

The Iran Task Force of Pittsburgh

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Companies Investing in Iran's Oil and Natural Gas Sector

Since 1996

The following is a list of foreign companies at risk for being sanctioned by the U.S. for investing in Iran's oil and natural gas sector in violation of the Iran Sanctions Act, ISA (originally the "Iran-Libya Sanction Act of 1996"). Foreign companies subject to sanctions have made an investment of \$20 million or more in any given year that directly and significantly contributed to the enhancement of Iran's ability to develop its petroleum resources. Under ISA, development includes exploration, extraction and refining of oil and natural gas, as well as the transportation by pipeline of oil or natural gas. (Note: U.S. companies have been barred from direct investments in Iran since a 1996 Executive Order).

Total (France)

- In September 1997, Total signed a \$2 billion contract along with Gazprom and Petronas Malaysia to develop phases 2 and 3 of the South Pars natural gas field. Total has since expanded its involvement to other portions of the South Pars fields. (*Congressional Research Service, August 2006*)
- In February 1999 Total and ENI began operating in Iran's Doroud oil field with an investment of \$1 billion. Total is operator of the project, with a 55% share, while ENI holds the other 45%. (*Energy Information Agency, Department of Energy, August 2006*)
- In April 1999, Iran awarded Total a 46.75% stake to develop the offshore Balal field. Bow Valley Energy and ENI are also invested in the field, a reported total of \$300 million. (*Energy Information Agency, Department of Energy, August 2006*)
- In each of the years since the passage of ISA, TOTAL has made investments in Iran (excluding South Pars) in excess of \$20 million. In 2006, TOTAL's average daily production in Iran amounted to 20 kboe/d (kilograms of oil equivalent), approximately 1% of its average daily worldwide production. TOTAL expects to continue to invest amounts significantly in excess of \$20 million per year in Iran in the foreseeable future. (*SEC Form 20-F for TOTAL SA, 04/10/2007*)
- Note: In 2000 Elf Aquitaine merged with Total Fina to form TotalFinaElf, which changed its name to Total in 2003. The investments made prior to 2000 were done separately by the two companies but are now under the control of the merged corporation.

Repsol (Spain)

- In October 2004, Repsol signed a \$27 million deal with the National Iranian Oil Company (NIOC) for exploration operations in Forouz and Iran-Mehr oil blocs in southern Iran. (*Iranian Student News Agency, October 15, 2004*)
- In October 2001, Repsol in conjunction with OMV, ENAP (through its subsidiary Sipetrol) signed an agreement to explore the Mehr oil block. In February 2007 the block was declared commercial with with recoverable reserves of 150 million barrels (*Platts Oilgram News, February 2, 2007*)
- In January 2007, Repsol, in partnership with Shell, signed a preliminary deal to develop sections 13 and 14 of the South Pars field. The project would involve building a plant capable of liquefying 8-million tons of natural gas a year for shipment to Europe and elsewhere. According to the Iranians, the deal is valued at \$10 billion. (*The Associated Press, January 30, 2007*)

ENI (Italy)

- In February 1999 ENI, in conjunction with Total began operating in Iran's Doroud oil field with an investment of \$1 billion. (*Energy Information Agency, Department of Energy, August 2006*)
- In April 1999, Iran awarded ENI a 38.25% stake to develop the offshore Balal field. In April 1999, Iran awarded Bow Valley a 15% stake to develop the offshore Balal field. Total and ENI are also invested in the field a reported total of \$300 million. (*Energy Information Agency, Department of Energy, August 2006*)
- In July 2000, ENI invested in Phase 4 and 5 of the South Pars natural gas project in a deal estimated to be worth \$1.9 billion. ENI holds a 60% interest in the project with the remaining 40% interest being held by Iranian partners. (*Energy Information Agency, Department of Energy, August 2006*)
- In June 2001 ENI signed a \$1 billion contract to explore Iran's Darkhovin oil field (*Energy Information Agency, Department of Energy, August 2006*)

INPEX (Japan)

- In January 2003, JAPEX and INPEX participated in the development project of the Soroosh and Nowrooz fields through joint investment in JJI S&N, which holds a 20% working interest in the project. (*INPEX Website, retrieved March 19, 2007*)
- In 2004 INPEX signed an agreement to develop the Azadegan oil field. Under the agreement INPEX held a 75% stake inn the \$2 billion project and the other 25% share was held by the National Iranian Oil Company (NIOC). In October 2006 fears that the deal may lead to U.S. sanctions caused the deal to be slashed with INPEX now holding only a 10% stake. (*Congressional Research Service, August 2006 & International Oil Daily, October 10, 2006*)

Oil and Natural Gas Company, ONGC, Indian Oil Corporation (IOC) and Oil India Ltd.

- ONGC is involved in the exploration of the Farsi Block. In 2002, a consortium of Indian companies signed a contract to carry out exploration in the Farsi Block. The consortium consists of ONGC-Videsh with 40%, IOC with 40% and OIL with 20% of the equity. The contract commits \$27 million in exploration obligation. Oil discovery in excess of 500 million barrels is expected. In November 2006, it was reported the consortium struck oil at three offshore exploration wells in the Farsi block (*UPI, November 15, 2006 & The Telegraph (Calcutta) December 27, 2002*)
- In October 2004, ONGC along with SINOPEC negotiated a long term deal with the National Iranian Oil Company for the development of Yadavaran, Iran's biggest onshore oil field. ONGC is likely to receive a 29% stake and SINOPEC a 51 % stake. A related deal would allow ONGC to develop part of the South Pars natural gas field. If implemented in full the deals could be worth over \$100 billion. The deal is still awaiting final approval. (*Congressional Research Service, October 2006 and International Oil Daily, February 5, 2007*)

Petronas (Malaysia)

- In September 1997, Petronas signed a \$2 billion contract along with Gazprom and Total to develop phases 2 and 3 of the South Pars natural gas field. Petronas has since expanded its involvement to other portions of the South Pars fields. (*Congressional Research Service, August 2006*)

Petrobras (Brazil)

- In July 2004, Petrobras signed a \$34 million deal to drill in the Iranian part of the Caspian Sea. In 2003, the National Iranian Oil Company granted the company a license to explore a 3,200-square-mile area of the Persian Gulf. (*Energy Information Agency, Department of Energy, August 2006*)

GS Holding Corp (South Korea)

- In September 2002, Iran signed a \$1.6 billion development contract with South Korea's LG Construction to develop phases 9 and 10 of the South Pars gas fields. (*Energy Information Agency, Department of Energy, August 2006*)
- In 2003 LG Corp split into two separate holding companies, LG Corp. and GS Holdings Corp. LG Engineering and Construction the subsidiary that oversaw the Iranian investment joined GS holdings and is now known as GS Engineering & Construction Corp. As of January 2005, GS Engineering & Construction is no longer an affiliated company of LG Group

Norsk Hydro (Norway)

- In April 2000 Norsk Hydro signed an exploration service contract for Iran's Anaran block with the National Iranian Oil Company. In 2005, Hydro was announced as the winner of the tender for the Khorramabad exploration and development contract. In 2006, the \$107 million contract was approved and signed with Hydro-Zagross, a subsidiary of Norway's Norsk Hydro ASA (NHY). (*Congressional Research Service, August 2006*)
- Norsk Hydro and Statoil are in the process of merging.

Statoil (Norway)

- In October 2002 Statoil signed an agreement with Iran to develop phases 6, 7, & 8 of South Pars gas field. The company reportedly plans to invest as much as \$300 million in the \$2.6 billion South Pars gas field. (*Energy Information Agency, Department of Energy, August 2006*)
- Statoil is also working with the National Iranian Oil Company on improved oil recovery from 3 fields in Iran - Ahwaz, Marun and Bibi Hakimeh. (*Statoil 2003 Annual Report*)
- In January 2007 China National Petroleum Corp (CNPC) began talks with Statoil to join a \$3.6 billion project to develop the South Pars natural gas field. (*Dow Jones Newswires, January 12, 2007*)
- Norsk Hydro and Statoil are in the process of merging.

Bow Valley Energy Ltd. (Canada)

- In April 1999, Iran awarded Bow Valley a 15 % stake to develop the offshore Balal field. Total and ENI are also invested in the field a reported total of \$300 million. (*Congressional Research Service, August 2006*)

China National Petroleum Corp (China) - Sheer Energy (Canada)

- In May 2002 Sheer Energy signed an \$80 million to develop the Masjid-e-Soleyman (MIS) oil field. (*Energy Information Agency, Department of Energy, August 2006*)
- Sheer Energy in October 2005 was renamed Cygam Energy Inc. However, Sheer Energy sold its 49% working interest in the Masjed-I-Suleyman project in Iran during 2004. The purchaser was CNPC International Limited, a Cayman corporation which is wholly-owned by the China National Petroleum Corporation. In 2007 CNPC renegotiated the terms of the agreement with the National Iranian Oil Company and is now set to invest around \$150 million in the project. (*Cygam 2005 Annual Report & Middle East Oil & Gas News Wire, March 27, 2007*)
- In January 2007 the China National Petroleum Corp (CNPC), the country's biggest oil producer, signed a memorandum of understanding to invest \$3.6 billion to develop a portion of the South Pars natural gas field. The MoU with Iran's oil ministry pledges CNPC to spend an estimated \$1.8 billion on exploration and production in the SP14 gas block in the field and an additional \$1.8 billion on building a liquefied natural gas plant. CNPC is in talks with Norway's Statoil ASA (STL.OS) about joining the SP14 project. (*Dow Jones Newswires, January 12, 2007*)

Gazprom (Russia)

- In September 1997, Gazprom signed a \$2 billion contract along with Petronas and Total to develop phases 2 and 3 of the South Pars natural gas field. (*Congressional Research Service, August 2006*)

Lukoil (Russia)

- Lukoil and Norsk Hydro are involved in the exploration of the Anaran onshore project. Lukoil owns 25% of the geological exploration project. (*Hydro Press Release, September 29, 2003*)
- On February 18, 2006, Lukoil and the National Iranian Oil Company signed a contract for the joint geophysical and geological study of Moghan and Lali prospective blocks. (*Lukoil Press Release, January 18, 2007*)
- ConocoPhillips as of December 31, 2006, held a 20% ownership interest based on authorized and issued shares in Lukoil

GVA Consultants (Sweden)

- In March 2001, GVA Consultants, a Swedish company, signed a Caspian Sea transit contract worth an estimated \$225 million. GVA was later acquired by Halliburton in November 2001. In March 2005, Halliburton said it would no longer take on new business in Iran. On April 9, 2007 Halliburton announced that all of its contractual commitments in Iran had been completed and the company was no longer working in Iran (*Congressional Research Service, August 2006 & Halliburton Press Release April 9, 2007*)

OMV (Austria)

- In October 2001, Repsol in conjunction with OMV, ENAP (through its subsidiary Sipetrol) signed an agreement to explore the Mehr oil block. In February 2007 the block was declared commercial with with recoverable reserves of 150 million barrels (*Platts Oilgram News, February 2, 2007*)
- In June 2005, OMV reportedly signed a joint venture agreement for the planned 'Nabucco' pipeline project which would transport natural gas from the Caspian Sea region to Middle - and West Europe. Other companies reportedly involved in the deal include Hungary's MOL, Romania's Transgaz, Turkey's Botas and Bulgaria's Bulgargaz. The construction cost of the pipeline is estimated at 4.6 billion euros. (*The Financial Times, June 27, 2006*)
- In February 2008, OMV created an outcry by signing a massive \$32 billion deal for oil rights for Iran.

ENAP (Chile)

- In October 2001, Repsol in conjunction with OMV, ENAP (through its subsidiary Sipetrol) signed an agreement to explore the Mehr oil block. In February 2007 the block was declared commercial with with recoverable reserves of 150 million barrels In May 2006, the state-owned oil company announced it would sell its 33 % stake in the Mehr oil block due to the rising risk of doing business in Iran. (*Platts Oilgram News, February 2, 2007 and Global Insight, May 12, 2006*)

Companies Signing Oil and Natural Gas Agreements with Iran *Agreements Pending*

China Petroleum & Chemical Corp, Sinopec (China)

- In January 2001, Sinopec was awarded exploration of Zavareh-Kashan, an onshore oil block in central Iran. The deal worth a reported \$13 million has shown little results. (*Iranian Republic News Agency, January 13, 2001 and Global Insight, August 21, 2006*)
- In October 2004, SINOPEC along with India's ONGC negotiated a long term deal with the National Iranian Oil Company for the development of Yadavaran, Iran's biggest onshore oil field. SINOPEC is to receive a 51 % stake and ONGC 21%. If implemented in full the deal could be worth tens of billions of dollars. The deal is still awaiting final approval. (*Congressional Research Service, October 2006 and International Oil Daily, February 5, 2007*)
- In June 2006 the Iran Oil Exploration Services Company (OESC) and China Petroleum & Chemical Corp. (SNP), or Sinopec, signed an exploration and development contract for the Islamic Republic's onshore Garmsar oil block. The estimated cost of exploring the block is \$20 million, but could rise to \$38 million if there are indications of recoverable crude reserves. (*Mehr News Agency, June 21, 2006*)

China National Offshore Oil Corp (China)

- In December 2006, China National Offshore Oil Corp (CNOOC) signed a \$16 billion agreement to develop the Northern Pars gas field and build liquefied natural gas facilities over a period of 8 years. It will take a year to finalize the deal. (*International Oil Daily, December 21, 2006*)

Essar Oil (India)

- In September 2006, Essar reached a multi-sector deal with Iran under which Essar proposed building a 300,000 b/d refinery in southern Iran, as well as steel and power plants in exchange for an upstream deal and LNG supply. The two sides are still working on the details of the deal. (*International Oil Daily, February 5, 2007*)
- Essar is also in talks with the National Iranian Oil Company about a 49% stake in the Azadegan oil field. (*Asia Pulse, March 19, 2007*)
- In August 2007, The Essar Group announced that it has placed bids to develop offshore oil and gas blocks on Iran, ignoring international concerns. (*UPI, August 7, 2007*)

Liquefied Natural Gas Ltd, LNGL (Australia)

- In November 2006, Australia's LNGL and the National Iranian Oil Company signed an agreement for the development of the Selkh and Southern Geshe 2 gas fields. The capital investments in the deal are expected to exceed \$1.5 billion. LNGL will have rights to export the LNG in coordination with NIOC. Financial close is expected during the fourth quarter of 2007 (*Platts Oilgram News, November 9, 2006*)

Belorusneft and Belneftekhim (Belarus)

- The National Oil Company of Iran approved a general plan submitted by Belorusneft and Belneftekhim for Belarussian participation in the development of the Jofeir field in Iran. The project is estimated to take 8 years to complete, with a capacity for 30,000 barrels of oil per day. The sides plan to start talks to sign a contract in the near future.
- Iran and Belarus signed a memorandum of understanding in the oil industry in the autumn of 2006 during a visit by a Belarussian government delegation to Iran. The Jofeir project would fall under this memorandum.