

February 98: Arakis pays insurance company \$3.5m to cap its exposure in US securities lawsuits and pays a \$250,000 penalty to Vancouver Stock Exchange over Arab Group International (AGI) financing farrago.

2 March 98: State Petroleum writes to Sudan government assuring them the structure and management of State and Arakis will not change substantially. Sudan government issues 60-day notice of possible termination of Exploration and Production Sharing Agreement, citing March 2 letter. The notice is subsequently withdrawn.

May 98: **Arakis predicts commercial production of 150,000 b/d to start mid-1999 and completion by same date of 1,500-km pipeline with daily capacity of 250,000b/d**

May 98: Arakis says reserves on its Unity, Heglig and Kaikang concessions proven and probable are 428.9m bbl; says proven reserves of 271.3m bbl are sufficient to meet production target of 150,000 b/d subject to additional drilling.

May 98: François Misser in Germany's *Die Tageszeitung* writes that the GNOP consortium wants to hire 3,000 armed fighters from Iran, and an additional 600 from Malaysia. The men would allegedly be under the supervision of a South African company. "Soldier Of Fortune" magazine guesses that this could be Executive Outcomes, reported to have worked with Arakis before, although Arakis denies this.

4 May 98: Oil pipeline construction begins at eight separate locations along the route

May 98: A 50,000-b/d refinery at al-Jayli begins construction with assistance from China's CNPC.

June 1998: SPLA captures Mabaan, Blue Nile province (on the road to Melut) and the town of Ulu, about 150 km SW of the strategic eastern town of Damazin and close to the installation at Adar Yale field.

Violence forces aid workers to evacuate parts of Western Upper Nile

Gulf Petroleum Company increases Adar-Yale production to 10,000 b/d. Sudan producing between 18,000 and 20,000 barrels of oil a day.

June 98 - Arakis says its two properties in Sudan may hold about three billion bbl of oil, according to estimates made by Chevron and Shell when they were exploring the property.

June 17: Arakis adds Ian H. Lundin and Fred C. Coles to board of directors

July 1998-December 1998 Fighting in Leer and Mankien districts of Western Upper Nile (Block 5A) keeps WFP aid workers away for five months.

24 July 98: Take-over offer for Arakis by Canadian firm Talisman Energy (formerly BP-Canada). Agreement to the deal comes from Lundin Oil AB (newly-formed in merger between Sands Petroleum AB and IPC), which holds 10.8% of Arakis, and State Street Research (which holds 8%).

17-18 August 98: Talisman agrees to purchase Arakis Energy Corp for stock valued at US\$175.7m - \$200m, committing the company to \$760m of capital spending on Sudan project over next 2 years.

20 August 98: US missile attack on Khartoum's al-Shifa chemical plant - doubts raised about the completion of the Arakis purchase.

21 August 98: Talisman's Jim Buckee, former BP planning manager, "surprised and concerned" by Shifa attack, and seeking more information.

31 August 98: Talisman announces it is advancing \$22 million to Arakis to meet funding obligations.

September 98: SPLA offensive produces no significant gains in the south and is successfully repulsed by government forces.

Attitudes in Khartoum harden. Confident of the efficacy of military action against his enemies, Turabi threatens to put Sadiq al-Mahdi on trial.

October 1998: Sharif al-Tuhami, Irrigation Minister, resigns his position. Allegations had appeared in the Arabic press that he helped his son Abdul-Rahman obtain a contract for his construction company Maban in the pipeline project.

7 October 98: **Arakis shareholders, Court of Queen's Bench of Alberta, Sudan government and members of the Greater Nile Petroleum Operating Company consortium approve sale to Talisman.** Talisman completes purchase of Arakis for Ca\$277m, plus advance of Ca\$46.5m to meet capital requirements

December 98: Talisman estimates proved plus probable reserves in Sudan concession at 150m bbl. It says the company is not prohibited by US sanctions from participating in the project and will fund all Sudan activities from non-US sources.

(Talisman chart shows total yield for five fields 447m bbl, with Talisman share 113m bbl. But company also says it is assuming total of 929m bbl, with its share 232m bbl. Goes on to say mean estimate of undiscovered oil in place is 10 bn bbl, with recovery factor of at least 30%...)

December 98: Talisman says project is 250-500km north of the trouble zones and is well protected.

Pipeline building in South Kordofan, skirting west of Nuba Mountains: SPLA's Ismail Khamis says government used the armed forces to pin down his forces while laying pipe around Lake Keilak.

1999

Pipeline to Port Sudan is 25% complete by mid-January, and more than 110 oil wells have been drilled.

13 January 99: Talisman planning to cut investment in North Sea and Canada to find \$200m needed for Sudan project in 1999, says chief executive Jim Buckee. Total Talisman share of Sudan project costs about \$430m, which Buckee says can be met with undrawn credit lines of \$700m and a "commercial paper program" of about \$350m.

February 1999: "Terry" Alexander, former head of Arakis Energy, fined \$804,000 US, including \$335,000 costs, and banned from trading for 20 years.

Alexander admits secret involvement in deals that profited from Arakis's skyrocketing stock price in 1995 after a reported \$750 million financing agreement for the Sudan pipeline, which later collapsed. Alexander unrepentant, saying he was in over his head.

Securities Commission says Alexander controlled Arakis shares held in various offshore companies and trusts and that substantial trading profits were made by "some offshore companies", and that shares were issued without being fully paid for by these companies.

February/March 99: **SPLA ambushes Red Cross vehicle near oil fields, seizing 3 local government and security officials (whom it calls "spies") and a Red Crescent officer.** All four die; government uses SPLA's refusal to turn over the bodies to delay peace