____ от _____

To: BAYOIL SUPPLY & TRADING LTD.
Attn: Mr. David B.Chalmers, Jr
Mr. Ludmil Dionissiev

fax: 1-713-224-81-01

Re: Basrah Light in June 1999 subject to corresponding Contracts further to our fax 1321-423 of 21.05.99.

We are enclosing herewith "SOMO" telex answer S/7432 of 24.05.99 regarding your nomination of m/t "KRAKA"/SUB to load abt 2000 MB by which they confirm loading date 5 June, 1999. Please urgently advise by return fax your reply in order we could inform "SOMO" accordingly.

Re: Conclusion of Contracts.

Since our representatives intend to leave Moscow for Baghdad on 27 May 1999 please urgently advise still today by return fax whether necessary arrangements are already made in order they could sign Contract with "SOMO", also kindly indicate allocated volumes and grades of crude oil. After receiving this information from you we shall prepare Addendum to existing Contract dated 19.02.99 between JSC "Nafta Moskva" and "Bayoil".

Simultaneously please urgently contact us by phone in order to agree on price clause. Mentioned Addendum could be signed by both sides now by fax and the originals later on either by sending them to "Bayoil" by DHL post or during next visit of your representatives to Moscow.

Awaiting your urgent reply on all above.

Enclosure: 1 sheet.

Best regards,

O.Gubanov - Acting General Director

Y.Poukhov - Deputy General Director

BAY09-01412

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 91

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/06/ 25

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 93

8. Payments to SELLER under Sub Article 5-5 and Sub Article 6-7 of Section Two, and any other payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.

9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143, SCR 1153, SCR 1210, SCR 1242, the Procedures and the Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

ARTICLE TEN

ADDRESS:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:

STATE OIL MARKETING ORGANIZATION
P.O.BOX 5118
BAGHDAD - IRAQ

TELEX: 212198 - 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX: 964-1-2853925

FOR BUYER:

JOINT STOCK COMPANY, "NAFTA MOSKVA" MOSCOW,
40/37 BLDG. 1. BOLSHAYA ORDYNKA,
MOSCOW 109017, RUSSIA.
TEL : 7095 - 244 - 19-19, 7095 244-40-80
SAT : 7502 220-30-27
FAX : 7095 244-33-00

FOR OVERSEERS:
UNITED NATIONS, NEW YORK, U.S.A
FAX: 212 - 963 - 1628

All other terms and conditions as per F.O.B. crude oil contract (Section two) No. M/02/18 dated 12th day of August 1998.

This Contract has been done and signed on the 30th day of May 1999.

FOR SELLER

SABAH Y. AWNI
ACTING EXECUTIVE DIRECTOR GENERAL

FOR BUYER

VLADISLAV A. EFREMOV
CRUDE OIL TRADING MANAGER
MARINE DEPARTMENT

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH1/8207
Date: 19 Safar, 1420 H
Equivalent to 06/03/1999

Stamp
Ministry of Oil/Office of the Minister
No.: 677
Date: 06/03/1999

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the allocations statement coupled with the approval of President Leader (may God protect him) as per the letter of the Presidency – Secretary no. 3080/K dated 05/27/1999 regarding the allocation of (10) ten million barrels to the company of the Liberal Democratic Party of Russia, please find below the details on the contract signed with Nafta Moscow Company on behalf of the aforesaid party:

1- Number of Contract: M/06/25 dated 05/31/1999
2- Name of Company Buyer: Nafta Moscow
3- Nationality: Russian
4- Quantity: (4) million barrels
5- Type of Crude Oil: Al-Basrah light FOB Al-Bakr terminal
6- Destination of Crude Oil: Europe and / or America
7- Pricing Formula: European and / or American markets depending on the need
8- Period of Supply: Until 11/20/1999
9- Estimated Value: (32.5) million U.S. dollars based on an estimated rate of $13/barrel

For your review and approval, please.

Regards,

صدام زبن حسن

Saddam Zeben Hassan
Executive Director

[TC: there is a hand-written note in Arabic that reads]
Please correct the numbers as per the telephone conversation.

06/07

[Miscellaneous notes]

Mr. Jalil
KH1
Follow instructions

For the approval of minister

06/09

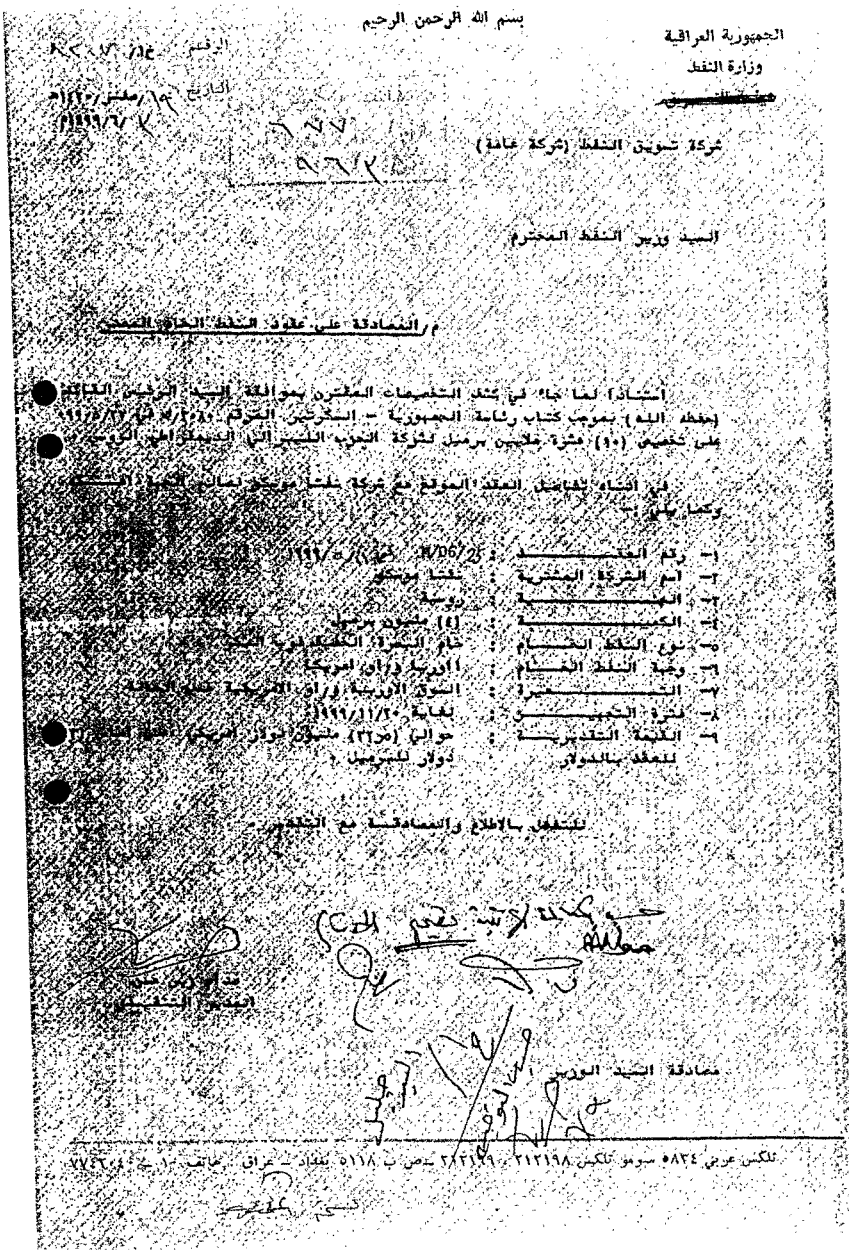
[Page footer]

Arabic telex 5834 SOMO
P.O. Box 5118 Baghdad – Iraq

Telex 212198/212199
Tel. 7742040 - 10

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 94

بسم الله الرحمن الرحيم



الجمهورية العراقية
وزارة النفط
[redacted]

الرقم: ع/ ٨٢٠٧٠
التاريخ: ١٩/صفر/١٤٢٠هـ
٢/٦/١٩٩٩م

شركة تسويق النفط (شركة عامة)

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المحدد

استنادا لما جاء في كشف التخصيصات المقترن بموافقة السيد الرئيس القائد (حفظه الله) بموجب كتاب رئاسة الجمهورية - السكرتير المرقم ٢٠٨٠/د/ في ٢٧/٥/١٩٩٩ على تخصيص (١٠) عشرة ملايين برميل لشركة الحزب الليبرالي الديمقراطي الروسي

في اثناء تفاصيل العقد الموقع مع شركة نفتا موسكو لصالح الجهة المشتركة وكما يلي :-

١- رقم العقد : M/06/25 في ١٦/٥/١٩٩٩
٢- اسم الشركة المشترية : نفتا موسكو
٣- الهيئة : روسية
٤- الكمية : (٤) مليون برميل
٥- نوع النفط الخام : خام البصرة الخفيف قرب المكر
٦- وجهة النفط الخام : اوربا و/او امريكا
٧- التسعيرة : السوق الاوربية و/او الامريكية [illegible]
٨- فترة التجهيز : لغاية ٢٠/١١/١٩٩٩
٩- القيمة التقديرية للعقد بالدولار : حوالي (٣٢٫٥) مليون دولار امريكي [illegible] دولار للبرميل

للتفضل بالاطلاع والمصادقة مع التقدير

[illegible]
المدير التنفيذي

مصادقة السيد الوزير

تلكس عربي ٥٨٣٤ سومو تلكس ٢١٢١٩٨ ، ٢١٢١٩٩ ص ب ٥١١٨ بغداد - عراق هاتف ١٠ - ٧٧٤٦٠٤

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization
(State Company)

No.: KH1/8465
Date: 24 Safar, 1420 H
Equivalent to 06/08/1999

Stamp
Ministry of Oil/Office of the Minister
No.: 6322
Date: 06/08/1999

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Following to our memorandum no. KH1/8207 dated 06/03/1999, and based on the allocations statement coupled with the approval of President Leader (may God protect him) as per the letter of the Presidency – Secretary no. 3080/K dated 05/27/1999 regarding the allocation of (10) ten million barrels to the company of the Liberal Democratic Party of Russia, please find below the details on the contract signed with Nafta Moscow Company on behalf of the aforesaid party as a part of the above-mentioned quantity as follows:

1- Number of Contract: M/06/25 dated 05/31/1999
2- Name of Company Buyer: Nafta Moscow
3- Nationality: Russian
4- Quantity: (2.5) two million five hundred thousand barrels
5- Type of Crude Oil: Al-Basrah light FOB Al-Bakr terminal
6- Destination of Crude Oil: Europe and / or America
7- Pricing Formula: European and / or American markets depending on the need
8- Period of Supply: Until 11/20/1999
9- Estimated Value: (32.5) million U.S. dollars based on an estimated rate of $13/barrel

For your review and approval, please.

Regards,

Saddam Zeben Hassan
Executive Director

[Miscellaneous signatures]

For the approval of the minister
I approve
06/10

06/13

[Page footer]

Arabic telex 5834 SOMO
P.O. Box 5118 Baghdad – Iraq

Telex 212198/212199
Tel. 7742040 - 10

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 95

بسم الله الرحمن الرحيم

الجمهورية العراقية
وزارة النفط
هيئة التسويق
شركة تسويق النفط (شركة عامة)

الرقم ٨٢٥٥/١٤
التاريخ ٢٢/صفر/١٤٢٠هـ
٧/٨/١٩٩٩م

وزارة النفط / مكتب الوزير
الرقم ٦٧٢٢٩
التاريخ ٧/٨/١٩٩٩

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المبيعة

اشارة الى جوابكم بكتب التخصيصات المرقمة ٨٢٠٧/١٤ والمؤرخة في ١٩٩٩/٦/٢ .

استنادا لما جاء في كتب التخصيصات المشار اليها اعلاه الصادرة من (هيئة البلد) بموجب كتاب رئاسة الجمهورية - الديوان الرقم ٣/٢٠٨٠ في ١٩٩٥/٥/٢٧ . على تخصيص (٢٠٠) مئتي طن متري يوميا لشركة النور للتجارة العامة المرخصة .

تم ابرام عقد بيع النفط الخام مع شركة [illegible] بتاريخ ١٩٩٩/٦/٢١ وكانت ابرز الفقرات الواردة في العقد كما يلي :-

١- رقم العقد : ٥/٥٥/٢٥ المؤرخ في ١٩٩٩/٦/٢١
٢- اسم الشركة المشترية : [illegible] فقط لا غير
٣- الجنسية : [illegible]
٤- الكمية : (٥٠) خمسون وستمائة الف برميل .
٥- نوع النفط الخام : خام البصرة لايت البحر
٦- ميناء التحميل : ابو ظبي وزاخو التركية
٧- المدة : سنة الاولى واحدة اضافية
٨- قيمة البرميل : نهاية ١٩٩٩/١١/٣٠ هرالي (٢٢) خمسون دولار امريكي عن كامل (١) برميل
٩- القيمة التقديرية بالدولار : دولار (ليس فقط) .

للتفضل بالاطلاع والمصادقة مع التقدير .

مدير عام
الشركة التسويقية

مصادقة السيد الوزير

AL 7/7/99

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : B/155/99

Sold to	: JOINT STOCK COMPANY 'NAFTA MOSKVA' MOSCOW 121200 : MOSCOW G-200 32/34 SMOLENSKAYA - SENNAYA SQ.	Due date	: 7.7.1999
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/06/25
Ship's Name	: EATON	BNP Confirmation No.	: W714526
Destination	: NORTH AMERICA	Opening Bank L\C No.	: LCIM2080315
Country of origin	: IRAQ	Shipment No.	: BBL/2620

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (BASRAH LIGHT) 33.05 API GRAVITY AT 60°F	326,401.196	321,245.21	2,393,440	14.148	33,862,389.12
					33,862,389.12

Total U . S . Dollars : THIRTY THREE MILLION EIGHT HUNDRED SIXTY TWO THOUSAND THREE HUNDRED EIGHTY NINE AND TWELVE CENTS.

Price Calculation : WTI (SECOND MONTH) MINUS $ 4.00/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 $ 0.09 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, ACCOUNT NUMBER 0200-201752-001-08

B/L DATE 8 /6 /1999

ORIGINAL

T.A. IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – EN 96

TO: IGOR LEBEDEV
FAX: 011-7095-442-1206
011-7095-292-7724

FROM: LUDMIL

DATE: JUNE 30, 1999

PLEASE FIND BELOW FOLLOWING DRAFT TEXT OF THE LETTER WE HAVE DISCUSSED TODAY.

QUOTE

WE CONFIRM THAT WE HAVE A COOPERATION WITH "NAFTA MOSKVA", MOSCOW AND HEREBY AUTHORISE NAFTA TO CONTRACT THE WHOLE REMAINING PART OF THE ALLOCATION WHICH, AT THIS MOMENT, TOTALS 7,500,000 BARRELS OF BASRAH LIGHT CRUDE OIL.

IN ADDITION TO THIS, WE CONFIRM THAT WE HAVE AUTHORISED NAFTA TO LIFT THE ALREADY AGREED 4,000,000 BARRELS OF BASRAH LIGHT CRUDE OIL WITHIN THE PROGRAM DURING JULY 1999.

AT THIS TIME, WE KEEP OUR RIGHTS TO ADVISE YOU AT A LATER STAGE WHEN THE REMAINING 3,500,000 BARRELS OF BASRAH LIGHT CRUDE OIL WILL BE LIFTED BY NAFTA.

UNQUOTE

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 97

Bayoil USA 9402

ADDENDUM NO. 1 CONTRACT
NO. M/06/25 DATED 30TH, MAY/1999

STATE OIL MARKETING ORGANIZATION (SOMO) AND JOINT STOCK COMPANY "NAFTA MOSKVA" – MOSCOW, AGREED THAT :-

ARTICLE THREE (1) QUANTITY AND QUALITY IS AMENDED TO READ AS FOLLOWS :-

TYPE OF CRUDE	QUANTITY	PORT OF LOADING
BASRAH LIGHT	6,500,000	AL-BAKR

ALL OTHER TERMS AND CONDITIONS SHALL REMAIN UNCHANGED

DONE AND SIGNED ON THE 2ND DAY OF JULY 1999.

FOR SELLER

SABAH Y. AWNI
ACTING EXECUTIVE
DIRECTOR GENERAL
SOMO

FOR BUYER

YOURI N. PUKHOV
VICE PRESIDENT

E.S. TSATOUROV
DIRECTOR

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 98

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization
(State Company)

No.: KH1/10041
Date: 22 Rabi' 1, 1420 H
Equivalent to 07/05/1999

Stamp
Ministry of Oil/Office of the Minister
No.: 7484
Date: 07/05/1999

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Following to our memorandum no. KH1/8465 dated 06/08/1999, and based on the allocations statement for phase six, which was approved as per the letter of the Presidency – Secretary no. 3080/K dated 05/27/1999 regarding the allocation of (10) ten million barrels to the company of The Liberal Democratic Party of Russian (Zhirinovsky), please find below the details of the addendum of the contract signed with Nafta Moscow Company on 07/02/1999 on behalf of the aforesaid party, as another part of the quantity subject matter. Therefore, the quantity of (3.5) million barrels, which they requested later on, remains:

1- Number of Contract: M/06/25 date: 07/31/1999
2- Name of Company Buyer: Nafta Moscow (on behalf of Mr. Zhirinovsky)
3- Nationality: Russian
4- Quantity: It has been modified from (2.5) two-and-a-half million to (6.5) six million five hundred thousand barrels
5- Type of Crude Oil: Al-Basrah light crude oil FOB Al-Bakr terminal
6- Destination of Crude Oil: Europe and / or America
7- Pricing Formula: As agreed on between Oil Marketing Company and the oil overseers
8- Period of Supply: Until 11/20/1999
9- Estimated Value: About (84.5) million dollars based on the rate of $13/barrel

For your review and approval, please.

Regards,

صدام زين حسين

Saddam Zeben Hassan
Executive Director

[Miscellaneous signatures]

I approve

07/05

07/07

For the approval of minister

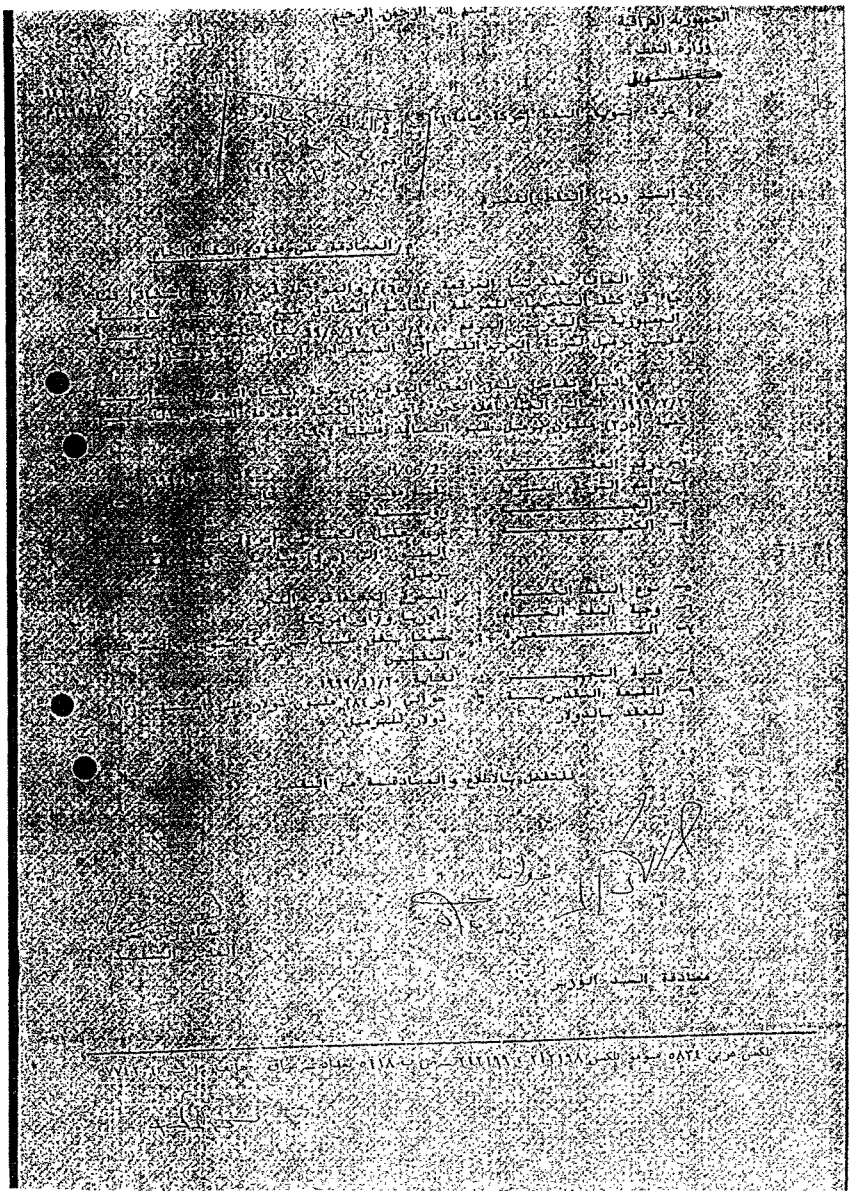
Office Copy

[Page footer]

Arabic telex 5834 SOMO
P.O. Box 5118 Baghdad – Iraq

Telex 212198/212199
Tel. 7742040 - 10

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 99



	Kirkuk	Al-Basrah	Total
- Contractual quantities through 07/12/1999	156	200	356
- Quantities allocated and expected to be allocated			
- Zhirinovsky (Russia)	-	3.5	

[This page has the following hand-written note in Arabic]

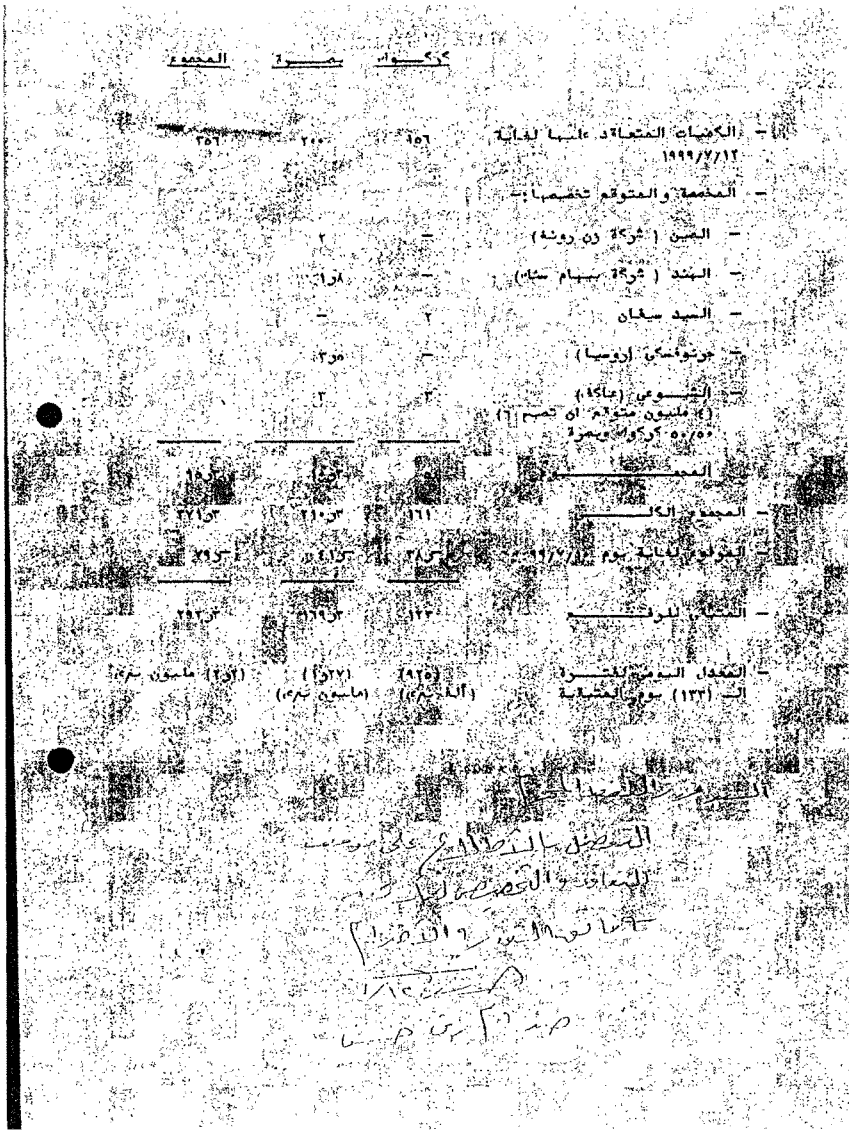
To: H.E. the Oil Minister

Please review the position of contractual party and the up-to-date allocation.

Regards,

Saddam Zeben Hassan
07/12

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 100



15 JUL '99 15:53 NAFTA MOSKVA INTERCRUDE 9334906 P.1/1

ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО НАФТА МОСКВА

JOINT STOCK COMPANY NAFTA MOSKVA

109017 Москва, ул. Большая Ордынка, дом 40/37, стр. 1
Для телеграмм: Москва Нафта
Телекс: 112649
Телефон: 253-94-89
Телефакс: 244-22-91

bld. 1, 40/37, Bol. Ordynka st., Moscow, 109017
Cables: Moscow-Naft
Telex: 411148 A, B, C, D, E, Naft
Telephone: 253-94-89
Telefax: 244-22-91

-15- JULY 1999г. № 1350-21/1705

На № _____ от _____

To : BAYOIL SUPPLY & TRADING LTD.
Attn.:David B.Chalmers, Jr
Ludmil Dionissiev

fax : 1-713-224-81-01

Re: additional volumes of Basrah Light

With reference to your fax message of 13.07.99 and telephone conversation in the morning of 14.07.99 please be advised that yesterday we applied to 'SOMO' with request to sign by fax Addendum No. 2 to Contract M/06/25 of 30.05.99 for the increase of quantity up to 10000.000 bbls Basrah Light and to accept layday 15th August 1999 for lifting of abt 2000 mb of mentioned crude.
By their telex s/10646 of 15.07.99 "SOMO" gave only partial reply to our inquiry and advised that there is no availability of Basrah Light during August.
In case we receive any additional information from "SOMO" we shall pass it to you accordingly.

Best regards,

Y.Poukhov
Deputy General Director

BAY09-01364

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 101

...NSMIT REPORT

1999.07-15 13:19
713-2378949
BAYOIL 713-224-8101

COM No.	REMOTE STATION	START TIME	DURATION	PAGES	RESULT	USER ID	REMARKS
520	7 095 9334906	07-15 13:18	00'27	01/01	OK		

7460210182

BAYOIL

TO: NAFTA MOSKVA
FAX: 011 7095 933 49 06 or 244-22-91
ATTN: Mr. O. Gubanov – Acting General Director
Mr. Y. Poukhov – Deputy General Director
FROM: David B. Chalmers, Jr.,
DATE: July 15, 1999

Dear Sirs:

Thank you for your fax dated today.

We understand SOMO answer as a silent confirmation of what the allocation holder told us, i.e. "the contract is increased to 10,000,000 barrels and crude oil grade will be Basrah Light only".

Please request SOMO to confirm loading of Basrah Light crude oil of approx. 2,000,000 barrels on September 10 and the remaining part of the contractual quantity up to the total volume of the contract on October 10.

If, however, they find availability for loading in August we shall move back our October lifting for August 10 - 20.

Sincerely Yours,
Bayoil Supply & Trading

BAY09-01363

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 102

ADDENDUM NO. (2) CONTRACT
NO. M/06/25 DATED 30TH, MAY/1999

STATE OIL MARKETING ORGANIZATION (SOMO) AND JOINT STOCK COMPANY "NAFTA MOSKVA" - MOSCOW, AGREED THAT :-

1- **ARTICLE TWO (2) IS AMENDED TO READ :-**
THE ULTIMATE CONSUMER OF THE CRUDE OIL SOLD UNDER THE A/M CONTRACT SHALL TO THE U.S. AND/OR EUROPE FOR BASRAH LIGHT, AND EUROPE FOR KIRKUK CRUDE OIL.

2- **ARTICLE THREE (1) QUANTITY AND QUALITY IS AMENDED TO READ AS FOLLOWS :-**

TYPE OF CRUDE	QUANTITY	PORT OF LOADING
BASRAH LIGHT	6,500,000 BBLS	AL-BAKR
KIRKUK	3,500,000 BBLS	CEYHAN

ALL OTHER TERMS AND CONDITIONS SHALL REMAIN UNCHANGED

DONE AND SIGNED ON THE 31ST DAY OF JULY 1999.

FOR SELLER

SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL
SOMO

FOR BUYER

YOURI N. BUKHOV
DEPUTY GENERAL
DIRECTOR

V. VALUEV
ACTING GENERAL
DIRECTOR

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 103

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH1/11537
Date: 08/01/1999

Stamp
Ministry of Oil/Office of the Minister
No.: 8681
Date: 08/01/1999

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Following to our memorandum no. KH1/10041 dated 07/05/1999, and based on the allocations statement for phase six, which was approved as per the letter of the Presidency – Secretary no. 3038/K dated 05/27/1999 regarding the allocation of (10) ten million barrels to Mr. Zhirinovsky, please find below the details of addendum no. (2) of contract M/06/25 signed with Nafta Moscow Company on 07/31/1999 on behalf of the aforesaid party:

1- Number of Contract: Addendum no. (2) of contract M/06/25 dated 07/31/1999
2- Name of Company Buyer: Nafta Moscow (on behalf of Mr. Zhirinovsky)
3- Nationality: Russian
4- Quantity: It has been modified from (6.5) six million five hundred thousand barrels to (10) ten million barrels
5- Type of Crude Oil: Kirkuk crude oil FOB Ceyhan terminal
6- Destination of Crude Oil: Europe
7- Pricing Formula: As agreed on between Oil Marketing Company and the oil overseers from time to time.
8- Period of Supply: Until 11/20/1999
9- Estimated Value: (59.5) million dollars based on an estimated rate of $17/barrel

For your review and approval, please.

Regards,

صدام زبن حسن

Saddam Zeben Hassan
Executive Director

[Miscellaneous signatures]

I approve

08/03

08/04

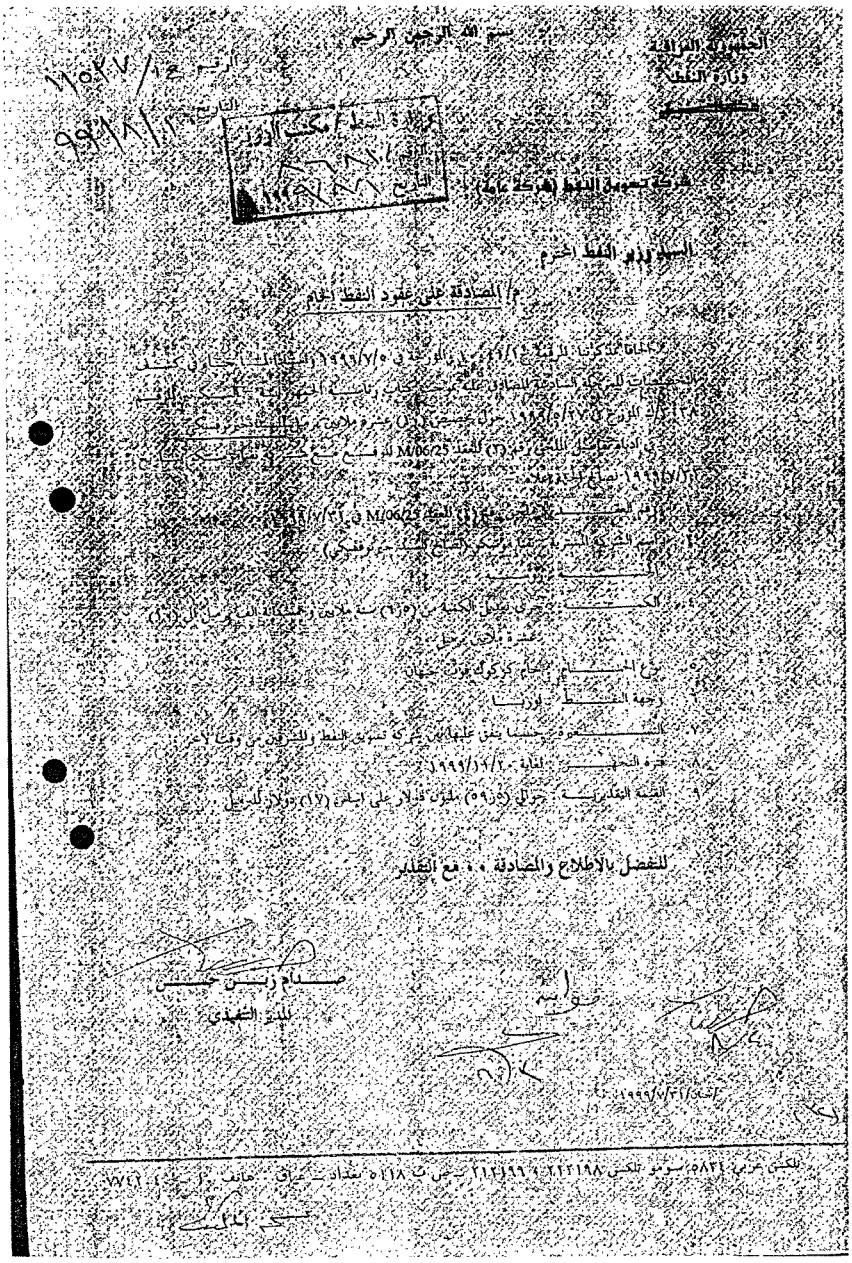
Office copy

[Page footer]

Arabic telex 5834 SOMO
P.O. Box 5118 Baghdad – Iraq

Telex 212198/212199
Tel. 7742040 - 10

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 104



AL 7/7/99

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : B/155/99

Sold to	: JOINT STOCK COMPANY 'NAFTA MOSKVA' MOSCOW 121200 : MOSCOW G-200 32/34 SMOLENSKAYA - SENNAYA SQ.	Due date	: 7.7.1999
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/06/25
Ship's Name	: EATON	BNP Confirmation No.	: W714526
Destination	: NORTH AMERICA	Opening Bank L\C No.	: LCIM2080315
Country of origin	: IRAQ	Shipment No.	: BBL/2620

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (BASRAH LIGHT) 33.08 API GRAVITY AT 60°F	326,401.196	321,245.21	2,393,440	14.148	33,862,389.12
					33,862,389.12

Total U . S . Dollars : THIRTY THREE MILLION EIGHT HUNDRED SIXTY TWO THOUSAND THREE HUNDRED EIGHTY NINE AND TWELVE CENTS.

Price Calculation : WTI (SECOND MONTH) MINUS $ 4.00/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 $ 0.09 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, ACCOUNT NUMBER 0200-201752-001-08

B/L DATE 8/6/1999

ORIGINAL

P.O. Box 5118 FINANCIAL DEPARTMENT

T.A. IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 105

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : C/198/99

Sold to : JOINT STOCK COMPANY 'NAFTA MOSKVA' MOSCOW
121200 MOSCOW G-200
32/34 SMOLENSKAYA -SENNAYA SG.

Exporting Port : CEYHAN TERMINAL -TURKEY

Ship's Name : LEONIS

Destination : EUROPE

Country of origin : IRAQ

Due date : 21.9 .1999

Contract No. : M/06/25

BNP Confirmation No. : W 715460

Opening Bank L\C No. : CI0198020

Shipment No. : CK/4564

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (KIRKUK) 33.77 API GRAVITY AT 60°F	80,954.648	79,675.85	596,139	18.547	11,056,590.03
					11,056,590.03

Total U . S . Dollars : ELEVEN MILLION FIFTY SIX THOUSAND FIVE HUNDRED NINETY AND THREE CENT

Price Calculation : DATED BRENT MINUS $ 1.55/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN THE 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, ACCOUNT NUMBER 0200-201752-001-08

B/L DATE 23 /8 /1999

ORIGINAL

Y. H. IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : C/223/99

Sold to	: JOINT STOCK COMPANY 'NAFTA MOSKVA' MOSCOW 121200 MOSCOW G-200 32/34 SMOLENSKAYA -SENNAYA SG.	Due date	: 16.10.1999
Exporting Port	: CEYHAN TERMINAL -TURKEY	Contract No.	: M/06/25
Ship's Name	: SEADANCER	BNP Confirmation No.	: W 715765
Destination	: EUROPE	Opening Bank L\C No.	: LCIM2090146
Country of origin	: IRAQ	Shipment No.	: CK/4587

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (KIRKUK) 33.93 API GRAVITY AT 60°F	121,417.589	119,499.62	894,936	21.247	19,014,705.19
					19,014,705.19

Total U . S . Dollars : NINETEEN MILLION FOURTEEN THOUSAND SEVEN HUNDRED FIVE AND NINETEEN CENT.

Price Calculation : DATED BRENT MINUS $ 1.25/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN THE PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.20 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, ACCOUNT NUMBER 0200-201752-001-08

B/L DATE 17 /9 /1999

ORIGINAL

I. A. SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : B/260/99

Sold to	: JOINT STOCK COMPANY 'NAFTA MOSKVA' MOSCOW 121200 MOSCOW G-200 32/34 SMOLENSKAYA - SENNAYA SQ.	Due date	: 23.10.1999
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/06/25
Ship's Name	: KAROLINE	BNP Confirmation No.	: W 715849
Destination	: NORTH AMERICA	Opening Bank L\C No.	: 102.099/C5
Country of origin	: IRAQ	Shipment No.	: BBL/2701 PART(1)

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (BASRAH LIGHT) 32.00 API GRAVITY AT 60°F	34,320.686	33,778.54	250,000	18.260	4,565,000.00
					4,565,000.00

Total U . S . Dollars : FOUR MILLION FIVE HUNDRED SIXTY FIVE THOUSAND ONLY

Price Calculation : WTI (SECOND MONTH) MINUS $ 3.60/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 $ 0.20 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, ACCOUNT NUMBER 0200-201752-001-08

B/L DATE 24/9 /1999

ORIGINAL

I. A. SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : C/257/99

Sold to : JOINT STOCK COMPANY 'NAFTA MOSKVA' MOSCOW
121200 MOSCOW G-200
32/34 SMOLENSKAYA -SENNAYA SG.

Exporting Port : CEYHAN TERMINAL -TURKEY

Ship's Name : STENA CONVOY

Destination : EUROPE

Country of origin : IRAQ

Due date : 18.11.1999

Contract No. : M/06/25

BNP Confirmation No. : W 716376

Opening Bank L\C No. : 102'324/C5

Shipment No. : CK/4617

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (KIRKUK) 34.04 API GRAVITY AT 60°F	246,666.235	242,769.78	1,819,259	20.451	37,205,665.81
					37,205,665.81

Total U . S . Dollars : THIRTY SEVEN MILLION TWO HUNDRED FIVE THOUSAND SIX HUNDRED SIXTY FIVE AND EIGHTY ONE CENT

Price Calculation : DATED BRENT MINUS $ 1.25/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN THE PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.19 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, ACCOUNT NUMBER 0200-201752-001-08

B/L DATE 20 /10 /1999

ORIGINAL

Y. H. IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : B/193/99

Sold to	: JOINT STOCK COMPANY 'NAFTA MOSKVA' MOSCOW 121200 MOSCOW G-200 32/34 SMOLENSKAYA - SENNAYA SQ.	Due date	: 21.8 .1999
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/06/25
Ship's Name	: ASTRO GAMMA	BNP Confirmation No.	: W 715052
Destination	: NORTH AMERICA	Opening Bank L\C No.	: 101.565/C5
Country of origin	: IRAQ	Shipment No.	: BBL/2651

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (BASRAH LIGHT) 31.92 API GRAVITY AT 60°F	259,525.150	255,425.57	1,889,602	16.971	32,068,435.54
					32,068,435.54

Total U . S . Dollars : THIRTY TWO MILLION SIXTY EIGHT THOUSAND FOUR HUNDRED THIRTY FIVE AND FIFTY FOUR CENTS

Price Calculation : WTI (SECOND MONTH) MINUS $ 4.20/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 $ 0.20 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, ACCOUNT NUMBER 0200-201752-001-08

P.O.Box 5118 FINANCIAL DEPARTMENT S.O.M.O.

B/L DATE 23/7 /1999

ORIGINAL

I. A. SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

10:08 AM
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
Deposit	8/11/1999	RCPT	CARGO RECEIP...	EATON	V-50043	Cash in Ban...	-85.00	-30,880.18
Deposit	8/13/1999	RCPT	CARGO RECEIP...	EATON	V-50043	Cash in Ban...	-85.00	-30,965.18
Check	8/13/1999	LOI	BANK CHARGES	EATON-MOBIL	V-50043	Cash in Ban...	-500.00	-31,465.18
Check	8/16/1999	LOI	BANK CHARGES	EATON-VALERO	V-50043	Cash in Ban...	-500.00	-31,965.18
Deposit	8/16/1999	rcpt	CARGO RECEIP...	EATON	V-50043	Cash in Ban...	-85.00	-32,050.18
Check	8/31/1999	WT	AMERICAN EAG...	EATON	V-50043	Cash in Ban...	-22.91	-32,073.09
Check	9/1/1999	WT	CRAIG FERGUS...	EATON	V-50043	Cash in Ban...	-23.08	-32,096.17
Check	11/23/1999	LOI	BANK CHARGES	EATON	V-50043	Cash in Ban...	-55.45	-32,151.62
Check	11/23/1999	LOI	BANK CHARGES	EATON	V-50043	Cash in Ban...	-55.45	-32,207.07
Check	11/23/1999	LOI	BANK CHARGES	EATON	V-50043	Cash in Ban...	-55.45	-32,262.52
Check	11/23/1999	LOI	BANK CHARGES	EATON	V-50043	Cash in Ban...	-55.45	-32,317.97
Check	11/23/1999	LOI	BANK CHARGES	EATON	V-50043	Cash in Ban...	-55.93	-32,373.90
Check	11/23/1999	LOI	BANK CHARGES	EATON	V-50043	Cash in Ban...	-55.93	-32,429.83
Check	12/2/1999	WT	RECOLA MARIN...	EATON	V-50043	Cash in Ban...	-21.87	-32,451.70
Check	1/5/2000	WT	LONE STAR TA...	EATON	V-50043	Cash in Ban...	-22.51	-32,474.21
Total Finance Charges							-32,474.21	-32,474.21
Agent Commissions								
Check	12/24/1998	wt	UNITED MANAG...	EATON 2	V-50043	Cash in Ban...	-22,709.88	-22,709.88
Check	6/21/1999	WT	PLASCO SHIPPI...	EATON	V-50043	Cash - CAI 1...	-384,174.92	-406,884.80
Check	8/10/1999	WT	LONE STAR TA...	EATON	V-50043	Cash in Ban...	-24,327.99	-431,212.79
Check	1/5/2000	WT	LONE STAR TA...	EATON	V-50043	Cash in Ban...	-763.86	-431,976.65
Total Agent Commissions							-431,976.65	-431,976.65
Commissions - Russia								
Check	7/7/1999	WT	NAFTA MOSKVA	EATON	V-50043	Cash in Ban...	-71,803.20	-71,803.20
Total Commissions - Russia							-71,803.20	-71,803.20
Lightering Charges								
Check	8/31/1999	WT	AMERICAN EAG...	EATON	V-50043	Cash in Ban...	-485,109.72	-485,109.72
Check	10/13/1999	WT	AMERICAN EAG...	EATON	V-50043	Banque Pari...	16,000.00	-469,109.72
Total Lightering Charges							-469,109.72	-469,109.72
Total Cost of Sales							-37,135,707.82	-37,135,707.82
Bank Service Charges								
General Journal	8/5/1999	bc	BANK CHARGES	EATON	V-50043	461/Paribas ...	320.00	320.00
Total Bank Service Charges							320.00	320.00
Commissions								
General Journal	6/18/1999			EATON	V-50043	Hedge Gain ...	-51,000.00	-51,000.00
General Journal	8/10/1999			EATON	V-50043	Hedge Gain ...	-17,092.00	-68,092.00
General Journal	8/10/1999			EATON	V-50043	Hedge Gain ...	-24,625.20	-92,717.20
Total Commissions							-92,717.20	-92,717.20
Hedge Gain /(Loss)								
General Journal	6/18/1999			EATON	V-50043	-SPLIT-	-541,560.00	-541,560.00
General Journal	8/10/1999			EATON	V-50043	-SPLIT-	-135,940.00	-677,500.00
General Journal	8/10/1999			EATON	V-50043	Hedge Gain ...	-5,286,800.00	-5,964,300.00
Total Hedge Gain /(Loss)							-5,964,300.00	-5,964,300.00
TOTAL							401,280.49	401,280.49

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 106

10:19 AM
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
Finance Charges								
Check	8/16/1999	BC	BANK CHARGES	ASTRO GAMM	V-50047	Banque Pari...	-17.32	-17.32
Check	8/20/1999	WT	NAFTA MOSKVA	ASTRO GAMMA	V-50047	Banque Pari...	-17.54	-34.86
Check	8/20/1999	PYMT	CARGO PAYME...	ASTRO GAMMA	V-50047	Banque Pari...	-52.71	-87.57
Check	8/20/1999	PYMT	CARGO PAYME...	ASTRO GAMMA-UN CH...	V-50047	Banque Pari...	-35,674.75	-35,762.32
Check	9/9/1999	WT	ASTRO TANKER...	ASTRO GAMMA	V-50047	Banque Pari...	-20.45	-35,782.77
Check	9/16/1999	LOI	BANK CHARGES	ASTRO GAMMA-CLARK	V-50047	Banque Pari...	-500.00	-36,282.77
Deposit	9/16/1999	RCPT	CARGO RECEIP...	ASTRO GAMMA	V-50047	Banque Pari...	-500.00	-36,782.77
Deposit	9/16/1999	RCPT	CARGO RECEIP...	ASTRO GAMMA	V-50047	Banque Pari...	-70.53	-36,853.30
Check	9/17/1999	LOI	BANK CHARGES	ASTRO GAMMA-VALERO	V-50047	Banque Pari...	-570.00	-37,423.30
Check	9/21/1999	WT	SKAUGEN PETR...	ASTRO GAMMA	V-50047	Banque Pari...	-16.99	-37,440.29
Check	9/22/1999	LOI	BANK CHARGES	ASTRO GAMMA-FINA	V-50047	Banque Pari...	-570.00	-38,010.29
Check	9/24/1999	LOI	BANK CHARGES	ASTRO GAMMA-VALERO	V-50047	Banque Pari...	-570.00	-38,580.29
Deposit	9/24/1999	RCPT	CARGO RECEIP...	ASTRO GAMMA	V-50047	Banque Pari...	30.00	-38,550.29
Check	11/8/1999	WT	ASTRO TANKER...	ASTRO GAMMA	V-50047	Banque Pari...	-20.25	-38,570.54
Total Finance Charges							-38,570.54	-38,570.54
Agent Commissions								
Check	5/26/1999	wt	PLASCO SHIPPI...	ASTRO GAMMA	V-50047	Cash - CAI 1...	-15,112.92	-15,112.92
Check	7/23/1999	WT	PLASCO SHIPPI...	ASTO GAMMA	V-50047	Cash - CAI 1...	-306,119.42	-321,232.34
Check	1/5/2000	WT	LONE STAR TA...	ASTO GAMMA	V-50047	Cash in Ban...	-100.00	-321,332.34
Total Agent Commissions							-321,332.34	-321,332.34
Commissions - Russia								
Check	8/20/1999	WT	NAFTA MOSKVA	ASTRO GAMMA	V-50047	Banque Pari...	-56,688.06	-56,688.06
Total Commissions - Russia							-56,688.06	-56,688.06
Lightering Charges								
Check	9/21/1999	WT	SKAUGEN PETR...	ASTRO GAMMA	V-50047	Banque Pari...	-185,562.50	-185,562.50
Deposit	11/26/1999	WT	FINA OIL CHEMI...	ASTRO GAMMA	V-50047	Banque Pari...	47,734.36	-137,828.14
Total Lightering Charges							-137,828.14	-137,828.14
Total Cost of Sales							-34,922,134.26	-34,922,134.26
Commissions								
General Journal	9/20/1999			ASTRO GAMMA	V-50047	Hedge Gain ...	-15,270.00	-15,270.00
Total Commissions							-15,270.00	-15,270.00
Hedge Gain /(Loss)								
General Journal	9/20/1999			ASTRO GAMMA	V-50047	-SPLIT-	-3,359,740.00	-3,359,740.00
Total Hedge Gain /(Loss)							-3,359,740.00	-3,359,740.00
TOTAL							**1,177,792.02**	**1,177,792.02**

1:11 PM
07/16/04
Accrual Basis

Bayoil Supply & Trading, Ltd.
Transaction Detail By Account
January 1996 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Gross Sales								
Sales - Oil Products								
Deposit	10/15/1999	RCPT	CARGO RECEIP...	SEADANCER-CROWN	V-50053	Cash in Ban...	19,490,336.55	19,490,336.55
Total Sales - Oil Products							19,490,336.55	19,490,336.55
Total Gross Sales							19,490,336.55	19,490,336.55
Cost of Sales								
Crude Purchases								
Check	10/15/1999	PYMT	CARGO PAYME...	SEA DANCER	V-50053	Cash in Ban...	-19,014,705.19	-19,014,705.19
Total Crude Purchases							-19,014,705.19	-19,014,705.19
Inspection								
Check	5/22/2000	WT	PETRAK	SEA DANCER	V-50053	Cash - Well...	-1,617.00	-1,617.00
Check	8/2/2000	INSP	INSPECTORATE...	SEA DANCER	V-50053	Cash in Ban...	-1,378.21	-2,995.21
Total Inspection							-2,995.21	-2,995.21
Insurance								
Check	12/8/1999	WT	CRAIG FERGUS...	SEA DANCER	V-50053	Cash in Ban...	-13,595.99	-13,595.99
Total Insurance							-13,595.99	-13,595.99
L/C Charges								
Check	9/7/1999	LC	L/C CHARGES	SEADANCER	V-50053	Cash in Ban...	-22,710.00	-22,710.00
Total L/C Charges							-22,710.00	-22,710.00
Freight								
Check	9/24/1999	WT	INTERSEAS TR...	SEADANCER	V-50053	Cash in Ban...	-243,456.81	-243,456.81
Total Freight							-243,456.81	-243,456.81
Finance Charges								
Check	9/8/1999	BC	BANK CHARGES	SEADANCER-L/C AMEND	V-50053	Cash in Ban...	-195.28	-195.28
Check	9/24/1999	WT	INTERSEAS TR...	SEADANCER	V-50053	Cash in Ban...	-22.79	-218.07
Check	10/12/1999	LOI	BANK CHARGES	SEADANCER-CROWN	V-50053	Cash in Ban...	-585.00	-803.07
Check	10/15/1999	PYMT	CARGO PAYME...	SEADANCER	V-50053	Cash in Ban...	-15,361.76	-16,164.83
Check	10/15/1999	PYMT	CARGO PAYME...	SEADANCER	V-50053	Cash in Ban...	-85.00	-16,249.83
Check	10/18/1999	WT	NAFTA MOSKVA	SEADANCER	V-50053	Cash in Ban...	-27.35	-16,277.18
Check	1/7/2000	WT	INTERSEAS TR...	SEADANCER	V-50053	Cash in Ban...	-22.52	-16,299.70
Check	8/2/2000	INSP	INSPECTORATE...	SEA DANCER	V-50053	Cash in Ban...	-20.66	-16,320.36
Total Finance Charges							-16,320.36	-16,320.36
Agent Commissions								
Check	9/21/1999	WT	PLASCO SHIPPI...	SEADANCER	V-50053	Cash - CAI 1...	-152,139.12	-152,139.12
Total Agent Commissions							-152,139.12	-152,139.12
Commissions - Russia								
Check	10/18/1999	WT	NAFTA MOSKVA	SEADANCER	V-50053	Cash in Ban...	-26,848.08	-26,848.08
Total Commissions - Russia							-26,848.08	-26,848.08
Miscellaneous Charges								
Check	1/7/2000	WT	INTERSEAS TR...	SEADANCER-COW EXPS	V-50053	Cash in Ban...	-2,328.06	-2,328.06
Total Miscellaneous Charges							-2,328.06	-2,328.06
Total Cost of Sales							-19,495,098.82	-19,495,098.82
TOTAL							-4,762.27	-4,762.27

12:43 PM
07/16/04
Accrual Basis

Bayoil Supply & Trading, Ltd.
Transaction Detail By Account
January 1998 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Demurrage								
General Journal	12/31/1999	ddaje		Karoline	V-50054	-SPLIT-	-76,906.57	-76,906.57
Deposit	1/31/2000	WT	CLARK REFINING	KAROLINE	V-50054	Banque Pari...	1,405.55	-75,501.02
Check	2/4/2000	WT	ASTRO TANKER...	KAROLINE	V-50054	Banque Pari...	-95,103.80	-170,604.82
General Journal	3/31/2000	Je-Ck-10	Reverse ddaje	Karoline	V-50054	Estimated C...	76,906.57	-93,698.25
Total Demurrage							-93,698.25	-93,698.25
Finance Charges								
Check	9/13/1999	BC	BANK CHARGES	KAROLINE	V-50054	Banque Pari...	-16.91	-16.91
Check	9/15/1999	BC	BANK CHARGES	KAROLINE	V-50054	Banque Pari...	-16.94	-33.85
Check	9/16/1999	BC	BANK CHARGES	KAROLINE	V-50054	Banque Pari...	-171.00	-204.85
Check	9/27/1999	bc	BANK CHARGES	KAROLINE	V-50054	Banque Pari...	-17.08	-221.93
Check	10/22/1999	WT	NAFTA MOSKVA	KAROLINE	V-50054	Banque Pari...	-17.60	-239.53
Check	10/22/1999	PYMT	CARGO PAYME...	KAROLINE	V-50054	Banque Pari...	-45.00	-284.53
Check	10/22/1999	PYMT	CARGO PAYME...	KAROLINE	V-50054	Banque Pari...	-45.82	-330.35
Check	10/22/1999	PYMT	CARGO PAYME...	KAROLINE-UN CHRGS	V-50054	Banque Pari...	-5,392.00	-5,722.35
Deposit	10/25/1999	BC	BANK CHARGES	KAROLINE	V-50054	494/Paribas ...	500.00	-5,222.35
Check	11/5/1999	WT	VALERO MARKE...	KAROLINE	V-50054	Cash in Ban...	-22.37	-5,244.72
Check	11/12/1999	wt	ASTRO TANKER...	KAROLINE	V-50054	Banque Pari...	-20.17	-5,264.89
Deposit	11/16/1999	RCPT	CARGO RECEIP...	KAROLINE	V-50054	Banque Pari...	-570.11	-5,835.00
Check	11/16/1999	LOI	BANK CHARGES	KAROLINE	V-50054	Banque Pari...	-500.00	-6,335.00
Check	11/18/1999	BC	BANK CHARGES	KAROLINE-CLARK	V-50054	Banque Pari...	-17.03	-6,352.03
Check	11/18/1999	LOI	BANK CHARGES	KAROLINE	V-50054	Banque Pari...	-570.00	-6,922.03
Deposit	11/22/1999	RCPT	CARGO RECEIP...	KAROLINE	V-50054	Banque Pari...	-570.00	-7,492.03
Check	11/23/1999	WT	ANTARES OIL S...	KAROLINE	V-50054	Banque Pari...	-20.14	-7,512.17
Check	11/23/1999	WT	MTL PETROLIN...	KAROLINE	V-50054	Banque Pari...	-16.93	-7,529.10
Check	11/23/1999	LOI	BANK CHARGES	KAROLINE-CLARK	V-50054	Banque Pari...	-500.00	-8,029.10
Check	11/23/1999	LOI	BANK CHARGES	KAROLINE-FINA	V-50054	Banque Pari...	-570.00	-8,599.10
Check	1/14/2000	WT	ANTARES OIL S...	KAROLINE	V-50054	Banque Pari...	-19.86	-8,618.96
Check	2/4/2000	WT	ASTRO TANKER...	KAROLINE	V-50054	Banque Pari...	-19.34	-8,638.30
Total Finance Charges							-8,638.30	-8,638.30
Agent Commissions								
Check	6/21/1999	WT	PLASCO SHIPPI...	KAROLINE	V-50054	Cash - CAI 1...	-42,342.33	-42,342.33
Check	7/23/1999	WT	PLASCO SHIPPI...	KAROLINE	V-50054	Cash - CAI 1...	-157.67	-42,500.00
Total Agent Commissions							-42,500.00	-42,500.00
Commissions - Russia								
Check	10/22/1999	WT	NAFTA MOSKVA	KAROLINE	V-50054	Banque Pari...	-7,500.00	-7,500.00
Total Commissions - Russia							-7,500.00	-7,500.00
Lightering Charges								
Check	11/23/1999	WT	MTL PETROLIN...	KAROLINE	V-50054	Banque Pari...	-234,861.00	-234,861.00
Deposit	1/14/2000	WT	FINA OIL CHEMI...	KAROLINE	V-50054	Banque Pari...	16,791.67	-218,069.33
Total Lightering Charges							-218,069.33	-218,069.33
Total Cost of Sales							-43,841,729.99	-43,841,729.99
Commissions								
General Journal	10/22/1999			KAROLINE	V-50054	Hedge Gain ...	-3,563.00	-3,563.00
General Journal	10/26/1999			KAROLINE	V-50054	Hedge Gain ...	-1,018.00	-4,581.00
General Journal	10/26/1999			KAROLINE	V-50054	Hedge Gain ...	-1,018.00	-5,599.00
General Journal	10/28/1999			karoline	V-50054	Hedge Gain ...	-1,018.00	-6,617.00
General Journal	10/29/1999			KAROLINE	V-50054	Hedge Gain ...	-1,527.00	-8,144.00
General Journal	11/1/1999			KAROLINE	V-50054	Hedge Gain ...	-254.50	-8,398.50
General Journal	11/2/1999			KAROLINE	V-50054	Hedge Gain ...	-254.50	-8,653.00
General Journal	11/2/1999			KAROLINE	V-50054	Hedge Gain ...	-609.00	-9,262.00
General Journal	11/17/1999			KAROLINE	V-50054	Hedge Gain ...	-24,835.60	-34,097.60
Total Commissions							-34,097.60	-34,097.60
Hedge Gain /(Loss)								
General Journal	10/22/1999			KAROLINE	V-50054	-SPLIT-	220,000.00	220,000.00
General Journal	10/26/1999			KAROLINE	V-50054	-SPLIT-	-98,520.00	121,480.00
General Journal	10/26/1999			KARLOLINE	V-50054	Hedge Gain ...	81,000.00	202,480.00
General Journal	10/28/1999			karoline	V-50054	-SPLIT-	64,000.00	266,480.00
General Journal	10/29/1999			KAROLINE	V-50054	-SPLIT-	-72,000.00	194,480.00
General Journal	11/1/1999			KAROLINE	V-50054	-SPLIT-	-19,000.00	175,480.00
General Journal	11/2/1999			KAROLINE	V-50054	-SPLIT-	-27,500.00	147,980.00
General Journal	11/2/1999			KAROLINE	V-50054	-SPLIT-	-45,000.00	102,980.00
General Journal	11/17/1999			KAROLINE	V-50054	-SPLIT-	-1,977,260.00	-1,874,280.00
Total Hedge Gain /(Loss)							-1,874,280.00	-1,874,280.00
TOTAL							1,697,716.83	1,697,716.83

10:31 AM
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
Gross Sales								
Sales - Oil Products								
Deposit	9/21/1999	RCPT	CARGO RECEIP...	LEONIS-CROWN	V-50057	Cash - CAI 1...	11,867,340.86	11,867,340.86
Check	10/5/1999	WT	CROWN TRADE...	LEONI	V-50057	Cash - CAI 1...	-65,485.68	11,801,855.18
Total Sales - Oil Products							11,801,855.18	11,801,855.18
Total Gross Sales							11,801,855.18	11,801,855.18
Cost of Sales								
Crude Purchases								
Check	9/21/1999	PYMT	CARGO PAYME...	LEONIS-NAFTA	V-50057	Cash - CAI 1...	-11,056,590.03	-11,056,590.03
Total Crude Purchases							-11,056,590.03	-11,056,590.03
Inspection								
Check	10/1/1999	WT	PETMAR	LEONIS	V-50057	Cash - CAI 1...	-1,650.00	-1,650.00
Check	11/24/1999	WT	ANTARES OIL S...	LEONIS	V-50057	Cash - CAI 1...	-3,315.00	-4,965.00
Check	1/14/2000	WT	ANTARES OIL S...	LEONIS	V-50057	Cash - CAI 1...	-825.00	-5,790.00
Total Inspection							-5,790.00	-5,790.00
Insurance								
Check	9/21/1999	WT	CRAIG FERGUS...	LEONIS	V-50057	Cash - CAI 1...	-8,016.70	-8,016.70
Check	10/5/1999	WT	CROWN TRADE...	LEONIS	V-50057	Cash - CAI 1...	-4,008.35	-12,025.05
Total Insurance							-12,025.05	-12,025.05
L/C Charges								
Check	8/13/1999	LC	L/C CHARGES	LEONIA	V-50057	Cash - CAI 1...	-14,875.00	-14,875.00
Total L/C Charges							-14,875.00	-14,875.00
Freight								
Check	9/13/1999	WT	FRATELLI D'AMI...	LEONIS	V-50057	Cash - CAI 1...	-412,071.98	-412,071.98
Total Freight							-412,071.98	-412,071.98
Finance Charges								
Check	8/24/1999	bc	BANK CHARGES	LEONIS	V-50057	Cash in Ban...	-249.40	-249.40
Check	9/13/1999	WT	FRATELLI D'AMI...	LEONIS	V-50057	Cash - CAI 1...	-16.16	-265.56
Deposit	9/21/1999	RCPT	CARGO RECEIP...	LEONIS-LOI	V-50057	Cash - CAI 1...	-500.00	-765.56
Deposit	9/21/1999	RCPT	CARGO RECEIP...	LEONIS	V-50057	Cash - CAI 1...	-55.86	-821.42
Check	9/21/1999	PYMT	CARGO PAYME...	LEONIS-BNP COMM	V-50057	Cash - CAI 1...	-12,535.27	-13,356.69
Check	9/21/1999	PYMT	CARGO PAYME...	LEONIS-CAI CHRGS	V-50057	Cash - CAI 1...	-184.70	-13,541.39
Check	9/21/1999	WT	NAFTA MOSKVA	LEONIS	V-50057	Cash - CAI 1...	-16.30	-13,557.69
Check	9/21/1999	WT	CRAIG FERGUS...	LEONIS	V-50057	Cash - CAI 1...	-16.37	-13,574.06
Check	10/1/1999	WT	PETMAR	LEONIS	V-50057	Cash - CAI 1...	-16.77	-13,590.83
Check	10/5/1999	WT	CROWN TRADE...	LEONIS	V-50057	Cash - CAI 1...	-16.79	-13,607.62
Total Finance Charges							-13,607.62	-13,607.62
Agent Commissions								
Check	6/21/1999	WT	PLASCO SHIPPI...	LEONIS	V-50057	Cash - CAI 1...	-101,343.63	-101,343.63
Check	1/5/2000	WT	LONE STAR TA...	LEONIS	V-50057	Cash in Ban...	-5,351.58	-106,695.21
Total Agent Commissions							-106,695.21	-106,695.21
Commissions - Russia								
Check	9/21/1999	WT	NAFTA MOSKVA	LEONIS	V-50057	Cash - CAI 1...	-17,884.17	-17,884.17
Total Commissions - Russia							-17,884.17	-17,884.17
Total Cost of Sales							-11,639,539.06	-11,639,539.06
TOTAL							**162,316.12**	**162,316.12**

1:18 PM
07/16/04
Accrual Basis

Bayoil Supply & Trading, Ltd.
Transaction Detail By Account
January 1998 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Gross Sales								
Sales - Oil Products								
Deposit	11/18/1999	RCPT	CARGO RECEIP...	STENA CONVOY	V-50060	Banque Pari...	38,570,395.61	38,570,395.61
Total Sales - Oil Products							38,570,395.61	38,570,395.61
Total Gross Sales							38,570,395.61	38,570,395.61
Cost of Sales								
Crude Purchases								
Check	11/18/1999	PYMT	CARGO PAYME...	STENA CONVOY	V-50060	Banque Pari...	-37,205,665.81	-37,205,665.81
Total Crude Purchases							-37,205,665.81	-37,205,665.81
Interest								
Check	11/10/1999	LOAN	FIXED TERM AD...	STENA CONVOY	V-50060	Banque Pari...	-903.91	-903.91
Check	11/17/1999	LOAN	FIXED TERM AD...	STENA CONVOY	V-50060	Banque Pari...	-1,278.25	-2,182.16
Check	11/18/1999	LOAN	FIXED TERM AD...	STENA CONVOY	V-50060	Banque Pari...	-188.05	-2,370.21
Total Interest							-2,370.21	-2,370.21
Inspection								
Check	11/23/1999	WT	ANTARES OIL S...	STENA CONVOY	V-50060	Banque Pari...	-4,102.50	-4,102.50
General Journal	12/31/1999	ddaje		Stena Convoy	V-50060	Demurrage	-8,987.09	-13,089.59
Check	1/7/2000	WT	ITS CALEB BRETT	STENA CONVOY	V-50060	Banque Pari...	-2,837.09	-15,926.68
Check	1/14/2000	WT	ANTARES OIL S...	STENA CONVOY	V-50060	Banque Pari...	-6,150.00	-22,076.68
General Journal	3/31/2000	Je-Ck-04	Reverse ddaje	Stena Convoy	V-50060	Estimated C...	8,987.09	-13,089.59
Total Inspection							-13,089.59	-13,089.59
Insurance								
Check	12/8/1999	WT	CRAIG FERGUS...	STENA CONVOY	V-50060	Banque Pari...	-26,393.20	-26,393.20
Total Insurance							-26,393.20	-26,393.20
L/C Charges								
Check	10/14/1999	lc	L/C CHARGES	STENA CONVOY	V-50060	Banque Pari...	-61,127.00	-61,127.00
Total L/C Charges							-61,127.00	-61,127.00
Freight								
Check	11/5/1999	WT	STENA BULK AB	STENA CONVOY	V-50060	Banque Pari...	-1,030,205.89	-1,030,205.89
Total Freight							-1,030,205.89	-1,030,205.89
Demurrage								
General Journal	12/31/1999	ddaje		Stena Convoy	V-50060	-SPLIT-	-12,821.25	-12,821.25
Check	1/24/2000	WT	STENA BULK AB	STENA CONVOY	V-50060	Banque Pari...	-12,821.25	-25,642.50
General Journal	3/31/2000	Je-Ck-04	Reverse ddaje	Stena Convoy	V-50060	Estimated C...	12,821.25	-12,821.25
Total Demurrage							-12,821.25	-12,821.25
Finance Charges								
Check	10/29/1999	LOI	BANK CHARGES	STENA CONVOY-OWN...	V-50060	Banque Pari...	-570.00	-570.00
Check	11/5/1999	WT	STENA BULK AB	STENA CONVOY	V-50060	Banque Pari...	-20.16	-590.16
Check	11/18/1999	PYMT	CARGO PAYME...	STENA CONVOY -UN C...	V-50060	Banque Pari...	-29,764.53	-30,354.69
Check	11/18/1999	PYMT	CARGO PAYME...	STENA CONVOY-PARIB...	V-50060	Banque Pari...	-12,359.40	-42,714.09
Check	11/18/1999	PYMT	CARGO PAYME...	STENA CONVOY-PARIB...	V-50060	Banque Pari...	-52.26	-42,766.35
Check	11/19/1999	LOI	BANK CHARGES	STENA CONVOY-CRO...	V-50060	Banque Pari...	-570.00	-43,336.35
Check	11/24/1999	WT	NAFTA MOSKVA	STENA CONVOY	V-50060	Banque Pari...	-20.02	-43,356.37
Check	12/8/1999	WT	CRAIG FERGUS...	STENA CONVOY	V-50060	Banque Pari...	-16.84	-43,373.21
Check	1/7/2000	WT	ITS CALEB BRETT	STENA CONVOY	V-50060	Banque Pari...	-20.25	-43,393.46
Check	1/24/2000	WT	STENA BULK AB	STENA CONVOY	V-50060	Banque Pari...	-19.46	-43,412.92
Check	3/21/2000	WT	RABOBANK NED...	STENA CONVOY	V-50060	Banque Pari...	-18.86	-43,431.78
Check	4/13/2000	BK	BANK CHARGES	STENA CONVOY	V-50060	Banque Pari...	-30.00	-43,461.78
Total Finance Charges							-43,461.78	-43,461.78
Agent Commissions								
Check	7/23/1999	WT	PLASCO SHIPPI...	STENA CONVOY	V-50060	Cash - CAI 1...	-223,722.91	-223,722.91
Check	10/25/1999	WT	PLASCO SHIPPI...	STENA CONVOY	V-50060	Cash - CAI 1...	-85,551.12	-309,274.03
Total Agent Commissions							-309,274.03	-309,274.03
Commissions - Russia								
Check	11/24/1999	WT	NAFTA MOSKVA	STENA CONVOY	V-50060	Banque Pari...	-54,577.77	-54,577.77
Total Commissions - Russia							-54,577.77	-54,577.77
Lightering Charges								
Check	3/21/2000	WT	RABOBANK NED...	STENA CONVOY	V-50060	Banque Pari...	-16,720.22	-16,720.22
Total Lightering Charges							-16,720.22	-16,720.22
Total Cost of Sales							-38,775,706.75	-38,775,706.75
TOTAL							-205,311.14	-205,311.14

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/15083
Date: Jumada Al-Akhirah, 1420 H
Equivalent to 10/05/1999

Stamp
Ministry of Oil/Office of the Minister
No.: 11388
Date: 10/07/1999

To: H.E. the Oil Minister
RE: Additional Quantities in Phase Six

All companies we do business with, and with whom we had the chance to meet or have a telephone conversation with their representatives lately, have shown the desire to obtain additional quantities during this phase.

Enclosed is table no. (1) for the companies in phase six and the additional quantities they requested (which we received in the form of a written or verbal request).

Enclosed, as well, is table no. (2) with the contractual and lifted quantities in the current phase and up to date.
Please review and advice.

Regards,

Saddam Zeben Hassan
Executive Director

Enclosures:

- (2) tables

[TC: There is a hand-written note in Arabic that reads as follows]
It is still under discussion waiting for the instructions of the vice-president of the republic... taking into consideration that the deputy prime minister endorsed the increase of (1) million barrels and (0.7) million barrels as indicated.

10/07

KH2

1- Pasqua (1) million

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 107

بسم الله الرحمن الرحيم

الجمهورية العراقية
وزارة النفط
[redacted]
شركة تسويق النفط (شركة عامة)

الرقم ٢٤/ ١٥٠٨٧
التاريخ /جمادى الاخرة/١٤٢٠هـ
٥/١٠/١٩٩٩م

وزارة النفط / مكتب الوزير
الرقم ١١٣٨٨/
التاريخ ١٩٩٩/١٠/١٧

السيد وزير النفط المحتـــــــــــرم

م/ الكميات الاضافية للمرحلة السادسة

ان جميع الشركات التي نتعامل معها والتي كانت هناك فرصة للاجتماع مع ممثليها او التكلم معهم هاتفيا خلال الايام السابقة أبدوا رغبتهم بالحصول على كميات اضافية خلال هذه المرحلة .

مرفق طيا جدول رقم (١) بالشركات للمرحلة السادسة وبالكميات الاضافية المطلوبة من قبلها (والتي وردتنا بصورة طلبات تحريرية او شفوية) .

مرفق ايضا جدول رقم (٢) باحتساب الكميات المتعاقد عليها والمتبقية من المرحلة الحالية لحد تاريخه .

يرجى تفضل سيادتكم بالاطلاع والتنسيب مع التقديـــــر .

صدام دين حسن التكريتي
المدير

المرفقات / جدول عدد (٢)

Table no. (1)

Country/Company	Contractual Quantity (million barrels)	Additional Quantity Requested (million barrels)	Remarks
1- Russia	133		
A- Regular requests			
Zarubezhnefte	19	2	It was given (1) million barrels from the reserve quantity for Russia
Lukoil	7	Unspecified	
Machinoimport	10	-	Lifting the (4) million barrels remaining from the contract
Rosnefte	5	-	
Zangas	8	Unspecified	
Tatneft	9	-	It was given (1) million barrels from the reserve quantity for Russia
Yucos	2	Unspecified	
Slavneft	2	Unspecified	
Gasbrom	6	Unspecified	
Transneft	3	-	
Nafta Moscow	4	2 - 4	
Sidanco	4	-	
Onaco	4	-	
B- Special requests			
Unity & Peace Party	3	-	
Zhirinovsky	10	0.5	
Communist Party	16	-	
C- Regular requests / Special			
Alfa Eco / Russian Ministry of Foreign Affairs	13	Unspecified	It was given (1) million barrels from the reserve quantity for Russia
Tyumen / Russian Ministry of Foreign Affairs	4		
Raomes (the son of the ambassador)	4	10	

[There is a hand-written note in Arabic to the bottom that reads]

The minister has modified the table

جدول رقم (1)

الدولة / الشركة	الكمية المتعاقد عليها (مليون برميل)	الكمية الاضافية المطلوبة (مليون برميل)	الملاحظات
١- روسيا	١٢٢		
أ- الطلبات الاعتيادية			
(١) ايسنفط	١٩	٢	أعطيت (١) مليون برميل من الكمية الاضافية لروسيا.
توبه اويل	٧	غير محددة	
مشينو امبورت	١٠	–	أعطيت (٤) مليون برميل التشيكية من العدد.
زود نفط	٥	–	
داه كار	٤	غير محددة	
شاه نفط	٩	–	أعطيت (١) مليون برميل من الكمية الاضافية لروسيا
١٠- بوكسوس	٢	غير محددة	
تلار نفط	٢	غير محددة	
كار بروم	٩	غير محددة	
[illegible] نفط	٢	[illegible]	
نفتاكونتي	٤	[illegible]	
[illegible]	٢	[illegible]	
او [illegible]	٦	[illegible]	
ب- الطلبات الدائمة حزب التوحيد والسلام	٣	[illegible]	
[illegible]	١١	[illegible]	
الجزء الشرقي	١١	[illegible]	
ج- طلبات اضافية زيادة	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	
[illegible]

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/07/90

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 110

8. Payments to SELLER under Sub Article 5-5 and Sub Article 6-7 of Section Two, and any other payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.

9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143, SCR 1153, SCR 1210, SCR 1242,SCR 1281 the Procedures and the Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:

STATE OIL MARKETING ORGANIZATION
P.O.BOX 5118
BAGHDAD - IRAQ

TELEX: 212198 - 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX: 964-1-2853925

FOR BUYER:
TYUMEN OIL COMPANY (TNK) - MOSCOW
107082, MOSCOW,
BALAKIREVSKY PER., 19
TEL : 7095-959-7146
FAX : 7095-959-7421
TLX : 485365 TNK RU

FOR OVERSEERS :

UNITED NATIONS, NEW YORK, U.S.A
FAX: 212 - 963 - 1628

All other terms and conditions as per F.O.B. crude oil contract (section two) No. m/04/47 dated 16th day of August 1998.

This Contract has been done and signed on the 19th day of Jan.2000.

FOR SELLER
SADDAM

SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL

FOR BUYER

SERGEY ALEXEEV
DIRECTOR

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
Marketing Commission
State Oil Marketing Organization (State Company)

No.: KH1/1250
Date: 01/22/2000

Stamp

Ministry of Oil/Office of the Minister
No.: 878
Date: 01/22/2000

To: The Honorable Minister of Oil
RE: Exported Crude Oil Contracts Approval

Based on the statement of allocations (private) for phase seven, please find below the details of the contract signed with the Russian company Tyumen on 01/19/2000 on behalf of the Liberal Democratic Party of Russia (Mr. Zhirinovsky):

1- Contract No.: M/07/90 dated 01/19/2000
2- Name of Company Buyer: Tyumen Russian – on behalf of Mr. Zhirinovsky
3- Nationality: Russian
4- Quantity: (6, 5) six million five hundred thousand barrels
5- Type of Crude Oil: Al-Basrah light
6- Destination: America / Europe
7- Pricing formula: European / American quote for Al-Basrah light crude oil
8- Period of Supply: Up to 06/08/2000
9- Estimated Value of contract in Dollar: (130) million U.S. dollars at the rate of $20 per barrel

Please review and approve.

Regards,

صدام زبن حسين
المدير التنفيذي

Saddam Zeben Hassan
Executive Manager

01/23

I approve
[Signature]

[Page footer]
Arabic telex 5834 SOMO
P.O. Box 5118 Baghdad – Iraq

Telex 212198/212199
Tel. 7742040 - 10

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 111

بسم الله الرحمن الرحيم

الجمهورية العراقية
وزارة النفط
هيئة التسويق
شركة تسويق النفط (شركة عامة)

الرقم ع / ١٤٥٠ /
التاريخ ٢٢ / ١ / ٢٠٠٠

وزارة النفط / مكتب الوزير
الرقم / ٨٧٨
التاريخ : ٢٢/١/٢٠٠٠

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

استنادا" لما جاء في كشف التخصيصات (الخاصة) للمرحلة السابعة ادناه تفاصيل العقد الموقع مع شركة تيومين الروسية بتاريخ ١٩/١/٢٠٠٠ لصالح الحزب الليبرالي الديمقراطي الروسي (السيد جيرنوفسكي) .

١. رقم العقد : M/07/90 في ٢٠٠٠/١/١٩
٢. اسم الشركة المشترية : تيومين الروسية – لصالح السيد جيرنوفسكي
٣. الجنسية : روسية
٤. الكمية : (٦ر٥) ستة ملايين وخمسمائة الف/ برميل
٥. نوع النفط الخام : البصرة الخفيف
٦. وجهة النفط الخام : امريكا و/او اوربا
٧. التسعيرة : الاوربية و/او الامريكية لخام البصرة الخفيف
٨. التجهيز : لغاية ٢٠٠٠/٦/٨
٩. القيمة التقديرية : (١٣٠) مليون دولار على اساس (٢٠) دولار للبرميل .

للتفضل التفضل بالاطلاع والمصادقة مع التقدير .

صدام زين حسن
المدير التنفيذي

AIC 6/3/00

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : B/30/2000

Sold to : TYUMEN OIL COMPANY , MOSCOW
Exporting Port : MINA AL BAKR TERMINAL
Ship's Name : GOLAR DUNDEE
Destination : EUROPE
Country of origin : IRAQ

Due date : 5 .3. 2000
Contract No. : M/07/90
BNP Confirmation No. : V 717864
Opening Bank LIC No. : LCIM2107014
Shipment No. : BBL/2784

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (BASRAH LIGHT) 33 58 API GRAVITY AT 60°F	277,872.453	273,483.05	2,043,852	25.69	52,506,557.88
					52,506,557.88

Total U . S . Dollars : FIFTY TWO MILLION FIVE HUNDRED SIX THOUSAND FIVE HUNDRED FIFTY SEVEN AND EIGHTY EIGHT CENT

Price Calculation : DATED BRENT MINUS $ 2.20/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 $ 0.04 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.
ACCOUNT NUMBER 0200-261752-001-08

B/L DATE 5 /2 /2000

ORIGINAL

I. A. SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 112

5-MAR-00 SUN 13:55 0098412553325 P. 2

BAYOIL CARGOES LOADED UNDER UN OIL-FOR-FOOD PROGRAM (1997 - 2003)

B/L DATE	VESSEL	COUNTRY/SUPPLIER	QUANTITY	TOTAL 2000
		RUSSIA		109,549,247
1/13/2000	ARGO HEBE	ALFA ECO	2,005,434	
1/15/2000	AMAZON FALCON	FOSDYKE	400,000	
1/15/2000	AMAZON FALCON	LUKOIL	650,000	
2/5/2000	GOLARD DUNDEE	TNK	2,043,852	
2/15/2000	TARIM	ALFA ECO	2,009,707	
2/20/2000	STENA CONGRESS	FOSDYKE	150,000	
2/20/2000	STENA CONGRESS	TNK	750,000	
3/9/2000	BOREE	TNK	415,000	
3/15/2000	FRONT COMMANDER	ALFA ECO	1,988,249	
3/20/2000	STENA CONDUCTOR	TNK	1,872,090	
4/11/2000	CROWN JEWEL	TNK	1,400,000	
5/4/2000	MARINE PACIFIC	FOSDYKE	2,085,644	
5/4/2000	MARINE PACIFIC	SOVOIL	500,000	
5/9/2000	MARINE ATLANTIC	FOSDYKE	1,000,000	
5/9/2000	MARINE ATLANTIC	SOVOIL	500,000	
5/9/2000	MARINE ATLANTIC	ALFA ECO	1,036,878	
5/12/2000	ASTRO GAMMA	ALFA ECO	1,895,254	
6/8/2000	**ESSEX**	NAFTEX (ON BEHALF OF BASHNEFT)	**1,189,133**	
6/12/2000	REGAL UNITY	ALFA ECO	2,009,748	
6/13/2000	STAVROS G.L.	FOSDYKE	350,000	
6/13/2000	STAVROS G.L.	HORTEX	2,001,702	
6/15/2000	ANDROS GEORGIOS	SOVOIL	950,000	
6/15/2000	ANDROS GEORGIOS	FOSDYKE	671,786	
6/17/2000	ALINA	NAFTEX (ON BEHALF OF BASHNEFT)	885,431	
6/30/2000	FRONT VANADIS	ALFA ECO	1,000,000	
6/30/2000	FRONT VANADIS	FOSDYKE	938,232	
7/10/2000	FRONT SABANG	ALFA ECO	1,987,558	
7/11/2000	FRONT DUCHESS	NAFTA	1,954,850	
7/14/2000	FRONT VANADIS	SOVOIL	1,979,134	
7/23/2000	ASTRO BETA	LUKOIL	1,568,649	
7/27/2000	AMAZON EAGLE	SOVOIL	1,924,713	
8/3/2000	LICORNE PACIFIQUE	ROSNEFT	1,883,963	
8/9/2000	AMAZON EAGLE	SOVOIL	1,476,797	

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 113

1:46 PM
07/16/04
Accrual Basis

Bayoil Supply & Trading, Ltd.
Transaction Detail By Account
January 1996 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Gross Sales								
Sales - Oil Products								
Deposit	3/10/2000	RPT	CARGO RECEIP...	GOLAR DUNDEE-EXXON	V-50070	Cash in Ban...	56,638,204.70	56,638,204.70
Total Sales - Oil Products							56,638,204.70	56,638,204.70
Total Gross Sales							56,638,204.70	56,638,204.70
Cost of Sales								
Pipeline Charges								
Check	2/11/2000	WT	SUMED	GOLAR DUNDEE	V-50070	Cash in Ban...	-233,000.00	-233,000.00
Deposit	3/20/2000	WT	SUMED	GOLAR DUNDEE	V-50070	Cash in Ban...	115,732.21	-117,267.79
Total Pipeline Charges							-117,267.79	-117,267.79
Crude Purchases								
Check	3/6/2000	PYMT	CARGO PAYME...	GOLAR DUNDEE	V-50070	Cash in Ban...	-52,506,557.88	-52,506,557.88
Total Crude Purchases							-52,506,557.88	-52,506,557.88
Interest								
Check	3/9/2000	INT	INTEREST CHA...	GOLAR DUNDEE	V-50070	Cash in Ban...	-30,106.03	-30,106.03
Check	3/9/2000	INT	INTEREST CHA...	GOLAR DUNDEE	V-50070	Cash in Ban...	-799.79	-30,905.82
Check	3/10/2000	INT	INTEREST CHA...	GOLAR DUNDEE	V-50070	Cash in Ban...	-10,522.57	-41,428.39
Total Interest							-41,428.39	-41,428.39
Inspection								
Check	3/27/2000	WT	ANTARES OIL S...	GOLAR DUNDEE	V-50070	Cash in Ban...	-8,940.00	-8,940.00
Check	3/27/2000	WT	ANTARES OIL S...	GOLAR DUNDEE	V-50070	Cash in Ban...	-5,340.00	-14,280.00
General Journal	3/31/2000	Je-Ck-16	Accrual	Golar Dundee(2)	V-50070	-SPLIT-	-9,307.94	-23,587.94
General Journal	4/30/2000	Je-Ck-12		Golar Dundee(2)	V-50070		-2,447.63	-26,035.57
Check	5/8/2000	INSP	OIL INSPECTIO...	GOLAR DUNDEE(2)	V-50070	Cash in Ban...	-9,307.94	-35,343.51
Check	5/25/2000	WT	ITS CALEB BRETT	GOLAR DUNDEE	V-50070	Cash - Well...	-2,447.63	-37,791.14
General Journal	5/31/2000	Je-Ck-15	Reverse Accrual	Golar Dundee(2)	V-50070	Estimated C...	11,755.57	-26,035.57
Total Inspection							-26,035.57	-26,035.57
L/C Charges								
Check	1/27/2000	LC	L/C CHARGES	GOLAR DUNDEE-TNK	V-50070	Cash in Ban...	-65,395.00	-65,395.00
Check	3/15/2000	L/C	L/C CHARGES	GOLAR DUNDEE	V-50070	Cash in Ban...	-1,225.00	-66,620.00
Total L/C Charges							-66,620.00	-66,620.00
Freight								
Check	3/7/2000	WT	OSPREY MARITI...	GOLAR DUNDEE	V-50070	Cash in Ban...	-2,094,063.97	-2,094,063.97
Total Freight							-2,094,063.97	-2,094,063.97
Demurrage								
General Journal	3/31/2000	Je-Ck-16	Accrual	Golar Dundee(2)	V-50070	Inspection	-25,284.37	-25,284.37
General Journal	4/30/2000	Je-Ck-12a	Reverse Accrual	Golar dundee(2)	V-50070	Estimated C...	21,352.50	-3,931.87
Check	7/7/2000	PYMT	OSPREY MARITI...	GOLAR DUNDEE-2	V-50070	Cash in Ban...	-16,306.88	-20,238.75
Check	7/7/2000	PYMT	OSPREY MARITI...	GOLAR DUNDEE-2	V-50070	Cash in Ban...	-224.11	-20,462.86
General Journal	7/31/2000	Je-Ck-10	Reverse Accrual	G. Dundee-2	V-50070	Estimated C...	16,306.88	-4,155.98
General Journal	12/31/2001	Je-Ck-65	Reverse Accrual	G. Dundee-2	V-50070	Estimated C...	-12,375.01	-16,530.99
Total Demurrage							-16,530.99	-16,530.99
Finance Charges								
Check	1/7/2000	WT	BAYVAN CONSU...	GOLAR DUNDEE	V-50070	Cash - CAI 1...	-16.02	-16.02
Check	3/6/2000	PYMT	CARGO PAYME...	GOLAR DUNDEE-UN C...	V-50070	Cash in Ban...	-42,155.25	-42,171.27
Check	3/6/2000	PYMT	CARGO PAYME...	GOLAR DUNDEE	V-50070	Cash in Ban...	-85.00	-42,256.27
Check	3/7/2000	WT	OSPREY MARITI...	GOLAR DUNDEE	V-50070	Cash in Ban...	-20.73	-42,277.00
Check	3/8/2000	LOI	BANK CHARGES	GOLAR DUNDEE	V-50070	Cash in Ban...	-500.00	-42,777.00
Deposit	3/10/2000	RPT	CARGO RECEIP...	GOLAR DUNDEE	V-50070	Cash in Ban...	-85.00	-42,862.00
Check	7/7/2000	PYMT	OSPREY MARITI...	GOLAR DUNDEE-2	V-50070	Cash in Ban...	-21.38	-42,883.38
Total Finance Charges							-42,883.38	-42,883.38
Agent Commissions								
Check	1/7/2000	WT	BAYVAN CONSU...	GOLAR DUNDEE	V-50070	Cash - CAI 1...	-620,000.00	-620,000.00
Total Agent Commissions							-620,000.00	-620,000.00
Commissions - Russia								
Check	3/9/2000	WT	CROWN TRADE...	GOLAR DUNDEE	V-50070	Cash in Ban...	-61,315.56	-61,315.56
Total Commissions - Russia							-61,315.56	-61,315.56
Total Cost of Sales							-55,592,703.53	-55,592,703.53
Hedge Gain /(Loss)								
Check	3/15/2000	wt	CROWN TRADE...	GOLAR DUNDEE	V-50070	Cash in Ban...	-923,000.00	-923,000.00
Total Hedge Gain /(Loss)							-923,000.00	-923,000.00
TOTAL							122,501.17	122,501.17

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 114

TO: David

FROM: Jean

DATE: 14-Mar-00

RE: M/T "Golar Dundee" B/L 2,043,852 - 2/5/00

David:

Please find below numbers for Golar Dundee at the moment. I do no have all the bank statements to-date, however, the numbers below should be pretty accurate.

Crown are urgently requesting we pay USD 923,000 to cover the hedge loss. I have also attached Crown's invoice for your review. All the hedging dates tie in with the Swap Agreement you signed.

Purchase from TNK: USD 52,506,557.00 (avg dtd brent Feb 21-25 less USD 2.20) = 25.69

Exxon Sale (1): 1,021,926 @ 27.488 (avg. dtd brent Feb 14-18 less USD 0.60) - USD 28,090,701.89
Exxon Sale (2): 1,021,926 @ 27.935 (avg dtd brent Feb 21 - March 3 less USD 0.80) - USD 28,547,502.81

Receipts:	**56,638,204.00**
Payments	
Cargo	52,506,557.00
UN Finance Charges	42,156.13
Hedge Loss	923,000.00
Freight	2,094,063.97
Opening L/C Charges	65,395.00
Pipeline Fees-Sumed	233,000.00
Sumed Refund	(103,418.18)
T.V.M. approx	40,000.00
Finance Chrgs - approx	3,000.00
TNK Comm	61,315.56
Demurrage Approx	38,625.00
Inspection Al Bakr	8,940.00
Inspection Sumed	9,307.94
Insurance	32,229.30
	55,954,171.72
Russian Commission 2,000,000 bbls @ 0.31	620,000.00
	56,574,171.72
Total:	**$ 64,032.28**

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 115

SNT 011315

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq

Commercial Invoice No.: B/46/2000

Sold to	: TYUMEN OIL COMPANY (TNK) MOSCOW	Due date	: 20.3.2000
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/07/90
Ship's Name	: STENA CONGRESS	BNP Confirmation no.	: V 718028
Destination	: NORTH AMERICA	Openinig Bank L/c No.	: 103'388/C5
Country of origin	: IRAQ	Shipment No.	: BBL/2795 PART(2)

Description of commodity	Quantity			Price per Barrel FOB	Total value in U.S. Dollars
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (BASRAH LIGHT) 32.66API GRAVITY AT 60° F	102,542.672	100,922.86	750,000	26.91	20,182,500.00
					20,182,500.00

Total U.S. Dollars: TWENTY MILLION ONE HUNDRED EIGHTY TWO THOUSAND FIVE HUNDRED ONLY

Price Calculation: WTI (SECOND MONTH) MINUS $3.40/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 $ 0.13 API DE-ESCALATION

PRYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT NUMBER 0200-201752-001-08

B/L DATED 20/2/2000

I.A.SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

ORIGINAL

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 117

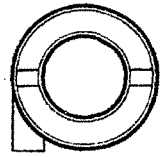
1:52 PM
07/16/04
Accrual Basis

Bayoil Supply & Trading, Ltd.
Transaction Detail By Account
January 1996 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Inspection								
Check	3/27/2000	WT	ANTARES OIL S...	STENA CONGRESS	V-50069	Banque Parl...	-14,820.00	-14,820.00
General Journal	3/31/2000	Je-Ck-09	Accrual	S. Congress(2)	V-50069	Accounts Re...	-35,128.57	-49,748.57
General Journal	4/30/2000	Je-Ck-06	Reverse Accrual	S. Congress-2	V-50069	Sales - Oil P...	4,965.00	-44,783.57
Check	5/9/2000	INSP	OIL INSPECTIO...	S. CONGRESS	V-50069	Banque Parl...	-9,885.33	-54,668.90
General Journal	5/31/2000	Je-Ck-14	Reverse Accrual	S. Congress-2	V-50069	Sales - Oil P...	9,885.33	-44,783.57
Check	6/20/2000	INSP	ANTARES OIL S...	S. CONGRESS	V-50069	Banque Parl...	-10,210.00	-54,993.57
General Journal	6/30/2000	Je-Ck-19	Reverse Accrual	S. Congress-2	V-50069	Sales - Oil P...	7,733.40	-47,260.17
General Journal	9/30/2000	Je-Ck-27	Accrual	S. CONGRESS	V-50069	Inspection	-6,618.17	-53,878.34
Check	10/24/2000	INSP	OBC SHIPPING I...	S. CONGRESS	V-50069	Banque Parl...	-6,618.17	-60,496.51
General Journal	10/31/2000	Je-Ck-27	Reverse Accrual	S. Congress	V-50069	Inspection	6,618.17	-53,878.34
Total Inspection							-53,878.34	-53,878.34
Insurance								
General Journal	3/31/2000	Je-Ck-09	Accrual	S. Congress(2)	V-50069	Accounts Re...	-34,457.68	-34,457.68
General Journal	6/30/2000	Je-Ck-19	Accrual	S. Congress-2	V-50069	Sales - Oil P...	-1,457.47	-35,915.15
Total Insurance							-35,915.15	-35,915.15
L/C Charges								
Check	2/9/2000	LC	L/C CHARGES	STENA CONGRESS-TNK	V-50069	Banque Parl...	-28,181.00	-28,181.00
Check	2/9/2000	LC	L/C CHARGES	STENA CONGRESS-SO...	V-50069	Banque Parl...	-36,290.00	-64,471.00
Check	2/9/2000	LC	L/C CHARGES	STENA CONGRESS-FO...	V-50069	Banque Parl...	-5,517.00	-69,988.00
Total L/C Charges							-69,988.00	-69,988.00
Freight								
General Journal	3/31/2000	Je-Ck-09	Accrual	S. Congress(2)	V-50069	Accounts Re...	-1,977,081.78	-1,977,081.78
Check	4/7/2000	FRT	STENA BULK AB	STENA CNOGRESS(2)	V-50069	Banque Parl...	-1,977,081.77	-3,954,163.55
General Journal	4/30/2000	Je-Ck-06	Reverse Accrual	S. Congress-2	V-50069	Sales - Oil P...	1,977,081.78	-1,977,081.77
Total Freight							-1,977,081.77	-1,977,081.77
Demurrage								
General Journal	3/31/2000	Je-Ck-09	Accrual	S. Congress(2)	V-50069	Accounts Re...	-159,055.00	-159,055.00
General Journal	4/30/2000	Je-Ck-06	Reverse Accrual	S. Congress-2	V-50069	Sales - Oil P...	11,846.25	-147,208.75
Total Demurrage							-147,208.75	-147,208.75
Finance Charges								
Check	2/28/2000	WT	SUMED	STENA CONGRESS	V-50069	Banque Parl...	-18.83	-18.83
Check	3/20/2000	PYMT	CARGO PAYME...	STENA CONGRESS	V-50069	Banque Parl...	-2,160.00	-2,178.83
Check	3/20/2000	PYMT	CARGO PAYME...	STENA CONGRESS	V-50069	Banque Parl...	-45.00	-2,223.83
Check	3/20/2000	PYMT	CARGO PAYME...	STENA CONGRESS	V-50069	Banque Parl...	-699.75	-2,923.58
Check	3/20/2000	PYMT	CARGO PAYME...	STENA CONGRESS	V-50069	Banque Parl...	-45.25	-2,968.83
Check	3/20/2000	PYMT	CARGO PAYME...	STENA CONGRESS	V-50069	Banque Parl...	-3,724.30	-6,693.13
Check	3/20/2000	PYMT	CARGO PAYME...	STENA CONGRESS	V-50069	Banque Parl...	-45.78	-6,738.91
Check	3/20/2000	WT	CROWN TRADE...	STENA CONGRESS	V-50069	Banque Parl...	-13.99	-6,752.90
Check	3/20/2000	PYMT	CARGO PAYME...	UN CHARGES	V-50069	Banque Parl...	-16,296.00	-23,048.90
Check	3/31/2000	BC	BANK CHARGES	STENA CONGRESS	V-50069	Banque Parl...	-30.81	-23,079.71
Check	4/7/2000	FRT	STENA BULK AB	STENA CONGRESS(2)	V-50069	Banque Parl...	-19.00	-23,098.71
Check	4/11/2000	LOI	L/C CHARGES	STENA CONGRESS(2)	V-50069	Banque Parl...	-570.00	-23,668.71
Check	4/12/2000	LOI	L/C CHARGES	STENA CONGRESS(2)	V-50069	Banque Parl...	-680.00	-24,348.71
Check	4/14/2000	LOI	L/C CHARGES	STENA CONGRESS(2)	V-50069	Banque Parl...	-570.00	-24,918.71
Check	5/4/2000	LOI	BANK CHARGES	S. CONGRESS(2)	V-50069	Banque Parl...	-146.00	-25,064.71
Check	5/15/2000	1131	G.A. BECHNEL I...	Inv. 7159	V-50069	Cash - Well...	-25.00	-25,089.71
Check	6/20/2000	INSP	ANTARES OIL S...	S. CONGRESS	V-50069	Banque Parl...	-19.16	-25,108.87
General Journal	6/30/2000	Je-Ck-19	CLARK REFINING	S. Congress-2	V-50069	Sales - Oil P...	-662.14	-25,771.01
General Journal	6/30/2000	Je-Ck-19	Diamond Shamro...	S. Congress-2	V-50069	Sales - Oil P...	-45.06	-25,816.07
Check	7/27/2000	TARIFF	SUMED	S. CONGRESS-2	V-50069	Banque Parl...	-20.75	-25,836.82
Check	7/31/2000	WT	SUN PIPE LINE ...	S.CONGRESS	V-50069	Banque Parl...	-15.71	-25,852.53
Deposit	9/30/2000	REVERSE	SUN PIPE LINE ...	reverse chgs-pd on usa	V-50069	Banque Parl...	15.71	-25,836.82
Check	10/2/2000	DEM	STENA BULK AB	S. CONGRESS-2	V-50069	Banque Parl...	-18.11	-25,854.93
Check	11/21/2000	INSP	CALEB BRETT U...	S. CONGRESS	V-50069	Banque Parl...	-14.64	-25,869.57
Total Finance Charges							-25,869.57	-25,869.57
Agent Commissions								
Check	1/7/2000	WT	BAYVAN CONSU...	STENA CONGRESS	V-50069	Cash - CAI 1...	-221,650.00	-221,650.00
General Journal	3/31/2000	Je-Ck-09	Accrual	S. Congress(2)	V-50069	Accounts Re...	-1,500.00	-223,150.00
Total Agent Commissions							-223,150.00	-223,150.00
Commissions - Russia								
Check	3/20/2000	WT	CROWN TRADE...	STENA CONGRESS	V-50069	Banque Parl...	-22,500.00	-22,500.00
Total Commissions - Russia							-22,500.00	-22,500.00

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – EN 118

30-MAR-00 THU 13:31



State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: B64/2000

Sold to	: TYUMEN OIL COMPANY (TNK) MOSCOW	Due date	: 7.4.2000
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/07/90
Ship's Name	: BOREE	BNP Confirmation no.	: V 718288
Destination	: NORTH AMERICA	Openinig Bank L/c No.	: 103'509/C5
Country of origin	: IRAQ	Shipment No.	: BBL/2809 PART(1)

Description of commodity	Quantity			Price per Barrel FOB	Total value in U S. Dollars
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (BASRAH LIGHT) 33.64API GRAVITY AT 60° F	56,402.714	55,511.75	415,000	23.308	9,672,820.00
					9,672,820.00

Total U.S. Dollars. NINE MILLION SIX HUNDRED SEVENTY TWO THOUSAND EIGHT HUNDRED TWENTY ONLY

Price Calculation. WTI (SECOND MONTH) MINUS $3.35/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 $0.03 API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS S.A NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT NUMBER 0200-201752-001-08

B/L DATED 9/3/2000

ORIGINAL



For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

1:04 PM
07/16/04
Accrual Basis

Bayoil Supply & Trading, Ltd.
Transaction Detail By Account
January 1996 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Freight								
General Journal	3/31/2000	Je-Ck-14	Accrual	Boree(2)	V-50075	Accounts Re...	-1,928,297.28	-1,928,297.28
Check	4/20/2000	FRT	ROGUEDAS SA	BOREE(2)	V-50075	Banque Pari...	-1,890,107.34	-3,818,404.62
Check	4/25/2000	FRT	SUMED	BOREE (2)	V-50075	Banque Pari...	-38,190.44	-3,856,595.06
General Journal	4/30/2000	Je-Ck-10	Reverse Accrual	Boree(2)	V-50075	Sales - Oil P...	1,928,297.28	-1,928,297.78
General Journal	4/30/2000	Je-Ck-10	Accrual	Boree(2)	V-50075	Sales - Oil P...	-73,838.40	-2,002,136.18
General Journal	7/31/2000	Je-Ck-04	Reverse Accrual	Boree-2	V-50075	-SPLIT-	13,000.50	-1,989,135.68
Check	8/21/2000	DEM	ROGUEDAS SA	BOREE-2	V-50075	Banque Pari...	-60,838.40	-2,049,974.08
General Journal	8/31/2000	Je-Ck-04	Reverse Accrual	Boree-2	V-50075	Demurrage	60,838.40	-1,989,135.68
Total Freight							-1,989,135.68	-1,989,135.68
Demurrage								
General Journal	3/31/2000	Je-Ck-14	Accrual	Boree(2)	V-50075	Accounts Re...	-45,459.37	-45,459.37
General Journal	4/30/2000	Je-Ck-10	Reverse Accrual	Boree(2)	V-50075	Sales - Oil P...	4,062.49	-41,396.88
Check	8/21/2000	DEM	ROGUEDAS SA	BOREE-2	V-50075	Banque Pari...	-41,396.88	-82,793.76
Deposit	8/22/2000	DEP	CHASE MANHAT...	BOREE-2	V-50075	Banque Pari...	102,235.28	19,441.52
Check	8/24/2000	DEM	ROGUEDAS SA	BOREE-2	V-50075	Banque Pari...	-102,235.28	-82,793.76
General Journal	8/31/2000	Je-Ck-04	Reverse Accrual	Boree-2	V-50075	-SPLIT-	41,396.88	-41,396.88
Total Demurrage							-41,396.88	-41,396.88
Finance Charges								
Check	3/3/2000	BC	BANK CHARGES	BOREE	V-50075	Banque Pari...	-125.00	-125.00
Check	3/14/2000	WT	SUMED	BOREE	V-50075	Banque Pari...	-20.49	-145.49
Check	4/7/2000	PYMT	TNK	BOREE(2)	V-50075	Banque Pari...	-8,034.00	-8,179.49
Check	4/7/2000	PYMT	UNITED NATIONS	BOREE(2)	V-50075	Banque Pari...	-28,074.04	-36,253.53
Check	4/7/2000	PYMT	CARGO PAYME...	BOREE(2)	V-50075	Banque Pari...	-1,530.83	-37,784.36
Check	4/7/2000	WT	CROWN TRADE...	BOREE(2)	V-50075	Banque Pari...	-14.15	-37,798.51
Check	4/20/2000	FRT	ROGUEDAS SA	BOREE(2)	V-50075	Banque Pari...	-15.63	-37,814.14
Check	4/25/2000	FRT	SUMED	BOREE (2)	V-50075	Banque Pari...	-15.56	-37,829.70
Check	4/25/2000	LOI	L/C CHARGES	BOREE(2)	V-50075	Banque Pari...	-570.00	-38,399.70
Check	4/27/2000	LOI	L/C CHARGES	BOREE(2)	V-50075	Banque Pari...	-500.00	-38,899.70
Check	4/28/2000	LOI	L/C CHARGES	BOREE(2)	V-50075	Banque Pari...	-570.00	-39,469.70
Check	4/28/2000	LOI	L/C CHARGES	BOREE(2)	V-50075	Banque Pari...	-570.00	-40,039.70
Check	4/28/2000	LOI	L/C CHARGES	BOREE(2)	V-50075	Banque Pari...	-570.00	-40,609.70
Check	5/4/2000	LOI	BANK CHARGES	BOREE(2)	V-50075	Banque Pari...	-146.00	-40,755.70
Check	5/8/2000	INSP	OIL INSPECTIO...	BOREE(2)	V-50075	Banque Pari...	-15.14	-40,770.84
Check	5/9/2000	INSP	OIL INSPECTIO...	BOREE(2)	V-50075	Banque Pari...	-18.11	-40,788.9[illegible]
Check	5/19/2000	INS	CRAIG FERGUS...	BOREE(2)	V-50075	Banque Pari...	-15.02	-40,803.
Check	8/21/2000	DEM	ROGUEDAS SA	BOREE-2	V-50075	Banque Pari...	-15.19	-40,819.1.
Deposit	8/22/2000	DEP	CHASE MANHAT...	BOREE-2	V-50075	Banque Pari...	-25.00	-40,844.16
Check	8/24/2000	DEM	ROGUEDAS SA	BOREE-2	V-50075	Banque Pari...	-15.25	-40,859.41
Total Finance Charges							-40,859.41	-40,859.41
Agent Commissions								
Check	1/7/2000	WT	BAYVAN CONSU...	BOREE	V-50075	Cash - CAI 1...	-128,650.00	-128,650.00
General Journal	3/31/2000	Je-Ck-14	Accrual	Boree(2)	V-50075	Accounts Re...	-27,401.07	-156,051.07
Check	4/7/2000	WT	CROWN TRADE...	BOREE(2)	V-50075	Banque Pari...	-12,450.00	-168,501.07
General Journal	4/30/2000	Je-Ck-10	Reverse Accrual	Boree(2)	V-50075	Sales - Oil P...	12,450.00	-156,051.07
Check	7/7/2000	COMM	PENDULUM ENE...	BOREE(2)	V-50075	Banque Pari...	-14,951.07	-171,002.14
General Journal	7/31/2000	Je-Ck-04	Reverse Accrual	Boree-2	V-50075	Freight	14,951.07	-156,051.07
Total Agent Commissions							-156,051.07	-156,051.07
Lightering Charges								
General Journal	3/31/2000	Je-Ck-14	Accrual	Boree(2)	V-50075	Accounts Re...	-325,500.00	-325,500.00
Check	4/28/2000	FRT	MTL PETROLIN...	BOREE(2)	V-50075	Banque Pari...	-325,500.00	-651,000.00
General Journal	4/30/2000	Je-Ck-10	Reverse Accrual	Boree(2)	V-50075	Sales - Oil P...	325,500.00	-325,500.00
Total Lightering Charges							-325,500.00	-325,500.00
Total Cost of Sales							-47,994,112.00	-47,994,112.00
Commissions								
General Journal	3/31/2000	Je-Ck-14A	Accrual	Boree(2)	V-50075	-SPLIT-	-68,348.34	-68,348.34
General Journal	4/24/2000			BOREE	V-50075	Hedge Gain ...	-36,047.20	-104,395.54
General Journal	4/24/2000			BOREE	V-50075	Hedge Gain ...	-32,301.14	-136,696.68
General Journal	4/30/2000	Je-Ck-10a	Reverse Accrual	Boree(2)	V-50075	Accounts Re...	68,348.34	-68,348.34
Total Commissions							-68,348.34	-68,348.34
Hedge Gain /(Loss)								
General Journal	3/31/2000	Je-Ck-14A	Accrual	Boree(2)	V-50075	Commissions	4,317,220.00	4,317,220.00
General Journal	4/24/2000			BOREE	V-50075	-SPLIT-	9,965,590.00	14,282,810.00
General Journal	4/24/2000			BOREE	V-50075	Hedge Gain ...	-5,648,370.00	8,634,440.00
General Journal	4/30/2000	Je-Ck-10a	Reverse Accrual	Boree(2)	V-50075	Accounts Re...	-4,317,220.00	4,317,220.00
Total Hedge Gain /(Loss)							4,317,220.00	4,317,220.00
TOTAL							2,191,576.78	2,191,576.78

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/08/ 40

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 123

8. Payments to SELLER under SUB Article 5-5 and Sub Article 6-7 of Section Two, and any other Payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.
9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143 SCR 1153, SCR 1210, SCR 1242, SCR 1281, SCR 1302, the Procedures and the Memorandum of Understanding between the Secretariat of the United nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996)

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and Communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:
STATE OIL MARKETING ORGANIZATION
P.O. BOX 5118
BAGHDAD – IRAQ
TELEX : 212198 – 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX : 964-1-8853925

FOR BUYER:
TYUMEN OIL COMPANY (TNK) – MOSCOW
107082, MOSCOW,
BALAKIREVSKY PER., 19
TEL : 7095-959-7146
FAX: 7095-959-7421
TLX : 485365 TNK RU

FOR OVERSEERS
UNITED NATIONS, NEW YORK, U.S.A.
FAX : 212 – 963 – 1628

All other terms and conditions as per (Section Two) General conditions of F.O.B. crude oil sales contract No. M/04/47 dated 16th day of August 1998.
This Contract has been done and signed on the 12TH day of August, 2000.

FOR SELLER

SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL
S O M O

FOR BUYER

SERGEY Y. ALEKSEEV
DIRECTOR

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH1/13689
Date: 08/13/2000

Stamp

Ministry of Oil/Office of the Minister
No.: 10643
Date: 08/13/2000

To: The Honorable Minister of Oil
RE: Exported Crude Oil Contracts Approval

Based on the statement of allocations for phase eight, please find below the details of contract signed with the Russian Company Tyumen on behalf of Mr. Zhirinovsky (as part of the 9 million barrels quantity allocated to him):

1- Contract No.: M/08/40 dated 08/12/2000
2- Name of Company Buyer: Tyumen
3- Nationality: Russian
4- Quantity: (6) six million barrels
5- Type of Crude Oil: Al-Basrah light FOB Al-Bakr terminal
6- Destination of Crude Oil: Europe and / or America
7- Pricing formula: As agreed on between our company and the buyer from time to time
8- Validity of Contract: Until 12/05/2000
9- Estimated Value: (144) million U.S. dollars at an estimated rate of $24 per barrel

Please review and approve.

Regards

صدام زين حسين
المدير التنفيذي

Saddam Zeben Hassan
Executive Director

For the approval of minister

I approve

08/15

08/15

[Page footer]

P.O. Box 5118 Baghdad-Iraq Tel. 7742040-10 Telex 212198 & 212199

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 124

بسم الله الرحمن الرحيم

جمهورية العراق
وزارة النفط
شركة تسويق النفط (شركة عامة)

الرقم : خ / ١٧٦٨٩
التاريخ : ٢٠٠٠/٨/١٢

وزارة النفط / مكتب الوزير
الرقم : ١٠٦٤٣
التاريخ : ٢٠٠٠/٨/١٣

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

استناداً لما جاء في كشف التخصيصات للمرحلة الثامنة في ادناه تفاصيل العقد المرفق مع شركة تيومين الروسية لصالح السيد جيرنوفسكي (كجزء من الكمية المخصصة له البالغة ٩ مليون برميل)

١- رقم العقد : M/08/40 التاريخ : ٢٠٠٠/٨/١٢
٢- اسم الشركة المشترية : تيومين
٣- الجنسية : روسية
٤- الكمية : (٦) مليون برميل
٥- نوع النفط الخام : خام البصرة الخفيف قرب البكر
٦- وجهة النفط الخام : اوربا و/أو امريكا
٧- التسعيرة : حسبما يتفق عليه بين شركتنا والمشتري من وقت لآخر
٨- مدة العقد : لغاية ٢٠٠٠/١٢/٥
٩- القيمة التقديرية : (١٤٤) مليون دولار امريكي بسعر تقديري (٢٤) دولار للبرميل

للتفضل بالاطلاع والمصادقة مع التقدير .

صدام زين حسين
المدير التنفيذي

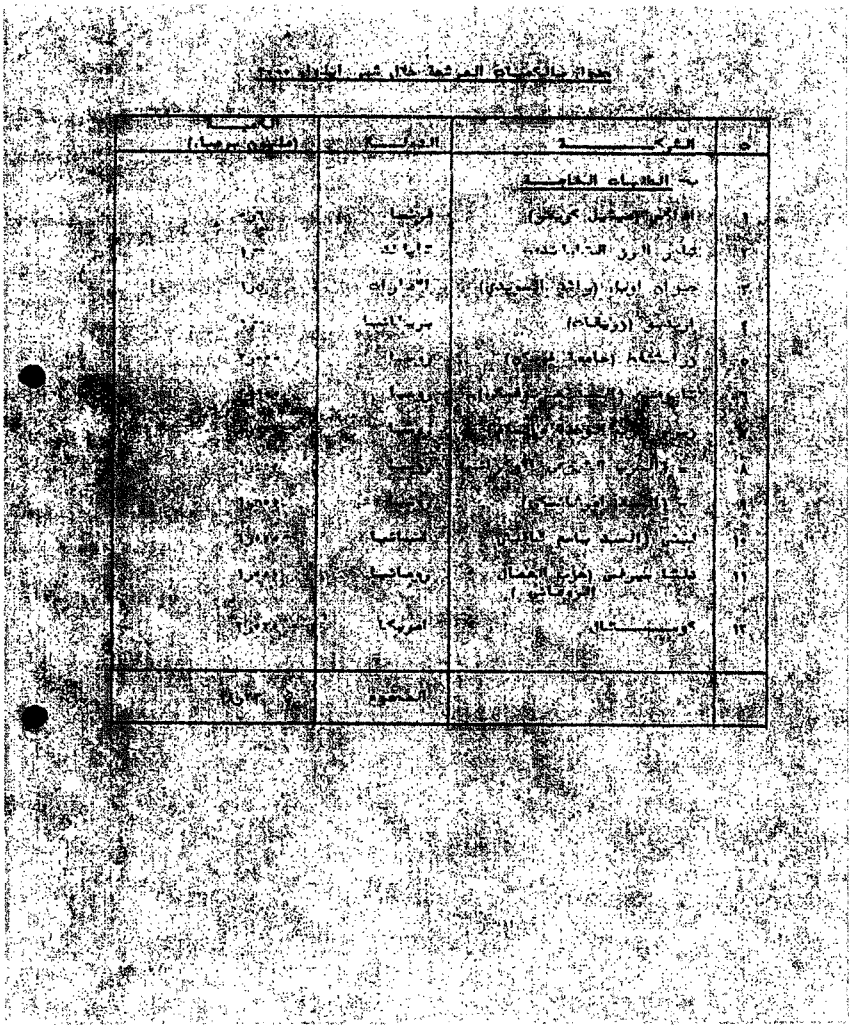
مصادقة السيد الوزير

ص.ب ٥١٨ بغداد - العراق - هاتف ١٠ - ٧٧٤٢٠٤٠
TELEX 212198 & 212199

Table of Proposed Quantities for September 2000

No.	Company	Country	Qty (million barrels)
[Unrelated entries have been omitted]			
6	Tyumen (Mr. Zhirinovsky)	Russia	5.100

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN125



C O N T R A C T

Nassau 30th day of June, 2000

Between CROWN TRADE AND FINANCE LTD., Gibraltar, hereinafter referred to as "Sellers" and Messers "BAYOIL SUPPLY & TRADING LIMITED", Nassau, Bahamas, hereinafter referred to as "Buyers" and agreed as follows:

1. Object of the Contract

This contract operates with the frame of Agency Agreement dated 30th June, 2000 between Crown Trade and Finance Ltd. and Bayoil Supply & Trading Limited.

Sellers have sold and Buyers have bought F.O.B. Mina Al Bakr about 10,000,000 barrels of Iraqi crude oil to be delivered in the frame of the 8th period of United Nations programme "Oil for food" subject to actual contractual quantities under the Contracts between "OAO Tyumen Oil Company (TNK) and "SOMO".

2. Quantity

Up to 10,000,000 barrels of Basrah Light Crude Oil ex Mina Al Bakr of normal quality usually available at mentioned ports.

3. Time of Delivery

Deliveries are to be effected from July 2000 until December 5, 2000.

4. Destination

Deliveries of mentioned quantities of Iraqi crude oil will be effected to North America/Europe. However the actual port of destination shall be agreed between Parties for each particular shipment subject to "SOMO" confirmation.

5. Price

a) Official selling price of "SOMO" for Basrah Light crude oil ex Mina AL Bakr for corresponding destination with A.P.I. escalation/de-escalation effective for month of delivery plus U.S. Dollars 0.03 per net U.S. barrel.

b) The final unit price for Basrah Light crude oils shall be rounded off to three (3) decimal places to be increased to the next digit whenever the fourth decimal place is five or greater than five.

6. Payment

Payment to be effected on 30th day from Bill of Lading date (B/L date = day one) in U.S. Dollars without any offset or deduction by telegraphic transfer in two parts:

1) Value of "SOMO" invoice at official selling price to "Banque National De Paris S.A., New York Branch, telex No. 6737018 per corresponding Letter of

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 127

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: B/261/2000

Sold to : TYUMEN OIL COMPANY (TNK) MOSCOW
Exporting Port : MINA AL BAKR TERMINAL
Ship's Name : BERGE BOSS
Destination : NORTH AMERICA
Country of origin : IRAQ

Due date : 7.10.2000
Contract No. : M/08/40
BNP Confirmation no. : B 722333
Openinig Bank L/c No. : 105'041/C5
Shipment No. : BBL/2947

Description of commodity	Quantity			Price per Barrel FOB	Total value in U.S. Dollars
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (BASRAH LIGHT) 31.66 API GRAVITY AT 60° F	285,323.960	280,816.85	2,073,906	24.462	50,731,888.57
					50,731,888.57

Total U.S. Dollars: FIFTY MILLION SEVEN HUNDRED THIRTY ONE THOUSAND EIGHT HUNDRED EIGHTY EIGHT AND FIFTY SEVEN CENTS

Price Calculation: WTI (SECOND MONTH) MINUS $6.70/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 $ 0.23 API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT NUMBER 0200-201752-001-08

B/L DATED 8/9/2000

ORIGINAL

I.A.SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 128

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq

Commercial Invoice No.: B/270/2000

Sold to	: TYUMEN OIL COMPANY (TNK) MOSCOW	Due date	: 15.10.2000
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/08/40
Ship's Name	: BERGE PHOENIX	BNP Confirmation no.	: B 722612
Destination	: NORTH AMERICA	Opening Bank L/c No.	: DOC-620338-G3
Country of origin	: IRAQ	Shipment No.	: BBL/2955

Description of commodity	Quantity			Price per Barrel FOB	Total value in U.S. Dollars
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (BASRAH LIGHT) 30.91 API GRAVITY AT 60° F	277,864.223	273,474.95	2,010,489	24.248	48,750,337.27
					48,750,337.27

Total U.S. Dollars: FORTY EIGHT MILLION SEVEN HUNDRED FIFTY THOUSAND THREE HUNDRED THIRTY SEVEN AND TWENTY SEVEN CENTS

Price Calculation: WTI (SECOND MONTH) MINUS $6.70/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 $ 0.30API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT NUMBER 0200-201752-001-08

P.O. Box 5118 FINANCIAL DEPARTMENT BAGHDAD

B/L DATED 16/9/2000

I.A.SHUAEIB

For State Oil Marketing Organization

HEAD OF FINANCE DEPT.

ORIGINAL

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: B/317/2000

Sold to : TYUMEN OIL COMPANY (TNK) MOSCOW
Exporting Port : MINA AL BAKR TERMINAL
Ship's Name : AMAZON EAGLE
Destination : NORTH AMERICA
Country of origin : IRAQ

Due date : 21.11.2000
Contract No. : M/08/40
BNP Confirmation no. : B 723415
Openinig Bank L/c No. : 105,469/C5
Shipment No. : BBL/2986 PART(1)

Description of commodity	Quantity			Price per Barrel FOB	Total value in U.S. Dollars
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (BASRAH LIGHT) 31.58 API GRAVITY AT 60° F	144,509.073	142,226.34	1,050,000	25.175	26,433,750.00
					26,433,750.00

Total U.S. Dollars: TWENTY SIX MILLION FOUR HUNDRED THIRTY THREE THOUSAND SEVEN HUNDRED FIFTY ONLY

Price Calculation: WTI (SECOND MONTH) MINUS $7.00/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 $ 0.24API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT NUMBER 0200-201752-001-08

B/L DATED 23/10/2000

I.A. SHUAEIB

For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

ORIGINAL

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: B/33' 2000

Sold to	: TYUMEN OIL COMPANY (TNK) MOSCOW	Due date	: 10.12.2000
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/08/40
Ship's Name	: LICORNE PACIFIQUE	BNP Confirmation no.	: B 724050
Destination	: NORTH AMERICA	Openinig Bank L/c No.	: 105'588/C5
Country of origin	: IRAQ	Shipment No.	: BBL/3003

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (BASRAH LIGHT) 31.87 API GRAVITY AT 60° F	258,612.067	254,526.91	1,882,481	28.740	54,102,503.94
					54,102,503.94

Total EURO : FIFTY FOUR MILLION ONE HUNDRED TWO THOUSAND FIVE HUNDRED THREE AND NINETY FOUR CENTS

Price Calculation: WTI (SECOND MONTH) MINUS $7.60/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 $0.21 AS DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT, ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 11/11/2000

I.A.SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

ORIGINAL

389

Flora

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq

Commercial Invoice No.: B/1/2001

Sold to	: TYUMEN OIL COMPANY (TNK) MOSCOW	Due date	: 4.2.2001
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/08/40
Ship's Name	: ASTRO BETA	BNP Confirmation no.	: ₱ 724601
Destination	: NORTH AMERICA	Openinig Bank L/c No.	: 105'718/C5
Country of origin	: IRAQ	Shipment No.	: BBL/3032

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (BASRAH LIGHT) 34.14 API GRAVITY AT 60° F	246,610.240	242,714.67	1,820,015	22.335	40,650,035.03
					40,650,035.03

Total EURO FORTY MILLION SIX HUNDRED FIFTY THOUSAND THIRTY FIVE AND THREE CENTS

Price Calculation: WTI (SECOND MONTH) MINUS $8.70/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 PULS $0.01API ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT, ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 6/1/2001

ORIGINAL

P.O. Box 5118 FINANCIAL DEPARTMENT I.A.S.H.I.A.E.B

For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

390

3:47 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
Finance Charges								
Check	1/17/2001	FREIGHT	ASTRO TANKE...	ASTRO BETA-2	V-50117B	Banque Pari...	-19.11	-19.11
General Journal	1/31/2001	Je-Ck-12	Accrual	A. Beta-2	V-50117B	-SPLIT-	-41,083.09	-41,102.20
Check	2/5/2001	PYMT	UNITED NATIONS	A. BETA-2	V-50117B	Banque Pari...	-57,445.00	-98,547.20
Check	2/7/2001	INSP	OIL INSPECTIO...	A. BETA-2	V-50117B	Banque Pari...	-40.93	-98,588.13
General Journal	2/28/2001	Je-Ck-12	Reverse Accrual	A. BETA-2	V-50117B	Crude Purch...	41,083.09	-57,505.04
Check	3/13/2001	FIN	PORT ARTHUR ...	A.BETA-2/S.WO...	V-50117B	Banque Pari...	-500.00	-58,005.04
Deposit	3/13/2001	REV	PORT ARTHUR ...	ABETA-2/S.WO...	V-50117B	Banque Pari...	-568.50	-58,573.54
Check	3/14/2001	FIN	VALERO MARKE...	A.BETA-2/S.WO...	V-50117B	Banque Pari...	-570.00	-59,143.54
Check	3/19/2001	FIN	BP OIL INTERN...	A.BETA-2;S.WO...	V-50117B	Banque Pari...	-500.00	-59,643.54
Total Finance Charges							-59,643.54	-59,643.54
Agent Commissions								
General Journal	12/31/2000	Je-Ck-01		A. Beta-2	V-50117B	Agent Com	-504,593.00	-504,593.00
General Journal	12/31/2000	Je-Ck-32a		A. Beta-2	V-50117B	Cargos in tr...	504,593.00	0.00
General Journal	1/31/2001	Je-Ck-12	Reverse Accrual	A. Beta-2	V-50117B	Finance Cha...	-504,593.00	-504,593.00
Total Agent Commissions							-504,593.00	-504,593.00
Lightering Charges								
General Journal	1/31/2001	Je-Ck-12	Accrual	A. Beta-2	V-50117B	Finance Cha...	-101,534.57	-101,534.57
General Journal	2/28/2001	Je-Ck-12	Accrual	A. BETA-2	V-50117B	Crude Purch...	69,036.25	-32,498.32
Total Lightering Charges							-32,498.32	-32,498.32
Total Cost of Sales							-38,736,455.93	-38,736,455.93
Commissions								
General Journal	2/28/2001	Je-Ck-12	Accrual	A. BETA-2	V-50117B	Crude Purch...	-25,097.98	-25,097.98
General Journal	3/10/2001			ASTRO BETA/S....	V-50117B	Hedge Gain ...	-9,190.00	-34,287.98
General Journal	3/10/2001			ASTRO BETA/S ...	V-50117B	Hedge Gain ...	-515.42	-34,803.40
General Journal	3/10/2001			ASTRO BETA/S ...	V-50117B	Hedge Gain ...	-14,920.00	-49,723.40
General Journal	3/10/2001			ASTRO BETA.S ...	V-50117B	Hedge Gain ...	-472.56	-50,195.96
General Journal	3/31/2001	Je-Ck-24	Reverse Accrual	A. BETA-2	V-50117B	Interest	25,097.98	-25,097.98
Total Commissions							-25,097.98	-25,097.98
Inventory Gain/Loss								
General Journal	1/31/2001	Je-Ck-12	Accrual	A. Beta-2	V-50117B	Finance Cha...	931,485.11	931,485.11
General Journal	3/31/2001	Je-Ck-24	Reverse Accrual	A. BETA-2	V-50117B	Interest	-931,485.11	0.00
Total Inventory Gain/Loss							0.00	0.00
Hedge Gain /(Loss)								
General Journal	1/31/2001	Je-Ck-12	Accrual	A. Beta-2	V-50117B	Finance Cha...	-834,080.00	-834,080.00
General Journal	2/28/2001	Je-Ck-12	Accrual	A. BETA-2	V-50117B	Crude Purch...	-115,070.00	-949,150.00
General Journal	3/10/2001			ASTRO BETA/S...	V-50117B	-SPLIT-	-1,156,950.00	-2,106,100.00
General Journal	3/10/2001			ASTRO BETA/S ...	V-50117B	Hedge Gain ...	207,800.00	-1,898,300.00
General Journal	3/31/2001	Je-Ck-24	Reverse Accrual	A. BETA-2	V-50117B	Interest	949,150.00	-949,150.00
Total Hedge Gain /(Loss)							-949,150.00	-949,150.00
TOTAL							333,249.63	333,249.63

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 129

3:54 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
Inspection								
General Journal	12/31/2000	Je-Ck-05	Accrual	L. Pacific-2	V-50115	Accounts R...	-47,660.64	-47,660.64
Check	8/9/2001	INSP	OIL INSPE...	L.PACIFIQUE-2	V-50115	BNP Paribа...	-10,477.84	-58,138.48
Check	8/9/2001	INSP	OIL INSPE...	L.PACIFIQUE-2	V-50115	BNP Paribа...	-7,870.06	-66,008.54
General Journal	9/30/2001	Je-Ck-49	Reverse Ac...	L. PACIFIC-2	V-50115	Estimated C...	32,532.42	-33,476.12
General Journal	12/31/2001	Je-Ck-72	Accrual	L. Pacific-2	V-50115	Estimated C...	467.58	-33,008.54
Check	2/7/2002	INSP	OBC SHIP...	L.PACIFIQUE-2	V-50115	BNP Paribа...	-1,304.59	-34,313.13
Check	2/7/2002	INSP	OBC SHIP...	L.PACIFIQUE-2	V-50115	BNP Paribа...	-984.50	-35,297.63
Total Inspection							-35,297.63	-35,297.63
Insurance								
General Journal	12/31/2000	Je-Ck-05	Accrual	L. Pacific-2	V-50115	Accounts R...	-23,000.00	-23,000.00
Check	3/23/2001	PYMNT	CRAIG FE	L.PACIFIQUE-2	V-50115	Banque Pari...	-30,835.43	-53,835.43
Check	3/23/2001	PYMNT	CRAIG FE...	L.PACIFIQUE-2	V-50115	Banque Pari...	-5,448.39	-59,283.82
General Journal	3/31/2001	Je-Ck-29	Reverse Ac...	L. PACIFIC-2	V-50115	Demurrage	23,000.00	-36,283.82
Total Insurance							-36,283.82	-36,283.82
L/C Charges								
Check	11/8/2000	LC	UNITED N...	L. PACIFIC-2	V-50115	Banque Pari...	-72,939.00	-72,939.00
Check	11/10/2000	LC	UNITED N...	L. PACIFIQUE-2	V-50115	Banque Pari...	-310.00	-73,249.00
Total L/C Charges							-73,249.00	-73,249.00
Freight								
Check	12/15/2000	FREIGHT	COSCOL ...	L. PACIFIC-2	V-50115	Banque Pari...	-4,469,205.00	-4,469,205.00
Check	12/27/2000	FREIGHT	COSCOL ...	L. PACIFIC-2	V-50115	Banque Pari...	-72,754.50	-4,541,959.50
Total Freight							-4,541,959.50	-4,541,959.50
Demurrage								
General Journal	12/31/2000	Je-Ck-05	Accrual	L. Pacific-2	V-50115	Accounts R...	-200,000.00	-200,000.00
General Journal	12/31/2000	Je-Ck-05	Accrual	L. PACIFIC-2	V-50115	Accounts R...	4,009.77	-195,990.23
General Journal	3/31/2001	Je-Ck-29	Accrual	L. PACIFIC-2	V-50115	-SPLIT-	73,361.19	-122,629.04
General Journal	12/31/2001	Je-Ck-72	Accrual	L. Pacific-2	V-50115	Estimated C...	122,629.04	0.00
Total Demurrage							0.00	0.00
Finance Charges								
Check	11/17/2000	LOI	BANK CHA...	L. PACIFIQUE-2	V-50115	Banque Pari...	-1,070.00	-1,070.00
Check	11/20/2000	PYMT	SUMED	L. PACIFQUE-2	V-50115	Banque Pari...	-19.06	-1,089.06
Check	12/11/2000	PYMT	UNITED N...	L. PACIFIC-2	V-50115	Banque Pari...	-38,068.88	-39,157.94
Check	12/11/2000	BC	UNITED N...	L. PACIFIC-2	V-50115	Banque Pari...	-735.49	-39,893.43
Check	12/15/2000	FREIGHT	COSCOL ...	L. PACIFIC-2	V-50115	Banque Pari...	-40.59	-39,934.02
Check	12/27/2000	FREIGHT	COSCOL ...	L. PACIFIC-2	V-50115	Banque Pari...	-16.02	-39,950.04
Check	12/27/2000	FREIGHT	COSCOL ...	L. Pacific-2	V-50115	Banque Pari...	-25.00	-39,975.04
Check	12/28/2000	BC	TOSCO	L. PACIFIC-2	V-50115	Banque Pari...	-570.00	-40,545.04
General Journal	12/31/2000	Je-Ck-01		L. Pacific-2	V-50115	Agent Com...	-15.36	-40,560.40
General Journal	12/31/2000	Je-Ck-05	Accrual	L. PACIFIC-2	V-50115	Accounts R...	-584.22	-41,144.62
Check	1/3/2001	BC	VALERO M...	L. PACIFIC-2	V-50115	Banque Pari...	-570.00	-41,714.62
Check	1/11/2001	PYMT	CROWN R...	L. PACIFIC-2	V-50115	Banque Pari...	-14.22	-41,728.84
General Journal	1/31/2001	Je-Ck-08	Reverse Ac...	L. Pacific-2	V-50115	Cargos in tr...	584.22	-41,144.62
Total Finance Charges							-41,144.62	-41,144.62
Agent Commissions								
General Journal	12/31/2000	Je-Ck-01		L. Pacific-2	V-50115	Agent Com...	-521,912.00	-521,912.00
General Journal	12/31/2000	Je-Ck-05	Accrual	L. pacific-2	V-50115	Accounts R...	-56,474.43	-578,386.43
Total Agent Commissions							-578,386.43	-578,386.43
Total Cost of Sales							-52,994,475.22	-52,994,475.22
Bank Service Charges								
Deposit	1/3/2001	FID	FIDUCIAR...	FID DEP-12/29-1/3	V-50115	Banque Pari...	-260.68	-260.68
Total Bank Service Charges							-260.68	-260.68
Commissions								
General Journal	10/2/2000			spec account - pre-hedge	V-50115	Hedge Gain...	-5,090.00	-5,090.00
General Journal	10/2/2000			spec account - pre-hedge	V-50115	Hedge Gain...	-5,090.00	-10,180.00
General Journal	12/31/2000	Je-Ck-05	Accrual	L. Pacific-2	V-50115	Accounts R...	-51,555.98	-61,735.98
General Journal	1/22/2001			LICORNE PACIFIQUE	V-50115	Hedge Gain...	-21,172.00	-82,907.98
General Journal	1/22/2001			LICORNE PACIFIQUE	V-50115	Hedge Gain...	-29,110.00	-112,017.98
General Journal	1/22/2001			LICORNE PACIFIQUE	V-50115	Hedge Gain...	-1,273.98	-113,291.96
General Journal	1/31/2001	Je-Ck-08	Reverse Ac...	L. Pacific-2	V-50115	Cargos in tr...	51,555.98	-61,735.98
Total Commissions							-61,735.98	-61,735.98
Inventory Gain/Loss								
General Journal	12/31/2000	Je-Ck-05	Accrual	L. Pacific-2	V-50115	Accounts R...	-2,093,165.19	-2,093,165.19
General Journal	1/31/2001	Je-Ck-08	Accrual	L. Pacific-2	V-50115	Cargos in tr...	-740,637.25	-2,833,802.44
General Journal	1/31/2001	Je-Ck-08	Reverse Ac...	L. Pacific-2	V-50115	Cargos in tr...	2,093,165.19	-740,637.25
General Journal	2/28/2001	Je-Ck-05	Reverse Ac...	L. PACIFIC-2	V-50115	Secondary ...	740,637.25	0.00
Total Inventory Gain/Loss							0.00	0.00

3:50 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	2/12/2001	LOAN	FIXED TER...	S. GIANT-3 (1/31-2/12)	V-50111	Banque Pari...	-35,189.79	-108,889.21
Check	3/12/2001	PYMNT	PETROLIN...	S.GIANT-3	V-50111	Banque Pari...	-15.80	-108,905.01
Check	3/23/2001	PYMNT	CRAIG FE...	S.GIANT-3	V-50111	Banque Pari...	-15.31	-108,920.32
Check	4/2/2001	PYMNT	LOOP LLC	S.GIANT-3	V-50111	BNP Paribа...	-19.92	-108,940.24
Check	6/12/2001	PYMNT	LOOP LLC	S.GIANT-3	V-50111	BNP Paribа...	-19.29	-108,959.53
Check	6/18/2001	INSP	SGS CSI	S.GIANT-3	V-50111	BNP Paribа...	-19.54	-108,979.07
Check	7/26/2001	LOOP	LOOP LLC	S.GIANT-3	V-50111	BNP Paribа...	-20.19	-108,999.26
Check	7/10/2003	LEGAL	HEALY AN...	See Giant-3	V-50111	BNP Paribа...	-40.51	-109,039.77
Total Finance Charges							-109,039.77	-109,039.77
Agent Commissions								
Check	10/23/2000	WT	ITALTECH ...	A. EAGLE-5	V-50111	Cash in Ban...	-56,602.28	-56,602.28
Check	11/21/2000	PYMT	CROWN R...	A. EAGLE-5	V-50111	Cash in Ban...	-31,500.00	-88,102.28
General Journal	12/31/2000	Je-Ck-01		A. Eagle-5	V-50111	Agent Com...	-291,109.00	-379,211.28
Total Agent Commissions							-379,211.28	-379,211.28
Commissions - Russia								
Check	11/7/2000	PYMT	CENTURY ...	ONCE	V-50111	Banque Pari...	-583,483.80	-583,483.80
Total Commissions - Russia							-583,483.80	-583,483.80
Lightering Charges								
General Journal	12/31/2000	Je-Ck-06	Accrual	S. Giant-3	V-50111	Accounts R...	-354,753.58	-354,753.58
General Journal	12/31/2000	Je-Ck-06	Accrual	S. Giant-3	V-50111	Accounts R...	23,833.33	-330,920.25
General Journal	12/31/2000	Je-Ck-06	Accrual	S. Giant-3	V-50111	Accounts R...	-40,000.00	-370,920.25
Check	2/2/2001	PYMT	AMERICAN...	S. GIANT-3	V-50111	Banque Pari...	-332,583.33	-703,503.58
General Journal	2/28/2001	Je-Ck-03	Reverse Ac...	S. GIANT-3	V-50111	Accounts R...	332,583.33	-370,920.25
Check	3/12/2001	PYMNT	PETROLIN...	S.GIANT-3	V-50111	Banque Pari...	-62,170.25	-433,090.50
General Journal	12/31/2001	Je-Ck-71	Accrual	S. Giant-3	V-50111	Freight	-166,072.00	-599,162.50
Total Lightering Charges							-599,162.50	-599,162.50
Miscellaneous Charges								
Deposit	2/26/2001	WT	FAIRDEAL ...	S. GIANT-3	V-50111	Banque Pari...	58,564.94	58,564.94
Total Miscellaneous Charges							58,564.94	58,564.94
Total Cost of Sales							-135,894,383.68	-135,894,383.68
Bank Service Charges								
Check	11/21/2000	PYMT	CROWN R...	A. EAGLE-5	V-50111	Banque Pari...	-40.00	-40.00
Check	1/4/2001	PYMT	SKAUGEN ...	S. GIANT-3	V-50111	Banque Pari...	-25.00	-65.00
Check	1/23/2001	BC	BANK CHA...	S. GIANT-3	V-50111	Banque Pari...	-25.00	-90.00
Total Bank Service Charges							-90.00	-90.00
Commissions								
General Journal	11/27/2000			SEA GIANT 3	V-50111	Hedge Gain...	-2,545.00	-2,545.00
General Journal	11/27/2000			SEA GIANT 3	V-50111	Hedge Gain...	-3,054.00	-5,599.00
General Journal	11/27/2000			SEA GIANT 3	V-50111	Hedge Gain...	-2,036.00	-7,635.00
General Journal	11/29/2000			SEA GIANT 3	V-50111	Hedge Gain...	-2,545.00	-10,180.00
General Journal	12/31/2000	Je-Ck-06	Accrual	S. Giant-3	V-50111	Accounts R...	-87,885.00	-98,065.00
General Journal	3/6/2001			SEA GIANT 3	V-50111	Hedge Gain...	-14,850.00	-112,915.00
General Journal	3/6/2001			SEA GIANT 3	V-50111	Hedge Gain...	-967.30	-113,882.30
General Journal	3/6/2001			SEA GIANT 3	V-50111	Hedge Gain...	-45,514.20	-159,396.50
General Journal	3/6/2001			SEA GIANT 3	V-50111	Hedge Gain...	-15,610.00	-175,006.50
General Journal	3/6/2001			SEA GIANT 3	V-50111	Hedge Gain...	-8,144.00	-183,150.50
General Journal	3/6/2001			SEA GIANT 3	V-50111	Hedge Gain...	-2,799.50	-185,950.00
General Journal	3/31/2001	Je-Ck-31	Reverse Ac...	S. Giant-3	V-50111	Sales - Oil ...	87,885.00	-98,065.00
Total Commissions							-98,065.00	-98,065.00
Inventory Gain/Loss								
General Journal	12/31/2000	Je-Ck-06	Accrual	S. Giant-3	V-50111	Accounts R...	-2,460,595.57	-2,460,595.57
General Journal	12/31/2000	Je-Ck-06	Accrual	S. Giant-3	V-50111	Accounts R...	-3,808,794.92	-6,269,390.49
General Journal	12/31/2000	Je-Ck-06	Accrual	S. Giant-3	V-50111	Accounts R...	-191,894.00	-6,461,284.49
General Journal	1/31/2001	Je-Ck-10	Accrual	S. Giant-3	V-50111	Crude Purc...	192,905.01	-6,268,379.48
General Journal	1/31/2001	Je-Ck-10	Reverse Ac...	S. Giant-3	V-50111	Crude Purc...	2,460,595.57	-3,807,783.91
General Journal	1/31/2001	Je-Ck-10	Reverse Ac...	S. Giant-3	V-50111	Crude Purc...	191,894.00	-3,615,889.91
General Journal	2/28/2001	Je-Ck-03	Reverse Ac...	S. GIANT-3	V-50111	Accounts R...	3,808,794.92	192,905.01
General Journal	2/28/2001	Je-Ck-03	Reverse Ac...	S. GIANT-3	V-50111	Accounts R...	-192,905.01	0.00
Total Inventory Gain/Loss							0.00	0.00

11:03 AM
07/13/04
Accrual Basis

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

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Finance Charges								
Check	9/11/2000	BC	BANK CHARGES	BERGE PHOENIX	V-50107	Banque Brux...	-150.00	-150.00
Check	9/18/2000	BC	BANK CHARGES	BERGE PHOENIX	V-50107	Banque Brux...	-40.00	-190.00
Check	9/19/2000	BC	BANK CHARGES	BERGE PHOENIX	V-50107	Banque Brux...	-40.00	-230.00
Check	9/22/2000	BC	BANK CHARGES	BERGE PHOENIX	V-50107	Banque Brux...	-40.00	-270.00
Check	9/25/2000	PIPE	SUMED	BERGE PHOENIX	V-50107	Banque Brux...	-40.00	-310.00
Check	10/5/2000	BC	BANK CHARGES	BERGE PHOENIX	V-50107	Banque Brux...	-40.00	-350.00
Check	10/11/2000	BC	BANK CHARGES	BERGE PHOENIX	V-50107	Banque Brux...	-40.00	-390.00
Check	10/12/2000	BC	BANK CHARGES	BERGE PHOENIX	V-50107	Banque Brux...	-40.00	-430.00
Check	10/12/2000	LC	CROWN RESOU...	BERGE PHOENIX	V-50107	Banque Brux...	-25.00	-455.00
Check	10/13/2000	BC	BANK CHARGES	BERGE PHOENIX	V-50107	Banque Brux...	-40.00	-495.00
Check	10/16/2000	PYMT	CARGO PAYME...	BERGE PHOENIX	V-50107	Banque Brux...	-41,895.17	-42,390.17
Check	10/30/2000	INSP	OIL INSPECTIO...	BERGE PHOENIX	V-50107	Banque Brux...	-28.00	-42,418.17
Check	10/31/2000	FREIGH	IGLOO SHIPPIN...	BERGE PHOENIX	V-50107	Banque Brux...	-40.00	-42,458.17
Deposit	11/2/2000	REV	VALERO MARKE...	BERGE PHOENIX	V-50107	Banque Brux...	-625.00	-43,083.17
Check	11/6/2000	LOAN	FIXED TERM AD...	BERGE PHOENIX-11/2-1...	V-50107	Banque Brux...	-3,886.92	-46,970.09
Deposit	11/6/2000	REV	LYONDELL	BERGE PHOENIX	V-50107	Banque Brux...	-625.00	-47,595.09
Deposit	11/6/2000	REV	CLARK REFINING	BERGE PHOENIX	V-50107	Banque Brux...	-625.00	-48,220.09
Check	11/7/2000	LOAN	FIXED TERM AD...	BERGE PHOENIX-11/6-1...	V-50107	Banque Brux...	-2,275.47	-50,495.56
Deposit	11/7/2000	REV	Exxon	BERGE PHOENIX	V-50107	Banque Brux...	-725.00	-51,220.56
Check	11/14/2000	PYMT	SKAUGEN PETR...	BERGE PHOENIX	V-50107	Banque Brux...	-40.00	-51,260.56
Check	11/22/2000	INSP	OIL INSPECTIO...	BERGE PHOENIX	V-50107	Banque Brux...	-28.00	-51,288.56
Check	12/7/2000	INSP	CALEB BRETT U...	BERGE PHOENIX	V-50107	Banque Brux...	-28.00	-51,316.56
Check	1/4/2001	INS	CRAIG FERGUS...	BERGE PHOENIX	V-50107	Banque Brux...	-28.00	-51,344.56
Check	2/5/2001	INSP	OIL INSPECTIO...	B. PHEONIX	V-50107	Banque Brux...	-40.00	-51,384.56
Check	9/11/2001	INSP	INSPECTORATE...	BERGE PHEONIX	V-50107	Banque Brux...	-28.00	-51,412.56
Check	11/1/2001	DEM	IGLOO SHIPPIN...	B.PHEONIX	V-50107	Banque Brux...	-40.00	-51,452.56
Check	12/5/2001	PIPE	BERGENSEN D....	B.PHOENIX	V-50107	Cash - CAI 1...	-15.13	-51,467.69
Total Finance Charges							-51,467.69	-51,467.69
Agent Commissions								
Check	10/12/2000	LC	CROWN RESOU...	BERGE PHEONIX	V-50107	Banque Brux...	-60,314.67	-60,314.67
Check	11/28/2000	1219	UNITED CRUDE ...	Deal #H41072	V-50107	Cash - Well...	-500.00	-60,814.67
Check	11/28/2000	1219	UNITED CRUDE ...	Deal #H41078	V-50107	Cash - Well...	-250.00	-61,064.67
Check	11/28/2000	1219	UNITED CRUDE ...	Deal #H40921	V-50107	Cash - Well...	-125.00	-61,189.67
Check	11/28/2000	1219	UNITED CRUDE ...	Deal #H40922	V-50107	Cash - Well...	-125.00	-61,314.67
Check	11/28/2000	1219	UNITED CRUDE ...	Deal #H40837	V-50107	Cash - Well...	-500.00	-61,814.6
Check	11/28/2000	1219	UNITED CRUDE ...	Deal #H40836	V-50107	Cash - Well...	-125.00	-61,939.6
Check	11/28/2000	1219	UNITED CRUDE ...	Deal #H40890	V-50107	Cash - Well...	-125.00	-62,064.67
Check	11/28/2000	1219	UNITED CRUDE ...	Deal #H40891	V-50107	Cash - Well...	-125.00	-62,189.67
Check	12/28/2000	1232	ECHO ENERGY	Trans. No.C1236	V-50107	Cash - Well...	-250.00	-62,439.67
Check	12/28/2000	1232	ECHO ENERGY	Trans. NO.C1239	V-50107	Cash - Well...	-1,000.00	-63,439.67
Check	12/31/2000	1233	SYNTEXENERGY	December statement- He...	V-50107	Cash - Well...	-1,000.00	-64,439.67
Check	12/31/2000	1233	SYNTEXENERGY	December statement-Ena...	V-50107	Cash - Well...	-1,000.00	-65,439.67
Check	12/31/2000	1234	ARC OIL, LLC	Invoice NO.C16339-0012	V-50107	Cash - Well...	-300.00	-65,739.67
Check	12/31/2000	1235	OIL ASSOCIATE...	Invoice No. 2204466	V-50107	Cash - Well...	-500.00	-66,239.67
General Journal	12/31/2000	Je-Ck-01		Berge Pheonix	V-50107	Agent Com...	-557,402.00	-623,641.67
Total Agent Commissions							-623,641.67	-623,641.67
Lightering Charges								
General Journal	9/30/2000	Je-Ck-03	Accrual	BERGE PHEONIX	V-50107	Accounts Re...	-520,515.47	-520,515.47
General Journal	9/30/2000	Je-Ck-03	Accrual	BERGE PHEONIX	V-50107	Accounts Re...	126,406.25	-394,109.22
General Journal	10/31/2000	Je-Ck-09	Reverse Accrual	Berge Pheonix	V-50107	Interest	16,432.25	-377,676.97
Check	11/14/2000	PYMT	SKAUGEN PETR...	BERGE PHEONIX	V-50107	Banque Brux...	-280,703.12	-658,380.09
Check	11/14/2000	PYMT	MTL PETROLIN...	BERGE PHEONIX	V-50107	Banque Brux...	-239,812.35	-898,192.44
Deposit	11/24/2000	DEM	LYONDELL	BERGE PHEONIX	V-50107	Banque Brux...	82,132.50	-816,059.94
General Journal	12/31/2000	Je-Ck-17	Reverse Accrual	Berge Pheonix	V-50107	Interest	377,676.97	-438,382.97
General Journal	12/31/2000	Je-Ck-17	Accrual	Berge Pheonix	V-50107	Interest	27,841.50	-410,541.47
Total Lightering Charges							-410,541.47	-410,541.47
Total Cost of Sales							-55,292,268.81	-55,292,268.81
Commissions								
General Journal	10/23/2000			BERGE PHOENIX	V-50107	Hedge Gain ...	-22,360.00	-22,360.00
General Journal	10/23/2000			BERGE PHOENIX	V-50107	Hedge Gain ...	-27,450.00	-49,810.00
Total Commissions							-49,810.00	-49,810.00
Hedge Gain /(Loss)								
General Journal	9/30/2000	Je-Ck-03	Accrual	BERGE PHEONIX	V-50107	Accounts Re...	-2,241,720.00	-2,241,720.00
General Journal	10/23/2000			BERGE PHOENIX	V-50107	-SPLIT-	-7,672,840.00	-9,914,560.00
General Journal	10/23/2000			BERGE PHOENIX	V-50107	Hedge Gain ...	5,480,930.00	-4,433,630.00
General Journal	10/31/2000	Je-Ck-09	Reverse Accrual	Berge Pheonix	V-50107	Interest	2,241,720.00	-2,191,910.00
Total Hedge Gain /(Loss)							-2,191,910.00	-2,191,910.00
TOTAL							2,718,622.53	2,718,622.53

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	9/6/2000	BC	BANK CHARGES	BERGE BOSS	V-50104	Banque Pari...	-130.00	-130.00
Check	9/15/2000	PIPE	SUMED	BERGE BOSS	V-50104	Banque Pari...	-19.37	-149.37
Check	10/5/2000	WT	CROWN RESOU...	BERGE BOSS	V-50104	Banque Pari...	-13.24	-162.61
Check	10/6/2000	PYMT	UNITED NATIONS	BERGE BOSS	V-50104	Banque Pari...	-40.96	-203.57
Check	10/12/2000	BC	BANK CHARGES	BERGE BOSS	V-50104	Banque Pari...	-15.02	-218.59
Check	10/13/2000	BC	BANK CHARGES	BERGE BOSS	V-50104	Banque Pari...	-15.05	-233.64
Check	10/13/2000	LOAN	FIXED TERM AD...	BERGE BOSS-10/12-10/13	V-50104	Banque Pari...	-1,140.63	-1,374.27
General Journal	10/16/2000	BC	BANK CHARGES	BERGE BOSS	V-50104	490/Paribas	-100.00	-1,474.27
Check	10/24/2000	FREIGHT	BERGENSEN D....	BERGE BOSS	V-50104	Banque Pari...	-17.42	-1,491.69
Check	10/26/2000	LOI	CLARK REFINING	BERGE BOSS	V-50104	Banque Pari...	-500.00	-1,991.69
Check	10/26/2000	LOI	BANK CHARGES	BERGE BOSS	V-50104	Banque Pari...	-570.00	-2,561.69
Check	10/26/2000	LOI	PHILLIPS 66	BERGE BOSS	V-50104	Banque Pari...	-570.00	-3,131.69
Deposit	10/27/2000	REV	CLARK REFINING	BERGE BOSS	V-50104	Banque Pari...	-570.99	-3,702.68
Check	10/27/2000	LOI	Exxon	BERGE BOSS	V-50104	Banque Pari...	-570.00	-4,272.68
Check	11/10/2000	PYMT	MTL PETROLIN...	B. BOSS	V-50104	Banque Pari...	-14.92	-4,287.60
Check	11/10/2000	PYMT	SKAUGEN PETR...	BERGE BOSS	V-50104	Banque Pari...	-14.92	-4,302.52
Check	12/5/2000	PYMT	Tosco Corp.	BERGE BOSS	V-50104	Banque Pari...	-40.38	-4,342.90
Check	12/6/2000	INSP	CALEB BRETT U...	BERGE BOSS	V-50104	Banque Pari...	-40.49	-4,383.39
Check	1/4/2001	INS	CRAIG FERGUS...	B. BOSS	V-50104	Banque Pari...	-16.35	-4,399.74
Check	2/1/2001	DEM	BERGENSEN D....	BERGE BOSS	V-50104	Banque Pari...	-19.22	-4,418.96
Deposit	3/5/2001	REV	Exxon	B. Boss	V-50104	Banque Pari...	-3.00	-4,421.96
Total Finance Charges							-4,421.96	-4,421.96
Agent Commissions								
Check	10/6/2000	WT	CROWN RESOU...	BERGE BOSS	V-50104	Banque Pari...	-62,217.18	-62,217.18
General Journal	10/31/2000	Je-Ck-11	Reverse Accrual	Berge Boss	V-50104	Crude Purch...	-373,945.74	-436,162.92
General Journal	12/31/2000	Je-Ck-01		Berge Boss	V-50104	-SPLIT-	-574,984.00	-1,011,146.92
General Journal	12/31/2000	Je-Ck-19	Reverse Accrual	Berge Boss	V-50104	Inspection	373,945.74	-637,201.18
Total Agent Commissions							-637,201.18	-637,201.18
Lightering Charges								
General Journal	9/30/2000	Je-Ck-05	Accrual	BERGE BOSS	V-50104	Accounts Re...	-398,875.00	-398,875.00
General Journal	9/30/2000	Je-Ck-05	Accrual	BERGE BOSS	V-50104	Accounts Re...	40,125.00	-358,750.00
Total Lightering Charges							-358,750.00	-358,750.00
Total Cost of Sales							-57,340,913.58	-57,340,913.58
Commissions								
General Journal	10/23/2000			BERGE BOSS	V-50104	Hedge Gain ...	-40,600.00	-40,600.00
General Journal	10/23/2000			BERGE BOSS	V-50104	Hedge Gain ...	-791.80	-41,391.80
General Journal	10/23/2000			BERGE BOSS	V-50104	Hedge Gain ...	-35,691.00	-77,082.80
Total Commissions							-77,082.80	-77,082.80
Hedge Gain /(Loss)								
General Journal	9/30/2000	Je-Ck-05	Accrual	BERGE BOSS	V-50104	Accounts Re...	-3,089,462.80	-3,089,462.80
General Journal	10/23/2000			BERGE BOSS	V-50104	-SPLIT-	-630,500.00	-3,719,962.80
General Journal	10/23/2000			BERGE BOSS	V-50104	Hedge Gain ...	-2,381,880.00	-6,101,842.80
General Journal	10/31/2000	Je-Ck-11	Reverse Accrual	Berge Boss	V-50104	Crude Purch...	3,089,462.80	-3,012,380.00
Total Hedge Gain /(Loss)							-3,012,380.00	-3,012,380.00
Interest Income								
Deposit	10/13/2000	MISC	INTEREST REC...	BERGE BOSS	V-50104	Banque Pari...	100.00	100.00
Total Interest Income							100.00	100.00
TOTAL							28,164.06	28,164.06

Past Basrah Liftings

KIRKUK CEY/USG "TBN"

	CEY/USG
Vessel	TBN
Discharge	Houston
B/L Date	1-Aug
Freight Lump Sum	0
Worldscale Rate	1.6
Address	2.50%
Flat Rate	10.93
Minimum Volume tons	75,000
Loaded Quantity (bbls)	549,000
bbl / ton	7.32
Voyage Time days	21.5
Freight	2.329
Insurance	0.014
Overage	0.000
L/C	0.050
Inspection	0.015
Outturn	0.100
Demurrage Loadport	0.000
Demurrage Disport	0.000
Lighterage	0.000
OPA	0.020
TVM	0.000
Hedge Losses	0.020
Russians / Other	0.270
api credit	-0.250
Total Costs	2.568
WTI M1 (aug)	0.00
WTI M2 (sept)	0.00
DTD	
IH	
Purchase WTI M2	5.80
Landed WTI M2	3.23
Sale Average M2	2.90
Profit	0.33
$$ Total	182,079
Sales	

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 131

BAYOIL

DECEMBER 27, 2000

REVENUE SHARING AGREEMENT

THIS AGREEMENT BETWEEN ITALECH S.R.L., LIVORNO ITALY (ITALTECH) AND BAYOIL SUPPLY AND TRADING LIMITED, NASSAU BAHAMAS (BAYOIL) SHALL BE EFFECTIVE FOR THE PERIOD BEGINNING DECEMBER 27, 2000 AND APPLICABLE TO THE CONTRACT BETWEEN ITALTECH AND BAYOIL DATED DECEMBER 27, 2000 (AND ANY SUBSEQUENT AMENDMENTS) COVERING CONTRACT REFERENCE NO. M/09/07 BETWEEN ITALTECH S.R.L. AND SOMO, UNDER PHASE 9 OF THE UNITED NATIONS OIL-FOR-FOOD PROGRAM WHEREBY BAYOIL AGREES TO PURCHASE ALL QUANTITIES OF BOTH BASRAH LIGHT CRUDE OIL AND KIRKUK CRUDE OIL FROM ITALTECH, UNDER THE STANDARD SOMO CONTRACT TERMS AND CONDITIONS AS APPROVED BY THE UNITED NATIONS, AND SPECIFICALLY INCLUDING THE OBLIGATION TO NOMINATE LIFTING DATES AND ARRANGE SHIPMENTS, DESPITE UNCERTAIN MARKET CONDITIONS, AND PRIOR TO ESTABLISHMENT OF U.N. APPROVED PRICE FORMULAS APPLICABLE FOR EACH SHIPMENT.

THE TERMS OF THIS AGREEMENT SHALL PROVIDE FOR ITALTECH TO RECEIVE A REASONABLE SHARE OF REVENUES GENERATED FROM THE SALE AND DISTRIBUTION OF SHIPMENTS BAYOIL LIFTS FROM THE PURCHASE CONTRACT, NOT TO EXCEED AN AMOUNT EQUAL TO US$0.20 PER NET BARREL FOR TOTAL QUANTIES LOADED UNDER THE CONTRACT AND AS A PROPORTION OF NET REVENUES OF APPROXIMATELY 40%.

DISTRIBUTION OF REVENUE SHALL BE DISTRIBUTED TO ITALTECH IN ACCORDANCE WITH STANDARD INDUSTRY PRACTICE FOR AGREEMENT OF THIS TYPE, AND AS SUCH WHEREIN SUCH A DISTRIUTION CAN BE FAIRLY ESTABLISHED BY BAYOIL AFTER EACH DELIVERIES ARE FULLY EFFECTED.

AS SUCH, BOTH PARTIES SHALL ACT IN GOOD FAITH WITH REGARD TO REASONABLE EVALUATION OF DISTRIBUTION AMOUNTS AND PERIODS.

AUGUSTO GIANGRANDI
FOR AND ON BEHALF OF
ITALTECH S.r.l.

DAVID B. CHALMERS, JR.
FOR AND ON BEHALF OF
BAYOIL SUPPLY & TRADING LIMITED

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 132

SNT 019843

FROM 29.12.00 TO 01.03.01

Date	Vessel	Oil	Qty	Fee	Amount US$	Euro/US$	Amount Euro	Italtech	Contr. No	UM	Contr. No
29.12.00	AMAZON FALCON	Kirkuk	2,022,854	0.25	505,714	0.9545	529,820	343,885	0100	185,935	UM05
31.12.00	SEA WORLD	Basrah	629,942	0.30	188,983	0.9290	203,426	107,090	0200	96,336	UM05
20.01.01	TINA 3	Basrah	2,371,092	0.30	711,328	0.9227	770,920	403,086	0101	367,834	UM05
21.01.01	ASTRO BETA	Basrah	1,883,686	0.30	565,106	0.9227	612,448	320,227	0201	292,221	UM05
23.01.01	HELLESPONT PARADISE	Basrah	2,103,854	0.30	631,156	0.9288	679,539	357,655	0301	321,884	UM05
24.01.01	GOLDEN FOUNTAIN	Basrah	2,007,757	0.30	602,327	0.9275	649,409	341,319	0401	308,091	UM05
27.01.01	AMAZON FALCON	Kirkuk	2,150,170	0.25	537,543	0.9113	589,863	365,529	0501	224,334	UM05
10.02.01	AMAZON EAGLE	Kirkuk	2,140,302	0.25	535,076	0.9363	571,479	363,851	0601	207,627	UM05
18.02.01	OLYMPIA SPIRIT	Basrah	2,607,148	0.30	782,144	0.9357	835,892	443,215	0701	392,677	UM05
19.02.01	TINA 4	Basrah	2,376,927	0.30	713,078	0.9357	762,080	404,078	0801	358,002	UM05
27.02.01	GOLDEN FOUNTAIN	Basrah	2,002,056	0.30	600,617	0.8996	667,649	340,350	0901	327,299	UM05
TOTALS DUE TO SOMO FOR SHIPMENT UP TO MARCH 1st					**6,373,070**		**6,872,525**	**3,790,284**		**3,082,242**	
CONTESTED PAYMENT [redacted]					**1,000,000**						
Already paid 40 cents per barrel for a total of 2 M$ directly to [redacted] who confirmed in writing that [redacted] was settling any and all obligation with SOMO and therefore Italtech has no further liabilities.											
CONTESTED PAYMENT CONTRACT TIUMEN					**546,004**						
Already paid about 33 centsper barrel to Co TIUMEN											
TOTAL CONTESTED PAYMENTS					**1,546,004**						
PENDING DEMURRAGE CLAIMS					**3,456,897**						
PENDING SHORTAGE CLAIM					**1,212,341**						
TOTAL PENDING CLAIMS IN OUR FAVOUR					**4,669,238**						

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 133



شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
8	TYUMEN	M/08/25	2,007,740	200,774.00	200,774.00	*0.00*	0.10
8	TYUMEN	M/08/40	2,936,876	293,686.00	293,686.00	*0.00*	0.18
9	TYUMEN	M/08/40	1,820,015	546,004.50	546,004.50	*0.00*	0.18
10	TYUMEN	M/09/102	2,005,666	501,416.50	501,416.90	*-0.40*	0.25
11	TYUMEN	M/11/35	2,085,074	521,268.50	0.00	*521,268.50*	0.25
11	UKHTA-NEFT	M/11/99	1,941,693	485,423.25	485,400.00	*23.25*	0.25
8	UNICHEM	M/08/98	800,000	80,000.00	99,730.00	*-19,730.00*	0.10
10	UNICONSULT MIDDLE EAST	M/10/52	2,000,833	500,208.25	500,000.00	*208.25*	0.25
10	UNIFUEL	M/09/106	961,158	288,347.40	288,348.00	*-0.60*	0.30
8	UNIPEC	M/08/14	2,002,954	200,295.00	0.00	*200,295.00*	0.10
11	URAL INVESTOIL (UOIL)	M/10/69	1,920,929	576,278.70	576,300.00	*-21.30*	0.30
11	URAL INVESTOIL (UOIL)	M/11/51	1,261,851	315,462.75	315,500.00	*-37.25*	0.25
10	VAZHMASHIMPEX	M/10/51	1,047,900	261,975.00	261,975.00	*0.00*	0.25
12	VAZHMASHIMPEX	M/11/77	611,101	91,665.15	0.00	*91,665.15*	0.15
9	VITOL	M/09/97	1,000,869	250,217.25	250,217.25	*0.00*	0.27
10	VITOL	M/09/97	985,279	295,583.70	295,583.70	*0.00*	0.27
11	VITOL	M/10/78	966,440	240,988.00	241,610.00	*622.00*	0.25
8	ZANGAS	M/08/38	3,034,272	303,430.90	303,426.00	*-4.90*	0.10
10	ZANGAS	M/09/77	3,888,845	1,166,643.50	1,166,653.50	*10.00*	0.30
11	ZANGAS	M/11/102	1,549,841	464,952.00	464,952.30	*0.30*	0.30
11	ZANGAS	M/11/19	2,030,961	609,290.00	609,288.30	*-1.70*	0.30
12	ZARNEST SERVICE	M/12/29	670,761	100,614.15	0.00	*100,614.15*	0.15
8	ZARUBEZHNEFT	M/08/02	3,192,892	319,288.00	319,288.00	*0.00*	0.10
8	ZARUBEZHNEFT	M/08/82	2,051,085	205,108.00	205,108.00	*0.00*	0.10

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 134

Second: Companies that Were Granted Additional Quantities in Phase Eight

Company	Million Barrels
1- Zarubezhneft	2
2- Machinoimport	1
3- Zangas	1
4- Tatneft	1
5- Slavneft (Gotzariev)	1
6- Gasprom	1
7- ACTEC	2
8- Alfa Eco	1
9- Rosneftimpex (Mr. Issakov)	2 (Zero if he does not pay)
Total	12 million barrels

Third: The Position of Companies Regarding the Settlement of Surcharge

The position of certain companies remains unclear with regard to the settlement of the surcharge, despite the fact they have been invited to report to Baghdad, but they have not yet. These companies are:

1- Rosnefteimpex (Mr. Issakov): He has been invited once again
2- Political Science Academy: they did not approve
3- Onaco: They wanted to look into the issue; they have been invited once again
4- Mr. Zhirinovsky: He has been invited several times
5- Mrs. Sezhi: She has been invited several times
6- Bashneft: They have been invited several times
7- Transneft: They have been invited

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 138

ثانيا - الشركات التي شملت بالكميات الإضافية للمرحلة الثامنة

الشركة	مليون برميل	
	٢	
١ - زرابشنفط	١	
٢ - مشينوامبورت	١	
٣ - زاسكاز	١	
٤ - تات نفط	١	
٥ - سلان نفط (تموتسوف)	١	
٦ - غاز بروم	١	
٧ - الفك	٢	
٨ - إلفا ايكو	١	
٩ - روز نفط اميكي (السيد ازاكوف)	٢	(صفر إذا لم يدفع)
المجموع	١٢ مليون برميل	

ثالثاً : موقف الشركات من دفع المبلغ المقطوع

هناك شركات موقفها غير واضح من دفع المبلغ المقطوع رغم دعوتها للحضور الى بغداد ... لم تحظر لغاية وهي :-

١) روز نفط اميكي (السيد ازاكوف) - تمت دعوته ثانية
٢) اكاديمية العلوم السياسية - لم يوافق
٣) اوتاكو - طلب دراسة الفكرة - تمت دعوته ثانية
٤) السيد جبر توفيكي - وجهت له عدة دعوات
٥) السيد ساجي - وجهت له له عدة دعوات
٦) سايش نفط - وجهت له عدة " "
٧) ترانز نفط - وجهت له دعوة

FROM : 0000 PHONE NO. : 00000000 MAR. 12 2002 02:59PM

ФЕДЕРАЛЬНОЕ СОБРАНИЕ РОССИЙСКОЙ ФЕДЕРАЦИИ
ЗАМЕСТИТЕЛЬ ПРЕДСЕДАТЕЛЯ
ГОСУДАРСТВЕННОЙ ДУМЫ
103265, Москва, ул. Охотный ряд, д. 1

"12" марта 2002 г. №15-4-720

TO HIS EXCELLENCY
DEPUTY PRIME MINISTER
MR. TARIQ AZIZ

Your Excellency

Dear Friend,

I would like to trouble you once again about the situation with the vessel "Astro Beta" with B/L January 6th, 2001 (this vessel waited for loading since 27th of November 2000 till 6th of January 2001).

I was sure that all pending matters with the above referenced vessel had been discussed and solved, and thus came to me as a great surprise that the "third party", assisting us on the case is still liable for the execution of this contract. Therefore, I feel obliged to make the following statement:

1. As discussed before I have taken the full responsibility to satisfy your requirements and I would like to underline once again that the only one responsible in this particular case is I. The process of settling the matters has taken longer time than expected due to a complicated documentation process, for which you are fully aware and duly informed. I would like to assure you once again that we are doing the utmost to prevent any further delays.

2. Having said this I would like to thank this "third party", who have made oral and written Guarantees in favor of the Supplier in a moment when I was unable to do the same and therefore contributed greatly for the prompt release of the vessel. I would like to request that you also release this "third party" from any further obligations, if you have not done it already.

3. There were also certain obligations undertaken by the Supplier to cover all the accumulated costs during the extensive waiting time, and for the

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN140

purpose a well-documented claim has been presented. However, thus far we did not want for any action from the side of the Supplier to process the claim.

4. During our numerous meetings we discussed question about delivery of building on the free basis in the center of Moscow for Arabic school and you would cover the duty.
   Today the building registration documents are on the final stage of registration and it will be ready on the April of 2002.

I hope very much that during the visit of this "third party" next week you will find such a constructive way and will satisfy the interest of all the parties involved.

If, however, my additional assistance is required please don't hesitate to contact me.

Sincerely Yours,

Vladimir Zhirinovsky

Fourth: Collecting the surcharge

The only commitment on the part of the contractual parties is the personal obligation to pay since there was no other way to force them to pay due of the sensitivity and secrecy of the operation.
But through the quick efforts, $228 millions out of $263 millions were collected, which means the percentage of collection reached 87% after using all different methods of payment, including making payment to Iraqi embassies abroad since some companies feared to pay through banks in order to secure their cover and avoid legitimate requests, such as paying in cash.

As far as the outstanding amounts these contractual companies owe, which totaled $35 millions, some of these companies had already refused to pay as we explained in paragraph 3 above, while others refused to pay in order to keep the money they owed, expecting the issuance of some instructions that would exempt them from paying, taking into consideration that the efforts to collect the sums continued until the present circumstances took place.

Most of the sums collected were paid in the following banks and locations:

1- Al Ahli Bank [Jordan National Bank] / Amman
2- France bank/ Lebanon
3- Sardar bank/ Lebanon
4- Central Bank of Iraq / Baghdad
5- Al Rafidain Bank / Baghdad, main branch
6- Iraqi Embassies abroad (Moscow, Athens, Cairo, Ankara, Sanaa, Vietnam, Malaysia, Rome, Vienna, Damascus, Geneva)
7- Wasel and Babel Company / United Arab Emirates
8- the sum of $840,000 was collected in vain through the transfer of ownership of a house on behalf of the Iraqi embassy in Moscow, which was used later on as an Iraqi school (the sums Mr. Zhirinovsky owed, and which he pretended not being able to pay in cash; therefore, the house was accepted in return).

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 143

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 ٠

ولكن من خلال الجهود الحثيثة المبذولة تم التمكن من تحصيل مبلغ ٢٢٨ مليون دولار مناصل ٢٦٣ مليون دولار أي نسبة تحصيل بلغت حوالي ٨٧% بعد استخدام شتى طرق التسديد منهاالتسديد في السفارات العراقية في الخارج لكون بعض الشركات تخشى التسديد من خلال مصارف لضمان عدم انكشاف أمرها وتعرضها للمسائلة القانونية ومنها التسديد نقداً٠

أما بصدد المبالغ المتبقية بذمة الشركات المتعاقدة معنا والبالغة ٣٥ مليون دولار فإن قسم من هـذه الشركات كانت قد رفضت التسديد كما أوضحنا في ثالثاً أعلاه والقسم الآخر من هذه الشركات رفضت التسديد لأجل الاحتفاظ بالمبالغ المدينة لها توقعاً منهم صدور توجيه بإعفائهم من هذه المبالغ ، علماً بأن جهود تحصيل المبالغ كانت مستمرة معهم لحين حصول الظرف الراهن ٠

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

١ – البنك الأهلي / عمان ٠

٢ – فرنسبنك / لبنان ٠

٣ – سردار بنك / لبنان ٠

٤ – البنك المركزي العراقي / بغداد ٠

٥ – مصرف الرافدين / بغداد الفرع الرئيسي ٠

٦ – السفارات العراقية في الخارج (موسكو ، أثينا ، القاهرة ، أنقرة ، صنعاء ، فيتنام ، ماليزيا ، روما، فينا ، دمشق ، جنيف)٠

٧ – شركة الوصل وبابل / الإمارات ٠

٨ – جرى تسديد مبلغ ٨٤٠ ألف دولار عبثاً من خلال تمليك دار لصالح السفارة العراقية في موسكو ومن ثم استخدامها كمدرسة عراقية (المبالغ التي كانت بذمة السيد جيرنوفسكي والذي أدعى بأنه غير قادر على تسديدها نقداً فقبلت الدار بالمقابل) ٠

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH1/6990
Date: 13 Safar, 1422 H
Equivalent to 05/06/2001

Stamp
Ministry of Oil/Office of the Minister
No.: 6116
Date: 05/06/2001

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

As per the approval of your Excellency on 05/01/2001, we have allocated (4) million barrels to Machinoimport Company (on behalf of Mr. Zhirinovsky) and signed a contract as per the following terms:

1- Number of Contract: M/09/119 Date: 05/05/2001
2- Name of Company Buyer: Machinoimport
3- Nationality: Russian
4- Quantity: (4) million barrels divided as follows:

5- Type of Crude Oil: (2) million Barrels of Al-Basrah FOB Al-Bakr terminal
(2) million Barrels Kirkuk FOB Ceyhan terminal

6- Destination of Crude Oil: America and / or Europe for Al-Basrah light
Europe for Kirkuk crude

7- Pricing Formula: As per the price tariff of Kirkuk and Al-Basrah light crude oil for the aforesaid destinations
7- Validity of Contract: Effective as of 07/01 till 08/31/2001
8- Estimated Value: About (88) million Euros based on an estimated rate of $20/barrel

For your review and approval, please.

Regards,

صدام زبن حسن

Saddam Zeben Hassan
Executive Director

[Miscellaneous signatures]

05/07

For the Approval of Minister

I approve

05/07

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 147

وزارة النفط/مكتب الوزير
رقم / ٦١١٦
تاريخ : ٢٠٠١/٥/٦

بسم الله الرحمن الرحيم

الرقم / خ١/ ٦٩٩٠
التاريخ/ ١٧ صفر ١٤٢٢هـ
الموافق/ ٦/٥/٢٠٠١

جمهورية العراق
وزارة النفط
شركة تسويق النفط (شركة عامة)

اجعل عدوك امام عينك وأسبقه ولا تدعه خلف ظهرك
الرئيس القائد صدام حسين (حفظه الله ورعاه)
٢٠٠٠/٨/٨

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

بناء على موافقة سيادتكم يوم ٢٠٠١/٥/١ تم تخصيص كمية (٤) مليون برميل لشركة مشينوامبورت (الصانع السيد جيرنوفسكي) والتعاقد معها وفق الآتي : -

١- رقم العقد وتاريخه : M/09/ 119 التاريخ : ٥/ ٥/ ٢٠٠١
٢- اسم الشركة المشترية : مشينوامبورت
٣- الجنسية : روسية
٤- الكمية : (٤) مليون برميل موزعة الى الآتي
٥- نوع النفط الخام : (٢) مليون برميل نفط خام البصرة الخفيف فوب البكر
(٢) مليون برميل نفط خام كركوك فوب جيهان
٦- وجهة النفط الخام : امريكا و/أو اوربا بالنسبة للبصرة الخفيف .
اوربا بالنسبة لخام كركوك
٧- السعر : حسب المعادلة السعرية لنفطي خام البصرة الخفيف وكركوك للوجهتين اعلاه .
٧- مدة العقد : نافذ من ٢٠٠١/٧/١ - ٢٠٠١/٨/٣١
٨- القيمة التقديرية : حوالي (٨٨)مليون يورو على اساس سعر تقديري (٢٠) دولار للبرميل الواحد .

للتفضل بالاطلاع والمصادقة .

مع التقدير .

صدام زبن حسن
المدير التنفيذي

مصادقة السيد الوزير

Oil Marketing Company
Shipping & Quantities Department

Date: 06/14/2001

Exports of Iraqi Crude Oil as per the Memorandum of Understanding/Phase (9) From 12/07/2000 to 06/03/2001

As per the Security Council's Resolution no. (1330) / 2000

(Thousands of Barrels)

Country	Company	Contractual Qty	Shipped Qty		Total	Percentage of Carry out	Percentage of Total Carry out	Markets		
								Europe	U.S.A.	East
			Al-Bakr	Ceyhan						
Russia	Machinoimport (Zhirinovsky)	4000	0	0	0	0%	0.00%	0	0	0

To: H.E. the Minister

Please review with sincere regards.

Saddam Zeben Hassan
06/18

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 148

شركة تسويق النفط
حالة رقم ٢٠٠١/٦/٣ - ٢٠٠١/١٢/٧ صفحة ٢ من ٢
حالة الشحن والتموين
حالة الشكاوى المرافق بمذكرة التظاهم / المرحلة التاسعة من ٢٠٠١/١٢/٧ - ٢٠٠١/٦/٣
Date 14/06/2001
(وفق قرار مجلس الأمن رقم (١٣٢٠) / ٢٠٠٠)

| المنطقة | الشركة | البنزين | | |

AK, MT, MBJ

State Oil Marketing Organization

22/8/01

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/100/2001

Sold to : GP / VO'MACHINOIMPORT' MOSCOW

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : OLYMPIC LEGACY

Destination : EUROPE

Country of origin : IRAQ

Due date : 31/08/2001

Contract no. : ~~M/FSM/1~~ M/09/119

BNP Confirmation no : N729282

Openinig Bank L/c No. : DOC-621930-G1

Shipment No. : CK/5033 (1)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 34.08 API GRAVITY AT 60 F °	135,555.619	133,414.32	1,000,000	26.149	26,149,000.00
					26,149,000.00

Total EURO : TWENTY SIX MILLION ONE HUNDRED FORTY NINE THOUSAND ONLY

Price Calculation: DATED BRENT MINUS $ 2.35 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.19 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

I.A.SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT

B/L DATED 02/08/2001

ORIGINAL

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – EN 149

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/101/2001

Sold to : GP / VO'MACHINOIMPORT' MOSCOW

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : OLYMPIC LEGACY

Destination : EUROPE

Country of origin : IRAQ

Due date : 31/08/2001

Contract no. : 9/119 M/[redacted]

BNP Confirmation no : N729282

Openinig Bank L/c No. : DOC-621930-G1

Shipment No. : CK/5033 (2)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 34.08 API GRAVITY AT 60 F °	135,890.968	133,744.37	1,002,474	26.149	26,213,692.63
					26,213,692.63

Total EURO : TWENTY SIX MILLION TWO HUNDRED THIRTEEN THOUSAND SIX HUNDRED NINETY TWO AND SIXTY THREE CENT

Price Calculation: DATED BRENT MINUS $ 2.35 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.19 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

I.A.SHUAIBI

For State Oil Marketing Organization

HEAD OF FINANCE DEPT.

B/L DATED 02/08/2001

ORIGINAL

411

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/118/2001

Sold to : MACHINOIMPORT

Exporting port : MINA ALBAKR TERMINAL

Ships Name : STAVROS G.L.

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 26/08/2001

Contract no. : M/09/119

BNP Confirmation no : N729359

Openinig Bank L/c No. : BCHA 42-010926

Shipment No. : BBL/3140 (2)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 30.63 API GRAVITY AT 60 F °	272,973.640	268,661.62	1,971,827	21.366	42,130,055.68
					42,130,055.68

Total EURO : FORTY TWO MILLION ONE HUNDRED THIRTY THOUSAND FIFTY FIVE AND SIXTY EIGHT CENTS

Price Calculation: WTI(SECOND MONTH)MINUS $ 6.75 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.33 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

I.A.SHUAIBI

For State Oil Marketing Organization

HEAD OF FINANCE DEPT.

B/L DATED 28/07/2001

ORIGINAL

412

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/10/ 19

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 151

8. Payments to SELLER under SUB Article 5-5 and Sub Article 6-7 of Section Two, and any other Payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.
9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143 SCR 1153, SCR 1210, SCR 1242, SCR 1281, SCR 1302, SCR 1330, SCR 1360, the Procedures and the Memorandum of Understanding between the Secretariat of the United nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and Communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:
STATE OIL MARKETING ORGANIZATION
P.O. BOX 5118
BAGHDAD – IRAQ
TELEX : 212198 – 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX : 964-1-8853925

FOR BUYER:
STATE ENTERPRISE FOREIGN ECONOMIC
ASSOCIATION "MACHINOIMPORT"
32/34 SMOLENSKAJA PL.,
121200, MOSCOW RUSSIA
TEL : 7095-2443309
FAX : 7095-2443807
TLX: 411231 MIM SU

FOR OVERSEERS
UNITED NATIONS, NEW YORK, U.S.A.
FAX : 212 – 963 – 1628

All other terms and conditions as per (Section Two) General conditions of F.O.B. crude oil sales contract No. M/02/25 dated 17th day of August 1997. and attached appendices 1 & 2 .

This Contract has been done and signed on the 18th day of July 2001.

FOR SELLER

SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL
S O M O

FOR BUYER

TUMANOV SERGEI V.
VICE-PRESIDENT

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH1/10772
Date: 29 Rabi' II, 1422 H
Equivalent to 07/20/2001

Stamp
Ministry of Oil/Office of the Minister
No.: 11038
Date: 07/20/2001

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the allocations' statement, a contract has been signed with the Russian company Machinoimport (on behalf of Mr. Zhirinovsky) as per the following terms:

1- Number of Contract: M/10/19 Date: 07/18/2001
2- Name of Company Buyer: Machinoimport
3- Nationality: Russian
4- Quantity: (8) million barrels divided as follows:

(4) million Barrels of Al-Basrah light crude oil FOB Al-Bakr terminal
(4) million Barrels Kirkuk crude oil FOB Ceyhan terminal

5- Destination of Crude Oil: Europe and / or America
6- Pricing Formula: As per the rate in effect of Kirkuk and Al-Basrah light crude oil for the aforesaid destinations
7- Validity of Contract: From 07/18/2001 till 11/30/2001
8- Estimated Value of Contract in Dollar: (184) million Euros based on an estimated rate of $20/barrel
9- Surcharge: Payable within one month of loading

For your review and approval, please.

Regards,

صدام زبن حسن

Saddam Zeben Hassan
Executive Director

[Miscellaneous signatures]

07/21

For the Approval of Minister

I approve

07/21

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 152

وزارة النفط / مكتب الوزير
الرقم / ١١٠٧٨
التاريخ: ٢٠٠١/٧/٢٠

بسم الله الرحمن الرحيم

جمهورية العراق
وزارة النفط
شركة تسويق النفط (شركة عامة)

الرقم / خ١/ ١٠٧٧٢
التاريخ/ ٢ ربيع الثاني/١٤٢٢هـ
الموافق/ ٢٠ /٧/ ٢٠٠١

احمل عدوك امام عينك وأسبقه ولا تدعه خلف ظهرك

الرئيس القائد صدام حسين (حفظه الله ورعاه)

٢٠٠٠/٨/٨

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

استناداً الى كشف التخصيصات تم التعاقد مع شركة مشينواميورت الروسية/لصالح السيد جرنوفسكي/ بموجب الشروط التالية :

١- رقم العقد وتاريخه : M/10/19 التاريخ : ٢٠٠٠/٧/١٨
٢- اسم الشركة المتعاقدة : مشينواميورت
٣- الجنسية : روسية
٤- الكمية : (٨) ثمانية ملايين برميل موزعة الى الآتي :
(٤) مليون برميل نفط خام البصرة الخفيف فوب البكر
(٤) - - - - كركوك فوب جيهان
٥- وجهة النفط الخام : اوربا و/أو امريكا
٦- التسعيرة : حسب التسعيرة النافذة لنفطي خام كركوك والبصرة الخفيف للوجهتين اعلاه.
٧- فترة نفاذ العقد : للفترة من ٢٠٠١/٧/١٨ ولغاية ٢٠٠١/١١/٣٠
٨- القيمة التقديرية للعقد بالدولار : حوالي (١٨٤) مليون يورو على اساس سعر تقديري قدره (٢٠) دولار/برميل
٩- مبلغ الإسترجاع : يدفع خلال شهر من تاريخ التحميل .

للتفضل بالاطلاع والمصادقة .

مع التقدير .

صدام زبن حسين
المدير التنفيذي

مصادقة السيد الوزير

In the Name of God, Most Gracious, Most Merciful

To: The Financial Department
From: Crude Oil Marketing First Department

No.: KH1
Date: Rabi' Al-Thani, 1422H
Equivalent to 07/21/2001

RE: Contract M/10/19 with the Russian Company Machinoimport

A contract has been signed on 07/18/2001 to supply the aforesaid buyer with crude oil as per the following details:

1- Name of Company Buyer: Machinoimport Russian (on behalf of Mr. Zhirinovsky)
2- Validity of Contract: Until 11/30/2001
3- Quantity and Type: (8) million barrels divided as follows:

   (4) million Barrels of Al-Basrah light crude oil FOB Al-Bakr terminal
   (4) million Barrels of Kirkuk crude oil FOB Ceyhan terminal

4- Destination of Oil: Europe and / or America
5- Pricing Formula: As per the standard price of Kirkuk and Al-Basrah light crude oil for the aforesaid destinations
6- Approval of the United Nations: S/AC.25/2001/OIL/1360/COMM
7- Address:

   STATE ENTERPRISE FOREIGN ECONOMIC
   ASSOCIATION "MACHINOIMPORT"
   32/34 SMOLENSKAJA PL.
   121200, MOSCOW
   TEL: 7095-2443309
   FAX: 7095-2443807
   TLX: 411231 MIM SU

8- Point of Contact: Mr. S. Tumanov
9- Payment and Other Terms: As per the unified formula of crude oil supply contract and L/C

Please take note and act accordingly.

Saddam Zeben Hassan
Executive Director

Abd-al-Jalil Hammadi
Head of Oil Marketing First Department

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 153

بسم الله الرحمن الرحيم

الى /الدائرة المالية — الرقم : خ١/

من / دائرة تسويق الخام الاولى — التاريخ: ربيع الثاني/ ١٤٢٢ هـ

الموافق :١٨/٧/٢٠٠١ م

م/ العقد M/10/19 مع شركة مشينوامبورت الروسية

جرى بتأريخ ٢٠٠١/٧/١٨ التوقيع على عقد تجهيز النفط الخام مع المشتري اعلاه وفق التفاصيل التالية:-

١- اسم الشركة المشترية : مشينوامبورت الروسية (لصالح السيد جرنوفستكي)

٢- فترة سريان العقد : لغاية ٢٠٠١/١١/٣٠ .

٣- الكمية والنوعية : (٨) مليون برميل موزعة كالآتي :-

(٤) مليون برميل نفط خام البصرة الخفيف فوب البكر

(٤) " " " " كركوك فوب جيهان

٤- وجهة النفط : اوربا و/أو امريكا

٥- السعر : الاسعار القياسية لنفطي خام كركوك والبصرة الخفيف للوجهتين اعلاه.

٦- مصادقة الامم المتحدة : S/AC.25/2001/OIL/1360/COMM

في / /٢٠٠١

٧- العنوان :

STATE ENTERPRISE FOREIGN ECONOMIC ASSOCIATION "MACHINOIMPORT"
32/34 SMOLENSKAJA PL.,
121200, MOSCOW RUSSIA
TEL. : 7095-2443309
FAX : 7095-2443807
TLX: 411231 MIM SU

٨- الشخص الذي يتصل به : MR. S. TUMANOV

٩- الدفع والشروط الاخرى : حسب الصيغة الموحدة لعقد تجهيز النفط الخام ولكتاب الاعتماد .

للعلم والعمل بموجبه رجاء .

عبد الجليل سعيد حمادي
رئيس دائرة تسويق الخام الاولى

صدام زين حسن
المدير التنفيذي

ADDENDUM NO. (1) TO CONTRACT
NO. M/10/19 DATED 18/7 /2001.

STATE OIL MARKETING ORGANIZATION (SOMO) AND STATE ENTERPRISE FOREIGN ECONOMIC ASSOCIATION "MACHINIMPORT" WE HEREBY AGREED TO THE FOLLOWING:-

1- ARTICLE (THREE) ONE QUANTITY AND QUALITY IS AMENDED TO READ :-

TYPE OF CRUDE	QUANTITY	PORT OF LOADING
- BASRAH LIGHT	2,000,000 BBLS	ALBAKR
- KIRKUK	2,000,000 BBLS	CEYHAN

2- OTHER TERMS AND CONDITIONS

ALL OTHER TERMS AND CONDITIONS SHALL REMAIN UNCHANGED.

DONE AND SIGNED ON THE 16th DAY OF AUGUST 2001.

FOR SELLER
SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL
S O M O

FOR BUYER
TUMANOV SERGEI V.
VICE PRESIDENT

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 154

In the Name of God, Most Gracious, Most Merciful

To: The Financial Department
From: Crude Oil Marketing First Department

No.: KH1
Date: Jumada Al-Akhira, 1422H
Equivalent to 08/18/2001

RE: Contract no. M/10/19 with Machinoimport Russian Company

Following to our memorandum dated 07/21/2001, we made an agreement with the above-mentioned buyer to change the contractual quantities **(on behalf of Mr. Zhirinovsky)** from (8) million barrels to (4) million barrels divided as follows:

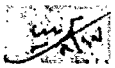
(2) million Barrels of Kirkuk crude oil FOB Ceyhan terminal
(2) million Barrels of Al-Basrah light crude oil FOB Al-Bakr terminal

Other terms remain unchanged.

Please take note and act accordingly.



Saddam Zeben Hassan
Executive Director



Abd-al-Jalil Hammadi
Head of Oil Marketing First Department

Cc:

Shipping & Quantities department – following to our memorandum dated 07/19/2001 for the same purpose mentioned above, please.

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 155

بسم الله الرحمن الرحيم

الى /الدائرة المالية — الرقم/ خ١/

من / دائرة تسويق الخام الاول — التاريخ/ جمادي الاولى ١٤٢٢هـ

الموافق / ١٣/ ٨/ ٢٠٠١

م/ العقد رقم M/10/19 مع شركة مشينوامبورت الروسية

الحاقاً بمذكرتنا المورخة في ٢٠٠١/٧/٢١ .

تم الاتفاق مع المشتري اعلاه على تعديل الكميات المتعاقد عليها معهم (لصالح السيد جيرنوفسكي) من (٨) مليون برميل الى (٤) مليون برميل موزعة كالآتي :

(٢) مليون برميل نفط خام كركوك فوب جيهان .

(٢) مليون برميل نفط خام الصبرة الخفيف فوب البكر

مع الابقاء على كافة الشروط الاخرى دون تغيير .

للعلم والعمل بموجبه رجاء .

عبد الجليل سعيد حمادي
رئيس دائرة تسويق الخام الاولى

صدام زين حسن
المدير التنفيذي

نسخة منه الى /

دائرة الشحن والكميات – الحاقاً بمذكرتنا المورخة في ٢٠٠١/٧/١٩ لنفس الغرض اعلاه رجاء .

08/07/2001 16:45 FAX 7132248101 001

****
*** TX REPORT ***
****

TRANSMISSION OK

TX/RX NO	1970
CONNECTION TEL	01170952441093
CONNECTION ID	
ST. TIME	08/07 16:45
USAGE T	00'29
PGS. SENT	1
RESULT	OK

BAYOIL

TO: Machinoimport State Enterprise
Foreign Trade Association
ATTN: Mr.Sergei Valentinovich Tumanov
FAX: 011-7095-244-1093

FROM: David B. Chalmers, Jr.

DATE: August 7, 2001

RE: Iraqi Crude Contract

Dear Sirs:

We are aware of your meeting today and discussions carried our with Mr. Ludmil Dionissiev. At this time, we would like to support your endeavor for a future Iraqi crude oil contract and are ready to nominate against this future contract subject to reaching an agreement with you on prices and delivery dates.

Mr. Dionissiev will visit you tomorrow for detailed discussions on the matter.

Yours sincerely,

David B. Chalmers, Jr.
For and on behalf of

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 156

SNT 024280

SNT 024280

AGENCY AGREEMENT NO.50-0601/72011/M/10/19-/B-K

"14" August, 2001

State Enterprise "Foreign Economic Association "Machinoimport", Moscow, Russia, hereinafter referred to as the Seller, and "BAYOIL SUPPLY & TRADING LIMITED," Nassau, Bahamas, hereinafter referred to as the Buyer, together called as the parties,

-taking into account that the Seller is one of the operators from the Russian part, concerning the UN program "Oil for Food", Phase 10 - bearing in mind that the buyer is ready to provide financial resources to meet the requirements of the program, -realizing that the common activity in frame of above pointed program will be mutually beneficial for the Parties, have come to the following agreement:

1. **Subject of the agreement.**

1.1 Seller undertakes to do the following:

- To agree with S.O.M.O. schedule and destination of the delivery, exact dates of shipment, laycan and vessel nomination,
- To instruct the Buyer to issue for and on behalf of the Seller L/C for each shipment,
- To carry out operational correspondence, to make contacts with S.O.M.O. and Overseers, to provide the Buyer with all received information concerning the fulfillment of the Agreement,

1.2 Buyer undertakes to do the following:

- To buy 2,000,000 bbls of Kirkuk oil allocated to the Seller and lift on accepted date of September 2nd, 2001, for destination North America.
- To give nomination with the full information of the vessel, her technical parameters, her final destination, laycan, etc.

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 157

SNT 024276

- To issue 10 days prior to the laycan date a Letter of Credit covering the total value of the crude oil to be lifted, in strict conformity with the provisions of the Contract signed between the Seller and S.O.M.O. The Buyer shall open a Letter of Credit at its own expense and account.

- To lift and sell the quantity allotted to the Seller in the international oil market in frame of allotted quota strictly in accordance with the Contract concluded between S.O.M.O. and the Seller and the provisions of the U.N. program.

1.3 All other terms and conditions where not in conflict with this Agency Agreement shall be in accordance with corresponding SOMO – State Enterprise Foreign Economic Association "Machinimport" contracts. Demurrage, if, any, will be paid if SOMO accept it and upon receipt of funds from SOMO, otherwise no responsibility for demurrage will be due from Sellers. If any other expenses arise in connection with fulfillment of the present Agreement are not confirmed and paid by SOMO, they will be for Buyers' account.

2. Price

2.1 Official selling price of S.O.M.O. for corresponding destination with A.P.I. escalation/de-escalation effective for month of delivery plus US Dollars 0.40 per net barrel.

2.2 Payment: Payment inside Letter of Credit shall be made by Buyer in the Euros in full without discount, withholding, setoff, counterclaim or other deduction within thirty (30) days from Bill of Lading date (B/L date included).

2.3 Payments of US Dollars 0.40 per net Bill of Lading barrel to be paid outside Letter of Credit as instructed by the Seller value 20 days from the Bill of Lading date (B/L date = day one) against receipt of commercial invoice.

2.4 If the Buyer for some reason delays payment of the amount due outside Letter of Credit stipulated in Article 2.3 here above, the Buyer pays the Seller a penalty in the amount of one percent of the total amount due for each day of the delay.

3. Force-Majeure.

3.1 The parties shall not be responsible for failure to fulfill their contractual obligations in whole or partially except the payment for the goods already delivered, if such failure is the result of Force-Majeure circumstances, stipulated in the contract between the Seller and S.O.M.O. company.

4. Law and Jurisdiction.

SNT 024277

4.1 The Present Agreement is made under, and shall be governed by and be construed in all respects in accordance with the laws of Sweden.

4.2 All the disputes and claims concerning and/or in connection with the Present Agreement or its violation or termination or the Agreement will become ineffective to be solved by Parties by negotiations.

4.3 Should the Parties fail to agree by negotiations, then any dispute or claims arising out of the Present Agreement shall be finally settled by the International Arbitration Court of Stockholm, Sweden and shall be examined in accordance with the material law and regulations in effect.

4.4 The language of the arbitration is English. The award of the arbitration is final and binding on both parties.

5. Validity and termination of the Agreement.

5.1 The Present Agreement becomes effective from the date it is signed and shall be in force until the Parties fulfill their obligations.

5.2 The Present Agreement shall be null and void upon mutual written agreement of the Parties.

6. Miscellaneous.

6.1 Lifting of oil under the Present Agreement is accepted by S.O.M.O. to load on September 2nd, 2001 on vessel M/T "Amazon Eagle"/Sub.

6.2 Neither Party is entitled to transfer its rights and obligations hereunder to the third Party without the other party's written consent thereto.

6.3 All Amendments and Supplements to the Present Agreement are valid only if they are made in writing and signed by both Parties.
All Appendices and Addenda hereto make integral parts of the Present Agreement.

6.4 After signing the Present Agreement all preceding negotiations and correspondence between the Parties shall be deemed null and void.

6.5 In case of reorganization of the juridical person, either of the Parties of the Present Agreement, all the rights and liabilities to be transferred to the corresponding successor.

6.6 The Present Agreement is signed in two originals in English, one original for each Party, both originals being equally authentic.

SNT 024278

6.7 The Contract No. M/10/19 signed between the Seller and S.O.M.O. will form an integral part of the Present Agreement and shall be the basis of cooperation between the Parties.

7. Special Conditions.

7.1 Seller warrants that the crude oil sold to the Buyer pursuant to this Agreement was obtained pursuant to all necessary approvals and in accordance with all applicable procedures of the United Nations (U.N.) resolutions 986 and the U.N. Security Council Committee established by SCR 661 (1990). Seller also warrants that the provisions of all applicable U.N. resolutions have been complied with, including, without limitation, SCR 986 (1995), SCR 1111 (1997), SCR 1143 (1997) and SCR 661 (1990).

7.2 Seller specifically warrants that no surcharge or other payment was made to S.O.M.O. by the Seller, or to the Seller's knowledge by any third party, outside the U.N. escrow account in obtaining the crude oil sold to the Buyer hereunder.

7.3 Seller shall provide Buyer a copy of the U.N. Certification, U.N. appointed Inspector's Certificate and the Certificate of Origin upon vessel's departure from the load port and as soon as S.O.M.O. provides the required papers.

THE SELLER

GP/VO "MACHINOIMPORT"

THE BUYER

BAYOIL SUPPLY & TRADING LIMITED

SNT 024279

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/119/2001

Sold to : MACHINOIMPORT

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : AMAZON EAGLE

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 02/10/2001

Contract no. : M/10/19

BNP Confirmation no : N730032

Openinig Bank L/c No. : IX00117010038247

Shipment No. : CK/5050

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 33.54 API GRAVITY AT 60 F °	285,391.101	280,882.93	2,098,421	22.450	47,109,551.45
					47,109,551.45

Total EURO : FORTY SEVEN MILLION ONE HUNDRED NINE THOUSAND FIVE HUNDRED FIFTY ONE AND FORTY FIVE CENTS

Price Calculation: WTI(FIRST MONTH)MINUS $ 6.15 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.24 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 03/09/2001

ORIGINAL

I.A. SHUAEIL
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 161

7/2/2004 2:54 PM

BAYOIL CARGOES LOADED UNDER UN OIL-FOR-FOOD PROGRAM (1997 - 2003)

B/L DATE	VESSEL	COUNTRY/SUPPLIER	QUANTITY	TOTAL 2001
		RUSSIA		122,853,572
1/6/2001	ASTRO BETA	TNK	1,820,015	
1/27/2001	HELLESPONT CAPITOL	NAFTA-CYPRUS	1,982,832	
2/14/2001	MAJESTIC UNITY	ROSNEFT	2,027,902	
2/25/2001	HELLESPONT PARADISE	ROSNEFT	2,103,164	
4/3/2001	STAVROS G.L.	SLAVNEFT	2,092,293	
4/3/2001	STAVROS G.L.	ROSNEFT	250,000	
4/19/2001	SETTEBELLO	ROSNEFT	2,160,986	
4/23/2001	AMAZON EAGLE	SLAVNEFT	2,098,080	
5/20/2001	ASTRO BETA	ROSNEFT	1,860,777	
7/13/2001	OLYMPIC SPIRIT	ROSNEFT	1,999,925	
8/21/2001	STENA CONVOY	ROSNEFT(MED NAFTA-CYPRUS)	1,822,670	
8/1/2001	STENA COMPANION	ROSNEFT(MED NAFTA-CYPRUS)	200,000	
8/15/2001	MAGDELAINE	ROSNEFT(MED NAFTA-CYPRUS)	1,911,822	
8/26/2001	SETTEBELLO	ROSNEFT(MED NAFTA-CYPRUS)	150,000	
9/3/2001	AMAZON EAGLE	MACHINOIMPORT	2,098,421	
9/8/2001	SAHARA	ROSNEFT(MED NAFTA-CYPRUS)	2,356,360	
9/15/2001	NOTO	ROSNEFT(MED NAFTA-CYPRUS)	1,990,489	
10/9/2001	OLYMPIC SPIRIT	ROSNEFT(MED NAFTA-CYPRUS)	2,586,824	
11/2/2001	H.CAPITOL	ROSNEFT(MED NAFTA-CYPRUS)	1,810,523	
12/24/2001	AMAZON EAGLE(12)	EMERCOM M/10/61	2,105,469	
			35,428,552	

B/L DATE	VESSEL	COUNTRY/SUPPLIER	QUANTITY
		UKRAINE	
5/31/2001	TINA	ENERGY	1,928,233
7/13/2001	OLYMPIC SPIRIT	FEDERALNIY	600,000
8/6/2001	HELLESPONT CAPITOL	FEDERALNIY	400,000
			2,928,233

B/L DATE	VESSEL	COUNTRY/SUPPLIER	QUANTITY
		ITALY	
1/20/2001	TINA	ITALTECH	2,371,092
1/21/2001	ASTRO BETA	ITALTECH	1,883,686
1/23/2001	HELLESPONT PARADISE	ITALTECH	2,103,854
1/24/2001	GOLDEN FOUNTAIN	ITALTECH	2,007,757

BAY09-01581

09-21-2001 06:16AM FROM TO 7132248101 P.02

FROM : GP/VO MACHINOIMPORT MARKETING PHONE NO. : 2441160 Sep. 21 2001 04:12PM P01

STATE ENTERPRISE FOREIGN ECONOMIC ASSOCIATION
MACHINIMPORT

COMMERCIAL INVOICE NO 50-0601/72011/M/10/19/B-K-1 DATED 21.09.01

TO: BAYOIL SUPPLY & TRADING LIMITED
P.O. BOX CB 12918
NASSAU BAHAMAS

FURTHER TO OUR CONTRACT DATED AUGUST 14, 2001

VESSEL NAME:	M/T "AMAZON EAGLE"
B/L DATE:	SEPTEMBER 3, 2001
LOADPORT:	CEYHAN, TURKEY
GRADE:	KIRKUK CRUDE OIL
ORIGIN:	IRAQ
QUANTITY:	2,098,421 NET US BARRELS

BALANCE AMOUNT DUE NOT COVERED BY
LETTER OF CREDIT NR. 1X00117010038247

USD 839,368.40

PAYABLE VALUE : 20 DAYS FROM BILL OF LADING DATE OR TWO BANKING DAYS FOLLOWING RECEIPT OF INVOICE AS FOLLOWS:

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 162

SNT 024344

BAYOIL

TO:	Machinoimport State Enterprise Foreign Trade Association
ATTN:	Mr.Sergei Valentinovich Tumanov
FAX:	011-7095-244-1093
FROM:	Bayoil Supply & Trading Limited
DATE:	September 21, 2001
REF:	M/T "Amazon Eagle" – Invoice No. 50-0601/72011/M/10/19-/B-K-1

Dear Sirs:

In follow up to your invoice received today, please be advised our bank will not allow us to transfer funds to any account name other than whom we have contracted the barrels from.

Please advise if we can forward funds to the bank account as per your invoice instructions with Machoimport noted as beneficiary?

Your prompt reply will be greatly appreciated in order to effect payment.

Thanks & regards,

Ludmil Dionissiev
For and on behalf of
Bayoil Supply & Trading Limited

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 163

SNT 024353

10-04-2001 07:23AM FROM TO 7132248101 P.01

FROM : MASHINOIMPORT PHONE NO. : 9377315 OCT. 04 2001 11:20AM P1

MACHINOIMPORT®

STATE ENTERPRISE
FOREIGN ECONOMIC ASSOCIATION
RF 109017, Moscow, Bolshaya Ordynka St., 40/37 edifice 1, sec. «B», «MACHINOIMPORT» Tel. 244-33-08, Telex: 411231, Fax: 244-38-07

4.10.2001 № 50-1103/559

on No _____ from «___» _____ 199

INVOICE
50-0601/72011/M/10/19-/B-K-1

Ref. Agency Agreement 50-0601/72011/M/10/19-/B-K

Dear Mr. Dionissiev,

In compliance with our Agency Agreement you are kindly requested to URGENTLY transfer the sum of US Dollars 839.368-40 to the following account:

Beneficiary – MACHINOIMPORT
Account No. 070 – 33 – 065124
With Cyprus Popular Bank Ltd
11-13 Arch Makarios III Ave., Nicosia, Cyprus
SWIFT - LIKICY2N
Attn. Mrs. Rena Adamides
Payment "Amazon Eagle".

Your prompt actions will be highly appreciated.

Best regards,

S.Tumanov
First Vice President
MACHINOIMPORT

Bayuil-Phase10-Kirkuk

DO IT AS QUICKLY AS POSSIBLE

TOTAL P.01

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 164

SNT 024345

SNT 024345

BAYOIL

TO: BANQUE CANTONALE VAUDOISE, LAUSANNE
ATTN: CEDRIC SOGUEL
FAX: 011-41-21-212-2581

FROM: BAYOIL SUPPLY & TRADING LIMITED

DATE: OCTOBER 4, 2001

RE: M/T "AMAZON EAGLE" - V-50166

DEAR CEDRIC:

BAYOIL HEREBY AUTHORIZES THE FOLLOWING NET PAYMENT BY DEBIT TO OUR ACCOUNT WITH VALUE OCTOBER 5, 2001.

AMOUNT: US$839,368.40

BANK: CYPRUS POPULAR BANK LTD
11-13 ARCH MAKARIOS III AVENUE
NICOSIA, CYPRUS
ATTN: MRS. RENA ADAMIDES

SWIFT: LIKICY2N

ACOUNT NO. 070-33-065124

CREDIT: MACHINOIMPORT

THANK YOU AND REGARDS,

DAVID B. CHALMERS, JR.
FOR AND ON BEHALF OF
BAYOIL SUPPLY AND TRADING LIMITED

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 165

SNT 024343

5. OCT. 2001 16:58 BCV. INT. TRADE FIN. +41 21 2122581 Nº8233 P. 1

Pa... : BAYOIL Name: u...tled

X098 AFFICHER MESSAGE SWIFT SORTIE 05.10.01 16:55

PRESSER ENTER POUR CONTINUER

TYPE MESSAGE	SWIFT MT103 SINGLE CUTOMER CREDIT TRANSFER
REFERENCE	4625704924012780
EMETTEUR	BCVLCH2LXXX BANQUE CANTONALE VAUDOISE SIEGE 1002 LAUSANNE
RECEPTEUR	LIKICY2NXXX CYPRUS POPULAR BANK LTD, THE NICOSIA / LEFKOSIA
NO MESSAGE	2795614924,01,278
ETAT	AC
DATE/HEURE CREATION	05.10.2001 11:55:41
DATE/HEURE EMISSION	05.10.2001 12:09:00
REFERENCE EN RELATION	
ORIGINE INTERNE	TP

F12=QUIT

ATTN. Jean

BR Lionel

Date: 05.10.2001 Time: 16:55:29

1/2

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 166

SNT 024340

5. OCT. 2001 16:58 BCV INT. TRADE FIN. +41 21 2122581 Nº8233 P. 2

Page: 1 Document Name: un..cled

X098 AFFICHER MESSAGE SWIFT 05.10.01 16:55

POUR CONTINUER PRESSER ENTER

TYPE MESSAGE SWIFT MT103 SINGLE CUTOMER CREDIT TRANSFER

20	TRANSACTION REFERENCE NUMBER	4625704924012780
23B	BANK OPERATION CODE	CRED
32A	DATE/PRICE OR CURRENCY/AMOUNT	011005USD839368,4
33B	CURRENCY/INSTRUCTED AMOUNT	USD839368,4
36	EXCHANGE RATE	1,
50K	ORDERING CUSTOMER	BAYOIL SUPPLY ET TRADING LIMITED THOMPSON CO., SASSOON HOUSE NASSAU BAHAMAS
53A	SENDER CORRESPONDENT	CITIUS33XXX
59	BENEFICIARY CUSTOMER	/07033065124 MACHINOIMPORT
71A	DETAILS OF CHARGES	OUR
72	SENDER TO RECEIVER INFORMATION	/ACC/ATTN MRS RENA ADAMIDES

PAGE/CSR PAGE

F07=PREV F08=NEXT F12=QUIT LINES 1 TO 14 OF 14

Date: 05.10.2001 Time: 16:55:35

2/2

SNT 024341

SNT 024341



شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع/دولار/برميل
10	LUBNA	M/09/105	1,002,739	250,684.75	250,685.00	-0.25	0.27
10	LUBNA	M/10/43	1,006,073	251,518.25	251,518.00	0.25	0.25
12	LUBNA	M/11/63	1,046,945	157,041.75	0.00	157,041.75	0.15
10	LUKOIL	M/10/67	3,741,829	1,122,548.70	1,122,671.00	-122.30	0.30
8	MACHINOIMPORT	M/08/37	2,919,856	291,985.00	291,985.00	0.00	0.10
9	MACHINOIMPORT	M/09/22	2,997,319	849,080.80	849,080.80	0.00	0.28
10	MACHINOIMPORT	M/10/11	5,088,147	1,426,320.40	1,426,265.80	54.60	0.28
10	MACHINOIMPORT	M/10/19	4,070,248	1,221,074.40	1,221,074.40	0.00	0.30
11	MACHINOIMPORT	M/11/17	3,042,671	912,801.30	912,771.30	30.00	0.30
11	MACHINOIMPORT	M/11/79	3,366,413	916,603.25	916,603.25	0.00	0.23
12	MACHINOIMPORT	M/11/79	1,914,918	287,237.70	667,796.05	-380,558.35	0.23
12	MACHINOIMPORT	M/12/01	1,908,622	286,293.30	286,240.00	53.30	0.15
8	MARBEL RESOURCES	M/08/95	3,550,846	355,083.00	350,000.00	5,083.00	0.10
9	MARBEL RESOURCES	M/09/76	3,538,143	1,061,442.90	1,061,442.90	0.00	0.30
10	MARBEL RESOURCES	M/10/16	5,469,675	1,450,167.10	1,439,656.10	10,511.00	0.27
11	MARBEL RESOURCES	M/10/16	525,000	157,500.00	157,500.00	0.00	0.27
9	MASEFIELD	M/09/54	1,935,892	498,973.00	498,518.00	455.00	0.26
10	MASEFIELD	M/10/57	1,000,896	250,224.00	250,022.00	202.00	0.25
9	MASTEK	M/08/60	1,786,267	535,880.10	0.00	535,880.10	0.30
9	MASTEK	M/09/18	36,469,888	10,380,361.39	9,803,960.13	576,401.26	0.28
11	MED NAFTA	M/11/55	8,094,595	2,428,378.50	2,388,708.51	39,669.99	0.30
12	MED NAFTA	M/12/19	2,054,449	308,167.35	0.00	308,167.35	0.15
8	MEDCO	M/08/97	2,018,386	201,838.00	201,838.00	0.00	0.10
10	MEDCO	M/10/72	1,904,781	571,434.30	571,434.30	0.00	0.30

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 167

"26" мая 200 1г. №

VICE PREMIER-MINISTER
OF THE REPUBLIC OF IRAQ
MR. TARIQ AZIZ

To His Excellency,

Dear friend,

Thank you very much for your time and undeniable at the developing our cooperation.

I would like to confirm that I have a cooperation with the company "LUKOIL ASIA-PACIFIC PTE LTD" during the next phase of the United Nations oil-for-food agreements.

Next allocation for this phase of 2001, in an amount of 4 million barrels of oil should be assigned to "LUKOIL ASIA PACIFIC PTE LTD" for the contracting and lifting.

Sincerely Yours,

Vladimir Zhirinovsky

WM000023

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 168

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/10/ 67

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 169

8. Payments to SELLER under SUB Article 5-5 and Sub Article 6-7 of Section Two, and any other Payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.
9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143 SCR 1153, SCR 1210, SCR 1242, SCR 1281, SCR 1302, SCR 1330, SCR 1360, the Procedures and the Memorandum of Understanding between the Secretariat of the United nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and Communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:
STATE OIL MARKETING ORGANIZATION
P.O. BOX 5118
BAGHDAD – IRAQ
TELEX : 212198 – 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX : 964-1-8853925

FOR BUYER:
LUKOIL ASIA PACIFIC PTE LTD
65 CHULIA STREET, #48-07, OCBC CENTRE,
SINGAPORE 049513
TEL : 423 1311
FAX: 438 5335
TLX: LUKOIL RS20804

FOR OVERSEERS
UNITED NATIONS, NEW YORK, U.S.A.
FAX : 212 – 963 – 1628

All other terms and conditions as per (Section Two) General conditions of F.O.B. crude oil sales contract and attached appendices 1 & 2 .

This Contract has been done and signed on the 26TH day of August , 2001.

FOR SELLER

SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL
S O M O

FOR BUYER

PIERRE WAVRE
DIRECTOR

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH1/12653
Date: 08 Jumada I, 1422 H
Equivalent to 08/27/2001

Stamp
Ministry of Oil/Office of the Minister
No.: 13331
Date: 08/27/2001

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the allocations statement, a contract has been signed with the Russian company Lukoil Asia (on behalf of Mr. Zhirinovsky) as per the following terms:

1- Number of Contract: M/10/67 Date: 08/26/2001
2- Name of Company Buyer: Lukoil Asia Russian company
3- Nationality: Russian
4- Quantity: (4) million barrels divided as follows:

(2) million Barrels of Al-Basrah light crude oil FOB Al-Bakr terminal
(2) million Barrels Kirkuk crude oil FOB Ceyhan terminal

5- Destination of Crude Oil: Europe and / or America
6- Pricing Formula: As per the rate in effect of Kirkuk and Al-Basrah light crude oil for the aforesaid destinations
7- Validity of Contract: From 08/26 till 11/30/2001
8- Estimated Value: (92) million Euros based on an estimated rate of $20/barrel
9- Surcharge: Payable within one month of loading

For your review and approval, please.

Regards,

صدام زبن حسن

Saddam Zeben Hassan
Executive Director

[Miscellaneous signatures]

For the Approval of Minister
I approve

09/03

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 170

وزارة النفط / مكتب الوزير
رقم / ١٢٢٢١
التاريخ: ٢٠٠١/٩/٢٧

بسم الله الرحمن الرحيم

جمهورية العراق
وزارة النفط
شركة تسويق النفط (شركة عامة)

الرقم / ح١/ ٢ ٥ ٦ ١٧
التاريخ/٨جمادي الاولى/١٤٢٢هـ
الموافق/٧/٨/٢٠٠١

اجعل عدوك امام عينك وأسبقه ولا تدعه خلف ظهرك
الرئيس القائد صدام حسين (حفظه الله ورعاه)
٢٠٠٠/٨/٨

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

استناداً الى كشف التخصيصات تم التعاقد مع شركة لوك اويل اسيا – الروسية (لصالح السيد جرنوفسكي) بموجب الشروط التالية :

١- رقم العقد وتأريخه : M/10/67 التاريخ : ٢٠٠١/٨/٢٦
٢- اسم الشركة المتعاقدة : لوك اويل اسيا الروسية
٣- الجنسية : روسية
٤- الكمية : (٤) اربعة ملايين برميل موزعة كالآتي :-
(٢) مليون برميل نفط خام البصرة الخفيف فوب البكر.
(٢) مليون برميل نفط خام كركوك فوب جيهان.
٥- وجهة النفط الخام : اوربا و/أو امريكا
٦- التسعيرة : حسب التسعيرة النافذة لنفطي خام كركوك و البصرة الخفيف للوجهتين اعلاه.
٧- فترة نفاذ العقد : للفترة ما بين ٨/٢٦ ولغاية ٢٠٠١/١١/٣٠
٨- القيمة التقديرية : (٩٢) مليون بورو على اساس سعر تقديري قدره (٢٠) دولار/برميل
٩- مبلغ الاسترجاع : يدفع خلال شهر من تاريخ التحميل .

للتفضل بالاطلاع والمصادقة .

مع التقدير .

صدام زين حسن
المدير التنفيذي

مصادقة السيد الوزير

In the Name of God, Most Gracious, Most Merciful

To: The Financial Department
From: Crude Oil Marketing First Department

No.: KH1
Date: Jumada Al-Akhira, 1422H
Equivalent to 08/27/2001

RE: Contract M/10/67 with Lukoil Asia Company (**Mr. Zhirinovsky**)

A contract has been signed on 08/26/2001 to supply the aforesaid buyer with crude oil as per the following details:

1- Name of Company Buyer: Lukoil Asia Pacific
2- Validity of Contract: Until 11/30/2001
3- Quantity and Type: (4) million barrels divided as follows:

   (2) million Barrels of Al-Basrah light crude oil FOB Al-Bakr terminal
   (2) million Barrels of Kirkuk crude oil FOB Ceyhan terminal

4- Destination of Oil: Europe and / or America
5- Pricing Formula: As per the standard price of Kirkuk and Al-Basrah light crude oil for the aforesaid destinations
6- Approval of United Nations: S/AC.25/2001/OIL/1360/COMM
7- Address:

   LUKOIL ASIA PACIFIC PTE LTD
   65 CHULIA STREET, #48-07, OCBC CENTER
   SINGAPORE 049513
   TEL: 0065 423 1311
   FAX: 0065 438 5335
   TLX: LUKOIL R20804

8- Point of Contact: Mr. Pierre Wavre
9- Payment and Other Terms: As per the unified formula of crude oil supply contract and L/C

Please take note and act accordingly.



Saddam Zeben Hassan
Executive Director

Abd-al-Jalil Hammadi
Head of Oil Marketing First Department

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 173

بسم الله الرحمن الرحيم

الى /الدائرة المالية — الرقم : خ١/

من / دائرة تسويق الخام الاولى — التاريخ: /جمادي الآخرة/ ١٤٢٢ هـ

الموافق : ٢٠٠١/٨/٢٦ م

م/ العقد M/10/67 مع شركة لوك اويل اسيا (السيد جرنوفسكي)

تم بتاريخ ٢٠٠١/٨/٢٦ التوقيع على عقد تجهيز النفط الخام مع المشتري اعلاه وفق التفاصيل التالية:-

١- اسم الشركة المشترية : لوك اويل اسيا باسفك

٢- فترة سريان العقد : لغاية ٢٠٠١/١١/٣٠ .

٣- الكمية والنوعية : (٤) مليون برميل موزعة كالآتي :-

(٢) مليون برميل نفط خام البصرة الخفيف فوب البكر

(٢) = = = = كركوك فوب جيهان

٤- وجهة النفط : اوربا و/أو امريكا

٥- السعر : الاسعار القياسية لنفطي خام كركوك والبصرة الخفيف للوجهتين اعلاه.

٦- مصادقة الامم المتحدة : S/AC.25/2001/OIL/1360/COMM

في / /٢٠٠١

٧- العنوان :

LUKOIL ASIA PACIFIC PTE LTD
65 CHULIA STREET, #48-07, OCBC CENTRE,
SINGAPORE 049513
TEL : 0065 423 1311
FAX: 0065 438 5335
TLX: LUKOIL RS20804

٨- الشخص الذي يتصل به : MR. PIERRE WAVRE

٩- الدفع والشروط الاخرى : حسب الصيغة الموحدة لعقد تجهيز النفط الخام ولكتاب الاعتماد .

للعلم والعمل بموجبه رجاء .

عبد الجليل سعيد حمادي
رئيس دائرة تسويق الخام الاولى

صدام زين حسين
المدير التنفيذي

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/147/2001

Sold to : LUKOIL ASIA PACIFIC PTE LTD

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : LICORNE PACIFIQUE

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 08/11/2001

Contract no. : M/10/67

BNP Confirmation no : N731107

Openinig Bank L/c No. : LCIM2196042

Shipment No. : CK/5078

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 33.52 API GRAVITY AT 60 F °	259,609.107	255,508.20	1,908,566	17.082	32,602,124.41
					32,602,124.41

Total EURO : THIRTY TWO MILLION SIX HUNDRED TWO THOUSAND ONE HUNDRED TWENTY FOUR AND FORTYONE CENTS

Price Calculation: WTI(FIRST MONTH)MINUS $ 6.15 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.24 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 10/10/2001

ORIGINAL

B.A.SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – EN 174

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/182/2001

Sold to : LUKOIL ASIA PACIFIC PTE LTD

Exporting port : MINA ALBAKR TERMINAL

Ships Name : ASTRO GAMMA

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 12/11/2001

Contract no. : M/10/67

BNP Confirmation no : N731121

Openinig Bank L/c No. : LCIM2196355

Shipment No. : BBL/3196

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 30.40 API GRAVITY AT 60 F °	254,117.702	250,103.54	1,833,263	15.310	28,067,256.53
					28,067,256.53

Total EURO : TWENTY EIGHT MILLION SIXTY SEVEN THOUSAND TWO HUNDRED FIFTY SIX AND FIFTY THREE CENTS

Price Calculation: WTI(SECOND MONTH)MINUS $ 7.00 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.36 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

I.A.SHUAIBI
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

B/L DATED 14/10/2001

ORIGINAL

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 175

7/2/2004 2:53 PM

BAYOIL CARGOES LOADED UNDER UN OIL-FOR-FOOD PROGRAM (1997 - 2003)

B/L DATE	VESSEL	COUNTRY/SUPPLIER	QUANTITY	TOTAL 1997
		RUSSIA		10,207,710
8/23/1997	JAHRE VENTURE	ALFA ECO	1,000,000	
9/29/1997	MARINE ATLANTIC	ALFA ECO	1,950,588	
9/29/1997	MARINE ATLANTIC	ALFA ECO	550,000	
11/1/1997	RUHR ORE	ALFA ECO	1,997,855	
			5,498,443	

B/L DATE	VESSEL	COUNTRY/SUPPLIER	QUANTITY
		NETHERLANDS	
9/30/1997	BIRCH	TRAFIGURA	1,013,696

B/L DATE	VESSEL	COUNTRY/SUPPLIER	QUANTITY
		IRAQ	
8/15/1997	ARCADIA	SOMO	2,148,386
8/23/1997	JAHRE VENTURE	SOMO	1,547,185
			3,695,571

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 176

FROM : LUKOIL ASIA PACIFIC PTE LTD, SINGAPORE

TO : BAYOIL SUPPLY AND TRADING LIMITED
TLX : 20644
FAX : 1 713 224 8101

CC : BNP PARIBAS (SUISSE) SA
ATTN : GINA GRECO / CHRISTINE GENILLOUD
TLX : 412100

CC : LUKOIL SA
ATTN : NEIL MAJSKI

RE : M/T ''LICORNE PACIFIC'' - B/L DATED 10.10.2001 AT CEYHAN, TURKEY
1,908,566 NET US BBLS OF KIRKUK CRUDE OIL
CONTRACT DATED JULY 20, 2001
O/REF. SC-004-01S

PLEASE FIND HEREAFTER OUR TELEX INVOICE COVERING THE ABOVE MENTIONED DELIVERY.

Q U O T E

LUKOIL ASIA PACIFIC PTE LTD
65 CHULIA STREET, HEX48-07
OCBC CENTRE
SINGAPORE 049513

BAYOIL SUPPLY AND TRADING LIMITED
PO BOX CB 12918
NASSAU BAHAMAS

INVOICE NO SC-004-01S DATED NOVEMBER 01,2001

PRODUCT KIRKUK CRUDE OIL, FOB CEYHAN TURKEY

SHIPMENT M/T ''LICORNE PACIFIQUE'' B/L DATED 10.10.2001
FOB CEYHAN

TERMS FOB CEYHAN

B/L QUANTITY
259'684.782 MT GROSS B/L
259'609.107 MT NET B/L

API 33.02 1'908'566 NET US BARRELS

FULL PRICE CALCULATION :

SOMO OFFICIAL PRICE:		USD 15.723	PER US BBL
LESS API VARIATION	-	USD 0.29	PER US BBL
		USD 15.433	PER US BBL
PLUS CONTRACTUAL PREMIUM	+	USD 0.03	PER US BBL
FINAL PRICE FOB CEYHAN		USD 15.463	PER US BBL

TOTAL AMOUNT DUE FOB CEYHAN USD 29'512'156.06

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 177

SNT 024241

PAYMENT IN IMMEDIATELY AVAILABLE FUNDS, WITHOUT SET-OFF, DEDUCTION AND/OR COUNTERCLAIM : 30 CALENDAR DAYS FROM BILL OF LADING DATE (B/L DATE TO COUNT AS DAY ONE) AS FOLLOWS

A) USD 29'454'899.08 CONVERTED IN EURO BY USING THE EURO/US EXCHANGE RATE AS PER SOMO'S PAYMENT FORMULA PER L/C NO LCIM 2196042 OPENED BY BNP PARIBAS (SUISSE) SA GENEVA IN FAVOUR OF THE UNITED NATIONS.

B) USD 57'256.98 TO BE PAID TO LUKOIL ASIA PACIFIC PTE LTD
ACCOUNT NO 79739/1N WITH BNP PARIBAS (SUISSE) SA, GENEVA
ATTN MS GINA GRECO.

DUE DATE : 08.11.2001

PLEASE CONFIRM PAYMENT WITH GOOD VALUE ON DUE DATE

BEST REGARDS
LUKOIL ASIA PACIFIC PTE LTD

VICTOR LIM CHRISTOPHE MILLET

SNT 024242

12:35 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
Gross Sales								
Sales - Oil Products								
Deposit	11/13/2001	REV	VALERO MARK...	L.PACIFIQUE-3	V-50165	BNP Paribа...	7,678,190.25	7,678,190.25
Deposit	11/16/2001	REV	VALERO MARK...	L.PACIFIQUE-3	V-50165	BNP Paribа...	7,880,197.79	15,558,388.04
Deposit	11/19/2001	REV	EQUIVA	L.PACIFIQUE-3	V-50165	BNP Paribа ...	7,819,569.81	23,377,957.85
Deposit	11/20/2001	REV	VALERO MARK...	L.PACIFIQUE-3	V-50165	BNP Paribа...	7,914,054.15	31,292,012.00
Total Sales - Oil Products							31,292,012.00	31,292,012.00
Total Gross Sales							31,292,012.00	31,292,012.00
Cost of Sales								
Exchange gain/loss								
Check	11/8/2001	PURCH	UNITED NATIO...	L.PACIFIQUE-3	V-50165	BNP Paribа ...	-14,909.16	-14,909.16
Total Exchange gain/loss							-14,909.16	-14,909.16
Crude Purchases								
Check	10/30/2001	PUR	PLASCO SHIPP...	L.PACIFIQUE-3	V-50165	Cash - CAI ...	-572,569.80	-572,569.80
Check	11/8/2001	PURCH	LUKOIL PETRO ...	L.PACIFIQUE-3	V-50165	BNP Paribа...	-57,256.98	-629,826.78
Check	11/8/2001	PURCH	UNITED NATIO...	L.PACIFIQUE-3	V-50165	BNP Paribа...	-29,650,327.38	-30,180,154.16
General Journal	11/30/2001	Je-Ck-03	Accrual	A. Gamma-7	V-50165	Accounts R...	-130,000.00	-30,310,154.16
Total Crude Purchases							-30,310,154.16	-30,310,154.16
Interest								
Check	10/19/2001	LOAN	FIXED TERM A ...	L.PACIFIQUE-3	V-50165	BNP Paribа...	-1,290.67	-1,290.67
Check	10/19/2001	LOAN	FIXED TERM A...	L.PACIFIQUE-3	V-50165	BNP Paribа	-182.09	-1,472.76
Check	11/5/2001	LOAN	FIXED TERM A ...	L.PACIFIQUE-3	V-50165	Cash - CAI ...	-539.39	-2,012.15
Check	11/8/2001	LOAN	FIXED TERM A...	L.PACIFIQUE-3	V-50165	BNP Paribа	-2,960.00	-4,972.15
Check	11/8/2001	LOAN	FIXED TERM A...	L.PACIFIQUE-3	V-50165	BNP Paribа	-788.67	-5,760.82
Check	11/13/2001	LOAN	FIXED TERM A ...	L.PACIFIQUE-3	V-50165	BNP Paribа...	-13,537.85	-19,298.67
Check	11/16/2001	LOAN	FIXED TERM A...	L.PACIFIQUE-3	V-50165	BNP Paribа	-6,418.66	-25,717.33
Check	11/19/2001	LOAN	FIXED TERM A...	L.PACIFIQUE-3	V-50165	BNP Paribа...	-4,494.00	-30,211.33
Check	11/20/2001	LOAN	FIXED TERM A...	L.PACIFIQUE-3	V-50165	BNP Paribа...	-816.33	-31,027.66
Total Interest							-31,027.66	-31,027.66
Inspection								
Check	10/24/2001	INSP	OIL INSPECTIO.	L.PACIFIQUE-3	V-50165	BNP Paribа...	-802.40	-802.40
Check	11/7/2001	FRGHT	SGS CSI	L.PACIFIQUE-3	V-50165	BNP Paribа...	-900.00	-1,702.40
Check	11/7/2001	FRGHT	SGS CSI	L.PACIFIQUE-3	V-50165	BNP Paribа...	-900.00	-2,602.40
General Journal	11/30/2001	Je-Ck-09	Accrual	L. Pacific-3	V-50165	-SPLIT-	-25,000.00	-27,602.40
Check	4/10/2002	INSP	OIL INSPECTIO...	L.PACIFIQUE-3	V-50165	BNP Paribа...	-5,936.89	-33,539.29
Check	9/19/2002	INSP	INSPECTORAT...	L.PACIFIQUE-3	V-50165	BNP Paribа ...	-1,957.09	-35,496.38
Check	9/19/2002	INSP	INSPECTORAT...	L.PACIFIQUE-3	V-50165	BNP Paribа	-1,815.83	-37,312.21
Check	9/19/2002	INSP	INSPECTORAT...	L.PACIFIQUE-3	V-50165	BNP Paribа...	-2,040.25	-39,352.46
Check	9/19/2002	INSP	INSPECTORAT...	L.PACIFIQUE-3	V-50165	BNP Paribа	-831.60	-40,184.06
Check	9/19/2002	INSP	INSPECTORAT	L.PACIFIQUE-3	V-50165	BNP Paribа...	-1,112.60	-41,296.66
General Journal	9/30/2002	Je-C09-21	Reverse Accrual	L. Pacific-3	V-50165	Estimated ...	6,457.98	-34,838.68
Total Inspection							-34,838.68	-34,838.68
Insurance								
General Journal	11/30/2001	Je-Ck-09	Accrual	L. Pacific-3	V-50165	Inspection	-20,000.00	-20,000.00
Check	1/3/2002	INS	CRAIG FERGU...	L.PACIFIQUE-3	V-50165	BNP Paribа ...	-22,045.69	-42,045.69
Check	3/25/2002	INS	CRAIG FERGU...	L.PACIFIQUE-3	V-50165	BNP Paribа...	-2,593.88	-44,639.57
General Journal	3/31/2002	Je-Ck-08	Reverse Accrual	L. Pacific-3	V-50165	Estimated ...	20,000.00	-24,639.57
Total Insurance							-24,639.57	-24,639.57
L/C Charges								
Check	10/5/2001	LC	UNITED NATIO ...	L.PACIFIQUE-3	V-50165	BNP Paribа...	-46,696.40	-46,696.40
Total L/C Charges							-46,696.40	-46,696.40
Freight								
Check	9/27/2001	FRGHT	LICORNE PACI...	L.PACIFIQUE-3	V-50165	BNP Paribа...	-783,164.20	-783,164.20
Check	9/28/2001	FRGHT	NATWEST OFF ...	L.PACIFIQUE-3	V-50165	BNP Paribа...	-1,000.00	-784,164.20
Check	10/5/2001	FRGHT	LICORNE PACI...	L.PACIFIQUE-3	V-50165	BNP Paribа	-495,996.90	-1,280,161.10
Deposit	10/15/2001	CREDIT	NATWEST OFF...	L.PACIFIQUE-3	V-50165	BNP Paribа...	990.00	-1,279,171.10
Check	10/17/2001	FRGHT	BOUTROS MA...	L.PACIFIQUE-3	V-50165	BNP Paribа...	-201,882.00	-1,481,053.10
Check	10/26/2001	FRGHT	SHELL MARINE...	L.PACIFIQUE-3	V-50165	BNP Paribа...	-634,685.42	-2,115,738.52
Check	11/8/2001	FRGHT	LICORNE PACI...	L.PACIFIQUE-3	V-50165	BNP Paribа...	-175,998.90	-2,291,737.42
Check	11/16/2001	FRGHT	CEPSA GIBRAL...	L.PACIFIQUE-3	V-50165	BNP Paribа...	-741,089.91	-3,032,827.33
Deposit	11/30/2001	FRGHT	LICORNE PACI...	L.PACIFIQUE-3	V-50165	BNP Paribа...	965,536.68	-2,067,290.65
Check	12/3/2001	FRGHT	LICORNE PACI...	L.PACIFIQUE-3	V-50165	BNP Paribа...	-325.00	-2,067,615.65
Check	3/11/2002	FRGHT	LICORNE PACI...	L.PACIFIQUE-3	V-50165	Banque Bru...	-5,553.05	-2,073,168.70
Check	4/12/2002	FRGHT	SGS CSI	L.PACIFIQUE-3	V-50165	Cash - CAI ...	-450.00	-2,073,618.70
Check	5/17/2002	FRGHT	BARWIL AGEN...	L.PACIFIQUE-...	V-50165	BNP Paribа...	-1,000.00	-2,074,618.70
Check	11/6/2002	FRGHT	BARWIL AGEN...	L.PACIFIQUE-...	V-50165	BNP Paribа...	-1,000.00	-2,075,618.70
General Journal	5/22/2003	FRGHT		L.PACIFIQUE-3	V-50165	Prepaid Items	-230.00	-2,075,848.70
Total Freight							-2,075,848.70	-2,075,848.70

FROM : LUKOIL ASIA PACIFIC PTE LTD, SINGAPORE

TO : BAYOIL SUPPLY & TRADING LIMITED
TLX : 20644
FAX : 001 713 224 8101

CC : BNP PARIBAS (SUISSE) SA
ATTN : GINA GRECO / CHRISTINE GENILLOUD
TLX : 412100

CC : LUKOIL SA
ATTN : NEIL MAJSKI

RE : M/T ''ASTRO GAMMA'' - B/L DATED 14.10.2001 AT MINA AL BAKR
1'833'263 NET US BBLS OF BASRAH LIGHT CRUDE OIL
CONTRACT DATED JULY 20, 2001
O/REF. SC-005-01S

PLEASE FIND HEREAFTER OUR TELEX INVOICE COVERING THE ABOVE MENTIONED DELIVERY.

Q U O T E

LUKOIL ASIA PACIFIC PTE LTD
65 CHULIA STREET, HEX48-07
OCBC CENTRE
SINGAPORE 049513

BAYOIL SUPPLY AND TRADING LIMITED
PO BOX CB 12918
NASSAU BAHAMAS

INVOICE NO SC-005-01S DATED NOVEMBER 06,2001

PRODUCT BASRAH LIGHT CRUDE OIL, FOB MINA AL BAKR

SHIPMENT M/T ''ASTRO GAMMA'' B/L DATED 14.10.2001
FOB MINA AL BAKR

TERMS FOB MINA AL BAKR

B/L QUANTITY
254'481.661 MT GROSS B/L
254'117.702 MT NET B/L

API 30.40 1'833'263 NET US BARRELS

FULL PRICE CALCULATION :

SOMO OFFICIAL PRICE:	USD	14.225	PER US BBL
LESS API VARIATION	- USD	0.36	PER US BBL
	USD	13.865	PER US BBL
PLUS CONTRACTUAL PREMIUM	+ USD	0.03	PER US BBL
FINAL PRICE FOB MINA AL BAKR	USD	13.895	PER US BBL

TOTAL AMOUNT DUE FOB MINA AL BAKR USD 25'473'189.39

PAYMENT IN IMMEDIATELY AVAILABLE FUNDS, WITHOUT SET-OFF, DEDUCTION AND/OR COUNTERCLAIM : 30 CALENDAR DAYS FROM BILL OF LADING DATE (B/L DATE TO COUNT AS DAY ONE) AS FOLLOWS

A) USD 25'418'191.50 CONVERTED IN EURO BY USING

SNT 024997

THE EURO/US EXCHANGE RATE AS PER SOMO'S PAYMENT FORMULA PER L/C NO LCIM 2196355 OPENED BY BNP PARIBAS (SUISSE) SA GENEVA IN FAVOUR OF THE UNITED NATIONS.

B) USD 54'997.89 TO BE PAID TO LUKOIL ASIA PACIFIC PTE LTD ACCOUNT NO 79739/1N WITH BNP PARIBAS (SUISSE) SA, GENEVA ATTN MS GINA GRECO.

DUE DATE : 13.11.2001

PLEASE CONFIRM PAYMENT WITH GOOD VALUE ON DUE DATE

BEST REGARDS
LUKOIL ASIA PACIFIC PTE LTD

VICTOR LIM CHRISTOPHE MILLET

SNT 024998

2:14 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
Gross Sales								
Sales - Oil Products								
General Journal	11/30/2001	Je-Ck-03	Various	A. GAMMA-7	V-50173	Accounts R...	26,476,986.66	26,476,986.66
Deposit	12/17/2001	REV	PACC	A.GAMMA-7	V-50173	BNP Pariba...	8,194,846.65	34,671,833.31
Deposit	12/17/2001	REV	CHEVRON	A.GAMMA-7	V-50173	BNP Pariba...	6,839,439.44	41,511,272.75
Check	12/17/2001	REV	CHEVRON	A.GAMMA-7	V-50173	BNP Pariba...	-6,839,439.44	34,671,833.31
Deposit	12/17/2001	REV	CHEVRON CO...	A.GAMMA-7	V-50173	BNP Pariba...	6,839,439.44	41,511,272.75
Deposit	12/20/2001	REV	VALERO MARK...	A.GAMMA-7	V-50173	BNP Pariba...	7,065,703.89	48,576,976.64
Deposit	12/21/2001	REV	VALERO MARK...	A.GAMMA-7	V-50173	BNP Pariba...	4,376,996.68	52,953,973.32
Check	12/27/2001	PYMNT	PACC	A.GAMMA-7	V-50173	BNP Paribа	-26,858.20	52,928,115.12
General Journal	12/31/2001	Je-Ck-33	Reverse Accrual	A. GAMMA-7	V-50173	-SPLIT-	-26,476,986.66	26,451,128.46
Total Sales - Oil Products							26,451,128.46	26,451,128.46
Total Gross Sales							26,451,128.46	26,451,128.46
Cost of Sales								
Broker Comm								
Check	3/12/2002	1427	SYNTEXENER ..	A.gamma-7	V-50173	Cash - Well...	-250.00	-250.00
Check	3/12/2002	1427	SYNTEXENER...	A Gamma-7	V-50173	Cash - Well...	-250.00	-500.00
Check	3/12/2002	1427	SYNTEXENER...	A.Gamma-7	V-50173	Cash - Well...	-250.00	-750.00
Check	3/12/2002	1427	SYNTEXENER...	A.Gamma-7	V-50173	Cash - Well...	-500.00	-1,250.00
Check	3/12/2002	1427	SYNTEXENER	A.Gamma-7	V-50173	Cash - Well..	-300.00	-1,550.00
Check	3/12/2002	1427	SYNTEXENER...	A.gamma-7	V-50173	Cash - Well..	-300.00	-1,850.00
Check	3/12/2002	1427	SYNTEXENER...	A Gamma-7	V-50173	Cash - Well...	-300.00	-2,150.00
Check	3/12/2002	1427	SYNTEXENER...	A Gamma-7	V-50173	Cash - Well...	-300.00	-2,450.00
Check	3/12/2002	1427	SYNTEXENER...	A.Gamma-7	V-50173	Cash - Well...	-300.00	-2,750.00
Check	3/12/2002	1427	SYNTEXENER...	A.Gamma-7	V-50173	Cash - Well...	-1,000.00	-3,750.00
Check	6/17/2002	1456	UNITED CRUD...	A.GAMMA-7	V-50173	Cash - Well...	-125.00	-3,875.00
Check	6/17/2002	1456	UNITED CRUD ..	A GAMMA-7	V-50173	Cash - Well.	-500.00	-4,375.00
Total Broker Comm							-4,375.00	-4,375.00
Exchange gain/loss								
Check	11/13/2001	PURCH	UNITED NATIO	A.GAMMA-7	V-50173	BNP Paribа...	-10,742.91	-10,742.91
Total Exchange gain/loss							-10,742.91	-10,742.91
Crude Purchases								
Check	10/30/2001	PUR	PLASCO SHIPP...	A. Gamma-7	V-50173	Cash - CAI ...	-103,630.39	-103,630.39
Check	10/30/2001	PUR	PLASCO SHIPP...	A. Gamma-7	V-50173	Cash - CAI ...	-66,799.81	-170,430.20
Check	11/13/2001	PURCH	LUKOIL PETRO..	A.GAMMA-7	V-50173	BNP Paribа...	-54,997.89	-225,428.09
Check	11/13/2001	PURCH	UNITED NATIO ..	A.GAMMA-7	V-50173	BNP Paribа...	-25,418,191.50	-25,643,619.59
General Journal	11/30/2001	Je-Ck-03	Accrual	A. Gamma-7	V-50173	Accounts R...	-130,000.00	-25,773,619.59
General Journal	11/30/2001	Je-Ck-03	Accrual	A. Gamma-7	V-50173	Accounts R...	-250,512.72	-26,024,132.31
General Journal	12/31/2001	Je-Ck-33	Accrual	A. Gamma-7	V-50173	Sales - Oil ...	-129,035.98	-26,153,168.29
Total Crude Purchases							-26,153,168.29	-26,153,168.29
Interest								
Check	11/13/2001	LOAN	FIXED TERM A	A.GAMMA-7	V-50173	BNP Paribа...	-962.50	-962.50
Check	11/13/2001	LOAN	FIXED TERM A...	A GAMMA-7	V-50173	BNP Paribа..	-1,717.53	-2,680.03
Check	11/13/2001	LOAN	FIXED TERM A...	A GAMMA-7	V-50173	BNP Paribа...	-292.36	-2,972.39
General Journal	11/30/2001	Je-Ck-03	Accrual	A. Gamma-7	V-50173	Accounts R...	-135,000.00	-137,972.39
Check	12/10/2001	LOAN	FIXED TERM A...	A.GAMMA-7	V-50173	BNP Paribа...	-63,315.00	-201,287.39
Check	12/10/2001	LOAN	FIXED TERM A ..	A.GAMMA-7	V-50173	BNP Paribа..	-1,155.00	-202,442.39
Check	12/12/2001	LOAN	FIXED TERM A...	A.GAMMA-7	V-50173	BNP Paribа...	-4,417.34	-206,859.73
Check	12/17/2001	LOAN	FIXED TERM A...	A GAMMA-7	V-50173	BNP Paribа...	-11,015.97	-217,875.70
Check	12/20/2001	LOAN	FIXED TERM A...	A.GAMMA-7	V-50173	BNP Paribа...	-3,027.44	-220,903.14
Check	12/21/2001	LOAN	FIXED TERM A.	A.GAMMA-7	V-50173	BNP Paribа	-894.58	-221,797.72
Check	12/24/2001	LOANS	FIXED TERM A...	A.GAMMA-7	V-50173	BNP Paribа...	-1,846.58	-223,644.30
General Journal	12/31/2001	Je-Ck-33	Reverse Accrual	A. GAMMA-7	V-50173	Sales - Oil ...	135,000.00	-88,644.30
Total Interest							-88,644.30	-88,644.30
Inspection								
General Journal	11/30/2001	Je-Ck-03	Accrual	A. Gamma-7	V-50173	Accounts R...	-35,000.00	-35,000.00
Check	3/11/2002	INSP	OIL INSPECTIO	A GAMMA-7	V-50173	BNP Paribа...	-23,709.96	-58,709.96
General Journal	3/31/2002	Je-Ck-12	Reverse Accrual	A. Gamma-7	V-50173	Lightening C...	12,540.86	-46,169.10
Check	9/18/2002	FRGHT	OBC SHIPPING...	A. Gamma-7	V-50173	BNP Paribа...	-2,878.60	-49,047.70
Check	9/19/2002	INSP	INSPECTORAT	A GAMMA-7	V-50173	BNP Paribа...	-1,814.44	-50,862.14
Check	9/19/2002	INSP	INSPECTORAT...	A.GAMMA-7	V-50173	BNP Paribа ..	-2,026.84	-52,888.98
Check	9/19/2002	INSP	INSPECTORAT...	A.GAMMA-7	V-50173	BNP Paribа...	-2,370.95	-55,259.93
Check	9/19/2002	INSP	INSPECTORAT...	A.GAMMA-7	V-50173	BNP Paribа...	-1,034.09	-56,294.02
General Journal	9/30/2002	Je-C09-18	Reverse Accrual	A. Gamma-7	V-50173	Estimated ...	11,013.51	-45,280.51
Total Inspection							-45,280.51	-45,280.51

2:20 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
Estimated Cargo Costs Payable							0.00
General Journal	11/30/2001	Je-Ck-03	Accrual	A. Gamma-7	Accounts R...	-527,189.53	-527,189.53
General Journal	11/30/2001	Je-Ck-03	Accrual	A. Gamma-7	Accounts R...	-250,512.72	-777,702.25
General Journal	12/31/2001	Je-Ck-33	Reverse Accr...	A. GAMMA-7	Sales - Oil ...	-227,158.40	-1,004,860.65
General Journal	12/31/2001	Je-Ck-33	Accrual	A. Gamma-7	Sales - Oil ...	-129,035.98	-1,133,896.63
General Journal	3/31/2002	Je-Ck-12	Reverse Accr...	A. Gamma-7	Lightering ...	369,730.39	-764,166.24
Check	4/10/2002	INSP	OIL INSPECT...	ASTRO GAMMA-7	BNP Parib...	11,445.63	-752,720.61
General Journal	4/30/2002	Je-Ck-12	Reverse Accr...	A. GAMMA-7	Lightering ...	28,334.44	-724,386.17
Deposit	5/1/2002	DEM	VALERO MA...	A.GAMMA-7	BNP Parib...	-68,644.44	-793,030.61
Deposit	5/2/2002	FRGHT	KRISTEN NA...	A.GAMMA-7/DUE ...	BNP Parib...	402,468.40	-390,562.21
Check	9/3/2002	PUR	PLASCO SHI...	ASTRO GAMMA-7	Cash - CAI...	379,548.70	-11,013.51
General Journal	9/30/2002	Je-C09-18	Reverse Accr...	A. Gamma-7	Inspection	11,013.51	0.00
Total Estimated Cargo Costs Payable						0.00	0.00
Loans Payable							0.00
Loan - BBL							0.00
Total Loan - BBL							0.00
Loan - Paribas							0.00
Deposit	10/19/2001	LOAN	FIXED TERM ...	ASTRO GAMMA-7	BNP Parib...	-385,000.00	-385,000.00
Deposit	10/22/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-803,000.00	-1,188,000.00
Deposit	11/8/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-468,000.00	-1,656,000.00
Check	11/13/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	385,000.00	-1,271,000.00
Check	11/13/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	803,000.00	-468,000.00
Check	11/13/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	468,000.00	0.00
Deposit	11/13/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-26,800,000.00	-26,800,000.00
Deposit	11/16/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-550,000.00	-27,350,000.00
Check	12/10/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	26,800,000.00	-550,000.00
Check	12/10/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	550,000.00	0.00
Deposit	12/10/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-27,350,000.00	-27,350,000.00
Check	12/12/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	27,350,000.00	0.00
Deposit	12/12/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-27,350,000.00	-27,350,000.00
Check	12/17/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	27,350,000.00	0.00
Deposit	12/17/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-12,315,000.00	-12,315,000.00
Check	12/20/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	12,315,000.00	0.00
Deposit	12/20/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-11,300,000.00	-11,300,000.00
Check	12/21/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	11,300,000.00	0.00
Deposit	12/21/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-7,830,000.00	-7,830,000.00
Check	12/24/2001	LOANS	FIXED TERM ...	A.GAMMA-7	BNP Parib...	7,830,000.00	0.00
Total Loan - Paribas						0.00	0.00
Loan - CAI							0.00
Total Loan - CAI							0.00
Loan - UOB							0.00
Total Loan - UOB							0.00
Loans Payable - Other							0.00
Total Loans Payable - Other							0.00
Total Loans Payable						0.00	0.00
Deferred Income							0.00
Total Deferred Income							0.00
Accured Expenses							0.00
Total Accured 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

شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
10	LUBNA	M/09/105	1,002,739	250,684.75	250,685.00	-0.25	0.27
10	LUBNA	M/10/43	1,006,073	251,518.25	251,518.00	0.25	0.25
12	LUBNA	M/11/63	1,046,945	157,041.75	0.00	157,041.75	0.15
10	LUKOIL	M/10/67	3,741,829	1,122,548.70	1,122,671.00	-122.30	0.30
8	MACHINOIMPORT	M/08/37	2,919,856	291,985.00	291,985.00	0.00	0.10
9	MACHINOIMPORT	M/09/22	2,997,319	849,080.80	849,080.80	0.00	0.28
10	MACHINOIMPORT	M/10/11	5,088,147	1,426,320.40	1,426,265.80	54.60	0.28
10	MACHINOIMPORT	M/10/19	4,070,248	1,221,074.40	1,221,074.40	0.00	0.30
11	MACHINOIMPORT	M/11/17	3,042,671	912,801.30	912,771.30	30.00	0.30
11	MACHINOIMPORT	M/11/79	3,366,413	916,603.25	916,603.25	0.00	0.23
12	MACHINOIMPORT	M/11/79	1,914,918	287,237.70	667,796.05	-380,558.35	0.23
12	MACHINOIMPORT	M/12/01	1,908,622	286,293.30	286,240.00	53.30	0.15
8	MARBEL RESOURCES	M/08/95	3,550,846	355,083.00	350,000.00	5,083.00	0.10
9	MARBEL RESOURCES	M/09/76	3,538,143	1,061,442.90	1,061,442.90	0.00	0.30
10	MARBEL RESOURCES	M/10/16	5,469,675	1,450,167.10	1,439,656.10	10,511.00	0.27
11	MARBEL RESOURCES	M/10/16	525,000	157,500.00	157,500.00	0.00	0.27
9	MASEFIELD	M/09/54	1,935,892	498,973.00	498,518.00	455.00	0.26
10	MASEFIELD	M/10/57	1,000,896	250,224.00	250,022.00	202.00	0.25
9	MASTEK	M/08/60	1,786,267	535,880.10	0.00	535,880.10	0.30
9	MASTEK	M/09/18	36,469,888	10,380,361.39	9,803,960.13	576,401.26	0.28
11	MED NAFTA	M/11/55	8,094,595	2,428,378.50	2,388,708.51	39,669.99	0.30
12	MED NAFTA	M/12/19	2,054,449	308,167.35	0.00	308,167.35	0.15
8	MEDCO	M/08/97	2,018,386	201,838.00	201,838.00	0.00	0.10
10	MEDCO	M/10/72	1,904,781	571,434.30	571,434.30	0.00	0.30

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 178

B 3.0
K 2.0

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/11/ 79

Permanent Subcommittee on Investigations
PSI Staff Rpt(VZ) – FN 180

8. Payments to SELLER under SUB Article 5-5 and Sub Article 6-7 of Section Two, and any other Payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.
9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143 SCR 1153, SCR 1210, SCR 1242, SCR 1281, SCR 1302, SCR 1330, SCR 1360, SCR 1382, the Procedures and the Memorandum of Understanding between the Secretariat of the United nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and Communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:
STATE OIL MARKETING ORGANIZATION
P.O. BOX 5118
BAGHDAD – IRAQ
TELEX : 212198 – 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX : 964-1-8853925

FOR BUYER:
STATE ENTERPRISE FOREIGN ECONOMIC
ASSOCIATION "MACHINOIMPORT"
32/34 SMOLENSKAJA PL.,
121200, MOSCOW RUSSIA
TEL : 7095-2443309
FAX : 7095-2443807
TLX: 411231 MIM SU

FOR OVERSEERS
UNITED NATIONS, NEW YORK, U.S.A.
FAX : 212 – 963 – 6128

All other terms and conditions as per (Section Two) General conditions of F.O.B. crude oil sales contract No. M/02/25 dated 17TH day of August and attached appendices 1 & 2 .

This Contract has been done and signed on the 16th day of January, 2002.

FOR SELLER

ALI R. HASSAN
ACTING EXECUTIVE DIRECTOR GENERAL
S O M O

FOR BUYER

TUMANOV SERGEI V.
VICE PRESIDENT

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH1/853
Date: 3 Thu Al-Ki'dah, 1422 H
Equivalent to 01/16/2002

Stamp
Ministry of Oil/Office of the Minister
No.: 885
Date: 01/17/2002

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the statement of allocations in phase eleven, a contract has been signed with Machinoimport Company (on behalf of Mr. Zhirinovsky) as per the following terms:

1- Number of Contract: M/11/79 Date: 01/16/2002
2- Name of Company Buyer: Machinoimport
3- Nationality: Russian
4- Quantity: (5.5) million barrels divided as follows:

(2) million Barrels of Kirkuk oil FOB Ceyhan terminal
(3.5) million Barrels of Basrah light crude oil FOB Al-Bakr terminal

5- Destination of Crude Oil: Europe and / or America
6- Pricing Formula: As per the rate in effect of Kirkuk and Basrah light crude oil for the aforesaid destinations
7- Validity of Contract: Until 05/29/2002
8- Estimated Value: About (99) million Euros based on an estimated rate of $16/barrel
9- Surcharge: Payable within one month from the date of loading

For your review and approval, please.

Regards,

Ali Rajab Hassan
Acting Executive Director

[Miscellaneous signatures]

For the Approval of Minister

I approve

01/19

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 181

وزارة النفط/مكتب الوزير
الرقم / ٨٨٥
التاريخ : ١٨ / ١ / ٢٠٠٢

بسم الله الرحمن الرحيم

الرقم/ خ١/ ٨٥٢
التاريخ/ ٢ /ذو القعدة/١٤٢٢هـ
الموافق/١٦ /١/٢٠٠٢

جمهورية العراق
وزارة النفط
شركة تسويق النفط (شركة عامة)

اجعل عدوك امام عينك وأسبقه ولا تدعه خلف ظهرك
الرئيس القائد صدام حسين (حفظه الله ورعاه)
٢٠٠٠/٨/٨

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

استناداً الى كشف التخصيصات للمرحلة الحادية عشرة ، تم التعاقد مع شركة مشينوامبورت لصالح (السيد جرنوفسكي) وفق الآتي :-

١- رقم العقد وتاريخه : M/11/79 التاريخ : ٢٠٠٢/١/١٦
٢- اسم الشركة المتعاقدة : مشينوامبورت
٣- الجنسية : روسية
٤- الكمية : (٥,٥) خمسة ملايين وخمسمائة ألف برميل موزعة كالآتي
(٢) مليون برميل نفط خام كركوك فوب جيهان
(٣,٥) مليون برميل لنفط خام البصرة الخفيف فوب البكر
٥- وجهة النفط الخام : اوربا و/أو امريكا
٦- التسعيرة : الاسعار النافذة لنفطي خام البصرة الخفيف وكركوك للوجهتين اعلاه .
٧- مدة العقد : لغاية ٢٠٠٢/٥/٢٩
٨- القيمة التقديرية : حوالي (٩٩) مليون يورو على اساس سعر تقديري قدره (١٦) دولار للبرميل الواحد .
٩- مبلغ الاسترجاع : يدفع خلال شهر من تاريخ التحميل .

مع التفضل بالاطلاع والمصادقة .. مع التقدير .

علي رجب حسن
المدير التنفيذي وكالة

مصادقة السيد الوزير

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٩ ١١:٠٥:٤١ AM

شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
10	LUBNA	M/09/105	1,002,739	250,684.75	250,685.00	-0.25	0.27
10	LUBNA	M/10/43	1,006,073	251,518.25	251,518.00	0.25	0.25
12	LUBNA	M/11/63	1,046,945	157,041.75	0.00	157,041.75	0.15
10	LUKOIL	M/10/67	3,741,829	1,122,548.70	1,122,671.00	-122.30	0.30
8	MACHINOIMPORT	M/08/37	2,919,856	291,985.00	291,985.00	0.00	0.10
9	MACHINOIMPORT	M/09/22	2,997,319	849,080.80	849,080.80	0.00	0.28
10	MACHINOIMPORT	M/10/11	5,088,147	1,426,320.40	1,426,265.80	54.60	0.28
10	MACHINOIMPORT	M/10/19	4,070,248	1,221,074.40	1,221,074.40	0.00	0.30
11	MACHINOIMPORT	M/11/17	3,042,671	912,801.30	912,771.30	30.00	0.30
11	MACHINOIMPORT	M/11/79	3,366,413	916,603.25	916,603.25	0.00	0.23
12	MACHINOIMPORT	M/11/79	1,914,918	287,237.70	667,796.05	-380,558.35	0.23
12	MACHINOIMPORT	M/12/01	1,908,622	286,293.30	286,240.00	53.30	0.15
8	MARBEL RESOURCES	M/08/95	3,550,846	355,083.00	350,000.00	5,083.00	0.10
9	MARBEL RESOURCES	M/09/76	3,538,143	1,061,442.90	1,061,442.90	0.00	0.30
10	MARBEL RESOURCES	M/10/16	5,469,675	1,450,167.10	1,439,656.10	10,511.00	0.27
11	MARBEL RESOURCES	M/10/16	525,000	157,500.00	157,500.00	0.00	0.27
9	MASEFIELD	M/09/54	1,935,892	498,973.00	498,518.00	455.00	0.26
10	MASEFIELD	M/10/57	1,000,896	250,224.00	250,022.00	202.00	0.25
9	MASTEK	M/08/60	1,786,267	535,880.10	0.00	535,880.10	0.30
9	MASTEK	M/09/18	36,469,888	10,380,361.39	9,803,960.13	576,401.26	0.28
11	MED NAFTA	M/11/55	8,094,595	2,428,378.50	2,388,708.51	39,669.99	0.30
12	MED NAFTA	M/12/19	2,054,449	308,167.35	0.00	308,167.35	0.15
8	MEDCO	M/08/97	2,018,386	201,838.00	201,838.00	0.00	0.10
10	MEDCO	M/10/72	1,904,781	571,434.30	571,434.30	0.00	0.30

اعداد الدائرة المالية-السجلات التجارية

Permanent Subcommittee on Investigations
PSI Staff Rpt (VZ) – FN 182

United States Senate
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
Committee on Homeland Security and Governmental Affairs
Norm Coleman, Chairman
Carl Levin, Ranking Minority Member

REPORT ON OIL ALLOCATIONS GRANTED TO THE RUSSIAN PRESIDENTIAL COUNCIL

PREPARED BY THE

MAJORITY AND MINORITY STAFFS OF THE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS



RELEASED IN CONJUNCTION WITH THE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
MAY 17, 2005, HEARING

OIL FOR INFLUENCE: HOW SADDAM USED OIL TO REWARD POLITICIANS UNDER THE UNITED NATIONS OIL-FOR-FOOD PROGRAM

TABLE OF CONTENTS

I. **BACKGROUND** 1

A. Saddam Hussein's Manipulation of Oil Sales Under the Oil-for-Food Program ... 1

B. Efforts to Influence Russian Policy Towards Iraq by Awarding Oil Allocations .. 2

C. The Division of Profits and Payment of Surcharges Resulting from Oil Allocations 4

II. **OIL ALLOCATIONS GRANTED TO THE RUSSIAN PRESIDENTIAL COUNCIL** 5

A. The First Allocation (Phase 6: May 25, 1999 to December 11, 1999) 8

B. The Second Allocation (Phase 8: June 9, 2000 to December 5, 2000) 8

C. The Third Allocation (Phase 9: December 6, 2000 to July 3, 2001) 12

D. The Fourth Allocation (Phase 10: July 4, 2001 to November 30, 2001) 16

E. The Fifth Allocation (Phase 11: December 1, 2001 to May 29, 2002) 19

F. The Sixth and Seventh Allocations (Phase 12: May 30, 2002 to December 4, 2002) 20

1. The Sixth Allocation 20

2. The Seventh Allocation 20

G. The Eighth and Ninth Allocations (Phase 13: December 5, 2002 to June 3, 2003) 23

1. The Eighth Allocation 23

2. The Ninth Allocation 25

III. **FINDINGS AND CONCLUSIONS** 25

This Report presents the evidence gathered by the U.S. Senate Permanent Subcommittee on Investigations (the Subcommittee) establishing that the former regime of Saddam Hussein attempted to influence the Russian government through the issuance of lucrative allocations of oil under the U.N. Oil-for-Food Program.[1] In addition, this Report reveals how the recipients of these oil allocations utilized a series of trading companies and other intermediaries in Cyprus and the Channel Islands to execute the transactions necessary to monetize the oil allocations. Bayoil,[2] an American oil trader, performed the actual liftings of oil from Iraqi ports and paid massive "premiums" and "commissions" to the trading companies and intermediaries amounting to millions of dollars. Finally, this Report details how funds transferred by Bayoil to certain intermediaries resulted in the payment of millions of dollars in illegal, under-the-table surcharges to the Hussein regime.

I. BACKGROUND

A. Saddam Hussein's Manipulation of Oil Sales Under the Oil-for-Food Program

Under the Oil-for-Food Program, Iraq was permitted to sell its oil and use the proceeds to purchase food, medicine, and other humanitarian goods. As is well documented, the Hussein regime quickly exploited the Program for its own purposes. One of the regime's chief strategies was the use of "oil allocations" to garner political influence and reward allies around the globe.

To understand how the Hussein regime manipulated these oil transactions, one must begin with how Iraq sold its crude oil under the Program. The arm of the Iraqi government that managed the sale of Iraqi crude oil was a division of the Ministry of Oil called the State Oil Marketing Organization, or "SOMO." In order to manage the volume of oil flowing through its pipelines, the Iraqis divided its oil supply into discrete units, typically ranging from 1 to 10 million barrels. These units were allocated to prospective oil purchasers, essentially giving those recipients an option to purchase that allotment of oil. These options were typically called "allocations." Once SOMO and the oil purchaser agreed on other contractual terms, such as the loading schedule, the purchaser would execute a contract with SOMO, purchase the oil, and ship its allotted quantity.

Soon after the initiation of the Program, however, the Hussein regime used the allocation process to maximize Iraq's influence around the world. The plan was simple: rather than granting allocations to traditional oil purchasers, the Hussein regime gave priority to foreign officials, journalists, and even terrorist entities.[3] The central purpose of this tactic, according to senior officials of the Hussein regime interviewed by the Subcommittee, was to engender international support for the Hussein regime and against U.N. sanctions.[4] To that end, the Hussein regime favored individuals and political parties from countries that were members of the U.N. Security Council. Senior Hussein regime officials and numerous Ministry of Oil documents confirm that the regime steered a massive portion of its allocations toward Security Council members that were believed by the Hussein regime to support Iraq in its efforts to lift sanctions -- namely, Russia, France, and China.[5] The recipients of the allocations were chosen by a committee of Hussein's closest advisors, including Deputy Prime Minister Tariq Aziz and Vice President Taha Yasin Ramadan.[6] SOMO documents reveal that these individuals -- along with Saddam Hussein himself -- were personally involved in the process.[7] Some of those documents are presented in this Report.

By granting the rights to purchase oil to a limited number of individuals and entities, the regime forced oil purchasers to obtain allocations from those favored few. The allocation holders essentially became gatekeepers to Iraqi oil. As gatekeepers, they demanded a "commission," which typically ranged from 3 to 30 cents per barrel. In light of the fact that most allocations amounted to millions of

---

[1] The phrase "Oil-for-Food Program" refers to the humanitarian aid program implemented pursuant to U.N. Security Council Resolution 986, dated April 14, 1995, and the Memorandum of Understanding between the Secretariat and the Government of Iraq dated May 20, 1996. Throughout this Report, the Oil-for-Food Program may be called the "Program" and the "OFF Program."

[2] The term "Bayoil" refers to the Houston-based oil trading company Bayoil (USA) Inc., as well as its subsidiaries and affiliates, such as Bayoil Supply and Trading Limited, Bayoil Technologies, and Bayoil SA.

[3] Subcommittee interviews of Deputy Prime Minister Tariq Aziz, April 21, 2005, Vice President Taha Yasin Ramadan, April 18, 2005, and Senior Hussein Regime Official No. 1, April 14, 2005. Terrorist individuals and entities who received allocations include the Popular Front for the Liberation of Palestine, Abu Abbas, and the Mujahedin-e Khalq.

[4] Subcommittee interviews of Deputy Prime Minister Tariq Aziz, April 21, 2005 and Vice President Taha Yasin Ramadan, April 18, 2005.

[5] Subcommittee interview of Deputy Prime Minister Tariq Aziz, April 21, 2005; Comprehensive Report of the Special Advisor to the DCI on Iraq's WMD dated September 30, 2004, Volume 1 ("Duelfer Report"), p. 31.

[6] Subcommittee interview of Deputy Prime Minister Tariq Aziz, April 21, 2005.

[7] *Id.*

barrels of oil, such commissions were quite lucrative, reaching hundreds of thousands of dollars per allocation. Therefore, these allocations were extremely valuable, and by doling them out to favored individuals and entities, the Hussein regime could direct the payment of millions of dollars to a foreign official, political party, journalist, or terrorist entity without incurring any loss.

B. Efforts to Influence Russian Policy Towards Iraq by Awarding Oil Allocations

Russia topped the list of nations from whom the Hussein regime wanted support at the Security Council. As a result, the Hussein regime granted allocations to Russian individuals, political parties, and others due to their good relationship with Iraq and their support for the lifting of sanctions.[8] The oil allocations, which could be sold for large commissions, often resulted in pecuniary gain for the recipient.[9] The Vice President of the Hussein regime, Taha Yasin Ramadan, confirmed to the Subcommittee that oil allocations were indeed "compensation for support."[10] Another senior official from the Hussein regime confirmed that the oil allocation scheme was for the purpose of "buying influence."[11] The scale of the oil allocations given to Russian individuals and political parties was substantial, totaling approximately 30 percent of all the oil allocated during the course of the Program.[12] One Russian political party that received a large number of allocations was the Unity Party (now known as the Unified Russia Party[13]), a pro-Kremlin party associated with Russian president Vladimir Putin. Tariq Aziz stated that the Unity Party received such a large number of allocations because Russia was taking positions at the Security Council that were favorable to Iraq.[14] Vice President Ramadan stated that the Unity Party received the largest quantity of allocations in Russia because it was the governing party and the party of the president.[15] Other key Russian recipients of oil allocations included the Ministry of Foreign Affairs, the Communist Party, and the Liberal Democratic Party of Russia. The focus of this Report -- the Russian Presidential Council -- also received a significant number of oil allocations.[16] The Russian Presidential Council consisted of advisors appointed by the Russian president who were responsible for devising presidential policy, drafting presidential decrees, and coordinating policy among government agencies.

At the head of the Russian Presidential Council was Alexander Stalevich Voloshin, who was originally appointed to that position by former president Boris Yeltsin and reappointed by President Putin upon Putin's ascendancy to the presidency in December 1999. Although Voloshin resigned in late 2003 over a scandal involving the Russian oil giant Yukos, there is little debate over the magnitude of Mr. Voloshin's influence in Russian government during the Oil-for-Food Program. Mr. Voloshin, whose middle name means "son of steel," was widely known as the "power behind the throne" at the Kremlin. Mr. Voloshin reportedly assisted in President Putin's rise to power, managed Putin's first election campaign, and helped to create the pro-Kremlin Unity Party.[17] He was once referred to as "de facto ... Russia's most powerful man" after President Putin, as well as the "eminence grise" behind President Putin.[18] Alexi Mukhin, a Moscow lobbyist, described Mr. Voloshin as a guide for those who needed things "fixed" at the Kremlin:

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[8] Subcommittee interview of Senior Hussein Regime Official No. 1, April 14, 2005.

[9] *Id.*

[10] Subcommittee interview of Vice President Taha Yasin Ramadan, April 18, 2005.

[11] Subcommittee interview of Senior Hussein Regime Official No. 2, April 20, 2005 and Deputy Prime Minister Tariq Aziz, April 21, 2005.

[12] Duelfer Report, p. 31.

[13] The Unified Russia Party currently holds 37% of the seats in the State Duma. The next highest percentage is held by the Communist Party, which holds 12% (December 7, 2003 election results). CIA World Factbook (2005).

[14] Subcommittee interview of Deputy Prime Minister Tariq Aziz, April 21, 2005.

[15] Subcommittee interview of Vice President Taha Yasin Ramadan, April 18, 2005.

[16] Various sources have alternatively referred to this entity as the "Presidential Administration" and the "Presidential Executive Office." Since the former Hussein regime referred to it as the "Presidential Council" this Report will, for the sake of consistency and clarity, use that terminology. It is unclear whether the activities of the Russian individuals and political parties detailed in this Report violate Russian law. *See* Memorandum from the Library of Congress, Law Library, Eastern Law Division, "Legality of Russian Business Under the Oil for Food Program," LL File No. 2005-01892, May 6, 2005.

[17] *Voloshin, power behind the throne in two Kremlin administrations*, Agence France Presse, October 30, 2003; *Key Kremlin Figure Removed*, BBC News, October 30, 2003.

[18] *European Press Review*, BBC News, citing Austria's *Der Standard*, October 30, 2003; Nikolai Gorshkov, *Kremlin 'coup' forces key Putin choice*, BBC News, October 29, 2003.

> In any ministry or department there are fixers. ... [T]hey get money for bringing things to people's attention. These are people who don't use the main road but take the tracks by the side of the road, which are faster, with less traffic and fewer checkpoints. Voloshin was a guide along that path.[19]

The Hussein regime had reason to believe that Mr. Voloshin would be an effective conduit to President Putin. Kremlin adviser Gleb Pavlovsky was quoted as saying that "the Putin-Voloshin link is the strongest link in the political game."[20] Former Hussein regime officials apparently shared that belief. Vice President Ramadan recognized Mr. Voloshin as the head of Russia's presidential administration and stated that the oil allocations awarded to him had been approved by Saddam Hussein.[21] Other regime officials stated that the allocations given to Mr. Voloshin were a show of support to him, and were granted to him because of his relationships with "very important characters."[22] To date, Mr. Voloshin has declined to comment on the allegations that he received oil allocations from the Hussein regime.

Another name associated with the allocations to the Russian Presidential Council was Sergei Isakov, a known friend of Mr. Voloshin.[23] As detailed in this Report, Mr. Isakov traveled to Iraq on several occasions and executed many of the contracts associated with allocations to the Russian Presidential Council. The former Deputy Prime Minister stated that the purpose of giving allocations to Mr. Isakov was to buy influence.[24]

The influence desired by the Hussein regime was that which would bring an end to the sanctions against Iraq -- influence which could be brought to bear only at the U.N. Security Council. Establishing a direct correlation between an oil allocation and a specific vote in the Security Council is problematic. Former regime officials, however, described one such occurrence.[25] In the summer of 2000, the United States proposed a resolution at the Security Council to restrict the illicit trade occurring at Iraq's borders in violation of the sanctions. Russia, however, threatened to use its veto on the proposal, effectively ending any efforts to pass the resolution. Hussein instructed his subordinates to "show gratitude" to the Russians for supporting Iraq in the Security Council on that issue.[26] This gratitude entailed giving the Russians additional oil allocations and commodity contracts in order to repay them for the threatened use of the veto and for their future cooperation. This was a "new shift" since it was the first time that oil allocations were linked to a specific act.[27]

There are other examples of where Russia took positions at the Security Council that favored the Hussein regime and opposed the position of Security Council members who sought to enforce the sanctions. In 2001, Russia reportedly fought off efforts to shorten the list of companies eligible to contract for Iraqi oil and was in turn rewarded with large oil contracts:

> This dominance [by Russian trading firms] occurs as Russia continues to thwart US-British efforts to shorten the list of eligible firms that buy Iraqi crude. ... [O]n Monday and Tuesday, three Russian companies were awarded a total of 30 [million] barrels of Iraqi crude, showing that Baghdad is rewarding Moscow for fending off a US-British plan to overhaul sanctions, diplomats said.
>
> Britain and the US have since last autumn led efforts in the UN Iraqi sanctions committee to limit the firms that can buy Iraqi crude because they fear some oil firms accept demands for under-the-table payments directly to Baghdad and against UN sanctions.[28]

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[19] Rafael Baer, *Power Behind the Throne - Alexander Voloshin*, Financial Times, May 17, 2003.

[20] *Id.*

[21] Subcommittee interview of Vice President Taha Yasin Ramadan, April 18, 2005.

[22] Subcommittee interviews of Senior Hussein Regime Official No. 1, April 14, 2005 and Senior Hussein Regime Official No. 2, April 20, 2005.

[23] Subcommittee interview of Senior Hussein Regime Official No. 2, April 20, 2005.

[24] Subcommittee interview of Deputy Prime Minister Tariq Aziz, April 21, 2005.

[25] *Id.*

[26] Subcommittee interview of Senior Hussein Regime Official No. 1, April 14, 2005.

[27] *Id.*

[28] *Russian firms continue to dominate Iraqi crude sales*, Lloyd's List, July 27, 2001.

One of the three beneficiaries named in the article quoted above was Rosnefteimpex, which had signed a contract with SOMO on July 14, 2001 for 17 million barrels of oil that had been allocated to the Russian Presidential Council.[29]

Another example of mutual support between Russia and Iraq involves Russia's opposition in 2002 to the practice of "retroactive pricing," a tool used by the United States and the United Kingdom to combat Iraq's scheme of selling oil at below market rates for the purpose of generating revenue to be split between the Hussein regime and the recipients of oil allocations. On August 16, 2002 the Russian Foreign Ministry (itself a recipient of oil allocations for massive quantities of oil) published a press release calling for a special session of the Iraq Sanctions Committee to address the issue:

> Russia has come up with an initiative to hold a special session of the U.N. Security Council Iraq Sanctions Committee to discuss ... the continuing practice of retroactive pricing of the oil exported by Iraq. The delegation of Russia intends to decisively raise the question of changing the pricing mechanism imposed on the Committee and reverting to the previous, consensus-based procedure for setting the price of oil in advance ....[30]

In sum, the evidence suggests that Russian individuals and political parties were consistently favored by the Hussein regime as a result of Russia's support for positions favorable to Iraq at the U.N. Security Council.[31]

C. The Division of Profits and Payment of Surcharges Resulting from Oil Allocations

The profits generated from the monetization of oil allocations were generally divided between the parties to the transaction -- the allocation holder and the company nominated by the allocation holder to execute the contract with the Hussein regime. The company nominated by the allocation holder to execute the contract with SOMO would receive a portion of the profits in the form of a "commission" based on the number of barrels lifted under the contract, usually 2-3¢ a barrel. When asked whether the allocation recipients would personally profit from the oil transactions, one senior Hussein official declared: "That's the whole point."[32] Another former senior regime official confirmed the profit-sharing arrangement, and estimated that the oil allocations yielded a 15 percent profit margin which would be split between the allocation holder and the company that executed the contract with SOMO.[33]

The director of the Military Industrialization Commission informed Saddam Hussein about the large profits being made from the oil transactions, which upset Hussein.[34] As a result, starting in the middle of Phase 8, the Hussein regime required that a portion of the profits resulting from the oil allocations be paid back to the regime as a "surcharge" fee, based on the number of barrels lifted. Between September 1, 2000 and November 30, 2000 the surcharge was 10¢ per barrel of oil lifted.[35] Starting on December 1, 2000, the surcharge was increased to 25¢ a barrel for shipments destined for European markets and 30¢ a barrel for shipments destined for the North American market.[36] The surcharge amount was dropped to 15¢ a barrel starting on May 30, 2002 and was canceled altogether on September 1, 2002.[37] The two-year period beginning on September 1, 2000 and ending September 1, 2002 is referred to as the "surcharge period."

During the surcharge period, the profits generated by oil transactions were split between the allocation recipient, the company that executed the contract with SOMO, and the Hussein regime. One former regime official described the division of profits and payment of surcharges from funds derived from oil allocations as follows:

---

[29] Contract between Rosnefteimpex and SOMO designated M/10/15 dated July 14, 2001 (*See* II. D., *infra*).

[30] Press Release from Russian Foreign Ministry: "On Russia's Initiative to Hold a Session of the U.N. Security Council Iraq Sanctions Committee" dated August 16, 2002.

[31] Subcommittee interview of Deputy Prime Minister Tariq Aziz, April 21, 2005.

[32] Subcommittee interview of Senior Hussein Regime Official No. 2, April 20, 2005.

[33] Subcommittee interview of Senior Hussein Regime Official No. 1, April 14, 2005.

[34] *Id.*

[35] Memorandum of SOMO official titled "Allocations and Sales of Crude Oil in the Phases of the Memorandum of Understanding (1996-2003)" dated February 19, 2004 ("SOMO Memorandum"), Attachment 4 titled "The Surcharge."

[36] Memorandum from the Crude Oil Marketing Second Department to the Financial Department dated March 24, 2001; SOMO Memorandum dated February 19, 2004, Attachment 4.

[37] SOMO Memorandum dated February 19, 2004, Attachment 4.

> Source discussed oil allowances and how they were sold through brokerage companies. He stated that the profit margins were not in the $1's to the brokerage companies but usually in the .15 to .25 per barrel. The profit margins went away completely after 9/2000 when the Saddam Hussein surcharge went into effect.
>
> * * *
>
> Source stated that the proceeds from the sale of the oil allowances are made to pay the brokerage companies and the brokerage companies make the payments to the owner of the oil allowances and to Saddam Hussein for his agreed upon cut.[38]

Another former regime official described the division of profits similarly, including the surcharge payments made to the Hussein regime:

> Source explained his knowledge of the oil allowance program through the following example: The market value for a barrel of oil would be $25. The oil allowance would be given to whomever at Saddam Hussein's discretion. The oil allowance must be sold through a brokerage company that was willing to participate in the scheme. The brokerage company would submit the contract for the sale of the oil allowance through the U.N. under the [Memorandum of Understanding]. Of the $25 per barrel amount $20 would go into the Oil for Food Program account at a French bank. The other five dollars would be split [] with the oil brokerage company receiving $1 and Saddam and the recipient of the oil allowance sharing the other $4 with each receiving about $2 per barrel. The oil brokerage company would make the disbursements into special accounts for Saddam Hussein and the recipient of the oil allowance.[39]

Many Russian companies who owed surcharge fees to the Hussein regime delivered those payments in cash to the Iraqi embassy in Moscow. From time to time the cash at the Iraqi embassy would be flown to Iraq:

> The cash was delivered to the Iraqi embassy in Moscow where it was placed in the accountant's safe. ... When the cash built up to approximately $3 million to $4 million (USD), it was couriered to Baghdad in a diplomatic pouch. Approximately every three to four months such a diplomatic pouch would be delivered via a special flight from Moscow by the Iraqi ambassador to the trade consulate.[40]

Other officials of the former regime confirmed the arrangement for the payment of surcharges by Russian companies: "A surcharge (either 10% or 10¢ per barrel) was charged to the companies with the surcharge amount paid in cash to the Iraqi embassy in Moscow. ... Representatives from each of the companies purchasing the oil would come to the embassy with a suitcase full of cash and say that this was the surcharge that was due to Iraq."[41]

II. OIL ALLOCTIONS GRANTED TO THE RUSSIAN PRESIDENTIAL COUNCIL

Beginning in Phase 6 and continuing through the end of the Program (with the exception of Phase 7), the Hussein regime allocated 90 million barrels of oil to the Russian Presidential Council.[42] The Hussein regime allocated the oil to the head of the council, Alexander Voloshin, as well as to his close confidant Sergei Isakov.

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[38] U.S. Treasury Iraqi Financial Asset Team interview #12 of former regime official, February 1, 2004.

[39] U.S. Treasury Iraqi Financial Asset Team interview #15 of former regime official, January 27, 2004.

[40] U.S. Treasury Iraqi Financial Asset Team interview #19 of former regime official, November 29, 2003.

[41] U.S. Treasury Iraqi Financial Asset Team interview #22 of former regime official, November 29, 2003. The practice of depositing surcharge payments at the Iraqi embassy was recently confirmed by another former regime official. Subcommittee interview of Senior Hussein Regime Official No. 2, April 20, 2005.

[42] SOMO Memorandum dated February 19, 2004, Attachment 5 titled "The Role of Russian Companies During the Phases of the Memorandum of Understanding," Table No. 1 titled "Quantities of Crude Oil Allocated to the Companies during the Phases of the Memorandum of Understanding."

Table 1: ***Oil Allocations to the Russian Presidential Council by Phase.***

PHASE	ALLOCATION	ALLOCATION RECIPIENT	ALLOCATION (BARRELS)
VI	1	The Russian Presidential Council	5,000,000
VIII	2	Sergei Isakov (The Russian Presidential Council)	14,000,000
IX	3	Sergei Isakov (The Russian Presidential Council)	16,500,000
X	4	Sergei Isakov (The Russian Presidential Council)	16,000,000
XI	5	Sergei Isakov (The Russian Presidential Council)	16,000,000
XII	6	Sergei Isakov (The Russian Presidential Council)	12,500,000
	7	Alexander Voloshin (The Russian Presidential Council)	3,000,000
XIII	8	Alexander Voloshin (Head of the Russian Presidential Council)	2,000,000
	9	Sergei Isakov (The Russian Presidential Council)	5,000,000

In order to initiate the transaction that would lead to the eventual shipment of the oil, it was first necessary for the allocation recipient to designate a company to actually travel to Baghdad and execute a contract with SOMO. For the first allocation in Phase 6, the Russian Presidential Council designated a Russian oil company -- Rosneft -- to execute the contract with SOMO. Rosneft was the successor entity to the defunct USSR Ministry of Oil, and was then and is now owned and controlled by the Russian government.[43]

For the allocations granted in Phases 8 through 10, a second company -- "Rosnefteimpex NK Rosneft" -- was designated by the Russian Presidential Council to execute contracts with SOMO. At the time of the OFF Program, Rosnefteimpex was an oil trading subsidiary of Rosneft.[44] Near the end of the OFF Program Rosneft divested itself of the stock it held in Rosnefteimpex.[45] Later, after the Oil-for-Food scandal became public, Rosneft claimed that Rosnefteimpex was not a Rosneft subsidiary, despite the fact that Rosneft had owned 56.7% of Rosnefteimpex's voting shares in 2003.[46] SOMO documents named Sergei Isakov as the contact person for the oil allocations that resulted in contracts between Rosnefteimpex and SOMO. Mr. Isakov was also at the time the deputy chairman of Vnukovo Airlines, and traveled regularly to Iraq in an effort to reestablish flights between Moscow and Baghdad.[47]

Beginning in Phase 11, a third company, called the "Russian Engineering Company" became the designated purchasing agent for the allocations awarded to the Russian Presidential Council. The evidence suggests that the Russian Engineering Company is affiliated with Rosnefteimpex. For example, both companies at one point shared the same address at 37 Leningradsky Prospect, Building 6, in Moscow.[48] Additionally, Sergei Isakov executed contracts with SOMO on behalf of both Rosnefteimpex and the Russian Engineering Company (on whose board Mr. Isakov currently serves as

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[43] *See http://www.rosneft.ru/english/company/history.html* (website for Rosneft).

[44] Alexei Sukhodoyev, *Oil Company Promises to be in the Focus of News*, RusData DiaLine - BizEkon News, December 14, 1995; *Russia - The Export Coordinators*, APS Review Oil Market Trends, August 21, 2000.

[45] *JSC 'Rosneft' sells its stakes in JSC 'GIVTsneftegaz', JSC 'Rosneft-Central Design Office ASUnefteproduct' and JSC 'Rosnefteimpex'*, Skrin Market and Corporate News, February 26, 2003.

[46] Greg Walters, Valeria Korchagina, *CIA: Russia Got Rich Violating Sanctions*, Moscow Times, October 8, 2004; Ben Wetherall, *Russian Companies Dismiss CIA 'Oil for Food' Allegations*, World Markets Analysis, October 8, 2004.

[47] *Russian Airline Applies to Run Moscow-Baghdad Flights*, BBC WorldwideMonitoring, April 13, 1998.

[48] *See*, fax from Rosnefteimpex to Bayoil dated July 12, 2000 (SNT 015621) (listing both companies at the same address).

chairman).[49] One energy trade publication described the relationship between Mr. Isakov and the two companies as follows:

> The contracts [between Rosnefteimpex and SOMO] were signed with Sergei Isakov, a close confidant of the head of the Kremlin administration at the time, Alexander Voloshin, who resigned last year. Isakov would travel back and forth to Baghdad to negotiate the contracts, sources say, and was also responsible for getting allocations on the Kremlin's behalf for the Russian Engineering Co., which took over the duties of Rosnefteimpex towards the end of the program.[50]

It is not clear why the parties decided to cease using Rosnefteimpex as the designated purchasing agent, but some reports link Rosnefteimpex with the Russian Engineering Company as well as Mr. Isakov's airline. One energy trading publication took note of a large contract signed by the Russian Engineering Company in Phase 11:

> Loyalty continues to pay off for the group of Russian companies whose cooperation is rewarded with contracts to lift Iraqi crude under the UN oil-for-food deal. ... The largest volume so far -- 17 million barrels -- has gone to the little-known Russian Engineering Co., the new name for former state oil trader Rosnefteimpex, which received large contracts in previous phases. Moscow sources say the company's barrels originate via Trading House Vnukovo Airlines, which plans to sell a fleet of Tupolev passenger jets to Baghdad once UN sanctions are lifted.[51]

Mr. Isakov's travel to and from Baghdad may have been assisted by the fact that Vnukovo Airlines had set up an office there as early as 1998.[52]

In Phases 12 and 13, the Hussein regime made separate allocations to both Mr. Isakov and directly to the head of the Russian Presidential Council, Alexander Voloshin. Mr. Voloshin nominated a company called "Impexoil LLC" to execute contracts with SOMO for his allocations. Prior to Phase 12, Impexoil had conducted no business under the OFF Program. After serving as the designated purchaser for Mr. Voloshin, however, Impexoil was nominated as the designated purchaser for other Russian entities (such as the Russian Orthodox Church) during Phase 13.[53]

Once the allocation holder had nominated a company to execute the "official" contract with SOMO, it was necessary to find an oil company capable of actually loading and shipping the oil. For five of the allocations awarded to the Russian Presidential Council, Bayoil was that company. Bayoil was responsible for contracting with shipping companies to lift the Iraqi oil and ship it to end users in North America, Europe, and the Far East. As the entity that was the beneficiary of the profits from the ultimate sale of the oil to the end user, Bayoil was the party responsible for paying the other parties connected to the transaction -- namely, the designated purchaser and the allocation holder. To that end, Bayoil often entered into separate contracts with the designated purchasing agent for the distribution of "premium payments" and "fees" owed by Bayoil to the other parties.

Payments from Bayoil to the allocation holder and the designated purchasing agent (Rosnefteimpex and the Russian Engineering Company) were often routed through a purported "trading company" called Haverhill Trading Limited ("Haverhill"). The payments to Haverhill are suspicious, since Haverhill appears to have performed no function related to the transactions detailed below other than sending invoices to Bayoil for payments owed. The corporate existence of Haverhill is also suspicious. Located in Cyprus, which is known for corporate and bank secrecy laws, Haverhill exists "... care of a corporate services company which merely maintains the company's registered office and files appropriate documents with the Authorities to comply with the local laws."[54] Although a man named Oleg Kalougin of Moscow is named as Haverhill's sole director and Marios Kontemeniotis is named as a shareholder, Haverhill's "... directors and shareholders are merely

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[49] *See*, *http://www.rectrade.ru/index.php* (website for Russian Engineering Company). The Russian Engineering Company also sold over $121 million in goods to Iraq under the Program between Phase 7 and 13. *See* Table 4, "Humanitarian Goods and Oil Spares Purchases by Vendor & Vendor Country per Phase for Central & Southern Regions of Iraq (Sorted by Vendor)," published by the Independent Inquiry Committee into the United Nations Oil-for-Food Programme on October 21, 2004, p. 41.

[50] *Ciao Baby: Russia Confirmed as Top Lifter of Saddam Oil Contracts*, Nefte Compass, October 14, 2004.

[51] *Baghdad Boys: Iraq Rewards Russian Steadfastness*, Nefte Compass, February 13, 2002.

[52] *Vnukovo Airlines opens office in Baghdad*, BBC Summary of World Broadcasts, February 17, 1998.

[53] Duelfer Report, p. 198. The Subcommittee has discovered very little information about Impexoil.

[54] Company Status Report from *International Company Profile* on Haverhill.

nominees for the beneficial owners," whose identities are unknown other than the fact that they are non-Cypriots.[55] As for its business activities, Haverhill "... is not allowed to engage in any trading activity in Cyprus," and the Subcommittee has been unable to determine the exact nature or the extent of Haverhill's operations or where any such operations are conducted.[56] Nevertheless, millions of dollars flowed through Haverhill in connection with the transactions detailed in this Report.

The transactions described below followed the same basic pattern: (i) At the beginning of each relevant phase, the Hussein regime granted an oil allocation to the Russian Presidential Council, (ii) the allocation holder (either Sergei Isakov or Alexander Voloshin) nominated a company (such as Rosnefteimpex, the Russian Engineering Company, or Impexoil) to act as the nominal purchaser of the oil in exchange for a small commission, (iii) a representative of the nominal purchaser (often Mr. Isakov) traveled to Baghdad and entered into a contract with SOMO to buy the oil allocated to the allocation holder, (iv) the nominal purchaser then entered into a separate contract with Bayoil for Bayoil to lift the oil, and (v) Bayoil lifted the oil and contemporaneously made one or more payments into certain bank accounts in favor of the nominal purchaser or Haverhill. The available evidence indicates that the money wired to those accounts by Bayoil was split between the nominal purchaser and the allocation holder.

The remainder of this Report describes in detail the transactions resulting from each allocation awarded to the Russian Presidential Council.

A. The First Allocation (Phase 6: May 25, 1999 to December 11, 1999)

During Phase 6, the Hussein regime awarded the first of its nine oil allocations to the Russian Presidential Council in an amount of five million barrels.[57] This first allocation resulted in Contract M/06/54 between Rosneft and SOMO. Contract M/06/54, which was executed in Baghdad on June 5, 1999, was for 5 million barrels of oil -- 3 million barrels of Basrah Light crude and 2 million barrels of Kirkuk crude.[58] As such, the amount of oil contracted for in Contract M/06/54 exactly matched the amount of oil allocated to the Russian Presidential Council. Contract M/06/54 was approved by the U.N. Oil Overseers on June 10, 1999.[59]

Unlike many of the contracts detailed in this Report, Bayoil did not ship any oil under Contract M/06/54 and therefore the Subcommittee is unable to determine whether any money was paid to the benefit of the allocation holder. What is known is that the oil contracted for under Contract M/06/54 was indeed lifted in six shipments between June and October 1999, and that a total of 4,973,344 barrels were lifted.[60]

B. The Second Allocation (Phase 8: June 9, 2000 to December 5, 2000)

On the second day of Phase 8, June 10, 2000, prior to the date that any contract was signed by Iraq or approved by the U.N., Bayoil entered into an "Agency Agreement" with Haverhill Trading Ltd. Under the terms of the agreement, Bayoil agreed to purchase and ship 8 million barrels of Basrah Light crude and to pay certain "fees" to both Haverhill and the purchasing agent, Rosnefteimpex. The terms of the agreement were as follows:

> According to the Agency Agreement signed between "BayOil Supply & Trading Limited" and "Haverhill Trading Limited" on June 10, 2000 please be kindly asked to sign the Contract with "Rosnefteimpex NK Rosneft" for buying 8 bbls of Basrah light crude oil and pay fees as following:
>
> - USD0.02 to "Rosnefteimpex NK Rosneft" as per Contract;
> - USD0.12 to "Haverhill Trading Limited" after the nomination of the vessel;

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[55] *Id.*

[56] *Id.*

[57] Memorandum from the Executive Director of SOMO to the Minister of Oil dated October 5, 1999; SOMO Memorandum dated February 19, 2004, Attachment 5, Table No. 1; Duelfer Report, p. 175.

[58] Contract between Rosneft and SOMO designated M/06/54 dated June 5, 1999.

[59] U.N. Oil Overseers approval of Contract M/06/54 dated June 10, 1999.

[60] SOMO invoice statements for Contract M/06/54; Duelfer Report, p. 175.

- USD0,10 to "Haverhill Trading Limited" 30 (thirty) days after the [bill of lading].[61]

This "contract before the contract" detailed payments that would be made to parties outside of the Oil-for-Food Program. With the "Agency Agreement" in place, on June 14 the Hussein regime allocated 14 million barrels of oil to the Russian Presidential Council. Sergei Isakov was named as the contact person for the allocation.[62] A hand-written note to the Executive Director of SOMO on the Phase 8 allocation list indicated that the 14-million barrel allocation to the Russian Presidential Council had been approved at the highest levels of Iraq's government:

> To: The Executive Director of SOMO
>
> Verbal approval of the President Leader, may God protect him, has been obtained as per the verbal notification of the Vice-President of the republic along the margins of the Cabinet's meeting the morning of 06/25/2000.
>
> Please take the necessary measures for action.[63]

With the allocation approved and the Bayoil-Haverhill agency agreement in place, Demitry Kossarev of Rosnefteimpex traveled to Baghdad on or about July 4, 2000 and executed Contract M/08/85 with SOMO for 14 million barrels (the same amount allocated to the Russian Presidential Council for Phase 8).[64] The 14 million barrels were split between 8 million barrels of Basrah Light crude and 6 million barrels of Kirkuk crude.[65] The terms of Contract M/08/85 were then forwarded in a letter from the Executive Director of SOMO to the Minister of Oil for approval:

> To: [His Excellency] the Oil Minister
> Re: Approval on Exported Crude Oil Contracts
>
> Based on the statement of allocations in phase (8), please find below the details of the contract signed with Rosnefteimpex Russian Company on behalf of Mr. Issakov (The Russian Presidential Council):
>
> 1 - Number of Contract: M/08/85 Date: 07/04/2000
> 2 - Name of Company Buyer: Rosnefteimpex
> 3 - Nationality: Russian
> 4 - Quantity: (14) million barrels divided as follows:
>
> (6) million barrels of Kirkuk crude oil FOB Ceyhan terminal
> (8) million barrels of Basrah light crude oil FOB Al-Bakr terminal[66]

The Minster of Oil approved Contract M/08/85 on July 8, 2000. Contract M/08/85 was sent to the U.N. for approval and was approved by the U.N. Oil Overseers on July 10, 2000.[67]

With Contract M/08/85 fully approved, Bayoil entered into a separate contract with Rusnaftaimpex (BVI) Limited, a company located on Jersey in the Channel Islands. Under the terms of that contract, Rusnaftaimpex agreed to sell 8 million barrels of Basrah Light crude to Bayoil in exchange for a "premium" equal to an amount of 2¢ a barrel, to be transferred to a bank account designated by Rusnaftaimpex.[68] This contract was the first of three versions of the same contract, all of which are dated July 11, between Bayoil and, alternatively, Rusnaftaimpex and Rosnefteimpex. The final, executed version of the contract directed that the premium be paid to Rusnaftaimpex as per the terms of an addendum.[69] The addendum to this final contract, dated July 26, 2000, directed Bayoil to

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[61] Memorandum from Haverhill to Bayoil dated June 10, 2000 (SNT 015625).

[62] SOMO chart titled "Statement of Allocations for the Phase Subsequent to Phase (7)" dated June 14, 2000.

[63] *Id.*

[64] Contract between Rosnefteimpex and SOMO designated M/08/85 dated July 4, 2000.

[65] *Id.* Bayoil did not lift any of the Kirkuk oil in connection with Contract M/08/85, and it is not known which company or companies did.

[66] Letter from the Executive Director of SOMO to the Minister of Oil dated July 5, 2000 (emphasis added).

[67] U.N. Oil Overseers approval of Contract M/08/85 dated July 10, 2000.

[68] Contract between Bayoil and Rusnaftaimpex dated July 11, 2000 (unexecuted) (SNT 014953-955).

[69] Contract between Bayoil and Rusnaftaimpex dated July 11, 2000 (executed) (SNT 017014-017). Yet another version of this contract mirrors the terms of the other two versions, but names Bayoil and Rosnefteimpex as the parties and

pay 24¢ a barrel into a bank account designated by Rusnaftaimpex -- 12¢ in advance and 12¢ after the completion of each lifting.[70]

Prior to the execution of that addendum, on July 14, 2000, Bayoil directed its bank in Geneva to wire the first of several "premium" payments in connection with Contract M/08/85 to a bank account at Hellenic Bank Ltd. in Cyprus in favor of Haverhill.[71] The first was a pre-payment of $240,000, which amounts to 12¢ a barrel for the 2 million barrels that Bayoil was scheduled to lift in July. Bayoil performed its first lifting, a shipment of 1,833,963 barrels, on August 3, 2000 on the vessel *Licorne Pacifique*. Then, on August 25, 2000, Bayoil made its first post-lifting payment in an amount of $212,151.12, which was based on the actual amount of oil lifted (1,833,963 barrels @ 12¢ a barrel). That payment was made, not to Haverhill, but to Rusnaftaimpex in an account at United Bank of Switzerland AG in Geneva.[72]

In total, Bayoil completed four shipments of oil under Contract M/08/85 and lifted a total of 8,009,014 barrels of Basrah Light crude.[73] Prior to each shipment, Bayoil made pre-payments in an amount equal to 12¢ per barrel of oil that Bayoil was scheduled to ship. For the last three shipments, Bayoil was invoiced by and made its pre-payments to Rusnaftaimpex instead of Haverhill.[74] Bayoil made all four of its post-lifting payments to Rusnaftaimpex as well.[75] In total, as detailed in the table below, Bayoil wired payments totaling $1,922,163.36 to bank accounts in favor of Haverhill and Rusnaftaimpex in connection with Contract M/08/85:

Table 2: ***Bayoil Payments to Third Parties in connection with Contract M/08/85.***

Shipment	Date of Lifting	Number of Barrels Lifted	Prepayment to Haverhill	Prepayments to Rusnaftaimpex	Post-Lifting Payments to Rusnaftaimpex	Total Payments to Third Parties
1	08/03/00	1,883,963	$240,000.00	--	$212,151.12	$452,151.12
2	08/12/00	1,857,303	--	$240,000.00	$205,752.72	$445,752.72
3	09/12/00	1,943,729	--	$240,000.00	$226,494.96	$466,494.96
4	10/21/00	2,324,019	--	$240,000.00	$317,764.56	$557,764.56
Total Payments[76] from Bayoil to Third Parties in Connection with Contract M/08/85: (8,009,014 barrels @ 24¢ a barrel)						**$1,922,163.36**

Bayoil made all of these payments to bank accounts in favor of Haverhill and Rusnaftaimpex -- totaling $1,922,163.36 -- despite the fact that neither entity had performed any discernable services in connection with Contract M/08/85.

Bayoil's internal accounting documents repeatedly refer to the payments to Haverhill and Rusnaftaimpex as "premiums" and "Price Premium Over O.S.P." (the official sales price).[77] Significantly, Bayoil's ledgers generally list these payments under an entry titled "Commissions - Russia." Bayoil's ledgers related to Contract M/08/85 record these payments as follows:

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was executed by D.I. Kossarev as Deputy Director General of Rosnefteimpex (SNT 015622-624). It is unclear why there were multiple iterations of this contract.

[70] Addendum No. 1 to contract dated July 11, 2000 between Rusnaftaimpex and Bayoil (SNT 017013).

[71] Wire transfer request from Bayoil to Credit Agricole Indosuez SA (Geneva) dated July 14, 2000 (SNT 015735).

[72] Wire transfer request from Bayoil to Credit Agricole Indosuez Suisse SA (Geneva) dated August 25, 2000 (SNT 015706).

[73] SOMO invoice statements for Contract M/08/85.

[74] Invoices from Rusnaftaimpex to Bayoil for pre-shipment payments related to Contract M/08/85 (SNT 014950, 016308, 016998).

[75] Invoices from Rusnaftaimpex to Bayoil for post-shipment payments related to Contract M/08/85 (SNT 015708, 015053, 016286, 017115).

[76] Bayoil Transaction Detail By Account for *Licorne Pacifique* (B/L August 3, 2000), *Tina* (B/L August 12, 2000), *Berge Chief* (B/L September 12, 2000), and *Olympia Spirit* (B/L October 21, 2000).

[77] Wire transfer request from Bayoil to Credit Agricole Indosuez Suisse SA, Geneva, dated July 14, 2000 regarding pre-payment of $240,000 to Haverhill (SNT 015735); Wire transfer request from Bayoil to Banque Cantonale Vaudoise dated August 2, 2000 regarding pre-payment of $240,000 to Rusnaftaimpex (SNT 015050); *See also*, Bayoil's internal pricing tables for calculating the price-per-barrel wherein the 24¢ is calculated into the price as a "premium" (SNT 015704).

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

Commissions - Russia			
Check 7/18/2000	HAVERHILL TRADING	...	-240,000.00
Check 9/1/2000	RUSNAFTAIMPEX	...	-212,151.12
Total Commissions - Russia			-452,151.12
* * *			
Check 8/2/2000	RUSNAFTAIMPEX	...	-240,000.00
Check 9/11/2000	RUSNAFTAIMPEX	...	-205,752.72
Total Commissions - Russia			-445,752.72
* * *			
Check 8/25/2000	RUSNAFTAIMPEX	...	-240,000.00
Check 10/11/2000	RUSNAFTAIMPEX	...	-226,494.96
Total Commissions - Russia			-466,494.96
* * *			
Check 10/13/2000	RUSNAFTAIMPEX	...	-240,000.00
Total Commissions - Russia			-240,000.00
Agent Commissions			
Check 11/20/2000	RUSNAFTAIMPEX	...	-317,764.56[78]

It is clear that these payments did not go into the Iraq Escrow Account at BNP Paribas for the benefit of the Iraqi people. What is less clear is where the money went once it was wired to bank accounts in Switzerland and Cyprus.

Reading the terms of the June 10, 2000 agency agreement between Bayoil and Haverhill and the subsequent July 11, 2000 agreement between Bayoil and Rusnaftaimpex *en toto*, Bayoil was obligated to compensate Rusnaftaimpex at a rate of 2¢ per barrel for acting as the purchasing agent for Contract M/08/85. As such, Rusnaftaimpex was entitled to $160,180.28 (8,009,014 barrels x 2¢). After the deduction of the $160,180.38 due to Rusnaftaimpex, $1,761,983.08 remains unaccounted for. Based on SOMO's documents and the testimony of senior members of the former Hussein regime, the logical conclusion to be drawn is that the remaining funds inured to the benefit of the allocation holder.[79] If such is the case, the Subcommittee estimates that $1,761,983.08 went to the benefit of Sergei Isakov on behalf of the Russian Presidential Council in connection with Contract M/08/85:

Table 3: ***Estimated Division of Bayoil's Payments Between Haverhill/Rusnaftaimpex and the Russian Presidential Council in connection with Contract M/08/85.***

Shipment	Number of Barrels Lifted	Rate of Payment to Haverhill & Rusnaftaimpex	Payments to Haverhill & Rusnaftaimpex	Suspected Amount Paid to the Benefit of the Russian Presidential Council
1	1,883,963	2¢ a barrel	$37,679.26	$414,471.86
2	1,857,303	2¢ a barrel	$37,146.06	$408,606.66
3	1,943,729	2¢ a barrel	$38,874.58	$427,620.38
4	2,324,019	2¢ a barrel	$46,480.38	$511,284.18
		Totals:	**$160,180.28**	**$1,761,983.08**[80]

[78] *See* Bayoil Transaction Detail By Account for *Licorne Pacifique*, *Tina*, *Berge Chief*, and *Olympia Spirit*.

[79] Subcommittee interviews of Deputy Prime Minister Tariq Aziz, April 21, 2005, Vice President Taha Yasin Ramadan, April 18, 2005, Senior Hussein Regime Official No. 1, April 14, 2005, and Senior Hussein Regime Official No. 2, April 20, 2005; U.S. Treasury Iraqi Financial Asset Team interviews of former regime officials, February 1, 2004 (#12) and January 27, 2004 (#15).

[80] This figure amounts to 22¢ per barrel on the 8,009,014 barrels lifted by Bayoil under Contract M/08/85.

The suspected payment of $1,761,983.08 to Mr. Isakov on behalf of the Russian Presidential Council under contract M/08/85 accounts for the 8,009,014 barrels lifted by Bayoil, and does not account for the 6 million barrels of Kirkuk crude also contracted for under Contract M/08/85. SOMO documents indicate that a total of 14,000,000 barrels were lifted under M/08/85.[81] Therefore, depending on the terms of the deal struck between Rusnaftaimpex and whichever company lifted the Kirkuk oil, there were likely to have been substantial additional payments in favor of the Russian Presidential Council in excess of the $1,761,983.08 resulting from payments made by Bayoil.

There is no evidence that any "surcharge" payments were made to the Hussein regime in connection with Contract M/08/85. Contract M/08/85 was executed prior to September 1, 2000 (the date that the Hussein regime first imposed "surcharges" on oil contracts). A possible explanation for the absence of any surcharge payments on Contract M/08/85 is found in a memorandum written by a SOMO official explaining the origin and initial implementation of the surcharge demand:

> A decision was made in August 2000 to impose a surcharge of 10¢ per barrel for all markets (as of mid phase (8) and until the end of the phase) on the shipments that will be lifted as of September 1, 2000.
>
> * * *
>
> [S]ome of these parties declined to pay the surcharge in phase (8) claiming that the payment notification for the shipments lifted on September 1, 2000 came late, and that they had already sold the quantities allocated to them to other companies before they had been told to pay; therefore, they were unable to pay 10¢ per barrel.[82]

Although two of the four Bayoil liftings occurred after September 1, 2000, there is no indication that any of Bayoil's payments to Haverhill and Rusnaftaimpex were in satisfaction of surcharge demands. Finally, other SOMO documents indicate that no surcharge payments were made in connection with Contract M/08/85.[83]

C. The Third Allocation (Phase 9: December 6, 2000 to July 3, 2001)

There was no approved list of allocations at the beginning of Phase 9, which commenced on December 6, 2000. This was due to the fact that the Hussein regime had begun to demand 10¢ per barrel "surcharges" on oil purchases lifted after September 1, 2000, and since many companies refused to pay, SOMO was instructed to sign contracts with any company willing to pay the surcharge.[84] Sergei Isakov was apparently willing to comply with the surcharge demand and he traveled to Iraq to sign a contract on behalf of Rosneftcimpex. Contract M/09/25[85] was executed in Baghdad on January 17, 2001 between Rosnefteimpex and SOMO and was signed by Mr. Isakov as "Adviser to General Director" of Rosnefteimpex.[86] Contract M/09/25 was approved by the U.N. Oil Overseers on January 18, 2001.[87]

Mr. Isakov was personally involved in the negotiations between Rosnefteimpex and Bayoil in relation to Contract M/09/25, and specifically demanded that Bayoil pay high premiums as part of the deal:

> To: Bayoil
> Re: Shipment of Basrah Light crude in April-May-June
> M/t <<Stavros>> B/L 3.04.01
> M/t <<Mariner>> Laycan May 14th and about 2,000,000 bbls loading in June (Subject agreement of SOMO)

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[81] SOMO Memorandum dated February 19, 2004, Attachment 5, Table 2 titled "Quantities of Crude Oil Lifted by the Companies and Russian Parties during the Phases of the Memorandum of Understanding."

[82] SOMO Memorandum dated February 19, 2004, Attachment 4.

[83] *Id.* (excerpts relating to Contract M/08/85). In the row that lists the surcharge rate for Contract M/08/85, it states "what has been paid is higher than." In no other part of Attachment 4 is such an entry made. The meaning of the notation is unknown.

[84] SOMO table titled "Crude Oil Allocations during Phase (9) of the Memorandum of Understanding;" Duelfer Report, p. 182.

[85] Contract between Rosnefteimpex and SOMO designated M/09/25 dated January 17, 2001.

[86] The original volume for Contract M/09/25 was 6 million barrels, but that amount was subsequently increased to 16.35 million barrels, of which 11.428 million barrels were ultimately lifted. SOMO memorandum from the Crude Oil First Marketing Department to the Financial Department dated May 14, 2001; SOMO chart titled "Crude Oil Purchases during Phase (9) of the Memorandum of Understanding."

[87] U.N. Oil Overseers approval of Contract M/09/25 dated January 18, 2001.

Att: Mr. David Chalmer [*sic*], President

Dear Sirs,

Taking into account the relationships between our companies and also the fact that your company is one of the important Suppliers of crude oil to US and European Consumers, we would like to continue our collaboration. Subject agreement with Supplier we propose to you above quantities and any other quantities within this period.

We consider that after last decision of OPEC to cut crude oil output, crude oil market improved and we have intention to cooperate with your company for promotion purposes of Iraqi oil to the market.

Having in mind the above we would like to receive higher trading benefit after selling of crude oil on the market at the level of not less than USD 0.35 per each barrel.

In case of your agreement we are ready to conclude respective deal with your company.

We expect your answer.

Best regards,

S. Issakov[88]

The fee arrangement between Bayoil, Rusnaftaimpex, and Haverhill (established in connection with Contract M/08/85) continued during Contract M/09/25, as referenced in an invoice relating to Bayoil's first lifting under the contract. On April 3, 2001, the vessel *Stavros G.L.* lifted 250,000 barrels of Basrah Light crude under Contract M/09/25.[89] In connection with that lifting, on April 25, 2001, Rusnaftaimpex invoiced Bayoil for $87,500 (250,000 barrels at 35¢ a barrel) that was owed under the "Contract dated July 11, 2000, addendum No2 dated 18 January 2001."[90] Tellingly, Rusnaftaimpex instructed Bayoil to pay the money into an account in favor of *Haverhill* and not into an account in its own favor, which is further evidence of a close association between the two entities. Bayoil made this first payment relating to Contract M/09/25 to a bank account in Haverhill's name at the Hellenic Bank Ltd. in Cyprus on May 2, 2001.[91] For unknown reasons beginning with Contract M/09/25, Bayoil ceased to refer to these payments as "Commissions - Russia" in its ledgers, as it had done with the payments it made under Contract M/08/85 in the previous phase. Instead, Bayoil's ledgers list the payments to Haverhill as "Crude Purchases."[92] Another departure from Contract M/08/85 was that Bayoil ceased to take note of these payments in its internal pricing worksheets. All references to "premiums" and "Price Premium Over" the official sales price are notably absent from Bayoil's internal documents relating to Contract M/09/25.

In total, Bayoil completed four shipments of oil under Contract M/09/25 and lifted a total of 6,271,688 barrels of Basrah Light crude.[93] As was the case with Bayoil's first shipment under Contract M/09/25, after each subsequent shipment Haverhill invoiced Bayoil for the "fee" that it was owed pursuant to the terms of the July 11, 2001 contract.[94] As detailed in the table below, Bayoil made payments totaling $2,140,039.62 in connection with Contract M/09/25 to accounts in Haverhill's name at the Hellenic Bank:

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[88] Facsimile from Rosnefteimpex to Bayoil dated April 20, 2001 (SNT 020928) (emphasis added).

[89] SOMO invoice statement for Contract M/09/25.

[90] Invoice from Rusnaftaimpex to Bayoil dated April 25, 2001 (SNT 021260). Rusnaftaimpex billed Bayoil an additional $3,000 in this invoice for unknown reasons.

[91] Wire transfer request from Bayoil to BNP Paribas (Suisse) SA, Geneva, dated May 2, 2001 (SNT 021259).

[92] Bayoil Transaction Detail By Account for *Stavros G.L.* (B/L April 3, 2001), *Setiebello* (B/L April 19, 2001), *Astro Beta* (B/L May 20, 2001), and *Olympia Spirit* (B/L July 13, 2001).

[93] SOMO invoice statements for Contract M/09/25.

[94] Invoices from Haverhill to Bayoil for payments related to Contract M/09/25 (SNT 019650, 020995, 022344).

Table 4: ***Bayoil Payments to Haverhill in connection with Contract M/09/25.***

Shipment	Date of Lifting	Number of Barrels Lifted	Rate of Payment to Haverhill	Destination of Shipment	Payments to Haverhill
1	04/03/01	250,000	35¢ a barrel	North America	$87,500.00
2	04/19/01	2,160,986	30¢ a barrel[95]	Europe	$651,295.80
3	05/20/01	1,860,777	35¢ a barrel	North America	$651,271.95
4	07/13/01	1,999,925	37.5¢ a barrel	North America	$749,971.87
Total Payments[96] from Bayoil to Haverhill for in Connection with Contract M/09/25: (2,160,986 barrels @ 30¢ a barrel; 2,110,777 @ 35¢ a barrel; 1,999,925 @ 37.5¢ a barrel)					**$2,140,039.62**

As is plainly evident from the table, the rate of payment to Haverhill was lower for the shipment that was bound for the European market. That difference corresponds to the fact that the Hussein regime charged a lower surcharge rate for shipments destined for the European market than for shipments destined for the North American market.

Unlike Contract M/08/85, the evidence indicates that surcharges were paid to the Hussein regime in connection with Contract M/09/25, and these surcharges were substantial. The liftings performed under Contract M/09/25 occurred during the period when the Hussein regime charged 25¢ a barrel for shipments destined for the European market and 30¢ a barrel for shipments destined for the North American market. All the available evidence indicates that the Russian Presidential Council/Rosnefteimpex/Haverhill paid the surcharges demanded in connection with Contract M/09/25. For instance, correspondence between Bayoil and Rosnefteimpex indicates that the price calculation for the shipment on the vessel *Stavros G.L.* included the surcharge amount: "This Contract or Agreement should cover ... m/t 'Stavros' B/L 3.04.01 - 250 000 bbls of Basrah Light surcharge to OSP 0,35 - 0,40 $/bbl."[97] Additionally, in March 2001 Rosnefteimpex made a request to SOMO to extend the expiration date of Contract M/09/25 and to increase the quantity of oil under the contract in consideration for the surcharge payments that Rosnefteimpex had made. An internal SOMO memorandum detailed the request:

> To: [His Excellency] the Executive Director
> Re: Contract M/09/25 with Rosimpex [*sic*] Russian Company (The Presidential Council)
>
> * * *
>
> 4 - Rosnefteimpex company requested to change the quantity of the contract to the following:
>
> | Basrah | Kirkuk | Total |
> |---|---|---|
> | 4 | 2 | 6 |
>
> to be lifted in April/May 2001, and to extend the validity of the contract until 05/15/2001, taking into consideration that the company has settled both of the surcharge amounts due to our embassy in Moscow as per the telephone conversation with their representative in Baghdad.[98]

Furthermore, SOMO's documents indicate that all of the surcharges due in connection with Contract M/09/25 were paid. In total, 14,431,154 barrels were lifted under Contract M/09/25, 6,271,688 of which were lifted by Bayoil.[99] A total of $3,918,481.80 in surcharge payments was due to Iraq, all of which was paid.[100] Ipso facto, all of the surcharges that were owed in connection with Bayoil's

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[95] The actual rate calculates to $0.301388 per barrel.

[96] Bayoil Transaction Detail By Account for *Stavros G.L.* (B/L April 3, 2001), *Settebello* (B/L April 19, 2001), *Astro Beta* (B/L May 20, 2001), and *Olympia Spirit* (B/L July 13, 2001).

[97] Facsimile from Rosnefteimpex to Bayoil dated April 17, 2001 (SNT 020929-931).

[98] Memorandum from the Head of Crude Oil First Marketing Department to the Executive Director of SOMO dated March 24, 2001 (emphasis added).

[99] SOMO invoice statements for Contract M/09/25.

[100] SOMO Memorandum dated February 19, 2004, Attachment 4 (excerpts relating to Contract M/09/25). It appears as though the parties involved overpaid by a *de minimis* amount, $61.20.

lifitings under the contract were also paid. The Subcommittee estimates that $1,773,457.10 of Bayoil's payments into Haverhill's bank accounts at the Hellenic Bank was ultimately routed to the Hussein regime for the satisfaction of surcharges:

Table 5: ***Estimated Surcharge Payments Made in Connection with Bayoil's Shipments Under Contract M/09/25.***

Shipment	Number of Barrels Lifted	Destination of Shipment	Rate of Surcharge	Surcharge Payments to Iraq
1	250,000	North America	30¢ a barrel	$75,000.00
2	2,160,986	Europe	25¢ a barrel	$540,246.50
3	1,860,777	North America	30¢ a barrel	$558,233.10
4	1,999,925	North America	30¢ a barrel	$599,977.50
Total Surcharge Payments from Bayoil Liftings Under Contract M/09/25:				**$1,773,457.10**

The surcharge payments that were drawn from Bayoil's payments to Haverhill do not account for all of the surcharge payments made to Iraq in connection with Contract M/09/25. SOMO's documents reflect that a total of $3,918,543 in surcharges were paid to Iraq under Contract M/09/25, which indicates that other unknown purchasing agents and/or oil companies made surcharge payments amounting to $2,145,085.90 for their portion of the oil lifted under the contract.[101]

Once the surcharge payments have been taken into account, the question remains as to what happened to the remainder of the payments made by Bayoil to Haverhill in connection with Contract M/09/25. Under the terms of the prior contracts between Bayoil and Rusnaftaimpex dated July 11, 2000,[102] Bayoil was obligated to compensate Rusnaftaimpex at a rate of 2¢ per barrel for being the purchasing agent. As such, Rusnaftaimpex was owed $125,433.76 (6,271,688 barrels @ 2¢ a barrel). Once Rusnaftaimpex's fees have been deducted from the amount paid by Bayoil to Haverhill, there remains a balance of $241,148.76. Based on SOMO's documents and the testimony of senior members of the former Hussein regime, the logical conclusion to be drawn is that those remaining funds were paid to the allocation holder.[103] If that is the case, the Subcommittee estimates that $241,148.76 went to the benefit of Sergei Isakov on behalf of the Russian Presidential Council in connection with Contract M/09/25:

Table 6: ***Estimated Division of Bayoil's Payments Between Iraq, Rusnaftaimpex, and the Russian Presidential Council in connection with Contract M/09/25.***

Shipment	Number of Barrels Lifted	Surcharge Payments to Iraq (25 or 30¢ a barrel)	Payments to Rusnaftaimpex (2¢ a barrel)	Suspected Payments for the Benefit of the Russian Presidential Council
1	250,000	$75,000.00	$5,000.00	$7,500.00
2	2,160,986	$540,246.50	$43,219.72	$67,829.58
3	1,860,777	$558,233.10	$37,215.54	$55,823.31
4	1,999,925	$599,977.50	$39,998.50	$109,995.87
Totals:	**6,271,688**	**$1,773,457.10**	**$125,433.76**	**$241,148.76**[104]

The suspected payment of $241,148.76 to Sergei Isakov on behalf of the Russian Presidential Council under Contract M/09/25 accounts only for such payments made on the 6,271,688 barrels lifted by

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[101] *Id.*

[102] Contract between Bayoil and Rusnaftaimpex dated July 11, 2000 (SNT 014953-955); Contract between Bayoil and Rusnaftaimpex dated July 11, 2000 (executed) (SNT 017014-017).

[103] Subcommittee interviews of Deputy Prime Minister Tariq Aziz, April 21, 2005, Vice President Taha Yasin Ramadan, April 18, 2005, Senior Hussein Regime Official No. 1, April 14, 2005, and Senior Hussein Regime Official No. 2, April 20, 2005; U.S. Treasury Iraqi Financial Asset Team interviews of former regime officials, February 1, 2004 (#12) and January 27, 2004 (#15).

[104] This figure amounts to 3.845¢ per barrel for the 6,271,688 barrels lifted by Bayoil under Contract M/09/25.

Bayoil. SOMO documents, however, indicate that a total of 14,431,154 barrels were lifted under Contract M/09/25, and therefore what is not accounted for in the above table is any money that may have been paid to the Russian Presidential Council in connection with the remaining 5,156,312 barrels that were lifted under Contract M/09/25. Depending on the terms of the deal struck between Rusnaftaimpex and the company or companies that lifted the oil, there may have been additional payments in favor of the Russian Presidential Council in excess of the $241,148.76 resulting from payments made by Bayoil.

D. The Fourth Allocation (Phase 10: July 4, 2001 to November 30, 2001)

The Hussein regime allocated 16 million barrels to the Russian Presidential Council in Phase 10.[105] On July 14, 2001 the Hussein regime executed Contract M/10/15 with Rosnefteimpex for 17 million barrels -- 10 million barrels of Basrah Light crude and 7 million barrels of Kirkuk crude.[106] SOMO documents indicate that the extra 1 million barrels included in Contract M/10/15 was for the benefit of the Russian ambassador to Iraq, Vladimir Titorenko.[107] Other SOMO documents confirm that Sergei Isakov was the point of contact for the allocation.[108] The contract for 17 million barrels was executed in Baghdad by "Adviser to General Director" Sergei Isakov on behalf of Rosnefteimpex.[109] Contract M/10/15 was approved by the U.N. Oil Overseers on July 24, 2001.[110]

Certain correspondence connected with Contract M/10/15 provides additional evidence that there is no discernable difference as to who controls the various entities conducting these transactions. For instance, on August 21, 2001 Yuri Poukhov of Rosnefteimpex delivered an invoice to Bayoil on Haverhill's letterhead for the premium payment owed in connection with a shipment of oil lifted under Contract M/10/15:

> HAVERHILL TRADING LIMITED
> 23, ARISTIDOU STR., PIREAS, GREECE
>
> To: Bayoil Supply and Trading Limited
> Att: Mrs. Jean Johnston
> CC: Mr. Ludmil Dionissiev
>
> Herebelow we are sending to you final invoices No. 03/17/08 for m/t <<Magdelaine>> B/L 17.08.01 and No. 04/17/08 for m/t <<Stena Convoy>> B/L 21.08.2001.
>
> Best regards,
>
> Y. Poukhov[111]

The memorandum forwarded an invoice charging Bayoil $683,501.25 for the *Stena Convoy* shipment.[112] Prior to that memorandum, all such invoices and other correspondence from Haverhill had been delivered by Marios Kontemeniotis, the purported "director" of Haverhill. In response to the letter from Mr. Poukhov, on September 13, 2001, Jean Johnston of Bayoil wrote a memorandum to Rosnefteimpex to the attention of *Mr. Kontemeniotis*, although he supposedly had no connection to the Russian oil trading company:

> TO: Rosnefteimpex, Moscow
>
> ATTN: Mr. Marios Kontemeniotis
> FAX: 7095 979-6071
>
> CC: Mr. Y. Poukhov
>
> FROM: Jean Johnston
>
> * * *

[105] SOMO Memorandum dated February 19, 2004, Attachment 5, Table 1; Duelfer Report, p. 185.

[106] Contract between Rosnefteimpex and SOMO designated M/10/15 dated July 14, 2001.

[107] SOMO Memorandum dated February 19, 2004, Attachment 5, Table 2.

[108] Letter from the Crude Oil First Marketing Department to the Financial Department dated July 18, 2001.

[109] Contract between Rosnefteimpex and SOMO designated M/10/15 dated July 14, 2001, at p. 10.

[110] U.N. Oil Overseers approval of Contract M/10/15 dated July 24, 2001.

[111] Letter from Haverhill to Bayoil dated August 21, 2001 (SNT 023706).

[112] Haverhill invoice to Bayoil dated August 17, 2001 (SNT 023712).

Dear Sirs:

With reference to your faxed invoices of today, please be advised following payments have been made:

Magdelaine (Your invoice no. 03/17/08) US $716,933.25 - value August 20, 2001
Stena Convoy (Your invoice no. 04/17/08) US $683,501.25 - value Aug. 22, 2001

* * *

Best regards,

Jean Johnston[113]

Other correspondence illustrates that Haverhill did not even prepare the invoices sent under its own letterhead. For example, a letter from Rosnefteimpex to Bayoil indicates that Rosnefteimpex, and not Haverhill, prepared an invoice to Bayoil in connection with Contract M/10/15:

To: Bayoil

Re: M/t <<Hellespont Capitol>> B/L 02.11.2001
Att: Mrs. Jean Johnston Date: 26.11.01

Dear Jean!

We are preparing invoice for above cargo. As soon as price differences are clear we will present respective invoice.

* * *

Many thanks.

Best regards,

Y. Poukhov[114]

These documents are additional evidence that Rosnefteimpex, Haverhill, and Rusnaftaimpex were not independent corporate entities conducting oil transactions at arm's length, but were related and acting in concert to facilitate the payment of premiums on oil purchases under the Oil-for-Food Program, and in many instances forwarding payments to the Hussein regime in satisfaction of "surcharges."

In total, Bayoil completed eight shipments of oil under Contract M/10/15 and lifted a total of 12,828,688 barrels. After each shipment, Haverhill invoiced Bayoil for the amount that it was owed.[115] For Contract M/10/15, Bayoil paid a premium of 37.5¢ per barrel for the first six shipments, 39.5¢ per barrel for the seventh shipment, and 42.5¢ per barrel for the eighth shipment. In total, as detailed in the table below, Bayoil made payments totaling $4,953,020.64 to Haverhill's account at Hellenic Bank in Nicosia in connection with Contract M/10/15:

Table 7: ***Bayoil Payments to Haverhill in connection with Contract M/10/15.***

Shipment	Date of Lifting	Number of Barrels Lifted	Rate of Payment to Haverhill	Destination of Shipment	Payments to Haverhill
1	08/01/01	200,000	37.5¢ a barrel	North America	$75,000.00
2	08/15/01	1,911,822	37.5¢ a barrel	North America	$716,933.25
3	08/21/01	1,822,670	37.5¢ a barrel	North America	$683,501.25
4	08/26/01	150,000	37.5¢ a barrel	North America	$56,250.00
5	09/08/01	2,356,360	37.5¢ a barrel	North America	$883,635.00

[113] Memorandum from Bayoil to Rosnefteimpex dated September 13, 2001 (SNT 023693).

[114] Facsimile from Rosnefteimpex to Bayoil dated November 26, 2001 (SNT 025304).

[115] Invoices from Haverhill to Bayoil for payments related to Contract M/10/15 (SNT 023554, 023698, 023700, 024006, 022658, 024141, 024624, 025301).

6	09/15/01	1,990,489	37.5¢ a barrel	North America	$746,433.38
7	10/09/01	2,586,824	39.5¢ a barrel	North America	$1,021,795.48
8	11/02/01	1,810,523	42.5¢ a barrel	North America	$769,472.28
Total Payments[116] from Bayoil to Haverhill in Connection with Contract M/10/15: (8,431,341 barrels @ 37.5¢ a barrel; 2,586,824 @ 39.5¢ a barrel; 1,810,523 @ 42.5¢ a barrel)					**$4,953,020.64**

The Subcommittee currently has no explanation for the spike in the rate of premiums for the final two shipments on October 9, 2001 (39.5¢ a barrel) and November 2, 2001 (42.5¢ a barrel)). All of Bayoil's shipments under Contract M/10/15 were destined for the North American market and therefore carried a surcharge rate of 30¢ per barrel (*see* Table 8, below). As such, there was no need to raise the price per barrel to account for any variance in the surcharge rate.

Contract M/10/15 was executed and performed during the surcharge period, and therefore resulted in multiple payments to the Hussein regime. A letter from the Executive Director of SOMO to the Minister of Oil noted that the surcharge payments due under Contract M/10/15 were "Payable in one month from the date of loading."[117] Over 16 million barrels were lifted under Contract M/10/15, 12,828,688 of which were lifted by Bayoil.[118] SOMO's documents indicate that all of the surcharges due in connection with Contract M/10/15 were paid.[119] Ipso facto, all of the surcharges that were owed in connection with Bayoil's liftings under the contract were also paid. The Subcommittee estimates that $3,848,606.40 of Bayoil's payments to Haverhill's account at the Hellenic Bank were forwarded to the Hussein regime for the satisfaction of surcharges:

Table 8: ***Estimated Surcharge Payments Made in Connection with Bayoil's Shipments Under Contract M/10/15.***

Shipment	Number of Barrels Lifted	Destination of Shipment	Rate of Surcharge	Surcharge Payments to Iraq
1	200,000	North America	30¢ a barrel	$60,000.00
2	1,911,822	North America	30¢ a barrel	$573,546.60
3	1,822,670	North America	30¢ a barrel	$546,801.00
4	150,000	North America	30¢ a barrel	$45,000.00
5	2,356,360	North America	30¢ a barrel	$706,908.00
6	1,990,489	North America	30¢ a barrel	$597,146.70
7	2,586,824	North America	30¢ a barrel	$776,047.20
8	1,810,523	North America	30¢ a barrel	$543,156.90
Total Surcharge Payments from Bayoil Liftings Under Contract M/10/15:				**$3,848,606.40**

The surcharge payments that resulted from Bayoil's payments to Haverhill do not account for all of the surcharge payments made to Iraq in connection with Contract M/10/15. SOMO's documents reflect that approximately $5 million in surcharges were paid to Iraq under Contract M/10/15, which indicates that other oil companies and or purchasing agents made surcharge payments amounting to over $1 million for their portion of the oil lifted under the contract.[120]

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[116] Bayoil Transaction Detail By Account for *Stena Companion* (B.I. August 1, 2001), *Magdelaine* (B.I. August 15, 2001), *Stena Convoy* (B.I. August 21, 2001), *Settebello* (B.I. August 26, 2001), *Sahara* (B.I. September 8, 2001), *Noto* (B.I. September 15, 2001), *Olympia Spirit* (B.I. October 9, 2001), and *Hellespont Capitol* (B.I. November 2, 2001).

[117] Letter from the Executive Director of SOMO to the Minister of Oil dated July 15, 2001.

[118] SOMO invoice statements for Contract M/10/15 (indicating that 16,818,559 barrels were lifted); SOMO Memorandum dated February 19, 2004, Attachment 4.

[119] SOMO Memorandum dated February 19, 2004, Attachment 4 (excerpts relating to Contract M/10/15), indicating that $154.15, a *de minimis* amount, was still owed under Contract M/10/15.

[120] SOMO Memorandum dated February 19, 2004, Attachment 4.

Once the surcharge payments have been deducted, the question remains as to what happened to the remainder of the payments made by Bayoil into Haverhill's bank account in connection with Contract M/10/15. Under the terms of prior contracts, Bayoil was to compensate the purchasing agent at a rate of 2¢ per barrel.[121] As such, the purchasing agent for Contract M/10/15 (either Rosnefteimpex or Rusnaftaimpex) was entitled to keep $256,573.76 (12,828,688 barrels @ 2¢ a barrel). Once those fees have been deducted, there remains a balance of $847,840.48. Based on SOMO's documents and the testimony of senior members of the former Hussein regime, the logical conclusion to be drawn is that the remaining funds went to the allocation holder.[122] If such is the case, the Subcommittee therefore estimates that $847,840.48 went to the benefit of Sergei Isakov on behalf of the Russian Presidential Council in connection with Contract M/10/15:

Table 9: *Estimated Division of Bayoil's Payments Between Iraq, Rosnefteimpex/Rusnaftaimpex, and the Russian Presidential Council in connection with Contract M/10/15.*

Shipment	Number of Barrels Lifted	Surcharge Payments to Iraq (30¢ a barrel)	Bayoil Payments to Purchasing Agent (2¢ a barrel)	Suspected Payments for the Benefit of the Russian Presidential Council
1	200,000	$60,000.00	$4,000.00	$11,000.00
2	1,911,822	$573,546.60	$38,236.44	$105,150.21
3	1,822,670	$546,801.00	$36,453.40	$100,246.85
4	150,000	$45,000.00	$3,000.00	$8,250.00
5	2,356,360	$706,908.00	$47,127.20	$129,599.80
6	1,990,489	$597,146.70	$39,809.78	$109,476.90
7	2,586,824	$776,047.20	$51,736.48	$194,011.80
8	1,810,523	$543,156.90	$36,210.46	$190,104.92
Totals:	**12,828,688**	**$3,848,606.40**	**$256,573.76**	**$847,840.48**[123]

The suspected payment of $847,840.48 to Sergei Isakov on behalf of the Russian Presidential Council in connection with Contract M/10/15 accounts only for the payments made in connection with the 12,828,688 barrels lifted by Bayoil. SOMO documents indicate that over 16 million barrels were lifted under that contract[124] and therefore what is not accounted for here is any money paid to the allocation holder in connection with the over 3 million barrels that were lifted under Contract M/10/15 by companies other than Bayoil. Depending on the terms of the deal struck between Rosnefteimpex and the company that lifted that oil, there would likely have been additional payments in favor of the Russian Presidential Council in excess of the $847,840.48 resulting from payments made by Bayoil.

E. The Fifth Allocation (Phase 11: December 1, 2001 to May 29, 2002)

The Russian Presidential Council, through Sergei Isakov, was awarded an allocation of 16 million barrels by the Hussein regime during Phase 11.[125] This allocation resulted in Contract M/11/05 between the Russian Engineering Company and SOMO. Contract M/11/05 was executed in Baghdad on December 26, 2001 for 16 million barrels of oil -- 9 million barrels of Basrah Light crude and 7

[121] Each of the eight invoices sent by Haverhill to Bayoil in connection with Contract M/10/15 refered to a contract dated July 19, 2001 and various addenda to that contract. The Subcommittee has not yet obtained a copy of that contract or any addenda. If the arrangement between the parties held true to form, then the July 19, 2001 contract and its addenda would have adhered to the terms of prior contracts entered into by Bayoil and Rusnaftaimpex in connection with Contract M/08/85 and Contract M/09/25. For the purposes of this Report, we assume that the rate of compensation for the purchasing agent remained at 2¢ per barrel (SNT 014953-955; SNT 017014-017).

[122] Subcommittee interviews of Deputy Prime Minister Tariq Aziz, April 21, 2005, Vice President Taha Yasin Ramadan, April 18, 2005, Senior Hussein Regime Official No. 1, April 14, 2005, and Senior Hussein Regime Official No. 2, April 20, 2005; U.S. Treasury Iraqi Financial Asset Team interviews of former regime officials, February 1, 2004 (#12) and January 27, 2004 (#15).

[123] This figure amounts to approximately 6.6¢ per barrel on the 12,828,688 barrels lifted by Bayoil under Contract M/10/15.

[124] SOMO invoice statements for Contract M/10/15.

[125] SOMO Memorandum dated February 19, 2004, Attachment 5, Table 1; Duelfer Report, p. 188.

million barrels of Kirkuk crude.[126] Sergei Isakov executed the contract as chairman of the Russian Engineering Company.[127] SOMO documents indicate that, like Contract M/10/15, an extra 1 million barrels was included in Contract M/10/15 for the benefit of the Russian ambassador to Iraq, Vladimir Titorenko.[128] Contract M/11/05 was approved by the U.N. Oil Overseers on December 31, 2001.[129]

Unlike many of the contracts detailed in this Report, Bayoil did not perform any liftings in connection with Contract M/11/05 and therefore the Subcommittee has limited documentation as to what amounts, if any, were paid to the benefit of the allocation holder. What is known is that the oil contracted for under Contract M/11/05 was indeed lifted in 10 shipments between January and July 2002, and that approximately 15 million barrels were lifted.[130]

F. The Sixth and Seventh Allocations (Phase 12: May 30, 2002 to December 4, 2002)

During Phase 12 the Hussein regime made two allocations for the benefit of the Russian Presidential Council. The first was to Sergei Isakov, an allocation that resulted in Contract M/12/69, and the second was to the head of the Russian Presidential Council, Alexander Voloshin, which resulted in Contract M/12/109.

1. The Sixth Allocation

The Russian Presidential Council, through Sergei Isakov, was awarded an allocation of 12.5 million barrels by the Hussein regime during Phase 12.[131] This allocation resulted in Contract M/12/69 between the Russian Engineering Company and SOMO. Contract M/12/69 was executed in Baghdad on July 20, 2002 and was originally for 1 million barrels of oil, but was subsequently amended and increased to a total of 12.5 million barrels -- 6.5 million barrels of Basrah Light crude and 6 million barrels of Kirkuk crude.[132] Sergei Isakov executed the contract as chairman of the Russian Engineering Company.[133]

As with Contract M/11/05, Bayoil did not perform any liftings in connection with Contract M/12/69 and therefore the Subcommittee has limited documentation as to what amounts, if any, were paid to the benefit of allocation holder. What is known is that the oil contracted for under Contract M/12/69 was indeed lifted in eight shipments between October and December 2002, and that 7,242,551 million barrels were lifted.[134]

There is no evidence indicating that any surcharges were paid to the Hussein regime in connection with Contract M/12/69.[135] This is due to the fact that such surcharges had been cancelled for all liftings that occurred after September 1, 2002,[136] and that all of the liftings performed under Contract M/12/69 occurred after that date.

2. The Seventh Allocation

On or about August 24, 2002, Taha Yasin Ramadan, the Vice President of Iraq, approved a 3 million barrel allocation to the head of the Russian Presidential Council -- Alexander Voloshin.[137] A month later, on September 24, 2002, Chertioukov Arkady of Impexoil LLC executed Contract M/12/109 with SOMO for 3 million barrels of oil -- 2 million barrels of Basrah Light crude and 1 million barrels of Kirkuk crude.[138] Sergei Tumanov of Impexoil forwarded the contract to the U.N. on

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[126] Contract between the Russian Engineering Company Ltd. and SOMO designated M/11/05 dated December 26, 2001.

[127] *Id.*, at p. 10.

[128] SOMO Memorandum dated February 19, 2004, Attachment 5, Table 2; Duelfer Report, p. 188.

[129] U.N. Oil Overseers approval of Contract M/11/05 dated December 31, 2001.

[130] SOMO invoice statements for Contract M/11/05; Duelfer Report, p. 188.

[131] SOMO Memorandum dated February 19, 2004, Attachment 5, Table 1; Duelfer Report, p. 193.

[132] U.N. Oil Overseers approval to amendment to Contract M/12/69 dated August 5, 2002.

[133] Contract between the Russian Engineering Company Ltd. and SOMO designated M/12/69 at p. 10.

[134] SOMO invoice statements for Contract M/12/69; Duelfer Report, p. 193.

[135] *See* SOMO Memorandum dated February 19, 2004, Attachment 4 (excerpt), indicating that no entry was recorded for Contract M/12/69.

[136] Memorandum from the Crude Oil Marketing Second Department to the Financial Department dated September 17, 2002; SOMO Memorandum dated February 19, 2004, Attachment 4.

[137] Memorandum from the Acting General Director of SOMO to the Minister of Oil dated September 26, 2002.

[138] Contract between Impexoil Ltd. and SOMO designated M/12/109 dated September 24, 2002.

September 26 and the contract was approved by the U.N. Oil Overseers on the same day.[139] On the same day, the Acting General Director of SOMO sought the approval of the Minister of Oil for Contract M/12/109, and indicated that the Vice President of Iraq had approved the allocation:

> To: [His Excellency] the Oil Minister
> Re: Approval on Exported Crude Oil Contracts
>
> In compliance with the approval of the vice-president of the republic, Mr. Taha Yassin Ramadan dated 08/24/2002 regarding the allocation of (3) million barrels in phase (12) to Mr. Voloshin, head of the Russian Presidential Council, please find below the details of the contract signed with Impexoil Russian Company:
>
> 1 - Number of Contract: M/12/109 Date: 09/24/2002
> 2 - Name of Company Buyer: Impexoil LLC.
> 3 - Nationality: Russian
> 4 - Quantity & Quality: (3) million barrels divided as follows:
>
> (2) million barrels of Al-Basrah light crude oil FOB Al-Bakr terminal
> (1) million barrels of Kirkuk crude oil FOB Ceyhan terminal
>
> * * *
>
> For your review and approval, please.[140]

The Minister of Oil approved Contract M/12/109 on September 28.[141] Another internal SOMO document noted that the contract was "on behalf of the Russian Presidential Council," but that the point of contact was Chertioukov Arkady of Impexoil.[142] With Contract M/12/109 in place, Mr. Tumanov of Impexoil made the following offer to Bayoil on October 2, 2002:

> BAYOIL October 2nd, 2002
>
> Attn: MR. LUDMIL DIONISSIEV
> Ref: PHASE 12 Contract with SOMO for the procurement of Iraqi Oil
>
> Dear Mr. Dionissiev,
>
> Further to our discussions we would like to offer the following quantities of Iraqi crude oil allocated to our company under Contract M/12/109 UN Program.
>
> 2'000'000 barrels of Basrah Light Oil ex Mina Al Bakr
> 1'000'000 barrels of Kirkuk Crude Oil ex Ceyhan
> The period of lifting - October 2002 at your options
> Price - OSP + US Dollars 0.06
> Letter of Credit is at your expense.
>
> We would very much appreciate your comments and are always open for discussions.
>
> Your prompt reply will be highly appreciated
>
> Sincerely yours,
>
> S. Tumanov
> Director for Iraqi Projects[143]

---

[139] Memorandum from Impexoil to the U.N. Oil Overseers dated September 26, 2002; U.N. Oil Overseers approval dated September 26, 2002.

[140] Memorandum from the Acting General Director of SOMO to the Minister of Oil dated September 26, 2002 (emphasis added).

[141] *Id.*

[142] Memorandum from the Oil Marketing First Department to Shipping & Quantities Department dated September 26, 2002.

[143] Letter from Impexoil to Bayoil dated October 2, 2002 (emphasis added) (SNT 027864).

Bayoil responded to Impexoil's letter on the same day and accepted the offer to purchase 2 million barrels of Basrah Light crude and to pay 6¢ per barrel over the official sale price.[144] Bayoil requested that Impexoil extend its offer on the Kirkuk crude until early the next week.

Thereafter, on October 4, 2002, Impexoil and Bayoil entered into a contract for the purchase and sale of 2 million barrels of Basrah Light crude wherein Bayoil would pay a "commission" of 6¢ per barrel.[145] Bayoil completed the first of its three liftings under Contract M/12/109 on October 16, 2002 in an amount of 1,340,073 barrels. Impexoil invoiced Bayoil on October 30, 2002 for $80,404.38 (1,340,073 barrels @ 6¢ a barrel) and directed that the payment be made into an account at the Cyprus Popular Bank Ltd. in Nicosia, Cyprus.[146] Impexoil invoiced Bayoil for payments due after the remaining two shipments as well.[147] In total, as detailed in the table below, Bayoil made payments totaling $182,267.94 into Impexoil's account at the Cyprus Popular Bank in connection with Contract M/12/109:

Table 10: ***Bayoil Payments to Impexoil in connection with Contract M/12/109.***

Shipment	Date of Lifting	Number of Barrels Lifted	Rate of Payment to Impexoil	Payments to Impexoil
1	10/16/02	1,340,073	6¢ a barrel	$80,404.38
2	12/02/02	660,000	6¢ a barrel	$39,600.00
3	12/18/02	1,037,726	6¢ a barrel	$62,263.56
Total Payments[148] from Bayoil to Impexoil in Connection with Contract M/12/109: (3,037,799 barrels @ 6¢ a barrel)				**$182,267.94**

There is no evidence indicating that any surcharges were paid to the Hussein regime in connection with Contract M/12/109.[149] This is due to the fact that such surcharges had been cancelled for liftings that occurred after September 1, 2002[150] and all of the liftings performed under Contract M/12/109 occurred after that date.

The ultimate destination of the $182,267.94 paid by Bayoil into Impexoil's account at the Cyprus Popular Bank is not definitively known. Unlike Bayoil's prior fee arrangements with Rusnaftaimpex/Haverhill wherein Bayoil agreed to pay the purchasing agent 2¢ per barrel, the Subcommittee does not have an analogous contract outlining any such arrangement between Bayoil and Impexoil, and therefore does not have direct evidence relating to the division of the premium payments between the purchasing agent and the allocation holder. Based upon the testimony of senior members of the former Hussein regime, however, the purpose of awarding oil allocations was for the financial benefit of the allocation holder.[151] The logical conclusion is that some or all of the $182,267.94 went to the allocation holder -- Alexander Voloshin, as head of the Russian Presidential Council. If such is the case and on the assumption that Impexoil was compensated at the same rate as Haverhill and Rusnaftaimpex (2¢ a barrel), the Subcommittee estimates that $121,511.96 went to the benefit of Alexander Voloshin in connection with Contract M/12/109:

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[144] Letter from Bayoil to Impexoil Ltd. dated October 2, 2002 (SNT 027858).

[145] "Agreement No M/12/01/B" between Impexoil Ltd. and Bayoil dated October 4, 2002 (SNT 027842-845).

[146] E-mail from Impexoil LLC to Bayoil dated October 30, 2002 (SNT 027937).

[147] Invoices from Impexoil to Bayoil for payments related to Contract M/12/109 (SNT 028481, 028771). The latter invoice erroneously attributes the payment due as in connection with Contract M/13/33.

[148] Bayoil Transaction Detail By Account for *Tina* (B/L October 16, 2002), *Marine Atlantic* (B/L December 2, 2002), and *Dorset* (B/L December 18, 2002).

[149] SOMO Memorandum dated February 19, 2004, Attachment 4 (excerpt), indicating that no entry was recorded for Contract M/12/109.

[150] Memorandum from the Crude Oil Marketing Second Department to the Financial Department dated September 17, 2002; SOMO Memorandum dated February 19, 2004, Attachment 4.

[151] Subcommittee interviews of Deputy Prime Minister Tariq Aziz, April 21, 2005, Vice President Taha Yasin Ramadan, April 18, 2005, Senior Hussein Regime Official No. 1, April 14, 2005, and Senior Hussein Regime Official No. 2, April 20, 2005; U.S. Treasury Iraqi Financial Asset Team interviews of former regime officials, February 1, 2004 (#12) and January 27, 2004 (#15).

Table 11: *Estimated Division of Bayoil's Payments Between Impexoil and the Russian Presidential Council in connection with Contract M/12/109.*

Shipment	Number of Barrels Lifted	Assumed Rate of Payment to Impexoil	Suspected Payments to Impexoil	Suspected Payments to the Russian Presidential Council
1	1,340,073	2¢ a barrel	$26,801.46	$53,602.92
2	660,000	2¢ a barrel	$13,200.00	$26,400
3	1,037,726	2¢ a barrel	$20,754.52	$41,509.04
		Totals:	**$60,755.98**	**$121,511.96**[152]

G. The Eighth and Ninth Allocations (Phase 13: December 5, 2002 to June 3, 2003)

During Phase 13 the Hussein regime made two allocations for the benefit of the Russian Presidential Council. The first was to the "Head of the Russian Presidential Council," Alexander Voloshin, which resulted in Contract M 13 33. The second was to Sergei Isakov, which did not ultimately result in a contract.

1. The Eighth Allocation

For the last phase of the Oil-for-Food Program, a total of 2 million barrels were allocated to the "Head of the Russian Presidential Council," Mr. Voloshin.[153] On December 17, 2002, Contract M/13/33 was executed between Impexoil and SOMO for a quantity of 350,000 barrels of Basrah Light crude.[154] The contract was forwarded to the U.N. Oil Overseers for approval on December 19, 2002 and was approved on the same day.[155] On December 25, 2002, an internal SOMO memorandum indicated that the "party benefiting" from the oil allocation was the "Head of the Russian Presidential Council":

> To: The Financial Department
> From: Crude Oil Marketing First Department Date: 12/25/02
>
> RE: Contract No. M/13/33 Signed with Impexoil LLC Company
>
> On 12/12/2002, we signed a contract with the aforesaid company to supply it with quantity of crude oil as per the following terms:
>
> 1 - Number of Contract: M 13 33
> 2 - Date: 12/12/2002
> 3 - Name of Company: Impexoil LLC.
> 4 - Nationality: Russian Nationality of Allocation Holder: Russian
> 5 - Party Benefiting from Allocation: Head of the Russian Presidential Council
> 6 - Quantity & Quality: (2) million barrels of Basrah light FOB Al-Bakr terminal, including (1,650) million barrels that were lifted as per contract M 12 109
>
> * * *
>
> Please be informed and act accordingly.[156]

Notably, this letter makes reference to a prior contract -- M/12/109 -- that was executed in connection with a separate allocation given to Mr. Voloshin during the previous phase.

Another reference to Mr. Voloshin was made a few days later, when the volume of oil was increased for Contract M/13/33. On January 2, 2003 the Director General of SOMO sent a

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[152] This figure amounts to 4¢ per barrel on the 3,037,799 barrels lifted by Bayoil under Contract M 12 109.

[153] SOMO Memorandum dated February 19, 2004, Attachment 5, Table 1; Duelfer Report, p. 197 (listing the allocation at 1.35 million barrels)

[154] Contract between Impexoil and SOMO designated M 13 33 dated December 17, 2002.

[155] Memorandum from Impexoil to the U.N. Oil Overseers dated December 19, 2002; U.N. approval of contract dated December 19, 2002.

[156] Memorandum from the Crude Oil Marketing First Department to the Financial Department dated December 25, 2002 (emphasis added)

memorandum to Impexoil to the attention of "Mr. A. Voloshin." The memorandum approved an amendment to the original contract to allow an additional 1 million barrels to be lifted:

REPUBLIC OF IRAQ
MINISTRY OF OIL
STATE OIL MARKETING
SOMO

DATE: 2-1 2003

TO: IMPEXOIL LLC - MOSCOW - RUSSIA
FAX: 7095 9562615
ATTN:MR. A. VOLOSHIN

RE: CRUDE OIL CONTRACT M 13 33 DATED 17.12.2002

WE ARE PLEASED TO ATTACH HEREWITH ADDENDUM NO. (1) TO THE AFOREMENTIONED CONTRACT. IT IS TO BE SIGNED BY MR. VLADIMIR EFROS (DIRECTOR) AND TO BE FAXED BACK TO SOMO AND TO THE U.N. OIL OVERSEERS FOR APPROVAL.[157]

Addendum number one to Contract M/13.33 was executed by Impexoil and the volume of oil contracted for under M/13/33 was increased to a total of 1,350,000 barrels. Impexoil forwarded the amendment to the U.N. Oil Overseers on January 8, 2003 and the amendment was approved on the same day.[158] Bayoil lifted the original contract amount of 350,000 barrels on January 10 aboard the *Hellespont Grand*.[159]

On January 22, 2003, Impexoil invoiced Bayoil for $17,500 (the equivalent of only 5¢ per barrel on 350,000 barrels),[160] which Bayoil paid the next day.[161] The ultimate destination of the $17,500 paid by Bayoil to Impexoil is not definitively known. Unlike the arrangement between Bayoil and Rusnaftaimpex wherein Bayoil agreed to pay Rusnaftaimpex 2¢ per barrel, the Subcommittee does not have an analogous contract outlining any such arrangement between Bayoil and Impexoil, and therefore does not have direct evidence relating to the division of the premium payment between the allocation holder and the purchasing agent. Based upon the testimony of senior members of the former Hussein regime, however, the purpose of awarding oil allocations was for the financial benefit of the allocation holder.[162] The logical conclusion is that some or all of the $17,500 went to the allocation holder. If such is the case and on the assumption that Impexoil was compensated at the same rate as Haverhill and Rusnaftaimpex (2¢ a barrel), the Subcommittee estimates that $10,500 went to the benefit of Alexander Voloshin in connection with Contract M/13/33:

Table 12: ***Estimated Division of Bayoil's Payments Between Impexoil and the Russian Presidential Council in connection with Contract M/13/33.***

Shipment	Number of Barrels Lifted	Assumed Rate of Payment to Impexoil	Suspected Payment to Impexoil	Suspected Payment to the Russian Presidential Council
1	350,000	2¢ a barrel	$7,000.00	$10,500.00
		Totals:	**$7,000.00**	**$10,500.00**[163]

The suspected payment of $10,500 to Mr. Voloshin as head of the Russian Presidential Council under Contract M/13/33 accounts only for payments made on the 350,000 barrels lifted by Bayoil. SOMO documents, however, indicate that approximately 900,000 barrels were lifted under Contract

[157] Memorandum from SOMO to Impexoil LLC dated January 2, 2003 (emphasis added).

[158] Memorandum from Impexoil LLC to the U.N. Oil Overseers dated January 8, 2003; U.N. Oil Overseers approval of amendment dated January 8, 2003.

[159] SOMO invoice statement for Contract M/13/33.

[160] Invoice from Impexoil to Bayoil dated January 22, 2003 (SNT 029027).

[161] Bayoil Transaction Detail By Account for *Hellespont Grand* (B.I. January 10, 2003).

[162] Subcommittee interviews of Deputy Prime Minister Tariq Aziz, April 21, 2005, Vice President Taha Yasin Ramadan, April 18, 2005, Senior Hussein Regime Official No. 1, April 14, 2005, and Senior Hussein Regime Official No. 2, April 20, 2005; U.S. Treasury Iraqi Financial Asset Team interviews of former regime officials, February 1, 2004 (#12) and January 27, 2004 (#15).

[163] This figure is the equivalent of 5¢ per barrel on the 350,000 barrels lifted by Bayoil under Contract M/13/33.

M/13.33,[164] and therefore what is not accounted for here is any money that may have been paid to Mr. Voloshin in connection with the remaining 550,000 barrels that were lifted under Contract M/13/33. Depending on the terms of the deal struck between Impexoil the oil company that lifted the remaining 550,000 barrels, there may have been additional payments to Mr. Voloshin in excess of the $10,500 resulting from payments made by Bayoil.

There is no evidence indicating that any surcharges were paid to the Hussein regime in connection with Contract M/13.33.[165] This is due to the fact that such surcharges had been cancelled for all liftings that occurred after September 1, 2002[166] and the single lifting performed under Contract M/13/33 occurred after that date.

2. The Ninth Allocation

According to SOMO documents, Sergei Isakov was granted an allocation of 5 million barrels in Phase 13 on behalf of the Russian Presidential Council.[167] There is no evidence, however, that a contract was executed in furtherance of that allocation.

III. FINDINGS AND CONCLUSIONS

Based on the foregoing, the Subcommittee estimates that a total of $2,982,984.28 was ultimately paid to the benefit of the Russian Presidential Council, through either Sergei Isakov or the former head of the Council, Alexander Voloshin. The Subcommittee also estimates that $5,622,063.50 was paid to the Hussein regime in the form of surcharges resulting from these transactions. Finally, the Subcommittee concludes that the nominal purchasing agents involved in the transactions detailed herein were paid $609,943.78. This estimate encompasses only those profits derived from transactions where Bayoil lifted oil, namely the transactions related to Contracts M/08/85, M/09/25, M/10/15, M/12/109, and M/13/33:

Table 13: ***Estimated Division of Bayoil's Payments Between Iraq, the Designated Purchasing Agents, and the Russian Presidential Council in connection with Contracts M/08/85, M/09/25, M/10/15, M/12/109, and M/13/33.***

Contract	Number of Barrels Lifted	Surcharge Payments to Iraq (25-30¢ a barrel)	Bayoil Payments to Purchasing Agent (2¢ a barrel)	Suspected Payments for the Benefit of the Russian Presidential Council
M/08/85	8,009,014	---	$160,180.28	$1,761,983.08
M/09/25	6,271,688	$1,773,457.10	$125,433.76	$241,148.76
M/10/15	12,828,688	$3,848,606.40	$256,573.76	$847,840.48
M/12/109	3,037,799	---	$60,755.98	$121,511.96
M/13/33	350,000	---	$7,000.00	$10,500.00
Totals:	**30,497,189**	**$5,622,063.50**	**$609,943.78**	**$2,982,984.28**

♦ ♦ ♦

[164] SOMO Memorandum dated February 19, 2004, Attachment 5, Table 2.

[165] SOMO Memorandum dated February 19, 2004, Attachment 4 (there are no surcharges recorded for any contract entered into during Phase 13).

[166] Memorandum from the Crude Oil Marketing Second Department to the Financial Department dated September 17, 2002; SOMO Memorandum dated February 19, 2004, Attachment 4.

[167] SOMO Memorandum dated February 19, 2004, Attachment 5, Table 1; Duelfer Report, p. 200.

Footnote (FN) Documents

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PRESS RELEASE

On Russia's Initiative to Hold a Session of the UN Security Council Iraq Sanctions Committee

RUSSIAN FOREIGN MINISTRY

August 16, 2002

Russia has come up with an initiative to hold a special session of the UN Security Council Iraq Sanctions Committee to discuss the critical situation that has evolved in financing the UN humanitarian "oil for food" program for Iraq as a result of the continuing practice of retroactive pricing of the oil exported by Iraq.

The delegation of Russia intends to decisively raise the question of changing the pricing mechanism imposed on the Committee and reverting to the previous, consensus-based procedure for setting the price of oil in advance, as well as of ending the attempts to introduce discriminatory criteria for purchasers of Iraqi oil, which leads to a disruption of the financing of contracts for supply of humanitarian goods to Iraq and is threatening a full-scale crisis of the UN program as a whole.

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Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 30

Attachment (4)
The Surcharge

In a measure aiming at helping the extinct regime to acquire cash amounts, a surcharge sum was imposed on the lifted quantities of crude oil as per to the Memorandum of Understanding. Below is the surcharge related information:

First: Percentage of the Surcharge Sum

- A decision was made in August 2000 to impose a surcharge of 10¢ per barrel for all markets (as of mid phase (8) and until the end of the phase) on the shipments that will be lifted as of September 1, 2000.
- The sum was adjusted as of the beginning of phase (9) in December 2000 to become 30¢ per barrel for the American market and 25¢ for all other markets, and continued through the end of phase (11).
- The sum was adjusted as of May 30, 2002 to become 15¢ per barrel for all markets (from the beginning of phase (12) until the end of the phase).
- The surcharge sum was cancelled starting with the shipments that will be lifted on September 01, 2002, the beginning of phase (13).

Second: Oil Companies Owning Refineries

When the surcharge was imposed in phase (8), the response of oil companies owning refineries such as (Total, ALF, Petropras, AGP, Repsol, OMV, Tupras and others) was their unwillingness to pay because it contradicts with the laws of their countries and the resolutions of the United Nations. And since the payment notification took place in August (for the shipments that will be lifted as of September 1, 2000), those companies were nominated to buy oil for September and the following months in phase (8). Therefore, their unwillingness to pay was overlooked as per the approval of the oil minister at that time, and a decision was made to notify them to continue lifting in order to guarantee the continuation of carry out. That way these companies continued to lift till December 5, 2000, the end of phase (8). Dealing with those companies stopped during the following phases until the surcharge was cancelled on September 1, 2002 when it became necessary to deal with those companies again following the obvious delay in lifting and the extreme decline in the rates of exports.

Third: Other Companies, Personalities and Parties

As far as other allocated companies and parties, they showed willingness to pay the surcharge sum, and dealing with them continued during the phases subsequent to phase (8), although some of these parties declined to pay the surcharge in phase (8) claiming that the payment notification for the shipments lifted on September 01, 2000 came late, and that they had already sold the quantities allocated to them to other companies before they had been told to pay; therefore, they were unable to pay 10¢ per barrel.

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 35

Fourth: <u>Collecting the surcharge</u>

The only commitment on the part of the parties in contract with us is the personal obligation to pay since there was no other way to force them to pay due of the sensitivity and secrecy of the operation.

But through the quick efforts, it was possible to collect $228 millions out of $263 millions, which means the collection percentage reached 87% after using all different methods of payment, including making payment to Iraqi embassies abroad since some companies feared to pay through banks in order to secure their cover and avoid legitimate request, such as paying in cash.

As far as the outstanding amounts of these contractual companies, which totaled $35 millions, some of these companies had already refused to pay as we explained in paragraph 3, while some of them refused to pay in order to keep the money they owed us, expecting the issuance of some instructions that would exempt them from paying, taking into consideration that the efforts to collect the sums continued until the present circumstances took place.

Most of the sums collected were paid in the following banks and locations:

1- Al Ahli Bank [Jordan National Bank] / Amman
2- France bank/ Lebanon
3- Sardar bank/ Lebanon
4- Central Bank of Iraq / Baghdad
5- Al Rafidain Bank / Baghdad, main branch
6- Iraqi Embassies abroad (Moscow, Athens, Cairo, Ankara, Sanaa, Vietnam, Malaysia, Rome, Vienna, Damascus, Geneva)
7- Wasel and Babel Company / United Arab Emirates
8- The sum of $840,000 was vainly collected through the transfer of ownership of a house on behalf of the Iraqi embassy in Moscow, which was used later on as an Iraqi school (the sums Mr. Zhirinovsky owed, and which he pretended not being able to pay in cash; therefore, the house was accepted in return).

Oil Marketing Company
A Statement of the Surcharge Summary and the Sums the Companies Outstanding Sums

Phase	Quantity Lifted Thousand Barrels	Amount Due Thousand Dollars	Amount Paid Thousand Dollars	Outstanding Balance Thousand Dollars	Rate of the Surcharge Dollar / Barrel
8	185,618	18,562	11,197	7,365	0.10
9	291,996	81,588	72,187	9,401	0.28
10	301,188	85,699	82,171	3,528	0.28
11	228,943	64,059	53,959	10,100	0.28
12	89,331	13,400	8,515	4,885	0.15
	1,097,076	263,308	228,028	35,279	

ملحق رقم (٤)

مبلغ الاسترجاع (Surcharge)

في إجراء القصد منه حصول النظام البائد على مبالغ نقدية تم فرض مبلغ الاسترجاع على الكميات المحملة من النفط الخام بموجب مذكرة التفاهم وأدناه المعلومات الخاصة بمبالغ الاسترجاع ٠

أولاً : 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) ٠
- عدل المبلغ اعتباراً من بداية المرحلة التاسعة في شهر كانون الأول /٢٠٠٠ ليكون ٣٠ سنت للبرميل للسوق الأمريكية و٢٥ سنت للبرميل للأسواق الأخرى واستمرت لغاية نهاية المرحلة الحادية عشر ٠
- عدل المبلغ اعتباراً من ٢٠٠٢/٥/٣٠ ليصبح ١٥ سنت للبرميل لكافة الأسواق (من بداية المرحلة الثانية عشر ولغاية نهاية المرحلة) ٠
- ألغي مبلغ الاسترجاع اعتباراً من الشحنات التي ترفع في ٢٠٠٢/٩/١ بداية المرحلة الثالثة عشر ٠

ثانياً : الشركات النفطية من أصحاب المصافي :

عندما تم فرض مبلغ الاسترجاع في المرحلة الثامنة كان موقف الشركات النفطية من أصحاب المصافيمثل (توتال ، ألف ، بتروبراس ، أجب ، ربسول ، أو ٠أم ٠ في ، تبراش وغيرها) يتمثل بعدم استعداده للدفع لكون ذلك يتعارض مع قوانين دولها وقرارات الأمم المتحدة بما أن التبليغ بالدفع كان في شهر آب (للشحنات التي ترفع اعتباراً من ٢٠٠٠/٩/١) فقد كانت هذه الشركات قد رشحت لشهر أيلول والأشهر اللاحقة من المرحلة الثامنة لذلك تم التغاضي عن موقفها الرافض بالدفع حسب موافقة وزير النفط وقتذاك وتقرر تبليغها بالاستمرار بالتحميل لضمان استمرارية التنفيذ ٠ وهكذا استمرت هذه الشركات بالتحميل لغاية نهاية المرحلة الثامنة في ٢٠٠٠/١٢/٥ وتوقف التعامل معها في المراحل اللاحقة لحينإلغاء مبلغ الاسترجاع في ٢٠٠٢/٩/١ عندما دعت الحاجة للتعامل معها مجدداً بعد تلكؤ التحميل بشكلواضح ووصول معدلات التصدير إلى أدنى مستوياتها ٠

ثالثاً : الشركات والشخصيات والجهات الأخرى:

أما بالنسبة للشركات والجهات الأخرى من أصحاب التخصيص فقد أعربت عن استعدادها لدفع مبلغ الاسترجاع واستمر التعامل معها خلال المراحل اللاحقة للمرحلة الثامنة وأن كان بعض هذه الجهات قدامتنع 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 ٠

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 ٠
ولكن من خلال الجهود الحثيثة المبذولة تم التمكن من تحصيل مبلغ ٢٢٨ مليون دولار مناصل ٢٦٣ مليون دولار أي نسبة تحصيل بلغت حوالي ٨٧% بعد استخدام شتى طرق التسديد منهاالتسديد في السفارات العراقية في الخارج لكون بعض الشركات تخشى التسديد من خلال مصارف لضمان عدم انكشاف أمرها وتعرضها للمسائلة القانونية ومنها التسديد نقداً٠
أما بصدد المبالغ المتبقية بذمة الشركات المتعاقدة معنا والبالغة ٣٥ مليون دولار فإن قسم من هـذه الشركات كانت قد رفضت التسديد كما أوضحنا في ثالثاً أعلاه والقسم الآخر من هذه الشركات رفضت التسديد لأجل الاحتفاظ بالمبالغ المدينة لها توقعاً منهم صدور توجيه بإعفائهم من هذه المبالغ ، علماً بأن جهود تحصيل المبالغ كانت مستمرة معهم لحين حصول الظرف الراهن ٠

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

١ – البنك الأهلي / عمان ٠

٢ – فرنسبنك / لبنان ٠

٣ – سردار بنك / لبنان ٠

٤ – البنك المركزي العراقي / بغداد ٠

٥ – مصرف الرافدين / بغداد الفرع الرئيسي ٠

٦ – السفارات العراقية في الخارج (موسكو ، أثينا ، القاهرة ، أنقرة ، صنعاء ، فيتنام ، ماليزيا ، روما، فينا ، دمشق ، جنيف)٠

٧ – شركة الوصل وبابل / الإمارات ٠

٨ – جرى تسديد مبلغ ٨٤٠ ألف دولار عبثاً من خلال تمليك دار لصالح السفارة العراقية في موسكو ومن ثم استخدامها كمدرسة عراقية (المبالغ التي كانت بذمة السيد جيرنوفسكي والذي أدعى بأنه غير قادر على تسديدها نقداً فقبلت الدار بالمقابل) ٠



شركة تسويق النفط

كشف بخلاصة المبالغ المسترجعة والمبالغ المتبقية بذمة الشركات

المرحلة		الكمية المحملة الف برميل	المبلغ المستحق الف دولار	المبلغ المسدد الف دولار	المبلغ المتبقي الف دولار	معدل مبلغ الاسترجاع دولار/برميل
الثامنة	8	١٨٥،٦١٨	١٨،٥٦٢	١١،١٩٧	٧،٣٦٥	٠,١٠
التاسعة	9	٢٩١،٩٩٦	٨١،٥٨٨	٧٢،١٨٧	٩،٤٠١	٠,٢٨
العاشرة	10	٣٠١،١٨٨	٨٥،٦٩٩	٨٢،١٧١	٣،٥٢٨	٠,٢٨
الحادية عشر	11	٢٢٨،٩٤٣	٦٤،٠٥٩	٥٣،٩٥٩	١٠،١٠٠	٠,٢٨
الثانيةعشر	12	٨٩،٣٣١	١٣،٤٠٠	٨،٥١٥	٤،٨٨٥	٠,١٥
		١،٠٩٧،٠٧٦	٢٦٣،٣٠٨	٢٢٨،٠٢٨	٣٥،٢٧٩	

In the name of God, Most Gracious, Most Merciful

To: The Financial Department
From: Crude Oil Marketing Second Department

No.: KH2/176
Date: 03/24/2001

RE: Percentage of the Surcharge

With reference to your memorandum dated 03/19/2001 regarding the aforesaid subject, please be informed that the surcharge percentage in effect for the crude oil contracts under the Memorandum of Understanding since 12/01/2000 and up to date is as follows:

- 25¢ per barrel for the quantities lifted to Europe and the Far East markets
- 30¢ per barrel for the quantities lifted to North America markets

We will inform you shall any changes occur.
Please be informed and act accordingly.

Regards,

Ali Rajab Hassan
Head of Crude Oil Marketing Second Department

Saddam Zeben Hassan
Executive Director

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 36

شركة تسويق النفط (شركة عامة)

الى/ الدائرة المالية — الرقم : م٢/ ١٧٦

من / دائرة تسويق الخام الثانية — التاريخ: ٢٤/٣/٢٠٠١

م/ نسبة المبالغ المسترجعة

بالاشارة الى مذكرتكم في ٢٠٠١/٣/١٩ بخصوص الموضوع اعلاه .

يرجى العلم بان نسبة الاسترجاع السارية المفعول لعقود النفط الخام تحت مذكرة التفاهم منذ ٢٠٠٠/١٢/١ ولغاية تاريخه هي كالتالي :-

الكميات المرفوعة الى اسواق اوربا والشرق الاقصى ٢٥ سنت/برميل.

الكميات المرفوعة الى اسواق امريكا الشمالية ٣٠ سنت/برميل.

وسيتم اعلامكم في حالة حدوث أية تغييرات .

للعلم والعمل بموجبه لطفا .

مع التقدير ...

علي رجب حسن
رئيس دائرة تسويق الخام الثانية

صدام زين حسن
المدير التنفيذي

Table No.1

Quantities of Crude Oil Allocated to the Companies during the Phases of the Memorandum of Understanding
(Million Barrels)

No.	Country / Company	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	Total
1	Zarubezhneft	5.5	6.7	14.8	18	24.4	21	23	18	17.6	10	7	5.5	7	178.5
2	Roseneftimpex – Issakov (Russian Presidential Council)	-	-	-	-	-	5	-	14	16.5	16	**17	**13.5	**5	87
3	Russian Communist Party Companies	-	4	13	15	23	16	15	16	-	12	9	12	8	142
4	Emercom (Unity Party / Ministry of Emergency)	-	-	-	-	-	-	-	-	-	20	19	12	10	73.5
5	Machinoimport	3	1	3.9	7.6	7	10	12.5	7	5	5	3	10	10	85
6	Alfa-Eco (Russian Ministry of Foreign Affairs)	7	7.2	10.2	10	14.4	13.0	13	12	2	2	10	20	4	124.8
7	Tyumen (Russian Ministry of Foreign Affairs)	-	-	-	3.6	6.5	4	3	4	2	2	3	1.5	1.5	30.1
8	Slavneft (Gotzeriev)	-	-	-	-	-	2	-	5	5	6	4	2	1.5	25.5
9	Zan Gas	-	-	5.6	4	5	8	6	6	6	4	3	2	4	53.6
10	Rosneft	4	6	2.7	4	3.6	-	3	3	2	-	-	-	2	30.3
11	Caspian Invest (Kalmikya)	-	-	-	-	-	-	-	-	2	2	1.5	1.5	1.5	8.5
12	Kalmneftegaz (Kalmikya)	-	-	-	-	-	-	-	-	2	2	1.5	1.5	1.5	8.5
13	Gasprom	-	-	-	-	-	6	5	5	-	5	2	1.5	1.5	26
14	Tatneft – Taterstan	1	3	3	8	10	9	9	5	4	5	3.5	2	2	64.5
15	Bashneft	-	-	-	-	-	-	4	3	-	-	-	3	2	12
16	Lukoil	3	5.5	9	18	16	7	4	0.5	-	-	-	-	-	63

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 42

No.	Country / Company	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	Total
17	Sirgutneftgas	-	-	-	-	-	-	4	-	-	-	-	-	-	4
18	Eastern Siberia Gas & Oil	-	-	-	-	-	-	1	-	-	-	-	-	-	1
19	Nafta Moscow	3.5	3	0.6	4	3.6	-	2	4	-	-	-	-	-	20.7
20	Onaco	-	-	-	8	7.2	4	3	4	-	-	-	-	-	26.2
21	Sidanco	-	-	-	8	7.2	4	-	-	2	-	-	-	-	21.2
22	Sibneft	-	-	1.8	4	2.3	-	-	-	-	-	-	-	-	8.1
23	Transneft	-	-	-	-	-	3	2	2	2	-	-	-	1	10
24	Yukos	-	-	-	-	-	2	-	-	-	-	-	-	-	2
25	Liberal Democratic Party (Zhirinovsky)	-	3.6	7.2	10	10	10	6.5	9	6	4	5.5	4	-	75.8
26	Peace & Unity Party (Mrs. Saji)	-	3	3	5	3	3	2	3	4	3	2	1.5	1.5	34
27	Russian Committee for Solidarity with Iraq (Mr. Rudasiev)	-	-	-	-	-	-	-	-	-	2	1.5	1.5	1.5	6.5
28	Russian Society for solidarity with Iraq (Juravilion)	-	-	-	-	-	-	-	-	4	3	2	2	1.5	12.5
29	Rosneftgasexport (Mr. Akababov)	-	-	-	-	-	-	-	-	2	4	3	4.5	2.6	16.1
30	Ural Invest	-	-	-	-	-	-	-	-	3	2	1.5	1	1	8.5
31	Zerich Moscow – Science Academy							1.5	2	-	-	-	-	-	3.5
32	Raomes (Son of the former ambassador in Baghdad)	2	1	1.2	6	2	4	1.5	2	-	-	-	-	-	19.7
33	Zarubezhneft (Ghopkin University)	-	-	-	-	-	-	1.5	2	-	-	-	-	-	3.5
34	Nordwest Group	-	-	-	-	-	-	-	2	-	-	-	-	-	2
35	Zarubezhneftgas (Gasprom) (Mr. Hassan)	-	-	-	-	-	-	-	-	***12	-	-	-	-	12

No.	Country / Company	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	Total
36	Soyuzneftgas (Mr. Shafrank)	-	-	-	-	-	-	1.5	3	-	-	8	5	4	28.5
37	Mr. Nikolai Rajkov	-	-	-	-	-	-	-	-	-	-	3	4	3	13
38	Stroyneftgas	-	-	-	-	-	-	-	-	-	-	2	2	2	6
39	Ukhtaneft	-	-	-	-	-	-	-	-	-	-	2	1.5	2	5.5
40	The Chechen Administration	-	-	-	-	-	-	-	-	-	-	1	1	-	2
41	Adel Al-Jilawi / EVM Aviation	-	-	-	-	-	-	-	-	-	-	2	1.5	1.5	5
42	Khrizolit	-	-	-	-	-	-	-	-	-	-	-	3	2	5
43	Transnafta	-	-	-	-	-		-	-	-	-	-	2	1	3
44	Head of the Russian Presidential Council (Mr. Voloshin)	-	-	-	-	-	-	-	-	-	-	-	3	2	5
45	Russian Orthodox Church	-	-	-	-	-	-	-	-	-	-	-	3	2	5
46	Russian Democratic National Party	-	-	-	-	-	-	-	-	-	-	-	-	2	2
47	Rusneft (Gotzariev)	-	-	-	-	-	-	-	-	-	-	-	-	5	5
48	Rosneftimpex													5	5
	Total	**29**	**44**	**76**	**133.2**	**144.2**	**131**	**136.5**	**131.5**	**99.1**	**119**	**116**	**128.5**	**102.1**	**1390.1**

** (1) million of which is allocated to Mr. Tatrinko – the Russian ambassador to Baghdad
*** General Anatoli
**** (2) millions have been lifted

جـــدول رقـــم – ١ –

كميات اللقط الخام المخصصة للشركات خلال مراحل مذكرة التفاهـــم
(مليون برميل)

ت	الدولـة / الشركـة	الأولى	الثانية	الثالثة	الرابعة	الخامسة	السادسة	السابعة	الثامنة	التاسعة	العاشرة	الحادية عشر	الثانية عشر	الثالثة عشر	المجموع
١-	شركة زرلبشنفط	٥,٥	٦,٧	١٤,٨	١٨	٢٤,٤	٢١	٢٣	١٨	١٧,٦	١٠	٧	٥,٥	٧	١٧٨,٥
٢-	روزنفط امبكس – ازلكوف (ديون للرئاسة الروسي)	-	-	-	-	-	٥	-	١٤	١٦,٥	١٦	**١٧	**١٣,٥	***	٨٧
٣-	شركات الحزب الشيوعي الروسي	-	٤	١٣	١٥	٢٢	١٦	١٥	١٦	-	١٢	٩	١٢	٨	١٤٢
٤-	امزكوم (حزب الوحـدة / وزارة الطوارئ)	-	-	-	-	-	-	-	-	-	٢٠	١٩	١٢	١٠	٧٣,٥
٥-	شركة مشرنولمبورت	٣	١	٣,٩	٧,٦	٧	١٠	١٢,٥	٧	٥	٥	٣	١٠	١٠	٨٨
٦-	الفا ايكو (الخارجية الروسية)	٧	٧,٢	١٠,٢	١٠	١٤,٤	١٣,٠	١٣	١٢	٢	٢	١٠	٢٠	٤	١٢٤,٨
٧-	تيومن (الخارجية الروسية)	-	-	-	٣,٦	٦,٥	٤	٣	٤	٢	٢	٢	١,٥	١,٥	٣٠,١
٨-	سلاف نفط (غوتسريف)	-	-	-	-	-	٢	-	٥	٥	٦	٤	٢	١,٥	٢٥,٥
٩-	شركة زان كاز	-	-	٥,٦	٤	٥	٨	٩	٦	٦	٤	٣	٢	٤	٥٣,٦
١٠-	شركة روز نفط	٤	٦	٧,٧	٤	٣,٩	-	٣	٣	٢	-	-	-	٢	٣٠,٣
١١-	شركة كازين انفست – كالميكا	-	-	-	-	-	-	-	-	٢	٢	١,٥	١,٥	١,٥	٨,٥
١٢-	شركة كالمنفط غاز – كالميكا	-	-	-	-	-	-	-	-	٢	٢	١,٥	١,٥	١,٥	٨,٥
١٣-	شركة غاز بروم	-	-	-	-	-	٦	٥	٥	-	٥	٢	١,٥	١,٥	٢٦
١٤-	تات نفط – تترستان	١	٣	٣	٨	١٠	٩	٩	٥	٤	٥	٣,٥	٢	٢	٦٤,٥
١٥-	شركة بش نفط	-	-	-	-	-	-	٤	٣	-	-	-	٣	٢	١٢
١٦-	شركة لوك أويل	٣	٥,٥	٩	١٨	١٦	٧	٤	٠,٥	-	-	-	-	-	٩٣

	الدولة / الشركة	الأولى	الثانية	الثالثة	الرابعة	الخامسة	السادسة	السابعة	الثامنة	التاسعة	العاشرة	الحادية عشر	الثانية عشر	الثالثة عشر	المجموع
١٧-	شركة سيرغوت نفط غاز	-	-	-	-	-	-	٤	-	-	-	-	-	-	٤
١٨-	شركة النفط والغاز لشرق سايبيريا	-	-	-	-	-	-	١	-	-	-	-	-	-	١
١٩-	شركة نفتا موسكو	٣,٥	٣	٠,٦	٤	٣,٦	-	٢	٤	-	-	-	-	-	٢٠,٧
٢٠-	شركة أوناكو	-	-	-	٨	٧,٢	٤	٣	٤	-	-	-	-	-	٢٦,٢
٢١-	شركة سيدانكو	-	-	-	٨	٧,٢	٤	-	-	٢	-	-	-	-	٢١,٢
٢٢-	شركة سيبنفط	-	-	١,٨	٤	٢,٣	-	-	-	-	-	-	-	-	٨,١
٢٣-	شركة تركنفط	-	-	-	-	-	٣	٢	٢	٢	-	-	٠	١	١٠
٢٤-	شركة بوكوس	-	-	-	-	-	٢	-	-	-	-	-	-	-	٢
٢٥-	شركات الحزب الليبرالي الديمقراطي (جيرنوفسكي)	-	٣,٦	٧,٢	١٠	١٠	١٠	٦,٥	٩	٦	٤	٥,٥	٤	-	٧٥,٨
٢٦-	شركات حزب السلام والوحدة (السيدة ساجي)	-	٣٠	٣	٥	٣	٣	٢	٣	٤	٣	٢	١,٥	١,٥	٣٤
٢٧-	اللجنة الروسية للتضامن مع العراق (السيد روداسييف)	-	-	-	-	-	-	-	-	-	٢	١,٥	١,٥	١,٥	٩,٥
٢٨-	الجمعية الروسية للتضامن مع العراق (جورافيلون)	-	-	-	-	-	-	-	-	٤	٣	٢	٢	١,٥	١٢,٥
٢٩-	شركة روز نفط غاز لكيسبورت (السيد لكاباوف)	-	-	-	-	-	-	-	-	٢	٤	٣	٤,٥	٢,٦	١٦,١
٣٠-	شركة لورل انفست	-	-	-	-	-	-	-	-	٣	٢	١,٥	١	١	٨,٥
٣١-	زيرج موسكو- لكاديمية العلوم							١,٥	٢	-	-	-	-	-	٣,٥
٣٢-	راومس (ابن السفير السابق في بغداد)	٢	١	١,٢	٦	٢	٤	١,٥	٢	-	-	-	-	-	١٩,٧
٣٣-	زرابشنفط (جامعة غوبكن)	-	-	-	-	-	-	١,٥	٢	-	-	-	-	-	٣,٥
٣٤-	مجموعة نوردويست	-	-	-	-	-	-	-	٢	-	-	-	-	-	٢
٣٥-	زرابشنفطغاز (كازبروم) (السيد حسان)	-	-	-	-	-	-	-	-	١٢***	-	-	-	-	١٢

ت	الدولة / الشركة	الاولى	الثانية	الثالثة	الرابعة	الخامسة	السادسة	السابعة	الثامنة	التاسعة	العاشرة	الحادية عشر	الثانية عشر	الثالثة عشر	المجموع
٣٦-	سيوز نفط غاز (السيد شفرتلك)	-	-	-	-	-	-	١,٥	٣	-	٧	٨	٥	٤	٢٨,٥
٣٧-	السيد نيكولاي ريجكوف	-	-	-	-	-	-	-	-	-	٣	٣	٤	٣	١٣
٣٨-	شركة ستروي نفط غاز	-	-	-	-	-	-	-	-	-	-	٢	٢	٢	٦
٣٩-	شركة آخت نفط	-	-	-	-	-	-	-	-	-	-	٢	١,٥	٢	٥,٥
٤٠-	لذارة للشيشان	-	-	-	-	-	-	-	-	-	-	١	١	-	٢
٤١-	عادل الجيلاوي / اي.ف.ام. للطيران	-	-	-	-	-	-	-	-	-	-	٢	١,٥	١,٥	٥
٤٢-	خروزليت	-	-	-	-	-	-	-	-	-	-	-	٣	٢	٥
٤٣-	تراقز نفتا	-	-	-	-	-	-	-	-	-	-	-	٢	١	٣
٤٤-	رئيس ديوان الرئاسة الروسي (السيد: فلوشين)	-	-	-	-	-	-	-	-	-	-	-	٣	٢	٥
٤٥-	الكنيسة الارثودوكسية الروسية	-	-	-	-	-	-	-	-	-	-	-	٣	٢	٥
٤٦-	الحزب الديمقراطي القومي الروسي	-	-	-	-	-	-	-	-	-	-	-	-	٢	٢
٤٧-	رس نفط (غوتسريف)	-	-	-	-	-	-	-	-	-	-	-	-	٥	٥
٤٨-	روز نفط لمبكس													٥	٥
	المجمـــــوع	٢٩	٤٤	٧٦	١٣٣,٢	١٤٤,٢	١٣١	١٣٦,٥	١٣١,٥	٩٩,١	١١٩	١١٦	١٢٨,٥	١٠٢,١	١٣٩٠,١٠

** (1) مليون منها للسيد تتزنكو – سفير روسيا في بغداد

*** الجنرال اناتولي

**** منفذ (٣) مليون

07/12/2000 08:58 +7-095-941[illegible]35 VAL TH PAGE 01

37, Leningradsky prospect, Moscow, Russia, 101854
Phone: (7095)182-9751
Fax: (7095) 941-6030
Telex 412303 VATH

ROSNEFTEIMPEX

Fax

To: Bayoil

Att.: Mr.Ludmil

Re.: Basrah contract

Dear Ludmil,
Further to our telecom yesterday we are sending to you here-below our contract.
You are kindly requested to sign this contract as soon as possible and to send to our address by fax and by DHL.
By DHL the contract should be sent to the following address.
Russian Engineering Company
Russia, 125167 Moscow
Leningradsky prospect 37, bld. 6
All other conditions had been agreed before. The necessary instruction follows.
We also inform you that contract "SOMO"-"ROSNEFTEIMPEX" approved by United Nations on the 10th of July.
Please, send us urgently draft of L/C to be opened in favour of "SOMO" on behalf of "ROSNEFTEIMPEX"
You are kindly requested to call me today in the evening.

Best regards,

Y. Poukhov

Enclosure: contract (3 pages)

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 48

SNT 015621

COMPANY STATUS REPORT

CO. NAME : HAVERHILL TRADING LTD

ADDRESS
Care of : Marios Kontemeniotis
Street : 2B Office 403, Makarios Avenue & Orpheos

P.O. Box : 26749
Town : 1647 Nicosia
Country : Cyprus

Telephone: (357 2) 750390
Fax : (357 2) 750382

SENIOR COMPANY PERSONNEL
Name Position
1. Oleg Kalougin Director
2. Marios Kontemeniotis Secretary

PAYMENTS
This is an Exempt Company which has its registered office care of a corporate services company which merely maintains the company's registered office and files appropriate documents with the Authorities to comply with the local laws. Actual trading is done outside Gibraltar, although from local enquiries we cannot tell precisely where the company trades or the extent of its operations.

The company's directors and shareholders are merely nominees for the beneficial owners.

Opinion on maximum credit :

In the circumstances we have insufficient basis on which to speak for unsecured credit and recommend international suppliers deal on fully secured terms for all transactions.

PRINCIPAL BANKERS
NAME : HELLENIC BANK
Branch : O.B.U Nicosia
Town : Nicosia

FINANCIAL INFORMATION
As an Exempt Company subject is not required to publish or disclose Balance Sheets.

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 54

Subject's registered agents have declined to provide any financial information as they are prohibited by the prevailing laws of secrecy from releasing any such details regarding their clients.

LEGAL STATUS AND HISTORY
Date Started : 12 July 1995
C.R. No : 72260
Authorised, Issued & Paidup Capital : CY PNDS 1,000 divided into 1,000 shares of CY PNDS 1 each
Limited Liability Company (with "Exempt" offshore status) with the following director and shareholders:

Director
Oleg Kalougin
Nationality : Russian
Apt 6 House 31/18 Bldg, 2 Prospect of 60th Anniversary of October
Moscow 117036 Russia

Shareholders Number of Shares
1. Marios Kontemeniotis CY PNDS 500
2. Aristotelis Vryonides CY PNDS 500

Exempt Companies are owned by non-Cypriots and are registered in Cyprus for tax purposes.

ACTIVITIES
The Company is involved in the following activities :
As an Exempt Company, subject is not allowed to engage in any trading activity in Cyprus. From local enquiries it has not been possible to determine the exact nature or the extent of the company's operations and where they are actually conducted.

FACILITIES
The Company has the following facilities:
The company's registered office is care of :

Marios Kontemeniotis
2B Office 403, Makarios Avenue & Orpheos
P.O. Box 26749
1647 Nicosia
Cyprus

Main operational address could not be obtained
SPECIAL NOTE
As per your special questions, as the company does not engage in any activities in Cyprus, we cannot comment.

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/15083
Date: Jumada Al-Akhirah, 1420 H
Equivalent to 10/05/1999

Stamp
Ministry of Oil/Office of the Minister
No.: 11388
Date: 10/07/1999

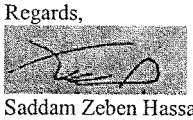
To: H.E. the Oil Minister
RE: Additional Quantities in Phase Six

All companies we do business with, and with whom we had the chance to meet or have a telephone conversation with their representatives lately, have shown the desire to obtain additional quantities during this phase.

Enclosed is table no. (1) for the companies in phase six and the additional quantities they requested (which we received in the form of a written or verbal request).

Enclosed, as well, is table no. (2) with the contractual and lifted quantities in the current phase and up to date.
Please review and advice.

Regards,



Saddam Zeben Hassan
Executive Director

Enclosures:

- (2) tables

[TC: There is a hand-written note in Arabic that reads as follows]
It is still under discussion waiting for the instructions of the vice-president of the republic... taking into consideration that the deputy prime minister endorsed the increase of (1) million barrels and (0.7) million barrels as indicated.



10/07

KH2



1- Pasqua (1) million

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 57

Table no. (1)

Country/Company	Contractual Quantity (million barrels)	Additional Quantity Requested (million barrels)	Remarks
1- Russia	133		
A- Regular requests			
Zarubezhnefte	19	2	It was given (1) million barrels from the reserve quantity for Russia
Lukoil	7	Unspecified	
Machinoimport	10	-	Lifting the (4) million barrels remaining from the contract
Rosnefte	5	-	
Zangas	8	Unspecified	
Tatneft	9	-	It was given (1) million barrels from the reserve quantity for Russia
Yucos	2	Unspecified	
Slavneft	2	Unspecified	
Gasbrom	6	Unspecified	
Transneft	3	-	
Nafta Moscow	4	2 - 4	
Sidanco	4	-	
Onaco	4	-	
B- Special requests			
Unity & Peace Party	3	-	
Zhirinovsky	10	0.5	
Communist Party	16	-	
C- Regular requests / Special			
Alfa Eco / Russian Ministry of Foreign Affairs	13	Unspecified	It was given (1) million barrels from the reserve quantity for Russia
Tyumen / Russian Ministry of Foreign Affairs	4		
Raomes (the son of the ambassador)	4	10	

[There is a hand-written note in Arabic to the bottom that reads]

The minister has modified the table

بسم الله الرحمن الرحيم

الجمهورية العراقية
وزارة النفط
~~هيئة التسويق~~
شركة شعبية للنفط (شركة عامة)

الرقم ع م/ ١٥٠٨٧
التاريخ جمادى الاخرة/١٤٢٠ هـ
٢٠/١٠/١٩٩٩م

وزارة النفط / مكتب الوزير
الرقم ١١٤٨٨/
التاريخ ١٩٩٩/١٠/٧

السيد وزير النفط المحتـــــــــرم

م/ الكميات الاضافية للمرحلة السادسة

ان جميع الشركات التي تتعامل معنا والتي كانت هناك فرصة للاجتماع مع ممثليها أو التكلم معهم هاتفيا خلال الايام السابقة أبدوا رغبتهم بالحصول على كميات اضافية خلال هذه المرحلة .

مرفق لنا جدول رقم (١) بالشركات للمرحلة السادسة بالكميـــات الاضافية المطلوبة من كلها (والتي وردتنا بصورة ثابتة تحريرية او شفوية).

مرفق ايضا جدول رقم (٢) باحتساب الكميات المتعاقد عليها والمرفوعـة من المرحلة الحالية لحد تاريخه .

يرجى تأمل سيادتكم بالامر والتنسيب مع التقديـــــر .

صدام بن حسن
المدير التنفيذي

المرفقات / جدول عدد (٢)

جدول رقم (١)

الدولة / الشركة	الكمية المتعاقد عليها (مليون برميل)	الكمية الاضافية المطلوبة (مليون برميل)	الملاحظات
١- روسيا	١٣٣		
أ- الطلبات الاعتيادية			
زرابشنط	١٩	٢	أعطيت (١) مليون برميل من الكمية الاحتياط لروسيا .
لوك اويل	٧	غير محددة	
مشيتو امبورت	١٠	–	الغاء (٤) مليون برميل المتبقية من العقد .
روز نفط	٥	–	
راه كار	٨	غير محددة	
تات نفط	٩	–	أعطيت (١) مليون برميل من الكمية الاحتياط لروسيا .
يوكوس	٢	غير محددة	
سلاف نفط	٢	غير محددة	
كار بروم	٩	غير محددة	
تراتن نفط	٣	–	
نفتا موسكو	٤	٢ – ٤	
سيدانكو	٤	–	
اوناكو	٤	–	
ب- الطلبات الخاصة			
حزب الوحدة والسلام	٣	–	
جيرنوفسكي	١٠	صفر	
الحزب الشيوعي	١٦	–	
ج- الغاء اعتيادية / خاصة			
الفا ايكو) الخارجية	١٣	غير محددة	أعطيت (١) مليون برميل من الكمية الاحتياط لروسيا .
شيومين) الروسية	٤		
راوس (ابن السفير)	٤	١٠	

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/06/54

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 58

SECTION ONE

SPECIFIC PROVISIONS

F.O.B. CRUDE OIL SALES CONTRACT

FOB SALES CONTRACT
CONTENTS

Section One

Article One	:	Definitions
Article Two	:	Period
Article Three	:	Quantity and Quality
Article Four	:	Price
Article Five	:	Reopener
Article Six	:	Payment
Article Seven	:	SOMO Standard Documentation
Article Eight	:	Approval of Contract
Article Nine	:	Special Conditions
Article Ten	:	Addresses

Section Two

Article One	:	Measurement and Sampling
Article Two	:	Risk and Property
Article Three	:	Lifting Programme
Article Four	:	Nomination of Vessels
Article Five	:	Vessel Berths
Article Six	:	Loading Conditions
Article Seven	:	Demurrage
Article Eight	:	Taxes and Duties
Article Nine	:	Termination in the event of Liquidation or Default
Article Ten	:	Assignment
Article Eleven	:	Destination
Article Twelve	:	Force Majeure
Article Thirteen	:	Arbitration
Article Fourteen	:	Notices
Article Fifteen	:	Applicable Law
Appendix I	:	Form of Letter of Credit
Appendix II	:	Application Form to Request Approval of Contract.

Contract between State Oil Marketing Organization (SOMO) (hereinafter called SELLER) of the one part and OIL COMPANY "ROSENEFT" - MOSCOW (hereinafter called BUYER) of the other part.

Whereby it is agreed as follows:-

SECTION ONE

Wherever the General Provisions of Section Two, attached and herein incorporated in this Contract, are at variance or in conflict with this Section One, the provisions of Section One shall govern.

ARTICLE ONE

DEFINITIONS

As used in this Contract, unless otherwise provided, the following words and terms shall have the following meanings:-

Barrel :	means forty-two (42) U.S. Gallons at sixty degrees (60°) Fahrenheit and at normal atmospheric pressure.
Day :	means a period of twenty-four (24) running hours commencing at 00.01 hours local time at the port of loading.
Barrel per Day (B/d):	means the average number of barrels of crude oil supplied during a calendar day as defined above.
F.O.B:	means "Free on Board" as referred to in the ICC Incoterms 1990.
Dollar ($):	The currency of the United States of America.

Month:	:	means Gregorian Calendar Month commencing at 00.01 hours local time at the port of loading on first day of the month.
Quarter	:	means a period of three (3) consecutive months beginning on a 1st January or a 1st April or a 1st July or a 1st October.
Year	:	means a Gregorian Calendar Year.
API Gravity:		means Scale adopted by the American Petroleum Institute for expressing the specific gravity of crude oil.
SCR 986:		means Security Council resolution 986 (1995) of 14 April 1995.
SCR 1111	:	means Security Council resolution 1111 (1997) of 4 June 1997.
SCR 1143	:	means Security Council resolution 1143 (1997) of 4 December 1997.
SCR 1153	:	means Security Council resolution 1153 (1998) of 20 February 1998.
SCR 1210	:	means Security Council resolution 1210 (1998) of 24 November 1998.
SCR 1242	:	means Security Council resolution 1242 (1999) of 21 May 1999.
661 Committee:		means the Security Council Committee established by Security Council resolution 661 (1990)
Procedures	:	means the procedures to be employed by the 661 Committee (United Nations document S/1996/636, dated 8 August 1996).
Overseers	:	means the independent experts in international oil trade appointed by the Secretary-General of the United Nations pursuant to SCR 986 and the procedures.
Inspectors	:	means the independent oil inspection agents appointed by the Secretary-General pursuant to SCR 986.

ARTICLE TWO

PERIOD:

1. Subject to Article Eight below, this Contract shall become effective on the 25th day of May. 1999, and shall continue thereafter until the 20th of November 1999, unless renewed by mutual agreement.

2. The ultimate consumer of the crude oil sold under this Contract shall be for the U.S.A. AND/OR FAR EAST FOR BASRAH LIGHT CRUDE AND EUROPE FOR KIRKUK.

   Any change in the destination is subject to the prior approval of Seller.

ARTICLE THREE

QUANTITY AND QUALITY:

1. SELLER undertakes to sell and deliver FOB and BUYER undertakes to purchase, receive and pay for the following:-

Type of crude	Quantity	Port of Loading
BASRAH LIGHT	3,000,000 BBLS	AL BAKR
KIRKUK	2,000,000 BBLS	CEYHAN

2. The quality of the crude oil shall be the standard export quality available at the port of loading from time to time.

3. Quantities shall represent contracted quantities or number of barrels per day contracted multiplied by the number of days of the relevant period stipulated in Sub Article 2.1

4. Quantities shall be lifted as evenly as possible over the course of such delivery period in lots of approximate barrels and as will be agreed between BUYER and SELLER.

5. Quantities lifted under allowed operational vessel slippage shall be deemed as part of the contracted quantities of the period.

6. In cases when SELLER, for reasons technical or otherwise that are beyond his control, is unable to meet his full contractual commitments, SELLER shall have the right to reduce the contracted quantities for the duration of the period when such circumstances shall prevail. SELLER shall advise BUYER as soon as possible before the beginning of any period during which supplies to all buyers are to be reduced.

7. In no event shall any loading start beyond the 20th of November 1999, unless the Security Council has authorized sales beyond that date.

ARTICLE FOUR

PRICE:

1. The price(s) of the crude oil to be delivered under this contract shall be as follows:-

TYPE OF CRUDE	API	PORT OF LOADING
BASRAH LIGHT	34.00	AL-BAKR
KIRKUK	36.00	CEYHAN

Price Mechanism in $ per Barrel FOB

Price shall be the standard SOMO price as agreed upon between SOMO and the United Nations from time to time.

ARTICLE FIVE

REOPENER:

Each party shall have the right not later than the 15th day of any month to request a review of the pricing mechanism of this Contract.

If following a request for a review, the parties are unable to agree within a period of ten (10) days from the date upon which such request was made, either party may elect to terminate this Contract by serving written notice of phase-out to the other party and termination shall be effective at the end of the month following the month during which the notice of termination has been received.

But if the parties are able to agree within the above mentioned ten (10) days period, any agreed upon adjustment to the pricing mechanism shall be subject to the approval of the 661 Committee.

However, if such approval has not been granted by the 661 Committee, this Contract shall be considered as terminated as of the end of the month following the month during which the above mentioned ten (10) days period ends unless the parties agree otherwise.

In case of Contract termination under any of the above mentioned events, this Contract shall remain in full force and effect at the pricing mechanism applicable in accordance with this Contract terms and conditions up to the effective date of termination and such termination shall not effect the parties' rights and obligations therefrom, unless the parties agree otherwise during the period prior to the effective date of termination.

ARTICLE SIX

PAYMENT:

1. BUYER shall establish in respect of each shipment lifted under this Contract an irrevocable documentary letter of credit issued by a bank acceptable to Banque Nationale de Paris, S.A. ("BNP") for confirmation, in the form set out in Appendix I hereof.

   In all cases, the Letter of Credit shall be established, confirmed and accepted at least seven (7) days prior to loading date.

2. BUYER irrevocably undertakes that payment for each cargo of crude oil lifted shall be made out of the proceeds of the confirmed Letter of Credit directly to account number 0200-201752-001-08 established by the Secretary-General of the United Nations, pursuant to paragraph 7 of SCR 986, at BNP (New York Branch) (hereinafter "United Nations Iraq Account"), upon presentation to BNP of the documents required by the Letter of Credit, including but not limited to the Commercial Invoice and the Bill of Lading.

3. All charges within Iraq are for SELLER, whereas all charges outside Iraq are to be borne by BUYER.

4. Unless otherwise provided herein, payment shall be made not later than thirty (30) days from B/L date, in same date funds.

   If payment falls due on a Saturday or Bank holiday other than Monday in the place where payment is to be made then payment shall be made on the last preceding banking day. If payment falls due on a Sunday or a Monday Bank holiday in the place where payment is to be made then payment shall be made on the next succeeding banking day.

ARTICLE SEVEN

SOMO STANDARD DOCUMENTATION:

Bill of Lading	9 (3 orig. & 6 copies)
Certificate of Origin	1
Certificate of Quality and Quantity	1
Loading Time Sheet	1
Ullage Report	1
Master's Receipt for Samples	1
Distribution of Documents	1

Two sets of documents are handed to Master, one being for Consignee. SELLER shall advise BUYER by telex or cable within forty eight (48) hours following each loading with the following details:-

a) Vessel's Name
b) Loading Port
c) Commenced Loading Date.
d) Completed Loading Date.
e) Sailing Date
f) Gross and net quantities in metric tons, long tons and U.S. barrels.
g) API Gravity.

ARTICLE EIGHT

APPROVAL OF CONTRACT

This Contract is subject to the approval of the Overseers on behalf of the 661 Committee. Such approval shall be obtained in accordance with the Procedures, utilizing the form set out in Appendix II hereof.

ARTICLE NINE

SPECIAL CONDITIONS

1. Loading of any shipment of crude oil shall be subject to the authorization of the Inspectors at the port of loading. The Inspectors shall also have the authority to stop the loading if they determine that there is any evidence of irregularity.

2- Notwithstanding Sub Article 4-3 of Section Two of this Contract, the accepted date of arrival of the vessel at the loading ports shall be fixed on a one (1) day range. All related Articles of Section Two of the Contract will read to that effect and conformity.

3. Notwithstanding Sub Article (6-5) of Section Two of this Contract SELLER shall be allowed as laytime at Al Bakr Terminal as follows:-

Laytime (hrs)	Vessel DWT(MT)
36	Up to 129 999
54	130 000 - 199 999
65	Over 200 000

All related Articles of Section Two of the Contract will read to that effect and conformity.

4. In addition to the events specified in Sub Article 5-6 of Section Two, any time consumed due to the Inspectors prohibiting loading shall not count as used laytime.

5. This Contract shall terminate forthwith in the event that the Security Council terminates the authorization to import petroleum or petroleum products originating in Iraq.

6. Assignment of the rights or obligations of the SELLER or BUYER shall be subject to the approval of the 661 Committee.

7. Any claims from BUYER under Sub Article 1-3 or Article Seven of Section Two, and any analyses carried out under Sub Articles 1-5 and 1-6 of Section Two, shall be copied to the Overseers. Payments or other awards under Article Thirteen of Section Two, in respect of claims under Articles One and Seven of Section Two are subject to the approval of the 661 Committee. Any sum to be paid by BUYER in settlement of a dispute under Article Thirteen of Section Two relating to the proceeds of the sale of crude oil under this Contract shall be paid by BUYER directly to the United Nations Iraq Account.

8. Payments to SELLER under Sub Article 5-5 and Sub Article 6-7 of Section Two, and any other payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.

9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143, SCR 1153, SCR 1210, SCR 1242, the Procedures and the Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:

STATE OIL MARKETING ORGANIZATION
P.O.BOX 5118
BAGHDAD - IRAQ

TELEX: 212198 - 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX: 964-1-2853925

FOR BUYER:
OIL COMPANY "ROSNEFT - MOSCOW"
26, SOFIJSKAYA NAB.
POB 113816 MOSCOW, M-35
RUSSIAN FEDERATION
TEL : (7095) 239 - 86 36
(7085) 239 - 86 50
FAX : (7095) 953 - 88 10
TLX : 412789 NEFT RU

FOR OVERSEERS:

UNITED NATIONS, NEW YORK, U.S.A.
FAX: 212 - 963 - 1628

All other terms and conditions as per F.O.B. crude oil contract (Section two) No. M/02/20 dated 30th day of August 1997.

This Contract has been done and signed on the 5th day of June 1999.

FOR SELLER
SADDOM
SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL

FOR BUYER
PETROSYAN VICTOR KIMOVICH
VICE PRESIDENT

UNITED NATIONS NATIONS UNIES

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

S/AC.25/1999/OIL/1242/OC.44 10 June 1999

TO: ROSNEFT RUSSIAN FEDERATION	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO.: 011-7095-953-88-10/88-21	FAX NO.: (212) 963-1628
ATTENTION: Mr. P. V. KIMOVICH	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE 1	

Re: Contract Number: **M/06/54** UN REF: **S/AC.25/1999/OIL/1242/COMM.54**
Between: **SOMO and "ROSNEFT"**
Date of Receipt: **8 June 1999**
Quantity: **3,000,000 bbls**
Quality: **Basrah Light**
Pricing Formula: **US and/or Far East Market**
Port of Loading: **Mina-al Bakr**
Quantity: **2,000,000 bbls**
Quality: **Kirkuk**
Pricing Formula:**Europe Market**
Port of Loading: **Ceyhan**

FURTHER TO YOUR ABOVE REFERENCED APPLICATION FOR APPROVAL OF THE OIL CONTRACT, PLEASE BE ADVISED THAT THE APPLICATION HAS BEEN: **APPROVED BY SECURITY COUNCIL COMMITTEE ESTABLISHED BY RESOLUTION 661 (1990) CONCERNING THE SITUATION BETWEEN IRAQ AND KUWAIT**

REMARKS:

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

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 59

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : B/161/99

Sold to	: OIL COMPANY 'ROSNEFT' MOSCOW,	Due date	: 18. 7.1999
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/O6/54
Ship's Name	: AMBON	BNP Confirmation No.	: W714592
Destination	: EUROPE	Opening Bank L\C No.	: DOC-617893-G1
Country of origin	: IRAQ	Shipment No.	: BBL/2625

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (BASRAH LIGHT) 32.00 API GRAVITY AT 60°F	270,876.115	266,597.23	1,973,048	15.934	31,438,546.83
					31,438,546.83

Total U . S . Dollars : THIRTY ONE MILLION FOUR HUNDRED THIRTY EIGHT THOUSAND FIVE HUNDRED FORTY SIX AND EIGHTY THREE CENTS

Price Calculation : DATED BRENT MINUS $ 2.55/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 $ 0.20 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, ACCOUNT NUMBER 0200-201752-001-08

P.O. Box 5116 FINANCIAL DEPARTMENT S.O.M.O.

B/L DATE 19 /6 /1999

Y. H. IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - EN 60

Revised due to error in pricing mechanism. CW

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Revision

Commercial Invoice No. : B/161/99

Sold to	: OIL COMPANY 'ROSNEFT', 26 SOFIJSKAJA NAB. POB 113816 MOSCOW M 35, RUSSIA FEDERATION	Due date	: 18. 7.1999
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/O6/54
Ship's Name	: AMBON	BNP Confirmation No.	: W714592
Destination	: EUROPE	Opening Bank L\C No.	: DOC-617893-G1
Country of origin	: IRAQ	Shipment No.	: BBL/2625

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (BASRAH LIGHT) 32.00 API GRAVITY AT 60°F	270,876.115	266,597.23	1,973,048	15.867	$31,306,352.62
					$31,306,352.62

Total U . S . Dollars : THIRTY ONE MILLION THREE HUNDRED SIX THOUSAND THREE HUNDRED FIFTY TWO AND 62/100 U.S. DOLLARS

Price Calculation : DATED BRENT MINUS $ 2.55/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 $ 0.20 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, ACCOUNT NUMBER 0200-201752-001-08

P.O. Box 5116 FINANCIAL DEPARTMENT S/O/M/O

B/L DATE 19 /6 /1999

ORIGINAL

Y. H. IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

523

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : C/184/99

Sold to	: OIL COMPANY 'ROSNEFT' MOSCOW,	Due date	: 6 . 9.1999
Exporting Port	: CEYHAN TERMINAL -TURKEY	Contract No.	: M/O6/54
Ship's Name	: SANDRA TAPIAS	BNP Confirmation No.	: W715216
Destination	: EUROPE	Opening Bank L\C No.	: 3/190552/ANI/02000
Country of origin	: IRAQ	Shipment No.	: CK/4551

Description of commodity	Quantity			Price per Barrel FOB	Total value in U . S . Dollars
	Metric Tons	Long Tons	U . S . Bbls		
IRAQI CRUDE OIL (KIRKUK) 34.65 API GRAVITY AT 60°F	134,272.816	132,151.78	993,890	18.692	18,577,791.88
					18,577,791.88

Total U . S . Dollars : EIGHTEEN MILLION FIVE HUNDRED SEVENTY SEVEN THOUSAND SEVEN HUNDRED NINETY ONE AND EIGHTY EIGHT CENT

Price Calculation : DATED BRENT MINUS $ 1.55/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.13 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, ACCOUNT NUMBER 0200-201752-001-08

B/L DATE 8 /8 /1999

ORIGINAL

FINANCIAL DEPARTMENT

Y. H. IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

524

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : B/216/99

Sold to	: OIL COMPANY 'ROSNEFT' MOSCOW,	Due date	: 13. 9.1999
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/O6/54
Ship's Name	: CHEVRON FSLUY	BNP Confirmation No.	: W715337
Destination	: USA	Opening Bank L\C No.	: 3/190590/ANI/02000
Country of origin	: IRAQ	Shipment No.	: BBL/2670 PART (2)

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (BASRAH LIGHT) 31.60 API GRAVITY AT 60°F	68,809.182	67,722.24	500,000	17.551	8,775,500.00
					8,775,500.00

Total U . S . Dollars : EIGHT MILLION SEVEN HUNDRED SEVENTY FIVE THOUSAND FIVE HUNDRED ONLY.

Price Calculation : WTI (SECOND MONTH) MINUS $ 4.10/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 $ 0.24 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, ACCOUNT NUMBER 0200-201752-001-08

B/L DATE 15 /8 /1999

ORIGINAL

P.O. Box 5118 FINANCIAL DEPARTMENT S. O. M. O.

Y. H. IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

525

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : C/201/99

Sold to : ROSNEFT
Exporting Port : CEYHAN TERMINAL - TURKEY
Ship's Name : POLAR
Destination : EUROPE
Country of origin : IRAQ

Due date : 23.9.1999
Contract No. : M/06/54
BNP Confirmation No. : W715538
Opening Bank L\C No. : 3/190653/ANI/02000
Shipment No. : CK/4567

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (KIRKUK) 33.60 API GRAVITY AT 60°F	130,306.918	128,248.53	958,406	18.731	17,951,902.79
					17,951,902.79

Total U . S . Dollars : SEVENTEEN MILLION NINE HUNDRED FIFTY ONE THOUSAND NINE HUNDRED TWO AND SEVENTY NINE CENT

Price Calculation : DATED BRENT MINUS $ 1.55/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN THE PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.24 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, ACCOUNT NUMBER 0200-201752-001-08

B/L DATE 25/8 /1999

ORIGINAL

Y. H. IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

526

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : B/229/99

Sold to : OIL COMPANY "ROSNEFT" MOSCOW
Exporting Port : MINA AL BAKR TERMINAL
Ship's Name : CHARLES PIGOTT
Destination : USA
Country of origin : IRAQ

Due date : 25.9.1999
Contract No: : M/06/54
BNP Confirmation No. : W715335
Opening Bank L/C No. : 3/190589/ANI/02000
Shipment No. : BBL/2677 PART(2)

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U.S. Bbls	Barrel FOB	in U.S. Dollars
IRAQI CRUDE OIL (BASRAH LIGHT) 31.62 API GRAVITY AT 60°F	68,798.595	67,711.82	500,000	19.537	9,768,500.00
					9,768,500.00

Total U.S. Dollars : NINE MILLION SEVEN HUNDRED SIXTY EIGHT THOUSAND FIVE HUNDRED ONLY.

Price Calculation : WTI (SECOND MONTH) MINUS $ 4.10/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 $ 0.23 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, ACCOUNT NUMBER 0209-201752-001-08

ORIGINAL

B/L DATE 27 / 8 /1998

S.YOUSIF IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

State Oil Marketing Organization

P.O Box 5118 Baghdad-Iraq

Commercial Invoice No. : C/243/99

Sold to	: ROSNEFT	Due date	: 5.11.1999
Exporting Port	: CEYHAN TERMINAL - TURKEY	Contract No.	: M/06/54
Ship's Name	: ARDENNE	BNP Confirmation No.	: W716183
Destination	: DUNKERQUE	Opening Bank L\C No.	: 3/190766/ANI/02000
Country of origin	: IRAQ	Shipment No.	: CK/4605 PART(1)

Description of commodity	Quantity			Price per	Total value
	Metric Tons	Long Tons	U . S . Bbls	Barrel FOB	in U . S . Dollars
IRAQI CRUDE OIL (KIRKUK) 34.36 API GRAVITY AT 60°F	6,495.943	6,393.33	48,000	20.398	979,104.00
					979,104.00

Total U . S . Dollars : NINE HUNDRED SEVENTY NINE THOUSAND_ONE HUNDRED FOUR ONLY

Price Calculation : DATED BRENT MINUS $ 1.25/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN THE PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.16 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, ACCOUNT NUMBER 0200-201752-001-08

B/L DATE 7 /10/1999

ORIGINAL

I. ALSHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

07-18-2000 08:09AM FROM TO 7132248101 P.01

HAVERHILL TRADING LTD

Nicosia, Cyprus

DATE: June 10, 2000 **TIME:** 17:30

TO: *BayOil Supply & Trading Limited* **PHONE:** **FAX:** *+1 713 781 8387*

FROM: *Marios Kontemeniotis* **PHONE:** *+357 2 750 390* **FAX:** *+357 2 750 382*

09 641 411

CC:

Number of pages including cover sheet: *1*

Dear Sir,

According to the Agency Agrement signed between "BayOil Supply & Trading Limited" and "Haverhill Trading Limited" on June 10, 2000 please be kindly asked to sign the Contract with "Rosneftеimpex NK Rosneft" for buying 8 bbls of Basrah light crude oil and pay fees as following:

- *USD0,02 to "Rosneftеimpex NK Rosneft" as per Contract;*
- *USD0,12 to "Haverhill Trading Limited" after the nomination of the vessel;*
- *USD0,10 to "Haverhill Trading Limited" 30 (thirty) days after the B/L.*

Shipment in July – 2 bbls, in August – 4 bbls, in September – 2 bbls.

Thanking You, *Marios Kontemeniotis*

TOTAL P.01

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 61
SNT 015625

SNT 015625

Statement of Allocations for the Phase Subsequent to Phase (7)
(Million Barrels)

06/14/2000

No.	Country	Allocations in Phase (6)		Allocations in Phase (7)		Allocations for the Phase Subsequent to Phase (7)		Remarks
1-	Russia	135	34.6%	115	32.4%	137	32.2%	
	A- Regular Requests	118		100.5		111		
	Zarubezhneft	21		20		18		Russian Ministry of Energy
	Machinoimport	10		10.5		8		Russian Ministry of Foreign Trade
	Zan Gas	8		6		6		Russian Ministry of Machinery
	Alfa Eco	13		11		12		Front company for the Russian Ministry of Foreign Affairs
	Tyumen	4		3		4		Front company for the Russian Ministry of Foreign Affairs
	Mr. Issakov	-		-		14		The Russian Presidential Council
	Actec	16		14.5		16		Communist Party
	Tatneft	9		8		6		Taterstan Region
	Bazhneft	-		4		3		Bashkirstan Region
	Slavneft	2		-		5		Government company (Mr. Gotzeriev)
	Gasprom	6		5		5		Government gas company
	Lukoil	7		4.5		-		Western Al-Qiranah contract
	Sirgotneftgas	-		3		1		Joint company
	Oil and Gas for Eastern Siberia	-		1		-		Joint company
	Rosneft	5		3		3		Government company
	Nafta Moscow	5		2		4		Joint company
	Onaco	4		3		4		Urenberg region (Mr. Zhinomirtin)
	Sidanco	3		-		-		Mr. Zhirinovsky before
	Transneft	3		2		2		Government oil transport company
	B- Special Requests							
	Raomes	4		1.5		2		Former Russian ambassador
	Mr. Zhirinovsky	10	17	6.5		9		
	Mrs. Saji Omalatov	3		2	14.5	3		
	Mr. Shafrank	-		1.5		3	26	
	Political Science Academy	-		1.5		2		
	Gobken University for Oil & Gas	-		1.5		2		
	Mr. Stroyev, head of Unity Russian Council	-				3		
	Nord West Group	-				2		Mr. Tetrenco

Permanent Subcommittee on Investigations
PSI Staff Rpt(RPC) - FN 62

[hand-written note]

To: The Executive Director of SOMO

Verbal approval of the President Leader, may God protect him, has been obtained as per the verbal notification of the Vice-President of the republic along the margins of the Cabinet's meeting the morning of 06/25/2000.

Please take the necessary measures for action

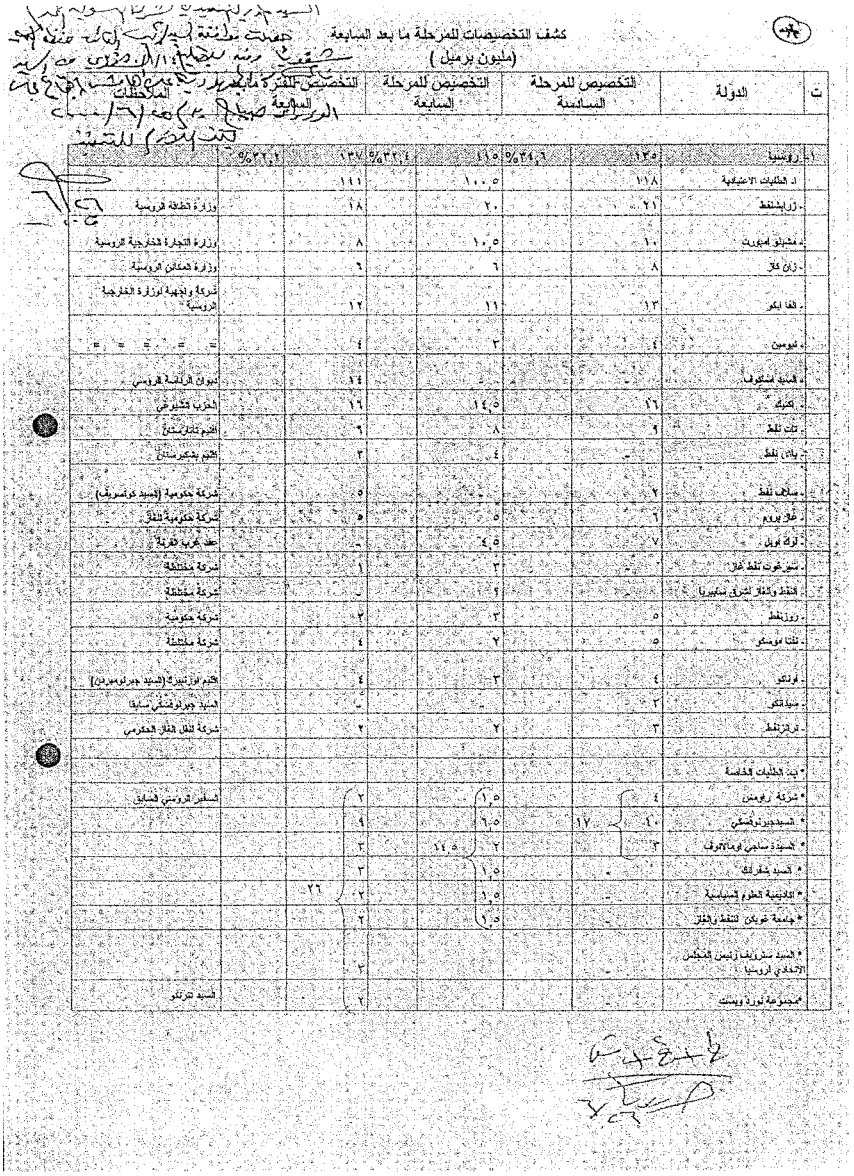


06/26

KH1 + Kh2 + SH



06/26



كشف التخصيصات للمرحلة ما بعد السابعة
(مليون برميل)

ت	الدولة	التخصيص للمرحلة السادسة		التخصيص للمرحلة السابعة		التخصيص للفترة ما بعد السابعة		الملاحظات
١	روسيا	١٣٥	%٣٤,٦	١١٥	%٣٢,٤	١٣٧	%٣٢,٢	
	أ. الطلبات الاعتيادية	١١٨		١٠٠,٥		١٤١		
	- زرابشنفط	٢١		٢٠		١٨		وزارة الطاقة الروسية
	- مشيلو امبورت	١٠		١٠,٥		٨		وزارة التجارة الخارجية الروسية
	- زان كاز	٨		٦		٦		وزارة المكائن الروسية
	- الفا ايكو	١٣		١١		١٢		شركة واجهة لوزارة الخارجية الروسية
	- تيومين	٤		٣		٤		= = = = =
	- السيد اسكوف					١٤		ديوان الرئاسة الروسي
	- اكتيك	١٦		١٤,٥		١٦		الحزب الشيوعي
	- تات نفط	٩		٨		٩		اقليم تاتارستان
	- باش نفط	-		٤		٣		اقليم بشكيرستان
	- سلاف نفط	٢				٥		شركة حكومية (السيد كوتسريف)
	- غاز بروم	٦		٥		٥		شركة حكومية للغاز
	- لوك اويل	٧		٤,٥		-		عقد حرب القرنة
	- سيرغوت نفط غاز	-		٣		١		شركة مختلطة
	- النفط والغاز لشرق سايبريا	-		٢		-		شركة مختلطة
	- روزنفط	٥		٣		٢		شركة حكومية
	- نفتا موسكو	٥		٢		٤		شركة مختلطة
	- فولكو	٤		٣		٤		اقليم اورنبيرك (السيد جيرلومبردن)
	- سيدانكو	٣		-		-		السيد جيرلوفسكي سابقا
	- ترانزنفط	٣		٢		٢		شركة لنقل الغاز الحكومي
	* ب. الطلبات الخاصة							
	* شركة راومس	٤		١,٥		٢		السفير الروسي السابق
	* السيد جيرلوفسكي	١٠	١٧	٦,٥		٩		
	* السيدة ساجي اوماالاوف	٣		٢	١٤,٥	٣		
	* السيد شفرانك	-		١,٥		٣		
	* اكاديمية العلوم السياسية	-		١,٥		٢	٢٦	
	* جامعة غوبكن للنفط والغاز	-		١,٥		٢		
	* السيد ستروييف رئيس المجلس الاتحادي لروسيا	-				٣		
	* مجموعة نورد ويست	-				٢		السيد لتركو

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/08/ 85

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 64

FOB SALES CONTRACT
CONTENTS

Section One

Article One	:	Definitions
Article Two	:	Period
Article Three	:	Quantity and Quality
Article Four	:	Price
Article Five	:	Reopener
Article Six	:	Payment
Article Seven	:	SOMO Standard Documentation
Article Eight	:	Approval of Contract
Article Nine	:	Special Conditions
Article Ten	:	Addresses

Section Two

Article One	:	Measurement and Sampling
Article Two	:	Risk and Property
Article Three	:	Lifting Programme
Article Four	:	Nomination of Vessels
Article Five	:	Vessel Berths
Article Six	:	Loading Conditions
Article Seven	:	Demurrage
Article Eight	:	Taxes and Duties
Article Nine	:	Termination in the event of Liquidation or Default
Article Ten	:	Assignment
Article Eleven	:	Destination
Article Twelve	:	Force majeure
Article Thirteen	:	Arbitration
Article Fourteen	:	Notices
Article Fifteen	:	Applicable Law
Appendix I	:	Form of Letter of Credit
Appendix II	:	Application Form to Request Approval of Contract.

SECTION ONE

SPECIFIC PROVISIONS

F.O.B. CRUDE OIL SALES CONTRACT

Contract between State Oil Marketing Organization (SOMO) (hereinafter called SELLER) of the one part and JSOC "ROSNEFTEIMPEX" NK ROSNEFT RUSSIA, MOSCOW (hereinafter called BUYER) of the other part.

Whereby it is agreed as follows :-

SECTION ONE

Wherever the General Provisions of Section Two, attached and herein incorporated in this Contract, are at variance or in conflict with this Section One, the provisions of Section One shall govern.

ARTICLE ONE

DEFINITIONS

As used in this Contract, unless otherwise provided, the following words and terms shall have the following meanings :-

Barrel	:	means forty-two (42) U.S. Gallons at sixty degrees (60) Fahrenheit and at normal atmospheric pressure.
Day	:	means a period of twenty-four (24) running hours Commencing at 00.01 hours local time at the port of loading.
Barrel per Day (B/d)	:	means the average number of barrels of crude oil supplied during a calendar day as defined above.
F.O B.	:	means "Free on Board" as referred to in the ICC Incoterms 1990.
Dollar ($)	:	The currency of the United States of America.
Month	:	means Gregorian Calendar month commencing at 00.01 hours local time at the port of loading on first day of the month.
Quarter	:	means a period of three (3) consecutive months Beginning on a 1st January or a 1st April or a 1st July or a 1st October.

Year	:	means a Gregorian Calendar Year.
Api Gravity	:	means scale adopted by the American Petroleum Institute for expressing the specific Gravity of crude oil.
SCR 986	:	means Security Council resolution 986 (1995) of 14 April 1995.
SCR 1111	:	means Security Council resolution 1111 (1997) of 4 June 1997.
SCR 1143	:	means Security Council resolution 1143 (1997) of 4 December 1997.
SCR 1153	:	means Security Council resolution 1153 (1998) of 20 February 1998.
SCR 1210	:	means Security Council resolution 1210 (1998) of 24 November 1998.
SCR 1242	:	means Security Council resolution 1242 (1999) of 21 May 1999.
SCR 1281	:	means Security Council resolution 1281 (1999) Of 10 December 1999.
SCR 1302	:	means Security Council resolution 1302 (2000) of 8 June 2000.
661 Committee	:	means the Security Council Committee established by Security Council Resolution 661 (1990).
Procedures	:	means the procedures to be employed by the 661 Committee (United Nations document S/1996/636, dated 8 August 1996).
Overseers	:	means the independent experts in international Oil trade appointed by the Secretary-General of The United Nations pursuant to SCR 986 and the procedures.
Inspectors	:	means the independent oil inspection agents Appointed by the Secretary-General pursuant to SCR 986.

ARTICLE TWO

PERIOD :

1. Subject to Article Eight below, this Contract shall become effective on the 4TH day of June, 2000, and shall continue thereafter until the 5th of December 2000, unless renewed by mutual agreement.
2. The ultimate consumer of the crude oil sold under this Contract shall be European Market for Kirkuk Crude oil and U.S.A. and/or Far East for Basrah Light.

   Any change in the destination is subject to the prior approval of Seller.

ARTICLE THREE

QUANTITY AND QUALITY :

1. SELLER undertakes to sell and deliver FOB and BUYER undertakes to purchase, receive and pay for the following:-

Type of Crude	Quantity	Port of Loading
KIRKUK	6,000,000 BBLS	CEYHAN
BASRAH LIGHT	8,000,000 BBLS	ALBAKR

2. The quality of the crude oil shall be the standard export quality available at the port of loading from time to time.

3. Quantities shall represent contracted quantities or number of barrels per day contracted multiplied by the number of days of the relevant period stipulated in sub Article 2.1

4. Quantities shall be lifted as evenly as possible over the course of such delivery period in lots of approximate barrels and as will be agreed between BUYER and SELLER.

5. Quantities lifted under allowed operational vessel slippage shall be deemed as part of the contracted quantities of the period.

6. In case when SELLER, for reasons technical or otherwise that are beyond his control, is unable to meet his full contractual commitments, SELLER shall have the right to reduce the contracted quantities for the duration of the period when such circumstances shall prevail. SELLER shall advise BUYER as soon as possible before the beginning of any period during which supplies to all buyers are to be reduced.

7. In no event shall any loading start beyond the 5th of December, 2000, unless the Security Council has authorized sales beyond that date.

ARTICLE FOUR

PRICE :

1. The price(s) of the crude oil to be delivered under this contract shall be as follows:-

TYPE OF CRUDE	API	PORT OF LOADING
KIRKUK	36.00	CEYHAN
BAASRAH LIGHT	34.00	ALBAKR

Price Mechanism in $ per Barrel FOB

Price shall be the standard SOMO price as agreed upon between SOMO and the United Nations from time to time.

ARTICLE FIVE

REOPENER:

Each party shall have the right not later the 15th day of any month to request a review of the pricing mechanism of this Contract.

If following a request for a review, the parties are unable to agree within a period of ten (10) days from the date upon which such request was made, either party may elect to terminate this Contract by serving written notice of phase-out to the other party and termination shall be effective at the end of the month following the month during which the notice of termination has been received.

But if the parties are able to agree within the above mentioned ten (10) days period, any agreed upon adjustment to the pricing mechanism shall be subject to the approval of the 661 Committee.

However, of such approval has not been granted by the 661 Committee, this Contract shall be considered as terminated as of the end of the month following the month during which the above mentioned ten (10) days period ends unless the parties agree otherwise.

In case of Contract termination under any of the above mentioned events, this Contract shall remain in full force and effect at the pricing mechanism applicable in accordance with this Contract terms and conditions up to the effective date of termination and such termination shall not affect the parties' rights and obligations therefrom, unless the parties agree otherwise during the period prior to the effective date of termination.

ARTICLE SIX

PAYMENT:

1. BUYER shall establish in respect of each shipment lifted under this Contract an irrevocable documentary letter of credit issued by a bank acceptable to Banque Nationale de Paris, S.A. ("BNP")for confirmation, in the form set out in Appendix I hereof.

   In all cases, the Letter of Credit shall be established, confirmed and accepted at least seven (7) days prior to loading date.

2. BUYER irrevocably undertakes that payment for each cargo of crude oil lifted shall be made out of the proceeds of the confirmed Letter of Credit directly to account number 0200-201752-001-08 established by the Secretary-General of the United Nations, pursuant to paragraph 7 of SCR 986, at BNP (New York Branch) (hereinafter "United Nations Iraq Account"), upon presentation to BNP of the documents required by the Letter of Credit, including but not limited to the Commercial Invoice and the Bill of Lading.

3. All charges within Iraq are for SELLER, whereas all charges outside Iraq are to be borne by BUYER.
4. Unless otherwise provided herein, payment shall be made not later than thirty (30) days from B/L date, in same date funds.

   If payment falls due on a Saturday or Bank holiday other than Monday in the place where payment is to be made then payment shall be made on the last preceding banking day. If payment falls due on a Sunday or a Monday Bank holiday in the place where payment is to be made then payment shall be made on the next succeeding banking day.

ARTICLE SEVEN

SOMO STANDARD DOCUMENTATION:

Bill of Lading	9 (3 orig. & 6 copies)
Certificate of Origin	4
Certificate of Quality and Quantity	4
Loading Time Sheet	4
Ullage Report	4
Master's Receipt for Samples	4
Distribution of Documents	4

Two sets of documents are handed to Master, one being for consignee. SELLER shall advise BUYER by telex or cable within forty eight (48) hours following each loading with the following details:-

(a) Vessel's Name .
(b) Loading Port .
(c) Commenced loading Date.
(d) Completed Loading Date.
(e) Sailing Date .
(f) Gross and net quantities in metric tons, long tons and U.S. barrels.
(g) API Gravity.

ARTICLE EIGHT

APPROVAL OF CONTRACT :

This Contract is subject to the approval of the Overseers on behalf of the 661 Committee. Such approval shall be obtained in accordance with the Procedures, utilizing the form set out in Appendix II hereof.

ARTICLE NINE

SPECIAL CONDITIONS :

1. Loading of any shipment of crude oil shall be subject to the authorization of the Inspectors at the port of loading. The Inspectors shall also have the authority to stop the loading if they determine that there is any evidence of irregularity.

2. Notwithstanding Sub Article 4-3 of Section Two of this Contract, the accepted date of arrival of the vessel at the loading ports shall be fixed on a one (1) day range. All related Articles of Section Two of the Contract will read to that effect and conformity.

3. Notwithstanding Sub Article (6-5) of Section Two of this Contract SELLER shall be allowed as laytime at Al Bakr Terminal as follows :-

Laytime (hrs)	Vessel DWT (MT)
36	Up to 129 999
54	130 000 – 199 999
65	Over 200 000

All related Articles of Section Two of the Contract will read to that effect and conformity.

4. In addition to the events specified in Sub Article 6-6 of Section Two, any time consumed due to the Inspectors prohibiting loading shall not count as used laytime.

5. This Contract shall terminate forthwith in the event that the Security Council terminates the authorization to import petroleum or petroleum products originating in Iraq.

6. Assignment of the rights or obligations of the SELLER or BUYER shall be subject to the approval of the 661 Committee.

7. Any claims from BUYER under Sub Article 1-3 or Article Seven of Section Two, and any analyses carried out under Sub Articles 1-5 and 1-6 of Section Two, shall copied to the Overseers. Payments or other awards under Article Thirteen of Section Two, in respect of claims under Articles one and Seven of Section Two are subject to the approval of the 661 Committee. Any sum to be paid by BUYER in settlement of a dispute under Article Thirteen of Section Two relating to the

proceeds of the sale of crude oil under this Contract shall be paid by BUYER directly to the United Nations Iraq Account.

8. Payments to SELLER under SUB Article 5-5 and Sub Article 6-7 of Section Two, and any other Payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.
9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143 SCR 1153, SCR 1210, SCR 1242, SCR 1281, SCR 1302, the Procedures and the Memorandum of Understanding between the Secretariat of the United nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and Communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:
STATE OIL MARKETING ORGANIZATION
P.O. BOX 5118
BAGHDAD – IRAQ
TELEX : 212198 – 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX : 964-1-8853925

FOR BUYER:
JSOC "ROSNEFTEIMPEX" NK ROSNEFT
RUSSIA, MOSCOW, 125167
LENINGRADSKY PROSPECT, 37 BLD. 6
TELEPHONE : (007095) 152 9751; 1514462
FAX : (007095) 9416035
TELEX: 6123[illegible]VATH
MOBILE : (007095) 1047900 ; 7607652

FOR OVERSEERS
UNITED NATIONS, NEW YORK, U.S.A.
FAX : 212 – 963 – 1628

All other terms and conditions as per (Section Two) General conditions of F.O.B. crude oil sales contrac (attached).

This Contract has been done and signed on the 4th day of July, 2000.

FOR SELLER

SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL
S O M O

FOR BUYER

DEMITRY I. KOSSAREV
DEPUTY GENERAL DIRECTOR

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
Oil Marketing Company (State Company)

No.: KH1/11162
Date: 04 Rabi' II, 1421 H
Equivalent to 07/05/2000

Stamp
Ministry of Oil/Office of the Minister
No.: 8757
Date: 07/06/2000

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the statement of allocations in phase (8), please find below the details of the contract signed with Rosnefteimpex Russian Company on behalf of Mr. Issakov (The Russian Presidential Council):

1- Number of Contract: M/08/85 Date: 07/04/2000
2- Name of Company Buyer: Rosnefteimpex
3- Nationality: Russian
4- Quantity: (14) million barrels divided as follows:

(6) million barrels of Kirkuk crude oil FOB Ceyhan terminal
(8) million barrels of Basrah light crude oil FOB Al-Bakr terminal

5- Destination of Crude Oil: Europe for Kirkuk crude oil
America and / or the Far East for Basrah light crude oil
6- Pricing Formula: As agreed on between the buyer and our company from time to time
7- Validity of Contract: Until 12/05/2000
8- Estimated Value: (336) million U.S. dollars based on an estimated rate of $24/barrel

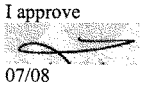
For your review and approval, please.

Regards,



Saddam Zeben Hassan
Executive Director

I approve



07/08



07/09

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 66

بسم الله الرحمن الرحيم

جمهورية العراق
وزارة النفط
شركة تسويق النفط (شركة عامة)
~~شركة تسويق النفط (شركة عامة)~~

الرقم : ع/ ١١٦٦٢
التاريخ ٤ ربيع الثاني ١٤٢١
الموافق ٢٠٠٠/٧/٥

وزارة النفط/مكتب الوزير
الرقم / ٨٧٥٧
التاريخ : ٢٠٠٠/٧/٦

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

استناداً لما جاء في كشف التخصيصات للمرحلة الثامنة في ادناه تفاصيل العقد الموقع مع شركة روزنفت امبكس الروسية لصالح السيد اساكوف (ديوان الرئاسة الروسي) .

١- رقم العقد : M/08/85 التاريخ : ٢٠٠٠/٧/٤
٢- اسم الشركة المشترية : روز نفت امبكس
٣- الجنسية : روسية
٤- الكمية : (١٤) ملايين برميل موزعة كالاتي
٥- نوع النفط الخام : (٦) مليون برميل نفط خام كركوك قوب جيهان
(٨) مليون برميل نفط خام البصرة الخفيف قوب البكر
٦- وجهة النفط الخام : اوربا بالنسبة لخام كركوك
امريكا و/او الشرق الاقصى بالنسبة لخام البصرة الخفيف
٧- التسعيرة : حسبما يتفق عليه بين المشتري وشركتنا من وقت لآخر .
٨- مدة العقد : لغاية ٢٠٠٠/١٢/٥
٩- القيمة التقديرية : (٣٣٦) مليون دولار امريكي بسعر تقديري (٢٤) دولار للبرميل .

يرجى التفضل بالاطلاع والمصادقة مع التقدير .

صدام زبن حسين
المدير التنفيذي

UNITED NATIONS NATIONS UNIES

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

S/AC.25/2000/OIL/1302/OC.46 10 July 2000

TO: "ROSNEFTEIMPEX" NK ROSNEFT RUSSIAN FEDERATION	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO.: 011-7095-941-6035	FAX NO.: (212) 963-1628
ATTENTION: Mr. DEMITRY I. KOSSAREV	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE: 1	

Re: Contract Number: **M/08/85** UN REF: **S/AC.25/2000/OIL/1302/COMM.85**
Between: **SOMO and "ROSNEFTEIMPEX" NK ROSNEFT**

Date of Receipt:	**6 July 2000**
Quantity:	**6,000,000 bbls**
Quality:	**Kirkuk**
Pricing Formula:	**Europe Market**
Port of Loading:	**Ceyhan**
Quantity:	**8,000,000 bbls**
Quality:	**Basrah Light**
Pricing Formula:	**USA and/or Far East**
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 BY THE SECURITY COUNCIL COMMITTEE ESTABLISHED BY RESOLUTION 661 (1990) CONCERNING THE SITUATION BETWEEN IRAQ AND KUWAIT**

REMARKS:

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

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 67

CONTRACT

Moscow July 11, 2000

Between RUSNAFTAIMPEX (BVI) LIMITED, Moscow, hereinafter referred to as "Sellers" and Messers "BAYOIL SUPPLY & TRADING LIMITED", Nassau, Bahamas, hereinafter referred to as "Buyers" and agreed as follows:

1. Object of Contract.

Sellers have sold and Buyers have bought F.O.B. Mina Al Bakr about 8 000 000 barrels of Iraq crude oil to be delivered in the frame of 5th period of United Nations program "Oil for food" subject to actual contractual quantities under the contracts between JSOC "ROSNEFTEIMPEX" NK ROSNEFT and "SOMO".

2. Quantity.

About 8 000 000 barrels of Basrah Light Crude Oil ex Mina Al Bakr of normal quality usually available at mentioned port.

3. Time of Delivery.

Deliveries are to be effected:

2 000 000 barrels July 2000

4 000 000 barrels August 2000

2 000 000 barrels by end of Phase 8 period

4. Destination.

Deliveries of mentioned quantities of Iraq crude oil will be effected to USA. However the actual port of destination will be agreed between Parties for each particular shipment subject to "SOMO" confirmation.

5. Price.

a) Official selling price of "SOMO" for Basrah Light Crude Oil ex Mina Al Bakr for corresponding destination with A.P.I. escalation/ de-escalation effective for month of delivery plus A PREMIUM per net US barrel to be agreed between Sellers and Buyers for each cargo.

b) The final unit price for Basrah Light Crude Oils shall be rounded off to three (3) decimal places to be increased to the next digit whenever the fourth decimal place is five or greater than five.

6. Payment.

Payment to be effected on the 30th day from Bill of Lading date (B/L date+one day) in US Dollars without any offset or deduction by telegraphic transfer in two parts:

1) Value of "SOMO" invoice at official selling price to "Banque National De Paris S.A., New York Branch, telex №8737018 per corresponding Letter of Credit.

2) Balance amount (0,02 US Dollars per net barrel of delivered crude oil) to be transferred to account in the bank to be designated by Sellers.

Payment shall be made upon presentation of Sellers' invoice and usual shipping documents (including full set of property issued or endorsed original Bills of Lading), or Sellers' Letter of Indemnity, in format acceptable to Buyer, in lieu of missing documents (telex/fax of invoice/LOI acceptable).

If payment falls due on a Saturday or Bank Holiday other than Monday in the place where payment is to be made then payment shall be made on the last preceding banking day.

If payment falls due on a Sunday or a Monday Bank Holiday in the place where payment is to be made then payment shall be made on next succeeding banking day.

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 68 SNT 014953

SNT 014953

7. Opening Letter of Credit.

Upon receipt of written instructions from Sellers, the Buyers shall open with indication the point "by order of: JSOC "ROSNEFTEIMPEX" NK ROSNEFT, Moscow" irrevocable and confirmed Letter of Credit in Favor of United Nations according to format enclosed to the Contracts between JSOC "ROSNEFTEIMPEX" NK ROSNEFT and "SOMO" through the bank acceptable for Sellers and covering each shipment of crude oil. All expenses in connection with opening, confirmation and utilization of Letter of Credit including amendments to be made at written request of Sellers for Buyers' account. Any possible actions of Buyers relating to opening, utilization or amendments of Letter of Credit are subject to prior written consent of Sellers. Buyers' Bank is obliged to send by fax to Sellers copies of opened Letters of Credit and their possible amendments.

Sellers have right to control the process of opening and utilization of Letters of Credit.

8. Law and Jurisdiction.

Each Party bears full responsibility for proper fulfillment of their obligations under present Contract.

All disputes or differences which may arise out of this Contract will be solved by Parties in an amicable way. If an amicable way of settlement is not possible, all disputes or differences which may arise out of or in connection with the present Contract shall be referred, jurisdiction of ordinary courts being excluded, to arbitration.

The arbitration shall be organized as follows:

The Party which intends to submit the dispute or difference to arbitration shall notify the other Party by a registered letter stating the name, and surname of the arbitrator, who may be a citizen of any country, and his address as well as stating the subject of the dispute, the number and/or date of the Contract. The other Party must appoint their arbitrator within 30 days on receipt of such letter who may also be a citizen of any country, informing the Party concerned also by a registered letter of his name, surname, and address.

If the Party summoned to arbitration fails to appoint their arbitrator within the said period of time, an arbitrator shall be appointed by the Chamber of Commerce in Stockholm, Sweden for this Party at the request of the other Party.

The appointment shall be made within 30 days on receipt of the appropriate application from the party, which submitted the dispute to arbitration.

Both arbitrators must appoint an umpire within 30 days after their appointment.

If the arbitrators fail to appoint the umpire within the said period he shall be appointed by Chamber of Commerce in Stockholm at the request of any of the Parties.

Seat of Arbitration shall be Stockholm, Sweden. English Language to be used.

The award of the Arbitration shall be made by majority of votes on the basis of the terms and conditions of the present Contract and in conformity with the rules of law to be applied pursuant to the rule of conflict of laws of Sweden. The Arbitration may also additionally utilize generally accepted international trade customs.

The award shall be motivated and indicate the composition of the Arbitration, the date and the place when and where the award was made and appointment of the arbitration expenses between the Parties. The Arbitration award shall be made within 2 months from the date of election or appointment of the umpire and is final and binding for both parties.

9.Other Considerations.

All other terms and conditions not mentioned above shall be in accordance with corresponding "SOMO" – JSOC "ROSNEFTEIMPEX" NK ROSNEFT, Moscow contracts (to be send to Buyers).

The entire deal is done subject to "SOMO" confirmation, demurrage, if any, will be paid if "SOMO" accept it and upon receipt of the funds from "SOMO", otherwise there will be no responsibility for demurrage from Sellers. If any other expenses arise in connection with fulfillment of the present Contract and they are not confirmed and paid by "SOMO" they will be for Buyers' account.

The present Contract comes into force from the date of signing. The validity of this Contract shall continue as long as corresponding Contracts between JSOC "ROSNEFTEIMPEX" NK ROSNEFT and "SOMO" are valid and with regards to payment obligations until their full completion.

10.Legal Addresses.

SNT 014954

10.Legal Addresses.

Sellers –RUSNAFTAIMPEX (BVI) LIMITED	**Buyers – BAYOIL SUPPLY & TRADING LIMITED**
C/O Jardine House, 1 Wesley Str., St.Helier Jersey, JE4 8HD,Channel Islands United Kingdom Tel.:44 01534 888111 Fax:44 01534 88116	P.O.Box CB 12918 Nassau, Bahamas tel.: 242 362 4731 fax: 242 362 4733 tlx: 20644
For Sellers A. Milovanov Director, Moscow Representation Office	**For Buyers** D.B. Chalmers Jr.- President

SNT 014955

CONTRACT

Moscow **July11, 2000**

Between RUSNAFTAIMPEX (BVI) UMITED, United Kingdom, hereinafter referred to as "Seller," and Messers BAYOIL SUPPLY & TRADING LIMITED", Nassau, Bahamas, hereinafter referred to as Buyers" and agreed as follows:

1.Object of Contract.

Sellers have sold and Buyers have bought FOB Mina Al Bakr about 8,000,000 barrels of Iraq crude oil to be delivered in the frame of 8th period of United Nations program "Oil for food" subject to actual contractual quantities under the contracts between JSOC "RUSNEFTEIMPEX" NK ROSNEFT and "SOMO".

2. Quantity.

About 8,000,000 barrels of Basrah Light Crude Oil ex Mina Al Bakr of normal quality usually available at mentioned port.

3. Time of Delivery.

Deliveries are to be effected:

2,000,000 barrels	**July 2000**
4,000,000 barrels	**August 2000**
2,000,000 barrels	**by end of phase 8 period**

The lifting program is subject to SOMO approval!

4. Destination.

Deliveries or mentioned quantities of Iraq crude oil will be effected to USA. However the actual port of destination will be agreed between Parties for each particular shipment subject to 'SOMO" confirmation.

5. Price.

a) Official selling price of "SOMO" for Basrah Light Crude Oil ex Mina Al Bakr for corresponding destination with A. P. I. escalation de-escalation effective for month of delivery plus a PREMIUM per net US barrelagreed between Sellers and Buyers for each cargo, as stated in the Addendum..

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 69 SNT 017014

SNT 017014

b) The final unit price for Basrah Light Crude Oils shall be rounded off to three (3) decimal places to be increased to the next digit whenever the fourth decimal place is five or greater than five.

6. Payment

Payment to be effected on the 30th day from Bill of Lading date (B/L date = day one) in US Dollars without any offset or deduction by telegraphic transfer in two parts:

1) Value of "SOMO" invoice at official selling price to "Banque National De Paris, S.A., New York branch, telex No: 6737018 per corresponding Letter of Credit.

2) Balance amount in US Dollars per net barrel of delivered crude oil to be transferred to account in the bank to be designated by Sellers.

Payment shall be made upon presentation of Seller's invoice and usual shipping documents (including full set of properly issued or endorsed original Bills of Lading), or Sellers Letter of Indemnity, in format acceptable to Buyer, in lieu of missing documents (telex/fax of invoice/LOI acceptable).

If payment falls due on a Saturday or Bank Holiday other than Monday in the place where payment is to be made then payment shall be made on the last preceding banking day.

If payment falls due on a Sunday or Monday Bank Holiday in the place where payment is to be made then payment shall be made on next succeeding banking day.

7. Opening Letter of Credit.

Upon receipt of written instructions from Sellers, the Buyers shall open with indication the point "by order of JSOC"ROSNEFTEIMPEX NK ROSNEFT, Moscow" irrevocable and confirmed Letter of Credit in favor of United Nations according to format enclosed to the Contracts between JSOC "ROSNEFTEIMPEX" NK ROSNEFT and "SOMO' through the bank acceptable for Sellers and covering each shipment of crude oil. All expenses in connection with opening, confirmation and utilization of Letter of Credit including amendments to be made at written request of Sellers are for Buyers' account. Any possible actions of Buyers relating to opening, utilization or amendments of Letter of Credit are subject to prior written consent of Sellers. Buyers' Bank is obliged to send by fax to Sellers copies of opened Letters of Credit and their possible amendments.

Sellers have right to control the process of opening and utilization of Letters of Credit.

8. Law and Jurisdiction.

[illegible] under present Contract.

All disputes or differences which may arise out of this Contract will be solved by Parties in an amicable way if on amicable way of settlement is not possible, all dispute

SNT 017015

or differences which may arise out of or in connection with the present Contract shall be referred, jurisdiction of ordinary courts being excluded, to arbitration

The arbitration shall be organized as follows:

The Party which intends to submit the dispute or difference to arbitration shall notify the other Party by a registered letter stating the name, and surname of the arbitrator, who may be a citizen of any country, and his address as well as stating the subject of the dispute, the number and/or date of the contract. The otter Party muet appoint their arbitrator within 30 days on receipt of much letter who may also be a citizen of any country, informing the Patty concerned also by a registered letter of his name, surname, and address.

If the Party summoned to arbitration fails to appoint their arbitrator within the said period of time, an arbitrator shall be appointed by the Chamber of Commerce in Stockholm, Sweden for this Party at the request of the Other Party

The appointment shall be made within 30 days on receipt of the appropriate application from the party, which submitted the dispute to arbitration.

Both arbitrators must appoint an umpire within 30 days offer their appointment.

If the arbitrators fail to appoint the umpire within the said period he shall be appointed by Chamber of Commerce in Stockholm at the request of any of the Parties.

Seat of Arbitration shall be Stockholm, Sweden. English Language to be used.

The award of the Arbitration shall be made by majority of votes on the basis of the terms and conditions of the Present Contract and in conformity with the rules of law to be applied pursuant to the rule of conflict of laws of Sweden. The Arbitration may also additionally utilize generally accepted international trade customs.

The award shall be motivated and indicate the composition of the Arbitration, the date and the place when and where the award was made and appointment of the arbitration expenses between the Parties. The Arbitration award shall be mode within 2 months from the date of election or appointment of the umpire and is final and binding for both parties.

9. Other Considerations.

All other term; and conditions not mentioned above shall be in accordance with corresponding "SOMO" - JSOC ROSNEFTEIMPEX NK ROSNEFT, Moscow contracts (to be send to Buyer.)

The entire deal is done subject to "SOMO" confirmation, demurrage, if any, will be paid if 'SOMO" accept it and upon receipt of the funds from "SOMO" otherwise there will be no responsibility for demurrer from Seller's. If any other expenses arise in connection with fulfillment of the present Contract and they are not confirmed and paid by "SOMO they will be for Buyers' account

The present Contract comes into force from the date of signing. The validity of this Contract shall continue as long as corresponding Contract between JSOC "ROSNEFTEIMPEX" NK ROSNEFT and "SOMO" are valid and with regards to payment obligations until their full completion.

SNT 017016

10. Legal Addresses

Sellers RUSNAFTAIMPEX (BVI) LIMITED
c/o Jardine House, 1 Wesley St., St. Helier
Jersey, JE4 8HD,Channel Islands
United Kingdom
Tel: +44 01634 888111
Fax: +44 01634 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

SNT 017017

CONTRACT

Moscow July 11, 2000

Between JSOC "ROSNEFTEIMPEX" NK ROSNEFT, Moscow, hereinafter referred to as "Sellers" and Messers "BAYOIL SUPPLY & TRADING LIMITED", Nassau, Bahamas, hereinafter referred to as "Buyers" and agreed as follows:

1. Object of Contract.

Sellers have sold and Buyers have bought F.O.R. Mina Al Bakr about 8 000 000 barrels of Iraq crude oil to be delivered in the frame of 8th period of United Nations program "Oil for food" subject to actual contractual quantities under the contracts between JSOC "ROSNEFTEIMPEX" NK ROSNEFT and "SOMO".

2. Quantity.

About 8 000 000 barrels of Basrah Light Crude Oil ex Mina Al Bakr of normal quality usually available at mentioned port.

3. Time of Delivery.

Deliveries are to be effected:

2 000 000 barrels July 2000

4 000 000 barrels August 2000

2 000 000 barrels (Subject agreement of the price) by end of Phase 8 period

4. Destination.

Deliveries of mentioned quantities of Iraq crude oil will be effected to USA. However the actual port of destination will be agreed between Parties for each particular shipment subject to "SOMO" confirmation.

5. Price.

a) Official selling price of "SOMO" for Basrah Light Crude Oil ex Mina Al Bakr for corresponding destination with A.P.I. escalation/ de-escalation effective for month of delivery plus US Dollars 0,02 per net US barrel.

b) The final unit price for Basrah Light Crude Oils shall be rounded off to three (3) decimal places to be increased to the next digit whenever the fourth decimal place is five or greater than five.

Price for the last 2 000 000 BBLs to be agreed additionally.

6. Payment.

Payment to be effected on the 30th day from Bill of Lading date (B/L date=one day) in US Dollars without any offset or deduction by telegraphic transfer in two parts:

1) Value of "SOMO" invoice at official selling price to "Banque National De Paris S.A., New York Branch, telex №6737018 per corresponding Letter of Credit.

2) Balance amount (0,02 US Dollars per net barrel of delivered crude oil) to be transferred to account in the bank to be designated by Sellers.

Payment shall be made upon presentation of Sellers' invoice and usual shipping documents (including full set of property issued or endorsed original Bills of Lading), or Sellers' Letter of Indemnity, in format acceptable to Buyer, in lieu of missing documents (telex/fax of invoice/LOI acceptable).

If payment falls due on a Saturday or Bank Holiday other than Monday in the place where payment is to be made then payment shall be made on the last preceding banking day.

If payment falls due on a Sunday or a Monday Bank Holiday in the place where payment is to be made then payment shall be made on next succeeding banking day.

SNT 015622

7. Opening Letter of Credit in Favor of United Nations and Transfer of Amounts Due to JSOC "ROSNEFTEIMPEX" NK ROSNEFT

Upon receipt of written instructions from Sellers, the Buyers shall open with indication in the point "by order of JSOC "ROSNEFTEIMPEX" NK ROSNEFT, Moscow" irrevocable and confirmed Letter of Credit in Favor of United Nations according to format enclosed to the Contracts between JSOC "ROSNEFTEIMPEX" NK ROSNEFT and "SOMO" through the bank acceptable for Sellers and covering each shipment of crude oil. All expenses in connection with opening, confirmation and utilization of Letter of Credit including amendments to be made at written request of Sellers for Buyers' account. Any possible actions of Buyers relating to opening, utilization or amendments of Letter of Credit are subject to prior written consent of Sellers. Buyers' Bank is obliged to send by fax to Sellers copies of opened Letters of Credit and their possible amendments.

Sellers have right to control the process of opening and utilization of Letters of Credit.

8. Law and Jurisdiction.

Each Party bears full responsibility for proper fulfillment of their obligations under present Contract.

All disputes or differences which may arise out of this Contract will be solved by Parties in an amicable way. If an amicable way of settlement is not possible, all disputes or differences which may arise out of or in connection with the present Contract shall be referred, jurisdiction of ordinary courts being excluded, to arbitration.

The arbitration shall be organized as follows:

The Party which intends to submit the dispute or difference to arbitration shall notify the other Party by a registered letter stating the name, and surname of the arbitrator, who may be a citizen of any country, and his address as well as stating the subject of the dispute, the number and/or date of the Contract. The other Party must appoint their arbitrator within 30 days on receipt of such letter who may also be a citizen of any country, informing the Party concerned also by a registered letter of his name, surname, and address.

If the Party summoned to arbitration fails to appoint their arbitrator within the said period of time, an arbitrator shall be appointed by the Chamber of Commerce in Stockholm, Sweden for this Party at the request of the other Party.

The appointment shall be made within 30 days on receipt of the appropriate application from the party, which submitted the dispute to arbitration.

Both arbitrators must appoint an umpire within 30 days after their appointment.

If the arbitrators fail to appoint the umpire within the said period he shall be appointed by Chamber of Commerce in Stockholm at the request of any of the Parties.

Seat of Arbitration shall be Stockholm, Sweden. English Language to be used.

The award of the Arbitration shall be made by majority of votes on the basis of the terms and conditions of the present Contract and in conformity with the rules of law to be applied pursuant to the rule of conflict of laws of Sweden. The Arbitration may also additionally utilize generally accepted international trade customs.

The award shall be motivated and indicate the composition of the Arbitration, the date and the place when and where the award was made and appointment of the arbitration expenses between the Parties. The Arbitration award shall be made within 2 months from the date of election or appointment of the umpire and is final and binding for both parties.

9.Other Considerations.

All other terms and conditions not mentioned above shall be in accordance with corresponding "SOMO" – JSOC "ROSNEFTEIMPEX" NK ROSNEFT, Moscow contracts (to be send by Buyers).

The entire deal is done subject to "SOMO" confirmation, demurrage, if any, will be paid if "SOMO" accept it and upon receipt of the funds from "SOMO", otherwise there will be no responsibility for demurrage from Sellers. If any other expenses arise in connection with fulfillment of the present Contract and they are not confirmed and paid by "SOMO" they will be for Buyers' account.

The present Contract comes into force from the date of signing. The validity of this Contract shall continue as long as corresponding Contracts between JSOC "ROSNEFTEIMPEX" NK ROSNEFT and "SOMO" are valid and with regards to payment obligations until their full completion.

SNT 015623

10.Legal Addresses.

Sellers - JSOC "ROSNEFTEIMPEX"
LIMITED
NK ROSNEFT
Russia, Moscow, 113813
B.Yakimanka Street bld. 33/13
Tel.: 7(095) 152 97 51; 151 44 62 / 238 84 02
Fax: 7(095) 941 60 35 / 929 61 40
tlx.: 612303 VATH

Account № 40702840100010006227 with
INTERNATIONAL MOSCOW BANK, Moscow

For Sellers
D.I. KOSSAREV
Deputy Director General

Buyers – BAYOIL SUPPLY & TRADING

P.O.Box CB 12918 Nassau, BAGHAMAS

tel.: 242 362 4731
fax: 242 362 4733
tlx: 20644

For Buyers
D.B. Chalmers
Jr.- President

SNT 015624

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

Moscow **July 26, 2000**

In accordance with contract dated July 11. 2000 regarding 8,000,000 barrels of Basrah Light crude oil ex Mina Al Bakr, the price of cargoes to be delivered in the frame of 8 period will be official selling price of SOMO for "Basrah Light" for US destination(or any other destination that may be agreed there after) plus premium per net US barrels of USD 0,24 (twenty four cents)

Value of SOMO invoice at official selling price will be paid to Bank National de Paris, S. A., New York as per corresponding Letter of Credit.

Balance amount in US dollars per net barrel of delivered crude oil will be tranferred by Buyers to account in the bank to be designated by Sellers against Sellers invoice in the following way.

USD 0.12 in advance upon SOMO's acceptance of vessel nomination
USD 0.12, on the 30th day from Bill of Lading date (B/L date = day one)

Sellers RUSNAFTAIMPEX (BVI) LIMITED
c/o Jardine House, 1 Wesley St., St. Helier
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
PSI Staff Rpt (RPC) - FN 70
SNT 017013

SNT 017013

JANSMIT REPORT

2000,07-17 09:23
713-224-8101
BAYOIL 713-224-8101

COM No.	REMOTE STATION	START TIME	DURATION	PAGES	RESULT	USER ID	REMARKS
141	+4122 3199228	07-17 09:23	00'26	01/01	OK		

7450210182

BAYOIL

TO: CREDIT AGRICOLE INDOSUEZ SA, GENEVA
ATTN: TAREK EL-GOWHARI

FROM: BAYOIL SUPPLY & TRADING LIMITED

DATE: JULY 14, 2000

RE: M/T "BOURGOGNE"/SUB EX MINA AL BAKR – JULY 2000
2,000,000 BBLS BASRAH LIGHT CRUDE OIL

PLEASE EFFECT PAYMENT VALUE MONDAY JULY 17, 2000 TO COVER PREMIUM FOR ABOVE REFERENCED CARGO:

AMOUNT: USD 240,000.00

TO: HELLENIC BANK LTD
92 DHIGENIS AKRITAS AVE.,
P.O. BOX 4529
1300 NICOSIA, CYPRUS

SWIFT: 140-07-075660-01

ACCT NO.: 140-07-075660-01

CREDIT: HAVERHILL TRADING LIMITED

THANK YOU FOR YOUR ASSISTANCE.

BEST REGARDS,

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 71

SNT 015735

BAYOIL

TO: CREDIT AGRICOLE INDOSUEZ SUISSE SA, GENEVA
ATTN: Mr. Tarek El-Gowhari

FAX: 011-4121-319-9228

FROM: Bayoil Supply & Trading Limited

DATE: August 25, 2000

REF: 1,883,963 bbls basrah light ex Mina Al Bakr
M/T "Licorne Pacifique" B/L August 3, 2000.
Our Ref. V-50100

Dear Tarek:

Grateful if you could please wire following value Friday September 1, 2000 to cover premium payment for above referenced cargo:

Amount: US$212,151.12

To: UBS AG
Confederation 2
1201 Geneva
Switzerland

Credit: RUSNAFTAIMPEX LTD

Account: 0240-322926

Swift: UBSWCHZH12A

Thank you for your assistance.

Best regards,

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

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 72
SNT 015706

SNT 015706

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: C/181/2000

Sold to	: JSOC ROSNEFTEIMPEX NK ROSNEFT, MOSCOW	Due date	: 18.8.2000
Exporting Port	: CEYHAN TERMINAL - TURKEY	Contract No.	: M/08/85
Ship's Name	: WILMINA	BNP Confirmation no	: B721453
Destination	: HUELVA	Openinig Bank L/c No.	: ES00I01169
Country of origin	: IRAQ	Shipment No.	: CK/4822

Description of commodity	Quantity			Price per Barrel FOB	Total value in U.S. Dollars
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (KIRKUK) 33.62 API GRAVITY AT 60° F	134,105.910	131,987.51	986,495	19.68	19,414,221.60
					19,414,221.60

Total U.S. Dollars : NINETEEN MILLION FOUR HUNDRED FOURTEEN THOUSAND TWO HUNDRED TWENTY ONE AND SIXTY CENT

Price Calculation: DATED BRENT MINUS $6.00/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.23 API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT NUMBER 0200-201752-001-08

B/L DATED 20/7/2000

ORIGINAL

Y.H.IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 73

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: B/221/2000

Sold to : Rosneftimpex nK Rosneft
MOSCOW M 35 RUSSIAN FEDERATION

Due date : 1.9.2000

Exporting Port : MINA AL BAKR TERMINAL

Contract No. : M/08/85

Ship's Name : LICORNE PACIFIQUE

BNP Confirmation no : B721605

Destination : NORTH AMERICA

Openinig Bank L/c No. : CIO249220

Country of origin : IRAQ

Shipment No. : BBL/2915

Description of commodity	Quantity			Price per Barrel FOB	Total value in U.S. Dollars
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (BASRAH LIGHT) 31.79 API GRAVITY AT 60° F	258,971.393	254,880.56	1,883,963	25.283	47.632.236.53
					47.632.236.53

Total U.S. Dollars : FORTY SEVEN MILLION SIX HUNDRED THIRTY TWO THOUSAND TWO HUNDRED THIRTY SIX AND FIFTY THREE CENTS

Price Calculation: WTI (SECOND MONTH) MINUS $6.20/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 NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT NUMBER 0200-201752-001-08

P.O Box 5118 FINANCIAL DEPARTMENT

B/L DATED 3/8/2000

ORIGINAL

Y.H.IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

563

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq

Commercial Invoice No.: B/231/2000

Sold to : 'ROSNEFTEIMPEX ' NK ROSNEFT
Exporting Port : MINA AL BAKR TERMINAL
Ship's Name : TINA
Destination : NORTH AMERICA
Country of origin : IRAQ

Due date : 10.9.2000
Contract No. : M/08/85
BNP Confirmation no : B721900
Openinig Bank L/c No. : IX00117010020933
Shipment No. : BBL/2922 PART(2)

Description of commodity	Quantity			Price per Barrel FOB	Total value in U.S. Dollars
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (BASRAH LIGHT) 31.02 API GRAVITY AT 60° F	256,515.021	252,462.99	1,857,303	25.389	47 155 065.87
					47 155 065 87

Total U.S. Dollars : FORTY SEVEN MILLION ONE HUNDRED FIFTY FIVE THOUSAND SIXTY FIVE AND EIGHTY SEVEN CENTS

Price Calculation: WTI (SECOND MONTH) MINUS $6.50/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 $ 0.29 API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT NUMBER 0200-201752-001-08

B/L DATED 12/8/2000

ORIGINAL

Y.H.IBRAHIM

For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

564

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: C/217/2000

Sold to	: JSOC ROSNEFTEIMPEX NK ROSNEFT, MOSCOW	Due date	: 23.9.2000
Exporting Port	: CEYHAN TERMINAL - TURKEY	Contract No.	: M/08/85
Ship's Name	: INIGO TAPIAS	BNP Confirmation no	: B721965
Destination	: ALGECIRAS	Openinig Bank L/c No.	: ES00101186
Country of origin	: IRAQ	Shipment No.	: CK/4855

Description of commodity	Quantity			Price per Barrel FOB	Total value in U.S. Dollars
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (KIRKUK) 33.99 API GRAVITY AT 60° F	135,461.665	133,321.85	998,708	30.802	30,762,203.82
					30,762,203.82

Total U.S. Dollars : THIRTY MILLION SEVEN HUNDRED SIXTY TWO THOUSAND TWO HUNDRED THREE AND EIGHTY TWO CENT

Price Calculation: DATED BRENT MINUS $3.40/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.20 API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT NUMBER 0200-201752-001-08

P.O. Box 5118 FINANCIAL DEPARTMENT

B/L DATED 25/8/2000

COPY

Y.H.IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: C/231/2000

Sold to	: JSOC ROSNEFTEIMPEX NK ROSNEFT, MOSCOW	Due date	: 10.10.2000
Exporting Port	: CEYHAN TERMINAL - TURKEY	Contract No.	: M/08/85
Ship's Name	: NORD HOPE	BNP Confirmation no	: B721381
Destination	: HUELVA	Openinig Bank L/c No.	: ES00101205
Country of origin	: IRAQ	Shipment No.	: CK/4866

Description of commodity	Quantity			Price per Barrel FOB	Total value in U.S. Dollars
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (KIRKUK) 33. 5 API GRAVITY AT 60° F	135,666.004	133,522.96	997,300	27.568	27,493,566.40
					27,493,566.40

Total U.S. Dollars : TWENTY SEVEN MILLION FOUR HUNDRED NINETY THREE THOUSAND FIVE HUNDRED SIXTY SIX AND FORTY CENT

Price Calculation: DATED BRENT MINUS $5.00/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.25 API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT NUMBER 0200-201752-001-08

P.O Box 5118 FINANCIAL DEPARTMENT

B/L DATED 11/9/2000

ORIGINAL

I.A.SHUAEIB

For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: B/266/2000

Sold to	: 'ROSNEFTEIMPEX ' NK ROSNEFT	Due date	: 11.10.2000
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/08/85
Ship's Name	: BERGE CHIEF	BNP Confirmation no	: B722488
Destination	: NORTH AMERICA	Openinig Bank L/c No.	: CI0254620
Country of origin	: IRAQ	Shipment No.	: BBL/2951

Description of commodity	Quantity			Price per Barrel FOB	Total value in U.S. Dollars
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (BASRAH LIGHT) 31.28 API GRAVITY AT 60° F	268,026.847	263,792.97	1,943,729	24.17	46,979,929.93
					46,979,929.93

Total U.S. Dollars FORTY SIX MILLION NINE HUNDRED SEVNETY NINE THOUSAND NINE HUNDRED NINE AND NINETY THREE CENTS

Price Calculation: WTI (SECOND MONTH) MINUS $6.70/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 $ 0.27 API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT NUMBER 0200-201752-001-08

P.O. Box 5118 FINANCIAL DEPARTMENT

B/L DATED 12/9/2000

ORIGINAL

I.A.SHUAIB

For State Oil Marketing Organization

HEAD OF FINANCE DEPT.

567

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: C/248/2000

Sold to	: JSOC ROSNEFTEIMPEX NK ROSNEFT, MOSCOW	Due date	: 26.10.2000
Exporting Port	: CEYHAN TERMINAL - TURKEY	Contract No.	: M/08/85
Ship's Name	: SANDRA TAPIAS	BNP Confirmation no	: B722740
Destination	: ALGECIRAS	Openinig Bank L/c No.	: ES00101223
Country of origin	: IRAQ	Shipment No.	: CK/4883

Description of commodity	Quantity			Price per Barrel FOB	Total value in U.S. Dollars
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (KIRKUK) 33. 87 API GRAVITY AT 60° F	134,941.428	132,809.83	994,202	25.734	25,584,794.27
					25,584,794.27

Total U.S. Dollars : TWENTY FIVE MILLION FIVE HUNDRED EIGHTY FOUR THOUSAND SEVEN HUNDRED NINETY FOUR AND TWENTY SEVEN CENT

Price Calculation: DATED BRENT MINUS $3.50/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.21 API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT NUMBER 0200-201752-001-08

P.O. Box 5118 FINANCIAL DEPARTMENT

B/L DATED 27/9/2000

ORIGINAL

For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

568

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: C/261/2000

Sold to : JSOC ROSNEFTEIMPEX NK ROSNEFT. MOSCOW
Exporting Port : CEYHAN TERMINAL - TURKEY
Ship's Name : BORJA TAPIAS
Destination : HUELVA
Country of origin : IRAQ

Due date : 11.11.2000
Contract No. : M/08/85
BNP Confirmation no : B723230
Openinig Bank L/c No. : ES00I01251
Shipment No. : CK/4895

Description of commodity	Quantity			Price per Barrel FOB	Total value in U.S. Dollars
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (KIRKUK) 34. 57 API GRAVITY AT 60° F	138,150.865	135,968.57	1,022,134	25.518	26,082,815.41
					26,082,815.41

Total U.S. Dollars : TWENTY SIX MILLION EIGHTY TWO THOUSAND EIGHT HUNDRED FIFTEEN AND FORTY ONE CENT

Price Calculation: DATED BRENT MINUS $5.00/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.14 API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT NUMBER 0200-201752-001-08

P.O. Box 5118 FINANCIAL DEPARTMENT

B/L DATED 13/10/2000

ORIGINAL

I.A. SHUBAIB

For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

569

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: B/315/2000

Sold to	: 'ROSNEFTEIMPEX ' NK ROSNEFT	Due date	: 1).11.2000
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/08/[illegible]85
Ship's Name	: OLYMPIA SPIRIT	BNP Confirmation no	: E-723348
Destination	: NORTH AMERICA	Openinig Bank L/c No.	: IX00117010023770
Country of origin	: IRAQ	Shipment No.	: BBL/2984

Description of commodity	Quantity			Price per Barrel FOB	Total value in U.S. Dollars
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (BASRAH LIGHT) 30.87 API GRAVITY AT 60° F	321,269.157	316,194.24	2,324,019	25.105	58,344,497.00
					58,344,497.00

Total U.S. Dollars : FIFTY EIGHT MILLION THREE HUNDRED FORTY FOUR THOUSAND FOUR HUNDRED NINETY SEVEN

Price Calculation: WTI (SECOND MONTH) MINUS $7.00/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 $0.31 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT NUMBER 0200-201752-001-08

B/L DATED 21/10/2000

I.A.SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

ORIGINAL

570

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: C/298/2000

Sold to	: ISOC ROSNEFTEIMPEX NK ROSNEFT, MOSCOW	Due date	: 1".12.2000
Exporting Port	: CEYHAN TERMINAL - TURKEY	Contract No.	: M/08/85
Ship's Name	: BORJA TAPIAS	BNP Confirmation no	: P724119
Destination	: HUELVA	Opening Bank L/c No.	: ES00I01295
Country of origin	: IRAQ	Shipment No.	: CK/4927

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (KIRKUK) 34. 53 API GRAVITY AT 60° F	135,361.310	133,223.08	1,001.269	35.325	35,369,827.43
					35,369,827.43

Total EURO : THIRTY FIVE MILLION THREE HUNDRED SIXTY NINE THOUSAND EIGHT HUNDRED TWENTY SEVEN AND FORTY THREE CENT

Price Calculation: DATED BRENT MINUS $3.20/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.14 API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB- ACCOUNT, ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 18 /11/2000

ORIGINAL

P.O. Box 5118 FINANCE PASSED

For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

12-05-00 03:23pm From-UNITED NATIONS TREASURY DIV 2128632086 T-816 P.002/009 F-523

07-28-2000 08:04AM FROM TO 7132248101 P.01

FROM : VOTUM PHONE NO. : 929 61 39 JUL. 03 2000 11:24AM P1

RUSNAFTAIMPEX (BVI) LIMITED
C/O Jardine House, 1 Wesley Street St. Helier, Jersey. JE4 8HD Channel Islands, UK

INVOICE No. 02/27/07

Contract dtd 11.07.2000. Addendum No.1 dtd 26.07.2000

To: BAYOIL SYPPLY & TRADING LIMITED
P.O. Box CB 12918, Nassau, Bahamas

Description: m/t TINA/Sub layean 10.08.2000
BASRAH LIGHT crude oil ex MINA AL BAKR
2 000 000 BBLS * 0,12

Total amount: $240,000.00(Two hundred and forty Thousand US Dollars only)

The above mentioned amount should be paid to:
Beneficiary: RUSNAFTAIMPEX LTD
Account No. 0240 322926
Bank: UBS AG, Confederation 2. 1201 Geneve, Switzerland
SWIFT Code: UBSWCHZH12A

Alexei Milovanov
Director
Moscow Office Representative

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 74
SNT 014950

SNT 014950

RUSNAFTAIMPEX (BVI) LIMITED
C/O Jardine House, 1 Wesley Street St. Helier, Jersey, JE4 8RT, Channel Islands, UK

INVOICE No. 05/27/07

Contract dtd 11.07.2000, Addendum No.1 dtd 26.07.2000

To: BAYOIL SYPPLY & TRADING LIMITED
P.O. Box CB 12918, Nassau, Bahamas

Description: m/t «BERGE CHIEF»/Sub laycan 09.09.2000
BASRAH LIGHT crude oil ex MINA AL BAKR
2 000 000 BBLS * 0,12

Total amount: $240,000.00(Two hundred and forty Thousand US Dollars only)

The above mentioned amount should be paid to:
Beneficiary: RUSNAFTAIMPEX LTD
Account No. 0240 322926
Bank: UBS AG, Confederation 2. 1201 Geneve, Switzerland
SWIFT Code: UBSWCHZH12A

Alexei Milovanov
Director
Moscow Office Representative

SNT 016308

4

RUSNAFTIMPEX (BVI) LIMITED
C/O Jardine House, 1 Wesley St. Heller, Jersey, JE4 8HD Channel Islands, UK

INVOICE No 14/28/09 dated 28.09.00.
Contract dated July 11, 2000, addendum No1 dated 26 July 2000

To: Bayoil Supply and Trading Limited P.O.Box CB 12918, Nassau, Baghamas

Discription: m/t "Olympia Spirit"/Sub laycan 15.10.2000
Basrah Light crude oil ex Mina Al Bakr
2 000 000 bbls* 0,12

Total amount: USD 240. 000. 000 (Two hundred and forty thousand US dollars only)

The above amount should be paid to:
Beneficiary: Rusnaftaimpex LTD
Account No: 0240 322926
Bank: UBS AG, Confederation 2.1201 Geneve, Switzerland
Swift Code: UBSWCHZH12A

Alexei Milovanov
Director
Moscow Office Representative

Rusnaftaimpex BVI Limited
C/O Jardine House, 1Westley St. Helier, Jersey, JE4 8HD,Channel Islands, UK

Invoice No 07/24/08

Contract dated July 11, 2000, addendum No1 dated 1 July 26, 2000

To: Bayoil Supply & Trading Limited P.O.Box CB 12918, Nassau, Baghamas
Stamer: m/t "Licorne Pacifique" B/L 03.08.00. ex Al Baki
Discription: Basrah Light crude oil 1,883.963 net bbls
Premium: USD 0,24 per net bbls
Amount: USD 452,151.12
Less Prepayment: USD 240,000.00
Total Amount: USD 212,151.12 212,151.12 DUE 9/1/00

The above amount should be paid at 30 days from the B/L date
(include B/L date) to:
Beneficiary: Rusnaftaimpex LTD
Account No: 0240 322926
Bank: UBS AG, Confederation 2.1201 Geneve, Switzerland
Swift Code: UBSWCHZH12A

Alexsei Milovanov
Director
Moscow office representative

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 75

SNT 015708

RUSNAFTIMPEX (BVI) LIMITED
C/O Jardine House, 1 Wesley St. Helier, Jersey, JE4 8HD Channel Islands, UK

INVOICE No 09/04/09 dated 04.09.2000

Contract dated July 18, 2000, addendum No1 dated 26 July 2000

To: Bayoil Supply and Trading Limited P.O.Box CB 12918, Nassau, Baghamas
Steamer: m/t "Tina" B/L 12.08.00.ex Al Bakr
Discription: Basrah Light crude oil 1,857.303 net bbls
Premium: USD 0,24 per net bbls
Amount: USD 445,752.72
Less Prepayment: USD 240,000.00
Total amount: USD 205,752.72

The above amount should be paid at 30 days from the B/L date (including B/L date) to:
Beneficiary: Rusneftaimpex LTD
Account No: 0240.322926
Bank: UBS AG, Confederation 2 1201 Geneve, Switzerland
Swift Code: UBSWCHZH12A

Alexei Milovanov
Director
Moscow Office Representative

RUSNAFTIMPEX (BVI) LIMITED
C/O Jardine House, 1 Wesley St. Helier, Jersey, JE4 8HD Channel Islands, UK

INVOICE No 16/13/10 dated 03.10.2000

Contract dated July 18, 2000, addendum No1 dated 26 July 2000

To: Bayoil Supply and Trading Limited P.O.Box CB 12918, Nassau, Baghamas
Steamer: m/t "Berge Chief" B/L 12.09.00.ex Al Bakr
Discription: Basrah Light crude oil 1,943.729 net bbls
Premium: USD 0,24 per net bbls
Amount: USD 466,494,96
Less Prepayment: USD 240,000.00
Total amount: USD 226,494.96

The above amount should be paid at 30 days from the B/L date (including B/L date) to:
Beneficiary: Rusneftaimpex LTD
Account No: 0240 322926
Bank: UBS AG, Confederation 2,1201 Geneve, Switzerland
Swift Code: UBSWCHZH12A

Alexei Milovanov
Director
Moscow Office Representative

SNT 016286

RUSNAFTIMPEX (BVI) LIMITED
C/O Jardine House, 1 Wesley St. Helier, Jersey, JE4 8HD Channel Islands, UK

INVOICE No 22/13/11 dated 13.11.00.
Contract dated July 11, 2000, addendum No1 dated 26 July 2000

To: Bayoil Supply and Trading Limited P.O.Box CB 12918, Nassau, Baghamas

Steamer: m/t "Olympia Spirit", B/L 21.10.2000 ex Al Bakr
Discription: Basrah Light crude oil
2 324 019 net bbls
Premium: USD 0,24 per net bbls
Amount: USD 557,764.96
Less Prepayment: USD 240,000.00
Total amount: USD 317,764.56

The above amount should be paid at 30 days from the B/L date (including B/L date)to:
Beneficiary: Rusnaftaimpex LTD
Account No: 0240 322926
Bank: UBS AG, Confederation 2.1201 Geneve, Switzerland
Swift Code: UBSWCHZH12A

Alexei Milovanov
Director
Moscow Office Representative



SNT 017115

3:58 PM
07/16/04
Accrual Basis

Bayoil Supply & Trading, Ltd.
Transaction Detail By Account
January 1996 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Gross Sales								
Sales - Oil Products								
General Journal	8/31/2000	Je-Ck-24	CLARK REFINING	Licorne Pacific	V-50100	Accounts Re...	17,143,154.15	17,143,154.15
General Journal	8/31/2000	Je-Ck-24	Exxon	Licorne Pacific	V-50100	Accounts Re...	16,677,172.40	33,820,326.55
General Journal	8/31/2000	Je-Ck-24	CLARK REFINING	Licorne Pacific	V-50100	Accounts Re...	9,917,140.59	43,737,467.14
General Journal	8/31/2000	Je-Ck-24	Exxon	Licorne Pacific	V-50100	Accounts Re...	15,219,231.50	58,956,698.64
Total Sales - Oil Products							58,956,698.64	58,956,698.64
Total Gross Sales							58,956,698.64	58,956,698.64
Cost of Sales								
Demurrage @ Lighter								
General Journal	8/31/2000	Je-Ck-24	Accrual	Licorne Pacific	V-50100	Accounts Re...	66,593.75	66,593.75
Deposit	4/17/2001	DEM	Exxon	L.PACIFIC	V-50100	Cash - CAI 1...	24,562.50	91,156.25
General Journal	12/31/2001	Je-Ck-68	Reverse Accrual	L. Pacific	V-50100	Estimated C...	-30,187.50	60,968.75
Total Demurrage @ Lighter							60,968.75	60,968.75
Crude Purchases								
General Journal	8/31/2000	Je-Ck-24	Accrual	Licorne Pacific	V-50100	Accounts Re...	-47,632,236.53	-47,632,236.53
Total Crude Purchases							-47,632,236.53	-47,632,236.53
Interest								
General Journal	8/31/2000	Je-Ck-24	Accrual	Licorne Pacific	V-50100	Accounts Re...	-300,000.00	-300,000.00
Check	9/15/2000	LOAN	FIXED TERM AD...	LICORNE PACIFIC-9/1-9/...	V-50100	Cash - CAI 1...	-145,571.71	-445,571.71
Check	9/26/2000	LOAN	FIXED TERM AD...	LICORNE PACIFIC-9/15-...	V-50100	Cash - CAI 1...	-114,086.36	-559,658.07
Check	9/26/2000	LOAN	FIXED TERM AD...	LICORNE PACIFIC-9/19-...	V-50100	Cash - CAI 1...	-5,345.33	-565,003.40
Check	9/29/2000	LOAN	FIXED TERM AD...	LICORNE PACIFIC-9/26-...	V-50100	Cash - CAI 1...	-33,330.16	-598,333.56
Check	9/30/2000	INT	INTEREST CHA...	INT-9/8-9/30-LICORNE P...	V-50100	Cash - CAI 1...	-8,736.51	-607,070.07
General Journal	9/30/2000	Je-Ck-13	Reverse Accrual	L. PACIFIC	V-50100	-SPLIT-	300,000.00	-307,070.07
Check	10/2/2000	LOAN	FIXED TERM AD...	L. PACIFIC-9/29-10/2	V-50100	Cash - CAI 1...	-11,827.92	-318,897.99
Check	10/3/2000	LOAN	FIXED TERM AD...	L. PACIFIC	V-50100	Cash - CAI 1...	-1,666.23	-320,564.22
General Journal	10/19/2000		INTEREST CHA...	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-28,216.22	-348,780.44
Check	10/30/2000	LOAN	FIXED TERM AD...	L. PACIFIC-9/29-10/30	V-50100	Cash - CAI 1...	-13,045.62	-361,826.06
Total Interest							-361,826.06	-361,826.06
Inspection								
General Journal	8/31/2000	Je-Ck-24	Accrual	Licorne Pacific	V-50100	Accounts Re...	-24,362.19	-24,362.19
Check	9/13/2000	INSP	OIL INSPECTIO...	LICORNE PACIFIC	V-50100	Cash - CAI 1...	-13,930.80	-38,292.99
General Journal	9/30/2000	Je-Ck-13	Reverse Accrual	L. PACIFIC	V-50100	Interest	3,961.69	-34,331.30
General Journal	10/31/2000	Je-Ck-19	Accrual	L. PACIFIC	V-50100	-SPLIT-	-4,797.04	-39,128.34
Total Inspection							-39,128.34	-39,128.34
Insurance								
General Journal	8/31/2000	Je-Ck-24	Accrual	Licorne Pacific	V-50100	Accounts Re...	-35,000.00	-35,000.00
General Journal	9/30/2000	Je-Ck-13	Accrual	L. PACIFIC	V-50100	Interest	-3,978.39	-38,978.39
Total Insurance							-38,978.39	-38,978.39
L/C Charges								
Check	7/24/2000	LC	UNITED NATIONS	LICORNE PACIFIQUE	V-50100	Cash - CAI 1...	-59,580.00	-59,580.00
Total L/C Charges							-59,580.00	-59,580.00
Freight								
General Journal	8/31/2000	Je-Ck-24	Accrual	Licorne Pacific	V-50100	Accounts Re...	-3,538,680.75	-3,538,680.75
Total Freight							-3,538,680.75	-3,538,680.75
Demurrage								
General Journal	8/31/2000	Je-Ck-24	Accrual	Licorne Pacific	V-50100	Accounts Re...	-117,715.00	-117,715.00
General Journal	12/31/2001	Je-Ck-68	Reverse Accrual	L. Pacific	V-50100	Estimated C...	117,715.00	0.00
Total Demurrage							0.00	0.00
Finance Charges								
Check	7/18/2000	PYMT	HAVERHILL TRA...	LICORNE PACIFIC	V-50100	Cash - CAI 1...	-15.09	-15.09
Check	7/26/2000	BC	BANK CHARGES	LICORNE PACIFIQUE	V-50100	Cash - CAI 1...	-115.00	-130.09
General Journal	8/31/2000	Je-Ck-24	Accrual	Licorne Pacific	V-50100	Accounts Re...	-53,000.00	-53,130.09
Check	9/1/2000	PYMT	ROSNEFT IMPEX	LICORNE PACIFIQUE	V-50100	Cash - CAI 1...	-52,768.47	-105,898.56
Check	9/1/2000	PYMT	RUSNAFTAMPE...	LICORNE PACIFIQUE	V-50100	Cash - CAI 1...	-14.59	-105,913.15
Check	9/12/2000	BC	BANK CHARGES	LICORNE PACIFIC	V-50100	Cash - CAI 1...	-14.19	-105,927.34
Check	9/13/2000	INSP	OIL INSPECTIO...	LICORNE PACIFIC	V-50100	Cash - CAI 1...	-14.14	-105,941.48
Check	9/13/2000	BC	BANK CHARGES	LICORNE PACIFIC	V-50100	Cash - CAI 1...	-14.17	-105,955.65
Check	9/19/2000	FREIGHT	COSCOL MARIN...	LICORNE PACIFIC	V-50100	Cash - CAI 1...	-14.06	-105,969.71
Deposit	9/29/2000	REV	Exxon	LICORNE PACIFI	V-50100	Cash - CAI 1...	-82.40	-106,052.11
Deposit	9/29/2000	REV	CLARK REFINING	LICORNE PACIFIC	V-50100	Cash - CAI 1...	-84.45	-106,136.56
Check	9/29/2000	LOI	CLARK REFINING	LICORNE PACIFIC	V-50100	Cash - CAI 1...	-605.00	-106,741.56
Check	9/29/2000	LOI	CLARK REFINING	LICORNE PACIFIC	V-50100	Cash - CAI 1...	-605.00	-107,346.56
Check	9/29/2000	LOI	Exxon	LICORNE PACIFIC	V-50100	Cash - CAI 1...	-605.00	-107,951.56
General Journal	9/30/2000	Je-Ck-13	Reverse Accrual	L. PACIFIC	V-50100	Interest	53,000.00	-54,951.56
Deposit	10/3/2000	REV	Exxon	L. PACIFIC	V-50100	Cash - CAI 1...	-81.50	-55,033.06
Deposit	10/3/2000	REV	CLARK REFINING	L. PACIFIC	V-50100	Cash - CAI 1...	-85.59	-55,118.65

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 76

3:56 PM
07/16/04
Accrual Basis

Bayoil Supply & Trading, Ltd.
Transaction Detail By Account
January 1996 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Check	10/4/2000	LOI	Exxon	L. PACIFIC	V-50100	Cash - CAI 1...	-605.00	-55,723.65
Check	10/10/2000	PYMT	MTL PETROLIN...	L. PACIFIC	V-50100	Cash - CAI 1...	-14.27	-55,737.92
Check	12/7/2000	INSP	CALEB BRETT U...	L. PACIFIC	V-50100	Cash - CAI 1...	-14.76	-55,752.68
Deposit	1/11/2001	DEM	CLARK REFINING	L. PACIFIC	V-50100	Cash - CAI 1...	-20.00	-55,772.68
Total Finance Charges							-55,772.68	-55,772.68
Commissions - Russia								
Check	7/18/2000	PYMT	HAVERHILL TRA...	LICORNE PACIFIC	V-50100	Cash - CAI 1...	-240,000.00	-240,000.00
General Journal	8/31/2000	Je-Ck-24	Accrual	Licorne pacific	V-50100	Accounts Re...	-212,151.12	-452,151.12
Check	9/1/2000	PYMT	RUSNAFTAMPE...	LICORNE PACIFIQUE	V-50100	Cash - CAI 1...	-212,151.12	-664,302.24
General Journal	9/30/2000	Je-Ck-13	Reverse Accrual	L. PACIFIC	V-50100	Interest	212,151.12	-452,151.12
Total Commissions - Russia							-452,151.12	-452,151.12
Lightering Charges								
General Journal	8/31/2000	Je-Ck-24	Accrual	Licorne Pacific	V-50100	Accounts Re...	-982,999.85	-982,999.85
Total Lightering Charges							-982,999.85	-982,999.85
Total Cost of Sales							-53,100,384.97	-53,100,384.97
Commissions								
General Journal	8/15/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-1,342.32	-1,342.32
General Journal	8/18/2000		COMMISSIONS	LICORNE PACIFICQUE	V-50100	25301/Carr ...	-1,342.32	-2,684.64
General Journal	8/21/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-1,342.32	-4,026.96
General Journal	8/22/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-1,342.32	-5,369.28
General Journal	8/23/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-1,342.32	-6,711.60
General Journal	8/31/2000	Je-Ck-24	Accrual	Licorne Pacific	V-50100	Accounts Re...	-15,000.00	-21,711.60
General Journal	9/13/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-696.15	-22,407.75
General Journal	9/14/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-696.15	-23,103.90
General Journal	9/15/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-2,559.69	-25,663.59
General Journal	9/18/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-767.55	-26,431.14
General Journal	9/19/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-767.55	-27,198.69
General Journal	9/20/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-2,449.02	-29,647.71
General Journal	9/21/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-242.76	-29,890.47
General Journal	9/22/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-242.76	-30,133.23
General Journal	9/25/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-242.76	-30,375.99
General Journal	9/25/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-242.76	-30,6
General Journal	9/26/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-242.76	-30,J
General Journal	9/27/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-10.71	-30,8...
General Journal	9/30/2000	Je-Ck-13	Accrual	L. PACIFIC	V-50100	Interest	8,997.90	-21,874.32
General Journal	9/30/2000	Je-Ck-13	Accrual	L. PACIFIC	V-50100	Interest	-1,303.80	-23,178.12
Deposit	10/5/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	6,002.10	-17,176.02
General Journal	10/9/2000		COMMISSIONS	LICORNE PACIFIQUE	V-50100	25301/Carr ...	-12,004.20	-29,180.22
General Journal	10/31/2000	Je-Ck-19	Reverse Accrual	L. PACIFIC	V-50100	Inspection	7,305.90	-21,874.32
General Journal	11/17/2000			LICORNE PACIFIQUE	V-50100	-SPLIT-	3,375.12	-18,499.20
General Journal	11/17/2000			LICORNE PACIFIQUE	V-50100	Commissions	-3,375.12	-21,874.32
Total Commissions							-21,874.32	-21,874.32
Hedge Gain /(Loss)								
General Journal	8/31/2000	Je-Ck-24	Accrual	Licorne Pacific	V-50100	Accounts Re...	-7,812,100.00	-7,812,100.00
General Journal	9/30/2000	Je-Ck-13	Accrual	L. PACIFIC	V-50100	Interest	-134,154.00	-7,946,254.00
General Journal	9/30/2000	Je-Ck-13	Accrual	L. PACIFIC	V-50100	Interest	1,190,040.00	-6,756,214.00
General Journal	10/31/2000	Je-Ck-19	Reverse Accrual	L. PACIFIC	V-50100	Inspection	134,154.00	-6,622,060.00
General Journal	11/13/2000			LICORNE PACIFIQUE	V-50100	-SPLIT-	-7,812,100.00	-14,434,160.00
General Journal	11/13/2000			LICRONE PACIFIQUE	V-50100	Hedge Gain ...	1,190,040.00	-13,244,120.00
General Journal	11/17/2000			LICORNE PACIFIQUE	V-50100	Commissions	-1,190,040.00	-14,434,160.00
General Journal	11/21/2000			LICORNE PACIFIQUE	V-50100	-SPLIT-	1,190,040.00	-13,244,120.00
General Journal	12/31/2000	Je-Ck-26	Reverse Accrual	L.PACIFIC	V-50100	Mark to Market	6,622,060.00	-6,622,060.00
Total Hedge Gain /(Loss)							-6,622,060.00	-6,622,060.00
TOTAL							-787,620.66	-787,620.66

10:43 AM
07/19/04
Accrual Basis

Bayoil Supply & Trading, Ltd.
Transaction Detail By Account
January 1996 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Gross Sales								
Sales - Oil Products								
General Journal	8/31/2000	Je-Ck-23	MARATHON	Tina-2	V-50095	Accounts Re...	22,776,522.50	22,776,522.50
General Journal	8/31/2000	Je-Ck-23	CLARK REFINING	Tina-2	V-50095	Accounts Re...	15,839,752.40	38,616,274.90
General Journal	8/31/2000	Je-Ck-23	VALERO MARKE...	Tina-2	V-50095	Accounts Re...	15,741,112.34	54,357,387.24
General Journal	8/31/2000	Je-Ck-23	CLARK REFINING	Tina-2	V-50095	Accounts Re...	15,708,727.70	70,066,114.94
Deposit	10/3/2000	REV	CLARK REFINING	TINA-2	V-50095	Banque Can...	15,708,100.00	85,774,214.94
Deposit	10/6/2000	REV	MARATHON	TINA-2	V-50095	Banque Can...	4,296.77	85,778,511.71
General Journal	10/31/2000	Je-Ck-16	Reverse Accrual	Tina-2	V-50095	-SPLIT-	-15,708,727.70	70,069,784.01
Total Sales - Oil Products							70,069,784.01	70,069,784.01
Total Gross Sales							70,069,784.01	70,069,784.01
Cost of Sales								
Pipeline Charges								
Check	8/23/2000	PYMT	SUMED	TINA-2	V-50095	Banque Can...	-161,400.00	-161,400.00
General Journal	8/31/2000	Je-Ck-23	Accrual	Tina-2	V-50095	Accounts Re...	14,059.73	-147,340.27
Total Pipeline Charges							-147,340.27	-147,340.27
Crude Purchases								
General Journal	8/31/2000	Je-Ck-23	Accrual	Tina-2	V-50095	Accounts Re...	-59,849,565.87	-59,849,565.87
Total Crude Purchases							-59,849,565.87	-59,849,565.87
Interest								
General Journal	8/31/2000	Je-Ck-23	Accrual	Tina-2	V-50095	Accounts Re...	-300,000.00	-300,000.00
Check	9/30/2000	INT	INTEREST CHA...	TINA-2	V-50095	Banque Can...	-308,048.36	-608,048.36
General Journal	9/30/2000	Je-Ck-10	Reverse Accrual	TINA-2	V-50095	-SPLIT-	300,000.00	-308,048.36
Check	12/31/2000	INT	INTEREST CHA...	TINA-2	V-50095	Banque Can...	-52,845.20	-360,893.56
Total Interest							-360,893.56	-360,893.56
Inspection								
General Journal	8/31/2000	Je-Ck-23	Accrual	Tina-2	V-50095	Accounts Re...	-36,340.98	-36,340.98
General Journal	9/30/2000	Je-Ck-10	Accrual	TINA-2	V-50095	Interest	-8,335.12	-44,676.10
Check	10/27/2000	INSP	OIL INSPECTIO...	TINA-2	V-50095	Banque Can...	-10,096.56	-54,772.66
Check	10/27/2000	INSP	OIL INSPECTIO...	TINA-2	V-50095	Banque Can...	-25,485.30	-80,257.96
General Journal	10/31/2000	Je-Ck-16	Reverse Accrual	Tina-2	V-50095	Sales - Oil P...	35,581.86	-44,676.10
Check	9/12/2001	INSP	INSPECTORATE...	TINA-2	V-50095	Banque Can...	-2,021.77	-46,697.87
Check	9/12/2001	INSP	INSPECTORATE...	TINA-2	V-50095	Banque Can...	-1,889.94	-48,587.81
Check	9/12/2001	INSP	INSPECTORATE...	TINA-2	V-50095	Banque Can...	-1,884.97	-50,472.78
General Journal	9/30/2001	Je-Ck-54	Reverse Accrual	TINA-2	V-50095	Estimated C...	6,369.24	-44,103.54
Check	2/7/2002	INSP	OBC SHIPPING I...	TINA-2	V-50095	Banque Can...	-817.50	-44,921.04
Check	2/7/2002	INSP	OBC SHIPPING I...	TINA-2	V-50095	Banque Can...	-352.44	-45,273.48
Total Inspection							-45,273.48	-45,273.48
Insurance								
General Journal	8/31/2000	Je-Ck-23	Accrual	Tina-2	V-50095	Accounts Re...	-32,000.00	-32,000.00
General Journal	9/30/2000	Je-Ck-10	Accrual	TINA-2	V-50095	Interest	-8,262.72	-40,262.72
Total Insurance							-40,262.72	-40,262.72
L/C Charges								
Check	8/3/2000	LC	UNITED NATIONS	TINA-2	V-50095	Banque Can...	-37,590.00	-37,590.00
Check	8/4/2000	LC	UNITED NATIONS	TINA-2	V-50095	Banque Can...	-10,225.00	-47,815.00
Total L/C Charges							-47,815.00	-47,815.00
Freight								
General Journal	8/31/2000	Je-Ck-23	Accrual	Tina-2	V-50095	Accounts Re...	-4,600,066.83	-4,600,066.83
Total Freight							-4,600,066.83	-4,600,066.83
Demurrage								
General Journal	8/31/2000	Je-Ck-23	Accrual	Tina-2	V-50095	Accounts Re...	-231,345.83	-231,345.83
General Journal	8/31/2000	Je-Ck-23	Accrual	Tina-2	V-50095	Accounts Re...	33,861.11	-197,484.72
Check	11/13/2000	DEM	NORTH CARIBB...	TINA-2	V-50095	Banque Can...	-249,437.50	-446,922.22
General Journal	12/31/2000	Je-Ck-24	Reverse Accrual	Tina-2	V-50095	Estimated C...	231,345.83	-215,576.39
Total Demurrage							-215,576.39	-215,576.39

10:43 AM
07/19/04
Accrual Basis

Bayoil Supply & Trading, Ltd.
Transaction Detail By Account
January 1996 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Gross Sales								
Sales - Oil Products								
General Journal	8/31/2000	Je-Ck-23	MARATHON	Tina-2	V-50095	Accounts Re...	22,776,522.50	22,776,522.50
General Journal	8/31/2000	Je-Ck-23	CLARK REFINING	Tina-2	V-50095	Accounts Re...	15,839,752.40	38,616,274.90
General Journal	8/31/2000	Je-Ck-23	VALERO MARKE...	Tina-2	V-50095	Accounts Re...	15,741,112.34	54,357,387.24
General Journal	8/31/2000	Je-Ck-23	CLARK REFINING	Tina-2	V-50095	Accounts Re...	15,708,727.70	70,066,114.94
Deposit	10/3/2000	REV	CLARK REFINING	TINA-2	V-50095	Banque Can...	15,708,100.00	85,774,214.94
Deposit	10/6/2000	REV	MARATHON	TINA-2	V-50095	Banque Can...	4,296.77	85,778,511.71
General Journal	10/31/2000	Je-Ck-16	Reverse Accrual	Tina-2	V-50095	-SPLIT-	-15,708,727.70	70,069,784.01
Total Sales - Oil Products							70,069,784.01	70,069,784.01
Total Gross Sales							70,069,784.01	70,069,784.01
Cost of Sales								
Pipeline Charges								
Check	8/23/2000	PYMT	SUMED	TINA-2	V-50095	Banque Can...	-161,400.00	-161,400.00
General Journal	8/31/2000	Je-Ck-23	Accrual	Tina-2	V-50095	Accounts Re...	14,059.73	-147,340.27
Total Pipeline Charges							-147,340.27	-147,340.27
Crude Purchases								
General Journal	8/31/2000	Je-Ck-23	Accrual	Tina-2	V-50095	Accounts Re...	-59,849,565.87	-59,849,565.87
Total Crude Purchases							-59,849,565.87	-59,849,565.87
Interest								
General Journal	8/31/2000	Je-Ck-23	Accrual	Tina-2	V-50095	Accounts Re...	-300,000.00	-300,000.00
Check	9/30/2000	INT	INTEREST CHA...	TINA-2	V-50095	Banque Can...	-308,048.36	-608,048.36
General Journal	9/30/2000	Je-Ck-10	Reverse Accrual	TINA-2	V-50095	-SPLIT-	300,000.00	-308,048.36
Check	12/31/2000	INT	INTEREST CHA...	TINA-2	V-50095	Banque Can...	-52,845.20	-360,893.56
Total Interest							-360,893.56	-360,893.56
Inspection								
General Journal	8/31/2000	Je-Ck-23	Accrual	Tina-2	V-50095	Accounts Re...	-36,340.98	-36,340.98
General Journal	9/30/2000	Je-Ck-10	Accrual	TINA-2	V-50095	Interest	-8,335.12	-44,676.10
Check	10/27/2000	INSP	OIL INSPECTIO...	TINA-2	V-50095	Banque Can...	-10,096.56	-54,772.66
Check	10/27/2000	INSP	OIL INSPECTIO...	TINA-2	V-50095	Banque Can...	-25,485.30	-80,257.96
General Journal	10/31/2000	Je-Ck-16	Reverse Accrual	Tina-2	V-50095	Sales - Oil P...	35,581.86	-44,676.10
Check	9/12/2001	INSP	INSPECTORATE...	TINA-2	V-50095	Banque Can...	-2,021.77	-46,697.87
Check	9/12/2001	INSP	INSPECTORATE...	TINA-2	V-50095	Banque Can...	-1,889.94	-48,587.81
Check	9/12/2001	INSP	INSPECTORATE...	TINA-2	V-50095	Banque Can...	-1,884.97	-50,472.78
General Journal	9/30/2001	Je-Ck-54	Reverse Accrual	TINA-2	V-50095	Estimated C...	6,369.24	-44,103.54
Check	2/7/2002	INSP	OBC SHIPPING I...	TINA-2	V-50095	Banque Can...	-817.50	-44,921.04
Check	2/7/2002	INSP	OBC SHIPPING I...	TINA-2	V-50095	Banque Can...	-352.44	-45,273.48
Total Inspection							-45,273.48	-45,273.48
Insurance								
General Journal	8/31/2000	Je-Ck-23	Accrual	Tina-2	V-50095	Accounts Re...	-32,000.00	-32,000.00
General Journal	9/30/2000	Je-Ck-10	Accrual	TINA-2	V-50095	Interest	-8,262.72	-40,262.72
Total Insurance							-40,262.72	-40,262.72
L/C Charges								
Check	8/3/2000	LC	UNITED NATIONS	TINA-2	V-50095	Banque Can...	-37,590.00	-37,590.00
Check	8/4/2000	LC	UNITED NATIONS	TINA-2	V-50095	Banque Can...	-10,225.00	-47,815.00
Total L/C Charges							-47,815.00	-47,815.00
Freight								
General Journal	8/31/2000	Je-Ck-23	Accrual	Tina-2	V-50095	Accounts Re...	-4,600,066.83	-4,600,066.83
Total Freight							-4,600,066.83	-4,600,066.83
Demurrage								
General Journal	8/31/2000	Je-Ck-23	Accrual	Tina-2	V-50095	Accounts Re...	-231,345.83	-231,345.83
General Journal	8/31/2000	Je-Ck-23	Accrual	Tina-2	V-50095	Accounts Re...	33,861.11	-197,484.72
Check	11/13/2000	DEM	NORTH CARIBB...	TINA-2	V-50095	Banque Can...	-249,437.50	-446,922.22
General Journal	12/31/2000	Je-Ck-24	Reverse Accrual	Tina-2	V-50095	Estimated C...	231,345.83	-215,576.39
Total Demurrage							-215,576.39	-215,576.39

11:00 AM
07/19/04
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	9/30/2000	Je-Ck-04	PHILLIPS 66	BERGE CHIEF	V-50105	Accounts Re...	14,230,042.06	14,230,042.06
General Journal	9/30/2000	Je-Ck-04	CLARK REFINING	BERGE CHIEF	V-50105	Accounts Re...	11,712,096.93	25,942,138.99
General Journal	9/30/2000	Je-Ck-04	Exxon	BERGE CHIEF	V-50105	Accounts Re...	14,767,102.45	40,709,241.44
General Journal	9/30/2000	Je-Ck-04	CLARK REFINING	BERGE CHEIF	V-50105	Accounts Re...	15,919,432.08	56,628,673.52
Total Sales - Oil Products							56,628,673.52	56,628,673.52
Total Gross Sales							56,628,673.52	56,628,673.52
Cost of Sales								
Pipeline Charges								
Check	9/21/2000	PYMT	SUMED	BERGE CHIEF	V-50105	Cash - CAI 1...	-76,900.00	-76,900.00
General Journal	9/30/2000	Je-Ck-04	Accrual	BERGE CHIEF	V-50105	Accounts Re...	7,123.67	-69,776.33
Total Pipeline Charges							-69,776.33	-69,776.33
Crude Purchases								
General Journal	9/30/2000	Je-Ck-04	Accrual	BERGE CHIEF	V-50105	Accounts Re...	-47,206,424.89	-47,206,424.89
Check	10/11/2000	PYMT	ROSNEFT IMPEX	BERGE CHIEF	V-50105	Cash - CAI 1...	-46,979,929.93	-94,186,354.82
General Journal	10/31/2000	Je-Ck-10	Reverse Accrual	Berge Chief	V-50105	-SPLIT-	47,206,424.89	-46,979,929.93
Total Crude Purchases							-46,979,929.93	-46,979,929.93
Interest								
General Journal	9/30/2000	Je-Ck-04	Accrual	BERGE CHIEF	V-50105	Accounts Re...	-300,000.00	-300,000.00
Check	10/25/2000	LOAN	FIXED TERM AD...	BERGE CHIEF-10/11-10/...	V-50105	Cash - CAI 1...	-144,467.98	-444,467.98
Check	10/25/2000	LOAN	FIXED TERM AD...	BERGE CHIEF-10/24-10/...	V-50105	Cash - CAI 1...	-963.30	-445,431.28
Check	10/31/2000	INT	INTEREST CHA...	BERGE CHIEF-9/30-10/31	V-50105	Cash - CAI 1...	-6,182.56	-451,613.84
General Journal	10/31/2000	Je-Ck-10	Reverse Accrual	Berge Chief	V-50105	Crude Purch...	300,000.00	-151,613.84
Total Interest							-151,613.84	-151,613.84
Inspection								
General Journal	9/30/2000	Je-Ck-04	Accrual	BERGE CHIEF	V-50105	Accounts Re...	-38,800.00	-38,800.00
General Journal	10/31/2000	Je-Ck-10	Reverse Accrual	Berge Chief	V-50105	Crude Purch...	-3,696.61	-42,496.61
Check	11/22/2000	INSP	OIL INSPECTIO...	BERGE CHIEF	V-50105	Cash - CAI 1...	-16,388.75	-58,885.36
Check	12/7/2000	INSP	CALEB BRETT U...	B. CHIEF	V-50105	Cash - CAI 1...	-2,293.38	-61,178.74
General Journal	12/31/2000	Je-Ck-18	Reverse Accrual	Berge Chief	V-50105	-SPLIT-	18,682.13	-42,496.61
Total Inspection							-42,496.61	-42,496.61
Insurance								
General Journal	9/30/2000	Je-Ck-04	Accrual	BERGE CHIEF	V-50105	Accounts Re...	-36,000.00	-36,000.00
General Journal	12/31/2000	Je-Ck-18	Reverse Accrual	Berge Chief	V-50105	Inspection	836.42	-35,163.58
Total Insurance							-35,163.58	-35,163.58
L/C Charges								
Check	9/1/2000	LC	L/C CHARGES	BERGE CHIEF	V-50105	Cash - CAI 1...	-61,810.00	-61,810.00
Total L/C Charges							-61,810.00	-61,810.00
Freight								
General Journal	9/30/2000	Je-Ck-04	Accrual	BERGE CHIEF	V-50105	Accounts Re...	-4,446,210.36	-4,446,210.36
Total Freight							-4,446,210.36	-4,446,210.36
Demurrage								
General Journal	9/30/2000	Je-Ck-04	Accrual	BERGE CHIEF	V-50105	Accounts Re...	-258,449.48	-258,449.48
General Journal	9/30/2000	Je-Ck-04	Accrual	BERGE CHIEF	V-50105	Accounts Re...	89,016.67	-169,432.81
General Journal	10/31/2000	Je-Ck-10	Reverse Accrual	Berge Chief	V-50105	Crude Purch...	3,717.00	-165,715.81
General Journal	12/31/2000	Je-Ck-18	Reverse Accrual	BERGE CHIEF	V-50105	Inspection	-1,112.71	-166,828.52
General Journal	9/30/2001	Je-Ck-53	Accrual	B. CHIEF	V-50105	Estimated C...	-37,554.69	-204,383.21
Check	11/2/2001	DEM	BERGENSEN D....	B.CHIEF	V-50105	Cash - CAI 1...	-193,422.40	-397,805.61
Check	12/5/2001	PIPE	BERGENSEN D....	B.CHIEF	V-50105	Cash - CAI 1...	-79,446.00	-477,251.61
General Journal	12/31/2001	Je-Ck-04	Reverse Accrual	B. CHIEF	V-50105	Estimated C...	296,004.17	-181,247.44
Total Demurrage							-181,247.44	-181,247.44

11:00 AM
07/19/04
Accrual Basis

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

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Finance Charges								
Check	8/25/2000	PYMT	RUSNAFTAMPE...	BERGE CHIEF	V-50105	Cash - CAI 1...	-14.64	-14.64
Check	9/21/2000	PYMT	SUMED	BERGE CHIEF	V-50105	Cash - CAI 1...	-14.06	-28.70
Check	9/27/2000	BC	BANK CHARGES	BERGE CHIEF	V-50105	Cash - CAI 1...	-14.44	-43.14
Check	9/29/2000	BC	BANK CHARGES	BERGE CHIEF	V-50105	Cash - CAI 1...	-14.38	-57.52
Check	10/2/2000	BC	BANK CHARGES	BERGE CHIEF	V-50105	Cash - CAI 1...	-14.43	-71.95
Check	10/3/2000	BC	BANK CHARGES	BERGE CHIEF	V-50105	Cash - CAI 1...	-14.43	-86.38
Check	10/10/2000	BC	BANK CHARGES	BERGE CHIEF	V-50105	Cash - CAI 1...	-14.27	-100.65
Check	10/11/2000	PYMT	RUSNAFTAMPE...	BERGE CHIEF	V-50105	Cash - CAI 1...	-14.27	-114.92
Check	10/11/2000	PYMT	ROSNEFT IMPEX	BERGE CHIEF	V-50105	Cash - CAI 1...	-52,670.07	-52,784.99
Check	10/11/2000	BC	BANK CHARGES	BERGE CHIEF	V-50105	Cash - CAI 1...	-14.44	-52,799.43
Check	10/12/2000	BC	BANK CHARGES	BERGE CHIEF	V-50105	Cash - CAI 1...	-14.35	-52,813.78
Check	10/13/2000	BC	BANK CHARGES	BERGE CHIEF	V-50105	Cash - CAI 1...	-14.30	-52,828.08
Check	10/24/2000	FREIGHT	BERGENSEN D....	BERGE CHIEF	V-50105	Cash - CAI 1...	-13.96	-52,842.04
Deposit	10/27/2000	REV	CLARK REFINING	BERGE CHIEF	V-50105	Cash - CAI 1...	-76.93	-52,918.97
Check	10/30/2000	LOI	BANK CHARGES	BERGE CHIEF	V-50105	Cash - CAI 1...	-595.00	-53,513.97
Deposit	10/30/2000	REV	PHILLIPS 66	BERGE CHIEF	V-50105	Cash - CAI 1...	-62.05	-53,576.02
Check	10/31/2000	LOI	PHILLIPS 66	BERGE CHIEF	V-50105	Cash - CAI 1...	-582.00	-54,158.02
Check	11/1/2000	LOAN	FIXED TERM AD..	BERGE CHIEF-10/30-11/1	V-50105	Cash - CAI 1...	-11,512.04	-65,670.06
Deposit	11/1/2000	REV	CLARK REFINING	BERGE CHIEF	V-50105	Cash - CAI 1...	-82.08	-65,752.14
Deposit	11/1/2000	REV	MOBIL OIL CORP	BERGE CHIEF	V-50105	Cash - CAI 1...	-72.44	-65,824.58
Check	11/2/2000	LOI	CLARK REFINING	BERGE CHIEF	V-50105	Cash - CAI 1...	-588.00	-66,412.58
Check	11/2/2000	LOI	MOBIL OIL CORP	BERGE CHIEF	V-50105	Cash - CAI 1...	-582.00	-66,994.58
Check	11/13/2000	PYMT	SKAUGEN PETR...	BERGE CHIEF	V-50105	Cash - CAI 1...	-14.16	-67,008.74
Check	11/15/2000	PYMT	MTL PETROLIN...	BERGE CHIEF	V-50105	Cash - CAI 1...	-14.06	-67,022.80
Check	11/22/2000	INSP	OIL INSPECTIO...	BERGE CHIEF	V-50105	Cash - CAI 1...	-13.87	-67,036.67
Deposit	1/29/2001	LOAN	CLARK REFINING	BERGE CHIEF	V-50105	Cash - CAI 1...	-20.00	-67,056.67
Check	11/2/2001	DBM	BERGENSEN D....	B.CHIEF	V-50105	Cash - CAI 1...	-15.35	-67,072.02
Total Finance Charges							-67,072.02	-67,072.02
Commissions - Russia								
Check	8/25/2000	PYMT	RUSNAFTAMPE...	BERGE CHIEF	V-50105	Cash - CAI 1...	-240,000.00	-240,000.00
Check	10/11/2000	PYMT	RUSNAFTAMPE...	BERGE CHIEF	V-50105	Cash - CAI 1...	-226,494.96	-466,494.96
Total Commissions - Russia							-466,494.96	-466,494.96
Lightering Charges								
General Journal	9/30/2000	Je-Ck-04	Accrual	BERGE CHIEF	V-50105	Accounts Re...	-434,541.87	-434,541
General Journal	9/30/2000	Je-Ck-04	Accrual	BERGE CHIEF	V-50105	Accounts Re...	43,093.75	-391,44(
General Journal	10/31/2000	Je-Ck-10	Reverse Accrual	Berge Chief	V-50105	Crude Purch...	-5,501.50	-396,949....
General Journal	12/31/2000	Je-Ck-18	Reverse Accrual	Berge Chief	V-50105	Inspection	-10,093.50	-407,043.12
Total Lightering Charges							-407,043.12	-407,043.12
Total Cost of Sales							-52,908,858.19	-52,908,858.19
Commissions								
General Journal	9/26/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-2,017.20	-2,017.20
General Journal	9/27/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-2,017.20	-4,034.40
General Journal	9/28/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-2,017.20	-6,051.60
General Journal	9/29/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-2,017.20	-8,068.80
General Journal	10/2/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-2,509.20	-10,578.00
General Journal	10/3/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-492.00	-11,070.00
General Journal	10/4/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-492.00	-11,562.00
General Journal	10/5/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-492.00	-12,054.00
General Journal	10/6/2000		COMMISSIONS	BERE CHIEF	V-50105	25300/Carr ...	-492.00	-12,546.00
General Journal	10/9/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-319.80	-12,865.80
General Journal	10/10/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-319.80	-13,185.60
General Journal	10/11/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-319.80	-13,505.40
General Journal	10/12/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-319.80	-13,825.20
General Journal	10/13/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-319.80	-14,145.00
General Journal	10/16/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-910.20	-15,055.20
General Journal	10/17/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-910.20	-15,965.40
General Journal	10/18/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-910.20	-16,875.60
General Journal	10/19/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-910.20	-17,785.80
General Journal	10/20/2000		COMMISSIONS	BEERGE CHIEF	V-50105	25300/Carr ...	-3,468.60	-21,254.40
General Journal	10/23/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-314.88	-21,569.28
General Journal	10/24/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-314.88	-21,884.16
General Journal	10/25/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-314.88	-22,199.04
General Journal	10/26/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-314.88	-22,513.92
General Journal	10/27/2000		COMMISSIONS	BERGE CHIEF	V-50105	25300/Carr ...	-314.88	-22,828.80
Total Commissions							-22,828.80	-22,828.80
Hedge Gain /(Loss)								
General Journal	9/30/2000	Je-Ck-04	Accrual	BERGE CHIEF	V-50105	Accounts Re...	-2,490,069.00	-2,490,069.00
General Journal	11/8/2000			BERGE CHIEF	V-50105	-SPLIT-	-4,021,050.00	-6,511,119.00
General Journal	11/8/2000			BERGE CHIEF	V-50105	Hedge Gain ...	1,530,980.00	-4,980,139.00
General Journal	12/31/2000	Je-Ck-18	Reverse Accrual	Berge Chief	V-50105	Inspection	2,490,069.00	-2,490,070.00
Total Hedge Gain /(Loss)							-2,490,070.00	-2,490,070

11:00 AM
07/19/04
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 Income								
Deposit	11/7/2000	INT	INTEREST INCO...	BERGE CHIEF	V-50105	25300/Carr ...	136,812.52	136,812.52
General Journal	12/31/2000	Je-Audit-43		Audit Je-B. Chief	V-50105	Banque Parl...	102,335.59	239,148.11
Total Interest Income							239,148.11	239,148.11
TOTAL							1,446,064.64	1,446,064.64

11:06 AM
07/19/04
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								
Deposit	12/8/2000	REV	CLARK REFINING	OLYMPIA SP...	V-50114	Banque Can...	13,825,292.05	13,825,292.05
Deposit	12/11/2000	REV	KOCH PETROL...	OLYMPIA SP...	V-50114	Banque Can...	12,266,500.13	26,091,792.18
Deposit	12/21/2000	REV	MOBIL OIL CORP	OLYMPIA SP...	V-50114	Banque Can...	12,484,241.06	38,576,033.24
Deposit	12/21/2000	REV	Diamond Shamr...	OLYMPIA SP...	V-50114	Banque Can...	14,109,432.46	52,685,465.70
General Journal	12/31/2000	Je-Ck-09	Exxon	Olympic Spirit	V-50114	Accounts Re...	66,651.64	52,752,117.34
General Journal	12/31/2000	Je-Ck-09	PACC	Olympic Spirit	V-50114	Accounts Re...	11,342,741.87	64,094,859.21
General Journal	12/31/2000	Je-Ck-09	Diamond Shamr...	Olympic Spirit	V-50114	Accounts Re...	0.00	64,094,859.21
Check	8/29/2001	PYMNT	Mobil Corp.	O.SPIRIT	V-50114	Banque Can...	-1,000.00	64,093,859.21
Total Sales - Oil Products							64,093,859.21	64,093,859.21
Total Gross Sales							64,093,859.21	64,093,859.21
Cost of Sales								
Broker Comm								
Check	5/2/2001	1312	UNITED CRUDE...	O.SPIRIT/H4...	V-50114	Cash - Well...	-250.00	-250.00
Check	5/2/2001	1312	UNITED CRUDE...	O.SPIRIT/H4...	V-50114	Cash - Well...	-500.00	-750.00
Check	5/2/2001	1312	UNITED CRUDE...	O.SPIRIT/H4...	V-50114	Cash - Well...	-750.00	-1,500.00
Total Broker Comm							-1,500.00	-1,500.00
Pipeline Charges								
Check	10/31/2000	PIPE	ARAB PETROLE...	OLYMPIA SP...	V-50114	Banque Can...	-171,800.00	-171,800.00
General Journal	10/31/2000	Je-Ck-30	Accrual	Olympia Spirit	V-50114	Cargos in tr...	171,800.00	0.00
Deposit	12/27/2000	WT	ARAB PETROLE...	OLYMPIA SP...	V-50114	Cash in Ban...	17,047.65	17,047.65
General Journal	12/31/2000	Je-Ck-09	Reverse Accrual	Olympic Spirit	V-50114	Accounts Re...	-171,800.00	-154,752.35
Total Pipeline Charges							-154,752.35	-154,752.35
Crude Purchases								
Check	11/20/2000	PYMT	ROSNEFT IMPEX	OLYMPIA SP...	V-50114	Banque Can...	-58,344,497.00	-58,344,497.00
Total Crude Purchases							-58,344,497.00	-58,344,497.00
Interest								
General Journal	12/31/2000	Je-Ck-09	Accrual	Olympic Spirit	V-50114	Accounts Re...	0.00	0.00
Check	12/31/2000	INT	INTEREST CHA...	OLYMPIC SP...	V-50114	Banque Can...	-187,600.07	-187,600.07
Check	12/31/2000	INT	INTEREST CHA...	OLYMPIC SP...	V-50114	Banque Can...	-339,194.28	-526,794.35
Check	3/12/2001	INT	INTEREST CHA...	O.SPIRIT	V-50114	Banque Can...	-4,161.00	-530,955.35
Check	3/31/2001	INT	INTEREST CHA...	O.SPIRIT	V-50114	Banque Can...	-10,970.40	-541,925.75
Check	3/31/2001	INT	INTEREST CHA...	O.SPIRIT	V-50114	Banque Can...	-2,969.08	-544,894.83
Total Interest							-544,894.83	-544,894.83
Inspection								
General Journal	12/31/2000	Je-Ck-09	Accrual	Olympic Spirit	V-50114	Accounts Re...	-66,287.65	-66,287.65
Check	7/5/2001	INSP	CALEB BRETT ...	O.SPIRIT	V-50114	Banque Can...	-2,178.90	-68,466.55
Check	8/9/2001	INSP	OIL INSPECTIO...	O.SPIRIT	V-50114	Banque Can...	-10,024.06	-78,490.61
Check	9/12/2001	INSP	INSPECTORAT...	O.SPIRIT	V-50114	Banque Can...	-1,848.00	-80,338.61
Check	9/12/2001	INSP	INSPECTORAT...	O.SPIRIT	V-50114	Banque Can...	-1,157.88	-81,496.49
Check	9/12/2001	INSP	INSPECTORAT...	O.SPIRIT	V-50114	Banque Can...	-759.50	-82,255.99
Check	9/12/2001	INSP	INSPECTORAT...	O.SPIRIT	V-50114	Banque Can...	-1,715.92	-83,971.91
Check	9/12/2001	INSP	INSPECTORAT...	O.SPIRIT	V-50114	Banque Can...	-1,913.14	-85,885.05
Check	9/28/2001	INSP	OBC SHIPPING ...	O.SPIRIT	V-50114	Banque Can...	-6,005.59	-91,890.64
Check	9/28/2001	INSP	OBC SHIPPING ...	O.SPIRIT	V-50114	Banque Can...	-3,500.00	-95,390.64
General Journal	9/30/2001	Je-Ck-50	Reverse Accrual	O. SPIRIT	V-50114	Estimated C...	26,307.88	-69,082.76
General Journal	11/30/2001	Je-Ck-34	Accrual	O. SPIRIT	V-50114	Estimated C...	-16,734.54	-85,817.30
Total Inspection							-85,817.30	-85,817.30
Insurance								
General Journal	12/31/2000	Je-Ck-09	Accrual	Olympic Spirit	V-50114	Accounts Re...	-42,138.65	-42,138.65
Total Insurance							-42,138.65	-42,138.65
L/C Charges								
Check	10/11/2000	LC	ROSNEFT IMPEX	OLYMPIA SP...	V-50114	Banque Can...	-50,825.00	-50,825.00
General Journal	10/31/2000	Je-Ck-30	Accrual	Olympia Spirit	V-50114	Cargos in tr...	50,825.00	0.00
General Journal	12/31/2000	Je-Ck-09	Reverse Accrual	Olympic Spirit	V-50114	Accounts Re...	-50,825.00	-50,825.00
Total L/C Charges							-50,825.00	-50,825.00

11:06 AM
07/19/04
Accrual Basis

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

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Freight								
Check	10/26/2000	FREIGHT	CRACESEA LTD	OLYMPIA SP...	V-50114	Banque Can...	-1,035,710.35	-1,035,710.35
Check	10/31/2000	FREIGHT	CHRISTIANIA B...	OLYMPIA SP...	V-50114	Banque Can...	-153,484.00	-1,189,194.35
Check	10/31/2000	FREIGHT	CRACESEA LTD	OLYMPIA SP...	V-50114	Banque Can...	-643,500.00	-1,832,694.35
General Journal	10/31/2000	Je-Ck-30	Accrual	Olympia Spirit	V-50114	Cargos in tr...	1,832,694.35	0.00
Check	11/29/2000	FREIGHT	GRACESEA LIM...	OLYMPIA SP...	V-50114	Banque Can...	-682,636.00	-682,636.00
Check	11/30/2000	PYMT	SOCIETE GENE...	OLYMPIA SP...	V-50114	Banque Can...	-1,405,865.00	-2,088,501.00
General Journal	12/31/2000	Je-Ck-09	Accrual	Olympic Spirit	V-50114	Accounts Re...	29,848.96	-2,058,652.04
General Journal	12/31/2000	Je-Ck-09	Reverse Accrual	Olympic Spirit	V-50114	Accounts Re...	-1,834,361.55	-3,893,013.59
General Journal	12/31/2000	Je-Ck-09	Accrual	Olympic Spirit	V-50114	Accounts Re...	-747,730.72	-4,640,744.31
Check	2/12/2001	PYMT	STAITA TERMIN...	O. SPIRIT	V-50114	Banque Pari...	-360,000.00	-5,000,744.31
Check	2/12/2001	PYMT	STAITA TERMIN...	O. SPIRIT	V-50114	Banque Pari...	-964,647.01	-5,965,391.32
Deposit	3/14/2001	CR	LETH SUEZ TR...	O. SPIRIT	V-50114	Cash - CAI ...	-1,667.20	-5,967,058.52
Check	5/8/2001	PYMNT	LETH SUEZ TR...	O.SPIRIT	V-50114	BNP Pariba...	-34,496.18	-6,001,554.70
General Journal	5/31/2001	Je-Ck-34	Accrual	O. Spirit-Bun...	V-50114	Accounts Re...	1,095,000.00	-4,906,554.70
Check	6/8/2001	PYMNT	GRACESEA LIM...	O.SPIRIT	V-50114	BNP Pariba...	-18,890.33	-4,925,445.03
Total Freight							-4,925,445.03	-4,925,445.03
Finance Charges								
Check	10/13/2000	PYMT	RUSNAFTAIMP...	OLYMPIA SP...	V-50114	Banque Can...	-17.39	-17.39
Check	10/26/2000	FREIGHT	CRACESEA LTD	OLYMPIA SP...	V-50114	Banque Can...	-16.63	-34.02
Check	10/27/2000	LOI	BANK CHARGES	OLYMPIA SP...	V-50114	Banque Can...	-550.00	-584.02
Check	10/31/2000	FREIGHT	CHRISTIANIA B...	OLYMPIA SP...	V-50114	Banque Can...	-16.75	-600.77
Check	10/31/2000	PIPE	ARAB PETROLE...	OLYMPIA SP...	V-50114	Banque Can...	-16.98	-617.75
Check	10/31/2000	FREIGHT	CRACESEA LTD	OLYMPIA SP...	V-50114	Banque Can...	-17.04	-634.79
General Journal	10/31/2000	Je-Ck-30	Accrual	Olympia Spirit	V-50114	Cargos in tr...	634.79	0.00
Check	11/7/2000	BC	BANK CHARGES	OLYMPIA SP...	V-50114	Banque Can...	-17.16	-17.16
Check	11/8/2000	BC	BANK CHARGES	OLYMPIA SP...	V-50114	Banque Can...	-17.07	-34.23
Check	11/9/2000	BC	BANK CHARGES	OLYMPIA SP...	V-50114	Banque Can...	-17.01	-51.24
Check	11/10/2000	BC	BANK CHARGES	OLYMPIA SP...	V-50114	Banque Can...	-17.25	-68.49
Check	11/14/2000	BC	BANK CHARGES	OLYMPIA SP...	V-50114	Banque Can...	-17.13	-85.62
Check	11/16/2000	BC	BANK CHARGES	OLYMPIA SP...	V-50114	Banque Can...	-17.04	-102.66
Check	11/20/2000	WT	RUSNAFTAIMP...	OLYMPIA SP...	V-50114	Banque Can...	-5.61	-108.27
Check	11/20/2000	PYMT	ROSNEFT IMPEX	OLYMPIA SP...	V-50114	Banque Can...	-64,373.95	-64,482.22
Check	11/29/2000	FREIGHT	GRACESEA LIM...	OLYMPIA SP...	V-50114	Banque Can...	-17.27	-64,499.49
Check	11/30/2000	PYMT	SOCIETE GENE...	OLYMPIA SP...	V-50114	Banque Can...	-17.24	-64,516.73
Check	12/6/2000	LOI	CLARK REFINING	OLYMPIA SP...	V-50114	Banque Can...	-500.00	-65,016.73
Deposit	12/8/2000	REV	CLARK REFINING	OLYMPIA SP...	V-50114	Banque Can...	-602.05	-65,618.78
Check	12/11/2000	LOI	KOCH PETROL...	OLYMPIA SP...	V-50114	Banque Can...	-590.00	-66,208.78
Check	12/15/2000	LOI	MOBIL OIL CORP	OLYMPIA SP...	V-50114	Banque Can...	-590.00	-66,798.78
Check	12/21/2000	LOI	Diamond Shamr...	OLYMPIA SP...	V-50114	Banque Can...	-590.00	-67,388.78
Check	12/27/2000	LOI	BANK CHARGES	OLYMPIA SP...	V-50114	Banque Can...	-600.00	-67,988.78
General Journal	12/31/2000	Je-Ck-09	Reverse Accrual	Olympic Spirit	V-50114	Accounts Re...	-634.79	-68,623.57
Check	12/31/2000	INT	INTEREST CHA...	OLYMPIC SP...	V-50114	Banque Can...	-22.23	-68,645.80
Deposit	1/3/2001	REV	PACC	OLYMPIA SP...	V-50114	Banque Can...	-824.83	-69,470.63
Check	1/3/2001	BC	BANK CHARGES	O. SPIRIT	V-50114	Banque Can...	-20.00	-69,490.63
Check	1/8/2001	PYMT	MTL PETROLIN...	OLYMPIA SP...	V-50114	Banque Can...	-18.87	-69,509.50
Check	1/10/2001	PYMT	GRACESEA LIM...	OLYMPIA SP...	V-50114	Banque Pari...	-19.33	-69,528.83
Check	1/26/2001	FREIGHT	LONE STAR TA...	OLYMPIA SP...	V-50114	Cash in Ban...	-21.15	-69,549.98
Check	1/31/2001	FREIGHT	LONE STAR TA...	O. SPIRIT	V-50114	Banque Can...	-6.20	-69,556.18
Check	2/5/2001	INSP	OIL INSPECTIO...	O. SPIRIT	V-50114	Banque Can...	-18.57	-69,574.75
Check	2/12/2001	PYMT	STAITA TERMIN...	O. SPIRIT	V-50114	Banque Pari...	-40.87	-69,615.62
Check	3/21/2001	PYMNT	CRAIG FERGUS...	O.SPIRIT	V-50114	Banque Can...	-17.77	-69,633.39
Check	5/8/2001	PYMNT	LETH SUEZ TR...	O.SPIRIT	V-50114	BNP Pariba...	-19.99	-69,653.38
Check	8/9/2001	INSP	OIL INSPECTIO...	O.SPIRIT	V-50114	Banque Can...	-17.75	-69,671.13
Check	9/26/2001	LGHT	MTL PETROLIN...	O.SPIRIT	V-50114	Banque Can...	-6.31	-69,677.44
Total Finance Charges							-69,677.44	-69,677.44
Agent Commissions								
Check	11/20/2000	WT	RUSNAFTAIMP...	OLYMPIA SP...	V-50114	Banque Can...	-317,764.56	-317,764.56
Check	2/2/2001	1251	SYNTEXENERGY	Inv. No.P1E4...	V-50114	Cash - Well...	-250.00	-318,014.56
Check	2/2/2001	1251	SYNTEXENERGY	Inv. No.P1E4...	V-50114	Cash - Well...	-250.00	-318,264.56
Check	2/2/2001	1251	SYNTEXENERGY	Inv. No.P1E4...	V-50114	Cash - Well...	-250.00	-318,514.56
Check	2/2/2001	1251	SYNTEXENERGY	Inv. No.P1E4...	V-50114	Cash - Well...	-250.00	-318,764.56
Check	2/2/2001	1251	SYNTEXENERGY	Inv. No.P1E4...	V-50114	Cash - Well...	-500.00	-319,264.56
Check	2/2/2001	1251	SYNTEXENERGY	Inv. No.P1E4...	V-50114	Cash - Well...	-250.00	-319,514.56
Check	2/2/2001	1251	SYNTEXENERGY	Inv.No.P1E49...	V-50114	Cash - Well...	-500.00	-320,014.56
Check	2/2/2001	1251	SYNTEXENERGY	Inv. NOP1E4...	V-50114	Cash - Well...	-250.00	-320,264.56
Total Agent Commissions							-320,264.56	-320,264.56
Commissions - Russia								
Check	10/13/2000	PYMT	RUSNAFTAIMP...	OLYMPIA SP...	V-50114	Banque Can...	-240,000.00	-240,000.00
General Journal	10/31/2000	Je-Ck-30	Accrual	Olympia Spirit	V-50114	Cargos in tr...	240,000.00	0.00
General Journal	12/31/2000	Je-Ck-09	Reverse Accrual	Olympic Spirit	V-50114	Accounts Re...	-240,000.00	-240,000.00
Total Commissions - Russia							-240,000.00	-240,000.00

11:06 AM
07/19/04
Accrual Basis

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

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Lightering Charges								
General Journal	12/31/2000	Je-Ck-09	Accrual	Olympic Spirit	V-50114	Accounts Re...	-1,012,128.60	-1,012,128.60
General Journal	12/31/2000	Je-Ck-09	Accrual	Olympic Spirit	V-50114	Accounts Re...	15,781.23	-996,347.37
General Journal	12/31/2000	Je-Ck-09	Accrual	Olympic Spirit	V-50114	Accounts Re...	-6,763.52	-1,003,110.89
Check	9/26/2001	LGHT	MTL PETROLIN...	O.SPIRIT	V-50114	Banque Can...	-2,196.40	-1,005,307.29
Total Lightering Charges							-1,005,307.29	-1,005,307.29
Total Cost of Sales							-65,785,119.45	-65,785,119.45
Commissions								
General Journal	12/20/2000			OLYMPIA SP...	V-50114	Hedge Gain ...	-22,283.44	-22,283.44
Total Commissions							-22,283.44	-22,283.44
Hedge Gain /(Loss)								
General Journal	12/20/2000			OLYMPIA SP...	V-50114	-SPLIT-	3,442,150.00	3,442,150.00
Total Hedge Gain /(Loss)							3,442,150.00	3,442,150.00
TOTAL							**1,728,606.32**	**1,728,606.32**

ANSMIT REPORT

2000.07-17 09:23
713-224-8101
BAYOIL 713-224-8101

COM No.	REMOTE STATION	START TIME	DURATION	PAGES	RESULT	USER ID	REMARKS
141	+4122 3199228	07-17 09:23	00'26	01/01	OK		

7460210182

BAYOIL

TO: CREDIT AGRICOLE INDOSUEZ SA, GENEVA
ATTN: TAREK EL-GOWHARI

FROM: BAYOIL SUPPLY & TRADING LIMITED

DATE: JULY 14, 2000

RE: M/T "BOURGOGNE"/SUB EX MINA AL BAKR – JULY 2000
2,000,000 BBLS BASRAH LIGHT CRUDE OIL

PLEASE EFFECT PAYMENT VALUE MONDAY JULY 17, 2000 TO COVER PREMIUM FOR ABOVE REFERENCED CARGO:

AMOUNT: USD 240,000.00

TO: HELLENIC BANK LTD
92 DHIGENIS AKRITAS AVE.,
P.O. BOX 4529
1300 NICOSIA, CYPRUS

SWIFT: 140-07-075660-01

ACCT NO.: 140-07-075660-01

CREDIT: HAVERHILL TRADING LIMITED

THANK YOU FOR YOUR ASSISTANCE.

BEST REGARDS,

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 77

SNT 015735

.RANSMIT REPORT

2000,08-02 13:50
713-224-8101
BAYOIL 713-224-8101

COM No.	REMOTE STATION	START TIME	DURATION	PAGES	RESULT	USER ID	REMARKS
469	+41 21 212 25 81	08-02 13:50	00'29	01/01	OK		

7460210102

Cost & Sale Agents "Premium" Russia

BAYOIL

TO: BANQUE CANTONALE VAUDOISE
ATTN: Mr. Fabrizio Ferrari

FAX: 011-4121-212-2581

FROM: Bayoil Supply & Trading Limited

DATE: August 2, 2000

REF: 1,900,000 bbls basrah light ex Mina Al Bakr
M/T "Tina" – Price Premium Over O.S.P.
Our Ref. V-50095

Dear Fabrizio:

Grateful if you could please wire following value Thursday August 3, 2000 to cover premium payment for above referenced cargo:

Amount: US$240,000.00

To: UBS AG
Confederation 2
1201 Geneva
Switzerland

Credit: RUSNAFTAIMPEX LTD

Account: 0240-322926

Swift: UBSWCHZH12A

SNT 015050

SNT 015050

DATE: 08/19/2000

FROM: DARLEEN SAMAYOA
TO: BOBBY HAMBLIN

RE: CONFIRM PRICE: 2ND MONTH PLATT'S FIVE QUOTATIONS 15 DAYS FROM B/L DATE

SUPPLIER(S):			ROSNEFT
VESSEL NAME:			LICORNE PACIFIQUE
VENTURE NO.:			V-50100
B/L DATE:			08/03/00
O.S.P.			6.20
A.P.I.			31.79
B/L QTY:			1,883,963
QUOTE: 1	August 17, 2000		$31.335
QUOTE: 2	August 18, 2000		$31.650
QUOTE: 3	August 21, 2000		$31.950
QUOTE: 4	August 22, 2000		$31.210
QUOTE: 5	August 23, 2000		$32.370
		AVERAGE	$31.703
		LESS OSP	-$6.200
			$25.503
		LESS API	-$0.220
			$25.283
		PLUS PREMIUM	$0.240
		FINAL PRICE	$25.523
	AMOUNT DUE:	$48,084,387.65	
	DUE DATE	09/01/00	

RH APPROVAL: 

SNT 015704

SNT 015704

Table No.2

Quantities of Crude Oil Lifted by the Companies and Russian Parties during the Phases of the Memorandum of Understanding
(Million Barrels)

No.	Country / Company	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	Total
1	Zarubezhneft	5.5	6.5	14.9	18.2	24.5	21	23	15	15	10	5.1	5.7	6.2	170.6
2	Roseneftimpex – Issakov (Russian Presidential Council)	-	-	-	-	-	4.9	-	14	11.5	*16	*16	*8.2	-	70.6
3	Russian Communist Party Companies	-	3.7	7.1	15.9	22.2	16	14.3	12.6	-	14	5.5	-	-	111.3
4	Emercom (Unity Party / Ministry of Emergency)	-	-	-	-	-	-	-	-	-	15.3	19.2	8.3	5.1	47.9
5	Machinoimport	3	1	3.9	7.2	7	10	12.3	6	3	5	3	8.8	6	76.2
6	Alfa-Eco (Russian Ministry of Foreign Affairs)	7.2	7.5	10	10	14.4	12.8	13	10	2	2	9.3	8.7	-	106
7	Tyumen (Russian Ministry of Foreign Affairs)	-	-	-	3.7	6.6	4	3	4	2	-	2	-	-	25.3
8	Slavneft (Gotzeriev)	-	-	-	-	-	1.9	-	5	5.2	6	4	-	-	22.1
9	Zan Gas	-	-	5.6	3.9	5	8	6	6	4	-	2	-	1.9	42.4
10	Rosneft	4.4	5.5	2.8	4	3.6	-	3	3	-	-	-	-	-	26.3
11	Caspian Invest (Kalmikya)	-	-	-	-	-	-	-	-	-	2	1.5	-	-	3.5
12	Kalmneftegaz (Kalmikya)	-	-	-	-	-	-	-	-	-	2	1.5	1.5	-	5
13	Gasprom	-	-	-	-	-	6	5	5	-	-	2	1.2	-	19.2
14	Tatneft – Taterstan	0.9	3.5	2.7	7	9.8	8.9	9	5	-	5	3.5	-	-	55.3
15	Bashneft	-	-	-	-	-	-	-	2	-	-	-	-	-	2
16	Lukoil	3	5.4	9.6	16.4	16	7	4.5	-	-	-	-	-	-	61.9

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - EN 81

No.	Country / Company	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	Total
17	Sirgutneftgas	-	-	-	-	-	-	4	-	-	-	-	-	-	4
18	Eastern Siberia Gas & Oil	-	-	-	-	-	-	1	-	-	-	-	-	-	1
19	Nafta Moscow	3.5	3	0.6	4	3.7	-	2	4	-	-	-	-	-	20.8
20	Onaco	-	-	-	6.5	6.2	4	3	4	-	-	-	-	-	23.7
21	Sidanco	-	-	-	7	7.2	4	-	-	-	-	-	-	-	18.2
22	Sibneft	-	-	1.8	4	2.2	-	-	-	-	-	-	-	-	8
23	Transneft	-	-	-	-	-	3	2	2	-	-	-	-	-	7
24	Yukos	-	-	-	-	-	1.9	-	-	-	-	-	-	-	1.9
25	Liberal Democratic Party (Zhirinovsky)	-	3.6	7	10	8.9	9.8	6.5	7	-	3.7	5.3	-	-	61.8
26	Peace & Unity Party (Mrs. Saji)	-	-	3	2.9	2.8	3	2	3	4	3	-	-	1.5	25.2
27	Russian Committee for Solidarity with Iraq (Mr. Rudasiev)	-	-	-	-	-	-	-	-	-	2	-	-	-	2
28	Russian Society for solidarity with Iraq (Juravilion)	-	-	-	-	-	-	-	-	2.3	-	-	-	-	2.3
29	Rosneftgasexport (Mr. Akababov)	-	-	-	-	-	-	-	-	-	4	3	3.9	5.2	16.1
30	Ural Invest	-	-	-	-	-	-	-	-	-	2	1.3	-	1	3.3
31	Zerich Moscow – Science Academy							1.5	2	-	-	-	-	-	3.5
32	Raomes (Son of the former ambassador in Baghdad)	2	1	1.2	5.5	1.9	4	1	2	-	-	-	-	-	18.6
33	Zarubezhneft (Ghopkin University)	-	-	-	-	-	-	1.4	2	-	-	-	-	-	3.4
34	Nordwest Group								-	-	-	-	-	-	-
35	Zarubezhneftgas (Gasprom) (Mr. Hassan)	-	-	-	-	-	-	-	-	2	-	-	-	-	2

No.	Country / Company	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	Total
36	Soyuzneftgas (Mr. Shafrank)	-	-	-	-	-	-	1.5	3	-	7	8	2	1	22.5
37	Mr. Nikolai Rajkov	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	Stroyneftgas	-	-	-	-	-	-	-	-	-	-	2	-	-	2
39	Ukhtaneft	-	-	-	-	-	-	-	-	-	-	2	-	-	2
40	The Chechen Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41	Adel Al-Jilawi / EVM Aviation	-	-	-	-	-	-	-	-	-	-	2	-	-	2
42	Khrizolit	-	-	-	-	-	-	-	-	-	-	-	-	2	2
43	Transnafta	-	-	-	-	-		-	-	-	-	-	-	-	-
44	Head of the Russian Presidential Council (Mr. Voloshin)	-	-	-	-	-	-	-	-	-	-	-	3	0.9	3.9
45	Russian Orthodox Church	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46	Russian Democratic National Party	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	Rusneft (Gotzariev)	-	-	-	-	-	-	-	-	-	-	-	-	3	3
48	Rosneftimpex												1.5	1.5	3
	Total	**29.5**	**40.7**	**70.2**	**126.2**	**142**	**130.2**	**119**	**116.6**	**51**	**99**	**98.2**	**51.9**	**34.3**	**1108.8**

* (1) million of which is allocated to Mr. Tatrinko – the Russian ambassador to Baghdad

جـــدول رقـــــم ـ ٢ ـ

كميات النفط الخام المنفذة من قبل الشركات والجهات الروسية خلال مراحل مذكرة التفاهـــم
(مليون برميل)

ت	الدولـة / الشركـة	الاولى	الثانية	الثالثة	الرابعة	الخامسة	السادسة	السابعة	الثامنة	التاسعة	العاشرة	الحادية عشر	الثانية عشر	الثالثة عشر	المجموع
١-	شركة زرابشنفط	٥,٥	٦,٥	١٤,٩	١٨,٢	٢٤,٥	٢١	٢٣	١٥	١٥	١٠	٥,١	٥,٧	٦,٢	١٧٠,٦
٢-	روزنفط لميكس – ازاكوف (ديوان الرئاسة الروسي)	-	-	-	-	-	٤,٩	-	١٤	١١,٥	* ١٦	* ١٦	* ٨,٢	-	٧٠,٦
٣-	شركات الحزب الشيوعي الروسي	-	٣,٧	٧,١	١٥,٩	٢٢,٢	١٦	١٤,٣	١٢,٦	-	١٤	٥,٥	-	-	١١١,٣
٤-	لميركوم (حزب الوحـدة / وزارة الطوارىء	-	-	-	-	-	-	-	-	-	١٥,٣	١٩,٢	٨,٣	٥,١	٤٧,٩
٥-	تتركة مشينوامبورت	٣	١	٣,٩	٧,٢	٧	١٠	١٢,٣	٦	٣	٥	٣	٨,٨	٦	٧٦,٢
٦-	الفا ايكو (الخارجية الروسية)	٧,٢	٧,٥	١٠	١٠	١٤,٤	١٢,٨	١٣	١٠	٢	٢	٩,٣	٧,٨	-	١٠٦
٧-	تيومن (الخارجية الروسية)	-	-	-	٣,٧	٦,٦	٤	٣	٤	٢	-	٢	-	-	٢٥,٣
٨-	سلاب نفط (خوتسريف)	-	-	-	-	-	١,٩	-	٥	٥,٢	٦	٤	-	-	٢٢,١
٩-	شركة زان كاز	-	-	٥,٦	٣,٩	٥	٨	٦	٦	٤	-	٢	-	١,٩	٤٢,٤
١٠-	شركة روز نفط	٤,٤	٥,٥	٢,٨	٤	٣,٦	-	٣	٣	-	-	-	-	-	٢٦,٣
١١-	شركة كازبن انفست – كالميكا	-	-	-	-	-	-	-	-	-	٢	١,٥	-	-	٣,٥
١٢-	شركة كالمنفط غاز - كالميكا	-	-	-	-	-	-	-	-	-	٢	١,٥	١,٥	-	٥
١٣-	شركة غاز بروم	-	-	-	-	-	٦	٥	٥	-	-	٢	١,٢	-	١٩,٢
١٤-	كات نفط – تترستان	٠,٩	٣,٥	٢,٧	٧	٩,٨	٨,٩	٩	٥	-	٥	٣,٥	-	-	٥٥,٣
١٥-	شركة باش نفط	-	-	-	-	-	-	-	٢	-	-	-	-	-	٢
١٦-	شركة لوك اويل	٣	٥,٤	٩,٦	١٢,٤	١٦	٧	٤,٥	-	-	-	-	-	-	٦١,٩

	الدولة / الشركة	الاولى	الثانية	الثالثة	الرابعة	الخامسة	السادسة	السابعة	الثامنة	التاسعة	العاشرة	الحادية عشر	الثانية عشر	الثالثة عشر	المجموع
١٧-	شركة سيرغوت لنفط غاز	-	-	-	-	-	-	٤	-	-	-	-	-	-	٤
١٨-	شركة النفط والغاز لشرق سايبيريا	-	-	-	-	-	-	١	-	-	-	-	-	-	١
١٩-	شركة نفتا موسكو	٣,٥	٣	٠,٦	٤	٣,٧	-	٢	٤	-	-	-	-	-	٢٠,٨
٢٠-	شركة أوناكو	-	-	-	٦,٥	٦,٢	٤	٣	٤	-	-	-	-	-	٢٣,٧
٢١-	شركة سيدانكو	-	-	-	٧	٧,٢	٤	-	-	-	-	-	-	-	١٨,٢
٢٢-	شركة سبنفط	-	-	١,٨	٤	٢,٢	-	-	-	-	-	-	-	-	٨
٢٣-	شركة تراتزنفط	-	-	-	-	-	٣	٢	٢	-	-	-	-	-	٧
٢٤-	شركة بوكوس	-	-	-	-	-	١,٩	-	-	-	-	-	-	-	١,٩
٢٥-	شركات الحزب الليبرالي الديمقراطي (جيرنوفسكي)	-	٣,٦	٧	١٠	٨,٩	٩,٨	٦,٥	٧	-	٣,٧	٥,٣	-	-	٦١,٨
٢٦-	شركات حزب السلام والوحدة (السيدة ساجي)	-	-	٣	٢,٩	٢,٨	٣	٢	٣	٤	٣	-	-	١,٥	٢٥,٢
٢٧-	اللجنة الروسية للتضامن مع العراق (السيد روداسيف)	-	-	-	-	-	-	-	-	-	٢	-	-	-	٢
٢٨-	الجمعية الروسية للتضامن مع العراق (جورافليون)	-	-	-	-	-	-	-	-	٢,٣	-	-	-	-	٢,٣
٢٩-	شركة روز نفط غاز اكسبورت (السيد اكابابوف)	-	-	-	-	-	-	-	-	-	٤	٣	٣,٩	٥,٢	١٦,١
٣٠-	شركة اورال لنفست	-	-	-	-	-	-	-	-	-	٢	١,٣	-	-	٣,٣
٣١-	زيرج موسكو- اكاديمية العلوم							١,٥	٢	-	-	-	-	-	٣,٥
٣٢-	راوميس (ابن السفير السابق في بغداد)	٢	١	١,٢	٥,٥	١,٩	٤	١	٢	-	-	-	-	-	١٨,٦
٣٣-	زرابشنفط (جامعة غوبكن)	-	-	-	-	-	-	١,٤	٢	-	-	-	-	-	٣,٤
٣٤-	مجموعة نوردويست								-	-	-	-	-	-	-
٣٥-	زرابشنفط غاز (كازبروم) (السيد حسان)	-	-	-	-	-	-	-	-	٢	-	-	-	-	٢

ت	الدولة / الشركة	الاولى	الثانية	الثالثة	الرابعة	الخامسة	السادسة	السابعة	الثامنة	التاسعة	العاشرة	الحادية عشر	الثانية عشر	الثالثة عشر	المجموع
٣٦-	سيوز نفط غاز (السيد شنترانك)	-	-	-	-	-	-	١,٥	٣	-	٧	٨	٢	١	٢٢,٥
٣٧-	السيد نيكولاي ريجكوف	-	-	-	-	-	-	-	-	-	-	-	-	-	-
٣٨-	شركة ستروي نفط غاز	-	-	-	-	-	-	-	-	-	-	٢	-	-	٢
٣٩-	شركة أخت نفط	-	-	-	-	-	-	-	-	-	-	٢	-	-	٢
٤٠-	ادارة الشيشان	-	-	-	-	-	-	-	-	-	-	-	-	-	-
٤١-	عادل الجيلاوي / اي.ف.ام. للطيران	-	-	-	-	-	-	-	-	-	-	٢	-	-	٢
٤٢-	خروزليت	-	-	-	-	-	-	-	-	-	-	-	-	٢	٢
٤٣-	ترانز نفتا	-	-	-	-	-	-	-	-	-	-	-	-	-	-
٤٤-	رئيس ديوان الرئاسة الروسي (السيد فلوشن)	-	-	-	-	-	-	-	-	-	-	-	٣	٠,٩	٣,٩
٤٥-	الكنيسة الارثوذوكسية الروسية	-	-	-	-	-	-	-	-	-	-	-	-	-	-
٤٦-	الحزب الديمقراطي القومي الروسي	-	-	-	-	-	-	-	-	-	-	-	-	-	-
٤٧-	رمس نفط (غوتسريف)	-	-	-	-	-	-	-	-	-	-	-	-	٣	٣
٤٨-	روز نفط ميكس												١,٥	١,٥	٣
	المجمـــــوع	٢٩,٥	٤٠,٧	٧٠,٢	١٢٦,٢	١٤,٢	١٣٠,٢	١١٩	١١٦,٦	٥١	٩٩	٩٨,٢	٥١,٩	٣٤,٣	١١٠٨,٨

* (1) مليون منها للسيد تترنكو – سفير روسيا في بغداد

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٦ ٧:١٥:٤٤ PM

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحلة

عمولات			للفترة من		لغاية			
المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
8	PERENCO	M/08/36	1,047,555	0.10	104,755.00	99,950.00	4,805.00
8	PERTA OIL	M/08/18	3,034,181	0.10	303,416.00	0.00	303,416.00
8	PETMAL OIL	M/08/62	1,978,313	0.10	197,831.00	110,000.00	87,831.00
8	PETROBRAS	M/08/30	1,796,551	0.10	179,654.00	0.00	179,654.00
8	PETROFINA	M/08/11	2,434,904	0.10	243,489.00	0.00	243,489.00
8	PETROGAZ	M/08/91	2,867,705	0.10	286,770.50	286,573.30	197.20
8	PETROLEUM(PTSC)	M/08/66	5,633,076	0.10	563,306.00	563,307.00	-1.00
8	PETRONAS	M/08/17	2,574,276	0.10	257,426.00	0.00	257,426.00
8	PETROPLUS	M/08/78	1,529,381	0.10	152,937.00	0.00	152,937.00
8	PETROVIETNAM	M/08/22	5,244,814	0.10	524,480.00	524,481.00	-1.00
8	PHOENIX	M/08/73	80,002	0.10	8,000.00	8,000.00	0.00
8	PONGBOON INTERTRADE CO	M/08/01	500,000	0.10	50,000.00	50,000.00	0.00
8	PTT التايلندية	M/08/23	983,851	0.10	98,385.00	0.00	98,385.00
8	RAO MES	M/08/105	2,080,996	0.10	208,099.00	0.00	208,099.00
8	RAYMAN	M/08/70	850,000	0.10	85,000.00	0.00	85,000.00
8	REPSOL	M/08/29	3,096,626	0.10	309,661.00	0.00	309,661.00
8	ROSNEFTIMPEX	M/08/27	1,002,402	0.10	100,240.00	100,193.20	46.80
8	ROSNEFTIMPEX	M/08/85	33	0.00	0.00	0.00	0.00
8	SAMIR	M/08/07	2,037,893	0.10	203,789.00	0.00	203,789.00
8	SETA	M/08/74	971,034	0.10	97,103.00	97,103.40	-0.40
8	SINOCHEM	M/08/12	5,804,737	0.10	580,472.00	580,472.00	0.00
8	SLAVNEFT	M/08/26	2,525,518	0.10	252,551.00	252,551.00	0.00
8	SOCAP	M/08/09	3,985,924	0.10	398,592.00	0.00	398,592.00

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 83

شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
11	PITKIN	M/11/57	4,056,388	1,118,609.05	491,483.75	*627,125.30*	0.28
8	PONGBOON INTERTRADE CO	M/08/01	500,000	50,000.00	50,000.00	*0.00*	0.10
10	PRIMACOSA	M/10/77	1,001,791	300,537.30	300,537.30	*0.00*	0.30
10	PRIMACOSA	M/10/88	300,000	90,000.00	90,000.00	*0.00*	0.30
11	PRIMACOSA	M/10/88	735,000	220,500.00	220,500.00	*0.00*	0.30
11	PRIMACOSA	M/11/24	1,012,220	265,555.00	30,000.00	*235,555.00*	0.26
8	PTT التايلندية	M/08/23	983,851	98,385.00	0.00	*98,385.00*	0.10
9	QUANTUM	M/09/03	1,909,909	572,972.70	300,000.00	*272,972.70*	0.30
8	RAO MES	M/08/105	2,080,996	208,099.00	0.00	*208,099.00*	0.10
8	RAYMAN	M/08/70	850,000	85,000.00	0.00	*85,000.00*	0.10
8	REPSOL	M/08/29	3,096,626	309,661.00	0.00	*309,661.00*	0.10
9	ROMPETROL	M/09/29	2,959,551	739,887.75	739,815.75	*72.00*	0.25
10	ROSNEFT GAS EXPORT	M/10/07	4,006,395	1,101,606.05	1,101,610.80	*-4.75*	0.27
11	ROSNEFT GAS EXPORT	M/11/21	3,100,000	930,000.00	930,000.00	*0.00*	0.30
12	ROSNEFT GAS EXPORT	M/12/05	1,403,367	210,505.05	210,505.00	*0.05*	0.15
8	ROSNEFTIMPEX	M/08/27	1,002,402	100,240.00	100,193.20	*46.80*	0.10
8	ROSNEFTIMPEX	M/08/85	33	0.00	0.00	*0.00*	المسدد اعلى من
9	ROSNEFTIMPEX	M/09/25	11,428,422	3,067,802.55	3,067,802.55	*0.00*	0.27
10	ROSNEFTIMPEX	M/09/25	3,002,732	850,679.25	850,740.45	*-61.20*	0.27
10	ROSNEFTIMPEX	M/10/15	16,008,036	4,552,917.25	4,552,763.10	*154.15*	0.28
10	ROSNEFTIMPEX	M/10/15+M/10/23	1,810,523	543,156.90	543,156.90	*0.00*	0.30
11	RUSSIAN ENGINERERING COMPANY	M/11/05	8,085,235	2,322,184.05	1,727,000.00	*595,184.05*	0.23

Crude Oil Allocations during Phase (9) of the Memorandum of Understanding*

- Total quantities lifted reached about (354) million barrels
- Estimated profit margin of this phase is $0.85 per barrel

*Due to the special nature of this phase as the former regime imposed commission on the contractors (surcharge amount), and since many companies refused to pay said surcharge, therefore, instructions were given to contract with any company willing to pay the surcharge.

No.	Contract No.	Contractual Company	Quantity Lifted
25	M/09/25	**The Russian Presidential Council** – Rosnefteimpex - Russia	11.428

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 84

تخصيصات النفط الخام خلال المرحلة التاسعة من مذكرة التفاهم *

- بلغ اجمالي الكميات المحملة حوالي (٣٥٤) مليون برميل .
- تم تقدير هامش الربح لهذة المرحلة بحدود (٠,٨٥) دولار للبرميل الواحد .

* نظرا للطبيعة الخاصة لهذة المرحلة بسبب ايام النظام السابق بفرض عمولة على المتعاقدين (مبلغ الاسترجاع) ولامتناع معظم الشركات عن التعاقد نتيجة لذلك فقد تم التوجيه بالتعاقد مع اية شركة لديها الاستعداد لدفع تلك العمولة.

ت	رقم العقد	الشركة المتعاقدة	الكمية المتعاقد مليون برميل
1	M/09/01	الكون بتروليوم – سويسرية	21.171
2	M/09/02	أردم هولدنك – تركية	4.003
3	M/09/03	السيد نديم شاغور - كوانتم هولدنك – ماليزية	1.910
4	M/09/04	فينار بتروليوم لمتد – لختنشتاين	22.633
5	M/09/05	روز نفط الروسية	
6	M/09/06	السيد ستدي مجالي - مونتيكا تريدنك بي تي واي ليمتد – جنوب افريقيا.	1.859
7	M/09/07	فيتالنك الايطالية	37.390
8	M/09/08	بلميتال تركو البلاروسية	6.715
9	M/09/09	الحزب الديمقراطي الاركراني - كونسل اوف ديل كوربوريشن – اوكرانية	
10	M/09/10	الجنرال الكولوي ماكروس (الدفاع) - سيدانكو الروسية	
11	M/09/11	الشيخ احمد ماتع سعيد الحتية - بنزول – امارتية	
12	M/09/12	السيد عماد الجادة - القاوس العربي – مصرية	
13	M/09/13	عوض عمورة ومشاركوه - سورية	1.962
14	M/09/14	السيد غسان زكريا (سوري الجنسية)- كوانتوم هولدنك الماليزية	
15	M/09/15	الهدى / امارتية	4.135
16	M/09/16	أفريكان بتروليوم – نامبية	
17	M/09/17	دلتا بتروليوم – تركية	4.008
18	M/09/18	السيد فائق احمد شريف - ماسنك – ماليزية	38.256
19	M/09/19	زارابشنفط كاز (لصالح احدى الجهات الحكومية الروسية)	2.016
20	M/09/20	نوري للتجارة – سوريا	1.998
21	M/09/21	ساماسو – سودانية	
22	M/09/22	مشينو امبورت – روسية	2.997
23	M/09/23	السيد فواز زريقات / جورج كاوي /أريدو بتروليوم – فرنسية	1.014
24	M/09/24	الشيخ حمد بن علي آل ثاني - بت اويل - يونانية	
25	M/09/25	ديوان الرئاسة الروسي - روز نفط امبكس – روسية	11.428
26	M/09/26	السيدة حميدة نعنع /أفريكان بتروليوم ليمتد النامبية	
27	M/09/27	السيد محمود ابو العباس / زارابشنفط كاز جوينت ستوك – روسية	
28	M/09/28	السيد اوسكار ولايت - مبد نفتا بتروليوم كومباني لمتد – قبرصية	8.023
29	M/09/29	روم بترول الرومانية	2.960
30	M/09/30	السيد عبدالقني الارياني - شاهر للتجارة – يمنية	0.916
31	M/09/31	أويل اكسكو – كندية	
32	M/09/32	الشيخ احمد ماتع سعيد الحتية - أيمرى اويل – امارتية	3.984
33	M/09/33	السيد سلفاتوري نيكوترا - آي . بي. أس الايطالية	
34	M/09/34	جي . أي . بيلاترم البلاروسية	1.982
35	M/09/35	الكون بتروليوم لمتد لختنشتاين	6.738
36	M/09/36	ميديا كونسلتنك – سويسرية	2.011

AK, MT, MAT

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/09/ 25

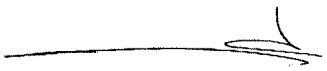
Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 85

SECTION ONE

SPECIFIC PROVISIONS

F.O.B. CRUDE OIL SALES CONTRACT





01/18/2001 18:45 +7-095-2193326 ::::: :::: :::: PAGE 02

FOB SALES CONTRACT
CONTENTS

Section One

Article One	:	Definitions
Article Two	:	Period
Article Three	:	Quantity and Quality
Article Four	:	Price
Article Five	:	Reopener
Article Six	:	Payment
Article Seven	:	SOMO Standard Documentation
Article Eight	:	Approval of Contract
Article Nine	:	Special Conditions
Article Ten	:	Addresses

Section Two

Article One	:	Measurement and Sampling
Article Two	:	Risk and Property
Article Three	:	Lifting Programme
Article Four	:	Nomination of Vessels
Article Five	:	Vessel Berths
Article Six	:	Loading Conditions
Article Seven	:	Demurrage
Article Eight	:	Taxes and Duties
Article Nine	:	Termination in the event of Liquidation or Default
Article Ten	:	Assignment
Article Eleven	:	Destination
Article Twelve	:	Force majeure
Article Thirteen	:	Arbitration
Article Fourteen	:	Notices
Article Fifteen	:	Applicable Law

Appendix I	:	Form of Letter of Credit
Appendix II	:	Application Form to Request Approval of Contract.

01/18/2001 18:45 +7-095-2193326 ::::: :::: :::: PAGE 03

Contract between State Oil Marketing Organization (SOMO) (hereinafter called SELLER) of the one part and JSC "ROSNEFTEIMPEX" NK ROSNEFT RUSSIA, MOSCOW (hereinafter called BUYER) of the other part.

Whereby it is agreed as follows :-

SECTION ONE

Wherever the General Provisions of Section Two, attached and herein incorporated in this Contract, are at variance or in conflict with this Section One, the provisions of Section One shall govern.

ARTICLE ONE

DEFINITIONS

As used in this Contract, unless otherwise provided, the following words and terms shall have the following meanings :-

Barrel	:	means forty-two (42) U.S. Gallons at sixty degrees (60˚) Fahrenheit and at normal atmospheric pressure.
Day	:	means a period of twenty-four (24) running hours Commencing at 00.01 hours local time at the port of loading.
Barrel per Day (B/d)	:	means the average number of barrels of crude oil supplied during a calendar day as defined above.
F.O B.	:	means "Free on Board" as referred to in the ICC Incoterms 1990.
Dollar ($)	:	The currency of the United States of America.
Euro	:	The currency of the European Union
Month	:	means Gregorian Calendar month commencing at 00.01 hours local time at the port of loading on first day of the month.
Quarter	:	means a period of three (3) consecutive months Beginning on a 1st January or a 1st April or a 1st July or a 1st October.

01/18/2001 18:45 +7-095-2193326 :::: :::: ::::: Page 04

Year	:	means a Gregorian Calendar Year.
Api Gravity	:	means scale adopted by the American Petroleum Institute for expressing the specific Gravity of crude oil.
SCR 986	:	means Security Council resolution 986 (1995) of 14 April 1995.
SCR 1111	:	means Security Council resolution 1111 (1997) of 4 June 1997.
SCR 1143	:	means Security Council resolution 1143 (1997) of 4 December 1997.
SCR 1153	:	means Security Council resolution 1153 (1998) of 20 February 1998.
SCR 1210	:	means Security Council resolution 1210 (1998) of 24 November 1998.
SCR 1242	:	means Security Council resolution 1242 (1999) of 21 May 1999.
SCR 1281	:	means Security Council resolution 1281 (1999) Of 10 December 1999.
SCR 1302	:	means Security Council resolution 1302 (2000) of 8 June 2000.
SCR 1330	:	means Security Council resolution 1330 (2000) Of 5 December 2000.
661 Committee	:	means the Security Council Committee established by Security Council Resolution 661 (1990).
Procedures	:	means the procedures to be employed by the 661 Committee (United Nations document S/1996/636, dated 8 August 1996).
Overseers	:	means the independent experts in international Oil trade appointed by the Secretary-General of The United Nations pursuant to SCR 986 and the procedures.
Inspectors	:	means the independent oil inspection agents Appointed by the Secretary-General pursuant to SCR 986.

01/18/2001 18:45 +7-095-2193326 :::: :::: :::: PAGE 05

ARTICLE TWO

PERIOD :

1. Subject to Article Eight below, this Contract shall become effective on the 17TH day of January , 2001, and shall continue thereafter until the 28th of February 2001, unless renewed by mutual agreement.
2. The ultimate consumer of the crude oil sold under this Contract shall be Refineries in Europe and/or U.S.A.
   Any change in the destination is subject to the prior approval of Seller.

ARTICLE THREE

QUANTITY AND QUALITY :

1. SELLER undertakes to sell and deliver FOB and BUYER undertakes to purchase, receive and pay for the following:-

Type of Crude	Quantity	Port of Loading
KIRKUK	2,000,000 BBLS	CEYHAN
BASRAH LIGHT	4,000,000 BBLS	ALBAKR

2. The quality of the crude oil shall be the standard export quality available at the port of loading from time to time.

3. Quantities shall represent contracted quantities or number of barrels per day contracted multiplied by the number of days of the relevant period stipulated in sub Article 2.1

4. Quantities shall be lifted as evenly as possible over the course of such delivery period in lots of approximate barrels and as will be agreed between BUYER and SELLER.

5. Quantities lifted under allowed operational vessel slippage shall be deemed as part of the contracted quantities of the period.

01/18/2001 18:45 +7-095-2193326 :::: :::: ::::: PAGE 06

6. In case when SELLER, for reasons technical or otherwise that are beyond his control, is unable to meet his full contractual commitments, SELLER shall have the right to reduce the contracted quantities for the duration of the period when such circumstances shall prevail. SELLER shall advise BUYER as soon as possible before the beginning of any period during which supplies to all buyers are to be reduced.

7. In no event shall any loading start beyond the 3rd of June, 2001, unless the Security Council has authorized sales beyond that date.

01/18/2001 18:45 +7-095-2193326 ::::: :::: :::: PAGE 07

ARTICLE FOUR

PRICE :

1. The price(s) of the crude oil to be delivered under this contract shall be as follows:-

TYPE OF CRUDE	API	PORT OF LOADING
KIRKUK	36.00	CEYHAN
BASRAH LIGHT	34.00	ALBAKR

Price Mechanism in EURO per Barrel FOB

Price shall be the standard SOMO price as agreed upon between SOMO and the United Nations from time to time.

01/18/2001 18:45 +7-095-2193326 ::::: :::: :::: PAGE 08

ARTICLE FIVE

REOPENER:

Each party shall have the right not later the 15th day of any month to request a review of the pricing mechanism of this Contract.

If following a request for a review, the parties are unable to agree within a period of ten (10) days from the date upon which such request was made, either party may elect to terminate this Contract by serving written notice of phase-out to the other party and termination shall be effective at the end of the month following the month during which the notice of termination has been received.

But if the parties are able to agree within the above mentioned ten (10) days period, any agreed upon adjustment to the pricing mechanism shall be subject to the approval of the 661 Committee.

However, of such approval has not been granted by the 661 Committee, this Contract shall be considered as terminated as of the end of the month following the month during which the above mentioned ten (10) days period ends unless the parties agree otherwise.

In case of Contract termination under any of the above mentioned events, this Contract shall remain in full force and effect at the pricing mechanism applicable in accordance with this Contract terms and conditions up to the effective date of termination and such termination shall not affect the parties' rights and obligations therefrom, unless the parties agree otherwise during the period prior to the effective date of termination.

01/18/2001 18:45 +7-095-2193326 :::: :::: ::::: PAGE 09

ARTICLE SIX

PAYMENT:

1. BUYER shall establish in respect of each shipment lifted under this Contract an irrevocable documentary letter of credit issued by a bank acceptable to Banque Nationale de Paris, S.A. ("BNP")for confirmation, in the form set out in Appendix I hereof.

   In all cases, the Letter of Credit shall be established, confirmed and accepted at least seven (7) days prior to loading date.

2. BUYER irrevocably undertakes that payment for each cargo of crude oil lifted shall be made out of the proceeds of the confirmed Letter of Credit directly to United Nations Iraq Account Euro sub account account number 0200-201752-002-05 established by the Secretary-General of the United Nations, pursuant to paragraph 7 of SCR 986, at BNP (New York Branch) (hereinafter "United Nations Iraq Account Euro sub Account"), upon presentation to BNP of the documents required by the Letter of Credit, including but not limited to the Commercial Invoice and the Bill of Lading.

3. All charges within Iraq are for SELLER, whereas all charges outside Iraq are to be borne by BUYER.
4. Unless otherwise provided herein, payment shall be made not later than thirty (30) days from B/L date, in same date funds.

   If payment falls due on a Saturday or Bank holiday other than Monday in the place where payment is to be made then payment shall be made on the last preceding banking day. If payment falls due on a Sunday or a Monday Bank holiday in the place where payment is to be made then payment shall be made on the next succeeding banking day.

01/18/2001 18:45 +7-095-2193326 ::::: :::: :::: PAGE 10

ARTICLE SEVEN

SOMO STANDARD DOCUMENTATION:

Bill of Lading	9 (3 orig. & 6 copies)
Certificate of Origin	4
Certificate of Quality and Quantity	4
Loading Time Sheet	4
Ullage Report	4
Master's Receipt for Samples	4
Distribution of Documents	4

Two sets of documents are handed to Master, one being for consignee. SELLER shall advise BUYER by telex or cable within forty eight (48) hours following each loading with the following details:-

(a) Vessel's Name .
(b) Loading Port .
(c) Commenced loading Date.
(d) Completed Loading Date.
(e) Sailing Date .
(f) Gross and net quantities in metric tons, long tons and U.S. barrels.
(g) API Gravity.

ARTICLE EIGHT

APPROVAL OF CONTRACT :

This Contract is subject to the approval of the Overseers on behalf of the 661 Committee. Such approval shall be obtained in accordance with the Procedures, utilizing the form set out in Appendix II hereof.

ARTICLE NINE

SPECIAL CONDITIONS :

1. Loading of any shipment of crude oil shall be subject to the authorization of the Inspectors at the port of loading. The Inspectors shall also have the authority to stop the loading if they determine that there is any evidence of irregularity.

01/18/2001 18:45 +7-095-2193326 :::: :::: ::::: PAGE 11

2. Notwithstanding Sub Article 4-3 of Section Two of this Contract, the accepted date of arrival of the vessel at the loading ports shall be fixed on a one (1) day range. All related Articles of Section Two of the Contract will read to that effect and conformity.

3. Notwithstanding Sub Article (6-5) of Section Two of this Contract SELLER shall be allowed as laytime at Al Bakr Terminal as follows :-

Laytime (hrs)	Vessel DWT (MT)
36	Up to 129 999
54	130 000 – 199 999
65	Over 200 000

All related Articles of Section Two of the Contract will read to that effect and conformity.

4. In addition to the events specified in Sub Article 6-6 of Section Two, any time consumed due to the Inspectors prohibiting loading shall not count as used laytime.
5. This Contract shall terminate forthwith in the event that the Security Council terminates the authorization to import petroleum or petroleum products originating in Iraq.
6. Assignment of the rights or obligations of the SELLER or BUYER shall be subject to the approval of the 661 Committee.
7. Any claims from BUYER under Sub Article 1-3 or Article Seven of Section Two, and any analyses carried out under Sub Articles 1-5 and 1-6 of Section Two, shall copied to the Overseers. Payments or other awards under Article Thirteen of Section Two, in respect of claims under Articles one and Seven of Section Two are subject to the approval of the 661 Committee. Any sum to be paid by BUYER in settlement of a dispute under Article Thirteen of Section Two relating to the proceeds of the sale of crude oil under this Contract shall be paid by BUYER directly to the United Nations Iraq Account, Euro sub account.

9

8. Payments to SELLER under SUB Article 5-5 and Sub Article 6-7 of Section Two, and any other Payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.
9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143 SCR 1153, SCR 1210, SCR 1242, SCR 1281, SCR 1302, SCR 1330, the Procedures and the Memorandum of Understanding between the Secretariat of the United nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and Communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:
STATE OIL MARKETING ORGANIZATION
P.O. BOX 5118
BAGHDAD – IRAQ
TELEX : 212198 – 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX : 964-1-8853925

FOR BUYER:
JSC "ROSNEFTEIMPEX" NK ROSNEFT
38, OBRAZTSOVA STR. MOSCOW 127018, RUSSIA
PHONE : (7095), 289 14 96 - 289 24 63, 219 26 01
FAX : (7095) 979 6071
TELEX : 612378 RENK
MOBILE PHONES : 007095 - 1047900 - 7607652

FOR OVERSEERS
UNITED NATIONS, NEW YORK, U.S.A.
FAX : 212 – 963 – 1628

All other terms and conditions as per (Section Two) General conditions of F.O.B. crude oil sales contract No. M/08/85 Dated 4/7/2000 and attached appendices 1 & 2 .

This Contract has been done and signed on the 17TH day of January , 2001.

FOR SELLER
SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL DIRECTOR
S O M O

FOR BUYER
SERGEY ISSAKOV
ADVISER TO GENERAL DIRECTOR

01/18/2001 18:45 +7-095-219326 ::: ::: ::: PAGE 13

In the Name of God, Most Gracious, Most Merciful

To: The Financial Department
From: Crude Oil First Marketing Department

No.: KH1
Date: Safar 1422 Hijri
Equivalent to: 05/14/2001

RE: Addendum no. (3) of Contract M/09/25 with Rosnefteimpex Russian Company

In addition to our memorandum dated 04/19/2001, we have amended the quantity of the above-mentioned contract on 05/08/2001 as follows:

1- Quantity & Quality: the contractual quantity has been changed from (11,350) million barrels to (16,35) million barrels divided as follows:

   (8.0) million barrels of Kirkuk crude oil FOB Ceyhan terminal
   (8.35) million barrels of Basrah light crude oil FOB Al-Bakr terminal

2- Validity of Contract: until 06/30/2001 instead of 05/15/2001

Other terms of contract remain unchanged.

Please be informed and act accordingly.

Abd-al-Jalil Said Hammadi
Head of Crude Oil First Marketing Department

Saddam Zeben Hassan
Executive Director

Cc:

Shipping & quantities department – in addition to our memorandum dated 04/22/2001 for the same aforesaid purpose.

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 86

بسم الله الرحمن الرحيم

الى /الدائرة المالية
من / دائرة تسويق الخام الاولى

الرقم/ خ١/
التاريخ/ صفر ١٤٢٢هـ
الموافق ١٧/ ٥/ ٢٠٠١

م/ ملحق رقم (٣) للعقد M/09/25 مع روزنفط امبكس الروسية

الحاقاً بمذكرتنا المؤرخة في ٢٠٠١/٤/١٩ .

تم بتأريخ ٢٠٠١/٥/٨ تعديل كمية العقد اعلاه لتصبح كالآتي :-

١- الكمية والنوعية : تعديل المتعاقد عليها من (١١,٣٥٠) مليون برميل الى (١٦,٣٥) مليون برميل موزعة الى الآتي :-

(٨,٠) مليون برميل نفط خام كركوك فوب جيهان .

(٨,٣٥) مليون برميل نفط خام البصرة الخفيف فوب البكر .

٢- فترة سريان العقد لغاية ٢٠٠١/٦/٣٠ بدلاً من ٢٠٠١/٥/١٥ .

مع الابقاء على كافة شروط العقد دون تعديل .

للعلم والعمل بموجبه رجاء .

عبد الجليل سعيد حمادي
رئيس دائرة تسويق الخام الاولى

صدام ابن حسين
المدير التنفيذي

نسخة منه الى /

دائرة الشحن والكميات – الحاقاً بمذكرتنا المؤرخة في ٢٠٠١/٤/٢٢ لنفس الغرض رجاء .

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: "ROSNEFTEIMPEX" 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 "ROSNEFTEIMPEX" 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

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 87

04-23-2001 05:13AM FR TO 7132248101 P.01

04/23/2001 13:15 +7-095-941-6035 VAL TH PAGE 01

38, Obraztsova str., Moscow 127018, Russia
Phone: (7095), 289 14 96, 289 24 63, 219 26 01
Fax: (7095) 979 60 71
Telex: 612378 RENK
E-mail: recms@online.ru

ROSNEFTEIMPEX

Fax

To:	Bayoil	**From:**	Y. Poukhov
Fax:	1713-7818377	**Pages:**	1
Re:	**Shipment of Basrah Light crude in April-May-June. M/t «Stavros» B/L 3.04.01. M/t «Mariner» Laycan May 14th and about 2.000 000 bbls loading in June(Subject agreement of SOMO).**	**Date:**	20.04.2001
Att:	Mr. David Chalmer, President	**No.:**	66/04 NB

Dear Sirs,

Taking into account the relationships between our companies and also the fact that your company is one of the important Suppliers of crude oil to US and European Consumers, we would like to continue our collaboration.
Subject agreement with Supplier we propose to you above quantities and any other quantities within this period.
We consider that after last decision of OPEC to cut crude oil output, crude oil market improved and we have intention to cooperate with your company for promotion purposes of Iraqi oil to the market.
Having in mind the above we would like to receive higher trading benefit after selling of crude oil on the market at the level not less than USD 0.35 per each barrel.
In case of your agreement we are ready to conclude respective deal with your company.
We expect your answer.

Best regards,

S.Issakov

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 88

SNT 020928

SNT 020928

AK, MT, MOT

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/52/2001

Sold to : ROSNEFTEIMPEX / NK ROSNEFT

Exporting port : MINA ALBAKR TERMINAL

Ships Name : STAVROS G.L.

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 02/05/2001

Contract no. : M/09/25 V-50147

BNP Confirmation no : D726597

Openinig Bank L/c No. : LCIM2166231

Shipment No. : BBL/3080 (1)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 31.28 API GRAVITY AT 60 F °	34,470.675	33,926.16	250,000	20.188	5,047,000.00
					5,047,000.00

Total EURO : FIVE MILLION FORTY SEVEN THOUSAND ONLY

Price Calculation: WTI(SECOND MONTH)MINUS $ 9.65 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.27 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 03/04/2001

ORIGINAL

Y.H.IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

PSI Staff Rpt (RPC) - FN 89
Permanent Subcommittee on Investigations

RUSNAFTIMPEX (BVI) LIMITED
C/O Jardine House, 1 Wesley St. Helier, Jersey, JE4 8HD Channel Islands, UK

INVOICE No 07/25/04 dated 25.04. 2001.
Contract dated July 11, 2000, addendum No2 dated 18 January 2001

To: Bayoil Supply and Trading Limited P.O.Box CB 12918, Nassau, Baghamas

Steamer: m/t "Stavros G.L.", B/L 03.04.2001 ex Al Bakr
Discription: Basrah Light crude oil
250.000 net bbls
Premium: USD 0,35 per net bbls
Amount: USD 87.500
+ 3.000
90.500

The above amount should be paid upon receipt of this invoice to:
Beneficiary: Haverhill Trading Limited
Address of beneficiary: 12 Promitheus str., Nicosia, Cyprus.
Account No: 140 – 07 – 075660 - 01
Bank: Hellenic Bank LTD, 92, Dhigenis Akritas Ave., PO Box 4529, 1300 Nicosia, Cyprus.
Correspondent Bank: The Chase Manhattan Bank NA.
Address of Correspondent Bank: 1 Chase Manhattan Plasa, New York, NY 10081, USA.
Swift Code: HEBA CY 2N

Alexei Milovanov
Director
Moscow Office Representative



Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 90

SNT 021260

BAYOIL

TO: BNP PARIBAS (SUISSE) SA, GENEVA
ATTN: ANTHONY GUERNE

FAX: 4122-738-0150

FROM: BAYOIL SUPPLY & TRADING LIMITED

DATE: MAY 2, 2001

RE: WIRE TRANSFER REQUEST

DEAR ANTHONY:

PLEASE WIRE FOLLOWING FUNDS VALUE **MAY 2, 2001** FROM OUR BAYOIL ACCOUNT:

AMOUNT: US$90,500.00

CREDIT: HAVERHILL TRADING LIMITED

ACCOUNT NO: 140-07-075660-01

BANK HELLENIC BANK LTD
92, DHIGENIS AKRITAS AVE.,
P.O. BOX 4529
1300 NICOSIA, CYPRUS

CORRESPONDENT: THE CHASE MANHATTAN BANK NA
1 CHASE MANHATTAN PLAZA
NEW YORK, NY 10081
SWIFT: HEBA CY 2N

THANK YOU FOR YOUR ASSISTANCE.

REGARDS,

DAVID B. CHALMERS, JR.
FOR AND ON BEHALF OF
BAYOIL SUPPLY & TRADING LIMITED

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 91

SNT 021259

10:42 AM
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
Gross Sales								
Sales - Oil Products								
Deposit	5/25/2001	REV	VALERO MARK...	STARVOSGL-2	V-50147	BNP Paribа..	10,643,102.56	10,643,102.56
Deposit	5/25/2001	REV	PORT ARTHUR ...	STARVOSGL-2	V-50147	BNP Paribа.	12,416,488 70	23,059,591.26
Deposit	5/25/2001	REV	PREMCOR	STARVOSGL-2	V-50147	BNP Paribа. .	7,764,225.99	30,823,817 25
Deposit	5/30/2001	REV	VALERO MARK...	STARVOSGL-2	V-50147	BNP Paribа...	11,420,081 90	42,243,899.15
General Journal	5/31/2001	Je-Ck-12	VALERO MARK...	STAVROS G.L. -2	V-50147	Receivable- ..	31,759 83	42,275,658.98
Deposit	7/20/2001	REV	Alon USA	S. Gl-2	V-50147	BNP Paribа...	1,576,587.26	43,852,246.24
General Journal	7/31/2001	Je-Ck-11	Reverse Accrual	Stavrors Gl-2	V-50147	Sales - Oil P. .	-1,576,587.26	42,275,658.98
Total Sales - Oil Products							42,275,658.98	42,275,658.98
Total Gross Sales							42,275,658.98	42,275,658.98
Cost of Sales								
Broker Comm								
Check	7/27/2001	1335	SYNTEXENERGY	D6F637U/Stavr...	V-50147	Cash - Well...	-250.00	-250.00
Check	7/27/2001	1335	SYNTEXENERGY	D6F694U/Stavr...	V-50147	Cash - Well...	-250.00	-500.00
Check	7/27/2001	1335	SYNTEXENERGY	D6F695U/Starv.	V-50147	Cash - Well..	-250.00	-750 00
Check	7/27/2001	1335	SYNTEXENERGY	D6F696U/Stavr...	V-50147	Cash - Well...	-250.00	-1,000.00
Check	7/27/2001	1335	SYNTEXENERGY	D6F697U/Stavr...	V-50147	Cash - Well .	-250.00	-1,250.00
Check	7/27/2001	1335	SYNTEXENERGY	D6F721U/Stavr.	V-50147	Cash - Well	-250.00	-1,500 00
Check	7/27/2001	1335	SYNTEXENERGY	D6F722U/Stavr...	V-50147	Cash - Well...	-250 00	-1,750.00
Check	7/27/2001	1335	SYNTEXENERGY	D6F723U/Stavr...	V-50147	Cash - Well...	-250 00	-2,000.00
Check	7/27/2001	1335	SYNTEXENERGY	D6F724U/Stavr...	V-50147	Cash - Well. .	-250.00	-2,250.00
Check	8/28/2001	1349	SYNTEXENERGY	Stavros GL-2	V-50147	Cash - Well..	-5,250.00	-7,500.00
Check	8/31/2001	1347	ECHO ENERGY	July/Stavros GL-2	V-50147	Cash - Well...	-6,000 00	-13,500.00
Total Broker Comm							-13,500.00	-13,500.00
Secondary Chgs.								
General Journal	5/31/2001	Je-Ck-12	Accrual	STAVROS G.L.-2	V-50147	Receivable-...	86,742.96	86,742.96
Total Secondary Chgs.							86,742.96	86,742.96
Exchange gain/loss								
Check	5/2/2001	WT	UNITED NATIONS	STARVOSGL-2	V-50147	BNP Paribа...	-30,148.44	-30,148.44
Total Exchange gain/loss							-30,148 44	-30,148.44
Crude Purchases								
Check	4/24/2001	PYMNT	SLAVENFT OIL ..	STARVOSGL-2	V-50147	BNP Paribа...	-167,383.44	-167,383.44
Check	4/24/2001	PYMNT	FANSTEAD TRA. .	STARVOSGL-2	V-50147	BNP Paribа...	-460,304.46	-627,687.90
Check	5/2/2001	WT	UNITED NATIONS	STARVOSGL-2	V-50147	BNP Paribа ..	-42,566,490.69	-43,194,178 59
Check	5/2/2001	PYMNT	HAVERHILL TR...	STAVROSGL-2	V-50147	BNP Paribа ..	-90,500.00	-43,284,678.59
General Journal	5/31/2001	Je-Ck-12	Accrual	STAVROS G.L.-2	V-50147	Receivable-...	9,786,066.83	-33,498,611.76
General Journal	6/30/2001	Je-Ck-21a	Accrual	Stavros Gl 2	V-50147	Receivable-...	1,409,867.16	-32,088,744.60
General Journal	12/31/2001	Je-Ck-61	Reverse Accrual	Stavros Gl-2	V-50147	Hedge Gain ..	-1,409,867.16	-33,498,611.76
Total Crude Purchases							-33,498,611.76	-33,498,611 76
Interest								
Check	4/10/2001	LOAN	FIXED TERM AD...	STARVOSGL	V-50147	BNP Paribа .	-1,592.50	-1,592.50
Check	4/24/2001	LOAN	FIXED TERM AD...	STARVOSGL-2	V-50147	BNP Paribа...	-2,552.08	-4,144.58
Check	4/24/2001	LOAN	FIXED TERM AD	STARVOSGL-2	V-50147	BNP Paribа	-1,545 14	-5,689.72
Check	4/30/2001	LOAN	FIXED TERM AD...	STARVOSGL-2	V-50147	BNP Paribа...	-5,750.00	-11,439.72
Check	5/1/2001	LOAN	FIXED TERM AD...	STARVOSGL-2	V-50147	BNP Paribа...	-5,750.00	-17,189.72
Check	5/1/2001	LOAN	FIXED TERM AD...	STARVOSGL-2	V-50147	BNP Paribа...	-1,895.83	-19,085.55
Check	5/10/2001	LOAN	FIXED TERM AD...	STAVROSGL-2	V-50147	BNP Paribа.	-408 35	-19,493.90
Check	5/10/2001	LOAN	FIXED TERM AD...	STARVOSGL-2	V-50147	BNP Paribа..	-5,910 94	-25,404.84
Check	5/18/2001	LOAN	FIXED TERM AD...	STARVOSGL-2	V-50147	BNP Paribа...	-106,425 00	-131,829.84
Check	5/18/2001	LOAN	FIXED TERM AD...	STARVOSGL-2	V-50147	BNP Paribа...	-3,016.67	-134,846 51
Check	5/18/2001	LOAN	FIXED TERM AD...	STAVROSGL-2	V-50147	BNP Paribа. .	-1,230.10	-136,076 61
Check	5/21/2001	LOAN	FIXED TERM AD...	STARVOSGL-2	V-50147	BNP Paribа...	-19,443.05	-155,519.66
Check	5/29/2001	LOAN	FIXED TERM AD ..	STARVOSGL-2	V-50147	BNP Paribа...	-52,592.33	-208,111.99
Check	5/30/2001	LOAN	FIXED TERM AD...	STARVOSGL-2	V-50147	BNP Paribа. .	-2,236.67	-210,348.66
Check	6/6/2001	LOAN	FIXED TERM AD...	STAVROSGL-2	V-50147	BNP Paribа	-5,400.47	-215,749 13
Check	6/11/2001	LOAN	FIXED TERM AD...	STAVROSGL-2	V-50147	BNP Paribа...	-1,772.40	-217,521.53
Total Interest							-217,521 53	-217,521.53

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 92

10:42 AM
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
Inspection								
Check	6/13/2001	PYMNT	OIL INSPECTIO...	STAVROSGL-2	V-50147	BNP Pariba...	-11,435.61	-11,435.61
General Journal	7/31/2001	Je-Ck-20	Accrual	Stavros-2	V-50147	Estimated C...	-27,819.20	-39,254.81
Check	8/31/2001	INSP	OIL INSPECTIO	STAVROSGL-2	V-50147	BNP Pariba...	-15,693.00	-54,947.81
Check	9/11/2001	INSP	INSPECTORAT...	STAVROS GL-2	V-50147	BNP Pariba...	-1,572.48	-56,520.29
Check	9/11/2001	INSP	INSPECTORAT...	STAVROSGL-2	V-50147	BNP Pariba...	-3,940.94	-60,461.23
Check	9/11/2001	INSP	INSPECTORAT...	STAVROSGL-2	V-50147	BNP Pariba	-2,357.39	-62,818.62
Check	9/11/2001	INSP	INSPECTORAT...	STAVROSGL-2	V-50147	BNP Pariba...	-905.10	-63,723.72
Check	9/11/2001	INSP	INSPECTORAT...	STAVROSGL-2	V-50147	BNP Pariba...	-157.72	-63,881.44
Check	9/11/2001	INSP	INSPECTORAT...	STAVROSGL-2	V-50147	BNP Pariba...	-1,980.78	-65,862.22
Check	9/11/2001	INSP	INSPECTORAT...	STAVROSGL-2	V-50147	BNP Pariba...	-1,300.37	-67,162.59
Check	9/11/2001	INSP	INSPECTORAT...	STAVROSGL-2	V-50147	BNP Pariba...	-1,279.60	-68,442.19
Check	9/11/2001	INSP	INSPECTORAT...	STAVROSGL-2	V-50147	BNP Pariba	-1,061.20	-69,503.39
General Journal	9/30/2001	Je-Ck-31	Reverse Accrual	Stavros gl-2	V-50147	Estimated C...	27,819.20	-41,684.19
Total Inspection							-41,684.19	-41,684.19
Insurance								
Check	5/3/2001	PYMNT	CRAIG FERGUS...	STARVOSGL-2	V-50147	BNP Pariba...	-26,229.66	-26,229.66
Check	8/9/2001	INS	CRAIG FERGUS...	STAVROS GL-2	V-50147	BNP Pariba...	-1,400.53	-27,630.19
Total Insurance							-27,630.19	-27,630.19
L/C Charges								
Check	3/26/2001	L/C	L/C CHARGES	STARVOSGL-2	V-50147	Banque Pan...	-79,670.00	-79,670.00
Check	3/29/2001	LC	CLARK REFINING	STAVRO GL -2	V-50147	Cash in Ban...	-45,792.31	-125,462.31
Check	4/30/2001	L/C	L/C CHARGES	STARVOSGL-2	V-50147	BNP Pariba...	-5,339.35	-130,801.66
Total L/C Charges							-130,801.66	-130,801.66
Freight								
Check	4/2/2001	PYMNT	SOUTH CARIBE...	STARVOSGL	V-50147	BNP Pariba...	-1,170,000.00	-1,170,000.00
Check	5/7/2001	PYMNT	FAL ENERGY C...	STARVOSGL-2	V-50147	BNP Pariba...	-1,322,197.00	-2,492,197.00
Check	5/11/2001	PYMNT	SOUTH CARIBE...	STARVOSGL-2	V-50147	BNP Pariba...	-1,205,356.00	-3,697,553.00
Check	6/21/2001	PYMNT	SOUTH CARIBE ...	STAVROSGL-2	V-50147	BNP Pariba...	-1,074,936.38	-4,772,488.38
Check	7/20/2001	FRGHT	THE KANOO GR...	STAVROS GL-2	V-50147	BNP Pariba...	-501.56	-4,772,989.94
Check	9/28/2001	INSP	OBC SHIPPING ...	STAVROS-2	V-50147	BNP Pariba...	-5,745.85	-4,778,735.79
Total Freight							-4,778,735.79	-4,778,735.79
Demurrage								
General Journal	6/30/2001	Je-Ck-21a	Accrual	Stavros Gl 2	V-50147	Receivable-...	-26,650.00	-26,650.00
General Journal	12/31/2001	Je-Ck-84	Accrual	Stavros Gl-2	V-50147	Estimated C...	26,650.00	0.00
Total Demurrage							0.00	0.00
Finance Charges								
Check	3/30/2001	LC	PREMCOR	STAVRO GL-2	V-50147	Cash in Ban...	-65.00	-65.00
Check	4/2/2001	PYMNT	SOUTH CARIBE...	STARVOSGL	V-50147	BNP Pariba...	-19.92	-104.92
Check	4/24/2001	PYMNT	SLAVENFT OIL ...	STARVOSGL-2	V-50147	BNP Pariba...	-20.33	-125.25
Check	4/24/2001	PYMNT	FANSTEAD TRA...	STARVOSGL-2	V-50147	BNP Pariba...	-20.33	-145.58
Check	4/27/2001	WT	BANK CHARGES	STARVOSGL-2	V-50147	BNP Pariba	-30.35	-175.93
Check	5/2/2001	WT	UNITED NATIONS	STARVOSGL-2	V-50147	BNP Pariba...	-34,080.11	-34,256.04
Check	5/2/2001	PYMNT	HAVERHILL TR...	STAVROSGL-2	V-50147	BNP Pariba...	-20.03	-34,276.07
Check	5/7/2001	PYMNT	FAL ENERGY C...	STARVOSGL-2	V-50147	BNP Pariba...	-20.03	-34,296.10
Check	5/11/2001	PYMNT	SOUTH CARIBE...	STARVOSGL-2	V-50147	BNP Pariba...	-19.84	-34,315.94
Check	5/22/2001	BC	PREMCOR	STARVOSGL-2	V-50147	BNP Pariba...	-585.00	-34,900.94
Check	5/25/2001	BC	VALERO MARK...	STARVOSGL-2	V-50147	BNP Pariba...	-500.00	-35,400.94
Deposit	5/25/2001	REV	PORT ARTHUR ...	STARVOSGL-2	V-50147	BNP Pariba...	-85.00	-35,485.94
Deposit	5/25/2001	REV	PREMCOR	STARVOSGL-2	V-50147	BNP Pariba...	-85.00	-35,570.94
Check	5/28/2001	BC	PORT ARTHUR ...	STARVOSGL-2	V-50147	BNP Pariba...	-500.00	-36,070.94
Deposit	6/6/2001	REV	VALERO MARK	STARVOSGL-2	V-50147	BNP Pariba...	-85.00	-36,155.94
Deposit	6/11/2001	REV	PORT ARTHUR ...	STAVROSGL-2	V-50147	BNP Pariba...	-85.00	-36,240.94
Deposit	6/18/2001	REV	PORT ARTHUR ...	STARVOSGL-2	V-50147	BNP Pariba...	-85.00	-36,325.94
Check	6/21/2001	PYMNT	SOUTH CARIBE ...	STAVROSGL-2	V-50147	BNP Pariba...	-19.51	-36,345.45
Check	7/20/2001	FRGHT	THE KANOO GR ...	STAVROSGL-2	V-50147	BNP Pariba	-20.06	-36,365.51
Check	9/11/2001	INSP	INSPECTORAT...	STAVROSGL-2	V-50147	BNP Pariba...	-20.54	-36,386.05
Check	5/24/2002	FIN	ROSNEFT IMPEX	STAVROSGL-2	V-50147	BNP Pariba...	-56.60	-36,442.65
Check	5/24/2002	FIN	PREMCOR	STAVROSGL-2	V-50147	BNP Pariba...	-56.04	-36,498.69
Check	5/24/2002	FIN	PORT ARTHUR ...	STAVROSGL-2	V-50147	BNP Pariba	-56.04	-36,554.73
Total Finance Charges							-36,554.73	-36,554.73
Lightering Charges								
General Journal	5/31/2001	Je-Ck-12	Accrual	STAVROS G.L.-2	V-50147	Receivable-...	-311,291.67	-311,291.67
Total Lightering Charges							-311,291.67	-311,291.67
Total Cost of Sales							-38,999,737.00	-38,999,737.00
Bank Service Charges								
Check	5/2/2001	WT	UNITED NATIONS	STARVOSGL-2	V-50147	BNP Pariba...	-324.32	-324.32
Total Bank Service Charges							-324.32	-324.32

10:42 AM
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
Commissions								
General Journal	5/29/2001			STAVROS GL 2	V-50147	Hedge Gain ...	-23,300.00	-23,300.00
General Journal	5/29/2001			STAVROS GL 2	V-50147	Hedge Gain ...	-969.40	-24,269.40
General Journal	5/29/2001			STAVROS GL 2	V-50147	Hedge Gain ...	-4,500.00	-28,769.40
General Journal	5/29/2001			STAVROS GL 2	V-50147	Hedge Gain ...	-531.00	-29,300.40
Total Commissions							-29,300.40	-29,300.40
Hedge Gain /(Loss)								
General Journal	5/29/2001			STAVROS GL 2	V-50147	-SPLIT-	-914,170.00	-914,170.00
General Journal	5/29/2001			STAVROS GL 2	V-50147	Hedge Gain	-618,790.00	-1,532,960.00
General Journal	5/31/2001	Je-Ck-12	Accrual	STAVROS GL-2	V-50147	Receivable-...	302,765.05	-1,230,194.95
General Journal	12/31/2001	Je-Ck-61	Reverse Accrual	Stavros Gl-2	V-50147	-SPLIT-	-302,765.05	-1,532,960.00
Total Hedge Gain /(Loss)							-1,532,960.00	-1,532,960.00
TOTAL							**1,713,337.26**	**1,713,337.26**

10:44 AM
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
Gross Sales								
Sales - Oil Products								
Deposit	6/18/2001	REV	Exxon	SETTEBELLO-5	V-50135	Cash - CAI .	51,520,067.23	51,520,067.23
Total Sales - Oil Products							51,520,067.23	51,520,067.23
Total Gross Sales							51,520,067.23	51,520,067.23
Cost of Sales								
Exchange gain/loss								
Check	5/18/2001	WT	UNITED NATIONS	SETTEBELLO-5	V-50135	Cash - CAI .	-32,982.48	-32,982.48
Total Exchange gain/loss							-32,982.48	-32,982.48
Crude Purchases								
Check	5/18/2001	PYMNT	HAVERHILL TR...	SETTEBELLO-5	V-50135	BNP Paribа...	-651,295.80	-651,295.80
Check	5/18/2001	WT	UNITED NATIONS	SETTEBELLO-5	V-50135	Cash - CAI ...	-48,062,489.63	-48,713,785.43
Total Crude Purchases							-48,713,785.43	-48,713,785.43
Interest								
Check	5/15/2001	LOAN	FIXED TERM AD...	SETTEBELLO-5	V-50135	Cash - CAI ...	-7,475.42	-7,475.42
Check	5/15/2001	LOAN	FIXED TERM AD...	SETTEBELLO-5	V-50135	Cash - CAI ..	-1,005.33	-8,480.75
Check	5/18/2001	LOAN	FIXED TERM AD...	SETTEBELLO-5	V-50135	Cash - CAI	-109.46	-8,590.21
Check	5/21/2001	LOAN	FIXED TERM AD...	SETTEBELLO-5	V-50135	Cash - CAI ...	-3,780.00	-12,370.21
Check	6/15/2001	LOAN	FIXED TERM AD...	SETTEBELLO-5	V-50135	Cash - CAI ...	-633.08	-13,003.29
Check	6/30/2001	INT	INTEREST CHA	Settebello-5	V-50135	Cash - CAI ...	-143,075.51	-156,078.80
Check	7/5/2001	LOAN	FIXED TERM AD	SETTEBELLO-5	V-50135	Cash - CAI ..	-2,558.16	-158,636.96
Total Interest							-158,636.96	-158,636.96
Inspection								
General Journal	6/30/2001	Je-Ck-21	Reverse Accrual	Settebello-5	V-50135	Estimated C...	-25,000.00	-25,000.00
Check	7/5/2001	INSP	CALEB BRETT ...	Settebello-5	V-50135	Cash - CAI ...	-2,425.86	-27,425.86
General Journal	7/31/2001	Je-Ck-19	Reverse Accrual	Settebello-5	V-50135	Estimated C...	14,090.55	-13,335.31
Check	11/7/2001	FRGHT	SGS CSI	SETTEBELLO-5	V-50135	BNP Paribа...	-450.00	-13,785.31
General Journal	4/30/2002	Je-Ck-22	Reverse Accrual	Settebello-5	V-50135	Estimated C...	2,750.00	-11,035.31
Total Inspection							-11,035.31	-11,035.31
Insurance								
Check	5/3/2001	PYMNT	CRAIG FERGUS.	SETTEBELLO-5	V-50135	BNP Paribа	-24,809.35	-24,809.35
Total Insurance							-24,809.35	-24,809.35
L/C Charges								
Check	4/30/2001	LC	L/C CHARGES	SETTEBELLO-5	V-50135	Cash - CAI .	-1,000.00	-1,000.00
General Journal	6/30/2001	JE-LH03/CAI		Settebello-5	V-50135	L/C Charges	-53,795.98	-54,795.98
Total L/C Charges							-54,795.98	-54,795.98
Freight								
General Journal	3/31/2001	Je-Ck-03C	Reclass	Settebello-5	V-50135	Prepaid Items	129,559.31	129,559.31
Check	4/5/2001	PYMNT	DENIS PATRIKI .	SETTEBELLO-5	V-50135	Cash - CAI .	-1,900.00	127,659.31
Check	4/11/2001	PYMNT	OMI CORPORA .	Settebello-5	V-50135	Cash - CAI . .	-1,462,500.00	-1,334,840.69
Check	4/19/2001	PYMNT	BOUTROS MAR .	SETTEBELLO-5	V-50135	Cash - CAI	-240,000.00	-1,574,840.69
Check	5/4/2001	PYMNT	HR ROTTERDA...	SETTEBELLO-5	V-50135	Cash - CAI ...	-249,000.00	-1,823,840.69
General Journal	5/31/2001	Je-Ck-01	Reverse Accrual	Settebello-5	V-50135	Freight	-616,000.00	-2,439,840.69
General Journal	5/31/2001	Je-Ck-01	Reverse Accrual	Settebello-5	V-50135	Freight	-129,559.31	-2,569,400.00
General Journal	5/31/2001	Je-Ck-11	Accrual	SETTEBELLO-5	V-50135	-SPLIT-	-501,059.76	-3,070,459.76
General Journal	5/31/2001	Je-Ck-11	Accrual	SETTEBELLO-5	V-50135	Freight	540,565.64	-2,529,894.12
Deposit	6/29/2001	DEM	OMI CORPORA...	SETTEBELLO-5	V-50135	Cash - CAI ...	540,565.64	-1,989,328.48
Deposit	6/29/2001	DEM	OMI CORPORA...	SETTEBELLO-5	V-50135	Cash - CAI ..	-4,822.88	-1,994,151.36
General Journal	6/30/2001	Je-Ck-10	Reverse Accrual	Settebello-5	V-50135	-SPLIT-	-540,565.64	-2,534,717.00
General Journal	6/30/2001	Je-Ck-10	Accrual	Settebello-5	V-50135	Freight	-415,000.00	-2,949,717.00
Deposit	2/14/2002	WT	OBC SHIPPING	SETTEBELLO-5	V-50135	Cash - Well	6,005.98	-2,943,711.02
Check	4/12/2002	FRGHT	SGS CSI	SETTEBELLO-5	V-50135	Cash - CAI	-2,300.00	-2,946,011.02
Total Freight							-2,946,011.02	-2,946,011.02
Demurrage								
Deposit	9/21/2001	DEM	Exxon	SETTEBELLO-5	V-50135	Cash - CAI .	56,944.44	56,944.44
Total Demurrage							56,944.44	56,944.44

10:44 AM
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
Finance Charges								
Check	4/5/2001	PYMNT	DENIS PATRIKI.	SETTEBELLO-5	V-50135	Cash - CAI ...	-14.70	-14.70
Check	4/11/2001	PYMNT	OMI CORPORA...	Settebello-5	V-50135	Cash - CAI ...	-14.56	-29.26
Check	4/19/2001	PYMNT	BOUTROS MAR...	SETTEBELLO-5	V-50135	Cash - CAI ...	-14.50	-43.76
Check	4/30/2001	LC	L/C CHARGES	SETTEBELLO-5	V-50135	Cash - CAI .	-95.75	-139.51
Check	5/3/2001	PYMNT	CRAIG FERGUS...	SETTEBELLO-5	V-50135	BNP Paribe ..	-20.06	-159.57
Check	5/4/2001	PYMNT	HR ROTTERDA...	Settebello-5	V-50135	Cash - CAI ...	-14.47	-174.04
Check	5/16/2001	BC	BANK CHARGES	SETTEBELLO-5	V-50135	Cash - CAI ...	-618.00	-792.04
Check	5/18/2001	PYMNT	HAVERHILL TR	SETTEBELLO-5	V-50135	BNP Pariba...	-19.86	-811.90
Deposit	5/18/2001	REV	Exxon	SETTEBELLO-5	V-50135	Cash - CAI ...	-73.23	-885.13
Check	5/18/2001	WT	UNITED NATIONS	SETTEBELLO-5	V-50135	Cash - CAI ...	-53,173.61	-54,058.74
Check	5/21/2001	BC	BANK CHARGES	MARINER	V-50135	Cash - CAI ...	-606.00	-54,664.74
Check	6/8/2001	PYMNT	POSTOIL B.V.	SETTEBELLO-5	V-50135	Cash - CAI ...	-38.24	-54,702.98
Check	6/12/2001	BC	BANK CHARGES	SETTEBELLO-5	V-50135	Cash - CAI ...	-192.33	-54,895.31
Deposit	6/29/2001	DEM	OMI CORPORA..	SETTEBELLO-5	V-50135	Cash - CAI ...	-20.00	-54,915.31
Check	4/12/2002	FRGHT	SGS CSI	SETTEBELLO-5	V-50135	Cash - CAI ...	-15.02	-54,930.33
Total Finance Charges							-54,930.33	-54,930.33
Total Cost of Sales							-51,940,042.42	-51,940,042.42
Bank Service Charges								
General Journal	6/30/2001	JE-LH03/CAI		Raphael	V-50135	L/C Charges	-121.14	-121.14
Total Bank Service Charges							-121.14	-121.14
TOTAL							**-420,096.33**	**-420,096.33**

11:16 AM
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
Gross Sales								
Sales - Oil Products								
General Journal	6/30/2001	Je-Ck-13	PHILLIPS 66	A. Beta-4/Swansea	V-50145	Accounts R...	10,295,115.64	10,295,115.64
General Journal	6/30/2001	Je-Ck-13	VALERO MARK...	A. Beta-4/Swansea	V-50145	Accounts R...	7,742,850.07	18,037,965.71
General Journal	6/30/2001	Je-Ck-13	VALERO MARK...	A. Beta-4/Swansea	V-50145	Accounts R...	11,715,413.59	29,753,379.30
General Journal	6/30/2001	Je-Ck-13	PREMCOR	A. Beta-4/Swansea	V-50145	Accounts R...	8,934,409.81	38,687,789.11
General Journal	6/30/2001	Je-Ck-13	Diamond Shamr...	Swansea	V-50145	Accounts R...	10,319,786.45	49,007,575.56
General Journal	6/30/2001	Je-Ck-13	PACC	Swansea	V-50145	Accounts R...	10,490,849.70	59,498,425.26
Deposit	7/23/2001	REV	VALERO MARK...	A.BETA-4	V-50145	Cash - CAI ...	11,715,413.59	71,213,838.85
Deposit	7/23/2001	REV	VALERO MARK...	A.BETA-4	V-50145	Cash - CAI ...	7,591,634.07	78,805,472.92
General Journal	7/31/2001	Je-Ck-10	VALERO MARK...	A. Beta-4	V-50145	-SPLIT-	-19,307,047.66	59,498,425.26
Total Sales - Oil Products							59,498,425.26	59,498,425.26
Total Gross Sales							59,498,425.26	59,498,425.26
Cost of Sales								
Broker Comm								
Check	10/15/2001	1356	STARSUPPLY ...	Swansea	V-50145	Cash - Well...	-4,871.50	-4,871.50
Total Broker Comm							-4,871.50	-4,871.50
Secondary Chgs.								
General Journal	5/31/2001	Je-Ck-03	Accrual	A. BETA-4	V-50145	Estimated ...	5,185,968.85	5,185,968.85
General Journal	6/30/2001	Je-Ck-13	Reverse Accrual	A. Beta-4/Swansea	V-50145	Accounts R...	-5,185,968.85	0.00
Total Secondary Chgs.							0.00	0.00
Exchange gain/loss								
Check	6/18/2001	PYMNT	UNITED NATIO...	A.BETA-4	V-50145	Cash - CAI ...	-24,108.23	-24,108.23
Total Exchange gain/loss							-24,108.23	-24,108.23
Demurrage @ Lighter								
Deposit	11/30/2001	DEM	VALERO MARK...	A.BETA-4	V-50145	Cash - CAI ...	3,188.34	3,188.34
Total Demurrage @ Lighter							3,188.34	3,188.34
Crude Purchases								
Check	6/18/2001	PYMNT	HAVERHILL TR...	A.BETA-4	V-50145	Cash - CAI ...	-651,271.95	-651,271.95
Check	6/18/2001	PYMNT	UNITED NATIO...	A.BETA-4	V-50145	Cash - CAI ...	-34,571,375.88	-35,222,647.83
General Journal	6/30/2001	Je-Ck-13	Accrual	Swansea	V-50145	Accounts R...	-9,754,418.42	-44,977,066.25
General Journal	6/30/2001	Je-Ck-13	VALERO MARK...	Swansea	V-50145	Accounts R...	-10,183,871.59	-55,160,937.84
Check	7/13/2001	REV	VALERO MARK...	SWANSEA	V-50145	BNP Pariba...	-132,312.78	-55,293,250.62
Deposit	7/19/2001	FRGHT	VALERO MARK...	SWANSEA	V-50145	BNP Pariba...	132,312.78	-55,160,937.84
Total Crude Purchases							-55,160,937.84	-55,160,937.84
Interest								
Check	4/6/2001	LOAN	FIXED TERM A...	A.BETA-4	V-50145	BNP Pariba...	-360.94	-360.94
Check	5/10/2001	LOAN	FIXED TERM A...	A.BETA-4	V-50145	BNP Pariba...	-5,304.69	-5,665.63
Check	5/10/2001	LOAN	FIXED TERM A...	A.BETA-4	V-50145	BNP Pariba...	-1,769.44	-7,435.07
Check	5/15/2001	LOAN	FIXED TERM A...	A.BETA-4	V-50145	Cash - CAI ...	-563.55	-7,998.62
Check	5/24/2001	LOAN	FIXED TERM A...	A.BETA-4	V-50145	Cash - CAI ...	-1,844.99	-9,843.61
Check	6/1/2001	LOAN	FIXED TERM A...	A.BETA-4	V-50145	Cash - CAI ...	-2,231.33	-12,074.94
Check	6/1/2001	LOAN	FIXED TERM A...	A.BETA-4	V-50145	Cash - CAI ...	-1,432.65	-13,507.59
Check	6/1/2001	LOAN	FIXED TERM A	A.BETA-4	V-50145	Cash - CAI ...	-206.87	-13,714.46
Check	6/1/2001	LOAN	FIXED TERM A...	A.BETA-4	V-50145	Cash - CAI ...	-2,033.85	-15,748.31
General Journal	6/30/2001	Je-Ck-13	Accrual	A. Beta-4/Swansea	V-50145	Accounts R...	-100,000.00	-115,748.31
Check	7/5/2001	LOAN	FIXED TERM A...	MARINER	V-50145	Cash - CAI ...	-3,493.72	-119,242.03
Check	7/5/2001	loan	FIXED TERM A...	A.BETA-4	V-50145	Cash - CAI ...	-84,521.45	-203,763.48
Check	7/5/2001	LOAN	FIXED TERM A...	A.BETA-4	V-50145	Cash - CAI ...	-1,599.23	-205,362.71
Check	7/5/2001	LOAN	FIXED TERM A...	A.BETA-4	V-50145	Cash - CAI ...	-541.75	-205,904.46
General Journal	7/10/2001	INT	INTEREST CHA...	ASTRO BETA 4	V-50145	25302/Carr ...	-32.88	-205,937.34
Check	7/16/2001	LOAN	FIXED TERM A...	A.BETA-4	V-50145	Cash - CAI ...	-54,803.94	-260,741.28
Check	7/20/2001	LOAN	FIXED TERM A...	A.BETA-4	V-50145	Cash - CAI ...	-19,998.94	-280,740.22
Check	7/23/2001	LOAN	FIXED TERM A...	A.BETA-4	V-50145	Cash - CAI ...	-10,586.53	-291,326.75
Check	7/24/2001	LOAN	FIXED TERM A...	A.BETA-4	V-50145	Cash - CAI ...	-817.18	-292,143.93
Check	7/25/2001	LOAN	FIXED TERM A...	A.BETA-4	V-50145	Cash - CAI ...	-533.67	-292,677.60
Check	7/26/2001	LOAN	FIXED TERM A...	A.BETA-4	V-50145	Cash - CAI ...	-1,463.26	-294,140.86
General Journal	7/31/2001	Je-Ck-10	Reverse Accrual	A. Beta-4	V-50145	Sales - Oil ...	100,000.00	-194,140.86
General Journal	8/8/2001	INT	INTEREST CHA...	ASTRO BETA 4	V-50145	25302/Carr ...	-40.71	-194,181.57
Total Interest							-194,181.57	-194,181.57

11:18 AM
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
Inspection								
General Journal	6/30/2001	Je-Ck-13	Accrual	A. Beta-4/Swanse	V-50145	Accounts R...	-50,000.00	-50,000.00
Check	8/10/2001	INSP	OIL INSPECTIO...	A.BETA-4	V-50145	Cash - CAI ...	-13,713.40	-63,713.40
Check	9/28/2001	INSP	OIL INSPECTIO...	ASTRO BETA-4	V-50145	Cash - CAI ...	-3,450.68	-67,164.08
Check	9/28/2001	INSP	OBC SHIPPING ...	ASTRO BETA-4	V-50145	Cash - CAI ...	-4,933.09	-72,097.17
Check	9/28/2001	INSP	OIL INSPECTIO...	ASTRO BETA-4	V-50145	Cash - CAI ...	692.96	-71,404.21
Check	9/28/2001	INSP	OIL INSPECTIO...	ASTRO BETA-4	V-50145	Cash - CAI ...	-12,885.40	-84,289.61
General Journal	9/30/2001	Je-Ck-23	Reverse Accrual	A. BETA-4/SWANS...	V-50145	Estimated ...	50,000.00	-34,289.61
Check	12/20/2001	INSP	INSPECTORAT...	A.BETA-4	V-50145	Cash - CAI ...	-1,034.73	-35,324.34
Check	12/20/2001	INSP	INSPECTORAT...	A.BETA-4	V-50145	Cash - CAI ...	-1,130.94	-36,455.28
Check	12/20/2001	INSP	INSPECTORAT...	A.BETA-4	V-50145	Cash - CAI ...	-1,758.15	-38,213.43
Check	12/20/2001	INSP	INSPECTORAT...	A.BETA-4	V-50145	Cash - CAI ...	-1,223.94	-39,437.37
Check	12/20/2001	INSP	INSPECTORAT...	A.BETA-4	V-50145	Cash - CAI ...	-1,373.01	-40,810.38
Check	12/20/2001	INSP	INSPECTORAT...	A.BETA-4	V-50145	Cash - CAI ...	-740.00	-41,550.38
Check	12/20/2001	INSP	INSPECTORAT...	A.BETA-4	V-50145	Cash - CAI ...	-905.96	-42,456.34
General Journal	12/31/2001	Je-Ck-11	Accrual	A. Beta-4/Swansea	V-50145	-SPLIT-	-977.60	-43,433.94
General Journal	12/31/2001	Je-Ck-11	Accrual	A. Beta-4/Swansea	V-50145	Inspection	896.48	-44,330.42
Check	8/14/2002	INSP	CORE LABORA...	A.BETA-4	V-50145	BNP Pariba...	-1,200.00	-45,530.42
Total Inspection							-45,530.42	-45,530.42
Insurance								
General Journal	6/30/2001	Je-Ck-13	Accrual	A. Beta-4/Swansea	V-50145	Accounts R...	-38,000.00	-38,000.00
Check	8/8/2001	INS	CRAIG FERGU...	A.BETA-4	V-50145	Cash - CAI ...	-23,919.94	-61,919.94
Check	11/5/2001	INS	CRAIG FERGU...	A.BETA-4	V-50145	Cash - CAI ...	-1,256.80	-63,176.74
General Journal	12/31/2001	Je-Ck-11	Accrual	A. Beta-4/Swansea	V-50145	Inspection	38,000.00	-25,176.74
Total Insurance							-25,176.74	-25,176.74
L/C Charges								
Check	4/18/2001	LC	L/C CHARGES	A.BETA-4	V-50145	Banque Bru...	-54,600.45	-54,600.45
Check	6/18/2001	LC	L/C CHARGES	SWANSEA	V-50145	BNP Pariba...	-17,515.00	-72,115.45
Check	6/18/2001	LC	L/C CHARGES	SWANSEA	V-50145	BNP Pariba...	-17,282.50	-89,397.95
General Journal	6/30/2001	JE-LH03/CAI		A.Beta-4	V-50145	L/C Charges	-44,870.64	-134,268.59
Total L/C Charges							-134,268.59	-134,268.59
Freight								
Check	4/4/2001	PYMNT	ASTRO TANKE...	A.BETA-4	V-50145	BNP Pariba...	-1,049,552.90	-1,049,552.90
Check	4/25/2001	PYMNT	LETH SUEZ TR...	A.BETA-4	V-50145	BNP Pariba...	-164,445.00	-1,213,997.90
Check	4/27/2001	PYMNT	DENIS PATRIKI...	A.BETA-4	V-50145	BNP Pariba...	-1,900.00	-1,215,897.90
Check	4/27/2001	PYMNT	ASTRO TANKE...	A.BETA-4	V-50145	BNP Pariba...	-877,500.00	-2,093,397.90
Check	5/2/2001	PYMNT	KRISTENSONS ...	A.BETA-4	V-50145	Banque Bru...	-233,012.54	-2,326,410.44
Check	5/8/2001	PYMNT	LUCAS IMOSSI ...	A.BETA-4	V-50145	BNP Pariba...	-1,315.00	-2,327,725.44
Check	5/11/2001	PYMNT	PARIBAS SUISSE	A.BETA-4	V-50145	Cash - CAI ...	-874,466.70	-3,202,192.14
Check	5/17/2001	PYMNT	AEGEAN MARI...	A.BETA-4	V-50145	Banque Bru...	-119,500.00	-3,321,692.14
Check	5/21/2001	PYMNT	ASTRO TANKE...	A.BETA-4	V-50145	Cash - CAI ...	-888,533.30	-4,210,225.44
Check	5/25/2001	PYMNT	AEGEAN MARI...	A.BETA-4	V-50145	Cash - CAI ...	-348,000.00	-4,558,225.44
Check	5/30/2001	PYMNT	Exxon	A.BETA-4	V-50145	Cash - CAI ...	-916,963.84	-5,475,189.28
Deposit	6/1/2001	FRGHT	PARIBAS SUISSE	A. Beta-4	V-50145	Cash - CAI ...	874,466.70	-4,600,722.58
General Journal	6/30/2001	Je-Ck-06	Accrual	A. BETA-4	V-50145	-SPLIT-	-571,594.73	-5,172,317.31
General Journal	6/30/2001	Je-Ck-06	Accrual	A. BETA-4	V-50145	Freight	304,434.93	-4,867,882.38
Deposit	7/3/2001	CREDIT	CAI	A.BETA-4	V-50145	Cash - CAI ...	8,000.00	-4,859,882.38
Deposit	7/26/2001	REV	PREMCOR	A. BETA-4	V-50145	Cash - CAI ...	143,500.00	-4,716,382.38
Check	10/17/2001	FRGHT	LETH SUEZ TR...	A.BETA-4	V-50145	Cash - CAI ...	-108,487.98	-4,824,870.36
Check	11/7/2001	FRGHT	LUCAS IMOSSI ...	A.BETA-4	V-50145	BNP Pariba...	-366.09	-4,825,236.45
Check	11/9/2001	FRGHT	NORWOOD SH...	A.BETA-4	V-50145	BNP Pariba...	-32,668.00	-4,857,904.45
Total Freight							-4,857,904.45	-4,857,904.45
Finance Charges								
Check	4/4/2001	PYMNT	ASTRO TANKE...	A.BETA-4	V-50145	BNP Pariba...	-20.48	-20.48
Check	4/18/2001	LC	L/C CHARGES	A.BETA-4	V-50145	Banque Bru...	-25.00	-45.48
Check	4/25/2001	PYMNT	LETH SUEZ TR...	A.BETA-4	V-50145	BNP Pariba...	-20.23	-65.71
Check	4/27/2001	PYMNT	DENIS PATRIKI...	A.BETA-4	V-50145	BNP Pariba...	-20.35	-86.06
Check	4/27/2001	PYMNT	ASTRO TANKE...	A.BETA-4	V-50145	BNP Pariba...	-20.34	-106.40
Check	5/2/2001	PYMNT	KRISTENSONS ...	A.BETA-4	V-50145	Banque Bru...	-28.00	-134.40
Check	5/8/2001	PYMNT	LUCAS IMOSSI ...	A.BETA-4	V-50145	BNP Pariba...	-19.99	-154.39
Check	5/11/2001	PYMNT	PARIBAS SUISSE	A.BETA-4	V-50145	Cash - CAI ...	-14.28	-168.67
Check	5/17/2001	PYMNT	AEGEAN MARI...	A.BETA-4	V-50145	Banque Bru...	-28.00	-196.67
Check	5/21/2001	PYMNT	ASTRO TANKE...	A.BETA-4	V-50145	Cash - CAI ...	-14.29	-210.96
Check	5/25/2001	PYMNT	AEGEAN MARI...	A.BETA-4	V-50145	Cash - CAI ...	-14.03	-224.99
Check	5/30/2001	PYMNT	Exxon	A.BETA-4	V-50145	Cash - CAI ...	-14.05	-239.04
Check	6/5/2001	BC	BANK CHARGES	A.BETA-4	V-50145	Cash - CAI ...	-13.98	-253.02
Check	6/8/2001	BC	BANK CHARGES	A.BETA-4	V-50145	Cash - CAI ...	-13.91	-266.93
Check	6/11/2001	BC	BANK CHARGES	A.BETA-4	V-50145	Cash - CAI ...	-13.86	-280.79
Check	6/18/2001	PYMNT	HAVERHILL TR...	A.BETA-4	V-50145	Cash - CAI ...	-14.04	-294.83
Check	6/18/2001	PYMNT	UNITED NATIO...	A.BETA-4	V-50145	Cash - CAI ...	-27,676.38	-27,971.21
Check	6/20/2001	BC	BANK CHARGES	SWANSEA	V-50145	BNP Pariba...	-139.68	-28,110.89
Check	7/12/2001	BC	BANK CHARGES	SWANSEA	V-50145	BNP Pariba...	-585.00	-28,695.89
Check	7/12/2001	BC	BANK CHARGES	SWANSEA	V-50145	BNP Pariba...	-585.00	-29,280.89
Check	7/13/2001	REV	VALERO MARK...	SWANSEA	V-50145	BNP Pariba...	-28.80	-29,309.69

11:18 AM
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
Deposit	7/13/2001	REV	PORT ARTHUR...	SWANSEA	V-50145	BNP Pariba...	-85.00	-29,394.69
Check	7/20/2001	BC	VALERO MARK...	A.BETA-4	V-50145	Cash - CAI ...	-614.00	-30,008.69
Check	7/20/2001	BC	VALERO MARK...	A.BETA-4	V-50145	Cash - CAI ...	-614.00	-30,622.69
Deposit	7/23/2001	REV	VALERO MARK...	A.BETA-4	V-50145	Cash - CAI ...	-20.00	-30,642.69
Check	7/24/2001	BC	BANK CHARGES	A.BETA-4	V-50145	Cash - CAI ...	-74.00	-30,716.69
Check	7/24/2001	BC	BANK CHARGES	A.BETA-4	V-50145	Cash - CAI ...	-74.00	-30,790.69
Check	7/24/2001	BC	BANK CHARGES	A.BETA-4	V-50145	Cash - CAI ...	-74.00	-30,864.69
Check	7/24/2001	BC	PREMCOR	A.BETA-4	V-50145	Cash - CAI ...	-618.00	-31,482.69
Deposit	7/26/2001	REV	PREMCOR	A.BETA-4	V-50145	Cash - CAI ...	-588.00	-32,070.69
Check	7/30/2001	FRGHT	ASTRO TANKE...	A.BETA-4	V-50145	Cash - CAI ...	-14.47	-32,085.16
Deposit	8/9/2001	REV	VALERO MARK...	A. BETA-4	V-50145	Cash - CAI ...	-20.00	-32,105.16
Check	8/10/2001	INSP	OIL INSPECTIO...	A.BETA-4	V-50145	Cash - CAI ...	-14.83	-32,119.99
Check	9/7/2001	LGHT	MTL PETROLIN...	ASTRO BETA-4	V-50145	Cash - CAI ...	-14.78	-32,134.77
Check	9/28/2001	INSP	OIL INSPECTIO...	ASTRO BETA-4	V-50145	Cash - CAI ...	-15.49	-32,150.26
Check	9/28/2001	INSP	OBC SHIPPING ...	ASTRO BETA-4	V-50145	Cash - CAI ...	-15.49	-32,165.75
Check	9/28/2001	INSP	OIL INSPECTIO...	ASTRO BETA-4	V-50145	Cash - CAI ...	-15.49	-32,181.24
Check	10/17/2001	FRGHT	LETH SUEZ TR...	A.BETA-4	V-50145	Cash - CAI ...	-15.36	-32,196.60
Check	8/14/2002	INSP	CORE LABORA...	A.BETA-4	V-50145	BNP Pariba...	-23.39	-32,219.99
Total Finance Charges							-32,219.99	-32,219.99
Lightering Charges								
General Journal	6/30/2001	Je-Ck-13	Accrual	A. Beta-4/Swansea	V-50145	Accounts R...	-186,013.13	-186,013.13
Total Lightering Charges							-186,013.13	-186,013.13
Total Cost of Sales							-60,662,024.12	-60,662,024.12
Interest Expense								
Check	9/30/2001	INT	INTEREST CHA...	A.BETA-4	V-50145	Cash - CAI ...	-2,325.07	-2,325.07
Total Interest Expense							-2,325.07	-2,325.07
Commissions								
General Journal	6/1/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25300/Carr ...	-4,920.00	-4,920.00
General Journal	6/4/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-1,845.00	-6,765.00
General Journal	6/5/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-1,845.00	-8,610.00
General Journal	6/6/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-1,845.00	-10,455.00
General Journal	6/7/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-1,845.00	-12,300.00
General Journal	6/8/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-16,605.00	-28,905.00
General Journal	6/27/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-73.80	-28,978.80
General Journal	7/2/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-166.60	-29,145.40
General Journal	7/3/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-1,131.90	-30,277.30
General Journal	7/5/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-784.00	-31,061.30
General Journal	7/6/2001	COM	COMMISSIONS	ASTROBETA 4	V-50145	25301/Carr ...	-784.00	-31,845.30
General Journal	7/9/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-1,078.00	-32,923.30
General Journal	7/10/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-1,078.00	-34,001.30
General Journal	7/11/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-1,078.00	-35,079.30
General Journal	7/12/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-1,078.00	-36,157.30
General Journal	7/13/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-1,078.00	-37,235.30
General Journal	7/16/2001			SWANSEA	V-50145	Hedge Gain...	-4,690.00	-41,925.30
General Journal	7/16/2001			SWANSEA	V-50145	Hedge Gain...	-65.66	-41,990.96
General Journal	7/16/2001			SWANSEA	V-50145	Hedge Gain...	-6,020.00	-48,010.96
General Journal	7/16/2001			SWANSEA	V-50145	Hedge Gain...	-84.28	-48,095.24
General Journal	7/16/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-171.50	-48,266.74
General Journal	7/17/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-171.50	-48,438.24
General Journal	7/18/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-171.50	-48,609.74
General Journal	7/19/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-171.50	-48,781.24
General Journal	7/20/2001	COM	COMMISSIONS	ASTRO BETA 4	V-50145	25301/Carr ...	-171.50	-48,952.74
Total Commissions							-48,952.74	-48,952.74
Hedge Gain /(Loss)								
General Journal	5/31/2001	Je-Ck-03	Accrual	A. BETA-4	V-50145	Estimated ...	916,000.00	916,000.00
General Journal	6/20/2001			ASTRO BETA 4	V-50145	25301/Carr ...	-360,000.00	556,000.00
General Journal	6/30/2001	Je-Ck-13	Reverse Accrual	A. Beta-4/Swanse	V-50145	Accounts R...	-916,000.00	-360,000.00
General Journal	6/30/2001	Je-Ck-13	Reverse Accrual	A. Beta-4/Swanse	V-50145	Accounts R...	2,443,010.00	2,083,010.00
General Journal	7/16/2001			SWANSEA	V-50145	-SPLIT-	-410,000.00	1,673,010.00
General Journal	7/16/2001			SWANSEA	V-50145	Hedge Gain...	-393,110.00	1,279,900.00
General Journal	7/25/2001			ASTRO BETA 4	V-50145	25301/Carr ...	3,246,120.00	4,526,020.00
General Journal	7/31/2001	Je-Ck-10	Reverse Accrual	A. Beta-4	V-50145	Sales - Oil ...	-2,443,010.00	2,083,010.00
Total Hedge Gain /(Loss)							2,083,010.00	2,083,010.00
Interest Income								
Deposit	7/10/2001	INT	INTEREST INC...	ASTRO BETA 4	V-50145	25301/Carr ...	2,572.74	2,572.74
Deposit	8/8/2001	INT	INTEREST INC...	ASTRO BETA 4	V-50145	25301/Carr ...	7,327.32	9,900.06
Total Interest Income							9,900.06	9,900.06
TOTAL							878,033.39	878,033.39

11:32 AM
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	7/31/2001	Je-Ck-04	Various	O. SPIRIT-3	V-50152	Accounts R...	58,375,950.49	58,375,950.49
Deposit	9/4/2001	REV	PORT ARTHUR...	O.SPIRIT-3	V-50152	BNP Paribe...	12,498,571.24	70,874,521.73
Deposit	9/7/2001	REV	VALERO MARK...	O.SPIRIT-3	V-50152	BNP Paribe...	11,852,332.29	82,726,854.02
Deposit	9/7/2001	REV	Diamond Shamr...	O.SPIRIT-3	V-50152	BNP Paribe...	12,343,137.61	95,069,991.63
Deposit	9/10/2001	REV	ENRON	O.SPIRIT-3	V-50152	BNP Paribe...	3,363,450.00	98,433,441.63
Deposit	9/10/2001	REV	MARATHON	O.SPIRIT-3	V-50152	BNP Paribe...	10,886,681.19	109,320,122.82
Deposit	9/10/2001	REV	TOSCO	O.SPIRIT-3	V-50152	BNP Paribe...	7,035,618.28	116,355,741.10
Deposit	9/12/2001	REV	TOSCO	O.SPIRIT-3	V-50152	BNP Paribe...	138,222.45	116,493,963.55
Deposit	9/12/2001	REV	VALERO MARK...	O.SPIRIT-3	V-50152	BNP Paribe...	257,937.44	116,751,900.99
General Journal	9/30/2001	Je-Ck-17	Various	O. SPIRIT-3	V-50152	-SPLIT-	-58,375,950.49	58,375,950.50
General Journal	9/30/2001	Je-Ck-17	MARATHON	O SPIRIT-3	V-50152	Sales - Oil ...	-2,822.02	58,373,128.48
Total Sales - Oil Products							58,373,128.48	58,373,128.48
Total Gross Sales							58,373,128.48	58,373,128.48
Cost of Sales								
Broker Comm								
General Journal	7/31/2001	Je-Ck-04	Accrual	O. SPIRIT-3	V-50152	Accounts R...	-20,005.00	-20,005.00
General Journal	12/31/2001	JE-LH/38	STARSUPPLY ...	O.SPIRIT-3	V-50152	Broker Comm	-5,000.00	-25,005.00
General Journal	12/31/2001	JE-LH/38	STARSUPPLY ...	DORSET	V-50152	Broker Comm	-1,500.00	-26,505.00
Check	1/14/2002	1395	STARSUPPLY ...	O.Spirit-3/19746CS	V-50152	Cash - Well...	-5,000.00	-31,505.00
Check	1/14/2002	1395	STARSUPPLY ...	Dorset/20179CS	V-50152	Cash - Well...	-1,500.00	-33,005.00
General Journal	2/28/2002	JE-LH/02	STARSUPPLY ...	O.SPIRIT-3	V-50152	Broker Comm	5,000.00	-28,005.00
General Journal	2/28/2002	JE-LH/02	STARSUPPLY ...	DORSET	V-50152	Broker Comm	1,500.00	-26,505.00
Check	4/12/2002	1438	LONE STAR R....	o.spirit-3	V-50152	Cash - Well...	-4,125.00	-30,630.00
Total Broker Comm							-30,630.00	-30,630.00
Secondary Chgs.								
General Journal	6/30/2001	Je-Ck-35	Accrual	O. Spirit-3	V-50152	Secondary ...	78,586.78	78,586.78
General Journal	7/31/2001	Je-Ck-04	Accrual	O. SPIRIT-3	V-50152	Accounts R...	-78,586.78	0.00
Total Secondary Chgs.							0.00	0.00
Exchange gain/loss								
General Journal	7/31/2001	Je-Ck-04	Accrual	O. SPIRIT-3	V-50152	Accounts R...	-31,000.00	-31,000.00
Check	8/10/2001	PYMNT	UNITED NATIO...	O.SPIRIT-3	V-50152	BNP Paribe...	-31,025.32	-62,025.32
General Journal	9/30/2001	Je-Ck-17	Reverse Accrual	O. SPIRIT-3	V-50152	Sales - Oil ...	31,000.00	-31,025.32
Total Exchange gain/loss							-31,025.32	-31,025.32
Demurrage @ Lighter								
Deposit	12/4/2001	LIGHT	VALERO MARK...	O.SPIRIT-3	V-50152	BNP Paribe...	16,408.33	16,408.33
Total Demurrage @ Lighter							16,408.33	16,408.33
Crude Purchases								
General Journal	7/31/2001	Je-Ck-04	Accrual	O. SPIRIT-3	V-50152	Accounts R...	-47,833,420.15	-47,833,420.15
General Journal	7/31/2001	Je-Ck-04	Accrual	O. SPIRIT-3	V-50152	Accounts R...	-974,971.87	-48,808,392.02
Total Crude Purchases							-48,808,392.02	-48,808,392.02
Interest								
Check	6/29/2001	LOAN	FIXED TERM A...	O.SPIRIT-3	V-50152	BNP Paribe...	-1,881.25	-1,881.25
Check	7/2/2001	LOAN	FIXED TERM A...	O.SPIRIT-3	V-50152	BNP Paribe...	-276.81	-2,158.06
Check	7/16/2001	LOAN	FIXED TERM A...	O.SPIRIT-3	V-50152	BNP Paribe...	-1,241.63	-3,399.69
Check	7/16/2001	LOAN	FIXED TERM A...	O.SPIRIT-3	V-50152	BNP Paribe...	-1,154.83	-4,554.52
Check	7/31/2001	LOAN	FIXED TERM A...	O.SPIRIT-3	V-50152	BNP Paribe...	-2,627.08	-7,181.60
General Journal	7/31/2001	Je-Ck-04	Accrual	O. SPIRIT-3	V-50152	Accounts R...	-250,000.00	-257,181.60
Check	8/10/2001	LOAN	FIXED TERM A...	O.SPIRIT-3	V-50152	BNP Paribe...	-1,762.22	-258,943.82
Check	8/17/2001	LOAN	FIXED TERM A...	O.SPIRIT-3	V-50152	BNP Paribe...	-46,302.67	-305,246.49
Check	8/24/2001	LOAN	FIXED TERM A...	O.SPIRIT-3	V-50152	BNP Paribe...	-45,922.62	-351,169.11
Check	8/31/2001	LOAN	FIXED TERM A...	O.SPIRIT-3	V-50152	BNP Paribe...	-45,734.11	-396,903.22
Check	9/4/2001	LOAN	FIXED TERM A...	O.SPIRIT-3	V-50152	BNP Paribe...	-27,093.33	-423,996.55
Check	9/7/2001	LOAN	FIXED TERM A...	O.SPIRIT-3	V-50152	BNP Paribe...	-4,895.84	-428,892.39
Check	9/7/2001	LOAN	FIXED TERM A...	O SPIRIT-3	V-50152	BNP Paribe...	-15,000.84	-443,893.23
Check	9/10/2001	LOAN	FIXED TERM A...	O.SPIRIT-3	V-50152	BNP Paribe...	-5,611.66	-449,504.89
Check	9/14/2001	LOAN	FIXED TERM A...	O.SPIRIT-3	V-50152	BNP Paribe...	-11,180.56	-460,685.45
General Journal	9/30/2001	Je-Ck-17	Reverse Accrual	O. SPIRIT-3	V-50152	Sales - Oil ...	250,000.00	-210,685.45
Total Interest							-210,685.45	-210,685.45
Inspection								
General Journal	7/31/2001	Je-Ck-04	Accrual	O. SPIRIT-3	V-50152	Accounts R...	-35,000.00	-35,000.00
Check	10/24/2001	INSP	OIL INSPECTIO...	O.SPIRIT-3	V-50152	BNP Paribe...	-10,105.70	-45,105.70
Check	10/24/2001	INSP	OIL INSPECTIO...	O.SPIRIT-3	V-50152	BNP Paribe...	-13,337.25	-58,442.95
General Journal	11/30/2001	Je-Ck-25	Reverse Accrual	O. SPIRIT-3	V-50152	-SPLIT-	15,490.54	-42,952.41
Total Inspection							-42,952.41	-42,952.41

11:32 AM
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
Insurance								
General Journal	7/31/2001	Je-Ck-04	Accrual	O. SPIRIT-3	V-50152	Accounts R...	-35,000.00	-35,000.00
Check	10/1/2001	INSP	GRACESEA LIM...	O.SPIRIT-3	V-50152	BNP Paribe...	-3,000.00	-38,000.00
Check	10/5/2001	INS	CRAIG FERGU...	O.SPIRIT-3	V-50152	BNP Paribe...	-27,268.69	-65,268.69
General Journal	11/30/2001	Je-Ck-25	Reverse Accrual	O. SPIRIT-3	V-50152	Inspection	35,000.00	-30,268.69
Check	1/3/2002	INS	CRAIG FERGU...	O.SPIRIT-3	V-50152	BNP Paribe...	-1,400.53	-31,669.22
Total Insurance							-31,669.22	-31,669.22
L/C Charges								
Check	6/7/2001	LC	L/C CHARGES	O.SPIRIT-3	V-50152	BNP Paribe...	-58,522.50	-58,522.50
Check	6/7/2001	LC	L/C CHARGES	O.SPIRIT-3	V-50152	BNP Paribe...	-17,616.25	-76,138.75
Total L/C Charges							-76,138.75	-76,138.75
Freight								
Check	7/3/2001	FRGHT	GRACESEA LIM...	O.SPIRIT-3	V-50152	BNP Paribe...	-656,425.00	-656,425.00
Check	7/13/2001	FRGHT	THE KANOO G...	O.SPIRIT-3	V-50152	BNP Paribe...	-1,275.00	-657,700.00
General Journal	7/31/2001	Je-Ck-04	Accrual	O. SPIRIT-3	V-50152	Accounts R...	-2,340,981.29	-2,998,681.29
General Journal	7/31/2001	Je-Ck-04	Accrual	O. SPIRIT-3	V-50152	Accounts R...	496,580.50	-2,502,100.79
General Journal	7/31/2001	Je-Ck-04	Accrual	O. SPIRIT-3	V-50152	Accounts R...	-1,192,000.00	-3,694,100.79
Check	8/15/2001	FRGHT	GRACESEA LIM...	O.SPIRIT-3 11TH	V-50152	BNP Paribe...	-664,950.00	-4,359,050.79
Check	8/15/2001	FRGHT	GRACESEA LIM...	O. SPIRIT-3 10TH	V-50152	BNP Paribe...	-8,525.00	-4,367,575.79
Check	8/15/2001	FRGHT	GRACESEA LIM...	O. SPIRIT-3 11TH	V-50152	BNP Paribe...	143,437.55	-4,224,138.24
Check	8/17/2001	FRGHT	FAL ENERGY C...	O.SPIRIT-3	V-50152	BNP Paribe...	-1,588,943.84	-5,813,082.08
Check	9/7/2001	COMM	LONE STAR R...	O.SPIRIT-3	V-50152	BNP Paribe...	-8,525.00	-5,821,607.08
Check	9/7/2001	COMM	LONE STAR R...	O.SPIRIT-3	V-50152	BNP Paribe...	-8,525.00	-5,830,132.08
Check	9/7/2001	FRGHT	GRACESEA LIM...	O.SPIRIT-3	V-50152	BNP Paribe...	-643,500.00	-6,473,632.08
Check	9/19/2001	FRGHT	LETH SUEZ TR...	O.SPIRIT-3	V-50152	BNP Paribe...	-222,000.00	-6,695,632.08
General Journal	9/30/2001	Je-Ck-17	Reverse Accrual	O. SPIRIT-3	V-50152	Sales - Oil ...	2,340,981.29	-4,354,650.79
Check	10/1/2001	INSP	GRACESEA LIM...	O.SPIRIT-3	V-50152	BNP Paribe...	-8,525.42	-4,363,176.21
Check	3/11/2002	FRGHT	GRACESEA LIM...	O.SPIRIT-3	V-50152	Banque Bru...	-8,525.42	-4,371,701.63
Check	5/23/2002	FRGHT	ROBIN MARITI...	O SPIRIT-3	V-50152	BNP Paribe...	-3,415.97	-4,375,117.60
Total Freight							-4,375,117.60	-4,375,117.60
Finance Charges								
Check	6/21/2001	BC	BANK CHARGES	O.SPIRIT-3	V-50152	BNP Paribe...	-141.74	-141.74
Check	6/21/2001	BC	BANK CHARGES	O.SPIRIT-3	V-50152	BNP Paribe...	-141.74	-283.48
Check	6/28/2001	BC	BANK CHARGES	O.SPIRIT-3	V-50152	BNP Paribe...	-141.65	-425.13
Check	6/28/2001	BC	BANK CHARGES	O.SPIRIT-3	V-50152	BNP Paribe...	-141.65	-566.78
Check	7/3/2001	FRGHT	GRACESEA LIM...	O.SPIRIT-3	V-50152	BNP Paribe...	-19.33	-586.11
Check	7/13/2001	FRGHT	THE KANOO G...	O.SPIRIT-3	V-50152	BNP Paribe...	-19.60	-605.71
General Journal	7/31/2001	Je-Ck-04	Accrual	O. SPIRIT-3	V-50152	Accounts R...	-39,000.00	-39,605.71
Check	8/2/2001	BC	BANK CHARGES	O.SPIRIT-3	V-50152	BNP Paribe...	-30.24	-39,635.95
Check	8/3/2001	PUR	HAVERHILL TR...	O.SPIRIT-3	V-50152	BNP Paribe...	-20.24	-39,656.19
Check	8/10/2001	PYMNT	UNITED NATIO...	O.SPIRIT-3	V-50152	BNP Paribe...	-38,291.55	-77,947.74
Check	8/13/2001	LOAN	FIXED TERM A...	O.SPIRIT-3	V-50152	BNP Paribe...	-520.00	-78,467.74
Check	8/15/2001	FRGHT	GRACESEA LIM...	O.SPIRIT-3	V-50152	BNP Paribe...	-20.73	-78,488.47
Check	8/17/2001	FRGHT	FAL ENERGY C...	O.SPIRIT-3	V-50152	BNP Paribe...	-20.87	-78,509.34
Check	8/27/2001	FRGHT	ROBIN MARITI...	O.SPIRIT-3	V-50152	BNP Paribe...	-20.73	-78,530.07
Check	8/31/2001	BC	BANK CHARGES	O.SPIRIT-3	V-50152	BNP Paribe...	-585.00	-79,115.07
Deposit	9/4/2001	REV	PORT ARTHUR...	O.SPIRIT-3	V-50152	BNP Paribe...	-85.00	-79,200.07
Check	9/4/2001	BC	PORT ARTHUR...	O.SPIRIT-3	V-50152	BNP Paribe...	-25.00	-79,225.07
Check	9/5/2001	BC	Diamond Shamr...	O.SPIRIT-3	V-50152	BNP Paribe...	-585.00	-79,810.07
Check	9/7/2001	COMM	LONE STAR R...	O.SPIRIT-3	V-50152	BNP Paribe...	-20.51	-79,830.58
Check	9/7/2001	BC	VALERO MARK...	O.SPIRIT-3	V-50152	BNP Paribe...	-500.00	-80,330.58
Deposit	9/7/2001	REV	VALERO MARK...	O.SPIRIT-3	V-50152	BNP Paribe...	-85.00	-80,415.58
Check	9/7/2001	BC	TOSCO	O.SPIRIT-3	V-50152	BNP Paribe...	-500.00	-80,915.58
Check	9/7/2001	BC	MARATHON	O.SPIRIT-3	V-50152	BNP Paribe...	-500.00	-81,415.58
Check	9/7/2001	FRGHT	GRACESEA LIM...	O.SPIRIT-3	V-50152	BNP Paribe...	-20.51	-81,436.09
Check	9/10/2001	BC	ENRON	O.SPIRIT-3	V-50152	BNP Paribe...	-500.00	-81,936.09
Deposit	9/10/2001	REV	MARATHON	O.SPIRIT-3	V-50152	BNP Paribe...	-85.00	-82,021.09
Deposit	9/10/2001	REV	TOSCO	O.SPIRIT-3	V-50152	BNP Paribe...	-85.00	-82,106.09
Check	9/12/2001	BC	ENRON	O.SPIRIT-3	V-50152	BNP Paribe...	-607.29	-82,713.38
Check	9/19/2001	FRGHT	LETH SUEZ TR...	O. SPIRIT-3	V-50152	BNP Paribe...	-21.79	-82,735.17
General Journal	9/30/2001	Je-Ck-17	Reverse Accrual	O. SPIRIT-3	V-50152	Sales - Oil ...	39,000.00	-43,735.17
Check	10/1/2001	INSP	GRACESEA LIM...	O.SPIRIT-3	V-50152	BNP Paribe...	-21.36	-43,756.53
Check	10/5/2001	LGHT	GENMAR ALEX...	O.SPIRIT-3	V-50152	BNP Paribe...	-21.42	-43,777.95
Deposit	10/9/2001	BC	ENRON	O.SPIRIT-3	V-50152	BNP Paribe...	607.29	-43,170.66
Check	10/17/2001	REV	MARATHON	O.SPIRIT-3	V-50152	BNP Paribe...	-21.18	-43,191.84
Check	10/24/2001	INSP	OIL INSPECTIO...	O.SPIRIT-3	V-50152	BNP Paribe...	-20.90	-43,212.74
Check	1/3/2002	INS	CRAIG FERGU...	I.SPIRIT-3	V-50152	BNP Paribe...	-21.04	-43,233.78
Check	3/11/2002	FRGHT	GRACESEA LIM...	O.SPIRIT-3	V-50152	Banque Bru...	-40.00	-43,273.78
Check	5/23/2002	FRGHT	ROBIN MARITI...	O.SPIRIT-3	V-50152	BNP Paribe...	-37.09	-43,310.87
Check	7/19/2002	FIN	PORT ARTHUR...	O.SPIRIT-3	V-50152	BNP Paribe...	-62.53	-43,373.40
Check	7/19/2002	FIN	Diamond Shamr...	O.SPIRIT-3	V-50152	BNP Paribe...	-62.53	-43,435.93
Check	7/22/2002	FIN	TOSCO	O.SPIRIT-3	V-50152	BNP Paribe...	-62.40	-43,498.33
Check	7/22/2002	FIN	ENRON	O.SPIRIT-3	V-50152	BNP Paribe...	-62.40	-43,560.73
Total Finance Charges							-43,560.73	-43,560.73

11:32 AM
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
Lightering Charges								
General Journal	7/31/2001	Je-Ck-04	Accrual	O. SPIRIT-3	V-50152	Accounts R...	-150,290.05	-150,290.05
Total Lightering Charges							-150,290.05	-150,290.05
Total Cost of Sales							-53,784,053.22	-53,784,053.22
Commissions								
General Journal	7/31/2001	Je-Ck-04	Accrual	O. SPIRIT-3	V-50152	Accounts R...	-43,145.52	-43,145.52
General Journal	9/21/2001			OLYMPIA SPIRIT 3	V-50152	Hedge Gain...	-11,680.00	-54,825.52
General Journal	9/21/2001			OLYMPIA SPIRIT 3	V-50152	Hedge Gain...	-338.52	-55,164.04
General Journal	9/21/2001			OLYMPIA SPIRIT 3	V-50152	Hedge Gain...	-30,500.00	-85,664.04
General Journal	9/21/2001			OLYMPIA SPIRIT 3	V-50152	Hedge Gain...	-627.00	-86,291.04
General Journal	9/30/2001	Je-Ck-17	Reverse Accrual	O. SPIRIT-3	V-50152	Sales - Oil ...	43,145.52	-43,145.52
Total Commissions							-43,145.52	-43,145.52
Hedge Gain /(Loss)								
General Journal	7/31/2001	Je-Ck-04	Accrual	O. SPIRIT-3	V-50152	Accounts R...	-1,138,980.00	-1,138,980.00
General Journal	9/21/2001			OLYMPIA SPIRIT 3	V-50152	-SPLIT-	-986,360.00	-2,125,340.00
General Journal	9/21/2001			OLYMPIA SPIRIT 3	V-50152	Hedge Gain...	-152,620.00	-2,277,960.00
General Journal	9/30/2001	Je-Ck-17	Reverse Accrual	O. SPIRIT-3	V-50152	Sales - Oil ...	1,138,980.00	-1,138,980.00
Total Hedge Gain /(Loss)							-1,138,980.00	-1,138,980.00
TOTAL							3,406,949.74	3,406,949.74

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: B/21/2001

Sold to	: 'ROSNEFTEIMPEX ' NK ROSNEFT	Due date	: 15.3.2001
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/09/25
Ship's Name	: MAJESTIC UNITY	BNP Confirmation no	: D725881
Destination	: EUROPE	Openinig Bank L/c No.	: 106'297/C5
Country of origin	: IRAQ	Shipment No.	: BBL/3051

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (BASRAH LIGHT) 33.39 API GRAVITY AT 60° F	276,034.378	271,674.01	2,027,902	22.204	45,027,536.01
					45,027,536.01

Total EURO : FORTY FIVE MILLION TWENTY SEVEN THOUSAND FIVE HUNDRED THIRTY SIX AND ONE CENT

Price Calculation: DATED BRENT MINUS $4.75/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 $ 0.06 API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB- ACCOUNT ,ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 14/2/2000

ORIGINAL

For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 93

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: B/27/2001

Sold to	: 'ROSNEFTEIMPEX ' NK ROSNEFT	Due date	: 26.3.2001
Exporting Port	: MINA AL BAKR TERMINAL	Contract No.	: M/09/25
Ship's Name	: HELLESPONT PARADISE	BNP Confirmation no	: D726068
Destination	: NORTH AMERICA	Openinig Bank L/c No.	: CI0279500
Country of origin	: IRAQ	Shipment No.	: BBL/3057

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (BASRAH LIGHT) 31.71 API GRAVITY AT 60° F	289,231.241	284,662.41	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 NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB- ACCOUNT ,ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 25/2/2000

ORIGINAL

I.A. SHUAEIL

For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

634

State Oil Marketing Organization

P.O Box 5118 Baghdad – Iraq Commercial Invoice No.: C/23/2001

Sold to	: JSOC ROSNEFTEIMPEX NK ROSNEFT, MOSCOW	Due date	: 13.4.2001
Exporting Port	: CEYHAN TERMINAL - TURKEY	Contract No.	: M/09/25
Ship's Name	: CRUDEMED	BNP Confirmation no	: D 726272
Destination	: ONE /TWO SAFE EUROPEAN BERTH (S) /PORT (S)	Openinig Bank L/c No.	: LCIM1163305
Country of origin	: IRAQ	Shipment No.	: CK/4965

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL (KIRKUK) 34.44 API GRAVITY AT 60° F	138,412.447	136,226.02	1,023,223	20.615	21,093,742.15
					21,093,742.15

Total EURO : ~~TWENTY ONE MILLION NINETY THREE THOUSAND SEVEN HUNDRED~~ FORTY TWO AND FIFTEEN CENTS

Price Calculation: DATED BRENT MINUS $4.70/BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.15 API DE- ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB- ACCOUNT , ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 15 /3/2001

ORIGINAL

P.O. Box 5118 FINANCE DEPARTMENT

I.A.SHUAIEB

For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

635

AK, MT, MBJ

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/52/2001

Sold to : ROSNEFTEIMPEX / NK ROSNEFT

Exporting port : MINA ALBAKR TERMINAL

Ships Name : STAVROS G.L.

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 02/05/2001

Contract no. : M/09/25

BNP Confirmation no : D726597

Openinig Bank L/c No. : LCIM2166231

Shipment No. : BBL/3080 (1)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 31.28 API GRAVITY AT 60 F °	34,470.675	33,926.16	250,000	20.188	5,047,000.00
					5,047,000.00

Total EURO : FIVE MILLION FORTY SEVEN THOUSAND ONLY

Price Calculation: WTI(SECOND MONTH)MINUS $ 9.65 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.27 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 03/04/2001

ORIGINAL

Y.H.IBRAHIM
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

636

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/50/2001

Sold to : JSOC ROSNEFTEIMPEX NK ROSNEFT,MOSCOW

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : SANDRA TAPIAS

Destination : ALGECIRAS

Country of origin : IRAQ

Due date : 17/05/2001

Contract no. : M/09/25

BNP Confirmation no : D726710

Openinig Bank L/c No. : CDI-2001/005

Shipment No. : CK/4990

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 34.30 API GRAVITY AT 60 F °	135,480.869	133,340.75	1,000,724	24.857	24,874,996.47
					24,874,996.47

Total EURO : TWENTY FOUR MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND NINE HUNDRED NINETY SIX AND FORTY SEVEN CENT

Price Calculation: DATED BRENT MINUS $ 3.20 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.17 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

I.A.SHUAEIB

For State Oil Marketing Organization

HEAD OF FINANCE DEPT.

B/L DATED 18/04/2001

ORIGINAL

637

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/49/2001

Sold to : ROSNEFTEIMPEX / NK ROSNEFT

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : SETTEBELLO

Destination : EUROPE

Country of origin : IRAQ

Due date : 18/05/2001

Contract no. : M/09/25

BNP Confirmation no : D726638

Openinig Bank L/c No. : CI0284770

Shipment No. : CK/4989

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 34.26 API GRAVITY AT 60 F °	292,626.332	288,003.87	2,160,986	24.859	53,719,950.97
					53,719,950.97

Total EURO : FIFTY THREE MILLION SEVEN HUNDRED NINETEEN THOUSAND NINE HUNDRED FIFTY AND NINETY SEVEN CENT

Price Calculation: DATED BRENT MINUS $ 3.20 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.17 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

B/L DATED 19/04/2001

ORIGINAL

638

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/55/2001

Sold to : JSOC ROSNEFTEIMPEX NK ROSNEFT,MOSCOW

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : NURIA TAPIAS

Destination : ALGECIRAS

Country of origin : IRAQ

Due date : 24/05/2001

Contract no. : M/09/25

BNP Confirmation no : D726885

Openinig Bank L/c No. : CDI-2001/007

Shipment No. : CK/4995

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 33.93 API GRAVITY AT 60 F °	135,982.340	133,834.30	1,001,646	26.571	26,614,735.87
					26,614,735.87

Total EURO : TWENTY SIX MILLION SIX HUNDRED FOURTEEN THOUSAND SEVEN HUNDRED THIRTY FIVE AND EIGHTY SEVEN CENT

Price Calculation: DATED BRENT MINUS $ 3.20 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.20 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 25/04/2001

ORIGINAL

For State Oil Marketing Organization

HEAD OF FINANCE DEPT

639

08/11/2001 12:40 FAX 1 917 367 2197 TREASURER SUMO BAGHDAD 011
SEP.11 '98 13:08 FROM:96418853925 PAGE:02

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/90/2001

Sold to : ROSNEFTEIMPEX / NK ROSNEFT

Exporting port : MINA ALBAKR TERMINAL

Ships Name : ASTRO BETA

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 18/06/2001

Contract no. : MI/08/25

BNP Confirmation no : D727174

Openinig Bank L/c No. : CI0289010

Shipment No. : BBL/3114

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 30.72 API GRAVITY AT 60 F *	257,458.271	253,391.34	1,860,777	21.940	40,825,447.38
					40,825,447.38

Total EURO : FORTY MILLION EIGHT HUNDRED TWENTY FIVE THOUSAND FOUR HUNDRED FORTY SEVEN AND THIRTY EIGHT CENT

Price Calculation: WTI(SECOND MONTH)MINUS $ 9.45 'BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.32 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

LA.SHUAEIR
For State Oil Marketing Organization
HEAD OF FINANCE

B/L DATED 20/05/2001

ORIGINAL

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/107/2001

Sold to : ROSNEFTEIMPEX / NK ROSNEFT

Exporting port : MINA ALBAKR TERMINAL

Ships Name : OLYMPIA SPIRIT

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 11/08/2001

Contract no. : M/09/25

BNP Confirmation no : D728097

Openinig Bank L/c No. : LCIM2176336

Shipment No. : BBL/3130 (2)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 31.60 API GRAVITY AT 60 F °	275,224.698	270,877.12	1,999,925	20.935	41,868,429.88
					41,868,429.88

Total EURO : FORTY ONE MILLION EIGHT HUNDRED SIXTY EIGHT THOUSAND [redacted] FOUR HUNDRED TWNETY NINE M AND EIGHTY EIGHT CENTS

Price Calculation: WTI(SECOND MONTH)MINUS $ 7.55 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.24 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

I.A. SHUAIBI

For State Oil Marketing Organization

HEAD OF FINANCE DEPT.

B/L DATED 13/07/2001

ORIGINAL

641

AE, MT, MBJ

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/95/2001

Sold to : ROSNEFTEIMPEX / NK ROSNEFT

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : CRUDE ENA

Destination : HUELVA

Country of origin : IRAQ

Due date : 21/08/2001

Contract no. : M/09/25

BNP Confirmation no : D727823

Openinig Bank L/c No. : CDI-2001/010

Shipment No. : CK/5029

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 34.79 API GRAVITY AT 60 F °	135,365.395	133,227.10	1,002,807	24.952	25,022,040.26
					25,022,040.26

Total EURO : TWENTY FIVE MILLION TWENTY TWO THOUSAND FORTY AND TWENTY SIX CENT

Price Calculation: DATED BRENT MINUS $ 2.50 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.12 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

I.A.SHUAEEB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

B/L DATED 23/07/2001

ORIGINAL

642

HAVERHILL TRADING LIMITED
23, ARISTIDOU STR., PIREAS, GREECE

COMMERCIAL INVOICE NO. 08/25/04 DATED 25.04.2001

TO: BAYOIL SUPPLY & TRADING LIMITED
P.O. BOX CB 12918
NASSAU BAHAMAS

FURTHER TO OUR CONTRACT DATED JULY 11, 2000, ADDENDUM No2 DATED 18 JANUARY, 2001

VESSEL NAME:	M/T "SETTEBELLO"
B/L DATE:	APRIL 19, 2001
LOADPORT:	CEYHAN, TURKEY
GRADE:	KIRKUK CRUDE OIL
ORIGIN:	IRAQ
QUANTITY:	2,160,986 NET US BARRELS
	BALANCE AMOUNT DUE NOT COVERED BY LETTER OF CREDIT NR. CI284770
	USD 651,295.80

PAYABLE VALUE MAY 18, 2001 AS FOLLOWS:

CREDIT:	HAVERHILL TRADING LIMITED
ACCOUNT NO:	18127
BANK	HELLENIC BANK GREECE A/C # 4409348 WITH BANKERS TRUST COMPANY 11, VAS. SOFIAS AVE., & MERLINE ST., PO BOX 30597 100-33 ATHENS, GREECE
SWIFT CODE:	HEBA GR AA XXX
CORRESPONDENT:	BANKERS TRUST COMPANY 280 PARK AVENUE NEW YORK, NY 10017

MARIOS KONTEMENIOTIS
DIRECTOR

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 94

SNT 019650

HAVERHILL TRADING LIMITED
23, ARISTIDOU STR., PIREAS, GREECE

INVOICE No 15/07/06 dated 07.06. 2001.
Contract dated April 26, 2001, addendum No.1 dated 26 April 2001.

To: Bayoil Supply and Trading Limited P.O.Box CB 12918, Nassau, Baghamas

Steamer: m/t "Astro Beta", B/L 20.05.2001 ex Al Bakr
Discription: Basrah Light crude oil
1.860.777 net bbls
Amount: USD 651.271,95
Balance amount due not covered by Letter of Credit CI 0289010

The above amount should be paid upon receipt of this invoice to:
Beneficiary: Haverhill Trading Limited
12 Promitheus str., Nicosia, Cyprus.
Account No: 140 – 07 – 075660 - 01
Bank: Hellenic Bank LTD
Bank address: 92, Dhigenis Akritas Ave., PO Box 4529, 1300 Nicosia, Cyprus.
Swift Code: HEBA CY 2N
Correspondent Bank: The Chase Manhattan Bank NA.
Address of Correspondent Bank: 1 Chase Manhattan Plasa, New York, NY 10081, USA.
Account with Correspondent Bank: 001-1-190667
Swift of Correspondent Bank: CHAS US 33

Marios Kontemeniotis
Director

SNT 020995

SNT 020995

HAVERHILL TRADING LIMITED
23, ARISTIDOU STR., PIREAS, GREECE

INVOICE No 16/25/07 dated 25.07. 2001.
Contract dated April 26, 2001, addendum No.1 dated 26 April 2001.

To: Bayoil Supply and Trading Limited P.O.Box CB 12918, Nassau, Baghamas

Steamer: m/t "Olympia Spirit", B/L 13.07.2001 ex Al Bakr
Discription: Basrah Light crude oil
1.999.925 net bbls
Amount: USD 749.971.87
Balance amount due not covered by Letter of Credit LCIM 2176336

The above amount should be paid upon receipt of this invoice to:
Beneficiary: Haverhill Trading Limited
12 Prometheus str., Nicosia, Cyprus.
Account No: 140 – 07 – 075660 - 01
Bank: Hellenic Bank LTD
Bank address: 92, Dhigenis Akritas Ave., PO Box 4529, 1300 Nicosia, Cyprus.
Swift Code: HEBA CY 2N
Correspondent Bank: The Chase Manhattan Bank NA.
Address of Correspondent Bank: 1 Chase Manhattan Plasa, New York, NY 10081, USA.
Account with Correspondent Bank: 001-1-190667
Swift of Correspondent Bank: CHAS US 33

Marios Kontemeniotis
Director

SNT 022344

SNT 022344

38, Obraztsova str., Moscow 127018, Russia
Phone: (7095), 289 14 98, 289 24 83, 219 26 01
Fax: (7095) 979 60 71
Telex: 912378 RENK
E-mail: recms@online.ru

ROSNEFTEIMPEX

Fax

To:	Bayoil	**From:**	Y. Poukhov
Fax:	1713-7818377	**Pages:**	2 + 1
Re:	**Basrah crude oil**	**Date:**	17.04.2001
Att:	Mr. David Chalmer, President CC. Mr.Ludmil Dionissiev Mr.John Irving	**No.:**	64/04 NB

TOP URGENT

Dear Sirs,

We are pleased to agree a new cargo in May 14th, M/T "Mariner" 2 000 000 bbls of Basrah Light.
We inform you also that we received confirmation from SOMO for another 2 000 000 bbls of Basrah Light in June.

For m/t "Mariner" in position May 14th price had been agreed in Geneva during our meeting in March 30th OSP + 0,35 USD/bbl
In case of your confirmation of cargo in June please advise your exact dates of loading and also price indication. You know that we always need improvement.

Taking into account that after loading of m/t "Majestic Unity" B/L 14.02.01, m/t "Hellespont Paradise" 25.02.01. and m/t "Settebello" B/L 18th or 19th April our Contract is over and it is necessary to conclude new contract with new company from our side (the name of our company is in enclosure)

This Contract or Agreement should cover:

1. m/t "Stavros" B/L 3.04.01 - 250 000 bbls of Basrah Light surcharge to OSP 0,35 – 0,40 $/bbl.
2. m/t "Mariner" position 14th May Basrah Light 2 000 000 bbls surcharge to OSP 0,35 – 0,40 $/bbl.
3. m/t "TBN" in June 2 000 000 bbls surcharge to OSP 0,40 $/bbl.

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 97

SNT 020929

Please urgently send to our address new Contract with new company from our side.

In case you need some quantities of Kirkuk in June please let us know.

We expect your urgent answer.

Best regards,

Y.Porkhov

Enclosure: 1 page

SNT 020930

Account No.	1-469-00010017-0001
Company:	CROSSOIL S.A.
Address	Banco General Building, 21-st floor, Aquilino de la Guardia Street, Panama, Republic of Panama
Representative in Moscow	ANATOLI FEDOROVSKI
Bank:	AIZKRAUKLES BANKA
Bank address:	Elizabetes iela 23, Riga, LV-1010, Latvia Tel.: +371 701 56 00; Fax: +371 701 56 01; S.W.I.F.T.: AIZK LV 22; Telex: 161171 AIZKR LV E-mail: bank@aizkraukles.com; Reuter Source: AIZB; Reuter Dealing: AIZX; www.aizkraukles.com
Correspondent bank:	BANKERS TRUST COMPANY NEW YORK, NEW YORK, USA correspondent account: 04412459 SWIFT: BKTR US 33

SNT 020931

To: H.E. the Executive Director
RE: Contract M/09/25 with Rosimpex Russian Company (The Presidential Council)

1- The original contractual quantities are:

Basrah	Kirkuk	Total
4	3	7

2- The quantities lifted up to this date are:

4	1	5

3- The remaining quantities are:

-	2	2

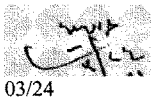
4- Rosnefteimpex company requested to change the quantity of the contract to the following:

Basrah	Kirkuk	Total
4	2	6

to be lifted in April/May 2001, and to extend the validity of the contract until 05/15/2001, taking into consideration that the company has settled both of the surcharge amounts due to our embassy in Moscow as per the telephone conversation with their representative in Baghdad.

Please review and advice.

Regards,



03/24
Abd-al-Jalil Hammadi
Head of Crude Oil First Marketing Department

KH1



Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC) - FN 98

السيد المدير التنفيذي المحترم

م/العقد 25/09/M مع شركة
روزاتيكي الروسية (ديوان الرئاسة)

ه- الكميات الاصلية المتعاقد عليها هي :

	البعدة	كوكول	المجموع
	٤	٣	٧
ى الكميات المنفذة لغاية	٤	١	٥
ك الكمية المتبقية	—	٢	٢ (سترفع في ١/٤/٢٠٠١)

(٤) + طلبت شركة روزفنط اتيكي تعديل كمية العقد بالكميات التالية :

البعدة	كوكول	المجموع
٤	٢	٦

لترفع خلال نيسان/مايس/٢٠٠١

وتمديد فترة العقد لغاية ١٥/٥/٢٠٠١

علماً بان الشركة سددت مبلغي الاسترجاع لمستحقين مستحقين الى سفارتنا في موسكو حسب المكالمة الهاتفية مع صلاح وفهد

للتفضل بالاطلاع والتوجيه
مع التقدير

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٦ ٦:٢٤:٢٦ PM

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحلة

عمولات للفترة من لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
9	NOURI FOR TRADING	M/09/20	1,998,116	0.25	499,529.00	499,529.00	0.00
9	NRG OILS	M/09/93	1,050,000	0.25	262,500.00	262,480.00	20.00
9	OIL AND GAZ	M/08/77	520,960	0.30	156,288.00	156,288.00	0.00
9	PETROGAZ	M/09/60	8,626,086	0.30	2,553,991.85	2,553,858.00	133.85
9	PETROLINE	M/09/79	2,013,883	0.30	604,164.90	604,164.90	0.00
9	PHOENIX	M/09/50	2,018,010	0.30	605,403.00	0.00	605,403.00
9	QUANTUM	M/09/03	1,909,909	0.30	572,972.70	300,000.00	272,972.70
9	ROMPETROL	M/09/29	2,959,551	0.25	739,887.75	739,815.75	[illegible]
9	ROSNEFTIMPEX	M/09/25	11,428,422	0.27	3,067,802.55	3,067,802.55	[illegible]
9	SHAHER	M/09/30	915,830	0.25	228,957.50	228,948.00	[illegible]
9	SINOCHEM	M/09/84	2,564,020	0.25	641,005.00	641,005.00	[illegible]
9	SLAVNEFT	M/09/59	5,237,046	0.29	1,518,780.15	1,518,449.00	[illegible]
9	TANKER OIL AND GAS	M/09/64	1,998,961	0.25	499,740.25	499,178.00	[illegible]
9	TREVOR TRADING	M/09/112	1,001,627	0.25	250,406.75	250,469.00	[illegible]
9	TYUMEN	M/08/40	1,820,015	0.30	546,004.50	546,004.50	[illegible]
9	VITOL	M/09/97	1,000,869	0.25	250,217.25	250,217.25	[illegible]
9	ZARUBEZHNEFT	M/09/82	15,125,883	0.28	4,185,383.35	4,185,383.80	[illegible]
9	ZARUBEZHNEFT AND GAS	M/09/19	2,016,479	0.25	504,119.75	0.00	[illegible]
9	ZERICH GMBH	M/08/87	1,961,281	0.30	588,384.30	588,384.30	[illegible]
9	ZERICH GMBH	M/09/86	2,026,458	0.30	607,937.40	607,985.00	[illegible]
	المجموع الكلي		291,996,437	0.28	81,587,778.94	72,186,784.45	[illegible]

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 100

اعداد الدائرة المالية-السجلات التجارية

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحلة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
10	NATIONAL OIL WELLS MAINTENANCE CO	M/10/30	983,037	0.25	245,759.25	245,759.25	0.00
10	NATIONAL OIL WELLS MAINTENANCE CO	M/10/58	2,050,452	0.30	615,135.60	615,135.60	0.00
10	NOURI FOR TRADING	M/10/06	4,036,286	0.28	1,111,303.10	1,111,762.00	-458.90
10	OIL AND GAZ	M/09/78	2,040,299	0.30	612,089.70	612,090.00	-0.30
10	OIL AND GAZ	M/09/89	2,022,143	0.30	606,642.90	606,642.90	0.00
10	OIL AND GAZ	M/10/55	2,049,137	0.27	562,357.30	562,357.30	0.00
10	OIL AND GAZ	M/10/93	1,785,251	0.30	535,575.30	534,765.30	810.00
10	OJSC KALMYK OIL	M/10/45	2,016,028	0.30	604,808.40	605,312.00	-503.60
10	OMNI OIL	M/10/24	2,070,270	0.30	621,081.00	621,000.00	81.00
10	PERENCO	M/10/50	1,048,345	0.25	262,086.25	249,973.00	12,113.25
10	PETROGAZ	M/09/60	1,872,886	0.30	561,865.80	561,834.00	31.80
10	PETROLEUM(PTSC)	M/09/126	2,083,020	0.30	624,906.00	624,906.00	0.00
10	PETROLEUM(PTSC)	M/10/14	3,850,758	0.30	1,155,227.40	467,439.00	687,788.40
10	PETROLINE	M/10/49	1,037,579	0.30	311,273.70	311,274.00	-0.30
10	PETROLINE	M/10/60	2,049,246	0.30	614,773.80	614,773.80	0.00
10	PETROLINE	M/10/81	1,840,034	0.30	552,010.20	552,010.20	0.00
10	PETROVIETNAM	M/10/36	1,860,341	0.30	558,102.30	558,102.00	0.30
10	PRIMACOSA	M/10/77	1,001,791	0.30	300,537.30	300,537.30	0.00
10	PRIMACOSA	M/10/88	300,000	0.30	90,000.00	90,000.00	0.00
10	ROSNEFT GAS EXPORT	M/10/07	4,006,395	0.27	1,101,606.05	1,101,610.80	-4.75
10	ROSNEFTIMPEX	M/09/25	3,002,732	0.28	850,679.25	850,740.45	-61.20
10	ROSNEFTIMPEX	M/10/15	16,008,036	0.28	4,552,917.25	4,552,763.10	154.15

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/10/ 15

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 106

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/10/ 15

SECTION ONE

SPECIFIC PROVISIONS

F.O.B. CRUDE OIL SALES CONTRACT

FOB SALES CONTRACT
CONTENTS

Section One

Article One	:	Definitions
Article Two	:	Period
Article Three	:	Quantity and Quality
Article Four	:	Price
Article Five	:	Reopener
Article Six	:	Payment
Article Seven	:	SOMO Standard Documentation
Article Eight	:	Approval of Contract
Article Nine	:	Special Conditions
Article Ten	:	Addresses

Section Two

Article One	:	Measurement and Sampling
Article Two	:	Risk and Property
Article Three	:	Lifting Programme
Article Four	:	Nomination of Vessels
Article Five	:	Vessel Berths
Article Six	:	Loading Conditions
Article Seven	:	Demurrage
Article Eight	:	Taxes and Duties
Article Nine	:	Termination in the event of Liquidation or Default
Article Ten	:	Assignment
Article Eleven	:	Destination
Article Twelve	:	Force majeure
Article Thirteen	:	Arbitration
Article Fourteen	:	Notices
Article Fifteen	:	Applicable Law
Appendix I	:	Form of Letter of Credit
Appendix II	:	Application Form to Request Approval of Contract.

Contract between State Oil Marketing Organization (SOMO) (hereinafter called SELLER) of the one part and JSC "ROSNEFTEIMPEX" NK ROSNEFT RUSSIA, MOSCOW (hereinafter called BUYER) of the other part.

Whereby it is agreed as follows :-

SECTION ONE

Wherever the General Provisions of Section Two, attached and herein incorporated in this Contract, are at variance or in conflict with this Section One, the provisions of Section One shall govern.

ARTICLE ONE

DEFINITIONS

As used in this Contract, unless otherwise provided, the following words and terms shall have the following meanings :-

Barrel	:	means forty-two (42) U.S. Gallons at sixty degrees (60˚) Fahrenheit and at normal atmospheric pressure.
Day	:	means a period of twenty-four (24) running hours Commencing at 00.01 hours local time at the port of loading.
Barrel per Day (B/d)	:	means the average number of barrels of crude oil supplied during a calendar day as defined above.
F.O.B.	:	means "Free on Board" as referred to in the ICC Incoterms 1990.
Dollar ($)	:	The currency of the United States of America.
Euro	:	The currency of the European Union
Month	:	means Gregorian Calendar month commencing at 00.01 hours local time at the port of loading on first day of the month.
Quarter	:	means a period of three (3) consecutive months Beginning on a 1st January or a 1st April or a 1st July or a 1st October.

Year	:	means a Gregorian Calendar Year.
Api Gravity	:	means scale adopted by the American Petroleum Institute for expressing the specific Gravity of crude oil.
SCR 986	:	means Security Council resolution 986 (1995) of 14 April 1995.
SCR 1111	:	means Security Council resolution 1111 (1997) of 4 June 1997.
SCR 1143	:	means Security Council resolution 1143 (1997) of 4 December 1997.
SCR 1153	:	means Security Council resolution 1153 (1998) of 20 February 1998.
SCR 1210	:	means Security Council resolution 1210 (1998) of 24 November 1998.
SCR 1242	:	means Security Council resolution 1242 (1999) of 21 May 1999.
SCR 1281	:	means Security Council resolution 1281 (1999) Of 10 December 1999.
SCR 1302	:	means Security Council resolution 1302 (2000) of 8 June 2000.
SCR 1330	:	means Security Council resolution 1330 (2000) Of 5 December 2000.
SCR 1360	:	means Security Council Resolution 1360 (2001)
661 Committee	:	means the Security Council Committee established by Security Council Resolution 661 (1990).
Procedures	:	means the procedures to be employed by the 661 Committee (United Nations document S/1996/636, dated 8 August 1996).
Overseers	:	means the independent experts in international Oil trade appointed by the Secretary-General of The United Nations pursuant to SCR 986 and the procedures.
Inspectors	:	means the independent oil inspection agents Appointed by the Secretary-General pursuant to SCR 986.

ARTICLE TWO

PERIOD :

1. Subject to Article Eight below, this Contract shall become effective on the 1ST day of August, 2001, and shall continue thereafter until the 30th November 2001, unless renewed by mutual agreement.
2. The ultimate consumer of the crude oil sold under this Contract shall be Refineries in Europe and/or U.S.A.
   Any change in the destination is subject to the prior approval of Seller.

ARTICLE THREE

QUANTITY AND QUALITY :

1. SELLER undertakes to sell and deliver FOB and BUYER undertakes to purchase, receive and pay for the following:-

Type of Crude	Quantity	Port of Loading
KIRKUK	7,000,000 BBLS	CEYHAN
BASRAH LIGHT	10,000,000 BBLS	AL BAKR

2. The quality of the crude oil shall be the standard export quality available at the port of loading from time to time.

3. Quantities shall represent contracted quantities or number of barrels per day contracted multiplied by the number of days of the relevant period stipulated in sub Article 2.1

4. Quantities shall be lifted as evenly as possible over the course of such delivery period in lots of approximate barrels and as will be agreed between BUYER and SELLER.

5. Quantities lifted under allowed operational vessel slippage shall be deemed as part of the contracted quantities of the period.

6. In case when SELLER, for reasons technical or otherwise that are beyond his control, is unable to meet his full contractual commitments, SELLER shall have the right to reduce the contracted quantities for the duration of the period when such circumstances shall prevail. SELLER shall advise BUYER as soon as possible before the beginning of any period during which supplies to all buyers are to be reduced.

7. In no event shall any loading start beyond the 30th of November, 2001, unless the Security Council has authorized sales beyond that date.

ARTICLE FOUR

PRICE :

1. The price(s) of the crude oil to be delivered under this contract shall be as follows:-

TYPE OF CRUDE	API	PORT OF LOADING
KIRKUK	36.00	CEYHAN
BASRAH LIGHT	34.00	AL BAKR

Price Mechanism in EURO per Barrel FOB

Price shall be the standard SOMO price as agreed upon between SOMO and the United Nations from time to time.

ARTICLE FIVE

REOPENER:

Each party shall have the right not later the 15th day of any month to request a review of the pricing mechanism of this Contract.

If following a request for a review, the parties are unable to agree within a period of ten (10) days from the date upon which such request was made, either party may elect to terminate this Contract by serving written notice of phase-out to the other party and termination shall be effective at the end of the month following the month during which the notice of termination has been received.

But if the parties are able to agree within the above mentioned ten (10) days period, any agreed upon adjustment to the pricing mechanism shall be subject to the approval of the 661 Committee.

However, of such approval has not been granted by the 661 Committee, this Contract shall be considered as terminated as of the end of the month following the month during which the above mentioned ten (10) days period ends unless the parties agree otherwise.

In case of Contract termination under any of the above mentioned events, this Contract shall remain in full force and effect at the pricing mechanism applicable in accordance with this Contract terms and conditions up to the effective date of termination and such termination shall not affect the parties' rights and obligations therefrom, unless the parties agree otherwise during the period prior to the effective date of termination.

ARTICLE SIX

PAYMENT:

1. BUYER shall establish in respect of each shipment lifted under this Contract an irrevocable documentary letter of credit issued by a bank acceptable to Banque Nationale de Paris, S.A. ("BNP")for confirmation, in the form set out in Appendix I hereof.

   In all cases, the Letter of Credit shall be established, confirmed and accepted at least seven (7) days prior to loading date.

2. BUYER irrevocably undertakes that payment for each cargo of crude oil lifted shall be made out of the proceeds of the confirmed Letter of Credit directly to United Nations Iraq Account Euro sub account account number 0200-201752-002-05 established by the Secretary-General of the United Nations, pursuant to paragraph 7 of SCR 986, at BNP (New York Branch) (hereinafter "United Nations Iraq Account Euro sub Account"), upon presentation to BNP of the documents required by the Letter of Credit, including but not limited to the Commercial Invoice and the Bill of Lading.

3. All charges within Iraq are for SELLER, whereas all charges outside Iraq are to be borne by BUYER.

4. Unless otherwise provided herein, payment shall be made not later than thirty (30) days from B/L date, in same date funds.

   If payment falls due on a Saturday or Bank holiday other than Monday in the place where payment is to be made then payment shall be made on the last preceding banking day. If payment falls due on a Sunday or a Monday Bank holiday in the place where payment is to be made then payment shall be made on the next succeeding banking day.

ARTICLE SEVEN

SOMO STANDARD DOCUMENTATION:

Bill of Lading	9 (3 orig. & 6 copies)
Certificate of Origin	4
Certificate of Quality and Quantity	4
Loading Time Sheet	4
Ullage Report	4
Master's Receipt for Samples	4
Distribution of Documents	4

Two sets of documents are handed to Master, one being for consignee. SELLER shall advise BUYER by telex or cable within forty eight (48) hours following each loading with the following details:-

(a) Vessel's Name .
(b) Loading Port .
(c) Commenced loading Date.
(d) Completed Loading Date.
(e) Sailing Date .
(f) Gross and net quantities in metric tons, long tons and U.S. barrels.
(g) API Gravity.

ARTICLE EIGHT

APPROVAL OF CONTRACT :

This Contract is subject to the approval of the Overseers on behalf of the 661 Committee. Such approval shall be obtained in accordance with the Procedures, utilizing the form set out in Appendix II hereof.

ARTICLE NINE

SPECIAL CONDITIONS :

1. Loading of any shipment of crude oil shall be subject to the authorization of the Inspectors at the port of loading. The

Inspectors shall also have the authority to stop the loading if they determine that there is any evidence of irregularity.

2. Notwithstanding Sub Article 4-3 of Section Two of this Contract, the accepted date of arrival of the vessel at the loading ports shall be fixed on a one (1) day range. All related Articles of Section Two of the Contract will read to that effect and conformity.

3. Notwithstanding Sub Article (6-5) of Section Two of this Contract SELLER shall be allowed as laytime at Al Bakr Terminal as follows :-

Laytime (hrs)	Vessel DWT (MT)
36	Up to 129 999
54	130 000 – 199 999
65	Over 200 000

All related Articles of Section Two of the Contract will read to that effect and conformity.

4. In addition to the events specified in Sub Article 6-6 of Section Two, any time consumed due to the Inspectors prohibiting loading shall not count as used laytime.
5. This Contract shall terminate forthwith in the event that the Security Council terminates the authorization to import petroleum or petroleum products originating in Iraq.
6. Assignment of the rights or obligations of the SELLER or BUYER shall be subject to the approval of the 661 Committee.
7. Any claims from BUYER under Sub Article 1-3 or Article Seven of Section Two, and any analyses carried out under Sub Articles 1-5 and 1-6 of Section Two, shall copied to the Overseers. Payments or other awards under Article Thirteen of Section Two, in respect of claims under Articles one and Seven of Section Two are subject to the approval of the 661 Committee. Any sum to be paid by BUYER in settlement of a dispute under Article Thirteen of Section Two relating to the proceeds of the sale of crude oil under this Contract shall be paid by BUYER directly to the United Nations Iraq Account, Euro sub account.

8. Payments to SELLER under SUB Article 5-5 and Sub Article 6-7 of Section Two, and any other Payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.
9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143 SCR 1153, SCR 1210, SCR 1242, SCR 1281, SCR 1302, SCR 1330, SCR 1360, the Procedures and the Memorandum of Understanding between the Secretariat of the United nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and Communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:
STATE OIL MARKETING ORGANIZATION
P.O. BOX 5118
BAGHDAD – IRAQ
TELEX : 212198 – 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX : 964-1-8853925

FOR BUYER:
JSC "ROSNEFTEIMPEX" NK ROSNEFT
38, OBRAZTSOVA STR. MOSCOW 127018, RUSSIA
PHONE : (7095), 289 14 96 – 289 24 63, 219 26 01
FAX : (7095) 979 6071
TELEX : 612378 RENK
MOBILE PHONES: 007095 - 1047900 - 7607652

FOR OVERSEERS
UNITED NATIONS, NEW YORK, U.S.A.
FAX : 212 – 963 – 1628

ll other terms and conditions as per (Section Two) General conditions of F.O.B. crude oil sales contract No. M/08/85 dated 4/7/2000 and attached appendices 1 & 2 .

This Contract has been done and signed on the 14th day of July, 2001.

FOR SELLER

SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL
S O M O

FOR BUYER

SERGEY ISSAKOV
ADVISER TO GENERAL DIRECTOR

In the Name of God, Most Gracious, Most Merciful

To: The Financial Department
From: Crude Oil First Marketing Department

No.: KH1
Date: Rabi' II, 1422 Hijri
Equivalent to: 07/18/2001

RE: Contract M/09/25 & M/10/15 with Roseneftimpex Russian Company

In addition to our memorandum dated 05/14/2001, we have signed a contract on 07/14/2001 with the aforesaid buyer to supply crude oil as per the following terms:

1- Name of Company Buyer: Rosnefteimpex Russian Company
2- Validity of Contract: From 07/01/2001 till 07/31/2001 (contract M/09/25}
From 08/01/2001 till 11/30/2001 (contract M/10/15)
3- Quantity & Quality: (20) million barrels divided as follows:

(8) million barrels of Kirkuk crude oil; (1) million barrels belong to contract M/09/25
(12) million barrels of Basrah light crude oil; (2) barrels belong to contract M/09/25

4- Destination of Crude Oil: Europe and / or America
5- Pricing Formula: As per the standard rate of Kirkuk crude oil and Basrah light crude oil for the above-mentioned destinations
6- Approval of the United Nations: S/AC.25/2001/OIL/1360/COMM dated [blank]
7- Address:

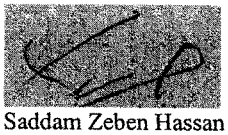
JSC "ROSNEFTEIMPEX" NK ROSNEFT
38, OBRAZTSOVA STR. MOSCOW 127018, RUSSIA
PHONE: (7095) 289 1496 – 289 2463, 219 2601
FAX: (7095) 9779 6071
TELEX: 612378 RENK
MOBILE PHONES: 007095 – 1047900 – 7607652

8- Point of Contact: **Mr. Sergy Issakov**
9- Payment & Other Terms: as per the standardized formula of the crude oil supply contract and L/C.

Please be informed and act accordingly.



Abd-al-Jalil Said Hammadi
Head of Crude Oil First Marketing Department



Saddam Zeben Hassan
Executive Director

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 108

بسم الله الرحمن الرحيم

الى /الدائرة المالية — الرقم : ح١/

من / دائرة تسويق الحام الاولى — التاريخ: ربيع الثاني/ ١٤٢٢ هـ

الموافق ٢٠٠١/٧/٤ م

M/09/25

م/ العقد M/10/15 مع شركة روز نفط امكس الروسية

الحاقاً بمذكرتنا المؤرخة في ٢٠٠١/٥/١٤.

جرى بتاريخ ٢٠٠١/٧/١٤ التوقيع مع المشتري اعلاه على عقد تجهيز النفط الخام وفق الشروط التالية :-

١- اسم الشركة المشترية : روز نفط امكس الروسية

٢- فترة سريان العقد : من ٢٠٠١/٧/١ ولغاية ٢٠٠١/٧/٣١ (العقد M/09/25)

من ٢٠٠١/٨/١ ولغاية ٢٠٠١/١١/٣٠ (العقد M/10/15)

٣- الكمية والنوعية : (٢٠) مليون برميل موزعة كالآتي :-

(٨) مليون برميل نفط خام كركوك ((١) مليون برميل منها على العقد M/09/25)

(١٢) مليون برميل نفط خام البصرة الخفيف ((٢) مليون برميل منها على العقد M/09/25)

٤- وجهة النفط : اوربا و/أو امريكا

٥- السعر : الاسعار القياسية لنفطي خام كركوك والبصرة الخفيف للوجهتين اعلاه.

٦- مصادقة الامم المتحدة : S/AC.25/2001/OIL/1360/COMM

في / /٢٠٠١

٧- العنوان :

JSC "ROSNEFTEIMPEX" NK ROSNEFT
38, OBRAZTSOVA STR. MOSCOW 127018, RUSSIA
PHONE : (7095), 289 14 96 - 289 24 63, 219 26 01
FAX : (7095) 979 6071
TELEX : 612378 RENK
MOBILE PHONES: 007095 - 1047900 - 7607652

٨- الشخص الذي يتصل به : MR. SERGY ISSAKOV

٩- الدفع والشروط الأخرى : حسب الصيغة الموحدة لعقد تجهيز النفط الخام ولكتاب الاعتماد .

للعلم والعمل بموجبه رجاء .

عبد الجليل سعيد حمادي
رئيس دائرة تسويق الحام الاولى

صدام زين حسين
المدير التنفيذي

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/OC.19 24 July 2001

TO: "ROSNEFTEIMPEX" NK ROSNEFT RUSSIAN FEDERATION	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO.: 011-7095-979-6071/ 289-14-96 289-24-63	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/10/15** UN REF: **S/AC.25/2001/OIL/1360/COMM.15**
Between: **SOMO and "ROSNEFTEIMPEX" NK ROSNEFT**

Date of Receipt:	**20 July 2001**
Quantity:	**7,000,000 bbls**
Quality:	**Kirkuk**
Pricing Formula:	**European and/or US Markets**
Port of Loading:	**Ceyhan**
Quantity:	**10,000,000 bbls**
Quality:	**Basrah Light**
Pricing Formula:	**European and/or US Markets**
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 BY THE SECURITY COUNCIL COMMITTEE ESTABLISHED BY RESOLUTION 661 (1990) CONCERNING THE SITUATION BETWEEN IRAQ AND KUWAIT

☒ **APPROVED**

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

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 110

HAVERHILL TRADING LIMITED
23, ARISTIDOU STR., PIREAS, GREECE

To: Bayoil Supply and Trading Limited

Att.: Mrs. Jean Johnston
CC. : Mr. Ludmil Dionissiev

Herebelow we are sending to you final invoices No. 03/17/08 for m/t «Magdelaine» B/L 17.08.01 and No. 04/17/08 for m/t «Stena Convoy» B/L 21.08.2001.

Best regards,

Y.Poukhov

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 111

SNT 023706

SNT 023706

HAVERHILL TRADING LIMITED
23, ARISTIDOU STR., PIREAS, GREECE

INVOICE No 04/17/08 dated 17.08. 2001.
Contract dated July 19th, 2001, addendum No.1 dated July 19th 2001.

To: Bayoil Supply and Trading Limited P.O.Box CB 12918, Nassau, Bagliamas

Steamer: m/t "Stena Convoy", loading ex Al Bakr 19-20th August 2001
Discription: Basrah Light crude oil
~~200.000~~ net bbls 1.822670 × 0.325 = 683,501.25
Amount: USD 750.000.00
Balance amount due not covered by Letter of Credit CI0305220

The above amount should be paid upon receipt of this invoice to:
Beneficiary: Haverhill Trading Limited
12 Promitheus str., Nicosia, Cyprus.
Account No: 140 – 07 – 075660 - 01
Bank: Hellenic Bank LTD
Bank address: 92, Dhigenis Akritas Ave., PO Box 4529, 1300 Nicosia, Cyprus.
Swift Code: HEBA CY 2N
Correspondent Bank: The Chase Manhattan Bank NA.
Address of Correspondent Bank: 1 Chase Manhattan Plasa, New York, NY 10081, USA.
Account with Correspondent Bank: 001-1-190667
Swift of Correspondent Bank: CHAS US 33

Marios Kontemeniotis
Director

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 112

SNT 023712

SNT 023712

BAYOIL

TO:	Rosnefteimpex, Moscow
ATTN	Mr. Marios Kontemeniotis
FAX:	7095 979-6071
CC:	Mr. Y. Poukhov
FROM:	Jean Johnston
DATE:	September 13, 2001
REF:	"Magdelaine" – B/L August 15, 2001 "Stena Convoy" – B/L August August 21, 2001 "Hellespont Capitol " – B/L August 6, 2001

Dear Sirs:

With reference to your faxed invoices of today, please be advised following payments have been made:

Magdelaine (Your invoice no. 03/17/08) US$716,933.25 – value August 20, 2001
Stena Convoy (Your invoice no. 04/17/08) US$683,501.25 – value Aug. 22, 2001

Hellespont Capitol (Your invoice no. 07/27/08) US$150,000.00 - will be paid value **September 14, 2001**.

Also, please find attached copy of L/C amendment covering Stena Convoy. This error was made by the bank and corrected immediately.

Grateful if you could please advise Mr. Poukhov that Mr. Ludmil Dionissiev has been stranded in Halifax, Canada due to the re-routing of his flight from London to Houston on Tuesday, September 11. We have no definite information as to when he will be able to fly out from Canada and communication is very limited.

Best regards,

Jean Johnston

Jean Johnston
For and on behalf of
Bayoil Supply & Trading Limited

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 113

SNT 023693

38, Obraztsova str., Moscow 127018, Russia
Phone: (7095), 289 14 96, 289 24 63, 219 26 01
Fax: (7095) 979 60 71
Telex: 612378 RENK
E-mail: recms@online.ru

ROSNEFTEIMPEX

Fax

To:	Bayoil	**From:**	Y. Poukhov
Fax:	1713-224 8101	**Pages:**	1
Re:	**M/t «Hellespont Capitol» B/L 02.11.2001**	**Date:**	26.11.01
Att:	**Mrs. Jean Johnston**	**No.:**	205/11 NB
CC.			

Dear Jean!

We are preparing invoice for above cargo. As soon as price differences are clear we will present respective invoice. But you are kindly requested to amend L/C No. CI 0315390 mentioning that shipment to be effected latest November 2nd instead of October 31,2001. We inform you that 1,000,000 bbls has been loaded as per Contract No. M/10/23 and the rest of the quantity as per Contract No. M/10/15.

Many thanks.

Best regards,

Y.Poukhov

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 114

SNT 025304

HAVERHILL TRADING LIMITED
23, ARISTIDOU STR., PIREAS, GREECE

INVOICE No 02/17/08 dated 17.08. 2001.
Contract dated July 19th, 2001, addendum No.3 dated July 25th 2001.

To: Bayoil Supply and Trading Limited P.O.Box CB 12918, Nassau, Baghamas

Steamer: m/t "Stena Companion", B/L 01.08.2001 ex Al Bakr
Discription: Basrah Light crude oil
200.000 net bbls
Amount: USD 75.000.000
Balance amount due not covered by Letter of Credit LCIM 2183940

The above amount should be paid upon receipt of this invoice to:
Beneficiary: Haverhill Trading Limited
12 Promitheus str., Nicosia, Cyprus.
Account No: 140 – 07 – 075660 - 01
Bank: Hellenic Bank LTD
Bank address: 92, Dhigenis Akritas Ave., PO Box 4529, 1300 Nicosia, Cyprus.
Swift Code: HEBA CY 2N
Correspondent Bank: The Chase Manhattan Bank NA.
Address of Correspondent Bank: 1 Chase Manhattan Plasa, New York, NY 10081, USA.
Account with Correspondent Bank: 001-1-190667
Swift of Correspondent Bank: CHAS US 33

Marios Kontemeniotis
Director

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 115

SNT 023554

HAVERHILL TRADING LIMITED
23, ARISTIDOU STR., PIREAS, GREECE

INVOICE No 10/13/09 dated 13.09. 2001.
Contract dated July 19th, 2001, addendum No.1 dated July 19th 2001.

To: Bayoil Supply and Trading Limited P.O.Box CB 12918, Nassau, Baghamas

Steamer: m/t "Magdelaine", B/L 15.08.2001 ex Al Bakr
Discription: Basrah Light crude oil
1.911,822 net bbls
Amount: USD 716, 933,25
Balance amount due not covered by Letter of Credit CI 0305210
The above amount should be paid upon receipt of this invoice to:
Beneficiary: Haverhill Trading Limited
12 Promitheus str., Nicosia, Cyprus.
Account No: 140 – 07 – 075660 - 01
Bank: Hellenic Bank LTD
Bank address: 92, Dhigenis Akritas Ave., PO Box 4529, 1300 Nicosia, Cyprus.
Swift Code: HEBA CY 2N
Correspondent Bank: The Chase Manhattan Bank NA.
Address of Correspondent Bank: 1 Chase Manhattan Plasa, New York, NY 10081, USA.
Account with Correspondent Bank: 001-1-190667
Swift of Correspondent Bank: CHAS US 33

Marios Kontemeniotis
Director

SNT 023698

SNT 023698

HAVERHILL TRADING LIMITED
23, ARISTIDOU STR., PIREAS, GREECE

INVOICE No 12/13/09 dated 13.09. 2001.
Contract dated July 19th, 2001, addendum No.1 dated July 19th 2001.

To: Bayoil Supply and Trading Limited P.O.Box CB 12918, Nassau, Baghamas

Steamer: m/t "Stena Convoy", B/L 21.08.2001 ex Al Bakr
Discription: Kirkuk crude oil
1.822,670 net bbls
Amount: USD 683, 501,25
Balance amount due not covered by Letter of Credit CI 0305220
The above amount should be paid upon receipt of this invoice to:
Beneficiary: Haverhill Trading Limited
12 Promitheus str., Nicosia, Cyprus.
Account No: 140 – 07 – 075660 - 01
Bank: Hellenic Bank LTD
Bank address: 92, Dhigenis Akritas Ave., PO Box 4529, 1300 Nicosia, Cyprus.
Swift Code: HEBA CY 2N
Correspondent Bank: The Chase Manhattan Bank NA.
Address of Correspondent Bank: 1 Chase Manhattan Plasa, New York, NY 10081, USA.
Account with Correspondent Bank: 001-1-190667
Swift of Correspondent Bank: CHAS US 33

Marios Kontemeniotis
Director

SNT 023700

SNT 023700

HAVERHILL TRADING LIMITED
23, ARISTIDOU STR., PIREAS, GREECE

INVOICE No 14/20/09 dated 20.09. 2001.
Contract dated July 19th, 2001, addendum No.1 dated July 31st, 2001.

To: Bayoil Supply and Trading Limited P.O.Box CB 12918, Nassau, Baghamas

Steamer: m/t "Settebello", B/L 25.08.2001 ex Al Bakr
Discription: Basrah Light crude oil
150.000 net bbls
Amount: USD 56, 250,00
Balance amount due not covered by Letter of Credit DOC – 622023-63
The above amount should be paid upon receipt of this invoice to:
Beneficiary: Haverhill Trading Limited
12 Promitheus str., Nicosia, Cyprus.
Account No: 140 – 07 – 075660 - 01
Bank: Hellenic Bank LTD
Bank address: 92, Dhigenis Akritas Ave., PO Box 4529, 1300 Nicosia, Cyprus.
Swift Code: HEBA CY 2N
Correspondent Bank: The Chase Manhattan Bank NA.
Address of Correspondent Bank: 1 Chase Manhattan Plasa, New York, NY 10081, USA.
Account with Correspondent Bank: 001-1-190667
Swift of Correspondent Bank: CHAS US 33

Marios Kontemeniotis
Director

SNT 024006

SNT 024006

HAVERHILL TRADING LIMITED
23, ARISTIDOU STR., PIREAS, GREECE

INVOICE No 18/01/10 dated 01.10. 2001.
Contract dated July 19th, 2001, addendum No.3 dated July 31st, 2001.

To: Bayoil Supply and Trading Limited P.O.Box CB 12918, Nassau, Baghamas

Steamer: m/t "Sahara", B/L 08.09. 2001 ex Al Bakr
Discription: Basrah Light crude oil
2. 356, 360 net bbls
Amount: USD 883. 635,00
Balance amount due not covered by Letter of Credit CI 0305210
The above amount should be paid upon receipt of this invoice to:
Beneficiary: Haverhill Trading Limited
12 Prpmitheus str., Nicosia, Cyprus.
Account No: 140 – 07 -- 075660 - 01
Bank: Hellenic Bank LTD
Bank address: 92, Dhigenis Akritas Ave., PO Box 4529, 1300 Nicosia, Cyprus.
Swift Code: HEBA CY 2N
Correspondent Bank: The Chase Manhattan Bank NA.
Address of Correspondent Bank: 1 Chase Manhattan Plasa, New York, NY 10081, USA.
Account with Correspondent Bank: 001-1-190667
Swift of Correspondent Bank: CHAS US 33

Marios Kontemeniotis
Director

SNT 022658

SNT 022658

HAVERHILL TRADING LIMITED
23, ARISTIDOU STR., PIREAS, GREECE

INVOICE No 22/09/10 dated 09.10. 2001.
Contract dated July 19th, 2001, addendum No.3 dated July 31st, 2001.

To: Bayoil Supply and Trading Limited P.O.Box CB 12918, Nassau, Baghamas

Steamer: m/t "Noto", B/L 15.09. 2001 ex Al Bakr
Discription: Basrah Light crude oil
1. 990, 489 net bbls
Amount: USD 746. 433,38
Balance amount due not covered by Letter of Credit CI 0309470
The above amount should be paid upon receipt of this invoice to:
Beneficiary: Haverhill Trading Limited
12 Promitheus str., Nicosia, Cyprus.
Account No: 140 – 07 – 075660 - 01
Bank: Hellenic Bank LTD
Bank address: 92, Dhigenis Akritas Ave., PO Box 4529, 1300 Nicosia, Cyprus.
Swift Code: HEBA CY 2N
Correspondent Bank: The Chase Manhattan Bank NA.
Address of Correspondent Bank: 1 Chase Manhattan Plasa, New York, NY 10081, USA.
Account with Correspondent Bank: 001-1-190667
Swift of Correspondent Bank: CHAS US 33

Marios Kontemeniotis
Director

SNT 024141

SNT 024141

HAVERHILL TRADING LIMITED
23, ARISTIDOU STR., PIREAS, GREECE

INVOICE No 26/31/10 dated 31.10. 2001.
Contract dated July 19th, 2001, addendum No.4 dated September 20th, 2001.

To: Bayoil Supply and Trading Limited P.O.Box CB 12918, Nassau, Baghamas

Steamer: m/t "Olympia Spirit", B/L 09.10. 2001 ex Al Bakr
Discription: Basrah Light crude oil
2. 586, 824 net bbls
Amount: USD 1. 021,795,48
Balance amount due not covered by Letter of Credit CI 0312210
The above amount should be paid upon receipt of this invoice to:
Beneficiary: Haverhill Trading Limited
12 Promitheus str., Nicosia, Cyprus.
Account No: 140 – 07 – 075660 - 01
Bank: Hellenic Bank LTD
Bank address: 92, Dhigenis Akritas Ave., PO Box 4529, 1300 Nicosia, Cyprus.
Swift Code: HEBA CY 2N
Correspondent Bank: The Chase Manhattan Bank NA.
Address of Correspondent Bank: 1 Chase Manhattan Plasa, New York, NY 10081, USA.
Account with Correspondent Bank: 001-1-190667
Swift of Correspondent Bank: CHAS US 33

Marios Kontemeniotis
Director

SNT 024624

SNT 024624

HAVERHILL TRADING LIMITED
23, ARISTIDOU STR., PIREAS, GREECE

INVOICE No 29/26/11 dated 26.11. 2001.
Contract dated July 19th, 2001, addendum No.5 dated September 28th, 2001.

To: Bayoil Supply and Trading Limited P.O.Box CB 12918, Nassau, Baghamas

Steamer: m/t "Hellespont Capitol", B/L 02.11. 2001 ex Al Bakr
Discription: Basrah Light crude oil
1. 810, 523 net bbls
Amount: USD 769. 472, 28

Balance amount due not covered by Letter of Credit CI 0315390
The above amount should be paid upon receipt of this invoice to:
Beneficiary: Haverhill Trading Limited
12 Promitheus str., Nicosia, Cyprus.
Account No: 140 – 07 – 075660 - 01
Bank: Hellenic Bank LTD
Bank address: 92, Dhigenis Akritas Ave., PO Box 4529, 1300 Nicosia, Cyprus.
Swift Code: HEBA CY 2N
Correspondent Bank: The Chase Manhattan Bank NA.
Address of Correspondent Bank: 1 Chase Manhattan Plasa, New York, NY 10081, USA.
Account with Correspondent Bank: 001-1-190667
Swift of Correspondent Bank: CHAS US 33

Marios Kontemeniotis
Director

SNT 025301

SNT 025301

11:49 AM
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
Gross Sales								
Sales - Oil Products								
Deposit	9/25/2001	REV	VALERO MARK...	S.COMPANIO...	V-50160	BNP Pariba...	11,878,439.27	11,878,439.27
Deposit	9/27/2001	REV	KOCH PETROL...	S.COMPANIO...	V-50160	BNP Pariba...	4,579,171.63	16,457,610.90
Deposit	9/27/2001	REV	VALERO MARK...	S. Companion-3	V-50160	BNP Pariba...	-14,052.57	16,443,558.33
Deposit	9/28/2001	REV	VALERO MARK...	S.COMPANIO...	V-50160	BNP Pariba...	9,485,693.43	25,929,251.76
Deposit	9/28/2001	REV	KOCH PETROL...	S.COMPANIO...	V-50160	BNP Pariba...	7,547,388.32	33,476,640.08
General Journal	9/30/2001	Je-Ck-12	VALERO MARK...	S. Companion-3	V-50160	Accounts R...	219,144.98	33,695,785.06
General Journal	9/30/2001	Je-Ck-12	Exxon	S. Companion-3	V-50160	Accounts R...	8,974,329.85	42,670,114.91
General Journal	9/30/2001	Je-Ck-12	PREMCOR	S. Companion-3	V-50160	Accounts R...	3,333,443.05	46,003,557.96
Deposit	11/16/2001	rev	PREMCOR	S.COMPANIO...	V-50160	BNP Pariba...	3,214,271.32	49,217,829.28
General Journal	11/30/2001	Je-Ck-20	PREMCOR	S. COMPANIO...	V-50160	-SPLIT-	-3,333,443.05	45,884,386.23
General Journal	11/30/2001	Je-Ck-20	PREMCOR	S. COMPANIO...	V-50160	Sales - Oil ...	-154,012.63	45,730,373.60
General Journal	12/31/2001	Je-Ck-55	Reverse Accrual	S. Companion-3	V-50160	-SPLIT-	-3,060,258.69	42,670,114.91
Total Sales - Oil Products							42,670,114.91	42,670,114.91
Total Gross Sales							42,670,114.91	42,670,114.91
Cost of Sales								
Broker Comm								
Check	10/29/2001	1363	ARC OIL, LLC	S.COMPANIO...	V-50160	Cash - Well...	-500.00	-500.00
Check	10/29/2001	1363	ARC OIL, LLC	S.COMPANIO...	V-50160	Cash - Well...	-500.00	-1,000.00
Check	10/29/2001	1363	ARC OIL, LLC	S.COMPANIO...	V-50160	Cash - Well...	-250.00	-1,250.00
Check	10/29/2001	1363	ARC OIL, LLC	S.COMPANIO...	V-50160	Cash - Well...	-250.00	-1,500.00
Check	10/29/2001	1363	ARC OIL, LLC	S.COMPANIO...	V-50160	Cash - Well...	-250.00	-1,750.00
Check	12/5/2001	1387	ECHO ENERGY	S.COMAPNIO...	V-50160	Cash - Well...	-250.00	-2,000.00
Check	12/5/2001	1387	ECHO ENERGY	S.COMAPNIO...	V-50160	Cash - Well...	-250.00	-2,250.00
General Journal	12/31/2001	JE-LH/38	SYNTEXENERGY	S.COMPANIO...	V-50160	Broker Comm	-2,340.00	-4,590.00
Check	1/14/2002	1396	SYNTEXENERGY	S.COMPANIO...	V-50160	Cash - Well...	-500.00	-5,090.00
Check	1/14/2002	1396	SYNTEXENERGY	S.COMPANIO...	V-50160	Cash - Well...	-250.00	-5,340.00
Check	1/14/2002	1396	SYNTEXENERGY	S.COMPANIO...	V-50160	Cash - Well...	-250.00	-5,590.00
Check	1/14/2002	1396	SYNTEXENERGY	S.COMPANIO...	V-50160	Cash - Well...	-250.00	-5,840.00
Check	1/14/2002	1396	SYNTEXENERGY	S.COMPANIO...	V-50160	Cash - Well...	-250.00	-6,090.00
Check	1/14/2002	1400	SYNTEXENERGY	S.COMPANIO...	V-50160	Cash - Well...	-590.00	-6,680.00
Check	1/14/2002	1400	SYNTEXENERGY	S.COMPANIO...	V-50160	Cash - Well...	-500.00	-7,180.00
Check	1/14/2002	1400	SYNTEXENERGY	S.COMPANIO...	V-50160	Cash - Well...	-500.00	-7,680.00
Check	1/14/2002	1400	SYNTEXENERGY	S.COMPANIO...	V-50160	Cash - Well...	-500.00	-8,180.00
Check	1/14/2002	1400	SYNTEXENERGY	S.COMPANIO...	V-50160	Cash - Well...	-250.00	-8,430.00
Check	1/31/2002	1415	UNITED CRUD...	S.Companion-...	V-50160	Cash - Well...	-250.00	-8,680.00
Check	1/31/2002	1415	UNITED CRUD...	S.Companion-...	V-50160	Cash - Well...	-125.00	-8,805.00
Check	1/31/2002	1415	UNITED CRUD...	S.Companion-...	V-50160	Cash - Well...	-250.00	-9,055.00
General Journal	2/28/2002	JE-LH/02	SYNTEXENERGY	S COMPANIO..	V-50160	Broker Comm	2,340.00	-6,715.00
Total Broker Comm							-6,715.00	-6,715.00
Secondary Chgs.								
General Journal	7/31/2001	Je-Ck-02	Accrual	S. Companion-3	V-50160	Estimated ...	121,969.93	121,969.93
General Journal	9/30/2001	Je-Ck-12	Accrual	S. Companion-3	V-50160	Accounts R...	-121,969.93	0.00
General Journal	12/31/2001	Je-Ck-55	Reverse Accrual	S. Companion-3	V-50160	Sales - Oil ...	24,713.00	24,713.00
Total Secondary Chgs.							24,713.00	24,713.00
Exchange gain/loss								
Check	8/30/2001	PYMNT	UNITED NATIO...	S.COMPANIO...	V-50160	BNP Pariba...	-21,354.30	-21,354.30
Total Exchange gain/loss							-21,354.30	-21,354.30
Demurrage @ Lighter								
General Journal	9/30/2001	Je-Ck-12	Accrual	S. Companion-3	V-50160	Accounts R...	122,804.86	122,804.86
Deposit	12/24/2001	DEM	KOCH PETROL...	S COMPANIO...	V-50160	BNP Pariba...	9,912.50	132,717.36
General Journal	12/31/2001	Je-Ck-17	Reverse Accrual	S. Companion-3	V-50160	-SPLIT-	-54,688.19	78,029.17
Total Demurrage @ Lighter							78,029.17	78,029.17
Customs Fee								
Deposit	11/16/2001	rev	PREMCOR	S COMAPNIO. .	V-50160	BNP Pariba...	20,445.07	20,445.07
Total Customs Fee							20,445.07	20,445.07
Crude Purchases								
Check	7/31/2001	PYMNT	OMNI OIL SA LTD	S.COMPANIO...	V-50160	BNP Pariba...	-54,450.00	-54,450.00
Check	8/15/2001	PYMNT	OMNI OIL SA LTD	S.COMPANIO...	V-50160	BNP Pariba...	-953,357.64	-1,007,807.64
Check	8/20/2001	PYMNT	HAVERHILL TR...	S.COMPANIO...	V-50160	BNP Pariba...	-75,000.00	-1,082,807.64
Check	8/30/2001	PYMNT	UNITED NATIO...	S.COMPANIO...	V-50160	BNP Pariba...	-44,068,210.97	-45,151,018.61
General Journal	12/31/2001	Je-Ck-55	Reverse Accrual	S. Companion-3	V-50160	Sales - Oil ...	3,029,460.66	-42,121,557.95
General Journal	6/30/2002	Je-Ck-17	Accrual	S. Companion-3	V-50160	Estimated ...	0.00	-42,121,557.95
Total Crude Purchases							-42,121,557.95	-42,121,557.95

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 116

11:49 AM
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	8/24/2001	LOAN	FIXED TERM A...	S.COMPANIO...	V-50160	BNP Paribа...	-635.64	-635.64
Check	9/4/2001	LOAN	FIXED TERM A...	S.COMPANIO...	V-50160	BNP Paribа...	-6,672.39	-7,308.03
Check	9/4/2001	LOAN	FIXED TERM A...	S.COMPANIO...	V-50160	BNP Paribа...	-4,700.00	-12,008.03
Check	9/14/2001	LOAN	FIXED TERM A...	S.COMPANIO...	V-50160	BNP Paribа...	-402.62	-12,410.65
Check	9/17/2001	LOAN	FIXED TERM A...	S.COMPANIO...	V-50160	BNP Paribа...	-4,349.99	-16,760.64
Check	9/18/2001	LOAN	FIXED TERM A...	S.COMPANIO...	V-50160	BNP Paribа...	-2,048.47	-18,809.11
Check	9/19/2001	LOAN	FIXED TERM A...	S.COMPANIO...	V-50160	BNP Paribа...	-2,023.68	-20,832.79
Check	9/20/2001	LOAN	FIXED TERM A...	S.COMPANIO...	V-50160	BNP Paribа...	-695.20	-21,527.99
Check	9/21/2001	LOAN	FIXED TERM A...	S.COMPANIO.	V-50160	BNP Paribа...	-628.34	-22,156.33
Check	9/24/2001	LOAN	FIXED TERM A...	S.COMPANIO...	V-50160	BNP Paribа...	-65,698.11	-87,854.44
Check	9/25/2001	LOAN	FIXED TERM A...	S.COMPANIO...	V-50160	BNP Paribа...	-244.86	-88,099.30
Check	9/25/2001	LOAN	FIXED TERM A...	S.COMPANIO...	V-50160	BNP Paribа...	-5,065.88	-93,165.18
Check	9/27/2001	LOAN	FIXED TERM A...	S.COMPANIO...	V-50160	BNP Paribа...	-7,431.11	-100,596.29
Check	9/28/2001	LOAN	FIXED TERM A...	S.COMPANIO...	V-50160	BNP Paribа...	-3,189.05	-103,785.34
Check	9/30/2001	INT	INTEREST CHA...	S.COMPANIO...	V-50160	BNP Paribа...	-1,528.24	-105,313.58
General Journal	9/30/2001	Je-Ck-12	Accrual	S. Companion-3	V-50160	Accounts R...	-100,000.00	-205,313.58
Check	10/5/2001	LOAN	FIXED TERM A...	S.COMAPNIO...	V-50160	BNP Paribа...	-1,294.08	-206,607.66
Check	10/5/2001	LOAN	FIXED TERM A...	S.COMPANIO...	V-50160	BNP Paribа...	-8,351.88	-214,959.54
Check	10/9/2001	LOAN	FIXED TERM A...	S.COMAPNIO...	V-50160	BNP Paribа...	-567.78	-215,527.32
Check	10/9/2001	LOAN	FIXED TERM A...	S.COMAPNIO...	V-50160	BNP Paribа...	-1,214.24	-216,741.56
Check	10/9/2001	LOAN	FIXED TERM A...	S.COMAPNIO...	V-50160	BNP Paribа...	-1,787.50	-218,529.06
General Journal	12/31/2001	Je-Ck-17	Reverse Accrual	S. Companion-3	V-50160	Demurrage ...	100,000.00	-118,529.06
Total Interest							-118,529.06	-118,529.06
Inspection								
General Journal	9/30/2001	Je-Ck-12	Accrual	S. Companion-3	V-50160	Accounts R...	-38,000.00	-38,000.00
Check	10/24/2001	INSP	OIL INSPECTIO...	S.COMPANIO..	V-50160	BNP Paribа...	-10,667.26	-48,667.26
Check	11/30/2001	INSP	OIL INSPECTIO...	S.COMPANIO...	V-50160	BNP Paribа...	-16,403.50	-65,070.76
Check	12/20/2001	INSP	CALEB BRETT ...	S.COMPANIO...	V-50160	BNP Paribа...	-2,315.14	-67,385.90
General Journal	12/31/2001	Je-Ck-17	Reverse Accrual	S. Companion-3	V-50160	Demurrage ...	38,000.00	-29,385.90
Check	2/7/2002	INSP	OBC SHIPPING ...	S.COMPANIO...	V-50160	BNP Paribа...	-4,118.80	-33,504.70
Check	9/19/2002	INSP	INSPECTORAT...	S.COMPANIO...	V-50160	BNP Paribа...	-2,267.39	-35,772.09
Check	9/19/2002	INSP	INSPECTORAT...	S.COMPANIO...	V-50160	BNP Paribа...	-1,272.72	-37,044.81
Check	9/19/2002	INSP	INSPECTORAT...	S COMPANIO...	V-50160	BNP Paribа...	-831.60	-37,876.41
Check	9/19/2002	INSP	INSPECTORAT...	S.COMPANIO...	V-50160	BNP Paribа...	-2,266.84	-40,143.25
Total Inspection							-40,143.25	-40,143.25
Insurance								
General Journal	9/30/2001	Je-Ck-12	Accrual	S. Companion-3	V-50160	Accounts R.	-28,000.00	-28,000.00
Check	10/5/2001	INS	CRAIG FERGU...	S.COMPANIO...	V-50160	BNP Paribа...	-26,299.78	-54,299.78
General Journal	11/30/2001	Je-Ck-20	Reverse Accrual	S. COMPANIO..	V-50160	Sales - Oil ...	28,000.00	-26,299.78
Check	1/3/2002	INS	CRAIG FERGU...	S.COMPANIO. .	V-50160	BNP Paribа ..	-5,272.81	-31,572.59
Total Insurance							-31,572.59	-31,572.59
L/C Charges								
Check	7/30/2001	LC	L/C CHARGES	S.COMPANIO...	V-50160	BNP Paribа...	-6,096.80	-6,096.80
Check	7/30/2001	LC	L/C CHARGES	S.COMPANIO...	V-50160	BNP Paribа...	-61,233.06	-67,329.86
Total L/C Charges							-67,329.86	-67,329.86
Freight								
General Journal	9/30/2001	Je-Ck-12	Accrual	S. Companion-3	V-50160	Accounts R...	-2,994,366.57	-2,994,366.57
Deposit	12/19/2001	FRGHT	KOCH PETROL...	S.COMPANIO...	V-50160	BNP Paribа...	6,419.20	-2,987,947.37
Total Freight							-2,987,947.37	-2,987,947.37
Finance Charges								
Check	7/30/2001	BC	BANK CHARGES	S.COMPANIO...	V-50160	BNP Paribа...	-85.00	-85.00
Check	7/30/2001	BC	BANK CHARGES	S.COMPANIO...	V-50160	BNP Paribа...	-85.00	-170.00
Check	7/31/2001	PYMNT	OMNI OIL SA LTD	S.COMPANIO..	V-50160	BNP Paribа...	-20.07	-190.07
Check	8/15/2001	PYMNT	OMNI OIL SA LTD	S.COMPANIO. .	V-50160	BNP Paribа...	-20.73	-210.80
Check	8/20/2001	PYMNT	HAVERHILL TR...	S.COMPANIO...	V-50160	BNP Paribа...	-20.92	-231.72
Check	8/22/2001	BC	BANK CHARGES	S.COMPANIO...	V-50160	BNP Paribа...	-31.02	-262.74
Check	8/29/2001	BC	BANK CHARGES	S.COMPANIO...	V-50160	BNP Paribа...	-30.87	-293.61
Check	8/30/2001	PYMNT	UNITED NATIO...	S.COMPANIO...	V-50160	BNP Paribа...	-35,271.38	-35,564.99
Check	9/24/2001	BC	VALERO MARK...	S.COMPANIO...	V-50160	BNP Paribа...	-500.00	-36,064.99
Deposit	9/25/2001	REV	VALERO MARK...	S.COMPANIO...	V-50160	BNP Paribа...	-85.00	-36,149.99
Check	9/25/2001	BC	KOCH PETROL...	S.COMPANIO...	V-50160	BNP Paribа...	-500.00	-36,649.99
Deposit	9/27/2001	REV	KOCH PETROL...	S.COMPANIO...	V-50160	BNP Paribа...	-85.00	-36,734.99
Deposit	9/28/2001	REV	VALERO MARK...	S.COMPANIO...	V-50160	BNP Paribа...	-85.00	-36,819.99
Check	9/28/2001	BC	VALERO MARK...	S.COMPANIO...	V-50160	BNP Paribа...	-500.00	-37,319.99
Check	10/1/2001	FRGHT	STENA BULK AB	S.COMPANIO...	V-50160	BNP Paribа...	-21.36	-37,341.35
Check	10/3/2001	BC	Exxon	S.COMPANIO...	V-50160	BNP Paribа...	-585.00	-37,926.35
Check	10/31/2001	LGHT	AMERICAN EA...	S.COMPANIO...	V-50160	BNP Paribа...	-21.34	-37,947.69
Check	11/30/2001	INSP	OIL INSPECTIO...	S.COMPANIO...	V-50160	BNP Paribа...	-20.86	-37,968.55
Check	12/13/2001	LIGHT	VALLS SHIPPIN ..	S.COMPANIO...	V-50160	BNP Paribа...	-21.10	-37,989.65
Check	7/19/2002	FIN	Exxon	S.COMPANIO...	V-50160	BNP Paribа...	-62.45	-38,052.10
Total Finance Charges							-38,052.10	-38,052.10

11:49 AM
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
Lightering Charges								
General Journal	9/30/2001	Je-Ck-12	Accrual	S. Companion-3	V-50160	Accounts R...	-763,034.00	-763,034.00
Check	10/29/2001	LGHT	AMERICAN EA...	STENA COMP...	V-50160	BNP Pariba...	-305,933.33	-1,068,967.33
Check	10/29/2001	LGHT	AMERICAN EA...	S. Companion-3	V-50160	BNP Pariba...	-102,617.36	-1,171,584.69
Check	10/31/2001	LGHT	AMERICAN EA...	S.COMPANIO...	V-50160	BNP Pariba...	-186,516.67	-1,358,101.36
Check	10/31/2001	LGHT	AMERICAN EA...	S.COMAPNIO...	V-50160	BNP Pariba...	-167,996.53	-1,526,097.89
Deposit	11/16/2001	rev	PREMCOR	S.COMAPNIO...	V-50160	BNP Pariba...	77,886.03	-1,448,211.86
General Journal	11/30/2001	Je-Ck-20	Reverse Accrual	S. COMPANIO...	V-50160	Sales - Oil ...	763,034.00	-685,177.86
Check	12/13/2001	LIGHT	VALLS SHIPPIN...	S.COMPANIO...	V-50160	BNP Pariba...	-6,425.90	-691,603.76
Total Lightering Charges							-691,603.76	-691,603.76
Total Cost of Sales							-46,001,618.00	-46,001,618.00
Bank Service Charges								
Check	8/30/2001	PYMNT	UNITED NATIO...	S.COMPANIO...	V-50160	BNP Pariba...	-328.77	-328.77
Total Bank Service Charges							-328.77	-328.77
Commissions								
General Journal	11/9/2001	CM	COMMISSIONS	NOTO	V-50160	25302/Carr ...	-852.60	-852.60
General Journal	11/27/2001			STENA COMP ..	V-50160	Hedge Gain...	-1,014.00	-1,866.60
General Journal	11/27/2001			STENA COMP...	V-50160	Hedge Gain...	-23,860.00	-25,726.60
General Journal	11/27/2001			STENA COMP ..	V-50160	Hedge Gain...	-534.04	-26,260.64
General Journal	11/27/2001			STENA COMP. .	V-50160	Hedge Gain...	-12,735.84	-38,996.48
General Journal	11/27/2001			STENA COMP...	V-50160	Hedge Gain .	-3,142.00	-42,138.48
Total Commissions							-42,138.48	-42,138.48
Hedge Gain /(Loss)								
General Journal	9/30/2001	Je-Ck-12	Accrual	S. Companion-3	V-50160	Accounts R..	3,500,000.00	3,500,000.00
General Journal	11/27/2001			STENA COMP...	V-50160	-SPLIT-	-27,000.00	3,473,000.00
General Journal	11/27/2001			STENA COMP...	V-50160	Hedge Gain...	-4,159,480.00	-686,480.00
General Journal	11/27/2001			STENA COMP...	V-50160	Hedge Gain...	8,015,370.00	7,328,890.00
General Journal	11/27/2001			STENA COMP...	V-50160	Hedge Gain...	443,810.00	7,772,700.00
General Journal	11/30/2001	Je-Ck-20	Reverse Accrual	S. COMPANIO...	V-50160	Sales - Oil ...	-3,500,000.00	4,272,700.00
Total Hedge Gain /(Loss)							4,272,700.00	4,272,700.00
TOTAL							898,729.66	898,729.66

11:51 AM
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
Gross Sales								
Sales - Oil Products								
General Journal	9/30/2001	Je-cK-10	Various	Magdeline	V-50159	Accounts R...	38,118,642.33	38,118,642.33
Total Sales - Oil Products							38,118,642.33	38,118,642.33
Total Gross Sales							38,118,642.33	38,118,642.33
Cost of Sales								
Broker Comm								
Check	12/5/2001	1387	ECHO ENERGY	MAGDELAINE/...	V-50159	Cash - Well...	-500.00	-500.00
Total Broker Comm							-500.00	-500.00
Exchange gain/loss								
Check	9/13/2001	PYMNT	UNITED NATIO...	MAGDELAINE	V-50159	Cash - CAI ...	-25,610.24	-25,610.24
Total Exchange gain/loss							-25,610.24	-25,610.24
Demurrage @ Lighter								
General Journal	9/30/2001	Je-cK-10	Accrual	Magdeline	V-50159	Accounts R...	49,291.67	49,291.67
Deposit	2/7/2002	DEM	PORT ARTHUR...	MAGDELAINE	V-50159	Cash - CAI ...	46,812.50	96,104.17
General Journal	3/31/2002	Je-Ck-06	Reverse Accrual	Magdelaine	V-50159	-SPLIT-	-49,291.67	46,812.50
Total Demurrage @ Lighter							46,812.50	46,812.50
Crude Purchases								
Check	8/20/2001	PYMNT	HAVERHILL TR...	MAGDELAINE	V-50159	Cash - CAI ...	-716,933.25	-716,933.25
Check	9/13/2001	PYMNT	UNITED NATIO...	MAGDELAINE	V-50159	Cash - CAI ...	-38,551,890.63	-39,268,823.88
Total Crude Purchases							-39,268,823.88	-39,268,823.88
Interest								
General Journal	9/10/2001	INT	INTEREST CHA...	MAGDELAINE	V-50159	25302/Carr ...	-39.87	-39.87
Check	9/19/2001	LOAN	FIXED TERM A...	MAGDELAINE	V-50159	Cash - CAI ...	-367.65	-407.32
Check	9/24/2001	LOAN	FIXED TERM A...	MAGDELAINE	V-50159	Cash - CAI ...	-76,009.28	-76,416.60
General Journal	9/30/2001	Je-cK-10	Accrual	Magdeline	V-50159	Accounts R...	-100,000.00	-176,416.60
Check	10/1/2001	LOAN	FIXED TERM A...	MAGDELAINE	V-50159	Cash - CAI ...	-33,437.00	-209,853.60
Check	10/1/2001	LOAN	FIXED TERM A...	MAGDELAINE	V-50159	Cash - CAI ...	-1,858.72	-211,712.32
Check	10/5/2001	LOAN	FIXED TERM A...	MAGDELAINE	V-50159	Cash - CAI ...	-18,916.94	-230,629.26
Check	10/9/2001	LOAN	FIXED TERM A...	MAGDELAINE	V-50159	Cash - CAI ...	-4,442.02	-235,071.28
Check	10/15/2001	LOAN	FIXED TERM A...	MAGDELAINE	V-50159	Cash - CAI ...	-40.32	-235,111.60
Check	10/18/2001	LOAN	FIXED TERM A...	MAGDELAINE	V-50159	Cash - CAI ...	-21.82	-235,133.42
General Journal	11/30/2001	Je-Ck-18	Reverse Accrual	MAGDELINE	V-50159	-SPLIT-	100,000.00	-135,133.42
Total Interest							-135,133.42	-135,133.42
Inspection								
General Journal	9/30/2001	Je-cK-10	Accrual	Magdeline	V-50159	Accounts R...	-37,000.00	-37,000.00
Check	11/30/2001	INSP	OIL INSPECTIO...	MAGDELAINE	V-50159	Cash - CAI ...	-14,174.28	-51,174.28
Check	12/20/2001	INSP	INSPECTORAT...	MAGDELAINE	V-50159	Cash - CAI ...	-2,395.59	-53,569.87
Check	12/20/2001	INSP	INSPECTORAT...	MAGDELAINE	V-50159	Cash - CAI ...	-2,005.66	-55,575.53
Check	12/20/2001	INSP	INSPECTORAT...	MAGDELAINE	V-50159	Cash - CAI ...	-2,270.56	-57,846.09
Check	12/20/2001	INSP	INSPECTORAT...	MAGDELAINE	V-50159	Cash - CAI ...	-1,977.78	-59,823.87
General Journal	12/31/2001	Je-Ck-19	Reverse Accrual	Magdelaine	V-50159	-SPLIT-	18,873.78	-40,950.09
Total Inspection							-40,950.09	-40,950.09
Insurance								
Check	9/14/2001	INS	CRAIG FERGU...	MAGDELAINE	V-50159	Cash - CAI ...	-26,538.14	-26,538.14
Check	12/13/2001	INS	CRAIG FERGU...	MAGDELAINE	V-50159	Cash - CAI ...	-2,761.92	-29,300.06
Total Insurance							-29,300.06	-29,300.06
L/C Charges								
General Journal	8/31/2001	JE-01/LH	CAI	MAGDELAINE(...	V-50159	Foward Co...	-25,703.14	-25,703.14
General Journal	8/31/2001	JE-01/LH	CAI	MAGDELAINE(...	V-50159	Foward Co...	-49,212.80	-74,915.94
General Journal	9/30/2001	Je-cK-10	Accrual	Magdeline	V-50159	Accounts R...	25,703.14	-49,212.80
Total L/C Charges							-49,212.80	-49,212.80
Freight								
Check	9/26/2001	FRGHT	EMPRESS TAN...	MAGDELAINE	V-50159	Cash - CAI ...	-2,847,382.41	-2,847,382.41
Check	12/11/2001	FRGHT	INTERSEAS TR...	MAGDELAINE	V-50159	Cash - CAI ...	-3,196.39	-2,850,578.80
Total Freight							-2,850,578.80	-2,850,578.80
Demurrage								
General Journal	9/30/2001	Je-cK-10	Accrual	Magdeline	V-50159	Accounts R...	-331,604.95	-331,604.95
General Journal	12/31/2001	Je-Ck-19	Reverse Accrual	Magdelaine	V-50159	Inspection	9,100.00	-322,504.95
Total Demurrage							-322,504.95	-322,504.95

11:51 AM
07/16/04
Accrual Basis

Bayoil Supply & Trading, Ltd.
Transaction Detail By Account
January 1996 through December 2003

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Finance Charges								
Check	8/20/2001	PYMNT	HAVERHILL TR...	MAGDELAINE	V-50159	Cash - CAI ...	-15.05	-15.05
General Journal	8/31/2001	JE-01/LH	CAI	MAGDELAINE(...	V-50159	Foward Co...	-117.75	-132.80
General Journal	8/31/2001	JE-01/LH	CAI	MAGDELAINE...	V-50159	Foward Co...	-103.69	-236.49
Check	9/13/2001	PYMNT	UNITED NATIO...	MAGDELAINE	V-50159	Cash - CAI ...	-43,086.48	-43,322.97
Check	9/26/2001	FRGHT	EMPRESS TAN...	MAGDELAINE	V-50159	Cash - CAI ...	-15.69	-43,338.66
Check	9/26/2001	LGHT	Gulfstream	MAGDELAINE	V-50159	Cash - CAI ...	-15.68	-43,354.34
Check	10/2/2001	FIN	EQUIVA	MAGDELAINE	V-50159	Cash - CAI ...	-614.00	-43,968.34
Check	10/3/2001	FIN	LYONDELL	MAGDELAINE	V-50159	Cash - CAI ...	-614.00	-44,582.34
Check	10/4/2001	FIN	VALERO MARK...	MAGDELAINE	V-50159	Cash - CAI ...	-616.50	-45,198.84
Check	10/4/2001	FIN	PORT ARTHUR...	MAGDELAINE	V-50159	Cash - CAI ...	-616.50	-45,815.34
Check	10/4/2001	BC	BANK CHARGES	MAGDELAINE	V-50159	Cash - CAI ...	-15.40	-45,830.74
Deposit	10/5/2001	REV	VALERO MARK...	MAGDELAINE	V-50159	Cash - CAI ...	-94.27	-45,925.01
Deposit	10/5/2001	REV	EQUIVA	MAGDELAINE	V-50159	Cash - CAI ...	-94.64	-46,019.65
Deposit	10/5/2001	REV	LYONDELL	MAGDELAINE	V-50159	Cash - CAI ...	-74.82	-46,094.47
Check	10/5/2001	BC	LYONDELL	MAGDELAINE	V-50159	Cash - CAI ...	-20.00	-46,114.47
Deposit	10/9/2001	REV	PORT ARTHUR...	MAGDELAINE	V-50159	Cash - CAI ...	-576.60	-46,691.07
Check	10/26/2001	BC	BANK CHARGES	MAGDELAINE	V-50159	Cash - CAI ...	-15.13	-46,706.20
Check	10/29/2001	LGHT	BAY-HOUSTON...	MAGDELAINE	V-50159	Cash - CAI ...	-15.17	-46,721.37
Check	11/30/2001	INSP	OIL INSPECTIO...	MAGDELAINE	V-50159	Cash - CAI ...	-15.10	-46,736.47
Deposit	2/7/2002	DEM	PORT ARTHUR...	MAGDELAINE	V-50159	Cash - CAI ...	-20.00	-46,756.47
Check	4/11/2002	DEM	EMPRESS TAN...	MAGDELAINE	V-50159	Cash - CAI ...	-14.98	-46,771.45
Total Finance Charges							-46,771.45	-46,771.45
Lightering Charges								
Check	9/26/2001	LGHT	Gulfstream	MAGDELAINE	V-50159	Cash - CAI ...	-15,334.00	-15,334.00
General Journal	9/30/2001	Je-cK-10	Accrual	Magdeline	V-50159	Accounts R...	-305,591.09	-320,925.09
Check	10/23/2001	LGHT	INTERSEAS TR...	MAGDELAINE	V-50159	Cash - CAI ...	-57,372.78	-378,297.87
Check	10/29/2001	LGHT	AMERICAN EA...	MAGDELAINE	V-50159	Cash - CAI ...	-215,245.83	-593,543.70
Check	10/29/2001	LGHT	BAY-HOUSTON...	MAGDELAINE	V-50159	Cash - CAI ...	-6,533.10	-600,076.80
Check	11/15/2001	LGHT	AMERICAN EA...	MAGDELAINE	V-50159	Cash - CAI ...	-22,500.00	-622,576.80
General Journal	11/30/2001	Je-Ck-18	Reverse Accrual	MAGDELINE	V-50159	Interest	305,591.09	-316,985.71
Deposit	2/6/2002	WT	Gulfstream	MAGDELAINE	V-50159	Cash - Well...	5,389.45	-311,596.26
Total Lightering Charges							-311,596.26	-311,596.26
Total Cost of Sales							-43,034,169.45	-43,034,169.45
Bank Service Charges								
Check	9/13/2001	PYMNT	UNITED NATIO...	MAGDELAINE	V-50159	Cash - CAI ...	-139.62	-139.62
Total Bank Service Charges							-139.62	-139.62
Office Expense								
Bank Charges								
Check	10/5/2001	BC	BANK CHARGES	MAGDELAINE	V-50159	Cash - CAI ...	-15.41	-15.41
Total Bank Charges							-15.41	-15.41
Total Office Expense							-15.41	-15.41
Interest Expense								
Check	9/30/2001	INT	INTEREST CHA ..	MAGDELAINE	V-50159	Cash - CAI ...	-72.60	-72.60
Total Interest Expense							-72.60	-72.60
Commissions								
General Journal	8/29/2001	COMM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-1,871.80	-1,871.80
General Journal	8/30/2001	COMM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-1,871.80	-3,743.60
General Journal	8/31/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-1,871.80	-5,615.40
General Journal	9/4/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-1,666.00	-7,281.40
General Journal	9/5/2001	COMM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-1,666.00	-8,947.40
General Journal	9/7/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-186.20	-9,133.60
General Journal	9/10/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-191.10	-9,324.70
General Journal	9/17/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-352.80	-9,677.50
General Journal	9/18/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-352.80	-10,030.30
General Journal	9/19/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-352.80	-10,383.10
General Journal	9/20/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-352.80	-10,735.90
General Journal	9/24/2001	com	COMMISSIONS	magdelaine	V-50159	25301/Carr ...	-137.20	-10,873.10
General Journal	9/25/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-1,327.90	-12,201.00
General Journal	9/26/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-1,430.80	-13,631.80
General Journal	9/27/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-1,813.00	-15,444.80
General Journal	9/28/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-1,323.00	-16,767.80
General Journal	10/1/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-2,131.50	-18,899.30
General Journal	10/3/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-269.50	-19,168.80
Deposit	10/4/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	1,323.00	-17,845.80
General Journal	10/5/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-49.00	-17,894.80
General Journal	10/23/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-1,063.30	-18,958.10
General Journal	10/24/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	-406.70	-19,364.80
Deposit	10/31/2001	COM	COMMISSIONS	MAGDELAINE	V-50159	25301/Carr ...	1,470.00	-17,894.80
Total Commissions							-17,894.80	-17,894.80

11:51 AM
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
Hedge Gain /(Loss)								
General Journal	9/30/2001	Je-cK-10	Accrual	Magdeline	V-50159	Accounts R...	6,205,680.00	6,205,680.00
General Journal	10/31/2001			MAGDELAINE	V-50159	25301/Carr ...	6,205,680.00	12,411,360.00
General Journal	11/30/2001	Je-Ck-18	Reverse Accrual	MAGDELINE	V-50159	Interest	-6,205,680.00	6,205,680.00
Total Hedge Gain /(Loss)							6,205,680.00	6,205,680.00
Interest Income								
Deposit	9/10/2001	INT	INTEREST REC...	MAGDELAINE	V-50159	25301/Carr ...	7,441.28	7,441.28
Deposit	10/19/2001	INT	INTEREST INC...	MAGDELAINE	V-50159	25301/Carr ...	4,834.24	12,275.52
Deposit	11/9/2001	INT	INTEREST INC...	MAGDELAINE	V-50159	25301/Carr ...	539.71	12,815.23
Total Interest Income							12,815.23	12,815.23
TOTAL							1,284,845.68	1,284,845.68

11:46 AM
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
Gross Sales								
Sales - Oil Products								
Deposit	9/21/2001	REV	Alon USA	S.CONVOY-2	V-50161	Cash - CAI ...	5,894,801.51	5,894,801.51
Deposit	9/26/2001	REV	ATLANTIC	S.CONVOY-2	V-50161	Cash - CAI ...	11,110,981.93	17,005,783.44
Deposit	9/26/2001	REV	KOCH PETROL...	S.CONVOY-2	V-50161	Cash - CAI ...	11,224,190.51	28,229,973.95
General Journal	9/30/2001	Je-Ck-14	Alon USA	S Convoy-2	V-50161	-SPLIT-	-63,583.43	28,166,390.52
General Journal	9/30/2001	Je-Ck-14	Alon USA	S. Convoy-2	V-50161	Sales - Oil ...	2,427,970.70	30,594,361.22
General Journal	9/30/2001	Je-Ck-14	Diamond Shamr. .	S. Convoy-2	V-50161	Sales - Oil .	10,995,802.91	41,590,164.13
Deposit	10/19/2001	REV	Alon USA	S.CONVOY-2	V-50161	Cash - CAI ...	2,422,420.00	44,012,584.13
Deposit	10/19/2001	REV	BAYOIL (USA) I...	S. Convoy-2	V-50161	BNP Paniba...	5,550.70	44,018,134.83
Deposit	10/19/2001	REV	Alon USA	S. Convoy-2	V-50161	Cash - CAI	-63,583.43	43,954,551.40
General Journal	11/30/2001	Je-Ck-22	Various	S CONVOY-2	V-50161	-SPLIT-	-2,364,387.27	41,590,164.13
General Journal	12/31/2001	Je-Ck-53	Reverse Accrual	S. CONVOY-2	V-50161	-SPLIT-	-8,259,188.78	33,330,975.35
Total Sales - Oil Products							33,330,975.35	33,330,975.35
Total Gross Sales							33,330,975.35	33,330,975.35
Cost of Sales								
Broker Comm								
Deposit	12/11/2001	WT	BAY-HOUSTON...	S.CONVOY-2	V-50161	Cash - Well...	699.98	699.98
General Journal	12/31/2001	JE-LH/36	STARSUPPLY ...	S.CONVOY-2	V-50161	-SPLIT-	-5,000.00	-4,300.02
Check	1/14/2002	1395	STARSUPPLY ...	S.Convoy-2/19. .	V-50161	Cash - Well...	-5,000.00	-9,300.02
Check	1/14/2002	1396	SYNTEXENERGY	S.CONVOY-2/...	V-50161	Cash - Well...	-250.00	-9,550.02
Check	1/14/2002	1396	SYNTEXENERGY	S.CONVOY-2/...	V-50161	Cash - Well .	-250.00	-9,800.02
Check	1/14/2002	1396	SYNTEXENERGY	S CONVOY-2/...	V-50161	Cash - Well	-250.00	-10,050.02
General Journal	2/28/2002	JE-LH/02	STARSUPPLY ...	S.CONVOY-2	V-50161	-SPLIT-	5,000.00	-5,050.02
Total Broker Comm							-5,050.02	-5,050.02
Secondary Chgs.								
General Journal	12/31/2001	Je-Ck-53	Reverse Accrual	S. CONVOY-2	V-50161	Sales - Oil ...	42,351.44	42,351.44
Total Secondary Chgs							42,351.44	42,351.44
Exchange gain/loss								
Check	9/19/2001	PYMNT	UNITED NATIO...	S.CONVOY-2	V-50161	Cash - CAI ...	-25,712.22	-25,712.22
Total Exchange gain/loss							-25,712.22	-25,712.22
Demurrage @ Lighter								
General Journal	11/30/2001	Je-Ck-22	Reverse Accrual	S. CONVOY-2	V-50161	Sales - Oil ...	48,435.05	48,435.05
Total Demurrage @ Lighter							48,435.05	48,435.05
Crude Purchases								
Check	8/22/2001	PYMNT	HAVERHILL TR...	STENA CONV...	V-50161	Cash - CAI ...	-683,501.25	-683,501.25
Check	9/19/2001	PYMNT	UNITED NATIO...	S.CONVOY-2	V-50161	Cash - CAI ...	-38,706,220.12	-39,389,721.37
General Journal	9/30/2001	Je-Ck-14	Accrual	S. Convoy-2	V-50161	Sales - Oil .	-136,700.25	-39,526,421.62
General Journal	12/31/2001	Je-Ck-15	Reverse Accrual	S. Convoy-2	V-50161	Inspection	136,700.25	-39,389,721.37
General Journal	12/31/2001	Je-Ck-53	Reverse Accrual	S. CONVOY-2	V-50161	Sales - Oil .	8,147,291.62	-31,242,429.75
Total Crude Purchases							-31,242,429.75	-31,242,429.75
Interest								
Check	8/21/2001	LOAN	FIXED TERM A	STENA CONV...	V-50161	Cash - CAI ...	-59.46	-59.46
Check	9/13/2001	LOAN	FIXED TERM A...	S.CONVOY-2	V-50161	Cash - CAI ...	-1,441.98	-1,501.44
Check	9/19/2001	LOAN	FIXED TERM A...	S.CONVOY-2	V-50161	Cash - CAI ...	-2,006.03	-3,507.47
Check	9/26/2001	LOAN	FIXED TERM A...	S.CONVOY-2	V-50161	Cash - CAI ...	-28,540.56	-32,048.03
General Journal	9/30/2001	Je-Ck-14	Accrual	S Convoy-2	V-50161	Sales - Oil ...	-50,000.00	-82,048.03
Check	10/1/2001	LOAN	FIXED TERM A	S.CONVOY-2	V-50161	Cash - CAI	-8,087.44	-90,135.47
Check	10/19/2001	LOAN	FIXED TERM A .	S.CONVOY-2	V-50161	Cash - CAI ...	-3,674.87	-93,710.34
Check	10/19/2001	LOAN	FIXED TERM A...	S.CONVOY-2	V-50161	Cash - CAI ...	-135.26	-93,845.60
General Journal	11/30/2001	Je-Ck-22	Reverse Accrual	S. CONVOY-2	V-50161	Sales - Oil ...	50,000.00	-43,845.60
Total Interest							-43,845.60	-43,845.60
Inspection								
General Journal	9/30/2001	Je-Ck-14	Accrual	S. Convoy-2	V-50161	Sales - Oil ...	-38,000.00	-38,000.00
Check	11/30/2001	INSP	OIL INSPECTIO...	S.CONVOY-2	V-50161	Cash - CAI ...	-14,431.50	-52,431.50
Check	12/20/2001	INSP	INSPECTORAT...	S.CONVOY-2	V-50161	Cash - CAI ...	-1,355.20	-53,786.70
Check	12/20/2001	INSP	INSPECTORAT.	S.CONVOY-2	V-50161	Cash - CAI ...	-767.20	-54,553.90
Check	12/20/2001	INSP	INSPECTORAT.	S.CONVOY-2	V-50161	Cash - CAI ...	-2,067.00	-56,620.90
Check	12/20/2001	INSP	INSPECTORAT...	S.CONVOY-2	V-50161	Cash - CAI ...	-1,366.28	-57,987.18
Check	12/20/2001	INSP	INSPECTORAT..	S.CONVOY-2	V-50161	Cash - CAI ...	-1,900.94	-59,888.12
Check	12/20/2001	INSP	INSPECTORAT	S.CONVOY-2	V-50161	Cash - CAI ...	-3,411.57	-63,299.69
Check	12/20/2001	INSP	INSPECTORAT...	S.CONVOY-2	V-50161	Cash - CAI ...	-473.20	-63,772.89
Check	12/20/2001	INSP	INSPECTORAT...	S.CONVOY-2	V-50161	Cash - CAI ...	-1,355.20	-65,128.09
Check	12/20/2001	INSP	INSPECTORAT...	S.CONVOY-2	V-50161	Cash - CAI ...	-767.20	-65,895.29
Check	12/20/2001	INSP	INSPECTORAT...	S.CONVOY-2	V-50161	Cash - CAI ...	-767.20	-66,662.49
General Journal	12/31/2001	Je-Ck-15	Reverse Accrual	S. Convoy-2	V-50161	-SPLIT-	30,900.29	-35,762.20
Total Inspection							-35,762.20	-35,762.20

11:46 AM
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
Insurance								
Check	9/14/2001	INS	CRAIG FERGU..	S.CONVOY-2	V-50161	Cash - CAI ...	-27,299.62	-27,299.62
Check	12/13/2001	INS	CRAIG FERGU...	S.CONVOY-2	V-50161	Cash - CAI ..	-5,147.14	-32,446.76
Total Insurance							-32,446.76	-32,446.76
L/C Charges								
General Journal	8/31/2001	JE-01/LH	CAI	S.CONVOY-29...	V-50161	Foward Co...	-49,784.02	-49,784.02
Total L/C Charges							-49,784.02	-49,784.02
Freight								
Check	9/7/2001	FRGHT	EQUIVA	S.CONVOY-2	V-50161	Cash - CAI ...	-1,718,413.65	-1,718,413.65
Check	12/11/2001	FRGHT	INTERSEAS TR ..	S.CONVOY-2	V-50161	Cash - CAI ..	-3,196.39	-1,721,610.04
Check	12/11/2001	FRGHT	INTERSEAS TR	S.CONVOY-2	V-50161	Cash - CAI ...	-3,196.39	-1,724,806.43
Total Freight							-1,724,806.43	-1,724,806.43
Demurrage								
General Journal	9/30/2001	Je-Ck-14	Accrual	S. Convoy-2	V-50161	Sales - Oil ...	-84,386.25	-84,386.25
Total Demurrage							-84,386.25	-84,386.25
Finance Charges								
Check	8/22/2001	PYMNT	HAVERHILL TR...	STENA CONV...	V-50161	Cash - CAI ...	-15.15	-15.15
Check	8/30/2001	BC	BANK CHARGES	STENA CONV..	V-50161	Cash - CAI .	-14.96	-30.11
General Journal	8/31/2001	JE-01/LH	CAI	S.CONVOY-2(..	V-50161	Foward Co...	-117.75	-147.86
General Journal	8/31/2001	JE-01/LH	CAI	S.CONVOY-2(...	V-50161	Foward Co...	-103.69	-251.55
Check	9/4/2001	BC	BANK CHARGES	S.CONVOY-2	V-50161	Cash - CAI	-14.71	-266.26
Check	9/7/2001	FRGHT	EQUIVA	S.CONVOY-2	V-50161	Cash - CAI ...	-14.79	-281.05
Check	9/10/2001	BC	BANK CHARGES	STENA CONV...	V-50161	Cash - CAI ...	-14.84	-295.89
Check	9/10/2001	BC	BANK CHARGES	STENA CONV ..	V-50161	Cash - CAI ...	-14.87	-310.76
Check	9/14/2001	INS	CRAIG FERGU..	S.CONVOY-2	V-50161	Cash - CAI ...	-15.07	-325.83
Check	9/19/2001	PYMNT	UNITED NATIO...	S.CONVOY-2	V-50161	Cash - CAI ..	-43,456.96	-43,782.79
Check	9/21/2001	BC	BANK CHARGES	STENA CONV.	V-50161	Cash - CAI ...	-612.00	-44,394.79
Check	9/21/2001	BC	BANK CHARGES	STENA CONV...	V-50161	Cash - CAI	-612.00	-45,006.79
Deposit	9/21/2001	REV	Alon USA	S.CONVOY-2	V-50161	Cash - CAI ...	-76.51	-45,083.30
Deposit	9/26/2001	REV	ATLANTIC	S.CONVOY-2	V-50161	Cash - CAI ...	-73.93	-45,157.23
Deposit	9/26/2001	REV	KOCH PETROL..	S.CONVOY-2	V-50161	Cash - CAI	-92.51	-45,249.74
Check	9/27/2001	BC	BANK CHARGES	S.CONVOY-2	V-50161	Cash - CAI ...	-612.50	-45,862.24
General Journal	9/30/2001	JE-LH/02	CAI	S.CONVOY-2	V-50161	Bank Servic...	-540.93	-46,403.17
Deposit	10/1/2001	REV	VALERO MARK ..	S.CONVOY-2	V-50161	Cash - CAI ...	-74.91	-46,478.08
Check	10/5/2001	LGHT	Gulfstream	S CONVOY-2	V-50161	Cash - CAI ..	-15.43	-46,493.51
Check	10/23/2001	LGHT	INTERSEAS TR..	S.CONVOY-2	V-50161	Cash - CAI ...	-15.02	-46,508.53
Check	10/29/2001	LGHT	AMERICAN EA ..	S.CONVOY-2	V-50161	Cash - CAI .	-15.22	-46,523.75
Check	10/30/2001	LGHT	MORAN TOWIN	S.CONVOY-2	V-50161	Cash - CAI	-15.34	-46,539.09
Check	11/30/2001	DEM	EQUIVA	STENA CONV...	V-50161	Cash - CAI .	-15.10	-46,554.19
Check	12/20/2001	INSP	INSPECTORAT...	S.CONVOY-2	V-50161	Cash - CAI ...	-15.29	-46,569.48
Deposit	1/7/2002	DEM	KOCH PETROL...	S CONVOY-2	V-50161	Cash - CAI ...	-20.00	-46,589.48
Total Finance Charges							-46,589.48	-46,589.48
Lightering Charges								
General Journal	9/30/2001	Je-Ck-14	Accrual	S. Convoy-2	V-50161	Sales - Oil ...	-792,879.00	-792,879.00
Check	10/5/2001	LGHT	Gulfstream	S.CONVOY-2	V-50161	Cash - CAI	-50,842.00	-843,721.00
Check	10/23/2001	LGHT	INTERSEAS TR ..	S.CONVOY-2	V-50161	Cash - CAI .	-102,700.47	-946,421.47
Check	10/23/2001	LGHT	INTERSEAS TR...	S CONVOY-2	V-50161	Cash - CAI ...	-114,236.63	-1,060,658.10
Check	10/29/2001	LGHT	AMERICAN EA...	S.CONVOY-2	V-50161	Cash - CAI ...	-217,477.09	-1,278,135.19
Check	10/29/2001	LGHT	AMERICAN EA ..	S.CONVOY-2	V-50161	Cash - CAI ...	-244,016.33	-1,522,151.52
Check	10/30/2001	LGHT	MORAN TOWIN...	S.CONVOY-2	V-50161	Cash - CAI ...	-8,326.19	-1,530,477.71
Check	10/30/2001	LGHT	MORAN TOWIN...	S.CONVOY-2	V-50161	Cash - CAI ..	-7,299.72	-1,537,777.43
Check	11/15/2001	LGHT	AMERICAN EA ..	STENA CONV...	V-50161	Cash - CAI ...	-22,500.00	-1,560,277.43
Check	11/15/2001	LGHT	AMERICAN EA..	STENA CONV...	V-50161	Cash - CAI	-22,500.00	-1,582,777.43
General Journal	11/30/2001	Je-Ck-22	Reverse Accrual	S. CONVOY-2	V-50161	Sales - Oil ...	792,879.00	-789,898.43
Deposit	2/6/2002	WT	Gulfstream	S.CONVOY-2	V-50161	Cash - Well.	5,542.61	-784,355.82
Deposit	2/6/2002	WT	Gulfstream	S.CONVOY-2	V-50161	Cash - Well...	5,642.20	-778,713.62
Total Lightering Charges							-778,713.62	-778,713.62
Total Cost of Sales							-33,978,739.86	-33,978,739.86
Bank Service Charges								
Check	9/19/2001	PYMNT	UNITED NATIO ..	S CONVOY-2	V-50161	Cash - CAI ...	-141.46	-141.46
Total Bank Service Charges							-141.46	-141.46
Interest Expense								
Check	9/30/2001	INT	INTEREST CHA ..	S.CONVOY-2	V-50161	Cash - CAI ...	-10,034.55	-10,034.55
General Journal	12/31/2001	Je-Ck-53	Reverse Accrual	S. CONVOY-2	V-50161	Sales - Oil ...	2,107.26	-7,927.29
Total Interest Expense							-7,927.29	-7,927.29

11:46 AM
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
Commissions								
General Journal	8/29/2001	COMM	COMMISSIONS	STENA CONV...	V-50161	25300/Carr ...	-1,396.50	-1,396.50
General Journal	8/30/2001	COMM	COMMISSIONS	STENA CONV	V-50161	25300/Carr ..	-465.50	-1,862.00
General Journal	8/31/2001	com	COMMISSIONS	STENA CONV...	V-50161	25300/Carr ...	-465.50	-2,327.50
General Journal	9/4/2001	COMM	COMMISSIONS	STENA CONV..	V-50161	25300/Carr ...	-1,293.60	-3,621.10
General Journal	9/5/2001	COM	COMMISSIONS	STENA CONV...	V-50161	25300/Carr	-1,293.60	-4,914.70
General Journal	9/6/2001	com	COMMISSIONS	STENA CONV..	V-50161	25300/Carr ...	-1,293.60	-6,208.30
General Journal	9/7/2001	COM	COMMISSIONS	STENA CONV..	V-50161	25300/Carr .	-1,783.60	-7,991.90
General Journal	9/10/2001	com	COMMISSIONS	STENA CONV...	V-50161	25300/Carr ...	-1,783.60	-9,775.50
General Journal	9/17/2001	COM	COMMISSIONS	STENA CONV .	V-50161	25300/Carr .	-637.00	-10,412.50
General Journal	9/18/2001	COM	COMMISSIONS	STENA CONV..	V-50161	25300/Carr ...	-637.00	-11,049.50
General Journal	9/19/2001	COM	COMMISSIONS	STENA CONV	V-50161	25300/Carr ...	-637.00	-11,686.50
General Journal	9/20/2001	COM	COMMISSIONS	STENA CONV ..	V-50161	25300/Carr .	-1,695.40	-13,381.90
General Journal	9/27/2001	COM	COMMISSIONS	STENA CONV	V-50161	25300/Carr .	-1,514.10	-14,896.00
Total Commissions							-14,896.00	-14,896.00
Hedge Gain /(Loss)								
General Journal	9/30/2001	Je-Ck-14	Accrual	S Convoy-2	V-50161	Sales - Oil ...	449,430.00	449,430.00
General Journal	10/8/2001			STENA CONV	V-50161	25300/Carr	449,430.00	898,860.00
General Journal	11/30/2001	Je-Ck-22	Reverse Accrual	S CONVOY-2	V-50161	Sales - Oil ...	-449,430.00	449,430.00
Total Hedge Gain /(Loss)							449,430.00	449,430.00
Interest Income								
Deposit	10/19/2001	INT	INTEREST INC.	STENA CONV...	V-50161	25300/Carr ..	3,966.53	3,966.53
General Journal	12/31/2001	Je-Ck-53	Reverse Accrual	S. CONVOY-2	V-50161	Sales - Oil	-832.97	3,133.56
Total Interest Income							3,133.56	3,133.56
TOTAL							**-218,165.70**	**-218,165.70**

11:54 AM
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	9/30/2001	Je-Ck-08	Various	Settebello-6	V-50163	Accounts R...	46,810,164.63	46,810,164.63
Deposit	10/22/2001	REV	MARATHON	SETTEBELLO-6	V-50163	Banque Bru...	34,578,354.52	81,388,519.15
Check	11/13/2001	PURCH	MARATHON	SETTEBELLO-6	V-50163	Banque Bru...	-6,842.89	81,381,676.26
Deposit	11/16/2001	REV	VALERO MARK...	SETTEBELLO-6	V-50163	Banque Bru...	6,044,496.06	87,426,172.32
General Journal	11/30/2001	Je-Ck-16	Reverse Accrual	Settebello-6	V-50163	-SPLIT-	-40,675,808.61	46,750,363.71
Total Sales - Oil Products							46,750,363.71	46,750,363.71
Total Gross Sales							46,750,363.71	46,750,363.71
Cost of Sales								
Broker Comm								
Check	12/5/2001	1387	ECHO ENERGY	SETTEBELLO-...	V-50163	Cash - Well...	-350.00	-350.00
Check	12/5/2001	1387	ECHO ENERGY	SETTEBELLO-...	V-50163	Cash - Well...	-400.00	-750.00
General Journal	12/31/2001	JE-LH/38	SYNTEXENER...	SETTEBELLO-6	V-50163	Broker Comm	-500.00	-1,250.00
Check	1/14/2002	1399	SYNTEXENER...	SETTEBELLO-...	V-50163	Cash - Well...	-500.00	-1,750.00
General Journal	2/28/2002	JE-LH/02	SYNTEXENER...	SETTEBELLO-6	V-50163	Broker Comm	500.00	-1,250.00
Check	4/12/2002	1436	LONE STAR R....	Settebello-6	V-50163	Cash - Well...	-6,342.99	-7,592.99
Total Broker Comm							-7,592.99	-7,592.99
Exchange gain/loss								
Check	9/24/2001	PURCH	UNITED NATIO ..	SETTEBELLO-6	V-50163	Banque Bru...	-24,856.88	-24,856.88
Total Exchange gain/loss							-24,856.88	-24,856.88
Demurrage @ Lighter								
General Journal	9/30/2001	Je-Ck-08	Accrual	Settebello-6	V-50163	Accounts R...	43,680.56	43,680.56
Deposit	12/17/2001	DEM	MARATHON	SETTEBELLO-6	V-50163	Banque Bru...	45,556.25	89,236.81
Deposit	12/20/2001	DEM	VALERO MARK...	SETTEBELLO-6	V-50163	Banque Bru...	75,045.83	164,282.64
General Journal	12/31/2001	Je-Ck-21	Reverse Accrual	Settebello-6	V-50163	-SPLIT-	-43,680.56	120,602.08
Check	1/3/2002	DEM	SEA OIL SHIPPI...	SETTEBELLO-6	V-50163	Banque Bru...	-4,012.50	116,589.58
Check	1/17/2002	DEM	SEA OIL SHIPPI...	SETTEBELLO-6	V-50163	Banque Bru...	-3,912.19	112,677.39
Total Demurrage @ Lighter							112,677.39	112,677.39
Storage								
General Journal	9/30/2001	Je-Ck-08	Accrual	Settebello-6	V-50163	Accounts R...	-216,166.16	-216,166.16
Total Storage							-216,166.16	-216,166.16
Crude Purchases								
Check	9/24/2001	PURCH	UNITED NATIO...	SETTEBELLO-6	V-50163	Banque Bru. .	-46,558,131.70	-46,558,131.70
Check	9/28/2001	PURCH	HAVERHILL TR...	SETTEBELLO-6	V-50163	Banque Bru...	-56,250.00	-46,614,381.70
General Journal	11/30/2001	Je-Ck-03	Accrual	Settebello-6	V-50163	Accounts R...	-78,816.69	-46,693,198.39
General Journal	11/30/2001	Je-Ck-16	Reverse Accrual	Settebello-6	V-50163	Sales - Oil ...	7,397.13	-46,685,801.26
Total Crude Purchases							-46,685,801.26	-46,685,801.26
Interest								
Check	9/12/2001	LOAN	FIXED TERM A...	SETTEBELLO-6	V-50163	Banque Bru...	-147.40	-147.40
Check	9/19/2001	LOANS	FIXED TERM A...	SETTEBELLO-6	V-50163	Banque Bru...	-593.22	-740.62
Check	9/20/2001	LOAN	FIXED TERM A...	SETTEBELLO-6	V-50163	Banque Bru...	-221.96	-962.58
General Journal	9/30/2001	Je-Ck-08	Accrual	Settebello-6	V-50163	Accounts R...	-200,000.00	-200,962.58
Check	10/1/2001	LOAN	FIXED TERM A...	SETTEBELLO-6	V-50163	Banque Bru...	-376.88	-201,339.46
Check	10/5/2001	LOAN	FIXED TERM A...	SETTEBELLO-6	V-50163	Banque Bru...	-54,619.83	-255,959.29
Check	10/12/2001	LOAN	FIXED TERM A...	SETTEBELLO-6	V-50163	Banque Bru...	-32,654.29	-288,613.58
Check	10/19/2001	LOAN	FIXED TERM A...	SETTEBELLO-6	V-50163	Banque Bru...	-32,745.76	-321,359.34
Check	10/22/2001	LOAN	FIXED TERM A...	SETTEBELLO-6	V-50163	Banque Bru ..	-13,641.89	-335,001.23
Check	10/31/2001	LOAN	FIXED TERM A...	SETTEBELLO-6	V-50163	Banque Bru...	-10,782.96	-345,784.19
Check	11/9/2001	LOAN	FIXED TERM A...	SETTEBELLO-6	V-50163	Banque Bru...	-10,240.80	-356,024.99
Check	11/16/2001	LOAN	FIXED TERM A. .	SETTEBELLO-6	V-50163	Banque Bru...	-7,262.27	-363,287.26
Check	11/23/2001	LOAN	FIXED TERM A. .	SETTEBELLO-6	V-50163	Banque Bru...	-3,791.67	-367,078.93
Check	11/30/2001	LOAN	FIXED TERM A...	SETTEBELLO-6	V-50163	Banque Bru...	-2,173.61	-369,252.54
General Journal	11/30/2001	Je-Ck-16	Reverse Accrual	Settebello-6	V-50163	Sales - Oil ...	100,000.00	-269,252.54
General Journal	12/31/2001	Je-Ck-21	Reverse Accrual	Settebello-6	V-50163	Demurrage ...	100,000.00	-169,252.54
Total Interest							-169,252.54	-169,252.54
Inspection								
General Journal	9/30/2001	Je-Ck-08	Accrual	Settebello-6	V-50163	Accounts R...	-35,000.00	-35,000.00
Check	12/20/2001	INSP	CALEB BRETT ...	O.DONNA	V-50163	BNP Pariba...	-1,611.86	-36,611.86
General Journal	12/31/2001	Je-Ck-21	Reverse Accrual	Settebello-6	V-50163	Demurrage ..	7,240.99	-29,370.87
Check	5/17/2002	INSP	CALEB BRETT ...	SETTEBELLO-6	V-50163	Banque Bru...	-2,097.28	-31,468.15
Check	9/18/2002	INSP	OBC SHIPPING ...	SETTEBELLO-6	V-50163	Banque Bru...	-7,385.75	-38,853.90
General Journal	9/30/2002	Je-C09-25	Accrual	Settebello-6	V-50163	Estimated ...	-27,563.57	-66,417.47
Total Inspection							-66,417.47	-66,417.47

11:54 AM
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
Insurance								
General Journal	9/30/2001	Je-Ck-08	Accrual	Settebello-6	V-50163	Accounts R...	-30,000.00	-30,000.00
Check	10/5/2001	INS	CRAIG FERGU...	SETTEBELLO-6	V-50163	Banque Bru...	-27,760.51	-57,760.51
General Journal	11/30/2001	Je-Ck-16	Reverse Accrual	Settebello-6	V-50163	Sales - Oil ...	30,000.00	-27,760.51
Total Insurance							-27,760.51	-27,760.51
L/C Charges								
Check	9/24/2001	PURCH	UNITED NATIO...	SETTEBELLO-6	V-50163	Banque Bru...	-58,228.73	-58,228.73
Total L/C Charges							-58,228.73	-58,228.73
Freight								
General Journal	9/30/2001	Je-Ck-08	Accrual	Settebello-6	V-50163	Accounts R...	-4,074,188.23	-4,074,188.23
Check	10/10/2001	FRGHT	CUL-DE-SAC A...	SETTEBELLO-6	V-50163	Banque Bru...	-62,460.00	-4,136,648.23
Check	10/17/2001	FRGHT	OMI CORPORA...	SETTEBELLO-6	V-50163	Banque Bru...	-3,224,416.26	-7,361,064.49
Check	10/17/2001	FRGHT	PAGE INTL.	SETTEBELLO-6	V-50163	Banque Bru...	-510,167.50	-7,871,231.99
Check	10/19/2001	FRGHT	WILFORD AND ...	SETTEBELLO-6	V-50163	Banque Bru...	-105,800.00	-7,977,031.99
Check	10/30/2001	FRGHT	CUL-DE-SAC A...	SETTEBELLO-6	V-50163	Banque Bru...	-650.21	-7,977,682.20
Check	10/31/2001	FRGHT	ROBIN MARITI...	SETTEBELLO-6	V-50163	Banque Bru...	-49,250.00	-8,026,932.20
Check	11/13/2001	FRGHT	CUL-DE-SAC A...	SETTEBELLO-6	V-50163	Banque Bru...	-64,760.00	-8,091,692.20
Check	11/15/2001	FRGHT	PAGE INTL.	SETTEBELLO-6	V-50163	Banque Bru...	-166,344.81	-8,258,037.01
Check	11/16/2001	FRGHT	PAGE INTL.	SETTEBELLO-6	V-50163	Banque Bru...	-98,355.00	-8,356,392.01
Check	11/20/2001	FRGHT	WEVER MARIN...	SETTEBELLO-6	V-50163	Banque Bru...	-1,670.00	-8,358,062.01
Check	11/27/2001	FRGHT	PAGE INTL.	SETTEBELLO-6	V-50163	Banque Bru ...	-78,367.74	-8,436,429.75
General Journal	11/30/2001	Je-Ck-16	Reverse Accrual	Settebello-6	V-50163	Sales - Oil ...	-112,990.00	-8,549,419.75
General Journal	11/30/2001	Je-Ck-16	Reverse Accrual	Settebello-6	V-50163	Sales - Oil ...	4,074,188.23	-4,475,231.52
Check	12/5/2001	PURCH	AL-HODA INTL ...	SETTEBELLO-6	V-50163	BNP Paribe...	-34,960.00	-4,510,191.52
Check	1/10/2002	FRGHT	WILFORD AND ...	SETTEBELLO-6	V-50163	Banque Bru...	-86,500.00	-4,596,691.52
Check	1/24/2002	1404	WEVER MARIN...	Settebello-6	V-50163	Cash - Well...	-294.31	-4,596,985.83
Deposit	1/31/2002	FRGHT	WILFORD AND ...	SETTEBELLO-6	V-50163	Banque Bru...	980.19	-4,596,005.64
Check	5/23/2002	FRGHT	ROBIN MARITI...	ST.VASSILIOS	V-50163	Banque Bru...	-5,467.55	-4,601,473.19
Check	3/6/2003	FRGHT	ROBIN MARITI...	ST. VASSILIO...	V-50163	BNP Paribe...	-962.50	-4,602,435.69
Total Freight							-4,602,435.69	-4,602,435.69
Demurrage								
General Journal	9/30/2001	Je-Ck-08	Accrual	Settebello-6	V-50163	Accounts R...	-488,410.60	-488,410.60
Total Demurrage							-488,410.60	-488,410.60
Finance Charges								
Check	9/11/2001	BC	BANK CHARGES	SETTEBELLO-6	V-50163	Banque Bru...	-40.00	-40.00
Check	9/18/2001	LOAN	FIXED TERM A...	SETTEBELLO-6	V-50163	Banque Bru...	-359.83	-399.83
Check	9/18/2001	BC	BANK CHARGES	SETTEBELLO-6	V-50163	Banque Bru...	-40.00	-439.83
Check	9/24/2001	PURCH	UNITED NATIO...	SETTEBELLO-6	V-50163	Banque Bru...	-51,796.94	-52,236.77
Check	9/26/2001	PURCH	HAVERHILL TR...	SETTEBELLO-6	V-50163	Banque Bru...	-28.00	-52,264.77
Check	10/5/2001	BC	BANK CHARGES	SETTEBELLO-6	V-50163	Banque Bru...	-40.00	-52,304.77
Check	10/5/2001	INS	CRAIG FERGU...	SETTEBELLO-6	V-50163	Banque Bru...	-28.00	-52,332.77
Check	10/10/2001	FRGHT	CUL-DE-SAC A...	SETTEBELLO-6	V-50163	Banque Bru...	-65.00	-52,397.77
Check	10/17/2001	FRGHT	OMI CORPORA...	SETTEBELLO-6	V-50163	Banque Bru...	-28.00	-52,425.77
Check	10/17/2001	FRGHT	PAGE INTL.	SETTEBELLO-6	V-50163	Banque Bru...	-40.00	-52,465.77
Check	10/19/2001	FRGHT	WILFORD AND ...	SETTEBELLO-6	V-50163	Banque Bru...	-40.00	-52,505.77
Deposit	10/22/2001	REV	MARATHON	SETTEBELLO-6	V-50163	Banque Bru...	-665.00	-53,170.77
Check	10/24/2001	FRGHT	HESS	SETTEBELLO-6	V-50163	Banque Bru...	-40.00	-53,210.77
Check	10/30/2001	FRGHT	CUL-DE-SAC A ...	SETTEBELLO-6	V-50163	Banque Bru...	-65.00	-53,275.77
Check	10/31/2001	FRGHT	ROBIN MARITI...	SETTEBELLO-6	V-50163	Banque Bru...	-40.00	-53,315.77
Check	11/13/2001	PURCH	MARATHON	SETTEBELLO-6	V-50163	Banque Bru...	-28.00	-53,343.77
Check	11/13/2001	FRGHT	CUL-DE-SAC A...	SETTEBELLO-6	V-50163	Banque Bru...	-65.00	-53,408.77
Check	11/15/2001	FRGHT	PAGE INTL.	SETTEBELLO-6	V-50163	Banque Bru...	-40.00	-53,448.77
Check	11/16/2001	FRGHT	PAGE INTL.	SETTEBELLO-6	V-50163	Banque Bru...	-40.00	-53,488.77
Deposit	11/16/2001	REV	VALERO MARK...	SETTEBELLO-6	V-50163	Banque Bru...	-550.00	-54,038.77
Check	11/20/2001	FRGHT	WEVER MARIN...	SETTEBELLO-6	V-50163	Banque Bru...	-28.00	-54,066.77
Check	11/26/2001	LOAN	FIXED TERM A...	SETTEBELLO-6	V-50163	Banque Bru...	-1,619.79	-55,686.56
Check	11/27/2001	FRGHT	PAGE INTL.	SETTEBELLO-6	V-50163	Banque Bru...	-40.00	-55,726.56
Deposit	12/1/2001	REV	HOVENSA L.L.C.	SETTEBELLO-6	V-50163	Banque Bru...	-570.00	-56,296.56
Check	12/3/2001	FRGHT	SEA OIL SHIPPI...	SETTEBELLO-6	V-50163	Banque Bru...	-40.00	-56,336.56
Check	12/3/2001	FRGHT	HESS	SETTEBELLO-6	V-50163	Banque Bru...	-40.00	-56,376.56
Check	12/5/2001	PURCH	AL-HODA INTL ...	SETTEBELLO-6	V-50163	BNP Paribe...	-20.98	-56,397.54
Check	12/5/2001	PURCH	PETROLEUM T...	Settebello-6	V-50163	Banque Bru...	-28.00	-56,425.54
Check	12/21/2001	DEM	OMI CORPORA...	SETTEBELLO-6	V-50163	Banque Bru...	-40.00	-56,465.54
Check	1/3/2002	DEM	SEA OIL SHIPPI...	SETTEBELLO-6	V-50163	Banque Bru...	-40.00	-56,505.54
Check	1/8/2002	INSP	OIL INSPECTIO...	SETTEBELLO-6	V-50163	Banque Bru...	-28.00	-56,533.54
Check	1/10/2002	FRGHT	WILFORD AND ...	SETTEBELLO-6	V-50163	Banque Bru...	-40.00	-56,573.54
Check	1/17/2002	DEM	SEA OIL SHIPPI...	SETTEBELLO-6	V-50163	Banque Bru...	-28.00	-56,601.54
Check	3/11/2002	INSP	SGS CSI	SETTEBELLO-6	V-50163	Banque Bru...	-28.00	-56,629.54
Check	5/23/2002	FRGHT	ROBIN MARITI...	ST.VASSILIOS	V-50163	Banque Bru...	-28.00	-56,657.54
Check	11/7/2002	INSP	OIL INSPECTIO...	SETTEBELLO-6	V-50163	Banque Bru...	-28.00	-56,685.54

11:34 AM
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
Check	12/18/2002	INSP	OIL INSPECTIO...	SETTEBELLO-6	V-50163	BNP Paribe...	-24.21	-56,709.75
Check	3/6/2003	FRGHT	ROBIN MARITI...	ST. VASSILIOS	V-50163	BNP Pariba...	-41.01	-56,750.76
Total Finance Charges							-56,750.76	-56,750.76
Total Cost of Sales							-52,290,996.20	-52,290,996.20
Bank Service Charges								
Check	9/24/2001	PURCH	UNITED NATIO...	SETTEBELLO-6	V-50163	Banque Bru...	-277.82	-277.82
Total Bank Service Charges							-277.82	-277.82
Office Expense								
Bank Charges								
Check	9/17/2001	BC	BANK CHARGES	SETTEBELLO-6	V-50163	Banque Bru...	-40.00	-40.00
Total Bank Charges							-40.00	-40.00
Total Office Expense							-40.00	-40.00
Interest Expense								
Check	9/28/2001	INT	INTEREST CHA...	SETTEBELLO-6	V-50163	Banque Bru...	-2,875.70	-2,875.70
Total Interest Expense							-2,875.70	-2,875.70
Commissions								
General Journal	11/12/2001			SETTEBELLO 6	V-50163	Hedge Gain...	-21,400.00	-21,400.00
General Journal	11/12/2001			SETTEBELLO 6	V-50163	Hedge Gain...	-725.60	-22,125.60
General Journal	11/12/2001			SETTEBELLO 6	V-50163	Hedge Gain...	-7,098.00	-29,223.60
Total Commissions							-29,223.60	-29,223.60
Hedge Gain /(Loss)								
General Journal	9/30/2001	Je-Ck-08	Accrual	Settebello-6	V-50163	Accounts R...	5,100,000.00	5,100,000.00
General Journal	11/12/2001			SETTEBELLO 6	V-50163	-SPLIT-	3,925,470.00	9,025,470.00
General Journal	11/12/2001			SETTEBELLO 6	V-50163	Hedge Gain...	1,155,430.00	10,180,900.00
General Journal	11/30/2001	Je-Ck-15	Reverse Accrual	Settebello-6	V-50163	Sales - Oil ...	-5,100,000.00	5,080,900.00
Total Hedge Gain /(Loss)							5,080,900.00	5,080,900.00
TOTAL							-492,149.61	-492,149.61

12:32 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
Gross Sales								
Sales - Oil Products								
Deposit	11/5/2001	REV	VALERO MARK...	B.CHIEF-2	V-50177	Cash - CAI ...	9,098,480.93	9,098,480.93
Total Sales - Oil Products							9,098,480.93	9,098,480.93
Total Gross Sales							9,098,480.93	9,098,480.93
Cost of Sales								
Broker Comm								
General Journal	12/31/2001	JE-LH/38	ECHO ENERGY	B.CHIEF-2	V-50177	Broker Comm	-500.00	-500.00
Check	1/15/2002	1401	ECHO ENERGY	B.CHIEF-2/C3...	V-50177	Cash - Well...	-250.00	-750.00
Check	1/15/2002	1401	ECHO ENERGY	B.CHIEF-2/C3...	V-50177	Cash - Well...	-250.00	-1,000.00
General Journal	2/28/2002	JE-LH/02	ECHO ENERGY	B.CHIEF-2	V-50177	Broker Comm	500.00	-500.00
Total Broker Comm							-500.00	-500.00
Crude Purchases								
Check	11/7/2001	PURCH	Gulfstream	B.CHIEF-2	V-50177	Cash - CAI ...	-8,239,516.09	-8,239,516.09
General Journal	11/30/2001	Je-Ck-12	Accrual	B. CHIEF-2	V-50177	-SPLIT-	-25,000.00	-8,264,516.09
Check	12/6/2001	PURCH	Gulfstream	B.CHIEF-2	V-50177	Cash - CAI ...	-24,796.91	-8,289,313.00
General Journal	12/31/2001	Je-Ck-25	Reverse Accrual	B. CHIEF-2	V-50177	-SPLIT-	25,000.00	-8,264,313.00
Total Crude Purchases							-8,264,313.00	-8,264,313.00
Interest								
Check	11/5/2001	LOAN	FIXED TERM A...	B.CHIEF-2	V-50177	Cash - CAI ...	-61.43	-61.43
Total Interest							-61.43	-61.43
Inspection								
General Journal	11/30/2001	Je-Ck-12	Accrual	B. CHIEF-2	V-50177	Crude Purc...	-10,000.00	-10,000.00
General Journal	12/31/2001	Je-Ck-25	Reverse Accrual	B. CHIEF-2	V-50177	Crude Purc...	5,000.00	-5,000.00
Deposit	5/9/2002	WT	INSPECTORAT...	B.CHIEF-2	V-50177	Cash - Well...	240.50	-4,759.50
General Journal	9/30/2002	Je-C09-23	Reverse Accrual	B. Chief-2	V-50177	-SPLIT-	1,796.62	-2,962.88
Total Inspection							-2,962.88	-2,962.88
Insurance								
General Journal	11/30/2001	Je-Ck-12	Accrual	B. CHIEF-2	V-50177	Crude Purc...	-6,000.00	-6,000.00
General Journal	12/31/2001	Je-Ck-25	Reverse Accrual	B. CHIEF-2	V-50177	Crude Purc...	5,000.00	-1,000.00
General Journal	9/30/2002	Je-C09-23	Reverse Accrual	B. Chief-2	V-50177	Inspection	1,000.00	0.00
Total Insurance							0.00	0.00
L/C Charges								
Check	10/23/2001	LC	Gulfstream	B.CHIEF-2	V-50177	Cash - CAI ...	-11,681.25	-11,681.25
Total L/C Charges							-11,681.25	-11,681.25
Demurrage								
General Journal	11/30/2001	Je-Ck-12	Accrual	B. CHIEF-2	V-50177	Crude Purc..	-38,500.00	-38,500.00
Check	12/12/2001	DEM	VALERO MARK..	B.CHIEF-2	V-50177	Cash - CAI ..	-32,812.50	-71,312.50
General Journal	12/31/2001	Je-Ck-25	Reverse Accrual	B. CHIEF-2	V-50177	Crude Purc...	38,500.00	-32,812.50
Total Demurrage							-32,812.50	-32,812.50
Finance Charges								
Check	10/23/2001	LC	Gulfstream	B.CHIEF-2	V-50177	Cash - CAI ...	-116.75	-116.75
Check	10/25/2001	FIN	Gulfstream	B.CHIEF-2	V-50177	Cash - CAI ...	-98.00	-214.75
Check	11/2/2001	FIN	VALERO MARK...	B.CHIEF-2	V-50177	Cash - CAI ...	-618.00	-832.75
Deposit	11/5/2001	REV	VALERO MARK...	B.CHIEF-2	V-50177	Cash - CAI ...	-94.93	-927.68
Check	11/7/2001	PURCH	Gulfstream	B.CHIEF-2	V-50177	Cash - CAI ...	-45.91	-973.59
Check	12/6/2001	PURCH	Gulfstream	B.CHIEF-2	V-50177	Cash - CAI ...	-15.06	-988.65
Check	12/12/2001	DEM	VALERO MARK...	B.CHIEF-2	V-50177	Cash - CAI ...	-15.15	-1,003.80
Check	1/8/2002	INSP	OIL INSPECTIO...	B.CHIEF-2	V-50177	Cash - CAI ...	-15.14	-1,018.94
Total Finance Charges							-1,018.94	-1,018.94
Total Cost of Sales							-8,313,350.00	-8,313,350.00
Commissions								
General Journal	11/13/2001			BERGE CHIEF	V-50177	Hedge Gain...	-8,112.00	-8,112.00
Total Commissions							-8,112.00	-8,112.00
Hedge Gain /(Loss)								
General Journal	11/13/2001			BERGE CHIEF	V-50177	-SPLIT-	-843,910.00	-843,910.00
Total Hedge Gain /(Loss)							-843,910.00	-843,910.00
TOTAL							-66,891.07	-66,891.07

12:30 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
Gross Sales								
Sales - Oil Products								
General Journal	9/30/2001	Je-CK-05	Various	SAHARA	V-50154	Accounts R...	42,061,585.32	42,061,585.32
Deposit	10/31/2001	REV	VALERO MARK...	SAHARA	V-50154	BNP Paribe...	9,582,907.65	51,644,492.97
Deposit	11/1/2001	REV	PREMCOR	SAHARA	V-50154	BNP Paribe...	8,235,685.97	59,880,178.94
Deposit	11/2/2001	REV	VALERO MARK...	SAHARA	V-50154	BNP Paribe...	9,592,780.98	69,472,959.92
Deposit	11/5/2001	REV	PORT ARTHUR...	SAHARA	V-50154	BNP Paribe...	8,208,873.22	77,681,833.14
Deposit	11/16/2001	rev	PREMCOR	SAHARA	V-50154	BNP Paribe...	2,424,233.13	80,106,066.27
Deposit	11/26/2001	REV	PORT ARTHUR...	SAHARA	V-50154	BNP Paribe...	3,391,967.87	83,498,034.14
General Journal	11/30/2001	Je-Ck-13	Various	SAHARA	V-50154	-SPLIT-	-42,061,585.32	41,436,448.82
General Journal	11/30/2001	Je-Ck-13	PREMCOR	SAHARA	V-50154	Sales - Oil ...	-116,157.75	41,320,291.07
General Journal	12/31/2001	Je-Ck-24	PREMCOR	SAHARA	V-50154	Receivable-...	273,801.80	41,594,092.87
General Journal	12/31/2001	Je-Ck-58	Reverse Accrual	SAHARA	V-50154	-SPLIT-	-5,974,243.08	35,619,849.79
Total Sales - Oil Products							35,619,849.79	35,619,849.79
Total Gross Sales							35,619,849.79	35,619,849.79
Cost of Sales								
Broker Comm								
General Journal	12/31/2001	JE-LH/38	SYNTEXENER...	SAHARA	V-50154	Broker Comm	-7,000.00	-7,000.00
General Journal	12/31/2001	JE-LH/38	ECHO ENERGY	SAHARA	V-50154	Broker Comm	-750.00	-7,750.00
Check	1/14/2002	1398	SYNTEXENER...	SAHARA/T12A...	V-50154	Cash - Well...	-500.00	-8,250.00
Check	1/14/2002	1398	SYNTEXENER...	SAHARA/T12A...	V-50154	Cash - Well...	-1,000.00	-9,250.00
Check	1/14/2002	1398	SYNTEXENER...	SAHARA/T12A...	V-50154	Cash - Well...	-500.00	-9,750.00
Check	1/14/2002	1398	SYNTEXENER...	SAHARA/T12A...	V-50154	Cash - Well...	-5,000.00	-14,750.00
Check	1/15/2002	1401	ECHO ENERGY	SAHARA/C3244	V-50154	Cash - Well...	-250.00	-15,000.00
Check	1/15/2002	1401	ECHO ENERGY	SAHARA/C3247	V-50154	Cash - Well...	-500.00	-15,500.00
General Journal	2/28/2002	JE-LH/02	SYNTEXENER...	SAHARA	V-50154	Broker Comm	7,000.00	-8,500.00
General Journal	2/28/2002	JE-LH/02	ECHO ENERGY	SAHARA	V-50154	Broker Comm	750.00	-7,750.00
Total Broker Comm							-7,750.00	-7,750.00
Secondary Chgs.								
General Journal	12/31/2001	Je-Ck-58	Reverse Accrual	SAHARA	V-50154	Sales - Oil ...	41,422.85	41,422.85
Total Secondary Chgs.							41,422.85	41,422.85
Exchange gain/loss								
Check	10/9/2001	PURCH	UNITED NATIO...	SAHARA	V-50154	BNP Paribe...	-20,928.26	-20,928.26
Total Exchange gain/loss							-20,928.26	-20,928.26
Demurrage @ Lighter								
General Journal	9/30/2001	Je-CK-05	Accrual	SAHARA	V-50154	Accounts R...	30,328.82	30,328.82
Deposit	12/20/2001	LGHT	VALERO MARK...	SAHARA	V-50154	BNP Paribe...	14,591.67	44,920.49
General Journal	12/31/2001	Je-Ck-24	Accrual	SAHARA	V-50154	Receivable-...	-30,328.82	14,591.67
Total Demurrage @ Lighter							14,591.67	14,591.67
Customs Fee								
General Journal	9/30/2001	Je-CK-05	Accrual	SAHARA	V-50154	Accounts R...	-48,555.46	-48,555.46
Deposit	11/16/2001	rev	PREMCOR	SAHARA	V-50154	BNP Paribe...	16,356.07	-32,199.39
Deposit	11/26/2001	REV	PORT ARTHUR...	SAHARA	V-50154	BNP Paribe...	23,038.79	-9,160.60
General Journal	11/30/2001	Je-Ck-13	Reverse Accrual	SAHARA	V-50154	Sales - Oil ...	48,555.46	39,394.86
Total Customs Fee							39,394.86	39,394.86
Crude Purchases								
General Journal	9/30/2001	Je-CK-05	Accrual	SAHARA	V-50154	Accounts R...	-36,858,183.12	-36,858,183.12
General Journal	9/30/2001	Je-CK-05	Accrual	SAHARA	V-50154	Accounts R...	-883,635.00	-37,741,818.12
General Journal	12/31/2001	Je-Ck-58	Reverse Accrual	SAHARA	V-50154	Sales - Oil ...	5,903,140.08	-31,838,678.04
Total Crude Purchases							-31,838,678.04	-31,838,678.04
Interest								
General Journal	9/30/2001	Je-CK-05	Accrual	SAHARA	V-50154	Accounts R...	-200,000.00	-200,000.00
Check	10/3/2001	LOAN	FIXED TERM A...	SAHARA	V-50154	BNP Paribe...	-369.07	-200,369.07
Check	10/3/2001	LOAN	FIXED TERM A...	H.CAPITOL-3	V-50154	BNP Paribe...	-278.43	-200,647.50
Check	10/19/2001	LOAN	FIXED TERM A...	SAHARA	V-50154	BNP Paribe...	-36,905.00	-237,552.50
Check	10/26/2001	LOAN	FIXED TERM A...	SAHARA	V-50154	BNP Paribe...	-25,620.00	-263,172.50
Check	11/1/2001	LOAN	FIXED TERM A...	SAHARA	V-50154	BNP Paribe...	-546.93	-263,719.43
Check	11/2/2001	LOAN	FIXED TERM A...	SAHARA	V-50154	BNP Paribe...	-25,904.67	-289,624.10
Check	11/9/2001	LOAN	FIXED TERM A...	SAHARA	V-50154	BNP Paribe...	-8,438.89	-298,062.99
Check	11/13/2001	LOAN	FIXED TERM A...	SAHARA	V-50154	BNP Paribe...	-1,515.56	-299,578.55
Check	11/16/2001	LOAN	FIXED TERM A...	SAHARA	V-50154	BNP Paribe...	-1,173.34	-300,751.89
Check	11/26/2001	LOAN	FIXED TERM A...	SAHARA	V-50154	BNP Paribe...	-1,781.89	-302,533.78
General Journal	11/30/2001	Je-Ck-13	Reverse Accrual	SAHARA	V-50154	Sales - Oil ...	150,000.00	-152,533.78
General Journal	12/31/2001	Je-Ck-24	Accrual	SAHARA	V-50154	Receivable-...	50,000.00	-102,533.78
Total Interest							-102,533.78	-102,533.78

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

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Inspection								
General Journal	9/30/2001	Je-CK-05	Accrual	SAHARA	V-50154	Accounts R...	-40,000.00	-40,000.00
Check	10/24/2001	INSP	OIL INSPECTIO...	SAHARA	V-50154	BNP Paribe...	-10,044.48	-50,044.48
General Journal	12/31/2001	Je-Ck-24	Accrual	SAHARA	V-50154	Receivable-...	20,163.44	-29,881.04
Check	9/19/2002	INSP	INSPECTORAT...	SAHARA	V-50154	BNP Paribe...	-1,982.38	-31,863.42
Check	9/19/2002	INSP	INSPECTORAT...	SAHARA	V-50154	BNP Paribe...	-2,392.61	-34,256.03
Check	9/19/2002	INSP	INSPECTORAT...	SAHARA	V-50154	BNP Paribe...	-2,419.41	-36,675.44
Check	9/19/2002	INSP	INSPECTORAT...	SAHARA	V-50154	BNP Paribe...	-1,985.38	-38,660.82
General Journal	9/30/2002	Je-C09-24	Reverse Accrual	Sahara	V-50154	Estimated ...	2,920.96	-35,739.86
Check	1/10/2003	INSP	INSPECTORAT...	SAHARA	V-50154	BNP Paribe...	-3,340.78	-39,080.64
Total Inspection							-39,080.64	-39,080.64
Insurance								
General Journal	9/30/2001	Je-CK-05	Accrual	SAHARA	V-50154	Accounts R...	-25,000.00	-25,000.00
Check	11/8/2001	INS	CRAIG FERGU...	SAHARA	V-50154	BNP Paribe...	-32,273.60	-57,273.60
General Journal	11/30/2001	Je-Ck-13	Reverse Accrual	SAHARA	V-50154	Sales - Oil ...	25,000.00	-32,273.60
Check	2/28/2002	INS	CRAIG FERGU...	SAHARA	V-50154	BNP Paribe...	-1,763.03	-34,036.63
Total Insurance							-34,036.63	-34,036.63
L/C Charges								
Check	8/31/2001	LC	L/C CHARGES	SAHARA	V-50154	BNP Paribe...	-72,595.14	-72,595.14
Total L/C Charges							-72,595.14	-72,595.14
Freight								
General Journal	9/30/2001	Je-CK-05	Accrual	SAHARA	V-50154	Accounts R...	-2,609,177.76	-2,609,177.76
Total Freight							-2,609,177.76	-2,609,177.76
Demurrage								
General Journal	9/30/2001	Je-CK-05	Accrual	SAHARA	V-50154	Accounts R...	-105,849.79	-105,849.79
Total Demurrage							-105,849.79	-105,849.79
Finance Charges								
General Journal	9/30/2001	Je-CK-05	Accrual	SAHARA	V-50154	Accounts R...	-30,000.00	-30,000.00
Check	10/2/2001	FIN	BANK CHARGES	SAHARA	V-50154	BNP Paribe...	-31.51	-30,031.51
Check	10/5/2001	PURCH	HAVERHILL TR...	SAHARA	V-50154	BNP Paribe...	-21.46	-30,052.97
Check	10/9/2001	PURCH	UNITED NATIO...	SAHARA	V-50154	BNP Paribe...	-29,503.28	-59,556.25
Check	10/29/2001	FRGHT	PETRONOME ...	SAHARA	V-50154	BNP Paribe...	-21.27	-59,577.52
Check	10/31/2001	FIN	PREMCOR	SAHARA	V-50154	BNP Paribe...	-585.00	-60,162.52
Check	10/31/2001	FIN	VALERO MARK...	SAHARA	V-50154	BNP Paribe...	-585.00	-60,747.52
Check	10/31/2001	FIN	VALERO MARK...	SAHARA	V-50154	BNP Paribe...	-585.00	-61,332.52
Deposit	11/1/2001	REV	PREMCOR	SAHARA	V-50154	BNP Paribe...	-85.00	-61,417.52
Check	11/5/2001	FIN	PORT ARTHUR...	SAHARA	V-50154	BNP Paribe...	-585.00	-62,002.52
Deposit	11/5/2001	REV	PORT ARTHUR...	SAHARA	V-50154	BNP Paribe...	-237.81	-62,240.33
Deposit	11/26/2001	REV	PORT ARTHUR...	SAHARA	V-50154	BNP Paribe...	-85.00	-62,325.33
Check	11/28/2001	FIN	PORT ARTHUR...	SAHARA	V-50154	BNP Paribe...	-608.12	-62,933.45
General Journal	11/30/2001	Je-Ck-13	Reverse Accrual	SAHARA	V-50154	Sales - Oil ..	30,000.00	-32,933.45
Check	12/21/2001	DEM	NATIONAL OIL ...	SAHARA	V-50154	BNP Paribe...	-21.16	-32,954.61
Check	1/11/2002	LGHT	AMERICAN EA...	SAHARA	V-50154	BNP Paribe...	-20.86	-32,975.47
Total Finance Charges							-32,975.47	-32,975.47
Lightering Charges								
General Journal	9/30/2001	Je-CK-05	Accrual	SAHARA	V-50154	Accounts R...	-221,628.47	-221,628.47
Deposit	11/16/2001	rev	PREMCOR	SAHARA	V-50154	BNP Paribe...	62,308.80	-159,319.67
Deposit	11/26/2001	REV	PORT ARTHUR...	SAHARA	V-50154	BNP Paribe...	87,766.81	-71,552.86
Total Lightering Charges							-71,552.86	-71,552.86
Total Cost of Sales							-34,839,748.99	-34,839,748.99
Bank Service Charges								
Check	10/9/2001	PURCH	UNITED NATIO...	SAHARA	V-50154	BNP Paribe...	-164.44	-164.44
Total Bank Service Charges							-164.44	-164.44
Commissions								
General Journal	11/29/2001			SAHARA	V-50154	Hedge Gain...	-25,028.84	-25,028.84
General Journal	11/29/2001			SAHARA	V-50154	Hedge Gain ..	-324.48	-25,353.32
General Journal	11/30/2001			SAHARA	V-50154	Hedge Gain. .	-3,042.00	-28,395.32
Total Commissions							-28,395.32	-28,395.32
Hedge Gain /(Loss)								
General Journal	9/30/2001	Je-CK-05	Accrual	SAHARA	V-50154	Accounts R...	1,500,000.00	1,500,000.00
General Journal	11/29/2001			SAHARA	V-50154	-SPLIT-	1,471,070.00	2,971,070.00
General Journal	11/29/2001			SAHARA	V-50154	Hedge Gain...	9,920.00	2,980,990.00
General Journal	11/30/2001			SAHARA	V-50154	-SPLIT-	437,060.00	3,418,050.00
General Journal	11/30/2001	Je-Ck-13	Reverse Accrual	SAHARA	V-50154	Sales - Oil ...	-1,500,000.00	1,918,050.00
Total Hedge Gain /(Loss)							1,918,050.00	1,918,050.00

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

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Interest Income								
Deposit	11/7/2001	INT	INTEREST INC...	SAHARA	V-50154	490/Paribas...	27,679.55	27,679.55
Total Interest Income							27,679.55	27,679.55
TOTAL							2,697,270.59	2,697,270.59

12:26 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
Gross Sales								
Sales - Oil Products								
General Journal	9/30/2001	Je-Ck-04	Various	NOTO	V-50164	Accounts R...	33,087,476.18	33,087,476.18
Deposit	10/17/2001	REV	PORT ARTHUR...	B.BOSS-3	V-50164	BNP Pariba...	9,738,242.38	42,825,718.56
Check	10/23/2001	REF	PORT ARTHUR...	B.BOSS-3	V-50164	BNP Pariba...	-118,167.19	42,707,551.37
Deposit	11/6/2001	REV	VALERO MARK...	NOTO	V-50164	Cash - CAI ...	8,571,196.45	51,278,747.82
Deposit	11/13/2001	REV	Diamond Shamr...	NOTO	V-50164	Cash - CAI ...	8,597,445.44	59,876,193.26
Deposit	11/13/2001	REV	VALERO MARK...	NOTO	V-50164	Cash - CAI ...	8,109,180.73	67,985,373.99
Deposit	11/13/2001	REV	VALERO MARK...	NOTO	V-50164	Cash - CAI ...	7,809,653.56	75,795,027.55
General Journal	11/30/2001	Je-Ck-11	Various	noto/b.boss-3	V-50164	-SPLIT-	-33,087,476.18	42,707,551.37
Total Sales - Oil Products							42,707,551.37	42,707,551.37
Total Gross Sales							42,707,551.37	42,707,551.37
Cost of Sales								
Broker Comm								
General Journal	12/31/2001	JE-LH/38	ARC OIL, LLC	NOTO	V-50164	Broker Comm	-250.00	-250.00
General Journal	12/31/2001	JE-LH/38	STARSUPPLY ...	NOTO	V-50164	Broker Comm	-5,250.00	-5,500.00
General Journal	12/31/2001	JE-LH/38	SYNTEXENER...	NOTO	V-50164	Broker Comm	-1,000.00	-6,500.00
Check	1/14/2002	1394	ARC OIL, LLC	Noto/C21932	V-50164	Cash - Well...	-250.00	-6,750.00
Check	1/14/2002	1395	STARSUPPLY ...	Noto/20553CS	V-50164	Cash - Well...	-5,250.00	-12,000.00
Check	1/14/2002	1398	SYNTEXENER...	NOTO/T12A26...	V-50164	Cash - Well...	-250.00	-12,250.00
Check	1/14/2002	1398	SYNTEXENER...	NOTO/T12A26...	V-50164	Cash - Well...	-500.00	-12,750.00
Check	1/14/2002	1398	SYNTEXENER...	NOTO/T12A26...	V-50164	Cash - Well...	-250.00	-13,000.00
General Journal	2/28/2002	JE-LH/02	ARC	NOTO	V-50164	Broker Comm	250.00	-12,750.00
General Journal	2/28/2002	JE-LH/02	STARSUPPLY ...	NOTO	V-50164	Broker Comm	5,250.00	-7,500.00
General Journal	2/28/2002	JE-LH/02	SYNTEXENER...	NOTO	V-50164	Broker Comm	1,000.00	-6,500.00
Total Broker Comm							-6,500.00	-6,500.00
Exchange gain/loss								
Check	10/15/2001	PUR	UNITED NATIO...	NOTO	V-50164	Cash - CAI ...	-16,475.49	-16,475.49
Total Exchange gain/loss							-16,475.49	-16,475.49
Demurrage @ Lighter								
General Journal	9/30/2001	Je-Ck-04	Accrual	NOTO	V-50164	Accounts R ...	135,065.97	135,065.97
Deposit	12/28/2001	LGHT	VALERO MARK...	NOTO	V-50164	Cash - CAI ...	56,048.61	191,114.58
General Journal	12/31/2001	Je-Ck-26	Accrual	NOTO/B. BOS...	V-50164	Demurrage	-83,878.47	107,236.11
Total Demurrage @ Lighter							107,236.11	107,236.11
Crude Purchases								
General Journal	9/30/2001	Je-Ck-04	Accrual	NOTO	V-50164	Accounts R...	-746,433.38	-746,433.38
General Journal	9/30/2001	Je-Ck-04	Accrual	NOTO	V-50164	Accounts R...	-31,133,238.45	-31,879,671.83
Check	10/17/2001	purch	VALERO MARK...	B.BOSS-3	V-50164	BNP Pariba...	-9,632,735.96	-41,512,407.79
Total Crude Purchases							-41,512,407.79	-41,512,407.79
Interest								
General Journal	9/30/2001	Je-Ck-04	Accrual	NOTO	V-50164	Accounts R...	-150,000.00	-150,000.00
General Journal	10/19/2001	Int	INTEREST CHA...	NOTOC	V-50164	25302/Carr ...	-22.39	-150,022.39
Check	11/5/2001	LOAN	FIXED TERM A...	NOTO	V-50164	Cash - CAI ...	-72,097.99	-222,120.38
Check	11/13/2001	LOAN	FIXED TERM A...	NOTO	V-50164	Cash - CAI ...	-25,096.50	-247,216.88
General Journal	11/30/2001	Je-Ck-11	Accrual	noto/b. boss-3	V-50164	Sales - Oil ...	100,000.00	-147,216.88
Check	12/31/2001	INT	INTEREST CHA...	NOTO	V-50164	Cash - CAI ...	-122.15	-147,339.03
General Journal	12/31/2001	Je-Ck-26	Accrual	NOTO/B. BOS...	V-50164	Demurrage	50,000.00	-97,339.03
Total Interest							-97,339.03	-97,339.03
Inspection								
General Journal	9/30/2001	Je-Ck-04	Accrual	NOTO	V-50164	Accounts R...	-37,000.00	-37,000.00
General Journal	12/31/2001	Je-Ck-16	Reverse Accrual	Noto/B. Boss-3	V-50164	Estimated ...	9,400.00	-27,600.00
Check	9/18/2002	INSP	OBC SHIPPING ...	NOTO	V-50164	Cash - CAI ...	-1,869.48	-29,469.48
Check	9/19/2002	INSP	INSPECTORAT...	B.BOSS-3	V-50164	BNP Pariba...	-1,518.83	-30,988.31
General Journal	9/30/2002	Je-C09-22	Reverse Accrual	Noto-B. Boss-3	V-50164	Estimated ...	67.28	-30,921.03
Total Inspection							-30,921.03	-30,921.03
Insurance								
General Journal	9/30/2001	Je-Ck-04	Accrual	NOTO	V-50164	Accounts R...	-25,000.00	-25,000.00
Check	11/5/2001	INS	CRAIG FERGU...	NOTO	V-50164	Cash - CAI ...	-27,822.74	-52,822.74
General Journal	12/31/2001	Je-Ck-26	Accrual	NOTO/B. BOS...	V-50164	Demurrage	25,000.00	-27,822.74
Check	1/31/2002	INS	CRAIG FERGU...	NOTO	V-50164	Cash - CAI ...	-1,337.08	-29,159.82
Total Insurance							-29,159.82	-29,159.82
L/C Charges								
General Journal	9/30/2001	JE-LH/02	CAI	NOTO	V-50164	Bank Servic...	-52,118.29	-52,118.29
Check	10/5/2001	LC	VALERO MARK...	B.BOSS-3	V-50164	BNP Pariba...	-13,575.00	-65,693.29
Total L/C Charges							-65,693.29	-65,693.29

12:26 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
Freight								
General Journal	9/30/2001	Je-Ck-04	Accrual	NOTO	V-50164	Accounts R...	-2,198,381.09	-2,198,381.09
Total Freight							-2,198,381.09	-2,198,381.09
Demurrage								
General Journal	9/30/2001	Je-Ck-04	Accrual	NOTO	V-50164	Accounts R...	-255,771.61	-255,771.61
General Journal	12/31/2001	Je-Ck-26	Accrual	NOTO/B. BOS...	V-50164	-SPLIT-	-14,953.39	-270,725.00
Total Demurrage							-270,725.00	-270,725.00
Finance Charges								
General Journal	9/30/2001	Je-Ck-04	Accrual	NOTO	V-50164	Accounts R...	-38,000.00	-38,000.00
Check	10/3/2001	BC	BANK CHARGES	NOTO	V-50164	Cash - CAI ...	-15.49	-38,015.49
Check	10/5/2001	LC	VALERO MARK...	B.BOSS-3	V-50164	BNP Paribe...	-85.00	-38,100.49
Check	10/9/2001	BC	BANK CHARGES	NOTO	V-50164	Cash - CAI ...	-15.51	-38,116.00
Check	10/12/2001	BC	BANK CHARGES	NOTO	V-50164	Cash - CAI ...	-15.25	-38,131.25
Check	10/15/2001	FIN	PORT ARTHUR...	B.BOSS-3	V-50164	BNP Paribe...	-585.00	-38,716.25
Check	10/15/2001	PUR	HAVERHILL TR...	NOTO	V-50164	Cash - CAI ...	-15.36	-38,731.61
Check	10/15/2001	PUR	UNITED NATIO...	NOTO	V-50164	Cash - CAI ...	-24,919.77	-63,651.38
Check	10/15/2001	PUR	UNITED NATIO...	NOTO	V-50164	Cash - CAI ...	-13,070.07	-76,721.45
Deposit	10/17/2001	REV	PORT ARTHUR...	B BOSS-3	V-50164	BNP Paribe...	-85.00	-76,806.45
Check	10/22/2001	BC	BANK CHARGES	NOTO	V-50164	Cash - CAI ...	-15.17	-76,821.62
Check	10/23/2001	REF	PORT ARTHUR...	B.BOSS-3	V-50164	BNP Paribe...	-20.83	-76,842.45
Check	11/5/2001	INS	CRAIG FERGU...	NOTO	V-50164	Cash - CAI ...	-15.22	-76,857.67
Deposit	11/6/2001	REV	VALERO MARK...	NOTO	V-50164	Cash - CAI ...	-96.45	-76,954.12
Check	11/6/2001	FRGHT	BLUNDELL CO...	NOTO	V-50164	Cash - CAI ...	-15.24	-76,969.36
Check	11/6/2001	FIN	VALERO MARK...	NOTO	V-50164	Cash - CAI ...	-618.00	-77,587.36
Check	11/8/2001	FIN	Diamond Shamr...	NOTO	V-50164	Cash - CAI ...	-618.00	-78,205.36
Check	11/13/2001	FIN	VALERO MARK ..	NOTO	V-50164	Cash - CAI ...	-617.50	-78,822.86
Check	11/13/2001	FIN	VALERO MARK...	NOTO	V-50164	Cash - CAI ...	-617.50	-79,440.36
Deposit	11/13/2001	REV	Diamond Shamr...	NOTO	V-50164	Cash - CAI ...	-73.44	-79,513.80
Deposit	11/13/2001	REV	VALERO MARK...	NOTO	V-50164	Cash - CAI ...	-95.73	-79,609.53
Deposit	11/13/2001	REV	VALERO MARK...	NOTO	V-50164	Cash - CAI ...	-95.56	-79,705.09
Check	11/15/2001	LGHT	AMERICAN EA...	NOTO	V-50164	Cash - CAI ...	-14.99	-79,720.08
General Journal	11/30/2001	Je-Ck-11	Accrual	noto/b. boss-3	V-50164	Sales - Oil ...	38,000.00	-41,720.08
Deposit	2/1/2002	DEM	/ALERO MARK...	Noto	V-50164	Cash - CAI ...	-20.00	-41,740.08
Check	4/11/2002	DEM	BLUNDELL CO....	NOTO	V-50164	Cash - CAI ...	-14.98	-41,755.06
Total Finance Charges							-41,755.06	-41,755.06
Lightering Charges								
General Journal	9/30/2001	Je-Ck-04	Accrual	NOTO	V-50164	Accounts R...	-196,000.00	-196,000.00
Check	11/15/2001	LGHT	AMERICAN EA...	NOTO	V-50164	Cash - CAI ...	-190,281.25	-386,281.25
General Journal	11/30/2001	Je-Ck-11	Accrual	noto/b boss-3	V-50164	Sales - Oil ...	196,000.00	-190,281.25
Total Lightering Charges							-190,281.25	-190,281.25
Total Cost of Sales							-44,352,402.74	-44,352,402.74
Commissions								
General Journal	10/2/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	-1,788.50	-1,788.50
General Journal	10/3/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	-1,715.00	-3,503.50
General Journal	10/4/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	-1,347.50	-4,851.00
General Journal	10/5/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	-2,371.60	-7,222.60
General Journal	10/8/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	-1,719.90	-8,942.50
General Journal	10/23/2001			BERGE BOSS	V-50164	Hedge Gain...	-3,650.40	-12,592.90
General Journal	10/24/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	-171.50	-12,764.40
General Journal	10/25/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	-1,519.00	-14,283.40
General Journal	10/26/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	-1,401.40	-15,684.80
General Journal	10/29/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	-906.50	-16,591.30
Deposit	10/30/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	588.00	-16,003.30
General Journal	10/31/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	-563.50	-16,566.80
General Journal	11/1/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	-749.70	-17,316.50
General Journal	11/2/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	-1,715.00	-19,031.50
General Journal	11/6/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	-857.50	-19,889.00
General Journal	11/7/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	-852.60	-20,741.60
General Journal	11/8/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	-852.60	-21,594.20
General Journal	11/12/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	-1,401.40	-22,995.60
Deposit	11/13/2001	COM	COMMISSIONS	NOTO	V-50164	25302/Carr ...	1,401.40	-21,594.20
Total Commissions							-21,594.20	-21,594.20
Hedge Gain /(Loss)								
General Journal	9/30/2001	Je-Ck-04	Accrual	NOTO	V-50164	Accounts R...	3,410,000.00	3,410,000.00
General Journal	10/23/2001			BERGE BOSS	V-50164	-SPLIT-	269,220.00	3,679,220.00
General Journal	11/12/2001			NOTO	V-50164	25302/Carr ...	3,412,770.00	7,091,990.00
General Journal	11/30/2001	Je-Ck-11	Accrual	noto/b. boss-3	V-50164	Sales - Oil ...	-3,410,000.00	3,681,990.00
Total Hedge Gain /(Loss)							3,681,990.00	3,681,990.00

12:25 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 Income								
Deposit	11/9/2001	INT	INTEREST INC...	NOTO	V-50164	25302/Carr ...	7,224.91	7,224.91
Total Interest Income							7,224.91	7,224.91
TOTAL							2,022,769.34	2,022,769.34

12:53 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
Gross Sales								
Sales - Oil Products								
General Journal	11/30/2001	Je-Ck-07	Various	O. SPIRIT-4	V-50169	Accounts R..	39,197,907.27	39,197,907.27
Total Sales - Oil Products							39,197,907.27	39,197,907.27
Total Gross Sales							39,197,907.27	39,197,907.27
Cost of Sales								
Broker Comm								
Check	10/29/2001	1362	DYNOIL ENER...	O.SPIRIT-4	V-50169	Cash - Well...	-250.00	-250.00
Check	10/29/2001	1362	DYNOIL ENER...	O.SPIRIT-4	V-50169	Cash - Well	-250.00	-500.00
Check	11/15/2001	1375	DYNOIL ENER..	O.Spirit-4	V-50169	Cash - Well	-250.00	-750.00
General Journal	12/31/2001	JE-LH/38	STARSUPPLY ...	O.SPIRIT-4	V-50169	Broker Comm	-5,240.76	-5,990.76
General Journal	12/31/2001	JE-LH/38	SYNTEXENER...	O.SPIRIT-4	V-50169	Broker Comm	-2,500.00	-8,490.76
General Journal	12/31/2001	JE-LH/38	ECHO ENERGY	O.SPIRIT-4	V-50169	Broker Comm	-1,000.00	-9,490.76
Check	1/14/2002	1395	STARSUPPLY	O.SPIRIT-4/20 .	V-50169	Cash - Well...	-5,240.76	-14,731.52
Check	1/14/2002	1396	SYNTEXENER...	O.SPIRIT-4/T1..	V-50169	Cash - Well ..	-250.00	-14,981.52
Check	1/14/2002	1396	SYNTEXENER...	O.SPIRIT-4/T1...	V-50169	Cash - Well ..	-250.00	-15,231.52
Check	1/14/2002	1396	SYNTEXENER...	O.SPIRIT-4/T1.	V-50169	Cash - Well...	-250.00	-15,481.52
Check	1/14/2002	1396	SYNTEXENER	O.SPIRIT-4/T1.	V-50169	Cash - Well...	-250.00	-15,731.52
Check	1/14/2002	1396	SYNTEXENER	O SPIRIT-4/T1 ..	V-50169	Cash - Well...	-250.00	-15,981.52
Check	1/14/2002	1396	SYNTEXENER...	O.SPIRIT-4/T1...	V-50169	Cash - Well...	-250.00	-16,231.52
Check	1/14/2002	1396	SYNTEXENER...	O.SPIRIT-4/T1...	V-50169	Cash - Well...	-250.00	-16,481.52
Check	1/14/2002	1396	SYNTEXENER ..	O.SPIRIT-4/T1..	V-50169	Cash - Well...	-250.00	-16,731.52
Check	1/14/2002	1396	SYNTEXENER...	O.SPIRIT-4/T1...	V-50169	Cash - Well...	-250.00	-16,981.52
Check	1/14/2002	1396	SYNTEXENER...	O.SPIRIT-4/T1...	V-50169	Cash - Well...	-250.00	-17,231.52
Check	1/15/2002	1401	ECHO ENERGY	O SPIRIT-4/C3	V-50169	Cash - Well...	-500.00	-17,731.52
Check	1/15/2002	1401	ECHO ENERGY	O.SPIRIT-4/C3...	V-50169	Cash - Well...	-250.00	-17,981.52
Check	1/15/2002	1401	ECHO ENERGY	O.SPIRIT-4/C3	V-50169	Cash - Well...	-250.00	-18,231.52
General Journal	2/28/2002	JE-LH/02	STARSUPPLY ...	O SPIRIT-4	V-50169	Broker Comm	5,240.76	-12,990.76
General Journal	2/28/2002	JE-LH/02	SYNTEXENER...	O.SPIRIT-4	V-50169	Broker Comm	2,500.00	-10,490.76
General Journal	2/28/2002	JE-LH/02	ECHO ENERGY	O SPIRIT-4	V-50169	Broker Comm	1,000.00	-9,490.76
Total Broker Comm							-9,490.76	-9,490.76
Exchange gain/loss								
Check	11/6/2001	PURCH	UNITED NATIO...	O SPIRIT-4	V-50169	Cash - CAI ...	-22,756.69	-22,756.69
Total Exchange gain/loss							-22,756.69	-22,756.69
Demurrage @ Lighter								
Deposit	12/28/2001	LGHT	VALERO MARK...	O.SPIRIT-4	V-50169	Cash - CAI ...	14,769.60	14,769.60
General Journal	12/31/2001	Je-Ck-29	Accrual	O. SPIRIT-4	V-50169	-SPLIT-	55,227.43	69,997.03
Total Demurrage @ Lighter							69,997.03	69,997.03
Crude Purchases								
Check	11/7/2001	PURCH	HAVERHILL TR...	O SPIRIT-4	V-50169	Cash - CAI ...	-1,021,795.48	-1,021,795.48
Check	11/8/2001	PURCH	UNITED NATIO...	O SPIRIT-4	V-50169	Cash - CAI ...	-37,930,600.31	-38,952,395.79
Total Crude Purchases							-38,952,395.79	-38,952,395.79
Interest								
Check	10/15/2001	LOAN	FIXED TERM A...	O.SPIRIT-4	V-50169	Cash - CAI ...	-779.10	-779.10
Check	10/24/2001	LOAN	FIXED TERM A..	O.SPIRIT-4	V-50169	Cash - CAI ...	-529.76	-1,308.86
Check	10/26/2001	LOAN	FIXED TERM A...	H.PARADISE-6	V-50169	BNP Paribe	-2,131.78	-3,440.64
Check	10/29/2001	LOAN	FIXED TERM A...	O SPIRIT-4	V-50169	Cash - CAI ...	-1,112.11	-4,552.75
Check	11/8/2001	LOAN	FIXED TERM A .	O SPIRIT-4	V-50169	Cash - CAI .	-785.33	-5,338.08
Check	11/15/2001	LOAN	FIXED TERM A...	O.SPIRIT-4	V-50169	Cash - CAI ...	-305.24	-5,643.32
Check	11/15/2001	LOAN	FIXED TERM A	O.SPIRIT-4	V-50169	Cash - CAI ...	-24,534.04	-30,177.36
Check	11/15/2001	LOAN	FIXED TERM A...	O.SPIRIT-4	V-50169	Cash - CAI ...	-339.54	-30,516.90
Check	11/19/2001	LOAN	FIXED TERM A...	O.SPIRIT-4	V-50169	Cash - CAI ...	-15,313.22	-45,830.12
General Journal	11/30/2001	JE/LH-01	CAI	O.SPIRIT-4	V-50169	L/C Charges	-5,203.06	-51,033.18
General Journal	11/30/2001	Je-Ck-07	Accrual	O. SPIRIT-4	V-50169	Accounts R .	-150,000.00	-201,033.18
Check	12/3/2001	LOAN	FIXED TERM A.	O SPIRIT-4	V-50169	Cash - CAI ..	-53,816.21	-254,849.39
Check	12/4/2001	LOAN	FIXED TERM A...	O.SPIRIT-4	V-50169	Cash - CAI	-2,491.26	-257,140.65
Check	12/5/2001	loan	FIXED TERM A...	O.SPIRIT-4	V-50169	Cash - CAI	-3,047.00	-260,187.65
Check	12/7/2001	LOAN	FIXED TERM A...	O.SPIRIT-4	V-50169	Cash - CAI .	-4,583.33	-264,770.98
Check	12/17/2001	LOAN	FIXED TERM A..	O.SPIRIT-4	V-50169	Cash - CAI ..	-1,841.67	-266,612.65
Check	12/31/2001	INT	INTEREST CHA...	O.SPIRIT-4	V-50169	Cash - CAI ...	-1,197.58	-267,810.23
Check	12/31/2001	INT	INTEREST CHA...	O.SPIRIT-4	V-50169	Cash - CAI ...	-942.52	-268,752.75
General Journal	12/31/2001	Je-Ck-29	Reverse Accrual	O. SPIRIT-4	V-50169	Demurrage ...	150,000.00	-118,752.75
Check	1/3/2002	LOAN	FIXED TERM A...	O.SPIRIT-4	V-50169	Cash - CAI ...	-3,492.15	-122,244.90
Check	1/10/2002	LOAN	FIXED TERM A...	O.SPIRIT-4	V-50169	Cash - CAI ...	-1,417.62	-123,662.52
Check	1/14/2002	LOAN	FIXED TERM A...	O.SPIRIT-4	V-50169	Cash - CAI ...	-610.56	-124,273.08
Total Interest							-124,273.08	-124,273.08
Inspection								
General Journal	11/30/2001	Je-Ck-07	Accrual	O. SPIRIT-4	V-50169	Accounts R...	-35,000.00	-35,000.00
General Journal	6/30/2002	Je-Ck-16	Accrual	O. Spirit-4	V-50169	Estimated ...	-4,856.38	-39,856.38
Total Inspection							-39,856.38	-39,856.38

12:53 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
Insurance								
General Journal	11/30/2001	Je-Ck-07	Accrual	O. SPIRIT-4	V-50169	Accounts R...	-25,000.00	-25,000.00
Check	12/13/2001	INS	CRAIG FERGU...	O.SPIRIT-4	V-50169	Cash - CAI ...	-28,173.61	-53,173.61
General Journal	12/31/2001	Je-Ck-29	Reverse Accrual	O. SPIRIT-4	V-50169	Demurrage ...	25,000.00	-28,173.61
Check	1/31/2002	INS	CRAIG FERGU...	O.SPIRIT-4	V-50169	Cash - CAI ...	-2,647.61	-30,821.22
Total Insurance							-30,821.22	-30,821.22
L/C Charges								
General Journal	9/30/2001	JE-LH/02	CAI	O SPIRIT-4	V-50169	Bank Servic...	-52,281.07	-52,281.07
Total L/C Charges							-52,281.07	-52,281.07
Freight								
Check	10/4/2001	INS	GRACESEA LI...	O.SPIRIT-4	V-50169	Cash - CAI ...	-107,835.62	-107,835.62
Check	10/5/2001	FRGHT	GRACESEA LI...	O.SPIRIT-4	V-50169	Cash - CAI ...	-634,393.95	-742,229.57
Check	11/9/2001	FRGHT	GRACESEA LI...	O.SPIRIT-2	V-50169	Cash - CAI ...	-586,865.20	-1,329,094.77
Check	11/13/2001	FRGHT	FAL ENERGY C...	O.SPIRIT-4	V-50169	Cash - CAI ...	-1,824,406.18	-3,153,500.95
General Journal	11/30/2001	Je-Ck-07	Accrual	O. SPIRIT-4	V-50169	Accounts R...	-716,738.70	-3,870,239.65
General Journal	11/30/2001	Je-Ck-07	Accrual	O. SPIRIT-4	V-50169	Accounts R...	-496,580.50	-4,366,820.15
General Journal	11/30/2001	Je-Ck-07	Accrual	O. SPIRIT-4	V-50169	Accounts R	552,681.50	-3,814,138.65
Check	12/3/2001	FRGHT	LICORNE PACI	O SPIRIT-4	V-50169	Cash - CAI ...	-506,270.70	-4,320,409.35
Check	12/7/2001	FRGHT	OBC SHIPPING	O SPIRIT-4	V-50169	Cash - CAI ...	-10,650.00	-4,331,059.35
Check	12/13/2001	FRGHT	LETH SUEZ TR...	O.SPIRIT-4	V-50169	Cash - CAI ...	-210,468.00	-4,541,527.35
General Journal	12/31/2001	Je-Ck-29	Reverse Accrual	O. SPIRIT-4	V-50169	Demurrage ...	716,738.70	-3,824,788.65
Check	1/10/2002	FRGHT	THE KANOO G...	O.SPIRIT-4	V-50169	Cash - CAI ...	-1,310.00	-3,826,098.65
Check	2/7/2002	FRGHT	GRACESEA LI...	O.SPIRIT-4	V-50169	Cash - CAI ...	-45,731.70	-3,871,830.35
Check	3/27/2002	FRGHT	THE KANOO G...	O.SPIRIT-4 AG.	V-50169	BNP Paribs	-5.01	-3,871,835.36
Check	4/16/2002	FRGHT	SGS CSI	O.SPIRIT-4/OF...	V-50169	BNP Paribs	-700.00	-3,872,535.36
Total Freight							-3,872,535.36	-3,872,535.36
Demurrage								
General Journal	11/30/2001	Je-Ck-07	Accrual	O. SPIRIT-4	V-50169	Accounts R...	-25,000.00	-25,000.00
General Journal	4/30/2002	Je-Ck-14	Reverse Accrual	O. SPIRIT-4	V-50169	Estimated ...	25,000.00	0.00
Total Demurrage							0.00	0.00
Finance Charges								
General Journal	9/30/2001	JE-LH/02	CAI	O.SPIRIT-4	V-50169	Bank Servic...	-124.00	-124.00
Check	10/4/2001	INS	GRACESEA LI...	O.SPIRIT-4	V-50169	Cash - CAI ...	-15.40	-139.40
Check	10/5/2001	FRGHT	GRACESEA LI...	O.SPIRIT-4	V-50169	Cash - CAI ...	-15.44	-154.84
Check	10/10/2001	BC	BANK CHARGES	O.SPIRIT-4	V-50169	Cash - CAI ...	-15.37	-170.21
Check	10/11/2001	BC	BANK CHARGES	O.SPIRIT-4	V-50169	Cash - CAI ...	-15.27	-185.48
Check	10/22/2001	FIN	BANK CHARGES	H PARADISE-6	V-50169	BNP Paribs ...	-31.08	-216.56
Check	10/24/2001	BC	BANK CHARGES	O.SPIRIT-4	V-50169	Cash - CAI ...	-15.05	-231.61
Check	10/25/2001	BC	BANK CHARGES	O SPIRIT-4	V-50169	Cash - CAI ...	-15.15	-246.76
Check	10/29/2001	BC	BANK CHARGES	O.SPIRIT-4	V-50169	Cash - CAI ...	-15.25	-262.01
Check	10/30/2001	BC	BANK CHARGES	O SPIRIT-4	V-50169	Cash - CAI ...	-15.46	-277.47
Check	11/7/2001	PURCH	HAVERHILL TR...	O SPIRIT-4	V-50169	Cash - CAI ...	-15.29	-292.76
Check	11/8/2001	PURCH	UNITED NATIO ...	O SPIRIT-4	V-50169	Cash - CAI	-42,851.23	-43,143.99
Check	11/9/2001	BC	BANK CHARGES	O.SPIRIT-4	V-50169	Cash - CAI ...	-15.15	-43,159.14
Check	11/9/2001	FRGHT	GRACESEA LI...	O. Spirit-2	V-50169	Cash - CAI	-15.15	-43,174.29
Check	11/13/2001	FRGHT	FAL ENERGY C...	O.SPIRIT-4	V-50169	Cash - CAI ...	-14.97	-43,189.26
Check	11/14/2001	BC	BANK CHARGES	O.SPIRIT-4	V-50169	Cash - CAI ...	-14.96	-43,204.22
Check	11/19/2001	bc	BANK CHARGES	O.SPIRIT-4	V-50169	Cash - CAI ...	-15.01	-43,219.23
Check	11/20/2001	BC	BANK CHARGES	O.SPIRIT-4	V-50169	Cash - CAI ...	-15.10	-43,234.33
Check	11/21/2001	BC	BANK CHARGES	O.SPIRIT-4	V-50169	Cash - CAI ...	-15.08	-43,249.41
Check	11/28/2001	BC	BANK CHARGES	O.SPIRIT-4	V-50169	Cash - CAI ...	-15.14	-43,264.55
Check	12/3/2001	FRGHT	LICORNE PACI...	O.SPIRIT-4	V-50169	Cash - CAI ...	-15.13	-43,279.68
Deposit	12/4/2001	REV	PORT ARTHUR...	O.SPIRIT-4	V-50169	Cash - CAI	-1,402.70	-44,682.38
Deposit	12/5/2001	REV	VALERO MARK	O SPIRIT-4	V-50169	Cash - CAI ...	-558.30	-45,240.68
Check	12/6/2001	LGHT	DALESTREET/...	O.SPIRIT-4	V-50169	Cash - CAI ...	-15.07	-45,255.75
Deposit	12/6/2001	LGHT	MTL PETROLIN...	O.SPIRIT-4	V-50169	Cash - CAI ...	-40.00	-45,295.75
Check	12/7/2001	LGHT	AMERICAN EA...	O SPIRIT-4	V-50169	Cash - CAI ...	-15.10	-45,310.85
Check	12/7/2001	FRGHT	OBC SHIPPING ...	O.SPIRIT-4	V-50169	Cash - CAI ...	-15.10	-45,325.95
Deposit	12/7/2001	rev	PORT ARTHUR...	O SPIRIT-4	V-50169	Cash - CAI ...	-1,299.55	-46,625.50
Deposit	12/7/2001	REV	KOCH PETROL...	O.SPIRIT-4	V-50169	Cash - CAI ...	-569.01	-47,194.51
Deposit	12/7/2001	REV	Diamond Shamr...	O.SPIRIT-4	V-50169	Cash - CAI ...	-547.71	-47,742.22
Check	12/13/2001	INS	CRAIG FERGU...	O.SPIRIT-4	V-50169	Cash - CAI ...	-15.23	-47,757.45
Check	12/13/2001	FRGHT	LETH SUEZ TR...	O.SPIRIT-4	V-50169	Cash - CAI ...	-15.24	-47,772.69
Deposit	12/28/2001	LGHT	VALERO MARK ...	O.SPIRIT-4	V-50169	Cash - CAI ...	-20.00	-47,792.69
Check	1/10/2002	FRGHT	THE KANOO G...	O.SPIRIT-4	V-50169	Cash - CAI ...	-15.04	-47,807.73
Check	1/31/2002	INS	CRAIG FERGU...	O.SPIRIT-4	V-50169	Cash - CAI ...	-14.62	-47,822.35
Check	2/7/2002	FRGHT	GRACESEA LI...	O.SPIRIT-4	V-50169	Cash - CAI ...	-14.72	-47,837.07
Total Finance Charges							-47,837.07	-47,837.07

12:53 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
Lightering Charges								
General Journal	11/30/2001	Je-Ck-07	Accrual	O. SPRIT-4	V-50169	Accounts R...	-470,484.10	-470,484 10
Check	12/6/2001	LGHT	DALESTREET/...	O.SPIRIT-4	V-50169	Cash - CAI ...	-122,789.04	-593,273.14
Deposit	12/6/2001	LGHT	MTL PETROLIN...	O.SPIRIT-4	V-50169	Cash - CAI ...	124,023.69	-469,249.45
Check	12/7/2001	LGHT	AMERICAN EA...	O.SPIRIT-4	V-50169	Cash - CAI ...	-471,718.75	-940,968.20
General Journal	12/31/2001	Je-Ck-29	Reverse Accrual	O. SPIRIT-4	V-50169	Demurrage ...	470,484.10	-470,484.10
Total Lightering Charges							-470,484.10	-470,484.10
Total Cost of Sales							-43,552,734.49	-43,552,734 49
Bank Service Charges								
Check	11/8/2001	PURCH	UNITED NATIO	O.SPIRIT-4	V-50169	Cash - CAI ...	-162 18	-162.18
Total Bank Service Charges							-162.18	-162.18
Commissions								
General Journal	10/23/2001	com	COMMISSIONS	OLYMPIA SPI...	V-50169	25300/Carr ...	-14,700.00	-14,700.00
General Journal	10/24/2001	COM	COMMISSIONS	OLYMPIA SPI...	V-50169	25300/Carr ...	-3,106.60	-17,806.60
General Journal	10/25/2001	COM	COMMISSIONS	OLYMPIA SPI...	V-50169	25300/Carr ...	-891.80	-18,698.40
General Journal	10/26/2001	COM	COMMISSIONS	OLYMPIA SPI	V-50169	25300/Carr ...	-2,655.80	-21,354.20
General Journal	10/29/2001	COM	COMMISSIONS	OLYMPIA SPI...	V-50169	25300/Carr ...	-2,778.30	-24,132 60
General Journal	10/29/2001			OLYMPIA SPI	V-50169	Hedge Gain...	-105.00	-24,237 50
General Journal	10/29/2001			OLYMPIA SPI...	V-50169	Hedge Gain...	-105.00	-24,342.50
General Journal	10/30/2001	COM	COMMISSIONS	OLYMPIA SPI	V-50169	25300/Carr ...	-1,308.30	-25,650.80
General Journal	10/31/2001	COM	COMMISSIONS	OLYMPIA SPI ..	V-50169	25300/Carr ...	-2,082.50	-27,733 30
General Journal	11/2/2001	COM	COMMISSIONS	OLYMPIA SPI	V-50169	25300/Carr ...	-857.50	-28,590.80
General Journal	11/5/2001	COM	COMMISSIONS	O.SPIRIT 4	V-50169	25301/Carr ...	-367.50	-28,958.30
General Journal	11/6/2001	COM	COMMISSIONS	OLYMPIA SPI...	V-50169	25300/Carr ...	-2,675 40	-31,633.70
Deposit	11/6/2001	COM	COMMISSIONS	OLYMPIA SPI. .	V-50169	25301/Carr	367 50	-31,266.20
General Journal	11/7/2001	COM	COMMISSIONS	OLYMPIA SPI...	V-50169	25301/Carr ...	-367.50	-31,633.70
Deposit	11/8/2001	COM	COMMISSIONS	OLYMPIA SPI...	V-50169	25301/Carr ...	362.60	-31,271.10
General Journal	11/8/2001	COM	COMMISSIONS	OLYMPIA SPI...	V-50169	25300/Carr ...	-739.90	-32,011.00
General Journal	11/12/2001	COM	COMMISSIONS	OLYMPIA SPI...	V-50169	25300/Carr ...	-372.40	-32,383 40
General Journal	11/12/2001	COM	COMMISSIONS	OLYMPIA SPI...	V-50169	25301/Carr ...	-490.00	-32,873.40
General Journal	11/13/2001	COM	COMMISSIONS	OLYMPIA SPI...	V-50169	25300/Carr	-1,724.80	-34,598.20
General Journal	11/14/2001	COM	COMMISSIONS	OLYMPIA SPI...	V-50169	25301/Carr	-2,072.70	-36,670.90
General Journal	11/15/2001	COM	COMMISSIONS	OLYMPIA SPI...	V-50169	25300/Carr ...	-2,219.70	-38,890.60
Deposit	11/15/2001	COM	COMMISSIONS	OLYMPIA SPI...	V-50169	25301/Carr ...	2,567.66	-36,322 94
General Journal	11/19/2001	COM	COMMISSIONS	OLYMPIA SPI ..	V-50169	25300/Carr ...	-1,494.56	-37,817.50
Deposit	11/20/2001	COM	COMMISSIONS	OLYMPIA SPI...	V-50169	25300/Carr ...	44.10	-37,773.40
General Journal	11/21/2001	COM	COMMISSIONS	OLYMPIA SPI...	V-50169	25300/Carr ...	-122.50	-37,895 90
General Journal	11/26/2001	com	COMMISSIONS	OLYMPIA SPI ..	V-50169	25300/Carr ...	-1,661.10	-39,557.00
General Journal	11/27/2001	COM	COMMISSIONS	OLYMPIA SPI ..	V-50169	25300/Carr ...	-1,029.00	-40,586.00
General Journal	11/28/2001	COM	COMMISSIONS	OLYMPIA SPI ..	V-50169	25300/Carr ...	-558.60	-41,144.60
General Journal	11/29/2001	COM	COMMISSIONS	OLYMPIA SPI...	V-50169	25300/Carr ...	-1,548.40	-42,693.00
General Journal	11/30/2001	COM	COMMISSIONS	OLYMPIA SPI ..	V-50169	25300/Carr ...	-980 00	-43,673.00
Total Commissions							-43,673.00	-43,673.00
Hedge Gain /(Loss)								
General Journal	10/29/2001			OLYMPIA SPI	V-50169	-SPLIT-	-7,500.00	-7,500 00
General Journal	10/29/2001			OLYMPIA SPI...	V-50169	Hedge Gain...	-7,500 00	-15,000.00
General Journal	11/30/2001	Je-Ck-07	Accrual	O SPIRIT-4	V-50169	Accounts R...	5,816,560.00	5,801,560.00
General Journal	12/3/2001			OLYMPIA SPI...	V-50169	-SPLIT-	-1,322,500.00	4,479,060.00
General Journal	12/3/2001			OLYMPIA SPI	V-50169	Hedge Gain...	7,139,060.00	11,618,120.00
General Journal	12/31/2001	Je-Ck-29	Reverse Accrual	O SPIRIT-4	V-50169	Demurrage ...	-5,816,560 00	5,801,560.00
Total Hedge Gain /(Loss)							5,801,560.00	5,801,560.00
Interest Income								
Deposit	11/9/2001	INT	INTEREST INC...	OLYMPIA SPI...	V-50169	25300/Carr ...	1,483.35	1,483.35
Deposit	12/6/2001	INT	INTEREST INC...	OLYMPIA SPI...	V-50169	25300/Carr ...	8,684.67	10,168.02
Deposit	12/8/2001	INT	INTEREST INC...	OLYMPIA SPI	V-50169	25301/Carr ...	45.58	10,213.60
Total Interest Income							10,213.60	10,213.60
TOTAL							**1,413,111.20**	**1,413,111.20**

2:48 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
Gross Sales								
Sales - Oil Products								
General Journal	11/30/2001	Je-Ck-44	PREMCOR	H Capitol-4	V-50175	Accounts R...	7,347,444.01	7,347,444.01
Deposit	1/14/2002	REV	VALERO MARK...	H.CAPITOL-4	V-50175	Cash - CAI ...	9,237,701.54	16,585,145.55
Deposit	1/14/2002	REV	PREMCOR	H.CAPITOL-4	V-50175	Cash - CAI ...	8,152,067.95	24,737,213.50
Deposit	1/15/2002	REV	VALERO MARK...	H.CAPITOL-4	V-50175	Cash - CAI ..	8,213,202.58	32,950,416.08
Check	2/4/2002	PYMNT	PREMCOR	H.CAPITOL-4	V-50175	Cash - CAI ...	-465,775.39	32,484,640.69
Deposit	3/15/2002	rev	PREMCOR	H.CAPITOL-4	V-50175	Cash - CAI ...	9,000.00	32,493,640.69
Total Sales - Oil Products							32,493,640.69	32,493,640.69
Total Gross Sales							32,493,640.69	32,493,640.69
Cost of Sales								
Secondary Chgs.								
General Journal	11/30/2001	Je-Ck-44	Accrual	H. Capitol-4	V-50175	Accounts R...	3,907,588.90	3,907,588.90
General Journal	12/31/2001	Je-Ck-36	Accrual	H. CAPITOL-4	V-50175	Cargos in tr...	-3,907,588.90	0.00
General Journal	12/31/2001	Je-Ck-36	Accrual	H. CAPITOL-4	V-50175	Cargos in tr	4,606,915.50	4,606,915.50
General Journal	3/31/2002	Je-Ck-15	Reverse Accrual	H CAPITOL-4	V-50175	Crude Purc	-4,606,915.50	0.00
General Journal	3/31/2002	Je-Ck-15	Reverse Accrual	H Capitol-4	V-50175	Crude Purc.	47,219.82	47,219.82
Total Secondary Chgs.							47,219.82	47,219.82
Exchange gain/loss								
Check	11/30/2001	PURCH	UNITED NATIONS	H.CAPITOL-4	V-50175	Cash - CAI ..	-19,953.88	-19,953.88
Total Exchange gain/loss							-19,953.88	-19,953.88
Crude Purchases								
Check	11/1/2001	PURCH	CENTURY MAR..	H.CAPITOL-4	V-50175	Cash - CAI ...	-266,960.70	-266,960.70
Check	11/6/2001	PURCH	CENTURY MAR...	H.CAPITOL-4	V-50175	Cash - CAI ...	-25,539.30	-292,500.00
Check	11/30/2001	PURCH	HAVERHILL TR .	H.CAPITOL-4	V-50175	Cash - CAI ...	-769,472.28	-1,061,972.28
Check	11/30/2001	PURCH	UNITED NATIONS	H.CAPITOL-4	V-50175	Cash - CAI ..	-29,462,302.40	-30,524,274.68
General Journal	11/30/2001	Je-Ck-44	Accrual	H Capitol-4	V-50175	Accounts R.	23,469,040.00	-7,055,234.68
General Journal	12/31/2001	Je-Ck-36	Accrual	H. CAPITOL-4	V-50175	Cargos in tr...	-23,469,040.00	-30,524,274.68
General Journal	12/31/2001	Je-Ck-36	Accrual	H. CAPITOL-4	V-50175	Cargos in tr .	23,537,040.10	-6,987,234.58
General Journal	3/31/2002	Je-Ck-15	Reverse Accrual	H. CAPITOL-4	V-50175	-SPLIT-	-23,537,040.10	-30,524,274.68
General Journal	3/31/2002	Je-Ck-15	Reverse Accrual	H. Capitol-4	V-50175	Crude Purc .	7,876,652.39	-22,647,622.29
General Journal	6/30/2002	Je-Ck-14A	Reverse Accrual	H. Capitol-4	V-50175	Receivable-..	-186,870.53	-22,834,492.82
Total Crude Purchases							-22,834,492.82	-22,834,492.82
Interest								
Check	11/21/2001	LOAN	FIXED TERM A...	H.CAPITOL-4	V-50175	Cash - CAI ...	-1,265.56	-1,265.56
Check	11/30/2001	LOAN	FIXED TERM A...	H.CAPITOL-4	V-50175	Cash - CAI ...	-1,401.96	-2,667.52
Check	11/30/2001	LOAN	FIXED TERM A...	H.CAPITOL-4	V-50175	Cash - CAI ..	-747.60	-3,415.12
General Journal	11/30/2001	Je-Ck-44	Accrual	H. Capitol-4	V-50175	Accounts R .	-150,000.00	-153,415.12
Check	12/17/2001	LOAN	FIXED TERM A...	H.CAPITOL-4	V-50175	Cash - CAI ...	-48,348.70	-201,763.82
Check	12/31/2001	INT	INTEREST CHA...	H.CAPITOL-4	V-50175	Cash - CAI ...	-1,320.17	-203,083.99
General Journal	12/31/2001	Je-Ck-36	Accrual	H. CAPITOL-4	V-50176	Cargos in tr...	50,000.00	-153,083.99
Check	1/3/2002	LOAN	FIXED TERM A...	H.CAPITOL-4	V-50175	Cash - CAI ...	-46,395.67	-199,479.66
General Journal	1/4/2002	INT	INTEREST CHA...	HELLESPONT ...	V-50175	25302/Carr .	-2,763.79	-202,243.45
Check	1/10/2002	LOAN	FIXED TERM A...	H CAPITOL-4	V-50175	Cash - CAI ..	-18,834.08	-221,077.53
Check	1/14/2002	LOAN	FIXED TERM A...	H.CAPITOL-4	V-50175	Cash - CAI	-8,111.63	-229,189.16
Check	1/14/2002	LOAN	FIXED TERM A.	H.CAPITOL-4	V-50175	Cash - CAI ...	-108.44	-229,297.60
Check	1/15/2002	LOAN	FIXED TERM A...	H.CAPITOL-4	V-50175	Cash - CAI ...	-709.99	-230,007.59
Check	1/17/2002	LOAN	FIXED TERM A	H.CAPITOL-4	V-50175	Cash - CAI ...	-24.67	-230,032.26
Check	1/17/2002	LOAN	FIXED TERM A...	H.CAPITOL-4	V-50175	Cash - CAI ...	-80.03	-230,112.29
General Journal	2/6/2002	INT	INTEREST CHA...	HELLESPONT ...	V-50175	25302/Carr ...	-6,158.89	-236,271.18
General Journal	3/6/2002	INT	INTEREST CHA...	HELLESPONT .	V-50175	25302/Carr ...	-5,084.41	-241,355.59
General Journal	3/31/2002	Je-Ck-15	Reverse Accrual	H CAPITOL-4	V-50175	Crude Purc...	100,000.00	-141,355.59
Total Interest							-141,355.59	-141,355.59
Inspection								
General Journal	11/30/2001	Je-Ck-44	Accrual	H. Capitol-4	V-50175	Accounts R...	-40,000.00	-40,000.00
Check	3/11/2002	INSP	INSPECTORAT..	H.CAPITOL-4	V-50175	Cash - CAI ...	-2,151.60	-42,151.60
Check	3/11/2002	INSP	INSPECTORAT .	H.CAPITOL-4	V-50175	Cash - CAI ...	-2,000.85	-44,152.45
Check	3/11/2002	INSP	INSPECTORAT .	H.CAPITOL-4	V-50175	Cash - CAI ...	-2,371.33	-46,523.78
Check	3/11/2002	INSP	INSPECTORAT...	H.CAPITOL-4	V-50175	Cash - CAI	-1,899.74	-48,423.52
Check	3/11/2002	INSP	OIL INSPECTIO...	H.CAPITOL-4	V-50175	Cash - CAI ..	-19,910.38	-68,333.90
General Journal	3/31/2002	Je-Ck-15	Reverse Accrual	H. CAPITOL-4	V-50175	Crude Purc...	40,000.00	-28,333.90
Check	4/10/2002	INSP	OIL INSPECTIO..	H.CAPITOL-4	V-50175	Cash - CAI ...	-14,588.85	-42,922.75
Check	9/18/2002	INSP	OBC SHIPPING ...	H.CAPITOL-4	V-50175	Cash - CAI ...	-7,009.90	-49,932.65
Total Inspection							-49,932.65	-49,932.65
Insurance								
General Journal	11/30/2001	Je-Ck-44	Accrual	H. Capitol-4	V-50175	Accounts R...	-33,000.00	-33,000.00
Check	1/31/2002	INS	CRAIG FERGUS...	H.CAPITOL-4	V-50175	Cash - CAI ...	-24,572.84	-57,572.84
General Journal	3/31/2002	Je-Ck-15	Reverse Accrual	H. CAPITOL-4	V-50175	Crude Purc...	33,000.00	-24,572.84
Total Insurance							-24,572.84	-24,572.84

2:48 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
L/C Charges								
General Journal	10/31/2001	JE-LH/01	CAI	H.CAPITOL-4	V-50175	Freight	-33,847.56	-33,847.56
General Journal	10/31/2001	JE-LH/01	CAI	H.CAPITOL-4	V-50175	Freight	-12,391.65	-46,239.21
Total L/C Charges							-46,239.21	-46,239.21
Freight								
Check	10/10/2001	FRGHT	HELLESPONT S...	H. CAPITOL-4	V-50175	BNP Paribа	-48,400.00	-48,400.00
Check	11/8/2001	FRGHT	HELLESPONT S..	H.CAPITOL-4	V-50175	Cash - CAI ...	-672,750.00	-721,150.00
General Journal	11/30/2001	Je-Ck-21	Reverse Accrual	H. CAPITOL-4	V-50175	Sales - Oil P...	-471,080.26	-1,192,230.26
General Journal	11/30/2001	Je-Ck-44	Accrual	H. Capitol-4	V-50175	Accounts R	-2,085,445.45	-3,277,675.71
Check	12/28/2001	INS	HELLESPONT S...	H.CAPITOL-4	V-50175	Cash - CAI	-135,000.00	-3,412,675.71
General Journal	12/31/2001	Je-Ck-36	Accrual	H. CAPITOL-4	V-50175	Cargos In tr	-1,291,390.00	-4,704,065.71
General Journal	12/31/2001	Je-Ck-36	Accrual	H CAPITOL-4	V-50175	Cargos in tr .	520,433.19	-4,183,632.52
Deposit	2/14/2002	REV	HELLESPONT S...	H CAPITOL-4	V-50175	Cash - CAI ...	-447,354.76	-4,630,987.28
Deposit	2/14/2002	REV	HELLESPONT S...	H. Capitol-4	V-50175	Cash - CAI ...	531,209.26	-4,099,778.02
General Journal	3/31/2002	Je-Ck-15	Reverse Accrual	H. CAPITOL-4	V-50175	Crude Purc...	-520,433.19	-4,620,211.21
General Journal	3/31/2002	Je-Ck-15	Reverse Accrual	H. CAPITOL-4	V-50175	Crude Purc...	414,000.00	-4,206,211.21
Check	4/16/2002	FRGHT	SGS CSI	H.CAPITOL-4/..	V-50175	BNP Paribа...	-700.00	-4,206,911.21
Check	6/6/2002	FRGHT	THE KANOO G...	H.CAPITOL-4	V-50175	Cash - CAI	-1,308.57	-4,208,219.78
Check	9/18/2002	INSP	OBC SHIPPING ...	H. Capitol-4	V-50175	Cash - CAI .	-2,950.00	-4,211,169.78
Total Freight							-4,211,169.78	-4,211,169.78
Finance Charges								
General Journal	10/31/2001	JE-LH/01	CAI	H.CAPITOL-4	V-50175	Freight	-123.91	-123.91
General Journal	10/31/2001	JE-LH/01	CAI	H.CAPITOL-4	V-50175	Freight	-123.91	-247.82
General Journal	10/31/2001	JE-LH/01	CAI	H.CAPITOL-4	V-50175	Freight	-137.68	-385.50
Check	11/1/2001	PURCH	CENTURY MAR.	H.CAPITOL-4	V-50175	Cash - CAI ...	-15.38	-400.88
Check	11/6/2001	PURCH	CENTURY MAR...	H.CAPITOL-4	V-50175	Cash - CAI ...	-15.23	-416.11
Check	11/8/2001	FRGHT	HELLESPONT S...	H.CAPITOL-4	V-50175	Cash - CAI ...	-15.30	-431.41
Check	11/30/2001	PURCH	HAVERHILL TR...	H.CAPITOL-4	V-50175	Cash - CAI ...	-15.08	-446.49
Check	11/30/2001	PURCH	UNITED NATIONS	H.CAPITOL-4	V-50175	Cash - CAI ...	-34,783.44	-35,229.93
Check	12/3/2001	BC	BANK CHARGES	H.CAPITOL-4	V-50175	Cash - CAI ..	-15.13	-35,245.06
Check	12/4/2001	BC	BANK CHARGES	H.CAPITOL-4	V-50175	Cash - CAI	-15.12	-35,260.18
Check	12/7/2001	FRGHT	HELLESPONT S...	H.CAPITOL-4	V-50175	Cash - CAI ...	-15.10	-35,275.28
Check	12/7/2001	FRGHT	FAL ENERGY C ...	H.CAPITOL-4	V-50175	Cash - CAI ...	-15.10	-35,290.38
Check	12/11/2001	BC	BANK CHARGES	H.CAPITOL-4	V-50175	Cash - CAI ..	-15.04	-35,305.42
Check	12/13/2001	BC	BANK CHARGES	H CAPITOL-4	V-50175	Cash - CAI ...	-15.21	-35,320.63
Check	12/17/2001	BC	BANK CHARGES	H CAPITOL-4	V-50175	Cash - CAI ...	-15.32	-35,335.95
Check	12/19/2001	BC	BANK CHARGES	H.CAPITOL-4	V-50175	Cash - CAI ...	-15.19	-35,351.14
Check	12/20/2001	BC	BANK CHARGES	H CAPITOL-4	V-50175	Cash - CAI ...	-15.29	-35,366.43
Check	12/20/2001	BC	BANK CHARGES	H.CAPITOL-4	V-50175	Cash - CAI .	-15.29	-35,381.72
Check	12/28/2001	INS	HELLESPONT S...	H.CAPITOL-4	V-50175	Cash - CAI ...	-14.84	-35,396.56
Check	12/31/2001	BC	BANK CHARGES	H.CAPITOL-4	V-50175	Cash - CAI ...	-14.88	-35,411.44
Deposit	1/7/2002	REV	PREMCOR	H.CAPITOL-4	V-50175	Cash - CAI ...	-1,414.01	-36,825.45
Check	1/10/2002	FRGHT	HELLESPONT S...	H.CAPITOL-4	V-50175	Cash - CAI ...	-15.04	-36,840.49
Deposit	1/14/2002	REV	VALERO MARK...	H.CAPITOL-4	V-50175	Cash - CAI .	-556.54	-37,397.03
Deposit	1/14/2002	REV	PREMCOR	H.CAPITOL-4	V-50175	Cash - CAI . .	-1,397.95	-38,794.98
Deposit	1/15/2002	REV	VALERO MARK	H CAPITOL-4	V-50175	Cash - CAI ...	-557.58	-39,352.56
Deposit	1/17/2002	REV	PREMCOR	H.CAPITOL-4	V-50175	Cash - CAI ...	-601.15	-39,953.71
Check	1/23/2002	BC	BANK CHARGES	H CAPITOL-4	V-50175	Cash - CAI ...	-15.01	-39,968.72
Check	1/23/2002	FRGHT	LETH SUEZ TR...	H CAPITOL-4	V-50175	Cash - CAI ...	-15.01	-39,983.73
Check	1/23/2002	FIN	PREMCOR	H.CAPITOL-4	V-50175	Cash - CAI ...	-263.53	-40,247.26
Deposit	1/23/2002	REV	PREMCOR	H. Capitol-4	V-50175	Cash - CAI .	-601.24	-40,848.50
Check	1/24/2002	BC	BANK CHARGES	H.CAPITOL-4	V-50175	Cash - CAI ...	-14.90	-40,863.40
Check	1/25/2002	BC	BANK CHARGES	H.CAPITOL-4	V-50175	Cash - CAI .	-14.67	-40,878.07
Check	1/28/2002	BC	BANK CHARGES	H.CAPITOL-4	V-50175	Cash - CAI ...	-14.59	-40,892.66
Check	1/28/2002	LGHT	MTL PETROLIN...	H.CAPITOL-4	V-50175	Cash - CAI ...	-14.58	-40,907.24
Check	2/4/2002	PYMNT	PREMCOR	H.CAPITOL-4	V-50175	Cash - CAI ...	-14.63	-40,921.87
Deposit	2/26/2002	DEM	PREMCOR	H. Capitol-4	V-50175	Cash - CAI ...	-20.00	-40,941.87
Check	3/11/2002	INSP	OIL INSPECTIO...	H.CAPITOL-4	V-50175	Cash - CAI ..	-14.84	-40,956.71
Deposit	3/15/2002	rev	PREMCOR	H.CAPITOL-4	V-50175	Cash - CAI	-20.00	-40,976.71
Check	4/16/2002	FRGHT	SGS CSI	H.CAPITOL-4	V-50175	BNP Paribа...	-20.76	-40,997.47
Total Finance Charges							-40,997.47	-40,997.47
Lightering Charges								
General Journal	11/30/2001	Je-Ck-44	Accrual	H Capitol-4	V-50175	Accounts R...	-217,000.00	-217,000.00
General Journal	12/31/2001	Je-Ck-36	Accrual	H. CAPITOL-4	V-50175	Cargos In tr...	-729.30	-217,729.30
General Journal	12/31/2001	Je-Ck-36	Accrual	H. CAPITOL-4	V-50175	Cargos in tr .	32,377.95	-185,351.35
Total Lightering Charges							-185,351.35	-185,351.35
Total Cost of Sales							-27,506,845.77	-27,506,845.77
Interest Expense								
General Journal	3/31/2002	JE-LH/02	CAI	H.CAPITOL-4	V-50175	BBL	-789.01	-789.01
Total Interest Expense							-789.01	-789.01

2:48 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
Commissions								
General Journal	11/16/2001	COM	COMMISSIONS	HELLESPONT .	V-50175	25302/Carr ...	-2,832.20	-2,832.20
General Journal	11/16/2001			HELLESPONT ...	V-50175	Hedge Gain...	-843.98	-3,676.18
General Journal	11/16/2001			HELLESPONT ...	V-50175	Hedge Gain...	-843.98	-4,520.16
General Journal	11/19/2001	COM	COMMISSIONS	HELLESPONT ...	V-50175	25302/Carr ..	-2,420.60	-6,940.76
Deposit	11/19/2001	COM	COMMISSIONS	HELLESPONT ...	V-50175	486/Paribas...	7,193.98	253.22
General Journal	11/20/2001	COM	COMMISSIONS	HELLESPONT . .	V-50175	25302/Carr ...	-2,381.40	-2,128.18
General Journal	11/21/2001	COM	COMMISSIONS	HELLESPONT . .	V-50175	25302/Carr ...	-2,401.00	-4,529.18
General Journal	11/26/2001	COM	COMMISSIONS	HELLESPONT ...	V-50175	25302/Carr ...	-2,224.60	-6,753.78
General Journal	11/27/2001	COM	COMMISSIONS	HELLESPONT ...	V-50175	25302/Carr ...	-176.40	-6,930.18
General Journal	11/28/2001	COM	COMMISSIONS	HELLESPONT ...	V-50175	25302/Carr ..	-19,600.00	-26,530.18
General Journal	11/30/2001	COM	COMMISSIONS	COMMISSIONS	V-50175	25302/Carr ...	-4,900.00	-31,430.18
General Journal	12/6/2001	COM	COMMISSIONS	HELLESPONT ...	V-50175	25302/Carr	-490.00	-31,920.18
General Journal	12/7/2001	COM	COMMISSIONS	HELLESPONT ...	V-50175	25302/Carr ...	-490.00	-32,410.18
General Journal	12/11/2001	COM	COMMISSIONS	HELLESPONT ...	V-50175	25302/Carr	-0.03	-32,410.21
Deposit	12/11/2001	COM	COMMISSIONS	HELLESPONT ...	V-50175	25301/Carr	0.03	-32,410.18
General Journal	12/13/2001	COM	COMMISSIONS	HELLESPONT ...	V-50175	25302/Carr	-470.40	-32,880.58
General Journal	12/31/2001	Je-Ck-36	Accrual	H CAPITOL-4	V-50175	Cargos in tr..	-11,990.28	-44,870.86
General Journal	1/2/2002	COM	COMMISSIONS	HELLESPONT ...	V-50175	25302/Carr . .	-1,134.48	-46,005.34
General Journal	1/3/2002	COM	COMMISSIONS	HELLESPONT . .	V-50175	25302/Carr ..	-958.44	-46,963.78
General Journal	1/4/2002	COM	COMMISSIONS	HELLESPONT	V-50175	25302/Carr .	-1,916.88	-48,880.66
Deposit	1/7/2002	COM	COMMISSIONS	HELLESPONT	V-50175	25302/Carr ...	787.29	-48,093.37
General Journal	1/8/2002	COM	COMMISSIONS	HELLESPONT	V-50175	25302/Carr ...	-3,584.37	-51,677.74
General Journal	1/9/2002	COM	COMMISSIONS	HELLESPONT	V-50175	25302/Carr ...	-919.32	-52,597.06
General Journal	1/10/2002	COM	COMMISSIONS	HELLESPONT .	V-50175	25302/Carr ...	-919.32	-53,516.38
General Journal	1/11/2002	COM	COMMISSIONS	HELLESPONT ...	V-50175	25302/Carr ...	-919.32	-54,435.70
General Journal	1/16/2002	COM	COMMISSIONS	HELLESPONT ...	V-50175	25302/Carr ...	-156.48	-54,592.18
Deposit	1/17/2002	COM	COMMISSIONS	HELLESPONT ...	V-50175	25302/Carr .	156.48	-54,435.70
General Journal	1/22/2002	COM	COMMISSIONS	HELLESPONT ...	V-50175	25302/Carr ...	-303.18	-54,738.88
General Journal	1/23/2002	COM	COMMISSIONS	HELLESPONT ...	V-50175	25302/Carr ..	-303.18	-55,042.06
General Journal	1/24/2002	COMM	COMMISSIONS	HELLESPONT . .	V-50175	25302/Carr ...	-303.18	-55,345.24
General Journal	1/25/2002	COM	COMMISSIONS	HELLESPONT . .	V-50175	25302/Carr ...	-303.18	-55,648.42
General Journal	1/28/2002	COM	COMMISSIONS	HELLESPONT ..	V-50175	25302/Carr ...	-303.18	-55,951.60
General Journal	1/29/2002	COM	COMMISSIONS	HELLESPONT .	V-50175	25302/Carr ...	-303.18	-56,254.78
General Journal	1/30/2002	COM	COMMISSIONS	HELLESPONT	V-50175	25302/Carr ...	-303.18	-56,557.96
General Journal	1/31/2002	COM	COMMISSIONS	HELLESPONT ...	V-50175	25302/Carr ...	-303.18	-56,861.14
General Journal	3/31/2002	Je-Ck-15	Reverse Accrual	H. CAPITOL-4	V-50175	Crude Purc...	11,990.28	-44,870.86
Total Commissions							-44,870.86	-44,870.86
Hedge Gain /(Loss)								
General Journal	11/16/2001			HELLESPONT ...	V-50175	-SPLIT-	-19,135.00	-19,135.00
General Journal	11/16/2001			HELLESPONT .	V-50175	Hedge Gain. .	-12,285.00	-31,420.00
General Journal	11/30/2001	Je-Ck-44	Accrual	H. Capitol-4	V-50175	Accounts R..	1,000,000.00	968,580.00
General Journal	12/31/2001	Je-Ck-36	Reverse Accrual	H. CAPITOL-4	V-50175	Cargos in tr...	-1,000,000.00	-31,420.00
General Journal	12/31/2001	Je-Ck-36	Accrual	H. CAPITOL-4	V-50175	Cargos in tr..	-4,836,590.00	-4,868,010.00
General Journal	12/31/2001	Je-Ck-36	Accrual	H. CAPITOL-4	V-50175	Cargos in tr ..	4,878,893.46	10,883.46
General Journal	1/24/2002			HELLESPONT ..	V-50175	25302/Carr ..	-6,892,520.00	-6,881,636.54
General Journal	2/4/2002			HELLESPONT ...	V-50175	-SPLIT-	5,555,210.00	-1,126,426.54
General Journal	2/4/2002			HELLESPONT ...	V-50175	Hedge Gain...	-3,699,280.00	-4,825,706.54
General Journal	3/31/2002	Je-Ck-15	Reverse Accrual	H. CAPITOL-4	V-50175	Crude Purc...	-42,303.46	-4,868,010.00
Total Hedge Gain /(Loss)							-4,868,010.00	-4,868,010.00
Interest Income								
Deposit	12/6/2001	INT	INTEREST INC.	HELLESPONT	V-50175	25302/Carr ...	969.12	969.12
General Journal	12/31/2001	Je-Ck-36	Accrual	H. CAPITOL-4	V-50175	Cargos in tr. .	12,002.37	12,971.49
General Journal	12/31/2001	Je-Ck-59	Reverse Accrual	H. Capitol-4	V-50175	Payable-Sto...	-2,464.58	10,506.91
Deposit	1/4/2002	INT	INTEREST INC...	HELLESPONT ...	V-50175	25300/Carr .	11,999.53	22,506.44
Deposit	1/4/2002	INT	INTEREST INC .	HELLESPONT ...	V-50175	25301/Carr	2.84	22,509.28
General Journal	3/31/2002	Je-Ck-15	Reverse Accrual	H. CAPITOL-4	V-50175	Crude Purc...	-12,002.37	10,506.91
Total Interest Income							10,506.91	10,506.91
TOTAL							**83,631.96**	**83,631.96**

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
Oil Marketing Company (State Company)

No.: KH1/10466
Date: 24 Rabi' II, 1422 H
Equivalent to 07/15/2001

Stamp
Ministry of Oil/Office of the Minister
No.: 10749
Date: 07/16/2001

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the statement of allocations, we have entered into contract with Rosnefteimpex Company (Mr. Issakov) as per the following terms:

1- Number of Contract: M/10/15 M/09/25 Date: 07/14/2001
2- Name of Contractual Company: Rosnefteimpex Company (Mr. Issakov)
3- Nationality: Russian
4- Quantity: (20) million barrels divided as follows:

(12) million barrels of Basrah light crude oil FOB Al-Bakr terminal
(8) million barrels of Kirkuk crude oil FOB Ceyhan terminal

5- Destination of Crude Oil: Europe and / or America
6- Pricing Formula: As per the rate in effect for Kirkuk crude oil and Basrah light crude oil
7- Validity of Contract: From 07/01/2001 until 11/30/2001
8- Estimated Value of Contract: About (460) million Euros based on an estimated rate of $20/barrel
9- Surcharge: Payable in one month from the date of loading

For your review and approval, please.

Regards,

صدام زبن حسين

Saddam Zeben Hassan
Executive Director

For the Approval of Minister

I approve

07/17

07/18

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 117

وزارة النفط / مكتب الوزير
١٠٧٤٩
١/٧/٣٠

بسم الله الرحمن الرحيم

جمهورية العراق
وزارة النفط
شركة تسويق النفط (شركة عامة)

الرقم / خ١/ ١٠٤٦٦
التاريخ/ ربيع الثاني/١٤٢٢هـ
الموافق/١٥/٧/٢٠٠١

اجعل عدوك امام عينك وأسبقه ولا تدعه خلف ظهرك

الرئيس القائد صدام حسين (حفظه الله ورعاه)

٢٠٠٠/٨/٨

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

استناداً الى كشف التخصيصات تم التعاقد مع شركة روز نفط امبكس (السيد ايزاكوف) بموجب الشروط التالية :

١- رقم العقد وتاريخه : M/10/15 التاريخ : ٢٠٠١/٧/١٤
M/09/25

٢- اسم الشركة المتعاقدة : شركة روز نفط امبكس/(السيد ايزاكوف)

٣- الجنسية : روسية

٤- الكمية : (٢٠) عشرون برميل موزعة الى الآتي :
(١٢) مليون برميل نفط خام البصرة الخفيف قرب البكر
(٨) " " " " كركوك قرب جيهان

٥- وجهة النفط الخام : اوربا و/أو امريكا

٦- التسعيرة : حسب التسعيرة النافذة لنفطي خام كركوك والبصرة الخفيف

٧- فترة نفاذ العقد : للفترة من ٢٠٠١/٧/١ ولغاية ٢٠٠١/١١/٣٠

٨- القيمة التقديرية للعقد : حوالي (٤٦٠) مليون يورو على اساس سعر تقديري قدره (٢٠) دولار/برميل

٩- مبلغ الاسترجاع : يدفع خلال شهر من تاريخ التحميل .

للتفضل بالاطلاع والمصادقة .

مع التقدير .

صدام زين حسن
المدير التنفيذي

مصادقة السيد الوزير

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/122/2001

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 118

Sold to : ROSNEFTEIMPEX / NK ROSNEFT

Exporting port : MINA ALBAKR TERMINAL

Ships Name : STENA COMPANION

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 30/08/2001

Contract no. : M/10/15 + m/09/25

BNP Confirmation no : N729480

Openinig Bank L/c No. : LCIM2183940

Shipment No. : BBL/3144 (1)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 31.19 API GRAVITY AT 60 F °	27,590.583	27,154.75	200,000	21.265	4,253,000.00
					4,253,000.00

Total EURO : FOUR MILLION TWO HUNDRED FIFTY THREE THOUSAND ONLY

Price Calculation: WTI(SECOND MONTH)MINUS $ 6.55 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.28 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

I.A.SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

B/L DATED 01/08/2001

ORIGINAL

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/106/2001

Sold to	:	JSOC ROSNEFTEIMPEX NK ROSNEFT,MOSCOW	Due date	:	07/09/2001
Exporting port	:	CEYHAN TERMINAL - TURKEY	Contract no.	:	M/10/15
Ships Name	:	BOSCO TAPIAS	BNP Confirmation no	:	N729465
Destination	:	ALGECIRAS	Openinig Bank L/c No.	:	ESO1I91460
Country of origin :		IRAQ	Shipment No.	:	CK/5038

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 33.48 API GRAVITY AT 60 F °	136,184.219	134,032.99	1,000,960	25.276	25,300,264.96
					25,300,264.96

Total EURO : TWENTY FIVE MILLION THREE HUNDRED THOUSAND TWO HUNDRED SIXTY FOUR AND NINETY SIX CENT

Price Calculation: DATED BRENT MINUS $ 2.35 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.25 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 09/08/2001

ORIGINAL

I.A.SHUAIBI
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

710

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/133/2001

Sold to	:	ROSNEFTEIMPEX / NK ROSNEFT	Due date	:	13/09/2001
Exporting port	:	MINA ALBAKR TERMINAL	Contract no.	:	M/10/15
Ships Name	:	MAGDELAINE	BNP Confirmation no	:	N729555
Destination	:	NORTH AMERICA	Openinig Bank L/c No.	:	CI0305210
Country of origin	:	IRAQ	Shipment No.	:	BBL/3153

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 30.65 API GRAVITY AT 60 F °	264,618.152	260,438.12	1,911,822	22.680	43,360,122.96
					43,360,122.96

Total EURO : FORTY THREE MILLION THREE HUNDRED SIXTY THOUSAND ONE HUNDRED TWENTY TWO AND NINETY SIX CENTS

Price Calculation: WTI(SECOND MONTH)MINUS $ 6.55 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.33 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 15/08/2001

ORIGINAL

I.A.SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/113/2001

Sold to : ROSNEFTEIMPEX / NK ROSNEFT

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : STENA CONVOY

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 19/09/2001

Contract no. : M/10/15

BNP Confirmation no : N729554

Openinig Bank L/c No. : CI0305220

Shipment No. : CK/5044

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 33.37 API GRAVITY AT 60 F °	248,147.534	244,227.68	1,822,670	23.473	42,783,532.91
					42,783,532.91

Total EURO : FORTY TWO MILLION SEVEN HUNDRED EIGHTY THREE THOUSAND FIVE HUNDRED THIRTY TWO AND NINETYONE CENTS

Price Calculation: WTI(FIRST MONTH)MINUS $ 5.90 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.26 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

I.A.SHUAIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

B/L DATED 21/08/2001

ORIGINAL

712

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/140/2001

Sold to : ROSNEFTEIMPEX / NK ROSNEFT

Exporting port : MINA ALBAKR TERMINAL

Ships Name : SETTEBELLO

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 24/09/2001

Contract no. : M/10/15

BNP Confirmation no : N729697

Openinig Bank L/c No. : DOC-622023-G1

Shipment No. : BBL/3160 (1)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 30.55 API GRAVITY AT 60 F °	20,774.697	20,446.53	150,000	23.604	3,540,000.00
					3,540,600.00

Total EURO : THREE MILLION FIVE HUNDRED FORTY THOUSAND SIX HUNDRED ONLY

Price Calculation: WTI(SECOND MONTH)MINUS $ 6.55 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.34 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

ALI R. HASSAN
FOR STATE OIL MARKETING ORGANIZATION
HEAD OF FINANCE DEPT.

B/L DATED 26/08/2001

ORIGINAL

713

AK, MT, MBS

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/151/2001

Sold to : ROSNEFTEIMPEX / NK ROSNEFT

Exporting port : MINA ALBAKR TERMINAL

Ships Name : SAHARA

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 07/10/2001

Contract no. : M/10/15

BNP Confirmation no : N730277

Openinig Bank L/c No. : LCIM2189223

Shipment No. : BBL/3169

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 30.28 API GRAVITY AT 60 F °	326,888.574	321,724.89	2,356,360	17.131	40,366,803.16
					40,366,803.16

Total EURO : FORTY MILLION THREE HUNDRED SIXTY SIX THOUSAND EIGHT HUNDRED THREE AND SIXTEEN CENTS

Price Calculation: WTI(SECOND MONTH)MINUS $ 6.80 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.37 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

I.A. [illegible]

For State Oil Marketing Organization

HEAD OF FINANCE DEPT.

B/L DATED 08/09/2001

ORIGINAL

714

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/157/2001

Sold to : ROSNEFTEIMPEX / NK ROSNEFT

Exporting port : MINA ALBAKR TERMINAL

Ships Name : NOTO

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 14/10/2001

Contract no. : M/10/15

BNP Confirmation no : N730453

Openinig Bank L/c No. : CI0309470

Shipment No. : BBL/3174

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 30.65 API GRAVITY AT 60 F °	275,506.591	271,154.56	1,990,489	17.049	33,935,846.96
					33,935,846.96

Total EURO : THIRTY THREE MILLION NINE HUNDRED THIRTY FIVE THOUSAND EIGHT HUNDRED PORTY SIX AND NINETY SIX CENTS

Price Calculation: WTI(SECOND MONTH)MINUS $ 6.80 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.33 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

ORIGINAL

I.A. SHUAEIB

For State Oil Marketing Organization

HEAD OF FINANCE DEPT.

B/L DATED 15/09/2001

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/134/2001

Sold to : ROSNEFTEIMPEX / NK ROSNEFT

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : WILMA YANGTZE

Destination : HUELVA

Country of origin : IRAQ

Due date : 20/10/2001

Contract no. : M/10/15

BNP Confirmation no : N730568

Openinig Bank L/c No. : ES01191489

Shipment No. : CK/5065

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 34.01 API GRAVITY AT 60 F °	134,537.354	132,412.14	992,042	21.883	21,708,855.09
					21,708,855.09

Total EURO : TWENTY ONE MILLION SEVEN HUNDRED EIGHT THOUSAND EIGHT HUNDRED FIFTY FIVE AND NINE CENT

Price Calculation: DATED BRENT MINUS $ 1.70 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.19 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

I.A.SHUAIBI

For State Oil Marketing Organization

HEAD OF FINANCE DEPT.

B/L DATED 21/09/2001

ORIGINAL

716

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/139/2001

Sold to	:	ROSNEFTEIMPEX / NK ROSNEFT	Due date	:	26/10/2001
Exporting port	:	CEYHAN TERMINAL - TURKEY	Contract no.	:	M/10/15
Ships Name	:	IRIA TAPIAS	BNP Confirmation no	:	N730677
Destination	:	HUELVA	Openinig Bank L/c No.	:	ES01191491
Country of origin :		IRAQ	Shipment No.	:	CK/5070

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 34.10 API GRAVITY AT 60 F °	135,510.476	133,369.89	999,742	21.095	21,089,557.49
					21,089,557.49

Total EURO : TWENTY ONE MILLION EIGHTY NINE THOUSAND FIVE HUNDRED FIFTY SEVEN AND FORTY NINE CENT

Price Calculation: DATED BRENT MINUS $ 1.70 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.19 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

I.A. [illegible]

For State Oil Marketing Organization

HEAD OF FINANCE DEPT.

B/L DATED 27/09/2001

ORIGINAL

717

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/175/2001

Sold to	:	ROSNEFTEIMPEX / NK ROSNEFT	Due date	:	07/11/2001
Exporting port	:	MINA ALBAKR TERMINAL	Contract no.	:	M/10/15
Ships Name	:	OLYMPIA SPIRIT	BNP Confirmation no	:	N730891
Destination	:	NORTH AMERICA	Openinig Bank L/c No.	:	CI0312210
Country of origin :		IRAQ	Shipment No.	:	BBL/3192

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 30.40 API GRAVITY AT 60 F °	358,572.529	352,908.35	2,586,824	16.283	42,121,255.19
					42,121,255.19

Total EURO : FORTY TWO MILLION ONE HUNDRED TWENTY ONE THOUSAND TWO HUNDRED FIFTY FIVE AND NINETEEN CENTS

Price Calculation: WTI(SECOND MONTH)MINUS $ 7.30 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.36 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

I.A.SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

B/L DATED 09/10/2001.

ORIGINAL

718

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/153/2001

Sold to : ROSNEFTEIMPEX / NK ROSNEFT

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : SANDRA TAPIAS

Destination : HUELVA

Country of origin : IRAQ

Due date : 16/11/2001

Contract no. : M/10/15

BNP Confirmation no : N731203

Openinig Bank L/c No. : ESO1191511

Shipment No. : CK/5084

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 33.24 API GRAVITY AT 60 F °	135,896.616	133,749.93	997,356	20.501	20,446,795.36
					20,446,795.36

Total EURO : TWENTY MILLION FOUR HUNDRED FORTY SIX THOUSAND SEVEN HUNDRED NINETY FIVE AND THIRTY SIX CENT

Price Calculation: DATED BRENT MINUS $ 1.60 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.27 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 18/10/2001

COPY

I.A.SHUAIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/158/2001

Sold to : ROSNEFTEIMPEX / NK ROSNEFT

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : BORJA TAPIAS

Destination : ALGECIRAS

Country of origin : IRAQ

Due date : 22/11/2001

Contract no. : M/10/15

BNP Confirmation no : N731357

Openinig Bank L/c No : ES01I91516

Shipment No. : CK/5089

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 33.37 API GRAVITY AT 60 F °	136,113.888	133,963.77	999,771	20.383	20,378,332.29
					20,378,332.29

Total EURO : TWENTY MILLION THREE HUNDRED SEVENTY EIGHT THOUSAND THREE HUNDRED THIRTY TWO AND TWENTY NINE CENT

Price Calculation: DATED BRENT MINUS $ 1.60 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.26 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

I.A.SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

B/L DATED 24/10/2001

ORIGINAL

720

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/199/2001

Sold to : ROSNEFTEIMPEX / NK ROSNEFT

Exporting port : MINA ALBAKR TERMINAL

Ships Name : HELLESPONT CAPITOL

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 01/12/2001

Contract no. : M/10/15,M/10/23

BNP Confirmation no : N731478

Openinig Bank L/c No : CI0315390

Shipment No. : BBL/3209 (2)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 31.17 API GRAVITY AT 60 F °	249,805.524	245,859.48	1,810,523	13.579	24,585,091.82
					24,585,091.82

Total EURO : TWENTY FOUR MILLION FIVE HUNDRED EIGHTY FIVE THOUSAND NINETY ONE AND EIGHTY TWO CENTS

Price Calculation: WTI(SECOND MONTH)MINUS $. /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.28 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

I.A.SHUAEIB
For State Oil Marketing Organization
HEAD OF FINANCE DEPT.

B/L DATED 02/11/2001

ORIGINAL

721

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٦ ٧:١٨:١٤ PM

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحلة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
10	NATIONAL OIL WELLS MAINTENANCE CO	M/10/30	983,037	0.25	245,759.25	245,759.25	0.00
10	NATIONAL OIL WELLS MAINTENANCE CO	M/10/58	2,050,452	0.30	615,135.60	615,135.60	0.00
10	NOURI FOR TRADING	M/10/06	4,036,286	0.28	1,111,303.10	1,111,762.00	-458.90
10	OIL AND GAZ	M/09/78	2,040,299	0.30	612,089.70	612,090.00	-0.30
10	OIL AND GAZ	M/09/89	2,022,143	0.30	606,642.90	606,642.90	0.00
10	OIL AND GAZ	M/10/55	2,049,137	0.27	562,357.30	562,357.30	0.00
10	OIL AND GAZ	M/10/93	1,785,251	0.30	535,575.30	534,765.30	810.00
10	OJSC KALMYK OIL	M/10/45	2,016,028	0.30	604,808.40	605,312.00	-503.60
10	OMNI OIL	M/10/24	2,070,270	0.30	621,081.00	621,000.00	81.00
10	PERENCO	M/10/50	1,048,345	0.25	262,086.25	249,973.00	12,113.25
10	PETROGAZ	M/09/60	1,872,886	0.30	561,865.80	561,834.00	31.80
10	PETROLEUM(PTSC)	M/09/126	2,083,020	0.30	624,906.00	624,906.00	0.00
10	PETROLEUM(PTSC)	M/10/14	3,850,758	0.30	1,155,227.40	467,439.00	687,788.40
10	PETROLINE	M/10/49	1,037,579	0.30	311,273.70	311,274.00	-0.30
10	PETROLINE	M/10/60	2,049,246	0.30	614,773.80	614,773.80	0.00
10	PETROLINE	M/10/81	1,840,034	0.30	552,010.20	552,010.20	0.00
10	PETROVIETNAM	M/10/36	1,860,341	0.30	558,102.30	558,102.00	0.30
10	PRIMACOSA	M/10/77	1,001,791	0.30	300,537.30	300,537.30	0.00
10	PRIMACOSA	M/10/88	300,000	0.30	90,000.00	90,000.00	0.00
10	ROSNEFT GAS EXPORT	M/10/07	4,006,395	0.27	1,101,606.05	1,101,610.80	-4.75
10	ROSNEFTIMPEX	M/09/25	3,002,732	0.28	850,679.25	850,740.45	-61.20
10	ROSNEFTIMPEX	M/10/15	16,008,036	0.28	4,552,917.25	4,552,763.10	154.15

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 119



شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحله

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
10	ROSNEFTIMPEX	M/10/15+M/10/23	1,810,523	0.30	543,156.90	543,156.90	0.00
10	SETA	M/09/66	975,000	0.30	292,500.00	292,470.00	30.00
10	SETA	M/10/37	1,003,073	0.25	250,768.25	250,734.50	33.75
10	SINOCHEM	M/10/44	6,119,227	0.28	1,683,459.70	1,683,459.70	0.00
10	SLAVNEFT	M/10/27	5,809,156	0.28	1,642,695.25	1,638,000.00	4,695.25
10	SOYUZNEFT&GAS	M/10/39	3,962,543	0.30	1,188,762.90	1,188,762.90	0.00
10	TATNEFT	M/10/05	4,893,534	0.30	1,468,060.20	1,468,281.00	-220.80
10	TEKFEN	M/10/31	1,199,358	0.25	299,839.50	299,839.50	0.00
10	TYUMEN	M/09/102	2,005,666	0.25	501,416.50	501,416.90	-0.40
10	UNICONSULT MIDDLE EAST	M/10/52	2,000,833	0.25	500,208.25	500,000.00	208.25
10	UNIFUEL	M/09/106	961,158	0.30	288,347.40	288,348.00	-0.60
10	VAZHMASHIMPEX	M/10/51	1,047,900	0.25	261,975.00	261,975.00	0.00
10	VITOL	M/09/97	985,279	0.30	295,583.70	295,583.70	0.00
10	ZANGAS	M/09/77	3,888,845	0.30	1,166,653.50	1,166,643.50	10.00
10	ZARUBEZHNEFT	M/10/01	10,240,947	0.28	2,865,518.30	2,865,527.00	-8.70
10	ZHUHAI ZHEN RONG	M/09/123	1,979,299	0.25	494,824.75	492,948.00	1,876.75
10	ZYRYA MANAGEMENT SERVICE	M/10/80	2,054,716	0.30	616,414.80	616,375.30	39.50
المجموع الكلي			301,187,733	0.28	85,699,148.40	82,170,996.07	3,528,152.33

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/11/05

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 126

SECTION ONE

SPECIFIC PROVISIONS

F.O.B. CRUDE OIL SALES CONTRACT

FOB SALES CONTRACT
CONTENTS

Section One

Article One	:	Definitions
Article Two	:	Period
Article Three	:	Quantity and Quality
Article Four	:	Price
Article Five	:	Reopener
Article Six	:	Payment
Article Seven	:	SOMO Standard Documentation
Article Eight	:	Approval of Contract
Article Nine	:	Special Conditions
Article Ten	:	Addresses

Section Two

Article One	:	Measurement and Sampling
Article Two	:	Risk and Property
Article Three	:	Lifting Programme
Article Four	:	Nomination of Vessels
Article Five	:	Vessel Berths
Article Six	:	Loading Conditions
Article Seven	:	Demurrage
Article Eight	:	Taxes and Duties
Article Nine	:	Termination in the event of Liquidation or Default
Article Ten	:	Assignment
Article Eleven	:	Destination
Article Twelve	:	Force majeure
Article Thirteen	:	Arbitration
Article Fourteen	:	Notices
Article Fifteen	:	Applicable Law
Appendix I	:	Form of Letter of Credit
Appendix II	:	Application Form to Request Approval of Contract.

Contract between State Oil Marketing Organization (SOMO) (hereinafter called SELLER) of the one part and RUSSIAN ENGINEERING COMPANY LTD. (hereinafter called BUYER) of the other part.

Whereby it is agreed as follows :-

SECTION ONE

Wherever the General Provisions of Section Two, attached and herein incorporated in this Contract, are at variance or in conflict with this Section One, the provisions of Section One shall govern.

ARTICLE ONE

DEFINITIONS

As used in this Contract, unless otherwise provided, the following words and terms shall have the following meanings :-

Barrel	:	means forty-two (42) U.S. Gallons at sixty degrees (60˚) Fahrenheit and at normal atmospheric pressure.
Day	:	means a period of twenty-four (24) running hours Commencing at 00.01 hours local time at the port of loading.
Barrel per Day (B/d)	:	means the average number of barrels of crude oil supplied during a calendar day as defined above.
F.O B.	:	means "Free on Board" as referred to in the ICC Incoterms 1990.
Dollar ($)	:	The currency of the United States of America.
Euro	:	The currency of the European Union
Month	:	means Gregorian Calendar month commencing at 00.01 hours local time at the port of loading on first day of the month.
Quarter	:	means a period of three (3) consecutive months Beginning on a 1st January or a 1st April or a 1st July or a 1st October.

Year	:	means a Gregorian Calendar Year.
Api Gravity	:	means scale adopted by the American Petroleum Institute for expressing the specific Gravity of crude oil.
SCR 986	:	means Security Council resolution 986 (1995) of 14 April 1995.
SCR 1111	:	means Security Council resolution 1111 (1997) of 4 June 1997.
SCR 1143	:	means Security Council resolution 1143 (1997) of 4 December 1997.
SCR 1153	:	means Security Council resolution 1153 (1998) of 20 February 1998.
SCR 1210	:	means Security Council resolution 1210 (1998) of 24 November 1998.
SCR 1242	:	means Security Council resolution 1242 (1999) of 21 May 1999.
SCR 1281	:	means Security Council resolution 1281 (1999) Of 10 December 1999.
SCR 1302	:	means Security Council resolution 1302 (2000) of 8 June 2000.
SCR 1330	:	means Security Council resolution 1330 (2000) Of 5 December 2000.
SCR 1360	:	means Security Council Resolution 1360 (2001)
SRC 1382		means Security Council Resolution 1382 (2001) Of 29th November, 2001.
661 Committee	:	means the Security Council Committee established by Security Council Resolution 661 (1990).
Procedures	:	means the procedures to be employed by the 661 Committee (United Nations document S/1996/636, dated 8 August 1996).
Overseers	:	means the independent experts in international Oil trade appointed by the Secretary-General of The United Nations pursuant to SCR 986 and the procedures.
Inspectors	:	means the independent oil inspection agents Appointed by the Secretary-General pursuant to SCR 986.

ARTICLE TWO

PERIOD :

1. Subject to Article Eight below, this Contract shall become effective on the 26TH day of December, 2001, and shall continue thereafter until the 29th day of May, 2002, unless renewed by mutual agreement.
2. The ultimate consumer of the crude oil sold under this Contract shall be Refineries in Europe and/or U.S.A.
   Any change in the destination is subject to the prior approval of Seller.

ARTICLE THREE

QUANTITY AND QUALITY :

1. SELLER undertakes to sell and deliver FOB and BUYER undertakes to purchase, receive and pay for the following:-

Type of Crude	Quantity	Port of Loading
KIRKUK	7,000,000 BBLS	CEYHAN
BASRAH LIGHT	9,000,000 BBLS	AL BAKR

2. The quality of the crude oil shall be the standard export quality available at the port of loading from time to time.

3. Quantities shall represent contracted quantities or number of barrels per day contracted multiplied by the number of days of the relevant period stipulated in sub Article 2.1

4. Quantities shall be lifted as evenly as possible over the course of such delivery period in lots of approximate barrels and as will be agreed between BUYER and SELLER.

5. Quantities lifted under allowed operational vessel slippage shall be deemed as part of the contracted quantities of the period.

6. In case when SELLER, for reasons technical or otherwise that are beyond his control, is unable to meet his full contractual commitments, SELLER shall have the right to reduce the contracted quantities for the duration of the period when such circumstances shall prevail. SELLER shall advise BUYER as soon as possible before the beginning of any period during which supplies to all buyers are to be reduced.

7. In no event shall any loading start beyond the 29th of May, 2002, unless the Security Council has authorized sales beyond that date.

ARTICLE FOUR

PRICE :

1. The price(s) of the crude oil to be delivered under this contract shall be as follows:-

TYPE OF CRUDE	API	PORT OF LOADING
KIRKUK	36.00	CEYHAN
BASRAH LIGHT	34.00	AL BAKR

Price Mechanism in EURO per Barrel FOB

Price shall be the standard SOMO price as agreed upon between SOMO and the United Nations from time to time.

ARTICLE FIVE

REOPENER:

Each party shall have the right not later the 15th day of any month to request a review of the pricing mechanism of this Contract.

If following a request for a review, the parties are unable to agree within a period of ten (10) days from the date upon which such request was made, either party may elect to terminate this Contract by serving written notice of phase-out to the other party and termination shall be effective at the end of the month following the month during which the notice of termination has been received.

But if the parties are able to agree within the above mentioned ten (10) days period, any agreed upon adjustment to the pricing mechanism shall be subject to the approval of the 661 Committee.

However, of such approval has not been granted by the 661 Committee, this Contract shall be considered as terminated as of the end of the month following the month during which the above mentioned ten (10) days period ends unless the parties agree otherwise.

In case of Contract termination under any of the above mentioned events, this Contract shall remain in full force and effect at the pricing mechanism applicable in accordance with this Contract terms and conditions up to the effective date of termination and such termination shall not affect the parties' rights and obligations therefrom, unless the parties agree otherwise during the period prior to the effective date of termination.

ARTICLE SIX

PAYMENT:

1. BUYER shall establish in respect of each shipment lifted under this Contract an irrevocable documentary letter of credit issued by a bank acceptable to Banque Nationale de Paris, S.A. ("BNP")for confirmation, in the form set out in Appendix I hereof.

   In all cases, the Letter of Credit shall be established, confirmed and accepted at least seven (7) days prior to loading date.

2. BUYER irrevocably undertakes that payment for each cargo of crude oil lifted shall be made out of the proceeds of the confirmed Letter of Credit directly to United Nations Iraq Account Euro sub account account number 0200-201752-002-05 established by the Secretary-General of the United Nations, pursuant to paragraph 7 of SCR 986, at BNP (New York Branch) (hereinafter "United Nations Iraq Account Euro sub Account"), upon presentation to BNP of the documents required by the Letter of Credit, including but not limited to the Commercial Invoice and the Bill of Lading.

3. All charges within Iraq are for SELLER, whereas all charges outside Iraq are to be borne by BUYER.
4. Unless otherwise provided herein, payment shall be made not later than thirty (30) days from B/L date, in same date funds.

   If payment falls due on a Saturday or Bank holiday other than Monday in the place where payment is to be made then payment shall be made on the last preceding banking day. If payment falls due on a Sunday or a Monday Bank holiday in the place where payment is to be made then payment shall be made on the next succeeding banking day.

ARTICLE SEVEN

SOMO STANDARD DOCUMENTATION:

Bill of Lading	9 (3 orig. & 6 copies)
Certificate of Origin	4
Certificate of Quality and Quantity	4
Loading Time Sheet	4
Ullage Report	4
Master's Receipt for Samples	4
Distribution of Documents	4

Two sets of documents are handed to Master, one being for consignee. SELLER shall advise BUYER by telex or cable within forty eight (48) hours following each loading with the following details:-

(a) Vessel's Name .
(b) Loading Port .
(c) Commenced loading Date.
(d) Completed Loading Date.
(e) Sailing Date .
(f) Gross and net quantities in metric tons, long tons and U.S. barrels.
(g) API Gravity.

ARTICLE EIGHT

APPROVAL OF CONTRACT :

This Contract is subject to the approval of the Overseers on behalf of the 661 Committee. Such approval shall be obtained in accordance with the Procedures, utilizing the form set out in Appendix II hereof.

ARTICLE NINE

SPECIAL CONDITIONS :

1. Loading of any shipment of crude oil shall be subject to the authorization of the Inspectors at the port of loading. The Inspectors shall also have the authority to stop the loading if they determine that there is any evidence of irregularity.

2. Notwithstanding Sub Article 4-3 of Section Two of this Contract, the accepted date of arrival of the vessel at the loading ports shall be fixed on a one (1) day range. All related Articles of Section Two of the Contract will read to that effect and conformity.

3. Notwithstanding Sub Article (6-5) of Section Two of this Contract SELLER shall be allowed as laytime at Al Bakr Terminal as follows :-

Laytime (hrs)	Vessel DWT (MT)
36	Up to 129 999
54	130 000 – 199 999
65	Over 200 000

All related Articles of Section Two of the Contract will read to that effect and conformity.

4. In addition to the events specified in Sub Article 6-6 of Section Two, any time consumed due to the Inspectors prohibiting loading shall not count as used laytime.
5. This Contract shall terminate forthwith in the event that the Security Council terminates the authorization to import petroleum or petroleum products originating in Iraq.
6. Assignment of the rights or obligations of the SELLER or BUYER shall be subject to the approval of the 661 Committee.
7. Any claims from BUYER under Sub Article 1-3 or Article Seven of Section Two, and any analyses carried out under Sub Articles 1-5 and 1-6 of Section Two, shall copied to the Overseers. Payments or other awards under Article Thirteen of Section Two, in respect of claims under Articles one and Seven of Section Two are subject to the approval of the 661 Committee. Any sum to be paid by BUYER in settlement of a dispute under Article Thirteen of Section Two relating to the proceeds of the sale of crude oil under this Contract shall be paid by BUYER directly to the United Nations Iraq Account, Euro sub account.

8. Payments to SELLER under SUB Article 5-5 and Sub Article 6-7 of Section Two, and any other Payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.
9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143 SCR 1153, SCR 1210, SCR 1242, SCR 1281, SCR 1302, SCR 1330, SCR 1360, SCR 1382, the Procedures and the Memorandum of Understanding between the Secretariat of the United nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and Communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:
STATE OIL MARKETING ORGANIZATION
P.O. BOX 5118
BAGHDAD – IRAQ
TELEX : 212198 – 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX : 964-1-8853925

FOR BUYER:
RUSSIAN ENGINEERING COMPANY LTD.
13, BUILDING 4, PR. CHERSKOGO, MOSCOW 127410, RUSSIA
TEL.: +7 (095) 904 82 00, 904 82 09, 904 82 27
FAX.: +7 (095) 904 82 22
TELEX : 612378 RENK
E-MAIL: recms@online. ru

FOR OVERSEERS
UNITED NATIONS, NEW YORK, U.S.A.
FAX : 212 – 963 – 6128

All other terms and conditions as per (Section Two) General conditions of F.O.B. crude oil sales contract No. M/11/05 dated 26th day of December 2001, and attached appendices 1 & 2 .

This Contract has been done and signed on the 26th day of December , 2001.

FOR SELLER

ALI R. HASSAN
ACTING EXECUTIVE DIRECTOR GENERAL
S O M O

FOR BUYER

SERGEY ISSAKOV
CHAIRMAN

UNITED NATIONS **NATIONS UNIES**

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

S/AC.25/2001/OIL/1382/OC.30 31 December 2001

TO: RUSSIAN ENGINEERING CO. RUSSIAN FEDERATION	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO.: 011-7-095-904-8222	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/11/05** UN REF: **S/AC.25/2001/OIL/1382/COMM.05**
Between: **SOMO and "RUSSIAN ENGINEERING CO."**
Date of Receipt: **31 December 2001**
Quantity: **9,000,000 bbls**
Quality: **BASRAH LIGHT**
Pricing Formula: **Europe and/or US Markets**
Port of Loading: **MINA AL-BAKR**
Quantity: **7,000,000 bbls**
Quality: **KIRKUK**
Pricing Formula: **Europe and/or US Markets**
Port of Loading: **CEYHAN**

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

☒ **APPROVED**

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

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 129

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/11/2002

Sold to : RUSSIAN ENGINERERING COMPANY LTD.

Exporting port : MINA ALBAKR TERMINAL

Ships Name : KAPETAN HIOTIS

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 18/02/2002

Contract no. : M/11/05,M/11/07

BNP Confirmation no : W732953

Openinig Bank L/c No. : LCIM4213846

Shipment No. : BBL/3252

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 30.50 API GRAVITY AT 60 F °	357,757.047	352,105.75	2,582,080	18.003	46,485,186.24
					46,485,186.24

Total EURO : FORTY SIX MILLION FOUR HUNDRED EIGHTY FIVE THOUAND ONE HUNDRED EIGHTY SIX AND TWENTY FOUR CENTS

Price Calculation: WTI(SECOND MONTH)MINUS $ 4.15 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.35 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

Y.H.IBRAHIM

FOR STATE OIL MARKETING ORGANIZATION

B/L DATED 20/01/2002

ORIGINAL

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 130

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/27/2002

Sold to : RUSSIAN ENGINERERING COMPANY LTD.

Exporting port : MINA ALBAKR TERMINAL

Ships Name : ASTRO CYGNUS

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 06/03/2002

Contract no. : M/11/05

BNP Confirmation no : W733250

Openinig Bank L/c No. : 30IM0200661

Shipment No. : BBL/3263

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 31.00 API GRAVITY AT 60 F °	277,012.051	272,636.25	2,005,417	19.171	38,445,849.31
					38,445,849.31

Total EURO : THIRTY EIGHT MILLION FOUR HUNDRED FORTY FIVE THOUSAND EIGHT HUNDRED FORTY NINE AND THIRTY ONE CENT

Price Calculation: WTI(SECOND MONTH)MINUS $ 3.70 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.30 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

Y.H.IBRAHIM

FOR STATE OIL MARKETING ORGANIZATION

B/L DATED 05/02/2002

ORIGINAL

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/27/2002

Sold to	:	RUSSIAN ENGINERERING COMPANY LTD.	Due date	:	29/03/2002
Exporting port	:	CEYHAN TERMINAL - TURKEY	Contract no.	:	M/11/05
Ships Name	:	STARLIGHT JEWEL	BNP Confirmation no	:	W733615
Destination	:	FAR EAST	Openinig Bank L/c No.	:	11RI718190
Country of origin	:	IRAQ	Shipment No.	:	CK/5152 (1)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 34.57 API GRAVITY AT 60 F °	211,903.365	208,556.04	1,567,805	23.214	36,395,025.27
					36,395,025.27

Total EURO : THIRTY SIX MILLION THREE HUNDRED NINETY FIVE THOUSAND TWENTY FIVE AND TWENTY SEVEN CENT

Price Calculation: DATED BRENT MINUS $ 2.00 /BBL AVERAGE OF TEN CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.14 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

Y.H.IBRAHIM

FOR STATE OIL MARKETING ORGANIZATION

B/L DATED 28/02/2002

ORIGINAL

740

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/28/2002

Sold to : RUSSIAN ENGINERERING COMPANY LTD.

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : STARLIGHT JEWEL

Destination : FAR EAST

Country of origin : IRAQ

Due date : 30/03/2002

Contract no. : M/11/05

BNP Confirmation no : W733615

Openinig Bank L/c No. : 11RI718190

Shipment No. : CK/5152 (2)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 34.57 API GRAVITY AT 60 F °	67,569.356	66,502.00	499,924	23.358	11,677,224.79
					11,677,224.79

Total EURO : ELEVEN MILLION SIX HUNDRED SEVENTY SEVEN THOUSAND TWO HUNDRED TWENTY FOUR AND SEVENTY NINE CENT

Price Calculation: DATED BRENT MINUS $ 2.00 /BBL AVERAGE OF TEN CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.14 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

Y.H.IBRAHIM

FOR STATE OIL MARKETING ORGANIZATION

B/L DATED 01/03/2002

ORIGINAL

741

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/79/2002

Sold to : RUSSIAN ENGINERERING COMPANY LTD.

Exporting port : MINA ALBAKR TERMINAL

Ships Name : SYLT

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 29/04/2002

Contract no. : M/11/05

BNP Confirmation no : W734147

Openning Bank L/c No. : LCIM4226651

Shipment No. : BBL/3302

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 30.26 API GRAVITY AT 60 F °	273,976.348	269,648.49	1,974,573	24.490	48,357,292.77
					48,357,292.77

Total EURO : FORTY EIGHT MILLION THREE HUNDRED FIFTY SEVEN THOUSAND TWO HUNDRED NINETY TWO AND SEVENTY SEVEN CENT

Price Calculation: WTI(SECOND MONTH)MINUS $ 3.55 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.37 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

Y.H.IBRAHIM

FOR STATE OIL MARKETING ORGANIZATION

B/L DATED 31/03/2002

ORIGINAL

742

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/46/2002

Sold to : RUSSIAN ENGINERERING COMPANY LTD.

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : LUCKY SAILOR

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 24/06/2002

Contract no. : M/11/05

BNP Confirmation no : W735179

Openning Bank L/c No. : LCIM4238152

Shipment No. : CK/5169

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 34.69 API GRAVITY AT 60 F °	140,050.127	137,837.83	1,036,933	22.148	22,965,992.08
					22,965,992.08

Total EURO : TWENTY TWO MILLION NINE HUNDRED SIXTY FIVE THOUSAND NINE HUNDRED NINETY TWO AND EIGHT CENT

Price Calculation: WTI(FIRST MONTH)MINUS $ 3.75 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.13 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

Y.H.IBRAHIM

FOR STATE OIL MARKETING ORGANIZATION

B/L DATED 26/05/2002

ORIGINAL

743

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/108/2002

Sold to : RUSSIAN ENGINERERING COMPANY LTD.

Exporting port : MINA ALBAKR TERMINAL

Ships Name : FRONT COMMERCE

Destination : FAR EAST

Country of origin : IRAQ

Due date : 23/07/2002

Contract no. : M/11/05

BNP Confirmation no : X735597

Openning Bank L/c No. : LCIM4242196

Shipment No. : BBL/3323 (2)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 33.18 API GRAVITY AT 60 F °	142,114.334	139,869.43	1,042,685	25.325	26,405,997.63
					26,405,997.63

Total EURO : TWENTY SIX MILLION FOUR HUNDRED FIVE THOUSAND NINE HUNDRED NINETY SEVEN AND SIXTY THREE CENT

Price Calculation: (OMAN+DUBAI/2)(FIRST MONTH) PLUS $ 0.20 /BBL AVERAGE OF TEN CONSECUTIVE QUOTATIONS STARTING FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.08 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

Y.H.IBRAHIM

FOR STATE OIL MARKETING ORGANIZATION

B/L DATED 24/06/2002

ORIGINAL

744

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/62/2002

Sold to : RUSSIAN ENGINERERING COMPANY LTD.

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : MAGDELAINE

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 27/07/2002

Contract no. : M/11/05

BNP Confirmation no : X735661

Openning Bank L/c No. : LCIM4242480

Shipment No. : CK/5182 (1)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 34.59 API GRAVITY AT 60 F °	128,381.982	126,354.00	950,000	24.199	22,989,050.00
					22,989,050.00

Total EURO : TWENTY TWO MILLION NINE HUNDRED EIGHTY NINE THOUSAND FIFTY ONLY

Price Calculation: WTI(FIRST MONTH)MINUS $ 3.05 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.14 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

B/L DATED 28/06/2002

ORIGINAL

Y.H.IBRA[illegible]

FOR STATE OIL MARKETING ORGANIZATION

745

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: B/112/2002

Sold to : RUSSIAN ENGINERERING COMPANY LTD.

Exporting port : MINA ALBAKR TERMINAL

Ships Name : SUNRISE JEWEL

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 29/07/2002

Contract no. : M/11/05

BNP Confirmation no : X735859

Openning Bank L/c No. : LCIM4244112

Shipment No. : BBL/3326 (2)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 32.76 API GRAVITY AT 60 F °	140,047.211	137,834.96	1,024,919	23.440	24,024,101.36
					24,024,101.36

Total EURO : TWENTY FOUR MILLION TWENTY FOUR THOUSAND ONE HUNDRED ONE AND THIRTY SIX CENT

Price Calculation: WTI(SECOND MONTH)MINUS $ 3.70 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.12 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

Y.H.IBRAHIM

FOR STATE OIL MARKETING ORGANIZATION

B/L DATED 30/06/2002

ORIGINAL

746

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No.: C/75/2002

Sold to : RUSSIAN ENGINERERING COMPANY LTD.

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : RUHR ORE

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 24/08/2002

Contract no. : M/11/05

BNP Confirmation no : X736297

Openning Bank L/c No. : LCIM4249222

Shipment No. : CK/5192

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 34.63 API GRAVITY AT 60 F °	280,255.161	275,828.12	2,074,298	25.474	52,840,667.25
					52,840,667.25

Total EURO : ~~FIFTY TWO MILLION EIGHT HUNDRED FORTY~~ THOUSAND SIX HUNDRED SIXTY SEVEN AND TWENTY FIVE CENTS

Price Calculation: WTI(FIRST MONTH)MINUS $ 2.90 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.13 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

Y.H.IBRAHIM

FOR STATE OIL MARKETING ORGANIZATION

B/L DATED 26/07/2002

ORIGINAL

747

UNITED NATIONS **NATIONS UNIES**

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

S/AC.25/2002/OIL/1409/OC.61/ad.1 5 August 2002

TO: RUSSIAN ENGINEERING CO. RUSSIAN FEDERATION	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO.: 011-7-095-904-8222/8245	FAX NO.: (212) 963-1628
ATTENTION: Mr. SERGEY ISSAKOV	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE: 1	

AMENDMENT:

Re: Contract Number: **M/12/69** UN REF: **S/AC.25/2002/OIL/1409/COMM.69**
Between: **SOMO and "RUSSIAN ENGINEERING CO."**
Date of receipt of amendment: **1 August 2002**

PLEASE BE ADVISED OF THE AMENDMENT TO THE ABOVE CONTRACT: SOMO AND "RUSSIAN ENGINEERING CO." HAVE AGREED TO AMEND ARTICLE THREE (PARA. 1) TO READ AS FOLLOWS:-

TYPE OF CRUDE	QUANTITY	API	PORT OF LOADING
BASRAH LIGHT	6,500,000 BBLS	34.00	AL-BAKR
KIRKUK	6,000,000 BBLS	36.00	CEYHAN

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

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

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 132

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/12/ 69--

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 133

SECTION ONE

SPECIFIC PROVISIONS

F.O.B. CRUDE OIL SALES CONTRACT

FOB SALES CONTRACT
CONTENTS

Section One

Article One	:	Definitions
Article Two	:	Period
Article Three	:	Quantity and Quality
Article Four	:	Price
Article Five	:	Reopener
Article Six	:	Payment
Article Seven	:	SOMO Standard Documentation.
Article Eight	:	Approval of Contract
Article Nine	:	Special Conditions
Article Ten	:	Addresses

Section Two

Article One	:	Measurement and Sampling
Article Two	:	Risk and Property
Article Three	:	Lifting Programme....
Article Four	:	Nomination of Vessels
Article Five	:	Vessel Berths
Article Six	:	Loading Conditions
Article Seven	:	Demurrage
Article Eight	:	Taxes and Duties
Article Nine	:	Termination in the event of Liquidation or Default
Article Ten	:	Assignment
Article Eleven	:	Destination
Article Twelve	:	Force majeure
Article Thirteen	:	Arbitration
Article Fourteen	:	Notices
Article Fifteen	:	Applicable Law
Appendix I	:	Form of Letter of Credit
Appendix II	:	Application Form to Request Approval of Contract.

Contract between State Oil Marketing Organization (SOMO) (hereinafter called SELLER) of the one part and RUSSIAN ENGINEERING COMPANY LTD. (hereinafter called BUYER) of the other part.

Whereby it is agreed as follows :-

SECTION ONE

Wherever the General Provisions of Section Two, attached and herein incorporated in this Contract, are at variance or in conflict with this Section One, the provisions of Section One shall govern.

ARTICLE ONE

DEFINITIONS

As used in this Contract, unless otherwise provided, the following words and terms shall have the following meanings :-

Barrel	:	means forty-two (42) U.S. Gallons at sixty degrees (60°) Fahrenheit and at normal atmospheric pressure.
Day	:	means a period of twenty-four (24) running hours Commencing at 00.01 hours local time at the port of loading.
Barrel per Day (B/d)	:	means the average number of barrels of crude oil supplied during a calendar day as defined above.
F.O.B.	:	means "Free on Board" as referred to in the ICC Incoterms 1990.
Dollar ($)	:	The currency of the United States of America.
Euro	:	The currency of the European Union
Month	:	means Gregorian Calendar month commencing at 00.01 hours local time at the port of loading on first day of the month.
Quarter	:	means a period of three (3) consecutive months Beginning on a 1st January or a 1st April or a 1st July or a 1st October.

Year	:	means a Gregorian Calendar Year.
Api Gravity	:	means scale adopted by the American Petroleum Institute for expressing the specific Gravity of crude oil.
SCR 986	:	means Security Council resolution 986 (1995) of 14 April 1995.
SCR 1111	:	means Security Council resolution 1111 (1997) of 4 June 1997.
SCR 1143	:	means Security Council resolution 1143 (1997) of 4 December 1997.
SCR 1153	:	means Security Council resolution 1153 (1998) of 20 February 1998.
SCR 1210	:	means Security Council resolution 1210 (1998) of 24 November 1998.
SCR 1242	:	means Security Council resolution 1242 (1999) of 21 May 1999.
SCR 1281	:	means Security Council resolution 1281 (1999) Of 10 December 1999;
SCR 1302	:	means Security Council resolution 1302 (2000) of 8 June 2000.
SCR 1330	:	means Security Council resolution 1330 (2000) Of 5 December 2000.
SCR 1360	:	means Security Council Resolution 1360 (2001)
SRC 1382	:	means Security Council Resolution 1382 (2001) Of 29th November, 2001.
SCR 1409	:	means Security Council Resolution 1409(2002) Of 14th May 2002.
661 Committee	:	means the Security Council Committee established by Security Council Resolution 661 (1990).
Procedures	:	means the procedures to be employed by the 661 Committee (United Nations document S/1996/636, dated 8 August 1996).
Overseers	:	means the independent experts in international Oil trade appointed by the Secretary-General of The United Nations pursuant to SCR 986 and the procedures.
Inspectors	:	means the independent oil inspection agents. Appointed by the Secretary-General pursuant to SCR 986.

ARTICLE TWO

PERIOD :

1. Subject to Article Eight below, this Contract shall become effective on the 20TH day of July, 2002, and shall continue thereafter until the 25th day of November, 2002, unless renewed by mutual agreement.
2. The ultimate consumer of the crude oil sold under this Contract shall be EUROPE AND/OR U.S.A.
   Any change in the destination is subject to the prior approval of Seller.

ARTICLE THREE

QUANTITY AND QUALITY :

1. SELLER undertakes to sell and deliver FOB and BUYER undertakes to purchase, receive and pay for the following:-

Type of Crude	Quantity	Port of Loading
KIRKUK	1,000,000 BBLS	CEYHAN

2. The quality of the crude oil shall be the standard export quality available at the port of loading from time to time.

3. Quantities shall represent contracted quantities or number of barrels per day contracted multiplied by the number of days of the relevant period stipulated in sub Article 2.1

4. Quantities shall be lifted as evenly as possible over the course of such delivery period in lots of approximate barrels and as will be agreed between BUYER and SELLER.

5. Quantities lifted under allowed operational vessel slippage shall be deemed as part of the contracted quantities of the period.

6. In case when SELLER, for reasons technical or otherwise that are beyond his control, is unable to meet his full contractual commitments, SELLER shall have the right to reduce the contracted quantities for the duration of the period when such circumstances shall prevail. SELLER shall advise BUYER as soon as possible before the beginning of any period during which supplies to all buyers are to be reduced.

7. In no event shall any loading start beyond the 25th of November, 2002, unless the Security Council has authorized sales beyond that date.

ARTICLE FOUR

PRICE :

1. The price(s) of the crude oil to be delivered under this contract ..... shall be as follows:-

TYPE OF CRUDE	API	PORT OF LOADING
KIRKUK	36.00	CEYHAN

Price Mechanism in EURO per Barrel FOB

Price shall be the standard SOMO price as agreed upon between SOMO and the United Nations from time to time.

ARTICLE FIVE

REOPENER:

Each party shall have the right not later the 15th day of any month to request a review of the pricing mechanism of this Contract.

If following a request for a review, the parties are unable to agree within a period of ten (10) days from the date upon which such request was made, either party may elect to terminate this Contract by serving written notice of phase-out to the other party and termination shall be effective at the end of the month following the month during which the notice of termination has been received.

But if the parties are able to agree within the above mentioned ten (10) days period, any agreed upon adjustment to the pricing mechanism shall be subject to the approval of the 661 Committee.

However, of such approval has not been granted by the 661 Committee, this Contract shall be considered as terminated as of the end of the month following the month during which the above mentioned ten (10) days period ends unless the parties agree otherwise.

In case of Contract termination under any of the above mentioned events, this Contract shall remain in full force and effect at the pricing mechanism applicable in accordance with this Contract terms and conditions up to the effective date of termination and such termination shall not affect the parties' rights and obligations therefrom, unless the parties agree otherwise during the period prior to the effective date of termination.

ARTICLE SIX

PAYMENT:

1. BUYER shall establish in respect of each shipment lifted under this Contract an irrevocable documentary letter of credit issued by a bank acceptable to Banque Nationale de Paris, S.A. ("BNP")for confirmation, in the form set out in Appendix I hereof.

   In all cases, the Letter of Credit shall be established, confirmed and accepted at least seven (7) days prior to loading date.

2. BUYER irrevocably undertakes that payment for each cargo of crude oil lifted shall be made out of the proceeds of the confirmed Letter of Credit directly to United Nations Iraq Account Euro sub account account number 0200-201752-002-05 established by the Secretary-General of the United Nations, pursuant to paragraph 7 of SCR 986, at BNP (New York Branch) (hereinafter "United Nations Iraq Account Euro sub Account"), upon presentation to BNP of the documents required by the Letter of Credit, including but not limited to the Commercial Invoice and the Bill of Lading.

3. All charges within Iraq are for SELLER, whereas all charges outside Iraq are to be borne by BUYER.

4. Unless otherwise provided herein, payment shall be made not later than thirty (30) days from B/L date, in same date funds.

   If payment falls due on a Saturday or Bank holiday other than Monday in the place where payment is to be made then payment shall be made on the last preceding banking day. If payment falls due on a Sunday or a Monday Bank holiday in the place where payment is to be made then payment shall be made on the next succeeding banking day.

ARTICLE SEVEN

SOMO STANDARD DOCUMENTATION:

Bill of Lading	9 (3 orig. & 6 copies)
Certificate of Origin	4
Certificate of Quality and Quantity	4
Loading Time Sheet	4
Ullage Report	4
Master's Receipt for Samples	4
Distribution of Documents	4

Two sets of documents are handed to Master, one being for consignee. SELLER shall advise BUYER by telex or cable within forty eight (48) hours following each loading with the following details:-

(a) Vessel's Name .
(b) Loading Port .
(c) Commenced loading Date.
(d) Completed Loading Date.
(e) Sailing Date .
(f) Gross and net quantities in metric tons, long tons and U.S. barrels.
(g) API Gravity.

ARTICLE EIGHT

APPROVAL OF CONTRACT :

This Contract is subject to the approval of the Overseers on behalf of the 661 Committee. Such approval shall be obtained in accordance with the Procedures, utilizing the form set out in Appendix II hereof.

ARTICLE NINE

SPECIAL CONDITIONS :

1. Loading of any shipment of crude oil shall be subject to the authorization of the Inspectors at the port of loading. The Inspectors shall also have the authority to stop the loading if they determine that there is any evidence of irregularity.

2. Notwithstanding Sub Article 4-3 of Section Two of this Contract, the accepted date of arrival of the vessel at the loading ports shall be fixed on a one (1) day range. All related Articles of Section Two of the Contract will read to that effect and conformity.
3. Notwithstanding Sub Article (6-5) of Section Two of this Contract SELLER shall be allowed as laytime at Al Bakr Terminal as follows :-

Laytime (hrs)	Vessel DWT (MT)
36	Up to 129 999
54	130 000 – 199 999
65	Over 200 000

All related Articles of Section Two of the Contract will read to that effect and conformity.

4. In addition to the events specified in Sub Article 6-6 of Section Two, any time consumed due to the Inspectors prohibiting loading shall not count as used laytime.
5. This Contract shall terminate forthwith in the event that the Security Council terminates the authorization to import petroleum or petroleum products originating in Iraq.
6. Assignment of the rights or obligations of the SELLER or BUYER shall be subject to the approval of the 661 Committee.
7. Any claims from BUYER under Sub Article 1-3 or Article Seven of Section Two, and any analyses carried out under Sub Articles 1-5 and 1-6 of Section Two, shall copied to the Overseers. Payments or other awards under Article Thirteen of Section Two, in respect of claims under Articles one and Seven of Section Two are subject to the approval of the 661 Committee. Any sum to be paid by BUYER in settlement of a dispute under Article Thirteen of Section Two relating to the proceeds of the sale of crude oil under this Contract shall be paid by BUYER directly to the United Nations Iraq Account, Euro sub account.

8. Payments to SELLER under SUB Article 5-5 and Sub Article 6-7 of Section Two, and any other Payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.
9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143 SCR 1153, SCR 1210, SCR 1242, SCR 1281, SCR 1302, SCR 1330, SCR 1360, SCR 1382, SCR 1409, the Procedures and the Memorandum of Understanding between the Secretariat of the United nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and Communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:
STATE OIL MARKETING ORGANIZATION
P.O. BOX 5118
BAGHDAD – IRAQ
TELEX : 212198 – 212199 SOMO IK
TELEPHONE: 964-1-2869561.
964-1 7742040 - 10 Lines.
FAX : 964-1-8853925

FOR BUYER:
RUSSIAN ENGINEERING COMPANY LTD.
13, BUILDING 4, PR. CHERSKOGO, MOSCOW 127410, RUSSIA
TEL.: +7 (095) 904 82 00, 904 82 09, 904 82 27
FAX.: +7 (095) 904 82 22
TELEX : 612378 RENK
E-MAIL: recms@online. ru

FOR OVERSEERS
UNITED NATIONS, NEW YORK, U.S.A.
FAX : 212 – 963 - 6128

All other terms and conditions as per (Section Two) General conditions of F.O.B. crude oil sales contract No. M/11/05 dated 26th day of December 2001, and attached appendices 1 & 2.

This Contract has been done and signed on the 20TH day of July, 2002.

FOR SELLER

ALI R. HASSAN
ACTING EXECUTIVE DIRECTOR GENERAL
S O M O

FOR BUYER

SERGEY ISSAKOV
CHAIRMAN

008

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-EN 134

11/07/2002 15:25 FAX 1 917 367 21

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No. : C/111/2002

Sold to : RUSSIAN ENGINERERING COMPANY LTD.

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : MAGDELAINE

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 10/11/2002

Contract no. : M/12/69

BNP Confirmation no : X737555

Openning Bank L/c No. : LCIM4261594

Shipment No. : CK/5224 (1)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 34.67 API GRAVITY AT 60 F °	132,376.389	130,285.31	980,000	22.832	22,375,360.00
					22.375.360.00

Total EURO : TWENTY TWO MILLION THREE HUNDRED SEVENTY FIVE THOUSAND THREE HUNDRED SIXTY ONLY

Price Calculation: WTI(FIRST MONTH)MINUS $ 4.05 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.13 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-202-05

B/L DATED 12/10/2002

ORIGINAL

Y.H.IBRAHIM
For State Oil Marketing Organization

FROM : SOMOBAGHDAD

PHONE NO. : 964 1 8853 925

Nov. 07 2002 07:26PM P9

762

Nov. 18 2002 07:02PM P4
PHONE NO. : 964 1 8853 925
FROM : SOMO-BAGHDAD

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No. : B/175/2002

Sold to : RUSSIAN ENGINEREERING COMPANY LTD.

Exporting port : MINA ALBAKR TERMINAL

Ships Name : FRONT HIGHNESS

Destination : EUROPE

Country of origin : IRAQ

Due date : 16/11/2002

Contract no. : M/12/69

BNP Confirmation no : X737565

Openning Bank L/c No. : IX00117810059045

Shipment No. : BBL/3371 (2)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 29.69 API GRAVITY AT 60 F °	132,654.502	130,559.03	952,668	20.153	19,199,118.20
					19,199,118.20

Total EURO : NINETEEN MILLION ONE HUNDRED NINETY NINE THOUSAND ONE HUNDRED EIGHTEEN AND TWENTY CENT

Price Calculation: DATED BRENT MINUS $ 3.70 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.43 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

Y.H.IBRAHIM

For State Oil Marketing Organization

B/L DATED 18/10/2002

ORIGINAL

11/11/2002 18:15 FAX 1 917 367 2116 ALCOA 209-A
763
008

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No. : C/120/2002

Sold to : RUSSIAN ENGINERERING COMPANY LTD.

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : STENA CONVOY

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 24/11/2002

Contract no. : M/12/69

BNP Confirmation no : X737751

Openning Bank L/c No. : LCIM4263877

Shipment No. : CK/5232 (1)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 34.51 API GRAVITY AT 60 F °	47,315.853	46,568.43	350,000	20.361	7,126,350.00
					7,126,350.00

Total EURO : SEVEN MILLION ONE HUNDRED TWENTY SIX THOUSAND THREE HUNDRED FIFTY ONLY

Price Calculation: WTI(FIRST MONTH)MINUS $ 5.00 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.14 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

Y.H.IBRAHIM

For State Oil Marketing Organization

B/L DATED 26/10/2002

ORIGINAL

11/22/2002 11:43 FAX 1 917 367 2197 TREASURER

764

12/04/2002 10:40 FAX 1 917 367 2197 TREASURER 004

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No. : C/127/2002

Sold to : RUSSIAN ENGINERERING COMPANY LTD.

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : FRONT CHAMPION

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 30/11/2002

Contract no. : M/12/69

BNP Confirmation no : X737793

Openning Bank L/c No. : LCIM4264611

Shipment No. : CK/5236 (2)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 34.73 API GRAVITY AT 60 F *	139,893.341	137,683.52	1,036,142	20.904	21,659,512.37
					21,659,512.37

Total EURO : TWENTY ONE MILLION SIX HUNDRED FIFTY NINE THOUSAND FIVE HUNDRED TWELVE AND THIRTY SEVEN CENT

Price Calculation: WT(FIRST MONTH)MINUS $ 5.50 BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.12 APTOR ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT ACCOUNT NUMBER 0200-201752-002-05

Y.H.IBRAHIM

For State Oil Marketing Organization

B/L DATED 01/11/2002

ORIGINAL

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No. : C/135/2002

Sold to : RUSSIAN ENGINEERING COMPANY LTD.

Exporting port : CEYHAN TERMINAL - TURKEY

Ships Name : FRONT SKY

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 16/12/2002

Contract no. : M/1/253

BNP Confirmation no : X137960

Openning Bank L/c No. : LCIM4267012

Shipment No. : CK/5244

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 34.67 API GRAVITY AT 60 F °	140,776.714	138,552.94	1,042,966	20.695	21,584,181.37
					21,584,181.37

Total EURO : TWENTY ONE MILLION FIVE HUNDRED EIGHTY FOUR THOUSAND ONE HUNDRED EIGHTY ONE AND THIRTY SEVEN CENT

Price Calculation: WTI(FIRST MONTH)MINUS $ 6.25 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATTS CRUDE OIL MARKET WIRE ,MINUS $ 0.13 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-502-45

Y.H.IBRAHIM

For State Oil Marketing Organization

B/L DATED 17/11/2002

ORIGINAL

FROM : SOMO*BAGHDAD******
12/12/2002 12:58 FAX 1 917 367 2197
PHONE NO. : 964 1 8853 925
TREASURER
Dec. 12 2002 12:40PM P3
003

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No. : B/199/2002

Sold to : RUSSIAN ENGINEERING COMPANY LTD.

Exporting port : MINA ALBAKR TERMINAL

Ships Name : RUHR ORE

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 19/12/2002

Contract no. : M/12/69

BNP Confirmation no : X737994

Opening Bank L/c No. : LCIM4268088

Shipment No. : BBL/3391 (1)

Description of commodity	Quantity			Price per Barrel FOB	Total value In EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 30.46 API GRAVITY AT 60 F °	138,589.352	136,400.13	1,000,000	20.117	20,117,000.00
					20,117,000.00

Total EURO : TWENTY MILLION ONE HUNDRED SEVENTEEN THOUSAND ONLY

Price Calculation: WTI(SECOND MONTH)MINUS $ 8.40 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.35 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT, ACCOUNT NUMBER 0200-201752-002-35

For State Oil Marketing Organization

Y.H.IBRAHIM

B/L DATED 20/11/2002

ORIGINAL

12/12/2002 12:59 FAX 1 917 367 2197 TREASURER
FROM : SOMO*BAGHDAD****** PHONE NO. : 964 1 8853 925 Dec. 12 2002 12:42PM P7
007

Jan. 09 2003 01:31PM P2
PHONE NO. : 964 1 8853 925
FROM : SOMO BAGHDAD

01/09/2003 18:55 FAX 1 917 367 2116 ALCOA 209-A 004

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No. : B/220/2002

Sold to	: RUSSIAN ENGINERERING COMPANY LTD.	Due date	: 13/01/2003
Exporting port	: MINA ALBAKR TERMINAL	Contract no.	: M/12/69
Ships Name	: MARINE PACIFIC	BNP Confirmation no	: X738472
Destination	: NORTH AMERICA	Openning Bank L/c No.	: LCIM4272236
Country of origin	: IRAQ	Shipment No.	: BBL/3404 (2)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL BASRAH LIGHT 29.70 API GRAVITY AT 60 F °	174,163.915	171,412.74	1,250,775	23.547	29,451,998.93
					29,451,998.93

Total EURO : TWENTY NINE MILLION FOUR HUNDRED FIFTY ONE THOUSAND NINE HUNDRED NINETY EIGHT AND NINETY THREE CENT

Price Calculation: WTI(SECOND MONTH)MINUS $ 6.10 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.43 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

Y.H.IBRAHIM
For State Oil Marketing Organization

B/L DATED 15/12/2002

ORIGINAL

Jan. 09 2003 01:39PM PS
PHONE NO. : 964 1 8853 925
FROM : SOMO BAGHDAD

01/09/2003 16:55 FAX 1 917 367 2118 ALCOA 209-A 005

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No. : C/157/2002

Sold to : RUSSIAN ENGINERERING COMPANY LTD.
Exporting port : CEYHAN TERMINAL - TURKEY
Ships Name : GRAND LADY
Destination : NORTH AMERICA
Country of origin : IRAQ

Due date : 15/01/2003
Contract no. : M/12/69
BNP Confirmation no : H738480
Openning Bank L/c No. : LCIM4272920
Shipment No. : CK/5265 (1)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL KIRKUK 34.49 API GRAVITY AT 60 F °	86,159.144	83,813.93	630,608	26.097	16,441,110.00
					16,441,110.00

Total EURO : SIXTEEN MILLION FOUR HUNDRED FORTY ONE THOUSAND ONE HUNDRED TEN ONLY

Price Calculation: WTI(FIRST MONTH)MINUS $ 4.60 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 16 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.15 API DE-ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS, S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT, EURO SUB-ACCOUNT,ACCOUNT NUMBER 0200-201752-002-05

ORIGINAL

B/L DATED 17/12/2002

Y.H.IBRAHIM
For State Oil Marketing Organization

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٩ ١:٠٥:٤٣ AM



شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
12	RUSSIAN ENGINERERING COMPANY	M/11/05	5,091,902	763,785.30	0.00	*763,785.30*	0.23
12	RUSSIAN ENGINERERING COMPANY	M/11/05,M/12/17	500,000	75,000.00	0.00	*75,000.00*	0.15
11	RUSSIAN ENGINERERING COMPANY	M/11/05+M/11/07	2,582,080	774,624.00	775,000.00	*-376.00*	0.30
8	SAMIR	M/08/07	2,037,893	203,789.00	0.00	*203,789.00*	0.10
8	SETA	M/08/74	971,034	97,103.00	97,103.40	*-0.40*	0.10
10	SETA	M/09/66	975,000	292,500.00	292,470.00	*30.00*	0.30
10	SETA	M/10/37	1,003,073	250,768.25	250,734.50	*33.75*	0.25
9	SHAHER	M/09/30	915,830	228,957.50	228,948.00	*9.50*	0.25
11	SHAHER	M/11/16	1,344,448	403,334.40	403,343.90	*-9.50*	0.30
11	SHANFARI GROUB	M/11/08	1,005,535	251,383.75	251,419.75	*-36.00*	0.25
12	SIBERIAN	M/11/105+/12/31	1,935,017	290,252.55	0.00	*290,252.55*	0.15
8	SINOCHEM	M/08/12	5,804,737	580,472.00	580,472.00	*0.00*	0.10
9	SINOCHEM	M/09/84	2,564,020	641,005.00	641,005.00	*0.00*	0.25
10	SINOCHEM	M/10/44	6,119,227	1,683,459.70	1,683,459.70	*0.00*	0.28
11	SINOCHEM	M/11/02	4,082,569	1,020,642.25	1,020,642.26	*-0.01*	0.25
12	SINOCHEM	M/12/38	8,345,481	1,251,822.15	1,170,573.35	*81,248.80*	0.15
8	SLAVNEFT	M/08/26	2,525,518	252,551.00	252,551.00	*0.00*	0.10
9	SLAVNEFT	M/09/59	5,237,046	1,518,780.15	1,518,449.00	*331.15*	0.29
10	SLAVNEFT	M/10/27	5,809,156	1,642,695.25	1,638,000.00	*4,695.25*	0.28
11	SLAVNEFT	M/11/103	3,972,048	1,097,412.80	0.00	*1,097,412.80*	0.28
8	SOCAP	M/08/09	3,985,924	398,592.00	0.00	*398,592.00*	0.10
8	SONATRACH	M/08/06	3,878,221	387,820.00	0.00	*387,820.00*	0.10

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 135

In the name of God, Most Gracious, Most Merciful

To: The Financial Department
From: Crude Oil Marketing Second Department

No.: KH2/125
Date: 09/17/2002

RE: The Surcharges

Following to our memorandum no. KH2/73 dated 06/09/2002; the surcharge collection for the Memorandum of Understanding contracts is cancelled as of the shipments whose bill of lading is issued on 09/01/2002 or after.

Please be informed and act accordingly.



Ali Rajab Hassan
Acting Director General

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 136

بسم الله الرحمن الرحيم

١٢٥

إلى / الدائرة الماليـــــــــــة

الرقم : خ٢/

من / دائرة تسويق الخام الثانية

التاريخ : ١٧/٩/٢٠٠٢م

م/ المبالغ المسترجعـــــــــة

إلحاقا بمذكرتنا المرقمة خ٧٣/٢ والمؤرخة في ٢٠٠٢/٦/٩.

يلغى استيفاء مبلغ الإسترجاع لعقود مذكرة التفاهم اعتبارا من الشحنات الصادرة بوليصة الشحن لها في ٢٠٠٢/٩/١ وما بعدها.

للعلم والعمل بموجبه لطفـــــا .

علي رجب حسن

المدير العـــام وكالـــة

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
Oil Marketing Company (State Company)

No.: KH1/11268
Date: 19 Rajab, 1423 H
Equivalent to 09/26/2002

Stamp
Ministry of Oil/Office of the Minister
No.: 17001
Date: 09/28/2002

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

In compliance with the approval of the vice-president of the republic, Mr. Taha Yassin Ramadan dated 08/24/2002 regarding the allocation of (3) million barrels in phase (12) to Mr. Voloshin, head of the Russian Presidential Council, please find below the details of the contract signed with Impexoil Russian Company:

1- Number of Contract: M/12/109 Date: 09/24/2002
2- Name of Company Buyer: Impexoil LLC.
3- Nationality: Russian
4- Quantity & Quality: (3) million barrels divided as follows:

(2) million Barrels of Al-Basrah light crude oil FOB Al-Bakr terminal
(1) million Barrels of Kirkuk crude oil FOB Ceyhan terminal

5- Destination of Crude Oil: Europe and / or America
6- Pricing Formula: As agreed on between Oil Marketing Company and the United Nations from time to time
7- Validity of Contract: until 11/25/2002
8- Estimated Value of Contract in Euro: about (60) million Euros based on an estimated rate of $20/barrel

For your review and approval, please.

Regards,

Ali Rajab Hassan
Acting General Director

For the Approval of the Minister

I approve

09/28

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 137

بسم الله الرحمن الرحيم

جمهورية العراق — الرقم / غ١/ ٨٦٨ < ١١

وزارة النفط — التاريخ/ ١٩ /رجب/١٤٢٣هـ

شركة تسويق النفط (شركة عامة) — الموافق/٦ < /٢٠٠٢/٩

اجعل الرحمة تاج العدالة ، والحزم بديلاً عن التردد.. والتاني بديلاً عن التسرع،
والحكمة بديلاً عن التهور ، والعقل بديلاً عن الحماقة ولا تعط عدوك فرصة عليك

الرئيس القائد صدام حسين (حفظه الله ورعاه)

٢٠٠٠/٨/٨

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

تنفيذاً لموافقة السيد نائب رئيس الجمهورية الاستاذ طه ياسين رمضان المحترم في ٢٠٠٢/٨/٢٤ بشـــأن تخصيص (٣) مليون برميل للسيد فلوشن رئيس ديوان الرئاسة في روسيا للرحلة (١٢) . في اذناه تفـاصيل العقـد الموقع مع شركة امبكس اويل الروسية .

١- رقم العقـد وتأريخـه : M/12/109 في ٢٠٠٢/٩/٢٤

٢- اسم الشركة المتعاقدة : IMPEXOIL LLC.

٣- الجنســـــية : روســـية

٤- الكمية والنوعيـــة : (٣) مليون برميل موزعة كالآتي

(٢) مليون برميل خام البصرة الخفيف فوب البكر

(١) مليون برميل خام كركوك فوب جيهان

٥- وجهة النفط الخـام : اوربا و/أو امريكا

٦- التســـــعيرة : حسبما يتفق عليه بين شركة التسويق والامم المتحدة من حين لآخر .

٧- مدة العقـــــد : لغاية ٢٠٠٢/١١/٢٥

٨- القيمة التقديريـة : حوالي (٦٠) مليون يورو على اساس سعر تقديري قدره

للعقد باليـــورو : (٢٠) دولار للبرميل الواحد .

يرجى التفضل بالاطلاع والمصادقة . مع التقدير .

علي رجب حسن

المدير العام وكالة

مصادقة السيد الوزير المحترم

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/12/ 109

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 138

Contract between State Oil Marketing Organization (SOMO) (hereinafter called SELLER) of the one part and IMPEXOIL - MOSCOW (hereinafter called BUYER) of the other part.

Whereby it is agreed as follows :-

SECTION ONE

Wherever the General Provisions of Section Two, attached and herein incorporated in this Contract, are at variance or in conflict with this Section One, the provisions of Section One shall govern.

ARTICLE ONE

DEFINITIONS

As used in this Contract, unless otherwise provided, the following words and terms shall have the following meanings :-

Barrel	:	means forty-two (42) U.S. Gallons at sixty degrees (60°) Fahrenheit and at normal atmospheric pressure.
Day	:	means a period of twenty-four (24) running hours Commencing at 00.01 hours local time at the port of loading.
Barrel per Day (B/d)	:	means the average number of barrels of crude oil supplied during a calendar day as defined above.
F.O.B.	:	means "Free on Board" as referred to in the ICC Incoterms 1990.
Dollar ($)	:	The currency of the United States of America.
Euro	:	The currency of the European Union
Month	:	means Gregorian Calendar month commencing at 00.01 hours local time at the port of loading on first day of the month.
Quarter	:	means a period of three (3) consecutive months Beginning on a 1st January or a 1st April or a 1st July or a 1st October.

Year	:	means a Gregorian Calendar Year.
Api Gravity	:	means scale adopted by the American Petroleum Institute for expressing the specific Gravity of crude oil.
SCR 986	:	means Security Council resolution 986 (1995) of 14 April 1995.
SCR 1111	:	means Security Council resolution 1111 (1997) of 4 June 1997.
SCR 1143	:	means Security Council resolution 1143 (1997) of 4 December 1997.
SCR 1153	:	means Security Council resolution 1153 (1998) of 20 February 1998.
SCR 1210	:	means Security Council resolution 1210 (1998) of 24 November 1998.
SCR 1242	:	means Security Council resolution 1242 (1999) of 21 May 1999.
SCR 1281	:	means Security Council resolution 1281 (1999) Of 10 December 1999.
SCR 1302	:	means Security Council resolution 1302 (2000) of 8 June 2000.
SCR 1330	:	means Security Council resolution 1330 (2000) Of 5 December 2000.
SCR 1360	:	means Security Council Resolution 1360 (2001)
SRC 1382		means Security Council Resolution 1382 (2001) Of 29th November, 2001.
SCR 1409	:	means Security Council Resolution 1409(2002) Of 14th May 2002.
661 Committee	:	means the Security Council Committee established by Security Council Resolution 661 (1990).
Procedures	:	means the procedures to be employed by the 661 Committee (United Nations document S/1996/636, dated 8 August 1996).
Overseers	:	means the independent experts in international Oil trade appointed by the Secretary-General of The United Nations pursuant to SCR 986 and the procedures.
Inspectors	:	means the independent oil inspection agents Appointed by the Secretary-General pursuant to SCR 986.

ARTICLE TWO

PERIOD :

1. Subject to Article Eight below, this Contract shall become effective on the 24TH day of September, 2002, and shall continue thereafter until the 25th day of November, 2002, unless renewed by mutual agreement.
2. The ultimate consumer of the crude oil sold under this Contract shall be **Europe and/or U.S.**
   Any change in the destination is subject to the prior approval of Seller.

ARTICLE THREE

QUANTITY AND QUALITY :

1. SELLER undertakes to sell and deliver FOB and BUYER undertakes to purchase, receive and pay for the following:-

Type of Crude	Quantity	Port of Loading
BASRAH LIGHT	2,000,000 BBLS	ALBAKR
KIRKUK	1,000,000 BBLS	CEYHAN

2. The quality of the crude oil shall be the standard export quality available at the port of loading from time to time.

3. Quantities shall represent contracted quantities or number of barrels per day contracted multiplied by the number of days of the relevant period stipulated in sub Article 2.1

4. Quantities shall be lifted as evenly as possible over the course of such delivery period in lots of approximate barrels and as will be agreed between BUYER and SELLER.

5. Quantities lifted under allowed operational vessel slippage shall be deemed as part of the contracted quantities of the period.

6. In case when SELLER, for reasons technical or otherwise that are beyond his control, is unable to meet his full contractual commitments, SELLER shall have the right to reduce the contracted quantities for the duration of the period when such circumstances shall prevail. SELLER shall advise BUYER as soon as possible before the beginning of any period during which supplies to all buyers are to be reduced.

7. In no event shall any loading start beyond the 25th of November, 2002, unless the Security Council has authorized sales beyond that date.

ARTICLE FOUR

PRICE :

1. The price(s) of the crude oil to be delivered under this contract shall be as follows.-

TYPE OF CRUDE	API	PORT OF LOADING
BASRAH LIGHT	34.00	AL BAKR
KIRKUK	36.00	CEYHAN

Price Mechanism in EURO per Barrel FOB

Price shall be the standard SOMO price as agreed upon between SOMO and the United Nations from time to time.

ARTICLE FIVE

REOPENER:

Each party shall have the right not later the 15th day of any month to request a review of the pricing mechanism of this Contract.

If following a request for a review, the parties are unable to agree within a period of ten (10) days from the date upon which such request was made, either party may elect to terminate this Contract by serving written notice of phase-out to the other party and termination shall be effective at the end of the month following the month during which the notice of termination has been received.

But if the parties are able to agree within the above mentioned ten (10) days period, any agreed upon adjustment to the pricing mechanism shall be subject to the approval of the 661 Committee.

However, of such approval has not been granted by the 661 Committee, this Contract shall be considered as terminated as of the end of the month following the month during which the above mentioned ten (10) days period ends unless the parties agree otherwise.

In case of Contract termination under any of the above mentioned events, this Contract shall remain in full force and effect at the pricing mechanism applicable in accordance with this Contract terms and conditions up to the effective date of termination and such termination shall not affect the parties' rights and obligations therefrom, unless the parties agree otherwise during the period prior to the effective date of termination.

ARTICLE SIX

PAYMENT:

1. BUYER shall establish in respect of each shipment lifted under this Contract an irrevocable documentary letter of credit issued by a bank acceptable to Banque Nationale de Paris, S.A. ("BNP")for confirmation, in the form set out in Appendix I hereof.

   In all cases, the Letter of Credit shall be established, confirmed and accepted at least seven (7) days prior to loading date.

2. BUYER irrevocably undertakes that payment for each cargo of crude oil lifted shall be made out of the proceeds of the confirmed Letter of Credit directly to United Nations Iraq Account Euro sub account account number 0200-201752-002-05 established by the Secretary-General of the United Nations, pursuant to paragraph 7 of SCR 986, at BNP (New York Branch) (hereinafter "United Nations Iraq Account Euro sub Account"), upon presentation to BNP of the documents required by the Letter of Credit, including but not limited to the Commercial Invoice and the Bill of Lading.

3. All charges within Iraq are for SELLER, whereas all charges outside Iraq are to be borne by BUYER.
4. Unless otherwise provided herein, payment shall be made not later than thirty (30) days from B/L date, in same date funds.

   If payment falls due on a Saturday or Bank holiday other than Monday in the place where payment is to be made then payment shall be made on the last preceding banking day. If payment falls due on a Sunday or a Monday Bank holiday in the place where payment is to be made then payment shall be made on the next succeeding banking day.

ARTICLE SEVEN

SOMO STANDARD DOCUMENTATION:

Bill of Lading	9 (3 orig. & 6 copies)
Certificate of Origin	4
Certificate of Quality and Quantity	4
Loading Time Sheet	4
Ullage Report	4
Master's Receipt for Samples	4
Distribution of Documents	4

Two sets of documents are handed to Master, one being for consignee. SELLER shall advise BUYER by telex or cable within forty eight (48) hours following each loading with the following details:-

(a) Vessel's Name .
(b) Loading Port .
(c) Commenced loading Date.
(d) Completed Loading Date.
(e) Sailing Date .
(f) Gross and net quantities in metric tons, long tons and U.S. barrels.
(g) API Gravity.

ARTICLE EIGHT

APPROVAL OF CONTRACT :

This Contract is subject to the approval of the Overseers on behalf of the 661 Committee. Such approval shall be obtained in accordance with the Procedures, utilizing the form set out in Appendix II hereof.

ARTICLE NINE

SPECIAL CONDITIONS :

1. Loading of any shipment of crude oil shall be subject to the authorization of the Inspectors at the port of loading. The Inspectors shall also have the authority to stop the loading if they determine that there is any evidence of irregularity.

2. Notwithstanding Sub Article 4-3 of Section Two of this Contract, the accepted date of arrival of the vessel at the loading ports shall be fixed on a one (1) day range. All related Articles of Section Two of the Contract will read to that effect and conformity.
3. Notwithstanding Sub Article (6-5) of Section Two of this Contract SELLER shall be allowed as laytime at Al Bakr Terminal as follows :-

Laytime (hrs)	Vessel DWT (MT)
36	Up to 129 999
54	130 000 – 199 999
65	Over 200 000

All related Articles of Section Two of the Contract will read to that effect and conformity.

4. In addition to the events specified in Sub Article 6-6 of Section Two, any time consumed due to the Inspectors prohibiting loading shall not count as used laytime.
5. This Contract shall terminate forthwith in the event that the Security Council terminates the authorization to import petroleum or petroleum products originating in Iraq.
6. Assignment of the rights or obligations of the SELLER or BUYER shall be subject to the approval of the 661 Committee.
7. Any claims from BUYER under Sub Article 1-3 or Article Seven of Section Two, and any analyses carried out under Sub Articles 1-5 and 1-6 of Section Two, shall copied to the Overseers. Payments or other awards under Article Thirteen of Section Two, in respect of claims under Articles one and Seven of Section Two are subject to the approval of the 661 Committee. Any sum to be paid by BUYER in settlement of a dispute under Article Thirteen of Section Two relating to the proceeds of the sale of crude oil under this Contract shall be paid by BUYER directly to the United Nations Iraq Account, Euro sub account.

6. Payments to SELLER under Sub Article 5-5 and Sub Article 6-7 of Section Two, and any other Payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.
9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143 SCR 1153, SCR 1210, SCR 1242, SCR 1281, SCR 1302, SCR 1330, SCR 1360, SCR 1382, SCR 1409, the Procedures and the Memorandum of Understanding between the Secretariat of the United nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and Communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:
STATE OIL MARKETING ORGANIZATION
P.O. BOX 5118
BAGHDAD – IRAQ
TELEX : 212198 – 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX : 964-1-8853925

FOR BUYER:
IMPEXOIL L.L.C.
3/1, KHOKHLOVSKY PER., MOSCOW, 101000, RUSSIA
PHONE: (7 095) 917-0385,956-2737
FAX : (7 095)956-2615
e-mail:imp-oil@dol.ru

FOR OVERSEERS
UNITED NATIONS, NEW YORK, U.S.A.
FAX : 212 – 963 – 6128

All other terms and conditions as per (Section Two) General conditions of F.O.B. crude oil sales contract and attached appendices 1 & 2 .
This Contract has been done and signed on the 24th day of September, 2002.

FOR SELLER
ALI R. HASSAN
ACTING DIRECTOR GENERAL
S O M O

FOR BUYER
CHERSTIOUKOV ARKADY
DIRECTOR

FROM :

PHONE NO. :

SEP. 26 2002 10:42AM P1

AK, MT, MT

IMPEXOIL

3/1, Khokhlovsky Per., Moscow, 101000, Russia
Phone: (7 095) 960 34 41, 242 12 31 fax: (7 095) 242 12 31

1 - 212 - 963 16 28

REF: M/12/109-10
26.09.2002

To: UNITED NATIONS FOR OVERSEERS
From: "IMPEXOIL LLC", Moscow, Russia

REQUEST FOR THE APPROVAL OF THE CONTRACT

The attached contract with the Iraqi State Oil Marketing Organization (SOMO) for the purchase of petroleum is submitted for your approval in accordance with para 1 (a) of Security Council Resolution 986(1995), Security Council Resolution 1111(1997), Security Council Resolution 1143(1997), Security Council Resolution 1153 (1998), Security Council Resolution 1210 (1998), Security Council Resolution 1242 (1999), Security Council Resolution 1281 (1999), Security Council Resolution 1302 (2000), Security Council Resolution 1302 (2000), Security Council Resolution 1360 (2001), Security Council Resolution 1382(2001), Security Council Resolution 1409(2002) and the procedures of the Security Council Committee established by Resolution 661 (1990) concerning the situation between Iraq and Kuwait adopted at its 142nd meeting held on 8 August 1990.

Information about the Purchase:

Name of purchasing entity:	**"IMPEXOIL LLC"**
Place of Registration :	**Moscow, Russia**
Address:	**3/1 Khokhlovsky Per., Moscow, 101000, Russia**
Contact person:	**Mr. Sergei Tumanov,** **Executive Director Iraqi projects**
Telephone:	**7 - 095 - 960 34 41, 764 7634, 242 1231,** **Fax: 7 - 095 – 242 1231**

Summary of Contract terms:

Total Quantity of Crude oil:	**3,000,000 BBLS** **Basrah Light: 2,000,000 BBLS Kirkuk: 1.000,000 BBL**
Quality of Crude oil:	**API 34,0 - 2,0 mln bbls Basrah Light,** **API 36,0 -1,0 mln bbls Kirkuk**
Pricing formula:	**as per Contract**
Dates of loading:	**as per Contract**
Name of Vessel:	**to be nominated later**
Payment details:	**Letter of Credit as per UN requirements.**

Please find attached a copy of the contract M/12/109 dated 24.09.2002

Thanks in anticipation for your kind cooperation,
Sincerely yours,

S.Tumanov
Executive Director Iraqi projects

Impex-oil-109

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 139

UNITED NATIONS **NATIONS UNIES**

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

S/AC.25/2002/OIL/1409/OC.96 26 September 2002

TO: IMPEXOIL LLC RUSSIAN FEDERATION	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO.: 011-7-095-242-1231	FAX NO.: (212) 963-1628
ATTENTION: Mr. Sergei Tumanov	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE: 1	

Re: Contract Number: **M/12/109** UN REF: **S/AC.25/2002/OIL/1409/COMM.109**
Between: **SOMO and "IMPEXOIL LLC"**
Date of Receipt: **26 September 2002**
Quantity: **2,000,000 bbls**
Quality: **Basrah Light**
Pricing Formula: **Europe and/or US Markets**
Port of Loading: **Mina Al Bakr**
Quantity: **1,000,000 bbls**
Quality: **Kirkuk**
Pricing Formula: **Europe and/or US Markets**
Port of Loading: **Ceyhan**

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

☒ **APPROVED**

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

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
Oil Marketing Company (State Company)

No.: KH1/11268
Date: 19 Rajab, 1423 H
Equivalent to 09/26/2002

Stamp
Ministry of Oil/Office of the Minister
No.: 17001
Date: 09/28/2002

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

In compliance with the approval of the vice-president of the republic, Mr. Taha Yassin Ramadan dated 08/24/2002 regarding the allocation of (3) million barrels in phase (12) to Mr. Voloshin, head of the Russian Presidential Council, please find below the details of the contract signed with Impexoil Russian Company:

1- Number of Contract: M/12/109 Date: 09/24/2002
2- Name of Company Buyer: Impexoil LLC.
3- Nationality: Russian
4- Quantity & Quality: (3) million barrels divided as follows:

(2) million Barrels of Al-Basrah light crude oil FOB Al-Bakr terminal
(1) million Barrels of Kirkuk crude oil FOB Ceyhan terminal

5- Destination of Crude Oil: Europe and / or America
6- Pricing Formula: As agreed on between Oil Marketing Company and the United Nations from time to time
7- Validity of Contract: until 11/25/2002
8- Estimated Value of Contract in Euro: about (60) million Euros based on an estimated rate of $20/barrel

For your review and approval, please.

Regards,

Ali Rajab Hassan
Acting General Director

For the Approval of the Minister

I approve

09/28

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN140

بسم الله الرحمن الرحيم

جمهورية العراق — الرقم / خ١/ ٨٦٨ < ١١

وزارة النفط — التاريخ/ ١٩ /رجب/١٤٢٣هـ

شركة تسويق النفط (شركة عامة) — الموافق/٦ < /٢٠٠٢/٩

اجعل الرحمة تاج العدالة ، والحزم بديلاً عن التردد.. والتاني بديلاً عن التسرع،
والحكمة بديلاً عن التهور ، والعقل بديلاً عن الحماقة ولا تعط عدوك فرصة عليك

الرئيس القائد صدام حسين (حفظه الله ورعاه)

٢٠٠٠/٨/٨

السيد وزير النفط المحترم

م/ المصادقة علي عقود النفط الخام المصدر

تنفيذاً لموافقة السيد نائب رئيس الجمهورية الاستاذ طه ياسين رمضان المحترم في ٢٠٠٢/٨/٢٤ بشـــأن تخصيص (٣) مليون برميل للسيد فلوشن رئيس ديوان الرئاسة في روسيا للرحلة (١٢) . في ادناه تفـاصيل العقـد الموقع مع شركة امبكس اويل الروسية .

١- رقم العقـد وتاريخـه : M/12/109 في ٢٠٠٢/٩/٢٤

٢- اسم الشركة المتعاقدة : IMPEXOIL LLC.

٣- الجنســـــية : روســـية

٤- الكمية والنوعيـــة : (٣) مليون برميل موزعة كالآتي
(٢) مليون برميل خام البصرة الخفيف فوب البكر
(١) مليون برميل خام كركوك فوب جيهان

٥- وجهة النفط الخـام : اوربا و/أو امريكا

٦- التبـــــعيرة : حسبما يتفق عليه بين شركة التسويق والامم المتحدة من حين لآخر .

٧- مدة العقـــــد : لغاية ٢٠٠٢/١١/٢٥

٨- القيمة التقديريـة : حوالي (٦٠) مليون يورو على اساس سعر تقديري قدره
للعقد بالبـــورو : (٢٠) دولار للبرميل الواحد .

يرجى التفضل بالاطلاع والمصادقة . مع التقدير .

علي رجب حسن
المدير العام وكالة

مصادقة السيد الوزير المحترم

In the Name of God, Most Gracious, Most Merciful

To: Shipping & Quantities Department
From: Oil Marketing First Department

No.: KH1/
Date: Rajab, 1423 H
Equivalent to 09/26/2002

RE: Contract M/12/109 with Impexoil (on behalf of the Russian Presidential Council)

On 09/24/2002, we signed a contract with the aforesaid company to supply it with quantities of crude oil as per the following terms:

1- Name of Contractual Company: Impexoil LLC.
2- Validity of Contract: until 11/25/2002
3- Nationality: Russian
4- Quantity & Quality: (3) million barrels divided as follows:

(1) million Barrels of Kirkuk crude oil FOB Ceyhan terminal
(2) million Barrels of Al-Basrah light crude oil FOB Al-Bakr terminal

5- Destination of Crude Oil: Europe and / or America
6- Approval of the United Nations: SCR/A.C.25/2002/OIL/1409/COMM.109 dated [Blank]
7- Address:

IMPEXOIL
3/1, KHOKHLOVSKY PER., MOSCOW, 101000, RUSSIA
PHONE: (7 095)917-0385, 956-2737
FAX: (7 095)956-2615
E-mail: imp-oil@dol.ru

8- Point of Contact: Mr. Chertioukov Arkady
9- Other Terms of Contract: as in the standard contract of Oil Marketing Company

Please be informed and act accordingly.

Regards,



Abd-al-Jalil Sa'id Hammadi
Head of Oil marketing First Department
09/26

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 142

بسم الله الرحمن الرحيم

الى /دائرة الشحن والكميات
من / دائرة تسويق الخام الاولى

الرقم : خ١/
التاريخ: /رجب / ١٤٢٣ هـ
الموافق : ٢٠٠٢/٩/٢٦م

م/ العقد M/12/109 مع شركة امبكس اويل (لصالح رئيس الديوان الروسي)

تم بتأريخ ٢٤/ ٩ / ٢٠٠٢ التوقيع على عقد تجهيز النفط الخام مع الشركة اعلاه اتفق بموجبه على تجهيزهم بكميات النفط الخام وكالآتي :-

١- اسم الشركة المتعاقدة : امبكس اويل ال ال سي
٢- فترة سريان العقد : لغاية ٢٠٠٢/١١/٢٥
٣- الجنسية : روسية
٤- الكمية والنوعية : (٣) مليون برميل موزعة كالآتي :-
(١) مليون برميل نفط خام كركوك فوب جيهان
(٢) مليون برميل نفط خام البصرة لخفيف فوب البكر
٥- وجهة النفط : اوربا و/أو امريكا
٦- مصادقة الامم المتحدة : SCR/A.C.25/2002/OIL/1409/COMM.109
في / /٢٠٠٢
٧- العنوان :

IMPEXOIL
3/1, KHOKHLOVSKY PER., MOSCOW, 101000, RUSSIA
PHONE: (7 095) 917-0385,956-2737
FAX : (7 095)956-2615
e-mail:imp-oil@dol.ru

٨- الشخص الذي يتصل به : MR CHERSTOUKOV ARKADY
٩- بقية الشروط الاخرى للعقد : كما هي في العقد النموذجي لشركة تسويق النفط .

للعلم والعمل بموجبه رجاء .

عبد الجليل سعيد حمادي
رئيس دائرة تسويق الخام الاولى

FROM : PHONE NO. : 88 Oct. 02 2002 10:51AM P01

IMPEXOIL

3rd Frunzenskaya str. 1-110, Moscow, Russia
phone (7 095) 960-3441, 242-1231, fax (7 095) 242-1231

BAYOIL

October 2nd, 2002
Ref. No. M/12/ - 12

Attn. MR. LUDMIL DIONISSIEV

Ref. PHASE 12 Contract with SOMO for the procurement of Iraqi Oil

Dear Mr. Dionissiev,

Further to our discussions we would like to offer the following quantities of Iraqi crude oil allocated to our company under Contract M/12/109 UN Program:

2'000'000 barrels of Basrah Light Oil ex Mina Al Bakr
1'000'000 barrels of Kirkuk Crude Oil ex Ceyhan
The period of lifting – October 2002 at your options
Price – OSP + USDollars 0.06
Letter of Credit is at your expense.

We would very much appreciate your comments and are always open for discussions.

Your prompt reply will be highly appreciated

Sincerely yours,

S.Tumanov
Director for Iraqi Projects

Phone: (7 095) 960 34 41, 242 12 31 fax: (7 095) 242 12 31

Phone: (7 095) 960 34 41, 242 12 31 fax: (7 095) 242 12 31

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 143

SNT 027864

BAYOIL

TO: IMPEXOIL LLC
ATTN Mr. S. Tumanov
FAX: 7095-242-1231

FROM: Bayoil Supply and Trading Limited

DATE: October 2, 2002

RE: Basrah / Kirkuk Crude Purchase

Dear Mr. Tumanov:

Subject to your company being able to provide all necessary documentation in compliance with our Bank's requirements by Friday October 4, 2002, we hereby confirm our agreement to the purchase of 2,000,000 barrels of Basrah Light crude oil and agree to the price of OSP plus $0.06 covering this total contractual quantity with the Letter of Credit being issued in the name of Impexoil LLC, but under the account and responsibility of Bayoil Supply & Trading Limited.

Please find attached our nomination to be forwarded to SOMO, covering 1,400,000 barrels to be loaded on M/T "Stavros G.L."/Sub. This vessel has already been accepted by SOMO to load October 12, 2002.

With reference to the available Kirkuk quantity, we greatly appreciate if you can extend your offer to early next week.

Thank you and best regards,

BAYOIL SUPPLY & TRADING LIMITED

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 144

SNT 027858

AGREEMENT No M/12/01/B

"4" October 2002

Impex-Oil LLC, Moscow, Russia, hereinafter referred to as the Seller, and "BAYOIL Supply and Trading Limited", hereinafter referred to as the Buyer, together called as the parties, have come to the following agreement:

1. Subject of the agreement.

1.1 Seller undertakes to do the following:

- to agree with SOMO schedule and destination of the delivery, exact dates of shipment, laycan and vessel nomination,
- to instruct the Buyer to issue for and on behalf of the Seller L/C for shipment,
- to carry out operational correspondence, to make contacts with SOMO and Overseers, to provide the Buyer with all received information concerning the fulfillment of the Agreement.

1.2. Buyer undertakes to do the following:

- to buy 2'000'000 +/- 5% bbls Basrah Light oil allocated to the Seller and lift it by November 25th, 2002,
- to give nomination with the full information of the vessel, her technical parameters, her final destination, laycan, etc.,
- to issue 10 days prior to the laycan date a Letter of Credit covering the total value of the crude oil to be lifted, in strict conformity with the provisions of the Contract signed between the Seller and SOMO. The Buyer shall open a Letter of Credit at its own expense and account.
- to lift and sell the quantity allotted to the Seller in the international oil market in frame of allotted quota strictly in accordance with the Contract concluded between SOMO and the Seller and the provisions of the UN Program,
- to bear responsibility for the violation of the destination approved by SOMO,

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 145

SNT 027842

2. Price.

2.1 Official selling price of SOMO for corresponding destination with A.P.I. escalation/de-escalation effective for month of delivery plus a commission in the amount of US Dollars 0.06 per net barrel for Basrah Light.

2.2 Payment: Inside Letter of Credit shall be made by Buyer in the EUROs in full without discount, withholding setoff, counterclaim or other deduction within thirty (30) days from Bill of Lading date (B/L date included).

2.3 Payments of the commission to be paid outside letter of credit as instructed by the Seller value 7 days from the bill of lading date (b/l date=day one) against receipt of commercial invoice.

3. Force- Majeure

3.1 The Parties shall not be responsible for failure to fulfill their contractual obligations in whole or partially except the payment for the goods already delivered, if such failure is the result of Force-Majeure circumstances, stipulated in the contract between the Seller and SOMO company.

4. Law and jurisdiction.

4.1 The Present Agreement is made under, and shall be governed by and be construed in all respects in accordance with the laws of Sweden.

4.2 All the disputes and claims concerning and/or in connection with the Present Agreement of its violation or termination or the Agreement will become ineffective to be solved by Parties by negotiations.

4.3 Should the Parties fail to agree by negotiations, then any dispute or claims arising out of the Present Agreement shall be finally settled by the International Arbitration Court of Stockholm, Sweden and shall be examined in accordance with the material law and regulations in effect.

4.4 The language of the arbitration is English. The award of the arbitration is final and binding on both parties.

SNT 027843

5. Validity and termination of the Agreement.

5.1 The Present Agreement becomes effective from the date it is signed and shall be in force until the Parties fulfill their obligations.

5.2 The present Agreement shall be null and void upon mutual written agreement of the Parties.

6. Miscellaneous.

6.1 Lifting of oil under the present Agreement is by November 25th, 2002.

6.2 Neither Party is entitled to transfer its rights and obligations hereunder to the third Party without the other party's written consent thereto.

6.3 All Amendments and Supplements to the present Agreement are valid only if they are made in writing and signed by both Parties. All Appendices and Addenda hereto make integral parts of the Present Agreement.

6.4 After signing the Present Agreement all preceding negotiations and correspondence between the Parties shall be deemed null and void.

6.5 In case of reorganization of the juridical person, either of the Parties of the Present Agreement, all the rights and liabilities to be transferred to the corresponding successor.

6.6 The parties understand that if the official prices, as set by The United Nations, result in being prohibitively higher than the prevailing market, as per recent months, ~~Buyer may be excused~~ THE PARTIES ~~from further loadings without any further recourse~~. SHALL DISCUSS THE SITUATION AND WORK OUT MUTUALLY ACCEPTABLE SOLUTION

6.7 The Present Agreement is signed in two originals in English, one original for each Party, both originals being equally authentic.

6.8 The Contract No. M/12/109 signed between the Seller and SOMO will form an integral part of the present Agreement and shall be the basis of cooperation between the Parties.

7. Special conditions.

7.1 Seller warrants that the crude oil sold to the Buyer pursuant to this Agreement was obtained pursuant to all necessary approvals and

SNT 027844

in accordance with all applicable procedures of the United Nations (U.N.) resolutions 986 and the UN Security Council Committee established by SCR 661 (1990). Seller also warrants that the provisions of all applicable UN resolutions have been complied with, including, without limitation, SCR 986(1995), SCR 1111(1997), SCR 1143(1997) and SCR 661(1990).

7.2 Seller specifically warrants that no surcharge or other payment was made to SOMO by the Seller, or to Seller's knowledge by any third party, outside the UN escrow account in obtaining the crude oil sold to the Buyer hereunder.

7.3 Seller shall provide Buyer a copy of the UN certification, UN appointed inspector's certificate and the certificate or origin upon vessel's departure from the loadport and as soon as SOMO provides the required papers.

THE SELLER:

Impex – Oil LLC

Sergey V.Tumanov
Director for Iraqi Projects

THE BUYER:

BAYOIL SUPPLY AND TRADING LIMITED

Daphne McDonald - Manager
Daphne McDonald

SNT 027845

Jean Johnston

From: Irene [isherst@yandex.ru]
Sent: Wednesday, October 30, 2002 9:13 AM
To: Jean Johnston
Subject: payment for m/t TINA b/l 16/10/2002

FROM : IMPEX-OIL LLC,
MOSCOW, RUSSIA

TO : BAYOIL SUPPLY AND TRADING LIMITED
ATTN. MRS. JEAN JONHSTON
COPY TO : MR. LUBMIL DIONISSIEV

DEAR SIRS,

IN COMPLIANCE WITH OUR AGREEMENT M/12/109-B OF OCTOBER 4TH, 2002 AND BASED ON THE INFORMATION OBTAINED FROM SOMO YOU ARE KINDLY REQUESTED TO PAY THE COMMISSION FOR LIFTING 1.340.073 BARRELS OF OIL ON M/T 'TINA' ON OCTOBER 16TH, 2002 IN THE SUM OF US DOLLARS 80,404.38 TO THE FOLLOWING ACCOUNT:

USD ACCOUNT NO 178-33-094100
IN FAVOUR OF IMPEX-OIL CO
WITH THE CYPRUS POPULAR BANK LTD
THE INTERNATIONAL BUSINESS CENTRE
50 KENNEDY AVENUE
CATERWAYS BUILDING 1ST FLOOR
NICOSIA - CYPRUS
TEL 357 - 22 363737
SWIFT: LIKICY2N
ATTN. MRS RENA ADAMIDES

WE WOULD VERY MUCH APPRECAITE IF YOU SEND US A SWIFT CONFIRMATION OF THE EFFECTED TRANSACTION AS SOON AS POSSIBLE.

SINCERELY YOURS

S.TUMANOV
DIRECTOR IRAQI PROJECTS

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 146

SNT 027937

3/1, Khokhlovsky Per., Moscow, 101000, Russia
Phone: (7 095) 960 34 41, 242 12 31 fax: (7 095) 242 12 31

IMPEXOIL

December 16th, 2002
Ref. M/12/109-43

TO: BAYOIL SUPPLY AND TRADING CO.LTD

Ref. Agency Agreement 50-11-03/M/12/01/B of October 3rd, 2002
660.000 bbls of Basrah Light Oil

Dear Sirs,

In compliance with the above said Agreement and attached SOMO's confirmation you are kindly requested to pay the sum of US Dollars 39.600 to the following address:

Account No. 178-33-094100
In favour of IMPEX-OIL LIMITED
Cyprus Popular Bank Ltd
The International Business Centre
50 Kennedy Avenue
Caterways Building 1st Floor
Nicosia – Cyprus
SWIFT LIKICY2N
Attn. Mrs Rena Adamides
Payment for Marine Atlantic

We would very much appreciate if you send us a SWIFT confirmation of the effected transaction to fax number 7 – 095 – 242 12 31

Thanks in anticipation for your kind cooperation.

S.Tumanov
Director
Iraqi Projects

Bayoil-K

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 147

SNT 028481

SNT 028481

FROM : PHONE NO. : 08 Jan. 09 2003 01:12PM P01

[redacted]
3/1, Khokhlovsky Per., Moscow, 101000, Russia
Phone: (7 095) 980 34 41, 242 12 31 fax: (7 095) 242 12 31

IMPEXOIL

January, 9th, 200
Ref. M/13/33-61

TO: BAYOIL SUPPLY AND TRADING CO.LTD

Ref. Agency Agreement 50-11-03/M/12/01/B of October 3rd, 2002
1.040.400 bbls of Basrah Light Oil, M/T "Dorset"

Dear Sirs,

In compliance with the above said Agreement and attached SOMO's confirmation you are kindly requested to pay the sum of US Dollars 62.424 to the following address:

Account No. 178-33-094100
In favour of IMPEX-OIL LIMITED
Cyprus Popular Bank Ltd
The International Business Centre
50 Kennedy Avenue
Caterways Building 1st Floor
Nicosia – Cyprus
SWIFT LIKICY2N
Attn. Mrs Rena Adamides
Payment for Dorset

We would very much appreciate if you send us a SWIFT confirmation of the effected transaction to fax number 7 – 095 – 242 12 31

Thanks in anticipation for your kind cooperation.

S.Tumanov
Director
Iraqi Projects

Bayoil-K

SNT 028771

SNT 028771

9:03 AM
07/19/04
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	11/30/2002	Je-C11-11	Accrual	TINA-8	V-50197	Accounts R...	58,850,646.03	58,850,646.03
Deposit	12/27/2002	REV	LYONDELL	TINA-8(233,91...	V-50197	Cash - CAI ...	6,060,124.51	64,910,770.54
Check	12/30/2002	REV	BNP	TINA-8	V-50197	Cash - CAI ...	-6,060,124.52	58,850,646.02
Total Sales - Oil Products							58,850,646.02	58,850,646.02
Total Gross Sales							58,850,646.02	58,850,646.02
Cost of Sales								
Broker Comm								
General Journal	12/31/2002	Je-C12-18	Accrual	TINA-8	V-50197	Freight	-1,860.00	-1,860.00
General Journal	12/31/2002	JE-L12/24	ARC	Accrual/Tina-8	V-50197	Computer S...	-930.00	-2,790.00
General Journal	12/31/2002	JE-L12/24	ECHO ENERGY	Accrual/Tina-8	V-50197	Computer S...	-1,240.00	-4,030.00
Check	1/8/2003	1502	ARC OIL, LLC	TINA-8/ C29333	V-50197	Cash - Well...	-620.00	-4,650.00
Check	1/8/2003	1503	ECHO ENERGY	TINA-8	V-50197	Cash - Well...	-620.00	-5,270.00
Check	1/8/2003	1503	ECHO ENERGY	TINA-8	V-50197	Cash - Well...	-620.00	-5,890.00
General Journal	1/31/2003	JE-L01-03	ARC	Rev Accrual/Tin...	V-50197	Accounts P...	930.00	-4,960.00
General Journal	1/31/2003	JE-L01-03	ECHO ENERGY	Rev Accrual/Tin...	V-50197	Accounts P...	1,240.00	-3,720.00
Check	2/11/2003	1512	SYNTEXENERG...	TINA-8	V-50197	Cash - Well...	-1,550.00	-5,270.00
General Journal	3/31/2003	Je-C03-07	Reverse Accrual	Tina-8	V-50197	-SPLIT-	1,860.00	-3,410.00
Total Broker Comm							-3,410.00	-3,410.00
Exchange gain/loss								
Check	11/14/2002	PURCH	UNITED NATIONS	TINA-8	V-50197	BNP Pariba...	-15,297.09	-15,297.09
Total Exchange gain/loss							-15,297.09	-15,297.09
Crude Purchases								
Check	10/18/2002	PUR	JSC PEOPLE'S ...	TINA-8	V-50197	BNP Pariba...	-50,000.00	-50,000.00
Check	10/31/2002	PUR	IMPEX-OIL CO	TINA-8	V-50197	BNP Pariba...	-80,404.38	-130,404.38
Check	11/14/2002	PURCH	UNITED NATIONS	TINA-8/IMPEXI...	V-50197	BNP Pariba...	-28,625,299.35	-28,755,703.73
Check	11/14/2002	PURCH	UNITED NATIONS	TINA-8/ENERGY	V-50197	BNP Pariba...	-21,361,000.00	-50,116,703.73
Total Crude Purchases							-50,116,703.73	-50,116,703.73
Interest								
Check	11/14/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-247.06	-247.06
General Journal	11/30/2002	Je-C11-11	Accrual	TINA-8	V-50197	Accounts R...	-145,000.00	-145,247.06
Check	12/2/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-969.45	-146,216.51
Check	12/4/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-625.11	-146,841.62
Check	12/6/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-609.21	-147,450.83
Check	12/9/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-913.82	-148,364.65
Check	12/11/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-617.16	-148,981.81
Check	12/12/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-305.94	-149,287.75
Check	12/13/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-307.26	-149,595.01
Check	12/16/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-2,950.67	-152,545.68
Check	12/16/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-109,013.33	-261,559.01
Check	12/16/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-921.77	-262,480.78
Check	12/18/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-630.41	-263,111.19
Check	12/18/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-439.43	-263,550.62
Check	12/20/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-707.09	-264,257.71
Check	12/20/2002	LOAN	FIXED TERM A...	STAVROSGL-4	V-50197	BNP Pariba...	-707.09	-264,964.80
Check	12/23/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-24,078.24	-289,043.04
Check	12/23/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-2,093.95	-291,136.99
Check	12/24/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-1,741.09	-292,878.08
Check	12/24/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-707.09	-293,585.17
Check	12/30/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-1,033.25	-294,618.42
Check	12/30/2002	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-4,315.37	-298,933.79
General Journal	12/31/2002	JE-L12/9	UEB	TINA-8	V-50197	Interest	-1,742.77	-300,676.56
General Journal	12/31/2002	Je-C12-18	Reverse Accrual	TINA-8	V-50197	Freight	145,000.00	-155,676.56
Check	1/3/2003	LOAN	FIXED TERM A...	TINA-8	V-50197	BNP Pariba...	-4,835.55	-160,512.11
General Journal	1/31/2003	JE-L1/1	UEB	TINA-8	V-50197	Accounts P...	1,742.77	-158,769.34
Total Interest							-158,769.34	-158,769.34
Inspection								
General Journal	11/30/2002	Je-C11-11	Accrual	TINA-8	V-50197	Accounts R...	-55,000.00	-55,000.00
Check	12/18/2002	INSP	OIL IMS USA LLC	TINA-8	V-50197	BNP Pariba...	-19,036.90	-74,036.90
General Journal	12/31/2002	Je-C12-18	Reverse Accrual	TINA-8	V-50197	Freight	20,000.00	-54,036.90
Check	1/30/2003	INSP	SGS EGYPT LTD	TINA-8	V-50197	BNP Pariba...	-550.00	-54,586.90
Check	3/4/2003	INSP	BSI INSPECTO...	TINA-8	V-50197	BNP Pariba...	-10,659.59	-65,246.49
Check	3/26/2003	INSP	OIL INSPECTIO...	TINA-8	V-50197	BNP Pariba...	-19,227.65	-84,474.14
General Journal	3/31/2003	Je-C03-07	Reverse Accrual	Tina-8	V-50197	Broker Comm	35,000.00	-49,474.14
Check	8/15/2003	INSP	SGS GULF LTD	TINA-8	V-50197	BNP Pariba...	-500.00	-49,974.14
Total Inspection							-49,974.14	-49,974.14

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 148

9:03 AM
07/19/04
Accrual Basis

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

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Insurance								
General Journal	11/30/2002	Je-C11-11	Accrual	TINA-8	V-50197	Accounts R...	-43,000.00	-43,000.00
Check	12/10/2002	INS	CRAIG FERGUS...	TINA-8	V-50197	BNP Pariba...	-30,142.88	-73,142.88
General Journal	12/31/2002	Je-C12-18	Reverse Accrual	TINA-8	V-50197	Freight	30,000.00	-43,142.88
Check	3/26/2003	INS	CRAIG FERGUS...	TINA-8	V-50197	BNP Pariba...	-5,227.98	-48,370.86
General Journal	3/31/2003	Je-C03-07	Reverse Accrual	Tina-8	V-50197	Broker Comm	13,000.00	-35,370.86
Total Insurance							-35,370.86	-35,370.86
L/C Charges								
Check	11/14/2002	PURCH	UNITED NATIONS	TINA-8/IMPEX...	V-50197	BNP Pariba...	-46,055.26	-46,055.26
Check	11/14/2002	PURCH	UNITED NATIONS	TINA-8/ENERGY	V-50197	BNP Pariba...	-32,996.35	-79,051.61
Total L/C Charges							-79,051.61	-79,051.61
Freight								
Check	10/8/2002	FRGHT	NORTH CARIBB...	Tina-8/ Cancell...	V-50197	BNP Pariba...	-75,000.00	-75,000.00
Check	10/17/2002	FRGHT	NORTH CARIBB...	TINA-8/ 1ST HI...	V-50197	BNP Pariba...	-234,817.19	-309,817.19
Check	10/29/2002	FRGHT	NORTH CARIBB...	TINA-8/BOB 93...	V-50197	BNP Pariba...	-149,280.00	-459,097.19
Check	10/29/2002	FRGHT	NORTH CARIBB...	TINA-8/WAR R...	V-50197	BNP Pariba...	-25,920.00	-485,017.19
Check	11/12/2002	FRGHT	NORTH CARIBB...	TINA-8/2ND HI...	V-50197	BNP Pariba...	-267,637.50	-752,654.69
Check	11/12/2002	FRGHT	FAL ENERGY C...	TINA-8/BUNKE...	V-50197	BNP Pariba...	-324,854.64	-1,077,509.33
Check	11/18/2002	FRGHT	FAL ENERGY C...	TINA-8/BUNKE...	V-50197	BNP Pariba...	-1,594,438.40	-2,671,947.73
General Journal	11/30/2002	Je-C11-11	Accrual	TINA-8	V-50197	Accounts R...	-602,118.08	-3,274,065.81
Check	12/19/2002	FRGHT	NORTH CARIBB...	TINA-8/3RD HI...	V-50197	BNP Pariba...	-267,637.50	-3,541,703.31
Check	12/19/2002	FRGHT	NORTH CARIBB...	TINA-8/3RD HI...	V-50197	BNP Pariba...	-11,480.58	-3,553,183.89
Check	12/30/2002	FRGHT	GULF AGENCY ...	TINA-8/ SUEZ ...	V-50197	BNP Pariba...	-211,700.00	-3,764,883.89
General Journal	12/31/2002	Je-C12-18	Reverse Accrual	TINA-8	V-50197	-SPLIT-	602,118.08	-3,162,765.81
General Journal	12/31/2002	Je-C12-18	Accrual	TINA-8	V-50197	Freight	-9,978.10	-3,172,743.91
Check	2/5/2003	FRGHT	KRISTENSONS ...	TINA-8	V-50197	BNP Pariba...	-98,995.38	-3,271,739.29
Deposit	3/4/2003	FRGHT	NORTH CARIBB...	TINA-8/REDELI...	V-50197	BNP Pariba...	162,140.50	-3,109,598.79
Deposit	3/4/2003	FRGHT	NORTH CARIBB...	TINA-8	V-50197	BNP Pariba...	-64,586.17	-3,174,184.96
Deposit	3/4/2003	FRGHT	NORTH CARIBB...	TINA-8	V-50197	BNP Pariba...	-7,112.00	-3,181,296.96
Deposit	3/4/2003	FRGHT	NORTH CARIBB...	TINA-8	V-50197	BNP Pariba...	2,033.33	-3,179,263.63
Check	3/6/2003	FRGHT	OBC SHIPPING ...	TINA-8/AGENCY	V-50197	BNP Pariba...	-5,442.50	-3,184,706.13
Check	3/27/2003	FRGHT	GULF AGENCY ...	TINA-8	V-50197	BNP Pariba...	-1,528.26	-3,186,234.39
General Journal	3/31/2003	Je-C03-07	Reverse Accrual	Tina-8	V-50197	Broker Comm	9,978.10	-3,176,256.29
Check	4/1/2003	FRGHT	GULF AGENCY ...	TINA-8/SUEZ T...	V-50197	BNP Pariba...	901.23	-3,175,355.06
Total Freight							-3,175,355.06	-3,175,355.06
Finance Charges								
Check	10/8/2002	FRGHT	NORTH CARIBB...	Tina-8	V-50197	BNP Pariba...	-23.19	-23.19
Check	10/17/2002	FRGHT	NORTH CARIBB...	TINA-8	V-50197	BNP Pariba...	-23.07	-46.26
Check	10/18/2002	PUR	JSC PEOPLE'S ...	TINA-8	V-50197	BNP Pariba...	-37.91	-84.17
Check	10/29/2002	FRGHT	NORTH CARIBB...	TINA-8	V-50197	BNP Pariba...	-23.28	-107.45
Check	10/31/2002	PUR	IMPEX-OIL CO	TINA-8	V-50197	BNP Pariba...	-23.36	-130.81
Check	11/12/2002	FRGHT	NORTH CARIBB...	TINA-8	V-50197	BNP Pariba...	-23.94	-154.75
Check	11/12/2002	FRGHT	FAL ENERGY C...	TINA-8	V-50197	BNP Pariba...	-23.93	-178.68
Check	11/14/2002	PURCH	UNITED NATIONS	TINA-8	V-50197	BNP Pariba...	-22,907.24	-23,085.92
Check	11/14/2002	PURCH	UNITED NATIONS	TINA-8	V-50197	BNP Pariba...	-17,094.02	-40,179.94
Check	11/18/2002	FRGHT	FAL ENERGY C...	TINA-8	V-50197	BNP Pariba...	-23.84	-40,203.78
Check	11/18/2002	BC	BANK CHARGES	TINA-8	V-50197	BNP Pariba...	-58.87	-40,262.65
Check	12/17/2002	BC	BANK CHARGES	TINA-8	V-50197	BNP Pariba...	-34.24	-40,296.89
Check	12/17/2002	LGHT	GULF STEAMS...	TINA-8	V-50197	BNP Pariba...	-39.24	-40,336.13
Check	12/19/2002	FRGHT	NORTH CARIBB...	TINA-8	V-50197	BNP Pariba...	-24.33	-40,360.46
Check	12/19/2002	BC	BANK CHARGES	TINA-8	V-50197	BNP Pariba...	-585.00	-40,945.46
Check	12/19/2002	BC	BANK CHARGES	TINA-8	V-50197	BNP Pariba...	-585.00	-41,530.46
Check	12/20/2002	BC	BANK CHARGES	TINA-8	V-50197	BNP Pariba...	-585.00	-42,115.46
Check	12/30/2002	FRGHT	GULF AGENCY ...	TINA-8	V-50197	BNP Pariba...	-24.82	-42,140.28
Check	1/8/2003	LGHT	AMERICAN EA...	TINA-8	V-50197	BNP Pariba...	-24.74	-42,165.02
Check	1/8/2003	LGHT	HEIDMAR LIGH...	TINA-8	V-50197	BNP Pariba...	-24.74	-42,189.76
Check	1/9/2003	LGHT	SKAUGEN PET...	TINA-8	V-50197	BNP Pariba...	-39.94	-42,229.70
Check	1/9/2003	LGHT	CRESCENT TO...	TINA-8	V-50197	BNP Pariba...	-39.98	-42,269.68
Check	1/9/2003	LGHT	AMERICAN EA...	TINA-8	V-50197	BNP Pariba...	-24.98	-42,294.66
Check	1/30/2003	INSP	SGS EGYPT LTD	TINA-8	V-50197	BNP Pariba...	-25.32	-42,319.98
Check	2/5/2003	FRGHT	KRISTENSONS ...	TINA-8	V-50197	BNP Pariba...	-40.80	-42,360.78
Check	3/6/2003	FRGHT	OBC SHIPPING ...	TINA-8	V-50197	BNP Pariba...	-41.01	-42,401.79
Check	3/26/2003	INS	CRAIG FERGUS...	TINA-8	V-50197	BNP Pariba...	-40.02	-42,441.81
Check	3/26/2003	INSP	OIL INSPECTIO...	TINA-8	V-50197	BNP Pariba...	-40.02	-42,481.83
Check	3/27/2003	FRGHT	GULF AGENCY ...	TINA-8	V-50197	BNP Pariba...	-25.15	-42,506.98
Check	4/1/2003	LGHT	SKAUGEN PET...	TINA-8	V-50197	BNP Pariba...	-40.61	-42,547.59
Check	5/20/2003	LGHT	GULF STEAMS...	TINA-8	V-50197	BNP Pariba...	-26.67	-42,574.26
Total Finance Charges							-42,574.26	-42,574.26

9:03 AM
07/19/04
Accrual Basis

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

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Lightering Charges								
General Journal	11/30/2002	Je-C11-11	Accrual	TINA-8	V-50197	Accounts R...	-954,708.77	-954,708.77
General Journal	11/30/2002	Je-C11-11	Accrual	TINA-8	V-50197	Accounts R...	126,766.68	-827,942.11
Check	12/17/2002	LGHT	GULF STEAMS...	TINA-8/AGENC...	V-50197	BNP Pariba...	-44,800.00	-872,742.11
Check	1/8/2003	LGHT	AMERICAN EA...	TINA-8	V-50197	BNP Pariba...	-457,687.50	-1,330,429.61
Check	1/8/2003	LGHT	HEIDMAR LIGH...	TINA-8/3RD LG...	V-50197	BNP Pariba...	-183,665.04	-1,514,094.65
Check	1/8/2003	LGHT	HEIDMAR LIGH...	TINA-8/5TH LG...	V-50197	BNP Pariba...	-98,211.63	-1,612,306.28
Check	1/9/2003	LGHT	SKAUGEN PET...	TINA-8/2ND LG...	V-50197	BNP Pariba...	-158,215.78	-1,770,522.06
Check	1/9/2003	LGHT	CRESCENT TO...	TINA-8/TOW	V-50197	BNP Pariba...	-15,750.24	-1,786,272.30
Check	1/9/2003	LGHT	AMERICAN EA...	TINA-8/WORK...	V-50197	BNP Pariba...	-20,000.00	-1,806,272.30
Deposit	2/6/2003	DEM	ATLANTIC TRA...	TINA-8	V-50197	BNP Pariba...	123,940.97	-1,682,331.33
General Journal	3/31/2003	Je-C03-07	Reverse Accrual	Tina-8	V-50197	Broker Comm	-125,208.33	-1,807,539.66
General Journal	3/31/2003	Je-C03-07	Reverse Accrual	Tina-8	V-50197	Broker Comm	954,708.77	-852,830.89
Check	4/1/2003	LGHT	SKAUGEN PET...	TINA-8	V-50197	BNP Pariba...	-5,428.34	-858,259.23
Check	5/20/2003	LGHT	GULF STEAMS...	TINA-8	V-50197	BNP Pariba...	-2,504.39	-860,763.62
Total Lightering Charges							-860,763.62	-860,763.62
Total Cost of Sales							-54,537,269.71	-54,537,269.71
Bank Service Charges								
Check	11/14/2002	PURCH	UNITED NATIONS	TINA-8	V-50197	BNP Pariba...	-180.48	-180.48
Check	11/14/2002	PURCH	UNITED NATIONS	TINA-8	V-50197	BNP Pariba...	-100.27	-280.75
Check	11/14/2002	PURCH	UNITED NATIONS	TINA-8	V-50197	BNP Pariba...	-180.48	-461.23
Check	11/14/2002	PURCH	UNITED NATIONS	TINA-8	V-50197	BNP Pariba...	-100.27	-561.50
Check	11/29/2002	BC	BANK CHARGES	TINA-8	V-50197	BNP Pariba...	-33.30	-594.80
Check	12/23/2002	BC	BANK CHARGES	TINA-8	V-50197	BNP Pariba...	-585.00	-1,179.80
Total Bank Service Charges							-1,179.80	-1,179.80
Commissions								
General Journal	11/21/2002			TINA 8	V-50197	Hedge Gain...	-15,120.00	-15,120.00
General Journal	11/21/2002			TINA 8	V-50197	Hedge Gain...	-15,120.00	-30,240.00
General Journal	11/21/2002			TINA 8	V-50197	Hedge Gain...	-15,320.00	-45,560.00
General Journal	11/21/2002			TINA 8	V-50197	Hedge Gain...	-15,320.00	-60,880.00
General Journal	11/21/2002			TINA 8	V-50197	Hedge Gain...	-16,378.00	-77,258.00
General Journal	11/21/2002			TINA 8	V-50197	Hedge Gain...	-16,128.00	-93,386.00
General Journal	11/30/2002	Je-C11-11	Accrual	TINA-8	V-50197	Accounts R...	-57,694.96	-151,080.96
General Journal	12/23/2002			TINA 8	V-50197	Hedge Gain...	-33,051.76	-184,132.72
General Journal	12/23/2002			TINA 8	V-50197	Hedge Gain...	-24,643.20	-208,775.92
General Journal	12/31/2002	Je-C12-18	Accrual	TINA-8	V-50197	Freight	57,694.96	-151,080.96
Total Commissions							-151,080.96	-151,080.96
Hedge Gain /(Loss)								
General Journal	11/21/2002			TINA 8	V-50197	-SPLIT-	5,151,320.00	5,151,320.00
General Journal	11/21/2002			TINA 8	V-50197	Hedge Gain...	-4,627,380.00	523,940.00
General Journal	11/21/2002			TINA 8	V-50197	-SPLIT-	6,214,000.00	6,737,940.00
General Journal	11/21/2002			TINA 8	V-50197	Hedge Gain...	-5,992,000.00	745,940.00
General Journal	11/21/2002			TINA 8	V-50197	-SPLIT-	4,934,960.00	5,680,900.00
General Journal	11/21/2002			TINA 8	V-50197	Hedge Gain...	-5,426,240.00	254,660.00
General Journal	11/30/2002	Je-C11-11	Accrual	TINA-8	V-50197	Accounts R...	-5,213,520.00	-4,958,860.00
General Journal	12/23/2002			TINA 8	V-50197	-SPLIT-	-1,872,360.00	-6,831,220.00
General Journal	12/23/2002			TINA 8	V-50197	Hedge Gain...	-3,341,160.00	-10,172,380.00
General Journal	12/31/2002	Je-C12-18	Accrual	TINA-8	V-50197	Freight	5,213,520.00	-4,958,860.00
Total Hedge Gain /(Loss)							-4,958,860.00	-4,958,860.00
TOTAL							**-797,744.45**	**-797,744.45**

8:12 AM
07/19/04
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	12/31/2002	Je-C12-15	Accrual	M. Atlantic-5	V-50200	Accounts R...	0.00	0.00
Deposit	1/23/2003	REV	MORGAN CORP	M.ATLANTIC-5	V-50200	BNP Pariba...	3,027,500.00	3,027,500.00
Deposit	1/23/2003	REV	PHILLIPS 66	M.ATLANTIC-5	V-50200	BNP Pariba...	12,782,435.41	15,809,935.41
Deposit	1/27/2003	REV	MARATHON	M.ATLANTIC-5	V-50200	BNP Pariba...	11,538,684.40	27,348,619.81
Deposit	1/27/2003	REV	PHILLIPS 66	M.ATLANTIC-5	V-50200	BNP Pariba...	13,759,042.84	41,107,662.65
Deposit	1/28/2003	REV	VALERO MARK...	M.ATLANTIC-5	V-50200	BNP Pariba...	13,659,908.61	54,767,571.26
Deposit	1/29/2003	REV	KOCH PETROL...	M.ATLANTIC-5	V-50200	BNP Pariba...	13,863,145.41	68,630,716.67
Total Sales - Oil Products							68,630,716.67	68,630,716.67
Total Gross Sales							68,630,716.67	68,630,716.67
Cost of Sales								
Broker Comm								
Check	2/11/2003	1514	ECHO ENERGY	M. Atlantic-5	V-50200	Cash - Well...	-620.00	-620.00
Check	2/11/2003	1512	SYNTEXENERG...	M.ATLANTIC-5	V-50200	Cash - Well...	-1,550.00	-2,170.00
Check	3/13/2003	1520	ARC OIL, LLC	M.Atlantic-5/C3...	V-50200	Cash - Well...	-840.00	-3,010.00
Check	3/26/2003	1522	SYNTEXENERG...	M.Atlantic-5	V-50200	Cash - Well...	-560.00	-3,570.00
Total Broker Comm							-3,570.00	-3,570.00
Secondary Chgs.								
General Journal	11/30/2002	Je-C11-13	Accrual	M. Atlantic-5	V-50200	Cargos in tr...	750,992.83	750,992.83
General Journal	12/31/2002	Je-C12-15	Accrual	M. ATLANTIC-5	V-50200	Cargos in tr...	5,806,717.89	6,557,710.72
General Journal	12/31/2002	Je-C12-15	Reverse Accrual	M. Atlantic-5	V-50200	Cargos in tr...	-750,992.83	5,806,717.89
General Journal	3/31/2003	Je-C03-10	Reverse Accrual	M. Atlantic-5	V-50200	Interest	-5,806,717.89	0.00
Total Secondary Chgs.							0.00	0.00
Demurrage @ Lighter								
Deposit	3/12/2003	DEM	VALERO MARK...	M.ATLANTIC-5	V-50200	BNP Pariba...	104.17	104.17
Deposit	7/14/2003	DEM	MARATHON	M.ATLANTIC-5	V-50200	BNP Pariba...	40,965.38	41,069.55
Deposit	7/17/2003	DEM	MARATHON	M.ATLANTIC-5	V-50200	BNP Pariba...	27,253.31	68,322.86
Total Demurrage @ Lighter							68,322.86	68,322.86
Crude Purchases								
Check	11/29/2002	FRGHT	FULBROOK TR...	M.ATLANTIC-5	V-50200	BNP Pariba...	-47,500.00	-47,500.00
Check	12/12/2002	WT	FULBROOK TR...	M.ATLANTIC-5	V-50200	BNP Pariba...	-62,978.06	-110,478.06
Check	12/17/2002	PURCH	IMPEX-OIL CO	M.ATLANTIC-5	V-50200	BNP Pariba...	-39,600.00	-150,078.06
General Journal	12/31/2002	Je-C12-15	Accrual	M. Atlantic-5	V-50200	Cargos in tr...	58,873,124.64	58,723,046.58
General Journal	12/31/2002	Je-C12-15	Accrual	M. Atlantic-5	V-50200	Cargos in tr...	-58,873,124.64	-150,078.06
General Journal	3/31/2003	Je-C03-10	Reverse Accrual	M. Atlantic-5	V-50200	Interest	-58,873,124.64	-59,023,202.70
Total Crude Purchases							-59,023,202.70	-59,023,202.70
Interest								
Check	12/9/2002	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-426.88	-426.88
Check	12/19/2002	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-1,266.54	-1,693.42
Check	12/20/2002	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-461.71	-2,155.13
Check	12/30/2002	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-1,033.25	-3,188.38
Check	12/31/2002	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-457.78	-3,646.16
Check	12/31/2002	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-1,072.57	-4,718.73
General Journal	12/31/2002	JE-L12/9	UEB	M.ATLANTIC-5	V-50200	Interest	-147.30	-4,866.03
General Journal	12/31/2002	JE-L12/9	UEB	M.ATLANTIC-5	V-50200	Interest	-3,456.77	-8,322.80
General Journal	12/31/2002	Je-C12-15	Accrual	M. Atlantic-5	V-50200	Cargos in tr...	-270,000.00	-278,322.80
Check	1/3/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-452.54	-278,775.34
Check	1/3/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-10,370.33	-289,145.67
Check	1/6/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-9,260.41	-298,406.08
Check	1/6/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-5,825.00	-304,231.08
Check	1/7/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-3,147.09	-307,378.17
Check	1/7/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-2,533.23	-309,911.40
Check	1/8/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-2,035.54	-311,946.94
Check	1/8/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-3,061.10	-315,008.04
Check	1/9/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-3,078.30	-318,086.34
Check	1/9/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-1,535.58	-319,621.92
Check	1/10/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-1,569.10	-321,191.02
Check	1/13/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-4,626.84	-325,817.86
Check	1/14/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-1,555.69	-327,373.55
Check	1/15/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-1,528.87	-328,902.42
Check	1/16/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-1,575.81	-330,478.23
Check	1/17/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-32,055.62	-362,533.85
Check	1/17/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-1,548.99	-364,082.84
Check	1/21/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-6,169.11	-370,251.95
Check	1/23/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-3,154.87	-373,406.82
Check	1/23/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-24,248.08	-397,654.90
Check	1/24/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-849.98	-398,504.88
Check	1/27/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-11,934.78	-410,439.66
Check	1/27/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-2,495.23	-412,934.89
Check	1/28/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-1,334.86	-414,269.75
Check	1/28/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-842.68	-415,112.43

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

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Check	1/29/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-462.44	-415,574.87
Check	1/29/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-849.98	-416,424.85
Check	1/30/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-617.83	-417,042.68
General Journal	1/31/2003	JE-L1/1	UEB	M.ATLANTIC-5	V-50200	Accounts P...	147.30	-416,895.38
General Journal	1/31/2003	JE-L1/1	UEB	M.ATLANTIC-5	V-50200	Accounts P...	3,456.77	-413,438.61
Check	1/31/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-625.84	-414,064.45
Check	2/3/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-1,893.60	-415,958.05
Check	2/4/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-631.19	-416,589.24
Check	2/5/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-623.17	-417,212.41
Check	2/6/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-631.19	-417,843.60
Check	2/7/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-633.87	-418,477.47
Check	2/10/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-1,869.53	-420,347.00
Check	2/12/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-1,267.75	-421,614.75
Check	2/14/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-1,262.40	-422,877.15
Check	2/18/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-2,535.50	-425,412.65
Check	2/19/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-663.29	-426,075.94
Check	2/20/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-636.55	-426,712.49
Check	2/21/2003	LOAN	FIXED TERM A...	M.ATLANTIC-5	V-50200	BNP Pariba...	-496.83	-427,209.32
Check	3/31/2003	INT	INTEREST CHA...	M.ATLANTIC-5	V-50200	BNP Pariba...	-1,202.68	-428,411.00
General Journal	3/31/2003	Je-C03-10	Reverse Accrual	M. Atlantic-5	V-50200	-SPLIT-	270,000.00	-158,411.00
General Journal	3/31/2003	INT	BNP	M.ATLANTIC-5	V-50200	Foward Co...	-30.31	-158,441.31
Total Interest							-158,441.31	-158,441.31
Inspection								
Check	2/5/2003	INSP	SAYBOLT	M.ATLANTIC-5	V-50200	BNP Pariba...	-2,427.73	-2,427.73
Check	2/20/2003	INSP	ITS CALEB BRE...	M.ATLANTIC-5	V-50200	BNP Pariba...	-7,963.55	-10,391.28
Check	3/26/2003	INSP	OIL INSPECTIO...	M.ATLANTIC-5	V-50200	BNP Pariba...	-14,488.42	-24,879.70
General Journal	3/31/2003	Je-C03-10	Reverse Accrual	M. Atlantic-5	V-50200	Interest	-13,800.00	-38,679.70
Check	4/11/2003	INSP	OIL IMS USA LLC	M.ATLANTIC-5	V-50200	BNP Pariba...	-17,987.00	-56,666.70
Check	4/11/2003	INSP	OIL IMS USA LLC	M.ATLANTIC-5...	V-50200	BNP Pariba...	90.50	-56,576.20
General Journal	4/30/2003	Je-C04-18	Reverse Accrual	M. Atlantic-5	V-50200	-SPLIT-	13,800.00	-42,776.20
Total Inspection							-42,776.20	-42,776.20
Insurance								
General Journal	12/31/2002	Je-C12-15	Accrual	M. Atlantic-5	V-50200	Cargos in tr...	-46,000.00	-46,000.00
Check	2/11/2003	INS	CRAIG FERGUS...	M.ATLANTIC-5	V-50200	BNP Pariba...	-31,899.46	-77,899.46
Check	3/26/2003	INS	CRAIG FERGUS...	M.ATLANTIC-5	V-50200	BNP Pariba...	-5,425.78	-83,325.24
General Journal	3/31/2003	Je-C03-10	Reverse Accrual	M. Atlantic-5	V-50200	Interest	32,500.00	-50,825.24
General Journal	4/30/2003	Je-C04-18	Reverse Accrual	M. Atlantic-5	V-50200	Inspection	13,500.00	-37,325.24
Total Insurance							-37,325.24	-37,325.24
L/C Charges								
General Journal	11/30/2002	JE-L11/01		M.ATLANTIC-5...	V-50200	-SPLIT-	-15,384.75	-15,384.75
General Journal	11/30/2002	JE-L11/01		M.ATLANTIC-5...	V-50200	L/C Charges	-44,474.78	-59,859.53
General Journal	1/9/2003	PURCH	UNITED NATIONS	M.ATLANTIC-5...	V-50200	Foward Co...	-19,944.65	-79,804.18
General Journal	1/9/2003	PURCH	UNITED NATIONS	M.ATLANTIC-5...	V-50200	Foward Co...	-55,642.60	-135,446.78
General Journal	3/31/2003	Je-C03-10	Reverse Accrual	M. Atlantic-5	V-50200	Interest	59,859.53	-75,587.25
Total L/C Charges							-75,587.25	-75,587.25
Freight								
Check	11/22/2002	FRGHT	MARINE ATLAN...	M.ATLANTIC-5...	V-50200	BNP Pariba...	-643,500.00	-643,500.00
Check	12/5/2002	FRGHT	MARINE ATLAN...	M.ATLANTIC-5...	V-50200	BNP Pariba...	-1,380,521.75	-2,024,021.75
Check	12/17/2002	FRGHT	THE KANOO G...	M.ATLANTIC-5...	V-50200	BNP Pariba...	-47,500.00	-2,071,521.75
Check	12/24/2002	FRGHT	MARINE ATLAN...	M.ATLANTIC-5...	V-50200	BNP Pariba...	-643,500.00	-2,715,021.75
Check	12/24/2002	FRGHT	MARINE ATLAN...	M.ATLANTIC-5...	V-50200	BNP Pariba...	-163,500.00	-2,878,521.75
General Journal	12/31/2002	Je-C12-15	Accrual	M. Atlantic-5	V-50200	Cargos in tr...	-1,781,728.65	-4,660,250.40
Check	1/6/2003	FRGHT	FAL ENERGY C...	M.ATLANTIC-5...	V-50200	BNP Pariba...	-1,186,512.03	-5,846,762.43
Check	2/5/2003	FRGHT	MARINE ATLAN...	M.ATLANTIC-5...	V-50200	BNP Pariba...	-562,436.87	-6,409,199.30
Check	2/5/2003	FRGHT	MARINE ATLAN...	M.ATLANTIC-5...	V-50200	BNP Pariba...	594,006.75	-5,815,192.55
Check	2/5/2003	FRGHT	MARINE ATLAN...	M.ATLANTIC-5...	V-50200	BNP Pariba...	-263,900.00	-6,079,092.55
Check	2/26/2003	FRGHT	MARINE ATLAN...	M.ATLANTIC-5...	V-50200	BNP Pariba...	-349,386.50	-6,428,479.05
Check	3/26/2003	FRGHT	THE KANOO G...	M.ATLANTIC-5	V-50200	BNP Pariba...	-2,012.04	-6,430,491.09
Check	3/26/2003	FRGHT	THE KANOO G...	M.ATLANTIC-5	V-50200	BNP Pariba...	214.68	-6,430,276.41
Check	3/26/2003	FRGHT	THE KANOO G...	M.ATLANTIC-5	V-50200	BNP Pariba...	-845.88	-6,431,122.29
General Journal	3/31/2003	Je-C03-10	Reverse Accrual	M. Atlantic-5	V-50200	Interest	1,781,728.65	-4,649,393.64
Check	5/20/2003	FRGHT	OBC SHIPPING ...	M.ATLANTIC-5	V-50200	BNP Pariba...	-4,014.50	-4,653,408.14
Total Freight							-4,653,408.14	-4,653,408.14

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	11/22/2002	FRGHT	MARINE ATLAN...	M.ATLANTIC-5	V-50200	BNP Pariba...	-23.64	-23.64
Check	11/29/2002	FRGHT	FULBROOK TR...	M.ATLANTIC-5	V-50200	BNP Pariba...	-23.28	-46.92
General Journal	11/30/2002	JE-L11/01		M.ATLANTIC-5	V-50200	L/C Charges	-86.38	-133.30
Check	12/5/2002	FRGHT	MARINE ATLAN...	M.ATLANTIC-5	V-50200	BNP Pariba...	-23.52	-156.82
Check	12/12/2002	WT	FULBROOK TR...	M.ATLANTIC-5	V-50200	BNP Pariba...	-23.80	-180.62
Check	12/17/2002	FRGHT	THE KANOO G...	M.ATLANTIC-5	V-50200	BNP Pariba...	-24.26	-204.88
Check	12/17/2002	PURCH	IMPEX-OIL CO	M.ATLANTIC-5	V-50200	BNP Pariba...	-24.24	-229.12
Check	12/24/2002	FRGHT	MARINE ATLAN...	M.ATLANTIC-5	V-50200	BNP Pariba...	-24.41	-253.53
Check	12/30/2002	BC	BANK CHARGES	M.ATLANTIC-5	V-50200	BNP Pariba...	-56.57	-310.10
General Journal	12/31/2002	Je-C12-15	Accrual	M. Atlantic-5	V-50200	Cargos in tr...	-50,000.00	-50,310.10
Check	1/6/2003	BC	BANK CHARGES	M.ATLANTIC-5	V-50200	BNP Pariba...	-34.95	-50,345.05
Check	1/6/2003	FRGHT	FAL ENERGY C...	M.ATLANTIC-5	V-50200	BNP Pariba...	-24.93	-50,369.98
Check	1/7/2003	BC	BANK CHARGES	M.ATLANTIC-5	V-50200	BNP Pariba...	-131.41	-50,501.39
General Journal	1/9/2003	PURCH	UNITED NATIONS	M.ATLANTIC-5...	V-50200	Foward Co...	-12,764.58	-63,265.97
General Journal	1/9/2003	PURCH	UNITED NATIONS	M.ATLANTIC-5...	V-50200	Foward Co...	-268.10	-63,534.07
General Journal	1/9/2003	PURCH	UNITED NATIONS	M.ATLANTIC-5...	V-50200	Foward Co...	-35,611.26	-99,145.33
General Journal	1/9/2003	PURCH	UNITED NATIONS	M.ATLANTIC-5...	V-50200	Foward Co...	-268.10	-99,413.43
Check	1/14/2003	BC	BANK CHARGES	M.ATLANTIC-5	V-50200	BNP Pariba...	-62.10	-99,475.53
Check	1/15/2003	BC	BANK CHARGES	M.ATLANTIC-5	V-50200	BNP Pariba...	-585.00	-100,060.53
Check	1/21/2003	BC	BANK CHARGES	M.ATLANTIC-5	V-50200	BNP Pariba...	-585.00	-100,645.53
Check	1/22/2003	BC	BANK CHARGES	M.ATLANTIC-5	V-50200	BNP Pariba...	-585.00	-101,230.53
Check	1/22/2003	BC	BANK CHARGES	M.ATLANTIC-5	V-50200	BNP Pariba...	-585.00	-101,815.53
Check	1/22/2003	BC	BANK CHARGES	M.ATLANTIC-5	V-50200	BNP Pariba...	-585.00	-102,400.53
Check	2/5/2003	FRGHT	MARINE ATLAN...	M.ATLANTIC-5	V-50200	BNP Pariba...	-25.80	-102,426.33
Check	2/5/2003	INSP	SAYBOLT	M.ATLANTIC-5	V-50200	BNP Pariba...	-40.80	-102,467.13
Check	2/5/2003	LGHT	HEIDMAR LIGH...	M.ATLANTIC-5	V-50200	BNP Pariba...	-40.80	-102,507.93
Check	2/13/2003	FIN	MARINE ATLAN...	M.ATLANTIC-5	V-50200	BNP Pariba...	-136.78	-102,644.71
Check	2/20/2003	INSP	ITS CALEB BRE...	M.ATLANTIC-5	V-50200	BNP Pariba...	-40.37	-102,685.08
Check	2/26/2003	FRGHT	MARINE ATLAN...	M.ATLANTIC-5	V-50200	BNP Pariba...	-25.57	-102,710.65
Check	3/5/2003	BC	BANK CHARGES	M.ATLANTIC-5	V-50200	BNP Pariba...	-135.69	-102,846.34
Check	3/5/2003	BC	BANK CHARGES	M.ATLANTIC-5	V-50200	BNP Pariba...	-11.07	-102,857.41
General Journal	3/31/2003	Je-C03-10	Reverse Accrual	M. Atlantic-5	V-50200	Interest	50,000.00	-52,857.41
Check	4/1/2003	lght	AMERICAN EA...	M.ATLANTIC-5	V-50200	BNP Pariba...	-25.63	-52,883.04
Check	4/11/2003	INSP	OIL IMS USA LLC	M.ATLANTIC-5	V-50200	BNP Pariba...	-40.42	-52,923.46
Check	6/26/2003	FIN	BNP	M.ATLANTIC-5	V-50200	BNP Pariba...	-65.00	-52,988.46
Check	6/26/2003	FIN	BNP	M.ATLANTIC-5	V-50200	BNP Pariba...	-65.00	-53,053.46
Check	6/26/2003	FIN	BNP	M.ATLANTIC-5	V-50200	BNP Pariba...	-65.00	-53,118.46
Check	6/26/2003	FIN	BNP	M.ATLANTIC-5	V-50200	BNP Pariba...	-65.00	-53,183.46
Check	6/26/2003	FIN	BNP	M.ATLANTIC-5	V-50200	BNP Pariba...	-65.00	-53,248.46
Check	6/26/2003	FIN	BNP	M.ATLANTIC-5	V-50200	BNP Pariba...	-65.00	-53,313.46
Check	7/23/2003	LGHT	HEIDMAR LIGH...	M.ATLANTIC-5	V-50200	BNP Pariba...	-40.56	-53,354.02
Total Finance Charges							-53,354.02	-53,354.02
Lightering Charges								
General Journal	12/31/2002	Je-C12-15	Accrual	M. Atlantic-5	V-50200	Cargos in tr...	-634,401.78	-634,401.78
General Journal	12/31/2002	Je-C12-15	Accrual	M. Atlantic-5	V-50200	Cargos in tr...	72,503.78	-561,898.00
Check	7/23/2003	LGHT	HEIDMAR LIGH...	M.ATLANTIC-5	V-50200	BNP Pariba...	-4,282.96	-566,180.96
Check	7/23/2003	LGHT	HEIDMAR LIGH...	M.ATLANTIC-5	V-50200	BNP Pariba...	-22,970.35	-589,151.31
General Journal	7/31/2003	Je-C07-13	Reverse Accrual	M. Atlantic-5	V-50200	Estimated C...	-72,503.78	-661,655.09
Total Lightering Charges							-661,655.09	-661,655.09
Total Cost of Sales							-64,640,997.09	-64,640,997.09
Bank Service Charges								
General Journal	1/9/2003	PURCH	UNITED NATIONS	M.ATLANTIC-5...	V-50200	Foward Co...	-315.99	-315.99
General Journal	1/9/2003	PURCH	UNITED NATIONS	MARINE ATLA...	V-50200	Foward Co...	-315.99	-631.98
Check	1/27/2003	BC	BANK CHARGES	M.ATLANTIC-5	V-50200	BNP Pariba...	-585.00	-1,216.98
Total Bank Service Charges							-1,216.98	-1,216.98
Commissions								
General Journal	12/31/2002	Je-C12-15	Accrual	M. Atlantic-5	V-50200	Cargos in tr...	-29,174.00	-29,174.00
General Journal	1/23/2003			MARINE ATLA...	V-50200	Hedge Gain...	-25,150.00	-54,324.00
General Journal	1/23/2003			MARINE ATLA...	V-50200	Hedge Gain...	-4,024.00	-58,348.00
General Journal	3/31/2003	Je-C03-10	Reverse Accrual	M. Atlantic-5	V-50200	Interest	29,174.00	-29,174.00
Total Commissions							-29,174.00	-29,174.00
Inventory Gain/Loss								
General Journal	12/31/2002	Je-C12-15	Accrual	M. Atlantic-5	V-50200	Cargos in tr...	3,950,873.14	3,950,873.14
General Journal	3/31/2003	Je-C03-10	Reverse Accrual	M. Atlantic-5	V-50200	Interest	-3,950,873.14	0.00
Total Inventory Gain/Loss							0.00	0.00

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

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Hedge Gain /(Loss)								
General Journal	12/31/2002	Je-C12-15	Accrual	M. Atlantic-5	V-50200	Cargos in tr...	-3,496,100.00	-3,496,100.00
General Journal	1/23/2003			MARINE ATLA...	V-50200	-SPLIT-	-2,470,150.00	-5,966,250.00
General Journal	1/23/2003			MARINE ATLA...	V-50200	Hedge Gain...	-1,025,950.00	-6,992,200.00
General Journal	3/31/2003	Je-C03-10	Reverse Accrual	M. Atlantic-5	V-50200	Interest	3,496,100.00	-3,496,100.00
Total Hedge Gain /(Loss)							-3,496,100.00	-3,496,100.00
TOTAL							**463,228.60**	**463,228.60**

V-50202
DORSET-2

9:31 AM
07/19/04
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								
Deposit	2/18/2003	REV	LYONDELL	DORSET-2	V-50202	BNP Pariba...	16,430,900.16	16,430,900.16
Deposit	2/18/2003	REV	KOCH PETROL...	DORSET-2	V-50202	BNP Pariba...	16,716,455.15	33,147,355.31
Deposit	2/18/2003	REV	Valero Energy F...	DORSET-2	V-50202	BNP Pariba...	17,464,076.09	50,611,431.40
Total Sales - Oil Products							50,611,431.40	50,611,431.40
Total Gross Sales							50,611,431.40	50,611,431.40
Cost of Sales								
Broker Comm								
Check	1/15/2003	COM	LONE STAR R....	DORSET-2	V-50202	BNP Pariba...	-6,187.50	-6,187.50
Check	1/15/2003	COM	LONE STAR R....	DORSET-2	V-50202	BNP Pariba...	-5,989.50	-12,177.00
Check	1/15/2003	COM	LONE STAR R....	DORSET-2	V-50202	BNP Pariba...	-700.00	-12,877.00
Check	3/27/2003	1524	Link Crude Reso...	Dorset-2	V-50202	Cash - Well...	-560.00	-13,437.00
Check	4/23/2003	COMM	LONE STAR R....	DORSET-2	V-50202	Cash - CAI ...	-6,187.50	-19,624.50
Total Broker Comm							-19,624.50	-19,624.50
Secondary Chgs.								
General Journal	12/31/2002	Je-C12-14	Accrual	Dorset-2	V-50202	Crude Purc...	-2,508,910.60	-2,508,910.60
General Journal	12/31/2002	Je-C12-14	Accrual	Dorset-2	V-50202	Crude Purc...	3,385,699.60	876,789.00
General Journal	3/31/2003	Je-C03-11	Reverse Accrual	DORSET-2	V-50202	Estimated C...	2,508,910.60	3,385,699.60
General Journal	3/31/2003	Je-C03-11	Reverse Accrual	DORSET-2	V-50202	Estimated C...	-3,385,699.60	0.00
Total Secondary Chgs.							0.00	0.00
Exchange gain/loss								
Check	1/16/2003	PURCH	UNITED NATIONS	DORSET-2	V-50202	BNP Pariba...	-15,299.83	-15,299.83
Total Exchange gain/loss							-15,299.83	-15,299.83
Crude Purchases								
General Journal	12/31/2002	Je-C12-14	Accrual	Dorset-2	V-50202	-SPLIT-	-40,517,341.24	-40,517,341.24
General Journal	12/31/2002	Je-C12-14	Accrual	Dorset-2	V-50202	Crude Purc...	40,517,341.24	0.00
Check	1/10/2003	PURCH	IMPEX-OIL CO	DORSET-2	V-50202	BNP Pariba...	-62,263.56	-62,263.56
Check	1/14/2003	PURCH	FULBROOK TR...	DORSET-2	V-50202	BNP Pariba...	-36,000.00	-98,263.56
Check	1/16/2003	PURCH	UNITED NATIONS	DORSET-2/AL...	V-50202	BNP Pariba...	-14,844,000.00	-14,942,263.56
Check	1/16/2003	PURCH	UNITED NATIONS	DORSET-2/IM...	V-50202	BNP Pariba...	-25,673,341.24	-40,615,604.80
General Journal	3/31/2003	Je-C03-11	Reverse Accrual	DORSET-2	V-50202	Estimated C...	40,517,341.24	-98,263.56
General Journal	3/31/2003	Je-C03-11	Reverse Accrual	DORSET-2	V-50202	Estimated C...	-40,517,341.24	-40,615,604.80
Total Crude Purchases							-40,615,604.80	-40,615,604.80
Interest								
General Journal	12/31/2002	JE-L12/9	UEB	DORSET-2	V-50202	Interest	-848.70	-848.70
Check	1/6/2003	loan	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-1,131.75	-1,980.45
Check	1/16/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-545.01	-2,525.46
Check	1/23/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-513.58	-3,039.04
Check	1/24/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-268.42	-3,307.46
Check	1/27/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-787.97	-4,095.43
Check	1/28/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-266.12	-4,361.55
Check	1/29/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-268.42	-4,629.97
Check	1/30/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-264.78	-4,894.75
General Journal	1/31/2003	JE-L1/1	UEB	DORSET-2	V-50202	Accounts P...	848.70	-4,046.05
Check	1/31/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-268.23	-4,314.28
Check	2/3/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-811.55	-5,125.83
Check	2/4/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-270.52	-5,396.35
Check	2/5/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-267.08	-5,663.43
Check	2/6/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-270.52	-5,933.95
Check	2/7/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-271.66	-6,205.61
Check	2/10/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-801.23	-7,006.84
Check	2/10/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-68,326.25	-75,333.09
Check	2/12/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-543.33	-75,876.42
Check	2/14/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-541.04	-76,417.46
Check	2/18/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-287.69	-76,705.15
Check	2/18/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-1,086.65	-77,791.80
Check	2/18/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-22,180.01	-99,971.81
Check	2/19/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-284.27	-100,256.08
Check	2/20/2003	LOAN	FIXED TERM A...	DORSET-2	V-50202	BNP Pariba...	-272.81	-100,528.89
Total Interest							-100,528.89	-100,528.89
Inspection								
General Journal	3/31/2003	Je-C03-11	Reverse Accrual	DORSET-2	V-50202	Estimated C...	-55,584.32	-55,584.32
General Journal	4/30/2003	Je-C04-17	Accrual	Dorset-2	V-50202	Estimated C...	-9,200.00	-64,784.32
General Journal	7/31/2003	Je-C07-12	Reverse Accrual	Dorset-2	V-50202	Estimated C...	24,525.30	-40,259.02
Total Inspection							-40,259.02	-40,259.02

9:31 AM
07/19/04
Accrual Basis

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

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Insurance								
Check	2/11/2003	INS	CRAIG FERGUS...	DORSET-2	V-50202	BNP Pariba...	-26,564.57	-26,564.57
Check	4/28/2003	INS	CRAIG FERGUS...	DORSET-2	V-50202	BNP Pariba...	-3,938.41	-30,502.98
Total Insurance							-30,502.98	-30,502.98
L/C Charges								
General Journal	12/31/2002	JE-L12/07	BNP	Dorset-2/Impexoil	V-50202	-SPLIT-	-25,302.68	-25,302.68
General Journal	12/31/2002	JE-L12/07	BNP	dorset-2/Alfa-eco	V-50202	L/C Charges	-15,206.53	-40,509.21
Check	1/16/2003	PURCH	UNITED NATIONS	DORSET-2/AL...	V-50202	BNP Pariba...	-2,730.98	-43,240.19
Check	1/16/2003	PURCH	UNITED NATIONS	DORSET-2/IM...	V-50202	BNP Pariba...	-5,762.00	-49,002.19
Total L/C Charges							-49,002.19	-49,002.19
Freight								
Check	12/16/2002	FRGHT	KETTON MARIT...	DORSET-2/ 1S...	V-50202	BNP Pariba...	-834,885.62	-834,885.62
Check	1/10/2003	FRGHT	KETTON MARIT...	DORSET-2/ 2N...	V-50202	BNP Pariba...	-460,017.64	-1,294,903.26
Check	1/10/2003	FRGHT	FAL ENERGY C...	DORSET-2/BU...	V-50202	BNP Pariba...	-4,563.00	-1,299,466.26
Check	1/21/2003	FRGHT	FAL ENERGY C...	DORSET-2	V-50202	BNP Pariba...	-54,990.00	-1,354,456.26
Check	1/21/2003	FRGHT	FAL ENERGY C...	DORSET-2	V-50202	BNP Pariba...	-600,018.00	-1,954,474.26
Check	2/11/2003	FRGHT	KETTON MARIT...	DORSET-2/3R...	V-50202	BNP Pariba...	-476,437.50	-2,430,911.76
Check	2/11/2003	FRGHT	KETTON MARIT...	DORSET-2/ROB	V-50202	BNP Pariba...	90,750.00	-2,340,161.76
Check	2/11/2003	FRGHT	KETTON MARIT...	DORSET-2/OPA	V-50202	BNP Pariba...	-5,976.90	-2,346,138.66
Check	2/12/2003	INSP	OBC SHIPPING ...	DORSET-2/PE...	V-50202	BNP Pariba...	-3,800.00	-2,349,938.66
Check	3/10/2003	FRGHT	KRISTENSONS ...	DORSET-2	V-50202	BNP Pariba...	-54,850.00	-2,404,788.66
Check	3/26/2003	FRGHT	THE KANOO G...	DORSET-2	V-50202	BNP Pariba...	-538.18	-2,405,326.84
Check	3/27/2003	FRGHT	PENNISULA PE...	DORSET-2/BU...	V-50202	BNP Pariba...	-538,375.00	-2,943,701.84
Check	3/27/2003	FRGHT	PENNISULA PE...	DORSET-2/BU...	V-50202	BNP Pariba...	-63,548.55	-3,007,250.39
General Journal	3/31/2003	Je-C03-11	Reverse Accrual	DORSET-2	V-50202	Estimated C...	762,487.00	-2,244,763.39
Check	4/15/2003	FRGHT	KETTON MARIT...	DORSET-2/TV...	V-50202	Cash - CAI ...	5,019.30	-2,239,744.09
Check	5/20/2003	FRGHT	BARWIL AGEN...	DORSET-2	V-50202	BNP Pariba...	-2,464.00	-2,242,208.09
Check	6/11/2003	FRGHT	OBC SHIPPING ...	DORSET-2	V-50202	BNP Pariba...	550.00	-2,241,658.09
Check	9/15/2003	FRGHT	SGS CSI	DORSET-2	V-50202	BNP Pariba...	-472.00	-2,242,130.09
Check	9/15/2003	FRGHT	SGS CSI	DORSET-2	V-50202	BNP Pariba...	-472.00	-2,242,602.09
Total Freight							-2,242,602.09	-2,242,602.09
Finance Charges								
Check	12/16/2002	FRGHT	KETTON MARIT...	DORSET-2	V-50202	BNP Pariba...	-23.97	-23.97
Check	12/17/2002	BC	BANK CHARGES	DORSET-2	V-50202	BNP Pariba...	-176.64	-200.61
Check	12/17/2002	BC	BANK CHARGES	DORSET-2	V-50202	BNP Pariba...	-176.64	-377.25
General Journal	12/31/2002	JE-L12/07	BNP	Dorset-2/Impexoil	V-50202	L/C Charges	-84.11	-461.36
General Journal	12/31/2002	JE-L12/07	BNP	Dorset-2/Alfa-eco	V-50202	L/C Charges	-84.11	-545.47
Check	1/10/2003	PURCH	IMPEX-OIL CO	DORSET-2	V-50202	BNP Pariba...	-24.95	-570.42
Check	1/10/2003	FRGHT	KETTON MARIT...	DORSET-2	V-50202	BNP Pariba...	-24.95	-595.37
Check	1/10/2003	FRGHT	FAL ENERGY C...	DORSET-2	V-50202	BNP Pariba...	-24.95	-620.32
Check	1/14/2003	PURCH	FULBROOK TR...	DORSET-2	V-50202	BNP Pariba...	-25.07	-645.39
Check	1/15/2003	COM	LONE STAR R...	DORSET-2	V-50202	BNP Pariba...	-39.91	-685.30
Check	1/16/2003	PURCH	UNITED NATIONS	DORSET-2/AL...	V-50202	BNP Pariba...	-11,879.68	-12,564.98
Check	1/16/2003	PURCH	UNITED NATIONS	DORSET-2/IM...	V-50202	BNP Pariba...	-20,546.42	-33,111.40
Check	1/17/2003	BC	BANK CHARGES	DORSET-2	V-50202	BNP Pariba...	-62.68	-33,174.08
Check	1/21/2003	BC	BANK CHARGES	DORSET-2	V-50202	BNP Pariba...	-35.24	-33,209.32
Check	1/21/2003	FRGHT	FAL ENERGY C...	DORSET-2	V-50202	BNP Pariba...	-25.29	-33,234.61
Check	2/11/2003	FRGHT	KETTON MARIT...	DORSET-2	V-50202	BNP Pariba...	-25.30	-33,259.91
Check	2/12/2003	INSP	OBC SHIPPING ...	DORSET-2	V-50202	BNP Pariba...	-40.42	-33,300.33
Check	2/14/2003	FIN	KOCH PETROL...	DORSET-2	V-50202	BNP Pariba...	-585.00	-33,885.33
Check	2/14/2003	FIN	LYONDELL	DORSET-2	V-50202	BNP Pariba...	-585.00	-34,470.33
Check	2/17/2003	FIN	Valero Energy F...	DORSET-2	V-50202	BNP Pariba...	-585.00	-35,055.33
Check	3/6/2003	BC	BANK CHARGES	DORSET-2	V-50202	BNP Pariba...	-11.07	-35,066.40
Check	3/6/2003	BC	BANK CHARGES	DORSET-2	V-50202	BNP Pariba...	-11.07	-35,077.47
Check	3/10/2003	FRGHT	KRISTENSONS ...	DORSET-2	V-50202	BNP Pariba...	-41.02	-35,118.49
Check	3/26/2003	LGHT	HEIDMAR LIGH...	DORSET-2	V-50202	BNP Pariba...	-40.02	-35,158.51
Check	3/27/2003	FRGHT	PENNISULA PE...	DORSET-2	V-50202	BNP Pariba...	-75.48	-35,233.99
Check	3/27/2003	LGHT	AMERICAN EA...	DORSET-2	V-50202	BNP Pariba...	-25.11	-35,259.10
Check	7/2/2003	FIN	BNP	DORSET-2	V-50202	BNP Pariba...	-60.00	-35,319.10
Check	7/2/2003	FIN	BNP	DORSET-2	V-50202	BNP Pariba...	-60.00	-35,379.10
Total Finance Charges							-35,379.10	-35,379.10
Lightering Charges								
Check	3/26/2003	LGHT	HEIDMAR LIGH...	DORSET-2	V-50202	BNP Pariba...	-165,343.78	-165,343.78
Check	3/27/2003	LGHT	AMERICAN EA...	DORSET-2/GE...	V-50202	BNP Pariba...	-174,999.99	-340,343.77
Check	3/27/2003	LGHT	AMERICAN EA...	DORSET-2/EA...	V-50202	BNP Pariba...	-184,300.00	-524,643.77
Check	7/23/2003	LGHT	HEIDMAR LIGH...	DORSET-2	V-50202	BNP Pariba...	-183.75	-524,827.52
Check	7/29/2003	LGHT	AMERICAN EA...	DORSET-2	V-50202	BNP Pariba...	-2,150.00	-526,977.52
Check	7/29/2003	LGHT	AMERICAN EA...	DORSET-2	V-50202	BNP Pariba...	-1,915.63	-528,893.15
Total Lightering Charges							-528,893.15	-528,893.15
Total Cost of Sales							-43,677,696.55	-43,677,696.55

9:31 AM
07/19/04
Accrual Basis

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

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Bank Service Charges								
Check	1/16/2003	PURCH	UNITED NATIONS	DORSET-2/AL...	V-50202	BNP Pariba...	-311.43	-311.43
Check	1/16/2003	PURCH	UNITED NATIONS	DORSET-2/IM...	V-50202	BNP Pariba...	-311.43	-622.86
Total Bank Service Charges							-622.86	-622.86
Commissions								
General Journal	12/31/2002	Je-C12-14	Accrual	Dorset-2	V-50202	Crude Purc...	-16,468.22	-16,468.22
General Journal	2/18/2003			DORSET-2	V-50202	Hedge Gain...	-16,468.22	-32,936.44
General Journal	3/31/2003	Je-C03-11	Reverse Accrual	DORSET-2	V-50202	Estimated C...	16,468.22	-16,468.22
Total Commissions							-16,468.22	-16,468.22
Inventory Gain/Loss								
General Journal	12/31/2002	Je-C12-14	Accrual	Dorset-2	V-50202	Crude Purc...	6,708,390.26	6,708,390.26
General Journal	3/31/2003	Je-C03-11	Reverse Accrual	DORSET-2	V-50202	Estimated C...	-6,708,390.26	0.00
Total Inventory Gain/Loss							0.00	0.00
Hedge Gain /(Loss)								
General Journal	12/31/2002	Je-C12-14	Accrual	Dorset-2	V-50202	Crude Purc...	-5,323,228.22	-5,323,228.22
General Journal	2/18/2003			DORSET-2	V-50202	-SPLIT-	-5,306,760.00	-10,629,988.22
General Journal	3/31/2003	Je-C03-11	Reverse Accrual	DORSET-2	V-50202	Estimated C...	5,323,228.22	-5,306,760.00
Total Hedge Gain /(Loss)							-5,306,760.00	-5,306,760.00
Interest Income								
Deposit	2/7/2003	INT	INTEREST INC...	DORSET	V-50202	490/Paribas...	11,302.58	11,302.58
Total Interest Income							11,302.58	11,302.58
TOTAL							**1,621,186.35**	**1,621,186.35**



شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
12	RUSSIAN ENGINERERING COMPANY	M/11/05	5,091,902	763,785.30	0.00	*763,785.30*	0.23
12	RUSSIAN ENGINERERING COMPANY	M/11/05,M/12/17	500,000	75,000.00	0.00	*75,000.00*	0.15
11	RUSSIAN ENGINERERING COMPANY	M/11/05+M/11/07	2,582,080	774,624.00	775,000.00	*-376.00*	0.30
8	SAMIR	M/08/07	2,037,893	203,789.00	0.00	*203,789.00*	0.10
8	SETA	M/08/74	971,034	97,103.00	97,103.40	*-0.40*	0.10
10	SETA	M/09/66	975,000	292,500.00	292,470.00	*30.00*	0.30
10	SETA	M/10/37	1,003,073	250,768.25	250,734.50	*33.75*	0.25
9	SHAHER	M/09/30	915,830	228,957.50	228,948.00	*9.50*	0.25
11	SHAHER	M/11/16	1,344,448	403,334.40	403,343.90	*-9.50*	0.30
11	SHANFARI GROUP	M/11/08	1,005,535	251,383.75	251,419.75	*-36.00*	0.25
12	SIBERIAN	M/11/105+/12/31	1,935,017	290,252.55	0.00	*290,252.55*	0.15
8	SINOCHEM	M/08/12	5,804,737	580,472.00	580,472.00	*0.00*	0.10
9	SINOCHEM	M/09/84	2,564,020	641,005.00	641,005.00	*0.00*	0.25
10	SINOCHEM	M/10/44	6,119,227	1,683,459.70	1,683,459.70	*0.00*	0.28
11	SINOCHEM	M/11/02	4,082,569	1,020,642.25	1,020,642.26	*-0.01*	0.25
12	SINOCHEM	M/12/38	8,345,481	1,251,822.15	1,170,573.35	*81,248.80*	0.15
8	SLAVNEFT	M/08/26	2,525,518	252,551.00	252,551.00	*0.00*	0.10
9	SLAVNEFT	M/09/59	5,237,046	1,518,780.15	1,518,449.00	*331.15*	0.29
10	SLAVNEFT	M/10/27	5,809,156	1,642,695.25	1,638,000.00	*4,695.25*	0.28
11	SLAVNEFT	M/11/103	3,972,048	1,097,412.80	0.00	*1,097,412.80*	0.28
8	SOCAP	M/08/09	3,985,924	398,592.00	0.00	*398,592.00*	0.10
8	SONATRACH	M/08/06	3,878,221	387,820.00	0.00	*387,820.00*	0.10

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 149

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/13/33

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 154

Contract between State Oil Marketing Organization (SOMO) (hereinafter called SELLER) of the one part STATE ENTERPRISE FOREIGN ECONOMIC ASSOCIATION MACHINOIMPORT - MOSCOW (hereinafter called BUYER) of the other part.

Whereby it is agreed as follows :-

SECTION ONE

Wherever the General Provisions of Section Two, attached and herein incorporated in this Contract, are at variance or in conflict with this Section One, the provisions of Section One shall govern.

ARTICLE ONE

DEFINITIONS

As used in this Contract, unless otherwise provided, the following words and terms shall have the following meanings :-

Barrel	:	means forty-two (42) U.S. Gallons at sixty degrees (60˚) Fahrenheit and at normal atmospheric pressure.
Day	:	means a period of twenty-four (24) running hours Commencing at 00.01 hours local time at the port of loading.
Barrel per Day (B/d)	:	means the average number of barrels of crude oil supplied during a calendar day as defined above.
F.O.B.	:	means "Free on Board" as referred to in the ICC Incoterms 1990.
Dollar ($)	:	The currency of the United States of America.
Euro	:	The currency of the European Union
Month	:	means Gregorian Calendar month commencing at 00.01 hours local time at the port of loading on first day of the month.
Quarter	:	means a period of three (3) consecutive months Beginning on a 1st January or a 1st April or a 1st July or a 1st October.

ARTICLE TWO

PERIOD :

1. Subject to Article Eight below, this Contract shall become effective on the 17TH day of December, 2002, and shall continue thereafter until the 2nd day of June, 2003, unless renewed by mutual agreement.
2. The ultimate consumer of the crude oil sold under this Contract shall be EUROPE AND/OR U.S.
3. Any change in the destination is subject to the prior approval of Seller.

ARTICLE THREE

QUANTITY AND QUALITY :

1. SELLER undertakes to sell and deliver FOB and BUYER undertakes to purchase, receive and pay for the following:-

Type of Crude	Quantity	Port of Loading
BASRAH LIGHT	350,000 BBLS	ALBAKR

2. The quality of the crude oil shall be the standard export quality available at the port of loading from time to time.

3. Quantities shall represent contracted quantities or number of barrels per day contracted multiplied by the number of days of the relevant period stipulated in sub Article 2.1
4. Quantities shall be lifted as evenly as possible over the course of such delivery period in lots of approximate barrels and as will be agreed between BUYER and SELLER.

5. Quantities lifted under allowed operational vessel slippage shall be deemed as part of the contracted quantities of the period.

6. In case when SELLER, for reasons technical or otherwise that are beyond his control, is unable to meet his full contractual commitments, SELLER shall have the right to reduce the contracted quantities for the duration of the period when such circumstances shall prevail. SELLER shall advise BUYER as soon as possible before the beginning of any period during which supplies to all buyers are to be reduced.

7. In no event shall any loading start beyond the 2nd of June, 2003, unless the Security Council has authorized sales beyond that date.

ARTICLE FOUR

PRICE :

1. The price(s) of the crude oil to be delivered under this contract shall be as follows:-

TYPE OF CRUDE	API	PORT OF LOADING
BASRAH LIGHT	34,00	ALBAKR
KIRKUK	36,00	CEYHAN

Price Mechanism in EURO per Barrel FOB

Price shall be the standard SOMO price as agreed upon between SOMO and the United Nations from time to time.

ARTICLE FIVE

REOPENER:

Each party shall have the right not later the 15th day of any month to request a review of the pricing mechanism of this Contract.

If following a request for a review, the parties are unable to agree within a period of ten (10) days from the date upon which such request was made, either party may elect to terminate this Contract by serving written notice of phase-out to the other party and termination shall be effective at the end of the month following the month during which the notice of termination has been received.

But if the parties are able to agree within the above mentioned ten (10) days period, any agreed upon adjustment to the pricing mechanism shall be subject to the approval of the 661 Committee.

However, of such approval has not been granted by the 661 Committee, this Contract shall be considered as terminated as of the end of the month following the month during which the above mentioned ten (10) days period ends unless the parties agree otherwise.

In case of Contract termination under any of the above mentioned events, this Contract shall remain in full force and effect at the pricing mechanism applicable in accordance with this Contract terms and conditions up to the effective date of termination and such termination shall not affect the parties' rights and obligations therefrom, unless the parties agree otherwise during the period prior to the effective date of termination.

ARTICLE SIX

PAYMENT:

1. BUYER shall establish in respect of each shipment lifted under this Contract an irrevocable documentary letter of credit issued by a bank acceptable to Banque Nationale de Paris, S.A. ("BNP")for confirmation, in the form set out in Appendix I hereof.

   In all cases, the Letter of Credit shall be established, confirmed and accepted at least seven (7) days prior to loading date.

2. BUYER irrevocably undertakes that payment for each cargo of crude oil lifted shall be made out of the proceeds of the confirmed Letter of Credit directly to United Nations Iraq Account Euro sub account account number 0200-201752-002-05 established by the Secretary-General of the United Nations, pursuant to paragraph 7 of SCR 986, at BNP (New York Branch) (hereinafter "United Nations Iraq Account Euro sub Account"), upon presentation to BNP of the documents required by the Letter of Credit, including but not limited to the Commercial Invoice and the Bill of Lading.

3. All charges within Iraq are for SELLER, whereas all charges outside Iraq are to be borne by BUYER.
4. Unless otherwise provided herein, payment shall be made not later than thirty (30) days from B/L date, in same date funds.

   If payment falls due on a Saturday or Bank holiday other than Monday in the place where payment is to be made then payment shall be made on the last preceding banking day. If payment falls due on a Sunday or a Monday Bank holiday in the place where payment is to be made then payment shall be made on the next succeeding banking day.

ARTICLE SEVEN

SOMO STANDARD DOCUMENTATION:

Bill of Lading	9 (3 orig. & 6 copies)
Certificate of Origin	4
Certificate of Quality and Quantity	4
Loading Time Sheet	4
Ullage Report	4
Master's Receipt for Samples	4
Distribution of Documents	4

Two sets of documents are handed to Master, one being for consignee. SELLER shall advise BUYER by telex or cable within forty eight (48) hours following each loading with the following details:-

(a) Vessel's Name .
(b) Loading Port .
(c) Commenced loading Date.
(d) Completed Loading Date.
(e) Sailing Date .
(f) Gross and net quantities in metric tons, long tons and U.S. barrels.
(g) API Gravity.

ARTICLE EIGHT

APPROVAL OF CONTRACT :

This Contract is subject to the approval of the Overseers on behalf of the 661 Committee. Such approval shall be obtained in accordance with the Procedures, utilizing the form set out in Appendix II hereof.

ARTICLE NINE

SPECIAL CONDITIONS :

1. Loading of any shipment of crude oil shall be subject to the authorization of the Inspectors at the port of loading. The Inspectors shall also have the authority to stop the loading if they determine that there is any evidence of irregularity.

2. Notwithstanding Sub Article 4-3 of Section Two of this Contract, the accepted date of arrival of the vessel at the loading ports shall be fixed on a one (1) day range. All related Articles of Section Two of the Contract will read to that effect and conformity.
3. Notwithstanding Sub Article (6-5) of Section Two of this Contract SELLER shall be allowed as laytime at Al Bakr Terminal as follows :-

Laytime (hrs)	Vessel DWT (MT)
36	Up to 129 999
54	130 000 -- 199 999
65	Over 200 000

All related Articles of Section Two of the Contract will read to that effect and conformity.

4. In addition to the events specified in Sub Article 6-6 of Section Two, any time consumed due to the Inspectors prohibiting loading shall not count as used laytime.
5. This Contract shall terminate forthwith in the event that the Security Council terminates the authorization to import petroleum or petroleum products originating in Iraq.
6. Assignment of the rights or obligations of the SELLER or BUYER shall be subject to the approval of the 661 Committee.
7. Any claims from BUYER under Sub Article 1-3 or Article Seven of Section Two, and any analyses carried out under Sub Articles 1-5 and 1-6 of Section Two, shall copied to the Overseers. Payments or other awards under Article Thirteen of Section Two, in respect of claims under Articles one and Seven of Section Two are subject to the approval of the 661 Committee. Any sum to be paid by BUYER in settlement of a dispute under Article Thirteen of Section Two relating to the proceeds of the sale of crude oil under this Contract shall be paid by BUYER directly to the United Nations Iraq Account, Euro sub account.

8. Payments to SELLER under SUB Article 5-5 and Sub Article 6-7 of Section Two, and any other Payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.
9. This Contract shall be subject to SCR 986, SCR 1111, SCR 1143 SCR 1153, SCR 1210, SCR 1242, SCR 1281, SCR 1302, SCR 1330, SCR 1360, SCR 1382, SCR 1409, SCR 1447, the Procedures and the Memorandum of Understanding between the Secretariat of the United nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and Communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below:-

FOR SELLER:
STATE OIL MARKETING ORGANIZATION
P.O. BOX 5118
BAGHDAD – IRAQ
TELEX : 212198 – 212199 SOMO IK
TELEPHONE: 964-1-2869561
964-1-7742040 - 10 Lines
FAX : 964-1-8853925

FOR BUYER:
IMPEXOIL LLC.
3/1, KHOKHLOVSKY PER., MOSCOW, 101000, RUSSIA
PHONE: (7 095) 917-0385,956-2737
FAX : (7 095)956-2615
e-mail:imp-oil@dol.ru

FOR OVERSEERS
UNITED NATIONS, NEW YORK, U.S.A.
FAX : 212 – 963 – 1628

All other terms and conditions as per (Section Two) General conditions of F.O.B. crude oil sales contract No. M/12/109 dated 24/9/2002 and attached appendices 1 & 2.

This Contract has been done and signed on the 17th day of December, 2002.

FOR SELLER
RAFID A. JASSIM
DIRECTOR GENERAL
S O M O

FOR BUYER
VLADIMIR EFROS
DIRECTOR

ОТ :

ФАКС NO. : 37 AN MT, MJ, C ЯНВ. 17 2000 01:55 СТР1

IMPEXOIL

3/1, Khokhlovsky Per., Moscow, 101000, Russia
Phone: (7 095) 960 34 41, 242 12 31 fax: (7 095) 242 12 31

Date: December 19th, 2002
Ref: M/13/33-1

1 - 212 - 963 16 28

To: UNITED NATIONS FOR OVERSEERS
From: "IMPEXOIL LLC", Moscow, Russia

REQUEST FOR THE APPROVAL OF THE CONTRACT

The attached contract with the Iraqi State Oil Marketing Organization (SOMO) for the purchase of petroleum is submitted for your approval in accordance with para 1 (a) of Security Council Resolution 986(1995), Security Council Resolution 1111(1997), Security Council Resolution 1143(1997), Security Council Resolution 1153 (1998), Security Council Resolution 1210 (1998), Security Council Resolution 1242 (1999), Security Council Resolution 1281 (1999), Security Council Resolution 1302 (2000), Security Council Resolution 1302 (2000), Security Council Resolution 1360 (2001), Security Council Resolution 1382(2001), Security Council Resolution 1409(2002), Security Council Resolution 1447(2002) and the procedures of the Security Council Committee established by Resolution 661 (1990) concerning the situation between Iraq and Kuwait adopted at its 142nd meeting held on 8 August 1990.

Information about the Purchase:

Name of purchasing entity:	**"IMPEXOIL LLC"**
Place of Registration :	**Moscow, Russia**
Address:	**3/1 Khokhlovsky Per., Moscow, 101000, Russia**
Contact person:	**Mr. Sergei Tumanov,** **Executive Director Iraqi projects**
Telephone:	**7 - 095 - 960 34 41, 764 7634, 242 1231,** **Fax: 7 - 095 – 242 1231**

Summary of Contract terms:

Total Quantity of Crude oil:	**350,000 BBLS**
Quality of Crude oil:	**API 34,0 – 350.000 bbls Basrah Light,**
Pricing formula:	**as per Contract**
Dates of loading:	**January 8th, 2003**
Name of Vessel:	**M/T "Hellespond Grand"/sub**
Payment details:	**Letter of Credit as per UN requirements.**

Please find attached a copy of the contract M/13/33 dated 17.12.2002

Thanks in anticipation for your kind cooperation,
Sincerely yours,

S.Tumanov
Executive Director Iraqi projects

impex-oil-1[illegible]

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 155

UNITED NATIONS **NATIONS UNIES**

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

S/AC.25/2002/OIL/1447/OC.33 19 December 2002

TO: IMPEXOIL LLC RUSSIAN FEDERATION	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO.: 011-7-095-242-1231	FAX NO.: (212) 963-1628
ATTENTION: Mr. Sergei Tumanov	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE: 1	

Re: Contract Number: **M/13/33** UN REF: **S/AC.25/2002/OIL/1447/COMM.33**
Between: **SOMO and "IMPEXOIL LLC"**
Date of Receipt: **19 December 2002**
Quantity: **350,000 bbls**
Quality: **BASRAH LIGHT**
Pricing Formula: **EUROPE and/or US Markets**
Port of Loading: **MINA AL BAKR**

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

- **APPROVED**

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

In the name of God, Most Gracious, Most Merciful

To: The Financial Department
From: Crude Oil Marketing First Department

No.: KH1
Date: 12/25/2002

RE: Contract No. M/13/33 Signed with Impexoil LLC Company

On 12/12/2002, we signed a contract with the aforesaid company to supply it with quantity of crude oil as per the following terms:

1- Number of Contract: M/13/33
2- Date: 12/12/2002
3- Name of Company: Impexoil LLC.
4- Nationality: Russian Nationality of Allocation Holder: Russian
5- Party Benefiting from Allocation: Head of the Russian Presidential Council
6- Quantity & Quality: (2) million barrels of Basrah light FOB Al-Bakr terminal, including (1.650) million barrels that were lifted as per contract M/12/109
7- Destination of Oil: Europe and / or America
8- Pricing Formula: depending on destination
9- Period of Supply: until 06/02/2003
10- Approval of the Overseers: we will inform you of the overseers' approval once we receive it
11- Address of the Company:

IMPEXOIL LLC.
3/1, KHOKHLOVSKY PER., MOSCOW, 101000, RUSSIA
PHONE: (7 095) 917-0385, 956-2737
FAX: (7 095) 956-2615
E-mail: imp-oil@dol.ru

12- Other Terms: as per the general terms in force for the company's sales FOB Al-Bakr terminal

Please be informed and act accordingly.



02/24
Abd-al-Jalil Said Hammadi
Head of Oil Marketing First Department



Ali Rajab Hassan
Deputy General Director

Cc:

Shipping & Quantities Department / please be informed and act accordingly

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 156

بسم الله الرحمن الرحيم

الى /الدائرة المالية
من / دائرة تسويق الحمام الاولى

الرقم : خ١/
التاريخ: /شوال/ ١٤٢٣ هـ
الموافق :ص/١٢/٢٠٠٢ م

م/ العقد المرقم M/13/33 الموقع مع شركة IMPEXOIL LLC

تم التعاقد بتاريخ ٢٠٠٢/١٢/١٧ مع الشركة اعلاه على تجهيزها بكمية من النقط الحمام وذلك حسب الشروط التالية :-

١- رقم العقد : M/13/33
٢- التاريخ : ٢٠٠٢/١٢/١٧
٣- اسم الشركة : IMPEXOIL LLC
٤- جنسية الشركة : روسية جنسية الجهة المخصص لها : روسية
٥- الجهة صاحبة التخصيص : رئيس ديوان الرئاسة الروسي
٦- الكمية والنوعية : (٢) مليون برميل نقط حمام البصرة الخفيف فوب البكر منها (١,٦٥٠) مليون برميل منفذة على العقد M/12/109 .
٧- وجهة النفط : اوربا و/او امريكا
٨- السعرة : حسب وجهة الوصول
٩- فترة التجهيز : لغاية ٢٠٠٣/٦/٢
١٠- موافقة المشرفين : سنعلمكم بموافقة المشرفين حال ورودها الينا .
١١- عنوان الشركة :

IMPEXOIL LLC
3/1, KHOKHLOVSKY PER., MOSCOW, 101000, RUSSIA
PHONE: (7 095) 917-0385,956-2737
FAX : (7 095)956-2615
e-mail:imp-oil@dol.ru

١٢- الشروط الاخرى : كما في الشروط العامة المطبقة على مبيعات الشركة فوب ميناء البكر .

للعلم والعمل بموجبه لطفاً .

عبد الجليل سعيد حمادي
رئيس دائرة تسويق الحمام الاولى

على رجب حسن
و. المدير العام

نسخة منه الى /
دائرة الشحن والكميات / للعلم والعمل بموجبه لطفاً

JAN. 02 '03 20:03 FROM:964 1 8853 925 SOMO BAGHDAD PAGE:01

REPUBLIC OF IRAQ
MINSITRY OF OIL
STATE OIL MARKETING
S O M O

REF: MI/ 49
DATE: /1/2003
2

TO : IMPEXOIL LLC – MOSCOW - RUSSIA
FAX : 7095 9562613
ATT: MR. A. VOLOSHIN

RE.: CRUDE OIL CONTRACT M/13/33 DATED 17.12.2002

WE ARE PLEASED TO ATTACH HEREWITH ADDENDUM NO. (1) TO THE AFOREMENTIONED CONTRACT. IT IS TO BE SIGNED BY MR. VLADIMIR LEROS (DIRECTOR) AND TO BE FAXED BACK TO SOMO AND TO THE U.N. OIL OVERSEERS FOR APPROVAL.

BEST REGARDS.

R A J
RAFID A. JASSIM
DIRECTOR GENERAL
S O M O

CC: THE U.N. OVERSEERS
FAX : 001212 963 1628 NEW YORK
PLEASE APPROVE THE SAID ADDENDUM
WITH BEST REGARDS.

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 157

ADDENDUM NO. (1) TO CRUDE OIL CONTRACT
NO. M/13/33 DATED 17/12/2002

STATE OIL MARKETING ORGANIZATION (SOMO) IMPEXOIL LLC AGREED TO AMEND ARTICLE THREE (PARA. 1) TO READ AS FOLLOWS:-

TYPE OF CRUDE	QUANTITY	API	PORT OF LOADING
BASRAH LIGHT	1,350,000 BBLS	34.00	ALBAKR

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

DONE AND SIGNED ON THE 2ND DAY OF JANUARY 2003.

FOR SELLER

RAFID ALJASSIM
DIRECTOR GENERAL
SOMO

FOR BUYER

VLADIMIR EFROS
DIRECTOR

CC: THE OIL OVERSEERS
TAX: 001212963 16 28 NEW YORK
KINDLY APPROVE WITH BEST REGARDS.

FROM : Arcady Sherstyukov PHONE NO. : 242 1231 Jan. 08 2003 02:43PM P02

JAN. 02 '03 19:56 FROM:964 1 8853 925

ADDENDUM NO. (1) TO CRUDE OIL CONTRACT
NO. M/13/33 DATED 17/12/2002

STATE OIL MARKETING ORGANIZATION (SOMO) IMPEXOIL LLC AGREED TO AMEND ARTICLE THREE (PARA. 1) TO READ AS FOLLOWS:-

TYPE OF CRUDE	QUANTITY	API	PORT OF LOADING
BASRAH LIGHT	1,350,000 BBLS	34.00	ALBAKR

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

DONE AND SIGNED ON THE 2ND DAY OF JANUARY 2003.

FOR SELLER

RAFID AHASSIM
DIRECTOR GENERAL
SOMO

FOR BUYER

VLADIMIR EFROS
DIRECTOR

CC: THE OIL OVERSEERS
FAX : 001212963 16 28 NEW YORK
KINDLY APPROVE WITH BEST REGARDS.

3/1, Khokhlovsky Per., Moscow, 101000, Russia
Phone: (7 095) 960 34 41, 242 12 31 fax: (7 095) 242 12 31

AL MT MJ

IMPEXOIL

Date: January 8th, 2003
Ref: M/13/33-2

1 - 212 - 963 16 28

To: UNITED NATIONS FOR OVERSEERS
From: "IMPEXOIL LLC", Moscow, Russia

REQUEST FOR THE AMENDMENT OF THE CONTRACT

Dear Sirs,

REF. CONTRACT M/13/33, dated 17.12.2002

As agreed with SOMO you are kindly requested to amend Article Three (para. 1) Contract M/13/33 of 17/12/2002 as follows:

Type of Crude	Quantity	API	Port of Loading
Basrah Light	1.350.000 bbls	34.00	Albakr

All other terms and conditions remain unchanged.

Thanks in anticipation for your kind cooperation,
Sincerely yours,

S.Tumanov
Executive Director Iraqi projects

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 158

UNITED NATIONS **NATIONS UNIES**

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

S/AC.25/2002/OIL/1447/OC.33/ad.1 8 January 2003

TO: IMPEXOIL LLC RUSSIAN FEDERATION	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO.: 011-7-095-242-1231	FAX NO.: (212) 963-1628
ATTENTION: Mr. Sergei Tumanov	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE: 1	

AMENDMENT:

Re: Contract Number: **M/13/33** UN REF: **S/AC.25/2002/OIL/1447/COMM.33**
Between: **SOMO and "IMPEXOIL LLC"**
Date of receipt of amendment: **8 January 2003**

PLEASE BE ADVISED OF THE AMENDMENT TO THE ABOVE CONTRACT: SOMO AND "IMPEXOIL LLC" HAVE AGREED TO AMEND ARTICLE THREE (PARA .1) TO READ AS FOLLOWS: -

TYPE OF CRUDE	QUANTITY	API	PORT OF LOADING
BASRAH LIGHT	1,350,000 BBLS	34.00	AL BAKR

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

❖ **APPROVED**

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

State Oil Marketing Organization

P.O Box 5118 Baghdad - Iraq

Commercial Invoice No. : B/6/2003

Sold to : IMPEXOIL LLC

Exporting port : MINA ALBAKR TERMINAL

Ships Name : HELLESPONT GRAND

Destination : NORTH AMERICA

Country of origin : IRAQ

Due date : 08/02/2003

Contract no. : M/13/33

BNP Confirmation no : H738915

Openning Bank L/c No. : CI0375830/AMY

Shipment No. : BBL/3419 (1)

Description of commodity	Quantity			Price per Barrel FOB	Total value in EURO
	Metric Tons	Long Tons	U.S. Bbls		
IRAQ CRUDE OIL					
BASRAH LIGHT	48,629.189	47,851.02	350,000	24.642	8,624,700.00
30.04 API GRAVITY AT 60 F °					
					8,624,700.00

Total EURO : EIGHT MILLION SIX HUNDRED TWENTY FOUR THOUSAND SEVEN HUNDRED ONLY

Price Calculation : WITH SECOND MONTH MINUS $ 0.60 /BBL AVERAGE OF FIVE CONSECUTIVE QUOTATIONS STARTING FROM THE 15 th DAY FROM THE B/L DATE AS PUBLISHED IN PLATT'S CRUDE OIL MARKET WIRE MINUS $ 0.39 API DE ESCALATION

PAYMENT IS TO BE MADE TO THE UNITED NATIONS AT BANQUE NATIONAL DE PARIS S.A. NEW YORK BRANCH FOR CREDIT TO THE UNITED NATIONS IRAQ ACCOUNT EURO SUB-ACCOUNT ACCOUNT NUMBER 0200-201752-002-06

Y.H.IBRAHIM
FOR GENERAL MANAGER OF SOMO

ORIGINAL

B/L DATED 10/01/2003

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 159

3/1, Khokhlovsky Per., Moscow, 101000, Russia
phone: (7 095)960-3441,242-1231 fax:(7 095)242-1231 e-mail:isherst@yandex.ru

IMPEXOIL

January 22nd, 2003
Ref. M/13/33-P

TO: BAYOIL SUPPLY AND TRADING CO.LTD

Ref. Agreement for lifting of 350.000 bbls, M/T "Hellespont Grand"
In January 2003.

Dear Sirs,

In compliance with our Agreement and SOMO's confirmation you are kindly requested to pay the sum of US Dollars 17.500 to the following address:

Account No. 178-33-094100
In favour of IMPEX-OIL LIMITED
Cyprus Popular Bank Ltd
The International Business Centre
50 Kennedy Avenue
Caterways Building 1st Floor
Nicosia – Cyprus
SWIFT LIKICY2N
Attn. Mrs Rena Adamides
Payment for Hellespont Grand

We would very much appreciate if you sentd us a SWIFT confirmation of the effected transaction to fax number 7 – 095 – 242 12 31

Thanks in anticipation for your kind cooperation.

S.Tumanov
Director
Iraqi Projects

Bayoil-K

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN160

SNT 029027

SNT 029027

9:51 AM
07/19/04
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								
Deposit	2/27/2003	REV	VALERO MARK...	H.GRAND-2	V-50203	Cash - CAI ...	16,407,728.51	16,407,728.51
Deposit	3/3/2003	REV	PREMCOR	H.GRAND-2	V-50203	Cash - CAI ...	13,007,274.71	29,415,003.22
Deposit	3/3/2003	REV	SHELL INTL. TR...	H.GRAND-5	V-50203	Cash - CAI ...	17,848,904.54	47,263,907.76
Deposit	3/4/2003	REV	SHELL INTL. TR...	H.GRAND-2	V-50203	Cash - CAI ...	16,392,259.02	63,656,166.78
Deposit	3/7/2003	REV	BP OIL	H.GRAND-2	V-50203	Cash - CAI ...	17,321,219.79	80,977,386.57
Total Sales - Oil Products							80,977,386.57	80,977,386.57
Total Gross Sales							80,977,386.57	80,977,386.57
Cost of Sales								
Broker Comm								
Check	3/27/2003	1524	Link Crude Reso...	H.Grand-2	V-50203	Cash - Well...	-310.00	-310.00
Check	3/27/2003	1524	Link Crude Reso...	H.Grand-2	V-50203	Cash - Well...	-310.00	-620.00
Check	3/27/2003	1524	Link Crude Reso...	H.Grand-2	V-50203	Cash - Well...	-310.00	-930.00
Check	4/14/2003	1528	STARSUPPLY P...	H.GRAND-2	V-50203	Cash - Well...	-4,862.53	-5,792.53
Check	4/14/2003	1528	STARSUPPLY P...	H.GRAND-2	V-50203	Cash - Well...	-5,055.81	-10,848.34
Total Broker Comm							-10,848.34	-10,848.34
Exchange gain/loss								
Check	2/7/2003	PURCH	UNITED NATIONS	H.GRAND-2	V-50203	Cash - CAI ...	-34,816.82	-34,816.82
Total Exchange gain/loss							-34,816.82	-34,816.82
Demurrage @ Lighter								
Deposit	5/26/2003	DEM	SHELL INTL. TR...	H. GRAND-2	V-50203	Cash - CAI ...	21,150.00	21,150.00
Deposit	5/30/2003	DEM	PREMCOR	H.GRAND-2	V-50203	Cash - CAI ...	3,600.00	24,750.00
Deposit	12/30/2003	DEM	BP OIL	H.GRAND-2	V-50203	Cash - CAI ...	3,300.00	28,050.00
Total Demurrage @ Lighter							28,050.00	28,050.00
Crude Purchases								
Check	1/23/2003	PURCH	MACHINOIMPO...	H.GRAND-2	V-50203	Cash - CAI ...	-88,879.50	-88,879.50
Check	1/23/2003	PURCH	IMPEX-OIL CO	H.GRAND-2	V-50203	Cash - CAI ...	-17,500.00	-106,379.50
Check	2/7/2003	PURCH	UNITED NATIONS	H.GRAND-2/M...	V-50203	Cash - CAI ...	-47,079,471.15	-47,185,850.65
Check	2/7/2003	PURCH	UNITED NATIONS	H.GRAND-2/R...	V-50203	Cash - CAI ...	-10,594,000.00	-57,779,850.65
Check	2/7/2003	PURCH	UNITED NATIONS	H.GRAND-2/IM...	V-50203	Cash - CAI ...	-9,269,750.00	-67,049,600.65
Check	2/11/2003	PURCH	HAVERHILL TR...	H.GRAND-2	V-50203	Cash - CAI ...	-20,000.00	-67,069,600.65
Total Crude Purchases							-67,069,600.65	-67,069,600.65
Interest								
Check	1/31/2003	INT	INTEREST CHA...	H.GRAND-2 12...	V-50203	Cash - CAI ...	-522.11	-522.11
Check	2/7/2003	LOAN	FIXED TERM A...	H.GRAND-2	V-50203	Cash - CAI ...	-491.13	-1,013.24
Check	2/18/2003	LOAN	FIXED TERM A...	H.GRAND-2	V-50203	Cash - CAI ...	-52,341.12	-53,354.36
Check	2/18/2003	LOAN	FIXED TERM A...	H.GRAND-2	V-50203	Cash - CAI ...	-685.33	-54,039.69
Check	2/18/2003	LOAN	FIXED TERM A...	H.GRAND-2	V-50203	Cash - CAI ...	-238.15	-54,277.84
Check	2/25/2003	LOAN	FIXED TERM A...	H.GRAND-2	V-50203	Cash - CAI ...	-34,550.79	-88,828.63
Check	2/27/2003	LOAN	FIXED TERM A...	H.GRAND-2	V-50203	Cash - CAI ...	-9,876.65	-98,705.28
Check	2/28/2003	LOAN	FIXED TERM A...	H.GRAND-2	V-50203	Cash - CAI ...	-3,753.03	-102,458.31
Check	3/3/2003	LOAN	FIXED TERM A...	H.GRAND-2	V-50203	Cash - CAI ...	-10,598.07	-113,056.38
Check	3/4/2003	LOAN	FIXED TERM A...	H.GRAND-2	V-50203	Cash - CAI ...	-1,565.20	-114,621.58
Check	3/7/2003	LOAN	FIXED TERM A...	H.GRAND-2	V-50203	Cash - CAI ...	-1,185.41	-115,806.99
Check	3/28/2003	LOAN	FIXED TERM A...	H.GRAND-2	V-50203	Cash - CAI ...	-833.00	-116,639.99
General Journal	3/31/2003	INT	CAI	H.GRAND-2	V-50203	Foward Co...	-1,082.04	-117,722.03
Check	4/10/2003	LOAN	FIXED TERM A...	H.GRAND-2	V-50203	Cash - CAI ...	-1,088.07	-118,810.10
Total Interest							-118,810.10	-118,810.10
Inspection								
General Journal	3/31/2003	Je-C03-12	Accrual	H. Grand-2	V-50203	Freight	-52,000.00	-52,000.00
Check	8/15/2003	INSP	SGS GULF LTD	H.GRAND-2	V-50203	BNP Pariba...	-500.00	-52,500.00
General Journal	9/30/2003	Je-C09-10	Reverse Accrual	H. Grand-2	V-50203	Estimated C...	1,983.11	-50,516.89
Total Inspection							-50,516.89	-50,516.89
Insurance								
General Journal	3/31/2003	Je-C03-12	Accrual	H. Grand-2	V-50203	Freight	-64,000.00	-64,000.00
General Journal	7/31/2003	Je-C07-11	Reverse Accrual	H. Grand-2	V-50203	Estimated C...	11,825.58	-52,174.42
Check	8/15/2003	INS	CRAIG FERGUS...	H.GRAND-2	V-50203	Cash - CAI ...	-6,616.86	-58,791.28
Total Insurance							-58,791.28	-58,791.28
L/C Charges								
General Journal	1/3/2003	LC	CAI	H.GRAND-2	V-50203	Foward Co...	-62,910.90	-62,910.90
General Journal	1/3/2003	LC	CAI	H.GRAND-2	V-50203	Foward Co...	-14,110.20	-77,021.10
General Journal	1/3/2003	LC	CAI	H.GRAND-2	V-50203	Foward Co...	-12,232.67	-89,253.77
Total L/C Charges							-89,253.77	-89,253.77

Permanent Subcommittee on Investigations
PSI Staff Rpt (RPC)-FN 161

9:51 AM
07/19/04
Accrual Basis

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

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Freight								
Check	1/7/2003	FRGHT	THE KANOO G...	H.GRAND-2	V-50203	Cash - CAI ...	-45,773.00	-45,773.00
Check	1/21/2003	FRGHT	AEGEAN MARI...	H.GRAND-2	V-50203	Cash - CAI ...	-289,922.14	-335,695.14
Check	1/24/2003	FRGHT	THE KANOO G...	H.GRAND-2/A...	V-50203	Cash - CAI ...	-769.00	-336,464.14
Check	1/24/2003	FRGHT	THE KANOO G...	H.GRAND-2/A...	V-50203	Cash - CAI ...	-999.00	-337,463.14
Check	1/30/2003	FRGHT	HELLESPONT S...	H.GRAND-2/1S...	V-50203	Cash - CAI ...	-833,625.00	-1,171,088.14
Check	2/12/2003	INSP	OBC SHIPPING ...	H.GRAND-2/P...	V-50203	BNP Paribа...	-4,400.00	-1,175,488.14
Check	2/12/2003	FRGHT	FAL ENERGY C...	H.GRAND-2	V-50203	Cash - CAI ...	-1,578,241.18	-2,753,729.32
Check	2/14/2003	FRGHT	HELLESPONT S...	H.GRAND-2	V-50203	Cash - CAI ...	-833,625.00	-3,587,354.32
Check	3/13/2003	FRGHT	GULF AGENCY ...	H.GRAND-2	V-50203	Cash - CAI ...	-235,600.00	-3,822,954.32
Check	3/20/2003	FRGHT	HELLESPONT S...	H.GRAND-2/HI...	V-50203	Cash - CAI ...	-444,600.00	-4,267,554.32
Check	3/20/2003	FRGHT	HELLESPONT S...	H.GRAND-2/MI...	V-50203	Cash - CAI ...	-46,697.74	-4,314,252.06
Check	3/26/2003	FRGHT	THE KANOO G...	H.GRAND-2	V-50203	BNP Paribа...	37.12	-4,314,214.94
Check	3/26/2003	FRGHT	THE KANOO G...	H.GRAND-2	V-50203	BNP Paribа...	-124.78	-4,314,339.72
Check	3/26/2003	FRGHT	THE KANOO G...	H.GRAND-2	V-50203	BNP Paribа...	-18.82	-4,314,358.54
General Journal	3/31/2003	Je-C03-12	Accrual	H. Grand-2	V-50203	-SPLIT-	-526,612.85	-4,840,971.39
General Journal	3/31/2003	Je-C03-12	Accrual	H. Grand-2	V-50203	Freight	-18,500.00	-4,859,471.39
General Journal	4/30/2003	Je-C04-16	Accrual	H. Grand-2	V-50203		119,515.50	-4,739,955.89
Check	5/20/2003	FRGHT	OBC SHIPPING ...	H.GRAND-2	V-50203	BNP Paribа...	-2,366.75	-4,742,322.64
Check	6/4/2003	FRGHT	HELLESPONT S...	H.GRAND-2	V-50203	BNP Paribа...	16,247.35	-4,726,075.29
Check	6/11/2003	FRGHT	OBC SHIPPING ...	H.GRAND-2	V-50203	BNP Paribа...	-603.56	-4,726,678.85
Check	7/22/2003	1565	Informa	H.Grand-2	V-50203	Cash - Well...	-340.00	-4,727,018.85
Check	9/15/2003	FRGHT	SGS CSI	H.GRAND-2	V-50203	BNP Paribа...	-472.00	-4,727,490.85
Total Freight							-4,727,490.85	-4,727,490.85
Finance Charges								
Check	1/3/2003	BC	BANK CHARGES	H.GRAND-2	V-50203	Cash - CAI ...	-18.28	-18.28
General Journal	1/3/2003	LC	CAI	H.GRAND-2	V-50203	Foward Co...	-204.32	-222.60
General Journal	1/3/2003	LC	CAI	H.GRAND-2	V-50203	Foward Co...	-204.32	-426.92
General Journal	1/3/2003	LC	CAI	H.GRAND-2	V-50203	Foward Co...	-204.32	-631.24
Check	1/7/2003	BC	BANK CHARGES	H.GRAND-2	V-50203	Cash - CAI ...	-17.86	-649.10
Check	1/7/2003	FRGHT	THE KANOO G...	H.GRAND-2	V-50203	Cash - CAI ...	-17.86	-666.96
Check	1/13/2003	BC	BANK CHARGES	H.GRAND-2	V-50203	Cash - CAI ...	-18.03	-684.99
Check	1/14/2003	BC	BANK CHARGES	H.GRAND-2	V-50203	Cash - CAI ...	-18.07	-703.06
Check	1/21/2003	FRGHT	AEGEAN MARI...	H.GRAND-2	V-50203	Cash - CAI ...	-18.36	-721.42
Check	1/22/2003	BC	BANK CHARGES	H.GRAND-2	V-50203	Cash - CAI ...	-18.32	-739.74
Check	1/23/2003	BC	BANK CHARGES	H.GRAND-2	V-50203	Cash - CAI ...	-18.36	-758.10
Check	1/23/2003	PURCH	MACHINOIMPO...	H.GRAND-2	V-50203	Cash - CAI ...	-18.36	-776.46
Check	1/23/2003	PURCH	IMPEX-OIL CO	H.GRAND-2	V-50203	Cash - CAI ...	-18.36	-794.82
Check	1/24/2003	FRGHT	THE KANOO G...	H.GRAND-2	V-50203	Cash - CAI ...	-18.39	-813.21
Check	1/27/2003	BC	BANK CHARGES	H.GRAND-2	V-50203	Cash - CAI ...	-18.37	-831.58
Check	1/29/2003	BC	BANK CHARGES	H.GRAND-2	V-50203	Cash - CAI ...	-18.51	-850.09
Check	1/30/2003	FRGHT	HELLESPONT S...	H.GRAND-2	V-50203	Cash - CAI ...	-18.36	-868.45
Check	1/31/2003	BC	BANK CHARGES	H.GRAND-2	V-50203	Cash - CAI ...	-18.44	-886.89
Check	2/5/2003	FIN	CAI	H.GRAND-2	V-50203	Cash - CAI ...	-18.62	-905.51
Check	2/6/2003	FIN	CAI	H.GRAND-2	V-50203	Cash - CAI ...	-18.48	-923.99
Check	2/7/2003	FIN	CAI	H.GRAND-2	V-50203	Cash - CAI ...	-19.00	-942.99
Check	2/7/2003	PURCH	UNITED NATIONS	H.GRAND-2/M...	V-50203	Cash - CAI ...	-52,974.64	-53,917.63
Check	2/7/2003	PURCH	UNITED NATIONS	H.GRAND-2/R...	V-50203	Cash - CAI ...	-11,705.65	-65,623.28
Check	2/7/2003	PURCH	UNITED NATIONS	H.GRAND-2/M...	V-50203	Cash - CAI ...	-10,355.36	-75,978.64
Check	2/10/2003	FIN	CAI	H.GRAND-2	V-50203	Cash - CAI ...	-18.43	-75,997.07
Check	2/11/2003	PURCH	HAVERHILL TR...	H.GRAND-2	V-50203	Cash - CAI ...	-18.18	-76,015.25
Check	2/12/2003	FRGHT	FAL ENERGY C...	H.GRAND-2	V-50203	Cash - CAI ...	-18.29	-76,033.54
Check	2/14/2003	FRGHT	HELLESPONT S...	H.GRAND-2	V-50203	Cash - CAI ...	-18.37	-76,051.91
Check	2/24/2003	FIN	CAI	H.GRAND-2	V-50203	Cash - CAI ...	-18.28	-76,070.17
Deposit	2/27/2003	REV	VALERO MARK...	H.GRAND-2	V-50203	Cash - CAI ...	-553.51	-76,623.68
Check	3/3/2003	FIN	SHELL INTL. TR...	H.GRAND-2	V-50203	Cash - CAI ...	-20.00	-76,643.68
Deposit	3/3/2003	REV	PREMCOR	H.GRAND-2	V-50203	Cash - CAI ...	-554.71	-77,198.39
Deposit	3/3/2003	REV	SHELL INTL. TR...	H.GRAND-5	V-50203	Cash - CAI ...	-554.54	-77,752.93
Deposit	3/4/2003	REV	SHELL INTL. TR...	H.GRAND-2	V-50203	Cash - CAI ...	-574.02	-78,326.95
Check	3/10/2003	FIN	BP OIL	H.GRAND-2	V-50203	Cash - CAI ...	-555.00	-78,881.95
Check	3/13/2003	FRGHT	GULF AGENCY ...	H.GRAND-2	V-50203	Cash - CAI ...	-18.48	-78,900.43
Check	3/18/2003	LGHT	HEIDMAR LIGH...	H.GRAND-2	V-50203	Cash - CAI ...	-17.95	-78,918.38
Check	3/18/2003	LGHT	SKAUGEN PET...	H.GRAND-2	V-50203	Cash - CAI ...	-17.95	-78,936.33
Check	3/18/2003	LGHT	AMERICAN EA...	H.GRAND-2	V-50203	Cash - CAI ...	-17.98	-78,954.31
Check	3/20/2003	FRGHT	HELLESPONT S...	H.GRAND-2	V-50203	Cash - CAI ...	-18.02	-78,972.33
Check	3/26/2003	LGHT	HEIDMAR LIGH...	H.GRAND-2	V-50203	BNP Paribа...	-25.07	-78,997.40
Check	4/7/2003	FRGHT	CEPSA GIBRAL...	H.GRAND-2	V-50203	Cash - CAI ...	-17.83	-79,015.23
Check	4/11/2003	INSP	OIL IMS USA LLC	H.GRAND-2	V-50203	Cash - CAI ...	-17.95	-79,033.18
Check	4/28/2003	INS	CRAIG FERGUS...	H.GRAND-2	V-50203	Cash - CAI ...	-18.36	-79,051.54
Deposit	5/30/2003	DEM	PREMCOR	H.GRAND-2	V-50203	Cash - CAI ...	-20.00	-79,071.54
Check	6/4/2003	FRGHT	HELLESPONT S...	H.GRAND-2	V-50203	BNP Paribа...	-41.40	-79,112.94
Check	6/4/2003	INSP	OIL INSPECTIO...	H.GRAND-2	V-50203	Cash - CAI ...	-19.10	-79,132.04
Check	9/15/2003	FRGHT	SGS CSI	H.GRAND-2	V-50203	BNP Paribа...	-25.08	-79,157.12
Total Finance Charges							-79,157.12	-79,157.12

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07/19/04
Accrual Basis

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

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Lightering Charges								
Check	3/18/2003	LGHT	HEIDMAR LIGH...	H.GRAND-2/T...	V-50203	Cash - CAI ...	-163,562.62	-163,562.62
Check	3/18/2003	LGHT	HEIDMAR LIGH...	H.GRAND-2/C...	V-50203	Cash - CAI ...	-189,624.91	-353,187.53
Check	3/18/2003	LGHT	SKAUGEN PET...	H.GRAND-2/A...	V-50203	Cash - CAI ...	-159,362.50	-512,550.03
Check	3/18/2003	LGHT	AMERICAN EA...	H.GRAND-2/P...	V-50203	Cash - CAI ...	-326,500.02	-839,050.05
Check	3/18/2003	LGHT	AMERICAN EA...	H.GRAND-2/E...	V-50203	Cash - CAI ...	-320,899.98	-1,159,950.03
Check	7/29/2003	LGHT	AMERICAN EA...	H.GRAND-2	V-50203	Cash - CAI ...	-2,593.75	-1,162,543.78
Check	7/29/2003	LGHT	AMERICAN EA...	H.GRAND-2	V-50203	Cash - CAI ...	-2,956.25	-1,165,500.03
Total Lightering Charges							-1,165,500.03	-1,165,500.03
Total Cost of Sales							-73,376,735.85	-73,376,735.85
Bank Service Charges								
Check	2/7/2003	PURCH	UNITED NATIONS	H.GRNAD-2/M...	V-50203	Cash - CAI ...	-31.74	-31.74
Check	2/7/2003	PURCH	UNITED NATIONS	H.GRAND-2/R...	V-50203	Cash - CAI ...	-349.01	-380.75
Check	2/7/2003	PURCH	UNITED NATIONS	H.GRAND-2/M...	V-50203	Cash - CAI ...	-220.70	-601.45
Total Bank Service Charges							-601.45	-601.45
Interest Expense								
Check	3/31/2003	INT	INTEREST CHA...	H.GRAND-2	V-50203	Cash - CAI ...	-23,606.51	-23,606.51
Total Interest Expense							-23,606.51	-23,606.51
Commissions								
General Journal	1/6/2003			HELLESPONT ...	V-50203	Hedge Gain...	-1,114.33	-1,114.33
General Journal	1/6/2003			HELLESPONT ...	V-50203	Hedge Gain...	-1,099.33	-2,213.66
General Journal	1/24/2003	COM	COMMISSIONS	HELLESPONT ...	V-50203	25300/Carr ...	-3,061.80	-5,275.46
General Journal	1/27/2003	COM	COMMISSIONS	HELLESPONT ...	V-50203	25300/Carr ...	-2,464.02	-7,739.48
General Journal	1/28/2003	COM	COMMISSIONS	HELLESPONT ...	V-50203	25300/Carr ...	-2,464.02	-10,203.50
General Journal	1/29/2003	COM	COMMISSIONS	HELLESPONT ...	V-50203	25300/Carr ...	-2,464.02	-12,667.52
General Journal	1/30/2003	COM	COMMISSIONS	HELLESPONT ...	V-50203	25300/Carr ...	-2,430.00	-15,097.52
General Journal	2/10/2003	COM	COMMISSIONS	HELLESPONT ...	V-50203	25300/Carr ...	-510.30	-15,607.82
General Journal	2/11/2003	COM	COMMISSIONS	HELLESPONT ...	V-50203	25300/Carr ...	-486.00	-16,093.82
General Journal	2/12/2003	com	COMMISSIONS	HELLESPONT ...	V-50203	25300/Carr ...	-1,506.60	-17,600.42
General Journal	2/13/2003	COM	COMMISSIONS	HELLESPONT ...	V-50203	25300/Carr ...	-1,963.44	-19,563.86
General Journal	2/14/2003	COM	COMMISSIONS	HELLESPONT ...	V-50203	25300/Carr ...	-1,963.44	-21,527.30
General Journal	2/18/2003	COM	COMMISSIONS	HELLESPONT ...	V-50203	25300/Carr ...	-1,477.44	-23,004.74
General Journal	2/19/2003	COM	COMMISSIONS	HELLESPONT ...	V-50203	25300/Carr ...	-1,477.44	-24,482.18
General Journal	2/20/2003	COM	COMMISSIONS	HELLESPONT ...	V-50203	25300/Carr ...	-466.56	-24,948.74
Total Commissions							-24,948.74	-24,948.74
Hedge Gain /(Loss)								
General Journal	1/6/2003			HELLESPONT ...	V-50203	-SPLIT-	-19,055.00	-19,055.00
General Journal	1/6/2003			HELLESPONT ...	V-50203	Hedge Gain...	-16,555.00	-35,610.00
General Journal	2/21/2003			HELLESPONT ...	V-50203	25300/Carr ...	-13,519,120.00	-13,554,730.00
General Journal	2/24/2003			HELLESPONT ...	V-50203	25300/Carr ...	8,180,500.00	-5,374,230.00
Total Hedge Gain /(Loss)							-5,374,230.00	-5,374,230.00
Interest Income								
Deposit	2/5/2003	INT	INTEREST REC...	HELLESPONT ...	V-50203	25300/Carr ...	3,396.94	3,396.94
Total Interest Income							3,396.94	3,396.94
TOTAL							**2,180,660.96**	**2,180,660.96**

United States Senate
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
Committee on Homeland Security and Governmental Affairs

Norm Coleman, Chairman
Carl Levin, Ranking Minority Member

REPORT ON ILLEGAL SURCHARGES ON OIL-FOR-FOOD CONTRACTS AND ILLEGAL OIL SHIPMENTS FROM KHOR AL-AMAYA

PREPARED BY THE

MINORITY STAFF OF THE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS



RELEASED IN CONJUNCTION WITH THE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS MAY 17, 2005, HEARING

OIL FOR INFLUENCE: HOW SADDAM USED OIL TO REWARD POLITICIANS UNDER THE UNITED NATIONS OIL-FOR-FOOD PROGRAM

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

CARL LEVIN
Ranking Minority Member

ELISE J. BEAN, Minority Staff Director and Chief Counsel
DAN M. BERKOVITZ, Minority Counsel
LAURA E. STUBER, Minority Counsel
ZACHARY I. SCHRAM, Minority Professional Staff Member
ERIC J. DIAMANT, Detailee
KATHLEEN M. TRAINOR, Congressional Fellow

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TABLE OF CONTENTS

I. EXECUTIVE SUMMARY 1
Illegal Surcharges 1
Kohr al-Amaya Oil Shipments 2
Oversight Failures 2

II. ILLEGAL SURCHARGES UNDER THE OIL-FOR-FOOD PROGRAM 4
A. IRAQI OIL SURCHARGES 5
B. BAYOIL AND IRAQI SURCHARGE PAYMENTS 9
1. Bayoil in General 9
2. Bayoil and Iraq 10
3. Bayoil and Surcharges 12
4. Bayoil and Italtech 15
C. BAYOIL LOBBYING TO INFLUENCE IRAQI OIL PRICES AND OPPOSE U.S. PRICING EFFORTS TO STOP SURCHARGES 19
D. BAYOIL PARTICIPATION IN BOYCOTT OF ISRAEL 27
E. STOPPING THE SURCHARGES 30
1. Awareness of Surcharges 30
2. Stopping the Surcharges Through OSP Pricing 32
3. U.S. Failure to Exercise Oversight of U.S. Nationals Buying Iraqi Oil 34
F. LESSONS LEARNED 45

III. KHOR AL-AMAYA OIL SHIPMENTS 46
A. INTRODUCTION 46
B. THE IRAQI PORTS OF MINA AL-BAKR AND KHOR AL-AMAYA 47
C. THE 2003 KHOR AL-AMAYA INCIDENT 48
1. Iraq Approves Sending Oil Tankers to Khor al-Amaya 48
2. Shipments of Oil from Khor al-Amaya 49
3. $53 Million Payment for Khor al-Amaya Oil Shipments 51
4. U.N. Knowledge of Khor al-Amaya Oil Shipments 51
5. U.S. Knowledge of Khor al-Amaya Oil Shipments 54
6. Final Destination of Khor al-Amaya Oil 60
7. Bayoil Attempt to Purchase Khor al-Amaya Oil from Jordan 63
D. KHOR AL-AMAYA AND THE IRAQ-JORDAN TRADE PROTOCOL 69
E. U.S. GOVERNMENT RESPONSE TO SUBCOMMITTEE INQUIRIES 73

APPENDIX
Figure 1: Illicit Iraqi Income, 1991 - 2003 77

Figure 2: Iraqi Oil Production, January 1999 - April 2003 78

Figure 3: Illegal Surcharges on Iraqi Oil: Amounts Paid, by Final Destination, 2000 - 2002 79

Figure 4: Bayoil Cargoes as Percent of Iraq Oil Production, July 1999 - April 2002 80

Figure 5: Bayoil Cargoes as Percent of U.S. Imports from Iraq, January 2000 - April 2002 81

Figure 6: Percent of Iraqi Oil Production Imported by U.S., 1999 - 2002 82

Bayoil Cargoes of Iraqi Oil on which a Surcharges was Paid, September 2000 - March 2002 83

Footnote (FN) Documents 97
Documents relating to Footnotes found in *Report on Illegal Surcharges On Oil-for-Food Contracts And Illegal Oil Shipments From Khor Al-amaya*, a Report prepared by the Minority Staff of the Permanent Subcommittee on Investigations in conjunction with the Subcommittee hearings held May 17, 2005: [Note: Footnotes not listed are explanative, reference Subcommittee interviews for which records are not available to the public, or reference a widely available public document.]
Footnote No. 5, *See Attachments (2)*
Footnote No. 6, *See Hearing Exhibit No. 43*
Footnote No. 11, *See Attachment*
Footnote No. 14, *See Attachment*
Footnote No. 16, *See Footnote No. 14 (above)*
Footnote No. 20, *See Hearing Exhibit No. 35*
Footnote No. 22, *See Attachment*
Footnote No. 26 and 27, *See Hearing Exhibit No. 35*
Footnote No. 29 and 30, *See Hearing Exhibit No. 43*
Footnote No. 31, *See Attachment*
Footnote No. 33, *See Attachments (2)*
Footnote No. 34, *See Hearing Exhibit No. 43*
Footnote No. 36, *See Attachment*
Footnote No. 37, *See Attachment*
Footnote No. 51, *See Footnote No. 33 (above)*
Footnote No. 53, *See Footnote No. 37 (above)*
Footnote No. 60, *See Attachments (2)*
Footnote No. 62, *See Footnote No. 20 (above)*
Footnote No. 63, *See Attachment*
Footnote No. 64, *See Footnote No. 33 (above)*
Footnote No. 65, *See Attachment*
Footnote No. 66, *See Attachment*
Footnote No. 69, *See Hearing Exhibit No. 35*
Footnote No. 70, *See Attachment*
Footnote No. 71 and 73, *See Hearing Exhibit No. 35*
Footnote No. 74, *See Attachment*
Footnote No. 75, *See Attachment*
Footnote No. 76, *See Attachments (5)* and *Hearing Exhibit No. 35*
Footnote No. 77, *See Attachment*s and *Hearing Exhibit No. 35*
Footnote No. 78 and 79, *See Hearing Exhibit No. 35*
Footnote No. 84, *See Attachment*
Footnote No. 85, *See Attachment*
Footnote No. 86, *See Attachment*
Footnote No. 87, *See Attachments (4)*
Footnote No. 88, *See Attachments (5)* and *Hearing Exhibit No. 37*
Footnote No. 89, *See Attachments (8)*
Footnote No. 90, *See Hearing Exhibit No. 37*
Footnote No. 91, *See Attachments (7)*
Footnote No. 92 and 93, *See Hearing Exhibit No. 34*
Footnote No. 95, *See Attachments (11)*
Footnote No. 96, *See Attachments (6)* and *Footnote No. 95 (above)*
Footnote No. 97 and 98, *See Footnote No. 95 (above)*
Footnote No. 99, *See Attachment*
Footnote No. 100, *See Footnote No. 96 (above)*
Footnote No. 101-102, *See Footnote No. 95 (above)*
Footnote No. 103, *See Attachment*
Footnote No. 105, *See Attachment*
Footnote No. 106, *See Attachments (2)*
Footnote No. 107, *See Attachment*
Footnote No. 108, *See Footnote No. 96 (above)*
Footnote No. 110, *See Attachments (2)*
Footnote No. 111, *See Attachment*
Footnote No. 114, *See Attachments (4)*

Footnote No. 115, *See Attachment* and *Footnote No. 114 (above)*
Footnote No. 116, *See Attachments (3)* and *Hearing Exhibit No. 37*
Footnote No. 117, *See Attachments (3)*
Footnote No. 118, *See Attachments (14)*
Footnote No. 119, *See Attachment*
Footnote No. 120, *See Attachment*
Footnote No. 121, *See Attachments (3)*
Footnote No. 122, *See Attachment2 (2)*
Footnote No. 123, *See Footnote No. 122 (above)*
Footnote No. 125, *See Footnote No. 33 (above)*
Footnote No. 126, *See Hearing Exhibit Nos. 38 and 39*
Footnote No. 128, *See Attachments (2)*
Footnote No. 129, *See Attachments (2)*
Footnote No. 134, *See Attachment*
Footnote No. 135, *See Hearing Exhibit No. 40*
Footnote No. 138, *See Attachment*
Footnote No. 140, *See Attachment*
Footnote No. 141 and 143-145, *See Hearing Exhibit No. 34*
Footnote No. 146, *See Attachment*
Footnote No. 156, *See Attachment*
Footnote No. 170, *See Attachment*
Footnote No. 174, *See Attachment*
Footnote No. 186-189, 191-196, *See Hearing Exhibit No. 36*
Footnote No. 202, *See Attachment*
Footnote No. 209, *See Attachment*
Footnote No. 211, *See Attachment*
Footnote No. 212-214 and 219, *See Hearing Exhibit No. 41*
Footnote No. 220, *See Attachment*
Footnote No. 224, 231, and 233, *See Hearing Exhibit No. 41*
Footnote No. 234, *See Hearing Exhibit No. 44*
Footnote No. 236, 238-240 and 242-243, *See Hearing Exhibit No. 41*
Footnote No. 244, *See Attachment* and *Footnote No. 211 (above)*
Footnote No. 246 and 249, *See Hearing Exhibit No. 41*
Footnote No. 251, *See Attachment*
Footnote No. 252, *See Attachment*
Footnote No. 253, *See Attachment*
Footnote No. 254, *See Attachment*
Footnote No. 255, *See Attachment*
Footnote No. 256, *See Attachment*
Footnote No. 257, *See Attachment*
Footnote No. 259, *See Attachments (2)*
Footnote No. 260, *See Attachment*
Footnote No. 261 and 263, *See Hearing Exhibit No. 41*
Footnote No. 264, *See Attachment*
Footnote No. 265, *See Attachment*
Footnote No. 266, *See Attachment*
Footnote No. 267, *See Hearing Exhibit No. 41*
Footnote No. 270, *See Attachment*
Footnote No. 271, *See Footnote No. 270 (above)*
Footnote No. 272, *See Attachment*
Footnote No. 273, *See Footnote No. 272 (above)*
Footnote No. 274, *See Hearing Exhibit No. 41*
Footnote No. 277, *See Attachment*
Footnote No. 278-282, *See Hearing Exhibit No. 41*
Footnote No. 283, *See Attachment*
Footnote No. 284, *See Hearing Exhibit No. 41*
Footnote No. 285, *See Attachment*
Footnote No. 298, *See Hearing Exhibit No. 41*
Footnote No. 299 and 301, *See Hearing Exhibit No. 44*
Miscellaneous additional documents relating to Khor al-Amaya

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MINORITY STAFF REPORT
ON
ILLEGAL SURCHARGES ON OIL-FOR-FOOD CONTRACTS
AND
ILLEGAL OIL SHIPMENTS FROM KHOR AL-AMAYA

May 17, 2005

I. EXECUTIVE SUMMARY

The U.S. Senate Permanent Subcommittee on Investigations is examining allegations of misconduct involving the United Nations Oil-for-Food (OFF) and Iraqi sanctions programs, and the extent to which such misconduct has involved U.S. persons and damaged U.S. interests.

To date, the Subcommittee has held two hearings, on November 15, 2004 and February 15, 2005, stemming from this investigation. The first hearing examined Iraq's demands for illegal kickbacks paid on humanitarian contracts issued under the OFF program and the scope of open oil sales that took place between Iraq and its neighboring countries under so-called "trade protocols" that were outside of the OFF program. The second hearing examined the inspection companies retained by the United Nations to monitor oil sales and humanitarian imports under the OFF program as well as issues related to management, audit and procurement oversight. This hearing also presented evidence that the United States and other U.N. member states had acquiesced in Iraq's open sale of billions of dollars in oil to its neighbors, Jordan, Turkey, Egypt, and Syria, in violation of U.N. sanctions.

This Report is being released in connection with the Subcommittee's third hearing, and examines issues related to illegal surcharges paid on oil contracts under the OFF program and illegal oil shipments made from the Iraqi port of Khor al-Amaya.

Illegal Surcharges. The first part of this Report examines the illegal surcharges that Iraq demanded from persons who wanted to buy Iraqi oil under the Oil-for-Food program, using Bayoil (USA), Inc., a U.S. corporation, as a case history to illustrate what happened.

Over a two-year period, from September 2000 until September 2002, the government of Iraq demanded that purchasers of Iraqi oil under the Oil-for-Food program pay a per-barrel surcharge to the Iraqi regime. Such payments violated U.N. sanctions. The surcharge amount varied over time, from a low of 10 cents to a high of 30-cents-per-barrel. Internal records kept by the Iraqi Oil Ministry's State Oil Marketing Organization (SOMO) show that, during the surcharge period, Iraq collected a total of about $228 million. Using SOMO and other Iraqi records, Bayoil shipping documents, and U.S. Energy Information Administration import data, the Subcommittee Minority Staff estimated that, during the period surcharges were collected, the United States imported about 525 million barrels of Iraqi oil on which $118 million in illegal surcharges were paid. That means U.S. imports financed about 52 percent of the illegal surcharges paid to the Hussein regime. The Subcommittee Minority Staff has not seen evidence showing that U.S. companies knowingly purchased Iraqi oil on which an illegal surcharge had been paid; in fact, U.S. companies typically included a clause in their contracts requiring a seller to provide a warranty that no surcharge had been paid. Countries in the rest of the world, including Europe, Asia and Africa, imported about 475 million barrels for which about 48 percent of the illegal surcharges were paid, totaling about $110 million. Ultimately, all of the surcharge payments went into the coffers of the Iraqi government, then under the control of Saddam Hussein.

During the surcharge period, Bayoil became the largest provider of Iraqi oil imports into the United States, importing over 200 million barrels. At a time when other companies around the world were sharply decreasing their purchases of Iraqi oil due to Iraq's surcharge demands, Bayoil increased both its total purchases and its share of Iraqi oil exports, at one point buying about 20 percent of all Iraqi oil sold under the Oil-for-Food program. Bayoil bought this oil primarily from individuals and companies holding oil allocations which had been granted by the Iraqi government

or from companies contracting to load oil on behalf of those allocation holders. Bayoil acquired oil, for example, from Italtech, an Italian company owned by a business associate, Augusto Giangrandi; various Russian persons and entities, such as the Russian Presidential Council, Vladimir Zhirinovsky, the Liberal Democratic Party of Russia, Rosneft, Rosnefteimpex and SOVOIL; and various Middle Eastern persons and entities, including Al-Hoda International Trading, a front company for Iraq, EMIROIL, and the National Oil Wells Maintenance Company.

Bayoil then sold the Iraqi oil primarily to U.S. oil companies and refineries which, in turn, sold refined petroleum products, like gasoline and heating oil, to American consumers.

Bayoil fostered corruption of the Oil-for-Food program by facilitating the payment of at least $37 million in illegal surcharges to the Hussein regime on the oil it purchased; engaged in intensive lobbying efforts to influence the pricing of Iraqi oil and to oppose U.S. efforts to use that pricing to stop the illegal surcharges; and participated in an illegal trade boycott of Israel. Bayoil engaged in this misconduct for nearly two years, from 2000 to 2002, without attracting meaningful oversight from any U.S. agency. At the same time U.S. officials were urging the United Nations to institute pricing policies that would prevent the Saddam Hussein regime from imposing illegal surcharges, the United States was itself failing to ensure U.S. corporations such as Bayoil were not paying those surcharges. Last month, two years after the Oil-for-Food program ended, the United States indicted Bayoil for allegedly violating U.S. sanctions on Iraq, committing fraud, and engaging in a conspiracy to commit fraud, including by paying "millions of dollars in secret illegal surcharges to the Government of Iraq."

Khor al-Amaya Oil Shipments. Saddam's attempted corruption of the Oil-for-Food program through the imposition of illegal surcharges on the sale of Iraqi oil is a serious concern, but the Hussein regime obtained far greater illicit income through other schemes, some with the knowledge and tacit approval of the United States and other members of the U.N. Security Council. Although Saddam Hussein obtained about $228 million from the illegal surcharges, Iraq's direct and open oil sales to Jordan, Turkey, Syria, and Egypt, generated 40 times as much illicit income -- over $8 billion. These oil sales were in violation of U.N. sanctions and were known to the United States and other U.N. member countries, but little was done to stop them. The Iraq Survey Group, a U.S. sponsored group which conduct extensive review of the effect of U.N. sanctions on Iraq, has estimated that smaller-scale smuggling, which it euphemistically termed "Border and Private Sector Cash Sales," provided the Hussein regime with another $1.2 billion during the sanctions period.

The United States was not only aware of Iraqi oil sales which violated U.N. sanctions and provided the bulk of the illicit money Saddam Hussein obtained from circumventing U.N. sanctions. On occasion, the United States actually facilitated the illicit oil sales, as happened in the Khor al-Amaya incident in 2003. This incident involves the largest single illicit sale of oil transported by ship out of Iraq during the sanctions period. Over several weeks in February and March 2003, Iraq loaded over seven million barrels of oil onto seven seagoing oil tankers at the port of Khor al-Amaya in Southern Iraq. In exchange for this oil, the Government of Jordan wired over $53 million in hard currency to bank accounts under the control of the Hussein regime on the eve of the American invasion. Each of these massive oil tankers docked at the Khor al-Amaya port, filled its tanks with Iraqi oil, and traveled through the Persian Gulf, with the full knowledge and acquiescence of the Maritime Interdiction Force, then under the command of a U.S. naval officer. When word of these oil shipments hit the press and an outcry arose about this apparent blatant violation of U.N. sanctions, the evidence indicates that the United States continued to allow the shipments to proceed.

The oil loaded at Khor al-Amaya, which was supposedly intended to ensure an adequate supply for Jordan during a possible war, was sold by the Jordanian government at a significant profit. The $53 million Jordan paid to Iraq just before the outbreak of the 2003 war was transferred to the Central Bank of Iraq, then under the control of Saddam Hussein.

Oversight Failures. According to many experts, U.N. sanctions on Iraq were successful in their main objective of preventing Iraq from rearming and acquiring weapons of mass destruction. In testimony before the Senate in 2001, for example, Secretary of State Colin Powell testified that, "The purpose of [the U.N.] sanctions was to go after weapons of mass destruction." He described the U.N. sanctions as "successful," explaining that "Saddam Hussein has not been able to rebuild

his army .... He has fewer tanks in his inventory today than he had 10 years ago. Even though we know he is working on weapons of mass destruction, we know he has things squirreled away, at the same time we have not seen that capacity emerge to present a full-fledged threat to us." He concluded, "credit has to be given ... for putting in place a regime that has kept him pretty much in check."

At the same time, U.N. sanctions and the Oil-for-Food program were flawed. The flaws that enabled Saddam Hussein to amass billions of dollars in illicit income in violation of U.N. sanctions include Iraq's ability during the sanctions period to conduct open and illicit sales of oil with its neighbors, facilitate smuggling across Iraqi borders, obtain illegal kickbacks on OFF contracts buying humanitarian goods, and obtain illegal surcharges on OFF contracts selling Iraqi oil.[1] The illegal surcharge payments and illegal Khor al-Amaya oil shipments addressed in this Report help illustrate the abuses that took place. They not only generated hard currency for Iraq in violation of U.N. sanctions, but also fostered a perception that the Oil-for-Food program was susceptible to corruption.

This Report shows that, in some respects, U.N. and U.S. officials took effective action to stop Iraq's illegal surcharge demands, in particular by setting Iraqi oil prices high enough to discourage the imposition and payment of surcharge amounts. But at the same time some U.S. officials were working with U.N. officials to devise effective pricing strategies, the United States was taking virtually no steps to ensure U.S. persons and companies were not paying Iraq the illegal surcharges. For example, Bayoil received minimal attention from the key U.S. agency charged with enforcing U.S. sanctions on Iraq, the Office of Foreign Assets Control (OFAC), despite Bayoil's prominence in the Iraqi oil trade and information indicating that intermediary companies like Bayoil were the most likely conduits for the payment of illegal surcharges to Iraq. Questions raised by U.N. Oil Overseers about Bayoil's OFF activities also produced no U.S. response.

When asked about its lack of oversight regarding the surcharge issue in general and Bayoil in particular, OFAC told the Subcommittee that it had assigned a low priority to OFF enforcement activities in light of its other responsibilities, limited staff, and perception that the Oil-for-Food program was a U.N. responsibility. U.N. Resolution 661, which established the Oil-for-Food program, was clear, however, that while the United Nations assumed lead responsibility for managing the OFF program, U.N. member states – including the United States – retained the responsibility to enact laws imposing trade restrictions on Iraq and to ensure compliance by their nationals. OFAC's failure to investigate Bayoil, review evidence of possible U.S. company involvement in Iraq's illegal surcharges, or actively monitor U.S. persons doing business in Iraq represented an abdication of OFAC's responsibility and an inappropriate attempt to shift the obligation to enforce U.S. sanction laws onto the United Nations.

With respect to the Khor al-Amaya incident, the United States not only failed to exert any effort to stop the oil tanker shipments, it appears to have facilitated them, despite widespread recognition that the shipments were a blatant violation of U.N. sanctions.

To protect future sanctions programs from similar types of abuses, the United Nations and its member states need to place a higher priority on building anti-corruption measures into sanctions programs, including assigning clear responsibilities for detecting and preventing corruption and pushing member countries to take appropriate enforcement action against nationals engaged in wrongdoing. Member states will also need to stop turning a blind eye to open violations of U.N. sanctions. On the part of the United States, OFAC must carry out its responsibility to police compliance by U.S. persons, including through anti-corruption oversight and active enforcement. In turn, it is up to the Administration and the U.S. Congress to provide OFAC with adequate resources to conduct meaningful sanctions oversight and enforcement.

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[1] See Figure 1, "Illicit Iraqi Income 1991-2003," chart prepared by the Subcommittee Minority Staff depicting these four sources of illicit income for the Hussein regime.

II. ILLEGAL SURCHARGES UNDER THE OIL-FOR-FOOD PROGRAM

Within days of Iraq's invasion of Kuwait in August 1990, the United Nations Security Council adopted Resolution 661, imposing a broad economic and military embargo on Iraq. On the economic side, U.N. 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.[2] 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.[3] 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.[4]

Five years after the U.N. sanctions were first imposed, due to food and medicine shortages affecting ordinary Iraqis living under the trade embargo, the U.N. Security Council passed Resolution 986 authorizing the Iraqi government to sell oil under certain conditions. The primary conditions were that all Iraqi oil sale proceeds be deposited into an escrow bank account under U.N. control and these proceeds be used solely to purchase humanitarian goods, such as food and medicine, for the Iraqi people. In 1996, Iraq agreed to these terms, and the United Nations established the "Oil-for-Food" (OFF) program, administered by a newly established U.N. Office of Iraq Programme. U.S. sanctions regulations were modified to conform to the new OFF program; these regulations and other sanctions regulations related to Iraq remained in effect until May 2003, following the fall of the Hussein regime.

Iraqi oil sales under the Oil-for-Food program began in December 1996. During the program, Iraq sold over $65 billion worth of oil; the proceeds from these sales were deposited into a U.N.-controlled account at BNP Paribas bank. During the OFF program, the United States became the largest single consumer of Iraqi oil, importing about 1.2 billion barrels overall, which has been estimated at about 50 percent of all the oil sold by Iraq under the OFF program.

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 issuance of Oil-for-Food oil contracts to U.S. companies or their affiliates.[5] 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 lift 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. The Justice Department indictment of Bayoil and its principal officers charges that, during this period, Bayoil and its three principals also "agreed to pay, did pay, and caused to be paid millions of dollars in secret illegal surcharges to the Government of Iraq."[6]

In its efforts to import Iraqi oil into the United States, Bayoil and its officers failed to comply with U.S. laws and regulations and U.N. rules, engaged in an intensive lobbying effort to influence

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[2] United Nations Security Council Resolution 661 (8/6/90).

[3] 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.

[4] See 31 C.F.R. §575.

[5] 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 Iraqi Ambassador to Russia Dr. Hassan Fifahmi Juma to Vladimir Zhirinovsky, Bates BAYOILUSA 009396 (apologizing that "Iraq cannot do any deals with American companies" and so cannot issue a contract to Bayoil to load oil allocated to Mr. Zhirinovsky); Comprehensive Report of the Special Advisor to the DCI on Iraq's WMD, September 30, 2004 (hereinafter cited as "ISG Report"), Annex B.

[6] United States v. Chalmers, Case No. S1-05-Cr. 59(DC) (USDC SDNY), Indictment (April 2005).

the official selling price of Iraqi oil and counter U.S. pricing efforts to stop illegal surcharges, participated in an illegal trade boycott of Israel, and facilitated the payment of at least $37 million in oil surcharges outside of U.N. control to the regime of Saddam Hussein. Bayoil engaged in this misconduct for nearly two years, from 2000 to 2002, without attracting meaningful oversight from any U.S. agency. At the same time U.S. officials were urging the United Nations to halt the payment of oil contract surcharges to Saddam Hussein, the United States was failing to police one of the most visible U.S. corporations engaged in the Iraqi oil trade.

A. IRAQI OIL SURCHARGES

Documents and interviews of former officials in the Hussein regime show that Iraq imposed illegal surcharges on oil contracts issued under the Oil-for-Food program over a two- year period, from September 2000 until September 2002. The surcharge amount varied over time, from a low of 10 cents to a high of 30-cents-per-barrel. Altogether, Iraq collected illegal surcharges totaling about $228 million, of which $118 million, or 52 percent, was paid on Iraqi oil shipments to the United States.

Imposing the Surcharges. Subcommittee interviews with high ranking Iraqi officials under the Hussein regime confirmed that Saddam Hussein first decided to impose a surcharge on Oil-for-Food oil contracts after the Director of the Military Industrial Commission (MIC) told Saddam Hussein that commercial traders outside Iraq were making large amounts of money from trading in Iraqi oil.[7] According to one senior Iraqi official, the MIC Director incorrectly advised Saddam Hussein that these profits amounted to about 10 percent of the oil price. Upset that traders were making so much money from Iraqi oil, Saddam Hussein then directed the Oil Ministry to recover 10 percent of the sales price.

One senior Iraqi official told the Subcommittee that both Saddam Hussein and the MIC Director fixed on the 10 percent figure because that was the same figure that had recently been agreed upon for the "fees" to be imposed on imports of humanitarian goods under the Oil-for-Food program. Although the Iraqi official stated that this was "clearly ridiculous" – the profit per-barrel realized by oil traders generally amounted to a few cents per-barrel – he indicated that neither the MIC Director nor Saddam Hussein were familiar with the operation of world oil markets.

Subcommittee interviews confirm that when the Oil Minister told Saddam Hussein that the oil markets would not bear a 10 percent surcharge, Saddam Hussein directed the Finance Minister, Hikmat Mizban Ibrahim al-Azzawi, to watch over the Oil Minister and ensure he implemented the surcharge as directed. Subcommittee interviews confirm, however, that the Oil Minister persuaded Saddam Hussein to convene a committee, consisting of Oil Minister Amir Rashid, Finance Minister Hikmat Mizban Ibrahim al-Azzawi, MIC Director Abd al-Tawab Mullah Huwaysh, Deputy Prime Minister Tariq Aziz, and Vice President Taha Yasin Ramadan, to determine the appropriate level of surcharges. According to one senior Iraqi official, it was following the decision of this committee, beginning in September 2000, that Iraq imposed a surcharge of 10-cents-per-barrel on all exports of Iraqi oil. SOMO records show that this 10-cent- per-barrel surcharge was imposed during the remainder of Phase VIII of the Oil-for-Food program, which meant from September through December 5, 2000.

According to one senior Iraqi official, at a point in time after the 10-cent-per-barrel surcharge had been in effect for a while, the MIC Director suggested the surcharge be increased to $2-per-barrel. In response, another committee was formed and recommended a surcharge of 50-cents-per-barrel. In mid-November, Iraq's State Oil Marketing Organization (SOMO) informed prospective purchasers that, beginning December 1, 2000, they would have to pay a 50-cent-per-barrel surcharge above the Official Sales Price (OSP) of Iraqi oil.[8] SOMO also informed its customers that the

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[7] Subcommittee Interview with Senior Hussein Regime Official No. 1 (4/14/05). See also ISG Report, Regime Strategic Intent, p. 38.

[8] See, e.g., "Iraq Tells Customers to Pay Premium Outside of UN Sanctions Regime," IPR Strategic Business Information Database (11/16/00).

surcharge was to be paid into a designated bank account outside the control of the United Nations, and customers that refused to pay the surcharge would not receive allocations of oil.

After a number of Iraq's oil customers informed Iraqi officials that such payments would violate U.N. sanctions and, in any event, would make it uneconomical to purchase Iraqi crude, SOMO proposed an OSP for December that was widely recognized as substantially lower than the market price for Iraqi oil.[9] Due to trade press articles and direct reports from oil buyers, however, the U.N. Oil Overseers were aware of Iraq's attempts to collect the 50-cent surcharge, and refused to support SOMO's below-market OSP proposal.

In response, Iraq announced that it was suspending its December oil exports. "Iraq is free to set crude prices according to its own interests," Deputy Prime Minister Tariq Aziz stated at the time. When Iraq's customers "refuse these prices, exports stop in the absence of new contracts."[10]

In mid-December, Iraq and the United Nations came to an agreement on the OSP for the next month, and Iraq resumed pumping oil for export. Iraq also renewed its demand to its customers for the payment of a surcharge, but lowered the amount to 40-cents-per-barrel.

On December 15, 2000, the U.N. 661 Committee issued a notice to all buyers of Iraqi oil:

1) The sanctions committee has not approved a surcharge of any kind on Iraqi oil.
2) Payments for purchasing Iraqi crude oil cannot be made to a non-UN account.
3) Therefore, buyers of Iraqi oil shall not pay any kind of surcharge to Iraq.[11]

Prior to the imposition of the 50-cent surcharge, Iraqi oil sales amounted to approximately 2.3 million barrels per day. According to a senior Iraqi official, after the imposition of the 40-cent surcharge in January 2001, Iraqi oil sales dropped to about 300,000 barrels per day.[12] The Subcommittee was told that, to increase oil sales, Saddam Hussein agreed to lower the surcharge.[13] SOMO records show that the assessed surcharge was then lowered to 30-cents-per-barrel for Iraqi oil being imported to North America and 25-cents-per-barrel for oil being imported to other

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[9] Under the Oil-for-Food program, all Iraqi oil was sold according to an OSP set by the U.N. 661 Committee, a committee which had been established by the U.N. Security Council and tasked with implementing U.N. sanctions on Iraq. Under OFF procedures, SOMO had sole authority to propose an OSP for Iraqi oil for a specified time period. SOMO was then required to present its proposal to the U.N. 661 Committee's Iraqi oil experts, called Oil Overseers, who analyzed the proposal, discussed its pricing elements with SOMO, and attempted to reach agreement on the OSP. Based upon this discussion, SOMO would then present a proposed OSP to the U.N. 661 Committee, and the Oil Overseers would provide a positive or negative recommendation on whether the SOMO proposal represented a fair market price. If no U.N. 661 Committee member objected, the OSP became final and remained in effect until SOMO determined that the market had changed and a new OSP was needed. If even one member of the U.N. 661 Committee objected to the proposed OSP, it would not go into effect and the prior OSP would continue.

The OSP was generally set as a specified differential to one of the global benchmarks for oil pricing, such as Brent crude oil, which generally serves a benchmark for oil going to Europe and Africa; or West Texas Intermediate (WTI) crude oil, which serves as a benchmark for oil going to North America. Most OSPs were adjusted after about a month. All direct purchasers of Iraqi oil in a given time frame were required to pay the OSP for Iraqi oil obtained during the specified time frame. Those who bought Iraqi oil from the initial purchaser would typically pay a premium over the OSP to cover transportation, insurance, other costs, and a reasonable profit for the initial purchaser. In instances where market oil prices were falling, however, subsequent purchasers were sometimes able to buy the oil at a discount from the initial OSP.

[10] "Iraq Decides the Price of its Oil, Aziz Says," Agence France Presse (12/3/00). While dramatic, this suspension may have had little practical effect, since Iraq's customers were already refusing to purchase Iraqi oil as long as Iraq was demanding a 50-cent surcharge.

[11] United Nations 661 Committee fax dated 12/15/00, from the U.N. Oil Overseers to "Buyers of Iraqi Crude Oil," No. S/AC.25/2000/OIL/1330/FAX. A copy of this communication was included in the documents produced by Bayoil, at Bates BAY04-01295.

[12] Subcommittee Interview with Senior Hussein Regime Official No. 1 (4/14/05).

[13] Id.

locations.[14] Iraq apparently also offered to give customers who had paid the higher 50- or 40-cent surcharges credit for any overpayment, so that they, in effect, paid the lower rate.[15] With the lower surcharges in place, Iraqi oil exports rose by mid-February 2001, nearly to pre-surcharge levels.

SOMO documents show that the surcharge remained at the 30 and 25-cents-per-barrel rates for more than a year.[16] Following the end of the eleventh phase of the OFF program at the end of May 2002, SOMO lowered the surcharge rate, this time to 15 cents per-barrel for all locations.[17] Subcommittee interviews with senior Iraqi officials confirm that this step was taken to increase the volume of Iraq's oil exports.[18] These interviews also confirm that, at the end of Phase 12 of the Oil-for-Food program, Iraq decided to terminate the surcharges altogether. In September 2002, Iraq cancelled all surcharge assessments.

Collecting the Surcharges. According to SOMO records,[19] from September 2000 until September 2002, Iraq collected nearly 87 percent of the surcharges it assessed on OFF oil contracts.[20] The collected surcharges totaled about $228 million.

One reason that SOMO's collection rate was so high may have been the regime's willingness to bar any person who failed to pay an assessed surcharge from obtaining a new oil allocation. The Subcommittee obtained evidence of several instances in which persons who failed to pay assessed surcharges did not receive further allocations. For example, when allocation holder Vladimir Zhirinovsky failed to pay outstanding surcharges for an extended period of time, Iraq stopped providing him with allocations and a senior Iraqi official traveled to Russia to inform him: "Pay or get nothing." He subsequently took action to satisfy the outstanding surcharges.[21] In another instance, Samir Vincent, an Iraq-born American, obtained Iraqi oil allocations through his company Phoenix International LLC, and sold them to Chevron Products Company, a division of Chevron U.S.A. Inc.[22] SOMO records show that he incurred surcharges on the final two sets of oil allocations, which were purchased after Iraq had instituted its oil surcharge policy. According to SOMO documents, Phoenix paid a 10-cent surcharge assessed on the first set of allocations totaling $8,000, but failed to pay a $600,000 surcharge due on the second set of allocations. Phoenix apparently never received another allocation.[23]

Using SOMO data, Table 1 summarizes the surcharge rates imposed by Iraq, the time periods during which they were imposed under the phases of the OFF program, and the total amount of

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[14] Undated SOMO document entitled "Surcharge," in Arabic, with English translation (hereinafter "SOMO Surcharge document").

[15] See "Iraq Decides the Price of its Oil, Aziz Says," Agence France Presse (12/3/00).

[16] SOMO Surcharge document.

[17] Id.

[18] See, e.g., Subcommittee interview of Senior Hussein Regime Official No. 1 (4/14/05).

[19] Both the Iraq Survey Group, which was sponsored by the United States and headed by David Kay and then Charles Duelfer, and the Independent Inquiry Committee, which is sponsored by the United Nations and headed by Paul Volcker, have examined and expressed support for the authenticity and reliability of the SOMO documents tracking oil contract surcharge payments.

[20] See SOMO Surcharge document, section entitled, "Fourth: Collecting the surcharge," ("But through the quick efforts, $228 millions out of $263 millions were collected, which means the percentage of collection reached 87% after using all different methods of payment ....").

[21] Subcommittee interview of former Vice President Taha Yassin Ramadan (4/18/05). For more information, see the Subcommittee Staff Report on Oil Allocations Granted to Vladimir Zhirinovsky (5/17/05).

[22] On January 18, 2005, Mr. Vincent pled guilty to illegally trading with and lobbying for the Iraqi Government while Iraq was subject to U.S. and U.N. sanctions. United States v. Vincent, Criminal Case No. OS Cr. 59 DC (USDC SDNY 1/18/05), Information.

[23] ISG Report, Annex B.

surcharges that were assessed and actually collected by the Iraqi government from September 2000 to December 2002.

Table 1: Iraqi Oil Surcharges: Assessed and Paid

U.N. OFF Phase	Dates	Surcharge Rate Assessed by Iraq (per barrel)	No. of Barrels Exported	Total Surcharges Assessed ($)	Total Surcharges Paid ($)
8	1 Sept. 00 - 5 Dec. 00	10¢	185,618,057	18,561,738	11,196,656
9	6 Dec. 00 - 3 June 01	30¢ to U.S. 25¢ to other	291,996,437	81,587,779	72,186,784
10	4 July 01 - 30 Nov. 01	30¢ to U.S. 25¢ to other	301,187,733	85,669,148	82,170,996
11	1 Dec. 01 - 29 May 02	30¢ to U.S. 25¢ to other	228,943,384	64,059,424	53,959,301
12	30 May 02 - 4 Dec. 02	15¢	89,330,504	13,399,576	8,514,578
Totals	1 Sept 00 - 4 Dec. 02		1,097,076,115	263,277,666	228,028,316

Table 1. Between September 2000 and December 2002, Iraq collected over $228 million in illegal surcharges. Data source: SOMO records.

Surcharges on U.S. versus Non-U.S. Iraqi Oil Shipments. A further analysis of available data yields an estimate that over half of the illegal surcharges paid to Iraq, $118 million, were paid on Iraqi oil shipments sent to the United States.

This information can be derived from the SOMO records showing the amount of surcharges collected on Iraqi oil exports during each phase of the OFF program, and U.S. Energy Information Administration (EIA) data showing the amount of Iraqi oil imported into the United States during each of the relevant time periods. Altogether, from September 2000 to September 2002, about 525 million barrels of Iraqi oil were imported into the United States. Multiplying the total number of barrels imported into the United States during each phase of the OFF program by the surcharges assessed and collected barrels on oil destined for North America during each phase yields an estimated surcharge total of approximately $118 million.[24] That means over half of the total surcharges collected by Iraq – $118 million out of a total of $228 million or 52 percent – were collected on Iraqi oil shipped to the United States.

The same data indicates that, during the surcharge period, about 475 million barrels of Iraqi oil were exported to Europe, Asia, and Africa; and a total of about $110 million in surcharges was paid to Iraq by the initial purchasers of this oil. This $110 million represents about 48 percent of the $228 million in illegal surcharges collected by Iraq on oil contracts issued under the Oil-for-Food program. Figure 3 at the end of this Report depicts the relative amounts of illegal surcharges collected by the Hussein regime during the Oil-for-Food program for Iraqi oil exported to both U.S. and non-U.S. locations.[25]

Paying the Surcharges. The Hussein regime required the initial purchasers of Iraqi oil – the oil allocation holders – to pay the assessed surcharges. Several methods of payment were used. According to SOMO documents, most surcharges were paid with wire transfers sent to bank

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[24] For purposes of this estimate, overall surcharge rates for each phase were adjusted to reflect the extent to which surcharges were assessed but not fully paid.

[25] See Figure 3, "Illegal Surcharges on Iraqi Oil: Amounts Paid by Final Destination 2000-2002."

accounts designated by the Iraqi government in the Al Ahli Bank in Oman, the French Bank in Lebanon, the Sardar Bank in Lebanon, the Central Bank of Iraq in Baghdad, or the Baghdad branch of the Rafidian Bank, which is a bank owned by the Iraqi government.[26] In other cases, cash payments were delivered to Iraqi embassies in Moscow, Athens, Cairo, Ankara, Yemen, Vietnam, Malaysia, Rome, Vienna, Damascus, and Geneva; these deposits were then transported to the Central Bank of Iraq by diplomatic courier. The Iraqi front company of AlWasel & Babel, headquartered in the United Arab Emirates, also received surcharge payments. In one unusual instance, an oil allocation holder, Vladimir Zhirinovsky, satisfied his surcharge obligations by transferring ownership of a building in Moscow to the Iraqi embassy.[27]

B. BAYOIL AND IRAQI SURCHARGE PAYMENTS

From 2000 to 2002, Bayoil bought over 200 million barrels of Iraqi oil for which at least $37 million in illegal surcharges were paid to the government of Saddam Hussein. Bayoil then sold this oil primarily to U.S. oil companies and refineries, obtaining reimbursement of its costs.

1. Bayoil in General[28]

Bayoil (USA), Inc. is incorporated in Delaware, based in Houston, Texas, and owned by David B. Chalmers, Jr., who is the company's sole shareholder.[29] Bayoil Supply & Trading Ltd. is incorporated in the Bahamas, based in Nassau, and owned by Mr. Chalmers who, again, is the company's sole shareholder.[30] Other Bayoil affiliates include Bayoil, S.A., a Swiss corporation which is also wholly owned by Mr. Chalmers,[31] and Bayoil Technologies which is apparently a corporation formed in Luxembourg.[32]

The Bayoil companies (hereinafter "Bayoil") appear to have operated with a relatively small number of key personnel. The principals were Mr. Chalmers, a U.S. citizen living in Houston, Texas; John Irving, a British citizen based in London, England; and Ludmil Dionissiev, a Bulgarian citizen and U.S. permanent resident residing in Houston, Texas. In addition, Augusto Giangrandi, a sometime resident of Florida with dual citizenship in Chile and Italy, has served as chairman of the Bayoil company in the Bahamas and as a Bayoil agent in various oil sales.[33] During the periods relevant to this investigation, these and other individuals worked together to help Bayoil purchase Iraqi oil and sell it primarily to oil companies and refineries in the United States and Europe. In April 2005, Bayoil (USA), Inc., Bayoil Supply & Trading Ltd., and Messrs. Chalmers, Irving and Dionissiev were indicted in the United States for violating U.S. restrictions on doing business with Iraq, conspiracy to commit wire fraud, and wire fraud.[34]

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[26] SOMO Surcharge document.

[27] Id. For more information, see Subcommittee Staff Report on Oil Allocations Granted to Vladimir Zhirinovsky (5/17/05).

[28] During its investigation, the Subcommittee attempted to interview Bayoil personnel, without success. The Subcommittee was able, however, to obtain and review a significant number of Bayoil documents, which were then compared with other documents and evidence collected during the investigation.

[29] See United States v. Chalmers, Case No. S1-05-Cr. 59(DC) (USDC SDNY), Indictment.

[30] Id.

[31] See letter dated 8/8/97, from Bayoil's legal counsel, Dickstein, Shapiro Morin & Oshinsky LLP, to OFAC.

[32] See "Dealing With Saddam's Regime: How Fortunes Were Made In Iraq Through The UN's Oil-For-Food Programme," Financial Times (4/8/04).

[33] See, e.g., letter dated 9/9/99, from Augusto Giangrandi, as Chairman of Bayoil Supply & Trading Ltd., to the Iraq Ministry of Oil, SOMO, Bates SNT045424. This letter is signed before a notary public.

[34] See United States v. Chalmers, Case No. S1-05-Cr. 59(DC) (USDC SDNY), Indictment.

2. Bayoil and Iraq

Bayoil has a long history, extending over 20 years, of buying and selling Iraqi oil. In fact, Bayoil was the second company to lift Iraqi oil when Iraqi exports resumed at the beginning of the Oil-for-Food program in December 1996.[35] In later phases of the program, due to Iraq's general policy against issuing OFF oil contracts to U.S. companies, Bayoil did not contract directly with Iraq, but typically bought oil from either oil allocation holders or intermediary companies which had agreed to lift oil for an allocation holder.

During the OFF program, Bayoil became the largest source of Iraqi oil imports into the United States, and touted this fact. In July 1998, for example, a Bayoil trader wrote: "There is absolutely no doubt, and it is internationally acknowledged that Bayoil is the prime supplier of Iraqi oil to the United States."[36] A 2003 memorandum sent by Bayoil to the U.N. Office of Iraq Programme stated: "Bayoil has been the largest shipper/marketer of Iraqi crude's to the U.S. since the oil began, mostly under contract from a wide range of S.O.M.O. allocation holders." Citing the company's shipment of 8 million barrels in February 2003, and 7 million barrels in March, Bayoil wrote that it was providing "40-60% of the U.S. deliveries, a market share consistent with our activities during typical periods since the program[']s inception."[37]

A brief review of Bayoil's relationship with Iraq shows why it was able to become a prominent supplier of Iraqi oil to the United States.

Oil-For-Cluster Bombs. One of Bayoil's most important connections to the Iraqi Oil Ministry dates back to at least the mid 1980s, when the company performed a key role in transactions that enabled Iraq to obtain cluster bombs for use against Iranian troops in the Faw Peninsula during the Iran-Iraq war. During the 1980s and its war against Iran, Iraq purchased hundreds of millions of dollars in cluster bombs and other weapons from Carlos Cardoen, a notorius Chilean arms manufacturer.[38] In 1983, Mr. Cardoen hired Augusto Giangrandi, a dual national of Chile and Italy and a resident of Florida, to ship zirconium from the United States to Chile for use in the manufacture of cluster bombs, the vast majority of which were then sold to Iraq. In his application to the U.S. Department of Commerce for an export license for the zirconium, Mr. Giangrandi falsely stated that it would be used for mining explosives in Chile.

Iraq incurred large debts from purchasing these weapons. Beginning in 1985, Mr. Giangrandi frequently traveled to Iraq on behalf of Cardoen Industries in order to collect on the debts and develop new business. Documents obtained by the Subcommittee describe how, on one such trip to Iraq in the mid-1980s, Mr. Giangrandi brought Bayoil into a deal to help Iraq satisfy its debts to Cardoen.[39] Mr. Giangrandi and David Chalmers of Bayoil negotiated an agreement with SOMO to finance Iraq's weapons purchases, in part, with oil instead of cash. According to the agreement, Bayoil would lift a quantity of oil, pay Iraq for only a portion of the value of the oil, and pay Cardoen

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[35] See "First Iraqi crude loading completed, vessel sales," Platt's Oilgram Price Report (12/19/96). Another U.S. company, the Coastal Corporation, was the first to lift Iraqi oil under the Oil-for-Food program. Id.

[36] Letter dated 7/13/98, from Ludmil Dionissiev of Bayoil to Zia Bajaev of Gruppa Alliance, Bates BAY04-01481.

[37] Memorandum dated 3/13/03, from David Chalmers of Bayoil to U.N. Office of Iraq Programme, with a copy to the U.S. State Department, Bates BAY 04-01288-91.

[38] "Santiago Journal: Is He 'Merchant of Death' or Scapegoat for U.S.?," New York Times (5/15/93) (U.S. Customs Commissioner Carol Hallett is quoted calling him "a 'black widow' spider with a web of companies and bank accounts that 'circled the entire globe.'") See also, e.g., "Dealing With Saddam's Regime: How Fortunes Were Made In Iraq Through The UN's Oil-For-Food Programme," Financial Times (4/8/04).

[39] Documents under seal in Subcommittee files.

the balance. Iraq would thereby reduce its weapons debt by the amount paid by Bayoil to Cardoen. This arrangement, in effect, allowed Iraq to trade oil for cluster bombs.[40]

In the years following the agreement, Iraq entered into multiple contracts with Bayoil to ship Iraqi oil, and Bayoil became the largest single importer of Iraqi oil into the United States.[41] Over the years, Bayoil also maintained ties to Mr. Giangrandi, who became a key contact in its dealings with Iraqi officials.[42]

At the same time, Mr. Giangrandi was maintaining his ties with Mr. Cardoen. In the summer of 1990, the U.S. Department of Commerce began an investigation into reports that Mr. Giangrandi was seeking an airworthiness certificate for a Bell 206 Long Range helicopter for export to Mr. Cardoen.[43] The Commerce Department believed that the helicopter was a prototype that would later be modified for military use and then sold to Iraq. According to the Department of Commerce, "Because of the August 1990 Iraqi invasion of Kuwait, the possibility of illegal exports to Iraq, and the [information about Mr. Giangrandi's intent to export helicopters to Mr. Cardoen]," the U.S. Department of Commerce's Office of Export Enforcement (OEE) initiated an investigation into the broader relationship between Mr. Giangrandi, Mr. Cardoen, and illegal arms sales to Iraq.[44] In 1994, the OEE notified Mr. Giangrandi of its intention to initiate an administrative action against him based on allegations that, between 1983 and 1988, Mr. Giangrandi had conspired with Mr. Cardoen and others to export U.S. origin zirconium from the United States to Chile contrary to the terms of the export licenses.[45]

On September 15, 1994, Mr. Giangrandi and the Commerce Department entered into a consent agreement which barred Mr. Giangrandi from participating in any transaction involving U.S. exports for a period of ten years.[46] In 1995, the United States indicted Carlos Cardoen, his Chilean company, and others for export violations related to the zirconium transactions.[47] Mr. Giangrandi, who was not named as a defendant, signed a cooperation agreement and testified as a government witness in the case.[48]

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[40] See also "Bayoil Returns to Prominent Place Selling Iraqi Crude," Platts Oilgram News (12/17/96).

[41] Document under seal in Subcommittee files. Prior to Iraq's invasion of Kuwait, Bayoil was lifting about 250,000 barrels per day of Iraqi oil. See "Bayoil Returns to Prominent Place Selling Iraqi Crude," Platts Oilgram News (12/17/96).

[42] During the 1980s, Mr. Giangrandi apparently deepened his relationship with Iraq through additional arms deals. For example, according to the Financial Times, "In 1989 Mr. Giangrandi and Mr. Cardoen acquired Cosmos, an Italian manufacturer of mini-submarines. The Iraqi navy was interested in their suitability and Mr. Giangrandi says he signed an agreement to sell three of them to Baghdad. The first Gulf war intervened and the submarines were never sold. But Mr. Giangrandi had made some powerful Iraqi friends." "Dealing with Saddam's Regime: How Fortunes Were Made In Iraq Through The UN's Oil-for-Food Programme," Financial Times (4/8/04).

[43] See "Enforcement Case Histories: Anatomy Of A Successful Investigation," Bureau of Industry and Security, U.S. Commerce Department at www.bxa.doc.gov/Enforcement/CaseSummaries/CarlosCardoen.html.

[44] Id.

[45] The export of zirconium from the United States to Chile for use in the manufacture of cluster bombs also violated a U.S. arms embargo against Chile in place at the time.

[46] In re Augusto Giacono Giangrandi Valenzuela, 59 FR 48595 (9/22/94). The last 5 years of the denial period were suspended, with the possibility of waiver if Mr. Giangrandi met his obligations to the U.S. Government and committed no new violations of the Export Administration Act.

[47] See U.S. v. Cardoen, 898 F. Supp. 1563 (S.D. Fl. 1995).

[48] Only three defendants actually appeared in court. The other defendants, including Mr. Cardoen, avoided arrest and remain fugitives. At the Cardoen trial, the defendants argued unsuccessfully that Mr. Cardoen had been cooperating with the U.S. Central Intelligence Agency (CIA) which had supported the supply of weapons to Iraq during the Iraq-Iran war, alleging that: "The CIA exercised actual governmental authority to covertly sanction the export transactions that gave rise to the indictment." Id. at 1575-7. In addition to testifying at this trial, Mr. Giangrandi also agreed to cooperate in three other cases involving weapons sales to Iraq.

In the late 1990s, after his exclusion from U.S. export transactions, Mr. Giangrandi turned to other business ventures, at times participating in transactions involving Iraqi oil and Bayoil. In 1994, for example, he sold a company he had founded with Mr. Cardoen, called Cosmos, to Bayoil Technology.[49] During the first half of 1999, in connection with a Bayoil transaction to lift oil allocated to a Russian politician, Vladimir Zhirinovsky, Bayoil paid a 17-cent-per-barrel commission to United Management, a Chilean firm owned by Mr. Giangrandi.[50] Later in 1999, in his capacity as chairman of Bayoil Trading & Supply in the Bahamas, Mr. Giangrandi participated in negotiations with SOMO to obtain significant oil allocations for Bayoil.[51] Around the same time, Mr. Giangrandi registered with the United Nations an Italian company he had formed earlier, called Italtech, so that it could purchase oil under the OFF program. In 2000, when other companies were reducing their oil purchases due to Iraq's surcharge demands, Mr. Giangrandi won oil allocations for Italtech totaling 37 million barrels. Over the next six months, Mr. Giangrandi, through Italtech, sold about 34 million of those barrels to Bayoil for export to the United States, while also paying illegal surcharges to the Iraqi government, as described below.

3. Bayoil and Surcharges

Bayoil was an active participant throughout the Oil-for-Food program, from 1996 to 2003, first buying millions of barrels of Iraqi oil directly from Iraq and then from a variety of oil allocation holders and intermediary companies. It bought oil from Mr. Giangrandi's company Italtech; from a host of Russian officials, political parties, and companies such as Vladimir Zhirinovsky, the Russian Presidential Council, Rosneft, Rosnefteimpex, and SOVOIL; and from various Middle Eastern individuals, organizations, and companies, including Al-Hoda International Trading, a front company for the Hussein regime; EMIROIL; and the National Oil Wells Maintenance Company; as well as from others.[52]

During the surcharge period from September 2000 to September 2002, when other companies were decreasing their purchases of Iraqi oil due to Iraq's demand for surcharges, Bayoil took the opposite course and increased both its purchases and its share of Iraqi oil exports. For example, just prior to Iraq's imposition of the 30-cent surcharge in early 2001, Bayoil was lifting approximately 10-12 percent of Iraq's oil production; after the imposition of the 30-cent surcharge Bayoil's share nearly doubled, to about 20 percent of Iraq's oil exports.[53]

Bayoil also increased its share of Iraqi oil exports to the United States. From the beginning of the imposition of surcharges in September 2000, Bayoil increased its share of U.S. imports from around 40 percent of all Iraqi oil imported into the United States to over 60 percent in a number of the following months.[54] Bayoil's increased activity also significantly increased the percentage of Iraqi oil production sold to the United States.[55]

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[49] See, e.g., "Dealing With Saddam's Regime: How Fortunes Were Made In Iraq Through The UN's Oil-For-Food Programme," Financial Times (4/8/04).

[50] See Subcommittee Staff Report on Oil Allocations Granted to Vladimir Zhirinovsky (5/17/05).

[51] See, e.g., letter dated 9/9/99, from Augusto Giangrandi, as Chairman of Bayoil Supply & Trading Ltd., to the Iraq Ministry of Oil, SOMO, Bates SNT045424. This letter is signed before a notary public.

[52] See Appendix to this Report, "Iraqi Oil Cargoes Bought by Bayoil for US Market on which a Surcharge was Paid, September 2000 - March 2002."

[53] See Figure 4 which shows, for example, that in December 2001, Bayoil lifted approximately 21 percent of Iraq's total oil production. Figure 4, "Bayoil Cargoes as Percent of Iraq Oil Production July 1999 - April 2002." See also Memorandum dated 3/13/03, from David Chalmers of Bayoil to U.N. Office of Iraq Programme, with a copy to the U.S. State Department, Bates BAY 04-01288-91, at 1289.

[54] See Figure 5, "Bayoil Cargoes as Percent of U.S. Imports from Iraq January 2000 - April 2002." This significant increase in Bayoil's share of the U.S. market was mostly due to the large decrease in the volume of Iraqi oil purchased by other U.S. oil companies following the imposition of the 50- , 40-, and 30-cent surcharges.

[55] See Figure 6, "Percent of Iraqi Oil Production Imported by U.S. 1999-2002."

During the surcharge period, Bayoil bought over 200 million barrels of Iraqi oil. It acquired this oil from allocation holders or intermediary companies. In many instances, however, Bayoil assumed all of the commercial risks normally associated with direct purchases of oil: Bayoil provided the letters of credit for the initial purchase of the Iraqi oil; Bayoil chartered the vessels to load the Iraqi oil; Bayoil scheduled the loading dates and times with SOMO; and Bayoil incurred any demurrage charges from delays in loading the oil. The allocation holders and intermediary companies that sold cargos to Bayoil typically assumed no commercial risks, even though, on paper, they made the initial oil purchase. In these cases, Bayoil typically paid a commission to the allocation holder, the intermediary, or both, in amounts that ranged from a few cents to as much as 40-cents-per-barrel.[56] The presence of intermediary buyers and sellers who assumed no commercial risk was unprecedented in the oil markets.[57]

Iraq required the holders of Iraqi oil allocations to ensure that assessed surcharges were paid. However, an allocation holder required to pay a 30-cent surcharge to Iraq would likely have made little or no profit – and perhaps would have even incurred a net financial loss – unless that allocation holder could pass on the cost of that surcharge to the next buyer of the oil, such as Bayoil. It is reasonable to conclude that allocation holders would not have agreed to transactions in which they would lose money, since that would have defeated the whole point of the oil allocation. The more likely arrangement was that Bayoil was informed of the required surcharges and either paid them directly or reimbursed the allocation holder for paying them.

The recent Federal criminal indictment of Bayoil alleges just that type of arrangement:

> [BAYOIL] agreed to pay, did pay, and caused to be paid millions of dollars in secret illegal surcharges to the Government of Iraq. These secret illegal surcharge payments covered oil purchased from in or about mid-2000, up to and including in or about early 2001 by CHALMERS and the BAYOIL COMPANIES from a foreign company that was operated by co-conspirators named as defendants herein (the "Foreign Company") and whose operations were funded almost exclusively by CHALMERS and the BAYOIL COMPANIES. To conceal these illegal surcharge payments, CHALMERS agreed to pay the Foreign Company inflated commission prices on the original transactions, with the knowledge and expectation that the Foreign Company would then make the surcharge payments to the Government of Iraq.[58]

Using SOMO and Bayoil records, the Subcommittee Minority Staff has calculated that, during the surcharge period, Bayoil paid, either directly or indirectly, illegal surcharges on Iraqi oil purchases of at least $37 million. Both SOMO and Bayoil kept detailed records of their transactions, copies of which were obtained and analyzed by the Subcommittee. Certain SOMO records specify the amount of surcharges that were assessed and actually paid by each allocation holder who lifted Iraqi oil; these records also provide the U.N. contract approval number that each such allocation holder obtained in order to purchase the oil under the OFF program. Bayoil records identify each company from which it purchased each cargo of Iraqi oil; for most of these cargoes Bayoil records also identify the U.N. contract number under which the oil was lifted.[59] By using the U.N. contract numbers that appear in both sets of records, the Subcommittee Minority Staff was able to match specific surcharge payments to individual Bayoil cargoes. A listing of each of these cargos, the persons involved in buying or selling the cargo, and the associated surcharge payments made to the Iraqi government appears as an Appendix to this Report. This Appendix identifies 102 cargoes

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[56] See, e.g., Bayoil's handling of oil allocations provided to Vladimir Zhirinovsky, as explained in the Subcommittee Staff Report on Oil Allocations Granted to Vladimir Zhirinovsky (5/17/05).

[57] Subcommittee interview of U.N. Oil Overseer (5/3/05).

[58] United States v. Chalmers, Case No. S1 05 Cr. 59 (USDC SDNY), Indictment.

[59] Due to the refusal of Bayoil employees to provide interviews, the Subcommittee Minority Staff has been unable to verify the accuracy and completeness of the Bayoil records provided to the Subcommittee. The Bayoil records provided to the Subcommittee do, however, appear internally consistent and do not appear to have been altered from their original form. They also appear consistent with the SOMO records and with other information obtained by the Subcommittee.

purchased by Bayoil during the surcharge period, and the total of all the listed surcharge payments associated with these cargos is at least $37 million.

In addition, for each cargo of oil purchased from Iraq, Bayoil records identify the costs it incurred associated with that cargo, the company or companies to which Bayoil sold the oil, and the funds obtained from the sale or sales. Presumably, in each case, Bayoil sought to sell the cargo for more than Bayoil had paid to obtain it. To the extent Bayoil was profiting from its transactions in Iraqi oil, Bayoil would have included all of its transactional costs in the sales price -- the cost of the oil, shipping costs, insurance costs, trading costs, and administrative costs, as well as any legal or illegal fees or surcharges. In other words, Bayoil would have "passed on" the cost of the surcharge (as opposed to the surcharge itself) to the next purchaser of the Iraqi oil. This analysis assumes, therefore, that the additional costs due to any surcharges paid were passed on by Bayoil to subsequent buyers during the surcharge period.

As explained above, the Subcommittee Minority Staff used Bayoil and SOMO records to estimate the amount of surcharges that were paid or financed by Bayoil with respect to Iraqi oil sold to U.S. and other companies during the surcharge period. Table 2 indicates the extent to which the $37 million in surcharge costs were likely passed on to particular companies that purchased oil from Bayoil.

Table 2: Companies Most Likely Affected by Bayoil's Surcharge Payments for Iraqi Oil

Oil Company	Amount of Oil Purchased from Bayoil (barrels)	Cost of Bayoil Surcharge Payment "Passed on" to Bayoil Customers
Alon USA	24,313,123	$981,725
Diamond	3,403,526	$956,082
Equiva (Shell)	5,126,603	$1,141,912
Exxon	15,078,007	$2,366,466
Koch	4,954,401	$1,294,619
Lyondell	2,895,482	$834,082
Marathon	8,081,973	$2,267,989
Premcor		
Premcor	9,664,533	$1,393,957
PACC	12,286,095	$2,517,969
Clark	22,649,307	$1,354,224
Tosco	5,097,458	$954,854
Valero	44,833,563	$11,946,864
Other	45,808,761	$8,866,197
TOTAL	**204,192,735**	**$36,876,940**

Table 2. Bayoil financed at least $37 million in illegal surcharge payments on exported Iraqi oil, and then sold the oil to U.S. and other oil companies.
Data source: SOMO Surcharge document; Bayoil records.

The Subcommittee Minority Staff has not seen any evidence showing that any U.S. company knowingly purchased Iraqi oil from Bayoil for which an illegal surcharge had been paid. In fact, U.S. companies purchasing Iraqi oil typically included a clause in their contracts requiring the seller

to provide a warranty that no surcharges had been paid to Iraq in connection with the oil being sold. A typical warranty clause that appeared in Bayoil contracts reads as follows:

> "Seller warrants that the crude oil sold to buyer pursuant to this contract was obtained pursuant to all necessary approvals and in accordance with all applicable procedures of the United Nations (U.N.) Resolution 986 and the U.N. Security Council Committee established by SCR 661 (1990). Seller also warrants that the provision of all applicable U.N. Resolutions have been complied with, including, without limitation, SCR 986 (1995), SCR 1111 (1997), SCR 1143 (1997) and SCR 661 (1990). Seller specifically warrants that no surcharge or other payment was made to SOMO by the seller, or to Seller's knowledge by any third party, outside the U.N. Escrow Account in obtaining the crude oil sold to buyer hereunder. Seller agrees to indemnify and hold buyer harmless from and against any loss ... arising out of or in connection with a breach of any of the warranties contained herein."[60]

To the extent that Bayoil paid surcharges on the oil sold to these companies or knew of the payment of such surcharges by third parties, Bayoil was likely in breach of this warranty.

4. Bayoil and Italtech

Because it was a key supplier of Iraqi oil to Bayoil during the surcharge period, Italtech, the company controlled by Augusto Giangrandi, merits additional examination. Italtech apparently renewed its working relationship with Bayoil to purchase Iraqi oil in or around 1999. When the surcharge period began in September 2000, Italtech, like Bayoil, took advantage of other companies' reluctance to buy oil for which surcharges were demanded and significantly increased its participation in the Iraqi oil market. And, unlike Bayoil, as an Italian company, Italtech was able to convince SOMO to provide it with both oil allocations and direct contracts to lift the oil. According to one senior Iraqi official, Italtech was able to obtain an unusually large allocation near the end of 2000, because the Iraqis were "kissing feet to lift oil" when the surcharges were first imposed.[61]

During Phase 9 of the OFF program, which took place from December 5, 2000 until June 3, 2001, Italtech lifted, in total, more than 37 million barrels of Iraqi oil, which was the largest amount lifted by any company during any single phase of the entire OFF program.[62] It sold about 34 million of these barrels to Bayoil.

Beginning in 1999 in Phase 8 of the OFF program, Bayoil and Italtech accelerated their working relationship, and in Phase 9, Italtech became Bayoil's primary supplier of oil. In May of 1999, for example, Bayoil characterized Mr. Giangrandi as the company's representative in Baghdad.[63] In September, as mentioned earlier, Mr. Giangrandi sent a letter to SOMO in which he presented himself as Chairman of Bayoil (Bahamas).[64] In December 1999, after having "had a word with Baghdad" and determined "it is to our benefit to state that the two companies are connected," Italtech wrote a letter to SOMO and the Oil Ministry, addressed "To Whom it May Concern," stating: "We write to confirm that Bayoil LTD and Italtech SRI are sister companies with common directors."[65]

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[60] See, e.g., warranty clauses at Bates BAY04-00840 and BAY04-00855.

[61] Subcommittee interview of Senior Iraqi Official No. 1 (4/15/05).

[62] Italtech also received an allocation of 3.1 million barrels in Phase 8. SOMO Surcharge document.

[63] See, e.g., fax dated 5/27/99, with no transmission indications, from David Chalmers of Bayoil to United European Bank, Geneva ("As per our previous discussion, Augusto Giangrandi is now representing the company in Baghdad.").

[64] See, e.g., letter dated 9/9/99, from Augusto Giangrandi, as Chairman of Bayoil Supply & Trading Ltd., to the Iraq Ministry of Oil, SOMO, Bates SNT045424.

[65] Fax dated 10/27/99, from Hobi Sabih to Lucio Moriconi of Italtech, Bates IT-02401 (incorporating text of letter from Italtech).

The nature of the working relationship between Bayoil and Italtech is illustrated by a general revenue sharing agreement they executed in December 2000, at the outset of Phase 9.[66] Essentially, this agreement provided that, in exchange for making a commission-like payment to Italtech not to exceed 20-cents-per-barrel, Bayoil would buy any and all of the oil that Italtech obtained from Iraq, and arrange to load, transport, and sell it on the world market.[67] Under this arrangement, Italtech obtained the oil allocation from Iraq, signed the contracts with the United Nations to lift the oil, sold the oil to Bayoil, and Bayoil then assumed all of the commercial risks and expenses involved in actually loading, transporting, and selling the oil.[68] Once the United Nations actually approved the issuance of Contract No. M/09/07 to Italtech giving it the right to lift millions of barrels of Iraqi oil, Bayoil and Italtech entered into a more specific purchase/sale agreement stating that Bayoil would buy the oil under this contract from Italtech and pay Italtech a fee of 8-cents-per-barrel.[69]

Bayoil records indicate Bayoil paid Italtech a total of more than $10 million in per-barrel commission fees during Phases 8 and 9 of the OFF program.[70] While the purchase agreement for Phase 9 indicated that Italtech's commission was 8-cents-per-barrel, Bayoil appears to have paid Italtech substantially more, about 28-cents-per-barrel, on a number of contracts for which an illegal surcharge was assessed.

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[66] Bayoil document entitled, "Revenue Sharing Agreement," dated 12/27/00, signed by Augusto Giangrandi for and on behalf of Italtech S.r.l. and by David Chalmers, Jr., for and on behalf of Bayoil Supply & Trading Ltd., Bates SNT 045541. Bayoil and Italtech had revenue-sharing agreements in prior phases as well.

[67] The key provisions in the revenue sharing agreement are as follows:

> BAYOIL AGREES TO PURCHASE ALL QUANTITIES OF BOTH BASRAH LIGHT CRUDE OIL AND KIRKUK CRUDE OIL FROM ITALTECH, UNDER THE STANDARD SOMO CONTRACT TERMS AND CONDITIONS APPROVED BY THE UNITED NATIONS, AND SPECIFICALLY INCLUDING THE OBLIGATION TO NOMINATE LIFTING DATES AND ARRANGE SHIPMENTS, DESPITE UNCERTAIN MARKET CONDITIONS, AND PRIOR TO ESTABLISHMENT OF U.N. APPROVED PRICE FORMULAS APPLICABLE FOR EACH SHIPMENT.
>
> THE TERMS OF THIS AGREEMENT SHALL PROVIDE FOR ITALTECH TO RECEIVE A REASONABLE SHARE OF REVENUES FROM THE SALE AND DISTRIBUTION OF SHIPMENTS BAYOIL LIFTS FROM THE PURCHASE CONTRACT, NOT TO EXCEED AN AMOUNT EQUAL TO US$0.20 PER NET BARREL FOR TOTAL QUANTITIES LOADED UNDER THE CONTRACT AND AS A PROPORTION OF NET REVENUES OF APPROXIMATELY 40%.

[68] To ensure that Italtech could creditably sign contracts with SOMO and the United Nations to buy the oil allotted to it, Bayoil helped Italtech obtain letters and lines of credit at the banks where Bayoil had accounts. On December 6, 2000, for example, Bayoil asked its bank, UEB, to open two large lines of credit, in the amounts of 48 and 45 million euros each, for the benefit of Italtech. Bayoil specified that the credit was to be used for the purchase of Iraqi oil under the Oil-for-Food program–one shipment of 2 million barrels and another for a shipment of 1.8 million barrels–and the amounts were to be paid into the BNP escrow account within thirty days of presentation of the appropriate documentation that the oil had been lifted. In either late December 2000 or early January 2001, for example, Bayoil opened a letter of credit for Italtech at Banque Bruxelles Lambert (Suisse) for about 40 million euros to be used to purchase 2.1 million barrels of Iraqi oil. On January 17, 2001, Bayoil directed another bank, Credit Agricole Indosuez Suisse SA, Geneva ("CAI"), to issue an "irrevocable documentary letter of credit by order of Italtech S.R.L. but under our entire responsibility, to BNP Paribas, New York." Bayoil specified that the requested credit line of 42 million euros was to be used to purchase 2 million barrels of Iraqi oil. In late January 2001, Bayoil helped open a similar letter of credit for Italtech for 46 million euros to be used to purchase 2.1 million barrels of Iraqi oil. Fax dated 1/22/01, with no transmission indications, from Jean Johnston of Bayoil to Banque Cantonale Vaudoise. On March 6, 2001, Bayoil opened still another letter of credit at CAI for Italtech for 38 million euros to be used to buy 1.9 million barrels of Iraqi oil for the U.S. market. Fax dated 3/6/01, with no transmission indications, from Bayoil to CAI.

Prior to helping Italtech obtain these letters of credit, in at least one instance, Bayoil appears to have advanced the funds Italtech needed to acquire an additional allocation of oil. On or about October 10, 2000, Bayoil appears to have deposited $1 million into an Italtech account at UEB "for the sole purpose of establishing a credit line for Italtech to purchase Iraqi crude oil directly from SOMO, Baghdad." Italtech acknowledged that the funds were to be "blocked and not available for any other use and/or transfer from the Italtech account without prior authorization from Bayoil." Memorandum dated 10/10/00, from Italtech to Bayoil.

[69] Italtech document dated 12/27/00, from Italtech to Bayoil Supply & Trading Ltd. confirming "PURCHASE/SALE AGREEMENT" under "SOMO CONTRACT NO. M/09/07" at 2.

[70] Bayoil document entitled "Italtech Contract Allocations."

According to SOMO and Italtech documents, each of the barrels Italtech sold to Bayoil during Phase 9 were assessed a 30-cent-per-barrel surcharge.[71] These records also show that, on many occasions, Italtech failed to pay these and other assessed surcharges, which apparently upset SOMO officials. According to a Financial Times (FT) article, in March 2001, SOMO Executive Director Saddam Hassan, a relative of Saddam Hussein, summoned Mr. Giangrandi to SOMO headquarters and demanded payment of the outstanding surcharges, which apparently then totaled more than $8 million. According to FT, at this meeting Oil Minister Rashid told Mr. Giangrandi that, if he did not pay, Saddam Hussein "will cut my head off." According to the FT article, Mr. Giangrandi told the Iraqis that he "was worried about international scrutiny, warning that if he rushed the payment the UN would find out and he would be ruined."[72]

Mr. Giangrandi's concern about making the surcharge payment was well founded. On March 21, 2001, Mr. Giangrandi was advised by his legal counsel Hunton & Williams not to pay the illegal surcharges:

> "We are gravely concerned about the proposed payment to Alwasel & Babel of approximately $8.2 million (U.S.) in connection with the purchase of oil from the Republic of Iraq. It is our opinion, based upon a careful review of the facts and law applicable to the situation, that proceeding with the proposed transaction could lead to your arrest, conviction and incarceration for violations of U.S. law."[73]

Hunton & Williams also told Mr. Giangrandi that due to his previous violations of U.S. law (referring to the export violations associated with the cluster bombs for Iraq), it was likely that law enforcement authorities were monitoring his activities:

> "[W]e believe that all transactions with which you are involved will be closely monitored by criminal law enforcement agencies of the United States government. Thus, you are in a unique situation because the Government has advised you that it would scrutinize all transactions you are involved in – within and outside of the U.S. In fact, the proceedings for which you were previously sanctioned involved foreign transactions. Also, recall that the Government knows of your association with Dr. Carlos Cardoen. The Government is actively seeking to extradite Dr. Cardoen. This gives the Government even greater reason to fully monitor your conduct."

The law firm's 12-page letter then identified and explained the various criminal statutes under which he could be prosecuted if he proceeded to pay the surcharges. The letter closed with the following warning:

> "Accordingly, it is our well-considered opinion that you may not proceed with the proposed transaction. Failure to heed this advice will likely lead to your arrest, conviction, and incarceration.
>
> "GOVERN YOURSELF ACCORDINGLY,
>
> (signed and notarized)"

Despite this warning from his legal counsel, Mr. Giangrandi paid the government of Iraq over $6 million in surcharges according to SOMO and Italtech records.

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[71] See SOMO Surcharge document; Italtech spreadsheet.

[72] "Dealing with Saddam's regime: how fortunes were made through the UN's oil-for-food programme," Financial Times (4/8/04). Other senior Iraqi officials interviewed by the Subcommittee stated the Financial Times articles had confused the Oil Minister with someone else, possibly General Amir Hamudi Hasan Al Sa'adi. The Subcommittee has been unable to interview the relevant persons to confirm the meeting described in the article.

[73] See letter dated 3/21/01, from Hunton & Williams to Mr. Giangrandi. Hunton & Williams also represented Mr. Giangrandi in the oil-for-cluster bombs case.

Bayoil documents show that, in early April 2001, shortly after Iraqi officials personally demanded that Mr. Giangrandi pay the surcharges owed by Italtech, Bayoil increased the amount of per-barrel compensation that it paid to Italtech, from 8-cents-per-barrel to 28-cents-per-barrel. On April 5, 2001, Bayoil prepared a worksheet totaling various expenses and amounts due to Italtech from Bayoil.[74] Another Bayoil document, undated, lists the cargoes that Bayoil obtained from Italtech under the December 2000 revenue sharing agreement, and identifies the "balance of payment due outside letter of credit (the letter of credit was issued for payment to the U.N. escrow account at BNP Paribas)." This document calculates the amounts due Italtech "outside of the letter of credit" at the rate of 8-cents-per-barrel.

Still another Bayoil document reflects nearly identical information, but instead of using the 8-cent-per-barrel rate as specified in the December 2000 agreement, uses a rate of 28-cents-per-barrel. Handwritten on this document is the notation, "accrue 28¢ per cargo," and an additional column is handwritten and entitled, "USD Accrued 28¢ Amount." The amount owed for each cargo, at the rate of 28-cents-per-barrel, is then handwritten in that column. Together, these two Bayoil records show that, in early April 2001, after Mr. Giangrandi was allegedly confronted in Baghdad by Iraqis demanding payment of Italtech's outstanding surcharges, Bayoil carefully calculated how much it would owe Italtech if it paid an extra 20-cents-per-barrel over their agreed-upon price of 8-cents-per-barrel. The total was about $6.19 million.

While the Subcommittee Minority Staff has no direct evidence that Bayoil then paid the $6.19 million to Italtech, it does have evidence that, around the same time, Italtech paid the Iraq government about $6.15 million. The evidence also shows that, in Iraqi oil transactions during this period, Bayoil was a major source of funding for Italtech.

To further understand how surcharges were assessed and paid on Italtech oil allocations, consider, for example, contract number M/09/07, which was the first Phase 9 contract that the United Nations approved between Italtech and SOMO, on December 22, 2000.[75] This contract originally gave Italtech the right to buy 8 million barrels of Iraqi oil, and eventually reached 32 million barrels.[76] Bayoil arranged for a number of shipments of oil under this contract. For each shipment, Italtech documents show that it received an invoice from Alwasel & Babel General Trading requesting payment of a fee of 0.17 euros (at the time approximately 16 cents) per-barrel.[77] Each of these invoices is also associated with an agreement between Alwasel & Babel and Italtech, signed by Mr. Giangrandi, in which Italtech agreed to pay the assessed fee in return for the allocation of oil. Alwasel & Babel was a front company for the Hussein regime that was used to collect surcharge payments. Because Alwasel & Babel was never granted the oil allocation it was purporting to sell to Italtech, it is reasonable to view Alwasel & Babel as acting on behalf of the Iraqi government and its invoices as requests for payment of an illegal surcharge. It appears that Mr. Giangrandi's legal counsel at the time interpreted the Alwasel & Babel invoices in just this manner, as explained in the firm's letter described earlier.

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[74] Fax dated 4/5/01, from Jean Johnston of Bayoil to Augusto Giangrandi.

[75] Approval from U.N. Oil Overseers for Contract Number M/09/07 (12/22/00), S/AC.25/2000/OIL/1330/OC.05.

[76] The contract was amended on January 19, 2001, and again on February 6, 2001, to reflect additional oil allocations. See Approval from U.N. Oil Overseers of Contract Number M/09/07 (1/19/01), S/AC.25/2000/OIL/1330/OC.05/add.2; Approval from The Oil Overseers under Security Council Resolution 986 (1995), Contract Number M/09/07, 6 February 2001, S/AC.25/2000/OIL/1330/OC.05/add.3. Italtech and Bayoil also entered into a side agreement on December 27, 2000, reflecting the terms of the U.N. contract, in which Italtech agreed to sell the oil to Bayoil. Like the U.N. contract, this side agreement was amended twice to reflect the increased oil allocations. Italtech document dated 12/27/00, from Italtech to Bayoil Supply & Trading Ltd. (confirming "PURCHASE/SALE AGREEMENT" under "SOMO CONTRACT NO. M/09/07"); Italtech fax dated 1/22/01, from Italtech to Bayoil Supply & Trading Ltd. (containing "AMENDMENT NO. 1" to the 12/27/00 purchase/sale agreement), Bates SNT 045530; Italtech fax dated 2/7/01, from Italtech to Bayoil Supply & Trading Ltd. (containing "AMENDMENT NO. 2" to the 12/27/00 purchase/sale agreement), Bates SNT 045528.

[77] See Invoices from Alwasel & Babel General Trading to Italtech, December 2000 - March 2001, and a sample agreement. It is unclear why the request was for 16 cents-per-barrel instead of 30.

The evidence suggests that Italtech had ignored these and possibly other invoices until the alleged March 2001 confrontation in Baghdad, and then decided to pay at least a portion of Italtech's outstanding surcharges, enlisting Bayoil in that effort.

SOMO records show that, altogether over the 2-year surcharge period, Italtech was assessed surcharges totaling about $11 million and actually paid about $6.15 million.[78] According to SOMO records, Italtech did not pay any of the 10-cent surcharges assessed during Phase 8, totaling about $316,000, or any of the 30-cent surcharges assessed on the first 5 million barrels allocated to it during Phase 9, totaling about $1.5 million. The records indicate that Italtech did pay about two-thirds of the 30-cent surcharges assessed on the remaining oil it was allocated during Phase 9, totaling about 32 million barrels. According to the SOMO records, the total amount of surcharges due on the 32 million barrels was $9.3 million. Italtech actually paid about 20-cents-per-barrel, or $6.15 million, and apparently contested the remaining $3 million.[79]

In sum, during the first half of 2001, Italtech provided Bayoil with 34 million barrels of Iraqi oil for shipment to U.S. markets. In connection with those barrels, Italtech appears to have paid more than $6 million in illegal surcharges to the Iraqi government. At least some evidence suggests that Bayoil may have financed this $6 million payment by Italtech.

C. BAYOIL LOBBYING TO INFLUENCE IRAQI OIL PRICES AND OPPOSE U.S. PRICING EFFORTS TO STOP SURCHARGES

In addition to paying or financing the payment of millions of dollars in illegal surcharges to the Government of Iraq, Bayoil conducted a years-long lobbying effort aimed at keeping the official sales price of Iraqi oil as low as possible and opposing U.S. pricing efforts to stop the illegal surcharges. As explained earlier, the Official Sales Price (OSP) for Iraqi oil was established by the United Nations, in consultation with Iraq, and adjusted on a roughly monthly basis throughout the life of the OFF program. To influence the OSP, Bayoil directed a steady stream of communications to U.N., Iraqi, and U.S. officials, often coordinating its efforts with its business associate, Augusto Giangrandi, and his company Italtech. At times, Bayoil even supplied draft documents to other companies, particularly Russian oil purchasers, and asked them to forward the provided information under their own names to U.N. or Iraqi officials in a further attempt to influence U.N. pricing of Iraqi oil.

Documents obtained by the Subcommittee show that, over 7 years, Bayoil sent a cascade of letters, memoranda, emails, and faxes to U.N., Iraqi and U.S. officials on OSP pricing issues. This evidence shows that it was not just foreign countries that were lobbying the United Nations in favor of Iraqi pricing proposals and against U.S. efforts to stop illegal surcharges, but also a U.S. company. Bayoil engaged in these lobbying efforts at the same time it appears to have been participating in surcharge payments sending millions of dollars to the Hussein regime.

Establishing OSPs. The OSP for Iraqi oil was determined by using a formula that incorporated various pricing factors such as oil grades, market premiums, and freight costs. Under the procedures of the OFF program, only Iraq's State Oil Marketing Organization (SOMO) had the authority to propose a new OSP. Typically, SOMO submitted proposed market factors for the OSP

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[78] SOMO Surcharge document.

[79] SOMO Surcharge document; letter dated 7/21/02, from Augusto Giangrandi on behalf of both Italtech and Bayoil to the Iraqi Oil Minister, Bates WM000029-31 (contesting payment of the $3 million in surcharge payments by explaining that Italtech had already paid the requested amounts to the party from whom it had bought the oil and that party was supposed to have passed on the funds to SOMO). Another Italtech document dated four months later appears to list each of the checks the company actually issued to SOMO in payment of surcharge demands. See Italtech document entitled, "Settlement of the Due to SOMO on 12/03/01," Bates WM000025. Those checks total $6.48 million, and identify another $1.5 million in checks issued to other parties who were supposed to have passed on the amounts to SOMO. An Iraqi in detention interviewed by the Subcommittee stated he had helped Mr. Giangrandi obtain oil allocations and had been told by a business acquaintance – whom he could identify only as "Omar" – that Mr. Giangrandi had, in fact, paid the full $10 million in surcharges assessed on his allocations. Subcommittee interview of Iraqi Detainee No. 3 (4/22/05).

pricing formula to the U.N. Oil Overseers and also suggested a time period during which the OSP would be in effect. The U.N. Oil Overseers then analyzed the proposal and discussed the factors and time period with SOMO in an attempt to reach agreement on the OSP. Based upon this discussion, SOMO would submit a proposed OSP to the U.N. 661 Committee for approval. The Oil Overseers could also provide the Committee with a positive or negative recommendation on whether the proposed OSP would result in a fair market price for Iraqi oil. If no member of the 661 Committee objected, then the OSP became final and remained in effect until SOMO determined that the market had changed and a new OSP was needed. If one or more Committee members objected to the proposed OSP, it did not go into effect, and SOMO would have to submit a revised proposal. Many OSPs remained in effect for about a month, while some lasted only 15 days and others stretched over a few months.

For the first 4 years of the OFF program, the OSP process apparently generated little controversy, and the U.N. Oil Overseers never had occasion to submit a negative recommendation on any OSP proposed by SOMO.[80] In late 2000, however, after Iraq began demanding the payment of surcharges on OFF oil sales and companies began complaining about the cost, SOMO attempted to propose OSPs that the Oil Overseers viewed as below market levels.[81] On at least two occasions, the Oil Overseers advised the U.N. 661 Committee not to approve a SOMO proposal, because the proposed OSP was too low, and the Committee responded by disapproving it.[82] Numerous Committee discussions of pricing and surcharge issues ensued throughout 2001 and 2002, often with the U.S. and U.K. members pressing the Committee to approve higher OSPs to preclude the payment of surcharges, while the Russian and Chinese members supported SOMO's price proposals as fair and reasonable.[83]

Bayoil Lobbying From 1996 to 1997. From the beginning of the OFF program, Bayoil actively pressed the United Nations to set a low OSP in order to maximize its profits as a buyer of Iraqi oil. Evidence obtained by the Subcommittee Minority Staff indicates that Bayoil first began trying to influence the OSP in August 1996, before the first OFF oil contract was issued. A letter from Bayoil to SOMO states that, in response to a SOMO request, the company was submitting a "revised draft proposal" of a pricing formula modeled after one used by Saudi Arabia.[84] Bayoil stated that it looked forward "to discussing our proposal with you at your earliest convenience ... prior to S.O.M.O.'s discussions with the U.N."

In January 1997, Bayoil wrote to SOMO complaining about the established pricing formula and stating, "[w]e understand that under the procedures established with the U.N. that S.O.M.O. may indicate a change in price formulas particularly after the first month if conditions so warrant."[85] Bayoil then proposed new pricing components for oil deliveries to the U.S. market. In August 1997, Bayoil again urged SOMO to reduce the OSP, warning that refiners would buy their oil elsewhere: "We have all been waiting for a long time for the oil to come back onto the market and our

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[80] Subcommittee interview of U.N. Oil Overseer (5/3/05).

[81] As explained earlier, a low OSP facilitated the payment of a surcharge, because an oil trader who bought Iraqi oil at a low OSP could then resell it at a higher price that allowed the trader not only to send the OSP to the U.N. escrow account, but also the surcharge payment to another bank account, and still make a profit. In contrast, a high OSP made it more difficult for an oil trader to resell the oil at a sufficiently high price to offset its costs, the surcharge, and also make a profit. According to the Oil Overseer interviewed by the Subcommittee, because Iraq officials did not have control over the oil sale proceeds deposited into the U.N.-controlled bank account, but did have control over the surcharge payments sent to outside bank accounts, Iraqi officials were in the odd position of advocating a low selling price for their own oil. The Overseer also explained that SOMO used various other methods to maintain or increase the margins of the purchasers. For example, SOMO officials were eager to request a revision of the OSP when markets moved lower but more hesitant to request revisions when market prices increased. SOMO officials also accommodated requested revisions to lifting dates and amounts of oil lifted proposed by its allocation holders in order to take advantage of market movements.

[82] Only one "no" vote was needed under OFF rules for the 661 Committee to disapprove a proposed OSP.

[83] Subcommittee interview of U.N. Oil Overseer (5/3/05).

[84] Memorandum dated 8/23/96, from David Chalmers of Bayoil to SOMO, Bates BAY04-01716.

[85] Memorandum dated 1/31/97, from David Chalmers of Bayoil to SOMO, Bates BAY04-00455-57.

independent refiners will have to make other accommodations shortly. Please do not let us and other good customers down."[86]

Bayoil also actively lobbied the United Nations to reduce the OSP, sending correspondence and meeting with key U.N. officials. In September 1997, for example, Bayoil called, wrote, and met with the then-sitting U.N. Oil Overseers to urge changes in the OSP formula.[87]

Bayoil Lobbying From 1998 to 2000. Over the next 3 years, from 1998 to 2000, Bayoil sent a number of additional communications to the United Nations[88] and SOMO[89] with complaints about and recommendations for establishing various OSPs. For example, in October 1998, Bayoil wrote to the U.N. 661 Committee Chairman and the U.S. State Department that it "regularly provide[d] S.O.M.O., the U.N. Overseers, and our Russian suppliers required market information regarding spot prices in the U.S. as well as freight market conditions ... in an effort to help S.O.M.O. and the U.N. establish fair market price formulas each month."[90] Bayoil also complained that the November OSP prices were "completely out of line" and should be lowered. Bayoil sent similar correspondence in 1999 and 2000.

In addition to sending its own correspondence to U.N., Iraqi, and U.S. officials, on several occasions from 1998 to 2000, Bayoil supplied draft materials to other companies buying Iraqi oil and asked them to send the provided information under their own names to U.N. or Iraqi officials. Bayoil made this request to at least five companies, Alfa-Eco, Crown Trade & Finance, SOVOIL,

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[86] Memorandum dated 8/5/97, from David Chalmers of Bayoil to SOMO, Bates BAY04-00327.

[87] See, e.g., memorandum dated 9/10/97, from David Chalmers of Bayoil to U.N. Overseers, Bates BAY04-01500-01 (citing a telephone call and requesting a Friday meeting); memorandum dated 9/12/97, from David Chalmers of Bayoil to U.N. Overseers, Bates BAY04-01495-96 (expressing appreciation for Friday meeting and requesting another on Monday). Also in 1997, Bayoil appears to have hired a former senior U.N. official, Giandomenico Picco, to obtain advice on lobbying U.N. officials. In 1992, after serving in various U.N. posts for many years, including as Deputy Secretary General, Mr. Picco resigned and opened a consulting office, GDP Associates Inc. On a number of occasions from 1997 to 2003, Bayoil sent Mr. Picco draft documents or other information for his review and comment. On a few occasions, Mr. Picco appears to have sent copies of U.N. documents to Bayoil. See, e.g., fax dated 3/6/01, from Mr. Picco to David Chalmers of Bayoil, Bates BAY04-01163-72 (providing copies of three documents which had been presented to the U.N. 661 Committee on the issue of surcharges); and fax dated 7/11/02, from Mr. Picco to Mr. Chalmers of Bayoil, Bates BAY04-01029-34 (providing copy of a "UK Proposal for a Proactive Pricing Mechanism," which may have been presented during a U.N. 661 Committee meeting on July 11, 2002).

[88] See, e.g., memorandum dated 10/23/98, from David Chalmers of Bayoil to Ambassador Antonio Montero, U.N. 661 Committee Chairman, with a copy to Eugene Young of the U.S. State Department, Bates BAY04-00278-79; memorandum dated 2/22/99, from David Chalmers of Bayoil to U.N. Overseers, Bates BAY04-01263; memorandum dated 2/16/00, from David Chalmers of Bayoil to U.N. Overseers, Bates BAY04-01278; memorandum dated 6/20/00, from David Chalmers of Bayoil to U.N. Overseers, Bates BAY04-01948-49; memorandum dated 9/13/00, from David Chalmers of Bayoil to U.N. Overseers, Bates BAY04-01268.

[89] See, e.g., memorandum dated 10/14/98, from David Chalmers of Bayoil to SOMO, Bates BAY04-00284-85; memorandum dated 2/22/99, from David Chalmers of Bayoil to SOMO, Bates BAY04-01265; memorandum dated 1/21/00, from David Chalmers of Bayoil to SOMO, Bates BAY04-00253-54; memorandum dated 3/30/00, from David Chalmers of Bayoil to SOMO, Bates BAY04-01979-80; memorandum dated 7/26/00, from John Irving of Bayoil to SOMO, Bates BAY04-01927; memorandum dated 7/28/00, from David Chalmers of Bayoil to SOMO, Bates BAY04-01917-18; memorandum dated 9/14/00, from David Chalmers of Bayoil to SOMO, Bates BAY04-01901-02; memorandum dated 11/13/00, from Augusto Giangrandi of Italtech to SOMO, Bates BAY04-01870-71.

[90] Memorandum dated 10/23/98, from David Chalmers of Bayoil to Ambassador Antonio Montero, U.N. 661 Committee Chairman, with a copy to Eugene Young of the U.S. State Department, Bates BAY04-00278-79 and 00288 (which notes that Mr. Chalmers also spoke with Mr. Young about the November OSP).

Rosnefteimpex, and Petroleum Technical Services.[91] During this time period, Bayoil was buying Iraqi oil from each of these companies.

Bayoil Lobbying in 2001. Bayoil's lobbying efforts intensified in late 2000, after Iraq began demanding surcharges and oil purchasers began complaining to both U.N. and U.S. officials about the cost. In December 2000, the United Nations issued a statement stating that OFF contractors should not pay these surcharges.[92] In February 2001, the United States formally raised the issue with the U.N. 661 Committee, and the Oil Overseers provided Committee presentations on the surcharge issue and its relation to the OSP.[93] Among other matters, the Oil Overseers noted that "by far the largest part of Iraqi crude oil is nowadays sold via middlemen and traders" charging substantially more than the OSP – often between 20 and 70 cents more per-barrel. The Oil Overseers also noted that SOMO seemed to be recommending OSPs that allowed "at least $0.20 per-barrel profit for traders/intermediaries" instead of the 5-cent-per-barrel profit the Overseers deemed reasonable.

To stop the surcharges, the U.N. Oil Overseers pushed SOMO to establish higher OSPs that would decrease the profit margin for intermediary traders and make it more difficult for them to resell Iraqi oil at a sufficiently high price to finance the payment of surcharges. Members of the 661 Committee, however, remained split in their support for higher OSP prices, with the United States and United Kingdom supporting higher OSPs, and Russia and China supporting lower OSPs. In addition, disagreements emerged over how long a particular OSP should be in place. Although a number of pricing mechanisms were discussed, no Committee consensus emerged. In or around October 2001, the United States and United Kingdom began, on their own initiative, to object to all prospective pricing proposals not in accordance with the U.S. and U.K. positions, and to agree only to the SOMO pricing proposals after the cargoes had been lifted, at which point there would be much less room for disagreement as to the actual market price in effect on the date of loading.. This approach, in effect, imposed a "retroactive pricing" approach to determining the OSPs.[94] Retroactive pricing was controversial, but because the U.S. and U.K. members acted within the 661 Committee rules, they were successful in establishing delayed OSPs with a retroactive effect.

The evidence shows that this pricing practice, which more closely aligned the OSPs with actual market prices, succeeded in eliminating the large profit margins for the middlemen and other

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[91] See, e.g., memorandum dated 6/11/98, from David Chalmers of Bayoil to Andrei Toutchnin of Alfa Eco, Bates BAY04-02252-54, substituting use of all capital letters ("Please send the following to S.O.M.O. for discussions" regarding "July Price Formula (North America)"); memorandum dated 10/23/98, from David Chalmers of Bayoil to Martin Figures of Crown Trade & Finance, Bates BAY04-00280-83, substituting use of all capital letters ("Attached is suggested letter to 661 Committee and copy of our letter. ... Please send the following to the Russian member 661 Committee"); memorandum dated 3/16/00, from David Chalmers of Bayoil to Andrei Toutchnin of Alfa Eco/TNK, Bates BAY04-01347- 48, ("Grateful if you could forward following to SOMO" re "April O.S.P."); memorandum dated 7/28/00, from Ludmil Dionissiev of Bayoil to Sergei Sharaphov of SOVOIL AG, Zurich, Bates BAY04-01921, substituting use of all capital letters ("Please forward following to S.O.M.O."); memorandum dated 7/28/00, from Ludmil Dionissiev of Bayoil to Mr. Poukhov of Rosnefteimpex, Bates BAY04-01922-23 ("I shall be very grateful to you if you send the following message to the general director of SOMO."); memorandum dated 9/24/00, from David Chalmers of Bayoil to Nguyen Manh Hung of Petrovietnam and Petroleum Technical Services Company, Bates BAY04-01899-1900, ("per our usual practice of providing market information and price proposals to S.O.M.O. prior to the establishment of the monthly price, please forward our suggested fax to S.O.M.O. from PTSC on the subject as follows"); memorandum dated 10/4/00, from Ludmil Dionissiev of Bayoil to Mr. Poukhov of Rosnefteimpex, Bates BAY04-01891-93, substituting use of all capital letters ("Please forward following to S.O.M.O.").

[92] United Nations 661 Committee fax dated 12/15/00, from the U.N. Oil Overseers to "Buyers of Iraqi Crude Oil," No. S/AC.25/2000/OIL/1330/FAX.

[93] See letter dated 2/6/01, from James B. Cunningham, Charge D'Affaires, U.S. Mission to the United Nations, to the U.N. 661 Committee Chairman, S/AC.25/2001/COMM.83; letter dated 2/13/01, from the U.N. Overseers to the U.N. 661 Committee Chairman, S/AC.25/2001/OIL/COMM.06; and letter dated 2/20/01, from the U.N. Overseers to the U.N. 661 Committee Chairman, S/AC.25/2001/OIL/COMM.07.

[94] Because OFF rules allowed a single 661 Committee member to veto a proposed OSP, the U.S. and U.K. members could unilaterally stop any price increase. Instead of exercising that veto, however, the U.S. and U.K. members simply threatened to veto a new OSP proposed for an upcoming month, until the month was nearly over. The U.S. and U.K. members were then able to compare the proposed OSP with actual market prices, and approve only those OSPs which closely reflected the actual market prices. It was this look-back feature, and the fact that the approved OSP was applied to a time period that had already largely lapsed, that caused the tactic to be referred to as "retroactive pricing." Subcommittee interview of U.N. Oil Overseer (5/3/05).

downstream purchasers of Iraqi crude, which made it prohibitively expensive for these purchasers to pay surcharges to Iraq. Surcharges fell from 30-cents-per-barrel in 2001 to 15-cents-per-barrel in 2002, and finally disappeared near the end of 2002. The U.S. and U.K. members continued using the retroactive pricing approach to the end of the Oil-for-Food program, despite ongoing opposition from Iraqi officials, some countries, and some companies.

Throughout the surcharge period, Bayoil complained to the United Nations[95] and SOMO[96] that the established OSPs were too high and should be reduced. For example, in October 2000, Bayoil complained to the U.N. Oil Overseers about "serious imperfections in the Iraqi OSP's that ... [are] so seriously overvalued that we are certain that immediate adjustments are required for November liftings."[97] Another Bayoil memorandum sent to the United Nations on the same day states: "Without doubt any continued imperfect pricing will lead to serious and on going difficulties and disruptions to the refiners in North America and the situation can only be described in the most pessimistic manner."[98] In January 2001, Bayoil sent a note to SOMO stating, "I thought you may be interested in the short note I sent the Overseer's which I felt compelled to write out of sheer frustration, which I am sure is mutually shared with you and your colleagues at SOMO."[99]

In February 2001, Bayoil worked with Augusto Giangrandi and others to launch a concerted effort to pressure the United Nations to use lower OSPs. On February 11, 2001, for example, Mr. Giangrandi's company, Italtech, sent a memorandum to the Iraqi Oil Minister requesting "urgent cooperation between SOMO and ourselves, in order to mitigate a difficult situation" in which "the U.N. has continued to resist appropriate formula price changes, including SOMO's proposed charges for February."[100] Italtech wrote that, "[i]n order for our efforts to be successful and effective it is imperative to get the support of the Ministry and SOMO, to also quickly address the issue in New York." The same day, Italtech wrote to the U.N. Oil Overseers objecting to their using price formulas "significantly different than those prices proposed by SOMO."[101] The next day, Italtech wrote to the U.N. 661 Committee requesting "an immediate review of all price mechanisms."[102]

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[95] See, e.g., memorandum dated 10/25/00, from David Chalmers of Bayoil to U.N. Overseers, Bates BAY04-01242-45; memorandum dated 10/25/00, from David Chalmers of Bayoil to U.N. Overseers, Bates BAY04-01236-37; memorandum dated 10/25/00, from David Chalmers of Bayoil to U.N. Overseers, Bates BAY04-01238-41; memorandum dated 11/20/00, from David Chalmers of Bayoil to U.N. Overseers, Bates BAY04-01820-21; memorandum dated 11/20/00, from David Chalmers of Bayoil to U.N. Overseers, Bates BAY04-01838-40; memorandum dated 1/31/01, from David Chalmers of Bayoil to U.N. Overseers, Bates BAY04-00796-97; memorandum dated 1/31/01, from David Chalmers of Bayoil to U.N. Overseers, Bates BAY04-00798-99; memorandum dated 2/11/01, from David Chalmers of Bayoil to U.N. Overseers, regarding "February O.S.P. Formula Prices (N. America)"; memorandum dated 2/11/01, from Augusto Giangrandi of Italtech to U.N. Overseers, Bates BAY04-01178-82; memorandum dated 2/12/01, from Augusto Giangrandi of Italtech to Peter Kolby, Chairman of the U.N. 661 Committee, Bates BAY04-01176-77; memorandum dated 5/29/01, from David Chalmers of Bayoil to U.N. Overseers, Bates BAY04-01146.

[96] See, e.g., memorandum dated 12/12/00, from Augusto Giangrandi of Italtech to SOMO, Bates BAY04-01816-18; memorandum dated 12/17/00, from Augusto Giangrandi of Italtech to SOMO; memorandum dated 2/11/01, from Augusto Giangrandi of Italtech to the Minister of Oil of Iraq, Bates BAY04-1174-75; memorandum dated 6/29/01, from John Irving of Bayoil to SOMO, Bates BAY04-01111; memorandum dated 7/13/01, from David Chalmers of Bayoil to SOMO; memorandum dated 8/28/01, from John Irving of Bayoil to SOMO, Bates BAY04-01074-76.

[97] Memorandum dated 10/25/00, from David Chalmers of Bayoil to U.N. Overseers, at Bates BAY04-01242.

[98] Memorandum dated 10/25/00, from David Chalmers of Bayoil to U.N. Overseers, at Bates BAY04-01238.

[99] Memorandum dated 1/17/01, from David Chalmers of Bayoil to SOMO, Bates BAY04-01191.

[100] Memorandum dated 2/11/01, from Augusto Giangrandi of Italtech to the Minister of Oil of Iraq, Bates BAY04-1174-75 and IT-00357-58.

[101] Memorandum dated 2/11/01, from Augusto Giangrandi of Italtech to U.N. Overseers, Bates BAY04-01178 and 1180 and IT-00361-65.

[102] Memorandum dated 2/12/01, from Augusto Giangrandi of Italtech to Peter Kolby, Chairman of the U.N. 661 Committee, Bates BAY04-01176-77 and IT-00359-60.

On February 12, 2001, Bayoil wrote to the U.S. State Department asking for help in changing the OSP pricing mechanisms.[103] It explained the situation as follows.

> "Bayoil has shipped oil from Iraq since the beginning of the oil-for-food program, primarily to the US, for distribution to many independent refiners. As such, although Bayoil has no contracts with SOMO, likely due to our American origins, we do provide regular market information to SOMO and the UN for purposes of establishing a fair pricing mechanism each month.
>
> "On balance ... we believe our market assessments have been considered by both parties until recently. It appears to many lifters during recent months ... the Overseers have been skeptical toward market assessments ... due to some new mandate, whereby any price mechanism approved would not theoretically allow a margin covering the recently reported request for some kind of surcharge.
>
> "While most lifters, including Bayoil, support the concept of these efforts by the Overseers, in practice it has contributed to the recent and current price formulas being completely uncompetitive with the market. ...
>
> "[W]e are compelled to appeal directly to the 661 Committee to approve and support proposed adjustments to the current price formulas to reflect ... market changes ....
>
> "Thank you for your attention to this most urgent matter."[104]

In addition to sending this letter to the U.S. State Department, Bayoil asked one of its customers, a Russian company known as Rosnefteimpex, to send similar correspondence on OSP pricing issues to U.N., Iraqi, and Russian officials. Bayoil's email to Rosnefteimpex states: "Please urgently forward on your letterhead the attached memo and graphs to the UN Overseers. Urgently send copies to ... SOMO ... Peter Kolby, Chairman 661 Committee ... [and] Ambassador Sergey Lavrov UN Representative Russian Federation."[105] Attached to the email are a 4-page memorandum purporting to be from the Russian company to the U.N. Overseers, and a 1-page letter from the company to the U.N. 661 Committee Chairman, with a copy to be sent to the Russian representative to the United Nations. Bayoil later obtained signed versions of both documents, indicating that Rosnefteimpex had actually sent them, as requested.[106]

The evidence indicates that all six of the documents sent by Bayoil, Italtech, and Rosnefteimpex over a few days in February were part of a coordinated lobbying effort. A Bayoil email dated February 11, 2001, for example, sent by "DC" – presumably David Chalmers – to Augusto Giangrandi, lists all six documents in various stages of completion.[107] The Giangrandi letter

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[103] Letter dated 2/12/01, from David Chalmers of Bayoil to Eugene Young, US Representative to the UN 661 Committee, Bates BAY04-01173.

[104] Id. Ironically, at the same time Bayoil wrote this letter, it is alleged to have been buying millions of barrels of Iraqi oil from Italtech with full knowledge that Italtech was paying improper surcharges to Iraq outside of the OFF program. Bayoil then resold the oil to U.S. refineries at a high enough price to finance the surcharge costs Italtech had passed on to Bayoil.

[105] Undated memorandum from David Chalmers of Bayoil to Mr. Poukhov of Rosnefteimpex, Bates BAYOILUSA 015198.

[106] See 4-page memorandum dated 2/11/01, from Mr. Poukhov of Rosnefteimpex to the U.N. Overseers, Bates BAY04-01197-1200 (signed by "Y.Poukhov"); and a 1-page memorandum dated 2/12/01, from Rosnefteimpex to Peter Kolby, U.N. 661 Committee Chairman, with a copy to Ambassador Sergey Lavrov, Russian Federation Representative to the United Nations, Bates BAY04-01201 (signed by "Y.Poukhov").

[107] See email dated 2/11/01, from "DC" to Augusto Giangrandi, Bates BAY04-01202. This email attaches copies of the Rosnefeimpex letters to the U.N. 661 Committee and U.N. Overseers; a copy of the Italtech letter to the U.N. 661 Committee; a copy of a draft Italtech letter to the U.N. Overseers "to be finalized in Houston in AM"; a copy of a draft Italtech letter to "MO," presumably the Iraqi Minister of Oil, for Giangrandi "to approve and instruct Italy"; and a copy of a draft letter, "[t]o be finalized," which is described as "to US from Bay" and which presumably refers to

(continued...)

sent to the Iraqi Oil Minister states plainly that Italtech was working with "concerned customers ... via submission of letters and reports ... to the UN Overseers, and 661 Committee members to initiate an immediate adjustment to formula prices."[108]

Although its February 2001 lobbying effort was unsuccessful, Bayoil continued to try to influence U.N. pricing of Iraqi oil. One of the Oil Overseers during the surcharge period told the Subcommittee that a handful of companies were quite aggressive in pushing for lower OSPs and, without naming any of them, said that, after awhile, the Overseers stopped responding to their many letters and telephone calls.[109]

At one point in June 2001, Bayoil wrote to the U.N. 661 Committee Chairman complaining 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 UN Overseer, Mr. Michael Tellings."[110] Bayoil wrote:

> "[S]ince the start of the program until late last year, there were seldom differences between Bayoil's market assessments ... 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. ... This development is widely known to be due to the hard line approach of Mr. Tellings ... 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. The prejudice ... 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."

Bayoil returned to this theme repeatedly over the next 2 years, while continuing to send written communications to both U.N. and Iraqi officials objecting to the established OSPs.[111]

Bayoil Lobbying from 2002 to 2003. In 2002, due to ongoing industry complaints about the use of retroactive pricing for OFF oil contracts, some 661 Committee member states proposed alternative pricing mechanisms. U.S. State Department officials met with the U.N. Oil Overseers about these issues at least twice in the spring and summer of 2002, and determined to continue strong U.S. support for the U.N.'s pricing practices and its own retroactive pricing tactics.[112] In August 2002, several U.S. oil companies, including Valero and Vitol, and Texan oilman Oscar Wyatt, met with senior U.S. State Department officials in Washington, D.C. to complain about retroactive pricing in the Oil-for-Food program.[113]

Bayoil also intensified its lobbying efforts to curb U.S. support for retroactive pricing. In September 2002, for example, Bayoil sent two lengthy memoranda critical of the U.N.'s pricing

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[107] (...continued)
the letter actually sent the next day by Bayoil to the U.S. State Department.

[108] Memorandum dated 2/11/01, from Augusto Giangrandi of Italtech to the Minister of Oil of Iraq, Bates BAY04-1174-75.

[109] Subcommittee interview of U.N. Oil Overseer (5/3/05).

[110] Letter dated 6/25/01, from David Chalmers of Bayoil to Peter Kolby, U.N. 661 Committee Chairman, Bates BAY04-01301-02. See also memorandum dated 1/24/02, from Bayoil to U.N. Overseers (describing hostile telephone conversation between John Irving of Bayoil and a U.N. overseer regarding how pricing formulas are calculated and citing "apparent prejudice toward Bayoil").

[111] See, e.g., memorandum dated 8/8/01, from David Chalmers of Bayoil to U.N. Overseers, Bates BAY04-00772-75; memorandum dated 8/28/01, from John Irving of Bayoil to SOMO, Bates BAY04-001074-76.

[112] Subcommittee interview of U.S. State Department Official, April 28, 2005. The United States defended the U.N.'s retroactive pricing practices at a July 11, 2002 meeting of the U.N. 661 Committee. Id.

[113] Id. The attendees had sent correspondence to the U.S. State Department complaining about retroactive pricing and requested the meeting. Bayoil apparently did not attend the August meeting.

practices and engaged in several related telephone conversations with the U.S. State Department office advising the U.S. Mission to the United Nations on retroactive pricing issues.[114] Bayoil also appears to have engaged in discussions with key U.N. officials at this time.[115] Correspon-dence from October 2002, indicates that Bayoil also worked with one of its Russian customers to try to influence U.N. 661 Committee members.[116] In addition, Bayoil sent various memoranda to Iraqi officials advising them on the OSPs that should be proposed to the U.N. overseers.[117] Despite these and other lobbying efforts, U.S. support for retroactive pricing continued.

In February and March 2003, Bayoil engaged in still another intensive lobbying effort on OSP pricing issues, sending multiple communications to U.N., Iraqi, and U.S. officials.[118] Among other activities, Bayoil wrote to the Iraqi Oil Minister informing him about its lobbying efforts with U.N. officials and asking SOMO to submit "price formulas consistent with our recommendations."[119] Bayoil also appears to have asked a U.S. company, Nucoastal, to use its influence with a company

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[114] See letter and memorandum dated 9/13/02, from John Irving and David Chalmers of Bayoil to Matthew McManus of the U.S. State Department; and memorandum dated 9/18/02, from John Irving of Bayoil to Matthew McManus of the U.S. State Department. See also internal Bayoil memorandum dated 9/23/02, from "David" to "John" re "Pricing Methodology Discussions U.N./State Department," Bates BAYOILUSA 015148 (listing "key questions for further discussions").

[115] See, e.g., internal Bayoil memorandum dated 9/23/02, from "David" to "John" re "Pricing Methodology Discussions U.N./State Department," Bates BAYOILUSA 015148; memorandum dated 9/26/02, from David Chalmers of Bayoil to U.N. Overseers, Bates BAY04-00757-68 (providing pricing recommendations to increase participation in Iraqi oil sales).

[116] See, e.g., memorandum dated 10/11/02, from Alexander Lyssenko of Alfa-Eco to David Chalmers of Bayoil, Bates BAY04-01021 ("[W]e believe the existing pricing mechanism needs to be changed and on our part we are ready to start respective discussions with UN Security Counsel Committee. In this connection we would much appreciate if you could render us all possible assistance we may need in these discussions, such as preparation of necessary materials and expert judgments, as well as your participation in the talks."); memorandum dated 10/17/02, from Mr. Chalmers to Mr. Lyssenko in response, Bates BAY04-01018-20 ("[K]ey Bayoil personnel, including myself, have been recently corresponding and meeting with appropriate U.N. and Committee officials for the purpose of conveying industry concerns over recent pricing disputes .... [W]e are pleased to learn from your letter ALFA-ECO's interest to also take a pro-active approach with key U.N. officials to support changes in methods for establishing the price mechanisms ...."); memorandum dated 10/28/02, from Mr. Chalmers to Mr. Lyssenko, Bates BAY04-01325 ("[F]eel free to use any excerpts of our text and information for onward submission to SOMO.").

[117] *See, e.g.*, memorandum dated 10/29/02, from David Chalmers of Bayoil to SOMO, Bates BAY04-01008-09; memorandum dated 10/29/02, from David Chalmers of Bayoil to SOMO, Bates BAY04-00273-74; memorandum dated 12/4/02, from David Chalmers of Bayoil to SOMO, Bates BAY04-02158-61.

[118] *See, e.g.*, memorandum dated 2/2/03, from David Chalmers of Bayoil to SOMO, Bates BAY04-00617-23 (regarding "Your monthly discussion with U.N. Overseers on OSP calculations for January (U.S. destinations)"); memorandum dated 2/24/03, from David Chalmers of Bayoil to SOMO, Bates BAY04-00645-49; memorandum dated 2/24/03, from David Chalmers of Bayoil to SOMO, Bates BAY04-00615-16; memorandum dated 2/26/03, from David Chalmers of Bayoil to SOMO, Bates BAY04-00652-54; memoranda dated 2/27/03, from John Overbey of Bayoil to U.N. Overseers, Bates BAY04-00638-41; memoranda dated 2/27/03, from John Irving of Bayoil to Matthew McManus of the U.S. State Department, Bates BAY04-00636-37 and 02148-49; email dated 2/27/03, from Jean Johnston of Bayoil to Mr. McManus (forwarding materials to Mr. McManus); email dated 3/10/03, from Mary Jenkins of Bayoil to Matthew McManus and D.E. Kirsch of the U.S. Statement Department, Bates BAY04-00598 (attaching 4 documents); email dated 3/10/03, from Mary Jenkins of Bayoil to Matthew McManus and D.E. Kirsch of the U.S. Statement Department, Bates BAY04-00602 (attaching 4 documents); email dated 3/13/03, from David Chalmers of Bayoil to Benon Sevan of the U.N. Office of Iraq Programme, with a copy to Matthew McManus and D.E. Kirsch of the U.S. Statement Department, Bates BAY04-002115-18 (together with an email of the same date from Jean Johnston of Bayoil to D.E. Kirsch of the U.S. State Department forwarding the memorandum); memorandum dated 3/3/03, from John Overbey to U.N. Overseers, regarding "Additional Points of Consideration with respect to the Methodology of Assessing Sour Market Prices ..."; email dated 3/10/03, from Mary Jenkins of Bayoil to U.N. Overseers regarding "OSP Correspondence," Bates BAY04-00597 (attaching 4 documents).

[119] Memorandum dated 3/15/03, from David Chalmers of Bayoil to the Iraqi Minister of Oil Amer Rasheed ("I would like to inform you that our company and others, have been recently corresponding to key U.N. officials, and 661 Representatives, regarding the recent difficulties experienced by S.O.M.O., with respect to obtaining approval from The Overseers for formula prices which reflect the actual market circumstances. It is in our view that these initiatives will shortly lead to more flexibility by The Overseers, and thus would hope to likewise see support from S.O.M.O. by submitting price formulas consistent with our recommendations.").

called "MEDNAFTA" to send suggested language to SOMO regarding an upcoming OSP.[120] Bayoil also contacted a well-known industry research group and asked it to weigh in with "relevant authorities" against retroactive pricing.[121]

On March 13, 2003, Bayoil sent a lengthy memorandum to the U.N. Office of Iraq Programme, with a copy to the U.S. State Department, again complaining about the U.N.'s pricing practices and failure to respond to industry concerns.[122] The memorandum states that the U.N. Overseers are "in a deliberate and prejudicial way ignoring and/or discounting market information/analysis from certain companies (including Bayoil)"; they are "pre-advis[ing] S.O.M.O. of the price formulas S.O.M.O. must submit to gain their approval"; and there has been "a complete breakdown in confidence by the industry participants in the program." The memorandum states that "Bayoil has no other choice than to immediately cease participation in the program, and support others to do likewise." Bayoil also provided a copy of a memorandum that it had sent on the same day to the U.N. Overseers accusing them of prejudice and notifying them that Bayoil "has initiated a formal protest to the U.N. Office of Iraqi Programme, the 661 committee, and key member representatives about your actions."[123]

Despite its threat to cease participation in Iraqi oil sales, Bayoil continued to buy Iraqi oil and engage in additional lobbying efforts throughout 2003, continuing even after the United States invaded Iraq and displaced the Hussein regime.

Bayoil's lobbying efforts targeted U.N., Iraqi, and U.S. officials with an unrelenting stream of documents over a 7 year period. This evidence shows that it was not just foreign countries that were lobbying U.N. officials in support of Iraq's pricing proposals and against U.S. efforts to stop surcharges – a U.S. company was also an aggressive, behind-the-scenes participant that supported the efforts of Iraq and other countries in opposition to U.S. interests.

D. BAYOIL PARTICIPATION IN BOYCOTT OF ISRAEL

Evidence obtained by the Subcommittee Minority Staff establishes that Iraq, under the Hussein regime, prohibited the sale of Iraqi-origin oil to Israel, and that Bayoil complied with this prohibition. Bayoil's actions appear to violate U.S. laws prohibiting U.S. companies or their foreign affiliates from complying with boycotts not approved by the United States.

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[120] *See* memorandum dated 2/7/03, from David Chalmers of Bayoil to Oscar Wyatt of Nucoastal, and an email with the same date, from Mary Jenkins of Bayoil to "ow," appearing to transmit the memorandum, Bates BAY04-00631-33 ("Pursuant to our telecons, please find below suggested text to S.O.M.O. Please forward to MEDNAFTA to forward to S.O.M.O.").

[121] *See, e.g.*, email dated 2/27/03, from Jean Johnston of Bayoil to Larry Goldstein of the Petroleum Industry Research Association (PIRA), forwarding an email of the same date from John Overbey of Bayoil to Mr. Goldstein, Bates BAY04-00635 (Mr. Overbey stated in part: "With respect to our earlier conversations and correspondence on our concerns over the changing methodology being applied recently by the Overseers and the consequential competitive disadvantage as compared to other foreign supplies, we would like to provide you with some of our recent correspondence to the United Nations and State Department on this matter. ... We are hopeful you will concur with our position in this matter and relay your professional recommendations to the relevant authorities, during this week, while the market circumstances are being evaluated by the U.N."). PIRA had previously sent a paper to the U.S. State Department critical of retroactive pricing. See "Iraqi Oil: A Love-Hate Relationship," by the Petroleum Industry Research Foundation (June 2002); and a Bayoil fax dated 7/1/02, from Ken Vestal to David Chalmers of Bayoil, Bates BAY04-01040-48 (indicating the report had been sent to the U.S. State Department). See also memorandum dated 3/7/02, from Ken Vestal to David Chalmers of Bayoil, Bates BAYOILUSA 015022 (referencing a discussion with "PIRA" about retroactive pricing).

[122] Memorandum dated 3/13/03, from David Chalmers of Bayoil to the U.N. Office of Iraq Programme, Bates BAY04-01288-91, together with a document showing a number of emails, dated 3/13 and 3/14/03, showing that the memorandum had been sent to the U.N. Office of Iraq Programme; and memorandum dated 3/13/03, from David Chalmers of Bayoil to the U.N. Oil Overseers, Bates BAY04-01292-93.

[123] Memorandum dated 3/13/03, from David Chalmers of Bayoil to the U.N. Oil Overseers, Bates BAY04-01292-93.

U.S. Laws Prohibiting Boycotts. The Export Administration Act (EAA) and the Ribicoff Amendment to the 1976 Tax Reform Act (TRA), this country's two major anti-boycott laws, prohibit all U.S. persons, including their foreign affiliates, from participating in boycotts of foreign countries that the United States does not sanction.[124] Violation of the Department of Commerce Export Administration Regulations (EAR) implementing these anti-boycott laws can result in civil penalties or, in the case of "knowing" violations, criminal penalties of up to $50,000 or five times the value of the exports involved, whichever is greater, and imprisonment of up to 5 years. Violations of the TRA can also lead to the loss of tax benefits.

Bayoil Conduct. On September 9, 1999, Augusto Giangrandi, on behalf of Bayoil, wrote to the Iraqi Oil Ministry and SOMO to confirm Bayoil's interest in purchasing "a minimum of 10,000,000 barrels of basrah light crude oil" during the sixth phase of the OFF program. He also expressed Bayoil's interest in purchasing "20-30 million barrels minimum every six months."[125] On the same date, again acting as "Chairman, For and on behalf of Bayoil Supply & Trading Limited (BOTCO, Bahamas)," Mr. Giangrandi wrote the following note, which he signed and had notarized:

> "TO WHOM IT MAY CONCERN
> We herewith confirm never to have sold directly or indirectly to Israel and further confirm that this policy will remain permanently in force during the entire validity of our contract."[126]

Iraqi Policy of Prohibiting the Sale of Iraqi Oil to Israel. Subcommittee interviews with high-ranking officials of the Hussein regime confirm that, during the sanctions period, it was Iraq's policy to prohibit the sale of Iraqi oil to Israel. One senior official in the Oil Ministry during the Hussein regime stated that the initial drafts of the standard contract written by SOMO for crude oil to be purchased under the OFF program contained a clause explicitly prohibiting the purchaser of the Iraqi oil from subsequently selling the oil to Israel.[127] This high-ranking official persuaded SOMO not to include this explicit prohibition in the standard contract because, in his view, it would have been objected to by the United Nations and thereby impede Iraq's ability to sell its oil under the OFF program.

Instead, SOMO drafted standard contract language containing the following clauses regarding the destination of any crude oil purchased from SOMO:

> "1. BUYER shall at all times comply with all the laws, regulations and rules of the Republic of Iraq relating to destination of crude oil purchased hereunder in force from time to time.
>
> "2. BUYER undertakes that all laws, regulations and rules of the Republic of Iraq shall apply to the vessels employed by him to transport crude oil covered by this Contract.

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[124] See, e.g., 15 CFR Chapter VII, Subchapter C, Part 760; 26 USC § 908. The EAA also requires persons to report requests they have received to comply with a boycott. The TRA requires taxpayers to report operations in or with or related to a boycotting country or requests to participate in or cooperate with an international boycott.

[125] Letter dated 9/9/99, from Augusto Giangrandi, Chairman, For and on behalf of Bayoil Supply & Trading Limited (BOTCO, Bahamas) to Ministry of Oil, State Oil Marketing Organization, Bayoil Bates Number SNT045424. Although Giangrandi's signature block states he is writing the letter for and on behalf of Bayoil, Bahamas, the letter blurs any distinction between the affiliated Bayoil entities. The letter states, "We are prepared to contract with you through our Bahamian company or any of our affiliates."

[126] Letter dated 9/9/99, from Augusto Giangrandi, Chairman, For and on behalf of Bayoil Supply & Trading Limited (BOTCO, Bahamas) to Ministry of Oil, State Oil Marketing Organization, Bayoil Bates Number SNT045426. Sergio Carlini, Director of Italtech, signed an identical pledge: "We herewith confirm never to have sold directly to Israel and further confirm that this policy will remain permanently in force during the validity of our contract." Letter dated 9/8/99, from Sergio Carlini to Whom It May Concern.

[127] Subcommittee Interview of Senior Iraqi Official No. 1 (4/17/05).

> "3. BUYER undertakes, whenever required, to submit to SELLER or his representative within a reasonable time, the discharge certificate of each shipment duly endorsed by the Iraqi Representation (or any other acceptable representation) in the country of destination."[128]

Although this language did not expressly mention Israel, it could be interpreted as seeking to accomplish a boycott of Israel in a manner that would not be so obvious to U.N. officials or U.N. member states.

Many of the contracts that Bayoil entered into for the purchase of Iraqi oil from Iraqi oil allocation holders contained similar language:

> "THE BUYER UNDERTAKES THAT THE CRUDE OIL DELIVERED UNDER THIS AGREEMENT SHALL NOT BE IMPORTED BY ITSELF OR OTHERS TO ANY DESTINATION PROHIBITED BY THE GOVERNMENT'S COUNTRY IN WHICH THE CRUDE OIL WAS PRODUCED WITHOUT SELLER'S PRIOR ACCEPTANCE."[129]

A prominent Iraqi businessman who did business in Iraq during the Hussein regime told the Subcommittee that he was familiar with the Iraqi oil trade during the OFF program. This individual stated it was necessary for persons seeking to purchase Iraqi oil to show they were not doing business with Israel in order to obtain a contract from SOMO.[130]

Interviews with some of the most senior officials in the Hussein regime also confirm that Iraq prohibited the sale of its oil to Israel. In an interview with the Subcommittee, Iraqi Vice President Taha Yasin Ramadan explicitly stated that Iraq would not sell oil directly to Israel. "Everyone in Iraq would object to the sale of oil directly to Israel," Ramadan stated.[131] Subcommittee staff then noted that Iraq would not sell oil directly to the United States but permitted Iraqi oil to be sold to buyers who then sold it to the United States. When asked whether Iraq would allow a company to purchase Iraqi oil if Iraq knew that the eventual destination was Israel, Ramadan replied:

> "Israel and the United States are totally different situations. Israel is an enemy of Iraq. Of course we would object if the oil were eventually going to Israel. And if we ever found out that somewhere down the road the oil would end up in Israel, we would never sell to them again."[132]

Former Presidential Secretary Abid Hamid Mahmoud al-Tikriti, who was in charge of Saddam Hussein's personal security, also stated that Saddam Hussein would not permit Iraqi oil to be sold, either directly or indirectly, to Israel. Mr. Mahmoud stated:

> "If Saddam or Taha Yasin knew that some of the oil would be going to Israel, they would not allow it. They were all extremists on that issue. They all knew Saddam's

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[128] Article Eleven of Section Two (General Conditions) of the SOMO standard Crude Oil Sales Contract. See, e.g., SOMO Crude Oil Sales Contract, 1996, Bates BAY04-01642-72. One contract in the Bayoil files had two page elevens–one with the above language for Article Eleven, and the other with an additional clause preceding the three requirements listed above: "Except to the extent inconsistent with the laws of BUYER'S country and the laws applicable to the Banque Nationale de Paris." See Bates BAY04-01534.

[129] See, e.g., unsigned contract between Bayoil and Omni Oil Company, July 26, 2001; unsigned contract between Bayoil and Emiroil Est, August 3, 2001; unsigned contract between Bayoil and Gulf Petroleum Limited, August 14, 2001; unsigned contract between Bayoil and Gulf Oil and Gas International Corporation, September 6, 2001; unsigned contract between Bayoil and Rosnefteimpex NK "Rosneft," September 25, 2002.

[130] Subcommittee interview of Iraqi Detainee No. 1 (4/16/05).

[131] Subcommittee interview with Taha Yasin Ramadan (4/18/05).

[132] Id. Iraq has been in a permanent state of war with Israel since Israel became an independent state in 1948.

position and they agreed on it. All of the ministers were extremists on this issue. If they deny it, I will call them a liar."[133]

Possible Continuation of Boycott. Bayoil documents indicate that key SOMO officials may have attempted to continue the boycott of Israel even after Saddam Hussein was deposed. In the summer of 2003, for example, following the fall of the Hussein regime, Bayoil began to market itself to SOMO officials, the Oil Ministry, and officials working with the Coalition Provisional Authority to rehabilitate Iraq's oil industry.[134] In an email to Bayoil's president on October 25, 2003, Bayoil's John Irving relates a conversation he had with the SOMO director of marketing and a person who appears to be another senior SOMO official.[135] While most of the email discusses matters related to pricing and marketing information, Item number seven reads as follows: "7) I respectfully asked him if policy towards Israel had changed and he said 'NO!'" This evidence suggests that the policy of attempting to prohibit the sale of Iraqi oil to Israel may not have ended.

E. STOPPING THE SURCHARGES

From virtually the day Saddam Hussein began demanding that Oil-for-Food contractors pay illegal surcharges on contracts to buy Iraqi oil, the United Nations and its member states learned of these demands and tried to end this abuse of the OFF program. Major questions are how Saddam Hussein was nevertheless able to collect $228 million in surcharges over a 2 year period, what actions were taken to stop the surcharges, and what lessons can be learned from this experience.

At the Subcommittee's February 15, 2005 hearing, U.S. Ambassador to the United Nations for Management and Reform Patrick F. Kennedy delineated the responsibilities of the member states in enforcing the Iraqi sanctions and the Oil-for-Food program requirements:

> "The United Nations, first and foremost, is a collective body comprised of its 191 members. A fundamental principle inherent in the U.N. Charter is that all member states will uphold decisions taken by the Security Council. The effectiveness of the sanctions regime against Iraq and the integrity of the oil-for-food program depended completely on the ability and willingness of member states to implement and enforce the sanctions. In this regard, member states had the primary responsibility for ensuring that their national companies and their citizens complied with the states' international obligations."[136]

The evidence indicates that, while the United Nations and several of its member states, including the United States and the United Kingdom, aggressively worked to try to prevent Iraq from imposing surcharges, there was virtually no effort by the United States to ensure that U.S. nationals were not paying surcharges. The United States imported about half the Iraqi oil exported during the surcharge period, and U.S. shipments of Iraqi oil accounted for about half of all the surcharge payments during this period. The United States' failure to determine whether U.S. nationals were paying the illegal surcharges amounts to an abdication of its responsibility to enforce the Iraqi sanctions.

1. Awareness of Surcharges

In late 2000 and early 2001, senior Iraqi officials openly discussed their desire to impose a 50-cent surcharge and, when that appeared infeasible, a 40-cent surcharge on OFF contracts to buy

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[133] Subcommittee interview of Abid Hamid Mahmoud al-Tikriti (4/19/05). The translator for this interview explained that the word "extremist" in this context is akin to "hard-line," or "absolutist," and does not imply a viewpoint that is not within the Iraqi political mainstream.

[134] See, e.g., draft memorandum dated 6/5/03, from Bayoil to SOMO, Oil Minister, and the Iraqi Oil Advisory Board.

[135] Email dated 10/25/03, from Bayoil's John Irving to David Chalmers, 5:18 AM.

[136] "The United Nations' Management and Oversight of the Oil-for-Food Program," hearing before the U.S. Senate Permanent Subcommittee on Investigations (2/15/05), testimony of Ambassador Patrick F. Kennedy.

Iraqi oil.[137] Oil buyers immediately complained to the United Nations. Numerous articles about the surcharge issue appeared in the world press. Iraq even halted exports for several weeks in December in an unsuccessful, but very public, attempt to exert leverage on oil companies and the United Nations to authorize the payment of surcharges.

In late November 2000, as explained earlier, SOMO proposed a very low Official Sales Price (OSP) for Iraqi oil that would be sold in December. The United States expressed immediate concern about the low price due to the surcharge demands. A U.S. State Department cable reported that the U.N. Oil Overseers had refused to endorse the submitted prices because it "WOULD CREATE AN OPPORTUNITY FOR UNAUTHORIZED REBATES TO IRAQ BY UNSCRUPULOUS OPERATORS OUTSIDE THE OIL-FOR-FOOD PROGRAM."[138] The cable warned that Iraq was threatening to cut off its oil supplies if the U.N. 661 Committee did not agree to SOMO's proposed prices. It instructed our Embassies in Moscow and Paris to inform their host governments that Iraq was "BLATANTLY THREATENING THE SECURITY COUNCIL AND SEEKING TO DISRUPT WORLD MARKETS," the "U.S. SEES ITS NATIONAL INTERESTS IMPLICATED IN THIS IRAQI BEHAVIOR," that "THE U.S. IS DETERMINED TO SEE IRAQ FAIL IN THIS EFFORT," the U.S. was "WILLING TO WORK WITH YOU AND OTHERS TO PROTECT OUR COMMON INTERESTS," and that "THE SECURITY COUNCIL MUST STAND UNIFIED AGAINST THIS CHALLENGE TO THE COUNCIL'S AUTHORITY."[139]

On December 13, 2000, another U.S. State Department cable reported Iraq was still attempting to collect illegal surcharges:

> "RECENT PRESS REPORTS INDICATE THAT IRAQ IS ONCE AGAIN ATTEMPTING TO IMPOSE A SURCHARGE ON OIL BUYERS TO BE PAID INTO AN ACCOUNT NOT CONTROLLED BY THE UN. THE US BELIEVES SUCH AN ACTION–WHICH IS INTENDED TO EVADE UN SANCTIONS, DIVERTS FUNDS FROM THE OIL FOR FOOD PROGRAM AND PROVIDE THE BAGHDAD REGIME WITH A SOURCE OF ILLICIT INCOME–MUST BE STRONGLY OPPOSED. A NUMBER OF SHIPS ARE WAITING TO LOAD IRAQI OIL BUT HAVE NOT DONE SO, LENDING CREDENCE TO THE REPORTS THAT IRAQ IS DEMANDING THE SURCHARGE AND OIL PURCHASERS ARE BALKING.
>
> * * *
>
> "WE ALL NEED TO BE VIGILANT TO IRAQ'S ATTEMPTS TO OBTAIN A SOURCE OF FUNDS NOT UNDER UN CONTROL.
>
> * * *
>
> "WE ISSUED A PRESS STATEMENT ON DECEMBER 12 INTENDED TO ENSURE THAT OIL BUYERS KNOW THAT PAYING A SURCHARGE TO IRAQ IS NOT AUTHORIZED AND THAT THEY ARE UNDER CLOSE SCRUTINY."[140]

On December 15, 2000, the U.N. 661 Committee issued a notice to all buyers of Iraqi oil stating:

> 1) The sanctions committee has not approved a surcharge of any kind on Iraqi oil.
> 2) Payments for purchasing Iraqi crude oil cannot be made to a non-UN account.
> 3) Therefore, buyers of Iraqi oil shall not pay any kind of surcharge to Iraq."[141]

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[137] See Section IIA of this Report.

[138] Unclassified U.S. State Department cable (11/22/00), STATE224156.

[139] Id.

[140] Unclassified U.S. State Department cable (12/14/00), STATE236493.

[141] United Nations 661 Committee fax dated 12/15/00, from the U.N. Oil Overseers to "Buyers of Iraqi Crude Oil," No. S/AC.25/2000/OIL/1330/FAX.

On January 8, 2001, the Oil Overseers reported to the U.N. 661 Committee that they had received numerous reports from the oil industry that Iraq was attempting to collect a 50-cent surcharge, and there had been a significant drop in Iraqi oil exports over the previous weeks due to the reluctance of oil purchases to pay the surcharges demanded.[142] The Oil Overseers indicated they had received these reports directly from oil traders and oil companies, and had also read similar reports in the oil industry trade press. The Oil Overseers told the U.N. 661 Committee that as a result of the precipitous drop in exports following the imposition of the 50-cent surcharge, Iraq had lowered the surcharge to 40-cents-per-barrel.

2. Stopping the Surcharges Through OSP Pricing

A few months after the surcharges began, some members of the U.N. 661 Committee began urging the Committee to use OSP pricing policies to stop the surcharges. On February 7, 2001, for example, the United States Mission to the U.N. formally requested the U.N. Oil Overseers to report on the surcharge issue.[143] The U.S. letter stated, "It is important that the overseers not recommend to the Committee a pricing mechanism that leaves room for a surcharge." The letter asked the Overseers to report on "whether or not there is room in the most recent pricing mechanisms proposed by SOMO for imposition of a surcharge."

On February 13, 2001, the U.N. Oil Overseers reported to the U.N. 661 Committee on SOMO's proposal for a February Official Sales Price (OSP) for Iraqi oil.[144] The Overseers noted that buyers of Iraqi oil were being asked to pay "a substantial premium over OSP's; say between 20 and 70 cents a barrel," and that "in absence of end-users paying premia of at least around 20-25-cents-per-barrel," Iraq was declining to export the oil. The Overseers recommended that the OSP for Iraqi oil be revised more frequently than once a month in order to prevent the difference between the market price of Iraqi oil and the OSP from growing large enough to allow surcharges to be imposed on top of the OSP.

On February 20, 2001, the Overseers responded to the U.S. Mission's request for a report on the surcharge issue.[145] The Overseers noted, "Many of the current contract holders seem to be intermediaries who are not known in the petroleum industry. They are very small in size and seem to have limited credit facilities. This means that, due to the large sums of money involved, they often cannot open letters of credit and/or charter ships on their own account." End-users, such as oil refineries, were generally unwilling to purchase directly from these contract holders due to their limited assets and "the limited possibility for compensation in the event of non-performance." Accordingly, the Overseers reported, the contract holders usually sold their oil to larger trading companies, which then sold the oil either to other trading companies or directly to the end-users. The Overseers explained that this scheme tended to inflate prices to the end-users, since each intermediary would raise the price of the oil to capture a profit. The Overseers wrote:

> "[S]ince December, end-users can consistently only buy Iraqi crude oil at a premium of 20-50 cents per barrel over the OSP .... To what extent, if any, these premia are being used to pay illegal surcharges to Iraq is unknown to the Oil Overseers. . . . However, direct contacts with traders and end-users in the oil industry confirm in broad terms what has been written in the professional press on this matter."

Through the spring and into the summer of 2001, the Oil Overseers became increasingly critical of SOMO's price proposals and urged SOMO to propose higher OSPs. Individual U.N. 661

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[142] See 661 Committee minutes; Subcommittee interview of Oil Overseer (5/3/05).

[143] See U.S. Mission letter to the U.N. 661 Committee (2/6/01).

[144] See "Letter dated 13 February 2001 from the Overseers addressed to the Chairman of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait," S/AC.25/2001/OIL/COMM.06.

[145] See "Letter dated 20 February 2001 from the Overseers addressed to the Chairman of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait," S/AC.25/2001/OIL/COMM.07.

Committee members took different sides of the issue, with the U.S. and U.K. members supporting higher OSPs, and the Russian and Chinese members supporting SOMO's recommendations as reasonable. A U.S. State Department cable sent on March 16, 2000, reported:

> "EVEN WITH A GENERAL CONSENSUS IN THE [661] COMMITTEE THAT THESE ILLEGAL PAYMENTS ARE UNDERMINING THE OIL-FOR-FOOD PROGRAM AND THE UN SANCTIONS ON IRAQ, IT BECAME CLEAR THAT OUR PROPOSALS WILL BE DIFFICULT TO SELL."[146]

In early August, the British proposed that the OSP be revised every 10 days, but the United States objected on the grounds that such frequent pricing would disrupt the oil markets. Several weeks later, the U.S. and U.K. agreed on a proposal to revise the OSP every 15 days. Russia and China objected to the U.S.-U.K. proposal, insisting that pricing remain on a monthly basis. "In principle, we don't like any change in the existing scheme, Russia's deputy representative to the U.N. stated. 'Oil exporters will experience difficulties in signing and fulfilling contracts.'"[147] An official Iraqi newspaper stated, "Iraq is committed to prevent any change in what has been agreed concerning the fixing of the price of crude every 30 days."[148]

The U.N. 661 Committee stalemated on the U.S.-U.K. pricing proposal. The issue was elevated to the U.N. Security Council in mid-September, but the Security Council was no more able to resolve the issue than the 661 Committee. Unable to obtain consensus on either a pricing approach or the duration of the OSPs, in or around October 2001, the U.S. and U.K. 611 Committee members began employing a delaying strategy that effectively achieved their aims. In essence, the U.S. and U.K. 661 Committee members began delaying approval of all price proposals until the specified time period had almost passed and oil was already loaded onto the purchasers' vessels.[149] By waiting until after the buyers' ships had loaded the oil, the OSP for that loading could be adjusted to closely reflect actual market prices, thereby eliminating the market speculation that occurs when prices are set weeks in advance of a particular loading.[150]

This so-called "retroactive pricing" approach, which in effect was imposed by the United States and United Kingdom on the U.N. 661 Committee, succeeded in more closely aligning the OSP for Iraqi oil with world market prices, thereby eliminating the large profit margins that had allowed for the payment of illegal surcharges back to Iraq. In this respect, retroactive pricing "squeezed out" the surcharges.[151] The United States maintained its support for this approach until the end of the Oil-for-Food program in 2003, despite ongoing opposition from some U.S. companies, including Bayoil, as well as from some foreign companies and some members of the United Nations.

Due to divisions among members of the U.N. 661 Committee, it took 2 years for an effective pricing system to be developed and stop the surcharges. The State Department's U.S. Mission to the United Nations took the lead on this issue on behalf of the United States, and played an active and creative role in using retroactive pricing to stop the Iraqi surcharges. At the same time, the retroactive pricing approach never became the consensus position of the U.N. 661 Committee and continued to generate controversy.

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[146] Unclassified U.S. State Department cable (3/21/01), USUNN00674.

[147] "U.S. Supports Britain in Move to Tighten Pricing of Iraqi Oil," Washington Post (8/25/01).

[148] "Iraq Vows to Block British Bid to Change Oil Price Mechanism," Business Recorder (8/28/01).

[149] Subcommittee interview of U.N. Oil Overseer (5/3/05). The United Kingdom apparently developed and proposed the retroactive pricing proposal; the United States then strongly supported it.

[150] Retroactive pricing also eliminated SOMO's ability to alter loading dates to provide buyers of Iraqi oil with more favorable market conditions at the time of loading. Id.

[151] See Figure 2, "Iraqi Oil Production January 1999 - April 2003."

3. U.S. Failure to Exercise Oversight of U.S. Nationals Buying Iraqi Oil

At the same time U.S. officials aggressively pursued action at the United Nations to prevent Iraq from imposing illegal surcharges, the United States failed to take meaningful action to ensure that U.S. nationals were not paying those surcharges.

A preliminary issue is who had responsibility for monitoring compliance and taking action to enforce the Iraqi sanctions, including the provisions of the OFF program. U.N. Security Council Resolution 661 (1990) sets forth the basic responsibilities of U.N. member states in enforcing the trade embargo against Iraq imposed by the resolution. In Resolution 661, the Security Council decided that "all States shall prevent":

> "(a) The import into their territories of all commodities and products originating in Iraq ...
>
> "(b) Any activities by their nationals or in their territories which would promote or are calculated to promote the export or trans-shipment of any commodities or products from Iraq . . . [and]
>
> "(c) The sale or supply by their nationals or from their territories or using their flag vessels of any commodities or products, including weapons or any other military equipment, whether or not originating in their territories but not including supplies intended for strictly medical purposes, and, in humanitarian circumstances, foodstuffs, to any person or body in Iraq ... or to any person or body for the purposes of any business carried on in or operated from Iraq ...." [152]

U.N. Resolution 661 clearly assigned to Member states the responsibility to ensure that their own nationals acted in accordance with the terms of the resolution.

U.N. Security Council Resolution 986 (1995), which established the Oil-for-Food program, modified the Iraqi embargo in part by authorizing Member states to permit the import of Iraqi oil, subject to the approval by the U.N. 661 Committee of an application submitted by the State concerned, for each proposed purchase of Iraqi oil. Each application had to "includ[e] details of the purchase price at fair market value, the export route, the opening of a letter of credit payable to the escrow account . . . and of any other directly related financial or other essential transaction." Oil purchases were also conditioned on "[p]ayment of the full amount of each purchase of Iraqi petroleum and petroleum products directly by the purchaser in the State concerned into the escrow account to be established by the Secretary-General for the purposes of this resolution."[153]

Under the relevant Security Council resolutions, then, the responsibility for ensuring compliance with U.N. sanctions on Iraq rested with individual nations. This approach was in keeping with standard U.N. practice, since the United Nations has no law enforcement authority and no ability to take enforcement action against the nationals of a particular country. Only U.N. member states possess the legal authority to police individuals and entities within their jurisdictions.

U.N. Responsibilities. The U.N. offices and bodies charged with administering the Oil-for-Food program did have certain responsibilities for establishing program requirements, reviewing contracts and contractors, and monitoring – but not enforcing – program compliance.

The U.N. 661 Committee was assigned, for example, the responsibility to ensure that oil was purchased from Iraq "at fair market value." To assist in this function, the U.N. 661 Committee employed three international oil experts, the U.N. Oil Overseers, to evaluate and make recommendations on whether SOMO's proposed oil prices met that standard. In addition, the U.N. 661 Committee was responsible for reviewing and approving or disapproving each contract to be issued under the OFF program. The United Nations also established an Office of Iraq Programme

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[152] U.N.S.C.R. 661 (1990).

[153] U.N.S.C.R. 986 (1995).

(OIP) to carry out various administrative functions essential to effective program operation. For example, the United Nations, through the OIP, contracted with one inspection company, Saybolt, to ensure that only authorized amounts of oil were loaded onto ships pursuant to U.N.-approved oil export contracts, and another inspection company, Cotecna, to "authenticate" humanitarian goods delivered to Iraq to ensure those delivered goods matched the ones actually purchased by Iraq under U.N.-approved import contracts. The U.N. 661 Committee also worked with the Maritime Interdiction Force to stop ships from violating the U.N. trade embargo by smuggling goods into or out of Iraq by sea.

Like the U.N. Security Council, the U.N. 661 Committee consisted of representatives from the Council's member states, including the United States. Throughout the OFF program the U.N. 661 Committee operated under the principle of consensus voting – any single member could veto proposed Committee action. Hence, during the OFF program, it was the U.N. 661 Committee member states, rather than the United Nations itself, that bore ultimate responsibility and accountability for Committee actions.

It was also clear throughout the OFF program, that the U.N. 661 Committee, OIP, the Oil Overseers and other U.N. personnel had neither the authority nor the resources to conduct meaningful, affirmative investigations into OFF wrongdoing – to determine, for example, whether approved OFF contractors or others were paying illegal surcharges to the Iraqi government outside of U.N. control or engaging in other acts of corruption.[154] None of the U.N. offices were assigned or expected to perform that type of affirmative oversight.[155] Even basic requests for information about specific allegations of wrongdoing usually had to be funneled through individual member states with the authority to compel their nationals to respond to U.N. inquiries.

Nevertheless, on several occasions when allegations and evidence of specific acts of wrongdoing were brought to the attention of U.N. offices, they responded by attempting to gather more information; informing relevant member states about the allegations and informally asking them to gather more information or investigate the matter; or by formally referring the matter to the U.N. 661 Committee which, in turn, could formally request relevant member states to investigate the allegations.[156] This general approach, in which U.N. personnel did not affirmatively investigate wrongdoing but instead referred matters to member states, reflects the standard division of responsibilities between the United Nations and its member states. In general, under U.N. practice, it is the responsibility of the member states to investigate and take appropriate enforcement action against individuals and entities within their jurisdictions.

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[154] Subcommittee interview of U.N. Oil Overseer (5/3/05).

[155] Id. Benon Sevan, the OIP Director, consistently took this position. For example, in 1998, after giving a speech and in answer to a question about whether the United Nations was taking action to prevent contract kickbacks or illegal smuggling of oil or spare parts, Mr. Sevan responded as follows:

> "I'd like to clarify from the beginning that while we have an observation mechanism, we are not a policing mechanism. It is not my job or my colleagues' job to try to police as to what is happening outside the program. There are other organizations and other mechanisms established around Iraq which take care of those things in terms of smuggling, et cetera, so therefore, it's not up to my job, to my colleagues to do it.
>
> We just try to make sure that our observation mechanism and monitoring, we have a very good monitoring system in place regarding the arrival and utilization of spare parts, which was agreed by the council itself, by all the members, to make sure that things are used for the purpose they were authorized for.

Benon Sevan, Remarks Before the Middle East Institute (11/16/98). Benon Sevan made similar statements in several U.N. 661 Committee meetings, reflected in Committee minutes.

[156] Subcommittee interview of U.N. Oil Overseer (5/3/05). The 661 Committee followed this practice, for example, when the captain of the oil tanker Essex informed the United Nations that his ship was carrying more Iraqi oil than had been authorized by its U.N.-approved contract. After obtaining his statement and supporting evidence, the 661 Committee requested that France and the Netherlands investigate and report back on the activities of certain nationals alleged to have been involved in the wrongdoing. A similar procedure was followed when the U.N. Oil Overseers received specific evidence of allegations involving a Swiss company, Glencore International AG and asked the Swiss Government to investigate and report on its findings. See, e.g., Letter dated 8 October 2001 from the Permanent Observer Mission of Switzerland to the United Nations Addressed to the Chairman, 661 Committee document S/AC.25/2001/COMM 465.

These basic principles played out in the context of the surcharge issue. The United States aggressively used its position and authority as a U.N. 661 Committee member to devise policies that made it difficult for Iraq to impose and collect illegal surcharges. The United States did not, however, provide a similar level of effort outside the 661 Committee in discharging its responsibilities to ensure its own nationals were not paying illegal surcharges.

U.S. Responsibilities. With respect to sanctions on Iraq, several U.S. executive branch agencies had roles in carrying out and enforcing U.S. law and policy regarding U.N. and U.S. sanctions on Iraq and the Oil-for-Food program.

Most prominent was the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) which administers over two dozen sanctions programs that the United States has imposed, including sanctions on Iraq.[157] According to the OFAC website:

> "...[OFAC] administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction. OFAC acts under Presidential wartime and national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze foreign assets under US jurisdiction. Many of the sanctions are based on United Nations and other international mandates, are multilateral in scope, and involve close cooperation with allied governments."[158]

To carry out its responsibilities, OFAC has about 140 employees engaged in licensing, compliance, and enforcement activities.

In January 1991, OFAC promulgated comprehensive regulations to implement U.N. Security Council Resolution 661 and the related U.S. Presidential Executive Orders imposing a trade embargo on Iraq.[159] Following the passage of Resolution 986, which created the Oil-for-Food program, OFAC amended its regulations to allow persons to apply to OFAC for specific licenses, on a case-by-case basis, to purchase oil from the Government of Iraq "in accordance with the provisions of U.N. SC Resolution 986, other relevant Security Council resolution, the Memorandum of Understanding, and other guidance issued by the 661 Committee."[160] A specific license to purchase oil from Iraq granted the licensee authority "to perform a contract approved by the 661 Committee or its designee in accordance with its terms."[161] Hence, for U.S. nationals, it was not only a U.N. requirement, but a requirement of U.S. regulations that U.S. persons comply with the OFF program.

According to OFAC, "All U.S. persons must comply with OFAC regulations, including all U.S. citizens and permanent resident aliens regardless of where they are located."[162] Fines for

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[157] For more information on OFAC's role in implementing the United States' sanctions against Iraq, see testimony of Juan Carlos Zarate, Assistant Secretary of the Treasury for Terrorist Financing and Financial Crimes, before the Subcommittee (11/15/04).

[158] United States Department of Treasury Office of Foreign Assets Control website, at http://www.treas.gov/offices/enforcement/ofac/.

[159] 31 C.F.R. Part 575 – Iraqi Sanctions Regulations (1991).

[160] 31 C.F.R. §575.523 (1996). OFAC also authorized the issuance of specific licenses to individuals assisting third-country persons obtaining oil from the Government of Iraq, id., at §575.522; providing humanitarian goods to Iraq, id. at §575.525; and providing oil-field equipment to Iraq, id. at § 575.523. OFAC provided a general authorization to persons to import Iraqi-origin oil if the oil had already been exported from Iraq in accordance with a contract that already had been approved by the 661 Committee, id. at §575.526.

[161] Id.

[162] U.S. Department of Treasury, Office of Foreign Assets Contol, Frequently Asked Questions, at http://www.treas.gov/offices/enforcement/ofac/faq/.

violating OFAC regulations "can be substantial."[163] Persons violating OFAC's Iraqi sanctions regulations, for example, were subject to civil penalties of up to $275,000 per violation and, for willful violations, criminal penalties of up to $1 million in fines and not more than 12 years imprisonment, or both.[164]

Several offices within the U.S. State Department also played key roles in the U.S. sanctions and OFF programs, including the U.S. Mission to the United Nations, which interacted directly with U.N. officials administering the OFF program; the Office of Economic Sanctions Policy, which handled a variety of compliance issues including reviewing OFF contractor applications and proposed contracts to ensure consistency with U.S. foreign policy; and the Energy Producing Country Affairs Division, which provided expertise on oil markets and OFF pricing issues. Experts from the U.S. Commerce Department and U.S. Energy Department also provided key advice and assistance. The U.S. State Department, however, had no regulatory authority or law enforcement responsibilities with respect to the application of Iraqi sanctions to U.S. persons.

Although each of these U.S. offices expended considerable resources on various aspects of the OFF program, virtually none of them exercised oversight over individual U.S. participants in the Iraq oil trade. The U.S. State Department, for example, does not usually engage in enforcement actions in U.S. sanctions programs. In fact, one U.S. State Department office told the Subcommittee that it operated under the philosophy that "in America you are presumed innocent until proven guilty," and maintained a policy of not questioning U.S. companies about their actions in Iraq. It told the Subcommittee that it made no inquiries into whether particular U.S. companies might have been paying surcharges.

OFAC, on the other hand, has a standing enforcement program. OFAC told the Subcommittee, however, that it considered the Iraqi sanctions program unique among the two dozen sanctions programs it administered, due to extensive U.N. involvement. OFAC officials indicated that, in their view, it was the United Nations, not the United States, that was responsible for administering Iraqi sanctions.[165] In addition, OFAC considered it to be the U.N.'s primary responsibility to monitor and enforce compliance. With respect to issues involving Iraqi oil, OFAC officials noted that OFAC did not have any expertise in oil pricing or the operation of international oil markets, while the United Nations had a panel of world-class experts, the Oil Oversees, to help it manage and oversee the OFF program. For that reason, OFAC indicated that it deferred to the United Nations on procedures to approve contractors and individual contracts.

OFAC's position on these issues suggests a fundamental misconception about the relative roles of U.N. and U.S. officials in ensuring sanctions compliance. OFAC apparently did not realize that, although the United Nations had the overall lead in administering the OFF program, U.N. member states retained the primary responsibility to ensure that their nationals complied with the sanctions and OFF programs. Moreover, from a legal perspective, U.S. persons and companies were not bound by U.N. requirements, but only by the laws and regulations promulgated by individual U.N. member states, which meant that U.S. oversight was essential to enforce compliance with U.S. laws and regulations imposing sanctions on Iraq. OFAC's misunderstanding of its enforcement responsibilities resulted in its devoting few resources to the oversight of U.S. participants in the OFF program, including Bayoil.

Failure to Scrutinize Activities of U.S. Nationals. A striking contrast exists between the active efforts of the United States within the U.N. 661 Committee to stop Iraq's illegal surcharges through setting OSP prices, and its failure outside of the 661 Committee process to exercise meaningful oversight to determine whether U.S. nationals were paying illegal surcharges. This U.S. failure is even more striking in light of U.S. proposals to increase U.N. 661 Committee standards and oversight for the companies seeking U.N. approval to obtain Iraqi oil contracts.

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[163] Id.

[164] 31 CFR § 575.701 (1997).

[165] Subcommittee interviews of OFAC officials (4/27/05 and 5/5/05).

To win an OFF contract, a person or company had to be designated a "national oil purchaser" by a specific U.N. member state. Member states 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 doing so.[166]

OFAC told the Subcommittee, however, that it viewed its role as a purely ministerial effort to ensure that the applicants were, in fact, U.S. companies and had correctly completed the registration forms. These forms required the applicant to provide only basic information–such as the name, address, and telephone number of the applicant. OFAC then sent the applications to the U.S. State Department which, in turn, forwarded them to the United Nations. OFAC told the Subcommittee that it assumed the United Nations was performing a more substantive screening, since the Oil-for-Food program was a U.N.-run program.[167] In contrast, the U.N. Oil Overseers told the Subcommittee that they, too, performed a ministerial review of the applications, because according to the procedures established by the 661 Committee, it was the responsibility of the Member states to determine the qualifications of their "national oil purchasers."[168] Moreover, once the U.N. signaled its approval of a particular application, OFAC automatically issued a U.S. license to the approved applicant to perform OFF contracts.

In a number of instances, within the 661 Committee the United States objected to various persons and entities that had been approved by other countries to obtain oil contracts with Iraq.[169] In 2001, as the United States became increasingly concerned that intermediary companies were being used by Iraq as conduits for illegal surcharges, the United States began to urge the U.N. 661 Committee to impose more stringent requirements for companies seeking Iraqi oil contracts, such as additional financial and registration requirements. The U.S. proposals were objected to, however, by other 661 Committee members, including Russia. One U.S. State Department cable, written in June 2001, reported:

> "RUSSIA OPPOSED SETTING INTERNATIONAL CRITERIA FOR COMPANIES ELIGIBLE TO PURCHASE IRAQI OIL AND MAINTAINED THAT NATIONAL MEASURES WERE ADEQUATE TO WEED OUT COMPANIES PAYING THE SURCHARGE."[170]

This cable also stated that the "national measures" taken to date had clearly been insufficient, as the surcharges were continuing:

> "THE U.S., UK, NORWAY AND IRELAND ARGUED THAT COLLECTIVE MEASURES WERE NECESSARY. NATIONAL MEASURES, ON WHICH THE SYSTEM RELIED AT PRESENT, WERE CLEARLY NOT SUFFICIENT SINCE IRAQ CONTINUED TO COLLECT SIGNIFICANT SURCHARGE."[171]

Despite the U.S. State Department's awareness that national measures taken to date had been insufficient to stop the Iraqi surcharges, the United States took no action to ensure its own enforcement office, OFAC, strengthened its oversight efforts. Instead, OFAC continued its minimal, ministerial approach to OFF oversight.

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[166] See 31 CFR § 575 (Subpart E).

[167] Subcommittee interviews of OFAC officials (4/27/05) and (5/5/05).

[168] Subcommittee interview of U.N. Oil Overseer (5/3/05).

[169] See, e.g., Subcommittee Staff Report on Oil Allocations Granted to the Russian Presidential Council (5/17/05), at 4.

[170] Unclassified U.S. State Department cable (6/5/01), USUNN01314.

[171] Id. It is perhaps worth noting that, by 2001, U.S. companies were no longer applying for or obtaining OFF contracts to buy Iraqi oil, due to the Iraqi policy barring direct contracts to U.S. interests. Thus, U.S. proposals would have affected only non-U.S. companies.

As indicated earlier, soon after the illegal surcharges began, they became a major topic at the United Nations and U.N. 661 Committee. They were also the subject of multiple media stories, industry articles, and academic analysis. For example, in early February 2001, the Middle East Economic Survey (MEES), a respected source of information on Middle Eastern energy issues, reported U.S. refiners were "buying the overwhelming majority of Iraqi oil exports," mostly through small companies and traders. The MEES noted that the U.S. companies were demanding written assurances that no surcharges had been paid on the oil, but also stated "Major consuming countries are turning a blind eye to Iraq's efforts to impose the surcharge, perhaps because Iraqi oil supplies are needed in order to help bring world oil prices down."[172]

On Sunday, February 18, 2001, a column in a major Washington newspaper expanded on the MEES analysis and explicitly identified intermediary companies in the Iraqi oil trade as the likely source of surcharge payments.[173]

> "Baghdad's take from [oil sales to Jordan, Turkey, Syria, and through the Persian Gulf] adds up to more than $1 billion a year. But this illicit loot wasn't enough for Saddam, and last November he got greedy. Baghdad announced that effective Dec. 1, companies buying Iraqi crude through the official 'oil-for-food' program would have to pay a 50-cent-per-barrel surcharge to a separate account controlled by the regime. Saddam apparently thought that with a tight oil market and rising prices, he could squeeze the major companies and force them to pay what amounted to a private kickback, according to Randa Takleddine, who covers oil for the Arabic daily Al Hayat.
>
> "But to Baghdad's surprise, TotalFinalElf and some other big companies that have been friendly with Iraq refused to pay. Official Iraqi exports plummeted – from about 2.1 million barrels per day in November to 1.2 million in December. As the oil market softened, the Iraqis cut the surcharge – first to 40 cents a barrel and then last month to between 25 and 30 cents. But still the majors wouldn't play – at least not directly.
>
> "In the shadows of the oil-trading world, however, a weird system has grown up over the past two months. Several dozen unknown companies have emerged as the main buyers of Iraqi crude. Based in places such as Belarus, Liechtenstein, and Malaysia, these appear to be 'nameplate' companies that exist only on paper. They apparently pay the surcharges and then sell Iraqi crude to established oil-trading firms. Giant oil companies then buy the Iraqi crude from the traders. The majors demand assurances that the traders haven't paid any surcharge, but as one analyst notes, 'some of these traders will sell their mother for a buck.'
>
> "And who's indirectly buying the Iraqi oil? American consumers, that's who. As of February, notes Khadduri's newsletter, 'US refiners . . . are buying the overwhelming majority of Iraqi oil exports.' The newsletter explains that 'ExxonMobil, BP and Texaco have taken the initiative to acquire oil through third parties,' while TotalFinalElf and some other European and Japanese majors 'are still shying away from Iraqi oil.'
>
> "The lesson for the Bush administration is that Saddam's regime is so hungry for cash that it's taking risks–and making mistakes."

This article broadcast the same surcharge analysis being discussed within the U.N. 661 Committee to a wider U.S. audience, but no U.S. agency responded by initiating an analysis to determine whether U.S. companies like Bayoil were financing illegal surcharges at the expense of American consumers.

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[172] "US Snaps Up Most Iraqi Oil Exports," Agence France Press (2/5/01).

[173] "Iraq Sanctions Ought to Target Saddam's Helpers," by David Ignatius, Washington Post (2/18/01).

The United States did take some general steps. For example, a week after the U.N. 661 Committee issued a directive warning all OFF participants not to pay surcharges on OFF contracts, OFAC issued similar guidance to OFAC licensees, warning them not to pay surcharges into Iraqi-controlled accounts.[174] A few months later, in April 2001, the U.S. State Department sent a similar warning to about two dozen U.S. companies active in the Iraqi oil trade.[175]

But aside from these general warnings, the Subcommittee Minority Staff has been unable to identify any action taken by any U.S. agency to determine whether U.S. companies were paying or financing illegal Iraqi surcharges. For example, neither OFAC nor the U.S. State Department ever conducted a survey or asked U.S. oil companies or traders for information about who was selling them Iraqi oil, what pricing mechanisms were being used, and whether they had been asked for or were aware of surcharges or commissions being paid on that oil. Despite a massive influx of Iraqi oil into the United States during the surcharge period – a 2-year period during which U.S. companies bought a significantly greater percentage of Iraq's oil than in past years[176] – neither OFAC nor the U.S. State Department made any specific inquiries to U.S. oil companies or traders that might have prevented or discouraged them from buying oil on which surcharges had been paid.

Failure to Examine Licensed Activity. The United States not only failed to conduct any affirmative inquiry into possible U.S. company involvement with the payment of illegal surcharges, the United States also failed to make use of its licensing authorities to obtain information about transactions in Iraqi oil.

OFAC is, again, the key office, since it was responsible for issuing the licenses allowing U.S. persons to engage in business transactions with Iraq. OFAC established detailed licensing procedures which applied to not only U.S. persons seeking to buy oil directly from Iraq, but also U.S. persons seeking to join efforts by non-U.S. persons to buy this oil.[177]

OFAC's regulations allowed U.S. persons, under a general license, to enter into contracts and contract negotiations with the Government of Iraq to purchase Iraqi oil, provided that contract performance was made contingent upon OFAC approval of the contract itself.[178] That meant U.S. persons were allowed to participate in contract negotiations with Iraq, provided they obtained U.S. and U.N. approvals before actually buying any oil.[179]

In theory, the U.S. licensing process provided multiple opportunities for contract oversight. Prospective contractors had to get a contingent contract to buy oil from the Iraqi government; submit it to OFAC for preliminary approval; if OFAC approved, OFAC sent the contract to the U.S. State Department to determine whether the proposed contract was consistent with U.S. foreign policy; if the U.S. State Department approved, the contract was sent to the United Nations; and if the United Nations approved, the contract was sent back to OFAC which then issued a specific license to buy the oil.[180] In practice, few U.S. companies applied for a license to buy oil from Iraq, due to the Iraqi

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[174] See OFAC "Guidance on Payments for Iraqi-Origin Petroleum Pursuant to Licensed Purchases," (12/22/00).

[175] See "State Department urges US oil firms to shun 'tainted' Iraqi crude," Agence France Presse (4/23/01). The U.S. State Department has told the Subcommittee that, to date, it has been unable to locate a copy of the document it sent out on this date.

[176] See Figure 6.

[177] OFAC regulations stated that if a U.S. person wanted to engage in transactions incidental to UNSCR 986 activities by a person not from the United States or Iraq – a so-called "third-country national" – that activity would also require specific OFAC licensing. 31 CFR § 575.418; see also 31 CFR §§ 575.523(d), 575.524(d), 575.525(d).

[178] 31 CFR § 575.522(a) (1997).

[179] Although U.S. persons could negotiate with Iraq for an oil contract, they were not allowed to travel to Iraq for that or any other purpose, without a separate OFAC license.

[180] Section 575.523(a) of the OFAC regulations provided that specific licenses may be issued on a case-by-case basis to permit U.S. persons to purchase oil from the Government of Iraq, and that such licensees were authorized to perform contracts approved by the U.N. 661 Committee in accordance with its terms. The requirement for a specific

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policy against issuing OFF contracts directly to American companies. Instead, most bought Iraqi oil indirectly, from someone other than the Iraqi government.

In the few cases where U.S. companies did apply for a license to buy Iraqi oil, OFAC told the Subcommittee that OFAC did not perform any substantive review of the contract terms, examine any pricing issues, or conduct any inquiry into the parties involved before issuing a license. In most instances, according to OFAC officials, a person who had obtained a contract with Iraq for the purchase of oil did not even submit a copy of that contract to OFAC when applying for a specific license to execute the contract. Instead, OFAC told the Subcommittee that its role in the process was purely ministerial, consisting primarily of forwarding the licensing application, with appropriate paperwork, to the U.S. State Department to determine whether the proposed contract was consistent with U.S. foreign policy. The U.S. State Department apparently also provided minimal oversight of OFF contracts to buy oil from Iraq.[181] Instead, oil contracts were forwarded to the United Nations, and it was left up to the United Nations to determine whether the terms of a specific contract were appropriate under the U.N. sanctions program.

OFAC also performed a cursory review of license applications submitted by U.S. persons seeking to assist third-party nationals in buying oil from Iraq. OFAC told the Subcommittee that, when processing these license applications, OFAC did not review or inquire into the identity of the third-country national or the nature of the transactions. In addition, according to OFAC, this license could be used to provide indirect assistance to third-party nationals who were not even named in the license. Thus, for example, when Bayoil USA obtained a license to assist its Bahamas affiliate to buy Iraqi oil, OFAC allowed Bayoil USA to use the same license to indirectly assist – through Bayoil Bahamas – other, unidentified third party nationals such as Italtech and various Russian companies which were also seeking to buy Iraqi oil. This approach meant that a license for a U.S. person to assist a third-country national to buy oil from Iraq was not used by OFAC to gather information about Iraq exports or U.S. business dealings in Iraq, but functioned simply as a *pro forma* registration requirement.

Failure to Examine Bayoil's Activities. The United States also failed to exercise any oversight of Bayoil. Bayoil was well known during the surcharge period as an active participant in the Iraqi oil trade and a primary supplier of Iraqi oil imports to the United States. In fact, Bayoil advertised its role in the correspondence it was sending to a variety of U.N. and U.S. officials on Iraqi oil pricing issues, as explained earlier. In addition, several oil trade press articles discussing the surcharge issue also explicitly identified Bayoil as a company which was then actively buying and selling Iraqi oil.[182]

Not only that, on two occasions in 2001 and 2002, the U.N. Oil Overseers specifically asked the U.S. State Department to help them obtain certain information from Bayoil related to specific oil shipments. The State Department, in turn, referred both matters to OFAC. OFAC never responded to the State Department's request, and the State Department never provided the U.N. Oil Overseers with the requested information on Bayoil. These inquires also never triggered any substantive review of Bayoil by either OFAC or the State Department.

The first U.N. inquiry took place in the summer of 2001, after the U.N. Oil Overseers obtained information indicating that a number of companies, including Bayoil, may have been

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[180] (...continued)
OFAC license was intended to serve two functions: first, it authorized the U.S. person to perform the OFF contract, and, second, it informed the United Nations that such U.S. person was authorized to perform that contract.

[181] This lack of substantive review within the executive branch of OFF contracts to buy oil from Iraq is in contrast to extensive U.S. State Department review of OFF contracts to sell humanitarian goods to Iraq. The United States reviewed virtually all OFF contracts seeking to sell goods to Iraq in order to prevent the sale of prohibited military or dual use equipment, put holds on and objected to many of those contracts, and was effective in preventing the Iraqi government from rebuilding its military or acquiring weapons of mass destruction.

[182] See, e.g., "Iraq Dodges UN in $70 Million Crude Export Bid," The Oil Daily (10/5/01); "Little Progress at UN on Dispute over Iraqi Oil Surcharge," Platt's Oilgram News (12/15/00); "UN Rejects Some New Iraqi Crude Prices," Platt's Oilgram News (7/12/01).

"transshipping" Iraqi oil in violation of OFF program requirements. Under the OFF program, Iraqi oil was priced according to the final destination of the oil. Generally, oil sent to the United States 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 industry practice for other types of Middle Eastern oil. The U.N.-approved contracts all contained a clause that prohibited a buyer of Iraqi oil from "transshipping" the oil – that is, unloading the oil at any destination other than the designated final destination, and then putting it on a different ship. This prohibition on transshipment was meant to prevent cheaper-priced Iraqi oil that had been marked for North America from being unloaded in Europe instead, thereby undercutting legitimate purchasers in Europe and reaping unjustified profits for the seller. Transshipment was a particular concern in the OFF program, as the excess profits resulting from the switching of a destination could be a source of funds to pay illegal surcharges to the Iraqi government.[183]

After hearing several reports of transshipments, the U.N. Oil Overseers attempted to contact the companies involved to determine whether the actual destination of the crude oil was consistent with the designated destination in the U.N.-approved contract. Among these companies, Bayoil was particularly aggressive in refusing to provide the requested information.[184]

The Overseers were concerned about several specific shipments in which Bayoil unloaded oil marked for North America at the Red Sea entrance of the SUMED oil pipeline, a pipeline which runs parallel to the Suez Canal. The Overseers wanted to know whether this transshipment, which violated Bayoil's U.N.-approved contracts, resulted in a change of destination of the oil from North America to Europe or Africa, or whether Bayoil had instead re-loaded the oil in the Mediterranean and actually shipped it to North America.[185]

Bayoil initially refused to provide any information in response to the Oil Overseers' request. In a letter addressed to the Chairman of the 661 Committee, Bayoil's president 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 the [Oil Overseer] Mr. Tellings's authority and mandate under the program." He informed the 661 Committee he would "respectfully decline Mr. Telling's 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."[186]

In a July 14, 2001, letter to the U.N. Overseers, Bayoil wrote that it was "perplexed" by the Overseers' request for information about the transshipments, but "exclusively as a matter of courtesy"would nonetheless provide certain information "in the spirit of cooperation." Bayoil then provided, for each of the shipments, the vessel name, quantity of oil loaded, bill of lading date, loading port, destination, and routing to the final destination (i.e. through the SUMED or around the Cape of Good Hope).[187] This information, however, was not responsive to the Overseers' request for documentation showing the actual, final destination of the oil aboard those ships.

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[183] Subcommittee interview of U.N. Oil Overseer (5/5/05).

[184] Id.

[185] Transshipment of oil through the SUMED pipeline for oil aboard tankers that were too large to pass through the Suez Canal was a technique used by shippers of oil from the Middle East with North American destinations to avoid having to sail around the Cape of Good Hope; this shortcut could reduce the journey to North American by about twelve days. The Oil Overseers desired more information so they could determine whether the transshipment was due to a legitimate desire to save costs or some other motive, including the need to find a way to accommodate Iraq's surcharge demands. Id. All of the shipments involved were shipments for which Iraq assessed surcharges.

[186] Memorandum dated 6/25/01, from Bayoil to the U.N. 661 Committee Chairman, Bates BAY04-01301-02. A Bayoil document labeled "Draft" indicates that Bayoil may have made the same complaints about the Oil Overseers to the Russian mission to the U.N. Draft Memorandum dated 6/25/01, from Bayoil to the U.N. Mission of the Russian Federation, Bates BAYOILUSA 015391.

[187] Memorandum dated 7/14/01, from Bayoil to the U.N. Overseers, Bates BAYOILUSA015393.

As a result, the U.N.'s Office of Iraq Programme contacted the U.S. Mission to the United Nations and asked the United States to require Bayoil to provide the information to the United Nations. In turn, 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."[188]

OFAC records indicate that OFAC did not act on the State Department's request for 8 months. It was not until April 23, 2002, that OFAC responded to the U.S. State Department's request by writing to Bayoil to request "a complete report in writing concerning your transactions conducted pursuant to the OFAC Licenses or otherwise subject to the provisions of the Reporting Regulations."[189] OFAC's request to Bayoil did not include any request for the specific information that had been sought by the United Nations. OFAC officials told the Subcommittee that OFAC personnel recalled that the matter involved suspected surcharges, but did not believe they had the authority to request any information other than regarding "licensed activities."[190]

In May 2002, Bayoil responded that it no longer contracted directly with Iraq and so had no licensing activity to report.[191] Since it had not been asked for specific shipment information, Bayoil did not supply any of the information that had been sought by the United Nations.

OFAC did not submit Bayoil's response either to the U.S. State Department or to the United Nations. Instead, OFAC telephoned Bayoil to request "authorization from Bayoil to disclose the Report to the United States Department of State and to the United States Mission to the United Nations."[192] On July 2, 2002, Bayoil wrote to OFAC to authorize the transmission of the Report, "subject to the condition that such Report not be disclosed by Recipients to any other person or entities (including other U.N. Missions) without Bayoil's prior consent."[193] According to OFAC officials interviewed by the Subcommittee, this latter condition would have prevented the transmission of the Report to U.N. officials. But according to OFAC officials interviewed by the Subcommittee, the information was never even provided to the State Department. OFAC personnel prepared a document to forward Bayoil's response to the State Department but never actually transmitted the document. Hence, the United States never responded to the U.N.'s request for assistance in obtaining information about the U.N.'s concerns that Bayoil had violated the terms of the U.N.-approved contracts. Significantly, a violation of the terms of the U.N.-approved contract would also have constituted a violation of the OFAC license under which the contract was authorized.

Meanwhile, the Oil Overseers, acting under the authority of the U.N. 661 Committee and the Security Council, continued to demand the information directly from Bayoil. On November 28, 2001, the Overseers wrote to Bayoil to "restate the information we require." Specifically, the Overseers sought "the relevant logistical information" about two specific shipments by Bayoil, one that had been purchased from Italtech, and another that had been purchased from the Russian company Rusnafteimpex. The Overseers told Bayoil, "As nearly six months have now passed since

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[188] Memorandum dated 8/17/01, from Bruce Williamson, Acting Director, Office of Economic Sanctions Policy, to R. Richard Newcomb, Director, OFAC.

[189] Letter dated 4/23/02, from David H. Harmon, Chief, Enforcement Division, OFAC, to Bayoil, Inc.

[190] Subcommittee interview of OFAC officials (5/5/05).

[191] The May 2002 letter from Bayoil stated that "it and its affiliates engaged in only one transaction involving Iraqi crude oil pursuant to the OFAC Licenses." The response also stated, "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 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 and resources, and thus no further licenses were requested ...." In light of Bayoil's extensive business dealings with Iraq, however, this response was highly misleading. Letter dated 5/22/02, from Bayoil's legal counsel, Dickstein, Shapiro, Morin & Oshinsky, LLP, to OFAC.

[192] Letter dated 7/2/02, from Bayoil's legal counsel, Dickstein, Shapiro, Morin & Oshinsky, LLP, to OFAC.

[193] Id.

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."[194]

On January 10, 2002, the Oil Overseers again wrote to Bayoil. In this correspondence, the Overseers wrote:

> "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. Specifically, for the aforementioned vessels we require discharge dates and discharge volumes."[195]

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 against 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 Overseers with "apparent prejudice toward Bayoil," and felt "compelled" to respond to the Overseers' "over-zealous efforts to audit our company's indirect participation in the Oil Sale program." Bayoil stated that with respect to the 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."[196]

In January 2002, the U.N. Oil Overseers apparently made a second request that followed the same path through the U.S. State Department to OFAC. OFAC has no records associated with this second request and was unable to provide the Subcommittee Minority Staff with any information about it. There is no evidence that OFAC engaged in any effort to obtain the requested information. OFAC also did not obtain any other reports from Bayoil on its business dealings in Iraq.[197]

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[194] Fax dated 11/28/01, from the U.N. Oil Overseers to Bayoil, U.N. Security Council document S/AC.25/2001/OIL/1360.

[195] Fax dated January 10, 2002, from the Oil Overseers to Bayoil, U.N. Security Council document S/AC.25/2001/OIL/1382.

[196] Memorandum dated 1/24/02 from Bayoil to UN Oil Overseers, Bates BAYOILUSA015308-10.

[197] On February 2, 2005, Chairman Coleman and Ranking Member Levin wrote to OFAC to request various information about OFAC's licensing requirements and activities; the letter included a request for "all reports submitted by Bayoil pursuant to its OFAC licenses." OFAC's response, dated March 24, 2005, stated: "The licenses issued to Bayoil required that the licensees keep full and accurate records of their transactions and be prepared to make them available for examination upon demand for at least five years from the date of each transaction rather than file periodic reports. Accordingly, Bayoil did not file periodic reports." OFAC's response to the Subcommittee thus did not include any reports.

In addition, when the Subcommittee asked OFAC to provide a copy of all documents related to Bayoil, OFAC initially failed to identify and provide copies of the April 2002 letter from its enforcement chief and Bayoil's May 2002 response. Instead, the Subcommittee Minority Staff located copies of these documents in Bayoil's files. When the Subcommittee Minority Staff provided copies to OFAC, OFAC confirmed finding copies of the documents in the files of one of its enforcement investigators. OFAC stated the omission was inadvertent and resulted from an antiquated

(continued...)

Ultimately, the Oil Overseers never were able to obtain the information they sought from Bayoil. Bayoil refused to provide the information, and the Overseers' attempts to work through the U.S. Mission at the U.N. so that U.S. authorities would require Bayoil to provide that information were unsuccessful.

When asked why OFAC did so little work in light of the OFF surcharge issue and Bayoil's prominence in the Iraqi oil trade, OFAC officials offered several explanations. OFAC officials told the Subcommittee that, in 2001, it had only three or four individuals working on enforcement matters for all 30 sanctions programs it administered. Among these programs, OFAC told the Subcommittee it had assigned the OFF program a low enforcement priority since it was perceived as a U.N. responsibility. In addition, OFAC explained that its normal enforcement activity consisted of examining licensing violations and evaluating questionable financial transactions, not ferreting out the type of contract corruption associated with the payment of illegal surcharges. With respect to the second request in 2002, OFAC explained that, after the 9-11 attack on the United States in the fall of 2001, it had instructed its enforcement personnel to set a priority on investigations related to terrorism and did not devote many resources to OFF-related inquiries. OFAC indicated that, if faced with the same circumstances today, it would make the same decision to devote minimal enforcement efforts to OFF licensing violations, in light of its limited resources and many other responsibilities.

F. LESSONS LEARNED

In a 2 year period from September 2000 to September 2002, Bayoil bought more than 200 million barrels of Iraqi oil for which at least $37 million in illegal surcharges were paid to the Hussein government in violation of U.N. sanctions and the OFF program. Bayoil then sold this oil to U.S. oil companies which, in turn, sold refined petroleum products, like gasoline and heating oil, to American consumers.

Over half of Iraqi oil sold during the surcharge period was imported into the United States – 525 million barrels of oil on which illegal surcharges totaled $118 million. These surcharge payments not only provided hard currency to Iraq outside of U.N. control, they fostered the perception that the Oil-for-Food program was susceptible to corruption.

Although it took 2 years, the United Nations and its member countries did put a stop to Iraq's demands for illegal surcharges, primarily through OSP pricing policies that made it uneconomical for companies to buy Iraqi oil that included surcharge costs. The State Department's U.S. Mission to the United Nations, in particular, played an active and creative role in using OSP pricing to stop the surcharges and in standing firm in the face of opposition from some U.S. oil companies and some other countries.

In contrast, 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. Under the United Nations resolutions imposing the trade embargo on Iraq and then the Oil-for-Food program, it was the responsibility of member states to implement and enforce the sanctions program with respect to their nationals. As Ambassador Kennedy testified:

> "The effectiveness of the sanctions regime against Iraq and the integrity of the oil-for-food program depended completely on the ability and willingness of member states to implement and enforce the sanctions. In this regard, member states had the primary responsibility for ensuring that their national companies and their citizens complied with the states' international obligations."[198]

Despite widespread knowledge that intermediary companies like Bayoil were the most likely conduits for illegal surcharge payments to Iraq, Bayoil received minimal attention from the U.S.

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[197] (...continued)
recordkeeping system that did not link related licensing and enforcement files.

[198] "The United Nations' Management and Oversight of the Oil-for-Food Program," hearing before the U.S. Senate Permanent Subcommittee on Investigations (2/15/05), testimony of Ambassador Patrick F. Kennedy.

agency charged with enforcing U.S. sanctions on Iraq. OFAC's failure to monitor OFF licensees in general or conduct an inquiry into whether U.S. companies were involved in paying illegal surcharges appears to have stemmed primarily from two factors: a fundamental misconception of its enforcement responsibilities as opposed to those of the United Nations, and the limited resources OFAC had to devote to sanctions enforcement. Both factors appear to have contributed to Bayoil's escaping OFAC scrutiny during the height of the surcharge period, despite its prominence as a U.S. importer of Iraqi oil, its role as an intermediary company susceptible to surcharge demands, and inquiries from U.N. Oil Overseers raising questions about the company's OFF activities.

Lessons to be learned from the OFF surcharge scandal are at least fourfold. The first lesson is that international sanctions programs are subject to corruption, and attention and resources need to be devoted at the beginning of any sanctions program to recognizing this vulnerability, assigning clear responsibilities for anti-corruption oversight, and devoting resources to addressing this issue. Second, the United States, through OFAC, must recognize its responsibility to police sanctions compliance by U.S. persons, even for programs overseen in part by the United Nations. Third, OFAC should devise anti-corruption oversight strategies that will detect and prevent U.S. persons from contributing to the corruption of a sanctions program. Fourth, the Administration and the U.S. Congress should devote adequate resources to enable OFAC to exercise meaningful oversight of U.S. persons' compliance with sanctions requirements, including through anti-corruption measures, affirmative investigations, and enforcement actions.

III. KHOR AL-AMAYA OIL SHIPMENTS

A. INTRODUCTION

Saddam Hussein's corruption of the Oil-for-Food program through the imposition of illegal surcharges on the sale of Iraqi oil is a serious concern, but his regime obtained far greater illicit income through other schemes, some with the knowledge and tacit approval of the United States and other members of the U.N. Security Council.[199] For example, although Iraq obtained about $228 million from the illegal surcharges, its open and direct oil sales to Jordan, Turkey, Syria, and Egypt outside of the OFF program generated over $8 billion for the regime.[200] The Iraq Survey Group estimated that smuggling, which it euphemistically termed "Border and Private Sector Cash Sales," provided another $1.2 billion to the Hussein regime during the sanctions period.

This section examines the largest single instance of an illicit oil sale during the sanctions period in which the oil was transported by ship out of Iraq. These illegal oil shipments netted more than $53 million in hard currency for the Hussein regime on the eve of the American invasion in March 2003, and took place with the full knowledge and acquiescence of the U.S. Government.

Generally, the United States aggressively sought to prevent the illegal transport of Iraqi oil by vessels traveling through the Persian Gulf. The United States provided the bulk of the naval resources and personnel for the U.N.'s Maritime Interdiction Force (MIF), which patrolled the Persian Gulf to prevent oil shipments in violation of U.N. sanctions.[201] The MIF routinely boarded vessels in the Persian Gulf to inspect cargoes and monitor sanctions compliance. Thousands of such MIF inspections were performed during the sanctions period. Vessels caught with illicit oil were diverted to ports in Bahrain and the UAE, the cargoes were confiscated and sold on the open market,

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[199] For example, Iraq's open sales to Jordan, Turkey, Egypt, and Syria occurred with the full knowledge of the United States. See prior Subcommittee hearings on the Oil-for-Food program (11/15/04 and 2/15/05).

[200] See ISG Report, Regime Finance and Procurement, pp. 19-28. In interviews with the Subcommittee, a former high-ranking official in the Hussein regime stated that, in his opinion, it was "ridiculous" for Iraq to expend so much energy and effort to obtain a few cents per-barrel in illegal surcharges on oil sold through the OFF program, for a total amount of "only about $200 million," when much greater revenues could be obtained from open or illicit oil sales. Subcommittee Interview of Senior Hussein Regime Official No. 1 (4/20/05).

[201] The MIF is often incorrectly referred to as the "Multinational Interception Force."

and the vessels themselves were, in many cases, seized and auctioned.[202] Most of the illicit oil sales during the sanctions period were carried out through the use of small barges and ships where the oil storage tanks could be disguised from the casual observer or observer-at-a-distance.

A prominent Iraqi businessman claimed in interviews with the Subcommittee to have been a major smuggler of oil out of Iraq through the Persian Gulf.[203] The interviewee asserted his smuggling had been an act of patriotism, since the money Iraq obtained from the smuggled oil was used to purchase food, medicine, and other goods for the Iraqi people. He stated that the MIF had been vigilant in the Persian Gulf, so he had directed his barges into Iranian territorial waters, where the MIF was not authorized to operate. For the privilege of transiting in Iranian waters for this purpose, he stated that he paid Iranians millions of dollars. The total amount of oil smuggled through the Persian Gulf, according to the interviewee, by all smugglers, over the dozen years of the sanctions period, amounted to approximately 15 million barrels.

Although the United States, through the MIF, had vigilantly patrolled the Persian Gulf for more than a decade to thwart the illicit transport of Iraqi oil in 10,000- and 20,000-barrel barges, in a period of several weeks before the 2003 invasion of Iraq, the United States acknowledged and permitted seven large seagoing oil tankers to load millions of barrels of oil in violation of U.N. sanctions and then pass unfettered through the Persian Gulf. The Subcommittee Minority Staff's investigation has uncovered new details about these shipments of oil from the Khor al-Amaya port in Iraq, but significant questions still remain as to why the United States acquiesced in such a blatant violation of U.N. sanctions.

Despite the explanations offered by some of the entities involved – that the Khor al-Amaya shipments were authorized under the Iraq-Jordan trade protocol, or were intended to establish a floating strategic oil reserve for Jordan due to the impending war in Iraq – neither the United Nations or the United States ever issued any documentation certifying that the oil had been legally obtained in accordance with U.N. sanctions. The absence of any such U.N. or U.S. documentation effectively prevented this oil from being sold to U.S. persons or imported into the United States.

B. THE IRAQI PORTS OF MINA AL-BAKR AND KHOR AL-AMAYA

The Iraqi ports of Mina al-Bakr and Khor al-Amaya are separated by about five to seven nautical miles on the southern tip of Iraq on the Persian Gulf. On a clear day, with the use of binoculars, large tankers loading oil at Khor al-Amaya can be spotted from Mina al-Bakr.

During the sanctions period, Mina al-Bakr was the only Iraqi port in the Persian Gulf where U.N.-authorized exports of Iraqi oil under the Oil-for-Food program could be loaded onto seagoing tankers. From the oilfields in southern and central Iraq, oil was transported by pipeline to the Mina al-Bakr terminal. Port personnel then directed the oil from the pipeline into large storage tanks on the seagoing vessels. Oil tankers at the al-Bakr terminal were loaded under the supervision of U.N. inspectors, who ensured the amounts loaded onto the tankers conformed to contracts issued under the OFF program. A Dutch inspection company, Saybolt, performed this function under contract with the United Nations.

During the 1970s, Khor al-Amaya had also functioned as a port that loaded Iraqi oil into seagoing vessels, using a separate branch of the same pipeline that served Mina al-Bakr, but its facilities and oil equipment were destroyed during the Iraq-Iran war, and it stopped functioning as a port in 1980. During the latter 1990s, Iraq submitted a number of contracts to repair the Khor al-Amaya terminal to the U.N. 661 Committee for approval, but the United States put holds on those contracts. Beginning in 2000, however, the United States began to allow selected contracts for repairing Khor al-Amaya to be approved; by 2002 the United States no longer placed any holds on these contracts. By early 2003, Khor al-Amaya had essentially been rehabilitated, but Iraq did not

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[202] See, e.g., unclassified U.S. State Department cable dated 6/19/97, re "Iraq Sanctions Enforcement: Update to Shipping Procedures in the Arabian Gulf," 1997STATE1200071 (providing MIF rules for inspecting ships). See also, e.g., "Seized Ships Reduced to Scrap," Gulf News (6/26/02).

[203] Subcommittee interview of Iraqi Detainee No. 1 (4/21/05).

have U.N. approval to use the Khor al-Amaya facility for OFF exports. Without U.N. approval, any loading of oil from Khor al-Amaya would have violated the U.N. sanctions program against Iraq.

C. THE 2003 KHOR AL-AMAYA INCIDENT

1. Iraq Approves Sending Oil Tankers to Khor al-Amaya

According to a former high ranking official in the Hussein regime interviewed by the Subcommittee, sometime in late 2002 the Iraqi Ambassador in Jordan telephoned the Iraqi Oil Minister to inform him that a person "will come to visit you to buy oil."[204] According to this official, the Ambassador told the Oil Minister, "Please facilitate his mission."

In December 2002 or January 2003, according to the interviewee, the individual mentioned by the Ambassador visited the Oil Minister who was then Samir al-Najim.[205] The visitor allegedly told the Oil Minister that he wanted permission to buy oil from the port of Khor al-Amaya. According to the interviewee, the Oil Minister thought the visitor's request was very strange, since al-Bakr was the only approved port for Iraqi oil exports, and he believed the American ships patrolling the Persian Gulf would certainly spot and stop any ship that tried to load oil in plain view at Khor al-Amaya. The Subcommittee was told that the visitor explained that he wanted to buy the oil from Khor al-Amaya because the oil from there would be "a very cheap price because it was a black market."

According to the interviewee, when the visitor explained that the vessel to be loaded at Khor al-Amaya was a large tanker with a capacity of 750,000 barrels, the Oil Minister asked how he was going to get by the American defenses. "Brother," the interviewee recalled the visitor saying, "this is for the sake of the people who work for the defense of the United States. It will pass through safely." The visitor then added, "We will pay cash if anyone stops us."

The Oil Minister allegedly told the visitor he had to think about it overnight and seek approval. The Subcommittee was told that the Oil Minister telephoned Vice President Taha Yasin Ramadan that evening and informed him about the visitor's request, including the visitor's statement that the oil was "for the sake of the people who work for the defense of the United States." The Subcommittee was told that the Vice President answered, "Let it go."

In interviews with the Subcommittee, Vice President Ramadan confirmed that the Oil Minister had called him to request permission to load oil at Khor al-Amaya.[206] Mr. Ramadan specifically recalled that he had approved the Khor al-Amaya shipments without hesitation. He also stated he was unaware of the final destination of the oil or any other details of the shipments.

The first loading of oil from Khor al-Amaya took place in mid-February 2003. As the Oil Minister had feared, it attracted immediate attention and, within days, the media began reporting that an oil tanker was lifting oil from Khor al-Amaya in violation of U.N. sanctions. According to the interviewee, the Oil Minister became angry, because the incident had become an international embarrassment for Iraq. Another former high-ranking Iraqi official told the Subcommittee that he would never have permitted the large-scale loading of oil at Khor al-Amaya, because he believed it was a "set-up" by the Americans to catch the Iraqis violating U.N. sanctions, which then could be used as a pretext for an American military attack on Iraq.[207]

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[204] Subcommittee interview of Senior Iraqi Official No. 7 (4/20/05). This official also told the Subcommittee that the person who visited the Iraqi Oil Minister to request approval for the Khor al-Amaya shipments could have been either Zeid Khorma "or his brother." Subcommittee interview of Senior Iraqi Official No. 7 (4/17/05).

[205] Mr. Najim had replaced Amir Rashid, who had retired at age 63, having served one year beyond the mandatory retirement age for Iraqi officials. Mr. Najim reportedly had little or no experience in the oil industry or oil trading.

[206] Subcommittee Interview of Vice President Taha Yasin Ramadan (4/18/05).

[207] Subcommittee Interview of Senior Hussein Regime Official No. 1 (4/17/05).

The Subcommittee was told that, when the visitor returned to the Oil Minister's office several days later, seeking approval for additional shipments from Khor al-Amaya, the visitor sought to reassure the Oil Minister by saying, "Listen, you will never hear about this in the press any more. The U.S. forces will make them be quiet." The interviewee recalled there were several additional shipments from Khor al-Amaya, but did not remember the precise number.

In response to questions, the interviewee reported that Iraq sold the oil delivered through the port at Khor al-Amaya for a price between $7 and $9 per-barrel.[208] He told the Subcommittee that he pressed to increase the price to $12 per-barrel, but was unsuccessful. At the time, West Texas Intermediate crude was selling near $30 per-barrel, and grades of oil comparable to Basrah Light, the grade of Iraqi oil lifted from Khor al-Amaya, were selling at about $23 per-barrel. The Subcommittee was told that the Iraqis required the entire purchase price for a shipment to be wired to a bank in Jordan prior to commencing the loading of the oil at Khor al-Amaya.

2. Shipments of Oil from Khor al-Amaya

Seven vessels loaded 7.7 million barrels of Iraqi oil from the Khor al-Amaya port in February and March 2003. This information is derived from multiple sources, including internal SOMO documents, actual shipping records, and information provided by companies involved in the loading, transport, and sale of the oil. This information is displayed in Table 3.

Table 3: Shipments of Oil from Khor al-Amaya February to March 2003

Vessel	Date Loaded (2003)	Amount of Oil Loaded (barrels)	Disposition	Payment Amount to SOMO
Argosea	Feb. 12 - Feb. 18	985,700	Aden, Yemen and Aqaba, Jordan	$ 6,754,501.00
Eagle	Feb. 18 - Feb. 22	998,300	Ship-to-Ship transfer (STS) to Marine Pacific at Fujairah, UAE	$ 6,890,063.00
Arcadian	Feb. 24 - March 1	1,633,100	STS to Empress Des Mer at Fujairah, UAE	$ 11,155,102.00
Sea Victory	March 1	1,639,000	STS to Marine Pacific at Fujairah, UAE	$ 11,277,266.00
Seacross II	March 10	1,020,100	STS to Marine Pacific at Fujairah, UAE	$ 7,059,505.00
Mint Prosperity	Not available	1,374,500	STS to Empress des Mer at Fujairah, UAE	$ 9,491,850.00
Endeavour 2	Not available	91,500	STS to Empress des Mer at Fujairah, UAE	$ 631,737.00
TOTAL		7,742,200		$ 53,360,024.00

Table 3. Records analyzed by the Subcommittee Minority Staff indicate seven shipments of oil from the port of Khor al-Amaya in violation of U.N. sanctions.

Data source: The Subcommittee has actual shipping records for the Argosea, Eagle, Arcadian, Sea Victory, and Seacross II. Internal SOMO documents provide loading data and payment amounts. Although the SOMO documents do not refer to specific vessels, based upon an analysis of all the available evidence, the Subcommittee Minority Staff has identified the vessels that it believes are most likely associated with particular loadings. Identification of the Mint Prosperity and Endeavour 2 as two of the seven ships containing oil from Khor al-Amaya is inferred from Bayoil documents identifying cargoes for sale by Jordan.

[208] SOMO documents state the price was fixed at $50 per ton, which, based on the quality of crude oil involved, would amount to about $7 per-barrel. See Section 3, below.

The evidence indicates that at least five of the seven of the ships loading oil from Khor al-Amaya were chartered by a Jordanian company called Millenium for the Trade of Raw Materials & Mineral Oils ("Millenium"), on behalf of the Jordan Government's Ministry of Energy and Natural Resources. In some instances, the Shaheen Business Investment Group ("SBIG"), the parent of Millenium, participated in or controlled the chartering process. In an email, Millenium described its extensive commercial business interests in the Middle East as follows:

> "Very briefly, it [Millenium] is part of SBIG S.A. which is a holding company for a number of well established businesses in the Middle East involved in numerous international business ventures. We are, in addition, the dealers for BMW, Rover, Land Rover, and Mini vehicles in Jordan and our most recent activity entails building a CKD plant for Land Rover in Jordan. More importantly, we have been awarded by the Government of Jordan a license to erect and operate a 60,000 barrels per day crude oil refinery with a total cost of approximately $600 million."[209]

Millenium contracted with a Connecticut-based shipbroker, Odin Marine, Inc. ("Odin Marine"), to locate and charter five oil tankers to carry Iraqi oil through the Persian Gulf.[210] Odin Marine, in turn, contacted other shipbrokers that knew of vessels which met Millenium's specifications. The arrangement is similar to that of a typical real-estate transaction, in which both the buyer and the seller employ their own agents to facilitate the transaction. A distinctive feature of ship charters is that the charterer provides the mission and direction for the chartered ship, while the shipowner provides the vessel, crew, and captain.

Documents obtained by the Subcommittee indicate that Millenium chartered a total of seven vessels that actually loaded oil at Khor al-Amaya and several additional ships that did not actually lift oil from that port. For example, Odin Marine records indicate that Millenium chartered the M/T Violando in early February 2003, but the Violando never loaded or discharged any oil at Khor al-Amaya.[211] A Bayoil document identified a total of eight vessels that were supposedly chartered by Millenium, including the Violando, and were either "fixed but not loaded" or "fixed and failed."[212]

Another Bayoil document notes that while some vessel owners had become hesitant to load oil from Khor al-Amaya after the press raised questions about the legality of the shipments, when no action was taken against the ships or their cargoes, the owners were beginning to "feel very comfortable" about contracting with Millenium.

> "M/T Violando: as of today March 10, 2003 became free as Golandris told Millenium that they did not want to call at Khor Al Maya deeming the charter party null and void because charterers did not produce legal documentation. M/T Violando was replaced with M/T Hua San, which after long negotiations also failed. After all the hype created by the Wall Street piece about these illegal activities nothing has been done and in the shipping community all owners feel very comfortable fixing with the Millenium. Finally, it is also clear that Millenium will continue seeking tonnage; just yesterday March 25th I heard through several sources that they are currently negotiating a very old Suezmax for about 35K day. Again what plans Millenium might have for the short-term is really unknown but it appears that Millenium is gearing up to continue the chartering of ships and now all NY brokers are showing them all possible tonnage that might come available in the Gulf."[213]

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[209] Email dated 2/21/03, from Odin Marine Inc. to Petrian Shipbrokers, 7:42:59 AM.

[210] Millenium apparently also contracted with one or more non-U.S. shipbrokers, but the Subcommittee Minority Staff has been unable to identify those parties.

[211] Email dated 3/24/05, from Odin Marine to Subcommittee, 9:45 AM.

[212] Undated document produced by Bayoil, Bates BAY14-01878-79 (text says at one point it is providing information "as of today March 10, 2003" and later "just yesterday March 25th").

[213] Id. at 1879.

3. $53 Million Payment for Khor al-Amaya Oil Shipments

Internal SOMO documents show that the Government of Jordan paid more than $53 million for the seven oil cargoes loaded at Khor al-Amaya. The payment records also provide additional detail about the shipments.

The key document is an internal SOMO "Oil Allocation Notebook" which includes an appendix providing a detailed accounting of the payments made for the Khor al-Amaya cargoes.[214] The appendix states that, during February and March 2003, two senior Iraqi officials, Taha Al-Gazarawi[215] and Minister of Oil Samir Abdul Aziz Al Najem, were instructed to allot seven shipments of oil to a Jordanian company called Al Alfiyah Company for the benefit of Akram Shaheen. Akram Shaheen was a co-owner of the Shaheen Business and Investment Group (SBIG), the parent company of Millenium.

The SOMO appendix states that the shipments were "outside the agreement of 13 stages," meaning outside of the Oil-for-Food program, but part of the "Iraq/Jordan Protocol Agreement." It states that the "loading was completed during the months of February and March 2003" and applied to "crud[e] oil shipment loads from port of Khor Al 'Amia." The appendix indicates that all payments for the shipments were made in euros by Mr. Shaheen and deposited with the Bank of Jordan "for the benefit to" Mr. Gazarawi and Mr. Najem. It also states that the funds were later "transferred to Iraqi Central Bank account in Jordan."

The SOMO appendix includes two charts showing the dates and amounts of the deposits made by Mr. Shaheen. The first chart shows the deposits in euros, which was the currency Mr. Shaheen actually used; the second chart shows the same deposits converted into U.S. dollars. Altogether, as indicated in Table 3 above, Mr. Shaheen made seven payments totaling $53,360,022. The appendix notes that this $53 million reflects a charge of "$50 per ton" for the oil. With seven barrels in a ton, that price indicates that Jordan paid just over $7 per-barrel.

4. U.N. Knowledge of Khor al-Amaya Oil Shipments

The first ship to load oil from Khor al-Amaya was the Argosea, an oil tanker owned by the Athens-based Tsakos Group. The ship's captain was named Vladimir.[216] The ship docked at Khor al-Amaya and began loading oil on or around February 12, 2003. It appears that this loading took U.N. personnel by surprise.

Saybolt inspectors immediately detected the unauthorized loading of oil at Khor al-Amaya onto the Argosea. Saybolt was under contract with the United Nations to monitor oil loadings under the Oil-for-Food program and had inspectors stationed at Mina al-Bakr. These inspectors routinely oversaw loadings of oil at the al-Bakr terminal to ensure that only the amounts of oil authorized by the United Nations were loaded onto vessels docking at that port.

The first indication Saybolt inspectors had of the Argosea was when Iraq began diverting some of the oil in the pipeline away from the al-Bakr terminal and to Khor al-Amaya. The reduced flow rate and the lower pressure within the pipeline were immediately apparent to the Saybolt inspectors.[217] In addition, the reduced flow rates delayed the completion of oil loadings at al-Bakr, causing financial losses to the ships loading there in accordance with the U.N.'s OFF program and generating surprise and anger among the crews, shipowners, and other parties.

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[214] SOMO Oil Allocation Notebook, Appendix No. 3.

[215] This appears to be a reference to Iraqi Vice President Taha Yasin Ramadan al-Jizrawi.

[216] None of the documents identify this captain by his last name.

[217] Subcommittee interview of Peter Boks (2/10/05).

On or about February 13, 2003, Saybolt inspectors visually spotted the ship at the Khor al-Amaya terminal for the first time. Saybolt personnel at Mina al-Bakr immediately telephoned Peter Boks, the executive director of Saybolt International in the Netherlands.[218] Mr. Boks then telephoned David Russell, who apparently worked for the U.S. Maritime Liaison Office in Bahrain and regularly interacted with the Maritime Interdiction Force (MIF). Mr. Boks informed Mr. Russell that Saybolt inspectors had sighted an oil tanker loading oil at the unauthorized port of Khor al-Amaya. At that time, Saybolt and MIF officials routinely exchanged information about shipping events in the Persian Gulf.

On February 17, 2003, Mr. Boks followed up with an email to Mr. Russell, providing the ship's name, the Argosea, its management, owner, and flag. Mr. Russell responded to Mr. Boks by email the same day, writing:

"Peter

"Thanks for the additional info.

"We're still checking on this curious event. I still don't understand it, or how these people think they can get away with this.

"Dave"[219]

Mr. Boks also informed Benon Sevan, head of the U.N. Office of Iraq Programme, about the Khor al-Amaya loadings. In an email sent to Mr. Sevan on February 18, 2003, Mr. Boks wrote:

"Benon,

"Just to let you know;

"Tv, 'Argosea' has completed loading from Khor Al Amayah.

"Rumour is that following vessel's are scheduled to load at the same location.

"Tv. 'Violanda', Tv. 'Seacross II', Tv. 'New Jane', Tv. 'Eagle', Tv. 'Artines' & Tv. 'Navarino'

"Product if offered on the market by a company Apex Oil & Trading, and is loaded under the 'Jordanian agreement.'

"In the meantime, it also seems that a cargo (Iraqi Crude Oil) was loaded in Aqaba on Tv. 'Berge Chief'.

"Please call me if more info is required.

"Best regards,

"Peter"[220]

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[218] Id. Mr. Boks told the Subcommittee that he'd been very surprised to learn of the reported sighting, since he considered an oil tanker's loading at Khor al-Amaya to be a "brazen" violation of U.N. sanctions and the OFF program.

[219] Email dated 2/17/03, from Dave Russell to Peter Boks.

[220] Email dated 2/18/03, from Peter Boks to Benon Sevan, 5:37 PM.

Mr. Boks told the Subcommittee that he also spoke with Mr. Sevan by telephone about this matter, and Mr. Sevan thanked him for the information and said he would alert other U.N. personnel.[221]

Mr. Sevan apparently informed the U.N. Oil Overseers about the Khor al-Amaya sighting. Michel Tellings, one of the U.N. Oil Overseers during this period, told the Subcommittee that he had been very surprised at the time to learn about the visual sighting of a large tanker at the Khor al-Amaya terminal.[222] Mr. Tellings indicated that he'd promptly called an official in the U.K. Mission to the United Nations, Gerard McGurk, but was unable to reach him. Mr. Tellings indicated that he then called Andrew Hillman, head of the U.S. Mission to the United Nations, and informed Mr. Hillman of the unauthorized loadings at Khor al-Amaya. Mr. Tellings said he asked Mr. Hillman to pass this information along to the U.K. Mission as well. In response to this call from the U.N. Oil Overseer, a U.S. State Department official working at the U.S. Mission in New York at the time told the Subcommittee that the U.S. Mission immediately alerted U.S. State Department officials in Washington, D.C. who, in turn, immediately passed the information on to the U.S. Department of Defense.[223]

Mr. Tellings told the Subcommittee that, a few days later, he telephoned Andrew Hillman again, this time informing him that more vessels had arrived at Khor al-Amaya. Mr. Tellings said that he was surprised at the time that there still was "no response from Washington." Mr. Tellings said that he also telephoned the U.K. Mission again, but there was "no response" from the United Kingdom either.

In addition to contacting the U.S. and U.K. Missions, the U.N. Oil Overseers contacted the captain of the Argosea on several occasions and informed him that the vessel was carrying oil in violation of U.N. sanctions.[224]

Soon after the Argosea began loading oil at Khor al-Amaya, articles began appearing in both the trade press and in mainstream newspapers about the incident. Some articles announced that the United Nations had stopped a massive smuggling operation attempting to load Iraqi oil in violation of U.N. sanctions. On February 21, 2003, for example, one publication reported: "A smuggling scheme allegedly devised by a Jordanian businessman and Iraqi officials was thwarted before the proceeds of illicit sales of million of barrels of Iraqi crude could secretly escape United Nations control and fatten the coffers of the Iraqi regime."[225] As was to become apparent over the next few weeks, however, detection of the loadings did not lead to action by the MIF, the United Nations, or the United States to stop the loadings.

Subsequent articles reported that the Khor al-Amaya operation was, in fact, continuing. "After unraveling last week's scheme shortly after it began," one trade publication wrote: "UN diplomats expressed confidence that they had scared off the Jordanian businessmen and Iraqi officials involved in the smuggling. UN diplomats had informed the Multinational Intervention Force [*sic*] (MIF), which patrols the Gulf for oil smugglers, of all suspected ships in the region. But several sources confirmed on Wednesday that an unauthorized ship had berthed at Khor al-Amaya . . . and had started loading."[226]

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[221] Subcommittee interview of Peter Boks (2/10/05). Saybolt inspectors continued to report sightings of additional ships docking and loading oil at Khor al-Amaya over the next few weeks. Mr. Boks told the Subcommittee that he had been surprised at the time that the United Nations appeared to take no action in response.

[222] Subcommittee interview of U.N. Oil Overseer (2/8/05).

[223] Subcommittee interview of Ambassador Patrick Kennedy (2/4/05).

[224] See email dated 2/20/03, from Tsakos Hellas to Petrian Shipbrokers and Odin Marine, 12:38:13 PM; and email dated 2/24/03, from Odin Marine to Jamil Sayegh, SBIG Holdings, 5:51:15 PM.

[225] "Shipowners Scuttle Iraqi Oil Smuggling Scheme," Oil Daily (2/21/03).

[226] Energy Intelligence Briefing (2/26/03).

On February 21, 2003, a major U.S. publication carried a front-page article on the Khor al-Amaya incident, bringing it to the attention of a wider audience.[227] The article quoted an unnamed U.N. diplomat saying: "These Iraqi shipments are huge. Until now their smuggling activities were on vessels that were about to sink, but these are ones where they have managed to dupe reputable ship owners." The article quoted a MIF spokesperson, Jeff Alderson, as saying that "he had 'no information as of right now' about the possible shipments, but added that as a matter of policy the MIF doesn't comment until after a ship has been halted or cleared." The article also reported that a "White House official said he was not aware of the reports of illegal oil sales," while a spokesperson for U.S. Ambassador to the United Nations John Negroponte "denounced the shipments as 'immoral.'"

On February 27, 2003, a trade publication stated that sources were reporting that the Khor al-Amaya oil shipments were for the purpose of building a floating strategic storage reserve for Jordan in anticipation of a U.S. invasion of Iraq.[228] According to these sources, this arrangement "may have been entirely legitimate under Jordan's special deal to buy Iraqi crude outside the reach of the UN program." Another source cited in the article offered another explanation: "Instead of using the ship just for floating storage, Jordan may have planned to on-sell the crude at a fat profit."

At a U.S. State Department press briefing held on January 13, 2005, U.S. State Department spokesperson Rick Boucher described the United States' response in 2003, to the reports about the Khor al-Amaya incident as follows:

> "We were aware of reports of loadings of oil at Khor al-Amaya, as was reported at the time, in February of 2003, and our mission at the United [Nations] informed us immediately when they got these reports from the UN. The Department then passed its information to the Maritime Interdiction Force for investigation. I'll remind you that the United States did a great deal during this period to enforce Security Council sanctions against Iraq. The Maritime Interdiction Force, supported by some 20 nations, boarded and inspected over 15,000 vessels during the time of sanctions, and diverted over 1,000 of them.
>
> "So as far as the specific loading, what went on in the field, we are still looking into it. But I remind you, we had a very active program passing information and then taking real action on the high seas to stop this kind of oil export."[229]

In the 3 months prior to the American invasion of Iraq in March 2003, the U.N. 661 Committee met formally only once, in January 2003, but met informally a number of times. The Subcommittee was told that, subsequent to the press reports about Khor al-Amaya, at an informal meeting in February 2003, the 661 Committee Chairman asked the U.S. and U.K. representatives if they had any information on the alleged smuggling, and they told the Chairman they would refer the question back to their capitals.[230] Soon afterward, however, the United States invaded Iraq, and the United States asked the 661 Committee to halt all meetings for a period of time. The 661 Committee never met again, and neither the United States nor the United Kingdom ever provided any additional information on these incidents.

5. U.S. Knowledge of Khor al-Amaya Oil Shipments

The evidence is clear that the U.N. Oil Overseers notified the United States of the Khor al-Amaya loadings as soon as they learned of them in mid-February 2003. In addition, there is significant evidence that the United States knew of plans to load the oil even before some of the chartered ships arrived in Iraq.

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[227] "Iraq is Shipping Large Cargoes of Crude, Violating U.N. Rules," Wall Street Journal (2/21/03).

[228] "Is Iraq 'Smuggling' Part of Stock Build?," Platts Oilgram News (2/27/03).

[229] Transcript of U.S. State Department Daily Press Briefing, US Fed News (1/13/05).

[230] Subcommittee interview of U.N. official (2/10/05).

Ship communications obtained by the Subcommittee indicate that the U.S. Navy, which was then in command of the Maritime Interdiction Force, was informed before-the-fact that oil tankers would be docking at Khor al-Amaya, and had been instructed to permit the loading of oil and not confiscate any of the ships or cargoes.

On February 9, 2003, 3 days prior to the commencement of the loading of the Argosea at Khor al-Amaya, a "PRIVATE & CONFIDENTIAL" fax from Captain Jamil Sayegh of Millenium, the Jordanian company that had chartered the Argosea, provided the following direction in the "Voyage Instructions" sent to the Argosea's Captain Vladimir:

> "3- THE US NAVY WILL CALL YOU OFFSHORE BAHRAIN FOR VESSEL'S INSPECTION. THEY ARE ALREADY AWARE ABOUT YOUR PASSAGE AND ITENERARY [*sic*]. AUTHORIZATION IS GRANTED FOR YOUR SHIP TO PROCEED TO BAQR AND BACK TO FUJAIRAH WITH FULL CARGO LOAD. PLS COOPERATE AS USUAL AND PROVIDE U.S. NAVY WITH ANY INFORMATION THEY REQUIRE."[231]

The Voyage Instructions also included the following additional direction, in capitalized, bold, large-font letters:

> **"MOREOVER, APART FROM CARGO WORKS AND MINIMUM NORMAL ROUTINE SHIPPING FORMALITIES, MASTER TO ENSURE THAT NO INFORMATION OF ANY KIND IS GIVEN TO ANY PERSON /// REPEAT ANY PERSON/// AT THE LOADING PORT WITH REGARD TO ARRANGEMENTS MADE OR MENTIONED HERE ABOVE."**[232]

Once the Argosea reached al-Bakr, Millenium redirected the ship to Khor al-Amaya. An email sent by the Argosea's shipowner to its agent, Petrian Shipbrokers, and the charterer's agent, Odin Marine, a week after the events in question recounts what happened after the ship entered Iraqi waters. This email indicates that the vessel had reported its position and intended destination to both a U.N. checkpoint and a "UN Naval vessel." The shipowner wrote:

> "1. Charterers original instructions were for vessel to load MINA AL BAKR.
> "2. On this basis the vessel reported her entry to Iraqi waters to the UN Check Point off IRAQ, to load from MINA AL BAKR.
> "3. Upon arrival at MINA AL BAKR the Charterers instructions were for vessel to load from KHAWR AL AMAYA Terminal.
> "4. The vessel shifted from MINA AL BAKR anchorage to KHAWR AL AMAYA terminal. During this passage the vessel was contacted by [a] UN Naval vessel to whom the Master reported that he is proceeding to load from KHAWR AL AMAYA terminal. The UN Naval vessel acknowledged this advice and told the Master that it was OK to proceed.
> "5. Vessel loaded as per Charterers instructions from KHAWR AL AMAYA Terminal.
> "6. The Master reported that it was the first vessel that loaded since 1980."[233]

This email indicates that the a "U.N. naval vessel" – which likely was commanded by a U.S. naval officer – was informed beforehand that the Argosea was planning to dock and load oil at Khor al-

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[231] Fax dated 2/9/03, from Millenium for the Trade of Raw Materials & Minerals to Master of M/T Argosea.

[232] Id.

[233] Email dated 2/20/03, from Tsakos Hellas to Petrian Shipbrokers and Odin Marine, 12:38:13 PM.

Amaya. The email states that the "UN Naval vessel acknowledged this advice and told the Master that it was OK to proceed."[234]

The shipowner's email also conveyed concern about the legality of its cargo. The shipowner informed both Petrian Shipbrokers and Odin Marine that the ship had been contacted by a Wall Street Journal reporter who said that the ship had taken Iraqi oil from a terminal that was not approved by the United Nations. The shipowner further reported that a "U.N. officer" -- apparently one of the U.N. Oil Overseers -- had advised Odin Marine that the ship had "loaded from a non UN approved terminal." The shipowner demanded "a full and clear explanation" from the charterer as to how to respond to press inquiries and U.N. "advices" that the vessel had "loaded illegal cargo from a non UN approved Iraqi terminal."[235]

In response, Millenium emailed Odin Marine with instructions for the ship to "refrain communicating with the media or disclosing any information as per our charter party and confidentiality agreement."[236] Millenium told Odin Marine that "numerous details" about their contractual arrangements had already been disclosed, which "is in no doubt a great violation of all the documents we signed." Millenium emphasized:

> "More importantly and as a final statement our transaction has the legitimate cover. The Arabian Gulf where all vessels are operating in and within are under the full control and strict scrutiny of the UN Naval Forces through an air tight control and observation system.
>
> "Should any UN official in whatever capacity does have anything, they should be communicating with the law enforcement in the Gulf (UN Naval) and pass on their remarks and observations asking for follow up from the UN Naval forces. It remains within the UN Naval capacity and authority to verify and scrutinize the information they are receiving from any UN offic[ial] in New York and to take the necessary action. So far and reflecting the legitimacy of our operation, the past experience with the previous vess[e]ls and the upcoming ones reflect the reality and we leave it for you to draw your own conclusions."[237]

Odin Marine forwarded Millenium's message to the shipowner's broker, Petrian.

On the same date, February 21, 2003, Odin Marine forwarded to Petrian Shipbrokers another message it had received from Millenium providing assurances of the legality of the shipments. Millenium wrote:

> "Once again, we assure you based on our agreement that the owners will not be subject to any legal procedure initiated against them of whatsoever nature due to this operation. The fact that further documents and information could not be provided does not and should not lead to the impression that this is an illegitimate transaction and hereby request all parties to adhere and abide by the confidentiality agreement we have.
>
> "Noting that the owners are aware of the ships that have been granted safe passage while going in and out . . . [This] should give them the extra comfort and reaffirm all the above.
>
> * * *

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[234] In Februrary 2005, the Subcommittee asked the U.S. Department of Defense (DOD) for information about the Khor al-Amaya incident and the role of the U.S. Navy. DOD has not provided any information in writing and has declined to date to provide an unclassified oral briefing.

[235] Id.

[236] Email dated 2/21/03, from Odin Marine to Petrian Shipbrokers, 3:56:56 PM (forwarding Millenium message).

[237] Id.

> "More importantly, as you are fully aware, any vessel carrying illegal cargo is subject to confiscation and that the sole authority and party to carry out such confiscation is the UN Naval Forces. Considering that as stated above the ships are granted safe passage in and out by the UN Naval Forces only confirms the legitimacy of our operation."[238]

Three days later, on February 24, 2003, after more press articles and inquiries from a U.N. Oil Overseer about the shipments, Odin Marine asked Millenium to provide "written proof" of the legality of the oil cargo from Khor al-Amaya:

> "In view of all the hoop-la that has gone on in the press, and the phone calls from Mr. Morten Burr-Jensen of the U.N. since last Thursday, owners are requesting that [Millenium] supply written proof that the cargoes to be loaded in alAmaya are 'lawful merchandise according to relevant UN regulations and international law.'"[239]

In response to Odin Marine's request, on February 28, 2003, Millenium provided Odin Marine a written explanation of the legal authority for the Khor al-Amaya shipments.[240] Millenium stated that the Khor al-Amaya shipments had been undertaken pursuant to the Iraq-Jordan trade protocol that Jordan had entered into with Iraq pursuant to Article 50 of the U.N. Charter, and which had been in continuous operation since 1990. Millenium claimed the Jordan protocol with Iraq "has been approved by the UN in general and by the UN Sanctions committee in particular; i.e. approved in line with the Oil-for-Food Program though in practical terms it is not hermetically governed by this Program." "Although this is public information," wrote Millenium, "very few parties are aware of it and it is of great importance to Jordan and other concerned parties not to highlight these facts." Millenium urged all parties to maintain confidentiality regarding the Khor al-Amaya shipments.

Millenium further stated, "[T]he US Administration routinely waives sanctions in order to provide aid to Jordan," which, according to Millenium, "undoubtedly demonstrates the full endorsement of both the Executive and Legislative branches of the United States Government of Jordan's exemption regarding the importation of Iraqi crude oil." Millenium also faxed to Odin Marine a passage from Congressional Research Service Issue Brief (IB92117) explaining the operation of the Iraq-Jordan protocol.

Despite this lengthy email from Millenium, Odin Marine decided to contact U.S. authorities to make sure it was not party to any transaction in violation of U.N. sanctions or U.S. law, or which was not in accordance with U.S. foreign policy.[241] Odin Marine's General Counsel first called the U.S. Department of Commerce "to ascertain their position on Millenium's charter activities and carriage of oil to Jordan's port for the Jordanian government."[242] The Commerce Department referred him to the U.S. Treasury Department's Office of Foreign Assets Control (OFAC), which administers U.S. sanctions on Iraq. On March 4, 2003, in response to messages he left at OFAC, Odin Marine's General Counsel received a call from a U.S. official whom he thought worked for OFAC, but was actually employed by the U.S. State Department. The General Counsel told the Subcommittee that he personally explained the entire matter to this State Department official, including that the ship charters had been obtained by a Jordanian company, Millenium, which claimed to be acting on behalf of the Jordanian Government, and that Millenium had told his company the ships loading at Khor al-Amaya were operating under an exception to the U.N. sanctions on Iraq, since the tankers were carrying oil for Jordan. He said that he told the U.S. State

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[238] Email dated 2/21/03, from Odin Marine to Petrian Shipbrokers, 1:31:06 PM (forwarding Millenium message).

[239] Email dated 2/24/03, from Odin Marine to Jamil Sayegh, SBIG Holdings, 5:57:15 PM.

[240] Email dated 2/28/03, from Odin Marine to Silver Line Ltd., 7:58:06 PM (forwarding Millenium message).

[241] Subcommittee conversations with Odin Marine (2/11/05).

[242] Email dated 3/4/03, from Odin Marine General Counsel, Howard Jaffe, to Odin employee, Michael Richards, 3:55:13 PM.

Department official that his company was willing to turn over the oil to the MIF if the United States wanted them to do that.

The U.S. State Department official promised to call back. The General Counsel memorialized his second conversation with this U.S. State Department official in an email to another Odin Marine employee.[243] He wrote:

> "She called back in about 2 hours and said that her office was 'AWARE OF THE SHIPMENTS AND HAS DETERMINED NOT TO TAKE ACTION.' She did not add 'at this time.' I noted that a further shipment was sought by Millenium and did she have any advice on that. She repeated the quoted response and would say no more. I asked her to contact me if there was any change in position as my client's wished to act in the best interests of the U.S. It appears that they do not want to harm Jordan by interfering with its quest for oil before the impending conflict by seizing it."[244]

Odin Marine told the Subcommittee that this conversation reassured the U.S. company that the United States was fully informed of the Khor al-Amaya shipments and had no objection to them or to a U.S. company's participation in them. The company indicated that there was no indication that Odin Marine should obtain a license from OFAC to transact business in Iraq, and no impediment to proceeding with the Khor al-Amaya shipments.

In an email sent on February 25, 2003, Millenium provided explicit guidance to Odin Marine as to how all vessels loading at Khor al-Amaya were to interact with the MIF, and how the MIF would respond. This email explicitly identified MIF Commander Harry French, who was then and is now a U.S. naval officer, as the key contact for ship communications.[245] Millenium instructed Odin Marine as follows:

> "1. All chartered vessels coming into Khawr Amaya to provide the Un Naval check point with the name of the vessel, name of Charterer, and name of loading port. This communication to take place between the Master of the concerned vessel and whichever UN Naval ship on duty in the vicinity.

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[243] Id.

[244] In commenting about Jordan's "quest for oil before the impending conflict," the General Counsel of Odin Marine was referring to a common justification offered for the Khor al-Amaya shipments -- Jordan's need to ensure it had an adequate supply of oil if war broke out in Iraq. In early 2003, Jordan had begun taking a number of measures to protect itself against an oil supply disruption. For example, Jordan chartered the "M/T Berge Chief," a Norwegian tanker with a storage capacity of about 2 million barrels, and maintained it at an anchorage offshore of Aqaba. Jordan entered into agreements with Saudi Arabia, the United Arab Emirates, and Kuwait to obtain a three-month supply of free oil. Jordan also obtained hundreds of millions of dollars in outright grants from other nations, including the United States, to ease the economic impact of the war in Iraq. Additionally, Jordan purchased more than 7 million barrels of oil from Iraq in the Khor al-Amaya incident at issue in this Report.

On the other hand, at the same time as Jordan was buying oil from Khor al-Amaya, it was selling a large amount of crude oil then in storage in Jordan. Shipping records obtained by the Subcommittee indicate that on February 5, 2003, the ship "M/T Artemis" arrived at the Jordanian port of Aqaba for use by the Jordaninian Ministry of Energy and Mineral Resources. At Aqaba, the Artemis was loaded with about 1 million barrels of Arab Light crude oil, which is roughly comparable to Iraqi Basrah Light. According to shipping documents, the Artemis departed with this oil for Aden, where it arrived on March 22, 2003, and discharged its cargo on March 26 "to Aden Refinery Company and Al Hoda International Trading Co., at the port of Aden without production of the original bill of lading." Email dated 2/5/03, from Odin Marine to Marine SBIG; email dated 3/26/03, from Odin Marine to Capt. Ghazi Abu Laila, 8:07:51 AM.; email dated 3/24/05, from Odin Marine to the Subcommittee, 9:45 AM.

As events unfolded, Jordan apparently experienced a two-month disruption of oil imports from Iraq. Citing security and safety concerns, Jordan suspended all oil imports from Iraq on March 23, 2003, three days after the war in Iraq began; it resumed those imports two months later in mid-May. See, e.g., "Jordan Refuses to Comment on Prospects of Oil Supplies from Saudi, Kuwait," BBC Monitoring International Reports (4/7/03).

[245] The Subcommittee asked DOD to arrange an interview with Commander French. DOD offered to allow him to speak to the Subcommittee in a classified setting, but to date has failed to respond to the Subcommittee's request for an interview that would discuss only unclassified matters. The Subcommittee has been told that additional DOD personnel with information about the Khor al-Amaya incident include Naval Commanders Hensen and Carreras.

> "2. Upon completion of loading and while approaching the UN Naval check point, the Master to contact the UN Naval ship on duty at that time and give them all the details including quantity loaded, name of charterer, the terminal of loading and then get the necessary clearance accordingly.
>
> "3. At anchorage, Master will contact Commander Harry French and get the NO OBJECTION message from him. Mr. Young of Odin Marine to contact Commander French as well in order to verify and confirm the communication between the Master and Commander French. Mr. Young will seek the NO OBJECTION message in the text and format agreed between us."[246]

Millenium instructed its chartered vessels on the key phrase to be used to obtain permission from the MIF for passage:

> "4.C. The message that should be sent by either the ship master or Mr. Young is the following: 'We are loading crude oil from the terminal at Khawr Amaya for Millenium: do you have any objection?'"[247]

Millenium also directed its personnel to keep communications with the MIF to a minimum:

> "It is very advantageous that Mr. Young served in the Coast Guard as he can relate to and understand the situation and how officers feel uncomfortable about going through unnecessary extended communications."[248]

A "Note to File" written by David Young of Odin Marine indicates that Commander French appeared to be under similar instructions to provide Mr. Young with only the minimal information necessary for their particular interaction. Mr. Young's note states:

> "[T]he M/T Tanker "Arcadian I" was due to sail Khor al Amaya March 1st at 0900 with the tide. Commander French advised that he had no objections. He [also] said that he was sorry he could not say anything more. I told him I completely understood and did not expect him to say anything more.
>
> "He asked how many shipments this was. I told him this was the third vessel that had actually loaded (i.e. Argosea, Eagle, and now Acadian I [*sic*]) He asked how many more vessel[s] I expected. I told him one vessel I thought was going to be confirmed in the morning (did not mention name of vessel to him but was thinking of M/T Sea Victory). I also told Commander French that we had a couple vessels that were hesitant to load due to the recent publicity etc – and may pull out of these charter parties. He related that the recent publicity had made his life very difficult and could understand how recent events could make things difficult in this regard.
>
> "I also asked Commander French as a method of procedure if I could continue to call him to request permission for vessels to proceed to and depart from Iraq and he said that would be okay."[249]

Mr. Young described Commander French as "Coast Guard Lia[i]son to USN Central Command in Bahr[a]in."

Presumably, each vessel that loaded oil at Khor al-Amaya followed the instructions provided by Millenium. Upon arrival, they checked in with the MIF; provided details about their plans to load

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[246] Email dated 2/25/03, from Millenium to Michael Richards of Odin Marine, 2:11:17 PM. "Mr. Young" refers to David E. Young, who was then executive vice president of Odin Marine.

[247] Id.

[248] Id.

[249] Note to File dated 3/2/03, authored by David Young of Odin Marine.

Iraqi oil from Khor al-Amaya, an unauthorized port under the OFF program; asked the MIF if it had any objection; and, hearing none, proceeded to the port. One person interviewed by the Subcommittee said that it was his understanding that, on some occasions, MIF vessels even escorted the chartered ships to ensure their safe passage through the Persian Gulf.[250] From February to March 2003, seven vessels loaded a total of over 7.7 million barrels of Iraqi oil from Khor al-Amaya.

6. Final Destination of Khor al-Amaya Oil

Although oil loaded at Khor al-Amaya was described as undertaken pursuant to the Iraq-Jordan trade protocol or as part of a plan to establish a floating strategic oil reserve for Jordan during the U.S. invasion of Iraq, most of the 7.7 million barrels of oil loaded at Khor al-Amaya never reached Jordan.

As Table 4 indicates, at most it appears that only one of the tankers that lifted oil from Khor al-Amaya ultimately discharged any cargo in Jordan.

Table 4: Final Destination of Oil Exported from Khor al-Amaya

Original Vessel Lifting Oil from Khor al-Amaya	Initial Disposition	Final Disposition	Date of Final Disposition
Argosea	UAE port of Fujairah; Yemeni port of Aden	Jordanian port of Aqaba	April 18, 2003
Eagle	Ship-to-Ship (STS) transfer of oil to the Marine Pacific at the Fujairah port	STS of approx. 2.5 million barrels from Marine Pacific to Hellespont Embassy on June 9, 2003. Approx. 2.5 million barrels on Hellespont Embassy sold to Al Huda International Trading Co. on June 18, 2003 @ $20.65/barrel; sent to Midor Refinery, Egypt.	June 18, 2003
Sea Victory	STS to Marine Pacific at the Fujairah port		
Seacross II	STS to Marine Pacific at the Fujairah port		
Arcadian	STS to Empress des Mer at the Fujairah port	Approx. 2.9 million barrels aboard Empress Des Mer discharged at Egyptian port of Ain Sukhna	Late 2003
Mint Prosperity*	STS to Empress des Mer at the Fujairah port*		
Endeavour 2*	STS to Empress des Mer to the Fujairah port*		

Table 4. According to shipping documents available to the Subcommittee, only one of the seven tankers that loaded oil from Khor al-Amaya transported oil to Jordan.

** The Mint Prosperity and Endeavour data is inferred from references in Bayoil documents and shipping totals. The total amount of oil that was available for sale, according to Bayoil documents, is about 1.6 million barrels less than the amount that was loaded according to SOMO documents. The Subcommittee Minority Staff has been unable to account for this difference.*

The Argosea's initial destination after loading at Khor al-Amaya was Fujairah, a port just outside the Straits of Hormuz on the coast of the United Arab Emirates, where the ship set anchor on February 20, 2003. The next communication in the records obtained by the Subcommittee indicates that on March 29, 2003, Millenium instructed the Argosea to "heave up anchor and proceed A.S.A.P. at full speed to Aqaba, Jordan to discharge."[251] Two days later, Odin Marine asked Petrian Shipbrokers to notify the Argosea's owners that the "vessel is presently enroute to Aqaba ETA 7

[250] Subcommittee interview of Odin Marine (2/11/05).

[251] Email dated 3/20/03, from Millenium Marine Division to Argosea.

April 03 to discharge its cargo of crude oil (with possible change of disport within the trade area agreed)."[252]

The next day, however, on April 1, 2003, Millenium directed the Argosea's Captain to proceed to Yemen to discharge its cargo:

> "DEAR CAPT VLADIMIR
>
> "PLS NOTE YOUR DISCH PORT IS ADEN IN YEMEN
> KINDLY ADVISE YOUR ETA ADEN ANCHORAGE
>
> "REGARDS
>
> "J. SAYEGH
> "MILLENIUM"[253]

On April 3, 2003, Millenium provided more specific instructions to the Argosea, including the following:

> "FOR ALL YOUR SHIP BUSINESS AND DISCH, FM TIME YOU DROP ANCHOR TILL COMPLETE DISCH'G WOULD BE HANDLED BY JORDAN NATIONAL SHIPPING WHO WOULD CONTACT YOU LATER ON 3RD APRIL, PLS FOLLOW THEIR OPERATIONAL INSTRUCTIONS."[254]

The direction to discharge the cargo in Yemen greatly concerned the Tsakos Group, which owned the Argosea, since it appeared to contradict Millenium's previous assertions that the cargo had been obtained for use by Jordan under Article 50 of the U.N. charter. The shipowner expressed concern, under this rationale, about delivering the oil to any country other than Jordan without violating U.N. sanctions. In an apparent communication to Millenium, the shipowner pointed out that it had previously discussed this issue with the company as follows:

> "[W]e highlighted:
>
> "1. that there was considerable media speculation that the cargo was unlawful, to which you and your government insisted that the cargo was for the use of the Jordanian state, and that you were permitted to export the cargo from Iraq by the tacit consent of the United Nations under Article 50 of the UN Charter:
>
> "2. that there was media speculation that the cargo was not for the use of the Jordanian state and that even if para 1 above was accepted, if it became clear that the cargo was to be delivered to non-Jordanian state interests, the rationale under the UN charter (Art. 50) would no longer be available and Owners would have to treat the cargo/order for delivery as unlawful. As a result, the indemnity provided by the Jordanian government on 13th March 2003 was drafted to ensure that the delivery was to Jordanian state interests through Millenium.
>
> "You have now changed your orders for Aqaba and have directed the vessel to deliver the cargo at Aden. Given the two matters highlighted above, we are duty bound to enquire on behalf of the Owners of the vessel for details as to the circumstances in which cargo destined for use by the Jordanian state should be discharged at Aden. We very much wish to work with you and to accommodate your reasonable and lawful orders but consider that it is imperative that you please let us have as much information as possible in order to demonstrate to us that the cargo is

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[252] Email dated 3/31/03, from Odin Marine to Petrian Shipbrokers.

[253] Fax dated 4/1/03, from SBIG Head Office to Master of Argosea.

[254] Email dated 4/3/03, from Odin Marine to Jamil Sayegh, SBIG Holdings, 8:30:36 AM .

still destined for use by Jordanian state interests despite being ordered to be delivered at Aden.

"We look forward to your reply."[255]

When the Argosea arrived at the Yemeni port of Aden on April 3, 2003, all of the berths at the port were full, so the ship initially remained at anchor in the harbor. From the documents provided to the Subcommittee, it appears that the Argosea remained at Aden for 7 days. The Subcommittee Minority Staff was unable to determine whether the Argosea discharged any of its cargo during its week-long stay at Aden.

While the Argosea was anchored at Aden, the shipowner apparently also began expressing concerns about the bill of lading for its cargo of oil. Bills of lading are essential shipping documents. They describe the type and quantity of goods being shipped, as well as the ports of loading and discharge, and serve as a document of title, a contract of carriage, and a receipt of goods. In the case of the OFF program, a bill of lading was part of the documentation required by the United Nation. Without the bill of lading, many lenders and buyers of oil might consider a cargo contraband and refuse to provide financing or funds for its purchase.

On April 10, 2003, Petrian Shipbrokers reported to Odin Marine that the Argosea shipowner had advised "that [vessel] will discharge against original [Bill of Lading] although apparently these need to be reissued after the old ones are cancelled. The owner's operator is of the understanding that his boss has sent a msg regarding [Bill of Lading] directly to charterers – I have asked for them to send us a copy."[256] On the same day, the shipowner, the Tsakos Group, sent a message informing the Argosea that a new set of bills of lading would be produced for the cargo, changing the cargo's consignee to the "Ministry of Energy and Mineral Resources, the Government of the Hashemite Kingdom of Jordan," and designating the port of discharge to be "Aqaba, Yemen."[257] The shipowner's message also stated that once the charterer, Millenium, provided the vessel with the new bills of lading, discharge could commence.

Presumably, a key issue in the bills of lading applicable to the Argosea's oil cargo was information showing that the destination port was Aden, Yemen instead of Aqaba, Jordan, thereby raising concern that the shipment was not for Jordan's use under the Iraq-Jordan protocol. Another issue may have been information showing where the cargo originated, since Khor al-Amaya was an unauthorized port under the OFF program and it is possible that no bill of lading was provided during the initial loading process. It is unclear how these matters were addressed in either the original or replacement bills of lading described in the Argosea communications. Also unclear are the procedures and circumstances under which Millenium produced both the original and replacement bills of lading for the Argosea's oil cargo.

On April 16, 2003, the Argosea reached the Jordanian port of Aqaba and shortly afterward began discharging oil. The Subcommittee Minority Staff has been unable to determine how much, if any, Iraqi oil the Argosea discharged at Aden, and how much it discharged at Aqaba. The Subcommittee Minority Staff has also been unable to obtain copies of the original or subsequent bills of lading for the Argosea's cargo.

The cargoes of three other ships that loaded in Khor al-Amaya were eventually consolidated and shared a final destination. These cargoes, from the Eagle, Sea Victory, and Seacross II, were sent to the UAE port of Fujairah just outside the Persian Gulf. Beginning in late March, the cargoes from all three ships were transferred to storage tanks on a large oil tanker named the Marine Pacific. In early June, the Iraqi oil aboard the Marine Pacific was transferred to still another oil tanker, the

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[255] Email dated 4/1/03, provided by Odin Marine, incorporating messages from Tsakos Shipping Athens with identifying number RefNum: 2181783.

[256] Email dated 4/10/03, from Petrian Shipbrokers to Odin Marine, 11:54:47 AM.

[257] Email dated 4/10/03, from Petrian Shipbrokers to Odin Marine, 12:59:55 PM. It is not clear from this document whether the reference to "Aqaba, Yemen" is a typographical error or refers to two distinct ports of discharge.

Hellespont Embassy. Some evidence, as discussed in the next section, indicates that Bayoil may have furnished the Hellespont Embassy to Millenium. On June 18, 2003, according to documents produced by Bayoil, Millenium sold the 2.5 million barrels of Iraqi oil aboard the Hellespont Embassy to Al Hoda International Trading Company ("Al Hoda"). Al Hoda is known to be a front company for the Hussein regime.[258] The Bayoil documents also indicate Al Hoda may have paid Millenium $20.65 per-barrel for the oil.[259]

It appears likely that the cargoes of the three remaining ships that loaded oil at Khor al-Amaya, the Arcadian, Mint Prosperity and Endeavour 2, were also consolidated and sold together. The Arcadian's cargo was sent to Fujairah, where it was transferred onto a ship called the Empress des Mer. Bayoil's documents indicate the Empress des Mer carried a total of nearly 2.9 million barrels of Iraqi oil, of which about 1.6 million barrels came from the Arcadian.[260] The shipping records obtained by the Subcommittee do not indicate the origin of the additional barrels of Iraqi oil aboard the Empress des Mer. However, a Bayoil memorandum dated May 13, 2003, specifically identifies the cargoes aboard the Mint Prosperity and the Endeavour 2, together with the cargoes from Khor al-Amaya aboard the Arcadian and the Marine Pacific, as potentially available for purchase from Millenium.[261] It appears, therefore, that the cargoes aboard the Mint Prosperity and the Endeavour may have been transferred onto the Empress des Mer. According to the owner of the Empress des Mer, the Iraqi oil stored aboard that ship was discharged in Egypt.[262] The Subcommittee Minority Staff was unable to determine who, if anyone, purchased this oil from Jordan.

7. Bayoil Attempt to Purchase Khor al-Amaya Oil from Jordan

An additional curious aspect of the Khor al-Amaya shipments is the emergence of Bayoil as a potential purchaser of the oil from the Jordanian government. Although, in the end, Bayoil was unable to purchase the cargoes despite strenuous efforts, documents related to those efforts yield additional information about the disposition and legality of the shipments.

Bayoil apparently learned of the Jordanian-chartered oil tankers carrying Iraqi oil in early March 2003. A memorandum in Bayoil files, apparently written in March 2003, provides detailed and generally accurate information about the chartered vessels.[263] An email from John Irving to David Chalmers dated March 24, 2003 – 4 days after the U.S. invasion of Iraq began – states that a number of persons were interested in purchasing the Khor al-Amaya cargoes.[264] In mid- to late-May, Bayoil began negotiating with Petroline, a Jordanian company, to either store or purchase, or both, the Iraqi crude oil held by the Jordanian Ministry in ships anchored at Fujairah.[265] Among the

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[258] ISG Report, Vol. III, Regime Finance and Procurement, pp.82, 90-91, 291 (September 2004). Interviews by Subcommittee staff with senior Iraqi officials in the Hussein regime confirmed that the Government of Iraq owned 50 percent of Al Hoda International Trading, provided direction to its operations, and shared in the company's profits.

[259] One Bayoil memo characterized Al Hoda's offer as "bunch of peasants at 20.65"; another stated: "COMPETITION (AL HODA) 20.65 (we think) – laundry money." Email dated 6/17/03, from John Irving to David Chalmers, Jr and other Bayoil personnel, 3:26 PM; email dated 6/16/03, from John Irving to Jean Johnston, 4:01 PM, Bates BAY14-01796.

[260] See, e.g., draft request dated 6/17/03, from Bayoil to Banque Cantonale Vaudoise for a letter of credit financing the purchase of 2.87 million barrels of Iraqi oil on the Empress de Mer.

[261] See email dated 5/13/03, from John Irving to David Chalmers, re "Petroline: conversation with Ali Jaffri."

[262] Subcommittee interview of Tankship Ltd. (4/20/05).

[263] Undated document produced by Bayoil, Bates BAY14-01878-79 (contains detailed information obtained "through our market intelligence" about "Jordanian-chartered ships loading" oil at Khor al-Amaya)(text says at one point it is providing information "as of today March 10, 2003" and later "just yesterday March 25th").

[264] Email dated 3/24/03, from Bayoil's John Irving to David Chalmers, 8:25 AM.

[265] Memorandum dated 5/19/03, from Bayoil Supply & Trading Limited to Petroline FZC, " Ref: Oil Storage/Purchase Proposal."

Bayoil documents obtained by the Subcommittee is a storage charter agreement between Bayoil and the Jordanian Ministry of Energy & Mineral Resources for Bayoil to provide floating storage of the Ministry's oil on the vessels Hellespont Embassy and Hellespont Grand.[266] Because this agreement is unsigned, it is not definitive evidence of an actual contract between Bayoil and the Jordan Ministry. About 2 weeks later, the Iraqi crude that had been stored on the Marine Pacific was transferred to the Hellespont Embassy. However, the Subcommittee Minority Staff has not been able to conclude with certainty that the Hellespont Embassy was then under charter to Bayoil.

During the same period of time, Bayoil began discussions with Petroline for the outright purchase of the Iraqi oil. Bayoil was both negotiating with Petroline and using Ali Jaffri of Petroline as an agent in its negotiations with the Jordanian Government. A Bayoil memorandum indicates that Mr. Jaffri had access to the Jordanian Prime Minister.[267] The same memorandum describes a conversation with Ali Jaffri in which he provides his perspective on the legality of the shipments:

> "On the question of the PROTOCOL – Ali said that this had been signed between Iraq and Jordan and had been vetted by the US State Department. This is one of the areas he will check tomorrow. He said if it was not clear why then was CALTEX looking to do the same deal for either Far East or South Africa."[268]

At the same time that Bayoil began negotiating with Petroline to buy the Jordanian oil from Khor al-Amaya, the Jordanian Minister of Energy was denying press reports that Jordan was attempting to sell Iraqi oil that had been sold to Jordan before the war. "The minister stressed that the quantities of oil, which are in Aqaba or at the refinery in Al-Zarqa, are a strategic reserve to be used for refining and local consumption, adding that Jordan has no oil to sell and that there are no Jordanian companies to sell oil."[269]

In early June, Bayoil began negotiating directly with the Jordanian Ministry of Energy and Mineral Resources for the purchase of the Iraqi oil aboard the Marine Pacific and Empress des Mers. Bayoil began drafting a formal purchase offer and arranged a meeting with the Jordanian Minister of Energy to discuss the proposed sale.

On June 10, 2003, the Jordanian Minister of Energy and Mineral Resources met in Amman with three persons representing Bayoil, John Irving, Augusto Giangrandi, and Zeid Khorma.[270]

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[266] Memorandum dated 5/22/03, from Bayoil Supply & Trading Limited to Petroline FZC, "Ref: Oil Storage Contract Dated May 22, 2003."

[267] Email dated 5/13/03, from John Irving to David Chalmers, 5:12 AM.

[268] Id. It is not clear whether Jaffri's claim that the "protocol" had been vetted by the U.S. State Department was a reference to the official trade protocol between Iraq and Jordan that was publicly known or these specific shipments.

[269] "Jordanian Minister Denies Reports Local Companies Offered to Sell Iraqi Oil," BBC Worldwide Monitoring (5/22/03). This media report also stated that Jordanian companies were having difficulty selling the oil, because it was "exported three months ago when Iraq reactivated an abandoned seaport in Khawr al-Amaya on the Gulf a few weeks before the war broke out, thus violating the sanctions the Untied Nations imposed on Iraq."

[270] Email dated 6/10/03, from John Irving to David Chalmers, 5:34 AM, BAY14-01835.

A former high-ranking Iraqi official interviewed by the Subcommittee stated that Zeid Khorma "or his brother" was the person who visited the Iraqi Oil Minister to request approval for the Khor al-Amaya shipments in 2003. Subcommittee interview of Senior Iraqi Official No. 7 (4/17/05). Evidence uncovered by the Subcommittee Minority Staff indicates that Zeid Khorma's association with Augusto Giangrandi dates back to at least the mid-1980s, when Mr. Khorma was Carlos Cardoen's representative in Baghdad, and Mr. Giangrandi was helping Cardoen Industries supply Iraq with cluster bombs. See Section IIB(2) of this Report above.

Mr. Khorma also allegedly helped smuggle into Iraq a key ingredient for Scud rocket fuel. In 1994, Mr. Khorma is alleged to have paid $50,000 to arrange the shipment from China to Iraq of 30 tons of ammonium perchlorate, a key component in the production of solid rocket fuel for Iraqi Scud missiles. The ammonium perchlorate was falsely labeled as aluminum sulfate and found on a German ship docked in Saudi Arabia. See, e.g., "HK Firm Used to Send Missile Fuel to Iraq Say Investigators," South China Morning Post (Hong Kong)(12/18/94). U.S. Customs agents were quoted as saying that Zeid Khorma "is believed to be a supplier of illegal goods through Iraqi government contacts, with the help of his father and brother." "U.S. Customs: 2 Nabbed in Iraq Export Plan," United Press International (1/11/95).

(continued...)

According to Mr. Irving, the Minister indicated that Jordan already had entered into a contract for the cargo aboard the Empress des Mer. The Minister allegedly explained that the cargo aboard the Marine Pacific had just been transferred onto the Hellespont Embassy, and according to Mr. Irving's email, the Minister "would like to keep these bbls on same ship and re-charter ship to Bayoil at same rate." The Minister allegedly asked Bayoil to provide proposals for discussion later that evening or the next morning.[271]

Bayoil documents indicate that Mr. Chalmers was extremely concerned about the legal status of the Iraqi oil they were seeking to purchase. Mr. Chalmers apparently discussed with his attorneys the extent to which the Iraqi sanctions regulations applied to oil acquired before the invasion and, specifically, whether the manner in which this oil was acquired could cause it to be "deemed tainted."[272] His concern apparently arose in part because the banks Bayoil had asked to issue letters of credit to finance the oil purchase had requested either: proof that payment for the cargo had been made to SOMO – which Bayoil could not provide since Jordan refused to disclose its role in paying SOMO – or, in the alternative, a statement from OFAC that there were no restrictions on the importation of the Khor al-Amaya oil into the United States.[273]

Later on June 10, 2003, Bayoil submitted a written offer to the Jordanian Ministry to purchase the oil on both the Hellespont Embassy and Empress des Mer. The next day, June 11, 2003, Bayoil representatives John Irving, Augusto Giangrandi, and Zeid Khorma met again with the Minister of Energy, who was accompanied by another Jordanian Ministry official, Farouq al-Hyari. According to Mr. Irving, the participants discussed pricing and then turned to the shipping documents needed by Bayoil to obtain financing from a bank for the transaction.[274] According to Mr. Irving, the Jordanian Minister of Energy balked at many of the documentation requirements, because Jordan did not want its role or the nature of the transaction to become public. For example, an Irving email states: "M said no way would J 'go public' on these bbls lifted from 03 and indeed it was very simple: 'the bbls are to be lifted ex Fujairah.'"[275]

According to Mr. Irving, the Jordanian Minister of Energy appeared annoyed that the legitimacy of the shipments was being questioned, alleging that the Prime Minister of Jordan had told him that the shipments had the "direct approval of the White House":

> "M said that he had had a meeting with the "higher authourity" [*sic*] that morning (we know he met the PM) and that the movement of these bbls had the direct approval of the 'White House'. We believe that approval was succinct at the time of original lifting and has been stated more forcefully at the Aqaba meeting early June ...." [276]

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[270] (...continued)

In January 1995, U.S. authorities arrested Zeid Khorma's brother Mosab, along with his father Ahmad, in New York, and charged them with "knowingly and willfully conspiring to violate" the Iraqi sanctions regulations and executive orders "by exporting and intending to export goods from the U.S. to Iraq." Another individual, Kim Kyung-Il, also known as "Storm Kheem," was charged with felony offenses for alleging accepting payments from Zeid Khorma to ship the ammonium perchlorate. Criminal Case 0:95-mj-00041-ARL-1 (USDC EDNY). Zeid Khorma, who then resided in Jordan, was not indicted.

In August 1995, all charges against the Khormas were dismissed. In March 1996, Kheem pled guilty and was sentenced to six months of house arrest, a $100 "special assessment," and five years of probation with 350 hours of community service.

[271] Email dated 6/10/03, from John Irving to David Chalmers, 5:34 AM, Bates BAY14-01835.

[272] Email dated 6/10/03, from Bayoil's Jean Johnston to John Irving, 6:22 PM, Bates BAY14-01736.

[273] Id.

[274] Email dated 6/11/03, from Bayoil's John Irving to David Chalmers and others, 8:23 AM, Bates BAY14-01817.

[275] Id. Bayoil emails often used abbreviations or codes to refer to persons and places. In this email, "M" refers to the Jordanian Minister of Energy, "bbls" stands for "barrels," "J" refers to Jordan, and "03" refers to Iraq.

[276] Id.

The participants also discussed how to construct a rationale for why Jordan was now selling the Iraqi barrels it had supposedly acquired for a strategic oil reserve:

> "[Farouq al-Hyari] is working on this document today. Basically it is going to state that J has these bbls for strategic stock reasons and quality discovery means that they cannot process these bbls in J for environmental reasons (J refineries lack hydrotreating facilities.) There is evidence that these bbls have resulted in a recent refinery [shutdown] for 22 hours but FH denied this. This doc will also highlight the reasons for re-sale."

Other than this email, the Subcommittee Minority Staff has not located any other indication in the Bayoil documents that the Iraqi oil was unsuitable for Jordan's refineries. In fact, in a subsequent Bayoil memorandum, John Irving seems to be irritated that a competitor was espousing the same rationale for the sale of the oil that Bayoil had "drummed up" for the Jordanian Ministry:

> "[Zeid Khorma] went to check with one of his contacts what 'others' were doing .... During the course of this meeting he got hold of an offer made 11th June from 'Canadian Habitat International' based in Abu Dhabi which referred exactly to some of our wording discussed yesterday in the Ministry. In particular we had drummed up this strategic stock issue and here came the Canadian offer indicating precisely our wording."[277]

Jordan's unwillingness, or inability, to provide formal documentation legitimizing the purchase of the Iraqi crude proved to be an insurmountable obstacle for Bayoil. On June 12, 2003, Bayoil's attorneys wrote to OFAC seeking "clarification" that would provide authority for Bayoil to import the Khor al-Amaya oil.[278] Bayoil stated this clarification was necessary in order to "satisfy the demands of the Bureau of Customs and Border Protection and the foreign banks expected to finance the proposed transaction." Bayoil wrote:

> "We have been advised the Government of Jordan has offered two cargoes of Iraqi crude oil to Bayoil's affiliate for purchase, which Bayoil proposes to transport and/or distribute to customers in the United States. It is our understanding that this crude oil was acquired by the Government of Jordan prior to the issuance of the Executive Order and the General License [removing the Iraqi sanctions]. Bayoil has been led to believe that this crude oil was loaded at Khor Al Maya, Iraq, during late February 2003."

Bayoil told OFAC that, with respect to Iraqi oil lifted prior to the end of sanctions on May 22, 2003, the U.S. Bureau of Customs and Border Protection was still requiring documentation showing that the oil had been obtained in accordance with the U.N.'s Oil-for-Food program. For example, Bayoil told OFAC that the Bureau wanted both a copy of the U.N. 661 Committee approval of the contract to buy the oil, and a U.N. inspection certificate showing that the cargo had been properly loaded and inspected at an authorized Iraqi port. Bayoil told OFAC: "We have been advised that neither documents are available with respect to the purchase of this crude oil."

The next day, June 13, 2003, Bayoil's attorneys again wrote to OFAC, seeking expedited treatment of their request.[279] In this letter, Bayoil noted the two ships "are valued at approximately $120 million," and that if Bayoil could not "obtain comfort" from OFAC by close of business on June 16, "it is likely the Government of Jordan will sell these cargoes to another non-U.S. buyer."

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[277] Email dated 6/12/03, from John Irving to David Chalmers, 9:58 AM.

[278] Letter dated 6/12/03, from Bayoil's legal counsel, Dickstein, Shapiro, Morin & Oshinsky, LLP to OFAC, Bates BAY14-01804-06.

[279] Letter dated 6/13/03, from Bayoil's legal counsel, Dickstein, Shapiro, Morin & Oshinsky, LLP to OFAC, Bates BAY14-01733-35.

On June 18, 2003, OFAC wrote to the U.S. State Department seeking guidance on Bayoil's request.[280] OFAC asked the U.S. State Department whether the Khor al-Amaya cargoes "should be construed as a legal or an illegal export pursuant to the United Nations embargo." According to OFAC, the U.S. State Department never provided any response to their letter or Bayoil's request.

Ultimately, Bayoil's inability to obtain formal documentation, either from Jordan or OFAC, attesting to the legality of the oil from Khor al-Amaya, apparently prevented Bayoil from obtaining a financing commitment or letters of credit to support its purchase of the oil. In mid-June 2003, Jordan sold the three cargoes that had been consolidated on the Marine Pacific and moved to the Hellespont Embassy, to Al Hoda International Trading. Al Hoda then delivered the oil to the Midor Refinery near Alexandria, Egypt.

The loss of this cargo to Al Hoda and Bayoil's ongoing difficulties in its attempt to buy the remaining oil on the Empress des Mer led to recriminations between Bayoil's John Irving and Zeid Khorma, Bayoil's agent in Jordan. A series of emails between Mr. Irving and Mr. Khorma reveals the tension between the two, as well as their beliefs that the disposition of these barrels had risen to a "political level" within Jordan and the United States. For example, on July 1, 2003, Mr. Khorma wrote:

> "Believe me I am as frustrated as you are. The situation as it stands now, has reached a political level, and not a commercial one. Yes we were told that Cargo would be offered to our directions if the [letter of credit from Al Hoda] is not established. However since the high authority taking care of the matter is currently unavailable till tomorrow afternoon, we will have to wait till then.
>
> "Believe me John, the level we are talking to at this time is the highest and this restricts us by not going below. However I will try to call them tonight to see what indication we will get.
>
> "I wish I had more news for you, but believe me the level we have reached is now the highest.
>
> "best regards
>
> "Zeid" [281]

After two more emails from Mr. Khorma providing updates on discussions at the "highest levels" in Jordan regarding the sale of the second cargo of oil to Bayoil, and urging Mr. Irving to continue to wait for a decision, Mr. Irving wrote to Mr. Khorma:

> "This is good news. However we have been here before.
>
> "Also for you to say 'we have done a lot so that you guys better perform' and, in the same sentence, to question the right of the WH to check some issues with the J Govn pertaining these bbls, places you in a position way above your stated position as an 'agent' – or facilitating broker – on these bbls.
>
> "We will not accept these inappropriate statements coming from you. All we want from you is detailed information which we are not receiving. All we are receiving are assurances and extended calendars.
>
> "This whole issue now depends upon OFAC of which the Minister gave us assurances (June 11 in case you had forgotten) that he had 'received approval at the

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[280] Memorandum dated 6/18/03, from R. Richard Newcomb, Director, OFAC, to George A. Glass, Director, U.S. Department of State/EB/ESP.

[281] Email dated 7/1/03, from Zeid Khorma to John Irving, 11:48 AM.

highest level' which, may I remind you, you interpreted as being the White House. In addition you said that this point had been covered at Aqaba as well. Therefore it is perfectly valid for the US to be completing the 'circle' – a fact you fail to understand.

"In addition the fact that we are keeping a ship close to Empress at $X,000 pd is an indication of our intent.

"Perhaps, Zeid, the 'performance' issue is somewhere else, and this is a matter of internal debate in Bayoil at the moment.

"Think about it." [282]

On July 6, Mr. Khorma emailed Mr. Chalmers with "an official notification of release from responsibility towards the Jordan deal." Apparently in reference to his conversations with Mr. Irving, Mr. Khorma told Mr. Chalmers, "I have never had anyone address me or my country with the manner spoken to me, nor has anyone ever hang up on me." Mr. Khorma told Mr. Chalmers their friendship was too valuable to lose over a business deal, but his honor did not permit him to continue with this particular transaction. Mr. Khorma concluded by telling Mr. Chalmers, "I spoke to Augusto and gave him full details of the situation of the cargo."[283]

For the remainder of the summer and into the fall of 2003, Augusto Giangrandi and Bayoil appear to have turned their attention to building relationships with the new leadership in SOMO and the Oil Ministry after the Hussein regime was deposed. In late November, Mr. Giangrandi raised the possibility that Bayoil could still purchase the Iraqi oil aboard the Empress des Mer. A note from John Irving to Mr. Giangrandi expressed surprise that Mr. Giangrandi was trying to resurrect this oil sale. Mr. Irving recounted their unsuccessful dealings to date, and wondered what, in Mr. Giangrandi's view, had changed:

"We have made a concerted effort to purchase such quantities via your assistance previously on the basis we were assured that such a transaction was approved at the highest levels in D.C.

"As such we applied for an OFAC license for a provisional transaction which after six plus weeks of work by our D.C. attorney[s] ($10,000+), are were [*sic*] advised that no such license would be granted, without explanation.

"Therefore, since these facts were related to you and we don't have a 'get out of jail free card,' we are surprised by your continued inquiry about our interest or suggestions to push OFAC. What has really changed or what evidence exist which implies a change in policy in this matter?" [284]

From a subsequent email from Mr. Irving to Mr. Chalmers, it appears that Mr. Giangrandi explained to Mr. Irving that a deal Jordan had made with another purchaser for the Empress des Mer oil had fallen through, and so Jordan had inquired as to whether Bayoil were still interested. In December 2003, Mr. Chalmers told Mr. Irving he was "not interested in these [barrels] (if they are still there) due to customs issues and political uncertainties surrounding these historical bbls and to quality degradation issues."[285] At this point, Bayoil's involvement in the Khor al-Amaya oil shipments appears to have ended.

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[282] Email dated 7/3/03, from John Irving to Zeid Khorma, 9:11 AM.

[283] Email dated 7/6/03, from Zeid Khorma to David Chalmers 1:13 PM.

[284] Email dated 12/1/03, from Bayoil's John Irving to David Chalmers (forwarding an email of the same date from Mr. Irving to Augusto Giangrandi).

[285] Email from Bayoil's John Irving to David Chalmers (12/1/03) 3:22 AM.

D. KHOR AL-AMAYA AND THE IRAQ-JORDAN TRADE PROTOCOL

Repeatedly at key points during the saga of the Khor al-Amaya oil shipments, participants claimed the shipments did not violate U.N. sanctions, because they had taken place under the Iraq-Jordan trade protocol which had been approved by the United Nations. Jordan made this claim to shipbrokers, shipowners, and captains when asking them to help load and transport the oil; Jordan made the same argument in sales negotiations with Bayoil; and Bayoil offered the same rationale when trying to get lenders, U.S. Customs, and OFAC officials to endorse the legitimacy of the cargo. The evidence indicates, however, that the Khor al-Amaya oil shipments were not sold according to the pricing formula in the Iraq-Jordan trade protocol and did not meet the characteristics of the trade conducted under the protocol. Moreover, despite requests from interested parties, neither the United Nations nor the United States ever agreed to characterize the Khor al-Amaya cargoes as the product of transactions in accordance with U.N. sanctions.

Background. Jordan and Iraq have been close trading partners ever since both countries came into existence after the first World War. Initially, both countries were ruled by the Hashemite family: Faisal became King of Iraq and his brother, Abdullah, became King of Jordan. During the Iran-Iraq war, Jordan supplied essential agricultural and industrial goods to Iraq, and, in return, Iraq supplied Jordan with "cheap oil, grants, and low-interest loans."[286]

The sanctions imposed upon Iraq immediately after Saddam Hussein invaded Kuwait had a particularly severe effect on Jordan. Jordanian exports plummeted, and Jordanian businesses associated with Iraq's exports – nearly 70 percent of which traveled through the Jordanian port of Aqaba – were severely affected. Jordan's oil supplies were also disrupted; prior to imposition of U.N. sanctions, Iraq had supplied about 80 percent of Jordan's oil at below-market rates.[287] An influx of over a million refugees from Iraq into Jordan further strained Jordan's economy.

On August 20, 1990, 14 days after the U.N. Security Council adopted Resolution 661 imposing sanctions on Iraq, Jordan informed the Security Council that it would comply with the provisions of the resolution, but that such compliance would lead to "extreme economic hardships to Jordan and its population," and sought consultation to alleviate those hardships as provided under Article 50 of the United Nations Charter.[288] Article 50 provides:

> If preventive or enforcement measures against any state are taken by the Security Council, any other state, whether a Member of the United Nations or not, which finds itself confronted with special economic problems arising from the carrying out of those measures shall have the right to consult the Security Council with regard to a solution of those problems.

In September 1990, the U.N. 661 Committee issued a "Special Report" on Jordan's Article 50 request "with regard to special economic problems arising from the carrying out of the measures contained in resolution 661 (1990)."[289] The 661 Committee "express[ed] concern at the unique economic difficulties confronting Jordan," "recognize[d] the need to deal on a continuing basis with Jordan's unique economic difficulties," and requested the Secretary General to work with Jordan to

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[286] "The 1991 Gulf War and Jordan's Economy," Middle East Review of International Affairs, Vol. 6, No. 2 (June 2002).

[287] Id. Jordan's economy also was affected by its political isolation due to its failure to join the coalition opposing Iraq's invasion of Kuwait.

[288] See letter dated 8/20/90, from the Permanent Representative of Jordan to the United Nations Addressed to the President of the Security Council, United Nations Security Council document S/21620 (8/24/90). Jordan's letter identified a host of negative economic consequences from the Iraqi embargo. Overall, Jordan stated it would incur a "direct financial loss" of at least $1.5 billion annually, and cited consequences that could subject its economy to "total collapse."

[289] Special Report of the Security Council Committee Established by Resolution 661 (1990) Concerning the Situation Between Iraq and Kuwait on the Communication Received from Jordan with Regard to Special Economic Problems Arising from the Carrying Out of the Measures contained in Resolution 661 (1990), U.N. Security Council Document S/21786 (9/18/90).

develop appropriate remedies, "including especially the question of supply of petroleum and its derivatives."

An Annex to the Special Report included a response from the Jordanian Ambassador to questions posed by the U.N. 661 Committee. In it, Jordan disclosed that its annual oil imports from Iraq totaled 16 million barrels of crude oil per annum at $16 per-barrel. Jordan also stated:

> "Until this supply can be ensured, Jordan should be given waiver on an interim basis to continue importing oil and oil derivatives from Iraq. It is being understood that all such imports will be halted once an alternative source of energy is ensured provided the above prices are applicable and financing is made against loans to be repaid over a period of 30 years with 10 years' grace period at a 3 per cent interest rate per annum."

Neither the U.N. 661 Committee nor the U.N. Security Council ever formally approved Jordan's request for assistance under Article 50.[290] The U.N. 661 Committee did, however, recommend that the U.N. Security Council "take note" of Jordan's trade with Iraq. The U.N. Security Council received this recommendation from the 661 Committee, but did not take any formal action in response. According to the Iraq Survey Group, "Essentially, the Committee neither approved nor condemned Jordan because of its dependence on Iraqi oil at the time."[291]

For the first few years of the sanctions, Jordan regularly reported to the U.N. Security Council on its trade with Iraq under this arrangement. Jordan also regularly informed the U.N. 661 Committee of goods it exported to Iraq, such as food and medicine, and the quantity of oil and fuel oil it imported from Iraq. In the mid-1990s, the Jordanian reports became less frequent, but resumed in regularity after a request from the U.N. 661 Committee. By the late 1990s, though, these reports became sporadic.[292]

Iraq-Jordan Protocol. Jordan's trade with Iraq, including its oil trade, was conducted according to "protocols" that were negotiated annually between Iraq and Jordan. As described by the Iraq Survey Group, under these protocols, "Iraq trucked both crude oil and oil products – fuel oil, gas oil, LPG, base oil, and gasoline–to Jordan under the agreement, according to SOMO records. Crude shipments rose from about 45,000 barrels per day (bbl/d) in 1990 to 79,000 bbl/d by 2002."[293]

The vast majority of Jordan's trade with Iraq was conducted through credit arrangements, with no cash being provided to Iraq. The Iraq Survey Group explained, "The Jordan Protocol is generally referred to (by Jordanian and Iraqi officials) as a 100 percent credit account, with no cash being provided to Iraq." According to SOMO documents obtained by the ISG, a "small portion" of the trade was conducted according to a 60 percent credit and 40 percent cash arrangement: "SOMO documents list oil sales to the Jordanian Ministry of Energy and Minerals on a 60-percent credit, 40-percent cash basis. Contracts of this type are listed only for 2002 and are valued at only $6.2 million."[294] Due to this atypical financing arrangement, the ISG Report stated, "It is possible, maybe even likely, that Iraqi oil sales under the 60/40 arrangement ... are not technically part of the trade Protocol."[295]

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[290] The U.N. Security Council did not approve any of the multiple Article 50 requests made during the sanctions period.

[291] ISG Report, Regime Finance and Procurement, p. 24.

[292] Subcommittee Minority Staff review of U.N. 661 Committee minutes, 1990-2002.

[293] ISG Report, Regime Finance and Procurement, p. 24.

[294] Id. at 25.

[295] Id.

Annex A of the Iraq Survey Group report contains a translation of the 2003 Iraq-Jordan Trade Protocol, which was in place at the time of the Khor al-Amaya incident.[296] The translated protocol contains language indicating that the protocol was never intended to apply to Iraqi oil shipments carried on seagoing tankers for sale to third parties.

The first of three parts of the 2003 Iraq-Jordan trade protocol was signed in Baghdad, on November 21, 2002, by Iraqi Oil Minister Rashid and Jordanian Minister of Energy and Minerals Mohamed Batayinah. The first part of the protocol stated that Saddam Hussein had "authorized a grant of $300 million to the people of Jordan. The grant will be from the value of oil and its derivatives that Jordan imports during 2003." The agreement specified that this grant would be provided in monthly installments of $25 million, to be deducted by the value of the oil sold by Iraq to Jordan. It further provided, "All dues from crude oil that is imported from Iraq to Jordan in 2003 shall be paid in cash," and that such funds shall be used "for financing exports related to improving, supplementing, necessity, and spares from the Jordanian Oil Refinery Company, for the benefit of the Iraqi Ministry of Oil."

The second part of the protocol was agreed to on the same date as the first part. It specified the daily amounts of crude oil and refined products to be supplied by Iraq to Jordan for each of the 12 months in 2003. For the 5 five months of 2003, the agreement contemplated that Iraq would provide Jordan with about 12,000 tons of oil per day, which is equivalent to about 100,000 barrels of oil per day. This part of the protocol also provides a formula for determining the price of crude oil provided to Jordan. That formula is based, in part, on the price of Iraqi oil being sold to Europe, minus an allowance of 95-cents-per-barrel for the cost of transporting the oil by truck from the city of Haditha, in western Iraq, to Jordan.[297]

Khor al-Amaya Oil Shipments. The Khor al-Amaya oil shipments were not sold according to the pricing formula in the Iraq-Jordan trade protocol, and the shipments did not meet the characteristics of the trade conducted under the protocol. Moreover, despite requests from interested parties, neither the United Nations nor the United States ever agreed to describe the Khor al-Amaya cargoes as the product of transactions in accordance with U.N. sanctions.

In early 2003, when the Khor al-Amaya oil shipments were first purchased by Jordan, the pricing terms in the 2003 Iraq-Jordan trade protocol would not have produced the low $7 per-barrel rate that Jordan actually paid for the oil. For example, under the protocol's pricing formula, even if Basrah Light crude oil were selling as low as $20 barrel for European purchasers, the price to Jordan under the protocol, even after application of the transportation and 40 percent discounts, would have been $11 per-barrel. The Khor al-Amaya price of $7 per-barrel is so substantially less, that it indicates the shipments were not priced according to the formula specified in the Jordan-Iraqi protocol in effect at the time.

Further evidence that the Khor al-Amaya shipments were not contemplated by the protocol is provided in the third part of the protocol, which specifies various quantities and transportation costs for Iraqi oil to be delivered to Jordan. The text provisions establish costs for "tanker" trucks traveling on roads between Iraq and Jordan; they do not contemplate tanker ships.

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[296] Id. at 146-153.

[297] The protocol states:

"Between January 1st, 2003 and December 31, 2003, the price of crude oil shall be in accordance with the pricing formula demonstrated below:

The light, Basra crude oil price shall be paid in USD per-barrel, the price is for a tank load from station (T1) in Iraq that will be equal to the light Basra crude oil that is announced for Europe, from the delivery of the Arab Gulf for the month that the load occur, minus $0.95 per-barrel, from December 31, 2002, a review on the amount will occur if changes ensue on transportation fare.

In case the actual price is higher than $20 per-barrel, the Jordanian side will be granted a deduction of 40% for the increase for the light Basra crude oil that is announced in Europe."

The "T1" station is a crude oil pumping station near the city of Haditha, 150 miles northwest of Baghdad, and 200 miles northeast of the Jordanian border. Under the previous Jordan-Iraq protocols as well, oil was delivered by pipeline to the T1 station, where it was then loaded onto trucks for transportation by road into Jordan for use in the Zarqa refinery.

For example, the protocol states: "Starting 2/1/2003 the Iraqis will continue to deliver 28% of Jordan's needed crude oil shipments which quantities and daily average have been decided [in the November 21, 2002 agreement.]" It identifies the "shipping cost" as 10 Jordanian dinars per ton "minus 200 Jordanian Fils towards safety, transportation arrangement and *road maintenance* for the oil tankers during the bidding execution period." (Emphasis added.) Another paragraph states: "Arrangements and communication will be maintained regarding *road maintenance* between the crude oil shipping stations in (T1) and the Iraqi-Jordanian border, in order to follow up and implement the plan in the shortest possible period and to improve the crude oil tanker's line." (Emphasis added.) Yet another section makes it clear that the term "tankers" refers to trucks: "The Iraqi side will commit to the predetermined regulation number (42) of 2002 and the decisions issued by the Jordanian Cabinet of Ministers when dealing with the maximum dimensions, total weight, and engine capacity of the crude oil tankers. According to the Minister's Cabinet decision number 1626 dated 6/25/2002, the maximum total weight should not exceed five tons per truck (tanker), excluding the liquid gas tankers."

The protocol's focus on tanker trucks is a logical reflection of the fact that the overland transport of oil between Jordan and Iraq, which share a common border, was economically beneficial for both countries. In the 12 years since the U.N. and the U.S. "took note" of Iraq-Jordan trade, the evidence indicates that Iraqi oil was routinely supplied to Jordan by truck, as indicated in the trade reports supplied by Jordan to the U.N. 661 Committee. In fact, the Subcommittee Minority Staff is unaware of any deliveries by ship of Iraqi oil to Jordan during the sanctions period, outside the OFF program, other than the Khor al-Amaya incident, and unaware of any instance in which the Iraq-Jordan protocol was used or interpreted in a manner suggesting that Jordan had authority to export Iraqi oil in large tankers through the Persian Gulf outside the Oil-for-Food program.

Additionally, the oil trade under the Iraq-Jordan protocol appears to have applied to oil purchased by Jordan for its own use; no protocol provisions appear to contemplate Jordan's buying below-market oil from Iraq for resale to other countries or oil traders. Moreover, Jordan's customary practice was to report all trade occurring under the protocol to the United Nations in regular trade reports provided to the U.N. 661 Committee. The evidence suggests, however, that Jordan never informed the 661 Committee about the Khor al-Amaya incident – before, during, or after it occurred.

The following table summarizes how the Khor al-Amaya oil shipments differed from typical oil shipments that took place under the Iraq-Jordan trade protocol.

Table 5: Comparison of Trade Protocol and Khor al-Amaya Oil Shipments

	Method of Transportation	Resale of Oil Outside Jordan	Subject to Price Formula	Jordan Informed UN
Typical Oil Shipments via Trade Protocol	Trucks, weight of 5 tons (max)	No	Yes	Yes
Khor al-Amaya Oil Shipments	Ships, weight of 90,000 - 260,000 tons	Yes	No	No

Table 5. Key differences between Khor al-Amaya oil shipments and typical oil shipments conducted under the Iraq-Jordan trade protocol.

High-ranking Iraqi officials interviewed by Subcommittee staff stated that the Iraqi Oil Ministry had not considered the Khor al-Amaya oil shipments to have been permitted under U.N. sanctions and had been concerned about possible action by the Maritime Interdiction Force to confiscate the oil. Senior oil ministry officials familiar with the oil trade under the Iraq-Jordan protocols told the Subcommittee that they did not participate in any discussions with Jordanian officials about the Khor al-Amaya shipments, nor were these shipments discussed with Jordan in connection with negotiations over the 2003 trade protocol. Iraqi Vice President Ramadan indicated that he did not have any contacts with Jordanian officials about the Khor al-Amaya oil shipments.

Finally, as Bayoil's experience demonstrates, Jordan was never able to provide, and Bayoil was never able to obtain, documentation from either the United Nations or the United States indicating that these shipments had been made in accordance with U.N. requirements for Iraqi oil sales under the Oil-for-Food program or satisfied U.S. requirements permitting Iraqi oil imports into the United States. Throughout the summer of 2003, Bayoil aggressively tried to obtain documentation from either Jordan or OFAC attesting to the legality of the oil shipments loaded at Khor al-Amaya, so that Bayoil could obtain financing, buy the oil, and import it into the United States. At one point, Bayoil informed OFAC that no documents were available showing that the shipments were made in accordance with the OFF program, but asserted the shipments were nonetheless legal and did not violate U.N. sanctions or U.S. law.[298] OFAC never responded to Bayoil's multiple requests for a statement that the Khor al-Amaya exports from Iraq did not violate U.N. sanctions.

Jordan and Bayoil asserted that, because the United Nations looked the other way and allowed direct oil sales between Iraq and Jordan carried out by truck, it should do the same for oil sales between Iraq and Jordan carried out by ship. But the oil transported by truck was for Jordan's own use and did not require international documentation signifying compliance with U.N. sanctions and the Oil-for-Food program. In the Khor al-Amaya incident, Jordan tried to resell the oil it obtained from Iraq at below-market prices. In that situation, oil traders, their lenders, and the countries asked to accept the imports were being asked, not simply to look the other way from a transaction between Iraq and Jordan, but to take an affirmative position that the oil sales had complied with U.N. sanctions. Neither the United Nations nor the United States would supply written documentation signifying that the Khor al-Amaya oil sales had been made in accordance with U.N. sanctions and the Oil-for-Food program.

E. U.S. GOVERNMENT RESPONSE TO SUBCOMMITTEE INQUIRIES

The information gathered by the Subcommittee on the 2003 Khor al-Amaya incident is extensive, but not yet complete. Two of the least forthcoming parties about this matter have been the U.S. Department of State and the U.S. Department of Defense. The Subcommittee has made several requests to both the U.S. State Department and the Defense Department to provide basic information about the Khor al-Amaya incident and about the functioning of the Maritime Interdiction Force. The Subcommittee also asked them to comment, in an unclassified manner, on evidence indicating that the United States was aware of and permitted the Khor al-Amaya shipments in violation of U.N. and U.S. sanctions on Iraq. Neither the U.S. State Department nor the Defense Department has provided the requested information.

On February 8, 2005, Chairman Coleman and Ranking Minority Member Levin wrote to Secretary of Defense Donald H. Rumsfeld requesting information about the operations of the Maritime Interdiction Force. The letter requested general information about MIF operations during the sanctions against Iraq and the following specific information about the MIF's actions in response to the Khor al-Amaya shipments:

> It has been reported that, in February 2003, as many as 14 tankers loaded at least 7 million barrels of oil at or near the K[hor] al-Amaya port in Iraq in apparent violation of U.N. sanctions on Iraq (hereinafter "K[hor] al-Amaya oil").
>
> (a) The U.S. Department of State has informed the Subcommittee that, in February 2003, it was notified of the ships loading K[hor] al-Amaya oil and immediately notified the Department of Defense (DOD). Please confirm that this notification took place and provide copies of all related documentation.
>
> (b) On January 13, 2005, the Financial Times reported that Saybolt, a Dutch company under contract with the U.N. to oversee oil exports from Iraq, sent an

[298] Letter dated 6/12/03, from Bayoil's legal counsel, Dickstein, Shapiro, Morin & Oshinsky, LLP to OFAC.

email on February 17, 2003, to the U.S. Navy's Maritime Liaison Office (MLO) in Bahrain, which coordinated MIF activities, notifying the office of the ships loading K[hor] al-Amaya oil and received an acknowledgment from the MLO on the same day. Please confirm that this notification took place and provide copies of all related documentation.

(c) It has been reported that other parties in addition to the U.S. State Department and Saybolt notified DOD or the MIF about the ships loading K[hor] al-Amaya oil. Please confirm whether these notifications took place and provide copies of all related documentation.

(d) Please describe what actions DOD and the MIF took in response to being notified about ships loading K[hor] al-Amaya oil. Is it accurate that the MIF took no action to board, divert, or otherwise intercede with these ships?

(e) On February 3, 2005, the Los Angeles Times reported that, "Oil traders were told informally that the U.S. let the tanks go because Amman [Jordan] needed oil to build up its strategic reserves before the U.S.-led invasion of Iraq" and that U.N. officials had "confirmed" this description of events.

(i) Did DOD or any U.S. official make an affirmative decision not to intercede with the ships loading K[hor] al-Amaya oil? If so, who made that decision and why?

(ii) Did DOD ever advise the MIF not to intercede with the ships loading K[hor] al-Amaya oil? Is DOD aware of any action taken by any U.S. official to advise the MIF not to intercede with the ships loading K[hor] al-Amaya oil?

(iii) What is DOD's understanding regarding the role of Jordan or any Jordanian business relative to the K[hor] al-Amaya oil?

(iv) Please provide copies of all documentation related to the decision by MIF on how to handle the ships loading K[hor] al-Amaya oil.

(f) The Financial Times reported that the K[hor] al-Amaya oil was sold to the "Middle East Oil Refinery, in Alexandria, Egypt; to a refinery in Aden, Yemen; and to Malaysia and China." What is DOD's understanding of what happened to the K[hor] al-Amaya oil? Please provide copies of all documentation related to the disposition of the K[hor] al-Amaya oil.

(g) The Financial Times reported that the K[hor] al-Amaya oil was sold for at least $150 million in "illegal profits" and "[a]bout another $50 million went to [Saddam] Hussein's cronies." What is DOD's understanding regarding any funds produced by the transfer of the K[hor] al-Amaya oil, including the extent to which any such funds were provided to persons associated with Saddam Hussein? Is there any evidence that funds associated with K[hor] al-Amaya oil have been used to support the insurgency effort in Iraq? Please provide copies of all documentation related to any funds produced by the transfer of the K[hor] al-Amaya oil.[299]

The Defense Department has not provided any information in response to this letter.

At the Subcommittee's February 15, 2005, hearing on the Oil-for-Food program, Senator Levin asked a representative of the U.S. State Department, Patrick Kennedy, Ambassador to the

[299] Letter dated 2/8/05, from the Subcommittee to Defense Secretary Donald Rumsfeld,.

United Nations for Management and Reform at the U.S. Mission to the United Nations, to comment on the K[hor] al-Amaya shipments:

> "I would ask that we make part of the record a number of documents which I will ask the Ambassador to comment on for the record relative to some ship deliveries ... of Iraqi oil ... for Jordan, which apparently were escorted by American ships. There have been a number of press reports on those deliveries and I would ask that we make part of the record at this time a number of documents which we have received by subpoena in the record." [300]

After the hearing, on March 9, 2005, Chairman Coleman and Ranking Minority Member Levin wrote to Ambassador Kennedy, repeating the request for the U.S. State Department's comments on the three K[hor] al-Amaya documents included in the hearing record, and asked for the following additional information:

> (1) Please indicate the extent to which these documents are factually accurate in relation to the 2003 oil shipments.
>
> (2) Please indicate the extent to which these documents provide accurate information about whether the oil shipments were undertaken with the knowledge and approval of the U.N., the 661 Committee, and the United States, and please identify and correct any factual inaccuracies in this respect.
>
> (3) Please describe the involvement of the State Department, if any, in developing the position of the United States Government with respect to these 2003 oil shipments and provide the name of the senior decisionmakers, if any.
>
> (4) Please describe the involvement of the State Department, if any, in developing the position of the United States Government with respect to the oil protocols that existed between the government of Iraq and Jordan and provide the name of the senior decisionmakers, if any.
>
> (5) During prior communications with the Subcommittee, you indicated that the State Department received notice of the oil shipments in 2003, and, in turn, informed the Department of Defense (DOD). Please indicate, by name and job title, who at the State Department received the information about the oil shipments, who communicated the information to DOD, and who was contacted at DOD. ...
>
> (7) Please describe the involvement of the State Department, if any, in communicating its position on the 2003 oil shipments to the Office of Foreign Assets Control, DOD, the Maritime Interdiction Force, or entities involved in the loading and transport of oil from K[hor] al-Amaya; and what information, if any, its personnel communicated regarding these oil shipments.[301]

The U.S. State Department has not provided any information in response to either the letter or Senator Levin's oral request at the February 2005 hearing.

Finally, both the U.S. State and Defense Departments have declined Subcommittee requests to make specific individuals available for an interview in an unclassified setting. The U.S. State Department, for example, has failed to date to arrange an interview of Amy Schedlebauer, the U.S. State Department official who allegedly advised a U.S. company that the United States was aware of the Khor al-Amaya shipments and had determined to take no action in response. The Defense

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[300] "The United Nations' Management and Oversight of the Oil-for-Food Program," hearing before the U.S. Senate Permanent Subcommittee on Investigations (2/15/05), unpublished transcript (in Subcommittee files).

[301] Letter dated 3/9/05, from the Subcommittee to Ambassador Patrick F. Kennedy, U.S. Department of State.

Department failed to date to arrange an interview in an unclassified setting of U.S. Naval Commander Harry French who, in his role with the Maritime Interdiction Force, appears to have been personally informed of each oil tanker wishing to dock at Khor al-Amaya and responded that the MIF had no objection.

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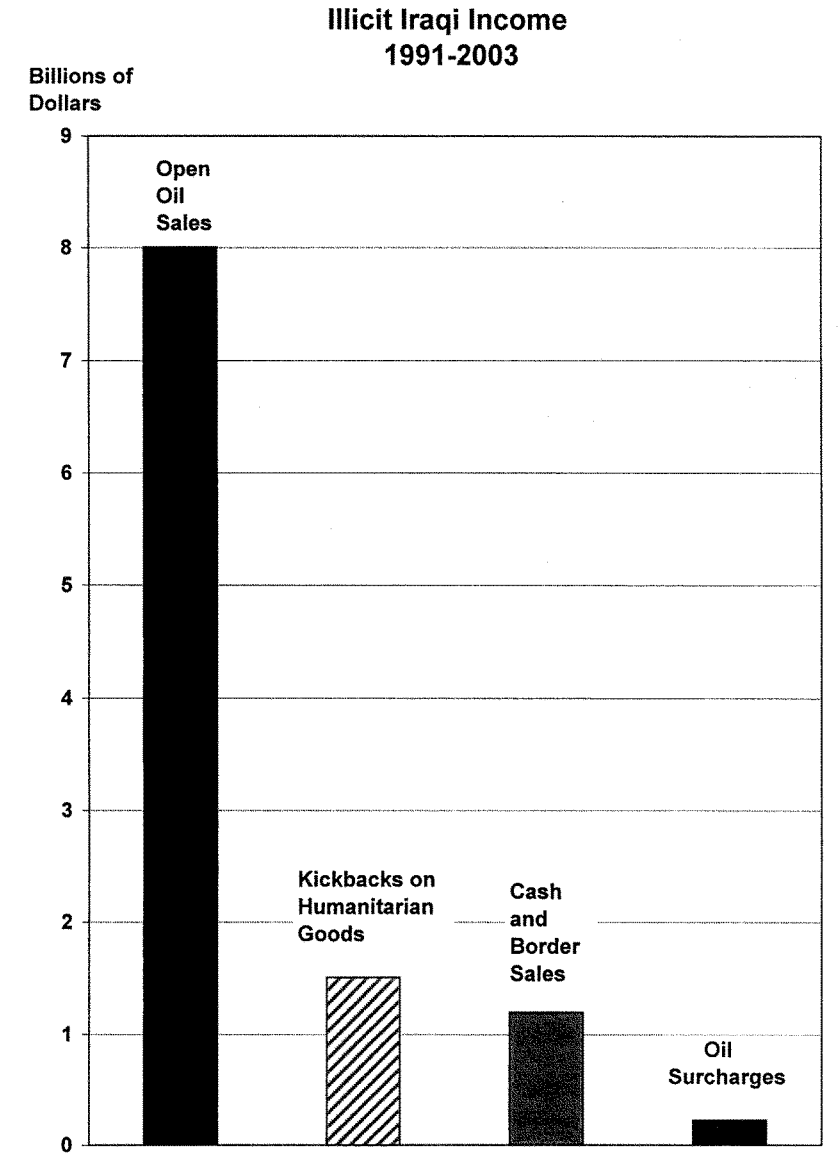
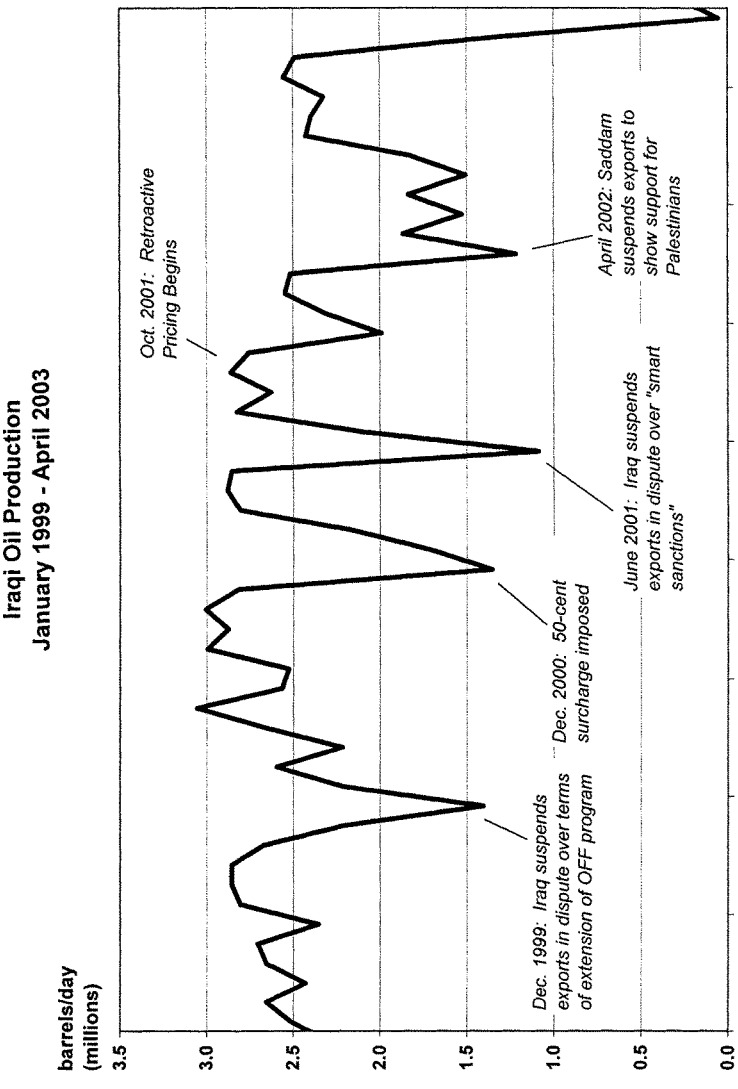
APPENDIX

Figure 1



Data source: ISG Report, 9/04
Chart prepared by: Senate Permanent Subcommittee on Investigations, Minority Staff

Figure 2



Data source: U.S. Energy Information Administration
Chart prepared by:
U.S. Senate Permanent Subcommittee on Investigations, Minority Staff

Figure 3

Illegal Surcharges on Iraqi Oil:
Amounts Paid, by Final Destination
2000 - 2002
U.S.: $118 million
Non-U.S.: $110 million
Total: $228 million
United States
$118 million
Europe, Asia,
and Africa:
$110 million
Bayoil financed about $37
million of these
surcharges
Data source: These estimates are based on U.S. Energy
Information Administration import data, Iraqi surcharge records,
and Bayoil documents.
Chart prepared by: U.S. Senate Permanent Subcommittee on
Investigations, Minority Staff.

Figure 4

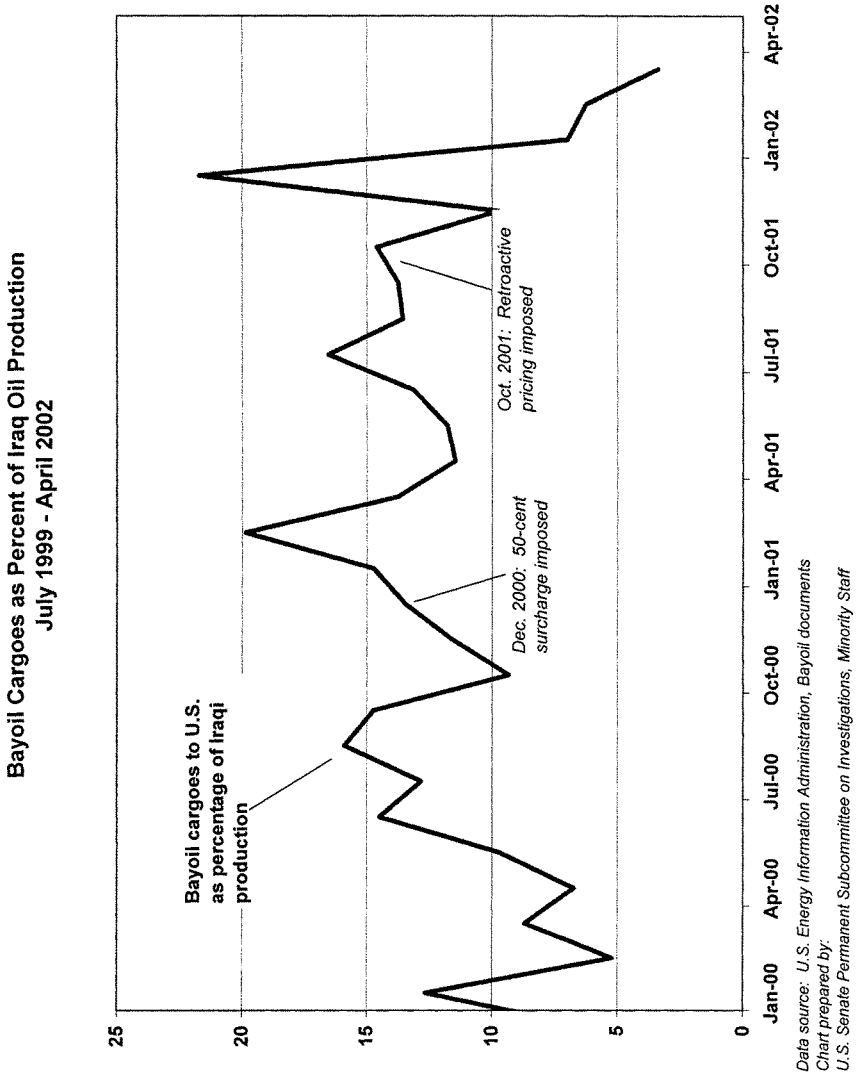
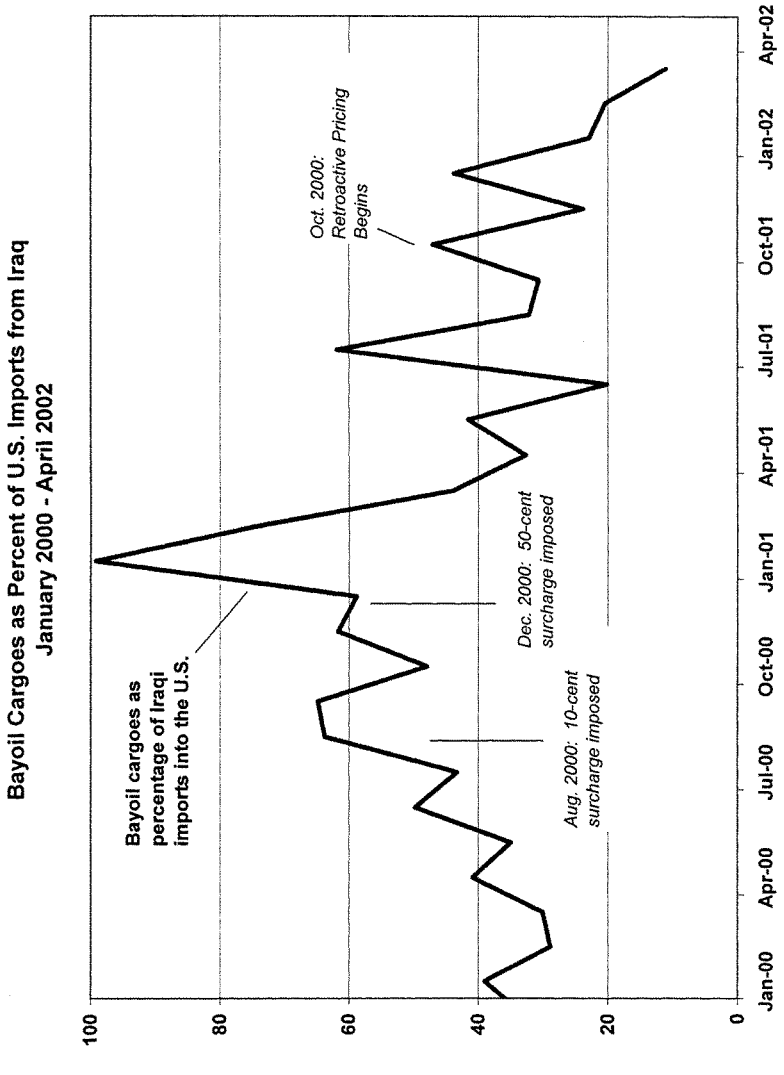
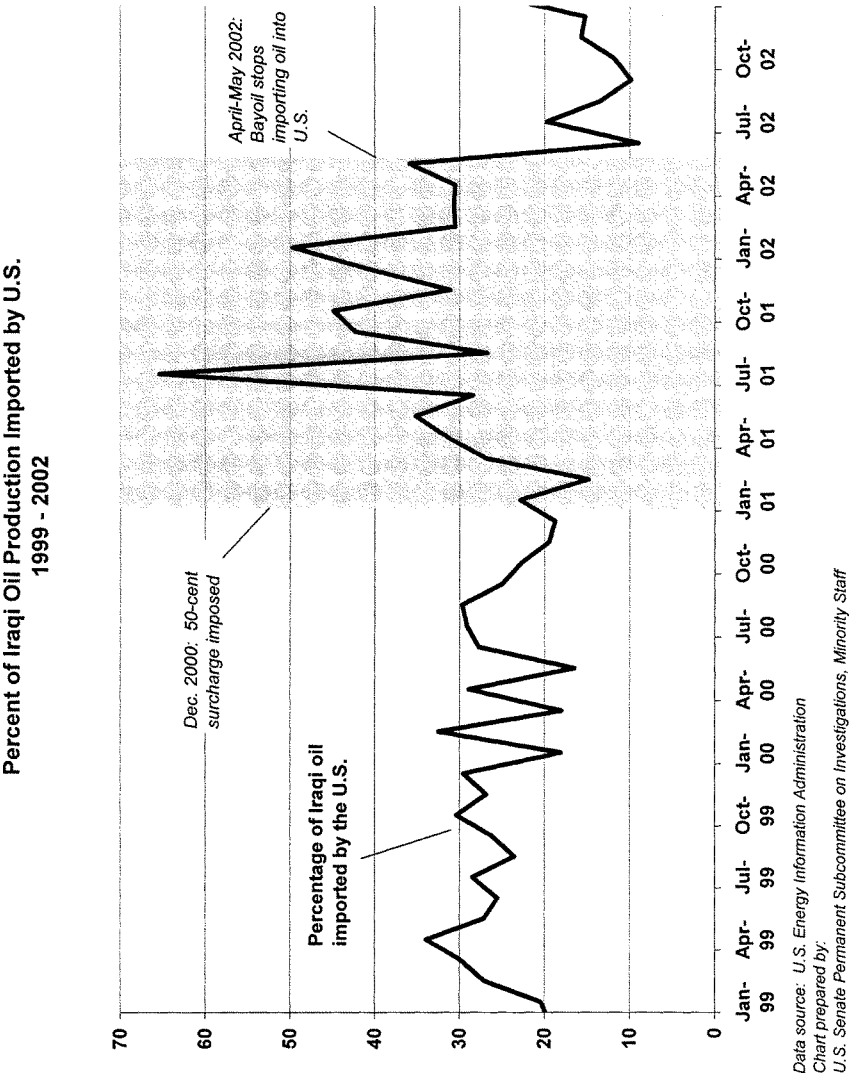

Bayoil Cargoes as Percent of Iraq Oil Production
July 1999 - April 2002
Bayoil cargoes to U.S. as percentage of Iraqi production
Dec. 2000: 50-cent surcharge imposed
Oct. 2001: Retroactive pricing imposed
25
20
15
10
5
0
Jan-00
Apr-00
Jul-00
Oct-00
Jan-01
Apr-01
Jul-01
Oct-01
Jan-02
Apr-02
Data source: U.S. Energy Information Administration, Bayoil documents
Chart prepared by:
U.S. Senate Permanent Subcommittee on Investigations, Minority Staff

Figure 5



Data source: U.S. Energy Information Administration, Bayoil documents
Chart prepared by:
U.S. Senate Permanent Subcommittee on Investigations, Minority Staff

Figure 6


Percent of Iraqi Oil Production Imported by U.S.
1999 - 2002
Dec. 2000: 50-cent surcharge imposed
April-May 2002: Bayoil stops importing oil into U.S.
Percentage of Iraqi oil imported by the U.S.
70
60
50
40
30
20
10
0
Jan-99
Apr-99
Jul-99
Oct-99
Jan-00
Apr-00
Jul-00
Oct-00
Jan-01
Apr-01
Jul-01
Oct-01
Jan-02
Apr-02
Jul-02
Oct-02
Data source: U.S. Energy Information Administration
Chart prepared by:
U.S. Senate Permanent Subcommittee on Investigations, Minority Staff

Appendix to Report on Illegal Surcharges on Oil for Food Contracts and Illegal Oil Shipments from Khor al-Amaya

Iraqi Oil Cargoes Bought by Bayoil for US Market on which a Surcharge was Paid SEPTEMBER 2000 - MARCH 2002

Bayoil Cargo Number (V-xxxxx)	U.N. Contract Number	Date Loaded	Iraqi Oil Allocation Holder	Lifter of Iraqi Oil (U.N. Contract Holder)	Vessel Name	Bank	Total Barrels Purchased by Bayoil (barrels)	Place Bayoil Loaded Oil B=Basrah K=Kirkuk	Purchaser from Bayoil	Amount Purchased from Bayoil (barrels)	Surcharge Rate Assessed ($/barrel)	Surcharge Rate Paid ($/barrel)	Total Surcharge Paid ($)
50104	M/08/40	9/8/00	Mr. Zhirinovsky (Russian)	TNK	BERGE BOSS	Paribas	2,073,906	B	Exxon	497,715	0.18	0.10	49,772
50104									Clark	550,456	0.18	0.10	55,046
50104									Phillips	496,717	0.18	0.10	49,672
50104									Tosco	517,470	0.18	0.10	51,747
50104										2,062,358			
50107	M/08/40	9/16/00	Mr. Zhirinovsky (Russian)	TNK	BERGE PHOENIX	BBL	2,010,489	B	Lyondell	482,503	0.18	0.30	144,751
50107									Valero	532,426	0.18	0.30	159,728
50107									Exxon	501,856	0.18	0.30	150,557
50107									Clark	522,726	0.18	0.30	156,818
50107										2,039,511			
50109	M/08/66	9/16/00	Petrovietnam	PETROVIETNAM	FRONT SUN	Paribas	993,510	K	Crown (CIF)	993,510	0.10	0.10	99,351
50108	M/08/24	9/27/00	ALFA-ECO	ALFA-ECO	STENA COMPANION (2)	UEB	1,972,954	B	Equiva	1,050,000	0.10	0.10	105,000
50108							400,000	B	Tosco	240,013	0.10	0.10	24,001
50108							2,372,954		Clark	546,227	0.10	0.10	54,623
50108									Clark	536,171	0.10	0.10	53,617
50108										2,372,411			
50110	M/08/66	10/14/00	Petrovietnam	PETROVIETNAM	SKYROS	UEB	2,111,018	B	Tosco	476,089	0.10	0.10	47,609
50110									Clark	537,439	0.10	0.10	53,744
50110									Clark	541,818	0.10	0.10	54,182
50110									Clark	542,583	0.10	0.10	54,258
50110										2,097,929			
50112	M/08/66	10/12/00	Petrovietnam	PETROVIETNAM	STAVANGER PRINCE	Paribas	519,581	K	Valero	520,897	0.10	0.10	52,090
50111	M/08/24	10/29/00	ALFA-ECO	ALFA-ECO	AMAZON EAGLE (5)	Paribas	700,000	B	Sea Giant at		0.10		
50111				TNK			1,050,000	B	Fujairah B/L		0.10		
50111				ITALTECH			157,223	B	10/19/00		0.10		
50111		10/19/00		ONCE	SEA GIANT (3)		1,944,946		Clark	494,656	0.10	0.10	49,466
50111									Clark	506,938	0.10	0.10	50,694
50111									Clark	505,399	0.10	0.10	50,540
50111									Exxon	491,263	0.10	0.10	49,126
										1,998,256			

Source: Bayoil Documents and SOMO Documents
Prepared by U.S. Senate Permanent Subcommittee on Investigations, Minority Staff

**Iraqi Oil Cargoes Bought by Bayoil for US Market
on which a Surcharge was Paid
SEPTEMBER 2000 - MARCH 2002**

Bayoil Cargo Number (V-xxxxx)	U.N. Contract Number	Date Loaded	Iraqi Oil Allocation Holder	Lifter of Iraqi Oil (U.N. Contract Holder)	Vessel Name	Bank	Total Barrels Purchased by Bayoil (barrels)	Place Bayoil Loaded Oil B=Basrah K=Kirkuk	Purchaser from Bayoil	Amount Purchased from Bayoil (barrels)	Surcharge Rate Assessed ($/barrel)	Surcharge Rate Paid ($/barrel)	Total Surcharge Paid ($)
									Reverse (OLYMPIA				
50111	**M/08/24**	10/26/00	ALFA-ECO	ALFA-ECO	A. EAGLE		1,907,223		SPIRIT)	-1,868,880	0.10	0.10	-186,888
50111									PACC (Clark)	496,787	0.10	0.10	49,679
50111									N. Amorgos	611,015	0.10	0.10	61,102
50111									Alegend	503,034	0.10	0.10	50,303
					OLYMPIC								
50111					SPIRIT		2,482,908		to LOOP		0.10		
50111									TOSCO	525,000	0.10	0.10	52,500
50111									TOSCO	193,680	0.10	0.10	19,368
50111									BP	300,000	0.10	0.10	30,000
50111									ENRON	300,000	0.10	0.10	30,000
50111									AMOCO	500,000	0.10	0.10	50,000
50111									TOSCO	300,000	0.10	0.10	30,000
50111									TOSCO	344,664	0.10	0.10	34,466
50111										2,463,344			
			Mr. Zhirinovsky		LICORNE								
50115	**M/08/40**	11/11/00	(Russian)	TNK	PACIFIQUE	Paribas	1,882,481	B	TOSCO	525,000	0.18	0.30	157,500
50115									Bayoil Storage	856,321	0.18	0.30	256,896
50115									TOSCO	525,000	0.18	0.30	157,500
50115									TOSCO	331,321	0.18	0.30	99,396
50115									VALERO	54,281	0.18	0.30	16,284
50115									VALERO	447,719	0.18	0.30	134,316
50115										2,739,642			
			Sonatrach	SCANDINAVIAN/	SETEBELLO								
50118	**M/08/05**	11/13/00	(Algerian)	ACTEC	(2)	Paribas	2,136,106	B	CHEVRON	471,165	0.10	0.10	47,117
50118									CLARK	547,216	0.10	0.10	54,722
50118									Shuttle to O.SPIRIT	611,015	0.10	0.10	61,102
50118									Shuttle to O.SPIRIT	503,039	0.10	0.10	50,304
50118										2,132,435	0.10		
					AMAZON				EXXONMOBIL				
50122	**M/09/07**	12/29/00		ITALTECH	FALCON (4)	UEB	2,022,854	K	Rotterdam	2,022,854	0.29	0.19	384,342

Source: Bayoil Documents and SOMO Documents
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**Iraqi Oil Cargoes Bought by Bayoil for US Market
on which a Surcharge was Paid
SEPTEMBER 2000 - MARCH 2002**

Bayoil Cargo Number (V-xxxxx)	U.N. Contract Number	Date Loaded	Iraqi Oil Allocation Holder	Lifter of Iraqi Oil (U.N. Contract Holder)	Vessel Name	Bank	Total Barrels Purchased by Bayoil (barrels)	Place Bayoil Loaded Oil B=Basrah K=Kirkuk	Purchaser from Bayoil	Amount Purchased from Bayoil (barrels)	Surcharge Rate Assessed ($/barrel)	Surcharge Rate Paid ($/barrel)	Total Surcharge Paid ($)
50127	M/09/07	1/27/01		ITALTECH	AMAZON FALCON (5)	BCV	2,150,170	K	PACC (Clark)	553,020	0.29	0.19	105,074
50127									Valero	523,690	0.29	0.19	99,501
50127									Clark	547,222	0.29	0.19	103,972
50127									Clark	520,394	0.29	0.19	98,875
50127										2,144,326		0.19	407,422
50117C	M/08/40	1/12/01	Mr. Zhirinovsky (Russian)	TNK	ASTRO BETA (2)		1,820,015	B	Valero	523,939	0.18	0.20	104,788
50117C									Coastal	502,534	0.18	0.20	100,507
50117C									Sun Storage	394,804	0.18	0.20	78,961
50117C									Exxon	319,817	0.18	0.20	63,963
50117C									ALON USA	74,968	0.18	0.20	14,994
50117C										1,816,062			
50124	M/09/07	1/20/01		ITALTECH	TINA (3)	UEB	2,371,092	B	SETTEBELLO (3)	2,211,564	0.29	0.19	420,197
50124B	M/09/07	2/7/01		ITALTECH	SETTEBELLO (3)	UEB	2,211,564	B	GULFSTREAM (Curacao)	501,496	0.29	0.19	95,284
50124B									GULFSTREAM (Curacao)	402,978		0.19	76,566
50124B									Hovensa (St. Croix)	1,309,564		0.19	248,817
50124B										2,214,038			
50131	M/09/07	2/10/01		ITALTECH	AMAZON EAGLE (7)	UEB	2,140,302	K	Enron	535,815	0.29	0.19	101,805
50131									Clark	524,155		0.19	99,589
50131									Valero	527,540		0.19	100,233
50131									Valero	542,863		0.19	103,144
50131										2,130,373			
50123	M/09/07*	1/29/01		ITALTECH	HELLESPONT PARADISE	UEB	2,103,854	B	AGIP	987,018	0.29	0.19	187,533
50123									Petrogal	1,014,405		0.19	192,737
50123	*=Calculated from total lifted by Bayoil and total authorized by UN									2,001,423			
50128	M/09/07*	1/24/01		ITALTECH	GOLDEN FOUNTAIN	CAI	2,007,757	B	Exxon	964,154	0.29	0.19	183,189
50128									Exxon	886,334		0.19	168,403
50128										1,850,488			
50129	M/09/28	1/27/01		NAFTA	HELLESPONT CAPITOL	Paribas	2,635,342	B	BP	467,560	0.30	0.30	140,268

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SEPTEMBER 2000 - MARCH 2002**

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50129	**M/08/100**		Mr. Ghassan Zakariya (Syrian)	CAMTECH					Gulf/PDVSA	504,774	0.30	0.30	151,432
50129									PACC (Clark)	541,911	0.30	0.30	162,573
50129									Tosco	300,000	0.30	0.30	90,000
50129									Morgan Stanley	114,758	0.30	0.30	34,427
50129									Morgan Stanley	114,953	0.30	0.30	34,486
50129									Morgan Stanley	77,708	0.30	0.30	23,312
50129									Marathon	500,000	0.30	0.30	150,000
50129										2,621,664			
50130	**M/09/25**	2/14/01		ROSNEFT	MAJESTIC UNITY (5)	Paribas	2,027,902	B	ExxonMobil	997,029	0.27	0.27	269,198
50130									ExxonMobil	975,457	0.27	0.27	263,373
50130										1,972,486			
50120	**M/09/07**	1/21/01		ITALTECH	ASTRO BETA	BBL	1,883,686	B	Gulf/PDVSA	494,378	0.29	0.19	93,932
50120									Diamond	407,162	0.29	0.19	77,361
50120									Exxon	493,193	0.29	0.19	93,707
50120									Exxon	483,668	0.29	0.19	91,897
50120										1,878,401			
50134	**M/09/07**	2/19/01		ITALTECH	TINA (4)	UEB	2,376,927	B	Enron	394,482	0.29	0.19	74,952
50134									Valero	501,182	0.29	0.19	95,225
50134									Exxon	495,710	0.29	0.19	94,185
50134									Exxon	499,605	0.29	0.19	94,925
50134									Valero	488,141	0.29	0.19	92,747
50134										2,379,120			
50136	**M/09/07**	3/12/01		ITALTECH	OLYMPIC BREEZE	UEB	1,959,234	K	Koch	487,009	0.29	0.19	92,532
50136									Koch	491,554	0.29	0.19	93,395
50136									Coastal	491,461	0.29	0.19	93,378
50136									Valero	481,887	0.29	0.19	91,559
50136										1,951,911			
50133	**M/09/07**	2/27/01		ITALTECH	GOLDEN FOUNTAIN	BCV	2,002,056	B	Exxon	491,965	0.29	0.19	93,473
50133									PACC (Clark)	507,501	0.29	0.19	96,425
50133									Coastal	499,362	0.29	0.19	94,879
50133									Enron	504,820	0.29	0.19	95,916
50133										2,003,648			

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SEPTEMBER 2000 - MARCH 2002**

Bayoil Cargo Number (V-xxxxx)	U.N. Contract Number	Date Loaded	Iraqi Oil Allocation Holder	Lifter of Iraqi Oil (U.N. Contract Holder)	Vessel Name	Bank	Total Barrels Purchased by Bayoil (barrels)	Place Bayoil Loaded Oil B=Basrah K=Kirkuk	Purchaser from Bayoil	Amount Purchased from Bayoil (barrels)	Surcharge Rate Assessed ($/barrel)	Surcharge Rate Paid ($/barrel)	Total Surcharge Paid ($)
50139	M/09/07*	3/11/01		ITALTECH	BERGE BOSS	BCV	2,050,910	B	Exxon	495,700	0.29	0.19	94,183
50139									Valero	524,837	0.29	0.19	99,719
50139									Exxon	498,149	0.29	0.19	94,648
50139									PACC (Clark)	526,013	0.29	0.19	99,942
50139										2,044,699			
50142	M/09/07*	3/22/01		ITALTECH	HELLESPONT PARADISE	UEB	2,073,230	B	Marathon	500,000	0.29	0.19	95,000
50142									Marathon	500,000	0.29	0.19	95,000
50142									Marathon	170,000	0.29	0.19	32,300
50142									Tosco	500,000	0.29	0.19	95,000
50142									Vitol	100,000	0.29	0.19	19,000
50142									Morgan Stanley	305,841	0.29	0.19	58,110
50142										2,075,841			
50132	M/09/07	2/16/01		ITALTECH	OLYMPIC SPIRIT (2)	Paribas	2,607,148	B	ELF	517,174	0.29	0.19	98,263
50132									Storage	532,513	0.29	0.19	101,177
50132									ALON USA	88,875		0.19	16,886
50132									ALON USA	88,180	0.29	0.19	16,754
50132									ALON USA	87,016	0.29	0.19	16,533
50132									ALON USA	40,999	0.29	0.19	7,790
50132									ALON USA	88,418	0.29	0.19	16,799
50132									ALON USA	68,090	0.29	0.19	12,937
50132									ALON USA	13,807	0.29	0.19	2,623
50132									ALON USA	59,059	0.29	0.19	11,221
50132									Enron	524,414	0.29	0.19	99,639
50132									Exxon	499,422	0.29	0.19	94,890
50132									Valero	525,577	0.29	0.19	99,860
50132										3,133,544			
50140	M/09/07*	3/15/01		ITALTECH	MARINER	CAI	1,910,662	B	Exxon	478,275	0.29	0.19	90,872
50140									Valero	476,063	0.29	0.19	90,452
50140									ELF	474,369	0.29	0.19	90,130
50140									Exxon	475,113	0.29	0.19	90,271
50140										1,903,820			
50141	M/09/07	3/23/01		ITALTECH	SETTEBELLO	UEB	2,100,011	K	Total	2,100,011	0.29	0.19	399,002

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Iraqi Oil Cargoes Bought by Bayoil for US Market on which a Surcharge was Paid SEPTEMBER 2000 - MARCH 2002

Bayoil Cargo Number (V-xxxxx)	U.N. Contract Number	Date Loaded	Iraqi Oil Allocation Holder	Lifter of Iraqi Oil (U.N. Contract Holder)	Vessel Name	Bank	Total Barrels Purchased by Bayoil (barrels)	Place Bayoil Loaded Oil B=Basrah K=Kirkuk	Purchaser from Bayoil	Amount Purchased from Bayoil (barrels)	Surcharge Rate Assessed ($/barrel)	Surcharge Rate Paid ($/barrel)	Total Surcharge Paid ($)
50147	M/09/59	4/3/01		SLAVNEFT	STAVROS G.L.	UEB	2,092,093	B	Clark	344,373	0.29	0.28	97,458
50147	M/09/25			ROSNEFT		UEB	250,000	B	Valero	479,252	0.27	0.29	138,983
50147							2,342,093		PACC (Clark)	550,718	0.27	0.29	159,708
50147									Storage	451,888	0.27	0.29	131,048
50147									PACC	135,561	0.27	0.29	39,313
50147									PACC	113,936	0.27	0.29	33,041
50147									PACC	124,811	0.27	0.29	36,195
50147									ALON USA	77,580	0.27	0.29	22,498
50147									Valero	505,985	0.27	0.29	146,736
50147										2,784,104			
50136	M/09/59	4/23/01		SLAVNEFT	AMAZON EAGLE (8)	Paribas	2,098,080	K	Clark	512,285	0.29	0.29	148,563
50136									Valero	534,675	0.29	0.29	155,056
50136									Valero	531,233	0.29	0.29	154,058
50136									Valero	516,468	0.29	0.29	149,776
50136										2,094,661			
50148	M/09/45	5/10/01		BETOIL (MOACO)	ASTRO GAMMA(5)	Paribas	1,882,126	K	Valero	526,940	0.30	0.22	117,508
50148									Clark	529,413	0.30	0.22	118,059
50148									Storage	300,960	0.30	0.22	67,114
50148									ALON USA	70,555	0.30	0.22	15,734
50148									ALON USA	144,907	0.30	0.22	32,314
50148									ALON USA	84,667	0.30	0.22	18,881
50148									Valero	512,997	0.30	0.22	114,398
50148										2,170,439			
50144	M/09/92	5/5/01		PETRACO	HELLESPONT	BBL	1,995,021	B	Atlantic	478,760	0.30	0.30	143,628
50144	M/09/87			ERDEM			457,000	B	Coastal	503,174	0.30	0.30	150,952
50144							2,452,021		Valero	489,307	0.30	0.30	146,792
50144									Marathon	489,858	0.30	0.30	146,957
50144									Atlantic	491,381	0.30	0.30	147,414
50144										2,452,480			
50143	M/09/79	5/3/01		PETROLINE (U.A.E.)	SKYROS (2)	BBL	2,013,883	B	Koch	489,693	0.30	0.30	146,908
50143									Valero	520,664	0.30	0.30	156,199
50143									Diamond	481,103	0.30	0.30	144,331
50143									Valero	521,360	0.30	0.30	156,408
50143										2,012,820			

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SEPTEMBER 2000 - MARCH 2002**

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50150	M/09/76	5/31/01		MARBEL (U.K.)	ZANTE	Paribas	1,559,776	K	Koch	452,778	0.30	0.30	135,833
50150	M/09/45			MOACO (Cyprus)			133,000	K	SUN Storage	326,536	0.30	0.30	97,961
50150							1,692,776		Valero	453,181	0.30	0.30	135,954
50150									Valero	448,612	0.30	0.30	134,584
50150				See STAVROS G.L. Split				→	ALON USA	71,636	0.30	0.22	15,975
50150									ALON USA	80,492	0.30	0.22	17,950
50150									ALON USA	125,015	0.30	0.22	27,878
50150									ALON USA	17,617	0.30	0.22	3,929
50150									ALON USA	19,085	0.30	0.22	4,256
50150										1,994,952			
50145	M/09/25	5/31/01		ROSNEFT	ASTRO BETA (4)	CAI	1,860,777	B	Phillips	500,857	0.27	0.28	141,743
50145									Valero	379,254	0.27	0.28	107,329
50145									Valero	544,498	0.27	0.28	154,093
50145									Premcor	430,885	0.27	0.28	121,940
50145										1,855,494			
50151	M/09/87	5/31/01		ENERGY (Ukraine)	TINA (5)	CAI	1,928,233	B	Phillips	476,455	0.30	0.30	142,937
50151									Valero	495,181	0.30	0.30	148,554
50151									Marathon	941,585	0.30	0.30	282,476
50151										1,913,221			
50153	M/09/15	7/12/01		AL-HODA	AMAZON EAGLE (9)	Paribas	2,092,152	K	Marathon	514,417	0.30	0.30	154,325
50153									STORAGE	540,176	0.30	0.30	162,053
50153									ALON USA	17,249	0.30	0.30	5,175
50153									ALON	129,644	0.30	0.30	38,893
50153									ALON	100,039	0.30	0.30	30,012
50153									ALON	86,623	0.30	0.30	25,987
50153									ALON	169,047	0.30	0.30	50,714
50153									PACC	514,800	0.30	0.30	154,440
50153									Premcor	518,084	0.30	0.30	155,425
50153										2,590,079			
50156	M/09/32	7/19/01		EMIROIL	SKYROS (3)	Paribas	2,096,868	K	Valero	521,244	0.30	0.17	86,005
50156									Valero	533,184	0.30	0.17	87,975
50156									Koch	504,301	0.30	0.17	83,210
50156									PACC	530,812	0.30	0.17	87,584
50156										2,089,541			

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Bayoil Cargo Number (V-xxxxx)	U.N. Contract Number	Date Loaded	Iraqi Oil Allocation Holder	Lifter of Iraqi Oil (U.N. Contract Holder)	Vessel Name	Bank	Total Barrels Purchased by Bayoil (barrels)	Place Bayoil Loaded Oil B=Basrah K=Kirkuk	Purchaser from Bayoil	Amount Purchased from Bayoil (barrels)	Surcharge Rate Assessed ($/barrel)	Surcharge Rate Paid ($/barrel)	Total Surcharge Paid ($)
50155	M/10/14	7/20/01	Petrovietnam	PTSC	ASTRO GAMMA (6)	BBL	583,638	K	Equiva	473,344	0.30	0.12	57,275
50155		7/21/01		PTSC		BBL	1,286,118	K	Valero	444,195	0.30	0.12	53,748
50155							1,869,756		Valero	471,750	0.30	0.12	57,082
50155									Atlantic	172,805	0.30	0.12	20,909
50155									Atlantic	298,942	0.30	0.12	36,172
50155										1,861,036			
50149	M/09/126	7/13/01		PTSC	HELLESPONT PARADISE (5)	BCV	2,083,020	B	Valero	525,904	0.30	0.30	157,771
50149									Marathon	1,050,000	0.30	0.30	315,000
50149									Marathon	507,656	0.30	0.30	152,297
50149										2,083,560			
50152	M/09/25	7/13/01		ROSNEFT	OLYMPIC SPIRIT (3)	Paribas	1,999,925	B	PACC	543,676	0.27	0.27	145,705
50152	M/09/57			FEDERAL			600,000	B	Diamond	547,902	0.30	0.30	164,371
50152							2,599,925		Valero	532,929	0.30	0.30	159,879
50152									Marathon	508,592	0.30	0.30	152,578
50152									Enron/CITGO	150,000	0.30	0.30	45,000
50152									Tosco	319,221	0.30	0.30	95,766
50152										2,602,320			
50161	M/10/15	8/21/01	Mr. Isakov (Russian)	ROSNEFT	STENA CONVOY	CAI	1,822,670	K	STORAGE	384,481	0.28	0.28	109,193
50161									Atlantic	476,375	0.28	0.28	135,291
50161									Koch	475,214	0.28	0.28	134,961
50161									Diamond	481,681	0.28	0.28	136,797
50161									ALON USA	139,006	0.28	0.28	39,478
50161									ALON USA	20,097	0.28	0.28	5,708
50161									ALON USA	93,051	0.28	0.28	26,426
50161										2,069,905			
50157	M/09/15	8/6/01		AL-HODA	HELLESPONT CAPITOL (3)	Paribas	2,042,355		STORAGE	290,512	0.30	0.30	87,154
50157	M/09/57			FEDERAL		Paribas	400,000			150,987	0.30	0.30	45,296
50157										139,525	0.30	0.30	41,858
50157										502,808	0.30	0.30	150,842
50157										496,811	0.30	0.30	149,043
50157										549,830	0.30	0.30	164,949
50157										525,000	0.30	0.30	157,500
50157										73,510	0.30	0.30	22,053
50157										2,728,983			

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Iraqi Oil Cargoes Bought by Bayoil for US Market on which a Surcharge was Paid SEPTEMBER 2000 - MARCH 2002

Bayoil Cargo Number (V-xxxxx)	U.N. Contract Number	Date Loaded	Iraqi Oil Allocation Holder	Lifter of Iraqi Oil (U.N. Contract Holder)	Vessel Name	Bank	Total Barrels Purchased by Bayoil (barrels)	Place Bayoil Loaded Oil B=Basrah K=Kirkuk	Purchaser from Bayoil	Amount Purchased from Bayoil (barrels)	Surcharge Rate Assessed ($/barrel)	Surcharge Rate Paid ($/barrel)	Total Surcharge Paid ($)
50160	M/10/24	8/1/01	Dr. Shakir Al Khafaji	OMNI	STENA COMPANION (3)	Paribas	2,070,270	B	STORAGE	197,959	0.30	0.30	59,388
50160	M/10/15		Mr. Isakov (Russian)	ROSNEFT		Paribas	200,000	B	Premcor	197,959	0.28	0.28	56,220
50160							2,270,270		Valero	501,877	0.28	0.28	142,533
50160									Koch	198,035	0.28	0.28	56,242
50160									Koch	325,402	0.28	0.28	92,414
50160									Valero	538,440	0.28	0.28	152,917
50160										1,959,672			
50162	M/09/32	8/25/01		EMIROIL	ASTRO BETA	Paribas	1,896,646	K	Equiva	579,216	0.30	0.17	95,571
50162									STORAGE	197,784	0.30	0.17	32,634
50162									ALON USA	88,531	0.30	0.17	14,608
50162									ALON USA	20,336	0.30	0.17	3,355
50162									ALON USA	88,834	0.30	0.17	14,658
50162									Valero	544,203	0.30	0.17	89,793
50162									Valero	539,257	0.30	0.17	88,977
										2,058,161			
50159	M/10/15	8/15/01	Mr. Isakov (Russian)	ROSNEFT	MAGDELAINE	CAI	1,911,822	B	Equiva	477,889	0.28	0.28	135,720
50159									Lyondell	464,819	0.28	0.28	132,009
50159									Valero	526,471	0.28	0.28	149,518
50159									PACC	449,673	0.28	0.28	127,707
50159										1,918,852			
50166	M/10/19	9/3/01	Mr. Zhirinovsky (Russian)	MACHINO-IMPORT (Russia)	AMAZON EAGLE (10)	BCV	2,096,421	K	Atlantic	189,102	0.30	0.30	56,731
50166									Atlantic	360,234	0.30	0.30	108,070
50166									STORAGE	496,936	0.30	0.30	149,081
50166									ALON USA	88,771	0.30	0.30	26,631
50166									ALON USA	199,996	0.30	0.30	59,999
50166									ALON USA	210,168	0.30	0.30	63,050
50166									Diamond	528,739	0.30	0.30	158,622
50166									Valero	522,652	0.30	0.30	156,796
50166										2,596,598			
50163	M/10/14	8/26/01	Petrovietnam	PTSC	SETEBELLO	BBL	1,981,002	B	STORAGE	684,508	0.30	0.12	82,825
50163	M/10/15		Mr. Isokov (Russian)	ROSNEFT		BBL	150,000	B	Marathon	1,050,000	0.28	0.28	298,200
50163							2,131,002		Marathon	396,930	0.28	0.28	112,728
50163										2,131,438			

Source: Bayoil Documents and SOMO Documents
Prepared by U.S. Senate Permanent Subcommittee on Investigations, Minority Staff

**Iraqi Oil Cargoes Bought by Bayoil for US Market
on which a Surcharge was Paid
SEPTEMBER 2000 - MARCH 2002**

Bayoil Cargo Number (V-xxxxx)	U.N. Contract Number	Date Loaded	Iraqi Oil Allocation Holder	Lifter of Iraqi Oil (U.N. Contract Holder)	Vessel Name	Bank	Total Barrels Purchased by Bayoil (barrels)	Place Bayoil Loaded Oil B=Basrah K=Kirkuk	Purchaser from Bayoil	Amount Purchased from Bayoil (barrels)	Surcharge Rate Assessed ($/barrel)	Surcharge Rate Paid ($/barrel)	Total Surcharge Paid ($)
50163B	**M/10/14**	10/15/01	Petrovietnam	ex STORAGE	ST. VASSILOS	BBL	333,430	B	Valero	331,495	0.30	0.12	39,779
50163C	**M/10/14**	11/17/01	Petrovietnam	ex STORAGE	SEA NESTOR	BBL	349,202	B	Hovensa	349,616	0.30	0.12	41,954
50171	**M/09/83**	9/26/01		CONSULT AND	ALDAWHA	Paribas	1,001,901	K	Valero	248,298	0.27	0.28	68,282
50171									Valero	249,241	0.27	0.28	68,541
50171										497,539			
50172	**M/10/77**	10/1/01	Mr. Ali Ballot (Lebanese)	PRIMACOSA (Cyprus)	SABINE	BBL	1,001,791	K	Hovensa	100,905	0.30	0.30	30,272
50154	**M/10/15**	9/8/01	Mr. Isokov (Russian)	ROSNEFT (Russia)	SAHARA	Paribas	2,356,360	B	Valero	531,027	0.28	0.28	150,812
50154									Premcor	451,617	0.28	0.28	128,259
50154									Valero	531,574	0.28	0.28	150,967
50154									STORAGE	384,741	0.28	0.28	109,266
50154									Premcor	149,303	0.28	0.28	42,402
50154									PACC	219,417	0.28	0.28	62,314
50154									PACC	450,147	0.28	0.28	127,842
50154										2,717,826			
50164	**M/10/15**	9/15/01	Mr. Isakov (Russian)	ROSNEFT (Russia)	NOTO	CAI	1,990,489	B	Valero	511,591	0.28	0.28	145,292
50164									Diamond	485,347	0.28	0.28	137,839
50164									Valero	499,518	0.28	0.28	141,863
50164									Valero	491,668	0.28	0.28	139,634
50164										1,988,124			
50167	**M/10/58**	10/13/01	Mr. Wafa Tawfiq Alsayigh (Palestinian)	NATIONAL OIL WELLS MAINTENANCE CO. (Qatar)	ATLANTIS	BCV	1,000,452	K	Valero	249,074	0.30	0.30	74,722
50167									Valero	249,983	0.30	0.30	74,995
50167									Valero	499,947	0.30	0.30	149,984
50167										999,004			
50165	**M/10/67**	10/10/01	Mr. Zhirinovsky (Russian)	LUKOIL (Russia)	LICORNE PACIFIQUE (3)	Paribas	1,908,566	K	Valero	456,112	0.30	0.30	136,834
50165									Valero	476,051	0.30	0.30	142,815
50165									Equiva	474,373	0.30	0.30	142,312
50165									Valero	211,009	0.30	0.30	63,303
50165									Valero	290,706	0.30	0.30	87,212
50165										1,908,251			

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**Iraqi Oil Cargoes Bought by Bayoil for US Market
on which a Surcharge was Paid
SEPTEMBER 2000 - MARCH 2002**

Bayoil Cargo Number (V-xxxxx)	U.N. Contract Number	Date Loaded	Iraqi Oil Allocation Holder	Lifter of Iraqi Oil (U.N. Contract Holder)	Vessel Name	Bank	Total Barrels Purchased by Bayoil (barrels)	Place Bayoil Loaded Oil B=Basrah K=Kirkuk	Purchaser from Bayoil	Amount Purchased from Bayoil (barrels)	Surcharge Rate Assessed ($/barrel)	Surcharge Rate Paid ($/barrel)	Total Surcharge Paid ($)
50168	M/10/13	10/2/01	US Person	MED NAFTA	HELLESPONT PARADISE (6)	Paribas	2,080,447	B	Valero	2,087,393	0.30	0.30	626,218
50169	M/10/15	10/9/01	Mr. Isakov (Russian)	ROSNEFT	OLYMPIC SPIRIT	CAI	2,586,824	B		548,320	0.28	0.28	155,723
50169										524,076	0.28	0.28	148,838
50169										532,434	0.28	0.28	151,211
50169										525,154	0.28	0.28	149,144
50169										465,784	0.28	0.28	132,283
50169										2,595,768			
50170	M/10/58	10/30/01	Mr. Wafa Tawfiq Alsayigh (Palestine)	NATIONAL (Qatar)	AMAZON EAGLE (11)	BCV	1,050,000	K	Valero	523,995	0.30	0.30	157,199
50170	M/10/60		Mr. Filluni (Italian)	PETROLINE (U.A.E.)		BCV	1,046,838	K	Valero	522,679	0.30	0.30	156,804
50170							2,096,838		Valero	527,050	0.30	0.30	158,115
50170									Valero	517,612	0.30	0.30	155,284
50170										2,091,336			
50174	M/10/22+M /10/68	10/18/01	Dr. Temam Shehab (Syrian)/The Iraqi Austrian Society (Austrian)	AL-HODA (UAE)	TINA (6)	Paribas	2,022,622	B	Koch	527,712	0.30	0.30	158,314
50174	M/10/88		Mr. Jehad Karam (Lebanese)	PRIMACOSA (Cyprus)		Paribas	300,000	B	Premcor	519,529	0.30	0.30	155,859
50174									Valero	536,615	0.30	0.30	160,985
50174									Koch	524,193	0.30	0.30	157,258
50174									Valero	217,969	0.30	0.30	65,391
50174										2,326,018			
50178	M/10/60	11/15/01	Mr. Filluni (Italian)	PETROLINE (UAE)	FRONT WARRIOR	Paribas	1,002,406	K	Valero	349,150	0.30	0.30	104,745
50178									Valero	651,787	0.30	0.30	195,536
50178										1,000,937			

Source: Bayoil Documents and SOMO Documents
Prepared by U.S. Senate Permanent Subcommittee on Investigations, Minority Staff

Iraqi Oil Cargoes Bought by Bayoil for US Market on which a Surcharge was Paid SEPTEMBER 2000 - MARCH 2002

Bayoil Cargo Number (V-xxxxx)	U.N. Contract Number	Date Loaded	Iraqi Oil Allocation Holder	Lifter of Iraqi Oil (U.N. Contract Holder)	Vessel Name	Bank	Total Barrels Purchased by Bayoil (barrels)	Place Bayoil Loaded Oil B=Basrah K=Kirkuk	Purchaser from Bayoil	Amount Purchased from Bayoil (barrels)	Surcharge Rate Assessed ($/barrel)	Surcharge Rate Paid ($/barrel)	Total Surcharge Paid ($)
50173	M/10/67	10/14/01	Mr. Zhirinovsky (Russian)	LUKOIL	ASTRO GAMMA (7)	Paribas	1,833,263	B	Chevron	466,474	0.30	0.30	139,942
50173									Valero	297,108	0.30	0.30	89,132
50173									PACC	550,174	0.30	0.30	165,052
50173									Valero	522,148	0.30	0.30	156,644
50173										1,835,904			
50180	M/10/49	11/13/01	The Roman Labor Party	PETROLINE	OLYMPIC FLAIR	Paribas	1,037,579	K	Valero	499,862	0.30	0.30	149,959
50180									Valero	536,909	0.30	0.30	161,073
50180										1,036,771			
50181	M/10/83	11/28/01	Russian Communist Party	SCAN/ACTEC	VENETIA	BBL	1,003,709	K	Valero	526,391	0.29	0.29	152,653
50181									Diamond	471,592	0.29	0.29	136,762
50181										997,983			
50175	M/10/15 + M/10/23	11/2/01	Mr. Isakov (Russian)/Mr. Tatrinco – Tatarstan (Russian)	ROSNEFT	HELLESPONT CAPITOL (4)	CAI	1,810,523	B	Premcor	494,844	0.30	0.30	148,453
50175	M/10/16			MARBEL		CAI	650,000	B	STORAGE	457,146	0.27	0.26	120,229
50175							2,460,523		Premcor	199,030	0.27	0.26	52,345
50175									Premcor	260,410	0.27	0.26	68,488
50175									Valero	517,634	0.27	0.26	136,138
50175									Premcor	499,206	0.27	0.26	131,291
50175									Valero	490,516	0.27	0.26	129,006
50175										2,918,786			
50176	M/10/81	11/12/01	Yugoslavian Jul Party	PETROLINE	ASTRO BETA (6)	Paribas	1,840,034	B	Valero	456,326	0.30	0.30	136,898
50176									Valero	472,683	0.30	0.30	141,805
50176									Lyondell	453,765	0.30	0.30	136,130
50176									Premcor	467,086	0.30	0.30	140,126
50176										1,849,860			

Source: Bayoil Documents and SOMO Documents
Prepared by U.S. Senate Permanent Subcommittee on Investigations, Minority Staff

Iraqi Oil Cargoes Bought by Bayoil for US Market on which a Surcharge was Paid SEPTEMBER 2000 - MARCH 2002

Bayoil Cargo Number (V-xxxxx)	U.N. Contract Number	Date Loaded	Iraqi Oil Allocation Holder	Lifter of Iraqi Oil (U.N. Contract Holder)	Vessel Name	Bank	Total Barrels Purchased by Bayoil (barrels)	Place Bayoil Loaded Oil B=Basrah K=Kirkuk	Purchaser from Bayoil	Amount Purchased from Bayoil (barrels)	Surcharge Rate Assessed ($/barrel)	Surcharge Rate Paid ($/barrel)	Total Surcharge Paid ($)
50179	**M/10/39**	12/3/01	Mr. Shafranik (Russian)	GLENCORE	LICORNE PACIFIQUE (4)	Paribas	1,920,929	K	Lyondell/CITGO	501,781	0.30	0.30	150,534
50179	Holder of M/10/39 is SOYUZNEFT&GAS								Valero	518,902	0.30	0.30	155,671
50179									Valero	483,323	0.30	0.30	144,997
50179									STORAGE	406,631	0.30	0.30	121,989
50179									ALON USA	129,525	0.30	0.30	38,858
50179									ALON USA	276,435	0.30	0.30	82,931
50179										2,316,597			
50184	**M/10/30**	12/18/01	Mr. Abdullah Alhorani (Palestine)	NATIONAL OILWELL (Qatar)	FRONT VIEWER	Paribas	1,047,011	K	Equiva	303,854	0.28	0.30	91,156
50184									Equiva	217,901	0.28	0.30	65,370
50184									Valero	513,389	0.28	0.30	154,017
50184										1,035,144			
50182	**M/10/106**	11/29/01		AL-HODA (UAE)	SETEBELLO (7)	Paribas	2,063,333	B	PACC	558,231	0.30	0.30	167,469
50182									Premcor	486,976	0.30	0.30	146,093
50182									Hovensa	1,015,433	0.30	0.30	304,630
50182										2,060,640			
50187	**M/10/83**	12/27/01	Russian Communist Party	SCANDINAVIAN/ ACTEC (UAE)	GENMAR ALTA	Paribas	1,034,796	K	Valero	262,266	0.29	0.29	76,057
50187									Valero	250,616	0.29	0.29	72,679
50187									Equiva	514,163	0.29	0.29	149,107
50187										1,027,045			
50183	**M/10/61**	12/24/01	United Party (Russian)	EMERCOM (Russia)	AMAZON EAGLE (12)	BCV	2,105,469	K	Valero	532,380	0.29	0.29	154,390
50183									Valero	546,826	0.29	0.29	158,580
50183									Equiva	523,890	0.29	0.29	151,928
50183									PACC	360,976	0.29	0.29	104,683
50183									STORAGE	120,424	0.29	0.29	34,923
50183									ALON USA	119,734	0.29	0.29	34,723
50183										2,204,230			
50188	**M/10/83**	12/26/01	Russian Communist Party	SCANDINAVIAN/ ACTEC (UAE)	JAMES SULLIVAN	Paribas	974,158	K	Valero	248,438	0.29	0.29	72,047
50188									Valero	182,667	0.29	0.29	52,973
50188									Valero	535,368	0.29	0.29	155,257
50188										966,473			

Source: Bayoil Documents and SOMO Documents
Prepared by U.S. Senate Permanent Subcommittee on Investigations, Minority Staff

**Iraqi Oil Cargoes Bought by Bayoil for US Market
on which a Surcharge was Paid
SEPTEMBER 2000 - MARCH 2002**

Bayoil Cargo Number (V-xxxxx)	U.N. Contract Number	Date Loaded	Iraqi Oil Allocation Holder	Lifter of Iraqi Oil (U.N. Contract Holder)	Vessel Name	Bank	Total Barrels Purchased by Bayoil (barrels)	Place Bayoil Loaded Oil B=Basrah K=Kirkuk	Purchaser from Bayoil	Amount Purchased from Bayoil (barrels)	Surcharge Rate Assessed ($/barrel)	Surcharge Rate Paid ($/barrel)	Total Surcharge Paid ($)
50186	M/10/100	12/19/01	Mr. Mohammed Helmi (Egyptian)	BC INT'L (PRIMACOSA, Cyprus)	STAVROS G.L. (3)	CAI	1,050,000	B	PACC	452,227	0.30	0.30	135,668
50186	M/10/88		Russian Communist Party	PRIMACOSA			735,000	B	Valero	129,194	0.30	0.30	38,758
50186	M/10/16		Mojahedie Khalq (Iranian)	MARBEL			525,000	B	Valero	342,854	0.27	0.30	102,856
50186	M/10/91		Mr. Ziyad Abu Alraghib (Jordanian)	BC INT'L			26,475	B	Lyondell	450,099	0.30	0.30	135,030
50186							2,336,475		Valero	460,600	0.30	0.30	138,180
50186									PACC	502,205	0.30	0.30	150,662
50186										2,337,179			
50185	M/11/40	1/19/02	Dr. Temam Shehab (Syrian)	AL-HODA (UAE)	FRONT STRIVER	Paribas	1,049,385	K	Valero	521,204	0.30	0.30	156,361
									PACC	519,314	0.30	0.30	155,794
50194	M/11/39	2/3/02	Russian Communist Party	SCANDINAVIAN/ ACTEC (UAE)	FRONT SKY	BCV	1,047,832	K	Valero	527,045	0.29	0.28	148,100
50194									STORAGE	516,333	0.29	0.28	145,090
50194									ALON USA	216,426	0.29	0.28	60,816
50194									ALON USA	63,069	0.29	0.28	17,722
50194									ALON USA	121,320	0.29	0.28	34,091
50194									ALON USA	113,663	0.29	0.28	31,939
50194										1,557,856			
50189	M/11/20	2/1/02	Alhoda Co. (UAE)	AL-HODA (UAE)	STENA CONSTELLATION	Paribas	1,000,000	K	Valero	496,674	0.25	0.30	149,002
50189	M/11/93		Ministry of Energy & Mineral Resources (Jordan)	AL-HODA (UAE)			902,004	K	Koch	478,510	0.30	0.30	143,553
50189							1,902,004		Marathon	477,721	0.30	0.30	143,316
50189									Valero	447,260	0.30	0.30	134,178
50189										1,900,165			

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Prepared by U.S. Senate Permanent Subcommittee on Investigations, Minority Staff

Iraqi Oil Cargoes Bought by Bayoil for US Market on which a Surcharge was Paid SEPTEMBER 2000 - MARCH 2002

Bayoil Cargo Number (V-xxxxx)	U.N. Contract Number	Date Loaded	Iraqi Oil Allocation Holder	Lifter of Iraqi Oil (U.N. Contract Holder)	Vessel Name	Bank	Total Barrels Purchased by Bayoil (barrels)	Place Bayoil Loaded Oil B=Basrah K=Kirkuk	Purchaser from Bayoil	Amount Purchased from Bayoil (barrels)	Surcharge Rate Assessed ($/barrel)	Surcharge Rate Paid ($/barrel)	Total Surcharge Paid ($)
50190	M/10/83	2/1/02	Russian Communist Party	SCANDINAVIAN/ ACTEC (UAE)	LICORNE PACIFIQUE (5)	BBL	1,905,238	K	Valero	497,745	0.29	0.29	144,346
50190									Marathon	475,214	0.29	0.29	137,812
50190									STORAGE	478,789	0.29	0.29	138,849
50190									Equiva	199,393	0.29	0.29	57,824
50190									Equiva	312,580	0.29	0.29	90,648
50190									Exxon	446,806	0.29	0.29	129,574
50190										2,410,527			
50191	M/11/16	2/2/02	Mr. Shaher Abdulhaq (Yemen)	SHAHER (Yemen)	TINA (7)	CAI	1,344,448	B	PACC	458,762	0.30	0.30	137,629
50191	M/11/20		Alhoda Co. (UAE)	AL-HODA (UAE)			1,000,000		Valero	192,856	0.25	0.25	48,214
50191							2,344,448		Valero	252,539	0.25	0.25	63,135
50191									Valero	477,541	0.25	0.25	119,385
50191									Lyondell	542,515	0.25	0.25	135,629
50191									Exxon	425,034	0.25	0.25	106,259
50191										2,349,247			
50195	M/10/25	3/4/02	The Russian Committee for Solidarity with Iraq (Mr. Rudasiev)	HYPERBOREY (Ukraine)	HELLESPONT GRAND	Paribas	1,940,324	B	Atlantic	475,171	0.30	0.03	14,730
50195	M/11/24		Mr. Jehad Mekram (Lebanese)	PRIMACOSA (Cyprus)			250,000		Premcor	539,633	0.26	0.03	16,189
50195	M/11/81		Mr. Ziyad Abu Alraghib (Jordanian)	BC INTL			350,000		Premcor	543,625	0.30	0.03	15,765
50195							2,540,324		STORAGE	494,080	0.30	0.03	14,328
50195									STORAGE	490,727	0.30	0.03	14,231
50195									Premcor (ex.stor)	520,748	0.30	0.03	15,102
50195									PACC (ex stor.)	464,437	0.30	0.03	13,469
50195										3,528,421			
													37,412,654

Source: Bayoil Documents and SOMO Documents
Prepared by U.S. Senate Permanent Subcommittee on Investigations, Minority Staff

Footnote (FN) Documents

File Copy

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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.

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 5

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

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[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.

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.)

Translation answer to Mr. Z

Embassy of the Republic of Iraq
Moscow
No. 464
15 Dec. 1998

To Mr. Z
Leader of LDPR

Dear Friend:

In answer of your letter address to Mr. Tariq Azis, Deputy Prime Minister of Iraq, I have the honour to convey to you the apology of the Iraqi side that Iraq cannot do any deals with American companies with sincerely

Dr. Hassan Fifahmi Juma
Ambassador of Republic of Iraq, Moscow

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 5

12/15/00 FRI 18:59 FAX 212 963 1628 UNHQ NYK 002

UNITED NATIONS **NATIONS UNIES**

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

S/AC.25/2000/OIL/1330/ FAX . 15 December 2000

TO: BUYERS OF IRAQI CRUDE OIL	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO.:	FAX NO.: (212) 963-1628
ATTENTION:	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE : 1	

Dear Sirs,

Following consultation with the *661 Committee*, the UN Oil Overseers wish to advise Buyers of the following:

1) **The sanctions committee has not approved a surcharge of any kind on Iraqi Oil.**

2) **Payments for purchasing Iraqi crude oil cannot be made to a non-UN account.**

3) **Therefore, buyers of Iraqi oil shall not pay any kind of surcharge to Iraq.**

Best regards

cc: SOMO
SAYBOLT

16/12 '00 02:00 NR. TX/RX2317 P.001

IT-00423

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 11

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 th end of the 11th phase)
3. It was adjusted beginning May 30, 2002, to become $.15 per barrel for all market (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, Petropras, 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

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 14

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).

ملحق رقم (٤)

مبلـغ الاسترجـاع (Surcharge)

في إجراء القصد منه حصول النظام البائد على مبالغ نقدية تم فرض مبلغ الاسترجاع على الكميات المحملة من النفط الخام بموجب مذكرة التفاهم وأدناه المعلومات الخاصة بمبالغ الاسترجاع ٠

أولاً : 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) ٠
- عدل المبلغ اعتباراً من بداية المرحلة التاسعة في شهر كانون الأول /٢٠٠٠ ليكون ٣٠ سنت للبرميل للسوق الأمريكية و٢٥ سنت للبرميل للأسواق الأخرى واستمرت لغاية نهاية المرحلة الحادية عشر ٠
- عدل المبلغ اعتباراً من ٢٠٠٢/٥/٣٠ ليصبح ١٥ سنت للبرميل لكافة الأسواق (من بداية المرحلة الثانية عشر ولغاية نهاية المرحلة) ٠
- ألغي مبلغ الاسترجاع اعتباراً من الشحنات التي ترفع في ٢٠٠٢/٩/١ بداية المرحلة الثالثة عشر ٠

ثانياً : الشركات النفطية من أصحاب المصافي :

عندما تم فرض مبلغ الاسترجاع في المرحلة الثامنة كان موقف الشركات النفطية من أصحاب المصافيمثل (توتال ، ألف ، بتروبراس ، أجب ، ريسول ، أو ٠م ٠ في ، تبراش وغيرها) يتمثل بعدم استعداده للدفع لكون ذلك يتعارض مع قوانين دولها وقرارات الأمم المتحدة بما أن التبليغ بالدفع كان في شهر آب (للشحنات التي ترفع اعتباراً من ٢٠٠٠/٩/١) فقد كانت هذه الشركات قد رشحت لشهر أيلول والأشهر اللاحقة من المرحلة الثامنة لذلك تم التغاضي عن موقفها الرافض بالدفع حسب موافقة وزير النفط وقتذاك وتقرر تبليغها بالاستمرار بالتحميل لضمان استمرارية التنفيذ ٠ وهكذا استمرت هذه الشركات بالتحميل لغاية نهاية المرحلة الثامنة في ٢٠٠٠/١٢/٥ وتوقف التعامل معها في المراحل اللاحقة لحينإلغاء مبلغ الاسترجاع في ٢٠٠٢/٩/١ عندما دعت الحاجة للتعامل معها مجدداً بعد تلكؤ التحميل بشكلواضح ووصول معدلات التصدير إلى أدنى مستوياتها ٠

ثالثاً : الشركات والشخصيات والجهات الأخرى:

أما بالنسبة للشركات والجهات الأخرى من أصحاب التخصيص فقد أعربت عن استعدادها لدفع مبلغ الاسترجاع واستمر التعامل معها خلال المراحل اللاحقة للمرحلة الثامنة وأن كان بعض هذه الجهات قدامتنع 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 ٠

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 ٠
ولكن من خلال الجهود الحثيثة المبذولة تم التمكن من تحصيل مبلغ ٢٢٨ مليون دولار مناصل ٢٦٣ مليون دولار أي نسبة تحصيل بلغت حوالي ٨٧% بعد استخدام شتى طرق التسديد منهاالتسديد في السفارات العراقية في الخارج لكون بعض الشركات تخشى التسديد من خلال مصارف لضمان عدم انكشاف أمرها وتعرضها للمسائلة القانونية ومنها التسديد نقداً٠
أما بصدد المبالغ المتبقية بذمة الشركات 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 المدينة لها توقعاً منهم صدور توجيه بإعفائهم من هذه المبالغ ، علماً بأن جهود تحصيل المبالغ كانت مستمرة معهم لحين حصول الظرف الراهن ٠

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

١ – البنك الأهلي / عمان ٠

٢ – فرنسبنك / لبنان ٠

٣ – سردار بنك / لبنان ٠

٤ – البنك المركزي العراقي / بغداد ٠

٥ – مصرف الرافدين / بغداد الفرع الرئيسي ٠

٦ – السفارات العراقية في الخارج (موسكو ، أثينا ، القاهرة ، أنقرة ، صنعاء ، فيتنام ، ماليزيا ، روما، فينا ، دمشق ، جنيف)٠

٧ – شركة الوصل وبابل / الإمارات ٠

٨ – جرى تسديد مبلغ ٨٤٠ ألف دولار عبثاً من خلال تمليك دار لصالح السفارة العراقية في موسكو ومن ثم استخدامها كمدرسة عراقية (المبالغ التي كانت بذمة السيد جيرنوفسكي والذي أدعى بأنه غير قادر على تسديدها نقداً فقبلت الدار بالمقابل) ٠

Ministry of Oil
List of Surcharges per Agreement

Difference ($)	Amount Paid ($)	Total Amount Owed ($)	Surcharge- per agreement	# of Barrels	Contract #	Buyer	Phase

شركة تسويق النفط

كشف بخلاصة المبالغ المسترجعة والمبالغ المتبقية بذمة الشركات

المرحلة		الكمية المحملة الف برميل	المبلغ المستحق الف دولار	المبلغ المسدد الف دولار	المبلغ المتبقي الف دولار	معدل مبلغ الاسترجاع دولار/برميل	
الثامنة	8	١٨٥،٦١٨	١٨،٥٦٢	١١،١٩٧	٧،٣٦٥	٠,١٠	
التاسعة	9	٢٩١،٩٩٦	٨١،٥٨٨	٧٢،١٨٧	٩،٤٠١	٠,٢٨	
العاشرة	10	٣٠١،١٨٨	٨٥،٦٩٩	٨٢،١٧١	٣،٥٢٨	٠,٢٨	
الحادية عشر	11	٢٢٨،٩٤٣	٦٤،٠٥٩	٥٣،٩٥٩	١٠،١٠٠	٠,٢٨	
الثانيةعشر	12	٨٩،٣٣١	١٣،٤٠٠	٨،٥١٥	٤،٨٨٥	٠,١٥	
		١،٠٩٧،٠٧٦	٢٦٣،٣٠٨	٢٢٨،٠٢٨	٣٥،٢٧٩		

تاريخ وقت التقرير ٢٠٠٤/٠٢/١٦ ٧:١٥:٤٢ PM

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحلة

عمولات			للفترة من		لغاية			
المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المعدد /دولار	المبلغ المتبقي /دولار
8	ACTEC	M/08/05	9,655,853	0.10	965,582.00	965,586.00	4.00
8	ACTEC	M/08/103	980,250	0.10	98,025.00	98,025.00	0.00
8	ACTEC	M/08/104	995,967	0.10	99,596.00	99,596.00	0.00
8	ADDAX	M/08/57	602,272	0.10	60,227.00	60,262.00	35.00
8	AFRICAN MIDDLE EAST	M/08/96	951,655	0.10	95,165.00	0.00	95,165.00
8	AGIP	M/08/19	2,780,617	0.10	278,060.00	0.00	278,060.00
8	ALFA ECO	M/08/24	3,127,461	0.10	312,745.00	312,719.10	25.90
8	AREDIO	M/08/35	2,645,068	0.10	264,505.00	264,505.00	0.00
8	ASMOS	M/08/53	500,000	0.10	50,000.00	50,000.00	0.00
8	BASH NEFT	M/08/49	1,986,991	0.10	198,699.00	0.00	198,699.00
8	BELMET	M/08/41	4,725,367	0.10	472,536.00	472,536.00	0.00
8	BENZOL	M/08/69	2,003,987	0.10	200,398.00	0.00	200,398.00
8	CARTHAGO	M/08/79	1,497,352	0.10	149,735.00	0.00	149,735.00
8	CHAIYAPORN	M/08/33	2,910,719	0.10	291,070.00	290,990.90	79.10
8	CHINA OIL	M/08/13	348,521	0.10	34,852.00	34,817.10	34.90
8	CHINA WANBAO	M/08/15	3,039,547	0.10	303,953.00	299,995.00	3,958.00
8	COASTAL	M/08/72	2,018,771	0.10	201,877.00	201,877.00	0.00
8	COGEP	M/08/51	584,312	0.10	58,431.00	60,000.00	1,569.00
8	DELTA PETROLEUM	M/08/47	1,500,000	0.10	150,000.00	150,000.00	0.00
8	DELTA SERVICES	M/08/111	1,575,000	0.10	157,500.00	39,978.50	117,521.50
8	DELTA SERVICES	M/08/112	999,412	0.10	99,941.00	24,978.50	74,962.50
8	EMIN	M/08/75	523,470	0.10	52,347.00	52,347.00	0.00
8	ETAP	M/08/44	806,124	0.10	80,611.00	0.00	80,611.00

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب الرصيد

عمولات				لغاية		للفترة من			
المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
8	EUROL	M/08/115	2,845,229	0.10	284,521.00	0.00	284,521.00
8	EXPANSION	M/08/46	502,736	0.10	50,273.00	0.00	50,273.00
8	FENAR	M/08/67	1,954,834	0.10	195,483.00	0.00	195,483.00
8	GAZPROM	M/08/04	1,953,968	0.10	195,396.00	200,000.00	-4,604.00
8	GENMAR	M/08/113	3,679,310	0.10	367,930.00	367,930.00	0.00
8	GENMAR	M/08/99	953,833	0.10	95,383.00	95,070.00	313.00
8	HELLENIC	M/08/48	983,853	0.10	98,385.00	0.00	98,385.00
8	HYSON(NIGERIA)	M/08/58	1,444,744	0.10	144,474.00	140,000.00	4,474.00
8	IOC	M/08/39	3,913,955	0.10	391,394.00	0.00	391,394.00
8	ITALTECH	M/08/116	3,164,220	0.10	316,421.00	0.00	316,421.00
8	JEWAN OIL	M/08/55	1,500,000	0.10	150,000.00	149,968.00	32.00
8	KENTFORD	M/08/92	1,923,990	0.10	192,399.00	192,207.00	192.00
8	LADA-OMC	M/08/84	1,500,000	0.10	150,000.00	149,980.00	20.00
8	LUBNA	M/08/76	984,572	0.10	98,457.00	99,968.00	-1,511.00
8	MACHINOIMPORT	M/08/37	2,919,856	0.10	291,985.00	291,985.00	0.00
8	MARBEL RESOURCES	M/08/95	3,550,846	0.10	355,083.00	350,000.00	5,083.00
8	MEDCO	M/08/97	2,018,386	0.10	201,838.00	201,838.00	0.00
8	MOCOH	M/08/54	946,313	0.10	94,631.00	94,631.00	0.00
8	NAFTA-MOSCOW	M/08/28	1,399,529	0.10	139,952.00	140,000.00	-48.00
8	OIL AND GAZ	M/08/77	1,022,234	0.10	102,223.00	102,223.00	0.00
8	OMV	M/08/20	2,738,017	0.10	273,801.00	0.00	273,801.00
8	ONACO	M/08/42	1,978,262	0.10	197,826.00	198,000.00	-174.00
8	PDVSA	M/08/32	1,977,643	0.10	197,764.00	0.00	197,764.00



شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحلة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
8	PERENCO	M/08/36	1,047,555	0.10	104,755.00	99,950.00	4,805.00
8	PERTA OIL	M/08/18	3,034,181	0.10	303,416.00	0.00	303,416.00
8	PETMAL OIL	M/08/62	1,978,313	0.10	197,831.00	110,000.00	87,831.00
8	PETROBRAS	M/08/30	1,796,551	0.10	179,654.00	0.00	179,654.00
8	PETROFINA	M/08/11	2,434,904	0.10	243,489.00	0.00	243,489.00
8	PETROGAZ	M/08/91	2,867,705	0.10	286,770.50	286,573.30	197.20
8	PETROLEUM(PTSC)	M/08/56	5,633,076	0.10	563,306.00	563,307.00	-1.00
8	PETRONAS	M/08/17	2,574,276	0.10	257,426.00	0.00	257,426.00
8	PETROPLUS	M/08/78	1,529,381	0.10	152,937.00	0.00	152,937.00
8	PETROVIETNAM	M/08/22	5,244,814	0.10	524,480.00	524,481.00	-1.00
8	PHOENIX	M/08/73	80,002	0.10	8,000.00	8,000.00	0.00
8	PONGBOON INTERTRADE CO	M/08/01	500,000	0.10	50,000.00	50,000.00	0.00
8	PTT التايلندية	M/08/23	983,851	0.10	98,385.00	0.00	98,385.00
8	RAO MES	M/08/105	2,080,996	0.10	208,099.00	0.00	208,099.00
8	RAYMAN	M/08/70	850,000	0.10	85,000.00	0.00	85,000.00
8	REPSOL	M/08/29	3,096,626	0.10	309,661.00	0.00	309,661.00
8	ROSNEFTIMPEX	M/08/27	1,002,402	0.10	100,240.00	100,193.20	46.80
8	ROSNEFTIMPEX	M/08/85	33	0.00	0.00	0.00	0.00
8	SAMIR	M/08/07	2,037,893	0.10	203,789.00	0.00	203,789.00
8	SETA	M/08/74	971,034	0.10	97,103.00	97,103.40	-0.40
8	SINOCHEM	M/08/12	5,804,737	0.10	580,472.00	580,472.00	0.00
8	SLAVNEFT	M/08/26	2,525,518	0.10	252,551.00	252,551.00	0.00
8	SOCAP	M/08/09	3,985,924	0.10	398,592.00	0.00	398,592.00



شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حرب الخليج

عمولات			للفترة من		لغاية			
المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي/دولار
8	SONATRACH	M/08/06	3,878,221	0.10	387,820.00	0.00	387,820.00
8	TEKFEN	M/08/50	899,818	0.10	89,981.00	89,910.00	71.00
8	TOTAL	M/08/10	3,930,329	0.10	393,032.00	0.00	393,032.00
8	TRADE YEAR	M/08/61	1,168,702	0.10	116,870.00	116,870.20	-0.20
8	TRANSNEFT	M/08/43	1,961,833	0.10	196,182.00	0.00	196,182.00
8	TUPRAS	M/08/08	0	0	-1.10	0.00	-1.10
8	TYUMEN	M/08/25	2,007,740	0.10	200,774.00	200,774.00	0.00
8	TYUMEN	M/08/40	2,936,876	0.10	293,686.00	293,686.00	0.00
8	UNICHEM	M/08/98	800,000	0.10	80,000.00	99,730.00	-19,730.00
8	UNIPEC	M/08/14	2,002,954	0.10	200,295.00	0.00	200,295.00
8	ZANGAS	M/08/38	3,034,272	0.10	303,426.00	303,430.90	-4.90
8	ZARUBEZHNEFT	M/08/02	3,192,892	0.10	319,288.00	319,288.00	0.00
8	ZARUBEZHNEFT	M/08/82	2,051,085	0.10	205,108.00	205,108.00	0.00
8	ZERICH GMBH	M/08/101	2,034,872	0.10	203,487.00	0.00	203,487.00
8	ZERICH GMBH	M/08/102	1,037,957	0.10	103,795.00	100,000.00	3,795.00
8	ZERICH GMBH	M/08/83	1,491,525	0.10	149,152.00	0.00	149,152.00
8	ZERICH GMBH	M/08/87	1,412,937	0.10	141,293.00	141,293.00	0.00
8	ZERICH GMBH	M/08/88	1,001,193	0.10	100,119.00	101,947.00	-1,828.00
8	ZHUHAI ZHEN RONG	M/08/16	1,991,882	0.10	199,188.00	199,980.00	-792.00
8	السيد خوان (صيني)	M/08/59	2,917,256	0.10	291,724.00	99,995.00	191,729.00
8	شركة مصفى عمان	M/08/31	1,190,895	0.10	119,089.00	0.00	119,089.00
	المجموع الكلي		185,618,057	0.10	18,561,738.40	11,196,656.10	7,365,082.30

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٦ 6:24:25 PM



شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حتى المرحلة

عمولات			للفترة من		لغاية			
المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
9	ALCON+FENAR	M/09/01	23,039,984	0.28	6,483,722.00	6,483,722.00	0.00
9	ALCON+FENAR	M/09/04	22,633,183	0.28	6,236,219.90	6,236,219.90	0.00
9	ALCON+FENAR	M/09/35	4,868,682	0.25	1,217,170.50	1,217,170.50	0.00
9	AREDIO	M/09/23	1,014,403	0.30	304,320.90	304,320.90	0.00
9	AVIN OIL	M/09/42	1,740,137	0.25	435,034.25	435,000.00	34.25
9	AWAD AMMORA	M/09/13	1,962,493	0.25	490,623.25	490,623.25	0.00
9	B.B. ENERGY	M/09/38	2,020,873	0.27	555,218.25	50,000.00	505,218.25
9	B.C.INTERNATIONAL(PVT)	M/09/91	1,914,971	0.25	478,742.75	478,742.75	0.00
9	BELMET	M/08/41	1,863,000	0.30	558,900.00	558,900.00	0.00
9	BELMET	M/09/08	4,851,657	0.30	1,455,497.10	1,455,463.80	33.30
9	BELPHARM	M/09/34	1,982,013	0.27	544,627.55	545,046.50	-418.95
9	BULA RESOURSES	M/09/95	1,030,402	0.25	257,600.50	251,961.00	5,639.50
9	BULF DREILING AND OIL SERVIC	M/09/55	1,001,245	0.25	250,311.25	250,311.25	0.00
9	CAMTECH	M/08/100	500,000	0.30	150,000.00	150,000.00	0.00
9	CHAIYAPORN	M/09/100	1,977,670	0.30	593,301.00	593,301.00	0.00
9	CHINA OIL	M/08/13	910,340	0.25	227,585.00	227,358.00	227.00
9	COGEP	M/09/65	1,002,382	0.25	250,595.50	250,580.50	15.00
9	DELTA PETROLEUM	M/09/17	4,008,094	0.27	1,100,051.55	1,099,862.50	189.05
9	DELTA SERVICES	M/09/71	2,057,639	0.25	514,409.75	50,000.00	464,409.75
9	E.O.T.C	M/09/39	3,970,520	0.25	992,630.00	992,630.00	0.00
9	ENERGY RESOURCES	M/09/87	1,928,233	0.30	578,469.90	578,470.00	-0.10
9	ERDEM HOLDING	M/09/02	4,002,725	0.30	1,200,817.50	1,200,810.00	7.50

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحلة

عمولات			للفترة من		لغاية			
المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
9	FADI OIL INTRNATIONAL	M/09/85	1,967,055	0.25	491,763.75	491,763.75	0.00
9	FAL OIL	M/09/51	4,043,821	0.30	1,213,146.30	1,213,146.30	0.00
9	GLENCORE	M/09/44	12,106,613	0.27	3,222,780.70	3,222,780.70	0.00
9	IBEX	M/09/81	2,375,594	0.29	683,817.75	683,817.75	0.00
9	INCOME PETROLEUM	M/09/73	1,965,612	0.25	491,403.00	491,403.00	0.00
9	IOC	M/08/39	2,010,079	0.25	502,519.75	0.00	[illegible]
9	IPLOM	M/09/48	998,753	0.25	249,688.25	249,760.26	[illegible]
9	ITALTECH	M/08/120	5,000,000	0.30	1,500,000.00	0.00	[illegible]
9	ITALTECH	M/09/07	32,389,835	0.29	9,305,226.70	6,153,143.60	[illegible]
9	JAWALA	M/09/46	2,051,590	0.30	615,477.00	660,000.00	[illegible]
9	JEWAN OIL	M/09/72	4,069,646	0.30	1,220,893.80	1,220,833.70	[illegible]
9	LUBNA	M/09/105	1,000,000	0.30	300,000.00	300,000.00	[illegible]
9	MACHINOIMPORT	M/09/22	2,997,319	0.28	849,080.80	849,080.80	[illegible]
9	MARBEL RESOURCES	M/09/76	3,538,143	0.30	1,061,442.90	1,061,442.90	[illegible]
9	MASEFIELD	M/09/54	1,935,892	0.26	498,973.00	498,518.00	[illegible]
9	MASTEK	M/08/60	1,786,267	0.30	535,880.10	0.00	[illegible]
9	MASTEK	M/09/18	36,469,888	0.28	10,380,361.39	9,803,960.13	[illegible]
9	MEDEA CONSULTING	M/09/36	2,010,583	0.25	502,645.75	302,221.00	[illegible]
9	MIDDLE EAST ADVANCED SEMI CONDUCTOR	M/09/118	990,610	0.25	247,652.50	247,352.50	[illegible]
9	MOACO	M/09/45	2,015,126	0.30	604,537.80	449,995.00	[illegible]
9	MOCOH	M/09/40	1,917,957	0.25	479,489.25	480,067.56	[illegible]
9	MONTEGA	M/09/06	1,858,530	0.25	464,632.50	0.00	[illegible]
9	NAFTA PETROLEUM	M/09/28	8,023,472	0.30	2,407,041.60	2,407,041.60	0.00



شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المراحل

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
9	NOURI FOR TRADING	M/09/20	1,998,116	0.25	499,529.00	499,529.00	0.00
9	NRG OILS	M/09/93	1,050,000	0.25	262,500.00	262,480.00	20.00
9	OIL AND GAZ	M/08/77	520,960	0.30	156,288.00	156,288.00	0.00
9	PETROGAZ	M/09/60	8,626,086	0.30	2,553,991.85	2,553,858.00	133.85
9	PETROLINE	M/09/79	2,013,883	0.30	604,164.90	604,164.90	0.00
9	PHOENIX	M/09/50	2,018,010	0.30	605,403.00	0.00	605,403.00
9	QUANTUM	M/09/03	1,909,909	0.30	572,972.70	300,000.00	272,972.70
9	ROMPETROL	M/09/29	2,959,551	0.25	739,887.75	739,815.75	72.00
9	ROSNEFTIMPEX	M/09/25	11,428,422	0.27	3,067,802.55	3,067,802.55	0.00
9	SHAHER	M/09/30	915,830	0.25	228,957.50	228,948.00	9.50
9	SINOCHEM	M/09/84	2,564,020	0.25	641,005.00	641,005.00	0.00
9	SLAVNEFT	M/09/59	5,237,046	0.29	1,518,780.15	1,518,449.00	331.15
9	TANKER OIL AND GAS	M/09/64	1,998,961	0.25	499,740.25	499,178.00	562.25
9	TREVOR TRADING	M/09/112	1,001,627	0.25	250,406.75	250,469.00	-62.25
9	TYUMEN	M/08/40	1,820,015	0.30	546,004.50	546,004.50	0.00
9	VITOL	M/09/97	1,000,869	0.25	250,217.25	250,217.25	0.00
9	ZARUBEZHNEFT	M/09/82	15,125,883	0.28	4,185,383.35	4,185,383.80	-0.45
9	ZARUBEZHNEFT AND GAS	M/09/19	2,016,479	0.25	504,119.75	0.00	504,119.75
9	ZERICH GMBH	M/08/87	1,961,281	0.30	588,384.30	588,384.30	0.00
9	ZERICH GMBH	M/09/86	2,026,458	0.30	607,937.40	607,985.00	-47.60
	المجموع الكلي		291,996,437	0.28	81,587,778.94	72,186,784.45	9,401,994.49

تاريخ ووقت التقرير ٢٠٠٤/٠٧/١٦ ٧:١٨:١١ PM

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المراحل

عمولات

المرحلة	المشتري	رقم العقد	الكمية / برميل	للفترة من	مبلغ الاسترجاع دولار/برميل	لغاية	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
10	A&A SERVICES	M/09/47	1,000,000		0.30		300,000.00	240,000.00	60,000.00
10	ACTEC	M/10/83	5,667,025		0.28		1,613,520.30	1,613,520.30	0.00
10	AFRICAN MIDDLE EAST	M/10/48	1,003,958		0.25		250,989.50	159,628.47	91,361.03
10	AL TOUN TRADING	M/10/32	1,001,660		0.25		250,415.00	250,400.00	15.00
10	ALCON	M/10/03	8,036,186		0.29		2,310,319.10	2,310,319.10	0.00
10	ALCON	M/10/17	4,643,673		0.27		1,240,820.00	1,240,820.00	0.00
10	ALCON	M/10/59	2,003,095		0.30		600,928.50	600,928.50	0.00
10	ALEX	M/10/18	3,890,405		0.28		1,072,976.35	1,072,929.30	47.05
10	ALFA ECO	M/09/101	2,061,177		0.30		618,353.10	618,353.10	0.00
10	ALFA ECO	M/10/63	2,039,183		0.30		611,754.90	611,755.00	-0.10
10	AL-HILAL	M/10/56	989,688		0.25		247,422.00	247,422.00	0.00
10	AL-HODA TRADING	M/09/15	4,134,507		0.30		1,240,352.10	1,240,352.00	0.10
10	AL-HODA TRADING	M/10/106	2,063,333		0.30		618,999.90	619,000.00	-0.10
10	AL-HODA TRADING	M/10/68+M/10/22	2,022,622		0.30		606,786.60	606,787.00	-0.40
10	AL-RASHEED INTERNATIONAL	M/09/70	2,011,983		0.30		603,594.90	603,595.00	-0.10
10	AL-RASHEED INTERNATIONAL	M/10/21	2,003,864		0.30		601,159.20	601,160.00	-0.80
10	AREDIO	M/10/71	1,928,235		0.25		482,058.75	482,172.25	-113.50
10	AREDIO	M/10/82+M/10/84	4,047,790		0.27		1,111,874.35	1,111,874.35	0.00
10	AWAD AMMORA	M/10/04	3,894,689		0.27		1,068,771.55	1,068,771.55	0.00
10	AWAD AMMORA	M/10/28	2,049,445		0.25		512,361.25	512,361.14	0.11
10	BULF DREILING AND OIL SERVIC	M/09/55	961,769		0.25		240,442.25	240,479.00	-36.75

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٦ ٧:١٨:١٢ PM



شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحلة

عمولات			للفترة من		لغاية			
المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
10	CHAIYAPORN	M/10/74	1,050,000	0.30	315,000.00	315,000.00	0.00
10	CHASE STAR	M/10/42	1,000,000	0.30	300,000.00	349,985.00	-49,985.00
10	CHINA OIL	M/09/113	1,879,436	0.30	563,830.80	563,830.80	0.00
10	CHINA OIL	M/10/10	4,047,132	0.30	1,214,139.60	1,214,139.60	0.00
10	CHINA WANBAO	M/09/122	2,016,374	0.30	604,912.20	604,912.20	0.00
10	CHINA WANBAO	M/10/12	4,005,321	0.30	1,201,596.30	1,195,067.80	6,528.50
10	COMMERCIAL HOME	M/09/09	1,000,578	0.25	250,144.50	250,200.00	-55.50
10	CONSULT AND TRADE	M/09/83	2,005,929	0.27	551,577.30	551,577.30	0.00
10	DELTA PETROLEUM	M/10/66	1,002,505	0.25	250,626.25	250,610.00	16.25
10	DEVON PETROLEUM	M/10/34	1,943,129	0.25	485,782.25	485,762.00	20.25
10	DEVON PETROLEUM	M/10/62	2,048,606	0.25	512,151.50	59,434.08	452,717.42
10	DEVON PETROLEUM	M/10/85	891,617	0.30	267,485.10	267,458.00	27.10
10	E.O.T.C	M/10/02	2,005,575	0.25	501,393.75	497,370.00	4,023.75
10	EMERCOME	M/10/61	11,672,165	0.29	3,351,272.80	3,351,275.00	-2.20
10	EMIROIL	M/09/32	5,905,601	0.30	1,771,680.30	971,680.30	800,000.00
10	EMIROIL	M/09/37	5,953,859	0.29	1,743,400.65	1,743,400.65	0.00
10	ENERGY INVESTMENT	M/10/33	1,046,814	0.25	261,703.50	261,698.00	5.50
10	ERDEM HOLDING	M/10/65	3,129,339	0.28	886,467.95	886,669.00	-201.05
10	FADI OIL INTRNATIONAL	M/09/125	1,000,359	0.25	250,089.75	250,089.75	0.00
10	FEDERALINIY TORGOVIY DOM(FTD)	M/09/57	1,000,000	0.30	300,000.00	299,983.00	17.00
10	FENAR	M/10/09	8,048,812	0.27	2,212,486.90	2,212,486.90	0.00
10	GHASSAN SHALLAH	M/10/20	3,945,969	0.30	1,183,790.70	1,183,769.00	21.70
10	GROMIG	M/10/47	990,745	0.25	247,686.25	250,000.00	-2,313.75

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المراحل

عمولات			للفترة من		لغاية			
المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
10	HIU LTD	M/09/111	4,988,774	0.30	1,496,632.20	1,499,979.00	-3,346.80
10	IBEX	M/10/08	3,009,650	0.28	841,782.85	838,548.69	3,234.16
10	INCOME PETROLEUM	M/09/116	3,927,810	0.27	1,075,926.50	1,075,775.00	151.50
10	INCOME PETROLEUM	M/10/76	2,000,057	0.28	551,955.95	551,955.95	0.00
10	INCOMED TRADING	M/10/26	3,002,269	0.27	800,821.00	800,822.00	-1.00
10	IPS	M/10/70	2,001,593	0.25	500,398.25	499,003.09	1,395.16
10	JALOUL INVESTMENT	M/10/35	950,000	0.25	237,500.00	237,500.00	0.00
10	JORDAN GRAIN	M/09/115	4,026,905	0.30	1,208,071.50	1,208,074.00	-2.50
10	KAMPAC OIL	M/09/80	2,002,354	0.27	550,588.50	299,968.00	250,620.50
10	KENTFORD	M/09/56	2,005,451	0.30	601,635.30	0.00	601,635.30
10	LADA-OMC	M/09/49	1,983,299	0.30	594,989.70	0.00	594,989.70
10	LUBNA	M/09/105	1,002,739	0.25	250,684.75	250,685.00	-0.25
10	LUBNA	M/10/43	1,006,073	0.25	251,518.25	251,518.00	0.25
10	LUKOIL	M/10/67	3,741,829	0.30	1,122,548.70	1,122,671.00	-122.30
10	MACHINOIMPORT	M/10/11	5,088,147	0.28	1,426,320.40	1,426,265.80	54.60
10	MACHINOIMPORT	M/10/19	4,070,248	0.30	1,221,074.40	1,221,074.40	0.00
10	MARBEL RESOURCES	M/10/16	5,469,675	0.27	1,450,167.10	1,439,656.10	10,511.00
10	MASEFIELD	M/10/57	1,000,896	0.25	250,224.00	250,022.00	202.00
10	MEDCO	M/10/72	1,904,781	0.30	571,434.30	571,434.30	0.00
10	MIDDLE EAST ADVANCED SEMI CONDUCTOR	M/10/38	2,920,295	0.28	825,950.15	825,822.25	127.90
10	NAFTA PETROLEUM	M/10/13	8,085,396	0.30	2,425,618.80	2,425,618.80	0.00
10	NAFTO GAZ	M/10/41	2,004,217	0.30	601,265.10	601,266.36	-1.26

تاريخ ووقت التقرير ٢٠٠٤/٠٣/١٦ ٧:١٨:١٤ PM

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحلة

عمولات

المرحلة	المشتري	رقم العقد	للفترة من الكمية / برميل	مبلغ الاسترجاع دولار/برميل	لغاية المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
10	NATIONAL OIL WELLS MAINTENANCE CO	M/10/30	983,037	0.25	245,759.25	245,759.25	0.00
10	NATIONAL OIL WELLS MAINTENANCE CO	M/10/58	2,050,452	0.30	615,135.60	615,135.60	0.00
10	NOURI FOR TRADING	M/10/06	4,036,286	0.28	1,111,303.10	1,111,762.00	-458.90
10	OIL AND GAZ	M/09/78	2,040,299	0.30	612,089.70	612,090.00	-0.30
10	OIL AND GAZ	M/09/89	2,022,143	0.30	606,642.90	606,642.90	0.00
10	OIL AND GAZ	M/10/55	2,049,137	0.27	562,357.30	562,357.30	0.00
10	OIL AND GAZ	M/10/93	1,785,251	0.30	535,575.30	534,765.30	810.00
10	OJSC KALMYK OIL	M/10/45	2,016,028	0.30	604,808.40	605,312.00	-503.60
10	OMNI OIL	M/10/24	2,070,270	0.30	621,081.00	621,000.00	81.00
10	PERENCO	M/10/50	1,048,345	0.25	262,086.25	249,973.00	12,113.25
10	PETROGAZ	M/09/60	1,872,886	0.30	561,865.80	561,834.00	31.80
10	PETROLEUM(PTSC)	M/09/126	2,083,020	0.30	624,906.00	624,906.00	0.00
10	PETROLEUM(PTSC)	M/10/14	3,850,758	0.30	1,155,227.40	467,439.00	687,788.40
10	PETROLINE	M/10/49	1,037,579	0.30	311,273.70	311,274.00	-0.30
10	PETROLINE	M/10/60	2,049,246	0.30	614,773.80	614,773.80	0.00
10	PETROLINE	M/10/81	1,840,034	0.30	552,010.20	552,010.20	0.00
10	PETROVIETNAM	M/10/36	1,860,341	0.30	558,102.30	558,102.00	0.30
10	PRIMACOSA	M/10/77	1,001,791	0.30	300,537.30	300,537.30	0.00
10	PRIMACOSA	M/10/88	300,000	0.30	90,000.00	90,000.00	0.00
10	ROSNEFT GAS EXPORT	M/10/07	4,006,395	0.27	1,101,606.05	1,101,610.80	-4.75
10	ROSNEFTIMPEX	M/09/25	3,002,732	0.28	850,679.25	850,740.45	-61.20
10	ROSNEFTIMPEX	M/10/15	16,008,036	0.28	4,552,917.25	4,552,763.10	154.15

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحله

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
10	ROSNEFTIMPEX	M/10/15+M/10/23	1,810,523	0.30	543,156.90	543,156.90	0.00
10	SETA	M/09/66	975,000	0.30	292,500.00	292,470.00	30.00
10	SETA	M/10/37	1,003,073	0.25	250,768.25	250,734.50	33.75
10	SINOCHEM	M/10/44	6,119,227	0.28	1,683,459.70	1,683,459.70	0.00
10	SLAVNEFT	M/10/27	5,809,156	0.28	1,642,695.25	1,638,000.00	4,695.25
10	SOYUZNEFT&GAS	M/10/39	3,962,543	0.30	1,188,762.90	1,188,762.90	0.00
10	TATNEFT	M/10/05	4,893,534	0.30	1,468,060.20	1,468,281.00	-220.80
10	TEKFEN	M/10/31	1,199,358	0.25	299,839.50	299,839.50	0.00
10	TYUMEN	M/09/102	2,005,666	0.25	501,416.50	501,416.90	-0.40
10	UNICONSULT MIDDLE EAST	M/10/52	2,000,833	0.25	500,208.25	500,000.00	208.25
10	UNIFUEL	M/09/106	961,158	0.30	288,347.40	288,348.00	-0.60
10	VAZHMASHIMPEX	M/10/51	1,047,900	0.25	261,975.00	261,975.00	0.00
10	VITOL	M/09/97	985,279	0.30	295,583.70	295,583.70	0.00
10	ZANGAS	M/09/77	3,888,845	0.30	1,166,653.50	1,166,643.50	10.00
10	ZARUBEZHNEFT	M/10/01	10,240,947	0.28	2,865,518.30	2,865,527.00	-8.70
10	ZHUHAI ZHEN RONG	M/09/123	1,979,299	0.25	494,824.75	492,948.00	1,876.75
10	ZYRYA MANAGEMENT SERVICE	M/10/80	2,054,716	0.30	616,414.80	616,375.30	39.50
المجموع الكلي			301,187,733	0.28	85,699,148.40	82,170,996.07	3,528,152.33



شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحلة

عمولات — الفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المعدد /دولار	المبلغ المتبقي /دولار
11	ACTEC	M/10/83	6,257,440	0.29	1,827,346.55	1,827,346.55	0.00
11	ACTEC	M/11/39	5,662,556	0.29	1,615,460.70	1,589,926.15	25,534.55
11	ACTEC	M/11/45	1,047,832	0.30	314,349.60	0.00	314,349.60
11	ALCON	M/10/17	350,000	0.30	105,000.00	104,930.00	70.00
11	ALCON	M/11/25	4,047,552	0.25	1,011,888.00	1,011,888.00	0.00
11	ALCON	M/11/43	4,002,282	0.30	1,200,684.60	1,200,684.60	0.00
11	ALEX	M/11/74	874,862	0.30	262,458.60	262,426.60	32.00
11	ALEX	M/11/76	2,079,511	0.25	519,877.75	519,877.75	0.00
11	ALFA ECO	M/11/31	9,141,451	0.27	2,488,305.80	809,053.00	1,679,252.80
11	AL-HODA TRADING	M/11/20	2,011,744	0.25	502,936.00	502,936.00	0.00
11	AL-HODA TRADING	M/11/20+M/11/93	1,902,004	0.30	570,601.20	570,601.00	0.20
11	AL-HODA TRADING	M/11/40	1,049,385	0.30	314,815.50	314,815.00	0.50
11	AL-HODA TRADING	M/11/93	1,000,000	0.30	300,000.00	300,000.00	0.00
11	AL-RASHEED INTERNATIONAL	M/11/33	2,083,791	0.25	520,947.75	520,948.00	-0.25
11	ARAB TRADE DEVELOPMENT	M/10/94	2,988,635	0.25	747,158.75	747,158.75	0.00
11	ARAB TRADE DEVELOPMENT	M/11/52	2,043,827	0.25	510,956.75	236,205.00	274,751.75
11	AREDIO	M/10/86	2,014,352	0.30	604,305.60	604,305.60	0.00
11	ASMOS	M/10/64	1,000,000	0.30	300,000.00	49,970.00	250,030.00
11	AVIN OIL	M/11/56	895,255	0.25	223,813.75	223,820.00	-6.25
11	AWAD AMMORA	M/11/50,M/11/88	1,895,180	0.25	473,795.00	473,000.00	795.00

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٦ ٧:١٨:٤٣ PM

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحله

عمولات للفترة من لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
11	B.C.INTERNATIONAL(PVT)	M/10/100	1,076,475	0.30	322,942.50	322,942.50	0.00
11	B.C.INTERNATIONAL(PVT)	M/10/91	1,949,267	0.30	584,780.10	584,780.10	0.00
11	B.C.INTERNATIONAL(PVT)	M/11/81	850,000	0.30	255,000.00	24,682.50	230,317.50
11	BELMET	M/11/69	1,413,316	0.30	423,994.80	423,983.00	11.80
11	CHAIYAPORN	M/11/14	1,000,000	0.30	300,000.00	300,000.00	0.00
11	CHASE STAR	M/11/58	1,963,303	0.25	490,825.75	540,790.75	-49,965.00
11	CHINA OIL	M/11/06	4,049,652	0.29	1,167,178.15	1,159,518.85	7,659.30
11	CHINA WANBAO	M/11/86	3,981,693	0.29	1,146,152.75	1,146,137.75	15.00
11	COGEP	M/10/98	2,097,705	0.30	629,311.50	632,257.45	-2,945.95
11	COMMERCIAL HOME	M/11/47	3,391,902	0.25	847,975.50	632,658.75	215,316.75
11	DELTA PETROLEUM	M/10/66	999,399	0.25	249,849.75	249,834.00	15.75
11	E.O.T.C	M/11/26	1,045,869	0.25	261,467.25	0.00	261,467.25
11	EMERCOME	M/10/61	7,107,431	0.29	2,080,992.55	2,080,990.35	2.20
11	EMERCOME	M/10/61+M/10 /15	2,102,024	0.30	630,607.20	630,605.70	1.50
11	EMERCOME	M/11/15	8,758,160	0.29	2,528,158.75	2,528,158.75	0.00
11	ENERGY INVESTMENT	M/11/37	2,083,681	0.25	520,920.25	520,883.00	37.25
11	ERDEM HOLDING	M/11/11	2,001,688	0.30	600,506.40	600,507.00	-0.60
11	ERIK EMBORG	M/09/131	2,257,853	0.28	639,701.20	119,970.00	519,731.20
11	FADI OIL INTRNATIONAL	M/11/104	1,994,600	0.25	498,650.00	498,650.00	0.00
11	FADI OIL INTRNATIONAL	M/11/53	618,224	0.25	154,556.00	154,556.27	-0.27
11	FENAR	M/10/96	2,071,572	0.30	621,471.60	621,471.60	0.00



شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحلة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
11	FENAR	M/11/65	3,397,101	0.30	1,019,130.30	1,019,130.30	0.00
11	FENAR	M/11/67	1,672,748	0.25	418,187.00	418,187.00	0.00
11	GHASSAN SHALLAH	M/11/28	200,000	0.25	50,000.00	50,000.00	0.00
11	HAMED EST	M/10/40	1,046,898	0.30	314,069.40	314,095.40	-26.00
11	HIU LTD	M/11/13	2,979,591	0.25	744,897.75	744,962.00	-64.25
11	HYPERXOREY	M/10/25	1,940,324	0.30	582,097.20	59,985.00	522,112.20
11	HYSON(NIGERIA)	M/11/120	1,017,7[illegible]	[illegible]	[illegible]3,313.60	0.00	[illegible]312.60
11	INCOMED TRADING	M/11/112	966,[illegible]	[illegible].25	241,601.75	241,[illegible]	0.00
11	INCOMED TRADING	M/11/22	3,032,927	0.25	758,231.75	757,062.35	1,169.40
11	IVES COLTD	M/10/73	1,034,372	0.30	310,311.60	310,261.30	50.30
11	IVES COLTD	M/11/75	1,469,869	0.25	367,467.25	367,467.25	0.00
11	IVES COLTD	M/11/83	899,052	0.30	269,715.60	269,715.60	0.00
11	JAWALA	M/11/12	2,000,000	0.30	600,000.00	250,000.00	350,000.00
11	JORDAN GRAIN	M/11/61	1,800,000	0.25	450,000.00	450,000.00	0.00
11	JORDAN GRAIN	M/11/94	1,635,348	0.30	490,604.40	490,604.00	0.40
11	MACHINOIMPORT	M/11/17	3,042,671	0.30	912,801.30	912,771.30	30.00
11	MACHINOIMPORT	M/11/79	3,366,413	0.27	916,603.25	916,603.25	0.00
11	MARBEL RESOURCES	M/10/16	525,000	0.30	157,500.00	157,500.00	0.00
11	MED NAFTA	M/11/55	8,094,595	0.30	2,428,378.50	2,388,708.51	39,669.99
11	MEDCO	M/11/34	1,873,996	0.25	468,499.00	461,567.70	6,931.30
11	MEDEX SERVICES	M/10/87	1,039,555	0.30	311,866.50	311,866.50	0.00
11	MIDDLE EAST ADVANCED SEMI CONDUCTOR	M/11/04	2,360,860	0.30	708,258.00	0.00	708,258.00

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٦ ٧:١٨:٤٤ PM

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحله

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
11	MIDDLE EAST ADVANCED SEMI CONDUCTOR	M/11/10	1,019,290	0.25	254,822.50	250,000.00	4,822.50
11	NAFTO GAZ	M/11/109	1,550,000	0.29	445,000.00	144,907.00	300,093.00
11	NATIONAL OIL WELLS MAINTENANCE CO	M/10/30	1,047,011	0.30	314,103.30	313,924.80	178.50
11	NOURI FOR TRADING	M/11/30	2,049,454	0.25	512,363.50	512,125.00	238.50
11	OJSC KALMYK OIL	M/10/79	2,019,972	0.26	525,993.00	588,264.41	-62,271.41
11	OJSC KALMYK OIL	M/11/49,M/11/03	2,067,652	0.30	620,295.60	620,295.60	0.00
11	PETROVIETNAM	M/11/62	1,994,750	0.30	598,425.00	598,425.00	0.00
11	PITKIN	M/11/57	4,056,388	0.28	1,136,609.05	491,483.75	627,125.30
11	PRIMACOSA	M/10/88	735,000	0.30	220,500.00	220,500.00	0.00
11	PRIMACOSA	M/11/24	1,012,220	0.26	265,555.00	30,000.00	235,555.00
11	ROSNEFT GAS EXPORT	M/11/21	3,100,000	0.30	930,000.00	930,000.00	0.00
11	RUSSIAN ENGINERERING COMPANY	M/11/05	8,085,235	0.29	2,322,184.05	1,727,000.00	595,184.05
11	RUSSIAN ENGINERERING COMPANY	M/11/05+M/11/07	2,582,080	0.30	774,624.00	775,000.00	-376.00
11	SHAHER	M/11/16	1,344,448	0.30	403,334.40	403,343.90	-9.50
11	SHANFARI GROUB	M/11/08	1,005,535	0.25	251,383.75	251,419.75	-36.00
11	SINOCHEM	M/11/02	4,082,569	0.25	1,020,642.25	1,020,642.26	-0.01
11	SLAVNEFT	M/11/103	3,972,048	0.28	1,097,412.80	0.00	1,097,412.80
11	SOYUZNEFT&GAS	M/10/39	3,064,511	0.30	919,353.30	920,472.10	-1,118.80
11	SOYUZNEFT&GAS	M/11/59	5,004,336	0.30	1,501,300.80	1,502,500.00	-1,199.20

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٦ ٧:١٨:٤٤ PM

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المراحل

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المعمد /دولار	المبلغ المتبقي /دولار
11	SRI MULTI GAS CORPORATION (SIGAGCO)	M/11/38	1,025,212	0.30	307,563.60	0.00	307,563.60
11	TATNEFT	M/11/29	3,453,792	0.27	931,743.45	0.00	931,743.45
11	TEKFEN	M/10/31	762,518	0.25	190,629.50	190,629.50	0.00
11	THE NGHE AN PETRO TRADING&SERVICES	M/11/90	991,712	0.25	247,928.00	262,928.00	-15,000.00
11	THE OIL SERVIES(OSC)	M/11/54	1,000,000	0.25	250,000.00	250,000.00	0.00
11	TYUMEN	M/11/35	2,085,074	0.25	521,268.50	0.00	521,268.50
11	UKHTA-NEFT	M/11/99	1,941,693	0.25	485,423.25	485,400.00	23.25
11	URAL INVESTOIL (UOIL)	M/10/69	1,920,119	0.30	576,278.70	576,300.00	-21.30
11	URAL INVESTOIL (UOIL)	M/11/51	1,261,851	0.25	315,462.75	315,500.00	-37.25
11	VITOL	M/10/78	966,440	0.25	241,610.00	240,988.00	622.00
11	ZANGAS	M/11/102	1,549,841	0.30	464,952.30	464,952.00	0.30
11	ZANGAS	M/11/19	2,030,961	0.30	609,288.30	609,290.00	-1.70
11	ZARUBEZHNEFT	M/11/115	4,102,834	0.25	1,025,708.50	1,126,324.00	-100,615.50
11	ZERICH GMBH	M/10/75	2,956,979	0.30	887,093.70	901,588.95	-14,495.25
11	ZHUHAI ZHEN RONG	M/11/18	1,545,186	0.30	463,555.80	450,000.00	13,555.80
11	ZYRYA MANAGEMENT SERVICE	M/11/113	998,951	0.25	249,737.75	249,737.50	0.25
المجموع الكلي			228,943,384	0.28	64,059,424.45	53,959,301.05	10,100,123.40

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٦ ٧:١٨:٥٨ PM



شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المراحل

عمولات		للفترة من			نهاية			
المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	الرصيد المتبقي /دولار
12	ALCON	M/12/35	3,594,210	0.15	539,146.50	539,146.50	0.00
12	AL-HODA TRADING	M/12/36	2,978,760	0.15	446,814.00	0.00	446,814.00
12	ANWER AKKAD SONS	M/11/32	2,059,989	0.15	308,998.35	104,990.00	204,008.35
12	AREDIO	M/11/101	275,000	0.15	41,250.00	41,250.00	0.00
12	AREDIO	M/11/64	500,000	0.15	75,000.00	75,000.00	0.00
12	AREDIO	M/11/64,80,110	2,087,554	0.15	313,133.10	313,133.10	0.00
12	AREDIO	M/11/64+/11/110	1,024,552	0.15	153,684.30	153,684.30	0.00
12	AREDIO	M/11/80	288,754	0.15	43,313.10	43,313.10	0.00
12	AVIN OIL	M/12/22	894,301	0.15	134,145.15	0.00	134,145.15
12	AWAD AMMORA	M/11/50	600,000	0.15	90,000.00	89,964.70	35.30
12	AWAD AMMORA	M/12/18	1,986,577	0.15	297,986.55	297,979.50	7.05
12	CENTURY	M/11/44	1,550,516	0.15	232,577.40	0.00	232,577.40
12	CHINA OIL	M/12/26	1,969,361	0.15	295,404.15	0.00	295,404.15
12	DEVON PETROLEUM	M/11/100	1,500,000	0.15	225,000.00	225,000.00	0.00
12	DEVON PETROLEUM	M/11/46	1,000,000	0.15	150,000.00	0.00	150,000.00
12	E.O.T.C	M/11/26	500,000	0.15	75,000.00	0.00	75,000.00
12	EMERCOME	M/11/15	5,053,199	0.15	757,979.85	585,330.90	172,648.95
12	EMERCOME	M/12/53	1,462,581	0.15	219,387.15	384,765.00	-165,377.85
12	FENAR	M/11/65	1,356,923	0.15	203,538.45	203,538.45	0.00
12	FENAR	M/12/39	3,982,943	0.15	597,441.45	597,025.02	416.43
12	GHASSAN SHALLAH	M/11/28	2,816,150	0.15	422,422.50	273,425.00	148,997.50
12	INCOME PETROLEUM	M/11/48	1,564,762	0.15	234,714.30	234,714.30	0.00

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٦ ٧:١٨:٥٨ PM



شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحله

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
12	IPS	M/11/116	830,379	0.15	124,556.85	124,556.91	-0.06
12	IPS	M/11/116+/12/48	994,558	0.15	149,183.70	121,820.21	27,363.49
12	IPS	M/12/48	634,546	0.15	95,181.90	0.00	95,181.90
12	JALOUL INVESTMENT	M/11/01	373,196	0.15	55,979.40	55,980.00	-0.60
12	JORDAN GRAIN	M/11/118	577,599	0.15	86,639.85	86,640.00	-0.15
12	LUBNA	M/11/63	1,046,945	0.15	157,041.75	0.00	157,041.75
12	MACHINOIMPORT	M/11/79	1,914,918	0.15	287,237.70	667,796.05	-380,558.35
12	MACHINOIMPORT	M/12/01	1,908,[illegible]22	[illegible]	[illegible]3.30	[illegible]240.00	-55.[illegible]
12	MED NAFTA	M/12/19	2,054,449	0.15	308,167.35	0.00	308,167.35
12	NEFTE GAS	M/12/51	1,495,844	0.15	224,376.60	224,377.00	-0.40
12	OIL AND GAZ	M/11/87	598,006	0.15	89,700.90	49,993.50	39,707.40
12	OIL AND GAZ	M/11/95	1,934,384	0.15	290,157.60	0.00	290,157.60
12	OJSC KALMYK OIL	M/11/49	596,369	0.15	89,455.35	0.00	89,455.35
12	OJSC KALMYK OIL	M/11/89	2,076,990	0.15	311,548.50	0.00	311,548.50
12	PETRO LINA OIL	M/11/54	3,687,713	0.15	553,156.95	120,000.00	433,156.95
12	PETROVIETNAM	M/11/84	732,068	0.15	109,810.20	30,000.00	79,810.20
12	PETROVIETNAM	M/12/24	519,493	0.15	77,923.95	0.00	77,923.95
12	PITKIN	M/11/121	2,025,033	0.15	303,754.95	60,000.00	243,754.95
12	ROSNEFT GAS EXPORT	M/12/05	1,403,367	0.15	210,505.05	210,505.00	0.05
12	RUSSIAN ENGINERERING COMPANY	M/11/05,M/12/17	5,091,902	0.15	763,785.30	0.00	763,785.30
12	RUSSIAN ENGINERERING COMPANY	M/11/05	500,000	0.15	75,000.00	0.00	75,000.00

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٦ ٧:١٨:٥٨ PM

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحله

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
12	SIBERIAN	M/11/105+/12/31	1,935,017	0.15	290,252.55	0.00	290,252.55
12	SINOCHEM	M/12/38	8,345,481	0.15	1,251,822.15	1,170,573.35	81,248.80
12	SOYUZNEFT&GAS	M/12/15	1,911,945	0.15	286,791.75	286,800.00	-8.25
12	TEKFEN	M/11/71	1,236,154	0.15	185,423.10	185,423.10	0.00
12	THE NGHE AN PETRO TRADING&SERVICES	[illegible]	500,000	[illegible]	75,000.00	60,000.00	15,000.00
12	THE OIL SERVIES(OSC)	M/11/36	938,898	0.15	140,834.70	140,834.70	0.00
12	[illegible]	M/[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	VAZHMASHINEX	[illegible]/77	611,101	[illegible]	[illegible],665.15	0.00	[illegible],665.15
12	[illegible]RNEST SERVICE	[illegible]/29	670,[illegible]	[illegible]	[illegible]14.15	[illegible]	[illegible],614.15
	المجموع الكلي		89,330,504	0.15	13,399,575.60	8,514,578.30	4,884,997.30

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٩ ١:٠٥:٢٩ AM



شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبالغ الاسترجاع(دولار/برميل)
10	A&A SERVICES	M/09/47	1,000,000	300,000.00	240,000.00	*60,000.00*	0.30
8	ACTEC	M/08/05	9,655,853	965,582.00	965,586.00	*-4.00*	0.10
8	ACTEC	M/08/103	980,250	98,025.00	98,025.00	*0.00*	0.10
8	ACTEC	M/08/104	995,967	99,596.00	99,596.00	*0.00*	0.10
10	ACTEC	M/10/83	5,667,025	1,613,520.30	1,613,520.30	*0.00*	0.29
11	ACTEC	M/10/83	6,257,440	1,827,346.55	1,827,346.55	*0.00*	0.29
11	ACTEC	M/11/39	5,662,556	1,615,460.70	1,589,926.15	*25,534.55*	0.29
11	ACTEC	M/11/45	1,047,832	314,349.60	0.00	*314,349.60*	0.30
8	ADDAX	M/08/57	602,272	60,227.00	60,262.00	*-35.00*	0.10
8	AFRICAN MIDDLE EAST	M/08/96	951,655	95,165.00	0.00	*95,165.00*	0.10
10	AFRICAN MIDDLE EAST	M/10/48	1,003,958	250,989.50	159,628.47	*91,361.03*	0.25
8	AGIP	M/08/19	2,780,617	278,060.00	0.00	*278,060.00*	0.10
10	AL TOUN TRADING	M/10/32	1,001,660	250,415.00	250,400.00	*15.00*	0.25
10	ALCON	M/10/03	8,036,186	2,310,319.10	2,310,319.10	*0.00*	0.29
10	ALCON	M/10/17	4,643,673	1,240,820.00	1,240,820.00	*0.00*	0.27
11	ALCON	M/10/17	350,000	105,000.00	104,930.00	*70.00*	0.27
10	ALCON	M/10/59	2,003,095	600,928.50	600,928.50	*0.00*	0.30
11	ALCON	M/11/25	4,047,552	1,011,888.00	1,011,888.00	*0.00*	0.25
11	ALCON	M/11/43	4,002,282	1,200,684.60	1,200,684.60	*0.00*	0.30
12	ALCON	M/12/35	3,594,310	539,146.50	539,146.50	*0.00*	0.15
9	ALCON+FENAR	M/09/01	23,039,984	6,483,722.00	6,483,722.00	*0.00*	0.28
9	ALCON+FENAR	M/09/04	22,633,183	6,236,219.90	6,236,219.90	*0.00*	0.28
9	ALCON+FENAR	M/09/35	4,868,682	1,217,170.50	1,217,170.50	*0.00*	0.25
10	ALEX	M/10/18	3,890,405	1,072,976.35	1,072,929.30	*47.05*	0.28

شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
11	ALEX	M/11/74	874,862	262,458.60	262,426.60	32.00	0.30
11	ALEX	M/11/76	2,079,511	519,877.75	519,877.75	0.00	0.25
8	ALFA ECO	M/08/24	3,127,461	312,745.00	312,719.10	25.90	0.10
10	ALFA ECO	M/09/101	2,061,177	618,353.10	618,353.10	0.00	0.30
10	ALFA ECO	M/10/63	2,039,183	611,754.90	611,755.00	-0.10	0.30
11	ALFA ECO	M/11/31	9,141,451	2,488,305.80	809,053.00	1,679,252.80	0.27
10	AL-HILAL	M/10/56	989,688	247,422.00	247,422.00	0.00	0.25
10	AL-HODA TRADING	M/09/15	4,134,507	1,240,352.10	1,240,352.00	0.10	0.30
10	AL-HODA TRADING	M/10/106	2,063,333	618,999.90	619,000.00	-0.10	0.30
10	AL-HODA TRADING	M/10/68+M/10/22	2,022,622	606,786.60	606,787.00	-0.40	0.30
11	AL-HODA TRADING	M/11/20	2,011,744	502,936.00	502,936.00	0.00	0.25
11	AL-HODA TRADING	M/11/20+M/11/93	1,902,004	570,601.20	570,601.00	0.20	0.30
11	AL-HODA TRADING	M/11/40	1,049,385	314,815.50	314,815.00	0.50	0.30
11	AL-HODA TRADING	M/11/93	1,000,000	300,000.00	300,000.00	0.00	0.30
12	AL-HODA TRADING	M/12/36	2,978,760	446,814.00	0.00	446,814.00	0.15
10	AL-RASHEED INTERNATIONAL	M/09/70	2,011,983	603,594.90	603,595.00	-0.10	0.30
10	AL-RASHEED INTERNATIONAL	M/10/21	2,003,864	601,159.20	601,160.00	-0.80	0.30
11	AL-RASHEED INTERNATIONAL	M/11/33	2,083,791	520,947.75	520,948.00	-0.25	0.25
12	ANWER AKKAD SONS	M/11/32	2,059,989	308,998.35	104,990.00	204,008.35	0.15
11	ARAB TRADE DEVELOPMENT	M/10/94	2,988,635	747,158.75	747,158.75	0.00	0.25
11	ARAB TRADE DEVELOPMENT	M/11/52	2,043,827	510,956.75	236,205.00	274,751.75	0.25
8	AREDIO	M/08/35	2,645,068	264,505.00	264,505.00	0.00	0.10
9	AREDIO	M/09/23	1,014,403	304,320.90	304,320.90	0.00	0.30

شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
10	AREDIO	M/10/71	1,928,235	482,058.75	482,172.25	-113.50	0.25
10	AREDIO	M/10/82+M/10/84	4,047,790	1,111,874.35	1,111,874.35	0.00	0.27
11	AREDIO	M/10/86	2,014,352	604,305.60	604,305.60	0.00	0.30
12	AREDIO	M/11/101	275,000	41,250.00	41,250.00	0.00	0.15
12	AREDIO	M/11/64	500,000	75,000.00	75,000.00	0.00	0.15
12	AREDIO	M/11/64,80,110	2,087,554	313,133.10	313,133.10	0.00	0.15
12	AREDIO	M/11/64+/11/110	1,024,562	153,684.30	153,684.30	0.00	0.15
12	AREDIO	M/11/80	288,754	43,313.10	43,313.10	0.00	0.15
8	ASMOS	M/08/53	500,000	50,000.00	50,000.00	0.00	0.10
11	ASMOS	M/10/64	1,000,000	300,000.00	49,970.00	250,030.00	0.30
9	AVIN OIL	M/09/42	1,740,137	435,034.25	435,000.00	34.25	0.25
11	AVIN OIL	m/11/56	895,255	223,813.75	223,820.00	-6.25	0.25
12	AVIN OIL	M/12/22	894,301	134,145.15	0.00	134,145.15	0.15
9	AWAD AMMORA	M/09/13	1,962,493	490,623.25	490,623.25	0.00	0.25
10	AWAD AMMORA	M/10/04	3,894,689	1,068,771.55	1,068,771.55	0.00	0.27
10	AWAD AMMORA	M/10/28	2,049,445	512,361.25	512,361.14	0.11	0.25
12	AWAD AMMORA	M/11/50	600,000	90,000.00	89,964.70	35.30	0.15
11	AWAD AMMORA	M/11/50,M/11/88	1,895,180	473,795.00	473,000.00	795.00	0.25
12	AWAD AMMORA	M/12/18	1,986,577	297,986.55	297,979.50	7.05	0.15
9	B.B. ENERGY	M/09/38	2,020,873	555,218.25	50,000.00	505,218.25	0.27
9	B.C.INTERNATIONAL(PVT)	M/09/91	1,914,971	478,742.75	478,742.75	0.00	0.25
11	B.C.INTERNATIONAL(PVT)	M/10/100	1,076,475	322,942.50	322,942.50	0.00	0.30

تاريخ ووقت التقرير ٢٠٠٤/٠٧/١٩ ١١:٠٥:٤٠ AM

شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
11	B.C.INTERNATIONAL(PVT)	M/10/91	1,949,267	584,780.10	584,780.10	0.00	0.30
11	B.C.INTERNATIONAL(PVT)	M/11/81	850,000	255,000.00	24,682.50	230,317.50	0.30
8	BASH NEFT	M/08/49	1,986,991	198,699.00	0.00	198,699.00	0.10
8	BELMET	M/08/41	4,725,367	472,536.00	472,536.00	0.00	0.16
9	BELMET	M/08/41	1,863,000	558,900.00	558,900.00	0.00	0.16
9	BELMET	M/09/08	4,851,657	1,455,497.10	1,455,463.80	33.30	0.30
11	BELMET	M/11/69	1,413,316	423,994.80	423,983.00	11.80	0.30
9	BELPHARM	M/09/34	1,982,013	544,627.55	545,046.50	-418.95	0.27
8	BENZOL	M/08/69	2,003,987	200,398.00	0.00	200,398.00	0.10
9	BULA RESOURSES	M/09/95	1,030,402	257,600.50	251,961.00	5,639.50	0.25
9	BULF DREILING AND OIL SERVIC	M/09/55	1,001,245	250,311.25	250,311.25	0.00	0.25
10	BULF DREILING AND OIL SERVIC	M/09/55	961,769	240,442.25	240,479.00	-36.75	0.25
9	CAMTECH	M/08/100	500,000	150,000.00	150,000.00	0.00	0.30
8	CARTHAGO	M/08/79	1,497,352	149,735.00	0.00	149,735.00	0.10
12	CENTURY	M/11/44	1,550,516	232,577.40	0.00	232,577.40	0.15
8	CHAIYAPORN	M/08/33	2,910,719	291,070.00	290,990.90	79.10	0.10
9	CHAIYAPORN	M/09/100	1,977,670	593,301.00	593,301.00	0.00	0.30
10	CHAIYAPORN	M/10/74	1,050,000	315,000.00	315,000.00	0.00	0.30
11	CHAIYAPORN	M/11/14	1,000,000	300,000.00	300,000.00	0.00	0.30
10	CHASE STAR	M/10/42	1,000,000	300,000.00	349,985.00	-49,985.00	0.30
11	CHASE STAR	M/11/58	1,963,303	490,825.75	540,790.75	-49,965.00	0.25
8	CHINA OIL	M/08/13	348,521	34,852.00	34,817.10	34.90	0.21
9	CHINA OIL	M/08/13	910,340	227,585.00	227,358.00	227.00	0.21

اعداد الدائرة المالية-السجلات التجارية

شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
10	CHINA OIL	M/09/113	1,879,436	563,830.80	563,830.80	0.00	0.30
10	CHINA OIL	M/10/10	4,047,132	1,214,139.60	1,214,139.60	0.00	0.30
11	CHINA OIL	M/11/06	4,049,652	1,167,178.15	1,159,518.85	7,659.30	0.29
12	CHINA OIL	M/12/26	1,969,361	295,404.15	0.00	295,404.15	0.15
8	CHINA WANBAO	M/08/15	3,039,547	303,953.00	299,995.00	3,958.00	0.10
10	CHINA WANBAO	M/09/122	2,016,374	604,912.20	604,912.20	0.00	0.30
10	CHINA WANBAO	M/10/12	4,005,321	1,201,596.30	1,195,067.80	6,528.50	0.30
11	CHINA WANBAO	M/11/86	3,981,693	1,146,152.75	1,146,137.75	15.00	0.29
8	COASTAL	M/08/72	2,018,771	201,877.00	201,877.00	0.00	0.10
8	COGEP	M/08/51	584,312	58,431.00	60,000.00	-1,569.00	0.10
9	COGEP	M/09/65	1,002,382	250,595.50	250,580.50	15.00	0.25
11	COGEP	M/10/98	2,097,705	629,311.50	632,257.45	-2,945.95	0.30
10	COMMERCIAL HOME	M/09/09	1,000,578	250,144.50	250,200.00	-55.50	0.25
11	COMMERCIAL HOME	M/11/47	3,391,902	847,975.50	632,658.75	215,316.75	0.25
10	CONSULT AND TRADE	M/09/83	2,005,929	551,577.30	551,577.30	0.00	0.27
8	DELTA PETROLEUM	M/08/47	1,500,000	150,000.00	150,000.00	0.00	0.10
9	DELTA PETROLEUM	M/09/17	4,008,094	1,100,051.55	1,099,862.50	189.05	0.27
10	DELTA PETROLEUM	M/10/66	1,002,505	250,626.25	250,610.00	16.25	0.25
11	DELTA PETROLEUM	M/10/66	999,399	249,849.75	249,834.00	15.75	0.25
8	DELTA SERVICES	M/08/111	1,575,000	157,500.00	39,978.50	117,521.50	0.10
8	DELTA SERVICES	M/08/112	999,412	99,941.00	24,978.50	74,962.50	0.10
9	DELTA SERVICES	M/09/71	2,057,639	514,409.75	50,000.00	464,409.75	0.25
10	DEVON PETROLEUM	M/10/34	1,943,129	485,782.25	485,762.00	20.25	0.25
10	DEVON PETROLEUM	M/10/62	2,048,606	512,151.50	59,434.08	452,717.42	0.25



شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
10	DEVON PETROLEUM	M/10/85	891,617	267,485.10	267,458.00	*27.10*	0.30
12	DEVON PETROLEUM	M/11/100	1,500,000	225,000.00	225,000.00	*0.00*	0.15
12	DEVON PETROLEUM	M/11/46	1,000,000	150,000.00	0.00	*150,000.00*	0.15
9	E.O.T.C	M/09/39	3,970,520	992,630.00	992,630.00	*0.00*	0.25
10	E.O.T.C	M/10/02	2,005,575	501,393.75	497,370.00	*4,023.75*	0.25
11	E.O.T.C	M/11/26	1,045,869	261,467.25	0.00	*261,467.25*	0.22
12	E.O.T.C	M/11/26	500,000	75,000.00	0.00	*75,000.00*	0.22
10	EMERCOME	M/10/61	11,672,165	3,351,272.80	3,351,275.00	*-2.20*	0.29
11	EMERCOME	M/10/61	7,107,431	2,080,992.55	2,080,990.35	*2.20*	0.29
11	EMERCOME	M/10/61+M/10/15	2,102,024	630,607.20	630,605.70	*1.50*	0.30
11	EMERCOME	M/11/15	8,758,160	2,528,158.75	2,528,158.75	*0.00*	0.24
12	EMERCOME	M/11/15	5,053,199	757,979.85	585,330.90	*172,648.95*	0.24
12	EMERCOME	M/12/53	1,462,581	219,387.15	384,765.00	*-165,377.85*	0.15
8	EMIN	M/08/75	523,470	52,347.00	52,347.00	*0.00*	0.10
10	EMIROIL	M/09/32	5,905,601	1,771,680.30	971,680.30	*800,000.00*	0.30
10	EMIROIL	M/09/37	5,953,859	1,743,400.65	1,743,400.65	*0.00*	0.29
10	ENERGY INVESTMENT	M/10/33	1,046,814	261,703.50	261,698.00	*5.50*	0.25
11	ENERGY INVESTMENT	M/11/37	2,083,681	520,920.25	520,883.00	*37.25*	0.25
9	ENERGY RESOURCES	M/09/87	1,928,233	578,469.90	578,470.00	*-0.10*	0.30
9	ERDEM HOLDING	M/09/02	4,002,725	1,200,817.50	1,200,810.00	*7.50*	0.30
10	ERDEM HOLDING	M/10/65	3,129,339	886,467.95	886,669.00	*-201.05*	0.28
11	ERDEM HOLDING	M/11/11	2,001,688	600,506.40	600,507.00	*-0.60*	0.30
11	ERIK EMBORG	M/09/131	2,257,853	639,701.20	119,970.00	*519,731.20*	0.28

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٩ ١:٠٥:٤٠ AM

شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

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



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للفترة من لغاية

عمولات

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبالغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
10	GROMIG	M/10/47	990,745	247,686.25	250,000.00	-2,313.75	0.25
11	HAMED EST	M/10/40	1,046,898	314,069.40	314,095.40	-26.00	0.30
8	HELLENIC	M/08/48	983,853	98,385.00	0.00	98,385.00	0.10
10	HIU LTD	M/09/111	4,988,774	1,496,632.20	1,499,979.00	-3,346.80	0.30
11	HIU LTD	M/11/13	2,979,591	744,897.75	744,962.00	-64.25	0.25
11	HYPERXOREY	M/10/25	1,940,324	582,097.20	59,985.00	522,112.20	0.30
8	HYSON(NIGERIA)	M/08/58	1,444,744	144,474.00	140,000.00	4,474.00	0.10
11	HYSON(NIGERIA)	M/11/120	1,017,712	305,313.60	0.00	305,313.60	0.30
9	IBEX	M/09/81	2,375,594	683,817.75	683,817.75	0.00	0.29
10	IBEX	M/10/08	3,009,650	841,782.85	838,548.69	3,234.16	0.28
10	INCOME PETROLEUM	M/09/116	3,927,810	1,075,926.50	1,075,775.00	151.50	0.27
9	INCOME PETROLEUM	M/09/73	1,965,612	491,403.00	491,403.00	0.00	0.25
10	INCOME PETROLEUM	M/10/76	2,000,057	551,955.95	551,955.95	0.00	0.28
12	INCOME PETROLEUM	M/11/48	1,564,762	234,714.30	234,714.30	0.00	0.15
10	INCOMED TRADING	M/10/26	3,002,269	800,821.00	800,822.00	-1.00	0.27
11	INCOMED TRADING	M/11/112	966,407	241,601.75	241,601.75	0.00	0.25
11	INCOMED TRADING	M/11/22	3,032,927	758,231.75	757,062.35	1,169.40	0.25
8	IOC	M/08/39	3,913,955	391,394.00	0.00	391,394.00	0.15
9	IOC	M/08/39	2,010,079	502,519.75	0.00	502,519.75	0.15
9	IPLOM	M/09/48	998,753	249,688.25	249,760.26	-72.01	0.25
10	IPS	M/10/70	2,001,593	500,398.25	499,003.09	1,395.16	0.25
12	IPS	M/11/116	830,379	124,556.85	124,556.91	-0.06	0.15
12	IPS	M/11/116+/12 /48	994,558	149,183.70	121,820.21	27,363.49	0.15



شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
12	IPS	M/12/48	634,546	95,181.90	0.00	*95,181.90*	0.15
8	ITALTECH	M/08/116	3,164,220	316,421.00	0.00	*316,421.00*	0.10
9	ITALTECH	M/08/120	5,000,000	1,500,000.00	0.00	*1,500,000.00*	0.30
9	ITALTECH	M/09/07	32,389,835	9,305,226.70	6,153,143.60	*3,152,083.10*	0.29
11	IVES COLTD	M/10/73	1,034,372	310,311.60	310,261.30	*50.30*	0.30
11	IVES COLTD	M/11/75	1,469,869	367,467.25	367,467.25	*0.00*	0.25
11	IVES COLTD	M/11/83	899,052	269,715.60	269,715.60	*0.00*	0.30
10	JALOUL INVESTMENT	M/10/35	950,000	237,500.00	237,500.00	*0.00*	0.25
12	JALOUL INVESTMENT	M/11/01	373,196	55,979.40	55,980.00	*-0.60*	0.15
9	JAWALA	M/09/46	2,051,590	615,477.00	660,000.00	*-44,523.00*	0.30
11	JAWALA	M/11/12	2,000,000	600,000.00	250,000.00	*350,000.00*	0.30
8	JEWAN OIL	M/08/55	1,500,000	150,000.00	149,968.00	*32.00*	0.10
9	JEWAN OIL	M/09/72	4,069,646	1,220,893.80	1,220,833.70	*60.10*	0.30
10	JORDAN GRAIN	M/09/115	4,026,905	1,208,071.50	1,208,074.00	*-2.50*	0.30
12	JORDAN GRAIN	M/11/118	577,599	86,639.85	86,640.00	*-0.15*	0.15
11	JORDAN GRAIN	M/11/61	1,800,000	450,000.00	450,000.00	*0.00*	0.25
11	JORDAN GRAIN	M/11/94	1,635,348	490,604.40	490,604.00	*0.40*	0.30
10	KAMPAC OIL	M/09/80	2,002,354	550,588.50	299,968.00	*250,620.50*	0.27
8	KENTFORD	M/08/92	1,923,990	192,399.00	192,207.00	*192.00*	0.10
10	KENTFORD	M/09/56	2,005,451	601,635.30	0.00	*601,635.30*	0.30
8	LADA-OMC	M/08/84	1,500,000	150,000.00	149,980.00	*20.00*	0.10
10	LADA-OMC	M/09/49	1,983,299	594,989.70	0.00	*594,989.70*	0.30
8	LUBNA	M/08/76	984,572	98,457.00	99,968.00	*-1,511.00*	0.10
9	LUBNA	M/09/105	1,000,000	300,000.00	300,000.00	*0.00*	0.27

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المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
10	LUBNA	M/09/105	1,002,739	250,684.75	250,685.00	-0.25	0.27
10	LUBNA	M/10/43	1,006,073	251,518.25	251,518.00	0.25	0.25
12	LUBNA	M/11/63	1,046,945	157,041.75	0.00	157,041.75	0.15
10	LUKOIL	M/10/67	3,741,829	1,122,548.70	1,122,671.00	-122.30	0.30
8	MACHINOIMPORT	M/08/37	2,919,856	291,985.00	291,985.00	0.00	0.10
9	MACHINOIMPORT	M/09/22	2,997,319	849,080.80	849,080.80	0.00	0.28
10	MACHINOIMPORT	M/10/11	5,088,147	1,426,320.40	1,426,265.80	54.60	0.28
10	MACHINOIMPORT	M/10/19	4,070,248	1,221,074.40	1,221,074.40	0.00	0.30
11	MACHINOIMPORT	M/11/17	3,042,671	912,801.30	912,771.30	30.00	0.30
11	MACHINOIMPORT	M/11/79	3,366,413	916,603.25	916,603.25	0.00	0.23
12	MACHINOIMPORT	M/11/79	1,914,918	287,237.70	667,796.05	-380,558.35	0.23
12	MACHINOIMPORT	M/12/01	1,908,622	286,293.30	286,240.00	53.30	0.15
8	MARBEL RESOURCES	M/08/95	3,550,846	355,083.00	350,000.00	5,083.00	0.10
9	MARBEL RESOURCES	M/09/76	3,538,143	1,061,442.90	1,061,442.90	0.00	0.30
10	MARBEL RESOURCES	M/10/16	5,469,675	1,450,167.10	1,439,656.10	10,511.00	0.27
11	MARBEL RESOURCES	M/10/16	525,000	157,500.00	157,500.00	0.00	0.27
9	MASEFIELD	M/09/54	1,935,892	498,973.00	498,518.00	455.00	0.26
10	MASEFIELD	M/10/57	1,000,896	250,224.00	250,022.00	202.00	0.25
9	MASTEK	M/08/60	1,786,267	535,880.10	0.00	535,880.10	0.30
9	MASTEK	M/09/18	36,469,888	10,380,361.39	9,803,960.13	576,401.26	0.28
11	MED NAFTA	M/11/55	8,094,595	2,428,378.50	2,388,708.51	39,669.99	0.30
12	MED NAFTA	M/12/19	2,054,449	308,167.35	0.00	308,167.35	0.15
8	MEDCO	M/08/97	2,018,386	201,838.00	201,838.00	0.00	0.10
10	MEDCO	M/10/72	1,904,781	571,434.30	571,434.30	0.00	0.30



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المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
11	MEDCO	M/11/34	1,873,996	468,499.00	461,567.70	*6,931.30*	0.25
9	MEDEA CONSULTING	M/09/36	2,010,583	502,645.75	302,221.00	*200,424.75*	0.25
11	MEDEX SERVICES	M/10/87	1,039,555	311,866.50	311,866.50	*0.00*	0.30
9	MIDDLE EAST ADVANCED SEMI CONDUCTOR	M/09/118	990,610	247,652.50	247,352.50	*300.00*	0.25
10	MIDDLE EAST ADVANCED SEMI CONDUCTOR	M/10/38	2,920,295	825,950.15	825,822.25	*127.90*	0.28
11	MIDDLE EAST ADVANCED SEMI CONDUCTOR	M/11/04	2,360,860	708,258.00	0.00	*708,258.00*	0.30
11	MIDDLE EAST ADVANCED SEMI CONDUCTOR	M/11/10	1,019,290	254,822.50	250,000.00	*4,822.50*	0.25
9	MOACO	M/09/45	2,015,126	604,537.80	449,995.00	*154,542.80*	0.30
8	MOCOH	M/08/54	946,313	94,631.00	94,631.00	*0.00*	0.10
9	MOCOH	M/09/40	1,917,957	479,489.25	480,067.56	*-578.31*	0.25
9	MONTEGA	M/09/06	1,858,530	464,632.50	0.00	*464,632.50*	0.25
9	NAFTA PETROLEUM	M/09/28	8,023,472	2,407,041.60	2,407,041.60	*0.00*	0.30
10	NAFTA PETROLEUM	M/10/13	8,085,396	2,425,618.80	2,425,618.80	*0.00*	0.30
8	NAFTA-MOSCOW	M/08/28	1,399,529	139,952.00	140,000.00	*-48.00*	0.10
10	NAFTO GAZ	M/10/41	2,004,217	601,265.10	601,266.36	*-1.26*	0.30
11	NAFTO GAZ	M/11/109	1,550,000	445,000.00	144,907.00	*300,093.00*	0.29
10	NATIONAL OIL WELLS MAINTENANCE CO	M/10/30	983,037	245,759.25	245,759.25	*0.00*	0.28
11	NATIONAL OIL WELLS MAINTENANCE CO	M/10/30	1,047,011	314,103.30	313,924.80	*178.50*	0.28
10	NATIONAL OIL WELLS MAINTENANCE CO	M/10/58	2,050,452	615,135.60	615,135.60	*0.00*	0.30
12	NEFTE GAS	M/12/51	1,495,844	224,376.60	224,377.00	*-0.40*	0.15
9	NOURI FOR TRADING	M/09/20	1,998,116	499,529.00	499,529.00	*0.00*	0.25



شركة تسويق النفط

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10	NOURI FOR TRADING	M/10/06	4,036,286	1,111,303.10	1,111,762.00	-458.90	0.28
11	NOURI FOR TRADING	M/11/30	2,049,454	512,363.50	512,125.00	238.50	0.25
9	NRG OILS	M/09/93	1,050,000	262,500.00	262,480.00	20.00	0.25
8	OIL AND GAZ	M/08/77	1,022,234	102,223.00	102,223.00	0.00	0.17
9	OIL AND GAZ	M/08/77	520,960	156,288.00	156,288.00	0.00	0.17
10	OIL AND GAZ	M/09/78	2,040,299	612,089.70	612,090.00	-0.30	0.30
10	OIL AND GAZ	M/09/89	2,022,143	606,642.90	606,642.90	0.00	0.30
10	OIL AND GAZ	M/10/55	2,049,137	562,357.30	562,357.30	0.00	0.27
10	OIL AND GAZ	M/10/93	1,785,251	535,575.30	534,765.30	810.00	0.30
12	OIL AND GAZ	M/11/87	598,006	89,700.90	49,993.50	39,707.40	0.15
12	OIL AND GAZ	M/11/95	1,934,384	290,157.60	0.00	290,157.60	0.15
10	OJSC KALMYK OIL	M/10/45	2,016,028	604,808.40	605,312.00	-503.60	0.30
11	OJSC KALMYK OIL	M/10/79	2,019,972	525,993.00	588,264.41	-62,271.41	0.26
12	OJSC KALMYK OIL	M/11/49	596,369	89,455.35	0.00	89,455.35	0.15
11	OJSC KALMYK OIL	M/11/49,M/11/03	2,067,652	620,295.60	620,295.60	0.00	0.30
12	OJSC KALMYK OIL	M/11/89	2,076,990	311,548.50	0.00	311,548.50	0.15
10	OMNI OIL	M/10/24	2,070,270	621,081.00	621,000.00	81.00	0.30
8	OMV	M/08/20	2,738,017	273,801.00	0.00	273,801.00	0.10
8	ONACO	M/08/42	1,978,262	197,826.00	198,000.00	-174.00	0.10
8	PDVSA	M/08/32	1,977,643	197,764.00	0.00	197,764.00	0.10
8	PERENCO	M/08/36	1,047,555	104,755.00	99,950.00	4,805.00	0.10
10	PERENCO	M/10/50	1,048,345	262,086.25	249,973.00	12,113.25	0.25
8	PERTA OIL	M/08/18	3,034,181	303,416.00	0.00	303,416.00	0.10

شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

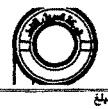
المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار
8	PETMAL OIL	M/08/62	1,978,313	197,831.00	110,000.00	*87,831.00*
12	PETRO LINA OIL	M/11/54	3,687,713	553,156.95	120,000.00	*433,156.95*
8	PETROBRAS	M/08/30	1,796,551	179,654.00	0.00	*179,654.00*
8	PETROFINA	M/08/11	2,434,904	243,489.00	0.00	*243,489.00*
8	PETROGAZ	M/08/91	2,867,705	286,770.50	286,573.30	*197.20*
9	PETROGAZ	M/09/60	8,626,086	2,553,991.85	2,553,858.00	*133.85*
10	PETROGAZ	M/09/60	1,872,886	561,865.80	561,834.00	*31.80*
8	PETROLEUM(PTSC)	M/08/66	5,633,076	563,306.00	563,307.00	*-1.00*
10	PETROLEUM(PTSC)	M/09/126	2,083,020	624,906.00	624,906.00	*0.00*
10	PETROLEUM(PTSC)	M/10/14	3,850,758	1,155,227.40	467,439.00	*687,788.40*
9	PETROLINE	M/09/79	2,013,883	604,164.90	604,164.90	*0.00*
10	PETROLINE	M/10/49	1,037,579	311,273.70	311,274.00	*-0.30*
10	PETROLINE	M/10/60	2,049,246	614,773.80	614,773.80	*0.00*
10	PETROLINE	M/10/81	1,840,034	552,010.20	552,010.20	*0.00*
8	PETRONAS	M/08/17	2,574,276	257,426.00	0.00	*257,426.00*
8	PETROPLUS	M/08/78	1,529,381	152,937.00	0.00	*152,937.00*
8	PETROVIETNAM	M/08/22	5,244,814	524,480.00	524,481.00	*-1.00*
10	PETROVIETNAM	M/10/36	1,860,341	558,102.30	558,102.00	*0.30*
11	PETROVIETNAM	M/11/62	1,994,750	598,425.00	598,425.00	*0.00*
12	PETROVIETNAM	M/11/84	732,068	109,810.20	30,000.00	*79,810.20*
12	PETROVIETNAM	M/12/24	519,493	77,923.95	0.00	*77,923.95*
8	PHOENIX	M/08/73	80,002	8,000.00	8,000.00	*0.00*
9	PHOENIX	M/09/50	2,018,010	605,403.00	0.00	*605,403.00*
12	PITKIN	M/11/121	2,025,033	303,754.95	60,000.00	*243,754.95*

شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
11	PITKIN	M/11/57	4,056,388	1,118,609.05	491,483.75	*627,125.30*	0.28
8	PONGBOON INTERTRADE CO	M/08/01	500,000	50,000.00	50,000.00	*0.00*	0.10
10	PRIMACOSA	M/10/77	1,001,791	300,537.30	300,537.30	*0.00*	0.30
10	PRIMACOSA	M/10/88	300,000	90,000.00	90,000.00	*0.00*	0.30
11	PRIMACOSA	M/10/88	735,000	220,500.00	220,500.00	*0.00*	0.30
11	PRIMACOSA	M/11/24	1,012,220	265,555.00	30,000.00	*235,555.00*	0.26
8	PTT التايلندية	M/08/23	983,851	98,385.00	0.00	*98,385.00*	0.10
9	QUANTUM	M/09/03	1,909,909	572,972.70	300,000.00	*272,972.70*	0.30
8	RAO MES	M/08/105	2,080,996	208,099.00	0.00	*208,099.00*	0.10
8	RAYMAN	M/08/70	850,000	85,000.00	0.00	*85,000.00*	0.10
8	REPSOL	M/08/29	3,096,626	309,661.00	0.00	*309,661.00*	0.10
9	ROMPETROL	M/09/29	2,959,551	739,887.75	739,815.75	*72.00*	0.25
10	ROSNEFT GAS EXPORT	M/10/07	4,006,395	1,101,606.05	1,101,610.80	*-4.75*	0.27
11	ROSNEFT GAS EXPORT	M/11/21	3,100,000	930,000.00	930,000.00	*0.00*	0.30
12	ROSNEFT GAS EXPORT	M/12/05	1,403,367	210,505.05	210,505.00	*0.05*	0.15
8	ROSNEFTIMPEX	M/08/27	1,002,402	100,240.00	100,193.20	*46.80*	0.10
8	ROSNEFTIMPEX	M/08/85	33	0.00	0.00	*0.00*	المسدد أعلى من
9	ROSNEFTIMPEX	M/09/25	11,428,422	3,067,802.55	3,067,802.55	*0.00*	0.27
10	ROSNEFTIMPEX	M/09/25	3,002,732	850,679.25	850,740.45	*-61.20*	0.27
10	ROSNEFTIMPEX	M/10/15	16,008,036	4,552,917.25	4,552,763.10	*154.15*	0.28
10	ROSNEFTIMPEX	M/10/15+M/10/23	1,810,523	543,156.90	543,156.90	*0.00*	0.30
11	RUSSIAN ENGINERERING COMPANY	M/11/05	8,085,235	2,322,184.05	1,727,000.00	*595,184.05*	0.23

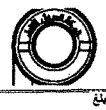


شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
12	RUSSIAN ENGINERERING COMPANY	M/11/05	5,091,902	763,785.30	0.00	*763,785.30*	0.23
12	RUSSIAN ENGINERERING COMPANY	M/11/05,M/12/17	500,000	75,000.00	0.00	*75,000.00*	0.15
11	RUSSIAN ENGINERERING COMPANY	M/11/05+M/11/07	2,582,080	774,624.00	775,000.00	*-376.00*	0.30
8	SAMIR	M/08/07	2,037,893	203,789.00	0.00	*203,789.00*	0.10
8	SETA	M/08/74	971,034	97,103.00	97,103.40	*-0.40*	0.10
10	SETA	M/09/66	975,000	292,500.00	292,470.00	*30.00*	0.30
10	SETA	M/10/37	1,003,073	250,768.25	250,734.50	*33.75*	0.25
9	SHAHER	M/09/30	915,830	228,957.50	228,948.00	*9.50*	0.25
11	SHAHER	M/11/16	1,344,448	403,334.40	403,343.90	*-9.50*	0.30
11	SHANFARI GROUB	M/11/08	1,005,535	251,383.75	251,419.75	*-36.00*	0.25
12	SIBERIAN	M/11/105+/12/31	1,935,017	290,252.55	0.00	*290,252.55*	0.15
8	SINOCHEM	M/08/12	5,804,737	580,472.00	580,472.00	*0.00*	0.10
9	SINOCHEM	M/09/84	2,564,020	641,005.00	641,005.00	*0.00*	0.25
10	SINOCHEM	M/10/44	6,119,227	1,683,459.70	1,683,459.70	*0.00*	0.28
11	SINOCHEM	M/11/02	4,082,569	1,020,642.25	1,020,642.26	*-0.01*	0.25
12	SINOCHEM	M/12/38	8,345,481	1,251,822.15	1,170,573.35	*81,248.80*	0.15
8	SLAVNEFT	M/08/26	2,525,518	252,551.00	252,551.00	*0.00*	0.10
9	SLAVNEFT	M/09/59	5,237,046	1,518,780.15	1,518,449.00	*331.15*	0.29
10	SLAVNEFT	M/10/27	5,809,156	1,642,695.25	1,638,000.00	*4,695.25*	0.28
11	SLAVNEFT	M/11/103	3,972,048	1,097,412.80	0.00	*1,097,412.80*	0.28
8	SOCAP	M/08/09	3,985,924	398,592.00	0.00	*398,592.00*	0.10
8	SONATRACH	M/08/06	3,878,221	387,820.00	0.00	*387,820.00*	0.10



شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

للفترة من لغاية عمولات

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
10	SOYUZNEFT&GAS	M/10/39	3,962,543	1,188,762.90	1,188,762.90	0.00	0.30
11	SOYUZNEFT&GAS	M/10/39	3,064,511	919,353.30	920,472.10	-1,118.80	0.30
11	SOYUZNEFT&GAS	M/11/59	5,004,336	1,501,300.80	1,502,500.00	-1,199.20	0.30
12	SOYUZNEFT&GAS	M/12/15	1,911,945	286,791.75	286,800.00	-8.25	0.15
11	SRI MULTI GAS CORPORATION (SIGAGCO)	M/11/38	1,025,212	307,563.60	0.00	307,563.60	0.30
9	TANKER OIL AND GAS	M/09/64	1,998,961	499,740.25	499,178.00	562.25	0.25
10	TATNEFT	M/10/05	4,893,534	1,468,060.20	1,468,281.00	-220.80	0.30
11	TATNEFT	M/11/29	3,453,792	931,743.45	0.00	931,743.45	0.27
8	TEKFEN	M/08/50	899,818	89,981.00	89,910.00	71.00	0.10
10	TEKFEN	M/10/31	1,199,358	299,839.50	299,839.50	0.00	0.25
11	TEKFEN	M/10/31	762,518	190,629.50	190,629.50	0.00	0.25
12	TEKFEN	M/11/71	1,236,154	185,423.10	185,423.10	0.00	0.15
11	THE NGHE AN PETRO TRADING&SERVICES	M/11/90	991,712	247,928.00	262,928.00	-15,000.00	0.22
12	THE NGHE AN PETRO TRADING&SERVICES	M/11/90	500,000	75,000.00	60,000.00	15,000.00	0.22
11	THE OIL SERVIES(OSC)	M/10/54	1,000,000	250,000.00	250,000.00	0.00	0.25
12	THE OIL SERVIES(OSC)	M/11/36	938,898	140,834.70	140,834.70	0.00	0.15
8	TOTAL	M/08/10	3,930,329	393,032.00	0.00	393,032.00	0.10
8	TRADE YEAR	M/08/61	1,168,702	116,870.00	116,870.20	-0.20	0.10
8	TRANSNEFT	M/08/43	1,961,833	196,182.00	0.00	196,182.00	0.10
9	TREVOR TRADING	M/09/112	1,001,627	250,406.75	250,469.00	-62.25	0.25
8	TUPRAS	M/08/08	0	-1.10	0.00	-1.10	#Div/0!
12	TUPRAS	M/12/55	3,138,524	470,778.60	470,778.60	0.00	0.15



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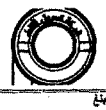
المرحلة	المشتري	رقم العقد	الكمية / برميل	المبالغ المستحق/دولار	المبالغ المسدد/دولار	المبالغ المتبقي/دولار	معدل مبالغ الاسترجاع(دولار/برميل)
8	TYUMEN	M/08/25	2,007,740	200,774.00	200,774.00	0.00	0.10
8	TYUMEN	M/08/40	2,936,876	293,686.00	293,686.00	0.00	0.18
9	TYUMEN	M/08/40	1,820,015	546,004.50	546,004.50	0.00	0.18
10	TYUMEN	M/09/102	2,005,666	501,416.50	501,416.90	-0.40	0.25
11	TYUMEN	M/11/35	2,085,074	521,268.50	0.00	521,268.50	0.25
11	UKHTA-NEFT	M/11/99	1,941,693	485,423.25	485,400.00	23.25	0.25
8	UNICHEM	M/08/98	800,000	80,000.00	99,730.00	-19,730.00	0.10
10	UNICONSULT MIDDLE EAST	M/10/52	2,000,833	500,208.25	500,000.00	208.25	0.25
10	UNIFUEL	M/09/106	961,158	288,347.40	288,348.00	-0.60	0.30
8	UNIPEC	M/08/14	2,002,954	200,295.00	0.00	200,295.00	0.10
11	URAL INVESTOIL (UOIL)	M/10/69	1,920,929	576,278.70	576,300.00	-21.30	0.30
11	URAL INVESTOIL (UOIL)	M/11/51	1,261,851	315,462.75	315,500.00	-37.25	0.25
10	VAZHMASHIMPEX	M/10/51	1,047,900	261,975.00	261,975.00	0.00	0.25
12	VAZHMASHIMPEX	M/11/77	611,101	91,665.15	0.00	91,665.15	0.15
9	VITOL	M/09/97	1,000,869	250,217.25	250,217.25	0.00	0.27
10	VITOL	M/09/97	985,279	295,583.70	295,583.70	0.00	0.27
11	VITOL	M/10/78	966,440	241,610.00	240,988.00	622.00	0.25
8	ZANGAS	M/08/38	3,034,272	303,426.00	303,430.90	-4.90	0.10
10	ZANGAS	M/09/77	3,888,845	1,166,653.50	1,166,643.50	10.00	0.30
11	ZANGAS	M/11/102	1,549,841	464,952.30	464,952.00	0.30	0.30
11	ZANGAS	M/11/19	2,030,961	609,288.30	609,290.00	-1.70	0.30
12	ZARNEST SERVICE	M/12/29	670,761	100,614.15	0.00	100,614.15	0.15
8	ZARUBEZHNEFT	M/08/02	3,192,892	319,288.00	319,288.00	0.00	0.10
8	ZARUBEZHNEFT	M/08/82	2,051,085	205,108.00	205,108.00	0.00	0.10



شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات

للفترة من لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع(دولار/برميل)
9	ZARUBEZHNEFT	M/09/82	15,125,883	4,185,383.35	4,185,383.80	-0.45	0.28
10	ZARUBEZHNEFT	M/10/01	10,240,947	2,865,518.30	2,865,527.00	-8.70	0.28
11	ZARUBEZHNEFT	M/11/115	4,102,834	1,025,708.50	1,126,324.00	-100,615.50	0.25
9	ZARUBEZHNEFT AND GAS	M/09/19	2,016,479	504,119.75	0.00	504,119.75	0.25
8	ZERICH GMBH	M/08/101	2,034,872	203,487.00	0.00	203,487.00	0.10
8	ZERICH GMBH	M/08/102	1,037,957	103,795.00	100,000.00	3,795.00	0.10
8	ZERICH GMBH	M/08/83	1,491,525	149,152.00	0.00	149,152.00	0.10
8	ZERICH GMBH	M/08/87	1,412,937	141,293.00	141,293.00	0.00	0.22
9	ZERICH GMBH	M/08/87	1,961,281	588,384.30	588,384.30	0.00	0.22
8	ZERICH GMBH	M/08/88	1,001,193	100,119.00	101,947.00	-1,828.00	0.10
9	ZERICH GMBH	M/09/86	2,026,458	607,937.40	607,985.00	-47.60	0.30
11	ZERICH GMBH	M/10/75	2,956,979	887,093.70	901,588.95	-14,495.25	0.30
8	ZHUHAI ZHEN RONG	M/08/16	1,991,882	199,188.00	199,980.00	-792.00	0.10
10	ZHUHAI ZHEN RONG	M/09/123	1,979,299	494,824.75	492,948.00	1,876.75	0.25
11	ZHUHAI ZHEN RONG	M/11/18	1,545,186	463,555.80	450,000.00	13,555.80	0.30
10	ZYRYA MANAGEMENT SERVICE	M/10/80	2,054,716	616,414.80	616,375.30	39.50	0.30
11	ZYRYA MANAGEMENT SERVICE	M/11/113	998,951	249,737.75	249,737.50	0.25	0.25
8	السيد خوان (صيني)	M/08/59	2,917,256	291,724.00	99,995.00	191,729.00	0.10
8	شركة مصفى عمان	M/08/31	1,190,895	119,089.00	0.00	119,089.00	0.10
	المجموع الكلي		1,097,076,115	263,307,665.79	228,028,315.97	35,279,349.82	



كشف بخلاصة مبالغ الاسترجاع المترتبة بذمة الشركات لكافة المراحل

FROM TO

عملات

المشتري	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار
A&A SERVICES	300,000.00	240,000.00	60,000.00
ACTEC	6,533,880.15	6,194,000.00	339,880.15
ADDAX	60,227.00	60,262.00	-35.00
AFRICAN MIDDLE EAST	346,154.50	159,628.47	186,526.03
AGIP	278,060.00	0.00	278,060.00
AL TOUN TRADING	250,415.00	250,400.00	15.00
ALCON	7,008,786.70	7,008,716.70	70.00
ALCON+FENAR	13,937,112.40	13,937,112.40	0.00
ALEX	1,855,312.70	1,855,233.65	79.05
ALFA ECO	4,031,158.80	2,351,880.20	1,679,278.60
AL-HILAL	247,422.00	247,422.00	0.00
AL-HODA TRADING	4,601,305.30	4,154,491.00	446,814.30
AL-RASHEED INTERNATIONAL	1,725,701.85	1,725,703.00	-1.15
ANWER AKKAD SONS	308,998.35	104,990.00	204,008.35
ARAB TRADE DEVELOPMENT	1,258,115.50	983,363.75	274,751.75
AREDIO	3,393,445.10	3,393,558.60	-113.50
ASMOS	350,000.00	99,970.00	250,030.00
AVIN OIL	792,993.15	658,820.00	134,173.15
AWAD AMMORA	2,933,537.60	2,932,700.14	837.46
B.B. ENERGY	555,218.25	50,000.00	505,218.25
B.C.INTERNATIONAL(PVT)	1,641,465.35	1,411,147.85	230,317.50
BASH NEFT	198,699.00	0.00	198,699.00
BELMET	2,910,927.90	2,910,882.80	45.10
BELPHARM	544,627.55	545,046.50	-418.95
BENZOL	200,398.00	0.00	200,398.00
BULA RESOURSES	257,600.50	251,961.00	5,639.50
BULF DREILING AND OIL SERVIC	490,753.50	490,790.25	-36.75
CAMTECH	150,000.00	150,000.00	0.00
CARTHAGO	149,735.00	0.00	149,735.00
CENTURY	232,577.40	0.00	232,577.40
CHAIYAPORN	1,499,371.00	1,499,291.90	79.10



كشف بخلاصة مبالغ الاسترجاع المترتبة بذمة الشركات لكافة المراحل

FROM TO

عملات

المشتري	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار
CHASE STAR	790,825.75	890,775.75	-99,950.00
CHINA OIL	3,502,989.70	3,199,664.35	303,325.35
CHINA WANBAO	3,256,614.25	3,246,112.75	10,501.50
COASTAL	201,877.00	201,877.00	0.00
COGEP	938,338.00	942,837.95	-4,499.95
COMMERCIAL HOME	1,098,120.00	882,858.75	215,261.25
CONSULT AND TRADE	551,577.30	551,577.30	0.00
DELTA PETROLEUM	1,750,527.55	1,750,306.50	221.05
DELTA SERVICES	771,850.75	114,957.00	656,893.75
DEVON PETROLEUM	1,640,418.85	1,037,654.08	602,764.77
E.O.T.C	1,830,491.00	1,490,000.00	340,491.00
EMERCOME	9,568,398.30	9,561,125.70	7,272.60
EMIN	52,347.00	52,347.00	0.00
EMIROIL	3,515,080.95	2,715,080.95	800,000.00
ENERGY INVESTMENT	782,623.75	782,581.00	42.75
ENERGY RESOURCES	578,469.90	578,470.00	-0.10
ERDEM HOLDING	2,687,791.85	2,687,986.00	-194.15
ERIK EMBORG	639,701.20	119,970.00	519,731.20
ETAP	80,611.00	0.00	80,611.00
EUROL	284,521.00	0.00	284,521.00
EXPANSION	50,273.00	0.00	50,273.00
FADI OIL INTRNATIONAL	1,395,059.50	1,395,059.77	-0.27
FAL OIL	1,213,146.30	1,213,146.30	0.00
FEDERALINIY TORGOVIY DOM(FTD)	300,000.00	299,983.00	17.00
FENAR	5,267,738.70	5,071,839.27	195,899.43
GAZPROM	195,396.00	200,000.00	-4,604.00
GENMAR	463,313.00	463,000.00	313.00
GHASSAN SHALLAH	1,656,213.20	1,507,194.00	149,019.20
GLENCORE	3,222,780.70	3,222,780.70	0.00
GROMIG	247,686.25	250,000.00	-2,313.75
HAMED EST	314,069.40	314,095.40	-26.00



كشف بخلاصة مبالغ الاسترجاع المترتبة بذمة الشركات لكافة المراحل

FROM TO

عمولات

المشتري	المبلغ المستحق بالدولار	المبلغ المسدد بالدولار	المبلغ المتبقي بالدولار
HELLENIC	98,385.00	0.00	98,385.00
HIU LTD	2,241,529.95	2,244,941.00	-3,411.05
HYPERXOREY	582,097.20	59,985.00	522,112.20
HYSON(NIGERIA)	449,787.60	140,000.00	309,787.60
IBEX	1,525,600.60	1,522,366.44	3,234.16
INCOME PETROLEUM	2,353,999.75	2,353,848.25	151.50
INCOMED TRADING	1,800,654.50	1,799,486.10	1,168.40
IOC	893,913.75	0.00	893,913.75
IPLOM	249,688.25	249,760.26	-72.01
IPS	869,320.70	745,380.22	123,940.48
ITALTECH	11,121,647.70	6,153,143.60	4,968,504.10
IVES COLTD	947,494.45	947,444.15	50.30
JALOUL INVESTMENT	293,479.40	293,480.00	-0.60
JAWALA	1,215,477.00	910,000.00	305,477.00
JEWAN OIL	1,370,893.80	1,370,801.70	92.10
JORDAN GRAIN	2,235,315.75	2,235,318.00	-2.25
KAMPAC OIL	550,588.50	299,968.00	250,620.50
KENTFORD	794,034.30	192,207.00	601,827.30
LADA-OMC	744,989.70	149,980.00	595,009.70
LUBNA	1,057,701.75	902,171.00	155,530.75
LUKOIL	1,122,548.70	1,122,671.00	-122.30
MACHINOIMPORT	6,191,396.15	6,571,816.60	-380,420.45
MARBEL RESOURCES	3,024,193.00	3,008,599.00	15,594.00
MASEFIELD	749,197.00	748,540.00	657.00
MASTEK	10,916,241.49	9,803,960.13	1,112,281.36
MED NAFTA	2,736,545.85	2,388,708.51	347,837.34
MEDCO	1,241,771.30	1,234,840.00	6,931.30
MEDEA CONSULTING	502,645.75	302,221.00	200,424.75
MEDEX SERVICES	311,866.50	311,866.50	0.00
MIDDLE EAST ADVANCED SEMI	2,036,683.15	1,323,174.75	713,508.40
MOACO	604,537.80	449,995.00	154,542.80



كشف بخلاصة مبالغ الاسترجاع المترتبة بذمة الشركات لكافة المراحل

FROM TO

عملات

المشتري	المبلغ المستحق بالدولار	المبلغ المسدد بالدولار	المبلغ المتبقي بالدولار
MOCOH	574,120.25	574,698.56	-578.31
MONTEGA	464,632.50	0.00	464,632.50
NAFTA PETROLEUM	4,832,660.40	0.00	0.00
NAFTA-MOSCOW	139,952.00	140,000.00	-48.00
NAFTO GAZ	1,046,265.10	746,173.36	300,091.74
NATIONAL OIL WELLS MAINTENANCE CO	1,174,998.15	1,174,819.65	178.50
NEFTE GAS	224,376.60	224,377.00	-0.40
NOURI FOR TRADING	2,123,195.60	2,123,416.00	-220.40
NRG OILS	262,500.00	262,480.00	20.00
OIL AND GAZ	2,955,034.70	2,624,360.00	330,674.70
OJSC KALMYK OIL	2,152,100.85	1,813,872.01	338,228.84
OMNI OIL	621,081.00	621,000.00	81.00
OMV	273,801.00	0.00	273,801.00
ONACO	197,826.00	198,000.00	-174.00
PDVSA	197,764.00	0.00	197,764.00
PERENCO	366,841.25	349,923.00	16,918.25
PERTA OIL	303,416.00	0.00	303,416.00
PETMAL OIL	197,831.00	110,000.00	87,831.00
PETRO LINA OIL	553,156.95	120,000.00	433,156.95
PETROBRAS	179,654.00	0.00	179,654.00
PETROFINA	243,489.00	0.00	243,489.00
PETROGAZ	3,402,628.15	3,402,265.30	362.85
PETROLEUM(PTSC)	2,343,439.40	1,655,652.00	687,787.40
PETROLINE	2,082,222.60	2,082,222.90	-0.30
PETRONAS	257,426.00	0.00	257,426.00
PETROPLUS	152,937.00	0.00	152,937.00
PETROVIETNAM	1,868,741.45	1,711,008.00	157,733.45
PHOENIX	613,403.00	8,000.00	605,403.00
PITKIN	1,422,364.00	551,483.75	870,880.25
PONGBOON INTERTRADE CO	50,000.00	50,000.00	0.00
PRIMACOSA	876,592.30	641,037.30	235,555.00



كشف بخلاصة مبالغ الاسترجاع المترتبة بذمة الشركات لكافة المراحل

FROM TO

عمولات

المشتري	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار
PTT التايلندية	98,385.00	0.00	98,385.00
QUANTUM	572,972.70	300,000.00	272,972.70
RAO MES	208,099.00	0.00	208,099.00
RAYMAN	85,000.00	0.00	85,000.00
REPSOL	309,661.00	0.00	309,661.00
ROMPETROL	739,887.75	739,815.75	72.00
ROSNEFT GAS EXPORT	2,242,111.10	2,242,115.80	-4.70
ROSNEFTIMPEX	9,114,795.95	9,114,656.20	139.75
RUSSIAN ENGINERERING	3,935,593.35	2,502,000.00	1,433,593.35
SAMIR	203,789.00	0.00	203,789.00
SETA	640,371.25	640,307.90	63.35
SHAHER	632,291.90	632,291.90	0.00
SHANFARI GROUB	251,383.75	251,419.75	-36.00
SIBERIAN	290,252.55	0.00	290,252.55
SINOCHEM	5,177,401.10	5,096,152.31	81,248.79
SLAVNEFT	4,511,439.20	3,409,000.00	1,102,439.20
SOCAP	398,592.00	0.00	398,592.00
SONATRACH	387,820.00	0.00	387,820.00
SOYUZNEFT&GAS	3,896,208.75	3,898,535.00	-2,326.25
SRI MULTI GAS CORPORATION	307,563.60	0.00	307,563.60
TANKER OIL AND GAS	499,740.25	499,178.00	562.25
TATNEFT	2,399,803.65	1,468,281.00	931,522.65
TEKFEN	765,873.10	765,802.10	71.00
THE NGHE AN PETRO TRADING&SERVICES	322,928.00	322,928.00	0.00
THE OIL SERVIES(OSC)	390,834.70	390,834.70	0.00
TOTAL	393,032.00	0.00	393,032.00
TRADE YEAR	116,870.00	116,870.20	-0.20
TRANSNEFT	196,182.00	0.00	196,182.00
TREVOR TRADING	250,406.75	250,469.00	-62.25
TUPRAS	470,777.50	470,778.60	-1.10
TYUMEN	2,063,149.50	1,541,881.40	521,268.10



كشف بخلاصة مبالغ الاسترجاع المترتبة بذمة الشركات لكافة المراحل

FROM TO

عملات

المشتري	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار
UKHTA-NEFT	485,423.25	485,400.00	23.25
UNICHEM	80,000.00	99,730.00	-19,730.00
UNICONSULT MIDDLE EAST	500,208.25	500,000.00	208.25
UNIFUEL	288,347.40	288,348.00	-0.60
UNIPEC	200,295.00	0.00	200,295.00
URAL INVESTOIL (UOIL)	891,741.45	891,800.00	-58.55
VAZHMASHIMPEX	353,640.15	261,975.00	91,665.15
VITOL	787,410.95	786,788.95	622.00
ZANGAS	2,544,320.10	2,544,316.40	3.70
ZARNEST SERVICE	100,614.15	0.00	100,614.15
ZARUBEZHNEFT	8,601,006.15	8,701,630.80	-100,624.65
ZARUBEZHNEFT AND GAS	504,119.75	0.00	504,119.75
ZERICH GMBH	2,781,261.40	2,441,198.25	340,063.15
ZHUHAI ZHEN RONG	1,157,568.55	1,142,928.00	14,640.55
ZYRYA MANAGEMENT SERVICE	866,152.55	866,112.80	39.75
السيد خوان (صيني)	291,724.00	99,995.00	191,729.00
شركة مصفى عمان	119,089.00	0.00	119,089.00
المجموع الكلي	*263,307,665.79*	*228,028,315.97*	*35,279,349.82*

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
- - - - - - - - - - - - - - - - - - -x

UNITED STATES OF AMERICA :
INFORMATION

- v. - :

SAMIR A. VINCENT, : 05 Cr.

Defendant. :
- - - - - - - - - - - - - - - - - - x

COUNT ONE

Conspiracy to Act as an Unregistered Agent of a Foreign Government

The United States Attorney charges:

THE OIL-FOR-FOOD PROGRAM

1. On or about August 6, 1990, approximately four days after the Iraqi army invaded Kuwait, the United Nations imposed economic sanctions on the Government of Iraq. These sanctions prohibited member states of the United Nations from, among other things, trading in any Iraqi commodities or products. The United Nations continued to enforce these sanctions up to and including in or about 2003.

2. On or about April 14, 1995, the Security Council of the United Nations adopted Resolution 986, which authorized the Government of Iraq to sell oil under certain conditions -- principally, that the proceeds of all sales of Iraqi oil were to be deposited into an escrow bank account monitored by the United Nations and used by the Government of Iraq only to purchase various humanitarian goods. The Iraqi Government consented to the terms of Security Council Resolution 986 after more than a year of

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 22

negotiations over the particular methods of implementing this arrangement.

3. The United Nations Office of Iraq Programme, Oil-for-Food (the "Oil-for-Food Program") was subsequently established to administer, among other things, the sale of oil and purchase of humanitarian goods by Iraq. The United Nations' economic sanctions on Iraq remained in place for all trade and transactions not authorized by the Oil-for-Food Program.

4. During the operation of the Oil-for-Food Program, federal law prohibited United States companies and individuals from executing contracts with the Government of Iraq unless they received a license issued by the Department of Treasury's Office of Foreign Assets Control.

5. Iraq began selling oil pursuant to the Oil-for-Food Program in or about December 1996. Between in or about December 1996 and December 2002, the Security Council of the United Nations adopted a series of resolutions that re-authorized the Oil-for-Food Program for approximately 13 six-month phases of operation.

6. Under the Oil-for-Food Program, the Government of Iraq alone had the power to select the companies and individuals who received the rights to purchase Iraqi oil. During every phase of the Oil-for-Food Program, officials at the highest levels of the Government of Iraq selected a group of companies and individuals to receive the rights to purchase certain quantities of Iraqi oil

(frequently referred to as "allocations" of oil). These companies and individuals — many of whom were not otherwise involved in the oil industry — were able to reap large profits by selling their allocations of Iraqi oil to brokers and/or companies capable of transporting the oil to a refinery.

7. From at least in or about 2000, up to and including in or about March 2003, officials of the Iraqi Government conditioned the distribution of allocations of oil under the Oil-for-Food Program on the recipients' willingness to pay a secret surcharge to the Government of Iraq. The Government of Iraq directed that these surcharges — representing a percentage of the total amount of each oil contract and totaling at least several hundred million dollars — be paid to front companies and/or bank accounts under the control of the Iraqi Government in various countries in the Middle East and elsewhere.

THE DEFENDANT

8. SAMIR A. VINCENT, the defendant, was born in Iraq in or about 1940 and is a naturalized United States citizen. At no time relevant to this Information was VINCENT: (a) a duly accredited diplomatic or consular officer of a foreign government, recognized by the United States Department of State; (b) an officially and publicly acknowledged and sponsored official or representative of a foreign government; or (c) an officially and publicly acknowledged and sponsored member of the staff of, or

employee of, any such officer, official, or representative of a foreign government.

VINCENT'S ROLE IN THE CONSPIRACY

9. Between at least in or about 1992 and January 2003, SAMIR A. VINCENT, the defendant, consulted with and repeatedly received direction from the Government of Iraq in the course of lobbying officials of the United States Government and the United Nations to repeal sanctions against Iraq.

10. Between in or about 1992 and early 1996, SAMIR A. VINCENT, the defendant, and other individuals, including United Nations officials, met in Manhattan in an effort to secure terms favorable to the Government of Iraq in connection with the adoption and implementation of Resolution 986.

11. During the course of these discussions, in or about February 1996, VINCENT traveled to Baghdad. Based on instructions received from officials of the Iraqi Government, VINCENT participated in the drafting of agreements with other Iraqi Government officials that guaranteed millions of dollars of compensation for VINCENT and others upon the successful completion of an agreement regarding Resolution 986. Between in or about February 1996 and in or about July 1997, pursuant to these agreements, the Government of Iraq delivered millions of dollars in cash to VINCENT and others.

12. At the direction of the Government of Iraq, between

in or about 1998 and January 2003, VINCENT lobbied former officials of the United States Government who maintained close contacts to high-ranking members of both the Clinton and Bush Administrations in an unsuccessful effort to convince the United States Government to support a repeal of sanctions against Iraq. VINCENT reported the results of those consultations to the Iraqi Intelligence Service and other officials of the Government of Iraq.

13. In consideration of VINCENT's efforts on its behalf, the Government of Iraq awarded VINCENT and a company under his control the rights to purchase approximately 9 million barrels of oil under the Oil-for-Food Program. VINCENT received the rights to this oil between in or about 1997 and in or about 2001 in the form of approximately five separate allocations of Iraqi oil. VINCENT reaped millions of dollars of profits by selling to an oil company the rights to purchase that Iraqi oil.

CONSPIRACY CHARGE

14. From at least in or about 1992, up to and including in or about January 2003, in the Southern District of New York and elsewhere, SAMIR A. VINCENT, the defendant, and others known and unknown, unlawfully, willfully, and knowingly did combine, conspire, confederate, and agree together and with each other to commit an offense against the United States, to wit, to violate Section 951 of Title 18, United States Code.

15. It was a part and an object of the conspiracy that

SAMIR A. VINCENT, the defendant, and others known and unknown, unlawfully, willfully and knowingly would and did act in the United States as agents of a foreign government, specifically the Government of Iraq, without prior notification to the Attorney General, as required by law, in violation of Title 18, United States Code, Section 951.

OVERT ACTS

16. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. In or about 1995 and 1996, SAMIR A. VINCENT, the defendant, and other individuals, including United Nations officials, met in Manhattan to negotiate an agreement between the Government of Iraq and the United Nations regarding the implementation of Resolution 986.

b. In or about 1995 and 1996, SAMIR A. VINCENT, the defendant, conveyed messages from a United Nations official to representatives of the Iraqi government in Manhattan and elsewhere.

c. In or about February 1996, SAMIR A. VINCENT, the defendant, traveled to Baghdad, where he participated in the drafting of agreements with an Iraqi official relating to VINCENT's and others' compensation regarding their efforts on behalf of the Iraqi government with respect to Resolution 986.

d. In or about May 1996, SAMIR A. VINCENT, the

defendant, received a cash payment in Manhattan from the Government of Iraq in partial satisfaction of the agreements referenced above in paragraph 16(c).

e. In or about May 1996, SAMIR A. VINCENT, the defendant, distributed to another individual a cash payment from the Government of Iraq in partial satisfaction of the agreements referenced above in paragraph 16(c).

f. In or about December 1996, SAMIR A. VINCENT, the defendant, received in Manhattan money paid in partial satisfaction of the agreements referenced above in paragraph 16(c), which he transferred to a foreign bank account on behalf of an Iraqi official.

g. In or about July 1997, SAMIR A. VINCENT, the defendant, wrote a letter to officials of the Government of Iraq to explain the payment arrangements in the agreements referenced above in paragraph 16(c).

h. In or about August 1997, SAMIR A. VINCENT, the defendant, and a representative of the Government of Iraq signed a contract in which Iraq agreed to sell VINCENT approximately 2.7 million barrels of oil as part of the Oil-for-Food Program.

i. On or about June 13, 1998, SAMIR A. VINCENT, the defendant, and a representative of the Government of Iraq signed a contract in which Iraq agreed to sell VINCENT approximately 1.8 million barrels of oil as part of the Oil-for-

Food Program.

j. In or about September 1999, SAMIR A. VINCENT, the defendant, helped arrange for a delegation of Iraqi religious leaders to visit the United States and meet with American religious leaders to discuss the repeal of sanctions against the Government of Iraq.

k. On or about December 20, 1999, SAMIR A. VINCENT, the defendant, and a representative of the Government of Iraq signed a contract in which Iraq agreed to sell VINCENT approximately 1.2 million barrels of oil as part of the Oil-for-Food Program.

l. On or about June 26, 2000, SAMIR A. VINCENT, the defendant, and a representative of the Government of Iraq signed a contract in which Iraq agreed to sell VINCENT approximately 1.5 million barrels of oil as part of the Oil-for-Food Program.

m. On or about September 11, 2000, SAMIR A. VINCENT, the defendant, arranged a meeting in Manhattan between a former official of the United States Government and a high-ranking representative of the Iraqi government, to discuss the United States Government's foreign policy toward Iraq and strategies to convince the United States Government to support the repeal of United Nations sanctions against the Government of Iraq.

n. On or about February 12, 2001, SAMIR A.

VINCENT, the defendant, and a representative of the Government of Iraq signed a contract in which Iraq agreed to sell VINCENT approximately 2 million barrels of oil as part of the Oil-for-Food Program.

o. In or about April 2001, SAMIR A. VINCENT, the defendant, wrote a letter to an official of the Government of Iraq, in which VINCENT emphasized his efforts on behalf of the Government of Iraq in the United States and recommended that any required surcharges on his oil allocations under the Oil-for-Food Program be deducted from the amounts still owed to him under the agreements referenced above in paragraph 16(c).

p. In or about November 2001, SAMIR A. VINCENT, the defendant, collected a message in Baghdad from officials of the Iraqi Intelligence Service and the Government of Iraq, for delivery to a former official of the United States Government regarding the Government of Iraq's position on re-admitting weapons inspectors to Iraq and the repeal of sanctions.

q. On or about May 20, 2002, SAMIR A. VINCENT, the defendant, sent a letter to an official of the Iraqi Intelligence Service in which VINCENT again emphasized his efforts on behalf of the Government of Iraq in the United States and requested additional oil allocations without any conditions, including surcharges, placed on them.

(Title 18, United States Code, Section 371.)

COUNT TWO

Acting as an Unregistered Agent of a Foreign Government

The United States Attorney further charges:

17. Paragraphs One through Thirteen and Sixteen of this Information are realleged, repeated, and incorporated by reference as if fully set forth herein.

18. From at least in or about 1992, up to and including in or about January 2003, in the Southern District of New York and elsewhere, SAMIR A. VINCENT, the defendant, unlawfully and knowingly acted in the United States as an agent of a foreign government, specifically the Government of Iraq, without prior notification to the Attorney General, as required by law.

(Title 18, United States Code, Section 951.)

COUNT THREE

Violation of the International Emergency Economic Powers Act

The United States Attorney further charges:

19. Paragraphs One through Thirteen and Sixteen of this Information are realleged, repeated, and incorporated by reference as if fully set forth herein.

20. Title 50, United States Code, Section 1701, et seq., known as the International Emergency Economic Powers Act ("IEEPA"), grants the President the authority to, among other things, "investigate, . . . prevent or prohibit, any acquisition, holding, withholding, use, transfer, withdrawal, transportation, importation

or exportation of, or dealing in, or exercising any right, power, or privilege with respect to, or transactions involving, any property in which any foreign country or a national thereof has any interest by any person, or with respect to any property, subject to the jurisdiction of the United States . . ." 50 U.S.C. § 1702(a)(1)(B). Section 1701 grants the President the power to exercise this authority upon declaration of a national emergency.

21. In Executive Order Number 12722, signed on August 2, 1990, President George H. W. Bush declared that "the policies and actions of the Government of Iraq constitute an unusual and extraordinary threat to the national security and foreign policy of the United States," and declared "a national emergency to deal with that threat." On August 9, 1990, following passage of United Nations Security Council Resolution Number 661 (which dealt, in part, with sanctions placed on Iraq) on August 6, 1990, the President issued Executive Order Number 12724. Executive Order Number 12724 takes "additional steps with respect to Iraq's invasion of Kuwait and the national emergency declared in Executive Order Number 12722." Executive Orders No. 12722 and 12724, which remained in effect at all times relevant to this Information, prohibit certain trade-related activities with Iraq.

22. Executive Order Numbers 12722 and 12724 (the "Executive Orders") imposed economic sanctions, including a complete trade embargo, on Iraq. The Executive Orders prohibited,

among other things, the export to Iraq of any goods, technology, or services from the United States and the performance by any United States person of any contract in support of an industrial, commercial, public utility or government project in Iraq. The Executive Orders also prohibited other activities relating to Iraq, including "any transaction by a United States person relating to travel by any United States citizen or permanent resident alien to Iraq, after the date of this order, other than transactions necessary to effect (i) such person's departure from Iraq, (ii) travel and activities for the conduct of the official business of the Federal Government or the United Nations, or (iii) travel for journalistic activity by persons regularly employed in such capacity by a news-gathering organization." In addition, the Executive Orders specifically prohibited "[a]ny transaction by any United States person that evades or avoids, or has the purpose of evading or avoiding, any of the prohibitions set forth in this order." The Executive Orders define the term "United States person" as "any United States citizen, permanent resident alien, judicial person organized under the laws of the United States (including foreign branches), or any person in the United States, and vessels of U.S. registration." 31 C.F.R. § 575.321

23. From 1990 through all times relevant to this Information, the President continued, on an annual basis, the national emergency with respect to Iraq. These successive

Executive Orders have authorized the Secretary of Treasury, in consultation with the Secretary of State, "to take such actions, including the promulgation of rules and regulations, as may be necessary to carry out the purposes" of the Executive Orders.

24. Pursuant to this authority, the Office of Foreign Assets Control ("OFAC"), the office within the Department of Treasury charged with the responsibility of administering sanctions against foreign entities, promulgated regulations to implement the Executive Orders. The relevant regulations are located in Section 575 of Title 31 of the Code of Federal Regulations, and state, in part:

a. "no property or interests in property of the Government of Iraq that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of U.S. persons, including their overseas branches, may be transferred, paid, exported withdrawn or otherwise dealt in," and "any other dealing in any security (or evidence thereof) registered or inscribed in the name of the Government of Iraq and held within the possession or control of a U.S. person is prohibited," without first obtaining a license from OFAC. 31 C.F.R. § 575.201. By virtue of these prohibitions against dealing with Iraqi government property, and securities or interests therein, "[a] U.S. person may not, within the United States or abroad, conduct transactions of any nature whatsoever with an entity that the U.S. person knows or has reason to know is an Iraqi government entity unless the entity is licensed by the Office of Foreign Assets Control to conduct such transactions with U.S. persons." 31 C.F.R. § 575.408(c)(2);

b. "no goods, technology (including technical data or other information), or services may be exported from the United States, or, if subject to U.S.

jurisdiction, exported or reexported from a third country to Iraq, to any entity owned or controlled by the Government of Iraq, or to any entity operated from Iraq," without first obtaining a license from OFAC. 31 C.F.R. § 575.205;

c. "no U.S. person may deal in property of Iraqi origin exported from Iraq after August 6, 1990, property intended for exportation to Iraq, or property intended for exportation from Iraq to any other country, nor may any U.S. person engage in any activity that promotes or is intended to promote such dealing," without first obtaining a license from OFAC. 31 C.F.R. § 575.206;

d. "no U.S. person may engage in any transaction relating to travel by any U.S. citizen or permanent resident alien to Iraq, or to activities by any U.S. citizen or permanent resident alien within Iraq," without first obtaining a license from OFAC. 31 C.F.R. § 575.207; and

e. "no U.S. person may perform any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Iraq," without first obtaining a license from OFAC. 31 C.F.R. § 575.209.

25. From in or about 1992, up to and including in or about January 2003, in the Southern District of New York and elsewhere, SAMIR A. VINCENT, the defendant, being a United States person, unlawfully, willfully, and knowingly violated IEEPA, and the regulations promulgated thereunder, as described above, to wit, VINCENT attempted to and did engage in financial transactions with the Government of Iraq related to, among other things, his efforts to secure an agreement between the United Nations and the Government of Iraq relating to United Nations Security Council

Resolution 986, and did travel to Iraq on several occasions in connection with these transactions.

(Title 50, United States Code, Section 1701, et seq.; Executive Orders 12722 and 12724; Title 31, C.F.R. Section 575.201, et seq.; and Title 18, United States Code, Section 2.)

COUNT FOUR

(False Statements in Income Tax Returns)

The United States Attorney further charges:

26. Paragraphs One through Thirteen of the Information are realleged, repeated, and incorporated by reference as if fully set forth herein.

27. From in or about 2001 through and including in or about 2004, in the Southern District of New York and elsewhere, SAMIR A. VINCENT, the defendant, unlawfully, willfully, and knowingly did make and subscribe U.S. Individual Income Tax Returns, Forms 1040, for the tax years 2000, 2001, 2002, and 2003, which returns contained and were verified by the written declaration of SAMIR A. VINCENT that they were made under the penalties of perjury, and which returns SAMIR A. VINCENT did not believe to be true and correct as to every material matter, in

that, among other things, SAMIR A. VINCENT falsely claimed that he did not have control over any offshore bank accounts.

(Title 26, United States Code, Section 7206(1).)

DAVID N. KELLEY
United States Attorney

PHC 158316

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: BaggiG@dsmo.com

August 8, 1997

BY COURIER

Mr. R. Richard Newcomb, Director
Office of Foreign Assets Control
Department of the Treasury
Treasury Annex Building, 2nd Floor
Pennsylvania Avenue and Madison Place, N.W.
Washington, DC 20220

Re: Bayoil (USA), Inc.: Iraqi Sanctions Regulations: UNSC Resolution 986 Program

Dear Mr. Newcomb:

On behalf of Bayoil (USA), Inc. and certain U.S. persons and pursuant to Section 575.801(b) of the Iraqi Sanctions Regulations, we hereby seek a specific license authorizing it and its employees who are U.S. persons to assist its affiliated corporation, Bayoil SA, in the negotiation of a contract to purchase Iraqi crude oil in accordance with the procedures established by the 661 Committee pursuant to UNSC Resolution 986. A similar specific license is also sought for employees of Bayoil SA who are U.S. persons.

Bayoil SA has been advised by SOMO, the Iraqi Government oil company ("SOMO"), that the proposed contract to purchase the Iraqi crude oil must be negotiated and finalized in the next 3 days, and for the reasons set forth below, Bayoil (USA) thus seeks expedited treatment of this license application so that this business opportunity is not lost or otherwise adversely affected by delay.

1. **Identity of the parties:**

(a) David B. Chalmers, Jr., ("Chalmers") is a U.S. citizen with an office at 600 Travis, Suite 6110, Houston, Texas 77002.

(b) Bayoil (USA), Inc. ("Bayoil (USA)") is a Delaware corporation with offices at 600 Travis, Suite 6110, Houston, Texas 77002. Bayoil (USA) is wholly-owned by Chalmers.

598 Madison Avenue • New York, New York 10022-1614
Tel (212) 832-1900 • Fax (212) 832-0341
http://www.dsmo.com

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 31

(c) Bayoil SA ("Bayoil SA") is a corporation organized under the laws of Switzerland with a principal office at 9 Rue Massot 1206, Geneva, Switzerland. Bayoil SA has a branch office in London at 10 Stratton Street, London W1X 5FD England. Bayoil SA is also wholly-owned by Chalmers.

(d) Robin D'Alessandro ("D'Alessandro") is a U.S. citizen who is an employee of Bayoil SA in the London branch office.

(e) Jean Johnston ("Johnston") is a U.S. citizen who is an employee of Bayoil (USA) in the Houston office.

2. **Iraqi Product Involved in this Transaction**

This transaction relates to the proposed contract for the purchase of approximately 3.5 million barrels of Basrah Light and/or Kirkuk Iraqi crude oil (Transaction"). The price has not yet been determined or agreed to by the 661 Committee, but based on the present "spot" price for Arab Light the contract has a value of approximately $60 million. The load port is likely to be Al-Bakr and and/or Cehyan. Bayoil SA has not yet identified the party or parties to whom it intends to resell the crude oil.

3. **Background of the Transaction**

As noted above, Chalmers owns 100% of both Bayoil SA and Bayoil (USA). Chalmers is also President of both corporations. Bayoil SA purchased Iraqi crude oil pursuant to the program established by UNSC Resolution 986 and the 661 Committee during the first six month period of the program, and each such purchase was approved by the 661 Committee. Bayoil received previous licenses from OFAC in 1990 to import Iraqi crude oil that had been loaded prior to August 2, 1990.

In order to simplify compliance with the Iraqi Sanctions Regulations ("Regulations"), Chalmers intended to arrange for the next contract for the purchase of Iraqi crude oil during the second six month period to be entered into by Bayoil (USA). Pursuant to Section 575.522 of the Regulations, Bayoil (USA) and its U.S. employees could negotiate and enter into an executory contract to purchase such Iraqi crude oil without a license, subject to compliance with subsection 575.522(b) of the Regulations.

Chalmers received an offer of allocation of Iraqi crude oil from SOMO on August 7, 1997 with a stipulation that the first cargo of crude oil must be lifted from Ceyhan, Turkey on August 12, 1997. Thus, Chalmers must negotiate a contract to

purchase the crude oil represented by that offer of allocation at once, or SOMO may offer the allocation to another buyer.

Although Chalmers expected to negotiate a contract for such crude on behalf of Bayoil (USA), he has been advised by the United Overseas Bank ("Bank"), which is financing the purchase, that it will only finance the transaction if Bayoil SA is the buyer.

In order to satisfy the demands of the Bank, Chalmers must now negotiate the contract on behalf of Bayoil SA rather than Bayoil (USA). However, because Bayoil SA is not a U.S. person, Regulations Section 575.522 does not apply to it, and thus, neither Bayoil SA or its U.S. employees may negotiate the proposed contract pursuant to that general license. Although Regulations Section 575.526 authorizes U.S. persons to deal in Iraqi crude oil after its purchase has been approved by the 661 Committee, the Regulations do not appear to authorize U.S. employees of foreign corporations to negotiate such a contract and submit it to the 661 Committee for approval. Accordingly, in order for Chalmers to negotiate a contract on behalf of Bayoil SA, he must seek and obtain a specific license, even though Chalmers could conduct the same activities on behalf of his other corporation (Bayoil (USA)) without a license.

4. **Activities for which license is sought**

A specific license is hereby requested to authorize Chalmers to negotiate the terms and conditions of a contract to purchase crude oil from SOMO on behalf of Bayoil SA. Chalmers and Bayoil SA are familiar with UNSC Resolution 986, other applicable Security Council resolutions, the May 20, 1996 Memorandum of Understanding Between the Secretariat of the United Nations and the Government of Iraq on the Implementation of UNSC Resolution 986 and applicable guidance issued by the 661 Committee, and Chalmers and Bayoil SA represent that the contract to be negotiated with SOMO will be submitted to the 661 Committee[1] for approval.

The process of negotiating the proposed contract and preparing it for submission to the 661 Committee may also require the assistance of other U.S. persons who are employees of Bayoil SA or of its affiliate, Bayoil (USA), which customarily performs certain administrative tasks for Bayoil SA. Such employees may be performing only ministerial tasks or may be assisting in arranging financing and shipping of the cargo in advance of formal 661 Committee approval. The employees presently identified to perform such tasks are Chalmers and D'Alessandro in the London branch office of Bayoil SA and Chalmers and Johnston of the Bayoil (USA) Houston office.

[1] Although the Regulations refer to 661 Committee approval, we understand that contracts are in fact submitted to and approved by the UN Overseers.

5. **The Need for Expedited Approval**

As stated above, Chalmers intended to negotiate this proposed contract on behalf of Bayoil (USA) without the need for a license, and thus, the requirement by SOMO that this contract be negotiated in a few days could have been met. However, Chalmers has now been advised by the Bank that it will not finance the transaction unless Bayoil SA is the buyer. Chalmers must now negotiate the contract on behalf of Bayoil SA, but he can not do so without a specific license from OFAC. If Chalmers does not receive the license from OFAC to negotiate this contract, he and his corporation may lose this significant business opportunity. Although the contract will be on behalf of a foreign corporation, such corporation is wholly-owned by a U.S. citizen, and thus the indirect beneficiary of this transaction is a U.S. citizen. Chalmers should not be denied this business opportunity merely because he must negotiate the contract on behalf of his foreign company rather than his U.S. company.

5. **Conclusion**

A specific license is thus sought to authorize Bayoil (USA), Chalmers, D'Alessandro and Johnston to (i) negotiate the contract with SOMO on behalf of Bayoil SA to purchase the Iraqi crude oil described above, (ii) submit such contract to the 661 Committee, and (iii) perform various tasks incident to this transaction prior to formal approval by the 661 Committee.

Bayoil (USA) and Bayoil SA request confidential treatment for the business proprietary information contained in this license request. The public disclosure of the business proprietary information contained in this letter could cause substantial harm to the competitive positions of Bayoil (USA) and Bayoil SA.

Should you have any questions or require any additional information, please do not hesitate to contact the undersigned.

We appreciate and thank you in advance for your prompt consideration of this request.

Respectfully submitted,

George T. Boggs

GTB/jlp
cc: Mr. David B. Chalmers, Jr.

BAYOIL

September 9, 1999

TO: Ministry of Oil
Baghdad
Iraq

State Oil Marketing Organisation
Baghdad
Iraq

Dear Sirs:

We confirm our interest to purchase, sign and nominate immediately a minimum of 10,000,000 barrels of basrah light crude oil during the sixth phase for final destination North America / Europe / Far East.

We also confirm our definite interest to purchase from 20-30 million barrels minimum every six months and for three to five consecutive periods or longer, at your suggestion and discussions.

We are prepared to contract with you through our Bahamian company or any of our affiliates.

Sincerely,

Augusto Giangrandi,
Chairman
For and on behalf of
Bayoil Supply & Trading Limited (BOTCO, Bahamas)

Sworn to and subscribed before me on this 9th day of September, 1999.

Notary Public

BAYOIL, SUPPLY & TRADING LIMITED P.O. BOX CB12918 NASSAU BAHAMAS 242 362 1731 FAX: 242 362 4733 TLX: 20644

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 33

POWER OF ATTORNEY

We the undersigned, BAYOIL SUPPLY & TRADING LIMITED, a Bahamian Company ("the Company"), whose registered office is situate at Sassoon House, Shirley Street and Victoria in the City of Nassau in the Island of New Providence, one of the islands in the Commonwealth of The Bahamas and its postal address is P.O. Nox N-272, Nassau, Bahamas, hereby appoints and grants full authority to

MR. AUGUSTO GIANGRANDI - *Director*

To execute in our name a commercial contract for the purpose of purchasing crude oil from State Oil Marketing Organization, (SOMO) and/or the Ministry of Oil, Iraq.

This authority is strictly limited to the above described transaction and shall continue in full force and effect until such time as the Attorney receive notice in writing that the Power of Attorney granted to him has been revoked.

IN WITNESS WHEREOF the Seal of Bayoil Supply & Trading Limited has been affixed hereto this 7th day of September, in the year One thousand Nine Hundred and Ninety-nine.

David H. Chalmers, Jr., President
BAYOIL SUPPLY & TRADING LIMITED

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 33

BAYOIL

TO: GRUPPA ALLIANCE
ATTN: Mr. Zia Bajaev

FAX: 011-7095-745-5658

FROM: Ludmil Dionissiev

DATE: July 13, 1998

RE: Visit to Moscow

Dear Mr. Bajaev:

I was advised by your Secretary Ms. Natalia, with whom I had a very useful discussion to send this letter.

We had an extensive conversation with your Brother Mavlit during mid May, 1998 and have discussed Bayoil's position in regard to its ability to place Iraqi oil into United States market. There is absolutely no doubt, and it is internationally acknowledged that Bayoil is the prime supplier of Iraqi oil to the United States.

In this connection we would like to negotiate with you and purchase from you any Iraqi barrels that you can make available to us.

The President of Bayoil, Mr. David Chalmers, Jr. is arriving in Moscow on July 15th and will be leaving on Saturday July 18th. It was strongly suggested by a mutual friend, Lev Model, that we organize a meeting with you.

I will contact you tomorrow to clarify weather a meeting is possible.

Sincerely,

Ludmil Dionissiev
Special Advisor

BAY04-01481

BAYOIL (USA) INC. 600 TRAVIS, SUITE 6110 HOUSTON, TX 77002 713 222 7100 FAX: 713 224 8101 TLX: 3771825

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 36

TO: UNITED NATIONS
OFFICE OF IRAQ PROGRAMME

ATTN: Mr. Benon Sevan
Executive Director
FAX: 212-963-1984/212-963-5947

CC: U.S. DEPARTMENT OF STATE
ATTN: Mr. D.E. Krisch
Mr. Matthew T. McManus

FROM: David B. Chalmers, Jr.

DATE: March 13, 2003

REF: OIL PRICE MECHANISM

Dear Sir:

I would like to take this opportunity to apprise your office of our serious concerns regarding the current difficulties experienced by the companies lifting oil under the current phase of the U.N. Oil-for-Food Program, which is directly as a result of the procedures and methodologies the U.N. Oil Overseers are applying to carry out their responsibilities.

Bayoil's concerns are shared by many industry participants in the Program, a statement we can easily prove. All of us in the industry are under the assumption that it is still the objective of the U.N. and its members to see the maximum amount of funding to the U.N. Iraqi account, for the ultimate humanitarian benefit of the Iraqi people. Therefore, in order to accomplish this goal, there should be no unnecessary hindrances for potential industry participants, which might result in loss of confidence by such companies, and subsequent reluctance to lift the maximum available quantities of oil on a ratable basis. Unfortunately, this is exactly the situation which occurs today, directly as a result of the U.N. Oil Overseers operating in a manner outside the stated guideline of their mandate, which includes as you well know, to accurately assess formula prices submitted by S.O.M.O, as to their relative fair market value.

Bayoil

As background for your information, Bayoil has been the largest shipper/marketer of Iraqi crude's to the U.S. since the oil program began, mostly under contract from a wide range of S.O.M.O. allocation holders. For this reason, I believe we are in a unique

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 37

position to understand the changing dynamics of the Iraqi crude market, particularly during this recent period. Specifically, in February our firm shipped 8 million barrels of Kirkuk/Basrah to the U.S., and from March 1st until today, approximately 7 million barrels. These figures represent between 40-60% of the U.S. deliveries, a market share consistent with our activities during typical periods since the programs inception.

Specifically, the aforementioned activities, or procedures creating difficulties for the participants can be summarized as follows:

1) During the process of assessing or sourcing market information, whereby industry contact would be required, The Overseers are in a deliberate and prejudicial way ignoring and/or discounting market information/analysis from certain companies (including Bayoil), which are in the best position of knowledge, while relying instead almost solely on industry sources, which are often not participating and thus have their own vested interest.

- In this respect, Bayoil has frequently provided U.N. Overseers and S.O.M.O. written reports covering market analysis and other pertinent information, including recommended formula calculations for particular lift periods, which are consistent with our analysis, and completely accurate to the best of our professional abilities.

- Unfortunately, we have never received the courtesy of written response to our frequent and recent reports, and seldom any verbal comments or constructive counter arguments, which should normally occur between professionals. This is particularly the case in the last few months, whereby our activity has become more predominant and the market has become more volatile, and as a result our reports to Overseers have been more frequent and detailed (please see the attached Market Reports).

2) The Overseers' responsibilities under Resolution 986, in connection with the formula submission process with S.O.M.O. are not being adhered to.

- The Overseers have clearly pre-advised S.O.M.O. of the price formulas S.O.M.O. must submit to gain their approval, (a procedure that could legally be questioned as it amounts to the Overseers deciding to price irrespective of S.O.M.O.'s assessments and evaluations.). The Overseers' approach is also based on a methodology very much in variance with S.O.M.O.'s intended submission, which they share openly with the industry and which is consistent with the primary lifters.

3) The Overseers are currently clearly not fairly or accurately assessing the fair market value of Iraqi crudes.

- The Overseers have received written and oral documented evidence from Bayoil and others. (see attached reports) which proves that their imposed methodologies

for establishing formulas, for recent and future lifting periods, will consequentially equate to a relative cost/price differential, which will likely continue to be higher priced than those of other crude grades (i.e. Saudi) or well above the "fair market value".

- The Overseers, have reportedly taken a position on this subject along the lines that the system of calculating formulas is long standing, and despite the fact that this methodology may currently result in higher prices than other competitive grades and Spot market values for Iraqi grades, they maintain there is no basis for modification or amendments.

- The Overseers, have received certain correspondence from Bayoil and others. That in fact there have been regular changes to the general methodology, and specific sub-components within the past few months. No supporting evidence has been offered to contradict these industry perceptions.

The, aforementioned apparent complete departure from the original guidelines set forth for the U.N. oil experts under Resolution 986, including the practice or a unilaterally setting a price on an ad hoc basis for Iraqi oil. This in turn has led to a complete breakdown in confidence by the industry participants in the program fueled by the expectation that prices will be imposed on future liftings in a manner consistent with recent past, which will likely result in between $1.50-3.00 per barrel loss for lifters.

As this situation is untenable for Bayoil, and as we understand other lifters as well, Bayoil has no other choice than to immediately cease participation in the program, and support others to do likewise.

We regret to inform your office of this decision, due to our historical support for the program, and will certainly be reconsidering such action if any actions are taken to rectify this situation. Meanwhile, we are immediately seeking alternative options for our vessels already scheduled to load ratably from Ceyhan and Al Bakr for some time, and will be informing our contractual supplier of such cancellations.

I have drafted a final correspondence to the U.N. Overseers, outlining our overall concerns, which considering that in the past they have not had the courtesy to respond to our market analysis reports, it now would seem appropriate to forward such communications through your office, per the additional enclosed attachment.

It will indeed be regrettable if the purpose of the Oil-for-Food Program were to be frustrated by the behavior of the very U.N. officials who are supposed to manage its smooth implementation.

I will be happy to meet or discuss further any questions you may have at your convenience. You can contact me at my Houston office Tel. (713) 222-7100 or by fax - (713) 224-8101

Sincerely,



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

08/24/01 09:52 FAX → BAYOIL HOUST 013
SEVEN STARS INTL. Fax:9/12333244 24 Aug 01 17:37 P.13
PHONE No. : 713 666 4131 Aug.22 2001 3:28PM P04

08/22/01 15:48 FAX 008

ENTIRE AGREEMENT: ONCE MUTUALLY AGREED TO IN WRITING THIS CONTRACT CONTAINS THE ENTIRE AGREEMENT BETWEEN BUYER AND SELLER WITH RESPECT TO THE SUBJECT MATTER HEREOF AND ALL PROPOSALS, NEGOTIATIONS AND REPRESENTATIONS BETWEEN THEM WITH REFERENCE THERETO ARE MERGED HEREIN.

SPECIAL CONDITIONS:

OK SELLER WARRANTS THAT THE CRUDE OIL SOLD TO BUYER PURSUANT TO THIS CONTRACT WAS OBTAINED PURSUANT TO ALL NECESSARY APPROVALS AND IN ACCORDANCE WITH ALL APPLICABLE PROCEDURES OF THE UNITED NATIONS (U.N.) RESOLUTION 986 AND THE U.N. SECURITY COUNCIL COMMITTEE ESTABLISHED BY SCR 661 (1990). SELLER ALSO WARRANTS THAT THE PROVISIONS OF ALL APPLICABLE U.N. RESOLUTIONS HAVE BEEN COMPLIED WITH, INCLUDING, WITHOUT LIMITATION, SCR 986(1995), SCR 1111(1997), SCR 1143(1997) AND SCR 661(1990).

OK SELLER SPECIFICALLY WARRANTS THAT NO SURCHARGE OR OTHER PAYMENT WAS MADE TO SOMO BY THE SELLER, OR TO SELLER'S KNOWLEDGE BY ANY THIRD PARTY, OUTSIDE THE U.N. ESCROW ACCOUNT IN OBTAINING THE CRUDE OIL SOLD TO BUYER HEREUNDER.

OK SELLER AGREES TO INDEMNIFY AND HOLD BUYER HARMLESS FROM AND AGAINST ANY LOSS, WHETHER OR NOT RESULTING FROM THIRD PARTY CLAIMS, ARISING OUT OF OR IN CONNECTION WITH A BREACH OF THE WARRANTIES CONTAINED HEREIN. LOSS MEANS ANY LOSS, LIABILITY, CLAIM, ACTION, SUIT, PROCEEDING, ASSESSMENT, LIEN, JUDGEMENT, AWARD, DAMAGE, DEFICIENCY OR EXPENSE (INCLUDING INTEREST PENALTIES WHERE ALLOWED, REASONABLE ATTORNEYS FEES AND DISBURSEMENTS), BEING UNDERSTOOD THAT THE RIGHT TO INDEMNIFICATION SHALL NOT BECOME ENFORCEABLE PRIOR TO SELLER HAVING BEEN FINALLY PROVEN LIABLE FOR BREACH OF THE PRESENT WARRANTY BY A COMPETENT COURT. THIS INDEMNITY WILL SURVIVE THE DELIVERY, INSPECTION AND ACCEPTANCE OF THE CRUDE OIL.

OK SELLER SHALL PROVIDE BUYER A COPY OF THE U.N. CERTIFICATION, U.N. APPOINTED INSPECTOR'S CERTIFICATE AND THE CERTIFICATE OF ORIGIN UPON VESSEL'S DEPARTURE FROM THE LOADPORT.

ADDITIONAL TERMS OR TERMS DIFFERENT FROM THOSE SET-FORTH HEREIN

7

BAY04-00840

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 60

SPECIAL CONDITIONS:

SELLER WARRANTS THAT THE CRUDE OIL SOLD TO BUYER PURSUANT TO THIS CONTRACT WAS OBTAINED PURSUANT TO ALL NECESSARY APPROVALS AND IN ACCORDANCE WITH ALL APPLICABLE PROCEDURES OF THE UNITED NATIONS (U.N.) RESOLUTION 986 AND THE U.N. SECURITY COUNCIL COMMITTEE ESTABLISHED BY SCR 661 (1990). SELLER ALSO WARRANTS THAT THE PROVISIONS OF ALL APPLICABLE U.N. RESOLUTIONS HAVE BEEN COMPLIED WITH, INCLUDING, WITHOUT LIMITATION, SCR 986 (1995), SCR 1111(1997), SCR 1143 (1997) AND SCR 661 (1990).

SELLER SPECIFICALLY WARRANTS THAT NO SURCHARGE OR OTHER PAYMENT WAS MADE TO SOMO BY THE SELLER, OR TO SELLER'S KNOWLEDGE BY ANY THIRD PARTY, OUTSIDE THE U.N. ESCROW ACCOUNT IN OBTAINING THE CRUDE OIL SOLD TO BUYER HEREUNDER.

SELLER AGREES TO INDEMNIFY AND HOLD BUYER HARMLESS FROM AND AGAINST ANY LOSS, WHETHER OR NOT RESULTING FROM THIRD PARTY CLAIMS, ARISING OUT OF OR IN CONNECTION WITH A BREACH OF THE WARRANTIES CONTAINED HEREIN. LOSS MEANS ANY LOSS, LIABILITY, CLAIM, ACTION, SUIT, PROCEEDING, ASSESSMENT, LIEN, JUDGEMENT, AWARD, DAMAGE, DEFICIENCY OR EXPENSE (INCLUDING INTEREST PENALTIES WHERE ALLOWED, REASONABLE ATTORNEYS FEES AND DISBURSEMENTS), BEING UNDERSTOOD THAT THE RIGHT TO INDEMNIFICATION SHALL NOT BECOME ENFORCEABLE PRIOR TO SELLER HAVING BEEN FINALLY PROVEN LIABLE FOR BREACH OF THE PRESENT WARRANTY BY A COMPETENT COURT. THIS INDEMNITY WILL SURVIVE THE DELIVERY, INSPECTION AND ACCEPTANCE OF THE CRUDE OIL.

SELLER SHALL PROVIDE BUYER A COPY OF THE U.N. CERTIFICATION, U.N. APPOINTED INSPECTOR'S CERTIFICATE AND THE CERTIFICATE OF ORIGIN UPON VESSEL'S DEPARTURE FROM THE LOADPORT.

ADDITIONAL TERMS OR TERMS DIFFERENT FROM THOSE SET FORTH HEREIN SHALL BE CONSTRUED AS PROPOSALS FOR ADDITIONS TO THE CONTRACT AND SHALL NOT BECOME PART OF THE CONTRACT UNLESS EXPRESSLY AGREED TO BY SUPPLEMENTAL TELEX.

PLEASE CONFIRM, IN WRITING, THAT THE ABOVE CONTRACT ACCURATELY REFLECTS YOUR UNDERSTANDING OF THIS CONTRACT.

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 60

TO: United European Bank, Geneva
ATTN: Chris Slaboszewicz

FAX: 011-4122-738-0150

FROM: David B. Chalmers, Jr.

DATE: May 27, 1999

RE: Bayoil Technologies SA

Dear Chris:

I would appreciate a short bank reference by telex to SOMO along the following lines:

Quote:

TO: SOMO, Baghdad
ATTN: Saddam Hassan, General Director

TLX: 212198

REF: BOTCO SA

We are pleased to introduce BOTCO SA, Luxembourg as a long standing client of our bank. The principals/management are well known to the bank as professionals in the oil business. Furthermore, the bank is in a position to finance any oil transaction sales under the U.N. oil sale program for BOTCO, subject to any conclusion with S.O.M.O.

Unquote

As per our previous discussion, Augusto Giangrandi is now representing the company in Baghdad, however, it is not necessary to mention the specific management names for the purpose of this letter.

Thank you for your assistance.

Regards,

David B. Chalmers, Jr.

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 63

1A Leaphill Road Bournemouth BH7 6LS.
Tel: 01202 417725 Fax: 01202 417732
E-mail: harbec@topco.co.uk

Harbec Services

Fax

To:	Lucio Moriconi – Italtech SRI	From:	Hobi Sabih
Phone:		Pages:	1
Fax:	0039 - 0586 – 421223	Date:	27 October 1999
Re:			
		CC:	

Dear Lucio

I have had a word with Baghdad and it is to our benefit to state that the two companies are connected. Herewith the text of your letter addressed to:-

MINISTRY OF OIL
S.O.M.O
Baghdad
Iraq

27 October 1999

TO WHOM IT MAY CONCERN

We write to confirm that Bayoil LTD and Italtech SRI are sister companies with common directors.

Yours Faithfully

Lucio Moriconi

Managing Director

Regards

Hobi

Parlato con AG 27 sera.
St by - Ci pensa.

File ITALTECH
29/10

CE OIL
27/10/99
09

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 65

IT-0 2401

BAYOIL

DECEMBER 27, 2000

REVENUE SHARING AGREEMENT

THIS AGREEMENT BETWEEN ITALECH S.R.L., LIVORNO ITALY (ITALTECH) AND BAYOIL SUPPLY AND TRADING LIMITED, NASSAU BAHAMAS (BAYOIL) SHALL BE EFFECTIVE FOR THE PERIOD BEGINNING DECEMBER 27, 2000 AND APPLICABLE TO THE CONTRACT BETWEEN ITALTECH AND BAYOIL DATED DECEMBER 27, 2000 (AND ANY SUBSEQUENT AMENDMENTS) COVERING CONTRACT REFERENCE NO. M/09/07 BETWEEN ITALTECH S.R.L. AND SOMO, UNDER PHASE 9 OF THE UNITED NATIONS OIL-FOR-FOOD PROGRAM WHEREBY BAYOIL AGREES TO PURCHASE ALL QUANTITIES OF BOTH BASRAH LIGHT CRUDE OIL AND KIRKUK CRUDE OIL FROM ITALTECH, UNDER THE STANDARD SOMO CONTRACT TERMS AND CONDITIONS AS APPROVED BY THE UNITED NATIONS, AND SPECIFICALLY INCLUDING THE OBLIGATION TO NOMINATE LIFTING DATES AND ARRANGE SHIPMENTS, DESPITE UNCERTAIN MARKET CONDITIONS, AND PRIOR TO ESTABLISHMENT OF U.N. APPROVED PRICE FORMULAS APPLICABLE FOR EACH SHIPMENT.

THE TERMS OF THIS AGREEMENT SHALL PROVIDE FOR ITALTECH TO RECEIVE A REASONABLE SHARE OF REVENUES GENERATED FROM THE SALE AND DISTRIBUTION OF SHIPMENTS BAYOIL LIFTS FROM THE PURCHASE CONTRACT, NOT TO EXCEED AN AMOUNT EQUAL TO US$0.20 PER NET BARREL FOR TOTAL QUANTIES LOADED UNDER THE CONTRACT AND AS A PROPORTION OF NET REVENUES OF APPROXIMATELY 40%.

DISTRIBUTION OF REVENUE SHALL BE DISTRIBUTED TO ITALTECH IN ACCORDANCE WITH STANDARD INDUSTRY PRACTICE FOR AGREEMENT OF THIS TYPE, AND AS SUCH WHEREIN SUCH A DISTRIUTION CAN BE FAIRLY ESTABLISHED BY BAYOIL AFTER EACH DELIVERIES ARE FULLY EFFECTED.

AS SUCH, BOTH PARTIES SHALL ACT IN GOOD FAITH WITH REGARD TO REASONABLE EVALUATION OF DISTRIBUTION AMOUNTS AND PERIODS.

AUGUSTO GIANGRANDI
FOR AND ON BEHALF OF
ITALTECH S.r.L.

DAVID B. CHALMERS, JR.
FOR AND ON BEHALF OF
BAYOIL SUPPLY & TRADING LIMITED

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 66

SNT045541

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 70

ITALTECH CONTRACT ALLOCATIONS

PHASE 8 M/08/116

VESSEL	B/L AMOUNT	DATE	GRADE	OSP - $	US$/BBL	EURO/BBL	EXCHANGE REF RATE	($ - PAID)	$/BBL	DATE PAID	PAID TO ITALTECH (EUROS - TO DATE)
OLYMPIC LOYALTY	1,003,437	10/17/2000	KIRKUK	5.00	25.536		N/A	301,031.10	0.30	10/23/2000	N/A
ASTRO LYRA	2,003,560	10/20/2000	KIRKUK	5.00	26.545		N/A	601,068.00	0.30	10/23/2000	
AMAZON EAGLE 5	157,223	10/23/2000	BASRAH	7.00	25.535		N/A	56,602.28	0.36	10/23/2000	

PHASE 8 M/08/120

VESSEL	B/L AMOUNT	DATE	GRADE	OSP - $	US$/BBL	EURO/BBL	EXCHANGE REF RATE	($ - PAID)	$/BBL	DATE PAID	PAID TO ITALTECH (EUROS - TO DATE)
SKOPELOS	1,917,314	12/17/2000	BASRAH	8.60	18.289	19.258	0.0497	383,463.00	0.45	11/16/2000	
								287,597.00		2/16/2001	
								191,731.00		2/23/2001	
RAPHAEL	1,998,474	12/21/2000	BASRAH	8.60	18.454	19.607	0.9412	399,695.00	0.45	11/16/2000	
								299,771.00		2/16/2001	
								199,847.00		2/23/2001	
SEA WORLD	1,084,212	12/31/2000	BASRAH	8.60	20.329	21.883	0.9290	216,842.00	0.45	11/16/2000	
								162,632.00		2/16/2001	
								108,421.00		2/23/2001	

PHASE 9 M/09/07

VESSEL	B/L AMOUNT	DATE	GRADE	OSP - $	US$/BBL	EURO/BBL	EXCHANGE REF RATE	($ - PAID)	$/BBL	DATE PAID	PAID TO ITALTECH (EUROS - TO DATE)
SEA WORLD	629,942	12/31/2000	BASRAH	8.60	20.329	21.883	0.9290	$ 172,529.59	0.28	4/6/2001	189,801.53
AMAZON FALCON 4	2,022,854	12/29/2000	KIRKUK	3.55	19.999	20.952	0.9545	$ 566,397.79	0.28	4/9/2001	593,303.09
AMAZON FALCON 5	2,150,170	1/27/2001	KIRKUK	7.80	21.687	23.776	0.9113	$ 601,747.10	0.28	4/6/2001	660,317.21
AMAZON EAGLE 7	2,140,302	2/10/2001	KIRKUK	8.15	19.472	20.797	0.9363	$ 599,185.46	0.28	4/9/2001	639,950.29
TINA 3	2,371,092	1/20/2001	BASRAH	8.70	21.650	23.464	0.9227	$ 705,302.02	0.28	4/9/2001	764,389.32
ASTRO BETA	1,883,686	1/21/2001	BASRAH	8.70	21.580	23.386	0.9227	$ 519,502.90	0.28	4/6/2001	571,510.34
HELESPONT PAR 2	2,103,854	1/23/2001	BASRAH	5.20	24.230	26.087	0.9288	$ 588,955.56	0.28	4/9/2001	634,101.60
GOLDEN FOUNTAIN	2,150,170	1/24/2001	BASRAH	5.20	23.888	25.755	0.9275	$ 562,010.32	0.28	4/5/2001	605,941.06
OLYMPIA SPIRIT 2	2,607,148	2/18/2001	BASRAH	9.20	19.230	20.551	0.9357	$ 730,002.00	0.28	4/23/2001 4/9/2001	779,979.97
TINA 4	2,376,927	2/19/2001	BASRAH	9.20	19.230	20.551	0.9357	$ 665,322.74	0.28	4/19/2001 28-Feb	711,042.79
GOLDEN FOUNTAIN 2	2,002,056	2/27/2001	BASRAH	9.65	17.043	18.945	0.8996	$ 560,524.50	0.28	4/9/2001	623,081.93
BERGE BOSS	2,059,910	3/11/2001	BASRAH	9.55	17.115	19.378	0.8832	$ 576,629.78	0.28	8/10/2001 4/9/2001	652,886.96
OLYMPIC BREEZE	1,959,234	3/12/2001	KIRKUK	8.60	18.071	20.461	0.8832	$ 156,600.79	0.08	8/10/2001 04/09/02	177,310.68
MARINER	1,910,662	3/15/2001	BASRAH	9.65	16.690	18.479	0.9032	$ 152,725.33	0.08	4/5/2001	169,093.59
H.PARADISE 4	2,073,230	3/22/2001	BASRAH	9.55	18.076	20.448	0.8840	$ 165,719.91	0.08	4/9/2001	183,480.66
SETTEBELLO 4	2,100,011	3/23/2001	KIRKUK	4.70	19.428	21.977	0.8840	ex. 0.9032 $ 167,819.44	0.08	4/9/2001	189,841.00
								$ 10,699,585.61			

TO: Augusto Giangrandi
Hotel Du Rhone – Room # 202
FAX: 4122-909-0010

FROM: Jean Johnston

DATE: April 5, 2001

RE: Summary Cargoes – Phase 9 Contracts

Dear Augusto:

Following is breakdown of payments made:

1. Euro 761,311.87 – from BBL

Sea World b/l 12/31/00: 189,801.53
Astro Beta b/l 1/21/01: 571,510.34

2. Euro 1,024,721.85 – from BCV

Amazon Falcon b/l 1/27/01: 660,317.21
Golden Fountain b/l 2/27/01: 177,982.78
Berge Boss b/l 3/11/01: 186,421.86

3. Euro 342,162.24 – from CAI

Golden Fountain b/l 1/24/01: 173,068.65
Mariner b/l 3/15/01: 169,093.59

4. Euro 3,608,016.86 – from BNP Paribas

Amazon Falcon b/l 12/29/00: 593,303.09
Amazon Eagle b/l 2/10/01: 639,950.30
Tina b/l 1/20/01: 764,389.32
Hellespont Paradise b/l 1/23/01: 634,101.60
Olympia Spirit b/l 02/18/01: 222,650.44
Tina b/l 2/19/01: 202,989.57
Olympic Breeze b/l 3/12/01: 177,310.68
Hellespont Paradise b/l 3/22/01: 183,480.86
Settebello b/l 3/23/01: 189,841.00

TOTAL: 5,736,212.82

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1,024,721.8500 +
342,162.2400 +
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2,128,195.9600G+

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3,608,016.8600G+

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761,311.8700 +
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Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 74

03/23/04 12:11 FAX
05/03 '01 13:04 FAX 242 362 4733 OIL NASSAU →→→ BAYOIL HOU B 007

22/12 '00 21:08 FAX 39 586 859373 ADD.NO.S. 8.p.m. 001
2/22/00 FRI 13:18 FAX 212 963 1628 INDEX NEX 001
29 586 859373

UNITED NATIONS NATIONS UNIES

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

S/AC.25/2000/OIL/1330/OC.03 22 December 2000

TO: ITALTECH s.r.l. LIVORNO, ITALY	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO: 011-39-0586-859-373	FAX NO.: (212) 963-1628
ATTENTION: Mr. Antonio GIANDRANDI	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE: 1	

Re: Contract Number: M/09/07 UN REF: S/AC.25/2000/OIL/1330/COMM. 07
Between: SOMO and "ITALTECH SRL."
Date of Receipt: 22 December 2000
Quantity: 4,000,000 bbls
Quality: Basrah Light
Pricing Formula: U.S and/or Far East Market
Port of Loading: Mina-al-Bakr
Quantity: 4,000,000 bbls
Quality: Kirkuk
Pricing Formula: Europe and/or U.S. Market
Port of Loading: Ceyhan

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

■ APPROVED

Trasmesso BAYOIL
Please send to Bagdad

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

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 75

UNITED NATIONS **NATIONS UNIES**

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

S/AC.25/2000/OIL/1330/OC.03/add.2 19 January 2001

TO: ITALTECH s.r.l. *LIVORNO, ITALY*	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO.:011-39-0586-859-373	FAX NO.: (212) 963-1628
ATTENTION: Mr. Augusto GIANGRANDI	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE: 1	

AMENDMENT:

Re: Contract Number: **M/09/07** UN REF: **S/AC.25/2000/OIL/1330/COMM. 07**
Between: **SOMO and "ITALTECH SRL."**
Date of receipt of amendment : ***19 January 2001***

PLEASE BE ADVISED THAT THE AMENDMENT TO THE ABOVE CONTRACT:

1. **ARTICLE TWO PARA (1) TO READ AS FOLLOWS: -**
THIS CONTRACT SHALL BE COME EFFECTIVE ON THE 21ST DAY OF DECEMBER 2000, AND SHALL CONTINUE THERAFTER UNTIL 28/2/2001.

2. ***QUANTITY IN ARTICLE THREE TO READ AS FOLLOWS:-***

TYPE OF CRUDE	QUANTITY	PORT OF LOADING
BASRAH LIGHT	11,000,000 /BBLS	AL BAKR
KIRKUK	6,000,000/BBLS	CEYHAN

☒ **APPROVED**

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

Inviato a Boyd e UK il 02/01/01

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 76

19/01 '01 19:42 NR. TX/RX3025 P.001

FM: Copia Bayoil

UNITED NATIONS **NATIONS UNIES**

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

S/AC.25/2000/OIL/1330/OC.03/add.3 6 February 2001

TO: ITALTECH s.r.l. LIVORNO, ITALY	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO.:011-39-0586-859-373	FAX NO.: (212) 963-1628
ATTENTION: Mr. Augusto GIANGRANDI	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE: 1	

AMENDMENT:

Re: Contract Number: M/09/07 UN REF: S/AC.25/2000/OIL/1330/COMM. 07
Between: SOMO and "ITALTECH SRL."
Date of receipt of amendment : 6 February 2001

PLEASE BE ADVISED THAT THE AMENDMENT TO THE ABOVE CONTRACT:

QUANTITY IN ARTICLE THREE TO READ AS FOLLOWS:-

TYPE OF CRUDE	QUANTITY	PORT OF LOADING
BASRAH LIGHT	17,000,000 /BBLS	AL BAKR
KIRKUK	8,000,000/BBLS	CEYHAN

☒ APPROVED

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

Inviato a Bayoil il 7/2/01

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 76

06/02 '01 22:49 NR. TX/RX3530 P.001

DATE: DECEMBER 27, 2000

TO: BAYOIL SUPPLY AND TRADING LIMITED
ATTN: DAPHNE MCDONALD
FAX: 242 362 4733

WE WOULD LIKE TO CONFIRM THE FOLLOWING PURCHASE/SALE AGREEMENT BETWEEN ITALTECH Srl AND BAYOIL SUPPLY AND TRADING LIMITED REFERENCE SOMO CONTRACT NO. M/09/07.

SELLER: ITALTECH Srl
P.O. BOX 300
LIVORNO, ITALY

BUYER: BAYOIL SUPPLY AND TRADING LIMITED
P.O. BOX CB12918
NASSAU BAHAMAS

GRADE: KIRKUK CRUDE OIL OF NORMAL EXPORT QUALITY AS MADE AVAILABLE AT THE TIME OF LOADING AT CEYHAN

BASRAH LIGHT CRUDE OIL OF NORMAL EXPORT QUALITY AS MADE AVAILABLE AT THE TIME OF LOADING AT MINA AL BAKR

QUANTITY: 4,000,000 NET U.S. BARRELS OF KIRKUK CRUDE OIL PLUS/MINUS FIVE PERCENT TERMINAL OPERATIONAL TOLERANCE..

4,000,000 NET U.S. BARRELS OF BASRAH LIGHT CRUDE OIL PLUS/MINUS FIVE PERCENT TERMINAL OPERATIONAL TOLERANCE.

DELIVERY: FOB CEYHAN AND FOB MINA AL BAKR DURING DATE RANGE TO BE NOMINATED. SUBJECT TO FINAL TERMINAL ACCEPTANCE OF VESSELS TO BE NOMINATED.

IF THE A/M LOADING PERIOD IS SUBSEQUENTLY AMENDED DUE TO CHANGES IN THE DELIVERY SCHEDULE CAUSED BY PRODUCTION CHANGES, WEATHER, OPERATIONAL MATTERS OR CIRCUMSTANCES BEYOND THE SELLERS REASONABLE INFLUENCE, SELLER WILL WITHOUT DELAY ADVISE BUYER OF SUCH NEW LOADING PERIOD AND CONSEQUENCES OF SUCH

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 76

COMPLETION OF DISCHARGE AT DISCHARGE PORT (TELEX OR FACSIMILE ACCEPTABLE).

3. 3/3 ORIGINAL BILLS OF LADING ISSUED OR ENDORSED TO THE ORDER OF BAYOIL SUPPLY AND TRADING LIMITED AND OTHER NORMAL LOADPORT SHIPPING DOCUMENTS.

IN THE EVENT THAT DOCUMENTS ARE UNAVAILABLE PRIOR TO THE PAYMENT DUE DATE, BUYER WILL PAY SELLER AGAINST PRESENTATION OF DOCUMENTS 1. AND 2. ABOVE AND SELLER'S LETTER OF INDEMNITY IN A FORMAT ACCEPTABLE TO THE BUYER SIGNED BY AN AUTHORIZED OFFICER OF THE SELLER AND CO-SIGNED BY AN AUTHORIZED OFFICER OF SELLER'S BANK.

IF THE PAYMENT DUE DATE FALLS ON A SATURDAY OR ON A FEDERAL BANKING HOLIDAY OTHER THAN A MONDAY FEDERAL BANKING HOLIDAY, PAYMENT WILL BE EFFECTED ON THE NEXT PRECEDING FEDERAL BANKING BUSINESS DAY. IF PAYMENT DUE DATE FALLS ON A SUNDAY OR ON A MONDAY FEDERAL BANKING HOLIDAY PAYMENT WILL BE EFFECTED ON THE NEXT SUCCEEDING FEDERAL BANKING BUSINESS DAY.

BUYER SHALL, AS INSTRUCTED BY SELLER FROM TIME TO TIME, OPEN A LETTER OF CREDIT IN STANDARD FORMAT IN FAVOUR OF THE UNITED NATIONS, UNDER THE NAME OF ITALTECH S.R.L.

INSPECTION: LOADING OF ANY SHIPMENT OF CRUDE OIL SHALL BE SUBJECT TO THE AUTHORISATION OF THE INSPECTORS NOMINATED BY THE UNITED NATIONS AT THE PORT OF LOADING.

THE INSPECTORS SHALL ALSO HAVE THE AUTHORITY TO STOP THE LOADING IF THEY DETERMINE THAT THERE IS ANY EVIDENCE OF IRREGULARITY.

TITLE & RISK: TITLE AND RISK TO THE CRUDE OIL SOLD HEREUNDER SHALL PASS FROM SELLER TO BUYER AT THE TIME WHEN THE OIL PASSES THE FLANGE CONNECTION BETWEEN THE DELIVERY HOSE AND THE VESSEL'S PERMANENT HOSE CONNECTION AT LOADPORT, AT WHICH POINT SELLER'S RESPONSIBILITY SHALL CEASE.

LAW: THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF ENGLAND(WITHOUT REFERENCE TO ANY CONFLICT OF LAW RULES AND WITHOUT RECOURSE TO ARBITRATION). THE U.N. CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS (1980) SHALL NOT APPLY TO THIS AGREEMENT. EACH PARTY EXPRESSLY SUBMITS TO THE JURISDICTION OF THE HIGH COURT OF LONDON WITHOUT RECOURSE TO ARBITRATION.

DESTINATION: THE BUYER UNDERTAKES THAT THE CRUDE OIL DELIVERED UNDER THIS AGREEMENT SHALL NOT BE IMPORTED BY ITSELF OR OTHERS TO ANY DESTINATION PROHIBITED BY THE GOVERNMENT'S COUNTRY IN WHICH THE CRUDE OIL WAS PRODUCED WITHOUT SELLER'S PRIOR ACCEPTANCE.

WARRANTIES: THERE ARE NO GUARANTEES OR WARRANTIES, EXPRESS OR IMPLIED, OF MERCHANTABILITY, FITNESS OR SUITABILITY OF THE OIL FOR ANY PARTICULAR PURPOSE OR OTHERWISE, WHICH EXTEND BEYOND THE DESCRIPTION OF THE FACE HEREOF.

ASSIGNMENT: NEITHER OF THE PARTIES TO THE AGREEMENT SHALL WITHOUT THE PREVIOUS CONSENT IN WRITING OF THE OTHER PARTY (WHICH SHALL NOT BE UNREASONABLY WITHHELD OR DELAYED) ASSIGN THE AGREEMENT OR ANY RIGHTS OR OBLIGATIONS HEREUNDER.

IN THE EVENT OF AN ASSIGNMENT IN ACCORDANCE WITH THE TERMS OF THIS SECTION, THE ASSIGNOR SHALL NEVERTHELESS REMAIN RESPONSIBLE FOR THE PROPER PERFORMANCE OF THE AGREEMENT. ANY ASSIGNMENT NOT MADE IN ACCORDANCE WITH THE TERMS OF THIS SECTION SHALL BE VOID.

FORCE MAJEURE: NEITHER SELLER NOR BUYER SHALL BE LIABLE IN DAMAGES FOR ANY FAILURE OR DELAY IN PERFORMANCE OF ANY OBLIGATIONS HEREUNDER, OTHER THAN THE OBLIGATION TO MAKE PAYMENT, WHERE SUCH FAILURE OR DELAY IS CAUSED BY FORCE MAJEURE, BEING DEFINED AS ANY EVENT, OCCURRENCE OR CIRCUMSTANCE REASONABLE BEYOND THE CONTROL OF THE PARTY CLAIMING FORCE MAJEURE,

INCLUDING WITHOUT PREJUDICE TO THE GENERALITY OF THE FOREGOING, FAILURE OR DELAY CAUSED BY OR RESULTING FROM ACTS OF GOD, STRIKES, LABOR DISPUTES, FIRES, FLOODS, WARS (WHETHER DECLARED OR UNDECLARED) , RIOTS, PERILS OF THE SEAS, EMBARGOES, RESTRICTIONS IMPOSED BY ANY GOVERNMENTAL AUTHORITY (INCLUDING ALLOCATIONS, PRIORITIES, REQUISITIONS, QUOTAS AND PRICE CONTROLS) (I.E., NONE OF WHICH ARE TO BE THE RESULT OF NEGLIGENCE ON THE PART OF THE PARTY CLAIMING FORCE MAJEURE). THE PARTY CLAIMING FORCE MAJEURE SHALL GIVEN WRITTEN NOTICE THEREOF TO THE OTHER PARTY WITHIN FORTY-EIGHT (48) HOURS OF THE OCCURRENCE THEREOF, STATING IN REASONABLE DETAIL THE CAUSE AND THE EXPECTED DURATION. THE EFFECTED PARTY SHALL USE REASONABLE DILIGENCE TO REMOVE THE FORCE MAJEURE SITUATION AS QUICKLY AS POSSIBLE. HOWEVER, NO PARTY SHALL BE REQUIRED TO SETTLE AGAINST ITS WILL ANY STRIKE OR LABOR DISPUTE. THE TIME OF SELLER TO MAKE OR BUYER TO RECEIVE DELIVERY HEREUNDER SHALL BE EXTENDED DURING ANY PERIOD IN WHICH DELIVERY SHALL BE DELAYED OR PREVENTED BY REASON OF ANY OF THE FOREGOING CLAUSES, UP TO A TOTAL OF THIRTY (30) DAYS. IF ANY DELIVERY HEREUNDER SHALL BE SO DELAYED OR PREVENTED FROM DISCHARGING ITS CARGO FOR MORE THAN THIRTY (30) DAYS, EITHER PARTY MAY TERMINATE THIS CONTRACT WITH RESPECT TO SUCH DELIVERY UPON WRITTEN NOTICE TO THE OTHER PARTY.

THE PARTY WHOSE PERFORMANCE IS SO AFFECTED SHALL IMMEDIATELY NOTIFY THE OTHER PARTY HERETO INDICATING THE NATURE OF SUCH A CAUSE AND TO THE EXTENT POSSIBLE, INFORM THE OTHER PARTY OF THE EXPECTED DURATION OF THE FORCE MAJEURE EVENT(S).

LAYTIME AND DEMURRAGE: PER SOMO TERMS AND CONDITIONS

OTHER TERMS
AND CONDITIONS: WHERE NOT IN CONFLICT WITH THE ABOVE, THE SOMO GENERAL CONDITIONS FOR CRUDE OIL SALES CONTRACT SHALL APPLY.

OPERATIONAL

CONTACTS: BAYOIL SUPPLY AND TRADING LIMITED
DARLEEN SAMAYOA
TEL: 713 222 7100 EXTENSION 23
FAX: 713 224 8101
TLX: 4083682 32

ENTIRE AGREEMENT: ONCE MUTUALLY AGREED TO IN WRITING THIS CONTRACT CONTAINS THE ENTIRE AGREEMENT BETWEEN BUYER AND SELLER WITH RESPECT TO THE SUBJECT MATTER HEREOF AND ALL PROPOSALS, NEGOTIATIONS AND REPRESENTATIONS BETWEEN THEM WITH REFERENCE THERETO ARE MERGED HEREIN.

SPECIAL CONDITIONS:

SELLER WARRANTS THAT THE CRUDE OIL SOLD TO BUYER PURSUANT TO THIS CONTRACT WAS OBTAINED PURSUANT TO ALL NECESSARY APPROVALS AND IN ACCORDANCE WITH ALL APPLICABLE PROCEDURES OF THE UNITED NATIONS (U.N.) RESOLUTION 986 AND THE U.N. SECURITY COUNCIL COMMITTEE ESTABLISHED BY SCR 661 (1990). SELLER ALSO WARRANTS THAT THE PROVISIONS OF ALL APPLICABLE U.N. RESOLUTIONS HAVE BEEN COMPLIED WITH, INCLUDING, WITHOUT LIMITATION, SCR 986(1995), SCR 1111(1997), SCR 1143(1997) AND SCR 661(1990).

SELLER SPECIFICALLY WARRANTS THAT NO SURCHARGE OR OTHER PAYMENT WAS MADE TO SOMO BY THE SELLER, OR TO SELLER'S KNOWLEDGE BY ANY THIRD PARTY, OUTSIDE THE U.N. ESCROW ACCOUNT IN OBTAINING THE CRUDE OIL SOLD TO BUYER HEREUNDER.

SELLER AGREES TO INDEMNIFY AND HOLD BUYER HARMLESS FROM AND AGAINST ANY LOSS, WHETHER OR NOT RESULTING FROM THIRD PARTY CLAIMS, ARISING OUT OF OR IN CONNECTION WITH A BREACH OF THE WARRANTIES CONTAINED HEREIN. LOSS MEANS ANY LOSS, LIABILITY, CLAIM, ACTION, SUIT, PROCEEDING, ASSESSMENT, LIEN, JUDGEMENT, AWARD, DAMAGE, DEFICIENCY OR EXPENSE (INCLUDING INTEREST PENALTIES WHERE ALLOWED, REASONABLE ATTORNEYS FEES AND DISBURSEMENTS), BEING UNDERSTOOD THAT THE RIGHT TO INDEMNIFICATION SHALL NOT BECOME ENFORCEABLE PRIOR TO SELLER HAVING BEEN

FINALLY PROVEN LIABLE FOR BREACH OF THE PRESENT WARRANTY BY A COMPETENT COURT. THIS INDEMNITY WILL SURVIVE THE DELIVERY, INSPECTION AND ACCEPTANCE OF THE CRUDE OIL.

SELLER SHALL PROVIDE BUYER A COPY OF THE U.N. CERTIFICATION AND THE CERTIFICATE OF ORIGIN UPON VESSEL'S DEPARTURE FROM THE LOADPORT.

ADDITIONAL TERMS OR TERMS DIFFERENT FROM THOSE SET FORTH HEREIN SHALL BE CONSTRUED AS PROPOSALS FOR ADDITIONS TO THE CONTRACT AND SHALL NOT BECOME PART OF THE CONTRACT UNLESS EXPRESSLY AGREED TO BY SUPPLEMENTAL TELEX.

PLEASE CONFIRM, IN WRITING, THAT THE ABOVE CONTRACT ACCURATELY REFLECTS YOUR UNDERSTANDING OF THIS CONTRACT.

Sellers:

Augusto Giangrandi

ITALTECH S.R.L.

Buyers:

Daphne McDonald

Manager

ITALTECH S.r.l.

/MAIL: P.O. BOX 300 -
LIVORNO
TELEX: 500170 MOTSOT I
FAX: 0586 421223
PHONE: 0586 421221
P.IVA:
01031950494 0

Sede legale e stabilimento: Via G.B. Guarini, 24 - 57121 LIVORNO - ITALY

TO: BAYOIL SUPPLY & TRADING LIMITED
ATTN: DAPHNE MCDONALD
FAX: 242 362 4733

FROM: ITALTECH S.R.L.

DATE: JANUARY 22, 2001

REF: PURCHASE/SALE AGREEMENT DATED DECEMBER 27, 2000
SOMO REF: M/09/07
AMENDMENT NO. 1

DEAR SIRS:

REGARDING ABOVE REFERENCED CONTRACT, WE HEREBY AMEND AS FOLLOWS:

1. INCREASE QUANTITY AS FOLLOWS:

TYPE OF CRUDE	QUANTITY	PORT OF LOADING
BASRAH	11,000,000 BBLS	AL BAKR
KIRKUK	6,000,000 BBLS	CEYHAN

WE HAVE ATTACHED THE UNITED NATIONS APPROVAL LETTER FOR YOUR REFERENCE.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

REGARDS,
ITALTECH S.R.L.

AUGUSTO GIANGRANDI
CHAIRMAN

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 76

SNT045530

03/23/04 12:11 FAX
05/03 '01 13:04 FAX 242 362 4733 OIL NASSAU →→→ BAYOIL HOU 8 003

ITALTECH S.r.l.

/MAIL: P.O. BOX 300 - LIVORNO
TELEX: 500170 MOTSOT I
FAX: 0586 421223
PHONE: 0586 421221
P.IVA: 01031850494 0

Sede legale e stabilimento: Via G.B. Guarini, 24 - 57121 LIVORNO - ITALY

TO: BAYOIL SUPPLY & TRADING LIMITED
ATTN: DAPHNE MCDONALD
FAX: 242 362 4733

FROM: ITALTECH S.R.L.

DATE: 7 FEBRUARY, 2001

REF: PURCHASE/SALE AGREEMENT DATED DECEMBER 27, 2000
SOMO REF: M/09/07
AMENDMENT NO. 2

DEAR SIRS:

REGARDING ABOVE REFERENCED CONTRACT, WE HEREBY AMEND AS FOLLOWS:

1. INCREASE QUANTITY AS FOLLOWS:

TYPE OF CRUDE	QUANTITY	PORT OF LOADING
BASRAH	17,000,000 BBLS	AL BAKR
KIRKUK	8,000,000 BBLS	CEYHAN

WE HAVE ATTACHED THE UNITED NATIONS APPROVAL LETTER FOR YOUR REFERENCE.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

REGARDS,
ITALTECH S.R.L.

AUGUSTO GIANGRANDI
CHAIRMAN

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 76

SNT045528

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... التاريخ :

INVOICE

INVOICE NUMBER 0209
29/12/00

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB0100 dated 01/12/00

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "AMAZON FALCON" B/L date 29.12.00 – Quantity 2,022,854 BBL	0.17 per bbl	343,885=
	Euro Three Hundred Forty Three Thousand Eight Hundred and Eighty Five only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No.: 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

For Al Wasel & Babel General Trading L.L.C.

(Paid up Capital Dhs. 3,000,000) E-mail: islootah@emirates.net.ae (رأس مال المدفوع ٣,٠٠٠,٠٠٠ درهم)
هاتف : ٢٨٥٧٧٣٨ - فاكس : ٢٨٥٨٨٩٩ - تلكس : ٤٥٦٩٣ لوجت اي ام - ص.ب : ٦٣٨ دبي - الامارات العربية المتحدة
Tel.: 04 - 2857738 - Fax : 04 - 2858899 - Telex : 45693 LOGET EM - P.O. Box : 638 - Dubai - United Arab Emirates

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 77

OIL SELLING CONTRACT N° AB0100 BETWEEN ALWASEL & BABEL AND ITALTECH DATED DECEMBER 1st, 2000.

WHEREAS

A. ITALTECH Srl is an Italian Company established in Livorno, Via G.B. Guarini 24, ITALY, represented by Mr Augusto Giangrandi, President,

B. ITALTECH Srl registered to the U.N. as trader of oil from Iraq,

C. ITALTECH has an organisation in Bagdad, Iraq, capable of signing and managing contracts with the Iraqi Government and purchasing oil in the frame of the Oil for Food U.N. Programme,

D. ALWASEL & BABEL L.L.C. (Dubai) is a U.A.E. Company established in Dubai, P.O. Box 638, represented by Mr Abdullah Lootah.

E. ALWASEL & BABEL L.L.C. (Dubai) can assign allocation of oil from SOMO to ITALTECH

ITALTECH agree to buy oil allocate by SOMO to ALWASEL & BABEL and assigned to Italtech at the following conditions:

SELLER:

ALWASEL & BABEL GENERAL TRADING L.L.C.

P.O. BOX 638 – DUBAI – U.A.E.

BUYER:

ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO, ITALY

QUALITY:

Kirkuk or Bashra light crude oil of quality made available at the time of the loading the shipment at the loading terminal.

QUANTITY: 2,000,000 BBL + - 5%

DELIVERY: DECEMBER 2000

COMPENSATION:

ITALTECH will pay to ALWASEL & BABEL a fee of 0.17 Euro per barrel on the quantity exposed in the Bill of Lading.

DESTINATION:

Europe/USA

PAYMENT:

On 30th day from bill of lading date in Euro to account designated by ALWASEL & BABEL.

Payment should be made upon presentation of Seller Invoice.

LAW:

This contract shall be governed and be construed in accordance with U.A.E. law. The parties hereto expressly agree that application of the United nations convention on contracts for the international sale of good 1980 is hereby excluded pursuant the article 6 of the convention.

Three arbitrators appointed in accordance with the said rules shall settle all claims under this contract under the rules of arbitration of the International Chamber of Commerce. The president of the arbitration tribunal shall be a lawyer chosen and approved by both Parties.

The arbitration shall take place in Dubai, U.A.E.

The language to be used in the arbitration proceedings shall be English.

OTHER CONDITIONS (VALID ONLY IF ALWASEL & BABEL IS THE DIRECT LIFTER OF THE CRUDE OIL):

If requested by buyer, seller shall provide buyer with a statement of facts issued by UN appointed inspector confirm that the relevant vessel was loaded under term and conditions of the United Nations oil-for-food arrangement.

SPECIAL CONDITIONS:

Alwasel & Babel warrants that the crude oil sold to buyer pursuant to this contract was obtained pursuant to all necessary approvals and in accordance with all applicable procedures of the United Nations (U.N.) resolution 986 and the U.N. security council committee establishes by SCR 661 (1990).

Alwasel & Babel specifically warrants that no surcharge or other payment was made to SOMO by the seller, or to Alwasel & Babel knowledge by any third party, outside the U.N. escrow account in obtaining the crude oil sold to buyer hereunder.

ALWASEL & BABEL

P.O.Box 638 Dubai U.A.E.

ITALTECH Srl

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... التاريخ :

INVOICE

INVOICE NUMBER 0212
31/12/00

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB0200 dated 01/12/00

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "SEA WORLD" B/L date 31.12.00 – Quantity 629,942 BBL	0.17 per bbl	107,090=
			Euro One Hundred seven Thousand and Ninenty only

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

For Al Wasel & Babel General Trading L.L.C.

(Paid up Capital Dhs. 3,000,000) E-mail: islootah@emirates.net.ae (رأس مال المدفوع ٣,٠٠٠,٠٠٠ درهم)
هاتف : ٢٨٥٧٧٣٨ – فاكس : ٢٨٥٨٨٩٩ – تلكس : ٤٥٦٩٣ لوجت اي ام – ص.ب : ٦٣٨ دبي – الامارات العربية المتحدة
Tel.: 04 - 2857738 - Fax : 04 - 2858899 - Telex : 45693 LOGET EM - P.O. Box : 638 - Dubai - United Arab Emirates

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... التاريخ :

INVOICE

INVOICE NUMBER 0193
20/01/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB0101 dated 05/01/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "TINA 3" B/L date 20.01.01 – Quantity 2,371,092 BBL	0.17 per bbl	403,086=
	Euro Four Hundred Three Thousand and Eighty Six only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

For Al Wasel & Babel General Trading L.L.C.

P.O.Box 638 Dubai U.A.E. Al Wasel & Babel Gen. Trdg. (L.L.C.)

IT-0 2066

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... التاريخ :

INVOICE

INVOICE NUMBER 0213
21/01/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB0201 dated 05/01/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "ASTRO BETA" B/L date 21.01.01 – Quantity 1,883,686 bbl	0.17 per bbl	320,227=
	Euro Three Hundred Twenty Thousand Two Hundred and Twenty seven only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

P.O.Box 638 Dubai U.A.E.

Al Wasel & Babel General Trading L.L.C.

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... : التاريخ

INVOICE

INVOICE NUMBER 0214
23/01/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB0301 dated 05/01/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "HELLESPONT PARADISE" B/L date 23.01.01 – Quantity 2,103,854 bbl	0.17 per bbl	357,655=
	Euro Three Hundred Fifty Seven Thousand Six Hundred and Fifty Five only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

P.O.Box 638 Dubai U.A.E.
Al Wasel & Babel Gen. Trdg. L.L.C.

for Al Wasel & Babel General Trading L.L.C.

IT-0 2034

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : _____ التاريخ :

INVOICE

INVOICE NUMBER 0220
24/01/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB0401 dated 05/01/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "GOLDEN FOUNTAIN" B/L date 24.01.01 – Quantity 2,007,757 bbl	0.17 per bbl	341,319=
	Euro Three Hundred Forty One Thousand Three Hundred and Nineteen Only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

Al Wasel & Babel General Trading L.L.C.

(Paid up Capital Dhs. 3,000,000) E-mail: islootah@emirates.net.ae (رأس مال المدفوع ٣,٠٠٠,٠٠٠ درهم)
هاتف: ٢٨٥٧٧٣٨ - فاكس: ٢٨٥٨٨٩٩ - تلكس: ٤٥٦٩٣ لوجت اي ام - ص.ب: ٦٣٨ دبي - الامارات العربية المتحدة
Tel.: 04 - 2857738 - Fax: 04 - 2858899 - Telex: 45693 LOGET EM - P.O.Box 638 - Dubai - United Arab Emirates

LT-0 2017

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... التاريخ

INVOICE

INVOICE NUMBER 0220
24/01/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB0401 dated 05/01/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "GOLDEN FOUNTAIN" B/L date 24.01.01 – Quantity 2,007,757 bbl	0.17 per bbl	341,319=
	Euro Three Hundred Forty One Thousand Three Hundred and Nineteen Only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

R8975
Ricevuto il 26/01/01
REG.: 87
Commesso C. Costo
Conto mag. Serie
SENZA TARE

IT 3723

P.O.Box 633 Dubai U.A.E.
Wasel & Babel Gen. Trdg. L.L.C.

For Al Wasel & Babel General Trading L.L.C.

1936,27 = 660.895,140

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : _____ : التاريخ

INVOICE

INVOICE NUMBER 0221
27/01/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB0501 dated 05/01/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "AMAZON FALCON" B/L date 27.01.01 – Quantity 2,150,170 bbl	0.17 per bbl	365,529=
	Euro Three Hundred Sixty Five Thousand Five Hundred and Twenty Nine only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

For Al Wasel & Babel General Trading L.L.C.

(Paid up Capital Dhs. 3,000,000) E-mail: islootah@emirates.net.ae (رأس مال المدفوع ٣٠٠٠٠٠٠ درهم)
هاتف : ٢٨٥٧٧٣٨ - فاكس : ٢٨٥٨٨٩٩ - تلكس : ٤٥٦٩٣ لوجت اي ام - ص.ب : ٦٣٨ دبي - الامارات العربية المتحدة
Tel.: 04 - 2857738 - Fax.: 04 - 2858899 - Telex : 45693 LOGET EM - P.O. Box : 638 - Dubai - United Arab Emirates

IT 0 0000

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... : التاريخ

INVOICE

INVOICE NUMBER 0221
27/01/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB0501 dated 05/01/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "AMAZON FALCON" B/L date 27.01.01 – Quantity 2,150,170 bbl	0.17 per bbl	365,529=
	Euro Three Hundred Sixty Five Thousand Five Hundred and Twenty Nine only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

Ricevuto il 20/01/01
REG.: 86
Commessa ..... C. Costo .....
Conto mag.: ..... Serie .....
EENE.TARE

الوصل وبابل للتجارة العامة ش.ذ.م.م
P.O.Box 638 Dubai
U.A.E.
Al Wasel & Babel Gen. Trdg. (L.L.C.)

For Al Wasel & Babel General Trading L.L.C.

IT 3724

1936,27 = 707 762 837

(Paid up Capital Dhs. 3,000,000) E-mail: islootah@emirates.net.ae (رأس مال المدفوع ٣,٠٠٠,٠٠٠ درهم)
هاتف : ٢٨٥٧٧٣٨ – فاكس : ٢٨٥٨٨٩٩ – تلكس : ٤٥٦٩٣ لوجت اي ام – ص.ب : ١٣٨ دبي – الامارات العربية المتحدة
Tel.: 04 - 2857738 - Fax : 04 - 2858899 - Telex : 45693 LOGET EM - P.O. Box : 638 - Dubai - United Arab Emirates

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... التاريخ :

INVOICE

INVOICE NUMBER 0222
10/02/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB0601 dated 01/02/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "AMAZON EAGLE" B/L date 10.02.01 – Quantity 2,140,302 bbl	0.17 per bbl	363,851=
	Euro Three hundred Sixty Three Thousand Eight Hundred Fifty One only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

الوصل وبابل للتجارة العامة ش.ذ.م.م
P.O.Box 638 Dubai U.A.E.

For Al Wasel & Babel General Trading L.L.C.

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... : التاريخ

INVOICE

INVOICE NUMBER 0222
10/02/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB0601 dated 01/02/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "AMAZON EAGLE" B/L date 10.02.01 – Quantity 2,140,302 bbl	0.17 per bbl	363,851=
Euro Three hundred Sixty Three Thousand Eight Hundred Fifty One only			

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

R 8973
Ricevuto il 20/04/01
REG.: 85
Commessa ..... C. Costo .....
Conto mag.: ..... Serie .....
BENE TAKE

الوصل وبابل للتجارة العامة ش.ذ.م.م.
P.O.Box 638 Dubai U.A.E.
Al Wasel & Babel Gen. Trading L.L.C.

For Al Wasel & Babel General Trading L.L.C.

1936,27 = 704513776

IT 3725

(Paid up Capital Dhs. 3,000,000) E-mail: islootah@emirates.net.ae (رأس مال المدفوع ٣٠٠٠٠٠٠ درهم)
هاتف : ٢٨٥٧٧٣٨ – فاكس : ٢٨٥٨٨٩٩ – تلكس : ٤٥٦٩٣ لوجت اي ام – ص.ب : ٦٣٨ دبي – الامارات العربية المتحدة
Tel.: 04 - 2857738 - Fax : 04 - 2858899 - Telex : 45693 LOGET EM - P.O. Box : 638 - Dubai - United Arab Emirates

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... التاريخ :

INVOICE

INVOICE NUMBER 0229
10/02/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB0701 dated 01/02/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "OLYMPIA SPIRIT" B/L date 18.02.01 – Quantity 2,607,148 bbl	0.17 per bbl	443,215=
	Euro Four Hundred Forty Three Thousand Two Hundred and Fifteen only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name:- Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

P.O.Box 638 Dubai U.A.E.

For Al Wasel & Babel General Trading L.L.C.

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... التاريخ

INVOICE

INVOICE NUMBER 0229
10/02/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB0701 dated 01/02/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "OLYMPIA SPIRIT" B/L date 18.02.01 – Quantity 2,607,148 bbl	0.17 per bbl	443,215=
Euro Four Hundred Forty Three Thousand Two Hundred and Fifteen only			

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

N.8972
Ricevuto il 2/04/01
REG.: 84
Commessa ..... C. Costo .....
Conto mag.: ..... Serie .....
EENE TARE

P.O.Box 633 Dubai U.A.E.
Al Wasel & Babel Gen. Trading L.L.C.

For Al Wasel & Babel General Trading L.L.C.

IT 3726

1936,27 = 858 183 908

(Paid up Capital Dhs. 3,000,000) E-mail: islootah@emirates.net.ae (رأس مال المدفوع ٣,٠٠٠,٠٠٠ درهم)
هاتف : ٢٨٥٧٧٣٨ - فاكس : ٢٨٥٨٨٩٩ - تلكس : ٤٥٦٩٣ لوجت اي ام - ص.ب : ٦٣٨ دبي - الامارات العربية المتحدة
Tel.: 04 - 2857738 - Fax : 04 - 2858899 - Telex : 45693 LOGET EM - P.O. Box : 638 - Dubai - United Arab Emirates

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... : التاريخ

INVOICE

INVOICE NUMBER 0230
19/02/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB0801 dated 01/12/00

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "TINA 4" B/L date 19.02.01 – Quantity 2,376,927 bbl	0.17 per bbl	404,078=
	Euro Four Hundred Four Thousand and Seventy Eight only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

P.O.Box 638 Dubai U.A.E.

For Al Wasel & Babel General Trading L.L.C.

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... : التاريخ

INVOICE

INVOICE NUMBER 0230
19/02/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB0801 dated 01/12/00

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "TINA 4" B/L date 19.02.01 – Quantity 2,376,927 bbl	0.17 per bbl	404,078=
	Euro Four Hundred Four Thousand and Seventy Eight only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

R8971

PAGATO

Ricevuto il 20/02/01
REG.: 83
Commessa ..... C. Conto .....
Conto mag.: ..... Serie .....
SENE TARE

P.O.Box 638 Dubai U.A.E.
Al Wasel & Babel Gen. Trading L.L.C.

For Al Wasel & Babel General Trading L.L.C.

IT 3727

1936,27 = 782 Udi 109

(Paid up Capital Dhs. 3,000,000) E-mail: islootah@emirates.net.ae (رأس مال المدفوع ٣,٠٠٠,٠٠٠ درهم)
هاتف : ٢٨٥٧٧٣٨ - فاكس : ٢٨٥٨٨٩٩ - تلكس : ٤٥١٩٣ لوجت اي ام - ص.ب : ٦٣٨ دبي - الامارات العربية المتحدة
Tel.: 04 - 2857738 - Fax : 04 - 2858899 - Telex : 45693 LOGET EM - P.O. Box : 638 - Dubai - United Arab Emirates

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : _____ التاريخ :

INVOICE

INVOICE NUMBER 0210
27/02/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB0901 dated 01/02/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "GOLDEN FOUNTAIN" B/L date 27.02.01 – Quantity 2,002,056 bbl	0.17 per bbl	340,350=
	Euro Three Hundred Forty Thousand Three hundred and Fifty only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

الوصل وبابل للتجارة العامة ش.ذ.م.م.
P.O.Box 638 Dubai U.A.E.
Al Wasel & Babel Gen. Trading

For Al Wasel & Babel General Trading L.L.C.

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... : التاريخ

INVOICE

INVOICE NUMBER 0210
27/02/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB0901 dated 01/02/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "GOLDEN FOUNTAIN" B/L date 27.02.01 – Quantity 2,002,056 bbl	0.17 per bbl	340,350=
	Euro Three Hundred Forty Thousand Three hundred and Fifty only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2 118970
Swift Code: ADCBAEAA060

PAGATO

Ricevuto il 26/4/01
REG.: 82
Commessa ..... C. Costo .....
Conto mag.: ..... Serie .....
BENE TARE

الوصل وبابل للتجارة العامة ش.ذ.م.م.
P.O.Box 638 Dubai
U.A.E.
Al Wasel & Babel Gen. Trading L.L.C.

For Al Wasel & Babel General Trading L.L.C.

1936.27 = 659 009 495

IT 3728

(Paid up Capital Dhs. 3,000,000) E-mail: islootah@emirates.net.ae (رأس مال المدفوع ٣,٠٠٠,٠٠٠ درهم)
هاتف : ٢٨٥٧٧٣٨ – فاكس : ٢٨٥٨٨٩٩ – تلكس : ٤٥٦٩٣ لوجت اي ام – ص.ب : ١٣٨ دبي – الامارات العربية المتحدة
Tel.: 04 - 2857738 - Fax : 04 - 2858899 - Telex : 45693 LOGET EM - P.O. Box : 638 - Dubai - United Arab Emirates

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... التاريخ :

INVOICE

INVOICE NUMBER 0194
11/03/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB1001 dated 01/13/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "BERGE BOSS" B/L date 11.03.01 – Quantity 2,059,910 bbl	0.17 per bbl	350,185=
	Euro Three Hundred Fifty Thousand and one Hundred and Eighty Five only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

الوصل وبابل للتجارة العامة ش.ذ.م.م. P.O.Box 638 Dubai U.A.E. Al Wasel & Babel Gen. Trdg. (L.L.C.)

For Al Wasel & Babel General Trading L.L.C.

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... : التاريخ

INVOICE

INVOICE NUMBER 0194
11/03/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB1001 dated 01/13/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "BERGE BOSS" B/L date 11.03.01 – Quantity 2,059,910 bbl	0.17 per bbl	350,185=
	Euro Three Hundred Fifty Thousand and one Hundred and Eighty Five only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060 R8980

PAGATO

Ricevuto il 20/04/01
REG.: 92
Commessa ..... C. Costo .....
Conto mag.: ..... Serie .....
BENESTARE

الوصل وبابل للتجارة العامة ش.ذ.م.م
P.O.Box 638 Dubai U.A.E.
Al Wasel & Babel Gen. Trdg. (L.L.C.)

For Al Wasel & Babel General Trading L.L.C.

IT 3718

1936 27 = 678 052 710

(Paid up Capital Dhs. 3,000,000) E-mail: islootah@emirates.net.ae (رأس مال المدفوع ٣,٠٠٠,٠٠٠ درهم)
هاتف : ٢٨٥٧٧٣٨ – فاكس : ٢٨٥٨٨٩٩ – تلكس : ٤٥٦٩٣ لوجت اي ام – ص.ب : ٦٣٨ دبي – الامارات العربية المتحدة
Tel.: 04 - 2857738 - Fax : 04 - 2858899 - Telex : 45693 LOGET EM - P.O. Box : 638 - Dubai - United Arab Emirates

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... التاريخ :

INVOICE

INVOICE NUMBER 0197
12/03/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB1101 dated 01/03/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "OLYMPIC BREEZE" B/L date 12.03.01 – Quantity 1,959,234 bbl	0.17 per bbl	333,070=
	Euro Three Hundred Thirty Three Thousand and Seventy only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

For Al Wasel & Babel General Trading L.L.C.

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... التاريخ :

INVOICE

INVOICE NUMBER 0197
12/03/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB1101 dated 01/03/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "OLYMPIC BREEZE" B/L date 12.03.01 – Quantity 1,959,234 bbl	0.17 per bbl	333,070=
	Euro Three Hundred Thirty Three Thousand and Seventy only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

Ricevuto il 26/1/01
REG.: 91
Commessa ..... C. Costo .....
Conto mag. ..... Serie .....
BENE TAME

P.O.Box 638 Dubai
Wasel & Babel Gen. Trdg. (L.L.C.)

For Al Wasel & Babel General Trading L.L.C.

IT 3719

1936,27 z 6449134449

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... التاريخ :

INVOICE

INVOICE NUMBER 0198
15/03/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB1201 dated 01/03/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "MARINER" B/L date 15.03.01 – Quantity 1,910,662 bbl	0.17 per bbl	324,813=
	Euro Three Hundred Twenty Four Thousand Eight Hundred and Thirteen only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

For Al Wasel & Babel General Trading L.L.C.

Al Wasel & Babel Gen. Trdg. (L.L.C.) P.O.Box 638 Dubai U.A.E.

(Paid up Capital Dhs. 3,000,000) E-mail: islootah@emirates.net.ae (رأس مال المدفوع ٣،٠٠٠،٠٠٠ درهم)
هاتف : ٢٨٥٧٧٣٨ - فاكس : ٢٨٥٨٨٩٩ - تلكس : ٤٥٦٩٣ لوجت اي ام - ص.ب : ٦٣٨ دبي - الامارات العربية المتحدة
Tel.: 04 - 2857738 - Fax : 04 - 2858899 - Telex : 45693 LOGET EM - P.O. Box : 638 - Dubai - United Arab Emirates

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... التاريخ :

INVOICE

INVOICE NUMBER 0198
15/03/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB1201 dated 01/03/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "MARINER" B/L date 15.03.01 – Quantity 1,910,662 bbl	0.17 per bbl	324,813=
	Euro Three Hundred Twenty Four Thousand Eight Hundred and Thirteen only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

R 8978
Ricevuto il dbubai
REG.: 90
Commessa ..... C. Costo .....
Conto mag.: ..... Serie .....
EENESTARE

For Al Wasel & Babel General Trading L.L.C.

P.O.Box 638 Dubai U.A.E.

IT 3720

936,27 = 628925668

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... لتاريخ :

INVOICE

INVOICE NUMBER 0199
22/03/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB1401 dated 01/03/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "HELLESPONT PARADISE" B/L date 22.03.01 – Quantity 2,073,230 bbl	0.17 per bbl	352,449=
	Euro Three Hundred Fifty Two Thousand Four Hundred and Forty Nine only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

For Al Wasel & Babel General Trading L.L.C.

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... التاريخ :

INVOICE

INVOICE NUMBER 0199
22/03/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB1401 dated 01/03/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "HELLESPONT PARADISE" B/L date 22.03.01 – Quantity 2,073,230 bbl	0.17 per bbl	352,449=
	Euro Three Hundred Fifty Two Thousand Four Hundred and Forty Nine only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060 R8977

PAGATO

Ricevuto il 30/04/01
REG.: 89
Commessa ..... C. Costo .....
Conto mag.: ..... Serie .....
BENESTARE

الوصل وبابل للتجارة العامة ش.ذ.م.م.
P.O.Box 638 Dubai
U.A.E.
Al Wasel & Babel Gen. Trading (L.L.C.)

For Al Wasel & Babel General Trading L.L.C.

IT 3721

1936,27 = 682 436 425

(Paid up Capital Dhs. 3,000,000) E-mail: islootah@emirates.net.ae (رأس مال المدفوع ٣,٠٠٠,٠٠٠ درهم)
هاتف : ٢٨٥٧٧٣٨ - فاكس : ٢٨٥٨٨٩٩ - تلكس : ٤٥٦٩٣ لوجت اي ام - ص.ب : ٦٣٨ دبي - الامارات العربية المتحدة
Tel.: 04 - 2857738 - Fax : 04 - 2858899 - Telex : 45693 LOGET EM - P.O. Box : 638 - Dubai - United Arab Emirates

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... التاريخ :

INVOICE

INVOICE NUMBER 0205
22/03/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB1301 dated 01/03/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "SETTEBELLO 4" B/L date 22.03.01 – Quantity 2,100,011 bbl	0.17 per bbl	357,002=
	Euro Three Hundred Fifty seven Thousand and Two only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

P.O.Box 638 Dubai U.A.E.

for Al Wasel & Babel General Trading L.L.C.

بسم الله الرحمن الرحيم

الوصل وبابل للتجارة العامة (ش.ذ.م.م.)
ALWASEL & BABEL GENERAL TRADING (L.L.C.)

Date : ..... التاريخ :

INVOICE

INVOICE NUMBER 0205
22/03/01

Messrs:
ITALTECH Srl
Via G.B. Guarini, 24
57121 LIVORNO
Fax 00 39 0586 859373

Contract Number: AB1301 dated 01/03/01

Item	Description	Fee Euro	Amount Euro
1	Selling of Iraq oil allocation for lifting "SETTEBELLO 4" B/L date 22.03.01 – Quantity 2,100,011 bbl	0.17 per bbl	357,002=
	Euro Three Hundred Fifty seven Thousand and Two only		

The Invoice shall be paid within 30 days with T/T transfer to the following bank:

Abu Dhabi Commercial Bank
Al Riggah Road Branch
P.O. Box No. 5550
Dubai, U.A.E.
A/C Name: Al Wasel and Babel General Trading L.L.C.
A/C No. : 20-447-3006-2
Swift Code: ADCBAEAA060

PAGATO

R8976
Ricevuto il 26/01/01
REG.: 88
Commessa ..... C. Costo .....
Conto mag. ..... Serie .....
EENE ITARE

For Al Wasel & Babel General Trading L.L.C.

IT 3722

1936,27 = 691252263

(Paid up Capital Dhs. 3,000,000) E-mail: istootah@emirates.net.ae (رأس مال المدفوع ٣٠٠٠٠٠٠ درهم)
هاتف : ٢٨٥٧٧٣٨ – فاكس : ٢٨٥٨٨٩٩ – تلكس : ٤٥٦٩٣ لوجت اي ام – ص.ب : ٦٣٨ دبي – الامارات العربية المتحدة
Tel.: 04 - 2857738 - Fax : 04 - 2858899 - Telex : 45693 LOGET EM - P.O. Box : 638 - Dubai - United Arab Emirates

23 August, 1996

TO: S.O.M.O. - Baghdad
ATTN: Mr. S. Hassan
Mr. N. Farjo

VIA FAX: 00964-2853925

Gentlemen:

In recent days we have been able to examine the key components of typical Saudi price formula and general terms in order to meet S.O.M.O.'s request to propose a text of terms with a similar structure. We, therefore, submit the enclosed revised draft proposal which more closely resembles the Saudi structure and meets other guidelines requested by S.O.M.O. The key revisions are as follows:

First, S.O.M.O. has requested earlier price periods than the Saudi (50 day after B/L) period in order to avoid provisional payments and possible complication with escrow accounts which we can accommodate by using the period 20-25 day after B/L and using WTI 2nd month quotes which correspond to quotes relevant to Saudi price dates. This should make it commensurate to Saudi formula and solve your concerns.

Please also note that under costs, we are prepared to consider eliminating the fee for lightering. We have debated this issue internally as some of your major buyers are able to go to Loop - Caribs. or other ports to fully discharge their cargo without lightering, whereas our smaller refiners do not have this advantage. We do not feel it is fair that some buyers will have to pay for this significant burden while others will not have to. However, we are prepared to eliminate this cost provided all other terms and conditions are acceptable to you.

We look forward to discussing our proposal with you at your earliest convenience. We understand that you are sending some representatives to New York and would be happy to meet with them there in an effort to clarify any points on this proposal prior S.O.M.O.'s discussions with the U.N.

We look forward to your favourable response and welcome any comments or questions you may have.

Best regards,

David B. Chalmers, Jr.
President
Bayoil SA

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 84

BAYOIL

TO: S.O.M.O.
ATTN: Mr. Saddam Hassan

FROM: David B. Chalmers, Jr.

DATE: January 31, 1997

RE: U.S. Market Pricing

With respect to our planning for next deliveries under our contract to U.S. refiners, we understand that the current price formula mechanism is substantially uncompetitive since the original period September 1996 price mechanism was established.

We understand that under the procedures established with the U.N. that S.O.M.O. may indicate a change in price formulas particularly after the first month if conditions so warrant. In this connection, we would propose that such a change be submitted to the U.N. in order that the intended U.S. refiners will accept delivery of Basrah Light from our company based on fair market values.

The particular components of the price mechanism that is relevant to our position and the market comparisons are evaluated and outlined as followed.

1. Basrah Light / W.T.I. Differential

   A. The original differential (September) of WTI -$4.05 had a component of freight cost increases since September of approximately $0.25/bbl, the current formula does not reflect this increase. (WS. 47 1996 flat rates versus WS. 55 1997 flat rates).

   B. The market assessment and comparisons to alternative grades is presumed to be included in the original (September) price formula of W.T.I. -$4.05 (i.e. W.T.S., Venezuelan, Mexican, other grades).

      As of today, the relative change in market differentials for the above grades since September has been as follows:

W.T.S. September = $ W.T.I.	-$1.30	versus today	-$1.95
VENZ. September = (FOB) $ WTI	-$1.80	versus today	-$3.00
MEXICAN Sept. = (FOB) $ WTI	-$1.80	versus today	-$3.00

BAY04-00455

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 85

B. Contd.

The differential (market) for alternative grades has widened between $0.50 - $1.20/bbl in the same period that Basrah Light F.O.B. formula has narrowed by $0.45/bbl ($4.05 - $3.60).

The change in market differential based on market comparison can be concluded to be as little as $0.95/bbl and as much as $1.65/bbl.

2. Price Period:

The price period of 15 days after B/L as compared to N.O.R. price for alternative grades will result in up to 30 days earlier price for Basrah Light versus alternatives (including base case Saudi Light) which average this month would equal a $0.65/bbl disadvantage of Basrah Light versus Arab Light and other grades resulting from this earlier pricing.

3. Proposal:

We would propose an immediate adjustment in the U.S. formula ex Al-Bakr to reflect the above circumstances as follows:

1. Pricing period adjustment to 50 days after B/L or use second month W.T.I. quotations.

2. Freight adjustment approximately $0.20/bbl.

3. Market adjustment of a minimum $0.70/bbl.

Sincerely,

David B. Chalmers, Jr.
For and on behalf of
Bayoil SA - Nassau Branch

01/31/97 12:33 ☎713 224 8101 BAYOIL 001

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*** ACTIVITY REPORT ***
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TRANSMISSION OK

TX/RX NO.	9595
CONNECTION TEL	2971910
CONNECTION ID	COASTAL CORP.
START TIME	01/31 12:31
USAGE TIME	01'46
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** MESSAGE 31829 via FNET at 16:50:48 08/05/97 **

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BAY UB

TO: S.O.N.O., BAGHDAD
ATTN: MR. N. FARJO

FROM: BAYOIL, HOUSTON
DAVID B. CHALMERS, JR.

DATE: AUGUST 5, 1997

DEAR MR. FARJO:

WE UNDERSTAND THAT YOU MAY BE CONSIDERING MUCH HIGHER NUMBERS THAN ANTICIPATED FOR BASRAH LIGHT AND KIRKURK CRUDE OIL. BAYOIL ALONG WITH MANY OF YOUR OTHER LOYAL CUSTOMERS WOULD BE VERY DISAPPOINTED IF S.O.N.O. DID NOT RECOGNIZE THE TREMENDOUS INCREASE IN FREIGHT SINCE OUR LAST AGREED PRICE IN MAY. AS YOU KNOW THE SAUDI ARAMCO FORMULA CLEARLY HAS A PROVISION WHICH ACCOMMODATES THIS AND SAUDI ARAMCO BUYERS IN AUGUST WILL BE COMPENSATED FOR ALMOST USD 0.60 CENTS PER BARREL FOR LIFTINGS TO THE U.S. WE UNDERSTAND THAT YOU MAY HAVE A BUYER WHO HAS OFFERED YOU A HIGHER PRICE, HOWEVER, WE BELIEVE IT IS MOST LIKELY THE BUYER IS GOING TO THE U.S. WEST COAST WHICH IS A VERY LIMITED AND A SIGNIFICANTLY DIFFERENT MARKET FROM THE REST OF THE NORTH AMERICAN MARKET. WE BELIEVE IT IS ONLY FAIR YOU SHOULD ASK THIS BUYER IF THIS IS INDEED THE INTENDED MARKET FOR THIS CARGO AND PERHAPS SONO SHOULD CONSIDER A TWO-TIERED PRICING FORMULA WHICH TAKES THIS INTO ACCOUNT.

YOUR CUSTOMERS WHO HAVE BEEN WITH YOU AND SUPPORTED YOU AND WHO WOULD ALWAYS SUPPORT S.O.N.O. SHOULD NOT BE SO SIGNIFICANTLY PENALIZED. WE HAVE ALL BEEN WAITING FOR A LONG TIME FOR THE OIL TO COME BACK ONTO THE MARKET AND OUR INDEPENDENT REFINERS WILL HAVE TO MAKE OTHER ACCOMMODATIONS SHORTLY. PLEASE DO NOT LET US AND OTHER GOOD CUSTOMERS DOWN.

SINCERELY,

DAVID B. CHAMERS, JR.

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** End of message **

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 86



BAYOIL

DAVID B. CHALMERS, JR
PRESIDENT

TO: United Nations Overseers
FAX: 212-963-1628

No. of Pages 2

FROM: David B Chalmers, Jr

DATE: September 10, 1997

As per my telephone call with Mr. Kramer, I would appreciate the opportunity for a meeting with you on Friday morning, September 12th, to discuss the overall price formula adopted by the U.N., and in particular the proposed October formula being considered in connection with the rollover and consequential volumes expected for export before early December.

At the suggestion of Mr. Kramer, I would like to respectively submit as follows some of our viewpoints with respect to the conditions in the marketplace which would need to be taken into account in determining a formula as well as reference to our discussions on Friday.

I. Price Formula Freight Component

- Base formula for B. Light or A. Light F.O.B. posting less $1.00 included a freight adjustment component established December 1996 consistent with the Saudi base rate 7.36/long ton which was relatively accurate through May 1996 with stable market conditions.

- Rates have increased since May approximately 30 WS points roughly equivalent to $0.75/barrel. i.e. (last Bayoil vessel May 46 WS versus September average 76 WS points).

- At expected export levels similar to May for October/November, the market expectations are for consistently high rates.

- The August B. Light differential to A. Light included at $0.10/barrel additional compensation for freight equating to less than 5 points WS.

- As Saudi formula includes a monthly freight adjustment which fully compensates for current freight costs (i.e. May flat Saudi rate = WS 46 versus expected September adjustment to be average 76 = $0.75/ BBL).

- Average handling costs for shipping AG/US Gulf transhipped to Gulf ports including financing, lightering, other incremental costs regularly exceed $0.75/barrel under normal conditions in addition to freight.

BAYOIL (USA) INC 600 TRAVIS, SUITE 6110 HOUSTON, TX 77002 713 222 7100 FAX 713 224 8101 TLX 3771825

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 87

Conclusion:

- Expect freight/handling cost not covered by deduction within current Iraqi postings and further covered by alternative producer postings could be about $0.65/barrel without further adjustments.

II. Market Differential (Saudi Posting) Adjustments

- Saudi postings have increased by $0.10/barrel and $0.20/ barrel respectively for September/October.

- Saudi posting changes are relevant for F.O.B. liftings but also apply to C.I.F. sales delivered during same month.

Conclusion:

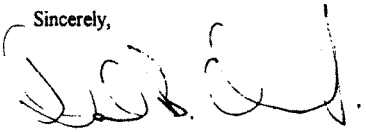
- A modest increase in market differential for September was applicable, particularly as Iraq crude availability was cut off for two months (June-July) thereby affecting delivered September market conditions.

- Based on expected average production over 1 million barrels per day August - November or new Iraqi production, a $0.20/barrel increase for October lifting would not be reflective of worldwide supply economics and should not be included in Iraq postings.

- Alternative crudes such as Kuwait crude with similar value based on A. Medium postings have up to $1.00/barrel advantage (including freight adjustment).

We hope the above referenced market factors will be considered for future approval of Iraqi postings which we will be glad to discuss in more detail during our upcoming meeting.

Sincerely,



David B. Chalmers, Jr.

BAYOIL

TO: United Nations Overseers
FAX: 212-963-1628

FROM: David B. Chalmers, Jr.

DATE: September 12, 1997

RE: Iraqi Crude Pricing U.S. Market Beginning October

I would like to thank you for the opportunity to meet Friday and I would like to further recap my impression of the position of the Overseers' regarding the pricing subject.

I believe it was agreed that a more permanent solution of including within the price mechanism a floating freight component which would change with the market is a good solution for all parties. In this connection, we shall endeavor to convince SOMO that such a mechanism will be beneficial and fair to all parties.

Meanwhile, we maintain during this interim period that there are two factors which need to be addressed and included in the October price formula to be representative of market conditions and fairly compare with other producer prices.

Firstly:

- There should be a downward adjustment to the formula for increased freight cost of at least $0.50/barrel.

  It was agreed in our meeting with the Overseers that the approximate base freight today would be approximately $1.80/barrel..

  It should be clear based on factual changes in the freight market demonstrated by the enclosed chart that over the past four months freight costs have increased by average of about $0.60/barrel.

  (i.e. Platts charts enclosed demonstrate WS 45-50 April/ May versus 65-70 August/September equalling a minimum of 20 points and a maximum of 30 points increase calculated as follows.

  20 pts x 19.45 flat ÷ 7.38 = $0.52/barrel
  30 pts x 19.45 flat ÷ 7.38 = $0.79/barrel

BAYOIL SA-NASSAU BRANCH P.O. BOX CB12918 NASSAU, BAHAMAS 809-362 4731 FAX. 809 362 4733 TLX: 20644

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 87

During the past four months since this overall freight market increase we see no evidence of any component changes in the Iraqi price formula proposed or agreed during this period by the Overseers other than the adjustment in August and applicable in September also from a price of Arab Light minus $1.00 to Arab Light minus $1.10. Therefore this $0.10/barrel does not begin to address the increases in cost and market changes outlined herein.

Secondly:

- The Saudi market price differential to WTI increase from September to October of $0.20/barrel should not be reflective by a similar increase in the Iraqi market price.

  The $0.20 increase reflects spot price increases in August/September for delivered crudes reflecting two months absence of Iraqi crude from the market.

  As this increase is applied to Saudi crudes which can also be lifted from Caribbean storage or delivered during the same months in the U.S. i.e. October such an increase may be justified particularly as Saudi customers have long term security of supply.

  Iraqi customers would have to accept such an increase if applied for October shipments FOB which correspond to arrival in December. By then the market effects of the high Iraqi exports will be fully realized and buyers would not pay such a premium for barrels arriving in December.

I hope this clarifies our position about what is fair and is based on what has been proposed to SOMO for further submission to the U.N. However, I believe SOMO's is reluctant to submit pricing conditions such as these, however justified, unless in advance the Overseers show willingness to adopt these changes. My understanding of your position in the meeting is that no such adjustment need to be made despite the points raised above therefore the only likely outcome is for SOMO to propose a price without such adjustments resulting to a similar occurrence as September where buyers refused to lift the crude oil until market conditions changed. Such conditions contradict the whole purpose of the program. I hope this does not occur and I look forward to an opportunity to meet again Monday, perhaps to further discuss this matter.

Sincerely,

David B. Chalmers, Jr.
President

Sono OSP

GDP
ASSOCIATES, INC.

950 Third Avenue • Suite 1800 • New York, NY 10022
Tel: (212) 832-5250 • Fax: (212) 832-4970

FACSIMILE TRANSMISSION

To: Mr. David Chalmers, President, Bayoil Inc.
Fax #: (713) 224-8101
From: Giandomenico Picco
RE:
Date: March 6, 2001
No. of pages (including this cover sheet): 10

PERSONAL

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 87

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

S/AC.25/2001/OIL/COMM.07
20 February 2001
ORIGINAL: ENGLISH

Letter dated 20 February 2001 from the Overseers addressed to the Chairman of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait

S/AC.25/2001/OIL/1330/OC.12 20 February 2001

Sir,

The following report of the Oil Overseers was prepared pursuant to the request by the Chairman of the Security Council Committee established by resolution 661 concerning the situation between Iraq and Kuwait made at its informal meeting dated 13 February 2001, following the letter dated 6 February 2001 from the Chargé d'Affaires, A.I. of the Permanent Mission of the United States to the United Nations addressed to the Chairman (S/AC.24/2001/Comm.83 – attached). In this letter, *inter alia*, the Oil Overseers were requested to provide a clarification on "what their monitoring of the oil industry has indicated regarding payment of the surcharge; an explanation for Iraq's much lower than normal shipments of crude oil in January and December; the value of revenues lost to the Oil-for-Food program as a result of decreased oil exports; and whether or not there is room in the most recent pricing mechanism proposed by SOMO for imposition of a surcharge".

I. Background

The questions raised have to some extent been addressed in the Oil Overseers' letter dated 13 February 2001 addressed to the Chairman of the 661 Committee (S/AC.25/2001/OIL/Comm.06 - attached). Some of the analysis contained in that letter is repeated here.

In order to gain an understanding of the events that have taken place in the past few months it is important to be aware of the recent trends in the structure of contractual relationships between the different parties involved in Iraqi crude oil exports.

Amongst the phase IX contract holders there are very few companies that can be classified as end-users of crude oil. Many of the current contract holders seem to be intermediaries who are not known in the petroleum industry. They are very small in size and seem to have limited credit facilities. This means that, due to the large sums of money involved, they often cannot open letters of credit and/or charter ships on their own account. In most cases the end-users (i.e. refining companies) will not purchase from these companies because of the limited possibility for compensation in the event of non-performance. As a consequence of this, these contract holders have to sell their oil to the (bigger) trading companies, which subsequently on-sell the oil to the end-users.

These trading companies normally have the (credit) facilities that allow them to perform the activities that cannot be executed by the intermediaries. The relationship between the trading companies and the intermediaries appears to vary from being distant to an extremely close alliance.

The current structure, as described above, has gradually evolved from a situation in which SOMO, by and large, were: a) directly selling to end-users, then b) were selling via traders to end-users and now c), are selling via intermediaries to traders who on-sell to end-users.

This means that there are often at least two companies in the contractual chain between SOMO and the end-user, both of which naturally want to make a profit.

2. Pricing mechanisms proposed by SOMO and OSP setting

SOMO and the Oil Overseers agree from time to time on an Official Sales Price (OSP) that is fixed for a certain period. This period is normally a month but can be shorter depending on the volatility of the markets.

The Oil Overseers' objective is to set the OSP within a band which is determined by the following boundaries:

-The upper limit should be such that end-users (i.e. refiners) find the OSP levels attractive compared with alternative crudes. Due to volatility in the market this can only be evaluated over an extended period of time. (Say three to four months).
-The lower limit should be such that no structural trading profits exceeding some five cents per barrel can be made given the low risk nature of the task generally undertaken by the intermediaries.

The Oil Overseers are under the impression that SOMO's recent objective of the price setting is different in two aspects:

-SOMO seems to target a price (OSP) that allows at least $0.20 per barrel profit for traders/intermediaries.
-SOMO seems to prefer to see these profits to be realized on a cargo-by-cargo basis rather than over an extended period. This explains the frequent requests for a (downward) price revision as we have lately experienced. This short term view is also confirmed by SOMO granting contracts with a validity of only between six and eight weeks, rather than for the full six month period which was customary.

It is important to bear in mind that the attractiveness of all crudes may fluctuate substantially due to changing market conditions. The OSP for a certain period can only reflect one set of market assumptions for that (future) period. This means that, even in the case of the OSP being set at exactly the "right" level, the markets will during that period sometimes value the crude higher than the OSP or sometimes lower than the OSP. For a freely tradable crude like Iraq's this can lead to prices in the market which are either above (premia) or below (discounts) the OSP. These premia or discount represent normal oil industry commercial practice.

If the current mode of exports continues, some 100 million barrels will be exported and the estimated revenue generated during Phase IX would be around Euro 3.9 billion ($ 3.5 billion). If export levels returns to more or less normal, then the revenue generated is estimated at around Euro 6.3 billion ($ 5.7 billion).

6. Summary and Conclusions

a) Iraqi crude oil, on a fob basis, has been consistently offered to end-users at substantial premia over the OSP's. Under certain market conditions these premia (but not necessarily surcharges to Iraq) could be economically justified and could have been paid by some end-users. Others have refused to purchase oil because of concerns related to the possibility of part of the premia being used for surcharges to be paid to Iraq outside of the United Nations Iraq account.

b) In cases where no substantial premia could be acquired deals have fallen apart, nominations have been cancelled and the oil was not exported. This also explains (at least partly) why Iraqi crude oil, on a fob basis, has not traded at small premia, or even discounts during the past few months.

c) At the same time some traders who have been involved in delivering Iraqi crude into the Gulf of Mexico might have incurred losses. This is due to taking an exposure to the US market for delivered oil, which has recently deteriorated substantially.

d) Due to the short term profit perspective of SOMO's direct customers it is almost impossible to set an OSP that guarantees them a realistic profit level on a cargo by cargo basis. The Oil Overseers have repeatedly resisted giving in to an OSP setting that leaves a substantial "profit cushion" in case the markets deteriorate. This has lead to some friction between SOMO and the Oil Overseers.

The Oil Overseers appreciate the confidence in their work and the support they receive from the Committee.

Accept, Sir, the assurances of our highest consideration.

The Overseers

Morten Buur-Jensen

Alexandre Kramar

This needs to be considered when addressing the specific question of whether the OSP recommended by the Overseers allows room for surcharges. Certainly, the intention in setting the OSP is to mitigate the possibility of excessive premia being paid. However, the natural fluctuation of the market will mean that regardless of how the OSP is set, under some market conditions there could be room for surcharges.

3. Payment of surcharges

It would appear that since December, end-users can consistently only buy Iraqi crude oil at a premium of 20 - 50 cents per barrel over the OSP on a free on board (fob) basis.

To what extent, if any, these premia are being used to pay illegal surcharges to Iraq is unknown to the Oil Overseers. When directly asked by the Oil Overseers about surcharges the State Oil Marketing Organization (SOMO) categorically denied the allegations.

However, direct contacts with traders and end-users in the oil industry confirm in broad terms what has been written in the professional press on this matter.

4. Lower than normal shipments of Iraqi crude oil in January and December

The Oil Overseers are of the opinion that export levels seem to have been negatively affected under those conditions in which, for legal or commercial reasons, end-users are not prepared to pay a substantial premium.

5. The value of revenue lost to the Oil-for-Food programme

During the month of December 2000 Iraq exported approximately 18 million barrels of crude oil, which is some 50 million barrels less than would have been expected. Assuming an average price of $20 per barrel, the reduced export level reflects a loss in revenues of about $1 billion for December.

During January 2001, Iraq has exported some 31 million barrels of oil. This export level was considerably lower than had been expected and, at an assumed export level of 2.2 million barrels a day and an oil price of $20.80 per barrel, this represents a loss of income of some $775 million for January.

Since the beginning of phase IX to 16 February 2001 about 65 million barrels of Iraqi crude oil were exported, including 51 million barrels from Mina-al-Bakr (78%) and 14 million barrels from Ceyhan (22%). The value of this export is estimated at Euro 1,481 million ($ 1,346 million at the current rate of exchange).

Normally Iraqi crude oil exports per month are some 26-28 million barrels ex Ceyhan and 38-45 million barrels ex Mina-al-Bakr. On the assumption that the average level of Iraqi crude oil export per month is (conservatively) 65 million barrels, then at least 100 million barrels of export volume has been forgone up to 16 February. In terms of money, some Euro 2.4 billion ($ 2.2 billion.) in revenue has been lost.

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

S/AC.25/2001/OIL/COMM.06
13 February 2001
ORIGINAL: ENGLISH

Letter dated 13 February 2001 from the Overseers addressed to the Chairman of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait

S/AC.25/2001/OIL/1330/OC.10 13 February 2001

Sir,

With reference to the attached communication dated 13 February 2001 from the State Oil Marketing Organization (SOMO) of Iraq, submitting for the approval of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait the revised pricing mechanisms for loadings of crude oil during 13-28 February 2001 in accordance with paragraphs 5 and 6 of the Procedures to be employed by the Committee in the discharge of its responsibilities as required by paragraph 12 of Security Council resolution 986 (1995), the Overseers have the following assessment:

On 6 February the Committee endorsed the revised prices (OSP's) for February loading crude oil that is destined for the European and US markets. Since then the attractiveness of Iraqi crude oil in these markets has deteriorated further.

Notwithstanding this deterioration, end-users have been confronted with fob offers of Iraqi crude oil which reflect in general a substantial premium over OSP's: say between 20 and 70 cents a barrel. In an essentially risk-free environment these premia should be considered as excessive. Although many end-users have shied away from paying high premia for legal reasons, there have been temporary market conditions under which these could be justified economically. There have also been moments however, at which the economics should have dictated a smaller premium or even a discount, as could be expected at this moment. However, no such reduced premia or discounts have occurred for some months.

Export levels seem to have been negatively affected under those conditions in which, for legal or commercial reasons, end-users were not prepared to pay a substantial premium.

The current situation can be summarized as follows:

- By far the largest part of Iraqi crude oil is nowadays sold via middlemen and traders rather than directly to end-users (refiners). The former have a very short term profit perspective and often look at this issue on a cargo-by-cargo basis.

- The markets have moved in such a way that the OSP's for Europe and the US are currently too high to allow any sales to end-users to take place without the middlemen/traders accepting negative or zero premia.
- In absence of end-users paying premia of at least around 20-25 cents per barrel the oil is apparently not exported.

In the context of the foregoing, the Oil Overseers would like to make the following observations:

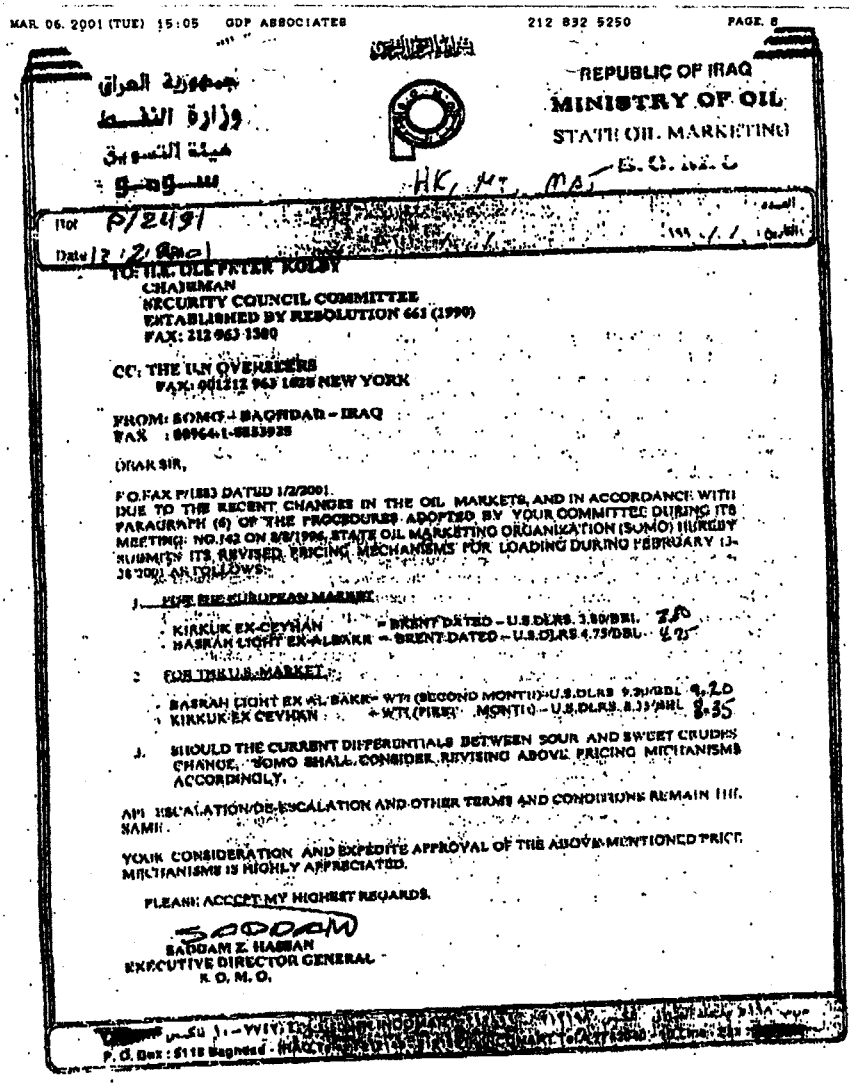
- The need for price revisions more than once a month is mostly a direct consequence of the nature of the contractual structures between SOMO and the end-users.
- SOMO's contract holders' requests for excessive premia in combination with the erratic nature of the exports has been damaging for the income into the UN-Iraq account.
- The Oil Overseers recommendation is motivated by their objective of maximizing oil exports and income into the UN Iraq account within the contractual structure as has been chosen by SOMO.
- This contractual structure asks for market responsive pricing and, as the Oil Overseers do not allow a substantial built-in "profit cushion", price revisions may occur more often if markets are volatile.
- The Oil Overseers are concerned that, under the current arrangement, price revisions can only go in one direction (i.e. downwards) since there is no mechanism, apart from SOMO's request, to increase prices.

Notwithstanding the observations above, given the current situation, the Oil Overseers would like to recommend to the Committee the proposed SOMO adjustments of the pricing mechanisms for US and European destinations for loadings during 13-28 February.

Accept, Sir, the assurances of our highest consideration.

The Overseers

Alexandre Kramar Morten Bunr Jensen Michel Tellings



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جمهورية العراق
وزارة النفط
هيئة التسويق
سومو

REPUBLIC OF IRAQ
MINISTRY OF OIL
STATE OIL MARKETING
S. O. M. O.

HK, MT, MAJ

Ref P/2491
Date 12/2/2001

TO: H.E. OLE PETER KOLBY
CHAIRMAN
SECURITY COUNCIL COMMITTEE
ESTABLISHED BY RESOLUTION 661 (1990)
FAX: 212 963 1300

CC: THE UN OVERSEERS
FAX: 001212 963 1028 NEW YORK

FROM: SOMO – BAGHDAD – IRAQ
FAX : 00964-1-8853925

DEAR SIR,

F.O.FAX P/1883 DATED 1/2/2001.
DUE TO THE RECENT CHANGES IN THE OIL MARKETS, AND IN ACCORDANCE WITH PARAGRAPH (6) OF THE PROCEDURES ADOPTED BY YOUR COMMITTEE DURING ITS MEETING NO.142 ON 8/8/1996, STATE OIL MARKETING ORGANIZATION (SOMO) HEREBY SUBMITS ITS REVISED PRICING MECHANISMS FOR LOADING DURING FEBRUARY 13-28 2001 AS FOLLOWS:

1. FOR THE EUROPEAN MARKET:
   - KIRKUK EX-CEYHAN = BRENT DATED – U.S.DLRS. 3.80/BBL. 3.80
   - BASRAH LIGHT EX-ALBAKR = BRENT DATED – U.S.DLRS 4.75/BBL. 4.75

2. FOR THE U.S. MARKET:
   - BASRAH LIGHT EX AL BAKR = WTI (SECOND MONTH) – U.S.DLRS 9.20/BBL 9.20
   - KIRKUK EX CEYHAN = WTI (FIRST MONTH) – U.S.DLRS. 8.35/BBL 8.35

3. SHOULD THE CURRENT DIFFERENTIALS BETWEEN SOUR AND SWEET CRUDES CHANGE, SOMO SHALL CONSIDER REVISING ABOVE PRICING MECHANISMS ACCORDINGLY.

API ESCALATION/DE-ESCALATION AND OTHER TERMS AND CONDITIONS REMAIN THE SAME.

YOUR CONSIDERATION AND EXPEDITE APPROVAL OF THE ABOVE-MENTIONED PRICE MECHANISMS IS HIGHLY APPRECIATED.

PLEASE ACCEPT MY HIGHEST REGARDS.

SADDAM
SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL
S. O. M. O.

P. O. Box : 5118 Baghdad - IRAQ

BAY04-01170

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

S/AC.25/2001/COMM.83
7 February 2001
ORIGINAL: ENGLISH

LETTER DATED 6 FEBRUARY 2001 FROM THE CHARGE D'AFFAIRES, A.I. OF THE PERMANENT MISSION OF THE UNITED STATES TO THE UNITED NATIONS ADDRESSED TO THE CHAIRMAN

The United States Mission to the United Nations presents its compliments to the Chairman of the Security Council Committee established pursuant to Resolution 661 (1990) concerning the situation between Iraq and Kuwait and would like to take this opportunity to share our concerns about the oil pricing mechanism. The United States has consistently supported the oil overseers' assessments regarding Iraqi oil prices. We recognize that it has been particularly difficult for the overseers to carry out their responsibilities over the last several weeks, and we are appreciative of their efforts and professionalism.

Our support for the overseers' assessments has been based on the assumption that a fair market value price offers the most effective protection against an oil purchaser being in the financial position to pay any unauthorized surcharge or kickback to the seller. We are very troubled, therefore, by continuing reports in the business press and communications we have received from companies that SOMO is demanding, and some oil buyers are paying, a surcharge of 10-50 cents a barrel, to be paid directly to Iraq. Although this is clearly a contravention of UNSC resolutions, as well as written instructions provided to all buyers by the overseers with the agreement of the 661 Committee on December 15, 2000, some reports indicate that many buyers are not still not aware of these facts or are simply ignoring them. A February 2 report from Reuters is typical, and it outlines a very sophisticated surcharge mechanism that has been changed in reaction to market:

> "Iraq has meanwhile eased its oil surcharge demand considerably from an initial 50 cents per barrel over the official selling price, but the Iraqi government is by no means backing down from its policy. Indeed, industry sources said Iraq has softened its cash request in a bid to reflect market conditions. "Retroactive to December 1, lifters to Europe must pay 25 cents a barrel and lifters to the U.S. must pay 30 cents a barrel," said an official in the Iraqi capital. "Some customers have paid the 40 cents and they will be reimbursed the difference."

It is important that the overseers not recommend to the Committee a pricing mechanism that leaves room for a surcharge. We request that the oil overseers prepare a written report to the Committee on this issue to include: what their monitoring of the oil industry has indicated regarding payment of the surcharge, an explanation for Iraq's much lower than normal shipments of crude in January and December, the value of revenues lost to the Oil-for-Food program as a result of decreased oil exports and whether or not there is room in the most recent pricing mechanism proposed by SOMO for imposition of a surcharge. We further request that when the report is completed, the overseers give a presentation on their findings and observations to the Committee in a formal meeting.

While we do not object to the pricing mechanism proposed in your note of 1 February, we hope that the overseers report and presentation will provide the Committee with a basis for improved evaluations of future pricing mechanisms and consideration of actions to address problems.

Finally, we request that this note be circulated to members of the Committee.

Accept, Sir, the assurances of my highest consideration.

Sincerely,

James B. Cunningham
Chargé d'Affaires, a.i.

FROM :GDP FAX NO. :2128324970 Jul. 11 2002 04:34PM P1

GDP
ASSOCIATES, INC.

150 E. 58th Street • 23 Floor • New York, NY 10155
Tel: (212) 832-5250 • Fax: (212) 832-4970

FACSIMILE TRANSMISSION

To: David Chalmers
Fax #:

From: Giandomenico Picco
Fax#: 212-832-4970

RE: FYI

Date: July 11, 2002

No. of pages (including this cover sheet): 6

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 87

OSP 2022

UK PROPOSAL FOR A PROACTIVE PRICING MECHANISM

Since December 2000 the Iraq Sanctions Committee has continued to receive information from the Oil Overseers that substantial sums of money have been withheld from the UN/Iraq escrow account due to excessive levels of premia being charged by SOMO contract holders. The Committee continues to take note of the information supplied by the Oil Overseers that excessive premia could be realised as a result of extra-contractual arrangements, between SOMO and the contract-holders. The Iraq Sanctions Committee has never approved such arrangements. The Committee introduced retroactive price setting in October 2001 with the objective of combating these practices, which are detrimental to the OFF programme.

The Committee continues to work towards its objective of maximising the funding base of the OFF humanitarian programme in order to meet the basic humanitarian needs of the Iraqi population. In this context it sees it as its responsibility to facilitate the smooth flow of Iraqi oil into the markets at fair market value and in a manner consistent with Security Council resolutions.

To further this objective the Committee has decided to increase the attractiveness of Iraqi oil to end-users and established traders by allowing them, provided that certain conditions are satisfied, the choice between purchasing Iraqi oil on a proactive or a retroactive pricing basis. The Committee will also work towards its objective of minimising the risk of abusive practices that could lead to funds being withheld from the UN-Iraq account.

The Committee would therefore undertake the following:

1. SOMO AND CONTRACT HOLDERS

No change will be made to the existing system of registration of national oil purchasers by UN Member States and SOMO's discretion of awarding contracts to companies of its choice. The Oil Overseers are requested to allow for a contract ***holder's commission of five cents per barrel*** when submitting their price recommendations to the Iraq Sanctions Committee.

2. THE "GREENLIST"

Subject to the Sanctions Committee's approval by way of the no-objection procedure, a company will be allowed on the "Greenlist". The Committee will only allow on this list those companies that are either refiners of Iraqi crude oil or established crude oil traders that possess relevant commercial experience in lifting and shipping cargoes of crude oil. A request from a company to be put on the "Greenlist" should be submitted via the Oil Overseers and should be accompanied with a completed standardised questionnaire (attached). The questionnaire will contain relevant information about the company and its

activities. Many of the companies that are currently involved in the physical lifting of Iraqi oil would be expected to qualify for inclusion on the "Greenlist". The Committee on a monthly basis would review the "Greenlist". The Committee will not allow the continued presence of any companies on the list that have caused damage to the OFF programme e.g. by failing to lift the oil they have committed themselves to lift during a particular pricing period. The Committee will not accept companies that are affiliated with companies that are already on the list or which were deleted from that list.

3. PRICING OF IRAQI CRUDE OIL

The Committee will allow two alternative pricing systems: proactive ***and*** retroactive.

The ***proactive system*** will only be allowed under the following conditions:

- SOMO will submit [proactive] prices before a certain date. Such prices will need to be approved by the Iraq Sanctions Committee. The timing of the SOMO submission of oil prices should be in line with existing oil industry practices. Prices would be fixed for a full month and the Committee will not accept any requests for subsequent revisions of these prices.

- The company lifting Iraqi crude oil ***must*** be on the "Greenlist".

- The lifting company should open the Letter(s) of Credit for volumes and destinations of their choice within ***three New York banking days*** of the Committee's approval of the crude oil prices. The volume(s) and destination(s) cannot subsequently be changed and the Committee will, for the purpose of deciding whether that company will qualify to retention on the "Greenlist" in future, consider this as a lifting commitment.

- The Letter(s) of Credit should both include the name of the contract holder from which the lifting company has bought the oil and the name of the "Greenlist" - lifting - company that opened the Letter of Credit on the contract holder's behalf.

- The Letter(s) of Credit should explicitly state the price as previously approved by the Sanctions Committee.

The ***retroactive system*** will prevail under the following conditions:

- In all cases if SOMO has not submitted (proactive prices) before a certain date or if the Committee has not approved these prices.

- If the lifting company is no longer on the "Greenlist".

- If the lifting company is on the "Greenlist" but wants to lift an (incremental) volume of oil for which no valid Letter of Credit was opened in time for it to qualify for proactive pricing.

- Approval of Letters of Credit, and therefore UN authorisation to export the cargo, can only be given if the pricing clause in the Letter of Credit reads :

"The price shall be **[proactive cases only – agreed price mentioned] /** as will be agreed **[retroactive cases only – no prices mentioned]** upon between SOMO and the United Nations".

4. MONTHLY REPORTING

The Oil Overseers will report to the Sanctions Committee on a monthly basis recording any failure by a company on the "Greenlist" to comply with its lifting commitment(s). In order for the Committee to decide whether such company should remain on the "Greenlist" the Oil Overseers will submit their report to the Iraq Sanctions Committee as soon as possible after the end of each month. The Sanctions Committee will then, on the basis of the standard 48-hour no-objection procedure, decide whether the company should be ***retained on*** the "Greenlist".

5. REVIEW

The Sanctions Committee will review the effectiveness of this proposal after six months.

6. IMPLEMENTATION

The Oil Overseers will submit to the Iraq Sanctions Committee a detailed proposal for the implementation of a proactive/retroactive system no later than 1 August 2002.

QUESTIONNAIRE FOR GREENLIST APPLICATION

1) Full Company Name:

2) Registered Business address:

3) Name of contact person, telephone number and fax number:

4) How would you describe the activities of the Company?

- crude oil refining company;
- crude oil trading company;
- crude oil refining/trading company;
- other (please specify)

5) If the company* is a crude oil refining or refining/trading company, has the company processed any crude oil of Iraqi origin during the past twelve months?

If so please supply the following information:
- the location(s) of the refinery which processed the Iraqi crude oil;
- whether the crude oil was purchased on an fob, C&F or delivered basis;
- The vessel name, bill of lading date , discharge date and discharge location of a recent delivery of Iraqi crude oil for processing in the company's refining system;

6) If the Company is a crude oil refining/trading company that has not refined any crude oil of Iraqi origin during the past twelve month or if the Company is a crude oil trading company, please supply the following information for three recent trades:

- Names(s) of vessels, equal or larger than LR2 size, which were chartered by or for account of the Company;

- Bill of Lading dates, load ports, types of crude oil and discharge ports for these three vessels;

7) Sign and date the duly filled in questionnaire and forward it to the United Nations Oil Overseers at the following fax number: +1 212 9631628)

*In question 5) and 6) the word "Company" is meant to include all its affiliated companies.

BAYOIL

TO: Ambassador Antonio Montero
Chairman, U.N. 661 Committee

CC: Mr. Eugene Young

FROM: David B. Chalmers, Jr.
President
Bayoil (USA) Inc.

DATE: October 23, 1998

Dear Ambassador Montero:

As you may recall, our company Bayoil was one of the companies participating in the Iraqi oil sale during the first and second period.

However, since that period our participation has been only indirect, resulting from our cooperation with several Russian companies currently favored by S.O.M.O. as preferred customers. As a result of this cooperation our company regularly lifts Iraqi crudes for U.S. destination to be further distributed to many independent refiners that we represent. Specifically, our current liftings exceed 200,000 barrels per day on average.

Because of our participation in this market we regularly provide S.O.M.O., the U.N. Overseers, and our Russian suppliers required market information regarding spot prices in the U.S. as well as freight market conditions which apply to each monthly period in an effort to help S.O.M.O. and the U.N. establish fair market price formulas each month.

In this connection, we are obliged to report to your Committee that the market prices for the month of November, particularly for U.S. destinations as submitted by S.O.M.O. to the U.N. are completely out of line with the conditions in the market today. We understand that in the past the 661 Committee has rejected prices submitted by S.O.M.O. for being considered too low which we believe likewise the Committee should consider such a rejection in November resulting from being considerably too high and not in accordance with guidelines to be representative of fair market conditions.

I believe the best way of explaining to your Committee our conclusions about the prices submitted will be to enclose a copy of correspondence recently sent to S.O.M.O. by our company which outlines the conditions in the market that have not been included in the prices submitted by S.O.M.O.

BAYOIL (USA) INC. 600 TRAVIS, SUITE 6110 HOUSTON, TX 77002 713 222 7100 FAX 713 224 8101 TLX 3771825

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 88

Due to the fact that most of the U.S. refiners which ultimately receive these quantities have committed to November liftings well in advance and therefore cannot easily change or substitute for more economic grades on short notice. This would therefore result in substantial economic penalties to these refiners if the prices currently submitted are imposed upon them.

We are hopeful the Committee will take into consideration the actual market conditions today which can easily be substantiated by others in the establishment of a fair market formula for November shipments.

Thank you for your assistance in this matter.

Sincerely,

David B. Chalmers, Jr.

BAYOIL

TO: U. N. OVERSEERS
ATTN: ALEXANDER KRAMAR
FAX NO: 212-963-1518

FROM: DAVID B. CHALMERS, JR.

DATE: FEBRUARY 22, 1999

I TRUST THE ATTACHED INFORMATION WILL BE USEFUL TO YOU IN ESTABLISHING THE MARCH OFFICAL PRICE.

BEST REGARDS,

DAVID B. CHALMERS, JR.

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 88

TRANSMIT REPORT

2000.02-16 11:51
713-224-8101
BAYOIL 713-224-8101

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976	212 963 1628	02-16 11:50	01'09	03/03	OK		

7468216102

BAYOIL

To: U.N. Overseers
Attn: Mr. Alexander Kramar
Fax: 212-963-1628

From: David B. Chalmers, Jr.

Date: February 16, 2000

As per our previous telephone conversations, you can see from the attached contract that the market for Basrah Light in February was very weak. Several other sales were made at similar prices, including one 500,000bbl cargo sold at March W.T.I. less USD 2.85.

The March delivered market is still unclear, but remains weak. I hope you will take this under consideration.

Best regards,

David B. Chalmers, Jr.

BAY04-01278

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 88

TO: United Nations Overseers
ATTN: Alexander Kramer
FAX: 212-963-1628

FROM: David B. Chalmers, Jr.

DATE: June 20, 2000

REF: JULY O.S.P.

Dear Alexander:

I would like to take this opportunity to provide you some updated market information which may be of interest in connection to the expected discussions in S.O.M.O. with regard to establishing a proposed formula price for July liftings, particularly for the destinations in North America.

Freight:

- Base WS rates have increased modestly since the previous period on average of 2-5 WS points from approx WS87 to WS92 equaling freight increase of $0.10/barrel minimum.

Note: The World tanker market remains tight and volatile due to shortages of suitable tonnage in all classes and particularly VLCC's. While rates seemed to have stabilized in recent weeks, the fixtures have been limited due to the fact that most requirements are covered for June. Therefore, the freight market has not yet been established for period beginning July for VLCC fixtures from the AG. In fact, the expected near term sudden requirements which would result after S.O.M.O. signs contract and accept nominations to be lifted in July, could substantially boost WS prices as offered by owners.

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 88

Market:

- The delivered U.S. Gulf price sales discounts has in recent weekss stabilized or improved somewhat from the recent months continued decline in values due to oversupply conditions (i.e. from –$3.50 to -$3.35).

- The Basrah Light market, while could be as stated above be positively affected by reduced overhang in prompt cargo's unsold, it is still too early to evaluate the overall supply and requirement imbalanced for the period beginning July.

The official formula prices for other major sour crude producers such as Mexico and Saudi have been reduced for July by $.35/bll and $.25/bll respectively.

Note: The above referenced official price formulas for these producers apply to deliveries during July, which therefore are comparable, and probably more competitive to June official sales prices for Iraqi grades, due to the difference in transportation time.

Summary:

- While short term price values have stabilized or improved slightly for Iraqi grades for North America, there have been limited transactions to confirm any long term trend of appreciation. Furthermore, the prospects for a near term increase in OPEC supplies generally, in addition to Iraqs expected production growth would not justify an increase in price formulas for July. However, if Basrah Light exports are more widely distributed to the other major markets, during July, and refinery runs increase for such grades in the U.S. as is expected, then an expected sustained improvement in Basrah Light market values should justify a substantial improvement in market price formulas for the August forward lifting periods.

  Thank you for your consideration to the above referenced points with regard to the establishment of a fair market formula price applied to July liftings.

Sincerely,

David B. Chalmers, Jr.

.RANSMIT REPORT

2000.09-13 16:45
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BAYOIL 713-224-8101

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098	212 963 1628	09-13 16:43	01'14	03/03	OK		

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BAYOIL

PERSONAL AND CONFIDENTIAL

TO: United Nations Overseers
ATTN: Alexander Kramar
FAX: 212-963-1628

FROM: David B. Chalmers, Jr.

DATE: September 13, 2000

REF: Ootober O.S.P./Market Information

As per our market discussions yesterday, the realities of the Basrah market are such that, while asking prices may be higher in order to move the continued oversupply, the delivered differentials are actually deteriorating as exemplified by the sale concluded today, see corresponding enclosure.

Circumstances such as full refinery capacities, as well as competition from other grades has led to this, which we will be summarizing fully in a memo to S.O.M.O. this week.

Best regards.

David B. Chalmers, Jr.

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 88

BAY04-01268

BAYOIL

TO: S.O.M.O.
ATTN: MOHAMMED ALJIBOURI
FAX: 011 9641 285 3925

FROM: DAVID B. CHALMERS, JR.

DATE: OCTOBER 14, 1998

AS PER OUR TELEPHONE DISCUSSION AND YOUR REQUEST, WE ARE PLEASED TO OUTLINE THE RELEVANT MARKET AND FREIGHT CONSIDERATIONS WHICH SHOULD BE TAKEN INTO ACCOUNT IN THE ESTABLISHMENT OF A FAIR MARKET FORMULA FOR NOVEMBER LIFTINGS FOR NORTH AMERICAN DESTINATION.

FREIGHT: OUR ASSUMPTION IS THAT FOR OCTOBER LIFTINGS A PRICE INCREASE FROM SEPTEMBER OF USD 0.55/BBL INCLUDED A FACTOR COVERING REDUCTION OF FREIGHT MARKET FROM APPROXIMATELY WS 52-55 PTS TO 40-42 PTS WHICH WOULD EQUAL APPROXIMATELY USD 0.30-0.35/BBL. THE CONSEQUENTIAL INCREASE BACK OF RATES FOR FIXTURES DONE THROUGH MID NOVEMBER FROM WS 40-42 PTS TO AS HIGH AS WS 54.5 PTS AND AVERAGE 52.5 PTS WOULD THEREFORE RESULT IN INCREASED COSTS FROM OCTOBER OF USD 0.25-0.30/BBL. THEREFORE, THE PRICE DISCOUNT (W.T.I.) FOR OCTOBER SHOULD BE INCREASED BY AT LEAST USD 0.25/BBL TO COVER FREIGHT COST INCREASES ALREADY FIXED FOR NOVEMBER LIFTINGS.

MARKET: OUR ASSUMPTION IS THAT S.O.M.O. HAD INCLUDED A MARKET INCREASE FACTOR OF APPROXIMATELY USD 0.20/BBL FROM SEPTEMBER/OCTOBER IN ESTABLISHING THE OCTOBER DISCOUNT. WHERE SAUDI OSP INCLUDED NO INCREASE, AN INCREASE OF USD 0.10/BBL IN NOVEMBER MAY REFLECT THEIR ATTEMPT TO FOLLOW S.O.M.O.

MEANWHILE; HOWEVER, IT IS OUR UNFORTUNATE DUTY TO OUTLINE NEGATIVE FACTORS IN THE MARKET WHICH HAVE OCCURRED SINCE OCTOBER WHICH SHOULD BE TAKEN INTO ACCOUNT FOR NOVEMBER AS FOLLOWS:

1) DEMAND:

BAY04-00284

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 89

U.S. DEMAND FOR OCTOBER PERIOD HAS BEEN REDUCED FOR SOUR GRADES EQUALING BETWEEN 250-300,000/BBLS PER DAY DUE TO SPECIFIC REFINERY SHUT DOWNS RESULTING FROM HURRICANE GEORGE EARLY THIS MONTH. IN FACT, SEVERAL IRAQI DELIVERIES WERE FORCE MAJORED AND STORED FOR AN INDEFINITE PERIOD. CONSEQUENTLY, THE SHIPMENTS NOT DELIVERED IN OCTOBER ARE OFFERED FOR NOVEMBER.

2) SUPPLY:

THE MOST CRITICAL FACTOR DRASTICALLY AFFECTING MARKET CONDITIONS FOR IRAQI GRADES THROUGH YEAR END IS THE DRAMATIC INCREASE IN SUPPLY OF IRAQI GRADES TO THE U.S. DUE TO LARGE NEGATIVE ECONOMIC CONSEQUENCES FOR EUROPEAN LIFTERS AND CONSEQUENTIAL CHANGE OF DESTINATION OF THESE QUANTITIES TO U.S. PORTS.

THE SIMULTANEOUS DECISIONS BY LIFTERS TO CHANGE DESTINATION WITHOUT SPECIFIC REFINERY OUTLETS CONFIRMED HAS RESULTED IN A SUBSTANTIAL OVER SUPPLY OF IRAQI GRADES ON OFFER FOR NOVEMBER/DECEMBER DELIVERY TO A LIMITED AND FIXED NUMBER OF REFINERY OUTLETS.

THE CONSEQUENCES AS PER NORMAL MARKET FORCES ARE THAT SPOT BUYERS HAVE DRAMATICALLY REDUCED BIDDING PRICES AND TERM CUSTOMERS ARE POTENTIALLY PAYING FAR OVER MARKET PRICES. TO DEMONSTRATE THIS FACTOR FURTHER WE HAVE OUTLINED THE SPECIFIC SHIPMENTS TO THE U.S. WHICH ARE ATTACHED.

IN SUMMARY THE PRICES WHICH REFINERS ARE CONSIDERING LIMITED PURCHASES ARE AT LEAST USD 0.40/BBL LESS THAN PREVIOUS MONTH SPOT SHIPMENTS. CONSIDERING ONE MAJOR REFINERY SHUT DOWN (260+M B/D) THROUGH MID NOVEMBER, THE SITUATION IS UNLIKELY TO IMPROVE.

THANK YOU FOR YOUR CONSIDERATION.

BEST REGARDS,

DAVID B. CHALMERS, JR.

BAYOIL

TO: S.O.M.O.
ATTN: MR. AWNI
FAX NO: 9647-774-2797

FROM: DAVID B. CHALMERS, JR.

DATE: FEBRUARY 22, 1999

I TRUST THE ATTACHED INFORMATION WILL BE USEFUL TO YOU IN ESTABLISHING THE MARCH OFFICAL PRICE.

BEST REGARDS,

DAVID B. CHALMERS, JR.

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 89

BAYOIL

TO: SOMO, BAGHDAD
ATTN: MOHAMMED ALJIBOURI

FAX: 011-9641-774-2797

DATE: JANUARY 21, 2000

REF: CRUDE/FREIGHT MARKET ASSESSMENTS

Dear Mr. Aljibouri:

After repeated unsuccessful attempts to contact you by phone during this week, we would respectfully like to submit important market price data relevant for crude values and shipping costs for Iraqi crude grades, and in particular for February liftings.

Due to the criteria enclosed herein, and in consideration of commitments made by SOMO's customers for shipping dates in February, prior to the recent selling price formulas (i.e. U.S. – Basrah Light) submitted to the United Nations, SOMO should consider further submitting to the United Nations a revised formula price, particularly for U.S. destination which more accurately reflects the recent drastic changes in market values for Basrah Light as per other U.S. market crudes (see enclosed) as well as freight costs before February 1, 2000.

I shall look forward to the earliest opportunity to further provide somo any other background information regarding the market prices enclosed herein.

Best Regards,

David B. Chalmers, Jr.

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 89

FREIGHT MARKET

FREIGHT RATES HAVE RISEN SHARPLY IN THE LAST WEEK AND ARE ASSESSED AS FOLLOWS:

350 x w46.25 ag/west
280 x w50 ag/west
270 x w65 ag/skorea
260 x w62.5 ag/rsea-spore (older turbine tonnage)

Pertinent fixtures reported

AG/WEST

SORO	275	2/14	KUWAIT/USG	W45
KPC				
MEGARA	290	2/16	AG/UKC	W50/52.5 TOTAL
STENA COMPANION	330	2/20	AL BAKR/USG	W46.25
CHEVRON				

AG/EAST

ELISABETH MAERSK	265	2/17	AG/SKOREA	W67.5
HYUNDAI				
MAERSK ESTELLE	270	2/20	AG/SKOREA	W65
HYUNDAI				
STENA CONCEPT	260	2/9	AG/SPORE	W65 BP
SKYROS	270	2/11	AG/SAFR	W65 BP
SAFRICA				
FRONT CHIEF	270	2/11	AG/SAFR	W55 TOTAL
FRANK SHRONTZ	270	2/18	AG/SKOREA	W65
SSANGYONG				
ORIENTAL VENTURE	265	2/16	AG/SKOREA	W65
IDEMITSU				
CHIOS	265	2/15	AG/SKOREA	W67.5
SSANGYONG				

BAYOIL

TO: SOMO, Baghdad
ATTN: Mr. Mohammed Al Jibouri

FAX: 011-9641-774-2792

FROM: David B. Chalmers, Jr.

DATE: March 30, 2000

RE: APRIL OSP (N. America)

Dear Mr. Al Jibouri

As per our discussion the currently revised OSP for Basrah Light (U.S. destination) does not correspond to the further deteriorated market prices for Basrah Light and other alternate crudes. Further, freight costs are set to increase further as qualified vessels for AG/West movement for 1st half April lifting are scarce (i.e. 2 or less).

MARKET

- Basrah Light delivered US Gulf has been sold at June WTI less $2.50 for 10th arrival.
- As this vessel has cost basis May WTI the equivalent differential to June = WTI less $3.00.
- Currently major buyer June less $2.70 for mid April.
- Currently there are approximately 5 million barrels unsold April vessels - "Lindburg", "Kraka", "Front Commander"
- Based on such values delivered, the equivalent FOB value including freight/miscellaneous costs equalling WTI less $4.50 - $4.75.

ALTERNATIVE CRUDES OFERINGS/DELIVERED

MARS	WTI	LESS $4.20
ISTHMUS	WTI	LESS $2.25
WTS	WTI	LESS $2.00
BRENT	WTI	LESS $1.20

The sample crudes shown above indicate between $0.50 - $1.00 change since March.

Arab Light – May OSP Arab Light expected substantially lower shall apply for delivered sales customers May arrival (or equal to Basrah Light April lifting).

BAYOIL SUPPLY & TRADING LIMITED P.O. BOX CB12918 NASSAU BAHAMAS 242 362 4731 FAX: 242 362 4733 TLX 20644

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 89

The change in market price differential since one month of minimum $0.50 per barrel combined with increase of freight of minimum $0.50 per barrel would justify a $1.00 per barrel final adjustment versus March OSP.

FREIGHT

- Only two qualified vessels (size, condition) existed for offer early today for 1-15 April ("Else Maersk", "Pacific Lagoon") which are reported to be on offer as of close of business.

- Offering price WS 70.5 West firm = $1.65 freight only.

SUMMARY

I hope the above referenced highlighted points shall be considered for the purposes of establishing a fair market formula for Basrah Light.

Regards,

David B. Chalmers, Jr.

26th July 2000

To: Mr Saddam Z. Hassan, Executive Director
SOMO
Baghdad

Dear Sir,

August Pricing

We would be grateful if you would allow us to make some specific points about the proposed price for Basrah Light crude for US destination in August.

In general, we are forced to say, that the price has been set at a too expensive level, and needs to be re-set at WTI (2nd month) less $7.00/BBL (rather than the proposed WTI less $6.20/BBL) for August loading.

1. **With respect to Arab Light (USGC)**

Month	Arab Light	Basrah Light
June	- 3.95	- 6.10
July	- 4.20	- 6.00
August	- 4.50	- 6.20

Since June, the discount of Arab Light has dropped $0.55/BBL, and that of Basrah Light by $0.10/BBL. This means, that against the international marker price crude oil, and currently the most identifiable in terms of OPEC swing production, that Basrah Light is too expensive by $0.45/BBL. This is reflected in the recent increase in sour crude supply.

We should not forget that the cost of cutting back sulphur in sour crude oils has become increasingly expensive recently, and this has not been reflected in the sour discounts for Basrah Light (witness the recent accelerated collapse in sour prices), as evidenced by the ever-widening gasoil - fuel oil spread.

2. **Freight**

In addition to the above, you will be aware that the Aramco formula has a fixed freight element that is not exposed to the increasing shipping market rates.

Since June, the shipping market for VLCC to USGC has increased from WS 87 points, to up to WS 100 points over this last month.

This represents an incremental of $0.35/BBL.

Sir, you will readily see from this, that the recent incremental market factors require a further price adjustment of $0.80/BBL on the proposed August discount of minus $6.20/BBL, to reflect an FOB price that is consistent with alternative grades pricing and associated shipping economies. In this regard, we would state that a reduction in the August discount to $7.00/BBL is required.

Best Regards,

John Irving

BAYOIL

TO: SOMO, BAGHDAD
Mr. Mohammed Al Jibouri
FAX: 011-9641-885-3925

FROM: David B. Chalmers, Jr.

DATE: July 28, 2000

REF: AUGUST O.S.P.

Dear Mr. Al Jibouri:

I would like to take this opportunity to provide you with additional market information in connection to the expected discussions in S.O.M.O. with regard to revising the current formula price for August liftings, particularly for the destinations in North America.

Freight:

Suitable tonnage for early August is in short supply, if at all available. Owners are now asking in excess of last weeks rate of WS 90 to currently W.S. 100+ for August 15-20, again suitable tonnage is in tight supply. World Scale rates have increased excessively equaling a freight increase of approximately US $0.30 per barrel.

Market:

The delivered U.S. Gulf price sales discounts has in recent weeks weakened somewhat from the recent months, continuing to spiral downward to WTI minus $3.66 to $4.00 with confirmed sales for late August / early September. Current market is minus $3.65 to minus $3.85.

The official formula prices for other major sour crude producers such as Mexico and Saudi have been decreased. Saudi Light has decreased $0.55 per barrel (from minus $3.95 – minus $4.50 plus a freight credit of approximately $0.35 per barrel. Platts last quoted delivered US Gulf price was $3.70 under WTI.

BAYOIL SUPPLY & TRADING LIMITED P.O. BOX CB12918 NASSAU BAHAMAS 242 362 4731 FAX: 242 362 4733 TLX: 20644

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 89

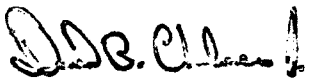
Summary:

Anticipation of additional Saudi and Kuwaiti barrels being offered to U.S. refiners is putting further pressure on U.S. price differentials with current September delivered buyers biding US$3.65 to US$4.00 under W.T.I.

In conclusion, a further discount of approximately $0.70 per barrel to minus $6.90 F.O.B. should be considered to compensate for freight increase of $0.30 and market increase of $0.40 respectively..

Thank you for your consideration to the above referenced points with regard to the establishment of a fair market formula price applied to August liftings.

Sincerely,



David B. Chalmers Jr.

BAYOIL

TO: S.O.M.O.
ATTN: Mr. Mohammed Al Jibouri
FAX: 0119641 885 3925

FROM: David B. Chalmers, Jr.

DATE: September 14, 2000

REF: October O.S.P.

As per previous months and requests, we respectfully have summarized below the market and economic considerations we hope will be considered as follows:

1) Market

While reported asking prices have increased versus last month, the realities for selling remaining unsold Basrah Light in the present buying period has resulted in several transactions below last month (ie, between WTI –3.55 to –3.85 as reported L.O.R. and per enclosed last sale, confidential)

The above circumstances could improve, but competitive grades prices have dropped (ie Mars –4.80 from –3.75)

2) Freight

Vessels for October lifting's are now being fixed on average between WS 112 to 115 with one vessel (BP) at 130, which represents and average increase in rates since last month of 10-15 points or approximately $0.25-0.30/barrel.

As U.S. Gulf Coasts lightering contracts have expired in recent weeks and months, new rates have increased approximately $0.10-0.15/barrel corresponding to the increase in 80,000 metric ton class vessel rate for Caribs/USGC of between 50-100% since beginning of the year (ie, between WS 125 and 275).

Increased OPEC output and in particular, recent and projected increased Saudi fixtures, has led to this month's increase in rates, per above, and even higher rates offered late October/November.

Kirkuk (U.S. Destination)

For the limited contract quantities of Kirkuk with U.S. destination and appropriate O.S.P. price differential should be considered as follows:

We appreciate S.O.M.O.'s consideration of the above reference, as per previous lifting periods, with respect to the submission of October O.S.P. prices.

BAY04-01901

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 89

1) Freight: Basis recent ULCC Fixture

East Mediterranean versus Arab Gulf to West would indicate about 35 point premium from Mediterranean equal to approximately $0.50-0.55/barrel cost savings.

2) Market:

Given typical U.S. Gulf refining yields, particularly at this time of year, a maximum $0.15/barrel quality premium can be achieved.

Therefore, the Kirkuk O.S.P. should not exceed $0.65-0.70/barrel over Basrah Light.

I look forward to the opportunity to discuss these points in the near future.

Best regards,

David B. Chalders, Jr.

ITALTECH Srl

ITALTECH Srl

MAIL: P.O. BOX 300 - LIVORNO
TELEX: 500170 MOTSOT I
FAX: (586) 431223
PHONE: (586) 431231
P. IVA: 00531930494

Sede legale e stabilimento: Via G.D. Guarini, 24 (ingresso Via F. Rumiati) - 57121 LIVORNO - ITALY

TO: SOMO, BAGHDAD
ATTN: Mr. Saddam Hassan

FROM: Italtech S.r.l.

DATE: November 13, 2000

RE: December (O.S.P.) Basrah Light U.S.

Dear Sirs:

As per previous periods we are pleased to outline the current market conditions which are expected to be reflected in the December formula as follows:

I. DELIVERED U.S. MARKET

Recent spot transactions delivered U.S. are between WTI minus $4.00 - $4.20 for deliveries December. (Most recent January delivery minus $4.20).

Therefore, market differential has decreased $0.20 / barrel.

II. SHIPPING

Freight rates as offered and fixed for December lifting are based on WS 130 AG/US or approximately $3.10 / barrel.

Therefore, freight cost has increased by 10 WS points or $0.24 / barrel.

III. SUMMARY OF EXPECTED RANGE OF SHIPPING AND HANDLING COSTS AS FOLLOWS:

($/bbl)	Best Case	Worst Case
Freight (@ 130 WS pts)	3.09	3.09
Insurance	0.02	0.02
L/C	0.05	0.05

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 89

Inspection	0.02		0.02
($/bbl)	Best Case		Worst Case
Outurn Loss	0.13		0.15
Demurrage @ loadport	0.03		0.06
Demurrage @ disport	0.13		0.15
Lightering	0.45		0.50
OPA	0.02		0.02
Hedge Costs	0.01		0.01
TVM (TIME VALUE OF MONEY)	0.13		0.15
Misc.	0.35		0.50
TOTAL	**4.43**		**4.72**
AVERAGE:		**4.58**	

IV CONCLUSION

Based on the market and handling costs described above the formula WTI discount can be fairly established as follows:

	Average (Best – Worst)
Shipping / Costs	- 4.58
Market Differential	- 4.10
WTI Discount (Dec)	- 8.68

Sincerely,

August Giangrandi

BAY04-01871

P.D. WE HAVE NOT yet included the cost OF EURO Hedging AND conversion. (APROX. 0.8)

BAYOIL

FAX FACTS

DATE: 6-11-98

TO: Alfa. Eco

ATTN: Andrei Tourkhnin

FAX NO: 011-7095-956-3349

*** PAGES AFTER COVER: 2 ***

FROM: David Chalmers

COMMENTS: Suggest send attached to Somo.

If you have any problems receiving this transmission, please call us at (713) 222-7100

BAY04-02252

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 91

MEMORANDUM

TO: ALFA-ECO

FROM: BAYOIL

REF: JULY S.O.M.O. OSP PRICING FORMULA CONSIDERATIONS

PLEASE SEND THE FOLLOWING TO S.O.MO. FOR DISCUSSIONS:

REF: JULY PRICE FORMULA (NORTH AMERICA)

WE WOULD RESPECTFULLY SUBMIT OUR IDEAS AND MARKET INFORMATION HEIRIN FOR YOUR CONSIDERATION WITH RESPECT TO JULY OSP PRICES TO BE SET SHORTLY AS FOLLOWS:

1. MARKET DIFFERENTIAL

- ANY PRICE INCREASE IN THE MARKET DIFFERENTIAL (NARROWING) SHOULD BE REFLECTIVE OF THE SUPPLY / DEMAND SITUATION AS EXIST TODAY AND REASONABLE EXPECTATION OF THE FUTURE.
- THE CURRENT OVERHANG OF CRUDE INVENTORIES GENERALLY IN THE U.S. AND SPECIFICALLY IRAQI GRADES AVAILABLE AND OFFERED FOR VOLUMES IN JUNE WELL IN EXCESS OF OVERALL REQUIREMENTS DOES NOT CURRENTLY RESULT IN A REASONABLE EXPECTATION OF IMPROVED CONDITIONS BY JULY.
- THE SUPPLY OF IRAQI CRUDE GRADES FOR THE 4TH PERIOD UNDER THE INCREASED DOLLAR LIMITS SHOULD NOT RESULT IN PRICE DIFFERENTAL INCREASES WHICH CORRESPONDS TO INCREASES FROM OTHER PRODUCERS WHICH WILL REDUCE SUPPLY PARTIALLY THROUGH PRICE INCREASE.

2. FREIGHT DIFFERENTIAL

- THE AVERAGE FREIGHT RATES FOR JUNE AG/USG (ABOUT WS 60) ARE NOT OFFERED SIGNIFICANTLY LOWER OR HIGHER FOR JULY RESULTING IN NO ADJUSTMNET REQUESTED OR APPROPRIATE.

IT IS OUR CONCLUSION THAT FUTHER INCREASES IN THE PRICE DIFFERENTIAL SHOULD BE POSTPONED UNTIL AFTER JULY AND MARKET CONDITION HAVE TIME TO EVIDENCE ACTUAL IMPROVEMENT INSTEAD OF EXPECTED IMPROVEMENT.

WE LOOK FORWARD TO DISCUSSING BY PHONE ANY OF THE SPECIFIC MARKET CONDITIONS REFLECTIVE OF OUR SUMMARY STATEMENTS PER THE ABOVE AT YOUR EARLIEST CONVIENIENCE.

BEST REGARDS,

ALFA-ECO

,RANSMIT REPORT

1998,10-23 10:57
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BAYOIL

FAX FACTS

DATE: 10-23-98

TO: CROWN

ATTN: MARTIN FIGURES

FAX NO: 011441714042397

*** PAGES AFTER COVER: 4 ***

FROM: DAVID B. CHALMERS, JR.

COMMENTS:

ATTACHED IS SUGGESTED LETTER TO LGI COMMITTEE AND COPY OF OUR LETTER.

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 91

BAY04-00280

BAYOIL

FAX FACTS

DATE: 10-23-98

TO: CROWN

ATTN: MARTIN FIGURES

FAX NO: 011 44171 404 2397

*** PAGES AFTER COVER: 4 ***

FROM: DAVID B. CHALMERS, JR.

COMMENTS:

ATTACHED IS SUGGESTED LETTER TO LGL COMMITTEE AND COPY OF OUR LETTER.

If you have any problems receiving this transmission, please call us at (713) 222-7100.

BAYOIL (USA) INC. 600 TRAVIS, SUITE 6110 HOUSTON, TX 77002 , 713 222 7100 FAX: 713 224 8101 TLX: 3771825

BAYOIL

TO: Ambassador Antonio Montero
Chairman, U.N. 661 Committee

CC: Mr. Eugene Young

FROM: David B. Chalmers, Jr.
President
Bayoil (USA) Inc.

DATE: October 23, 1998

Dear Ambassador Montero:

As you may recall, our company Bayoil was one of the companies participating in the Iraqi oil sale during the first and second period.

However, since that period our participation has been only indirect, resulting from our cooperation with several Russian companies currently favored by S.O.M.O. as preferred customers. As a result of this cooperation our company regularly lifts Iraqi crudes for U.S. destination to be further distributed to many independent refiners that we represent. Specifically, our current liftings exceed 200,000 barrels per day on average.

Because of our participation in this market we regularly provide S.O.M.O., the U.N. Overseers, and our Russian suppliers required market information regarding spot prices in the U.S. as well as freight market conditions which apply to each monthly period in an effort to help S.O.M.O. and the U.N. establish fair market price formulas each month.

In this connection, we are obliged to report to your Committee that the market prices for the month of November, particularly for U.S. destinations as submitted by S.O.M.O. to the U.N. are completely out of line with the conditions in the market today. We understand that in the past the 661 Committee has rejected prices submitted by S.O.M.O. for being considered too low which we believe likewise the Committee should consider such a rejection in November resulting from being considerably too high and not in accordance with guidelines to be representative of fair market conditions.

I believe the best way of explaining to your Committee our conclusions about the prices submitted will be to enclose a copy of correspondence recently sent to S.O.M.O. by our company which outlines the conditions in the market that have not been included in the prices submitted by S.O.M.O.

BAYOIL (USA) INC. 600 TRAVIS, SUITE 6110 HOUSTON, TX 77002 713 222 7100 FAX: 713 224 8101 TLX: 3771825

Due to the fact that most of the U.S. refiners which ultimately receive these quantities have committed to November liftings well in advance and therefore cannot easily change or substitute for more economic grades on short notice. This would therefore result in substantial economic penalties to these refiners if the prices currently submitted are imposed upon them.

We are hopeful the Committee will take into consideration the actual market conditions today which can easily be substantiated by others in the establishment of a fair market formula for November shipments.

Thank you for your assistance in this matter.

Sincerely,

David B. Chalmers, Jr.

BAYOIL

TO: Alfa Eco/TNK
ATTN: Andrei Toutchnin
FAX: 011-7095-956-3349

FROM: David B. Chalmers, Jr.

DATE: March 16, 2000

RE: April O.S.P.

Dear Andrei:

Grateful if you could forward following to SOMO:

QUOTE:

TO: SOMO, Baghdad
ATTN: Mr. Mohammed Al-Jibouri

Please find below our ideas and concerns regarding April pricing based on market and freight conditions for your guidance and consideration:

A. MARKET

1. The rise in crude and lagging crack spreads in the U.S. differentials and U.S. starting to see weakening bids.

2. U.S. Refiners are backing out crude and offering to the market.

3. Excess Basrah Light crude currently being offered in April at WTI less USD 1.75-1.80 with little interest from buyers.

4. Uncertain whether delivered values will deteriorate further due to impending OPEC increase.

B. FREIGHT

1. Due to real increase in demand for large vessels based on OPEC production increases and other factors, worldscale rates have catapulted from WS 42.5 to WS 62.5.

2. Newer vessels are offering WS 65 plus as Saudi formulas adjust freight from low USD 0.40's, A SOMO adjustment of about USD 0.45 would be appropriate to cover this increase.

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 91

C. **OTHER**

1. Due to the absolute high prices, which have currently developed over several months, the corresponding costs of time value money, in-transit losses and insurance would result in an average USD 0.10 per barrel cost increase over the same period.

We hope the above is of assistance.

Best regards,

UNQUOTE

Thanks for your assistance.

Best regards,

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

TO: SOVOIL AG, ZURICH
ATTN: Mr. Sergei Sharaphov
FAX: 011-411-363-1661

FROM: Ludmil Dionissiev

DATE: July 28, 2000

Dear Sergei:

PLEASE FORWARD FOLLOWING TO S.O.M.O.

Quote:

We have nominated and we intend to lift on the 7 of August. There was a lot of pressure from SOMO to accept this very unfavorable lifting date and we have accepted it.
It is our duty to inform you that the petroleum market is experiencing new and very profound changes and if SOMO doesn't react on time there shall be negative market consequences of an unspecified magnitude.

Mainly there are two factors that are not helping the marketing of Basrah in the USA. We believe that you know them, however it is our duty to inform you about:

Market:

U.S. price for sour crude weakened recently due to oversupply and availability of cheaper grades from other producers.

Marine transportation:

Rates for ULCC/VLCC are almost approaching WS 100. That corresponds to a freight increase of $0.30-35 per barrel.

For Basrah Light to keep its competitiveness with other grades we think that further adjustment to SOMO OSP for August of $0.75-0.80/ barrel is needed.

Sincerely,

Unquote

Best regards,

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 91

DATE: **July 28, 2000**

Dear Mr. Pokhov,

I shall be very grateful to you if you send the following message to the general director of SOMO. This is very urgent!

Quote:

We would like to provide you with some market information with regard to the price formula for August 2000 liftings.

Due to recent changes in the market the price formulation at present is not sufficient. As you may be aware we have nominated vessels for lifting on 1 and 10 of August and we are facing marketing difficulties.

Please take the following factors into consideration:

1. **Freight: increase of $0.30 – 35 per barrel due to excessive increase in Worldscale rates.**

2. **Petroleum Market:**

   Almost all other producers supplying the USA have dropped their price formulations by more than 50 cents/barrel.

To keep lifting of Basrah and to keep the competitiveness of the crude grade, we need SOMO's immediate further price reduction for August to a total of 80 cents/barrel.

We hope to hear from you soon.

Sincerely,
YNP
Unquote

Thank you for your assistance.

Best regards,

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2000.07-28 16:28

TRANSMIT REPORT

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 91

TO: : Rosnefteimpex, Moscow
ATTN: Mr. Poukhov
FAX: 0117095 941 6035

FROM: Ludmil Dionissiev

DATE: July 28, 2000

Dear Mr. Pokhov,

I shall be very grateful to you if you send the following message to the general director of SOMO. This is very urgent!

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To keep lifting of Basrah and to keep the competitiveness of the crude grade, we need SOMO's immediate further price reduction for August to a total of 80 cents/barrel.

We hope to hear from you soon.

Sincerely,
YNP
Unquote

Thank you for your assistance.

Best regards,

BAY04-01923

TO: PETROVIETNAM
PETROLEUM TECHNICAL SERVICES COMPANY somu-OSP
ATTN Mr. Nguyen Manh Hung
CC: Tran Minh Tuan
FAX: 84.4.7336589

FROM: David B. Chalmers, Jr.

Date: September 24, 2000

REF: OSP Discussions October Liftings

Dear Mr. Hung:

Due to the impending liftings in October for Basrah Light and Kirkuk for U.S. destination and per our usual practice of providing market information and price proposals to S.O.M.O. prior to the establishment of the monthly price, please forward our suggested fax to S.O.M.O. from PTSC on the subject as follows:

QUOTE

TO: S.O.M.O., Baghdad
ATTN:

FROM: PTSC

REF: October Formula Price

Due to our impending liftings of Basrah Light and Kirkuk in October, to be intended for delivery to the U.S., we would propose S.O.M.O. consider to submit formula prices which are adjusted from September to include the following market factors:

A. **FREIGHT COST**

i. The freight components of the formula discount should compensate for the average increase in VLCC rates since September of between 15-20 World Scale points, equaling between $0.35 - 0.45 per barrel.

B. **MARKET DISCOUNT**

i. The market price difference to W.T.I. has depreciated, or widened, for other sour crude grades such as Mars, Poseidon, W.T.S., Venezuelan Light, of between $0.25 – 0.75 per barrel since September.

ii. The U.S. (S.P.R.) will be offering sour crude for delivery beginning October totaling 15 million barrels which should contribute to a further sour market adjustment for all grades in the near future.

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 91

C. **QUALITY/LOCATION PREMIUM KIRKUK**

i. The typical U.S. refinery values for Kirkuk are currently allowing for $0.10 – 0.20 per barrel versus Basrah Light at the same location.

ii. The average freight saving for Kirkuk versus Basrah Light would range between $0.40 – 0.60 per barrel basis the flat rate difference applicable for between a 20-40 World Scale point market premium, basis the range in vessel size.

Based on the above factors an adjustment to the October O.S.P. for Basrah Light and Kirkuk would be justified as follows:

For Basrah Light	=	From: (WTI Platts)	minus	$6.70 / barrels
			+	$0.35 – 0.45 (freight)
			+	$0.25 – 0.75 (market)
		To: (WTI Platts)		$7.30 – 7.90 / barrel
For Kirkuk (U.S.)	=	At: (WTI Platts)	minus	$7.30
			-	$0.40 – 0.60
			-	$0.10 – 0.20
		(WTI Platts)		$6.80 – 6.50 / barrel

Sincerely

UNQUOTE

Thank you for your assistance.

Regards,

David B. Chalmers, Jr.

TO: ROSNEFTE IMPEX
ATTN: MR. POUKOV
FAX: 70959416035

DATE: OCTOBER 4, 2000

FROM: LUDMIL DIONISSEV

PLEASE FORWARD THE FOLLOWING TO S.O.M.O.:

QUOTE:

TO: S.O.M.O.
ATTN: Mr. Saddam Hassan
FAX: 0119641 885 3925

DATE: October 5, 2000

REF: October O.S.P.

We appreciate your review of the more current market considerations below since our previous discussions concerning the October price formula, particularly in consideration of our upcoming lifting on October 15, 2000.

1) Basrah Light market (U.S. Destination)

Due to increased supplies of competitive crude grades and corresponding lower spot and/or official selling prices established for these grades, the Basrah Light market corresponding delivered market value has deteriorated further in recent days of approximately $0.50/barrel (or between –4.00 to –4.20 less than WTI Platt's)

2) Freight/Other Costs

Current freight and transshipments costs as per our previous discussions has increased even further since that time, which combined with all the other various costs for our customers could well exceed $4.00/barrel.

Therefore, the currently proposed formula prices submitted for October (WTI –7.00) compared to the figures described above would result in severe economic hardship or disadvantage to our customers, which according to past practice would be considered by S.O.M.O., by way of a further interim month price adjustment.

Furthermore, we feel that if S.O.M.O. should adapt quickly to such market charges by way of a further price adjustment then market share could be maintained at a time when refiners are under pressure to purchase alternative grades from other producers.

Best regards,

ROSNEFTEIMPEX

UNQUOTE

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 91

TRANSMIT REPORT

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TO: ROSNEFTE IMPEX
ATTN: MR. POUKOV
FAX: 70959416035

DATE: OCTOBER 4, 2000

FROM: LUDMIL DIONISSEV

PLEASE FORWARD THE FOLLOWING TO S.O.M.O.:

QUOTE:

TO: S.O.M.O.
ATTN: Mr. Saddam Hassan
FAX: 0119641 885 3925

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,RANSMIT REPORT

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BAYOIL 713-224-8101

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503	713 7818377	10-04 19:02	00'45	01/01	OK		

7460210182

TO: ROSNEFTE IMPEX
ATTN: MR. POUKOV
FAX: 70959416035

DATE: OCTOBER 4, 2000

FROM: LUDMIL DIONISSEV

PLEASE FORWARD THE FOLLOWING TO S.O.M.O.:

QUOTE:

TO: S.O.M.O.
ATTN: Mr. Saddam Hassan
FAX: 0119641 885 3925

DATE: October 5, 2000

REF: October O.S.P.

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Therefore, the currently proposed formula prices submitted for October (WTI –7.00) compared to the figures described above would result in severe economic hardship —

BAYOIL

To : U.N. OVERSEERS
Attn: Mr. Alexander Kramar
Mr. Michel Tellings
Mr. Morten Buur-Jensen

Fax: 212-963-1628

From: David B. Chalmers, Jr.

Date: October 25, 2000

RE : BASRAH LIGHT NOVEMBER OSP (NORTH AMERICA)

We would like to bring to your attention the serious imperfections in the Iraqi OSP's that have been maintained for October Basrah Light loadings for the U.S. We believe these prices to be so seriously overvalued that we are certain that immediate adjustments are required for November liftings.

The above referenced price adjustments are based on recent analysis of actual experienced costs associated with recent shipments of Basrah Light crude oil from Mina Al Bakr to USGC together with the consideration of recent market price changes for similar crude oil grades as well as taking into account the current high freight rates.

Also included, and not to be forgotten, are the increases in the handling and other costs (mainly, but not limited to, the increase in the fundamental oil price itself) not previously taken into account in recent price adjustments.

Please note that this correspondence concludes that it is imperative that the proposed discount for November loadings ex Mina Al Bakr for Basrah Light to U.S. is revised from the current -$7.00/ bbl to -$8.49 /bbl.

BAYOIL SUPPLY & TRADING LIMITED P.O. BOX CB12918 NASSAU BAHAMAS 242 362 4731 FAX: 242 362 4733 TLX: 20644

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 95

1)SUMMARY OF FREGHT / HANDLING / OTHER COSTS (CURRENT CHANGES)

		Since September
Freight (@ WS 130)	3.06	+0.56
		Changes in the last six months
Insurance	0.02	+0.01
Letter of Credit	0.05	+0.025
Inspection	0.03	+0.01
Outturn Loss	0.15	+0.07
Demurrage @ Loadport	0.06	+0.04
Demurrage @ Discharge	0.15	+0.07
Lightering	0.50	+0.20
OPA	0.02	
Hedge Costs	0.01	
TVM	0.15	+0.07
Miscellaneous	0.35	+0.10
TOTAL	4.55	0.595 + .56

2)SUMMARY OF MARKET / FORMULA PRICE CHANGE

	B LIGHT	MARS	WTS
AVG SPOT OCTOBER	WTI-3.30-3.40	WTI-3.80	WTI-2.20
AVG SPOT NOV	WTI-3.90-4.10	WTI-7.00	WTI-3.20
	-$0.60-0.70/BBL	-3.20/BBL	-$1.00/BBL

	A LIGHT /A MEDIUM	MAYA
AVG FORMULA OCT	WTI-4.65/5.80	WTI-7.70
AVG FORMULA NOV	WTI-5.05/6.60	WTI-8.70
	-$0.40-0.80 / BBL	-$1.00/BBL

3)TAKEN TOGETHER IT IS POSSIBLE TO SUMMARISE THE OVERALL CHANGES

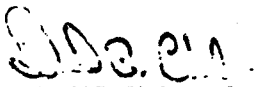
FREIGHT	$0.56 /BBL
ASSOCIATED COSTS	$0.53 / BBL
SOUR MARKET (see above)	$1.00/BBL
BASIS SEPT OSP DISCOUNT	$6.70 / BBL
REQUIRED DISCOUNT FOR NOVEMBER	$8.79/BBL

It can be clearly seen from the above that the October OSP of -$7.00 FOB for Basrah Light was far too expensive and has not been used as a base in this purpose.

It can be clearly seen from the above that the October OSP of -$7.00 FOB for Basrah Light was far too expensive and has not been used as a base in this purpose.

The price discount for October is thus completely inconsistent with current market conditions and has lead to severe price dislocations in the delivery of sour barrels to US and thus needs to be revised with immediate effect.

Best Regards



David B. Chalmers, Jr.

BAYOIL

TO : U.N. OVERSEERS
ATTN: Mr. Alexander Kramar
Mr. Michel Tellings
Mr. Morten Buur-Jensen

Fax: 212-963-1628

FROM: David B. Chalmers, Jr.

DATE: October 25, 2000

RE: Basrah Light and Maya Value Comparison – U.S. Gulf

One of the most, if not, the, most competitive grades to Basrah Light is Mexican Maya. The relative margins between these grades, combines with the ready accessibility of the short haul grade, largely determines the refiners perception of the value of the Basrah Light crude oil ex Mina Al Bakr.

The following is based on Platts data for 24 October 2000.

	$/BBL Basrah Light	$/BBL Maya
GPV (1)	34.97	31.92
Freight Costs (2)	4.48	1.04
Current Job (3)	26.31	25.65
Refiner's Margin	4.18	5.23

The above indicates that Basrah Light is too expensive with respect to Maya by $1.05/bbl.

It is apparent from this data that Maya FOB price is $0.66/bbl cheaper than Basrah Light basis the composite formula which is directly comparable.

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PSI Minority Rpt - FN 95

Thus, we can state the following:

	Benefit of Maya Over Basrah Light
	$ / bbl
GPV	-3.05
FOB	0.66
Freight / Costs	3.44
	+$1.05/ bbl

Sincerely,

David B. Chalmers, Jr.

BAYOIL

TO : U.N. OVERSEERS
ATTN: Mr. Alexander Kramar
Mr. Michel Tellings
Mr. Morten Buur-Jensen

Fax: 212-963-1628

FROM: David B. Chalmers, Jr.

DATE: October 25, 2000

RE: Pricing for November Basrah Light loadings ex Mina Al Bakr (North America)

We would like to draw to your attention the serious imperfections present in the current discount of WTI (second month) less $7.0/bbl for Basrah Light loadings from Mina Al Bakr during the month of October for North America destination and the requirement for correct pricing for November.

Without doubt any continued imperfect pricing will lead to serious and on going difficulties and disruptions to the refiners in North America and the situation can only be described in the most pessimistic manner. Not least this situation has been and will be compounded by the release of 30 million barrels of crude oil from the Strategic Petroleum Reserve and the increase in OPEC production of 500,000 bpd due to the implementation of the $28.00 OPEC basket price trigger. .

In general the proposed SOMO pricing has not taken into consideration the market supply costs of other competing contract grades, has failed to appreciate the true value of the crude oil to the refining companies as compared with the full supply/refinery economics of competing grades, and has not considered the true increase in actual costs of supplying Basrah Light itself.

The general evident weakness in Sour crude prices is being driven by undoubted increased availabilities resulting from the recent decisions taken by OPEC over world supply patterns

This is most clearly expressed in the escalating freight rates for current spot charters as against the fixed freight element that is present in the competing Aramco contracts(see below).

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Not least the proposed SOMO pricing has underestimated the yield structure of products emanating from processing Basrah Light with respect to other crude oils such as domestic grades, short haul imports and long haul contractul barrels.

The correct pricing for Basrah Light needs to accommodate the wide differential that exists between the white oils (eg gasoline and gas oil with tight specification requirements) and black oils (eg fuel oil) that currently exist at the moment. These differentials are putting continued pressure on the sweet-sour crude spread and this fact must be recognised in the pricing policy decisions of the suppliers of sour crude oil to the world's oil markets.

The October discount of -$7.0/bbl does not nearly compensate for the issues introduced above and has involved the lifters with serious losses.

Please find below several examples that demonstrate these issues and, in doing so, lend their suggestions to the correct discounts required for the pricing of November loading Basrah Light cargoes to North America.

A) BASRAH LIGHT COMPARED TO WTI

GPV* difference @ the same location and current market prices	-$3.91/bbl
VLCC freight and other costs from Mina Al Bakr to USGC	-$4.48/bbl **
FOB Discount required	-$8.39/bbl

- GPV Gross Product Value is the outturn value of the produced products/feedstocks to the refiner as a result of processing the crude oil.
- This difference is in fact the current market price off WTI for Basrah Light in USGC
- This supply cost is broken down as follows :-

Freight (@WS 130)	$3.06/bbl
Insurance,l/c,inspection,loss,OPA,hedge costs	$0.28/bbl
Lightering/demurrage	$0.64/bbl
TVM	$0.15/bbl
Others	$0.35/bbl

This means that at a delivered value of WTI less $3.91/bbl (the current market level)the associated fob price should be WTI less $8.39/bbl.

B) ARAMCO ARAB LIGHT FOR DECEMBER ARRIVALS (EFFECTIVE NOVEMBER LOADINGS)

Price Differential for fob Arab Light (Official Aramco Pricing for November loadings ex Ras Tanura)	-$5.05/bbl ***
Current Freight Adjustment for Arab Light to USGC	-$2.17/bbl
GPV difference for Basrah Light vs Arab Light	-$0.50/bbl
Freight Differential Mina Al Bakr/ Ras Tanura	-$0.06/bbl
Unique Costs for Basrah Light :	
Lightering/Demurrage	-$0.64/bbl
TVM	-$0.15/bbl
Loss,OPA,insurance	-$0.19/bbl
Others	-$0.35/bbl
REQUIRED FOB DISCOUNT FOR BASRAH LIGHT	-$9.11/bbl

This further reduction anticipates the continued downward pressure on the price of sour barrels in the Western Hemisphere. It is of the crucial importance that SOMO is aware of these factors and responds accordingly.

C) BASED ON MARKET VALUE OF COMPETING WTS DOMESTIC GRADE

Current Market Price of WTS	-$3.22/bbl
GPV difference	-$0.77/bbl
Freight on Basrah Light	-$3.06/bbl
Other Costs (see before)	-$1.39/bbl
REQUIRED FOB DISCOUNT FOR BASRAH LIGHT	-$8.44/bbl

These three illustrations alone conclusively demonstrate the problems for lifters that will arise through any continued implementation of the October discount of -$7.0/bbl for November..

It is thus imperative that this discount is itself adjusted downwards to somewhere in the region of -$8.40 to -$9.11/bbl for all Basrah Light cargoes loading from Mina Al Bakr beginning in November.

We hope the above will prove of interest to you and will assist you in your deliberations for November pricing.

Best Regards

David B. Chalmers, Jr.

BAYOIL

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

FAX: 212-963-1628

FROM: David B. Chalmers, Jr.

DATE: November 20, 2000

REF: December (OSP) Basrah Light

Dear Sirs:

I. Shipping Cost Factor

A. Lightering

In addition to the information provided yesterday regarding VLCC overtime, please see enclosed recent charter for lightering. While the specfic charges rate average $230,000.00 or typically $0.47 / bbl, current avails are indicated up to $250,000.00 average to Caribs rates.

B. VLCC Market Freight

Based on WS 137 now fixed and offered, a further increase of $0.10 – 0.15 / barrel should be considered.

II. Total Net Back Formula

Based on clarification to the above referenced freight costs, in addition to the other costs outlined in our original memo, the following F.O.B. formula should be fully justified based on market conditions:

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Freight	=	3.30 / bbl
Lightering Demurrage	+	0.74 / bbl
Other Direct Costs (per memo)	+	0.46 / bbl
Average Misc. Costs (overruns cost/aquis)	+	0.20 – 0.35 / bbl
Total Average Costs		4.70 – 4.85 / bbl
Plus		
Market Diff. Delivered		4.00 – 4.20 / bbl
(F.O.B.) WTI		**8.70 – 9.05 / bbl**

Sincerely,

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

BAYOIL

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

FAX: 212-963-1628

FROM: David B. Chalmers, Jr.

DATE: November 20, 2000

REF: February O.S.P. Formula Prices (N. America)

Dear Sirs:

We are pleased to provide you current market assessments for Iraqi crude and other grades, based on recent transactions concluded, and actual refinery valuation comparisons applicable for such grades for typical users as follows:

I. U.S. Market
The itemized market assessments and /or recent changes for Iraqi grades and major competitive grades should be accounted for within the February price formula as follows:

1. Current spot transactions (see enclosed contracts) for Basrah Light received in US Gulf have changed little since last reviewed (re: 4.50- 4.60 from 4.40 - 4.50).

   Note: However, the change since the December O.S.P. assessment of (W.T.I. –4.00 to -4.20 has not been reflected in the January O.S.P. charge).

2. The spot transaction for primary competing grades have depreciated since January O.S.P. assessments (12/20) as per Platts / other sources outlined below:

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			From 12/20	to	1/10
Mars	-	W.T.I.	-5.50 -5.60	to	7.00
Poseidon	-	W.T.I.	-3.80 -4.20	to	6.10
Oriente	-	WT.I.	-7.20 (F.O.B.)	to	9.50 – 10.00
Mesa	-	W.T.I.	-3.20	to	4.10
W.T.S.	-	W.T.I.	-2.75	to	3.45

3. The official formula price for Arab Light has been reduced by $.15/ per barrel.
   Note: (Freight, lighter, other delivered cost subsidy to Buyers max $0.20/bbl).

4. Maya formula discount unchanged.

   Note: Still substantially more competitive on a quality adjusted basis (see margin comparison).

5. Delivered price comparisons for currently offered primary substitute grades to Basrah Light, adjusted for typical refinery yield difference as follows:

	GPV Vs. WTI	FOB Vs. WTI	Landed at Vs. WTI	Relative Margin
Basrah Light	-4.74	-8.60	-4.30	-0.44
Oriente	-4.84	-9.50	-7.00	+2.16
Maya	-8.48	-11.44	-10.12	+1.32
Mars	-5.14	-7.03	-7.03	+1.89
A. Medium	-5.41	-7.35	-6.15	+0.74
A. Light	-4.40	-5.20	-4.00	-0.40
A. Heavy	-6.68	-8.75	-7.55	+0.87

Brent	-0.80	-4.23	-1.88	+1.08
Nigerian Light	+0.50	-4.23	-1.15	+1.65

KIRKUK – U.S. GULF

As per previous correspondence, the O.S.P. formula should reflect typical freight cost savings, plus quality premium adjustment as follows:

Freight Savings:	$0.45 – 0.50 / barrel
Quality:	$0.15 0 0.20 / barrel
	$0.60 – 0.70 / max

CONCLUSION:

While delivered spot Basrah Light levels have changed little in recent weeks (i.e. -$0.10 – 0.20), it is imperative to take into account the changing spot values and comparative margins of the other grades available in the spirit of establishing fair formula prices under the Oil-for-Food Program guidelines.

It is in this connection it is particularly important for such long haul destinations to establish prices which will compete on arrival and thereby encourage regular nominations and liftings under the Program.

(i.e. Recent experiences for Lifters in September – November 2000, whereby spot values for those liftings on arrival have gravitated to the relative value of other grades and, therefore, a net back to Lifters substantially below the O.S.P. at time of lifting).

Sincerely,

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

BAYOIL

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

FAX: 212-963-1628

FROM: David B. Chalmers, Jr.

DATE: January 31, 2001

REF: Differential delivered FOB Basrah Light and FOB Kirkuk for European Destination

---

It is very important that these two grades are priced in equilibrium with each other so as to provide the suppliers with equivalent opportunity to supply either grade.

This differential can be arrived at in a number of ways:

A.) Basis CIF Augusta utilizing Sumed for Basrah
B.) Basis CIF Augusta utilizing Cape Voyage for Basrah
C.) Basis CIF Amsterdam utilizing Cape Voyage for Basrah

A.) Basis CIF Augusta/Basrah Sumed		$/BBL
	Kirkuk job (current)	-3.00
	Freight to Augusta (LR2@150W.S. pts)	0.82
	LC/Euro	0.10
	Insurance/Inspection etc	0.04
	Landed Augusta	-2.04
	Quality differential for BL/K	-0.57
	Landed BL Augusta	-2.61
LR2	Freight Sidi Kerir/Augusta (150W.S. pts)	-0.57
	Sumed	-0.44
	Insurance/Inspection	-0.04
	LC/Euro	-0.10
VLCC	MAB-Air Suhhna Freight (125W.S. pts)	-1.01
	FOB MAB	-4.77
Differential FOB Kirkuk/Basrah Light		+1.77

B.) Basis CIF Augusta/Cape Voyage for Basrah		$BBL
Ceyhan	-Augusta LR2 (150 W.S. pts)	0.82 (see A)
MAB	-Augusta/Cape/VLCC (90 W.S. pts.)	2.41
	-Premium for this voyage with VLCC being "out of position"	
Quality Differential at Augusta Kirkuk/Basrah Light		0.57

BAY04-00796

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 95

FOB differential required Kirkuk/Basrah Light	2.16

C.) Basis CIF Rotterdam/Cape Voyage for Basrah	$BBL
MAB- Rotterdam (85W.S. pts)	2.36
Ceyhan-Rotterdam (115W.S. pts)	1.28
Quality Differential	0.62
FOB Differential Required Kirkuk/Basrah Light	1.70

In conclusion it can be seen that the required FOB differential between Kirkuk ex Ceyhan and Basrah Light ex Mina Al Bakr is

A.	1.77
B.	2.16
C.	1.70
Average	1.88

The proposed differential of 4.50-3.0 for February is clearly not wide enough to represent true market value.

Best regards,

David B. Chalmers, Jr.

BAYOIL

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

FAX: 212-963-1628

FROM: David B. Chalmers, Jr.

DATE: January 31, 2001

RE: FREIGHT CONSIDERATIO FOR PRICING CRUDE OIL FROM MINA AL BAKR

Dear Sir:

You will be aware that for our dedicated February loading program (which involves nominations and vessel pricing), prior to the actual month of loading. This involves "locking in" market freight rates significantly ahead of the loading program; it is absolutely clear that the OSP deliberations should, therefore, be based on this "fixing window" rather than any later period. If this is not the case this puts the companies where nomination procedures are consistent with the SOMO contract at a significant disadvantage. This is particularly evident in any periods of supply disruption with nomination delays (as is the case here).

To put it another way, the current OSP deliberations for February Basrah Light should consider the worldscale market in the period 10-23 January 2001. This should especially apply to the first half February loadings. To facilitate your research we list below some relevant charters over the period 10-23 January for fixing in the loading window first half February.

You will immediately notice that the appropriate rate to use for first half February loading is about 95 points WS.

The election of a lower rate would penalize regular such lifters, such as our good selves, against lower rate opportunities that exist for available nomination windows in the second half of the month.

Best regards,

David B. Chalmers, Jr.

BAY04-00798

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 95

DATE	VESSEL	MT	WINDOW	VOYAGE	RATE	CHARTERS
15/1	Kap.Hiotic	400	4/2	MEG/USG	87.5	Chevron
16/1	Suva	270	28/1	MAB/West	97.5	Sempra-Failed
12/1	Ness	255	20/2	MEG/SAFR	113.75	Sassi
18/1	Hyundai Sun	260	9/2	MEG/India	120	India
19/1	Christina	280	1 /2	RT/RSEA	97.5	Vela
	Verona	265	5/2	Kharg/RSEA	102.5	Agip
23/1	Sylt	280	5/2	MEG/USGC	95	Vela
	Orient Tiger	260	14/2	MEG/UKCM	95	Stasco
11/1	Tanker TBN	270	5/2	MAA/USGC	97.5	KPC
12/1	Pacific Blue	400	1 /2	MEG/USGC	87.5	Exxon
10/1	Hellespoint Paradise	280	15/1	MAB/USGC	95	Bayoil
	Concordia	270	3/2	MEG/UK	97.5	Stasco

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

FAX: 212-963-1628

FROM: David B. Chalmers, Jr.

DATE: February 11, 2001

REF: February O.S.P. Formula Prices (N. America)

Dear Sirs:

We are pleased to provide you current market assessments for Iraqi crude and other grades, based on recent transactions concluded, and actual refinery valuation comparisons applicable for such grades for typical users as follows:

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PSI Minority Rpt - FN 95

			From 12/20	to	1/10
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Oriente	-	WT.I.	-7.20 (F.O.B.)	to	9.50 – 10.00
Mesa	-	W.T.I.	-3.20	to	4.10
W.T.S.	-	W.T.I.	-2.75	to	3.45

3. The official formula price for Arab Light has been reduced by $.15/ per barrel.
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KIRKUK – U.S. GULF

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It is in this connection it is particularly important for such long haul destinations to establish prices which will compete on arrival and thereby encourage regular nominations and liftings under the Program.

(i.e. Recent experiences for Lifters in September – November 2000, whereby spot values for those liftings on arrival have gravitated to the relative value of other grades and, therefore, a net back to Lifters substantially below the O.S.P. at time of lifting).

Sincerely,

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

ITALTECH S.r.l.

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TELEX: 500170 MOTSOT I
FAX: 0586 421223
PHONE: 0586 421221
P.IVA:
01031950494□

Sede legale e stabilimento: Via G.B. Guarini, 24 - 57121 LIVORNO - ITALY

TO: U.N. Overseers
FAX: 212 963 1628

FROM: Italtech S.r.l.

DATE: February 11, 2001

REF: February OSP Price Mechanism

Italtech has recently received notice of the formula price changes recently approved by the UN, which we understand were based on price changes the Overseers would recommend, but were however significantly different than those prices proposed by SOMO.

Due to the fact that the price formulas submitted did not reflect the original request by SOMO, which we expect were based on recommendations of SOMO customers, we would like to clarify our objections to these price formulas by way of summarizing the economic conditions affecting Italtech's recent and future liftings which are not reflected in the current formula prices as follows:

US DELIVERIES / MARKET CONDITIONS

SUPPLY/DEMAND:

- There is a substantial supply imbalance of Basrah Light to the U.S. (ie March 8-10 mil bbls) versus the refinery outlets. This condition has been prevalent for the past several months, and contributed to the market price changes described below.

- The volume of other substitute sour crudes to the U.S. (ie South American, Saudi grades) has been maintained, despite reported OPEC cuts, at more competitive prices than Iraqi grades.

Capitale Sociale I.V. 198.000.000 – Tribunale Livorno n. 15544 – C.C.I.A.A. 93558 – Pos. Import /Export I003654

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 95

MARKET PRICE:

- The delivered spot values of Basrah Light have continued to deteriorate relative to the recent price (WTI) primarily due to the above referenced supply imbalance in the market.

- Specifically, the spot value (recently concluded) is over $1.50/bbl less than the estimate used in setting the original February price formulas. (ie WTI – 6.00/-6.30)

- Additionally, these spot prices are affecting a majority of cargos lifting in January, thereby reflecting equivalent losses whereby no further OSP adjustment can take place under current guidelines.

- The typical refinery values of Iraqi grades relative to other substitute grades, at their respective market prices, result in Basrah Light being $1.50-2.00 less competitive at current formula prices (see refinery margin comparison).

EUROPE DELIVERIES / MARKET CONDITIONS

SUPPLY / DEMAND:

- The relatively few shipments of Basrah Light/Kirkuk to Europe since January is consistent with limited refinery outlets for Iraqi and substitute grades.

- The apparent consistent level of OPEC grades (ie Saudi) competing with Iraqi grades has contributed to oversupply conditions.

- The recent negative refinery margins at relevant crude prices has led to dramatically reduced outlets for Iraqi grades.

MARKET PRICES:

- The delivered market values of Iraqi grades delivered either to Northern/Med. Ports can be traced to spot values of substitute crudes (ie Urals) which has depreciated well over $1.00/bbl since January.

- The relative refinery value of Iraqi grades, as compared to other substitute grades has not remained competitive at current OSP prices on average between $1.00 - $2.00 / bbl (see refinery margin comparison).

CONCLUSION:

Based on the above referenced market price assessment of Basrah Light as well as the relative refinery value comparisons to other sour crudes in each market region, we urgently appeal to the United Nations to reconsider the price mechanisms applicable for Europe / U.S. in February in an effort to avoid financially penalizing lifters and/or affecting production to the producer.

Sincerely,

Augusto Giangrandi
Chairman

TYPICAL REFINERY MARGIN COMPARISON: MED

All figures in $USD/BBL:

CRUDE OIL	VALUE TO REFINER	COST TO REFINER	GROSS MARGIN TO REFINER BEFORE COSTS
ARAB MEDIUM	27.58	25.82	1.76
ARAB HEAVY	26.49	24.99	1.50
MAYA	24.86	22.04	2.84
URALS	28.18	27.36	0.82
IRAN HEAVY	27.53	26.91	0.62
NIGERIAN LIGHT	32.35	31.26	1.09
BASRAH LIGHT	27.43	27.65	-0.22

TYPICAL REFINERY MARGIN COMPARISON: USG

All figures in $USD/BBL:

CRUDE OIL	VALUE TO REFINER	COST TO REFINER	GROSS MARGIN TO REFINER BEFORE COST
ARAB MEDIUM	33.56	23.91	9.65
ARAB HEAVY	32.47	23.01	9.46
MAYA	30.98	20.59	10.39
WTS	35.23	25.29	9.94
MARS	33.77	22.70	11.07
BASRAH LIGHT	33.95	25.67	8.28

It can easily be seen from the above that Basrah Light @OSP - $8.45/bbl is significantly overpriced with respect to competing grades requiring a minimum discount increase of at least $1.50/bbl.

At the current OSP the Iraqi crude oil cannot move without incurring significant and sustained losses

ITALTECH S.r.l.

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Sede legale e stabilimento: Via G.B. Guarini, 24 - 57121 LIVORNO - ITALY

To: UN 661 Committee
Attn: Mr. Peter Kolby, Chairman
Fax: 212 688 0554

From: ITALTECH S.r.l.

Date: February 12, 2001

Ref: February Price Mechanism/Oil-for-food Program

It is our understanding that the UN 661 Committee has confirmed recently submitted changes to the price mechanisms for Iraqi liftings in February for most destinations.

Italtech is currently a customer of SOMO, participating under Phase 9 of the Oil-for-food Program. As such, in connection with meeting contractual liftings, and in the spirit of participating in the programs success, have made early arrangements for February lifting dates and vessels prior to the establishment of the price mechanism.

For this reason we feel obliged to appeal to the Committee directly in an effort to re-address the price mechanism revisions submitted recently, as well as those omitted.

It is our view that the UN Overseers seem to be operating under different mandate than past periods, whereby there is extreme reluctance to accept downward changes in price mechanisms based on other concerns, while market conditions have fully justified such changes.

Capitale Sociale I.V. 198.000.000 – Tribunale Livorno n. 15544 – C.C.I.A.A. 93558 – Pos. Import /Export 1003654

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 95

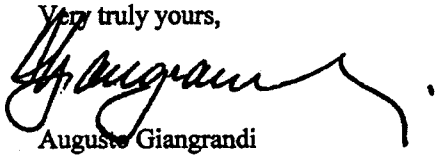
For instance, we understand SOMO's request for downward price adjustment for Basrah to the U.S. in February was met such resistance that despite market deterioration at that time, SOMO was obliged to submit a price increase.

It is due to the above and because at further market deterioration, briefly summarized in a letter to the UN Overseers, that we request an immediate review of all price mechanisms effective for February, prior to further scheduled shipments.

In this connection, we have enclosed a letter to the Overseers summarizing the well known market factors which should be considered.

Thank you for your prompt attention to this most urgent matter.

Very truly yours,



Augusto Giangrandi

BAYOIL

TO: UNITED NATIONS OVERSEERS
ATTN: ALEXANDER KRAMAR
FAX: 212-963-1628

DATE: MAY 29, 2001

FROM: DAVID CHALMERS

RE: IRAQI CRUDE PRICING FOR JUNE: US DESTINATION

This correspondence expresses serious concerns about the U.N. proposed OSP's for June in that the price ideas for the U.S. are far too expensive and do not reflect average changes in market/freight cost conditions since the previous pricing period. Specifically these market changes, outlined below, can be easily converted to a price per barrel increase as follows:

Freight

Average Freight Rate (May lifting)	U.S. 77	*
Average Freight Rate (June Lifting)	U.S. 57	(60-55 range offers/fixing)
Average Freight Rate change	- 20-point WT =.55/ bbl approximate	

*Per Platt's/ Broker market assessments mid April

Market

Average Delivered Market (May lifting)	WTI-6.15	*Platt's mid April quotes
Average Delivered Market (June lifting)	WTI-6.15	Last spot sale

Conclusion

The established past procedure for adjustments upward or downward to the monthly price formula (U.S.) has been to calculate changes in the primary factors (freight/market) since the previous established period. Therefore, as per the outline market factors above, there is no justification for an adjustment greater than $0.55 based on previously established methods for establishing a fair formula price.

Regards,

BAYOIL, SUPPLY & TRADING LIMITED P.O. BOX CB12918 NASSAU BAHAMAS 242 362 4731 FAX: 242 362 4733 TLX: 20644

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 95

ITALTECH S.r.l.

/MAIL: P.O. BOX 300 - LIVORNO
TELEX: 500170 MOTSOT I
FAX: 0586 421223
PHONE: 0586 421221
P.IVA: 01031950494□

Sede legale e stabilimento: Via G.B. Guarini, 24 - 57121 LIVORNO - ITALY

TO: S.O.M.O.
ATTN: Mr. Saddam Z. Hassan
Executive Director General

CC: Chief - Crude Oil Section I
Chief – Crude Oil Section II

DATE: December 12, 2000

REF: December (OSP) Basrah Light for N. American Destination

Dear Sirs:

In connection with recent discussions between United Nations / SOMO officials to determine a fair formula price, in which Overseers were not taking into account SOMO's cost/market analysis, please see below the current estimates of actual cost and market conditions applicable for most lifters in December which could be useful for future discussions as follows:

I. **FREIGHT / COST**

		US$/BBL
Freight (Average 130 – 135 WS points)	=	3.15
Demurrage Loadport (typical overtime 2 days)	=	0.07
*Demurrage Loadport (additional average 10 day overtime) –December extended delays	=	0.30
Lightering Cost	=	0.45
Demurrage Lightering (typical overtime 0.7 days)	=	0.07
Demurrage VLCC Lightering (4 days overtime)	=	0.13
Insurance/OPA	=	0.03
Loss (intransit)	=	0.13
T.V.M.	=	0.12
L/C	=	0.05

BAY04-01816

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 96

Hedge	=	0.01
Euro Conversion	=	0.05 (Avg)
Miscellaneous	=	0.35 – 0.40
TOTAL:	=	**4.91 – 4.96**

II. **DELIVERED MARKED (DIFF)**

Spot transactions delivered December/January are WTI -$4.15 to -$4.20.

Note: (Current unsold sour crudes, oversupply Barah Light December (3-5 Million Barrels) will likely result in further deterioration of differential to WTI after exports resume).

III. **CONCLUSION**

The F.O.B. net back price for most lifters based on conditions described above, which are fixed or likely to vary slightly in most cases, will be as follows:

		US$/BBL
Freight / Costs	=	4.91 – 4.96
+		
Landed Price Differential (WTI)	=	4.10 – 4.20
=		
Total F.O.B. WTI (Diff) Netback	=	**9.01 – 9.16**

REFERENCE JANUARY O.S.P. (NORTH AMERICA)

As January O.S.P. price formulas should be agreed relatively soon, we would like to outline some market considerations which should be included with respect to establishing a fair formula price for January as follow:

I. **FREIGHT COST**

The flat rates for year 2001, to be established shortly for all worldwide movements are expected to increase 15-20% from 2000 year rates.

II. The newly established, and reported increase, in port charges applicable in year 2001 from Al Bakr, should be included in the 2001 flat rate, or otherwise considered separately as part of the cost calculation not previously considered in the formula prices.

III. **MARKET**

1. The expected demand decrease in the first quarter, which has historically caused inventory build up and overhang of cargoes available, should be considered as the long voyage and from Al Bakr to North America applicable for January lifting will be likely affected by the above.

2. The late adoption of price formulas and extension of phase 8-9 has resulted in less opportunities to pre-arrange recent export quantities East, which will undoubtedly put pressure on the West market due to the quantities of shipments.

We will be pleased to review these matters during the next few weeks, as the market considerations described above become clearer.

Best Regards,

Augusto Giangrandi
Chairman

TO: S.O.M.O.
ATTN: Mr. Saddam Z. Hassan
Executive Director General
FAX: 9641-885-3925

CC: Chief - Crude Oil Section I
Chief – Crude Oil Section II

DATE: December 17, 2000

REF: FORMULA PRICES (EUROPE)

Dear Sirs:

I. KIRKUK

Since the recent establishment of a formula price for December shipments, certain market developments have substantially affected the economics for shipments yet to be lifted through at least January 15, 2001 thereby requiring an immediate adjustment to the formula as proposed and substantiated below.

MARKET CONSIDERATIONS

1. Recent Urals cargoes sold at substantially lower levels than the previous week, when the OSP was established and exports were expected to resume, which is a reflection of refinery variable run acquisition levels.

2. General European reluctance to increase stocks prior year-end will likely result in minimum requirements at lower acquisition levels.

3. The relative increased cost factors for shipping from Ceyhan on a prompt basis, combined with potential holding costs during period prior to corresponding loading dates for next available refinery requirements not fulfilled after year-end will likely be up to 10 days.

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 96

Therefore, the Kirkuk differential should be further adjusted to reflect the above referenced changes in market conditions as follows:

From:	Dtd Brent	less $3.55 / bbl
Adjusted:	Change Dtd / Urals Week Dec 11-17 (from Dtd less 1.50 – 2.35)	less $0.85 / bbl
Adjusted:	Shipment date holding up to (10 days).	less $0.20 / bbl
To:	Dtd Brent	less $4.60 / bbl

II. BASRAH LIGHT (EUROPE)

As per Kikruk, in the base case Basrah Light to be adjusted similarly due to the recent market developments affecting Kirkuk liftings, and in addition to use the present market freight calculation to be added to final Kirkuk formula as follows:

MARKET CONDITIONS

1. Freight differential (costs) to equate to Kirkuk (same location).

i.e. Kirkuk – Ceyhan/Augusta at WS 210 (market) = 2.10 x 3.71 ÷ 7.37 = 1.05 / bbl

Basrah – Al Bakr/Augusta at WS 170 (market)	= 1.70 x 4.92 ÷ 7.28	= 1.15 / bbl
(Suez) + Transit Suez	0.44 + 0.10	= 0.54 / bbl
+ Sidi/Augusta at WS 215 (market)	= 2.15 x 2.57 ÷ 7.28	= 0.76 / bbl
Total Al Bakr / Augusta		= 2.45 / bbl
Freight differential Kirkuk / Basrah Light		= 1.40 / bbl

2. QUALITY DIFFERENTIAL BASRAH LIGHT / KIRKUK

Under present complex margin netback comparison widely published and typical of recent survey with Med refiners the range between grades has been $0.45 – 0.55 / bbl under present typical sulfur balance limits most refiners would more severely penalize Basrah Light in order to substitute to Kirkuk or Urals.

Therefore: Basrah Light (Europe) is proposed to be adjusted as follows:

Kirkuk Dtd	- $4.60 / bbl
Freight Adjustment	- $1.40 / bbl
Q. Adjustment	- $0.50 / bbl
Dtd.	**- $6.50 / bbl**

Sincerely,
ITALTECH S.r.l.

Augusto Giangrandi
Chairman

ITALTECH S.r.l.

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FAX: 0586 421223
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P.IVA: 01031950494

Sede legale e stabilimento: Via G.B. Guarini, 24 - 57121 LIVORNO - ITALY

To: Ministry of Oil
His Excellency The Minister

From: ITALTECH S.r.l.

Date: February 11, 2001

Ref: February OSP

I hope all went well during your recent trip to the Far East. As you know my return trip to Baghdad has been somewhat delayed, but expect to arrive this week latest.

Meanwhile, I would like to bring to your attention some developments concerning Italtech's and other liftings this month, which will require urgent cooperation between SOMO and ourselves, in order to mitigate a difficult situation.

Specifically, as you my be aware, the U.N. has continued to resist appropriate formula price changes, including supporting SOMO's proposed changes for February. Unfortunately, during this same time market values of Iraqi grades in the U.S. and Europe have deteriorated further as compared to their respective referenced prices (i.e. Brent, WTI). These depressed market values are continuing to apply to un-delivered shipments from the previous pricing period, as currently in our case, applied to about 8 million barrels loaded in January. Therefore, further shipments at current formulas become untenable.

Therefore, Italtech, together with other concerned customers, are via submission of letters and reports, appealing directly to the UN Overseers, and 661 Committee members to initiate an immediate adjustment to formula prices.

Capitale Sociale I.V. 198.000.000 – Tribunale Livorno n. 15544 – C.C.I.A.A. 93558 – Pos. Import /Export I003654

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PSI Minority Rpt - FN 96

In order for our efforts to be successful and effective it is imperative to get the support of the Ministry and SOMO, to also quickly address the issue in New York. Also, this should include supporting our requests to delay slightly liftings these next few days, during which time these changes can be processed.

As you know Italtech, and its primary customers have made consistent liftings in good faith and during uncertain market conditions, which recently have had dramatic negative financial impact, purely on unforeseen market prices. It therefore is important for us to cooperate together in order to reverse such circumstances for our valued customers.

Sincerely,

Augusto Giangrandi

BAYOIL

TO: SOMO, Baghdad
ATTN: Mr. Ali Hassan
FAX: 9641-885-3925

FROM: John Irving

DATE: June 29, 2001

REF: July Price Formula

Dear Mr. Hassan:

I would regard it as a great honour to be able to meet you in the near future either in Vienna, Amman or Baghdad - the venue and place being a function of your itinerary and your current diary.

It is particularly imperative with regard to the resumption of exports to discuss the potential July price and potential difficulties with the Overseers, specifically in connection with the recent history i.e. June 2001, where they have departed from past methodologies which are further exacerbated by artificial market factors relevant today, but will not be relevant when exports resume. If such factors are imposed by the U.N. Overseers the likely result will an an incorrect price formula for July as well.

As such it will be useful to review in person an appropriate calculation prior to the submission of the formula.

I would be very grateful if the above can be organized, and to this end, I will attempt to contact you over the weekend.

You can always contact me on my mobile - 0044 7787 148767 : telephone 00441 256889024 or fax 0044 1256 889028.

I look forward to meeting you in the near future.

Yours sincerely,

John Irving

BAYOIL SUPPLY & TRADING LIMITED P.O. BOX CB12918 NASSAU BAHAMAS 242 362 4731 FAX: 242 362 4733 TLX: 20644

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 96

TO: S.O.M.O. BAHDAD
ATTN: ALI HASSAN
FAX: 011 9641 885 3925

DATE: JULY 13, 2001

RE: OSP'S FOR IRAQI OIL IN PERIOD 21-31 JULY 2001 DESTINATION NORTH AMERICA

You will be aware that the OSP's for Kirkuk and Basrah Light Crude for North American destination have already been established for the period 10-20 July 2001.

You will also be aware that the end of this period is no more than seven days away and that this constitutes an impossibly short gap to cover all normal business practices in order to effect oil movements in the period immediately following 20th July 2001.

We would therefore earnestly recommend to you that the applicable OSP's for the above movements are established without delay for the period 21-31 July (or later). For your kind information there has been no reported market changes that have occurred since the announcement of July 10-20 previous OSP's. However, due to significant volume of Kirkuk loading to the U.S. and due to previously covered European requirements, Kirkuk prices could deteriorate from these previously assessed.

FOR BASRAH LIGHT	PREVIOUS	12/7/01	CHANGE
FREIGHT	$1.29 (45 WS)	$1.43 (50 WS)	-0.14
		BASE OSP	-7.55
		REQUIRED NEW OSP BASRAH	-7.69

The same consideration can be given to Kirkuk whereby the new OSP should $-6.99. You will, of course, be completely aware that these price calculations are in line with adopted UN procedures for their price-overseeing role.

In conclusion we state that these procedures require new OSP's as follows for July 21st onwards:

Basrah Light $-7.69
Kirkuk $-6.99

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 96

Best regards,

David B. Chalmers Jr.

BAYOIL

(2) Sent 28/08/01

TO: S.O.M.O.

ATTN: MR. ALI HASSAN

FROM: BAYOIL SUPPLY AND TRADING LIMITED
MR JOHN IRVING

DATE: 28TH AUGUST 2001

RE: **PRICE OF IRAQI CRUDE OIL FOR NORTH AMERICA DESTINATION FOR CARGOES LOADING SEPTEMBER 2001.**

Dear Mr. Hassan,

We trust that you and your colleagues are well.

Firstly, we must express our serious reservations concerning the current price during August 2001, where you will be aware that the lifters became increasingly frustrated by:

1.) The establishments of OSP's that were not reflective of prevailing market conditions.
2.) Serious market losses for most lifters.
3.) Persistent failure to recognise the above factors
4.) The degree of retro-activity that was evident on both freight and market numbers against positions previously fixed
5.) A pricing policy that is non comparable with the pricing frequency of other long haul sour crude oils and is clearly leading to grade substitution in the USGC
6.) The failure of the above mentioned pricing policy to reflect the Aramco pricing changes for Arab Light, Medium and Heavy crude oils (reductions of $0.50,$0.70,$0.40/bbl respectively) delivered in September for USGC.
7.) The continued utilisation and prolongation of the pricing error upon the establishment of the May OSP (Basrah) @ -$9.45 basis an admitted base of a delivered market of –$6.50 and a stated applied freight of 87WS. Together with $0.92 costs, this gives a base requirement of –$9.92.
This gave a pricing error of $0.47/bbl. This error continued in May to June where the freight market moved from 77WS to

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 96

(3)

57WS (an increase of $0.55/bbl) and the delivered market was unchanged @ -$6.15.
The established procedure for OSP adjustments upwards or downwards basis delivered market, freight and cost changes was further broken by an OSP increase of $0.90/bbl (from -$8.45 to -$7.55), giving a pricing error of $0.35/bbl

Please see below that the current price of -$6.55, examined on the same basis, is still $0.58/bbl too high.

B) The complete failure to respond to the falling price of spot short haul sour crude in USGC over the month of August. Since the end of July Mars has dropped from -$4.13 -$3.95/bbl (end July) to -$6.45-$6.09/bbl (end August), and still Basrah was priced at -$6.55 FOB across the entire month of August, with the period 11-20 and 21-31 being effectively applied retroactively.

This continuous and relentless pressure to apply prices that are demonstrably incorrect and too expensive by far is the biggest threat facing the scheduling policy of S.O.M.O.

What has happened recently is that the OSP's have been pushed to the ultimate, providing a catalyst for non contractual performance, succeeded in making Iraqi crude unattractive, initiated a clear Aramco advantage, benefited short or medium long haul crude oil movements (including Brent ex Sullom Voe), expedited the political policies of certain National State members of the UN Security Council and generally disadvantaged the successful disposition of Iraqi crude oil in world markets including USGC.

This situation can be corrected by the re-establishment of historically effective pricing criteria: -

Price for 1-30 September 2001

Basrah Light

Delivered market:	-$4.75/ bbl (offered/concurred) –(-$4.95/bbl BID)
Freight:	-$1.51/bbl (52.5 WS)
Other costs:	-$0.92/bbl (Approximate per previous memo)
Derived OSP:	-$7.18/bbl

The freight rate of 52.5 WS is the current AG-WEST rate for VLCG's and its application is consistent with historical 30 day pricing across the month.

(4)

Kirkuk	
Quality Differential to Basrah Light:	+$0.20 /bbl
Freight Saving Differential to Basrah Light:	+$0.43/bbl (65 WS Ceylian)
Other Costs	+$0.10 /bbl (double negative)
	-$6.50/ BID
Kirkuk OSP Required:	-$6.45/bbl

We hope that you regard this correspondence as helpful and we hope that the above problems mentioned above will soon be resolved in a manner that is satisfactory to your good selves.

Best Regards,

John Irving

TRANSMIT REPORT

2001.01-17 17:34
713-224-8101
BAYOIL 713-224-8101

COM No.	REMOTE STATION	START TIME	DURATION	PAGES	RESULT	USER ID	REMARKS
301	011964180863925	01-17 17:31	02'55	03/03	OK		

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TO: SOMO, Baghdad
ATTN: Mr. Ali Hassan

FAX: 9641-885-3925

DATE: January 17, 2001

Dear Ali:

I thought you may be interested in the short note I sent the Overseer's which I felt compelled to write out of sheer frustration, which I am sure is mutually shared with you and your colleagues at SOMO.

Best regards,

David Chalmers

BAY04-01191

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 99

BAYOIL

SOMO

February 12, 2001 Via Fax 212-415-4271

United Nations 661 Committee
Mr. Eugene Young, US Representative
New York, NY

Dear Mr. Young:

As you recall from our previous discussions, Bayoil has shipped oil from Iraq since the beginning of the oil-for-food program, primarily to the US, for distribution to many independent refiners. As such, although Bayoil has no contracts with SOMO, likely due to our American origins, we do provide regular market information to SOMO and the UN for purposes of establishing a fair pricing mechanism each month.

On balance since the start of the oil-for-food program began, we believe our market assessments have been considered by both parties until recently. It appears to many lifters during recent months, and February in particular, that the Overseers have been skeptical toward market assessments relating to actual handling costs as well and delivered market assessments. It is further apparent to most lifters that recent resistance by the Overseers to consider fully these factors which would result in downward adjustment to price formulas, is due to some new mandate, whereby any price mechanism approved would not theoretically allow a margin covering the recently reported request for some kind of surcharge.

While most lifters, including Bayoil, support the concept of these efforts by the Overseers, in practice it has contributed to the recent and current price formulas being completely uncompetitive with the market. For regular lifters such as Bayoil, which in good faith, makes arrangements for shipments to its refiner trade partners well in advance of the price mechanism formula being established, there is no recourse to the consequential market losses which will occur and have in recent months occurred resulting from market changes after lifting. Therefore, considering the recent history, it seems reasonable for the U.N. to approve new price formulas reflecting real changes in the market since January; thereby reducing further market losses for lifters, which should contribute to the success of the program in general and eliminate further production curtailments.

The market changes for Iraqi crudes referred to above are typical of depreciation of all the comparable sour crude grades (i.e. Urals), delivered to either Europe or America, relative to their reference price (Brent – WTI) respectively between $1.20-$1.50/bbl since January. At the same time the price mechanism for Basrah to these markets has risen from $0.25/bbl U.S. and $0.70/bbl Europe. While we understand the Overseers have taken into account a generic reduction of market freight, most vessels for February have been arranged prior to such a reduction. In any case, a freight reduction factor of $0.25-$0.30/bbl does not come close to justifying the net increase in the price mechanism during a period of such a substantial market depreciation.

Due to the above referenced example of disparities between the market realities and current formula prices, we are compelled to appeal directly to the 661 Committee to approve and support proposed adjustments to the current price formulas to reflect the recent market changes, which can be easily calculated, while preserving a strict policy of establishing formula prices which encourage SOMO's customers to adhere to all resolution guidelines.

Thank you for your attention to this most urgent matter.

Best regards,

David B. Chalmers, Jr.

BAYOIL SUPPLY & TRADING LIMITED P.O. BOX CB12918 NASSAU, BAHAMAS 242 362 4731 FAX: 242 362 4733 TLX: 20644

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 103

*****URGENT*****

TO: ROSNEFTEIMPEX
ATTN: MR. POUKHOV
FAX: 011 7095 979 6071
Email: recms@online.ru

FROM: DAVID B. CHALMERS, JR.

REF: FEBRUARY OSP

PLEASE URGENTLY FORWARD ON YOUR LETTERHEAD THE ATTACHED MEMO AND GRAPHS TO THE UN OVERSEERS. URGENTLY SEND COPIES TO THE FOLLOWING:

1. SOMO

2. MR. PETER KOLBY, CHAIRMAN 661 COMMITTEE
   FAX NO. 212 688 0554

3. AMBASSADOR SERGEY LAVROV
   UN REPRSENTATIVE RUSSIAN FEDERATION
   FAX NO: 212 628 0252

BEST REGARDS,
DAVID B. CHALMERS, JR.

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 105

URGENT URGENT

FROM: **ROSNEFTEIMPEX**
MR. POUKHOV

TO: **U.N. OVERSEERS**
FAX: **212 963 1628**

REF: **IRAQI CRUDE FORMULA PRICES (FEB)**

DATE: **February 11, 2001**

We hereby request immediate action be taken to revise formula prices for Iraqi crudes based on actual market prices and conditions today, and applicable to prompt shipments which ROSNEFTEIMPEX has contracted for and scheduled to lift.

Specifically, and most urgently, we refer to vessels awaiting loading Mina Al Bakr, which if loaded at current formula prices would mean paying a substantial premium to the market for the crude, and consequently substantial losses to receivers.

To support our urgent request we hereby enclose a summary of the economic conditions applicable for prompt shipments, referred to above, which during recent negotiations with S.O.M.O. were apparently not considered, which combined with further market changes since, mandate an immediate price review which should be within the guidelines of the "oil for food" resolution to regularly establish fair market prices.

MARKET SUMMARY

BASRAH LIGHT

There is substantial volume (over 8MM barrels) of Basrah Light inventory and/or deliveries in March (i.e. January loading) which is being valued and offered at substantial discounts (-1.50/bbl) to the U.S. price formula applicable to both the applicable lifting date and to currently applied (February) formula. Based on insufficient outlets for such quantities resulting from full refinery capabilities values are likely to deteriorate further.

Therefore a revised formula for European destination should be immediately adopted, in addition to a further revised formula for U.S. destination effective not later than February 15, reflecting market changes outlined below, not reflected in today's formula:

EUROPE (BASRAH)

For purposes of demonstration the substantial requirement for formula price change applicable to February we summarize the change between the (January) price formula and current (February) price formula compared to change in market prices as follows:

OFFICIAL SELLING PRICE (January/February)

January Europe Formula:	Brent	- $5.20/bbl
February Europe Formula:	Brent	- $4.50/bbl
=Effective Price Increase		+$ .70/bbl

MARKET (January/February)

During the time period between the establishing of the (January) formula and the (February) formula the following change in market prices has occurred as follows: (See enclosed Platts chart)

	Basrah Light (Delivered NWE)	Urals (NWE)	Urals (Med)
(January) Liftings	Brent -$1.70	Brent -$ .70-80	Brent -$ .90
(February) Liftings Current (Offered)	Brent -$2.90	Brent -$1.95-2.00	Brent -$2.20-2.30
Effective Market Δ	-$1.25/bbl	-$1.20-1.25/bbl	-$1.30-1.40/bbl

Therefore the net effect to lifters for F.O.B. shipments from January to mid February (i.e. ROSENEFTEIMPEX lifting period) are as follows:

Average Market Decrease Basrah Light/Other Sour Crude (Jan/Feb)	-$1.20-1.30/bbl
Increase O.S.P. Formula (Jan/Feb)	+$ .70/bbl
Effective Price Increase (Jan/Feb)	**$1.90/bbl (minimum)**

BASRAH U.S.

For purposes of demonstration the substantial requirement for formula price change applicable to February we summarize the change between the (January) price formula and current (February) price formula compared to change in market prices as follows:

OFFICIAL SELLING PRICE (January/February)

January U.S. Formula:	WTI	-$8.75/bbl
February U.S. Formula:	WTI	-$8.45/bbl (current)
=Effective Price Increase:		+$ .30/bbl

Basrah Light Spot Assessment (Platts)
(Delivered U.S. Gulf)

(January) Liftings	WTI	-$4.50bbl (January O.S.P.-Based Value)
(February) Liftings	WTI	-$6.00/bbl (Basis last spot sale) *Note: January lifting
=Effective Market Δ		-$1.50/bbl

Therefore the net effect to lifters for F.O.B. shipments from January to mid February (i.e. ROSENEFTEIMPEX lifting period) are as follows:

Average Market Decrease Basrah Light/Other Sour Crude	-$1.50/bbl (minimum)
Increase O.S.P. Formula (Jan/Feb)	+$ .30/bbl
Effective Price Increase (Jan/Feb)	**+$1.70/bbl (minimum)**

FREIGHT COST

BASRAH LIGHT

At the time that the February OSP prices were negotiated with SOMO and submitted for approval we understand that a freight market adjustment was considered by the U.N. Overseers to partially offset some of the above factors.

Unfortunately, for liftings arranged in advance, before mid February, such market freight savings had not occurred. For future shipments a savings of 10 WS pts should apply or equal to approximately $0.25/bbl.

CONCLUSION

It is evident from the above referenced simple summary of economic considerations affecting liftings in February that an immediate price formula change is required.

This price change should take in fully the net price increase since January described above, by adjusting the current OSP formulas for Europe and the U.S. as follows:

EUROPE:		DTD Brent	-4.50 (Feb OSP Current)
			-1.90 (Effective Price Increase Since Jan.OSP)
	TO:	DTD Brent	-6.40 (Feb OPS Proposed)
US:		WTI	-8.45 (Feb OSP Current)
			-1.70 (Effective Prince Increase Since Jan.OSP)
	TO:	WTI	-10.50 (Feb. OSP Proposed)

KIRKUK CRUDE

While the requirement for immediate formula price changes for Basrah shipments for Europe/US destinations is stressed above, due to the economic impact for lifters (ie

ROSNEFTEIMPEX and others) which pre-arrange prompt vessels prior to the establishment of offical prices, it is also implied that Kirkuk formula prices should likewise be adjusted.

This need to change Kirkuk prices also is evidenced by the recent export levels, which have ranged from nil to short periods whereby a few liftings have occurred, but well below capacity.

Kirkuk formula prices should therefore be adjusted based on the above proposed Basrah Light price formula, plus fair market adjustments for quality and freight savings.

Sincerely,

ROSNEFTEIMPEX

TO: Mr. Peter Kolby, Chairman
U.N. 661 Committee
FAX: 212 688 0554

CC: Ambassador Serge Lavrov
UN Representative Russian Federation
FAX: 212 628 0252

FROM: ROSNEFTEIMPEX

DATE: February 12, 2001

Dear Sirs:

I am compelled to write you regarding the price mechanism recently approved by the UN for February liftings, whereby the prices submitted by the Overseers are significantly different than market prices, and consequently will jeopardize future oil liftings under the program, as well as the companies participating.

Rosnefteimpex has participated in the program since Phase VIII, and as such are familiar with the process of establishing prices. On the basis of this understanding, and good faith, we have arranged liftings for February, prior to the establishment of a price mechanism, for vessels expected to begin loading February 9, 2001.

Under the present price mechanism to perform such a lifting would have substantial financial consequences to the lifter which cannot be the intent of the UN.

However, given the fact that the changes in market circumstances since January described above, which have deteriorated further last week, seemed to have been largely dismissed the UN Overseers. For example, we understand that SOMO attempted to submit more competitive formula's which would not have been accepted, despite supportive arguments. For this reason, we appeal herein to the Committee directly in order to resolve this issue.

We are also concerned with the future viability of the program, if due to recent special concerns of the Committee, as in February, a price mechanism can't be fairly established according to standard industry conditions.

As to the present situation, with vessels arriving, and to avoid further curtailments to the production and program in general, we have submitted the enclosed memorandum to the UN Overseers, which clearly demonstrates the current price mechanism inequities for your review.

Sincerely,

ROSNEFTEIMPEX

URGENT URGENT

FROM: **ROSNEFTEIMPEX**
MR. POUKHOV
Fax: (095) 979 60 71

TO: **U.N. OVERSEERS**
FAX: **212 963 1628**

REF: **IRAQI CRUDE FORMULA PRICES (FEB)**

DATE: **February 11, 2001**

We hereby request immediate action be taken to revise formula prices for Iraqi crudes based on actual market prices and conditions today, and applicable to prompt shipments which ROSNEFTEIMPEX has contracted for and scheduled to lift.

Specifically, and most urgently, we refer to vessels awaiting loading Mina Al Bakr, which if loaded at current formula prices would mean paying a substantial premium to the market for the crude, and consequently substantial losses to receivers.

To support our urgent request we hereby enclose a summary of the economic conditions applicable for prompt shipments, referred to above, which during recent negotiations with S.O.M.O. were apparently not considered, which combined with further market changes since, mandate an immediate price review which should be within the guidelines of the "oil for food" resolution to regularly establish fair market prices.

MARKET SUMMARY

BASRAH LIGHT

There is substantial volume (over 8MM barrels) of Basrah Light inventory and/or deliveries in March (i.e. January loading) which is being valued and offered at substantial discounts (-1.20/bbl) to the U.S. price formula applicable to both the applicable lifting date and to currently applied (February) formula. Based on insufficient outlets for such quantities resulting from full refinery capabilities values are likely to deteriorate further.

Therefore a revised formula for European destination should be immediately adopted, in addition to a further revised formula for U.S. destination effective not later than February 15, reflecting market changes outlined below, not reflected in today's formula:

EUROPE (BASRAH)

For purposes of demonstration the substantial requirement for formula price change applicable to February we summarize the change between the (January) price formula and current (February) price formula compared to change in market prices as follows:

1

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 106

OFFICIAL SELLING PRICE (January/February)

January Europe Formula:	Brent	- $5.20/bbl
February Europe Formula:	Brent	- $4.50/bbl
=Effective Price Increase		+$ .70/bbl

MARKET (January/February)

During the time period between the establishing of the (January) formula and the (February) formula the following change in market prices has occurred as follows: (See enclosed Platts chart)

	Basrah Light (Delivered NWE)	Urals (NWE)	Urals (Med)
(January) Liftings	Brent -$1.70	Brent -$ .70-80	Brent -$ .90
(February) Liftings Current (Offered)	Brent -$2.90	Brent -$1.95-2.00	Brent -$2.20-2.30
Effective Market Δ	-$1.25/bbl	-$1.20-1.25/bbl	-$1.30-1.40/bbl

Therefore the net effect to lifters for F.O.B. shipments from January to mid February (i.e. ROSENEFTEIMPEX lifting period) are as follows:

Average Market Decrease Basrah Light/Other Sour Crude (Jan/Feb)	-$1.20-1.30/bbl
Increase O.S.P. Formula (Jan/Feb)	+$ .70/bbl
Effective Price Increase (Jan/Feb)	**$1.90/bbl (minimum)**

BASRAH U.S.

For purposes of demonstration the substantial requirement for formula price change applicable to February we summarize the change between the (January) price formula and current (February) price formula compared to change in market prices as follows:

OFFICIAL SELLING PRICE (January/February)

January U.S. Formula:	WTI	-$8.70/bbl
February U.S. Formula:	WTI	-$8.45/bbl (current)
=Effective Price Increase:		+$ .25/bbl

2

	Basrah Light Spot Assessment (Platts) (Delivered U.S. Gulf)	
(January) Liftings	WTI	-$4.50bbl (January O.S.P.-Based Value)
(February) Liftings	WTI	-$5.70/bbl (Basis last spot sale) *Note: January lifting
=Effective Market Δ		-$1.20/bbl

Therefore the net effect to lifters for F.O.B. shipments from January to mid February (i.e. ROSENEFTEIMPEX lifting period) are as follows:

Average Market Decrease Basrah Light/Other Sour Crude	-$1.20/bbl (minimum)
Increase O.S.P. Formula (Jan/Feb)	+$ .25/bbl
Effective Price Increase (Jan/Feb)	**+$1.40/bbl (minimum)**

FREIGHT COST

BASRAH LIGHT

At the time that the February OSP prices were negotiated with SOMO and submitted for approval we understand that a freight market adjustment was considered by the U.N. Overseers to partially offset some of the above factors.

Unfortunately, for liftings arranged in advance, before mid February, such market freight savings had not occurred. For future shipments a savings of 10 WS pts should apply or equal to approximately $0.25/bbl.

CONCLUSION

It is evident from the above referenced simple summary of economic considerations affecting liftings in February that an immediate price formula change is required.

This price change should take in fully the net price increase since January described above, by adjusting the current OSP formulas for Europe and the U.S. as follows:

EUROPE:		DTD Brent	-4.50 (Feb OSP Current)
			-1.90 (Effective Price Increase Since Jan.OSP)
	TO:	DTD Brent	-6.40 (Feb OPS Proposed)
US:		WTI	-8.45 (Feb OSP Current)
			-1.40 (Effective Prince Increase Since Jan.OSP)
	TO:	WTI	-9.85 (Feb. OSP Proposed)

3

KIRKUK CRUDE

While the requirement for immediate formula price changes for Basrah shipments for Europe/US destinations is stressed above, due to the economic impact for lifters (ie ROSNEFTEIMPEX and others) which pre-arrange prompt vessels prior to the establishment of offical prices, it is also implied that Kirkuk formula prices should likewise be adjusted.

This need to change Kirkuk prices also is evidenced by the recent export levels, which have ranged from nil to short periods whereby a few liftings have occurred, but well below capacity.

Kirkuk formula prices should therefore be adjusted based on the above proposed Basrah Light price formula, plus fair market adjustments for quality and freight savings.

Sincerely,

Y.Poukhov



02-12-2001 09:44AM FROM TO 7132248101 P.01

TO: Mr. Peter Kolby, Chairman
U.N. 661 Committee
FAX: 212 688 0554

FROM: ROSNEFTEIMPEX
Fax: (095) 979 60 71

DATE: February 12, 2001

Dear Sirs:

I am compelled to write you regarding the price mechanism recently approved by the UN for February liftings, whereby the prices submitted by the Overseers are significantly different than market prices, and consequently will jeopardize future oil liftings under the program, as well as the companies participating.

Rosneftеimpex has participated in the program since Phase VIII, and as such are familiar with the process of establishing prices. On the basis of this understanding, and good faith, we have arranged liftings for February, prior to the establishment of a price mechanism, for vessels expected to begin loading February 9, 2001.

Under the present price mechanism to perform such a lifting would have substantial financial consequences to the lifter which cannot be the intent of the UN.

However, given the fact that the changes in market circumstances since January described above, which have deteriorated further last week, seemed to have been largely dismissed the UN Overseers. For example, we understand that SOMO attempted to submit more competitive formula's which would not have been accepted, despite supportive arguments. For this reason, we appeal herein to the Committee directly in order to resolve this issue.

We are also concerned with the future viability of the program, if due to recent special concerns of the Committee, as in February, a price mechanism can't be fairly established according to standard industry conditions.

As to the present situation, with vessels arriving, and to avoid further curtailments to the production and program in general, we have submitted the enclosed memorandum to the UN Overseers, which clearly demonstrates the current price mechanism inequities for your review.

Sincerely Yours,

Y.Pokhov

TO: RICHMOND HOTEL – GENEVA
FAX: 0114122 715 7001

ATTN: MR. AUGUST GIANGRANDI – ROOM 527

DATE: FEBRUARY 11, 2001

FROM: DC

Please see attached copies of:

1. Letter to Overseers from Rosnefteimpex
2. Letter to UN 661 Committee from Rosnefteimpex
3. Letter to MO from Italtech (to approve and instruct Italy)
4. Letter to UN Overseers from Italtech (to be finalized in Houston in AM)
5. Letter to UN 661 Committee from Italtech
6. To be finalized – letter to US from Bay

Best regards,
DC

772-6872

917 913 4035

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 107

BAYOIL

TO: Mr. Peter Kolby, Chairman
U.N. 661 Committee
FAX: 212 688 0554

FROM: David B. Chalmers, Jr.

DATE: June 25, 2001

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.

BAYOIL SUPPLY & TRADING LIMITED P.O. BOX CB12918 NASSAU BAHAMAS 242 362 4731 FAX: 242 362 4733 TLX. 20644

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 110

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. Telling's 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.

TO: UN OIL OVERSEERS
ATTN: Alexander Kramar
Michel Tellings
Morten Buur-Jensen
FAX: 212-963-1628

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 2/25/01and M/T Tina – B/L 1/20/01

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
PSI Minority Rpt-FN 110

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.

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

BAYOIL

TO: UN OVERSEERS
ATTN: ALEXANDER KRAMAR
MICHEL TELLINGS
MORTEN BUUR-JENSEN

FAX: 212-963-1628

FROM : DAVID B. CHALMERS, JR.

DATE : AUGUST 8, 2001

RE: IRAQI CRUDE PRICING POST AUGUST 10TH 2001

DEAR SIRS:

FOLLOWING OUR DISCUSSION EARLIER TODAY I WOULD LIKE TO REVISIT SOME OF THE CLEAR ISSUES IN THIS VERY IMPORTANT AREA.

1) **FREQUENCY OF PRICE CHANGES**

WHILST EVERY LIFTER IS SUPPORTIVE OF 30 DAY PRICING CHANGES THE MORE VOLATILE MARKET CONDITIONS FOLLOWING SUSPENSION OF EXPORTS COMBINED WITH THE SURGE OF EXPORTS U.S. BOUND, SHOULD SUPPORT REQUIRED MARKET ADJUSTMENTS WITHIN A 30 DAY PERIOD. AS AN EXAMPLE OF THIS MARKET VOLATILITY DUE TO A SURGE IN THE EXPORTS, THE CURRENT 10 DAY PRICE FORMULA HAS RESULTED IN THE WRONG PRICE AND SERIOUS FINANCIAL LOSSES FOR MANY LIFTERS.

WE WOULD, THEREFORE, ENVISAGE ANY AGREED 30 DAY PRICING POLICY TO RECOMMENCE SEPTEMBER 1ST USING THE CURRENT BALANCING AUGUST PERIOD FOR THE NECESSARY RE-ADJUSTMENTS REQUIRED.

2) **CURRENT SPOT MARKET OF DELIVERED BASRAH LIGHT**

IN THE FIRST APPENDIX TO THIS CORRESPONDENCE PLEASE FIND ENCLOSED A COPY OF TODAY'S SALE FROM BAYOIL TO EXXON FOR 1MBBLS BASRAH LIGHT DELIVERY 15-25 SEPTEMBER, 2001 .

BAYOIL SUPPLY & TRADING LIMITED P.O. BOX CB12918 NASSAU BAHAMAS 242 362 4731 FAX: 242 362 4733 TLX: 20644

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 111

THIS TRANSACTION WAS PRICED @ -4.60 DELIVERED, AND BY NO MEANS CAN BE CONSTITUTED AS THE ONLY DEAL TO BE DONE AT THESE LEVELS OR LOWER.

THIS IMPLIES AN FOB PRICE MINA AL BAKR AS FOLLOWS:

DELIVERED VALUE	-4.60
FREIGHT(55WS)	-1.58
LIGHTERING	-0.60
DEMURRAGE @ LOAD	-.04
DEMURRAGE @ DISPORT	-0.07
INSU/INSP	-0.04
TVM	-0.10
LOSSES	-0.10
OPA/HEDGE	-0.02
RISK/COST CONTINGENT	-0.20
REQUIRED FOB	-7.35

YOU WILL BE AWARE THAT THIS FREIGHT LEVEL OF 55WS IS FOR THOSE VESSELS ALREADY FIXED FOR AUGUST LOADING.

USING THE SAME LOGIC AS ABOVE, THE FOB PRICE FOR KIRKUK POST AUGUST 10TH SHOULD BE AS FOLLOWS:

B.LIGHT FOB	-7.35
(FREIGHT SAVINGS)	+0.45 – (WS 55/WS65)
(QUALITY DIFFERENTIAL)	+0.20
KIRKUK FOB (REQUIRED)	-6.70

3) OTHER MARKET FACTORS

A. VOLUME OF BASRAH CRUDE OIL SCHEDULED FOR USGC

THE SECOND APPENDIX DETAILS, FOR YOUR CONVENIENCE, THE VOLUME OF CRUDE OIL EX MINA AL BAKR THAT IS SCHEDULED TO ARRIVE IN THE USGC THROUGH DECEMBER.

THIS DATA HAS BEEN EXTRACTED FROM OUR ANALYSIS OF VLCC CHARTERERS.

YOU CAN READILY SEE THAT THE VOLUMES ARE LARGE :

FIRST DECADE	10M BARRELS
SECOND DECADE	12M BARRELS
THIRD DECADE	16M BARRELS
TOTAL	38M BARRELS

SINCE CONVENTIONAL WISDOM SUGGESTS THAT 20M BARRELS IS HIGH FOR THIS REGION, IT IS CLEAR THAT THE SPOT SOUR MARKET WILL COME UNDER INCREASING PRESSURE.

PLEASE REMEMBER THAT THESE FIGURES DO **NOT** INCLUDE KIRKUK.

ONE OF THE REASONS FOR THIS IS THE CONTINUATION OF AN IMPLIED AND SOMETIMES STATED POLICY TO NEGATIVELY PRICE AND **REGULATE** BASRAH IMPORTS INTO EUROPE. FOR EXAMPLE, THE CLEAR CONSTRAINT OF TRADE REGARDING THE USE OF SUMED / MED HAS CLEARLY RESULTED IN THE MARGINAL SURPLUS BARRELS GOING TO THE USGC.

B. PRICE DETERIORIATION OF OTHER COMPETING GRADES I.E. MARS/WTS

SINCE THE END OF JULY THE PRICE OF WTS HAS MOVED FROM -$1.00/BBL TO OVER -$2.00/BBL NOW. SIMILARLY, THE PRICE OF MARS CRUDE OIL HAS MOVED FROM -$3.50/BBL TO CURRENTLY BELOW -$4.27/BBL OVER THE SAME PERIOD.

4) CURRENT FORMULA PRICE BASRAH LIGHT (U.S.)

THE CURRENT FORMULA APPROVED FOR THE PERIOD AUGUST 1-10 DOES NOT REFLECT THE MARKET/COST FACTORS OUTLINED ABOVE WHICH WERE BASED ON THE ESTABLISHED METHODOLOGY USED BY THE U.N. SINCE THE PROGRAM STARTED.

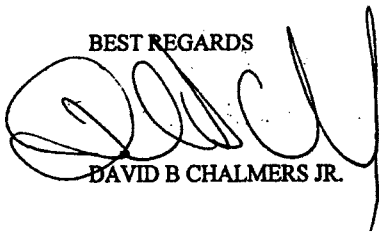
I.E. THE OVERSEEN PRICE DISCOVERY FOR BASRAH FOR AUGUST 1-10 BELIEVE INVOLVED THE FOLLOWING:

DELIVERED VALUE	-4.30	
FREIGHT	-1.57	
COSTS	-0.68	BY LOGICAL DEDUCTION
FOB PRICE PROMOTED	-6.55	

IT APPEARS THAT THIS $0.68/BBL DEDUCED COST HAS NO MEASURE IN REALITY AND DOES NOT REFLECT THE TRUE COSTS WIDELY USED TO ESTABLISH MONTHLY PRICES.

WE THEREFORE HOPE THAT IN THE INTEREST OF ESTABLISHING A FAIR MARKET PRICE FORMULA CONSEQUENTLY LEADING TO RATABLE LIFTINGS, YOUR OFFICE WILL CONSIDER THE FACTORS OUTLINED ABOVE.

BEST REGARDS



DAVID B CHALMERS JR.

September 13, 2002

Matthew T. McManus
Division Chief – Energy
Producer Affairs
U.S. Department of State
EB/ESC/IEC/EPC
Room 3535
Washington, D.C. 20520

Dear Sir:

It was a pleasure to speak to you by phone concerning the recent controversy over the pricing mechanism currently being adopted by the United Nations ("UN"), under the "Oil-for-Food" Program. As I mentioned to you, my colleagues and I at Bayoil are greatly appreciative of your recent initiative to reach out to current and former industry participants in the program, such as ourselves, in the spirit of learning more about industry concerns over the present system, and finding solutions to the issues involved. We hope that this will lead to longer-term success of the program and wider industry participation.

We believe we can assist you in your quest for solutions to these issues as a result of our history as participants in this program and our knowledge of the industry. Furthermore, we believe that we could provide you with a more objective approach than you might encounter from other participants in the program due to the fact that we maintained but limited participation, for the most part, during the period in which greater controversy arose in connection with the pricing mechanism.

Accordingly, my colleagues and I would hope to maintain dialogue with your office and/or meet to further discuss the various key points of concern to the industry that we believe should be considered in finding a solution that addresses all concerns.

In anticipation of continued dialogue with your offices, I would respectfully like to submit the enclosed memorandum from Bayoil which will, in the interim, summarize some of the key points of concern to the industry which, from our perspective, have led to the present situation, and present you with some ideas, which we believe could lead to a longer term solution.

Sincerely yours,

John D.N. Irving

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 114

MEMORANDUM

TO: Matthew T. McManus
Division Chief – Energy
U.S. Department of State

FROM: Mr. John D.N. Irving – Bayoil London
Mr. David B. Chalmers, Jr. – Bayoil Houston

DATE: September 13, 2002

REF: Summary analysis of key developments affecting recent industry participation in Iraq oil sales under the U.N. "Oil-for-Food" Program and proposed future changes in procedures for establishing price mechanisms.

I. INDUSTRY PERSPECTIVE OF RECENT PRACTICES FOR ESTABLISHING OIL PRICE MECHANISM

Our Comments

There are, in our view, two key issues related to the controversy over the current pricing mechanism that have contributed to criticism within the industry and reduced participation in the program.

1. The methodologies applied by the UN Overseers in the assessment and calculation of the price formulas has become unpredictable, and the variation in these methodologies has spurred further uncertainties. At the same time, the accuracy of the assessment, regardless of the methodology employed, is questionable.

2. The procedure adopted over the past few months by the 661 Committee, with the Overseer's approval, requires "holding" formula prices submitted by S.O.M.O. until the applicable period has elapsed. This procedure appears to be at variance with Resolution guidelines and general industry practice, and has led to lower program participation, and perhaps even an impact on the future success of the program.

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 114

Methodology

With regard to the methodologies used by the Overseers in determining reasonable price formulas, it is evident - from our analysis of the formulas approved over the course of the program and our discussions with other industry participants - that the Overseers have, over time, changed their methodologies for calculating formulas and sourcing market information in a manner that has been construed by many industry participants as unpredictable, uncompetitive, and even unfair. In fact, many industry participants hold a very cynical view that the Overseers will adopt whichever methodology will yield the highest price for a respective period.

To be more specific, ever since the program's inception, various methods have been used by the Overseers to consider formulas for approval. These involved the application of different criteria and assumptions, from period to period, with respect to key market components used in the eventual formula. For example, the criteria for determining market value assessment for U.S.-bound shipments has shifted, over time, from quality-based comparative values to Saudi crude prices, spot Iraqi price-based assessments, and recently to quality-based comparative values to U.S. crude grades. As the basis for assessing the value of Iraqi grades changed, so too did the market period applied to each monthly formula calculation. Moreover, during the period subsequent to the adoption of retroactive prices, the Overseers have calculated the formulas as follows: i) initially on the basis of market assessments prevailing at the time of UN approval, ii) on the basis of the calculated average 30 days prior to UN approval, and iii) most recently, on the basis of assessments applicable during a determined loading period for each Iraqi grade. Such inconsistency on a unilateral and undefined basis has caused the greatest degree of frustration and criticism within the industry.
Unfortunately, this criticism has been fueled by the recent controversy surrounding the July 2002 prices for U.S.-bound shipments, when outspoken industry participants created a stir in the press and elsewhere, claiming that the Overseers were calculating the U.S. market component of the formula based on average published prices for other varieties of crude (e.g. Mars crude)- which did not fully reflect differences in quality and market delivery periods - instead of applying price assessments derived from widely reported spot market transactions or offerings for Iraqi grades applicable to the July lifting period.

Most industry observers have concurred that, in tandem with the periodic change in methodologies used for calculating price formulas, the accuracy of the market assessments to the various components of each formula has suffered for the following two reasons:

1. Many industry participants believe that the market assessments historically used to calculate formulas were derived from documented and reported transactions that the Overseers sourced from the most active participants in the program. These transactions are often no longer included or considered, in light of the greater weight given by the

Overseers to the market assessments and/or formula recommendations of the major British oil companies. In a similar vein, many industry participants are concerned about the fact that the Overseers actually "pre-advise" S.O.M.O. on the only formula that they should forward for approval. This procedure in fact allows the Overseers to present to the Committee a formula that has been "officially submitted" by S.O.M.O. even though, in reality, it has been "imposed" on S.O.M.O. by the Overseers, thus exonerating the latter from having to justify how they arrived at the formula.

Retroactivity

Many industry participants have criticized the retroactive pricing policy recently adopted by the UN. However, it is our view that the prime concern of most companies is the overall uncertainty and/or lack of confidence in the actual methodology applied towards the calculation of the formula, which if applied retroactively often results in an unacceptably high level of financial risk. Therefore, the retroactive pricing policy in and of itself is not a primary practical concern; it is rather the combination of this policy and the uncertainty over the methodology used to calculate the retroactive price. Delivery time to the U.S. Coast by itself can tolerate retroactivity provided a decision on price formulas is made prior to unloading. Thus, retroactivity would ironically provide a price closer to the market value at selling date

Unfortunately, the association of the Overseer's varying methodologies with the retroactive pricing policy has contributed to unforeseen financial losses to current program participants and led to wider criticism, including claims by many that the retroactive pricing is at variance with the initial UN Resolution guidelines and corresponding contractual terms.

While the reasons for adopting the practice of approving formula prices on a retroactive basis only are clearly understood and supported by the industry at large, most companies believe a "standard industry" methodology for calculating relevant fair market price formulas (prior to the date of lifting) can easily accomplish the same goal.

Accordingly, it should be possible for the UN and other experts to regularly determine a final price formula for a particular period and grade. This formula could be accurate enough in relation to cost/market components not to be commercially marketable prior to lifting at premiums over the formula. This, in theory, opens the possibility that allocation holders could no longer afford to pay the illegal surcharges recently reported.

Conversely, most industry observers do not understand the logic of applying prices retroactively to eliminate this possibility, as the theory must somehow imply that end users can predict consistent future increases in market values. This, in turn, would compensate for consistently paying premiums over current market prices prior to each lifting.

Conclusion

In summary, the UN Oil-for-Food Program has, in our view, evolved to a situation where the industry has become increasingly critical of the program in general, and has subsequently greatly reduced its participation over time. This has led refiners to substitute Iraqi crude with crude from other sources; a development that may be difficult to reverse in the future.

If it is indeed in U.S. interests to maintain the Oil-for-Food program and, furthermore, make it successful, we believe that the adoption of a pricing formula through defined and consistent methodologies should be undertaken and implemented. Furthermore, such pricing formulas should initially include conditions that will stimulate industry interest in substituting and reverting back to Iraqi grades, without consequential financial risk in doing so.

Accordingly, based on the assumption that there is a broad-based renewed interest in stimulating participation in the program, we would be prepared to cooperate with your office through our expertise in this regard. As such, we have attached herein a summary of specific recommendations, which should address overall industry concerns, while hopefully meeting any concerns or guidelines of the U.N. and its members.

II. RECOMMENDED FUTURE GUIDELINES/PROCEDURES FOR ESTABLISHING PRICE MECHANISMS

Per the above conclusions, we would recommend that the U.N. adopt more defined and consistent methodologies to evaluate and approve submitted price formulae that would better meet industry approval. We wish to stress that there are two inherent and integral steps to this recommendation:

Step 1 That the U.N. adopt a clearly defined and standard industry methodology to determine a base case price formula for each grade/destination that clearly identifies each market/cost component or assessment used to calculate the final formula price. And furthermore, that the UN adopt this in conjunction with a defined methodology with respect to the conditions and procedures followed to determinate the applicable time period prices.

Step 2 That the U.N. adopt clearly defined procedures and methodologies for evaluating and assessing (not simply limited to the calculation of market factor changes) prevailing market conditions to be applied for each consequential formula over time.

STEP 1

The methodologies proposed for establishing and/or calculating the base case price formula components can be broken into three categories and are defined and described as follows:

1) Primary Shipping Cost Assessment

Definition: = Cost assessment in $ per barrel, applicable to each period, that comprises a generic freight cost calculation for typical vessels loading at each Iraqi port and destined for a designated delivery port within each destination region.

Method of Assessment: - A market freight rate assessment is determined, for the prevailing period, by objectively applying the predominant spot freight rates determined by major industry participants and/or publications for specific vessels chartered from Iraqi ports in conjunction with generic vessels offered/chartered in the region for transit to the destinations applicable to Iraqi crude formulas.

The shipping cost estimate is then calculated according to standard industry methods by applying the freight rate assessments to generic shipments according to their loading ports (i.e. Kirkuk, Basrah) and destination regions (i.e. Europe, U.S.)

For Europe:

Kirkuk – Shipping Cost	=	Rate x Ceyhan to Augusta (Italy)
Basrah – Shipping Cost	=	Rate x Al Bakr to Augusta (Italy)

For the Americas:

Kirkuk – Shipping Cost	=	Rate x Ceyhan to S. Sabine (Texas)
Basrah – Shipping Cost	=	Rate x Al Bakr to S. Sabine (Texas)

Note: It is important that the calculation of all freight components of each formula be based on the same delivery port in order to achieve accurate formula differences between Iraqi grades delivering to the same destination. (This has not always been done in the past, thus contributing to inconsistency and lower industry participation).

2) Secondary Associated Transaction Cost/Risk Factors Assessment

A. Vessel Demurrage

Definition: = Estimated cost assessments associated with typical conditions at loading ports/disports for the various destination regions. (inclusive of estimated costs for typical loading port and transshipment vessels where applicable due to discharge port restrictions).

Method of Assessment: - Cost estimate to be calculated by determining, from industry sources, the prevailing and/or experienced normal waiting time for vessels at loading ports/disports until discharge, and converting the number of days at prevailing demurrage rates to a per barrel cost.

B. Marine Insurance

Definition: = Cost per barrel estimate of typical insurance costs to shippers subject to insurance coverage against "All Risk" of physical loss or damage to crude oil shipped and/or stored in bulk form.

= Additional cost per barrel estimate of prevailing war risk insurance costs to shippers loading from Iraqi ports.

Method of
Assessment: - Cost estimate to be calculated according to standard industry methods and based on prevailing and industry-sourced insurance rates and valuation of oil and vessel hulls covered, whereby the final estimate is sufficient to allow the charterer to use the best class of vessel available.

C. Letter of Credit/Currency Conversion Cost

Definition: = Typical L/C cost per barrel including L/C confirmation charges in New York, and

= Typical risk factor/cost of conversion from US$/Euro between the time period in which the price is established and that of the final payment due date.

Method of
Assessment: - Cost estimate calculated according to standard financing method and based on quoted rates or fees provided by banks and participants covering L/C opening charges and confirmation charges applicable for prevailing L/C valuations issued to the U.N.

- Cost estimate for currency conversion risk based on typical and/or actual cost/risk exposure charges incurred by shippers according to information/documentation sourced from major participants and financial institutions.

Note: Such cost estimates should fully cover partial risk of loss and not based on rate or fees availably only to larger institutions.

D. Inspection Costs

Definition: = Typical costs per barrel associated with fees for appointing independent inspectors at load/discharge port(s) required by banking and insurance institutions for the purposes of establishing the accuracy of vessel load/discharge volume calculations.

Method of
Assessment: - Cost estimate to be based on typical rates (fees charged by major surveyors and inspection companies to major participants.

E. Other Financing (T.V.M. Hedging)

Definition: = Cost of financing typical cost/risk exposure to shippers covering the period between payment and/or pricing of oil from suppliers and the corresponding period for final receivers.

Method of Assessment: - Cost estimate to be based on prevailing oil valuations, interest rates / future transaction fees applicable and typically charged to oil company participants.

F. Cargo Handling Losses

Definition: = Typical handling/transportation oil volume losses which occur between the load port and final disport and are not otherwise covered by extraordinary insurance claims.

Method of Assessment: - Cost estimate per barrel covering normal cargo losses not covered by extraordinary insurance of approximately 0.5% and calculated on the basis of prevailing oil valuations.

G. Contingencies/Risk Margin

Definition: = Minimum expected overages compared to budgeted secondary cost estimates and based on the historical costs incurred by the major participants in the program since inception.

= Risk margin factor assessment per barrel applicable to minimum typical market basis risk for such transactions, particularly given the origin of the Iraqi oil and pricing mechanism.

Method of Assessment: - Cost estimate based on realistic industry standard experience as provided by major participants, including documented historical analysis if required.

- Risk margin estimate to be based on prevailing market risk assessment incurred by shippers with respect to the basis risk associated with the market assessment components of each formula. (i.e. W.T.I./Basrah Light or Urals/Kirkuk, Brent/Kirkuk, Platts/Nymex).

3) Market Assessment

Definition: = The prevailing assessments of the delivered spot market prices for Iraqi grades reflected as a $ per barrel differential versus the relative market crude for each destination (i.e. Brent or W.T.I.).

Method of Assessment: - The primary and most accurate/fair method for assessing the prevailing market price differential should be based on actual spot market delivered sales transactions of Iraqi grades reported or published at the time price formulas are proposed and approved for each applicable loading period. As such, these spot transactions should be the primary and single basis for calculating market assessment components of the prevailing formula price.

- In the event that no actual accurate transactions are offered or available from primary participants, an assessment of prevailing delivered Iraqi crude market offerings and/or bids by end users should be the governing factors from which to derive a market assessment.

- In the event that, during a particular assessment period, there are no Iraqi grades reported as sold/being offered to the relevant destination region, then the oil experts should evaluate the prevailing spot prices for the closest comparable crude grade from other sources, and adjust the final estimate to reflect the prevailing quality differential to the Iraqi crudes and reported by a varied group of actual end users or other qualified industry sources.

Note: If the primary methodology cannot be applied and/or the above referenced alternate methods are applied to a particular formula, then it should be clearly stated to all industry participants.

Formula Market Assessment Difference Between Iraqi Grades (Kirkuk/ Basrah Light) For Same Destination

A major characteristic in the marketing of Iraqi barrels per destination derives from the two clear grades from this region; one or the other PREDOMINATES according to the different destinations, with the lesser grade trading off the DOMINANT basis' generic quality differences. It is regarded as absolutely essential that the pricing of these grades reflect this key fundamental point.

Because of the complexities in this area it is pivotal to consider each location as being characterized by the import of a DOMINANT Iraqi crude oil grade as the main price determinant with the SECONDARY grade priced as a differential to the DOMINANT grade (this differential takes into consideration generic quality differences between the grades and the respective freight component costs as defined above).

Location	Dominant Grade	Secondary Grade
U.S.	BASRAH	KIRKUK
EUROPE	KIRKUK	BASRAH
FAR EAST	BASRAH	N/A

Note: The quality difference assessment applied by the U.N. should perfect the prevailing values provided and/or documented by the larger participants in the program.

The other timing guidelines or conditions proposed for application to the process of establishing future price formulas are defined and described as follows:

1) Period Of Time During Which Each Price Formula Is Applicable

Each cargo has a specific Bill of Lading (B/L) Date. This date either falls during the first half (a "PERIOD") or second half (a "PERIOD") of the calendar month of loading. If a cargo has a B/L in the first half (1st-15th inclusive) of the calendar month, then the applicable pricing differential should be that established for the first 15 days (1-15 inclusive) of the calendar month and if the B/L is in the second half (16th-28, 29,30, or 31st as appropriate) of the calendar month then the applicable pricing differential should be that established for cargoes loading over the second half of that same calendar month.

2) Determination Of The Respective Price Formula For Each Period

The price formula applicable to each cargo for each PERIOD should be determined at the end of that PERIOD **and based on the prevailing market assessments for the various market components at that time.** The time interval between the end of a PERIOD and that when the price for that PERIOD is actually known and published should be a maximum as defined by the procedure outlined below.

There should be no price submissions before the beginning of each PERIOD by SOMO to the U.N. (in other words no submitted prices will be on hold)

3) Procedure For Finalizing Price Formulas Within A Time Limit

By the last calendar day of each PERIOD (or before if this day is a week-end / public holiday in either Iraq or USA) SOMO should inform Oil Overseers of their pricing differentials for each of the grade/location combinations. This day will be called the SUBMISSION DAY.

In all cases the procedures followed for the determination of the pricing differentials for each PERIOD for each GRADE / DESTINATION shall always be consistent and identical for each PERIOD for the same GRADE/ DESTINATION - this always assumes that the pricing formula for each grade/destination is constant.

From the SUBMISSION DAY, SOMO and Oil Overseers should have a limited amount of time to finally agree and confirm pricing differentials. This limited amount of time should also include agreement by the 661 Committee for the price differentials to be applied for each PERIOD.

The final price differentials should be known and published not more than two working days after the SUBMISSION DAY.

STEP 2

PROPOSED PROCEDURES FOR EVALUATING MARKET ADJUSTMENTS FROM ONE PRICING PERIOD TO ANOTHER

The difficult task of maintaining fair and competitive price formulas over time, despite clearer and more consistent methodologies employed by the U.N., will likely continue to be a difficult task, particularly due to the market volatility associated with substantial increase in export volume of Iraqi crude.

As such, in the spirit of all parties wishing to resolve the current difficulties of the oil program with an aim of contributing to the future success and participation, it might well be of utmost importance to establish a better sense of mutual accountability between the U.N. Overseers, S.O.M.O., and the industry participants, which should translate to certain new procedures on responsibility pertaining to the communications and/or exchange of market information, particularly during the periods that price mechanisms are being established.

With this in mind, we would specifically like to propose further recommendations in connection with the procedures/guidelines followed by the above referenced program participants as follows:

A. PROCEDURES TO BE FOLLOWED BY S.O.M.O. WITH RESPECT TO SUBMISSION OF THE RESPECTIVE PRICE MECHANISMS FOR EACH PERIOD AND DESTINATION.

S.O.M.O. should ideally:

1) Hand in a formal written submission of specific formulas for each period on the pre-designated date required under recommended procedures for finalizing price formula.

2) Submit a written summary of the calculations used and methodology applied to each formula submitted, including enclosed market documentation supporting the calculations submitted, on the day prior to submission date.

3) Be responsible for contacting key industry sources, such as key participating marketing companies, refiners, and others during the period prior to each submission to obtain the most accurate prevailing market condition applicable to Iraqi crude in each major market as well as other market components applicable to each formula.

B. PROCEDURES TO BE FOLLOWED BY THE U.N. OVERSEERS WITH RESPECT TO SUBMISSION OF THE RESPECTIVE PRICE MECHANISMS FOR EACH PERIOD AND DESTINATION

The U.N. Overseers would generally re-focus their activities on establishing certain newly adopted daily operating procedures leading to a greater adherence to industry standard modus operandi, while performing their primary stated function under Resolution 986 (1995) to "verify that the purchase price of petroleum and petroleum products is reasonable in the light of prevailing market conditions, ...). Specifically one may suggest the following:

1) The Overseers would have a fiduciary responsibility to maintain daily communications of a professional and courteous nature with broad based oil industry representatives, particularly with emphasis on key direct or indirect participants in the program, in an effort to obtain and maintain the most accurate market information that applies to their responsibilities.

2) The Overseers would accordingly take into account this market information sourced from the industry, combined with relevant published oil market reports in an effort to complete a realistic level of in-house market analysis. This will surely help in the fulfillment of their long-term responsibilities as well as provide a basis for supporting their (the overseers) assessments of formulae submitted by S.O.M.O.

3) The Overseers would provide the Committee or its members regular market reports pertaining to their analysis and/or market information sourced from industry, which support the decisions or assessments made on formulae submitted.

4) The Overseers would openly exchange views on their market analysis with industry participants especially where differences of opinions exist on market assessments, which may lead to disapproval or rejection of formulas submitted by S.O.M.O.

C. PROCEDURES TO BE FOLLOWED BY INDUSTRY WITH RESPECT TO SUBMISSION OF THE RESPECTIVE PRICE MECHANISMS FOR EACH PERIOD AND DESTINATION

The primary oil industry companies which are directly or indirectly involved in the successful execution of the oil sales program should take a greater degree of responsibility to supply S.O.M.O. and the U.N. representatives reliable and frequent market analysis and/or reporting as such, some specific procedures which should be adopted as follows:

1) The participating marketing companies, either independent or major company affiliates, should take more responsibility to report to the Overseers and S.O.M.O. confirmed market transactions for Iraqi oil which they are in a knowledgeable position to confirm directly, as a result of their market participation and can be relayed with a high degree of accuracy.

2) The same companies, as well as perhaps other less active participants, such as refiners from each region, should provide, upon request, the Overseers and S.O.M.O. with prevailing market analysis relevant to the price formula components, such as refinery net back values and market comparisons to substitute grades.

3) It is envisaged that the above information will be communicated verbally, upon request, unless or otherwise requested in fax/e-mail form, particularly at the time when price formulas are being established.

MEMORANDUM

TO: Matthew T. McManus
Division Chief – Energy
U.S. Department of State

FROM: Mr. John D.N. Irving – Bayoil London

DATE: September 18, 2002

REF: Bayoil's recommendations to the U.N. with respect to future methodologies and/or guidelines to be applied to the establishment of price formula mechanisms.

Dear Sirs:

As a follow up to Bayoil's Memo of September 13, 2002 and per your recent telephone request, I would be pleased to provide further background explanation about the considerations given with regard to our recommendations with respect to the (1) method and (2) time applied by the U.N. for establishing the market value component of each price formula for consecutive periods.

Market Assessment

The proposed application of prevailing spot prices of Iraqi grades to calculate the market component of each formula is made in context with recommending a reference price component yielding a higher level of accuracy or fairness, which simultaneously is a reflection of refiners' historical practice of purchasing these grades on an incremental or spot basis instead of base load or term supply. Despite the above, we evaluated all the methods applied by the Overseer chronologically since the program started. For example, for U.S. destination, the application of a Saudi (O.S.P.) adjusted for quality, followed by Iraqi spot sales assessments, and recently a U.S. crude (i.e. Mars) based assessment adjusted for quality.

In this respect, we would like to summarize the analysis and logic applied to evaluating these various methods.

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 114

The Logic Associated With The Pricing Of Spot Iraqi Crude Oil

Introduction

The price of any crude oil changes as the parameters determining its comparative value change-however the rate of this price change will be different for different crude oils depending upon whether the crude oil is contracted on a TERM or SPOT basis.

The comparative value of any crude oil-be it TERM or SPOT- will be consistently changing with a rate of change that will be different for different geographical market sectors and for different crude oils.

The characteristic of a SPOT priced crude is that its price is constantly adjusting so as to find its correct equilibrium level at that moment IN TIME and as market mechanisms allow, whereas a TERM crude oil will have a price fixed over a definitive interval period of time independent of any disturbance factors (market forces, supply-demand balances, political, technical, operational or economic).

At the end of this defined interval period of time the price of the TERM crude will be adjusted to reflect the level of the perceived and prevailing SPOT price (adjusted to reflect as far as is possible all inherent characteristic differences) of other competing TERM or SPOT grades.

Thus over a particular time period the holder of a TERM priced contract experiences either an opportunity COST or GAIN against the prevailing SPOT price-and at any one time is possessing either positive or negative economic rent against the TERM price.

Characteristically in a SPOT price there exists no economic rent apart from the intrinsic and private benefits / costs the seller or buyer of that price might hold and which are advantageous (or not) with respect to market forces at that moment.

Characteristic of contracted TERM crude oil is a contracted and stable volume shipped rateably/ month-a volume that is independent of any change in a prevailing SPOT price and subject to a defined and predictable schedule.

The volume supplied of TERM barrels can be adjusted on a contractual

basis by arrangement without any change in the TERM price apart from normal time interval adjustments which would have happened anyway. This has the effect on global equilibrium of a compensatory change in the prevailing SPOT

price-especially those SPOT barrels that are trading on a long haul basis from sources close to those of the TERM sources.

The effect of this is to apply a downwards pressure at that moment on the SPOT price which is not reflected in the TERM price.

Daily SPOT volume transactions fluctuate depending upon whether the SPOT price accurately reflects in totality the balance of all the parameters involved in the price level itself

The parameters that govern the comparative value of any crude oil are many and vast-but an attempt will be made here to state some that are considered to be of overriding importance.

- The inherent quality of the crude oil: i.e as the crude oil is processed in a refinery (through a multiplicity of optionality that the plant possesses per crude oil) what are the relative values of the many product and feedstock distribution yields (depending upon how this distribution is monetarised)?
- What other crude oils are available to each refinery?
- What are the current stock levels of crude oil and products?
- How does the delivered cost of each crude oil compare to its own value to that particular sector location?
- What is the shipping market for transporting crude oils from many different producing areas to many different refinery sectors?
- How do these values change with respect to and in consideration of the many different refineries in the same and different geographical sectors?
- Should the refinery be buying marginal (in the sense that TERM crude oil supply is a TERM commitment for the refinery independent of SPOT market forces) crude oil at all?
- Should the refineries in each market sector be processing any crude oil at all-should they be running feedstocks instead?
- What is the price of the marker crudes in each market sector?
- Are the marker crudes in different geographical sectors allowing arbitrage possibilities that distort the crude supply picture and create a substantial disequilibrium in terms of any normalized trading patterns?

These parameters-and many more –govern the ever-changing value and subsequent ever-changing SPOT price of any crude oil.

The supraordinate control of these parameters-and their numerous permutations of combination- on price discovery is relatively elastic-thus ensuring volatility and continuous momentary equilibrium in the SPOT price (i.e. the SPOT price is always changing).

The formula FOB price for any particular SPOT barrel of crude oil must always reflect and be consistent with the spot prices of its competing spot grades in terms of quality, freight, other costs associated with the transportation and the length of time required to transport the crude to a particular sector.

If this is not the case then no refiner will buy the oil unless the SPOT value of the oil is increasing and the seller maintains the same price.

Generally speaking the market forces prevailing on SPOT crude oil are different and compensatory to TERM crude oil.

CHANGES IN TERM CRUDE OIL SUPPLY: AFFECT ON SPOT PRICE

In the current oil market environment it is well known that the current supply level of TERM crude is, in itself, trading above "quota". It is also known that this excess can be increased according to needs and with general compliance from certain industry participants and geopolitical interests. In this environment it is undeniably the case that the SPOT price of associated grades will reflect the ability of the market to "absorb" incremental TERM barrels and, accordingly, will always be under pressure and consistently trade (on an equivalent basis) below the TERM price at a differential that is volatile and totally unpredictable.

THE DEMAND FOR TERM CRUDE OIL: REFINERY BALANCING

Most of the world's major integrated companies-and many others- possess TERM crude oil supply contracts. The Percentage of refinery capacity employed in the conversion of TERM supply barrels varies across different companies. The balance of the refinery capacity to final utilization levels-final levels dictated by market forces-is reached through the purchase of SPOT crude oil.

In this way the scheduling of refinery throughput is conducted at a different rate depending upon whether TERM (earlier) or SPOT (later). The scheduling of the TERM barrels constitutes a BASE load upon which the refinery will process the crude oil in a manner that is not fully subject to prevailing market forces. On the

other hand the level of SPOT crude processed is completely defined by prevailing market forces (even to the level of substitution with feedstocks). In this way the demand function for SPOT crude is completely different to that same function for TERM crude.

The demand function for SPOT crude oil in itself is not correlated with whether the crude oils in question are long haul or short haul. The function is always applicable at the delivered location. In this way the market forces on long haul SPOT barrels are pivotal and extreme-thus ensuring perpetual volatility. This volatility is manifested in the SPOT price.

This volatility ensures a continued and erratic differential basis between the existent TERM and SPOT prices that offers no justification that the two prices can be linked in any meaningful way.

THE EFFECT OF TIME ON THE DIFFERENTIAL BETWEEN TERM AND SPOT PRICES: LONG HAUL AND SHORT HAUL

Generally speaking the longer a force acts on an unconstrained body the more that body will move away from its original position.

In this way the prevailing theoretical differential between the TERM and SPOT prices of crude oils that can be linked through an equivalent basis in quality etc. increases as the time from perception of the linkage is established.

This effect is more pronounced for long haul crude oils than short haul crude oils since the establishment of TEMPORAL POINT OF SALE is generally much later in the former than the latter. This effect is greatly accentuated by the fact that short haul barrels are almost always sold BEFORE loading whereas this is not the case for long haul SPOT cargoes.

Thus any imposed linkage in the supply price of long haul SPOT crude oil with a prevailing TERM price that has been pre-established will almost certainly create a disequilibrium between the COST of supply and the prevailing SPOT price. This disequilibrium will be either positive or negative and is a manifestation of the SPOT supply cost not reflecting current market conditions.

This effect will also present on short haul crude oils but it will be much less pronounced than for the long haul counterpart.

THE VALUE AND PRICE STATUS OF IRAQI CRUDE OIL

In every current market sector Basrah Light and Kirkuk crude oils (Iraqi grades) are considered as SPOT barrels and all transactions on these grades are valued

and priced as such. This is characterized by loading programme that truly reflects market forces as they apply to these grades.

From the INTRODUCTION above one can immediately understand that the SPOT prices of the Iraqi grades are constantly changing as market forces change.

This means that at the prevailing market level, as it moves through time, buyers and sellers by definition are, at the moment of transaction, creating a new equilibrium price level.

This equilibrium price level will be reflected through quality differences etc (see above) into the SPOT price of other competing grades.

This SPOT equilibrium price level will NOT be reflected in the existent TERM price of a similar grade until as such time that TERM price is adjusted on a regular time interval basis.

This SPOT equilibrium price level allows full price discovery and a supply schedule that is responsive to true market forces.

(1) **THE METHOD**

THE PRICING OF IRAQI CRUDE OIL

The pricing of Iraqi crude oil should be linked to the SPOT oil price because the sour grades of crude oil from Iraq are SPOT traded on the market.

The SPOT price of long haul Iraqi crude oil is completely exposed to the infinite momentary instabilities in time caused by some of the factors mentioned above, and, not least is exposed to 1) the arbitrage possibilities of imported crude oil (with a shorter voyage time in US and Far East) dominating local market share as immediate economics dictate. This factor can provide pivotal, immediate, volatile and damaging swings to the perceived SPOT price of a long haul Iraqi grade. 2) The SPOT pricing of short haul grades within the region in question.

The linkage of the formula contract price of Iraqi grades to the Saudi ARAMCO TERM price (or any other sour TERM price) will without doubt produce a price formula that is inconsistent with prevailing SPOT prices, and will de facto introduce large profits/losses for the lifters. This manifestation will be out of control until the next TERM price imposition.

There exists little, if any, correlative activity between the daily SPOT price SPOT sour crude grades and Saudi barrels. Rather the ARAMCO price acts as a BASE LINE about which the SPOT sour price rotates until the moment of restoration when the ARAMCO price re-adjusts-then the process continues again. In other

words the ARAMCO price is always playing "catch-up"-do we want to link Iraqi grades to this?

If the Iraqi crude oil grades are linked to the Saudi ARAMCO TERM formulas through quality and freight balancing then economic rent (only positive) will characterize the position of the seller because if the oil cannot be sold in defense of the cost structure (i.e too expensive) it will NOT be lifted and the schedule will be disturbed (in this case economic rent to the shipper will never be negative).

Forcing a shipper to lift under this scenario (eg Performance payment guarantees) will not work because no one will want to lift anyway.

Similarly, since the Iraqi crude oil will only be lifted on a linkage to the ARAMCO formula when positive economic rent is manifested between the formula price and the SPOT price to the contract holder, it invites a potential profit condition to pay any surcharge.

The ARAMCO price is not a full and fair price in that TERM Contract holders are not allowed to re-sell the barrels on the open SPOT market. Refiners often re-sell Iraqi and other SPOT crude barrels when refinery economics and other factors so determine. This means that the SPOT price of Iraqi reflects these issues-probably in this scenario going down-and that the TERM price of ARAMCO never does. To link the two prices in this scenario is nonsensical

In order to remove as many basis parameters as possible from evaluating the SPOT price of IRAQI crude oil then the BEST POSSIBLE GUIDE is the SPOT PRICE OF IRAQI CRUDE ITSELF as priced off a differential to WTI, Dated Brent or Oman/Dubai as appropriate.

If price discovery on Iraqi grades (through contracts and current offer conditions) is not possible then the market prices of the CLOSEST competing SPOT grades per destination should be considered.

This is how other SPOT grades are traded and why should Iraqi crude oils be any different?

The grades are traded to a particular band of refiners, the price discovery of the transactions is in Platts Crude Oil Marketwire, and the Oil Industry itself is generally aware of what is going on

Even this second option will produce less pricing error than that associated with pricing off some TERM contract, which, as we have discussed, bears little relation to the prevailing SPOT price of some arbitrarily chosen grade.

What should also be considered with respect to ARAMCO pricing, for example, is that this price is chosen up to 55 days before its incorporation on a particular

cargo (TERM price is usually announced on the 5th month m-1 for month m where m= month of applicability) thus creating a price dimension that is completely uncharacteristic of a SPOT price.

In addition not only does ARAMCO pricing have hidden cost benefits to the end-user- (such as freight and lightering subsidies), for some destinations such as EUROPE it is tied to the futures market rather than to the cash market- a factor that the sellers of SPOT sour grades such as URALS completely ignore.

Since SPOT Iraqi grades in Europe are typically derived as a result of the refiners value off URALS basis quality this is just a prevailing quality assessment as compared to spot Urals price, combined with other considerations such as overall availabilities of Iraqi grades offered versus regional requirement for a given period. Therefore, linking ARAMCO TERM prices to Basrah Light and Kirkuk could prove to be completely and dangerously misrepresentative.

In addition, we can comment on the spot assessment of Iraqi barrels through the consideration of other US similar grades (e.g. Mars). It is our understanding that the methodology of applying market assessments for other U.S. crude used during this calendar year occurred as a result of the Overseers inability to determine spot price for Iraqi grades due to low industry participation and resulting few number of reported transactions.

However, as in the case of July, it is evident that the spot prices actually concluded can and did in that case be completely discounted from a relative value to these other grades. Therefore, in order to avoid such circumstances, and regain industry confidence in the accuracy level of such assessments, it would not be advisable to use a method, which only contributed to less participation.

(2) TIME

PRO-ACTIVE SUPPLY PRICING OF SPOT TRADED IRAQI CRUDE OIL

The imposition of a pro-active supply price to contract crude oil that is traded on the SPOT market is COMPLETELY EQUIVALENT TO LINKING THE SUPPLY PRICE TO THE PREVAILING EQUIVALENT TERM PRICE.

This price might not be at the same level: that is not the point. Of chief issue is that the price is a FIXED LINE; therefore the logic is completely unchanged.

This imposition would have completely different effects on short haul SPOT barrels than on long haul.

The reasons for this have already been presented above.

Of critical importance is WHEN the pro-active price is applied and HOW LONG is its period of duration.

For short haul SPOT barrels with a sailing time to destination of only a few days the impact of a pro-active price will be negligible on the basis that the oil will most likely have been pre-sold anyway.

The re-calculation of this price every 15 days or so will also have very little impact depending on when this next 15 day period starts.

Since short haul SPOT barrels are traded about 10-20 days ahead of time (depending upon scheduling issues at the loading port) then the imposition of a 15 day pro-active price on the 25th of month m-1 for cargoes loading 26th /m-1 to 10th /m would be appropriate to the timing of the point of sale

For long haul barrels (voyage time 35-40 days) the situation is completely different. The KEY POINT here is that a proactive price applied to a long haul cargo over a 15 day period (with ever increasing departure from true price from day 1) means that it will probably not have reached its point of sale until the imposition of the next 15 day price, and any increase in the 15 days will result in a

greater and greater deviation from the SPOT pricing realities (as discussed above).

The only logical solution to this problem for long haul SPOT barrels is to have a price imposition that is consistent with the EXPECTED PRICE DISCOVERY OF SALE where maximum information exists at that moment.

This is equivalent to having a second proactive price on the 15th day discounting the price of the first 15 days.

This is EXACTLY EQUIVALENT TO PRICE RETROACTIVITY.

Since we are dealing in expectation this must be on the 15th day of the month

From everything that has been discussed above this RETROACTIVE price must be established with the prevailing SPOT price rather than any TERM or LINE pricing.

In conclusion, we concur that retroactive pricing for long haul spot Iraqi grades is the correct logical procedure for defining the moment of price discovery in time and that, furthermore, supreme importance should be placed on assessing the true SPOT value of the respective grades at the moment of application with a

consistent and valid methodology. It our opinion that the assessment by the UN of these SPOT prices in the past has been characterized by the utilization of incorrect factors and inconsistent procedures that need to be updated as per our original recommendations. The choice of the UN methodology, however, was undoubtedly correct.

For short haul Iraqi grades Pro-active price determination is logically valid.

For long haul grades read Basrah Light to US, Europe and Far East and Kirkuk to US. For short haul grades read Kirkuk: Europe destination.

The Period Each Price Formula Is Determined

		US Destination	EU Destination	Far East Destination
Basrah Light	-Applicable	Retroactive	Retroactive	Retroactive
	-Time	1st and 16th/M	1st and 16th/M	1st and 16th/M
	-Formula Assessment	Spot	Spot	Spot
	-Period of Application	15 days	15 days	15 days
Kirkuk	-Applicable	Retrospective	Pro-active	N/A
	-Time	1st and 16th/M	26th/M-1 and 10th/M	
	-Formula Assessment	Spot	Spot	
	-Period of Application	15 days	15 days	

Where M = applicable month of loading

TO: John

FROM: David

DATE: September 23, 2002

REF: Pricing Methodology Discussions U.N./State Department

Dear John:

Please review my general thoughts on key questions for further discussions as follows:

A. U.N./Oil Overseers

General - i Are they currently opposed to applying assessment of delivered spot market at end of each period (at current or increased levels of spot activity)?
- U.S.
- Europe

ii What are the current factors used for secondary costs?
- U.S.
- Europe

iii What is the current profit/risk margin factor applied (i.e. 5 cents), and would they be opposed to a greater margin if no evidence of surcharge exists and in effort to boost exports?

iv Are they opposed to 15 day retro instead of 30 day or instead of recent inquiry into 2 day?

v Same as above for timing of assessing shipping?

Specific i What is current U.S. delivered assessment of B.L. that would be considered for September.

ii What is the current consideration given to spot Mars recent increases?

iii What kind of current communications with lifters is taking place with regard to clarifying their position on the key issue (i.e. are they being generally open to all)?

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 114

B. State

General	i	Are there any areas of our recommendations where the State doesn't agree with our suggestions or premise of such recommendations?
	ii	What, if any are the Overseers objections to same above based or recent meeting and correspondence?
	iii	Is their new initiative to formally or informally instruct the Overseers to either modify methodology used or be more flexible in general in the future?
	iv	Are they opposed to greater allowance for margin in future formulas due to reports of no surcharge and to simulate exports? (i.e. require trader large participation)
	v	If not, will they suggest the above to the Overseers?
	vi	Would they like to maintain 30 day retro for time being, particularly as the inspectors are not in yet?
Specific	i	Do they want any of our people to meet with them to have expanded discussions on points raised in the memo?
	ii	Do they want our people to meet with the Overseers to review these same specific recommendations?
	iii	Can we rely on the Overseers current explanation of methodology applied with respect to our decision to lift? (Despite the fact they may currently not include many of our suggested components or procedures).

BAYOIL

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

FAX: 212-963-1628

FROM: David B. Chalmers, Jr.

DATE: September 26, 2002

Dear Gentlemen:

As you are undoubtedly aware, Bayoil has not been participating indirectly or otherwise in the U.N. Program since early this year for a number of reasons. However, since that time we have continued to follow closely the market factors affecting the Program, such as changes in refinery demand and valuations, particularly in the U.S.

As such, largely due to our historical participation and industry expertise, Bayoil has been contacted, along with other key industry participants, by certain U.S. government entities and individuals seeking to better understand the recent developments which had led to lower participation in the Program. In this connection we have provided these individuals some specific recommended procedures or guidelines that could be adopted by the Industry, S.O.M.O., and the U.N. with respect to achieving the goal of increased participation in the near future.

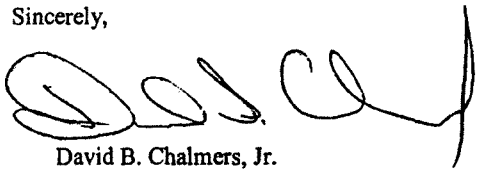
We would like to make clear to your good selves that the recommendations were made in an attempt to be constructive and objective with respect to proposed future pricing methodologies to be applied that meet broad industry concerns. We understand that the U.S. government individuals who reviewed our recommendations have appreciated this approach and, in general, agree with many of our suggestions. As such, and at their request, we would like to enclose a copy of the specific recommendations outlined in our memorandum for your review and comments.

BAYOIL (USA), INC. 909 TEXAS AVE., SUITE 202 HOUSTON, TX 77002 713-222-7100 FAX: 713-224-8101 TLX: 408368232

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 115

We look forward to hearing your comments and/or the opportunity to meet and discuss them in more detail.

Sincerely,



David B. Chalmers, Jr.

RECOMMENDED FUTURE GUIDELINES/PROCEDURES FOR ESTABLISHING PRICE MECHANISMS

As per our previous conclusions, it is our recommendation for the U.N. to adopt more defined and consistent methodologies of evaluating and approving price formulas submitted, which further meet industry approval. Within this recommendation there are two inherent and integral factors we would like to highlight as follows:

Step 1 We recommend the U.N. adopt a clearly defined and industry standard methodology for determining a base case price formula for each grade/destination which clearly identifies each market/cost component or assessment used to calculate the final formula price in combination with a defined methodology with respect to the conditions and procedures followed for the determination of the applicable time period prices.

Step 2 We recommend that the U.N. adopt clearly defined procedures and methodologies for evaluating and assessing (not limited to the calculation of market factor changes) prevailing market conditions to be applied for each consequential formula over time.

STEP 1

The methodologies proposed for establishing and/or calculating the base case price formula components can be broken into three categories and are defined and described as follows:

1) Primary Shipping Cost Assessment

Definition: = Representing the cost assessment in $ per barrel applicable for each period comprised of a generic freight cost calculation for typical vessels loading at each Iraqi port to a designated delivery port within each destination regions.

Method of Assessment: - A market freight rate assessment is determined for the prevailing period by objectively applying the predominate spot freight rates reported by major industry participants and/or publications for specific vessels chartered from Iraqi ports in combination with generic vessels offered/chartered in the region for transit to the destinations applicable to Iraqi crude formulas.

The shipping cost estimate is then calculated according to standard industry methods by using the freight rate assessments and applying such rates to a generic shipment from each Iraqi port within each destination region (i.e. Europe, U.S.)

For Europe:		
Kirkuk – Shipping Cost	=	Rate x Ceyhan to Augusta (Italy)
Basrah – Shipping Cost	=	Rate x Al Bakr to Augusta (Italy)
For Americas:		
Kirkuk – Shipping Cost	=	Rate x Ceyhan to S. Sabine (Texas)
Basrah – Shipping Cost	=	Rate x Al Bakr to S. Sabine (Texas)

Note: It is important for all freight components to each formula to be calculated based on same delivery port in order to achieve accurate formula differences between Iraqi grades delivering to same destination. (Not always previously done, which has contributed to inconsistency and on lower industry participation).

2) Secondary Associated Transaction Cost/Risk Factors Assessment

A. Vessel Demurrage

Definition: = Representing estimated cost assessments associated with typical conditions at load port/disport for the various destination regions. (inclusive of estimated cost for typical load port vessels and transshipment vessels where applicable due to discharge port restrictions).

Method of Assessment: - Cost estimate to be calculated by determining from industry sources the prevailing and/or experienced normal waiting time for vessels at load port/disport until discharge, and converting number of days at prevailing demurrage rates to a per barrel cost.

B. Marine Insurance

Definition: = Cost per barrel estimate of typical insurance cost to shippers subject to insurance covering against "All Risk" of physical loss or of damage to crude oil shipped and/or stored in bulk form.

= Additional cost per barrel estimate of prevailing war risk insurance cost to shippers from Iraqi port.

Method of
Assessment: - Cost estimate to be calculated according to industry standard method and based on prevailing and industry sourced insurance rates and valuation of oil and vessel hulls covered, whereby final estimate is sufficient to allow charterer to use best class of vessel available.

C. Letter of Credit/Currency Conversion Cost

Definition: = Representing typical L/C cost per barrel including L/C confirmation charges in New York, and

= Representing typical risk factor/cost of conversion from US$/Euro between time period price is established and final payment due date.

Method of
Assessment: - Cost estimate calculated according to standard financing method and based on quoted rates or fees provided by banks and participants covering L/C opening charges and confirmation charges applicable for prevailing L/C valuation issued to the U.N.

- Cost estimate for currency conversion risk based on typical and/or actual cost/risk exposure charges incurred by shippers according to information/documentation sourced from major participants and financial institutions.

Note: Such cost estimates should fully cover partial risk of loss and not based on rate or fees availably only to larger institutions.

D. Inspection Costs

Definition: = Representing typical cost per barrel associated with fees for appointing independent inspectors at load port/discharge port(s) required by banking and insurance institutions for purposes of establishing accuracy of vessel load/discharge volume calculations.

Method of
Assessment: - Cost estimate to be based on typical rates (fees charged by major surveyors and inspection company to major participants.

E. Other Financing (T.V.M. Hedging)

Definition: = Representing cost of financing typical cost/risk exposure to shippers covering period between payment and/or pricing of oil from suppliers and the corresponding period from final receivers.

Method of
Assessment: - Cost estimate to be based on prevailing oil valuations, interest rates / future transaction fees applicable and typically charged oil company participants.

F. Cargo Handling Losses

Definition: = Representing typical handling/transportation oil volume losses which occur between load port and final disport which are not otherwise covered by extraordinary insurance claims.

Method of
Assessment: - Cost estimate per barrel covering normal cargo losses not covered by extraordinary insurance of approximately 0.5% and calculated on the basis of prevailing oil valuations.

G. Contingencies/Risk Margin

Definition: = Representing minimum expected overages compared to budgeted secondary cost estimates and based on the historical experience incurred by the major participants in the program since inception.

= Representing risk margin factor assessment per barrel applicable to minimum typical market basis risk for such type transactions, particularly given origin of Iraqi oil and pricing mechanism.

Method of
Assessment: - Cost estimate based on realistic industry standard experience as provided by major participants, including documented historical analysis if required.

- Risk margin estimate to be based on prevailing market risk assessment incurred by shippers with respect to the basis risk associated with the market assessment component of each formula. (i.e. W.T.I./Basrah Light or Urals/Kirkuk, Brent/Kirkuk, Platts/Nymex).

3) Market Assessment

Definition: = Representing the prevailing assessments of the delivered spot market prices for Iraqi grades reflected as a $ per barrel differential versus the relative market crude for each destination (i.e. Brent or W.T.I.).

Method of
Assessment: - The primary and most accurate or fair method of assessing the prevailing market price differential should be based on actual spot market delivered sales transactions of Iraqi grades reported or published at the time price formulas are proposed and approved for each applicable loading period. As such, these spot transactions should be the primary and single basis for calculating market assessment component to the prevailing formula price.

- In the event no accurate actual transactions are offered or available from primary participants, an assessment of prevailing delivered Iraqi crude market offerings and/or bids by end users should be the governing factors to derive a market assessment.

- In the event during a particular assessment period there is no Iraqi grades reported as sold, or being offered to the relevant destination region, then the oil experts should evaluate the prevailing spot prices for the closest comparable crude grade from other sources, and adjust the final estimate to reflect the prevailing quality differential to the Iraqi crudes and reported by a varied group of actual end users or other qualified industry sources.

  Note: If the primary methodology cannot be applied and/or the above referenced alternate methods are applied to a particular formula, then it should be clearly stated to all industry participants.

Formula Market Assessment Difference Between Iraqi Grades (Kirkuk/ Basrah Light) For Same Destination

The major characteristic of the marketing of Iraqi barrels per destination is that of the two clear grades from this region one or other grade PREDOMINATES in different destinations with the lesser grade trading off the DOMINANT basis generic quality differences. It is regarded as absolutely essential that the pricing of these grades reflects this key fundamental point.

Because of the complexities in this area it is pivotal to consider each location being characterized by the import of a DOMINANT Iraqi crude oil grade as the main price determinant with the SECONDARY grade priced as a differential to the DOMINANT grade (this differential takes into consideration generic quality differences between the grades and the respective freight component costs as defined above).

Location	Dominant Grade	Secondary Grade
U.S.	BASRAH	KIRKUK
EUROPE	KIRKUK	BASRAH
FAR EAST	BASRAH	N/A

Note: The quality difference assessment applied by the U.N. should perfect the prevailing values provided and/or documented by the larger participants in the program.

The other timing guidelines or conditions proposed to be applied to the process of establishing future price formulas are defined and described as follows:

1) Period Of Time During Which Each Price Formula Is Applicable

Each cargo has a specific Bill of Lading Date. This Bill of Lading (B/L) Date either falls during the first half (a "PERIOD") or second half (a " PERIOD") of the calendar month of loading. If a cargo has a B/L in the first half (1st-15th inclusive) of the calendar month then the applicable pricing differential is that established for the first 15 days (1-15 inclusive) of the calendar month and if the B/L is in the second half (16th-28, 29,30, 31st as appropriate) of the calendar month then the applicable pricing differential is that established for cargoes loading over the second half of that same calendar month.

2) Determination Of The Respective Price Formula For Each Period

The price formula applicable to each cargo for each PERIOD shall be determined at the end of that PERIOD and based on the prevailing market assessments for the various market components at that time. The time interval between the end of a PERIOD and when the price for that PERIOD is known and published shall be a maximum as defined by procedure (see below).

There will be no price submissions before the beginning of each PERIOD by SOMO to the U.N. (in other words no submitted prices will be on hold)

3) Procedure For Finalizing Price Formulas Within A Time Limit

By the last calendar day of each PERIOD (or before if this day is a week-end / public holiday in either Iraq or USA) SOMO should inform Oil Overseers of their pricing differentials for each of the grade/location combinations. This day will be called SUBMISSION DAY.

In all cases the procedures followed for the determination of the pricing differentials for each PERIOD for each GRADE / DESTINATION shall always be consistent and be the same for each PERIOD for the same GRADE/ DESTINATION - this always assumes that the pricing formula for each grade/destination is constant.

From SUBMISSION DAY SOMO and Oil Overseers have a limited amount of time to finally agree and confirm pricing differentials. This limited amount of time also includes the agreement of the 661 Committee to the price differentials to be applied for each PERIOD.

The final price differentials should be known and published not more than two working days after SUBMISSION DAY.

STEP 2

PROPOSED PROCEDURES FOR EVALUATING MARKET ADJUSTMENTS FROM ONE PRICING PERIOD TO ANOTHER

The difficult task of maintaining fair and competitive price formulas over time, despite more clear methodologies used by the U.N., will continue to be a difficult task, particularly due to the market volatility associated with substantial increase in export volume of Iraqi crude.

As such, in the spirit of all parties wishing to resolve the current difficulties of the oil program with an aim toward contributing to the future success and participation, it would be our opinion of utmost importance to establish a better sense of mutual accountability between the U.N. Overseers, S.O.M.O., and the industry participants, which should translate to certain new procedures on responsibility pertaining to the communications and/or exchange of market information, particularly during the periods that price mechanisms are being established.

With this in mind, we would propose specifically further recommendations in connection with the procedures or guidelines followed by the above referenced program participants as follows:

A. PROCEDURES TO BE FOLLOWED BY S.O.M.O. WITH RESPECT TO SUBMISSION OF THE RESPECTIVE PRICE MECHANISMS FOR EACH PERIOD AND DESTINATION.

1) A formal written submission of specific formulas for each period on the pre-designated date required under recommended procedures for finalizing price formula.

2) A written summary of the calculations used and methodology applied to each formula submitted, including enclosed market documentation supporting the calculations submitted, on the day prior to submission date.

3) S.O.M.O. to be responsible to contact key industry sources, such as key participating marketing companies, refiners, and others during the period prior to each submission to obtain the most accurate prevailing market condition applicable to Iraqi crude in each major market as well as other market components applicable to each formula.

B. PROCEDURES TO BE FOLLOWED BY THE U.N. OVERSEERS WITH RESPECT TO SUBMISSION OF THE RESPECTIVE PRICE MECHANISMS FOR EACH PERIOD AND DESTINATION

The U.N. Overseers should generally re-focus their activities on establishing certain newly adopted daily operating procedures leading to a greater level of professionalism and broad industry respectability, while performing their primary stated function under Resolution 986 (1995) to "verify that the purchase price of the petroleum and petroleum products is reasonable in the light of prevailing market conditions,....."). Specifically the following procedures or disciples are recommended:

1) The Overseers would have a fiduciary responsibility to maintain daily communications of a professional and courteous nature with broad based oil industry representatives, particularly with emphasis on key direct or indirect participants in the program, in an effort to obtain and maintain the most accurate market information that applies to their responsibilities.

2) The Overseers would have the responsibility of using this market information sourced from the industry, combined with relevant published oil market reports in an effort to complete a realistic level of in-house market analysis which will be important to fulfilling their long-term responsibilities as well as provide a basis for supporting their assessments of formulas submitted by S.O.M.O.

3) The Overseers would provide the Committee or its members regular market reports pertaining to their analysis and/or market information sourced from industry, which correlated to decisions or assessments made on formulas submitted.

4) The Overseers would openly exchange views on their market analysis with industry participants especially where differences of opinions exist on market assessments, which may lead to disapproval or rejection of formulas submitted by S.O.M.O.

C. PROCEDURES TO BE FOLLOWED BY INDUSTRY WITH RESPECT TO SUBMISSION OF THE RESPECTIVE PRICE MECHANISMS FOR EACH PERIOD AND DESTINATION

The primary oil industry companies which are directly or indirectly involved in the successful execution of the oil sales program should take a greater degree of responsibility to supply S.O.M.O. and the U.N. representatives reliable and frequent market analysis and/or reporting as such, some specific procedures which should be adopted as follows:

1) The participating marketing companies, either independent or major company affiliates, should take more responsibility to report to the Overseers and S.O.M.O. confirmed market transactions for Iraqi oil which they are in a knowledgeable position to confirm directly, as a result of their market participation and can be relayed with a high degree of accuracy.

2) The same companies, as well as perhaps other less active participants, such as refiners from each region, should provide, upon request, the Overseers and S.O.M.O. with prevailing market analysis relevant to the price formula components, such as refinery net back values and market comparisons to substitute grades.

3) It is envisaged that the above information will be communicated verbally, upon request, unless or otherwise requested in fax/e-mail form, particularly at the time when price formulas are being established.

TUE, 15-OCT-02 19:31 P.01



ALFA-ECO

D.S.P



21. Novy Arbat st., Moscow, 121019. Tel. 201 5914, 291 4401. Fax 956 3350. Telex 911183 CROWN RU

TO: BAYOIL SUPPLY AND TRADING LIMITED

ATTN.: President
Mr. David B. Chalmers Jr.

CC: Mr. John Irving

FROM: ALFA-ECO, MOSCOW

DATE: MOSCOW, October 11, 2002

SUBJECT: Iraqi crude oil

Dear Mr. Chalmers,

We hereby refer to your telephone conversation with Mr. Kuzhmichev of October 8, 2002 and our agreement on the sale of Iraqi crude oil of October 11, 2002.

As discussed, the existing retroactive pricing mechanism, when the official selling price is approved by the UN Security Council Committee after delivery dates, does not reflect the actual market situation. Moreover it increases commercial risks and in most cases leads to the loss of profit.

Thus we believe that the existing pricing mechanism needs to be changed and on our part we are ready to start respective discussions with UN Security Council Committee.

In this connection we would much appreciate if you could render us all possible assistance we may need in these discussions, such as preparation of necessary materials and expert judgments, as well as your participation in the talks.

We would be pleased to receive your supporting letter to the UN Security Council Committee concerning your position with reference to the above mentioned.

We understand that if the retroactive pricing mechanism is changed, there may appear some additional profit. We suggest that such additional profit should be shared between our parties as follows: 30% to Bayoil and 70% to Alfa-Eco.

Looking forward to your soonest reply.

Best regards,

LIMITED LIABILITY COMPANY ALFA-ECO, MOSCOW

signed by

Alexander Lyssenko
International Department
Director

Countersigned by

David B. Chalmers Jr.
President

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 116

BAYOIL

TO: ALFA-ECO
ATTN: Mr. Alexander Lyssenko
International Department – Director

FAX: 011 7095 956 3350

FROM: Bayoil Supply & Trading Limited

DATE: October 17, 2002

SUBJECT: Iraqi Crude Oil

Dear Mr. Lyssenko,

In follow up to your letter of October 11, 2002, I would like to examine your points in the sequential order that they were made.

Our Agreement

It gives me personal great pleasure to have concluded this transaction with your fine Company –there has been a long association between us and we would like to complement you on all aspects of your involvement.

There is no doubt that as the world becomes smaller that we should seek to find mutual areas (such as Venezuela, Russian crude and product imports to US etc) where we can work together.

This was very much the philosophy of my discussion with Mr Alexie Kuzhmichev on October 8th 2002 and I look forward to continuing and focusing on this area with a visit to Moscow –at your convenience- in the very near future.

In this respect myself and John Irving would welcome a visit with your good-selves.

U.N. Price Formula Procedures

With reference to the pricing policies currently being adopted for Iraq oil sales under the U.N. "Oil-for-Food" Program and proposed future changes in procedures for establishing price mechanisms we would like to outline the following:

BAYOIL SUPPLY & TRADING LIMITED P.O. BOX CB12918 NASSAU, BAHAMAS 242 362 4731 FAX: 242 362 4733 TLX: 20644

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 116

In general, after considerable analysis of the U.N. price formula approval procedure during the period since formulas are approved by retroactivity, it is our conclusion that it is not so much "retroactivity" that has resulted in price formulas being not reflective of the prevailing market conditions, more than the methodologies applied by the U.N. to assess the various market components for each formula for each consecutive period.

Consequently, a flawed methodology for assessing market components when applied retroactively does add commercial risk and could likely lead to financial losses and/or opportunity cost to industry participants.

Therefore, we concur that the existing U.N. approved pricing mechanism and/or methodology for calculating each consequential price formula should be changed to reflect more realistic market factors covering previously prevailing market risks for transactions of this type, as well as include more defined allowances for contingencies and/or profits for contractors.

As described above, certain modifications to methodology used to establish pricing formulas should be adopted in the near future, whether pro-active or retroactive, in an effort to reduce risk of losses and also provide for an opportunity of profit for the contractors and lifters alike.

In this respect, key Bayoil personnel, including myself, have been recently corresponding and meeting with appropriate U.N. and Committee officials for the purpose of conveying industry concerns over recent pricing disputes arising from the aforementioned U.N. procedures of establishing market price formula by methods which do not generally meet industry acceptance.

These discussions have been somewhat constructive and have contributed to our decision to begin again participation in the program while continuing to work with these officials to improve the pricing procedure in the near future.

Therefore, we are pleased to learn from your letter ALFA-ECO's interest to also take a pro-active approach with key U.N. officials to support changes in methods for establishing the price mechanism for each period that will be more market responsive.

We would therefore like to review our recent discussions and correspondence in order to generate a summary report of our recommendations to the U.N. which ALFA-ECO could use as a basis for future discussions and correspondence with key representatives on the committee.

Additional Profit Consideration

As described above, our view of the retroactive price setting is that such practice could add to risk of loss primarily based on the inaccuracy of the formula due to the fact that

the methodology applied does not reflect market conditions or contingencies and profits, and therefore, its abolishment alone does not imply more or less profitable for lifters.

Therefore, I suggest our companies work together to solve the greater issues associated with encouraging the U.N. authorities to become more flexible with respect to the market condition applied in future periods leading to the establishment of price mechanisms with a defined and realistic level of profit potential, which I am confident can benefit both companies.

As you may be aware the U.N. presently contends they are attempting to allow for a $0.05 per barrel allowance for contractors, which is certainly often not clear or realistic given the typical risk for final lifters, but in any event is the basis for Bayoil's agreement to contract with ALFA-ECO at a $0.06 per barrel guaranteed profit over the pricing formula.

Sincerely,

David B. Chalmers, Jr.

BAYOIL

Pages: 3

TO: ALFA-ECO, MOSCO
ATTN Mr. Alexander Lyssenko
FAX: 7095-291-4843

FROM: Bayoil Supply and Trading Limited

DATE: October 28, 2002

RE: IRAQI CRUDE OIL NOMINATIONS

Dear Alexander:

Please find attached our comments on additional Iraqi crude oil nominations. Please feel free to use any excepts of our text and information for onward submission to SOMO.

Best regards,

David B. Chalmers, Jr.

BAYOIL SUPPLY & TRADING LIMITED P.O. BOX CB-12918 NASSAU, BAHAMAS 242 362 4773 FAX 242 362 4733 TLX 20644

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 116

BAYOIL

TO: SOMO, Baghdad
ATTN: Mr. Ali Hassan
Mr. Mubdir Alkhudhair

FROM: Mr. David B. Chalmers, Jr.
Bayoil Supply & Trading

FAX: 9641-774-2797
EMAIL: somo@uruklink.net

DATE: October 29, 2002

REF: Revised US Price formula resubmission retroactively for October deliveries

Dear Sirs:

In regards to our submission of suggested pricing submitted on 27 October 2002, we respectfully submit the following revisions to the price formulas;

TABLE: Summary of Calculations per Proposed Re-Submitted Price Formula

BASRAH LIGHT – OCTOBER 1-20	
WTI – 3.25	Mars (Dec assessment)
0.30	Mars Vs. B.Light
1.15	Freight AG/USG WS 40
0.85	Lighter/Dem/Loss/Ins/etc.
WTI - 5.45	
+ 0.25	API Adjustment
+ 0.35	Backwardation (Dec/Jan)
WTI - 4.95	

BASRAH LIGHT – OCTOBER 20-30	
WTI – 3.45	Mars (Dec assessment)
0.30	Mars Vs. B. Light
1.95	Freight AG/USG WS 70
0.85	Lighter/Dem/Loss/Ins/etc.
WTI – 6.35	
+ 0.25	API Adjustment
+ 0.35	Backwardation (Dec/Jan)
WTI – 5.95	

BAY04-01008

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 117

I. Formula Revisions

- The second formula period is revised to October 20-30 due to consideration of the historical practice of a minimum 10-day period on sales of similar circumstances, such as the proposed European formula periods proposed, and in consideration of U.N. Approval expectation for a 10-day period.

II. Market Component Revisions

October 1-20

- The base discount is revised to reflect a higher average between Mars (Dec.) currently (-3.45, -3.50) versus (-3.25) in our original proposal, which will result in an increased average discount of –3.25/bbl.

- Due to conditions that most of the 1-20 loadings are still uncommitted, it is more that reasonable to average current Mars price discounts with those prevailing during average load periods.

October 20-30

- The base discount is revised to reflect a higher current market discount for (Dec.) Mars of between (-3.45, -3.50).

- Due to the condition that any loadings between 20-30 are unsold and to be priced by S.O.M.O. (end Oct.), well prior the relevant selling period for their respective delivery dates, it is more than reasonable to use current market value for Mars as a basis for pricing cargos for this period.

I greatly appreciate your review of the above referenced matter for further discussions, particularly due to our concerns as to establishing a mechanism that would cover the recent market changes for the late nominated shipments.

Best regards,

David B. Chalmers, Jr.

BAYOIL

TO: SOMO, Baghdad
ATTN: Mr. Ali Hassan
Mr. Mubdir Alkhudhair

FROM: Mr. David B. Chalmers, Jr.
Bayoil Supply & Trading

FAX: 9641-774-2797
EMAIL: somo@uruklink.net

DATE: October 29, 2002

REF: Revised US Price formula resubmission retroactively for October deliveries

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In regards to our previous fax of October 29, 2002, and further telephone conversations in this regard, we would respectfully like to summarize some further consideration with respect to S.O.M.O.'s evaluation of fair market October price formulas as follows:

It is our considered opinion that the key factors which should be considered with respect to the establishment of fair formula prices for October are:

1) The time period in which will be the delivered Basrah Light market assessment (Sweet/Sour differential) component of the formula will be applied to the final proposed and/or approved formula.

2) The market reference mechanism or methodology applied (per above) to establish the fair market value of Basrah Light delivered US Gulf applied to October liftings.

3) The time period in which the base freight market assessment (VLCC AG-USG) will be applied to the final proposed and/or approved formula.

4) The market reference by which the freight market will be assessed per above for a specific loading period.

After further evaluation of the actual market circumstances relating to these key issues, which are undoubtedly being reviewed by S.O.M.O. and Overseers in connection with the establishment of October prices, it is our considered opinion the following criteria should be applied to each factor outlined above:

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 117

1) • Due to the long delivery period from Mina Al Bakr to North America, and due to the fact that Basrah Light will be all sold on a spot market basis, and due to the fact that most spot market purchases will be made just prior to the month the oil will be processed, it would therefore be more applicable to establish the delivered value discount market assessment as close to this period as possible.

• In this regard, since all North American liftings for October will be delivered for refinery runs in December, it would be imperative to assess such a market assessment to be applied for October liftings at the end of October.

• Conversely, the alternate mechanism of assessing the market Sour differential during the period when most vessels sailed would imply all such vessels were sold at that time and at that price basis.

2) • The market reference mechanism being recently adopted by U.N. Overseers of Platt's Mars quotations for second month, while less than accurate in many times, can be fairly applied with a quality discount (approx .30-.35) if then applied during the time prices are being approved (IE end October) as per the above.

3) • The time period which fairly represents the typical and/or required period vessels are fixed should be consistently applied.

• The time calendar period which historically conforms to the above criteria would in our view be the five days prior each calendar month lifting period.

4) • The market reference which should be applied in our view should be based on a non partial published assessment (as per methodology for market prices) such as Platt's.

• Therefore, the average Platt's published assessments for spot dirty tankers rate under AG/USGC 270K for the average five publications prior each calendar month.

Best regards,

David B. Chalmers, Jr.

BAYOIL

TO: SOMO, Baghdad
ATTN: Mr. Ali Hassan
Mr. Mubdir Alkhudhair

FAX: 9641-774-2797

FROM: David B. Chalmers, Jr.
John Overbey

DATE: December 4, 2002

REF: **Basrah Crude Quality Variability**

Dear Sirs:

As per our telephone conversation, please find herein our comments on our summary points regarding the establishment of further quality price mechanism adjustment, particularly related to the sulfur content:

To remain competitive in the US Gulf Coast market, quality adjustments should be made in the price of Basrah. Consideration of amending the base 34 API gravity adjustment to $0.015/tenth and instituting a sulfur adjustment of $0.10/tenth from a base of 2.0%S is necessary to distinguish the value difference in Basrah quality. This method is similar to the current quality adjustments for Mars crude. This should be in addition to the value difference of Basrah to Mars, which is currently recognized to be $0.45/bbl.

There are several approaches to determining quality differences in crude oil. Factors affecting crude oil quality are varied, but two factors generally take precedence, (1) API gravity and (2) sulfur in whole crude. Another approach is to compare yield data of crudes. Source data for this analysis comes from Shell Oil Basrah assays and Mars Sep 2002 assay as listed at www.marscrude.com. A comparison of these approaches indicates similar results of approximately $1.65/bbl. See below.

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PSI Minority Rpt-FN 117

Listed is a comparison of yields on Basrah at 34 API and current loading quality.

		BASRAH 34 YIELD(v/v)	SULFUR	BASRAH 29.8 YIELD(v/v)	SULFUR	DIFF YIELD
WHOLE CRUDE		100	2.02	100	2.78	
LPG		1.45	0	1.83	0	-0.38
C5-85		5.82	0	5.21	0	0.61
NAPHTHA	85-145	9.51	0	7.94	0	1.57
KERO/JET	145-230	14.42	0.1	12.54	0.28	1.88
DIESEL	230-300	11.16	0.88	10.36	1.33	0.8
GASOILS	300-408	18.29	1.73	15.36	2.25	2.93
VGO	408-540	17.71	2.68	17.26	3.4	0.45
VAC RESID	540+	21.64	4.95	29.5	6.3	-7.86

		$/BBL*			
LPG		23.42	0.339518	0.428495	
C5-85		27.35	1.59177	1.424935	
NAPHTHA		27.35	2.600985	2.17159	
KERO/JET		30.22	4.357724	3.789588	
DIESEL		30.71	3.427236	3.181556	
GASOILS	70/30-.1	24.16	4.418498	3.710669	
VGO	70/30-.1	24.20	4.286068	4.177162	
VAC RESID**			3.825952	4.6728	
			$24.84795	$23.55679	$1.2916

*Note: Prices based on Nov. 25 Platt's USGC

Based on this approach, there is a $1.29/barrel premium for Basrah 34 API versus current loading quality.

The Mars offshore pipeline receives crude from various production facilities and delivers a blended composite stream onshore. To provide equity among the shippers, the Mars Oil Pipeline Company has established a quality bank on gravity and sulfur which escalates/deescalates based on a shipper's barrels for a month. These tables are attached. The API gravity adjustment is approximately $0.015/tenth and the Sulfur adjustment is approximately $0.10/tenth.

Using these factors, but applying them to the change in Basrah quality above, the result is $1.39/barrel, which compares favorably with the above approach of comparing yields.

A comparison of Basrah 34 and Mars crude oils has been made as it regards competitive pricing of crude in the US Gulf Coast. Listed below is a table of comparison between current quality of Basrah and Mars.

			BASRAH 29.8 YIELD(v/v)	SULFUR	MARS 30.4 YIELD(v/v)	SULFUR	Bas-29.8 vs. Mars
WHOLE CRUDE			100	2.78	100	1.88	
LPG			1.83	0	2.82	0	
C5-85			5.21	0	5.84	0	
NAPHTHA	85-145		7.94	0	16.27	0.0616	
KERO/JET	145-230		12.54	0.28	13.18	0.353	
DIESEL	230-300		10.36	1.33	9.16	0.969	
GASOILS	300-408		15.36	2.25	4.67	1.36	
VGO	408-540		17.26	3.4	28.38	2.11	
VAC RESID	540+		29.5	6.3	19.68	4.08	
		$/BBL*					
LPG		23.42	0.428495		0.660303		-0.23181
C5-85	Gasoline	27.35	1.424935		1.59724		-0.17231
NAPHTHA		27.35	2.17159		4.449845		-2.27826
KERO/JET	Jet	30.22	3.789588		3.982996		-0.19341
DIESEL	Diesel	30.71	3.181556		2.813036		0.36852
GASOILS	70/30-.10	24.16	3.710669		1.128179		2.58249
VGO	70/30-.10	24.20	4.177162		6.868357		-2.6912
VAC RESID**			4.6728		3.69		.9828
YIELD VALUE			$23.55679		$25.18996		-$1.63316

**Note: Price of Fuel Oil adjusted based on blending 1% Fuel Oil with Basrah 4.83% Fuel Oil to produce 3% Fuel Oil in USGC (FO blend=2 parts VacResid & 1 part Diesel Cutter)

The top part of this table is a comparison of yield cutpoints while the bottom part applies recent Platt's US Gulf Coast prices to these cutpoints. The result is a negative $1.63/barrel based on yield of Basrah 29.8 versus Mars. These yield values do not take into account the higher sulfur content in diesel and gasoil that will cause further value discounting by refiners which are limited in their sulfur handling abilities.

Since the approach of comparing yield data on a cargo basis is cumbersome and the results of applying API and sulfur differentials are very comparable, we propose to simplify the calculations by either of the following:

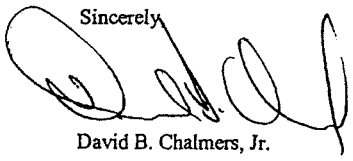
1. Using the currently approved API adjustment differential of $0.01/tenth, the API adjustment of Basrah 34 to Basrah 29.8 is $0.42, the proposed sulfur adjustment of

$0.01/tenth is $0.76 and the current Basrah to Mars adjustment is $0.45 for a total of $1.63/bbl.

2. An alternative solution might be to institute a single discount that would account for the effect of API and sulfur value differences as well as the Basrah to Mars value differential. Given the data presented, we think a single adjustment should be $0.04/tenth of API with Basrah 34.0 API as a base. Applying this methodology to Basrah 29.8 yields a result of $1.68/bbl.

We look forward to hearing your comments and discussing this further at your earliest convenience.

Sincerely,



David B. Chalmers, Jr.

BAYOIL

DATE: February 2, 2003

TO: S.O.M.O
ATTN: Mr. Mubdir Alkudhair
FAX: 011-9641-774-2797

FROM: Mr. David B. Chalmers, Jr.
Bayoil Supply & Trading Limited

REF: Your monthly discussion with U.N Overseers on OSP calculations for January (US destination)

The calculations enclosed per your request are based on our understanding of the currently applied methodology, which is approved by the U.N. Overseers.

We would respectfully like to make some clarification points regarding some of the key components of the formula calculations as follows:

Market Mars:

The calculation average for each decade is a result of the recent methodology applied of the average Mars (2nd month) quote for Basrah Light and Mars (1st month) quote for Kirkuk, for five days around actual B/L date for vessels loaded during each decade.

Freight:

The application of WS 88 for Basrah Light was based on Platt's quotes during 25-30 December which are most applicable to the actual vessels loading between 10-21 January. The assessments around January 10 for 21-31 lifting were approximately the same plus 1-2 WS points.

The application of WS 135 for Kirkuk was based on assessments for VLCC west from Med/W.Africa about January 10 as applied for the liftings 21-31 or Platt's Med/US Gulf rates approximately WS 170 adjusted to VLCC difference.

Misc. Costs:

The enclosed breakdown of typical miscellaneous costs are based on current and updated assessments of minimal projected costs for each category. Many categories have recently increased due to

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Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 118

relevant volatile market circumstances and can be easily documented and further described.

Quality Difference:

The GPV differential from Iraqi grades as compared to Mars are based on assessments the U.N. has recently applied. As per previous correspondence the GPV difference of $0.55 for versus mars is substantially different from the actual product yields between the crudes according to standard industry methods for calculating such crude comparisons.

Contingencies/Profit/Etc.

The formula calculations enclosed per decade for January shipments does not include the factor applied covering purchasing cost, contingencies for added miscellaneous cost or profit risk margin. As we understand such factor have been included in recently submitted formulas based on $0.05/bbl. It is our view that such an assessment during current times is extremely unrealistic and would therefore seek your support to propose additional allowances for such factors beginning in January.

We hope you receive the comments and calculations in good order and will provide you further explination of documentation supporting the assessments or comments at your request.

As always, please give my best regards to all your esteemed colleagues at S.O.M.O.

Sincerely,

David B. Chalmers, Jr.

The breakdown of the miscellaneous secondary are as follows:

	MAB	CEYHAN
DEMURRAGE	0.12	0.12
INSPECTION	0.02	0.02
WAR RISK INSURANCE	0.08	0
MARINE INSURANCE	0.02	0.02
STEAMER PREMIUM	0.03	0.03
TVM	0.06	0.02
LIGHTERING	0.44	0.44
OPA/PORT CHARGES	0.03	0.01
LOSS	0.08	0.08
HEDGE COST	0.01	0.01
LC/EURO	0.04	0.04
TOTAL	0.93	0.79

BASRAH

Projected OSP Build-up by vessel liftings average:	Jan 1-10	Jan 11-20	Jan 21-31	Jan 1-31
Mars	(2.912)	(3.142)	(3.867)	(3.424)
Freight	(2.420)	(2.420)	(2.420)	(2.420)
Costs	(0.930)	(0.930)	(0.930)	(0.930)
GPV	(0.550)	(0.550)	(0.550)	(0.550)
API	0.350	0.350	0.350	0.350
	0.000	0.000	0.000	0.000
	(6.462)	(6.692)	(7.417)	(6.974)

KIRKUK

Projected OSP Build-up on vessel lifting days:	Jan 1-10	Jan 11-20	Jan 21-31	Jan 1-31
Mars1	(2.187)	(2.604)	(4.259)	(3.223)
GPV	(0.350)	(0.350)	(0.350)	(0.350)
Freight	(2.210)	(2.210)	(2.210)	(2.210)
Costs	(0.790)	(0.790)	(0.790)	(0.790)
API	0.150	0.150	0.150	0.150
	0.000	0.000	0.000	0.000
	(5.537)	(5.954)	(7.609)	(6.573)

02/03/2003 10:50 FAX 7132246101 001

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*** TX REPORT ***
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TRANSMISSION OK

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USAGE T	06'00	
PGS. SENT	4	
RESULT	OK	

FROM : FAX NO. : 7135249780 Mar. 06 2003 10:43AM P1

BAYOIL

DATE: February 2, 2003

TO: S.O.M.O
ATTN: Mr. Mubdir Alkudhair
FAX: 011-9641-774-2797

FROM: Mr. David B. Chalmers, Jr.
Bayoil Supply & Trading Limited

REF: Your monthly discussion with U.N Overseers on OSP calculations for January (US destination)

The calculations enclosed per your request are based on our understanding of the currently applied methodology, which is approved by the U.N. Overseers.

We would respectfully like to make some clarification points regarding some of the key components of the formula calculations as follows:

Market Mars:

The calculation average for each decade is a result of the recent methodology applied of the average Mars (2nd month) quote for Basrah Light and Mars (1st month) quote for Kirkuk, for five days around actual B/L date for vessels loaded during each decade.

Freight:

The application of WS 88 for Basrah Light was based on Platt's quotes during 25-30 December which are most applicable to the actual vessels loading between 10-21 January. The assessments around January 10 for 21-31 lifting were approximately the same plus 1-2 WS points.

BAY04-00621

02/03/2003 10:43 FAX 7132248101 001

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*** TX REPORT ***
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TRANSMISSION OK

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CONNECTION ID	
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USAGE T	02'38
PGS. SENT	4
RESULT	OK

FROM : FAX NO. : 7135249798 Mar. 06 2003 10:43AM P1

BAYOIL

DATE: February 2, 2003

TO: S.O.M.O
ATTN: Mr. Mubdir Alkudhair
FAX: 011-9641-774-2797

FROM: Mr. David B. Chalmers, Jr.
Bayoil Supply & Trading Limited

REF: Your monthly discussion with U.N Overseers on OSP calculations for January (US destination)

The calculations enclosed per your request are based on our understanding of the currently applied methodology, which is approved by the U.N. Overseers.

We would respectfully like to make some clarification points regarding some of the key components of the formula calculations as follows:

Market Mars:

The calculation average for each decade is a result of the recent methodology applied of the average Mars (2nd month) quote for Basrah Light and Mars (1st month) quote for Kirkuk, for five days around actual B/L date for vessels loaded during each decade.

Freight:

The application of WS 88 for Basrah Light was based on Platt's quotes during 25-30 December which are most applicable to the actual vessels loading between 10-21 January. The assessments around January 10 for 21-31 lifting were approximately the same plus 1-2 WS points.

BAY04-00622

02/03/2003 10:00 FAX 7132248101 001

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*** TX REPORT ***
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TRANSMISSION OK

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CONNECTION ID	
ST. TIME	02/03 09:59
USAGE T	01'33
PGS. SENT	4
RESULT	OK

FROM : FAX NO. : 7135249780 Mar. 06 2003 10:43AM P1

BAYOIL

DATE: February 2, 2003

TO: S.O.M.O
ATTN: Mr. Mubdir Alkudhair
FAX: 011-9641-774-2797

FROM: Mr. David B. Chalmers, Jr.
Bayoil Supply & Trading Limited

REF: Your monthly discussion with U.N Overseers on OSP calculations for January (US destination)

The calculations enclosed per your request are based on our understanding of the currently applied methodology, which is approved by the U.N. Overseers.

We would respectfully like to make some clarification points regarding some of the key components of the formula calculations as follows:

Market Mars:

The calculation average for each decade is a result of the recent methodology applied of the average Mars (2nd month) quote for Basrah Light and Mars (1st month) quote for Kirkuk, for five days around actual B/L date for vessels loaded during each decade.

Freight:

The application of WS 88 for Basrah Light was based on Platt's quotes during 25-30 December which are most applicable to the actual vessels loading between 10-21 January. The assessments around January 10 for 21-31 lifting were approximately the same plus 1-2 WS points.

BAY04-00623

BAYOIL

TO: S.O.M.O.
ATTN: Mr. Mushab
CC: Mr. A. Hassan
FAX: 9641-774-2797

FROM: David B. Chalmers Jr.
DATE: February 24, 2003

REF: **FEBRUARY PRICE FORMULA MECHANISM**

Dear Sirs:

In the spirit of our historical cooperation with S.O.M.O. and in connection with our substantial February oil lifting activity on behalf of several S.O.M.O. contractors, we would respectfully like to summarize a number of key price and market factors which are recommended to be considered with respect to the impending February price formula submissions as follows:

Our recommendations can be broken down into two integral issues relating to the establishment of Fair Market formulas:

1.) That S.O.M.O. should propose formulas, which encompass the various market/cost components that have been established as an approved methodology since the program inception, including some modifications established over the past year.
2.) That S.O.M.O. should propose formulas, which according to the recently established methodologies will include a fair and predetermined procedure for determining the various market/cost assessments, particularly accounting for current substantially higher cost component conditions and the current deterioration in Sour Crude differentials along with an associated risk factors prevailing during this volatile period.

Based on the above referenced recommended criteria we would specifically recommend February prices be proposed based on the Following methodology and price components:

1.) **The market/cost components** for each grade's final price formula which was expected to be applied for February liftings, based on the recently approved methodology are as follows:

Basrah Light (U.S.)/ Kirkuk (U.S.)

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 118

i. **U.S. Sweet/Sour Crude Market Factor:**
Base price differential versus official reference Crude (W.T.I.) price reflecting prevailing Sweet/Sour market discount by applying Spot (Mars) crude versus (W.T.I.) as base case comparison to Basrah/Kirkuk.

ii. **Quality Differential Factor:**
Price Differential between Mars crude versus Basrah/Kirkuk representing prevailing typical quality difference for refiners.

iii. **Base Freight Cost Factor:**
Base freight cost/BBL assessment (before lighterings) based on market rates for typical vessels by size/class for each lifting period.

iv. **Secondary Costs/Factor:**
Prevailing market cost calculations for other typical transaction cost including, demurrage, insurance, credit/currency conversion, inspection, hedging, financing, cargo handling losses, risk margin.

v. **A.P.I. Gravity Adjustment Factor:**
Representing the typical/average vessel loading automatic price adjustment downward reflecting the lesser quality or lower A.P.I. versus the standard export quality assessment per specifications for each grade. (i.e. 34° A.P.I. Basrah Light, 36° A.P.I. Kirkuk)

Note: This automatic adjustment downward is currently added back to final formula thus canceling out automatic adjustment in general terms and conditions adopted in 1998. As per previous correspondence such practice does not seem logical and has an added effect of not fairly pricing the recent deterioration in crude quality.

2. **The market/cost assessments** which are recommended to be applied for each lifting period during February Basrah Light/Kirkuk shipments based on certain expectations of the industry prior load is regarding the general methodology to be approved (per above) are outlined as follows:

A. **Kirkuk (U.S.)**

February 1-13: **("Stena Congress")**

February 14-28: **(Vessels: "Ionian Spirit," "Eagle Milwaukee," "Amazon Gladiator" and "Polar.")**

i. **Market Factor:**

Average Differential quotes (Mars 1st Month) published 5 days around B/L. Actual lifting's during each period (above).

ii. **Quality Diff:**

As per previous months (Approx $.35/BLL)

iii. **Base Freight:**

February 1-13:

Calculated typical cost/barrel. Based on market rates reported/published for generic shipments Ceyhan/Med to U.S. Gulf (VLCC/WS135).

February 14-28: Calculated typical cost/barrel. Based on market rates reported/published for generic shipments Ceyhan/Med to U.S. Gulf (80K/WS205 and 130K/WS180 February 14-28)

iv. **Secondary Cost:**

February 1-13: A calculated total cost/BBL based on typical recent costs for generic shipments Ceyhan/U.S. Gulf VLCC (i.e. Approx .80/BBL).

February 14-28:

A calculated total cost/BBL based on typical recent costs for generic shipments Ceyhan/U.S. Gulf VLCC (i.e. Approx .80/BBL) included adjustments applicable (14-28) to reflect variances to loading conditions and vessel lightering cost as follows:
-1/2 lightering cost incurred (130K vessels-Polar)
-No lightering cost incurred (80K vessel-others)
- Demurrage allowance increased to reflect delayed loading conditions of 5-9 days calculated by volume of approx. $30K/day

v. **A.P.I. Adjustment**:

Average/barrel A.P.I. adjustment for vessels actually loading during each period (Approx./. 25/BLL) (Subject to review of add Back Methodology)

B. Basrah Light (U.S.)

February 11-20: (Vessels
February 21-28:

i. **Market Factor**
February 11-25:

Average differential quotes (Mars 2nd month-April) published 5 days around Basrah Light across lifting during this period.

February 25-28:

Average differential quotes (Mars 1st month- April) published 5 days around Basrah Light across lifting during this period.

ii. **Quality Differential**:

As per previous month (minimum $.55/BBL) (Subject to increase base on higher sulfur contents versus standard export quality) For all periods.

iii. **Base Freight:**
February 11-25:

Calculated typical cost/barrel based on market rates reported/published for generic shipments AG/USG of approx. WS110

February 25-28:

Calculated typical cost/barrel based on market rates reported/published for generic shipments AG/USG of approx. WS95

Iv. **Secondary Costs**:
February 11-20:

Based on typical recent cost of approx. $.95/BBL.

February 21-28:

Base of typical cost of approx. $.95/BBL plus variable covering additional cost of extraordinary

delayed loading conditions of 3-4 days calculated by volume at $70-80,000 per day.

vi. **A.P.I. Adjustment:**

-Average/barrel A.P.I. for vessels actually loaded during each period (approx. $.40/BBL) (Subject to review of current add back methodology)

BAYOIL

TO: S.O.M.O.
ATTN: Mr. Mushab
CC: Mr. A. Hassan
FAX: 9641-774-2797

FROM: David B. Chalmers Jr.
DATE: February 24, 2003

REF: CHANGE IN METHODOLOGY APPLIED JANUARY O.S.P. FORMULA'S (U.S.)

Dear Sirs:

The breakdown of the various components of each formula as per our recommendations for February formulas reflects the industry perception of the methodology generally accepted by the U.N. Overseers during the past several months up until January. The industry has renewed participation in recent months in part due to the higher expectation of this methodology being applied at the end of each month, despite the fact that many industry participants do not believe the methodology reflects a Fair Market component covering quality deterioration of Basrah Light.

Despite the above, due to higher confidence in the methodology applied in December and prior months continued to be were many industry participants such as Bayoil committing to forward shipments in January, February and March based on this assumption. However, to the surprise of all participants in January, there was a major departure in the methodology applied that contradicts certain premises established from the beginning of the program.

We would therefore like to outline our views on this apparent departure U.N. connection with our strong recommendation that such conditions not be applies in February as follows:

The apparent change in methodology concerns the additional market component, which reflects the difference between 1st/2nd W.T.I. quotation applicable around each loading, which is being added to each January formulas for both grades, and all lifting periods. This difference or backwardation in the market structure has not been consistently applied for both Iraqi grades and for all price periods every since the program's inception and particularly last year. It should be further noted that by suddenly adding this factor in January on a retroactive basis without prior notice.

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 118

when this backwardation factor is the highest level in 10 years, is particularly unrealistic.

The primary concern however is that as a result of adding back this backwardation process (W.T.I. 1st/2nd month differences) has the effect of reducing the competitiveness of each formula by a corresponding amount and if applied contradicts with the logic applied when in 1997 whereby the establishment of a reference price was established by S.O.M.O. and the U.N. (i.e. For Basrah Light, 2nd month W.T.I. quotes to apply 15 days after B/L less the month discount).

Specific key points for consideration:

1. **The establishment (1997) of using 2nd month quotations for W.T.I. was adopted to correlate to most of the alternate foreign Sour producers prices which are prices around delivery on W.T.I. 1st month quotes would approximately equate to Basrah Light prices on 2nd month quotes (15 days after B/L) or much earlier period given the long shipment period.**

2. **By adding back the 1st/2nd month difference based on quotes around load dates would in effect cancel out the methodology history adopted, resulting in the other foreign crude's being cheaper by a similar amount.**

3. **S.O.M.O. and the U.N.'s recently agreed procedure of assessing delivered values of Basrah Light adjusted for quality based on prevailing market quotations for Mars Crude is also used as a barometer of Sour differentials by other producers (i.e. Saudi) which do not further adjust this factor by the corresponding monthly W.T.I. differences.**

4. **Despite the considerations outlined above, the practice of adding back a backwardation factor for both Iraqi grades and all loading periods based on the attempt to some how equate to market assessments on Domestic (Mars) crude would not be applicable for Kirkuk or Basrah Light for most loading periods.**

We hope the above outlined possible considerations for not applied such a factor in future months may provide S.O.M.O. a logical foundation for eliminating such practice when calculating formula's for submission to U.N., as well as provide S.O.M.O. arguments to U.N. experts if their exists future rebate with such experts as to the approval of formula's submitted without such factors included.

BAYOIL

TO: S.O.M.O.
ATTN: Mr. Mushab
CC: Mr. A. Hassan

FAX: 011 9641 774 2797
EMAIL: somo@uruklink.net

DATE: February 26, 2003

REF: Recent methodology applied to Iraqi crude formula compared to Saudi formulas for same delivery period

If the recently adopted methodology applied by the U.N. Overseers in January for assessing the delivered market component is applied again in February it will result in a substantial uncompetitive difference between prices for a similar grade quality (A.MED) for deliveries in April (i.e. February loadings).

Our conclusion can be easily calculated by calculating the expected Saudi formula for April deliveries expected to be submitted shortly by using the methodology the Saudi's applied for January and predicting the April price accordingly and likewise, doing the same for Basrah Light formulas submitted already February 1-10 and calculating the expected 10-20 formulas as per the attached table.

Specifically, the A.MED delivered W.T.I. differential in April will likely approximate a $5.50/bbl discount. In contrast if the current methodology is applied for Basrah Light as the table demonstrates the F.O.B. O.S.P. discounts will be Feb 1-10 (-7.95), Feb 11-20 (-7.40) and Feb 21-28 (-6.80). Based on these F.O.B. discounts the delivered cost discounts for cargos loading during these periods, a calculation of adding back freight plus cost less API will be as follows:

FEB 1-10	FEB 11-20	FEB 21-28
(-4.17)	(-4.03)	(-3.69)

As seen from the table, the delivered cost discount applied by the U.N. is substantially smaller or more costly than the Saudi formula delivered W.T.I. price differential for the same period of an amount between $1.30 to $1.80/bbl.

Best regards,

David B. Chalmers, Jr.

BAYOIL SUPPLY & TRADING LIMITED P.O. BOX CB12918 NASSAU BAHAMAS 242 362 4731 FAX: 242 362 4733 TLX: 20644

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 118

Arab Medium Pricing

March 2003 pricing:	Platt's WTI1	Mars1	Basrah	Mars Diff	Basrah Diff
17-Jan	34.100	30.810	31.24	(3.290)	(2.860)
21-Jan	34.310	29.990	30.91	(4.320)	(3.400)
22-Jan	34.595	29.670	30.45	(4.925)	(4.145)
23-Jan	34.150	28.960	29.45	(5.190)	(4.700)
24-Jan	35.405	30.725	30.26	(4.680)	(5.145)
27-Jan	32.290	28.580	27.52	(3.710)	(4.770)
28-Jan	32.670	28.750	27.85	(3.920)	(4.820)
29-Jan	33.590	29.725	29.62	(3.865)	(3.970)
30-Jan	33.790	29.915	28.78	(3.875)	(5.010)
31-Jan	33.485	29.435	28.52	(4.050)	(4.965)
AVG	33.839	29.656	29.460	(4.183)	(4.379)

Official Arab Medium Price Mar-03 (4.200)

April 2003 pricing:	Platt's WTI1	Mars1	Basrah	Mars Diff	Basrah Diff
14-Feb	36.850	31.140	30.85	(5.710)	(6.000)
18-Feb	36.860	31.030	30.75	(5.830)	(6.110)
19-Feb	37.160	30.165	30.61	(6.995)	(6.550)
20-Feb	35.990	28.850	30.19	(7.140)	(5.800)
21-Feb	36.980	31.490	30.98	(5.490)	(6.000)
24-Feb	36.790	31.585	31.65	(5.205)	(5.140)
25-Feb	35.960	31.310	31.21	(4.650)	(4.750)
26-Feb	37.650	32.000	30.35	(5.650)	(7.300)
27-Feb	37.650	32.000	30.35	(5.650)	(7.300)
28-Feb	37.650	32.000	30.35	(5.650)	(7.300)
AVG	36.954	31.157	30.729	(5.797)	(6.225)

Official Arab Medium Price Apr-03 (5.800) ??

OSP reconstruction:	Basrah		
MK	Feb 1-10	Feb 11-20	Feb 21-28
Mars	(4.183)	(4.783)	(5.150)
Freight	(3.170) W117	(2.850) W105	(2.580) W95
Costs	(0.930)	(0.930)	(0.930)
GPV	(0.550)	(0.550)	(0.550)
API	0.320	0.400	0.400
Front/Back	0.770	1.299	2.010
	(7.743)	(7.414)	(6.800)
OSP	(7.950)		

OSP proposed:	Basrah		
MK	Feb 1-10	Feb 11-20	Feb 21-28
Mars	(4.183)	(4.783)	(5.150)
Freight	(3.170) W117	(2.850) W105	(2.580) W95
Costs	(0.930)	(0.930)	(0.930)
GPV	(0.550)	(0.550)	(0.550)
API	0.320	0.400	0.400
Front/Back	0.000	0.000	0.000
	(8.513)	(8.713)	(8.810)

BAYOIL

TO: U.N. Overseers
ATTN: Morten Buur-Jensen

FAX: 212-963-1628

DATE: February 27, 2003

REF: Recent methodology applied to Iraqi crude formula compared to Saudi formulas for same delivery period

---

In respect to the conclusions of our memo of February 27th, which calculates the generic delivered cost of vessel's loading 1-10 February at approximately W.T.I. less $4.17/bbl, we would like to highlight an additional factor other than the comparatively high landed W.T.I. discount versus A.MED, which causes the formula to be uncompetitive to a greater degree as follows:

Bayoil has loaded the only two vessels during this period, due in large part to the direct request from S.O.M.O. shipping to assist in the gap in nominations for this period and keep the program going smoothly, which one of the vessels, "Skopelos", will arrive March 16th earliest. The load rate early February, and due to the price period of 15 days after B/L the vessel has a cost basis of April W.T.I. less the above referenced discount. For your further information the vessel is still available for sale.

The additional aforementioned factor which will result in the currently submitted price formula being extremely uncompetitive, in addition to its landed W.T.I. discount, stems from the fact that its arrival and fully lightered discharge date corresponds to the time when May W.T.I. becomes the pricing reference price for all other foreign sour crudes, particularly Saudi crude. Based on the above, it is currently impossible to market such quantities on the basis of April W.T.I. As of today, the May W.T.I. is $3.70/bbl lower than April, and as a result, without further change in the O.S.P. formula, will result in a loss of similar amount on this vessel.

Due to the fact that we are in extraordinary times, and market volatility, without setting Any precedent, is would seem only fair that consideration would be given to this circumstance, particularly since prices have been approved retroactively for the purpose of more accurately reflecting the market.

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 118

We appreciate your consideration to the above matter in you mutual discussions and decisions in the coming days.

Best regards,

John Overbey

BAYOIL

TO: U.S. DEPARTMENT OF STATE
Attn: Mr. Matthew T. McManus
Division Chief –Energy Producer Affairs

FROM: John D.N. Irving

DATE: February 27, 2003

In connection with my brief discussion with Mr. Kirsh regarding the recent change in methodology being imposed on SOMO's formula submission by the Overseers, and the resulting uncompetitive consequences it has, and will cause for participants in the program, I would appreciate if your office could review our summary of the key issues of concern, including copies of the relevant correspondence sent to the U.N. and SOMO on this matter.

I know these are busy times for your office, but we only address these concerns because of the high potential financial consequences for participants in the program, such as Bayoil, which as you are aware, only began recently participating after a long absence due in part to your previous indications that renewed participation was supported by your Department.

We will be at the disposal of your office or the appropriate U.S. Mission's individual experts to discuss this matter further.

Sincerely,

John Irving
Bayoil Supply & Trading Limited

BAYOIL SUPPLY & TRADING LIMITED P.O. BOX CB12918 NASSAU BAHAMAS 242 362 4731 FAX: 242 362 4733 TLX: 20644

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 118

TO: U.S. DEPARTMENT OF STATE
Attn: Mr. Matthew T. McManus
Division Chief –Energy Producer Affairs

FROM: John D.N. Irving

DATE: February 27, 2003

REF: CHANGE IN METHODOLOGY APPLIED JANUARY O.S.P. FORMULA'S (U.S.)

Dear Sirs:

The breakdown of the various components of each formula as per our recommendations for February formulas reflects the industry perception of the methodology generally accepted by the U.N. Overseers during the past several months up until January. The industry has renewed participation in recent months in part due to the higher expectation of this methodology being applied at the end of each month, despite the fact that many industry participants do not believe the methodology reflects a Fair Market component covering quality deterioration of Basrah Light.

Despite the above, due to higher confidence in the methodology applied in December and prior months continued to be were many industry participants such as Bayoil committing to forward shipments in January, February and March based on this assumption. However, to the surprise of all participants in January, there was a major departure in the methodology applied that contradicts certain premises established from the beginning of the program.

We would therefore like to outline our views on this apparent departure U.N. connection with our strong recommendation that such conditions not be applied in February as follows:

The apparent change in methodology concerns the additional market component, which reflects the difference between 1st/2nd W.T.I. quotation applicable around each loading, which is being added to each January formulas for both grades, and all lifting periods. This difference or backwardation in the market structure has not been consistently applied for both Iraqi grades and for all price periods every since the program's inception and particularly last year. It should be further noted that by suddenly adding this factor in January on a retroactive basis without prior notice when this backwardation factor is the highest level in 10 years, is particularly unrealistic.

The primary concern however is that as a result of adding back this backwardation process (W.T.I. 1st/2nd month differences) has the effect of reducing the competitiveness of each formula by a corresponding amount and if applied contradicts with the logic applied when in 1997 whereby the establishment of a reference price was established by

OSP FEB 01 STATE DEPT LTR

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Division Chief –Energy Producer Affairs

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Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 118

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Specific key points for consideration:

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3.) S.O.M.O. and the U.N.'s recently agreed procedure of assessing delivered values of Basrah Light adjusted for quality based on prevailing market quotations for Mars Crude is also used as a barometer of Sour differentials by other producers (i.e. Saudi) which do not further adjust this factor by the corresponding monthly W.T.I. differences.

4.) Despite the considerations outlined above, the practice of adding back a backwardation factor for both Iraqi grades and all loading periods based on the attempt to some how equate to market assessments on Domestic (Mars) crude would not be applicable for Kirkuk or Basrah Light for most loading periods.

We hope the above outlined possible considerations for not applied such a factor in future months may provide S.O.M.O. a logical foundation for eliminating such practice when calculating formula's for submission to U.N., as well as provide S.O.M.O. arguments to U.N. experts if their exists future rebate with such experts as to the approval of formula's submitted without such factors included.

Jean Johnston

From: Jean Johnston
Sent: Thursday, February 27, 2003 10:46 AM
To: mcmanusmt@state.gov
Subject: U.N. Price Mechanisms Feb 03

Dear Mr. McManus:

Please find attached correspondence from Mr. John Irving.

<<OSP FEB 03 State Dept Cover Ltr.doc>> <<OSP FEB 03 STATE DEPT LTR..doc>> <<FebOSPIraqi-Saudi Formula UN 2.27.03.doc>> <<FebOSP analysisfeb26.xls>> <<UNFeb1-10OSP 2-27-03.doc>>

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 118

Mary Jenkins

From: Mary Jenkins
Sent: Monday, March 10, 2003 9:34 PM
To: 'kirschde@state.gov'; 'mcmasnusmt@state.gov'
Subject: FW: OSP Correspondence


UN OSP March 3-10-03.doc


UN-METHODOLOGIES APPLIES FEB. ...


Feb OSP Reconstruction.xls


UN-U.S. MARKET IRAQI CRUDES 3-...

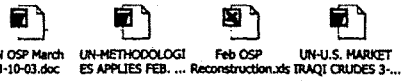
Attached documents sent to UN Overseers:

BAY04-00598

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 118

Mary Jenkins

From: Mary Jenkins
Sent: Tuesday, March 11, 2003 12:22 PM
To: 'mcmanusmt@state.gov'
Subject: FW: OSP Correspondence



Attached documents sent to UN Overseers:

BAY04-00602

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 118

TO: UNITED NATIONS
OFFICE OF IRAQ PROGRAMME

ATTN: Mr. Benon Sevan
Executive Director
FAX: 212-963-1984/212-963-5947

CC: U.S. DEPARTMENT OF STATE
ATTN: Mr. D.E. Krisch
Mr. Matthew T. McManus

FROM: David B. Chalmers, Jr.

DATE: March 13, 2003

REF: OIL PRICE MECHANISM

Dear Sir:

I would like to take this opportunity to apprise your office of our serious concerns regarding the current difficulties experienced by the companies lifting oil under the current phase of the U.N. Oil-for-Food Program, which is directly as a result of the procedures and methodologies the U.N. Oil Overseers are applying to carry out their responsibilities.

Bayoil's concerns are shared by many industry participants in the Program, a statement we can easily prove. All of us in the industry are under the assumption that it is still the objective of the U.N. and its members to see the maximum amount of funding to the U.N. Iraqi account, for the ultimate humanitarian benefit of the Iraqi people. Therefore, in order to accomplish this goal, there should be no unnecessary hindrances for potential industry participants, which might result in loss of confidence by such companies, and subsequent reluctance to lift the maximum available quantities of oil on a ratable basis. Unfortunately, this is exactly the situation which occurs today, directly as a result of the U.N. Oil Overseers operating in a manner outside the stated guideline of their mandate, which includes as you well know, to accurately assess formula prices submitted by S.O.M.O, as to their relative fair market value.

Bayoil

As background for your information, Bayoil has been the largest shipper/marketer of Iraqi crude's to the U.S. since the oil program began, mostly under contract from a wide range of S.O.M.O. allocation holders. For this reason, I believe we are in a unique

Permanent Subcommittee on Investigations
PSI Minority Rpt - FN 118

position to understand the changing dynamics of the Iraqi crude market, particularly during this recent period. Specifically, in February our firm shipped 8 million barrels of Kirkuk/Basrah to the U.S., and from March 1st until today, approximately 7 million barrels. These figures represent between 40-60% of the U.S. deliveries, a market share consistent with our activities during typical periods since the programs inception.

Specifically, the aforementioned activities, or procedures creating difficulties for the participants can be summarized as follows:

1) During the process of assessing or sourcing market information, whereby industry contact would be required, The Overseers are in a deliberate and prejudicial way ignoring and/or discounting market information/analysis from certain companies (including Bayoil), which are in the best position of knowledge, while relying instead almost solely on industry sources, which are often not participating and thus have their own vested interest.

- In this respect, Bayoil has frequently provided U.N. Overseers and S.O.M.O. written reports covering market analysis and other pertinent information, including recommended formula calculations for particular lift periods, which are consistent with our analysis, and completely accurate to the best of our professional abilities.

- Unfortunately, we have never received the courtesy of written response to our frequent and recent reports, and seldom any verbal comments or constructive counter arguments, which should normally occur between professionals. This is particularly the case in the last few months, whereby our activity has become more predominant and the market has become more volatile, and as a result our reports to Overseers have been more frequent and detailed (please see the attached Market Reports).

2) The Overseers' responsibilities under Resolution 986, in connection with the formula submission process with S.O.M.O. are not being adhered to.

- The Overseers have clearly pre-advised S.O.M.O. of the price formulas S.O.M.O. must submit to gain their approval, (a procedure that could legally be questioned as it amounts to the Overseers deciding to price irrespective of S.O.M.O.'s assessments and evaluations.). The Overseers' approach is also based on a methodology very much in variance with S.O.M.O.'s intended submission, which they share openly with the industry and which is consistent with the primary lifters.

3) The Overseers are currently clearly not fairly or accurately assessing the fair market value of Iraqi crudes.

- The Overseers have received written and oral documented evidence from Bayoil and others, (see attached reports) which proves that their imposed methodologies

for establishing formulas, for recent and future lifting periods, will consequentially equate to a relative cost/price differential, which will likely continue to be higher priced than those of other crude grades (i.e. Saudi) or well above the "fair market value".

- The Overseers, have reportedly taken a position on this subject along the lines that the system of calculating formulas is long standing, and despite the fact that this methodology may currently result in higher prices than other competitive grades and Spot market values for Iraqi grades, they maintain there is no basis for modification or amendments.

- The Overseers, have received certain correspondence from Bayoil and others. That in fact there have been regular changes to the general methodology, and specific sub-components within the past few months. No supporting evidence has been offered to contradict these industry perceptions.

The, aforementioned apparent complete departure from the original guidelines set forth for the U.N. oil experts under Resolution 986, including the practice or a unilaterally setting a price on an ad hoc basis for Iraqi oil. This in turn has led to a complete breakdown in confidence by the industry participants in the program fueled by the expectation that prices will be imposed on future liftings in a manner consistent with recent past, which will likely result in between $1.50-3.00 per barrel loss for lifters.

As this situation is untenable for Bayoil, and as we understand other lifters as well, Bayoil has no other choice than to immediately cease participation in the program, and support others to do likewise.

We regret to inform your office of this decision, due to our historical support for the program, and will certainly be reconsidering such action if any actions are taken to rectify this situation. Meanwhile, we are immediately seeking alternative options for our vessels already scheduled to load ratably from Ceyhan and Al Bakr for some time, and will be informing our contractual supplier of such cancellations.

I have drafted a final correspondence to the U.N. Overseers, outlining our overall concerns, which considering that in the past they have not had the courtesy to respond to our market analysis reports, it now would seem appropriate to forward such communications through your office, per the additional enclosed attachment.

It will indeed be regrettable if the purpose of the Oil-for-Food Program were to be frustrated by the behavior of the very U.N. officials who are supposed to manage its smooth implementation.

I will be happy to meet or discuss further any questions you may have at your convenience. You can contact me at my Houston office Tel. (713) 222-7100 or by fax - (713) 224-8101

Sincerely,

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

Jean Johnston

From: Jean Johnston
Sent: Thursday, March 13, 2003 4:32 PM
To: kirschde@state.gov
Cc: mcmanusmt@state.gov
Subject: UN Oil Price Mechanisms

Dear Sirs:

Please find attached letter addressed to Mr. Benon Sevan, Executive Director of UN Office of Iraq Programme, together with letter to UN Oil Overseers to be forwarded from Mr. Sevan's office for your review.

The attachments referred to are the recent correspondence which has been forwarded to your office.

Please do not hesitate to contact me (713) 222-7100 if you require any elaboration on the attached.

Sincerely,

David B. Chalmers, Jr.

<<UN OIL PRICE MECHANISM 3.13.doc>> <<UN APPROVAL OF PRICING FORMULS 3.13.doc>>

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 118

TO: OIL OVERSEERS
OFFICE OF IRAQ PROGRAMME

ATTN: MORTEN BUUR-JENSEN
FAX: 212-963-1628

FROM: JOHN OVERBEY

DATE: MARCH 3, 2003

REF: ADDITIONAL POINTS OF CONSIDERATION WITH RESPECT TO THE METHODOLOGY OF ASSESSING SOUR MARKET PRICES BY USING APPLIED DIFFERENTIALS BETWEEN (MARS) ASSESSMENT CORRESPONDING TO ARRIVAL VERSUS THE FOLLOWING MONTH W.T.I., INSTEAD OF THE SAME MONTH.

Dear Mr. Morton Buur-Jensen:

While we maintain our previously stated recommendations with respect to not applying this methodology for any period or either grade (Basrah Light/Kirkuk), due to historical practice and foreign competition, it should be noted that the premise of this methodology applied by Overseers has certain logic if refinery purchase prices were only based on economics whereby Iraqi grades were directly substituted for Mars, and not alternate grades, which would also imply the quality differentials was fairly assessed, which it is clearly not.

With this in mind however, it is technically only logical based on a very narrow range of load dates between the 11th and 15th of each month, for **Basrah** only, and only if there were no delays in shipment. That is, for these load dated, in theory, the typical vessels competition or discharge date, after lightering about 45 days, would take place on or before the beginning of the month in which the Mars assessment is used.

Therefore, there would be a theoretical value added for a refinery, if the Basrah cargo can be processed from the beginning of a particular month (as per Mars), and the cost is basis following month W.T.I.

As **Kirkuk**, is pricing versus 1st month W.T.I., and given about 30 days completion of lightering time, such load date would clearly not be able to be refined prior to the receiving month. Therefore, no case can be made for adding back such a backwardation assessment to Mars differential. (i.e. even lifting 11-15 each month could not be processed until middle of Sour assessment month.)

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 118

In cases of Kirkuk loadings late month, or early in the month, there exists clearly a negative backwardation cost associated with the applicable 1st month W.T.I. quotations which are prevailing during the U.N. contract price period 15 days after B/L and the typical sale's price period around discharge (likely to be after 25th of each month due to transit time).

The same conditions apply for **Basrah** lifting's during the same period.

Therefore, instead of adding backwardation for such load date, a subtraction should occur, in order to be competitive with other Sour Crudes.

In summary, with respect to the importance of fairly assessing Iraqi grade formula's, in February/March, particularly the delivered W.T.I. Market differential component to each formula, we would like to highlight the following key points:

1.) No case can be made for narrowing the Mars/W.T.I. differential assessment by applying the following month W.T.I. for:

    Basrah Lifting- Before 10th each month
    -After 15th each month

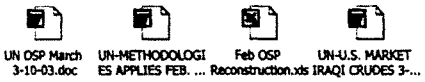
    Kirkuk Lifting-Any lifting period

2.) The effect of applying backwardation to the delivered Sour differential assessment Mars/W.T.I., results in the delivered cost differential Basrah/W.T.I., particularly today, substantially more narrow that this potential market sales differentials.

3.) A case can be made for subtracting W.T.I. (1st/2nd) month backwardation for lifting very late or early each month for Basrah and Kirkuk, due to the W.T.I. month applied to the cost (per U.N. standard contract) is higher than the typical sales basis W.T.I. month expected time of discharge (i.e. "Skopelos case").

Mary Jenkins

From:	Mary Jenkins
Sent:	Monday, March 10, 2003 9:29 PM
To:	'Jensenm@un.org'
Subject:	OSP Correspondence



BAY04-00597

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 118

TO: Ministry of Petroleum
Baghdad, Iraq

ATTN: His Excellency Amer Rasheed
FAX: 011 9641 885 3018

DATE: March 15, 2003

Dear Dr. Rasheed:

As per my previous correspondence, Bayoil has lifted and nominated substantial Iraqi crude volumes in the recent period, in the spirit of our mutual cooperation.

In this connection, the market value of these recently lifted quantities have on a relative basis deteriorated further since our last correspondence and have resulted in unforeseen negative financial consequences for lifters such as Bayoil.

The aforementioned recent deterioration in delivered Iraqi crude values is clearly a direct consequence to the substantial imported quantities of Saudi grades recently delivered and projected to be delivered through May. Consequently, there are not enough potential outlets for the Iraqi grades, which will undoubtedly not correspond to the lifted volumes as of today.

Therefore, we believe it is imperative, prior to the submission of any further price mechanisms, that there should be a complete understanding of the actual market conditions today, as outlined in our recent correspondence to S.O.M.O.

Additionally, I would like to inform you that our company and others, have been recently corresponding to key U.N. officials, and 661 Representatives, regarding the recent difficulties experienced by S.O.M.O., with respect to obtaining approval from The Overseers for formula prices which reflect the actual market circumstances.

It is in our view that these initiatives will shortly lead to more flexibility by The Overseers, and thus would hope to likewise see support from S.O.M.O. by submitting price formulas consistent with our recommendations.

I have enclosed some examples of more recent correspondence to the U.N. and S.O.M.O. on this matter for your review.

I will greatly appreciate your assistance in this matter, and will be glad to discuss or comment on any of the material provided.

Sincerely,

David B. Chalmers, Jr.

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 119

Mary Jenkins

From: Mary Jenkins
Sent: Friday, February 07, 2003 4:31 PM
To: 'ow@nucoastal.com'
Subject: Jan OSP



NuCostalOSPJan03.doc

BAY04-00631

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 120

TO: NuCoastal
ATTN: Mr. Oscar Wyatt
FAX: 713-877-7192

FROM: David B. Chalmers, Jr.

DATE: February 7, 2003

RE: January O.S.P. Prices (US)

Pursuant to our telecons, please find below suggested text to S.O.M.O. Please forward to MEDNAFTA to forward to S.O.M.O.:

Quote:

With reference to our impending February lifting, our intended receivers have expressed concern with regard to an apparent inconsistency in criteria used for calculating formula prices submitted in January which would affect the relative market price competitiveness for our intended lifting.

Specifically, we would like to be assured that S.O.M.O. will make all endeavors to use the methodology established in recent months (i.e. December) accepted by the U.N. with respect to the criteria used to calculate the formula for each period. In this connection it is imperative that due to competition from foreign producer suppliers such as Saudi and Venezuela, no factor is added to the formula, particularly for our lifting period which reflects the premium between monthly quotations around the lifting date. Such a methodology is not applied in the monthly formulas for both the aforementioned producers, and if applied would make S.O.M.O.'s formula's un-competitive by that amount, which in turn would result in the refinery receivers rejecting any deliveries from our shipment on this basis.

We appreciate your clarification of this matter at your earliest convenience.

Unquote

Best regards,

David B. Chalmers, Jr.

02/07/2003 16:42 FAX 7132248101 001

****
*** TX REPORT ***
****

TRANSMISSION OK

TX/RX NO	0016
CONNECTION TEL	7138777192
CONNECTION ID	
ST. TIME	02/07 16:41
USAGE T	00'32
PGS. SENT	1
RESULT	OK

TO: NuCoastal
ATTN: Mr. Oscar Wyatt
FAX: 713-877-7192

FROM: David B. Chalmers, Jr.

DATE: February 7, 2003

RE: January O.S.P. Prices (US)

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TO: PIRA
ATTN: Larry Goldstein

FROM: John Overbey

DATE: February 27, 2003

REF: Methodology Applied By U.N. Oil Overseers for Approval of Formula Prices to U.S. Destination

---

Dear Larry:

With respect to our earlier conversations and correspondence on our concerns over the changing methodology being applied recently by the Overseers and the consequential competitive disadvantage as compared to other foreign supplies, we would like to provide you with some of our recent correspondence to the United Nations and State Department on this matter.

As should be evident from our correspondence, the case can clearly be made that continuation of such practice will undoubtedly cause great financial consequence to industry participants, and likely lead to participants such as Bayoil fleeing the program again, at a time when the U.S. needs to keep oil flowing to check these exorbitant prices.

We are hopeful that you will concur with our position in this matter and relay your professional recommendations to the relevant authorities, during this week, while the market circumstances are being evaluated by the U.N., pertaining to the price discussions and submissions by SOMO for February.

David and I will look forward to hearing from you with regard to any comments or questions on this matter at your convenience.

Sincerely,

John Overbey
For and on behalf of
Bayoil Supply & Trading Limited

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 121

BAYOIL

FAX FACTS

DATE: July 1st

TO: David Chalmers - GUEST

ATTN:

FAX NO: 01144207 447 1100

PAGES AFTER COVER: 8

FROM: Ken Vestal

COMMENTS:
David - I just talked to Larry Goldstein & he sent me this paper they just wrote for the U.S. U.N. & State Dept. I haven't read it yet, but wanted to get it to you ASAP.

Ken

The information contained in this Facsimile is confidential and/or privileged. This Facsimile is intended to be reviewed initially by only the individual named above. If the reader of this Transmittal Page is not the intended recipient or a representative of the intended recipient, you are hereby notified that any review, dissemination of copying or copying of this Facsimile or the information contained herein is prohibited. If you have received this Facsimile in error, please immediately notify the sender by telephone and return this Facsimile to the sender at the above address. Thank you.

BAYOIL (USA), INC. 909 TEXAS AVE., SUITE 202 HOUSTON, TX 77002 713-222-7100 FAX: 713-224-8101 TLX: 408368232

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 121

PIRINC

You may be interested.

PIRINC has prepared the enclosed report, *Iraqi Oil: A Love-Hate Relationship*. The report reviews the complex, even contradictory, concerns associated with Iraqi oil.

Iraq is one of the three countries, along with Iran and North Korea, named by President Bush as members of the "axis of evil." Yet the US is a sizeable market for Iraqi oil. The growth in imports from Iraq has generated opposition in Congress, most recently expressed in a Senate bill to prohibit them. Companies importing Iraqi oil in support from and conformity within US and UN sanctions regulations, find themselves under public scrutiny, and occasional outright criticism for doing so.

The US has a strong interest in maximizing legal exports from Iraq. At the same time, the US wants to close off illegal revenue sources that support the Iraqi regime. Recently, the UN pricing regime was modified to reduce the scope for illegal surcharges but an unintended result has been a significant fall-off in legal exports and funds for humanitarian imports. The loss could push up oil prices, given OPEC's likely decision to maintain production levels. It is not clear that overall illegal revenues have fallen. Illegal revenues from smuggled oil are far larger and only modest oil price increases, supported by a tighter world market, would offset any losses in surcharges.

It is proving extremely difficult for the US to achieve all its objectives. The US has succeeded in overseeing the return of an important source of supply to the world oil market while insuring that most of proceeds go for approved purposes. Any slippage, however, is a cause for concern, given the nature of the Iraqi regime.

If you have any questions or comments, please call Larry Goldstein, Ron Gold or John Lichtblau.

June 2002

Petroleum Industry Research Foundation, Inc.
3 Park Avenue • 26th Floor • New York, NY 10016-5989
Tel.: (212) 686-6470 • Fax: (212) 686-6558

BAY04-01041

Iraqi Oil: A Love-Hate Relationship

Since the 1990 invasion of Kuwait, the U.S. has viewed the Iraqi regime as hostile. Iraq is one of the three countries, along with Iran and North Korea, named by President Bush as members of the "axis of evil." On August 2, 1990, former President Bush issued an executive order declaring a national emergency and by executive order imposed a complete trade embargo and blockage of government financial assets on Iraq. Within a few days, the UN Security Council imposed similar comprehensive sanctions. The original executive order has been renewed over the years, most recently on July 31, 2001 by the current President Bush.

In 1995, in response to growing humanitarian concerns for the Iraqi population, the UN sanctions regime was modified to carve out an exception to the total embargo, oil. UN Security Council Resolution 986 allowed the Iraqi government to sell a limited amount of oil for a limited period, with proceeds to be deposited in a specified bank account and to be used for specific purposes, primarily humanitarian supplies and compensation to war victims.[1] Sanctions are still in effect although with significant changes, in particular the removal of limits on oil sales and most recently, a streamlining of the review process regarding purchases of imports. US sanctions regulations have incorporated the changes made over the years by the UN Security Council.

Although US-Iraq relations are no less hostile than they were in the aftermath of the Gulf War, the US has become a sizeable market for Iraqi oil. In the first three months of this year, US imports of crude oil from Iraq amounted to nearly 50% of UN monitored Iraqi oil exports and about 10% of total US crude oil imports. Despite this substantial commercial relationship, companies importing Iraqi oil in support from and conformity within US and UN sanctions regulations, find themselves under public scrutiny, and occasional outright criticism for doing so. Part of the problem lies in the manner of just how the oil is acquired. Iraq refuses to sell oil directly to US companies. From those who do buy the authorized oil at approved prices, Iraq is accused of collecting illegal surcharges above and beyond authorized prices, which in turn are presumably "incorporated" in prices charged to third parties. Thus, US companies are accused of indirectly lending financial support to the Iraqi regime even though they have no incentive whatsoever to pay anything more than competitive market value for the oil---indeed, perhaps a bit less given the supply risks associated with this source. For any sustained surcharges to be possible, there has to be some gap between approved prices and market value, an issue that the UN has been attempting to address. Iraq is also accused of collecting revenue through illegal commissions on import contracts, and most important, through oil smuggling.

This report reviews the complex, even contradictory, concerns associated with Iraqi oil. The return of Iraqi oil to the international market has played an important moderating role on world oil prices.[2] The US has an interest in supporting high levels of legal, controlled exports both as an ongoing force for price moderation and as a means of funding approved humanitarian imports. At the same time, the US wants to close off illegal revenue sources. An official pricing

[1] Of the total proceeds, 72% were to finance humanitarian imports--split between the Iraqi government controlled areas (59%) and the Northern Governates or areas controlled by the Kurds (13%)---and 25% for compensation of victims. The balance funds the UN administration costs, and monitoring and inspection programs.
[2] Just as its periodic loss has undoubtedly raised world oil prices.

system that leaves no money on the table for surcharges would in principle meet both objectives although such a system in practice has been difficult to devise. Until late last year, the UN had been pricing Iraqi oil preferentially to and not competitive with other comparable crudes in a broadly successful effort to encourage legal export volumes and raise revenues for humanitarian imports. However, recent attempts to price closer to market, in particular through a shift to retroactive pricing, is having the undesirable effects of cutting monitored export volumes and revenues available to finance humanitarian imports.[3]

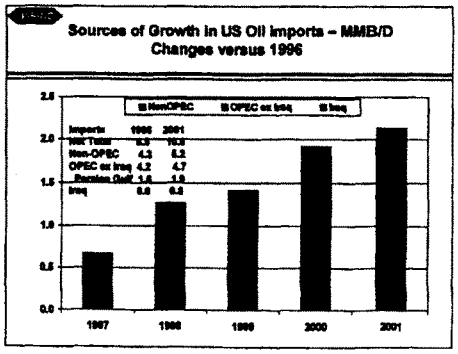
The illegal revenues from surcharges are estimated to be a very small fraction, about 2-3% of total legal revenues. They are also modest relative to the 10 times larger revenues from smuggling. On the surface, it's therefore puzzling, why we haven't focused efforts on eliminating the smuggling. The illegal sales through the Syrian pipeline by itself nets Saddam 5 times the illegal revenues from surcharges, where he gets dollars per barrel not dimes. Reducing smuggling, however, involves gaining the cooperation of countries receiving the oil, which so far has not been successful.

Iraq's Role in Oil Markets

Toward the end of 1996, Iraq accepted the UN conditions for oil sales laid out in the August 1995 UN Security Council Resolution 986 and Iraqi oil began its reentry into world markets. Production levels rose from about 580 MB/D in 1996 to 2.5 MMB/D in 1999, a level that has more or less been sustained through 2001. In 2001, OPEC's production was up by about 1.8 MMB/D versus 1996, with the entire net difference accounted for by Iraq. In effect, Iraq, which currently is not subject to any OPEC production limits, has pre-empted market gains for the rest of OPEC, putting pressure on that organization's cohesion and ability to influence prices.

The impact of Iraq's return to market is illustrated by the changes in recent years in US sources of supply of imports. The chart on the right shows the broad sources of growth in US net oil imports since 1996.

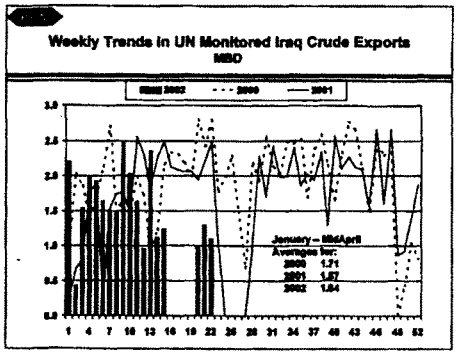
From 1996 through 2001, US net imports grew by 2.1 MMB/D or from 8.5 to 10.6 MMB/D. All non-OPEC sources supplied 0.9 MMB/D of the growth followed closely by Iraq, which supplied nearly 0.8 MMB/D. The other OPEC



[3] This could result in an annualized loss of $3 billion to the escrow account without necessarily cutting into the net illegal flow of funds to Saddam. It takes only modest increases in the much larger flow of illegal revenues from smuggled oil to offset the reduced revenues from surcharges, a process facilitated by a tighter world market. With refinery margins weak and other crudes readily available, the new level of uncertainty created by retroactive pricing has moved Iraqi oil from the top toward the bottom of a refiners preference list.

countries collectively supplied less than 0.5 MMB/D. The share of total 1996-2001 growth accounted for by the other OPEC group amounted to about 20% of the 2.1 MMB/D total, well below the group's 50% share of total US net imports in 1996. The growth in imports from Iraq has generated opposition in Congress, most recently expressed in a Senate bill to prohibit them. The bill is opposed by the Administration and is highly unlikely to become law. Nonetheless it reflects the uncomfortable balance in perceptions between the advantages to the US of having a new source of supply come to market and the desire not give any support to a hostile regime, even if in fact the lion's share of Iraq's oil revenues go for humanitarian purposes.

While annual figures give some perspective on the impact of Iraq's return to the world oil market, they miss another aspect of Iraqi exports, at least those monitored by the UN, namely their short-term volatility. Sharp swings in a country's export volumes can result from sudden changes in market conditions, physical production and logistics problems and, especially in the case of Iraq, political decisions to curtail exports. The chart below illustrates the weekly trends in UN-monitored crude exports since the beginning of 2000.



Over the period shown, monitored exports have varied from weekly highs exceeding 2.5 MMB/D to weekly lows of zero. The zero export periods all have political roots. The 2000 and 2001 zero export intervals occurred when a six-month sanctions phase had come to an end and Iraq was refusing to accept the terms of the next six-month phase as set by the UN Security Council. Exports rebounded once Iraq finally agreed to the terms. The latest, mid-April to mid-May curtailment was stated to be in support of the Palestinians during the recent intensification of the Israel-Palestinian conflict. The Iraqi government called on the other Arab exporters to follow suit. When it was clear that no other country would join in cutting oil supplies, Iraqi (monitored) exports resumed. However, the bounce back does not appear to be as vigorous as has been the case after earlier curtailments. This year through mid-April, monitored exports have averaged 1.6 MMB/D, about 0.5 MMB/D below its 2-2.2 MMB/D export capacity. Setting aside the curtailment period, monitored exports since early March have averaged about 0.7 MMB/D below year-earlier volumes.

The significantly lower volumes are generally considered to be the result of changes in UN pricing formulas designed to reduce the scope for illegal surcharges.[4] Pricing issues are

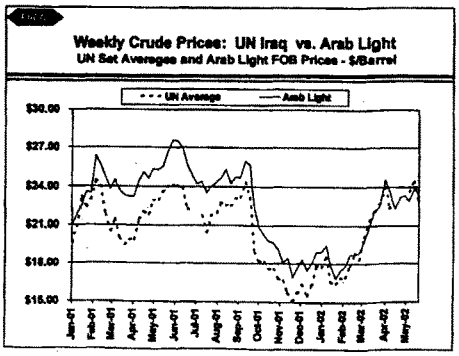
[4] Earlier, concerns over Iraqi production capability led to a broadening of permitted imports to include oil-related equipment. As of mid-May of this year, about 8% of the value of import contracts approved for the Iraqi government controlled areas were for oil-related equipment.

discussed in more detail in the next section of the report but before turning to them, it should be kept in mind that whether or not Iraqi exports recover toward earlier high levels is an important near-term issue for world oil markets. OPEC has already indicated that it will not raise official production quotas when it meets later this month. Recent forecasts, including those issued by the US Department of Energy and the International Energy Agency project higher world oil demand in the third quarter (due mainly to seasonal factors). The third quarter is typically a stock-build quarter as well. With non-OPEC production expected to rise only modestly, the world will be looking to OPEC for more oil. While the OPEC members apart from Iraq are already producing beyond their quotas, and the gap could rise still further, there is little doubt that an early return by Iraq to at least its prior high levels of exports would go far towards alleviating risks of a significant tightening of world oil markets over the summer.

Pricing Iraqi Oil

Under the current UN sanctions regime, a special committee sets the prices under which Iraqi oil is legally exported. The prices are meant to be in line with market values of the oil although precision is impossible to assure. The demonstrated political supply risks associated with Iraqi oil mean that ultimate buyers view this source differently from other more stable sources and allow for this difference in what they are willing to pay. A further complication comes from at least the early need to raise revenues to finance humanitarian imports, and therefore the priority given to insuring that the world oil market would take large volumes of oil on offer.

Iraq refuses to sell oil directly to US buyers, so US companies purchasing Iraqi oil must do so through resellers. It is the initial, direct buyers who would be paying the illegal surcharges to the Iraqi government. In late 2000, as the sanctions regime was coming up for renewal, the Iraqi government announced that anyone buying oil from the national oil company would have to pay an explicit 50 cent/barrel surcharge to a bank account controlled by Iraq. The UN Security Council rejected the demand. There was a brief stoppage of exports before Iraq agreed to the six-month renewal of the program but the matter of illegal surcharges remains.



In principle, the closer the UN price is to market value, the less room there would be for surcharges and there are indications that the recent changes in pricing practices, especially the shift early this year from forward to retroactive pricing, has cut into the potential for surcharges.

The chart on the right shows the weekly average crude prices set by the UN for Iraqi exports and for comparison

purposes, the FOB Arab Light prices. Prices are shown from the beginning of 2001 through the end of May 2002.

Through early 2002, the average UN set prices tended to be significantly below the Arab Light prices. But with the change in UN pricing practice that was introduced early in the year, the gap has virtually disappeared. At that time, the shift was made from forward to retroactive pricing. Differences between the two crude streams limit the value of exact price comparisons between them but the data strongly indicate a substantial narrowing of any gap between UN prices and market values. The narrowing suggests that the move to retroactive pricing was accompanied by other changes as well that effectively narrowed the gap.[5] But caution is needed before concluding any per barrel surcharge has been similarly reduced.

The substantially lower UN-monitored Iraqi export volumes since early March, setting aside the Iraqi political curtailment discussed earlier, suggests that effective prices relative to values seen by final consumers have moved up with the new pricing. Such a development encourages the more marginal buyers to look elsewhere for supplies.

The Iraqi government has placed a high priority on revenue fully under its own control — through surcharges, smuggling, and illegal commissions. It has also shown willingness suspend temporarily all legal exports and forgo the associated UN-controlled revenues and the far smaller revenues from illegal surcharges. The Iraqi government may prefer, at least for the time being, to accept substantially lower UN-controlled volumes and money into the escrow account since there doesn't seem to be any reduced flow of illegal payments to the government.

The Iraqi government's own revenue losses would be reduced to the extent reduced legal oil exports tighten the market and raise revenues received on smuggled oil. As published by the GAO, smuggled oil amounts to between 325 to 480 MB/D. [6] The losses of illegal surcharges on authorized oil could be offset if markets tightened sufficiently to raise prices received on smuggled oil by between 50 cents and 75 cents/barrel.[7] It should be noted that the estimated range for smuggled oil as published by the GAO includes 100 MB/D of exports to Jordan. Although technically in violation of the UN sanctions, the exports to Jordan are tacitly accepted by the UN, and the US government.

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[5] Retroactive pricing per se need not necessarily impact the margin between the official price and the prices in turn set by the middlemen to their customers. While it does offer UN officials more information about market conditions before setting approved prices, the more discretion the pricing officials exercise, the less certainty buyers have about their ultimate costs, adding to their market risks.

[6] See, US General Accounting Office, Weapons of Mass Destruction: UN Confronts Significant Challenges in Implementing Sanctions Against Iraq, May 2002.

[7] A sustained loss of 0.5 MMB/D from global oil markets would easily raise world market prices by that level.

BAY04-01046



The Oil Companies

The US regulations for companies buying oil from the Iraqi government or its state oil company are clear. To receive a specific license to import the oil, any purchase contract must accord with "normal arms-length commercial practice" and the applicant must certify that it understands that:

> "---issuance of a license does not authorize a licensee to provide goods, services or compensation of any kind to the Government of Iraq other than that specifically provided in contracts entered into by the applicant and the Government of Iraq and submitted to and approved by the UN 661 Committee or its designee."[8]

US companies are thus prohibited from paying surcharges on purchases of oil directly from Iraq. However, as noted earlier, Iraq refuses to deal directly with US companies. As has been widely reported, last year the US State Department wrote to the US companies buying Iraqi oil on the world oil market warning them to be sure their purchases are not tainted by payment of a surcharge that Iraq has reportedly demanded. US companies in any case have no incentive to pay anything above their judgments of competitive market value for Iraqi oil, including any allowance for supply risk. By importing competitively priced Iraqi oil, they are in effect holding down the cost of imported oil to US consumers. This is particularly the case when as part of their effort to prop up oil prices; OPEC has been holding back supplies of comparable crudes available to the market.

The companies importing Iraqi oil into the US are thus not the appropriate targets of any effort to cut the illegal flow of revenues to the Iraqi government. The appropriate targets have proven more difficult, the direct buyers paying the reported surcharges, and the countries such as Russia who could exercise greater oversight over their national's behavior, as well as those entities and countries receiving the smuggled oil. The problem is further complicated by the apparent willingness of the government of Iraq to sacrifice substantial legal revenues in order to maintain the far smaller flow of direct illegal revenues to itself. As with much else concerning Iraq, imperfect results seem to be the most that can be achieved. In his May appearance on Meet the Press, Secretary Powell summed up the current imperfect situation as follows:

But he is able — through smuggling activities and other states that are neighbors of his, and this kind of duplicitous action in arranging surcharges — he is able to generate an additional $2-$3 billion a year that he can use for whatever purpose he chooses. I wish that were not the case. I wish we could shut it down entirely, but we haven't been able to. But we have been able to keep the Oil-for-Food program in place, and that controls about 80 percent of the funds available for the regime.[9]

In sum, it is proving extremely difficult for the US to achieve all its objectives when it comes to Iraqi oil. Nonetheless, the US has succeeded in overseeing the return of an important source of

[8] Quotations taken from, U.S. Department of the Treasury, Office of Foreign Assets Control, An Overview of the Iraqi Sanctions Regulations--Title 31 Part 575 of the U.S. Code of Federal Regulations.
[9] Meet the Press interview, May 5, 2002.

BAY04-01047

PERINO

supply to the world oil market while insuring that most of proceeds go for approved purposes. Any slippage, however, is a cause for concern, given the nature of the Iraqi regime. A narrow focused forward pricing formula would appear to be more consistent with US interests than the retroactive pricing method currently in place.

INTEROFFICE

To: David Chalmers
From: Ken Vestal
Subject: OSP Retroactive Prices
Date: March 7, 2002

Below are the OSP's with the difference shown from the month before. In discussions with John Irving and Larry Goldstein of PIRA they both believe the "Retroactive Pricing" started in October and I believe that is correct. I multiplied the volume of the loading month by the difference from the OSP of the preceding month. ***Example***: December volume on the "Lycorn Pacifique" was 1,921,000 of Kirkuk, the change in OSP's from November to December was $1.50 bbl for Kirkuk or a total impact to Bayoil of $2,881,500 for that cargo only. The total for the five months of October thru February was $20,992,200 , see attached breakdown for all cargoes. Also I did not include March "Hellespont Grand" in this review.

Month	Basrah OSP	Delta-Month Before	Kirkuk OSP	Delta-Month Before
September	$6.80	$+0.25	$6.15	+$0.25
October	7.00	-0.20	6.15	NC
November	6.45	-0.55	6.05	0.10
December	5.00	-1.45	4.55	1.50
January	4.15	-0.85	3.85	0.70
February 1/H	3.70	-0.45	3.30	0.55
" 2/H	3.85	-0.30	3.30	0.55

NOTE: David I made a mistake on the change or delta on the January to February Kirkuk OSP, on the last one sent to you in Geneva. I showed a $0.30 change for the January to February OSP and it should have reflected a $0.55 change. I have also corrected the attached accounting sheet showing the details on the gross impact to Bayoil for the "Retroactive Pricing".

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 121

TO: UNITED NATIONS
OFFICE OF IRAQ PROGRAMME

ATTN: Mr. Benon Sevan
Executive Director
FAX: 212-963-1984/212-963-5947

CC: U.S. DEPARTMENT OF STATE
ATTN: Mr. D.E. Krisch
Mr. Matthew T. McManus

FROM: David B. Chalmers, Jr.

DATE: March 13, 2003

REF: OIL PRICE MECHANISM

Dear Sir:

I would like to take this opportunity to apprise your office of our serious concerns regarding the current difficulties experienced by the companies lifting oil under the current phase of the U.N. Oil-for-Food Program, which is directly as a result of the procedures and methodologies the U.N. Oil Overseers are applying to carry out their responsibilities.

Bayoil's concerns are shared by many industry participants in the Program, a statement we can easily prove. All of us in the industry are under the assumption that it is still the objective of the U.N. and its members to see the maximum amount of funding to the U.N. Iraqi account, for the ultimate humanitarian benefit of the Iraqi people: Therefore, in order to accomplish this goal, there should be no unnecessary hindrances for potential industry participants, which might result in loss of confidence by such companies, and subsequent reluctance to lift the maximum available quantities of oil on a ratable basis. Unfortunately, this is exactly the situation which occurs today, directly as a result of the U.N. Oil Overseers operating in a manner outside the stated guideline of their mandate, which includes as you well know, to accurately assess formula prices submitted by S.O.M.O, as to their relative fair market value.

Bayoil

As background for your information, Bayoil has been the largest shipper/marketer of Iraqi crude's to the U.S. since the oil program began, mostly under contract from a wide range of S.O.M.O. allocation holders. For this reason, I believe we are in a unique

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 122

position to understand the changing dynamics of the Iraqi crude market, particularly during this recent period. Specifically, in February our firm shipped 8 million barrels of Kirkuk/Basrah to the U.S., and from March 1st until today, approximately 7 million barrels. These figures represent between 40-60% of the U.S. deliveries, a market share consistent with our activities during typical periods since the programs inception.

Specifically, the aforementioned activities, or procedures creating difficulties for the participants can be summarized as follows:

1) During the process of assessing or sourcing market information, whereby industry contact would be required, The Overseers are in a deliberate and prejudicial way ignoring and/or discounting market information/analysis from certain companies (including Bayoil), which are in the best position of knowledge, while relying instead almost solely on industry sources, which are often not participating and thus have their own vested interest.

- In this respect, Bayoil has frequently provided U.N. Overseers and S.O.M.O. written reports covering market analysis and other pertinent information, including recommended formula calculations for particular lift periods, which are consistent with our analysis, and completely accurate to the best of our professional abilities.

- Unfortunately, we have never received the courtesy of written response to our frequent and recent reports, and seldom any verbal comments or constructive counter arguments, which should normally occur between professionals. This is particularly the case in the last few months, whereby our activity has become more predominant and the market has become more volatile, and as a result our reports to Overseers have been more frequent and detailed (please see the attached Market Reports).

2) The Overseers' responsibilities under Resolution 986, in connection with the formula submission process with S.O.M.O. are not being adhered to.

- The Overseers have clearly pre-advised S.O.M.O. of the price formulas S.O.M.O. must submit to gain their approval, (a procedure that could legally be questioned as it amounts to the Overseers deciding to price irrespective of S.O.M.O.'s assessments and evaluations.). The Overseers' approach is also based on a methodology very much in variance with S.O.M.O.'s intended submission, which they share openly with the industry and which is consistent with the primary lifters.

3) The Overseers are currently clearly not fairly or accurately assessing the fair market value of Iraqi crudes.

- The Overseers have received written and oral documented evidence from Bayoil and others. (see attached reports) which proves that their imposed methodologies

for establishing formulas, for recent and future lifting periods, will consequentially equate to a relative cost/price differential, which will likely continue to be higher priced than those of other crude grades (i.e. Saudi) or well above the "fair market value".

- The Overseers, have reportedly taken a position on this subject along the lines that the system of calculating formulas is long standing, and despite the fact that this methodology may currently result in higher prices than other competitive grades and Spot market values for Iraqi grades, they maintain there is no basis for modification or amendments.

- The Overseers, have received certain correspondence from Bayoil and others. That in fact there have been regular changes to the general methodology, and specific sub-components within the past few months. No supporting evidence has been offered to contradict these industry perceptions.

The, aforementioned apparent complete departure from the original guidelines set forth for the U.N. oil experts under Resolution 986, including the practice or a unilaterally setting a price on an ad hoc basis for Iraqi oil. This in turn has led to a complete breakdown in confidence by the industry participants in the program fueled by the expectation that prices will be imposed on future liftings in a manner consistent with recent past, which will likely result in between $1.50-3.00 per barrel loss for lifters.

As this situation is untenable for Bayoil, and as we understand other lifters as well, Bayoil has no other choice than to immediately cease participation in the program, and support others to do likewise.

We regret to inform your office of this decision, due to our historical support for the program, and will certainly be reconsidering such action if any actions are taken to rectify this situation. Meanwhile, we are immediately seeking alternative options for our vessels already scheduled to load ratably from Ceyhan and Al Bakr for some time, and will be informing our contractual supplier of such cancellations.

I have drafted a final correspondence to the U.N. Overseers, outlining our overall concerns, which considering that in the past they have not had the courtesy to respond to our market analysis reports, it now would seem appropriate to forward such communications through your office, per the additional enclosed attachment.

It will indeed be regrettable if the purpose of the Oil-for-Food Program were to be frustrated by the behavior of the very U.N. officials who are supposed to manage its smooth implementation.

I will be happy to meet or discuss further any questions you may have at your convenience. You can contact me at my Houston office Tel. (713) 222-7100 or by fax - (713) 224-8101

Sincerely,

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

Jean Johnston

From: Jean Johnston
Sent: Friday, March 14, 2003 11:22 AM
To: john@j-irving.demon.co.uk
Subject: FW: UN Oil Overseers Price Mechanisms

-----Original Message-----
From: David Chalmers Jr.
Sent: Thursday, March 13, 2003 4:34 PM
To: Jean Johnston
Subject: FW: UN Oil Overseers Price Mechanisms

-----Original Message-----
From: David Chalmers Jr.
Sent: Thursday, March 13, 2003 3:57 PM
To: 'Sevan@un.org'
Subject: UN Oil Overseers Price Mechanisms

Dear Mr. Sevan;

Please find attached correspondence addressing our concerns with reference to the UN Oil Overseers' current methodology for approving the Iraqi Crude Price Mechanism, together with copies of correspondence/market information addressed to the UN Oil Overseers for your attention.

The first letter is addressed to you and the second letter includes the letter for the UN Oil Overseers, to be forwarded to them upon your review.

I look forward to your earliest response. You can contact me at (713) 222-7100 to elaborate on any of the attached.

Sincerely,

David B. Chalmers, Jr.

<<UN OIL PRICE MECHANISM 3.13.doc>> <<UN APPROVAL OF PRICING FORMULS 3.13.doc>> <<B. LIGHT LIFTINGS FEB 2-8. 3-11-03 revised (U.N.).doc>> <<UN OSP March 3-10-03.doc>> <<UN-METHODOLOGIES APPLIES FEB. O.S.P. 3-10-03.doc>> <<Feb OSP Reconstruction.xls>> <<UN-U.S. MARKET IRAQI CRUDES 3-10-03.doc>>

<<UN FEB OSP 2.28.doc>> <<UN Morten 2.28.doc>> <<FebOSPIraqi-Saudi Formula UN 2.27.03.doc>> <<FebOSP analysisfeb26.xls>> <<FebOSPIraqi-Saudi Formula UN 2.27.03.doc>> <<UNFeb1-10OSP 2-27-03.doc>>

TO: U.N. OIL OVERSEES
ATTN: Mr. Morten Buur-Jensen
Mr. Michel Tellings
FAX: 212-963-1628

CC: UNITED NATIONS
OFFICE OF IRAQ PROGRAMME
ATTN: Mr. Benon Sevan – Executive Director

FROM: David B. Chalmers, Jr.
Bayoil Supply & Trading Limited

DATE: March 13, 2003

REF: OUR CORRESPONDENCE OF MARCH 10-11, 2003 CONCERNING METHODOLOGIES APPLIED BY OVERSEERS FOR APPROVAL OF FORMULA PRICES SUBMITTED BY S.O.M.O.

Dear Sirs:

Bayoil has respectfully sent to your office the above referenced correspondence, in the spirit of cooperation by providing your office up-to-date market information and/or analysis which further reflects Bayoil's experience and direct involvement in the Iraqi oil market, in connection with your responsibilities, under Resolution 986, to review price formula submission by Iraq to determine their Fair Market Value.

Due to the fact that it is March 13th and our correspondence specifically addresses the early March formula prices, expected to be submitted shortly, it is particularly unfortunate we have not received the courtesy of a response or comments.

Unfortunately, this example of one-way communications, regarding the important issue of evaluating formula prices is typical of a pattern over time of one-way communications, which is disrespectful and does not comply with our understanding of the guidelines for your office, with respect to consulting with companies registered to participate in the program.

The type of market analysis provided to your offices yesterday has been generated by several veteran professionals within our firm, and in a context and form that can be easily understood and ratified by consultation with others in the industry. Furthermore, such type correspondence has been continuously provided in good faith, despite the fact your office has never directly replied to a number of such type reports provided during the past

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 122

six months (i.e. including a 12 page report on September 26, 2002), concerning recommendations for future market formula analysis and cooperation.

Based on the facts stated above, Bayoil has now clearly concluded that your office is acting in a manner with clear prejudice toward our firm, and further in a manner that as previously mentioned violates the fiduciary duties your personnel hold under the terms of Resolution 986.

Our conclusions of a clear prejudice towards Bayoil are evidenced by 1.) the aforementioned non-responsiveness to our urgent correspondence requesting certain clear market factors be included in the March formula prices and 2.) the limited response to our points of view regarding some issues addressed in respect to February formulas, whereby it became apparent that your office concurred with our premise that the prevailing methodology was resulting in uncompetitive formulas, particularly during early lifting periods, while clearly not indicating a willingness to modify such market assessment practices for no other reason than that " this was the way we've been doing it."

This inflexibility of further evidence of prejudice towards Bayoil, as in it is widely known that Bayoil's vessel/s would be more affected during these periods. The knowledge about Bayoil's cargo physical unsold positions during that period further reiterates our conclusion of a clear prejudice toward Bayoil exists.

Our conclusions are not made lightly, but instead only after a long pattern of similar behavior have occurred over time, in combination with a compilation of reported prejudicial comments made to a number of individuals over time.

Due to the substantial further negative financial consequences likely to be incurred by our firm and other firms lifting during this period, particularly without an immediate change in the procedure your office follows, it is with regret that Bayoil has initiated a formal protest to the U.N. Office of Iraqi Programme, the 661 committee, and key member representatives about your actions, concerning this matter. We will further request an investigation into the procedure of market analysis due diligence and industry communications practice, your office has historically and recently conducted which is expected to support our conclusion.

Regretfully this has come to this state, particularly given the current economic and political environment whereby it should be in the interest of all parties for the exports from authorized ports, under the U.N. Oil for Food program, to be successful.

Sincerely,

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

ARTICLE ELEVEN
DESTINATION

Except to the extent inconsistent with the laws of BUYER'S country and the laws applicable to Banque Nationale de Paris :

1. BUYER acknowledges that all laws, regulations and rules of the Republic of Iraq relating to destination of crude oil purchased hereunder shall apply to BUYER.

2. BUYER undertakes that all laws, regulations and rules of the Republic of Iraq shall apply to vessels employed by him to transport crude oil covered by this Contract.

3. BUYER undertakes, whenever required, to submit to SELLER or his representative within a reasonable time, the discharge certificate of each shipment duly endorsed by the Iraqi Representation (or any other acceptable Representation) in the country of destination.

ARTICLE TWELVE
FORCE MAJEURE

1. Failure or omission to carry out or to observe any of the terms, provisions or conditions of this Contract shall not give rise to any claim by one party hereto against the other or be deemed to be a breach of this Contract if this is due to force majeure.

2. If by reason of force majeure the fulfilment by either party of any terms and conditions or this Contract is delayed for a period not exceeding three (3) months the period of such delay shall be added to the duration of this Contract. If, however, the period of delay exceeds three (3) months, either party at any time after the expiry of the three (3) months shall have the right to terminate this Contract by giving written notice.

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 128

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/01/07

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 128

BAY04-01642

SECTION ONE

SPECIFIC PROVISIONS

F.O.B. CRUDE OIL SALES CONTRACT

FOB SALES CONTRACT
CONTENTS

Section ONE

Article One	:	Definitions
Article Two	:	Period
Article Three	:	Quantity and Quality
Article Four	:	Price
Article Five	:	Reopener
Article Six	:	Payment
Article Seven	:	SOMO Standard Documentation
Article Eight	:	Approval of Contract
Article Nine	:	Special Conditions
Article Ten	:	Addresses

SECTION TWO

Article One	:	Measurement and Sampling
Article Two	:	Risk and Property
Article Three	:	Lifting Programme
Article Four	:	Nomination of Vessels
Article Five	:	Vessel Berths
Article Six	:	Loading Conditions
Article Seven	:	Demurrage
Article Eight	:	Taxes and Duties
Article Nine	:	Termination in the event of Liquidation or Default
Article Ten	:	Assignment
Article Eleven	:	Destination
Article Twelve	:	Force Majeure
Article Thirteen	:	Arbitration
Article Fourteen	:	Notices
Article Fifteen	:	Applicable Law

Appendix I	:	Form of Letter of Credit
Appendix II	:	Application Form to Request Approval of Contract

CONTRACT BETWEEN STATE OIL MARKETING ORGANISATION

hereinafter (called SELLER) of the one part and

BAYOIL SA (hereinafter called BUYER) of the other part.

Whereby it is agreed as follows :-

SECTION ONE

Wherever the General Provisions of Section Two, attached and herein incorporated in this Contract, are at variance or in conflict with this section One, the provisions of Section One shall govern .

ARTICLE ONE

DEFINITIONS

As used in this Contract, unless otherwise provided, the following words and terms shall have the following meanings :-

Barrel	:	means forty-two (42) U.S. Gallons at sixty degrees (60 Degrees) Fahrenheit and at normal atmospheric pressure.
Day	:	means a period of twenty-four (24) running hours commencing at 00.01 hours local time at the port of loading.
Barrel per Day (b/d)	:	means the average number of barrels of crude oil supplied during a calendar day as defined above.
F.O.B.	:	means "Free on Board" as referred to in the ICC Incoterms 1990.
Dollar ($)	:	The currency of the United States of America.

Month	:	means Gregorian Calendar Month commencing at 00.01 hours local time at the port of loading on first day of the month.
Quarter	:	means a period of three (3) consecutive months beginning on a 1st January or a 1st April or a 1st July or a 1st October.
Year	:	means a Gregorian Calendar Year.
API Gravity:		means scale adopted by the American Petroleum Institute for expressing the specific gravity of crude oil.
SCR 986	:	means Security Council resolution 986 (1995) of 14 April 1995.
661 Committee:		means the Security Council Committee established by Security Council resolution 661 (1990).
Procedures	:	means the procedures to be employed by the 661 Committee (United Nations document S/1996/636, dated 8 August 1996).
Overseers	:	means the independent experts in international oil trade appointed by the Secretary-General of the United Nations pursuant to SCR 986 and the procedures.
Inspectors	:	means the independent oil inspection agents appointed by the Secretary-General pursuant to SCR 986.

ARTICLE TWO

PERIOD :

1. Subject to Article Eight below, this Contract shall become effective on the 12th. day of Dec. 1996, and shall continue thereafter until 19th. January 1997, unless renewed by mutual agreement.

2. The ultimate consumer of the crude oil sold under this Contract shall be BAYOIL to be processed in U.S. Refineries.

ARTICLE THREE

QUANTITY AND QUALITY :

1. SELLER undertakes to sell and deliver FOB and BUYER undertakes to purchase, receive and pay for the following:

Type of Crude	Quantity		Port of Loading
BASRAH LIGHT	2,000,000	BBLS.	AL-BAKR

2. The quality of the crude oil shall be the standard export quality available at the port of loading from time to time.

3. Quantities shall represent contracted quantities or number of barrels per day contracted multiplied by the number of days of the relevant period stipulated in sub Article 2.1.

4. Quantities shall be lifted as evenly as possible over the course of such delivery period in lots of approximate barrels and as will be agreed between BUYER and SELLER.

5. Quantities lifted under allowed operational vessel slippage shall be deemed as part of the contracted quantities of the period.

6. In cases when SELLER, for reasons technical or otherwise that are beyond his control, is unable to meet his full contractual commitments, SELLER shall have the right to reduce the contracted quantities for the duration of the period when such circumstances shall prevail. SELLER shall advise BUYER as soon as possible before the beginning of any period during which supplies to all buyers are to be reduced.

7. In no event shall any loading start beyond one hundred and eighty (180) days from 10/12/1996, unless the Security Council has authorized sales beyond that date.

ARTICLE FOUR

PRICE :

1. The price(s) of the crude oil to be delivered under this contract shall be as follows :-

Type of Crude	API	Port of Loading
BASRAH LIGHT	34	AL-BAKR

Price Mechanism in $ per Barrel FOB

BASRAH LIGHT EX AL-BAKR : WTI - $ 3.75 / BBL.
FOR THE U.S. MARKET.

The above - mentioned pricing mechanism is for loading in December 1996, and shall be adjusted up or down each successive month for the duration of the contract in the same direction and magnitude cent for cent per barrel as the changes in the published price for Basrah Light crude oil as announced by the producer applicable for the same destination and Month of Loading.

The WTI price is calculated by taking the arithmetic average of the means of the high and low spot assessments of WTI (First Month) quotations as published in the Platt's Crude Oil Marketwire for Five Consecutive Quotations starting from the 15th. Day from the Bill of Lading date (Bill of Lading date shall be day one).

TOTAL P.01

TOTAL P.01

BAY04-01649

ARTICLE FIVE

REOPENER

Each party shall have the right not later than the 15th day of any month to request a review of the pricing mechanism of this Contract.

If following a request for a review, the parties are unable to agree within a period of ten (10) days from the date upon which such request was made, either party may elect to terminate this contract by serving written notice of phase-out to the other party and termination shall be effective at the end of the month following the month during which the notice of termination has been received.

But if the parties are able to agree within the above mentioned ten (10) days period, any agreed upon adjustment to the pricing mechanism shall be subject to the approval of the 661 committee.

However, if such approval has not been granted by the 661 committee, this contract shall be considered as terminated as of the end of the month following the month during which the above mentioned ten (10) days period ends unless the parties agree otherwise.

In case of Contract termination under any of the above mentioned events, this contract shall remain in full force and effect at the pricing mechanism applicable in accordance with this contract terms and conditions up to the effective date of termination and such termination shall not affect the parties' rights and obligations therefrom, unless the parties agree otherwise during the period prior to the effective date of termination.

ARTICLE SIX

PAYMENT

1. BUYER shall establish in respect of each shipment lifted under this Contract an irrevocable documentary letter of credit issued by a bank acceptable to Banque Nationale de Paris, S.A. ("BNP") for confirmation, in the form set out in Appendix I hereof.

In all cases, the Letter of Credit shall be established, confirmed and accepted at least seven (7) days prior to loading date.

2. BUYER irrevocably undertakes that payment for each cargo of crude oil lifted shall be made out of the proceeds of the confirmed Letter of Credit directly to account number 0200-201752-001-08 established by the Secretary-General of the United Nations, pursuant to paragraph 7 of SCR 986, at BNP (New York Branch) (hereinafter "United Nations Iraq Account"), upon presentation to BNP of the documents required by the Letter of Credit, including but not limited to the Commercial Invoice and the Bill of Lading.

3. All charges within Iraq are for SELLER, whereas all charges outside Iraq are to be borne by BUYER.

4. Unless otherwise provided herein, payment shall be made not later than thirty (30) days from B/L date, in same date funds.

If payment falls due on a Saturday or Bank holiday other than Monday in the place where payment is to be made then payment shall be made on the last preceding banking day. If payment falls due on a Sunday or a Monday Bank holiday in the place where payment is to be made then payment shall be made on the next succeeding banking day.

ARTICLE SEVEN

SONO STANDARD DOCUMENTATION :

Bill of Lading	9	(3 Originals & 6 Copies)
Certificate of Origin	4	
Cerificate of Quality and Quantity	4	
Loading Time Sheet	4	
Ullage Report	4	
Master's Receipt for samples	4	
Distribution of Documents	4	

Two sets of documents are handed to Master, one being for Consignee. Seller shall advise BUYER by telex or cable within forty-eight (48) hours following each loading with the following details :-

a) Vessel's name
b) Loading Port
c) Commenced Loading Date
d) Completed Loading Date
e) Sailing date
f) Gross & net quantities in metric tons, long tons & U.S. barrels
g) API Gravity

ARTICLE EIGHT

APPROVAL OF CONTRACT

This Contract is subject to the approval of the Overseers on behalf of the 661 Committee. Such approval shall be obtained in accordance with the Procedures, utilising the form set out in Appendix II hereof.

ARTICLE NINE

SPECIAL CONDITIONS

1. Loading of any shipment of crude oil shall be subject to the authorization of the Inspectors at the port of loading. The Inspectors shall also have the authority to stop the loading if they determine that there is any evidence of irregularity.

2. Notwithstanding Sub Article 4-3 of section Two of this Contract, the accepted date of arrival of the vessel at the loading ports shall be fixed on a one (1) day range. All related Articles of Section Two of the Contract will read to that effect and conformity.

3. Notwithstanding Sub Article 6-5 of Section Two of this Contract SELLER shall be allowed as laytime at Al Bakr Terminal as follows :

Laytime (hrs)	Vessel DWT (MT)
36	Up to 129 999
54	130 000 - 199 999
65	Over 200 000

All related Articles of section Two of the Contract will read to that effect and conformity.

4. In addition to the events specified in Sub Article 6-6 of Section Two, any time consumed due to the Inspectors prohibiting loading shall not count as used laytime.

5. This Contract shall terminate forthwith in the event that the Security Council terminates the authorization to import petroleum or petroleum products originating in Iraq.

6. Assignment of the rights or obligations of the SELLER or BUYER shall be subject to the approval of the 661 Committee.

7. Any claims from BUYER under Sub Article 1-3 or Article Seven of Section Two, and any analyses carried out under Sub Articles 1-5 and 1-6 of Section Two, shall be copied to the Overseers. Payments or other awards under Article Thirteen of section Two, in respect of claims under Articles One and Seven of Section Two are subject to the approval of the 661 Committee. Any sum to be paid by BUYER in settlement of a dispute under Article Thirteen of Section two relating to the proceeds of the sale of crude oil under this Contract shall be paid by BUYER directly to the United Nations Iraq Account.

8. Payments to SELLER under Sub Article 5-5 and Sub Article 6-7 of Section Two, and any other payments or awards under Article Thirteen of Section Two, are subject to the approval of the 661 Committee.

9. This Contract shall be subject to SCR 986, the Procedures and the Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq on the implementation of SCR 986 (United Nations document S/1996/356, dated 20 May 1996).

ARTICLE TEN

ADDRESSES:

In addition to the notices, declarations and other communications required under Article Fourteen, notices, approvals, declarations and communications required above for the Overseers, on behalf of the 661 Committee, shall be effected at the addresses below :-

FOR SELLER :

STATE OIL MARKETING ORGANISATION
P.O. BOX 5118
BAGHDAD - IRAQ
TELEX : 212198 - 212199 SOMO IK
TELEPHONE : 964-1-2869561
964-1-7742040 - 10 lines
FAX : 964-1-2853925

FOR BUYER :

BAYOIL SA (SWITZERLAND)
C/O P.O. BOX: N. 4820 NASSAU, BAHAMAS
FAX: 809 362 4733
PHONE: 809 362 4721
TLX : 20644

FOR OVERSEERS

FAX: 212-969-1698 NEW YORK.

This Contract has been done and signed on the 11th day of December 1996.

SADDAM
FOR SELLER
SADDAM I. HASSAN
EXECUTIVE DIRECTOR GENERAL

FOR BUYER
DAVID CHALMERS

11/12/1996

Appendix 1

SAMPLE LETTER OF CREDIT TO COVER OIL PURCHASES - OPENED BY ANOTHER BANK ACCEPTABLE TO BNP

To : BANQUE NATIONALE DE PARIS S.A.
NEW YORK BRANCH
TELEX NO. 6737018

DATE :

FROM : (OPENING BANK)

TEST KEY :

PLEASE ADVISE OUR FOLLOWING IRREVOCABLE DOCUMENTARY CREDIT TO THE BELOW MENTIONED BENEFICIARY ADDING YOUR CONFIRMATION . FOR INFORMATIONAL PURPOSES ONLY PLEASE FORWARD A COPY OF THIS LETTER OF CREDIT TO THE CENTRAL BANK OF IRAQ FOR PURPOSES OF ADVISING STATE OIL MARKETING ORGANIZATION (SOMO) PURSUANT TO THE 661 COMMITTEE PROCEDURES . WE HAVE OBTAINED THE NECESSARY GOVERNMENTAL AUTHORIZATION FOR THE ISSUANCE OF THIS LETTER OF CREDIT . (OR : NO GOVERNMENTAL AUTHORIZATION IS REQUIRED FOR THE ISSUANCE OF THIS LETTER OF CREDIT) .

QUOTE :

OUR REF : (LETTER OF CREDIT NO)

BY ORDER OF : (ACCOUNT PARTY)
INFAVOR OF : THE UNITED NATIONS
FOR A MAXIMUM AMOUNT OF U.S.DOLLARS____(U.S. DOLLAR AMOUNT SPELLED OUT) FOB .

THIS CREDIT IS AVAILABLE BY DEFERRED PAYMENT AT THIRTY (30) DAYS FROM BILL OF LADING DATE (INCLUDING B/L DATE) AGAINST PRESENTATION NOT LATER THAN _____/____199 (insert validity date) OF THE FOLLOWING DOCUMENTS AT THE COUNTERS OF BANQUE NATIONALE DE PARIS, S.A., 200 LIBERTY STREET, NEW YORK, NEW YORK .
ATTN : TRADE FINANCE SERVICES :

1- THIRTY (30) DAYS DATE DRAFT DRAWN BY THE UNITED NATIONS ON BANQUE NATIONALE DE PARIS NEW YORK BRANCH AND PAYABLE TO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT

NUMBER 0200-201752-001-06 . SUCH DRAFT MUST BE DATED THE ON BOARD DATE ON THE BILL OF LADING .

2- SOMO'S DULY SIGNED ORIGINAL COMMERCIAL INVOICE PLUS ( ) COPIES COVERING_____(QUANTITY) OF BARRELS (PLUS OR MINUS FIVE PERCENT) OF KIRKUK OR BASRAH LIGHT CRUDE OIL FROM _____(PORT OF SHIPMENT) TO _____(DESTINATION) ON M/T TBN .

INVOICE TO SHOW QUANTITIES IN METRIC TONS, LONG TONS AND U.S.BARRELS .
PRICE : (AS AGREED)

INVOICE MUST STATE THAT 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, ACCOUNT NUMBER 0200-201752-001-06 .

INVOICE TO ALSO INDICATE THE FOLLOWING :
- API GRAVITY AT 60 DEG F OF THE CARGO LOADED .(NO GRAVITY ESCALATION) .
- PRICE CALCULATED AS PER PRICE CLAUSE ABOVE .
- B/L DATE .
- CONTRACT NO.
- SHIPMENT NO .
- BNP CONFIRMATION NO .
- OPENING BANK L/C NO .

3- FULL SET CLEAN ON BOARD OCEAN BILLS OF LADING IN 3/3 ORIGINAL AND ( ) NON-NEGOTIABLE COPY(IES) DATED ON BOARD AND ISSUED TO THE ORDER OF _____ SHOWING SHIPMENT FROM_____TO _____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 THE SHIPMENT NUMBER .

4- CERTIFICATE OF IRAQI ORIGIN ISSUED BY SOMO IN ( ) ORIGINAL AND ( ) COPY .

5- QUANTITY AND QUALITY CERTIFICATE IN ( ) ORIGINAL AND ( ) COPY .

COVERING THE SALE OF ( ) BARRELS (PLUS OR MINUS FIVE PERCENT) OF CRUDE OIL FOB CEYHAN AND OR AL BAKR TERMINAL .

SPECIAL CONDITIONS :

- THE AMOUNT OF THE PRESENT LETTER OF CREDIT IS AUTOMATICALLY ADJUSTED TO CORRESPOND TO THE FINAL INVOICE PRICE WITHOUT ANY AMENDMENT TO THIS LETTER OF CREDIT.
- SHIPMENT : FROM THE PORT OF _____AT THE LATEST
- WHERE COPIES OF DOCUMENTS ARE CALLED FOR , PHOTOCOPIES ARE ACCEPTABLE.
- THIS LETTER OF CREDIT IS NOT ASSIGNABLE AND NOT TRANSFERABLE.
- PARTIAL SHIPMENT IS PERMITTED.
- TRANSSHIPMENT PROHIBITED.
- DOCUMENTS PRESENTED LATER THAN 21 DAYS AFTER BILL OF LADING DATE BUT STILL WITHIN THE CREDIT VALIDITY ARE ACCEPTABLE.
- CHARTER PARTY BILLS OF LADING ACCEPTABLE.
- ALL BANKING CHARGES WITHIN IRAQ ARE FOR THE SELLER'S ACCOUNT, WHEREAS ALL CHARGES OUTSIDE IRAQ INCLUDING BANQUE NATIONALE DE PARIS S.A. NEWYORK BRANCH CHARGES AND FEES ARE FOR BUYER'S ACCOUNT.
- IN THE EVENT THE ORIGINAL DUE DATE FALLS ON A SATURDAY OR ON A NEW YORK BANK HOLIDAY OTHER THAN MONDAY, SUCH PAYMENT SHALL BE MADE ON THE LAST PRECEDING NEW YORK BANKING DAY. IN THE EVENT THE ORIGINAL PAYMENT DUE DATE FALLS ON A SUNDAY OR A MONDAY NEW YORK BANK HOLIDAY, PAYMENT SHALL BE MADE ON THE NEXT SUCCEEDING NEW YORK BANKING DAY.
- PROVIDED ALL TERMS AND CONDITIONS OF THIS LETTER OF CREDIT ARE COMPLIED WITH, PROCEEDS OF THIS LETTER OF CREDIT WILL BE IRREVOCABLY PAID INTO THE UNITED NATIONS IRAQ ACCOUNT, ACCOUNT NUMBER 0200-201752-001-08 WITH BANQUE NATIONALE DE PARIS, S.A. NEW YORK BRANCH. THESE INSTRUCTIONS WILL BE FOLLOWED IRRESPECTIVE OF ANY CONFLICTING INSTRUCTIONS CONTAINED IN THE SELLER'S COMMERCIAL INVOICE OR ANY TRANSMITTED LETTER.

WE HEREBY ENGAGE WITH THE BENEFICIARY AND BANQUE NATIONALE DE PARIS S.A., NEW YORK BRANCH THAT DOCUMENTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED UPON PRESENTATION AS SPECIFIED.

THIS TELEX IS THE OPERATIVE INSTRUMENT AND WILL NOT BE FOLLOWED BY A WRITTEN CONFIRMATION (IF ORIGINAL IS TRANSMITTED, THIS WOULD NOT APPLY).

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500.

UNQUOTE :

SPECIAL INSTRUCTIONS TO BANQUE NATIONALE DE PARIS S.A, NEW YORK BRANCH :

WE HEREBY UNDERTAKE TO HONOR YOUR TELEX/SWIFT REIMBURSEMENT REQUEST FOR PRINCIPAL AND ALL OF YOUR CHARGES , INCLUDING CONFIRMATION AND NEGOTIATION FEES FOR PAYMENT AT MATURITY, ACCORDING TO YOUR PAYMENT INSTRUCTIONS . IF OUR COVER DOES NOT REACH YOU IN TIME TO REIMBURSE YOU FOR YOUR PAYMENT UNDER THE CREDIT ON DUE DATE, WE HEREBY UNDERTAKE TO COMPENSATE YOU FOR ANY LOSS OF INTEREST INCURRED BY YOU DUE TO THIS DELAY .

REGARDS,
(OPENING BANK)

[redacted]

SECTION TWO

GENERAL CONDITIONS

F.O.B. CRUDE OIL SALES CONTRACT

ARTICLE ONE

MEASUREMENT AND SAMPLING

1. Measurement of the quantities and the taking of four (4) samples for the purpose of determining the quality of the crude oil in each shipment shall be carried out, in accordance with good standard practice at the port of loading at the time of the shipment in question.

2. The bill of lading shall indicate the quantity of crude oil delivered in conformity with measurements at the port of loading and shall be considered final and binding upon both parties after deduction of bottom sediments and water.

3. Any claims from BUYER as to determinations made at the loading port relating to the quality delivered shall be sent to SELLER, within sixty (60) days from the date of the bill of lading.

4. No claim submitted by BUYER for one lot of the crude oil shall be regarded as a reason for rejecting any other lot of the crude oil to be delivered under the present Contract.

5. In case of a dispute arising over the quality of the delivered crude oil, BUYER and SELLER will refer to the analysis of the two samples to be carried out independently by the two parties. These analyses will be binding upon both parties provided they are found in agreement with each other within the reproducibilities of IP or ASTM methods.

6. Should these analyses prove different, however, the other two samples shall be analysed by a third laboratory, to be agreed upon by both parties. The result of this analysis

shall be final and the cost thereof shall be borne by the party losing the claim.

ARTICLE TWO
RISK AND PROPERTY

Title to the crude oil and all risks thereof shall pass to BUYER when the oil passes the flange connection between the delivery hose and the vessel's permanent hose connection at the loading port. However, any loss of or damage to the oil during loading, if caused by the vessel, shall be as between the parties hereto, for the account of BUYER who shall bear all prejudicial consequences thereof.

ARTICLE THREE
LIFTING PROGRAMME

1. BUYER shall lift the quantities of crude oil agreed upon in this Contract as follows :-

   A. Quantities to be lifted under this Contract shall be fairly evenly spread.

   B. BUYER shall notify SELLER of quarterly requirements for the full calendar year at least sixty (60) days before commencement of the relevant year or at date of signature of new contracts if later than November 1st of the preceding year.

   C. BUYER shall specify monthly listings during each quarter at least forty-five (45) days before commencement of the relevant quarter.

2. The above-mentioned tentative schedules, which are to be supplemented to cover all contracted quantities, may be

altered by express request of BUYER, subject to SELLER's approval. SELLER shall not unreasonably withhold its approval, and will notify BUYER within (15) days of the request.

3. If, during any calendar quarter, BUYER fails to take deliveries of any quantities of crude oil provided for during such quarter; SELLER, after allowing for normal operational slippage of a nominated and accepted Vessel between the quarters and a previously accepted tolerance of up to five percent (5%) of the quarterly contracted quantity, may deduct such quantities from the total quantities of crude oil to be delivered under this Contract.

ARTICLE FOUR
NOMINATION OF VESSELS

1. BUYER shall notify SELLER twenty (20) days before the beginning of each month of its loading programme for that month. Such programme shall specify for each vessel :-

   - The expected date of arrival of each vessel.
   - Quality and quantity of crude oil to be loaded, five percent (5%) more or less.
   - Vessel's name or TBN.
   - Port(s) of discharge and destinations.
   - Instructions needed by SELLER to issue documents in accordance with effective export regulations.

2. SELLER shall notify BUYER not later than ten (10) days after receipt of the notice specified hereinabove whether it accepts or refuses schedules or nominations. In case of refusal, SELLER shall propose other dates which shall be as close as possible to those proposed by BUYER. Dates thus determined shall be deemed accepted by BUYER unless the

latter advises SELLER to the contrary within three (3) working days following receipt of SELLER's notification.

3. The date of arrival of the vessel at the loading port shall be as follows :-

a) For Mediterranean ports: the date of arrival shall be within a range of three (3) days extending one (1) day before and one (1) day after the expected date of arrival.

b) For Arabian Gulf ports: the date of arrival shall be within a range of five (5) days extending two (2) days before and two (2) days after the expected date of arrival.

However an accepted date of arrival may be changed at any time by BUYER with SELLER's consent.

4. BUYER shall require vessel's master to advise loading port by radio or cable of vessel's expected day and time of arrival at least seventy-two (72) hours, forty-eight (48) hours and twenty-four (24) hours before arrival. Failure to give any notice at least twenty-four (24) hours in advance of arrival of any vessel will increase laytime allowed SELLER by an amount equal to the difference between twenty-four (24) hours and the number of hours prior to arrival of such vessel that notice of such ETA is received by SELLER.

5. Nominations quoted as TBN shall be replaced by firm vessel nomination with the same accepted date range and to load a similar quantity of crude oil at least five (5) days before the firm date of arrival.

Should BUYER fail to give the above notice of at least five (5) days, the deemed arrival date of the vessel shall be the fifth day after the date when notice is received by SELLER.

6. Should BUYER wish to substitute a vessel of different size to load a different quantity, this shall be subject to prior approval of SELLER.

7. BUYER shall specify when the nominated vessel is for part cargo and advise SELLER the DWT of the vessel and cargo on board (if any) which should not exceed the allowed limits set by port authorities.

ARTICLE FIVE
VESSEL TERMS

1. Each vessel shall comply with all regulations in force at the loading port.

2. Loading berth indicated by SELLER's representative shall enable a vessel to proceed thereto, lie thereat, and depart therefrom always safely afloat.

3. SELLER's representative may shift the vessel at the loading port from one berth to another, and shall then assume all extra expenses in connection therewith. Such shifting time shall be counted as used laytime.

4. Vessel shall vacate her berth as soon as loading is completed. In the event of failure to do so, BUYER shall pay SELLER for any resultant demurrage, loss or damage which SELLER may incur including such as may be incurred due to resulting delay to other vessels awaiting their turn to load.

5. If in the course of entering berth or mooring or loading or unmooring or leaving berth, the vessel or her crew damage any of the terminals, sea or shore installations or equipment due to negligence or any reason, BUYER shall be responsible for all claims, damages, costs, and expenses arising therefrom.

ARTICLE SIX
LOADING CONDITIONS

1. Vessels arriving within their agreed period shall be loaded in order of tendering their notice of readiness.

2. Upon arrival of the vessel at the loading port, the master or his representative shall tender to SELLER's representative notice of readiness of the vessel to load crude oil, berth or no berth.

3. Laytime shall commence (six) 6 hours after notice of readiness to load has been tendered by the master to SELLER or SELLER's representative, subject to BUYER's and vessel's compliance with all other provisions of this Contract and if the notice is tendered within the range of days as defined in Article Four Para. (3) of this Section.

   If the notice is tendered before the beginning of the period as defined in Article Four Para (3) of this Section, then laytime shall commence at 6 A.M. local time on the first day of such period. However if the vessel is moored at loading berth before 00.01 hours on the first day of the period hereinabove indicated, then laytime shall commence six (6) hours after completion of vessel's mooring berth or on commencement of loading, whichever shall first occur.

If the notice is tendered after the expiration of the period as defined in Article Four Para. (3) of this Section, loading will be made in accordance with SELLER's possibilities and laytime will commence upon commencement of loading. However, SELLER may refuse to load a vessel which has arrived more than ten (10) days after noon time of the date determined as in Article Four Para. (3) of this Section.

If notice is tendered at a time when there was bad weather at the loading port, laytime shall commence six (6) hours after the end of the bad weather. However, if the bad weather lasted beyond the accepted range, then laytime shall commence upon commencement of loading and the vessel shall not lose its loading turn.

4. Laytime shall end when loading hoses have been disconnected after completion of loading.

5. SELLER shall be allowed as laytime within which to complete each shipment at each port of loading one-half the total laytime as published in the Worldscale, i.e. thirty-six (36) hours laytime, Fridays and Local Public Holidays excluded, unless actually used in the loading of such shipment.

6. Any time consumed due to the following shall not count as used laytime :-

   - Delay to the vessel in reaching or clearing her berth caused by conditions beyond SELLER's control.
   - Delay to the vessel during loading including, delay due to inability of the vessel's facilities to load the cargo within the time allowed and generally speaking any time lost on account of vessel.

- If BUYER or owner or master of the vessel or port authorities prohibit loading at any time.
- Any delay on account of bad weather after remittance of notice or during loading.
- Discharging of ballast and changing type of crude.
- Awaiting customs and immigration clearance and pratique.
- Awaiting pilot or tugs, or while moving from anchorage to place of loading.

7. In case of dirty ballast or overflows on board or pollution of sea water by oil or loss of oil due to overflows or leaks of oil on board or ashore caused by the vessel, BUYER will be fully responsible before the port authorities and SELLER for all claims, losses, costs and expenses arising therefrom.

ARTICLE SEVEN
DEMURRAGE

1. For the period that used laytime at the loading port exceeds the allowed laytime specified in Article Six Para (5) of this Section, SELLER shall pay to BUYER demurrage computed on an hourly basis in accordance with the rate published in WORLDSCALE in force on the day when loading begins, for the size vessel in question per day and prorate to any part of the running day, and the size of cargo loaded plus five percent (5%) in case of part cargo loading.

   The WORLDSCALE flat rate is the ceiling to be adjusted by either of the following as the case may be:

   a. Charter Party rate when the BUYER is the charter of the vessel, or
   b. The AFRA rate if the vessel is on time charter or under BUYER's control, or

c. Published London market single voyage charter rate at the date of loading for a vessel of a similar size in a similar trade to the vessel in question.

2. However, if demurrage occurs at the loading port because of fire or explosion in or about the plant of SELLER, or because of breakdown of machinery or equipment of SELLER, the rate of demurrage shall be reduced to one-half.

3. Notwithstanding the above, no demurrage shall be payable in the event SELLER is prevented from or delayed in delivering all or any part of the crude oil for reasons of force majeure; or if the claim for demurrage is received by SELLER after sixty (60) days from the date of the Bill of Lading; or if the fully documented claim itself for demurrage is received by SELLER after ninety (90) days from the date of the Bill of Lading.

ARTICLE EIGHT
TAXES AND DUTIES

1. BUYER shall bear alone port dues and fees charged on vessels at the port of loading.

2. Dues and other charges on the crude oil loaded or to be loaded shall be borne by SELLER.

ARTICLE NINE
TERMINATION IN THE EVENT OF LIQUIDATION OR DEFAULT

SELLER may terminate this Contract forthwith on giving to BUYER notice in writing to that effect in the event that:

- BUYER goes into liquidation or enters into an arrangement or composition with its creditors; or

- BUYER shall be in arrears with the payments due to SELLER under this Contract; or
- Whereby the terms of the Contract, a minimum quantity of crude oil is to be taken by BUYER within any specified period, BUYER fails in the said period to take delivery of the said minimum quantity; or
- In the event of any breach of Article Ten or Eleven by BUYER; or
- In case of any change in ownership, share holding, country of registration or premises etc. that relate to BUYER as a contracting party.

ARTICLE TEN
ASSIGNMENT

1. Neither party shall have the right to assign its rights and obligations under this Contract in whole or in part without the written consent of the other.

2. In the event of an approved assignment, assigner shall be jointly held responsible with assignee for the full performance of its obligations towards the other party.

3. It is expressly understood that BUYER will process crude oil sold under this Contract in its own processing facilities or under processing arrangements with other refiners for BUYER's own account for which SELLER's prior approval must be obtained. BUYER also undertakes that under no circumstances shall BUYER resell or exchange the said crude oil in its original form or blend it with any other crude oil or crude oil derivatives for purposes of resale or exchange.

ARTICLE ELEVEN
DESTINATION

1. BUYER shall at all times comply with all the laws, regulations and rules of the Republic of Iraq relating to destination of crude oil purchased hereunder in force from time to time.

2. BUYER undertakes that all laws, regulations and rules of the Republic of Iraq shall apply to vessels employed by him to transport crude oil covered by this Contract.

3. BUYER undertakes, whenever required, to submit to SELLER or his representative within a reasonable time, the discharge certificate of each shipment duly endorsed by the Iraqi Representation (or any other acceptable Representation) in the country of destination.

ARTICLE TWELVE
FORCE MAJEURE

1. Failure or omission to carry out or to observe any of the terms, provisions or conditions of this Contract shall not give rise to any claim by one party hereto against the other or be deemed to be a breach of this Contract if this is due to force majeure.

2. If by reason of force majeure the fulfilment by either party of any terms and conditions of this Contract is delayed for a period not exceeding three (3) months the period of such delay shall be added to the duration of this Contract. If, however, the period of delay exceeds three (3) months, either party at any time after the expiry of the three (3) months shall have the right to terminate this Contract by giving written notice.

ARTICLE THIRTEEN
ARBITRATION

1. The two contracting parties shall settle in good faith any dispute arising from this Contract through negotiations by the representatives of the two parties. If no agreement can be reached within a period of thirty (30) days, the two parties shall settle the dispute by way of arbitration as stated in paragraph (2) of this Article.

2. The Arbitration Board shall be composed of three members, each contracting party shall select one member. The two selected arbitrators shall together select an umpire to be the President of the Board. If the two parties fail to select the arbitrators in the manner shown above within a period of three months, the members of the Arbitration Board shall be appointed in accordance with the rules of arbitration of the International Chamber of Commerce and the arbitration place shall be Baghdad or any other place mutually agreed upon.

ARTICLE FOURTEEN
NOTICES

1. Any notices, declarations and other communications which either party may be required to give or make to the other party shall, unless otherwise specifically provided elsewhere, be given in writing within the required time and sent by post, by telegraph or by telex to the address of the other party specified for this purpose in the Contract and shall, unless otherwise specifically provided herein, be deemed to have been given or made on the date of receipt by the other party.

2. Either party, by not less than fifteen (15) days notice in writing to the other party, may from time to time change its address.

ARTICLE FIFTEEN
APPLICABLE LAW

This Contract shall be construed and governed in accordance with the laws of the Republic of Iraq.

TOTAL P.27

TOTAL P.15

08/24/01 09:52 FAX SEVEN STARS INTL Fax:9/12555244 → BAYOIL HOUST 24 Aug 01 17:57 P.13 13
PHONE No.: 713 666 4131 Aug.22 2001 3:28PM P04

08/22/01 18:48 FAX 04

ENTIRE AGREEMENT: ONCE MUTUALLY AGREED TO IN WRITING THIS CONTRACT CONTAINS THE ENTIRE AGREEMENT BETWEEN BUYER AND SELLER WITH RESPECT TO THE SUBJECT MATTER HEREOF AND ALL PROPOSALS, NEGOTIATIONS AND REPRESENTATIONS BETWEEN THEM WITH REFERENCE THERETO ARE MERGED HEREIN.

SPECIAL CONDITIONS:

OK SELLER WARRANTS THAT THE CRUDE OIL SOLD TO BUYER PURSUANT TO THIS CONTRACT WAS OBTAINED PURSUANT TO ALL NECESSARY APPROVALS AND IN ACCORDANCE WITH ALL APPLICABLE PROCEDURES OF THE UNITED NATIONS (U.N.) RESOLUTION 986 AND THE U.N. SECURITY COUNCIL COMMITTEE ESTABLISHED BY SCR 661 (1990). SELLER ALSO WARRANTS THAT THE PROVISIONS OF ALL APPLICABLE U.N. RESOLUTIONS HAVE BEEN COMPLIED WITH, INCLUDING, WITHOUT LIMITATION, SCR 986(1995), SCR 1111(1997), SCR 1143(1997) AND SCR 661(1990).

OK SELLER SPECIFICALLY WARRANTS THAT NO SURCHARGE OR OTHER PAYMENT WAS MADE TO SOMO BY THE SELLER, OR TO SELLER'S KNOWLEDGE BY ANY THIRD PARTY, OUTSIDE THE U.N. ESCROW ACCOUNT IN OBTAINING THE CRUDE OIL SOLD TO BUYER HEREUNDER.

OK SELLER AGREES TO INDEMNIFY AND HOLD BUYER HARMLESS FROM AND AGAINST ANY LOSS, WHETHER OR NOT RESULTING FROM THIRD PARTY CLAIMS, ARISING OUT OF OR IN CONNECTION WITH A BREACH OF THE WARRANTIES CONTAINED HEREIN. LOSS MEANS ANY LOSS, LIABILITY, CLAIM, ACTION, SUIT, PROCEEDING, ASSESSMENT, LIEN, JUDGEMENT, AWARD, DAMAGE, DEFICIENCY OR EXPENSE (INCLUDING INTEREST PENALTIES WHERE ALLOWED, REASONABLE ATTORNEYS FEES AND DISBURSEMENTS), BEING UNDERSTOOD THAT THE RIGHT TO INDEMNIFICATION SHALL NOT BECOME ENFORCEABLE PRIOR TO SELLER HAVING BEEN FINALLY PROVEN LIABLE FOR BREACH OF THE PRESENT WARRANTY BY A COMPETENT COURT. THIS INDEMNITY WILL SURVIVE THE DELIVERY, INSPECTION AND ACCEPTANCE OF THE CRUDE OIL.

OK SELLER SHALL PROVIDE BUYER A COPY OF THE U.N. CERTIFICATION, U.N. APPOINTED INSPECTOR'S CERTIFICATE AND THE CERTIFICATE OF ORIGIN UPON VESSEL'S DEPARTURE FROM THE LOADPORT.

ADDITIONAL TERMS OR TERMS DIFFERENT FROM THOSE SET FORTH HEREIN

7

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 129

BAY04-00840

SPECIAL CONDITIONS:

SELLER WARRANTS THAT THE CRUDE OIL SOLD TO BUYER PURSUANT TO THIS CONTRACT WAS OBTAINED PURSUANT TO ALL NECESSARY APPROVALS AND IN ACCORDANCE WITH ALL APPLICABLE PROCEDURES OF THE UNITED NATIONS (U.N.) RESOLUTION 986 AND THE U.N. SECURITY COUNCIL COMMITTEE ESTABLISHED BY SCR 661 (1990). SELLER ALSO WARRANTS THAT THE PROVISIONS OF ALL APPLICABLE U.N. RESOLUTIONS HAVE BEEN COMPLIED WITH, INCLUDING, WITHOUT LIMITATION, SCR 986 (1995), SCR 1111(1997), SCR 1143 (1997) AND SCR 661 (1990).

SELLER SPECIFICALLY WARRANTS THAT NO SURCHARGE OR OTHER PAYMENT WAS MADE TO SOMO BY THE SELLER, OR TO SELLER'S KNOWLEDGE BY ANY THIRD PARTY, OUTSIDE THE U.N. ESCROW ACCOUNT IN OBTAINING THE CRUDE OIL SOLD TO BUYER HEREUNDER.

SELLER AGREES TO INDEMNIFY AND HOLD BUYER HARMLESS FROM AND AGAINST ANY LOSS, WHETHER OR NOT RESULTING FROM THIRD PARTY CLAIMS, ARISING OUT OF OR IN CONNECTION WITH A BREACH OF THE WARRANTIES CONTAINED HEREIN. LOSS MEANS ANY LOSS, LIABILITY, CLAIM, ACTION, SUIT, PROCEEDING, ASSESSMENT, LIEN, JUDGEMENT, AWARD, DAMAGE, DEFICIENCY OR EXPENSE (INCLUDING INTEREST PENALTIES WHERE ALLOWED, REASONABLE ATTORNEYS FEES AND DISBURSEMENTS), BEING UNDERSTOOD THAT THE RIGHT TO INDEMNIFICATION SHALL NOT BECOME ENFORCEABLE PRIOR TO SELLER HAVING BEEN FINALLY PROVEN LIABLE FOR BREACH OF THE PRESENT WARRANTY BY A COMPETENT COURT. THIS INDEMNITY WILL SURVIVE THE DELIVERY, INSPECTION AND ACCEPTANCE OF THE CRUDE OIL.

SELLER SHALL PROVIDE BUYER A COPY OF THE U.N. CERTIFICATION, U.N. APPOINTED INSPECTOR'S CERTIFICATE AND THE CERTIFICATE OF ORIGIN UPON VESSEL'S DEPARTURE FROM THE LOADPORT.

ADDITIONAL TERMS OR TERMS DIFFERENT FROM THOSE SET FORTH HEREIN SHALL BE CONSTRUED AS PROPOSALS FOR ADDITIONS TO THE CONTRACT AND SHALL NOT BECOME PART OF THE CONTRACT UNLESS EXPRESSLY AGREED TO BY SUPPLEMENTAL TELEX.

PLEASE CONFIRM, IN WRITING, THAT THE ABOVE CONTRACT ACCURATELY REFLECTS YOUR UNDERSTANDING OF THIS CONTRACT.

DEMURRAGE CLAIMS, SHALL NOT APPLY TO THE PRESENTATION OF CLAIMS BETWEEN SELLERS AND BUYERS.

OTHER TERMS: INCOTERMS LATEST EDITION PLUS AMENDMENTS TO APPLY WHERE NOT IN CONFLICT WITH THE ABOVE.

SANCTIONS OBSERVANCE: THIS CONTRACT SHALL TERMINATE FORTHWITH IN THE EVENT THAT THE SECURITY COUNCIL TERMINATES THE AUTHORIZATION TO IMPORT PETROLEUM OR PETROLEUM PRODUCTS ORIGINATING IN IRAQ. LOADING OF ANY SHIPMENT OF CRUDE OIL SHALL BE SUBJECT TO THE AUTHORIZATION OF THE INSPECTORS AT THE PORT OF LOADING, THE INSPECTORS SHALL ALSO HAVE THE AUTHORITY TO STOP THE LOADING IF THEY DETERMINE THAT THERE IS ANY EVIDENCE OF IRREGULARITY.

SELLER WARRANTS THAT THE CRUDE OIL SOLD TO BUYER PURSUANT TO THIS CONTRACT WAS OBTAINED PURSURANT TO ALL NECESSARY APPROVALS AND IN ACCOURDANCE WITH ALL APPLICABLE PROCEDURES OF THE UNITED NATIONS (U.N.) RESOULUTION 986 AND THE U.N. SECURITY COUNCIL COMMITTEE ESTABLISHED BY SCR 661 (1990). SELLER ALSO WARRANTS THAT THE PROVISIONS OF ALL APPLICABLE U.N. RESOLUTIONS HAVE BEEN COMPLIED WITH, INCLUDING, WITHOUT LIMITATION, SCR 986 (1995), SCR 1111 (1997), SCR 1143 (1997), AND SCR 661 (1990).

SELLER SPECIFICALLY WARRANTS THAT NO SURCHARGE OR OTHER PAYMENT WAS MADE BY THE SELLER, OR TO SELLER'S KNOWLEDGE BY ANY THIRD PARTY, OUTSIDE THE U.N. ESCROW ACCOUNT IN OBTAINING OR IN CONNECTION WITH THE CRUDE OIL SOLD TO BUYER HEREUNDER.

SELLER AGREES TO INDEMNIFY AND HOLD BUYER HARMLESS FROM AND AGAINST ANY LOSS, WHETHER OR NOT RESULTING FROM THIRD PARTY CLAIMS, ARISING OUT OF OR IN CONNECTION WITH (A) A BREACH OF ANY OF THE WARRANTIES CONTAINED HEREIN. LOSS MEANS ANY LOSS, LIABILITY, CLAIM, ACTION, SUIT, PROCEEDING, ASSESSMENT, LIEN, JUDGEMENT, AWARD, DAMAGE, DEFICIENCY OR EXPENSE (INCLUDING INTEREST PENALTIES WHERE ALLOWED AND REASONABLE ATTORNEYS FEES AND DISBURSEMENTS), IT BEING UNDERSTOOD THAT THE RIGHT TO INDEMNIFICATION SHALL NOT BECOME ENFORCEABLE PRIOR TO SELLER HAVING BEEN FINALLY PROVEN LIABLE FOR BREACH OF ANY OF THE PRESENT WARRANTIES BY A COMPETENT COURT. THIS INDEMNITY WILL SURVIVE THE

DEMURRAGE: THE BUYERS SHALL BE RESPONSIBLE FOR PROCURING A SAFE BERTH REACHABLE ON ARRIVAL AT THE DISCHARGE PORT, AND SHALL PAY DISCHARGE PORT DEMURRAGE TO THE SELLERS IN ACCORDANCE WITH THE FOLLOWING PROVISIONS:

A) DEMURRAGE SHALL BE PAYABLE IN ACCORDANCE WITH THE CHARTER PARTY RATE, TERMS AND CONDITIONS FOR EACH DELIVERING VESSEL.

B) IF THE VESSEL IS ON TIME CHARTER, THE APPLICABLE DAILY RATE WILL APPLY INCLUDING THE COST OF THE DAILY HIRE, PLUS BUNKER COSTS.

C) DEMURRAGE TO BE PAID BY BUYER WITHIN THREE MONTHS OF RECEIPT OF SELLERS FULLY DOCUMENTED CLAIM.

FOR THE AVOIDANCE OF DOUBT, ANY TIME BAR PROVIDED FOR IN THE CHARTERPARTY, FOR THE PRESENTATION OF DEMURRAGE CLAIMS, SHALL NOT APPLY TO THE PRESENTATION OF CLAIMS BETWEEN SELLERS AND BUYERS.

OTHER TERMS: INCOTERMS LATEST EDITION PLUS AMENDMENTS TO APPLY WHERE NOT IN CONFLICT WITH THE ABOVE.

SANCTIONS OBSERVANCE: THIS CONTRACT SHALL TERMINATE FORTHWITH IN THE EVENT THAT THE SECURITY COUNCIL TERMINATES THE AUTHORIZATION TO IMPORT PETROLEUM OR PETROLEUM PRODUCTS ORIGINATING IN IRAQ. LOADING OF ANY SHIPMENT OF CRUDE OIL SHALL BE SUBJECT TO THE AUTHORIZATION OF THE INSPECTORS AT THE PORT OF LOADING, THE INSPECTORS SHALL ALSO HAVE THE AUTHORITY TO STOP THE LOADING IF THEY DETERMINE THAT THERE IS ANY EVIDENCE OF IRREGULARITY.

SELLER WARRANTS THAT THE CRUDE OIL SOLD TO BUYER PURSUANT TO THIS CONTRACT WAS OBTAINED PURSURANT TO ALL NECESSARY APPROVALS AND IN ACCOURDANCE WITH ALL APPLICABLE PROCEDURES OF THE UNITED NATIONS (U.N.) RESOULUTION 986 AND THE U.N. SECURITY COUNCIL COMMITTEE ESTABLISHED BY SCR 661 (1990). SELLER ALSO WARRANTS THAT THE PROVISIONS OF ALL APPLICABLE U.N. RESOLUTIONS HAVE BEEN COMPLIED WITH, INCLUDING, WITHOUT LIMITATION, SCR 986 (1995), SCR

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 129
BAY12-01067

1111 (1997), SCR 1143 (1997), AND SCR 661 (1990).

SELLER SPECIFICALLY WARRANTS THAT NO SURCHARGE OR OTHER PAYMENT WAS MADE BY THE SELLER, OR TO SELLER'S KNOWLEDGE BY ANY THIRD PARTY, OUTSIDE THE U.N. ESCROW ACCOUNT IN OBTAINING OR IN CONNECTION WITH THE CRUDE OIL SOLD TO BUYER HEREUNDER.

SELLER AGREES TO INDEMNIFY AND HOLD BUYER HARMLESS FROM AND AGAINST ANY LOSS, WHETHER OR NOT RESULTING FROM THIRD PARTY CLAIMS, ARISING OUT OF OR IN CONNECTION WITH (A) A BREACH OF ANY OF THE WARRANTIES CONTAINED HEREIN. LOSS MEANS ANY LOSS, LIABILITY, CLAIM, ACTION, SUIT, PROCEEDING, ASSESSMENT, LIEN, JUDGEMENT, AWARD, DAMAGE, DEFICIENCY OR EXPENSE (INCLUDING INTEREST PENALTIES WHERE ALLOWED AND REASONABLE ATTORNEYS FEES AND DISBURSEMENTS), IT BEING UNDERSTOOD THAT THE RIGHT TO INDEMNIFICATION SHALL NOT BECOME ENFORCEABLE PRIOR TO SELLER HAVING BEEN FINALLY PROVEN LIABLE FOR BREACH OF ANY OF THE PRESENT WARRANTIES BY A COMPETENT COURT. THIS INDEMNITY WILL SURVIVE THE DELIVERY, INSPECTION AND ACCEPTANCE OF THE CRUDE OIL.

SELLER SHALL PROVIDE BUYER A COPY OF THE U.N. CERTIFICATION AND THE CERTIFICATE OF ORIGIN PRIOR TO VESSEL'S ARRIVAL AT DISPORT.

OPERATIONAL CONTACTS:

BAYOIL SUPPLY AND TRADING LIMITED
DARLEEN SAMAYOA
TEL: 713 222 7100
FAX: 713 224 8101
TLX: 3771825

PLEASE ACKNOWLEDGE YOUR ACCEPTANCE OR REQUESTS TO THIS CONTRACT, REFERENCING THE CONTRACT DATE, DELIVERY PERIOD, CARGO AND VOLUME STATED ABOVE, WITHIN 24 HOURS BY FAX 242 362 4733 OR TELEX 20644. THE TERMS AND CONDITIONS CONTAINED HEREIN WILL BE DEEMED ACCEPTED UNLESS NOTIFICATION TO THE CONTRARY IS RECEIVED BY BAYOIL SUPPLY & TRADING LIMITED, NASSAU BAHAMAS ATTN: DAPHNE MCDONALD WITH 3 BUSINESS DAYS.

REGARDS,

TO: S.O.M.O., Baghdad
ATTN: Mr. Mohammed Al-Jibouri
Mr. Mubdir Alkhudair
FAX: 011 8737 6370 5020

CC: Iraqi Oil Advisory Board
ATTN: Mr. Phillip Carroll
Mr. Fadhil Ossman

CC: Mr. Thamir Ghadhban
Ministry of Oil

FROM: Bayoil Supply & Trading Limited
David B. Chalmers, Jr.

DATE: June 5, 2003

REF: Iraq's Future Crude Oil Sale Plans

Dear Sirs:

In anticipation of resumption of Iraqi crude oil exports in the near future, our company officials have recently been actively making provisional arrangements to lift Iraqi crudes from both export terminals on a prompt basis, in an effort to help facilitate Iraq's ability to resume exports quickly. Specifically, Bayoil has in this respect maintained two vessels on standby at or near the Iraqi export terminals, which in one case has been holding since late March, due to the suspension of exports, after shipping arrangements had already been secured against U.N. approved contracts, already scheduled and confirmed to load.

Additionally, it should also be noted that during this process, Bayoil has been working diligently to provide S.O.M.O. with current and well substantiated objective market information and analysis which should be helpful with respect to enhancing S.O.M.O.'s capacity to offer quantities immediately available at terms and conditions which in turn would facilitate interest from a wide range of historical buyers to contract and lift such quantities immediately available, as well as to facilitate contractual commitments from buyers for the increased export volumes as they become available.

The above referenced arrangements and general initiative to cooperate were made in good faith, and with a certain expectation that our company was naturally qualified to purchase Iraqi crudes, based on our company's historical activity, in which Bayoil has shipped over 100 million barrels during a recent calendar year, to primarily independent refiners in the U.S.

BAY04-00054

SOMO 2003: Iraq future Crude Oil Sales
#2

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 134

Therefore, we are concerned by reports that S.O.M.O. has evaluated offers for purchasing crude oil under the open tender recently awarded, with a specific preference for refiners, and likewise may award term or spot contracts similarly only to refiners, which in our view, does not give due consideration to Bayoil past activity and performance, or give consideration to the fundamental role Bayoil serves for many refiners.

We are also particularly concerned by the fact that such a qualification, while potentially excluding a firm such a Bayoil, would not exclude a firm which would qualify by owning a refinery, and/or operate as a surrogate to a refinery, while still performing a trading function to deliver on to a variety of users/locations, and thereby circumvent the qualifications of S.O.M.O.

In this connection, we would like to clarify for good order sake, our perspective of the primary functions and/or activities which Bayoil carries out in the normal course of business, which should further clarify how Bayoil's past activities have clearly provided in the past a specific added value to the U.S. refining industry:

I. Advantages for Refiners/Future Cooperation with Bayoil

Bayoil Historical Activity of loading from Iraqi ports VLCC/ULCC parcels (2-3 million barrels), ratably during each month, to be primarily delivered and transshipped to several U.S. ports has provided a number of advantage to U.S. refiners as follows:

- Provided refiners the opportunity to buy Iraqi grades in parcel sizes consistent with typical port limitations and refinery capacity limits for specific arrival dates, which also are comparable to typical parcel sizes offered by other suppliers (i.e. 80m tons).
- Provided refiners the opportunity to buy Iraqi grades closer to arrival dates, and as such, allowing refiners to compare delivered prices to other suppliers from short distances (i.e. Venezuela).
- Provided refiners the opportunity to fix the respective delivered price, per an agreed formula above around and/or after time of discharge, thereby enabling refiners to reduce basis risk associated with price volatility between the period crude and product prices are determined.
- Provided refiners the reduced financing requirements by extending the payment period for each delivery often much later than S.O.M.O.'s standard payment period, and as well eliminate any Letter of credit requirements normally required for F.O.B. lifting's.
- Provided larger refiners the opportunity to schedule deliveries of several parcels ratable through the month, thus eliminating typical holding cost associated with lightering several parcels from a single VLCC over a monthly period.

In regards to S.O.M.O.'s consideration of future crude sales to Bayoil, we would respectively like to highlight our company's ability to continue providing the kind of valuable service to refiners described above in the future, which should enhance S.O.M.O.'s ability to rapidly regain market share, particularly in the U.S. market as it has in past periods.

In this respect, it should be noted that during the period since 1997, the substantial quantities of Iraqi crude's Bayoil delivered to primary U.S. refiners (approximately 400 million BBLS), were purchased from primarily the larger widely known companies which received allocations from S.O.M.O. under the "Oil for Food Program." In this respect, it should be further noted that Bayoil's primary refinery customers during this period had an equal opportunity to purchase such quantities F.O.B. from the same suppliers, but evidently chose not to do so during this period. Therefore, the facts and circumstances described above with respect to the historical distribution of Iraqi crude's, particularly to the U.S., should clearly demonstrate that Bayoil's recent proposals to purchase crude directly from S.O.M.O., is based on the premise that many U.S. refiners would typically prefer to purchase Iraqi crude's on delivered terms and conditions from companies such as Bayoil, which can continue past practice of providing shipping, lightering, financing and price risk management functions associated with the delivery of Iraqi crude's to the U.S. from each respective load port **(i.e. See enclosed Letter Lyondell Refinery).**

II. Advantages for S.O.M.O./ Future Cooperation with Bayoil

The potential advantages for S.O.M.O., through future cooperation with Bayoil, can be summarized as follows:

i. Based on the premise that many refiners prefer or insist on purchasing crude on delivered terms and conditions, for the reasons described above, there is ample evidence that such cooperation should result in a greater demand for Iraqi crude's, consistent with the volume of requirements for such refiners which only buy on a delivered basis.

ii. Based on the historical purchasing practice for typical refineries, there is ample evidence which would lead to a more ratable vessels liftings over time, through cooperation with firms such as Bayoil.

- Historically Bayoil's primary refinery receiver requirements have mandated that Bayoil deliver lightered parcels off of different VLCC's arriving ratably through each month, which consequentially implies more ratable loadings during each month.

iii. Based on the typical volatility in crude prices, and price formula market components, combined with often wide disparity in prevailing valuations between various refiners, there is a strong case for such cooperation with firms such as Bayoil yielding higher or more stable prices.

The points raised herein with respect to Bayoil's future cooperation with S.O.M.O., are made with the full understanding of the difficult situation existing today in Iraq, and with the greatest respect for the professional approach that is currently taken by S.O.M.O. and the Ministry personnel, and therefore hopefully received in the spirit of mutual cooperation to see Iraq's oil exports reach historical levels as soon as possible.

My colleagues and I would greatly appreciate the opportunity to discuss the points raised herein at your earliest convenience.

Best regards,

David B. Chalmers Jr.

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	L-00	MCO-01	VCE-00	MOFM-04	MOF-03	M-00	AC-01
	NEA-00	NSAE-00	NSCE-00	OIC-02	OIG-03	OMB-01	PA-00
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E.O. 12958: DECL: 11/22/2010
TAGS: IZ, PREL

UNITED STATES DEPARTMENT OF STATE
DATE/CASE ID: 03 JAN 2005 S200400020

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN138

UNCLASSIFIED

SUBJECT: POTENTIAL IRAQI OIL CUTOFF THREAT

REF: MOSCOW 20683

CLASSIFIED BY IO A/S DAVID WELCH FOR REASONS 1.5 (B), (D)

1. THIS IS ACTION REQUEST. SEE PARAGRAPHS 5 AND 6.

2. IRAQ HAS TAKEN ANOTHER STEP TO DISRUPT OIL MARKETS AND CHALLENGE UN SANCTIONS BY SUBMITTING TO THE UN PROPOSED BELOW-MARKET PRICES FOR IRAQI CRUDE SALES UNDER THE OIL-FOR-FOOD PROGRAM. IF THE UN DOES NOT AGREE TO THE NEW PRICING MECHANISM, IRAQ MIGHT INTERRUPT OR RESTRICT OIL SALES.

3. (C) AT REGULAR INTERVALS, AT LEAST MONTHLY, THE IRAQI STATE OIL COMPANY SOMO PROPOSES PRICES FOR IRAQI OIL SALES TO UN OIL OVERSEERS, WHO MUST APPROVE THE PRICE AND FORWARD THE PROPOSALS TO THE UN'S IRAQ SANCTIONS COMMITTEE FOR ITS

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PAGE 03 STATE 224156 222337Z

APPROVAL. ON NOVEMBER 22, THE OVERSEERS INFORMED THE COMMITTEE THAT SOMO HAD SUBMITTED "BELOW MARKET LEVEL" PRICES FOR OIL LIFTINGS IN DECEMBER AND THEY CONCLUDED THAT THE PRICES "DO NOT REPRESENT FAIR MARKET VALUE". THE OVERSEERS DECLINED TO ENDORSE THE PRICING FORMULA, WHICH WOULD CREATE AN OPPORTUNITY FOR UNAUTHORIZED REBATES TO IRAQ BY UNSCRUPULOUS OPERATORS OUTSIDE THE OIL-FOR-FOOD PROGRAM. PRIVATELY, THE OVERSEERS HAVE INDICATED THAT THERE IS EVIDENCE IRAQ WILL THREATEN TO STOP OR SLOW OIL PRODUCTION IF IT DOES NOT GET THE PRICING IT WANTS. THIS MAY ALSO BE LINKED TO IRAQ'S THREAT TO OIL PURCHASERS THAT IT WILL CHARGE AN ADDITIONAL 50 CENTS PER BARREL BEGINNING DECEMBER 1, WITH THE PROCEEDS PAID DIRECTLY TO IRAQ INSTEAD OF INTO THE OIL FOR FOOD ESCROW ACCOUNT.

4. THE DEADLINE FOR MEMBERS OF IRAQ SANCTIONS COMMITTEE (SAME AS SECURITY COUNCIL) TO MAKE COMMENTS ON THE OVERSEERS COMMUNICATION ON THE PRICING MECHANISM IS MONDAY, SEPTEMBER 27 AND WE UNDERSTAND THERE MAY BE A COMMITTEE MEETING THAT DAY ON THIS ISSUE.

5. ACTION REQUESTED: EMBASSIES MOSCOW AND PARIS

EMBASSY IS REQUESTED TO APPROACH HOST GOVERNMENT AT APPROPRIATE SENIOR LEVEL AND MAKE POINTS BELOW.

-- AS YOU MAY KNOW, IRAQ HAS JUST SUBMITTED TO THE UN PROPOSED OIL PRICES FOR DECEMBER THAT DEVIATE FROM MARKET PRICES. THE UN OIL EXPERTS -- THE OVERSEERS -- HAVE DECLINED

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TO ENDORSE IRAQ'S PROPOSED PRICES.

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PAGE 04 STATE 224156 222337Z
-- IRAQ'S PRICING WOULD CREATE AN OPPORTUNITY FOR UNAUTHORIZED REBATES TO IRAQ BY UNSCRUPULOUS OPERATORS OUTSIDE THE OIL-FOR-FOOD PROGRAM.

-- IRAQ HAS STRUCK AT THIS CORE ELEMENT OF THE UNSCR'S BECAUSE IT PERCEIVES THAT ITS EFFORTS TO CHIP AWAY AT SECONDARY ELEMENTS OF THE SANCTIONS REGIME IS SUCCEEDING.

-- WANT TO BE CLEAR THAT U.S. SEES ITS NATIONAL INTERESTS IMPLICATED IN THIS IRAQI BEHAVIOR. WE ARE WILLING TO WORK WITH YOU AND OTHERS TO PROTECT OUR COMMON INTERESTS.

-- THE ISSUE NOW MOVES TO THE IRAQ SANCTIONS COMMITTEE. IRAQ HAS GIVEN INDICATIONS THAT IF THE COMMITTEE DOES NOT AGREE ON A NEW PRICING MECHANISM, OIL LIFTINGS WOULD BE DISRUPTED.

-- BY THIS ACTION, IRAQ IS BLATANTLY THREATENING THE SECURITY COUNCIL AND SEEKING TO DISRUPT WORLD OIL MARKETS. IRAQ'S MESSAGE IS: DO AS WE WANT, NOW, OR WE WILL TURN OFF THE OIL.

-- THE U.S. IS DETERMINED TO SEE IRAQ FAIL IN THIS EFFORT.

-- THE SECURITY COUNCIL MUST STAND UNIFIED AGAINST THIS CHALLENGE TO THE COUNCIL'S AUTHORITY.

-- THERE MAY BE DIFFERENCES BETWEEN US ON OTHER AREAS OF IRAQI SANCTIONS POLICY, BUT YOU SHARE OUR INTEREST IN SEEING STABILITY IN WORLD OIL MARKETS AND SEEING THAT THE SECURITY COUNCIL NOT CAPITULATE TO THREATS LIKE THIS ONE.

-- URGE YOU TO INSTRUCT YOUR UN MISSION IN NEW YORK TO

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PAGE 05 STATE 224156 222337Z
EXPRESS SUPPORT FOR THE OVERSEERS AND REJECTION OF IRAQ'S CHALLENGE. WE UNDERSTAND THERE WILL BE A MEETING OF THE 661 COMMITTEE ON THIS ISSUE MONDAY, NOVEMBER 27. IF THERE IS NOT, YOUR DELEGATION SHOULD EXPRESS ITS VIEWS TO THE CHAIRMAN OF THE 661 COMMITTEE BY THE COMMENT DEADLINE HE ESTABLISHED OF MONDAY, 10 AM.

-- HOPE WE CAN CONTINUE TO WORK TOGETHER TO COUNTER EXTREME CHALLENGES LIKE THIS ONE.

6. ACTION REQUESTED: EMBASSIES LONDON, THE HAGUE

EMBASSIES ARE REQUESTED TO INFORM APPROPRIATE OFFICIALS THAT WE ARE DELIVERING THIS DEMARCHE IN PARIS AND MOSCOW.
ALBRIGHT

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	PM-00	PRS-00	ACE-00	P-00	SP-00	SS-00	TRSE-00
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UNITED STATES DEPARTMENT OF STATE
DATE/CASE ID: 03 JAN 2005 S200400020

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN140

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E.O. 12958: DECL: 12/13/2005
TAGS: IZ, PREL, UNSC
SUBJECT: RESISTING IRAQ'S EFFORTS TO COLLECT UNAUTHORIZED SURCHARGE

REF: STATE 228383

CLASSIFIED BY IO A/S DAVID WELCH FOR REASONS 1.5 (B) AND (D)

1. ~~(C)~~ RECENT PRESS REPORTS INDICATE THAT IRAQ IS ONCE AGAIN ATTEMPTING TO IMPOSE A SURCHARGE ON OIL BUYERS TO BE PAID INTO AN ACCOUNT NOT CONTROLLED BY THE UN. THE US BELIEVES SUCH AN ACTION--WHICH IS INTENDED TO EVADE UN SANCTIONS, DIVERT FUNDS FROM THE OIL FOR FOOD PROGRAM AND PROVIDE THE BAGHDAD REGIME WITH A SOURCE OF ILLICIT INCOME--MUST BE STRONGLY OPPOSED. A NUMBER OF SHIPS ARE WAITING TO LOAD IRAQI OIL BUT HAVE NOT DONE SO, LENDING CREDENCE TO THE REPORTS THAT IRAQ IS DEMANDING THE SURCHARGE AND OIL PURCHASERS ARE BALKING.

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2. (C) IT IS IMPORTANT FOR UNSC MEMBERS AND OTHER KEY NATIONS TO REBUFF THIS EFFORT BY IRAQ TO UNDERMINE THE UN SANCTIONS REGIME AND OBTAIN AN UNCONTROLLED SOURCE OF ILLICIT FUNDS. IT IS ALSO IMPORTANT TO WARN OIL BUYERS THAT MIGHT BE TEMPTED

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PAGE 04 STATE 236493 140024Z
TO PAY A SURCHARGE TO THE IRAQIS. WE ISSUED A PRESS STATEMENT ON DECEMBER 11 (TEXT IN PARA 4 BELOW) DIRECTED AT THOSE TWO OBJECTIVES.

3. (C) ACTION REQUESTED. EMBASSY IS REQUESTED TO APPROACH HOST GOVERNMENT AT APPROPRIATE LEVEL AND MAKE POINTS BELOW AS A FOLLOW-ON TO REF DEMARCHE.
EMBASSY MAY PROVIDE A COPY OF THE PRESS STATEMENT IN PARA 4.

-- THE UN OIL OVERSEERS AND IRAQI STATE OIL COMPANY SOMO REACHED AN AGREEMENT ON OIL PRICING FOR DECEMBER. SINCE THEN, HOWEVER, THERE ARE CREDIBLE REPORTS THAT IRAQ IS DEMANDING THAT OIL BUYERS PAY A PER-BARREL SURCHARGE TO AN ACCOUNT NOT CONTROLLED BY THE UN.

-- SUCH PAYMENTS WOULD BE VIOLATIONS OF UN SANCTIONS AND DEPRIVE THE IRAQI PEOPLE OF OIL-FOR-FOOD INCOME.

-- WE ALL NEED TO BE VIGILANT TO IRAQ'S ATTEMPTS TO OBTAIN A SOURCE OF FUNDS NOT UNDER UN CONTROL.

-- AS WAS THE CASE DURING IRAQ'S RECENT ATTEMPTS TO CREATE AN IMPASSE WITH THE UN ON PRICING FOR ITS OIL, THE U.S. RESOLVE TO STAND UP TO IRAQI BLACKMAIL REMAINS FIRM. THE U.S. MAINTAINS LARGE STRATEGIC PETROLEUM RESERVES AND IS PREPARED TO ACT, IN CONCERT WITH ITS PARTNERS IN INTERNATIONAL ENERGY AGENCY, TO COUNTER THE EFFECT ON OIL SUPPLY OF IRAQI PROVOCATIONS.

-- WE ISSUED A PRESS STATEMENT ON DECEMBER 12 INTENDED TO ENSURE THAT OIL BUYERS KNOW THAT PAYING A SURCHARGE TO IRAQ

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PAGE 05 STATE 236493 140024Z
IS NOT AUTHORIZED AND THAT THEY ARE UNDER CLOSE SCRUTINY.

-- URGE YOU TO CONSIDER TAKING SIMILAR ACTIONS AS APPROPRIATE.

(FOR SECURITY COUNCIL MEMBERS)

-- URGE YOU TO INSTRUCT YOUR MISSION IN NEW YORK TO SUPPORT ACTIONS BY THE UN OVERSEERS OR THE IRAQ SANCTIONS COMMITTEE

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THAT WOULD FIRMLY DISSUADE BUYERS OF IRAQI CRUDE FROM PAYING ANY SURCHARGE.

4. (U) BEGIN PRESS STATEMENT.

DECEMBER 12, 2000
U.S. DEPARTMENT OF STATE
STATEMENT BY PRESS SPOKESMAN

IRAQI ATTEMPT TO LEVY OIL SURCHARGE

THE U. S. GOVERNMENT IS AWARE OF MEDIA REPORTS THAT THE IRAQI GOVERNMENT IS ATTEMPTING TO FORCE ITS OIL CUSTOMERS TO VIOLATE UN SECURITY COUNCIL RESOLUTIONS BY DEMANDING THAT THEY SECRETLY PAY A PREMIUM INTO AN IRAQI CONTROLLED ACCOUNT. THE U. S. GOVERNMENT IS CONCERNED ABOUT THESE REPORTS AND IS LOOKING INTO THEM VERY CLOSELY.

UN SECURITY COUNCIL RESOLUTIONS UNEQUIVOCALLY REQUIRE THAT FEES PAID FOR IRAQI OIL BE DEPOSITED INTO A UN-CONTROLLED ESCROW ACCOUNT, WHERE THE FUNDS CAN BE USED IN THE OIL-FOR-FOOD PROGRAM TO PROVIDE FOR THE HUMANITARIAN NEEDS OF

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PAGE 06 STATE 236493 140024Z
THE IRAQI PEOPLE. PAYING A SURCHARGE OF ANY AMOUNT TO IRAQ WOULD VIOLATE UN SECURITY COUNCIL RESOLUTIONS AND DEPRIVE THE IRAQI PEOPLE OF OIL-FOR-FOOD FUNDS. IRAQ,S ATTEMPTED EXTORTION OF THE INTERNATIONAL COMMUNITY HAS ALREADY COST THE PEOPLE OF IRAQ HUNDREDS OF MILLIONS OF DOLLARS IN LOST OIL SALES. THIS MONEY WOULD HAVE GONE INTO THE UN-CONTROLLED FUND FOR THE BENEFIT OF THE IRAQI PEOPLE.

COMPANIES THAT BUY OIL ON WORLD MARKETS KNOW THE CLOSE ATTENTION THAT IS FOCUSED, IN ALL JURISDICTIONS, ON THE OIL INDUSTRY AND THE IMPORTANCE OF KEEPING ACTIVITIES STRICTLY LEGAL, AND WE WOULD EXPECT COMPANIES TO REJECT IRAQ,S LATEST ATTEMPT AT INTIMIDATION.
TALBOTT

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WHITE HOUSE FOR OVP

E.O. 12958: DECL: 03/21/2011
TAGS: ETTC, PREL, UNSC, IZ
SUBJECT: UN/IRAQ: U.S./UK PROPOSALS FOR RESTRICTING ILLEGAL PAYMENTS INTRODUCED TO INFORMAL MEETING OF IRAQ SANCTIONS COMMITTEE
~~CONFIDENTIAL~~

PAGE 02 USUN N 00674 01 OF 04 211812Z

(U) CLASSIFIED BY: [redacted] FOIA DC
[redacted] REASON: 1.5 (B/D).

1. ~~(C)~~ SUMMARY: ON MARCH 16, THE U.S. AND UK JOINTLY INTRODUCED TWO SETS OF PROPOSALS (TEXTS IN PARA 12) TO COMBAT THE ILLEGAL OIL SURCHARGE AND COMMISSIONS/KICKBACKS ON OIL-FOR-FOOD PROGRAM CONTRACTS TO AN INFORMAL MEETING OF THE IRAQ SANCTION COMMITTEE HOSTED BY THE NORWEGIAN UN MISSION. EVEN WITH A GENERAL CONSENSUS IN THE COMMITTEE THAT THESE ILLEGAL PAYMENTS ARE UNDERMINING THE OIL-FOR-FOOD PROGRAM AND

Current Class: ~~CONFIDENTIAL~~ Page: 1

UNITED STATES DEPARTMENT OF STATE
DATE/CASE ID: 03 JAN 2005 S200400020

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 146

THE UN SANCTIONS ON IRAQ, IT BECAME CLEAR THAT OUR PROPOSALS WILL BE DIFFICULT TO SELL. IN THE MEETING, THE FRENCH REP ARGUED THAT WHILE THEY WERE INTERESTED IN THE PROPOSALS, THEY SAW A NEED TO OPEN UP THE COMMITTEE'S PROCEDURES. FOR FRANCE, THIS MEANT THAT WE SHOULD LOOK AT OTHER ASPECTS OF THE COMMITTEE'S PROCEDURES THAT WOULD NEED TO BE OPENED UP. THE RUSSIAN DEL WAS CONCERNED THAT THE COMMITTEE WAS ACTING TO REGULATE THE OIL MARKET AND THAT THERE WAS NO EVIDENCE OF SURCHARGES ACTUALLY BEING PAID. THEY AND OTHER DELEGATES ALSO REGISTERED A NUMBER OF OPERATIONAL CONCERNS WITH PROPOSED ACTIONS, IN PARTICULAR THE FEE FOR REGISTERING OIL PURCHASERS. THE NORWEGIAN CHAIRMAN, REPRESENTATIVES OF THE UN OFFICE OF THE IRAQ PROGRAM (OIP) AND THE OIL OVERSEERS WELCOMED THE TWO PROPOSALS. COMMITTEE MEMBERS WILL SEEK COMMENTS FROM CAPITALS AND THE COMMITTEE WILL MEET AGAIN, LIKELY IN THE NEXT WEEK OR SO, TO CONTINUE DISCUSSIONS ON THE PROPOSALS. END SUMMARY.

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PAGE 03 USUN N 00674 01 OF 04 211812Z

2. (C) THE PROPOSALS ADDRESS THE PROBLEM OF ILLEGAL PAYMENTS TO THE GOVERNMENT OF IRAQ BY WAY OF SURCHARGES ON IRAQ'S OIL EXPORTS AND COMMISSIONS ON ITS CONTRACTS FOR HUMANITARIAN IMPORTS UNDER THE UN OIL-FOR-FOOD PROGRAM. USUN PRESENTED THE DRAFT PAPERS (SHARED/CLEARED WITH IO/PHO AND NEA/NGA) FOR COMMENT, NOTING OUR UNDERSTANDING THAT A CONSENSUS EXISTED AMONG COMMITTEE MEMBERS ON THE NEED TO MINIMIZE THE POSSIBILITY OF PAYMENTS BEING MADE TO THE GOVERNMENT OF IRAQ (GOI) VIA ILLEGAL SURCHARGES AND COMMISSIONS. USUN SAID THE DIVERSION OF PAYMENTS FROM THE UN IRAQ ESCROW ACCOUNT BY WAY OF SURCHARGES PAID BY OIL PURCHASERS DIRECTLY TO THE GOI THREATENED THE CAPACITY OF THE ACCOUNT TO FINANCE HUMANITARIAN EFFORTS IN IRAQ. AT THE SAME TIME, THE ILLEGAL PAYMENTS WERE A SECURITY ISSUE SINCE THE GOVERNMENT OF IRAQ USED THE FUNDS OBTAINED TO REBUILD ITS MILITARY PROGRAM AND RECONSTITUTE WEAPONS OF MASS DESTRUCTION. UKUN FOLLOWED UP TO EMPHASIZE THAT THE GOAL OF THE PROPOSALS WAS TO MAKE THE OIL FOR FOOD PROGRAM AS TRANSPARENT AS POSSIBLE, NOT TO IMPEDE THE FLOW OF OIL OR HUMANITARIAN GOODS. THE UK REP ALSO NOTED THAT A RECENT REPORT BY THE UN SECRETARY GENERAL WARNED OF A POSSIBLE SHORTFALL IN FUNDING FOR THE UN'S CURRENT HUMANITARIAN DISTRIBUTION PLAN AS A RESULT OF THE RECENT DROP IN OIL REVENUES FLOWING TO THE ACCOUNT.

3. (C) THE COMMITTEE HEARD INFORMAL RESPONSES ON THE OIL SURCHARGE PROPOSALS FROM COMMITTEE MEMBERS, THE OFFICE OF THE IRAQ PROGRAM AND THE OIL OVERSEERS, PENDING THEIR REVIEW OF THE PROPOSALS AND FORMAL INSTRUCTIONS. ALL DELEGATION

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COMMENTS RELATED TO THE SURCHARGE PROPOSALS. NO MEMBER OFFERED COMMENTS ON THE COMMISSION PROPOSALS. THE SINGAPORE REP HIT ON A CENTRAL OPERATIONAL CONCERN IMMEDIATELY. WHILE

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PAGE 04 USUN N 00674 01 OF 04 211812Z
SINGAPORE UNDERSTOOD THE PURPOSE OF A ONE-TIME, NONREFUNDABLE FEE FOR REGISTERING OIL PURCHASERS, IT WARNED THAT SINGAPORE MIGHT NOT BE ABLE TO SUPPORT THAT INDIVIDUAL ITEM FOR FEAR OF SIDELINING LEGITIMATE COMPANIES AND INCREASING THEIR INCENTIVES TO OPERATE OUTSIDE THE OIL-FOR-FOOD PROGRAM. UKUN RESPONDED THAT FOR ANY COMPANY MEETING THE OTHER SUGGESTED CRITERIA OF AVAILABLE CAPITAL AND PREVIOUS EXPERIENCE, THE FEE SHOULD NOT BE AN OBSTACLE. OUR FRENCH, RUSSIAN AND JAMAICAN COUNTERPARTS EACH ECHOED THE CONCERN THAT THE FEE WOULD PENALIZE LEGITIMATE COMPANIES.

4. ~~(C)~~ THE FRENCH REP FOUND FAULT WITH MOST PROPOSED MEASURES, DESPITE VOICING SUPPORT FOR THE OVERALL OBJECTIVE OF REDUCING ILLEGAL PAYMENTS. HE EMPHASIZED FRENCH READINESS TO PARTICIPATE IN THE DISCUSSION OF PAYMENTS, BUT WARNED THAT OPENING "THE BIBLE" (PROCEDURES FOR THE SALE OF OIL AGREED IN 1996 AFTER EXTENSIVE NEGOTIATION) FOR REVISION WOULD MAKE ALL ASPECTS OF THE OIL-FOR-FOOD PROGRAM FAIR GAME. IN PARTICULAR, HE SAID, THE FRENCH HAD PLENTY OF IDEAS FOR SIMPLIFYING THE SALE OF HUMANITARIAN ITEMS TO IRAQ. WHILE THE FRENCH REP'S RHETORIC WAS MILDER THAN IN A 15 MARCH CONVERSATION WITH USUN/UKUN, WHEN HE ASSERTED THAT A DISCUSSION OF ONE VIOLATION OF UN RESOLUTIONS WOULD DEMAND THE DISCUSSION OF ALL VIOLATIONS INCLUDING THE NO FLY ZONES, HE REMAINED ADAMANT THAT THE "REPRESSIVE" MEASURES PROPOSED MUST BE

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PAGE 01 USUN N 00674 02 OF 04 211813Z
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	VCE-00	AC-01	NEA-00	DCP-01	NSAE-00	OIC-02	OMB-01
	PA-00	PM-00	PRS-00	ACE-00	P-00	SP-00	IRM-00
	SSO-00	SS-00	STR-00	TRSE-00	T-00	USIE-00	SA-00
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Current Class: ~~CONFIDENTIAL~~ Page: 3

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Current Class: ~~CONFIDENTIAL~~ Page: 4
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Document Number: 2001USUNN00674 Channel: n/a

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~~C O N F I D E N T I A L~~ SECTION 02 OF 04 USUN NEW YORK 000674

WHITE HOUSE FOR OVP

E.O. 12958: DECL: 03/21/2011
TAGS: ETTC, PREL, UNSC, IZ
SUBJECT: UN/IRAQ: U.S./UK PROPOSALS FOR RESTRICTING ILLEGAL PAYMENTS INTRODUCED TO INFORMAL MEETING OF IRAQ SANCTIONS COMMITTEE
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PAGE 02 USUN N 00674 02 OF 04 211813Z

BALANCED BY "POSITIVE" MEASURES TO SPEED THE FLOW OF HUMANITARIAN ITEMS TO IRAQ. HE POINTED OUT THAT NOT ALL THE FUNDS IN THE ESCROW ACCOUNT ARE UTILIZED, AND ALLEGED THAT WHILE IRAQ IS TO BLAME, THERE ARE ALSO OTHER REASONS FOR HUMANITARIAN ITEMS NOT GETTING THROUGH. ON OTHER ISSUES, THE FRENCH CONJECTURED THAT THE FEE FOR REGISTRY MIGHT BE INEFFECTIVE AT WEEDING OUT UNSCRUPULOUS COMPANIES IF THE MIDDLEMEN CURRENTLY SUSPECTED OF PAYING IRAQ'S SURCHARGES ARE FRONTS FOR MAJOR TRADERS WITH PLENTY OF CASH. HE ALSO OPINED THAT A STATEMENT FROM COMPANIES THAT THEY WOULD NOT MAKE PAYMENTS TO IRAQ WOULD BE USELESS. THE FRENCH REP MADE MUCH OF A CLAIM THAT THE CONTINUED DIFFERENCE IN TREATMENT OF OIL PURCHASERS AND END USERS WAS UNJUSTIFIED, AND ARGUED THAT LETTERS TO END USERS WOULD NOT BE SUFFICIENT, ESPECIALLY SINCE MIDDLEMEN WERE LIKELY TO GET AROUND ANY RESTRICTIONS ON THEM. THE FRENCH ALSO EMPHASIZED A NEED TO SET OBJECTIVE CRITERIA FOR REGISTERING ELIGIBLE PURCHASERS OF IRAQI OIL, AS WELL AS TO CLARIFY THE PROCEDURE FOR BANNING COMPANIES FOUND TO HAVE VIOLATED THE PROCEDURES.

5. ~~(C)~~ USUN RESPONDED THAT OUR GOAL IN THE PROPOSALS WAS TO ATTACK THE SPECIFIC ISSUES OF SURCHARGES AND COMMISSIONS WITH WHICH WE ARE FACED. REGARDING THE PROCEDURE FOR DETERMINING WHEN COMPANIES HAD VIOLATED THE SANCTIONS, USUN SAID OUR VIEW WAS THAT THE COMMITTEE SHOULD TAKE A CONSENSUS DECISION. THE DETERMINATION OF EVIDENTIARY STANDARDS SHOULD BE UP TO THE COMMITTEE. ALTHOUGH WE BELIEVED IT MIGHT NOT BE PRODUCTIVE

Current Class: ~~CONFIDENTIAL~~ Page: 4

UNCLASSIFIED

UNCLASSIFIED

Current Class: ~~CONFIDENTIAL~~ Page: 5
Current Handling: n/a
Document Number: 2001USUNN00674 Channel: n/a

TO SET STANDARDS FOR SUFFICIENT EVIDENCE IN ADVANCE, WE WOULD BE WILLING TO DISCUSS. REGARDING THE SIGNED STATEMENT BY THE
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PAGE 03 USUN N 00674 02 OF 04 211813Z
COMPANIES, WE SAW IT AS PART OF A PACKAGE OF STEPS TO DETER PAYMENT OF SURCHARGES. REGARDING THE DIFFERENCE BETWEEN END USERS AND MIDDLEMEN, USUN EXPLAINED THAT END USERS WERE SUBJECT ONLY TO MEMBER STATES CONTROL AND AUTHORITY NOT TO THAT OF THE COMMITTEE. MEANWHILE, THE BEHAVIOR OF THE OIL PURCHASERS WAS STIPULATED IN UN RESOLUTIONS AND PROCEDURES AND THUS FELL UNDER THE COMMITTEE'S JURISDICTION. IN ADDITION, THE LIST OF ELIGIBLE PURCHASERS HAD BEEN REVIEWED BY THE COMMITTEE. ON THE SUBJECT OF REVISING PROCEDURES, IT WOULD BE REQUIRED FOR SOME OF OUR PROPOSALS AND NOT FOR OTHERS.

6. ~~(C)~~ THE FRENCH REP FURTHER NOTED THAT HE KNEW A REVIEW OF IRAQ POLICY WAS ONGOING IN SOME CAPITALS, AND THAT FRANCE LOOKED FORWARD TO DISCUSSING NEW APPROACHES. IN THAT CONTEXT, HE ASKED WHETHER THE U.S./UK PROPOSALS WERE PART OF A NEW U.S. POLICY. USUN RESPONDED THAT WE HOPED ALL CAPITALS WERE UNDERTAKING A POLICY REVIEW AND SAID THE SUGGESTION THAT "SOME" CAPITALS WERE ABOUT TO SCRAP THEIR POLICIES TO SUDDENLY MOVE IN THE DIRECTION SUGGESTED BY "SOME" OTHER CAPITALS WAS "DILLUSIONAL." ANY FURTHER PROGRESS ON IRAQ WOULD REQUIRE COMPROMISE FROM ALL PARTIES.

7. ~~(C)~~ THE RUSSIAN REP RAISED CONCEPTUAL OBJECTIONS TO THE OIL SURCHARGE PROPOSAL. HE CLAIMED THAT SINCE THE GOI'S ALLEGED COLLECTION OF OIL SURCHARGES HAS NOT BEEN PROVEN, THE SOLUTION OF TIGHTENING STANDARDS FOR OIL PURCHASERS MIGHT BE ENTIRELY INAPPROPRIATE TO SOLVE THE PROBLEM OF REDUCED INFLOWS TO THE ESCROW ACCOUNT. HE ALSO WARNED THAT THE PROPOSAL WOULD HARM THE OIL MARKET. HE EXPLAINED THAT THE GOI IS SATISFIED WITH ITS CURRENT OIL EXPORT SYSTEM, AND
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PAGE 04 USUN N 00674 02 OF 04 211813Z
EXPRESSED FEAR THAT THE BAGHDAD REGIME WOULD RETALIATE AGAINST UN ATTEMPTS TO ALTER THE SYSTEM BY CUTTING OFF IRAQI OIL EXPORTS. IN ADDITION, THE RUSSIAN ALLEGED THAT THE PROPOSALS WOULD OVERSTEP THE MANDATE OF THE COMMITTEE TO IMPLEMENT SANCTIONS AND WOULD INTERVENE ILLEGALLY IN THE OIL MARKET. THE RUSSIAN REP ALSO ECHOED THE COMMON CONCERN FOR OBJECTIVITY AND CAUTION IN SETTING CRITERIA FOR ELIGIBLE OIL PURCHASERS, SO AS NOT TO HARM LEGITIMATE COMPANIES. HE REITERATED QUESTIONS ABOUT THE LEGALITY OF CHARGING A REGISTRATION FEE AND ABOUT THE DEFINITION OF A CLEAR

Current Class: ~~CONFIDENTIAL~~ Page: 5

UNCLASSIFIED

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Current Class: ~~CONFIDENTIAL~~ Page: 6
Current Handling: n/a
Document Number: 2001USUNN00674 Channel: n/a

PROCEDURE FOR "BLACKLISTING" COMPANIES VIOLATING PROCEDURES. FINALLY, HE SHARED THE FRENCH CONCERN THAT THE PROPOSAL PERPETUATED A "DISBALANCE" BY SANCTIONING MIDDLEMEN WHO PAID THE GOI SURCHARGE WHILE NOT MONITORING OR PENALIZING END USERS WHO PURCHASED THE SURCHARGED OIL.

8. (C) UKUN RESPONDED TO THE RUSSIAN DELEGATE'S COMMENTS THAT THE COMMITTEE HAD EXPLICITLY ACKNOWLEDGED IN NOVEMBER AND DECEMBER 2000 THAT THE SURCHARGE EXISTED AND THAT IT REDUCED THE FLOW OF OIL EXPORTS AND FUNDS TO THE ESCROW ACCOUNT. THE ACKNOWLEDGMENT WAS BASED UPON INFORMATION FROM THE OIL OVERSEERS AND THE MEDIA. USUN RESPONDED THAT THE COMMITTEE SHOULD NOT ACT OUT OF FEAR OF ANGERING THE GOVERNMENT OF IRAQ. THE SANCTIONS ALREADY SET THE GOI AT ODDS WITH THE COMMITTEE, AND POTENTIAL RETALIATION WAS NO REASON

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PAGE 01 USUN N 00674 03 OF 04 211813Z
ACTION IO-00

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	VCE-00	AC-01	NEA-00	DCP-01	NSAE-00	OIC-02	OMB-01
	PA-00	PM-00	PRS-00	ACE-00	P-00	SP-00	IRM-00
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~~C O N F I D E N T I A L~~ SECTION 03 OF 04 USUN NEW YORK 000674

WHITE HOUSE FOR OVP

E.O. 12958: DECL: 03/21/2011
TAGS: ETTC, PREL, UNSC, IZ
SUBJECT: UN/IRAQ: U.S./UK PROPOSALS FOR RESTRICTING ILLEGAL

Current Class: ~~CONFIDENTIAL~~ Page: 6

UNCLASSIFIED

PAYMENTS INTRODUCED TO INFORMAL MEETING OF IRAQ SANCTIONS
~~CONFIDENTIAL~~

PAGE 02 USUN N 00674 03 OF 04 211813Z
COMMITTEE

NOT TO DO THE RIGHT THING TO IMPROVE SANCTIONS IMPLEMENTATION. USUN NOTED THAT IRAQ'S "SATISFACTION" WITH THE CURRENT SYSTEM WAS NOT POSITIVE AS IT DEPRIVED THE ESCROW ACCOUNT AND THE IRAQI PEOPLE OF FUNDS FOR HUMANITARIAN ITEMS. AS CONCERNED THE RIGHT TO MARKET INTERVENTION, IT WAS ONLY BECAUSE OF IRAQ'S RECENT PRICING CHANGES AND IMPOSITION OF SURCHARGES THAT THE FLOWS TO THE ESCROW ACCOUNT WERE NO LONGER ADEQUATE. POINTING TO THE HISTORY OF THE SURCHARGE, USUN SAID THAT IRAQ HAD ALREADY RENEGED ON ITS PROMISE TO DROP THE SURCHARGE AND RETURN TO NORMAL PRICING IN EXCHANGE FOR UN SUPPORT FOR OIL INDUSTRY DEVELOPMENT. BY EXTENDING SUPPORT TO IRAQ'S OIL INDUSTRY, THE UN HAD SHOWN ITS WILLINGNESS TO COOPERATE UNDER THE OIL-FOR-FOOD PROGRAM. THE COMMITTEE HAD FULL RIGHT TO RESPOND TO IRAQ'S NONCOMPLIANCE IN ORDER TO ENSURE THE FUNCTIONING OF THE OIL-FOR- FOOD PROGRAM.

9. ~~(S)~~ WHILE THE JAMAICAN REP WELCOMED THE U.S./UK ATTEMPT TO ADDRESS AN IMPORTANT ISSUE, HE ECHOED FRANCE, RUSSIA AND OTHERS IN QUESTIONING THE LEGALITY OF THE FEE, AND IN REQUESTING CLARIFICATION OF THE PROCEDURE FOR "BLACKLISTING" COMPANIES. THE CHINESE REP ALSO SHARED CONCERNS ABOUT THE LEGALITY OF THE FEE, THE CLARIFICATION OF THE "BLACKLISTING" PROCEDURE, AND THE NOTION OF A DISCREPANCY IN THE TREATMENT OF MIDDLEMEN AND END USERS.

10. ~~(S)~~ THE OIL OVERSEERS WELCOMED THE PROPOSALS, WHICH THEY SAID WERE IN LINE WITH THEIR UNDERSTANDING OF THE ISSUES. RESPONDING TO COMMITTEE MEMBERS' COMMENTS, THE OVERSEERS
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PAGE 03 USUN N 00674 03 OF 04 211813Z
EXPRESSED THEIR VIEW THAT OBJECTIVE CRITERIA FOR ELIGIBLE OIL PURHASERS COULD BE IDENTIFIED ALONG THE LINES OF THE U.S./UK OIL SURCHARGE PROPOSAL. IN THEIR VIEW, A FEE ON PURCHASERS WOULD BE AN APPROPRIATE MECHANISM TO HELP WEED OUT COMPANIES PAYING THE SURCHARGE. IN FACT, FEES FOR TENDERS ARE CUSTOMARY IN THE INDUSTRY, AND ANY ESTABLISHED COMPANY SHOULD BE IN A POSITION TO PAY. PRELIMINARY FEE SUGGESTIONS RANGED FROM USD 5,000 TO USD 100,000. THE OFFICE OF THE IRAQ PROGRAM ALSO RESPONDED WITH STRONG SUPPORT FOR THE U.S./UK PROPOSALS, WHICH IT SAID ADDRESSED TWO OF THE EXECUTIVE DIRECTOR'S MAJOR CONCERNS WITH THE OIL-FOR-FOOD PROGRAM.

11. (C) THE NORWEGIAN REP, REPRESENTING THE CHAIRMAN OF THE SANCTIONS COMMITTEE, ASSERTED THAT THE U.S./UK PROPOSALS ON SURCHARGES AND COMMISSIONS WERE AN INITIATIVE IN THE RIGHT DIRECTION. RESPONDING TO THE RUSSIANS, SHE SAID THAT THERE WAS PLENTY OF CIRCUMSTANTIAL EVIDENCE ON SURCHARGES/COMMISSIONS AND THE COMMITTEE SHOULD NOT FIND ITSELF "PREVENTED FROM TAKING A PRECAUTIONARY APPROACH." THE NORWEGIANS NOTED THAT THE OVERSEERS THEMSELVES SAID THAT THE PROPOSALS ON THE SURCHARGE WERE A "SIGNIFICANT CONTRIBUTION." SHE ALSO TOOK ISSUE WITH THE FRENCH THREATENING TO OPEN UP ALL THE COMMITTEE'S PROCEDURES, NOTING THAT SURCHARGES/COMMISSIONS WERE NOT THE ONLY PROBLEMS FACING THE COMMITTEE AND THAT TAKING UP ONE ISSUE "DOES NOT EXCLUDE OTHERS." THE NORWEGIAN REP SAID THAT SHE WOULD SCHEDULE ANOTHER MEETING OF THE COMMITTEE IN A WEEK OR SO TO CONTINUE WORK ON THE PROPOSALS.

12. (U) TEXTS OF THE U.S./UK DRAFT PROPOSALS FOLLOW.

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PAGE 04 USUN N 00674 03 OF 04 211813Z
DRAFT OIL SURCHARGE PROPOSAL:

(1) REQUIRE THE OVERSEERS TO RECONFIRM THE PROHIBITION ON PAYING A SURCHARGE THROUGH A REISSUANCE OF THE DECEMBER 15 STATEMENT ON THE OIL SURCHARGE TO ALL THOSE COMPANIES REGISTERED TO IMPORT IRAQI OIL.

(2) REQUIRE ALL COMPANIES ON THE UN LIST OF ELIGIBLE PURCHASERS OF IRAQI OIL TO REREGISTER, RENEWABLE AT THE BEGINNING OF EACH PHASE. EACH NEW APPLICATION WOULD BE APPROVED BY THE OIL OVERSEERS AND THE 661 COMMITTEE SUBJECT TO CERTAIN CRITERIA. THOSE CRITERIA WOULD INCLUDE: (A) PROVEN CREDITWORTHINESS AND EVIDENCE OF AVAILABLE CAPITAL, (B) EVIDENCE THAT THE COMPANY HAD PREVIOUS EXPERIENCE IN THE OIL INDUSTRY, (C) EVIDENCE OF MEMBERSHIP OF INTERNATIONAL/NATIONAL OIL/PETROLEUM ORGANIZATIONS, (D) EVIDENCE FROM NATIONAL AUTHORITIES OF THE COMPANY'S DATE OF REGISTRATION, AND (E) A BRIEF DESCRIPTION OF COMPANY'S ACTIVITIES AND THEIR INVOLVEMENT IN THE PETROLEUM SECTOR.

(3) REQUIRE ALL COMPANIES TO PAY A NON-REFUNDABLE FEE TO THE ESCROW ACCOUNT.

(4) REQUIRE ALL COMPANIES TO SIGN A STATEMENT THAT THEY WILL NOT MAKE ANY PAYMENTS OF ANY KIND TO THE GOVERNMENT OF IRAQ

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Current Class: ~~CONFIDENTIAL~~ Page: 9
Current Handling: n/a
Document Number: 2001USUNN00674 Channel: n/a

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PAGE 01 USUN N 00674 04 OF 04 211813Z
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	VCE-00	AC-01	NEA-00	DCP-01	NSAE-00	OIC-02	OMB-01
	PA-00	PM-00	PRS-00	ACE-00	P-00	SP-00	IRM-00
	SSO-00	SS-00	STR-00	TRSE-00	T-00	USIE-00	SA-00
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~~C O N F I D E N T I A L~~ SECTION 04 OF 04 USUN NEW YORK 000674

WHITE HOUSE FOR OVP

E.O. 12958: DECL: 03/21/2011
TAGS: ETTC, PREL, UNSC, IZ
SUBJECT: UN/IRAQ: U.S./UK PROPOSALS FOR RESTRICTING ILLEGAL PAYMENTS INTRODUCED TO INFORMAL MEETING OF IRAQ SANCTIONS COMMITTEE

~~CONFIDENTIAL~~

PAGE 02 USUN N 00674 04 OF 04 211813Z
COMMITTEE

OR ANY IRAQI ENTITY AND THAT ALL PAYMENTS MADE WILL BE MADE ONLY TO THE UN ESCROW ACCOUNT.

(5) ANY COMPANY THAT IS DEEMED BY THE SANCTIONS COMMITTEE OR THE OIL OVERSEERS TO HAVE VIOLATED THAT COMMITMENT WILL BE REMOVED FROM THE LIST OF COMPANIES ELIGIBLE TO MAKE PURCHASES.

(6) REQUIRE THAT A LETTER BE SENT TO ALL MEMBER STATES AND OBSERVERS REPEATING THE INFORMATION IN THE ABOVE FIVE POINTS AND REQUESTING THAT THEY INFORM THEIR COMPANIES OF THIS ISSUE AND THAT THEY INVESTIGATE ANY POSSIBLE VIOLATIONS AND, WHERE APPROPRIATE, TAKE ACTION AGAINST THOSE FOUND TO HAVE MADE

Current Class: ~~CONFIDENTIAL~~ Page: 9

UNCLASSIFIED

UNCLASSIFIED

SUCH PAYMENTS.

(7) REQUIRE THAT A LETTER BE SENT TO ALL MEMBER STATES AND OBSERVERS REQUESTING THAT THEY WARN END-USERS/REFINERS TO TAKE ALL NECESSARY STEPS TO AVOID OIL BOUGHT WITH A SURCHARGE AT ANY STAGE OF THE TRANSACTIONS' PROCESS.

(8) REQUEST THAT OIP MAKE CLEAR THE PROHIBITIONS ON SUCH PAYMENTS IN ITS PERIODIC BRIEFINGS TO MEMBERS STATES ABOUT THE OIL-FOR-FOOD PROGRAM AND INCLUDE ALL DOCUMENTS ON THIS ISSUE ON ITS WEBSITE IN A HIGHLIGHTED FASHION.

(9) ISSUE A PRESS RELEASE OUTLINING THE COMMITTEE'S STEPS IN THIS AREA SINCE THE END OF NOVEMBER 2000, INCLUDING ITEMS 1-8 ABOVE.

DRAFT COMMISSIONS ON OIL-FOR-FOOD CONTRACTS PROPOSAL:
~~CONFIDENTIAL~~

PAGE 03 USUN N 00674 04 OF 04 211813Z

(1) A LETTER TO ALL MEMBER STATES AND OBSERVERS REQUESTING THAT THEY INFORM THEIR COMPANIES DOING BUSINESS WITH IRAQ UNDER THE OIL-FOR-FOOD PROGRAM, THAT: (A) THE SANCTIONS COMMITTEE HAS NOT APPROVED THE PAYMENT OF ANY KIND OF COMMISSION TO THE GOVERNMENT OF IRAQ OR ANY IRAQI ENTITY INSIDE OR OUTSIDE IRAQ, (B) PAYMENTS CANNOT BE MADE TO THE GOVERNMENT OF IRAQ OR ANY IRAQI ENTITY INSIDE OR OUTSIDE IRAQ, (C) THOSE MAKING SUCH PAYMENTS WOULD BE IN VIOLATION OF RELEVANT SECURITY COUNCIL RESOLUTIONS AND MUST BE PROSECUTED UNDER NATIONAL LEGISLATION/REGULATIONS, (D) NO FUTURE CONTRACTS WILL BE ACCEPTED BY THE UNITED NATIONS FROM COMPANIES OR ANY RELATED PRIVATE OR COMMERCIAL ENTITIES IF THEY ARE DEEMED BY THE 661 COMMITTEE TO HAVE MADE PAYMENTS TO THE GOVERNMENT OF IRAQ OR ANY IRAQI ENTITIES INSIDE OR OUTSIDE IRAQ, AND (E) THEREFORE, NON-IRAQI COMPANIES PARTICIPATING IN THE OIL-FOR-FOOD PROGRAM MUST NOT MAKE PAYMENTS TO THE GOVERNMENT OF IRAQ OR ANY IRAQI ENTITY INSIDE OR OUTSIDE IRAQ.

(2) ALL FUTURE OIL-FOR-FOOD CONTRACT APPROVAL LETTERS MUST STATE THAT COMMISSIONS ARE UNAUTHORIZED AND THAT ALL STATES HAVE A RESPONSIBILITY FOR ASSURING THAT THEIR COMPANIES ARE NOT VIOLATING SANCTIONS.

(3) A PRESS RELEASE SHOULD BE ISSUED FROM THE COMMITTEE OUTLINING THE STEPS TAKEN ABOVE AND THE MESSAGE THERE-IN.

(4) REQUEST THAT OIP MAKE CLEAR THE PROHIBITIONS ON

UNCLASSIFIED

UNCLASSIFIED

Current Class: ~~CONFIDENTIAL~~ Page: 11
Current Handling: n/a
Document Number: 2001USUNN00674 Channel: n/a

COMMISSIONS IN ITS PERIODIC BRIEFINGS TO MEMBERS STATES ABOUT THE OIL-FOR-FOOD PROGRAM AND INCLUDE ALL DOCUMENTS ON THIS
~~CONFIDENTIAL~~

PAGE 04 USUN N 00674 04 OF 04 211813Z
ISSUE ON ITS WEBSITE IN A HIGHLIGHTED FASHION. END TEXT OF PROPOSALS.
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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

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 156

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

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

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PARTIAL RELEASE TO [redacted] UNCLASSIFIED
[redacted], 1.4(B), 1.4(D) ~~CONFIDENTIAL~~ PTQ2124

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PAGE 01 USUN N 01314 01 OF 04 060009Z
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TO SECSTATE WASHDC IMMEDIATE 3965
INFO IRAQ COLLECTIVE IMMEDIATE
UN SECURITY COUNCIL COLLECTIVE IMMEDIATE
CJCS WASHDC IMMEDIATE
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~~C O N F I D E N T I A L~~ SECTION 01 OF 04 USUN NEW YORK 001314

WHITE HOUSE FOR OVP

E.O. 12958: DECL: 06/05/2011
TAGS: ETTC, PREL, UNSC, IZ
SUBJECT: UN/IRAQ: SECOND POST-1352 EXPERTS' DISCUSSION;
US/UK PERMREPS' MEETING WITH COUNCIL NAM AMBASSADORS
~~CONFIDENTIAL~~

PAGE 02 USUN N 01314 01 OF 04 060009Z

REF: USUN 1301 AND PREVIOUS

(U) CLASSIFIED BY: [redacted]
REASONS: 1.5 (B/D).

1. ~~(C)~~ SUMMARY: SECURITY COUNCIL IRAQ EXPERTS MET JUNE 5 TO CONTINUE DISCUSSIONS ON THE NEW APPROACH TO IRAQ SET OUT IN UNSCR 1352. FOLLOWING THEIR JUNE 4 DISCUSSION OF THE PROCESSING OF OIL FOR FOOD CONTRACTS USING THE GOODS REVIEW LIST (GRL), THE EXPERTS TOOK UP THE SECOND MAJOR ISSUE AREA OF CONTROLLING THE FLOW OF GOODS AND REVENUES TO IRAQ THROUGH THE NEIGHBORING STATES. THE GROUP ALSO BEGAN DISCUSSION OF "OTHER ISSUES" IDENTIFIED IN RESOLUTION 1352 WITH COMMENTS ON

UNITED STATES DEPARTMENT OF STA
DATE/CASE ID: 04 JAN 2005 S200400020
Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 170

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IRAQ'S OIL SURCHARGE AND ON NON-IRAQI CIVILIAN FLIGHTS TO IRAQ.

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END SUMMARY.

NEIGHORING STATES ISSUES

2. [redacted] ON CONTROLLING THE FLOW OF GOODS AND REVENUES TO IRAQ THROUGH THE NEIGHBORING STATES, ISSUES OF CONCERN AMONG SECURITY COUNCIL EXPERTS WERE AS FOLLOWS:

-- CONSULTATIONS WITH NEIGHBORING STATES: THE U.S., UK, FRANCE, CHINA AND OTHERS SPOKE OF THE IMPORTANCE OF CONSULTING WITH JORDAN, SYRIA AND TURKEY -- THE THREE STATES SHARING LAND BORDERS WITH IRAQ THAT WOULD BE AFFECTED BY THE PROPOSED MEASURES TO CONTROL THE FLOWS OF GOODS AND REVENUES. FRANCE SUGGESTED INVITING JORDAN, SYRIA AND TURKEY'S EXPERTS TO A MEETING OF COUNCIL IRAQ EXPERTS, WHILE RUSSIA PROPOSED HOLDING AN AMBASSADORIAL-LEVEL MEETING WITH THE AFFECTED STATES AND CALLED THE CONSULTATIONS AN IMPORTANT PUBLIC RELATIONS MEASURE. THE U.S. AND NORWAY URGED THE GROUP TO RESPECT THE SENSITIVITIES OF THE STATES IN QUESTION WITH REGARD TO CONSULTING ON IRAQ SANCTIONS. THE U.S. ENCOURAGED ALL COUNCIL MEMBERS TO CONSULT BILATERALLY WITH THOSE STATES RATHER THAN PUTTING THEM IN AN "AWKWARD AND UNCOMFORTABLE" POSITION IN THIS DISCUSSION. THE UK INDICATED THAT IT WOULD SPEAK WITH THE NEIGHBORS ON WAYS TO ENGAGE IN CONSULTATIONS.

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HELPING OR HURTING NEIGHBORING STATES: FRANCE SAID THAT

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PAGE 04 USUN N 01314 01 OF 04 060009Z
THE UK DRAFT SOUGHT TO ALTER THE LEGAL JORDANIAN BARTER ARRANGEMENT BY IMPOSING BORDER CONTROLS, MONITORING AND A GOODS NOTIFICATION PROCEDURE. FRANCE ARGUED THAT THE NEIGHBORING STATES WOULD NOT COOPERATE WITH THE PROPOSED ARRANGEMENTS IF THESE WOULD HURT THEIR FINANCIAL INTERESTS OR CONSTRAIN THEM MORE THAN THEY ARE NOW. THE UK SAID THAT WHILE THE LEGITIMACY OF THE EXISTING JORDAN-IRAQ ARRANGEMENT WAS NOT IN QUESTION, THE COUNCIL HAD ACKNOWLEDGED A PROBLEM WITH THE FLOW FROM THE REGION OF GOODS AND REVENUES TO IRAQ OUTSIDE UN CONTROL. THE UK RESOLUTION "PROPOSED BRINGING ALL LEGAL ARRANGEMENTS IN THE REGION INTO THE SAME FRAMEWORK." THE U.S. ACKNOWLEDGED THE CURRENT JORDANIAN ARRANGEMENTS BUT NOTED THAT NONE OF US WERE SATISFIED WITH THE CURRENT SITUATION AND IT HAD TO BE IMPROVED. ULTIMATELY, FRANCE SOUGHT A RESOLUTION THAT PROVIDED INCENTIVES FOR NEIGHBORING STATES TO BE INVOLVED IN THIS PROCESS. IT ALSO SOUGHT MAXIMUM ROOM FOR THE SECRETARY-GENERAL TO MANEUVER IN WORKING WITH NEIGHBORING STATES. THE UK PARAMETERS, ACCORDING TO THE FRENCH, WERE TOO CONSTRAINING ON THE SECRETARY-GENERAL. THE U.S. ARGUED THAT THE SECRETARY-GENERAL WOULD WANT THE COUNCIL'S GUIDANCE AND THAT THE COUNCIL NEEDED TO STRIKE A BALANCE BETWEEN PROTECTING NEIGHBORING STATES' ECONOMIC INTERESTS AND PROTECTING THE SECURITY INTERESTS OF THE COUNCIL BY LIMITING THE FLOW OF DANGEROUS GOODS AND REVENUE

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PAGE 01 USUN N 01314 02 OF 04 060010Z
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WHITE HOUSE FOR OVP

E.O. 12958: DECL: 06/05/2011
TAGS: ETTC, PREL, UNSC, IZ
SUBJECT: UN/IRAQ: SECOND POST-1352 EXPERTS' DISCUSSION; US/UK PERMREPS' MEETING WITH COUNCIL NAM AMBASSADORS
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PAGE 02 USUN N 01314 02 OF 04 060010Z

TO IRAQ. THE UK POINTED OUT THAT THERE WERE ALREADY INCENTIVES BUILT INTO THE RESOLUTION THAT: (A) ALLOWED FOR FREE PRICING BETWEEN IRAQ AND THE STATE CONCERNED, AND (B) EXEMPTED ANY NATIONAL ESCROW ACCOUNTS FROM DEDUCTIONS FOR OTHER UN ACCOUNTS.

-- SAFETY NET FOR NEIGHBORING STATES: FRANCE ASSERTED THAT THE RESOLUTION ELABORATING THE NEW APPROACH NEEDED TO INCLUDE A MECHANISM TO COMPENSATE JORDAN, SYRIA AND TURKEY IF IRAQ RETALIATED AGAINST THEIR COOPERATION WITH THE COUNCIL BY SEVERING TRADE. THE FRENCH PROPOSED DRAWING ON THE UNCC, BUT NOT ON THE HUMANITARIAN ACCOUNTS FOR IRAQ, SINCE ONE OF THE COUNCIL'S GOALS WAS TO IMPROVE IRAQ'S HUMANITARIAN SITUATION. THE UNMOVIC ACCOUNT ALSO HAD FUNDS AVAILABLE.

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-- SAFETY NET (CONTINUED): FRANCE THOUGHT THE SAFETY NET SHOULD ADDRESS ANY COUNTRIES' REQUESTS FOR COMPENSATION, EVEN
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PAGE 03 USUN N 01314 02 OF 04 060010Z

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THOSE THAT WERE NOT NEIGHBORS TO IRAQ. FRANCE ARGUED THAT, SINCE NON-NEIGHBORING STATES TRADED WITH IRAQ, THEY ALSO SHOULD BE SUBJECT TO NEW ARRANGEMENTS -- SUCH AS THE PROPOSED INSPECTIONS OF FLIGHTS TO IRAQ -- AND SHOULD BE COMPENSATED IF IRAQ RETALIATED. THE UK CLARIFIED THAT ONLY JORDAN, SYRIA AND TURKEY WOULD BE REQUIRED TO IMPLEMENT NEW CUSTOMS AND FINANCIAL ARRANGEMENTS BECAUSE ONLY THEY IMPORTED IRAQI OIL AND THEREBY PROVIDED IRAQ WITH SUBSTANTIAL REVENUES. IRAN DID NOT IMPORT IRAQI OIL OR TRADE HEAVILY WITH IRAQ, AND THEREFORE DID NOT NEED TO ADOPT FINANCIAL OR TRADE CONTROLS. THE COUNCIL SHOULD WORK WITH IRAN ON PREVENTING OIL SMUGGLING THROUGH ITS WATERS, AND THE RESOLUTION OFFERED IRAN CUSTOMS ASSISTANCE. THE U.S. SAID THE ARRANGEMENTS FOR NEIGHBORING STATES WERE INTENDED TO MINIMIZE ILLEGAL FLOWS OF GOODS AND REVENUES TO IRAQ, AND WERE NOT/NOT RELATED TO THIRD COUNTRIES' UN CHARTER ARTICLE 50 REQUESTS FOR COMPENSATION FOR THE ECONOMIC COSTS OF SANCTIONS. ANY SAFETY NET DISCUSSIONS NEEDED TO BE SEPARATE FROM ARTICLE 50 CLAIMS AS THEY WERE SPECIFICALLY RELATED TO NEIGHBORING STATES AND THE RESOLUTIONS' PROPOSALS. THE U.S. AGREED WITH BANGLADESH THAT THE PROPOSED ARRANGEMENTS WOULD NOT SUPERSEDE THE RIGHT OF STATES TO MAKE ARTICLE 50 REQUESTS TO THE 661 COMMITTEE.

-- ASSISTANCE FOR THE KURDS: FRANCE ASKED HOW THE NEIGHBORING STATES PROVISIONS WOULD AFFECT THE FLOW OF REVENUES TO THE KURDS WHO THEY SAID WERE THE MAJOR BENEFICIARIES OF THE ILLEGAL IRAQ-TURKEY TRADE. THE KURDS CHARGED TRANSIT FEES AND ACTED AS MIDDLEMEN IN THE SALE OF IRAQI OIL TO TURKEY, AND WOULD LOSE IF IRAQ SEVERED TRADE WITH TURKEY. THE UK AND U.S. APPRECIATED THE CONCERN FOR THE KURDS, BUT ASSERTED THAT KURDISH INTERESTS WERE PROTECTED.

1.4(B), 1.4(D)

-- NATIONAL ESCROW ACCOUNTS VS. BARTER: FRANCE ASSERTED THAT THE UK DRAFT BLURRED THE DISTINCTION BETWEEN THE PROPOSED BARTER ARRANGEMENTS AND NATIONAL ESCROW ACCOUNT ARRANGEMENTS BY OBLIGING THE STATES TO NOTIFY ALL CONTRACTS TO THE SECRETARIAT UNDER EITHER ARRANGEMENT.

-- CAP ON NEIGHBORING STATES OIL FLOWS: FRANCE ARGUED THAT THE UK-PROPOSED CAP (150,000 BARRELS/DAY) ON JORDAN, SYRIA AND TURKEY'S OIL IMPORTS FROM IRAQ WAS TOO LOW SINCE SYRIA

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AND TURKEY PRESENTLY IMPORTED OVER 200,000 BARRELS/DAY OF IRAQI OIL.

OIL SURCHARGE

3. (C) ON MINIMIZING IRAQ'S OIL SURCHARGE, THE ISSUES OF CONCERN TO COUNCIL EXPERTS WERE AS FOLLOWS:

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PAGE 01 USUN N 01314 03 OF 04 060010Z
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~~C O N F I D E N T I A L~~ SECTION 03 OF 04 USUN NEW YORK 001314

WHITE HOUSE FOR OVP

E.O. 12958: DECL: 06/05/2011
TAGS: ETTC, PREL, UNSC, IZ
SUBJECT: UN/IRAQ: SECOND POST-1352 EXPERTS' DISCUSSION; US/UK PERMREPS' MEETING WITH COUNCIL NAM AMBASSADORS

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PAGE 02 USUN N 01314 03 OF 04 060010Z

-- RUSSIAN OBJECTION: RUSSIA OPPOSED SETTING INTERNATIONAL CRITERIA FOR COMPANIES ELIGIBLE TO PURCHASE IRAQI OIL AND MAINTAINED THAT NATIONAL MEASURES WERE ADEQUATE TO WEED OUT

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COMPANIES PAYING THE SURCHARGE. RUSSIA WONDERED WHY THEY WOULD NOT BE COMPENSATED IF THEIR COMPANIES WERE PENALIZED. THE U.S., UK, NORWAY AND IRELAND ARGUED THAT COLLECTIVE MEASURES WERE NECESSARY. NATIONAL MEASURES, ON WHICH THE SYSTEM RELIED AT PRESENT, WERE CLEARLY NOT SUFFICIENT SINCE IRAQ CONTINUED TO COLLECT SIGNIFICANT SURCHARGES. THE U.S. EMPHASIZED THAT THE INTENTION WAS NOT TO DAMAGE LEGITIMATE TRADERS, AND OFFERED TO WORK WITH RUSSIA TO ADDRESS ANY CONCERNS THAT THE MEASURES WOULD HURT RUSSIAN COMPANIES.

-- TIMELINESS: FRANCE WORRIED ABOUT DELAYS IN ESTABLISHING THE PROPOSED SYSTEM, AND WANTED A DEADLINE FOR THE 661 COMMITTEE TO PREPARE THE LIST OF COMPANIES. THE UK AGREED THAT THE RESOLUTION MIGHT SET SUCH A DEADLINE. FRANCE INVITED COUNTRIES TO WEED OUT THEIR OWN LISTS OF OIL TRADERS BEFORE THE NEW SYSTEM WAS OPERATIONAL. THE UK EXPLAINED THAT UK LAW DID NOT PERMIT THE GOVERNMENT TO BAR COMPANIES FROM PURCHASING IRAQI OIL. THE UK WOULD REQUIRE INTERNATIONAL LAW, SUCH AS THE PROPOSED RESOLUTION, TO DO SO. IRELAND INDICATED THAT IT SHARED THE UK DIFFICULTY IN THIS REGARD. BANGLADESH AND CHINA QUESTIONED WHICH BODY WOULD DETERMINE WHICH COMPANIES MET THE CRITERIA -- THE COMMITTEE, THE SECRETARIAT, OR NATIONAL GOVERNMENTS.

-- OBJECTIVITY: CHINA AND RUSSIA EXPRESSED CONCERN THAT POLITICAL INTERESTS WOULD INFLUENCE THE COMPOSITION OF THE

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PAGE 03 USUN N 01314 03 OF 04 060010Z

LIST BY THE 661 COMMITTEE. NORWAY ARGUED THAT THE SECRETARY GENERAL COULD DEVISE OBJECTIVE CRITERIA THAT WOULD PRECLUDE POLITICIZATION.

CIVILIAN FLIGHTS TO IRAQ

4. (S) ON AUTHORIZING NON-IRAQI CIVILIAN FLIGHTS TO IRAQ, THE ISSUES OF CONCERN TO COUNCIL EXPERTS WERE AS FOLLOWS:

-- IMPLEMENTATION: FRANCE WAS CONCERNED ABOUT DELAYS IN ESTABLISHING THE INSPECTION SYSTEM FOR FLIGHTS TO IRAQ. FRANCE WANTED TO APPEND TO THE PROPOSED RESOLUTION A LIST OF COUNTRIES VOLUNTEERING TO CARRY OUT FLIGHT INSPECTIONS, WHICH WOULD INCLUDE FRANCE. THE UK CAUTIONED THAT ESTABLISHING THE LIST AND SETTING UP NATIONAL AND UN MONITORS WOULD TAKE TIME, SO ANNEXING THE LIST TO THE RESOLUTION MIGHT NOT BE POSSIBLE. FRANCE WANTED TO ENSURE THAT THIS PARAGRAPH BECAME OPERATIONAL IMMEDIATELY UPON THE ADOPTION OF THE RESOLUTION.

-- NOTIFICATION PERIOD: FRANCE WANTED A TWO-DAY NOTIFICATION

PERIOD FOR FLIGHTS, NOT THE PROPOSED FIVE-DAY PERIOD. THE UK PROPOSED CONSULTING WITH THE SECRETARIAT TO DETERMINE HOW MUCH TIME WOULD BE REQUIRED TO FACILITATE INSPECTIONS.

-- USE OF IRAQI AIRCRAFT: FRANCE ARGUED THAT IRAQI AS WELL AS NON-IRAQI AIRCRAFT SHOULD BE AUTHORIZED TO FLY INTERNATIONALLY. THE UK WAS RESISTANT TO THE FRENCH PROPOSAL. THE U.S. ARGUED THAT FRANCE SHOULD EMBRACE THE PROPOSAL TO ALLOW INTERNATIONAL CIVILIAN FLIGHTS TO IRAQ, WHICH ADDRESSED FRANCE'S HUMANITARIAN CONCERN. IRAQI FLIGHTS

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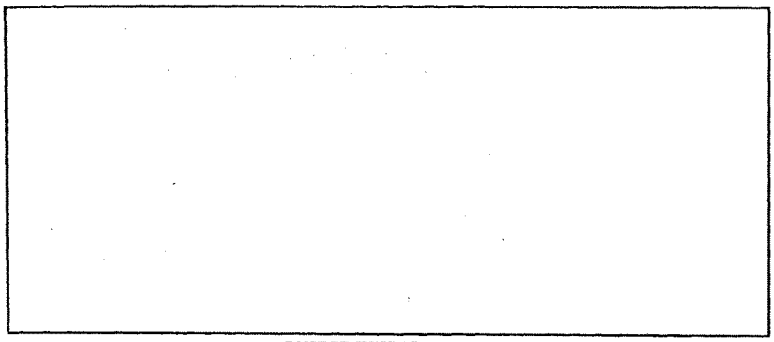
PAGE 04 USUN N 01314 03 OF 04 060010Z
WERE NOT NECESSARY IN ORDER TO PROVIDE INTERNATIONAL AIR LINKS TO THE IRAQI PEOPLE.

-- INSPECTION OF RETURN FLIGHTS: FRANCE ASSERTED THAT ONLY FLIGHTS TO IRAQ AND NOT/NOT FLIGHTS FROM IRAQ SHOULD BE INSPECTED. THE U.S. ARGUED THAT FLIGHTS FROM IRAQ COULD CARRY BANNED NON-OIL EXPORTS, GOODS FOR RE-EXPORT, AND MILITARY EQUIPMENT FOR REPAIR. UKUN SIGNALLED THAT IT MIGHT BE ABLE TO AGREE WITH FRANCE ON THIS POINT.



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OFFICE OF FOREIGN ASSETS CONTROL

IRAQI SANCTIONS REGULATIONS
(31 C.F.R. PART 575)

GUIDANCE ON PAYMENTS FOR IRAQI-ORIGIN PETROLEUM PURSUANT TO LICENSED PURCHASES

SUMMARY

- When specifically authorized by the 661 Committee and the Office of Foreign Assets Control ("OFAC"), United States persons are authorized to deal in, and to import into the United States, Iraqi-origin petroleum and petroleum products (See section 575.523 of the Iraqi Sanctions Regulations, 31 C.F.R. Part 575, the "ISR").

- Such authorization does not authorize any transfer of funds or other financial or economic resources to or for the benefit of the Government of Iraq or a person in Iraq except transfers to the 986 Escrow Account.

BACKGROUND

This guidance was developed in response to media reports that the Government of Iraq has attempted to force its oil customers to violate UN Security Counsel resolutions by demanding that they pay premiums in the form of surcharges, port fees or other payments into an Iraqi controlled account.

GUIDANCE

Following imposition of the economic embargo against Iraq, the Security Council of the United Nations became convinced of the need for equitable distribution of humanitarian relief to all segments of the Iraqi civilian population. United Nations Security Counsel Resolution 706 (1991) authorized States to permit the import of petroleum and petroleum products originating in Iraq subject to the approval of each purchase of Iraqi petroleum and petroleum products by the Security Counsel Committee established by Resolution 661 (1990) following notification to the Committee by the State concerned;

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 174

and payment of the full amount of each purchase of Iraqi petroleum or petroleum products directly by the purchaser in the State concerned into an escrow account to be established by the United Nations and to be administered by the Secretary-General, exclusively to meet specified purposes. The specified purposes of the resolution were to purchase foodstuffs, medicine and materials and supplies for essential civilians needs, in particular health related materials, and for all feasible and appropriate United Nations monitoring and supervision for the purpose of assuring their equitable distribution to meet humanitarian needs in all regions of Iraq and to all categories of the Iraqi civilian population. This program has commonly been referred to as the "oil-for-food" program.

The ISR provides that specific licenses may be issued on a case-by-case basis to permit United States persons to purchase Iraqi-origin petroleum or petroleum products from the Government of Iraq in accordance with the provisions of UNSC Resolution 986, other relevant Security resolutions, the Memorandum of Understanding, and other guidance issued by the 661 Committee (ISR § 575.523). Although any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized (ISR § 575.418), the ISR does not authorize any transfer of funds or other financial or economic resources to or for the benefit of the government of Iraq or a person in Iraq, except transfers to the 986 Escrow Account (See, e.g., ISR §§ 575.201; 575.203; 575.523(e); 575.526(b)).

On December 15, 2000, the UN Iraqi Sanction Committee agreed to circulate a communication clarifying the position of the Committee regarding Iraq's attempts to impose "surcharges" on those seeking to purchase Iraqi oil. The text of that communication advised buyers of Iraqi oil of the following:

1. The Sanctions Committee has not approved a surcharge of any kind on Iraqi oil.

2. Payments for purchasing Iraqi crude oil cannot be made to a non-UN account.

3. Therefore, buyers of Iraqi oil shall not pay any kind of surcharge to Iraq.

OFAC is aware of media reports that the Iraqi Government is attempting to force its oil customers to violate UN Security Council resolutions by demanding the they pay a premium into an Iraqi controlled account. OFAC is concerned about these reports and is looking into them very closely.

UN Security Council resolutions unequivocally require that fees paid for Iraqi oil be deposited into a UN-controlled escrow account, where the funds can be used in the oil-for-food program to provide for the humanitarian needs of the Iraqi people. Paying a surcharge of any amount to Iraq would violate UN Security Council resolutions and the ISR and deprive the Iraqi people of oil-for-food funds. The UN Sanctions Committee, representing every Security Council member including the U.S., has unanimously rejected this scheme. Iraq's attempted extortion of the international community has already cost the people of Iraq hundreds of millions of dollars in lost oil sales. This money would have gone into the UN-controlled fund for the benefit of the Iraqi people.

U.S. persons who buy Iraqi oil on world markets should know the close attention that is focused, by OFAC in the U.S., and in all other jurisdictions, on the oil industry's dealings with Iraq. We would expect U.S. persons to reject Iraq's latest attempt at intimidation. Any transaction by a U.S. person involving violation of the U.S. economic embargo against Iraq may result in the imposition of criminal and/or civil penalties.

12-22-2000

Current Class: UNCLASSIFIED Page: 1
Current Handling: n/a
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Current Class: UNCLASSIFIED Page: 1

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 202

AMEMBASSY CAIRO
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INFO NSC WASHDC 0000
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E.O. 12958: N/A
TAGS: MOPS, ETTC, EWWT, PREL, IZ
SUBJECT: IRAQ SANCTIONS ENFORCEMENT: UPDATE TO SHIPPING PROCEDURES IN THE ARABIAN GULF

1. THE RECENT PASSAGE OF UNSCR 1111, WHICH CONTINUES UNSCR 986 (OIL FOR FOOD RESOLUTION), HIGHLIGHTS THE NEED TO REMIND MARITIME NATIONS WITH MERCHANT VESSELS CARRYING

CARGO TO IRAQ OR OTHER PORTS IN THE NORTHERN ARABIAN GULF OF SHIPPING PROCEDURES ENFORCED BY THE MARITIME INTERCEPTION FORCE (MIF). THESE SHIPPING PROCEDURES ARE DESIGNED TO ENHANCE THE DELIVERY OF LEGITIMATE HUMANITARIAN CARGOES TO IRAQ WHILE DETERING POTENTIAL SMUGGLING OPERATIONS. POSTS ARE URGED TO SHARE THE INFORMATION IN PARAGRAPH 2 WITH APPROPRIATE OFFICIALS IN THE MARITIME ADMINISTRATIONS OF HOST COUNTRIES, IF APPROPRIATE. THIS INFORMATION WILL ALSO BE TRANSMITTED IN AN INFORMATION BROADCAST TO MARINERS THAT WILL BE COPIED BY MAJOR SHIPPING SOURCES. USUN IS REQUESTED TO SHARE THIS INFORMATION WITH THE MISSIONS OF MARITIME NATIONS IN NEW YORK.

2. BEGIN TEXT OF MARITIME SHIPPING NOTICE:

1. SUMMARY: THE NAVAL INTERCEPTION EFFORT IN SUPPORT OF UNITED NATIONS SANCTIONS PERTAINING TO IRAQ CONTINUES IN THE ARABIAN GULF AND OTHER AREAS WHERE VESSELS ARE INBOUND TO OR OUTBOUND FROM IRAQ. CARGO BOUND FOR AQABA OR TRANSSHIPMENT FROM AQABA WILL NORMALLY BE INSPECTED ASHORE

BY A TEAM CONSISTING OF LLOYD'S REGISTER AND THE AQABA PORT AUTHORITY. VESSELS TRAVERSING THE NORTHERN ARABIAN GULF, THE SHATT AL-ARAB WATERWAY, OR KHAWR ABD-ALLAH WATERWAY SHOULD EXPECT TO BE QUERIED AND, IF BOUND FOR OR DEPARTING IRAQI PORTS, BOARDED BY MULTINATIONAL NAVAL UNITS ENFORCING UN SANCTIONS. DOCUMENTATION REQUIREMENTS FOR THE OFFICIALS IN AQABA AND THE NAVAL UNITS IN THE ARABIAN GULF ARE IDENTICAL. IRAQ-BOUND CARGOES OTHER THAN APPROVED FOOD, MEDICAL SUPPLIES, OR HUMANITARIAN ITEMS WILL NOT BE ALLOWED TO PASS. VESSELS NOT IN POSSESSION OF APPROPRIATE AUTHORIZATION LETTERS FROM THE UN MAY BE SUBJECT TO DELAY
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PAGE 04 STATE 120071 260241Z
UNTIL PROPER DOCUMENTATION IS OBTAINED. BONA FIDE MEDICAL SUPPLIES NOT UNDER THE UNSCR 986/1111 REGIME DO NOT REQUIRE A UN AUTHORIZATION LETTER; HOWEVER, SHIPMENTS OF MEDICAL SUPPLIES WHICH ARE APPROVED UNDER THE UNSCR 986/1111 PROCEDURES DO REQUIRE A LETTER OF AUTHORIZATION FROM THE UN. ALL INBOUND FOOD SHIPMENTS, WHETHER OR NOT THEY FALL UNDER UNSCR 986/1111 PROCEDURES, REQUIRE UN AUTHORIZATION LETTERS. ALL NON-FOOD OR NON-MEDICAL HUMANITARIAN COMMODITIES REQUIRE AUTHORIZATION LETTERS FROM THE UN.
2. UN SECURITY COUNCIL RESOLUTION 986/1111: THE IMPLEMENTATION OF THIS RESOLUTION DOES NOT AFFECT THE MISSION OF THE MULTINATIONAL FORCES OPERATING UNDER THE AUTHORITY OF UNSCR 661 (1990), UNSCR 665 (1990), AND OTHER RELEVANT RESOLUTIONS. CERTAIN REVISED OPERATING PROCEDURES ARE SET FORTH IN THIS NOTICE TO ACCOUNT FOR THE REQUIREMENTS OF UNSCR 986/1111 AND THE ANTICIPATED INCREASE OF SHIPPING TRAFFIC IN THE NORTHERN ARABIAN GULF. SHIPS TRAVERSING THE ENFORCEMENT AREA IN THE ARABIAN GULF SHOULD EXPECT DELAYS STEMMING FROM MARITIME INTERCEPTION OPERATIONS. STRICT ADHERENCE TO THE PROCEDURES IN THIS NOTICE WILL MINIMIZE ANY DELAYS ASSOCIATED WITH SEABORNE INSPECTIONS.
3. THE FOLLOWING REQUIREMENTS ARE IN EFFECT FOR ALL IRAQ-BOUND SHIPPING TRAVERSING THE MARITIME INTERCEPTION OPERATIONS AREA IN THE ARABIAN GULF:
A. NOTIFICATION: A MINIMUM OF ~2 HOURS ADVANCE NOTIFICATION IS REQUIRED PRIOR TO ARRIVAL AT THE ENFORCEMENT AREA. CONTACT THE MARITIME INTERCEPTIBN FORCES (MIF) COORDINATOR, U.S. NAVAL FORCES, CENTRAL COMMAND (BAHRAIN) BY FAX (973-

724-344 OR 973-724-334) OR LETTER (SEE PARAGRAPH 8) THE
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PAGE 05 STATE 120071 260241Z
FOLLOWING INFORMATION MUST BE INCLUDED:
(1) VESSEL NAME;
(2) VESSEL FLAG;
(3) INTERNATIONAL RADIO CALL SIGN;
(4) ITINERARY, INCLUDING PORT OF CARGO ORIGIN;
(5) DESCRIPTION OF CARGO;
(6) VOLUME OF CARGO;
(7) NUMBER OF HOLDS;
(8) DIMENSIONS OF HOLDS;
(9) IDENTIFICATION OF THE VESSEL'S SHIPPING AGENT;
(10) IDENTIFICATION OF THE VESSEL'S OWNERS;
(11) IF REQUIRED (REFER TO PARAGRAPH 1), UN SECURITY COUNCIL LETTER SHOWING SERIAL NUMBER, ISSUE DATE, AND EXPIRATION DATE;
(12) ESTIMATED ARRIVAL DATE AND TIME AT THE CHECKPOINT (SEE PARAGARGAPH 3.C).
B. CARGO CONFIGURATION: ALL CARGO MUST BE ACCESSIBLE FOR INSPECTION AT SEA. CARGO CARRIERS ARE RESPONSIBLE FOR LOADING CARGOES TO ENSURE ACCESSIBILITY. THE FOLLOWING SPECIFIC GUIDANCE APPLIES:
(1) CONTAINERIZED CARGO: CARGO CONTAINERS MUST NOT BE STACKED MORE THAN THREE HIGH FROM THE DECK. AS A SAFETY PRECAUTION TO PROTECT INSPECTION TEAMS, CONTAINERS STACKED MORE THAN THREE HIGH WILL BE CONSIDERED INACCESSIBLE. THIS PROVISION APPLIES BOTH TO INTERNAL AND DECK-LOADED CONTAINERS.
(2) BREAK BULK: PACKAGED OR BAGGED CARGO MUST BE LOADED IN A MANNER WHICH PERMITS THOROUGH INSPECTION. PALLETIZED ROWS OF CARGO REQUIRE ADEQUATE SEPARATION TO ALLOW FOR SAFE ACCESS.
(3) LOOSE BULK: LOOSE BULK CARGO MUST BE ACCESSIBLE FOR
UNCLASSIFIED

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PAGE 06 STATE 120071 260241Z
PHYSICAL AND VISUAL INSPECTION, VERIFICATION OF MEASUREMENT SOUNDINGS, AND SAMPLING. HATCH COVERS MUST BE OPENED TO ALLOW THROUGH INSPECTION.
(4) IF A VESSEL'S CARGO IS DEEMED INACCESSIBLE FOR INSPECTION, THE VESSEL MAY BE DIRECTED TO RETURN TO A PORT WHERE ACCEPTABLE CARGO LOADING CAN BE ARRANGED.
C. CHECKPOINT: VESSELS BOUND FOR OR DEPARTING FROM IRAQI PORTS OR THE MINA AL-BAKR OIL TERMINAL MUST PASS WITHIN A FIVE-NAUTICAL-MILE RADIUS OF LATITUDE TWENTY-NINE DEGREES THIRTY-TWO MINUTES NORTH, LONGITUDE FORTY-NINE DEGREES

FOURTEEN MINUTES EAST (29-32N, 049-14E). APPROACHING VESSELS SHOULD CONTACT THE MIF COMNANDER ON BRIDGE-TO-BRIDGE RADIO, CHANNEL 16, WHEN WITHIN FIVE NAUTICAL MILES

OF THIS POINT. VESSELS WILL NOT BE PERMITTED TO PROCEED FROM THIS POINT UNTIL CLEARED BY THE MIF COMMANDER. VESSELS CONTAINING CARGOES FOR DESTINATIONS OTHER THAN IRAQ WILL NOT BE ALLOWED PASSAGE INTO IRAQ.
D. VESSEL TONNAGE LIMIT: VESSELS UNDER 30,000 DWT WILL NOT BE AUTHORIZED TO PROCEED TO MINA AL-BAKR FOR THE PURPOSE OF LOADING PETROLEUM CARGOES.
E. DOCUMENTATION: VESSEL DOCUMENTATION MUST CONFORM TO THE FOLLOWING REQUIREMENTS:
(1) AN ORIGINAL MANIFEST LIST, DESCRIBING THE CARGO AS WELL AS ITS LOCATION IN THE SHIP, MUST BE ON BOARD. THE ORIGINAL MANIFEST MUST INCLUDE THE PORT OF ORIGIN, PORTS OF CALL, COMPLETE BUSINESS NAMES AND ADDRESSES OF ALL SHIPPERS AND CONSIGNEES, AND A FINAL DESTINATION OF ALL CARGO. A COMPLETE BUSINESS ADDRESS MUST INCLUDE EITHER THE STREET ADDRESS; A PROMINENT IDENTIFIABLE GEOGRAPHIC LOCATION; OR A POST OFFICE BOX PLUS A TELEPHONE OR FAX NUMBER.

(2) CARGO ADDRESSED TO A FREE-TRADE ZONE MUST HAVE THE NAME, ADDRESS AND TELEPHONE OR FAX NUMBER OF THE CONSIGNEE TAKING CUSTODY OF THE CONTAINER OR CARGO.
(3) CONSIGNEE NAMES AND ADDRESSES ON ALL CARGO MUST MATCH THE MANIFEST.
(4) THE MANIFEST MUST BE SIGNED IN THE ORIGINAL BY THE VESSEL'S MASTER OR CHIEF MATE. THE MANIFEST MAY BE ON SHIPPER'S LETTERHEAD, FAX, PHOTOCOPY, OR COMPUTER PRINTOUT, BUT IT MUST BEAR AN ORIGINAL SIGNATURE, CONTAIN ALL THE INFORMATION LISTED ABOVE, AND OTHERWISE COMPLY WITH NORMAL MARITIME TRANSPORT PRACTICE.
(5) THE ORIGINAL MANIFEST MAY CONSIST OF MORE THAN ONE DOCUMENT IF THERE ARE AMENDMENTS THAT LIST CARGO DROPPED OFF AT A GIVEN PORT, OR CORRECT THE ORIGINAL MANIFEST. THESE AMENDMENTS MAY ORIGINATE FROM THE SHIPPER OR CARRIER. SINCE ADDITIONAL DOCUMENTS MAY BE TRANSMITTED TO A VESSEL BY SUCH MEANS AS TELEGRAM OR FAX, THEY NEED NOT BEAR AN ORIGINAL SIGNATURE. HOWEVER, THE MASTER IS REQUIRED TO CERTIFY IN WRITING THAT THE AMENDED MANIFEST ACCURATELY REFLECTS WHAT IS ON BOARD THE VESSEL. THE UNDERLYING REQUIREMENTS ARE FOR ACCURATE DOCUMENTATION OF CARGO AND DESTINATION, AND FOR A HIGH DEGREE OF CONFIDENCE THAT THE DOCUMENTS ARE AUTHENTIC..

(6) IF APPLICABLE, THE CARGO DOCUMENTATION MUST INCLUDE A COPY OF THE AUTHORIZATION ISSUED BY THE UN PURSUANT TO UNSCR 661 OR UNSCR 986/1111. REFER TO PARAGRAPH 1 ABOVE FOR SPECIFIC AUTHORIZATION REQUIREMENTS.
4. VESSEL PRE-CLEARANCE:

A. OIL TANKERS INBOUND TO THE MINA AL-BAKR TERMINAL PURSUANT TO UN AUTHORIZATION UNDER UNSCR 986/1111 WILL
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PAGE 08 STATE 120071 260241Z
NORMALLY BE AUTHORIZED TO PROCEED UNINTERRUPTED THROUGH THE CHECKPOINT DESCRIBED IN PARAGRAPH 3C. ADVANCE NOTIFICATION AND CHECK-IN ON CHANNEL 16 ARE STILL REQUIRED.
B. VESSELS TRANSPORTING BULK HUNANITARIAN CARGOES ARE INVITED TO CONTACT THE MIF COORDINATOR PRIOR TO SAILING TO EXPLORE PRE-CLEARANCE OPTIONS WHICH USE VOYAGE MONITORING METHODS AND CARGO LOADING CERTIFICATION FROM APPROVED AGENTS. THE MIF COORDINATOR MAY CONSIDER ALTERNATE PRE-CLEARANCE PROCEDURES ON A CASE-BY-CASE BASIS.
C. NOTWITHSTANDING THE PRE-CLEARANCE OPTIONS DISCUSSED ABOVE, THE MULTINATIONAL NAVAL FORCES RETAIN THE RIGHT UNDER UNSCR 665 AND OTHER RELEVANT RESOLUTIONS TO CONDUCT DOCUMENT CHECKS AND AT-SEA INSPECTIONS OF ANY VESSEL WHEN DEEMED NECESSARY.
5. INCOMPLETE DOCUMENTATION: IRAQ-BOUND VESSELS WHICH ARE DETERMINED TO HAVE INCOMPLETE CARGO MANIFESTS, OR TO BE OTHERWISE IN VIOLATION OF THE REQUIREMENTS LISTED IN THIS ADVISORY, MAY BE DETAINED BY THE NAVAL FORCES OR DIVERTED TO A NON-IRAQ PORT UNTIL APPROPRIATE CONDITIONS ARE MET.
6. PETROLEUM EXPORTS AND BUNKER FUEL NOT APPROVED BY THE UN: OUTBOUND VESSELS ARE SUBJECT TO SEARCH BY THE MIF. IF AN INTERCEPTED VESSEL IS SUSPECTED TO BE CARRYING A CARGO OF IRAQI PETROLEUM, PETROLEUM PRODUCTS, OR HAS TAKEN ON IRAQI BUNKER FUEL WITHOUT UN AUTHORIZATION, THE MIF WILL TAKE CARGO AND BUNKER FUEL SAMPLES FOR LABORATORY ANALYSIS, EXAMINATION, AND COMPARISON WITH IRAQI CONTROL SAMPLES. VESSELS SUSPECTED OF VIOLATING UN SANCTIONS MAY BE DETAINED AND IF IT IS DETERMINED THAT A PETROLEUM CARGO IS OF IRAQI ORIGIN, THE CARGO WILL BE SEIZED AND DISPOSED OF IN ACCORDANCE WITH UNSCR 778. IN SUCH CASES, THE VESSEL AND CREW MAY ALSO BE SUBJECT TO ENFORCEMENT ACTIONS BY AN
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PAGE 09 STATE 120071 260241Z

ACCEPTING UN MEMBER STATE.
7. CRUISE AND PASSENGER SHIPS: CRUISE OR PASSENGER SHIPS TRAVERSING THE MIF ENFORCEMENT AREA WILL BE SUBJECT TO THE FOLLOWING REQUIREMENTS:
A. VESSELS WITH NO COMMERCIAL CARGO CARRYING CAPACITY MAY ARRANGE FOR EXPEDITIOUS TRANSIT THROUGH THE ENFORCEMENT AREA BY FORWARDING CERTIFICATION FROM A MEMBER OF THE INTERNATIONAL ASSOCIATION OF CLASSIFICATION SOCIETIES (LACS) THAT THE SHIP HAS NO SUCH CAPACITY. THE CERTIFICATION MUST BE SENT BY LETTER OR FAX AT LEAST SIXTY DAYS PRIOR TO TRANSIT.

B. A PASSENGER VESSEL ARRIVING IN THE ENFORCEMENT AREA WHICH HAS NOT COMPLIED WITH THE REQUIREMENTS OF PARAGRAPH ~.A WILL BE BOARDED AND INSPECTED DURING DAYLIGHT HOURS. IF IT IS DETERMINED THAT THE VESSEL HAS NO COMMERCIAL CARGO CARRYING CAPACITY, ITS IDENTIFICATION WILL BE RECORDED, SO THAT IT MAY BE VISUALLY IDENTIFIED AND NOT BOARDED DURING SUBSEQUENT TRANS ITS -
8. FOR MERCHANT ADVISORY UPDATES, VESSELS SHOULD CONTACT THE COMMANDER, U.S. NAVAL FORCES CENTRAL COMMAND, MARITIME INTERCEPTION COORDINATOR (N3LCG), FPO AE 09501-6008. THE FAX NUMBER IS 9~3--24-344 OR 9~3--24-334. THE VOICE TELEPHONE IS 9V3--24-839 OR 973--24-841.

-- END TEXT OF UPDATED MARINER NOTICE

3. DEPARTMENT POC FOR MIF MATTERS IS [ ]
USN, [ ]
TALBOTT

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PAGE 10 STATE 120071 260241Z

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NNNN

Message Printed on 2/21/2003 7:42:59 AM by RL RefNum:RL2112420

From/To: Petrian Shipbrokers
Msg Recvd/Delivered: 2/20/2003 9:23:54 PM
ATTN: Paul Martin
SUBJ: ARGOSEA / MILLENIUM

REF: MHR2112420

FROM: ODIN MARINE,INC. - LARGE TANKER DEPARTMENT
DATE: 2/20/2003
TIME: 9:23:54 PM

ATTN: Paul Martin
SUBJ: ARGOSEA / MILLENIUM

ARGOSEA / MILLENIUM

WE HAVE RECEIVED THE FOLLOWING THIS EVENING FROM THE CHARTERERS :-

1. We would like to reconfirm the basis of our agreement when we first chartered the vessel and reiterate that nothing has changed despite the received queries from the Owner and you should not be concerned whatsoever. We would further like to confirm that neither you as Brokers nor the Owners of the vessels would be subject to any law enforcement in whatever matter and in whatever jurisdiction since this is a recognized and approved transaction by the concerned parties involved.

2. We further undertake to indemnify Odin Marine and the Owners for any harm, losses, or consequences that may arise out as a result of the operation of the vessels. As you had already been made aware from the beginning that not much information could be shared, the whole operation is done in line with certain protocols and special agreements.

3. It is essential at this time to reemphasize once again the confidentiality of the entire operation and that all parties must maintain the highest level and utmost confidentiality in all aspects of this operation.

4. The safe passage of the vessel while approaching MINA AL BAKR to load and its safe passage while loaded on the return trip only endorses the above and the legitimacy of the operation.

5. Regarding information on Millennium for the Trade of Raw Materials and Mineral Oils. Very briefly, it is part of SBIG S.A. which is a holding company for a number of well established businesses in the Middle East involved in numerous international business ventures. We are, in addition, the dealers for BMW, Rover, Land Rover, and Mini vehicles in Jordan and our most recent activity entails building a CKD plant for Land Rover in Jordan. More importantly, we have been awarded by the Government of Jordan a license to erect and operate a 60,000 barrels per day crude oil refinery with a total cost of approximately $600 million.

6. It goes without saying that all information provided herein this e-mail must be kept in strict confidence and are solely provided for the addressee.

REGARDS
MICHAEL RICHARDS
ODIN MARINE INC

Fax: 203-964-8115

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 209

Berkovitz, Da Redacted by the Permanent Subcommittee on Investigations

From: HJaffel
Sent: Thursday, March 24, 2005 9:45 AM
To: Berkovitz, Dan (HSGAC)
Subject: Re: Correct e-mail?

Dear Dan:

Set forth below is the response to your recent questions. If you have any further comments or questions do not hesitate to call.

Regards,
Howard

CONFIDENTIAL AND SUPPLEMENTAL DISCLOSURE

To: Dan Berkovitz
For the Senate Permanent Subcommittee on Investigations Committee on Homeland Security and Governmental

Redacted by the Permanent Subcommittee on Investigations

From: Howard A. Jaffe
For: Odin Marine, Inc.

Redacted by the Permanent Subcommittee on Investigations

Date: March 24, 2005

Dear Dan:

Redacted by Permanent Subcommittee on Investigations

With regard to the other issues you raised we respond as follows:

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 211

1. Discharge and pick up activities of certain chartered vessels-

The Charters you inquired of were term charters, as we heretofore explained, and so Odin's knowledge is limited to information extracted from e-mails in its files. Subject to the foregoing Odin, to the best of its knowledge, believes the following information to be accurate:

M/T Seacross II C/P 2/07/03

Loaded Khor Al Amaya (KAA) 03/16/03
Discharged: via Ship to Ship (STS) to T/T Marine Pacific at Fujairah 03/27/03

M/T Violando C/P 2/08/03

Never loaded or discharged under this C/P.

M/T Sea Victory C/P 2/17/03

Loaded KAA 03/01/03
Discharged: via STS T/T Marine Pacific at Fujairah 03/22/03

M/T Arcadian I C/P 02/14/03

Loaded Mina Al Bakr 03/01003
Discharged: via STS M/T Empress des Mers 05/10/03

M/T Artemis/JNSL C/P 01/27/03

Loaded: Aqaba 02/05/03 (believe slow loading) 137,024.345 M. Tons Arab Light Crude Oil
Discharged: 03/22/03 eta Aden at which time it is believed discharge occured

MT Argosea C/P 2/06/03

Loaded: KAA 02/12-18/03 985,333 barrels of Basrah Light Crude Oil
Discharge: Appears initially ordered to Aqaba to discharge with eta 04/07/03; voyage orders were then changed for discharge at Aden eta 04/04/03; then ordered to Aqaba again where it discharged on 04/18/04. Vessel was redelivered to owner about 04/27/03.

Redacted by Permanent Subcommittee on Investigations

Redacted
by
Permanent Subcommittee
on Investigations

Respectfully submitted,

Howard A. Jaffe

Peter Boks

02/18/2003 05:37 PM

To: sevan@un.org
cc:
Subject: For your info. Encrypted Mail

Benon,

Just to let you know:

Tv. "Argosea" has completed loading from Khor Al Amayah.

Rumour is that following vessel's are scheduled to load at the same location:

Tv. "Violanda", Tv. "Seacross II", Tv. "New Jane", Tv. "Eagle", Tv. "Artines" & Tv. " Navarino"

Product if offered on the market by a company Apex Oil & Trading, and is loaded under the "Jordanian agreement".

In the meantime, it also seems that a cargo (Iraqi Crude Oil) was loaded in Aqaba on Tv. "Berge Chief" .

Please call me if more info is required.

Best regards,

Peter

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 220

Message Printed on 2/5/2003 9:59:31 AM by RL RefNum:RL2084656

From/To: ("424802810" <424802810@thermles.gr>)
Msg Recvd/Delivered: 2/5/2003 9:16:10 AM
SUBJ: ARTEMIS

From: "424802810" <424802810@thermles.gr>
To: LARGETANKER@ODINGROUP.COM
Subject:
Date: Wed, 5 Feb 2003 14:23:22 -00
Message-Id: <412003235142322420@thermles.gr>

Email sent via OTE Inmarsat-C LES Thermopylae, LES Id: 305

Date/Time 03-02-05/14-13
MRN 921150

TO : JORDAN NATIONAL SHIPPING LINES

CC : ODIN MARINE INC.

CC . POLEMBROS SHIPPING

FM : M/T '' ARTEMIS ''

N O T I C E O F D E L I V E R Y

DEAR SIRS,
PLEASE BE ADVISED THAT M/T '' ARTEMIS '' UNDER MY COMMAND ARRIVED AT ''AQABA'' ON FEBRUARY 05TH,2003 AT 1530 HRS AND SINCE THIS DATE AND TIME HAS BEEN DELIVERED TO ''THE MINISTRY OF ENERGY AND MINERAL RESOURCES, GOVERNMENT OF THE HASHEMITE KINGDOM OF JORDAN'',ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE RELATIVE TIME CHARTER PARTY.

BUNKERS ROB ON AM DELIVERY TIME : FUEL OIL = 239 M/TONS
DIESEL OIL = 115 M/TONS

YOURS FAITHFULLY

MASTER
CAPT.GEORGANTAS DIMITRIOS

KINDLY PASS SAME TO ALL PARTIES CONCERNED.

TKS/BRGDS
MASTER

NNNN

Received: from galaxy.maritel.gr ([195.167.98.7])
by srvmrs.odinmarine.com (NAVGW 2.5.2.9) with SMTP id M2003020509160123185
for <LARGETANKER@ODINGROUP.COM>; Wed, 05 Feb 2003 09:16:03 -0500
Received: from thermles.gr (thermoc.thermles.gr [212.205.249.97])
by galaxy.maritel.gr (8.11.6/8.11.6) with SMTP id h15EIsQ20415
for <LARGETANKER@ODINGROUP.COM>; Wed, 5 Feb 2003 16:19:12 +0200
Message-ID: <412003235142322420@thermles.gr>

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 244

Message Printed on 3/26/2003 8:07:51 AM by RL RefNum:RL2171307

From/To: (Capt. Ghazi Abu Laila)
Msg Recvd/Delivered: 3/26/2003 8:07:40 AM
SUBJ: Artemis / JNSL TCP 27 Jan 2003

ODIN MARINE INC. 26 March 2003

Re ; Artemis / JNSL

TCP Dated 27 Jan 2003

PLEASE NOTE BELOW WHICH RECEIVED FROM OWNERS ++ QUOTE ++

M/T ARTEMIS/JORDAN C/P 27/01/03

LOI RECEIVED AND FOUND IN ORDER.
WE HAVE ALSO NOW RECEIVED CONFIRMATION THAT THE OUTSTANDING MONIES FOR THE WAR RISK HAVE BEEN REMITTED, ALTHOUGH STILL NOT RECEIVED.
IN THE SPIRIT OF COOPERATION, MASTER HAS BEEN ISTRUCTED TO RELEASE CARGO OF 137,024.345MT CRUDE OIL TO ADEN REFINERY COMPANY AND AL-HODA INTERNATIONAL TRADING CO, AT THE PORT OF ADEN WITHOUT PRODUCTION OF THE ORIGINAL BILL OF LADING.

REGARDS
POLEMBROS

UNQTE

Regards,

Bob Lubbers
ODIN MARINE INC.

OFF TEL 203-969-3300
OFF FAX 203-964-8115
MOBILE TEL 203-559-9001
MOBILE EMAIL rlmarine@aol.com
HOME TEL 203-356-1115
YAHOO MESSENGER Robert_Lubbers

---------- End of Message ----------

Message Printed on 3/30/2003 3:10:31 PM by TP RefNum:TP2177701

From/To: ("Millenium Marine Division" <marine@sbigholdings.com>)
Msg Recvd/Delivered: 3/29/2003 5:57:42 AM
SUBJ:

ReplyTo: <marine@sbigholdings.com>
From: "Millenium Marine Division" <marine@sbigholdings.com>
To: <argosea@super-hub.com>
cc: <largetanker@odingroup.com>, <ops@petrian.co.uk>
Subject:
Date: Sat, 29 Mar 2003 12:56:23 +0200
Message-Id: <FC1876CEBD085847B213148B8E7ED4BD01AE67@hqmail.sbig.com>

MILLENNIUM FOR THE TRADE OF RAW MATERIALS & MINERAL OILS

Phone +962 6 5608777 - Fax +962 6 5688009

From: Marine & Oil Operations
FAX: +962 6 5623112
TELEX: 23662 AFICO JO

To: Master of M/T ARGOSEA
Fax 00870763257420

CC: ODIN MARINE, Bob Lubbers

<mailto:largetanker@odingroup.com> largetanker@odingroup.com
Fax 0012039648115

CC: PETRIAN
<mailto:ops@petrian.co.uk> ops@petrian.co.uk
Fax 00442072221346

DATE:29.03.2003

SUBJECT: CHARTERERS INSTRUCTIONS ,

DEAR CAPT. VLADIMIR

FOLLOWING ARE CHARTERERS INSTRUCTIONS FOR THE VOYAGE FUJAIRAH/AQABA.

1- HEAVE UP ANCHOR AND PROCEED A.S.A.P AT FULL SPEED TO AQABA, JORDAN TO DISCHARGE.
2- REPORT TODAY YOUR SAILING TIME, BUNKERS ROB AND ETA
3- REPORT DAILY YOUR NOON POSITION, DISTANCE RUN, DISTANCE TO GO, AVG SPEED, ETA AND BUNKERS ROB.

BEST REGARDS

JAMIL SAYEGH

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 251

Message Continues...

MILLENNIUM

[A Mime Part (~) was detected here]

Received: from psmtp.com ([64.75.1.134])
 by srvmrs.odinmarine.com (NAVGW 2.5.2.9) with SMTP id M2003032905573205447
 for <largetanker@odingroup.com>; Sat, 29 Mar 2003 05:57:32 -0500
Received: from source ([128.121.227.37]) by exprod5mx75.postini.com
([64.75.1.245]) with SMTP;
        Sat, 29 Mar 2003 05:57:32 EST
Received: from trade3551 ([194.165.153.202]) by sbigholdings.com (8.12.6) id
h2TAvNgA036082; Sat, 29 Mar 2003 03:57:26 -0700 (MST)
Reply-To: <marine@sbigholdings.com>
From: "Millenium Marine Division" <marine@sbigholdings.com>
To: <argosea@super-hub.com>
Cc: <largetanker@odingroup.com>, <ops@petrian.co.uk>
Date: Sat, 29 Mar 2003 12:56:23 +0200
Message-ID: <FC1876CEBD085847B213148B8E7ED4BD01AE67@hqmail.sbig.com>
MIME-Version: 1.0
Content-Type: multipart/alternative;
        boundary="----=_NextPart_000_0000_01C2F5F2.A1831B90"
X-Priority: 3 (Normal)
X-MSMail-Priority: Normal
X-Mailer: Microsoft Outlook, Build 10.0.2627
X-MimeOLE: Produced By Microsoft MimeOLE V6.00.2800.1106
X-pstn-levels: (C:80.2266 M:98.8113 P:95.9108 R:95.9108 S: 7.9823)
X-pstn-settings: 4 (1.5000:4.5000) pmCr
X-pstn-addresses: from <marine@sbigholdings.com> forward (user good)

        ---------- End of Message ----------

Message Printed on 3/31/2003 2:35:34 PM by RL RefNum:RL2179783

From/To: Petrian Shipbrokers/Operations
Msg Recvd/Delivered: 3/31/2003 2:35:25 PM
SUBJ: Argosea / MIllenium TCP 06 Feb 2003

REF: RL2179783

FROM: ODIN MARINE,INC.
DATE: 3/31/2003
TIME: 2:35:25 PM

SUBJ: Argosea / MIllenium TCP 06 Feb 2003

ODIN MARINE INC. 31 March 2003

Re : Argosea / Millenium

TCP Dated 06 Feb 2003

FOLLOWING RECEIVED FROM CHARTERERS ++ QUOTE ++

PLEASE NOTIFY OWNERS/MANAGERS OF M/T ARGOSEA THAT VESSEL IS PRESENTLY ENROUTE TO AQABA ETA 7 APRIL 03 TO DISCHARGE ITS CARGO OF CRUDE OIL (WITH POSSIBLE CHANGE OF DISPORT WITHIN THE TRADE AREA AGREED) . UPON COMPLETION OF THE VOYAGE, CHARTERERS SHALL REDELIVER THE NAMED VESSEL AT THE DISPORT.

CHARTERERS WOULD LIKE TO THANK OWNERS FOR THEIR GOOD COOPERATION

REGARDS

Jamil Sayegh
MILLENIUM Marine & Oil Division

Unquote

Regards,

Bob Lubbers
ODIN MARINE INC.

OFF TEL 203-969-3300
OFF FAX 203-964-8115
MOBILE TEL 203-559-9001
MOBILE EMAIL rlmarine@aol.com
HOME TEL 203-356-1115
YAHOO MESSENGER Robert_Lubbers

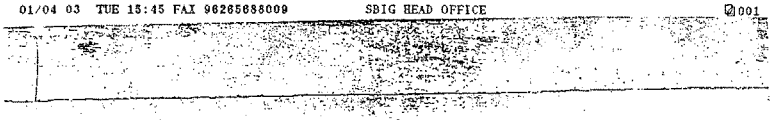
---------- End of Message ----------

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 252

Message Printed on 4/1/2003 8:10:16 AM by RL RefNum:RL2180947

From/To: SBIG Holdings
Msg Recvd/Delivered: 4/1/2003 7:50:16 AM
SUBJ: Argosea

01/04 03 TUE 15:45 FAX 96265688009 SBIG HEAD OFFICE 001



cc: oDir.

01.04.03 13:08
*
*TCC JO
*000999 APR 01 +3 1526 PTS
*05838424871910

01.04.03 13:08
*
*TCC JO
*001001 APR 01 +3 1527 PTS
*05834248719104
* 424871910=ARGS X*
23662 AFICO JO

FM: MILLENNIUM
TO: MASTER OF ARGOSEA

DEAR CAPT VLADIMIR

PLS NOTE YOUR DISCH PORT IS ADEN IN YEMEN
KINDLY ADVISE YOUR ETA ADEN ANCHORAGE

ALSO REPORT YOUR TODAY'S NOON POSITION

RGDS

J. SAYEGH
MILLENNIUM
*+
*424871910=ARGS X

23662 AFICO JO
*NNNN
*ITD 03-04-01 12:29:47 MSG 184087
*
*
*TIME 001.4 MINS
*

---------- End of Message

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 253

Message Printed on 4/3/2003 8:30:36 AM by RL RefNum:RL2185834

From/To: Sayegh/SBIG Holdings (private)
Msg Recvd/Delivered: 4/3/2003 8:30:36 AM
ATTN: Jamil Sayegh
SUBJ: Argosea / Millenium TCP 06 Feb 2003

REF: RL2185834

FROM: ODIN MARINE,INC.
DATE: 4/3/2003
TIME: 8:30:36 AM

ATTN: Jamil Sayegh
SUBJ: Argosea / Millenium TCP 06 Feb 2003

ODIN MARINE INC. 03 April 2003

Re ; Argosea / Milleniom

TCP Dated 06 Feb 2003

PLEASE NOTE BELOW WHICH RECEIVED FROM OWNERS ++ QUOTE ++

++
++

TSAKOS SHIPPING AND TRADING S.A.
DD : 03.04.2003 - Msg.No.: HH.030403-02

RE : MT ARGOSEA/MILLENNIUM TCP 06.02.03

PLEASE PASS TO CHARTERERS

Following message received from the ship's Master.

QUOTE

23662 AFICO JO

FM: MILLENNIUM
TO: MASTER M/T ARGOSEA

DR CAPT VLADIMIR

YR DISPORT IS ADEN, YEMEN, PLS NOTE THE FOLG:
1- REPORT YOUR ETA SOONEST TO AGENT IN ADEN.

2- AGENT IS MIDDLE EAST AGENCY ADEN, PH +967 2 240958
FAX +967 2 240957, TLX 5728 YEMEN, MOB MR ALI BOU KHADRI
+967 71 713040 OR MR GHULAM +967 71189007

3- DUE TO DRAFT, YOU'LL LIGHTER AT ANCHORAGE TILL DRAFT 14.00 M
EVEN KEEL, THEN BERTH AL'GSIDE

4- FOR ALL YOUR SHIP BUSINESS AND DISCH, FM TIME YOU DROP ANCHOR
TILL COMPLETE DISCH'G WOULD BE HANDLED BY JORDAN NATIONAL
SHIPPING WHO WOULD CONTACT YOU LATER ON 3RD APRIL, PLS FOLLOW
THEIR OPERATIONAL INSTRUCTIONS.

5- OUR REPRESENTATIVE MR HAMMAN KILANI IS FLYING TONIGHT TO
ADEN, WILL MEET YOU ONBOARD WITH NEW SET OF BS/L FOR YOUR
SIGNATURE

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 254

B'RGDS

J.SAYEGH
MILLENNIUM

23662 AFICO JO
NNNN

UNQTE

BRGDS
VLADIMIR EGOSHIN
MASTER

220550 STAR GR
424871910=ARGS X

UNQUOTE

Charterers are requested to provide full details of:

a. Lightering vessels
b. The STS Operators
c. The exact STS location

The above information is needed by the Owners in order to notify their P+I Club/H+M Underwriters and place appropriate insurance cover for STS operation.

Charterers' prompt reply will be highly appreciated.

Best regards,
Capt. M. Foradis
Operations dept.
TSAKOS Athens as Agents

UNQTE

++=
++

Regards,

Bob Lubbers
ODIN MARINE INC.

OFF TEL 203-969-3300
OFF FAX 203-964-8115
MOBILE TEL 203-559-9001
MOBILE EMAIL rlmarine@aol.com
HOME TEL 203-356-1115
YAHOO MESSENGER Robert_Lubbers

---------- End of Message ----------

Message Printed on 4/1/2003 12:...05 PM by RL RefNum:RL2181783

From/To: (<ops@petrian.co.uk>)
Msg Recvd/Delivered: 4/1/2003 12:04:17 PM
SUBJ: ARGOSEA / MILLENIUM / TCP 12.03.03 - URGENT

ReplyTo: <ops@petrian.co.uk>
From: <ops@petrian.co.uk>
To: "Odin Marine Connecticut"<largetanker@odingroup.com>
Subject: ARGOSEA / MILLENIUM / TCP 12.03.03 - URGENT
Date: Tue, 01 Apr 2003 18:01:24 +0100
Message-Id: <E190PBB-0001hu-00@mta04.btfusion.com>

TO..: "Odin Marine Connecticut"
ATTN: MICHAEL RICHARDS
FROM: PETRIAN SHIPBROKERS LTD
DATE: 01-APR-2003 18:01
MSG.: 661447

------- Recipient List: ----------
TO: Odin Marine Connecticut // MICHAEL RICHARDS
TO: ODIN OPERATIONS // BOB LUBBERS

URGENT URGENT

ARGOSEA / MILLENIUM / TCP 12.03.03

PLS FIND BELOW MSG FROM OWNERS:

QTE

To: PETRIAN SHIPBROKERS LTD

REF : TST/09/121/FL4

TO: PETRIAN
FM : TSAKOS ATHENS

URGENT URGENT

RE: MT ARGOSEA - A/C MILLENNIUM CP DD 06 FEB 2003

FOLLOWING RECEIVED FROM MASTER MT ARGOSEA, A FEW MINUTES AGO.

QUOTE
DATE: 01.04.2003 TIME:15:00 UTC MSG:791
REF:TST/121/09/FL4/OPS

ATTN: CAPT.M,FORADIS

CC: CSM

ATTN:CAPT.ANDREAS XAPOLYTOS
BORIS PETRIJCUKS

DEAR CAPT.,
FYI FOLLOWING RECEIVED FROM CHARTERERS:
QTE
STRATOS CSAT 23662 AFICO JO 1-APR-2003 12:40:02

23662 AFICO JO

FM: MILLENNIUM

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 255

TO: MASTER OF ARGOSEA

DEAR CAPT. VLADIMIR

PLS NOTE YOUR DISCH PORT IS ADEN IN YEMEN
KINDLY ADVISE YOUR ETA ADEN ANCHORAGE

ALSO REPORT YOUR TODA'S NOON POSITION

RGDS
J.SAYEGH
MILLENNIUM

23662 AFICO JO
NNNN

UNQTE

BRGDS
MASTER
UNQUOTE

WE ESTIMATE VESSEL'S ARRIVAL ADEN ON ABOUT 3/4 1400 HRS.

WE APPEND HEREUNDER OUR REPLY TO CHARTERERS.

QUOTE
TO: Millenium
FM: Tsakos Shipping Athens

RE: ARGOSEA - T/C dtd. 6th February 2003 - 985,333 bbls Basrah Light Crude Oil

We refer to your order that the vessel proceed to Aqaba to discharge her cargo, with which, subject to revision of the Bill of Lading position, we were happy to comply.

This was in line with our discussions in Amman with yourselves where we highlighted:

1.
that there was considerable media speculation that the cargo was unlawful, to which you and your government insisted that the cargo was for the use of the Jordanian state, and that you were permitted to export the cargo from Iraq by the tacit consent of the United Nations under Article 50 of the UN charter:

2.
that there was media speculation that the cargo was not for the use of the Jordanian state and that even if para 1 above was accepted, if it became clear that the cargo was to be delivered to non-Jordanian state interests, the rationale under the UN charter (Art. 50) would no longer be available and Owners would have to treat the cargo/order for delivery as unlawful. As a result, the indemnity provided by the Jordanian government on 13th March 2003 was drafted to ensure that the delivery was to Jordanian state interests through Millenium.

You have now changed your orders for Aqaba and have directed the vessel to deliver the cargo at Aden. Given the two matters highlighted above, we are duty bound to enquire on behalf of the Owners of the vessel for details as to the circumstances in which cargo destined for use by the Jordanian state should be discharged at Aden. We very much wish to work with you and to accommodate your reasonable and lawful orders but consider that it is imperative that you please let us have as much information as possible in order to demonstrate to us that the cargo is still destined for use by Jordanian state interests despite being ordered to be delivered at Aden.

We look forward to your reply.

Message Continues...

Best regards,
UNQUOTE

CHARTERERS PROMPT REPLY WOULD BE APPRECIATED.

BEST REGARDS
H.HAJIMICHAEL

UNQTE

(END)

B.REGARDS/SARAH CLAXTON
MOB: +44 77 60 17 79 28
OFF: +44 20 74 11 01 47
FAX: +44 20 72 22 13 46
++ PLEASE REPLY TO E-MAIL: ops(at)petrian.co.uk ++
YAHOO: sarah(underscore)petrian

.
Received: from psmtp.com ([12.158.34.153])
 by srvmrs.odinmarine.com (NAVGW 2.5.2.9) with SMTP id M2003040112041322011
 for <largetanker@odingroup.com>; Tue, 01 Apr 2003 12:04:14 -0500
Received: from source ([62.172.195.246]) by exprod5mx13.postini.com ([12.158.34.245]) with SMTP;
        Tue, 01 Apr 2003 09:04:12 PST
Received: from [213.120.127.221] (helo=smtp.btclick.com)
        by mta04.btfusion.com with smtp (Exim 4.10)
        id 190PBB-0001hu-00
        for largetanker@odingroup.com; Tue, 01 Apr 2003 17:04:09 +0000
Date: Tue, 01 Apr 2003 18:01:24 +0100
From: <ops@petrian.co.uk>
To: "Odin Marine Connecticut"<largetanker@odingroup.com>
Reply-To: <ops@petrian.co.uk>
Sender: <ops@petrian.co.uk>
Subject: ARGOSEA / MILLENIUM / TCP 12.03.03 - URGENT
Mime-Version: 1.0
X-MM2000-RRTo: <ops@petrian.co.uk>
X-MM2000-RRInfo: 661447-1127
X-MM2000-MsgNr: 661447@1127
Content-Type: text/plain
Content-Transfer-Encoding: 7bit
Message-Id: <E190PBB-0001hu-00@mta04.btfusion.com>
X-pstn-levels: (C:80.2266 M:99.5542 P:95.9108 R:95.9108 S:88.7957)
X-pstn-settings: 4 (1.5000:4.5000) pmCr
X-pstn-addresses: from <ops@petrian.co.uk>

        ---------- End of Message ----------

Message Printed on 4/10/2003 11:54:47 AM by RL RefNum:RL2199449

From/To: (<ops@petrian.co.uk>)
Msg Recvd/Delivered: 4/10/2003 11:38:19 AM
SUBJ: ARGOSEA / MILLENIUM / TCP 06.02.03

ReplyTo: <ops@petrian.co.uk>
From: <ops@petrian.co.uk>
To: <largetanker@odingroup.com>
Subject: ARGOSEA / MILLENIUM / TCP 06.02.03
Date: Thu, 10 Apr 2003 16:37:47 +0100
Message-Id: <E193e7u-0006xX-00@mta03.btfusion.com>

FROM: PETRIAN SHIPBROKERS LTD
DATE: 10-APR-2003 16:37
MSG.: 663114

ARGOSEA / MILLENIUM / TCP 06.02.03

I HAVE SPOKEN TO OWNERS WHO ADVISE THAT VSL WILL DISCHARGE AGAINST ORIGINAL B/LS ALTHOUGH APPARENTLY THESE NEED TO BE REISSUED AFTER THE OLD ONES ARE CANCELLED. THE OWNER'S OPERATOR IS OF THE UNDERSTANDING THAT HIS BOSS HAS SENT A MSG REGARDING B/LS DIRECTLY TO CHARTERERS - I HAVE ASKED FOR THEM TO SEND US A COPY.

BEST REGARDS,

SARAH CLAXTON
PETRIAN - OPS

++++++++++++++++

> REF: RL2198431
>
> FROM: ODIN MARINE,INC.
> DATE: 4/10/2003
> TIME: 8:06:40 AM
>
> SUBJ: ARGOSEA / MILLENIUM / TCP 06.02.03
>
> I thinmk becuase there is a bill of lading on board ????
>
> That is my understanding
>
> Regards,
>
> Bob Lubbers
> ODIN MARINE INC.
>
> OFF TEL 203-969-3300
> OFF FAX 203-964-8115
> MOBILE TEL 203-559-9001
> MOBILE EMAIL rlmarine@aol.com
> HOME TEL 203-356-1115
> YAHOO MESSENGER Robert_Lubbers
>
>
>
>
>
>
> ReplyTo: <ops@petrian.co.uk>
> From: <ops@petrian.co.uk>
> To: "ODIN OPERATIONS"<ltops@odingroup

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 256

> Subject: ARGOSEA / MILLENIUM / TCP 06.02.03
> Date: Thu, 10 Apr 2003 13:03:35 +0100
> Message-Id: <E193amc-0003jS-00@mta03.btfusion.com>
>
> TO..: "ODIN OPERATIONS"
> ATTN: BOB LUBBERS
> FROM: PETRIAN SHIPBROKERS LTD
> DATE: 10-APR-2003 13:03
> MSG.: 662985
>
>
> ARGOSEA / MILLENIUM / TCP 06.02.03
> ==================================
>
> PLS FIND BELOW MSG FROM OWNERS. FYG, WE HAVE PUT A CALL INTO OWNERS
> IN ORDER TO
> ASCERTAIN WHY THEIR MSG IS TO BE DISREGARDED - WE WILL REVERT WHEN WE
> HAVE
> SPOKEN TO OWNERS:
>
> QTE
> ---
>
> To: PETRIAN - MRS SARAH CLAXTON
>
>
> ref:tst/09/121/f14/mf
>
> FROM: TSAKOS HELLAS
> DATE: 10 APR 2003
>
> KINDLY DISREGARD OUR BELOW MESSAGE OF TODAY .
>
> QQ
> To: PETRIAN - MRS SARAH CLAXTON
>
> from:tsakos hellas
> date: 10 apr 2003
>
> sub: m.t. argosea / l.o.i.
>
> following for chrtrs:
> chrtrs are kindly requested to provide l.o.i. for cargo discharging
> without presentation of original bs/l.
>
> best regards,
> cpt m.foradis/ops
>
> UNQQ
>
> SORRY FOR ANY INCONVENIENCE CAUSED .
>
> BEST REGARDS
> CPT M.FORADIS /OPS
>
> UNQTE
> -----
>
> (END)
>
> B.REGARDS/SARAH CLAXTON
> MOB: +44 77 60 17 79 28
> OFF: +44 20 74 11 01 47
> FAX: +44 20 72 22 13 46
> ++ PLEASE REPLY TO E-MAIL: ops(at)petrian.co.uk ++
> YAHOO: sarah(underscore)petrian
>
>
> .
> Received: from psmtp.com ([12.158.34.178])
> by srvmrs.odinmarine.com (NAVGW 2.5.2.9) with SMTP id
> M2003041008040027481

Message Continues...

Message Printed on 4/10/2003 12:59:55 PM by RL RefNum:RL2199636

From/To: (<ops@petrian.co.uk>)
Msg Recvd/Delivered: 4/10/2003 12:45:23 PM
SUBJ: ARGOSEA / MILLENIUM / TCP 06.02.03

ReplyTo: <ops@petrian.co.uk>
From: <ops@petrian.co.uk>
To: "ODIN OPERATIONS"<ltops@odingroup.com>
Subject: ARGOSEA / MILLENIUM / TCP 06.02.03
Date: Thu, 10 Apr 2003 17:44:50 +0100
Message-Id: <E193fAn-0004YT-00@mta04.btfusion.com>

TO..: "ODIN OPERATIONS"
ATTN: BOB LUBBERS
FROM: PETRIAN SHIPBROKERS LTD
DATE: 10-APR-2003 17:44
MSG.: 663142

ARGOSEA / MILLENIUM / TCP 06.02.03

PLS FIND BELOW MSG FROM OWNERS:

QTE

TO : PETRIAN
FM : TSAKOS HELLAS
DD : 10.04.2003

FOLL SENT.

ÂEST REGARDS

TO : MT ARGOSEA
ATTN : Capt. Vladimir
CC : MILLENNIUM
ATTN : Mr Ahed M. Sukhon
FM : TSAKOS HELLAS
DD : 10.04.2003 - Msg.No.: HH.100403-15

Capt. Vladimir,

Please note that the following arrangements have been made with the Charterers:

1. A set of new Bs/L will be presented to you recording the following changes:
   - Consignee: Ministry of Energy and Mineral Resources, The Government of the Hashemite Kingdom of Jordan
   - Port of discharge: Aqaba, Yemen

2. The Charterers will return to you the 3 original Bs/L already signed by you with port of discharge: Fujairah.

3. On receipt of all 3 original Bs/L you may sign the new set of Bs/L as (1.) above

4. The Charterers' representative will hand to you one original of the new Bs/L (with Aqaba discharge). On receipt of the original B/L you may commence discharge.

5. On completion of discharge at Aqaba, the original B/L that is left onboard your vessel must be endorsed: CARGO DELIVERED VOYAGE ACCOMPLISHED

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 257

SIGNED BY
MILLENIUM FOR THE TRADE OF RAW MATERIALS AND MINERAL OILS
AS AGENTS FOR
MINISTRY OF ENERGY AND MINERAL RESOURCES,
THE GOVERNMENT OF THE HASHEMITE KINGDOM OF JORDAN

Please confirm receipt of/compliance with our instructions.

Best regards

H. Hajimichael
Tsakos Athens/As Agents

UNQTE

(END)

B.REGARDS/SARAH CLAXTON
MOB: +44 77 60 17 79 28
OFF: +44 20 74 11 01 47
FAX: +44 20 72 22 13 46
++ PLEASE REPLY TO E-MAIL: ops(at)petrian.co.uk ++
YAHOO: sarah(underscore)petrian

.
Received: from psmtp.com ([12.158.34.133])
 by srvmrs.odinmarine.com (NAVGW 2.5.2.9) with SMTP id M2003041012451615591
 for <ltops@odingroup.com>; Thu, 10 Apr 2003 12:45:16 -0400
Received: from source ([62.172.195.246]) by exprod5mx74.postini.com ([12.158.34.245]) with SMTP;
        Thu, 10 Apr 2003 12:45:15 EDT
Received: from [213.120.127.221] (helo=smtp.btclick.com)
        by mta04.btfusion.com with smtp (Exim 4.10)
        id 193fAn-0004YT-00
        for ltops@odingroup.com; Thu, 10 Apr 2003 16:45:13 +0000
Date: Thu, 10 Apr 2003 17:44:50 +0100
From: <ops@petrian.co.uk>
To: "ODIN OPERATIONS"<ltops@odingroup.com>
Reply-To: <ops@petrian.co.uk>
Sender: <ops@petrian.co.uk>
Subject: ARGOSEA / MILLENIUM / TCP 06.02.03
Mime-Version: 1.0
X-MM2000-RRTo: <ops@petrian.co.uk>
X-MM2000-RRInfo: 663142-1127
X-MM2000-MsgNr: 663142@1127
Content-Type: text/plain; charset="iso-8859-1"
Content-Transfer-Encoding: quoted-printable
Message-Id: <E193fAn-0004YT-00@mta04.btfusion.com>

        ---------- End of Message ----------

Jean Johnston

om: john irving [john@j-irving.demon.co.uk]
Sent: Tuesday, June 17, 2003 3:26 PM
To: David Chalmers Jr; Bobby Hamblin; John Overbey; Jean Johnston
Subject: Fixed Price Proposal for J dated Tuesday 17th June

1) The sept WTI closed tonight at 28.88 (10 cents down from last night) and we wanted to narrow the contingency another 10 cents to 50 cents
2) This would make the price unchanged
3) Since tonight we are sending in contracts that are revised basis re-assessment of risk: and we are also sending the lc formats as well: then we will change contingency to 40 cents
4) This is because we know we have competition from Al Hoda (bunch of peasants at 20.65) and Bibinaft (bunch of homosexuals) so we need to perhaps keep in touch-we still have not heard from OFAC

	EMPRESS	EMBASSY
SEPT WTI	28.88	28.88
base discount	7.50	7.50
api	0.56	0.45
credit	0.05	0.05
contingency (see below)	0.40	0.40
sulphur	0.10	0.03
freight	0	0.20
NEW PRICE	20.27 FIXED	20.25 FIXED
NEW OSP=	8.61	8.63

I have prepared new P/L's for both ships at these new OSP's and will send separately. Also I am valuing Basrah at -4.4 basis September off the Timematrix

-----Original Message-----
From: john irving [mailto:john@j-irving.demon.co.uk]
Sent: Monday, June 16, 2003 9:55 PM
To: 'davidc@bayoil.com'; 'bobbyh@bayoil.com'; 'johnoverbey864@hotmail.com'
Cc: 'jeabj@bayoil.com'

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 259

Jean Johnston

From: John Irving [john@j-irving.demon.co.uk]
Sent: Monday, June 16, 2003 4:01 PM
To: Jean Johnston
Subject: FW: Fixed Price discuusions with Jordanian Ministry-the logic: Revised Assessment following discusiions wuth DBC

-----Original Message-----
From: john irving [mailto:john@j-irving.demon.co.uk]
Sent: Monday, June 16, 2003 9:55 PM
To: 'davidc@bayoil.com'; 'bobbyh@bayoil.com'; 'johnoverbey864@hotmail.com'
Cc: 'jeabj@bayoil.com'
Subject: FW: Fixed Price discuusions with Jordanian Ministry-the logic:
Revised Assessment following discusiions wuth DBC

1) Two separate dates good but other way round: Empress on 18th and Embassy on 19th=>
these become the null en void dates in the contracts
2) Do not give all contingency back at once since probably have another bite tomorrow=>
change contingency from 70->60 cents

	EMPRESS		EMBASSY	
SEPT WTI	28.98		28.98	
base discount		7.50		7.50
api	0.56		0.45	
credit		0.05		0.05
contingency (see below)		0.60		0.60
sulphur		0.10		0.03
freight		0		0.20
NEW PRICE	20.17	FIXED		20.15 FIXED
NEW OSP=	8.81		8.83	

-----Original Message-----
From: john irving [mailto:john@j-irving.demon.co.uk]
Sent: Monday, June 16, 2003 9:09 PM
To: 'john irving'; davidc@bayoil.com; bobbyh@bayoil.com;
johnoverbey864@hotmail.com
Cc: jeanj@bayoil.com
Subject: RE: Fixed Price discuusions with Jordanian Ministry-the logic

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 259

MY IDEAS ON PRICE PROPOSAL FOR JORDANIANS FOR MONDAY 16th June 2003

Proposed price for Monday June 16th 2003
Contract null en void basis 18th June if we do not open lc-on Embassy contract
Contract null en void basis 19th June if we do not open lc -on Empress contract

The reason for two separate dates is that we don't want to be hedging 6mbbls all at once -and it gives more time to measure the performance risk on the STS
If the price is driven down on the 18th by our hedging etc then we can always not open the lc on the second cargo (the STS) and give a new price

	EMPRESS		EMBASSY	
SEPT WTI	28.98		28.98	
base discount		7.50		7.50
api	0.56		0.45	
credit		0.05		0.05
contingency (see below)		0.39		0.39
sulphur		0.10		0.03
freight		0		0.20
NEW PRICE	20.38		20.36	

-----Original Message-----
From: john irving [mailto:john@j-irving.demon.co.uk]
Sent: Sunday, June 15, 2003 8:44 PM
To: 'davidc@bayoil.com'; 'bobbyh@bayoil.com'; 'johnoverbey864@hotmail.com'
Subject: Fixed Price discuussions with Jordanian Ministry-the logic

1) As you know on Saturday we proposed $19.59 for the Empress and $19.57 for the Embassy

2) The logic of these prices is as follows:

	EMPRESS		EMBASSY	
SEPT WTI (when I did calculation just before close) 28.5	28.50			
BASE DISCOUNT		7.5		7.5
API(degrees) 29.53	28.39			
API	0.56		0.45	
CREDIT (immediate payment/ doc presentation) 0.05		0.05		
SULPHUR(% w/w)		3.0		2.93
SULPHUR	0.10		0.03	
FREIGHT (tc considerations $24.5 vs $18kpd) 0.20		0.00		
Contingency (vs market volatility)*		0.70		0.70
PROPOSED FIXED PRICE(in our contract)		19.59		19.57
DIFFERENTIAL BELOW BASE	8.91		8.93	

3) Contingency assessment

The lows of September WTI were $28.20 on Friday

	RESULTING DIFFERENTIAL BELOW BASE		8.60		8.63
	EFFECTIVE CONTINGENCY		0.39		0.40
4)	OUR PREVIOUS PROPOSAL 10th June			29.31	29.31
			7.5		7.5 base
			0		0.20 freight
			0.05		0.05 credit
			0.50		0.50 api
			21.26		21.06
5)	OUR CHANGES SINCE 10th June	overall		1.67	1.49
		market		0.81	0.81
		contingency	0.70		0.7
		sulphur		0.10	0.03
		api	0.06		-0.05
		TOTAL	1.67		1.49
6)	GIVE BACK CONTINGENCY (see above (3)) (our argument off lows)			0.39	0.40
7)	MARKET CLOSE FRIDAY 13th June		20.68		20.68
8)	NEW PRICES FOR MONDAY (basis 20.68 on the close) 0.40 (see (6))	close vs 28.50	contingency	0.18 0.39(see (6))	0.18
	Proposed price			19.59	19.57
	NEW PRICE		20.16		20.15
9)	COMPETITION (AL HODA) think)- laundry money		20.65		20.65 (we
10)	QUESTION			are we bidding vs ourselves?	

This analysis is based on mkt being unchanged on Monday

OK

DRAFT DRAFT DRAFT DRAFT

TO: BANQUE CANTONALE VAUDOISE
ATTN: ROXANA IONICI

DATE: JUNE 17, 2003

GRATEFUL IF YOU COULD PLEASE ISSUE THE FOLLOWING IRREVOCABLE DOCUMENTARY LETTER OF CREDIT IN FAVOR OF THE MINISTRY OF ENERGY & MINERAL RESOURCES, JORDAN, WITH A COPY TO BAYOIL HOUSTON/NASSAU.

QUOTE

TO: ARAB BANK
AMMAN, JORDAN
AMMAN, JORDAN
FAX: +9626-562-7163
ATTN: MR. JIHAD ALI (TEL) 9626-562-9333

CC: HIS EXCELLENCY ENG. M. BATAYNEH
MINISTRY OF ENERGY AND MINERAL RESOURCES
FAX:

CC: BAYOIL SUPPLY & TRADING LIMITED

WE HEREBY ISSUE OUR IRREVOCABLE DOCUMENTARY LETTER OF CREDIT NO. XXXXX

BY ORDER OF: BAYOIL SUPPLY AND TRADING LIMITED
SASSOON HOUSE
P.O. BOX N-272
NASSAU, BAHAMAS

IN FAVOUR OF: THE MINISTRY OF ENERGY AND MINERAL RESOURCES
THE GOVERNMENT OF THE HASHEMIT KINGDOM OF JORDAN
HEAD OFFICE BRANCH
AMMAN, JORDAN

AMOUNTING TO: USD 58,177,130.00(+/- 5 PCT)
(UNITED STATES DOLLARS FIFTY EIGHT MILLION, ONE HUNDRED SEVENTY SEVEN THOUSAND ONE HUNDRED THIRTY PLUS/MINUS FIVE PCT).

VALID UNTIL: JULY 17, 2003 AT OUR COUNTERS IN LAUSANNE, SWITZERLAND

AVAILABLE WITH US BY PAYMENT AT SIGHT AGAINST PRESENTATION AT OUR COUNTERS IN LAUSANNE, SWITZERLAND OF THE FOLLOWING DOCUMENTS:

1) SIGNED BENEFICIARY'S COMMERCIAL INVOICE PLUS THREE (3)COPIES COVERING 2,870,110 NET U.S. BARRELS PLUS/MINUS FIVE (5) PERCENT OF BASRAH LIGHT CRUDE OIL, VIA SHIP-TO-SHIP TRANSFER FROM VESSEL M/T "EMPRESS DES MAR" ONTO VESSEL M/T "HELLESPONT GRAND", INVOICE TO SHOW QUANTITY IN NET METRIC TONS, LONG TONS AND NET U.S. BARRELS.

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 260

INVOICE ALSO TO CERTIFY THAT COMMENCEMENT OF DISCHARGE FROM VESSEL M/T "EMPRESS DES MAR" ONTO M/T "HELLESPONT GRAND" SHALL BE NOT LATER THAN JUNE 19, 2003.

2) FULL SET OF CLEAN ON BOARD OCEAN BILLS OF LADING IN 3/3 ORIGINAL AND 3 NON-NEGOTIABLE COPIES DATED 'ON BOARD' AND ISSUED TO THE ORDER OF BANQUE CANTONALE VAUDOISE, LAUSANNE, SWITZERLAND SHOWING SHIP-TO-SHIP TRANSFER FROM M/T "EMPRESS DES MAR" ONTO M/T "HELLESPONT GRAND" AT FUJAIRAH, 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 SHIPMENT NUMBER.

3) CERTIFICATE OF ORIGIN ISSUED BY THE JORDANIAN GOVERNMENT PLUS 3 (THREE) COPIES STATING THAT THE ORIGIN OF THE BASRAH LIGHT CRUDE OIL IS FROM IRAQ.

4) ORIGINAL QUANTITY CERTIFICATE ISSUED BY INDEPENDENT INSPECTOR ON BOARD M/T "EMPRESS DES MAR", PLUS 3 (THREE) COPIES.

5) ORIGINAL QUALITY CERTIFICATE ISSUED BY INDEPENDENT INSPECTOR ON BOARD M/T "EMPRESS DES MAR", PLUS 3 (THREE) COPIES.

COVERING: 2,870,110 NET U.S. BARRELS PLUS/MINUS FIVE (5) PCT OF BASRAH LIGHT CRUDE OIL, VIA SHIP-TO-SHIP TRANSFER FROM VESSEL M/T "EMPRESS DES MAR" ONTO M/T "HELLESPONT GRAND" AT FUJAIRAH

PRICE: THE PRICE WILL BE FIXED AND FLAT AND WILL BE $20.27 (U.S DOLLARS TWENTY POINT TWENTY SEVEN) PER NET U.S. BARREL DELIVERED FUJAIRAH

SHIPMENT: VIA SHIP-TO-SHIP TRANSFER DELIVERED VIA VESSEL M/T "EMPRESS DES MAR" FOR FULL COMPLETION OF VOLUME TRANSFER NOT LATER THAN JUNE 23, 2003 ONTO VESSEL M/T "HELLESPONT GRAND".

SPECIAL CONDITIONS:

A) COMMENCEMENT OF DISCHARGE FROM VESSEL M/T "EMPRESS DES MAR" ONTO M/T "HELLESPONT GRAND" SHALL BE NO LATER THAN JUNE 19,2003.

B) WHERE COPIES OF DOCUMENTS ARE CALLED FOR, PHOTOCOPIES ARE ACCEPTABLE.

C) THIS DOCUMENTARY CREDIT IS NOT ASSIGNABLE NOR TRANSFERABLE.

D) PARTIAL SHIPMENTS PROHIBITED.

E) TRANSSHIPMENTS ARE PERMITTED.

F DOCUMENTS PRESENTED LATER THAN 21 DAYS AFTER BILL OF LADING DATE BUT STILL WITHIN THE CREDIT VALIDITY ARE ACCEPTABLE.

G) CHARTERPARTY BILLS OF LADING ARE ACCEPTABLE.

H) ALL BANKING COMMISSIONS AND CHARGES OUTSIDE SWITZERLAND ARE FOR BENEFICIARY'S ACCOUNT

I) THIS LETTER OF CREDIT WILL BECOME AUTOMATICALLY OPERATIVE UPON RECEIPT BY US (ISSUING BANK) LATEST BY 17.00 HOURS SWISS TIME ON JUNE 19TH, 2003 OF A TESTED TELEX OR AUTHENTICATED SWIFT SENT BY ADVISING BANK, REFERING TO THIS L/C NO. _____ CONFIRMING EITHER THAT:

SHIP-TO-SHIP TRANSFER FROM VESSEL M/T "EMPRESS DES MAR" ONTO M/T "HELLESPONT GRAND" HAS COMMENCED ON THE SAME DAY AS THE ISSUANCE OF THIS LETTER OF CREDIT NO. ____ I.E. ON JUNE 19, 2003.

OR

THAT BENEFICIARY HAS PRESENTED AT THEIR COUNTERS AN ATTESTATION DULY SIGNED BY AUTHORIZED OFFICER(S) OF THE MINISTRY OF ENERGY AND MINERAL RESOURCES, CONFIRMING THAT:

SHIP-TO-SHIP TRANSFER FROM VESSEL M/T "EMPRESS DES MAR" ONTO M/T "HELLESPONT GRAND" HAS COMMENCED ON THE SAME DAY AS THE ISSUANCE OF THIS LETTER OF CREDIT NO. __ I.E. ON JUNE 19TH, 2003.

ADVISING BANK MUST CONFIRM THAT SIGNATURE(S) ON THE BENEFICIARY'S ATTESTATION IS/ARE BINDING UPON BENEFICIARY.

IN CASE SUCH TELEX/SWIFT DOES NOT REACH OUR BANK BY 17:00 HOURS SWISS TIME ON JUNE 19TH, 2003, THIS DOC. CREDIT WILL AUTOMATICALLY BE CONSIDERED AS NULL AND VOID AND CANCELLED.

PAYMENT TERMS

UPON RECEIPT OF FULL SET OF DOCUMENTS ISSUED IN STRICT COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, WE SHALL COVER YOU ON A SIGHT BASIS IN ACCORDANCE WITH YOUR PAYMENT INSTRUCTIONS.

PLEASE ADVISE BENEFICIARY WITHOUT ADDING YOUR CONFIRMATION.

SUBJECT TO UCPDC, 1993 REV., PUB. NO. 500 OF ICC, PARIS, AS FAR AS THEY ARE APPLICABLE.

THE PRESENT MESSAGE IS THE ORIGINAL CREDIT INSTRUMENT AND NO WRITTEN CONFIRMATION WILL FOLLOW.

KINDLY ACKNOWLEDGE RECEIPT QUOTING OUR RESPECTIVE REFERENCES.

THANKS AND REGARDS

BANQUE CANTONALE VAUDOISE
LAUSANNE, SWITZERLAND

UNQUOTE

THANKS & BEST REGARDS,

BAYOIL SUPPLY & TRADING LIMITED

Unknown

From: john irving [john@j-irving.demon.co.uk]
Sent: Monday, March 24, 2003 8:25 AM
To: David Chalmers Jr
Subject: 03 bbls from J

Imran rang. Apparently (according to him) he has first call on J bbls. Apparently Vitol is very interested. I spokr to State (David) who said they could not answer the question. However he gave me tel of US Treasury (1 202-622 2490). When I rang this number none answered except machine "foreign assets and control"

We have the GRAND there basis 25th and the two ships are Argosea and Sea Cross 2-apparently 2.5mbbls.

Imran mentioned price of wti-$10 sts fujairah	ex ship	-10.00
	sts	0.10(approx)
	generic	1.15(assumes payment 30 days)
	freight(55ws/$170/mt)	1.50
	api	-0.40(assume)
	landed usgc	-7.65
	ETA usgc	10th May approx=> June price out

1) We could try and buy these bbls basis July
2) We should buy the bbls basis 60-70 days since no lc(assume)
3) We should try and buy cheaper than $10
4) We should have first refusal on all barrels emanating from al amaya via Millenium

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 264

TO: PETROLINE FZC
ATTN: MR. ALI JAFFRI
FAX: 011-96-265510003

FROM: BAYOIL SUPPLY & TRADING LIMITED

DATE: MAY 19, 2003

REF: OIL STORAGE/PURCHASE PROPOSAL

I. Iraqi crude oil F.O.B. Fujaraih Ex vessel Marine Pacific.

We understand Petroline has an agreement with the Ministry of Energy & Minerals (Kingdom of Jordan) to purchase or act as agent for the sale of the storage of crude on the above referenced vessels. Therefore, based on written confirmation that the Jordanian Ministry has interest through Petroline to pursue further the general proposal outlined below, we will be pleased confirm our general interests in the above as follows:

A. Bayoil is in principle prepared to offer to the Ministry transshipment and floating storage on Bayoil controlled tonnage for a reasonable period of time, based on the market daily rate assessment, provided terms and conditions can be mutually agreed.

B. The terms of the storage agreement will be for a minimum of 30 days and a maximum of 90 days and at a day rate of $(USD) 45,000 per day with every 30 day period being paid in advance. Notice of the termination of the storage agreement will be made 20 days in advance of the termination.

The charter party terms for the storage will be as follows:

.....See Below proposed recap.....

C. The oil will be transferred from the Marine Pacific onto the Bayoil vessel via STS operation (ship-to-ship transfer). The costs of this operation will be for the account of Ministry of Energy and Minerals. If the Ministry would like Bayoil to organize the STS this can be arranged.

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 265

D. Based on agreed terms to the above, and in consideration of Bayoil's historical activity as largest shipper and distributor of Iraqi crudes, Bayoil would be further interested in the purchase the crude oil transshipment on the above referenced Bayoil tonnage, under terms and conditions mutually agreed and subject to the crude oil purchase agreement being approved by the U.N. and other authorities (i.e. U.S.), and in conformity with the prevailing laws governing the purchase and sale of Iraqi crude.

Sincerely,
David B. Chalmers, Jr.
President
Bayoil Supply and Trading Limited

Proposed Recap:

Quote

Charterer: Petroline FZC for and on behalf of The Ministry of Energy & Minerals (Kingdom of Jordan)

Owner: Bayoil Supply and Trading Limited

Vessel: M/T Hellespont Embassy/sub Hellespont Grand

Vessel's description:

NAME	: HELLESPONT EMBASSY	EX NAMES	: EMBASSY
CALLSIGN	: V7AB	CLASS	: ABS
BUILT	: 1976	FLAG	: MARSHALL ISLANDS
SDWT	: 413,012 MT	SDRFT	: 22.902 M
LOA	: 365.86 M	BEAM	: 70 M
KTM	: 70.20 M	BCM	: 178.71
TPC	: 224.72	BOW CHOCK	: 450 X 600 MM
GRT	: 199,210	NRT	: 161,946
SCNT	: 194,175	PCNT	: N/A
DERRICK	: 2 X 20 T	P+I CLUB	: UK P+I CLUB
NAT. OFF	: GREEK/PHILIPPINO	NAT. CREW	: GREEK/PHILIPPINO
HEATING	: NO	SBT/CBT	: CBT
IGS	: YES	COW	: YES
COATING	: NO	PUMPS	: 2X9000 + 2X2500 M3/HR
CUB CAP AT 98 PCT EXC SLOPTANKS			:491,728 CBM
SLOP TANK CAPACITY AT 98 PCT			: 5,539 CBM

Time Charter Agreement

Period: Min 30 days/Max 90 days

Laycan: To be advised

Delivery: Offshore Fujairah

Re-Delivery: Offshore Fujairah

Cargo: 1-2 grades No heat crude(always exclude crude oils emanating from Iran)

Hire: 45,000/day due with every 30-day period being paid in advance
In default of such proper and timely payment:

a) Owners shall notify charterers of such default and charterers shall within 1 day of receipt of such notice pay to Owners full amount due. Failing which Owners will withdraw vessel from service of charterers And commence legal proceeding at Texas Federal Court - United States of America -to recover all monies including, but not limited to, Owner's legal fees. Owners reserve the right to re-visit such damages At a later date should Charterers not comply with spirit of "Hotel Agreement".

Bunkers: Owners to pay for all bunkers consumed.

Trading Area: Arabian Gulf/Red Sea/ and nearby surrounding area excluding Iran and Israel

Cancellation: Charterers shall have the option to cancel the "Hotel Agreement" at any time by given Owners notice of such termination 20 days in advance.

Redelivery: Charterers shall give the owners 30/20/15/12/10/7 days approximate notice of date of redelivery and then 5/4/3/2/1 days definite notice of redelivery.

GARB/LOI: Texas/U.S Law.

Expenses: Owners shall bear all expenses rising directly with the actual storage of Cargo onboard vessel as requested by charterers.

SHIP-TO-SHIP LIGHTERAGE CLAUSE:

Charterers have the option to load and/or discharge and/or lighten the vessel via ship to ship transfer in accordance with OCIMF guidelines and in places where such operations are lawful and customary-Charterers shall bare the cost of such operation unless other agreement is made between Owners and Charterers. All Equipement required to perform a ship to ship lighterage operation -fenders, hoses and any other equipment deemed

necessary by Charterer to be for charterer's account. Owner agrees to allow personnel on board as necessary to the operation, including but not limited to Mooring/Lightering Master. Charterer may leave fenders and other supplied lightering gear alongside and aboard the Vessel between lighterings. Owner agrees to exercise due diligence to protect Charterer's lightering gear from damage while in Vessel's custody.
All lighter vessels.

All time used for charterers account. Any delay due to the Vessel's condition or breakdown or inability of Vessel's facilities or equipment to load or discharge cargo at the rate requested by the lighter or attributable to deficiency of the Vessel, her officers or crew, shall not count as used time.

COW: The vessel will routinely employ crude oil wash(COW) concurrent with the discharge of cargo in accordance with the procedures described in the ICS/OCIMF "Guidelines for tank washing with crude oil" in the absence of prohibition by port or terminal regulations, owner agrees to comply with applicable port and terminal regulations and, as necessary, to submit any advance information of technical data that may be required by local authorities relative to the conduct of cow operations.

Changes to ShellTime 4 Charter Party Form:

In the event of a conflict between these additional terms and clauses and the language of the "ShellTime4" form, these additional terms and clauses shall prevail. The following additional changes are made to the "ShellTime4" C/P form:

Clause 1. "Description and condition of Vessel"
Line 14 add IFO 380 CST RMG 35 and MDO, DMB
Line 14/15 Delete "centistokes" thru to "ACGFO"
Line 15 Delete "CGFO"
Line 20-24 Delete in its entirety

Clause 4. "Period Trading Limits" Line 67 after "(Clause 28)"-delete "including in particular in any part of the world" and insert "trading area as defined on tc recap.
Line 68-72 Delete
Line 76 after "afloat." Delete balance of line thru Line 84 "option."

Line 85-86 Delete in its entirety.

Clause 7. "Charterers to provide" Line 97-Delete "Charterers" and insert "Owners". Delete after "towage" thru line 103.
Under this same clause add " At Master's discretion should vessel be unable to anchor or remain at anchorage at the designated location due to weather conditions, bottoms conditions or any other factor which, in the master's judgement, an unsafe situation- All bunkers consumed for these same purposes, will be bared by charterers."

Clause 8. "Rate of Hire" Line 105 Insert USD $45,000

Clause 9. "Payment of Hire" Line 107. Inset the following Owners payment instructions:

BAYOIL Banking details to be advised

Line 109 after "advance", delete "less". Thereafter, continue to delete Lines 110-117.

Line 129-135 Delete

Line 160-179 Delete

Line 183-291 Delete

Line 302-352 Delete

Clause 27. "Exceptions" Line 380-386 Delete

Line 391-410 Delete

Clause 37. "New Jason Clause" delete "1974" and insert/replace with "1994".
Line 463 delete "English Law" and insert "Texas Law"

Line 494-527 Delete

Clause 40. "Export Restrictions". After "and or shipped" insert "including adherence to crude oil purchase under United Nations Resolution including other authorities(i.e U.S) new regulatory Structure always in conformity with prevailing laws governing the Purchase and sale of Iraqi crude".

Clause 41. "Laws and litigation" under this clause delete any reference to English Law including arbitration and replace with "General Average/Arbitration Texas Law-United States law to apply".

Unquote

TO: PETROLINE FZC
ATTN: MR. ALI JAFFRI
FAX: 011-96-265510003

FROM: BAYOIL SUPPLY & TRADING LIMITED

DATE: MAY 22, 2003

REF: OIL STORAGE CONTRACT DATED MAY 22, 2003

We understand Petroline has an agreement with the Ministry of Energy & Minerals (Kingdom of Jordan) to purchase or act as agent for the sale of the storage of crude on the above referenced vessels. Therefore, based on the following contract that the Jordanian Ministry through Petroline has agreed to finalize the general outlined contract below, we are pleased to provide the following fixture recap dated May 22, 2003.

Quote

Charterer: Petroline FZC for and on behalf of The Ministry of Energy & Minerals (Kingdom of Jordan)

Owner: Bayoil Supply and Trading Limited

Vessel: M/T Hellespont Embassy/sub Hellespont Grand

Vessel's description:

NAME	: HELLESPONT EMBASSY	EX NAMES	: EMBASSY
CALLSIGN	: V7AB	CLASS	: ABS
BUILT	: 1976	FLAG	: MARSHALL ISLANDS
SDWT	: 413,012 MT	SDRFT	: 22.902 M
LOA	: 365.86 M	BEAM	: 70 M
KTM	: 70.20 M	BCM	: 178.71
TPC	: 224.72	BOW CHOCK	: 450 X 600 MM
GRT	: 199,210	NRT	: 161,946
SCNT	: 194,175	PCNT	: N/A
DERRICK	: 2 X 20 T	P+I CLUB	: UK P+I CLUB
NAT. OFF	: GREEK/PHILIPPINO	NAT. CREW	: GREEK/PHILIPPINO
HEATING	: NO	SBT/CBT	: CBT
IGS	: YES	COW	: YES
COATING	: NO	PUMPS	: 2X9000 + 2X2500 M3/HR
CUB CAP AT 98 PCT EXC SLOPTANKS			:491,728 CBM
SLOP TANK CAPACITY AT 98 PCT			: 5,539 CBM

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 266

Hotel/Time Charter Agreement

Period: Min 30 days/Max 90 days

Laycan: To be advised

Delivery: Offshore Fujairah

Re-Delivery: Offshore Fujairah

Cargo: 1-2 grades No heat crude(always exclude crude oils emanating from Iran) WVNS(within vessel's natural segregation)

ANY TAXES AND OR DUES ON CARGO TO BE FOR CHARTERER'S ACCOUNT AND TO BE SETTLED DIRECTLY BY THEM.

Hire: 45,000/day due with every 30-day period being paid in advance
In default of such proper and timely payment:

a) Owners shall notify charterers of such default and charterers shall within 1 day of receipt of such notice pay to Owners full amount due. Failing which Owners will withdraw vessel from service of charterers And commence legal proceeding at Texas Federal Court - United States of America -to recover all monies including, but not limited to, Owner's legal fees. Owners reserve the right to re-visit such damages At a later date should Charterers not comply with spirit of "Hotel Agreement".

Bunkers: Owners to pay for all bunkers consumed.

Trading Area: Arabian Gulf/Red Sea/ and nearby surrounding area excluding Iran and Israel

Cancellation: Charterers shall have the option to cancel the "Hotel Agreement" at any time by given Owners notice of such termination 20 days in advance.

Redelivery: Charterers shall give the owners 30/20/15/12/10/7 days approximate notice of date of redelivery and then 5/4/3/2/1 days definite notice of redelivery.

GARB/LOI: Texas/U.S Law.

Expenses: Owners shall bear all expenses rising directly with the actual storage of Cargo onboard vessel. as requested by charterers.

IT IS UNDERSTOOD THAT ALL COST RELATED TO THE ACTUAL TRANSFER/PORT FEES AT DESIGNATED PORTS FOR DISCHARGE/LOADING, AND ANY OTHER EXPENSE ARISING FROM SUCH DELIVERY WILL ALWAYS BE FOR CHARTERERS ACCOUNT.

SHIP-TO-SHIP LIGHTERAGE CLAUSE:

Charterers have the option to load and/or discharge and/or lighten the vessel via ship to ship transfer in accordance with OCIMF guidelines and in places where such operations are lawful and customary-Charterers shall bare the full cost of such operation. All Equipement required to perform a ship to ship lighterage operation -fenders, hoses and any other equipment deemed necessary by Charterer to be for charterer's account. Owner agrees to allow personnel on board as necessary to the operation, including but not limited to Mooring/Lightering Master. Charterer may leave fenders and other supplied lightering gear alongside and aboard the Vessel between lighterings. Owner agrees to exercise due diligence to protect Charterer's lightering gear from damage while in Vessel's custody.
All lighter vessels.

All time used for charterers account. Any delay due to the Vessel's condition or breakdown or inability of Vessel's facilities or equipment to load or discharge cargo at the rate requested by the lighter or attributable to deficiency of the Vessel, her officers or crew, shall not count as used time.

COW: The vessel will routinely employ crude oil wash(COW) concurrent with the discharge of cargo in accordance with the procedures described in the ICS/OCIMF "Guidelines for tank washing with crude oil" in the absence of prohibition by port or terminal regulations, owner agrees to comply with applicable port and terminal regulations and, as necessary, to submit any advance information of technical data that may be required by local authorities relative to the conduct of cow operations.

Changes to ShellTime 4 Charter Party Form:

In the event of a conflict between these additional terms and clauses and the language of the "ShellTime4" form, these additional terms and clauses shall prevail. The following additional changes are made to the "ShellTime4" C/P form:

Clause 1. "Description and condition of Vessel"
Line 14 add IFO 380 CST RMG 35 and MDO, DMB
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Under this same clause add " At Master's discretion should vessel be unable to anchor or remain at anchorage at the designated location due to weather conditions, bottoms conditions or any other factor which, in the master's judgement, an unsafe situation-
All bunkers consumed for these same purposes, will be bared by charterers."

Clause 8. "Rate of Hire" Line 105 Insert USD $45,000

Clause 9. "Payment of Hire" Line 107. Inset the following Owners payment instructions:

BAYOIL Banking details to be advised

Line 109 after "advance", delete "less". Thereafter, continue to delete Lines 110-117.

Line 129-135 Delete

Line 160-179 Delete

Line 183-291 Delete

Line 302-352 Delete

Clause 27. "Exceptions" Line 380-386 Delete

Line 391-410 Delete

Clause 37. "New Jason Clause" delete "1974" and insert/replace with "1994".
Line 463 delete "English Law" and insert "Texas Law"

Line 494-527 Delete

Clause 40. "Export Restrictions". After "and or shipped" insert "including adherence to crude oil purchase under United Nations Resolution including other authorities(i.e U.S) new regulatory

Structure always in conformity with prevailing laws governing the Purchase and sale of Iraqi crude".

Clause 41. "Laws and litigation" under this clause delete any reference to English Law including arbitration and replace with "General Average/Arbitration Texas Law-United States law to apply".

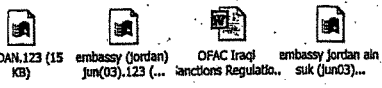
Witness the signature of: Petroline FZC/Mr.Ali Jaffri

Witness the signature of: Bayoil Supply and Trading Limited

Unquote

Jean Johnston

From: john irving [john@j-irving.demon.co.uk]
Sent: Tuesday, June 10, 2003 5:34 AM
To: David Chalmers Jr; Bobby Hamblin; Jean Johnston
Subject: Meeting with the Minister of Energy, Jordan Tuesday 10th June2003



Present: JI, AG, ZK, Minister

Location: Minister's office

1) I will get straight into facts.

2) Ship A : Empress des Mer

Minister has contracted these bbls out but has a deadline on the lc of tomorrow morning. This contract is to party X who has told Ministry that bbls will go to MED.

But he is not hopeful, I think, of getting the lc.

We discussed the following:

ex ship price(base) -7.50
api -0.44 (we do not know quality on Empress but Embassy is 29.53/2.8(?)
% sulphur to be discussed

means of transportation: sts onto Hellespont Grande (not named in discussion)

transaction summary:

The issues are that this cargo lands at about -5.13 basis September including API but not including sulphur
Plse note that the Grande econs are based on 2.5mbbls and not 2.7mbbls-so the benefit will be somewhat higher

Structure of transaction

a) Oil loads on ship, say for 3 days d1, d2,d3
b) Bayoil sells September wti each day close of business: broker recap sent to Ministry every day
c) The Base price for the cargo is the volumetric average price weighted over the loading period
d) From this price is deducted API on SOMO esc/desc
e) Before loading Bayoil opens lc for approx value on the day of opening - basically within 24 hours transaction completed Banks allowing
f) LC is amended at end of loading with final price
g) Payment day is the day after loading
h) Since payment is aprox 27 days early then price is further adjusted by (27/365)*0.03*21.56 rounded up=0.05
i) The 21.56 is close of business platts Sept(29.55) less7.5 less0.44 less0.05 credit

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 270

j) Doc LC-issue of docs for negotiating LC-see Jean proposal sent a few days ago for details
(WE NEED TO THINK ABOUT DOC REQUIREMENTS FOR LC -SEE BELOW)

3) SHIP B) Hellespont Embassy TC rate=$24.5kpd charter commenced 28th May

Embassy finished loading some 24 hours ago (b/l dated 9 th June 2003).

Minister would like to keep these bbls on same ship and re-charter ship to Bayoil at same rate
Proposal would be to take ship at same rate ($24.5kpd) but lower the fob price accordingly to market for these type of ships
In fact I messed up by saying to Minister that the rate is too high vs current mkt (65ws) rather than against $18kpd when in fact $24.5kpd is only 55WS.
I hope he misses this point but I was speaking in expectation which upon subsequent analysis proved to be incorrect. The fact is I have not slept for some time.

At $24.5kpd the rate is $1.55/bbl and at $18kpd the rate is $1.35/bbl. This is on 375,000mt. Actual quantity loaded = 378,174mt net

I will try and send you fax with loading details on Embassy.

=> fob price is 7.50+0.20(1.55-1.35) =7.7
api 0.44

Presumably the Ministry wants this oil paid for asap as per Empress (Ship A)=>

Pricing Trigger d1,d2,d3 as per fixed three days , say when ship leaves Fujairah
Bayoil hedges and demonstrates as per Ship A
LC amount is known and paid after these 3 days=> credit cost covering = 0.05 (see above)

=> fob price= -7.5-0.20-0.44-0.05=8.19
freight 1.55
generic 0.76
comm 0.15 (I have not investigated why it is 15 cents)
landed 5.73 basis September

4) OFFAC Issues

The Ministry will sell with no guarantees pertaining to sanctions, customs or UN

The above is the Offac doc released on 23rd May 2003 pertaining to sanctions on Iraq petroleum.
Now I am not an expert on this doc but a review of the actual order sections 1-3 inclusive indicates to me that it might be ok. However we have not checked the exception conditions to the order. I do believe we need to solve this issue before we move on.

5) Where are we now.

Minister wants another meeting tonight at 6pm where he hopes we will have two proposals for him (SHIP A and B).
Failing that we can have another meeting at 11am tomorrow.
I told him that we might not want 2 ships at the same time for mkt reasons
The issue with the Embassy I think is more likely than the Grande
We need to amend our proposal (JEAN) and re-send after we have talked and developed strategy
Clearly we can look at Embassy basis Ain Sukhna-so we need to word the re-let to in the appropriate fashion and I need to find out the minimum re-delivery period
These econs are shown in s/s below:

BAY14-01836

ain sukna	0.48	
sumed	0.31	
sidi-ssp		1.47 (100ws)
generic		0.76
comm	0.15	
total	3.17	

landed -7.5-0.20-0.44-0.05+3.17=-5.02

This is 70 cents more expensive than round Cape

Timing: 15,say+1+19=July 15th if everything works=> we pick up Aug Sept ,say $1/bbl: if we can find VLCC on/around 25th June ex Sidi.

We would then need to sell 700kbbls into EU assuming freight on 700kbbls x-med=175ws (it will perhaps be more expensive)

Basis today's Platts Basrah fob Sidi Kerir for EU is about -4.6 off dated pricing 25th-30 th June=august ip brent +$0.60/bbl

	cost		income	
p/l to EU	fob	sept wti	august	
-1.91	cfd	n/a	0.6	0.6
	discount	-8.19	-4.6	3.59
	fuj-ain sukhna	0.48		
-0.48				
	sumed	0.31		-0.31
	P/L			+1.49

BAY14-01837

David Chalmers Jr

From: Jean Johnston
Sent: Tuesday, June 10, 2003 6:22 PM
To: John Irving
Cc: David Chalmers Jr
Subject: Jordanian Basrah Barrels

Dear John:

I have attached draft contracts for your review. Please let me have our comments, if any. DBC asks that you do not submit to the Ministry until advised by him.

With reference to your meeting with the Minister tomorrow, please be advised of the following:

1. I have sent you by fax the Security Council Special Report (18 Sept 1990), specifically addressing Jordan's protocol with respect to the purchase of crude oil from Iraq.

2. DBC would like you to obtain following from Ministry:

   1. Original documents issued by SOMO for these crude purchases i.e. Original Bill of Lading, Certificate of Origin, and Q & Q certificate.
   2. Anything that the Minister of Oil can supply you with which supports that the oil was lifted under the guidelines of the UN Security Council Exemption – See special report referenced above. Evidence that the purchase of crude fell under these specifications. What Security Council Agreement was in place at the time of loading?
   3. Any documents in their possession with regard to distribution of this crude to the United States and elsewhere.

3. Following is summary of DBC's conversation with Washington Attorney:
   1. On reading the OFAC Guidelines and Executive Order, he sees no immediate reason as to why we could not import these barrels into the U.S.
   2. His interpretation is, if we buy post sanctions then as oil is now on the world market, no sanctions should apply.
   3. However, needs to know Terms under which Jordanian's acquired the crude – could it be deemed tainted? How did the U.N. view the status of this crude at the time of shipment?

   I have also forwarded our attorney a copy of the Security Council Special Report he says we need to know what UN agreement was in place at time of loading. He will also contact OFAC tomorrow a.m.

4. DBC had been trying to contact you with reference to you calling Matt at the State Department to discuss following:

   1. Rules of OFAC, if any, with regard to purchase of these barrels?
   2. As sanctions are now removed imports do not require UN Authorization. If Jordan followed protocol (under above ref. report) in acquiring these barrels no authorization/restriction would be necessary?
   3. Under what conditions would it not be appropriate to buy this oil?

5. Feedback from the Banks. Will require following information:

   1. All original SOMO documentation
   2. Proof of how payment to SOMO was made – CAI only
   3. In lieu of (2) above BNP will accept confirmation that OFAC have no restrictions on these barrels/no import restrictions to the United States
   4. Any documentation from Ministry of Energy that oil is free and clear of any liens, encumbrances, etc.

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 272

Hopefully above will be of some help for your morning meeting.

I have also faxed of contract offer received here today.

Best regards,

Jean

Jean Johnston

From: john irving [john@j-irving.demon.co.uk]
Sent: Thursday, June 12, 2003 9:58 AM
To: David Chalmers Jr; Bobby Hamblin; Jean Johnston
Subject: Offers submitted to Ministry of Energy Jordan June12th 2003

JORDANIAN RAH CRUDE PURCH

JORDANIAN RAH CRUDE PURCH

1) Events this morning took quite an unusual turn
2) ZK went to check with one of his contacts what "others" were doing (Vitol, Glencore, Taurus etc) -and determined that the interested parties are Vitol, TNK, some Iraqis (alkhwam), the Canadians(see below), Bayoil and others
3) During the course of this meeting he got hold of an offer made 11th June from " Canadian Habitat International" based in Abu Dhabi which referred exactly to some of our wording discussed yesterday in the Ministry. In particular we had drummed up this strategic stock issue (basis origin
issues) and here came the Canadian offer indicating precisely our wording.
4) ZK rang Ministry and got HF(the guy who came into the meeting yesterday) who said that "they were still consulting their lawyers on their response to our Y/N due diligence questions" At the end of this call -when ZK asked HF when our meeting would be HF said that Minister was in meeting and that we had only half an hour left to put in our offer. At that moment-and probably
before- we knew that HF was the mole and probably the cause of all the bullshit.The issue was that we were running out of time and we did not know because HF did not tell us-he is promoting others.
5) ZK rang alternative info source and determined that Minister was unavailable for discussion and meeting PM and that he (the Minister) wanted our offer.
6) Now of course we have not finished our diligence process but feel we are getting pretty close
7) Left with no choice but to put in offer on both cargoes as discussed with David previously. Both these offers are subject to us opening lc by cob banking europe tuesday 17th June. The other issue was that we put the offers in thru Minister's secretary (loyal tribe -so ok) and that we know he has received them at the meeting.
8) Luckily I had spent some time checking Jean's format and changing some issues as they have developed. I was not planning to do this until after another meeting. So the offers that have gone in are "John Revised 2 Thur" . Now I am certain that they are not perfect but plse check to see if I have got something totally wrong. I do not think so but the main changes are:

a) docs for lc
b) hedging and pricing on the STS Empress des Mers
c) hedging and pricing on Embassy- 1 day
d) null en void Tuesday 17th June if no lc
e) the inclusion of a sulphur clause basis 10 cents de-escalation above 2.9%.

The reason for that is that we received a phone call that %S was 3.35% on one of the cargoes. Now this was a surprise -so that is why we put in the mars gradient after 2.9% - basis that was the quality indicated yesterday and before where we had no sulphur clause. In addition ZK was told in another phone call that basis this quality "revision" perhaps we might want to change our price. I do not, at this stage, know the reason for the quality change because "we are not supposed to know". Just learnt that we will receive inspection docs at 7pm tonight.
9) The offers went in at 2.50-3.05pm today. It is currently 5pm and the Minister's Meeting with the PM is supposed to last all day (by-laws for election). The next two days are a holiday. We await

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 277

davidc

From: Khorma [khorma@nol.com.jo]
Sent: Sunday, July 06, 2003 1:13 PM
To: David Chalmers Jr
Cc: Augusto Giangrandi; BAYOIL /john irving; Augusto Giangrandi
Subject: Fw:

Dear David,

I hope all is well with you.

Please consider this message as an official notification of release from responsibility towards the Jordan deal. After considerable efforts restrain myself as a result of my last telephone conversation with John and his last e-mail I have decided to let be known that my honor, reputation in Jordan and integrity goes above anything. Throughout my career I have never had anyone address me or my country with the manner spoken to me, nor has anyone ever hang up on me. Your friendship is far too valuable to loose over business. Therefore, please consider this message as official notice to my release for the Jordan cargo.
However, I will always remain at your disposal any further future assistance you may require of me.
For your reference I spoke to Augusto and gave him full details of the situation of the cargo.

With utmost respect.

Zeid Khorma

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 283

davidc

From: john irving [john@j-irving.demon.co.uk]
Sent: Monday, December 01, 2003 3:22 AM
To: David Chalmers Jr
Subject: Conversation with Sea Giant-draft of follow-up questions following JI/DBC telecon 6pm London time 30th November 2003

Dear David,

Following our telecon of last night here are the proposed questions for Augusto:

QUOTE

Dear Augusto,

Following our conversation on 27th November re: Italy, J and AD I have had a conversation with David. From that latter conversation a number of questions have arisen that are associated with the need for due diligence on the logic of position discovery and to assure that we moving in the correct direction.

1. On Italy I cannot add very much since not familiar with all issues surrounding C and your current discoveries in that direction. My suggestion to you would be that you send an e mail/ fax to David outlining your progress and key points of objectivity as to how the situation currently stands and what you intend to do to move the situation (what ever it is) forward. I cannot say anything else

2. J.

i) The old Empress bbls -we are, as I stated previously, not interested in these bbls (if they are still there) due to customs issues and political uncertainties surrounding these historical bbls and to quality degredation issues

ii) Of course we are interested in the "new" 03 J bbls. Even if cargo size is only 500,000 bbls we are interested.

We have a number of questions on these "new" 03 bbls for J

a) Has a new allocation been / being given to J by 03?
b) If so have we seen the draft resolution/ other docs related to this activity?
c) What assurances have been given to you by Toilet/ new MO?
d) Has a wording been proposed to you for this 'exclusive agreement'. The exclusive agreement is between the Kingdom of J and B or what?
e) The 'modus operandi' of Walleed (Toilet right hand man) -has he proposed wording? Are B in this working or is it agency (Augusto) etc?
f) In order for B to lift these bbls what arrangements have been made for contract exchange? i.e. how is the situation to be developed?
g) When is this allocation due to commence?

iii) On the issue of the "$8-12/bbl" oil by train /truck we would need detailed information.

a) It is difficult for us to understand why 03 would/ could want to do this business when international price is in the $20's.Difficult to rationalise an explanation for this activity

Can you enlighten me as to why this trade should take place-its justification

Permanent Subcommittee on Investigations
PSI Minority Rpt-FN 285

iv) Product for crude swap: 03 and J

a) The character of this swap is available to us now -direct with 03. Certain traders (Projector, Vitol) are already importing LPG and now Iran is importing distillates This is all following the demise of the Halliburton contract. What I am concluding is that J has been offered the same deal.

b) Have you seen documentary evidence of this? Have we seen any docs that 03 is proposing/accepting this transaction with J?
c) Why do they (J) need an intermediary company to handle this transaction?
d) Who has made this request and do we have it in writing?
e) What is the structure of the transaction and associated credit issues?. Is it a $ balance budget transaction?
f) When can this transaction start?
g) What is the time gap between product export to 03 and crude back?
h) What products does 03 want and what rateability?
i) Where does 03 want the products imported? land/sea?
j) Which arm of 03 is J talking to?

v) MF for crude swap : 03 and J

a) Obviously this is very confidential and you could not name over the phone the 03 guys present in the meeting
b) What is the structure of this transaction?
c) How much $ has been budgeted for this transaction?
d) Presumably inside 03 this transaction has the backing of the Coalition and the Council. Do we have evidence of this?
e) Presumably Toilet is in full knowledge of this and has given his approval. Is there an "assent document"?
f) Presumably the "assent document" (if it exists) acknowledges the right of the 'newco' to participate in this transaction. Is this the case?
g) When is this proposed transaction due to start?
h) The 03 guys present in the meeting: were they in possession of authourisation docs as per (d) above?
i) Can you let us know quietly who the 03 guys were in the meeting?
j) Will the newco be a J registered Company?-does it matter?

3) AD

a) The '40-60' allocation: is there a letter from 03 authourising this entitlement?
b) The letter from you to AD I understand was just from you to AD and none else. I understand that this letter referred to historical liftings and capabilities. Could you please fax us a copy of this letter
c) I understand that you are working on the following structure: 03->AD->B-> market
d) On this basis (see (c)-above) you require bank comfort and refinery contracts (anywhere in world) backing. You mention that this is for the internal comfort of AD in order to prevent "embarrassment down the road". This is strange-since they are currently key requirements of 03 for individual contracts. Therefore I can only think it is for AD to pass on to 03. Am I correct in this point? Obviously the reason for the question is that one must be very selective and careful how refineries are "presented" to 03
e) Therefore there has been requests made to AD by 03. Do we have a copy of this request?
f) Who in 03 is AD talking to?
g) Is the DUB participation part of the same allocation or different. ? If different is the DUB allocation on the same logic? If different are you working with the DUB people as well?
h) When do 03 want the AD (and DUB if different) allocation to commence?

Augusto, that's the end of these questions which, I am sure you agree, we need to know the answers as we deliberate together on the required starategy

Thanks

Regards

John

UNQUOTE

-----Original Message-----
From: john irving [mailto:john@j-irving.demon.co.uk]
Sent: Thursday, November 27, 2003 4:27 PM
To: 'davidc@bayoil.com'
Subject: Conversation with Sea Giant : November 27th 2003 2-2.30pm London time

Dear David,

I hope you and your Family are having Happy Thanksgiving

Sea Giant rang me.

I told him that you were sorry that you could not ring back-he left a message I understand-but that you were just getting on a plane to California

I guess the conversation can be broken down into 3 areas:

1) Italy
2) J
3) AD

Brief Synopsis

SG is very keen to speak with you on all areas. Conversation very friendly. The push from J and AD seems to be worthy of pursuing with some vigour
since the "climate" seems right for this developed "pan arabism". My estimation is that SG cannot push much more forward without our support
and, from the below, we have to make a significant number of proposals.

1) Italy

Now this does not mean a lot to me -but here goes!

opened up "36,000" files,hair raising conspiracy, fog disappearing to your and his general advantage, a lot of issues now have a solid explanation,
clarity being restored, evidence of such a conspiracy against C that a "newspaper editor would pay $10m for the serial rights", SG met with top lawyers in US, heavy shit against
some peopie-"they would drop their pants" including "a daughter in NY", serious amount of information now known. Plain justice for the 'big man'. Evidence of agenda.

i) strengthening of " big man" position-N.B the "big man" is a certain DBC !!
ii) disqualifies some bastards
iii) Continue to be professional in 'eye of storm'
iv) Events unfolding as per SG predictions
v) "Truth in our favour"

Message Printed on 3/4/2003 5:48:07 PM by VRT RefNum:VRT2127807

From/To: ("Millennium" <jsayegh@sbigholdings.com>)
Msg Recvd/Delivered: 2/28/2003 6:31:32 PM
SUBJ: ARCADIAN CLEARANCE / BAHRAIN

From: "Millennium" <jsayegh@sbigholdings.com>
To: <largetanker@odingroup.com>
Subject: ARCADIAN CLEARANCE / BAHRAIN
Date: Sat, 1 Mar 2003 01:30:23 +0200
Message-Id: <FC1876CEBD085847B213148B8E7ED4BD340A@hqmail.sbig.com>

ATTN: MICHAL RICHARDS

GOOD EVENING MICHAEL

PLS NOTE THE FOLLOWING:

- ARCADIAN 1
CHARTRS PLEASED TO RECONFRIM THAT DAVID YOUNG CAN PHONE COMMANDER FRENCH IN THE MORNING AND ASK HIM "IF THE ARCADIAN 1 WHICH HAS JUST COMPLETED LOADING IRAQI CRUDE AT AL AMAYA FOR ACCOUNT MILLENIUM HAS HIS PERMISSION TO SAIL ???"

REGARDS

Jamil Sayegh
MILLENIUM Marine Division
Phone +962 6 5608777 ext 355#
Fax +962 6 5623112 or 962 6 5688009
Cell +962 79 6677575

email marine@sbigholdings.com

Received: from MAIL.sbig.com ([194.165.153.115])
by srvmrs.odinmarine.com (NAVGW 2.5.2.9) with SMTP id M2003022818312519514
for <largetanker@odingroup.com>; Fri, 28 Feb 2003 18:31:26 -0500
Received: from HQMail.sbig.com ([10.0.0.8]) by MAIL.sbig.com with Microsoft SMTPSVC(5.0.2195.5329);
Sat, 1 Mar 2003 01:30:23 +0200
Subject: ARCADIAN CLEARANCE / BAHRAIN
MIME-Version: 1.0
Content-Type: text/plain;
charset="us-ascii"
Date: Sat, 1 Mar 2003 01:30:23 +0200
Content-Transfer-Encoding: quoted-printable
Message-ID: <FC1876CEBD085847B213148B8E7ED4BD340A@hqmail.sbig.com>
X-MimeOLE: Produced By Microsoft Exchange V6.0.6249.0
X-MS-Has-Attach:
X-MS-TNEF-Correlator:
From: "Millennium" <jsayegh@sbigholdings.com>
To: <largetanker@odingroup.com>
Return-Path: jsayegh@sbigholdings.com
X-OriginalArrivalTime: 28 Feb 2003 23:30:23.0251 (UTC)
FILETIME=[5D841E30:01C2DF81]

---------- End of Message ----------

Permanent Subcommittee on Investigations
Miscellaneous additional documents
relating to Khor al-Amaya

Message Printed on 2/11/2003 6:19:26 AM by RL RefNum:RL2093303

From/To: Sayegh, Jamil/SBIG Holdings (private)
Msg Recvd/Delivered: 2/10/2003 5:53:17 PM
ATTN: Jamil Sayegh
SUBJ: Eagle/Millenium - Confidentiality agreement

REF: VRT2093303

FROM: ODIN MARINE,INC. - LARGE TANKER DEPARTMENT
DATE: 2/10/2003
TIME: 5:53:17 PM

ATTN: Jamil Sayegh
SUBJ: Eagle/Millenium - Confidentiality agreement

PLS, FIND ATTACHED LETTER FROM THE OWNERS OF THE M/T "EAGLE" RE CONFIDENTIALITY AGREEMENT.

BEST REGARDS
ODIN MARINE INC.

Fax: 203-964-8115
Telex: 49682099
E-mail: largetanker(at)odingroup.com

---------- End of Message ----------

WORLD NAVIGATION LIMITED
147/1, St. Lucia Street,
Valletta, Malta

To: The Ministry of Energy and Mineral Resources
The Hashemite Kingdon of Jordan

Re: EAGLE CP DATE FEB 6TH, 2003

In connection with the "EAGLE/MILLENIUM" time charter party dated February 6th, 2003, the undersigned has been provided, in confidence, with the following item, all of which constitute secret and confidential information from the Ministry of Energy and Mineral Resource, the Hashemite Kingdom of Jordan.

1) A letter giving MILLENIUM the power of attorney from the Ministry of Energy and Mineral resources dated February 6th, 2003 and signed by the Minister, His Excellency Mohammad Batayneh.

The undersigned will utilize the above material and instrument solely for the purpose of warrantying the Power of Attorney from the Ministry of Energy to MILLENIUM.

Owners (WORLD NAVIGATION LIMITED, Valletta, Malta) of the "EAGLE" will not disclose or provide access to the same to any third party (including but not limited to its employees), except on a need to know basis, solely for the purpose of aiding in the consummation of the proposed business and then only on condition that the materials and instruments so disclosed be held in confidence by the party to whom it is disclosed. Owners will take such action as is necessary to ensure that its employees and third parties to whom the confidential information and/or instrument are furnished, are aware of and subscribe to maintainance of this agreement.
All of the materials and instruments, and any and all copies of the same, will be returned to the provider of the confidential information or instruments, upon party's written request. In such event, the information obtained form such materials and instruments will nevertheless be maintained in confidence by the under signed and not disclosed to third parties.

In witness whereof, the undersigned has executed this confidentiality agreement in Athens, Greece, this 8th day of February, 2003.

For and on behalf of
WORLD NAVIGATION LIMITED

WORLD NAVIGATION LIMITED * MALTA *

DIMITRIS LAMPROPOULOS
ATTORNEY-IN-FACT

Millennium for the Trade of Raw Materials and Mineral Oils Company

الألفية لتجارة المواد الخام والزيوت المعدنية ذ . م . م .

7 February 2003

Michael H. Richards
Odine Marine INC
66 Gate House Road
Stamford, CT 06902
USA

By Facsimile and Courier: +1 203 964 3130

Dear Mr. Richards

Per your request, kindly forward this letter to the owners of M/V Eagle.

"We Millennium for the Trade of Raw Materials and Mineral Oils, for and on behalf of the Ministry of Energy and Mineral resources of the Hashemite Kingdom of Jordan, are assigned to import crude oil from Basrah by sea tankers according to a special protocol and arrangements in line with the United Nations Memorandum of Understanding, hereby undertake the safety of the chartered vessel M/V Eagle and its safe return and that it will not be confiscated due to the type of cargo it will be transporting.

Consequently as a result we furthermore undertake to fully indemnify the Owners of the above named vessel and hold them harmless in association with its operation for whatever reason or consequence in relation with the vessel's operation to/from Basrah whether on ballast or loaded with Iraqi oil.

The charterers of record for this the charter are always to be "Millennium for the Trade of Raw Materials and Mineral Oils Co. and on behalf of the Ministry of Energy and Mineral Resources of the Hashemite Kingdom of Jordan."

MILLENNIUM For the Trade of Raw Materials & Mineral Oils Company

Ahed Rahman
Vice President & Assistant to the Chairman
Millennium for the Trade of Raw Materials & Mineral Oils
For and on behalf of the Ministry of Energy & Mineral Resources
The Hashemite Kingdom of Jordan

Corporate Representative Office
P. O. Box 93 Amman 11118 – Jordan

Main Tel : + (962 6) 568 8777
Direct Fax: + (962-6) 568 8009

---------- End of Message ----------

Message Printed on 2/13/2003 4:02:01 PM by RL RefNum:RL2100760

From/To: (UNKNOWN)
Msg Recvd/Delivered: 2/13/2003 3:48:29 PM
SUBJ:

TO :DYNACOM TM LTD.
KIND ATTN: CAPT K.PSARAKOS

CC :ODIN MARINE INC.
KIND ATTN: MR BOB LUBBERS

DATE :13.02.2003
FROM :MT EAGLE
VOY :037
MSG:EAG/025/130203

EAGLE/MILLENIUM TCP 6TH FEB-2003

SUB:- VOYAGE INSTRUCTIONS

PLS BE ADVISED THAT RECIEVED FOLLOWING VOYAGE INSTRUCTIONS FROM CHARTERERS BY FAX.

QUOTE:

PRIVATE & CONFIDENTIAL
DATE:13 FEB-03 @ 17:15 UTC

CAPT KALEEM

SUBJECT VOYAGE INSTRUCTIONS.

CHARTERERS INSTRUCTIONS FOR THE VOYAGE FROM FUJAIRAH TO MINA BAKAR ARE AS FOLLOWS:

1.DEPART FUJAIRAH ON 14 FEB 2003 AROUND 05:00 UTC STEAM AT A SPEED OF 12/13 KNOTS.

2.PROCEED ON NORMAL NORTHBOUND SAFE COURSE TO MINA BAKR.

3.THE U.S. NAVY WILL CALL YOU ON THE WAY IN APPROXIMATE POSITION 50-60 N.M BEFORE ARRIVAL BAKR SEA PILOT STATION FOR VESSELS INSPECTION. THEY ARE ALREADY AWARE ABOUT YOUR PASSAGE AND ITENIRARY.AUTHORIZATION IS GRANTED FOR YOUR SHIP TO PROCEED TO BAKR AND BACK TO FUJAIRAH WITH THE CARGO LOADED. PLS COOPERATE AS USUAL AND PROVIDE U.S. NAVY WITH ANY INFORMATION THEY REQUIRE.

4.ONCE CLEARD TO RESUME VOYAGE CONTINUE TO MINA BAKR.

Message Continues...

5.REPORT YOUR ETA BY VHF TO MINA BAKR PILOT STATION AS SOON AS
PRACTICABLE VSL EXPECTED TO BERTH ON ARRIVAL OTHERWISE ANCHOR
AT KHAWR AL KAFKA NORTH ANCHORAGE TILL CALLED BY PILOT.

6.THE TERMINAL TO LOAD AT COULD BE KHOR OMAYEH OR BAKR SEA ISLAND:
FOLLOW LOCAL AUTHORITY INSTRUCTIONS.

7.IF AT MINA BAKR, YOU ARE ASKED (I REPEAT: IF YOU ARE ASKED)FOR
LOADING AUTHORIZATION INFORM THEM THAT A SPECIAL AUTHORIZATION
TO LOAD IS GRANTED TO CHARTERERS NAMED ABOVE.

8.THE AGENT AT BAKR ARE MESSRS GENERAL ENTERPRISE FOR MARITIME
AGENCIES HOWEVER TENDER N.O.R. BY E-MAIL OR FAX TO US.

9.YOU WILL LOAD CRUDE OIL,1 GRADE,UP TO MAXIMUM SHIP'S CAPACITY
ALLOWING SAFE UNDER KEEL CLEAERANCE. FOR THE MAX DRAFT / TRIM
ALLOWED PLS CHECK WITH PORT AUTHORITY AT THE TERMINAL.

10.WHEN LOADING COMPLETED,PROCEED TO FUJAIRAH.

11.FOR YOUR RETURN VOYAGE,SAME ARRANGEMENTS MENTIOND UNDER 3)
ABOVE APPLY.

12.REPORT BY PHONE/FAX AS APPROPRIATE AT FOLLOWING.

a DEPART FUJAIRAH+ ROB
b CLEARANCE RO RESUME NORTHBOUND VOYAGE, BY PHONE.
c SECURING AT TERMINAL + ROB.
d COMMENCEMENT OF LOADING, BY PHONE.
e COMPLETION OF LOADING & DEP MINA BAKR + ROB.
f CLEARANCE TO RESUME SOUTHBOUND VOYAGE BY PHONE.
g ARRIVAL FUJAIRAH + ROB.

NOTE: FOR WRITTEN COMMUNICATIONS. PREFERABLY EMAIL
OTHERWISE BY FAX.

13.UPON LOADING COMPLETION,MASTER IS AUTHORIZED TO SIGN A RECIEPT FOR THE QUANTITY OF CARGO LOADED.

14.MASTER AND ALL ADDRESSEES ARE REQUIRED TO MAINTAIN THE CONTENT OF THIS MESSAGE AS HIGHLY CONFIDENTIAL.

Message Continues...

IMPORTANT NOTE: APART FROM CARGO WORKS AND MINIMUM NORMAL ROUTINE SHIPPING FORMALITIES, MASTER TO ENSURE THAT NO INFORMATION OF ANY KIND IS GIVEN TO ANY PERSON ///REPEAT ANY PERSON /// AT THE LOADING PORT WITH REGARD TO ARRANGEMENTS MADE OR MENTIOND HERE ABOVE.

FOR MASTER'S THE SPECIFIC GRAVITY IS 0.86 AND API Gr. IS 32.9 APPROX.

SHOULD YOU HAVE ANY QUERY AT ANY TIME DONOT HESITATE TO CALL
ME ON MOBILE +963 79 6677575 OR OFFICE + 962 6 5608777 EXT 355#.

BREGARDS
Capt Jamil SAYEGH

MARINE & OIL OPERATIONS MANAGER.

UNQUOTE:

ALL ABOVE RECIEVED BY FAX TWO TIMES, 1ST TIME WITHOUT SIGNATURE
2ND FAX SAME BUT WITH SIGNATURE.

THANKS & BEST REGARDS
MASTER

Message Printed on 2/18/2003 8:13:34 AM by RL RefNum:RL2105844

From/To: (UNKNOWN)
Msg Recvd/Delivered: 2/18/2003 6:29:31 AM
SUBJ: Eagle

TO :MILLENIUM FOR THE TRADE OF RAW MATERIAL & MINERAL OILS.
KIND ATTN: CAPT JAMIL SAYEGH.

TO :DYNACOM TM LTD.
KIND ATTN: CAPT K.PSARAKOS

CC :ODIN MARINE INC.
KIND ATTN: MR BOB LUBBERS

DATE :18.02.2003
FROM :MT EAGLE
VOY :037
MSG:EAG/060/180203

EAGLE/MILLENIUM TCP 6TH FEB-2003

SUB:- VSL AWAITING BERTH AVAILABILITY

PLS BE ADVISED THAT VSL ARRIVED ALBAKR TERMINAL
ANCHORAGE"B" AND AWAITING
BERTHING VAILABILITY AS FOLLOWS:

16.02.03 / 0536 HRS LT END OF SEA PASSAGE,
" / 0536 " " ARRIVED KHAWRAL KAFKA PT.
" / 0536 " " NOR TENDERD.
" / 0536 " " FREE PRATIQUE REQUESTED
" / 0830 " " VSL ANCHORD AT KHAWRAL KAFKA ANCHORAGE"B".
" / 0830 " " ALBAKR TERMINAL & PILOT INFORMED.
NO BERTHING PROSPECTUS TODAY.
" / 0930 " " CHARTERERS CONTACTED MASTER BY PHONE,
CONFIRMED THAT HAVE RECIEVED N.O.R. & CHRTRR
EXPECTING VSL BERTHING ON 17TH FEB-03.
16.02.03 / 1200 " " VSL AWAITING BERTH AVAILABILTY/
FREE PARATIQUE NOT GRANTED YET.

17.02.03 / 1200 " " VSL AWAITING BERTH AVAILABILITY & FREE
PARATIQUE.
17.02.03 / 1415 " " VSL CONTACTED AL-BAKR TERMINAL, REPLIED
NO BERTHING PROSPECTUS TODAY.

18.02.03 / 1000 " " VSL CONTACTED AL-BAKR TERMINAL, REPLIED
NO BERTHING PROSPECTUS FOR TODAY.

18.02.03 / 1115 " " CHARTERERS CONTACTED VSL BY PHONE, ASKED
QNTY
TO LOAD, QNTY GIVEN, CHARTERERS INSTRUCTED

Message Continues...

THE VSL TO BE READY SINCE BERTHING NOW ASA
ONE VSL "ARGOSEA" WILL COME OUT THEN WE WILL
BERTH ON TERMINAL "KHAWRAL AL-AMAYA".
VSL IS READY.

18.02.03 / 1200 " " VSL AWAITING BERTHING AVAILABILITY & FREE
PARATIQUE.

THANKS & BEST REGARDS
MASTER

---------- End of Message ----------

<Chartering@sberries.com>
To: "ODIN MARINE INC." <largetanker@odingroup.com>
Subject:
Date: Fri, 21 Feb 2003 20:57:12 +0200
Message-Id: <OFB5C5F9A9.9051CD6C-ONC2256CD4.0067E0A1@internal.net>

	External Recipients	Internal Recipients
	External Recipients	Internal Recipients
To:		Chartering@sberries.com
cc:		
bcc:		
Subject :		
Cabinet (s):		Distributed To

Chartering@sberries.com

From Shipping Berries S.A.

To Messrs. Odin Marine Inc.
Largetanker@odingroup.com

Friday, February 21, 2003

Re: M/T EAGLE TCP Millenium dated 6 February 2003

Dear Sirs:

We refer to our telephone conversation today at 1800 hours Athens time and
your email message sub ref: RL2113610 of 6 Feb 2003.

You advise "that the Cargo which is presently being loaded onto the M/T
Eagle is potentially cargo that is not cargo that complies with UN
Sanctions and therefore may be illegal cargo".

When you approached us with this possible fixture you represented to us
that the vessel was being time-chartered by your clients ? Millenium For
the Trade of Raw Materials and Mineral Oils who were acting on behalf of
the Ministry of Energy and Mineral Resources of the Hashemite

Message Continues...

Kingdom of
Jordan, pursuant to power of attorney from the Ministry. Moreover, you
represented to us that the lifting of the cargo from Iraq was pursuant to
and compliant with the sanctions regime and controls of the United Nations
Organization. It is also a fundamental condition of the charterparty that
the vessel shall be employed by the charterers in lawful trades in lifting
of lawful cargoes. These are warranties which you made since you had the
direct contacts with the charterers, and their principals. Of course, the
vessel owners relied on your warranties.

When the vessel arrived at the area which is controlled by the naval forces
of the states enforcing the UN sanctions the vessel was requested by same
to identify the charterers on whose behalf she was going to load and,
after providing this information, she was cleared to proceed.

At this time the vessel has nearly completed loading and she is expected to
top up soon.
Since she is time chartered she will need sailing instructions regarding
her destination and orders for the delivery of the cargo. These
instructions must come through you from the time charterers who, in the
last message, which you just relayed to us with your reference "VRT2113953"
assure owners that " the ships are granted safe passage in and out [of
Iraq] by the UN Naval Forces".

However, you advise that it "..may be appropriate for the Master/Owners of
the vessel to contact the local coalition forces /escorts and advise same
of the situation and request any further advise which the authorities may
provide".

Your company is the only channel of communications Owners have with the
time charterers ,and they can only seek instruction from Odin Marine Inc.
Moreover, since you are located a lot closer to New York, which is the
center of the United Nations Organization, in one of the principal
countries involved in the enforcement of the UN sanctions Owners request,
indeed demand, of you to liaise with the proper and competent authorities
of both the UNO and the USA and obtain from them the necessary
instructions, clearances, directions and information about what the vessel
needs to do in order to safely proceed out of Iraq. You are in a much
better position than Owners to explain matters since you have the contacts
with the time charterers. Of course Odin must also provide the Charterers'
sailing instructions.

As the vessel is due to complete loading during the weekend you should send
us by email whatever instructions you have for the vessel.

Please note well that the safety and security of the crew and the vessel

Message Continues...

are, in the circumstances, yours and the charterers responsibility, and the
vessel owners will hold you and the time charterers responsible for any
loss, damage or delay.

Best Regards

Shipping Berries S.A.

.
Received: from hermes.gatewaynet.com ([217.19.69.34])
 by srvmrs.odinmarine.com (NAVGW 2.5.2.9) with SMTP id
M2003022113544019538
 for <largetanker@odingroup.com>; Fri, 21 Feb 2003 13:54:41 -0500
Received:
by Chartering@sberries.com (8.12.6/8.12.1) with ESMTP id
h1LIsdm9021249
      for <largetanker@odingroup.com>; Fri, 21 Feb 2003 20:54:39 +0200
(EET)
From: "Chartering Dept. of Shipping Berries S.A."
<Chartering@sberries.com>
Reply-To: "Chartering Dept. of Shipping Berries S.A."
<Chartering@sberries.com>
To: "ODIN MARINE INC." <largetanker@odingroup.com>
Date: Fri, 21 Feb 2003 20:57:12 +0200
Subject:
X-Priority: 1 (High)
Message-ID: <OFB5C5F9A9.9051CD6C-ONC2256CD4.0067E0A1@internal.net>
X-MIMETrack: Serialize by Router on hermes/hermes(Release 5.0.11
|July 24, 2002) at 02/21/2003
 08:54:39 PM
MIME-Version: 1.0
Content-type: text/plain; charset=iso-8859-1
Content-transfer-encoding: quoted-printable

Fax: 203-964-8115
Telex: 49682099
E-mail: largetanker(at)odingroup.com

---------- End of Message ----------

Iraqi Memo Estimating Zhirinovsky Profit as $8.6 Million

EXHIBIT #1

Permanent Subcommittee on Investigations

ملحق رقم ٢

تقديرات العوائد المالية لعينة من المستفيدين
من تخصيصات النفط الخـــــــــام

يبين الجدول ادناه تقديرات للعوائد المالية التي حققتها عينه من الشخصيات وجهات اخرى من جراء حصولها على تخصيصات نفطية من النظام السابق . احتسبت هذه العوائد بالاستناد إلى تقديراتنا لهوامش الربح المتعلقة بكل مرحلة من مراحل مذكرة التفاهم وسحوبات النفط الخام التي نفذتها هذه العينة خلال كل مرحلة .

ت	الجهـة المخصـص لهـا	مجموع سحوبات النفط الخام خلال جميع المراحل (مليون دولار)	تقدير العائد المالي لكامل السحوبات (مليون دولار)
١-	جرنوفسكي (رئيس الحزب الليبرالي الديمقراطي الروسي)	٦٠,٣	٨,٦
٢-	حميدة نعنـع (كاتبة صحفية سورية)	٨,٣	١,٤
٣-	محمد عبد المنـان (وزير اوقاف سابق في بنغلاديش)	٣٠,٧	٥,٥
٤-	جورج ترخانيـان (تاجر لبناني قدم من قبل جهاز المخابرات ومكتب طارق عزيز)	٢,٠	٠,٨
			١,٠
			٠,٧
			١,٧
			٠,٣
			١,٣
١٠-	بنون سيفان (المدير الاسبق لبرنامج العراق في الامم المتحدة)	٩,٣	١,٢

Estimated Financial Profits Achieved by a Sample of People Benefiting from the Allocations of Crude Oil

The table below explains the estimates achieved by some individuals and other parties as a result of obtaining oil allocations from the former regime. These proceeds have been calculated based on our estimates of the profit margins related to each phase of the Memorandum of Understanding, and the crude oil lifting these individuals executed in each phase.

No.	Allocated Party	Total Crude Oil Lifted in All Phases (million dollars)	Estimated Financial Profit for All Lifted Quantities (million dollars)
1	Zhirinovsky (President of the Liberal Democratic Russian Party)	60.3	8.6

[Unrelated Entries Have Been Omitted]

ملحق رقم ٢

تقديرات العوائد المالية لعينة من المستفيدين
من تخصيصات النفط الخـــــــــــام

يبين الجدول ادناه تقديرات للعوائد المالية التي حققتها عينه من الشخصيات وجهات اخرى من جراء حصولها على تخصيصات نفطية من النظام السابق . احتسبت هذه العوائد بالاستناد إلى تقديراتنا لهوامش الربح المتعلقة بكل مرحلة من مراحل مذكرة التفاهم وسحوبات النفط الخام التي نفذتها هذه العينة خلال كل مرحلة .

ت	الجهـة المخصـص لهـا	مجموع سحوبات النفط الخام خلال جميع المراحل (مليون دولار)	تقدير العائد المالي لكامل السحوبات (مليون دولار)
١-	جرنوفسكي (رئيس الحزب الليبرالي الديمقراطي الروسي)	٦٠,٣	٨,٦
٢-	حميدة نعنـع (كاتبة صحفية سورية)	٨,٣	١,٤
٣-	محمد عبد المنـان (وزير اوقاف سابق في بنغلاديش)	٣٠,٧	٥,٥
٤-	جورج ترخانيـان (تاجر لبناني قدم من قبل جهاز المخابرات ومكتب طارق عزيز)	٢,٠	٠,٨
٥-	فؤاد سرحـان (تاجر برازيلي من اصل لبناني قدم من قبل مكتب طارق عزيز)	٧,٨	١,٠
٦-	علي بلـــوط (صحفي لبناني)	٣,٨	٠,٧
٧-	جمعية الصداقة العراقية الفرنسية	١١,٢	١,٧
٨-	اورشانسكي (قنصل فخري سابق للعراق في اوكرانيا)	٣,٥	٠,٣
٩-	الياس الفرزلي (تاجر وكاتب صحفي لبناني مقيم في فرنسا)	٦,٢	١,٣
١٠-	بنـون سيفان (المدير الاسبق لبرنامج العراق في الامم المتحدة)	٩,٣	١,٢

Estimated Financial Profits Achieved by a Sample of People Benefiting from the Allocations of Crude Oil

The table below explains the estimates achieved by some individuals and other parties as a result of obtaining oil allocations from the former regime. These proceeds have been calculated based on our estimates of the profit margins related to each phase of the Memorandum of Understanding, and the crude oil lifting these individuals executed in each phase.

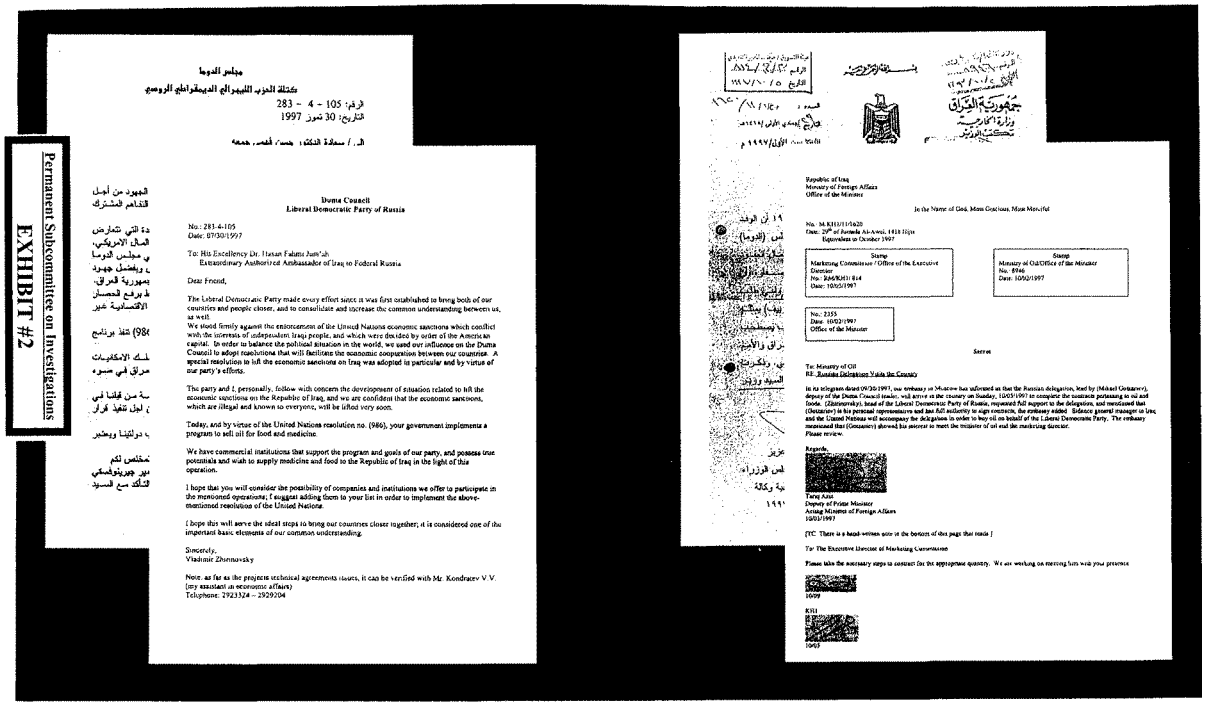
No.	Name	Estimate of Profit (in Million)	Total Allocation (in Millions)
	Zhirinovsky (President of the Liberal Democratic Russian Party)	60.3	8.6
	Hamida Na'naa (Syrian Journalist and writer)	8.3	1.4
	Mohammed Abd-al-Mannan	30.7	5.5
	George Tarkhanyan	2.0	.8
	Fouad Sarhan (Brazilian Merchant of Lebanese origin, was introduced by the office of Tariq Aziz)	7.8	1.0
	Ali Baloot (Lebanese Journalist)	3.8	.7
	Iraqi Friendship Society	11.2	1.7
	Orshanski (previous Counsel of Iraq in Ukraine)	3.5	.3
	Ilyas Al Farzali (Lebanese Merchant and Journalist living in France)	9.3	1.3
	Benon Sifan (previous manager of the Iraqi program in the United Nations)	9.3	1.2

Zhirinovsky Request For Oil-for-Food Contracts

Zhirinovsky's Request Granted

Permanent Subcommittee on Investigations

EXHIBIT #2



مجلس الدوما

كتلة الحزب الليبرالي الديمقراطي الروسي

الرقم: 105 - 4 - 283

التاريخ: 30 تموز 1997

الى / سعادة الدكتور حسن فهمي جمعه

Duma Council
Liberal Democratic Party of Russia

No.: 283-4-105
Date: 07/30/1997

To: His Excellency Dr. Hasan Fahmi Jum'ah
Extraordinary Authorized Ambassador of Iraq to Federal Russia

Dear Friend,

The Liberal Democratic Party made every effort since it was first established to bring both of our countries and people closer, and to consolidate and increase the common understanding between us, as well.
We stood firmly against the enforcement of the United Nations economic sanctions which conflict with the interests of independent Iraqi people, and which were decided by order of the American capital. In order to balance the political situation in the world, we used our influence on the Duma Council to adopt resolutions that will facilitate the economic cooperation between our countries. A special resolution to lift the economic sanctions on Iraq was adopted in particular and by virtue of our party's efforts.

The party and I, personally, follow with concern the development of situation related to lift the economic sanctions on the Republic of Iraq, and we are confident that the economic sanctions, which are illegal and known to everyone, will be lifted very soon.

Today, and by virtue of the United Nations resolution no. (986), your government implements a program to sell oil for food and medicine.

We have commercial institutions that support the program and goals of our party, and possess true potentials and wish to supply medicine and food to the Republic of Iraq in the light of this operation.

I hope that you will consider the possibility of companies and institutions we offer to participate in the mentioned operations; I suggest adding them to your list in order to implement the above-mentioned resolution of the United Nations.

I hope this will serve the ideal steps to bring our countries closer together; it is considered one of the important basic elements of our common understanding.

Sincerely,
Vladimir Zhirinovsky

Note: as far as the projects technical agreements issues, it can be verified with Mr. Kondratev V.V. (my assistant in economic affairs)
Telephone: 2923324 – 2929204

Republic of Iraq
Ministry of Foreign Affairs
Office of the Minister

In the Name of God, Most Gracious, Most Merciful

No.: M.KH3/11/1620
Date: 29th of Jumada Al-Awwal, 1418 Hijra
Equivalent to October 1997

Stamp
Marketing Commission / Office of the Executive Director
No.: 2667/KH3/814
Date: 10/03/1997

Stamp
Ministry of Oil/Office of the Minister
No.: 8946
Date: 10/02/1997

No.: 2355
Date: 10/02/1997
Office of the Minister

Serves

To: Ministry of Oil
RE: Russian Delegation Visits the Country

In its telegram dated 09/30/1997, our embassy in Moscow has informed us that the Russian delegation, lead by (Mikael Gotsaniev), deputy of the Duma Council leader, will arrive in the country on Sunday, 10/05/1997 to complete the contracts pertaining to oil and foods. (Zhirinovsky), head of the Liberal Democratic Party of Russia, requested full support to the delegation, and mentioned that (Gotsaniev) is his personal representative and has full authority to sign contracts, the embassy added. Balance general manager in Iraq and the United Nations will accompany the delegation in order to buy oil on behalf of the Liberal Democratic Party. The embassy mentioned that (Gotsaniev) showed his interest to meet the minister of oil and the marketing director.
Please review.

Regards,

Tariq Aziz
Deputy of Prime Minister
Acting Minister of Foreign Affairs
10/03/1997

[TC: There is a hand-written note in the bottom of this page that reads]

To: The Executive Director of Marketing Commission

Please take the necessary steps to contract for the appropriate quantity. We are working on meeting him with your presence

10/09

KH3

10/03

Duma Council
Liberal Democratic Party of Russia

No.: 283-4-105
Date: 07/30/1997

To: His Excellency Dr. Hasan Fahmi Jum'ah
Extraordinary Authorized Ambassador of Iraq to Federal Russia

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Vladimir Zhirinovsky

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Telephone: 2923324 – 2929204

مجلس الدوما

كتلة الحزب الليبرالي الديمقراطي الروسي

الرقم: 105 - 4 - 283
التاريخ: 30 تموز 1997

الى/ سعادة الدكتور حسن فهمي جمعه
السفير المفوض فوق العادة
لجمهورية العراق في روسيا الاتحادية

الصديق العزيز ،

لقد بذل الحزب الليبرالي الديمقراطي ومنذ لحظة تأسيسه كل الجهود من أجل التقارب الكبير لبلدينا وشعبينا، وكذلك من أجل تعزيز وزيادة التفاهم المشترك بيننا.

وقفنا بحزم ضد تطبيق العقوبات الاقتصادية لهيئة الامم المتحدة التي تتعارض مع مصالح الشعب العراقي المستقل والتي أتخذت بأمر رأس المال الامريكي، وبهدف موازنة الوضع السياسي في العالم، فقد أستخدمنا تأثيرنا في مجلس الدوما لاتخاذ قوانين تسهل التعاون الاقتصادي بين بلدينا، وبالاخص وبفضل جهود حزبنا، فقد تم أتخاذ قانون خاص برفع العقوبات الاقتصادية عن جمهورية العراق.

أني شخصيا" والحزب نتابع بأهتمام تطور الوضع المرتبط برفع الحضار الاقتصادي عن جمهورية العراق ونحن واثقون بان العقوبات الاقتصادية غير الشرعية والمعروفة للكل سوف تزال في أقرب وقت.

ان حكومتكم اليوم وبموجب قرار هيئة الامم المتحدة الرقم (986) تنفذ برنامج لبيع النفط مقابل المواد الغذائية والادوية.

ولدينا مؤسسات تجارية داعمة لبرنامج واهداف حزبنا تملك الامكانيات الحقيقية والرغبة لتوريد الادوية والمواد الغذائية الى جمهورية العراق في ضوء هذه العملية.

ارجو النظر في امكانية مشاركة الشركات والمؤسسات المقدمة من قبلنا في العمليات المذكورة وأقترح ضمهم الى القائمة المقدمة من قبلكم من اجل تنفيذ قرار هيئة الأمم المتحدة إعلاه.

آمل بان هذا سوف يخدم الخطوات المثالية من أجل تقارب دولتينا ويعتبر احدى العناصر المهمة في أساس تفاهمنا المشترك.

المخلص لكم
فلاديمير جيرينوفسكي

ملاحظة : بخصوص قضايا الاتفاقات الفنية للمشاريع ممكن التأكد مع السيد كوندراتيف ف. ف. (مساعدي للشؤون الاقتصادية)
هاتف : 2923324 ، 2929204

Republic of Iraq
Ministry of Foreign Affairs
Office of the Minister

In the Name of God, Most Gracious, Most Merciful

No.: M.KH1/11/1620
Date: 29th of Jumada Al-Awal, 1418 Hijri
Equivalent to October 1997

Stamp
Marketing Commission / Office of the Executive Director No.: RM/KH1/ 814 Date: 10/05/1997

Stamp
Ministry of Oil/Office of the Minister No.: 8946 Date: 10/02/1997

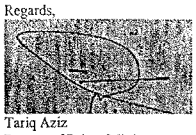
No.: 2355 Date: 10/02/1997 Office of the Minister

Secret

To: Ministry of Oil
RE: Russian Delegation Visits the Country

In its telegram dated 09/30/1997, our embassy in Moscow has informed us that the Russian delegation, lead by (Mikael Gotzariev), deputy of the Duma Council leader, will arrive in the country on Sunday, 10/05/1997 to complete the contracts pertaining to oil and foods. (Zhirinovsky), head of the Liberal Democratic Party of Russia, requested full support to the delegation, and mentioned that (Gotzariev) is his personal representative and has full authority to sign contracts, the embassy added. Sidanco general manager to Iraq and the United Nations will accompany the delegation in order to buy oil on behalf of the Liberal Democratic Party. The embassy mentioned that (Gotzariev) showed his interest to meet the minister of oil and the marketing director.
Please review.

Regards,



Tariq Aziz
Deputy of Prime Minister
Acting Minister of Foreign Affairs
10/01/1997

[TC: There is a hand-written note to the bottom of this page that reads:]

To: The Executive Director of Marketing Commission

Please take the necessary steps to contract for the appropriate quantity. We are working on meeting him with your presence.



10/09

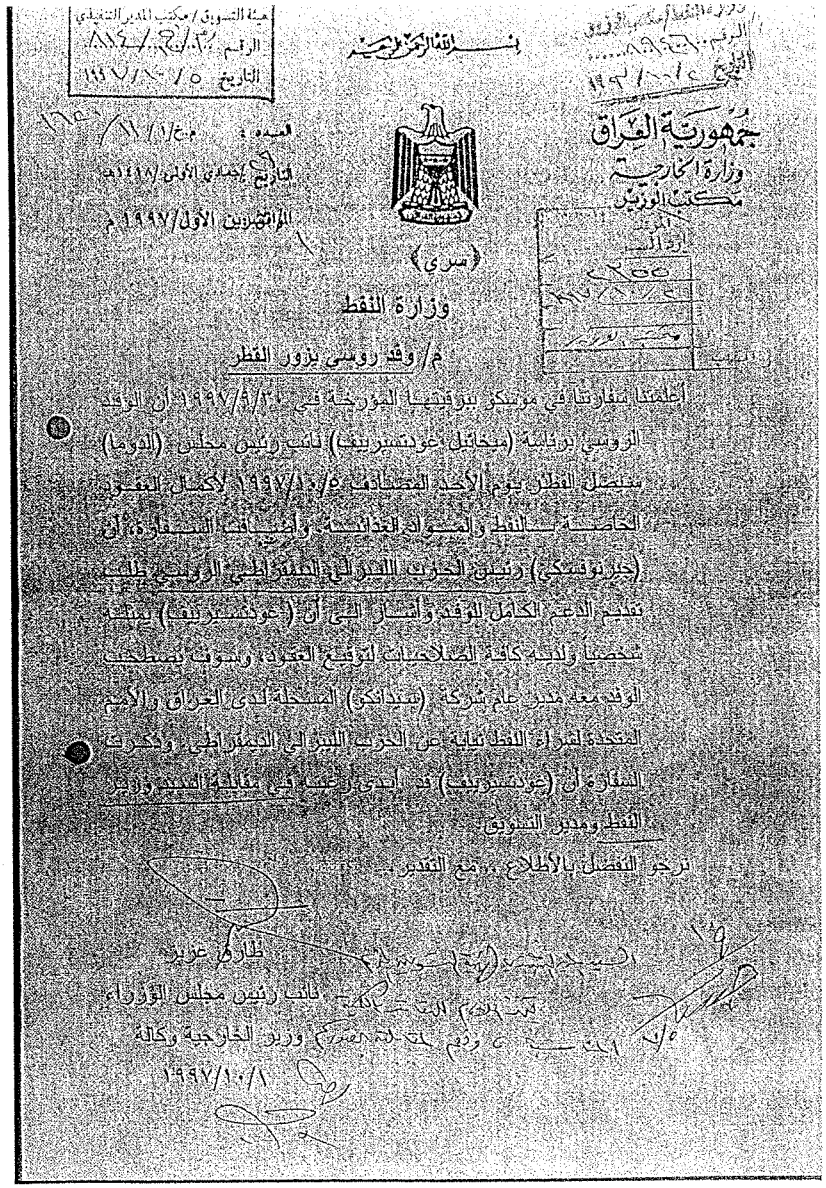
KH1



10/05

هيئة التسويق / مكتب المدير التنفيذي
الرقم ٨١٤/ج/٣٠
التاريخ ١٩٩٧/١٠/٥

بسم الله الرحمن الرحيم



جمهورية العراق
وزارة الخارجية
مكتب الوزير

العدد: م.خ/١/١١/١٦٥٠
التاريخ: ٢٦ جمادى الأولى ١٤١٨هـ
الموافق: تشرين الأول/١٩٩٧م

(سري)

وزارة النفط

م/ وفد روسي يزور القطر

أعلمتنا سفارتنا في موسكو ببرقيتها المؤرخة في ١٩٩٧/٩/٣٠ أن الوفد الروسي برئاسة (ميخائيل غودتسيرييف) نائب رئيس مجلس (الدوما) سيصل القطر يوم الأحد المصادف ١٩٩٧/١٠/٥ لإكمال العقود الخاصة بالنفط والمواد الغذائية. وأضافت السفارة، أن (جيرنوفسكي) رئيس الحزب الليبرالي الديمقراطي الروسي طلب تقديم الدعم الكامل للوفد وأشار إلى أن (غودتسيرييف) يمثله شخصياً ولديه كافة الصلاحيات لتوقيع العقود، وسوف يصطحب الوفد معه مدير عام شركة (سيدانكو) المسجلة لدى العراق والأمم المتحدة لشراء النفط نيابة عن الحزب الليبرالي الديمقراطي. وذكرت السفارة أن (غودتسيرييف) قد أبدى رغبته في مقابلة السيد وزير النفط ومدير التسويق.

نرجو التفضل بالاطلاع ... مع التقدير.

طارق عزيز
نائب رئيس مجلس الوزراء
وزير الخارجية وكالة
١٩٩٧/١٠/١

Permanent Subcommittee on Investigations
EXHIBIT #3

Bayoil agrees to pay Zhirinovsky

TO Mr. Vladimir V. Zhirinovsky
The Chief of the LDPR's Faction

FAX: 011-7095-292-7961

FROM: David B. Chalmers, Jr.

DATE: December 17, 1998

Dear Mr. Zhirinovsky:

Today I have returned from a long business trip and I would like to confirm that everything on our side is under control and there is no change in our position. Ludmil Dimitrov will call on Dectember 24, Igor Lebedev to confirm the details. You know that we have succeeded to put Nafta Moscow as a contracting party for your allocation.

It would be very helpful for the execution of the second part of our job to receive from you on Letterhead of LDPR, the following text.

Quote

To: Bayoil
ATTN: David B. Chalmers, Jr.
FAX: (713) 224-4101

Dear Sirs:

We LDPR confirm that our (our) oil allocation of 7 million barrels is assigned to Bayoil. We will confirm to RUMO to contract this allocation with company designated by Bayoil. Upon receiving from you the agreed premium prior to January 8th, 1999.

Signed,

Mr. Vladimir V. Zhirinovsky

Unquote

We hope that we will be in a position to effect payment prior to your end but as there are holidays in U.S., Europe and Russia there may be some delays therefore January 8th seems an appropriate date.
This is a very important document to overcome the banking bureaucracy as well as to avoid any double ownership.

Sincerely,

David B. Chalmers, Jr.

BAYOIL/USA/005097

Bayoil Instructs NAFTA

BAYOIL

Houston
February 24, 1999

Via fax: 011 7095 244 2308

To: NFC Nafta Moscow
Attn Mr. Vic N. President, Deputy Gene

Dear Yuri Nikolaevich,

As discussed today over the phone I am
signed Contract and Agency agreement
you see any modifications in your copy
effect them and to receive by DHL in 24

As for to your Circumstance with SOMO a
some experience.
SOMO probably would want your view
were the only Russian resident for them f
historical experience presently in Russia
allocations in Europe or we think you can
continued our close contact with a lot of

The O.S.P. formula price given
March from -56.40WTI to -55.40 WTI.

During the same period freight
$1.6 which has increased cost by an addi

During the same period export
about 4 shipments per month or 360 M b

Together these factors of a USD
accompanied by increased competition fr
little or no economic benefit to F.O.B. Ve

The additional fact that many B
ice runs due to substantial negative infla
requirement for April delivery.

The combination of factors outlined ab
an delivered value of Brazeb light
of Russian shippers to sell below cost and

For the reasons outlined above, it is imperative that Nafta receive full flexibility with respect to lifting period and destination for the allocation being contracted for and on behalf of Mr. Vladimir Volfovich, the LDPR.

Enclosed you will find also a memorandum and reporting documents that we have recently sent to SOMO.
You have already received our new revised lifting program. There might be some strong arguments in Baghdad and we suggest your answer should be - that you are a service company of this contract and you are providing service to Mr. Zhirinovski, who is one of the greatest supporter of the Iraqi cause in the world. As SOMO recently increased the price of oil for March they have denied him of any benefit from March shipment.
Off the record you may say that this contract further on is marketed by Bayoil. This is under the agreement between Mr. Zhirinovski and Bayoil that you are not aware of. Intention is to lift all quantities for North America only, however, for reason of security and sanitization of economic result for the LDPR a European option is needed. The first vessel for Ceylan is firmly fixed and is for destination North America.

If you need to contact us you may ask SOMO. They have a satellite connection and they offer it to their partners sometime upon request. Gibraltar I believe that the other place you can send a fax out of Baghdad could be the Embassy of the Russian Federation.

Please note as I told you over the phone today that you might be asked to contract some additional barrels on behalf of third country, Singapore or Bangladesh. We have informed the contract holders that "Nafta Moscow" may contract with SOMO the same way you do it for LDPR. If this is the case we shall increase the volumes under our Contract only as the Agency Agreement is overgreen. The same applies for the additional barrels that have been requested by Vladimir Volfovich. This letter request is with you to be handed over to the Iraqi authorities.

We would like to assure you that we have firm interest in any incremental barrels (different from the ones stated above) that you can obtain on your own and offer to us as separate contract. Prices and conditions we would agree upon.

Mr. David Chalmers and myself are wishing you and Vladislav safe and successful trip to Iraq.

Faithfully Yours,

Ludmil Dimitrov

BAY08-01297

TO: Mr. Vladimir V. Zhirinovsky
The Chief of the LDPR's Faction

FAX: 011-7095-292-7961

FROM: David B. Chalmers, Jr.

DATE: December 17, 1998

Dear Mr. Zhirinovsky:

Today I have returned from a long business trip and I would like to confirm that everything on our side is under control and there is no change in our position. Ludmil Dionissiev will call on Decemger 24, Igor Lebedev to confirm the details. You know that we have succeeded to put Nafta Moscow as a contracting party for your allocation.

It would be very helpful for the execution of the second part of our job to receive from you on Letterhead of LDPR, the following text.

Quote

To: Bayoil
ATTN: David B. Chalmers, Jr.
FAX: (713) 224-8101

Dear Sirs:

We LDPR confirm that our Iraqi oil allocation of 7 million barrels is assigned to Bayoil. We will confirm to SOMO to contract this allocation with company designated by Bayoil. Upon receiving from you the agreed premium prior to January 8th, 1999.

Signed,

Mr. Vladimir V. Zhirinovsky

Unquote

We hope that we will be in a position to effect payment prior to year end but as there are holidays in U.S., Europe and Russian there may be some delays therefore January 8th seems an appropriate date.
This is a very important document to overcome the banking bureaucracy as well as to avoid any double contracting.

Sincerely,

David B. Chalmers, Jr.

BAYOIL

Houston,
February 24, 1999

Via fax: 011 7095 244 3300

To: JSC Nafta Moscow
Attn Mr. Yu. N. Poukhov, Deputy General Director

Dear Yuri Nickolaevich,

As discussed today over the phone I am sending you by fax the duly initialed and signed Contract and Agency agreement. We shall keep it with us until tomorrow, so if you see any omissions or you need some additional correction we would be able to effect them and to courier by DHL to you latest Thursday.

As far as your discussions with SOMO are concerned we would like to share with you some experience.
SOMO probably would want your view on pricing. This is absolutely normal as you were the only Russian contact for them in the past and you are the only company with historical experience presently in Russia. We would leave to you the crude oil price situations in Europe as we think you can easily work it out. As far as the USA is concerned our view (shared with a lot of end users in USA) is:

The O.S.P. formula price discount to W.T.I. has increased since January to March from -$4.40/WTI to -$4.00 WTI, thereby increasing cost by USD 0.40/barrel.

During the same period freight rates have increased from 47.5 - 50.0 to 60 - 62.5 which has increased cost by an additional U.S. $ 0.25 - 0.30 / barrel.

During the same period export volumes to North America have increased by about 4 shipments per month or 240 M barrels per day.

Together these factors of a USD 0.65 - 0.75 per barrel increase in cost accompanied by increased competition for market share in North America has left little or no economic benefit to F.O.B. lifters.

The additional fact that many Basrah light end users in North America have cut runs due to substantial negative refinery margins, has resulted in less requirements for April delivery.

- The combination of factors outlined above has led to great pressure on delivered value of Basrah light which has so far only been offset by refusal of Basrah shippers to sell below cost and instead increase floating storage stocks.

BAY09-01296

For the reasons outlined above, it is imperative that Nafta receive full flexibility with respect to lifting period and destination for the allocation being contracted for and on behalf of Mr. Vladimir Volfovich, the LDPR.

Enclosed you will find also a memorandum and suporting documents that we have recently sent to SOMO.
You have already received our new revised lifting program. There might be some strong arguments in Baghdad and we suggest your answer should be - that you are a service company of this contract and you are providing service to Mr. Zhirinovski, who is one of the greatest supporter of the Iraqi cause in the world. As SOMO recently increased the price of oil for March they have denied him of any benefit from March shipment.
Off the record you may say that this contract further on is marketed by Bayoil. This is under the agreement between Mr. Zhirinovski and Bayoil that you are not aware of. Intention is to lift all quantities for North America only, however, for reason of security and maximization of economic result for the LDPR a European option is needed. The first vessel for Ceyhan is firmly fixed and is for destination North America.

If you need to contact us you may ask SOMO. They have a satellite connection and they offer it to their partners sometime upon request. Otherwise I believe that the other place you can send a fax out of Baghdad could be the Embassy of the Russian Federation.

Please note as I told you over the phone today that you might be asked to contract some additional barrels on behalf of third country, Singapore or Bangladesh. We have informed the contract holders that "Nafta Moskva" may contract with SOMO the same way you do it for LPDR. If this is the case we shall increase the volume under our Contract only as the Agency Agreement is evergreen. The same applies for the additional barrels that have been requested by Vladimir Volfovich. This letter request is with you to be handed over to the Iraqi authorities.

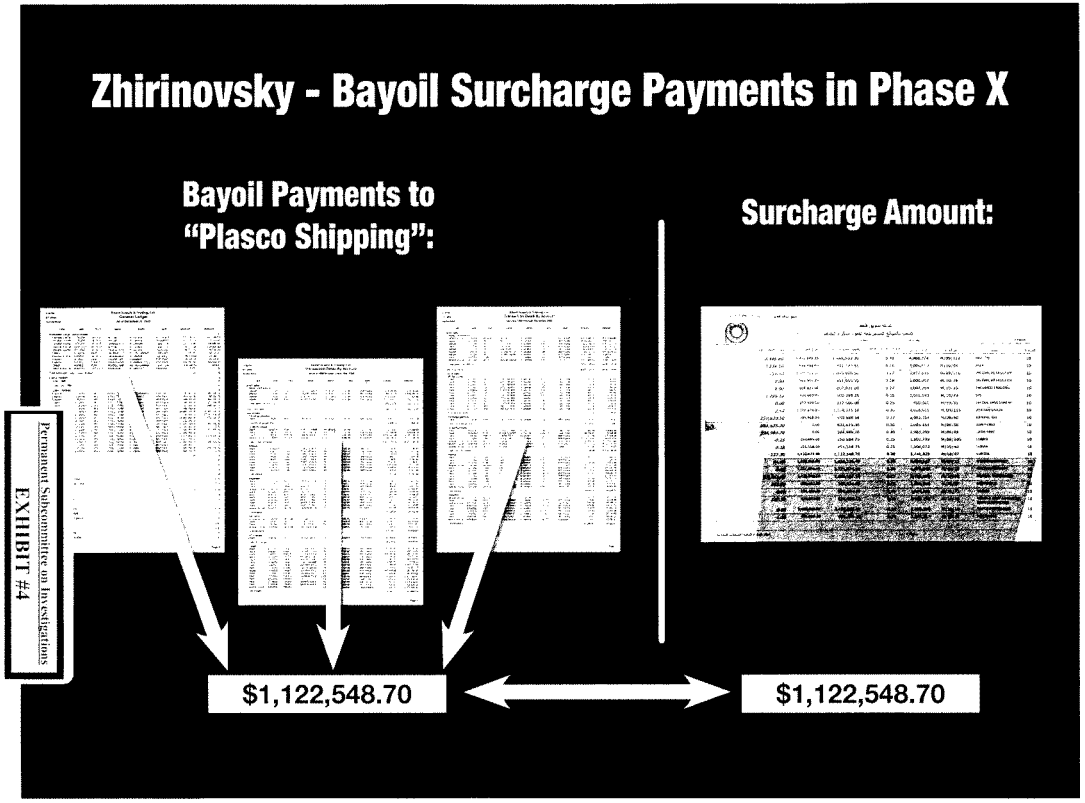
We would like to assure you that we have firm interest in any incremental barrels (different from the ones stated above) that you can obtain on your own and offer to us as separate contract. Prices and conditions we would agree upon.

Mr. David Chalmers and myself are wishing you and Vladislav safe and successful trip to Iraq.

Faithfully Yours,

Ludmil Dionissiev





Permanent Subcommittee on Investigations
EXHIBIT #4

5129027 Bayoil Surcharge Phase X.indd 1 5/16/05 5:22:31 PM

FROM : LUKOIL ASIA PACIFIC PTE LTD, SINGAPORE

TO : BAYOIL SUPPLY AND TRADING LIMITED
TLX : 20644
FAX : 1 713 224 8101

CC : BNP PARIBAS (SUISSE) SA
ATTN : GINA GRECO / CHRISTINE GENILLOUD
TLX : 412100

CC : LUKOIL SA
ATTN : NEIL MAJSKI

RE : M/T ''LICORNE PACIFIC'' - B/L DATED 10.10.2001 AT CEYHAN, TURKEY
1,908,566 NET US BBLS OF KIRKUK CRUDE OIL
CONTRACT DATED JULY 20, 2001
O/REF. SC-004-01S

PLEASE FIND HEREAFTER OUR TELEX INVOICE COVERING THE ABOVE MENTIONED DELIVERY.

Q U O T E

LUKOIL ASIA PACIFIC PTE LTD
65 CHULIA STREET, #EX48-07
OCBC CENTRE
SINGAPORE 049513

BAYOIL SUPPLY AND TRADING LIMITED
PO BOX CB 12918
NASSAU BAHAMAS

INVOICE NO SC-004-01S DATED NOVEMBER 01,2001

PRODUCT KIRKUK CRUDE OIL, FOB CEYHAN TURKEY

SHIPMENT M/T ''LICORNE PACIFIQUE'' B/L DATED 10.10.2001
FOB CEYHAN

TERMS FOB CEYHAN

B/L QUANTITY
259'684.782 MT GROSS B/L
259'609.107 MT NET B/L

API 33.02 1'908'566 NET US BARRELS

FULL PRICE CALCULATION :

SOMO OFFICIAL PRICE:		USD 15.723	PER US BBL
LESS API VARIATION	-	USD 0.29	PER US BBL
		USD 15.433	PER US BBL
PLUS CONTRACTUAL PREMIUM	+	USD 0.03	PER US BBL
FINAL PRICE FOB CEYHAN		USD 15.463	PER US BBL

TOTAL AMOUNT DUE FOB CEYHAN USD 29'512'156.06

SNT 024241

SNT 024241

PAYMENT IN IMMEDIATELY AVAILABLE FUNDS, WITHOUT SET-OFF, DEDUCTION AND/OR COUNTERCLAIM : 30 CALENDAR DAYS FROM BILL OF LADING DATE (B/L DATE TO COUNT AS DAY ONE) AS FOLLOWS

A) USD 29'454'899.08 CONVERTED IN EURO BY USING THE EURO/US EXCHANGE RATE AS PER SOMO'S PAYMENT FORMULA PER L/C NO LCIM 2196042 OPENED BY BNP PARIBAS (SUISSE) SA GENEVA IN FAVOUR OF THE UNITED NATIONS.

B) USD 57'256.98 TO BE PAID TO LUKOIL ASIA PACIFIC PTE LTD
ACCOUNT NO 79739/1N WITH BNP PARIBAS (SUISSE) SA, GENEVA
ATTN MS GINA GRECO.

DUE DATE : 08.11.2001

PLEASE CONFIRM PAYMENT WITH GOOD VALUE ON DUE DATE

BEST REGARDS
LUKOIL ASIA PACIFIC PTE LTD

VICTOR LIM CHRISTOPHE MILLET

SNT 024242

12:35 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
Gross Sales								
Sales - Oil Products								
Deposit	11/13/2001	REV	VALERO MARK...	L.PACIFIQUE-3	V-50165	BNP Pariba...	7,678,190.25	7,678,190.25
Deposit	11/16/2001	REV	VALERO MARK...	L.PACIFIQUE-3	V-50165	BNP Pariba...	7,880,197.79	15,558,388.04
Deposit	11/19/2001	REV	EQUIVA	L.PACIFIQUE-3	V-50165	BNP Pariba ...	7,819,569.81	23,377,957.85
Deposit	11/20/2001	REV	VALERO MARK...	L.PACIFIQUE-3	V-50165	BNP Pariba...	7,914,054.15	31,292,012.00
Total Sales - Oil Products							31,292,012.00	31,292,012.00
Total Gross Sales							31,292,012.00	31,292,012.00
Cost of Sales								
Exchange gain/loss								
Check	11/8/2001	PURCH	UNITED NATIO...	L.PACIFIQUE-3	V-50165	BNP Pariba ...	-14,909.16	-14,909.16
Total Exchange gain/loss							-14,909.16	-14,909.16
Crude Purchases								
Check	10/30/2001	PUR	PLASCO SHIPP...	L.PACIFIQUE-3	V-50165	Cash - CAI ...	-572,569.80	-572,569.80
Check	11/8/2001	PURCH	LUKOIL PETRO ...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-57,256.98	-629,826.78
Check	11/8/2001	PURCH	UNITED NATIO...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-29,550,327.38	-30,180,154.16
General Journal	11/30/2001	Je-Ck-03	Accrual	A. Gamma-7	V-50165	Accounts R...	-130,000.00	-30,310,154.16
Total Crude Purchases							-30,310,154.16	-30,310,154.16
Interest								
Check	10/19/2001	LOAN	FIXED TERM A ...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-1,290.67	-1,290.67
Check	10/19/2001	LOAN	FIXED TERM A...	L.PACIFIQUE-3	V-50165	BNP Pariba	-182.09	-1,472.76
Check	11/5/2001	LOAN	FIXED TERM A ...	L.PACIFIQUE-3	V-50165	Cash - CAI ...	-539.39	-2,012.15
Check	11/8/2001	LOAN	FIXED TERM A...	L.PACIFIQUE-3	V-50165	BNP Pariba	-2,960.00	-4,972.15
Check	11/8/2001	LOAN	FIXED TERM A...	L.PACIFIQUE-3	V-50165	BNP Pariba	-788.67	-5,760.82
Check	11/13/2001	LOAN	FIXED TERM A...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-13,537.85	-19,298.67
Check	11/16/2001	LOAN	FIXED TERM A...	L.PACIFIQUE-3	V-50165	BNP Pariba	-6,418.66	-25,717.33
Check	11/19/2001	LOAN	FIXED TERM A...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-4,494.00	-30,211.33
Check	11/20/2001	LOAN	FIXED TERM A...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-816.33	-31,027.66
Total Interest							-31,027.66	-31,027.66
Inspection								
Check	10/24/2001	INSP	OIL INSPECTIO...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-802.40	-802.40
Check	11/7/2001	FRGHT	SGS CSI	L.PACIFIQUE-3	V-50165	BNP Pariba...	-900.00	-1,702.40
Check	11/7/2001	FRGHT	SGS CSI	L.PACIFIQUE-3	V-50165	BNP Pariba...	-900.00	-2,602.40
General Journal	11/30/2001	Je-Ck-09	Accrual	L. Pacific-3	V-50165	-SPLIT-	-25,000.00	-27,602.40
Check	4/10/2002	INSP	OIL INSPECTIO...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-5,936.89	-33,539.29
Check	9/19/2002	INSP	INSPECTORAT...	L.PACIFIQUE-3	V-50165	BNP Pariba ...	-1,957.09	-35,496.38
Check	9/19/2002	INSP	INSPECTORAT...	L.PACIFIQUE-3	V-50165	BNP Pariba	-1,815.83	-37,312.21
Check	9/19/2002	INSP	INSPECTORAT...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-2,040.25	-39,352.46
Check	9/19/2002	INSP	INSPECTORAT...	L.PACIFIQUE-3	V-50165	BNP Pariba	-831.60	-40,184.06
Check	9/19/2002	INSP	INSPECTORAT	L.PACIFIQUE-3	V-50165	BNP Pariba...	-1,112.60	-41,296.66
General Journal	9/30/2002	Je-C09-21	Reverse Accrual	L. Pacific-3	V-50165	Estimated ...	6,457.98	-34,838.68
Total Inspection							-34,838.68	-34,838.68
Insurance								
General Journal	11/30/2001	Je-Ck-09	Accrual	L. Pacific-3	V-50165	Inspection	-20,000.00	-20,000.00
Check	1/3/2002	INS	CRAIG FERGU...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-22,045.69	-42,045.69
Check	3/25/2002	INS	CRAIG FERGU...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-2,593.88	-44,639.57
General Journal	3/31/2002	Je-Ck-08	Reverse Accrual	L. Pacific-3	V-50165	Estimated ...	20,000.00	-24,639.57
Total Insurance							-24,639.57	-24,639.57
L/C Charges								
Check	10/5/2001	LC	UNITED NATIO ...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-46,696.40	-46,696.40
Total L/C Charges							-46,696.40	-46,696.40
Freight								
Check	9/27/2001	FRGHT	LICORNE PACI...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-783,164.20	-783,164.20
Check	9/28/2001	FRGHT	NATWEST OFF ...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-1,000.00	-784,164.20
Check	10/5/2001	FRGHT	LICORNE PACI...	L.PACIFIQUE-3	V-50165	BNP Pariba	-495,996.90	-1,280,161.10
Deposit	10/15/2001	CREDIT	NATWEST OFF...	L.PACIFIQUE-3	V-50165	BNP Pariba...	990.00	-1,279,171.10
Check	10/17/2001	FRGHT	BOUTROS MA...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-201,882.00	-1,481,053.10
Check	10/26/2001	FRGHT	SHELL MARINE...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-634,685.42	-2,115,738.52
Check	11/8/2001	FRGHT	LICORNE PACI...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-175,998.90	-2,291,737.42
Check	11/16/2001	FRGHT	CEPSA GIBRAL...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-741,089.91	-3,032,827.33
Deposit	11/30/2001	FRGHT	LICORNE PACI...	L.PACIFIQUE-3	V-50165	BNP Pariba...	965,536.68	-2,067,290.65
Check	12/3/2001	FRGHT	LICORNE PACI...	L.PACIFIQUE-3	V-50165	BNP Pariba...	-325.00	-2,067,615.65
Check	3/11/2002	FRGHT	LICORNE PACI...	L.PACIFIQUE-3	V-50165	Banque Bru...	-5,553.05	-2,073,168.70
Check	4/12/2002	FRGHT	SGS CSI	L.PACIFIQUE-3	V-50165	Cash - CAI ...	-450.00	-2,073,618.70
Check	5/17/2002	FRGHT	BARWIL AGEN...	L.PACIFIQUE-...	V-50165	BNP Pariba...	-1,000.00	-2,074,618.70
Check	11/6/2002	FRGHT	BARWIL AGEN...	L.PACIFIQUE-...	V-50165	BNP Pariba...	-1,000.00	-2,075,618.70
General Journal	5/22/2003	FRGHT		L.PACIFIQUE-3	V-50165	Prepaid Items	-230.00	-2,075,848.70
Total Freight							-2,075,848.70	-2,075,848.70

FROM : LUKOIL ASIA PACIFIC PTE LTD, SINGAPORE

TO : BAYOIL SUPPLY & TRADING LIMITED
TLX : 20644
FAX : 001 713 224 8101

CC : BNP PARIBAS (SUISSE) SA
ATTN : GINA GRECO / CHRISTINE GENILLOUD
TLX : 412100

CC : LUKOIL SA
ATTN : NEIL MAJSKI

RE : M/T ''ASTRO GAMMA'' - B/L DATED 14.10.2001 AT MINA AL BAKR
1'833'263 NET US BBLS OF BASRAH LIGHT CRUDE OIL
CONTRACT DATED JULY 20, 2001
O/REF. SC-005-01S

PLEASE FIND HEREAFTER OUR TELEX INVOICE COVERING THE ABOVE MENTIONED DELIVERY.

Q U O T E

LUKOIL ASIA PACIFIC PTE LTD
65 CHULIA STREET, HEX48-07
OCBC CENTRE
SINGAPORE 049513

BAYOIL SUPPLY AND TRADING LIMITED
PO BOX CB 12918
NASSAU BAHAMAS

INVOICE NO SC-005-01S DATED NOVEMBER 06,2001

PRODUCT BASRAH LIGHT CRUDE OIL, FOB MINA AL BAKR

SHIPMENT M/T ''ASTRO GAMMA'' B/L DATED 14.10.2001
FOB MINA AL BAKR

TERMS FOB MINA AL BAKR

B/L QUANTITY

254'481.661 MT GROSS B/L
254'117.702 MT NET B/L

API 30.40 1'833'263 NET US BARRELS

FULL PRICE CALCULATION :

SOMO OFFICIAL PRICE:	USD	14.225	PER US BBL
LESS API VARIATION	- USD	0.36	PER US BBL
	USD	13.865	PER US BBL
PLUS CONTRACTUAL PREMIUM	+ USD	0.03	PER US BBL
FINAL PRICE FOB MINA AL BAKR	USD	13.895	PER US BBL

TOTAL AMOUNT DUE FOB MINA AL BAKR USD 25'473'189.39

PAYMENT IN IMMEDIATELY AVAILABLE FUNDS, WITHOUT SET-OFF, DEDUCTION AND/OR COUNTERCLAIM : 30 CALENDAR DAYS FROM BILL OF LADING DATE (B/L DATE TO COUNT AS DAY ONE) AS FOLLOWS

A) USD 25'418'191.50 CONVERTED IN EURO BY USING

SNT 024997

THE EURO/US EXCHANGE RATE AS PER SOMO'S PAYMENT FORMULA PER L/C NO LCIM 2196355 OPENED BY BNP PARIBAS (SUISSE) SA GENEVA IN FAVOUR OF THE UNITED NATIONS.

B) USD 54'997.89 TO BE PAID TO LUKOIL ASIA PACIFIC PTE LTD ACCOUNT NO 79739/1N WITH BNP PARIBAS (SUISSE) SA, GENEVA ATTN MS GINA GRECO.

DUE DATE : 13.11.2001

PLEASE CONFIRM PAYMENT WITH GOOD VALUE ON DUE DATE

BEST REGARDS
LUKOIL ASIA PACIFIC PTE LTD

VICTOR LIM CHRISTOPHE MILLET

SNT 024998

2:14 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
Gross Sales								
Sales - Oil Products								
General Journal	11/30/2001	Je-Ck-03	Various	A. GAMMA-7	V-50173	Accounts R...	26,476,986.66	26,476,986.66
Deposit	12/17/2001	REV	PACC	A.GAMMA-7	V-50173	BNP Paribа...	8,194,846.65	34,671,833.31
Deposit	12/17/2001	REV	CHEVRON	A.GAMMA-7	V-50173	BNP Paribа...	6,839,439.44	41,511,272.75
Check	12/17/2001	REV	CHEVRON	A.GAMMA-7	V-50173	BNP Paribа..	-6,839,439.44	34,671,833.31
Deposit	12/17/2001	REV	CHEVRON CO...	A.GAMMA-7	V-50173	BNP Paribа...	6,839,439.44	41,511,272.75
Deposit	12/20/2001	REV	VALERO MARK...	A.GAMMA-7	V-50173	BNP Paribа...	7,065,703.89	48,576,976.64
Deposit	12/21/2001	REV	VALERO MARK...	A.GAMMA-7	V-50173	BNP Paribа...	4,376,996.68	52,953,973.32
Check	12/27/2001	PYMNT	PACC	A.GAMMA-7	V-50173	BNP Paribа	-25,858.20	52,928,115.12
General Journal	12/31/2001	Je-Ck-33	Reverse Accrual	A. GAMMA-7	V-50173	-SPLIT-	-26,476,986.66	26,451,128.46
Total Sales - Oil Products							26,451,128.46	26,451,128.46
Total Gross Sales							26,451,128.46	26,451,128.46
Cost of Sales								
Broker Comm								
Check	3/12/2002	1427	SYNTEXENER ..	A.gamma-7	V-50173	Cash - Well...	-250.00	-250.00
Check	3/12/2002	1427	SYNTEXENER...	A Gamma-7	V-50173	Cash - Well...	-250.00	-500.00
Check	3/12/2002	1427	SYNTEXENER...	A.Gamma-7	V-50173	Cash - Well...	-250.00	-750.00
Check	3/12/2002	1427	SYNTEXENER...	A.Gamma-7	V-50173	Cash - Well...	-500.00	-1,250.00
Check	3/12/2002	1427	SYNTEXENER	A.Gamma-7	V-50173	Cash - Well .	-300.00	-1,550.00
Check	3/12/2002	1427	SYNTEXENER..	A.gamma-7	V-50173	Cash - Well.	-300.00	-1,850.00
Check	3/12/2002	1427	SYNTEXENER...	A Gamma-7	V-50173	Cash - Well...	-300.00	-2,150.00
Check	3/12/2002	1427	SYNTEXENER...	A Gamma-7	V-50173	Cash - Well...	-300.00	-2,450.00
Check	3/12/2002	1427	SYNTEXENER...	A.Gamma-7	V-50173	Cash - Well...	-300.00	-2,750.00
Check	3/12/2002	1427	SYNTEXENER...	A.Gamma-7	V-50173	Cash - Well...	-1,000.00	-3,750.00
Check	6/17/2002	1456	UNITED CRUD...	A.GAMMA-7	V-50173	Cash - Well...	-125.00	-3,875.00
Check	6/17/2002	1456	UNITED CRUD ..	A GAMMA-7	V-50173	Cash - Well.	-500.00	-4,375.00
Total Broker Comm							-4,375.00	-4,375.00
Exchange gain/loss								
Check	11/13/2001	PURCH	UNITED NATIO	A.GAMMA-7	V-50173	BNP Paribа...	-10,742.91	-10,742.91
Total Exchange gain/loss							-10,742.91	-10,742.91
Crude Purchases								
Check	10/30/2001	PUR	PLASCO SHIPP...	A. Gamma-7	V-50173	Cash - CAI ...	-103,630.39	-103,630.39
Check	10/30/2001	PUR	PLASCO SHIPP...	A. Gamma-7	V-50173	Cash - CAI . .	-66,799.81	-170,430.20
Check	11/13/2001	PURCH	LUKOIL PETRO..	A.GAMMA-7	V-50173	BNP Paribа...	-54,997.89	-225,428.09
Check	11/13/2001	PURCH	UNITED NATIO...	A.GAMMA-7	V-50173	BNP Paribа...	-25,418,191.50	-25,643,619.59
General Journal	11/30/2001	Je-Ck-03	Accrual	A. Gamma-7	V-50173	Accounts R...	-130,000.00	-25,773,619.59
General Journal	11/30/2001	Je-Ck-03	Accrual	A. Gamma-7	V-50173	Accounts R...	-250,512.72	-26,024,132.31
General Journal	12/31/2001	Je-Ck-33	Accrual	A. Gamma-7	V-50173	Sales - Oil ...	-129,035.98	-26,153,168.29
Total Crude Purchases							-26,153,168.29	-26,153,168.29
Interest								
Check	11/13/2001	LOAN	FIXED TERM A	A.GAMMA-7	V-50173	BNP Paribа...	-962.50	-962.50
Check	11/13/2001	LOAN	FIXED TERM A...	A GAMMA-7	V-50173	BNP Paribа..	-1,717.53	-2,680.03
Check	11/13/2001	LOAN	FIXED TERM A...	A GAMMA-7	V-50173	BNP Paribа...	-292.36	-2,972.39
General Journal	11/30/2001	Je-Ck-03	Accrual	A. Gamma-7	V-50173	Accounts R...	-135,000.00	-137,972.39
Check	12/10/2001	LOAN	FIXED TERM A...	A.GAMMA-7	V-50173	BNP Paribа...	-63,315.00	-201,287.39
Check	12/10/2001	LOAN	FIXED TERM A .	A.GAMMA-7	V-50173	BNP Paribа..	-1,155.00	-202,442.39
Check	12/12/2001	LOAN	FIXED TERM A...	A.GAMMA-7	V-50173	BNP Paribа...	-4,417.34	-206,859.73
Check	12/17/2001	LOAN	FIXED TERM A...	A GAMMA-7	V-50173	BNP Paribа...	-11,015.97	-217,875.70
Check	12/20/2001	LOAN	FIXED TERM A...	A.GAMMA-7	V-50173	BNP Paribа...	-3,027.44	-220,903.14
Check	12/21/2001	LOAN	FIXED TERM A.	A.GAMMA-7	V-50173	BNP Paribа	-894.58	-221,797.72
Check	12/24/2001	LOANS	FIXED TERM A...	A.GAMMA-7	V-50173	BNP Paribа...	-1,846.58	-223,644.30
General Journal	12/31/2001	Je-Ck-33	Reverse Accrual	A GAMMA-7	V-50173	Sales - Oil ...	135,000.00	-88,644.30
Total Interest							-88,644.30	-88,644.30
Inspection								
General Journal	11/30/2001	Je-Ck-03	Accrual	A Gamma-7	V-50173	Accounts R...	-35,000.00	-35,000.00
Check	3/11/2002	INSP	OIL INSPECTIO	A.GAMMA-7	V-50173	BNP Paribа...	-23,709.96	-58,709.96
General Journal	3/31/2002	Je-Ck-12	Reverse Accrual	A. Gamma-7	V-50173	Lightening C...	12,540.86	-46,169.10
Check	9/18/2002	FRGHT	OBC SHIPPING...	A. Gamma-7	V-50173	BNP Paribа...	-2,878.60	-49,047.70
Check	9/19/2002	INSP	INSPECTORAT	A GAMMA-7	V-50173	BNP Paribа...	-1,814.44	-50,862.14
Check	9/19/2002	INSP	INSPECTORAT...	A.GAMMA-7	V-50173	BNP Paribа ..	-2,026.84	-52,888.98
Check	9/19/2002	INSP	INSPECTORAT...	A.GAMMA-7	V-50173	BNP Paribа...	-2,370.95	-55,259.93
Check	9/19/2002	INSP	INSPECTORAT...	A.GAMMA-7	V-50173	BNP Paribа...	-1,034.09	-56,294.02
General Journal	9/30/2002	Je-C09-18	Reverse Accrual	A. Gamma-7	V-50173	Estimated ...	11,013.51	-45,280.51
Total Inspection							-45,280.51	-45,280.51

2:20 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
Estimated Cargo Costs Payable							0.00
General Journal	11/30/2001	Je-Ck-03	Accrual	A. Gamma-7	Accounts R...	-527,189.53	-527,189.53
General Journal	11/30/2001	Je-Ck-03	Accrual	A. Gamma-7	Accounts R...	-250,512.72	-777,702.25
General Journal	12/31/2001	Je-Ck-33	Reverse Accr...	A. GAMMA-7	Sales - Oil ...	-227,158.40	-1,004,860.65
General Journal	12/31/2001	Je-Ck-33	Accrual	A. Gamma-7	Sales - Oil ...	-129,035.98	-1,133,896.63
General Journal	3/31/2002	Je-Ck-12	Reverse Accr...	A. Gamma-7	Lightering ...	369,730.39	-764,166.24
Check	4/10/2002	INSP	OIL INSPECT...	ASTRO GAMMA-7	BNP Parib...	11,445.63	-752,720.61
General Journal	4/30/2002	Je-Ck-12	Reverse Accr...	A. GAMMA-7	Lightering ...	28,334.44	-724,386.17
Deposit	5/1/2002	DEM	VALERO MA...	A.GAMMA-7	BNP Parib...	-68,644.44	-793,030.61
Deposit	5/2/2002	FRGHT	KRISTEN NA...	A.GAMMA-7/DUE ...	BNP Parib...	402,468.40	-390,562.21
Check	9/3/2002	PUR	PLASCO SHI...	ASTRO GAMMA-7	Cash - CAI...	379,548.70	-11,013.51
General Journal	9/30/2002	Je-C09-18	Reverse Accr...	A. Gamma-7	Inspection	11,013.51	0.00
Total Estimated Cargo Costs Payable						0.00	0.00
Loans Payable							0.00
Loan - BBL							0.00
Total Loan - BBL							0.00
Loan - Paribas							0.00
Deposit	10/19/2001	LOAN	FIXED TERM ...	ASTRO GAMMA-7	BNP Parib...	-385,000.00	-385,000.00
Deposit	10/22/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-803,000.00	-1,188,000.00
Deposit	11/8/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-468,000.00	-1,656,000.00
Check	11/13/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	385,000.00	-1,271,000.00
Check	11/13/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	803,000.00	-468,000.00
Check	11/13/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	468,000.00	0.00
Deposit	11/13/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-26,800,000.00	-26,800,000.00
Deposit	11/16/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-550,000.00	-27,350,000.00
Check	12/10/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	26,800,000.00	-550,000.00
Check	12/10/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	550,000.00	0.00
Deposit	12/10/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-27,350,000.00	-27,350,000.00
Check	12/12/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	27,350,000.00	0.00
Deposit	12/12/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-27,350,000.00	-27,350,000.00
Check	12/17/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	27,350,000.00	0.00
Deposit	12/17/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-12,315,000.00	-12,315,000.00
Check	12/20/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	12,315,000.00	0.00
Deposit	12/20/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-11,300,000.00	-11,300,000.00
Check	12/21/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	11,300,000.00	0.00
Deposit	12/21/2001	LOAN	FIXED TERM ...	A.GAMMA-7	BNP Parib...	-7,830,000.00	-7,830,000.00
Check	12/24/2001	LOANS	FIXED TERM ...	A.GAMMA-7	BNP Parib...	7,830,000.00	0.00
Total Loan - Paribas						0.00	0.00
Loan - CAI							0.00
Total Loan - CAI							0.00
Loan - UOB							0.00
Total Loan - UOB							0.00
Loans Payable - Other							0.00
Total Loans Payable - Other							0.00
Total Loans Payable						0.00	0.00
Deferred Income							0.00
Total Deferred Income							0.00
Accured Expenses							0.00
Total Accured 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

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٦ ٧:١٨:١٣ PM



شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المراحل

عمولات

المرحلة	المشتري	رقم العقد	الكمية / برميل	للفترة من	مبلغ الاسترجاع دولار/برميل	لغاية المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
10	HIU LTD	M/09/111	4,988,774		0.30	1,496,632.20	1,499,979.00	-3,346.80
10	IBEX	M/10/08	3,009,650		0.28	841,782.85	838,548.69	3,234.16
10	INCOME PETROLEUM	M/09/116	3,927,810		0.27	1,075,926.50	1,075,775.00	151.50
10	INCOME PETROLEUM	M/10/76	2,000,057		0.28	551,955.95	551,955.95	0.00
10	INCOMED TRADING	M/10/26	3,002,269		0.27	800,821.00	800,822.00	-1.00
10	IPS	M/10/70	2,001,593		0.25	500,398.25	499,003.09	1,395.16
10	JALOUL INVESTMENT	M/10/35	950,000		0.25	237,500.00	237,500.00	0.00
10	JORDAN GRAIN	M/09/115	4,026,905		0.30	1,208,071.50	1,208,074.00	-2.50
10	KAMPAC OIL	M/09/80	2,002,354		0.27	550,588.50	299,968.00	250,620.50
10	KENTFORD	M/09/56	2,005,451		0.30	601,635.30	0.00	601,635.30
10	LADA-OMC	M/09/49	1,983,299		0.30	594,989.70	0.00	594,989.70
10	LUBNA	M/09/105	1,002,739		0.25	250,684.75	250,685.00	-0.25
10	LUBNA	M/10/43	1,006,073		0.25	251,518.25	251,518.00	0.25
10	LUKOIL	M/10/67	3,741,829		0.30	1,122,548.70	1,122,671.00	-122.30
10	MACHINOIMPORT	M/10/11	5,088,147		0.28	1,426,320.40	1,426,265.80	54.60
10	MACHINOIMPORT	M/10/19	4,070,248		0.30	1,221,074.40	1,221,074.40	0.00
10	MARBEL RESOURCES	M/10/16	5,469,675		0.27	1,450,167.10	1,439,656.10	10,511.00
10	MASEFIELD	M/10/57	1,000,896		0.25	250,224.00	250,022.00	202.00
10	MEDCO	M/10/72	1,904,781		0.30	571,434.30	571,434.30	0.00
10	MIDDLE EAST ADVANCED SEMI CONDUCTOR	M/10/38	2,920,295		0.28	825,950.15	825,822.25	127.90
10	NAFTA PETROLEUM	M/10/13	8,085,396		0.30	2,425,618.80	2,425,618.80	0.00
10	NAFTO GAZ	M/10/41	2,004,217		0.30	601,265.10	601,266.36	-1.26

Zhirinovsky's Offer of Moscow Building

FROM : 8080 PHONE NO. : 00000000 MAR. 12 2002 03:00PM

purpose a well-documented claim has been presented. However, thus far we did not want for any action from the side of the Supplier to process the claim.

4. During our numerous meetings we discussed question about delivery of building on the free basis in the center of Moscow for Arabic school and you would cover the duty.
Today the building registration documents are on the final stage of registration and it will be ready on the April of 2002.

I hope very m
such a constru

If, however, m
me.

Sincerely You

4. During our numerous meetings we discussed question about delivery of building on the free basis in the center of Moscow for Arabic school and you would cover the duty.
Today the building registration documents are on the final stage of registration and it will be ready on the April of 2002.

Vladimir Zhirinovsky

ФЕДЕРАЛЬНОЕ СОБРАНИЕ РОССИЙСКОЙ ФЕДЕРАЦИИ
ЗАМЕСТИТЕЛЬ ПРЕДСЕДАТЕЛЯ
ГОСУДАРСТВЕННОЙ ДУМЫ
103265, Москва, ул. Охотный ряд, д. 1

TO HIS EXCELLENCY
DEPUTY PRIME MINISTER
MR. TARIQ AZIZ

Your Excellency

Dear Friend,

I would like to trouble you once again about the situation with the vessel "Astro Bata" with B/L January 6th, 2001 (this vessel waited for loading since 27th of November 2000 till 6th of January 2001).

I was sure that all pending matters with the above referenced vessel had been discussed and solved, and thus came to me as a great surprise that the "third party", assisting us on the case is still liable for the execution of this contract. Therefore, I feel obliged to make the following statement:

1. As discussed before I have taken the full responsibility to satisfy your requirements and I would like to underline once again that the only one responsible in this particular case is I. The process of settling the matters has taken longer time than expected due to a complicated documentation process, for which you are fully aware and duly informed. I would like to assure you once again that we are doing the utmost to prevent any further delays.

2. Having said this I would like to thank this "third party", who have made oral and written Guarantees in favor of the Supplier in a moment when I was unable to do the same and therefore contributed greatly for the prompt release of the vessel. I would like to request that you also release this "third party" from any further obligations, if you have not done it already.

3. There were also certain obligations undertaken by the Supplier to cover all the accumulated costs during the extensive waiting time, and for the

WM000915

Permanent Subcommittee on Investigations
EXHIBIT #5

5129123 Moscow Building.indd 1 5/16/05 5:13:16 PM

ФЕДЕРАЛЬНОЕ СОБРАНИЕ РОССИЙСКОЙ ФЕДЕРАЦИИ
ЗАМЕСТИТЕЛЬ ПРЕДСЕДАТЕЛЯ
ГОСУДАРСТВЕННОЙ ДУМЫ
103265, Москва, ул. Охотный ряд, д. 1

"12" марта 2002 г. №15-4-720

TO HIS EXCELLENCY
DEPUTY PRIME MINISTER
MR. TARIQ AZIZ

Your Excellency

Dear Friend,

I would like to trouble you once again about the situation with the vessel "Astro Beta" with B/L January 6th, 2001 (this vessel waited for loading since 27th of November 2000 till 6th of January 2001).

I was sure that all pending matters with the above referenced vessel had been discussed and solved, and thus came to me as a great surprise that the "third party", assisting us on the case is still liable for the execution of this contract. Therefore, I feel obliged to make the following statement:

1. As discussed before I have taken the full responsibility to satisfy your requirements and I would like to underline once again that the only one responsible in this particular case is I. The process of settling the matters has taken longer time than expected due to a complicated documentation process, for which you are fully aware and duly informed. I would like to assure you once again that we are doing the utmost to prevent any further delays.

2. Having said this I would like to thank this "third party", who have made oral and written Guarantees in favor of the Supplier in a moment when I was unable to do the same and therefore contributed greatly for the prompt release of the vessel. I would like to request that you also release this "third party" from any further obligations, if you have not done it already.

3. There were also certain obligations undertaken by the Supplier to cover all the accumulated costs during the extensive waiting time, and for the

purpose a well-documented claim has been presented. However, thus far we did not want for any action from the side of the Supplier to process the claim.

4. During our numerous meetings we discussed question about delivery of building on the free basis in the center of Moscow for Arabic school and you would cover the duty.
   Today the building registration documents are on the final stage of registration and it will be ready on the April of 2002.

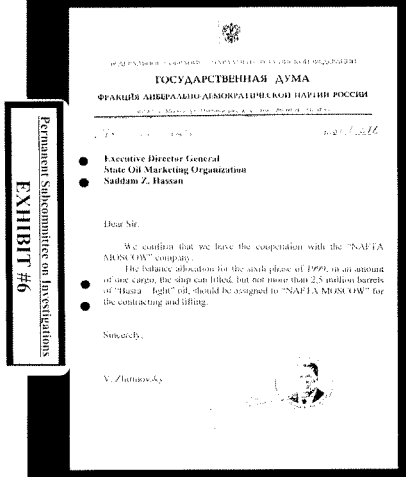
I hope very much that during the visit of this "third party" next week you will find such a constructive way and will satisfy the interest of all the parties involved.

If, however, my additional assistance is required please don't hesitate to contact me.

Sincerely Yours,

Vladimir Zhirinovsky

Zhirinovsky Phase VI Transaction



ГОСУДАРСТВЕННАЯ ДУМА

ФРАКЦИЯ ЛИБЕРАЛЬНО-ДЕМОКРАТИЧЕСКОЙ ПАРТИИ РОССИИ

- Executive Director General
- State Oil Marketing Organization
- Saddam Z. Hassan

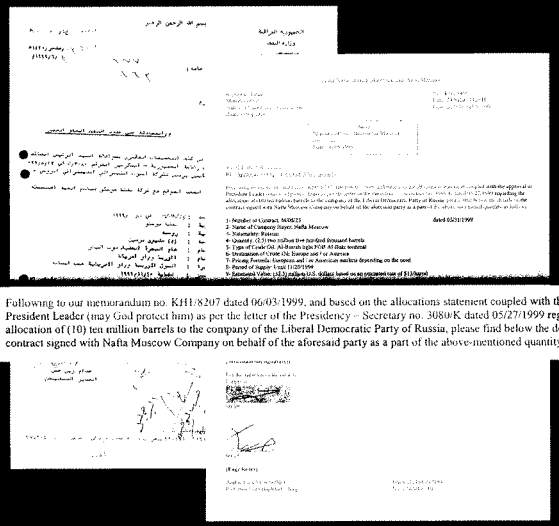
Dear Sir,

We confirm that we have the cooperation with the "NAFTA MOSKOW" company.

The balance allocation for the sixth phase of 1999, in an amount of one cargo, the ship can lifted, but not more than 2,5 million barrels of "Basra - light" oil, should be assigned to "NAFTA MOSKOW" for the contracting and lifting.

Sincerely,

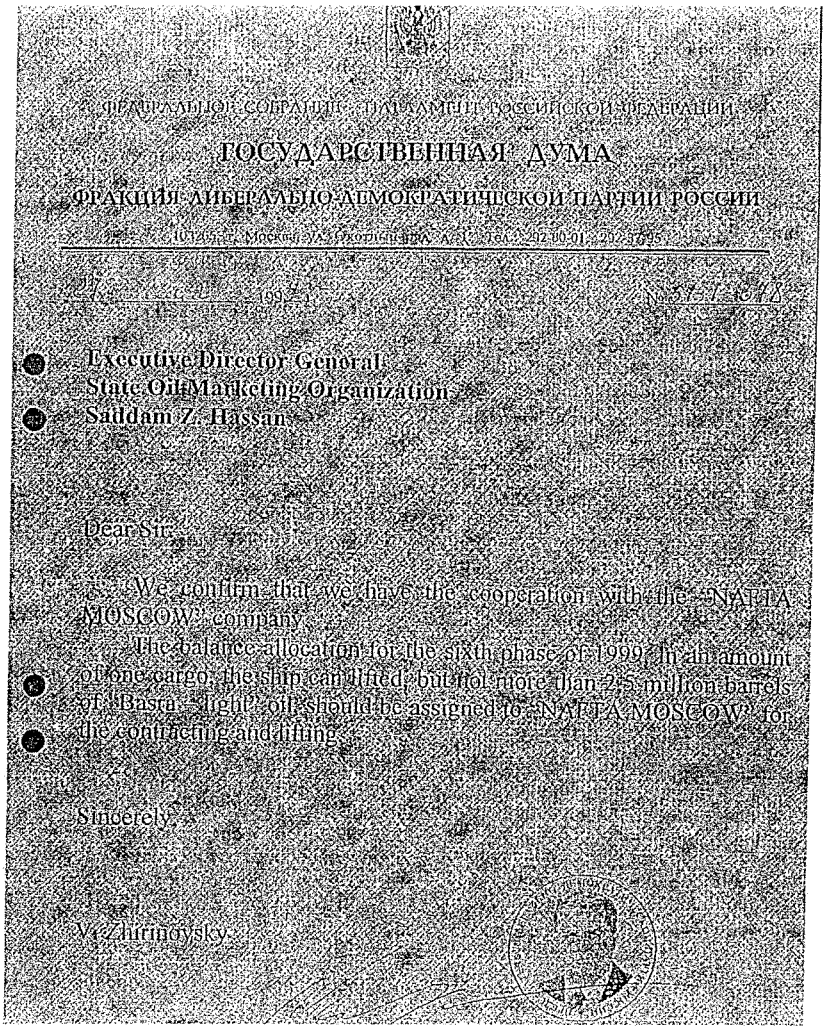
V. Zhirinovsky



Following to our memorandum no. KH1/8207 dated 06/03/1999, and based on the allocations statement coupled with the approval of President Leader (may God protect him) as per the letter of the Presidency – Secretary no. 3080/K dated 05/27/1999 regarding the allocation of (10) ten million barrels to the company of the Liberal Democratic Party of Russia, please find below the details on the contract signed with Nafta Moscow Company on behalf of the aforesaid party as a part of the above-mentioned quantity as follows:

Permanent Subcommittee on Investigations

EXHIBIT #6



ФЕДЕРАЛЬНОЕ СОБРАНИЕ - ПАРЛАМЕНТ РОССИЙСКОЙ ФЕДЕРАЦИИ

ГОСУДАРСТВЕННАЯ ДУМА

ФРАКЦИЯ ЛИБЕРАЛЬНО-ДЕМОКРАТИЧЕСКОЙ ПАРТИИ РОССИИ

103265, г. Москва, ул. Охотный ряд, д. 1, тел.: 292-80-01, 292-37-95

27 [illegible] 1999 г. № 37-1-1378

Executive Director General
State Oil Marketing Organization
Saddam Z. Hassan

Dear Sir:

We confirm that we have the cooperation with the "NAFTA MOSCOW" company.

The balance allocation for the sixth phase of 1999, in an amount of one cargo, the ship can lifted, but not more than 2.5 million barrels of "Basra - light" oil should be assigned to "NAFTA MOSCOW" for the contracting and lifting.

Sincerely,

V. Zhirinovsky

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization
(State Company)

No.: KH1/8465
Date: 24 Safar, 1420 H
Equivalent to 06/08/1999

Stamp
Ministry of Oil/Office of the Minister
No.: 6322
Date: 06/08/1999

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Following to our memorandum no. KH1/8207 dated 06/03/1999, and based on the allocations statement coupled with the approval of President Leader (may God protect him) as per the letter of the Presidency – Secretary no. 3080/K dated 05/27/1999 regarding the allocation of (10) ten million barrels to the company of the Liberal Democratic Party of Russia, please find below the details on the contract signed with Nafta Moscow Company on behalf of the aforesaid party as a part of the above-mentioned quantity as follows:

1- Number of Contract: M/06/25 dated 05/31/1999
2- Name of Company Buyer: Nafta Moscow
3- Nationality: Russian
4- Quantity: (2.5) two million five hundred thousand barrels
5- Type of Crude Oil: Al-Basrah light FOB Al-Bakr terminal
6- Destination of Crude Oil: Europe and / or America
7- Pricing Formula: European and / or American markets depending on the need
8- Period of Supply: Until 11/20/1999
9- Estimated Value: (32.5) million U.S. dollars based on an estimated rate of $13/barrel

For your review and approval, please.

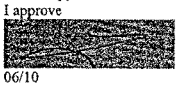
Regards,



Saddam Zeben Hassan
Executive Director

[Miscellaneous signatures]

For the approval of the minister
I approve



06/10

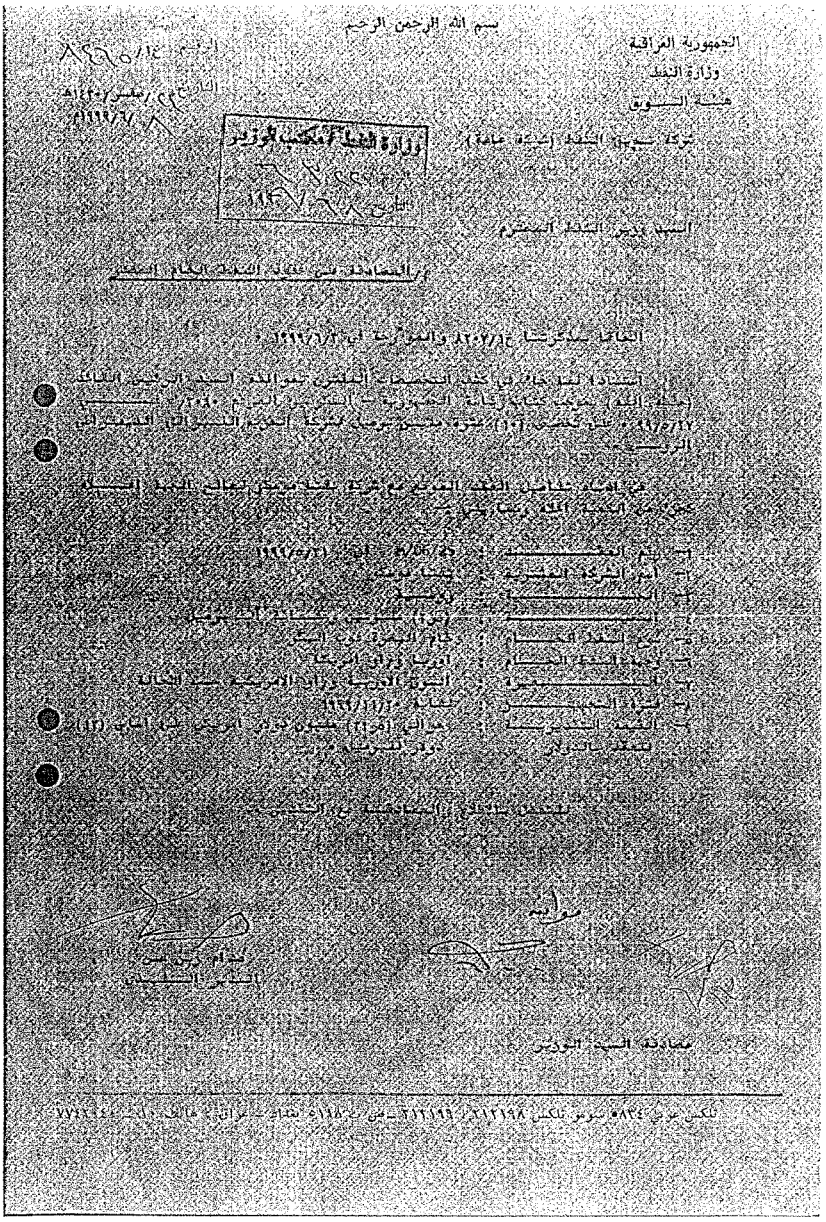


06/13

[Page footer]

Arabic telex 5834 SOMO
P.O. Box 5118 Baghdad – Iraq

Telex 212198/212199
Tel. 7742040 - 10



Zhirinovsky Paid $4.7 Million In Illegal Surcharges

Permanent Subcommittee on Investigations
EXHIBIT #7

Zhirinovsky Contracts									Surcharges Paid
M/08/40	0.18	0.00	293,686.00	293,686.00	2,936,876	M/08/40	TYUMEN	8	839,690.50
M/08/40	0.18	0.00	546,004.50	546,004.50	1,820,015	M/08/40	TYUMEN	9	
M/10/19	0.30	0.00	1,221,074.40	1,221,074.40	4,070,248	M/10/19	MACHINOIMPORT	10	1,221,074.40
M/10/67	0.30	-122.30	1,122,671.00	1,122,548.70	3,741,829	M/10/67	LUKOIL	10	1,122,671.00
M/11/79	0.23	0.00	916,603.25	916,603.25	3,366,413	M/11/79	MACHINOIMPORT	11	1,584,399.30
M/11/79	0.23	-380,558.25	667,796.05	287,237.70	1,914,918	M/11/79	MACHINOIMPORT	12	

Total Surcharges Paid By Zhirinovsky To Hussein Regime* **$4,767,835.20**

* Does Not Include Value Of Building Given To Iraq By Zhirinovsky In Lieu Of Cash Surcharges

5131049 ZHIR Contracts 1

5/16/05 7:56:43 PM

تاريخ ووقت التقرير ٢٠٠٤/٠٣/١٩ 1:٠٥:٤١ AM

شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — نقلية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع/دولار /برميل
10	LUBNA	M/09/105	1,002,739	250,684.75	250,685.00	-0.25	0.27
10	LUBNA	M/10/43	1,006,073	251,518.25	251,518.00	0.25	0.25
12	LUBNA	M/11/63	1,046,945	157,041.75	0.00	157,041.75	0.15
10	LUKOIL	M/10/67	3,741,829	1,122,548.70	1,122,671.00	-122.30	0.30
8	MACHINOIMPORT	M/08/37	2,919,856	291,985.00	291,985.00	0.00	0.10
9	MACHINOIMPORT	M/09/22	2,997,319	849,080.80	849,080.80	0.00	0.28
10	MACHINOIMPORT	M/10/11	5,088,147	1,426,320.40	1,426,265.80	54.60	0.28
10	MACHINOIMPORT	M/10/19	4,070,248	1,221,074.40	1,221,074.40	0.00	0.30
11	MACHINOIMPORT	M/11/17	3,042,671	912,801.30	912,771.30	30.00	0.30
11	MACHINOIMPORT	M/11/79	3,366,413	916,603.25	916,603.25	0.00	0.23
12	MACHINOIMPORT	M/11/79	1,914,918	287,237.70	667,796.05	-380,558.35	0.23
12	MACHINOIMPORT	M/12/01	1,908,622	286,293.30	286,240.00	53.30	0.15
8	MARBEL RESOURCES	M/08/95	3,550,846	355,083.00	350,000.00	5,083.00	0.10
9	MARBEL RESOURCES	M/09/76	3,538,143	1,061,442.90	1,061,442.90	0.00	0.30
10	MARBEL RESOURCES	M/10/16	5,469,675	1,450,167.10	1,439,656.10	10,511.00	0.27
11	MARBEL RESOURCES	M/10/16	525,000	157,500.00	157,500.00	0.00	0.27
9	MASEFIELD	M/09/54	1,935,892	498,973.00	498,518.00	455.00	0.26
10	MASEFIELD	M/10/57	1,000,896	250,224.00	250,022.00	202.00	0.25
9	MASTEK	M/08/60	1,786,267	535,880.10	0.00	535,880.10	0.30
9	MASTEK	M/09/18	36,469,888	10,380,361.39	9,803,960.13	576,401.26	0.28
11	MED NAFTA	M/11/55	8,094,595	2,428,378.50	2,388,708.51	39,669.99	0.30
12	MED NAFTA	M/12/19	2,054,449	308,167.35	0.00	308,167.35	0.15
8	MEDCO	M/08/97	2,018,386	201,838.00	201,838.00	0.00	0.10
10	MEDCO	M/10/72	1,904,781	571,434.30	571,434.30	0.00	0.30

تاريخ ووقت التقرير ٢٠٠٤/٠٣/١٩ ١:٠٥:٤١ AM

شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع/دولار/برميل
10	LUBNA	M/09/105	1,002,739	250,684.75	250,685.00	-0.25	0.27
10	LUBNA	M/10/43	1,006,073	251,518.25	251,518.00	0.25	0.25
12	LUBNA	M/11/63	1,046,945	157,041.75	0.00	157,041.75	0.15
10	LUKOIL	M/10/67	3,741,829	1,122,548.70	1,122,671.00	-122.30	0.30
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9	MACHINOIMPORT	M/09/22	2,997,319	849,080.80	849,080.80	0.00	0.28
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11	MACHINOIMPORT	M/11/17	3,042,671	912,801.30	912,771.30	30.00	0.30
11	MACHINOIMPORT	M/11/79	3,366,413	916,603.25	916,603.25	0.00	0.23
12	MACHINOIMPORT	M/11/79	1,914,918	287,237.70	667,796.05	-380,558.35	0.23
12	MACHINOIMPORT	M/12/01	1,908,622	286,293.30	286,240.00	53.30	0.15
8	MARBEL RESOURCES	M/08/95	3,550,846	355,083.00	350,000.00	5,083.00	0.10
9	MARBEL RESOURCES	M/09/76	3,538,143	1,061,442.90	1,061,442.90	0.00	0.30
10	MARBEL RESOURCES	M/10/16	5,469,675	1,450,167.10	1,439,656.10	10,511.00	0.27
11	MARBEL RESOURCES	M/10/16	525,000	157,500.00	157,500.00	0.00	0.27
9	MASEFIELD	M/09/54	1,935,892	498,973.00	498,518.00	455.00	0.26
10	MASEFIELD	M/10/57	1,000,896	250,224.00	250,022.00	202.00	0.25
9	MASTEK	M/08/60	1,786,267	535,880.10	0.00	535,880.10	0.30
9	MASTEK	M/09/18	36,469,888	10,380,361.39	9,803,960.13	576,401.26	0.28
11	MED NAFTA	M/11/55	8,094,595	2,428,378.50	2,388,708.51	39,669.99	0.30
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8	MEDCO	M/08/97	2,018,386	201,838.00	201,838.00	0.00	0.10
10	MEDCO	M/10/72	1,904,781	571,434.30	571,434.30	0.00	0.30

شركة تسويق النفط

كشف بمبالغ الاسترجاع المستحقة والمسددة لكافة المراحل حسب الشركة

عمولات — للفترة من — لغاية

المرحلة	المشتري	رقم العقد	الكمية / برميل	المبلغ المستحق/دولار	المبلغ المسدد/دولار	المبلغ المتبقي/دولار	معدل مبلغ الاسترجاع/دولار/برميل
8	TYUMEN	M/08/25	2,007,740	200,774.00	200,774.00	0.00	0.10
8	TYUMEN	M/08/40	2,936,876	293,686.00	293,686.00	0.00	0.18
9	TYUMEN	M/08/40	1,820,015	546,004.50	546,004.50	0.00	0.18
10	TYUMEN	M/09/102	2,005,666	501,416.50	501,416.90	-0.40	0.25
11	TYUMEN	M/11/35	2,085,074	521,268.50	0.00	521,268.50	0.25
11	UKHTA-NEFT	M/11/99	1,941,693	485,423.25	485,400.00	23.25	0.25
8	UNICHEM	M/08/98	800,000	80,000.00	99,730.00	-19,730.00	0.10
10	UNICONSULT MIDDLE EAST	M/10/52	2,000,833	500,208.25	500,000.00	208.25	0.25
10	UNIFUEL	M/09/106	961,158	288,347.40	288,348.00	-0.60	0.30
8	UNIPEC	M/08/14	2,002,954	200,295.00	0.00	200,295.00	0.10
11	URAL INVESTOIL (UOIL)	M/10/69	1,920,929	576,278.70	576,300.00	-21.30	0.30
11	URAL INVESTOIL (UOIL)	M/11/51	1,261,851	315,462.75	315,500.00	-37.25	0.25
10	VAZHMASHIMPEX	M/10/51	1,047,900	261,975.00	261,975.00	0.00	0.25
12	VAZHMASHIMPEX	M/11/77	611,101	91,665.15	0.00	91,665.15	0.15
9	VITOL	M/09/97	1,000,869	250,217.25	250,217.25	0.00	0.27
10	VITOL	M/09/97	985,279	295,583.70	295,583.70	0.00	0.27
11	VITOL	M/10/78	966,440	241,610.00	240,988.00	622.00	0.25
8	ZANGAS	M/08/38	3,034,272	303,426.00	303,430.90	-4.90	0.10
10	ZANGAS	M/09/77	3,888,845	1,166,653.50	1,166,643.50	10.00	0.30
11	ZANGAS	M/11/102	1,549,841	464,952.30	464,952.00	0.30	0.30
11	ZANGAS	M/11/19	2,030,961	609,288.30	609,290.00	-1.70	0.30
12	ZARNEST SERVICE	M/12/29	670,761	100,614.15	0.00	100,614.15	0.15
8	ZARUBEZHNEFT	M/08/02	3,192,892	319,288.00	319,288.00	0.00	0.10
8	ZARUBEZHNEFT	M/08/82	2,051,085	205,108.00	205,108.00	0.00	0.10

To: H.E. the Oil Minister
RE: The French Personality (Charles Pasqua)

- The president leader (May God Protect him) has approved the allocation of (3) million barrels to the French personality (Charles Pasqua).
- The French personality (Bernard Guillet) visited us this morning on the part of (Charles Pasqua), and requested to send the oil contract to (Genmar), the Swiss company to be signed since this is their chosen company. When we explained it was essential to choose a French company since the quantity was allocated to a French personality, Mr. (Bernard Guillet) said that was impossible for political reasons, and that he explained the situation to Mr. Tariq Aziz.
- We asked Mr. (Bernard Guillet) to provide us with a letter in which Mr. (Charles Pasqua) authorizes (Genmar) company to lift the crude oil. He declined and explained that they cannot do that fearing political scandals.

It is worth to mention that both Mr. (Elias Al-Farzali) and Mrs. (Hamidah Na'naa) have chosen the same Swiss company (Genmar) to sign the contracts related to the quantities allocated to them, and in the same way Mr. (Bernard Guillet) requested; meaning sending the contract by fax, which also means that (Genmar) company's representative does not have to come to Baghdad to sign the contract.

Please review and advice.

Regards,
Saddam Zeben Hassan
Executive Director/ State Oil Marketing Organization

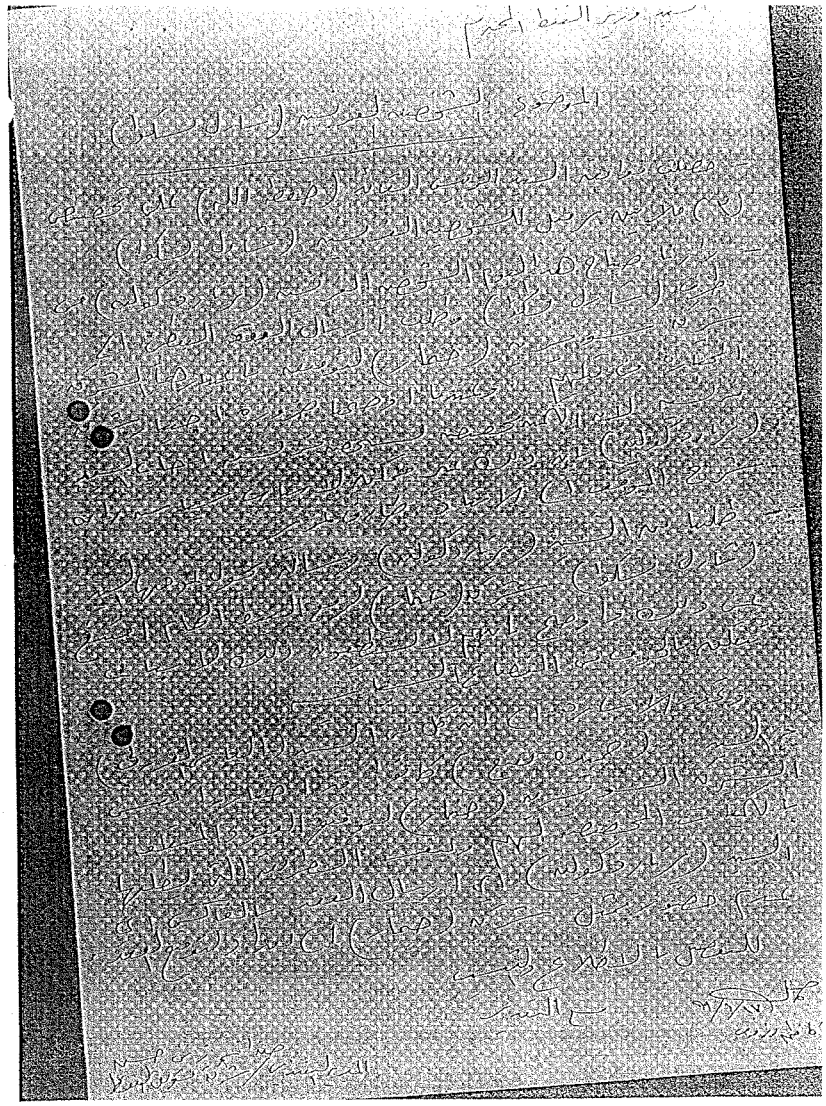


06/17/1999

[redacted]

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #8a



Council of Ministers
Deputy Prime Minister

To: H.E. Mr. Saddam Zeben

Please be informed that Mr. (Bernard Guillet) is the diplomatic and political advisor of Mr. (Charles Pasqua), the French politician and former Minister of the Interior; Mr. Guillet represents Mr. Pasqua in receiving the oil allocation allotted to the latter.

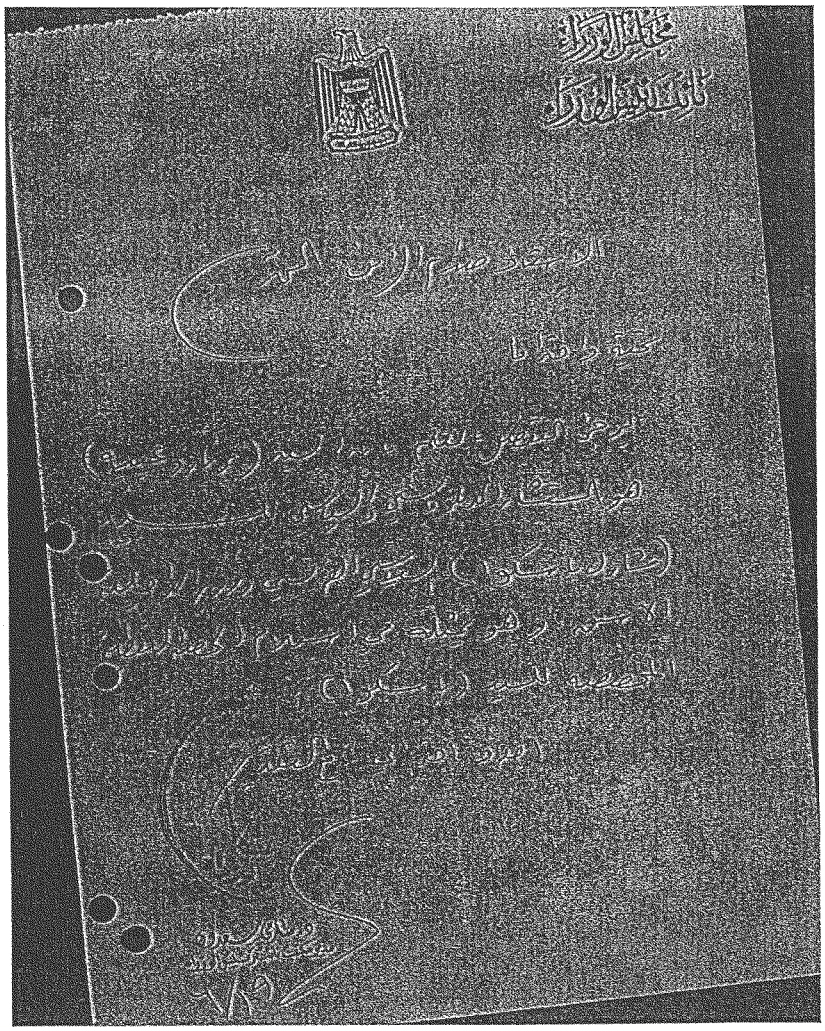
Regards,



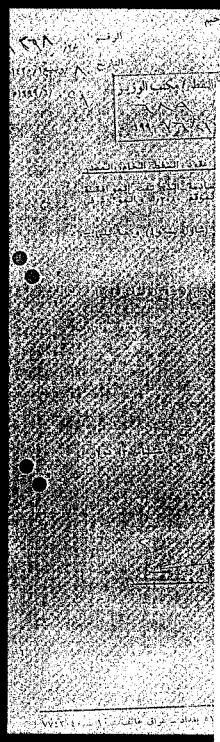
= Redacted by the Permanent Subcommittee on Investigations

[redacted]
Director of the Deputy Prime Minister's Office
06/19

Permanent Subcommittee on Investigations
EXHIBIT #8b



Ministry of Oil Letter Re: Pasqua's Allocation in Phase IV



In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/9268
Date: 8 Rabi I, 1420H
Equivalent to 06/21/1999

Stamp
Ministry of Oil/Office of the Minister
No.: 6890
Date: 06/21/1999

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the statement of special requests in phase six that was approved as per the letter of the presidency of the republic- the Secretary-letter no. 30800/K dated 05/27/1999, please find below the details of the contract signed with Genmar Company (Charles Pasqua) as follows:

1- Number of Contract: M/06/74
2- Date of Contract: 06/19/1999
3- Name of Company Buyer: Genmar Resources GMBH, (Charles Pasqua)
4- Nationality: Swiss
5- Quantity: (3) million barrels
6- Type of Crude Oil: Kirkuk
7- Destination of Crude Oil: Europe
8- Pricing Formula: Europe
9- Period of Supply: until 11/20/1999
10- Estimated Value of Contract in Dollar: about (39) million dollars (based on the rate of $13/barrel)

For your review and approval, please.

Regards,

[redacted]

Saddam Zeben Hassan
Executive Director

For the Approval of the Minister

I approve

[redacted]

06/22

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Arabic Telex 5834
P.O. Box 5118 Baghdad – Iraq

SOMO telex 212198 / 212199
Tel. 7742040 – 10

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 41

Permanent Subcommittee on Investigations
EXHIBIT #8c

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5/16/05 4:19:58 PM

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/9268
Date: 8 Rabi I, 1420H
Equivalent to 06/21/1999

Stamp
Ministry of Oil/Office of the Minister
No.: 6890
Date: 06/21/1999

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the statement of special requests in phase six that was approved as per the letter of the presidency of the republic- the Secretary-letter no. 3080/K dated 05/27/1999, please find below the details of the contract signed with Genmar Company (Charles Pasqua) as follows:

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9- Period of Supply: until 11/20/1999
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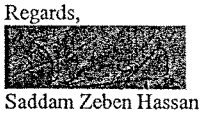
For your review and approval, please.

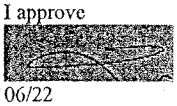
Regards,



Saddam Zeben Hassan
Executive Director

For the Approval of the Minister

I approve



06/22

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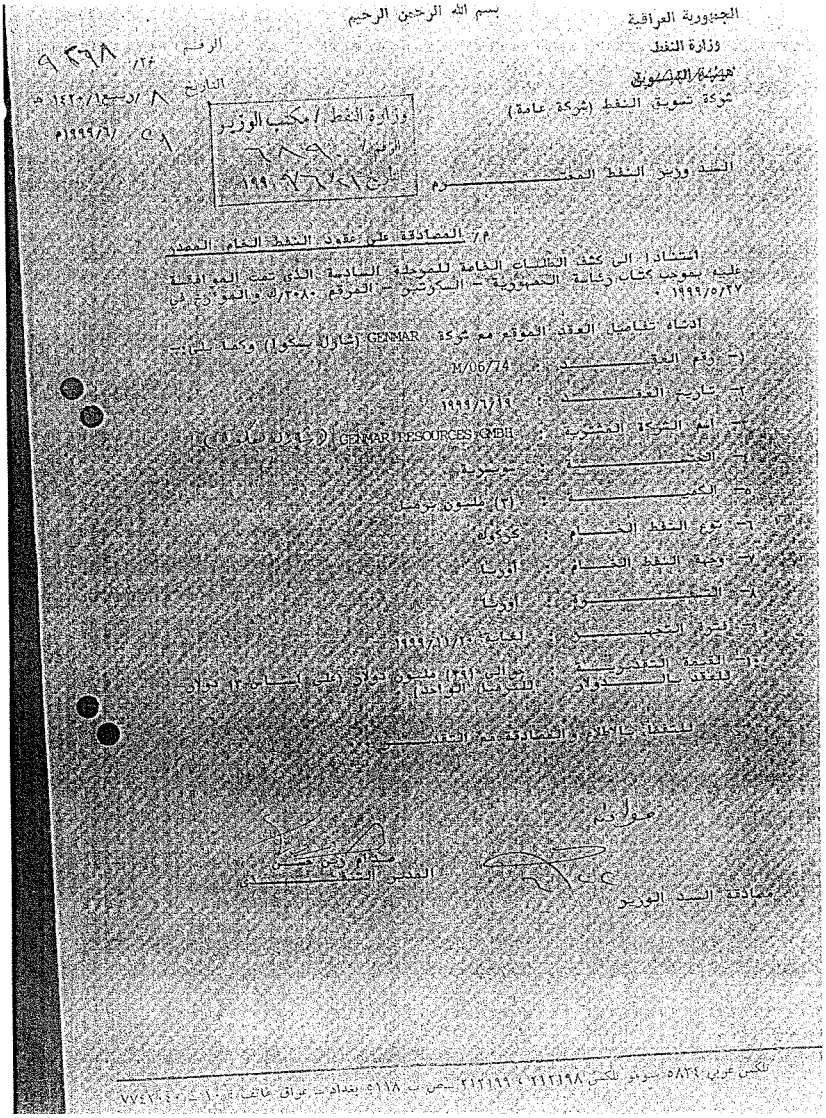
Arabic Telex 5834
P.O. Box 5118 Baghdad – Iraq

SOMO telex 212198 / 212199
Tel. 7742040 – 10

بسم الله الرحمن الرحيم



الجمهورية العراقية
وزارة النفط
هيئة التسويق
شركة تسويق النفط (شركة عامة)

الرقم ٢٦/ ٩٢٦٨
التاريخ ٨/ ربيع ١/ ١٤٢٠ هـ
٢١/ ٦/ ١٩٩٩م

وزارة النفط / مكتب الوزير
الرقم / ٦٨٩
التاريخ ٢١/ ٦/ ١٩٩٩

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

استنادا الى كشف الطلبات الخاصة للمرحلة السادسة الذي تمت الموافقة عليه بموجب كتاب رئاسة الجمهورية - السكرتير - المرقم ٢٠٨٠/ك والمؤرخ في ١٩٩٩/٥/٢٧ .

ادناه تفاصيل العقد الموقع مع شركة GENMAR (شارل بسكو) وكما يلي:-

١- رقم العقد : M/06/74
٢- تاريخ العقد : ١٩٩٩/٦/١٩
٣- اسم الشركة المشترية : GENMAR RESOURCES GMBH (شارل بسكو)
٤- الجنسية : سويسرية
٥- الكمية : (٣) مليون برميل
٦- نوع النفط الخام : كركوك
٧- وجهة النفط الخام : أوربا
٨- التسعيرة : أوربا
٩- فترة التجهيز : لغاية ١٩٩٩/١١/٢٠
١٠- القيمة التقديرية للعقد بالدولار : حوالي (٣٩١) مليون دولار (على اساس ١٣ دولار للبرميل الواحد)

للتفضل بالاطلاع والمصادقة مع التقدير

صدام زين حسين
المدير التنفيذي

مصادقة السيد الوزير

تلكس عربي ٥٨٣٤ سومو تلكس ٢١٢١٩٨ ، ٢١٢١٩٩ ص ب ٥١١٨ بغداد - عراق هاتف ٧٧٤٢٠٤٠ - ١٠

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/15083
Date: Jumada Al-Akhirah, 1420 H
Equivalent to 10/05/1999

Stamp
Ministry of Oil/Office of the Minister
No.: 11388
Date: 10/07/1999

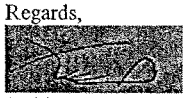
To: H.E. the Oil Minister
RE: Additional Quantities in Phase Six

All companies we do business with, and with whom we had the chance to meet or have a telephone conversation with their representatives lately, have shown the desire to obtain additional quantities during this phase.

Enclosed is table no. (1) for the companies in phase six and the additional quantities they requested (which we received in the form of a written or verbal request).

Enclosed, as well, is table no. (2) with the contractual and lifted quantities in the current phase and up to date.
Please review and advice.

Regards,



Saddam Zeben Hassan
Executive Director

Enclosures:

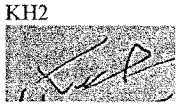
- (2) tables

[TC: There is a hand-written note in Arabic that reads as follows]
It is still under discussion waiting for the instructions of the vice-president of the republic... taking into consideration that the deputy prime minister endorsed the increase of (1) million barrels and (0.7) million barrels as indicated.



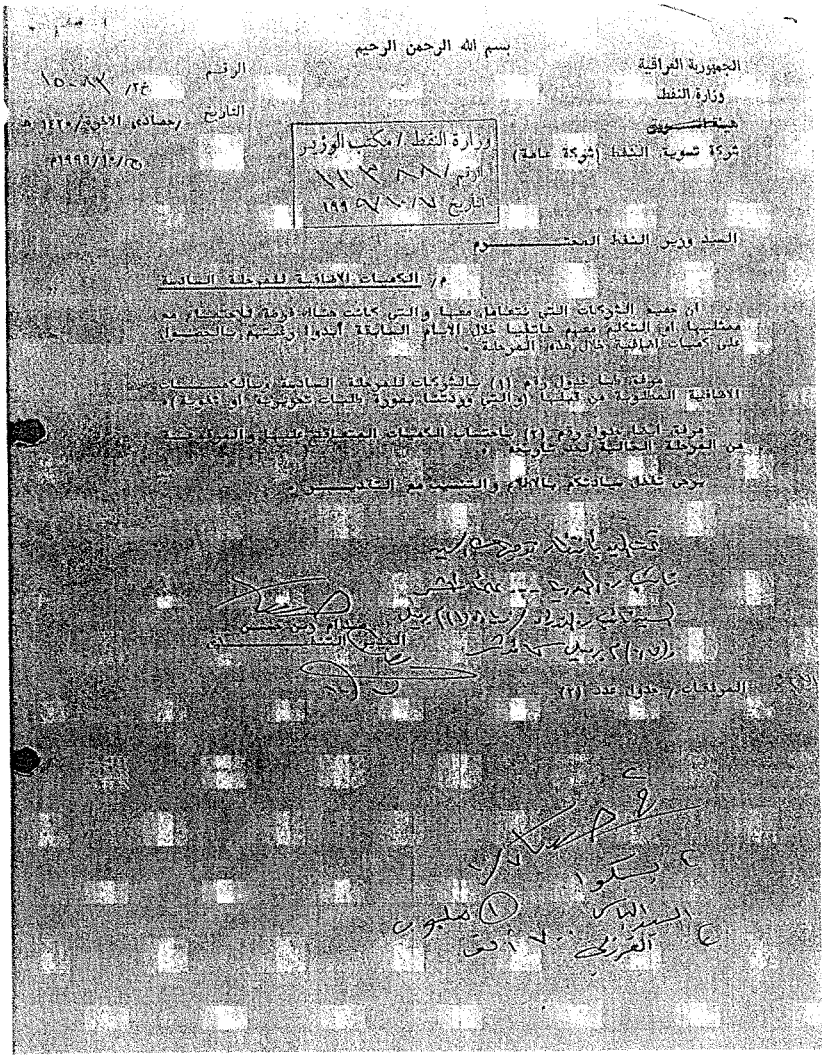
10/07

KH2



1- Pasqua (1) million

Permanent Subcommittee on Investigations
EXHIBIT #8d



بسم الله الرحمن الرحيم

الجمهورية العراقية
وزارة النفط
هيئة التسويق
شركة تسوية النفط (شركة عامة)

الرقم ٢٤/ ١٥٠٨٣
التاريخ /جمادى الاخرة/١٤٢٠ هـ
ج/١٠/١٩٩٩م

وزارة النفط / مكتب الوزير
الرقم / ١١٣٨٨
التاريخ ٧/١٠/١٩٩٩

السيد وزير النفط المحترم

م/ الكميات الاضافية للمرحلة السادسة

ان جميع الشركات التي نتعامل معها والتي كانت هناك فرصة للاجتماع مع ممثليها او التكلم معهم هاتفيا خلال الايام السابقة أبدوا رغبتهم بالحصول على كميات اضافية خلال هذه المرحلة .

مرفق لها جدول رقم (١) بالشركات للمرحلة السادسة وبالكميات الاضافية المطلوبة من قبلها (والتي وردتنا بصورة طلبات تحريرية او شفوية) .

مرفق ايضا جدول رقم (٢) باحتساب الكميات المتعاقد عليها والمرفوعة من المرحلة الحالية لحد تاريخه .

يرجى تفضل سيادتكم بالاطلاع والتنسيب مع التقدير .

تحت التوقيع بارتكاز بوجود السيد
نائب رئيس الجمهورية - عبد عثمان طاشر
السيد نائب رئيس الوزراء / ت (١٨) ٢ ريفيل
(٢٠٠٠) ٢ ريفيل ٢٠٠٠ طاشر

صدام زين حسين
المدير التنفيذي

المرفقات / جدول عدد (٢)

٢ بسكوا
السيد الياس ① مطلوب
العزيزي ٧٠٠ أفق

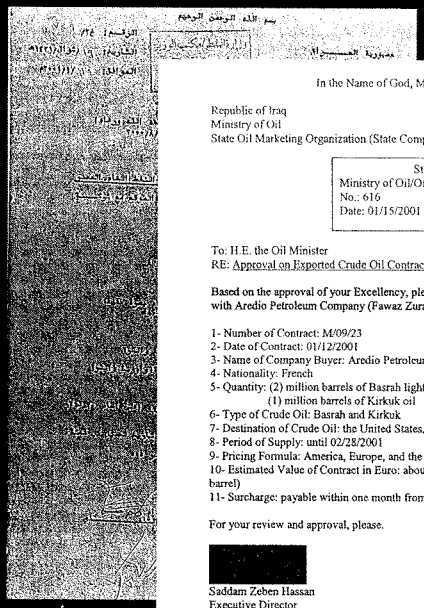
Table no. (1)

Country/Company	Contractual Quantity (million barrels)	Additional Quantity Requested (million barrels)	Remarks
France A- Special requests Charles Pasqua (Genmar Company) 3	50.3	Unspecified	

الدولة/الشركة	الكمية المتعاقد عليها (مليون برميل)	الكمية الاضافية المطلوبة (مليون برميل)	الملاحظات
٢- الصين	٣٤		الكمية المخصصة حسب الكشف (٣٦) .
أ- الطلبات الاعتيادية			
سينوكيم	١٢	٣	
جاينا اويل	١٢	غير محددة	
يونيبيك	٢	—	
رنغ رونغ	٢	—	
ب- الطلبات الخاصة			
السيد خوان	٦	—	
٣- فرنسا	٥٠ر٢		
أ- الطلبات الاعتيادية			
توتال	١٤	غير محددة	
سوكاب	١٤	٢	
ب- الطلبات الخاصة			
ميشيل غريمار (شركة اداكس)	١ر٨	—	
باتريك موجان (شركة ترافيكورا)	٧	—	
بودافيه (شركة فيشول)	٥	٢	
جمعية الصداقة (شركة أريديو)	١ر٨	—	
شارل بسكوا (شركة جنمار)	٣	—	
حميدة نعنع (شركة جنمار)	١ر٨	—	
الياس الفرزلي (شركة جنمار)	١ر٨	غير محددة	

Ministry of Oil Letter

Re: Galloway Allocation in Phase IX



In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/729
Date: 19 Shawal, 1421 H
Equivalent to 01/14/2001

Stamp
Ministry of Oil/Office of the Minister
No.: 616
Date: 01/15/2001

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the approval of your Excellency, please find below the details of the contract signed with Aredio Petroleum Company (Fawaz Zuraiqat – Mariam's Appeal):

1- Number of Contract: M/09/23
2- Date of Contract: 01/12/2001
3- Name of Company Buyer: Aredio Petroleum – France
4- Nationality: French
5- Quantity: (2) million barrels of Basrah light crude oil
(1) million barrels of Kirkuk oil
6- Type of Crude Oil: Basrah and Kirkuk
7- Destination of Crude Oil: the United States, Europe and the East
8- Period of Supply: until 02/28/2001
9- Pricing Formula: America, Europe, and the East
10- Estimated Value of Contract in Euro: about (64) million euros (Based on the rate of $20 per barrel)
11- Surcharge: payable within one month from the date of loading each shipment

For your review and approval, please.

[redacted]
Saddam Zeben Hassan
Executive Director

For the approval of the minister

I approve
[redacted]
01/15

[redacted]
01/16

Permanent Subcommittee on Investigations
PSI Staff Rpt (PG) - FN 84

Permanent Subcommittee on Investigations
EXHIBIT #9

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/729
Date: 19 Shawal, 1421 H
Equivalent to 01/14/2001

Stamp
Ministry of Oil/Office of the Minister
No.: 616
Date: 01/15/2001

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the approval of your Excellency, please find below the details of the contract signed with Aredio Petroleum Company (Fawaz Zuraiqat – Mariam's Appeal):

1- Number of Contract: M/09/23
2- Date of Contract: 01/12/2001
3- Name of Company Buyer: Aredio Petroleum – France
4- Nationality: French
5- Quantity: (2) million barrels of Basrah light crude oil
(1) million barrels of Kirkuk oil
6- Type of Crude Oil: Basrah and Kirkuk
7- Destination of Crude Oil: the United States, Europe and the East
8- Period of Supply: until 02/28/2001
9- Pricing Formula: America, Europe, and the East
10- Estimated Value of Contract in Euro: about (64) million euros (Based on the rate of $20 per barrel)
11- Surcharge: payable within one month from the date of loading each shipment

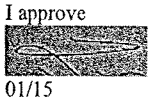
For your review and approval, please.



Saddam Zeben Hassan
Executive Director

For the approval of the minister

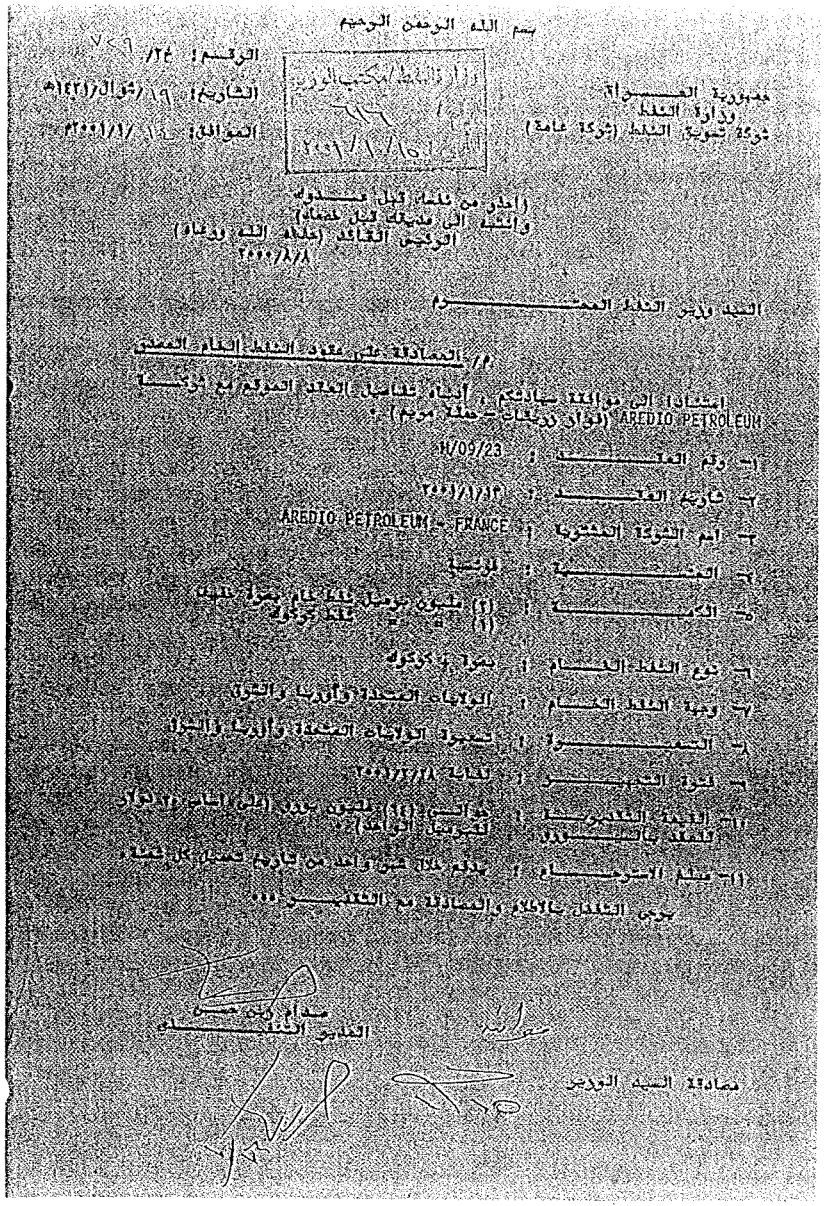
I approve



01/15



01/16



بسم الله الرحمن الرحيم

جمهورية العراق
وزارة النفط
شركة تسويق النفط (شركة عامة)

الرقم: ٢٤/ ٧٢٩
التاريخ: ١٩/شوال/١٤٢١هـ
الموافق: ١٤/١/٢٠٠١م

وزارة النفط/مكتب الوزير
٦٦٦
٢٠٠١/١/١٥

(احذر من نفسك قبل عدوك
وانتبه الى صديقك قبل خصمك)
الرئيس القائد (حفظه الله ورعاه)
٢٠٠٠/٨/٨

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

استنادا الى موافقة سيادتكم، أدناه تفاصيل العقد الموقع مع شركة AREDIO PETROLEUM (فوار زريقات - حقلة مريم):

١- رقم العقد: H/09/23
٢- تاريخ العقد: ٢٠٠١/١/١٣
٣- اسم الشركة المشترية: AREDIO PETROLEUM - FRANCE
٤- الجنسية: فرنسية
٥- الكمية: (٢) مليون برميل نفط خام بصرة خفيف
(١) " " نفط كركوك
٦- نوع النفط الخام: بصرة + كركوك
٧- وجهة النفط الخام: الولايات المتحدة وأوربا والشرق
٨- التسعيرة: تسعيرة الولايات المتحدة وأوربا والشرق
٩- فترة التجهيز: لغاية ٢٠٠١/٢/٢٨
١٠- القيمة التقديرية للعقد بالسوق: حوالي (٩٤) مليون بورو (على اساس ٢٥ دولار للبرميل الواحد).
١١- مبلغ الاسترجاع: يدفع خلال شهر واحد من تاريخ تحميل كل شحنة.

يرجى التفضل بالاطلاع والمصادقة مع التقدير...

صدام زين حسن
المدير التنفيذي

مصادقة السيد الوزير

Crude Oil Allocations during Phase (9) of the Memorandum of Understanding*

ت	رقم العقد	الشركة المتعاقدة	الكمية المنفذة مليون برميل
1	M/09/01	أكون بتروليوم – سويسرية	21.171
2	M/09/02	أردم هولدنك – تركية	4.003
3	M/09/03	السيد نديم شاغور - كوانتم هولدنك – ماليزية	1.910
4	M/09/04	فينار بتروليوم لمتد – لختنشتاين	22.633
5	M/09/05	روز نفط الروسية	[illegible]
6	M/09/06	السيد ساندي مجالي - مونتيكا تريدنك بي تي واي ليمتد – جنوب افريقيا.	1.859
7	M/09/07	اينانك الايطالية	37.390
8	M/09/08	بلمينال انركو البلاروسية	6.715
9	M/09/09	الحزب الديمقراطي الاوكراني - كونسل اوف ديل كوربوريشن – اوكرانية	[illegible]
10	M/09/10	الجنرال الناتولي ماكروس (الدفاع) - سيدانكو الروسية	[illegible]

No.	Contract No.	Contractual Company	Quantity Lifted
23	M/09/23	Mr. Fawaz Zuraiqat / George Galloway / Aredio Petroleum - French	1.014

18	M/09/18	السيد فائق احمد شريف - ماستك – ماليزية	38.256
19	M/09/19	زرابشنفط كاز (لصالح احدى الجهات الحكومية الروسية)	2.016
20	M/09/20	نوري للتجارة – سوريا	1.998
21	M/09/21	ساماسو – سودانية	[illegible]
22	M/09/22	مشينو امبورت – روسية	2.997
23	M/09/23	السيد اوسكار زريقات / جورج كلوي /أريدو بتروليوم – فرنسية	1.014
24	M/09/24	الشيخ حمد بن علي آل ثاني - بت اويل - يونانية	[illegible]
25	M/09/25	ديوان الرئاسة الروسي - روز نفط امبكس – روسية	11.428
26	M/09/26	السيدة حميدة نعنع /فريكان بتروليوم ليمتد الناميبية	[illegible]
27	M/09/27	السيد محمود ابو العباس / زرابشنفط كاز جوينت ستوك – روسية	[illegible]
28	M/09/28	السيد اوسكار وايت - ميد نفتا بتروليوم كومبني لمتد – قبرصية	8.023
29	M/09/29	روم بترول الرومانية	2.960
30	M/09/30	السيد عبدالغني الارياني - شاهر للتجارة – يمنية	0.916
31	M/09/31	أويل اكسكو – كندية	[illegible]
32	M/09/32	الشيخ احمد مانع سعيد العتيبة - ايمرو اويل – اماراتية	3.984
33	M/09/33	السيد سلفاتوري نيكوترا - أي . بي . أس الايطالية	[illegible]
34	M/09/34	جي . في . بيلفارم البلاروسية	1.982
35	M/09/35	الكون بتروليوم لمتد ليختنشتاين	6.738
36	M/09/36	ميديا كونسلتنك – سويسرية	2.011

*Due to the special nature of this phase as the former regime imposed commission on the contractors (surcharge amount), and since many companies refused to pay said surcharge, therefore, instructions were given to contract with any company willing to pay the surcharge.

Permanent Subcommittee on Investigations

EXHIBIT #10

Crude Oil Allocations during Phase (9) of the Memorandum of Understanding*

- Total quantities lifted reached about (354) million barrels
- Estimated profit margin of this phase is $0.85 per barrel

*Due to the special nature of this phase as the former regime imposed commission on the contractors (surcharge amount), and since many companies refused to pay said surcharge, therefore, instructions were given to contract with any company willing to pay the surcharge.

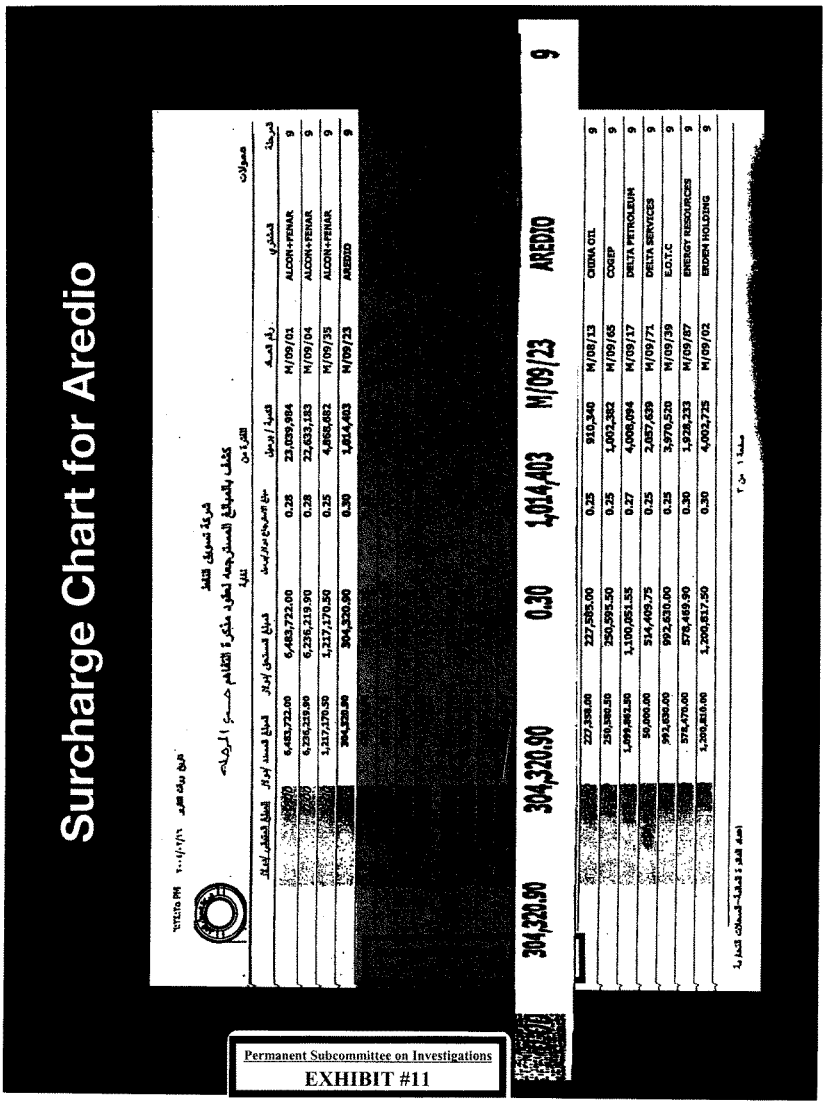
No.	Contract No.	Contractual Company	Quantity Lifted
23	M/09/23	Mr. Fawaz Zuraiqat / George Galloway / Aredio Petroleum - French	1.014

تخصيصات النفط الخام خلال المرحلة التاسعة من مذكرة التفاهم *

- بلغ اجمالي الكميات المحملة حوالي (٢٥٤) مليون برميل .
- تم تقدير هامش الربح لهذة المرحلة بحدود (٠,٨٥) دولار للبرميل الواحد .

* نظرا للطبيعة الخاصة لهذة المرحلة بسبب قيام النظام السابق بفرض عمولة على المتعاقدين (مبلغ الاسترجاع) ولامتناع معظم الشركات عن التعاقد نتيجة لذلك فقد تم التوجيه بالتعاقد مع اية شركة لديها الاستعداد لدفع تلك العمولة.

ت	رقم العقد	الشركة المتعاقدة	الكمية المنفذة مليون برميل
1	M/09/01	ألكون بتروليوم – سويسرية	21.171
2	M/09/02	أردم هولدنك – تركية	4.003
3	M/09/03	السيد نديم شاغور - كوانتم هولدنك – ماليزية	1.910
4	M/09/04	فينار بتروليوم لمتد – لختنشتاين	22.633
5	M/09/05	روز نفط الروسية	[redacted]
6	M/09/06	السيد ساندي مجالي - مونتيكا تريدنك بي تي واي ليمتد – جنوب افريقيا.	1.859
7	M/09/07	ايتالتك الايطالية	37.390
8	M/09/08	بلميتال انركو البلاروسية	6.715
9	M/09/09	الحزب الديمقراطي الاوكراني - كونسل اوف ديل كوربوريشن – اوكرانية	[redacted]
10	M/09/10	الجنرال اناتولي ماكروس (الدفاع) - سيدانكو الروسية	[redacted]
11	M/09/11	الشيخ احمد مانع سعيد العتيبة - بترول – اماراتية	[redacted]
12	M/09/12	السيد عماد الجادة - الفارس العربي – مصرية	[redacted]
13	M/09/13	عوض عمورة ومشاركوه - سورية	1.962
14	M/09/14	السيد غسان زكريا (سوري الجنسية)- كوانتوم هولدنك الماليزية	[redacted]
15	M/09/15	الهدى / اماراتية	4.135
16	M/09/16	أفريكان بتروليوم – ناميبية	[redacted]
17	M/09/17	دلتا بتروليوم – تركية	4.008
18	M/09/18	السيد فائق احمد شريف - ماستك – ماليزية	38.256
19	M/09/19	زرابشنفط كاز (لصالح احدى الجهات الحكومية الروسية)	2.016
20	M/09/20	نوري للتجارة – سوريا	1.998
21	M/09/21	ساماسو – سودانية	[redacted]
22	M/09/22	مشيلو امبورت – روسية	2.997
23	M/09/23	السيد فواز زريقات / جورج كلوي /أريدو بتروليوم – فرنسية	1.014
24	M/09/24	الشيخ حمد بن علي آل ثاني - بت اويل - يونانية	[redacted]
25	M/09/25	ديوان الرئاسة الروسي - روز نفط امبكس – روسية	11.428
26	M/09/26	السيدة حميدة نعنع /أفريكان بتروليوم ليمتد الناميبية	[redacted]
27	M/09/27	السيد محمود ابو العباس / زرابشنفط كاز جوينت ستوك – روسية	[redacted]
28	M/09/28	السيد اوسكار وايت - ميد نفتا بتروليوم كومبني لمتد – قبرصية	8.023
29	M/09/29	روم بترول الرومانية	2.960
30	M/09/30	السيد عبدالغني الارياني - شاهر للتجارة – يمنية	0.916
31	M/09/31	أويل اكسكو – كندية	[redacted]
32	M/09/32	الشيخ احمد مانع سعيد العتيبة - أيمرو اويل – اماراتية	3.984
33	M/09/33	السيد سلفاتوري نيكوترا - آي . بي. أس الايطالية	[redacted]
34	M/09/34	جي . في . بيلفارم البلاروسية	1.982
35	M/09/35	الكون بتروليوم لمتد ليختنشتاين	6.738
36	M/09/36	ميديا كونسلتنك – سويسرية	2.011


Surcharge Chart for Aredio
Permanent Subcommittee on Investigations
EXHIBIT #11
304,320.90
304,320.90
0.30
1,014,403
M/09/23
AREDIO
9

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٦ ٦:٢٤:٢٥ PM

شركة تسويق النفط

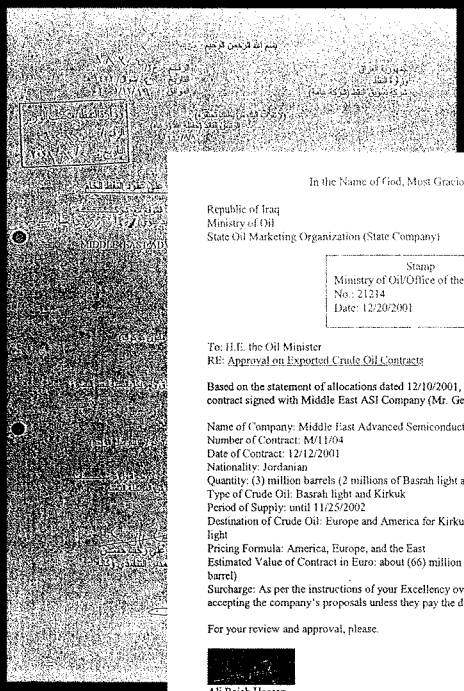
كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحلة

عمولات

المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقي /دولار
9	ALCON+FENAR	M/09/01	23,039,984	0.28	6,483,722.00	6,483,722.00	[illegible]
9	ALCON+FENAR	M/09/04	22,633,183	0.28	6,236,219.90	6,236,219.90	[illegible]
9	ALCON+FENAR	M/09/35	4,868,682	0.25	1,217,170.50	1,217,170.50	[illegible]
9	AREDIO	M/09/23	1,014,403	0.30	304,320.90	304,320.90	[illegible]
9	AVIN OIL	M/09/42	1,740,137	0.25	435,034.25	435,000.00	[illegible]
9	AWAD AMMORA	M/09/13	1,962,493	0.25	490,623.25	490,623.25	[illegible]
9	B.B. ENERGY	M/09/38	2,020,873	0.27	555,218.25	50,000.00	[illegible]
9	B.C.INTERNATIONAL(PVT)	M/09/91	1,914,971	0.25	478,742.75	478,742.75	[illegible]
9	BELMET	M/08/41	1,863,000	0.30	558,900.00	558,900.00	[illegible]
9	BELMET	M/09/08	4,851,657	0.30	1,455,497.10	1,455,463.80	[illegible]
9	BELPHARM	M/09/34	1,982,013	0.27	544,627.55	543,046.50	[illegible]
9	BULA RESOURSES	M/09/95	1,030,402	0.25	257,600.50	251,961.00	[illegible]
9	BULF DREILING AND OIL SERVIC	M/09/55	1,001,245	0.25	250,311.25	250,311.25	[illegible]
9	CAMTECH	M/08/100	500,000	0.30	150,000.00	150,000.00	[illegible]
9	CHAIYAPORN	M/09/100	1,977,670	0.30	593,301.00	593,301.00	[illegible]
9	CHINA OIL	M/08/13	910,340	0.25	227,585.00	227,358.00	[illegible]
9	COGEP	M/09/65	1,002,382	0.25	250,595.50	250,580.50	[illegible]
9	DELTA PETROLEUM	M/09/17	4,008,094	0.27	1,100,051.55	1,099,862.50	[illegible]
9	DELTA SERVICES	M/09/71	2,057,639	0.25	514,409.75	50,000.00	[illegible]
9	E.O.T.C	M/09/39	3,970,520	0.25	992,630.00	992,630.00	[illegible]
9	ENERGY RESOURCES	M/09/87	1,928,233	0.30	578,469.90	578,470.00	[illegible]
9	ERDEM HOLDING	M/09/02	4,002,725	0.30	1,200,817.50	1,200,810.00	[illegible]

Ministry of Oil Letter

Re: Galloway Allocation in Phase XI



In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/18304
Date: 4 Shawal, 1422 H
Equivalent to 12/19/2001

Stamp
Ministry of Oil/Office of the Minister
No.: 21214
Date: 12/20/2001

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the statement of allocations dated 12/10/2001, please find below the details of the contract signed with Middle East ASI Company (Mr. George Galloway)/Fawaz Zuraiqat:

Name of Company: Middle East Advanced Semiconductor.
Number of Contract: M/11/04
Date of Contract: 12/12/2001
Nationality: Jordanian
Quantity: (3) million barrels (2 millions of Basrah light and 1 million of Kirkuk)
Type of Crude Oil: Basrah light and Kirkuk
Period of Supply: until 11/25/2002
Destination of Crude Oil: Europe and America for Kirkuk, and the East and America for Basrah light
Pricing Formula: America, Europe, and the East
Estimated Value of Contract in Euro: about (66) million euros (Based on the rate of $20 per barrel)
Surcharge: As per the instructions of your Excellency over the phone on 12/11/2001 of not accepting the company's proposals unless they pay the debt incurred since phase eight.

For your review and approval, please.

Ali Rajab Hassan
Acting Executive Director

For the approval of the minister

I approve

12/23

Permanent Subcommittee on Investigations
EXHIBIT #12

Permanent Subcommittee on Investigations
[illegible]G) - FN 92

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/18304
Date: 4 Shawal, 1422 H
Equivalent to 12/19/2001

Stamp
Ministry of Oil/Office of the Minister
No.: 21214
Date: 12/20/2001

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the statement of allocations dated 12/10/2001, please find below the details of the contract signed with Middle East ASI Company (Mr. George Galloway)/Fawaz Zuraiqat:

Name of Company: Middle East Advanced Semiconductor.
Number of Contract: M/11/04
Date of Contract: 12/12/2001
Nationality: Jordanian
Quantity: (3) million barrels (2 millions of Basrah light and 1 million of Kirkuk)
Type of Crude Oil: Basrah light and Kirkuk
Period of Supply: until 11/25/2002
Destination of Crude Oil: Europe and America for Kirkuk, and the East and America for Basrah light
Pricing Formula: America, Europe, and the East
Estimated Value of Contract in Euro: about (66) million euros (Based on the rate of $20 per barrel)
Surcharge: As per the instructions of your Excellency over the phone on 12/11/2001 of not accepting the company's proposals unless they pay the debt incurred since phase eight.

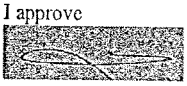
For your review and approval, please.



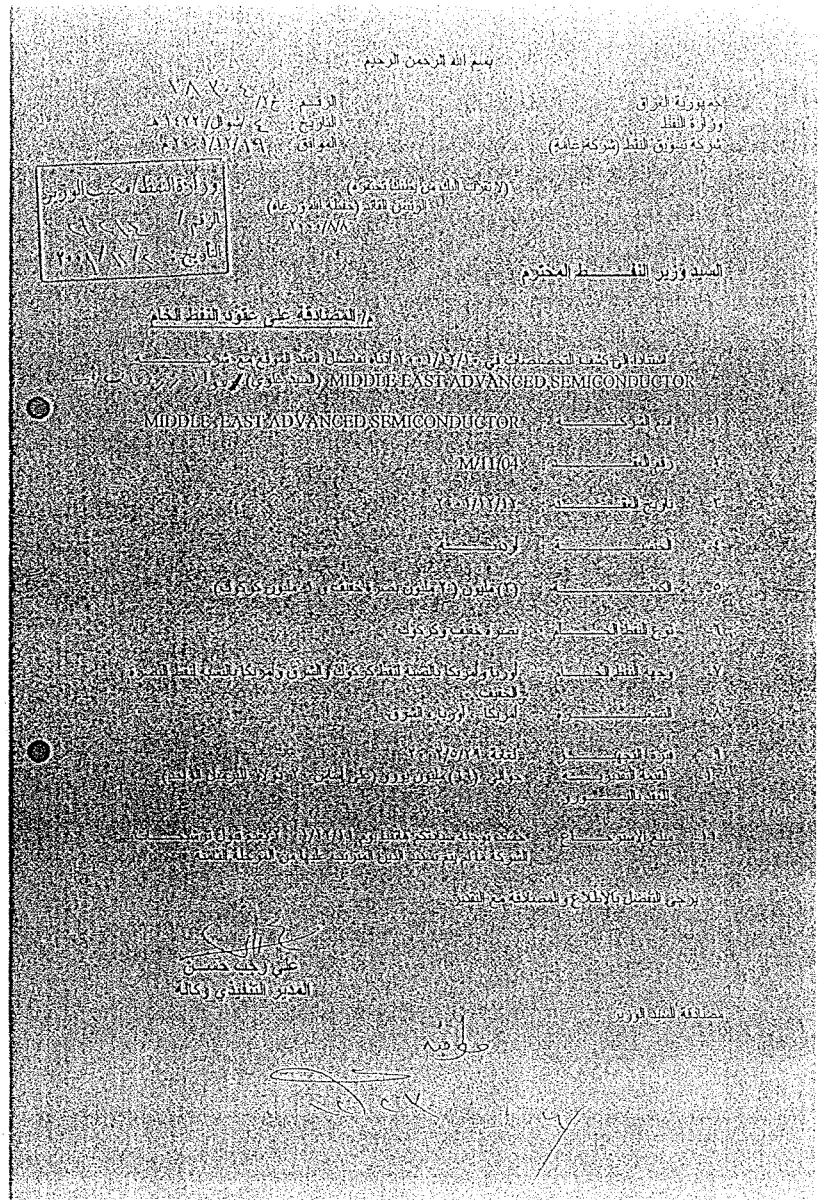
Ali Rajab Hassan
Acting Executive Director

For the approval of the minister

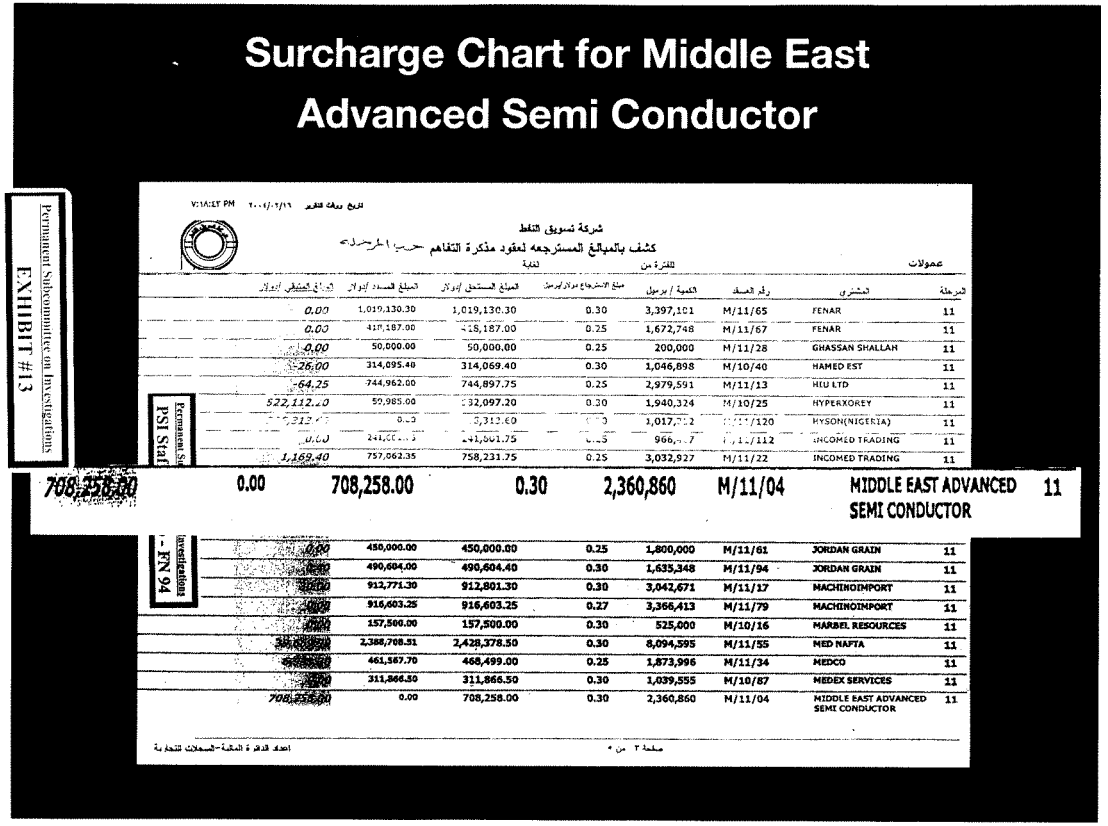
I approve



12/23



Surcharge Chart for Middle East Advanced Semi Conductor



Permanent Subcommittee on Investigations
EXHIBIT #13

تاريخ ووقت التقرير ٢٠٠٤/٠٢/١٦ V:١٨:٤٣ PM

شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحلة

عمولات

المرحلة	المشترى	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبلغ المتبقى /دولار
11	FENAR	M/11/65	3,397,101	0.30	1,019,130.30	1,019,130.30	0.00
11	FENAR	M/11/67	1,672,748	0.25	418,187.00	418,187.00	0.00
11	GHASSAN SHALLAH	M/11/28	200,000	0.25	50,000.00	50,000.00	0.00
11	HAMED EST	M/10/40	1,046,898	0.30	314,069.40	314,095.40	-26.00
11	HIU LTD	M/11/13	2,979,591	0.25	744,897.75	744,962.00	-64.25
11	HYPERXOREY	M/10/25	1,940,324	0.30	582,097.20	59,985.00	522,112.20
11	HYSON(NIGERIA)	M/11/120	1,017,[illegible]2	[illegible]	[illegible]5,312.60	0.00	[illegible]
11	INCOMED TRADING	M/11/112	966,[illegible]7	[illegible]	241,[illegible]	241,[illegible]	0.00
11	INCOMED TRADING	M/11/22	3,032,927	0.25	758,231.75	757,062.35	1,169.40
11	MIDDLE EAST ADVANCED SEMI CONDUCTOR	M/11/04	2,360,860	0.30	708,258.00	708,258.00	0.00
11	JORDAN GRAIN	M/11/61	1,800,000	0.25	450,000.00	450,000.00	0.00
11	JORDAN GRAIN	M/11/94	1,635,348	0.30	490,604.40	490,604.00	[illegible]
11	MACHINOIMPORT	M/11/17	3,042,671	0.30	912,801.30	912,771.30	[illegible]
11	MACHINOIMPORT	M/11/79	3,366,413	0.27	916,603.25	916,603.25	[illegible]
11	MARBEL RESOURCES	M/10/16	525,000	0.30	157,500.00	157,500.00	[illegible]
11	MED NAFTA	M/11/55	8,094,595	0.30	2,428,378.50	2,388,708.51	[illegible]
11	MEDCO	M/11/34	1,873,996	0.25	468,499.00	461,567.70	[illegible]
11	MEDEX SERVICES	M/10/87	1,039,555	0.30	311,866.50	311,866.50	[illegible]
11	MIDDLE EAST ADVANCED SEMI CONDUCTOR	M/11/04	2,360,860	0.30	708,258.00	0.00	708,258.00

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Investigations
- FN 94

اعداد الدائرة المالية-السجلات التجارية

صفحة ٣ من ٥

شركة تسويق النفط

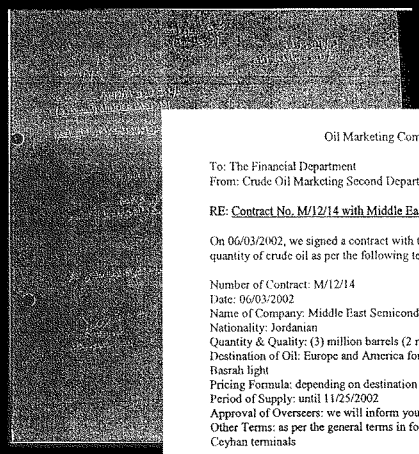
كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحله

المرحلة	المشتري	رقم العقد	الكمية / برميل	للفترة من	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المسدد /دولار	المبالغ المتبقي /دولار
11	FENAR	M/11/65	3,397,101		0.30	1,019,130.30	1,019,130.30	0.00
11	FENAR	M/11/67	1,672,748		0.25	418,187.00	418,187.00	0.00
11	GHASSAN SHALLAH	M/11/28	200,000		0.25	50,000.00	50,000.00	0.00
11	HAMED EST	M/10/40	1,046,898		0.30	314,069.40	314,095.40	26.00
11	HIU LTD	M/11/13	2,979,591		0.25	744,897.75	744,962.00	64.25
11	HYPERXOREY	M/10/25	1,940,324		0.30	582,097.20	59,985.00	522,112.20
11	HYSON(NIGERIA)	M/11/120	1,017,712		0.30	305,313.60	0.00	305,313.60
11	INCOMED TRADING	M/11/112	966,407		0.25	241,601.75	241,601.75	0.00
11	INCOMED TRADING	M/11/22	3,032,927		0.25	758,231.75	757,062.35	1,169.40
11	IVES COLTD	M/10/73	1,034,372		0.30	310,311.60	310,261.30	50.30
11	IVES COLTD	M/11/75	1,469,869		0.25	367,467.25	367,467.25	0.00
11	IVES COLTD	M/11/83	899,052		0.30	269,715.60	269,715.60	0.00
11	JAWALA	M/11/12	2,000,000		0.30	600,000.00	250,000.00	350,000.00
11	JORDAN GRAIN	M/11/61	1,800,000		0.25	450,000.00	450,000.00	0.00
11	JORDAN GRAIN	M/11/94	1,635,348		0.30	490,604.40	490,604.00	0.40
11	MACHINOIMPORT	M/11/17	3,042,671		0.30	912,801.30	912,771.30	30.00
11	MACHINOIMPORT	M/11/79	3,366,413		0.27	916,603.25	916,603.25	0.00
11	MARBEL RESOURCES	M/10/16	525,000		0.30	157,500.00	157,500.00	0.00
11	MED NAFTA	M/11/55	8,094,595		0.30	2,428,378.50	2,388,708.51	39,669.99
11	MEDCO	M/11/34	1,873,996		0.25	468,499.00	461,567.70	6,931.30
11	MEDEX SERVICES	M/10/87	1,039,555		0.30	311,866.50	311,866.50	0.00
11	MIDDLE EAST ADVANCED SEMI CONDUCTOR	M/11/04	2,360,860		0.30	708,258.00	0.00	708,258.00

عمولات

Ministry of Oil Letter

Re: Galloway Allocation in Phase XII



Oil Marketing Company (State Company)

To: The Financial Department — No.: KH2/66
From: Crude Oil Marketing Second Department — Date: 06/04/2002

RE: Contract No. M/12/14 with Middle East ASI (Mr. Galloway)

On 06/03/2002, we signed a contract with the aforesaid company to supply it with quantity of crude oil as per the following terms:

Number of Contract: M/12/14
Date: 06/03/2002
Name of Company: Middle East Semiconductor
Nationality: Jordanian
Quantity & Quality: (3) million barrels (2 millions of Basrah and 1 million of Kirkuk)
Destination of Oil: Europe and America for Kirkuk oil, and America and The East for Basrah light
Pricing Formula: depending on destination
Period of Supply: until 11/25/2002
Approval of Overseers: we will inform you of the approval later on
Other Terms: as per the general terms in force for the company's sales FOB Al-Bakr and Ceyhan terminals

Please be informed and act accordingly.

Ali Rajab Hassan
Acting Executive Director

Cc:

Shipping & Quantities Department / please be informed and act accordingly

Permanent Subcommittee on Investigations
FN 96

Permanent Subcommittee on Investigations
EXHIBIT #14

Oil Marketing Company (State Company)

To: The Financial Department
From: Crude Oil Marketing Second Department

No.: KH2/66
Date: 06/04/2002

RE: Contract No. M/12/14 with Middle East ASI (Mr. Galloway)

On 06/03/2002, we signed a contract with the aforesaid company to supply it with quantity of crude oil as per the following terms:

Number of Contract: M/12/14
Date: 06/03/2002
Name of Company: Middle East Semiconductor
Nationality: Jordanian
Quantity & Quality: (3) million barrels (2 millions of Basrah and 1 million of Kirkuk)
Destination of Oil: Europe and America for Kirkuk oil, and America and The East for Basrah light
Pricing Formula: depending on destination
Period of Supply: until 11/25/2002
Approval of Overseers: we will inform you of the approval later on
Other Terms: as per the general terms in force for the company's sales FOB Al-Bakr and Ceyhan terminals

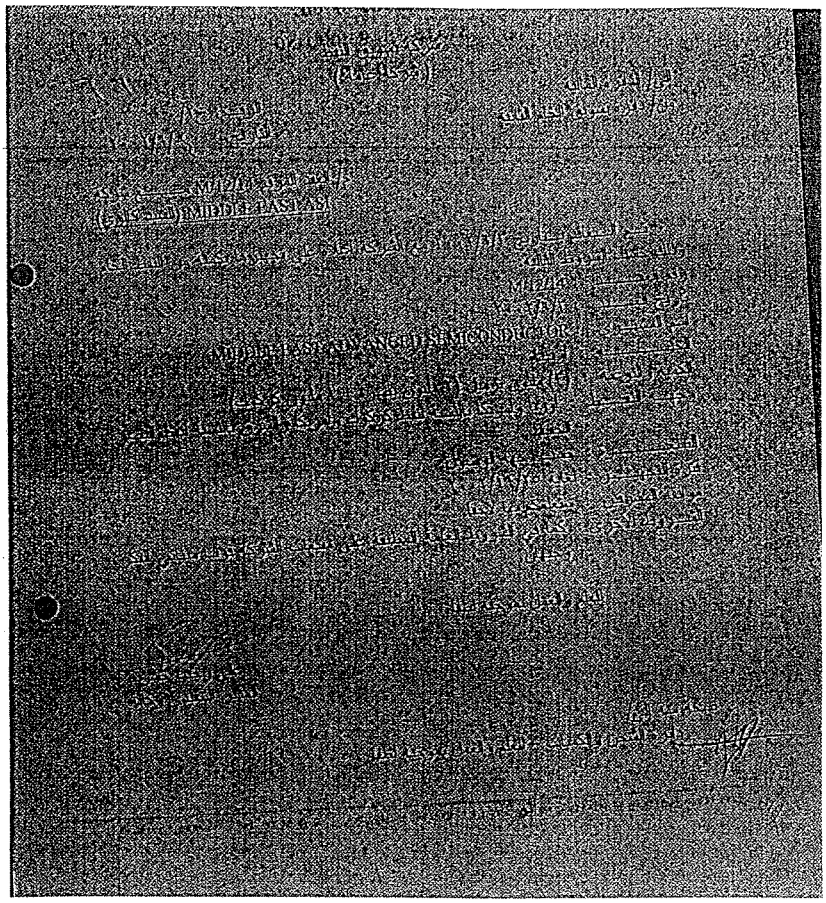
Please be informed and act accordingly.



Ali Rajab Hassan
Acting Executive Director

Cc:

Shipping & Quantities Department / please be informed and act accordingly



Ministry of Oil Letter

Re: Galloway Allocation in Phase XII

Stamp

Ministry of Oil/Office of the Minister
No.: 9825
Date: 06/04/2002

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/6447
Date: 23 Rabi' I, 1423 H
Equivalent to 06/04/2002

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the statement of allocations dated 05/22/2002, please find below the details of the contract signed with Middle East ASI Company (on behalf of Mr. George Galloway):

Name of Company: Middle East Advanced Semiconductor.
Number of Contract: M/12/14
Date of Contract: 06/03/2002
Nationality: Jordanian
Quantity: (3) million barrels
Type of Crude Oil: (2) million barrels of Basrah and (1) million barrels of Kirkuk
Period of Supply: until 11/25/2002
Destination of Crude Oil: Europe and America for Kirkuk, and America and The East for Basrah light
Pricing Formula: depending on destination
Estimated Value of Contract in Euro: about (66) million euros (Based on the rate of $20 per barrel)
Surcharge: payable within (30) days from the date of loading

For your review and approval, please.

Ali Rajab Hassan
Acting Executive Director

For the approval of the minister

I approve

06/06

Permanent Subcommittee on Investigations
FN 97

Permanent Subcommittee on Investigations
EXHIBIT #15

Stamp

Ministry of Oil/Office of the Minister
No.: 9825
Date: 06/04/2002

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
State Oil Marketing Organization (State Company)

No.: KH2/6447
Date: 23 Rabi' I, 1423 H
Equivalent to 06/04/2002

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the statement of allocations dated 05/22/2002, please find below the details of the contract signed with Middle East ASI Company (on behalf of Mr. George Galloway):

Name of Company: Middle East Advanced Semiconductor.
Number of Contract: M/12/14
Date of Contract: 06/03/2002
Nationality: Jordanian
Quantity: (3) million barrels
Type of Crude Oil: (2) million barrels of Basrah and (1) million barrels of Kirkuk
Period of Supply: until 11/25/2002
Destination of Crude Oil: Europe and America for Kirkuk, and America and The East for Basrah light
Pricing Formula: depending on destination
Estimated Value of Contract in Euro: about (66) million euros (Based on the rate of $20 per barrel)
Surcharge: payable within (30) days from the date of loading

For your review and approval, please.

Ali Rajab Hassan
Acting Executive Director

For the approval of the minister

I approve

06/06

٩٨٢٥
٢٠٠٢/٦/٤

بسم الله الرحمن الرحيم

جمهورية العراق
وزارة النفط
شركة تسويق النفط(شركة عامة)

الرقم : غ٢/ ٦٤٤٧
التاريخ : ٢٧ /ربيع الأول/١٤٢٣هـ
الموافق : ٤ / حزيران /٢٠٠٢م

(لا تعمل كل ما انت قادر على القيام به وإنما ما يعد صحيحا
ومشروعا على اساس المبادئ التي تؤمن بها بعد الاتكال على الله)
الرئيس القائد (حفظه الله ورعاه)
٢٠٠٠/٨/٨

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

استنادا إلى كشف التخصيصات في ٢٠٠٢/٥/٢٢ أدناه تفاصيل العقد الموقع مع شركة MIDDLE EAST ASI (لصالح السيد جورج كالوي) .

اسم الشركـــــــة : MIDDLE EAST ADVANCED SEMICONDUCTOR

رقم العقـــــــد : M/12/14

تاريخ العقـــــد : ٢٠٠٢/٦/٣

الجنسيـــــــة : أردنية

الكميـــــــة : (٣) مليون برميل

نوع النفط الخـــام : ٢ مليون بصرة + ١ مليون كركوك

فترة التجهيـــــز : لغاية ٢٠٠٢/١١/٢٥

وجهـة النفط الخـــام: أمريكا وأوربا بالنسبة لنفط كركوك وأمريكا والشرق بالنسبة لنفط البصرة الخفيف .

التصديـــــرة : حسب وجهة الوصول

القيمة التقديرية للعقد باليورو: حوالي (٦٦) مليون يورو (على أساس ٢٠ دولار للبرميل الواحد) .

مبلغ الاسترجـــاع : يدفع خلال (٣٠) يوم بعد التحميل .

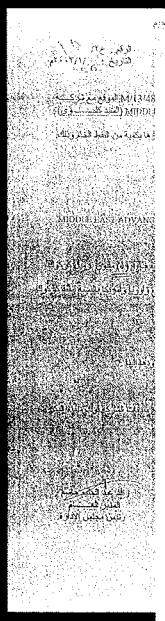
يرجى التفضل بالاطلاع والمصادقة ، مع التقدير

علي رجب حسن
المدير التنفيذي وكالة

مصادقة السيد الوزير

Ministry of Oil Letter

Re: Galloway Allocation in Phase XIII



In the name of God, Most Gracious, Most Merciful

To: The Financial Department
From: Crude Oil Marketing Second Department

No.: KH2/15
Date: 01/25/2003

RE: Contract No. M/13/48 with Middle East ASI (Mr. Galloway)

On 01/07/2003, we signed a contract with the aforesaid company to supply it with quantity of crude oil as per the following terms:

Number of Contract: M/13/48
Date: 01/07/2003
Name of Company: Middle East Semiconductor, Inc.
Nationality: Jordanian
Quantity & Quality: (1) million barrels of Basrah light crude oil and (1) million barrels of Kirkuk
Destination of Crude Oil: America and the East for Basrah, and Europe and America for Kirkuk
Pricing Formula: depending on destination
Period of Supply: until 06/02/2003
Approval of the Overseers: we will inform you of the overseers' approval once we receive it
Address of the Company: as in the previous contract
Other Terms: as per the general terms in force for the company's sales FOB Al-Bakr terminal

Please be informed and act accordingly.

[redacted]

Ali Rajab Hassan
Head of Oil Marketing Second Department

[redacted]

Rafid Abd-al-Halim Jassem
General Director
Chairman of Board of Directors

Cc:

Shipping & Quantities Department / please be informed and act accordingly

Permanent Subcommittee on Investigations
FN 101

Permanent Subcommittee on Investigations
EXHIBIT #16

1510

In the name of God, Most Gracious, Most Merciful

To: The Financial Department
From: Crude Oil Marketing Second Department

No.: KH2/15
Date: 01/25/2003

RE: Contract No. M/13/48 with Middle East ASI (Mr. Galloway)

On 01/07/2003, we signed a contract with the aforesaid company to supply it with quantity of crude oil as per the following terms:

Number of Contract: M/13/48
Date: 01/07/2003
Name of Company: Middle East Semiconductor, Inc.
Nationality: Jordanian
Quantity & Quality: (1) million barrels of Basrah light crude oil and (1) million barrels of Kirkuk
Destination of Crude Oil: America and the East for Basrah, and Europe and America for Kirkuk
Pricing Formula: depending on destination
Period of Supply: until 06/02/2003
Approval of the Overseers: we will inform you of the overseers' approval once we receive it
Address of the Company: as in the previous contract
Other Terms: as per the general terms in force for the company's sales FOB Al-Bakr terminal

Please be informed and act accordingly.



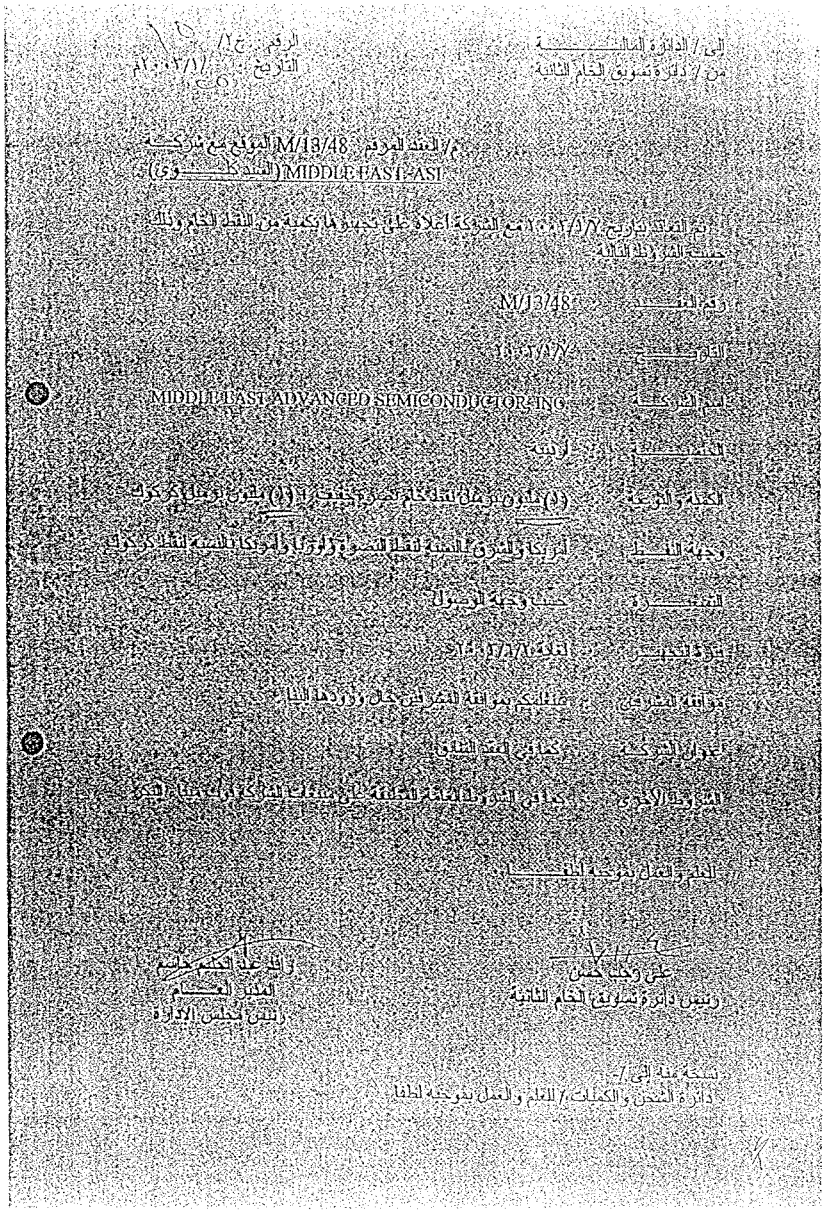
Ali Rajab Hassan
Head of Oil Marketing Second Department



Rafid Abd-al-Halim Jassem
General Director
Chairman of Board of Directors

Cc:

Shipping & Quantities Department / please be informed and act accordingly



إلى / الدائرة المالية
من / دائرة تسويق الخام الثانية

الرقم : ج/٢/ ١٥
التاريخ : ٢٠٠٣/١/٢٠م

م/ العقد المرقم M/13/48 الموقع مع شركة
MIDDLE EAST-ASI (السيد كلوي)

تم التعاقد بتاريخ ٢٠٠٣/١/٧ مع الشركة أعلاه على تجهيزها بكمية من النفط الخام وذلك حسب الشروط التالية

رقم العقد M/13/48

التاريخ ٢٠٠٣/١/٧

اسم الشركة MIDDLE EAST ADVANCED SEMICONDUCTOR-INC

الجنسية أردنية

الكمية والنوعية (١) مليون برميل نفط خام بصرة خفيف ١ (١) مليون برميل كركوك

وجهة النفط أمريكا والشرق بالنسبة لنفط البصرة وأوربا وأمريكا بالنسبة لنفط كركوك

التسعيرة حسب وجهة الوصول

فترة التجهيز لغاية ٢٠٠٣/٦/٢٠م

موافقة المشرفين سنعلمكم بموافقة المشرفين حال ورودها إلينا

عنوان الشركة كما في العقد السابق

الشروط الأخرى كما في الشروط العامة المطبقة على مبيعات الشركة دون ميناء البكر

للعلم والعمل بموجبه لطفا

علي رجب حسن
رئيس دائرة تسويق الخام الثانية

رائد عبد الحليم جاسم
المدير العام
رئيس مجلس الإدارة

نسخة منه إلى /-
دائرة الشحن والكميات / للعلم والعمل بموجبه لطفا

LETTER FROM GEORGE GALLOWAY "TO WHOM IT MAY CONCERN"

George Galloway MP

House Of Commons
Westminster
London SW1A OAA
Tel: (+44) 171 219 6940 Fax: (+44) 171 219 2879
E-Mail : George.Galloway@btinternet.com

To Whom It May Concern

This is to certify that **Mr. Fawaz A. Zureikat** is my representative in Baghdad on all matters concerning my work with the " **Mariam Appeal** " or the Emergency Committee in Iraq . Given the infrequency of my visits to the Country and the regularity of Mr. Zureikat's , it would be appreciated if all co-operation could be extended to him in his dealings on my behalf

Save for any written permissions from me, no other person should be entertained as acting on my behalf in any circumstances

Thanking you for your co-operation

Yours Sincerely

George Galloway
Chairman Mariam Appeal
Organizer Emergency Committee on Iraq

HEATHCLIFF O'MALLEY

Permanent Subcommittee on Investigations
EXHIBIT #17

Table 1: *Oil Allocations to the Russian Presidential Council by Phase.*

PHASE	ALLOCATION	ALLOCATION RECIPIENT	ALLOCATION (BARRELS)
VI	1	The Russian Presidential Council	5,000,000
VIII	2	Sergey Issakov (The Russian Presidential Council)	14,000,000
IX	3	Sergey Issakov (The Russian Presidential Council)	16,500,000
X	4	Sergey Issakov (The Russian Presidential Council)	16,000,000
XI	5	Sergey Issakov (The Russian Presidential Council)	16,000,000
XII	6	Sergey Issakov (The Russian Presidential Council)	12,500,000
	7	Alexander Voloshin (Head of the Russian Presidential Council)	3,000,000
XIII	8	Alexander Voloshin (Head of the Russian Presidential Council)	2,000,000
	9	Sergey Issakov (The Russian Presidential Council)	5,000,000
		TOTAL:	90,000,000

Prepared by the Majority Staff
of the
Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #18

Permanent Subcommittee on Investigations
EXHIBIT #19

Letter from Haverhill Trading Ltd. to Bayoil dated June 10, 2000

07-10-2000 00:09AM FROM TO 7132248101 P.01

HAVERHILL TRADING LTD
Nicosia, Cyprus

DATE: June 10, 2000 **TIME:** 17:30

TO: Bayoil Supply & Trading Limited **PHONE:** **FAX:** +1 713 781 8387

FROM: Marios Kontementiotis **PHONE:** +357 2 750 390 **FAX:** +357 2 750 382

CC:

Number of pages including cover sheet: 1

Dear Sir,

According to the Agency Agreement signed between "BayOil Supply & Trading Limited" and "Haverhill Trading Limited" on June 10, 2000 please be kindly asked to sign the Contract with "Rosneftetimpex NK Rosneft" for buying 8 bbls of Basrah light crude oil and pay fees as following:

- *USD0,02 to "Rosneftetimpex NK Rosneft" as per Contract;*
- *USD0,12 to "Haverhill Trading Limited" after the nomination of the vessel;*
- *USD0,10 to "Haverhill Trading Limited" 30 (thirty) days after the B/L.*

Shipment in July – 2 bbls, in August – 4 bbls, in September – 2 bbls.

Thanking You, *Marios Kontementiotis*

TOTAL P.01

SNT 015625

SNT 015625

Permanent Subcommittee on Investigations
EXHIBIT #20

Letter from the Executive Director of SOMO to the Minister of Oil dated July 5, 2000

Permanent Subcommittee on Investigations
EXHIBIT #21

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
Oil Marketing Company (State Company)

No.: KH1/11162
Date: 04 Rabi' II, 1421 H
Equivalent to 07/05/2000

Stamp
Ministry of Oil/Office of the Minister
No.: 8757
Date: 07/06/2000

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

Based on the statement of allocations in phase (8), please find below the details of the contract signed with Rosneftеimpex Russian Company on behalf of Mr. Issakov (The Russian Presidential Council):

1- Number of Contract: M/08/85 Date: 07/04/2000
2- Name of Company Buyer: Rosneftеimpex
3- Nationality: Russian
4- Quantity: (14) million barrels divided as follows:

(6) million barrels of Kirkuk crude oil FOB Ceyhan terminal
(8) million barrels of Basrah light crude oil FOB Al-Bakr terminal

5- Destination of Crude Oil: Europe for Kirkuk crude oil
America and / or the Far East for Basrah light crude oil
6- Pricing Formula: As agreed on between the buyer and our company from time to time
7- Validity of Contract: Until 12/05/2000
8- Estimated Value: (336) million U.S. dollars based on an estimated rate of $24/barrel

For your review and approval, please.

Regards,

Saddam Zeben Hassan
Executive Director

I approve
07/08

07/09

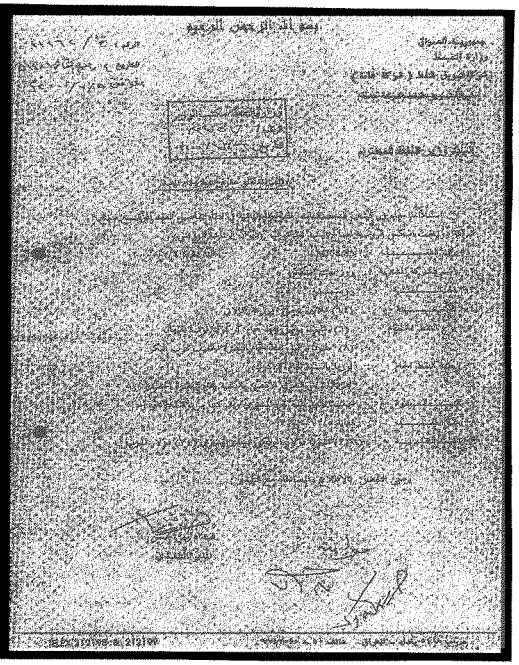


Table 3: *Estimated Division of Bayoil's Payments Between Haverhill/Rusnaftaimpex and the Russian Presidential Council in Connection with Contract M/08/85.*

Shipment	Number of Barrels Lifted	Rate of Payment to Haverhill & Rusnaftaimpex	Payments to Haverhill & Rusnaftaimpex	Suspected Amount Paid to the Benefit of the Russian Presidential Council
1	1,883,963	2¢ a barrel	$37,679.26	$414,471.86
2	1,857,303	2¢ a barrel	$37,146.06	$408,606.66
3	1,943,729	2¢ a barrel	$38,874.58	$427,620.38
4	2,324,019	2¢ a barrel	$46,480.38	$511,284.18
		Totals:	**$160,180.28**	**$1,761,983.08**

Prepared by the Majority Staff
of the
Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #22

Letter to the Executive Director of SOMO dated March 24, 2001

Permanent Subcommittee on Investigations
EXHIBIT #23

To: H.E. the Executive Director
RE: Contract M/09/25 with Rosimpex Russian Company (The Presidential Council)

1- The original contractual quantities are:

Basrah	Kirkuk	Total
4	3	7

2- The quantities lifted up to this date are:

4	1	5

3- The remaining quantities are:

-	2	2

4- Rosnefteimpex company requested to change the quantity of the contract to the following:

Basrah	Kirkuk	Total
4	2	6

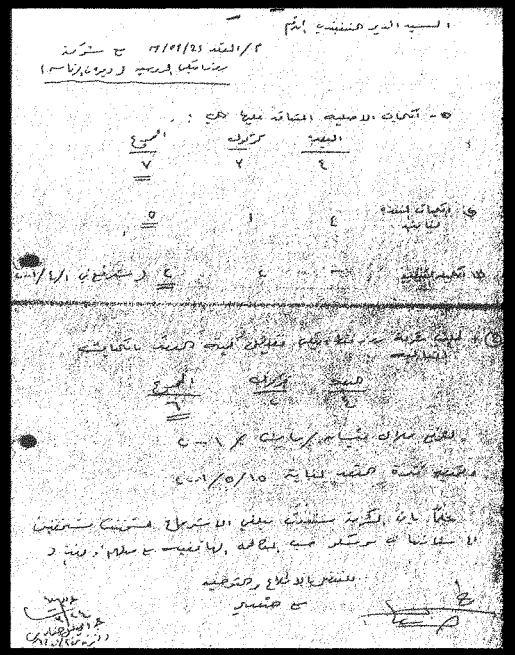
to be lifted in April/May 2001, and to extend the validity of the contract until 05/15/2001, taking into consideration that the company has settled both of the surcharge amounts due to our embassy in Moscow as per the telephone conversation with their representative in Baghdad.

Please review and advice.

Regards,

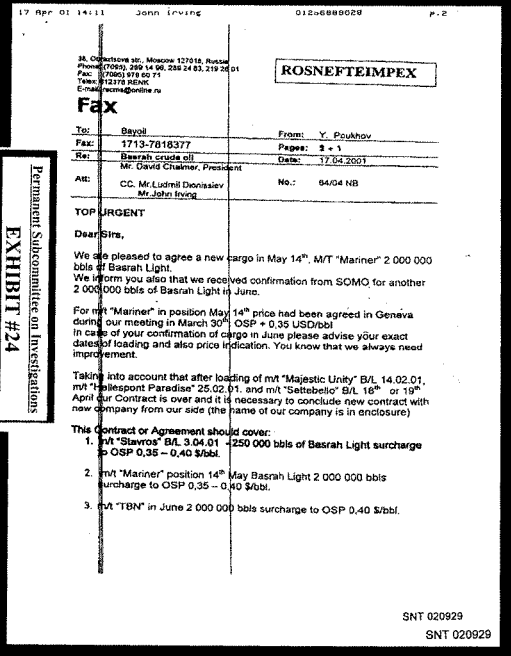
03/24
Abd-al-Jalil Hammadi
Head of Crude Oil First Marketing Department

KH1



Fax from Rosnefteimpex to Bayoil dated April 17, 2001

Permanent Subcommittee on Investigations
EXHIBIT #24



17 Apr 01 14:11 John Irving 012b6888028 P.2

38, Ogarkova str., Moscow 127018, Russia
Phone:(7095) 289 14 00, 289 24 83, 219 26 01
Fax: (7095) 979 80 71
Telex: 612378 RENK
E-mail:recma@online.ru

ROSNEFTEIMPEX

Fax

To:	Bayoil	From:	Y. Poukhov
Fax:	1713-7618377	Pages:	3 + 1
Re:	Basrah crude oil	Date:	17.04.2001
Att:	Mr. David Chalmer, President CC. Mr.Ludmil Dionissiev Mr.John Irving	No.:	64/04 NB

TOP URGENT

Dear Sirs,

We are pleased to agree a new cargo in May 14th, M/T "Mariner" 2 000 000 bbls of Basrah Light.
We inform you also that we received confirmation from SOMO for another 2 000 000 bbls of Basrah Light in June.

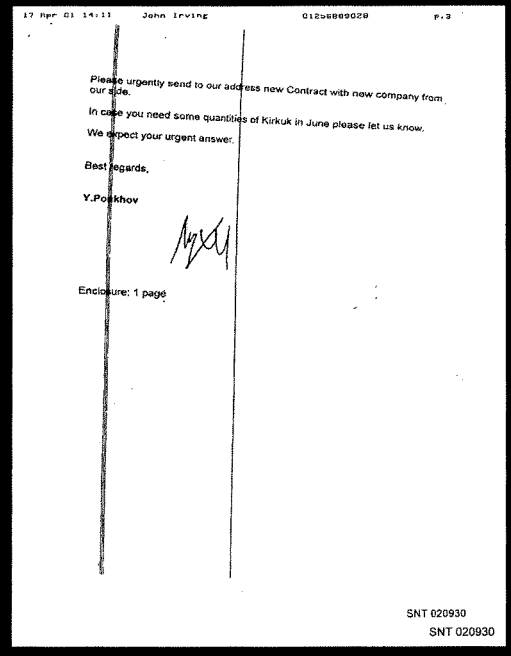
For m/t "Mariner" in position May 14th price had been agreed in Geneva during our meeting in March 30th, OSP + 0,35 USD/bbl
In case of your confirmation of cargo in June please advise your exact dates of loading and also price indication. You know that we always need improvement.

Taking into account that after loading of m/t "Majestic Unity" B/L 14.02.01, m/t "Hellespont Paradise" 25.02.01, and m/t "Settebello" B/L 16th or 19th April our Contract is over and it is necessary to conclude new contract with new company from our side (the name of our company is in enclosure)

This Contract or Agreement should cover:

1. **m/t "Stavros" B/L 3.04.01 – 250 000 bbls of Basrah Light surcharge to OSP 0,35 – 0,40 $/bbl.**
2. m/t "Mariner" position 14th May Basrah Light 2 000 000 bbls surcharge to OSP 0,35 – 0,40 $/bbl.
3. m/t "TBN" in June 2 000 000 bbls surcharge to OSP 0,40 $/bbl.

SNT 020929
SNT 020929



17 Apr 01 14:11 John Irving 012b6889028 P.3

Please urgently send to our address new Contract with new company from our side.

In case you need some quantities of Kirkuk in June please let us know.

We expect your urgent answer.

Best regards,

Y.Poukhov

Enclosure: 1 page

SNT 020930
SNT 020930

Fax from Rosnefteimpex to Bayoil dated April 20, 2001

04-23-2001 05:13AM FR TO 7132248101 P.01

04/23/2001 13:15 +7-095-941-5035 VAL TH PAGE 01

38, Obrezkova str., Moscow 127018, Russia
Phone: (7095), 289 14 96, 289 24 63, 219 26 01
Fax: (7095) 979 60 71
Telex: 612378 RENK
E-mail: recms@online.ru

ROSNEFTEIMPEX

Fax

To:	Bayoil	From:	Y. Poukhov
Fax:	1713-7818377	Pages:	1
Re:	Shipment of Basrah Light crude in April-May-June. M/t «Stavros» B/L 3.04.01. M/t «Mariner» Leycan May 14th and about 2.000 000 bbls loading in June(Subject agreement of SOMO).	Date:	20.04.2001
Att:	Mr. David Chalmer, President	No.:	66/04 NB

Dear Sirs,

Taking into account the relationships between our companies and also the fact that your company is one of the important Suppliers of crude oil to US and European Consumers, we would like to continue our collaboration.
Subject agreement with Supplier we propose to you above quantities and any other quantities within this period.
We consider that after last decision of OPEC to cut crude oil output, crude oil market improved and we have intention to cooperate with your company for promotion purposes of Iraqi oil to the market.
Having in mind the above we would like to receive higher trading benefit after selling of crude oil on the market at the level not less than USD 0,35 per each barrel.
In case of your agreement we are ready to conclude respective deal with your company.
We expect your answer.

Best regards,

S.Issakov

SNT 020928

SNT 020928

Permanent Subcommittee on Investigations
EXHIBIT #25

Table 9: Estimated Division of Bayoil's Payments Between Iraq, Rusnaftaimpex, and the Russian Presidential Council in Connection with Contract M/10/15.

Shipment	Number of Barrels Lifted	Surcharge Payments to Iraq (30¢ a barrel)	Bayoil Payments to Purchasing Agent (2¢ a barrel)	Suspected Payments for the Benefit of the Russian Presidential Council
1	200,000	$60,000.00	$4,000.00	$11,000.00
2	1,911,822	$573,546.60	$38,236.44	$105,150.21
3	1,822,670	$546,801.00	$36,453.40	$100,246.85
4	150,000	$45,000.00	$3,000.00	$8,250.00
5	2,356,360	$706,908.00	$47,127.20	$129,599.80
6	1,990,489	$597,146.70	$39,809.78	$109,476.90
7	2,586,824	$776,047.20	$51,736.48	$194,011.80
8	1,810,523	$543,156.90	$36,210.46	$190,104.92
Totals:	**12,828,688**	**$3,848,606.40**	**$256,573.76**	**$847,840.48**

Prepared by the Majority Staff
of the
Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #26

Memorandum from SOMO to the Minister of Oil dated September 26, 2002

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq
Ministry of Oil
Oil Marketing Company (State Company)

No.: KH1/11268
Date: 19 Rajab, 1423 H
Equivalent to 09/26/2002

Stamp
Ministry of Oil/Office of the Minister
No.: 17001
Date: 09/28/2002

Permanent Subcommittee on Investigations
EXHIBIT #27

To: H.E. the Oil Minister
RE: Approval on Exported Crude Oil Contracts

In compliance with the approval of the vice-president of the republic, Mr. Taha Yassin Ramadan dated 08/24/2002 regarding the allocation of (3) million barrels in phase (12) to Mr. Voloshin, head of the Russian Presidential Council, please find below the details of the contract signed with Impexoil Russian Company:

1- Number of Contract: M/12/109 Date: 09/24/2002
2- Name of Company Buyer: Impexoil LLC.
3- Nationality: Russian
4- Quantity & Quality: (3) million barrels divided as follows:

(2) million Barrels of Al-Basrah light crude oil FOB Al-Bakr terminal
(1) million Barrels of Kirkuk crude oil FOB Ceyhan terminal

5- Destination of Crude Oil: Europe and / or America
6- Pricing Formula: As agreed on between Oil Marketing Company and the United Nations from time to time
7- Validity of Contract: until 11/25/2002
8- Estimated Value of Contract in Euro: about (60) million Euros based on an estimated rate of $20/barrel

For your review and approval, please.

Regards,

Ali Rajab Hassan
Acting General Director

For the Approval of the Minister

I approve

09/28

بسم الله الرحمن الرحيم

جمهورية العراق
وزارة النفط
شركة تسويق النفط (شركة عامة)

الرقم / ع ن / ١١٢٦٨
التاريخ / ١٩ / رجب / ١٤٢٣ هـ
الموافق ٢٦ / ٩ / ٢٠٠٢

اجعل الرحمة تاجع العدالة ، والحزم بديلاً عن التردد.. والثاني بديلاً عن التسرع،
والحكمة بديلاً عن التهور ، والعقل بديلاً عن الحماقة ولا تحط حذرك فرصة عابرة.

الرئيس القائد صدام حسين (حفظه الله ورعاه)
٢٠٠٠/٨/٨

السيد وزير النفط المحترم

م/ المصادقة على عقود النفط الخام المصدر

تنفيذاً لموافقة السيد نائب رئيس الجمهورية الاستاذ طه ياسين رمضان المحترم في ٢٠٠٢/٨/٢٤ بشـــأن تخصيص (٣) مليون برميل للسيد فلوشن رئيس ديوان الرئاسة في روسيا الفدرالية (١٢) ، في اداناه تفـاصيل العقـد الموقع مع شركة امبكس اويل الروسية .

١- رقم العقـد وتأريخـه : M/12/109 في ٢٠٠٢/٩/٢٤
٢- اسم الشركة المتعاقدة : IMPEXOIL LLC.
٣- الجنـــــسية : روســـية
٤- الكمية والنوعيـــة : (٢) مليون برميل موزعة كالآتي
(٢) مليون برميل خام البصرة الخفيف فوب البكر
(١) مليون برميل خام كركوك فوب جيهان
٥- وجهة النفط الخـام : اوربا و/او امريكا
٦- التســـعيرة : حسبما يتفق عليه بين شركة التسويق والامم المتحدة من حين لآخر .
٧- مدة العقـــد : لغاية ٢٠٠٢/١١/٢٥
٨- القيمة التقديريـة : حوالي (٦٠) مليون يورو على اساس سعر تقديري قدره
للعقد بالبـــرميل : (٢٠) دولار للبرميل الواحد .

يرجى التفضل بالاطلاع والمصادقة . مع التقدير .

علي رجب حسين
المدير العام و كالة

مصادقة السيد الوزير المحترم

Letter from Impexoil to Bayoil dated October 2, 2002

FROM : PHONE NO. : 00 Oct. 02 2002 10:51PM P01

[redacted]
3rd Frunzenskaya str. 1-110, Moscow, Russia
phone (7 095) 960-3441, 242-1231, fax (7 095) 242-1231

IMPEXOIL

BAYOIL

October 2nd, 2002
Ref. No. M/12/ - 12

Attn. MR. LUDMIL DIONISSIEV

Ref. PHASE 12 Contract with SOMO for the procurement of Iraqi Oil

Dear Mr. Dionissiev,

Further to our discussions we would like to offer the following quantities of Iraqi crude oil allocated to our company under Contract M/12/109 UN Program:

2'000'000 barrels of Basrah Light Oil ex Mina Al Bakr
1'000'000 barrels of Kirkuk Crude Oil ex Ceyhan
The period of lifting – October 2002 at your options
Price – OSP + USDollars 0.06
Letter of Credit is at your expense.

We would very much appreciate your comments and are always open for discussions.

Your prompt reply will be highly appreciated

Sincerely yours,

S.Tumanov
Director for Iraqi Projects

Phone: (7 095) 960 34 41, 242 12 31 fax: (7 095) 242 12 31

Phone: (7 095) 960 34 41, 242 12 31 fax: (7 095) 242 12 31

SNT 027864

SNT 027864

Permanent Subcommittee on Investigations
EXHIBIT #28

Internal SOMO Memorandum dated December 25, 2002

Permanent Subcommittee on Investigations
EXHIBIT #29

In the name of God, Most Gracious, Most Merciful

To: The Financial Department — No.: KH1
From: Crude Oil Marketing First Department — Date: 12/25/2002

RE: Contract No. M/13/33 Signed with Impexoil LLC Company

On 12/12/2002, we signed a contract with the aforesaid company to supply it with quantity of crude oil as per the following terms:

1- Number of Contract: M/13/33
2- Date: 12/12/2002
3- Name of Company: Impexoil LLC.
4- Nationality: Russian Nationality of Allocation Holder: Russian
5- Party Benefiting from Allocation: Head of the Russian Presidential Council
6- Quantity & Quality: (2) million barrels of Basrah light FOB Al-Bakr terminal, including (1.650) million barrels that were lifted as per contract M/12/109
7- Destination of Oil: Europe and / or America
8- Pricing Formula: depending on destination
9- Period of Supply: until 06/02/2003
10- Approval of the Overseers: we will inform you of the overseers' approval once we receive it
11- Address of the Company:

IMPEXOIL LLC.
3/1, KHOKHLOVSKY PER., MOSCOW, 101000, RUSSIA
PHONE: (7 095) 917-0385, 956-2737
FAX: (7 095) 956-2615
E-mail: imp-oil@dol.ru

12- Other Terms: as per the general terms in force for the company's sales FOB Al-Bakr terminal

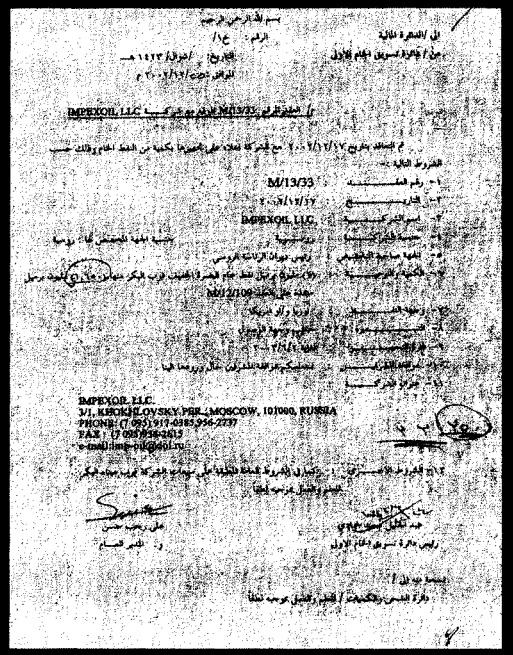
Please be informed and act accordingly.

02/24
Abd-al-Jalil Said Hammadi
Head of Oil Marketing First Department

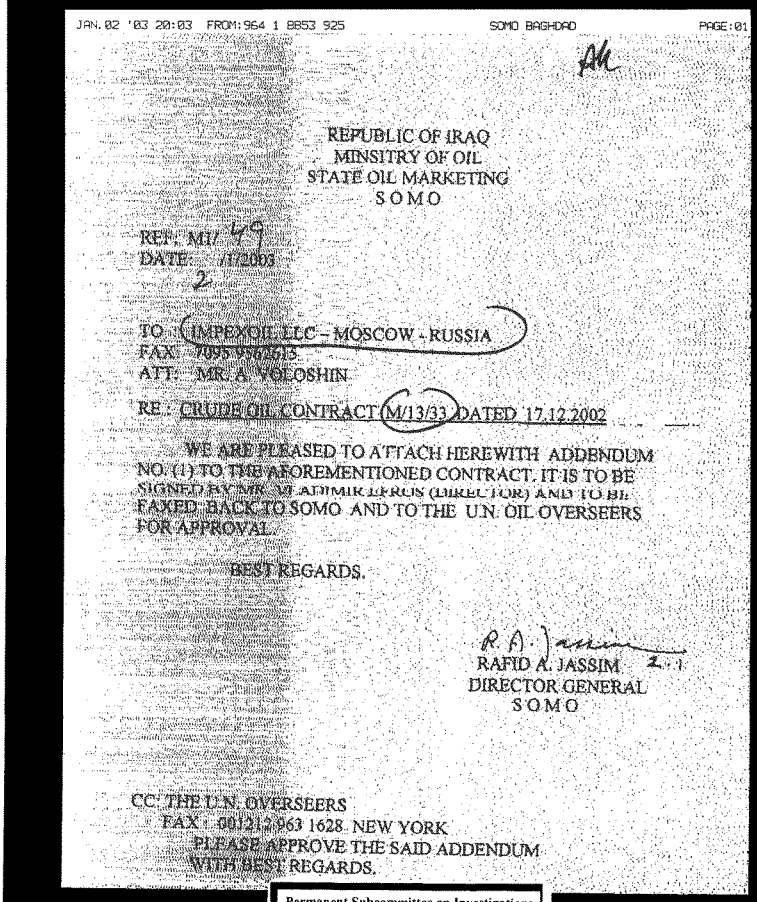
Ali Rajab Hassan
Deputy General Director

Cc:

Shipping & Quantities Department / please be informed and act accordingly



Memorandum from SOMO to Impexoil dated January 2, 2003



JAN. 02 '03 20:03 FROM:964 1 8853 925 SOMO BAGHDAD PAGE:01

REPUBLIC OF IRAQ
MINSITRY OF OIL
STATE OIL MARKETING
SOMO

REF.: MI/ 49
DATE: /1/2003
2

TO: IMPEXOIL LLC - MOSCOW - RUSSIA
FAX: 7095 9562615
ATT: MR. A. VOLOSHIN

RE.: CRUDE OIL CONTRACT M/13/33 DATED 17.12.2002

WE ARE PLEASED TO ATTACH HEREWITH ADDENDUM NO. (1) TO THE AFOREMENTIONED CONTRACT. IT IS TO BE SIGNED BY MR. M. ADIMIR IFRUS (DIRECTOR) AND TO BE FAXED BACK TO SOMO AND TO THE U.N. OIL OVERSEERS FOR APPROVAL.

BEST REGARDS.

R. A. Jassim 2.1
RAFID A. JASSIM
DIRECTOR GENERAL
SOMO

CC: THE U.N. OVERSEERS
FAX: 00121 963 1628. NEW YORK
PLEASE APPROVE THE SAID ADDENDUM
WITH BEST REGARDS.

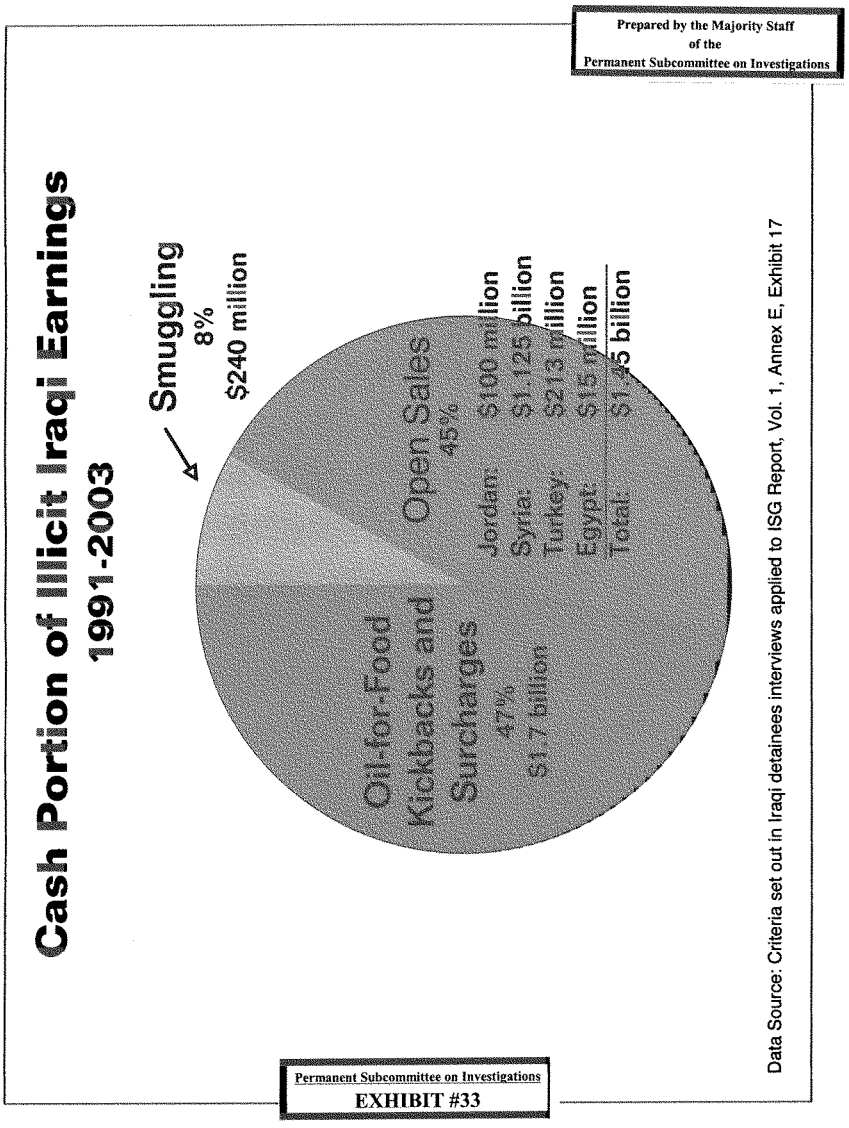
Permanent Subcommittee on Investigations
EXHIBIT #30

Permanent Subcommittee on Investigations
EXHIBIT #31

Table 13: *Estimated Division of Bayoil's Payments Between Iraq, the Designated Purchasing Agents, and the Russian Presidential Council in connection with Contracts M/08/85, M/09/25, M/10/15, M/12/109, and M/13/33.*

Contract	Number of Barrels Lifted	Surcharge Payments to Iraq (25-30¢ a barrel)	Bayoil Payments to Purchasing Agent (2¢ a barrel)	Suspected Payments for the Benefit of the Russian Presidential Council
M/08/85	8,009,014	---	$160,180.28	$1,761,983.08
M/09/25	6,271,688	$1,773,457.10	$125,433.76	$241,148.76
M/10/15	12,828,688	$3,848,606.40	$256,573.76	$847,840.48
M/12/109	3,037,799	---	$60,755.98	$121,511.96
M/13/33	350,000	---	$7,000.00	$10,500.00
Totals:	**30,497,189**	**$5,622,063.50**	**$609,943.78**	**$2,982,984.28**

Prepared by the Majority Staff
of the
Permanent Subcommittee on Investigations
Cash Portion of Illicit Iraqi Earnings
During Sanctions
1991-2003
Trade Protocols
42%
Jordan: $100 million
Syria: $1.25 billion
Turkey: $213 million
Egypt: $15 million
Total: $1.45 billion
OFF Contract Kickbacks
44%
$1.8 billion
Border and Private Sector Cash Sales
7%
$240 million
OFF Oil Surcharges
7%
$228 million
Data Source: Criteria set out in Iraqi detainee interviews applied to ISG Report, Vol. 1, Annex E, Exhibit 17
Permanent Subcommittee on Investigations
EXHIBIT 32


Prepared by the Majority Staff
of the
Permanent Subcommittee on Investigations
Cash Portion of Illicit Iraqi Earnings
1991-2003
Smuggling
8%
$240 million
Oil-for-Food
Kickbacks and
Surcharges
47%
$1.7 billion
Open Sales
45%
Jordan: $100 million
Syria: $1.125 billion
Turkey: $213 million
Egypt: $15 million
Total: $1.45 billion
Data Source: Criteria set out in Iraqi detainees interviews applied to ISG Report, Vol. 1, Annex E, Exhibit 17
Permanent Subcommittee on Investigations
EXHIBIT #33

12/15/00 FRI 19:59 FAX [redacted] UNHQ NYK ok 6.02 [illegible] 001

UNITED NATIONS **NATIONS UNIES**

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

S/AC.25/2000/OIL/1330/ FAX. 15 December 2000

TO: BUYERS OF IRAQI CRUDE OIL	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO.:	[redacted] NO.: [redacted]
ATTENTION:	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE : 1	

Dear Sirs,

***Following consultation with the 661 Committee, the UN Oil Overseers* wish to advise Buyers of the following:**

1) **The sanctions committee has not approved a surcharge of any kind on Iraqi Oil.**

2) **Payments for purchasing Iraqi crude oil cannot be made to a non-UN account.**

3) **Therefore, buyers of Iraqi oil shall not pay any kind of surcharge to Iraq.**

Best regards

cc: SOMO
SAYBOLT

Permanent Subcommittee on Investigations
EXHIBIT #34

[redacted] = Redacted by the Permanent Subcommittee on Investigations

16/12 '00 02:00 NR. TX/RX2317 P.001

IT-00423

SENT BY: 2- 7- 1 ; 16:36 ; UN SECURITY COUNCIL→ 4154271:# 3/ 4

H JE07

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

S/AC.25/2001/COMM.83
7 February 2001
ORIGINAL: ENGLISH

LETTER DATED 6 FEBRUARY 2001 FROM THE CHARGE D'AFFAIRES, A.I. OF THE PERMANENT MISSION OF THE UNITED STATES TO THE UNITED NATIONS ADDRESSED TO THE CHAIRMAN

The United States Mission to the United Nations presents its compliments to the Chairman of the Security Council Committee established pursuant to Resolution 661 (1990) concerning the situation between Iraq and Kuwait and would like to take this opportunity to share our concerns about the oil pricing mechanism. The United States has consistently supported the oil overseers' assessments regarding Iraqi oil prices. We recognize that it has been particularly difficult for the overseers to carry out their responsibilities over the last several weeks, and we are appreciative of their efforts and professionalism.

Our support for the overseers' assessments has been based on the assumption that a fair market value price offers the most effective protection against an oil purchaser being in the financial position to pay any unauthorized surcharge or kickback to the seller. We are very troubled, therefore, by continuing reports in the business press and communications we have received from companies that SOMO is demanding, and some oil buyers are paying, a surcharge of 10-50 cents a barrel, to be paid directly to Iraq. Although this is clearly a contravention of UNSC resolutions, as well as written instructions provided to all buyers by the overseers with the agreement of the 661 Committee on December 15, 2000, some reports indicate that many buyers are not still not aware of these facts or are simply ignoring them. A February 2 report from Reuters is typical, and it outlines a very sophisticated surcharge mechanism that has been changed in reaction to market:

> "Iraq has meanwhile eased its oil surcharge demand considerably from an initial 50 cents per barrel over the official selling price, but the Iraqi government is by no means backing down from its policy. Indeed, industry sources said Iraq has softened its cash request in a bid to reflect market conditions. "Retroactive to December 1, lifters to Europe must pay 25 cents a barrel and lifters to the U.S. must pay 30 cents a barrel," said an official in the Iraqi capital. "Some customers have paid the 40 cents and they will be reimbursed the difference."

It is important that the overseers not recommend to the Committee a pricing mechanism that leaves room for a surcharge. We request that the oil overseers prepare a written report to the Committee on this issue to include: what their monitoring of the oil industry has indicated regarding payment of the surcharge, an explanation for Iraq's much lower than normal shipments of crude in January and December, the value of revenues lost to the Oil-for-Food program as a result of decreased oil exports and whether or not there is room in the most recent pricing mechanism proposed by SOMO for imposition of a surcharge. We further request that when the report is completed, the overseers give a presentation on their findings and observations to the Committee in a formal meeting.

While we do not object to the pricing mechanism proposed in your note of 1 February, we hope that the overseers report and presentation will provide the Committee with a basis for improved evaluations of future pricing mechanisms and consideration of actions to address problems.

Finally, we request that this note be circulated to members of the Committee.

Accept, Sir, the assurances of my highest consideration.

Sincerely,

James B. Cunningham
Chargé d'Affaires, a.i.

02/13/01 TUE 17:53 FAX [redacted] OIP/CPS +++ U.S.A. JE06 0005

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

S/AC.25/2001/OIL/COMM.06
13 February 2001
ORIGINAL: ENGLISH

Letter dated 13 February 2001 from the Overseers addressed to the Chairman of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait

[redacted] S/AC.25/2001/OIL/1330/OC.10 13 February 2001

Sir,

With reference to the attached communication dated 13 February 2001 from the State Oil Marketing Organization (SOMO) of Iraq, submitting for the approval of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait the revised pricing mechanisms for loadings of crude oil during 13-28 February 2001 in accordance with paragraphs 5 and 6 of the Procedures to be employed by the Committee in the discharge of its responsibilities as required by paragraph 12 of Security Council resolution 986 (1995), the Overseers have the following assessment:

On 6 February the Committee endorsed the revised prices (OSP's) for February loading crude oil that is destined for the European and US markets. Since then the attractiveness of Iraqi crude oil in these markets has deteriorated further.

Notwithstanding this deterioration, end-users have been confronted with fob offers of Iraqi crude oil which reflect in general a substantial premium over OSP's: say between 20 and 70 cents a barrel. In an essentially risk-free environment these premia should be considered as excessive. Although many end-users have shied away from paying high premia for legal reasons, there have been temporary market conditions under which these could be justified economically. There have also been moments however, at which the economics should have dictated a smaller premium or even a discount, as could be expected at this moment. However, no such reduced premia or discounts have occurred for some months.

Export levels seem to have been negatively affected under those conditions in which, for legal or commercial reasons, end-users were not prepared to pay a substantial premium.

The current situation can be summarized as follows:

- By far the largest part of Iraqi crude oil is nowadays sold via middlemen and traders rather than directly to end-users (refiners). The former have a very short term profit perspective and often look at this issue on a cargo-by-cargo basis.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

- The markets have moved in such a way that the OSP's for Europe and the US are currently too high to allow any sales to end-users to take place without the middlemen/traders accepting negative or zero premia.
- In absence of end-users paying premia of at least around 20-25 cents per barrel the oil is apparently not exported.

In the context of the foregoing, the Oil Overseers would like to make the following observations:

- The need for price revisions more than once a month is mostly a direct consequence of the nature of the contractual structures between SOMO and the end-users.
- SOMO's contract holders' requests for excessive premia in combination with the erratic nature of the exports has been damaging for the income into the UN-Iraq account.
- The Oil Overseers recommendation is motivated by their objective of maximizing oil exports and income into the UN Iraq account within the contractual structure as has been chosen by SOMO.
- This contractual structure asks for market responsive pricing and, as the Oil Overseers do not allow a substantial built-in "profit cushion", price revisions may occur more often if markets are volatile.
- The Oil Overseers are concerned that, under the current arrangement, price revisions can only go in one direction (i.e. downwards) since there is no mechanism, apart from SOMO's request, to increase prices.

Notwithstanding the observations above, given the current situation, the Oil Overseers would like to recommend to the Committee the proposed SOMO adjustments of the pricing mechanisms for US and European destinations for loadings during 13-28 February.

Accept, Sir, the assurances of our highest consideration.

The Overseers

Alexandre Kramar Morten Buur Jensen Michel Tellings

[redacted] = Redacted by the Permanent Subcommittee on Investigations

02/13/01 TUE 17:54 FAX [redacted] OIP/CPS +++ U.S.A. 005
13-FEB-01 TUE 22:31 SOMO. BAGHDAD FAX NO. [redacted]

H (JE06B

جمهورية العراق
وزارة النفط
هيئة التسويق
سومو

REPUBLIC OF IRAQ
MINISTRY OF OIL
STATE OIL MARKETING
S.O.M.O.

AK, MT, MA

Ref: P/2491
Date: 13/2/2001

العدد:
التاريخ: / / ١٩٩

TO: H.E. OLE PETER KOLBY
CHAIRMAN
SECURITY COUNCIL COMMITTEE
ESTABLISHED BY RESOLUTION 661 (1990)
FAX: [redacted]

CC: THE U.N OVERSEERS
FAX: [redacted]

FROM: SOMO – BAGHDAD – IRAQ
FAX : [redacted]

DEAR SIR,

F.O.FAX P/1883 DATED 1/2/2001.
DUE TO THE RECENT CHANGES IN THE OIL MARKETS, AND IN ACCORDANCE WITH PARAGRAPH (6) OF THE PROCEDURES ADOPTED BY YOUR COMMITTEE DURING ITS MEETING NO.142 ON 8/8/1996, STATE OIL MARKETING ORGANIZATION (SOMO) HEREBY SUBMITS ITS REVISED PRICING MECHANISMS FOR LOADING DURING FEBRUARY 13-28/2001 AS FOLLOWS:-

1. FOR THE EUROPEAN MARKET

- KIRKUK EX-CEYHAN = BRENT DATED – U.S.DLRS. 3.30/BBL
- BASRAH LIGHT EX-ALBAKR = BRENT DATED – U.S.DLRS 4.75/BBL

2. FOR THE U.S. MARKET :-

- BASRAH LIGHT EX AL BAKR= WTI (SECOND MONTH)–U.S.DLRS. 9.20/BBL
- KIRKUK EX CEYHAN – WTI (FIRST MONTH) – U.S.DLRS. 8.35/BBL

3. SHOULD THE CURRENT DIFFERENTIALS BETWEEN SOUR AND SWEET CRUDES CHANGE, SOMO SHALL CONSIDER REVISING ABOVE PRICING MECHANISMS ACCORDINGLY.

API ESCALATION/DE-ESCALATION AND OTHER TERMS AND CONDITIONS REMAIN THE SAME.

YOUR CONSIDERATION AND EXPEDITE APPROVAL OF THE ABOVE-MENTIONED PRICE MECHANISMS IS HIGHLY APPRECIATED.

PLEASE ACCEPT MY HIGHEST REGARDS.

SADDAM
SADDAM Z. HASSAN
EXECUTIVE DIRECTOR GENERAL
S. O. M. O.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

[illegible] فاكس ٧٧٤٧٤٠ – [illegible]
P. O. Box : 5118 Baghdad - IRAQ [illegible]

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

S/AC.25/2001/OIL/COMM.07
20 February 2001
ORIGINAL: ENGLISH

Letter dated 20 February 2001 from the Overseers addressed to the Chairman of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait

[redacted] S/AC.25/2001/OIL/1330/OC.12 20 February 2001

Sir,

The following report of the Oil Overseers was prepared pursuant to the request by the Chairman of the Security Council Committee established by resolution 661 concerning the situation between Iraq and Kuwait made at its informal meeting dated 13 February 2001, following the letter dated 6 February 2001 from the Chargé d'Affaires, A.I. of the Permanent Mission of the United States to the United Nations addressed to the Chairman (S/AC.24/2001/Comm.83 – attached). In this letter, *inter alia*, the Oil Overseers were requested to provide a clarification on "what their monitoring of the oil industry has indicated regarding payment of the surcharge; an explanation for Iraq's much lower than normal shipments of crude oil in January and December; the value of revenues lost to the Oil-for-Food program as a result of decreased oil exports; and whether or not there is room in the most recent pricing mechanism proposed by SOMO for imposition of a surcharge".

I. Background

The questions raised have to some extent been addressed in the Oil Overseers' letter dated 13 February 2001 addressed to the Chairman of the 661 Committee (S/AC.25/2001/OIL/Comm.06 - attached). Some of the analysis contained in that letter is repeated here.

In order to gain an understanding of the events that have taken place in the past few months it is important to be aware of the recent trends in the structure of contractual relationships between the different parties involved in Iraqi crude oil exports.

Amongst the phase IX contract holders there are very few companies that can be classified as end-users of crude oil. Many of the current contract holders seem to be intermediaries who are not known in the petroleum industry. They are very small in size and seem to have limited credit facilities. This means that, due to the large sums of money involved, they often cannot open letters of credit and/or charter ships on their own account. In most cases the end-users (i.e. refining companies) will not purchase from these companies because of the limited possibility for compensation in the event of non-performance. As a consequence of this, these contract holders have to sell their oil to the (bigger) trading companies, which subsequently on-sell the oil to the end-users.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

These trading companies normally have the (credit) facilities that allow them to perform the activities that cannot be executed by the intermediaries. The relationship between the trading companies and the intermediaries appears to vary from being distant to an extremely close alliance.

The current structure, as described above, has gradually evolved from a situation in which SOMO, by and large, were: a) directly selling to end-users, then b) were selling via traders to end-users and now c), are selling via intermediaries to traders who on-sell to end-users.

This means that there are often at least two companies in the contractual chain between SOMO and the end-user, both of which naturally want to make a profit.

2. Pricing mechanisms proposed by SOMO and OSP setting

SOMO and the Oil Overseers agree from time to time on an Official Sales Price (OSP) that is fixed for a certain period. This period is normally a month but can be shorter depending on the volatility of the markets.

The Oil Overseers' objective is to set the OSP within a band which is determined by the following boundaries:

-The upper limit should be such that end-users (i.e. refiners) find the OSP levels attractive compared with alternative crudes. Due to volatility in the market this can only be evaluated over an extended period of time. (Say three to four months).
-The lower limit should be such that no structural trading profits exceeding some five cents per barrel can be made given the low risk nature of the task generally undertaken by the intermediaries.

The Oil Overseers are under the impression that SOMO's recent objective of the price setting is different in two aspects:

-SOMO seems to target a price (OSP) that allows at least $0.20 per barrel profit for traders/intermediaries.
-SOMO seems to prefer to see these profits to be realized on a cargo-by-cargo basis rather than over an extended period. This explains the frequent requests for a (downward) price revision as we have lately experienced. This short term view is also confirmed by SOMO granting contracts with a validity of only between six and eight weeks, rather than for the full six month period which was customary.

It is important to bear in mind that the attractiveness of all crudes may fluctuate substantially due to changing market conditions. The OSP for a certain period can only reflect one set of market assumptions for that (future) period. This means that, even in the case of the OSP being set at exactly the "right" level, the markets will during that period sometimes value the crude higher than the OSP or sometimes lower than the OSP. For a freely tradable crude like Iraq's this can lead to prices in the market which are either above (premia) or below (discounts) the OSP. These premia or discount represent normal oil industry commercial practice.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

This needs to be considered when addressing the specific question o... whether the OSP recommended by the Overseers allows room for surcharges. Certainly, the intention in setting the OSP is to mitigate the possibility of excessive premia being paid. However, the natural fluctuation of the market will mean that regardless of how the OSP is set, under some market conditions there could be room for surcharges.

5. Payment of surcharges

It would appear that since December, end-users can consistently only buy Iraqi crude oil at a premium of 20 - 50 cents per barrel over the OSP on a free on board (fob) basis.

To what extent, if any, these premia are being used to pay illegal surcharges to Iraq is unknown to the Oil Overseers. When directly asked by the Oil Overseers about surcharges the State Oil Marketing Organization (SOMO) categorically denied the allegations.

However, direct contacts with traders and end-users in the oil industry confirm in broad terms what has been written in the professional press on this matter.

4. Lower than normal shipments of Iraqi crude oil in January and December

The Oil Overseers are of the opinion that export levels seem to have been negatively affected under those conditions in which, for legal or commercial reasons, end-users are not prepared to pay a substantial premium.

5. The value of revenue lost to the Oil-for-Food programme

During the month of December 2000 Iraq exported approximately 18 million barrels of crude oil, which is some 50 million barrels less than would have been expected. Assuming an average price of $20 per barrel, the reduced export level reflects a loss in revenues of about $1 billion for December.

During January 2001, Iraq has exported some 31 million barrels of oil. This export level was considerably lower than had been expected and, at an assumed export level of 2.2 million barrels a day and an oil price of $20.80 per barrel, this represents a loss of income of some $775 million for January.

Since the beginning of phase IX to 16 February 2001 about 65 million barrels of Iraqi crude oil were exported, including 51 million barrels from Mina-al-Bakr (78%) and 14 million barrels from Ceyhan (22%). The value of this export is estimated at Euro 1,481 million ($ 1,346 million at the current rate of exchange).

Normally Iraqi crude oil exports per month are some 26-28 million barrels ex Ceyhan and 38-45 million barrels ex Mina-al-Bakr. On the assumption that the average level of Iraqi crude oil export per month is (conservatively) 65 million barrels, then at least 100 million barrels of export volume has been forgone up to 16 February. In terms of money, some Euro 2.4 billion ($. 2.2 billion.) in revenue has been lost.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

If the current mode of exports continues, some 100 million barrels will be exported and the estimated revenue generated during Phase IX would be around Euro 3.9 billion ($ 3.5 billion). If export levels returns to more or less normal, then the revenue generated is estimated at around Euro 6.3 billion ($ 5.7 billion).

6. Summary and Conclusions

a) Iraqi crude oil, on a fob basis, has been consistently offered to end-users at substantial premia over the OSP's. Under certain market conditions these premia (but not necessarily surcharges to Iraq) could be economically justified and could have been paid by some end-users. Others have refused to purchase oil because of concerns related to the possibility of part of the premia being used for surcharges to be paid to Iraq outside of the United Nations Iraq account.

b) In cases where no substantial premia could be acquired deals have fallen apart, nominations have been cancelled and the oil was not exported. This also explains (at least partly) why Iraqi crude oil, on a fob basis, has not traded at small premia, or even discounts during the past few months.

c) At the same time some traders who have been involved in delivering Iraqi crude into the Gulf of Mexico might have incurred losses. This is due to taking an exposure to the US market for delivered oil, which has recently deteriorated substantially.

d) Due to the short term profit perspective of SOMO's direct customers it is almost impossible to set an OSP that guarantees them a realistic profit level on a cargo by cargo basis. The Oil Overseers have repeatedly resisted giving in to an OSP setting that leaves a substantial "profit cushion" in case the markets deteriorate. This has lead to some friction between SOMO and the Oil Overseers.

The Oil Overseers appreciate the confidence in their work and the support they receive from the Committee.

Accept, Sir, the assurances of our highest consideration.

The Overseers

Morten Bull-Jenson

Alexandre Kramar

[redacted] = Redacted by the Permanent Subcommittee on Investigations

BAYOIL

TO: GRUPPA ALLIANCE
ATTN: Mr. Zia Bajaev

FAX: [redacted]

FROM: Ludmil Dionissiev

DATE: July 13, 1998

RE: Visit to Moscow

[redacted] = Redacted by the Permanent Subcommittee on Investigations

---

Dear Mr. Bajaev:

I was advised by your Secretary Ms. Natalia, with whom I had a very useful discussion to send this letter.

We had an extensive conversation with your Brother Mavlit during mid May, 1998 and have discussed Bayoil's position in regard to its ability to place Iraqi oil into United States market. There is absolutely no doubt, and it is internationally acknowledged that Bayoil is the prime supplier of Iraqi oil to the United States.

In this connection we would like to negotiate with you and purchase from you any Iraqi barrels that you can make available to us.

The President of Bayoil, Mr. David Chalmers, Jr. is arriving in Moscow on July 15th and will be leaving on Saturday July 18th. It was strongly suggested by a mutual friend, Lev Model, that we organize a meeting with you.

I will contact you tomorrow to clarify weather a meeting is possible.

Sincerely,

Ludmil Dionissiev
Special Advisor

BAY04-01481

BAYOIL (USA) INC.

Permanent Subcommittee on Investigations
EXHIBIT #35

100 FAX: 713 224 8101 TLX: 3771825

TO: United European Bank, Geneva
ATTN: Chris Slaboszewicz

FAX: [redacted]

FROM: David B. Chalmers, Jr.

DATE: May 27, 1999

RE: Bayoil Technologies SA

Dear Chris:

I would appreciate a short bank reference by telex to SOMO along the following lines:

Quote:

TO: SOMO, Baghdad
ATTN: Saddam Hassan, General Director

TLX: [redacted]

REF: BOTCO SA

We are pleased to introduce BOTCO SA, Luxembourg as a long standing client of our bank. The principals/management are well known to the bank as professionals in the oil business. Furthermore, the bank is in a position to finance any oil transaction sales under the U.N. oil sale program for BOTCO, subject to any conclusion with S.O.M.O.

Unquote

As per our previous discussion, Augusto Giangrandi is now representing the company in Baghdad, however, it is not necessary to mention the specific management names for the purpose of this letter.

Thank you for your assistance.

Regards,

David B. Chalmers, Jr.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

1A Leaphill Road Bournemouth BH7 6LS.
Tel: [redacted]
E-mail [redacted]

Harbec Services

Fax

[redacted] = Redacted by the Permanent Subcommittee on Investigations

To: Lucio Moriconi – Italtech SRI	**From:** Hobi Sabih
Phone:	**Pages:** 1
Fax: [redacted]	**Date:** 27 October 1999
Re:	
	CC:

Dear Lucio

I have had a word with Baghdad and it is to our benefit to state that the two companies are connected. Herewith the text of your letter addressed to:-

MINISTRY OF OIL
S.O.M.O
Baghdad
Iraq

27 October 1999

TO WHOM IT MAY CONCERN

We write to confirm that Bayoil LTD and Italtech SRI are sister companies with common directors.

Yours Faithfully

Lucio Moriconi

Managing Director

Regards

Hobi

Perlato con AG 27 sera.
St by - Ci pensa.

File ITALTECH
29/10

CE OIL
27/10/99
09

IT-0 2401

BAYOIL

DECEMBER 27, 2000

REVENUE SHARING AGREEMENT

THIS AGREEMENT BETWEEN ITALECH S.R.L., LIVORNO ITALY (ITALTECH) AND BAYOIL SUPPLY AND TRADING LIMITED, NASSAU BAHAMAS (BAYOIL) SHALL BE EFFECTIVE FOR THE PERIOD BEGINNING DECEMBER 27, 2000 AND APPLICABLE TO THE CONTRACT BETWEEN ITALTECH AND BAYOIL DATED DECEMBER 27, 2000 (AND ANY SUBSEQUENT AMENDMENTS) COVERING CONTRACT REFERENCE NO. M/09/07 BETWEEN ITALTECH S.R.L. AND SOMO, UNDER PHASE 9 OF THE UNITED NATIONS OIL-FOR-FOOD PROGRAM WHEREBY BAYOIL AGREES TO PURCHASE ALL QUANTITIES OF BOTH BASRAH LIGHT CRUDE OIL AND KIRKUK CRUDE OIL FROM ITALTECH, UNDER THE STANDARD SOMO CONTRACT TERMS AND CONDITIONS AS APPROVED BY THE UNITED NATIONS, AND SPECIFICALLY INCLUDING THE OBLIGATION TO NOMINATE LIFTING DATES AND ARRANGE SHIPMENTS, DESPITE UNCERTAIN MARKET CONDITIONS, AND PRIOR TO ESTABLISHMENT OF U.N. APPROVED PRICE FORMULAS APPLICABLE FOR EACH SHIPMENT.

THE TERMS OF THIS AGREEMENT SHALL PROVIDE FOR ITALTECH TO RECEIVE A REASONABLE SHARE OF REVENUES GENERATED FROM THE SALE AND DISTRIBUTION OF SHIPMENTS BAYOIL LIFTS FROM THE PURCHASE CONTRACT, NOT TO EXCEED AN AMOUNT EQUAL TO US$0.20 PER NET BARREL FOR TOTAL QUANTIES LOADED UNDER THE CONTRACT AND AS A PROPORTION OF NET REVENUES OF APPROXIMATELY 40%.

DISTRIBUTION OF REVENUE SHALL BE DISTRIBUTED TO ITALTECH IN ACCORDANCE WITH STANDARD INDUSTRY PRACTICE FOR AGREEMENT OF THIS TYPE, AND AS SUCH WHEREIN SUCH A DISTRIUTION CAN BE FAIRLY ESTABLISHED BY BAYOIL AFTER EACH DELIVERIES ARE FULLY EFFECTED.

AS SUCH, BOTH PARTIES SHALL ACT IN GOOD FAITH WITH REGARD TO REASONABLE EVALUATION OF DISTRIBUTION AMOUNTS AND PERIODS.

AUGUSTO GIANGRANDI
FOR AND ON BEHALF OF
ITALTECH S.r.L.

DAVID B. CHALMERS, JR.
FOR AND ON BEHALF OF
BAYOIL SUPPLY & TRADING LIMITED

[redacted] = Redacted by the Permanent Subcommittee on Investigations

DATE: DECEMBER 27, 2000

TO: BAYOIL SUPPLY AND TRADING LIMITED
ATTN: DAPHNE MCDONALD
FAX: 242 362 4733

WE WOULD LIKE TO CONFIRM THE FOLLOWING PURCHASE/SALE AGREEMENT BETWEEN ITALTECH Srl AND BAYOIL SUPPLY AND TRADING LIMITED REFERENCE SOMO CONTRACT NO. M/09/07.

SELLER: ITALTECH Srl
P.O. BOX 300
LIVORNO, ITALY

BUYER: BAYOIL SUPPLY AND TRADING LIMITED
P.O. BOX CB12918
NASSAU BAHAMAS

GRADE: KIRKUK CRUDE OIL OF NORMAL EXPORT QUALITY AS MADE AVAILABLE AT THE TIME OF LOADING AT CEYHAN

BASRAH LIGHT CRUDE OIL OF NORMAL EXPORT QUALITY AS MADE AVAILABLE AT THE TIME OF LOADING AT MINA AL BAKR

QUANTITY: 4,000,000 NET U.S. BARRELS OF KIRKUK CRUDE OIL PLUS/MINUS FIVE PERCENT TERMINAL OPERATIONAL TOLERANCE..

4,000,000 NET U.S. BARRELS OF BASRAH LIGHT CRUDE OIL PLUS/MINUS FIVE PERCENT TERMINAL OPERATIONAL TOLERANCE.

DELIVERY: FOB CEYHAN AND FOB MINA AL BAKR DURING DATE RANGE TO BE NOMINATED, SUBJECT TO FINAL TERMINAL ACCEPTANCE OF VESSELS TO BE NOMINATED.

IF THE A/M LOADING PERIOD IS SUBSEQUENTLY AMENDED DUE TO CHANGES IN THE DELIVERY SCHEDULE CAUSED BY PRODUCTION CHANGES, WEATHER, OPERATIONAL MATTERS OR CIRCUMSTANCES BEYOND THE SELLERS REASONABLE INFLUENCE, SELLER WILL WITHOUT DELAY ADVISE BUYER OF SUCH NEW LOADING PERIOD AND CONSEQUENCES OF SUCH

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NEW LOADING PERIOD WILL BE ACCEPTED BY BUYER.

THIS CONTRACT SHALL TERMINATE FORTHWITH IN THE EVENT THAT THE SECURITY COUNCIL OF THE UNITED NATIONS TERMINATES THE AUTHORIZATION TO IMPORT OR EXPORT PETROLEUM CRUDE OIL ORIGINATING IN IRAQ.

PRICE: PER NET U.S. BARREL FOB CEYHAN AND FOB MINA AL BAKR SHALL BE THE SOMO OFFICIAL SELLING PRICE FOR THE MONTH OF LOADING PLUS USD 0.08 PER NET US BARREL.

API ESCALATION/DE-ESCALATION CLAUSE TO APPLY:

TYPE OF CRUDE	API	PORT OF LOADING
KIRKUK	36.0	CEYHAN
BASRAH LIGHT	34.0	AL BAKR

PRICE MECHANISM IN EURO PER BARREL FOB:

PRICE SHALL BE THE STANDARD SOMO PRICE AS AGREED UPON BETWEEN SOMO AND THE UNITED NATIONS FROM TIME TO TIME.

PAYMENT: PAYMENT SHALL BE MADE BY BUYER IN US DOLLARS IN FULL WITHOUT DISCOUNT, WITHHOLDING, SETTOFF, COUNTERCLAIM OR OTHER DEDUCTION WITHIN THIRTY (30) DAYS FROM BILL OF LADING DATE (B/L DATE INCLUDED) BY PAYMENT UNDERTAKING IN A FORMAT ACCEPTABLE TO SELLER, CONFIRMED BY A FIRST CLASS INTERNATIONAL BANK ACCEPTABLE TO SELLER.

PAYMENT DOCUMENTS SHALL BE:

1. SELLER'S COMMERCIAL INVOICE (TELEX OR FACSIMILE ACCEPTABLE).

2. INDEPENDENT PETROLEUM INSPECTOR'S REPORT EVIDENCING QUALITY, QUANTITY, BOR AND DATE OF

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COMPLETION OF DISCHARGE AT DISCHARGE PORT (TELEX OR FACSIMILE ACCEPTABLE).

3. 3/3 ORIGINAL BILLS OF LADING ISSUED OR ENDORSED TO THE ORDER OF BAYOIL SUPPLY AND TRADING LIMITED AND OTHER NORMAL LOADPORT SHIPPING DOCUMENTS.

IN THE EVENT THAT DOCUMENTS ARE UNAVAILABLE PRIOR TO THE PAYMENT DUE DATE, BUYER WILL PAY SELLER AGAINST PRESENTATION OF DOCUMENTS 1. AND 2. ABOVE AND SELLER'S LETTER OF INDEMNITY IN A FORMAT ACCEPTABLE TO THE BUYER SIGNED BY AN AUTHORIZED OFFICER OF THE SELLER AND CO-SIGNED BY AN AUTHORIZED OFFICER OF SELLER'S BANK.

IF THE PAYMENT DUE DATE FALLS ON A SATURDAY OR ON A FEDERAL BANKING HOLIDAY OTHER THAN A MONDAY FEDERAL BANKING HOLIDAY, PAYMENT WILL BE EFFECTED ON THE NEXT PRECEDING FEDERAL BANKING BUSINESS DAY. IF PAYMENT DUE DATE FALLS ON A SUNDAY OR ON A MONDAY FEDERAL BANKING HOLIDAY PAYMENT WILL BE EFFECTED ON THE NEXT SUCCEEDING FEDERAL BANKING BUSINESS DAY.

BUYER SHALL, AS INSTRUCTED BY SELLER FROM TIME TO TIME, OPEN A LETTER OF CREDIT IN STANDARD FORMAT IN FAVOUR OF THE UNITED NATIONS, UNDER THE NAME OF ITALTECH S.R.L.

INSPECTION: LOADING OF ANY SHIPMENT OF CRUDE OIL SHALL BE SUBJECT TO THE AUTHORISATION OF THE INSPECTORS NOMINATED BY THE UNITED NATIONS AT THE PORT OF LOADING.

THE INSPECTORS SHALL ALSO HAVE THE AUTHORITY TO STOP THE LOADING IF THEY DETERMINE THAT THERE IS ANY EVIDENCE OF IRREGULARITY.

TITLE & RISK: TITLE AND RISK TO THE CRUDE OIL SOLD HEREUNDER SHALL PASS FROM SELLER TO BUYER AT THE TIME WHEN THE OIL PASSES THE FLANGE CONNECTION BETWEEN THE DELIVERY HOSE AND THE VESSEL'S PERMANENT HOSE CONNECTION AT LOADPORT, AT WHICH POINT SELLER'S RESPONSIBILITY SHALL CEASE.

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LAW: THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF ENGLAND (WITHOUT REFERENCE TO ANY CONFLICT OF LAW RULES AND WITHOUT RECOURSE TO ARBITRATION). THE U.N. CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS (1980) SHALL NOT APPLY TO THIS AGREEMENT. EACH PARTY EXPRESSLY SUBMITS TO THE JURISDICTION OF THE HIGH COURT OF LONDON, WITHOUT RECOURSE TO ARBITRATION.

DESTINATION: THE BUYER UNDERTAKES THAT THE CRUDE OIL DELIVERED UNDER THIS AGREEMENT SHALL NOT BE IMPORTED BY ITSELF OR OTHERS TO ANY DESTINATION PROHIBITED BY THE GOVERNMENT'S COUNTRY IN WHICH THE CRUDE OIL WAS PRODUCED WITHOUT SELLER'S PRIOR ACCEPTANCE.

WARRANTIES: THERE ARE NO GUARANTEES OR WARRANTIES, EXPRESS OR IMPLIED, OF MERCHANTABILITY, FITNESS OR SUITABILITY OF THE OIL FOR ANY PARTICULAR PURPOSE OR OTHERWISE, WHICH EXTEND BEYOND THE DESCRIPTION OF THE FACE HEREOF.

ASSIGNMENT: NEITHER OF THE PARTIES TO THIS AGREEMENT SHALL WITHOUT THE PREVIOUS CONSENT IN WRITING OF THE OTHER PARTY (WHICH SHALL NOT BE UNREASONABLY WITHHELD OR DELAYED) ASSIGN THE AGREEMENT OR ANY RIGHTS OR OBLIGATIONS HEREUNDER.

IN THE EVENT OF AN ASSIGNMENT IN ACCORDANCE WITH THE TERMS OF THIS SECTION, THE ASSIGNOR SHALL NEVERTHELESS REMAIN RESPONSIBLE FOR THE PROPER PERFORMANCE OF THE AGREEMENT. ANY ASSIGNMENT NOT MADE IN ACCORDANCE WITH THE TERMS OF THIS SECTION SHALL BE VOID.

FORCE MAJEURE: NEITHER SELLER NOR BUYER SHALL BE LIABLE IN DAMAGES FOR ANY FAILURE OR DELAY IN PERFORMANCE OF ANY OBLIGATIONS HEREUNDER, OTHER THAN THE OBLIGATION TO MAKE PAYMENT, WHERE SUCH FAILURE OR DELAY IS CAUSED BY FORCE MAJEURE, BEING DEFINED AS ANY EVENT, OCCURRENCE OR CIRCUMSTANCE REASONABLE BEYOND THE CONTROL OF THE PARTY CLAIMING FORCE MAJEURE,

INCLUDING WITHOUT PREJUDICE TO THE GENERALITY OF THE FOREGOING, FAILURE OR DELAY CAUSED BY OR RESULTING FROM ACTS OF GOD, STRIKES, LABOR DISPUTES, FIRES, FLOODS, WARS (WHETHER DECLARED OR UNDECLARED) , RIOTS, PERILS OF THE SEAS, EMBARGOES, RESTRICTIONS IMPOSED BY ANY GOVERNMENTAL AUTHORITY (INCLUDING ALLOCATIONS, PRIORITIES, REQUISITIONS, QUOTAS AND PRICE CONTROLS) (I.E., NONE OF WHICH ARE TO BE THE RESULT OF NEGLIGENCE ON THE PART OF THE PARTY CLAIMING FORCE MAJEURE). THE PARTY CLAIMING FORCE MAJEURE SHALL GIVEN WRITTEN NOTICE THEREOF TO THE OTHER PARTY WITHIN FORTY-EIGHT (48) HOURS OF THE OCCURRENCE THEREOF, STATING IN REASONABLE DETAIL THE CAUSE AND THE EXPECTED DURATION. THE EFFECTED PARTY SHALL USE REASONABLE DILIGENCE TO REMOVE THE FORCE MAJEURE SITUATION AS QUICKLY AS POSSIBLE. HOWEVER, NO PARTY SHALL BE REQUIRED TO SETTLE AGAINST ITS WILL ANY STRIKE OR LABOR DISPUTE. THE TIME OF SELLER TO MAKE OR BUYER TO RECEIVE DELIVERY HEREUNDER SHALL BE EXTENDED DURING ANY PERIOD IN WHICH DELIVERY SHALL BE DELAYED OR PREVENTED BY REASON OF ANY OF THE FOREGOING CLAUSES, UP TO A TOTAL OF THIRTY (30) DAYS. IF ANY DELIVERY HEREUNDER SHALL BE SO DELAYED OR PREVENTED FROM DISCHARGING ITS CARGO FOR MORE THAN THIRTY (30) DAYS, EITHER PARTY MAY TERMINATE THIS CONTRACT WITH RESPECT TO SUCH DELIVERY UPON WRITTEN NOTICE TO THE OTHER PARTY.

THE PARTY WHOSE PERFORMANCE IS SO AFFECTED SHALL IMMEDIATELY NOTIFY THE OTHER PARTY HERETO INDICATING THE NATURE OF SUCH A CAUSE AND TO THE EXTENT POSSIBLE, INFORM THE OTHER PARTY OF THE EXPECTED DURATION OF THE FORCE MAJEURE EVENT(S).

LAYTIME AND DEMURRAGE: PER SOMO TERMS AND CONDITIONS

OTHER TERMS
AND CONDITIONS: WHERE NOT IN CONFLICT WITH THE ABOVE, THE SOMO GENERAL CONDITIONS FOR CRUDE OIL SALES CONTRACT SHALL APPLY.

OPERATIONAL

CONTACTS: BAYOIL SUPPLY AND TRADING LIMITED
DARLEEN SAMAYOA
TEL: [redacted]
FAX: [redacted]
TLX: [redacted]

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ENTIRE AGREEMENT: ONCE MUTUALLY AGREED TO IN WRITING THIS CONTRACT CONTAINS THE ENTIRE AGREEMENT BETWEEN BUYER AND SELLER WITH RESPECT TO THE SUBJECT MATTER HEREOF AND ALL PROPOSALS, NEGOTIATIONS AND REPRESENTATIONS BETWEEN THEM WITH REFERENCE THERETO ARE MERGED HEREIN.

SPECIAL CONDITIONS:

SELLER WARRANTS THAT THE CRUDE OIL SOLD TO BUYER PURSUANT TO THIS CONTRACT WAS OBTAINED PURSUANT TO ALL NECESSARY APPROVALS AND IN ACCORDANCE WITH ALL APPLICABLE PROCEDURES OF THE UNITED NATIONS (U.N.) RESOLUTION 986 AND THE U.N. SECURITY COUNCIL COMMITTEE ESTABLISHED BY SCR 661 (1990). SELLER ALSO WARRANTS THAT THE PROVISIONS OF ALL APPLICABLE U.N. RESOLUTIONS HAVE BEEN COMPLIED WITH, INCLUDING, WITHOUT LIMITATION, SCR 986(1995), SCR 1111(1997), SCR 1143(1997) AND SCR 661(1990).

SELLER SPECIFICALLY WARRANTS THAT NO SURCHARGE OR OTHER PAYMENT WAS MADE TO SOMO BY THE SELLER, OR TO SELLER'S KNOWLEDGE BY ANY THIRD PARTY, OUTSIDE THE U.N. ESCROW ACCOUNT IN OBTAINING THE CRUDE OIL SOLD TO BUYER HEREUNDER.

SELLER AGREES TO INDEMNIFY AND HOLD BUYER HARMLESS FROM AND AGAINST ANY LOSS, WHETHER OR NOT RESULTING FROM THIRD PARTY CLAIMS, ARISING OUT OF OR IN CONNECTION WITH A BREACH OF THE WARRANTIES CONTAINED HEREIN. LOSS MEANS ANY LOSS, LIABILITY, CLAIM, ACTION, SUIT, PROCEEDING, ASSESSMENT, LIEN, JUDGEMENT, AWARD, DAMAGE, DEFICIENCY OR EXPENSE (INCLUDING INTEREST PENALTIES WHERE ALLOWED, REASONABLE ATTORNEYS FEES AND DISBURSEMENTS), BEING UNDERSTOOD THAT THE RIGHT TO INDEMNIFICATION SHALL NOT BECOME ENFORCEABLE PRIOR TO SELLER HAVING BEEN

FINALLY PROVEN LIABLE FOR BREACH OF THE PRESENT WARRANTY BY A COMPETENT COURT. THIS INDEMNITY WILL SURVIVE THE DELIVERY, INSPECTION AND ACCEPTANCE OF THE CRUDE OIL.

SELLER SHALL PROVIDE BUYER A COPY OF THE U.N. CERTIFICATION AND THE CERTIFICATE OF ORIGIN UPON VESSEL'S DEPARTURE FROM THE LOADPORT.

ADDITIONAL TERMS OR TERMS DIFFERENT FROM THOSE SET FORTH HEREIN SHALL BE CONSTRUED AS PROPOSALS FOR ADDITIONS TO THE CONTRACT AND SHALL NOT BECOME PART OF THE CONTRACT UNLESS EXPRESSLY AGREED TO BY SUPPLEMENTAL TELEX.

PLEASE CONFIRM, IN WRITING, THAT THE ABOVE CONTRACT ACCURATELY REFLECTS YOUR UNDERSTANDING OF THIS CONTRACT.

Sellers:

Augusto Giangrandi

ITALTECH S.R.L.

Buyers:

Daphne McDonald

Manager

03/23/04 12:11 FAX
05/03 '01 13:04 F [redacted] OIL NASSAU →→→ BAYOIL HOU B 07 07

22/12 '00 21:55 F[redacted] 003.NO.5. 5.p.m. 001
2/22/00 FRI 13:18 R[redacted] 001

UNITED NATIONS NATIONS UNIES

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

S/AC.25/2000/OIL/1330/OC.03 22 December 2000

TO: ITALTECH s.r.l. LIVORNO, ITALY	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO.: [redacted]	FAX NO.: [redacted]
ATTENTION: Mr. Antonio GIANURANDI	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE: 1	

Re: Contract Number: M/09/07 UN REF: S/AC.25/2000/OIL/1330/COMM. 07
Between: SOMO and "ITALTECH SRL."
Date of Receipt: 22 December 2000
Quantity: 4,000,000 bbls
Quality: Basrah Light
Pricing Formula: U.S and/or Far East Market
Port of Loading: Mina-al-Bakr
Quantity: 4,000,000 bbls
Quality: Kirkuk
Pricing Formula: Europe and/or U.S. Market
Port of Loading: Ceyhan

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

■ APPROVED

Trasmesso BAYOIL
Please send to Bagdad

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

[redacted] = Redacted by the Permanent Subcommittee on Investigations

ITALTECH S.r.l.

/MAIL: P.O. BOX 300 - LIVORNO
TELEX: [redacted]
FAX: [redacted]
PHONE: [redacted]
P.IVA: 01031950494Q

Sede legale e stabilimento: Via G.B. Guarini, 24 - 57121 LIVORNO - ITALY

[redacted] = Redacted by the Permanent Subcommittee on Investigations

TO: BAYOIL SUPPLY & TRADING LIMITED
ATTN: DAPHNE MCDONALD
FAX: [redacted]

FROM: ITALTECH S.R.L.

DATE: JANUARY 22, 2001

REF: PURCHASE/SALE AGREEMENT DATED DECEMBER 27, 2000
SOMO REF: M/09/07
AMENDMENT NO. 1

DEAR SIRS:

REGARDING ABOVE REFERENCED CONTRACT, WE HEREBY AMEND AS FOLLOWS:

1. INCREASE QUANTITY AS FOLLOWS:

TYPE OF CRUDE	QUANTITY	PORT OF LOADING
BASRAH	11,000,000 BBLS	AL BAKR
KIRKUK	6,000,000 BBLS	CEYHAN

WE HAVE ATTACHED THE UNITED NATIONS APPROVAL LETTER FOR YOUR REFERENCE.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

REGARDS,
ITALTECH S.R.L.

AUGUSTO GIANGRANDI
CHAIRMAN

SNT045530

ITALTECH S.r.l.

/MAIL: P.O. BOX 300 -
LIVORNO
TELEX: [redacted]
FAX: [redacted]
PHONE:
P.IVA:
01031850490

Sede legale e stabilimento: Via C.B. Guarini, 24 - 57121 LIVORNO - ITALY

[redacted] - Redacted by the Permanent Subcommittee on Investigations

TO: BAYOIL SUPPLY & TRADING LIMITED
ATTN: DAPHNE MCDONALD
FAX: [redacted]

FROM: ITALTECH S.R.L.

DATE: 7 FEBRUARY, 2001

REF: PURCHASE/SALE AGREEMENT DATED DECEMBER 27, 2000
SOMO REF: M/09/07
AMENDMENT NO. 2

DEAR SIRS:

REGARDING ABOVE REFERENCED CONTRACT, WE HEREBY AMEND AS FOLLOWS:

1. INCREASE QUANTITY AS FOLLOWS:

TYPE OF CRUDE	QUANTITY	PORT OF LOADING
BASRAH	17,000,000 BBLS	AL BAKR
KIRKUK	8,000,000 BBLS	CEYHAN

WE HAVE ATTACHED THE UNITED NATIONS APPROVAL LETTER FOR YOUR REFERENCE.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

REGARDS,
ITALTECH S.R.L.

AUGUSTO GIANGRANDI
CHAIRMAN

SNT045528

UNITED NATIONS **NATIONS UNIES**

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

S/AC.25/2000/OIL/1330/OC.03/add.4 6 March 2001

TO: ITALTECH s.r.l. LIVORNO, ITALY	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO. [redacted]	FAX NO.: [redacted]
ATTENTION: Mr. Augusto GIANGRANDI	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE: 1	

AMENDMENT:

Re: Contract Number: M/09/07 UN REF: S/AC.25/2000/OIL/1330/COMM. 07
Between: SOMO and "ITALTECH SRL."
Date of receipt of amendment : 6 Mark 2001

PLEASE BE ADVISED THAT THE AMENDMENT TO THE ABOVE CONTRACT:

1. ARTICLE TWO PARA (1), TO READ AS FOLLOWS:
SUBJECT TO ARTICLE EIGHT BELOW, THIS CONTRACT SHALL BECOME EFFECTIVE ON THE 21ST DAY OF DECEMBER 2000 AND SHALL CONTINUE THEREAFTER UNTIL THE 31ST OF MARCH 2001, UNLESS RENEWED BY MUTUAL AGREEMENT.

2. QUANTITY IN ARTICLE THREE TO READ AS FOLLOWS:-

TYPE OF CRUDE	QUANTITY	PORT OF LOADING
BASRAH LIGHT	23,000,000 /BBLS	AL BAKR
KIRKUK	12,000,000/BBLS	CEYHAN

OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.

☒ APPROVED

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

[redacted] = Redacted by the Permanent Subcommittee on Investigations

07/03 '01 22:16 NR. TX/RX4296 P.001

HUNTON & WILLIAMS

ONE BISCAYNE TOWER
SUITE 2500
2 SOUTH BISCAYNE BOULEVARD
MIAMI, FLORIDA 33131-1802

TEL [redacted]
FAX [redacted]

WALFRIDO J. MARTINEZ
Partner
DIRECT DIAL: [redacted]
EMAIL [redacted]

FILE NO

March 21, 2001

= Redacted by the Permanent Subcommittee on Investigations

Augsuto Giangrandi
Chairman
Italtech, Srl
Via della Padula
83 - 57124 Livorno, Italy

Dear Augusto:

We are gravely concerned about the proposed payment to Alwasel & Babel of approximately $8.2 million (U.S.) in connection with the purchase of oil from the Republic of Iraq. It is our opinion, based upon a careful review of the facts and law applicable to the situation, that proceeding with the proposed transaction could lead to your arrest, conviction and incarceration for violations of U.S. law. Additionally, because the current Iraqi sanctions regime has been adopted by many of the jurisdiction within which you regularly conduct business, we feel that the risk of prosecution and incarceration extends beyond the United States.

As you know, in 1994, the United States Department of Commerce, Bureau of Export Administration, Office of Export Enforcement sanctioned you and all businesses associated with you due to your alleged role in a conspiracy to violate the United States Export control laws in connection with business dealings with the Republic of Iraq and other countries. Your sanction was for an original period of ten (10) years. The Office of Export Control relied on President Clinton's Executive Order which was promulgated under the International Emergency Powers Act. As a result of the sanctions imposed upon you, we believe that all transactions with which you are involved will be closely monitored by criminal law enforcement agencies of the United States government. Thus, you are in a unique situation because the Government has advised you that it would scrutinize all transactions you are involved in - within and outside of the U.S. In fact, the proceedings for which you were previously sanctioned involved foreign transactions. Also, recall that the Government knows of your association with Dr. Carlos Cardoen. The Government is actively seeking to extradite Dr. Cardoen. This gives the Government even greater reason to fully monitor your conduct.

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Should you proceed with the contemplated transaction, we feel that you could be charged with a number of serious federal crimes, including, but not limited to: mail and wire fraud, money laundering, and criminal conspiracy. Because Bayoil Trade and Supply, Ltd. (Bayoil) is associated with its U.S. parent company and because that parent company must make representations to the U.S. government concerning purchases of Iraqi oil, it is likely that you can be charged with Bayoil for conspiring to make false statements to the U.S. government about the proposed payments and for violating the Foreign Corrupt Practices Act. Additionally, you could be charged with violating the Iraqi Sanctions Regulations, 31 C.F.R. Part 575 which specifically prohibits the direct ***and indirect*** transfer of funds or other financial or economic resources to or for the benefit of any agency of the Government of Iraq or a person in Iraq. As you know, violation of these laws carry severe mandatory jail sentences.

Additionally, Bayoil Supply and Trading, Ltd. ("Bayoil") has contractually and specifically prohibited you from proceeding with the proposed transaction. As you know, Bayoil bound you to the following contractual undertaking:

> Seller specifically warrants that no surcharge or other payment was made to SOMO by the seller, or to the sellers' knowledge by any third party, outside the U.N. escrow account in obtaining the crude oil sold to buyer hereunder.

The foregoing provision specifically prohibits you, under civil law, from making the suggested payments. Bayoil can, and will, declare you in breach of your contractual obligations. They may also act before the Courts of the United States and/or the United Kingdom to block the proposed payments. If they do not take such action, Bayoil will also be subject to criminal prosecution for conspiring to violate the Iraqi Sanctions Regulations, 31 C.F.R. Part 575.

As discussed above, other than those laws concerning violating the Iraqi Sanctions Regulations, the most likely charges against you will focus on the mail and wire fraud statute, false statements statute, the conspiracy laws, the Foreign Corrupt Practices Act, and money laundering. Thus, a deeper examination of those laws is warranted here.

Mail and Wire Fraud: The mail fraud and wire fraud statutes are considered a "first line of defense" against fraudulent activity. The statutes prohibit, respectively, the use of the mails, and the use of interstate electronic communications to further schemes to defraud.

The elements of mail and wire fraud (18 U.S.C. 1341 and 1343) are:

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(1) formation of a scheme or artifice with intent to defraud;

(2) using or causing the use of the mails or wires; and

(3) furtherance of the fraudulent scheme.

Scheme or Artifice to Defraud: The mail and wire fraud statutes prohibit the use of the mails or interstate wires in furtherance of a "scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses . . ." Hence, the boundaries of a "scheme or artifice to defraud" are neither limited by common law concepts of fraud or false pretenses, nor contingent on violations of state or federal law.

Examples of mail and wire fraud schemes include:

(1) false statements in applications;

(2) concealment of material information from the government; and

(3) payment of kickbacks in international business transactions.

The mail and wire fraud statutes have not been limited solely to schemes involving deprivation of economic or property interest, but reach artifices designed to cause various intangible losses as well.

Intent: The government need not show that the fraudulent scheme was successful, or that the victims actually suffered losses since it is the "scheme" and not actual fraud that is required to sustain a mail fraud conviction. *U.S. v. Reid*, 533 F.2d 1255 (D.C. Cir. 1976). The government must, however, prove specific intent to defraud. This intent is proved by showing that the alleged scheme was "reasonably calculated to deceive persons of ordinary prudence and comprehension and that intention is shown by examining the scheme itself." *U.S. v. Green*, 745 F.2d 1205 (9th Cir. 1984) *cert. denied*, 474 U.S. 925, 106 S.Ct. 259, 88 L.Ed.2d 266 (1985). Direct evidence of intent to defraud is not required. Once willful participation in and knowledge of the scheme is shown, a defendant not directly connected with a particular fraudulent act is nonetheless held responsible if the act was of a kind to which the parties had agreed. Even a reckless disregard for the truth or falsity of representations may qualify as

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criminal conduct. *U.S. v. Schaflander*, 719 F.2d 1024 (9th Cir. 1983), *cert. denied*, 467 U.S. 1216, 104 S.Ct. 2660, 81 L.Ed.2d 366 (1984).

Using or Causing the Use of the Mails or Wires: The government need not prove that use of the mails or wire was necessary to the fraudulent scheme, that the defendant intended to employ the mails or wire in carrying out the fraud, or even that the defendant actually mailed or transmitted the offending material.

The key is whether the mailings were either "an integral part of the execution of the fraud, or incident to an essential part of the scheme." *Parr v. U.S., 80* S.Ct. 1171 (1960). Even mailings which occur after the fraud and are not "an essential element of the scheme to defraud" are "sufficient so long as they are incident to an essential part of the scheme." *Schmuck v. U.S.*, 109 S.Ct. 2091 (1989). In *Schmuck*, a used-car distributor was charged with having rolled back the odometers in cars which he sold to retail dealers who then innocently mailed title-application forms to the State on behalf of the buyers. The subsequent innocent mailings by the defrauded, made in ignorance of the fraud, were held sufficient to meet the "use of the mails" element.

Today, an indictment may even be based on a co-schemer's or a nondefendant's use of the mail or wires. The government need only show that the defendant "caused" the mailing or transmission by acting "with knowledge that the use of the mails [or wires] would follow in the ordinary course of business, or where such use can reasonably be foreseen even though not actually intended." *U.S. v. Maze*, 414 U.S. 395, 94 S.Ct. 645, 38 L.Ed.2d 603 (1974). Whenever the use of the mails is reasonably foreseeable, no separate intent to use the mails need be shown. Moreover, evidence that the mails or wires were employed need not be direct. Circumstantial evidence, such as a pattern of interstate phone calls, interstate travel, or interstate transportation is sufficient.

Furtherance of Fraudulent Scheme: Mailings "in furtherance" of a scheme meet the statutes' jurisdictional requirements. The "in furtherance" component is to be broadly read and applied. *U.S. v. Draiman*, 784 F.2d 248 (7th Cir. 1986). A specific mailing or wire transmission meets the "in furtherance" requirement if the act is "sufficiently closely related" to the defendant's scheme. *U.S. v. Boyd*, 606 F.2d 792 (8th Cir. 1978). Examples of mailings or wire communications which are commonly found to further the scheme to defraud include: mailings or communications to the victim that directly aid the fraud or deception; mailings or communications among the schemers to discuss, plan, or implement the scheme; the mailing

24

HUNTON & WILLIAMS

or wiring of the proceeds of the fraud from the victim to the schemers; and the transfer of the proceeds among the schemers through the mails or wires.

The structure of the mail and wire fraud statutes enables prosecutors to obtain separate counts for each use of the mails or interstate wires in furtherance of the fraudulent scheme. An unlimited number of mail and wire fraud counts is possible if sufficiently supported by evidence. Mail and wire fraud violations are enumerated racketeering acts under the RICO statute and are often used by prosecutors to prove a "pattern of racketeering acts".

False Statements: The major federal statute governing false statements is 18 U.S.C. Section 1001. The statute applies to three separate offenses:

(1) falsifying, concealing, or covering up a material fact by a trick, scheme, or device;

(2) making false, fictitious, or fraudulent statements or representations; and

(3) making or using any false documents or writing.

Violations of Section 1001 are punishable by a fine of not more than $10,000 or imprisonment for not more than five years, or both.

Courts generally agree that Section 1001 covers both oral and written statements. The statement may be sworn or unsworn, signed or unsigned, voluntary or required by law, and need not be made directly to the federal government.

This offense encompasses a wide variety of actions including such acts as failing to make complete disclosure on a federal application form, omitting relevant facts in a financial statement, transferring inspection stamps, changing numbers on bottles to conceal rejection, and using a false stamp to conceal ownership of tobacco. The false statement statute covers a wide variety of false statements ranging from false statements to obtain federal employees compensation and false rumors about the financial condition of the Federal Savings and Loan Insurance Corporation. The statute applies to oral as well as written statements. For instance, oral false statements to customs officials and other government agents are actionable.

False statement charges have plagued the oil industry in the form of false certifications relied on by refiners which were ultimately submitted to the government or false statements on federally required certificates that oil was "shipper crude oil."

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The elements of a Section 1001 violation are:

(1) a statement,

(2) that is false,

(3) material,

(4) made "knowingly and willfully," and

(5) made in a matter within the "jurisdiction" of a department or agency of the United States.

Falsity: The element of falsity is satisfied either by making a false representation or concealing a material fact. To sustain a false representation charge, the government must prove beyond a reasonable doubt that the statement was made with knowledge of its falsity, *i.e.*, an intent to deceive or mislead, or a reckless disregard for the truth. *U.S. v. Lange*, 528 F.2d 1280 (5th Cir. 1976). In addition, the government has the burden of negating any reasonable interpretation that would make the defendant's statement factually correct. In certain cases the concealment of material facts such as conflicts of interest are actionable.

Materiality: Since Section 1001 has few express limits, the majority of circuits, to exclude trivial falsehoods, have held that a defendant's statement must be material to constitute a violation of Section 1001. *See, e g., U.S. v. White*, 765 F.2d 1469 (11th Cir. 1985). These Courts also hold that the question of materiality is a question of law. Most circuits hold that a statement will be deemed material where it has the mere capacity to influence governmental functions or agency decisions. *See U.S. v. Campbell, 848* F.2d 846 (8th Cir. 1988); *U.S. v. Rodriguez-Rodriguez, 840* F.2d 697 (9th Cir. 1988). The government need not show that the statement was required to establish materiality. Furthermore, the fact that no actual harm occurs as a result of the statement is not determinative; the mere potential for harm can establish materiality. *U.S. v. Fern*, 696 F.2d 1269 (11th Cir. 1983). Similarly, a statement may be material even if it does not result in an economic benefit to the defendant.

Intent: A false statement must be knowingly and willfully made in order to violate Section 1001. A statement is made "knowingly" if it is made with knowledge or awareness of the true facts, and is not prompted by mistake, accident, or another innocent reason. A statement is made "willfully" if made deliberately and with knowledge. *U.S. v. Smith*, 523 F.2d 771 (5th

HUNTON & WILLIAMS

Cir. 1975), *cert. denied*, 429 U.S. 817, 99 S.Ct. 59, 50 L.Ed.2d 76 (1976). Knowledge may also be shown by the defendants' reckless disregard of the truth. *U.S. v. Clearfield*, 358 F. Supp. 564 (E.D. Pa. 1973).

Jurisdiction: Section 1001 requires that the statement be made "within the jurisdiction of any department or agency of the United States." The term "jurisdiction" is construed broadly. The statute also prohibits false statements made to agencies during the course of an investigation.

False statements need not be submitted directly to a government agency to qualify, provided that a government agency retains the ultimate authority to see that federal funds are disbursed properly. For instance, false statements submitted to a local municipality are actionable federally when a federal agency subsidized the project or reimbursed the local entity. It is only necessary that the false statement relate to a matter in which a federal agency has power to act. For example, a falsified welder's statement submitted to a private testing agency was actionable by the federal government when the certificate was originally required by the Navy. The requirement has also been satisfied by the making of false statements to a subsidiary of a federally insured lending institution. *U.S. v. Baker*, 626 F.2d 512 (5th Cir. 1980). Moreover, the government is not required to prove that the defendant knew that the false document would be submitted to the government. *U.S. v. Yermian*, 468 U.S. 63, 104 S.Ct. 2936, 82 L.Ed.2d 53 (1984).

Numerous other false statement statutes exist prohibiting similar offenses with respect to various governmental and quasi-governmental agencies.

Foreign Corrupt Practices Act: The Foreign Corrupt Practices Act (FCPA) was enacted in 1977. It is designed to combat corporate bribery and other questionable overseas payments through two means: accounting provisions which require accurate maintenance of corporate financial records; and, more directly, antibribery provisions. The Act contains both civil and criminal penalties with the Securities and Exchange Commission and the Justice Department dividing enforcement responsibilities.

Section 102 of the FCPA amends Section 13(b) of the Securities and Exchange Act of 1934 (Exchange Act), and requires that corporations keep accurate records of their financial dealings and maintain internal accounting systems. Congress and the SEC intended the amendment to end the use of "slush funds." The amendment applies to all concerns which are registered under Section 12 of the Exchange Act and which are required to file reports under Section 15(d). The record keeping requirement stipulates that companies must maintain their

247

HUNTON & WILLIAMS

books and records "in reasonable detail" so that they "accurately and fairly reflect" financial transactions. The internal accounting provisions require that companies maintain an internal accounting system. The system must "provide reasonable assurances" that the company's transactions are properly authorized and recorded. This section is designed to make it more difficult for a company to hide questionable payments and other financial transactions.

The antibribery provisions of the FCPA prohibit issuers and other "domestic concerns" doing business overseas from offering anything of value to a foreign official or foreign political party in order to influence that official or party. They further prohibit a company from offering monies to third parties when it "knows or has reason to know" that that party will use the payment directly or indirectly to gain a business advantage or influence legislation by corrupting foreign officials in a foreign country. However, the Act exempts from its coverage "facilitating" or "grease" payments, which are made to speed up routine business activities and not to obtain business. These payments are exempted from the Act by its exclusion of payments made to ministerial or clerical workers. Under Sections 103 and 104 (foreign corrupt practices by domestic concerns), criminal penalties are provided for SEC regulated firms or any other domestic concerns using the mails or interstate commerce corruptly in furtherance of an offer or payment of money or anything of value to a foreign official.

Penalties: The FCPA imposes strict penalties on both the defendant company and its officers for violations of FCPA provisions. All fines imposed on corporate officers must be paid by the officers, and may not be absorbed by their companies. Any person who willfully violates Section 103 (foreign corrupt practices by issuers) may be required to pay a $10,000 fine, serve a five year sentence, or both. A national exchange may be fined up to $500,000. A violation of the antibribery provisions by a company can result in fines of up to $1,000,000.

Money Laundering: Money laundering, called the "crime of the '90's", is now a primary target of the Department of Justice, Congress, Treasury, Customs, and even the U.S. Postal Service. Money laundering is the way in which criminals hide the source, existence or final disposition of money obtained through crime. Once introduced into the banking system and divorced from its criminal source, large quantities of suspicious and impractical cash are converted into convenient, usable, interest generating funds on deposit.

The incentives to launder money are substantial, and, with an estimated 150 billion dollars laundered each year in the United States (much of it drug money gleaned from narcotics traffic), federal prosecutors have not only declared war on criminals who launder money, but on those who promote, aid or abet these criminals to "clean" their money. The key weapons

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wielded by federal prosecutors include: the Money Laundering Control Act ("MLCA") of 1986 (amended by the Money Laundering Prosecution Improvements Act of 1988 and codified as amended at 18 U.S.C. Sections 1956-1957 (1988)); the Bank Secrecy Act ("BSA") (31 U.S.C. Sections 5311-5324 (1988)); and, prospectively, forfeiture of assets for violations of MLCA or BSA.

The Money Laundering Control Act: Congress created new money laundering crimes in sections 1956 and 1957 of Title 18 of the United States Code. While the two statutes are similar they focus on different acts involving crime proceeds. The most notable difference between Sections 1956 and 1957 is 1957's lack of any intent requirement. Because of their similarity, after a brief description of each statute, their key elements will be discussed jointly.

Since Section 1957 lacks an intent requirement, and since Section 1957 expressly encompasses both direct and derivative proceeds from a criminal offense, Section 1957 has potentially much broader application than Section 1956. There have been, however, relatively few prosecutions under Section 1957. As a result, most of this discussion involves Section 1956.

Section 1956: Section 1956 of the Money Laundering Control Statutes outlaws two categories of offenses: "transaction" offenses and "transportation" offenses. Depending on knowledge and/or intent, each category may be violated in two ways.

"Transaction" Offenses: The two "transaction" type offenses (1956(a)(1)(A) and (b)(1)(B)) both require: conducting or attempting to conduct a financial transaction involving property which represents the "proceeds" of specified unlawful activity knowing that the property constitutes "proceeds" of the unlawful activity. Section (a)(1)(A) also requires specific intent to "promote the carrying on of specified unlawful activity" or, intent to engage in tax evasion or tax fraud.

Section (a)(1)(B) has no specific intent requirement. Instead, it only requires knowledge that the transaction is designed in whole or in part to conceal or disguise the nature, location, source, ownership, or control of the proceeds of specified unlawful activity, or to avoid a transaction reporting requirement under State or Federal law. Thus, Section (a)(1)(B) only requires knowledge of *someone else's* intent, presumably that of the person who designed the money laundering transaction.

"Transportation" Offenses: As amended in 1988, Section 1956(a)(2) prohibits "transfers" of monetary instruments or funds which need not themselves be proceeds of unlawful activity.

2/19

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To violate subsection (a)(2) a defendant must transfer money into or out of the United States, with the intent of promoting drug related offenses *or* with knowledge the transaction was designed to conceal the parties involved, or the unlawful activity or to avoid transaction reporting requirements.

Section 1957: Section 1957 prohibits both transactions within the United States and extraterritorial transactions where one knowingly: (1) engages or attempts to engage; (2) in a monetary transaction; (3) in a criminally derived property valued in excess of $10,000; (4) which is derived from specified unlawful activity.

The Knowledge Requirement: Both Sections 1956 and 1957 require knowledge that the property involved in a transaction either "represents the proceeds of some form of unlawful activity" (18 U.S.C. 1956(a)(1) and (a)(2)(B)) or is "criminally derived property" (18 U.S.C. 1957(a)). Under Section 1956, it is not clear at what point one may be deemed to have gained sufficient knowledge in the course of his business dealings with someone to "know" that the person's funds were obtained from "some" unlawful activity. Indeed, to fulfill the "knowledge" requirement, the government need only show that a defendant has had business dealings with someone the government can show is a criminal. (18 U.S.C. Section 1957).

Essentially, through the Money Laundering Statutes' knowledge requirement, one can be held liable for "willful blindness" as to the source of someone else's funds. Effectively, for both Sections 1956 and 1957 the defendant bears the burden of showing that he was acting reasonably and without knowledge of the criminal course of the property.

In a case which demonstrates the problems posed by the money laundering statutes, a $15 million judgment was entered against a bank for improperly terminating a client's lines of credit after the FBI informed the bank the client was involved in organized crime. *Rica v. Key Bancshares of Maine, Inc.*, 662 F. Supp. 1132 (D. Maine 1987). The bank was forced to choose between exposure to the MLCA's potential twenty year prison sentence and potential civil liability. As a result of cases like *Ricci*, vagueness and overbreadth challenges are expected. Until these potential challenges are decided by the courts, Congress' intent to transform even suspected criminals into commercial pariahs, shunned by bankers and businessmen, must be respected.

Penalties: Violators of § 1956 can be fined the greater of $500,000 or twice the value of the property involved in the transaction. They could also be imprisoned for up to twenty years.

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Violators of § 1957 can be fined twice the amount of property involved in the transaction up to a maximum of $250,000. They are also subject to imprisonment up to ten years.

Conspiracy: The general federal conspiracy statute, 18 U.S.C. 371, proscribes combinations of two or more persons to commit any offense against the United States, to defraud the United States, or to defraud any government agency. The susceptibility of Section 371 to broad application has made conspiracy one of the most commonly charged offenses in the prosecution of federal crime.

Conspiracy to commit any offense against the United States denotes an *agreement* to violate any civil or criminal federal law. Conspiracy is composed of four major elements. A conspiracy exists where the conspirators:

(1) make an agreement;

(2) to achieve an illegal goal;

(3) with knowledge of the existence of and with actual participation in the conspiracy; and

(4) at least one conspirator performs an overt act in furtherance of the illegal goal.

Agreement: An agreement between two or more conspirators to accomplish an illegal objective is not only an element of proof, but the very essence of criminal conspiracy. Section 371 does not require that the illegal agreement of the conspirators be formal or express; it may consist of merely a "tacit understanding." *U.S. v. Pintar*, 630 F.2d 1270 (8th Cir. 1980). Proof of a common resolve is usually shown by the defendant's action. Thus, circumstantial evidence or proof of prior similar activities can establish the existence of the criminal agreement. *U.S. v. Wilson*, 657 F.2d 755 (5th Cir. 1981), *cert. denied*, 455 U.S. 951, 102 S.Ct. 1456, 71 L. Ed.2d 667 (1982). Since the key characteristics of a conspiracy are secrecy and concealment, and since successful conspiracy is therefore difficult to prosecute, prosecutors need only show "sufficiently the essential nature of the plan and [the conspirators'] connection with it." *U.S. v. Morris*, 836 F.2d 1371 (D.C. Cir. 1988). Once a conspiracy and the defendant's link to that conspiracy is shown, the burden of proof rests with the defendant to show that he was not part of the conspiracy. Moreover, withdrawal from a conspiracy has a high standard of proof which requires "affirmative acts inconsistent with the object of the conspiracy ... communicated in a manner reasonably calculated to reach [other] co-conspirators." *U.S. v. U.S. Gypsum Co.*, 438 U.S. 422 (1978).

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Illegal Goal: A joint plan to achieve an illegal goal constitutes the second element of the crime of conspiracy under Section 371.

Knowledge, Intent, and Participation: To be guilty of conspiracy a defendant must know of the conspiracy's existence, intend to participate in it, and Actually participate.

Overt Act: An agreement to commit a crime does not, by itself, constitute a violation of Section 371. One of the conspirators must commit an overt act, in furtherance of the conspiratorial plan. The overt act, however, need not be criminal in nature. The function of the overt act is simply to manifest that the conspiracy is at work. *U.S. v. Andreen*, 628 F.2d 1236 (9th Cir. 1980). Moreover, a conspirator need not commit an overt act himself to be considered a co-conspirator and to be held liable for other co-conspirators' acts.

Co-Conspirator's Statement as Evidence: Under Rule 801(d)(2)(E) of the Federal Rules of Evidence, a statement is admissible against a party if made by a co-conspirator of the party during the course of, and in furtherance of the conspiracy. This exception to the hearsay rule is based both on principles of agency and substantive criminal law. The Courts hold a co-conspirator's statement to be "in furtherance" of a conspiracy and admissible if the declaration advances the common objectives of a conspiracy. Thus a statement made by one conspirator is regarded as a statement made by each conspirator making it a "party admission" of each conspirator and not hearsay. This exception to the hearsay rule is the most common reason prosecutors file conspiracy charges.

Accordingly, it is our well-considered opinion that you may not proceed with the proposed transaction. Failure to heed this advice will likely lead to your arrest, conviction, and incarceration.

GOVERN YOURSELF ACCORDINGLY,

Walfrido J. Martinez

OFFICIAL NOTARY SEAL
MARILYN M JIMENEZ
NOTARY PUBLIC STATE OF FLORIDA
COMMISSION NO. CC955540
MY COMMISSION EXP. AUG. 6,2004

2-47

ملحق رقم (٤)

مبلغ الاسترجاع (Surcharge)

في إجراء القصد منه حصول النظام الباند على مبالغ نقدية تم فرض مبلغ الاسترجاع على الكميات المحملة من النفط الخام بموجب مذكرة التفاهم وأدناه المعلومات الخاصة بمبالغ الاسترجاع ٠

أولاً : 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) ٠
- عدل المبلغ اعتباراً من بداية المرحلة التاسعة في شهر كانون الأول /٢٠٠٠ ليكون ٣٠ سنت للبرميل للسوق الأمريكية و٢٥ سنت للبرميل للأسواق الأخرى واستمرت لغاية نهاية المرحلة الحادية عشر ٠
- عدل المبلغ اعتباراً من ٢٠٠٢/٥/٣٠ ليصبح ١٥ سنت للبرميل لكافة الأسواق (من بداية المرحلة الثانية عشر ولغاية نهاية المرحلة) ٠
- ألغي مبلغ الاسترجاع اعتباراً من الشحنات التي ترفع في ٢٠٠٢/٩/١ بداية المرحلة الثالثة عشر ٠

ثانياً : الشركات النفطية من أصحاب المصافي :

عندما تم فرض مبلغ الاسترجاع في المرحلة الثامنة كان موقف الشركات النفطية من أصحاب المصافيمثل (توتال ، ألف ، بتروبراس ، أجب ، ريسول ، أو ٠أم ٠ في ، تبراش وغيرها) يتمثل بعدم استعداده للدفع لكون ذلك يتعارض مع قوانين دولها وقرارات الأمم المتحدة بما أن التبليغ بالدفع كان في شهر آب (للشحنات التي ترفع اعتباراً من ٢٠٠٠/٩/١) فقد كانت هذه الشركات قد رشحت لشهر أيلول والأشهر اللاحقة من المرحلة الثامنة لذلك تم التغاضي عن موقفها الرافض بالدفع حسب موافقة وزير النفط وقتذاك وتقرر تبليغها بالاستمرار بالتحميل لضمان استمرارية التنفيذ ٠ وهكذا استمرت هذه الشركات بالتحميل لغاية نهاية المرحلة الثامنة في ٢٠٠٠/١٢/٥ وتوقف التعامل معها في المراحل اللاحقة لحينإلغاء مبلغ الاسترجاع في ٢٠٠٢/٩/١ عندما دعت الحاجة للتعامل معها مجدداً بعد تلكؤ التحميل بشكلواضح ووصول معدلات التصدير إلى أدنى مستوياتها ٠

ثالثاً : الشركات والشخصيات والجهات الأخرى:

أما بالنسبة للشركات والجهات الأخرى من أصحاب التخصيص فقد أعربت عن استعدادها لدفع مبلغ الاسترجاع واستمر التعامل معها خلال المراحل اللاحقة للمرحلة الثامنة وأن كان بعض هذه الجهات قدامتنع 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 ٠

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 ٠
ولكن من خلال الجهود الحثيثة المبذولة تم التمكن من تحصيل مبلغ ٢٢٨ مليون دولار منأصل ٢٦٣ مليون دولار أي نسبة تحصيل بلغت حوالي ٨٧% بعد استخدام شتى طرق التسديد منهاالتسديد في السفارات العراقية في الخارج لكون بعض الشركات تخشى التسديد من خلال مصارف لضمان عدم انكشاف أمرها وتعرضها للمسائلة القانونية ومنها التسديد نقداً٠
أما بصدد المبالغ المتبقية بذمة الشركات المتعاقدة معنا والبالغة ٣٥ مليون دولار فإن قسم من هـذه الشركات كانت قد رفضت التسديد كما أوضحنا في ثالثاً أعلاه والقسم الآخر من هذه الشركات رفضت التسديد لأجل الاحتفاظ بالمبالغ المدينة لها توقعاً منهم صدور توجيه بإعفائهم من هذه المبالغ ، علماً بأن جهود تحصيل المبالغ كانت مستمرة معهم لحين حصول الظرف الراهن ٠

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

١ – البنك الأهلي / عمان ٠

٢ – فرنسبنك / لبنان ٠

٣ – سردار بنك / لبنان ٠

٤ – البنك المركزي العراقي / بغداد ٠

٥ – مصرف الرافدين / بغداد الفرع الرئيسي ٠

٦ – السفارات العراقية في الخارج (موسكو ، أثينا ، القاهرة ، أنقرة ، صنعاء ، فيتنام ، ماليزيا ، روما، فينا ، دمشق ، جنيف)٠

٧ – شركة الوصل وبابل / الإمارات ٠

٨ – جرى تسديد مبلغ ٨٤٠ ألف دولار عبثاً من خلال تمليك دار لصالح السفارة العراقية في موسكو ومن ثم استخدامها كمدرسة عراقية (المبالغ التي كانت بذمة السيد جيرنوفسكي والذي أدعى بأنه غير قادر على تسديدها نقداً فقبلت الدار بالمقابل) ٠

شركة تسويق النفط

كشف بخلاصة المبالغ المسترجعة والمبالغ المتبقية بذمة الشركات

المرحلة		الكمية المحملة الف برميل	المبلغ المستحق الف دولار	المبلغ المسدد الف دولار	المبلغ المتبقي الف دولار	معدل مبلغ الاسترجاع دولار/برميل	
الثامنة	8	١٨٥،٦١٨	١٨،٥٦٢	١١،١٩٧	٧،٣٦٥	٠,١٠	
التاسعة	9	٢٩١،٩٩٦	٨١،٥٨٨	٧٢،١٨٧	٩،٤٠١	٠,٢٨	
العاشرة	10	٣٠١،١٨٨	٨٥،٦٩٩	٨٢،١٧١	٣،٥٢٨	٠,٢٨	
الحادية عشر	11	٢٢٨،٩٤٣	٦٤،٠٥٩	٥٣،٩٥٩	١٠،١٠٠	٠,٢٨	
الثانيةعشر	12	٨٩،٣٣١	١٣،٤٠٠	٨،٥١٥	٤،٨٨٥	٠,١٥	
		١،٠٩٧،٠٧٦	٢٦٣،٣٠٨	٢٢٨،٠٢٨	٣٥،٢٧٩		

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, Petropras, 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



شركة تسويق النفط

كشف بالمبالغ المسترجعه لعقود مذكرة التفاهم حسب المرحلة

عمولات			للفترة من		لغاية			
المرحلة	المشتري	رقم العقد	الكمية / برميل	مبلغ الاسترجاع دولار/برميل	المبلغ المستحق /دولار	المبلغ المعدد /دولار	المبلغ المتبقي /دولار
8	ACTEC	M/08/05	9,655,853	0.10	965,582.00	965,586.00	-4.00
8	ACTEC	M/08/103	980,250	0.10	98,025.00	98,025.00	0.00
8	ACTEC	M/08/104	995,967	0.10	99,596.00	99,596.00	0.00
8	ADDAX	M/08/57	602,272	0.10	60,227.00	60,262.00	-35.00
8	AFRICAN MIDDLE EAST	M/08/96	951,655	0.10	95,165.00	0.00	95,165.00
8	AGIP	M/08/19	2,780,617	0.10	278,060.00	0.00	278,060.00
8	ALFA ECO	M/08/24	3,127,461	0.10	312,745.00	312,719.10	25.90
8	AREDIO	M/08/35	2,645,068	0.10	264,505.00	264,505.00	0.00
8	ASMOS	M/08/53	500,000	0.10	50,000.00	50,000.00	0.00
8	BASH NEFT	M/08/49	1,986,991	0.10	198,699.00	0.00	198,699.00
8	BELMET	M/08/41	4,725,367	0.10	472,536.00	472,536.00	0.00
8	BENZOL	M/08/69	2,003,987	0.10	200,398.00	0.00	200,398.00
8	CARTHAGO	M/08/79	1,497,352	0.10	149,735.00	0.00	149,735.00
8	CHAIYAPORN	M/08/33	2,910,719	0.10	291,070.00	290,990.90	79.10
8	CHINA OIL	M/08/13	348,521	0.10	34,852.00	34,817.10	34.90
8	CHINA WANBAO	M/08/15	3,039,547	0.10	303,953.00	299,995.00	3,958.00
8	COASTAL	M/08/72	2,018,771	0.10	201,877.00	201,877.00	0.00
8	COGEP	M/08/51	584,312	0.10	58,431.00	60,000.00	-1,569.00
8	DELTA PETROLEUM	M/08/47	1,500,000	0.10	150,000.00	150,000.00	0.00
8	DELTA SERVICES	M/08/111	1,575,000	0.10	157,500.00	39,978.50	117,521.50
8	DELTA SERVICES	M/08/112	999,412	0.10	99,941.00	24,978.50	74,962.50
8	EMIN	M/08/75	523,470	0.10	52,347.00	52,347.00	0.00
8	ETAP	M/08/44	806,124	0.10	80,611.00	0.00	80,611.00

FROM 29.12.00 TO 01.03.01

Date	Vessel	Oil	Qty	Fee	Amount US$	Euro/US$	Amount Euro	Italtech	Contr. No	UM	Contr. No
29.12.00	AMAZON FALCON	Kirkuk	2,022,854	0.25	505,714	0.9545	529,820	343,885	0100	185,935	UM05
31.12.00	SEA WORLD	Basrah	629,942	0.30	188,983	0.9290	203,426	107,090	0200	96,336	UM05
20.01.01	TINA 3	Basrah	2,371,092	0.30	711,328	0.9227	770,920	403,086	0101	367,834	UM05
21.01.01	ASTRO BETA	Basrah	1,883,666	0.30	565,108	0.9227	612,448	320,227	0201	292,221	UM05
23.01.01	HELLESPONT PARADISE	Basrah	2,103,854	0.30	631,156	0.9288	679,539	357,655	0301	321,884	UM05
24.01.01	GOLDEN FOUNTAIN	Basrah	2,007,757	0.30	602,327	0.9275	649,409	341,319	0401	308,091	UM05
27.01.01	AMAZON FALCON	Kirkuk	2,150,170	0.25	537,543	0.9113	589,863	365,529	0501	224,334	UM05
10.02.01	AMAZON EAGLE	Kirkuk	2,140,302	0.25	535,076	0.9363	571,479	363,851	0601	207,627	UM05
18.02.01	OLYMPIA SPIRIT	Basrah	2,607,148	0.30	782,144	0.9357	835,892	443,215	0701	392,677	UM05
19.02.01	TINA 4	Basrah	2,376,927	0.30	713,078	0.9357	762,080	404,078	0801	358,002	UM05
27.02.01	GOLDEN FOUNTAIN	Basrah	2,002,056	0.30	600,617	0.8996	667,649	340,350	0901	327,299	UM05
TOTALS DUE TO SOMO FOR SHIPMENT UP TO MARCH 1st					6,373,070		6,872,525	3,790,284		3,082,242	
CONTESTED PAYMENT [redacted]					1,000,000						
Already paid 40 cents per barrel for a total of 2 M$ directly to											
[redacted] who confirmed in writing that [redacted] was settling											
any and all obligation with SOMO and therefore Italtech has no											
further liabilities.											
CONTESTED PAYMENT CONTRACT TIUMEN					546,004						
Already paid about 33 centspar barrel to Co TIUMEN											
TOTAL CONTESTED PAYMENTS					1,546,004						
PENDING DEMURRAGE CLAIMS					3,456,897						
PENDING SHORTAGE CLAIM					1,212,341						
TOTAL PENDING CLAIMS IN OUR FAVOUR					4,669,238						

[redacted] = Redacted by the Permanent Subcommittee on Investigations

LOOTAH GROUP OF COMPANIES [redacted]

FROM: THE OFFICE OF MR. ABDULLAH LOOTAH

TO : COS.MO.S SpA

ATTN: MR. LUCIO MORICONI, MANAGING DIRECTOR

FAX : [redacted]

DATE: 24.01.2003

Attached is the statement we have received from Baghdad.

We hope the contents are clear in all aspects and we request you to kindly study the same and give us your comments on what action is required.

Regards,

ABDULLAH LOOTAH
VICE CHAIRMAN
lb

[redacted] = Redacted by the Permanent Subcommittee on Investigations

FAXED 24/01/03

WM000024

[redacted] = Redacted by the Permanent Subcommittee on Investigations

FROM : LOOTAH FAX NO. : [redacted] Jan. 23 2002 10:06AM P2

SETTLEMENT OF THE DUE TO SOMO ON 12/03/01

Shipments against contract 09/07

Date	Vessel	Oil	Qty	Fee	Amount	Totals	Note
29.12.00	AMAZON FALCON	KIRKUK	2,022,854	0.25	505,714		
31.12.00	SEA WORLD	BASRAH	629,942	0.30	188,983		
20.01.01	TINA 3	BASRAH	2,371,092	0.30	711,328		
21.01.01	ASTRO BETA	BASRAH	1,883,686	0.30	565,106		
23.01.01	H. PARADISE	BASRAH	2,103,854	0.30	631,156		
24.01.01	GOLDEN FOUNTAIN	BASRAH	2,007,757	0.30	602,327		
27.01.01	AMAZON FALCON	KIRKUK	2,150,170	0.25	537,543		
10.02.01	AMAZON EAGLE	KIRKUK	2,140,302	0.25	642,090		
18.02.01	O. SPIRIT	BASRAH	2,607,148	0.30	782,144		
19.02.01	TINA 4	BASRAH	2,376,927	0.30	713,078		
27.02.01	GOLDEN FOUNTAIN	BASRAH	2,002,056	0.30	600,616	6,480,085	

The above due amount has been paid with the following cheques:

Cheque N°	Date	AMOUNT (US$)	TOTAL (US$)	Note
02 40031 0107	20.03.01	600,000		
03 40031 0107	21.03.01	500,000		
04 40031 0107	22.03.01	800,000		
05 40031 0107	23.03.01	450,000		
06 40031 0107	24.03.01	650,000		
07 40031 0107	25.03.01	350,000		
08 40031 0107	26.03.01	650,000		
09 40031 0107	27.03.01	384,247		
10 40031 0107	19.03.01	400,000		
11 40031 0107	28.03.01	382,144		
12 40031 0107	20.03.01	400,000		
13 40031 0107	29.03.01	313,078		
14 40031 0107	27.03.01	300,000		
15 40031 0107	31.03.01	300,616	6,480,085	
16 40031 0107	02.04.01	500,000		CONT. 120
17 40031 0107	03.04.01	500,000	1,000,000	CONT. 120
18 40031 0107	04.04.01	546,004	546,004	TIUMEN
TOTALS		8,026,089		

ITALTECH Srl

ITALTECH S.r.l.

MAIL: P.O. BOX 300 - LIVORNO
TELEX:
FAX: +
PHONE:
PHONE: +
V.A.T. 01031950494
D

Sede legale e stabilimento: Via G.B. Guarini, 24 - 57121 LIVORNO – ITALY

To: Ministry Of Oil
His Excellency Dr. Amer Rashid

[redacted] = Redacted by the Permanent Subcommittee on Investigations

From: Augusto Giangrandi
Italtech S.r.l.
Bay Oil Supply & Trading Group

Date: 21, July 2002

Dear Dr. Amer,

Thank you for your time and the phone conversation yesterday evening.

I would like to propose and address the following points for your consideration:

A.A- Italtech pending account.

We have paid	U$ 6,373,070 (Dollars)
Total payment owed	U$ 9,201,022 (Dollars)
Remaining balance (without Contested payments)	U$ 2,827,952 –

B.B- Contested payment to Mr. Shakir Khafaji under contract # 120, on 5 Million Barrels.

I paid Mr. Khafaji U$.40 per Barrel for a total of 2,000,000 – (as per enclosed proof), under the signed agreement that he was to pay S.O.M.O., what he had agreed, and relieve Italtech of any further obligation to S.O.M.O.

Otherwise, when we re-opened the lifting during the difficult period of December 2000 and did everything possible to help S.O.M.O. to "open the Gate" there was no problem at all to lift our own Italtech Barrels.

Moreover, we would have paid only 25 or 30 cents, instead of 40 so that Mr. Shakir could keep 10 cents.

WM000029

The same situation happened with Tiumen co. (Mr. Zhirinovsky). We advanced the 33 cents commission to his company but he solved the problem with S.O.M.O.

ITALTECH Srl

ITALTECH S.r.l.

MAIL: P.O. BOX 300 - LIVORNO
TELEX: [redacted]
FAX: +[redacted]
PHONE: +
PHONE: +[redacted]
V.A.T. 01031950494
□

Sede legale e stabilimento: Via G.B. Guarini, 24 - 57121 LIVORNO – ITALY

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Sincerely, I do not feel that Italtech should be responsible to having to pay .40+.30 at a time that we were doing our very best to help S.O.M.O. in any way possible.

However, if you still determine that we should pay part of this contested amount or the total amount, I would like to propose the payment to be forward it to S.O.M.O. from the demurrage claim proceeds explained here under. On D.D

C.C- Shortage on "Essex" claim (Bashneft) U$ 1,207,678 –

This claim is about 2 years old, it has been approved by S.O.M.O. and all the entities involved in this claim. However, it is our understanding that still the U.N. awaits a final reviewed invoice and/or Bill of lading from S.O.M.O.(as per enclosed letter of 15.04.02 from Bashneft).

D.D- Demurrage claims- US 9,413,004 –

As per enclosed summary our sister company Bay Oil supply and trading LTD. Has accumulated valid demurrage claims for U$ 10,356,00.83 – which is an amount far superior than any other lifter. The U.N. overseers have advised us informally but convincingly that they will honor all the claims presented and accepted by S.O.M.O. We are ready to assist S.O.M.O. fully in the presentation and paper work of our claims and put full pressure and expediting them through New York.

I propose to share the proceeds of the claims 70% Bay Oil (aprox. 6.6 Millions), 30% S.O.M.O. (aprox. 2.8 Millions), if acceptable to S.O.M.O.

E.E- Retroactive pricing economic costs.

We have analyzed the illegalities of the retroactive pricing imposed on Iraq by the U.N. in breach of the oil for food agreement and have concluded that according to the oil contract if agreed by an Iraqi court, Bay Oil could be entitled to the losses incurred which amount to
U$ 7,043,670 liftings of Bashra and
U$ 6,145,266 liftings of Kirkuk
U$ 13,188,936 – Total

WM000030

We propose to share 50/50 with S.O.M.O., net after expenses if we win this case. We also believe that Iraq will benefit from this case politically going against the partial and wrong practices of the U.N. Oil Committee that has left Iraq crippling with its oil exports due to unfair and illegal impositions.

ITALTECH Srl

ITALTECH S.r.l.

MAIL: P.O. BOX 300 - LIVORNO
TELEX:
FAX: +
PHONE:
PHONE:
V.A.T. 01031950494

Sede legale e stabilimento: Via G.B. Guarini, 24 - 57121 LIVORNO – ITALY

Redacted by the Permanent Subcommittee on Investigations

F.F – Regarding payment Italtech pending obligations:

Due to our difficult times, I propose the following payment terms:
US 1,000,000 – one Million prior to the next lifting but not later than August 15th, 2002.

The balance to be paid at 5 cents per Barrel on every shipment. However, if we succeed recovering the demurrage claims, we shall pay the entire outstanding balanced immediately.

G.G- New Nominations.
We are prepared to start nominations immediately and in substantial usual quantities if the price (OSP) is even a wash off and not a Net big loss. We are also prepare to discuss a marketing strategy to recuperate the market share in the North American Market, and assist you defend the OSP pricing mechanism of interest to S.O.M.O..

I use this opportunity to thank you and reiterate my loyal friendship to you and your organization.

Most thankful for your attention,

Most Sincerely,

Augusto Giangrandi
Chairman

WM000031

TO: Augusto Giangrandi
Hotel Du Rhone – Room # 202
FAX: 4122-909-0010

FROM: Jean Johnston

DATE: April 5, 2001

RE: Summary Cargoes – Phase 9 Contracts

Dear Augusto:

Following is breakdown of payments made:

1. **Euro 761,311.87** – from BBL

Sea World b/l 12/31/00: 189,801.53
Astro Beta b/l 1/21/01: 571,510.34

2. **Euro 1,024,721.85** – from BCV

Amazon Falcon b/l 1/27/01: 660,317.21
Golden Fountain b/l 2/27/01: 177,982.78
Berge Boss b/l 3/11/01: 186,421.86

3. **Euro 342,162.24** – from CAI

Golden Fountain b/l 1/24/01: 173,068.65
Mariner b/l 3/15/01: 169,093.59

4. **Euro 3,608,016.86** – from BNP Paribas

Amazon Falcon b/l 12/29/00: 593,303.09
Amazon Eagle b/l 2/10/01: 639,950.30
Tina b/l 1/20/01: 764,389.32
Hellespont Paradise b/l 1/23/01: 634,101.60
Olympia Spirit b/l 02/18/01: 222,650.44
Tina b/l 2/19/01: 202,989.57
Olympic Breeze b/l 3/12/01: 177,310.68
Hellespont Paradise b/l 3/22/01: 183,480.86
Settebello b/l 3/23/01: 189,841.00

TOTAL: $5,736,212.82

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761,311.8700 +
1,024,721.8500 +
342,162.2400 +
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1,024,721.8500 +
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SOMO CONTRACT REF: M/09/07

SUMMARY OF CARGOES UNDER PURCHASE / SALE AGREEMENT BETWEEN ITALECH S.R.L, LIVORNO AND BAYOIL SUPPLY & TRADING LIMITED – NASSAU, BAHAMAS DATED: DECEMBER 27, 2000 COVERING BALANCE OF PAYMENT DUE OUTSIDE LETER OF CREDIT

	VESSEL	B/L AMOUNT/DATE		GRADE	EURO	AMOUNT
BBL	Sea World	629,942	12/31/00	Basrah	0.9290	54,238.01
UEB	Amazon Falcon	2,022,854	12/29/00	Kirkuk	0.9545	169,515.17
BCV	Amazon Falcon	2,150,170	01/27/01	Kirkuk	0.9113	(1)188,569.91
UEB	Amazon Eagle	2,140,302	02/10/01	Kirkuk	0.9363	182,781.79
UEB	Tina	2,371,092	01/20/01	Basrah	0.9227	250,573.68
BBL	Astro Beta	1,883,686	01/21/01	Basrah	0.9227	163,315.58
UEB	Hellespont Paradise	2,103,854	01/23/01	Basrah	0.9288	181,141.83
CAI	Golden Fountain	2,007,757	01/24/01	Basrah	0.9275	173,068.65
PAR	Olympia Spirit	2,607,148	02/18/01	Basrah	0.9357	222,650.44
UEB	Tina	2,376,927	02/19/01	Basrah	0.9357	202,989.57
BCV	Golden Fountain	2,002,056	02/27/01	Basrah	0.8996	(1)177,982.78
BCV	Berge Boss	2,059,910	03/11/01	Basrah	0.8832	(1)186,421.86
UEB	Olympic Breeze	1,959,234	03/12/01	Kirkuk	0.8832	177,310.68
CAI	Mariner	1,910,662	03/15/01	Basrah	0.9032	169,093.59
UEB	Hellespont Paradise	2,073,230	03/22/01	Basrah	0.9032	183,480.86
UEB	Settebello 4	2,100,011	03/23/01	Kirkuk	0.8840	189,841.00
	TOTAL DUE ITALTECH:					**2,872,975.40**

Ec-CK-26

SOMO CONTRACT REF: M/09/07

SUMMARY OF CARGOES UNDER PROFIT SHARE AGREEMENT BETWEEN ITALECH S.R.L, LIVORNO AND BAYOIL SUPPLY & TRADING LIMITED – NASSAU, BAHAMAS DATED: XXXXXXX COVERING BALANCE OF PAYMENT DUE OUTSIDE LETER OF CREDIT (US$0.20 CONVERTED TO EURO)

Accrue 28¢ per cargo

VESSEL	B/L AMOUNT/DATE	GRADE	EURO	EURO AMOUNT	USD Accrued 28¢ Amount
V-50117 - Sea World - 3	629,942 BBL 12/31/00	Basrah	0.9290	135,563.52	176,384
V-50122 - Amazon Falcon-4	2,022,854 UEE 12/29/00	Kirkuk	0.9545	423,787.92	566,400
V-50127 - Amazon Falcon-5	2,150,170 BCV 01/27/01	Kirkuk	0.9113	471,747.30	602,048
V-50131 Amazon Eagle-7	2,140,302 UEE 02/10/01	Kirkuk	0.9363	457,168.51	599,285
V-50124 Tina - 3 pd 4/5	2,371,092 UEE 01/20/01	Basrah	0.9227	513,815.64	663,906
V-50120 Astro Beta - 3	1,883,686 BBL 01/21/01	Basrah	0.9227	408,194.76	527,432
V-50123 Hellespont Paradise (2)	2,103,854 UEE 01/23/01	Basrah	0.9288	452,959.77	589,080
V-50128 Golden Fountain	2,007,757 CAI 01/24/01 pd 4/5	Basrah	0.9275	432,872.41	562,172
V-50132 Olympia Spirit (2) pd 4/19	2,607,148 PAR 02/18/01	not Basrah	0.9357	557,147.53	730,002
V-50134 Tina - 4	2,376,927 UEE 02/19/01 pd 8/10 & 4/19	Basrah	0.9357	507,949.30	665,540
V-50133 Golden Fountain (2)	2,002,056 BCV 02/27/01 pd 8/10 & 4/19	Basrah	0.8996	445,057.05	560,576
V-50139 Berge Boss (2)	2,059,910 BCV 03/11/01 pd 8/10 & 4/19	Basrah	0.8832	466,363.62	576,775
V-50138 Olympic Breeze 80 pd 4/19	1,939,234 UEE 03/12/01	Kirkuk Accrued 20¢	0.8832	443,570.58	548,586
V-50140 - Mariner 8 & pd 4/5	1,910,662 CAI 03/15/01	Accrued 20¢ Basrah	0.9032	423,020.57	534,986
~~V-50142 Hellespont Paradise~~ pd 4/19	~~2,073,230 UEE 03/22/01~~	Accrued 20¢ Basrah	~~0.9032~~	~~459,013.12~~	580,505
V-50141 Settebello 4 pd 8 4/19	2,100,011 UEE 03/23/01	Accrued 20¢ Kirkuk	0.8840	475,022.49	588,003
TOTAL DUE ITALTECH:				7.073,254.09	$9,071,670

32,398,835.00 Add. 2¢ = 647,976.70

ITALTECH CONTRACT ALLOCATIONS

PHASE 8 M/08/116

VESSEL	B/L AMOUNT	DATE	GRADE	OSP - $	US$/BBL	EURO/BBL	EXCHANGE REF RATE	($ - PAID)	$/BBL	DATE PAID	PAID TO ITALTECH (EUROS - TO DATE)
OLYMPIC LOYALTY	1,003,437	10/17/2000	KIRKUK	5.00	25.536		N/A	301,031.10	0.30	10/23/2000	N/A
ASTRO LYRA	2,003,560	10/20/2000	KIRKUK	5.00	26.545		N/A	601,068.00	0.30	10/23/2000	
AMAZON EAGLE 5	157,223	10/23/2000	BASRAH	7.00	25.535		N/A	56,602.28	0.36	10/23/2000	

PHASE 8 M/08/120

VESSEL	B/L AMOUNT	DATE	GRADE	OSP - $	US$/BBL	EURO/BBL	EXCHANGE REF RATE	($ - PAID)	$/BBL	DATE PAID	PAID TO ITALTECH (EUROS - TO DATE)
SKOPELOS	1,917,314	12/17/2000	BASRAH	8.60	18.289	19.258	0.0497	383,463.00	0.45	11/16/2000	
								287,597.00		2/16/2001	
								191,731.00		2/23/2001	
RAPHAEL	1,998,474	12/21/2000	BASRAH	8.60	18.454	19.607	0.9412	399,695.00	0.45	11/16/2000	
								299,771.00		2/16/2001	
								199,847.00		2/23/2001	
SEA WORLD	1,084,212	12/31/2000	BASRAH	8.60	20.329	21.883	0.9290	216,842.00	0.45	11/16/2000	
								162,632.00		2/16/2001	
								108,421.00		2/23/2001	

PHASE 9 M/09/07

VESSEL	B/L AMOUNT	DATE	GRADE	OSP - $	US$/BBL	EURO/BBL	EXCHANGE REF RATE	($ - PAID)	$/BBL	DATE PAID	PAID TO ITALTECH (EUROS - TO DATE)
SEA WORLD	629,942	12/31/2000	BASRAH	8.60	20.329	21.883	0.9290	$ 172,529.59	0.28	4/6/2001	189,801.53
AMAZON FALCON 4	2,022,854	12/29/2000	KIRKUK	3.55	19.999	20.952	0.9545	$ 568,307.79	0.28	4/9/2001	593,303.09
AMAZON FALCON 5	2,150,170	1/27/2001	KIRKUK	7.80	21.687	23.776	0.9113	$ 601,747.10	0.28	4/6/2001	660,317.21
AMAZON EAGLE 7	2,140,302	2/10/2001	KIRKUK	8.15	19.472	20.797	0.9363	$ 599,185.46	0.28	4/9/2001	639,950.29
TINA 3	2,371,092	1/20/2001	BASRAH	8.70	21.650	23.464	0.9227	$ 705,302.02	0.28	4/9/2001	764,389.32
ASTRO BETA	1,883,686	1/21/2001	BASRAH	8.70	21.560	23.366	0.9227	$ 519,502.90	0.28	4/6/2001	571,510.34
HELESPONT PAR 2	2,103,854	1/23/2001	BASRAH	5.20	24.230	26.087	0.9288	$ 588,955.58	0.28	4/9/2001	634,101.80
GOLDEN FOUNTAIN	2,150,170	1/24/2001	BASRAH	5.20	23.888	25.755	0.9275	$ 582,010.32	0.28	4/5/2001	605,941.06
OLYMPIA SPIRIT 2	2,607,148	2/18/2001	BASRAH	9.20	19.230	20.551	0.9357	$ 730,002.00	0.28	4/23/2001 4/9/2001	779,979.97
TINA 4	2,376,927	2/19/2001	BASRAH	9.20	19.230	20.551	0.9357	$ 665,322.74	0.28	4/19/2001 28-Feb	711,042.79
GOLDEN FOUNTAIN 2	2,002,056	2/27/2001	BASRAH	9.65	17.043	18.945	0.8996	$ 560,524.50	0.28	4/9/2001	623,081.93
BERGE BOSS	2,059,910	3/11/2001	BASRAH	9.55	17.115	19.378	0.8832	$ 576,629.78	0.28	8/10/2001 4/9/2001	652,886.98
OLYMPIC BREEZE	1,959,234	3/12/2001	KIRKUK	8.60	18.071	20.461	0.8832	$ 156,600.79	0.08	8/10/2001 04/09/02	177,310.68
MARINER	1,910,662	3/15/2001	BASRAH	9.65	16.690	18.479	0.9032	$ 152,725.33	0.08	4/5/2001	169,093.59
H.PARADISE 4	2,073,230	3/22/2001	BASRAH	9.55	18.076	20.448	0.8840	$ 165,719.91	0.08	4/9/2001	183,480.86
SETTEBELLO 4	2,100,011	3/23/2001	KIRKUK	4.70	19.428	21.977	0.8840	ex. 0.9032 $ 167,819.44	0.08	4/9/2001	189,841.00
								$ 10,699,585.61			

DEMURRAGE CLAIMS, SHALL NOT APPLY TO THE PRESENTATION OF CLAIMS BETWEEN SELLERS AND BUYERS.

OTHER TERMS: INCOTERMS LATEST EDITION PLUS AMENDMENTS TO APPLY WHERE NOT IN CONFLICT WITH THE ABOVE.

SANCTIONS OBSERVANCE: THIS CONTRACT SHALL TERMINATE FORTHWITH IN THE EVENT THAT THE SECURITY COUNCIL TERMINATES THE AUTHORIZATION TO IMPORT PETROLEUM OR PETROLEUM PRODUCTS ORIGINATING IN IRAQ. LOADING OF ANY SHIPMENT OF CRUDE OIL SHALL BE SUBJECT TO THE AUTHORIZATION OF THE INSPECTORS AT THE PORT OF LOADING, THE INSPECTORS SHALL ALSO HAVE THE AUTHORITY TO STOP THE LOADING IF THEY DETERMINE THAT THERE IS ANY EVIDENCE OF IRREGULARITY.

SELLER WARRANTS THAT THE CRUDE OIL SOLD TO BUYER PURSUANT TO THIS CONTRACT WAS OBTAINED PURSURANT TO ALL NECESSARY APPROVALS AND IN ACCOURDANCE WITH ALL APPLICABLE PROCEDURES OF THE UNITED NATIONS (U.N.) RESOULUTION 986 AND THE U.N. SECURITY COUNCIL COMMITTEE ESTABLISHED BY SCR 661 (1990). SELLER ALSO WARRANTS THAT THE PROVISIONS OF ALL APPLICABLE U.N. RESOLUTIONS HAVE BEEN COMPLIED WITH, INCLUDING, WITHOUT LIMITATION, SCR 986 (1995), SCR 1111 (1997), SCR 1143 (1997), AND SCR 661 (1990).

SELLER SPECIFICALLY WARRANTS THAT NO SURCHARGE OR OTHER PAYMENT WAS MADE BY THE SELLER, OR TO SELLER'S KNOWLEDGE BY ANY THIRD PARTY, OUTSIDE THE U.N. ESCROW ACCOUNT IN OBTAINING OR IN CONNECTION WITH THE CRUDE OIL SOLD TO BUYER HEREUNDER.

SELLER AGREES TO INDEMNIFY AND HOLD BUYER HARMLESS FROM AND AGAINST ANY LOSS, WHETHER OR NOT RESULTING FROM THIRD PARTY CLAIMS, ARISING OUT OF OR IN CONNECTION WITH (A) A BREACH OF ANY OF THE WARRANTIES CONTAINED HEREIN. LOSS MEANS ANY LOSS, LIABILITY, CLAIM, ACTION, SUIT, PROCEEDING, ASSESSMENT, LIEN, JUDGEMENT, AWARD, DAMAGE, DEFICIENCY OR EXPENSE (INCLUDING INTEREST PENALTIES WHERE ALLOWED AND REASONABLE ATTORNEYS-FEES AND DISBURSEMENTS), IT BEING UNDERSTOOD THAT THE RIGHT TO INDEMNIFICATION SHALL NOT BECOME ENFORCEABLE PRIOR TO SELLER HAVING BEEN FINALLY PROVEN LIABLE FOR BREACH OF ANY OF THE PRESENT WARRANTIES BY A COMPETENT COURT. THIS INDEMNITY WILL SURVIVE THE

OFAC CHRONOLOGY*

6/7/01	U.N. letter to Bayoil asks for information about specific shipments.
6/25/01	Bayoil refuses to provide shipping information, because it is "completely outside [the U.N. Oil Overseer's] authority and mandate under the [OFF] program."
7/14/01	Bayoil supplies incomplete information.
	U.N. Office of Iraq Programme asks U.S. Mission to the U.N. for assistance.
8/17/01	U.S. State Department writes to U.S. Treasury Department's Office of Foreign Assets Control (OFAC) asking it to "contact Bayoil and urge the company respond quickly and completely to the Office of the Iraq Program's request for information."
11/28/01	U.N. again asks Bayoil for information.
1/10/02	U.N. again asks Bayoil for information.
1/24/02	Bayoil writes to U.N. but still does not provide the requested information, claiming prejudice against the company.
1/02	U.N. again asks the State Department for assistance and the State Department again contacts OFAC.
4/23/02	Eight months after the initial request for assistance, OFAC writes to Bayoil and requests a report on its transactions in Iraq; letter does not request specific information sought by U.N. or direct Bayoil to answer the U.N.'s questions. OFAC told the Subcommittee that its investigator recalled that the request had to do with "surcharges."
5/22/02	Bayoil writes to OFAC saying that because Iraq will not issue contracts directly to U.S. companies, it is not doing work under its OFAC license.
	OFAC telephones Bayoil and asks to send Bayoil's letter to the State Department.
7/2/02	Bayoil writes back that OFAC can share its letter with the State Department and U.S. Mission to the U.N. but with no one else, which means it cannot be shared with the U.N.
	OFAC never forwards Bayoil's letter to anyone. The U.N. never obtained the information it sought about Bayoil.

*See Report, pp. 58-63
Prepared by U.S. Permanent Subcommittee on Investigations, Minority Staff

Permanent Subcommittee on Investigations
EXHIBIT #36

U.S. KNOWLEDGE OF KHOR AL-AMAYA OIL SHIPMENTS

U.S. Department of Defense Knowledge:

Email dated 2/9/03, from Millenium, the Jordanian company which chartered the ships on behalf of the Government of Jordan, to the captain of the Argosea, the first ship to load oil from Iraq: "THE US NAVY WILL CALL YOU OFFSHORE BAHRAIN FOR VESSEL'S INSPECTION. THEY ARE ALREADY AWARE ABOUT YOUR PASSAGE AND ITENERARY [sic]. AUTHORIZATION IS GRANTED FOR YOUR SHIP TO PROCEED TO BAQR AND BACK TO FUJAIRAH WITH FULL CARGO LOAD. PLS COOPERATE AS USUAL AND PROVIDE U.S. NAVY WITH ANY INFORMATION THEY REQUIRE."

Email dated 2/25/03 from Millenium to Odin Marine, Inc., the chartering agent, directs each ship captain, before docking or loading any oil, to contact the U.S. naval officer at the Maritime Interdiction Force, Commander Harry French, and give him this message: "We are loading crude oil from the terminal at Khawr Amaya for Millenium, do you have any objection?" The email states: "At anchorage, Master will contact Commander Harry French and get the NO OBJECTION message from him." After obtaining a "no objection" message, the ships were directed to dock at the port, fill up with oil, and leave with their cargo.

3/2/03 Note to File by Odin vice president David Young recounts his conversation with Commander French about a ship going to Khor al-Amaya: "Commander French advised that he had no objections. He said that he was sorry he could not say anything more. I told him I completely understood and did not expect him to say anything more. ... I also asked Commander French as a method of procedure if I could continue to call him to request permission for vessels to proceed to and depart from Iraq and he said that would be okay."

--See Report, pp. 76-83

U.S. Department of State Knowledge:

On 3/4/03, Odin Marine called U.S. authorities to ensure it was not party to any transaction in violation of U.N. sanctions or U.S. law, or which was not in accordance with U.S. foreign policy. The company even offered to turn over the oil in the ships' possession to the MIF, if asked. A State Department official, Amy Schedlebauer, responded that the United States "was aware of the shipments and has determined not to take action." The U.S. company was reassured.

–See Report, p. 80

Prepared by U.S. Senate Permanent Subcommittee on Investigations, Minority Staff

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 Rosnefteimpex 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.

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.

BAYOIL SUPPLY & TRADING LIMITED P.O. BOX CB12918 NASSAU BAHAMAS 242 362 4731 FAX: 242 362 4733 TLX. 20644

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.

TO: UN OVERSEERS
ATTN: Michel Tellings
FAX: [redacted]

[redacted] = Redacted by the Permanent Subcommittee on Investigations

FROM: David B. Chalmers, Jr.

DATE: July 14, 2001

REF: Your letter dated June 7, 2001

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.

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	DESTINATATION	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

United States Department of the Treasury
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.

[redacted] = 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)
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 "Hellespont 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 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. Specifically, for the abovementioned vessels we require discharge dates and discharge volumes.

01/11/02 FRI 16:33 FAX [redacted]

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

1/23/01 WED 16:31 FAX [redacted] UNHQ NYK = Redacted by the Permanent Subcommittee on Investigations 001

[redacted]

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 Hellespont 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 Hellespont Paradise (B/L date 25 February 2001).
Apart from some 40,000 tonnes this oil this was apparently shipped via Sirned and on the MT Astro Gamma to the USA/Caribs. 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/Caribs.

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/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
Rosnafteimpex

FM
File Italtech
AG Informato

28/11 '01 22:34 NR. TX/RX9184 P.001

TO: UN OIL OVERSEERS
ATTN: Alexander Kramar
Michel Tellings
Morten Buur-Jensen
FAX: [redacted]

[redacted] = Redacted by the Permanent Subcommittee on Investigations

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

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".

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.

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

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.

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

File Copy

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: BoggsG@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.

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.

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.)

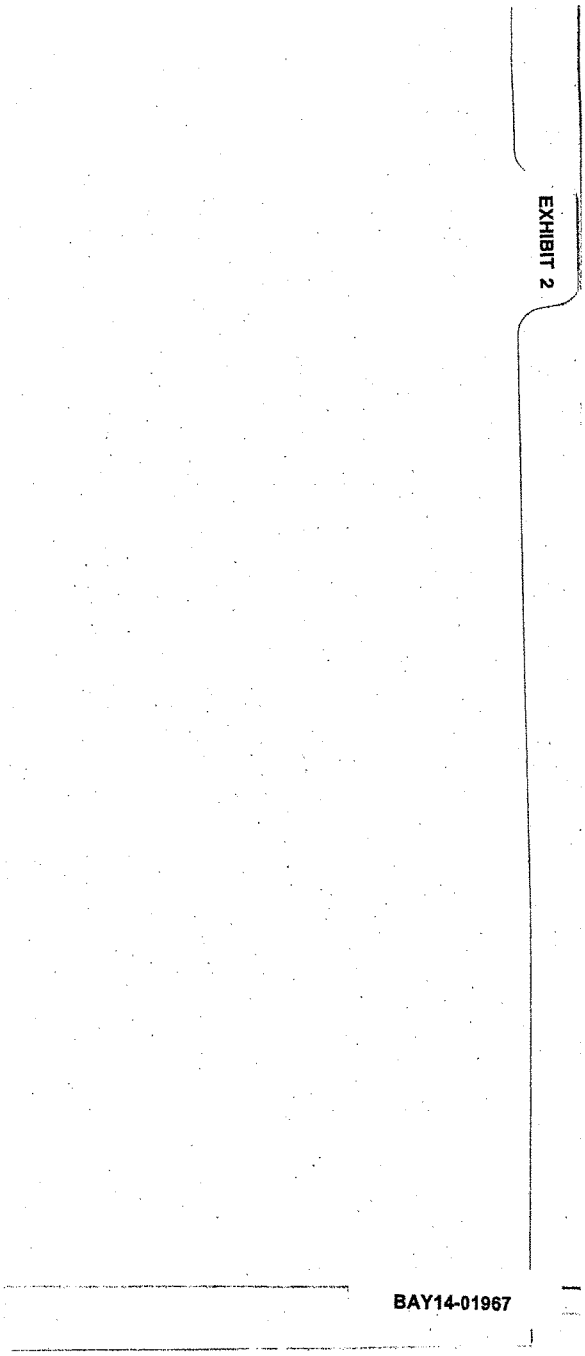
EXHIBIT 2
BAY14-01967

STATE OIL MARKETING ORGANIZATION

CRUDE OIL SALES CONTRACT

NO. M/02/04

= 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

SCR 986/1111/OIL/1997/OC.05 11 August 1997

TO: BAYOIL SA LONDON, ENGLAND	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995) ML
FAX NO.: [redacted]	FAX NO.: [redacted]
ATTENTION: Ms. Robin D'Alessandro	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE 1	

Re: Contract Number: **M/02/04** UN REF: **SCR986/1111/OIL/COMM.04**
Between: **SOMO and "BAYOIL SA"**
Date of Receipt: **11 August 1997**
Quantity: **3,600,000 bbls**
Quality: **Kirkuk: Approx. 2,100,000 bbls**
Quality: **Basrah Light: Approx. 1,500,000 bbls**
Pricing Formula: **US Market**
Port of Loading: **Ceyhan and Al-Bakr**

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

☒ APPROVED

☐ NOT APPROVED

☐ NOT REVIEWED

REMARKS:
cc:
SOMO
BNP
SAYBOLT ROTTERDAM
PERMANENT MISSION OF IRAQ [redacted]

BAY14-01996

UNITED NATIONS NATIONS UNIES

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

S/AC.25/1999/OIL/1242 17 June 1999

TO: Bayoil Supply And Trading Ltd Nassau, Bahamas	FROM: THE OIL OVERSEERS UNDER SECURITY COUNCIL RESOLUTION 986 (1995)
FAX NO. [redacted]	FAX NO. [redacted]
ATTENTION: Mrs. Mc DONALD	REF.: OIL-FOR-FOOD ARRANGEMENT
TOTAL NUMBER OF TRANSMITTED PAGES INCLUDING THIS PAGE : 1	

SUBJECT: UN REGISTRATION FOR IRAQI OIL PURCHASE

This is to inform you that BAYOIL SUPPLY AND TRADING LIMITED has been registed as a national oil purchaser under (S/AC.25/1998/OIL/COMM.11) dated 1 April 1998 and is authorized to communicate with the United Nations Oil Overseers in respect of the Iraqi Oil sales under Security Council resolution 986 (1995).

Best regards

[redacted] = Redacted by the Permanent Subcommittee on Investigations

free copy

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: BoggsG@dsmo.com

July 2, 2002

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:

In response to the request for a report from Bayoil by letter dated April 23, 2002, we submitted a report to your office on behalf of Bayoil by letter dated May 22, 2002 ("Report").

In a recent telephone call, you have requested authorization from Bayoil to disclose the Report to the United States Department of State and to the United States Mission to the United Nations.

On behalf of Bayoil, we hereby authorize your office to provide a copy of the Report to the United States Department of State and the United States Mission to the United Nations (collectively, the "Recipients"), subject to the condition that such Report not be disclosed by Recipients to any other person or entities (including other U.N. Missions) without Bayoil's prior written consent.

Should you have any question, please do not hesitate to contact the undersigned.

Sincerely,

George T. Boggs

GTB:ms

cc: Mr. David B. Chalmers, Jr.

BAYOIL

TO: Ambassador Antonio Montero
Chairman, U.N. 661 Committee

CC: Mr. Eugene Young

FROM: David B. Chalmers, Jr.
President
Bayoil (USA) Inc.

DATE: October 23, 1998

Dear Ambassador Montero:

As you may recall, our company Bayoil was one of the companies participating in the Iraqi oil sale during the first and second period.

However, since that period our participation has been only indirect, resulting from our cooperation with several Russian companies currently favored by S.O.M.O. as preferred customers. As a result of this cooperation our company regularly lifts Iraqi crudes for U.S. destination to be further distributed to many independent refiners that we represent. Specifically, our current liftings exceed 200,000 barrels per day on average.

Because of our participation in this market we regularly provide S.O.M.O., the U.N. Overseers, and our Russian suppliers required market information regarding spot prices in the U.S. as well as freight market conditions which apply to each monthly period in an effort to help S.O.M.O. and the U.N. establish fair market price formulas each month.

In this connection, we are obliged to report to your Committee that the market prices for the month of November, particularly for U.S. destinations as submitted by S.O.M.O. to the U.N. are completely out of line with the conditions in the market today. We understand that in the past the 661 Committee has rejected prices submitted by S.O.M.O. for being considered too low which we believe likewise the Committee should consider such a rejection in November resulting from being considerably too high and not in accordance with guidelines to be representative of fair market conditions.

I believe the best way of explaining to your Committee our conclusions about the prices submitted will be to enclose a copy of correspondence recently sent to S.O.M.O. by our company which outlines the conditions in the market that have not been included in the prices submitted by S.O.M.O.

BAYOIL (USA) INC 600 TRAVIS, SUITE 6110 HOUSTON, TX 77002 713 222 7100 FAX 713 224 8101 TLX 3771825

Permanent Subcommittee on Investigations
EXHIBIT #37

Duê to the fact that most of the U.S. refiners which ultimately receive these quantities have committed to November liftings well in advance and therefore cannot easily change or substitute for more economic grades on short notice. This would therefore result in substantial economic penalties to these refiners if the prices currently submitted are imposed upon them.

We are hopeful the Committee will take into consideration the actual market conditions today which can easily be substantiated by others in the establishment of a fair market formula for November shipments.

Thank you for your assistance in this matter.

Sincerely,

David B. Chalmers, Jr.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

TRANSMIT REPORT

1998.10-23 10:26
BAYOIL [redacted]

COM No.	REMOTE STATION	START TIME	DURATION	PAGES	RESULT	USER ID	REMARKS
023	4154271	10-23 10:23	02'03	06/06	OK		

7460210102

BAYOIL

No. of Pages: 6

TO: Mr. Eugene Young
U.N. 661 Committee

FAX: [redacted]

FROM: David B. Chalmers, Jr.

DATE: October 23, 1998

Dear Mr. Young:

In follow up to our conversation, please find attached the letter to Ambassador Montero and the S.O.M.O. letter attachment.

Thank you for your assistance in this matter.

Sincerely,

David B. Chalmers, Jr.

TO: RICHMOND HOTEL – GENEVA
FAX: [redacted]

ATTN: MR. AUGUST GIANGRANDI – ROOM 527

DATE: FEBRUARY 11, 2001

FROM: DC

Please see attached copies of:

1. Letter to Overseers from Rosnefteimpex
2. Letter to UN 661 Committee from Rosnefteimpex
3. Letter to MO from Italtech (to approve and instruct Italy)
4. Letter to UN Overseers from Italtech (to be finalized in Houston in AM)
5. Letter to UN 661 Committee from Italtech
6. To be finalized – letter to US from Bay

Best regards,
DC

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Redacted by Permanent Subcommittee on Investigations

[redacted] = Redacted by the Permanent Subcommittee on Investigations

*****URGENT*****

TO: ROSNEFTEIMPEX
ATTN: MR. POUKHOV
FAX: [redacted]
Email:

FROM: DAVID B. CHALMERS, JR.

REF: FEBRUARY OSP

PLEASE URGENTLY FORWARD ON YOUR LETTERHEAD THE ATTACHED MEMO AND GRAPHS TO THE UN OVERSEERS. URGENTLY SEND COPIES TO THE FOLLOWING:

1. SOMO

2. MR. PETER KOLBY, CHAIRMAN 661 COMMITTEE
   FAX NO. [redacted]

3. AMBASSADOR SERGEY LAVROV
   UN REPRSENTATIVE RUSSIAN FEDERATION
   FAX NO: [redacted]

BEST REGARDS,
DAVID B. CHALMERS, JR.

URGENT URGENT

FROM: **ROSNEFTEIMPEX**
MR. POUKHOV

[redacted] = Redacted by the Permanent Subcommittee on Investigations

TO: **U.N. OVERSEERS**
FAX: [redacted]

REF: **IRAQI CRUDE FORMULA PRICES (FEB)**

DATE: **February 11, 2001**

We hereby request immediate action be taken to revise formula prices for Iraqi crudes based on actual market prices and conditions today, and applicable to prompt shipments which ROSNEFTEIMPEX has contracted for and scheduled to lift.

Specifically, and most urgently, we refer to vessels awaiting loading Mina Al Bakr, which if loaded at current formula prices would mean paying a substantial premium to the market for the crude, and consequently substantial losses to receivers.

To support our urgent request we hereby enclose a summary of the economic conditions applicable for prompt shipments, referred to above, which during recent negotiations with S.O.M.O. were apparently not considered, which combined with further market changes since, mandate an immediate price review which should be within the guidelines of the "oil for food" resolution to regularly establish fair market prices.

MARKET SUMMARY

BASRAH LIGHT

There is substantial volume (over 8MM barrels) of Basrah Light inventory and/or deliveries in March (i.e. January loading) which is being valued and offered at substantial discounts (-1.50/bbl) to the U.S. price formula applicable to both the applicable lifting date and to currently applied (February) formula. Based on insufficient outlets for such quantities resulting from full refinery capabilities values are likely to deteriorate further.

Therefore a revised formula for European destination should be immediately adopted, in addition to a further revised formula for U.S. destination effective not later than February 15, reflecting market changes outlined below, not reflected in today's formula:

EUROPE (BASRAH)

For purposes of demonstration the substantial requirement for formula price change applicable to February we summarize the change between the (January) price formula and current (February) price formula compared to change in market prices as follows:

OFFICIAL SELLING PRICE (January/February)

January Europe Formula:	Brent	- $5.20/bbl
February Europe Formula:	Brent	- $4.50/bbl
=Effective Price Increase		+$ .70/bbl

MARKET (January/February)

During the time period between the establishing of the (January) formula and the (February) formula the following change in market prices has occurred as follows: (See enclosed Platts chart)

	Basrah Light (Delivered NWE)	Urals (NWE)	Urals (Med)
(January) Liftings	Brent -$1.70	Brent -$ .70-80	Brent -$ .90
(February) Liftings Current (Offered)	Brent -$2.90	Brent -$1.95-2.00	Brent -$2.20-2.30
Effective Market Δ	-$1.25/bbl	-$1.20-1.25/bbl	-$1.30-1.40/bbl

Therefore the net effect to lifters for F.O.B. shipments from January to mid February (i.e. ROSENEFTEIMPEX lifting period) are as follows:

Average Market Decrease Basrah Light/Other Sour Crude (Jan/Feb)	-$1.20-1.30/bbl
Increase O.S.P. Formula (Jan/Feb)	+$ .70/bbl
Effective Price Increase (Jan/Feb)	**$1.90/bbl (minimum)**

BASRAH U.S.

For purposes of demonstration the substantial requirement for formula price change applicable to February we summarize the change between the (January) price formula and current (February) price formula compared to change in market prices as follows:

OFFICIAL SELLING PRICE (January/February)

January U.S. Formula:	WTI	-$8.75/bbl
February U.S. Formula:	WTI	-$8.45/bbl (current)
=Effective Price Increase:		+$ .30/bbl

Basrah Light Spot Assessment (Platts)
(Delivered U.S. Gulf)

(January) Liftings	WTI	-$4.50bbl (January O.S.P.-Based Value)
(February) Liftings	WTI	-$6.00/bbl (Basis last spot sale) *Note: January lifting
=Effective Market Δ		-$1.50/bbl

Therefore the net effect to lifters for F.O.B. shipments from January to mid February (i.e. ROSENEFTEIMPEX lifting period) are as follows:

Average Market Decrease Basrah Light/Other Sour Crude	-$1.50/bbl (minimum)
Increase O.S.P. Formula (Jan/Feb)	+$ .30/bbl
Effective Price Increase (Jan/Feb)	**+$1.70/bbl (minimum)**

FREIGHT COST

BASRAH LIGHT

At the time that the February OSP prices were negotiated with SOMO and submitted for approval we understand that a freight market adjustment was considered by the U.N. Overseers to partially offset some of the above factors.

Unfortunately, for liftings arranged in advance, before mid February, such market freight savings had not occurred. For future shipments a savings of 10 WS pts should apply or equal to approximately $0.25/bbl.

CONCLUSION

It is evident from the above referenced simple summary of economic considerations affecting liftings in February that an immediate price formula change is required.

This price change should take in fully the net price increase since January described above, by adjusting the current OSP formulas for Europe and the U.S. as follows:

EUROPE:	DTD Brent	-4.50 (Feb OSP Current)
		-1.90 (Effective Price Increase Since Jan.OSP)
TO:	DTD Brent	-6.40 (Feb OPS Proposed)
US:	WTI	-8.45 (Feb OSP Current)
		-1.70 (Effective Prince Increase Since Jan.OSP)
TO:	WTI	-10.50 (Feb. OSP Proposed)

KIRKUK CRUDE

While the requirement for immediate formula price changes for Basrah shipments for Europe/US destinations is stressed above, due to the economic impact for lifters (ie

ROSNEFTEIMPEX and others) which pre-arrange prompt vessels prior to the establishment of offical prices, it is also implied that Kirkuk formula prices should likewise be adjusted.

This need to change Kirkuk prices also is evidenced by the recent export levels, which have ranged from nil to short periods whereby a few liftings have occurred, but well below capacity.

Kirkuk formula prices should therefore be adjusted based on the above proposed Basrah Light price formula, plus fair market adjustments for quality and freight savings.

Sincerely,

ROSNEFTEIMPEX

= Redacted by the Permanent Subcommittee on Investigations

TO: Mr. Peter Kolby, Chairman
U.N. 661 Committee
FAX: [redacted]

CC: Ambassador Serge Lavrov
UN Representative Russian Federation
FAX: [redacted]

FROM: ROSNEFTEIMPEX

DATE: February 12, 2001

Dear Sirs:

I am compelled to write you regarding the price mechanism recently approved by the UN for February liftings, whereby the prices submitted by the Overseers are significantly different than market prices, and consequently will jeopardize future oil liftings under the program, as well as the companies participating.

Rosnefteimpex has participated in the program since Phase VIII, and as such are familiar with the process of establishing prices. On the basis of this understanding, and good faith, we have arranged liftings for February, prior to the establishment of a price mechanism, for vessels expected to begin loading February 9, 2001.

Under the present price mechanism to perform such a lifting would have substantial financial consequences to the lifter which cannot be the intent of the UN.

However, given the fact that the changes in market circumstances since January described above, which have deteriorated further last week, seemed to have been largely dismissed the UN Overseers. For example, we understand that SOMO attempted to submit more competitive formula's which would not have been accepted, despite supportive arguments. For this reason, we appeal herein to the Committee directly in order to resolve this issue.

We are also concerned with the future viability of the program, if due to recent special concerns of the Committee, as in February, a price mechanism can't be fairly established according to standard industry conditions.

As to the present situation, with vessels arriving, and to avoid further curtailments to the production and program in general, we have submitted the enclosed memorandum to the UN Overseers, which clearly demonstrates the current price mechanism inequities for your review.

Sincerely,

ROSNEFTEIMPEX

URGENT URGENT

FROM: **ROSNEFTEIMPEX**
MR. POUKHOV
Fax: [redacted]

[redacted] = Redacted by the Permanent Subcommittee on Investigations

TO: **U.N. OVERSEERS**
FAX: [redacted]

REF: **IRAQI CRUDE FORMULA PRICES (FEB)**

DATE: **February 11, 2001**

We hereby request immediate action be taken to revise formula prices for Iraqi crudes based on actual market prices and conditions today, and applicable to prompt shipments which ROSNEFTEIMPEX has contracted for and scheduled to lift.

Specifically, and most urgently, we refer to vessels awaiting loading Mina Al Bakr, which if loaded at current formula prices would mean paying a substantial premium to the market for the crude, and consequently substantial losses to receivers.

To support our urgent request we hereby enclose a summary of the economic conditions applicable for prompt shipments, referred to above, which during recent negotiations with S.O.M.O. were apparently not considered, which combined with further market changes since, mandate an immediate price review which should be within the guidelines of the "oil for food" resolution to regularly establish fair market prices.

MARKET SUMMARY

BASRAH LIGHT

There is substantial volume (over 8MM barrels) of Basrah Light inventory and/or deliveries in March (i.e. January loading) which is being valued and offered at substantial discounts (-1.20/bbl) to the U.S. price formula applicable to both the applicable lifting date and to currently applied (February) formula. Based on insufficient outlets for such quantities resulting from full refinery capabilities values are likely to deteriorate further.

Therefore a revised formula for European destination should be immediately adopted, in addition to a further revised formula for U.S. destination effective not later than February 15, reflecting market changes outlined below, not reflected in today's formula:

EUROPE (BASRAH)

For purposes of demonstration the substantial requirement for formula price change applicable to February we summarize the change between the (January) price formula and current (February) price formula compared to change in market prices as follows:

OFFICIAL SELLING PRICE (January/February)

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February Europe Formula:	Brent	- $4.50/bbl
=Effective Price Increase		+$ .70/bbl

MARKET (January/February)

During the time period between the establishing of the (January) formula and the (February) formula the following change in market prices has occurred as follows: (See enclosed Platts chart)

	Basrah Light (Delivered NWE)	Urals (NWE)		Urals (Med)
(January) Liftings	Brent -$1.70	Brent	-$ .70-80	Brent -$ .90
(February) Liftings	Brent -$2.90	Brent	-$1.95-2.00	Brent -$2.20-2.30
Current (Offered) Effective Market Δ	-$1.25/bbl		-$1.20-1.25/bbl	-$1.30-1.40/bbl

Therefore the net effect to lifters for F.O.B. shipments from January to mid February (i.e. ROSENEFTEIMPEX lifting period) are as follows:

Average Market Decrease Basrah Light/Other Sour Crude (Jan/Feb)	-$1.20-1.30/bbl
Increase O.S.P. Formula (Jan/Feb)	+$ .70/bbl
Effective Price Increase (Jan/Feb)	**$1.90/bbl (minimum)**

BASRAH U.S.

For purposes of demonstration the substantial requirement for formula price change applicable to February we summarize the change between the (January) price formula and current (February) price formula compared to change in market prices as follows:

OFFICIAL SELLING PRICE (January/February)

January U.S. Formula:	WTI	-$8.70/bbl
February U.S. Formula:	WTI	-$8.45/bbl (current)
=Effective Price Increase:		+$ .25/bbl

	Basrah Light Spot Assessment (Platts) (Delivered U.S. Gulf)	
(January) Liftings	WTI	-$4.50bbl (January O.S.P.-Based Value)
(February) Liftings	WTI	-$5.70/bbl (Basis last spot sale) *Note: January lifting
=Effective Market Δ		-$1.20/bbl

Therefore the net effect to lifters for F.O.B. shipments from January to mid February (i.e. ROSENEFTEIMPEX lifting period) are as follows:

Average Market Decrease Basrah Light/Other Sour Crude	-$1.20/bbl (minimum)
Increase O.S.P. Formula (Jan/Feb)	+$ .25/bbl
Effective Price Increase (Jan/Feb)	**+$1.40/bbl (minimum)**

FREIGHT COST

BASRAH LIGHT

At the time that the February OSP prices were negotiated with SOMO and submitted for approval we understand that a freight market adjustment was considered by the U.N. Overseers to partially offset some of the above factors.

Unfortunately, for liftings arranged in advance, before mid February, such market freight savings had not occurred. For future shipments a savings of 10 WS pts should apply or equal to approximately $0.25/bbl.

CONCLUSION

It is evident from the above referenced simple summary of economic considerations affecting liftings in February that an immediate price formula change is required.

This price change should take in fully the net price increase since January described above, by adjusting the current OSP formulas for Europe and the U.S. as follows:

EUROPE:	DTD Brent	-4.50 (Feb OSP Current)
		-1.90 (Effective Price Increase Since Jan.OSP)
TO:	DTD Brent	-6.40 (Feb OPS Proposed)
US:	WTI	-8.45 (Feb OSP Current)
		-1.40 (Effective Prince Increase Since Jan.OSP)
TO:	WTI	-9.85 (Feb. OSP Proposed)

3

KIRKUK CRUDE

While the requirement for immediate formula price changes for Basrah shipments for Europe/US destinations is stressed above, due to the economic impact for lifters (ie ROSNEFTEIMPEX and others) which pre-arrange prompt vessels prior to the establishment of offical prices, it is also implied that Kirkuk formula prices should likewise be adjusted.

This need to change Kirkuk prices also is evidenced by the recent export levels, which have ranged from nil to short periods whereby a few liftings have occurred, but well below capacity.

Kirkuk formula prices should therefore be adjusted based on the above proposed Basrah Light price formula, plus fair market adjustments for quality and freight savings.

Sincerely,

Y.Poukhov



02-12-2001 09:44AM FROM TO 7132248101 P.01

TO: Mr. Peter Kolby, Chairman
U.N. 661 Committee

FAX: [redacted]

FROM: ROSNEFTEIMPEX
[redacted]

DATE: February 12, 2001

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Dear Sirs:

I am compelled to write you regarding the price mechanism recently approved by the UN for February liftings, whereby the prices submitted by the Overseers are significantly different than market prices, and consequently will jeopardize future oil liftings under the program, as well as the companies participating.

Rosneftеimpex has participated in the program since Phase VIII, and as such are familiar with the process of establishing prices. On the basis of this understanding, and good faith, we have arranged liftings for February, prior to the establishment of a price mechanism, for vessels expected to begin loading February 9, 2001.

Under the present price mechanism to perform such a lifting would have substantial financial consequences to the lifter which cannot be the intent of the UN.

However, given the fact that the changes in market circumstances since January described above, which have deteriorated further last week, seemed to have been largely dismissed the UN Overseers. For example, we understand that SOMO attempted to submit more competitive formula's which would not have been accepted, despite supportive arguments. For this reason, we appeal herein to the Committee directly in order to resolve this issue.

We are also concerned with the future viability of the program, if due to recent special concerns of the Committee, as in February, a price mechanism can't be fairly established according to standard industry conditions.

As to the present situation, with vessels arriving, and to avoid further curtailments to the production and program in general, we have submitted the enclosed memorandum to the UN Overseers, which clearly demonstrates the current price mechanism inequities for your review.

Sincerely Yours,

Y.Pokhov

ITALTECH S.r.l.

/MAIL: P.O. BOX 300 - LIVORNO
TELEX: [redacted]
FAX: [redacted]
PHONE: [redacted]
P.IVA: 01031950494D

Sede legale e stabilimento: Via G.B. Guarini, 24 - 57121 LIVORNO - ITALY

To: Ministry of Oil
His Excellency The Minister

From: ITALTECH S.r.l.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Date: February 11, 2001

Ref: February OSP

I hope all went well during your recent trip to the Far East. As you know my return trip to Baghdad has been somewhat delayed, but expect to arrive this week latest.

Meanwhile, I would like to bring to your attention some developments concerning Italtech's and other liftings this month, which will require urgent cooperation between SOMO and ourselves, in order to mitigate a difficult situation.

Specifically, as you my be aware, the U.N. has continued to resist appropriate formula price changes, including supporting SOMO's proposed changes for February. Unfortunately, during this same time market values of Iraqi grades in the U.S. and Europe have deteriorated further as compared to their respective referenced prices (i.e. Brent, WTI). These depressed market values are continuing to apply to un-delivered shipments from the previous pricing period, as currently in our case, applied to about 8 million barrels loaded in January. Therefore, further shipments at current formulas become untenable.

Therefore, Italtech, together with other concerned customers, are via submission of letters and reports, appealing directly to the UN Overseers, and 661 Committee members to initiate an immediate adjustment to formula prices.

Capitale Sociale I.V. 198.000.000 – Tribunale Livorno n. 15544 – C.C.I.A.A. 93558 – Pos. Import /Export I003654

In order for our efforts to be successful and effective it is imperative to get the support of the Ministry and SOMO, to also quickly address the issue in New York. Also, this should include supporting our requests to delay slightly liftings these next few days, during which time these changes can be processed.

As you know Italtech, and its primary customers have made consistent liftings in good faith and during uncertain market conditions, which recently have had dramatic negative financial impact, purely on unforeseen market prices. It therefore is important for us to cooperate together in order to reverse such circumstances for our valued customers.

Sincerely,

Augusto Giangrandi

ITALTECH S.r.l.

/MAIL: P.O. BOX 300 -
LIVORNO
TELEX:
FAX:
PHONE:
P.IVA:
01031950494

Sede legale e stabilimento: Via G.B. Guarini, 24 - 57121 LIVORNO - ITALY

[redacted] = Redacted by the Permanent Subcommittee on Investigations

To: UN 661 Committee
Attn: Mr. Peter Kolby, Chairman
Fax: [redacted]

From: ITALTECH S.r.l.

Date: February 12, 2001

Ref: February Price Mechanism/Oil-for-food Program

It is our understanding that the UN 661 Committee has confirmed recently submitted changes to the price mechanisms for Iraqi liftings in February for most destinations.

Italtech is currently a customer of SOMO, participating under Phase 9 of the Oil-for-food Program. As such, in connection with meeting contractual liftings, and in the spirit of participating in the programs success, have made early arrangements for February lifting dates and vessels prior to the establishment of the price mechanism.

For this reason we feel obliged to appeal to the Committee directly in an effort to re-address the price mechanism revisions submitted recently, as well as those omitted.

It is our view that the UN Overseers seem to be operating under different mandate than past periods, whereby there is extreme reluctance to accept downward changes in price mechanisms based on other concerns, while market conditions have fully justified such changes.

Capitale Sociale I.V. 198.000.000 – Tribunale Livorno n. 15544 – C.C.I.A.A. 93558 – Pos. Import /Export 1003654

For instance, we understand SOMO's request for downward price adjustment for Basrah to the U.S. in February was met such resistance that despite market deterioration at that time, SOMO was obliged to submit a price increase.

It is due to the above and because at further market deterioration, briefly summarized in a letter to the UN Overseers, that we request an immediate review of all price mechanisms effective for February, prior to further scheduled shipments.

In this connection, we have enclosed a letter to the Overseers summarizing the well known market factors which should be considered.

Thank you for your prompt attention to this most urgent matter.

Very truly yours,

Augusto Giangrandi

SOMO

[redacted] = Redacted by the Permanent Subcommittee on Investigations

BAYOIL

February 12, 2001 Via Fax [redacted]

United Nations 661 Committee
Mr. Eugene Young, US Representative
New York, NY

Dear Mr. Young:

As you recall from our previous discussions, Bayoil has shipped oil from Iraq since the beginning of the oil-for-food program, primarily to the US, for distribution to many independent refiners. As such, although Bayoil has no contracts with SOMO, likely due to our American origins, we do provide regular market information to SOMO and the UN for purposes of establishing a fair pricing mechanism each month.

On balance since the start of the oil-for-food program began, we believe our market assessments have been considered by both parties until recently. It appears to many lifters during recent months, and February in particular, that the Overseers have been skeptical toward market assessments relating to actual handling costs as well and delivered market assessments. It is further apparent to most lifters that recent resistance by the Overseers to consider fully these factors which would result in downward adjustment to price formulas, is due to some new mandate, whereby any price mechanism approved would not theoretically allow a margin covering the recently reported request for some kind of surcharge.

While most lifters, including Bayoil, support the concept of these efforts by the Overseers, in practice it has contributed to the recent and current price formulas being completely uncompetitive with the market. For regular lifters such as Bayoil, which in good faith, makes arrangements for shipments to its refiner trade partners well in advance of the price mechanism formula being established, there is no recourse to the consequential market losses which will occur and have in recent months occurred resulting from market changes after lifting. Therefore, considering the recent history, it seems reasonable for the U.N. to approve new price formulas reflecting real changes in the market since January; thereby reducing further market losses for lifters, which should contribute to the success of the program in general and eliminate further production curtailments.

The market changes for Iraqi crudes referred to above are typical of depreciation of all the comparable sour crude grades (i.e. Urals), delivered to either Europe or America, relative to their reference price (Brent – WTI) respectively between $1.20-$1.50/bbl since January. At the same time the price mechanism for Basrah to these markets has risen from $0.25/bbl U.S. and $0.70/bbl Europe. While we understand the Overseers have taken into account a generic reduction of market freight, most vessels for February have been arranged prior to such a reduction. In any case, a freight reduction factor of $0.25-$0.30/bbl does not come close to justifying the net increase in the price mechanism during a period of such a substantial market depreciation.

Due to the above referenced example of disparities between the market realities and current formula prices, we are compelled to appeal directly to the 661 Committee to approve and support proposed adjustments to the current price formulas to reflect the recent market changes, which can be easily calculated, while preserving a strict policy of establishing formula prices which encourage SOMO's customers to adhere to all resolution guidelines.

Thank you for your attention to this most urgent matter.

Best regards,

David B. Chalmers, Jr.

BAYOIL SUPPLY & TRADING LIMITED P.O. BOX CB12918 NASSAU, BAHAMAS 242 362 4731 FAX: 242 362 4733 TLX: 20644

Sent 28/08/01

BAYOIL

[redacted] = Redacted by the Permanent Subcommittee on Investigations

TO: S.O.M.O.

ATTN: MR. ALI HASSAN

FROM: BAYOIL SUPPLY AND TRADING LIMITED
MR JOHN IRVING

DATE: 28TH AUGUST 2001

RE: **PRICE OF IRAQI CRUDE OIL FOR NORTH AMERICA DESTINATION FOR CARGOES LOADING SEPTEMBER 2001.**

Dear Mr. Hassan,

We trust that you and your colleagues are well.

Firstly, we must express our serious reservations concerning the current price during August 2001, where you will be aware that the lifters became increasingly frustrated by:

1.) The establishments of OSP's that were not reflective of prevailing market conditions.
2.) Serious market losses for most lifters.
3.) Persistent failure to recognise the above factors
4.) The degree of retro-activity that was evident on both freight and market numbers against positions previously fixed
5.) A pricing policy that is non comparable with the pricing frequency of other long haul sour crude oils and is clearly leading to grade substitution in the USGC
6.) The failure of the above mentioned pricing policy to reflect the Aramco pricing changes for Arab Light, Medium and Heavy crude oils (reductions of $0.50,$0.70,$0.40/bbl respectively) delivered in September for USGC.
7.) The continued utilisation and prolongation of the pricing error upon the establishment of the May OSP (Basrah) @ -$9.45 basis an admitted base of a delivered market of –$6.50 and a stated applied freight of 87WS. Together with $0.92 costs, this gives a base requirement of –$9.92.
This gave a pricing error of $0.47/bbl. This error continued in May to June where the freight market moved from 77WS to

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(3)

57WS (an increase of $0.55/bbl) and the delivered market was unchanged @ -$6.15.
The established procedure for OSP adjustments upwards or downwards basis delivered market, freight and cost changes was further broken by an OSP increase of $0.90/bbl (from -$8.45 to –$7.55), giving a pricing error of $0.35/bbl

Please see below that the current price of -$6.55, examined on the same basis, is still $0.58/bbl too high.

8) The complete failure to respond to the falling price of spot short haul sour crude in USGC over the month of August. Since the end of July Mars has dropped from -$4.13 -$3.95/bbl (end July) to -$6.45-$6.09/bbl (end August), and still Basrah was priced at -$6.55 FOB across the entire month of August, with the period 11-20 and 21-31 being effectively applied retroactively.

This continuous and relentless pressure to apply prices that are demonstrably incorrect and too expensive by far is the biggest threat facing the scheduling policy of S.O.M.O.

What has happened recently is that the OSP's have been pushed to the ultimate, providing a catalyst for non contractual performance, succeeded in making Iraqi crude unattractive, initiated a clear Aramco advantage, benefited short or medium long haul crude oil movements (including Brent ex Sullom Voe), expedited the political policies of certain National State members of the UN Security Council and generally disadvantaged the successful disposition of Iraqi crude oil in world markets-including USGC.

This situation can be corrected by the re-establishment of historically effective pricing criteria: -

Price for 1-30 September 2001

Basrah Light

Delivered market:	-$4.75/ bbl (offered/concurred) –(-$4.95/bbl BID)
Freight:	-$1.51/bbl (52.5 WS)
Other costs:	-$0.92/bbl (Approximate per previous memo)
Derived OSP:	-$7.18/bbl

The freight rate of 52.5 WS is the current AG-WEST rate for VLCC's and its application is consistent with historical 30 day pricing across the month.

(4)

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Kirkuk	
Quality Differential to Basrah Light:	+$0.20 /bbl
Freight Saving Differential to Basrah Light:	+$0.43/bbl (65 WS Ceyhan)
Other Costs	+$0.10 /bbl (double negative)
Kirkuk OSP Required:	-$6.50/ BID -$6.45/bbl

We hope that you regard this correspondence as helpful and we hope that the above problems mentioned above will soon be resolved in a manner that is satisfactory to your good selves.

Best Regards,

John Irving

= Redacted by the Permanent Subcommittee on Investigations

TUE, 15-OCT-02 19:31 P. 0

O.S.P

ALFA-ECO

alfa

21. Novy Arbat st., Moscow, 121019. Tel [redacted] CROWN RU

TO: BAYOIL SUPPLY AND TRADING LIMITED

ATTN.: President
Mr. David B. Chalmers Jr.

CC: Mr. John Irving

FROM: ALFA-ECO, MOSCOW

DATE: MOSCOW, October 11, 2002

SUBJECT: Iraqi crude oil

Dear Mr. Chalmers,

We hereby refer to your telephone conversation with Mr. Kuzhmichev of October 8, 2002 and our agreement on the sale of Iraqi crude oil of October 11, 2002.

As discussed, the existing retroactive pricing mechanism, when the official selling price is approved by the UN Security Council Committee after delivery dates, does not reflect the actual market situation. Moreover it increases commercial risks and in most cases leads to the loss of profit.

Thus we believe that the existing pricing mechanism needs to be changed and on our part we are ready to start respective discussions with UN Security Council Committee.

In this connection we would much appreciate if you could render us all possible assistance we may need in these discussions, such as preparation of necessary materials and expert judgments, as well as your participation in the talks.

We would be pleased to receive your supporting letter to the UN Security Council Committee concerning your position with reference to the above mentioned.

We understand that if the retroactive pricing mechanism is changed, there may appear some additional profit. We suggest that such additional profit should be shared between our parties as follows: 30% to Bayoil and 70% to Alfa-Eco.

Looking forward to your soonest reply.

Best regards,

LIMITED LIABILITY COMPANY ALFA-ECO, MOSCOW

signed by

Alexander Lyssenko
International Department
Director

Countersigned by

David B. Chalmers Jr.
President

BAYOIL

September 9, 1999

TO: Ministry of Oil
Baghdad
Iraq

State Oil Marketing Organisation
Baghdad
Iraq

Dear Sirs:

We confirm our interest to purchase, sign and nominate immediately a minimum of 10,000,000 barrels of basrah light crude oil during the sixth phase for final destination North America / Europe / Far East.

We also confirm our definite interest to purchase from 20-30 million barrels minimum every six months and for three to five consecutive periods or longer, at your suggestion and discussions.

We are prepared to contract with you through our Bahamian company or any of our affiliates.

Sincerely,

SEAL

Augusto Giangrandi,
Chairman
For and on behalf of
Bayoil Supply & Trading Limited (BOTCO, Bahamas)

Sworn to and subscribed before me on this 9th day of September, 1999.

Notary Public

BAYOIL SUPPLY & TRADING LIMITED P.O. BOX CB12918 NASSAU BAHAMAS [redacted] FAX: [redacted]

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #38

[redacted]

BAYOIL

September 9, 1999

TO WHOM IT MAY CONCERN:

We herewith confirm never to have sold directly or indirectly to Israel and further confirm that this policy will remain permanently in force during the entire validity of our contract.

Signed: _____

Augusto Giangrandi, Chairman
For and on behalf of
Bayoil Supply & Trading Limited (BOTUO, Bahamas)

Sworn to and subscribed before me on this 9th day of September, 1999.

Notary Public

BAYOIL SUPPLY & TRADING LIMITED P.O. BOX CB12012 NASSAU BAHAMAS [redacted]

[redacted] = Redacted by the Permanent Subcommittee on Investigations

ITALTECH Srl

ITALTECH Srl

MAIL: P.O. BOX 300 - LIVORNO
TELEX.
FAX:
PHONE: [redacted]
P. IVA: 01031950494

Sede legale e stabilimento: Via G.B. Guarini, 24 (ingresso Via F. Rontini) - 57121 LIVORNO - ITALY

[redacted] = Redacted by the Permanent Subcommittee on Investigations

TO WHOM IT MAY CONCERN:

We herewith confirm never to have sold directly to Israel and further confirm that this policy will remain permanently in force during the validity of our contract.

Livorno, September 8th 1999

Signed ITALTECH s.r.l.

Sergio Carlini
Director
ITALTECH Srl

Permanent Subcommittee on Investigations
EXHIBIT #39

= Redacted by the Permanent Subcommittee on Investigations

davidc

From: john irving [redacted]
Sent: Saturday, October 25, 2003 5:18 AM
To: David Chalmers Jr
Cc: Bobby Hamblin; [redacted]an Johnston
Subject: Conversation with Fatim and Mr A October 25th am (London time)

Fatim

1) SOMO have recieved the nom. for 1mbbls 1st Dec 2003 on the Antonis Angelecoussis. She has sent official response to Bayoil in Houston / Bahamas(?). The ship is on subs until 12 noon Houston time Monday 27th October.

Mr A

1) Mr A received my 2 (the second one was just some innocuous mkt report) e mails for which he was very grateful

He told me that there was a report in Platts that the Saudis had 25mbbls offshore but I said I had not seen it-our work was just our own analysis which we were happy to share with him. He said "thank you very much". I told him we were looking at some of the smaller ship fixtures ex Caribbs etc and that we would revert with more understanding on this subject. He said "thanks"

2) Mr A informed me that there is a report (in Platts) that a "trader" has sold half their cargo "term" and the other half at

"spot" at -3.10. I told him that it was not us and I would look into it and let him know. He said "I think I know who it is"

I told him that I would revert on this on Moday if I could get further info.

3) I told him that I would like to develop with him next week the likely supply projections into next year of OPEC and Non- OPEC with a particular view towards likely Iraqi production profile and how all these factors would link into the overall demand for sour crude. This would obviously lead to a discussion on spot sour prices and examination of the OSP price setting risk (we did not discuss that last point-this will obviously come out). I said that I would send him this study on e mail and he said "thank you very much-I (he) would look forward to it". I said all this should be viewed in terms of defending mkt share as prodn portfolio increased.

4) I told him that in consideration of the above subject that we were currently examining the core demand as defined by the ratio between "term" core usage and "spot sales" of basrah and that this work was nearly finished. He said: "Oh Good-I would really like to see that"

5) I told him that we were interested, as in the past, to move bbls to Europe and that perhaps we should jointly look at this.

He said that "Basrah in Europe was a special case with relatively thin and defined characteristics notably with the Spanish

Cepsa and Repsol and ENI(Agip) and API" (chartered a vlcc in Novemeber-this will undoubtedly be for "spot" because they tend to only take about 600kbbls a time into Faconarra-perhaps they are fronting for someone else. I will ring Fabio on Monday. Mr A did not mention Shell or Exxon-which makes me feel that API might be "pooling" in Sidi for the refiners in Lavera (BP,SHELL,EXXON). Prob not Total since they never liked Basrah in Lavera for quality reasons).

Obviously if this "API arrangement" is what I think it is then this clears the way for Shell etc to sell more Basrah -out of their term supply contracts- on the spot market. So, in other words, the subjects are linked

Permanent Subcommittee on Investigations
EXHIBIT #40

I did not mention to Mr A that perhaps we could prepare for him some pricing ideas for EUROPE because of his somewhat negative stance on this subject. What I will do is prepare something for him and send once we have agreed the format. I will do this next week.

6) Mr A saw the expansion into Europe basis Kirkuk and told me, to his knowledge, that the pipeline had not started yet(ie leak not mended). I will check this. Mr A definitely thought that increased mkt share in EU would come from Kirkuk and not Basrah. I mentioned some new places (eg Roumania) and he immediately said Roumania "too far away and too close to Novorossisk"-he said this so quickly that I guess he has already been approached (VITOL,GLENCORE?)

7) I respectfully asked him if policy towards Israel had changed and he said "NO!"

8) I did not talk to him about S Africa and on the West Coast that there were independents whom we have delivered to in the past. He did not make any comment on this and I did not add any more.

9) I told him that there were some aspects of pricing into US that we needed to clear up -and would he mind if we sent him some work on this. He said "not at all". I said that he would be working on Dec OSP soon and we would like to give him some ideas before that process. He indicated that that was OK.

I told him, for the sake of good order, that our nomination was accepted by Fatim and thanked him. He wanted to know details and I told him that it was co-load on a Chevron ship that, in itself, was loading 1mbbls from Neutral Zone. I told that the bbls were going probably to CITGO but details were still being discussed, these details not being limited to his OSP deliberations for December that he would soon be addressing.

Overall Mr A was friendly.

OK

وزارة النفط

شركة تسويق النفط

تخصيصات ومبيعات النفط الخام

خلال مراحل مذكرة التفاهم

١٩٩٦ - ٢٠٠٣

١٩ شباط ٢٠٠٤

سري

CONFIDENTIAL

Permanent Subcommittee on Investigations
EXHIBIT #41

مـلحـق رقـم (٣)

تحميلات النفط الخام لحساب شركة الألفيـة الأردنيـة (أكرم شاهين)

ملحق رقم ٣

تحميلات النفط الخام لحساب شركة الآلفية الأردنية (أكرم شاهين)

بموجب التنسيق والتوجيهات من القيادة العليا للنظام البائد (طه الجزراوي) وبإشراف ومتابعة وزير النفط آنذاك(سمير عبدالعزيز النجم) . جرى الاتفاق على تجهيز شركة الآلفية الأردنية (أكرم شاهين) بكميات من النفط الخام خارج مذكرة التفاهم وفق شروط عقد التجارة الحدودية وتم التحميل خلال شهري شباط وآذار /٢٠٠٣ .

أدناه تفاصيل الشحنات المحملة من النفط الخام من ميناء خور العمية لصالح شركة الآلفية الأردنية والمبالغ المسددة من قبلها وكما يلي :

١. مجموع المبالغ المودعة من قبل الشركة المذكورة في حسابنا لدى بنك الأردن (٤٩,٢٨٣,٤٢٨/٤٨) يورو حيث جرى إيداع كافة المبالغ بعملة اليورو كما مبين تفاصيلها بالكشف رقم (١) المرفق .

٢. بلغ مجموع أقيام الكميات المحملة من النفط الخام ٥٣,٣٦٠,٠٢٢/١٥ دولار محتسبا على أساس سعر الطن الواحد ٥٠ دولار وجرى تحويل المبلغ المذكور إلى عملة اليورو وحسب أسعار الصرف في تواريخ تحميل الشحنات لكون الإيداعات كانت باليورو وكان المعادل للمبلغ المذكور بما يعادله باليورو هو (٤٩,٥٢٣,٦٧٥/٧١) يورو وكانت عدد الشحنات المحملة سبعة شحنات جميعها من ميناء خور العمية كما مبين تفاصيلها بالكشف المرفق رقم (٢) والقوائم الصادرة عنها (٧) .

٣. جرى تحويل جميع المبالغ المودعة في حسابنا لدى بنك الأردن إلى حساب البنك المركزي العراقي وفق الموافقات المعتمدة بالتجارة الحدودية .

كشف رقم - 1 -

كشف بالمبالغ المودعة من قبل شركة الالفية الاردنية في حسابنا لدى بنك الاردن-عمان

تاريخ الايداع	اسم البنك	اسم المودع	اسم الشركة المتعاقدة
2003/02/16	بنك الاردن	اكرم شاهين	شركة الالفية الاردنية
2003/02/18	بنك الاردن	اكرم شاهين	شركة الالفية الاردنية
2003/03/06	بنك الاردن	اكرم شاهين	شركة الالفية الاردنية
2003/03/11	بنك الاردن	اكرم شاهين	شركة الالفية الاردنية
2003/03/16	بنك الاردن	اكرم شاهين	شركة الالفية الاردنية
2003/03/17	بنك الاردن	اكرم شاهين	شركة الالفية الاردنية

ملاحظة / المبالغ جرى ايداعها بعملة اليورو

- 2 - كشف رقم

كشف بالكميات المحملة من النفط الخام لحساب شركة الالفية الاردنية من ميناء خور العمية

الشركة المتعاقدة	ميناء التحميل	تاريخ القائمة	المنتوج	الكمية المحملة		السعر للطن الواحد / دولار	
				برميل	طن		
شركة الالفية	خور العمية	18/02/2003	نفط خام	985,736.00	135,090.02	50.00	
شركة الالفية	خور العمية	22/02/2003	نفط خام	998,340.00	137,801.26	50.00	
شركة الالفية	خور العمية	03/01/2003	نفط خام	1,633,099.00	225,102.03	50.00	
شركة الالفية	خور العمية	14/03/2003	نفط خام	1,638,973.00	225,545.32	50.00	
شركة الالفية	خور العمية	16/03/2003	نفط خام	1,020,113.00	141,190.10	50.00	
شركة الالفية	خور العمية	19/03/2003	نفط خام	1,374,518.00	189,836.99	50.00	
شركة الالفية	خور العمية	19/03/2003	نفط خام	91,482.00	12,634.73	50.00	
TOTAL				7,742,261.00	1,067,200.44		

ملاحظة : جرى تحويل اقيام الشحنات المحملة من الدولار الى اليورو على اساس سعر الصرف ليوم التحميل لكون ايداعات الشركة كانت باليورو

[This is a cover sheet]

Appendix no. (3)

Loadings of the crud oil for the account of Jordanian Al Alfiyah company (Akram shaheen)

Pg 53
Taha Al-Gazarawi (member of high command in Saddam regime) and Minister of Oil-Samir Abdul Aziz Al Najem, were given instruction to assign oil to Al Feyia Al-Ordonyia Co, but it was outside the agreement of 13 stages, but it was part of an Iraq/Jordan Protocol Agreement (Feb- Mar 2003)

Al Feyia deposited 49,783,428.48 Euros in a Jordanian bank for the benefit to Taha Al-Gazarawi and Samir Abdul Aziz Al Najem

Khor Alamyia Port: 7 shipments of oil was sent out thru that part equal to $53,360,022.15 USD ($50 per ton) exchanged to Euros (49,523,675.71) and deposited in a Jordanian bank and later on was transferred to Iraqi Central Bank account in Jordan.

[redacted] [redacted]

Appendix no. 3

Loadings of the crud oil for the account of Jordanian Al Alfiyah company (Akram Shaheen)

According to a coordination and directions from the high command of the extinct regime (Taha Al Jazrawi) and with supervision, follow-up of oil minister at that time (Samir 'Abdul 'Aziz Al Najim) an agreement took place to supply the Jordanian Al Alfiyah Company (Akram Shaheen) out of the understanding memorandum according to the border trade contract terms and the loading was completed during the months of February and March 2003.
Bellow are the descriptions of the crud oil shipment loads from port of Khor Al 'Amia for the benefit of Jordanian Al Alfiyah company and the amounts paid by it as follows:

1- Total amounts deposited by the mentioned company in to our account at Bank of Jordan

(49,783,428 / 48)Euro therefore all amounts were deposited in Euro currency as it is described in the attached no. (1) Statement.

2- The total value of loaded amount of crud oil (53,360,022, / 15) Dollars counted on base price of 50 Dollars per one ton and transfer tool\k place of the mentioned amount to Euro currency and according to the exchange price at the date of shipments loading because the deposits were in Euro and the equivalent for the mentioned amount with what equals in Euro is (49,523,675, / 71) Euro, the loaded shipment number were seven shipments, all of it from Khor Al 'Amia as it is described in the attached statement no. (2) And issued invoices were (7).

3- Transfer took place for all the deposited money in our account at Bank of Jordan to the account of Iraqi central bank according to reliable contexts in borderline trade.

Pg 54
List/Schedule of oil deposits by Al ayia (Akram Shaheen) in Jordanian bank (date of deposit / amount in Euros) (2/16/2003 – 3/17/2003)

Page 54 full translation **Linguist 557**

Date: o4 / 05 / 2004

Statement No. (1)

Deposited amounts statement by the Jordanian Al Alfiyah Company, in our account at Bank of Jordan- Amman.

Deposit in Euro	Date of deposit	Bank name	Depositor's name	Name of contracting company
6,979001.00	16 / 02 / 2003	Bank of Jordan	Akram Shaheen	Jordanian Al Alfiyah company
19,895,950.17	18 / 02 / 2003	Same	Same	Same
7,713249,64	06 / 03 / 2003	Same	Same	Same
7,200,072.00	11 / 03 / 2003	Same	Same	Same
4,621,072,09	16 / 03 / 2003	Same	same	same
3,673,094.58	17 / 03 / 2003	Same	Same	Same
49,783,428.48	Blank	Blank	Blank	Blank

Note: Amounts been deposited in Eurocurrency.

Pg 55
Schedule #2: shows quantity of crude oil, how many barrels in ton / price per ton. Total amount is in Euros/USD as on pg 53.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

MILLENIUM FOR THE TRADE OF RAW MATERIALS & MINERAL OILS
Phone +962[redacted] – Fax +962[redacted] – Mobile +962[redacted]

From: marine & Oil Operations	**FAX: +962[redacted]**
To: Master of M/T ARGOSEA	**[redacted]@super-hub.com , also by fax 00870[redacted] 00873[redacted]**
CC: ODIN MARINE, Bob Lubbers	**[redacted]@odingroup.com**
CC:	
REF: TCP ARGOSEA / MILLENIUM DATED 6 FEB 2003 / VOY 1	

PRIVATE & CONFIDENTIAL **DATE: 9 FEB 03**

SUBJECT: VOYAGE INSTRUCTIONS.

DR CAPT VLADIMIR

CHARTERERS INSTRUCTIONS FOR THE VOYAGE FROM FUJAIRAH TO MINA BAQR ARE AS FOLLOWS:

1- DEPART FUJAIRAH ON 10 FEB 2003 AT 00:01 HRS L.T.

2- PROCEED ON NORMAL NORTHBOUND SAFE COURSE TO MINA BAQR.

3- THE US NAVY WILL CALL YOU OFFSHORE BAHRAIN FOR VESSEL'S INSPECTION, THEY ARE ALREADY AWARE ABOUT YOUR PASSAGE AND ITENIRARY. AUTHORIZATION IS GRANTED FOR YOUR SHIP TO PROCEED TO BAQR AND BACK TO FUJAIRAH WITH FULL CARGO LOAD. PLS COOPERATE AS USUAL AND PROVIDE U.S. NAVY WITH ANY INFORMATION THEY REQUIRE.

4- ONCE CLEARED TO RESUME VOYAGE, STEAM AT A SPEED ENABLING YOU REACH NORTH ANCHORAGE, IN VICINITY OF BAQR TERMINAL ON 12 FEB 03 BY 03:00 GMT.

5- REPORT TO MINA BAQR PILOT AS SOON AS PRACTICABLE TO AVOID ANY DELAY. YOU WILL BERTH ON ARRIVAL.

6- THE AGENT AT BAQR ARE MESSRS GENERAL ENTERPRISE FOR MARITIME AGENCIES.

7- YOU WILL LOAD CRUDE UP TO MAXIMUM SHIP'S CAPACITY, MAX DRAFT 21 M.

8- WHEN LOADING COMPLETED, PROCEED TO FUJAIRAH.

9- FOR YOUR RETURN VOYAGE, SAME ARRANGEMENTS APPLY.

10-REPORT BY PHONE/FAX AS APPROPRIATE AT FOLLOWING STAGES:

a. DEPART FUJAIRAH
b. CLEARANCE TO RESUME VOYAGE
c. SECURING AT TERMINAL

d. COMMENCEMENT OF LOADING
e. COMPLETION OF LOADING
f. ARRIVAL FUJAIRAH
g. ALSO, DAILY AT 06:00 & 18:00 GMT

11-UPON LOADING COMPLETION, MASTER IS AUTHORIZED TO SIGN A RECEIPT FOR THE QUANTITY OF CARGO LOADED.

12-MASTER AND ALL ADDRESSEES ARE REQUIRED TO MAINTAIN THE CONTENT OF THIS MESSAGE AS HIGHL CONFIDENTIALITY.

MOREOVER, APART FROM CARGO WORKS AND MINIMUM NORMAL ROUTINE SHIPPING FORMALITIES, MASTER TO ENSURE THAT NO INFORMATION OF ANY KIND IS GIVEN TO ANY PERSON /// REPEAT ANY PERSON /// AT THE LOADING PORT WITH REGARD TO ARRANGEMENTS MADE OR MENTIONED HERE ABOVE.

SHOULD YOU HAVE ANY QUERY AT ANY TIME, DO NOT HESITATE TO CALL ME ON MOBILE +962[redacted] OR OFFICE +962[redacted] EXT [redacted]

BEST REGARDS

Capt Jamil SAYEGH
MARINE & OIL OPERATIONS MANAGER

[redacted] = Redacted by the Permanent Subcommittee on Investigations

"Dave & Theresa Russell" [redacted]

02/17/2003 05:50 PM

To: [redacted]
cc:
Subject: Re: Telcon

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Peter

Thanks for the additional info.

We're still checking on this curious event. I still don't understand it, or how these people think they can get away with this.

Dave
----- Original Message -----
From: [redacted]
To: [redacted]
Sent: Monday, February 17, 2003 6:45 PM
Subject: Telcon

Dave,

Please be advised that vessel name is "Argosea" - Malta Flag
134.000 DWT

Management: Columbia Shipmanagement (www.columbia.com)

Owner: Cosmic Marine Co. Ltd.

PB

Message Printed on 2/20/2003 12:58:29 PM by RL RefNum:RL2111637

From/To: ("Charalambos Hajimichael" [redacted]
Msg Recvd/Delivered: 2/20/2003 12:38:13 PM
SUBJ: TCP ARGOSEA / MILLENNIUM DATED 6 FEB 2003 / VOY 01

ReplyTo: "Charalambos Hajimichael" [redacted]
From: "Charalambos Hajimichael" [redacted]
To: [redacted]
Subject: TCP ARGOSEA / MILLENNIUM DATED 6 FEB 2003 / VOY 01
Date: Thu, 20 Feb 2003 19:28:48 +0200 (GTB Standard Time)
Message-Id: [redacted]

To: PETRIAN
ODIN MARINE
MARINE & OIL OPERATIONS

[redacted] = Redacted by the Permanent Subcommittee on Investigations

TO : PETRIAN
CC : ODIN MARINE
ATT: Bob Lubbers
CC : MARINE & OIL OPERATIONS
FM : TSAKOS HELLAS
DD : 20.02.2003 MSG: HH.200203-09

RE : TCP ARGOSEA / MILLENNIUM 6 FEB 2003 / VOY 1

URGENT - URGENT - URGENT

STRICTLY CONFIDENTIAL

We have been contacted by a Journalist from the Wall Street Journal advising that ARGOSEA loaded from KHOR AL AMAYA Terminal (IRAQ) which according to his reports it is not a "UN APPROVED TERMINAL", According to the Journalist the ONLY UN APPROVED Terminal is MINA AL BAKR

In addition we have just been advised that an UN officer has called ODIN MARINE (Broker) advising them that vessel has loaded from a non UN approved Terminal.

The facts as know to us are as follows:

1. Charterers original instructions were for vessel to load MINA AL BAKR
2. On this basis the vessel reported her entry to Iraqi waters to the UN Check Point off IRAQ, to load from MIMA AL BAKR.
3. Upon arrival at MINA AL BAKR the Charterers instructions were for vessel to load from KHAWR AL AMAYA Terminal.
4. The vessel shifted from MINA AL BAKR anchorage to KHAWR AL AMAYA terminal. During this passage the vessel was contacted by an UN Naval vessel to whom the Master reported that he is proceeding to load from KHAWR AL AMAYA terminal. The UN Naval vessel acknowledged this advice and told the Master that it was OK to proceed.
5. Vessel loaded as per Charterers instructions from KHAWR AL AMAYA Terminal.
6. The Master reported that it was the first vessel that loaded since 1980.
7. The vessel was not given by Charterers a UN number, prior entering Iraqi waters.
8. The vessel was not given any documents at loading port.
9. The Master reported that Charterers representatives has completed measurements of cargo at abt 1900 hrs today and Master was instructed by Charterers reps to proceed outside territorial waters KHOR FAKKAN and drop anchor, awaiting Charterers further instructions.

We demand a full and clear explanation from Charterers to enable us to respond to Press Records and UN advices that the vessel has loaded illegal cargo from a non UN approved Iraqi terminal. We further demand full disclosure of UN permissions and clearances to load from the KHAWR AL AMAYA Terminal.

Best regards,

Capt.Thomas D.Sellas

Message Continues...

2/21/03 Wall St. J. A1
2003 WL-WSJ 3959930

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Friday, February 21, 2003

Iraq Is Shipping Large Cargoes Of Crude, Violating U.N. Rules

By Alix M. Freedman and Bhushan Bahree

Corrections & Amplifications

A PAGE-ONE ARTICLE on Friday identified International Marine Transportation as the owner of a **tanker** named Eagle on the basis of information from a shipping registry. A spokesman for International Marine said there are several **tankers** called the Eagle and that his company's vessel hadn't transported any Iraqi oil. (WSJ Feb. 24, 2003)

In an apparent effort to enrich the regime of Saddam Hussein, Iraq has resorted to illegally sending large shipments of oil through a port called **Khor al Amaya** in recent days, U.N. diplomats and oil-industry officials say.

Under the United Nations' oil-for-food program, Baghdad is permitted to export its oil, subject to U.N. supervision, through only two terminals: Ceyhan in Turkey and Mina al Bakr on the Persian Gulf. As part of economic sanctions the U.N. imposed to punish Iraq for its 1990 invasion of Kuwait, all of Iraq's oil revenues through such sales go into a U.N.-controlled bank account that is used for humanitarian assistance for the Iraqi people and to pay war reparations.

U.N. diplomats say that Iraq has smuggled oil on barely seaworthy vessels from **Khor al Amaya** in recent years. But this marks the first time that Iraq has turned to reputable shipping companies to illegally transport large shipments -- one million barrels of crude and more.

"These Iraqi shipments are huge," said one U.N. diplomat. "Until now their smuggling activities were on vessels that were about to sink, but these are ones where they have managed to dupe reputable ship owners." Richard Grenell, spokesman for the U.S. ambassador to the U.N. John Negroponte, denounced the shipments as "immoral."

A White House official said he was not aware of the reports of illegal oil sales. But, he added, "It's no secret that Saddam Hussein has, over the years, been successful in gaining revenues from sales of oil outside the oil-for-food program. We believe his revenues had reached the point of $3 billion a year."

The Iraqi ambassador to the U.N. declined to comment.

With the possibility of a military assault by the U.S. looming, U.N. diplomats say that in recent days seven **tankers** -- some capable of carrying as much as two million barrels -- have arrived at **Khor al Amaya**, which is located near the authorized port of Mina al Bakr. For instance, a ship called the Argosea, owned by the Greece-based Tsakos Group, one of the world's largest **tanker** companies, illegally loaded roughly one million barrels of oil Feb. 18. The value of this cargo alone was about $25 million, people familiar with the matter estimate. Much of that would flow back to Baghdad's coffers.

It couldn't be ascertained who intended to purchase the crude oil.

In Athens, Harry T. Hajimichael, a general manager for Tsakos, declined to provide any loading

details about the Argosea, citing privacy agreements with charterers. "I'm not going to say anything." he said. Mr. Hajimichael stressed: "We loaded only legal cargo and the vessel's movements and loading operations were duly reported to the U.N. checkpoints." He added the Argosea is now off Fujairah in the United Arab Emirates.

Another **tanker** called the Eagle, which shipping registries show belongs to International Marine Transportation in Leatherhead, England, also began loading Feb. 19, at **Khor al Amaya**, the U.N. diplomats say. No one was available to respond to phone calls placed to International Marine Transportation to confirm the ownership of the Eagle or any other specifics.

One shipping broker responsible for at least some of the vessels that ultimately wound up at **Khor Al Amaya** was Odin Marine Inc. of Stamford, Conn. Citing confidentiality agreements, David E. Young, an executive vice president at Odin, declined to provide any details about those involved in chartering the ships. But Mr. Young stressed that until Odin spoke with a U.N. representative Wednesday night, the firm had no idea that anything may have been amiss.

"The bottom line was that we were told that all the cargoes would be lifted out of the U.N.-sanctioned port of Mina al Bakr," Mr. Young said. He added that Odin "is cooperating with the U.N. to insure that everything is being done legally."

Some ship brokers -- who act as middlemen between ship owners and those wishing to charter vessels -- say they were contacted earlier this month by Millennium for the Trade of Raw Materials & Mineral Oils of Amman, Jordan, seeking to charter ships for a certain period of time. People within the oil industry say Millennium, which claimed to be acting on behalf of Jordan's ministry of energy and mineral resources, initially instructed vessels to proceed to Mina al Bakr and await local instructions -- which turned out to be load at **Khor al Amaya**.

Neither Millennium nor Jordanian officials could be reached for comment.

Khor al Amaya was badly damaged during the 1980 to 1988 Iran-Iraq war and was later destroyed by allied warplanes during Operation Desert Storm. An effort by Ingersoll Dresser Pump Co. to repair the port was blocked by the Clinton administration. The Iraqi regime subsequently repaired the offshore oil terminal on its own. Ingersoll Dresser, once a French subsidiary of a joint venture between Ingersoll-Rand Co. and Halliburton Co., now is owned by Flowserve Corp.

According to U.N. diplomats, the Maritime Interception Force, which is supposed to intercept cargo originating from Iraq that isn't authorized by the U.N. has just been made aware of Iraq's illegal use of **Khor al Amaya**. Reached in Bahrain yesterday, however, Jeff Alderson, an MIF spokesman, said that he had "no information as of right now" about the possible shipments, but added that as a matter of policy the MIF doesn't comment until after a ship has been halted or cleared.

This isn't the first time that the Iraqis have successfully circumvented U.N. sanctions. As previously reported by The Wall Street Journal, Iraq until recently imposed illegal surcharges on every barrel of oil it sold through the oil-for-food program, contributing as much as $300 million to the regime's war chest. Iraq abandoned that practice in September.

In addition, the regime reaps profits outside the oil-for-food program from illicit sales through Syria and other channels.

Under the oil-for-food program, Iraq's oil sales have been running at about 1.7 million barrels a day in recent months, according to the U.N. At its peak, Iraq exported about 2.1 million barrels a day under the program.

Message Printed on 2/21/2003 1:31:06 PM by RL RefNum:RL2114009

From/To: Petrian Shipbrokers
Msg Recvd/Delivered: 2/21/2003 12:41:16 PM
ATTN: PAUL MARTIN=
SUBJ: ARGOSEA/MILLENIUM

REF: VRT2114009

FROM: ODIN MARINE,INC. - LARGE TANKER DEPARTMENT
DATE: 2/21/2003
TIME: 12:41:16 PM

ATTN: PAUL MARTIN=
SUBJ: ARGOSEA/MILLENIUM

PAUL, PLS SEE FOLLOWING FROM CHARTERERS AND PLS PASS IT ON TO OWNERS:

++

STRICTLY PRIVATE & CONFIDENTIAL

Thank you for your fax regarding the Violando. While we understand that the owner may get alarmed by today's article in the Wall Street Journal, we would like to emphasize that this matter should not be of any concern to the owner or any other party. The merits of our agreement as originally initiated by us are still the same and nothing has changed. Furthermore, all of our earlier undertakings and indemnities are still valid and shall apply.

Once again I would like to reaffirm that this operation does have a legitimate cover and we will not fall into the trap of being under the influence of newspaper articles nor should the owners. Being so skeptic and nervous about any incident such as this will not do any benefit and will only superficially and unreasonably jeopardize the process.

Furthermore, we kindly advise the owners to keep the status-quo as is and that they should only accept written inquiries and respond after liaisoning with us and in conformity with the confidentiality agreement they have signed. Apart from that, journalists, reporters, and other parties impersonating officials may only cause unjustified defamation damage to the contracted parties of this operation and therefore, efforts should be exerted to keep this matter out of the spotlight.

Once again, we assure you based on our agreement that the owners will not be subject to any legal procedure initiated against them of whatsoever nature due to this operation. The fact that further documents and information could not be provided does not and should not lead to the impression that this is an illegitimate transaction and hereby request all parties to adhere and abide by the confidentiality agreement we have.

Noting that the owners are aware of the ships that have been granted safe passage while going in and out, including the Violando, should give them the extra comfort and reaffirm all the above.

It is worth noting that the owners are in contract with us through Odin Marine and they have nothing to do with the Iraqi side; and I assure you that we as Millennium for the Trade of Raw Materials and Mineral Oils are not acting on behalf of the Iraqis. Neither the broker or the owners can be held liable in this regard; and we assure you of our commitment towards all parties involved.

In conclusion, it is very important to note that the actions of the owners cannot be based merely on newspaper articles and unfounded

Message Continues...

information. More importantly, as you are fully aware, any vessel carrying illegal cargo is subject to confiscation and that the sole authority and party to carry out such confiscation is the UN Naval Forces. Considering that as stated above the ships are granted safe passage in and out by the UN Naval Forces only confirms the legitimacy of our operation.

This letter is for the sole use of the addressee and could not be circulated to any other party without our written consent.

Jamil Sayegh
Millenium Marine Division

++

BEST REGARDS
M. RICHARDS
ODIN MARINE INC.

Fax: [redacted]
Telex: [redacted]
E-mail: [redacted]

[redacted] = Redacted by the Permanent Subcommittee on Investigations

---------- End of Message ----------

Message Printed on 2/21/2003 3:56:56 PM by RL RefNum:RL2114331

From/To: Petrian Shipbrokers
Msg Recvd/Delivered: 2/21/2003 3:44:28 PM
ATTN: Paul Martin
SUBJ: ARGOSEA / MILLENIUM

REF: VRT2114331

FROM: ODIN MARINE, INC. - LARGE TANKER DEPARTMENT
DATE: 2/21/2003
TIME: 3:44:27 PM

ATTN: Paul Martin
SUBJ: ARGOSEA / MILLENIUM

PLEASE SEE FOLLOWING FROM CHARTERERS:

++

RE: VESSELS ON CHARTER TO MILLENIUM

A FINAL WORD FROM OUR SIDE TO ODIN MARINE AND THRU THEM TO ALL OWNERS OF VESSELS CHARTERED TO MILLENIUM, WE HEREBY REQUEST ALL PARTIES TO REFRAIN COMMUNICATING WITH THE MEDIA OR DISCLOSING ANY INFORMATION AS PER OUR CHARTER PARTY AND CONFIDENTIALITY AGREEMENT. AS WE NOTED NUMEROUS DETAILS HAS BEEN DISCLOSED AND PUBLISHED IN THE MEDIA REFLECTING SOME DETAILS ABOUT OUR CONTARACTUAL AGREEMENTS. THIS IS IN NO DOUBT A GREAT VIOLATION OF ALL THE DOCUMENTS WE SIGNED.

MORE IMPORTANTLY AND AS A FINAL STATEMENT OUR TRANSACTION HAS THE LEGITIMATE COVER. THE ARABIAN GULF WHERE ALL VESSELS ARE OPERATING IN AND WITHIN ARE UNDER THE FULL CONTROL AND STRICT SCRUTINY OF THE UN NAVAL FORCES THROUGH AN AIR TIGHT CONTROL AND OBSERVATION SYSTEM.

SHOULD ANY UN OFFICIAL IN WHATEVER CAPACITY DOES HAVE ANYTHING, THEY SHOULD BE COMMUNICATING WITH THE LAW ENFORCEMENT IN THE GULF (UN NAVAL) AND PASS ON THEIR REMARKS AND OBSERVATIONS ASKING FOR FOLOW UP FROM THE UN NAVAL FORCES. IT REMAINS WITHIN THE UN NAVAL CAPACITY AND AUTHORITY TO VERIFY AND SCRUTINIZE THE INFORMATION THEY ARE RECEIVING FROM ANY UN OFFICAIL IN NEW YORK AND TO TAKE THE NECESSARY ACTION. SO FAR AND REFLECTING THE LEGITIMACY OF OUR OPERATION, THE PAST EXPERIENCE WITH THE PREVIOUS VESSLS AND THE UPCOMING ONES REFLECT THE REALITY AND WE LEAVE IT FOR YOU TO DRAW YOUR OWN CONCLUSIONS.

ODIN AND/OR OWNERS SHOULD NOT COMMUNICATE WITH ANY THIRD PARTY OF WHASOEVER CAPACITY OUTSIDE THE CHARTER PARTY AGREEMENT TO DISCLOSE ANY INFORMATION, PARTICULARLY THE MEDIA.

THIS IS A FINAL STATEMENT TO ALL TO CLOSE FIILES AND CONTINUE BUISNESS AS USUAL AS PER THE CHARTER PARTY AGREEMENT AND ALL OTHER APPENDIXES.

REGARDS

MILLENIUM

++

BREGARDS
VASSILIA RAPTI
ODIN AMRINE INC.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Fax: [redacted]
Telex:
E-mail:

Message Continues...

Message Printed on 2/24/2003 5:57:51 PM by RL RefNum:RL2117428

From/To: Sayegh, Jamil/SBIC Holdings (private)
Msg Recvd/Delivered: 2/24/2003 5:51:15 PM
ATTN: Jamil Sayegh
SUBJ: FROM MICHAEL RICHARDS

REF: MHR2117428

FROM: ODIN MARINE,INC. - LARGE TANKER DEPARTMENT
DATE: 2/24/2003
TIME: 5:51:15 PM

ATTN: Jamil Sayegh
SUBJ: FROM MICHAEL RICHARDS

GOOD EVENING JAMIL,

- SEA VICTORY
  WE SUGGEST THAT THE FIRST HIRE PAYMENT IS REMITTED IMMEDIATELY FOR THIS VESSEL AND HELD BY ODIN UNTIL OWNERS RECONFIRM THAT THEY WILL FULLY COMPLY WITH THE TERMS AND CONDITIONS OF THE CP AND PROCEED TO LOAD AL BAKR/AL AMAYA TO LOAD AS PER YOUR INSTRUCTIONS. ONCE WE HAVE RECONFIRMATION IN WRITING WE WOULD THEN GET YOUR AUTHORITY TO RELEASE OWNERS HIRE TO THEM. PLEASE CONFIRM AND ADVISE WHEN HIRE REMITTED.

- PLEASE RECONFIRM IF IS IS ACCEPTABLE TO YOU FOR MR. DAVID YOUNG TO SPEAK TOMORROW TO COMMANDER HARRY FRENCH IN BAHRAIN. AWAIT YOUR REPLY.

- FYG THE RELEVANT CLAUSE IN YOUR CP'S IS THE CARGO DESCRIPTION CLAUSE WHICH READS AS FOLLOWS :-

  "CRUDE NO HEAT REQUIRED. MAX 2 GRADES WVNS.
  CHRTRS WARRANT THAT CARGO TO BE CARRIED IS LAWFUL
  MERCHANDISE ACCORDING TO RELEVANT UN REGULATIONS
  AND INTERNATIONAL LAW. ANY TIME, COSTS OR CONSEQUENCES OF
  BREACH OF ABOVE TO BE FOR CHARTERERS ACCOUNT."

  IN VIEW OF ALL THE HOOP-LA THAT HAS GONE ON IN THE PRESS, AND THE PHONE CALLS FROM MR. MORTEN BURR-JENSEN OF THE U.N. SINCE LAST THURSDAY, OWNERS ARE REQUESTING THAT CHRTRS SUPPLY THEM WITH WRITTEN PROOF THAT THE CARGOES TO BE LOADED IN AL AMAYA ARE "LAWFUL MERCHANDISE ACCORDING TO RELEVANT UN REGULATIONS AND INTERNATIONAL LAW." - THIS IS BASICALLY WHAT THE VIOLANDO AND SEACROSS 11 OWNERS ARE REQUESTING.(SEE OWNERS E-MAILS TO YOU)

  COMMENTS : WE REALISE THAT ALL THE GUARANTEES ARE ALREADY IN YOUR CP TERMS AND CONDITIONS. HOWEVER IF THESE CARGOES ARE NOT LAWFUL WHICH IS BEING INSINUATED THEN ALL YOUR GUARANTEES ARE NOT VALID.

  ALSO NOTE IN YOUR CP UNDER YOUR GUARANTEE TO THE OWNER IN THE FIRST PARA IT READS AS FOLLOWS :-

  ".. TO IMPORT CRUDE OIL FROM BASRAH BY SEA TANKERS ACCORDING
  TO A SPECIAL PROTOCOL AND ARRANGEMENTS IN LINE WITH THE
  UNITED NATIONS MEMORANDUM OF UNDERSTANDING..."

  WHY CANN'T YOU SHOW THE OWNERS THAT MEMORANDUM ????? THIS WAY YOU WOULD SOLVE YOUR PROBLEM IMMEDAITELY AND WE ALL CAN GET ON WITH THE BUSINESS AT HAND. REMEMBER THIS CAN BE DONE STRICTLY IN ACCORDANCE WITH THE CONFIDIENTIALITY AGREEMENT.

PLEASE ADVISE YOUR COMMENTS. THANK YOU.

Message Continues...

FEB.14.2005 10:43AM ODIN MARINE INC [redacted] NO.298 P.4

Message Printed on 2/13/2005 6:57:59 PM by DBY RefNum:DBY2119531

From/To: Michael Richards
Msg Recvd/Delivered: 2/25/2003 2:11:17 PM
SUBJ: Conference call

[redacted] = Redacted by the Permanent Subcommittee on Investigations

From: "Millennium" [redacted]
To: [redacted]
Subject: Conference call
Date: Tue, 25 Feb 2003 20:30:15 +0200
Message-Id [redacted]

God day Micahel

Reference is made to the conference call that just took place between Mr. Khaled Shaheen, your good self, Mr. David Young, in the presence of
Mr. Ahad Sukhon and myself. The following was agreed to in the conference call:

1. All chartered vessels coming into Khawr Amaya to provide the Un Naval check point with the name of the vessel, name of Charterer, and name of loading port. This communication to take place between the Master of the concerned vessel and whichever UN Naval ship on duty in the vicinity.
2. Upon completion of loading and while approaching the UN Naval check point, the Master to contact the UN Naval ship on duty at that time and give them all the details including quantity loaded, name of Charterer, the terminal of loading and then get the necessary clearance
accordingly.
3. At anchorage, Master will contact Commander Harry French and get the NO OBJECTION message from him. Mr. Young of Odin Marine to contact
Commander French as well in order to verify and confirm the communication between the Master and Commander French. Mr. Young will seek the NO OBJECTION message in the text and format agreed between us.
4. It is worthwhile noting the following:
A. It had been passed on to Charterers that Commander French has been showered by various faxes and e-mails from the Owners. Kindly ask
all Owners to refrain from doing so.
B. Mr. Young and the ship Master are the only parties entitled to contact Commander French.
C. The message that should be sent by either the ship master or Mr. Young is the following: "We are loading crude oil from the terminal at Khawr Amaya for Millennium; do you have any objection?" It is very advantageous that Mr. Young served in the Coast Guard as he can relate to and understand the situation and how officers feel uncomfortable about going through unnecessary extended communications

I am very happy that we have reached a stage where we can go back to concentrate on the business at hand and everyone obtains the comfort they seek.

Charterers kindly ask the Brokers as well as Owners to refrain from giving any statements to the media as it only adds more fuel to current
situation. All parties concerned (Charterers, Owners, Brokers) should simply state that they have signed a confidentiality agreement and they
are bound by it.

Received: from [redacted]

Message Continues...

Message Printed on 3/4/2003 5:49:06 PM by VRT RefNum:VRT2127867

From/To: Silver Line Limited
Msg Recvd/Delivered: 2/28/2003 7:58:06 PM
ATTN: David Milligan
SUBJ: ARCADIAN 1 / MILLENIUM

REF: MHR2127867

FROM: ODIN MARINE,INC. - LARGE TANKER DEPARTMENT
DATE: 2/28/2003
TIME: 7:58:04 PM

ATTN: David Milligan
SUBJ: ARCADIAN 1 / MILLENIUM

ARCADIAN 1 / MILLENIUM

FOLLOWING HAS BEEN RECEIVED THIS EVENING FROM THE CHRTRS WHICH THEY HAVE ASKED MUST BE KEPT STRICTLY PRIVATE AND CONFIDENTIAL AS PER THE CONFIDENTIALITY AGREEMENT :-

STRICTLY PRIVATE & CONFIDENTIAL

Per your telephone conversation with Mr. Khaled Shaheen regarding the situation of the vessels where he briefed you about the legal basis for Jordan
s imports of Iraqi oil. The following, in no doubt, will explain the platform on which the Government of the Hashemite Kingdom of Jordan provided Millennium with the Power of Attorney to act on its behalf and enter into contractual relationships with the owners and lift crude oil from Iraq.

As stated on numerous occasions, neither the Government of Jordan nor Millennium engaged in any transaction that is characterized as disreputable or lacking a legitimate cover. Although some media reports raised some questions, we reaffirm once again that those reports are baseless, lack legitimacy, and more importantly driven by journalistic sensation.

Our continuous reluctance and hesitation to divulge more details about the operation were due to reasons that concern the Jordanian Government and other international concerned parties. Although we have verbally explained to Odin Marine the details and proxies of this transaction, we cannot further compromise the confidentiality of this operation. This has been the raison d'être for our insistence that the Owners and Broker sign a confidentiality agreement in order to maintain the privacy of the crude oil lifting. HAVING SAID THAT, WE ARE COMPELLED TO REEMPHASIZE ONCE AGAIN THAT THE SAME REASONS STILL APPLY AND EVEN A HIGHER LEVEL OF CONFIDENTIALITY MUST BE MAINTAINED CONSIDERING THE INFORMATION WE ARE ABOUT TO STATE.

Jordan
s interest in and relation with Iraqi oil has been ongoing for the past 13 years and after sanctions were imposed on Iraq and

Message Continues...

consequently the Oil for Food Program was put in place. The facts are as follows:

1. Article 50 of the UN Charter provides a provision for any country that is adversely affected by the imposition of UN sanctions against another country, to appeal for a waiver from those sanctions and maintain their dealings with the sanctioned country.

2. The Government of Jordan has invoked Article 50 and continues to import all of its crude oil from Iraq without any interruption since 1990 according to a special protocol taking place bilaterally between the Iraqi and Jordanian Governments rather than through the Memorandum of Understanding Program with the knowledge and consent of the UN. The fact that Jordan receives the oil at a discounted price and pays for it at its own discretion either through providing Jordanian goods in return or by writing off debts owed to Jordan by Iraq only means that is solely left to the Jordanian Government to agree on the commercial terms with the Iraqi Government and how to structure their protocols.

3. The above has been approved by the UN in general and by the UN Sanctions Committee in particular; i.e. approved in line with the Oil for Food Program though in practical terms it is not hermetically governed by this Program.
Although this is public information, very few parties are aware of it and it is of great importance to Jordan and other concerned parties not to highlight these facts.

4. Despite the fact that United States Laws prevent the US from providing foreign aid to any country that does not comply with sanctions against Iraq, the US Administration routinely waives sanctions in order to provide aid to Jordan, the third largest recipient of US foreign aid, with the approval of the United States Congress. This undoubtedly demonstrates the full endorsement of both the Executive and Legislative branches of the United States Government of Jordan
s exemption regarding the importation of Iraqi
crude oil and its approval of the special arrangements between the Iraqi and Jordanian Governments.

All these facts are available for the concerned parties to retrieve in Washington DC and are contained in a report issued by the Foreign Affairs, Defense, and Trade Division of the Congressional Research Service at the Library of Congress and can be obtained through them directly using the Order Code IB92117. For your easy reference, we will fax a copy of the page of the above mentioned report that concerns Jordan and talks about the same subject.

In conclusion, Jordan has a blanket cover from the UN and standby approval for continuous importation of Iraqi crude oil directly and according to whatever commercial and other terms they may agree on with the Iraqi Government and in line with UN regulations and in particular sanctions imposed on Iraq. Lifting places are amongst other things left to Jordan and Iraq to decide on.

Based on all the above, the Jordanian Government through the Ministry of Energy and Mineral resources, which is responsible for all oil related issues, empowered Millennium to conduct this transaction on their behalf as already provided to Brokers/Owners in February 2003.

Finally, those are the merits of the special arrangements we have been referring to all along. All actions taken on the ground recently, including but not limited to, the safe passage of the vessels going in and out loaded with Iraqi crude oil are a reflection of the legitimacy

Message Continues...

of our transaction based on all the facts stated above.

We hope we made all the facts clear and available to all parties concerned. Once again we reiterate the importance of maintaining the confidentiality of this matter for reasons already explained to Odin Marine.

Best Regards

Ahed M. Sukhon
Vice President & Assistant to the Chairman
Shaheen Business & Investment Group
Tel: ++962 [redacted]
Fax: ++962 [redacted]
Mobile: ++962 [redacted]

REGARDS
MICHAEL RICHARDS
ODIN MARINE INC

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Fax: [redacted]
Telex: [redacted]
E-mail: [redacted]

Fax: [redacted]
Telex: [redacted]
E-mail: [redacted]

---------- End of Message ----------

Message Printed on 3/5/2003 10:48:57 AM by DEY RefNum:DEY2128089

From/To: Multi-dest
Msg Recvd/Delivered: 3/2/2003 7:06:53 AM
SUBJ: ARCADIAN I / MILLENIUM DEPARTURE CLEARANCE

NOTE TO FILE - MARCH 2ND, 2003

REF ARCADIAN I / MILLENIUM

FM: DAVID YOUNG

TO FILE (MHR + RL)

PRIVATE AND CONFIDENTIAL - FOLLOWING IS A PARAPHRASING OF MY CONVERSATION WITH COMMANDER FRENCH - IT IS MEANT AS AN INTERNAL MEMO TO FILE AND NOT TO BE DISCUSSED WITH ANY OUTSIDE PARTY WITHOUT FIRST DISCUSSING WITH ME.

THIS MESSAGE MEANT FOR OUR FILE ON THIS VESSEL AND NOT FOR ONWARD TRANSMISSION TO ANY OTHER PARTIES WITHOUT FIRST DISCUSSING WITH ME.

AT 0025 - 0035 NYT MARCH 1ST, 2003 I HAD A CONVERSATION WITH COMMANDER HAROLD J. FRENCH COAST GUARD LIASON OFFICE TO USN CENTRAL COMMAND IN BAHREIN.

I ADVISED COMMANDER FRENCH WHO I WAS, PARTNER IN ODIN MARINE ETC-- , THE BROKERAGE FIRM THAT HAS ARRANGED CHARTERS FOR ACCOUNT OF MILLENIUM AND THAT THE M/T TANKER 'ACADIAN I' WAS DUE TO SAIL KHOR AL AMAYA MARCH 1ST AT 0900 WITH THE TIDE. COMMANDER FRENCH ADVISED THAT THAT HE HAD NO OBJECTIONS. HE ASLO SAID THAT HE WAS SORRY HE COULD NOT SAY ANYTHING MORE. I TOLD HIM I COMPELETELY UNDERSTOOD AND DID NOT EXPECT HIM TO SAY ANYTHING MORE.

HE ASKED HOW MANY SHIPMENTS THIS WAS. I TOLD HIM THIS WAS THE THIRD VESSEL THAT HAD ACTUALLY LOADED (IE. ARGOSEA, EAGLE AND NOW ACADIAN I) HE ASKED HOW MANY MORE VESSEL I EXPECTED. I TOLD HIM ONE VESSEL I THOUGHT WAS GOING TO BE CONFIRMED IN THE MORNING (DID NOT MENTION NAME OF VESSEL TO HIM BUT WAS THINKING OF M/T SEA VICTORY). I ALSO TOLD COMMANDER FRENCH THAT WE HAD A COUPLE VESSELS THAT WERE HESITANT TO LOAD DUE TO THE RECENT PUBLICTY ETC-- AND MAY PULL OUT OF THESE CHARTER PARTIES. HE RELATED THAT THE RECENT PUBLICTY HAD MADE HIS LIFE VERY DIFFICULT AND COULD UNDERSTAND HOW RECENT EVENTS COULD MAKE THINGS DIFFICULT IN THIS REGARD.

I ALSO ASKED COMMANDER FRENCH AS A METHOD OF PROCEDURE IF I COULD CONTINUE TO CALL HIM TO REQUEST PERMISSION FOR VESSELS TO PROCEED TO AND DEPART FROM IRAQ AND HE SAID THAT WOULD BE OKAY.

WE HAD A NICE CONVERSATION - I TOLD HIM I HAD BEEN IN THE COAST GUARD AND HAD GRADUATED FROM THE ACADEMY IN 1973. I ALSO TOLD THAT IN ORDER TO STAY UP THIS LATE ON A FRIDAY NITE THAT I HAD JUST WATCHED THE END OF A DOUBLE OVERTIME KNICKS GAME WHERE PATRICK EWING'S NUMBER HAD BEEN RETIRED. HE RELATED IT WOULD BE NICE TO BE BACK IN THE USA AND HAVE A NORMAL LIFE AGAIN. EVIDENTLY HE WORKS 7 DAYS A WEEK ETC-- I TOLD I HOPED WE COULD TALK ABOUT ALL THIS ONE DAY OVER A BEER WHICH HE SEEMED TO RECEPTIVE TO.

REGARDS
DAVE YOUNG

---------- End of Message ----------

JAN-12-1999 01:41P FROM:Howard Jaffe, ESQ [redacted] TO:[redacted] P:1/1

Subj: **Millenium Purchase for Governmentof Jordan.**
Date: 3/4/2003 3:55:13 PM Eastern Standard Time
From: HJaffeESQ
To: [redacted]

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Dear Michael: I called the U.S.Commerce Department to ascertain their position on Millenium's charter activities and carriage of Iraqi oil to Jordan's port for the Jordanian government. I was referred to Share Lustenow at the Office of the Middle East at 202 482 4442. The number I had called at Commerce was for the promotion not restriction on trade. Ms. Lustenow referred me to The Office of Foreign Assets Control of the Treasury Department (website www.treas.gov/ofac) and referred me to Ms. Amy Schedlebauer (pronounced Shuttlebauer) or Ms. Susan Sierra at [redacted]. I explained the situation to Ms Schedlebauer including the fact that the Charter Party required compliance with UN and International Law and that the Owners could be advised to call a default and cease performance. She responded that she would have to get back to me. She called back in about 2 hours and said that her office was "AWARE OF THE SHIPMENTS AND HAS DETERMINED NOT TO TAKE ACTION". She did not add "at this time". I noted that a further shipment was sought by Millenenium and did she have any advice on that. She repeated the quoted response and would say no more. I asked her to contact me if there was any change in position as my client's wished to act in the best interests of the U.S. It appears that they do not want to harm Jordan by interfering with its quest for oil before the impending conflict by seizing it. Let us discuss this further with Even.

Regards, Howard

Jordanian charter-ships loading ex Iraq

Through our market intelligence we have been able to identify which are the vessels that have been put on T/C by charterer, Millennium, who is indeed working on behalf of The Jordanian Government. Please find herein the following structure:

Vessels fixed and loaded

Vessel Name	Owner	Year	DWT	Period	Rate
M/T Artimis	Polemis	(76)	136	30 days/opt 30	25-27 K
M/T Argosea	Tsakos	(80)	155	30 days/opt 30	25-27 K
M/T Seacross II	Thenamaris	(86)	265	60 days/opt 60	30/35 K
M/T Sea Victory	Elka	(78)	132	30 days/opt 30	25-27 K
M/T Eagle	Dynacom	(78)	152	30 days/opt 30	25-27 K
M/T Arcadian	LMZ(ex)	(76)	260	60 days/opt 60	30/35 K
M/T Marine Pacific	Salisbury	(79)	398	45 days/opt	85 K net

*being used as storage off Fujairah. So far we understand this vessel to have onboard- approx 2.1 MB

Vessels fixed but not loaded

M/T Astro Pegasus	Polembros	(75)	81	30 days/opt 30	25 K net
M/T Mint Prosperity	Polembros	(74)	89	30 days/opt 30	25 K net
M/T Endeavor	Polembros	(76)	96	30 days/opt 30	25 K net
M/T Tasman Spirit	Polembros	(79)	87	30 days/opt 30	25 K net
M/T LMZ Christiana	LMZ	(81)	93	30 days/opt 30	25 K net

Vessels fixed and failed

M/T Navarino	Avin Oil	(82)	149	30 days/opt 30	25-30 K
M/T Violando	Golandris	(03)	308.5	60 days/opt 60	30/35 K

This vessel is being replaced with the following ship:

M/T Hua San	Ocean Tankers	(76)	254	did not reach agreement

The Jordanians fixed most of these ships(6 of them) between Feb.5-12. Owners asked for hire to be Paid up-front and all owners received funds except for M/T Navarino which coincidentally is the ship we had on subs loading out of MAB on Feb.8-10 through Odin Marine; this particular owner did not receive his hire-payment and went away fixing a cargo from Kharg Island going into the MED. Millennium fixed (Artimis/Argosea/ Seacross II/Sea Victory/Eagle) when the spot market was around 280/WS 65 and weakening so these charterers were able to attain good rates off the spot market. Odin Marine was very cooperative in giving me the above referenced structure for all ships under Millennium's charter and they indicated that all vessels were loading ex MAB and discharging into Fujairah with no other specific details. The first controlled Jordanian ship loaded ex Khor Al Maya was the M/T Argosea, this vessel arrived on Feb.11 and

B/L around Feb.17/18; this vessel before loading sat there alongside the berth without loading for three-four days until Chicksans were able to attain proper Hydraulic pressure needed to start pumping crude to the ship- this vessel discharged ex Fujairah and was re-delivered. We know for a fact that M/T Artimis loaded and now is being used as storage at Aqaba(Red Sea) alongside with M/T Berge Chief. The M/T Arcadian also loaded and has been reported as sold to undisclosed Buyer which has been rumored in the market to be the Jordanian Government- again this has not been confirmed. M/T Eagle loaded and drifted off Fujairah as of the 3rd decade Feb but also discharged ex Fujairah.
M/T Seacross II arrived at the North Anchorage Area on Feb.23/24 for loading at Khor Al Maya. As of today March 10, 2003 we just received confirmation that M/T SeaCross finished loading and is bound to sail to Fujairah sometime tonight weather permitting. Most recently around mid-March, this vessel transferred all her cargo to M/T Marine Pacific and then vessel was re-delivered back to owners. M.T Sea Victory – confirmed that this vessel was fixed by Millenium but due to the current media attention and political environment, Owners are reluctant to load this cargo unless Millennium gives them written assurances which I have been advised today(3/10) that charterers might be in a position to give to owners as early as tomorrow. Owners of Sea Victory has been in the market trying to fix the ship out on a clear effort to fix some other cargo that will take the ship on a longer voyage West. (3/26)It seems that at the end owners received what they were requesting because the M/T Sea Victory was loading up to the time when US Forces started the invasion of Iraq. Then, vessel proceeded to Fujairah where she off-loaded between 30-50 K bbls to Marine Pacific and thereafter vessel was re-delivered back to Owners. The M/T Marine Pacific was fixed by Millennium March 14-15 through MJLF at 95K – 10K address commission for 45 days. At this juncture, it is not clear what intentions Millennium holds with these ships so I will keep pressing MJLF for the information; for the time being vessel remains at safe anchorage off Fujairah.
Millennium fixed on March 14-17th all five aframaxes listed above for which they paid hire up to 30 days without loading any of them -so far. It is my educated guess that Millennium was hoping for a quick resolution in Iraq and planning to use
all these ships as small shuttle vessels to possibly the Marine Pacific-Keep in mind that this is a mere speculation on my part but I assure that this has been talk about by the Jordanians.
M.T Violando- as of today March 10, 2003 became free as Golandris told Millennium that they did not want to call at Khor Al Maya deeming the charter party null and void because charterers did not produce proper legal documentation. M/T Violando was replaced with the M/T Hua San, which after long negotiations also failed. After all the hype created by the Wall Street piece about these illegal activities nothing has been done and in the shipping community all owners feel very comfortable fixing with Millennium. Finally, it is also clear that Millennium will continue seeking tonnage; just yesterday March 25th I heard through several sources that they are currently negotiating a very old Suezmax for about 35 K day. Again what plans Millennium might have for the short-term is really unknown but it appears that Millennium is gearing up to continue the chartering of ships and now all NY brokers are showing them all possible tonnage that might come available in the Gulf.

Jean Johnston

[redacted] = Redacted by the Permanent Subcommittee on Investigations

From: john Irving [redacted]
Sent: Tuesday, May 13, 2003 5:12 AM
To: David Chalmers Jr
Cc: Jean Johnston
Subject: Petroline: conversation with Ali Jaffri

1) Ali was going to Jordan today but will now leave tomorrow 6am for lunch meeting with Ministry followed by meeting with PM

2) He needs the following on Bayoil Letterhead via fax (not E mail)-see fax number below.

a) Bayoil Proposal on the Seagull for discharge into Ain Sukhna
b) Bayoi Proposal for buying 750,000bbls Kuwait crude oil fob ex (I presume) Mina al Ahmadi:dates 15-20 May
c) Bayoil Proposal for floating storage (replacing Millenium Ships) with Bayoil option to buy depending upon international regulation changes
d) Bayoil Introduction for Ali to show Jordanians-he is acting on our behalf as a facilitator- "Agent" I suppose

(a) and (c) are done and just need to be put on Letterhead and faxed
(b) ?
(d) need to write, put on Letterhead, and send

3)Ali started talking about Seagull ($80kpd) going to Fujairah and the fob stem to Ain Sukhna. I am sure this is not correct so I corrected him. I told Ali that we ahd a provisional window at Ain Sukhna basis 25th May which we were attempting to bring forward. Today is holiday (again!) in ME so know more tomorrow. I will ring him on this point tomorrow

4)On the storage we have the following info

SHIP	VOL BBLS	MILLENIUM CONTRACT	EXPIRY DATE	RATE($kpd)
mint prosperity	585k	18/19 May(?) +15 days	2-3 June (?)	36
endevour 2	590k	18/19 May(?) +15 days	2-3 June (?)	36
arcadian 1	1629k	10 May+15 days	25 May	?
marine pacific	2731k	4 May +15 days	19 May	80-90

Ali said he had faxed a lot of docs to Houston office. On the question of the PROTOCOL - Ali said that this had been signed between Iraq and Jordan and had been vetted by the US State Department. This is one of the areas he will check tomorrow. He said if it was not clear why then was CALTEX looking to do the same deal for either Far East or South Africa

5) On the Seagull a factor of 80 cents needs to be considered as a cost. In addition Ali mentioned price off Seagull basis dated Brent-for which Bayoil could hedge

6)Ali asked whether we could supply Jordan with 150kt/ month of 180 cst fuel oil. I said yes.He also asked if we could supply fuel oil to Pakistan. I said yes.

7) Contact details:

Ali fax number (from US) 011 9714 3483043

OK

Jean Johnston

[redacted] = Redacted by the Permanent Subcommittee on Investigations

From: john irving [redacted]
Sent: Wednesday, June 11, 2003 8:23 AM
To: David Chalmers Jr; Bobby Hamblin; Jean Johnston
Subject: Second Meeting with Ministry of Energy in Amman 11th June 2003

Meeting at 11am in Ministry Office JI,AG,ZK, Minister, Farouq Al-Hiyari(FH)

1) M gave Saybolt test results -28.53 and 29.5, 3% and 2.8%. These are the qualities at Fujairah and are on quality certificates(see later)

2) I told M and FH that the %S results were higher than expected and this might have price issues which we will revert. He expressed frustration at the quality and I told him it was basically Basrah Medium.

3) M came back on our proposal on the following issues:

a) What is the SOMO esc/desc? I told him and showed how to work out for both cargoes.

b) M told me that he did not want WTI - x, or anything like that, but rather a fixed price because "Jordan was not speculators"

I told him that Jordan had been speculating since the day they bought these bbls FIXED PRICE and what was the problem with an additional 3 days?. M agreed that bbls were purchased fixed price and took our point. This subject was not developed upon me saying that perhaps we could offer M a fllor price whereby the cost of the put would be placed in cargo discount. M did not comment. I also told him that we could not agree to a fixed price prior contract agreement because we could not hedge until moment of agreement. He agreed -and understood- this.

I think we could, in a revised proposal, place a put option in the pricing on part of the volume(one ship)-OTC Morgan for eg-place the premium and a profit margin (hidden in the put premium) on the final discount to the Base Price. Clearly flat price is an issue for M.

c) M asked what our proposal was in value-I told him basis yesterday 11.50am London time-and also told him that mkt had gone up this morning

4) M then asked me where we were in terms of Banking issues. I told him the following:

a) We received yesterday pm in Houston an unsolicited offer from some Company in Stockholm which in turn had purchased from some Company called Industrial Development Corporation. Included in these docs was a clear refence to BNP. I gave a copy of these docs to M. M was clearly disturbed by this. I told him that the current uncertaintity in BNP was due to all these "shitheads" running around disturbing normative stratgeic thinking on financing.Furthermore I was counting on the fact that this Indonesian Company was the Company that was due to open LC by 10am this morning. Clearly he has not received this LC (because the Stockholm Company was seeking an LC from us). I asked M if the uncertain situation in BNP was due to this aproach and he did not disagree. I basically told him that people were running around try to get financial cover disturbing the whole issue.

b) I told M that both parties needed to work together to facilitate the comfort issue for the Banks. For this we would initially need the following:

REQUIREMENT	M RESPONSE
1. Seller' commercial invoice (Copy given)	Agreed
2(i). Original B/L on bbls loaded from UM Qasar	Disagreed-did not have*

(ii).Original Quantity Certicate from UM Qasar

Disagreed-did not have*

3. Original Quality Certificate from UM Qasar

Disagreed-did not have*

4. Original Certificate of Origin from UM Qasar

Disagreed-did not have*

5. (2-4 inclusive) but from STS or Fujairah

Agreed

In addition we would seek the following:

6. List of cargoes loading at UM Qasar and subsequent STS

Disagreed- M said J cannot go on record on this

7.Evidence of title of bbls to Ministry Agreed (see IDC document**)

8.Statement from M pertaining to importation reason Agreed (FH is working on this document***)
from Iraq* and the reason for re-exportation

9.Protocal between Iraq and Jordan FH said he would ask M and revert (M out of room)

10. Contract evidencing agreement between parties Agreed

In respect of the above 6-10 inclusive M indicated that J could produce no more docs and now it would be up to us

In addition we would provide following:

11. List of cargoes loaded at UM Qasar from market
12. OFAC and Exucutive Order dated 23rd May 2003
13. Response of OFAC to Bayoil enquiries
14. Various UN internal documents seeking to answer J's to remove J from obligations of importing Iraqi oil within the sanctions inherent within Resolution 661****

* M said no way would J "go public" on these bbls lifted from 03 and indeed it was very simple: "the bbls are to be lifted ex Fujairah"

M said that he had had a meeting with the " higher authourity" that morning (we know he met the PM) and that the movement of these bbls had the direct approval of the "White House". We believe that approval was succint at the time of original lifting and has been stated more forcefully at the Aqaba meeting early June-which is just after May23 (see below)

I pointed out to M that irrespective of the docs in point 12(see above) that none would be allowed to import bbls into US without at least the original Certificate of Origin. This would not be limited to our buyer's legitimately requesting this information

** I was somewhat critical of this document since I mentioned that whilst its contents were logical it had no bearing on any external international regulation and would not necessarily facilitate the transfer of the bbls to international mkts. M said doc had been created by in house lawyers.

*** FH is working on this document today. Basically it is going to state that J has these bbls for strategic stock reasons and quality discovery means that they cannot process these bbls in J for envoronmental reasons (J refineries lack hydrotreating facilitities.) There is evidence that these bbls have resulted in a recent refinery s/d for 22 hours but FH denied this.This doc will also highlight the reasons for re-sale.

**** M was very aware of these Meetings/ Letters but stated that they were UN in house and that it was no longer relevant since May23rd

I had hoped to receive from Houston some further matrix elements that we could currently put together to demonstrate justifications for requests, information for banks etc but I guess this is not yet ready.

M pointed out that we were "now in a complex situation" but I replied that this was normal due diligence in a complex area

5) The Strategy

1) When we have as many of the above docs as possible we send to Bank
2) Bank either accepts or rejects
3) If accepts : fine but if rejects: WHAT OTHER ASSURANCES DO THEY NEED?
4) THESE ASSURANCES WILL BE PUT STRAIGHT INTO CONTRACT AS CONDITIONS PRECEDENT

This strategy was presented to M and FH and I think they understood.

We understand from M's meeting with PM that M has secured permission to solve these issues asap. There is cudos here
There is a time pressure: elections 17th June and Iraqi crude coming out
6) Others

With regard to Petroline we understand that BB's brother was in Amman last week and perhaps there is a Pakistani angle here.
In addition M was very critical of this person "Saad" who we believe is the same guy i/c Millenium. M perceived that we Bayoil were behind Saad and that Saad is the main reason for all this bullshit. I understand from behind the scene comments that M thought that Bayoil were behind Saad and I picked this up and did not understand very brief particle lifetime comments in both meetings. The reason why => Bayoil was in the shit was nothing to do with Bayoil but was to do with a battle between Millenium and Petroline-always remembering that Millenium has been shown to us by Imran-a fucking Pakistani. I think that M has just found this out and that we have ALWAYS been clean. Hence the Meetings now.

JUN 12 2003 16:34 FR TO [redacted] P.02

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: [redacted]
E-Mail Address: [redacted]

June 12, 2003

[redacted] = Redacted by the Permanent Subcommittee on Investigations

VIA FACSIMILE - 202-622-0073

Mr. R. Richard Newcomb
Director
Office of Foreign Assets Control
U.S. Department of Treasury
Treasury Annex Building, 2nd Floor
Pennsylvania Ave. & Madison Pl., N.W.
Washington, DC 20220

Re: Purchase of Iraqi Crude Oil from Jordan

Dear Mr. Newcomb:

We are writing on behalf of Bayoil (USA) Inc., a Delaware corporation, to seek a clarification as to the application of Executive Order 13303 dated May 22, 2003 (the Executive Order"), and the General License set forth at 31 C.F.R. 575.533 (the "General License"). The clarification is being requested to satisfy the demands of the Bureau of Customs and Border Protection and the foreign banks expected to finance the proposed transaction.

We have been advised that the Government of Jordan has offered two cargoes of Iraqi crude oil to Bayoil's affiliate for purchase, which Bayoil proposes to transport and/or distribute to traditional customers in the United States. It is our understanding that this crude oil was acquired by the Government of Jordan prior to the issuance of the Executive Order and the General License. Bayoil has been led to believe that this crude oil was loaded at Khor Al Maya, Iraq, during late February 2003.

Bayoil has not been able to independently verify that the Iraqi crude oil was acquired as part of Jordan's annual allocation of Iraqi crude oil that was permitted by the U.N. 661 Committee outside of the Oil for Food Program. However, Bayoil is of the understanding that no such documentation of Jordan's right to purchase Iraqi crude outside the Oil for Food Program was ever provided by the U.N. in the past. Bayoil further understands that the original shipments were allowed to proceed to Fujairah

[redacted] = Redacted by the Permanent Subcommittee on Investigations

(present location) by U.S. Naval Inspectors, despite the fact that they had not sailed from a U.N. approved port.

Both cargoes are approximately 400,000 metric tons of Basrah Light Iraqi crude oil. The first cargo is presently loaded on the vessel Empress des Mers and the second cargo is presently on the vessel Hellespont Embassy. Neither we nor Bayoil can represent that this crude oil was originally exported from Iraq with the specific approval of the U.N.

Notwithstanding the uncertainty as to how it was acquired, the Government of Jordan is the present seller of the Iraqi crude oil, and Bayoil wishes to purchase it for resale in the United States. Bayoil represents that neither it nor any of its affiliates or their employees were involved in the export of the oil from Iraq or its purchase by the Government of Jordan.

We believe that the Executive order effectively terminates the U.S. Iraqi sanctions with respect to "any petroleum . . . originating in Iraq, including any Iraqi-origin inventories wherever located. . . ." Regardless of how or when this Iraqi crude oil was acquired by the Government of Jordan, it is Iraqi-origin petroleum "wherever located," and thereby falls within the scope of the Executive Order. Consistent with the Executive Order, the General License confirms that all transactions prohibited by Subpart B of 31 C.F.R. part 575 are authorized on and after May 23, 2003, except for certain transactions described in 31 C.F.R. 575.533(b) that do not appear to be applicable to the proposed transaction. Thus, we believe that Bayoil is not prohibited from purchasing this Iraqi crude oil or reselling it in the United States.

We seek confirmation of these conclusions from OFAC for two reasons. First, Bayoil has been advised by a representative of the Bureau of Customs and Border Protection that with respect to any Iraqi crude oil lifted from Iraq prior to May 22, 2003, they will require the importer to provide the usual documentation under the prior U.N. Oil for Food Program which includes a copy of U.N. 661 Committee contract approval and the letter from the U.N. Appointed Inspector, Saybolt, signed by the Vessel Master. We have been advised that neither documents are available with respect to the purchase of this crude oil.[1]

---

[1] The U.N. inspection certificate is not available because the cargo was loaded at an Iraqi port that did not have U.N. inspectors. If such crude was purchased by the

[redacted] = Redacted by the Permanent Subcommittee on Investigations

We respectfully request that OFAC advise Customs that such documentation is no longer required with respect to any Iraqi origin crude oil acquired by U.S. persons or imported into the United States after May 23, 2003.

Second, Bayoil's banks, located in Geneva, Switzerland, that finance such purchases have requested confirmation from OFAC that Bayoil will be permitted to purchase the Iraqi crude and resell it to a US purchaser in the U.S. We further request that OFAC provide such confirmation to the banks in whatever form is acceptable to OFAC and the banks.

We understand that the Government of Jordan is anxious to sell this crude oil quickly to avoid further costs of storage, and if Bayoil does not agree to purchase the crude oil soon, Jordan will be forced to sell to a non-U.S. buyer thereby denying U.S. companies the opportunity to purchase and use this Iraqi origin crude oil.

Both the Executive Order and the General License are intended to promote and facilitate the sale of Iraqi-origin crude oil in the world markets "wherever located", and Bayoil seeks this clarification and confirmation in order to permit such Iraqi origin crude oil to be sold into the U.S. market without fear of violating any remaining Iraqi sanctions or being detained at the U.S. discharge port due to bureaucratic delays.

Should you require any further information regarding this request, please contact the undersigned.

Sincerely,

George T. Boggs

GTB:ms

Government of Jordan, we have been advised by Bayoil that it understands that purchases by Jordan did not receive U.N. 661 Committee approval letters because such purchases were generally exempt from the Oil for Food Program.

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 [redacted]
E-Mail Address [redacted]

June 13, 2003

[redacted] = Redacted by the Permanent Subcommittee on Investigations

VIA FACSIMILE

R. Richard Newcomb, Director
Office of Foreign Assets Control
U.S. Department of Treasury
Treasury Annex Building, 2nd Floor
Pennsylvania Ave. & Madison Pl., N.W.
Washington, DC 20220

Re: Bayoil (USA) Inc. Purchase of Iraqi Crude Oil from Jordan

Dear Mr. Newcomb:

We are writing to request expedited treatment to our letter that was faxed to you on June 12, 2003, regarding a proposed purchase of two cargoes of Iraqi crude oil by Bayoil (USA) Inc., from the Government of Jordan. The two cargoes are valued at approximately $120,000,000 in the aggregate.

Since that letter was sent to you, we have been advised by Bayoil that the Government of Jordan has given Bayoil a deadline of the close of business on Monday, June 16, 2003, to confirm its proposed purchase of the two Iraqi cargoes. If Bayoil cannot obtain comfort from OFAC regarding its purchase of these cargoes by the close of business on June 16, 2003, it is likely the Government of Jordan will sell these cargoes to another non-U.S. buyer.

We recognize that OFAC has numerous pressing commitments, but we nevertheless respectfully request that OFAC provide us with at least an oral answer to the questions we presented in our letter of June 12, 2003, by close of business on Monday, June 16, 2003.

Thank you for your consideration. We appreciate your expeditious attention to this request.

Very truly yours,

George T. Boggs

1177 Avenue of the Americas • 41st Floor • New York, New York 10036-2714
Tel (212) 835-1400 • Fax (212) 997-9880
www.legalinnovators.com

[redacted] = Redacted by the Permanent Subcommittee on Investigations

GTB:ms

cc: David B. Chalmers, Jr.

JUN 13 2003 12:10 FR TO 0127#032955#0002 P.01

FAX TRANSMISSION

DICKSTEIN SHAPIRO MORIN & OSHINSKY LLP

DATE: June 13, 2003

CLIENT NO.: C2955.0002

MESSAGE TO: Mr. David B. Chalmers, Jr. / Ms. Jean Johnston

COMPANY: Bayoil (USA) Inc.

FAX NUMBER: [redacted]

PHONE: [redacted]

[redacted] = Redacted by the Permanent Subcommittee on Investigations

FROM: George T. Boggs

PHONE: [redacted]

PAGES (Including Cover Sheet): 3 HARD COPY TO FOLLOW: ____ YES X NO

SENT BY:		DATE/TIME:	

MESSAGE:

If your receipt of this transmission is in error, please notify this firm immediately by collect call to our Facsimile Department at 202-861-9106, and send the original transmission to us by return mail at the address below.

This transmission is intended for the sole use of the individual and entity to whom it is addressed, and may contain information that is privileged, confidential and exempt from disclosure under applicable law. You are hereby notified that any dissemination, distribution or duplication of this transmission by someone other than the intended addressee or its designated agent is strictly prohibited.

2101 L Street NW Washington, DC 20037-1526 Tel 202-785-9700 Fax 202-887-0689

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

JUN 18 2003

MEMORANDUM FOR GEORGE A. GLASS
DIRECTOR
DEPARTMENT OF STATE/EB/ESP

FROM R. RICHARD NEWCOMB
DIRECTOR
OFFICE OF FOREIGN ASSETS CONTROL ("OFAC")

SUBJECT IRAQ LICENSE REQUEST (IQ-214841)

OFAC has received correspondence from Bayoil (USA), Inc., ("Bayoil") requesting confirmation that the General License set forth at 31 C.F.R. 575.533 of the Iraqi Sanctions Regulations (the "Regulations") authorizes Bayoil to deal in, and to import into the United States, Iraqi-origin petroleum products exported from Iraq without formal approval from the United Nations 661 Committee prior to the lifting of the embargo against Iraq. According to Bayoil, the Government of Jordan is offering for sale 800,000 metric tons of Basrah Light crude oil (the "Cargo") presently located in Fujairah on board the Empress des Mers and the Hellespont Embassy. Bayoil has been lead to believe that the Cargo was loaded at Khor Al Maya, Iraq, during late February 2003 and was exported pursuant to Jordan's annual allocation of Iraqi crude oil. Bayoil understands that Jordan is now anxious to sell the Cargo in order to avoid further costs of storage.

In formulating our response to Bayoil's application, OFAC would like to have the views of the Department of State. Specifically, we request guidance from State as to whether the Cargo should be construed as a legal or an illegal export pursuant to the terms of the United Nations embargo. If State determines that the Cargo was exported in violation of the terms of the embargo, then we request guidance from State as to whether the General License should be interpreted as authorizing Bayoil to deal in, and to import into the United States, contraband Iraqi-origin petroleum products. If State's recommendation is to not interpret the General License in such a manner, then we request guidance as to whether State recommends that OFAC issue a specific license to Bayoil authorizing all transactions related to the importation of the Cargo into the United States. We note for the record that based on State referrals in 2001 and 2002, OFAC investigated transactions in Iraqi-origin oil by Bayoil but found no evidence of a violation of the Regulations.

Attachment(s)

davidc

From: Zeid khorma [redacted]
Sent: Thursday, July 03, 2003 3:57 PM
To: john irving
Cc: David Chalmers Jr
Subject: Re: Crude oil ex Iraq

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Dear John

I was referring to "approvals" from the authorities in the US, that's what I meant by "perform", and not Bayoil's ability to perform, I know what Bayoil's capabilities are very well. Because what I am afraid of is what happens when we are told to come, and OFAC approval is not in hand? Just imagine if we had been told to come a few days ago. Think about it.
I hope this clarifies matters.
As for the performance issue which you mentioned is currently being debated at Bayoil at the moment, please elaborate, if you think that my performance is not adequate, and please feel free to say it. However there are certain matters that take place that are beyond anyone's control, what happened lately was clearly something that had nothing to do with my performance. The same criteria can also apply to your side, when it comes to the OFAC approval. Some matters take time, and this matter is clearly beyond Bayoil's control, but I know that Bayoil is doing it's utmost to get it moving. Well the same applies for my side.
I made it very clear today up to what level I took the matter, therefore I would appreciate if my position in this transaction is made clear.
kind regards
Zeid

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

From: john irving
To: 'Zeid khorma'
Cc: [redacted]
Sent: Thursday, July 03, 2003 9:11 AM
Subject: RE: Crude oil ex Iraq

This is good news. However we have been here before.

Also-for you to say "we have done a lot so that you guys better perform" and , in the same sentence, to question the right of the WH to check some issues with the J Govn pertaining these bbls, places you in a position way above your stated position as an "agent" -or facilitating "broker"- on these bbls.

We will not accept these inappropriate statements coming from you. All we want from you is detailed information which we are not receiving. All we are receiving are assurrances and extended calendars.

This whole issue now depends upon OFAC of which the Minister gave us assurrances (June 11 in case you had forgotten) that he had "received approval at the highest level" which, may I remind you, you interpreted as being the White House. In addition you said that this point had been covered at Aqaba as well.
Therefore it is perfectly valid for the US to be completing the "circle"-a fact you fail to understand

In addition the fact that we are keeping a ship close to Empress at $X,000 pd is an indication of our intent.

Perhaps,Zeid, the" performance" issue is somewhere else; and this is a matter of internal debate in Bayoil at the moment

Think about it.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

-----Original Message-----
From: Zeid khorma [mailto[redacted]]
Sent: Thursday, July 03, 2003 3:41 PM
To: john irving
Cc:[redacted]
Subject: Re:

Dear John,

Further to my below message.
I was just informed that the Bayoil would be given priority in the 2nd shipment, and we would be contacted in due time. The matter has reached a level far higher than the ministry's level that we will have to wait for instructions what to do next. I know this still has not cut the cake yet, but at this level we will have to wait, but I am very comfortable that it has reached this level whereby no one can now interfere in this matter, and get us out.
Again I will keep you posted.
Best regards
Zeid

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

From: Zeid khorma
To: john irving
Cc:[redacted]
Sent: Thursday, July 03, 2003 4:44 AM
Subject: Re:

Dear John,

Please note that as I am sending this message a meeting is called to take place today on the highest levels for the 2nd shipment and on behalf of Bayoil.
I shall keep you posted of the conclusion.
Best regards
Zeid

---- Original Message -----
From: Zeid khorma
To: john irving
Cc:[redacted]
Sent: Wednesday, July 02, 2003 2:16 PM
Subject: Re:

Hi John,

We were informed that we would be getting the feedback we were longing by tomorrow upon which a decision would be taken. Rest assured that no decision would be taken without our man.
I know it is dragging on, but I hope it all ends to the positive.
best regards
Zeid

[redacted] = Redacted by the Permanent Subcommittee on Investigations

—— Original Message -----
From: Zeid khorma
To: john irving
Cc: [redacted]
Sent: Tuesday, July 01, 2003 11:48 AM
Subject: Re:

Dear John

Believe me I am as frustrated as you are. The situation as it stands now, has reached a political level, and not a commercial one. Yes we were told that Cargo would be offered to our directions if the L/C is not established. However since the high authority taking care of the matter is currently unavailable till tomorrow afternoon, we will have to wait till then.
Believe me John, the level we are talking to at this time is the highest and this restricts us by not going below. However I will try to call them tonight to see what indication we will get.
I wish I had more news for you, but believe me the level we have reached now is the highest.
best regards
Zeid

—— Original Message -----

From: john irving
To: 'Zeid khorma'
Cc: [redacted]
Sent: Monday, June 30, 2003 9:12 AM
Subject: RE:

Dear Zeid,

This was the situation on Thursday-and it seems that there have been no significant developments basis your enquiries. There is every possibility that we have entered another vacuum whereby the cargo suddenly appears with someone else, where I might or might not get a phone call with a direct offer. It was quite clear from your earlier message that if the lc was not opened by a certain date that this cargo would perhaps be coming in our direction. I see no evidence of that and this process has taken 4 days even though you are doing your best.

I cannot no longer be in the position of being wiser on "advice" but with no cargo. Ptse let me know as appropriate. Thanks. John.

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

From: Zeid khorma [mailto[redacted]
Sent: Monday, June 30, 2003 9:44 PM
To: john irving
Subject:

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Dear John,

The indications has shown that LC for the second shipment has not yet been opened.

We are verifying and will advise you.

Best regards
Zeid

davidc

From: john irving [redacted]
Sent: Monday, December 01, 2003 12:30 PM
To: David Chalmers Jr
Subject: FW: Follow up to Conversation between AG and JI dated 27th November 2003

[redacted] = Redacted by the Permanent Subcommittee on Investigations

-----Original Message-----
From: john irving [mailto[redacted]
Sent: Monday, December 01, 2003 6:28 PM
To: '[redacted]
Cc: [redacted]
Subject: Follow up to Conversation between AG and JI dated 27th November 2003

Dear Augusto,

Following our conversation on 27th November re: Italy, J and AD I have had a brief conversation with David. From that latter conversation a number of questions have arisen that are associated with the need for due diligence on the logic of position discovery and to assure that we are moving in the correct direction on the initiatives you have proposed or discussed in relation to the same.

1. On Italy I cannot add very much since not familiar with all issues surrounding C and your current discoveries in that direction. Apparently there has been previous evidence of a sort of conspiracy against the C company, which apparently has been ratified by your further due diligence. While I am sure there is a certain consolation in the ratifications of your suspicion in this matter, my suggestion to you would be that you send an e mail/ fax to David outlining your progress and key points of objectivity as to how the situation currently stands and how this development affects plans or prospects of the company now. I cannot say anything else.

2. J.

i. Old BBL Empress: We are concerned and confused by comments suggesting we now have priority with M.O., first right refusal on these barrels in context with pushing OFAC versus our previously stated position and/or history on this matter as follows:
- We have made a concerted effort to purchase such quantities via your assistance previously on the basis we were assured that such a transaction was approved at the highest levels in D.C.
- As such we applied for an OFAC license for a provisional transaction which after six plus weeks of work by our D.C. attorney's ($10,000+), are were advised that no such license would be granted, without explanation. Therefore, since these facts were related to you and we don't have a "get out of jail free card," we are surprised by your continued inquiry about our interest or suggestions to push OFAC. What has really changed or what evidence exist which implies a change in policy in this matter?

ii. New J. Barrel Allocation:
- We are not really sure what is meant by or the potential necessity of a unique agreement or arrangement.
- If they are not intending to use these barrels in their system, and they are not prohibited in selling such quantities for other destinations, then we could be interested to purchase such quantities on mutually agreed terms.

Note:
- As many contracts have been awarded to refiners which do not want any or all of such quantities we have been regularly offered such quantities at reasonable premiums, which thus far we have not bought due to concerns over the O.S.P.

In principle, we could have interest on reasonable terms provided flexibility in lift periods/destination would be conveyed.

iii. Product Supply 2003:

Note:

- As with many current crude contract holders, Bayoil has been given indication from S.O.M.O. that cooperation could be extended to include product supply if Bayoil was interested, on terms similar to others.
- We have been corresponding with the S.O.M.O. man in charge of such operations and as of yet, have not seriously pursued the matter due to typical logistical, practical concerns about trucking etc., which as in previous periods 1987-1989, have only become more difficult, particularly for a non-local company.
- In respect to the above we do not see the logic or obvious advantages of pursuing the same opportunity through certain people from J., and complicated by a request for establishing a joint venture. Maybe we are missing something, for example a substantial price difference available to these people. Please advise.

3) AD

a) The '40-60' allocation: is there a letter from 03 authorizing this entitlement?
b) The letter from you to AD I understand was just from you to AD and none else. I understand that this letter referred to historical lifting's and capabilities. Could you please fax us a copy of this letter
c) I understand that you are working on the following structure: 03->AD->B-> market
d) On this basis (see (c) above) you require bank comfort and refinery contracts (anywhere in world) backing. You mention that this is for the internal comfort of AD in order to prevent "embarrassment down the road". This is strange-since they are currently key requirements of 03 for individual contracts. Therefore I can only think it is for AD to pass on to 03. Am I correct in this point? Obviously the reason for the question is that one must be very selective and careful how refineries are "presented" to 03
e) Therefore there has been requests made to AD by 03. Do we have a copy of this request?
f) Who in 03 is AD talking to?
g) Is the DUB participation part of the same allocation or different. ? If different is the DUB allocation on the same logic? If different are you working with the DUB people as well?
h) When do 03 want the AD (and DUB if different) allocation to commence?

Note: As you are aware, there remains a primary policy to sell to refiners, with Bayoil's exception due to our historical distribution practice and capabilities to distribute partial cargos to primarily independents. We currently have agreements to support this continued activity and are assured as exports grow and we add refinery agreements our supply volume will grow correspondently.

Therefore, how does arranging such an agreement for another company improve our situation?

Further if this allocation is based on the concept of a pan Arab cooperation, then there should be certain flexibility granted to them and/or correspondence outlining the situation.

Augusto, I am sure you agree that the questions and/or points raised above are relevant to any strategy which might be developed to pursue the initiatives you have proposed on a going forward basis.

Meanwhile, I understand there are several unresolved issues with David regarding past cooperation on initiatives which you were handling which require additional clarification.

As such, I understand David is attempting to summarize these matters in a letter to be forwarded shortly, in the spirit of past and future cooperation.

Thanks

Regards

John

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

FAC No. IQ-214841

AUG 12 2004

Bayoil (USA), Inc.
c/o Dickstein Shapiro Morin & Oshinsky LLP
2101 L Street NW
Washington, D.C. 20037-1526
Attn: George T. Boggs

Dear Mr. Boggs:

This letter responds to your June 12, 2003 letter to the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), and additional correspondence dated June 13, 2003, on behalf of Bayoil (USA), Inc., seeking clarification as to the application of section 575.533 of the Iraqi Sanctions Regulations, 31 C.F.R. Part 575 (the "Regulations"), effective May 23, 2003, on a potential purchase by Bayoil of 800,000 metric tons of Iraqi-origin Basrah Light crude oil from the Hashemite Kingdom of Jordan that may have been exported from Iraq without written authorization from the United Nations 661 Committee prior to May 23, 2003. Under Executive Order 13350, effective July 30, 2004, President Bush has terminated the national emergency with respect to Iraq declared in Executive Order 12722 of August 2, 1990 and implemented by the Regulations. This matter is thus no longer under the jurisdiction of OFAC. Accordingly, your request for clarification as to the implementation of the Regulations in the circumstances described in your correspondence to OFAC is being returned without action.

Sincerely,

R. Richard Newcomb
Director
Office of Foreign Assets Control

Enclosure

Excerpted from the Comprehensive Report of the Special Advisor to the DCI on Iraq's WMD, September 30, 2004

An ISG Translation of the 2003 Iraq-Jordan Trade Protocol Agreement (part 1/2003)

By the Name of God, the merciful, the compassionate

Agreement Record
Number (1 / 2003)
Regarding preparation for crude Oil and its derivatives
From Iraq to Jordan for 2003

During the visit of the Minister of Energy and Minerals of Jordan to Baghdad from the period of 19th to the 21st of November of 2002, a meeting took place between the Iraqi Minister of Oil and the Minister of Energy and Minerals of Jordan, wherein they studied the preparation related to the Iraqi crude oil and its derivates to Jordan through 2003, and both agree on the following:

Firstly:
A. President Saddam Husayn (May God protect him), authorized a grant of $300 million to the people of Jordan. The grant will be from the value of oil and its derivatives that Jordan imports during 2003.
B. The grant will be deducted from the value of crude oil in the amount of $25 million monthly.
C. If the total value that is mentioned in paragraph (A) drops down to $600 million in year 2003, the grant will drop by 50% of the total dropped value, and the annual deduction will be adjusted in November and December of 2003.
D. The grant should not be less than $200 million.

Secondly:
There will be $45 million allocated for the commercial exchange agreement, (which is $3.75 million monthly) from the total value of derivatives that is utilized by Jordan for local consumption during 2003. Also, on the grounds of the same agreement, $15 million shall be allocated from the total value of liquid gas that Jordan imports from Iraq for local consumption in 2003. These amounts shall be used for financing exports related to improving, supplementing, necessity, and spares from the Jordanian Oil Refinery Company, for the benefit of the Iraqi, Ministry of Oil. The above mention materials and the materials produced in Jordan shall be paid via the Jordanian Oil Refinery Company.

Thirdly:
All dues from crude oil that is imported from Iraq to Jordan in 2003 shall be paid in cash, and the funds shall be utilized for the same goals that are mentioned in the second paragraph and via the Jordanian Oil Refinery Company.

Fourthly:
Shall agree on the equality of oil and derivatives prices as mentioned in the agreement record number (2/2003), between the Ministry of Oil, Oil Marketing Company and the Ministry Of Energy and Minerals in Baghdad dated November 21, 2002.

Written and signed in Baghdad on Ramadan 16, 1423 H
Corresponding, November 21, 2002

[Signature]

From the Iraqi side
Dr. Aamir Mohamed Rasheed
Minister of Oil

[Signature]

From the Jordanian side
Engineer, Mohamed Batayna
Ministry of Energy and Minerals

Permanent Subcommittee on Investigations
EXHIBIT #42

An ISG Translation of the 2003 Iraq-Jordan Trade Protocol Agreement (part 2/2003)

Agreement Record
Number (2/2003)

During the meetings that convened at the Oil Marketing Company in Baghdad between November 19th 21st of 2002, concerning the Iraqi and Jordanian study related to the supply of crude oil and its derivatives from Iraq to Jordan for the local consumption for year 2003, have concluded the following:

Firstly: Quantities and daily average:

A. Crude oil:

The two parties agree that the Iraqi side shall supply a total quantity of crude oil in 2003 estimated to be 4.04 million tons, (plus or minus 10%) to be distributed in the months of the year, in accordance with the following daily average (ton/day):

Month	Quantity (ton/ day)	Month	Quantity (ton/ day)
January	12,000	July	12,000
February	12,000	August	11,000
March	12,000	September	11,000
April	12,000	October	11,000
May	4,000	November	12,000
June	12,000	December	12,000

B. Derivatives:

The two parties agree that the Iraqi side shall supply quantities of derivatives to Jordan through 2003, as follows:

- Fuel oil 520 thousand tons plus/minus 10%
- Gas oil [al solar] 250 thousand tons plus/minus 10%
- Liquid gas 95 thousand tons plus/minus 10%

The average daily supply shall be in accordance with this chart for the months of the year:

Month	Fuel Oil Tons/ Day	Gas Oil [al Solar] Ton/ Day	Liquid Gas Ton/ Day
January	1000	600	450
February	1000	600	450
March	1000	600	350
April	1200	600	250
May	3200	700	250
June	3200	700	200
July	1400	700	100
August	1000	700	100
September	1000	700	100
October	1000	700	300
November	1000	800	350
December	1000	800	350

And a follow up on supplying crude oil and derivative quantities as indicated on the mentioned charts and its transfer, receiving shall be pursued in coordination with the two sides. In addition, the two sides shall audit the total quantities and the daily average, according to actual needs and in conformity with the operation conditions with the two sides. If the Jordanian Side wishes to change the average daily quota, the Iraqi side shall be notified 15 days prior to the new day of the daily quota.

C. The supply of the liquid gas shall be 25% propane, and 75% butane for the quantity of 350 tons per day, any additional supplies will be on the basis of flexibility in specifications to 40% propane and 60% butane.

D. The fuel oil shall be supplied with no less than 60 degrees of ignition.

Secondly:

Prices and other conditions:

A. Crude Oil

1. Between January 1st, 2003 and December 31, 2003, the price of crude oil shall be in accordance with the pricing formula demonstrated below:

The light, Basra crude oil price shall be paid in USD per barrel, the price is for a tank load from station (T1) in Iraq that will be equal to the light Basra crude oil that is announced for Europe, from the delivery of the Arab Gulf for the month that the load occur, minus $0.95 per barrel, from December 31, 2002, a review on the amount will occur if changes ensue on transportation fare.

In case the actual price is higher than $20 per barrel, the Jordanian side will be granted a deduction of 40% for the increase for the light Basra crude oil that is announced in Europe.

2. The Jordanian side shall be granted a special reduction as we agree in the report number (5/2002) dated November 21, 2001.

3. The payment of the prepared crude oil shall be paid within a month (30 days) after the load is completed.

4. The Ministry of Energy and Minerals shall establish a letter of credit from the Jordanian Central Bank, which shall have a paragraph implying acceptance of the shipping documentation in case its value exceeds the monthly value as stated in this credit.

B. Derivatives:

The prices of derivatives mentioned above which will be supplied to Jordan from January 1st, 2003 to December 31, 2003 shall be as follows:

1. Fuel oil:

The price per metric ton of fuel oil that is loaded monthly on tankers in Iraq's storage by dollar shall be the average monthly of the fuel oil FOB, Italian base according to the published bulletin of PLATTS market of Europe(3.5% fuel oil) for the loading month with a deduction of $2.5 per ton.

2. Gas oil (Alsolar):

The price of one barrel of gas oil that is loaded monthly in (C&F) Al-Zarqua in dollars, for the monthly average prices for gas oil (FOB) at the Arab Gulf which published at the PLATTS market bulletin of Europe with deduction of two dollars per one barrel.

The same equation shall be applied, and the special condition for gas oil will pertain for kerosene if it is supplied to Jordan during the period of January 1st, 2003 to December 31, 2003.

3. Liquid gas:

A. Loaded on tankers from the refinery of Bayji/Kirkuk:

The price shall be in dollars and will be the monthly average of prices published at the bulletin of PLATT's LP Gas Wire for the metric ton of propane and butane gas for midwest, with the percentages of 75% butane and 25% propane, minus ten dollars per one unit of metric ton.

B. Delivery at Al-Zarqua refinery/Erbid/Amman:

One metric ton is equal to the mentioned price before deduction, as indicated in paragraph (A), plus 40 dollars per metric ton.

Benzene for automobiles:

If there is a need to import regular benzene from Al-Zarqua refinery, the supply shall be according to product availability in accordance with the pricing equation below:

The price of one barrel from regular benzene for vehicles on a basis of (C&F) Al-Zarqua is equal to the monthly average of the price of benzene for vehicles published in the bulletin of Argus Asia Products Report, titled FOB the Arab Gulf, minus $2 for every barrel and payment shall be made in cash.

Thirdly: Transportation fare:

The Jordanian Oil Refinery Company shall pay the transportation costs of gas, liquid oil, and other expenditures for sold quantities on the basis of (C&F) base on notice from the Oil Marketing Company, and it will be deducted from the total value of the product, as much as $15 per ton for the gas oil and in the amount of $50 per ton for the liquid gas and $17 per ton for benzene as transportation fees.

The Iraqi side shall continue to carry the liquid gas in case it wasn't possible to transport the quantity demanded. The Jordanian Oil Refinery Company can transport some of the quota based on its ability.

Fourthly: Crude oil:

The two sides agree that the Iraqi side shall supply the total quantities of the crude oil to Jordan with the same specification that were previously agreed upon, (except the adhesiveness specification for oil SN500, the minimum stickiness shall be 9.5 centimeter stock at 100 degree Celsius), this will be through 2003, estimated 17,140 tons plus or minus 10% distributed with according to the specifications and the month of the year as follows:

	Quantity (Tons/Year)	Quantity (Tons/Month)
SN100	40	One Quota
SN150	3000	250
SN500	9500	792
BS150	4600	383

And the price of these materials during the period of January 1st, 2003 and December 31, 2003 are as follows:

	C&F Al-Zarquaa
	Price (Dollar per Ton)
SN100	307
SN150	295
SN500	305
BS150	410

Fifthly:

The weight and measurements shall rely on shipment documentation at the loading location for the purpose of calculating quantities for all sorts of derivatives and contracts (FOB and C&F). The transportation contracts shall have a text that imply that the transporter shall carry the burden of value for the decrease for more than 0.5% for all oil products, except benzene, the percentage of decrease shall be more than 0.7%.

An ISG Translation of the 2003 Iraq-Jordan Trade Protocol Agreement (part 3/2003)

Agreement report
Number (3/2003)
Raw Oil and its production's transportation

During the meetings held in the Ministry of Oil in Baghdad from the 19th to the 21st of November 2002 between the Iraqi side and the Jordanian side (enclosed are the attendee's list) concerning the agreement of transporting raw oil and its derivatives to Jordan, both parties have agreed to:

First the crude oil
Starting 2/1/2003 the Iraqis will continue to deliver 28% of Jordan's needed crude oil which quantities and daily average have been decided in the agreement of (2/2003) dated and signed on 11/21/2002.

A. Based on the 7/2002 agreement which was signed by both parties for the period between the 1st and the 31st of January 2003, the shipping cost will be ten Jordanian Dinars per ton minus 200 Jordanian Fils towards safety, transportation arrangement and road maintenance for the oil tankers during the bidding execution period. Additional seven Fils will be applied for each kilometer/ton in the case of any change of shipping or delivery distance.
B. Shipping costs will be determined starting 2/1/2003 through the relegation of the tender's decision for shipping the crude oil that was issued by the Jordanian Ministry of Energy and Minerals.
C. The Jordanian side will furnish the Iraqi one with a list of the transportation companies detailing the quantities of the crude oil for the entire period, when forwarding tender # 2 for the year 2002 which covers the period between 2/1/2003 and 1/31/2004 to the Jordanian transporting companies.
D. Arrangements and communication will be maintained regarding road maintenance between the crude oil shipping stations in (T1) and the Iraqi-Jordanian border, in order to follow up and implement the plan in the shortest possible period and to improve the crude oil's tanker line.

Secondly: oil derivatives
The Iraqi side will continue to ship the needs of Jordan's oil production for 2003. Quantities and daily and monthly averages were decided based on agreement number 2/2002 signed by both parties, on 11/21/2002 as follow:

1) Heating Oil

a) Shipping cost per ton from 1/1/2003 through 1/31/2003 will be as follows:

From	To	Jordanian Dinar/Ton
Bayji	Al Zarqaa	13.054
	Al Aqabah	17.640
Al Dowrah	Al Zarqaa	11.604
	Al Aqabah	17.0227

b) Shipping cost to and from different locations will be set starting 2/1/2003 in Jordanian Dinar per ton according to the following formula:

$$\frac{\text{Cost according to (A-1) of the minute \# (7/2002) X shipping cost of the crude oil applied starting 2/1/2003}}{9.80}$$

2) Crude, Liquid and Gas Oil (Solar)

The Iraqi side will continue to ship Jordan's actual need for 2003 according to agreement (2/2003) signed on 11/21/2002 in Baghdad.

Thirdly:
The Iraqi side will commit to the predetermined regulation number (42) of 2002 and the decisions issued by the Jordanian Cabinet of Ministers when dealing with the maximum dimensions, total weight, and engine capacity of the crude oil tankers.
According to the Minister's Cabinet decision number 1626 dated 6/25/2002, the maximum total weight should not exceed five tons per truck (tanker), excluding the liquid gas tankers.

Fourthly:
The Oil Production Distributor Company will be in charge of shipping the above mentioned crude oil and all of its derivatives for the benefit of the Jordanian side.

The Distribution Company will continue to authorize the Iraqi Jordanian Land Transportation Company to operate the transportation and to receive its dues according to the rules in regard to the crude oil and the fuel oil only. The Jordanian party will be notified in a timely fashion in case of any changes.

Fifthly:
The monthly quantity of crude oil and its derivatives needed to be shipped will be decided in a letter, fax or telex issued by the Ministry of Energy and Mineral Resources and directed to the Oil Marketing Company. Copies will be sent to the Oil Production Distribution Company and the Technical Department of the Ministry of Oil.
In case of a program change, the other party will be notified prior to any changes, while the Iraqi side is gradually reaching the needed quantity by increasing or decreasing within maximum of ten days from the notification date, in order to avoid the overloading up trucks waiting to offload in Jordan, and to make available the needed number of containers. Follow up of the situation in the trucker lots will be taken care of by the Ministry of Energy and Minerals Resources, or by the Jordanian Oil Refining Company.

Sixthly:
Transporting the imported quantities will be managed by the Oil Production Distribution Company according to agreement number (2/2003) which indicated change in the quantity needed to be transported not to exceed plus or minus 10%.

Seventhly:
Loading locations in Jordan will be switched in coordination with the Oil Production Distribution Company.

Eighthly:
Periodical meetings will be conducted by a coordinated committee from both parties to follow up with the transportation plan.

Ninthly:
The entity that is authorized by the Oil Production Distributor Company will ship the crude and raw oil, and then submit its inquiry in accordance with the Ministry's instructions to the Energy and Mineral Resources Ministry.

Tenthly:
The entity/entities responsible for shipping the crude oil and its derivatives shall pay the difference between the shipped and received quantities in the receiving locations, according to the shipping documentations, taking into consideration the 7% allowance for the benzenes and 5% for the crude oil and other production.

Eleventh:
Coordination between the Jordanian Refinery Company and the Oil Production Distribution Company will be directed to overcome any problems concerning the tanker's accumulation and to avoid any future oil transportation problems regarding the oil production. Concerning crude oil, an arrangement will be made through the Ministry of Energy and Mineral Resources.

Twelfth:
Status of the Iraqi tankers will be followed by the Oil Production Distributing Company in order to ensure its safety.

Thirteenth:
The Oil Production Distribution Company will identify and direct the tankers to the offload locations. Any tanker not in its specified location as stated on the shipping policy (issued by the shipping center and endorsed by the Oil Production and Distribution Company) shall not be offloaded by the Jordanian Refining Company, in addition the Oil Production and Distribution Company must be notified.

Fourteenth:

A. Based on its ability, the Oil Production Distributing Company will ship the Jordanian Refining Company's needs for liquid and gas oil (Solar) directly from Iraq to Al Aqabah.
B. The Jordanian Refining Company shall pay any discrepancies in shipping cost from Al Zarqaa and Al Aqabah to the authorized entities by the Oil Production and Distribution Company as follows:

- Gas Oil (Solar)	(10) Dollar/Ton
- Liquid Gas	(18) Dollar/Ton

Fifteenth:
Based on the Jordanian request, the Oil Production and Distributing Company offered to ship the extra quantities of the liquid gas imported through Al Aqabah port to its storage locations in Al Zarqaa, Amman, and Irbid using its own tankers according to a separate agreement to be signed between the Oil Production and Distribution Company and the Jordanian Refining Company Ltd., similar to the agreements signed in earlier years.

Sixteenth:
The Distribution Company or its authorities will ship the oil derivatives, request the Jordanian Oil Refining Company according to its regulation to pay the shipping cost and receive all dues directly.

Seventeenth:
The Oil Production and Distribution Company will be exempted from all applicable fees existing in the Kingdom of Jordan.

Eighteenth:
This agreement is expandable to include any additional needed periods pending an acceptance by both parties.

Written and signed in Baghdad on Ramadan 16th 1423
November 21st 2002

[Signature]	[Signature]
By Jordanian side	By Iraqi side
Engineer Azmy Khrisat	Saddam Zaban Hasan
General Trustee	Deputy
Ministry of Energy and	Oil Ministry
Mineral Resources	

[List of attendees

Jordanian Side	**Iraqi Side**
1. Engineer Azmy Khrisat	1. Mr. Saddam Zaban Hasan
2. Mr. Ezzuddeen Kanakryyah	2. Mr. Thamir Abbas Ghadban
3. Engineer Abdul Kareim Alawein	3. Mr. Sameer Mikhail Asaad
4. Engineer Wijdan Al Rabady	4. Mr. Fadil Muhammad Baqir
5. Mr. Hazim Rahahlah	

RB

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
- - - - - - - - - - - - - - - - - - - -x

UNITED STATES OF AMERICA	:	INDICTMENT
- v. -	:	
DAVID B. CHALMERS, JR., JOHN IRVING, LUDMIL DIONISSIEV, BAYOIL (USA), INC., and BAYOIL SUPPLY & TRADING LIMITED,	:	S1 05 Cr. 59 (DC)
Defendants.	:	

- - - - - - - - - - - - - - - - - - - x

COUNT ONE

(Conspiracy to Commit Wire Fraud and to Engage in Prohibited Financial Transactions with Iraq)

The Grand Jury charges:

THE OIL-FOR-FOOD PROGRAM

1. On or about August 6, 1990, approximately four days after the Iraqi army invaded Kuwait, the United Nations imposed economic sanctions on the Government of Iraq. These sanctions prohibited member states of the United Nations from, among other things, trading in any Iraqi commodities or products. The United Nations continued to enforce these sanctions up to and including in or about 2003.

2. On or about April 14, 1995, the Security Council of the United Nations adopted Resolution 986, which authorized the Government of Iraq to sell oil under certain conditions – principally, that the proceeds of all sales of Iraqi oil were to be deposited into an escrow bank account monitored by the United

Permanent Subcommittee on Investigations
EXHIBIT #43

Nations and used only to purchase various humanitarian goods for the benefit of the Iraqi people. The Government of Iraq agreed in writing to the terms of Security Council Resolution 986 after more than a year of negotiations over the particular methods of implementing this arrangement.

3. The United Nations Office of Iraq Programme, Oil-for-Food (the "Oil-for-Food Program") was subsequently established to administer, among other things, the sale of oil and purchase of humanitarian goods by Iraq. A special bank account was established at a bank in Manhattan (the "Oil-for-Food Bank Account") to handle these sales and purchases. The United Nations' economic sanctions on Iraq remained in place for all trade and transactions not authorized by the Oil-for-Food Program.

4. During the operation of the Oil-for-Food Program, federal law prohibited United States companies and individuals from executing contracts or engaging in a variety of transactions with the Government of Iraq unless they received a license issued by the Department of Treasury's Office of Foreign Assets Control.

5. The Government of Iraq began selling oil pursuant to the Oil-for-Food Program in or about December 1996. Between in or about December 1996 and December 2002, the Security Council of the United Nations adopted a series of resolutions that re-authorized the Oil-for-Food Program for approximately thirteen 180-day phases of operation. Throughout each of these phases, the price at which

Iraqi oil was sold under the Oil-for-Food Program – known as the Official Selling Price ("O.S.P.") – was established in Manhattan by a rotating group of United Nations oil overseers, who attempted to set the price at the highest rate bearable by the market in order to maximize the revenue generated by the Oil-for-Food Program. This, in turn, would increase the amount of humanitarian goods that could be purchased through the Oil-for-Food Program for the Iraqi people.

6. Under the Oil-for-Food Program, the Government of Iraq alone had the power to select the companies and individuals who received the rights to purchase Iraqi oil. During every phase of the Oil-for-Food Program, officials at the highest levels of the Government of Iraq selected a group of companies and individuals to receive the rights to purchase certain quantities of Iraqi oil at a certain price per barrel (frequently referred to as "allocations" of oil). These companies and individuals – many of whom were not otherwise involved in the oil industry – were able to reap large profits by selling their allocations of Iraqi oil to brokers and/or companies capable of transporting the oil to a refinery.

7. From at least in or about 2000, up to and including in or about March 2003, officials of the Iraqi Government conditioned the distribution of allocations of oil under the Oil-for-Food Program on the recipients' willingness to pay a secret surcharge to the Government of Iraq (hereinafter, the "Surcharge

Scheme"). The Government of Iraq directed that these surcharges – representing a percentage of the total amount of each oil contract and totaling at least several hundred million dollars – be paid to front companies and/or bank accounts under the control of the Iraqi Government in various countries in the Middle East and elsewhere.

THE DEFENDANTS

8. At all times relevant to this Indictment, DAVID B. CHALMERS, JR., the defendant, was a citizen of the United States, a resident of Houston, Texas, and the sole shareholder of BAYOIL (USA), INC., the defendant, which was an oil company based in Houston, Texas, and incorporated in the State of Delaware.

9. At all times relevant to this Indictment, DAVID B. CHALMERS, JR., the defendant, was the sole shareholder of BAYOIL SUPPLY & TRADING LIMITED, the defendant, which was a company based in Nassau, Bahamas, and incorporated in the Bahamas. At all times relevant to this Indictment, accounting, business, and other affairs for BAYOIL SUPPLY & TRADING LIMITED were conducted from the Houston offices, and by the employees, of BAYOIL (USA), INC., the defendant (collectively, the "BAYOIL COMPANIES").

10. At all times relevant to this Indictment, JOHN IRVING, the defendant, was a citizen of the United Kingdom, a resident of London, England, and an oil trader. Between at least in or about 2000, up to and including in or about March 2003, IRVING and DAVID B. CHALMERS, JR., the defendant, worked together

to purchase Iraqi oil on behalf of the BAYOIL COMPANIES, the defendants.

11. At all times relevant to this Indictment, LUDMIL DIONISSIEV, the defendant, was a citizen of Bulgaria, a legal permanent resident alien of the United States, a resident of Houston, Texas, and an oil trader. Between at least in or about 2000, up to and including in or about March 2003, DIONISSIEV and DAVID B. CHALMERS, JR., the defendant, worked together to purchase Iraqi oil on behalf of the BAYOIL COMPANIES, the defendants.

MEANS AND METHODS OF THE CONSPIRACY

12. At all times relevant to this Indictment, DAVID B. CHALMERS, JR., the defendant, directed, arranged for, and supervised the purchase of Iraqi oil by the BAYOIL COMPANIES, the defendants, from recipients of oil allocations under the Oil-for-Food Program or from brokers working on behalf of those recipients. In purchasing these allocations of Iraqi oil, CHALMERS and the BAYOIL COMPANIES followed the typical industry practice by agreeing to pay (a) the O.S.P. (Official Selling Price) to the Oil-for-Food Bank Account, and (b) a commission to the allocation-holder and/or broker. The commissions represented, in theory, a portion of the price above O.S.P. that the oil market could bear.

13. After allocations of Iraqi oil were purchased in the manner described above, representatives of the BAYOIL COMPANIES, the defendants, arranged through facsimile and electronic mail

transmissions, and telephone calls, for cargo ships to lift the oil from Iraq and transport it to downstream purchasers (usually, larger oil companies with their own refineries). Typically, after successfully lifting the oil from Iraq, a representative of BAYOIL (USA), INC. would cause the appropriate funds to be wired to the Oil-for-Food Bank Account in Manhattan, and to the allocation-holder and/or broker.

14. On a regular basis from at least in or about 1997, up to and including in or about March 2003, DAVID B. CHALMERS, JR., the defendant – on behalf of the BAYOIL COMPANIES, the defendants – offered advice about market conditions to the United Nations oil overseers in Manhattan and to officials of the Government of Iraq in Baghdad in an effort to influence the overseers' selection of an O.S.P. CHALMERS offered this advice through facsimile transmissions and face-to-face meetings in both Manhattan and Baghdad. LUDMIL DIONISSIEV, the defendant, joined CHALMERS in Baghdad on at least one occasion for this purpose, among others, and DIONISSIEV and JOHN IRVING, the defendant, both assisted CHALMERS in disseminating market information to Iraqi officials via facsimile.

15. The Government of Iraq began implementing the Surcharge Scheme in or about mid-2000. Iraqi Government officials indicated to co-conspirators not named as defendants herein that any companies or individuals refusing to participate in the

Surcharge Scheme would be barred from further participation in the Oil-for-Food Program. In addition, at various times relevant to this Indictment, the Government of Iraq required the payment of unauthorized fees before cargo ships would be permitted to lift oil from Iraqi ports. Payment of these so-called "port fees" was unauthorized by and concealed from the United Nations Oil-for-Food Program.

16. From in or about mid-2000, up to and including at least in or about late 2001, DAVID B. CHALMERS, JR., the defendant, on behalf of the BAYOIL COMPANIES, the defendants, worked with officials of the Government of Iraq and other co-conspirators not named as defendants herein to lobby the United Nations overseers to select a deflated O.S.P. in order to permit the Government of Iraq to collect its illegal surcharges more easily. By obtaining a lower O.S.P., recipients of oil allocations would be in a better position to collect higher commissions on the sales of their allocations, and thereby pay the surcharge and still retain a profit for themselves. CHALMERS sent faxes from Houston to Baghdad and Manhattan in furtherance of this effort to influence the selection of a lower O.S.P.

17. From in or about April 2001, up to and including at least in or about September 2001, DAVID B. CHALMERS, JR., the defendant, on behalf of the BAYOIL COMPANIES, the defendants, agreed to pay, did pay, and caused to be paid millions of dollars

in secret illegal surcharges to the Government of Iraq. These secret illegal surcharge payments covered oil purchased from in or about mid-2000, up to and including in or about early 2001 by CHALMERS and the BAYOIL COMPANIES from a foreign company that was operated by co-conspirators not named as defendants herein (the "Foreign Company") and whose operations were funded almost exclusively by CHALMERS and the BAYOIL COMPANIES. To conceal these illegal surcharge payments, CHALMERS agreed to pay the Foreign Company inflated commission prices on the original oil transactions, with the knowledge and expectation that the Foreign Company would then make the surcharge payments to the Government of Iraq. Based on instructions from Iraqi officials, representatives of the BAYOIL COMPANIES sent these illegal surcharge payments via wire transfers through the Foreign Company to a bank account of Al Wasel and Babel General Trading (L.L.C.), a front company for the Government of Iraq located in the United Arab Emirates.

18. With knowledge of the Surcharge Scheme, from in or about 2001, up to and including in or about March 2003, DAVID B. CHALMERS, JR., JOHN IRVING, LUDMIL DIONISSIEV, and the BAYOIL COMPANIES, the defendants, continued to purchase Iraqi oil under the Oil-for-Food Program. During this time, on numerous occasions, all of the defendants negotiated via facsimile transmissions and telephone calls — and eventually paid and caused to be paid via wire transfer — the payment of inflated commissions to sellers of

Iraqi oil allocations with the knowledge and expectation that the sellers would use some portion of those inflated commissions to satisfy their illegal surcharge obligations to the Government of Iraq. By participating in this Surcharge Scheme and bypassing the Oil-for-Food Program, DAVID B. CHALMERS, JR., JOHN IRVING, LUDMIL DIONISSIEV, and the BAYOIL COMPANIES, diverted funds from the Oil-for-Food Bank Account that otherwise would have been available to purchase humanitarian goods under the Oil-for-Food Program.

THE VIOLATION

19. From at least in or about mid-2000, up to and including in or about March 2003, in the Southern District of New York and elsewhere, DAVID B. CHALMERS, JR., JOHN IRVING, LUDMIL DIONISSIEV, BAYOIL (USA), INC., and BAYOIL SUPPLY & TRADING LIMITED, the defendants, and others known and unknown, unlawfully, willfully, and knowingly did combine, conspire, confederate, and agree together and with each other to commit offenses against the United States, to wit, to violate Sections 1343 and 2332d of Title 18, United States Code.

20. It was a part and an object of the conspiracy that DAVID B. CHALMERS, JR., JOHN IRVING, LUDMIL DIONISSIEV, BAYOIL (USA), INC., and BAYOIL SUPPLY & TRADING LIMITED, the defendants, and others known and unknown, unlawfully, willfully, and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and

fraudulent pretenses, representations, and promises, would and did transmit, and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

21. It was a further part and an object of the conspiracy that DAVID B. CHALMERS, JR., JOHN IRVING, LUDMIL DIONISSIEV, BAYOIL (USA), INC., and BAYOIL SUPPLY & TRADING LIMITED, the defendants, and others known and unknown, at least one of whom was a United States person, and knowing and having reasonable cause to know that Iraq was a country designated under section 6(j) of the Export Administration Act of 1979 as a country supporting international terrorism, would and did unlawfully and knowingly engage in financial transactions with the government of that country without complying with the licensing and authorization requirements of the Iraqi Sanction Regulations, in violation of Section 2332d of Title 18, United States Code.

OVERT ACTS

22. In furtherance of the charged conspiracy and to effect the illegal objects thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. In or about December 2000, the Foreign Company

received an allocation of approximately 37 million barrels of oil from the Government of Iraq.

b. In or about December 2000, DAVID B. CHALMERS, JR., the defendant, on behalf of the BAYOIL COMPANIES, the defendants, contracted with the Foreign Company to purchase the oil allocation described above in Paragraph 22(a).

c. In or about December 2000, DAVID B. CHALMERS, JR., the defendant, on behalf of the BAYOIL COMPANIES, the defendants, sent a letter via facsimile to officials of the Government of Iraq in which CHALMERS proposed a pricing mechanism that could be used to seek a lower O.S.P. for Iraqi oil – thereby decreasing the funds deposited into the Oil-for-Food Bank Account for the benefit of the Iraqi people – in order to allow the Government of Iraq to collect illegal surcharges on sales of that oil.

d. From in or about April 2001, up to and including in or about September 2001, representatives of the Foreign Company located outside the United States faxed invoices to representatives of the BAYOIL COMPANIES, the defendants, in Houston, Texas, requesting funds with which to pay illegal surcharges to Al Wasel and Babel General Trading (L.L.C.).

e. On or about August 13, 2001, representatives of the BAYOIL COMPANIES, the defendants, sent via wire transfer approximately $1,287,771.60 to a bank account in Switzerland

controlled by a representative of the Foreign Company.

f. On or about August 24, 2001, a representative of the Foreign Company sent approximately $1,092,345 via wire transfer, which passed through a bank in Manhattan, to a bank account of Al Wasel and Babel General Trading (L.L.C.), located in the United Arab Emirates.

g. In or about August 2001, a co-conspirator not named as a defendant herein ("CC-1") received an allocation of approximately two million barrels of oil from the Government of Iraq under the Oil-for-Food Program.

h. In or about August 2001, LUDMIL DIONISSIEV, the defendant, in conjunction with DAVID B. CHALMERS, JR., the defendant, and on behalf of the BAYOIL COMPANIES, the defendants, negotiated a contract with a representative of CC-1 to purchase the oil allocation described above in Paragraph 22(g).

i. On or about October 4, 2001, pursuant to the contract described above in Paragraph 22(h), representatives of the BAYOIL COMPANIES, the defendants, paid CC-1 a commission of approximately $839,368.40 via wire transfer, and CC-1 thereafter conveyed approximately $629,526.30 of this commission to representatives of the Government of Iraq.

j. In or about September 2001, a co-conspirator not named as a defendant herein ("CC-2") brokered a sale to DAVID B. CHALMERS, JR., and the BAYOIL COMPANIES, the defendants, of an

allocation of approximately one million barrels of oil awarded to another co-conspirator not named as a defendant herein ("CC-3") by the Government of Iraq under the Oil-for-Food Program.

k. In or about September and October 2001, JOHN IRVING, the defendant, in conjunction with DAVID B. CHALMERS, JR., the defendant, and on behalf of the BAYOIL COMPANIES, the defendants, negotiated with CC-2 a contract to purchase CC-3's oil allocation described above in Paragraph 22(j).

l. On or about October 4, 2001, pursuant to the contract described above in Paragraph 22(k), representatives of the BAYOIL COMPANIES, the defendants, sent to CC-3 a commission of approximately $450,885.45 via wire transfer, and CC-3 thereafter conveyed approximately $300,000 of this commission to representatives of the Government of Iraq.

m. In or about March 2002, another co-conspirator not named as a defendant herein ("CC-4") caused a letter to be sent to a high-ranking official of the Government of Iraq in Baghdad in which CC-4 outlined a plan to settle the illegal surcharge obligation owed by CC-4 as a result of an oil transaction brokered in or about 2000 by JOHN IRVING, DAVID B. CHALMERS, JR., and the BAYOIL COMPANIES, the defendants.

n. On or about July 21, 2002, a representative of the Foreign Company delivered to officials of the Government of Iraq a letter that was drafted in consultation with DAVID B.

CHALMERS, JR., the defendant, and that proposed a payment plan for certain illegal surcharges owed by CC-4 and others.

(Title 18, United States Code, Sections 371 & 1349.)

COUNT TWO

(Wire Fraud)

The Grand Jury further charges:

23. Paragraphs One through Eighteen and Twenty-Two of this Indictment are realleged, repeated, and incorporated by reference as if fully set forth herein.

24. From at least in or about mid-2000, up to and including in or about March 2003, in the Southern District of New York and elsewhere, DAVID B. CHALMERS, JR., JOHN IRVING, LUDMIL DIONISSIEV, BAYOIL (USA), INC., and BAYOIL SUPPLY & TRADING LIMITED, the defendants, and others known and unknown, unlawfully, willfully, and knowingly having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, CHALMERS, IRVING, and DIONISSIEV attempted to and did employ facsimile transmissions and wire transfers of money on behalf of BAYOIL (USA), INC. and BAYOIL SUPPLY & TRADING LIMITED to

arrange the purchase of Iraqi oil, which arrangements and purchases were designed to and did allow the sellers of such oil to make secret payments to the Government of Iraq unauthorized by and concealed from the United Nations' Oil-for-Food Program, and CHALMERS, DIONISSIEV, and IRVING offered advice via facsimile transmissions to Iraqi officials in Baghdad and United Nations' oil overseers in Manhattan regarding the Official Selling Price for Iraqi oil under the Oil-for-Food Program, which advice was designed to aid the success of the Surcharge Scheme.

(Title 18, United States Code, Sections 1343, 1349, and 2.)

COUNT THREE

(Prohibited Financial Transactions with Iraq)

The Grand Jury further charges:

25. Paragraphs One through Eighteen and Twenty-Two of this Indictment are realleged, repeated, and incorporated by reference as if fully set forth herein.

26. From at least in or about mid-2000, up to and including in or about March 2003, in the Southern District of New York and elsewhere, DAVID B. CHALMERS, JR., JOHN IRVING, LUDMIL DIONISSIEV, BAYOIL (USA), INC., and BAYOIL SUPPLY & TRADING LIMITED, the defendants, at least one of whom was a United States person, and knowing and having reasonable cause to know that Iraq was a country designated under section 6(j) of the Export Administration Act of 1979 as a country supporting international

terrorism, did unlawfully and knowingly engage in financial transactions with the government of that country without complying with the licensing and authorization requirements of the Iraqi Sanction Regulations, to wit, CHALMERS, IRVING, DIONISSIEV, and the BAYOIL COMPANIES engaged in financial transactions with recipients of allocations of Iraqi oil, which transactions were designed to and did allow those recipients to make payments to the Government of Iraq unauthorized by and concealed from the United Nations' Oil-for-Food Program.

(Title 18, United States Code, Sections 2332d and 2.)

COUNT FOUR

(Violation of the International Emergency Economic Powers Act)

The Grand Jury further charges:

27. Paragraphs One through Eighteen and Twenty-Two of this Indictment are realleged, repeated, and incorporated by reference as if fully set forth herein.

28. Title 50, United States Code, Section 1701, et seq., known as the International Emergency Economic Powers Act ("IEEPA"), grants the President the authority to, among other things, "investigate, . . . prevent or prohibit, any acquisition, holding, withholding, use, transfer, withdrawal, transportation, importation or exportation of, or dealing in, or exercising any right, power, or privilege with respect to, or transactions involving, any property in which any foreign country or a national thereof has any

interest by any person, or with respect to any property, subject to the jurisdiction of the United States . . . ." 50 U.S.C. § 1702(a)(1)(B). Section 1701 grants the President the power to exercise this authority upon declaration of a national emergency.

29. In Executive Order Number 12722, signed on August 2, 1990, President George H.W. Bush declared that "the policies and actions of the Government of Iraq constitute an unusual and extraordinary threat to the national security and foreign policy of the United States," and declared "a national emergency to deal with that threat." On August 9, 1990, following passage of United Nations Security Council Resolution Number 661 (which dealt, in part, with sanctions placed on Iraq) on August 6, 1990, the President issued Executive Order Number 12724. Executive Order Number 12724 took "additional steps with respect to Iraq's invasion of Kuwait and the national emergency declared in Executive Order Number 12722." Executive Orders No. 12722 and 12724, prohibited certain trade-related activities with Iraq at all times relevant to this Indictment.

30. Executive Order Numbers 12722 and 12724 (the "Executive Orders") imposed economic sanctions, including a complete trade embargo, on Iraq. The Executive Orders prohibited, among other things, the export to Iraq of any goods, technology, or services from the United States and the performance by any United States person of any contract in support of an industrial,

commercial, public utility or government project in Iraq. The Executive Orders also prohibited other activities relating to Iraq. For instance, Executive Order 12724 prohibited "any transaction by a United States person relating to travel by any United States citizen or permanent resident alien to Iraq, after the date of this order, other than transactions necessary to effect (i) such person's departure from Iraq, (ii) travel and activities for the conduct of the official business of the Federal Government or the United Nations, or (iii) travel for journalistic activity by persons regularly employed in such capacity by a news-gathering organization." In addition, both of the Executive Orders specifically prohibited "[a]ny transaction by any United States person that evades or avoids, or has the purpose of evading or avoiding, any of the prohibitions set forth in this order." The Executive Orders defined the term "United States person" as "any United States citizen, permanent resident alien, juridical person organized under the laws of the United States (including foreign branches), or any person in the United States, and vessels of U.S. registration."

31. From in or about 1990 through all times relevant to this Indictment, the President continued, on an annual basis, the national emergency with respect to Iraq. These successive Executive Orders authorized the Secretary of Treasury, in consultation with the Secretary of State, "to take such actions,

including the promulgation of rules and regulations, as may be necessary to carry out the purposes" of the Executive Orders.

32. Pursuant to this authority, the Office of Foreign Assets Control ("OFAC"), the office within the Department of Treasury charged with the responsibility of administering sanctions against foreign entities, promulgated regulations to implement the Executive Orders. The relevant regulations are located in Section 575 of Title 31 of the Code of Federal Regulations, and state, in part:

a. "no property or interests in property of the Government of Iraq that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of U.S. persons, including their overseas branches, may be transferred, paid, exported withdrawn or otherwise dealt in," and "any other dealing in any security (or evidence thereof) registered or inscribed in the name of the Government of Iraq and held within the possession or control of a U.S. person is prohibited," without first obtaining a license from OFAC. 31 C.F.R. § 575.201. By virtue of these prohibitions against dealing with Iraqi government property, and securities or interests therein, "[a] U.S. person may not, within the United States or abroad, conduct transactions of any nature whatsoever with an entity that the U.S. person knows or has reason to know is an Iraqi government entity unless the entity is licensed by the Office of Foreign Assets Control to conduct such transactions with U.S. persons." 31 C.F.R. § 575.408(c)(2);

b. "no goods, technology (including technical data or other information), or services may be exported from the United States, or, if subject to U.S. jurisdiction, exported or reexported from a third country to Iraq, to any entity owned or controlled by the Government of Iraq, or to any entity operated from Iraq," without first obtaining a

license from OFAC. 31 C.F.R. § 575.205;

c. Except in circumstances not applicable here, "no U.S. person may deal in property of Iraqi origin exported from Iraq after August 6, 1990, property intended for exportation to Iraq, or property intended for exportation from Iraq to any other country, nor may any U.S. person engage in any activity that promotes or is intended to promote such dealing," without first obtaining a license from OFAC. 31 C.F.R. § 575.206;

d. "no U.S. person may engage in any transaction relating to travel by any U.S. citizen or permanent resident alien to Iraq, or to activities by any U.S. citizen or permanent resident alien within Iraq," without first obtaining a license from OFAC. 31 C.F.R. § 575.207;

e. "no U.S. person may perform any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Iraq," without first obtaining a license from OFAC. 31 C.F.R. § 575.209;

f. "no U.S. person may commit or transfer, directly or indirectly, funds or other financial or economic resources to the Government of Iraq or any person in Iraq" without first obtaining an OFAC license. 31 C.F.R. § 575.210; and

g. "any transaction that has the purpose of, or which has the effect of, evading or avoiding, or which facilitates the evasion or avoidance of, any of the prohibitions set forth in this subpart is hereby prohibited. Any attempt to violate the prohibitions set forth in this part is hereby prohibited. Any conspiracy formed for the purpose of engaging in transactions prohibited by this part is hereby prohibited." 31 C.F.R. § 575.211.

33. From in or about mid-2000, up to and including in or about March 2003, in the Southern District of New York and elsewhere, DAVID B. CHALMERS, JR., JOHN IRVING, LUDMIL DIONISSIEV, BAYOIL (USA), INC., and BAYOIL SUPPLY & TRADING LIMITED, the

defendants, at least one of whom was a United States person, unlawfully and knowingly violated IEEPA, and the regulations promulgated thereunder, as described above, to wit, without obtaining the required OFAC approval, CHALMERS, IRVING, DIONISSIEV, and the BAYOIL COMPANIES engaged in financial transactions with recipients of allocations of Iraqi oil, which transactions were designed to and did allow those recipients to make payments to the Government of Iraq unauthorized by and concealed from the United Nations' Oil-for-Food Program, and traveled to and from Iraq.

(Title 50, United States Code, Section 1701, et seq.; Public Law 101-513, Section 586E (November 5, 1990); Executive Orders 12722 and 12724; Title 31, C.F.R. Section 575.201, et seq.; and Title 18, United States Code, Section 2.)

FORFEITURE ALLEGATION

34. As a result of committing one or more of the conspiracy, wire fraud, and IEEPA offenses alleged in Counts One, Two, and Four of this Indictment, in violation of 18 U.S.C. §§ 371 1343, and 1349, and 50 U.S.C. § 1701, et seq., DAVID B. CHALMERS, JR., JOHN IRVING, LUDMIL DIONISSIEV, BAYOIL (USA), INC., and BAYOIL SUPPLY & TRADING LIMITED, the defendants, shall forfeit to the United States pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461, any and all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offense, and all property traceable to such property, including but not limited to: a sum of money equal to at least $100 million in United States currency, representing the amount of proceeds

obtained as a result of the offenses charged in Counts One, Two, and Four of this Indictment, for which the defendants are jointly and severally liable.

Substitute Assets Provision

35. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third person;

(c) has been placed beyond the jurisdiction of the Court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), to seek forfeiture of any other property of said defendants up to the value of the above forfeitable property, including, but not limited to, all right, title, and interest of the respective defendants in those lots or parcels of land, together with their buildings, appurtenances, improvements, fixtures, attachments, and easements located at:

1. 2205 Kingston Street, Houston, Texas, 77019; Parcel #0560140000029, Harris County, Texas; Purchased by DAVID B. CHALMERS, JR., and another buyer on or about June 11, 1998;

2. 3965 Del Monte Drive, Houston, Texas, 77019; Parcel #0601620890002 in Harris County, Texas; Purchased by DAVID B. CHALMERS, JR. on or about August 19, 1999; and

3. 5936 Deerwood Road, Houston, Texas, 77057; Parcel #0871770000009 in Harris County, Texas; Purchased by LUDMIL DIONISSIEV and another buyer on or about September 23, 1991.

(Title 18, United States Code, Section 981, and Title 28, United States Code, Section 2461.)

Foreperson

DAVID N. KELLEY
United States Attorney

1711

Form No. USA-33s-274 (Ed. 9-25-58)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- v. -

DAVID B. CHALMERS, JR.,
JOHN IRVING,
LUDMIL DIONISSIEV,
BAYOIL (USA), INC., and
BAYOIL SUPPLY & TRADING LIMITED,

Defendants.

INDICTMENT

S1 05 Cr. 59 (DC)

(18 U.S.C. § 371, 1343, 1349, 2332d, and 2; 50 U.S.C. § 1701, et seq.; Public Law 101-513, Section 586E (November 5, 1990); Executive Orders 12722 and 12724; 31 C.F.R. § 575.201, et seq.)

DAVID N. KELLEY
United States Attorney.

A TRUE BILL

Foreperson.

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MARK PRYOR, ARKANSAS

MICHAEL D. BOPP, STAFF DIRECTOR AND CHIEF COUNSEL
JOYCE A. RECHTSCHAFFEN, MINORITY STAFF DIRECTOR AND COUNSEL

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510–6250

February 8, 2005

The Honorable Donald Rumsfeld
U.S. Department of Defense
The Pentagon
Washington, D.C.

Dear Mr. Secretary:

The U.S. Senate Permanent Subcommittee on Investigations is conducting an investigation into the Oil-for-Food Program and has scheduled a hearing for February 15, 2005. Among other matters, we are interested in certain events involving the Maritime Interdiction Force (MIF) established to help enforce United Nations sanctions against Iraq.

To increase the Subcommittee's understanding of MIF in time for the February hearing, please provide the following information by no later than February 11, 2005.

(1) Please describe the approximate date on which the MIF became active and its current status.

(2) Please describe the mission and command structure of MIF.

(a) Please describe about how many nations have supported MIF operations during the U.N. sanctions period and the general nature of that support.

(b) Please describe the relationship between MIF and the United States, including the extent to which U.S. Naval forces have supported MIF and the nature of that support.

(c) Please identify each commander of MIF by name, rank, and the approximate time period during which that person served as MIF commander.

(3) Please describe the relationship between the MIF and the United Nations, the U.N. Security Council, the 661 Committee, the U.N. Office of the Iraq Program, and U.N. member states. Please describe who could request or direct the MIF to act.

(4) Please describe the nature of the activities engaged in by the MIF. On February 2, 2005, the Washington Post reported that the MIF "boarded and inspected over 15,000 vessels during the time of sanctions and diverted over 1,000 of them." Please include in your discussion of MIF activities, the following information:

Permanent Subcommittee on Investigations
EXHIBIT #44

(a) Please identify the approximate total number of ships with which the MIF interceded during the Iraq sanctions period and provide overall statistics on the MIF's enforcement efforts, including approximately how many ships were stopped, boarded, or diverted.

(b) Please identify the approximate total volume and dollar value of the oil that the MIF identified as having been obtained in potential violation of U.N. sanctions on Iraq.

(c) Please describe what was done with oil that was identified by the MIF as having been obtained in potential violation of U.N. sanctions on Iraq.

(5) It has been reported that, in February 2003, as many as 14 tankers loaded at least 7 million barrels of oil at or near the Kohr al-Amaya port in Iraq in apparent violation of U.N. sanctions on Iraq (hereinafter "Kohr al-Amaya oil").

(a) The U.S. Department of State has informed the Subcommittee that, in February 2003, it was notified of the ships loading Kohr al-Amaya oil and immediately notified the Department of Defense (DOD). Please confirm that this notification took place and provide copies of all related documentation.

(b) On January 13, 2005, the Financial Times reported that Saybolt, a Dutch company under contract with the U.N. to oversee oil exports from Iraq, sent an email on February 17, 2003, to the U.S. Navy's Maritime Liaison Office (MLO) in Bahrain, which coordinated MIF activities, notifying the office of the ships loading Kohr al-Amaya oil and received an acknowledgment from the MLO on the same day. Please confirm that this notification took place and provide copies of all related documentation.

(c) It has been reported that other parties in addition to the State Department and Saybolt notified DOD or the MIF about the ships loading Kohr al-Amaya oil. Please confirm whether these notifications took place and provide copies of all related documentation.

(d) Please describe what actions DOD and the MIF took in response to being notified about ships loading Kohr al-Amaya oil. Is it accurate that the MIF took no action to board, divert, or otherwise intercede with these ships?

(e) On February 3, 2005, the Los Angeles Times reported that, "Oil traders were told informally that the U.S. let the tanks go because Amman [Jordan] needed oil to build up its strategic reserves before the U.S.-led invasion of Iraq" and that U.N. officials had "confirmed" this description of events.

(i) Did DOD or any U.S. official make an affirmative decision not to intercede with the ships loading Kohr al-Amaya oil? If so, who made that decision and why?
(ii) Did DOD ever advise the MIF not to intercede with the ships loading Kohr al-Amaya oil? Is DOD aware of any action taken by any U.S. official to advise the MIF not to intercede with the ships loading Kohr al-Amaya oil?
(iii) What is DOD's understanding regarding the role of Jordan or any Jordanian business relative to the Kohr al-Amaya oil?
(iv) Please provide copies of all documentation related to the decision by MIF on how to handle the ships loading Kohr al-Amaya oil.

(f) The Financial Times reported that the Kohr al-Amaya oil was sold to the "Middle East Oil Refinery, in Alexandria, Egypt; to a refinery in Aden, Yemen; and to Malaysia and China." What is DOD's understanding of what happened to the Kohr al-Amaya oil? Please provide copies of all documentation related to the disposition of the Kohr al-Amaya oil.

(g) The Financial Times reported that the Kohr al-Amaya oil was sold for at least $150 million in "illegal profits" and "[a]bout another $50 million went to [Saddam] Hussein's cronies." What is DOD's understanding regarding any funds produced by the transfer of the Kohr al-Amaya oil, including the extent to which any such funds were provided to persons associated with Saddam Hussein? Is there any evidence that funds associated with the Kohr al-Amaya oil have been used to support the insurgency effort in Iraq? Please provide copies of all documentation related to any funds produced by the transfer of the Kohr al-Amaya oil.

Thank you for your assistance in this matter. To arrange delivery of the requested documents and to answer any questions about this letter, please have your staff contact Ray Shepherd (Sen. Coleman) at 224-3721 or Elise Bean (Sen. Levin) at 224-9505.

Sincerely,

Norm Coleman
Chairman
Permanent Subcommittee on Investigations

Carl Levin
Ranking Minority Member
Permanent Subcommittee on Investigations

NC/CL:ejb

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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

March 9, 2005

The Honorable Patrick F. Kennedy
U.S. Representative for U.N. Management and Reform
U.S. Mission to the U.N.
140 East 45th Street
New York, NY 10017

Dear Ambassador Kennedy:

Thank you for your testimony before the Permanent Subcommittee on Investigations on February 15, 2005, regarding the United Nations Oil-for-Food program. We appreciate your important contribution to the Subcommittee's understanding of this program.

During the hearing, three emails, copies attached, were entered into the record. These emails relate to the loading of oil by certain tankers at the Khor al-Amaya platform in February 2003. As mentioned during the hearing, the Subcommittee would like the State Department to comment on these documents and respond to the following matters:

(1) Please indicate the extent to which these documents are factually accurate in relation to the 2003 oil shipments.

(2) Please indicate the extent to which these documents provide accurate information about whether the oil shipments were undertaken with the knowledge and approval of the U.N., the 661 Committee, and the United States, and please identify and correct any factual inaccuracies in this respect.

(3) Please describe the involvement of the State Department, if any, in developing the position of the United States Government with respect to these 2003 oil shipments and provide the name of the senior decisionmakers, if any.

(4) Please describe the involvement of the State Department, if any, in developing the position of the United States Government with respect to the oil protocols that existed between the governments of Iraq and Jordan and provide the name of the senior decisionmakers, if any.

(5) During prior communications with the Subcommittee, you indicated that the State Department received notice of the oil shipments in 2003 and, in turn, informed the

Department of Defense (DOD). Please indicate, by name and job title, who at the State Department received the information about the oil shipments, who communicated the information to DOD, and who was contacted at DOD.

(6) Please indicate whether any of the individuals named in the emails, including Amy Schedlebauer, is or was an employee of the State Department either at the time of the 2003 oil shipments or later.

(7) Please describe the involvement of the State Department, if any, in communicating its position on the 2003 oil shipments to the Office of Foreign Assets Control, DOD, the Maritime Interdiction Force, or entities involved in the loading and transport of oil from Khor al-Amaya; and what information, if any, its personnel communicated regarding these oil shipments.

Please provide only non-classified information.

Thank you for your assistance in this matter. If you have any questions or would like additional information, please contact Steven Groves on the Subcommittee's Majority staff at (202) 224-[redacted] or Dan M. Berkovitz on the Subcommittee's Minority staff at (202) 224-[redacted]

Sincerely,

Norm Coleman
Chairman
Permanent Subcommittee on Investigations

Carl Levin
Ranking Minority Member
Permanent Subcommittee on Investigations

Enclosures

NC/CL:ejb

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Message Printed on 2/14/2005 10:29:35 AM by DEY RefNum:DEY2127867

From/To: Silver Line Limited
Msg Recvd/Delivered: 2/28/2003 7:58:06 PM
ATTN: David Milligan
SUBJ: ARCADIAN 1 / MILLENIUM

= Redacted by the Permanent Subcommittee on Investigations

REF: MHR2127867

FROM: ODIN MARINE,INC. - LARGE TANKER DEPARTMENT
DATE: 2/28/2003
TIME: 7:58:04 PM

ATTN: David Milligan
SUBJ: ARCADIAN 1 / MILLENIUM

ARCADIAN 1 / MILLENIUM

FOLLOWING HAS BEEN RECEIVED THIS EVENING FROM THE CHRTRS WHICH THEY HAVE ASKED MUST BE KEPT STRICTLY PRIVATE AND CONFIDENTIAL AS PER THE CONFIDENTIALITY AGREEMENT :-

STRICTLY PRIVATE & CONFIDENTIAL

Per your telephone conversation with Mr. Khaled Shaheen regarding the situation of the vessels where he briefed you about the legal basis for Jordan
s imports of Iraqi oil. The following, in no doubt, will explain the platform on which the Government of the Hashemite Kingdom of Jordan provided Millennium with the Power of Attorney to act on its behalf and enter into contractual relationships with the owners and lift crude oil from Iraq.

As stated on numerous occasions, neither the Government of Jordan nor Millennium engaged in any transaction that is characterized as disreputable or lacking a legitimate cover. Although some media reports raised some questions, we reaffirm once again that those reports are baseless, lack legitimacy, and more importantly driven by journalistic sensation.

Our continuous reluctance and hesitation to divulge more details about the operation were due to reasons that concern the Jordanian Government and other international concerned parties. Although we have verbally explained to Odin Marine the details and proxies of this transaction, we cannot further compromise the confidentiality of this operation. This has been the raison d'âtre for our insistence that the owners and Broker sign a confidentiality agreement in order to maintain the privacy of the crude oil lifting. HAVING SAID THAT, WE ARE COMPELLED TO REEMPHASIZE ONCE AGAIN THAT THE SAME REASONS STILL APPLY AND EVEN A HIGHER LEVEL OF CONFIDENTIALITY MUST BE MAINTAINED CONSIDERING THE INFORMATION WE ARE ABOUT TO STATE.

Jordan
s interest in and relation with Iraqi oil has been ongoing for the past 13 years and after sanctions were imposed on Iraq and consequently the Oil for Food Program was put in place. The facts are as follows:

1. Article 50 of the UN Charter provides a provision for any country that is adversely affected by the imposition of UN sanctions against another country, to appeal for a waiver from those sanctions and maintain their dealings with the sanctioned country.

2. The Government of Jordan has invoked Article 50 and continues to

Message Continues...

Permanent Subcommittee on Investigations
EXHIBIT #53
(Subcommittee's February 15, 2005 UN OFF Hearing)

[redacted] = Redacted by the Permanent Subcommittee on Investigations

import all of its crude oil from Iraq without any interruption since 1990 according to a special protocol taking place bilaterally between the Iraqi and Jordanian Governments rather than through the Memorandum of Understanding Program with the knowledge and consent of the UN. The fact that Jordan receives the oil at a discounted price and pays for it at its own discretion either through providing Jordanian goods in return or by writing off debts owed to Jordan by Iraq only means that is solely left to the Jordanian Government to agree on the commercial terms with the Iraqi Government and how to structure their protocols.

3. The above has been approved by the UN in general and by the UN Sanctions Committee in particular; i.e. approved in line with the Oil for Food Program though in practical terms it is not hermetically governed by this Program.
Although this is public information, very few parties are aware of it and it is of great importance to Jordan and other concerned parties not to highlight these facts.

4. Despite the fact that United States Laws prevent the US from providing foreign aid to any country that does not comply with sanctions against Iraq, the US Administration routinely waives sanctions in order to provide aid to Jordan, the third largest recipient of US foreign aid, with the approval of the United States Congress. This undoubtedly demonstrates the full endorsement of both the Executive and Legislative branches of the United States Government of Jordan
a exemption regarding the importation of Iraqi
crude oil and its approval of the special arrangements between the Iraqi and Jordanian Governments.

All these facts are available for the concerned parties to retrieve in Washington DC and are contained in a report issued by the Foreign Affairs, Defense, and Trade Division of the Congressional Research Service at the Library of Congress and can be obtained through them directly using the Order Code IB92117. For your easy reference, we will fax a copy of the page of the above mentioned report that concerns Jordan and talks about the same subject.

In conclusion, Jordan has a blanket cover from the UN and standby approval for continuous importation of Iraqi crude oil directly and according to whatever commercial and other terms they may agree on with the Iraqi Government and in line with UN regulations and in particular sanctions imposed on Iraq. Lifting places are amongst other things left to Jordan and Iraq to decide on.

Based on all the above, the Jordanian Government through the Ministry of Energy and Mineral resources, which is responsible for all oil related issues, empowered Millannium to conduct this transaction on their behalf as already provided to Brokers/Owners in February 2003.

Finally, those are the merits of the special arrangements we have been referring to all along. All actions taken on the ground recently, including but not limited to, the safe passage of the vessels going in and out loaded with Iraqi crude oil are a reflection of the legitimacy of our transaction based on all the facts stated above.

We hope we made all the facts clear and available to all parties concerned. Once again we reiterate the importance of maintaining the confidentiality of this matter for reasons already explained to Odin Marine.

Best Regards

Ahed M. Sukhon
Vice President & Assistant to the Chairman
Shaheen Business & Investment Group
Tel: [redacted]
Fax: [redacted]
Mobile: [redacted]

REGARDS

Message Continues...

Message Printed on 2/13/2005 7:08:08 PM by DEY RefNum:DEY2130763

From/To: Jaffe, Howard/HOME
Msg Recvd/Delivered: 3/3/2003 6:57:20 PM
BJ: FROM MICHAEL RICHARDS

= Redacted by the Permanent Subcommittee on Investigations

01/03/2003 02:00 SBIG-CHAIRMAN & CEO OFFICE + [redacted] NO.271 P01

Dtt. Mr. Michael Richards.
ODIN MOINE INC.

IB92117 05-29-01

the reasons for this regional resistance are discussed below. See also CRS Report RL30472, *Iraq: Oil-for-Food Program.*

Jordan. Since 1992, and despite Jordan's economic dependence on Iraq, the United States has considered Jordan's compliance with the U.N. sanctions regime on Iraq satisfactory, even though Jordan, under King Hussein and his successor, King Abdullah, advocates U.S. engagement with Baghdad and has become increasingly vocal in advocating easing of sanctions. Recognizing Jordan's economic need, the Sanctions Committee "takes note of" Jordan's purchases of discounted Iraqi oil and oil products, which is exchanged for Jordanian goods (approved under the oil-for-food program) and write-downs in Iraqi debt to Jordan. This relationship was renewed in November 2000 at a level of about $450 million for the year, which translates into about 105,000 barrels per day of Iraqi oil exports to Jordan. Every year since FY1994, foreign aid appropriations laws (P.L. 103-87, P.L. 103-306, P.L. 104-107, P.L. 104-208, P.L. 105-118, P.L. 105-277, P.L. 106-113, and P.L. 106-429), have denied U.S. aid to any country that does not comply with the sanctions against Iraq, though these laws do not mention Jordan specifically. The Administration has routinely waived sanctions in order to provide aid to Jordan, a key U.S. ally in the Middle East peace process, and Congress has not objected to that waiver.

In October 2000, Jordan dismissed Lloyd's International from its role as inspector of goods bound for Iraq and arriving in Jordan at the port of Aqaba, a role enshrined in an agreement between Jordan and the United States in 1993. Since September 2000, Jordan has also become increasingly bold in sending flights to Iraq, including those carrying relief supplies, officials, and even paying passengers (November 30, 2000). Secretary of State Powell has pressed Jordan not to proceed with a planned "free trade agreement" with Iraq that, some fear, could increase the flow of unapproved civilian goods to Iraq, although virtually all trade with Iraq is, in practice, duty free. (See CRS Issue Brief IB93085, *Jordan: U.S. Relations and Bilateral Issues*).

Turkey. Turkey estimates that it has lost $35 billion as a result of the sanctions. The Turkish government now regulates and taxes the illicit importation of about $200 million per year in Iraqi energy products by Turkish truck drivers (about 450 trucks per day) returning from Iraq. U.S. sanctions against Turkey for this trade have routinely been waived. In April 2000, Iraq and Turkey neared agreement to increase bilateral trade twelve fold, to about $2.5 billion per year, roughly pre-war levels. In May 2001, rail service between Iraq and Turkey resumed.

Iran/Persian Gulf States/Smuggling. In enforcing the embargo, two U.S. ships lead a Multinational Interdiction Force (MIF) that conducts maritime searches in the Persian Gulf to prevent the smuggling of oil and other high-value exports. The United States has asserted that Iran's Revolutionary Guard has been helping Iraq smuggle out the oil exports in exchange for "protection fees," although Iran did stop some illicit shipments in March, April, and again in late June 2000, earning some U.S. praise. Despite these exceptions, Iran's cooperation helped Iraq's illicit exportation reach a high in mid-2000 of about $80 million per month, and Iraq reportedly earned a net of about $600 million for all of 2000, according to British military officials. It should be noted that Iraq receives only half the export value after paying off Iranian Revolutionary Guards and smugglers. Iraq openly stated in July 2000 that it will continue to export "extra" (smuggled) oil products. The U.S. Ambassador to the UAE

---------- End of Message ----------

Message Printed on 2/13/2005 6:57:59 PM by DBY RefNum:DBY2119531

From/To: Michael Richards
Msg Recvd/Delivered: 2/25/2003 2:11:17 PM
SUBJ: Conference call

[redacted] = Redacted by the Permanent Subcommittee on Investigations

From: "Millennium" <jsayegh@sbigholdings.com>
To: <MHR@odingroup.com>
Subject: Conference call
Date: Tue, 25 Feb 2003 20:30:15 +0200
Message-Id: <FC1875CEBD085847B213148B3E7ED4BD33F9@hqmail.sbig.com>

God day Micahel

Reference is made to the confarence call that just took place between Mr. Khaled Shaheen, your good self, Mr. David Young, in the presence of
Mr. Ahad Sukhon and myself. The following was agreed to in the conference call:

1. All chartered vessels coming into Khawr Amaya to provide the Un Naval check point with the name of the vessel, name of Charterer, and name of loading port. This communication to take place between the Master of the concerned vessel and whichever UN Naval ship on duty in the vicinity.
2. Upon completion of loading and while approaching the UN Naval check point, the Master to contact the UN Naval ship on duty at that time and give them all the details including quantity loaded, name of Charterer, the terminal of loading and then get the necessary clearance
accordingly.
3. At anchorage, Master will contact Commander Harry French and get the NO OBJECTION message from him. Mr. Young of Odin Marine to contact
Commander French as well in order to verify and confirm the communication between the Master and Commander French. Mr. Young will seek the NO OBJECTION message in the text and format agreed between us.
4. It is worthwhile noting the following:
A. It had been passed on to Charterers that Commander French has been showered by various faxes and e-mails from the Owners. Kindly ask
all Owners to refrain from doing so.
B. Mr. Young and the ship Master are the only parties entitled to contact Commander French.
C. The message that should be sent by either the ship master or Mr. Young is the following: "We are loading crude oil from the terminal at Khawr Amaya for Millennium; do you have any objection?" It is very advantageous that Mr. Young served in the Coast Guard as he can relate to and understand the situation and how officers feel uncomfortable about going through unnecessary extended communications

I am very happy that we have reached a stage where we can go back to concentrate on the business at hand and everyone obtains the comfort they seek.

Charterers kindly ask the Brokers as well as Owners to refrain from giving any statements to the media as it only adds more fuel to current
situation. All parties concerned (Charterers, Owners, Brokers) should simply state that they have signed a confidantiality agreement and they
are bound by it.

Received: from MAIL.sbig.com ([194.165.153.115])

Message Continues...

Subj: **Millenium Purchase for Governmentof Jordan.**
Date: 3/4/2003 3:55:13 PM Eastern Standard Time
From: HJaffeESQ
To: Mrichards@Odin.com

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Dear Michael: I called the U.S.Commerce Department to ascertain their position on Millenium's charter activities and carriage of Iraqi oil to Jordan's port for the Jordanian government. I was referred to Share Lustenow at the Office of the Middle East at 202 482 4442. The number I had called at Commerce was for the promotion not restriction on trade. Ms. Lustenow referred me to The Office of Foreign Assets Control of the Treasury Department (website www.treas.gov/ofac) and referred me to Ms. Amy Schedlebauer (pronounced Shuttlebauer) or Ms. Susan Sierra at 202 622 2480. I explained the situation to Ms Schedlebauer including the fact that the Charter Party required compliance with UN and International Law and that the Owners could be advised to call a default and cease performance. She responded that she would have to get back to me. She called back in about 2 hours and said that her office was "AWARE OF THE SHIPMENTS AND HAS DETERMINED NOT TO TAKE ACTION". She did not add "at this time". I noted that a further shipment was sought by Millenenium and did she have any advice on that. She repeated the quoted response and would say no more. I asked her to contact me if there was any change in position as my client's wished to act in the best interests of the U.S. It appears that they do not want to harm Jordan by interfering with its quest for oil before the impending conflict by seizing it. Let us discuss this further with Even.

Regards, Howard

Translation answer to Mr. Z

Embassy of the Republic of Iraq
Moscow
No. 464
15 Dec. 1998

To Mr. Z
Leader of LDPR

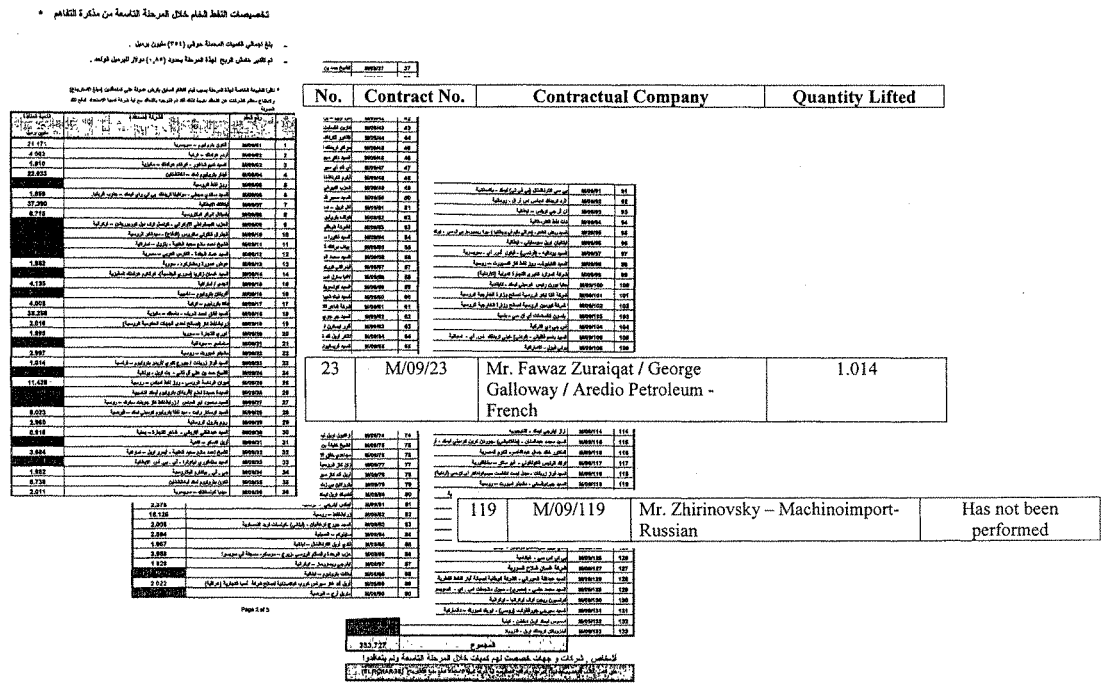
Dear Friend:

In answer of your letter address to Mr. Tariq Azis, Deputy Prime Minister of Iraq, I have the honour to convey to you the apology of the Iraqi side that Iraq cannot do any deals with American companies with sincerely

Dr. Hassan Fifahmi Juma
Ambassador of Republic of Iraq, Moscow

Iraqi Chart Showing Allocations to Galloway and Zhirinovsky in Phase IX

Permanent Subcommittee on Investigations
EXHIBIT #45



No.	Contract No.	Contractual Company	Quantity Lifted
23	M/09/23	Mr. Fawaz Zuraiqat / George Galloway / Aredio Petroleum - French	1.014
119	M/09/119	Mr. Zhirinovsky – Machinoimport-Russian	Has not been performed

تخصيصات النفط الخام خلال المرحلة التاسعة من مذكرة التفاهم *

- بلغ اجمالي الكميات المحملة حوالي (٣٥٤) مليون برميل .
- تم تقدير هامش الربح لهذة المرحلة بحدود (٠,٨٥) دولار للبرميل الواحد .

* نظرا للطبيعة الخاصة لهذة المرحلة بسبب قيام النظام السابق بفرض عمولة على المتعاقدين (مبلغ الاسترجاع) ولامتناع معظم الشركات عن التعاقد نتيجة لذلك فقد تم التوجيه بالتعاقد مع اية شركة لديها الاستعداد لدفع تلك العمولة.

ت	رقم العقد	الشركة المتعاقدة	الكمية المنفذة مليون برميل
1	M/09/01	ألكون بتروليوم – سويسرية	21.171
2	M/09/02	أردم هولدنك – تركية	4.003
3	M/09/03	السيد نديم شاغور - كوانتم هولدنك – ماليزية	1.910
4	M/09/04	أينار بتروليوم لمتد – لختنشتاين	22.633
5	M/09/05	روز نفط الروسية	
6	M/09/06	السيد ساندي مجالي - مونتيكا تريدنك بي تي واي ليمتد – جنوب افريقيا.	1.859
7	M/09/07	ايتالتك الايطالية	37.390
8	M/09/08	بلميتال انركو البلاروسية	6.715
9	M/09/09	الحزب الديمقراطي الاوكراني - كونسل اوف ديل كوربوريشن – اوكرانية	
10	M/09/10	الجنرال اناتولي ماكروس (الدفاع) - سيدانكو الروسية	
11	M/09/11	الشيخ احمد مانع سعيد العتيبة - بنزول – اماراتية	
12	M/09/12	السيد عماد الجلدة - الفارس العربي – مصرية	
13	M/09/13	عوض عمورة ومشاركوه - سورية	1.962
14	M/09/14	السيد غسان زكريا (سوري الجنسية)- كوانتوم هولدنك الماليزية	
15	M/09/15	الهدى / اماراتية	4.135
16	M/09/16	أفريكان بتروليوم – ناميبية	
17	M/09/17	دلتا بتروليوم – تركية	4.008
18	M/09/18	السيد فائق احمد شريف - ماستك – ماليزية	38.256
19	M/09/19	زرابشنفط كاز (لصالح احدى الجهات الحكومية الروسية)	2.016
20	M/09/20	نوري للتجارة – سوريا	1.998
21	M/09/21	ساماسو – سودانية	
22	M/09/22	مشينو امبورت – روسية	2.997
23	M/09/23	السيد فواز زريقات / جورج كلوي /أريدو بتروليوم – فرنسية	1.014
24	M/09/24	الشيخ حمد بن علي آل ثاني - بت اويل - يونانية	
25	M/09/25	ديوان الرئاسة الروسي - روز نفط امبكس – روسية	11.428
26	M/09/26	السيدة حميدة نعنع /أفريكان بتروليوم ليمتد الناميبية	
27	M/09/27	السيد محمود ابو العباس / زرابشنفط كاز جوينت ستوك – روسية	
28	M/09/28	السيد اوسكار وايت - ميد نفتا بتروليوم كومبني لمتد – قبرصية	8.023
29	M/09/29	روم بترول الرومانية	2.960
30	M/09/30	السيد عبدالغني الارياني - شاهر للتجارة – يمنية	0.916
31	M/09/31	أويل اكسكو – كندية	
32	M/09/32	الشيخ احمد مانع سعيد العتيبة - أيمرو اويل – اماراتية	3.984
33	M/09/33	السيد سلفاتوري نيكوترا - آي . بي. أس الايطالية	
34	M/09/34	جي , في , بيلفارم البلاروسية	1.982
35	M/09/35	الكون بتروليوم لمتد ليختنشتاين	6.738
36	M/09/36	ميديا كونسلتنك – سويسرية	2.011

37	M/09/37	الشيخ حمد بن جبر آل ثاني - أيمرو اويل – اماراتية	5.954
38	M/09/38	بي بي انرجي – لبنانية	2.021
39	M/09/39	السيد كلود كاسيرت (فرنسي) - اي. أو . تي. سي- فرنسية	3.971
40	M/09/40	موكو سيرفس – جنوب افريقيا	1.918
41	M/09/41	بتمال اويل – ماليزية	[illegible]
42	M/09/42	أفن اويل – يونانية	1.740
43	M/09/43	كازين انفستمنت / كالميكية	[illegible]
44	M/09/44	كلنكور انترناشنال – سويسرية	12.107
45	M/09/45	مواكو تريدنك ليمتد القبرصية	2.015
46	M/09/46	السيد داتو مجيد خان - جوالا كوربريشن – ماليزية	2.052
47	M/09/47	أي أند أي سيرفسز/ باكستانية	1.000
48	M/09/48	أبلوم انترناشنال – سويسرية	0.999
49	M/09/49	الحزب الليبرالي الديمقراطي البيلاروسي - لادا – أو – ام – سي – بلاروسية	1.983
50	M/09/50	السيد سمير فنسنت - (عراقي امريكي) فيونيكس – أمريكية	2.018
51	M/09/51	فال اويل – اماراتية	4.044
52	M/09/52	كولف بتروليوم ليمتد – قطرية	[illegible]
53	M/09/53	الشركة الوطنية لصيانة آبار النفط – قطرية	[illegible]
54	M/09/54	السيد ناتورا سنك - (هندي) ماسفيلد أي جي سويسرية	1.936
55	M/09/55	بيلف درلنك أند أويل سيرفسي – رومانية	1.963
56	M/09/56	السيد محمد الهوني - (ليبي) - كي تي جي كنتفورد - قبرصية	2.005
57	M/09/57	فيدرالي توركوفي دوم اويل – اوكرانية	1.000
58	M/09/58	لاكيا سارل امبورت اكسبورت – سويسرية	[illegible]
59	M/09/59	السيد كوتسريف - (روسي) -سلاف نفط – روسية	5.237
60	M/09/60	السيد ليث شبيلات - (اردني) - بتروكاز دستريبيوشن اس أي - سويسرية	8.626
61	M/09/61	شركة شاهر للتجارة – يمنية	[illegible]
62	M/09/62	السيد جو جوي - (تايلندية) - بونكبون انترتريد ليمتد - تايلندية	[illegible]
63	M/09/63	أفرو ايسترن / ايرلندية	[illegible]
64	M/09/64	تانكر اويل أند كاز – فرنسية	1.999
65	M/09/65	السيد فريمغيوني - كوجب – ايطالية	1.002
66	M/09/66	السيد لطفي دوغان - (تركي) سيتا انشاءات – تركية	0.975
67	M/09/67	كوست اويل دريفتفز استبلشمنت / اماراتية	[illegible]
68	M/09/68	كلف ايردولهاندلس / نمساوية	[illegible]
69	M/09/69	ميدل ايست بتروليوم "ميكوم" - اردنية	[illegible]
70	M/09/70	السيد احمد البشير - (اردني) -الرشيد للتعاون الدولي – أردنية	2.012
71	M/09/71	دلتا سيرفسز – سويسرية	2.058
72	M/09/72	جيوان اويل – اماراتية	4.070
73	M/09/73	انكوم – مصرية	1.966
74	M/09/74	اراكبول اويل ليمتد – بلغارية	[illegible]
75	M/09/75	الشيخ خليفة بن فهد بن محمد آل ثاني - بتروليتا اويل ليمتد – أردنية	[illegible]
76	M/09/76	مجاهدي خلق الايرانية - ماربل ريسورسز ليمتد – بريطانية	3.538
77	M/09/77	زان كاز الروسية	3.889
78	M/09/78	أويل أند كاز سيرفس كروب/ باكستانية	2.561
79	M/09/79	بترولاين بي زت سي – اماراتية	2.014
80	M/09/80	كامباك اويل ليمتد – نايجيرية	2.002
81	M/09/81	ايبكس اينرجي - فرنسية	2.376
82	M/09/82	زرابشنفط – روسية	15.126
83	M/09/83	السيد جورج ترخانيان - (لبناني) -كونسلت تريد النمساوية	2.006
84	M/09/84	سلينوكم – الصينية	2.564
85	M/09/85	فادي أويل انترناشنال – لبنانية	1.967
86	M/09/86	حزب الوحدة والسلام الروسي -زيرج – موسكو- مسجلة في سويسرا	3.988
87	M/09/87	اينرجي ريسورسز – اوكرانية	1.928
88	M/09/88	بلانت بتروليوم – لبنانية	[illegible]
89	M/09/89	أويل أند غاز سيرفس كروب الباكستانية لصالح شركة آسيا التجارية (عراقية)	2.022
90	M/09/90	ماربل أرج – قبرصية	[illegible]

91	M/09/91	بي سي انترناشنال (بي أي بي) ليمتد - بانكستانية	1.915
92	M/09/92	أرد تريدنك امبكس اس أر ال - رومانية	
93	M/09/93	ان أر جي اويلس – ايطالية	1.050
94	M/09/94	تات نفط التترستانية	
95	M/09/95	السيد رياض الطاهر- (عراقي مقيم في بريطانيا) جولا ريسورسز بي ال سي - ايرلندية	1.030
96	M/09/96	ايتالويان اويل سوسايتي - ايطالية	
97	M/09/97	السيد بودالييه - (فرنسي) - فيتول أس. أي - سويسرية	1.988
98	M/09/98	السيد لكاباتوف- روز نفط كاز تكسبورت – روسية	
99	M/09/99	شركة الموارد الكبرى للتجارة الدولية (الاردنية)	
100	M/09/100	جايا بورن رايس كومباني ليمتد - تايلاندية	1.978
101	M/09/101	شركة الفا ايكو الروسية لصالح وزارة الخارجية الروسية	2.061
102	M/09/102	شركة تيومين الروسية لصالح وزارة الخارجية الروسية	2.006
103	M/09/103	بلسون للمستمنت أي ان سي - بلجية	
104	M/09/104	اس جي دي التركية	
105	M/09/105	السيد باسم قاقيش - (اردني) -لبني ترينك اس. أي - لسبقية	2.003
106	M/09/106	يونتي فيول - الامارتية	0.961
107	M/09/107	السيد جميل هارون - (ماليزي) - اتلانتك اوف شور سيفايز - ماليزية	
108	M/09/108	ان كي تي اوفرسيز بتروليوم ليمتد - قبرصية	
109	M/09/109	شركة اومني اويل - السيد شاكر الخفاجي	
110	M/09/110	السيد فؤاد سرحان - (برازيلي) - هاس رو شيبنك اويل اس.أر.ل – رومانية	
111	M/09/111	هيو ايمنك - اوكرانية	4.989
112	M/09/112	تريادور تريدنك ليمتد - قبرصية لصالح الشركة العربية للنفقات	1.002
113	M/09/113	جابنا اويل الصينية	2.789
114	M/09/114	زاز اينرجي ليمتد - النايجيرية	
115	M/09/115	السيد محمد عبدالمنان - (بنغلاديشي) -جوردن كربن كومباني ليمتد - أردنية	4.027
116	M/09/116	الدكتور خالد جمال عبدالناصر- الكوم المصرية	3.842
117	M/09/117	فواد الرئيس الكونغولي - فيو ستار – سنغافورية	
118	M/09/118	السيد فوز زريقات - مودل ليست انفاتست سيستيموتدكتر اي.ان.سي (أردنية)	0.991
119	M/09/119	السيد جيرنوفسكي - مشينو اميورت – روسية	
120	M/09/120	السيد لكتوراسنك -حزب المؤتمر الهندي / ماسطيلد – سويسرية	
121	M/09/121	السيد مكرم حكيم - موكتي كاز كوربوريشن - اندونيسية	
122	M/09/122	جابنا واسو انجنيرنك كوربوريشن - الصينية	2.016
123	M/09/123	زوهاي زين رونك كومباني - الصينية	1.979
124	M/09/124	شنغري كروب اوف كومباني الصناعية	
125	M/09/125	فادي اويل انترناشنال كومبنيز - لبنانية	
126	M/09/126	بي تي اس سي - اوغندية	2.083
127	M/09/127	شركة غصان شلاح السورية	
128	M/09/128	السيد عبدالله الحوراني - الشركة الوطنية لصيقة آبار النفط القطرية	
129	M/09/129	السيد محمد حلمي - (مصري) - سيبول مانجمنت اس . اي - السويسرية	
130	M/09/130	كونسيرن ريجن اوف اوكرانيا - اوكرانية	
131	M/09/131	السيد سيرجي جورفاتوف- (روسي) - اويك اميورك – دانماركية	2.258
132	M/09/132	اسموس ليمتد اويل ديفلشن - كينية	
133	M/09/133	فينزويلان تريدنك اويل - فنزويلا	
	المجموع		353.727

أشخاص , شركات و جهات خصصت لهم كميات خلال المرحلة التاسعة ولم يتعاقدوا

على العملاء بشكل التكلفة المحتملة لأية تأخيرات في تسليم الشحنات بما في ذلك أية رسوم يتم تحميلها لتغطية تكاليف الانتظار (SURCHARGE)



HOUSE OF COMMONS

LONDON SW1A 0AA

GEORGE GALLOWAY MP
EXTRACTS FROM HANSARD 1990-1998
(VERBATIM PARLIAMENTARY RECORD)

- **15 March 1990**

Mr. Farzad Bazoft (Execution)

Mr. George Galloway (Glasgow, Hillhead): The Iraqi regime has besmirched the name of its people by the judicial murder this morning.

- **28 November 1990**

Column 878

Mr. George Galloway (Glasgow, Hillhead): I have no truck with Saddam Hussein, and I hope that the Foreign Secretary accepts that.

- **17 January 1991**

Column 992

Mr. George Galloway (Glasgow, Hillhead): In so far as Saddam Hussein is a brutal dictator, does it not follow that his own people are by definition his victims, just as much as the hostages and the people of Kuwait? Does it not give the Prime Minister a moment's pause for thought that those are the very people who, as we speak, are being dragged dead and mutilated out of the rubble of the centre of Baghdad?

- **15 March 1991**

Column 1350

Mr. George Galloway (Glasgow, Hillhead) There are those of us, such as myself, who have been Saddam Hussein's bitter opponents for as long as he has been in power in Baghdad. There are people, such as myself, who have marched, petitioned, written, railed and ranted at the dictatorship in Baghdad, and it is bitterly difficult for us to see the attitude of those Conservative Members who did not want to hear what we were saying and who wanted to say little and do even less about the **bestialities that were committed by the dictatorship in Baghdad.** For them, the dictatorship was merely a bloody good customer. That is the truth of the matter. **Those of us who had a track record of opposing the dictatorship** argued that if we got into a war of the kind that was being contemplated, the consequences would be so devastating that they would outweigh any good that could be done. No one ever

Permanent Subcommittee on Investigations
EXHIBIT #46



HOUSE OF COMMONS

LONDON SW1A 0AA

argued that force against a dictator such as **Saddam Hussein** was not justified. We argued whether such force was wise and whether the cost of the use of that massive force would outweigh the good that it would do.

- **13 January 1993**

Column 1022

Mr. George Galloway (Glasgow, Hillhead) : The Secretary of State should be aware that the action taken tonight is worse than a crime--it is a blunder. It is a blunder because, when the fog of war clears tomorrow, we shall find that the people who have been not "spanked", as my hon. Friend the Member for Walsall, South (Mr. George) had it, but torn limb from limb and incinerated under the bombs--smart or otherwise--**will be people who never voted for Saddam Hussein and who are not responsible for the crimes that he has committed down the years, including all the years during which the British Government were selling him arms.**

- **21 January 1993**

Column 573

Mr. George Galloway (Glasgow, Hillhead) On Arab streets, in the slums of Algiers, in Aden, in the slums of Cairo and in the mosques of Saudi Arabia, the attack has led to the beatification--if Muslims can be beatified--of **that blood-soaked tyrant, Saddam Hussein.** His stock has never been higher.

- **13 December 1993**

Column 726:

Mr. George Galloway (Glasgow, Hillhead) "Iraq is a developed country which is being de-developed by the United Nations with our participation, using our funds to support the United Nations effort. It is being de-developed by the very Governments and countries who used to be so friendly with Iraq and its Government. The Conservative Members in the House this evening are a fairly civilised bunch, but none has sought to argue that case. **For the record, I am a founder member of the campaign against oppression and for democratic rights in Iraq. I was marching, petitioning, and picketing for democracy and against dictatorship there long before this and other Governments were converted to opposition to the regime in Baghdad. I stand in second place to no one in my opposition to the bestialities of that regime."**

- **14 February 1997**

Column 529



HOUSE OF COMMONS

LONDON SW1A 0AA

Of course they are in favour of the overthrow of **Saddam Hussein**, but that was not always the case. **In the 1970s when my colleagues and I were founding the Campaign Against Repression and for Democratic Rights in Iraq, Conservative Members sat on sofas with Saddam Hussein trying to sell him guns. When CARDRI, of which I was a founder member, called for illegal, violent action, which some would describe as terrorist action to overthrow the Government of** Saddam Hussein, **there would have been nothing in the amendment to stop a Conservative Attorney-General taking action against us.** By definition, such dissidents would have been a threat to United Kingdom trade. After all, that was al-Masari's crime. He was threatening and jeopardising United Kingdom arms contracts with the Saudi Arabian dictatorship. So when **Saddam Hussein** was a blue-eyed boy as far as Conservative Members were concerned, his opponents might have been seen to have been jeopardising British trade, including arms contracts. The amendment would in no way have protected those dissidents who were here lawfully as political refugees.

- **14 Februay 1997**

Column 555

There was time when Saddam Hussein's Government were most valued customers and warmly treated. If they were not allies, they were very special customers. Ministers without number made trips without number to sit on his sofa and try to sell him military hardware. British business delegations were constantly going over there **while people like me were demonstrating outside the embassy in London on the side of the victims of the Saddam dictatorship.**

- **17 February 1998**

Column 912

Mr. George Galloway (Glasgow, Kelvin): It would be a strange sort of Parliament in which Members who expressed a view different from that of the majority could be accused of giving succour and comfort to a dictator whom some of us have fought for far longer than some of those who muster such dread condemnation as has been voiced this evening. It would be a Parliament more like the Parliament in Baghdad than the Parliament in this country, for which we fought over the centuries. I disdain to keep my views on this matter secret. **The Iraqi regime has been effectively carpet-bombed this evening and I shall not repeat the condemnations that I have been making all my political life and that have already been made. I shall speak up for some people who have not been much mentioned this evening: the poor Iraqi citizens, who never elected Saddam Hussein and who—however much we make them suffer, however often we bomb them and however long we sanction them—cannot remove the dictator who stands astride them.**

- **25 November 1998**

Column 145



HOUSE OF COMMONS

LONDON SW1A 0AA

It is scarcely credible that a Member of Parliament should seek to justify--if that is what was being done--our killing hundreds of thousands of Iraqis on the grounds that the Iraqi dictator was responsible for the deaths of hundreds of thousands of Iraqis. Are we saying that we are morally equivalent to the Iraqi dictatorship?

Mr. Galloway: There is no dispute about the quotations that I have given the House, which unequivocally place the

- **25 November 1998**

Column 147

responsibility for the massacre upon sanctions. The UN World Food Programme, the UN children's fund, *The Lancet*, the president of Finland--all say that those deaths are being caused by sanctions.

The tyranny of Saddam Hussein is another question, to which I shall return. I was on the demonstrations against the tyranny of Saddam Hussein when British Ministers were inside the embassy, signing trade deals. I do not know whether my hon. Friend the Member for Bury, South (Mr. Lewis) was with me in the 1970s when we formed the Campaign Against Repression and for Democratic Rights in Iraq. Perhaps he was there, and I just did not know him then. However, nobody in this House has a longer record of opposition to the Ba'ath dictatorship in Iraq than me. That I can unequivocally state.

Mr. Galloway: However, that did not stop me demonstrating or getting involved in political work. I reiterate my point, because I suspect that there is a sub-text. **No one in the entire House has been active in political campaigns against the dictatorship in Iraq for longer than me--although some have been active for as long.**

- **25 November 1998**

Column 149

If it means that Saddam is a tyrant, I am the last person who needs to be told about that, but how many executions has he carried out? Has he executed 567,000 children or killed more than 1 million people, which is the number that United Nations officials say have been killed by sanctions? I very much doubt it, but even if he had, is his river of blood an excuse for us to create our own? That is the $64,000 question.

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1731

STATEMENT BY

THOMAS A. SCHWEICH

CHIEF OF STAFF

U.S. MISSION TO THE UNITED NATIONS

U.S. DEPARTMENT OF STATE

BEFORE THE

SENATE HOMELAND SECURITY AND

GOVERNMENTAL AFFAIRS COMMITTEE,

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

ON THE

UNITED NATIONS OIL-FOR-FOOD PROGRAM

FIRST SESSION, 109TH CONGRESS

MAY 17, 2005

Permanent Subcommittee on Investigations
EXHIBIT #47

Mr. Chairman, distinguished members of the Committee,

I welcome this opportunity to appear before you today to discuss the UN Security Council's management of the multilateral sanctions regime on Iraq, including oversight of the Oil-for-Food Program, and the ways in which the United States, with strong support from the United Kingdom, attempted to compel Member State adherence to the restrictive measures on the former Saddam regime.

Mr. Chairman,

In previous testimony before this and other Congressional committees investigating Oil-for-Food matters, my colleagues and I have tried to delineate the various ways in which Saddam Hussein attempted to undermine and subvert the comprehensive sanctions imposed by the UN Security Council on Iraq under Resolution 661 (1990) following Saddam's invasion of Kuwait in August 1990. Given the focus of today's hearing, it is important to note that Saddam's efforts to evade the sanctions were facilitated through the cooperation and complicit involvement of various parties outside Iraq.

In my April 12 testimony before the International Relations Subcommittee of the House Government Reform Committee, chaired by Congressman Christopher Shays, I referred to what I described as a pull-down menu of manipulative mechanisms that Saddam employed to circumvent the sanctions. I said that these included surcharges, the topping off of oil loadings, influence pedaling, product substitution, product diversion, phony service contracts, phantom spare parts, shell corporations, illusory performance bonds, hidden bank accounts, and plain old-fashioned bribery and kickbacks involving millions of dollars.

While the United States, with strong support from the United Kingdom, attempted to counter Saddam's efforts at non-compliance, we often were met with resistance by those States, including members of the UN Security Council, and, hence, participants on the Iraq Sanctions "661" Committee, who may have been benefiting economically and financially from their ongoing relationships with the Saddam regime, particularly under the UN Oil-for-Food (OFF) Program.

Saddam cleverly exploited these avenues for non-compliance by granting oil and humanitarian supply contracts to those willing to bend the rules in Iraq's favor. So when, for example, the United States and the United Kingdom attempted to institute an oil pricing policy in the 661 Committee, which became known as "retroactive pricing," that was aimed at reducing or eliminating unauthorized excess charges being imposed by the Iraqi Government on oil export contracts, certain 661 Committee members strongly resisted our efforts. In that instance, we were able to use the consensus rule of the 661 Committee to our advantage to withhold our consent to oil prices proposed at the beginning of each month by Iraq's State Oil Marketing Organization (SOMO), until we were able at the end of the month to determine whether the proposed prices reflected "fair market value" in comparison with other comparable crude oils. By all accounts, our strategy succeeded in greatly reducing oil surcharges from fifty cents per barrel to about five cents per barrel, thereby reducing the involvement of oil middlemen who, according to the UN Oil Overseers, contributed nothing to Iraq's oil export efforts under the Oil-for-Food Program.

Mr. Chairman,

661 Committee members with strong economic interests in Iraq used numerous tactics both procedural and substantive to delay or oppose our attempts, in coordination with the British, to achieve compliance with the sanctions.

Mr. Chairman,

The combined efforts by Saddam to avoid compliance with the sanctions, coupled with the willing acquiescence of certain governments to permit unauthorized deviation from the measures, made it increasingly difficult for the United States and the United Kingdom to maintain the effectiveness of the restrictions, despite our best efforts. Much of what the U.S. could and could not achieve with regard to monitoring the Oil-for-Food Program and implementing the sanctions was directly related to the political situation surrounding the contentious issue of Iraq in the Security Council and in the 661 Committee. Our efforts to keep the comprehensive sanctions regime in place for as long as we did, from August 1990 until May 2003, despite its inevitable weakening, far exceeded the expectations of policymakers at the time the restrictions were first imposed.

Mr. Chairman, in the time remaining for my prepared testimony, I would like to cite two examples of the types of problems we and the British faced in our dealings in the 661 Committee. One situation we attempted to

correct, only to be met with stiff resistance from other Committee members, involved the unauthorized flow of oil through the Iraq-Syria pipeline, a violation we repeatedly criticized both in our public statements and in our discussions with other Security Council and 661 Committee members. During an October 2002 meeting of the 661 Committee, we requested an explanation as to the apparent discrepancies between the amount of oil Syria produced domestically, the amount it consumed domestically, and the total annual volume of oil that Syria exported. The Syrian representative, a member at the time of the 661 Committee, with support from other delegations, questioned the reliability of the figures we quoted, which we had drawn from publicly available oil industry publications. Another delegation, seeking to deflect the focus on Syria, suggested the Committee's work would be more effective if alleged sanctions violations were not considered singularly and in isolation, but rather were viewed in the relative context of other reports of non-compliance.

A second example to which I would draw your attention involved the use of ferries traveling from the United Arab Emirates to and from Iraq, ostensibly authorized only to transport passengers and their immediate possessions, not commercial goods. In a series of 661 Committee meetings, we and the British repeatedly objected to giving permission to the governments of Bahrain, Oman and Qatar to initiate their own ferry service to Iraq unless and until the illegal practices of the ferries operating from the UAE first were stopped. We specifically took such action because several successive briefings to Committee members by the Commander of the Multinational Maritime Interception Force (MIF), operating in the Persian Gulf, confirmed with photographic evidence that commercial goods and supplies were being loaded onto ferries in the UAE in direct violation of previously agreed Committee rules governing ferry service. Other 661 Committee members severely criticized us and the British for linking our decision to block Committee approval of ferry service from other Gulf states to the ongoing problems associated with ferry service from the UAE to Iraq. However, we maintained our opposition to new ferry service and requested that steps be taken to compel the government of the UAE to exercise greater control over ferries departing from its ports to Iraq.

Finally, Mr. Chairman, concerning the oil voucher program established by Saddam allegedly to reward those individuals, groups, and entities who had helped the Iraqi regime, I would like to offer two observations:

a) knowing now of the existence of such a program, in retrospect, possibly helps to explain why certain members of the Security Council and the 661 Committee fought so strenuously with us and the British to abandon our retroactive oil pricing policy, to release our holds on what amounted by the Spring of 2002 to 5.4 billion dollars in humanitarian goods contracts, and generally to ease the restrictive measures against Iraq; and,

b) had we and the British known at the time of Saddam's efforts to influence individuals, groups, and other governments by means of an institutionalized, secret oil allocation program, we likely would have considered other strategies to address sanctions non-compliance and the apparent influence-peddling in which Saddam was extensively engaged.

Mr. Chairman,

I have intentionally limited the length of my formal statement in order to permit additional time for questions from you and the other Committee members. I know you are aware that there are some limitations as to what I can say in an open briefing. I will attempt to answer all your questions within the confines of U.S. law limiting public dissemination of classified material. Should you and other Committee members seek additional information pertaining to classified material that might require a closed hearing, I stand ready to provide you with whatever details you may desire.

Mr. Chairman, thank you for the opportunity of appearing before the Committee today. I am happy to answer questions when you so indicate.

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Russian Government and the Politics-Business Nexus: 1998-2003

by Peter Reddaway[1]

Testimony for the Senate Permanent Subcommittee on Investigations

Hearing of May 17, 2005

The President, the Presidential Administration, and Big Business

The period 1998-2003 includes the last two years of the presidency of Boris Yeltsin and the first three of that of Vladimir Putin. During this period only relatively minor changes took place in the overall nature of government and of the politics-business nexus.

The Russian Constitution is presidential in type, and gives extensive powers to the president. Thus the executive branch dominates the legislative and judicial branches, and both presidents have exercised wide-ranging powers over all three branches. In doing so, they have usually used as their main instrument the Presidential Administration (referred to by the Iraqis as the Presidential Council). This is a complex organization that aims – through complicated methods of political and financial persuasion - to ensure that, for example:

- the Cabinet of Ministers prepares the draft legislation desired by the president;
- the parliament then adopts this legislation without introducing changes undesirable to the president;
- the court system renders judgments - in cases where the president has an interest in the outcome - that accord with his wishes.

In addition, the Presidential Administration (PA) plays a key role in controlling and censoring the media, especially the national television channels, in trying to ensure that the president's will and policies are implemented in Russia's 89 federal regions, and in controlling as far as possible Russia's nascent civil society. It also interferes extensively in the business world, indirectly mediating major disputes, indirectly granting favors to some companies, and penalizing others. At the same time, it and the Cabinet of Ministers interact with business regularly on the political level. In this way, business has exerted a major influence on government policy -- more blatantly in the Yeltsin era, less blatantly, but still substantially under Putin.

Given this multiplicity of important roles, it is not surprising that the head of the PA and the president are usually regarded as the two most powerful figures in Russia's government. This was especially the case during the four and a half years from March

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Permanent Subcommittee on Investigations
EXHIBIT #48

1999, when Yeltsin appointed Alexander Voloshin to head the PA, and October 2003, when Voloshin resigned from that position. Voloshin was quickly reappointed by Putin after Yeltsin resigned in December 1999, and provided important continuity from one presidency to the next.

Corruption in Government-Business Relations

Scholars and analysts of Russian government are in broad agreement that since the late 1980s almost all government institutions have either been corrupted by private business interests, or have corrupted themselves. As Putin himself lamented in his latest annual address to parliament, government agencies do not, in practise, further the national interest, because their officials are too busy pursuing their private interests. They do this by taking bribes from businessmen, so that the latter can obtain necessary licenses, permissions, exemptions, etc, and can also influence legislation. The officials then invest the bribes in private business enterprises.

This corrupt activity has been on such a large scale that – when business or political rivalries erupt within the elite – opposing sides generate media reports about each other's corruption that are lengthy and detailed. These reports concern politicians, officials, and business people at all levels, including the highest. Among the objects of such allegations have been, for example, the former prime ministers Viktor Chernomyrdin, Sergei Kirienko, and Mikhail Kasyanov, the former ministers and presidential aides Andrei Vavilov, Anatoly Chubais, Pavel Borodin, and Alexander Voloshin, the tycoons Oleg Deripaska of Basic Element, Mikhail Fridman of Alfa Group, Vagit Alekperov of Lukoil, Roman Abramovich of Sibneft, Boris Berezovsky (media holdings), Vladimir Potanin of Norilsk Nickel, and Mikhail Khodorkovsky of Yukos, and the president himself, Vladimir Putin.

Only rarely are these reports denied or subject to libel suits, evidently because many of the allegations are true. And only rarely is anyone indicted and sentenced in connection with them, because the prevailing political culture is one in which members of the elite normally enjoy de facto immunity from punishment. Occasionally, however, such figures are arrested while abroad, for allegedly breaking foreign laws. This happened recently to a former minister of atomic energy, Yevgeny Adamov, who is currently being held in Switzerland on charges that he misappropriated $9 million in U.S. aid money. Also, some members of the elite have been barred from entering the U.S. because of their alleged links to organized crime groups.

Not surprisingly, the corrupt relations between government and business mean that each side uses the other in a variety of ways. One of these is the government's use of Russian companies, especially energy companies, as a usually effective instrument of its foreign policy.

Alexander Stal'evich Voloshin (born 1956): recipient of Iraqi oil allocations

Before his appointment to the PA in 1997, Voloshin was a businessman closely associated with Boris Berezovsky. Promoted to head the PA in March 1999, Voloshin quickly became a major player in Russian government, gaining the confidence of the group around Yeltsin and the magnate Roman Abramovich. It was this group that selected Putin to become prime minister in August 1999, and later ensured that he became president. Thus in early 2000 Putin chose Voloshin to manage his effective electoral campaign.

In addition to entrusting Voloshin to run the complex, often fractious structures of the PA, and help him keep the main clans of the elite happy and in line, Putin also entrusted him with many special responsibilities and assignments. Among these were managing the multi-faceted reform of federal-regional relations that Putin launched in 2000.

Since Voloshin soon became famous in his PA position for his discretion, and almost never gave interviews, it is hard to judge the exact significance of the fact that the Iraqis gave an especially large number of oil allocations to him, rather than to some other Russian official. As far as is known, for example, he never had close relations with Iraq or Saddam Hussein. Thus it would be reasonable, but unprovable, to speculate that Saddam might have picked out Voloshin, not because he was seen as being specially well inclined towards Iraq, but rather because it would be invidious to choose Putin, but Voloshin could be trusted to distribute the profits from selling the oil in ways that would meet with Putin's approval. More broadly, the Iraqi purpose in granting these allocations to Russians was clearly the same as it was regarding its other allocations, namely to encourage the beneficiaries to take pro-Iraq positions in international forums, as well as in bi-lateral relations. In the Russian case, this made sense, since the Kremlin had a long history of close relations with Iraq and Saddam, and its seat on the U.N. Security Council meant that it could, as in due course it did, oppose anti-Saddam moves made in that body.

Sergei Vladimirovich Isakov (born 1961): recipient of Iraqi oil allocations

Isakov is a businessman and would-be politician. As a candidate for Vladimir Zhirinovsky's inaccurately named Liberal-Democratic Party, he has run for political office four times, but never been elected. In 2000 he was arrested on charges of financial deception, but not sentenced. In business he has worked in the airline, oil, and engineering industries, including for the companies Vnukovo Airlines, Nafta Moscow, and the Russian Engineering Company.

Since no personal ties to Voloshin are known, while such ties with Zhirinovsky appear probable, one might perhaps speculate that Voloshin followed Zhirinovsky's recommendation in using Isakov to process his own oil allocations. Zhirinovsky already knew how to do the processing, and could, therefore, easily instruct his associate Isakov, who was on the board of the oil firm Nafta Moscow. But this is only speculation.

Vladimir Vol'fovich Zhirinovsky (b. 1946): recipient of Iraqi oil allocations

From 1983, Zhirinovsky worked as a lawyer in a publishing company, before, in 1990, becoming a politician and businessman. In doing this, he was secretly backed by the Communist Party, which wanted to use him and his Liberal-Democratic Party to take votes away from genuinely oppositional parties. Later the Yeltsin administration continued this relationship, reportedly using money to control him, as had the communists.

The LDP advocated most notably a militantly nationalistic and anti-Western foreign policy, and also, after 1991, the restoration of the Soviet Union. This made Zhirinovsky's strong and demonstrative support of Iraq and Saddam Hussein in the 1990s unsurprising. Not only had the USSR and Russia had a close relationship with Saddam in the past, but Zhirinovsky, who almost openly aspired to be the dictator of Russia, also admired the Stalinist way in which Saddam ran the Baath Party and exercised his dictatorship in Iraq.

All this – plus Saddam's predictable decision to favor him with oil allocations - explains Zhirinovsky's numerous trips to Iraq in the 1990s, often at the head of large delegations, and his many meetings with Saddam and his senior advisors.

While Zhirinovsky probably supplied the Kremlin with useful intelligence on Saddam's attitudes and policies, it is doubtful how much real influence he had on Kremlin policy. His trips to Iraq were not popular with the Russian people as a whole, and the Kremlin had much more balanced and experienced experts than him on Iraq policy, notably the senior politician and, in 1998-99, prime minister, Yevgeny Primakov. Also, Zhirinovsky never won more than 8% of the vote in his three runs for the presidency, although his extreme and colorful demagogy helped his party to gain 23% of the popular vote in the 1993 parliamentary elections. However, it won only 11% in the 2003 elections. So the Iraqis may not, in Zhirinovsky's case, have made a particularly good investment.

Russian oil companies that profited from Saddam's oil allocations to Russians

While some of these companies are rather obscure, others are prominent. The state-owned Lukoil, for example, whose services were used by Zhirinovsky, is the largest Russian oil company, and has a reputation for ruthless business tactics. It has long been headed by one of the richest of Russia's "oligarchs", Vagit Alekperov, whose personal net worth was recently estimated by Forbes Magazine at $4.1 billion.

Another oil major used by Zhirinovsky was the Tyumen Oil Company, known as TNK. This was jointly bought in 1996 by the Alfa Group, which also has a reputation for ruthlessness, and an American company, Access Industries. Alfa is run by the oligarchs Mikhail Fridman and Petr Aven, whose net worth Forbes estimates at $5.8 and $1.7 billion respectively. Access Industries is run by a close associate of Fridman's, Leonard Blavatnik, a U.S. citizen who immigrated from the USSR.

Alekperov, Fridman, and Aven have long had intimate ties to the highest levels of Russian government, and Aven is a former government minister. As such, they exemplify the incestuous relationship between government and big business in Russia.

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Newsnight

Wednesday, 23 April, 2003, 12:10 GMT 13:10 UK

George Galloway responds to allegations



The man prepared most courageously to speak out against the war on Iraq has been the victim of an outrageous smear.

That, at least was his own version of events.

George Galloway, the man who called Tony Blair and Goerge Bush 'wolves', who urged British soldiers to disobey orders, and not to fight, was accused of having been in the pay of Saddam Hussein. To the tune of hundreds of thousands of pounds a year.

He said he will sue the Daily Telegraph, who printed the allegations in what they say was an Iraqi intelligence officers' report.

He said he didn't receive any money from Iraq and isn't even registered with the UN Oil for Food programme. But what about his designated business representative to Iraq, Fawaz Zureikat? That was the question Jeremy Paxman put to Mr Galloway.

Click here to watch the interview

GEORGE GALLOWAY:
Well, Fawaz Zureikat was the chairman or is the chairman for some time of the Miriam Appeal. He's an activist in the anti-sanctions

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George Galloway MP
"to the best of my knowledge I have never met an Iraqi intelligence officer and I have never solicited money from one."

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Permanent Subcommittee on Investigations
EXHIBIT #49

campaign, but he's also a rather successful businessman representing some of the world's biggest companies in the Middle East. He has been doing business around the Middle East and including in Iraq for a very long time, long before the Oil for Food programme and continuing now under the new dispensation such as it is. So if you're asking me, does Fawaz Zureikat do business in Iraq, undoubtedly yes. Has he been a generous benefactor of the work of the Miriam Appeal, undoubtedly yes, but that's a vastly different thing from what's alleged in the Telegraph that I personally have received money directly from the Iraqi regime.

JEREMY PAXMAN:
He is a friend of yours. He's described by you as your representative. Is he also registered with the United Nations on the Oil for Food arrangement?

GEORGE GALLOWAY:
Yes, I imagine so. He's quite a considerable player in business with Iraq.

JEREMY PAXMAN:
Haven't you asked him?

GEORGE GALLOWAY:
Well, I'm trying to reach him to ask him if he's ever been involved in oil deals because I don't know the answer to that. I certainly know that he has been a supplier of very many things to very many ministries in Iraq, in the old regime through the Oil for Food programme from the Agriculture Ministry to the Trade Ministry and many others.

JEREMY PAXMAN:
But you maintain that you have received no money from him yourself?

GEORGE GALLOWAY:
No, I have not.

JEREMY PAXMAN:
The problem here is, isn't it, that you've got form on this. We have a letter here from 1997 where you appealed to the Pakistani Government for money.

GEORGE GALLOWAY:
Well, let me deal with one row at a time,

please, Jeremy, without going back to the one we fell out about five years ago. By the way, if I was going to do it, which I didn't, why would I choose to go to a junior intelligence officer who then had to write a memo to his superior who then had to write a memo to Saddam Hussein in order to do it? I had access, as you very well know, at the highest level of Iraq's political leadership.

JEREMY PAXMAN:
That meeting took place on Boxing Day 1999. Where were you?

GEORGE GALLOWAY:
Well, I'm not entirely sure about that. I did spend one Christmas in Baghdad.

JEREMY PAXMAN:
It was the Christmas just before the millennium. Everyone knows where they were.

GEORGE GALLOWAY:
Well, I'm not sure that I do, however, I'm prepared for argument's sake to concede that I was in Baghdad. I spent a Christmas Day in either '99 or 2000 with Tariq Aziz which makes the point I've just made. If I were in a frame of mind to discuss business with the regime in Iraq, I would have done it on Christmas Day with Tariq Aziz rather than with a junior intelligence officer on Boxing Day. I can tell you that to the best of my knowledge I have never met an Iraqi intelligence officer and I have never solicited money from one.

JEREMY PAXMAN:
Were you there with Fawaz Zureikat?

GEORGE GALLOWAY:
I was there with Fawaz Zureikat and others.

JEREMY PAXMAN:
And Mr Zureikat, you say, has had extensive dealings with the regime in Iraq. How much money has he given your charities?

GEORGE GALLOWAY:
Well, I don't know the exact figure, but he's one of the three biggest benefactors who are the Governments of the UAE, united Arab emirates and Saudi Arabia and Zureikat would be either second or third on that list. So he was a very generous donor to the campaign.

JEREMY PAXMAN:
Will you open the accounts?

GEORGE GALLOWAY:
Yes.

JEREMY PAXMAN:
Do you have any idea how much money he may have received from Iraq?

GEORGE GALLOWAY:
No. How can I have any idea?

JEREMY PAXMAN:
It's your charity, that's why.

GEORGE GALLOWAY:
Sorry?

JEREMY PAXMAN:
It's your charity.

GEORGE GALLOWAY:
Two mistakes there. First of all, it isn't a charity. It's a political campaign and always has been. Secondly, it isn't mine. I founded it, but long ago gave up day-to-day control of it. Indeed the chairman of it for some considerable time has been Mr Fawaz Zureikat.

JEREMY PAXMAN:
So this organisation you set up which is not a charity but a political organisation which is now looked after by Mr Fawaz Zureikat, who you have already told us has extensive business interests in Iraq and may have taken much money from that country, you don't know quite how big that stake is?

GEORGE GALLOWAY:
The stake in the donations to the Miriam Appeal?

JEREMY PAXMAN:
Precisely.

GEORGE GALLOWAY:
I would have said it was of the order of about £200,000 over four years, a ballpark figure.

JEREMY PAXMAN:
Just to be clear on the question of involvement with Labour party, your seat will

be abolished. Will you seek renomination for a Labour candidacy at the next election.

GEORGE GALLOWAY:
My seat isn't going to be abolished. Glasgow is losing three seats and the remaining seven are merging. Mine is no more being abolished than anyone else's. Of course, I shall seek the nomination in the Glasgow Central constituency if the members are allowed to do so. I think I can confidently predict they will select me. If they're cheated of that right, then of course, I will defend the seat as an independent.

JEREMY PAXMAN:
George Galloway, thank you.

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