

## IEN Papers Oil and Politics – Author's Biography

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### Tariq Shafiq\* Oil and Politics in My Life, The Author's Biography:

#### A typical Iraqi individual

From the outset, let me say that I am an Iraqi in every sense of the word. My one goal in life was to pursue a career in energy as a petroleum engineer and serve my country. Despite several setbacks in my younger years, I secured my dream job, but it came at a cost. In 1971, I

was sentenced to death in absentia on trumped-up charges that led to a life in exile. This is my story.

I come from a middle class family and a culture where respect and tolerance for race and religion was the norm.

I was born in the Karrada district of Baghdad on 15 June 1930. My maternal grandfather was an Arab and my maternal grandmother was Kurdish. My grandfather is a descendent of Imam Zein al-Abdeen Ali Ibn al-Hussain, (the fourth Shi'a imam), although my family is Sunni. We were brought up not to distinguish between

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Sunni or Shi'a. Indeed, of my four sisters, three married Iraqis who today would be defined as Shi'a, but who did not identify as such in the past. This was the Iraq I knew when I left in 1968 and preserved in my mind during my 40 years of exile. It was an Iraq built on 'muwatana' (national unity and allegiance to the homeland), not on ethnic or race divides.

We were eight children in my family and I was the second child and eldest son. My father was from a middle class Iraqi family, whose own father, Shafiq Abdulrahman Sa'ad-allha Hassan Hussain Pasha, was the senior civil servant (qa'im-maqam) of Nasiriya in the south of Iraq. His wife, Amina Abdukader Hishmat, was a unique woman in her own right who, when my grandfather died, became the family's sole breadwinner and apparently earned a reputation as a successful trader and enjoyed the respect of many. Indeed, during our early childhood, we lived in one of four houses she had built; one for herself, one for each of her two daughters, and one for my father. She had become sufficiently close to the al-Hashimi family, which produced two prime ministers, Yassin and Taha al-Hashimi, and, as the story goes, she played a significant role in supporting the nationalist leader, Taha al-Hashimi. In early 1940 she travelled to Istanbul, where he was living in exile, smuggling out for him gold coin liras by hiding them in an ingenious way, some in the bottom of small wooden boxes containing honey and others inside home-baked cookies, called "klecha".

On my mother's side, my grandfather, Hassan Husni al-Khalidi, was an officer in the Ottoman army of the generation of Nuri al-Said Pasha, who was prime minister at the time. He died at a rather young age while my mother, his only daughter, was still an

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infant. In fact I never knew my maternal and paternal grandfathers, who both died young before I was born.

My step maternal grandmother (my grandfather had taken a second wife on the death of her mother while she was a baby), was an equally unique woman who was highly respected by the neighborhood. It was through her friendship with the family of Nuri Al-Said Pasha that I was later saved from prosecution on account of being an activist organising student riots during my High School years at the Central High School, which produced graduates who excelled in later life.

My father, like his father before him, was also a civil servant, in the “Da-erat Al-Echraa” government office, where he held the position of “Bash Katib”, Chief Clerk, second to the head who was “al-Hakem”, the Judge.

My father was a true Muslim, who prayed and fasted during Ramadan all his life, never tasted alcohol or gambled. He was very tolerant of others and held no grudge against anyone. He always reminded us that “aldeen almu-amala”, which means to be religious is to treat people justly. He was an example of tolerance and civil attitude. I was brought up on his religious principles.

We moved from Karrada after my graduation from primary school at 13 to live in al-Baroudiya (one of the oldest residential areas of Baghdad) that had been the home of middle class civil servants and business families. They included Taha and Yasseen al-Hashimi, founders of the state of Iraq and prime ministers during the 1940s and 1950s, and the Bunniya, a famous trading family who were neighbours. Neighbourhood, the “mahala,” formed close

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and binding ties among the residents, as did school life. These ties planted the seeds of 'muwatana', which encompasses love and loyalty between family members, neighbours and fellow citizens. The residents were as close to each other as their homes were.



Typical old Baghdad Residential area, "Zuqaq"

We owe it therefore to past generations, our parents and grandparents who built the foundations of a loving, tolerant and united country to defend our nation from the triblism and prejudices that have led to the present ethno-sectarian divide in Iraq.

This is not the Iraq I was born and brought up in as a "muwaten" (a national). Regrettably, Iraq today has been taken over by ethno-sectarian politicians bent on exploiting our differences rather than working towards the common good.

### **School and University**

I attended al-Gharbiya Intermediate School, a well-known educational establishment near our home, during 1943.

I became a member of the school journal's editorial team, which was supervised by an Arabic language teacher, Dr Nasser al-Hani,

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who later became a university professor, minister of foreign affairs and then Iraqi ambassador to the USA. It was rumored that he played a part in turning the US Administration against the Ba'ath Party. The Americans reportedly planned to help Al-Hani secure power in Baghdad and have their own man in charge. Sadly, he was found dead in a remote ditch a few days after he was taken by security men for interrogation on returning to Baghdad.

Al-Hani was a highly respected and influential teacher. From time to time, he would task his editorial team with organizing receptions for senior government officials visiting the school. I recall during one such occasion, a bright schoolmate gave a speech, which turned into an aggressive and bitter criticism of the school's management.

My high school years were spent in the nearby Al-Merkaziya (Central) Secondary School. During those years, like many of my peers at the time, I adopted socialist nationalist principles and became politically active, though I remained independent and never joined a political party. With other colleagues, we took part in organizing political demonstrations, and we often met in a café a day before these demonstrations.

One day a school friend from our Baroudiya district visited me to warn me that the security services, of which he had become a member, had full knowledge of our meetings and what was being said by each one of us, and that I had better end my political activities.

Indeed, the next day, while I was standing by the school gates encouraging students to join the demonstrations, a police officer



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picked me up, shoved me into the back of his police van and drove me to the nearest police station. Many students were there who had already been arrested, but in my case the police officer ordered that I be held in the toilet, handcuffed to the window bars while the other arrested students were held in a large hall. The officer was a known tough resident of our neighborhood who, with hindsight, must have intended to teach me a lesson I would not forget. But thanks to traditional family ties and neighborhood loyalties, I was released that same day, to the amazement of the others who thought I was headed to a worse fate!

After this, I took a break from political activism and concentrated on preparing for my final Baccalaureate exams and did well. Thanks are due to my grandmother, to my schoolmates and Baroudiya neighborhood friends.

Democracy was in its infancy and security organisations in Iraq were a priority government concern. This incident was a wake-up call and encouraged me to concentrate on my studies.

The principle I have always adopted, which has stood me in good stead, was to take my commitments seriously, work hard and do the best I can in whatever I set out to achieve. As a student, I had to study hard to ensure success, but without ignoring what I considered then to be my civic obligations to my country and nation. I have always been sincere to family and friends, to my job and to the promises I make.

I did well at school, and achieved a yearly academic average above 85%, which qualified me to go through my first four years of High School without having to take a final exam. In the fifth and final academic examination, the 'Baccalaureate', I achieved 80%,

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which qualified me for a government scholarship in the US or the UK.

### **Iraq Floats on Ocean of Oil: Resource Curse or Blessing?**

It is said that Iraq “floats on an ocean of oil” so I applied for a government scholarship to pursue a BSc degree in Petroleum Engineering abroad. My plan was to return to Iraq to work in the oil industry.

This was a time when government scholarships depended on academic achievement, and the selection process was open, fair and transparent. The only criteria for selection were high grades, in contrast to today's often tainted policy of ethno-sectarian affiliation.

Inefficiencies in the university application process meant that I missed the deadline for admittance to a UK university in time. Instead, I and scores of other students, who were assigned to attend American universities the following academic year, were accommodated in a newly created ‘Preparatory College’ specifically established for us in 1948. It later became a recognized graduate college for many disciplines.

### **University of California My Choice**

#### **During 1949-1953**

Not to be bitten twice, I applied for a place at the University of California in Berkley. However, I was disappointed to learn that the Ministry of Education had secured admission for me at the Colorado School of Mines, known for its Geosciences and Refining, rather than in my chosen field of Petroleum Engineering. The University of Colorado School was located in the small town of

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Golden, and not the America of skyscrapers, large cities and bright lights I had expected.



However, luck and determinations were the two factors on my side. During the summer course in Golden I managed to convince the director general, Muhiyee al-deen Yousif, a family friend from our Karrada town, to transfer me to the University of California by the end of my summer semester in 1949.

I pursued a 4-year curricula leading to a BSc in Petroleum Engineering by summer 1953.

### **Unplanned Incidents Often Dictate Destiny**

While in Colorado I met two fellow Iraqi students with whom I struck a lasting friendship. They were Abdul-Aziz al-Wattari, who later became Minister of Oil, and Mustafa Abdulla, who became Minister of Industry and died in a helicopter crash with then President Abdul-Salam Arif in April 1966. Al-Wattari, in his capacity as Minister of Oil would later invite me to join a team tasked in 1964 to establish the Iraq National Oil Company (INOC), a position, which shaped my career and life.



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### **A Lesson For Life**

Early in my time at Berkley, I learned how to become an autonomous learner, a valuable lesson that served me well in later life. As students in Iraq we had been spoon-fed and looked to the teacher for answers to all our questions rather than through reading and research. It was considered a sign of intelligence to ask many questions.

With this mentality, I used to ask all the questions that came to my mind at university without hesitation, especially in the engineering drawing module, which I had no background in, unlike the American students who had learnt it in High School. Soon enough I received a telling off from the lecturer, who instructed me politely: “Mr. Shafiq, would you please think about your question and try to find the answer yourself first, and if you fail, then ask me.” He added: “I am sure you’re capable of finding out the answer for yourself!”

To this day, I rely on my own resources before asking others. This includes consulting road maps for direction rather than asking a passer-by!

### **Assistant Janitor & Traveling Salesman**

As scholarship students we had very generous stipends to live on, but despite this, I worked each summer holiday, which enabled me to buy a car and to send gifts to my large family. One of my jobs was as assistant janitor at the local Heinz ketchup factory, which paid \$1 an hour and \$2 an hour on weekends and holidays, a good wage then. Despite getting a raise for hard work to \$1.50 an hour, I had to keep the inferior title, which often embarrassed me. So in the summer of my third year I answered a job advertisement,

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which to my surprise, invited applicants 'to write their own cheques. It turned out to be a travelling salesman job for Watkins Products. It had no outlets but relied on door-to-door sales. I was recruited with ease; no interview required.

Although many homeowners had 'Peddlers Keep Away' signs, we were taught not to be discouraged but to knock and when the home owner opened the door, to put the left foot in the door and offer a gift sample as a way of securing a second visit.

### **The Start of a Six-Decade Journey**

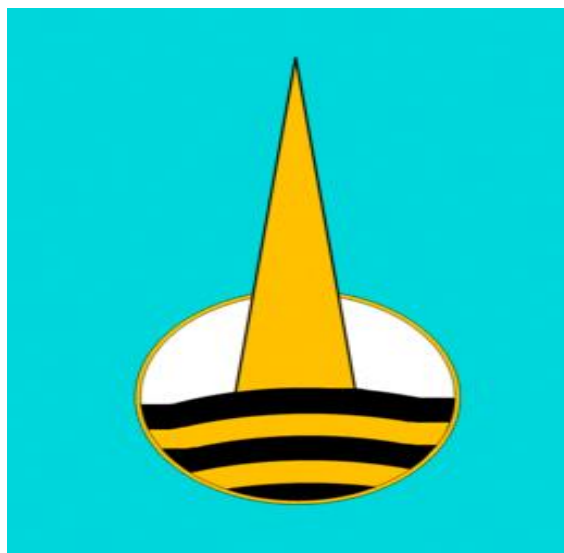
On returning home in the summer of 1953, I began the journey of my six-decade long career in the oil industry. Looking for a petroleum engineering job, I applied to the Iraq Petroleum Company (IPC) in Kirkuk and the Basra Petroleum Company (BPC) in Basra, but was informed that there were no vacancies for a petroleum engineer! However, I recall during one interview, that the personnel manager, who was British, asked if I had any work experience. I could tell he was not impressed with my work experience as an assistant janitor. I wonder how he would have reacted had I mentioned my stint as a travelling salesman?

### **Joining the IPC: Not an Easy Task**

At the time, the British management of IPC did not seem in a hurry to accommodate an Iraqi graduate with initiative and hire the first Iraqi petroleum engineer. This went clearly against the company's obligation under its concession. This attitude of cultural and technical superiority served the interests of IPC's own stakeholders while neglecting the host country's rights and eventually led to its demise

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The IPC Emblem

“Iraqisation” of IPC jobs did not start in earnest until the early 1960s at the instigation of the ‘revolutionary’ government of 1958.

My career path was not an easy one at first. I turned down a job in the civil service at IPC in Kirkuk and Basra, was fired from a well-paying job at Kellogg International Construction (KICC) before finally landing my dream job as a petroleum engineer with IPC.

Turning down a government job was considered improper at the time. It upset Mohammed al-Naqib, the Director General of the Ministry of the Economy, which was in charge of Iraq’s oil affairs. He told me angrily that a former minister and a director of oil affairs had both filled the post I had turned down.

I joined Kellogg on loan from my state employer, the Refinery Administration. As a returning government scholarship student I

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had to work in a government job. Hence, I was employed by the Government Refinery Administration, but worked for and was paid by their contractor, Kellogg.

KICC was contracted in 1953 to build the first major oil refinery in Iraq. I worked hard, did well and was rewarded during my first six months with a 50% rise in salary. At the time, this was 'manna from heaven' for me, since one week's wages at Kellogg's was equivalent to a month and half salary of an engineer working for the government. On returning home, at 23, I had become the sole breadwinner for my family — my mother, three younger brothers and four sisters — and it was up to me to pay off the family debt that had accumulated since the death of my father the year before, in 1952.

I was there less than a year when I managed to get myself fired, before the refinery was completed. The reason given was 'inefficiency', but in fact I had been dismissed for the part I had played in criticising the prejudicial treatment of Iraqi workers at the company. Strange as it may seem now, the Iraqi engineers, who numbered fewer than a dozen, were segregated from the expatriate British staff, who made up management. We were not even allowed to use the same canteen or washroom facilities, which were reserved for expatriate staff, who were even given their own keys!

One day, I organized a meeting for the KICC Iraqi engineers to address this degrading company policy. We all wrote and signed a petition which was published in the then left-wing popular newspaper, 'Al-Ahali', not out of any political affiliation but because I knew an old High School friend who worked there. The General

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Manager, Mr. Ihsan Rifat, visited the refinery with Kellogg's chief engineer to interview the local engineers. When my turn came, I was handed a dismissal notice with no questions asked. I learned later that my colleagues had disassociated themselves from the petition and had named me as its author. This was enough for me to be labeled a rebel 'socialist' in the days when any political dissent was attributed to the then underground opposition Marxist movement. In this case, the petition had been published in a socialist paper. What more evidence was needed? Clearly none according to their thinking!

The laws and regulations governing civil servants were generally well respected and applied fairly during the royalist, quasi-democratic state. They were somewhat degraded after the 1958 coup (generally referred to as a revolution and not a coup d'état) during the military-led government that followed, got worse during the totalitarian Ba'ath government and were generally ignored after the US-led invasion of 2003 and the weak governments that followed.

I refused to accept the loss of my job. A day after receiving my dismissal notice, I went to Mr Rifat's office complaining not only at being fired but indignant at the accusation of 'inefficiency'. He was well aware that this was not the case but must have approved the notice before it was issued. However, as we were both Berkley graduates, he promised to apply to the Cabinet for approval for my transfer to a non-government organization. Government permission was needed because my scholarship to study abroad for five years required that I work for the government for double that period. His intervention helped to secure a post for me as a trainee engineer in early 1954 with the IPC in Kirkuk, where I

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worked for the next ten years, becoming the first Iraqi Head of Petroleum Engineering.

I had finally landed the job I always wanted. Ten years after I had been turned down for a job at IPC, I became the first qualified Iraqi Head of Petroleum Engineering at the age of 32, and two years later, a Founding Executive Director of INOC.

The offer by the minister of oil at the time, Abdul-Aziz Al-Watari, to become a founding executive director of INOC came at the right time as I had judged and accepted that my career in the IPC had reached an end. My early schooling and early career obligations never kept me from issues of national concern.

The IPC oil concession emerged in the aftermath of World War I, when the victorious western powers – Britain, France and the United States – divided the spoils of war. Oil was the coveted prize. Control of the Middle East's oil wealth was placed in the hands of the big western oil majors, who made up the IPC consortium, with little regard for the interests of the resource owner. It was a zero sum game in which the companies were the winners and the nations the losers. I had already decided that I would rather be on the side of the disadvantaged country and nation to help correct that imbalance but it was not an easy task.

Throughout my time at IPC, my colleagues and I endured criticism for expressing nationalist views, and I was even accused in one instance of being anti-British. During my first few months with the IPC in Kirkuk I was subjected to another kind of mistreatment though different to the prejudice I had experienced at Kellogg's.



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I recall the occasion when I met a British geologist who seemed incapable of working with Iraqis as equals. However, this potential conflict was quickly resolved when I confronted him over his behavior. This time around, my hard work saved me, gaining me the respect and protection of my manager, who later became the General Manager of the Kirkuk IPC and who was also to do me another good deed.

### **Oil Economic Interest Overshadows Morali**

While in Beirut, a trusted friend, Fouad Itayem, the journalist founder and then owner of the Middle East Economic Survey, asked me if I had a conflict with the chief representative of the IPC, Rudi Jackli. I was surprised by the question and told him that I had never met or spoken to a Mr Jackli. Fouad then told me that in meetings with Beirut-based Baathists, Jackli often accused me of conspiring with the Saudis against the Ba'ath government. Fouad told me that he understood the reasons for my visits to Saudi Arabia for my consultancy work but he feared that the Ba'athists would believe Jackli's story. I could not understand why such a man would make these unfounded accusations but I realised then that my life was in danger if I stayed in Beirut and decided to leave for London late in 1970.

### **The Ba'ath Injustice**

In 1971 while I was living in Surrey, friends brought me the news that a special military court had tried me in absentia and passed a death sentence on me, my consultancy partner's brother, General Abdul-Aziz al-Uqaili, who was a former Minister of Defence and nominated for the Presidency on the death of President Abdul-Salam Aref, together with a number of other Iraqi public figures. My friend Saleh Kubba, Chairman of INOC and former Governor of

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the Central Bank, was also tried in absentia, but had already managed to escape a couple of years before via Karbala and through the desert to Saudi Arabia. My partner, Ghanim al-Uqaili, was sentenced to 16 years imprisonment. He managed to smuggle a note to me from his prison cell while I was in Beirut warning me that my life was in danger. General Aziz al-Uqaili, may his soul rest in peace, was poisoned many years later while in prison. He read the Quran every night and prayed the 'Fajr,' dawn prayer, every day (the first of the five daily prayers which Muslims are required to perform). Death sentences were carried out, without warning, at dawn, the reason why he prayed throughout the night before his journey to the hereafter.

### **A Lucky Escape**

I had another lucky escape when I happened to be out of the country when Colonel Abdul-Wahab al-Shawaf led a failed coup d'état in 1959.

**At that time I was employed by IPC in Kirkuk.** Many of my friends in Kirkuk were arrested but I had managed to secure a training course with Shell in The Hague and returned when I was sure it was safe to do so.

The Shawaf coup was apparently poorly coordinated with the other army generals who failed to support him. As a result many nationalist individuals were arrested, including the commander of Kirkuk's military base, General Nadhemi Tabaqchali, who was condemned to death along with 18 other officers. I had known the general and visited him frequently; the last visit was just before I left for London to work in an IPC laboratory. For some unknown reason a secret service team searched the IPC residence where I had been living in a shared bungalow but they did not find any

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documents that implicated housemate Ghanim al-Uqaili or me. We had none anyhow.

Having prolonged my stay in London until the political atmosphere had calmed down and all of my IPC colleagues were released, I was due to leave again to take part in a reservoir engineering training course in the United States. However, as I had just returned from three months abroad, the Baghdad central office, which was in charge of the IPC operations in Kirkuk, the IPC Baghdad Chief Representative supervisory office refused permission for me to travel again so soon.

In a show of support which would assert his own authority, my General Manager, Sydney Simms, who had planned the training program with Mobil Oil Company, wrote back: “Please accept my resignation if Shafiq does not go on his course.” So I did attend the course.

The training course took a few months, during which I was being paid a generous overseas allowance on top of my salary, to which I added some savings. I used the cash to buy a new Chevrolet and ship back home. I exchanged my airline ticket to pay for transporting my car and myself from New York to Southampton in England and then toured Europe on my way back to Baghdad. However, this did not go without a hitch!

### **A Hitch: Facing Corruption**

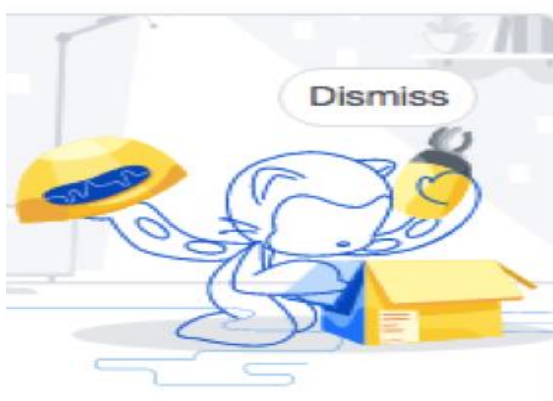
Iraqis during the 1950s were not granted visas to enter Syria, so I had to send my car by rail from Istanbul and I flew to Baghdad. At the Istanbul railway offices I was sent from one desk to another and made to understand that each was too busy that day and I had

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to come some other time. Language was a handicap, but to my good fortune an old cleaning lady of Iraqi origin explained in her broken Arabic what I did not seem to understand: that the standing rule was 'service upon cash in hand'. Apparently I was expected to 'tip' each employee for 'services rendered'. So I did as I had been told paying the first, second and so on to the last employee. However, in my inexperience, I wasn't sure if this tipping extended to the station boss so I left the task to the old lady. I found myself perspiring from the ordeal while the railway personnel took their cash coolly as a matter-of-course. It was an experience I never forgot.

### **Corruption: the Evil Gripping Iraq**



Growing up in Iraq, an act of corruption was considered shameful, a legacy of the founders of the state of Iraq and their moral culture.

King Faisal I himself was once questioned by his state's head auditor, Mr Raouf al Bahrani, over a small payment made without prior authority. The auditor's son, professor Ihsan al-Bahrani, in his book "Impulses of Memory", details the event. But I relate the story here from memory as the book is no longer in my possession. The

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King's hotel bill and associated expenses of a visit he made to Geneva to attend meetings of the League of Nations were submitted upon his return. The receipt included a payment for the hotel rooms of two Palestinian guests who visited him to discuss the Palestine issue and stayed so late they had to be accommodated overnight. The minister concerned was uncomfortable informing the King that the auditor would not approve payment of the hotel invoice of his majesty's guests in the absence of authorization. The King demanded to see Mr Bahrani, who believed he would be fired but was surprised to be patted on the shoulder.

The King of Iraq had to account for his spending and present receipts, while today in Iraq, the head of state, his deputies and the prime minister are allowed huge sums towards expenditures they need not account for or justify!

Iraq has sunk so deep in corruption that Transparency International ranked it at 170 out of 174 countries in the 2014 Corruption Perception Index. Iraq has been among the bottom countries for the last decade. Iraq stood 115<sup>th</sup> out of 133 countries in 2003, sank to 160<sup>th</sup> out of 163 in 2006 and to 175<sup>th</sup> out of 178 in 2010.

Corruption in Iraq has been prevalent at the highest levels since 2003. The former Minister of Finance, Oil and Vice President Adel Abdul-Mehdi, in an article published in the local paper al-Adalah on 19 August 2015, wrote that out of a total \$850 billion earned by Iraq from 2003-2016, an estimated \$425 billion, or roughly half of its net oil income, cannot be accounted for. However, neither Adel Abdul-Mehdi nor any of his colleagues in power, who should be in

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the know-how, told who or how half of Iraq oil income fund had disappeared.

### **Goodbye Bachelorhood**

Following my return from the United States to Kirkuk in April 1961, I met my future wife, Golestan Kasim Shakarchi, got engaged and was married on 15 June, which coincided with my birthday. I had decided that year to get married and Golestan was the first girl I met through family friends over tea. True to my tendency to make decisions with confidence under uncertainty, I made up my mind to propose to this petite and confident girl.

However, I did not have enough savings to pay for a suitable-sized diamond ring as well as for the wedding party and a honeymoon. Although I was making a good salary, I was still supporting my mother and younger brothers and sisters. The Chevrolet I had bought proved to be my savior. I sold the car, made use of a company loan scheme to buy a smaller and cheaper Volkswagen and managed to buy an impressive diamond ring, cover the cost of the wedding party and pay for a honeymoon in Beirut.

Decision-making without hesitation appears to be an acquired gift. I chose to study petroleum engineering and decided to accept no other career, left a government job with a promise never to return to its like and decided to marry the first girl I met, all without hesitation. I have not regretted a single one of these decisions.

### **Transfer to IPC in London**

In the summer of the same year, 1961, I was transferred to the IPC offices in London. I was the first to go on a programme designed for senior petroleum engineers to become acquainted with the



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company's Middle East operations that were managed from a prestigious office building near Oxford Circus.

That was a year when the sun hardly ever appeared in London. The smog was such that I had to change my shirt if I was going out in the evening after coming back from the office. An interesting experience was the shortness of the day during the winter of that year as we were fasting during Ramadan. Hence, 'Suhour' (the meal past midnight prior to the start of the fasting day) practically replaced our normal breakfast time and the 'Futour' (the evening meal to end the fasting day) at the normal dinnertime.

I had always observed Ramadan and fasted since I was young. In the UK, tea and coffee breaks were routine. One day during Ramadan the 'tea lady' pushing her trolley from one office to the other, seemed puzzled and unhappy that I was the only one not taking her tea or coffee. She asked if she had upset me in some way and she wanted to apologise. I had to assure her that it was only because I, as a Muslim, observe fasting in Ramadan! I found that was the utmost courtesy indeed.

I have found that the British working class shares the same kindness and good-heartedness of those of my own country and likewise perhaps the working classes the world over.

I left London in the summer of 1962, driving a new car with one addition to the family, a baby son we named after my father, Ihsan. Our son was one month old and we would put him in a pram in the small luggage compartment in the Volkswagen Beetle, which neatly fitted the baby's pram.

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By the end of that same summer I started my duties as Head of Petroleum Engineering of the BPC, based in Zubair, in Iraq's southern Basra province.

### **INOC & Its Role**

The creation of INOC in 1964, its charter annulment and replacement in 1967 by Law 123, amendment in 1976 and finally abolishment in 1987 were the product of the prevailing geopolitical conditions prompted by the major political players at the time. Its charter would have been implemented had the disputes with the IPC been resolved or the IPC been nationalised. But neither took place at the time.

INOC was established by Law No.11 in 1964 as a fully independent state petroleum company to exercise all aspects of the oil industry, within and outside of Iraq, in all its phases starting with the exploration, production, transport, refining, storage, distribution and marketing of all hydrocarbons, their products and by-products, as well as the manufacturing of equipment.

Those initial objectives become mythological when its purpose and requirements are compared with the realities on the ground.

For an oil company to operate requires capital and allocated area to explore and/or develop. 1964-INOC was neither given its stated capital nor allocated an area to develop.

Among its stated objectives was the establishment of a national oil industry that would serve as a basis for future oil exploration and development exploitation in areas yet to be allocated, of which the rights of exploitation were restored to the state by Law 80 in 1961.

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In its annual report to the cabinet, INOC present the current year's activities, its cost and its budget requirement for the forthcoming year as well as the capital investment to develop North Rumaila oilfield, which I personally estimate, upon its allocation to INOC, oilfield.

But the allocation of North Rumaila and/or its development were always ignored. The reason, however, is obvious. North Rumaila fate was at the centre of the dispute of the under negotiation. INOC well understood the government stand.

I joined INOC on the premise of its founding Law 11 of 1964, which made it financially and administratively independent oil company, having a capital of ID25 million and exclusive rights to all the areas relinquished by the IPC under Law 80 of 1961. Such was my enthusiasm to serve my country but I was not aware of the tortuous nature of Iraq's politics till I was caught up in it.

A revolutionary government of Qassim introduced Law 80 that found political alliances among socialist nationalists and Marxist politicians in an era when socialism had established itself as an alternative to imperialism and capitalism.

At the time, the **Seven Sisters**, the multinational oil companies whose power was supreme. Their members were: Exxon (now ExxonMobil), Mobil (now ExxonMobil), Chevron, Gulf Oil (now Chevron), Texaco (now Chevron), BP and Shell- controlled 85% of the world's oil reserves and unrivalled power.

Following failed negotiations between the government and the companies in late 1950s and early 1960s, Law 80 enforced relinquishment of 99.5% of the concession area the IPC and its Associated Companies MPC, and BPC controlled, which included

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discovered undeveloped fields, as well as the super giant partially developed North Rumaila oilfield. This was contrary to the prevailing relinquishment practices in the oil industry, but it corrected an unjust concession agreement that covered all Iraq with no relinquishment terms!

An examination of the past and present oil industry suggests that the oil concessions in Iraq and elsewhere in the Middle East were not commercial dealings dissociated from power politics. Law 80 and the nationalisation acts determined the course of the concession acquisition process and gave rise to the political events that followed. The IPC concession had emerged in the aftermath of World War I and it can be said that the U.S-led invasion of Iraq in 2003 ushered in a new era for the Iraqi oil industry.

However, Law 80 marked the decline of Iraq's oil development, resulting in loss of income and global market share caused by retaliatory acts by the IPC, until saved by the Ba'ath nationalisation acts 11 years later, when Iraq regained total control over its oil resources and policy for multiple reasons related to politics devoid of economic judgment.

### **INOC Years**

INOC's charter dictated its obligation to train Iraqis, as if to affirm the importance of its human resources and among its ambitious and challenging tasks.

As a matter of necessity, but well worth it, I found it constructive to train our staff on a study of the IPC data which INOC had inherited. These were stored in boxes given to the Ministry of Oil under the relinquishment obligation of Law 80. They contained geological,

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geophysical and drilling data left untouched for years even though they constituted a valuable data bank essential for assessment of potential oil and gas resource development plans and oil policy.

Our ambitious young team and I started digitising the data into a manageable, computerised system, which was quite a tedious process. It required punching holes in two cards and then putting the cards on top of each other to be checked. Correctly punched words enabled us to see through them.

I had a keen interest in computerisation and developed a program with the aid of a programmer to compute the economic feasibility of oil agreements by considering the effect of change on the cost and profitability of each parameter, such as oil reserves, duration of an agreement, profit split in a Production Sharing Agreement (PSA) or remuneration in service contracts, the internal rate of return (IRR), net present value (NPV), etc. Such a program would help the negotiator determine at the push of a button the economic effect of any one parameter and/or the final profitability for the parties to an agreement. Today, many such programmes are available, but they were not then. Later that year, the Organization of the Petroleum Exporting Countries (OPEC) announced development of a similar programme.

With the assistance of a foreign oil consultancy firm, our young staff of ex-IPC and other well-qualified experts studied the geology of the area to the south of Baghdad, 215,000 sq. km. that included areas bordering Iran, Kuwait and Saudi Arabia, excluding the major producing fields of Rumaila and Zubair and its vicinity. We estimated the oil-in-place of only the Cretaceous age was 350

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billion barrels. Assuming a recovery of one third produces recoverable oil reserves of 111 billion barrels.

These reserves were left undeveloped for more than 11 years from 1961, the date when law 80 was passed.

The stagnation of oil developments in Iraq was such that oil production was nearly 1 million barrels per day (mbpd) while Saudi Arabia was producing 1,250 mbpd in 1961. By 1974, the year of nationalisation, Iraqi production was stagnant at around 1.3 mbpd while Saudi Arabian output managed by the newly nationalised Saudi Arabian Oil Company, Aramco, was at 10 mbpd.

### **INOC Joint Venture**

The government of Prime Minister Tahir Yahia's programme contained a commitment to negotiate with IPC shareholders to resolve past disputes and post Qasim's Law 80's concessionary disputes.

The government was badly short of funds to the extent it resorted to taking a loan from the IPC mortgaging Iraq future royalty to pay the salaries of its employees.

In the meantime, the Government had to meet the growing nation's basic needs, which was frustrated by the IPC practically frozen production development and export, limiting al-government main fund, in retaliation against Law 80's relinquishment. Meanwhile the opposition, mainly the Nasserites were lobbying for oil nationalisation, against the negotiation and any negotiated settlement.

INOC, from its inception became the technical arm to the Ministry of Oil, MoO, while negotiating with the IPC parents on Iraq's participation



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and the size and location of the areas for exploration and development. INOC was providing briefs on the numerous issues under dispute, in which relinquishment and government participation were pivotal.

Saleh Kuba (INOC Chairman) and Ghanim al-Uqaili (INOC Executive General Manager) became fully engaged in the 1964-65 negotiations as members of the negotiating team led by the Minister of Oil Abdul-Aziz al-Wattari, in their own names in order to preserve the independence of INOC. The ministerial negotiating committee reported to a cabinet committee chaired by the Prime Minister Tahir Yahia.

Amongst the agreements by the ministerial negotiating committee was Iraq participation in the IPC at 33.3% compared to a 20%, during Qassim's negotiation, refused by the IPC team.

INOC was tasked to negotiate a joint venture agreement with the IPC shareholders.

INOC managed limiting the joint venture area to 8% of Iraq versus 10% demanded by Qassim refused by the IPC shareholders. INOC held 33.3% of the joint venture. The IPC shareholders of 66.6% were divided among the 4 main shareholders' members and Gulbenkian, each company held minority shares separately instead of in a consortium, holding then a combined majority share of 66.6%.

NOC and the French CFP, whose interest was compatible with Iraq's, held shares amounting to a total of some 50%. Iraq was the major oil resource supplier to France. Iraq was the major supply source for the French while the others have higher interest elsewhere in the Middle East.

An important term introduced by INOC was "sole risk clause" which allowed one or more shareholder to carry on exploration and/or

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production development alone when others refrain to join in. The clause, however, would likely be invoked by INOC, not others, thereby effectively extending its shareholding to 100%. I personally was behind its introduction.

The above joint venture company was named Baghdad Oil Company, BOCO.

The 1964-65 settlement agreements approved by the council of ministers required the sanction of the Revolutionary Command Council, RCC, to become law.

The RCC, made of senior military members, rejected the negotiation and its agreements without discussion or a debate on political ground, opting against its sanction. In their reckoning, its sanction accomplishes the undesirable end of extending the life of the IPC concessions, which is pragmatically in line with the Nasserites opposition's lobbying.

My four years at INOC were valuable for a very different type of experience, a platform for gaining a macro perspective of the techno-economics of the industry and contract negotiations.

However, working in government positions -- though INOC was supposed to be independent-- required the ability to maneuver within chaotic organizations that seemed at times like a long dark and endless tunnel where politics overshadowed professionalism, a working environment I decided then never to return to.

1964-INOC was dissolved by 1967 under the pressure of the criticism of the Nasserites and Marxists for legislation policy instead of negotiation, which was blessed by the RCC.

Their policy lead to nationalisation 11 years later in 1974 at a high cost. The cost involved over the 11-years of retaliation by the IPC

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maintaining almost frozen production and export rate and income plus loss of international market to competitors.

The above subject and its rather complex treatment are covered in great details in my draft book awaiting publication. The resultant absence of oil operation diverted INOC towards training, studies and valuation covered above.

### **IOCs Power Supreme**

The IPC major shareholder companies ExxonMobil, Shell and BP, apart from large CFP (Total), who make the bulk of shareholders of the Seven Sisters, had monopoly over the Middle East's oil through concession agreements during the concession era post the WWI. Their governments in the service of their shareholders and the Western consumer nations supported them.

Their monopoly power was so supreme that our effort to find a company prepared to work in Iraq in the absence of a settlement with the IPC was met with failure.

France was seen as likely to break out of the control of its partners, but this did not materialise. Eni of Italy, the Japanese and an independent American company, Sinclair Oil Company, were among the companies that enquired about the chances of oil exploration and development in Iraq. But only Sinclair entered into serious and detailed negotiations with INOC, and drew up a full draft agreement. The Japanese expressed a shy interest. I travelled for talks with both Sinclair and the Japanese only to be disappointed when I asked for a clear response. I cabled back to

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Baghdad the disappointing positions of both companies. Details are given in another section of the book.

My encounter with the representative of Eni (Ente Nazionale Idracarburi) was unpleasant. He had been sent to me by the Minister of Oil to show him a possible tract from areas relinquished under Law 80. To test his seriousness, I showed him, as a sample, a sizeable exploration area with high oil potential in the eastern sector between the Tigris and Euphrates rivers. Clearly expecting a desperate country, he looked at the map and rudely threw it down! I reacted by asking him to pick it up and give it to me, which he refused. I had no choice then but to be as rude as he was and ordered him to get out. His complaint to the minister was ignored.

The above examples showed that Iraq had the most attractive areas, terms and conditions but was hampered by the power of the IOCs and warnings by the US State Department to US companies to keep out of Iraq.

### **The Sulphur Development**

In parallel with my INOC directorship duties, Shoukri Saleh Zaki, the Minister of Finance and acting Minister of Oil during 1966 asked me to develop of a policy and plan for the development of Iraqi sulphur resources. I started assessing the Mishraq sulphur field, not realising at the time the difficulties that lay ahead. My proposed plan turned into a hot potato and I became embroiled in political manoeuvres that proved costly. It was much later, in 1971, when I was already in London that I learned I was being accused of treason due to my involvement in the oil dispute negotiations of 1964-65 and my association as advisor to the Texas Gulf Sulphur Company post my retirement from INOC.

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A Nasserite team became involved and acted as spoiler, managing to cancel two bids for the Mishraq sulphur development on tender terms that I had prepared at the request of the oil ministry. The offer submitted by one of the largest American producers and marketers of sulphur won the bid twice for a joint venture in which the Iraqi shareholder would have a 50% carried interest (interest free finance, paid back from future income).

The Mishraq sulphur development was instead awarded to a Polish contractor in a negotiated service contract, never published, with loan facilities from the Soviet Union. However, the company appeared to have lacked the necessary technical experience and /or commercial competence and the result was termination of the Mishraq sulphur extraction plan and abandonment of further development of Iraq's sulphur deposits, which are on a par with world scale reserves.

The totalitarian political atmosphere of military rule during the 1960s was followed by the rule of the Ba'ath Party in 1968, to the point where differences of opinion on policy issues were enough justification for extermination, a death sentence in my case. The Ba'ath policy was to eliminate potential opposition and dissenting opinion in the country.

Our consultancy lasted a year under the watchful eyes of government security agents, which resulted in the loss of clients and the risk of incrimination. Clients were stopped, questioned and sometimes harassed by the security agents and were too

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frightened to return. It seemed to us that the government and/or senior oil-policy makers were intent on ending our presence.

However, matters worsened after the Ba'athist coup d'etat of 17 July 1968, which led to the arrest and imprisonment of many opposition leaders. Luck was on the side of individuals who managed to leave the country in time. I was one of them.

I left Baghdad for Beirut January 1969 to set up an office while my family stayed behind in our Mansour home to slowly and quietly sell the house valuables and to let our newly built house in the Mansour residential area. I had bought the land of the Mansour house with my end-of-service benefits on resigning from the IPC to join INOC, which left me with too little cash to cover the cost of building a house. My wife used part of her inheritance to complete its construction.

I must have been lucky to register the deed of our Mansour house in my wife's name, in return for her gesture of contributing generously towards building it. The deed so registered paid unexpected dividend. It saved the house from the expropriation order by a Saddam court of any property I had. In fact we found its rental income a blessing during the early seventies to meet living needs while getting established in my consultancy career in the UK. I also managed in the interim to acquire an Omani passport to make sure that I could not be repatriated.

### **Post Second Gulf War**

More recently, during the early post-Second Gulf War of 2003 I represented a significant voice speaking out for the national interests of all Iraqis in the redevelopment of Iraq's oil industry



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policies, from co-ordinating and co-authoring the draft Iraq Hydrocarbon Law, to providing advice to Al-Shahristani, the Iraqi Minister for Oil, on oil policy going forward - a role I stepped away from when oil policy once again became politicised in Iraq, to speaking publically at prominent national and international forums such as Chatham House and others. At the age of 90 years old I continue to publish articles and papers on Iraq and Middle East oil and its national, regional and geopolitical impact, which I crowned with the writing my chronicle biographical book.

### **Achievements Highlights**

As an oil consultant some of the highlights of my contribution include:

I have worked for Libya from late 1969 to 1984 with the leading personality Omar al-Muntasir prior to and throughout his years as LNOC Chairman and then as Minister of oil prior to becoming Prime Minister. I helped determine Libya's posted price, developing Libya's production-sharing contracts and annual production development plans.

I had the pleasure of working with Sheikh Ahmed Zaki Yamani, Oil Minister of Saudi Arabia, during early 1970's, working on various Saudi Arabia's planning and feasibility issues.

Later on during 1996-97, I lead Petrolog and Associates input into a four-volume study on Iraq's exploration potential, production capacity and the economics thereof, in a joint venture with Yamani's Centre for Global Energy Studies (CGES), which included sole responsibility for the 5<sup>th</sup> volume on Iraq economics and oil policy. The five volumes were published by CGES under the title, 'Iraq Oil Production Capacity'.

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In 2012 I had the opportunity of working with the leading international energy expert Dr Fatih Birol, the Executive Director of the International Energy Agency, and his team of experts on the IEA's report "Iraq Energy Outlook".

An embarrassing praise by him for my professional work was re-quoted recently in a paper by the staff of [Iraq Oil Report](#) published Thursday, April 4th, 2019.

"In his acceptance speech Dr Fatih Birol on the occasion of being decorated two special awards by the Government of Iraq Embassy of the Republic of Iraq, Paris, 21 May 2013, he said:

"Another unexpected benefit of this work was that I got to know Dr Tariq Shafiq, who is one of the legendary figures of the Iraqi oil industry, and whose personal history has followed the ups and downs of the history helped tremendously with the study."

### **My Other Pursuits**

This book is about oil and politics in my life, the reason why only a very short mention of my other pursuits is given.

After four years living in Spain, my family and I moved in 2000 to Oxford, where my youngest son and eldest daughter were attending Oxford University. In Oxford I helped to establish the "Oxford Centre for Islamic Studies" financed by a Saudi endowment. It was the product of over nine years of effort by a team and help from a number of other countries. In 1980, Oxford University made me a Visiting Fellow of St Cross College and conferred upon me the degree of Master of Arts in recognition of my contribution.

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In between my consultancy assignments I used to travel frequently to Amman, Jordan, where I established a consultancy office and residence. I enjoyed meeting my many friends and found time to develop a date farm in Jordan's Ghor valley, driven by the influence of my Karrada early childhood. Similarly my enjoyment of agriculture and farming had already driven me to be the first to grow avocados in Costa del Sol, Spain.



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Al-Tariq Dates Palm Farm at Jordan valley, al-Ghor

There is much to learn from agriculture in dealing with people who appreciate the small gesture and enjoy the little financial return, which I experienced from my avocado farm in Spain and date palm tree farm in Jordan.

The teenager of the 1940s and young petroleum engineer of the 1950s became an oil consultant, remained faithful to serving country and nation. Every time I am pushed to fall I rise guided by Nelson Mandela's wisdom: "The greatest glory in living lies not in never falling, but in rising every time we fall."

### **Personal Character & career**

**Below is my usual CV during my consultancy career.**



Tariq E Shafiq

Mr Tariq Ehsan Shafiq is the managing director of Petrolog & Associates (P&A), a Petroleum Consulting group since 1970.

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He has been working on Iraq, Middle East and worldwide oil and gas industry in various capacities for over sixty years and as a petroleum consultant for over forty years.

He had been consulting on: examining the upstream oil & gas fields and reservoirs management, evaluating and negotiating petroleum agreements, carrying out technical and economic feasibility studies on oil and gas discoveries, refineries and pipelines and drawing-up plans and policy for oil & gas national companies and governments.

In Iraq, he was one of the Founders and Directors of the Iraq National Oil Company (INOC) in 1964, in which he also served as Vice Chairman and Executive Director. Prior to this, he served for ten years with the Iraq Petroleum Company (IPC) in various technical capacities in Iraq and London from 1954 to 1964, including as Head of Petroleum Engineering from 1963 to 1964. He also worked with the Kellogg Corporation on the construction of the Dora Refinery in Iraq during second half of 1953 and early 1954.

Mr Shafiq is speaker at oil industry conferences and author of numerous papers and studies on Iraq and the Middle East oil industry. His important contribution includes working as the leading Petrolog & Associates researcher and co-ordinator of 4 volumes on Iraq's exploration potential, production capacity and the economics thereof, in a joint venture 5-volumed study captioned 'Oil Production Capacity, Iraq' with the Centre for Global Energy Studies (CGES).



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An important consultancy task he was tasked by the Iraq Ministry of Oil involved critical analysis of a model contract in use. And, another important task: an author among the three who drafted the Iraq Petroleum Law of 2006 and the coordinator with the Ministry.

Mr Shafiq is holder of a Bachelor of Science degree in Petroleum Engineering from the University of California, Berkley, 1953 and was granted an Honorary Masters degree from Oxford University in 1980.

He is a founding member and a trustee of the Oxford Islamic Centre for 10 years and a fellow of St. Cross College, University of Oxford for 5 years.

Tariq Shafiq had been described by a prominent journalist, the **founding fathers** of Iraq oil industry and **legendry** by the chief of an international energy agency.

### **An Interesting Alternative CV Option:** **Summary Technical and Managerial Qualification**

Tariq Shafiq is former founding director, vice chairman and executive director of the 1964 Iraq National Oil Company (1964 INOC). He was also a veteran of its predecessor, Iraq Petroleum Company (IPC) for 10 years where he served in various technical capacities since 1954, including as head of petroleum engineering.

The Managing Director, based in London and/or Amman offices, working in various technical and managerial capacities:



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- ◆ Head of Petroleum Engineering during the early sixties and independent petroleum consultant since 1970.
- ◆ A Founders and Executive Director of the Iraq National Oil Company (INOC) from 1964 to 1967.
- ◆ Experienced in upstream oil development plans, evaluation & negotiation of petroleum agreements.
- ◆ Experience in technical and economic feasibility of oil and gas discoveries, contracts, refineries and pipelines in Iraq and Middle East.
- ◆ Author of many papers and speaker on Iraq and Middle East oil industry and speaker at oil industry seminars.
- ◆ Coordinator and lead contributor to a major 4- volume study on Iraq's exploration potential, production capacity and economics in a joint venture with the Centre for Global Energy Studies (CGES) who authored a fifth volume on Iraq politics and economics.
- ◆ One of three drafters of the Iraq petroleum law of July 2006
- ◆ Holder of B.Sc. in Petroleum Engineering from the University of California, Berkley, and Honorary Masters degree from Oxford University, St Cross College.

Tariq Shafiq had been described by a prominent journalist, the **founding fathers** of Iraq oil industry and **legendry** by the chief of an international energy agency.

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