

26 April 1996: United Nations imposes diplomatic sanctions on Khartoum for its involvement in terrorism. In the vote, China abstains.

Arakis begins production from nine wells on the Heglig field. An average of 2,000 b/d is processed and consumed domestically.

Officials from China's CNOEDC meet Arakis Energy executives, including President John McLeod in Vancouver.

Arakis needs around US\$750,000 for the pipeline project. It announces a big new discovery, and pays to take a score of mainly US - but also British - financiers on a junket to Sudan.

June 96: Arakis / State Petroleum starts limited production of 10-20,000 b/d from Heglig, transporting crude by truck and river barge to topping plant refinery near El Obeid.

29 July 96: Government troops attack SPLA positions at Delal Ajak, west of the Nile. Lam Akol's SPLA-United warns Arakis Energy and its British financier, Venture Guarantee Ltd to pull out immediately; says it will not allow Khartoum to 'steal' oil. The government aim is to secure the passage on the White Nile of barges to move crude oil from the Adar-1 field from Melut to Kosti further north. From Kosti, the oil would be sent by train to a refinery at al-Obeid.

31 July 96: Arakis chief executive John McLeod says company is taking the threats seriously.

August 96: US Treasury issues regulations to block deals that would help government-backed terrorism. The "Oxy loophole" (certain business transaction exemptions theoretically enabled Occidental Petroleum to pursue an interest in Sudan).

1 August 96: Arakis statement says its 25-year agreement with the government of Sudan is still valid and that it has spent more than US\$100m developing Sudan concessions.

"Recruited through an agency known as Executive Outcomes, mercenaries will be employed directly by Arakis and will operate independently from the Sudanese authorities," alleges *Sudan Democratic Gazette*

Two renegade SPLA commanders, **Riek Machar** and **Kerubino Kuanyin Bol**, agree with regime to set up a buffer zone between SPLA forces and the government forces directly protecting the oil fields. Kuanyin moves his forces out of Gogrial town and heads towards Twic county in late August, but is ambushed by the SPLA. Splintered SPLA no longer has large numbers of forces in the Nuer territory of the Bentiu area.

October 96: In Upper Nile's Adar Yale field, private Qatari-Sudanese consortium Gulf Petroleum Company drills and reopens existing wells.

October 1996: Opposition claims Arakis International is planning to employ "white mercenaries" from South Africa as a security force. Arakis' John McLeod says the Sudan military provides protection, and the firm employs its own security and safety coordinators who work as go-betweens between company and army. He says he has never talked to Executive Outcomes.

30 October 96: Arakis / State Petroleum estimates its fields have probable and proven reserves of 600m barrels.

November 96: John Garang warns that SPLA forces will attack Adar Yale oil field.

November 96: Khartoum government excludes Occidental from consortium, angered by Clinton government providing aid to 3 neighbouring countries that help the SPLA/NDA forces. (US provided \$20m in surplus military equipment to Ethiopia, Eritrea and Uganda.)

4 November 96: Arakis subsidiary State Petroleum secures framework agreement with Sudan government on developing concession near Bentiu.

Negotiations start on a "modified production sharing agreement", as it searches for other investors for \$1 billion project for field development and pipeline to Port Sudan.

4 November 96: US sources say Khartoum "looking favourably on a proposal by potential investors" for a security operation mounted by Executive Outcomes. UK sources say Bashir has approved initiative and that any private force would report to and be paid by Khartoum government, said to be interested in private training for Riek Machar's men following signing of Peace Charter. EO deny any involvement.

4 November 96: Branch Energy said to be interested in Arakis project.

December 1996: Unable to finance exploration, development and pipeline alone, Arakis enters into a consortium, the Greater Nile Petroleum Operating Company (GNPOC). It consists of Arakis (25% share and field operator), China National Petroleum Corporation (40%), Petronas of Malaysia (30%) and the Sudanese national oil firm Sudapet (5%).

John McLeod says the Chinese partners "incorporated additional benefits to the Sudan government, which essentially got them their participation." Partners will have to make capital expenditures on the project until they equal Arakis' expenditure to date.

28 December 96: Three Arakis board members quit in row over compensation and are replaced.

1997

1997: Sudan government adopts "Islamic" constitution.

Arakis' Lutfur Khan appoints former Sudanese finance minister **Abdel Rahim Hamdi** to a committee advising the board of directors of Arakis. (Committee no longer functioning by February 1998). Arakis sells its last remaining US asset, a Kentucky natural gas property.

January 97: Arakis announces third major oil find, El Nar2 (after El Toor and South Toma in 1996).

January 97: *Washington Post* claims US government secretly granted exemption to Occidental Petroleum interest in Sudan project, says Sudan has estimated 3.5bn bbl. Abolitionist Leadership Council calls on Congress to block Occidental involvement and says "Khartoum is building a security force... to protect [the oil project] from its rightful owners."

February 97: Riak Machar, ex-SPLA head of the South Sudan Independence Movement, officially switches sides and joins Khartoum government against SPLA.

February 97: Khartoum says Eritrean and Ethiopian troops are fighting alongside the rebel forces.

Sudan faces a 900 million dollar deficit. Oil imports rise to nearly US\$400m/yr, representing more than 25% of the country's total imports, while total exports reach US\$600m/yr.