

# Justifying Blood Money

**Lundin's communications to shareholders and the market  
during the development of oil concession Block 5A in Sudan  
1997 – 2003**

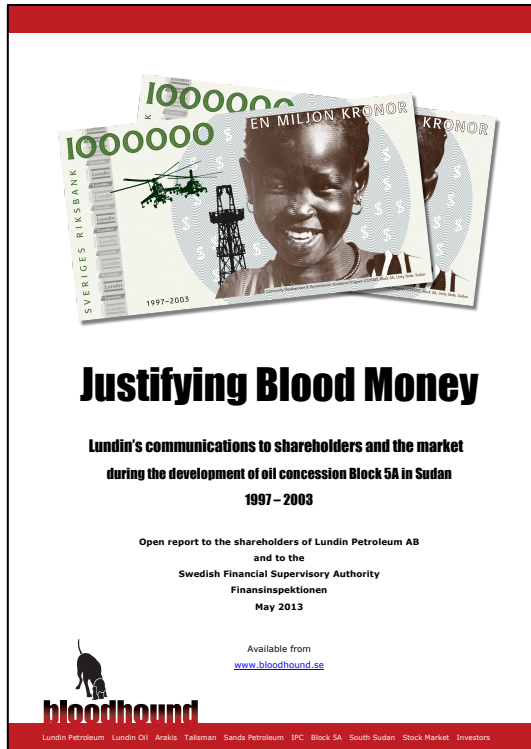
**Open report to the shareholders of Lundin Petroleum AB  
and to the  
Swedish Financial Supervisory Authority  
Finansinspektionen  
May 2013**

Available from

[www.bloodhound.se](http://www.bloodhound.se)



**bloodhound**



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## **Contents**

Executive Summary.....	5
Background: Lundin's involvement in the conflict in Block 5A in Sudan .....	7
Lundin's communications to shareholders and the public .....	9
What Lundin omitted to tell shareholders and the public .....	13
The duty to tighten the regulation and governance of Lundin .....	17
Lundin's message no. 1: We have not seen anything, but we will investigate.....	21
Lundin's message no. 2: Oil is good for development and contributes to peace .....	25
Lundin's message no. 3: Our oil road infrastructure is helping local people.....	35
Lundin's message no. 4: Western oil companies put Sudan on the map and help bring peace .....	43
Lundin's message no. 5: We help the community, so we cannot be doing harm .....	47
Lundin's message no. 6: There is no need to listen to our critics as they are misinformed or biased.....	53
Lundin's message no. 7: We have no choice but to be in Sudan.....	59
Lundin's message no. 8: An agent for peace-building in Sudan.....	63
Lundin's message no. 9: The Sudanese people see no problems in Block 5A.....	67
Lundin's message no. 10: Rain is suspending our oil activities, not the civil war.....	71
Appendix 1: The formation of the Lundin group of oil companies: .....	77
Appendix 2: Lundin's involvement in Sudan 1990–2003 .....	81
Appendix 3: The economic and military impact of oil on Sudan .....	95
Acknowledgements.....	105
Bibliography .....	108



Taking up the money, the chief priests argued: 'This cannot be put into the temple fund; it is blood-money.'

- Matthew 27:6 (New English Bible)

**blood money**

*n.*

1. Money paid by a killer as compensation to the next of kin of a murder victim.
2. Money gained at the cost of another's life or livelihood.

- [www.thefreedictionary.com](http://www.thefreedictionary.com)

*Tens of thousands of civilians have been killed and displaced by a systematic policy of depopulating the oil-rich areas. Each time an oil concession is developed, it is accompanied by massive human rights violations.*

*Lundin, Talisman and other foreign oil companies operating in Sudan should immediately suspend operations until an agreement for a just and lasting peace is achieved. After numerous authoritative reports demonstrating the scale of the disaster, they cannot continue to turn a blind eye to the atrocities being carried out in the name of oil.*

- Mark Curtis, head of policy, Christian Aid press release [15-03-2001](#)

*There have been some criticisms surrounding Lundin Oil's operations in Sudan, implying complicity in human rights violations. Lundin Oil refutes these allegations, which are mainly based on unreliable and biased sources, and in particular the report issued in March 2001 by Christian Aid.*

- Lundin Oil, *Lundin Oil in Sudan*, [May 2001](#)

*Since his first visit to the Sudan in March 2001 and in his interim report to the fifty-sixth session of the General Assembly, the Special Rapporteur has continued to focus on the human rights-related, economic, political and strategic implications of oil exploitation in oil-rich Unity State, supporting the views of those who believe that oil has seriously exacerbated the conflict while deteriorating the overall situation of human rights.*

- UN Commission on Human Rights, *Situation of human rights in the Sudan*, report E/CN.4/2002/46 [23-01-2002](#)

*Women displaced from Rier, the centre of Lundin's oil operations, laughed bitterly at the idea that oil was bringing development. No schools, no water, no hospitals, they said. Only Antonovs [bomber planes] and [helicopter] gunships.*

- journalist Julie Flint, field visit report to South Sudan on behalf of Christian Aid, [February 2002](#)





## Executive Summary

This report has been compiled for the Swedish Financial Supervisory Authority (*Finansinspektionen*) and for the shareholders of Lundin Petroleum AB, to raise concerns about the ethical conduct of the public listed company, and to demand that it is properly governed and regulated.

The report summarises the messages presented by Lundin Petroleum AB and its forerunner Lundin Oil AB (hereafter 'Lundin') in the face of massive international criticism for developing oil concession Block 5A in Sudan during 1997–2003, in the midst of an active war zone. That criticism carried a clear warning to Lundin that the continuation of its operations would encourage more attacks on the civilians living in its concession area, as oil development would increase the strategic importance of Block 5A for the warring parties. Lundin ignored those warnings and continued to develop its acreage, which it sold for a US\$86.1 million profit in 2003.

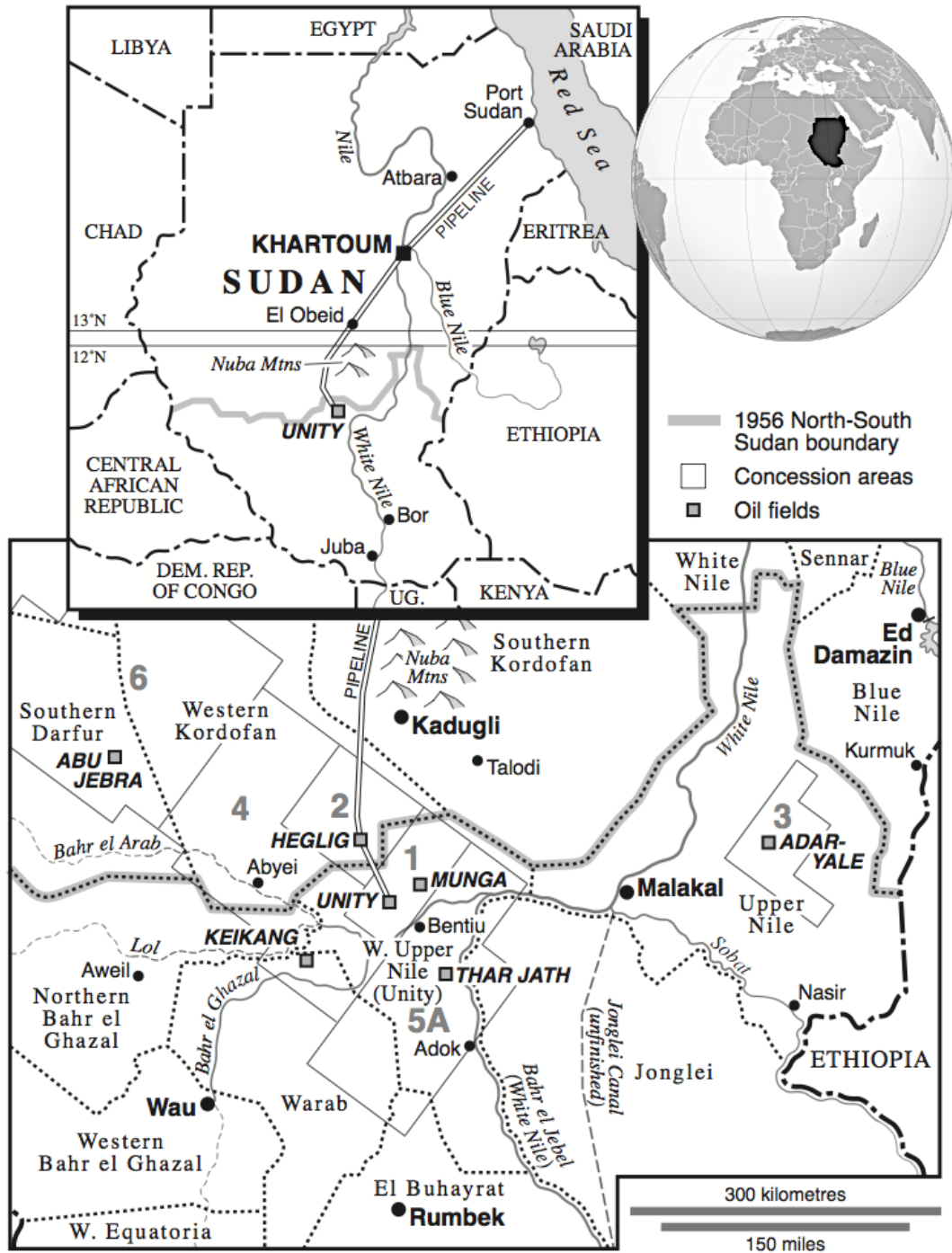
A string of reports from many respected humanitarian and human rights organisations, the Canadian government and the United Nations, together with satellite images, all provide strong evidence that serious war crimes were perpetrated on a massive scale in Sudan's Block 5A oil concession while Lundin developed that licence during 1997–2003.

The justifications provided by Lundin for continuing to develop Block 5A – in the face of massive criticism – are shown in this report to be highly contested. This could indicate that Lundin deliberately lied to its shareholders and the market to justify the company's ongoing strategy to increase the asset value of a licence area located in a high-risk active war zone. Deceiving shareholders and potential investors jeopardises the soundness of their financial and ethical decisions, and contravenes stock market rules.

Bloodhound therefore requests **Finansinspektionen** to conduct an open investigation into whether Swedish stock market rules have been contravened by Lundin's omissions and communications regarding a business venture that has been credibly accused of providing material support to war crimes and crimes against humanity in Sudan.

The **shareholders of Lundin** are requested to conduct an open investigation of company files to determine the extent to which Lundin designed, approved or supported the deception of shareholders, regulators and the market.





Oil pipeline and concession blocks in Sudan during the civil war at the end of 2003, reproduced courtesy of *Africa Confidential* from volume 44 no. 21, 24-10-2003.

Blocks 1, 2 & 4 were operated by the Greater Nile Petroleum Operating Company (GNPOC) of which Arakis – which was partly owned by Lundin – was the original lead operator from December 1992. Arakis was bought by Talisman in August 1998, and Talisman sold its 25% share in the GNPOC in October 2002 to ONGC Videsh of India.

Blocks 5A was operated by the Lundin consortium (Lundin, Petronas, OMV and Sudapet) from February 1997 to June 2003 when Lundin sold its 40.375% share in Block 5A to Petronas.



## **Background: Lundin's involvement in the conflict in Block 5A in Sudan**

In February 1997, the Lundin-owned International Petroleum Corporation IPC<sup>1</sup>, was granted an exclusive licence by the Government of Sudan to prospect for and extract oil from a 29,142 km<sup>2</sup> concession in Sudan's Western Upper Nile Province, on the frontline of a civil war that had already been raging for 14 years. Lundin's Block 5A concession was located in former rebel territory that was not under full government of Sudan control when the acreage was acquired in early 1997<sup>2</sup>.

Lundin was no stranger to Sudan, commencing operations soon after December 1991 when its International Petroleum Corporation (IPC) subsidiary signed an exploration agreement with the government of Sudan for an area off the Red Sea coast. In February 1997 the Lundin group extended their Sudan interests by purchasing a sizable portion of Canadian oil company Arakis<sup>3</sup>, which had acquired a huge concession in a war-torn area that had formerly belonged to the US oil major Chevron<sup>4</sup>. Chevron's 1978 discovery of oil in Sudan was a key factor in igniting the civil war in 1983<sup>5</sup>.

Arakis started a modest production of oil in 1996, with output limited by the need to transport the fuel by truck and barge. By early 1997 Lundin had become the largest shareholder in Arakis, so Lundin can be expected to have followed key issues affecting the company. Lundin agreed in 1998 to a buyout of Arakis by Canadian oil company Talisman Energy, for which Lundin received almost a million Talisman shares. Talisman was able to bring the expertise and capital required to further develop the oilfield and complete a 1,540 km pipeline to a new supertanker terminal on the Red Sea coast. Sudan started to export oil for the first time in 1999, leading to a massive increase in foreign exchange earnings, much of which was used to fund its military campaign against southern rebels, and later against an insurgency in Darfur<sup>6</sup>.

Lundin meanwhile put together a consortium in 1997 to develop their Block 5A concession, and constructed a bridge across the Nile River together with all-weather roads to improve access to their licence area. These investments became key military assets for the Government of Sudan's campaign against southern rebels in the area.

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<sup>1</sup> All Lundin owned and operated companies are hereafter referred to as "Lundin".

<sup>2</sup> ECOS 2010: 5. See pp. 27–47 for details of the Sudanese government's bitter and protracted battle for military control of Block 5A.

<sup>3</sup> See Appendix 2: Lundin's involvement in Sudan 1990-2003.

<sup>4</sup> See Appendix 2 of this report for a more detailed summary of Lundin's activities and interests in Sudan from 1990 to 2003.

<sup>5</sup> Moro 2009: 2, 5 & 8; SudanUpdate 1999: 17.

<sup>6</sup> See Appendix 3 of this report for a more detailed overview of the effect of oil on the Sudanese economy and civil war.



Lundin's activities in Block 5A from 1997 until 2003 coincided with a major escalation of the civil war in their concession, leading to numerous reports and eyewitness accounts of the killing and forced displacement of civilians living in the area<sup>7</sup>. Most of the attacks were perpetrated by forces belonging to or allied to the government of Sudan, which already had a long history of perpetrating human rights abuses and war crimes against its own citizens<sup>8</sup>.

Eyewitnesses have described how government forces attacked villages with trucks and helicopter gunships, burning down homes and killing those unable or unwilling to flee<sup>9</sup>. Similar reports had earlier emerged from the neighbouring Greater Nile Petroleum Operating Company (GNPOC) concession<sup>10</sup>, which was partly owned by Arakis and then Talisman. Lundin held shares in these companies from 1997 until 1999.

Since 1999, Lundin has been subjected to repeated criticism in the Swedish media by journalists, United Nations officials, human rights as well as humanitarian organizations<sup>11</sup> for exacerbating the conflict in Block 5A. These criticisms have focussed on the cooperation between Lundin and the military dictatorship in Sudan to develop the oilfield, where the company's need for security was provided by the government and its allied militia forces, which conducted a scorched-earth campaign to push away the inhabitants of the area<sup>12</sup>. Critics have pointed out that the strategic importance of oil in Sudan's civil war would make the oilfields an obvious target for rebel forces, and that civilians would get caught in the cross-fire of the subsequent fighting to control oil resources.

Despite the warnings, Lundin continued to develop its oilfield and eventually sold its share in Block 5A in June 2003 to its Malaysian consortium partner Petronas Carigali Overseas for US\$142.5million, earning a profit of US\$86.1 million against a total investment of US\$56.1 million<sup>13</sup>. Full-scale oil production in the license area took place from 2006<sup>14</sup> after a peace agreement had been signed between the government of Sudan and southern rebels.

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<sup>7</sup> The attacks were reported to come from government forces, government-supported militia as well as from various rebel SPLA factions rooted in the area.

<sup>8</sup> ECOS 2010: 9 & 79-80.

<sup>9</sup> Christian Aid 2001:7.

<sup>10</sup> Leonardo Franco, Special Rapporteur on the situation of human rights in Sudan, "Report on the situation of human rights in Sudan," prepared for the UN General Assembly, A/54/467, 14-10-1999,

<sup>11</sup> e.g. ECOS 2010, Human Rights Watch 2003, Christian Aid 2001, Amnesty 2000.

<sup>12</sup> Human Rights Watch 2003: 50.

<sup>13</sup> Lundin Group 3rd Quarter 2011 brochure titled '*Vision, Experience, Results*'.

<sup>14</sup> [www.eia.gov](http://www.eia.gov) Accessed April 2013.



## Lundin's communications to shareholders and the public

Swedish news media first started to question Lundin's involvement in Sudan at the end of 1999. Prior to that time Lundin had been treated with a sense of excited curiosity, due to the investment opportunities presented by the company<sup>15</sup>.

Initial worries about Lundin's involvement in Sudan<sup>16</sup> stemmed from the heated debate that had broken out in the US and Canada about oil company Talisman Energy<sup>17</sup>, which was conducting a massive investment to develop its newly acquired share in oil Blocks 1, 2 & 4 in Sudan. Lundin owned almost a million shares in Talisman at that time.

Media attention in Sweden was then supplemented by Amnesty International's publication '*Sudan: The Human Price of Oil*'<sup>18</sup>, and a 47 minute long documentary broadcast by Swedish National Television in May 2000 that criticised Lundin's role as the lead operator in their concession in Sudan<sup>19</sup>. Concerns were raised that Lundin's involvement would exacerbate the already violent civil war. It was argued that by giving financial support to the Sudanese government through contractual payments for oil rights, Lundin was effectively supplying additional finance for the government's attacks against both rebels and civilians in the south. Concerns were also raised that the security guards who were protecting Lundin's oilfield included child soldiers<sup>20</sup>.

In March 2001 the attention surrounding Lundin exploded following Lundin's announcement of a major oil discovery at Thar Jath<sup>21</sup>. Fuelled by this, news media soon focussed their attention on the drill site within Lundin's concession. Serious concerns were expressed about the violent conditions under which the all-weather road to the drill site was reported to have been constructed. The Swedish National Television broadcasted a documentary on the evening news<sup>22</sup>, and soon afterwards Christian Aid issued their report '*The scorched earth: Oil and war in Sudan*', which provided first hand accounts of atrocities being perpetrated on civilians in Lundin's oilfield<sup>23</sup>.

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<sup>15</sup> Detailed analysis by Bloodhound of 428 articles in the Swedish media covering Lundin in Sudan.

<sup>16</sup> e.g. *Finansstidningen* 3-12-1999 'Lundin Oils ägare oroas av nya Sudanuppgifter' [Lundin Oil's owners worried about new information from Sudan] by Robert T Eriksson.

<sup>17</sup> US Professor Eric Reeves published an article in a Canadian newspaper in 1999 entitled 'Don't Let Oil Revenues in Sudan Fuel Genocide', followed shortly after by an article in the *Los Angeles Times* calling for divestment of Talisman stock.

<sup>18</sup> Amnesty 2000.

<sup>19</sup> Swedish title: "*Tron, hoppet och oljan*" [Faith, hope and oil] was broadcast by Swedish national television SVT on their program "Dokument Utifrån" 3-05-2000. Produced by Bengt Nilsson.

<sup>20</sup> Amnesty International 2000.

<sup>21</sup> *Dagens Finans* 5-03-2001, "Lundin Oil stiger på 'betydande oljefyndighet'" [Lundin Oil climbs on a 'significant oil discovery'].

<sup>22</sup> Broadcasted 12-03-2001 on Swedish national evening news "Aktuellt", presented by journalist Julie Flint (BBC). During the spring of 2001 a documentary "The oil road" [Oljevägen] was broadcast by Swedish national television, "Agenda". The documentary brought focus on the construction of Lundin's all-weather road to Thar Jath and Ler.

<sup>23</sup> Christian Aid 2001, released 15-03-2001.





The following months saw contributions to the debate from Swedish and international organisations, providing further witness testimonies and expressing their concerns about Lundin's involvement in the conflict in Sudan<sup>24</sup>. Some Swedish institutional investors withdrew their investment as a result<sup>25</sup>, while Swedish Foreign Minister Anna Lindh stated that Lundin's presence in Sudan could become negative for Sweden's image<sup>26</sup>.

Former Swedish Prime Minister and UN special envoy Carl Bildt then entered the debate as a member of the board of Lundin, and his involvement attracted much media attention. Critics strongly urged Carl Bildt to make use of his influential position to support a peace process in Sudan and make sure that no violations of human rights took place within Lundin's concession<sup>27</sup>.

In response to criticism of the company's activities in Sudan, Lundin initially claimed to have no knowledge about any violence or forced displacement suffered by the local population as a result of the road construction and oil development within Block 5A. The company stated that nothing was wrong in its concession, and argued that Lundin's presence and development of oil resources would contribute to peace and prosperity in the country.

A detailed examination by Bloodhound of Lundin's public communications together with 429 articles that together mention 'Lundin' and 'Sudan' in the Swedish media from October 1995 until May 2006 demonstrates that Lundin was silent on the war and atrocities taking place in Block 5A for 4 years, and then responded to its critics from March 2001 with the following messages (which are detailed later in this report):

- Lundin has not seen anything, but will investigate
- Oil is good for development and contributes to peace in Sudan
- Lundin's oil road infrastructure is helping local people
- Western oil companies put Sudan on the map, which helps bring peace
- Lundin cannot be doing harm as we are helping the community
- There is no need to listen to our critics as they are misinformed or biased
- Lundin has no choice but to be in Sudan
- Lundin is an agent for peace-building in Sudan
- There cannot be a problem as Sudanese officials deny anything is amiss
- Rain rather than war stopped our operations in 1999

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<sup>24</sup> In addition to Amnesty International, the United Nations and Christian Aid, other organisations entered the debate such as the Swedish Church, ViTrade and International Aid Sweden.

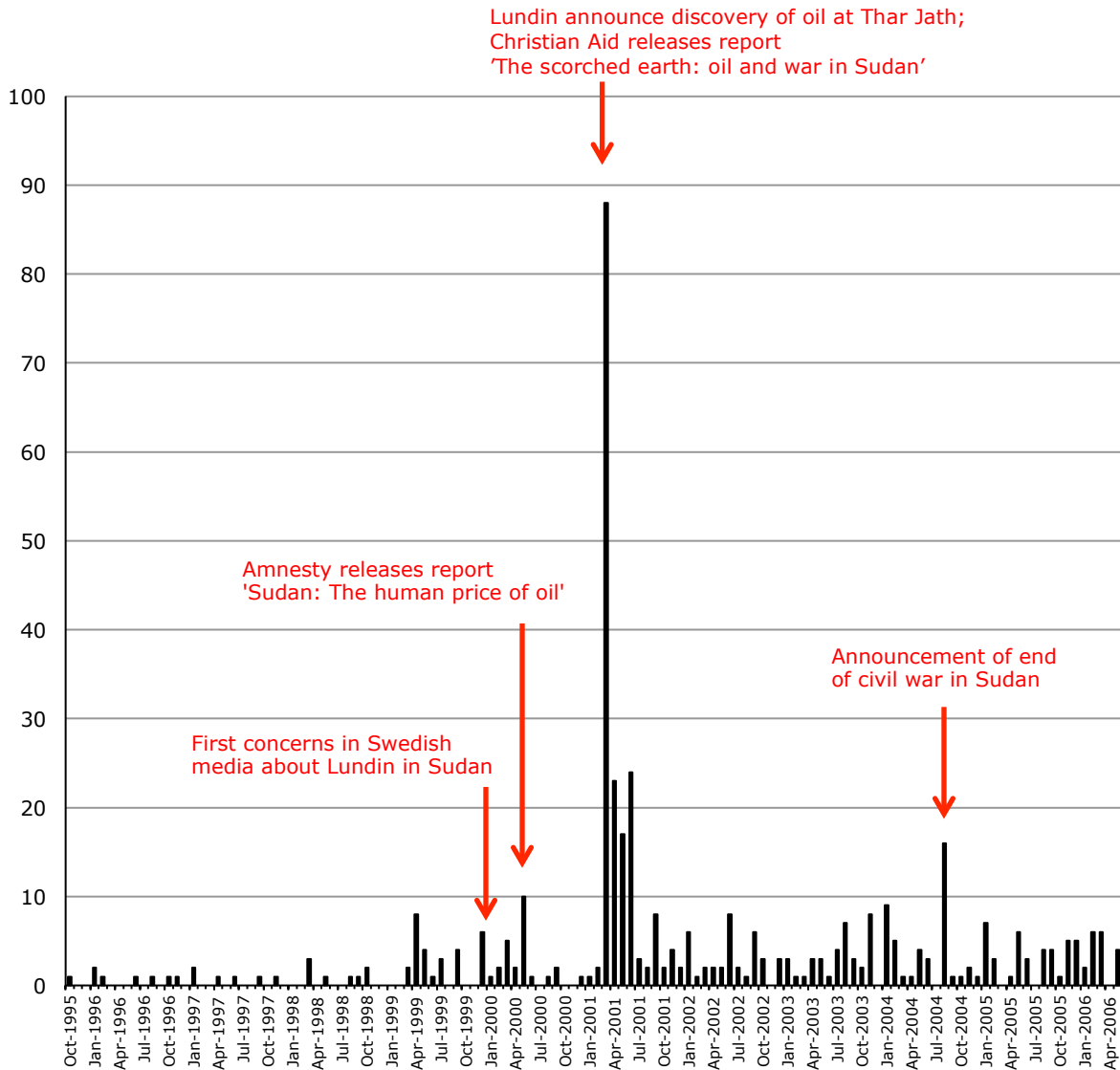
<sup>25</sup> *Ekonomi*24 20-03-2001.

<sup>26</sup> *TT Nyhetsbanken* 21-03-2001.

<sup>27</sup> *TT Nyhetsbanken* 15-03-2001.



**Number of newspaper articles per month in the Swedish press containing the words 'Lundin' and 'Sudan' October 1995 – May 2006**



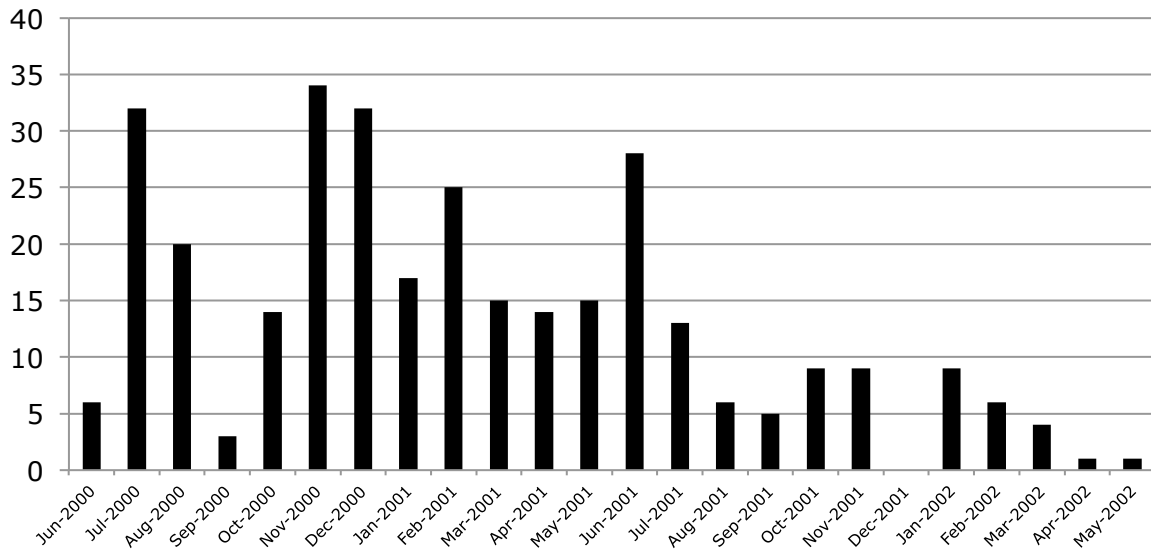
Data source: Bloodhound.

The debate about the ethics of Lundin's activities in Sudan was concentrated in the Swedish media to the months of March–June 2001, and petered out thereafter due to a lack of additional information and motivation to counter the many messages presented by Lundin, who continued to repeat these messages to shareholders, potential investors and the media over the following years.

It was not until the publication of Kerstin Lundell's book *Affärer i blod och olja* and the ECOS report *Unpaid Debt* in 2010 that a new debate about the ethics of Lundin's activities in Block 5A in Sudan was reignited in the Swedish media.



**Number of confirmed aerial bombardment incidents in Sudan  
June 2000 – May 2002**



Graph data from HRW 2003: 536-541. The figures are conservative estimates taken only from confirmed reports. Actual figures are likely to be higher. Confirmed civilian deaths were higher in 2001 than 2000.

**Risks and uncertainties**

The Group faces a number of risks and uncertainties in the exploration stage properties which may adversely impact on its ability to pursue its exploration plans.

- *Border disputes.* The exact location and jurisdictions within which the Group's concessions exist periodically become the subject of disputes.
- *Military disturbances.* Certain of the countries in which the Group is exploring have experienced military difficulties in the recent past.
- *Political uncertainties.* Certain aspects of the Group's exploration programmes require the consent or favourable decisions of governmental bodies.

-Lundin Oil AB, 1997, 1998, 1999 & 2000 Annual Reports

The above disclaimer was carried in Lundin Oil AB's Annual Reports for 1997, 1998, 1999 and 2000. This was the only mention in each of these 50+ page documents that Lundin was at that time working in the midst of an armed conflict. The disclaimer avoids even mentioning the words 'war' or 'Sudan', and could be regarded to be an excessive understatement and therefore to be misleading given that (1) the war in Sudan was already by 1993 recognised to be one of the bloodiest conflicts since World War II<sup>28</sup>, (2) Lundin's Block 5A concession was located in the main war zone in Sudan, and (3) Lundin through its wholly owned subsidiary IPC had already been warned by Sudanese rebel groups that it was a military target.

By 1997 when Lundin acquired the Block 5A concession, the civil war in Sudan was estimated to have cost the lives of 1.2 million people due to fighting and war-induced famine, and to have forced 3 million people to flee their homes<sup>29</sup>. Sudanese civilians suffered regular bombings at the hands of their government, as demonstrated by the graph (top). Shareholders and potential investors had a right to be fully informed that the company was conducting its operations in such a context, to allow them to raise ethical concerns and address the issue at the company's Annual General Meetings.

<sup>28</sup> Burr, Millard (1993) *A Working Document: Quantifying Genocide in the Southern Sudan 1983-1993*. US Committee for Refugees.

<sup>29</sup> These figures were already being cited in articles related to Arakis and International Petroleum Corporation (Lundin) by April 1997; see *Toronto Star*, 20-04-1997, 'Oiling the wheels of revolution: Two Canadian companies defy rebel threats to drill in Sudan's hinterland' by Martin Regg Cohn. The figures are from US Committee for Refugees (1993), 'A Working Document: Quantifying Genocide in the Southern Sudan 1983-1993', and US Committee for Refugees (1998), 'Working Document II: Quantifying Genocide in Southern Sudan and the Nuba Mountains, 1993-1998'. The 1998 report estimated 1.8 million dead; many more have died since then.



## What Lundin omitted to tell shareholders and the public

Lundin's communications during 1997–2003 stand in strong contrast to the numerous reports and statements by human rights organisations, humanitarian and United Nations workers, government investigations and journalists that have been published since 1999<sup>30</sup>, which have revealed the huge scale of human rights violations and war crimes that took place in Block 5A during the years that it was being developed by Lundin.

- Recent satellite analysis confirms that the attacks were widespread and sustained over a long period of time; up to 80% of agricultural land in Lundin's Block 5A concession in 1994 had been abandoned by 2002<sup>31</sup>, amounting to the displacement of an estimated 160,000 people. A further 12,000+ people are estimated to have been killed, and 40,000 homes and barns for livestock destroyed<sup>32</sup>.
- The latest compilation shows that there exist at least 60 recorded accounts of villages in Lundin's oil field area being attacked between September 1997 and February 2002. Civilians were killed during many of these attacks. Most of the attacks were conducted by government aircraft and by militias allied to the government of Sudan, with whom Lundin had entered into a commercial partnership<sup>33</sup>.
- The widespread presence of seismic survey cut lines demonstrate that Lundin's oil workers travelled throughout the area and would therefore have been exposed to at least some of the areas which were cleared of their original local inhabitants (see map on page 52).
- Former militia leaders have testified to a New York court in 2005 that they were given direct orders by the Government of Sudan to clear the oilfields of the civilian population during 1997–2003<sup>34</sup>.

The reported scale of the human rights abuses taking place in Block 5A during 1997–2003 demonstrates the severity of the conflict in Lundin's oil concession, and therefore of the financial risk associated with the company's investment in the property. This information is of major importance to investors and potential investors wishing to avoid making unethical investments in conflict areas, or wishing to limit their exposure to risk.

Lundin's failure to mention the severe conflict and atrocities being perpetrated against the civilians in their concession should therefore be investigated by *Finansinspektionen* and shareholders to determine whether the silence on this matter was through procedural failure, or was deliberate.

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<sup>30</sup> Excerpts and detailed references to these are presented throughout this report.

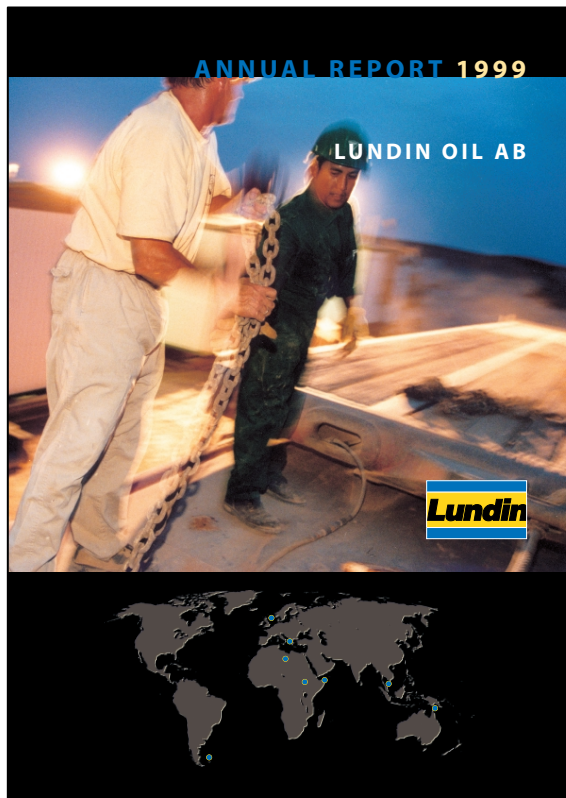
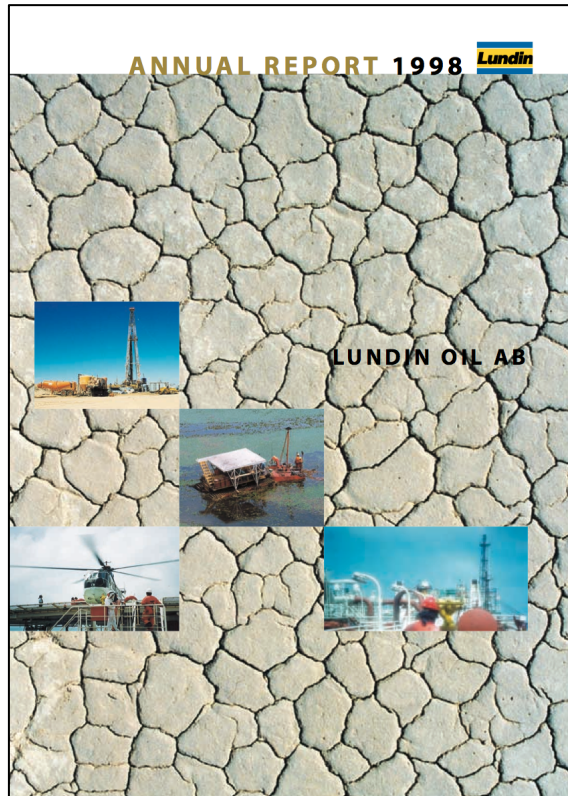
<sup>31</sup> Prins 2010: 13.

<sup>32</sup> ECOS 2010: 7.

<sup>33</sup> ECOS 2010: 88-91.

<sup>34</sup> ECOS 2010: 44, 74, 75 & 78 citing statements from *Presbyterian Church of Sudan vs. Talisman Energy*, US Court for the Southern District of New York.

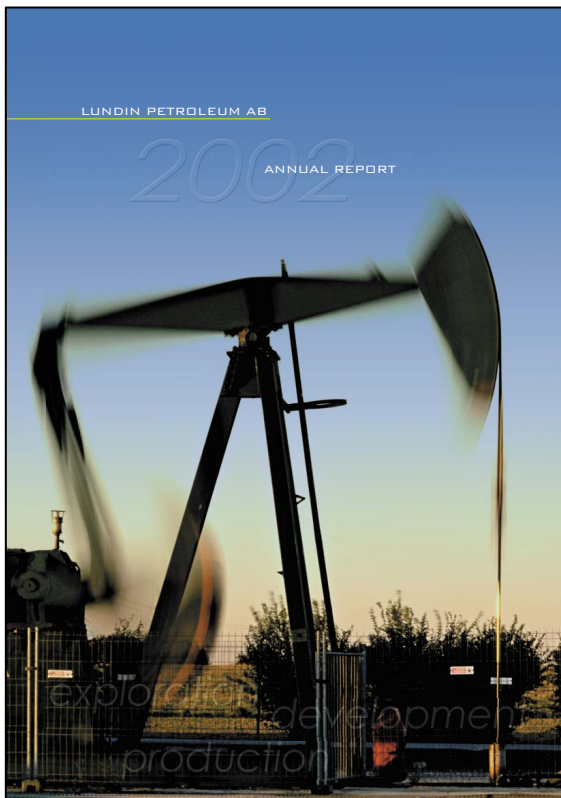
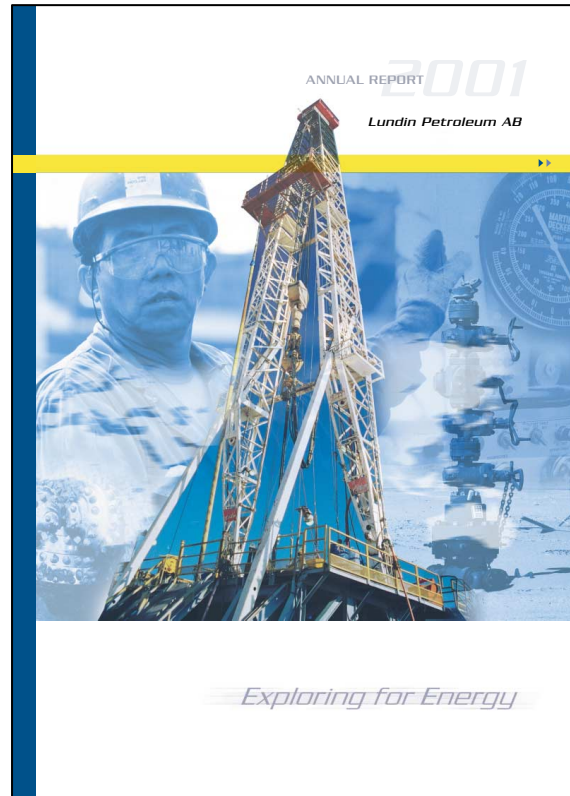
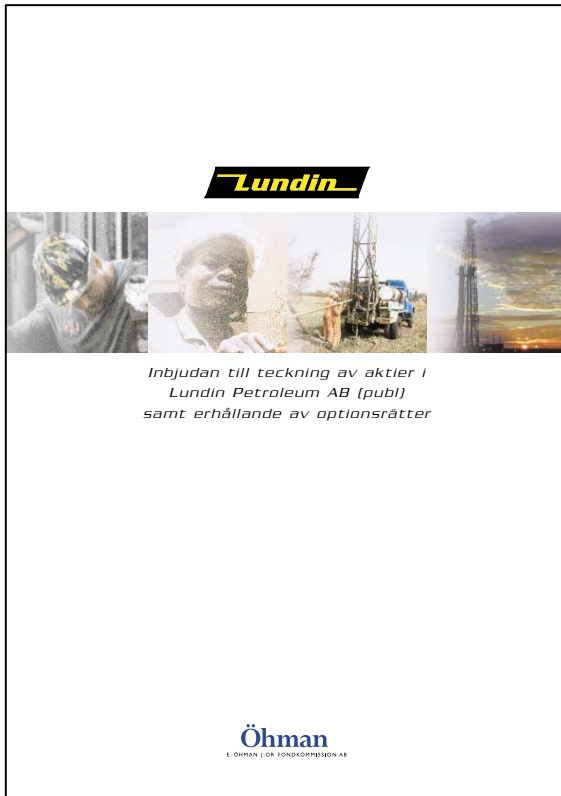




The four Annual Reports for Lundin Oil AB for 1997, 1998, 1999 and 2000 comprise a total of 220 pages of information on company activities, yet none of these makes any specific mention that the company's largest licence holding in Block 5A in Sudan is in the middle of what at that time was recognised to be the most deadly conflict since World War II (see references overleaf on page 15). Such information can have a material effect on share prices as war increases investment risk, and this information should in accordance with stock market rules have been provided to shareholders and potential investors.







The October 2001 rights issue brochure and three Annual Reports for Lundin Petroleum AB for 2001, 2002 and 2003 comprise a total of 210 pages of information on company activities, yet these make only the briefest reference to the ongoing civil war in Sudan and fall far short of describing the severity of the conflict in Block 5A. Such information can have a material effect on share prices as war increases investment risk, and this information should in accordance with stock market rules have been provided to shareholders and potential investors.





Photo: NASDAQ OMX

### 3 DISCLOSURE RULES

#### 3.1 General disclosure rules

##### 3.1.1 General provision

**The company shall, as soon as possible, disclose information about decisions or other facts and circumstances that are “price sensitive”. For the purpose of these rules, “price sensitive” information means information which is reasonably expected to affect the price of the company’s securities, in accordance with applicable national legislation.**

...

As previously mentioned, a company must disclose information when it is “reasonably expected” that the price of the securities will be affected. It is not required that actual changes in the price of the securities occur.

##### 3.1.2 Correct and relevant information

**Information disclosed by the company shall be correct, relevant and clear, and must not be misleading.**

**Information regarding decisions, facts and circumstances must be sufficiently comprehensive to enable assessment of the effect of the information disclosed on the company, its financial result and financial position, or the price of its listed securities.**

The information the company discloses must reflect the company’s actual situation and may not be misleading or inaccurate in any manner. The requirement regarding relevance dictates that the information must contain facts which provide sufficient guidance to enable evaluation of such information and its effect on the price of the company’s securities.

The second part of the provision states that information must be “sufficiently comprehensive to enable assessment of the effect of the information disclosed on the company itself, its financial result and financial position, or the price of its securities” and therefore also information omitted from an announcement may cause the announcement to be inaccurate or misleading.

Excerpts from the NASDAQ OMX Stockholm *Rule Book for Issuers*, published on [www.nasdaqomx.com](http://www.nasdaqomx.com), 1-02-2012. Similar rules applied for companies trading on the Stockholm Stock Exchange during 1997–2003.



## The duty to tighten the regulation and governance of Lundin

Although the major responsibility for the attacks on civilians in Block 5A during 1997–2003 rests with the government of Sudan, their allied militias, and with southern rebels, a Canadian government investigation in 1999 found that oil companies were exacerbating the war in Sudan's oilfields through the ongoing development of their licences. Lundin's investments increased the strategic importance of the Block 5A concession, as oil was a critical resource for the civil war in Sudan. The government of Sudan had a key interest in securing and developing oil resources in order to generate additional foreign exchange to pay for the war and increase its military capability, while southern rebels had a military objective to stop this happening.

To prevent southern rebels from hampering the development of oil resources in Block 5A, the government of Sudan used extreme and repeated violence to force the civilian population out of the concession. Around 160,000 people were driven from their homes, and thousands were slaughtered in the process.

Many organisations and individuals attempted to prevent those attacks by publicly criticising Lundin, urging the company to avoid exacerbating the civil war in Block 5A by stopping its oil exploration and infrastructure development. Those efforts were in vain, for Lundin nonetheless continued to develop its Block 5A concession.

Lundin's operations in Sudan were primarily funded by investors in Sweden, who were able to purchase shares through the Stockholm Stock Exchange. Additional capital amounting to 558 million SEK was raised in Sweden through a rights issue in October 2001 after the Sudan and Iran holdings of Lundin Oil AB had been 'spun off' to form a new company Lundin Petroleum AB in 2001.

The equity that was raised by Lundin was used to fund a commercial venture that provided an added incentive for an overseas government to perpetrate war crimes on its own citizens. Lundin's investors could therefore be considered according to UN guidelines to have unwittingly acquired 'non-legal complicity'<sup>35</sup> in those war crimes through their financial contribution to Lundin's operations in Block 5A in Sudan.

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<sup>35</sup> United Nations Office of the High Commissioner for Human Rights (2012). *The Corporate Responsibility to Respect Human Rights. An Interpretive Guide*. HR/PUB/12/02. Geneva: OHCHR. Page 5 deals with the issue of complicity and recognises that it 'has both legal and non-legal meanings... Examples of non-legal "complicity" could be situations where a business enterprise is seen to benefit from abuses committed by others, such as when it ... fails to speak out in the face of abuse related to its own operations... despite there being principled reasons for it to do so.' See also the UN Global Compact announced in January 1999 and officially launched July 2000.



It is difficult to envisage that Lundin's shareholders would have allowed the company to continue its operations if they had been fully aware of the scale and nature of the attacks on civilians that were perpetrated in the Block 5A concession that they partly owned.

During the first four years of Lundin Oil AB's operations in Block 5A, there was almost no information available in Swedish media on the situation for the civilians in Lundin's oilfield in Sudan, so shareholders and investors would have had to rely on information provided by the company. Yet Lundin's main publications to shareholders did not mention that Sudan was fighting a civil war, nor that Lundin's concession was in the war zone.

Once news and concerns about attacks on Sudanese civilians in Block 5A became widely available in Swedish media from March 2001, these were immediately contradicted or played down by Lundin. Potential investors may then have been lured into purchasing shares by Lundin's positive statements on its Sudan operations that countered criticisms of the company's operations.

As a public traded company, Lundin was legally obligated under stockmarket rules to ensure accurate and timely reporting on all matters that might influence the decision to invest in the company<sup>36</sup>. Lundin was also morally obliged to provide its shareholders with the necessary information to guide their governance of the company's activities.

Bloodhound believes that Lundin's initial four year silence followed by what appears to have been a systematic strategy to deceive shareholders and potential investors in the face of massive public criticism played a key role in allowing the company to continuously enhance the value of its Block 5A asset from 1997 to 2003, and that this was achieved at the expense of the suffering of many thousands of Sudanese civilians. Bloodhound therefore considers the profits from the sale of Block 5A to be blood money.

This finding is hereby presented to Lundin's shareholders who hold the ultimate responsibility for governing the company through their participation at the company's Annual General Meeting (AGM), and also to the Swedish Financial Supervisory Authority<sup>37</sup> that is responsible for monitoring that listed companies such as Lundin adhere to the regulations and generally accepted principles in the securities market.

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<sup>36</sup> A listing on the Stockholm Stock Exchange obliges companies to follow certain regulations and generally accepted principles, including those of the International Organisation of Securities Commissions (IOSCO) which develops, implements and promotes adherence to internationally recognised standards to protect investors and maintain transparent markets.

<sup>37</sup> The Swedish Stock Exchange is regulated by the Swedish government agency Finansinspektionen that comes under the Swedish Ministry of Finance. Finansinspektionen is a member of IOSCO.



**On the basis of the information presented in this report, Bloodhound urges the Swedish Financial Supervisory Authority *Finansinspektionen* as well as Lundin's shareholders to (1) investigate the wide discrepancy between the statements given by many reliable international sources compared to the statements and omissions by Lundin concerning the situation in oil concession Block 5A in Sudan during 1997–2003, and (2) to apply appropriate sanctions if the company is found responsible for knowingly providing wrong or inadequate information to Lundin's shareholders and the market on this matter.**

**Bloodhound also requests the Swedish Financial Supervisory Authority *Finansinspektionen* and the Stockholm Stock Exchange to ensure that all future communications by companies in the Lundin group adhere to the principles set by the International Organisation of Securities Commissions.**





## LUNDIN OIL IN SUDAN MAY 2001



### PREFACE

LUNDIN OIL has been active in Sudan since 1991 when it started exploring for oil and gas offshore in the Red Sea.

In 1997, the Company was awarded Block 5A which is located onshore southern Sudan in the highly prolific Muglad Basin.

In early 2001, the Company announced that it had made its first oil discovery in Sudan. Since then, the Company has faced criticism in the media for its involvement in Sudan, mainly as a result of allegations made in a report issued by the organization "Christian Aid" on March 13, 2001. This book is a compilation of facts and information that has been gathered by the Company in response to those allegations.

The information included herein is based on exhaustive research and fact-finding missions carried out by the company in Sudan. It reflects accurately the evidence it has gathered and, to the best of its knowledge, the reality of the situation there. Given the complexity of Sudan and the fact that Lundin Oil is not an authority on the history or politics of that country, however, the Company cannot warrant that there are no material omissions or inaccuracies in this book.

### Content

Preface .....	1
Map of Sudan .....	2
Sources .....	3
Part I: Lundin Oil in Sudan .....	3
Part II :Community Development & Humanitarian Assistance Program .....	4
Part III :Response to allegations against Lundin Oil in Sudan .....	5
<b>Appendices:</b>	
Appendix I: Location Map of Block 5A and 5B .....	13
Appendix II: Chronology of the conflict in Sudan .....	14
Appendix III: Analysis of Christian Aid Report .....	15
Appendix IV: Sudan .....	21
– Political and economic Structure	
Appendix IV: The Sudd and its people .....	23
– Sudd Swamp	
– The Nuer	

### SOURCES

1. Lundin Oil archives
2. The Economist Intelligence Unit – Country report Sudan February 2001
3. Encyclopedia Britannica

In May 2001 Lundin Oil AB published the results of its investigation in response to allegations in the Swedish media and especially by Christian Aid's March 2001 report *The scorched earth: Oil and war in Sudan* that its oil development operations had contributed to the civil war in Sudan. Contrary to reports and investigations by numerous human rights organisations, UN agencies, and governments, Lundin's own investigation (report cover pictured above) determined that there was no evidence of atrocities or human rights abuses in its concession. This report was distributed to shareholders at Lundin's 2001 AGM.



## Lundin's message no. 1:

### We have not seen anything, but we will investigate

Given the gravity of the atrocities that were reported to have been perpetrated against the local population in Lundin's Block 5A concession in Sudan, it is impossible to imagine how Lundin could not have been aware of what was happening in its concession over the four years prior to news about these first reaching Swedish media in March 2001, particularly in light of the huge media coverage since early 1997 in the US and Canada of similar atrocities in the neighbouring Arakis/Talisman concession. Lundin's subsidiary IPC – which initially owned the block 5A concession – was based in Canada, so claims by Lundin to be unaware of the severity of the vicious civil war in its oilfield need to be investigated in full, as a conflict of that proportion and nature taking place in the licence of a public listed company should have been brought to the full and immediate attention of shareholders and potential investors. Shareholders should also investigate how Lundin's own May 2001 investigation into these atrocities failed to find any evidence of these.

*The preponderance of Southern opinion we encountered was that Oil was hurting their people... Leonardo Franco's predecessor as Special Rapporteur, Gaspar Biro, has been quoted as saying that if the oil companies don't know what's going on, they're not looking over the fences of their compounds.*

- Canadian government report on the oil industry in Sudan, published January 2000<sup>38</sup>

*Since 2000, Upper Nile and particularly Western Upper Nile has become the main area of insecurity in Sudan. Operation Lifeline Sudan (OLS) sources document an increasing number of ground attacks with consequent displacement during 2000 and 2001. A further effect of hostilities has been the displacement of non-governmental organizations. Non-governmental agencies that were operating in Ler, Nhialdiu, Nimne and Duar have been compelled to evacuate international staff and abandon long-standing operations.*

- Georgette Gagnon & John Ryle, in an **independent human rights report**, April/October 2001<sup>39</sup>

*In a number of cases, international oil companies in Sudan have denied that any abuses were taking place in connection with oil exploration and production. Despite considerable evidence to the contrary, oil company executives have claimed that they were unaware of any uncompensated forced displacement as a result of oil operations. They have also claimed to have undertaken investigations establishing that abuses are minimal or nonexistent... such efforts do not stand up to scrutiny.*

- **Human Rights Watch 2003**, report summary<sup>40</sup>

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<sup>38</sup> Harker 2000. The Gaspar Biro quote is paraphrased from *Toronto Star* 17-06-1998, p. A22, 'Oil gushes amid slavery, hunger. Canadians say their work in Sudan is 'completely unrelated' to the civil war' by Martin Regg Cohn.

<sup>39</sup> Gagnon & Ryle 2001: 21.

<sup>40</sup> Human Rights Watch 2003: 38.



*We have not received any reports concerning human rights violations taking place in our block.*

- Ian Lundin, Managing Director **Lundin Oil AB**, [30-11-2000](#)<sup>41</sup>

*Reports have claimed that people were displaced to make way for a road funded by Lundin Oil and our partners. We wish to state categorically that we have not witnessed any such acts nor would we tolerate such acts to take place for our presumed benefit... We have taken these claims very seriously however, and have thoroughly discussed them with our people on the ground, government representatives as well as other people operating in the area. Our staff working locally has refuted in no uncertain terms these allegations.*

- Ian Lundin, Managing Director **Lundin Oil AB**, [31-03-2001](#)<sup>42</sup>

*This is new information for us and it does not fit with the information we have received from our people on the ground. But we are taking the information seriously and are now investigating what has really happened.*

- Maria Hamilton, Corporate Communications **Lundin Oil AB**, [13-03-2001](#)<sup>43</sup>

*We have not seen any burned villages, only tribes fighting each other.*

- Ian Lundin, Managing Director **Lundin Oil AB**, [13-03-2001](#)<sup>44</sup>

*Lundin takes these accusations seriously about crimes against human rights committed in relation to the road construction... The company has not noticed these offensives and does not accept any crimes against the human rights in its area.*

- Ian Lundin, Managing Director **Lundin Oil AB**, [15-03-2001](#)<sup>45</sup>

*Have not seen any offensives in relation to the eighty km long road that has been constructed between Lundin's base camp at Rubkona in Southern Sudan to the drill site at Thar Jath. On the contrary... people are using the road today, and Swedes are daily supporting the villages close to the road with water from three water tankers.*

- **Lundin Oil AB** press release, [16-03-2001](#)<sup>46</sup>

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<sup>41</sup> Quoted in Christian Aid, May 2001, *The regulatory void: EU company involvement in human rights violations in Sudan*. Available from [www96.reliefweb.int](http://www96.reliefweb.int) Accessed 7th February 2013.

<sup>42</sup> Letter to shareholders published on Lundin's website before the 31<sup>st</sup> March 2001. Cited in Human Rights Watch 2003: 446, and also in *Svenska Dagbladet* [2-04-2001](#), p. 8, by Gunilla von Hall.

<sup>43</sup> *Svenska Dagbladet*, [13-03-2001](#), "Lundin Oil accused in Sudan" (org. title and quote: *Lundin Oil anklagas i Sudan*: "Det här är nya uppgifter för oss och det stämmer inte med de uppgifter vi fått från vårt folk på platsen. Men vi ser allvarligt på uppgifterna och undersöker nu vad som egentligen har hänt."), Björn Lindahl, Oslo, p.35.

<sup>44</sup> *Aftonbladet*, [13-03-2001](#), "Swedish oil company plunders villages in Africa, TV-documentary attacks Lundin Oil" (org. title and quote: *Svenskt olje-bolag skövlar byar i Afrika Tv-dokumentär går till attack mot Lundin Oil*: "Vi har inte sett några brända byar, bara stammar som slåss med varandra."), Olle Castelius, p.10.

<sup>45</sup> TT, [15-03-2001](#), "Lundin Oil requested to suspend their activities in Sudan" (org. title. and quote: *LUNDIN OIL UPPMANAS UPPHÖRA MED VERKSAMHETEN I SUDAN*: "Lundin ser mycket allvarligt på anklagelserna om brott mot de mänskliga rättigheterna som gjorts i samband med vägbygget...Företaget har inte bevitnat övergreppen och accepterar inte några brott mot mänskliga rättigheter i sitt område."), Stockholm/London.

<sup>46</sup> *Göteborgs Posten*, [16-03-2001](#), "Company requested to leave Sudan. Regime accused of financing the civil war with oil revenues" (org. title and quote: *Bolag uppmanas lämna Sudan Regimen anklagas för att finansiera inbördeskriget med oljeinkomster*: "inte bevitnat några övergrepp i samband med att en åtta mil lång väg byggdes mellan Lundins basläger i Rubkona i södra Sudan till borrhålet i Thar Jath. Tvärtom..använder människor i dag vägen och svenskar försörjer dagligen byar i närheten med vatten från tre tankbilar."), Jan Halldin, p.26. Clarification: A Swedish "mile" equals 10 km.



*These are really tragic and sad accusations. Word stands against word, but we will get to the bottom of this.*

- Maria Hamilton, Corporate Communications **Lundin Oil AB**, [17-03-2001](#)<sup>47</sup>

*We never received any such information [on human rights abuses]. Now our person who is responsible for ethics and human rights has traveled to Sudan to establish what happened. She will talk with various parties ...*

*We have even our own 'Code of Conduct' that we apply. Where Lundin Oil is, no crimes against human rights are committed.*

- Maria Hamilton, head of Corporate Communications **Lundin Oil AB**, [18-03-2001](#)<sup>48</sup>

*We take these accusations very seriously and have already started to investigate if there are any facts supporting them.*

- Adolf Lundin, Major shareholder and Chairman of **Lundin Oil AB**, [22-03-2001](#)<sup>49</sup>

*Basically are we doing a good and constructive job in Sudan. The accusations about attacks that have been made in the past do not correspond to the picture Lundin Oil's personnel have. We do not believe there have been any displacements of people... The accusations though are so serious that we will leave no stone unturned to bring light to this. We also welcome an investigation from the Swedish government.*

- Adolf Lundin, Major shareholder and Chairman of **Lundin Oil AB**, [25-03-2001](#)<sup>50</sup>

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<sup>47</sup> *Dagens Industri*, [17-03-2001](#), "Lundin continues drilling despite criticism" (org. title and quote: *Lundin borrar vidare trots kritik*: "Det här är ju enormt tragiska och tråkiga anklagelser. Ord står mot ord, men vi ska gå till botten med det här."), Christer L Pettersson, JOHANNESBURG.

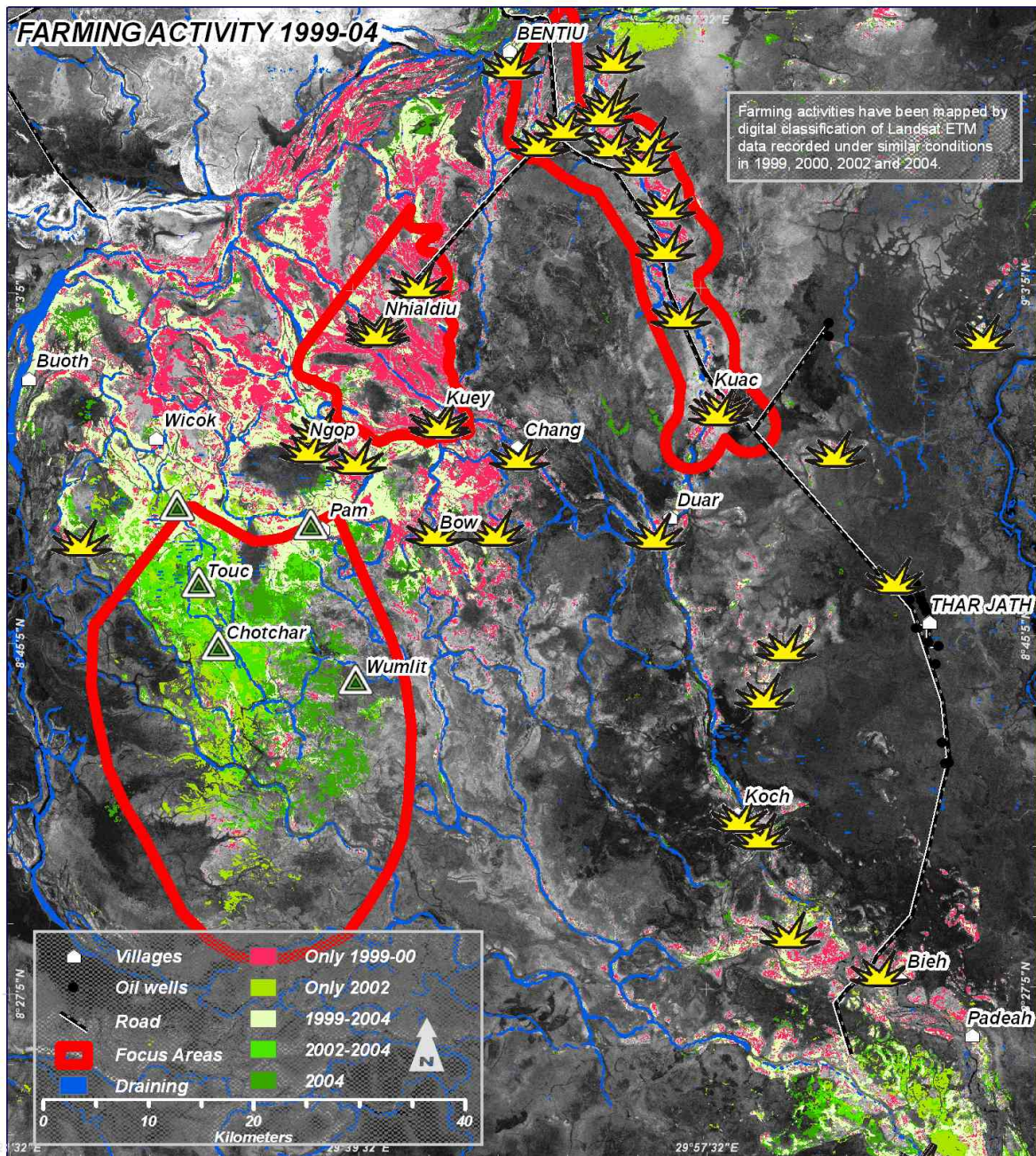
<sup>48</sup> *Svenska Dagbladet*, [18-03-2001](#), "Crisis meeting expected after accusations" (org. title and quote: *Krismöte väntar efter anklagelserna*: "Vi fick aldrig några sådana uppgifter. Nu har vår ansvariga för etik och mänskliga rättigheter åkt till Sudan för att utröna vad som hänt. Hon ska prata med olika parter ... Vi har till och med ett eget "Code of Conduct" som vi följer. Där Lundin Oil är verksamt begås inga människorättsbrott."), Gunilla von Hall, Genève.

<sup>49</sup> *TT*, [22-03-2001](#), "Lundin Oil: Industry important for the people of Sudan" (org. title and quote: *LUNDIN OIL: OLJEINDUSTRIN VIKTIG FÖR SUDANS BEFOLKNING*: "Vi tar mycket allvarligt på de här anklagelserna och har redan börjat undersöka om det finns fakta bakom."), Stockholm.

<sup>50</sup> *Göteborgs Posten*, [25-03-2001](#), "Political unrest is his business idea" (org. title and quote: *Politisk oro är hans affärsidé*: "I grunden gör vi ett bra och konstruktivt arbete i Sudan...De påståenden om övergrepp som förekommit den senaste tiden stämmer inte med den bild som Lundin Oils personal i Sudan har. Vi tror inte att det har varit någon fördrivning av människor... Påståendena är dock så allvarliga att vi ska vända på varena sten för att få klarhet och vi välkomnar även en undersökning av den svenska regeringen."), Eva Thorpenberg Paulsson, p.37.







The consequences of oil development were catastrophic for the population of Block 5A, as demonstrated by this mapped analysis of satellite images by Prins Engineering. Huge numbers of people were forced from their traditional farmlands (shown in pink) to new areas further south (shown in green) through a scorched earth campaign by Government of Sudan forces. Recorded attacks in the oilfield are mapped by yellow explosions – these were by both Government forces and also by rebels trying to disrupt oil development, as oil was of major strategic importance in Sudan's civil war.

This example from Lundin's Block 5A questions how the company could justify using the statement that oil development in Sudan creates the conditions for peace by lifting the country's economy – the most frequently used reason given by the company to defend its investment. Given the huge amount of information that was available at the time which indicated that the development of oil resources contributed to the civil war, Lundin should have made much more effort to establish whether its opinions were also facts before communicating such information to potential investors and shareholders.

Map source: [www.snsb.se](http://www.snsb.se) © Prins Engineering. Accessed April 2013.



## Lundin's message no. 2:

### Oil is good for development and contributes to peace

In response to those who criticised Lundin for conducting oil exploration activities in the midst of a war zone, the company repeatedly claimed that oil development was beneficial for Sudan as it would boost the economy, and that this would in turn create conditions for peace by lifting the population out of poverty.

Although the oil industry in Sudan at the time of Lundin's operations in Block 5A did contribute up to 80% of Sudan's foreign exchange earnings and spurred economic growth, little or no benefit filtered down to the large majority of the population at that time<sup>51</sup>, and especially not to the people of southern Sudan<sup>52</sup>. Instead, a large part of the additional foreign exchange earnings available to the government of Sudan were used to purchase more advanced weapons and to fund scorched earth campaigns against millions of people in South Sudan and later also in Darfur<sup>53</sup>. Contrary to Lundin's statements, oil revenues provided the incentive and means for the Government of Sudan to wage more war rather than bringing peace and prosperity. This information was already widely reported in media and on the web at the time that Lundin stated that oil would be good for Sudan's development.

Given the wide contradiction between their own information and that of almost all others, Lundin should have initiated an additional analysis of the consequences of continuing their oil development project before making public statements claiming that oil would bring peace. That analysis should have been meticulously documented at both the local and national level and made available to public scrutiny. Lundin should also have set up a programme to monitor the situation for the local population, both in government-controlled territory and in rebel-held areas. Finally, Lundin should have continuously reviewed the ethics of undertaking operations in a war zone, both for the safety of their staff, but also regarding the potential impact of the company on the war and the local community.

Shareholders are requested to demand access to company archives to see (1) all assessments undertaken by the company to gauge its impact on a country that was engaged in a bitter and protracted civil war, (2) what procedures were implemented by the company to establish and regularly monitor that oil really was good for development and positively contributed to peace, and (3) what conditions were set by the company to ensure the well-being and protection of the people living in its concession.

Lundin continues to use the argument that oil is good for development to justify the company's actions in Block 5A during 1997-2003<sup>54</sup>, despite the large number of reports from widely differing sources together with evidence from satellite imagery (see opposite) that all agree about oil development having exacerbated Sudan's civil war in the oilfields. Shareholders should therefore demand the company to provide detailed evidence to back up its position.

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<sup>51</sup> Collins 2008: 238; IMF data.

<sup>52</sup> The government of Sudan did not even provide a single doctor to Unity State in 2002 – see von Schreeb 2002: 13.

<sup>53</sup> See Appendix 2 for further details. Also Collins 2008: 252–255.

<sup>54</sup> e.g. *Dagens Nyheter*, [18-03-2012](#), "Aftonbladets enda syfte tycks vara att smutskasta" by Ian and Lukas Lundin.





*We urge you to disinvest in Sudan... It is only when the nation is in peace that a conducive atmosphere for investment can become meaningful not only for investors but also the nation and its people.*

- Dr. Haruun L. Ruun, **New Sudan Council of Churches**, in a letter to Arakis, [31-07-1995](#)

*In the course of 1998, some 150,000 civilians were displaced and at risk of starvation in the oil-rich region of Western Upper Nile, where instability and violence rendered United Nations emergency humanitarian aid deliveries difficult if not impossible.*

- Leonardo Franco, **UN Special Rapporteur on the situation of Human Rights in the Sudan**, [17-05-1998](#)<sup>55</sup>

*The evidence we gathered, including the testimony of those directly involved directs us to conclude that oil is exacerbating the conflict in Sudan.*

- **Canadian government report on the oil industry in Sudan**, published [January 2000](#)<sup>56</sup>

*Oil Exploitation in the Western Upper Nile area has seriously aggravated the conflict, and worsened the situation for human rights, respect for humanitarian law and reduced the already small chances for peace.*

- **UN Special Rapporteur on Human Rights**, Leonardo Franco, in a report present by UN Secretary General Kofi Annan to the **UN General Assembly**, [autumn 2000](#)<sup>57</sup>

*We have seen the fighting escalate in South Sudan since the arrival of the oil companies.*

- Tomas Ekvall, **Head of UNICEF in Khartoum**, [Aftonbladet](#), [16-03-2001](#)<sup>58</sup>

*If we don't do something about oil revenues, there is no incentive for the government of Sudan to talk peace. US\$500 million have gone to the government and that money is going to the military, not to address the famine... The question for Canada is, do we want to be a party to what is militarized commerce? This is not a company operating in the context of conflict. This is a company whose business partner, Sudan government, is chief protagonist in the conflict.*

- Kathy Vandergrift, **Spokesperson for World Vision Canada** & co-chair of the Sudan interagency reference group, [March 2001](#), addressing Canadian oil company Talisman's activities in Sudan at the same time as Lundin were operational<sup>59</sup>

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<sup>55</sup> ECOS 2010:81 citing Franco, Leonardo, "Situation of human rights in the Sudan", Addendum 1, Commission on Human Rights, Fifty-fifth session, E/CN.4/1999/38/Add.1. May 17, 1999, paragraph 75.

<sup>56</sup> Harker, John (2000). *Human Security in Sudan: The Report of a Canadian Assessment Mission, prepared for the Minister of Foreign Affairs*, Ottawa. Ottawa: Ministry of Foreign Affairs.

<sup>57</sup> Translated from *Svenska Dagbladet*, [19-03-2001](#), p. 7 by Gunilla von Hall (org. quote "Oljeexploateringen i västra övre Nilen-området har allvarligt förvärrat konflikten, och försämrat situationen med mänskliga rättigheter, respekt för humanitär lag samt minskat redan små chanser till fred").

<sup>58</sup> *Aftonbladet*, [16-03-2001](#), 'Det är en skam för FN' by Oisín Cantwell (org. quote: Vi har sett att striderna trappats upp i södra Sudan sedan oljebolagen kom dit.)

<sup>59</sup> *Ottawa Citizen*, [27-03-2001](#), 'Alliance MP claims Talisman helping Sudanese people' by Bob Harvey. Although Kathy Vandergrift's words were directed at Talisman Energy, they equally well apply to Lundin and any of the other companies that were involved in oil exploration and development in Sudan at that time.



*We know that oil can bring us development, but we also know that it cannot do so until there is peace. There must be peace first. We need peace before oil.*

- **Leek Nuer Chief** Tunguar Kueiduong, Buoth, Western Upper Nile, [April-2001](#)<sup>60</sup>

*During my visit I gathered further evidence that oil exploitation leads to an exacerbation of the conflict with serious consequences on the civilians. More specifically, I received information whereby the government is resorting to forced eviction of local population and destruction of villages to depopulate areas and allow for oil operations to proceed unhindered... while the main responsibility for stopping these forced displacements is with the parties to the conflict, I appeal to all oil companies operating in Sudan to fully comply with their corporate responsibilities with a view to minimising any negative impact of their operations.*

- Gerhart Baum, **UN Special Rapporteur on the situation of Human Rights in the Sudan**, [29-04-2001](#)<sup>61</sup>

*The Government of Sudan hardly allocates any funds to the Southern part of Sudan, including Unity State, to meet the humanitarian needs of the people.*

- **EU Heads of Mission in Khartoum**, following 3 day field visit to oilfields, [May 2001](#)<sup>62</sup>

*Report after report has established the complicity of Canadian, European and Asian oil companies. Their extraction and exploration efforts are made possible only by the Khartoum regime's scorched-earth warfare against the people of the south...*

*For now, the oil companies are untroubled by their role in the brutal destruction and displacement of civilians in the oil regions or by the fact that Khartoum is the sole beneficiary of all Sudanese revenue from oil pumped out of southern fields. Nor are they bothered by Khartoum's declared intent to use oil revenue to purchase more lethal weaponry and create a domestic armaments industry...*

*Three oil companies are on U.S. exchanges and should be "delisted" as soon as possible: Talisman Energy of Canada, PetroChina (which is owned by the government) and Lundin Oil of Sweden.*

- Professor Eric Reeves, **Los Angeles Times**, [4-06-2001](#)<sup>63</sup>

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<sup>60</sup> Gagnon & Ryle 2001: 45.

<sup>61</sup> Speech given by Gerhart Baum at the Human Rights Commission in Geneva. Quoted in Christian Aid, May 2001, *The regulatory void: EU company involvement in human rights violations in Sudan*. Available from [www96.reliefweb.int](http://www96.reliefweb.int) Accessed 7th February 2013.

<sup>62</sup> Report submitted by the EU Presidency in Khartoum titled 'EU-Sudan dialogue, HoMs visit to oilfields 6-8 May 2001.

<sup>63</sup> *Los Angeles Times*, [4-06-2001](#), 'Use Oil Investment as a Lever in Sudan' by Prof. Eric Reeves.



*In spite of claims to the contrary in oil company reports, this investigation, while unable to gain access to government-controlled areas of oil development and following numerous enquiries, is not aware of any evidence that significant economic or other benefits from oil development are accruing to indigenous communities in Western Upper Nile. There is no independent verification of claims that the Government of Sudan is using oil revenues to assist the civilian population in Talisman's concession (or in Southern Sudan in general). The two western oil companies operating in the area, Talisman and Lundin Oil of Sweden, have announced that they are sponsoring humanitarian assistance projects in areas around government towns and outposts. In the case of the government itself, there are no reports of government-funded development projects in Western Upper Nile.*

*Oil revenues do correlate, however, with visible increases in government military expenditure. . .*

- Georgette Gagnon & John Ryle, in an **independent human rights report**, [April/October 2001](#)<sup>64</sup>

*As far as the oil issue is concerned, I extensively discussed with representatives of the Government and of the oil companies. While in Khartoum, I visited two IDP camps – Waad al-Bashir and Dar es-Salaam. I also visited Bentiu, Rubkona and Paryang and, while in southern Sudan, I visited two IDP camps in Rumbek – Deng Nhial and interviewed displaced coming from Upper Nile. Their situation is appalling, families are split, their means merely allow them to survive. None of them seem to have benefitted from any kind of compensation for being relocated, in spite of information to the contrary, as provided by the Government in March. In spite of the infrastructures provided by the oil companies to the local population in oil-rich areas, oil exploitation has continued to have a negative impact on the human rights situation. In addition, there is no concrete evidence of oil revenues being spent for the development of the south, in spite of the fact that 40% of the national budget comes from oil, as the Minister of Finance informed me.*

- Gerhart Baum, **UN Special Rapporteur on the situation of Human Rights in the Sudan**, [8-11-2001](#)<sup>65</sup>

*As for the oil issue, the Special Rapporteur, while recognizing that oil exploitation has become increasingly important for the economic development of the country, reiterates his strong belief that the right to development cannot justify the disregard of other human rights. The Special Rapporteur believes that oil exploitation is closely linked to the conflict which, although it contains a religious component, is mainly a war for the control of resources and, thus, power.*

- Gerhart Baum, **UN Special Rapporteur on the situation of Human Rights in the Sudan**, [23-01-2002](#)<sup>66</sup>

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<sup>64</sup> Gagnon & Ryle 2001: 4.

<sup>65</sup> United Nations General Assembly (2001), *Statement by Mr. Gerhart R. Baum, Special Rapporteur of the Commission on the situation of Human Rights in the Sudan*. 56th Session of the General Assembly, Third Committee, Item 119, [8-11-2001](#).

<sup>66</sup> United Nations Economic and Social Council Commission on Human Rights (2002). *Situation of human rights in the Sudan. Report of the Special Rapporteur, Gerhart Baum, submitted in accordance with Commission resolution 2001/18*. E/CN.4/2002/46 [23-01-2002](#), based on information received from a field visit in October 2001.



*A striking element in the accounts of the Western Upper Nile Internally Displaced Persons ... is the systematic rounding up of young men – on and off the oil road. It seems likely that young men are being taken with the intention of throwing them into battle... We met a group of young southerners who had been rounded up ... but who had succeeded in escaping... One of them, a father who was snatched near Khartoum, said they were given a month's training and then sent back south. He said their orders were to "fight the SPLA [rebels] to clear the area for oil. Burn the villages. Kill the civilians. Take the cows."*

- Julie Flint, report to **Christian Aid** from a field visit to Western Upper Nile, [February 2002](#)<sup>67</sup>

*With the intensification of the conflict since 1997, military and militia groups on all sides of the conflict have frequently targeted civilians and civilian objects in Western Upper Nile.*

**Médecins Sans Frontières**, [April 2002](#)<sup>68</sup>

*Since 1999 there have been a succession of reports into human rights violations in the oilfields... All document in considerable detail the violent escalation of fighting in the oilfield areas, as well as the contribution of oil revenues to the Sudan Government's war effort. The reaction of companies and Governments to this evidence is instructive in its repetition of the relief and development debate: the formulation of policy is divorced from any evidence coming from the field, and the policy of 'constructive engagement' is employed as a shield against criticism.*

**Douglas H. Johnson**, *The Root Causes of Sudan's Civil Wars*, [January 2003](#), p.163-164<sup>69</sup>

*Oil now figures as an important remaining obstacle to a lasting peace and oil revenues have been used by the government to obtain weapons and ammunition that have enabled it to intensify the war and expand oil development.*

- **Human Rights Watch** [November 2003](#), report summary<sup>70</sup>

*Lundin continued to dissimulate and deny there were any displacements of Sudanese surrounding their extremely profitable wells, disingenuously arguing that the socio-economic and humanitarian gains for the Sudanese produced by oil production would improve the prospects for peace.*

- Robert Collins [2008](#) *A History of Modern Sudan* **Cambridge University Press**<sup>71</sup>

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<sup>67</sup> Flint, Julie (2002). 'Trip to Western Upper Nile: February 2002'. Unpublished report to Christian Aid, London.

<sup>68</sup> Médecins Sans Frontières 2002: 1.

<sup>69</sup> Cited from ECOS 2010: 43.

<sup>70</sup> Human Rights Watch 2003: 36.

<sup>71</sup> Collins 2008: 233.



*Investment creates a middle class that later demands political improvements and stability.*

- William Rand, board member of **Lundin Oil AB**, [26-11-1999](#)<sup>72</sup>

*We do not want to get involved in politics... We cannot control where the money goes, but my understanding is that 99 per cent is going to foreign debt repayments and to build up the infrastructure. The regime of Sudan is not especially oppressive; there is freedom of speech in the country... USA has also been criticized by Amnesty. Should it not be allowed to invest there? It would be so extreme.*

- Ian Lundin, Managing Director **Lundin Oil AB**, [03-05-2000](#)<sup>73</sup>

*I do not think it is possible to help the people of Sudan by leaving the country. If you ask some of the guys in Southern Sudan if they want us to stay or leave I think the answer is pretty given.*

- Ian Lundin, Managing Director **Lundin Oil AB**, [04-05-2000](#)<sup>74</sup>

*Lundin Oil AB is an apolitical but also an ethical actor... The oil companies' presence has actively contributed to intensify the debate about the situation in Sudan. In addition oil revenues are pouring money to the country to make investments for the future.*

- Magnus Nordin, Deputy Managing Director **Lundin Oil AB**, [02-06-2000](#)<sup>75</sup>

*I believe oil is an opportunity for Sudan and is able to contribute to peace and development.*

- Carl Bildt, Member of the Board **Lundin Oil AB**, [18-03-2001](#)<sup>76</sup>

*I think that we for the first time have an opportunity to a peace process and a development process in Sudan. I may be wrong, but that would not have come about if the oil not had been there. Oil ensures that the forgotten war gets attention.*

- Carl Bildt, Member of the Board **Lundin Oil AB**, [19-03-2001](#)<sup>77</sup>

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<sup>72</sup> *National Post*, [26-11-1999](#), 'B.C.'s Lundin family doesn't let politics get in the way of International Empire' by Ian McKinnon.

<sup>73</sup> *Dagens Nyheter*, [03-05-2000](#), "Documentary exposes oil seeker" (org. title and quote: *Dokumentär avslöjar oljeletare*: "Vi vill inte involvera oss i politiken... Vi kan inte kontrollera var pengarna hamnar, men min uppfattning är att 99 procent går till att betala utlandsskulder och att bygga upp infrastrukturen. Sudans regim inte är särskilt förtryckande, det finns yttrandefrihet i landet... USA har också fått kritik av Amnesty. Ska man inte få investera där? Det blir så extremt."), Jesper Huor, p.4. B-section.

<sup>74</sup> *Finansstidningen*, [04-05-2000](#), "Amnesty criticism directed towards Lundin" (org. title and quote: *Amnestykritik mot Lundin*: "Jag tror inte att man kan hjälpa människorna i Sudan genom att lämna landet. Om man frågar killarna i södra delen av Sudan om de vill att vi ska stanna eller åka tror jag att svaret är ganska givet."), Robert T Eriksson.

<sup>75</sup> *Nya Dagen*, [02-06-2000](#), "The hunt of oil ignites the war - Sudanese refugees and rebels: International oil companies does not sell oil, but sell blood lights the war" (org. title and quote: *Jakten på olja tändar kriget - Sudansk flyktning och gerillamedlem: De internationella oljebolagen säljer inte olja de säljer blod*: "Lundin Oil AB är opolitiskt men också en etisk aktör... oljebolagens närvaro aktivt bidragit till att intensifiera debatten om situationen i Sudan. Dessutom ger oljeinkomsterna landet pengar att investera för framtiden."), Thomas Sundin and Erica Mattsson, p.1.

<sup>76</sup> *Göteborgs Posten*, [18-03-2001](#), "Lundin Oil holds crisis meeting. Many delegates want to know more about the allegations" (org. title and quote: *Lundin Oil håller krismöte Flera av delägarna vill veta mer om anklagelserna*: "Jag tror att oljan är möjligheten för Sudan och kan bidra till fred och utveckling."), Stockholm, p. 32.

<sup>77</sup> *TT*, [19-03-2001](#), "No information about Bildt remaining at Lundin Oil", (org. title and quote: *INGA BESKED OM BILDT STANNAR I LUNDIN OIL*: "Jag tror att vi för första gången har en möjlighet till en fredsprocess och en utvecklingsprocess i Sudan. Det kan vara fel, men det hade inte kommit till om inte oljan hade funnits. Oljan medför att det glömda kriget kommer att uppmärksammas."), Stockholm.



*...The oil industry in Sudan will contribute to peace and development.*

- Carl Bildt, Member of the Board **Lundin Oil AB**, [20-03-2001](#)<sup>78</sup>

*...In limited areas [oil] is able to increase the possibilities for both development and stability. And that is, I think, the result we have seen up to now in Sudan.*

- Carl Bildt, Member of the Board **Lundin Oil AB**, [21-03-2001](#)<sup>79</sup>

*We are completely convinced that our presence is positive for the people and that we contribute to peace and prosperity, and with time democracy.*

- Adolf Lundin, Major shareholder and Chairman of **Lundin Oil AB**, [23-03-2001](#)<sup>80</sup>

*Our activities are carried out in an economically, environmentally and responsible way and so in the long term will contribute to stability and development for the local population, through development and humanitarian aid.*

- Maria Hamilton, Corporate Communications **Lundin Oil AB**, [04-05-2001](#)<sup>81</sup>

*The company has received a certain amount of criticism, mainly in the Swedish press, on its engagement in Sudan. The criticisms are misleading and largely based on untrustworthy information. The engagement of foreign oil companies in Sudan has to the contrary had a positive effect on Sudans overall economy.*

- Ian Lundin, Chairman of **Lundin Petroleum AB**, [10-05-2001](#)<sup>82</sup>

*This kind of criticism is of course never good for a company, but I think that the public have began to realize that there is not a clear picture of the problem, not just one side. I believe that the investments that have been made contribute to lift the country.*

- Ian Lundin, Managing Director **Lundin Oil AB**, [06-09-2001](#)<sup>83</sup>

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<sup>78</sup> *Aftonbladet*, [20-03-2001](#), "Carl Bildt in conflict with the reality – Lundin Oil strengthens the oppressors in Sudan", (Org. title and quote: *Carl Bildt i konflikt med verkligheten - Lundin Oil stärker förtryckarna i Sudan*: "Oljeutvinningen i Sudan i längden kommer att bidra till fred och utveckling."), p.2.

<sup>79</sup> *Dagens Nyheter*, [21-03-2001](#), "Bildt wants to leave assignment", (org. title and quote: *Bildt vill lämna uppdrag*: "I begränsade områden kan ge bättre möjligheter till både utveckling och stabilitet. Och det är, tycker jag, det resultat vi hitintills sett i Sudan."), Ewa Stenberg.

<sup>80</sup> *Dagens Nyheter*, [23-03-2001](#), "Drillings in Sudan continue" (org. title and quote. *Borrningarna i Sudan fortsätter*: vi fullständigt övertygade om att vår närvaro är positiv för folket och att vi bidrar till fred och välbefinnande, och demokrati så småningom."), Anna Koblanck.

<sup>81</sup> *Dagens Nyheter*, [04-05-2001](#), "Lundin Oil in Sudan: New oilfield in the war zone" (org. title and quote: *Lundin Oil i Sudan: Nytt oljefält i krigszonen*: "Verksamheten sker på ett ekonomiskt, miljövänligt samt ansvarsfullt sätt och att det på lång sikt skall kunna bidra till stabilitet och utveckling för lokalbefolkningen, genom utvecklingsåtgärder och humanitära insatser."), Anna Koblanck, p.3 section C.

<sup>82</sup> *Lundin Petroleum*, [10-05-2001](#), *Lundin Petroleum: Rapport för första kvartalet 2001* (org. quote: "Företaget har fått en del kritik huvudsakligen i svensk press om engagemang i Sudan. Kritiken är missledande och baserad till stor del på icke trovärdig information. De utländska oljebolagens engagemang i Sudan har tvärtom haft en positiv inverkan på Sudans övergripande ekonomi.")

<sup>83</sup> *Ekonomi*, [24, 06-09-2001](#), "Shaky comeback on the stock market for Lundin" (org. title and quote: *Vinglig börs-comeback för Lundin*: "Den typen av kritik är förstås aldrig bra för ett företag, men jag tror att allmänheten har kommit att inse att det inte finns en helt klar bild av problemet, inte bara en sida. Jag anser att de investeringar som gjorts bidrar till att lyfta landet"), Per Ericson.





*Most observers today agree that oil and the interest in Sudan now contribute to drive this peace process... western oil companies are strong forces for peace.*

- Carl Bildt, Member of the Board **Lundin Petroleum AB**, [early 2002](#)<sup>84</sup>

*The oil factor means an intensified pressure for peace on both sides of the conflict... There are principles of how to divide the oil revenues in a potential peace agreement.*

- Carl Bildt, Member of the Board **Lundin Petroleum AB** [23-01-2002](#)<sup>85</sup>

*Oil contributes more to peace than to war.*

- Carl Bildt, Member of the Board **Lundin Petroleum AB** [22-02-2002](#)<sup>86</sup>

*Oil can rather be considered as a lever to lift the peace process.*

- Carl Bildt, Member of the Board **Lundin Petroleum AB**, [21-04-2002](#)<sup>87</sup>

*Our engagement in Sudan has also raised ethical issues, due to the ongoing conflict in that country. The question being asked is whether oil fuels the war or sets the conditions for peace by providing the country with the necessary means to lift itself out of poverty. We believe in the latter. Peace and stability are basic necessities for any investor. Long-term investors, such as us, require long-term solutions. This is a message that we have delivered and will continue to deliver to all parties to the conflict, including the Government of Sudan.*

- Ian Lundin, President and CEO of **Lundin Petroleum AB**, ca. [April 2002](#)<sup>88</sup>

*We work with the strong conviction that oil exploration and production is good for the people of Sudan. In addition we also give a lot in humanitarian aid.*

- Adolf Lundin, Major shareholder and Honorary Chairman of **Lundin Petroleum AB**, [25-05-2002](#)<sup>89</sup>

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<sup>84</sup> Email from Carl Bildt to Amnesty Sweden, early 2002 and cited in Amnesty (Sweden) press release 1/2002 (org. quote: 'de flesta bedömare i dag är ense om att oljan och intresset för Sudan nu bidrar till att driva på denna fredsprocess... de västliga oljeföretagen är starka krafter för fred.' Cited on [www2.amnesty.se](http://www2.amnesty.se) Accessed 22nd January 2013.

<sup>85</sup> *Dagens Nyheter*, [23-01-2002](#), "Oil drillings in Sudan interrupted", (Org. title and quote: *Oljeborrningar i Sudan avbryts: "Oljefaktorn innebär ett förstärkt fredstryck på bägge sidor i konflikten... Det finns principer för hur inkomsterna från oljan ska fördelas vid en möjlig fredsuppgörelse."*).

<sup>86</sup> *Dagens Industri*, [22-02-2002](#) "Carl Bildt brokers for peace in the Sudan war" (org. title and quote: *Carl Bildt mårklar fred i krigets Sudan: "Oljan är en större del av freden än av kriget."*), Gustaf Tapper and Henrik Westman.

<sup>87</sup> *TT*, 21-04-2002, "Sudanese rebel criticizes peace broker Bildt", (org. title and quote: *SUDANGERILLAN KRITISERAR FREDSMÅKLAREN BILD* "Snarare ser man oljan som en hävstång för fredsprocessen."), Tomas Härenstam, Stockholm.

<sup>88</sup> Lundin Petroleum AB (2002). *Annual Report 2001 Lundin Petroleum AB*, p. 3. Stockholm: Lundin Petroleum AB.

<sup>89</sup> *Dagens Industri*, [25-05-2002](#), "Next generation takes over in Lundin Petroleum" (org. title and quote: *Börs & Finans: Nästa generation tar över i Lundin Petroleum: "Vi arbetar med den fasta övertygelsen att oljeprospektering och utvinning är bra för Sudans folk. Dessutom gör vi rätt rejäla hjälpinsatser."*), Carl Thulin.



*We cannot change a country, but we can put pressure on it by demanding that they uphold human rights, or we will otherwise be forced to withdraw. Then they would realize that they risk losing investments. We are important for these countries and oil production is often the only source of income. In Sudan we have made sure that we have built schools and hospitals. It is possible to achieve a whole lot with small means. That strengthens our position both with regard to the local population and the authorities.*

- Ian Lundin, Chairman of **Lundin Petroleum AB**, [24-06-2002](#)<sup>90</sup>

*We are upset and think it is a pity that they once again present oil as the cause to all problems. We on the contrary see oil as a positive factor.*

- Ashley Heppenstall, Managing Director and Chief Executive Officer **Lundin Petroleum AB**, [25-11-2003](#)<sup>91</sup>

*I feel that we are fully accepted by those we want to be accepted by... Those attacks we were subjected to regarding Sudan were much exaggerated and I am of the strong belief that investments in underdeveloped countries by the oil industry are good for the country. It makes money, and it creates jobs, if oil is found. For an underdeveloped country is it often the only way to quickly improve. Sudan has actually seen a great increase in prosperity thanks to oil.*

- Adolf Lundin, Major shareholder and Honorary Chairman of **Lundin Petroleum AB**, [02-06-2004](#)<sup>92</sup>

*I think oil with time may give peace and a better life for the Sudanese people.*

- Ashley Heppenstall, Managing Director and Chief Executive Officer **Lundin Petroleum AB**, [02-09-2004](#)<sup>93</sup>

*I believe that all people should be given a chance to improve their lives, and those who say that we should leave countries like Sudan to its own devices are not giving ordinary people a chance... It is always the oil companies that are accused when there are problems, but one has to look further and see what is happening with the people... The lives of ordinary people have improved.*

- Ian Lundin, Chairman of **Lundin Petroleum AB**, [01-03-2006](#)<sup>94</sup>

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<sup>90</sup> *Veckans Affärer*, [24-06-2002](#), "Interview: Ian Lundin – Jr. takes over" (org. title and quote: *INTERVJU: IAN LUNDIN - Jr tar över: Vi kan inte ändra på ett land, men vi kan sätta press genom att kräva att de tar hänsyn till mänskliga rättigheter, annars tvingas vi dra oss tillbaka. Då inser de att de riskerar att tappa investeringarna. Vi är viktiga för de här länderna och oljeproduktionen är ofta enda inkomstkällan. I Sudan har vi passat på att bygga skolor och sjukhus. Det går att åstadkomma en hel del med små medel. Det stärker vår position hos både lokalbefolkningen och makthavarna.*).

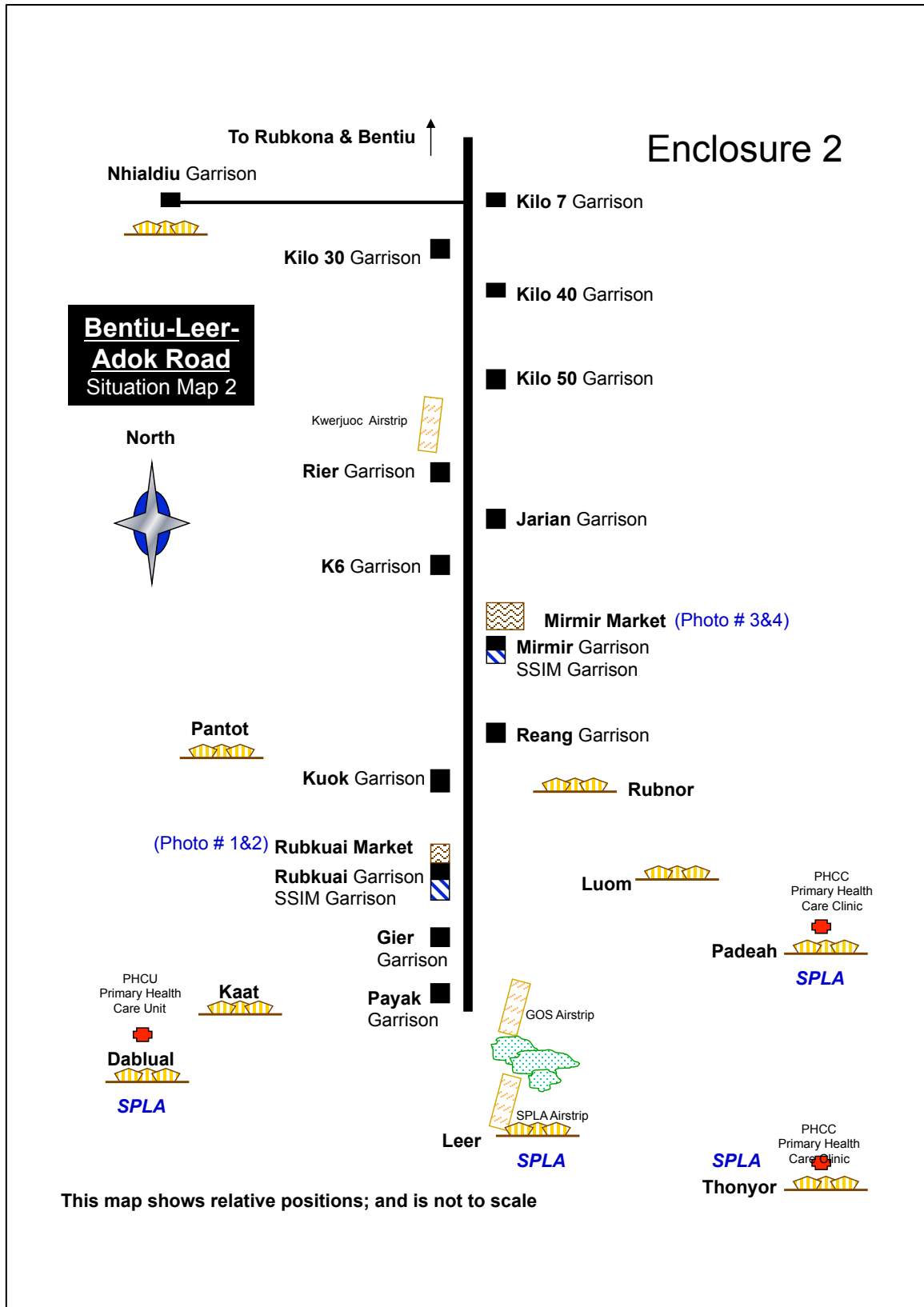
<sup>91</sup> *TT*, [25-11-2003](#), "Lundin Petroleum considered complicit to attacks in Sudan" (org. title and quote: *LUNDIN PETROLEUM ANSES MEDSKYLDIGT TILL ÖVERGREPP I SUDAN: "Vi är upprörda och tycker det är synd att de återigen utmålar oljan som orsaken till alla problem. Vi ser tvärtom oljan som en positiv faktor."*), Tomas Härenstam and Joakim Goksör, Stockholm. Vd Lundin Petroleum AB, about the release of the Human Rights Watch report.

<sup>92</sup> *Affärsvärlden*, [02-06-2004](#), "The oil family does it again" (org. title and quote: *Oljefamiljen gör det igen: "Jag känner att vi är helt accepterade av dem vi vill vara accepterade av... De där attackerna vi fick på oss gällande Sudan var mycket ovederhäftiga och jag har den fasta övertygelsen att investeringar i underutvecklade länder av oljeindustrin är bra för landet. Det blir pengar, det blir jobb, om man hittar olja kommer de att få stora inkomster. För ett underutvecklat land är det ofta det enda sättet att snabbt kunna bli lite bättre. Sudan har faktiskt haft enorma öknings i välbudet tack vare oljan."*), Edling, Lotta, p.1.

<sup>93</sup> *Svenska Dagbladet*, [02-09-2004](#), "Lundin's oil business condemned – Human Rights Watch criticizes the company for collaborating with regime in Sudan accused of genocide" (org. title and quote: *Lundins oljeaffärer fördöms - Human Rights Watch kritiserar företaget för samverkan med folkmordsanklagad regim i Sudan: "Jag tror att oljan på sikt kan leda till fred och ett bättre liv för det sudanesiska folket."*), Hall, von, Gunilla, p.17.

<sup>94</sup> *Dagens Industri*, [01-03-2006](#), "New drillings in Sudan determine Lundin's future" (org. title and quote: *Nya borrhningar i Sudan avgör Lundins framtid: "Jag tror på att alla människor måste få en chans att förbättra sina liv, och de som säger att vi ska lämna länder som Sudan åt sitt öde vill inte ge vanliga människor en chans... Det är alltid oljebolagen som anklagas när det blir problem, men man måste lyfta blicken och titta på vad som händer hos folket... Vanligt folk har fått det batter."*), Gustaf Tapper, p.1.





Map showing Lundin's oil road in 2003, from Enclosure 2 of the U.S.-led Civilian Protection Monitoring Team (CPMT)'s report *Report of Investigation: Violence against Civilians along the Bentiu-Leer-Adok Road*, published in Khartoum in August 2003.

This map demonstrates that by 2003 the only health clinics in the vicinity of the southern half of Lundin's oil road were located in (rebel) SPLA-controlled towns at some distance from the road itself; by contrast the oil road was heavily militarized with a series of garrisons positioned along its length.



### Lundin's message no. 3:

## Our oil road infrastructure is helping local people

At the time of Lundin's acquisition of Block 5A, there was no year-round road access to the concession that comprised large areas of seasonally flooded wetland. After discovering oil at Thar Jath it became necessary for Lundin to expand and improve the existing road network in order to facilitate the further development of their licence. An old road crossed the area, only a few km from Lundin's oil strike, which had been constructed during the time Chevron explored for oil. Lundin considered upgrading this road but decided in 1999 to build a new 73 km long all-weather road that would connect their oilfield to their base camp at Rubkona, with a further extension in 2002 towards the villages of Ler and Adok. Lundin's road took a new course; according to the company this was to avoid local settlements<sup>95</sup>.

The first section of the road cost US\$5.3 million to build<sup>96</sup>, by a Chinese subcontractor using two teams of North Sudanese and Chinese workers<sup>97</sup>. Construction started during the dry season at the end of 1999 and continued until May 2000, when it was suspended until September 2000, due to the rainy season<sup>98</sup>. This first section of the oil road was completed in January 2001<sup>99</sup>, and soon after Lundin returned to finish the drilling and the testing of its first production well. Security along the road was provided by the Sudanese government army, while a local militia, the SSIM, provided the security for the wider Lundin concession<sup>100</sup>. The southern extension to the oil road was constructed in early 2002 by the Khartoum-based company Hagleig Petroleum Services & Investment at a cost of \$3.7 million<sup>101</sup>. Once again huge numbers of people were displaced along its route<sup>102</sup>.

Lundin's has repeatedly claimed that the new roads were beneficial to the local population, upholding the opinion that "there was no removal or 'forced eviction' of civilians for the purpose of road construction"<sup>103</sup>. Much detailed documentation nevertheless demonstrates that many attacks against local villages took place within Lundin's block, particularly during the time and in the vicinity of the road construction. This evidence is backed up by satellite image analysis, which demonstrates that almost all communities that had existed in the path of Lundin's new oil road had disappeared by 2002<sup>104</sup>.

Shareholders are urged to investigate how Lundin could have remained unaware of the destruction of civilian homes and livelihoods in the immediate vicinity of where it carried out its infrastructure development.

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<sup>95</sup> Lundin Oil 2001:3.

<sup>96</sup> <http://www.apco-sd.com> Accessed March 2006.

<sup>97</sup> HRW 2003; Lundin has however claimed that no foreign nationals were working on the road (Lundin email 2005 cited by Coalition for International Justice 2006:31)

<sup>98</sup> Lundin 2001:3.

<sup>99</sup> <http://www.apco-sd.com> Accessed March 2006.

<sup>100</sup> Anglican Communion website [www.anglicancommunion.org](http://www.anglicancommunion.org), posted 19-06-2001, 'The Oil Road', translated from *Dagens Nyheter* 28-04-2001, 'Lundins Oils väg' by Anna Koblanck.

<sup>101</sup> <http://www.apco-sd.com> Accessed March 2006; <http://www.hagleig.com/projects.html> Accessed April 2013.

<sup>102</sup> Christian Aid 2002: 6.

<sup>103</sup> Lundin Oil 2001:3: Lundin's own investigations "can now state categorically that there has been no forced population displacement along the 80-kilometer all-weather road which runs from our base camp at Rubkona to the present drill site at Jarayan, and no burning of villages to make way for this road." (Middle East Economic Survey 2001 cited in Coalition for International Justice 2006: 32).

<sup>104</sup> ECOS 2010: 54-61.



*The road has – or had – many villages on it but has been cleared of its population by the Government of Sudan this year. The villages from near Bentiu going southeast are called Dhorbur, Chotyiel, Dhor Rieng, Kuac, Leer, Chieng Yar, Chotyien, Gon and then Rier... The general situation seems to be that the Government of Sudan wants to keep people from within close reach of the oilfields.*

- Paul Savage, **South Sudan Project Officer for Christian Aid**, [30-05-2000](#)<sup>105</sup>

*Lundin Petroleum, who operated in a much more exposed area to the south of the GNPOC partners known as Block 5A... did not employ soldiers but it was much more difficult for that company to maintain any kind of separation from the Sudanese military, if only because the main access road to its concession was under constant attack and was the only road used by the government to reinforce several tenuously held garrisons.*

- **Canadian diplomat and Head of the Canadian Embassy in Sudan** Nicholas Coghlan, [February 2001](#)<sup>106</sup>

*In 1998, as oil exploration began, government militias swept across the area from north to south, meeting opposition from local Nuer who wanted a role in oil. Tens of thousands of civilians were temporarily displaced.*

*The second wave of displacement came as Lundin attempted to build its road. Many of those displaced in this fighting escaped with nothing but the clothes they were wearing when government forces attacked their villages. Most were burned out of their homes between October 1999 and May 2000. All had a depressingly similar story to tell...*

*The last reliable report I have comes from a UN official who flew over Lundin's road last month briefly pursued by soldiers in an armed Toyota.*

*He is prohibited from speaking publicly, but this is what he told me: There is a lot of activity around the oilfield – lorries going up and down the road and lots and lots of soldiers within the perimeter. But the area is devastated. There are no civilians. All have been chased away.*

*In a statement last week, Lundin said its new road seems to be perceived as beneficial by the local population.*

- Julie Flint, **Dagens Nyheter**, [18-03-2001](#)<sup>107</sup>

*When I was living in Duar in 2000, an all-weather road was being built from Rubkona to the oil operations in Ryer... I knew that in building this road, the Government had forced people to move away and had bombed and attacked villages to get the people to move... In 2000 the all-weather road from Rubkona to Ryer was constructed through my land where my luak and tukhuls [houses] were destroyed by Government troops.*

- **Sudanese Chief** Peter Ring Patai, [March 2005](#)<sup>108</sup>

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<sup>105</sup> 'Christian Aid Report on the trip into Nhialdiu, Western Upper Nile, 24th May to 28th May 2000' by Paul Savage. London: Christian Aid. Unpublished typescript.

<sup>106</sup> Coghlan 2005: 47.

<sup>107</sup> Partially cited on the Sudanreeves.org website, accessed 7th February 2013.

<sup>108</sup> ECOS 2010: 37, citing witness testimony provided by Peter Ring Patai to the District of Southern New York court.



*I have, for example, interviewed various village chiefs in Nimne. They all say the same thing. Bomber planes came and bombed villages, people fled, troops came with helicopters and trucks and houses were burnt down. This was done in the area of the oil road that Lundin Oil built.*

- Diane de Guzman, **UNICEF humanitarian coordinator for South Sudan**, [1-04-2001](#)<sup>109</sup>

*The villages were bombed, and when the villagers were dispersed government forces came with helicopters or trucks and burned the village. Women, children and old people who did not have time to flee were burned alive in their huts. The same pattern reoccurred all along the [Lundin] road construction.*

- Julie Flint, **Dagens Nyheter**, [2-04-2001](#)<sup>110</sup>

*When I last flew over the area of the oil road four weeks ago, I saw that the Rier-Nimne-Nhialdiu triangle was virtually gutted of villages; I estimate that about 30,000 people have been displaced from this area.*

- John Noble, **UN security officer for UN Operation Lifeline Sudan**, [1-04-2001](#)<sup>111</sup>

*Many displaced persons in Bentiu testify that Leer town has been burned down, and that they have fled to Bentiu along the old road that runs parallel to Lundin's road. They don't dare use the new road. There are seven military camps along it. "The road is full of soldiers. If one wants to walk on it one has to be careful," says a young man from Leer.*

- Journalist Anna Koblanck, **Dagens Nyheter**, [28-04-2001](#)<sup>112</sup>

*In the village of Kwach, halfway down Lundin Oil's road, there were reportedly 8,000 residents earlier. These days the village is mainly just a camp for the SSIM militia. Hundreds of men are sitting in the shade of the trees with their automatic rifles close by. Many of them are just boys.*

- Journalist Anna Koblanck, **Dagens Nyheter**, [28-04-2001](#)<sup>113</sup>

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<sup>109</sup> Svenska Dagbladet [01-04-2001](#), p. 14 by Gunilla von Hall (org. quote: *Jag har exempelvis intervjuat olika bychefer i Nimne. De säger alla samma sak. Bombplan kom och bombade byar, människor flydde, trupper kom in med helikoptrar och lastbilar och hus brändes ner. Detta skedde i området runt oljevägen som Lundin Oil byggt.*)

<sup>110</sup> Dagens Nyheter, 2-04-2001, 'I saw burning villages' (org. title: "Jag såg brända byar") by Julie Flint.

<sup>111</sup> Svenska Dagbladet [01-04-2001](#), p. 14 by Gunilla von Hall (org. quote: *när jag senast flög över området vid oljevägen, för fyra veckor sedan, såg jag att triangeln Rier-Nimne-Nhialdiu var så gott som rensad från byar, jag uppskattar att ungefär 30,000 människor tvångsflyttats från detta område.*)

<sup>112</sup> Anglican Communion website [www.anglicancommunion.org](http://www.anglicancommunion.org), posted 19-06-2001, 'The Oil Road', translated from *Dagens Nyheter* [28-04-2001](#), 'Lundins Oils väg' by Anna Koblanck.

<sup>113</sup> Anglican Communion website [www.anglicancommunion.org](http://www.anglicancommunion.org), posted 19-06-2001, 'The Oil Road', translated from *Dagens Nyheter* [28-04-2001](#), 'Lundins Oils väg' by Anna Koblanck.





*The oil companies have improved the infrastructure in the oil concession areas. While improvements such as the construction of all-weather roads, were primarily made to serve the commercial activities of the companies involved, it is obvious that the population has benefited as well. The army is in a better position to defend the areas.*

- **EU Heads of Mission in Khartoum**, following 3 day field visit to oilfields, May-2001<sup>114</sup>

*By December 2000, the GoS army began to forcibly remove civilians from the area as the all-weather surfacing of the road began. There were two months of aerial bombardment reported from Chotyiel south to Kuac in November to December [2000]. Helicopter gunships, operating in pairs, terrorised villagers during this period as well. When the soldiers finally began to move into villages, they bulldozed and torched houses up to an hour's walk on either side of the road. Southerners hid in the bush unable to do anything but watch as their homes and villages were destroyed.*

- Diane de Guzman, **UNICEF humanitarian coordinator for South Sudan**, September 2001<sup>115</sup>

*By early 2001, the oil road south of Bentiu was heavily defended by military patrols and guard posts. While the oil companies said that civilians were living there and enjoying the road, the tens of thousands of people already displaced from there to other less militarized areas told an entirely different story—one of people forced from their land, their cattle stolen, homes and possessions destroyed by government agents without the least notice or compensation.*

- **Human Rights Watch 2003**, report summary<sup>116</sup>

*During the years that we were attacked, I saw the oil company construction crews building an all-weather oil road from Rubkona toward Nhialdiu village. The oil company construction crews had a military escort. The troops would go ahead of the oil company construction crews to clear the area of all people and then the oil company construction crew would follow. A military garrison was built in the western part of Nhialdiu village along this road.*

- **Sudanese Chief** Gatluak Chiek Jang, Nairobi, 2006<sup>117</sup>

*In August 2001 intense fighting resumed in the oil fields... The fiercest fighting occurred along the new all-weather Bentiu–Ler road built by Lundin that allowed the Sudanese Armed Forces to move deep into SPLA [rebel] territory with armoured vehicles and tanks.*

- Robert Collins 2008 *History of modern Sudan*, **Cambridge University Press**<sup>118</sup>

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<sup>114</sup> Report submitted by the EU Presidency in Khartoum titled 'EU-Sudan dialogue, HoMs visit to oilfields 6-8 May 2001.

<sup>115</sup> Guzman, Diane (2001). *Report on displacement due to construction of oil road in WUN*. Unpublished report.

<sup>116</sup> Human Rights Watch 2003: 42.

<sup>117</sup> ECOS 2010: 84 citing Testimony by Chief Gatluak Chiek Jang, Nairobi 2006, US District Court for the Southern District of New York.

<sup>118</sup> Collins 2008: 258.



*The accounts of the attacks on civilians by the Sudanese government were consistent from all the people we interviewed. Everyone spoke of the bombardment by Antonovs, the [helicopter] gunship strafings and rocket attacks, and the violence and horror when the horsemen bore down on them in their villages. The first attacks began in January [2002], and seemed to be linked to the government efforts to complete the all-weather oil road to the Nile. The second wave of attacks took place in mid to late February, as the government began a serious push to capture Nhialdiu. Whoever controls Nhialdiu, can hope to control access to the oil road - and use it from which to clear new areas.*

- **Christian Aid & Dan Church Aid**, *Hiding between the streams*, March/April 2002

*Today there are two wars in Western Upper Nile: the war between government forces and the combined forces of Gadet/Paar which are attacking the oil road with unprecedented force, and the government's war to restore its control over Lundin's area of operations. On 22 January, Lundin announced a "temporary suspension of seismic and drilling operations on Block 5A... as a precautionary measure to ensure maximum security for its personnel and operation." It said it would be returning. Since then civilians living in the vicinity of the oil road – especially the more populated southern half – have been forced from their homes by government forces that have then destroyed their homes.*

*Once again, the story told by [the Internally Displaced Persons] is consistent – from Duar in the middle of the oil road to Rier and Pultuni, now site of a huge army garrison protecting Rier, at the bottom end of the oil road. All speak of Antonov bombardment and three daily rotations by helicopter gunships – morning, afternoon and evening. In fleeing their villages, civilians walked for up to 10 days to Waak near Nhialdiu, where we spoke to dozens of them. Most moved only at night, for fear of gunships. All said they saw their villages burning as they left. Asked why they left their homes, many said: "We left because of peace" – the new peace among the Nuer of Western Upper Nile that threatens the government's control of Block 5A.*

- Julie Flint, field visit report to **Christian Aid**, February 2002<sup>119</sup>

*The multiple allegations that Government of Sudan soldiers have killed civilians between May 2002 and July 2003 are substantiated...*

*The multiple allegations that Government of Sudan soldiers are beating and raping women in the vicinity of the Bentiu-Leer-Adok Road between the Government of Sudan garrison at Kilo[metre] 50 southwards to the GoS garrison at Payak are substantiated.*

- Brigadier General (Rtd) US Army Charles H Baumann, **Civilian Protection Monitoring Team**, Jan-July 2003<sup>120</sup>

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<sup>119</sup> Flint, Julie (2002). 'Trip to Western Upper Nile: February 2002'. Unpublished report to Christian Aid, London.

<sup>120</sup> Civilian Protection Monitoring Team (CMPT) *Report of Investigation: Violence against Civilians along the Bentiu-Leer-Adok Road*. Khartoum: August 2003.



*...Have not seen any offensives in relation to the eighty km long road that has been constructed between Lundin's base camp at Rubkona in Southern Sudan to the drill site at Thar Jath. On the contrary... people are using the road today, and Swedes are daily supporting the villages close to the road with water from three water tankers.*

- Lundin Oil AB press release, [16-03-2001](#)<sup>121</sup>

*We have built a road that today is used by the local population to transport merchandise and cattle back and forth to the market place, we have water stations along the road and we have a long term program with doctors and education.*

- Maria Hamilton, Corporate Communications Lundin Oil AB, [17-03-2001](#)<sup>122</sup>

*The road is used by the local population, when they for example take cattle to the market place. We have also drilled wells along the road. The road increases the mobility of the local population.*

- Maria Hamilton, Corporate Communications Lundin Petroleum AB, [18-03-2001](#)<sup>123</sup>

*We have been there for many years and more than any other. In this large swamp there are only 80 000 people. The reason why we placed the road in this particular area was that there are hardly any people living there. We do not believe that there has been any displacement of people.*

- Adolf Lundin, Major shareholder and Chairman of Lundin Oil AB, [22-03-2001](#)<sup>124</sup>

*I have instead seen the contrary. How villages have grown up along the road and how the people's lives have improved because of improved communications. Our presence means security to the population.*

- Alexandre Schneiter, Executive Vice President and Chief Operating Officer of Lundin Petroleum AB, [22-03-2001](#)<sup>125</sup>

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<sup>121</sup> *Göteborgs Posten*, [16-03-2001](#), "Company requested to leave Sudan. Regime accused of financing the civil war with oil revenues" (org. title and quote: *Bolag uppmanas lämna Sudan Regimen anklagas för att finansiera inbördeskriget med oljeinkomster*: "inte bevittnat några övergrepp i samband med att en åtta mil lång väg byggdes mellan Lundins basläger i Rubkona i södra Sudan till borrhjälpen i Thar Jath. Tvärtom...använder människor i dag vägen och svenskar försörjer dagligen byar i närheten med vatten från tre tankbilar."), Jan Halldin, p.26. Clarification: A Swedish "mile" equals 10 km.

<sup>122</sup> *Aftonbladet*, [17-03-2001](#), "Carl Bildt called to crisis meeting - 'We are shaken by the accusations'" (org. title and quote: *Carl Bildt kallas till krismöte - 'Vi är skakade av anklagelserna*: "Vi har byggt en väg som i dag används av lokalbefolkningen för att transportera varor och boskap fram och tillbaka upp till marknadsplatser, vi har vattenstationer utmed vägen och vi har ett långsiktigt program med läkare och utbildning."), Bengt Michanek, p.9.

<sup>123</sup> *Svenska Dagbladet*, [18-03-2001](#), "Crisis meeting expected after accusations" (org. title and quote: *Krismöte väntar efter anklagelserna*: "Vägen används av lokalbefolkningen, till exempel när de fraktar boskap till marknadsplatsen. Vi har också borrar längs vägen. Vägen ökar rörligheten för lokalbefolkningen."), Gunilla von Hall, Genève.

<sup>124</sup> *TT*, [22-03-2001](#), "Lundin Oil: Industry important for the people of Sudan" (org. title and quote: *LUNDIN OIL: OLJEINDUSTRIN VIKTIG FÖR SUDANS BEFOLKNING*: "Vi har varit där i många år och mer än någon annan. I den här stora träskmarken finns det bara 80 000 människor. Orsaken till att vi drog vägen i just det här området var att det knappt finns någon befolkning där. Vi tror inte på att det har varit någon fördrivning av människor."), Stockholm.

<sup>125</sup> *TT*, [22-03-2001](#), "Lundin Oil: Industry important for the people of Sudan" (org. title and quote: *LUNDIN OIL: OLJEINDUSTRIN VIKTIG FÖR SUDANS BEFOLKNING*: "Jag har i stället sett motsatsen. Hur det växer upp byar utmed vägen och hur människor har fått det bättre genom att de fått bättre kommunikationer. Vår närvaro innebär en trygghet för befolkningen."), Stockholm.



*The road is open for all and it is not about any heavy troop movements to wipe out the area.*

- Christine Batruch, Managing President Corporate Responsibility **Lundin Oil AB**, [22-03-2001](#)<sup>126</sup>

*Any person may use the company's road; the government army as well as humanitarian aid organisations. The company's airstrip has sometimes been used by the government for military purpose, but Lundin Oil has disapproved in these cases.*

- Alexandre Schneider, Executive Vice President and Chief Operating Officer of **Lundin Petroleum AB**, [23-03-2001](#)<sup>127</sup>

*There is fighting going on and villages have surely been burned, but not close to the road.*

- Ian Lundin, Managing Director **Lundin Oil AB**, [30-03-2001](#)<sup>128</sup>

*Having carried out our own investigation we can now state categorically that there has been no forced population displacement along the 80 km all-weather road which runs from our base camp at Rubkona to the present drill site at Jarayan, no burning of villages to make way for the road. There are witnesses on the ground who are prepared to testify about this.*

- **Lundin Oil AB** Press Release [3-04-2001](#)<sup>129</sup>

*Company representatives were actually present throughout the whole construction phase and did monitor the security situation along that road. This is why it can assert that it did not witness any forced population displacement but recognizes the movement of people, due to insecurity.*

- **Lundin Oil AB** report Lundin Oil in Sudan, [05-2001](#)<sup>130</sup>

*No, that about the 'death road' in Sudan was just nonsense. We built clinics and helped people, and in Khartoum we still have an orphanage.*

- Adolf Lundin, Major shareholder and Honorary Chairman of **Lundin Petroleum AB**, [23-01-2006](#)<sup>131</sup>

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<sup>126</sup> *TT*, [22-03-2001](#), "Lundin Oil: Industry important for the people of Sudan" (org. title and quote: *LUNDIN OIL: OLJEINDUSTRIN VIKTIG FÖR SUDANS BEFOLKNING*: "Vägen är öppen för alla och det handlar inte om tunga trupprörelser för att rensa område."), Stockholm.

<sup>127</sup> *Dagens Nyheter*, [23-03-2001](#), "Drillings in Sudan continue" (org. title and quote: *Borringarna i Sudan fortsätter*: "Vem som helst kan använda bolagets väg, såväl regeringstrupper som hjälporganisationer. Bolagets flygfält har någon gång utnyttjats av regeringen i militära syften, men Lundin Oil har då protesterat."), Anna Koblanck.

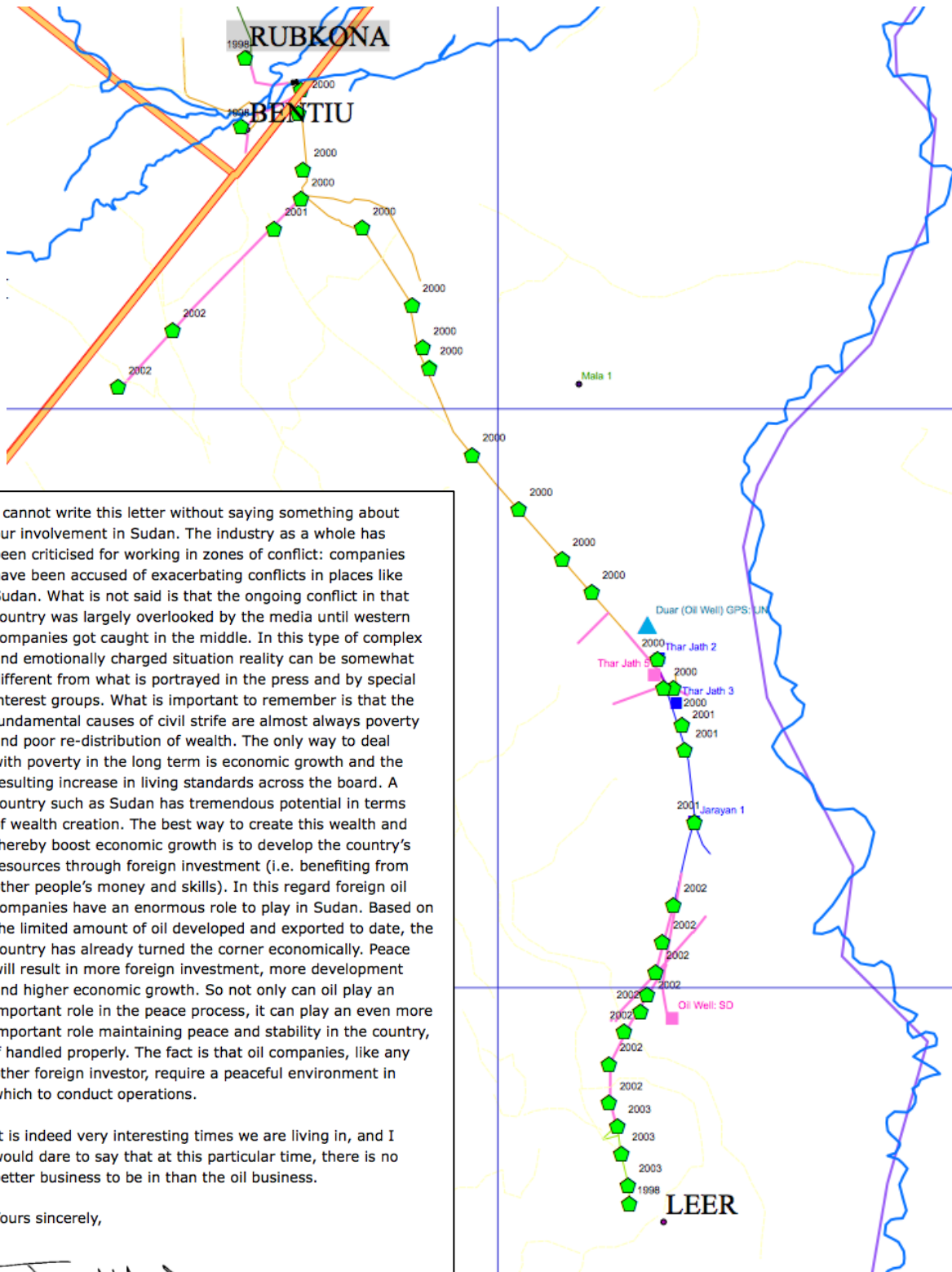
<sup>128</sup> *Dagens Nyheter*, [30-03-2001](#), "Sharp criticism from the UN" (org. title and quote: *Skarp kritik från FN*: "Det pågår strider och säkerligen har byar bränts men inte i närheten av vägen."), Anna Koblanck, p.4 section C.

<sup>129</sup> Lundin Oil AB press release, [3-04-2001](#), 'Sudan: Lundin Oil refutes the allegations'.

<sup>130</sup> Lundin 2001: 16.

<sup>131</sup> *Veckans Affärer*, [23-01-2006](#), "Portrait: Adolf Lundin – "I would give up everything I have earned if I could be well again" (org. title and quote: *PERSONPORTRÄTT: ADOLF LUNDIN – 'Jag skulle ge upp allt jag tjänat om jag kunde bli frisk*: "Nej, det där med "dödens väg" i Sudan var ju nonsens. Vi byggde kliniker och hjälpte folk, och i Khartoum har vi fortfarande ett barnhem.")", Gunnar Lindstedt.





I cannot write this letter without saying something about our involvement in Sudan. The industry as a whole has been criticised for working in zones of conflict: companies have been accused of exacerbating conflicts in places like Sudan. What is not said is that the ongoing conflict in that country was largely overlooked by the media until western companies got caught in the middle. In this type of complex and emotionally charged situation reality can be somewhat different from what is portrayed in the press and by special interest groups. What is important to remember is that the fundamental causes of civil strife are almost always poverty and poor re-distribution of wealth. The only way to deal with poverty in the long term is economic growth and the resulting increase in living standards across the board. A country such as Sudan has tremendous potential in terms of wealth creation. The best way to create this wealth and thereby boost economic growth is to develop the country's resources through foreign investment (i.e. benefiting from other people's money and skills). In this regard foreign oil companies have an enormous role to play in Sudan. Based on the limited amount of oil developed and exported to date, the country has already turned the corner economically. Peace will result in more foreign investment, more development and higher economic growth. So not only can oil play an important role in the peace process, it can play an even more important role maintaining peace and stability in the country, if handled properly. The fact is that oil companies, like any other foreign investor, require a peaceful environment in which to conduct operations.

It is indeed very interesting times we are living in, and I would dare to say that at this particular time, there is no better business to be in than the oil business.

Yours sincerely,

*Ian H. Lundin*

IAN H. LUNDIN  
CHAIRMAN

**Text:** Lundin made the claim on a number of occasions that the controversy in the media over the involvement of Western oil companies in Sudan was positive because it brought attention to the conflict in country.

This letter appeared in the Lundin Petroleum AB 2002 Annual Report (page 5).

**Background map:** the two main oil roads built by Lundin in its Block 5A concession during 1999–2003, together with Sudanese government military garrisons marked in green with their date of creation.

Map source: Hutchinson, Sharon (2006). *Western Upper Nile and Abyei Regions. Oil Development Activities 1998-2003*. Published by University of Wisconsin-Madison.



## Lundin's message no. 4:

### Western oil companies put Sudan on the map and help bring peace

Lundin's claim that the presence of western oil companies in Sudan brought much-needed attention to its long-running civil war should be seen in the light of (1) the country already being one of the largest recipients of humanitarian aid by 1997<sup>132</sup>; (2) a huge famine in the Bahr el Ghazal region of South Sudan becoming the most mediated humanitarian catastrophe of 1998; and (3) the plight of the civilian population of southern Sudan already receiving much publicity since 1994 due to a major campaign against the resurgent practice of slavery<sup>133</sup>. Lundin's presence in Sudan did however bring additional media coverage about the civil war to the Swedish media from 2001, but only after the company was criticised by human rights and humanitarian organisations some four years after Lundin had started its operations.

Lundin's secondary claim that the presence of western oil companies improved conditions for peace and increased the flow of aid is countered by the information in Appendix 3, where it is demonstrated that the development of Sudan's oil industry – which was spearheaded by western oil companies – provided much extra foreign exchange for the government of Sudan which enabled it to purchase large quantities of sophisticated weapons that were used to conduct scorched earth campaigns against millions of civilians in South Sudan and Darfur, causing untold human suffering on an immense scale. The strategic importance of oil also increased the intensity of the conflict in the oilfields, which in turn led to the long term evacuation of many aid agencies from large parts of Block 5A, and the displacement of the majority of its civilian population.

Western oil companies were themselves repeated targets for attack by southern rebels, and the message for them should have been clear; western oil companies did not bring peace to the civil war in Sudan, but encouraged and fuelled more war. Lundin should have been fully aware of that and should have immediately disclosed this information to shareholders and the market.

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<sup>132</sup> e.g. Médecins Sans Frontières (1998). *Activity Report July 1997-June 1998*. Brussels: Médecins Sans Frontières – International office. This report gives figures for aid dispersals in 1997 where Sudan was the third largest recipient country.

<sup>133</sup> Slave-raiding resumed on a large scale in Sudan during the second civil war, and was first documented in 1987 in a report entitled 'The Diein Massacre: Slavery in the Sudan' by Dr Ushari Ahmed Mahmoud and Suleyman Ali Baldo of the University of Khartoum. See pp. 91–125 in Scroggins, Deborah (2003, first published 2002). *Emma's war. Love, Betrayal and Death in the Sudan*. London: Harper Collins. Sudanese media took up the story, e.g. *Sudan Times*, 10-09-1987, 'Escaped Slave Girl Arrives in Khartoum to tell her Story'.

Accounts of slave raiding in Sudan reached the international media already in the late 1980s, e.g. *Washington Post*, 24-11-1987, 'Slavery in Sudan' by Blaine Harden; *The Atlanta Journal and Constitution*, 15-04-1988, 'Children up for sale as 20,000 hungry refugees seek a way out' by Deborah Scroggins, *Times Union*, 4-07-1988, p. A1, 'Proud Dinka Herders Victims of Sudan 'Holy War'' by Colin Campbell and Deborah Scroggins; Anti-Slavery International (1988) *Report to the United Nations Working Group on Slavery*.

A slave redemption campaign was initiated in October 1995, creating a huge wave of awareness – see Eibner, John (1999) My Career Redeeming Slaves, *Middle East Quarterly* VI(4), 3-16. Two American reporters even travelled to southern Sudan and bought back black slaves from northern traders, which they reported in *The Baltimore Sun*, 16-06-1996. The massive public concern in the US about slavery in Sudan led to a Joint Subcommittee Hearing with The Subcommittee on International Operations and Human Rights and the Subcommittee on Africa of the U.S. House Committee on International Relations on the 13th March 1996.

Further attention on slavery in Sudan has been supplemented by the criticism of the practice of buying back slaves, for example see Minitier, Richard (1999). 'The False Promise of Slave Redemption', *The Atlantic Monthly* July 1999. Downloaded 26th September 2012 from [www.theatlantic.com](http://www.theatlantic.com)





*While [Arakis and International Petroleum Corporation] drill for oil, more than 1,000 government troops dig in – braced for rebel attacks against their Canadian guests...*

*When the bullets were flying a few months ago – tracer bullets lighting up the night sky – Canadian oil workers had to turn back from their route to the Heglig camp.*

- **Toronto Star** reporter Martin Regg Cohn, 20-04-1997<sup>134</sup>

*In spite of the Canadian protesters Lundin Oil is planning new drill holes in Sudan. The large oil finds are tempting and spokespeople for the company are painting a brighter picture than that presented in the Canadian media.*

- Robert T Eriksson , **FinansTidningen**, 2-12-1999<sup>135</sup>

*Lundin's decision to move forward with drilling and exploration efforts in the midst of Sudan's immensely destructive civil war is one of almost unfathomable callousness. It should be the source of shame for Sweden and its people. So, too, should the realisation that all Sudanese revenues Lundin generates from this project will go to the Khartoum regime, a regime that conducts war by engineering famine, by encouraging a merciless trade in human slavery, and by the relentless and savagely cruel bombing of civilian targets throughout southern Sudan.*

- Eric Reeves, **Internationalen** (Sweden), 15-03-2001, also sent to the Swedish Foreign Ministry 16-01-2001<sup>136</sup>

*Security for oil operations [in rebel-controlled areas] involves systematic attacks on civilian settlements.*

*Oil companies in partnership with the Government of Sudan are clearly implicated in this security policy. In order to extract oil from a contested region, one where the inhabitants are in critical respects considered by the government as a security risk, the oil companies become part of a counter-insurgency operation. Military operations against rebel forces in Western Upper Nile and military operations designed to clear and secure the oil fields are not distinct from one another. In fact, they are the same. Oil facilities and infrastructure are de facto military facilities, the oil fields are the most heavily militarized locations, oil company property and personnel are viewed as military targets by rebel forces and indigenous rural communities are considered security threats by forces protecting oil company property.*

- Georgette Gagnon & John Ryle, in an **independent human rights report**, April/October 2001<sup>137</sup>

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<sup>134</sup> *Toronto Star*, 20-04-1997, 'Oiling the wheels of revolution: Two Canadian companies defy rebel threats to drill in Sudan's hinterland' by Martin Regg Cohn.

<sup>135</sup> *FinansTidningen*, 2-12-1999, 'Lundin Oil staying put in Sudan' (orig. title and quote: *Lundin Oil stannar kvar i Sudan*: "Trots de kanadensiska protesterna planerar Lundin Oil nya borrhningar i Sudan. De stora oljefynden lockar och företrädare för bolaget målar upp en betydligt ljusare bild än den som framkommit i kanadensisk media") by Robert T Eriksson.

<sup>136</sup> <http://www.globalreporting.net/sv/news/handlingar-fran-ud> posted 5-11-2012.

<sup>137</sup> Gagnon & Ryle 2001: 30.



*Sudan has reappeared on the map, due to western companies which has meant that aid organizations have started to get involved.*

- Magnus Nordin, Deputy Managing Director **Lundin Oil AB**, 03-05-2000<sup>138</sup>

*A couple of years ago the civil war was just one of many forgotten wars in Africa. The presence of international companies has actually contributed to create attention to the conflict in a better way.*

- Magnus Nordin, Deputy Managing Director **Lundin Oil AB**, 05-05-2000<sup>139</sup>

*No, no, I know that there are those who say that the oil industry intensifies the war. But then you know very little about what it is all about in Sudan... The more we have of foreign presence there – aid workers, oil companies, foreign investors and humanitarian aid organizations – the more I believe we could create conditions for peace.*

- Carl Bildt, Member of the Board **Lundin Oil AB** 19-03-2001<sup>140</sup>

*Many companies are involved in the oil business in Sudan. I think there is a significant advantage that there are companies from countries such as Sweden and Canada which in their behaviour are actively interested in pursuing and realising the guidelines and recommendations which amongst others the UN and Amnesty have set for businesses in situations like this.*

- Carl Bildt, Member of the Board **Lundin Oil AB** 19-03-2001<sup>141</sup>

*But we learned a lot from the crisis in Sudan and afterwards the debate as such was very good. A war was going on where people died every day and of which the world did not know anything about. Now it has gained attention, a peace process is proceeding - it is not that sure that it would have been like this if the oil companies had not caused the debate.*

- Ian Lundin, Chairman of **Lundin Petroleum AB**, 02-06-2004<sup>142</sup>

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<sup>138</sup> *Aftonbladet*, 03-05-2000, "Swedish oil company prolongs the war" – Amnesty report voices alarm" (org title and quote: *Svenskt oljebolag förlänger kriget*" - *Amnesty-rapport slår larm*: "Med de västerländska bolagen har Sudan kommit tillbaka på kartan, vilket gör att hjälporganisationer börjat engagera sig."), Oisin Cantwell, p.13

<sup>139</sup> *Finansstidningen*, 05-05-2000, "Lundin postpones drillings in Sudan" (org. title and quote: *Lundin Oil skjuter upp borrhningarna i Sudan*: "För ett par år sedan var inbördeskriget i Sudan bara ett i raden av glömda krig i Afrika. De internationella oljebolagens närvaro har faktiskt bidragit till att konflikten har uppmärksamats på ett bättre sätt."), Robert T Eriksson.

<sup>140</sup> *TT*, 19-03-2001, "No information about Bildt remaining at Lundin Oil", (org. title and quote: *INGA BESKED OM BILDT STANNAR I LUNDIN OIL*: "Nej, nej, jag vet att det finns de som påstår att oljeverksamheten leder till att kriget intensifieras. Men då vet man mycket lite om vad det handlar om i Sudan... Ju mer av utländsk närvaro vi har där - hjälparbetare, oljebolag, utländska investerare och humanitära hjälporganisationer - desto mer tror jag att vi kan skapa förutsättningar för fred.") Stockholm.

<sup>141</sup> Cited from Carl Bildt's newsletter in *Svenska Dagbladet*, 19-03-2001, p. 7 by Gunilla von Hall (org. quote "Många bolag är involverade i oljearbetet i Sudan. Jag tror att det är en betydande fördel att det finns företag från länder som Sverige och Canada som i sitt uppträdande är aktivt intresserade av att följa och förverkliga de riktlinjer och rekommendationer som bl a FN och Amnesty har för företag i situationer som denna.)

<sup>142</sup> *Affärsvärlden*, 02-06-2004, "The oil family does it again" (org. title and quote: *Oljefamiljen gör det igen*: "men vi lärde oss mycket av Sudankrisen och debatten som sådan var i efterhand väldigt bra. Det pågick ett krig där massor av människor dog varenda dag och resten av världen hade ingen aning. Nu har man börjat titta på det, det är en fredsprocess i gång - det är inte helt säkert att det hade varit så om inte oljebolagen orsakat debatt."), Lotta Edling, p.1.





This 14 page booklet was published by Lundin Oil in September 2002 to describe its Community Development & Humanitarian Assistance Program in Block 5A in Sudan. This was a unique initiative by the company to provide local assistance in the area of its oil operations and was not paralleled in any of the other countries where Lundin was working at that time. The program is first mentioned after the massive criticism of the company in the Swedish press in March 2001.

Lundin temporarily devoted a disproportionate amount of media coverage to this program, while by contrast has made almost no mention of the civil war in Sudan, or of the particular suffering caused by this war to the civilians living in Block 5A.



## Lundin's message no. 5:

### We help the community, so we cannot be doing harm

Lundin ran a 'Community Development and Humanitarian Assistance Program' in its Block 5A concession, that appears to have provided a very limited service prior to early 2001<sup>143</sup>, when Lundin first became the subject of massive criticism in the Swedish media. By 2002 Lundin's healthcare clinic at Thoan, 15 minutes by car south of Bentiu/Rubkona, was run at an annual cost of US\$120,000<sup>144</sup>, which together with Lundin's other community projects represented a tiny input compared to the massive needs and suffering of the local population, particularly when considering the huge profit the company made when it sold its share of Block 5A in June 2003. Similar criticisms have been levelled at the community projects run by Arakis and later Talisman in the neighbouring Block 1, Block 2 and Block 4 concessions.

Whilst these community projects did undoubtedly provide some assistance to some of the civilians living in the area, a disproportionate amount of media attention was given to these projects by the oil companies, compared to minimal coverage of the very severe civil war taking place in their oilfields. This discrepancy would suggest that these projects were partly run for their public relations value in the face of massive media criticism.

Publication	Total pages	Pages dedicated to Block 5A community project	Mention of civil war in Sudan/5A	Notes
Lundin Oil 1997 Annual Report	54	None	No	
Lundin Oil 1998 Annual Report	58	None	No	
Lundin Oil 1999 Annual Report	58	None	Almost	'Actual work plan is dependant on the weather and logistical/security concerns unique to this area'
Lundin Oil 2000 Annual Report	58	None	No	2 pages dedicated to Corporate Responsibility for first time – Swedish media storm at its height
Lundin Petroleum Oct. 2001 rights issue	54	Whole page + 2 photos	2 sentences	'Due to cultural differences and tribal rivalries the country has experienced internal unrest the last 50 years'
Lundin Petroleum 2001 Annual Report	42	2 whole pages	2 sentences	Single mention of 'ongoing conflict' and of 'ongoing security problems in the [Block 5A] area'
Lundin Petroleum CDHAP report	14	14	Almost	'increasing instability in the area' & 'influx of displaced people'
Lundin Petroleum 2002 Annual Report	58	Whole paragraph + 2 photos in 2 page section on Corporate Responsibility	3 sentences	'Companies have been accused of exacerbating conflicts in places like Sudan' & 'ongoing conflict in that country'
Lundin Petroleum 2003 Annual Report	66	None	No	Report published after sale of Block 5A; Lundin still retained Block 5B

<sup>143</sup> Anglican Communion website [www.anglicancommunion.org](http://www.anglicancommunion.org), posted 19-06-2001, 'The Oil Road', translated from *Dagens Nyheter* 28-04-2001, 'Lundins Oils väg' by Anna Koblanck.

<sup>144</sup> von Schreeb 2002: 13.



*Arakis likes to boast about the support it is providing to schools and medical clinics near the oil fields. In fact, they appear to be token gestures designed to deflect attention away from the fact that Arakis is a business partner of a dictatorial, racist and barbarous government.*

- Gary Kenny, coordinator of the **Canadian Inter-Church Coalition on Africa**, 4-03-1997<sup>145</sup>

*Talisman's most frequently-mentioned "humanitarian" contribution is a hospital at Heglig. Aid agencies deride this as tokenism, and recall that other hospitals in the area have repeatedly been bombed and clinics destroyed by the Sudan government, Talisman's partner in the project.*

- **Sudanow magazine** p. 13, July 1999

*There is no change. The oil company did not do any development. Getting medical treatment is a problem. There is no hospital. In April this year many children died, from meningitis, from malaria. And malnourishment too.*

- **Sudanese civilian** John Chop, Nimne, 16-04-2001<sup>146</sup>

*The oil industry has been in operation for eight years now, but no development has taken place here.*

- **Sudanese government employee**, Bentiu, South Sudan, 28-04-2001<sup>147</sup>

*When Lundin and Talisman came they did not hire any Sudanese from southern Sudan, only Arabs from the north... The oil companies do not care about the people here – they even bring their security guards from Khartoum... I don't want to moralise about the oil companies, but it is an ugly way that they treat people. They take a picture of a school and display it over and over to show how good they are. It is a PR coup, they haven't done anything.*

- **Sudanese relief worker**, Bentiu, South Sudan, 28-04-2001<sup>148</sup>

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<sup>145</sup> Inter Press Service, 25-08-1997, 'CANADA-SUDAN: Activists Condemn Oil Company's Operations in Sudan' by Pratap Chatterjee.

<sup>146</sup> Gagnon & Ryle, 2001: 24.

<sup>147</sup> Anglican Communion website [www.anglicancommunion.org](http://www.anglicancommunion.org), posted 19-06-2001, 'The Oil Road', translated from *Dagens Nyheter* 28-04-2001, 'Lundins Oils väg' by Anna Koblanck.

<sup>148</sup> Anglican Communion website [www.anglicancommunion.org](http://www.anglicancommunion.org), posted 19-06-2001, 'The Oil Road', translated from *Dagens Nyheter* 28-04-2001, 'Lundins Oils väg' by Anna Koblanck.



*The companies are reacting to public pressure, rather than implementing programmes in the most efficient manner.*

- **EU Heads of Mission in Khartoum**, following 3 day field visit to oilfields, May 2001<sup>149</sup>

*No matter what oil companies do in terms of providing such social services as hospitals, schools and roads in the area where they operate, their doing business in a war-torn country ... will continue to face international criticism until military warfare ends.*

- Gerhart Baum, **UN Special Rapporteur on Sudan**, 10-10-2001<sup>150</sup>

*Companies such as Lundin and Talisman are usually quick to point out Sudanese "development" projects they supply funds for, such as the construction of water-wells, roads, schools, and hospitals. In many cases, however, these projects are nothing more than a front to deflect criticism and keep investors happy.*

- Stephen Wittek, **Forget Magazine**, 3-08-2002<sup>151</sup>

*In February 2001, six out of 19 locations that were denied relief flights in Southern Sudan were in Lundin's concession area...*

*Lundin's community development projects are small compared to the denial of the massive UN relief operation and the scale of the suffering...*

*Why does Lundin, while publicising its own relief and development efforts, not speak out over the denial of humanitarian access to Operation Lifeline Sudan?*

- Mark Curtis, **Christian Aid**, in a verbal and written presentation to the board of Lundin Oil, 23-03-2001<sup>152</sup>

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<sup>149</sup> Report submitted by the EU Presidency in Khartoum titled 'EU-Sudan dialogue, HoMs visit to oilfields 6-8 May 2001.

<sup>150</sup> Reuters, 10-10-2001, 'Sudan civil war becoming war over oil - UN report' by Irwin Arief.

<sup>151</sup> [www.forgetmagazine.com/030802.htm](http://www.forgetmagazine.com/030802.htm) Accessed 1st February 2013.

<sup>152</sup> Christian Aid, March 2001, *Christian Aid presents Sudan evidence to Lundin Oil board*. Available from [www96.reliefweb.int](http://www96.reliefweb.int) Accessed 8th February 2013.





*In our area we are giving medicine, health care and water. And we contribute with work activities.*

- Alexander Schneider, Executive Vice President and Chief Operating Officer of **Lundin Oil AB**, 23-03-2001<sup>153</sup>

*The purpose of [the Community Development and Humanitarian Assistance Programme] is to promote better health, hygiene, education and quality of life for current and future residents of Block 5A. This contributes to development and promotes friendly relations between the consortium and the population in the area.*

- **Lundin Oil AB**, letter to shareholders, April 2001<sup>154</sup>

*The Company has faced some heavy criticisms mainly in the Swedish media about its involvement in Sudan. Those criticisms are misplaced and based on unreliable information. The involvement of foreign oil companies in Sudan has, on the contrary, had a very positive impact on the overall economy in a very short period of time. Through our community development and humanitarian assistance program (CDHAP) we are responding to some of the immediate needs of the population. We are also addressing the long term needs through capacity building and training.*

*We are committed to our Code of Conduct which will ensure that any investments made by us anywhere in the world take into account both environmental and social considerations to prevent any negative impact... But no amount of success would be satisfying unless we felt we were improving the lives of the people within the areas of our operations.*

- Ian Lundin, Chairman of **Lundin Petroleum AB**, 10-05-2001<sup>155</sup>

*Lundin Petroleum has operations in Block 5A, Unity State, South Sudan, which is mostly inhabited by the Nuer people. Due to a combination of climatic, geographic and political reasons, the Nuers live in precarious conditions. To try to enhance the well-being of this community and raise its living standards, Lundin Petroleum has initiated a Community Development and Humanitarian Assistance Program (CDHAP). After consulting with local leaders and development experts, it devised the following projects aiming at meeting some of the inhabitants basic needs:*

- ▶ *Infrastructure development – building of an all-weather road, bridges and seasonal roads to different parts of the concession area, thereby increasing people's mobility...*

- **Lundin Petroleum AB** Annual Report 2001, published ca. April 2002<sup>156</sup>

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<sup>153</sup> *Dagens Nyheter*, 23-03-2001, "Drillings in Sudan continue" (org. title and quote: *Borrningarna i Sudan fortsätter: "I vårt område bistår vi med mediciner, hälsovård, vatten. Och vi bidrar med sysselsättning. Just nu har vi 300-400 människor som arbetar för oss"*), Anna Koblanck.

<sup>154</sup> Quoted from *Svenska Dagbladet* 2-04-2001, p. 8 by Gunilla von Hall.

<sup>155</sup> Lundin Petroleum, 10-05-2001, Lundin Petroleum: Report for the three months ended 31 March 2001.

<sup>156</sup> Quote taken from page 14 of the Lundin Petroleum AB 2001 Annual Report.



*Up to now the project in Sudan has mostly been costing a lot of money, around 50 million dollars, not least when it comes to public relations... We have done more for the local population than many humanitarian organizations in the area. We have many doctors and field clinics in place and we have performed a very successful campaign against the tsetse-fly, mostly for children.*

- Adolf Lundin, Major shareholder and Honorary Chairman of **Lundin Petroleum AB**, [29-09-2002](#)<sup>157</sup>

*I took that criticism lightly. I know that our presence has benefited the people in the area. What we did was right. We have not just been drilling for oil. We have also given humanitarian aid by building schools and hospitals. That has benefited the local population.*

- Adolf Lundin, Major shareholder and Honorary Chairman of **Lundin Petroleum AB** [13-12-2002](#)<sup>158</sup>

### **Code of Conduct**

*Lundin Petroleum's Code of Conduct sets out the aim "to explore for and produce oil and gas in the most economically efficient, socially responsible and environmentally acceptable way"...*

- **Lundin Petroleum AB** Annual Report 2002, published ca. [April 2003](#)<sup>159</sup>

### *Policy in Practice (CDHAP in 2002)*

*In the course of 2002, Lundin Petroleum spent in excess of USD 1 million on its Community Development and Humanitarian Assistance Program (CDHAP) in Sudan. Among its accomplishments were the construction of a water filtration unit which produces 40,000 liters of freshwater per day, treatment of more than 20,000 patients in temporary health clinics, treatment of over 1,300 cattle, provision of school supplies and/or meals to approximately 1,100 children, funding the construction of a permanent clinic and school, training of 32 paramedics and employment of over 50 local inhabitants to carry out CDHAP projects. A team of seven Sudanese doctors carried out these projects. In addition financial grants were made to Sudanese and international aid organisations.*

- **Lundin Petroleum AB** Annual Report 2002, published ca. [April 2003](#)<sup>160</sup>

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<sup>157</sup> *Dagens Nyheter*, [29-09-2002](#). "Lundin towards the golden age of oil" (org. title and quote. *Lundin mot oljans guldålder*: "Hittills har projektet i Sudan bara kostat en massa pengar, runt 50 miljoner dollar, inte minst när det gäller human relations... Vi har kanske gjort mer för lokalbefolkningen än många hjälporganisationer i området. Vi har flera läkare och rödakorstält på plats och vi har fört en mycket framgångsrik kampanj mot tsetseflugans angrepp mot främst barn."), Thorsten Engman.

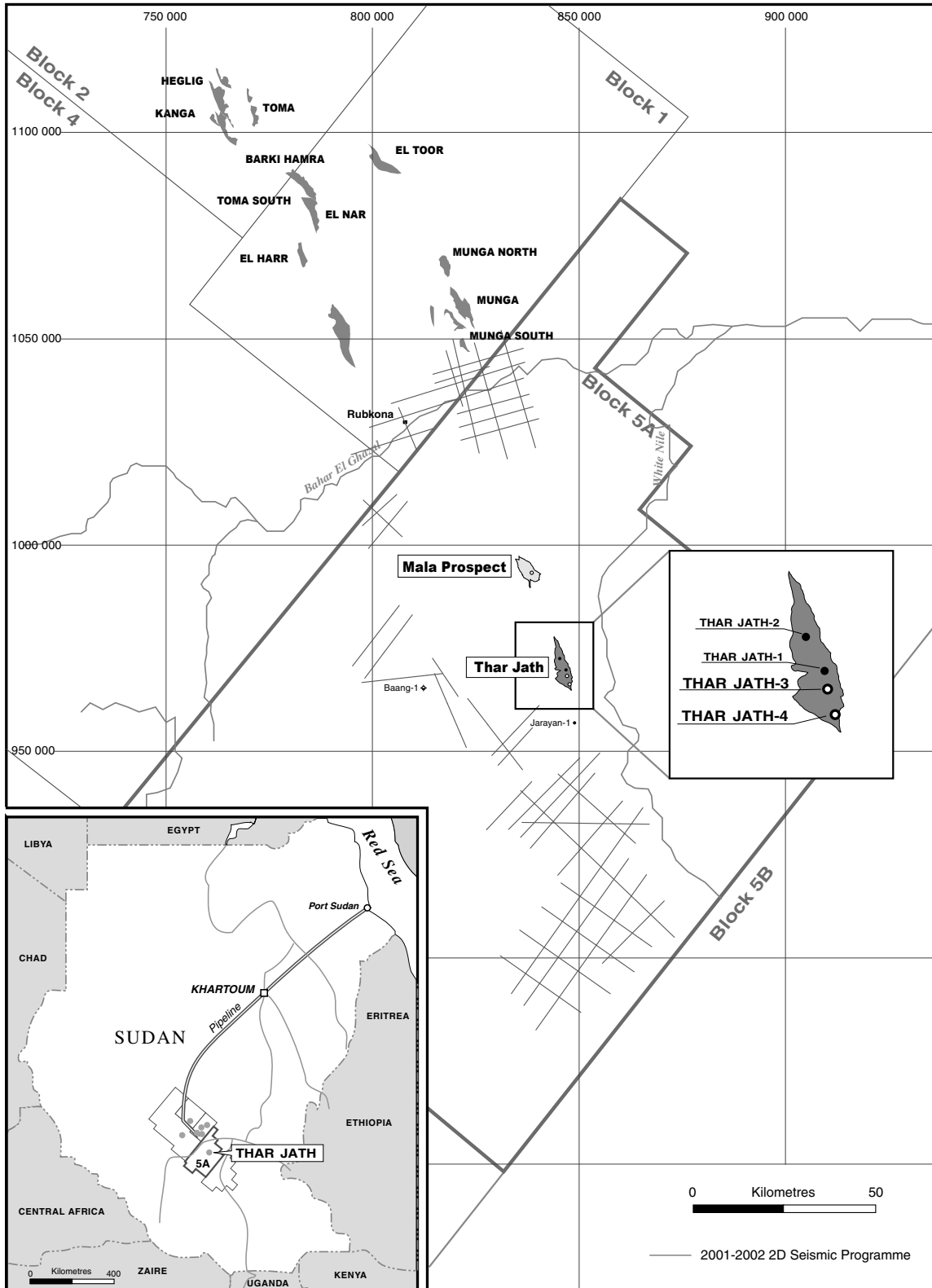
<sup>158</sup> *Finansvision*, [13-12-2002](#) "Adolf Lundin about the Iraq war and the sky-high future oil prices" (org. title and quote: *Adolf Lundin om Irakkriget och framtidens skyhöga bensinpris*: "Den kritiken tog jag lätt på. Jag vet att vår närvaro varit bra för människorna i området. Det vi gjorde var riktigt. Vi har inte bara borrat efter olja. Vi har också bedrivit en humanitär verksamhet genom att bygga skolor och sjukhus. Det har gynnat lokalbefolkningen."), Åke Lindberg.

<sup>159</sup> Quote taken from page 20 of the Lundin Petroleum AB 2002 Annual Report.

<sup>160</sup> Quote taken from page 21 of the Lundin Petroleum AB 2002 Annual Report.



### SUDAN - BLOCK 5A THAR JATH-3 & 4 WELL LOCATIONS



WF4853 12.01

Lundin's activities in its oil concession covered a large area due to the need to conduct extensive seismic surveys in order to identify suitable drill sites, as demonstrated by this map. The company's wide presence on the ground in Block 5A was used as an argument to placate concerns about the human rights situation in the licence area, using the argument that their viewpoints thereby had greater weight and credibility than those of Lundin's critics. Map source: [www.lundin-petroleum.com](http://www.lundin-petroleum.com)



## Lundin's message no. 6:

There is no need to listen to our critics as they are  
misinformed or biased

In response to negative media coverage in Sweden from March 2001, Lundin made a number of statements which claimed or suggested that its critics were inexperienced, over-emotional, naïve or prone to exaggeration, and lacked the hard information from the ground that was available to the company. Lundin also stated that it was used to dealing with the situation in Sudan, implying that nothing could therefore be amiss.

Some of these statements present a widely different view to that available from other sources, such as the claim that fighting in their concession was primarily due to a tribal conflict, that the area was sparsely populated and that the arrival of displaced persons in government-held garrison towns was indicative of atrocities being perpetrated by rebels groups only.

Given the huge discrepancy between these statements and those of acknowledged experts on the human rights situation in Sudan, shareholders are encouraged to implement a detailed investigation into Lundin's archives to cross-check the validity and sources of the information that was available to the company and upon which it made its statements.

*During my visit I gathered further evidence that oil exploitation leads to an exacerbation of the conflict with serious consequences for the civilians. More specifically, I received information whereby the Government is resorting to forced evictions of the local population and destruction of villages to depopulate areas and allow for oil operations to proceed unimpeded. I was informed that all the villages around Nhaldu, in Nimne, south of Bentiu, have been burnt to the ground and crops had been destroyed. Similarly, all the villages along the road up to Pulteri, in the surrounding of the oilfields at Rier, have been razed. Often the situation is further exacerbated by on-going fighting between the SPLM and the SPDF, which causes more displacement with the result that the entire central section of western Upper Nile can no longer be accessed and needy civilians are now beyond reach of OLS for either insecurity reasons or denial of access by the Government. With a new road in the process of being constructed in relation to the drilling platform at the Nile, east of Rier, more villages are likely to be burnt. It seems that, under the conditions of the on-going war, oil exploitation is often preceded and accompanied by human rights violations, particularly in terms of forced displacement. While the main responsibility for stopping this forced displacement is with the parties to the conflict, I appeal to all oil companies operating in Sudan to fully comply with their corporate responsibilities with a view to minimising the effects of such violations. I also appeal to the companies to refrain from starting new operations...*

- Gerhart Baum, **UN Special Rapporteur on the situation of Human Rights in the Sudan** [March 2001](#)<sup>161</sup>

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<sup>161</sup> UN Commission on Human Rights, 57th Session – 19 March- 27 April 2001, Oral Statement on the Human Rights situation in the Sudan by the Special Rapporteur on the situation of Human Rights in the Sudan, Mr. Gerhart R. Baum.



*According to Lundin Oil, the fact that the displaced persons gather in the government-controlled towns proves that they have not been displaced by the government troops, since they would in that case flee away from the army. But to the displaced it does not matter who chased them away. They seek protection wherever they can get help. "It doesn't have anything to do with politics. It is about surviving," one relief worker says.*

- Anna Koblanck, *Dagens Nyheter*, 28-04-2001<sup>162</sup>

*On 7 October, the Special Rapporteur travelled to Bentiu, where he was received by representatives of Lundin Oil ... He then travelled to Rubkona, where he met with representatives of United Nations agencies as well as international NGOs. He was informed that the area remains extremely insecure owing to the activities undertaken by local militias.*

*With a view to complementing information received during his trip to Unity State, and in addition to his visit to the IDP camps around Khartoum, the Special Rapporteur felt it necessary to visit the IDPs coming from Upper Nile into southern Sudan and therefore visited two IDP camps around Rumbek. The Special Rapporteur is convinced that, in order to grasp the complexity of the situation, visiting the oil fields is not enough and any thorough assessment must include the collection of testimony from the displaced coming from the region.*

- Gerhart Baum, *UN Special Rapporteur on the situation of Human Rights in the Sudan*, 23-01-2002<sup>163</sup>

*In 2002 the Government attack against the unarmed citizens of Nhialdiu began at 6.00 am. There were no SPLA in Nhialdu at the time of the attack. In 2002 I saw Government troops invade Nhialdiu in vehicles, on horseback and on foot. They were supported by tanks, gunships and Antonovs. The village was in panic and everyone ran for their lives. I saw two helicopter gunships shooting civilians indiscriminately. I saw one Antonov bomber target lines of refugees struggling to flee Nhialdu, including myself and my family, dropping bombs from morning to evening. I saw Government troops burning tukhuls and luaks [houses and barns] as the attack advanced through Nhialdiu in 2002. During the night I returned to Nhialdiu under cover to see if there was anything left of Nhialdiu village. We found it had been completely destroyed by Government forces including my 3 tukhuls in the town centre, and 3 tukhuls and 2 luaks in the outskirts of Nhialdiu. The Government troops were in Nhialdiu with tanks and vehicles so we stayed some distance away.*

**Sudanese Chief** Tunguar Kueigwong Rat, Nairobi, 10-05-2006<sup>164</sup>

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<sup>162</sup> Anglican Communion website [www.anglicancommunion.org](http://www.anglicancommunion.org), posted 19-06-2001, 'The Oil Road', translated from *Dagens Nyheter* 28-04-2001, 'Lundins Oils väg' by Anna Koblanck.

<sup>163</sup> United Nations Economic and Social Council Commission on Human Rights (2002). *Situation of human rights in the Sudan. Report of the Special Rapporteur, Gerhart Baum, submitted in accordance with Commission resolution 2001/18*. E/CN.4/2002/46 23-01-2002, based on information received from a field visit in October 2001.

<sup>164</sup> ECOS 2010: 46 citing testimony by Chief Tunguar Kueigwong Rat, 10-05-2006, US District Court for the Southern District of New York.



*The debate about Talisman's activity in Sudan has been a bit too polarized. The situation in Sudan is complicated. But we have the impression that oil exploration contributes to make the situation much calmer in this particular area.*

- Magnus Nordin, Managing Director **Lundin Oil AB**, 02-12-1999<sup>165</sup>

*The block we are operating in is located in the middle of a gigantic swamp, and is therefore very sparsely populated. But people are living in the north-eastern parts of our concession and here there are scattered villages.*

- Magnus Nordin, Managing Director **Lundin Oil AB**, 02-12-1999<sup>166</sup>

*What US Foreign Minister Madeleine Albright forgets in this case is that this is a region that has long been unstable. And sure, there may still be sporadic unrest. But the trend is towards a calmer situation. Besides communication between the involved parties is more intense than it has been for several years.*

- Magnus Nordin, Managing Director **Lundin Oil AB**, 02-12-1999<sup>167</sup>

*We have of course a very high awareness and preparedness for what our situation in Sudan will demand. It is of course totally unacceptable for a Swedish company in general and Lundin Oil in particular, to get into a situation where any kind of violent act would be made in our name. Indirect or direct.*

- Magnus Nordin, Managing Director **Lundin Oil AB**, 02-12-1999<sup>168</sup>

*Yes, sure, it is an unstable country, but we have been there for many years and we are used to dealing with the situation. It does not worry me that much...*

- Ian Lundin, Managing Director **Lundin Oil AB**, 13-03-2000<sup>169</sup>

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<sup>165</sup> *FinansTidningen*, 02-12-1999, "Lundin Oil stays in Sudan" (org. title and quote: "Lundin Oil stannar kvar i Sudan: "Den debatt som varit kring Talismans engagemang i Sudan har blivit lite väl polariserad. Det är en komplicerad situation som råder i Sudan. Men vi har fått intrycket av att oljeutvinningen medverkat till att situationen i just det här området blivit betydligt lugnare."), Robert T Eriksson.

<sup>166</sup> *FinansTidningen*, 02-12-1999, "Lundin Oil stays in Sudan" (org. title and quote: *Lundin Oil stannar kvar i Sudan*: "De block vi opererar i ligger mitt i ett jättelikt träskområde och är därför oerhört gles befolkad. Men i de nordvästra delarna av vår koncession bor det människor och det finns spridda byar där."), Robert T Eriksson.

<sup>167</sup> *FinansTidningen*, 02-12-1999, "Lundin Oil stays in Sudan" (org. title and quote: *Lundin Oil stannar kvar i Sudan*: "Vad USA:s utrikesminister Madeleine Albright glömmer bort i sammanhanget är att det här är en region som länge varit orolig. Och visst, det kan säkert förekomma sporadiska oroligheter fortfarande. Men trenden är att vi går mot en lugnare situation. Dessutom är samtalen mellan de inblandade parterna intensivare än på flera år."), Robert T Eriksson.

<sup>168</sup> *FinansTidningen*, 02-12-1999, "Lundin Oil stays in Sudan" (org. title and quote: *Lundin Oil stannar kvar i Sudan*: "Vi har självklart en väldigt hög medvetenhet och beredskap för vad vår situation i Sudan kommer att kräva. Det är givetvis fullständigt oacceptabelt för ett svenskt bolag i allmänhet och Lundin Oil i synnerhet att hamna i en situation där någon form av våldshandling skulle ske i vårt namn. Indirekt eller direkt."), Robert T Eriksson.

<sup>169</sup> *Börsveckan*, 13-03-2000, "Managing Director Ian Lundin in BV [Börsveckan]-interview "We could double our reserves" (org. title and quote: *VD Ian Lundin i BV-intervju 'Vi kan fördubbla reserverna'*: "Jo, visst, det är ett instabilt land, men vi har funnits där i många år och är vana att hantera situationen. Det oroar jag mig inte så mycket för..."), Annika Rosell.





*This war has been going on for 20 years and Sudan's oil production started on the 1<sup>st</sup> of January 1999. It has not become a gold mine for the government yet.*

- Adolf Lundin, Major shareholder and Chairman of **Lundin Oil AB**, 22-03-2001<sup>170</sup>

*We have investigated this ourselves. Gerhard Baum has not done that, who gets his information from secondary sources.*

- Ian Lundin, Managing Director **Lundin Oil AB**, 30-03-2001<sup>171</sup>

*The basic premise of Christian Aid is that the fighting going on in oilfields is motivated by oil. This completely disregards the history of the area, which demonstrates that tribal rivalry has always characterized this part of the world (reasons: tribal clashes, family disputes, theft of cattle, etc.) ... To claim that the burning of lands is due to a government (GoS) policy of scorched earth demonstrates a lack of knowledge of the situation on the ground.*

- **Lundin Oil AB** report Lundin Oil in Sudan, 05-2001<sup>172</sup>

*Unfortunately, many reports are not reliable as they are based on information obtained from rebel-held areas, from the rebel themselves, their families or supporters. The few short visits that have been made by some organisations cannot replace the knowledge of those, like oil companies and some NGOs who have been working there for years and recognise that oil is not the cause of the problems there.*

- **Lundin Oil AB** report Lundin Oil in Sudan, 05-2001<sup>173</sup>

*War and tribal fighting preceded the finding of oil. The causes of the war are complex, religious, tribal, racial, etc.; therefore while oil is now an added factor in the war, it is certainly not the cause. Another factor is the active support of rebels provided by various organizations in the West, including fundamentalist Christian organizations.*

- **Lundin Oil AB** report Lundin Oil in Sudan, 05-2001<sup>174</sup>

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<sup>170</sup> *TT*, 22-03-2001, "Lundin Oil: Industry important for the people of Sudan" (org. title and quote: *LUNDIN OIL: OLJEINDUSTRIN VIKTIG FÖR SUDANS BEFOLKNING*: "Det här kriget har hållit på i 20 år och Sudans oljeutvinning började den 1 januari 1999. Det har inte varit någon stor vinstlott för regeringen ännu."), Stockholm.

<sup>171</sup> *Dagens Nyheter*, 30-03-2001, "Sharp criticism from the UN" (org. title and quote: *Skarp kritik från FN*: "Vi har själva undersökt det. Det har inte Gerhard Baum som bygger sina uppgifter på andrahandskällor"), Koblanck, Anna, p.4 section C.

<sup>172</sup> Lundin 2001: 15.

<sup>173</sup> Lundin 2001: 16.

<sup>174</sup> Lundin 2001: 16.



*Oil companies are not silent about what happens in Sudan. [Lundin] does not consider that Christian Aid has presented irrefutable evidence. In fact, Christian Aid's "evidence" is actually its interpretation, based on accounts received from questionable sources. This is not to deny that the situation is difficult or complex, or that there are no instances or reprehensible behavior. The Company recognizes this and when it witnesses any activity that does not confirm to its ethics (Code of Conduct) it complains to the relevant authorities. The Company has engaged in extensive discussions with government representatives requesting explanations regarding allegations of scorched earth, population displacement, aerial bombing, civilian targeting, and a number of other human rights violations. It will continue to raise problems it identifies and to promote the respect for human rights.*

- **Lundin Oil AB** report Lundin Oil in Sudan, 05-2001<sup>175</sup>

*Lundin Oil believes that if the evidence were so overwhelmingly compelling and the complicity of foreign companies established, as Christian Aid is alleging, then all NGOs, government/UN investigators would have recommended that companies suspend their operations. This has not been the case. In fact suspension of activities is being called for by some NGOs operating in rebel-held areas or in contact with SPLA people. What emerges from discussions that Company representatives have had in Sudan with representatives of a number of UN organizations, embassies and NGOs operating in the oil areas, is that western oil companies should stay because they have played and can continue to play a positive role in the area by monitoring the human rights situation and contributing to its economic and community development. Representatives of the local community and local Nuers to whom Company representatives have spoken hold the same view.*

- **Lundin Oil AB** report Lundin Oil in Sudan, 05-2001<sup>176</sup>

*In 1999 the [United Nations] Special Rapporteur claimed that oil activities had exacerbated the conflict, although he had not visited the oilfields or even consulted with the oil companies. Lundin therefore contacted him to inform him of its first-hand experience and knowledge of the situation in the area and invited him to visit the oilfields instead of relying on secondary, sometimes biased, sources. The eventual visit of the Special Rapporteur to the area took place at such a time and was of such short duration (a mere three hours) that he could not conduct an in-depth inspection. In the course of discussions with company representatives, however, he admitted that the civil war was the cause of the human rights problems and that oil, if properly channelled, could contribute to a sustainable peace.*

- **Christine Batruch**, Member of the Board Lundin Petroleum AB, 24-11-2003<sup>177</sup>

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<sup>175</sup> Lundin 2001: 16.

<sup>176</sup> Lundin 2001: 16.

<sup>177</sup> Excerpt from Batruch, Christine (2003) 'Oil and conflict: Lundin Petroleum's experience in Sudan' published on [www.lundin-petroleum.com](http://www.lundin-petroleum.com) 24-11-2003.





Page 9 from the Lundin Petroleum AB 2004 Annual Report, demonstrating that shortly after selling Block 5A in Sudan, six of the twelve countries where Lundin held concessions in 2004 were located in Europe. Lundin's European holdings amounted to 14,564 km<sup>2</sup> compared to 20,119 km<sup>2</sup> in the Block 5B concession in Sudan and 22,241 km<sup>2</sup> in the remaining 5 countries. Note that oil companies can hold licences that are operated entirely by joint venture partners as in the above list.



## Lundin's message no. 7:

### We have no choice but to be in Sudan

Lundin tried to justify its presence in Sudan with the claim that there was nowhere else to go to prospect for and produce oil, as all potential oilfields in democratic and peaceful countries had been thoroughly explored. Yet after selling its share in Block 5A in 2003, Lundin invested the proceeds in well-established North Sea fields off the UK, Irish and Norwegian coasts. Further prospecting by the company in Norwegian waters led to the discovery of the huge Johan Sverdrup oilfield in 2011, thereby disproving its own argument that there was no opportunity in developed, democratic countries. By the end of 2012 over 90% of the company's 116 licenses were located in Norway, France and the Netherlands<sup>178</sup>.

After having acquired the Block 5A concession, Lundin also had the right to discontinue its investment obligations at any time under the *force majeure* clause of the Exploration and Production Sharing Agreement (EPSA) that it had signed with the Government of Sudan in 1997, which permitted the company to stop activities at no cost as a consequence of acts of war. This option was open to Lundin throughout the oil war that raged in Block 5A during 1997–2003. Shareholders should therefore have been fully informed of all military incidents that took place within Lundin's concession, to give them the opportunity to properly exercise their governance responsibility and demand a *force majeure* interruption of operations.

*Failure to meet commitments under the EPSA are accepted when such a failure is caused by force majeure and the Partner has taken reasonable steps to avoid such an event, and to overcome the event with the least possible delay.*

*Force majeure includes, but is not limited to "acts of God", war, or situations arising as a result of or attributable to war, legislation and regulations from the government or authorities or other circumstances not due to the fault or negligence of the Partner, given that such circumstances are beyond the parties' reasonable control. If operations under EPSA remain in force majeure EPSA can be extended. However, either party may terminate the EPSA for the affected areas due to force majeure, for longer periods, as defined in the EPSA.*

*The Republic of Sudan is not liable to the Party for damages resulting from force majeure. Ground rent and bonuses in the form of scholarships and social development should not be affected by force majeure events.*

- Lundin Petroleum AB rights issue prospectus, 2001<sup>179</sup>

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<sup>178</sup> Lundin Petroleum AB (2013) *Lundin Petroleum Annual Report 2012 Building Value*. Stockholm: Lundin Petroleum.

<sup>179</sup> Lundin Petroleum AB (2001). *Inbjudan till teckning av aktier i Lundin Petroleum AB (publ) samt erhållande av optionsrätter*.

Stockholm: Lundin Petroleum AB (org. quote: Underlåtenhet att uppfylla åtaganden under EPSA accepteras då sådan underlåtenhet uppstår genom force majeure och att Parten har vidtagit tillbörliga åtgärder för att undgå sådan händelse och för att övervinna händelsen med minsta möjliga dröjsmål.

Force majeure inkluderar, men är inte begränsat till, "acts of God", krigshändelser, eller situationer uppstående till följd av eller hänförliga till krig, lagbud och förordningar från regering eller myndigheter eller annan omständighet ej beroende på fel eller oaktsamhet av Parten, givet att sådan omständighet står utanför parternas skäligen kontroll. Om verksamheten under EPSA kvarstår i force majeure kan EPSA komma att förlängas. Dock kan endera parten säga upp EPSA avseende berörda områden på grund av force majeure under längre perioder, såsom definierat i EPSA. (continued overleaf)



*If you want to find big deposits today, you have to go to countries that are not popular.*

- Adolf Lundin, Major shareholder and Chairman of **Lundin Oil AB**, before November 1999<sup>180</sup>

*The TV-program and the Amnesty report about Sudan do not have any impact on the reputation of our company... We have to be in Sudan. We cannot choose country. Otherwise we would just be in the English North Sea and there the oil is running out.*

- Adolf Lundin, Major shareholder and Chairman of **Lundin Oil AB**, 05-05-2000<sup>181</sup>

*You have to go where there are political risks, because the traditional areas are already taken... You might get into deep water, which most oil companies can afford to do... The political risks can be dealt with.*

- Ian Lundin, Managing Director **Lundin Oil AB**, 15-03-2001<sup>182</sup>

*Of course our deal with the Sudanese government does mean they get a share of the oil revenues. But we have no possibility to control where the money goes.*

- Maria Hamilton, Corporate Communications **Lundin Oil AB**, 18-03-2001<sup>183</sup>

*We are oil people and we want to find oil. It happens to be so that almost every drop in the industrialized world has already been discovered, the resources that are left to be explored are located in African countries and in some of the Asian countries, which do not necessarily share our values.*

- Adolf Lundin, Major shareholder and Chairman of **Lundin Oil AB**, 23-03-2001<sup>184</sup>

*We do not set any moral aspects on the activity. We do business with the legitimate government in the respective country.*

- Adolf Lundin, Major shareholder and Chairman of **Lundin Oil AB**, 11-04-2001<sup>185</sup>

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Republiken Sudan är inte ansvariga gentemot Parten för skador uppkomna till följd av force majeure. Markhyra och bonus i form av stipendier och social utveckling skall inte påverkas av händelser till följd av force majeure.)

<sup>180</sup> *National Post*, 26-11-1999, 'Influential Demarais Family has Ties to Sudan' by Paul Waldie, Claudia Cattaneo and Kathryn Leger.

<sup>181</sup> *Dagens Nyheter*, 05-05-2000, "We have to operate where the oil is" (org. title and quote: *Vi måste verka där det finns olja*: "Tv-programmet och Amnestyrapporten om Sudan påverkar inte vårt företags rykte... Vi måste vara i Sudan. Vi kan inte välja land. I annat fall skulle vi bara vara i engelska Nordsjön och där börjar oljan ta slut."), Lars-Ingmar Karlsson. The Chairman of Lundin Oil AB about the broadcasting on Swedish National television of a 47 minutes documentary from southern Sudan, which portrayed Lundin as contributing to the financing of the war against the rebels in the south. The Amnesty report refers to the release of the Amnesty International's report "Oil in Sudan - Deteriorating human rights".

<sup>182</sup> *Aftonbladet*, 15-03-2001, "The dictators alibi – Olle Svenning about murders, displacements, oil money – and Carl Bildt" (org. title and quote: *Diktaturens alibi - OLLE SVENNING om mord, folkfördrivning, oljepengar - och Carl Bildt*: "Du måste åka dit där det finns politiska risker, därför att de traditionella områdena är redan upptagna... Du hamnar kanske i extra djupa vatten, som de flesta oljebolagen har råd att göra... De politiska riskerna är hanterbara."), Olle Svenning, p.4.

<sup>183</sup> *Svenska Dagbladet*, 18-03-2001, "Crisis meeting expected after accusations" (org. title and quote: *Krismöte väntar efter anklagelserna*: "Självfallet innebär vårt avtal med sudanesiska regeringen att de får del av oljeutdelningen. Men vi har ingen möjlighet att kontrollera vart pengarna går."), Gunilla von Hall, Genève.

<sup>184</sup> *Dagens Nyheter*, 23-03-2001, "Drillings in Sudan continue" (org. title and quote: *Borrningarna i Sudan fortsätter*: "Vi är oljemänniskor och vi vill finna olja. Det råkar vara så att nästan varje droppe olja som finns i den industrialiserade världen redan har upptäckts, så de resurser som finns kvar att finna ligger i afrikanska länder och i en del asiatiska länder som inte nödvändigtvis delar våra värderingar."), Anna Koblanck.

<sup>185</sup> *Vision*, 11-04-2001, "Adolf and (im)morality" (org. title and quote: *Adolf och (o)moralen*: "Vi lägger inte moraliska aspekter på verksamheten. Vi gör affärer med de legitima regeringarna i respektive land.").



*Riskier exploration is interesting because it could make a big difference for the company. A good drilling hole in Sudan could double the value of the company... We have good relations with the government and I do not think the country will be divided. That risk is pretty small. Now it is not possible to work down there, the situation is too insecure.*

- Ian Lundin, Chairman of **Lundin Petroleum AB**, [24-06-2002](#)<sup>186</sup>

*It is no wish of mine to do business with these countries... But it is not possible to ignore how the reality looks like. We in the industrialized countries have already consumed most of our raw material... We cannot change the world. My outlook has always been that we have to adjust ourselves to the circumstances that prevail in the countries we are working in.*

- Adolf Lundin, Major shareholder and Honorary Chairman of **Lundin Petroleum AB**, [30-01-2003](#)<sup>187</sup>

*You cannot afford to calculate with political risks any more. The only thing that counts is to find a big oilfield. The large new players in the industry from China, India, Malaysia, are very aggressive. They buy oil without regard to what it costs.*

- Ian Lundin, Chairman of **Lundin Petroleum AB**, [02-06-2004](#)<sup>188</sup>

*[Oil] is so depleted in the world that it is not possible to have any political limitations. Sudan was on the way to become Africa's largest oil exporter and that has really increased the living standard there. If there was no production in Nigeria, Angola and Sudan oil would cost 200 dollars and unemployment would be sky-high in Sweden and many other countries. Those who criticize oil production in Sudan do not know what it means for these people and for themselves.*

- Adolf Lundin, Major shareholder and Honorary Chairman of **Lundin Petroleum AB**, [10-08-2004](#)<sup>189</sup>

*I do not regret that we invested in Sudan. Partly because the investments we do are helping people, partly because that today it is so difficult to find oil in the world that you have to also go into difficult countries.*

- Adolf Lundin, Major shareholder and Honorary Chairman of **Lundin Petroleum AB**, [23-01-2006](#)<sup>190</sup>

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<sup>186</sup> *Veckans Affärer*, [24-06-2002](#), "Interview: Ian Lundin – Jr. takes over" (org. title and quote: *INTERVJU: IAN LUNDIN - Jr tar över*: "Den mer riskfyllda prospekteringen är intressant eftersom den kan göra stor skillnad för verksamheten. Ett bra håll i Sudan kan fördubbla värdet på bolaget... Vi har bra kontakter med regeringen och jag tror inte att landet kommer att delas upp. Den risken är rätt liten. Nu går det inte att jobba där nere, situationen är för osäker.").

<sup>187</sup> *Dagens Industri*, [30-01-2003](#), "Adolf Lundin made the first oil find at Orly" (org. title and quote: *Adolf Lundin gjorde första fyndet på Orly*: "Det är ingen längtan hos mig att göra affärer med de här länderna... Men det går inte att bortse från hur verkligheten ser ut. Vi i industriländerna har redan förbrukat det mesta av våra råmaterial... Vi kan ju inte förändra världen. Min utgångspunkt har alltid varit att vi måste anpassa oss efter de förutsättningar som råder i de länder där vi arbetar."), Börje Isakson and Gustaf Tapper.

<sup>188</sup> *Affärsvärlden*, [02-06-2004](#), "The oil family does it again" (org. title and quote: *Oljefamiljen gör det igen*: "Man har inte har råd att räkna in politiska risker längre. Det enda som räknas är att hitta stora oljefält. De stora nya spelarna i industrin i Kina, Indien, Malaysia, är väldigt aggressiva. De köper olja där det finns oavsett vad den kostar."), Edling, Lotta, p.1.

<sup>189</sup> *Dagens Nyheter*, [10-08-2004](#), "Controversial billionaire defends Sudan businesses" (org. title and quote: *Kontroversiell miljardär försvarar Sudanaffärer*: "Det är så utfiskat i världen så du kan inte ha politiska begränsningar. Sudan var på väg att bli en av Afrikas större oljeexportörer och det har verkligen höjt levnadsstandarden där. Om vi inte hade produktion i Nigeria, Angola och Sudan skulle oljan kosta 200 dollar och arbetslösheten bli skyhögt i Sverige och många andra länder. De som kritiserar oljeproduktionen i Sudan vet inte vad den betyder för dem själva."), Olof Sandström.

<sup>190</sup> *Veckans Affärer*, [23-01-2006](#), "Portrait: Adolf Lundin – "I would give up everything I have earned if I could be well again" (org. title and quote: *PERSONPORTRÄTT: ADOLF LUNDIN - "Jag skulle ge upp allt jag tjänat om jag kunde bli frisk*: "Att vi investerat i Sudan det ångar jag inte alls. Dels därför att de investeringar vi gör hjälper folk, dels därför att det idag är så svårt att hitta olja i världen att man måste in även i besvärliga länder."), Gunnar Lindstedt.







CORPORATE RESPONSIBILITY

*In today's world, a good business also means being a good global citizen. And this is only possible if a company is clear about its visions and its values, as well as about its responsibilities to all its stakeholders.*

17

Carl Bildt  
Director

Excerpt from page 17 of the Lundin Oil AB 2000 Annual Report (published in April 2001). Carl Bildt was promoted by the company as the guarantor that Lundin was operating to the highest ethical standards.



## Lundin's message no. 8:

### An agent for peace-building in Sudan

Lundin repeatedly stated that oil provided an incentive for peace in Sudan's civil war. The company sent board member Carl Bildt – a well-known international statesman with experience in peace processes – as their envoy to Khartoum, Nairobi, Washington, Brussels and Cairo, where he met international statesmen, top Sudanese government officials, rebel leaders and representatives of nations acting as peace mediators in Sudan<sup>191</sup>. He also addressed NGO staff who worked in Sudan at an event held in Nairobi in August 2001<sup>192</sup>.

Carl Bildt's fact-finding trips should have produced a huge amount of information about the situation for the civilian population in Block 5A and elsewhere in Sudan. Shareholders should request insight into the information that was gathered, how this acted upon by Lundin, and concrete details about what the company actually did to contribute to peace in Sudan beyond sending a public figure to take part in high-profile meetings.

*We assume that Carl Bildt as a director of Lundin Oil applies – and has applied – the ideas, values, principles and ethics that are consistent with the UN's principles.*

- UN spokesperson Marie Heuzé, 16-03-2001<sup>193</sup>

*Mr Bildt works for the UN which has formulated the Global Compact. Companies which sign the Compact agree to "support and respect the protection of internationally proclaimed human rights within their sphere of influence" and "make sure they are not complicit in human rights abuses".*

*Mr Bildt has himself said that while Lundin has not signed up to the Global Compact, his company strives to work within its principles.*

*Kofi Annan now needs to call Mr Bildt to account. He needs to question Bildt as to why the company on whose board he serves is complicit in human rights abuses and to explain how his role in this company is compatible with his UN role.*

- Mark Curtis, head of policy at **Christian Aid**, 3-04-2001<sup>194</sup>

*Bildt came to me to have an exchange of views. In my eyes he seemed concerned, but he was part of the deal between the oil company and Khartoum.*

- Gerhart Baum, **UN Special Rapporteur on Sudan**, ca. 2001/2002<sup>195</sup>

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<sup>191</sup> Excerpt from Batruch, Christine (2003) 'Oil and conflict: Lundin Petroleum's experience in Sudan' published on [www.lundin-petroleum.com](http://www.lundin-petroleum.com) 24-11-2003.

<sup>192</sup> Wechselmann 2011: 74-75.

<sup>193</sup> *Svenska Dagbladet*, 16-03-2001, 'Even if he resigns his credibility will still be damaged' by Gunilla von Hall (org. title and quote *Även om han avgår är trovärdigheten skadad*: "Vi utgår från att Carl Bildt på sin styrelsepost inom Lundin Oil tillämpar, och har tillämpat, idéer, värderingar, principer och etik som är förenliga med FN:s principer.")

<sup>194</sup> Christian Aid press release, 3-04-2001, 'Christian Aid calls on UN to question Bildt over Sudan oil'.



*Carl Bildt means an incredible amount to Lundin Oil. His international competence, political ability and vision on human rights contributes to our work. Bildt is actively involved and engaged in Lundin Oil.*

- Maria Hamilton, head of Corporate Communications, **Lundin Oil AB**, [18-03-2001](#)<sup>196</sup>

*I hope that I can do something, however I cannot do everything. Because Lundin Oil is a small Swedish company in a big country with big problems.*

- Carl Bildt, Member of the Board **Lundin Oil AB** [18-05-2001](#)<sup>197</sup>

*It is an assignment I have given to myself. I am there... to smell and listen... The opposition from Southern Sudan is present in Nairobi. I am probing. Yes, maybe there are conditions for a peace process... Through discrete personal contacts I will get myself a better picture.*

- Carl Bildt, Member of the Board **Lundin Oil AB**, [14-07-2001](#)<sup>198</sup>

*One purpose with the recent travel was to try and increase my understanding of the conflict and its deep historical roots... There are now new conditions for trying to reach a peace deal... I did not meet anybody that thought that the oil companies from democratic countries should leave Sudan. Most considered the oil to contribute to the international attention that could be a driving force for peace efforts. But of course the oil is, just as other natural resources and not least the water from the River Nile, a part of the conflict.*

- Carl Bildt, Member of the Board **Lundin Oil AB**, [24-07-2001](#)<sup>199</sup>

*Both companies [Talisman & Lundin Oil] attach great importance to environmental issues as well as the social and political responsibilities that must apply to companies operating in complex areas of the world.*

- Carl Bildt, board member **Lundin Petroleum AB**, **Lundin Oil AB** & Talisman Energy AB, [23-07-2001](#)<sup>200</sup>

*What I can contribute with is partly my experience of peace processes, partly my knowledge about the oil sector...*

- Carl Bildt, Member of the Board **Lundin Petroleum AB** [22-02-2002](#)<sup>201</sup>

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<sup>195</sup> Wechseltmann, Maj (2011). You Decide! Documentary film by Produktionsgruppen Wechseltmann AB.

<sup>196</sup> *Svenska Dagbladet*, [18-03-2001](#), "Crisis meeting expected after accusations" (org. title and quote: *Krismöte väntar efter anklagelserna*: "Carl Bildt betyder otroligt mycket för Lundin Oil. Hans internationella kompetens, politiska kunnande och syn på mänskliga rättigheter bidrar till vårt arbete. Bildt är aktivt involverad och engagerad i Lundin Oil.") by Gunilla von Hall.

<sup>197</sup> *Dagens Nyheter*, [18-05-2001](#), "Bildt reelected at Lundin Oil", (org title and quote: *Bildt omvald i Lundin Oil*: "Jag hoppas att jag kan göra någonting, däremot kan jag inte göra allting. Därför att Lundin Oil är ett litet svenskt företag i ett stort land med stora problem."), by Anna Koblanck.

<sup>198</sup> *Aftonbladet*, [14-07-2001](#), "Bildt's new job: working for peace in Sudan – 'It is an assignment I have given to myself'", (org. Title and quote: *Bildt's nya jobb: få fred i Sudan - "Det är ett uppdrag jag gett mig själv"*: "Det är ett uppdrag jag gett mig själv. Jag är där... för att lukta och lyssna... Oppositionen från södra Sudan har närvaro i Nairobi. Jag sonderar. Ja, kanske finns det förutsättningar för en fredsprocess... Genom personliga, diskreta kontakter tänker jag skaffa mig en bättre bild."), by Staffan Heimerson, p.7.

<sup>199</sup> *TT*, [24-07-2001](#), "Bildt: Peace efforts in Sudan must be coordinated", (org. title and quote: *BILD: FRED SAR BETET I SUDAN MÅSTE SAMORDNAS*: "Ett syfte med resan nyligen var att bättre försöka förstå konflikten och dess djupa historiska rötter... nu finns nya förutsättningar för ett försök att få till stånd en fredsprocess... Jag träffade ingen som ansåg att oljeföretag från demokratiska länder ska lämna Sudan. De flesta ansåg att oljan bidrar till en internationell uppmärksamhet som kan vara en drivkraft för fredsanssträngningarna. Men självfallet är oljan, liksom andra naturtillgångar och då inte minst Nilens vatten, en del av konflikten.")

<sup>200</sup> Lundin Petroleum Press Release, [23-07-2001](#).



*These days I prefer to have a more free role in all situations... I have contact with all who have something to do with the case... I am not a representative of Lundin Petroleum. I would like to be able to go in to the president (Hassan A Al-Turabi) and be very tough with him. I am acting in another role... The oil and other factors have created an incentive for both sides. The SPLA-side believes the northern side is awash in oil. But that is not the case. The northern side knows that. Without a peace agreement the oil production would diminish.*

- Carl Bildt, Member of the Board **Lundin Petroleum AB** 22-02-2002<sup>202</sup>

*I do not want to go into what meetings I have had or not had... My role is not decisive in this situation. I have not said that I am acting as either a peace agent or that I am impartial. I am following a peace process.*

- Carl Bildt, Member of the Board **Lundin Petroleum AB**, 21-04-2002<sup>203</sup>

*As a principle, Lundin refrains from getting involved in the political affairs of a country; it believes that it cannot make a meaningful contribution in this sphere and prefers to restrict itself to its commercial mission. The situation it encountered in Sudan, however, was exceptional, and the company needed to make clear to the protagonists in the conflict that it saw peace as the best means to ensure sustainable oil operations. In this endeavour it relied on the skills and competence of Carl Bildt, a member of Lundin Petroleum's Board of Directors, whose experience as the UN Secretary-General's Special Envoy for the Balkans in 1999–2001 was particularly relevant. In a series of trips to Brussels, Cairo, Khartoum, Nairobi and Washington, Bildt met with high-level representatives of the Sudanese Government, including the President, his peace adviser, the Minister of Energy and Mining, the Minister of Foreign Affairs, and the main representative of the Nuer community (later deputy chairman of the SPLA), as well as with representatives of the key nations acting as peace mediators, such as Kenya, Norway, the UK and the USA. Bildt delivered the same message to all: oil represented an incentive for peace in so far as oil activities could not be pursued in a war context. He also underlined how oil provided the material basis for a sustainable peace. The company's repeated suspensions of activities were a proof that oil activities could not flourish in a conflict situation, and experience in various other countries demonstrated that a conflict of this nature could not be resolved militarily. In Bildt's view, the parties had to determine for themselves their minimum, not maximum, requirements for the achievement of peace. The mediators' role was to help the parties achieve this compromise by offering them support, in the form of international monitoring and monetary assistance for purposes of reconstruction.*

- Christine Batruch, Member of the Board **Lundin Petroleum AB**, 24-11-2003<sup>204</sup>

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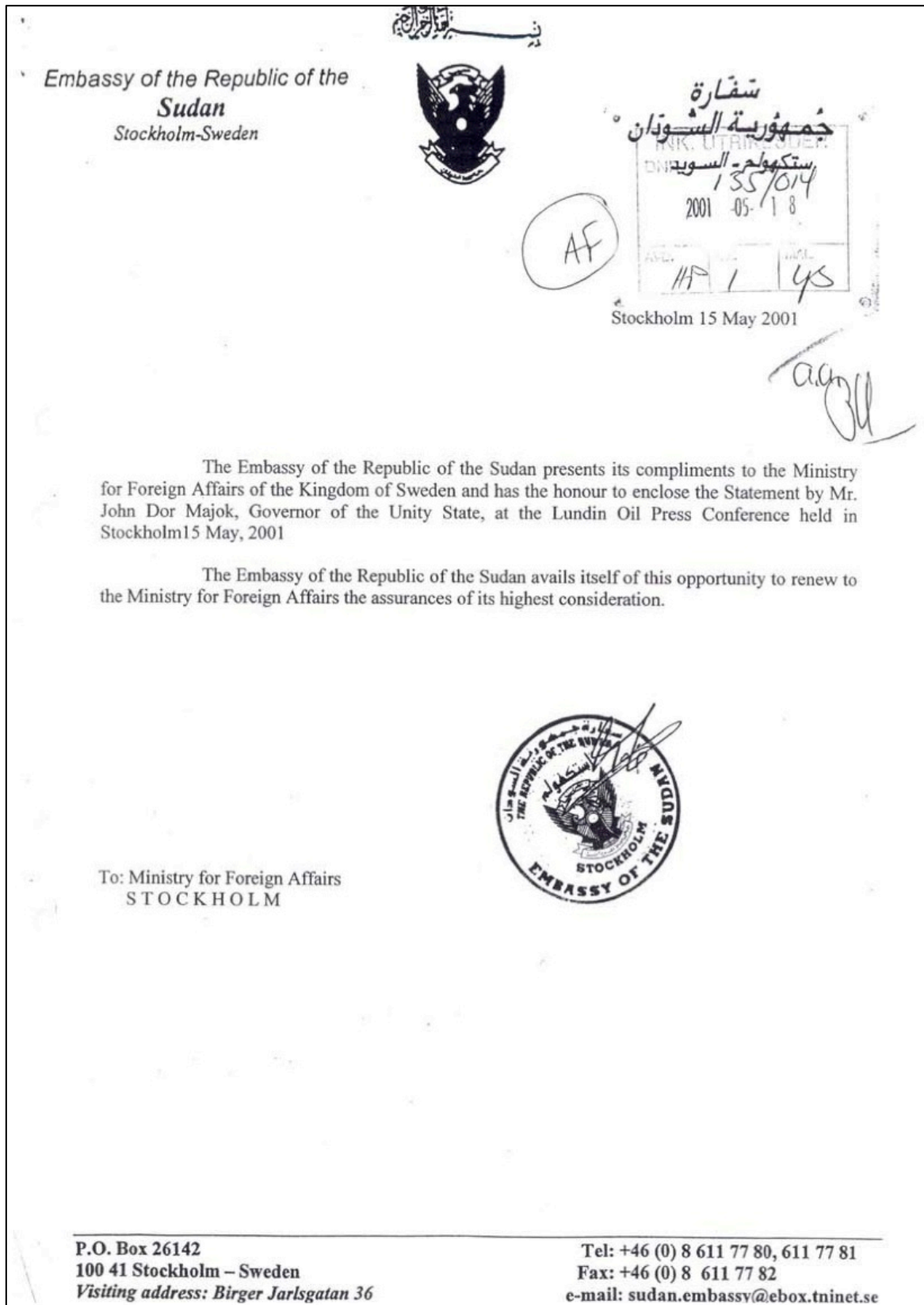
<sup>201</sup> *Dagens Industri*, 22-02-2002, "Carl Bildt brokers for peace in the Sudan war", (org. title and quote: *Carl Bildt mäkklar fred i krigets Sudan*: "Det jag kan bidra med är dels en erfarenhet av fredsprocesser, dels min kunskap om oljesektorn."), Gustaf Tapper and Henrik Westman.

<sup>202</sup> *Dagens Industri*, 22-02-2002, "Carl Bildt brokers peace in the Sudan war", (org. title and quote: *Carl Bildt mäkklar fred i krigets Sudan*: "Det jag kan bidra med är dels en erfarenhet av fredsprocesser, dels min kunskap om oljesektorn...Jag föredrar numera att ha en friare roll i alla sammanhang...Jag har kontakter med alla som har något med saken att göra... Jag är inte företrädare för Lundin Petroleum. Jag vill kunna gå in till presidenten (Hassan A Al-Turabi) och vara väldigt tuff mot honom. Jag agerar i en annan roll... Oljan och andra faktorer har skapat incitament för bägge sidor. SPLA-sidan tror ju att nordsidan badar i olja. Men så är inte fallet. Det vet nordsidan. Utan ett fredsavtal kommer oljeproduktionen att börja vika."), Gustaf Tapper and Henrik Westman.

<sup>203</sup> *TT*, 21-04-2002, "Sudanese rebel criticises peace broker Bildt", (org. title and quote: *SUDANGERILLAN KRITISERAR FREDSMÄKLAREN BILDT* : "Jag vill inte gå in på vilka möten jag har haft eller inte haft... Min roll är inte avgörande i detta sammanhang. Jag har inte påstått att jag agerar som vare sig fredsmäklare eller opartisk. Jag följer en process."), Tomas Härenstam, Stockholm.

<sup>204</sup> Excerpt from Batruch, Christine (2003) 'Oil and conflict: Lundin Petroleum's experience in Sudan' published on [www.lundin-petroleum.com](http://www.lundin-petroleum.com) 24-11-2003.





The views of Governor John Dor which were presented at a press conference organised by Lundin Oil in Stockholm on the 15th May 2001 were forwarded by the Government of Sudan, with this letter from their embassy in Stockholm, to the Swedish Ministry of Foreign Affairs. Letter sourced from [www.globalreporting.net](http://www.globalreporting.net) and accessed April 2013.

## Lundin's message no. 9:

### The Sudanese people see no problems in Block 5A

In May 2001 Lundin Oil AB brought John Dor, the governor of Unity State in Sudan (in which Block 5A is located) and former Sudanese Deputy Minister of State for Energy and Mining<sup>205</sup>, to Stockholm where he gave a statement to both the press and also to shareholders at the company's Annual General Meeting that painted a rosy image of the situation in Block 5A<sup>206</sup>. The majority of John Dor's letter is presented overleaf.

John Dor's statement written statement is still available on the Lundin Petroleum website and mirrors most of the messages presented by Lundin, which vary considerably with the numerous reports by humanitarian and human rights organisations, governments and the United Nations, as well as those by the local people affected by the conflict. John Dor even appears to contradict a statement he made earlier to a Swedish journalist visiting Unity State/Western Upper Nile (see below).

As a senior politician, John Dor represented the Government of Sudan's interests, which was at that time conducting a scorched earth campaign against the civilian inhabitants of Lundin's Block 5A concession. Lundin's shareholders should investigate how the company made the decision to bring such a senior Sudanese politician to present the views of a belligerent government to shareholders at the company AGM.

*A photo exhibition of beautiful images from Sudan had been arranged at the venue of the [Annual General] Meeting. A white paper authored by the not completely impartial Lundin Oil on the situation in Sudan was distributed. In addition, the terribly tall governor John Dor from Unity Province in southern Sudan was flown in to describe the company's humanitarian activities.*

*- We must recognise that Lundin Oil has provided services to the residents of the area before they have exported a single barrel of oil, he said before the meeting ended with everyone being invited to Sudanese food. Why bite the hand that feeds you?*

*- Aftonbladet, 18-05-2001<sup>207</sup>*

*Those people who support Lundin Oil/Petroleum claim that money from oil extraction was given to the local administration and therefore supported the poor peasants and cattle herders in the area. This is not the case. In March 2001, I interviewed John Dor, then governor of Unity State where Lundin was operating. He denied that the government in Khartoum shared the oil revenues.*

*- Swedish journalist Bengt Nilsson, June 2012<sup>208</sup>*

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<sup>205</sup> *The Indian Ocean Newsletter* No. 870, 11-09-1999, 'Energy Minister working hard'.

<sup>206</sup> *Aftonbladet*, 18-05-2001, Oljestämman – en familjefest.

<sup>207</sup> *Aftonbladet*, 18-05-2001, 'Oil meeting – a family occasion' (org title and quote: *Oljestämman – en familjefest*: En fotoutställning med vackra bilder från Sudan hade arrangerats i stämmolokalen. En vitbok författad av det inte helt opartiska Lundin Oil om situationen i Sudan delades ut. Dessutom hade den ohyggligt länge guvernören John Dor från Unityprovinsen i södra Sudan flugits in för att beskriva bolagets humanitära verksamhet.

- Vi måste erkänna att Lundin Oil har organiserat service till invånarna i området innan de exporterat ett enda fat olja, sade han innan stämman avslutades med att alla bjöds på sudanesisk mat. Varför bita den hand som föder en?

<sup>208</sup> *Dagens Nyheter*, 1-06-2012, 'We will never know the truth about Lundin's activities in the Sudan' (org. title and quote *Vi får aldrig veta sanningen om Lundins agerande i Sudan*: De som stöder Lundin Oil/Petroleum hävdar att pengar från oljeutvinningen tilldelades den lokala administrationen och därför gynnade de fattiga bönderna och boskapsskötarna i området. Det stämmer inte. 1 mars 2001





*I have come to Sweden at the invitation of Lundin Oil to attend a press conference in order to present the views of my people about the impact of oil companies in our area.*

*After having secured the invitation I made sure that I should come fully equipped with facts and the latest information regarding the issues in question. Hence I made a fact-finding mission in the State and beyond. I climbed my car and visited all the provinces that comprise Unity State. My first stop was Leer province where I used the famous Rubkona-Koch-Leer road you may well be aware of. I also went to Mayom, Rubkona and Pariang provinces....*

*I held rallies and had individual and group audiences with tribal chiefs, local officials, politicians, and militia commanders. The issues raised and discussed ranged from crop failures, internal displacement, to oil companies activities and their impact on the communities. Some well-enlightened intellectuals raised the issue of alleged forced displacement they usually hear from the international media. I noted the consensus opinions on these various issues. I have come here as an eyewitness and to convey to you the public opinion of Unity State population.*

*Before I should proceed with my presentation I would like to remind the honourable audience that the issues in question (forced displacements, use of oil proceeds to fuel the war, human rights and ecological issues) are very controversial. Reports have been prepared by various human rights groups, NGO's and government opponents based on hearsay and unreliable sources. Many recipients accepted their contents without exerting efforts to verify them. The drive has been to disinform. Consequently we have lost the truth in the process. Now the only glimpse of truth can be unearthed only if somebody visits the area...*

*The Rubkona-Leer road, the newest and the most active among them, was built by Lundin Oil. This road has brought life back to the southern part of the state that was virtually cut off completely. New villages, schools and Kraals have sprung up along the road. Old ones came back to life. Nowadays Kuach close to IPC rig site inhabits about 2000-3000 people. I would freely admit that the settlement process that took place at Rubkona-Leer road did not have a counterpart in other road extensions. But the paradox is that many reports concentrated on forced displacements in this part of the state.*

*Actually this is the area that has never experienced any forced displacement, instead people have moved in from other parts of the state. The reasons are obvious. Local militiamen control most of the road and give psychological and physical protection to the people ... However, there are times when SPLA under Peter Gadet launches surprise attacks on SSIM forces. For fear of Peter Gadet many citizens prefer to take refuge in Bentiu or Rubkona towns temporarily. As soon as the situation normalises, they move back to their villages...*

*The road has brought many benefits to the local people. Before this road could reach Leer, a sack of Sorghum, the staple food in the Sudan cost about \$90 in Leer it has now dropped to less than half. The NGOs and health workers can now move freely from town to village without problems. I met teams of Guinea worm workers and immunisation program against measles and Polio and other child disease eradication program in Leer, Mayom and Pariang during my latest tour. A bus service has already been launched between Rubkona and Leer as there are also merchant's cars loaded with food and non-food items moving to various destinations.*

*Lundin Oil in co-ordination with the state government has set a comprehensive rehabilitation program for schools, water wells, hospitals and electricity power stations in the southern province. We must admit that Lundin Oil is implementing all these community services prior to exporting a single barrel of oil.*

*(continued overleaf)*

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intervjuade jag John Dor som då var guvernör i Unity State där Lundin oil var verksamt. Han förnekade att regeringen i Khartoum hade delat med sig av aljeinkomsterna-) by Bengt Nilsson.



*I discovered that the western oil companies, Lundin and Talisman are very popular in the area not only because of their services they have offered to the local communities but because of their integrity, transparency and their commitment to do more. Many local groups identify themselves with them and express their support very vehemently. Besides roads, bridges, airstrips, water installations, health centres they have constructed, these companies encourage local communities to engage in capacity building process. Many projects have been adopted in their budgets to eradicate poverty. The people I met demanded what would happen if Lundin Oil moves out. Who would replace Lundin – the Chinese or the Malaysians? This feverish campaign against oil companies in the southern Sudan may end up harming the very people everybody claims to have a moral responsibility to represent.*

*The conflict in Sudan is three-dimensional – there is the political aspect, the cultural aspect and the development component. The contentious issues admitted by the conflicting parties in the Sudan show that the present situation in Sudan is a result of poverty, underdevelopment, economic social exclusion of marginalized people especially in the southern Sudan and other remote areas of the country.*

*The solutions of this conflict lie in the adoption of a strategy to alleviate poverty and to create conditions for socio-economic development of the neglected areas, a process the Lundin Oil company and Talisman are already committed to implement with enthusiasm. But unfortunately some human rights groups, NGO's and government opponents are calling these oil companies to pull out without proper replacement on the ground because they think that oil revenues may fuel the war effort. This oil is now at the shores of Port Sudan and the pull out of western companies will never salvage the situation but with all probability will aggravate it. Many oil companies without moral obligations to human rights or service oriented will jump into their shoes and the good work the local communities enjoy now may disappear overnight.*

*The Addis Ababa agreement of 1972 failed because it failed to address the real causes of conflicts in the south – poverty, underdevelopment and the economic exclusion of the Southern Sudan. The central government did not give enough financial support because it had no real resources. No multinational companies existed to tap the natural resources of the South to carry out development. Now, despite the war, the stakes are that development in the southern Sudan may accelerate faster than in the North if oil exploration and development operations continue uninterrupted.*

*Of course everybody in Khartoum is happy about the oil proceeds. But the government priority is not to utilise oil revenues for armament... Besides, the government is committed to alleviate poverty by embarking on improving social institutions... All these commitments may distract the government from concentrating on armament. In addition there are attempts to allow an international commission to foresee the spending of oil proceeds.*

*In conclusion, I would like to state that all the people of Unity State and many people from the Sudan in general whom I had the chance to talk to, would prefer oil companies to continue working in the oil fields. Even opposition groups outside and inside Sudan voiced their support...*

*Hence peace will not come to Sudan because Lundin Oil is given pressure to quit, peace will come to Sudan if Lundin is allowed to extend basic health services, basic education and training, basic social infrastructures to the people of the area.*

- **John Dor**, Governor of Unity State, Sudan, [15-05-2001](#)<sup>209</sup>

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<sup>209</sup> [www.lundin-petroleum.com/Documents/ot\\_sudan\\_johndor\\_e.pdf](http://www.lundin-petroleum.com/Documents/ot_sudan_johndor_e.pdf) Accessed April 2013.



## SUDAN



Acquiring seismic in the Sudd swamp.

EXPLORATION

In 1999, Lundin Oil spudded the first well in Block 5A and logged a significant hydrocarbon column before operations had to be suspended for a period of more than 18 months, due largely to seasonal weather conditions and lack of year-round access to the location. During this time, however, a 75 km all-weather road was constructed connecting the base camp at Rubkona to the drilling location at Thar Jath.

This road provides year-round access into Block 5A and made it possible to start the testing of Thar Jath in early 2001. The first well has confirmed the existence of a large oil deposit at Thar Jath which flowed 4,260 barrels of oil per day. Another structure 12 km south of Thar Jath is currently being tested after which an appraisal well will be drilled on the Thar Jath structure. In parallel the Company is conducting an extensive seismic campaign.

Further exploration potential exists with numerous prospects and leads located on trend with the existing Thar Jath discovery. Block 5A is located adjacent to and on the same geological trend as the producing oilfields in Block 1, 2 and 4, currently being developed by a consortium of international companies, known as the Greater Nile Petroleum Operating Company (GNPOC). GNPOC is currently producing over 200,000 barrels of oil per day and achieving an excellent exploration success ratio. Early indications suggest similar potential for Block 5A.

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Page 13 from the Lundin Oil AB 2000 Annual Report, demonstrating the official reason presented to shareholders by the company for suspending operations in Block 5A from May 1999 until December 2000. Note that no mention is made of the civil war in Sudan, or of the actual conflict that was taking place in Block 5A and its severe impact on the civilian population.



## Lundin's message no. 10:

### Rain is suspending our oil activities, not the civil war

Lundin's exploration and development activities in Block 5A experienced two major interruptions, from May 1999<sup>210</sup> until December 2000<sup>211</sup>, and again from January 2002<sup>212</sup> until March 2003<sup>213</sup>. Both periods were immediately preceded by rebel attacks on Lundin; an attack on Lundin's drilling site by the SSDF on the 2<sup>nd</sup> May 1999<sup>214</sup>, and the shooting down of Lundin's helicopter in January 2002<sup>215</sup>.

In the first case Lundin initially communicated that it had stopped operations due to the arrival of the rainy season, which was partly true as heavy rain combined with the black cotton soils of the Block 5A area makes overland transport on ungraded roads very difficult from May to the end of September. Nonetheless, Lundin admitted that it had to move all of its drill equipment out before the rains<sup>216</sup>, undoubtedly because the Government of Sudan's armed forces could not provide the required protection during the rainy season when their mobility would have been heavily restricted. No mention was made at that time of the very real security concerns for staff and company property; only in 2001 did a Lundin spokesperson make a reactive mention that security issues had been an additional concern in 1999.

The rebel attack on Lundin's installations combined with the discovery of oil at Thar Jath in May 1999 demonstrated the shortcomings of the government of Sudan's security guarantees, and also provided the incentive for Lundin to make the major investment of building an all-weather road to its drill site. A top level Lundin's visit to President Al-Bashir in Khartoum in August 1999<sup>217</sup> must have discussed these issues; the company and the Government of Sudan may then have come to a mutual agreement to suspend oil operations while the road was being built, while also giving time for the area to be properly secured against further rebel attacks. Under normal conditions Lundin would have recommenced exploration activities at the end of the 1999 rains, but was instead totally absent during the October 1999 to May 2000 dry season, coinciding with a massive military offensive by the government of Sudan to clear parts of Block 5A of its civilian population. The all-weather road was constructed at this time, which enabled government forces to better secure the area through a series of garrisons along the road. Lundin's absence had a further advantage; company staff would not become witnesses to the government's scorched earth campaign against the local population.

Lundin's second period of absence also coincided with a massive government military offensive and the displacement of huge numbers of civilians from Block 5A. In this case the company did briefly mention to shareholders and potential investors that activities had stopped due to security concerns, but failed to give the level of detail that would be expected of such a material event.

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<sup>210</sup> HRW 2003: 581.

<sup>211</sup> HRW 2003: 581; Lundin Oil 2001: 3.

<sup>212</sup> HRW 2003: 582; see also Lundin Petroleum (2003). *2002 Annual Report*. Stockholm: Lundin Petroleum. p. 16.

<sup>213</sup> Lundin Petroleum press release, 27-03-2003, 'Update on activities in Block 5A, Sudan'.

<sup>214</sup> HRW 2003: 581.

<sup>215</sup> HRW 2003: 393; see also MSF 2003: 29.

<sup>216</sup> *Finanstidningen*, 21-05-1999, "Major discovery in Sudan boosts Lundin Oil" (org. title *Storfynd i Sudan lyfter Lundin Oil*).

<sup>217</sup> Sudan News Agency, 17-08-1999.





The coincidence between (1) the major military offensives by the government of Sudan in Block 5A, (2) the subsequent mass displacement of civilians, and (3) the possibly incorrect or misleading reasons given by Lundin for the company's absence during May 1999 to December 2000, and again from January 2002 to March 2003, should be investigated by shareholders to determine whether the company had knowingly withheld material information from them. In particular, shareholders should demand to know whether Lundin was aware in advance that military offensives were being planned in its concession, and why there was no ongoing monitoring of the situation for the civilians during the company's absence<sup>218</sup>, particularly during the second period of absence which followed repeated warnings to the company that human rights abuses were taking place on a massive scale in Block 5A.



Lundin's oil road in Block 5A comprises a causeway raised above low-lying swampy areas, thereby enabling it to be used when surrounding areas are flooded during the rainy season. This gave the road a huge military significance, for it allowed Government of Sudan forces to penetrate far deeper into rebel-held South Sudan than they had previously, but was hotly contested by southern rebels. The Government of Sudan responded with two massive military offensives – from May 1999 to December 2000 to secure the northern part of the road while it was being built, and from January 2002 to March 2003 to secure the southern part while the road was upgraded and extended. Photo © Kerstin Lundell.

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<sup>218</sup> The company retained an office in Khartoum throughout this time and may also have kept a presence at its operational headquarters in Rubkona. Locally-recruited company staff could have kept Lundin informed of security and other developments.



*Andrew Both came from Wicbar, across the river from Rubkhona. He said helicopter gunships attacked Wicbar early one morning in February 2000 – the very month that Lundin announced it was temporarily suspending its testing operations "due to logistical considerations".*

- Julie Flint, *Dagens Nyheter*, 18-03-2001<sup>219</sup>

*The first exploratory well was drilled at Thar Jath in April 1999. The following month, GoS troops were sent to Thar Jath and the adjacent area to secure the location for continued exploration. In light of the continued fighting between the GoS and SPLA in the region, the oil company announced the suspension of its operation in March 2000. During the following ten months, the GoS forces conducted attacks along the northern end of the road from Rubkhona to Rier in an effort to establish a safe zone so that oil operations could resume. Humanitarian aid agencies estimate that during these attacks over 11,000 civilians were displaced and numerous villages were completely razed. After ten months of continued fighting and the systematic displacement of civilians, the oil company was able to resume operations. By March 2001 oil was discovered at Thar Jath.*

*As the Government of Sudan (GoS) sought to clear the way for oil exploration and to create a cordon sanitaire around the oil fields, vast tracts of the Western Upper Nile Region in southern Sudan became the focus of extensive military operations. As new areas opened to exploration, roads were constructed to facilitate the oil company's logistical and operational support. In addition to their commercial value, these roads enhance the GoS's ability to provide security for the oil company, and further extend their military influence in the region. The most contested, and controversial road in the region remains the all-weather Bentiu-Leer-Adok Road that presently connects Bentiu with Leer, and ultimately will connect with Adok on the Nile.*

*By the end of 2001, heavy fighting had once again erupted between GoS militias and the SPLA over control of the road and the oil fields. In December 2001, the oil company was once again forced to stop operations. In January 2002, the oil company made a formal announcement stating that operations were indefinitely suspended. At the same time, the SPLA and the SPDF announced that they had signed a peace agreement and would work towards a merger of their organizations. In response to this merger, attacks by the GoS military and its associated militias immediately intensified along the Bentiu-Leer-Adok Road.*

*This renewed GoS offensive, which continued until the beginning of March 2003, was consistent with GoS methodology previously used to clear civilian populations from along the Bentiu-Leer-Adok Road and other areas of possible oil exploration. This GoS offensive was conducted along two axis: ... one axis attacking regions south of Mankien, Mayom and Wangkei... the second axis along the Bentiu-Leer-Adok Road... to ensure that the Bentiu-Leer-Adok Road was extended to Leer and then on to the military port garrison of Adok on the Nile. In early February [2003], the road had been extended to Leer (the all-weather portion of this road only extends just south of Rier).*

- Brigadier General (Rtd) US Army Charles H Baumann, *Civilian Protection Monitoring Team*, Jan-July 2003<sup>220</sup>

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<sup>219</sup> Partially cited on the Sudanreeves.org website, accessed 7th February 2013.



*Yes, it is a major find. We have not had time to make the tests yet. But it seems to be the largest find made in the area up to now. We estimate it to be about 300 million barrels of oil... Because the rainy season now starts have we been forced to move all equipment from the area... In total we probably have to drill around three holes before we can start to produce any oil in Sudan. But if everything goes as we have planned are we probably going to be producing at the 3rd quarter of 2001... I think that Libya and Sudan alone will make Lundin Oil to one of the worlds 20 biggest oil companies. And that is absolutely no overestimation.*

- Adolf Lundin, Major shareholder and Chairman of **Lundin Oil AB**, 21-05-1999<sup>221</sup>

*The company is lying low in Sudan for the moment... this has nothing to do with the civil war in Sudan, but that the rainy season is going on now.*

- Magnus Nordin, Vice Vice Director **Lundin Oil AB**, 29-09-1999<sup>222</sup>

*The first field we have drilled, Thar Jath, has according to mathematical analysis a potential of approximately 300 million barrels. Unfortunately the rainy season arrived and obstructed us. We expect to take up our activities again at the end of the year. During the next dry season we will test two new, somewhat smaller areas.*

- Adolf Lundin, Major shareholder and Chairman of **Lundin Oil AB** 29-09-1999<sup>223</sup>

*We're more affected by the weather situation than we are by the war.*

- Andrew Harber, manager at **Lundin Oil AB**'s London office, 26-11-1999<sup>224</sup>

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<sup>220</sup> Civilian Protection Monitoring Team (CMPT) *Report of Investigation: Violence against Civilians along the Bentiu-Leer-Adok Road*. Khartoum: August 2003.

<sup>221</sup> *Finanstidningen*, 21-05-1999, "Major discovery in Sudan boosts Lundin Oil" (org. title and quote. *Storfynd i Sudan lyfter Lundin Oil*: "Ja, det är ett stort fynd. Vi har inte hunnit utföra alla tester ännu. Men det verkar vara det största fyndet som hittills gjorts i området. Vi räknar med att det rör sig om ungefär 300 miljoner fat olja...Eftersom regnperioden nu inleds har vi varit tvungna att flytta ut all utrustning från området...Ja, jag tror att vår koncession i Sudan, liksom den i Libyen, kan innehålla mer 1 miljard fat...Totalt måste vi nog borra ungefär tio hål innan vi kan börja producera någon olja i Sudan. Men om allt går som vi tänkt oss ska vi nog kunna vara igång under det 3:e kvartalet år 2001...Ja, Libyen och Sudan kommer att vara våra absolut viktigaste projekt under flera år framöver... Jag tror att Libyen och Sudan ensamma kan göra Lundin Oil till ett av världens 20:e största oljebolag. Och det är absolut ingen överdrift."), Robert T Eriksson.

<sup>222</sup> *Dagens Industri*, 29-09-1999, "Lundin Oil continues in Sudan" (org. title and quote: *Lundin Oil fortsätter i Sudan*: "företaget ligger lågt i Sudan för tillfället... inte har med inbördeskriget i Sudan att göra utan att det råder regnperiod."), Christer L. Pettersson, JOHANNESBURG.

<sup>223</sup> *Finanstidningen*, 29-09-1999, "Interview: Adolf Lundin – Lundin's hunt for desert gold" (org. title and quote: *INTERVJU: Adolf Lundin - Lundins jakt på ökenguldet*: "Det första fältet vi borrat, Thar Jath, har enligt de matematiska analyserna en potential på cirka 300 miljoner fat. Tyvärr kom regnperioden och satte käppar i hjulet för oss. Vi räknar med att vara igång igen i slutet av året. Under nästa torrperiod kommer vi att testa två nya, något mindre områden."), Robert T Eriksson.

<sup>224</sup> *National Post*, 26-11-1999, 'Influential Desmarais family has ties to Sudan TotalFina's oil interest' by Paul Waldie, Claudia Cattaneo & Kathryn Leger.





*The Thar Jath exploration well was drilled during the second quarter 1999... Due to the impending onset of the rainy season, testing of the well was postponed...*

*The 2000 work plan is to test and appraise the Thar Jath discovery. Infrastructure development projects including the building of an all weather road and base camp facilities are also planned. The actual work program is dependant on the weather and logistical/security concerns unique to this area in Southern Sudan.*

- **Lundin Oil AB, Annual Report 1999**, published [May 2000](#)<sup>225</sup>

*We left the area because of violent rain. In addition to the problem of wind and weather we were targeted by SPLA guerrillas which also hampered the work on the road.*

- Maria Hamilton, head of Corporate Communications, **Lundin Oil AB**, [18-03-2001](#)<sup>226</sup>

*In 1999, Lundin Oil spudded the first well in Block 5A and logged a significant hydrocarbon column before operations had to be suspended for a period of more than 18 months, due largely to seasonal weather conditions and lack of year-round access to the location. During this time, however, a 75 km all-weather road was constructed connecting the base camp at Rubkona to the drilling location at Thar Jath.*

*This road provides year-round access into Block 5A and made it possible to start the testing of Thar Jath in early 2001.*

- **Lundin Oil AB, Annual Report 2000**, published [May 2001](#)<sup>227</sup>

*Until now, we have been able to operate under good and secure conditions in the area, but a recent deterioration has led us to decide this temporary suspension. It is not caused by any specific event, but our first priority must be the safety and well being of our employees and contractor personnel in the field.*

- Comment by Ian H. Lundin CEO of **Lundin Petroleum AB**, [22-01-2002](#)<sup>228</sup>

*In January 2002, Lundin Petroleum decided to suspend its operations in Sudan, having judged that, under current circumstances, it could not ensure the safety of its staff. The decision to resume operations is predicated on an objective change of circumstances.*

- **Lundin Petroleum AB**, Annual Report 2001, published [April 2002](#)<sup>229</sup>

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<sup>225</sup> Quote taken from p. 14 of Lundin Oil's 1999 Annual Report.

<sup>226</sup> *Svenska Dagbladet*, [18-03-2001](#), "Crisis meeting expected after accusations" (orig. title and quote: *Krismöte väntar efter anklagelserna*: "Vi lämnade området på grund av våldsamma regnväder. Förutom problemet med väder och vind var vi måltavla för gerillan SPLA vilket också försvårade arbetet med vägen.") by Gunilla von Hall.

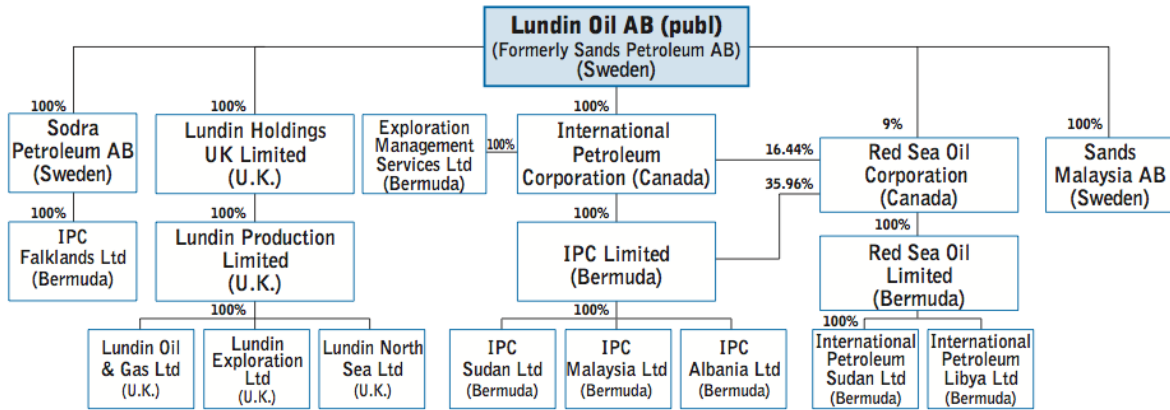
<sup>227</sup> Quote taken from p. 13 of Lundin Oil's 2000 Annual Report.

<sup>228</sup> Lundin Petroleum AB press release, [22-01-2002](#), 'Lundin Petroleum announces a temporary suspension of activities in Block 5A Sudan while it welcomes the latest cease-fire agreement in the Nuba mountains.'

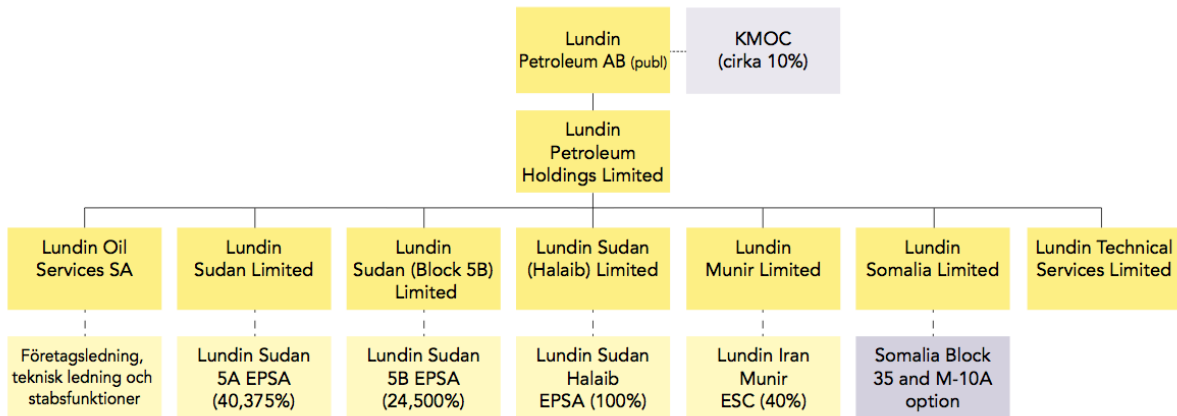
<sup>229</sup> Quote taken from p. 21 of Lundin Petroleum's 2001 Annual Report.



## Lundin Oil 1997



## Lundin Petroleum 2001



The structure of the Lundin Oil/Petroleum group in 1997 and 2001, reproduced from the Lundin Oil 1997 Annual Report and the October 2001 rights issue brochure *Inbjudan till teckning av aktier i Lundin Petroleum AB (publ) samt erhållande av optionsrätter*.



## Appendix 1:

### The formation of the Lundin group of oil companies:

#### International Petroleum Corporation, Sands Petroleum AB, Lundin Oil AB and Lundin Petroleum AB

**1981: International Petroleum Corporation** is founded by **Adolf H. Lundin** with exploration assets in the Middle East, Texas and the Bay of Biscay<sup>230</sup>.

**June 1987:** A forerunner to Lundin Petroleum AB/Lundin Oil AB/Sands Petroleum AB is founded<sup>231</sup>.

**December 1987:** The forerunner to Lundin Petroleum AB/Lundin Oil AB/Sands Petroleum AB is renamed **HydroCarbon International AB**<sup>232</sup>.

**November 1988:** **HydroCarbon International AB** together with Gotslandsolja forms **Grauten AB**<sup>233</sup>.

**During 1990:** **HydroCarbon International AB** starts to buy shares in the **International Petroleum Corporation**<sup>234</sup>.

**June 1992:** **HydroCarbon International AB** transfers its shares in **Grauten AB** to the **International Petroleum Corporation (IPC)** in exchange for shares in IPC in connection with a public offer from IPC. At the same time HydroCarbon International becomes a subsidiary of IPC through a public offer<sup>235</sup>.

**December 1992:** **HydroCarbon International** acquires all of **International Petroleum Corporation (IPC)**'s shares in **Grauten** in exchange for 4,675,249 newly issued shares in HydroCarbon International<sup>236</sup>. At the same time HydroCarbon International makes a public offer to the remaining shareholders in Grauten, which results in Grauten becoming a subsidiary of HydroCarbon International<sup>237</sup>.

**March 1993:** HydroCarbon International changes its names to **Sands Petroleum AB**<sup>238</sup>.

**October 1993:** **International Petroleum Corporation** controls 81% of **Sands Petroleum** (formerly Hydrocarbon International). Sands Petroleum carries out a rights issue where shareholders are invited to subscribe for new shares on a one-for-one basis.<sup>239</sup>

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<sup>230</sup> <http://www.lundin-petroleum.com/eng/history.php> Accessed 22-04-2013.

<sup>231</sup> Lundin Oil (1998). *Annual Report 1997 Lundin Oil AB*. Stockholm: Lundin Oil AB. p. 49.

<sup>232</sup> Lundin Oil (1998). *Annual Report 1997 Lundin Oil AB*. Stockholm: Lundin Oil AB. p. 49.

<sup>233</sup> Lundin Oil (1998). *Annual Report 1997 Lundin Oil AB*. Stockholm: Lundin Oil AB. p. 49.

<sup>234</sup> Lundin Oil (1998). *Annual Report 1997 Lundin Oil AB*. Stockholm: Lundin Oil AB. p. 49.

<sup>235</sup> Lundin Oil (1998). *Annual Report 1997 Lundin Oil AB*. Stockholm: Lundin Oil AB. p. 49.

<sup>236</sup> Sands Petroleum AB. *Årsredovisning 1995*. Stockholm: Sands Petroleum AB. p. 5.

<sup>237</sup> Lundin Oil (1998). *Annual Report 1997 Lundin Oil AB*. Stockholm: Lundin Oil AB. p. 49.

<sup>238</sup> Lundin Oil (1998). *Annual Report 1997 Lundin Oil AB*. Stockholm: Lundin Oil AB. p. 49.

<sup>239</sup> Source: *Dagens Industri* 15-10-1993 'Sands Petroleum to carry out rights issue'.



**November 1993: International Petroleum Corp** sells 3 million shares in **Sands Petroleum**, thereby reducing its shareholding to 47.7% of the equity and 68.8% of the voting rights.<sup>240</sup>

**February 1994: Adolf H. Lundin** increases his personal holding in **Sands Petroleum** to 12.5% of the votes and 16.7% of the shares<sup>241</sup>, while **International Petroleum Corp** acquires 3 million shares in Sands Petroleum<sup>242</sup>, thereby increasing its holding in the company to 40.5% of the share capital and 55.5% of the voting rights<sup>243</sup>.

**March 1994: International Petroleum Corp (IPC)** acquires 540,000 B shares in **Sands Petroleum** from **Adolf H. Lundin**, thereby increasing the company's holding to 43.5% of the equity capital and 54.7% of the voting rights<sup>244</sup>.

**December 1994: International Petroleum Corporation** owns 7,126,926 (40.7%) while **Adolf H. Lundin** owns 3,552,000 shares (19.7%) of the shares in **Sands Petroleum AB**<sup>245</sup>.

**February 1995: Grauten** becomes wholly owned by **Sands Petroleum**<sup>246</sup>.

**April 1995: International Petroleum Corporation** sells its entire 41% stake in **Sands Petroleum**<sup>247 248</sup>, amounting to 6,652,376 Class B shares and 674,000 Class A shares for approximately US\$ 10.7 million, with Adolf H. Lundin purchasing about 26% of the shares sold<sup>249</sup>. By July 1995 Adolf H. Lundin owns 30% of the share capital and 50% of the votes in Sands Petroleum<sup>250</sup>, and is the largest shareholder in Sands Petroleum AB<sup>251</sup>.

**October 1996: Adolf H. Lundin** acquires 3.5 million shares in **Sands Petroleum AB**<sup>252</sup>, giving him control of 33.2% of the capital and 41% of the votes, with his stake now comprising 654,600 A-shares and 13.8 million B-shares<sup>253</sup>. Shortly afterwards he acquires 2 million common shares of **International Petroleum Corp.**, increasing his stake to about 7.46 million shares or 12.4%<sup>254</sup>.

**May 1997: Lundin's subsidiaries International Petroleum Corp and Sands Petroleum AB** are merged into Swedish owned Sands Petroleum AB<sup>255</sup>. IPC Sudan Ltd., a wholly owned subsidiary of Sands Petroleum (later Lundin Oil AB), continues to operate under that name until at least December 1999<sup>256</sup>.

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<sup>240</sup> *Svenska Dagbladet*, 19-11-1993, 'Canada's IPC reduces holding in Sands Petroleum'.

<sup>241</sup> *Svenska Dagbladet*, 17-02-1994, 'Adolf H Lundin increases stake in Sands Petroleum'.

<sup>242</sup> *Dagens Industri*, 23-02-1994, 'International Petroleum Corp buys Sands Petroleum shares'.

<sup>243</sup> *Svenska Dagbladet*, 23-02-1994, 'International Petroleum Corp lifts stake in Sands Petroleum'.

<sup>244</sup> *Svenska Dagbladet*, 31-03-1994, 'International Petroleum Corp increases holding in Sands Petroleum'.

<sup>245</sup> Sands Petroleum AB. *Årsredovisning 1995*. Stockholm: Sands Petroleum AB. p. 5.

<sup>246</sup> Lundin Oil (1998). *Annual Report 1997 Lundin Oil AB*. Stockholm: Lundin Oil AB. p. 49.

<sup>247</sup> *Petroleum Economist*, 1-10-1995, 'A new agenda comes into play.'

<sup>248</sup> IPC had controlled 81% of Sands Petroleum (formerly Hydrocarbon International) until October 1993 when shareholders were invited to subscribe for new shares on a one-for-one basis. Source: *Dagens Industri* 15-10-1993 'Sands Petroleum to carry out rights issue'.

<sup>249</sup> Canada NewsWire, 21-04-1995, 'International Petroleum Corporation', citing board press release by Ian H Lundin; *Dagens Industri*, 21-04-1995, 'International Petroleum Corporation sells Sands Petroleum shares.'

<sup>250</sup> *Dagens Industri*, 3-07-1995, 'Ranking- Sands petroleum stock market performer in first half of 1995'.

<sup>251</sup> <http://www.lundin-petroleum.com/eng/history.php> Accessed 22-04-2013.

<sup>252</sup> Lundin Oil (1998). *Annual Report 1997 Lundin Oil AB*. Stockholm: Lundin Oil AB. p. 49.

<sup>253</sup> *Dagens Industri*, 10-10-1996, 'Adolf H. Lundin buys Sands Petroleum shares from Neste of Finland'.

<sup>254</sup> Oil & Gas Interests Newsletter, 1-11-1996, 'Major Stakes'.

<sup>255</sup> *Business Wire* (Vancouver), 27-02-1998, 'Sands Petroleum Reports Fiscal Year End Results', accessed 22nd May 2012 from [www.thefreelibrary.com](http://www.thefreelibrary.com); see also *Wall Street Transcript*, 25-10-1999, 'CEO/Company Interview. Ian H. Lundin. Lundin Oil AB.'

<sup>256</sup> *Dow Jones Newswires*, 14-12-1999, 'Lundin Oil To Start Drilling In Sudan In Jan - Minister' by Sabine Hassen in London.



**August/September 1997: Sands Petroleum** announces its intention to merge with **IPC**<sup>257</sup>. The **Lundin** family controls almost 40% of the voting shares of Sands and 20% of the voting shares of IPC; under the conditions of the merger they will own a 33% voting interest in A.H. Lundin Oil AB<sup>258</sup>.

**April 1998: Sands Petroleum AB** changes its name to **Lundin Oil AB**, traded on the Stockholm, Vancouver and NASDAQ stock markets<sup>259</sup>.

**June 2001: Talisman** makes a public offer to acquire all shares and warrants of **Lundin Oil AB**, after its Sudanese and Iranian assets have been transferred ('spun off') to the newly incorporated **Lundin Petroleum AB**<sup>260</sup>. More than 90% of shareholders accept the offer, which entitles them to receive shares in Lundin Petroleum AB<sup>261</sup>.

**November 2001: Lundin Petroleum AB** is listed on the New Market in Stockholm<sup>262</sup>.

**early 2003: Lundin Petroleum** takes its first step onto the Norwegian Continental shelf by acquiring 75 percent of the shareholding in OER oil, a Norwegian E&P company for NOK 30 million<sup>263</sup>.

**summer 2003: Lundin Petroleum** sells its working interest in Block 5A in Sudan to Petronas Carigali for USD 142.5 million<sup>264</sup>.

**November 2003: Lundin Petroleum** agrees to acquire a portfolio of producing assets in the UK, Ireland and Norway from DNO AS for USD 165 million<sup>265</sup>.

*Oil in Sudan has played a crucial role in Lundin Petroleum's unprecedented growth. In five years, market capitalization increased from half a billion to 23 billion SEK. It would not have been possible without money from the sale of Block 5A in Sudan three years ago. The transaction resulted in 1.2 billion SEK used to buy oil fields in the North Sea at the right time - in November 2003. Since then, the company's production has increased from 16000 to 33000 barrels of oil a day. Lundin Petroleum is today Europe's third largest independent oil company.*

- Gustaf Tapper, *Dagens Industri*, 2-03-2006<sup>266</sup>

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<sup>257</sup> Lundin Oil (1998). *Annual Report 1997 Lundin Oil AB*. Stockholm: Lundin Oil AB. p. 49.

<sup>258</sup> *Financial Post* (Canada), 2-09-1997, '\$268M Lundin group merger' by Amanda Lang.

<sup>259</sup> Business Wire (Vancouver), 2-04-1998, 'Sands Petroleum: Name Change to Lundin Oil AB Effective as of April 2, 1998.' Posted on [www.thefreelibrary.com](http://www.thefreelibrary.com) Accessed 20th May 2012.

<sup>260</sup> Lundin Petroleum Press Release, 23-07-2001.

<sup>261</sup> Talisman press release, 21-08-2001, 'Talisman Energy Proceeds With its Bid For Lundin Oil – Acquires More Than 90 Per Cent Of The Shares And Votes Of Lundin Oil'. Accessed 23rd May 2012 from [www.datamonitor.com](http://www.datamonitor.com)

<sup>262</sup> <http://www.lundin-petroleum.com/eng/history.php> Accessed 22-04-2013.

<sup>263</sup> <http://www.lundin-petroleum.com/eng/history.php> Accessed 22-04-2013.

<sup>264</sup> <http://www.lundin-petroleum.com/eng/history.php> Accessed 22-04-2013.

<sup>265</sup> <http://www.lundin-petroleum.com/eng/history.php> Accessed 22-04-2013.

<sup>266</sup> *Dagens Industri*, 2-03-2006, 'New drilling in Sudan determines Lundin's future' (org. title and quote 'Nya borrhningar i Sudan avgör Lundins framtid', 'Oljan i Sudan har spelat en avgörande roll för Lundin Petroleum's exemplösa tillväxt. På fem år har börsvärdet ökat från en halv miljard kronor till 23 miljarder kronor. Det hade inte varit möjligt utan pengarna från försäljningen av Block 5A i Sudan för tre år sedan. Affären gav 1,2 miljarder kronor som användes för att köpa oljefält i Nordsjön vid rätt tidpunkt – i november 2003. Sedan dess har bolagets produktion ökat från 16.000 till 33.000 fat olja om dagen. Lundin Petroleum är i dag Europas tredje största oberoende oljebolag.) by Gustaf Tapper.



Toronto Star, Sunday, April 20, 1997

# Oiling the wheels of revolution

Two Canadian companies defy rebel threats to drill in Sudan's hinterland

By MARTIN REGG COHN  
MIDDLE EAST BUREAU

**T**HE HELIG CAMP, Sudan's HE TWIN Otter from North Caribou Air, a Canadian flag painted on its tail, banks into the morning sun to overfly the thatched-roof huts and isolated oil rigs.

In the sweltering 42-degree heat below, nomads from the Bugara tribe are packing up. They are preparing to pull out before the approaching rainy season turns the arid, "black cotton" soil into impassable mud.

A crew of 80 Canadians and their Sudanese support staff will stay behind. But not by themselves.

While they drill for oil, more than 1,000 government troops dig in — braced for rebel attacks against their Canadian guests.

Here in the southern hinterland of Africa's largest country, 800 kilometres south of Khartoum, the world's longest-running civil war is returning with a vengeance.

The conflict pits Sudan's Arab-dominated, Islamic military regime in a jihad (holy war) against guerrillas in the Christian and animist south fighting for greater freedom.

With more than 1.2 million dead from the fighting, famine, and 3 million refugees, the human toll is far greater than the killing fields of Bosnia and East Timor. But this is Africa's forgotten war, in a forsaken continent.

Now, Canada's aspiring oil barons are considered fair game. Calgary-based Arakis Energy Corp. and Vancouver-based International Petroleum Corp. have been deemed corporate "vultures" and targeted for rebel strikes.

The rebels' spring offensive opened up a northeastern front, backed by \$28 million in American military aid to their patrons in neighboring African states. The guerrillas are taking aim at Port Sudan in the northeast, the country's lifeline to the Red Sea and the outside world — and the terminus of a Canadian-planned oil pipeline.

Though little-known in Canada, the two oil companies are renowned in Sudan. They have been the object of threats since signing potentially lucrative oil exploration and pipeline deals with the Sudanese government earlier this year, reinforcing their dominant role in a country where few foreign firms dare to drill. Arakis has invested \$200 million and is leading a consortium behind the \$1 billion, 1,500-kilometre pipeline that could transport up to 250,000 barrels a day to Port Sudan.

American companies have pulled out of Sudan under pressure from Washington, which accuses Khartoum of sponsoring state terrorism. The Americans are still nervous after three Chevron workers died in rebel attacks in the 1980s, here at the Heglig camp later bought by Arakis.

The Sudan Alliance Forces consider the Canadians "legitimate military targets" because they joined forces with the Islamic dictatorship. The war effort is estimated to cost the govern-



ment \$1.4 million a day.

"They have offered direct help to the fanatics in Khartoum to murder, enslave and oppress our people." Alliance commander Brig. Abdel Osman said in a recent public warning from his guerrilla base in neighboring Eritrea.

"They will be treated as enemies," but roughnecks and engineers flown in from Alberta for 28-day rotations are at risk. And the rebels promise to blacklist the Canadians who do business with the Islamists.

Sudan's People's Liberation Army (SPLA) commander John Garang, with 28,000 soldiers under arms, also singled out Arakis as a military target last December.

And former prime minister Sadiq Mahdi, whose democratic government was overthrown in 1989, said last month that Canadian investors should stop helping the Islamic regime squander natural resources for its "priorities of oppression."

But at the Heglig camp, no one is running for cover. Eight wells are in early production and two drilling rigs are in place. Two more rigs have arrived and are being assembled for an ambitious seismic exploration program covering the 240-square-kilometre concession owned by the Arakis subsidiary.

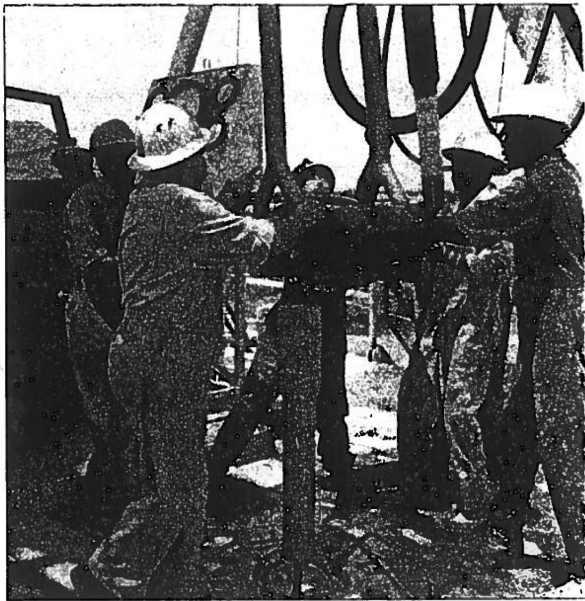
A new camp has just opened up, a \$2 million hospital is complete, and the Canadian flag flutters atop the rigs. Ex-Mounties patrol the grounds and keep the Sudanese army alert to any threats.

For Sudan's leadership, the Canadian presence is paying commercial and political dividends. Parliamentary Speaker Hassan Turabi, widely considered Sudan's pre-eminent spiritual and political leader, says Arakis and International Petroleum are blazing a trail for previously timid foreign investors.

"They are far from any police station or urban area, and they feel very safe," Turabi notes approvingly in an interview. "I appreciate that Canadian oil company."

When the oil starts flowing and profits are plowed into the government's coffers, Turabi boasts that his Islamic revolution will be liberated from outside financial and political pressures.

Sudan's oil fields, and the Canadian companies helping to exploit them, are the key to perpetuating the revival of Islam, he exults. After a year of negotiations, the government says it is on the verge of signing a peace treaty this month with four guerrilla factions



**DEEP ISSUES:** Workers for Arakis and International Petroleum drill for oil, and earn good wages, same time by creating water holes for nomads to use. But analysts suggest the oil's high content make it a dubious investment.

that broke away from the rebel alliance.

When the bullets were flying a few months ago — tracer bullets lighting up the night sky — Canadian oil workers had to turn back from their route to the Heglig camp. The fighting was attributed to clashes between a splinter rebel group and the government forces.

Arakis chief executive John McLeod says he takes the military threats seriously, but insists it is a risk worth taking. Canadian oil companies have simply seized the opportunity by going where the Americans dare not go.

"We're investors here. We're just doing a job," he says in an interview. "We got a tremendous amount of anti-Sudanese publicity and sentiment."

To counter that negative image, Arakis proudly points to the hospital at its Heglig camp, which treats hundreds of nomads every week. Some patients, such as Dar Essalam Hammed, who has breast cancer, walk for days to get free medicine.

Arakis also earns good will, after drilling an exploration well, by leaving an adjacent water hole and hand pump behind for the nomads to bring their livestock.

"You'd sometimes think we were running a cattle farm here by the rigs," says former RCMP officer Allan Hanson, the camp security chief.

Next door to the Arakis operation, International Petroleum is planning to piggyback on to the promised pipeline after developing an oil field it leased in a February agreement.

"It's one of the largest proven but underdeveloped basins in the world right now, so it's a hot project," says International Petroleum head Ian Lundin. The basin has 1 billion barrels of proven reserves, and estimates go as high as 8 billion barrels of "sweet" low-sulphur oil, he says.

International Petroleum moved in even after Los Angeles-based Occidental Petroleum bailed out, because



Canadian companies don't face the same political constraints, or security jitters, as their American cousins, he explains.

Lundin is undaunted by the threats. "It's a risk that we can accept, because of the potential of the basin," he says. "It has created a big opportunity."

It has also created something of a photo opportunity for the regime, says the Toronto-based Inter-Church Coalition on Africa, which calls the Canadian investment "morally indefensible." In fact, the Arakis signing ceremony was broadcast live on state-run Sudan Television last month, burnishing its credentials at a time of increasing isolation.

"Arakis' work in Sudan lends legitimacy to a regime that has been condemned by the U.N. for genocide,

slavery, indiscriminate bombing of civilians, killing of political opponents and forcing an extreme form of Islam on all Sudanese," the church coalition said in a statement last month.

The relationship between Arakis and its Sudanese hosts is self-evidently symbiotic. The oil camp opens its hospital doors to military men as well as nomads. Arakis services broke military trucks, provides electric lines to their barracks and even pipe in water to the army camps.

The collaboration with the military in a remote location is hardly surprising. More puzzling for some analysts is the economic rationale behind the drilling.

The oil may be low in sulphur content, but it is high in paraffin, oil industry sources say. That makes it expensive to extract and commercially questionable.

The pipeline is also problematic. "I obviously have great potential, but it's 1,500-kilometre pipeline is very easy to bomb," observes one diplomat who watches the oil issue closely. "The rebel groups have promised to do that if it goes ahead under this government."

Gasim Badri, president of the private Afhad University outside Khartoum, professes to be baffled by the Canadian role.

"I don't believe there's much oil, or Chevron would have stayed," he says speculating on a possible political motive. He predicts the fighting will continue as it has, off and on, for the past four decades in a perpetual military stalemate.

Regardless of whether the regime recovers oil riches now or in the future, the entrenched hatreds between north and south will continue bubbling to the surface. As long as the predominantly Muslim north is seen as imposing a rigid form of political Islam on minority groups, it will engender resentment and conflict.

"You see, Sudan is a hopeless country — it has always been poor, and always will be," Badri says. "The southerners have real grievances, like the Indians in Canada. The Sudanese are racists... and the (African) south despises any Arab sentiment or culture."

Amidst the oil, Badri muses, there is a lot of muck.

"If I had money, I wouldn't come and invest here. It's a gamble, and they're taking a risk."

Tomorrow: Links to terrorism.

International community outraged at oil firms' aid to pariah regime

government's coffers, Turabi boasts that his Islamic revolution will be liberated from outside financial and political pressures.

Sudan's oil fields, and the Canadian companies helping to exploit them, are the key to perpetuating the revival of Islam, he exults. After a year of negotiations, the government says it is on the verge of signing a peace treaty this month with four guerrilla factions

Within 6 weeks of acquiring Block 5A and the major shareholding in Arakis, the International Petroleum Corporation (IPC) is publicly mentioned in the *Toronto Post*, in an article that also details the brutal nature of the Government of Sudan's involvement in the deaths of 1.2 million civilians, the displacement of 3 million others, as well as slavery, human rights abuses and the indiscriminate bombing of civilians in South Sudan.

The article also describes Arakis servicing military vehicles at their camps and providing electricity and water for a local Sudanese army camp; Lundin should therefore have investigated whether their investments in Sudan might likewise be used by the military to assist its efforts to win the civil war.



## Appendix 2:

### Lundin's involvement in Sudan 1990–2003

The following summary of Lundin's involvement in Sudan from 1990 to 2003 demonstrates the company's extensive role in the development of Sudan's oil industry. Following a failed start exploring Sudan's Red Sea coast from late 1991, Lundin acquired the Block 5A licence located deep into disputed war-torn territory in South Sudan at the start of 1997. The successful development of this property was dependent on Canadian oil company **Arakis** building a pipeline to a neighbouring concession that Lundin could use to export its own oil production. To ensure the pipeline's success, Lundin immediately acquired a sizeable shareholding in Arakis, becoming the major shareholder and thereby securing two positions on the board of Arakis for members of the Lundin family. Lundin then agreed to sell the cash-starved Arakis to another Canadian company **Talisman** Energy in August 1998, which provided Lundin with almost a million shares in Talisman while the oil pipeline to the Red Sea was being completed.

Lundin's decision to make a major investment in war-torn South Sudan from early 1997 was therefore done on the background of an existing involvement in and knowledge of Sudan<sup>267</sup>. Such major financial investments require a detailed due-diligence investigation to assess all potential risks, and Lundin's wide international network in both Sudan and Canada should during this process have revealed how Arakis had already been repeatedly warned by both southern rebels and human rights groups not to develop its oilfield. Lundin's two positions on the board of Arakis would have enhanced the company's contacts in Sudan's oil industry and provided more access to relevant information, especially that held by Arakis<sup>268</sup>.

Lundin's leading ownership of Arakis furthermore gave the company a stake in Sudan's oil production which provided the government of Sudan with the huge funding windfall that financed its massive increase in arms expenditure. Some of the advanced weapons purchased from the oil revenues provided in part by Arakis were used to attack the civilians in Lundin's Block 5A oilfield. This information should have been made available to Lundin's investors, as it is material to the decision to enter into or withdraw an investment.

Lundin's extensive role in Sudan's oil industry would have provided the company with a clear picture of the nature of the civil war taking place in South Sudan, and of the consequences of oil development for the civilians living in Block 5A. This information should have been communicated to shareholders to enable them to make the governance decision about whether or not Lundin should have continued to invest in Sudan under those circumstances. Potential shareholders should also have been informed to prevent them from unknowingly acquiring 'non-legal complicity' in the suffering that took place in Block 5A as a consequence of oil development.

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<sup>267</sup> Lundin also commissioned a study by Metoc plc, whose purpose was 'a Risk Assessment for IPC Sudan's Operational Bases... to formulate a policy and programme on how to deal with safety and environmental issues related to the former Chevron bases and any impact from these on Lundin Oil's operations'. This concluded that 'no major issues were identified which could give rise to serious environmental or safety concern'. Quoted from Lundin Oil AB Annual Report 1999, p.6.

<sup>268</sup> Such information would include the 'Moss Report' prepared by the Control Risks Group in April 1998 which 'was commissioned by Arakis at Talisman's behest, in an effort to keep Talisman's interest in the Sudan confidential'. See Proceedings of the Talisman court case on [www.efchr.mcgill.ca/pdf/presbyterian\\_church\\_talisman.pdf](http://www.efchr.mcgill.ca/pdf/presbyterian_church_talisman.pdf) Accessed April 2013.





**December 1991:** Government of Sudan signs Red Sea exploration agreement with Canadian **International Petroleum Corporation** (a subsidiary of **Lundin**) to undertake geophysical studies in a 38,400 sq.km onshore and offshore concession<sup>269</sup>.

**June 1992:** Chevron announces end of 17-year involvement in Sudan with sale of its holdings to Sudanese construction company Concorp International Ltd<sup>270</sup>. SPLA leader warns of attacks on oil fields<sup>271</sup>.

**July 1992:** **Arakis** Energy of Canada says London-based Triad International (Pvt) Ltd. is willing to put up \$25m to buy Chevron's Sudan project<sup>272</sup>.

**October 1992:** Chevron sells prospecting rights to Concorp Sudan Ltd<sup>273</sup>. Concorp sells Chevron concessions in Blocks 1, 2 and 4 to Canadian State Petroleum Corp<sup>274</sup>.

**November 1992:** State Petroleum Corp makes a financing agreement with Canadian **Arakis** Energy Corp. State Petroleum and Arakis say concessions hold a potential 3.5-5 billion barrels of oil<sup>275</sup>.

**November 1992 – April 1993:** Government of Sudan and its  *Murahleen* allies conduct a five-month offensive designed, according to Human Rights Watch, 'to permanently dislodge the civilians ... these forces looted, burned, killed and abducted people. The survivors said that the government was trying to clear the area so the SPLA would not be near the oil fields'<sup>276</sup>.

**December 1992:** **Arakis** signs memorandum of understanding with the government of Sudan to develop an area of 170,000 square km (Blocks 1, 2 & 4), on the traditional border between north and the disputed south of Sudan.<sup>277</sup> Under this agreement Arakis is obliged to pay US\$ 4 million to the Government of Sudan over 18 months, followed by US\$ 6 million upon commercial production and a further US\$ 5 million upon reaching a certain production target. In addition to this Arakis is also obliged to pay annual payments of US\$450,000 to US\$950,000 and surface rental fees of US\$2 to US\$50 per square km<sup>278</sup>.

**August 1993:** **Arakis** secures a production-sharing agreement with the government of Sudan<sup>279</sup>.

**May 1994:** **Arakis** acquires State Petroleum, and gains full control of the Sudan concessions in Unity and Heglig. All of the issued and outstanding common stock is purchased in exchange for 6,000,000 Arakis shares plus a finder's fee of 150,000 shares with an aggregate deemed value of \$13m, according to the Arakis 1996 report. At the same time, Arakis agrees to construct a pipeline from its Heglig oil field to Port Sudan<sup>280</sup>.

**1994:** First oilrig is delivered to **Arakis** in Sudan. A second rig is delivered in 1995 and a third in 1996<sup>281</sup>.

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<sup>269</sup> Lundin 2001: 3.

<sup>270</sup> SudanUpdate 1999; Collins 2008: 229

<sup>271</sup> SudanUpdate 1999.

<sup>272</sup> SudanUpdate 1999; Collins 2008: 229

<sup>273</sup> SudanUpdate 1999.

<sup>274</sup> SudanUpdate 1999; Collins 2008: 229

<sup>275</sup> SudanUpdate 1999; Collins 2008: 229

<sup>276</sup> [www.sourcewatch.org/index.php?title=Arakis\\_Energy\\_Corporation](http://www.sourcewatch.org/index.php?title=Arakis_Energy_Corporation) accessed 31<sup>st</sup> May 2012, citing Human Rights Watch.

<sup>277</sup> SudanUpdate 1999; *The Indian Ocean Newsletter* 556 (26.12.1992).

<sup>278</sup> Letter from the Taskforce on the Churches and Corporate Responsibility (TCCR), Toronto to Gary Kenny of the Inter-Church Coalition on Africa (ICCAF), 9-01-1995.

<sup>279</sup> Collins 2008: 229.

<sup>280</sup> SudanUpdate 1999; Collins 2008: 231.

<sup>281</sup> Parliament of Canada, Publications – June 2, 1998, Standing Committee on Foreign Affairs and International Trade.



**July 1995:** Canadian non-governmental Inter-Church Coalition on Africa (ICCAF) issues a press release criticising **Arakis** for doing business with the government of Sudan, 'one of the world's worst human rights abusers'<sup>282</sup>. The New Sudan Council of Churches follows shortly afterwards with open letters to Arakis and the Canadian government, asking Arakis to disinvest in Sudan<sup>283</sup>.

*The Taskforce on the Churches and Corporate Responsibility (TCCR), has written twice to Arakis' president, Terry Alexander, to raise concerns about his company's business dealings with the Sudanese regime, one of the world's most egregious human rights abusers. Obviously, the Government of Sudan stands to benefit from Arakis' oil production activities. As the potential profits are considered to be quite substantial, money generated could be used by the regime to significantly boost its war effort.*

- Canadian non-governmental **Inter-Church Coalition on Africa** (ICCAF) press release, 20-07-1995<sup>284</sup>

*Do everything in your power to encourage Arakis to disinvest in Sudan in order to persuade the [Government of] Sudan to opt for peaceful solution in the current civil war.*

- Open letter from Dr. Haruun L. Ruun, **New Sudan Council of Churches** to the Canadian government, 31-07-1995<sup>285</sup>

**July 1995:** Africa Rights accuses government of Sudan of perpetrating genocide against the people of the Nuba mountains<sup>286</sup>.

**August 1995:** The SPLA and SSIM, the two major rebel groups in South Sudan, issue separate warnings to **Arakis** to get out of Sudan or risk coming under attack, since its oilfield installations in Sudan will be considered as legitimate military targets by the rebel forces<sup>287</sup>.

**End 1995/early 1996:** **Arakis** drills two successful multi-zone wells on lands between its Heglig and Unity fields (Blocks 1 & 2). Startup output projected at 150,000 bpd<sup>288</sup>.

**February 1996:** UN Special Rapporteur on Human Rights Gáspár Bíró reports that thousands of civilians have been killed in Sudan by government forces over the previous 5 years, including by aerial bombardments<sup>289</sup>.

**April 1996:** President Clinton signs the Anti-Terrorism Act, which bars Americans from engaging in financial transactions with *inter alia* the Government of Sudan.

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<sup>282</sup> Inter-Church Coalition on Africa press release, 20-07-1995. 'Canadian oil firm does business with one of the world's worst human rights abusers'. Toronto: ICCAF. Excerpt available online [http://www.africa.upenn.edu/Newsletters/HB7895\\_SUD.html](http://www.africa.upenn.edu/Newsletters/HB7895_SUD.html)

<sup>283</sup> The New Sudan Council of Churches, 31-07-1995, letter to J. Terry Alexander of Arakis; also APS, 21-08-1995, 'Sudan churches object to oil exploration by Arakis'. Excerpt available online at [http://www.africa.upenn.edu/Newsletters/HB7895\\_SUD.html](http://www.africa.upenn.edu/Newsletters/HB7895_SUD.html) Accessed 16th March 2013.

<sup>284</sup> Inter-Church Coalition on Africa press release, 20-07-1995. 'Canadian oil firm does business with one of the world's worst human rights abusers'. Toronto: ICCAF. Excerpt available online [http://www.africa.upenn.edu/Newsletters/HB7895\\_SUD.html](http://www.africa.upenn.edu/Newsletters/HB7895_SUD.html)

<sup>285</sup> APS, 21-08-1995, 'Sudan churches object to oil exploration by Arakis'. Excerpt available online at [http://www.africa.upenn.edu/Newsletters/HB7895\\_SUD.html](http://www.africa.upenn.edu/Newsletters/HB7895_SUD.html) Accessed 16th March 2013.

<sup>286</sup> Flint, Julie (1995). *Facing genocide: the Nuba of Sudan*. London: Africa Rights.

<sup>287</sup> *Al-Sharq al-Awsat*, 5-08-1995. Also available from the Middle East Economic Survey archives <http://archives.mees.com/issues/883/articles/33363> Full text of the statements reproduced in the *Sudan Democratic Gazette*, September 1995, p. 8, 'A Canadian Oil Company seeks to join in the Southern Sudan oil theft'.

<sup>288</sup> *Reuters*, 20-06-1996, 'Arakis (NASDAQ:AKSEF) says interest in joint venture high'.

<sup>289</sup> ECOS 2010: 80 citing UN report E/CN.4/96/62, 'Situation of Human Rights in Sudan', 20-02-1996.



**April 1996:** **Arakis** announces major oil discovery in Sudan<sup>290</sup> and begins production from nine wells on the Heglig field. An average of 2,000 b/d is processed and consumed domestically<sup>291</sup>. At about this time Arakis employs mercenaries from Executives Outcomes to provide security<sup>292</sup>.

**June 1996:** **Arakis** / State Petroleum production reaches 10-20,000 b/d from Heglig, transporting crude by truck and river barge to a topping plant refinery near El Obeid<sup>293</sup>. Critics note that there are few cars in El Obeid, but that a major air force base is located in the city that is a centre for military operations against South Sudan and the Nuba mountains.<sup>294</sup> Arakis also announces that it is seeking joint venture partners to fund the US\$930 million construction of a 1,590 km pipeline from the oil fields to the Suakin oil terminal near Port Sudan<sup>295</sup>.

**July 1996:** SPLA accuses **Arakis** of conspiring with the Government of Sudan and tells them to leave the country<sup>296</sup>.

**July 1996:** Gary Kenny of the Canadian Inter-Church Coalition on Africa writes to **Arakis** and provides a copy of the UN High Commission on Human Rights report on Sudan which details aerial bombardments as well as a long list of other human right abuses perpetrated by the Government of Sudan<sup>297</sup>.

**1996:** Unable to raise sufficient investment elsewhere, and unable to fulfill its initial exploration and production agreement obligations alone, Canada's **Arakis** begins negotiating with the government of Sudan government over the introduction of China and Malaysia into its oil venture, including the \$1.2bn pipeline plan<sup>298</sup>.

**October 1996:** A new government of Sudan- *Murahleen* offensive is launched to displace thousands of local inhabitants from the oilfields, and to create a cordon-sanitaire around them<sup>299</sup>.

**October & December 1996:** John Garang, leader of the SPLA rebel group, warns **Arakis** not to enter into a joint venture deal to develop its oilfield, and threatens to attack in order to halt any oil development<sup>300</sup>.

**November 1996:** **Arakis'** oil production reaches 5,500 b/d, and totals 371,185 barrels of crude oil which is 'apparently being processed into diesel fuel for direct use by the Sudanese military regime'<sup>301</sup>.

**December 1996, finalised mid-1997:** **Arakis** sells 75% of its rights to Block 1, 2 & 4 in an interim agreement that gives state-owned China National Petroleum Corporation (CNPC) 40%, Malaysia's state-owned Petronas 30%, and the Sudan National Petroleum Company 5% in a joint operating company - the Greater Nile Oil Operating Petroleum Company (GNOPC), whose objective is to raise investment for and complete the 1,590 km pipeline<sup>302</sup>. Arakis maintains a 25% share.

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<sup>290</sup> *Business Wire* (Calgary), 23-04-1996, 'Arakis Announces Major Oil Discovery In Sudan'.

<sup>291</sup> SudanUpdate 1999.

<sup>292</sup> Cooper 2003.

<sup>293</sup> SudanUpdate 1999.

<sup>294</sup> [www.freedom-quest.ca/Articles/Article1.htm](http://www.freedom-quest.ca/Articles/Article1.htm) accessed 31st May 2012.

<sup>295</sup> *Reuters*, 20-06-1996, 'Arakis (NASDAQ:AKSEF) says interest in joint venture high'.

<sup>296</sup> *The Oil Daily*, 31-07-1996, 'Sudan rebel group tells Arakis to leave.'

<sup>297</sup> Letter from Gary Kenny of ICCAF to John McCleod of Arakis, 22-07-1996.

<sup>298</sup> SudanUpdate 1999; Collins 2008: 231.

<sup>299</sup> [www.sourcewatch.org/index.php?title=Arakis\\_Energy\\_Corporation](http://www.sourcewatch.org/index.php?title=Arakis_Energy_Corporation) accessed 31<sup>st</sup> May 2012.

<sup>300</sup> *Reuters Financial Service*, 9-12-1996, 'Sudan rebel again warns Arakis Corp on oil deal'.

<sup>301</sup> Canadian Inter-Church Coalition on Africa memorandum by Gary Kenny to Daniel Gennarelli, TCCR, 29-11-1996.

<sup>302</sup> SudanUpdate 1999; Collins 2008: 232; [www.sourcewatch.org/index.php?title=Arakis\\_Energy\\_Corporation](http://www.sourcewatch.org/index.php?title=Arakis_Energy_Corporation) accessed 31<sup>st</sup> May 2012; Patey 2007: 1005.



*Sources close to the deal say Khartoum imposed Petronas and the CNPC on Arakis by threatening not to renew its concession. China is a key arms supplier to Khartoum, whose links to Malaysia, especially to its Islamist networks, are growing. Rivals in Asia, Beijing and Kuala Lumpur are co-operating to fight the Western, mainly United States', oil monopoly.*

- *Africa Confidential* 17-01-1997

*A Sudanese diplomat who defected from the Sudan embassy in Malaysia in 1997 has claimed to have extensive evidence of Malaysia's involvement in the shipment of arms to Sudan. One such shipment was brought in to Port Sudan labelled as oil pipe machinery, but was - he claimed - revealed to be weapons when a crane dropped a consignment it was unloading.*

**Human Rights Watch** November 2003<sup>303</sup>

**January 1997: Arakis** announces third major oil discovery in Sudan<sup>304</sup>.

**January 1997:** Sudanese rebels launch an offensive several hundred km northeast of the **Arakis** Unity and Heglig oil fields<sup>305</sup>.

**January 1997:** *New York Times* editorial raises concern about American companies doing business with the Sudanese government that is considered to sponsor terrorism<sup>306</sup>. Charles Jacobs of the **American Anti-Slavery Group** (AASG) responds with an open letter in the *New York Times* criticising President Clinton's waiver for Occidental Petroleum Corporation to do business with Sudan, which would make America 'a partner to cultural cleansing, enslavement and murder'<sup>307</sup>.

*Supplying the Sudan with oil wealth also insures that the Islamic fundamentalist Government will continue to murder, enslave and forcibly convert its black non-Muslim population with greater intensity.*

*For more than a decade the human rights community has documented the ravages of the Sudan's self-declared jihad to Islamicize African Christians and animists in the south who dare to keep their faiths, languages and ethnic ways. More than a million black Africans have been killed, captured or displaced. The oil fields are in the south and should benefit the Africans under attack; extracting this wealth is grand larceny.*

- Charles Jacobs, **American Anti-Slavery Group**, *New York Times*, 4-02-1997<sup>308</sup>

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<sup>303</sup> SudanUpdate 1999, repeated in Human Rights Watch 2003.

<sup>304</sup> [www.gasandoil.com](http://www.gasandoil.com) 20-01-1997, 'Arakis Energy finds oil in Sudan'. Accessed 5th February 2013.

<sup>305</sup> Reuters, 27-02-1997, 'Sudan rebels says foreign oil companies targets' by Victoria Engstrand in Asmara.

<sup>306</sup> *New York Times*, 28-01-1997, editorial p. 20, 'Oil Deals and Arms Sales'.

<sup>307</sup> *New York Times*, 4-02-1997, p. 22, 'U.S. Plays Partner to Sudanese abuses' by Charles Jacobs. Letter written 31-01-1997.

<sup>308</sup> *New York Times*, 4-02-1997, p. 22, 'U.S. Plays Partner to Sudanese abuses' by Charles Jacobs. Letter written 31-01-1997.



**February 1997:** Lundin's International Petroleum Corporation (IPC) expands its interests in Sudan by signing an "Exploratory and Production Sharing Agreement" with the Government of Sudan on the 6<sup>th</sup> February 1997 for the 29,885 km<sup>2</sup> **Block 5A**<sup>309</sup>. The government of Sudan had just signed a peace agreement with disaffected rebel leader Riek Machar who had gone over to the government side but still regarded the Block 5A concession as falling within his own exclusive territory. Machar was appointed Minister for the Southern States and his former rebel force, the South Sudan Defence Forces (SSDF), was stationed around the oilfields<sup>310</sup>.

**February 1997:** Canadian Inter-Church Coalition on Africa (ICCAF) writes to Canadian foreign minister Lloyd Axworthy asking him to put pressure on **Arakis** and **International Petroleum Corporation** to terminate all cooperation with the Government of Sudan<sup>311</sup>.

**February 1997:** Rebel Sudan Alliance Forces declare **Arakis** and the **International Petroleum Corporation** to be legitimate military targets<sup>312</sup>.

*We stress today that all installations and personnel of foreign oil companies in the Sudan, including the Arakis Energy Corporation and the International Petroleum Corporation, are legitimate military targets. Collaboration with the NIF (National Islamic Front) is a political and not a business decision. The shareholders and potential investors in the Arakis Corporation and the International Petroleum Corporation should know that, once democracy is re-established in Sudan, we will under no circumstances permit those who have allied themselves with the present dictatorship to carry on business in our country.*

- **Sudan Alliance Forces** (SAF) commander Brigadier Abdel Aziz Khalid Osman, 27-02-1997<sup>313</sup>

**March 1997:** Seven mainstream churches in Canada under the Inter-Church Coalition on Africa publicly criticise **Arakis** for signing a \$1 billion oil deal with Sudan's government that will provide the revenue to buy more weapons<sup>314</sup>. Lundin is by this time the major shareholder in Arakis (see below).

**March 1997:** Lundin puts together a consortium for Block 5A, later known as the White Nile Petroleum Operating Company (WNPOC) with joint venture partners **Sudapet** from Sudan, **Petronas** from Malaysia joining in May 1997, and **OMV** from Austria joining in June 1997. Lundin maintains a 40.357% share of interests in the Block 5A concession and becomes the lead operator<sup>315</sup>. Occidental Petroleum Corp. of Los Angeles was supposed to have been one of Lundin Oil's original partners in the project but backed out in early 1997 after pressure from the U.S. government<sup>316</sup>.

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<sup>309</sup> The transaction was made through the Lundin subsidiary International Petroleum Corporation (IPC). Prospecting operations further proceeded under the subsidiary Lundin Sudan Limited. According to their 1998 Annual Report, Block 5A comprised almost half of Lundin Oil's acreage on the 1<sup>st</sup> January 1999.

<sup>310</sup> Human Rights Watch 2003:171ff.

<sup>311</sup> Letter from Gary Kenny of the Canadian Inter-Church Coalition on Africa to Lloyd Axworthy, 17-02-1997.

<sup>312</sup> Reuters, 4-03-1997, 'Canadian church group blast Arakis oil deal' by Jeffrey Jones; Reuters, 27-02-1997, 'Sudan rebels says foreign oil companies targets' by Victoria Engstrand in Asmara.

<sup>313</sup> Reuters, 27-02-1997, 'Sudan rebels says foreign oil companies targets' by Victoria Engstrand in Asmara.

<sup>314</sup> Reuters, 4-03-1997, 'Canadian church group blast Arakis oil deal' by Jeffrey Jones; *Toronto Star*, 5-03-1997, 'Arakis oil deal in Sudan rapped'.

<sup>315</sup> *Dow Jones Newswires*, 14-12-1999, 'Lundin Oil To Start Drilling In Sudan In Jan – Minister' by Sabine Hassen in London. The partners in the consortium included Malaysian Petronas Carigali Overseas Sdn Bdn (28.5%); Austrian OMV (Sudan) Exploration GmbH (26.125%); and Sudanese Sudapet (5%).

<sup>316</sup> *National Post*, 26-11-1999, 'Influential Demarais Family has Ties to Sudan' by Paul Waldie, Claudia Cattaneo and Kathryn Leger.



**March 1997:** Swedish **Sands Petroleum** announces that it has acquired an 8.25% stake in **Arakis Energy** and requests that it be represented on the board of Arakis<sup>317</sup>. Sands is 31%-owned by the Lundin family<sup>318</sup>, who have old links with Arakis, as Ian Lundin had been in charge of the Arakis drilling operations in Egypt in 1983, and was transferred to Dubai as Operations Manager for the company in 1984<sup>319</sup>.

**April 1997:** An article in the *Toronto Star* mentions **International Petroleum Corporation** and Ian **Lundin** for the first time in connection with rebel threats to attack oil companies in Sudan and criticism from the Toronto-based Inter-Church Coalition on Africa<sup>320</sup>.

**May 1997:** Lundin's subsidiaries **International Petroleum Corp** and **Sands Petroleum AB** are merged into Swedish owned Sands Petroleum AB<sup>321</sup>.

**May 1997:** **Lundin/IPC** report that an exploration well in Block 5A had given "very significant" results<sup>322</sup>, but the company is subjected to its first major attack in the same month, and evacuates 100 workers<sup>323</sup>.

**May 1997:** With its 8.6% share in Arakis, Lundin requests that its nominee **Lukas Lundin** is given a seat on the **Arakis** board, which Arakis accepts<sup>324</sup>. Lundin thereby acquires the right to access all information held by Arakis on its oil operations as well as the situation in the country and in particular in Western Upper Nile.

**September 1997:** **Sands Petroleum AB** of Sweden offers 1.525 billion SEK (US\$192.5 million) to acquire the **International Petroleum Corporation**, bringing together the two main companies owned by the Lundin family. It is announced that the new company would be named A.H. **Lundin Oil AB**, after Adolf H. Lundin who is the chairman of both companies<sup>325</sup>. The Lundin family at this time controls almost 40% of the voting shares of Sands and 20% of the voting shares of IPC; under the conditions of the merger they will own a 33% voting interest in A.H. Lundin Oil AB<sup>326</sup>.

**September–November 1997:** **International Petroleum Company Ltd** buys 1,769,000 additional shares in **Arakis**. International Petroleum Corporation also buys 400,000 shares in Arakis in May 1997 and December 1997<sup>327</sup>.

**October 1997:** **Arakis** awards contracts for the manufacture of 28" oil pipes to China Petroleum Technology and Development Corporation (1110 km) and Mannesmann Handel AG of Germany (500 km)<sup>328</sup>.

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<sup>317</sup> Business Wire (Vancouver) 26-03-1997 'Sands Petroleum AB Takes 8.2 Percent Stake in Arakis Energy Corporation.'; the 7.3 million shares valued at \$29.5 million in Arakis were purchased in stock accumulations between the 7th February and the 21st March 1997, according to the Securities and Exchange Commission – see *The Oil Daily*, 27-03-1997, 'Swedish company acquires 8.2% of Arakis as firm maneuvers to protect shareholders'; also Filing by Sands Petroleum AB to the Securities and Exchange Commission, Washington, DC, USA on the 21-03-1997. Available from <http://edgar.sec.gov> Accessed 15th January 2013.

<sup>318</sup> SudanUpdate 1999.

<sup>319</sup> Bloomberg Businessweek website <http://investing.businessweek.com> Accessed 10th May 2012.

<sup>320</sup> *Toronto Star*, 20-04-1997, 'Oiling the wheels of revolution' by Martin Regg Cohn.

<sup>321</sup> *Business Wire* (Vancouver), 27-02-1998, 'Sands Petroleum Reports Fiscal Year End Results', accessed 22nd May 2012 from [www.thefreelibrary.com](http://www.thefreelibrary.com); see also *Wall Street Transcript*, 25-10-1999, 'CEO/Company Interview. Ian H. Lundin. Lundin Oil AB.'

<sup>322</sup> SudanUpdate 1999.

<sup>323</sup> Wechselmann 2011: 41.

<sup>324</sup> Open letter to Arakis Shareholders from Chairman & CEO Lutfur Rahman Khan, 9.05.1997. Downloaded from [www.thefreelibrary.com](http://www.thefreelibrary.com) 10th May 2012.

<sup>325</sup> *New York Times*, Business Day section, 2-09-1997, 'International Petroleum To Get Offer From Sands'. **It is strange that Sands Petroleum should acquire IPC in 1997 given that IPC had sold its 41% stake in Sands Petroleum in 1995 to Adolf Lundin.**

<sup>326</sup> *Financial Post* (Canada), 2-09-1997, '\$268M Lundin group merger' by Amanda Lang.

<sup>327</sup> Filings by Sands Petroleum AB, International Petroleum Corporation and IPC Ltd. to the Securities and Exchange Commission, Washington, DC, on the 3-11-1997 and 8-01-1998. Available from <http://edgar.sec.gov> Accessed 12th July 2012.

<sup>328</sup> *Business Wire* (Calgary), 15-10-1997, 'Arakis Announces Selection of Line-pipe Contractors for Sudan Pipeline'.



**November 1997:** President Clinton signs an executive order (under the International Emergency Powers Act) freezing all Sudanese assets in the U.S. and imposing a ban on all financial and trade relations with Sudan<sup>329</sup>. Canadian ambassador Gabriel-M. Lessard writes to **Arakis** asking them to reconsider their presence in Sudan<sup>330</sup>.

**January 1998:** **Arakis** awards a contract for the construction of a marine terminal at Port Sudan to TechInt of Argentina, for pumps and drivers to Weir pumps Ltd. of Scotland, for generators to Allan Power Engineering Ltd. of England, and for the overall construction of the pipeline and field facilities to China Petroleum Engineering Construction Corporation<sup>331</sup>.

**February 1998:** **Sands Petroleum** issues a public statement that it now owns 10.9% of stock in **Arakis**, amounting to 9,624,000 shares<sup>332</sup>.

**February–April 1998:** A Chinese seismic crew in **Lundin's** oilfield is evacuated by staff from a private military [mercenary] corporation due to being 'geographically misplaced, and in extremely close proximity to South Sudanese warring factions in Bentiu, South Sudan'<sup>333</sup>.

**April 1998:** **Sands Petroleum AB** changes its name to **Lundin Oil AB**, traded on the Stockholm, Vancouver and NASDAQ stock markets<sup>334</sup>.

**May 1998:** GNPOC lead by **Arakis** starts construction of pipeline to the Red Sea<sup>335</sup>.

**June 1998:** Mel Middleton and Gary Kenny inform the Canadian Parliament's Standing Committee on Foreign Affairs and International Trade that **Arakis** is a major factor in the civil war in Sudan, and that all oil companies in Sudan, including Roll'n Oilfield Industries and **International Petroleum Corporation**, are complicit by providing subcontractor services or through their partnership with the Sudanese government<sup>336</sup>.

**June 1998:** **Ian Lundin** is added to the expanded **Arakis** board<sup>337</sup>.

**July 1998:** Unable to raise the US\$200 million required to meet its financial obligations in the Sudan Petroleum Project, **Arakis** is forced to find a buyer to avoid its partners taking over its stake<sup>338</sup>. Canadian firm **Talisman Energy** offers to take over Arakis. The two largest shareholders of Arakis agree to the deal — **Lundin Oil AB**, which holds 10.9%, and State Street Research, which holds 8%.

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<sup>329</sup> Kobrin, Stephen J. (2004). 'Oil and Politics: Talisman Energy and Sudan.' *New York University Journal of International Law and Politics* 36: 425-456, citing Executive Order No. 13,067, 62 Fed. Reg. 59989 (5-11-1997).

<sup>330</sup> SudanUpdate 1999; Memo from Michael Jantzi Research Associates to Daniel Gennarelli of the Canadian Taskforce on the Churches and Corporate Responsibility, 26-08-1998.

<sup>331</sup> SudanUpdate 1999; *Oil and Gas Journal*, 19-01-1998, 'Industry Briefs'.

<sup>332</sup> *Business Wire* (Vancouver), 23-02-1998, 'Sands Petroleum: Release Made in Accordance with the Requirements of Section 111 of the Securities Act – British Columbia'. Posted on [www.thefreelibrary.com](http://www.thefreelibrary.com) Accessed 22nd May 2012.

<sup>333</sup> CV for Olaf ("Tug") Wilson, accessed from the Petroprom website [www.petroprom.com](http://www.petroprom.com). Wilson, an ex-SAS soldier, was at the time working for Rapport Research and Analysis Ltd., and seconded to the International Petroleum Corporation in South Sudan.

<sup>334</sup> *Business Wire* (Vancouver) 2-04-1998, 'Sands Petroleum: Name Change to Lundin Oil AB Effective as of April 2, 1998.' Posted on [www.thefreelibrary.com](http://www.thefreelibrary.com) Accessed 20th May 2012.

<sup>335</sup> Reuters, 7-07-1998 'Cash crunch may force sale of Canada's Arakis Energy' by Jeffrey Jones in Calgary, Canada.

<sup>336</sup> Parliament of Canada, Publications – 2-06-1998, Standing Committee on Foreign Affairs and International Trade.

<sup>337</sup> Bloomberg Businessweek website <http://investing.businessweek.com> Accessed 10th May 2012; SudanUpdate 1999: 91; Arakis Report on Annual General Meeting, 17th June 1998. Downloaded from [www.thefreelibrary.com](http://www.thefreelibrary.com) 10th May 2012.

<sup>338</sup> Reuters, 7-07-1998 'Cash crunch may force sale of Canada's Arakis Energy' by Jeffrey Jones in Calgary, Canada.





**August 1998: Talisman** agrees to purchase **Arakis** Energy Corp for stock valued at US\$175.7m - \$200m, committing the company to \$760m of capital spending to complete the Sudan project over the next 2 years<sup>339</sup>. The Canadian Inter-Church Coalition on Africa and the Taskforce on the Churches and Corporate Responsibility both write to Talisman to express their concerns about the deal<sup>340</sup>.

**October 1998: Talisman** Energy Inc. completes purchase of **Arakis** and its State Petroleum subsidiary. Talisman issues one of its roughly \$33 shares for every 10 Arakis shares, of which Lundin Oil AB held about 9.6 million Arakis shares, or 10.8 per cent of the total outstanding, and agreed to vote in favour of the Talisman bid.<sup>341</sup> Talisman becomes a joint participant in the Greater Nile Petroleum Operating Company (GNPOC) and directs the technical progress of the project<sup>342</sup>.

*The disastrous human rights developments in Block 5A from 1999 onward were related to GNPOC's successful production in Blocks 1 and 2 and the approaching completion of pipeline facilities in GNPOC's Blocks. Without the pipeline, the oilfields in Block 5A would have remained as Chevron left them, undeveloped, attracting little military attention. Block 5A was an area the government had long ago conceded to the rebels, as of no strategic interest and having a particularly difficult, swampy environment; but with the GNPOC pipeline completed only a short distance away, it became economically feasible, gained strategic importance, and became a military priority for the government.*

- **Human Rights Watch** 2003, report summary<sup>343</sup>

*The GNPOC are further reported to be in the advanced stages of development and are expected to complete construction of the 1540 km export pipeline to Port Sudan during the second quarter of 1999. This is particularly significant to Lundin Oil's operations in that 100,000 per day of the estimated 250,000 initial capacity of the pipeline is reserved for third party users such as ourselves.*

- **Lundin Oil AB** 1998 Annual Report, p. 13, published May 1999

*From the outset, Talisman had ample warning of human rights abuses in Sudan: even before Talisman became involved, Canadian non-governmental organizations (NGOs) had been campaigning for the Canadian government to force Talisman's Canadian predecessor investor, Arakis, to pull out of Sudan because of the Sudanese government's record of gross human rights abuses. These Canadian NGOs then wrote to Talisman and publicly called for the company to stay out of Sudan.*

- **Human Rights Watch** 2003, report summary<sup>344</sup>

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<sup>339</sup> Collins 2008: 230.

<sup>340</sup> Letter from Daniel M. Gennarelli of the Taskforce on the Churches and Corporate Responsibility to James W. Buckee, President and CEO of Talisman, 26-08-1998.

<sup>341</sup> Silicon Investor website

<http://www.siliconinvestor.com/readmsgs.aspx?subjectid=4093&msgnum=9159&batchsize=10&batchtype=Next> Lundin made an overall financial loss from the takeover, having originally acquired their shares for over \$4 each compared to the \$3.3 sale price that was nonetheless at a 100% premium on the market price earlier in the month. See communications between Zeev Hed and Tony van Werkhoven, 7-07-1998 on [www.siliconinvestor.com](http://www.siliconinvestor.com) accessed 11<sup>th</sup> May 2012.

<sup>342</sup> Patey 2007: 1005.

<sup>343</sup> Human Rights Watch 2003: 49.



**December 1998:** **Lundin** Oil reports in its annual report that the group holds 769,480 shares in **Talisman**, with the parent company holding 520,580 shares<sup>345</sup>.

**April 1999:** **Lundin** completes first oil well at Thar Jath and the political situation changes in the region. Forces of Commander Riek Machar and Paulino Matip are both given military support by the government of Sudan; fighting escalates in the area<sup>346</sup>.

**May 1999:** 20 Sudanese protestors assemble outside Calgary's Palliser Hotel where **Talisman** is holding its AGM. Investors raise the issue of alleged atrocities in Sudan at the meeting<sup>347</sup>.

**May 1999:** Attack on **Lundin's** drilling site by the SSDF<sup>348</sup>. Shortly afterwards **Lundin** announces establishment of first exploratory well at Thar Jath and a significant new oil discovery<sup>349</sup>, but stops further exploration, ostensibly due to the rainy season<sup>350</sup>.

**September 1999:** Following the failure in July 1999 of John Dor, Sudanese Deputy Minister for Energy and Mining, to convince Western oil majors to take up new petroleum exploration permits in Sudan, the Sudanese Energy Minister Awad Eljaz sets off on a European tour<sup>351</sup>. **IPC (Lundin)** applies for Block 5B in Sudan<sup>352</sup>.

**By autumn 1999:** Government of Sudan forces and the forces of allied militia leader Paulino Matiep launch a scorched earth campaign to establish full control over the **Block 5A** area, causing "thousands of people [to have] been expelled from the vicinity of the Thar Jath oil fields"<sup>353</sup>.

**November 1999:** Despite record third quarter results for 1999, **Talisman's** share price drops by 12% following the announcement by Canadian Foreign Minister Lloyd Axworthy of an inquiry into the impact of the oil industry on human rights in Sudan<sup>354</sup>.

**December 1999:** **Lundin** announces plan to re-enter Thar Jath during 2000 and drill three additional wells (one appraisal and two exploration wells), as well as to build a US\$ 6 million 100 km all-weather road to permit year-round access<sup>355</sup>.

**February 2000:** **Lundin** makes a formal announcement that it is suspending its operations in Block 5A<sup>356</sup>, even though there had been no exploration activity since May 1999.

**May 2000:** Amnesty International releases the report *Sudan: The human price of oil*<sup>357</sup>, which briefly mentions **Lundin's** role in the oil exploration and development of Block 5A.

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<sup>344</sup> Human Rights Watch 2003: 61.

<sup>345</sup> Lundin Oil AB (1999). *Annual Report 1998*. Stockholm: Lundin Oil AB.

<sup>346</sup> Human Rights Watch 2003: 177ff; 182ff.

<sup>347</sup> Peace Magazine, July-Sept 2000, p. 20. 'Corporate Responsibility in the Third World' by Betty A. Scott, citing an article in *Report on Business* by Madelaine Drohan. Accessed 11th October 2012 from [www.peacemagazine.org](http://www.peacemagazine.org)

<sup>348</sup> HRW 2003: 581.

<sup>349</sup> Lundin Oil AB press release, 20-05-1999, 'Thar Jath first exploration well in Sudan establishes a significant new oil discovery.'

<sup>350</sup> HRW 2003: 581.

<sup>351</sup> *The Indian Ocean Newsletter* No. 870, 11-09-1999, 'Energy Minister working hard'.

<sup>352</sup> *Africa Energy Intelligence*, 15-09-1999, no. 259, 'Block interests IPC & TotalFina'.

<sup>353</sup> Human Rights Watch 262ff.

<sup>354</sup> SudanUpdate 1999.

<sup>355</sup> *Lloyd's List*, 4-12-1999, 'North Africa – Lundin plans \$35m exploration in 2000'.

<sup>356</sup> Christian Aid, March 2001, *Christian Aid presents Sudan evidence to Lundin Oil board*. Available from [www96.reliefweb.int](http://www96.reliefweb.int) Accessed 8th February 2013.



**December 2000:** **Lundin** Oil recommences drilling at Thar Jath after an 18 month break, during which the bridge over the Nile and the road to Thar Jath were completed<sup>358</sup>. An intensive drilling and seismic programme starts in Block 5A<sup>359</sup>.

**March 2001:** **Lundin** announces significant oil discovery in Block 5A in Sudan<sup>360</sup>.

**March 2001:** Christian Aid releases its report *The scorched earth: Oil and war in Sudan*<sup>361</sup> which describes human rights abuses in Block 5A and receives much press coverage in Sweden. Christian Aid shortly afterwards presents its evidence by telephone to board members of **Lundin** Oil highlighting the company's involvement in human rights violations within its concession in southern Sudan. Lundin responds by asking for the questions posed by Christian Aid to be sent in writing, and commits to investigate them<sup>362</sup>.

**April 2001:** Christian Aid meets with Swedish foreign ministry officials in Stockholm and is reassured that the Swedish government might take some political action to bring **Lundin** to heel. The Swedish government however adopts delaying tactics, stating that it will wait for another more detailed UN report into the human rights situation<sup>363</sup>.

*In sum, what emerges from a careful read of the Christian Aid report is that the evidence upon which the report is based is biased, the information inaccurate and the motivations questionable. Lundin Oil recognizes that in view of its interest in Sudan, its credibility can also be challenged.*

- **Lundin Oil report** *Lundin Oil in Sudan*, 05-2001<sup>364</sup>

**May 2001:** **Lundin** brings John Dor, the newly appointed governor of Unity State, to Stockholm where he presents a rosy image of the situation in Block 5A to shareholders and the public<sup>365</sup>. At the same time Lundin publishes the results of its own investigation into alleged atrocities and human rights abuses in Block 5A, which it dismisses<sup>366</sup>.

**May 2001:** **Lundin** acquires **Block 5B** in Sudan, which is located deeper into rebel territory than Block 5A<sup>367</sup>.

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<sup>357</sup> Amnesty 2000.

<sup>358</sup> Lundin Petroleum. Beslutskommuniké 1 Januari 2000 – 31 December 2000.

<sup>359</sup> Lundin Petroleum. Beslutskommuniké 1 Januari 2000 – 31 December 2000.

<sup>360</sup> Lundin Oil AB news release transmitted by CCN Newswire, 5-03-2001, 'Lundin Strikes Oil in Sudan'.

<sup>361</sup> Christian Aid 2001.

<sup>362</sup> Christian Aid, March 2001, *Christian Aid presents Sudan evidence to Lundin Oil board*. Available from [www96.reliefweb.int](http://www96.reliefweb.int) Accessed 8th February 2013.

<sup>363</sup> Christian Aid, May 2001, *The regulatory void: EU company involvement in human rights violations in Sudan*. Available from [www96.reliefweb.int](http://www96.reliefweb.int) Accessed 7th February 2013.

<sup>364</sup> Lundin 2001: 6.

<sup>365</sup> Wechselmann 2011: 50–51.

<sup>366</sup> Lundin 2001.

<sup>367</sup> Wechselmann 2011: 9 & 41, citing evidence given by Ian Lundin to the Swedish parliament's constitutional select committee, 16th April 2007.



**June 2001: Talisman** makes a public offer to acquire all shares and warrants of **Lundin Oil**, after its Sudanese and Iranian assets have been transferred ('spun off') to the newly incorporated **Lundin Petroleum AB**<sup>368</sup>. More than 90% of shareholders accept the offer that entitles them to receive shares in Lundin Petroleum<sup>369</sup>.

**November 2001:** A \$1 billion class-action lawsuit is brought against **Talisman** on behalf of the Presbyterian Church of Sudan and a number of individual plaintiffs in the US District Court for the Southern District of New York<sup>370</sup>.

**January 2002: Lundin's** helicopter is shot down by rebel forces, which have for the first time united, thereby significantly increasing the threat to oil operations<sup>371</sup>. Lundin suspends operations in Block 5A.

**January–March 2002:** SPLA rebels conduct a dry season offensive in Western Upper Nile that is countered by Government of Sudan air and militia attacks. Tens of thousands of civilians are displaced from the oilfields that include **Block 5A**<sup>372</sup>.

**February 2002:** Government of Sudan bombing of Nimne kills five people including a nurse working for the international aid organisation Médecins Sans Frontières. Two weeks later a Government of Sudan helicopter gunship attack on Bieh kills 24 civilians; these attacks in **Lundin's** Block 5A receive much publicity and international condemnation<sup>373</sup>.

**March 2002:** The Sudanese government apologises for February attack at Bieh<sup>374</sup>, and makes a formal agreement with SPLA rebels "to refrain from targeting or intentionally attacking non-combatant civilians". The parties also agree "to take all precautions feasible to avoid incidental loss of life, injury to civilians and danger to civilian objects"<sup>375</sup>. Fighting in **Block 5A** however intensifies due to the need to control the area to secure a position in expectation of a coming peace agreement.

**March–May 2002:** Government of Sudan imposes ban on humanitarian relief flights in Western Upper Nile and Bahr El Ghazal, denying up to 1.3 million people access to aid<sup>376</sup>.

**April 2002:** Médecins Sans Frontières (MSF) releases its report *Violence, Health and Access to Aid in Unity State/Western Upper Nile, Sudan*, which describes the massive increase in violence observed by the organisation's staff in **Lundin's** Block 5A since 1997<sup>377</sup>. The report is almost ignored by Swedish media.

**May 2002:** The European Coalition on Oil in Sudan (ECOS) publishes its report *Depopulating Sudan's Oil Regions*, which describes the recent displacements from **Lundin's** Block 5A<sup>378</sup>.

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<sup>368</sup> Lundin Petroleum Press Release, [23-07-2001](#).

<sup>369</sup> Talisman press release, [21-08-2001](#), 'Talisman Energy Proceeds With its Bid For Lundin Oil – Acquires More Than 90 Per Cent Of The Shares And Votes Of Lundin Oil'. Accessed 23rd May 2012 from [www.datamonitor.com](http://www.datamonitor.com)

<sup>370</sup> Kobrin, Stephen J. (2004). 'Oil and Politics: Talisman Energy and Sudan.' *New York University Journal of International Law and Politics* 36: 425-456.

<sup>371</sup> HRW 2003: 393 & 560; see also MSF 2003: 29.

<sup>372</sup> HRW 2003: 561.

<sup>373</sup> HRW 2003: 561.

<sup>374</sup> HRW 2003: 562.

<sup>375</sup> Civilian Protection Monitoring Team (CMPT) *Report of Investigation: Violence against Civilians along the Bentiu-Leer-Adok Road. Khartoum: August 2003.*

<sup>376</sup> HRW 2003: 563.

<sup>377</sup> Médecins Sans Frontières 2002.

<sup>378</sup> deGuzman 2002.



**By October 2002:** An estimated 50,000-75,000 civilians are newly displaced from **Block 5A** since January 2002 due to the Sudanese government and their allied militias fighting SPLA rebels in Western Upper Nile and conducting a scorched earth campaign<sup>379</sup>.

**October 2002:** US House of Representatives followed by President Bush pass the Sudan Peace Act, which threatens to deny the government of Sudan access to oil revenues if steps are not taken to a peaceful resolution of the civil war<sup>380</sup>. **Talisman** announces the sale of its Sudanese assets to the Oil and Natural Gas Company (ONGC) Videsh of India for Can\$296 million. Sudan represented 22% of Talisman's worldwide oil production that year<sup>381</sup>.

*The area along the Bentiu-Leer-Adok Road between Mirmir and Leer saw heavy fighting from the end of December 2002 until the end of March 2003. This fighting was in direct support of the Government of Sudan's (GoS) designs to complete the all-weather road from Rubkona to its garrison at Leer in the south, and ultimately, to its garrison at Adok on the Nile River. By the end of April 2003, major combat action, between GoS forces and the SPLA along the Bentiu-Leer-Adok Road had, for the most part, ceased.*

- Brigadier General (Rtd) US Army Charles H Baumann, **Civilian Protection Monitoring Team**, Jan-July 2003<sup>382</sup>

**March 2003:** **Lundin** announces that it is recommencing operations in Block 5A<sup>383</sup>.

**April 2003:** **Lundin** announces that it is selling its 40.375% interest and operatorship in Block 5A to Malaysian partner Petronas Carigali Overseas for the sum of US\$ 142.5 million. Lundin's sale of Block 5A in Sudan allows it to purchase acreage in UK, Irish and Norwegian waters in the North Sea that doubles the company's petroleum reserves and production levels<sup>384</sup>.

**June 2003:** **Lundin** formally hands over its share of Block 5A and receives US\$ 142.5 million from Petronas<sup>385</sup>.

**September 2003:** **Lundin's** former Austrian joint venture partner OMV signs an agreement to sell its Block 5A and 5B interests to ONGC Videsh of India<sup>386</sup>.

**November 2003:** Human Rights Watch releases the 567 page report *Sudan, Oil and Human Rights*<sup>387</sup>, which provides much detail about the atrocities that have taken place in Block 5A while it was under **Lundin's** tenure. The report is extremely critical of Lundin but is ignored by the Swedish media.

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<sup>379</sup> HRW 2003: 561.

<sup>380</sup> Fact sheet produced by the Office of the Spokesman for the US Department of State, 15-10-2002. Accessed from [www.reliefweb.int](http://www.reliefweb.int) 12th February 2013.

<sup>381</sup> Patey 2007: 1006–1007.

<sup>382</sup> Civilian Protection Monitoring Team (CMPT) *Report of Investigation: Violence against Civilians along the Bentiu-Leer-Adok Road*. Khartoum: August 2003.

<sup>383</sup> Lundin Petroleum press release, 27-03-2003, 'Update on activities in Block 5A, Sudan'.

<sup>384</sup> Lundin Petroleum (2004). *Lundin Petroleum AB Annual Report 2003*. Stockholm: Lundin Petroleum AB. p. 2.

<sup>385</sup> Lundin Petroleum (2004). *Lundin Petroleum AB Annual Report 2003*. Stockholm: Lundin Petroleum AB. pp. 2 & 31.

<sup>386</sup> HRW 2003: 566.

<sup>387</sup> HRW 2003.





**Hind Mi-24V armoured helicopter gunship parked outside Lundin's operational headquarters** at Rubkona, March 2001. The Hind is an offensive counter-insurgency weapon that was used to devastating effect by Red Army forces against mujahadeen fighters under the Soviet occupation of Afghanistan during the 1980s.

Sudan acquired its first six Hind Mi-24V gunships as soon as the Arakis oil wells started production in 1996. A further sixteen Hind Mi-24V gunships were purchased in 2001-2002 after Sudan became an oil exporter in 1999, and some 80% of the cost of these helicopters was paid for from oil earnings. Most of this would have come from the GNPOC/Talisman oilfield.

Numerous sources mention Sudanese civilians in Block 5A being attacked by helicopter gunships during 1997-2003, sometimes up to 3 times a day. Oil paid for these helicopters that were used to clear the oilfields of their civilian inhabitants.

Photo © Bengt Nilsson/Ethnoproress; purchased through a generous donation from Colin Ashe-Hughes.

*Lundin Oil has already voiced its concern [to the Government of Sudan] about the presence of military equipment, which could be used for offensive purposes. However, to the extent that the military provides protection from rebel attacks, it goes without saying that it uses some of the infrastructure for this purpose.*

**- Lundin Oil 2001: 20**



## Appendix 3:

### The economic and military impact of oil on Sudan

The development of the oil industry in Sudan from the early 1990s has had a huge impact on the country's economy, and also on its military expenditure and activity. A massive increase in foreign exchange earnings from oil exports are closely correlated with a huge increase in government military expenditure, as well as the deployment of heavy and sophisticated weaponry against Sudanese civilians that has ultimately caused the involuntary displacement of over two million and the direct deaths of over a hundred thousand people<sup>388</sup>. Hundreds of thousands more people have died as a result of secondary causes (starvation, disease) following their displacement. An untold number of people have been abducted as slaves or forcibly conscripted into the Sudanese army or its allied militia to fight and kill their neighbours.

From 1997 until 2003 some of the most severe fighting in Sudan took place in the oilfields of South Sudan; in GNPOC/Talisman's Blocks 1, 2 and 4 and especially in Lundin's Block 5A as a consequence of the Government of Sudan's scorched earth campaign to force out the civilian population who were seen as a security threat. Ironically much of the military hardware that was deployed against these civilians was paid for by the oil that came from beneath the ground where they lived.

*The revenues generated from oil sales will only help the Sudanese regime buy more weapons and fuel to fight the war and achieve its goal of stripping all Sudanese of their religious and cultural identities.*

- Gary Kenny, coordinator of the **Canadian Inter-Church Coalition on Africa**, [4-03-1997](#)<sup>389</sup>

*[Sudan] will this year reach self-sufficiency in light, medium and heavy weapons from its local production... [thanks to its] unprecedented economic boom, particularly in the field of oil exploration and exportation and the remarkable progress in light and heavy industries.*

- **Sudanese army spokesman** General Mohamed Osman Yassin, *Al-Share Al-Syasi* newspaper, [1-07-2000](#)<sup>390</sup>

*Nothing has contributed as much to the conflict's sustainability as the opening of Sudan's oil pipeline.*

- Randolph Martin, **Senior Director of Operations at the International Rescue Committee**, [April 2002](#)<sup>391</sup>

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<sup>388</sup> The heavy and sophisticated weapons such as Antonov bombers and Mi-24V Hind helicopter gunships were deployed against civilians in South Sudan, especially in the oilfield areas during the oil war of 1996–2004, and later against the civilians of Darfur from 2003.

<sup>389</sup> Reuters, [4-03-1997](#), 'Canadian church group blast Arakis oil deal' by Jeffrey Jones.

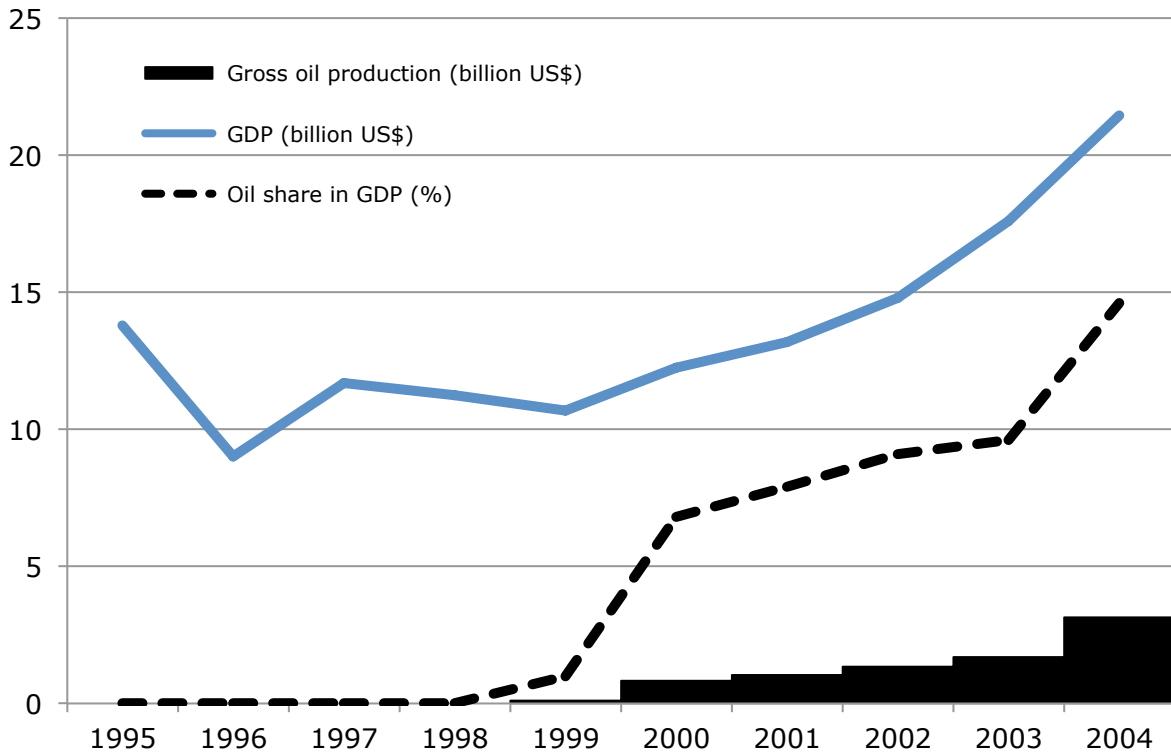
<sup>390</sup> AFP [Khartoum], [1-07-2000](#), 'Sudan to achieve self-sufficiency in weapons: spokesman'.

<sup>391</sup> Martin, Randolph (2002). 'Sudan's Perfect War', *Foreign Affairs* 81: 111-127.





**Oil's contribution to Sudan's GDP, 1995–2004**



Data sources: Google.dk/publicdata; Moro 2009; IMF 1998 Sudan Statistical Annex. Staff country report No. 98/35; Nour, Samia Satti Osman Mohamed (2011) Assessment of the Impact of Oil: Opportunities and Challenges for Economic Development in Sudan. *African Review of Economics and Finance* 2, 122ff.

Sudan started to produce oil from the Arakis wells in 1996. Initial production was a modest 2,000 bpd, and had reached 5,500 bpd by November 1996<sup>392</sup>, amounting to about one-tenth of the country's domestic consumption and reducing import bills by about US\$50 million per year<sup>393</sup>. Although oil at this time made an insignificant impact on Sudan's economy, the government of Sudan was able to purchase its first six Russian-built Hind Mi-24V helicopter gunships from Belarus the same year<sup>394</sup>, possibly in the form of soft loans from China in return for future deliveries of oil<sup>395</sup> (called "forward sales" in the oil business). By August 1996 the first attack by helicopter gunship in Sudan had been recorded, in which a village was destroyed<sup>396</sup>. Between nine and forty Russian-built T-55 tanks were delivered to the government of Sudan in the same year<sup>397</sup>.

<sup>392</sup> Data from Arakis cited by Canadian Inter-Church Coalition on Africa memorandum by Gary Kenny to Daniel Gennarelli, TCCR, 29-11-1996.

<sup>393</sup> Figures derived from International Crisis Group 2002; the figures are supported by data from Arakis that it had delivered 371,185 barrels of oil by November 1996 as cited by Canadian Inter-Church Coalition on Africa memorandum by Gary Kenny to Daniel Gennarelli, TCCR, 29-11-1996. A barrel of crude oil was worth about US\$20 in 1996; refined and imported fuel would have cost a lot more.

<sup>394</sup> Human Rights Watch 1998: 16 of 39 & 20 of 39.

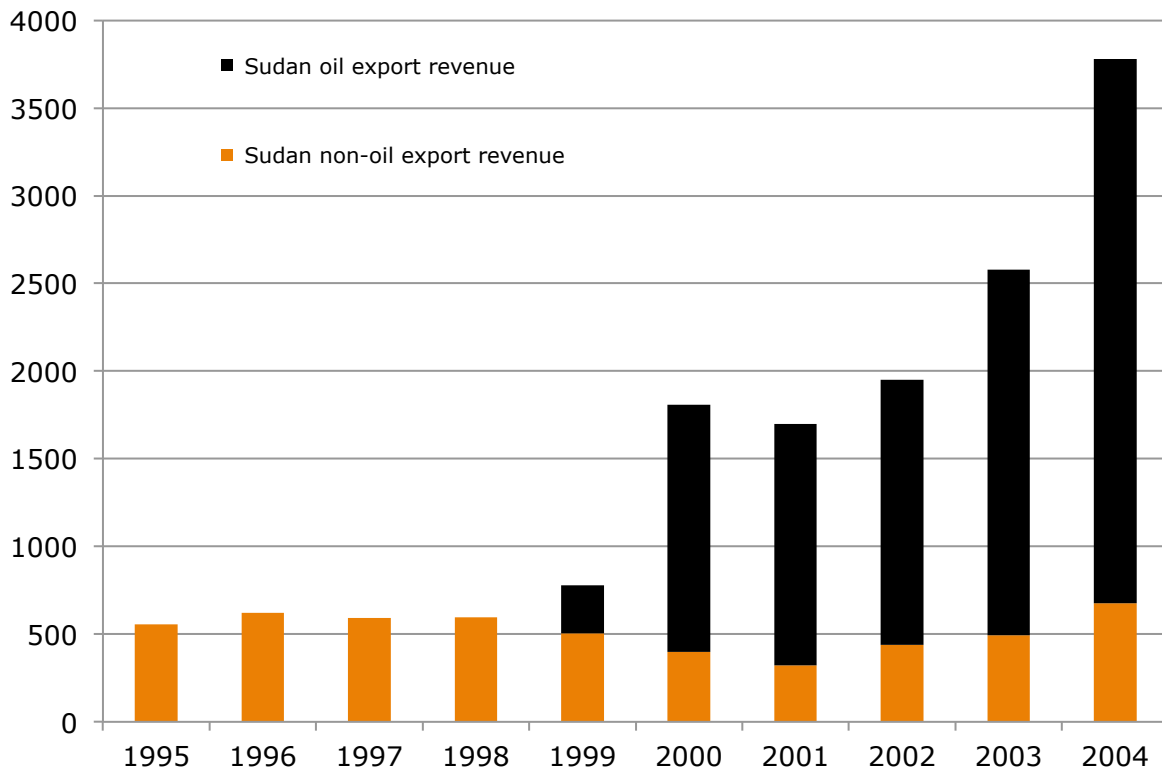
<sup>395</sup> Patey 2007: 1010 citing *China Daily*, 9-12-1995, 'Soft loans to develop oil project in Sudan'. One example is the alleged sale by China of missiles to the government of Sudan against in a deal underwritten by a US\$ 200 million loan against future oil extraction. See Human Rights Watch 1998: 18 of 39.

<sup>396</sup> Human Rights Watch 1998: 16 of 39.

<sup>397</sup> Human Rights Watch 1998: 20 of 39.



### Export revenue in Sudan, 1995–2004



Data sources: Moro 2009; IMF 1998 Sudan Statistical Annex. Staff country report No. 98/35

*The gunships in this new phase of war are something new to us... We saw gunships for the first time in 1997, flying from Heglig to Pariang and targeting around the Pariang area. They are using the airstrips of Heglig, Rubkona and Bentiu.*

- **SPLA 120 Brigade Commander** George Athor Deng of Ruweng County, Padit, 22-04-2001<sup>398</sup>

The GNPOC and Talisman's completion of a pipeline from the Heglig oil field to the Red Sea and the construction of a supertanker port terminal in 1999 permitted a huge increase in Sudan's oil production and export capabilities. With domestic consumption satisfied, Sudan was able to become an oil exporter from August 1999, and already in that year oil provided 35% of the country's foreign exchange earnings<sup>399</sup>. Most of this would have come from the GNPOC/Talisman operated oil concession, but some foreign exchange may have come from licence fees from the Lundin concession partners who were exploring for oil in the neighbouring Block 5A at that time. On the same day that Sudan loaded its first tanker with oil, a shipment of twenty T-55 tanks arrived from Poland<sup>400</sup>. T-55 tanks were used to attack Nhialdiu in Block 5A in 2002<sup>401</sup>.

<sup>398</sup> Gagnon & Ryle 2001: 31.

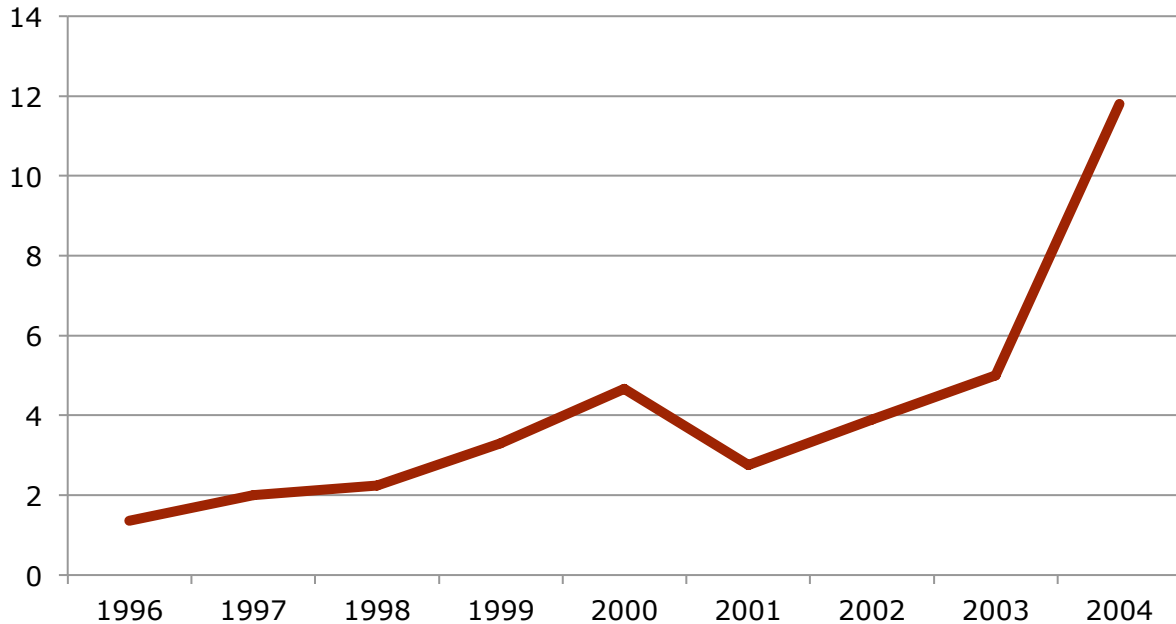
<sup>399</sup> Moro 2009: 11 & 12, based on data from the Central Bank of Sudan, IMF and World Bank.

<sup>400</sup> Collins 2008: 253; Human Rights Watch 2003. This shipment was the first part of a total of 50 tanks sold by the Polish state arms agency, ostensibly to Yemen. Shipment of the remaining 30 tanks was halted following pressure from the US.

<sup>401</sup> Christian Aid 2002: 6.



**Ratio of Sudanese government military spending to spending on social services, 1996–2004**



Data sources: Moro 2009; IMF 1998 Sudan Statistical Annex. Staff country report No. 98/35

*The government [of Sudan] accrued U.S.\$500 million in 2000 and expects U.S.\$800 million for 2001. Because it no longer has to purchase oil from the spot market, the government has even more resources available for buying arms. In addition, Sudan's new observer status in the Organisation of Petroleum Exporting Countries (OPEC) permits expanded access to the world oil market. Despite these successes, benefits of oil development have yet to improve the standard of living for the average Sudanese.*

- International Crisis Group, 2002

Oil earnings climbed to 81% in 2001, reaching 88% of Sudan's foreign exchange earnings in 2005. The Sudanese economy grew as a result, with a doubling of GDP and a six-fold increase in exports between 1999 and 2005. Government's spending on social services however remained about the same<sup>402</sup>.

By contrast military spending showed a marked increase, absorbing half of the Sudanese government's total budget in 1999 and 2000, and registering a four-fold increase from 1998 (the years before Sudan started exporting oil) until 2004 when peace was signed with southern rebels<sup>403</sup>.

<sup>402</sup> Spending on social services hovered around US\$ 30 million during 1999 to 2006 while oil exports increased over seven fold. Data from Moro 2009: 11 & 12, based on data from the Central Bank of Sudan, IMF and World Bank.

<sup>403</sup> Moro 2009: 11 & 12, based on data from the Central Bank of Sudan, IMF and World Bank.



*Though the official government line is that oil profits are used only for non-military spending, Khartoum leaders frequently let slip another story. For example in 1999, [Sudan's ex-president] Turabi said the government would buy tanks with oil profits. In mid-2000, military spokesman Mohamed Osman Yassin told student conscripts that thanks to the oil industry, Sudan had begun "manufacturing ammunition, mortars, tanks and armoured personnel carriers". On 16 June 2000, [Sudan's president] Bashir declared that Sudan would celebrate the eleventh anniversary of the coup by manufacturing "tanks and heavy equipment".*

*The government has matched its increase in export earnings with a commensurate increase in military spending. The war effort cost over U.S. 1 million per day in 2001, a staggering figure for a country where 3.1 million people need emergency food aid according to international agencies. The government doubled its arms purchases and military spending during the year after the Port Sudan pipeline was completed, and increased domestic production of ammunition and small arms.*

- International Crisis Group, 2002

The massive increase in foreign exchange provided by oil enabled the government of Sudan to buy more and better weapons. An additional sixteen Mi-24V attack helicopters were bought 2001–2002 after oil exports started to flow, together with twenty-two armoured combat vehicles and fourteen large calibre artillery pieces<sup>404</sup>. Arms export data from the Stockholm International Peace Research Institute (SIPRI) indicate that the government of Sudan purchased large quantities of military hardware in 2001 and then again in 2003 and 2004 when another civil war had erupted in Darfur<sup>405</sup>. Human Rights Watch believes that the major spending spree in 2001 was prompted by the Sudanese government's military defeats along the oil road in Block 5A, and its need to better arm itself in order to secure the concession so that oil production could start there<sup>406</sup>:

*In late 2001-early 2002, newly reunited rebel forces—including a previously government-allied militia that had been guarding the Block 5A installations—went on the offensive. The rebels succeeded in ambushing several large government military convoys on the oil road in Block 5A, stymieing oil operations for a period.*

*The government used heavy bombing—including a total of sixteen new attack helicopters, purchased abroad in 2001-2002 with oil revenue—in an attempt to retake and secure the oil road and operational area. It also deployed Baggara militia for the first time south of the Bahr El Ghazal River. The Lundin-built bridge at Bentiu made it possible for the first time for the government-armed Baggara horsebacked raiders to attack in this area of Block 5A. Civilians ran for shelter further south and west, into a marshy area crossed by streams where the horses could not reach; from there the newly-purchased government attack helicopters often picked up the chase.*

- Human Rights Watch 2003, report summary<sup>407</sup>

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<sup>404</sup> Human Rights Watch 2003: 59-60.

<sup>405</sup> [http://armstrade.sipri.org/armstrade/html/export\\_values.php](http://armstrade.sipri.org/armstrade/html/export_values.php) Accessed 10th May 2012.

<sup>406</sup> Human Rights Watch 2003: 42.

<sup>407</sup> Human Rights Watch 2003: 42.



The Hind gunships bought in 1996 and 2001-2002 were used to clear the oilfields in South Sudan – driving 160,000 people off their land in Lundin's Block 5A concession<sup>408</sup>. The same helicopters were also used elsewhere to attack civilians in South Sudan, and were later deployed against the people of Darfur from 2003 onwards<sup>409</sup>. Some 2 million people were displaced in that conflict, and between 57,000 and 128,000 died violent deaths in the period March 2003 to September 2005 alone. A number of those were killed by the helicopter gunships<sup>410</sup>.

*For the past month there had been two Russian-made Hind helicopter gunships stationed at Unity Field, and I was told they had been flying sorties almost every day, taking on large amounts of ammunition, "and unloading none ..." There was a third Hind out of action at Rubkona, having taken excessive dust into its intakes.*

- Canadian diplomat and Head of the Canadian Embassy in Sudan Nicholas Coghlan, February 2001<sup>411</sup>

*[The UN Special Rapporteur] was able to interview a number of IDPs who briefed him about their situation and the difficulties they had to overcome. These were almost invariably linked to the situation of conflict characterizing the region. Most of them reported interfactional fighting featuring extensive looting of cattle and burning down of villages. Reports also pointed to bombings by Antonov planes, often followed by attacks by helicopter gunships aimed at clearing the land around the oilfields, particularly since oil installations and assets had been declared legitimate military targets by the SPLM/A. Some of the people had never seen such equipment and, taken by surprise, were easy targets. Others fled with their meagre belongings, or with nothing: some fled naked, and were forced to run for up to a month before reaching a safe haven. It is worth noting that, when attacked in such circumstances, people fled wherever they could, some to the north, others to the south, and that the argument used by the Government that people move to the north - rather than towards the south - to look for peace is therefore groundless.*

- Gerhart Baum, **UN Special Rapporteur on the situation of Human Rights in the Sudan**, 23-01-2002<sup>412</sup>

*There is almost daily Antonov bombardment in the area – often of great intensity. Internally Displaced Persons exhibit a level of terror of aerial bombardment that is quite new in southern Sudan.*

- Julie Flint, report to **Christian Aid** from a field visit to Western Upper Nile, February 2002<sup>413</sup>

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<sup>408</sup> ECOS 2010.

<sup>409</sup> Cooper 2003.

<sup>410</sup> Bloodhound 2006: Report and Appendices.

<sup>411</sup> Coghlan 2005: 49. The Hind helicopter gunship at Rubkhona was operational again by March 2001, and can be seen flying in the distance in a film sequence taken by Bengt Nilsson and shown on Swedish television SVT's Agneda in 2001 – see [www.youtube.com/watch?v=dORdoagbSHc](http://www.youtube.com/watch?v=dORdoagbSHc) at 3 mins 44 secs, viewed 7th February 2013. Coghlan (2005: 53) reports that a year later in July 2002 there were also three gunships based at Wau.

<sup>412</sup> United Nations Economic and Social Council Commission on Human Rights (2002). *Situation of human rights in the Sudan. Report of the Special Rapporteur, Gerhart Baum, submitted in accordance with Commission resolution 2001/18. E/CN.4/2002/46 23-01-2002*, based on information received from a field visit in October 2001.

<sup>413</sup> Flint, Julie (2002). 'Trip to Western Upper Nile: February 2002'. Unpublished report to Christian Aid, London.



*This displacement by the government of Sudan is extensive and deliberate. It has been undertaken with resolve and determination through a number of means - through extensive aerial bombardment by Antonovs from high altitude, by low-flying MI-24 helicopter gunships often attacking in pairs, by ground attacks of both horsemen and foot soldiers by Government supported militias and Government troops. T55 tanks have also been used to capture Nhialdiu and threaten the villages just south of Bentiu...*

*Many have been killed by high-altitude aerial bombardments. More pernicious and cruel, as well as terrifying, has been the intensification of gunship attacks on civilians. These attacks are usually supported by militia and mounted horsemen. This makes for a deadly cocktail of destruction. Not only are people terrorised, their homes are burned to the ground, crops are destroyed and possessions are stolen. Women have been abducted, probably raped, and children have been abducted. No one knows if they are dead or alive. Others have died on the long trek to safety.*

- **Christian Aid/Dan Church Aid** report following an assessment to Western Upper Nile, March/April 2002<sup>414</sup>

*Nhialdiu was wiped off the map on Feb. 26, 2002, in an attack confirmed by survivors and rebel commanders.*

*Mortar shells landed at dawn. Then came helicopter gunships, directing fire at the huts. Antonov airplanes dropped heavy bombs. Roughly 7,000 government troops, mixed with pro-government militias, then swept through with rifles and more than 20 tanks.*

*"Any human being who could not get away was killed, even children" said the chief of Leal, Tunguar Kuyguong, who lost three of his 10 children that day. About 3,000 of the town's 10,000 inhabitants died, he said, and every house was burned to the ground. The soldiers made off with 10,000 head of cattle, which are the fundamental currency of Nuer life...*

*Even as people fled, walking more than seven miles to settle on a treeless plain, the bombs continued to rain down and the helicopter gunships buzzed in pursuit. "We would see the helicopters and try to hide in the grasses," said David Majang. People stripped off their colourful robes to try to blend in with the scrub...*

*"Oil has brought devastation to our lives," said Stephen Mayang, a father of three whose legs were badly hurt during the attack.*

- **Washington Post** correspondent Peter S. Goodman, visiting displaced in Leal, South Sudan, December 2004<sup>415</sup>

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<sup>414</sup> Christian Aid 2002: 7 & 10.

<sup>415</sup> *Washington Post*, 23-12-2004, p. A01, 'China Invests Heavily In Sudan's Oil Industry. Beijing Supplies Arms Used on Villagers.' by Peter S. Goodman in Leal, Sudan. One of the survivors attributes the attacks to the Chinese push for oil, probably because of the proximity to the Chinese-run Block 4 where oil development was more advanced than in Block 5A. Nialdhu is however situated in Block 5A.



Up to 80% of the money used to buy Sudan's Hind helicopter gunship fleet were paid for by the foreign exchange earned from oil<sup>416</sup>, leaving a clear conclusion – developing oil resources in a dictatorship fighting its own population in a civil war cannot be expected to assist the people, but may instead provide the government with extra funds to buy weapons. Those weapons increase the means to wage war, and to perpetrate atrocities against the local population.

Given their long experience of Sudan and close association with that country, Lundin should have been aware of the economic and military consequences of boosting oil production in Sudan. Those consequences were negative for large numbers of Sudanese citizens, so Lundin's statements that oil was good for the development of Sudan appear to be misleading or incorrect, unless they can be substantiated with data and detailed analysis to prove otherwise.

*In order to control the production of oil, the unelected government of Jafa'ar Nimeiri (1969-85) adopted a two-pronged strategy, division and displacement of the southern population. It has taken almost two decades and various governments to develop and refine this strategy... With the population thinned out, the government could erect a "cordon sanitaire" around the producing areas in Blocks 1, 2, 4 and 5A for foreign oil companies to exploit in peace and security—while those who had lived for generations on the land were robbed of their peace, security, homes, animals, crops, families, and often their lives.*

- **Human Rights Watch 2003**, report summary<sup>417</sup>

*In the oilfields a new combination of air and ground attacks was adopted that could be deployed during any season of the year, increasing the vulnerability of the civilian populations. The object was the quick and total removal of the population from the vicinity of the operations. More indiscriminate as well as more direct methods of extermination were used. Whereas in the earlier theatres of war women and children were abducted, here they were killed, whether through aerial bombardment or by militiamen.*

*The main difference between the two strategies is that in the other theatres the Government attacked livelihoods in order to remove the people, in the oil fields they had the hardware and the road and air networks to attack the people directly, and repeatedly. Unlike in the other theatres where deserted territory was usually left abandoned, in the oilfields the Government created a defensive military parameter, devoid of civilian inhabitants, within which the oil companies and military could operate. It was a strategy that, once developed in the oilfields, was transferred to the new theatre of war in Darfur.*

- **Expert Report to the US District Court for the Southern District of New York** by Dr. Douglas H. Johnson, 26-07-2005<sup>418</sup>

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<sup>416</sup> Oil provided 80% of Sudan's foreign exchange earnings at that time of the 2001-2002 weapons purchases.

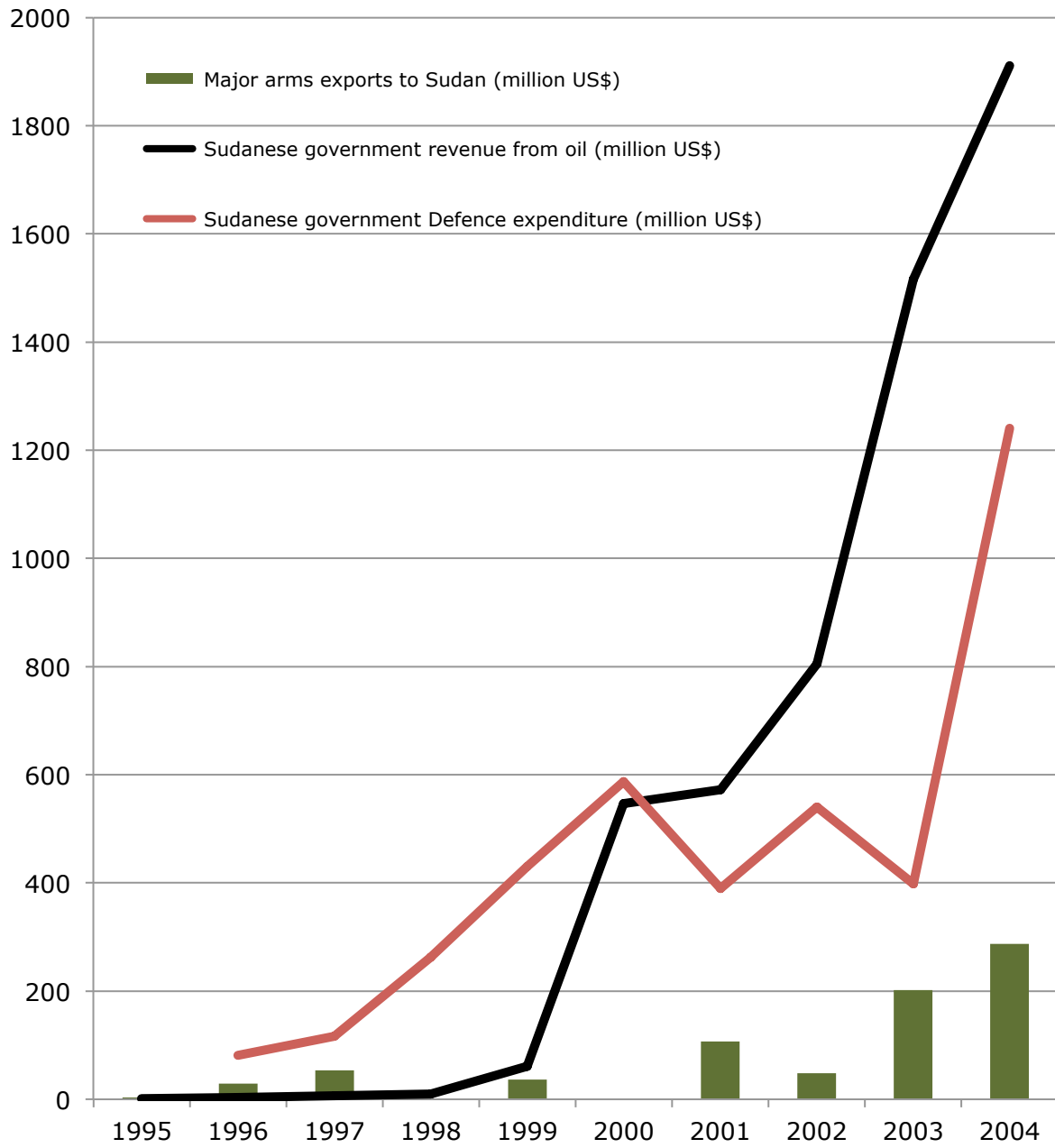
<sup>417</sup> Human Rights Watch 2003: 50.

<sup>418</sup> Cited from ECOS 2010:47.





**Government of Sudan revenue from oil, Defence expenditure and major arms purchases, 1995–2004**



↑  
Sudanese government buys first six Mi-24V Hind helicopter gunships

↑ ↑  
Sudanese government buys sixteen more Mi-24V Hind helicopter gunships as well as 22 armoured personnel carriers & 14 large calibre artillery pieces

Data sources: HRW 2003; EIA International Energy Annual 2004; SIPRI; IMF 1998; Moro 2009; Nour, Samia Satti Osman Mohamed (2011) Assessment of the Impact of Oil: Opportunities and Challenges for Economic Development in Sudan. *African Review of Economics and Finance* 2, 122ff.





Inter-Church Coalition on Africa (44)

Coalition inter-Eglises pour l'Afrique

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February 17, 1997

The Honourable Lloyd Axworthy  
Minister of Foreign Affairs, Government of Canada  
Fax# 613-944-0623

Dear Mr. Axworthy:

RE: ARAKIS ENERGY CORPORATION AND SUDAN

On behalf of our church partner in Sudan, the New Sudan Council of Churches (NSCC), we would like to draw to your attention once again to the activities of the Calgary-based Arakis Energy Corporation in Sudan. Arakis is working in partnership with the Sudanese government to develop a 12.2 million acre oil concession in southern Sudan as well as build a 900 km pipeline to the Red Sea. We believe that Arakis is engaged in a business partnership that props up one of the worst violators of human rights in the world today, provides it with oil for its war efforts, and undercuts international pressures on the Sudanese regime.

Frankly, we feel that Arakis is an embarrassment to Canada. No Canadian company should be working in partnership with a military regime that commits genocide, promotes slavery, tries to strip its citizens of their ethnic, cultural and religious identities, and systematically bombs civilian populations. That Arakis is doing just this is surely counter-productive to the good work your government has done to promote an end to Sudan's 14-year-old civil war.

We find it hard to accept from past correspondence with the Canadian government that Canada can do nothing to prevent Arakis from freely plying its trade in Sudan, and can only warn the company of the inherent dangers of working in a war zone. Surely Canada could at least demonstrate to Arakis Canada's profound moral and ethical displeasure over its partnership with the Sudanese regime. This and other suggestions are included in the attachment with this letter for your consideration.

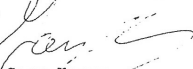
There is another reason why your government might want to take action now. The SPLA has said it will attack Arakis' operations. We remind you that the SPLA attacked the U.S. petroleum giant Chevron when it owned the oil concessions in the 1980s', and several of its foreign oil personnel were killed. There are currently about 150 Canadians working in the oil fields and it is quite possible that Canadians could be killed in an SPLA attack. Does your government really want to deal with the adverse publicity that would be generated by the spectacle of Canadians being shipped home in body bags from the oil fields of Sudan?

Another Canadian firm, International Petroleum Company (IPC), has been drilling for oil in the Red Sea off the coast of Sudan and has apparently recently entered into an agreement with the Sudanese government to develop additional oil reserves in the country. We hope your government will apply the same pressure on IPC as on Arakis.

We wish to thank your government for its excellent work on Sudan, past and present, which has included co-sponsoring resolutions at the UN Commission on Human Rights and General Assembly, participating in Friends of IGAD, and contributing generously to humanitarian aid efforts, especially Operation Lifeline Sudan. We hope you will act on our suggestions as soon as possible.

We look forward to your response to this letter.

Yours sincerely,

  
Gary Kenny  
Coordinator

Copies: The Honourable Christine Stewart, Minister of State for Latin America and Africa  
The Honourable Don Boudria, Minister for CIDA

COPY

Within a few weeks of acquiring Block 5A, the Vancouver-based International Petroleum Corporation (IPC), a wholly owned subsidiary of Lundin Oil AB, was singled out in a letter from the Canadian Inter-Church Coalition on Africa to the Canadian Minister of Foreign Affairs, demanding that the Canadian government apply the same pressure on IPC as Arakis to prevent it contributing to the brutal abuses perpetrated by its business partner the Government of Sudan (highlighted above).



## Acknowledgements

This report builds on the efforts of a small number of concerned activists who have campaigned for decades to reduce the suffering of the Sudanese people, by bringing their plight to the world's attention and trying to address its causes.

The initiative to prevent oil companies from exacerbating the civil war in Sudan emerged from a background of earlier campaigns against persecution, deliberate starvation and resurgent slavery in war-torn South Sudan, which by the mid 1990s had achieved much publicity and mobilised public concern for the Sudanese people in the United States and elsewhere in the western world<sup>419</sup>.

In response to a request from the **New Sudan Council of Churches**, the Canadian Inter-Church Coalition on Africa (ICCAF) under **Gary W. Kenny** first met with **Bill Davis** of the Taskforce on the Churches and Corporate Responsibility (TCCR) in December 1994 to request that it investigate the role of the Arakis involvement in Sudan<sup>420</sup>. This was followed by letters from the TCCR to Arakis in February and April 1995<sup>421</sup> raising concern that the company's contribution of funds to the Government of Sudan would be used 'to fuel its war against the Sudanese people'. The ICCAF and TCCR continued to campaign against Arakis and later also against the International Petroleum Corporation over the following years, transferring their attention to Talisman once it bought Arakis in August 1998. ICCAF through the driving force of Gary Kenny was instrumental in pressurising the Canadian government to conduct its own investigation into Talisman's operations in Sudan<sup>422</sup>, which resulted in the Canadian government's 'Harker report' that clearly demonstrated that oil was fuelling the civil war in Sudan<sup>423</sup>.

The American Anti-Slavery Group (AASG) under **Charles Jacobs** in a letter to the *New York Times* in January 1997 put oil companies on public notice about the predictable consequences of their actions for the people of South Sudan<sup>424</sup>, a few days before Lundin signed a deal with the Government of Sudan to acquire its Block 5A concession and purchased a major share in Arakis. The AASG later spearheaded the Talisman divestment campaign from the middle of 1999, and was involved through Attorney **Carey R. D'Avino**, a board member of the AASG, together with Attorney **Stephen A. Whinston** in filing a class action lawsuit against Talisman Energy in November 2001 on behalf of the **Presbyterian Church of Sudan**<sup>425</sup>. This court case produced key witness testimony on the Government of Sudan's orders to its military and allied militias to forcibly clear the oil fields of their civilian population<sup>426</sup>.

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<sup>419</sup> See Hertzke, Allen D. (2005) 'The Shame of Darfur', *First Things*. Downloaded 26th September 2012 from [www.firstthings.com/issue/2005/10/october](http://www.firstthings.com/issue/2005/10/october); also Phares, Walid (1998). The Sudanese Battle for American Opinion. *Middle East Quarterly*, March 1998, pp. 19–31.

<sup>420</sup> Letter from Gary Kenny of the ICCAF to Bill Davis of the TCCR, 22-12-1994.

<sup>421</sup> Letters dated 17-02-1995 and 21-04-1995. Arakis made no response to these.

<sup>422</sup> Gary Kenny wrote a letter to Canadian Minister of Foreign Affairs Lloyd Axworthy at the end of 1998 on behalf of the 11 members of the Sudan Inter-Agency Reference Group (SIARG) to express their concern over Talisman's involvement with the government of Sudan. Letter posted on Sudan Catholic Information Office, 15-12-1998, Sudan Monthly Report. Accessed 8th August 2012 from <http://web.peacelink.it>

<sup>423</sup> Harker 2000.

<sup>424</sup> e.g. *Mideast Newswire*, 30-01-1997. 'No relations with slavers: AASG asks Clinton to freeze oil deal with Sudan' by Charles Jacobs; *New York Times*, 4-02-1997, p. 22, 'U.S. Plays Partner to Sudanese abuses' by Charles Jacobs. Letter written 31st January 1997. The American Anti-Slavery Group launched the Talisman Divestment Campaign in July 1999 – see Associated Press, 29-07-1999, 'Group Calls for Stock Boycott' by Leslie Miller.

<sup>425</sup> *US Newswire*, 7-11-2001, 'Anti-Slavery Group Announces \$1 Billion Class-Action Lawsuit Against Talisman Energy for Fueling Slavery and Genocide in Sudan.'

<sup>426</sup> See ECOS 2010.



The **Steelworkers Humanity Fund**, the **United Church of Canada**, **Ernie Regehr** of Project Ploughshares and **World Vision** met with Talisman company executives for eight months up to March 2000 to try to persuade the company to mitigate the negative effect of its Sudan operations, but were forced to pull out after Talisman rejected its proposals<sup>427</sup>. These organisations, together with the **Canadian Auto Workers** and the **Simons Foundation** then commissioned **Georgette Gagnon** (a member of the Canadian government's Harker mission) and **John Ryle** to document the intensification of armed attacks on civilians in key areas of Sudan's contested oil region in Western Upper Nile during 2000 and 2001<sup>428</sup>. They showed that the situation for the civilians in the oilfields had not improved since the publication of the Canadian government 'Harker Report' almost 2 years earlier.

**Dennis Bennet** of ViTrade, **Eric Reeves** of Smith College<sup>429</sup>, **Tommy Calvert** of Tufts University<sup>430</sup>, **Mel Middleton** of Freedom Quest International<sup>431</sup>, together with **Caroline Cox** and **John Eibner** of Christian Solidarity International made major contributions to the divestment campaign against Talisman Energy<sup>432</sup> which brought a huge media focus on the negative impact of oil development for the people of Sudan.

The inspiration for this report came from a talk at a workshop given by **Peter Verney** during the summer of 2000, which prompted this author to visit South Sudan in December 2000 while working for Médecins Sans Frontières. Peter has kept a close eye on the oil industry in Sudan since the Chevron days, and was commissioned to do a 'due-dilligence' report on the oil industry in Sudan in 1998. In 1999 he spearheaded a campaign together with **Mark Curtis** of Christian Aid against UK firms Weir Pumps, Allen Power Engineering and Rolls Royce for supplying pumping equipment for the GNPOC pipeline<sup>433</sup>. In December 1999 Peter Verney published the first comprehensive report on the oil industry in Sudan, *Raising the Stakes: Oil and Conflict in Sudan*<sup>434</sup>, and for more than a decade he has been a continuous source of support for Bloodhound's work. Christian Aid supplemented Peter's report in 2001 with the first report that detailed Lundin's activities in Sudan<sup>435</sup>.

**Julie Flint** played a key role in alerting the Swedish media in early 2001 to the role of Lundin in Block 5A, and provided much helpful advice and contacts during the first years of Bloodhound's investigation into Lundin. **Jemera Rone**, who wrote the comprehensive 561 page Human Rights Watch report on the oil industry in Sudan that was published in 2003<sup>436</sup>, has also provided assistance with information and contacts over many years.

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<sup>427</sup> *The Globe*, 20-03-2000, 'Drilling for a corporate conscience. Talks have broken off between Talisman Energy and four NGOs. Activist Ernie Regehr explains why.' by Ernie Regehr.

<sup>428</sup> Gagnon & Ryle 2001.

<sup>429</sup> *Los Angeles Times*, 4-06-2001, 'Use Oil Investment as a Lever in Sudan' by Prof. Eric Reeves.

<sup>430</sup> Tommy Calvert launched a student-led divestment campaign against Talisman Energy in late 1999, which ultimately led to the professor's pension fund TIAA-CREF to divest from Talisman. See [www.news24.com](http://www.news24.com), 17-04-2002, '11 000 slaves freed in Sudan'.

<sup>431</sup> Mel Middleton had already warned the Canadian high Commission in Nairobi by early 1998 that Canadian citizens working for Arakis would be attacked by southern rebels (source: Sudan Update volume 9 number 5 citing an article in the *Vancouver Sun* by Linda Slobodian). Numerous sites are present on the internet detailing many letters written by and interviews with Mel Middleton on Talisman, which attest to his deep personal involvement in the campaign to stop the company exacerbating the conflict in Sudan.

<sup>432</sup> Caroline Cox and John Eibner had already in 1993 called for an oil embargo on Sudan – see *International Herald Tribune*, 17-08-1993, 'Halt the New Rain of Bombs in Sudan' by Caroline Cox and John Eibner.

<sup>433</sup> Letter sent by Peter Verney in August 1999 to UK Minister of State at the Foreign and Commonwealth Office Peter Hain; for a full list of other UK companies see Christian Aid, May 2001, *The regulatory void: EU company involvement in human rights violations in Sudan*. Available from [www96.reliefweb.int](http://www96.reliefweb.int) Accessed 7th February 2013.

<sup>434</sup> SudanUpdate 1999.

<sup>435</sup> Christian Aid 2001.

<sup>436</sup> HRW 2003.



Researcher **Anna Thestrup** spent many months in early 2006 compiling accounts of attacks on villages in Block 5A as well as statements by Lundin's board members and spokespeople. Her work has been used in subsequent publications by Kerstin Lundell, ECOS, Maj Wechselmann and Bloodhound.

The European Coalition on Oil in Sudan (ECOS) under **Egbert Wesselink**, **Evelien Weller** and later **Kathelijne Schenkel** have been a driving force in bringing attention to the consequences of Lundin's activities in Block 5A. ECOS had planned a court case against Talisman in Holland in 2001 but did not pursue this once Talisman was brought before the New York court. ECOS then worked together with Bloodhound from 2005 to look at using satellite images to document the scale of displacement in Lundin's Block 5A concession, which eventually led to the publication of the ECOS report *Unpaid Debt* in June 2010<sup>437</sup>. **Petter Bolme** of Global Reporting has worked closely with ECOS since 2008, and has made an important contribution in investigating the role of the Swedish government in failing to investigate Lundin in 2001, and in running a website in Swedish<sup>438</sup> which maintains a regular update on news about Lundin's more controversial activities.

**Kerstin Lundell** was a lone voice in the Swedish media speaking out against Lundin from 2006 until the publication of her book in 2010<sup>439</sup>, which reopened public interest in the company's activities and encouraged film-maker **Maj Wechselmann** to make a documentary film and write a further book about Lundin's activities<sup>440</sup>.

Swedish journalists **Martin Schibbye** and **Johan Persson** undertook a dangerous voyage in July 2011 from Kenya through Somalia and into the conflict-ridden Ogaden region of Ethiopia in order to document the ongoing attacks of civilians living in another oilfield run by another Lundin company, Africa Oil. Their courage cost them over a year in prison in Ethiopia, but provided much needed publicity in Sweden about the activities of another company in the Lundin group.

**Leo Lagercrantz** and **Jens-Christian Brandt** made a key visit to South Sudan in early 2012 to gather witness testimonies from the survivors of the oil war in Block 5A. Their reports in Swedish newspaper *Aftonbladet* created a surge of media coverage in Sweden about Lundin's controversial activities, which led to a number of Swedish pension funds withdrawing their investments from Lundin Petroleum during the spring of 2012.

**Special thanks to Petter Bolme, Leo Lagercrantz, Kerstin Lundell, Kathelijne Schenkel, Maj Wechselmann and Egbert Wesselink for their persistence and determination to make known in Sweden the suffering of the civilians of Block 5A in Sudan during 1997-2003, and to reveal the role of Lundin in those events.**

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<sup>437</sup> ECOS 2010.

<sup>438</sup> <http://www.globalreporting.net/sv/case/unpaid-debt>

<sup>439</sup> Lundell 2010.

<sup>440</sup> Wechselmann 2011.



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*In May 2002... along with colleagues from the Canadian International Development Agency, I met on a sweltering afternoon under a large tree with a group of a hundred or more people...*

*John, aged forty, was from the town of Kuo, near Leer (in the heart of Lundin Petroleum's Block 5A)... It took him ten days to walk from his village. He had nine wives and twenty children, he said. Antonov bombings "and troops on the ground" made them all leave. He saw the government troops as he was running away; ... John saw an Antonov bombing his village and also saw helicopter gunships. His house was burned down...*

*Norma had left her village of Nimne (near Bentiu) due to fighting. She had walked from Nimne to Mayendit for five days. She arrived here in Maper fifteen days ago. She had walked at night time "to avoid the helicopter" and came with her family (five children; no animals). She fled "because of the gunships. Nimne is near the oil fields. The gunships came four or five times a day; there were three gunships and one Antonov. They came at 8:00, 10:00 and 12:00, even sometimes at 22:00"... Norma added laconically that she had lost one son, a three-year-old whom she had last seen running away from a helicopter. Some cows had also been killed; the rest ran away. The government soldiers had come; Norma saw them when she was hiding.*

*Was this evidence of "scorched earth" – of deliberate and systematic displacement of the civilian population in the oilfields – by government troops? Certainly all these people, notwithstanding some probable embellishment or filtering by my pro-SPLA interpreters couldn't be lying. They had fled from coordinated aerial and ground attacks, and many of them had lost animals and family in the process; they were now as destitute as anyone could be...*

- **Canadian diplomat and Head of the Canadian Embassy in Sudan** Nicholas Coghlan (2005). *Far in the Waste Sudan. On assignment in Africa.* McGill-Queen's University Press. Pp- 164–167.

## **ABOUT BLOODHOUND**

Bloodhound was founded in Copenhagen in 2006 to conduct in-depth research into war crimes, crimes against humanity and genocide.

To date Bloodhound has investigated the Government of Sudan's scorched earth campaign against the villages of Darfur during 2003-2006, and the involvement of Swedish oil company Lundin in the Block 5A concession in South Sudan during 1997–2003.

Bloodhound also assists other organisations with information as well as providing technical advice on using satellite and remote sensing, for example investigating war crimes in Darfur and in other oil exploration zones in South Sudan.

See [www.bloodhound.se](http://www.bloodhound.se) for more information.



**bloodhound**