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**PLANNING FOR THE IRAQI PETROLEUM  
INFRASTRUCTURE:**

*Issues for Consideration*

*Dated: 6 February 2003*

DECLASSIFIED

BY USD(P)

DATE 30 JULY 2009

09-F-1260

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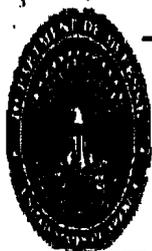
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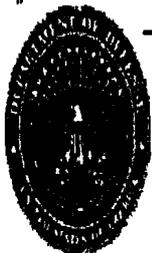
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## *Damage Scenarios and Contingency Plans*

*Intelligence suggests Saddam may be preparing to destroy Iraq's oil system in case of hostilities.*

- Damage could be extensive:
  - Almost 2/3 of all oil wells (900 out of 1,400).
  - Most of the 54 Gas Oil Separation Plants (GOSPs).
  - Pipelines and pumps throughout the country.
  
- DoD has contingency plans to:
  - Extinguish well fires.
  - Control and remediate environmental damage.
  - Restore production capacity to above 3 MM B/D.
    - Best to worst case: 19 to 72+ months.
  
- Cost to repair damage: \$2 to \$16 billion.



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## *Current Oil Marketing Regime*

### **UN Oversees oil exports/import payments**

- All oil export sales require UN approval.
- All oil proceeds are placed in UN escrow account.
- All import contracts are reviewed by UN.
- UN certification of delivery required to trigger payment from escrow account.

**Bottom line: UN escrow account unavailable to US  
Coalition absent new UNSC resolution.**

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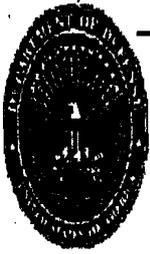
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3



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## *How US Coalition Can Market Oil*

- Sell to buyers willing to recognize US Coalition authority over oil.
  - Clear legal authority to sell and administer proceeds for benefit of Iraqi people.
  - Risks litigation/attachment of cargoes if no immunity, as UNSCR now provides.
- “Unwind” UN regime through new UNSCR.
  - Likely will be hard to obtain broad powers.
  - At minimum, want recognition of authority to administer revenues not already committed to UN escrow account.
  - Continue immunity.
- Or, seek limited changes to UNSCR regime.
  - May be easier than total unwinding; “humanitarian UNSCR” freeing up escrowed funds for food, etc. is probably easiest.

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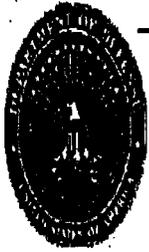
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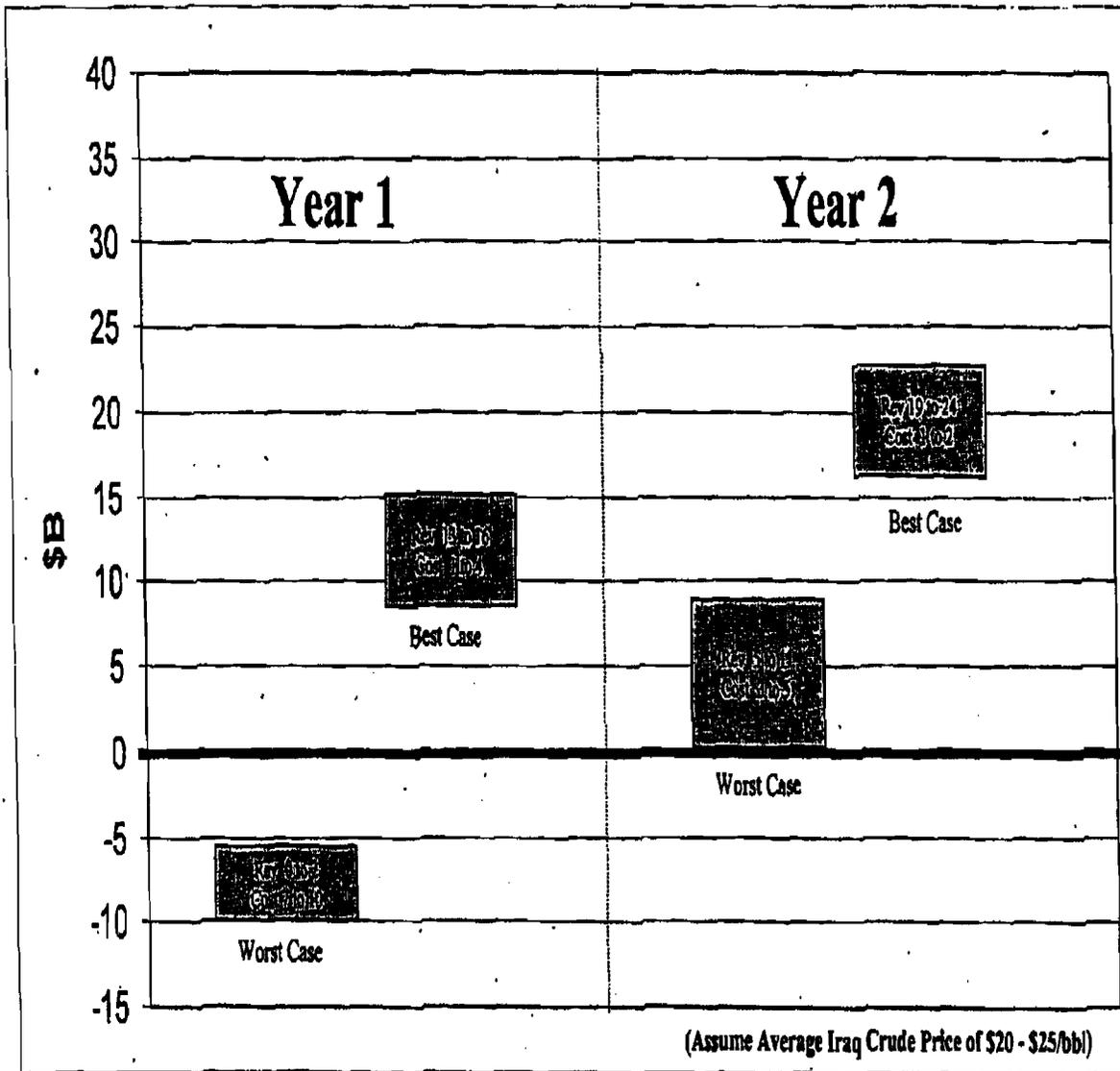
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# Oil Revenue Less Oil Infrastructure Cost

## First 2 Years of Operation



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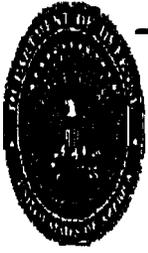
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## *Guiding Principles/Public Diplomacy Goals*

*(See attached hand-out).*

Provide broad operational guidance to the field.

- Counter misimpressions that the U.S. seeks to control Iraqi oil for its own benefit.
- Provide transparent information to markets to enhance understanding of our actions.
- Assure the Iraqi people of our commitment to their best interests.

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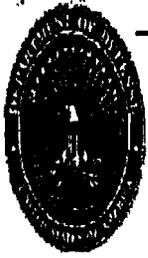
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## *Organization and Management*

*General Principle: Increase Iraqi role as situation stabilizes, return to Iraqi control as soon as feasible.*

**Three phases** – In sync with overall administration of Iraq:

- **First:** Military (aims: secure, protect).
- **Second:** US Coalition civil administration (aims: post-conflict triage, repair, rebuild, resume and oversee operations).
- **Third:** New Iraqi government/indigenous Iraqi management.

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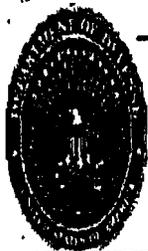
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7



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## *Selection of Management Team*

### *Select Chairman and CEO (see attached bios).*

- Desired traits of Chairman:
  - Experience as CEO/COO of major oil company, including exploration/production.
  - International business experience, including Middle East.
  - Living/working experience in an Arab country, relevant language, a plus.
  - Respected in industry.
  - Retired, "above the fray."
  - Responsive to USG policy guidance, ability to work with US military.
- Desired traits of CEO (in addition to some/all of above):
  - Experience as senior executive in Iraqi oil industry.
  - Apolitical, non-Baathist.
  - Reputation for integrity (no corrupt or questionable practices).

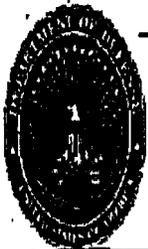
### *Iraqi Chairman if US Coalition administers revenues?*

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## *Immediate Steps Required*

- Recruit and appoint Chairman/CEO.
- Task Chairman to develop immediate post-hostility plan for restoring Iraqi production to pre-hostility levels and report back ASAP for funding and execution authority.
  - In conformity with Guiding Principles.
  - Draw on DoD contingency repair/restoration plans as appropriate to actual post-hostility conditions.
- Task Chairman to develop, as soon as practicable, comprehensive plan for US Coalition temporary management of Iraqi petroleum sector, consistent with Guiding Principles.

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