

**MORE  
ENERGY  
THAN  
EVER**

**GWEST Commentary:  
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## **THE GLOBAL POLITICS OF ENERGY**

### **A FirstEnergy Capital Corp. and GWEST Collaboration**

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To Our Readership:

Welcome to the inaugural issue of the *FirstCommentary The Global Politics of Energy*, a joint collaboration between FirstEnergy Capital Corp and GWEST, LLC.

This new publication provides FirstEnergy's clients with an additional tool to understand and evaluate the oil market in its global context. Uncertainty in the market can be as much a function of geopolitics as a function of depletion rates or a weakening dollar. *FirstCommentary* will provide a quarterly look at those geopolitical conditions that impact key oil-producing states such as Venezuela, Iraq, Saudi Arabia, and oil-regions like the Persian Gulf, the Caspian basin and the Gulf of Guinea. *The Global Politics of Energy* will also examine the oil-driven influence of these producers upon the economic, military, security and energy policies of Washington (Ottawa, too) and in turn, upon the market. Shifting centers of energy gravity, 'security of supply', OPEC's relevance, new markets from technological innovations, and control over 'excess capacity' are just some of the topics that *The Global Politics of Energy* will address. As a Washington-based consulting firm, GWEST is proud to join with FirstEnergy in providing its clients with a product that serves "the need to know".

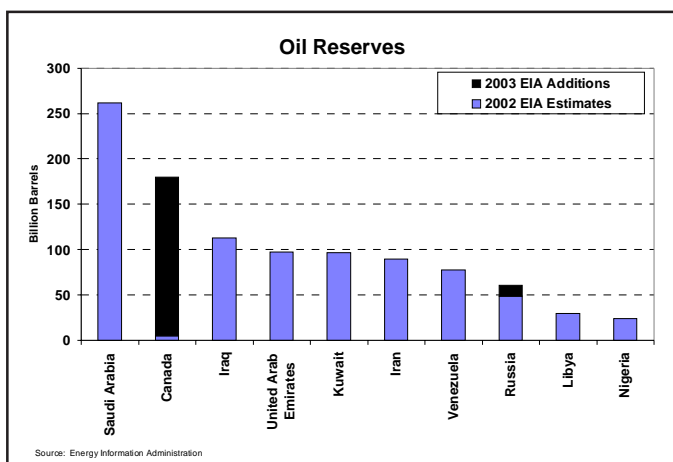
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Recently released reports by the U.S. Energy Information Administration (EIA) show Canadian proven reserves now stand second in the world; the upward revision of Canadian reserves has diminished OPEC's share of world reserves by 11.9 percentage points.

Overnight, based on information long known to those in the oil industry but only casually thought of by policymakers and politicians, Canada's five billion barrels of proven reserves became 180 billion barrels. According to the *Oil & Gas Journal*, "this single change diminishes OPEC's share of the world's oil reserves by more than 10 percentage points," from 79.4 to 67.5 percent.

Accounting for this 37-fold increase in reserves is an announcement made late last year by the U.S. Energy Information Administration officially declaring a portion of the Western Canadian oil sands economically viable based on present technology. The EIA report, which pronounced Canada as the world's second largest reserve holder behind Saudi Arabia's 264 billion barrels, also put Iraq's reserves at a relatively modest 112.5 billion barrels, well below what most industry insiders acknowledge to be present and available for production there. Iraq's reserve status is likely to change in the next couple of years as official tests and new reserve estimates are announced on well over than half of the known fields in Iraq, which are not yet in production. (As for its OPEC status, see related story, **Es la Economia, Estupido.**)



Patrick Bryden, a FirstEnergy research analyst, told the Associated Press in February that "September 11 was a watershed event for the oil sands," adding that the Canadian resource is "a strategic asset for North American oil supplies." American policy makers should take note of Bryden's prediction that "when the going gets tough, the dependable oil is going to come from Canada." AP reporter Tom Cohen added that "the global terrorist threat and instability associated with . . . the Middle East have made Canadian oil a crucial component of U.S. hopes for a secure energy supply."

### What Elephant?

As GWEST has mentioned before, too few Americans realize the importance of Canadian energy production to their economy. It is virtually guaranteed that the average American thinks he gets more oil every day, week, month and year from Saudi Arabia than Canada. This reality can be blamed in part on a media that blindly follows the Saudi myth that they have the only relevant excess capacity on Earth, but it should also be blamed on politicians both in Washington and Ottawa.

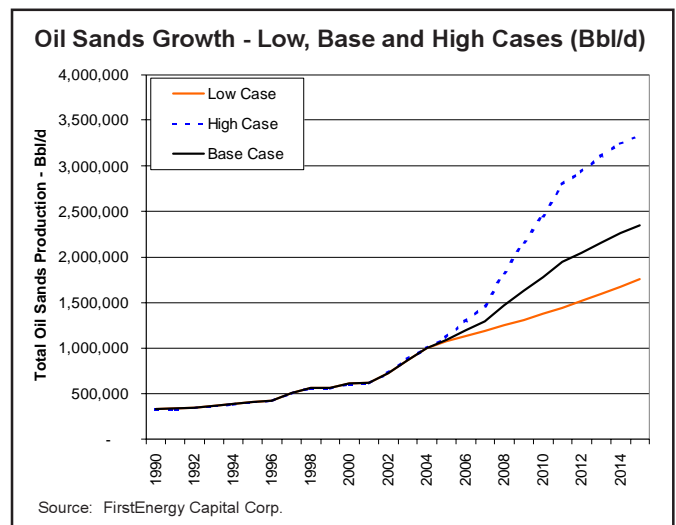
Politicians from both countries and indeed from across the political spectrum should be reminding each other and the populations of both countries daily how important each is to the other's economic vitality. On the American side, for many decades it has been taboo to discuss oil without mentioning or even deferring to our "special relationship" with Saudi Arabia. Like ignoring the elephant under the umbrella, American policymakers would ignore or downplay the significance of Canada's conventional deposits, to say nothing of the prodigious possibilities of the oil sands, when discussing America's needs for crude oil to fuel our economic engine.

Canadian politicians were partly hampered by slow-to-develop technological advances, now largely alleviated thanks to the industry’s highly successful research and development programs that have cut production costs significantly. In addition, domestic political concerns over compliance with the Kyoto accords may have unduly delayed this important announcement. The time for such timidity is past. It is in the strategic interests of both countries to acknowledge the importance of Canadian production, the increased potential of the oil sands, and the countries’ mutual reliance.

**Strategic Numbers**

EIA’s statistics for Canadian reserves are more conservative than the Canadian energy industry’s own estimates. In fact, the Canadian Association of Petroleum Producers estimates that there are over 315 billion barrels recoverable in the oil sands production areas, and an even more staggering 1.1 trillion total barrels in place.

Total oil sands production will be over 1 million B/d this year, a figure likely to double in the next five to ten years. As the political will to develop these resources is mustered in the form of a new pipeline system from Alaska’s North Slope fields and down to Canada’s MacKenzie Delta, and taxation and environmental issues are resolved, oil sands production, according to FirstEnergy expert Steven I. Paget, “...is of strategic importance to the United States,” and “Canada is one of the very few non-OPEC countries that has production growth potential.”



No one can match the sheer economic wonder of Arabian crude production. From production as little as \$1.00 to \$2.50 per barrel, such production costs are simply not ever going to be attainable in the Western world. However, recent reports put oil sands production costs at between \$7-\$11/Bbl. These prices would allow Canadian producers to begin adding capacity almost immediately, as was argued by GWEST in our recent “Iraq War Extra” addition of *FirstCommentary*. And, of course, Western producers like those who would be developing the oil sands must pay people an honest wage, take serious environmental precautions placed on them by their governments and account to their shareholders. Aramco has none of these restrictions.

One must also add the sheer volume of graft and corruption required to keep 20,000 plus Saudi princes in the lifestyle to which they’ve been accustomed. In addition, the radical Wahhabi clerics have one hand perpetually out while the other hand holds a gun to the temple of the royal family. Taken with these political “off-the-books” payments, Saudi production costs, which also include product transportation across the globe, significant political risk insurance, and exorbitant security costs, may well exceed those of the oil sands.

**Full Steam Ahead – Recommendations for the Key Players**

These recent political developments (rise of global terrorism, increased attention to the instability of the perceived major players in the global energy market, and EIA’s decision to finally declare the oil sands economically viable) demand a coherent plan of action on the part of producers and their host governments.

Thanks to dedicated investment in technology on the parts of the Canadian government and energy producers (combined R&D expenditures in the billions of dollars), there have been significant advances in the ability to produce oil sands deposits. And with the price of a barrel of oil appearing to be able to hold steady at more than US\$20, there are several actions that should be taken by the key players.

### ***Washington***

- Publicly acknowledge the importance of Canada's oil sands and natural gas deposits to our economic vitality and the fruitful relationship of these two great friends.
- Advance the Western Hemispheric Energy Grid incorporating the Gulf of Guinea as a possible counter to the OPEC regulatory mechanism.
- Encourage peaceful transition to a liberal democracy and market economy in Venezuela; develop a coherent strategy to bring West Africa in to the 21<sup>st</sup> century using her natural resource wealth as a platform.
- Create a special caucus of members of both houses of Congress and invite their counterparts from the Canadian federal government to participate in implementing policy recommendations to the benefit of the industry, the people who work in the field, and the governments who collect a tax on their work.

### ***Ottawa***

- Announce a national strategy to encourage the addition of capacity for times of production crisis in other regions of the world; thus allowing Canada to take her rightful role as a release valve for geopolitical uncertainty.
- Develop a strategy to assert herself in world energy affairs and market her position to Washington through bilateral agreements and coordinated legislation.

### ***Producers***

- Continue to lead the way in advocating responsible development of the oil sands deposits, while implementing and advancing new techniques to minimize the environmental impact of such development.
- Seek out new technology to further drive down the costs of recovery, conversion and transportation, which allow for increased production in a falling price environment.
- Work together through Canadian producers' associations and with American producers interested in development of the oil sands projects.
- Consult with policy professionals to devise a coherent strategy to work with provincial and federal governments.
- Develop a public relations strategy in Ottawa and Washington describing the importance of your business to the economy of both countries and confront environmental issues head-on (refute faulty science with facts, and illustrate your commitment to production with a minimal cost to the environment).

These recommendations should be undertaken together as a partnership between two governments and the industry that employs millions of workers in both countries, provides billions each year in tax revenue and literally drives the economic successes of both countries. It is this unique relationship that Canada and the United States enjoy that allows such a strategy to be discussed, let alone implemented.

This is the "special relationship" in the world energy market that should be driving prices; not Washington's less than perfect relationship with monarchies and repressive regimes half a world away. Such an understanding would have a dramatic impact on stabilizing world prices, to say nothing of reinforcing the positive perception that geopolitical risk in the world energy markets can be offset through market forces and engagements based on mutual respect for the common good of both countries.

**U.S. ENERGY POLICY: A RICH DIVORCEE  
RE-ENTERS THE MARKET**

BY ROBERT HEILER

Have you heard? *Oil & Gas Journal* has started publishing romance ads. An odd choice, to be sure, but hey: anything to boost circulation.

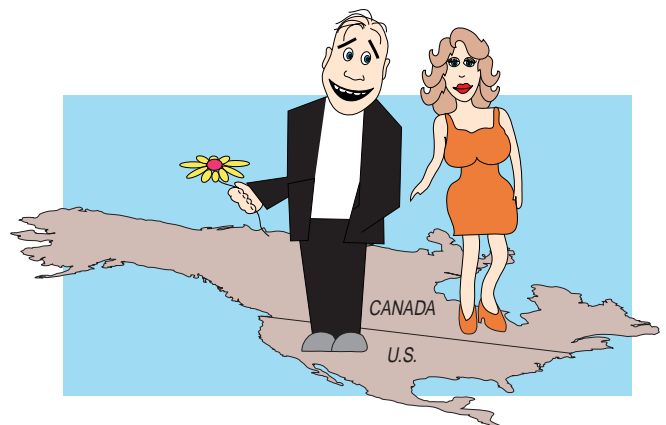
**Single Democratic Superpower** seeks energy partner for friendship and possible long-term relationship. I am: wealthy, stable, generous, and ready to move on from a lengthy but dysfunctional special relationship, self-destructive partner who blamed me for everything. You are: honest, straightforward, transparent, and full of energy, with no family members into suicide bombings. Age, looks not important. Prenup required before third date.

As the U.S. disentangles itself from Saudi Arabia, or if the House of Saud collapses under the pressure of internal terrorist cells that have recently signaled in Riyadh their willingness to strike in the kingdom, America will find itself back on the prowl. Since the 1970s, U.S. foreign policy officials could make no energy supply move without considering how it would play with the old ball-and-chain, Saudi Arabia.

Today's oil market is a happenin' scene. Russia is the world's leading producer, a fact that the amazing Kreskin could not have predicted 15 years ago. The Caspian basin is only beginning to be tapped. West Africa is poised to become a more major player, especially if the first whispers of regional cooperation pan out. Iraq, home to the second-largest conventional reserve supply on earth, is a wild card until the shape of a new government emerges. Venezuela's oil industry is considering a divorce from its abusive spouse, Hugo Chavez (see related story, *Es La Economía, Estupido*).

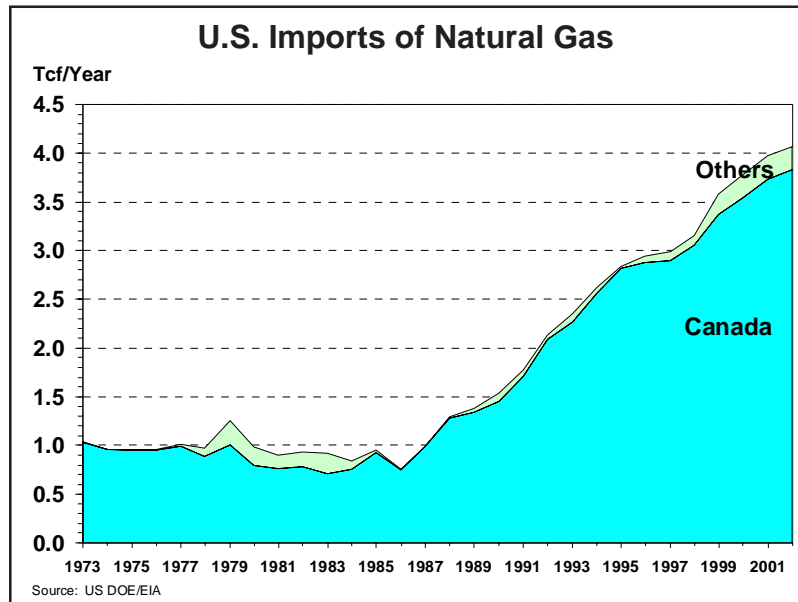
The demise of the U.S.-Saudi "special relationship" — a euphemism generally employed in the dating world by someone trying to retain the benefits of the status quo while resisting the other party's pressure to commit — will allow the U.S. to investigate previously forbidden fruits. Such a split was always inevitable. While it may involve some trauma, the special relationship was never all that healthy to begin with. The public blowups were painful and embarrassing for everyone involved. In an age of extremist terror, a relationship with a country whose religious police in March, 2002 chased adolescent girls back into a burning building to prevent them from being seen by men because they were immodestly dressed is dangerous, to say the least. In fact, in the current global environment, a relationship with an Islamic country that has "religious police" is arguably a threat to national security, at least insofar as it makes visas easily accessible to citizens of that country.

But while he is buying drinks for Nigeria, going to movies with Russia, and waiting to see if Venezuela is serious about that divorce, the Bachelor should remember the always popular but ever under-appreciated Girl Next Door: Canada.



That Girl Next Door has recently seen a blossoming of her, ahem, assets. The proclamation by the government of Alberta, confirmed by the U.S. Energy Information Administration, that 175 billion barrels of tar sand oil are economically feasible for extraction has vaulted Canada into second place on the worldwide reserves list. Already the number one foreign supplier of crude to the U.S., Canada has other unique qualities that make her attractive to the world's leading consumer of energy:

- The world's longest open border means that the two nations are necessarily bound by joint national security considerations, especially in the age of terrorism. Immigration policies designed to prevent entry of terrorists bent on attacking either country are easily circumnavigated if the other neighbor is allowing those individuals in.
- Each country is the other's leading trade partner. This creates a myriad of options for even further bilateral trade agreements, because the potential areas for the kinds of compromises and give-and-take that involve such agreements are endless.
- Diplomatic and personal relationships, often the keys to economic cooperation, are plentiful and close across the U.S.-Canada border. Legal systems, business climates and overall culture are also sufficiently similar to facilitate such cooperation.
- Looming on the horizon is another economic opportunity for Canada in the form of an American need that it is well-equipped to supply: water. Canada is home to the world's largest reserves of fresh water; the American West is headed for a water shortage crisis in many of its largest cities. Inasmuch as this commodity is even more indispensable than oil, Canada could, with proper development of these sectors, soon be in the enviable position of having tremendous economic influence with the sole superpower.



This is where the real value of the analogy becomes clear. Like men, America is bigger, stronger and ostensibly more powerful. Like women, Canada could easily use its more subtle strengths to be in near-total control of the relationship.

Venezuelan President **Hugo Chavez** is facing a deepening economic crisis that threatens to destroy his hold on power, and also to disrupt the world energy market. His responses to this threat indicate that he is aware of the possibility of his removal from office and is preparing for it by staging a large-scale hard-asset grab from the Venezuelan treasury, quite possibly for the construction of a “golden parachute” to sustain him in exile.

**“It’s the economy, stupid”  
American political  
strategist James Carville**

GWEST first reported on this asset grab two weeks ago in *FirstCommentary*. More recently, GWEST sources indicate that most of the appropriated funds have been in the form of gold bullion, diamonds and U.S. currency, three very liquid assets that enjoy various but challenging degrees of traceability.

Venezuela should be of particular interest to Canadian oil players. It is home to more than a trillion barrels of heavy crude; and the Canadian oil industry has demonstrated its world-leading ability to find ways to make such unconventional deposits economically viable. Reticence in dealing with Venezuela under Mr. Chavez is understandable, given his propensity for preferring the company of Iran’s mullahs, Libya’s Muammar Qaddafi and Cuba’s Fidel Castro, and other oppressive dictators. But Venezuela may see a power shift, resulting in a more open, stable environment fraught with less political risk.

Fred Pals of Dow Jones Newswire reported on March 27 that Petroleos de Venezuela SA (PdVSA) was “having trouble collecting the revenues from the crude it is selling in the aftermath of a [oil industry] strike that lasted for two months.” The story contained the following facts disturbing to the prospects of Venezuela’s stability:

- The economy, which contracted 8.9 percent in 2002, is expected to contract by a further 15 percent in 2003.
- In the wake of the strike, PdVSA fired over 16,000 employees who, according to an analyst at Fitch, a ratings agency in New York, comprised “the entire logistical chain that generated the company’s cash flow.”
- Oil revenue accounts for 30 percent of Venezuelan GDP, 50 percent of government revenue and 80 percent of export earnings.
- Selling crude and products through its wholly-owned U.S.-based refining and marketing chain, CITGO, is an unattractive option for PdVSA because it would “turn Venezuelan crude into an asset that is liable to taxation by the U.S. government.”

GWEST sources add another darkening fact to this picture: recently, an offer to sell *56 million barrels* of Mesa 30 crude was floated by the Venezuelans. This quantity represents almost a year and a half of supply to a refinery that processes 100,000 barrels per day. The market for Mesa 30 has responded to this quiet offer. Mesa 30 typically sells for \$2 per barrel less than WTI, the U.S. benchmark grade; on May 22, its trading price was nearly \$7 below that of WTI.

During the 13 weeks following the strike, PdVSA sold between \$1.5 and \$2 billion worth of crude and products. But the country’s foreign reserves, the supposed automatic repository of PdVSA revenues, only increased \$231 million during that stretch. The whereabouts of the other 80-plus percent of that money are unknown. Venezuelan oil minister Rafael Ramirez has said that billing problems have prevented PdVSA from collecting payment for crude that has already been shipped.

These economic problems are having profound effects on the political reality of Mr. Chavez. The *Wall Street Journal* reported on May 22 that a group of Venezuelan business executives have contracted

American political strategist James Carville — architect of the “It’s the economy, stupid” message that propelled Bill Clinton to victory in 1992 — to advise them on successful execution of a referendum on the Chavez presidency.

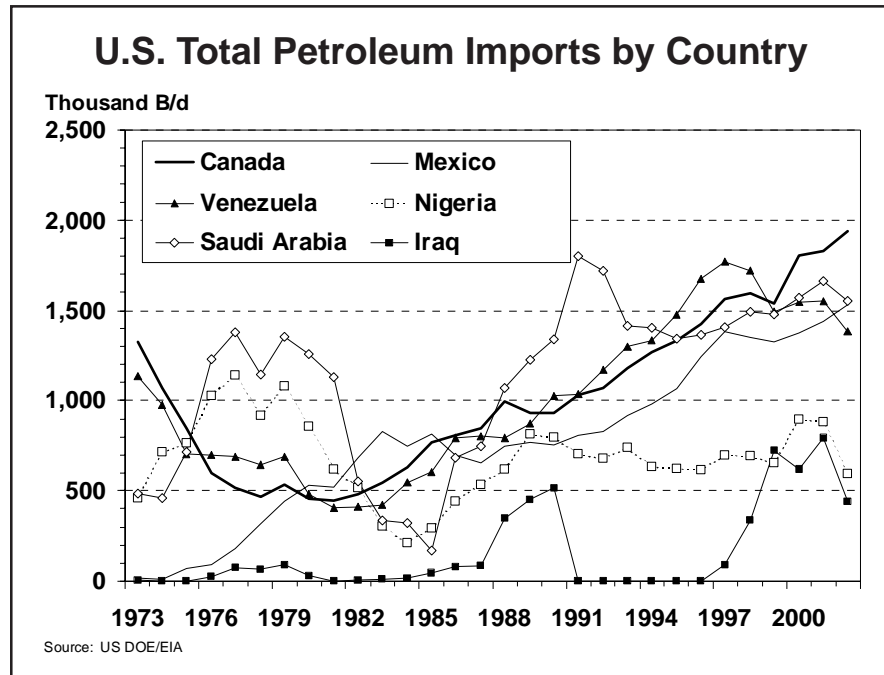
Engaging Mr. Carville was a shrewd move, for several and disparate reasons:

- The Chavez strength has always been his personal popularity. But when Carville’s plan for Bill Clinton began, his opponent enjoyed the highest approval ratings of any American president since such things began to be measured. Mr. Carville’s ability to focus a broad debate — or even an entire election — on a single issue is legendary; and a source in the *Journal* confirms that his strategy will be “Don’t engage Chavez; engage the facts.” This bodes well for the ambitions of his new employers.
- American engagement with Venezuela has been minimal of late. One reason is that the opposition to Chavez, disturbed over what his regime’s stewardship of the economy has done to its entrepreneurial interests, has been portrayed as right wing. The Bush administration, busy with (and expending political capital in) Iraq, has had neither the time nor the inclination to focus publicly on Mr. Chavez, particularly since the failed 48-hour coup in March 2002. A contract between these supposedly right-wing businessmen — a euphemism for “robber barons” — and a man well-connected to the American left provides more than enough political cover for the Bush administration to take a more active and public approach to the country. People from across the political spectrum in America agree that the demise of Mr. Chavez, especially through so democratic a process as a popular referendum, is in American interests.
- In the U.S., the Democratic Party — or at least a large part of it — is poised to *run to the right* of President Bush on foreign policy and security issues. Mr. Carville’s presence on the political landscape in Venezuela positions his employers to benefit from the pressures that this flanking maneuver, led by presidential candidates Joseph Lieberman, John Kerry and Bob Graham, will create. Those pressures will inevitably affect the engagement of the U.S. State Department with Venezuela.

## OPEC’s Relevance?

All of this indicates that the referendum threat to Mr. Chavez is more serious than many calculate. In the context of the world energy market, this is one more potential front in a war that threatens the relevance and very existence of OPEC. Consider:

- Iraq’s new leadership will very likely have little use for OPEC quotas, being naturally motivated to pump as much crude as it can to finance the rebuilding of the country. Philip Carroll, former head of Shell’s U.S. operations, has observed: “They [Iraq] have, from time to time, because of compelling national interest, elected to drop out of the quota system and pursue their own path. They may elect to do the same thing [now].”
- Anti-OPEC grumbling continues in Nigeria, a nation that has publicly announced its intention to significantly increase its output despite the fact that it is already exceeding its OPEC quota. Moreover, GWEST sources indicate serious consideration of privatizing the Nigerian National Petroleum Company, a move that is certainly ideologically inimical to OPEC membership.
- Should Chavez fall, pressures to revive its economy could well inspire its new leadership, which would likely come from the ranks of those pro-capitalist businessmen, to ignore OPEC quotas or even consider leaving the cartel.
- Recent bombings in Riyadh, Saudi Arabia open the possibility that *al Qaeda* is getting bolder about its antipathy for the House of Saud, which the organization regards as apostates who have colluded with the infidels and allowed them on the sacred soil of the Home of the Two Mosques. Should they decide to hit key points of the Saudi oil supply chain infrastructure, the excess capacity of the kingdom — always the rock of those who argue that OPEC can never die — could evaporate in an instant.



- Canada's recent, little-noticed (in the U.S.) recognition that over half of its enormous tar sand deposits are economically viable even when oil prices are not very high has multiplied its reserve capacity 45 times. A stable, open society that is the close ally and leading trade partner of the nation that consumes 25 percent of the world's energy could use this fact to develop excess capacity that would rival the Saudis. Long-term American interests would be well-served by cooperation between Canada, Mexico, a new Venezuela and the ascending oil producers in the Gulf of Guinea, expressing a hemispheric approach to energy security strategy. Such a sea change in the organization of the world energy market may seem unlikely; but a very few, somewhat likely developments could make it possible soon.

The recent *al Qaeda* strike in the kingdom of Saudi Arabia is a watershed event. Wahhabis, the Saudi Arabian form of Islamic extremists, have for centuries been characterized by an even deeper antipathy toward apostates than infidels. In other words, they regard those whom they believe pervert Islam from within as more dangerous than Christians, Jews or other non-Muslims.

According to published reports, fewer than a third of the dead from the Riyadh bombings were Americans. GWEST sources indicate that the American death toll of 7 is accurate, but that the overall number reported dead in the West — 39 — is way off. The actual number is closer to 90; and all or nearly all of the unreported deaths were Saudis.

This is significant because it indicates that *al Qaeda* and its allies are, at least, willing to run the risk of a Saudi civil war. Such a conflict may in fact be one of their objectives. Osama bin Laden once swore that he would take control of the Saudi oilfields and run the price of oil up to \$125 per barrel. Of course, that fantastic claim is not credible; but control of the Saudi fields would allow him to create a significant (and possibly sustained) price spike.

The problem that *al Qaeda* faces is this: the most effective way to undermine the House of Saud would be to interrupt its cash flow by attacking the oil supply chain infrastructure. But bin Laden wants that infrastructure kept intact because, if he were to assume control of Saudi Arabia, it would be his number one economic weapon. It is therefore hard to determine whether *al Qaeda* would attack that infrastructure, which has several points of serious vulnerability, listed in detail in an open-source article written last month by a former CIA agent:

*“The most vulnerable point and the most spectacular target in the Saudi oil system the Abqaiq complex—the world’s largest oil processing facility....for the first two months after a moderate to serious attack, production there would slow from an average of 6.7 mbd to 1 mbd, a loss equivalent to one third of America’s daily consumption of crude oil...another point of vulnerability is Pump Station #1, the station closest to Abqaiq, which sends oil...across the peninsula to the Red Sea port of Yanbu. If pump station #1 were taken out, the 900,000 barrels of Arabian light and superlight crude would suddenly stop arriving and Yanbu would be out of business.”*

With the heightened threat and increased political risk now associated with reconstituted *al Qaeda* cells on the prowl in the Kingdom, the U.S. has placed extraordinary pressure on the Saudi elite to crack down on Saudi financing of radical Wahhabite centers overseas as well as contributions made indirectly or directly to *al Qaeda*.

### **Saudi Economic Snapshot**

- 🚩 25% unemployment for college graduates
- 🚩 70% GDP/Capita decline from 1980's to current \$7,000
- 🚩 FDI (foreign direct investment) less than \$1 billion annually
- 🚩 2% repatriation rate of overseas private Saudi capital
- 🚩 Domestic debt (1999) rose to \$162 billion exceeding GDP (\$161 billion)
- 🚩 Saudi interest payments have risen from \$1.3 billion (1989) to \$8.2 billion (2002)
- 🚩 Interest payments in 2002 accounted for 14% of total Saudi expenditures
- 🚩 External debt estimated at \$36 billion
- 🚩 40% of budget is committed to defense and security
- 🚩 Military spending is 13% of GDP (Israel is 6%)
- 🚩 Up to 20% of Saudi oil export revenues go to private commissions on contracts
- 🚩 Saudi labor force is made mostly of foreign workers (5-6 million) who send an estimated \$15-17 billion to their homes in other countries annually

A recent Washington gathering of *al Qaeda* experts revealed that the U.S. knew as early as 1994 that \$150 million in terrorist financing originated from Saudi Arabia and that as much as \$500 million in Saudi funds have gone to *al Qaeda* over the years either to buy protection or to expand the world-wide ambitions of radical Wahhabite ideology. Recent Italian wiretaps into *al Qaeda* activities record a senior operative reassuring his agents that: "Saudi Arabia's money is your money."

***"...security conditions in Saudi Arabia "are bad and getting worse."***

The Saudi establishment's implication with *al Qaeda* is now the focus of Washington's qualitative relationship with the Royal family. The Saudis have allowed American FBI agents to observe the investigation of the May 12 Riyadh bombings, but not to participate. The standoff is a repetition of the investigation of the 1996 bombings of the Khobar Towers and Bush administration officials are not pleased with this situation. It is another straw on a weakening camel's back. As a result, some U.S. policy makers are advocating a serious effort to increase oil supplies from other producers, in an ongoing attempt to slowly ease out of engagement with the Saudis.

With Iraqi oil destined to reach volumes of 6 Mmbbl/d + and potential capacity as a swing producer, 59% of the American public linking the Saudis to *al Qaeda* terrorism (ARNSI poll, May 2003), U.S. troops pulling out of the country and the White House giving serious consideration to regime change in oil-rich Iran through support of local dissidents, the Saudis would be wise not to consider their relationship with Washington as indispensable and exclusive. An editorial in the Saudi-based *Arab News* proclaimed: "*We have to face up to the fact that we have a terrorist problem here.... For too long we have ignored the truth. We did not want to admit that Saudis were involved in September 11. We can no longer ignore that we have a nest of vipers here, hoping that they will go away. They will not. They are our problem and we are all targets.*"

Whether the Saudi Royal family can emerge from its corruption-induced state of denial and cope with the reality of a country that faces continued internal strife even to the point of insurgency is problematic at this stage. A leading Saudi-based dissident told GWEST that in the aftermath of the Riyadh attacks, the government's response was to put more religious broadcasting on Saudi TV with an emphasis on the wicked ways of Jewish women and praising the role of the Saudi religious police in enforcing the strict tenets of fundamentalist Wahhabism. He went on to say that more attacks are forthcoming as the likelihood for serious economic and political reform is nil to zero under the present regime.

What is clear, is that the *al Qaeda* targeting of the Vinnell Corporation's (a subsidiary of Northrup Grumman) Riyadh compound and members of the Royal family could not have happened if it were not for wide-spread support and sympathy that *al Qaeda* enjoys in the Saudi bureaucracy and military (which allowed for the attackers to wear National Guard uniforms, use National Guard weapons and penetrate security perimeters with ease). Crown Prince Abdullah and his son Mitab command the National Guard, a 60,000 man force, trained for internal security and protection of the oil installations. The National Guard is trained by Vinnell under the supervision of the U.S. Army. A former Reagan Deputy Assistant Secretary in the Department of Energy told GWEST, that security conditions in Saudi Arabia "are bad and getting worse."

U.S. policy makers are becoming more aware that long-term energy security for America might depend upon the creation of a new pricing mechanism for the oil market. Moreover, the connection between energy security and the war on terrorism is becoming clearer. This dynamic could soon result in American energy policy shifting its primary goal from that of cost of supply to security of supply, a shift that would increase U.S. demand for crude from countries free of the taint of terrorist threat, such as Canada, Mexico and some West African nations. The Monroe Doctrine of oil could be coming soon.

## IRAQ'S "NEW SHERIFF" BREMER TAKES A HARD LINE

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The U.S. has relieved retired General Jay Garner and diplomat Barbara Bodine of duty in Iraq. GWEST sources indicate that the two were at loggerheads over basic issues concerning American strategy to rebuild the country and establish an interim government, as well as the question of which Iraqis were most likely to be helpful in the formation of a permanent, stable, democratic government.

Replacing them will be L. Paul Bremer, III, who was President Ronald Reagan's ambassador-at-large for counterterrorism. His first official act was to crack down on looters, instructing American forces to shoot them if necessary, thereby establishing his credibility and sending a clear signal that discipline was to be reintroduced into the Iraqi social, diplomatic and economic fabric. This is a message that has been further reinforced by the process of municipal elections that have taken place in a number of Iraqi cities, notably the important oil centers of Mosul and Kirkuk. Any attempt to revive the Iraqi oil sector is dependent on stability in these areas, and clearly the linkage has been drawn between a stable political climate and rebuilding Iraqi oil production capabilities.

In the U.S., his approach has been the topic of much conjecture. The position he assumes holds broad powers over the administration of post-war Iraq. The speed and extent of Iraq's return to the oil market will profoundly affect pricing; a concept of the assumptions and management style of Mr. Bremer is therefore valuable.

The best indication of Mr. Bremer's worldview is to be found in a piece he wrote for the *Wall Street Journal* in August of 1996, in the aftermath of the bombing of the Khobar Towers. In reading this piece, it is important to remember that, while it was a response to a recent terror attack, it was over five years *before* September 11, 2001. One could make a strong argument that, had President Clinton taken the advice of the piece, the World Trade Centers would stand today.

Bremer wrote:

***"If President Clinton means to get serious about the fight against terrorism, he should leave the White House Press Room and head downstairs to the basement Situation Room. There he should gather the National Security Council and deliver the following address:***

***Events of the past two months have made clear that we must take significant new steps to fight terrorism. It is my responsibility to the American people to show them that their government will not tolerate attacks on her citizens here or abroad. For too long the terrorists have had the initiative. Now we must act decisively to change the dynamic by returning to the basic principles of our counterterrorism policy. The United States will not make concessions to terrorists, for to do so would be to take the first step down the endless road of blackmail. Therefore, I am today ordering the following actions:***

- 1. The director of the FBI is to take immediate steps to double within 60 days the number of informants the bureau has working against terrorists based in the U.S. I want weekly progress reports.***
- 2. The director of Central Intelligence is to restore all budgetary and personnel cuts made in recent years to the CIA's counterterrorism effort, with the specific goal of doubling its operations to penetrate foreign-based terrorist groups within 120 days.***
- 3. The attorney general is to use expedited legal procedures to expel all U.S. residents suspected of involvement in terrorist activities. I want a progress report within 30 days.***
- 4. The secretary of state is to re-establish the position of ambassador-at-large for counterterrorism, reporting directly to the secretary, with responsibility for coordination of our overseas counterterrorism policy. He is to provide me with the names of three nominees for the position within 24 hours.***

**U.S. Oil Policy in Iraq Begins to Emerge**

Coinciding with the end of the stifling UN economic sanctions against Iraq, Philip Merrill head of the U.S. trade financing agency Export-Import Bank told the Senate Banking Committee on May 21<sup>st</sup>, that the establishment of an Iraqi oil trust had "real merit." Unlike the privatization model, under a "trust" mechanism, the Iraqi government would administer the oil fields and allow contract bidding to domestic and foreign producers. The fund would use revenues from Iraqi oil sales that could support the Bank's guarantees. These, in turn, would allow Ex-Im to support U.S. exports to Iraq in the short-term as well as providing for the credit risk of companies and banks from third countries. Given Iraq's massive external debt (est. \$200 billion+), 70% decline in GDP/capita since 1980, a per capita income est. \$800 and unemployment as high as 50%, the only way to provide for significant revenue flows into the national treasury is to boost oil production through large-scale capital investment by foreign oil companies.

This would be in return for the right to oil reserves via production sharing contracts as suggest by Merrill. Phillip Carroll, former head of Royal Dutch Shell's American operations and now the senior advisor to the Iraqi oil ministry, recently outlined Iraq's new oil policy that would effectively provide the necessary practical production and contract criteria to launch Washington's economic financial program for Iraqi reconstruction as suggested by Merrill. Carroll's planning calls for the opening of two fronts in the all-important Iraqi oil sector:

1. **Iraq would not limit itself to OPEC quotas.** It would make its own decisions as to whether to stay in OPEC or not. Carroll noted, in a recent interview in the Washington Post, that Iraq had been an "irregular" OPEC member for over a decade and that its pursuit of production levels above the OPEC imposed quotas was something that Iraqis would have to decide in their own national interest. This suggests that U.S. oil policies for Baghdad would have Iraqi production surge to the 6mbd + by 2010 subject to capital investment of \$30-40 billion (attaining pre-Gulf War I levels of 3mbd by 2005 would require \$5-7 billion). With potential massive reserves equaling or surpassing those of Saudi Arabia (260 bb),

Continued on page 15

5. **The secretary of state will send a diplomatic message to Libya's Moammar Qadafi tonight through the Belgians informing him that within seven days he must turn over to us Pan Am 103 bombers, close down all terrorist training camps, expel all terrorists from Libya and cease construction on his new chemical weapons plant. If he does not, Libya will bear the full brunt of American anger. The Defense Department is to move elements of the Sixth Fleet into the Gulf of Sidra, and the Joint Chiefs of Staff are to provide me updated lists of Libyan targets, both within 48 hours.**
6. **The secretary of state is to send a telegram to Syrian President Hafez al-Assad noting that we will reconsider our relations with Syria unless his country immediately closes the terrorist training camps in the Bekaa Valley, closes all terrorist groups' offices in Damascus, stops aiding Hezbollah and forbids Iranian flights to resupply Hezbollah through the Damascus airport. The Joint Chiefs of Staff are to provide me updated target lists for the terrorist camps in the Bekaa Valley within 48 hours.**
7. **The secretary of state will alert the Iranians tonight through the Swiss that if our country gets any indication of American involvement in terrorism against Americans anywhere, Iran can expect to receive the full weight of American might. The Joint Chiefs of Staff are to update target lists within Iran for my review within 30 days and prepare contingency steps to beef up our naval presence in the Persian Gulf.**

**These are not options. They are presidential decisions. I recognize that they are difficult to carry out, and that in some respects they may conflict with other American policy objectives. Some will say they risk war. But if there is war, it will be the terrorists who have brought it upon us, and I don't intend to lose it. If any of you feel you cannot support this program, I will receive your resignation immediately after this meeting. I have asked the national security adviser to give me a progress report in 12 hours. We will reconvene in 24 hours.**

**I want no discussion of these matters outside this room. Let America's silence be ominous; her actions compelling."**

The lengthy excerpt from this remarkable piece bears reprinting here because it gives a complete picture of the man on whose shoulders the fate of Iraq rests. Former Clinton CIA Director James Woolsey has said that Iran and Syria intend to pursue a Lebanon model in Iraq, subjecting occupational forces to low-intensity conflict and constant casualties until they tire and withdraw. If American servicemen suffer terrorist attacks sponsored or abetted by Iran and Syria in the course of their work in Iraq, Bremer's version of events on the ground will largely dictate American response.

Although Bremer is a career diplomat, his chain of command in Iraq has been altered so that he reports to Defense Secretary Donald Rumsfeld and not Secretary of State Colin Powell. Bremer's philosophy corresponds to that of Secretary Rumsfeld and other senior civilian

planners at the Pentagon. This chain of command was decided upon at an extraordinary meeting at the White House including Secretary of Defense Rumsfeld, Secretary of State Powell, and National Security Advisor Condoleezza Rice, who decided on the removal of General Jay Garner and Barbara Bodine. In their stead, Bremer was promoted to fulfill multiple tasks:

- The complete de-Baathification of Iraq
- Reconstruction of Iraqi military forces consistent with U.S. policy in the region
- Confronting Syrian and Iranian subversive strategies against American presence in Iraq
- Re-establishing confidence in the Iraqi economy – meaning, of course, the Iraqi oil sector.

GWEST sources in the Administration indicate that before leaving for the Gulf, Bremer sought advice and was forcefully encouraged to concentrate on “de-Baathification,” the elimination of holdovers from the Saddam regime similar to the de-Nazification of Germany following World War II. He appears to have taken this advice to heart, dissolving the Iraqi military, a presumed stronghold of Baathist influence. He also banned the Baath party, vowed to bar its leaders from public office, and announced the intention to build a new Iraqi army from scratch.

This course has two certain effects: the eventual outcome will be better than if less attention were paid to de-Baathification; but the difficult process of it will slow down the return of Iraq to normality, and probably delay the return of its oil production to higher levels.

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*lower lift costs (under \$2) and more volume per well than Saudi Arabia, Iraq could become America’s swing producer of choice, elbowing Riyadh from that vaunted position and undermining OPEC’s position as the global price-setter. The Saudis have noted that the handwriting is on the wall. Saudi Arabia’s foreign minister Prince Saud al-Faisal’s caustic comment that, “If what the occupying forces intend is the exploitation of Iraqi oil, it will not have any legitimate basis” reflects Saudi anxiety that future Iraqi oil production can only diminish the value-added role of Saudi “excess capacity” in regulating the global market and maintaining its “special relationship” with the U.S.*

2. **Termination of Iraq’s preferential treatment for oil drilling contracts with France, Russia and China.** Baghdad will make new determinations of pre-existing agreements to meet the needs and interests of Iraqi citizens and whether such agreements are void or require re-negotiation. For France, in particular, the emerging new policy is a bitter blow since TotalFinaElf had signed an agreement with Saddam’s regime to share oil production in the “Majnoon” (30 billion barrels) and the “bin Omar” (6 billion) fields upon termination of the sanctions. Combined with the loss of a lucrative \$1 billion in French exports to the Iraqi market in 2001, the French price for defying the U.S. may be steep and painful as competitors seek the rich prizes that the French had coveted. Phillip Carroll’s admonition, “Certainly where contracts are, shall we say, excessively beneficial to one party, and that party is not the Iraqi people, there is a legal basis for not going forward, I would expect that the (oil) ministry would want to have another look,” serves as marker that the Iraqi oil sector will be open to an international array of bidders, led of course, by the United States and its coalition allies.

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**AMERICA POISED FOR OVERDUE REVIEW OF GLOBAL MILITARY PROFILE**

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Disparate bases of power in Washington, DC are converging on the realization that the global “footprint” of American military bases and deployments has not changed significantly since it arose from pressures and threats during the Cold War, now well over a decade gone. The reorganization strongly implied by this will profoundly affect the political risk profile of many energy-producing nations, altering many of the fundamental assumptions on which energy industry investment rests.

NATO Supreme Commander General James Jones, Jr. told reporters at a Defense Writers’ Group Breakfast at the end of April that “the expeditionary forces and carrier battle groups of the future may not spend six months of the year in the Med[iterranean Sea], but I bet they’ll spend half the time going down the coast of West Africa.” This pronouncement indicates a significant shift in focus of military policy, especially considering its timing: two days following the announcement that U.S. forces would withdraw from the kingdom of Saudi Arabia.

One of the changes Jones said he wants NATO to consider is the establishment of temporary “forward operating locations” that could be used for brief training periods and deployments in times of crisis. This would represent a first step toward establishment of a permanent military presence in the region.

GWEST President Paul Michael Wihbey first advocated such a shift in *Oil & Gas Journal* in June 1998. He called for not only a regional naval base in the Gulf of Guinea, but for a wholesale reorganization of the Pentagon’s Command structure, establishing a South Atlantic Command whose area of responsibility was defined along latitude, rather than longitude. Then and now, responsibility for Africa fell to EUCOM (the European Command). Anyone who has ever been to say, Paris and Lagos, can easily imagine some of the pressures that this arrangement creates that result in the treatment of Africa as an afterthought.

In the *Oil & Gas Journal* piece, co-written with then-U.S. Naval Commander Anthony Mitchell, Wihbey suggested:

***“The U.S. needs a new regional security architecture to address and eventually reduce potential threats to U.S. interests. Engagement in a conspicuous military-forward presence is essential to enjoy the benefits of the shift in the energy center of gravity [toward the Gulf of Guinea]. A seamless military area of responsibility in the South Atlantic region with an east-west orientation, rather than the traditional north-south orientation could promote a sound and consistent policy focus that supports vital U.S. interests.”***

At the time, such a suggestion was too far outside the box for many military analysts. This dynamic is changing for a number of reasons:

- West Africa is increasingly important as a supplier of energy to the American market. The region currently produces 17 percent of American oil imports, a number that U.S. officials expect to grow to 25 percent by 2015. Most of its oil is offshore, affording a geographic buffer zone from political and social unrest. Since the 1970s, almost every significant oil price spike has been tied to a disruptive geopolitical episode.
- Many African nations have been very helpful in the Global War on Terror. Much of the continent is home to fronts in this war, as evidenced by bombings in Kenya, Tanzania, and much more recently, Morocco. The instability of some African nations makes them attractive to terrorists in search of territory for training and bases of operation. GWEST sources indicate the current presence of active *al Qaeda* cells in northern Kenya, along the Somali border. Before Osama bin Laden moved to Afghanistan, he spent quite a bit of time in Sudan. The offer of the

Sudanese government to turn him over to U.S. authorities was declined by President Clinton on the grounds that America had insufficient evidence to convict him of any crimes at the time. Inasmuch as President Bush has vowed to bring the fight to the terrorists' turf, a much more serious focus on Africa will be required.

- The first half of General Jones' statement is telling as well. While the strategic importance of Africa grows, the necessity of American military presence in the Mediterranean, and indeed, throughout Europe, is shrinking. Most of the countries in Europe are enthusiastically joining the EU, integrating their economies and cultures in a way that would seem to make armed conflict in the region extremely unlikely.

Reflecting this reality, two American senators near opposite ends of the political spectrum have cosponsored legislation calling for the formation of a Congressional Commission to re-evaluate U.S. base structure and troop deployments throughout the world. The bill, written by Kay Bailey Hutchison (R-TX) and Dianne Feinstein (D-CA), would establish an eight-member bipartisan Commission for this purpose. Sens. Hutchison and Feinstein are, respectively, the chair and the ranking minority member of the Appropriations Subcommittee on Military Construction, which controls funding for building military installations. They recently wrote in the *Dallas Morning News*:

“Even though the Cold War has been over for a decade, our nation still has 112,000 troops in Europe, 37,000 in Korea and 45,000 in Japan, mainly in installations designed, devised and intended for the threats of an earlier era. . . Today, the threats we face are different. They come largely from terrorist groups or rogue states gaining weapons of mass destruction. Events of the last decade, especially since September 11, have taught us that we need not only to maintain a military presence abroad, but to be in a position to support contingencies where we have no permanent bases, such as Kosovo, Afghanistan, Africa and throughout the Middle East.”

The mere presence of the U.S. military can have a profoundly stabilizing influence on regional politics. An argument could be made that without American military presence in Europe after World War II, the conditions that made formation of the EU possible could never have arisen. Without the Prince Sultan Air Base in Saudi Arabia, that nation quite probably would have been invaded by Saddam Hussein's Iraq some time in the 1990s. While the economy of Japan in recent years has been very weak, the country enjoyed great prosperity and became a world economic power in part because the American military spared it the expense of having to defend itself from regional threats such as China.

Because the energy market is notoriously sensitive to political instability, the stakes for energy players in this reorganization of American military strategy and commitments are very high.

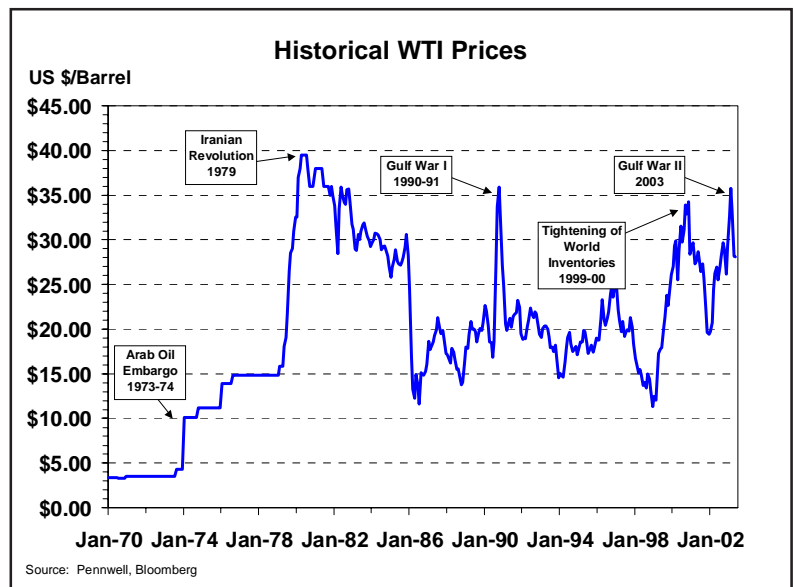
Finally, in addition to where and why, the American military reorganization will also include the question of how force is projected. In a move certain to disturb many Army officers, U.S. Defense Secretary Donald Rumsfeld recently appointed James Roche as the new Secretary of the Army. This indicates a redoubled effort by Rumsfeld to force his vision of transformation of his department on the branch of the military that has been most resistant to it.

Roche is a former Navy man whose most recent job was as Secretary of the Air Force. These facts alone will not sit well with Army brass; but that is only the beginning. Roche is an ally of Rumsfeld in his quest, under the title of the Revolution in Military Affairs (RMA), for transformation into lighter, more agile, and higher-tech war-fighting forces that take full advantage of American advancements in targeting precision, specialized weaponry, communications and logistics. The Air Force over which he lately presided is on the leading edge of the RMA; the Army is the branch most dragging its feet, for several reasons — some better than others:

- The Army’s equipment is heavy. Tanks and Bradley fighting vehicles have long been considered the backbone of ground forces; but getting them into place is expensive and time-consuming, and alerts potential enemies to the imminence of engagement. Moreover, the fuel and spare parts they require are heavy as well. Quite simply, the conversion of an army to a rapid-strike force is much more difficult than the other branches.
- The budget that the branches of the military are able to obtain from Congress is largely about new toys. The RMA is placing a premium on air power, and precision weapons, largely the province of the Air Force and Navy.
- Army officers are understandably concerned about sending troops into battle surrounded by unconventionally small quantities of armor. In a worst-case scenario — something all military officers are conditioned to consider — too little muscle of the kind exemplified by heavy, ponderous tanks can lead to a Little Big Horn experience. Protection from this kind of scenario depends, in the absence of heavy armor, on close air support, which requires flawless real-time communications between branches. In short, if the two pillars of RMA theory — communication and precision air-to-ground weapons — break down, most of the resulting funerals will be for Army troops.

These are all tactical considerations. But the Defense Secretary and his new Army Secretary are committed to the strategic benefits of RMA. Accordingly, the major pocket of resistance to the transformation will now be prodded vigorously from the top of its own leadership.

This changes important dynamics in the energy market. Since the 1970s, nearly all oil price spikes have been in response to adverse geopolitical events. The pattern has then been a gradual return to pre-crisis price levels, often as a result of Saudi Arabia tapping its excess capacity to take up the supply slack created by whatever country was affected by the geopolitical crisis. But one of the purposes of RMA is to allow the U.S. to respond much more rapidly to regional crises, by forging a force that can deploy to a hotspot many times faster than the one developed during the Cold War. If this paradigm is successful, American military superiority



might well be able to effect the same return to pre-crisis pricing levels by getting to the affected region quickly and establishing the order necessary to bring oil production back on line. The traditional Saudi/OPEC role of stabilizing prices in the wake of a geopolitical crisis would thereby be diminished, if not obviated. If coupled with an overall energy security strategy that encourages other oil suppliers to develop greater excess capacity, the importance of America’s already waning and increasingly problematic relationship with the Wahhabite kingdom of Saudi Arabia would diminish considerably.

## WEST AFRICA AND THE ROLE OF NIGERIA IN U.S. ENERGY PRIORITIES

American interest in Africa's oil-rich Gulf of Guinea continues to accelerate. Washington sent a high-powered delegation to the annual Africa & Oil Conference that was held in Angola's capital, Luanda on May 20th. Led by the Department of Energy's Deputy Assistant Secretary Kevin Murphy, the U.S. delegation included senior representatives of ChevronTexaco, ExxonMobil, ConocoPhillips and Halliburton. Among the issues discussed at the gathering were: UN financing proposals for new gas-to-power projects; expansion of liquefied natural gas (LNG) projects; certified emission reductions using Kyoto protocol 'clean development mechanisms'; transparency and management techniques over national oil accounts, and bidding guidelines by Nigeria and Sao Tome for nine new blocks in the deep-water Joint Development Zone (JDZ), with an estimated 6 to 10 billion barrels of crude managed by the two countries through the Joint Developmental Authority (JDA) based in Nigeria's capital, Abuja.



With increasing concern over the reliability of Persian Gulf supplies, the U.S. sees the Gulf of Guinea as a contingency for overseas crude to the American market and is anxious to promote national and regional stability through a comprehensive engagement package that would include strengthening military to military contacts, promoting political reforms and encouraging economic growth through free market ideas. According to the National Energy Report issued by the Office of Vice-President Dick Cheney, May 2001, "...West Africa is expected to be one of the fastest growing sources of oil and gas for the American Market. African oil tends to be of high quality and low in sulfur, making it suitable for stringent refined products requirements and giving it a growing market share for refining centers on the East of the United States."

*Oil and Gas Journal* (Feb. 2003) estimates that Africa's proved oil reserves have grown in the last decade to the point that they are nearly equal to those of Russia and Eastern former Soviet Union. In 2001, 7 of the 8 billion barrels of new oil found on the planet were found off the West Coast of Africa. Currently the region provides 17% of all oil imports to the American market, a volume that approximates the 1.4 mbd Saudi flow to the U.S. Projected U.S. energy investment for the area could top \$60 billion by 2010. It should, therefore, not come as any surprise that two days after Secretary of Defense Rumsfeld announced that the U.S. military would pull out of Saudi Arabia, NATO Supreme Commander Jones declared West Africa's importance was such that U.S. battle carrier groups and military forces would patrol the waters of the Gulf of Guinea. In a White House meeting with a GWEST delegation in December 2002, senior energy and national security advisors to Vice-President Cheney confirmed that the U.S. was "going in the direction that you want us to go". The advisors were referring to recommendations of the African Oil Policy Initiative Group/AOPIG (*Paul Michael Wihbey, Co-Chair; Robert Heiler, General Secretary*) that in June 2002 called for the U.S. Administration to declare the Gulf of Guinea an area of "vital interest" and to establish a regional sub-command for U.S. military forces with a base presence.

Key to the planned U.S. engagement with the region is Nigeria. Nigeria is increasingly viewed as the cornerstone for a new regional set of policies that would encourage Gulf production to double to 8 Mmbbl/d before the end of the decade. The recent re-election of President Olusegun Obasanjo to a second term anchors a pro-Western political and economic mindset in Abuja that even the most skeptical policy planner at the State Department will find hard to ignore.

Winning by a margin of more than 12 million votes over his nearest competitor, securing 61% of the

total vote, his PDP party winning an additional six state governorships, and a relative minimum in electoral violence and fraud (each side did its share), Obasanjo's win provides his new administration with the legitimacy to enact a strong mandate for economic development and growth that was denied him in his first term.

The dissolution of Obasanjo's Cabinet on May 22 portends the appointment of new personalities with a commitment to the following policy priorities for the new government:

- Closer ties with Washington
- A strong regional focus where Nigeria emerges as the recognized leader for West Africa and the Gulf of Guinea
- Securing debt relief
- Commercialization of vast reserves of Nigerian natural gas
- Privatization initiatives with the Nigerian National Petroleum Company (NNPC) with emphasis for the role of Nigeria's private sector
- Refinery upgrades and new plants
- Doubling Nigerian crude production to 4 Mmbbl/d (well above current OPEC quotas) by 2006 and securing a significant portion of U.S. market share
- Implement the conditions of the Nigeria-Sao Tome treaty that governs the E&P of the JDZ including those provisions that call for a Nigerian commitment to build a refinery and a port and logistics facility on Sao Tome, and to equip and train the Sao Tome Coast Guard.

According to GWEST Board Member and Policy and Strategic Advisor (Oil & Gas Sector) to Nigeria's National Council on Privatization, Dr. Emmanuel Egbogah, specific objectives for petroleum sector renewal and reform include: resolution of NNPC's Joint Venture (JV) funding difficulties through conversion of all existing JVs and newly executed Production Sharing Contracts into Progressive Production Sharing Contracts, continued expansion of upstream activities, emphasizing private sector participation, an end to subsidies to the refining sector, early end to gas flaring, and enhanced security in operation of oil products infrastructure.

On May 27, a large contingent of U.S. Congressmen led by William Jefferson, Democrat from Louisiana, journeyed to Nigeria to attend the inauguration of President Obasanjo and to confer the beginnings of an American strategic commitment to Nigeria and the surrounding region. The fundamental outlook that the Congressmen carry with them is simple and straightforward: As a net energy consumer, the U.S. benefits immensely from the entry of new producers into the market. Moreover, if energy revenues are channeled in African countries to help produce multi-sector economies, a dynamic and lasting new environment could emerge for American goods and services.



From the left: (3) Dr. Mohammed, National Security Advisor; (4) Dr. Egbogah, Chairman Emerald Energy; (5) Nigerian President Obasanjo; (6) Paul Michael Wihbey, President GWEST; and (8) Robert Heiler, Vice President GWEST.

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