Iraq Ministry of Oil

The Iraq Strategic Crude Oil Export Pipeline Infrastructure Project

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SNC-LAVALIN GROUP
ESCWA Group Meeting
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Executive Summary

Iraq has begun an ambitious program to increase its crude oil production and export infrastructure.

- Iraq’s crude oil production will increase from today’s 3.4 million barrels per day (“bpd”) to approximately 8.0 million bpd by 2018.

- Fundamental to this increase, is an increase in Iraq’s existing export pipeline infrastructure, in particular access to alternative export routes.
  - Basrah, in the south of Iraq, is the main point of export, logistically constrained to approximately 5.0 million bpd; and
  - The Iraq Turkey pipeline, to Ceyhan, is over 25 years old, with a design capacity of 1.6 million bpd and a current operational capacity of only 0.6 million bpd.

- The MoO planned export schemes are from Basrah to Jordan, Syria and Turkey.

- Phase 1 of the MoO Export plan, is the installation of a new crude oil export pipeline, from Basrah to the Port of Aqaba, in Jordan (the “Project”).
  - The Project will constitute:
    - A 2.25 million bpd pipeline from Basrah (PS1A) to Haditha (K3) in the North of Iraq; and
    - A 1.0 million bpd pipeline from Haditha, Iraq to the Port of Aqaba, Jordan.
  - This presentation outlines the two segments of the Project, the method of development, the risks and Iraq’s objectives.
Iraq’s Existing and Planned Export Network
The Project’s Strategic Importance

• Iraq’s crude oil production development contracts, with the IOCs, have the potential to significantly increase Iraq’s oil revenues.

• To achieve the crude oil production contracts’ economic potential, Iraq needs to upgrade its crude oil processing, pipeline and export infrastructure.

• Iraq’s MoO has committed to the 17 IOCs to have the required infrastructure in place by 2018, to support the export of the crude oil produced under these contracts.

• Commercial incentives exist for this infrastructure to be in place and functional prior to this date.

• Against the backdrop of these obligations, the Government of Iraq recognizes:
  • The financial need to develop a new export pipeline, to significantly increase Iraq’s existing crude oil export infrastructure and to enhance Iraq’s hard currency revenues, which account for 80% of the country’s GDP, while mitigating the existing export concentration risk through Basrah.
The EPC Contract & BOOT Project

- Given the size of the Project and its estimated cost, the Project has been split into two, an EPC and a BOOT contract, to increase contractor and potential investor’s appetite, with the CAPEX costs significantly reduced and to provide flexibility for future scheme growth.

- The EPC Contract’s Feasibility Study, from Basrah (PS1A) to Haditha (PS5A) (K3), including the technical specifications, the Environmental and Social Constraints Assessments and the Concept of Security Reports have been conducted and concluded by SNC Lavalin, on behalf of the MoO.

- SNC-Lavalin is currently conducting the Project’s Feasibility Study, from Haditha (PS5A) to the Port of Aqaba, which is scheduled for completion by early 2013.
The EPC Contract & BOOT Project

- **The EPC Contract**
  From Basrah, the PS1A inlet collection point and pump station to Haditha, the K3 Pump Station, a distance of 680 km, with a 2.25 million bpd capacity; and

- **The BOOT Project**
  From Haditha, the K3 Pump Station to the Port of Aqaba, in Jordan, approximately 1,000 km, with a 1 million bpd capacity.
The BOOT Tender Process

- The MoO will send out Expression of Interest Requests and a Pre-Qualification Questionnaire;
- A Committee will review each submission, under pre established and transparent criteria;
- Following the review, invitations to Tender will be sent out to the Qualified Bidders only;
- Upon the receipt of the Tender Bids, from the submitting Qualified Bidders, the Committee will review and score each Tender Bid, and rank the bids accordingly;
- The Committee will make a recommendation to enter into negotiations with the “Preferred Bidders”; and
- Based on the negotiation, the MoO and one of Preferred Bidder will enter into final negotiation on the BOOT Project’s terms and conditions.
The Pre-Qualification Process

- Pre-Qualification invitations will be sent to party’s who have expressed an interest to tender for the BOOT Project and will include:
  - The Pre Qualification Invitation
    - Will be sent out and signed by SCOP.
  - The Instructions
    - Will outline the rules for preparing the Tender, the Qualification Criteria and the Assessment Process.
  - The Pre-Qualification Criteria
    - Will outline the Pre-Qualification criteria and the extent to which compliance will be required by each Tender Party, Consortium and Consortium member.
The Pre-Qualification Process (cont.)

- **The Pre-Qualification Criteria**
  - Will establish the key selection criteria, namely the Technical, Financial, Operational and the proposed Social Development Program, if any, of a Tendering Party or Consortium.
  - Will also cover the criteria relating to the personnel, facilities capabilities, specifically the expertise in projects of a similar nature, the legal history, inclusive of pending, existing and past litigation with respect to similar works, and a Tender Party’s eligibility, as a legally constituted and established corporate entity, with the means to raise the required financing.

- **The Tender Forms and Pre Qualification Questionnaire**
  - Will request specific information, upon which an assessment will be made.

- **Information on the BOOT Agreement**
  - Will provide summary information on the BOOT Project and the legal agreements.
# The BOOT Project Timeline

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<tr>
<th>Date</th>
<th>Milestone</th>
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<tr>
<td>December 14, 2012</td>
<td>London Roadshow</td>
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<tr>
<td>January 2013</td>
<td>Expression of Interest</td>
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<td>February 2013</td>
<td>Pre-Qualification of Interested Parties</td>
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<tr>
<td>April 2013</td>
<td>Invitation to Tender (&quot;ITT&quot;)</td>
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<td>April through to August 2013</td>
<td>Bidder Preparation Period</td>
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<tr>
<td>September through to October 2013</td>
<td>Award Preferred Bidder and enter into BOOT Project Negotiations</td>
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<td><strong>October/November 2013</strong></td>
<td><strong>Financial Close</strong></td>
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The MoO’s Target Date for the Project’s Financial Close is October 2013, but no later than Year-End 2013.
Important Notice

• All enquiries, including those of a technical, commercial and/or financial nature, should be directed to:

Director General of State Company for Oil Projects (“SCOP”)
Ministry of Oil
Government of Iraq

and

SNC-Lavalin International
Project Management Advisor for Iraq MoO for this Project