

## Aghajari POSFR

Outcome of the tender for POSFR project of Aghajari, expected to be out by March 20th has now been deferred to first half of April this year.

National Iranian South Oil Company (NISOC) had forwarded the report of its evaluation of the technical and commercial proposals on the project to the 'Transactions Committee' of NIOC on Feb 26th for a final decision. The Committee is now examining the report. However, in view of the upcoming New Year holidays in Iran (starting March 20th), specifying the winner of the project is not likely earlier than first half of April 2005.

Participants in Aghajari tender are: the local Tehran Jonoob with Athens-based Consolidated Contractors International Company, UK-based CB&I John Brown; the local Namvaran Engineers Consultants with Spain's Dragados; the UK office of Foster Wheeler with South Korea's Hyundai Heavy Industries; the local Kayson Group with Europe's ABB; Spain's Tecnicas Reunidas with South Korea's Daewoo Engineering & Construction and the local Chagalesh; Sazeh Consult and Jahanpars, both local, with Sharjah-based Petrofac International and Japan's Kawasaki; Canada's SNC Lavalin with Darya Pala and Almatco, both local, Italy's Saipem and Chinese Sinopec.

## Rag-e-Sefid Oil field

The contract for developing Rag-e-Sefid oil field was awarded to Oil & Energy Industry Development Company (OEID), a subsidiary of Oil Industries Engineering & Construction (OIEC) on 17/03/2005.

The first phase of this \$450 Mln project aims not only to maintain the current production level of the field but also to boost it to 220,000 bpd. In the second phase, OEID will study feasibility of further raising the field's production capacity to 350,000 bpd.

The duration of the project is foreseen to be four years.

## MDP of eight Iranian southern oil fields

The project to prepare the Master Development Plan (MDP) of eight Iranian southern oil fields, known as "8 Fields", in Khuzestan province, which started in Aug 2000 on behest of Petroleum Engineering and Development Company (PEDEC), is in progress.

The MDPs of four fields of 'Gachsaran', 'Rag-e-Sefid', 'Karanj' and 'Maroun' (Bangestan layer), out of the said eight fields, have been completed and are awaiting their approval by NIOC.

MDP of 'Mansouri' (Asmari layer) was completed in early 2004 and the project entered its executive phase in March 2004, and has, so far made 14.06% headway, indicative of a 2% lag behind the initial schedule.

MDPs of another two fields of 'Parsi' and 'Pazanan' are currently being prepared. As for 'Parsi' oil field, the relevant studies are carried out in two phases. While phase 1 of the project has been completed, phase 2 indicates a 46% progress, which is 15% behind the initial schedule.

The work on the MDP of 'Pazanan' has progressed 91.56%, which is 1% behind the original plan.

The objective of the project is to maintain the current 1,228 Mln bpd production level of these fields and also boost their overall production capacity to 399,000 bpd.

## AMAK project

The first gas treating unit of 'AMAK' project, with a capacity of 1.5 Mln cubic meters a day, will come on stream on March 4th this year. Talking to Iran's oil ministry's the news agency, Seyed Mohammad Bijan Far, the executive manager of the plan, said that the second unit of the refinery would be operational next (Iranian) year.

## Aghajari Drilling

The operations for the drilling of gas-injection wells in Aghajari oil field have come to a halt. Naftkav, a subsidiary of Iran's oil industry Investment Company, has undertaken the project. Naftkav was given by PEDEC the contract to drill 19 wells in 14 months in December 2003.

However, given the financial problems Naftkav faced and also because its own drilling rig could not be made available in time for the job, the company had to lease two drilling rigs from NIDC on short-term basis. Only 6 wells were drilled when the leasing period expired, leading to a halt in the work.

Naftkav seems to have been left with little choice other than await the completion of repairs of its own rigs, underway by Sadra, Naftkav's new business partner. Meanwhile the company is talking with NIDC on leasing another rig so that the work could be resumed in the interim.

The project had made 49.25% actual progress by Jan 20th this year, against the planned progress of 72.3%.

## South Pars Phases 9&10 project

An overall progress of about 8% has been reported in the onshore project of Phases 9&10 of South Pars, by Jan 20th, 05. The project was awarded to a JV of Iran's OIEC and the Korean LG in Sept 2002 and its contract was signed on Mar 17th 2003.

The project was supposed to have advanced about 50.47% by the said date, but it has been delayed for various reasons such as unsecured financial means, steep rise in the price of steel and fluctuations in foreign exchange rate.

Breakdown of the progress in different parts of the plan are as follows:

Management: 42.38%, no delay in this part.

Engineering: 65.58%, against planned 75.02%.

Procurement: 2.87%, against planned 63.29%.

General Services: 4.37%, against planned 66.25%.

Construction & Installation: 6.28%, against planned 17.1%.

As for the offshore facilities of the project, construction of the Jackets, underway by IOEC in its Khorramshahr yard, has made 99.92% headway and will be transported to the site in two weeks. The operation to carry and install the Jackets will take about a month. The present overall progress in the offshore part of the project is about 25%.

The project is now expected to be fully operational by July 2007.

## S.P oil layer & Ahwaz Bangestan

A \$ 213 Mln contract for the development of South Pars oil layer as well as a \$ 900 Mln (Capex) contract for developing Bangestan formation of Ahwaz oil field were signed between NIOC and PetroIran.

The Bangestan project will start in August this year, aiming to boost the field's output from its present 150,000 to 220,000 bpd. The project is expected to last 6-7 years.

South Pars oil layer project, undertaken jointly by PetroIran and the French Schlumberger, is expected to produce 35,000 bpd of crude some 11 months later. This project consists of 2 phases, phase 1 aimed at raising the production level up to 35,000 bpd through drilling of ten wells and installing temporary floating oil storage (FOS) and processing facilities, phase 2 is supposed to boost the production capacity up to 100,000 bpd by installing fixed onshore storage and processing facilities.

Following failure of POGC and PEDEC to assign the two projects via tenders to foreign credible oil companies, because of the high risks involved, it was decided to abandon the tendering procedure and assign the two to PetroIran as buy-back projects. Finalization of the contracts, however, needed the approval of Iran's Economic Council, finally obtained very recently.

## Strategic crude oil storage tanks

The project to construct strategic crude oil storage tanks, consisting of ten concrete tanks, has reportedly progressed 44.31% as of Jan 20th 2005. According to the same report released by Petroleum Engineering and Development Company (PEDEC), construction of steel storage tanks (7 storages) indicates about 82% advancement as of the said date. The project is to be completed in July 2005.

## Iran's Yortsha gas storage project

The project to prepare Yortsha underground gas storage, located in southeast of Tehran in Varamin region, has been jointly undertaken by the French Sofregaz and Iranian PEDEX, a subsidiary of Mostazafan Foundation (MF). The plan is to evacuate the waters of Yortsha and convert it into sub terrain gas storage. The local outfit 'Zamin Pardazesh Gohar' has done the needed 3D seismic operation of the project and the French CGG is processing the acquired seismic data.

Once the data processing is concluded, Sofregaz will start preparing its reservoir modeling. PEDEX is in charge of the drilling operation and services of the project.

The needed financial credit has been secured for the task and OEID, a subsidiary of OIEC, has been selected as its Management Contractor.

The project consists of three phases, planned to be completed in 44 months. Phase one, currently underway, aims to acquire adequate knowledge of the structural formation of Yortsha water storage. The phase, expected to take 14 months to complete, includes; 3D seismic operation, drilling of 2 appraisal wells (one horizontal & one vertical), geological & reservoir studies, hydraulic tests and the basic design of surface facilities. Phase two, to start upon successful completion of phase one, aims at expansion of the sub terrain storage by drilling injection and up-taking wells, is anticipated to take 28 months. In this phase, besides revising the geological & reservoir surveys, in line with fresh data acquired from drilling more wells, the detail engineering design of the project will be prepared.

Finally, phase three will concentrate on procurement of equipments, construction of surface facilities and commissioning of the project.

## South Pars Phases 17&18

In a bid-opening meeting held on Monday March 7th 2005 with the presence of the participants in the tender for the development of Phases 17&18 of South Pars, Pars Oil & Gas Company (POGC) examined the commercial proposals received for the project.

The consortium consisting of Iran's IOEC, IOEC and a foreign firm (as yet unknown) had put forth the lowest bid.

The second best bid was proposed by the consortium of Iran's PetroPars & IDRO, Japan's Chiyoda and the Korean Daelim, followed by the consortium consisting of Iran's ISOICO, Korea's Hyundai and LG and the British Foster Wheeler.

The proposals are to be evaluated accurately by POGC and the final and official result is to be announced before (Iranian) year end (20th March).

## Phases 15&16 of South Pars

Pars Oil & Gas Company, POGC, and the consortium of the Norwegian Kvaerner/Iranian SADRA & Khatamolanbia are holding their final negotiations on the project to develop phases 15 and 16 of South Pars and expect to come to a deal by March 10th this year, says Sohrab Bohlooli Qashqaie, the executive manager of the project in POGC.

Talking to Iranoilgas.com, he rejected all rumors about withdrawal of Kvaerner from the consortium stressing: "Kvaerner will lead the consortium in executing the project and hopefully all needed accords will be reached latest by the end of current (Iranian) year".

## South Pars phase 12

Iran's Pars Oil & Gas Company (POGC) has awarded development of phase 12 of the South Pars gas field to local PetroPars. The \$3.5 billion buy-back contract with a 14% rate of return was signed two weeks ago and was sent by the National Iranian Oil Company (NIOC) board to the Iran's Economic Council for approval. However, Akbar Torkan, the POGC chief, believes that the Council is too busy to debate the deal during the remaining days before Iran's New Year holidays (starting March 20th).

PetroPars has already had preliminary discussions with Eni of Italy and Statoil of Norway, both of whom showed interest. The talks so far appear to be general in nature and to focus on upstream facilities.

PetroPars, is separately discussing an additional integrated LNG scheme with Indian companies, and has already invited proposals for a basic engineering study and expects to assign the job soon. Seven companies took part in the bidding for its onshore and offshore facilities

According to Gholamreza Manouchehri, the managing director of PetroPars, phase 12 would produce gas equal to the output of three standard South Pars phases.

NIOC's financing arm NICO International will back the project.

Downstream projects designed for exporting gas are the purview of the National Iranian Gas Export Company (NIGEC), which has been negotiating for more than two years with BG on a possible joint venture known as NIOC LNG. However, BG may find itself shut out if future foreign partners of PetroPars insist on an integrated upstream-downstream approach.

Officials said that if Eni joins PetroPars it may be willing to focus on the upstream element, leaving the downstream facilities to someone like BG. Eni last year signed an in-principle agreement for an integrated upstream/downstream LNG venture in Iran but is assumed to be mainly interested in upstream operations.

However, if Statoil joins PetroPars, "they may not want their (downstream) joint venture with NIGEC to include anyone else", an official, said.

## Onshore

## 3D seismic on heavy crude field of Kuh-e-Mond

Data processing of the 3D seismic on heavy crude field of Kuh-e-Mond has finished. A PEDEC official told the news agency of Iran's oil ministry that the objective if the project was to attain needed technology for developing hydrocarbon reserves of 'fractured nature' that contain very heavy crude oil. He also said that the Canadian Technica had completed the processing of the acquired 3D data of Kuh-e-Mond field.

Progress in engineering studies and pilot development of Kuh-e-Mond and Zagheh, both of heavy crude oil, have been reported to be 76% and 14% respectively, by early Jan 2005.



## Soroush & Nowrooz

The project to develop the two offshore oil fields of Soroush & Nowrooz, underway by Royal/Dutch Shell, has not as yet reached the handover stage so that a penalty for the delay in the venture can be considered, says Dr Nasrollah Ebrahimi, the director of 'Legal & Contracts Affairs' of Petroleum Engineering & Development Co (PEDEC).

Talking to ISNA, he added: "When the project is still in progress, taking legal action about penalty only hampers the job and could lead to losses much greater than the penalty itself". Ebrahimi further stressed: "The time is not conducive to raising a legal issue against Shell now, and we intend to resolve the issue when the accounts are being settled so that referring the matter to an int'l arbitration can be avoided".

The project has been facing problems stemming out of delays in constructing the marine structures, unexpected excess salt content in the crude of the reservoirs and some corrossions, which have caused leakage in the facilities when being tested.

Another bottleneck in the project has been the non-sale of the heavy outputs of the fields leading to the storage tanks being filled up and consequently the production in them has come to a complete halt for the last few months.

Any attempt by Shell to resume production from the permanent facilities, towards the end of past Dec 2004, resulted in the leakage of Nitrogen in the 'Degasser Vessel' as the pressure was raised.

With the elimination the obstacles, it was thought that Soroush would start production on 21/02/05 and Nowrooz during second decade of March. Since the expected output of Soroush failed to materialize, it is not clear if the production from Nowrooz would meet with a similar fate.

## MDP of Forouzan

PetroIran Development Company (PEDCO) has completed its studies on Master Development Plan of Forouzan (common with UAE) oil field.

Quoting the planning officials of the company, the public relations office of PEDCO reported that completion of the Studies had substantiated all earlier predictions about the volume of oil-in-place of the reservoir.

Engineering simulations of Forouzan field, one the most complicated reservoirs of the Persian Gulf, have proved that the reservoir behaviors during the drilling operations of the field were exactly as predicted.

The Studies are routinely carried out by PEDCO to ensure sustainable production of the field. The said MDP has now entered its second phase.

So far, some 83% of the drilling of Forouzan oil field has been carried out by PEDCO. The development initiative is progressing as per schedule and hitherto 15 production wells have been drilled in the field. The entire drilling in the field is anticipated to be concluded as planned.

## Sirri NGL project

A mere 0.58% physical progress has been achieved in the 'Sirri Associated Gas Gathering & NGL Recovery' project as of 15/01/2005. Iran Offshore Oil Co (IOOC), an affiliate of NIOC, awarded the \$ 216 Mln plan to Iran's Oil Industries Engineering & Construction Co (OIEC) in Sept 2003, but its contract was officially signed in Jan 2004. The actual work on the project, however, commenced only after its L/C was established in June 2004. The scheme is slated to complete in Nov 2007.

The project is currently faced with following impediments:

- 1) The insurance coverage of the project has not yet been finalized.
- 2) Lack of an established policy for the execution of the project has caused a delay of 2.04% in its executive works.
- 3) The basic engineering design, undertaken by the Canadian Thermo Design, suffers 25% delay.
- 4) The detail engineering design, undertaken by EIED, suffers 19.59% delay.

The objective of the venture is to gather associated gases and recover its NGL for export. Its work scope includes construction of gas pipelines, pressure-boosting station in 3 phases, a feedstock compressor station, a gas treating unit, a water removal unit, a mercury separating unit, an NGL recovery unit, condensate separation unit, heavy condensate stabilizing unit, LPG cooling & storing unit and its auxiliary, double hull tanks and finally loading/unloading facilities.

The plant will be fed with 140 mcf/d of sour gas; its yields will be 6,900 bpd of propane, 3,750 bpd of butane, 3,180 bpd of condensate and supply of 50 mcm/d of gas for Kish & Qeshm Islands.

The plan will take 40 months to complete.

A fully detailed and regularly updated database, which contains cumulative information on all upstream and downstream oil, gas and petrochemical projects in Iran along with their pertinent news items, are available on "Iran Oil Gas.com".

**P**roject  
up  
dates

## Offshore

### Salman oil field

According to the public relations office of PetroIran, the 27 km piping operation in Salman oil field has been completed. The pipes used have been 8" to 36" in diameter. IOEC has been in charge of the task, using its 'Jaskon 5' pipe-laying barge. The piping operation from Salman field to Sirri Island is currently underway, using Abouzar '1200' pipe-laying barge.

### Phases 15&16 of South Pars

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Talking to Iranoilgas.com, he rejected all rumors about withdrawal of Kvaerner from the consortium stressing: "Kvaerner will lead the consortium in executing the project and hopefully all needed accords will be reached latest by the end of current (Iranian) year".

### South Pars phases 9&10 jackets

IOEC, the contractor of the project to construct the marine facilities of South Pars phases 9 & 10, completed the 'load-out' of the first Jacket (for SPD 10 platform), manufactured at its Khorramshahr yard.

The Jacket, weighing 1,750 tons and 60 meters high, will be ready for erection at the site in four days, using the company's barge. The installation will take 22 days, to be followed by the load-out and installation of the jacket for SPD11 drilling platform.

To install the Jackets IOEC had held a tender, the winner of which is to be announced in the next few days. Alternatively, the company's barge 'Abouzar 1200' may be used to install the Jackets. The barge is now busy with laying the pipeline for Salman project.

While construction of the said jackets has taken seven months, construction of their Decks, 2,650 tons each, will start in June 2005, again at IOEC's Khorramshahr yard, and will take 14 months to complete. The platforms will, therefore, be ready for commissioning in Sep 2006.

Work on the \$ 400 Mln project, to construct the marine facilities of phases 9&10 of South Pars, started in 2003 and the Abu-Dhabi based Technip has been in charge of project's basic engineering design.

### Reshadat project

Abolghassem Hassani, managing director of Iran Offshore Oil Company (IOOC), disclosed that the project to develop Reshadat offshore oil field would be assigned to PetroIran in buy-back mode.

Talking to Fars news agency, Hassani explained the reasons for the delay in choosing a contractor for the task as: "NIOC was supposed to secure the financing of the project, however, lack of needed compelled the assignment of the project in buy-back mode".

Stressing that the MDP of the project would be prepared soon, he added: "Once the MDP is ready, PEDEC will make the final decision on the assignment of the task and the ensuing contract".

Hassani said the project was to take 36 months to complete but the delay had prolonged the period to 40 months. He also disclosed that: "Two years ago the project was defined as a \$ 380 Mln contract, however, the rise in price of steel and transportation costs will increase the value of the project".

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All the Iranian natural who, under the Commercial Law do business in the Zone, are bound to register their names or their managers' names in the commercial register of the Registry Office within three months of proclamation made by the Registry Office.

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Registration of the Iranian and foreign nationals persons in the registers which shall be made upon submission of three copies of filled in declaration form, and within three months from proclamation of Registry Office, shall contain the following points:

- 1-Name and surname of trader.
- 2-Date and place of birth, identity certificate number and its place of issuance, and the photocopy of the pages of identity certificate in case of the Iranian nationals and photo-copy of the pages of passport in case of foreign nationals
- 3- Original and present nationality of the individuals, if any new nationality has been obtained besides the date and the manner of obtaining the new nationality.
- 4- Date of entry into the Zone, number and place of issuance of residence permit, and place of residence.
- 5- Legal residence of natural persons.
- 6- Registering and sealing (Plumb) number of commercial books provided in accordance with the provisions of paragraph (5) of the Article No.3 of the present decree.
- 7- Type of activity in Iran and abroad separately or in both cases.
- 8- Other trading specifications of traders inter alia the registry number, trade marks, commercial codification books, etc.

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The Registry Office is required, after registering within 10 days, the contents mentioned in the letter of declaration, to submit a signed and sealed copy of letter of declaration to the applicant and send another copy to the pertinent office in the Zone's organization.

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Applicants for registration are bound, when any

new alteration occurs, to provide new letter of declaration in three copies and submit it to the Zone Authority's Registry Office.

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The natural and legal persons who, in accordance with the provisions of this decree, register their names, are bound to mention their registration number as well as their commercial title on the papers, invoices, order forms and any other kind of documents they utilize.

### Chapter Four Miscellaneous

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The commercial books of the natural and legal persons shall be sealed (plumbed) in accordance with the manner determined by the organization of each Zone and shall be stamped once the representative of the Registry Office has signed them.

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Expenses pertaining to the registration of company, institution and the alterations thereafter, and registration of trade marks, commercial and industrial titles and brands, inventions and designs and drawings, also registration of commercial books and sealing (plumbing) of commercial and non-commercial books shall be collected, with due regard to relevant laws, in accordance with the directions provided by each of the Zone authorities.

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Upon the request of the Zone authority the activities of those who violate the provisions of this decree shall be prevented by the disciplinary forces. Such deeds shall not eliminate the responsibilities of the directors of company or institution or natural persons against the third parties.

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Directions pertaining to this decree and related printed forms shall be provided and put to effect by the authority of each Zone within one month from the approval of the present decree.



### Note 3

In all cases, steps shall be taken for registration, once the pertinent fees are received.

#### Article 8

Letter of declaration pertaining to registry of branches or representations of foreign legal persons in addition to the date and signature, contain the following points:

1- Full name of company or institution in Farsi language with its probable acronyms, and specifications.

2-Type of company or institution and its activities.

3-The main office and domicile of company or institution abroad.

4-Nationality of the company or institution.

5-The amount of capital of the company or institution.

6-The last balance sheet of the company or institution.

7- Registering authority, postal code (country and city) and registering date of company or institution abroad.

8-The envisaged activity of company or institution to be performed in the Zone.

9-The other branches or representatives of company or institution in Iran and names of their directors (if any).

10-The domicile of company or institution in the mainland of Iran and the Zone and introduction of competent authorities who are responsible to receive the summons and communiqués.

11-Affidavite signed by director or directors of branches or representations, on permits or authorization letters subject to Note (1) Article (7) of present decree, indicating they have accepted the assigned position.

12-Names, surnames and domicile of the directors or administrators of company or institution.

### Note

Name, surname, domicile and nationality of the proxy and also the original and a copy of attested letter of proxy, in case, the letter of declaration and application for registry is to be submitted by the proxy.

#### Article 9

The legal persons shall have legal personality once they are registered and may have activity in the Zone in accordance with the governing laws and regulations. The Registry Office of the Zone Organizations is bound to submit to applicants a certificate, sealed by Registry Office, indicating the registration of the legal persons or their branch or a representative.

#### Article 10

Legal persons are required to declare in writing to the Registry Office any changes in their charter, composition of the board of directors, inspectors, authorized signatories, and increase or decrease in capital and liquidation, within one week.

Lack of timely declaration shall not obviate the responsibilities of the director of the legal persons.

#### Article 11

Any party having interest may get information from the contents of the Registry office files, and obtain attested copies upon request.

#### Article 12

The Registry Office is required to declare the establishment of a company or institution and the alterations on its status within 10 days following the date of registration in order to be publicized in the Official Gazette of the Islamic Republic of Iran and local newspaper. Such proclamation shall be financed by the applicants.

#### Article 13

Application for registering of trade marks and trade-industrial names and registering of inventions, designs, and industrial drawings in the Zone shall be made upon submission of a letter of declaration. The requisites for registration at the Registry Office shall be in compliance with the executive directions adopted by each Zone authority.