

(By sharing my personal experiences, before, during and after the war, I hope to make clearer the realities of America's policies and actions, at least with respect to the Iraqi oil industry. My comments are strictly personal and are not intended to represent an official US statement.)

In the fall of 2002, I received an unexpected call from the US Department of Defense asking for my help in its efforts to develop contingency plans for various sectors of Iraq's economy in the event that military action did occur. The Iraqi oil industry is, by far, the most important economic sector and would have to be back in operation quickly if the country was to recover from the effects of the fighting and move on to a more hopeful future. The planning effort was carried out by contractors under existing DOD contracts. The effort was intense. A number of scenarios were evaluated ranging from massive destruction of facilities and an uncooperative workforce, to more benign ones where physical damage was light and good relations with the oil workers could be maintained. For each of these potential outcomes, estimates were made of human, material, and financial resources that would be required. The organisational structure of the recovery effort was laid out and the process of identifying the people to do the jobs was begun.

By mid-January, contingency plans in appropriate detail were in place and documented. I bade farewell to my co-workers and returned to my peaceful life in retirement. Shortly after the war began, I received a second and more serious call from Washington. I was asked to take up the position of Senior Advisor to the Iraqi Ministry of Oil, and Director of the Office of Oil Policy in the Coalition Provisional Authority. In this role, I was to provide policy guidance to the Iraqis who would run the Ministry day-to-day and to play a liaison role with the professional governing authorities. Although spending the next six months in Iraq was not high on my list of 'things to do this summer', I quickly agreed to take on the task and began making plans.

The first steps involved pulling together a small team to accomplish the

job ahead and to begin deploying it into Baghdad as soon as conditions would permit. I was very fortunate in the quality of the individuals that agreed to serve. Gary Vogler, a former US Army officer and employee of Mobil Corporation, was named as my principal deputy. His service over the next year and a half would prove to be extremely valuable

Personal Commentary

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not only to US interests but to those of the Iraqis. Three employees of the US Department of Energy, Clarke Turner, David Callahan, and Gary Holcomb would also play extremely important roles through the first six months. A fifth team member, John Kjar, was seconded to the Office of Oil Policy by the Australian government. This group was deployed to Kuwait in early April and was ready to move into Iraq as soon as possible.

The process of restoring and repairing damaged facilities would be planned and carried out under the supervision of the US Army Corps of Engineers. A special group of both military and civilian employees of the Corps was set up and named Task Force RIO (Restore Iraqi Oil). Under the command of Brigadier General Robert Crear, RIO set up its headquarters at Camp Doha in Kuwait. KBR, a subsidiary of the Halliburton Corporation was selected to be the initial prime contractor in the restoration effort.

The final, and perhaps most important part of establishing the team was to find strong Iraqi leadership. The policy from the start was to ensure that to the maximum extent possible, decision making and control of operations was to be in Iraqi hands. Fortunately, such leadership was immediately evident. A few days after the fall of Baghdad, Thamir al-Ghadhban, an employee of the Ministry under the old regime, acting on his own initiative, presented

himself to the commander of the military unit that had occupied the Ministry building and facilities and asked permission to begin reassembling the staff and to establish some degree of control over the operations in the fields and refineries. Although severely hampered by lack of communications capability and limited freedom of movement throughout the country, Thamir al-Ghadhban was able to get the Ministry functioning. After several telephone conferences with him, we decided that he was the man to lead the Ministry during the transition period. He was offered the position of Chief Executive Officer which he accepted. His courage and professionalism were principally responsible for the progress made in the Oil Sector in 2003.

Coalition military planners gave full consideration to protecting and quickly seizing important oil installations. In general, this care produced excellent results. Only seven oil wells were blown up and these were quickly extinguished by the resources of Task Force RIO who entered southern Iraq even while heavy fighting continued further north near Baghdad. Production of crude oil was reestablished from the Rumayla field on 23 April 2003. Although damage to oil facilities was remarkably light as a result of combat, many installations would suffer very serious harm during the period of looting and lawlessness that followed the collapse of the old regime. It was decided that all looting and sabotage damage would be restored by Task Force RIO at American expense. Once Baghdad was under control, Gary Vogler and the team in Kuwait moved there and established working contact with Thamir al-Ghadhban and others at the Ministry of Oil. On 7 May 2003 I and other senior advisors flew from Washington directly to Baghdad.

During my first face-to-face meeting with Mr. Ghadhban on 8 May, we discussed and came to agreement on a general outline of our priorities. There were four objectives in our plan:

1. Provide needed fuels to the Iraqi people.
2. Ramp up crude oil production and exports as quickly as possible.
3. Begin planning for the restructuring of the Ministry of Oil to improve its

efficiency and effectiveness.

4. Begin thinking through Iraq's strategy options for significantly increasing its production capacity.

These priorities were deceptively easy to state, but would each be difficult to accomplish. The first two were of immediate importance. The last two were of a longer-term nature and while a start could be made on them, any decisions would have to await the creation of a new sovereign Iraqi government.

Driving to the Ministry of Oil for that first meeting, I saw for myself terrible evidence of the fuel crisis confronting the Iraqis. Gasoline lines, three cars wide, stretched for over two miles in front of a filling station near the Ministry. People were waiting two and three days in the blazing sun to buy a single tank of fuel. This unhappy scene was repeated across Baghdad and the entire nation. Liquefied petroleum gas (LPG), which the Iraqis use to cook their food was also in serious shortage. Strategic stocks of both fuels had been drawn down to near zero before and during the war. While the country's three major refineries were now operating again, at least part time, it was obvious that they could not meet demand. A massive import programme was organised using the capabilities of the State Oil Marketing Organisation (SOMO) and the contractor KBR. Soon hundreds of tanker trucks were rolling into Iraq every day from Turkey, Jordan and Kuwait, bringing in and distributing fuel. By early June, the gasoline lines in Baghdad were considerably shorter, but the problem of providing adequate fuel supply remains to this day. In the last half of 2003, over 1 million new cars were imported into Iraq, substantially increasing demand. There is a desperate need for a new major refinery and this is a high priority for the Oil Ministry.

The second priority, reestablishing Iraq's place in world markets, had to await the formal lifting of sanctions by the UN Security Council. This was accomplished on 24 May 2003, and actions to begin offering Iraqi crude oil for sale moved ahead. Although severely hampered by a lack of communications and computer capability, SOMO was able to conduct a tender auction during June and by the end of that month

Iraqi exports were flowing through the Port of Ceyhan in Turkey and through Mina al-Bakr terminal on the Arabian Gulf. All financial proceeds from these sales would go into the Development Fund for Iraq, to be used solely for reconstruction and humanitarian relief in Iraq. This was strictly adhered to by the Coalition Provisional Authority throughout its civil administration of the country.

The capacity for crude oil production in Iraq before the war was estimated to be 3 million barrels per day when all fields were fully operational. Our projections in May 2003, recognising the damage done by looters and on-going acts of sabotage, were that we could realise about half of that capacity once exports began in July. The programme of repair and restoration was estimated to take 18 months so that full capacity would not be attained until the end of 2004. The actual ramp-up of production has run three or four months ahead of schedule and export revenues going into the Development Fund exceeded \$5 billion in 2003 alone.

It is, however, the successful operation of the nation's oil industry that is the most important factor in ensuring a new and prosperous Iraq. Although many facilities are somewhat dilapidated from years of lack of investment and maintenance, Iraqi engineers and operators have proved ingenious in achieving this goal: the single greatest impediment to their success has been providing adequate security for workers and facilities. Most oil installations came through the war with little damage but many suffered severe harm in the period of lawlessness and looting that immediately followed the collapse of the old regime.

The strategy for providing security to critical oil assets is multifaceted. Coalition forces have played an important role in security at major installations such as the Ministry of Oil headquarters and major refineries but the many other demands on their resources quickly showed that Iraqi security forces would have to be built up and deployed. In the summer of 2003, a contract was competitively bid to recruit, train, arm and equip the Iraqi Oil Police Force. By early this year, a force of 14,000 men had been deployed

and increasingly took facilities security responsibilities from Coalition troops. Through early April the number of successful acts of sabotage had fallen sharply and hopes were high that the oil security issue was on its way to being resolved. However, beginning in late April a new concerted offensive was launched and another wave of pipeline attacks washed over the oil industry. As an adjunct to the Oil Police, the Ministry of Oil has entered into a number of contracts with tribal leaders all across Iraq to provide local security to their homelands. These relationships will be increasingly important as they provide more eyes and ears and much improved local intelligence.

Although many challenges lie ahead for Iraq's oil industry, I believe its future is bright. With the handover of sovereignty in July 2004 to Prime Minister Allawi's government and the appointment of Thamir al-Ghadhban as the new Minister of Oil, leadership is in strong hands and planning is moving ahead on the priorities of restructuring and setting the stage of expanding production. The people of the Iraqi oil industry are very professional and competent. And it's good that they are because the whole world will need significantly expanded Iraqi production to meet growing demands.

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