

National Democratic Alliance and SPLA forces open eastern front, seizing patches of territory between the Red Sea and the Blue Nile, threatening the Roseires hydroelectric dam near Damazin.

February 1997: Sweden's IPC / Lundin Oil signs production-sharing agreement for exploration of Block 5A, just south of Arakis' Unity fields. Lundin later brings in Petronas of Malaysia, OMV-AG of Austria and the Sudan government's Sudapet.

27 February 97: Arakis officially enters into Greater Nile pipeline consortium agreement.

February 97: Lundin family buying Arakis stock

March 1997: Bashir inaugurates production from Adar Yale field - 5,000 b/d, under consortium led by Qatar's Gulf Petroleum Corporation.

China National Petroleum Corporation begins exploration and development on the Sharaf, Tabaldi and Abu Jabra fields (Block 6).

March 97: Sands Petroleum AB (Lundin) files with SEC to say it holds 8.4% of Arakis

21 April 1997: Khartoum Peace Agreement signed between government and six splinter rebel groups - but mainstream SPLA is absent.

25 April 97: Arakis board dominated by Khan fires John McLeod as CEO over mounting tension with Khan. Two sources of friction are McLeod's negative stance towards creeping takeover by Lundin and fact that Khan was selling shares in 1996 at a time when Arakis was floating large amounts of Reg S shares to fund the Sudan project. Two new members appointed to advisory committee - Mansoor Ijaz, founder and chairman of New York hedge fund Crescent Investment Management L.P. and Abdel Rahim Hamdi, former Sudanese finance minister and now director of Faisal Islamic Bank of Saudi Arabia. (source: www.vitrade.com)

9 May 97:- Arakis adds Lukas Lundin of Sands Petroleum AB to its board.

By mid 1997 there had been more "significant discoveries" at Toma South, El Toor and El Nar. The formation of the pipeline consortium resulted in a fourfold expansion of the exploration and development program from the 1996 level, with four drilling rigs in the concession either drilling or being rigged up to drill, and three seismic crews actively acquiring data.

July 97:- Arakis appoints new pipeline manager David Hunter, who used to work for Occidental.

17 July 97: Austria's OMV (Mineral and Oil Administration) joins a four-member consortium for oil exploration in Block 5A led by IPC (Lundin), the second consortium to begin oil exploration in Sudan this year.

30 July 97: James Taylor, then executive vice-president for international exploration of Occidental Petroleum, joins Arakis board.

July 97: 1,500 km pipeline budgeted at US \$1bn US to build; concession is estimated at 1bn barrels of oil

16 September 97: Ernie Pratt resigns from Arakis after operating responsibility in Sudan is transferred to Greater Nile Petroleum Operating Co.

18 September 97: Lutfur Rahman Khan says government of Sudan is stable and fully able militarily and politically to hold the oil fields...

26 September 97: Kenneth C. Rutherford resigns as finance and chief financial officer to undertake private venture and is replaced by Tom G. Milne, formerly of Nova Corp. Calgary.

October 1997: Arakis awards contracts for manufacture of 28" line-pipe to China Petroleum Technology and Development Corporation (1110km) and Mannesmann Handel AG of Germany (500km)

November 97: Canadian Ambassador Gabriel Lessard writes to Arakis asking them to reconsider their presence in Sudan

4 November 97: President Clinton signs executive order under the International Emergency Powers Act calling for all Sudanese assets in the US to be blocked, and imposes a ban on bank loans and all US trade with the country. Sudan cuts banking links with US banking establishments in retaliation. US Secretary of State Madeleine Albright says sanctions were imposed because of Khartoum's "continued sponsorship of international terror, efforts to destabilise neighbouring countries and abysmal record on human rights." Sudan's ministry of external trade says Sudanese-US trade amounts to only five per cent of Sudan's total exchanges. Future international transfers through American banks will be averted by transacting with other international banks "in foreign currencies other than the US dollar."

Hydroelectric dams on the Nile's second and fourth cataracts are proposed. China and Sudan sign initial financial agreement on controversial Kajbar Dam, opposed by Nubians.

December 97: Opposition NDA issues official warning to users of the Khartoum-Gedaref-Kassala-Port Sudan highway that it is now a military target.

1998

1998: Arakis plan to build \$750m, 28", 1,610km pipeline still on track.

13 January 1998.: Arakis awards Argentina's TECHINT International the contract for construction work on the Port Sudan marine terminal, pumps and SCADA. Supply contracts for the pumps and drivers are awarded to Weir Pumps Ltd of Glasgow, Scotland, and for generators to Allan Power Engineering Ltd, England. China Petroleum Engineering Construction Corporation will build the pipeline and field facilities.

February 98: Two pro-government forces - under Gen Paulino Matiep Nhial and USDF leader Riek Machar - fight each other in the Bentiu area, "close to drilling operations of the China National Oil Company."

February 1998: Wau, capital of Bahr al-Ghazal, surrounded by Kerubino's forces.

Gabriel Lessard, Canada's ambassador to Sudan, warns that Arakis workers are in peril; Arakis admits "reduced comfort level".

February 98: First Vice-President Lt-Gen al-Zubeir Mohammad Saleh and ex-SPLA Cdr Arok Thon Arok die in plane crash near Ethiopian border.

February 98: Arakis appoints Raymond P. Cej as its new president and CEO. Previously chairman and CEO of Kyrgoil Corp. of Calgary, and former senior operating officer with Shell Canada, he replaces Lutfur Rahman Khan, who was acting president and will remain as chairman.