

To: IAMB Members

### Metering of Iraqi Crude Oil

Here below is an update on the above subject based on the latest information received from the Ministry of Oil and as followed up by the Board of Supreme Audit.

#### Khor Al-Omya Terminal – Southern Iraq

The Ministry of Oil is currently evaluating the offers received from various companies for the supply of specialised metering equipment for this terminal.

#### Basrah Terminal – Southern Iraq

Because of the security situation in the area, the suppliers of metering equipment have declined to visit related sites to determine metering needs and specifications. Consequently, the American Agencies were approached to undertake the task and to be financed from American appropriated funds. The agencies responded and contracted with Parsons Company to install the needed metering system on this terminal and the work to be completed by mid 2006. Parsons have not met their contractual commitments and the matter is now being followed up with the American Agencies to either urge Parsons to fulfil their obligations or seek another company to complete the work.

#### Zakho Station and Jihan Terminal in Turkey

There are complete metering systems in both these locations.

Further, the Ministry of oil is proceeding with its own plan to establish an advanced and comprehensive metering system based on internationally accepted practices and updating present systems to link production statistics with the commercial transactions and the financial accounts. In this regard, agreement has been reached with SHELL and BP to implement the above stated comprehensive system and to upgrade present metering systems for Basrah terminal and tank farms there at no charge to the Ministry of Oil. It is hoped that this task will be completed before the end of 2006. The ministry of Oil, and after discussing details of the system once completed with all related parties, intends to have the agreed upon comprehensive system ratified by the binding national law.

The Ministry of Oil will thereafter purchase all required metering equipment at inlet and outlet points. Costs of such purchases will be covered by appropriation from the capital budget for 2007.

Iraq Representative on IAMB

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