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H.E. Nechirvan Barzani  
Prime Minister  
Kurdistan Regional Government  
Erbil  
Kurdistan Region - Iraq  
Republic of Iraq

Dear Prime Minister

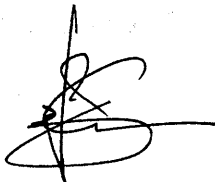
I am pleased to enclose with this letter an expert report by the leading international petroleum economist, Dr Pedro van Meurs, on Comparative Analysis of Ministry of Oil and Kurdistan fiscal terms as applied to the Kurdistan Region.

This report examines the effects on prospective revenues ('government take') from the development of Iraq's oil and gas resources in the Kurdistan Region of Iraq under contractual models proposed by the Ministry of Oil of Iraq, in contrast to the KRG production sharing model currently applied under the Oil and Gas Law of the Kurdistan Region - Iraq (Law no. 22 of 2007), which was confirmed by Professor James Crawford SC as being in full conformity with the Constitution of Iraq.

Dr van Meurs' analysis shows that, under MOO contractual conditions, the economic interests of foreign contractors are in conflict with the government's interests. Under the existing KRG contractual regime, contractor and government interests are closely aligned. The effect of this is that the losses that would be suffered by the people of Iraq if development were conducted under the proposed MOO model would be severe on any basis. On a modest prospect of petroleum discoveries in the Kurdistan Region, the present value monetary loss to Iraq under MOO conditions would be of the order of US\$ 150 Billion. On a better prospect of petroleum discoveries, this loss could rise to US\$ 450 Billion or more.

In accordance with your instructions, arrangements are being made to publish Dr van Meurs' report.

Please accept the assurances of my highest regards.



**Jeremy P Carver, CBE**  
Consultant, Head of International Law