



Extractive Activities in

# IRAQ

2015

Beneficial Ownership  
Legal Framework of Oil & Mining Sectors  
Petrodollar  
Structure of Oil Sector  
Activities of National Extractive Companies  
Social Expenditures  
Subnational Transfers  
Local Consumption

# Iraqi Extractive Industries Transparency Initiative (IEITI)

## Report 2015

December - 2016



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# Acknowledgemnet

*We would like to express our sincere thanks to*

*IEITI team, for supporting and assisting us in*

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# Term & Abbreviations

Terms	Definitions
API	The American Petroleum Institute gravity measure which indicates the specific gravity Fahrenheit
Barrel	A quantity consisting of forty two (42) United States Gallons under a pressure of 14.7 pound per square inch and a temperature of sixty (60) degrees Fahrenheit (each Barrel is equivalent to Cubic Meter 6.2891)
BCM	Billion Cubic Meter
BOE	Barrel of Oil Equivalent
FBSA	Federal Board of Supreme Audit
Calendar Month / Month	In respect of any month in a calendar year, a period commencing on the first day of that month and ending on the last day of the same month
Calendar Year / Year	A period of twelve (12) consecutive months commencing with the first day of January and ending with the last day of December, according to the Gregorian Calendar
Destination	The place to which oil is shipped or directed
DFI	Development Fund for Iraq
Crude Oil	All hydrocarbons regardless of gravity which are produced and saved from the Contract Area in the liquid state at an absolute pressure of fourteen decimal seven (14.7) pounds per square inch and a temperature of sixty (60) degrees Fahrenheit, including asphalt, tar and the liquid hydrocarbons known as distillates or condensates obtained from natural gas at facilities within the field other than a gas Plant
Dinar or Iraqi Dinar or IQ	The currency of the Republic of Iraq
Dollar or US\$	Dollar of the United States of America
Due date	The date on which an obligation must be repaid
IEITI	Iraqi Extractive Industries Transparency Initiative

Terms	Definitions
Export Oil	A standard blend of crude oil of nearest quality to the crude oil stream produced from the field, out of which a contractor may lift at the delivery point for the value of its due service fees under the contract
Export Oil Price	The price per barrel of export oil that is free on board (FOB) at the delivery point
FDI	Foreign Direct Investments
FOD	Field Operating Division
GDP	Gross domestic product
Government or Gol	The Government of the Republic of Iraq
GFC	Gas Filling Company
IAMB	International Advisory Monitoring Board
Internal consumption	Oil used for domestic purposes
IOCs	International Oil Companies (international field development oil companies)
JMC	Joint Management Committee
KRG	Kurdistan Regional Government
LC	Letter of credit
Loading Date	The date of flanges of the relevant offshore loading terminal(s) in Iraqi and Turkish seaports where a contractor may lift export oil
LPG	Liquid petroleum gas
MIM	Ministry of Industry and Minerals of the Republic of Iraq
MdOC	Midland Oil Company of the Republic of Iraq
HSE	Health, Safety and Environment
NOC	North Oil Company of the Republic of Iraq

Terms	Definitions
MNR	Ministry of Natural Resources (KRG)
MOC	Missan Oil Company of the Republic of Iraq
MoF	Ministry of Finance of the Republic of Iraq
MoO	Ministry of Oil of the Republic of Iraq
NA	Not Available
N/A	Not Applicable
NRC	North Refineries Company
OPEC	Organization of the Petroleum Exporting Countries
OPRA	Oil Proceed Receipt Account
PCLD	Petroleum Contracts and Licensing Directorate
SR	South Refineries Company
TPAO	Turkiye Petrolleri Anonim Ortakligi
Production Measurement Point / PMP	The point within the field as agreed by the parties, where the volume and quality of crude oil produced and saved from the field is measured'
MdR	Midland Refineries Company
RFB	Remuneration fees per barrel
Signature Bonus	The payment of a fee by an IOC to a host government, upon signing a concession license agreement (or technical service contract) with a national oil company or local oil company
SOC	South Oil Company of the Republic of Iraq
SOMO	Iraq Oil Marketing Company. An Iraqi entity established under and governed by the laws of Iraq, and having monopoly on oil exports

Terms	Definitions
Tax Year	The period of twelve (12) consecutive months according to the Gregorian Calendar for which tax returns or reports are required according to any applicable tax laws and regulations in Iraq
MMSCFD	Million Standards Cubic Feet a Day (each Cubic Meter is equivalent to MMSCFD 35.315)
GC	National Gas Companies
APB	Average price of crude oil per Barrel during 2015, which is USD 46.44
APC	Average price of gas per cubic meter during 2015
V.	Variances
ABM	Above Materiality (any discrepancies that equal to or exceed 0.5% of 2015 total revenue must be analyzed and reported)

# Executive summary

The objective of the IEITI report is to collect data, review and reconcile the payments and revenues from the extractive industries for the year 2015 in accordance with the agreed scope and in accordance to the approved inception report dated June 8<sup>th</sup> 2016.

This report summarizes the results of on cash inflows involved in Iraq's 2015 petroleum activities reconciliation process, in addition to, information pertaining to the Oil and Gas Sector and the Extractive Industry in Iraq.

In May 2008, the Government of Iraq made a commitment to implement EITI.

In January 2010, the Prime Minister of Iraq declared Iraq's commitment to EITI. In February 2010, the EITI Board announced that Iraq became an EITI candidate country.

Our project approach will be in line with the 2016 EITI Standard and with the MSG's agreed objectives and expectations for the IEITI process.

The reconciliation of payments and revenues will be undertaken by applying international professional standards.

The project approach is broken into five phases; Preliminary Analysis to produce an inception report in accordance with EITI requirements followed by data collection, initial reconciliation and investigation of discrepancies, then producing draft report, final report and executive summaries. The work must be independent and performed in a manner consistent with the TOR. Also the report should meet the criteria specified in the 2016 EITI Standard and other detailed requirements as outlined in the TOR as specified in the following inception report link: <http://ieiti.org.iq/ArticleShow.aspx?ID=112>.

### **Factors contributed to the decrease in index oil prices in the global market**

- Increase in the exchange rates.
- The continued increase in the global supply of crude oil
- Increase in the global crude stocks.
- Increase in the global oil inventories.

## **Institutional Framework for the oil and gas Sector in Iraq**

### **1. Government**

- Ministry of Natural Resources
- Ministry of Finance
- Ministry of Industry and Minerals
- Ministry of Environment
- General Commission for Taxes
- Ministry of Electricity
- Ministry of Oil, which includes:
  - Oil Pipelines Company
  - Iraqi Drilling Company
  - Oil Exploration Company
  - Oil Product Distribution Company
  - Petroleum Contracts & Licensing Directorate.

### **2. Oil Marketing Company (SOMO)**

SOMO is the most important company in the Iraqi oil sector. It is the only official company legally authorized to negotiate Iraqi crude oil sales contracts as well as oil products contracts in accordance with international standards.

SOMO is specialized in the marketing of Iraqi crude oils like Basra Light and Kirkuk crude through the import terminals such as (Basra, Khor AL-Amaya and Ceyhan terminals).

SOMO also handles the import of Fuel oil product and some of the surplus products of Internal consumption needs and it provides their consumers of the Kerosene, Gasoline, LPG and Gas oil according to the local markets needs.

### 3. Oil Refineries

The three major refining organization operating in Iraq are:

#### 3.1 South Refinery Company

South Refineries Company was founded in 1969 through the establishment of Basra refinery, which actually began production in 1974. It is one of the major manufacturing units in the country where the production of oil derivatives using the latest scientific methods and advanced technology in production. <sup>(1)</sup>

#### 3.2 North Refineries Company

North Refineries Company is the biggest refining company among the ministry of oil companies. The company has a capability of refining a total of (402 000) barrels of oil per day. The company was established according to ministry of law no. 101 in 1976. It produces various types of products such as unleaded gasoline , illuminating kerosene, diesel, lube oil product, spindle oil ,transformer oil, etc. Other Refineries operated in North Refineries Company are: <sup>(2)</sup>

- NORTH Refinery capacity of 170,000 barrels a day.
- SALAHUDIN | capacity of 70,000 barrels a day.
- SALAHUDIN || capacity of 70,000 barrels a day.
- LUBE PLANT (two trains): 125000 tons of different lube stocks per train.
- Packaging an loading arms Facilities.

#### 3.3 Midland Refinery Company

Midland Refineries Company is one of the major refining organizations operating in Iraq, all governed by the Iraqi Ministry of Oil, It consist of Daura Refinery and further exterior Refineries. The Daura refinery was built in 1953 and began operations in 1955, At full capacity, it can process 210,000 barrels / day, Other Refineries operated in Midland Refineries Company are: <sup>(3)</sup>

- Najaf Refinery with refining capacity of 30,000 barrels a day.
- Samawah Refinery with refining capacity of 30,000 barrels a day.
- Diwaniya Refinery with refining capacity of 20,000 barrels a day.

### 4. National Oil Companies

**4.1 North Oil Company (NOC)** is a state company within the Ministry of Oil of Iraq, as it is responsible for work in oil and gas production. The company's geographical operation area spans in the following governorates: Kirkuk, Nineveh, Erbil, Diyala. <sup>(4)</sup>

(1) [http://www.src.gov.iq/en/about\\_us](http://www.src.gov.iq/en/about_us)

(2) <http://www.nrc.oil.gov.iq/english/home.htm>

(3) <http://iraqministryofoil.com/midland-refineries-company-tenders-iraq/>

(4) [http://www.noc.oil.gov.iq/english\\_ver/homepage\\_en.htm](http://www.noc.oil.gov.iq/english_ver/homepage_en.htm)

**4.2 South Oil Company (SOC)** South oil company is one of the major fundamental formations of Iraqi national oil company (INOC), It was the first nucleus and the basis of national direct investment projects in the 1970s, where the SOC was subsidiary to the national company. <sup>(5)</sup>

**4.3 Missan Oil Company (MOC)** is a state-owned oil company located in the Maysan Governorate, It was spun off from South Oil Company in 2008 to expand oil activities in Missan and to set up joint ventures with international companies to develop the province's oil fields. MOC is responsible for fields in the Maysan province which includes many producing fields such as Bazergan, Abu-Gharb, Fakka and Halfaya. <sup>(6)</sup>

**4.4 Midland Oil Company (MDOC)** is a state-owned oil company and it is fourth Iraqi oil company. East Baghdad field is considered as the most important fields in Midland Oil Company. There are more than 30 oil and gas fields that are located within the area of operations of the company in addition to about 60 geological blocks which have not been explored yet. <sup>(7)</sup>

## 5. International Oil Companies (IOC's)

International Oil Companies (IOCs) operating in Iraq under licenses granted by the Ministry of Oil in Baghdad as presented in IEITI 2014 report are presented below. The scope of entities will be updated as agreed with the MSG:

- BP
- Japex
- ExxonMobil
- TPAO
- Pakistan Petroleum Ltd
- JsocBashneft
- Petrochina
- Eni
- Sonangol
- Lukoil
- Shell West Qurna B.V
- Shell Iraq Petroleum
- Lukoil overseas exploration Iraq
- Petronas
- Kogas
- Gasprom
- Kuwait Energy Co.
- Inpex Corp.
- Dragon Oil Holding Ltd
- CNOOCI
- Premier Oil Pic
- Occidental
- Total

(5) [https://en.wikipedia.org/wiki/South\\_Oil\\_Company](https://en.wikipedia.org/wiki/South_Oil_Company)

(6) [https://en.wikipedia.org/wiki/Missan\\_Oil\\_Company](https://en.wikipedia.org/wiki/Missan_Oil_Company)  
<http://moc.oil.gov.iq/index.php/2015-05-06-05-54-50>

(7) [https://en.wikipedia.org/wiki/Midland\\_Oil\\_Company](https://en.wikipedia.org/wiki/Midland_Oil_Company)  
<http://mdoc.oil.gov.iq/index.php?name=Pages&op=page&pid=96>

## 6. Mining Industries in Iraq

In addition to Iraq's oil and gas resources, Iraq possesses substantial mineral resources and some of the world's richest reserves including sulfur and phosphate. Exploration for mineral resources and industrial rocks started in Iraq as early as 1930 and was continued by foreign companies until 1965, then Geological Survey of Iraq commenced a comprehensive systematic program of geological mapping and mineral exploration that covered all the Iraqi territory and was based on actual field mapping, exploratory drilling, geophysical and geochemical surveys.

Up until recently, Iraq's Civil Society was not informed of, nor could it participate in debates regarding oil, gas and mineral production. The Iraqi public was not able to set production, exploitation and marketing policies with regard to Iraq's mineral resources, since sector-specific information was not public knowledge, and private participation to invest in such sectors was not open to Iraqi Nationals. After 2003, it became imperative to develop such policies, in order to regulate the exploitation of such resources in a manner that guarantees transparency and hence attracts investment that could further develop the industry through improving the image of Iraq in terms of being a reliable business partner and a safe destination for Foreign Direct Investments.

### 6.1 Vision of the mining Industry

Iraq will become a competitive regional player in the mining industry and it will make the industry a base for industrial growth and a mean for satisfying local market needs, and creating jobs for Iraqis. In addition it will be a leader in infrastructure and social development in remote areas in Iraq, which contributes to the sustainable development of the country.

### 6.2 Strategy of the mining Industry

- **Short Term - Institutional Development**

Adopting legislations, policies and regulations that encourage and support mineral Investments

Establishing Iraqi Minerals Board and formulating a law stipulating its responsibilities  
Integrating the role of the central government with the local governments of mineral producing provinces with regards to mineral investments and allocating the greater portion of investment returns to those provinces

Initiating communications with mining economic entities across the world, and updating standards and frameworks based on international experiences that are consistent with the Iraqi environment

- **Medium Term - Expand the Investment of Mineral Resources**

Reinforcing the role of the Iraqi Geological Survey and Mining Company in leading mineral exploration and drilling operations, with the involvement of the private sector in mineral investment

Activating the role of the Iraqi Geological Survey and Mining Company’s branches in provinces to strengthen relations with local governments, the private sector, and the society as a whole. This in turn increases awareness regarding the economic significance of mineral investments and its impact on society

Adopting clear business frameworks for dealing with investors in the mining industry which guarantees the preservation of national interests, routine minimization, and the creation of a dependable and sustainable investment environment

- **Long Term - Sustainable and Competitive Growth**

Achieving sustainable and environment-friendly growth in Iraqi mineral resources in which the private sector has an influential role

Accomplishing a significant contribution to the Minerals Sector’s GDP and improving the standards of living especially in remote areas through the creation of job opportunities and developing the infrastructure

Creating an accurate scientific database specialized in the field of mining and mining

### Overview of Reported Data

The following table illustrates the major reported data in the reconciliation exercise compared to 2014:

Description	2014	2015
Total extracted crude oil	1,135,321,786 (BBL)	1,278,991,546 (BBL)
Daily Production rate of Crude Oil	3,110,471 (BBL/d)	3,504,086 (BBL/d)
Total export of crude oil	918,175,869 (BBL)	1,096,778,861 (BBL)
Daily export rate of Crude Oil	2,515,550 (BBL/d)	3,004,860 (BBL/d)
National daily production rate	3,110,471 (BBL/d)	391,590 (BBL/d) *
The daily rate of licensing rounds		3,112,496 (BBL/d) *

Source: data presented in the table was reported by Ministry of Oil.

(Table (1) – Executive Summary)

\* Those numbers have been added to ToRs 2015, in order to declare the differences between the national daily production and the daily rate of licensing rounds

- The average price of natural gas (supplied to Electricity Generation Directorates (EGD)) in (cubic meters) during 2015 was IQD 50, equivalent to USD 0.043. For liquid petroleum gas (LPG) the average price per Ton during 2015 was IQD 100,000 equivalent to USD 85, except for Al Hartha and Al Rumila power stations the average price supplied to them during 2015 was IQD 150,000.
- The average price of natural gas supplied to National Oil Companies was IQD 20,000 per MMSCFD during 2015 (for each 35.315 MMSCFD equivalent to 1,000,000 Cubic Meter) (the purpose of mentioning the prices are to be known to the reader).
- The following table depicts proven reserves for Oil and Gas:

Description	2015
Proven Oil Reserves <sup>(8)</sup>	142,503 (Millions of Barrels)
Proven Gas Reserves <sup>(9)</sup>	6,400,000 (Million M3)

(Table (2) – Executive Summary)

- Information related export quantities (barrels) crude oil for the year 2015 with regard to the American, European and Asian Markets, and the quantity exported ports

Ports	USA (Barrels)	EUROPE (Barrels)	FAR EAST (Barrels)	South Africa (Barrels)
Ceyhan Port	1,912,963	55,581,721	-	-
Basrah Port and Khor Al-Amaya Port (Light Crude Oil)	78,677,227	210,909,731	587,095,963	2,081,964
Basrah Port (Heavy Crude Oil)	14,546,123	60,179,117	85,794,053	-
<b>Total per region</b>	<b>95,136,313</b>	<b>326,670,569</b>	<b>672,890,016</b>	<b>2,081,964</b>

Source: data presented in the table was reported by SOMO.

(Table (3) – Executive Summary)

(8) [https://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_proven\\_oil\\_reserves](https://en.wikipedia.org/wiki/List_of_countries_by_proven_oil_reserves)

(9) [https://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_natural\\_gas\\_proven\\_reserves](https://en.wikipedia.org/wiki/List_of_countries_by_natural_gas_proven_reserves)

- The agreed materiality level for 2015 will be 0.5%. Any discrepancies that equal to or exceed 0.5% must be analyzed and reported.

The following table illustrates the allowed misstatement:

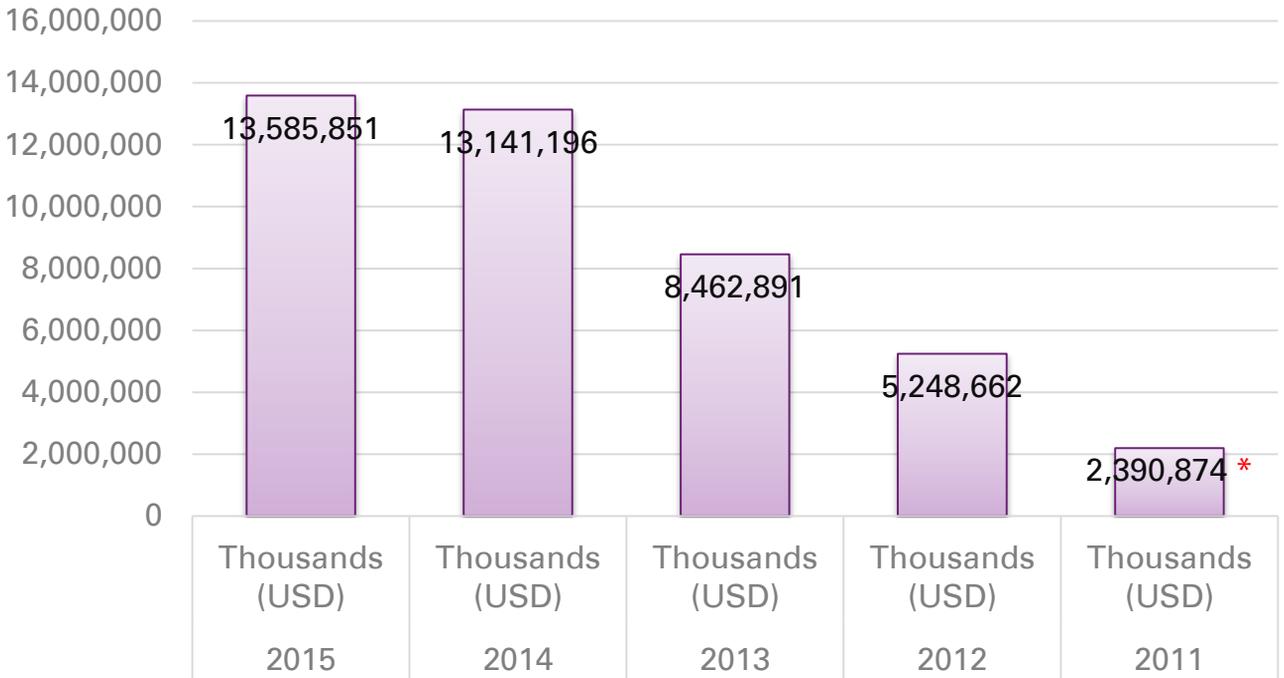
Description	2014's Amount (USD)	2015's Amount (USD)
Revenue from sales of Crude Oil revenue	71,696,802,952	37,346,440,900
Total Crude Oil lifted	13,141,196,138	13,585,851,820
Total Revenue	84,075,220,956	50,932,292,721
Allowed Misstatement	420,376,104	254,661,463

(Table (4) - Executive Summary)

- Any amount were provided in IQD were converted to US\$ using 1US\$ = 1,166 IQD according to Central Bank of Iraq bulletins.
- The average price of crude oil per barrel during 2015 is USD **46.44**, this amount was calculated by dividing total revenue (USD **50,932,292,721**) over export quantities of crude oil (Barrels **1,096,778,861**).
- Total extracted quantities of crude oil during the year 2015 was (Barrels **1,278,991,546**) (for SOC Barrels (**1,031,830,424**), NOC Barrels (**67,349,053**), MdOC Barrels (**63,527,272**), MOC Barrels (**116,284,797**)).
- Our disclosure scope for IEITI 2015 report was limited for the period from Jan 1 2015 – Dec 31 2015.
- All the reporting data were received via official emails from the related entities or by express mails.

**Total Crude Oil lifted (USD) as per SOMO to the IOC’s for the period of 2011 – 2015**

**Total Crude Oil Lifted (USD)**



(Illustration (1) – Executive Summary)

- \* In 2011, ExxonMobil company had received USD 200 Million as a monetary compensation
- The above chart depicts the increase in total amounts of Crude Oil lifted through the years 2011 – 2015, which is equal to **(42,829,479,837)** USD and equal to **(49,939)** Billion IQD
- The main reason of this increase:
  - The increase in production percentage of Crude Oil in Oil fields
  - The increase in remuneration fees and cost recovery. Thus, Iraqi government incurred more compensations for the IOCs

IOC Name	2015 Thousand (USD)	2014 Thousand (USD)	2013 Thousand (USD)	2012 Thousand (USD)	2011 Thousand (USD)	Total Thousand (USD)
1 AL WAHA PETROLUM	872,957	955,918	750,697	649,119	62,598	3,291,292
2 BP & PETROCHINA INTERNATIONAL	2,583,486	2,574,353	2,645,446	2,220,587	1,724,720	11,748,594
3 CNOOC IRAQ LIMITED & TP	684,291	750,822	421,951	-	-	1,857,065
4 ENI IRAQ B.V.	655,692	588,157	932,290	492,432	175,365	2,843,939
5 EXXON MOBIL IRAQ LIMITED	270,931	392,605	907,157	577,967	200,000	2,148,662
6 GAZPROM NEFT BADRA B.V.	92,113	-	-	-	-	92,113
7 JAPEX GARRAF LTD	387,561	447,183	-	-	-	834,745
8 KOGAS BADRA B.V.	47,390	-	-	-	-	47,390
9 KOGAS ZUBAIR	376,246	301,833	470,147	330,686	101,246	1,580,160
10 LUKOIL	3,085,850	2,064,016	-	-	-	5,149,866
11 OCCIDENTAL ENERGY IRAQ LLC	416,190	308,417	735,606	414,294	126,945	2,001,454
12 PERTAMINA IRAQ	62,625	50,351	-	-	-	112,976
13 PETROCHINA HALFAYA	579,064	631,894	689,370	207,060	-	2,107,390
14 PETROCHINA WEST QURNA	312,430	163,883	-	-	-	476,313
15 PETRONAS BADRA	26,170	-	-	-	-	26,170

IOC Name	2015 Thousand (USD)	2014 Thousand (USD)	2013 Thousand (USD)	2012 Thousand (USD)	2011 Thousand (USD)	Total Thousand (USD)
16 PETRONAS GARRAF	510,462	723,888	-	-	-	1,234,350
17 PETRONAS HALFAYA	305,603	297,052	344,260	99,752	-	1,046,669
18 PETRONAS MAJNOON	913,135	841,223	-	-	-	1,754,358
19 SHELL MAJNOON	942,709	1,581,443	-	-	-	2,524,153
20 SHELL WEST QURNA	198,601	133,536	225,088	146,938	-	704,164
21 TOTSIA TOTAL	246,630	334,613	340,872	109,824	-	1,031,940
22 TP BADRA LTD.	15,706	-	-	-	-	15,706
Total	13,585,851	13,141,196	8,462,891	5,248,662	2,390,877	42,829,479

Source: data presented in the table was reported by SOMO.

(Table (5) – Executive Summary)

- The following table specify Crude Oil lifted during 2015 as reported from SOMO:

No.	IOC's Name	SOMO (USD)
1	ALWAHA PETROLUM	872,957,108
2	BP & PETROCHINA INTERNATIONAL	2,583,486,222
3	CNOOC IRAQ LIMITED & TP	684,291,948.26
4	ENI IRAQ B.V.	655,692,418.69
5	EXXON MOBIL IRAQ LIMITED	270,931,988.48

No.	IOC's Name	SOMO (USD)
6	GAZPROM NEFT BADRA B.V.	92,113,962.10
7	JAPEX GARRAF LTD	387,561,375.80
8	KOGAS BADRA B.V.	47,390,103.97
9	KOGAS ZUBAIR	376,246,382.81
10	LUKOIL	3,085,850,518.53
11	OCCIDENTAL ENERGY IRAQ LLC	416,190,450.75
12	PERTAMINA IRAQ	62,625,578.40
13	PETROCHINA HALFAYA	579,064,253.04
14	PETROCHINA WEST QURNA	312,430,071.68
15	PETRONAS BADRA	26,170,123.60
16	PETRONAS GARRAF	510,462,887.04
17	PETRONAS HALFAYA	305,603,070.38
18	PETRONAS MAJNOON	913,135,385.58
19	SHELL MAJNOON	942,709,982.10
20	SHELL WEST QURNA	198,601,447.38
21	TOTSA TOTAL	246,630,276.88
22	TP BADRA LTD.	15,706,265.81

(Table (6) – Executive Summary)

# Introduction

The EITI is a global coalition of governments, companies, and civil society working together to improve openness and accountable management of revenues from natural resources. The EITI was established with the belief that natural resources, such as oil, gas, metals, and minerals, belong to country's citizens, and that the appropriately managed revenues from these resources can lead to economic growth and social development. The core belief behind EITI is that transparency and openness around how a country manages its natural resource wealth is necessary to make sure that these resources can benefit all citizens.

The principles and criteria for EITI were designed with the objective of promoting and supporting transparency and accountability in resource-rich countries through the full publication of company payments, government revenues, and other information related to countries' extractive sectors

The countries which implement EITI Standards, have to confirm a full disclosure of payments made by extractive companies to governments.

These payments are disclosed in EITI Report that is published to allow citizens to see by themselves How much revenues (amounts) their government is receiving from their country's natural resources.

The EITI was first established in 2003 and the organization initially agreed upon 12 principles to increase transparency over payments and revenues in the extractive sector.

These principles remain the cornerstone of the EITI. Several years later, the EITI established 23 requirements known as the EITI Rules. In 2013 EITI published EITI Standard that replaced the EITI Rules, and on 23 February 2016 the EITI board approved the 2016 EITI Standard coming into immediate effect.

## MSG Structure



(Illustration (2) – Introduction)

1

# Transparency Initiative In Iraq

EITI Requirement:

1- Oversight by the multi-stakeholder group

## 1.1 Government Engagement

In May 2008, the Government of Iraq made a request to implement EITI.

As part of its implementation of the IEITI, the Government of Iraq committed itself to publishing all revenues from its export sales from the Oil Sector. In addition, international companies buying oil from Iraq shared the same commitment of publishing what they have paid to the Government. The first IEITI report was published in December 2011. EITI Board had reviewed the report and on 12 December 2012, it announced Iraq as an EITI compliant country. Moreover, 2015 report will be the 7th issued report by Iraq, and it is considered to be one of the 31 countries that comply with the EITI Standards out of the 51 EITI countries.

## 1.2 Company Engagement

Extractive sectors in Iraq consist of a number of operating national and international companies represented by the multi-stakeholders group, where the Iraq government has provided a suitable environment by giving the opportunity to participate and nominate their representatives in the multi-stakeholder group. <sup>(10)</sup>

## 1.3 Civil Society Engagement

CSO is the community-based organization, non-governmental organizations, and institutions outside of government representing the diversity of citizens and their views, seeking to speak on behalf of or for the “public interest” and the citizens themselves.

More specifically, civil society might include, but not be limited to:

- Nonprofits or not for profits.
- Media, trade unions.
- Academic and research institutions.
- Faith-based groups.
- Investors and individuals.

Multi-stakeholders group structure includes seats for civil society representatives in their various categories, in addition to the election method by the broader civil society.

In November 15, 2014 an election conference had been conducted by open invitations to all civil society’s organizations in Iraq, to elect their representatives to fill these seats.



Elective conference has been a successful gathering for the overall civil society’s organizations with the participation of more than 600 organizations to elect their representatives in the multi-stakeholders group, where it is considered the largest grouping within the world civilian initiatives. <sup>(11)</sup>

<sup>(10)</sup> <http://ieiti.org.iq/uploads/2014%20Report/IEITI%202014%20Final%20Report%20-%20English.pdf>

<sup>(11)</sup> <http://ieiti.org.iq/ArticleShow.aspx?ID=92>

## 1.4 Multi-Stakeholder Group

1.4.1 The Iraqi multi-stakeholder Group “MSG” oversees the implementation of IEITI, consist of:

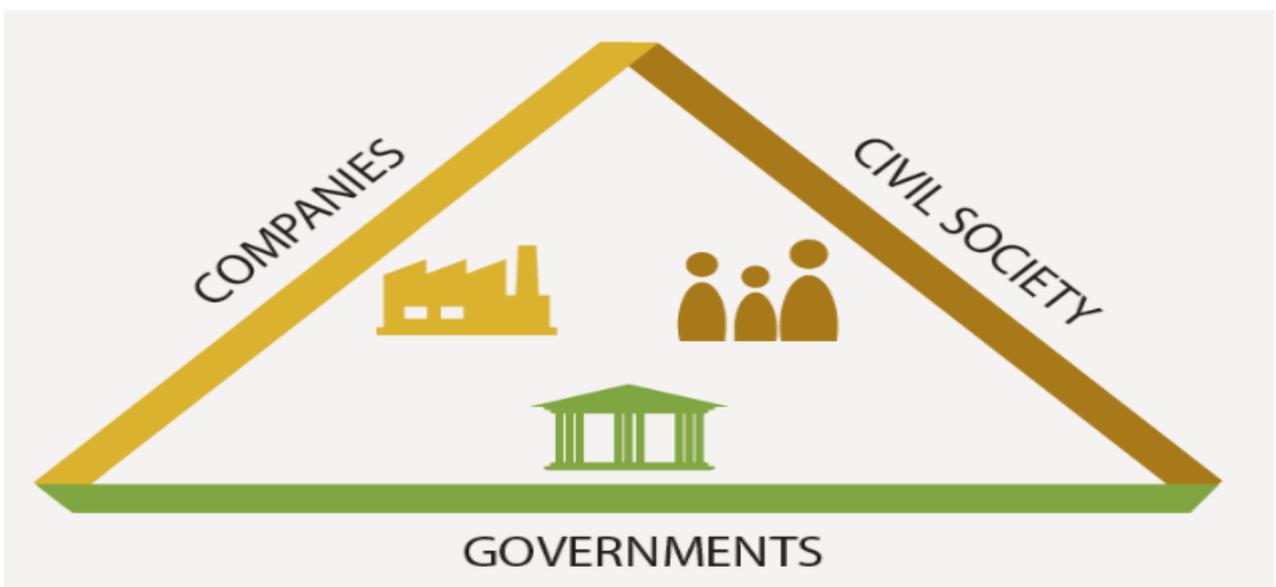
- 1) The IEITI Chair
- 2) The Secretary of the IEITI
- 3) Three government representatives
- 4) Three international oil company representatives
- 5) Three national oil company representatives
- 6) Four civil society organizations
- 7) Two ‘monitoring’ agencies
- 8) Two trade union representatives.

The representatives of the multi-stakeholder group communicate with the stakeholders, through different activities to discuss and analyze the initiative's reports, and define the path of the initiative in Iraq and its importance to the community, the government and companies.

These activities have been contributed to achieve recommendations to improve the performance of the initiative and enrich the community dialogue. These activities were published on the official website of IEITI.

1.4.2 The main activates of MSG members are mentioned in the following link:

<http://ieiti.org.iq/uploads/2015%20Report/Annual%20Activity%20Report.pdf>



1.4.3 IEITI conducted many activities during 2015 to enhance the public awareness of IEITI, major activities included but not limited to the following:<sup>(12)</sup>

- Expanding the social debate in Al Basrah province about the extractive industries in Iraq, through participating in a workshop held at Al Basrah University on 18/ 4/ 2015
- Increasing public awareness about the role of IEITI through participating in a workshop titled “Returning the Stolen Money Due to Corruption” on 5/ 9/ 2015 at the Oil Cultural Center.
- Participating in a Workshop in Beirut, Lebanon from 8- 11/ 6/ 2015, regarding the mechanisms of analyzing IEITI reports, and connecting them to a wider sector
- Participating in EITI Community of Practice (CoP) Webinar on EITI Validation Consultation on 11/ 8/ 2015
- Participating in (The First Economic Forum of Baghdad). Its workshop was held in Baghdad at Babylon Hotel on 10/ 10/ 2015
- Participating in the Regional EITI training for MSG& NC from Eastern Europe, Central Asia and MENA, 13-15/ 10, 2015 in Istanbul, Turkey.
- Participating in a workshop titled “social benefits of IOCs for the sake of Iraqi citizen” on 10/ 12/ 2015
- Contributed to this, researches and studies through the qualitative data provided in IEITI reports.
- Contributed to raising social and public discussion that helped CSI in Iraq to follow up and analyze IEITI reports, submitting recommendations, to improve the management of extractive industries sector resources

The main areas that will affect the IEITI 2015 report in according with 2016 standard:

**Identifying who owns companies**

Identification of the beneficial ownership for privately held companies. This shall include identification of the identity of beneficial owners, the level of ownership, and how the control and ownership is exerted.

**Enabling Continuous Progress**

Follow up on recommendations from previous IEITI reports and document the progress of implementation and the rationale for not implementing any recommendation.

(12) <http://ieiti.org.iq/uploads/2015%20Report/Annual%20Activity%20Report.pdf>

(Illustration (3) –(1) – (1.4.3))

## 1.5 Work Plan

IEITI work plan is a structure used for planning IEITI objectives, identifying challenges and adopting ways to surpass them, through a designated time and budget. This plan is updated periodically to meet EITI standards and correspond to both of the Iraqi situations and the allocated funding. The Stakeholders Council sets out- during its meetings- the main visions- later interrupted into the work plan objectives-, discusses the challenges, and suggests serious steps and solutions according to the potentials available, taking advantage of previous lessons learned and previous work plans outcomes.

Beside the Council, the work plan is discussed broadly with EITI International Secretariat and the World Bank. IEITI objectives such as IEITI impact, IEITI annual reports, raising public awareness, bringing IEITI process to the media and so on; are meant to be achieved through activities set out in the work plan, where the responsible party for carrying out these activities is IEITI National Secretariat. The following link depicts IEITI work plan.<sup>(13)</sup>

*(13) <http://ieiti.org.iq/ArticleShow.aspx?ID=104>*

# 2

## Legal framework

EITI Requirement:

2- Legal framework and Procedural Laws Controlling the Extractive Industries sector in Iraq, Including Contracting Mechanisms

## 2.1 Legal framework for the oil sector in Iraq

Articles No. (111,112. 110) are Iraqi Constitution articles related for oil, gas and mining sector:

- Article 111 of Iraq Constitution states that “oil and gas are owned by all the people of Iraq in all the regions and governorates.”
- Article 112 of Iraq Constitution notes that the “Federal Government acts with the producing regions” as well as having the responsibility to distribute revenues to the rest of the country by population. Article 112 also states that the constitutionally mandated call for a balanced distribution of oil revenues to different parts of Iraq “shall be regulated by a law.”
- Article 111 is reinforced by Article 110 of the constitution, which states that the Federal Government has exclusive authority to determine foreign sovereign economic and trade policy, in addition to “regulating commercial policy across regional and governorate boundaries within Iraq.”

For oil, gas and mining sector laws are:

- Law 101 of the year 1976 related for “Organization of Ministry of Oil”  
**(14) <http://wiki.dorar-aliraq.net/iraqilaws/law/12574.html>**
- Endorsement law of Iraqi Parliament regarding article of No. (61/First) for “Importing and selling of petroleum products”<sup>(14)</sup>  
**(15) <https://www.oil.gov.iq/index.php?name=News&file=article&sid=274>**
- “Preserve Documents” law No. (70) of the year 1983<sup>(15)</sup>  
**(16) <https://www.oil.gov.iq/index.php?name=News&file=article&sid=254>**
- Law No. 84 of the year 1985 related to “Preservation of Hydrocarbon Wealth”<sup>(16)</sup>  
**(17) <https://www.oil.gov.iq/index.php?name=News&file=article&sid=275>**
- Law No. 91 of the year 1988 related to “Mineral Investment”<sup>(17)</sup>  
**(18) <http://www.industry.gov.iq/upload/upfile/ar/77investmainrals.pdf>**
- Companies laws No. (22) for the year 1997.<sup>(18)</sup>  
**(19) [http://investpromo.gov.iq/wp-content/uploads/2013/06/Company-Law-21-of-1997\\_-Registration-Instructions-No1.-196-2004-Ar.pdf](http://investpromo.gov.iq/wp-content/uploads/2013/06/Company-Law-21-of-1997_-Registration-Instructions-No1.-196-2004-Ar.pdf)**
- Financial system of the Ministry of Oil and Ministry of Mining and Industry in Iraq is a decentralized governmental and financial system according to Law No. (22) of 1997 of Article 11 and Article 12.
- “Importing and selling of petroleum products” law No.(9) of the year 2006<sup>(19)</sup>  
**(20) <http://www.oil.gov.iq/index.php?name=News&file=article&sid=250>**

## 2.1 Legal framework for the oil sector in Iraq

- Investment of private and mixed sectors law No. (13) for the year 2006<sup>(20)</sup>  
**(21) <http://www.iraq-ig-law.org/ar/node/260>**
- “Petroleum Products Import and Sale Act” Law No. (9) of the year 2006<sup>(21)</sup>  
**(22) <https://www.oil.gov.iq/index.php?name=News&file=article&sid=545>**
- “Private investment in refining crude oil” Law No. (64) of the year 2007<sup>(22)</sup>  
**(23) <https://www.oil.gov.iq/index.php?name=News&file=article&sid=253>**
- Clause (273) of Article No. 42 of the constitution related to “Oil prohibition Regulations”<sup>(23)</sup>  
**(24) <https://www.oil.gov.iq/index.php?name=News&file=article&sid=277>**
- Law No. (41) of year 2008 related to (Combating Smuggling of Oil and its Derivatives)<sup>(24)</sup>  
**(25) <https://www.oil.gov.iq/index.php?name=News&file=article&sid=276>**
- “Environment Protection and Improvement” Law No. (27) of the year 2009<sup>(25)</sup>  
**(26) <https://www.oil.gov.iq/index.php?name=News&file=article&sid=443>**
- “Imposition of income tax law on contracting foreign oil companies” Law No.(19) of the year 2010<sup>(26)</sup>  
**(27) <https://www.oil.gov.iq/index.php?name=News&file=article&sid=251>**
- Law No. (38) of the year 2011 related to “Ministry of Industry and Minerals”<sup>(27)</sup>  
**(28) <http://www.industry.gov.iq/upload/upfile/ar/81industryLaw.pdf>**

### 2.1.1 KRG special Laws and Regulations:

- “Investment Law of KRG” No (4) 2006<sup>(28)</sup>  
**(29) <http://investpromo.gov.iq/wp-content/uploads/2013/06/kurdistant-regional-investment-law-no-4-of-2006-Ar.pdf>**
- Oil and Gas Law of KRG No (28) 2007<sup>(29)</sup>
- **(30) [http://cabinet.gov.krd/uploads/documents/Kurdistan%20Oil%20and%20Gas%20Law%20Arabic\\_\\_2007\\_09\\_06\\_h13m58s51.pdf//](http://cabinet.gov.krd/uploads/documents/Kurdistan%20Oil%20and%20Gas%20Law%20Arabic__2007_09_06_h13m58s51.pdf//)**

The contract model used to grant rights to explore, develop, and produce oil and gas in Iraq is technical services contract model utilized by the Federal Government in Iraq, and production sharing contract is used in KRG.

The following contracts have been used in each of the four petroleum licensing rounds:

- First round: technical services contracts.
- Second round: development and production service contracts.
- Third round: gas development and production service contracts.
- Fourth round: exploration development and production service contracts

### 2.1.2 The Oil and Gas Industry in Iraq

The Ministry of Oil of the Federal Government of Iraq has broad discretion to regulate extraction of oil and gas in the Federal Provinces of Iraq (Organization of the Ministry of Oil Law No. 101 of 1976). The Ministry has incorporated a number of regional oil and gas companies to which it has delegated some of its discretion in the upstream sector, downstream sector and Transportation, distribution and marketing sector:

Transportation, distribution and marketing sector
<ul style="list-style-type: none"> <li>• Gas Filling Company</li> <li>• State Company for Oil Projects</li> <li>• Oil Pipelines Company</li> <li>• Oil Products Distribution Company</li> <li>• Oil Tanker Company</li> <li>• SOMO</li> </ul>

(Table (7) – (2) – (2.1.2))

Upstream Sector
<ul style="list-style-type: none"> <li>• North Oil Company</li> <li>• Midland Oil Company</li> <li>• Missan Oil Company</li> <li>• South Oil Company</li> <li>• North Gas Company</li> <li>• South Gas Company</li> <li>• Basrah Gas company</li> <li>• Iraqi Drilling Company</li> <li>• Oil Exploration Company</li> </ul>

(Table (8) – (2) – (2.1.2))

Downstream Sector
<ul style="list-style-type: none"> <li>• Midland Refineries Company</li> <li>• North Refineries Company</li> <li>• South Refiners Company</li> <li>• Missan</li> </ul>

(Table (9) – (2) – (2.1.2))

The Iraqi Ministry of Industry and Minerals was established under the Revolutionary Command Council Resolution No. 222 on 06.03.1988. Amended by resolution 479 in 25/7/1988. As the Ministry of Industry, and the Ministry of heavy Industry, one ministry called the Ministry of Industry and Minerals, where the decision included the administrative structure of the Ministry, which consists of the administrative center and configurations associated with them.

- The Iraqi Ministry of Industry and Minerals aims to:
- Implying the national industrial policies in order to achieve real industrial growth through developing industrial policy and determining the indicators for its sector in accordance with the general state plan.
- Increasing the contribution of the industrial sector and the Extraction and processing of Mineral Resources Sector (non-oil) in the Iraqi GDP.
- Expanding the role of the private sector in the industrial development and in the industrial economic activity.

The Ministry of Industry and Minerals consists of a number of departments and companies that work on the development of the industrial sector, which can be found on the Ministry’s official website through the following link: <http://www.industry.gov.iq/index.php>

### 2.2.1 Introduction of Oil Allocation

The extractive sector in Iraq is considered to be the main source of crude oil and gas production, therefore it is regarded as the country's key source of financial resources and the driver of economic and national development. The Iraqi Government has resorted to launching licensing rounds of oil and gas fields as well as exploration blocks to obtain the assistance of international oil companies in the redevelopment of existing production fields.

The following link depicts the Oil fields development extraction for licensing rounds:

<http://ieiti.org.iq/ArticleShow.aspx?ID=111>

There are many studies for licensing rounds explanation, including the study of "Mr. Asri Musa – Iraqi Licensing Contracts". Mr. Asri is Oil expert and consultant that had conducted several studies and researches.

According to his study, the licensing contracts represent a new model in the oil field development agreements between the governments and the international oil companies, as these contracts provide benefits in all aspects for the national economy, and the oil industry in Iraq, and any attempts to change these contracts to production sharing contracts, may cause serious damage to Iraq and its oil industry. For more details please find the below link: <http://ieiti.org.iq/ArticleShow.aspx?ID=122>

### 2.3 Register of Licenses / 2.4 Contracts

The below information represent details of contracts regarding the licensing rounds during 2015 – as reported from the National Oil Companies and reviewed by PCLD:

Oil Fields	Ahdab Oil Field	Badra Oil Field
Number of Licensing Round	Zero Licensing	Second Licensing
Field Partner	AL WAHA PETROLEUM CO. LTD	JSC Gazprom Neft Korea Gas Corporation PETRONAS Carigali Sdn. Bhd. Türkiye Petrolleri Anonim Ortakligi (TPAO)
State Partner	IRAQ OIL MARKETING COMPANY (SOMO)	OIL EXPLORATION COMPANY
Field Operator	AL WAHA PETROLEUM CO. LTD	Gazprom Neft Badra B.V.
Contract Sign Date	10 November 2008	28 January 2010
Contract Active Date	10 November 2008	18 February 2010
Approval Date	2009	2011
Contract Period	20 years	20 years

### 2.3 Register of Licenses / 2.4 Contracts

The below information represent details of contracts regarding the licensing rounds during 2015 – as reported from the National Oil Companies and reviewed by PCLD:

Oil Fields	Ahdab Oil Field	Badra Oil Field
Production peak (barrel / day)	115,000	170,000
First Commercial Production (barrel / day)	25,000	15,000
Production for the year 2012 (barrel / day)	116,469	N/A
Production for the year 2013 (barrel / day)	127,065	N/A
Production for the year 2014 (barrel / day)	131,251	16,102
Production for the year 2015 (barrel / day)	133,421	28,000
Remuneration Fees for IOCs	255,545,984	0 *
Remuneration Fees for State Partner	85,181,995	0
Cost Recovery for State Partner	251,453,722	0
Cost Recovery for Field Partner	754,361,166	231,830,902
Contracting companies shares	AL WAHA : Seventy Five percent (75 %) SOMO : Twenty Five Percent (25%)	Gazprom: Thirty point zero percent (30.0%); KOGAS: Twenty two point five percent (22.5%); Petronas Carigali: Fifteen point zero percent (15.0%); TPAO: Seven point five percent (7.5%). Iraq Oil Exploration Company (25%)
Number of Iraqi Employees	2013	2266
Number of foreign Employees	1019	2480
Number of training courses held during the year 2015	N/A	N/A
Total amount of training for 2015	N/A	97,011

\* Inadequate recovery and accumulated debt for the company

(Table (10) – (2) – (2.3))

Oil Fields	Helfaya Oil Field	Missan Oil Field
Number of Licensing Round	Second Licensing	First Licensing
Field Partner	Petrochina , Total and Petronas	CNOOC Iraq , TPAO
State Partner	South Oil Company	Iraqi Drilling Company
Field Operator	Petrochina	CNOOC Iraq
Contract Sign Date	JAN , 2010	MAY, 2010
Contract Active Date	March, 2010	DEC, 2010
Approval Date	SEP, 2010	Nov, 2011

Oil Fields	Helfaya Oil Field	Missan Oil Field
Contract Period	30 years	20 years
Production peak (barrel / day)	400,000 BBL/d	450,000 BBL/d
First Commercial Production (barrel / day)	70,000	Baseline 88,000
		Commercial Production 96,800
		Baseline (2015) 69,413
Production for the year 2012 (barrel / day)	94,512	97,640
Production for the year 2013 (barrel / day)	101,872	108,845
Production for the year 2014 (barrel / day)	131,211	111,262
Production for the year 2015 (barrel / day)	180,643 BBL/d	126,674 BBL/d
Remuneration Fees for IOCs	98,315,700	0 *
Remuneration Fees for State Partner	11,883,631	0
Cost Recovery for State Partner	0	0
Cost Recovery for Field Partner	1,160,798,779	462,128,899
Contracting companies shares	Petrochina 45% , Total 22.5% , PETRONAS 22.5% , SOC 10%	CNOOC Iraq 64.75% , TPAO 11.25 % , IDC 25%
Number of Iraqi Employees	630	411
Number of foreign Employees	416	218
Number of training courses held during the year 2015	8 outside Iraq , 1 inside Iraq	7 outside Iraq , 3 inside Iraq
Total amount of training for 2015	N/A	N/A

\* Inadequate recovery and accumulated debt for the company

(Table (11) – (2) – (2.3))

Oil Fields	Al Rumila Oil Field	Al Zubair Oil Field
Number of Licensing Round	First Licensing Round (2009)	First Licensing Round (2009)
Field Partner	British Petroleum and Petrochina	KOGAS, Occidental and ENI
State Partner	SOMO	Missan Oil Company
Field Operator	British Petroleum	ENI
Contract Sign Date	3 Nov 2009	22 Jan 2010
Contract Active Date	17 Dec 2009	18 Feb 2010

Oil Fields	Al Rumila Oil Field	Al Zubair Oil Field
Approval Date	Nov 2010	Apr 2010
Contract Period	25 years	25 Years
Production peak (barrel / day)	2,100,000	850,000
First Commercial Production (barrel / day)	Baseline 1,066,000	Baseline 182,778
	Commercial Production 1,172,600	Commercial Production 201,053
	Baseline (2015) 687,584 *	Baseline (2015) 138,732
Production for the year 2012 (barrel / day)	1,289,024	249,485
Production for the year 2013 (barrel / day)	1,245,310	285,001
Production for the year 2014 (barrel / day)	1,216,589	284,675
Production for the year 2015 (barrel / day)	1,307,029	312,192
Remuneration Fees for IOCs	377,176,517	64,309,092
Remuneration Fees for State Partner	11,366,153	5,490,305
Cost Recovery for State Partner	0	0
Cost Recovery for Field Partner	2,330,126,442	1,244,423,455
Contracting companies shares	British Petroleum (47.63%) Petrochina (46.37%) SOMO (6%)	KOGAS (41.56%), Occidental (29.69%), ENI (41.56%), Missan Oil Company (5%)
Number of Iraqi Employees	7,458	2,749
Number of foreign Employees	503	206
Number of training courses held during the year 2015	12 (175 participants)	12 (135 participants)
Total amount of training for 2015	4,696,859	3,415,988

(Table (12) – (2) – (2.3))

\* There is a base line production for four oil fields that have been contracted during the first licensing round (Rumaila, Zubair, West Qurna, Missan) with total base line production (1,080,933 Barrels/day), deducted annually by 5% and 7.5% of Rumaila oil field from the base line (starting from 2014).

Oil Fields	West Qurna (1) Oil Field	West Qurna (2) Oil Field
Number of Licensing Round	First Licensing Round (2009)	Second Licensing Round (2009)
Field Partner	ExxonMobil, Petro China, Shell and Pertamina	Lukoil
State Partner	Iraq Oil Exploration Company	North Oil Company
Field Operator	ExxonMobil	Lukoil
Contract Sign Date	Jan 2010	Jan 2010

Oil Fields	West Qurna (1) Oil Field	West Qurna (2) Oil Field
Contract Active Date	Mar 2010	Feb 2010
Approval Date	Oct 2010	Sep 2010
Contract Period	20 – 30 Years	25 Years
Production peak (barrel / day)	1,600,000 (for Seven Years)	1,200,000
First Commercial Production (barrel / day)	Baseline 244,000	N/A
	Commercial Production 268,400	
	Baseline (2015) 185,201	
Production for the year 2012 (barrel / day)	389,527	N/A
Production for the year 2013 (barrel / day)	425,922	N/A
Production for the year 2014 (barrel / day)	340,424	255,460
Production for the year 2015 (barrel / day)	365,975	383,015
Remuneration Fees for IOCs	125,832,065	153,414,362
Remuneration Fees for State Partner	7,537,452	51,138,121
Cost Recovery for State Partner	0	0
Cost Recovery for Field Partner	792,452,914	2,563,552,463
Contracting companies shares	ExxonMobil (32.7%) Petro China (32.69%), Shell (19.61%), Pertamina (10%) and Iraq Oil Exploration Company (5%)	Lukoil (75%) North Oil Company (25%)
Number of Iraqi Employees	1,664	633
Number of foreign Employees	248	546
Number of training courses held during the year 2015	4 (39 participants)	6 (64 participants and One workshop with 5 participants)
Total amount of training for 2015	5,155,826	3,403,249

(Table (13) – (2) – (2.3))

Oil Fields	Majnoun Oil Field	Al Gharraf Oil Field
Number of Licensing Round	Second Licensing Round (2009)	Second Licensing Round (2009)
Field Partner	Shell and Petronas	Petronas and Japan Petroleum
State Partner	Missan Oil Company	North Oil Company
Field Operator	Shell	Petronas
Contract Sign Date	Jan 2010	Jan 2010
Contract Active Date	Mar 2010	Feb 2010
Approval Date	Oct 2010	Nov 2010
Contract Period	20 Years	20 Years
Production peak (barrel / day)	1,800,000	230,000

Oil Fields	Majnoun Oil Field	Al Gharraf Oil Field
First Commercial Production (barrel / day)	N/A	N/A
Production for the year 2012 (barrel / day)	N/A	N/A
Production for the year 2013 (barrel / day)	141,246	66,580
Production for the year 2014 (barrel / day)	193,949	84,133
Production for the year 2015 (barrel / day)	198,136	97,128
Remuneration Fees for IOCs	62,466,116	26,955,749
Remuneration Fees for State Partner	29,538,611	10,973,309
Cost Recovery for State Partner	0	0
Cost Recovery for Field Partner	1,167,461,233	721,934,198
Contracting companies shares	Shell (45%), Petronas (30%), Missan Oil Company (25%)	Petronas (45%), Japan Petroleum (30%), North Oil Company (25%)
Number of Iraqi Employees	676	275
Number of foreign Employees	811	460
Number of training courses held during the year 2015	7 (107 participants / 7 workshops (63 participants))	7 (80 participants / 1 workshop (2 participants) (for 2014, 2015))
Total amount of training for 2015	4,607,789	4,152,744 (for 2014 and 2015)

(Table (14) – (2) – (2.3))

Oil Fields	Al Najma and AlQayara	Al Siba
Number of Licensing Round	Second Licensing Round (2009)	Third Licensing Round (2010)
Field Partner	Sonangol	Kuwait Energy & TPAO
State Partner	South Oil Company for Al Qayara Iraqi Drilling Company for Al Najma	Missan Oil Company
Field Operator	Sonangol	Kuwait Energy
Contract Sign Date	Jan 2010	Jun 2011
Contract Active Date	Feb 2010	Jul 2011
Approval Date	-	Jul 2012

Oil Fields	Al Najma and AlQayara	Al Siba
Number of Licensing Round	Second Licensing Round (2009)	Third Licensing Round (2010)
Approval Date	-	Jul 2012
Contract Period	20 years	20 years
Production peak (barrel / day)	Al Najma 110,000 Al Qayara 120,000	100 MMSCFD
First Commercial Production (barrel / day)	Al Najma 20,000 Al Qayara 30,000	25 MMSCFD
Contracting companies shares	75% Sonangol 25% South Oil Company for Al Qayara & Iraqi Drilling Company for Al Najma	45% Kuwait Energy 30% TPAO 25% Missan Oil Company
Number of training courses held during the year 2015	N/A	1 (10 participants)
Total amount of training for 2015	N/A	0

(Table (15) – (2) – (2.3))

Oil Fields	Mansuriya	Akkaz
Number of Licensing Round	Third Licensing Round (2010)	Third Licensing Round (2010)
Field Partner	TPAO & Kuwait Energy & Kogas	Kogas
State Partner	Oil Exploration Company	North Oil Company
Field Operator	TPAO	Kogas
Contract Sign Date	Jun 2011	Oct 2011
Contract Active Date	Jul 2011	Nov 2011
Approval Date	May 2012	Sep 2012
Contract Period	20 Years	20 Years
Production peak (barrel / day)	320 MMSCFD	400 MMSCFD
First Commercial Production (barrel / day)	80 MMSCFD	100 MMSCFD
Contracting companies shares	37.5% TPAO 22.5% Kuwait Energy 15% Kogas 25% Oil Exploration Company	75% Kogas 25% North Oil Company
Number of training courses held during the year 2015	N/A	N/A
Total amount of training for 2015	N/A	N/A

(Table (16) – (2) – (2.3))

Oil Fields	Exploration Block # 8	Exploration Block # 9
Number of Licensing Round	Fourth Licensing Round (2012)	Fourth Licensing Round (2012)
Field Partner	Pakistan Petroleum	Kuwait Energy & Dragon Oil Holdings Limited
State Partner	-	-
Field Operator	Pakistan Petroleum	Kuwait Energy
Contract Sign Date	Nov 2012	Jan 2013
Contract Active Date	Dec 2012	Jan 2013
Approval Date	After informing the Midland Oil Company with the commercial exploration results	after informing the South Oil Company with the commercial exploration results
Contract Period	-	30 years for oil field & 40 years for gas field (Includes exploration period for 5 years)
Production peak (barrel / day)	-	-
First Commercial Production (barrel / day)	After 3 months from the completion of the approved evaluation plan	After 3 months from the completion of the approved evaluation plan
Contracting companies shares	100% Pakistan Petroleum	70% Kuwait Energy 30% Dragon Oil Holdings Limited
Number of training courses held during the year 2015	N/A	0
Total amount of training for 2015	N/A	0

(Table (17) – (2) – (2.3))

Oil Fields	Exploration Block # 10	Exploration Block # 12
Number of Licensing Round	Fourth Licensing Round (2012)	Fourth Licensing Round (2012)
Field Partner	Lukoil Overseas Iraq Exploration B.V. & Inpex Corporation	JSOC Bashneft & Premier Oil PLC
State Partner	-	-
Field Operator	Lukoil Overseas Iraq Exploration B.V.	JSOC Bashneft

Oil Fields	Exploration Block # 10	Exploration Block # 12
<b>Contract Sign Date</b>	Nov 2012	Nov 2012
<b>Contract Active Date</b>	Dec 2012	Jan 2013
<b>Approval Date</b>	after informing the South Oil Company with the commercial exploration results	after informing the South Oil Company with the commercial exploration results
<b>Contract Period</b>	30 years for oil field & 40 years for gas field (Includes exploration period for 5 years)	30 years for oil field & 40 years for gas field (Includes exploration period for 5 years)
<b>Production peak (barrel / day)</b>	-	-
<b>First Commercial Production (barrel / day)</b>	After 3 months from the completion of the approved evaluation plan	After 3 months from the completion of the approved evaluation plan
<b>Contracting companies shares</b>	60% Lukoil Overseas Iraq Exploration B.V. 40% Inpex Corporation	70% JSOC Bashneft 30% Premier Oil PLC
<b>Number of training courses held during the year 2015</b>	6 (64 participants)	0
<b>Total amount of training for 2015</b>	1,146,961	0

(Table (18) – (2) – (2.3))

### 2.3.1 Basrah Gas Company

BGC is an Iraqi company established by the Iraqi Government in may 2013 to meet the Iraqi challenge to turn Basrah Province’s abundant endowment of natural gas into a blessing for the current and future generations.<sup>(30)</sup>

The major shareholder is South Gas Company. Other shareholders are Shell and Mitsubishi.

BGC’s own workforce of over 5,500 has been supplemented by hundreds of engineers and workers either employed in or deployed to Basrah Province by these contractors to work on BGC projects.

BGC inspects and repairs around 1,800 kilometers of pipelines, and nine compressor stations in Rumaila field. In addition, it is currently repairing the 40 inch West Qurna 1 pipeline. This will enable BGC to process associated gas from West Qurna for the first time by connecting the field to the North Rumaila processing plant. West Qurna 1 today flares around 150 million standard cubic feet per day, enough to power one million homes and produce 16 million LPG cylinders per year.

BGC does not produce and capture raw natural gas. The joint ventures that run the three giant oilfields of southern Iraq - Rumaila, Zubair and West Qurna 1 – deliver untreated natural gas to BGC from their wells.

BGC role is to transport and treat natural gas, turning it into valuable products. BGC delivers these finished products to South Gas Company, which is responsible for distributing them in the local market. BGC infrastructure consist of:

<sup>(30)</sup> <http://www.basrahgas.com/>

### **2.3.1.1 Pipelines**

BGC operates a network of around 1,800 kilometers of natural gas, hydrocarbon liquids and industrial water pipelines. Natural gas and liquids are transported through these pipelines from where it is produced to the processing plants. BGC inspect and rehabilitate these pipelines, and its building 300 kilometers of new pipelines to expand its capacity further.

### **2.3.1.2 Gas Compressing stations**

BGC has nine compressor stations, which are distributed at intervals along its pipeline network. Their purpose is to compress the natural gas, thereby providing an increase in pressure for the natural gas to continue flowing towards the BGC processing plants. BGC builds nine new compressor stations, and whilst this work is being done as it has installed three temporary compressors to increase gas flow and start to meet the needs of the people of southern Iraq for power as quickly as possible.

### **2.3.1.3 Gas processing plants**

BGC operates two gas processing plants. At these facilities BGC removes contaminants from the natural gas and separate it into dry gas for supply to power generators and valuable natural gas liquids. At the Khor Al Zubair gas processing plant, BGC also further processes natural gas liquids to make LPG and condensate

### **2.3.1.4 Storage and marine terminal**

On the coast at Umm Qasr, BGC operates a storage and marine terminal. At this facility, BGC stores LPG and condensate before delivering these products to South Gas Company for distribution in the domestic market. In the future, any excess products could be exported through the marine terminal. This will only happen once local demand for these products has been met and will provide important revenue for Iraq. BGC converts a third pier at marine terminal for this purpose, to supplement and allow to rehabilitate the two existing product piers there.

### 2.3.1.5 Background information regarding Basrah Gas Company

1- According to the Social Performance standards, BGC is involved in the following activities:

- Understand the social setting and dynamics where BGC operates
- Management of social impacts identified during the ESHIA studies or community consultation/engagement process
- Engagement with affected individuals and communities with proactive management of grievances
- Management of involuntary resettlement
- Protection of cultural heritage
- Delivery of benefits and social investment/CSR: BGC SI strategy is to contribute to the development of Iraq and Basrah province through selected projects that enhance socioeconomic opportunities for people and communities to develop, normalize, and create direct or indirect benefits to deliver BGC businesses in a manner that minimizes conflict.

### 2- General Figures for Basrah Gas Company<sup>(31)</sup>

Description	Figures
Dry Gas	3,701,565,654 m3
liquid petroleum gas (LPG)	1,560,691 m3
Number of Iraqi Employees	5200
Number of foreign Employees	300
Number of training courses held	100,000 man-days
Corporate tax	0
Contract Period	25 years
Contracting companies shares	SGC 51%, Shell 44%, Mitsubishi 5%

(31) <http://www.basrahgas.com>

(Table (19) – (2) – (2.3.1.5))

## 2.5 Beneficial Ownership (Road Map)

IEITI had maintained a publicly register related for beneficial owners of the corporate entities that bid for, operate or invest in extractive assets, which defining the beneficial owners, the level of ownership and details about how ownership or control is exerted. MSG have published a roadmap for disclosing beneficial ownership information as depict in the following link:

<http://ieiti.org.iq/uploads/beneficial%20ownership/Road%20Map%20of%20beneficial-ownership%20of%20Iraq.pdf>

# 3

## Exploration & Production

EITI Requirement:  
3- Exploration and production

### 3.1 Exploration and Drilling Activities

#### 3.1.1 Oil Exploration Company

law No. (80) was established in 1961, in accordance with the restored control over Iraqi land. The foreign oil companies granted the control only over the productive fields, where Iraq established (Iraqi national oil company) in 1964 in order to Use the oil fortune. In 1987, the state establishment had been changed to be an administratively, financially and technically Independent state company and it was named Oil Exploration Company {OEC}.

The main task of the company is to discover and evaluate, the new hydrocarbon structures, which is performed by an expert staff who used the latest version of technologies in the fields of geology, seismic Acquisition, interpretation, processing and laboratory researches & analyses supported by an engineering legal, administrative and financial staff. <sup>(32)</sup>

The following table indicates the number of the planned productions for Oil Exploration Company compared with the actual executed productions for 2015:

#	Activity	Commission Affiliates	Planned	Executed	Execution Percentage
1	Fieldwork Commission/ seismic survey (KM Length)	988	1,954,59	2,101.63	107.5%
2	Fieldwork Commission/ seismic survey (KM2)		1,624.3	1,700	105%
3	Processing and Explanation Commission / Data Processing in 3D (KM2)	95	1,200	1,200	100%
4	Processing and Explanation Commission / Data Processing in 2D (KM Length)		24,759	24,859	100.4%
5	Processing and Explanation Commission /Seismic Explanation in 3D (KM2)		2,896	2,896	100%
6	Processing and Explanation Commission /Seismic Explanation in 2D		67,874	67,334	99%
7	Geology Commission / Evaluation, Exploration, Labs (KM)	153	1,947	1,945	100%
8	Information Technology Commission / Data Bank	120	1,200	1,232	102.6%

(32) <http://oec.oil.gov.iq/PageViewer.aspx?id=1>

#	Activity	Commission Affiliates	Planned	Executed	Execution Percentage
9	Execution Percentage rate	-	-	-	101.8%
10	Total commission Affiliates	1,356	-	-	-
11	Total Planning Commission Affiliates and Support Departments	506	-	-	-
12	Total Affiliates	1,862	-	-	-

(Table (20) – (3) – (3.1.1))

### 3.1.2 Iraq Drilling Company

Iraq Drilling Company (IDC) aims to be a responsible company locally, nationally and internationally and is making significant efforts in terms of its social and environmental responsibilities. The Company is committed to complying with international standards and has, to this effect.

IDC implemented a sustainable development and environmental (SDE) strategy which comprises distinct levels of action, undertaken in close consultation with concerned stakeholders:

1) To minimize and mitigate any possible harm or damage, whether to populations, wildlife or the environment, ensuring the residual impact is either nil, negligible or moderate at most

2) To establish a positive and enduring legacy in Iraq.

Specific training programs have been set up to transfer the necessary skills to employees to enable them to participate significantly in the project, whilst maintaining a performance, which is in line with internationally accepted quality and standards.

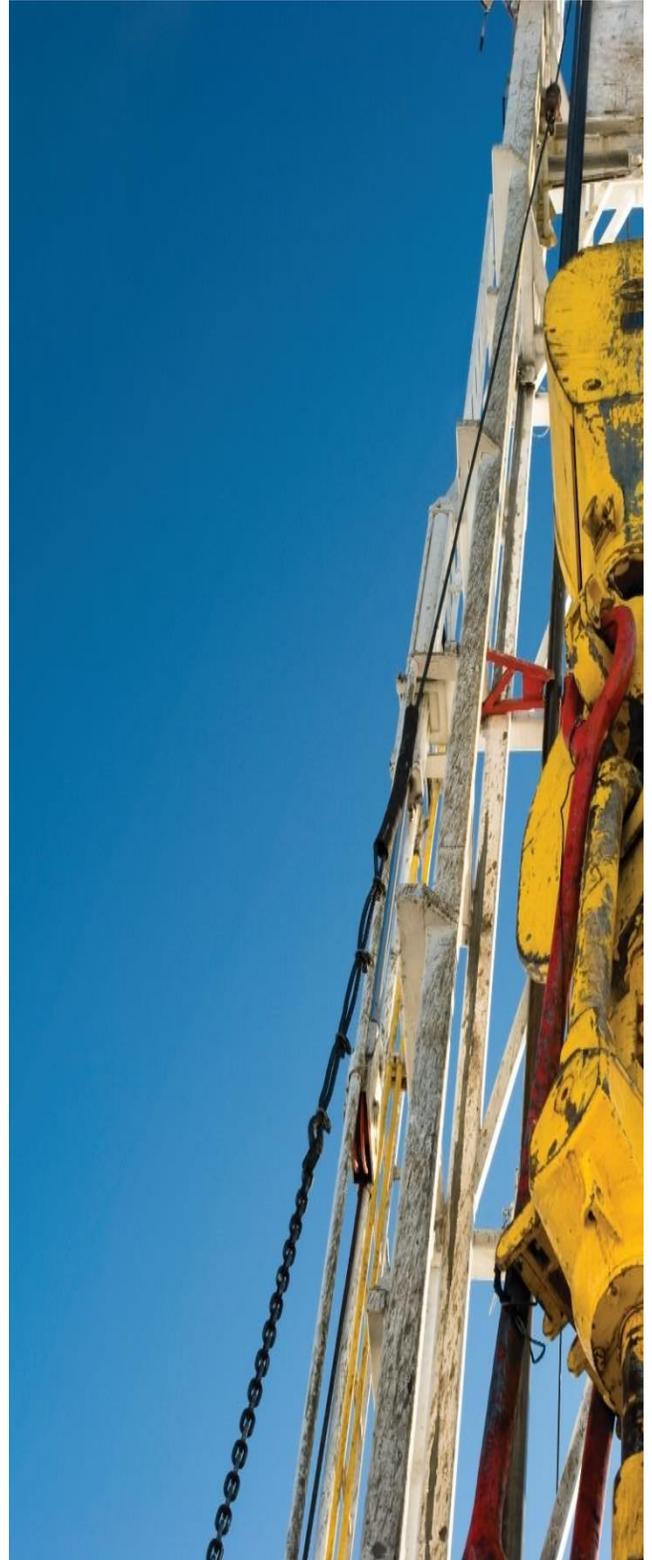
IDC has also sought to meet international standards with respect to consultation and disclosure involving several interested stakeholders inside and outside Iraq, ranging from local to international, Iraqi authorities at both ministerial and local levels and locally affected communities.<sup>(33)</sup>

(33) <http://www.idc.gov.iq/profile-en.php>

The following table illustrates the number of employees of IDC during the years 2009 – 2015:<sup>(34)</sup>

Year	Number of employees
2009	6,517
2010	6,670
2011	6,741
2012	6,737
2013	6,942
2014	7,063
2015	7,877

(Table (21) – (3) – (3.1.2))



*(34) Information provided by IDC*

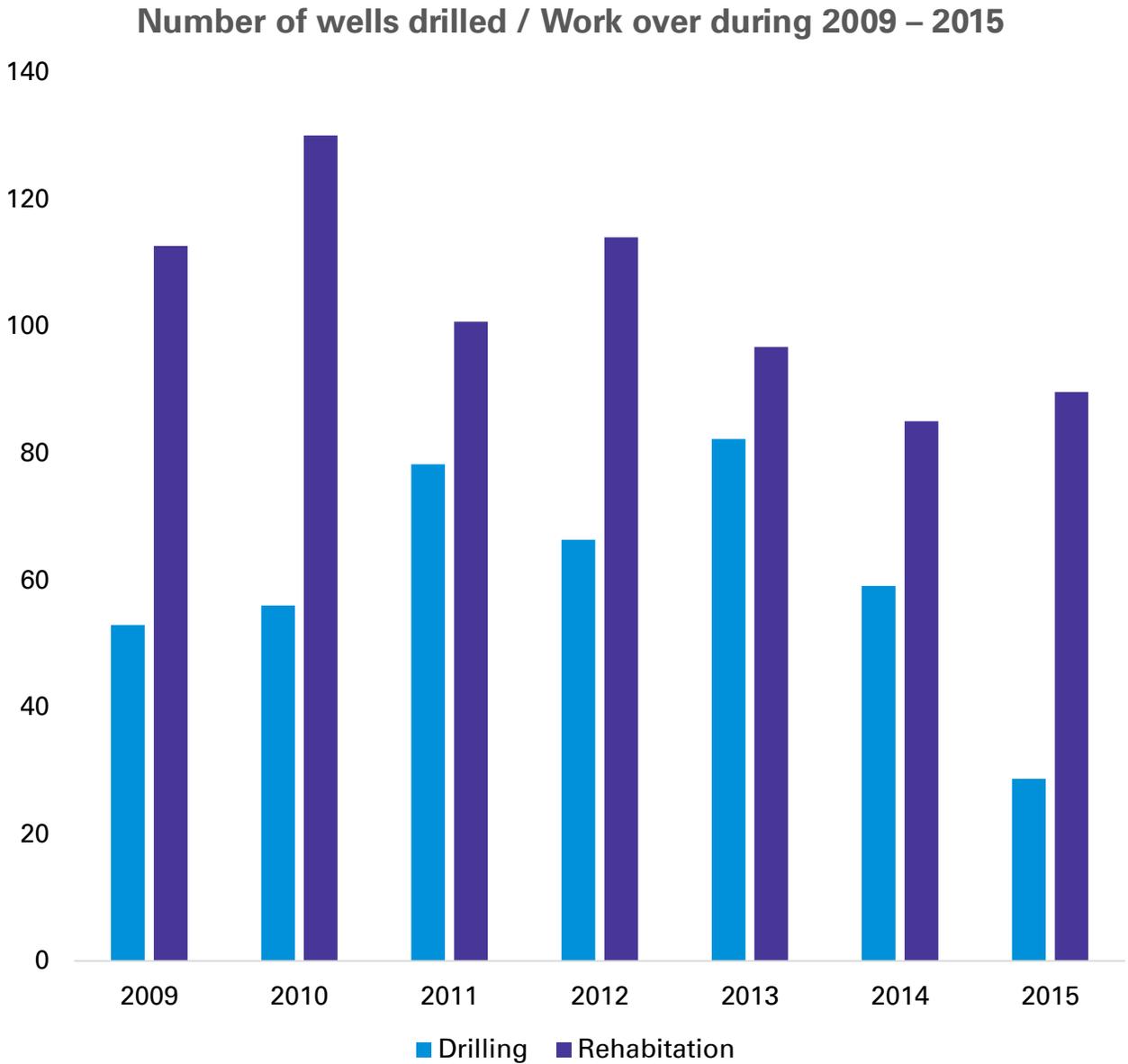
The following table indicates the number of wells drilled/ Worked Over for NOC's and IOCs (36):

Year	Activity	National Companies			IOC's Companies			Total		
		Planned (Wells)	Executed (Wells)	Percentage executed	Planned (Wells)	Executed (Wells)	Percentage executed	Planned (Wells)	Executed (Wells)	Percentage executed
2009	Drilling	66.24	52.91	80%	—	—	—	66.24	52.91	80%
	Worked Over	66.08	84.66	128%	30	28	0.93	96.08	112.66	117%
2010	Drilling	58.11	40.97	71%	15.1	15.04	1.00	73.21	56.01	77%
	Worked Over	57.02	70.73	124%	54.43	59.31	1.09	111.45	130.04	117%
2011	Drilling	66.05	50.48	76%	27.88	27.77	1.00	93.93	78.25	83%
	Worked Over	21.43	21.35	100%	63.53	79.34	1.25	84.96	100.69	119%
2012	Drilling	48	46.43	97%	30.4	19.94	0.66	78.4	66.37	85%
	Worked Over	13.2	17.6	133%	77.6	96.4	1.24	90.8	114	126%
2013	Drilling	59.54	45.44	76%	47.58	36.77	0.77	107.12	82.21	77%
	Worked Over	14	16.85	120%	68.6	79.9	1.16	82.6	96.75	117%
2014	Drilling	34.82	28.13	81%	27.87	30.93	1.11	62.69	59.06	94%
	Worked Over	10.75	17.01	158%	60	68	1.13	70.75	85.01	120%
2015	Drilling	21.12	15.1	71%	14.02	13.6	0.97	35.14	28.7	82%
	Worked Over	8.43	14.56	173%	74.4	75.05	1.01	82.83	89.61	108%
Total	Drilling	353.88	279.46	79%	162.85	144.05	0.88	516.73	423.51	82%
	Worked Over	190.91	242.76	127%	428.56	486	1.13	619.47	728.76	118%

(36) Information provided by IDC

(Table (22) – (3) – (3.1.2))

The following graph illustrates the number of wells drilled and worked over Iraq Drilling Company during the period 2009 – 2015 <sup>(35)</sup>:



*(35) Information provided by IDC*

*(Illustration (4) – (3) – (3.1.2))*

### 3.1.3 International Companies

There are four exploration contracts signed between Ministry of Oil with the International Companies within the fourth licensing round to four geographic blocks:

1. Exploration block No. 8; extends between Diyali and Wasit area of 4000 square kilometers. The contract where signed with Pakistan Petroleum as the field operator for 30 years for oil field and 40 years for gas field.
2. Exploration block No. 9; the block is located in Basra, and covers an area of 900 square kilometers and is adjacent to the Iranian border. The contract where signed with Kuwait Energy as the field operator for 30 years for oil field and 40 years for gas field as well.
3. Exploration block No. 10; a block of 500 square kilometers on the territory of the governorate of Dhi Qar, and Muthanna, about 120 kilometers west of Basra governorate. The contract where signed with "Lukoil Overseas Iraq Exploration" as the field operator for 30 years for oil field and 40 years for gas field.
4. Exploration block No. 12; An area of 9020 square kilometers on the territory of the governorate of Muthanna and Najaf. The contract where signed with "JSOC Bashneft" as the field operator for 30 years for oil field and 40 years for gas field.

For more details please refer to section 2.3 Register of Licenses /  
2.4 Contracts

### 3.2 Productions

#### 3.2.1 Reconciliation of extracted crude oil quantities between Ministry of Oil and South Oil Company and no variances were noted

SOC (Barrels)	MoO (Barrels)	Variances (Barrels)
1,031,830,424	1,031,830,424	-

Source: data presented in the table was reported by the respective entities (SOC and MoO)

(Table (23) – (3) – (3.2.1))

#### 3.2.2 Reconciliation of extracted crude oil quantities between Ministry of Oil and North Oil Company, a material variance of USD 377,185,680 was identified

NOC (Barrels)	MoO (Barrels)	Variances (Barrels)
59,227,053	67,349,053	8,122,000*

(Table (24) – (3) – (3.2.2))

Source: data presented in the table was reported by the respective entities (NOC and MoO)

\* The above materiality variance was due to that 8,122,000 barrels of extracted crude oil are from fields controlled by KRG, and were not reported in North Oil Company figures (as reported from MoO and NOC)

**3.2.3 Reconciliation of extracted crude oil quantities between Ministry of Oil and Midland Oil Company and no variances were noted**

MdOC (Barrels)	MoO (Barrels)	Variances (Barrels)
63,527,272	63,527,272	-

Source: data presented in the table was reported by the respective entities (MdOC and MoO) (Table (25) – (3) – (3.2.3))

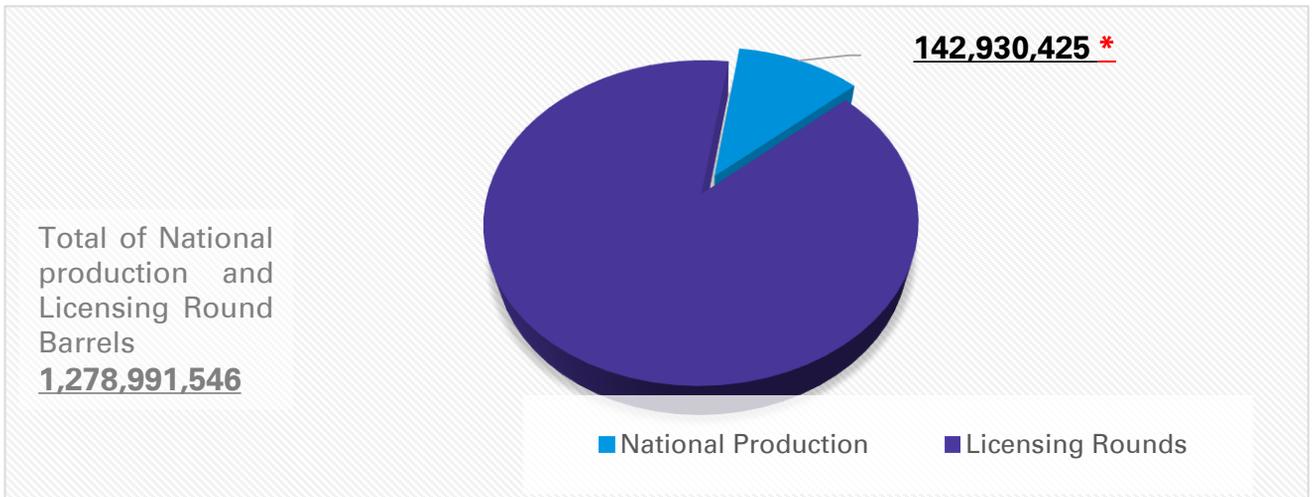
**3.2.4 Reconciliation of extracted crude oil quantities between Ministry of Oil and Missan Oil Company no material variances were noted**

MOC (Barrels)	MoO (Barrels)	Variances (Barrels)
116,284,797	116,284,797	-

Source: data presented in the table was reported by the respective entities (MOC and MoO) (Table (26) – (3) – (3.2.4))

**Crude Oil Produced (Barrels)**

The following graphs illustrates the major reported data in the reconciliation exercise:



Source: data presented in the chart was reported by Ministry of Oil. (Illustration (5) – (3) – (3.2.4))

\* There is a base line production for four oil fields that have been contracted during the first licensing round (Rumaila, Zubair, West Qurna, Missan) with total base line production (1,080,933 Barrels/day), deducted annually by 5% and 7.5% of Rumaila oil field from the base line (starting from 2014).

The following table depicts base line production as reported from PCLD:

<b>Baseline Production (Barrel/day)</b>				
<b>Oil Field</b>	<b>Al Rumaila</b>	<b>Missan</b>	<b>Al Zubair</b>	<b>West Qurna (1)</b>
Baseline	1,066,000	88,000	182,778	244,000
<b>Year</b>	<b>Main Production</b>			
2010	-	-	175,880	
2011	980,729	-	170,328	219,630
2012	931,742	78,557	161,820	216,022
2013	885,108	76,913	153,721	205,210
2014	743,335	73,067	146,035	194,949
2015	687,585	69,414	138,733	185,202

Source: data presented in the table was reported by (PCLD)

(Table (27) – (3) – (3.2.4))

**3.2.5 Reconciliation of natural gas quantities supplied to gas companies (cubic meters). Reconciliation performed between North Oil Company, Ministry of Oil and North Gas Company.**

<b>Natural Gas (cubic meters)</b>				
<b>NGC</b>	<b>NOC</b>	<b>MoO</b>	<b>Variance</b>	
1,971,821,000	1,971,821,000	1,971,821,000	0	

Source: data presented in the table was reported by (NGC, NOC and MoO)

(Table (28) – (3) – (3.2.5))

**3.2.6 Reconciliation of natural gas quantities (Cubic Meter) supplied to gas companies between South Oil Company, Ministry of Oil and South Gas Company and no variances were noted \***

<b>Natural Gas (cubic meters)</b>				
<b>SGC</b>	<b>SOC</b>	<b>MoO</b>	<b>Variance</b>	
4,975,477,841	4,975,477,841	4,975,477,841	-	

Source: data presented in the table was reported by (SGC, SOC and MoO)

(Table (29) – (3) – (3.2.6))

\* The average price of natural gas supplied to national oil companies was IQD 20,000 per MMSCFD during 2015 (for each 35.315 MMSCFD equivalent to 1,000,000 Cubic Meter)

### 3.2.7 Reconciliation of natural gas quantities (Cubic Meter) supplied to gas companies between South Oil Company, Ministry of Oil and Basrah Gas Company \*

Natural Gas (cubic meters)			
SGC	BGC	MoO	Variance
4,360,821,384	4,360,821,384**	N/A	-

Source: data presented in the table was reported by (SGC, BGC and MoO)

(Table (30) – (3) – (3.2.7))

\* The average price of natural gas supplied to national oil companies was IQD 20,000 per MMSCFD during 2015 (for each 35.315 MMSCFD equivalent to 1,000,000 Cubic Meter)

\*\* SOC supplied natural gas to SGC, and SGC supplied to BGC

### 3.2.8 Natural Gas Flow for National Oil Companies

National Oil Companies	Produced Natural Gas	Invested Natural Gas	Burned Natural Gas
North Oil Company	3,148,337	3,023,676	124,661
South Oil Company	16,896,740	4,975,470	11,921,270
Missan Oil Company	1,973,624	212,115	1,761,509
Midland Oil Company	1,439,385	640,240	799,144
<b>Total</b>	<b>23,458,086</b>	<b>8,851,501</b>	<b>14,606,584</b>

Source: data presented in the table was reported by MoO.

(Table (31) – (3) – (3.2.8))

### 3.2.9 Crude Oil Flow for National Oil Companies \*

#### 1- South Oil Company Crude Oil Flow (In Barrels)

Month	Crude Oil Produced		Domestic Consumption			Oil Pipeline Company	Ending Balance
	National Production	Licensing Rounds	Refineries	Power Generation Plants	Others **		
Total	66,168,522	965,661,902	131,744,604	35,130,862	575,445	10,220,431	49,014,777

(Table (32) – (3) – (3.2.9))

#### 2- North Oil Company Crude Oil Flow (In Barrels)

Month	Crude Oil Produced		Domestic Consumption			Oil Pipeline Company	Ending Balance
	National Production	Licensing Rounds	Refineries	Power Generation Plants	Others **		
Total	67,349,053	-	10,517,190	-	361,156	-	4,932,550

(Table (33) – (3) – (3.2.9))

#### 3- Midland Oil Company Crude Oil Flow (In Barrels)

Month	Crude Oil Produced		Domestic Consumption			Oil Pipeline Company	Ending Balance
	National Production	Licensing Rounds	Refineries	Power Generation Plants	Others **		
Total	4,588,024	58,939,248	634,031	26,707,450	34,290	10,220,431	605,382

(Table (34) – (3) – (3.2.9))

#### 4- Missan Oil Company Crude Oil Flow (In Barrels)

Month	Crude Oil Produced		Domestic Consumption			Oil Pipeline Company	Ending Balance
	National Production	Licensing Rounds	Refineries	Power Generation Plants	Others **		
Total	4,824,826	111,459,971	8,310,739	4,687,016	190,575	-	433,219

\* For more details please refer to the following link:

(Table (35) – (3) – (3.2.9))

<http://ieiti.org.iq/uploads/2015%20Report/Crude%20Oil%20flows%20-%20National%20Oil%20Company.pptx>

\*\* For more details about “others internal consumptions” please refer to section No. 3.4.8.

### 3.2.10 Estimated Iraq Reserves of Mining

The Ministry of Industry and Minerals (MIM) of Iraq estimated the proved phosphate reserves in the country to be 9,529,090,000 metric tons (Gt), placing Iraq in global top ten for phosphate rock reserves<sup>(37)</sup>

A 2014 report on global phosphate reserves described the rock as “the foundation of modern agriculture” and noted its price volatility, with a 900% price spike occurring in 2008.<sup>(38)</sup>

The US Geological Survey have placed Iraq’s limestone reserves at over 4.2 Gt, while MIM estimate 8 Gt. This is an important resource for a country that was predicted in early 2014 to consume 21 million tons of cement for the year, with both production and consumption forecast to rise rapidly by 2020.<sup>(39)</sup>

For kaolinitic clays, mostly found in the western desert in Al Anbar, MIM estimate 1.2 Gt of reserves, although mining operations in Anbar were seriously disrupted in late 2013 and 2014 by ISIL, as was the case with several of Iraq’s main mineral deposits and mines, listed in this chapter.

In addition to large reserves of phosphate and limestone, Iraq also has significant reserves of native sulfur, in the region of 600 mt, although these reserves are located in Ninewa governorate. Iraq also has a number of other mineral reserves where production figures are not listed by MIM such as dolomite, gypsum, glauberite, montmorillonitic clays and porcelanite. Iraq is still assessing its reserves of copper, lead, marble and zinc.

(37) [http://minerals.usgs.gov/minerals/pubs/commodity/phosphate\\_rock/mcs-2015-phosp.pdf](http://minerals.usgs.gov/minerals/pubs/commodity/phosphate_rock/mcs-2015-phosp.pdf)

(38) <https://www.ifw-members.ifw-kiel.de/publications/global-availability-of-phosphorus-anditsimplications-for-global-food-supply-aneconomic-overview/KWP%201897.pdf>

(39) [https://www.worldcement.com/africa-middle-east/02072014/cement\\_global\\_viewpoint\\_middle\\_east\\_426/](https://www.worldcement.com/africa-middle-east/02072014/cement_global_viewpoint_middle_east_426/)

### 3.2.11 The Ministry of Mining and Minerals (MIM) submitted a table listing the production, sales and ending balance of 14 minerals in 2015 \*

Product	Production	Sales	Ending balance 2015
Washed & milled salt	205,000.000	165,856.100	129,247.900
Raw Salt	148.020	1,427.800	24,084.537
Iron Stone	0.000	0.000	56,894.264
Kaolin	0.000	153.075	18,113.501
Bauxite	0.000	0.000	2,316.839
Flint Clay	0.000	0.000	108,241.519
Ca - Bentonite	0.000	0.000	192.350
Standard Sand	28.550	22.755	12.975
Silica Sand	53.220	53.220	0.000

(Table (36) – (3) – (3.2.11))

\* The following mining products had no productions or ending balances through the year of 2015:

- Attapulgate
- Porcelenite
- Filter Sand
- Feldsathic Sand
- Thermo Stone Sand

For more details on monthly mining productions, please refer to the following link:  
<http://ieiti.org.iq/uploads/2015%20Report/Mining.pptx>

### 3.2.12 MIM Estimated Mineral Reserves.<sup>(40)</sup>

Mineral	Recorded Reserve (Million Ton)	Production and Uses
Sulphur	900	Phosphatic fertilizers and export
Phosphate	9500	Phosphatic fertilizers industry
Silica Sand	400	Glass, ceramic and refractories industries
Kaolin	1,150	Ceramic and refractories industries
Bentonite	350-385	Oil industry
Iron	80	Cement industry
Limestone	9,500	Brick and cement industry
Glaubente Salt	35	Sodium sulphate production
Bauxite	1.2	Refractories industry
Flint Clay	9	Refractories and white cement
Feldspar Sand	3.2	Ceramic industry

(40) <http://ieiti.org.iq/ArticleShow.aspx?ID=111>

(Table (37) – (3) – (3.2.12))

### 3.2.13 Targeted extracting capacities<sup>(41)</sup>

Mineral	Year (Million Ton)			Uses
	2017	2022	2030	
Phosphate	5	13	25	Phosphatic Fertilizers
Free Sulfur	2	4	10	Chemical Industries
Limestone	20	30	50	Cement Production
Silica Sand	0.5	1	3	Silicon, Glass, and Ceramics
Kaolin	0.2	0.5	3	Alumina and Ceramic Industries
Bentonite	0.1	0.3	0.8	Drilling mud for oil wells & Concrete Pillars
Salt	0.3	0.8	3	Petrochemical and Chemical Industries, Nutritional, Textile, and Drilling Industries
Gypsum	0.5	1	3	Construction Materials
Iron	0.1	0.3	0.5	Cement Production
Brick Clay	10	20	50	Construction Materials
Gravel and Sand	50	100	200	Construction Materials

(41) <http://ieiti.org.iq/ArticleShow.aspx?ID=111>

(Table (38) – (3) – (3.2.13))

### 3.3 Exports

All officially exported oil from Iraq, in addition to Kurdistan exported oil, goes through the Iraq-Turkey pipeline within the ports of Basra and Ceyhan (in Turkey). Any oil in those pipeline is the property of SOMO, The Iraqi state-owned oil company.

#### 3.3.1 Extracted for export crude oil quantities (barrels) reconciliation between Ministry of Oil, North Oil Company and SOMO and no variances were noted \*

Month	MoO (Barrels)	SOMO (Barrels)	NOC (Barrels)	Variance (Barrels)
Jan	4,515,226	4,515,226	4,515,226	-
Feb	8,520,580	8,520,580	8,520,580	-
Mar	8,322,921	8,322,921	8,322,921	-
Apr	13,508,303	13,508,303	13,508,303	-
May	13,984,141	13,984,141	13,984,141	-
Jun	4,942,896	4,942,896	4,942,896	-
Jul	1,263,769	1,263,769	1,263,769	-
Aug	1,791,212	1,791,212	1,791,212	-
Sep	645,636	645,636	645,636	-
Oct	-	-	-	-
Nov	-	-	-	-
Dec	-	-	-	-
Total	57,494,684	57,494,684	57,494,684	-

(Table (39) – (3) – (3.3.1))

Source: data presented in the table was reported by the respective entities (MoO, SOMO and NOC)

\* Please note that the reason behind the zero exported amount during (Sep – Dec) is due to security purposes

### 3.3.2 Extracted for export crude oil quantities (barrels) reconciliation between Ministry of Oil, South Oil Company and SOMO and no material variances were noted

Month	MoO (Barrels)	SOC (Barrels)	SOMO (Barrels)	Variance (Barrels)
Jan	64,344,176	64,344,176	64,344,176	0
Feb	56,163,133	56,163,133	56,163,133	0
Mar	72,947,380	72,947,380	72,947,380	0
Apr	68,576,902	68,576,902	68,581,928	5,026
May	73,396,764	73,396,764	73,396,764	0
Jun	78,297,531	78,297,531	78,297,531	0
Jul	82,315,275	82,320,301	82,315,275	(5,026)
Aug	81,143,858	81,143,858	81,143,858	0
Sep	78,904,410	78,904,410	78,904,410	0
Oct	73,001,299	73,001,298	70,910,998	(2,090,300)
Nov	85,589,594	85,589,594	87,678,352	2,088,758
Dec	87,541,909	87,541,909	87,541,909	0
Total	902,222,231	902,227,256	902,225,714	1,542 *

Source: data presented in the table was reported by the respective entities (MoO, SOMO and SOC) (Table (40) – (3) – (3.3.2))

\* The total extracted crude oil amounts as reported from MoO related for South Oil Company were Barrels 1,039,279,152; which includes Midland Oil Company and Missan Oil Company extracted crude oil (total amount of Barrels 137,056,921). Total variances were USD 233,361 which is below materiality.

### 3.3.3 Extracted for export crude oil quantities (barrels) reconciliation between Ministry of Oil, Missan Oil Company and SOMO and no variances were noted

Month	MoO (Barrels)	MOC (Barrels)	SOMO (Barrels)	Variance (Barrels)
Jan	7,081,443	7,081,443	7,081,443	-
Feb	5,607,179	5,607,179	5,607,179	-
Mar	7,983,401	7,983,401	7,983,401	-
Apr	7,319,427	7,319,427	7,319,427	-
May	7,902,091	7,902,091	7,902,091	-
Jun	10,110,670	10,110,670	10,110,670	-
Jul	10,166,522	10,166,522	10,166,522	-
Aug	10,138,800	10,138,800	10,138,800	-
Sep	9,559,454	9,559,454	9,559,454	-
Oct	9,817,039	9,817,039	9,817,039	-
Nov	9,985,407	9,985,407	9,985,407	-
Dec	10,267,141	10,267,141	10,267,141	-
Total	105,938,574	105,938,574	105,938,574	-

Source: data presented in the table was reported by the respective entities (MoO, SOMO and NOC) (Table (41) – (3) – (3.3.3))

### 3.3.4 Extracted for export crude oil quantities (barrels), reconciliation between Ministry of Oil, Midland Oil Company and SOMO and no variances were noted

Month	MoO (Barrels)	MdOC (Barrels)	SOMO (Barrels)	Variance (Barrels)
Jan	2,659,470	2,659,470	2,659,470	-
Feb	2,433,116	2,433,116	2,433,116	-
Mar	3,169,218	3,169,218	3,169,218	-
Apr	2,898,189	2,898,189	2,898,189	-
May	2,221,362	2,221,362	2,221,362	-
Jun	2,261,220	2,261,220	2,261,220	-
Jul	2,500,306	2,500,306	2,500,306	-
Aug	2,373,133	2,373,133	2,373,133	-
Sep	2,443,363	2,443,363	2,443,363	-
Oct	3,027,152	3,027,152	3,027,152	-
Nov	3,282,108	3,282,108	3,282,108	-
Dec	1,849,710	1,849,710	1,849,710	-
Total	31,118,347	31,118,347	31,118,347	-

(Table (42) – (3) – (3.3.4))

Source: data presented in the table was reported by the respective entities (MoO, SOMO and MdOC)

### 3.3.5 Exported Crude Oil reconciliation by shipments, invoices and payments, between SOMO and buyers

	Buyer's Name	SOMO (USD)	Buyer (USD)	Variance (USD)	Note
1	ApiOil Limited	465,958,492.06	466,405,346	(446,853.94)	A
2	Bharat Oman Refineries Limited	308,367,568.07	257,478,217.00	50,889,351	B
3	Bharat Petroleum Corporation LTD.	24,738,460.84	45,057,502.62	(20,319,042)	C
4	BP OIL INTERNATIONAL LIMITED	937,505,481.14	947,309,420.88	(9,803,940)	D
5	CEPSA TRADING SAU	433,871,198.21	384,518,157.16	49,353,041	E
6	Chevron Products Co. A Division Of Chevron U.S.A. Inc.	1,513,498,954.65	1,299,674,770.10	213,824,185	F
7	China National United Oil Corporation	1,266,261,791	1,089,704,551	176,557,240	G
8	China International (UNIPPEC Asia Co. Ltd)	5,302,448,400.68	4,832,474,161.85	469,974,239	H
9	China Offshore Oil (Singapore) International Pte Ltd	634,131,361.17	694,920,346.97	(60,788,985.80)	I
10	ENI Trading & Shipping SPA	349,673,652.65	350,199,916.32	(526,264)	J
11	ERG Supply & Trading S.P.A	44,499,076	44,499,076	-	-
12	Exxonmobil Sales and Supply LLC. U.S.A	383,536,026.73	270,931,988.48	112,604,038	K
13	GS Caltex Corporation	2,529,866,269.77	2,117,373,313.01	412,492,957	L
14	GUNVOR SA	169,848,565.93	169,922,643.52	(74,078)	M
15	Hindustan Petroleum Corporation Ltd. – India	1,126,767,230	1,126,767,230	-	-
16	HPCL - Mittal Energy Limited	575,808,735.43	590,200,711.12	14,391,975.69	N

	Buyer's Name	SOMO (USD)	Buyer (USD)	Variance (USD)	Note
17	IPLOM INTERNATIONAL SA	212,625,363.45	213,181,726.00	(556,363)	O
18	JX Nippon Oil & Energy Corporation	792,385,231.95	575,828,083.81	216,557,148	P
19	Koch Supply & Trading, LP ****	178,737,822.70	To be provided	-	-
20	LITASCO MIDDLE EAST DMCC	290,507,090.47	258,423,909.88	32,083,181	Q
21	MOTOR OIL HELLAS CORINTH REFINERIES S.A	688,534,690.93	665,261,034.09	23,273,657	R
22	China ZhenHua Oil Co.Ltd.- Main/ (North Petroleum)	1,136,803,277	1,083,332,386	53,470,891	S
23	Petro Diamond Company limited / Care of Mitsubishi Corporation	606,886,912.31	494,774,042.00	112,112,870	T
24	PETCO Trading Labuan Company Limited (PTLCL) / Petronas	413,443,623.13	340,028,673.05	73,414,950	U
25	Petrobras Global Trading B.V.	292,774,733.19	196,772,356.69	96,002,376.50	V
26	PETROGAL S.	97,558,291.17	123,740,596.39	(26,182,305)	W
27	Phillips 66 International Trading Pte. Ltd.	1,322,708,713.70	1,327,496,242.66	(4,787,529)	X
28	REPSOL TRADING, S.	734,041,171.20	651,732,358.16	82,308,813	Y
29	RELIANCE INDUSTRIES LIMITED(RIL)	107,041,507.02	205,299,288.00	(98,257,780.98)	Z
30	SARAS S.P.A.	307,776,080.98	308,597,442.99	(821,362)	AA
31	SOCIETE ANONYME MAROCAINE DE L'INDUSTRIE DU RAFFINAGE (SAMIR)	81,873,686	81,873,686	-	-
32	SHELL INTERNATIONAL EASTERN TRADING COMPANY	678,608,552.86	527,592,627.22	151,015,925	AB

	Buyer's Name	SOMO (USD)	Buyer (USD)	Variance (USD)	Note
33	Sinochem International Oil (London) Co. LTD	2,799,808,643.18	2,880,277,604	(80,468,961)	AC
34	SK Energy Co., Ltd. ****	557,564,330.75	To be provided	-	-
35	SOCAR TRADING SA	250,365,721.19	276,074,013.57	(25,708,292)	AD
36	TOTSA TOTAL OIL TRADING SA	1,419,624,380.63	1,406,563,635.54	13,060,745	AE
37	Toyota Tsusho Corporation	744,995,047.79	746,213,746.15	(1,218,698.36)	AF
38	TURKISH PETROLEUM REFINERIES CORP.(TUPRAS)	922,446,328.50	839,347,059.40	83,099,269.10	AG
39	Valero Marketing & Supply Co.	991,904,612	995,973,409	-4,068,797.00	AH
40	VITOL REFINING SA	292,008,009.71	292,008,009.71	-	AI
41	PT Pertamina (persero) ****	291,669,510.91	To be provided	-	-
42	Indian Oil Corporation Limited – India (CHENNI Petroleum) *	4,430,174,425.27** 636,791,977.81*** Total of 5,066,966,303.08	4,764,669,269	302,297,034	AJ
	Total	37,346,440,900	33,942,498,551	2,404,754,634	-

(Table (43) – (3) – (3.3.5))

\* As per SOMO's information that has been provided to us, they clarified that CHENNI Petroleum Corporation LTD and Indian oil are recognized in their records as a one entity with one contract No. (MB-M3-15-31). However, KPMG team received one from Indian Oil containing CHENNI Petroleum information.

\*\* This amount as specified from Indian Oil Corporation

\*\*\* This amount as specified from CHENNI Petroleum

\*\*\*\* We didn't received any related information from the following buyers, as we tried several times in coordination with SOMO:

- Koch Supply & Trading, LP
- SK Energy Co., Ltd
- PT Pertamina (persero)

Notes:	
<b>A</b>	The difference represents delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (1,446,853.71). Moreover, we noted a difference in invoice number (B/2015/135) in amount of USD 1,000,000.
<b>B</b>	Total difference of USD 50,889,351 popped up from the following issues: <ul style="list-style-type: none"> <li>• Total Invoices of USD 75,200,555.93 has been recorded in 2014, and due for payment in 2015 in buyers statements</li> <li>• Total Invoices of USD 23,747,139.41 has been recorded in 2014, and due for payment in 2015 in buyers statements</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD 564,065</li> </ul>
<b>C</b>	Total difference of USD 20,319,042 popped up from the following issues: <ul style="list-style-type: none"> <li>• Invoice No. b/964/2015 of USD 20,210,643 has been recorded in 2015, and due for payment in 2016 in buyers statements</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (108,399)</li> </ul>
<b>D</b>	Total difference of USD 9,803,940 popped up from the following issues: <ul style="list-style-type: none"> <li>• Invoice No. b/927/2015 of USD (27,161,346.51) has been recorded in 2015, and due for payment in 2016 in buyers statements</li> <li>• Invoice number B/2015/012 of total amount of 27,693,376.72 which is reported by SOMO but not the buyer, (must be recognized by the buyers)</li> <li>• The difference represents delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD 2,598,053.2 reported by SOMO but not the buyer</li> </ul>
<b>E</b>	Total difference of USD 49,353,041 popped up from the following issues: <ul style="list-style-type: none"> <li>• Total Invoices of USD 49,986,641.06 are due for payment in 2015, which is must be recorded in buyers statements</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (633,600)</li> </ul>
<b>F</b>	Total difference of USD 213,824,185 popped up from the following issues: <ul style="list-style-type: none"> <li>• Total Invoices of USD 152,448,956.14 has been recorded in 2014, and due for payment in 2015 that must be recorded in the buyer statements</li> <li>• Invoice number B/2015/007 in total amount of 107,930,819.21 which is reported by SOMO, that must be recorded by the Buyer</li> <li>• Invoice number B/2016/009 in total amount of (40,394,278) that reported by the buyer must be discard as it is not related to 2015</li> <li>• Differences in invoice number B/2015/154 in total amount of (400,000) have been recorded wrongly by the buyer</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (5,071,836) reported by SOMO but not the buyer</li> </ul>

Notes:	
<b>G</b>	<p>Total difference of USD 176,557,240 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Total Invoices of USD 114,252,260.73 has been recorded in 2014, and due for payment in 2015</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (2,809,836.69)</li> <li>• Invoice number B/2015/708 in total amount of 21,106,137.30 which is reported by SOMO, that must be recorded by the Buyer</li> <li>• Invoices No. (B/2015/620, B/2015/610, B/2015/714, B/2015/707) must be amended by the amounts USD 43,714,188.52 due to mistake in calculations</li> </ul>
<b>H</b>	<p>Total difference of USD 469,974,238.83 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Total Invoices of USD 656,579,668.43 has been recorded in 2014, and due for payment in 2015</li> <li>• Invoice number B/2015/003 and B/2015/002 in total amount of USD 85,861,277.18 which is reported by SOMO, that must be recorded by the Buyer</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (10,531,532.14)</li> <li>• Invoices No. (B/2015/905, B/2015/916, B/2015/917, B/2015/938, B/2015/950, B/2015/954) as total of USD (261,935,174.68) due for payment in 2016.</li> </ul>
<b>I</b>	<p>Total difference of USD 60,788,985.80 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Invoices No. (B/2015/945) must be amended by the amount USD 43,714,188.52 as total of USD (57,923,845.77) due for payment in 2016.</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (2,865,140)</li> </ul>
<b>J</b>	<p>The difference represents delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (526,263)</p>
<b>K</b>	<p>Total difference of USD 73,871,691 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Total Invoices of USD 74,104,209.30 has been recorded in 2014, and due for payment in 2015 must be recorded by the buyer</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (1,393,386.85)</li> <li>• Invoices No. (B/2015/647) must be amended by the amounts USD 1,160,869.25 due to mistake in calculations</li> </ul>
<b>L</b>	<p>Total difference of USD 412,492,956 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Total Invoices of USD 486,435,608.99 has been recorded in 2014, and due for payment in 2015</li> <li>• Invoice number B/2015/624 in total amount of USD 44,024,376.21 which is reported by SOMO, that must be recorded by the Buyer</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (1,234,493.39)</li> <li>• Invoices No. (B/2015/925, B/2015/907) as total of USD (116,732,535.05) due for payment in 2016.</li> </ul>

Notes:	
<b>M</b>	The difference represents delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (74,078)
<b>N</b>	<p>Total difference of USD 14,391,975.69 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Total Invoices of USD 53,713,997.58 has been recorded in 2014, and due for payment in 2015</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (35,585.38)</li> <li>• Invoices No. (B/2015/921, B/2015/842, B/2015/841, B/2015/922) as total of USD (68,070,387.89) due for payment in 2016.</li> </ul>
<b>O</b>	<p>Total difference of USD 536,362.08 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• A mistake in recording the Invoice No. b/796/201 amount of (as recorded in the buyers statement) USD 38,587,689.04 that must be recorded as USD 38,567,689.04 (difference of USD20,000)</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (536,362.08)</li> </ul>
<b>P</b>	<p>Total difference of USD 216,557,148 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Total Invoices of USD 106,499,234.38 has been recorded in 2014, and due for payment in 2015</li> <li>• Invoice number B/2015/453 in total amount of 111,016,849.20 which is reported by SOMO, that must be recorded by the Buyer</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (958,935.44)</li> </ul>
<b>Q</b>	<p>Total difference of USD 32,083,180.59 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Total Invoices of USD 33,789,762.53 has been recorded in 2014, and due for payment in 2015</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (1,706,581.53)</li> </ul>
<b>R</b>	<p>Total difference of USD 23,273,656.83 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Total Invoices of USD 45,532,472.54 has been recorded in 2014, and due for payment in 2015</li> <li>• Invoices No. (B/923/2015) as total of USD (22,514,012.71) due for payment in 2016.</li> <li>• The buyer paid the Invoice No. (B/464/2015) without the recorded delay penalties of USD 255,197.01, which they dedicated it from invoice no. (B/577/2015)</li> </ul>
<b>P</b>	<p>Total difference of USD 216,557,148 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Total Invoices of USD 106,499,234.38 has been recorded in 2014, and due for payment in 2015</li> <li>• Invoice number B/2015/453 in total amount of 111,016,849.20 which is reported by SOMO, that must be recorded by the Buyer</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (958,935.44)</li> </ul>

Notes:	
<b>Q</b>	<p>Total difference of USD 32,083,180.59 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Total Invoices of USD 33,789,762.53 has been recorded in 2014, and due for payment in 2015</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (1,706,581.53)</li> </ul>
<b>R</b>	<p>Total difference of USD 23,273,656.83 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Total Invoices of USD 45,532,472.54 has been recorded in 2014, and due for payment in 2015</li> <li>• Invoices No. (B/923/2015) as total of USD (22,514,012.71) due for payment in 2016.</li> <li>• The buyer paid the Invoice No. (B/464/2015) without the recorded delay penalties of USD 255,197.01, which they dedicated it from invoice no. (B/577/2015)</li> </ul>
<b>T</b>	<p>Total difference of USD 112,112,870 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Total Invoices of USD 112,980,133.38 has been recorded in 2014, and due for payment in 2015</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (867,263.01)</li> </ul>
<b>U</b>	<p>Total difference of USD 73,414,950 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Total Invoices of USD 104,963,288.61 has been recorded in 2014, and due for payment in 2015</li> <li>• Total Invoices of USD (30,651,172.55) due for payment in 2016.</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (897,165.98)</li> </ul>
<b>V</b>	<p>Total difference of USD 96,002,376.5 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Total Invoices of USD 12,419,540 has been recorded in 2014, and due for payment in 2015</li> <li>• Total Invoices of USD (9,280,062) due for payment in 2016.</li> <li>• Invoice number B/2015/6 in total amount of 92,862,898.51 which is reported by SOMO, that must be recorded by the Buyer</li> </ul>
<b>W</b>	<p>Total difference of USD 26,182,305.22 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Total Invoices of USD (26,051,246.76) due for payment in 2016.</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (131,058.46)</li> </ul>
<b>X</b>	<p>Total difference of USD 4,787,528.96 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Total Invoices of USD 40,237,646.18 has been recorded in 2014, and due for payment in 2015</li> <li>• Total Invoices of USD (42,639,449.59) due for payment in 2016.</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (2,385,725.55)</li> </ul>

Notes:	
<b>Y</b>	<p>Total difference of USD 82,308,813.04 popped up from the following issues:</p> <p>Total Invoices of USD 83,925,255.61 has been recorded in 2014, and due for payment in 2015</p> <p>Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (1,616,442.57)</p>
<b>Z</b>	<p>Total difference of USD 98,257,781.50 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>Total Invoices of USD (98,257,781.50) due for payment in 2016.</li> </ul>
<b>AA</b>	<p>Total difference of USD 821,362 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (821,362)</li> </ul>
<b>AB</b>	<p>Total difference of USD 151,015,925 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>The total invoices of USD 151,015,925 that mentioned by the buyer are loaded from Ceyhan port not only from Basra port</li> </ul>
<b>AC</b>	<p>Total difference of USD 80,468,960.82 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>Total Invoices of USD 82,253,972.30 has been recorded in 2014, and due for payment in 2015</li> <li>Invoice number B/2015/1 in total amount of 27,059,417.16 which is reported by SOMO, that must be recorded by the Buyer</li> <li>Total Invoices of USD (188,651,247.29) due for payment in 2016.</li> <li>Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (1,131,103.99)</li> </ul>
<b>AD</b>	<p>Total difference of USD 25,708,292.38 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>Total Invoices of USD (25,708,292.38) due for payment in 2016.</li> </ul>
<b>AE</b>	<p>Total difference of USD 13,060,745.1 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>Total Invoices of USD 121,858,315.68 has been recorded in 2014, and due for payment in 2015</li> <li>Total Invoices of USD (105,113,210.13) due for payment in 2016.</li> <li>Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (3,684,360.46)</li> </ul>
<b>AF</b>	<p>Total difference of USD 1,218,698.36 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (1,218,698.36)</li> </ul>
<b>AG</b>	<p>Total difference of USD 83,099,269.10 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (83,099,269.10)</li> </ul>

Notes:	
<b>AH</b>	<p>Total difference of USD 4,068,797.83 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (4,068,797.83)</li> </ul>
<b>AJ</b>	<p>Total difference of USD 302,297,034.08 popped up from the following issues:</p> <ul style="list-style-type: none"> <li>• Total Invoices of USD 986,604,265.56 has been recorded in 2014, and due for payment in 2015</li> <li>• Delay penalties (demurrage) reported by SOMO related to amount received under service contracts of USD (10,431,855.52)</li> <li>• Total Invoices of USD (673,875,376.11) due for payment in 2016.</li> </ul>

(Table (44) – (3) – (3.3.5))

### 3.3.6 Third Party Inspectors

- Third party verifiers' responsibility is to calibrate meters and to endorse oil quantities loaded onto vessels. In case of any discrepancy between the terminal meters and the vessels' meters, the third party verifiers measure the loaded oil quantity through the allege method of measurement.
- We obtained the information from third party inspectors; SGS GULF LIMITED and INTERTEK GLOBAL ( IRAQ ) LTD, the below table summarize the main information related to the inspectors:

Description	INTERTEK GLOBAL (IRAQ ) LTD	SGS GULF LIMITED
Nationality of the company	United Kingdom (UK)	Switzerland
Number of meters the company supervises	6 x 10" Turbine Meter Runs at each berth (4 berths at BOT & 2 berths at KAAOT) with associated instrumentations	36 meters in total across both ABOT& KAAOT locations
Company registration number	CD - 5043	CD - 2210
Contract Amount	10 Million USD	USD 0.0045 per Barrels plus additional equipment's supplied of \$ 2,259,092
Data of contract with SOMO	November 2015	September 2013 till Nov 2015
Length of the contract Provided to Third Party Inspection Services	Two years (extendable)	Two years
Name of ports	Basra Oil Terminal (BOT) & Khor Alamaya Oil Terminal (KAAOT)	ABOT, KAAOT & SPM

Description	INTERTEK GLOBAL (IRAQ ) LTD	SGS GULF LIMITED
<p>A brief description about the calibration process</p>	<ul style="list-style-type: none"> <li>• The terminal metering systems are to be maintained as per the guidelines of International Industry best practice and applicable API MPMS standards and Iraqi National Code for Measurement of Hydrocarbon Fluids by fulfilling the requirements as per tender scope</li> <li>• Issue As Found Report of metering system after commencement of contract</li> <li>• Provide advising support for metering operational activities that are undertaken by the SOMO's staff at the Terminals</li> <li>• Supply Metering Specialists and Chief Metering Engineer to carry out checks and calibrations of existing or replaced metering equipment at terminals in calibration schedule</li> <li>• To witness and support meter proving during each loading and issue relevant report.</li> </ul>	<p>SGS provided third party measurement services to perform calibration services for the primary, secondary and tertiary measurement instrumentation located at the ABOT &amp; KAAOT facilities.</p>

(Table (45) – (3) – (3.3.6))

- The following link depicts Intertek Global and SGS GULF LIMITED certificate registration: <http://ieiti.org.iq/PageViewer.aspx?id=25>

### 3.3.7 Total export quantities and average price of exported crude oil for the year 2015 with regard to the American, European and Asian Markets, and the quantity exported through Ceyhan Port by SOMO

Ceyhan Port	Total export quantities for 2015	Monthly Average exports (Barrels)	Monthly Average Price in (USD)
USA	1,912,963	956,482	46.901
EUROPE	55,581,721	6,175,747	54.032
FAR EAST	-	-	-
South Africa	-	-	-
Jordan	-	-	-

Source: data presented in the table was reported by SOMO

(Table (46) – (3) – (3.3.7))

### 3.3.8 Total export quantities and average price of exported crude oil for the year 2015 with regard to the American, European and Asian Markets and the quantity exported through Basrah and Khor Al-Amaya ports (for light crude oil) by SOMO

Basrah and Khor Al-Amaya ports (for light crude oil)	Total export quantities for 2015	Monthly Average exports (Barrels)	Monthly Average Price in (USD)
USA	78,677,227	6,556,436	44.629
EUROPE	210,909,731	17,575,811	42.700
FAR EAST	587,095,963	48,924,664	46.316
South Africa	2,081,964	173,497	43.640
Jordan	-	-	-

Source: data presented in the table was reported by SOMO

(Table (47) – (3) – (3.3.8))

### 3.3.9 Total export quantities and average price of exported crude oil for the year 2015 with regard to the American, European and Asian Markets and the quantity exported through Basrah port (for heavy crude oil) reported by SOMO \*

Basrah and Khor Al-Amaya ports (for heavy crude oil)	Total export quantities for 2015	Monthly Average exports (Barrels)	Monthly Average Price in (USD)
USA	14,546,123	1,212,177	34.323
EUROPE	60,179,117	102,345	36.073
FAR EAST	85,794,053	21,010,788	40.360
South Africa	-	-	-
Jordan **	-	-	-

(Table (48) – (3) – (3.3.9))

\* Crude oil export average barrel prices differ from a month to another since they are based on international crude oil barrel prices markets.

\*\* Jordan did not receive any quantities or any related subsidized prices

For more details on monthly export quantities and average price of exported crude oil, please refer to the following link:

<http://ieiti.org.iq/uploads/2015%20Report/monthly%20exports.pptx>

- Information related export quantities (barrels) crude oil for the year 2015 with regard to the American, European and Asian Markets, and the quantity exported ports:

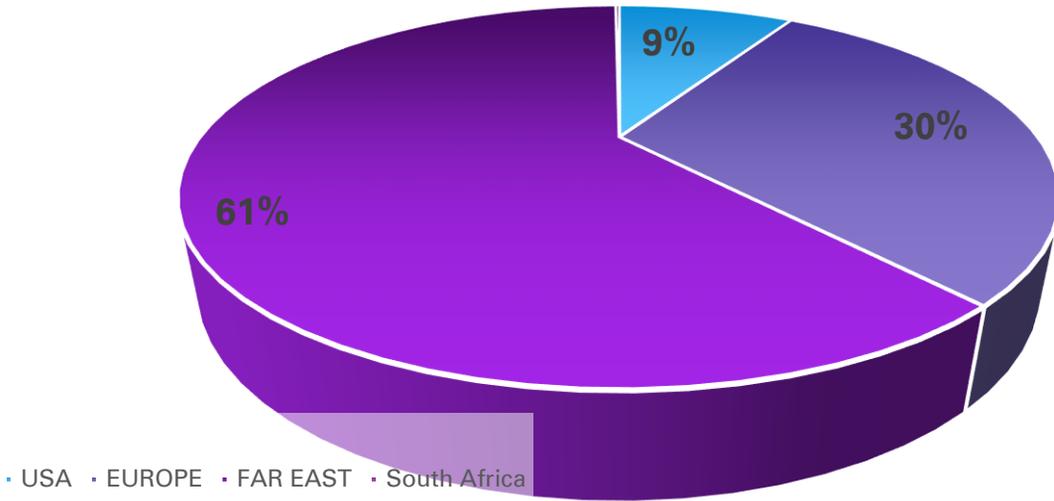
Port	USA (Barrels)	EUROPE (Barrels)	FAR EAST (Barrels)	South Africa (Barrels)
Ceyhan Port	1,912,963	55,581,721	-	-
Basrah Port and Khor Al-Amaya Port (Light Crude Oil)	78,677,227	210,909,731	587,095,963	2,081,964
Basrah Port (Heavy Crude Oil)	14,546,123	60,179,117	85,794,053	-
<b>Total per region</b>	<b>95,136,313</b>	<b>326,670,569</b>	<b>672,890,016</b>	<b>2,081,964</b>

Source: data presented in the table was reported by SOMO.

(Table (49) – (3) – (3.3.9))

- The following graphs illustrates the major reported data in the reconciliation exercise:

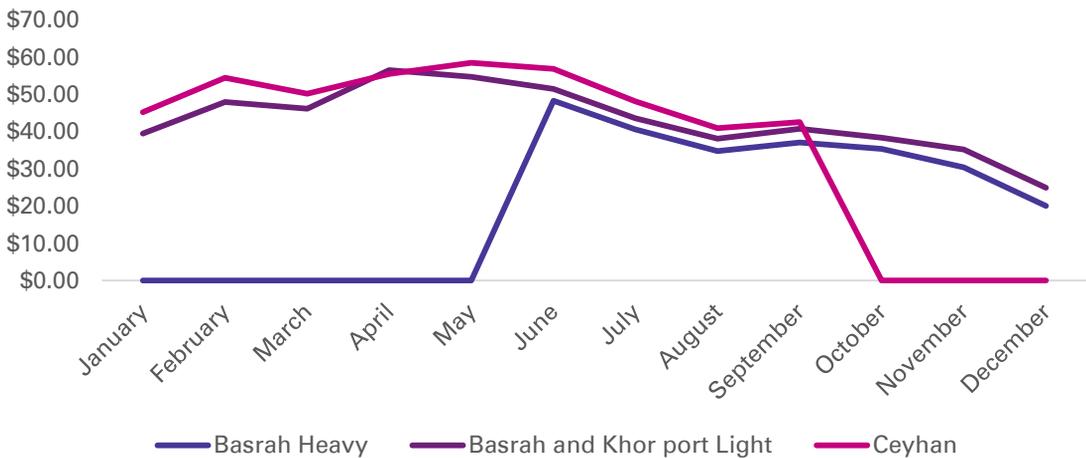
**Distribution of Exported Crude Oil by Region**



(Illustration (6) – (3) – (3.3.9))

Source: data presented in the charts was reported by SOMO.

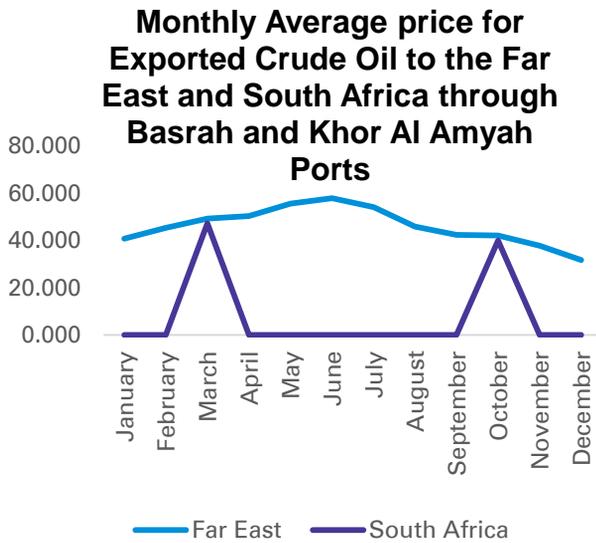
**Monthly Average price for Exported Crude Oil to Europe**



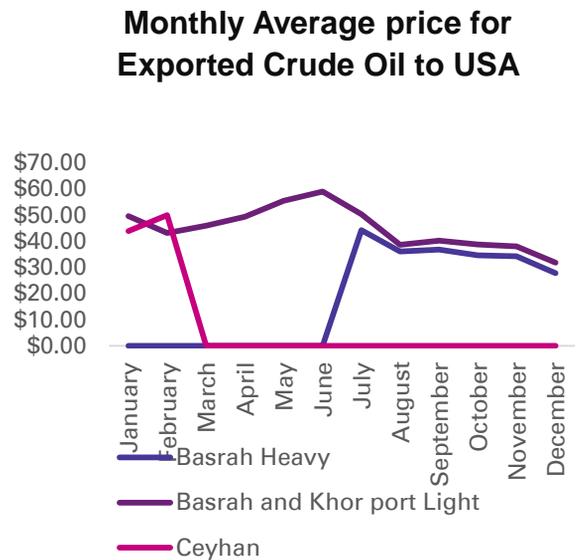
***There were no contracts signed for exporting crude oil to USA by using Ceyhan port after February 2015.***

(Illustration (7) – (3) – (3.3.9))

- The following graphs illustrates the major reported data in the reconciliation exercise:



(Illustration (8) – (3) – (3.3.9))



(Illustration(9) – (3) – (3.3.9))

*Source: data presented in the charts was reported by SOMO.*

*There were no contracts signed for exporting crude oil to South Africa using Basra port after March2015.*

**3.3.10 Iraq Crude Oil Indicators as published by SOMO:**

Quarters	Crude Oil Produced (000 Barrel)	Quarterly Change of the Crude Oil produced %	Barrel Price (USD)	Barrel Price (IQD)	Quarterly Change of the barrel price %	Average Daily Exports (000,000 Barrel)
1st Quarter	275,748	-	45.7	53,286.2	-	2.7
2nd Quarter	304,927	10.6%	54.4	63,430.4	19.0%	3.1
3rd Quarter	344,470	13.0%	44.1	51,420.6	-18.9%	3.1
4th Quarter	353,842	2.7%	34.7	40,460.2	-21.3%	3.1
Total	1,278,987	-	-	-	-	3

(Table (50) – (3) – (3.3.10))

### 3.3.10.1 Sales Technique

SOMO sells Iraqi crude oil on the basis of loading port as follows:

1. Long term sales contracts:

- Direct invitation to contracting companies.
- Purchase requests for new companies (receipt, study and analysis).

2. Reimbursement contracts:

- Pay service contractors dues through investing companies in petroleum licensing rounds

### 3.3.10.2 Adopted Basis in Allocation

Number of basis are taken into consideration when the contractual amounts are allocated to qualified companies (previously contracted with and new) as follows:

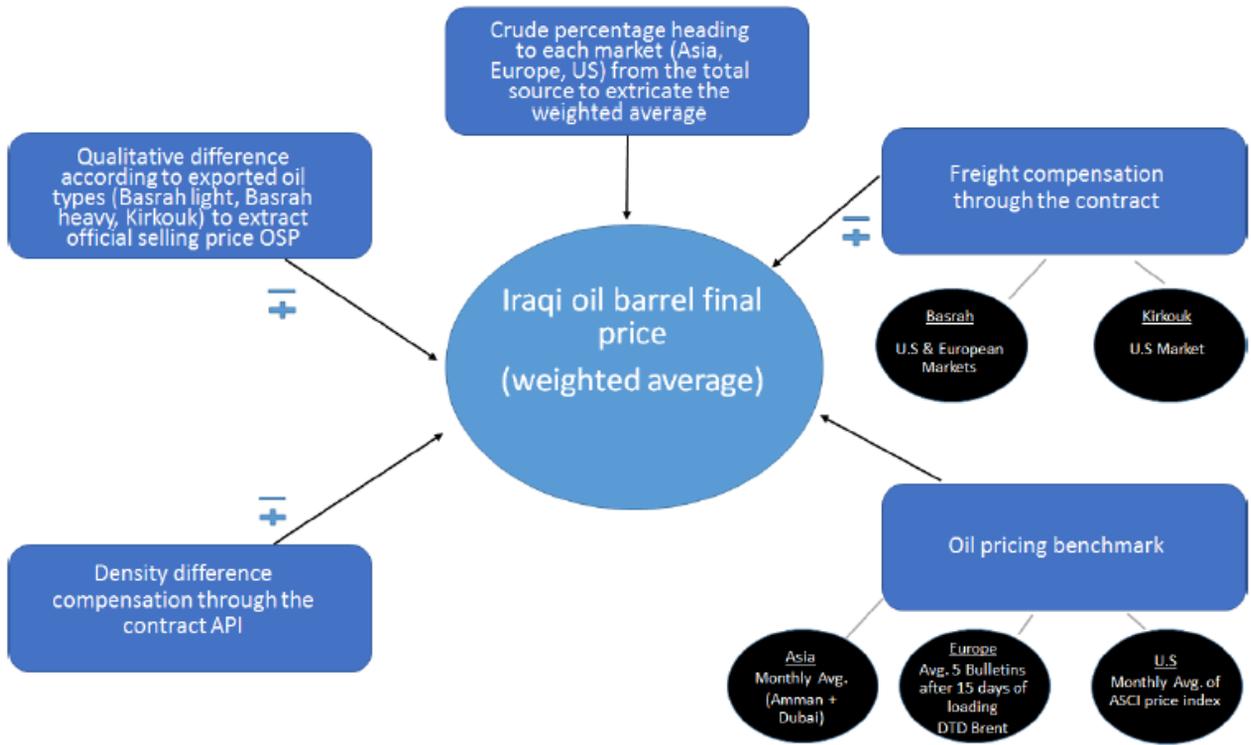
- Marketing of all available quantities of Iraqi crude oil for export in the international markets using the international pricing modules.
- Give priority in the allocation of quantities to companies that hold large filtering capacity.
- Expansion of Iraqi crude oil penetration in key global markets.
- Give priority to the Asian market being more developed markets.

### 3.3.10.3 Allocation Criteria

Number of standards are adopted when allocating contractual quantities to qualified companies as follows:

1. First Standard – Solid International Oil Companies: includes well known international oil companies (big and medium size), independent, governmental, solid companies and has filtering capabilities and distribution network in many countries.
2. Second Standard – Filtering Companies: includes companies majoring in filtering industry and distributing oil products.
3. Third Standard – Authorized Companies: companies classified as a main provider to filtering companies in their country, such as in Japan.

3.3.11 Pricing Criteria - Iraqi Crude oil pricing elements



(Illustration (10) – (3) – (3.3.11))

Exported Barrel Pricing Formula

Exported crude oil barrel is priced as the following formula:

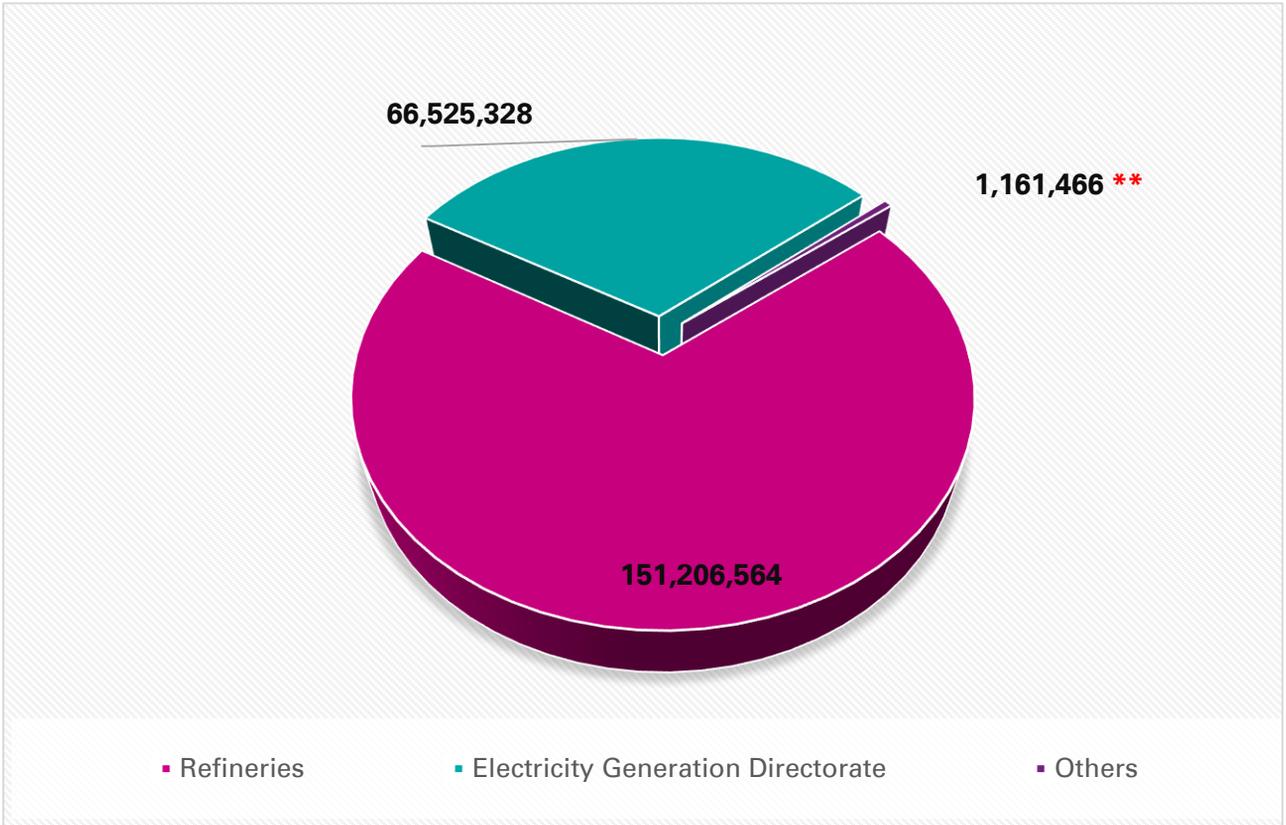
$$\begin{aligned}
 \text{Final Price (USD / Barrel)} = & \\
 & \text{Certified reference oil price as per shipment destination (for the loading accepted month)} \\
 & \pm \\
 & \text{Price difference which is calculated on a monthly basis (official selling price OSP)} \\
 & \pm \\
 & \text{Price difference for density fluctuation (API)} \\
 & \pm \\
 & \text{Freight cost}
 \end{aligned}$$

For more details about Selling prices calculations and differences, please refer to page No. 80 from the previous issued report <http://ieiti.org.iq/ArticleShow.aspx?ID=111>

**3.4 Internal Consumptions**

The largest consumer of energy in Iraq is transport, followed by power generation and buildings. Energy use in transport accounts for around 60% of total final consumption, where Domestic energy needs are divided as follows: Oil: 80%, Gas: 19% and other (including hydro): 1%. <sup>(40)</sup>

The following graphs illustrates the major reported data in the reconciliation exercise. \*



(Illustration (11) – (3) – (3.4))

\* Source: data presented in the chart was reported by Ministry of Oil.

\*\* For more details about “others internal consumptions” please refer to section No. 3.4.8.

3.4.1 The following table depicts reconciliation of crude oil quantities supplied to the refineries (barrels). Reconciliation performed between South Oil Company, Ministry of Oil and South Refineries and no material variances were noted

Crude Oil (Barrels)			
SR & MdR (Barrels) *	SOC & MdOC (Barrels) **	MoO (Barrels) ***	Variance (Barrels) ****
139,083,391	135,687,009	135,687,009	3,396,382

Source: data presented in the table was reported by the respective entities (MoO, SOC & MdOC and SR & MdR)

(Table (51) – (3) – (3.4.1))

\* South Refinery includes Al Nassrya refinery and Al Basra refinery total Barrel 77,651,391, and for Midland Refinery includes Najjaf, Smawa, AlDoura and Diwanya Refineries is total Barrel 61,431,999

\*\* South Oil company total barrels are 131,744,604, for MdOC total barrels 3,942,405.

\*\*\* For Ministry of Oil that include the following:

- AlDoura Refinery total barrels from SOC of 39,231,284, AlDoura Refinery from MdOC in barrels are 3,942,405
- Smawa Refinery total barrels of 8,275,558
- Diwanya Refinery total barrels of 6,343,578
- Najjaf Refinery total barrels of 7,656,867
- Al Basra Refinery total barrels of 60,158,688
- Al Nassrya Refinery total barrels of 10,078,629

\*\*\*\* The above variance (3,396,382 barrels which is equivalent USD 157,727,980) is resulting from measurement differences. As SOC depends on International Standards (as reported by SOC) and refinery depends on other measurements criterias

### 3.4.2 Reconciliation of crude oil quantities supplied to the refineries (barrels) between Missan Oil Company, Ministry of Oil and South Refineries and no material variances were identified\*

Crude Oil (Barrels)			
SR (Barrels)	MOC (Barrels)	MoO (Barrels)	Variance (Barrels) **
8,215,856	8,310,739	8,310,739	94,883

Source: data presented in the table was reported by the respective entities (MoO, MOC and SR)

(Table (52) – (3) – (3.4.2))

\* In addition to the SR supplied from SOC as reported in the previous table

\*\* The difference between numerators of Missan Oil Co. and numerators of Missan Refinery, is due to the distance between the two companies. Where some of oil transferred in the linking pipelines remains between the two companies numerators, in which the amount of oil received at Missan oil numerators are higher than amount received Missan refinery numerators

### 3.4.3 Reconciliation of crude oil quantities supplied to the refineries (barrels). Reconciliation performed between North Oil Company, Ministry of Oil and North Refineries and no material variances were identified

Crude Oil (Barrels)			
NR (Barrels)	NOC (Barrels)	MoO (Barrels)	Variance (Barrels) *
10,379,125	10,478,248	10,478,248	99,123

Source: data presented in the table was reported by the respective entities (NR, NOC and MoO) related for Al Hadetha refinery and Kurkuk refinery, (please note that Al Hadetha Refinery operated for two month period in 2015, and ceased from operations as result of security purposes)

(Table (53) – (3) – (3.4.3))

\* The difference is due to quantity surpluses from (Haditha) refinery that have been received in the oil tank at (K/3) refining station according to their request to avoid the refinery stopped due to suffocation, and regarding the lack of a dedicated tanks, refined oil was mixed with the crude oil that has been outfitted to the refinery where these amount was not calculated in the processed quantities for the purposes of the Financial Accountability

**3.4.4 Reconciliation of crude oil quantities supplied (Cubic Meter) to Electricity Generation Directorates (EGD). Reconciliation performed between Ministry of Electricity and Oil Products Distribution Company (OPDC) and no material variances were identified \***

Production type	OPDC (Cubic Meter)	EGD Basrah (Barrels)	Variances (Cubic Meter) **
Crude Oil	745,177	745,177	0

(Table (54) – (3) – (3.4.4))

Production type	OPDC (Cubic Meter)	EGD Al Furat (Middle) (Barrels)	Variances (Cubic Meter)
Crude Oil	3,829,912	3,829,906	6 ***

(Table (55) – (3) – (3.4.4))

Production type	OPDC (Cubic Meter)	EGD Nasiriyah (Cubic Meter)	Variances (Cubic Meter)
Crude Oil	181,799	181,799	-

(Table (56) – (3) – (3.4.4))

Production type	OPDC (Cubic Meter)	EGD Middle Region (Cubic Meter)	Variances (Cubic Meter)
Crude Oil	3,253,290	4,246,145	(992,855) ****

Source: data presented in the table were reported by the respective entities (Oil Products Distribution Company and Ministry of Electricity/EGD)  
(Table (57) – (3) – (3.4.4))

\* We received the quantities from EGD in (TON), (0.904 TON equivalent to 1 Cubic Meter).

\*\*Each 1 Barrel is equivalent to 6.2891 Cubic Meter, (Crude Oil Price Per Cubic Meter during 2015 was USD 7)

\*\*\* The difference (6 Cubic Meter which is equivalent to USD 42) is due to adoption the principle of rounding by the Ministry of Oil

\*\*\*\*The reason behind the differences (992,855 barrels which is equivalent to USD 6,949,985) were Al Quds Station receives crude oil from the field east of Baghdad through the pipes, while the field receives quantities from Ahdab field and oil pipelines company and the quantities cannot be separated during 2015.

**3.4.5 Reconciliation of natural gas quantities supplied to Electricity Generation Directorates (EGD) (Cubic Meter). Reconciliation performed between Ministry of Electricity and Electricity and Oil Products Distribution Company (OPDC) and no material variances were identified**

Production type	OPDC (Cubic Meter)	EGD Al Furat Middle (Cubic Meter)	Variance (Cubic Meter)
Gas	786,320,067	786,320,067	0

(Table (58) – (3) – (3.4.5))

Production type	OPDC (Cubic Meter)	EGD Basrah (Cubic Meter)	Variance (Cubic Meter)
Gas	2,106,663,773	2,081,086,618	25,577,155 *

(Table (59) – (3) – (3.4.5))

Production type	OPDC (Cubic Meter)	EGD Middle Region (Cubic Meter)	Variance (Cubic Meter)
Gas	901,297,695	901,297,692	3 **

(Table (60) – (3) – (3.4.5))

Production type	OPDC (Cubic Meter)	EGD North Region (Cubic Meter)	Variance (Cubic Meter)
Gas	1,561,571,782	1,561,571,782	0

(Table (61) – (3) – (3.4.5))

Production type	OPDC (Cubic Meter)	EGD Nasiriyah (Cubic Meter)	Variance (Cubic Meter)
Gas	125,333,468	125,333,470	(2)

(Table (62) – (3) – (3.4.5))

- The average price of Natural Gas per Cubic Meter during 2015 was IQD 50, which is equivalent to USD 0.043

\* *The main reason for the differences (25,577,155 Cubic Meter which is equivalent to 1,099,818) are Bzrkan station received from Missan oil not from Distribution Company as well as some technical issues in Nasiriyah's meters*

\*\* *The difference is due to adoption the principle of rounding by the Ministry of Oil*

- Reconciliation of liquid petroleum gas (LPG). Reconciliation performed between South Gas Company, Gas Filling Company and no material variances were identified .

Natural Gas (Cubic Meter)		
SGC	GFC	Variance
770,357	779,817	9,459*

(Table (63) – (3) – (3.4.5))

Source: data presented in the table was reported by the respective entities (SGC and GFC)

- \* The variance (9,459 Cubic Meter which is equivalent to USD 804,015) is due to the fact that there is a leak in the pipeline in the province of Nasiriyah / Dhi Qar, as well as some technical issues in the company's pipeline line meters.

**3.4.6 Reconciliation of liquid petroleum gas (LPG) (Cubic Meter). Reconciliation performed between North Gas Company, Gas Filling Company and no material variances were identified**

Natural Gas (Cubic Meter*)		
NGC	GFC	Variance
224,927	251,072	26,145

(Table (64) – (3) – (3.4.6))

Source: data presented in the table was reported by the respective entities (NGC and GFC)

- \* The figures were provided in tons and we converted the figures to cubic meters for the comparison and reconciliation purpose, (0.904 TON equivalent to 1 Cubic Meter)
- \*\* We noted that amounts LPG received by Gas filling company's sites, which are pumped into pipelines are calculated with (mass) numerator certified by all LPG producing parties (SOC) and tanking companies (Oil Pipelines Co.) and Technical Department at the Ministry of Oil. Adding to that LPG amounts are recognized in accordance with the transfer of ownership documents between (Gas Filling Co.) and (Oil Pipelines Co.), in which financial payment are dues to producing companies

### 3.4.7 Received quantities (Cubic Meters), the reconciliation between Oil Products Distribution Company and Oil Pipeline companies in barrels and no variances were identified

Description	MoO (cubic meters)	OPDC (cubic meters)	OPC (cubic meters)	Variances (cubic meters)
Gasoline	6,489,107	6,489,107	6,489,107	-
Kerosene	1,195,496	1,195,496	1,195,496	-
Gas Oil	4,862,433	4,862,433	4,862,433	-

(Table (65) – (3) – (3.4.7))

Source: data presented in the table was reported by the respective entities (MoO, OPC and OPDC)

### 3.4.8 Reconciliation of natural gas quantities supplied to Ministry of Industry and Minerals' companies that consumed natural gas. Reconciliation performed between Ministry of Industry and Minerals and the ministry's companies no material variances were identified

No	Company Name	Natural Gas (Cubic Meters) / MIM	Natural Gas (Cubic Meters) / MoO	Variances (Cubic Meter)
1	The State Company of Fertilizers South Region (Khor Al Zubair) – South Region	208,570	208,570	-
2	State Company for Petrochemical Ind. – South Region	43,000	43,000	-
3	Naser Company & Somoud (Steel Galoun Factory) - Midland Region	20,000	20,000	-
4	That Sawari / 65 (Al Ratejat Factory) - Midland Region	219	423	204

(Table (66) – (3) – (3.4.8))

Source: data presented in the table was reported by the respective entities (Ministry of Industry and Minerals and the ministry's companies)

**3.4.9 Reconciliation of invested natural gas and total internal consumptions quantities in Cubic Meter. We didn't receive any justification for the below variances.**

National Oil Companies	Invested Natural Gas	Internal Consumption (for MoO) *	Consumption of Natural gas (MIM) **	Variances
Cubic Meter				
North Oil Company	3,023,676	2,176,069	-	847,607
South Oil Company	4,975,470	4,336,316	251,570	387,584
Missan Oil Company	212,115	191,863	-	20,252
Midland Oil Company	640,240	502,127	20,219	117,894

(Table (67) – (3) – (3.4.9))

\* Natural Gas quantities supplied to Ministry of Oil

\*\* Natural Gas quantities supplied to Ministry of Industry and Minerals' companies that consumed natural gas as reported in table section No. (3.4.8).

# 4 Revenue Collection

EITI Requirement:  
4- Revenue collection

## **4.1 Comprehensive disclosure of taxes and revenues**

### **4.1.1 Materiality**

A fundamental element of the EITI is the disclosure and reconciliation of payments and revenue from oil, gas and mining.

The multi-stakeholder group is required to which payments and revenue are material and therefore must be disclosed, including appropriate materiality definitions and thresholds. Payments and revenue are considered material if their omission or misstatement could significantly affect the comprehensiveness of the EITI report. In establishing the materiality definitions and thresholds, the multi-stakeholder group should consider the size of the revenue streams relative to total revenue.

The agreed materiality level for 2015 will be 0.5%. Any discrepancies that equal to or exceed 0.5% must be analyzed and reported as agreed in MSG meeting No. 39 dated on 8 June 2016.

### **As part of the continuous implementation of the Extractive Industries Transparency Initiative (EITI) in Iraq, reconciliation would need to include the following:**

- Revenues and payments reported by Iraqi governmental entities, international crude oil buying Companies and international oil field developing extractive companies operating in central and southern Iraq (excluding KRG)
- oil production and oil export quantities reported by Iraqi governmental entities, national and international oil companies operating in Central and Southern Iraq (excluding KRG), in addition to third party verification companies
- oil and gas quantities for local consumption reported by Iraqi governmental entities, national gas companies, national oil companies, electricity generation directorates and refineries
- Net revenue from sale of oil products to the local market as reported by Ministry of Finance and Oil Products Distribution Company

All companies included in materiality have been reconciled, and the discrepancies have been justified.

## 4.1.2

All income revenues that were included in the Iraqi government federal budget and there is no other income revenues exclude the revenues that generated from Kurdistan region by the borders and selling oil ports, where those revenues were not included in the federal budget.

Reconciliation of the net revenue from the sale of oil products to the local market. Reconciliation performed between Ministry of Finance and Oil Products Distribution Company for years 2014 and 2015 \*

Year	Amount reported by Ministry of Finance for treasury share USD **	Amount reported by Oil Product Distribution Company USD **	Variances
2013	8,822,191,146	8,822,191,146	-
2014	6,965,331,006	6,965,331,006	-
2015	***	6,258,675,565	

(Table (68) – (4) – (4.1.2))

Source: data presented in the table were reported by the respective entities (Ministry of Finance and Oil Product Distribution Company)

\* Figures in this table were provided by the respective entities on accrual basis.

\*\* The figures presented in this table were provided in IQD and converted to US\$ using 1US\$ = 1,166 IQD as an exchange rate.

\*\*\* An announcement has been published by Iraqi Board of Supreme Audit (IBSA) which indicted that it's forbidden to state the company's revenue including Oil Pipeline Company unless the IBSA approved the financial statements of the company

#### 4.1.2.1 Remuneration Fees

For the calculation of remuneration fees please refer to page No. 32 in the previous issued report <http://ieiti.org.iq/ArticleShow.aspx?ID=111>.

The below information regarding remuneration fees as reported by National Oil Companies (by JMC (Joint Management Committee)) and reviewed by PCLD related for 10 fields in 2015, as depicts in the following table:

Oil Field	Operating IOCs	IOC's shares	Remuneration Fee's Recovery (USD)	Remuneration Fee's Recovery (Thousand IQD)
Rumaila	BP	47.63%	377,176,517	439,787,818
	Petro China	46.37%		
	SOMO	6%		
West Qurna (Phase1)	ExxonMobil	32.7%	125,832,065	146,720,187
	Petro China	32.69%		
	Shell	19.61%		
	Pertamina	10%		
	Iraqi Oil Exploration Company	5%		
West Qurna (Phase2)	Lukoil	75%	153,414,362	178,881,146
	NOC	25%		
Zubair	ENI	41.56%	64,309,092	74,984,401
	KOGAS	23.75%		
	Occidental	29.69%		
	Missan Oil Company	5%		
Majnoun	Shell IPD B.V	45%	62,466,116	72,835,491
	Petronas	30%		
	Missan Oil Company	25%		
Halfaya	Petro China	45%	98,315,700	114,636,106
	Total	22.5%		
	Petronas	22.5%		
	SOC	10%		
Missan	CNOOC Iraq	64.75%	0 *	0
	TPAO	11.25%		
	IDC	25%		
Al Gharraf	Petronas	45%	26,955,749	31,430,403
	Japan Petroleum	30%		
	North Oil Company	25%		
Ahadab	Al Waha Petroleum CO. LTD	75%	255,545,984	297,966,617
	Iraqi Oil Exploration Company	25%		

Oil Field	Operating IOCs	IOC's shares	Remuneration Fee's Recovery (USD)	Remuneration Fee's Recovery (Thousand IQD)
Badra	JSC Gazprom	30%	0 *	0
	Korea Gas	22.5%		
	PETRONAS	15%		
	Türkiye (TPAO)	7.5%		
	SOMO	25%		

(Table (69) – (4) – (4.1.1))

\* *Inadequate recovery and accumulated debt for the company.*

#### 4.1.2.1 Reconciliation of remuneration fees between Ministry of Oil and International Oil Companies

Company Name	Oil Field	Remuneration Fees/MoO USD	Remuneration Fees/ Providers USD
BP	Rumaila	377,176,517	0 *
Petro China			

\* *As indicated by BP company / Inadequate recovery and accumulated debt for the company*

(Table (70) – (4) – (4.1.2.1))

Company Name	Field	Remuneration Fees/MoO USD	Remuneration Fees/Providers USD
Exxon Mobile	West Qurna (Phase1)	125,832,065	31,527,073 **
Shell			
Petramina			
PetroChina			

\*\* *The number was specified from ExxonMobil company only*

(Table (71) – (4) – (4.1.2.1))

Company Name	Field	Remuneration Fees/MoO USD	Remuneration Fees/Providers USD
Lukoil	West Qurna (Phase2)	153,414,362	153,414,362

\* *This amount is total of USD 104,311,892 from Shell IPD company and Petronas company for USD 31,911,854.*

(Table (72) – (4) – (4.1.2.1))

Company Name	Field	Remuneration Fees/MoO USD	Remuneration Fees/Providers USD
Shell IPD B.V	Majnon	62,466,116	136,223,746 *
Petronas			

(Table (73) – (4) – (4.1.2.1))

Company Name	Field	Remuneration Fees/MoO USD	Remuneration Fees/Providers USD
ENI	Zubair	64,309,092	54,760,574 *
KOGAS			

\* As indicated from ENI company.

(Table (74) – (4) – (4.1.2.1))

Company Name	Field	Remuneration Fees/MoO USD	Remuneration Fees/Providers USD
CNOOC Iraq	Missan	0 *	0
TPAO			

\* Inadequate recovery and accumulated debt for the company

(Table (75) – (4) – (4.1.2.1))

Company Name	Field	Remuneration Fees/MoO USD	Remuneration Fees/Providers USD
AL WAHA PETROLEUM CO.LTD	Ahadab	255,545,984	To be provided

(Table (76) – (4) – (4.1.2.1))

Company Name	Field	Remuneration Fees/MoO USD	Remuneration Fees/Providers USD
Petro china	Halfaya	110,199,331	7,369,049 *
Total			
Petronas			

\*As indicated from Petronas company, as we didn't receive any information from Total and Petrochina

(Table (77) – (4) – (4.1.2.1))

Company Name	Field	Remuneration Fees/MoO USD	Remuneration Fees/Providers USD
Petronas	Garraf	26,955,749	18,176,135 *
Japan Petroleum			

\* This amount specified from Petronas company, but we didn't receive any information from Japan Petroleum (Table (78) – (4) – (4.1.2.1))

Company Name	Oil Field	Remuneration Fees/MoO USD	Remuneration Fees/Providers USD
JSC Gazprom	Badra	0 *	0
Korea Gas			
PETRONAS			
Türkiye Petrolleri (TPAO)			

Source: data presented in the table was reported by the respective entities (MoO and IOCs)

(Table (79) – (4) – (4.1.2.1))

\* Inadequate recovery and accumulated debt for the company

#### 4.1.2.2 / 4.1.2.3 State Partner & Taxes on Iraqi Oil Companies operations – As reported by Federal Board of Supreme Audit

In addition to revenues collected by Iraq government from oil exports and domestic consumption of oil products, there are other types of revenues, such as taxes:

1. Implementation of Article (4 – Firstly) of the instruction No. 5 for the year 2011 to facilitate the provisions of tax law on income of foreign oil companies contracting for work in Iraq No.(19) for year 2010. Where The Ministry of Oil shall deduct (35%) of the incomes due to the foreign oil companies, its branches and offices and their subcontractors. After reducing the share of the Ministry and transferring the same to the General Commission for Taxes within a period of (30) days, from the date these amounts are paid so that all these operations shall be officially authenticated, and provided that such amounts shall be deemed as trusts for account of the Company to be settled upon making tax accounting in accordance with law.

2. The foreign company shall deduct 7% of gross payment due to its subcontractor according to paragraph (4) of article (28) of income tax law No. (113) for 1982.  
Where amounts should be transferred to the General Commission for Taxes within (30) days from the date of payment provided that such amounts shall be deemed as trusts for account of the Company to be settled upon making final tax accounting provided that the final accounting is completed and tax clearance certificate is issues.
3. Tax trusts shall not be deducted from reconciliation accounting between companies made for covering the mutual expenses between such companies, working within the single contract. which are made on the basis of cost without adding any encumbrances or profits, and provided that the Company's final financial statements shall clearly and transparently reflect such reconciliations and shall not be accompanied with any interests on the balances of these accounts.
4. The actual implementation is currently tax amount is deduct on the profit actual received profit wages amount for each financial year at the Oil Ministry. by the Contracting Companies User Account Review Committee for each field of the coalition contractor, consisting of a number of partners, and the profitability wages are divided among companies in proportion to their participation in the contract and as stipulated in Article (23-3) of the service contract where revenue is deducted for Ministry of Finance / General Authority for taxes in accordance with the mechanism adopted and agreed with the Tax Authority and the Ministry of oil, but the oil ministry and the settlement of tax withholdings who trusts the oil companies with the Ministry of Finance instead of transferring it to the Tax Authority to make the tax reconciliation in accordance with article (4/First) from regulation No.5 for the year 2011
5. Comprehensive disclosure of taxes and revenues
  - Each Contractor shall keep books of account and be individually liable for and pay corporate income tax in accordance with the Law.
  - In no event shall "Regional Oil Company" be liable under this Contract for any taxes payable by Companies outside of Iraq.
  - According to the standardized Technical Service Contracts used in Iraq's four licensing rounds, the only tax liability of contractors (IOCs) operating under Technical Service Contracts shall not exceed corporate income tax levied at a rate not to exceed (35%) of the taxable profit under the law which shall, be deemed the Remuneration Fee received in the relevant year.<sup>(42)</sup>
  - In the event Contractor is subject to any demand to pay other taxes (other than or in excess of Contractor's Income Tax Liability), ROC shall bear and pay on behalf of each entity Contractor all such other or additional taxes
  - ROC shall indemnify and hold each entity Contractor harmless against any and all liabilities relating to the payment of such other or additional taxes

(42) <http://ieiti.org.iq/ArticleShow.aspx?ID=100>

As reported by Federal Board of Supreme Audit

- ROC shall reimburse the same entities for the amount exceeding the Contractor's Income Tax Liability should said excess amount be paid by them.
- According to the income tax law foreign oil companies contracting for work in Iraq No. (19) for the year 2010 – Income tax shall be included on the following contracts: **1)** Exploration, development and production of patches exploratory and fields of oil and gas contracts, **2)** Seismic, drilling and reclamation wells, **3)** Any technical operations associated with the wells, Surface facilities for extraction and production of oil, pipe flow, gas processing plants, geometric inspection and quality control related to the oil industry and **4)** Activities related to the recovery down to the extent of oil and gas

**4.1.2.2 / 4.1.2.3 Reconciliation of the Corporate tax reported by Ministry of Oil, and reviewed by PCLD, for the following Oil Fields:**

**1- Rumaila Oil Fields - Corporate Tax of (116,367,883) USD, (135,684) Million IQD**

Operating IOCs	IOC's shares	Governing Partner's share (1)	Invoices of Companies (2)	Total lifted amount by SOMO (USD)	Lifting Ratio (2/1)
BP	47.63%	11,366,153	2,294,827,143	2,583,486,221.57	113%
Petro China	46.37%				
SOMO	6%				

(Table (80) – (4) – (4.1.2.2))

**2- West Qurna (Phase1) Oil Fields - Corporate Tax of (37,198,204) USD, (43,373) Million IQD**

Operating IOCs	IOC's shares	Governing Partner's share	Invoices of Companies	Total lifted amount by SOMO (USD)	Lifting Ratio
ExxonMobil	32.7%	7,537,452	779,743,600	844,589,085.94	118%
Petro China	32.69%				
Shell	19.61%				
Pertamina	10%				
Iraqi Oil Exploration Company	5%				

(Table (81) – (4) – (4.1.2.2))

**3- West Qurna (Phase 2) Oil Fields – Corporate Tax of (53,695,026) USD, (62,608) Million IQD**

Operating IOCs	IOC's shares	Governing Partner's share	Invoices of Companies (USD)	Total lifted amount by SOMO (USD)	Lifting Ratio
Lukoil	75%	51,138,121	1,706,578,017	3,085,850,518	181%
NOC	25%				

(Tble (82) – (4) – (4.1.2.2))

**4- Zubair Oil Fields - Corporate Tax of (40,177,410) USD, (46,847 ) Million IQD**

Operating IOCs	IOC's shares	Governing Partner's share	Invoices of Companies (USD)	Total lifted amount by SOMO (USD)	Lifting Ratio
ENI	41.56%	5,490,305	1,332,017,603	1,448,129,252	109%
KOGAS	23.75%				
Occidental	29.69%				
Missan Oil Company	5%				

(Table (83) – (4) – (4.1.2.2))

**5- Majnoun Oil Fields - Corporate Tax of (26,149,718) USD, (30,491 ) Million IQD**

Operating IOCs	IOC's shares	Governing Partner's share	Invoices of Companies (USD)	Total lifted amount by SOMO (USD)	Lifting Ratio
Shell IPD B.V	45%	29,538,611	1,142,292,505	1,855,011,139	162%
Petronas	30%				
Missan Oil Company	25%				

(Table (84) – (4) – (4.1.2.2))

**6- Halfaya Oil Fields - Corporate Tax of (15,929,827) USD, (18,574) Million IQD**

Operating IOCs	IOC's shares	Governing Partner's share	Invoices of Companies (USD)	Total lifted amount by SOMO (USD)	Lifting Ratio
Petro China	45%	11,883,631	1,213,010,485	1,131,297,600	93%
Total	22.5%				
Petronas	22.5%				
SOC	10%				

(Table (85) – (4) – (4.1.2.2))

**7- Missan Oil Fields - Corporate Tax of (6,084,043) USD, (7,094) Million IQD**

Operating IOCs	IOC's shares	Governing Partner's share	Invoices of Companies	Total lifted amount by SOMO (USD)	Lifting Ratio
Lukoil	75%	0	735,109,240.0	684,291,948.26	93%
NOC	25%				

(Table (86) – (4) – (4.1.2.2))

**8- Al Gharraf Oil Fields - Corporate Tax of (13,100,436) USD, (15,275) Million IQD**

Operating IOCs	IOC's shares	Governing Partner's share	Invoices of Companies (USD)	Total lifted amount by SOMO (USD)	Lifting Ratio
Petronas	45%	10,973,309	885,910,287	898,024,263	110%
Japan Petroleum	30%				
North Oil Company	25%				

(Table (87) – (4) – (4.1.2.2))

**9- Ahadab Oil Fields - No Corporate Tax \***

Operating IOCs	IOC's shares	Governing Partner's share	Invoices of Companies (USD)	Total lifted amount by SOMO (USD)	Lifting Ratio
Al Waha Petroleum CO. LTD	75%	85,181,995	1,069,949,078	872,957,108	82%
Iraqi Oil Exploration Company	25%				

\* The corporate taxes on Al Ahdab Oil field is refundable taxes, therefore no corporate taxes recorded on this field

(Table (88) – (4) – (4.1.2.2))

**10- Badra Oil Fields - No Corporate Tax**

Operating IOCs	IOC's shares	Governing Partner's share	Invoices of Companies (USD)	Total lifted amount by SOMO (USD)	Lifting Ratio
JSC Gazprom	30%	0	757,670,275	181,380,455	24%
Korea Gas	22.5%				
PETRONAS	15%				
Türkiye (TPAO)	7.5%				
SOMO	25%				

(Table (89) – (4) – (4.1.2.2))

#### 4.1.2.2 / 4.1.2.3 Corporate tax reconciliation between Ministry of Oil and International Oil Companies

Field	Company Name	Tax / MoO USD	Tax / IOC USD	Variance USD
Majnoun	Petronas - Majnoun	26,149,718	31,015,542 *	-
	Shell - Majnoun			

\* As reported by Shell (USD 31,015,542), and no corporate tax was recognized by Petronas for Majnoun Oil Field  
(Table (90) – (4) – (4.1.2.2))

Field	Company Name	Tax / MoO USD	Tax / IOC USD	Variance USD
WEST QURNA (2)	Lukoil	0	53,695,027 *	53,695,027

\*As reported by Lukoil  
(Table (91) – (4) – (4.1.2.2))

Field	Company Name	Tax / MoO USD	Tax / IOC USD	Variance USD
WEST QURNA (1)	Pertamina Iraq	37,198,204	To be provided	-
	Shell West Qurna		17,249,170 **	
	ExxonMobil Iraq Limited		17,249,170 *	
	Petrochina		To be provided	

\* As reported by ExxonMobil  
(Table (92) – (4) – (4.1.2.2))

\*\* As reported by North Oil Company

Field	Company Name	Tax / MoO USD	Tax / IOC USD	Variance USD
Gharraf	JAPEX GARRAF LTD	13,100,436	9,848,965 *	3,251,471
	PETRONAS GARRAF		0	

(Table (93) – (4) – (4.1.2.2))

\* As reported by JAPEX and no corporate tax was recognized by Petronas for Garraf Oil Field

Field	Company Name	Tax / MoO USD	Tax / IOC USD	Variance USD
Zubair	KOGAS ZUBAIR	40,177,410	To be provided	-
	OCCIDENTAL ENERGY IRAQ LLC		To be provided	
	ENI IRAQ B.V.		19,166,200*	

\*As reported by ENI

(Table (94) – (4) – (4.1.2.2))

Field	Company Name	Tax / MoO USD	Tax / IOC USD	Variance USD
Halfaya	PETRONAS HALFAYA	15,929,827	11,521,973 *	-
	TOTSA TOTAL			
	PETROCHINA HALFAYA			

\* As reported by North oil Company

(Table (95) – (4) – (4.1.2.2))

Field	Company Name	Tax / MoO USD	Tax / IOC USD	Variance USD
Missan	CNOOC IRAQ LIMITED & TP TPAO	6,084,043	0	6,084,043

(Table (96) – (4) – (4.1.2.2))

Field	Company Name	Tax / MoO USD	Tax / IOC USD	Variance USD
Ahdab	AL WAHA PETROLUM	0	0	-

(Table (97) – (4) – (4.1.2.2))

Field	Company Name	Tax / MoO USD	Tax / IOC USD	Variance USD
Badra	TPAO BADRA LTD.	0	To be provided	-
	PETRONAS BADRA			
	KOGAS BADRA B.V.			
	GAZPROM NEFT BADRA B.V			

\* No corporate tax was recognized by Petronas for Halfaya Oil Field

(Table (98) – (4) – (4.1.2.2))

Field	Company Name	Tax / MoO USD	Tax / IOC USD	Variance USD
Al Rumaila	BP PETROCHINA INTERNATIONAL	116,367,884	87,521,874	-

\* As reported by BP

(Table (99) – (4) – (4.1.2.2))

#### 4.1.2.4 Signature Bonuses

No signature bonuses were paid from IOC's during the year of 2015.

#### 4.1.3 Internal Service payments\* - reconciliation between SOMO and North Oil Company in calendar year 2015 and no variances were noted

Month	Internal Service Payment as per SOMO (IQD)	Internal Service Payment as per NOC (IQD)
Jan	0	0
Feb	25,000,000,000	25,000,000,000
Mar	35,000,000,000	35,000,000,000
Apr	35,000,000,000	35,000,000,000
May	35,000,000,000	35,000,000,000
Jun	23,000,000,000	23,000,000,000
Jul	25,000,000,000	25,000,000,000
Aug	20,000,000,000	20,000,000,000
Sep	20,000,000,000	20,000,000,000
Oct	0	0
Nov	25,000,000,000	25,000,000,000
Dec	20,000,000,000	20,000,000,000
<b>Total</b>	<b>263,000,000,000</b>	<b>263,000,000,000</b>

Source: data presented in the table was reported by the respective entities (SOMO and NOC)

(Table (100) – (4) – (4.1.3))

\* Internal service payments are payments received by National Oil Companies (NOCs) to cover the production cost of crude oil. These payments are made by the Ministry of Finance to SOMO which in turn makes the required transfers to the NOCs on a monthly basis.

#### 4.1.3 Internal Service payments - reconciliation between SOMO and Missan Oil Company in calendar year 2015 and no variances were noted

Month	Internal Service Payment as per SOMO (IQD)	Internal Service Payment as per MOC (IQD)
Jan	16,000,000,000	16,000,000,000
Feb	20,025,008,000	20,025,008,000
Mar	0	0
Apr	20,000,000,000	20,000,000,000
May	0	0
Jun	20,000,000,000	20,000,000,000
Jul	15,000,000,000	15,000,000,000
Aug	0	0
Sep	20,000,000,000	20,000,000,000
Oct	0	0
Nov	0	0
Dec	0	0
<b>Total</b>	<b>111,025,008,000</b>	<b>111,025,008,000</b>

Source: data presented in the table was reported by the respective entities (SOMO and NOC)

(Table (101) – (4) – (4.1.3))

### 4.1.3 Internal Service payments - reconciliation between SOMO and South Oil Company in calendar year 2015 and no variances were noted

Month	Internal Service Payment as per SOMO (IQD)	Internal Service Payment as per SOC (IQD)
Jan	50,000,000,000	50,000,000,000
Feb	50,000,000,000	50,000,000,000
Mar	0	0
Apr	0	0
May	75,000,000,000	75,000,000,000
Jun	0	0
Jul	50,000,000,000	50,000,000,000
Aug	0	0
Sep	40,000,000,000	40,000,000,000
Oct	0	0
Nov	0	0
Dec	0	0
<b>Total</b>	<b>265,000,000,000</b>	<b>265,000,000,000</b>

Source: data presented in the table was reported by the respective entities (SOMO and SOC)

(Table (102) – (4) – (4.1.3))

### 4.1.3 Internal Service payments - reconciliation between SOMO and Midland Oil Company in calendar year 2015 and a material variances were noted

Month	Amount / SOMO (IQD)	Amount / MDOC (IQD)	Variance (IQD)*
Jan	0	27,553,313,000	(27,553,313,000)
Feb	0	25,472,334,000	(25,472,334,000)
Mar	0	28,245,460,000	(28,245,460,000)
Apr	0	24,572,644,000	(24,572,644,000)
May	0	27,817,563,000	(27,817,563,000)
Jun	0	28,901,091,000	(28,901,091,000)
Jul	0	31,518,048,000	(31,518,048,000)
Aug	0	31,736,199,000	(31,736,199,000)
Sep	16,000,000,000	30,332,619,000	(14,332,619,000)
Oct	0	33,167,068,000	(33,167,068,000)
Nov	0	31,646,672,000	(31,646,672,000)
Dec	8,000,000,000	27,036,390,000	(19,036,390,000)
<b>Total</b>	<b>24,000,000,000</b>	<b>347,999,401,000</b>	<b>(323,999,401,000)</b>

Source: data presented in the table was reported by the respective entities (SOMO and MoOC) (Table (103) – (4) – (4.1.3))

\* We have been informed by the respective team of MDOC that the due amount from SOMO was (IQD 347,999 Million), however, the actual amount paid by SOMO and received by MDOC was (IQD 24 Billion) during 2015, and the main reason for that is lack of solvency and liquidity of SOMO to pay this amount.

## 4.2 Sale of the state's share of production or other revenues collected in kind

### 4.2.1 Social Expenditures (USD) information received from National Oil Companies (reviewed by PCLD) during 2015 for Oil Fields

Fields	Companies Shares	Total Social Contribution Expenditure (USD)	Cash Social Contribution Expenditure (USD)	In-Kind Social Contribution Expenditure (USD)	Purpose
Missan Oil Fields	CNOOC : 64.75% TPAO: 11.25% IDC: 25%	81,339*	2,688	78,651	<ul style="list-style-type: none"> <li>3 sets of Dell Desktop Computer</li> <li>3 sets of HP Printers and</li> <li>An amount handled by MOC and rebilled to CNOOC</li> </ul>
Helfaya Oil Fields	Petrochina 45% Total 22.5% PETRONAS 22.5% SOC 10%	1,054,907*	-	1,054,907	<ul style="list-style-type: none"> <li>Training, Education and Scholarships</li> <li>Furniture and Equipment and school buses</li> <li>Drinking water Treatment Plan</li> </ul>
Ahdeb Oil Fields	AL WAHA: 75 % SOMO: 25%	480,729*	-	-	<ul style="list-style-type: none"> <li>school bags and pencil bags to Ahrar Town by PR dept</li> <li>cleaning and enlarging a irrigation channel for Ahrar city</li> <li>cleaning up construction wastes for a local school in Ishbiliya village</li> <li>building a bank for Ahrar city</li> </ul>
Badra Oil Fields	Gaaprom: 30% KOGAS: 22.5% Petronas Carigali: 7.5% Iraq Oil Exploration Company 25%	152,180*	-	-	<ul style="list-style-type: none"> <li>Delivery of two ambulance vehicles</li> <li>Construction of decorative and safety wall adjacent to Al-Maathir school building</li> <li>PR Badra Charity Items (Food and School items)</li> <li>Delivery of two ambulance vehicles</li> </ul>
Al Rumila Oil Field	British Petroleum (47.63%) Petrochina (46.37%) SOMO (6%)	3,037,911	-	-	The total budget for the year 2015 was USD 5,000,000

Fields	Companies Shares	Total Social Contribution Expenditure (USD)	Cash Social Contribution Expenditure (USD)	In-Kind Social Contribution Expenditure (USD)	Purpose
Al Zubair Oil Field	KOGAS (41.56%), Occidental (29.69%), ENI (41.56%), Missan Oil Company (5%)	1,608,501***	1,608,501	-	Rehabilitation and renovation schools and for 5 schools
West Qurna (1) Oil Field	ExxonMobil (32.7%), Petro China (32.69%), Shell (19.61%), Pertamina (10%), Iraq Oil Exploration Company (5%)	N/A	N/A	N/A	-
West Qurna (2) Oil Field	Lukoil (75%) North Oil Company (25%)	96,215****	96,215	-	The total budget for the year 2015 was USD 5,000,000. Social expenditure for the year: - Sponsoring football tournament - Supply of equipment to medical centers - Supply of portable water to schools - Sponsoring Madeina Sport Club
Majnoun Oil Field	Shell (45%), Petronas (30%), Missan Oil Company (25%)	1,178,794	1,178,794	-	The total budget for the year 2015 was (as reported by Shell (USD 3,665,951). Social expenditure for the year: - Al Dair School upgrade (welfare) - Al Nashwa Gids School
Al Gharraf Oil Field	Petronas (45%), Japan Petroleum (30%), NOC (25%)	108,116*****	-	108,116	- Science workshop for primary students - School campaign on HSE - Food distribution for Ramadan - Meat distribution for Eid Al Adha - Maintenance of Area (1.2.1)

\* Recoverable Social Contribution Expenditure

\*\* Non - Recoverable Social Contribution Expenditure

\*\*\* As reported by ENI

\*\*\*\* As reported by Lukoil

\*\*\*\*\* As reported by Petronas

**4.2.2 Social Expenditures (USD) information received from National Oil Companies during 2015 for the respective companies**

Oil Company	Total Social Contribution Expenditure (USD)	Cash Social Contribution Expenditure (USD)	In-Kind Social Contribution Expenditure (USD)	Purpose
South Oil Company	489,532	478,214	11,318	<ul style="list-style-type: none"> <li>- For Nidal Tuma (Cancer Treatment) in total USD 4,288</li> <li>- For AlGHadeer Mosque (USD 95,013)</li> <li>- For AlGHadeer Mosque (USD 80,977)</li> <li>- Al Hasheed Shabbi Donation 214,408</li> <li>- For AlGHadeer Mosques (USD 66,159)</li> <li>- Lafta Radi (Cancer Treatment) (USD 8,576)</li> <li>- Pipelining for Hussinia Mosque (USD 9,291)</li> <li>- Water Pipelining for Hussinia Mosque (USD 2,027)</li> <li>- RO Treatment (USD 4,502)</li> <li>- Processions travel for Ashuraa (USD 3,576)</li> </ul>
North Oil Company	0	0	0	-
Midland Oil Company	418,078	418,078	-	<ul style="list-style-type: none"> <li>- Reward by His Excellency the Minister for the staff of the oil sector (USD 275,300)</li> <li>- Water Pipelining for Hussinia Mosque (USD 85,763)</li> <li>- Allowances to the company's staff for (marriages and births) (52,984)</li> <li>- Benefits for employees by the authority of the General Manager (USD 4,031)</li> </ul>
Missan Oil Company *	0	0	0	-

(Table (105) – (4) – (4.2.2))

\* There was no social contribution expenditure for social services during the year 2015 where he explained that the financial statements had been approved by the audit supreme

### **4.3 Infrastructure provisions and barter arrangements**

There are no items within oil licensing contracts for barter arrangements as its not applying with any paragraph of dealing with the oil companies in Iraq

### **4.4 Transportation revenues**

There are no any transportation revenue that its not implemented

### **4.5 Transactions related to State-owned enterprises**

Cost of producing oil barrel at national production companies is calculated under the approved budget law for 2015, as Ministry of Finance calculate it and convert those amounts in IQD to SOMO, where SOMO transfers them as internal payments to the national companies which have been mentioned earlier in point (No. 4.1.3).

### **4.6 Sub-national payments – Not Applicable**

### **4.7 Level of disaggregation**

Data where submitted by National Oil Companies, Technical Department and Petroleum Contracts and Licensing Directorate at the Ministry of Oil, and International Oil Companies which operates in licensing rounds. In addition to the data submitted by Ministry of Industry and Minerals, and other entities that have contributed to submit data for IEITI report using the provided templates.

### **4.8 Data timeliness**

IEITI Report will be covered the period starting from January 1<sup>st</sup> 2015 till December 31<sup>st</sup> 2015

#### **4.9.1 Data quality and assurance**

KPMG Kawasmy and Partners( KPMG) was appointed by The Iraqi Extractive Industries Transparency Initiative (IEITI) as the Independent Administrator (IA) to produce the annual IEITI report for the year 2015, according to the service contract number IEITI-CI-QCBS-03 dated 14 May 2015 in MSG minutes of meeting No. 38 dated on 27 April 2016.

**4.9.2** The work and of the IA to develop the 2015 IEITI report will occur in five phases, as defined by the MSG, with specific timelines and deliverables for each phase, this is explained in details under the methodology and approach section of this report, as depicts in 2015 Inception Report <http://ieiti.org.iq/ArticleShow.aspx?ID=112>.

**4.9.3** We have considered various sources for 2015 IEITI report, including:

- 2016 TOR's and EITI standards
- EITI website(s) and resources
- EITI annual reports issued by other countries.
- Other publicly available sources of information.

# 5 Revenue Allocations

EITI Requirement:  
5- Revenue allocations

## 5.1 Distribution of extractive industry revenue

### 5.1.1 Insights from 2015 Budget of the Federal Government of Iraq

In January 2015 Iraq's parliament passed the 2015 budget of 119 trillion Iraqi dinars (almost USD 102 billion). That included a 16% cut in spending, funds to every ministry were decreased. The budget also attempts to raise revenue, by introducing sales tax on mobile and internet cards, airline tickets, vehicles, alcohol and cigarettes.

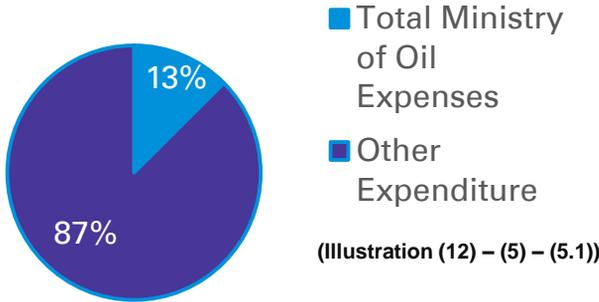
Revenue from export of crude oil was calculated based on the average price of \$ 56 PB and at exports rate (3.300) Million BPD including (250,000) BPD produced by KRG, and (300,000) BPD Produced by Kirkuk, total accrued revenues were reported to the general treasury department of Iraq.

Iraq's federal budget has increased to five times its size between 2004 and 2015. No matter how much oil revenue enters the treasury, budgets always had a deficit of around 20 percent, while actual spending always amounts to 70 percent or more. This leaves less than 30 percent for investment and development.

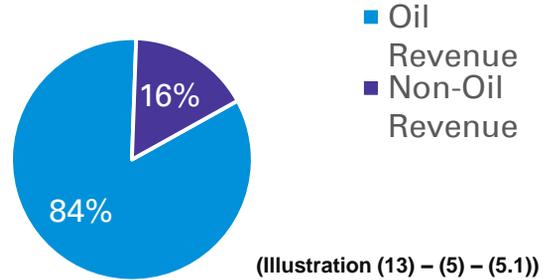
Statement	Amount (Million IQD)	Amount (Million USD)
Oil Revenue	78,649,032	67,452
Non-Oil Revenue	15,399,332	13,206
Total Revenue	94,048,364	80,658
Ministry of Oil Current Expenditure	999.593	857,284
Current Expenditure	78,248,392	67,108
Ministry of Oil Investment Expenditure	14,000	12
Investment Expenditure	41,214,037	35,346
Total Ministry of Oil Expenses	14,999.593	12,864,145
Total Expenses	119,462,429	102,454
Gross Budget Deficit	25,414,065	21,795

(Table (106) – (5) – (5.1.1))

**Ministry of Oil Share of Total Expenditure <sup>(42)</sup>**



**Oil Contribution in total Revenue <sup>(43)</sup>**



Based on section No. 4.1.2 – “All income revenues that were included in the Iraqi government federal budget and there is no other income revenues exclude the revenues that generated from Kurdistan region by the borders and selling oil ports, where those revenues were not included in the federal budget”.

**5.2 Subnational transfer**

According to the budget law for the year 2015, an amount of USD 2 has been allocated for each barrel of crude oil produced in Iraqi Governorates, and USD 2 for each barrel of refined oil and USD 2 as well for each 150 cubic meters of natural gas produced. An amount of 1,752 billion IQD was allocated as projects for Iraqi Governorates in order to achieve an increase in crude oil revenues. Also, 50% of the allocated amount is used based on the approved exchange plan sanctioned by the Governor, to be use for the purposes of electric energy and environment projects for areas most damaged from crude oil productions and refining, for the remaining USD 3 are covered by the share of the Governorate.

**5.2.1 Petrodollar - Total Petrodollar as reported from Ministry of Oil was IQD 394,658 million, apportioned as following:**

Description	For the Year 2015 (IQD)	For the Year 2015 (USD)
<b>Al Basra Governorate</b>	382,658,000,000	328,180,103
<b>Al Ta'mem Governorate</b>	12,000,000,000	10,291,595
<b>Total Petrodollar</b>	394,658,000,000	338,471,698

(Table (107) – (5) – (5.2.1))

(43) [http://www.iraq-ig-law.org/ar/webfm\\_send/1574](http://www.iraq-ig-law.org/ar/webfm_send/1574)

### 5.2.2 Cost recovery

below information regarding cost recovery as reported by National Oil Companies (by JMC (Joint Management Committee)) and reviewed by MoO - PCLD related for 10 fields in 2015, as depicts in the following table:

Oil Field	Operating IOCs	IOC's shares	Cost Recovery (USD)	Cost Recovery (Thousand IQD)
Rumaila	BP	47.63%	2,330,126,442	2,716,927,431
	Petro China	46.37%		
	SOMO	6%		
West Qurna (Phase1)	ExxonMobil	32.7%	792,452,914	924,000,097
	Petro China	32.69%		
	Shell	19.61%		
	Pertamina	10%		
	Iraqi Oil Exploration Company	5%		
West Qurna (Phase2)	Lukoil	75%	2,563,552,463	2,989,102,171
	NOC	25%		
Zubair	ENI	41.56%	1,244,423,455	1,450,997,748
	KOGAS	23.75%		
	Occidental *	29.69%		
	Missan Oil Company	5%		
Majnoun	Shell IPD B.V	45%	1,167,461,233	1,361,259,797
	Petronas	30%		
	Missan Oil Company	25%		
Halfaya	Petro China	45%	1,160,798,779	1,353,491,376
	Total	22.5%		
	Petronas	22.5%		
	SOC	10%		

Oil Field	Operating IOCs	IOC's shares	Cost Recovery (USD)	Cost Recovery (Thousand IQD)
Missan	CNOOC Iraq	64.75%	462,128,899	538,842,296
	TPAO	11.25%		
	IDC	25%		
Al Gharraf	Petronas	45%	721,934,198	841,775,274
	Japan Petroleum	30%		
	North Oil Company	25%		
Ahadab	Al Waha Petroleum CO. LTD	75%	754,361,166	879,585,119
	Iraqi Oil Exploration Company	25%		
Badra	JSC Gazprom	30%	231,830,902	270,314,831
	Korea Gas	22.5%		
	PETRONAS	15%		
	Türkiye (TPAO)	7.5%		
	SOMO	25%		

(Table (108) – (5) – (5.2.2))

\* Please note that Occidental company has withdrawn from Al Zubair Field, as they didn't get the authentication yet from Al Zubair Field.

For the calculation of cost recovery, please refer to page No. 32 in the previous issued report <http://ieiti.org.iq/ArticleShow.aspx?ID=111>

### 5.2.3 Reconciliation of cost recovery between Ministry of Oil and International Oil Companies

Company Name	Oil Field	Cost Recovery /MoO USD	Cost Recovery / Providers USD
BP	Rumaila	2,330,126,442	1,279,023,445 *
PetroChina			

(Table (109) – (5) – (5.2.3))

\* The number was specified the cost recovery from BP company only as we didn't receive the relevant information from Petro China company yet.

Company Name	Oil Field	Cost Recovery /MoO USD	Cost Recovery / Providers USD
ExxonMobil	West Qurna (Phase1)	792,452,914	254,037,843 **
Shell			
Petramina			
PetroChina			

(Table (110) – (5) – (5.2.3))

\*\* The number was specified the cost recovery from ExxonMobil company only

Company Name	Oil Field	Cost Recovery /MoO USD	Cost Recovery/ Providers USD
Lukoil	West Qurna (Phase2)	2,563,552,463	2,563,552,463

(Table (111) – (5)– (5.2.3))

Company Name	Oil Field	Cost Recovery /MoO USD	Cost Recovery / Providers USD
CNOOC	Missan	462,128,899	To be provided
TPAO			

(Table (112) – (5) – (5.2.3))

Company Name	Oil Field	Cost Recovery /MoO USD	Cost Recovery / Providers USD
AL WAHA PETROLEUM CO.LTD.	Ahadab	754,361,166	To be provided

(Table (113) – (5) – (5.2.3))

Company Name	Oil Field	Cost Recovery /MoO USD	Cost Recovery / Providers USD
ENI	Zubair	1,244,423,455	584,611,151 *
KOGAS			

\* This amount specified from ENI company only.

(Table (114) – (5) – (5.2.3))

Company Name	Oil Field	Cost Recovery /MoO USD	Cost Recovery / Providers USD
Shell IPD B.V	Majnoun	1,167,461,233	2,631,647,846*
Petronas			

\* The amount specified from Shell IPD company is USD 1,750,424,315, and specified from USD 881,223,531 from Petronas company.

(Table (115) – (5) – (5.2.3))

Company Name	Oil Field	Cost Recovery /MoO USD	Cost Recovery / Providers USD
Petro China	Halfaya	1,160,798,779	298,234,021*
Total			
Petronas			

(Table (116) – (5) – (5.2.3))

\* This amount specified from Petronas company, but we didn't receive any information from Total or Petrochina

Company Name	Oil Field	Cost Recovery /MoO USD	Cost Recovery / Providers USD
Petronas	Al Gharraf	721,934,198	492,286,751*
Japan Petroleum			

\* This amount specified from Petronas company.

(Table (117) – (5) – (5.2.3))

Company Name	Oil Field	Cost Recovery /MoO USD	Cost Recovery / Providers USD
JSC Gazprom	Badra	231,830,902	59,252,555 *
Korea Gas			
PETRONAS			
Türkiye Petrolleri (TPAO)			

(Table (118) – (5) – (5.2.3))

\* This amount specified from Petronas company, but we didn't receive any information from JSC or Korea Gas or TPAO

### 5.3 Revenue management and expenditures

**5.3.1** Based on the approved budget for the year 2015, regional development provision amounted to 3,500 Billion IQD, which is equivalent to 3 Billion USD (Including Kurdistan Region).\*

*\*A thesis Analysis investment policies of extractive industries in Iraq with focusing on contracts after 2003*

**5.3.2** Final records has been audited by Iraqi Board of Supreme Audit (IBSA) and the preparation and issuance of the audit reports, in addition to issuance of final records for each year, where it is approved by Iraqi parliament. Up to the date of preparation of this report final record for the year 2013 has been approved as depicts in the following link:

[http://www.d-raqaba-m.iq/pages\\_ar/home.aspx](http://www.d-raqaba-m.iq/pages_ar/home.aspx)

**5.3.3** According to the International Energy Agency, Iraq has the potential to earn USD 5 trillion in oil revenues between 2013 and 2035. For the same time period, it is estimated that Iraq will provide 45% of global production growth and become the world's second largest exporter of oil. <sup>(44)</sup>



(44) <https://eiti.org/iraq>

(Illustration (14) – (5) – (5.3.3))

# 6 Social & Economic Spending

EITI Requirement:  
6- Social and economic spending.

## 6.1 Social Expenditure by extractive companies

Extractive companies operating in Iraq carried out a number of social projects where some benefits appeared cash payments and the other was in kind payments.

These payments can be summarized as follows:

Cash payments	In-Kind Payments
<p>These are <u>monetary</u> payments relating to contributions made by extractive companies to promote local development and to finance social projects.</p> <p>They include, inter alia, health infrastructure, school infrastructure, road infrastructure and other projects and donations for local communities.</p>	<p>These are <u>non-monetary</u> payments relating to contributions made by extractive companies to promote local development and to finance social projects.</p> <p>They include, inter alia, health infrastructure, school infrastructure, road infrastructure and other projects and donations for local communities.</p>

(Table (119) – (6) – (6.1))

(Table (120) – (6) – (6.1))

- The social expenditures include different sectors such as sports & Recreation, Health, Community studies and workshops and Environmental improvements.
- For more details about the impact of social benefits please refer to page No. 39 from IEITI annual activity report <http://ieiti.org.iq/ArticleShow.aspx?ID=119>.
- Social Contribution Expenditure's have been added to section No. 4.2 .

## 6.2 Quasi –fiscal expenditure – Not Applicable

### 6.3.1 Iraqi Business Overview

In the past few years, Iraq has stood out as one of the most economically promising but overlooked investment opportunities in the world. In 2012, Iraq's GDP growth stood at 9.3 percent, the sixth fastest in the world, and its economy and industries only stand to improve and grow. <sup>(45)</sup>

Oil dominates the Iraqi economy, accounting for 95 percent of the country's foreign exchange, but capital flows have created space for other sectors like construction or retail services to grow as well <sup>(46)</sup>

In January 2016, Iraq has lost 70% of its revenues due to the drop in oil prices, as it reached \$ 30 per barrel. It is worth mentioning that the country's production will exceed 4.5 million barrels per day as estimated in 2016 federal budget

### 6.3.2 The following table highlights Iraq economic and financial figures during 2015, according to Ministry of Planning Records <sup>(47)</sup>

2015	IQD	USD
GDP at Current Prices	196.8 (Trillion IQD)	168,782,161,235
Average GDP at Current Prices per capita (in Current Prices)	4.6 (Million IQD)	3,945
GDP at Constant Prices	169.7 (Trillion IQD)	145,540,308,748
Average GDP at Constant Prices per capita (in Constant Prices)	4.6 (Million IQD)	3,945
Inflation		1.4 %
Contribution of crude oil activity in the GDP at current prices		33.1 %
Contribution of agriculture activity in the GDP at current prices		4.6%
Contribution of industry activity in the GDP at current prices		3.1%
Private sector contribution to total GDP at current prices		-
Total budgeted revenues	94,048,364 Thousands	80,658,974

(45) <http://www.irfad.org/iraq-investment-environment-2014/>

(46) <https://www.imf.org/external/pubs/ft/scr/2015/cr15235.pdf>

(47) <http://www.cosit.gov.iq/ar/national-accounts/income>

[http://www.cosit.gov.iq/documents/statistics\\_ar/Trade/for%20trade/Full%20Reports/.202015%20للسنة%20للصادرات%20السنوي%20التقرير.pdf](http://www.cosit.gov.iq/documents/statistics_ar/Trade/for%20trade/Full%20Reports/.202015%20للسنة%20للصادرات%20السنوي%20التقرير.pdf)

2015	IQD	USD
Total actual revenue of crude oil	59,387,053 Thousands	50,932,292
Actual crude oil contribution		63%*
Total budgeted crude oil revenue	78,649,032 Million	50,932,292,453
Total actual revenue of crude oil / total budgeted crude oil revenue		76% **

(Table (121) – (6) – (6. 3.2))

- \* Barrel price expectations and the productions as per the budget for the year 2015 resulted in this ratio, where budgeted barrel oil was USD 60 and the actual was USD 44.46 also the actual productions varies from the projected as well).
- \*\* Total actual revenue of crude oil (as reported by SOMO) divided by total budgeted crude oil revenue (as reported by Iraqi 2015 budget) equal to 76% (where by non oil revenue has a minimum effect on the result, also the difference is due to the low expectation of crude oil revenue).

### 6.3.3 The table depicts the total revenue of crude oil (USD) as reported by Development Fund of Iraq (DFI) no material variances were identified:

Total Revenue (USD)		
Development Fund of Iraq	(Thousand USD)	(Million IQD)
Total Crude Oil Exported according to SOMO's books	35,457,722	41,343,703,852
Less (Fines charged against sales invoices)	(80,508)	(93,872,328)
Less (Collections deposited in the collection of oil sales account)	(2,024,192)	2,360,207,872-
Add Cash deposited in the collection account	3,993,419	4,656,326,554
Add Amounts transferred by the Central Bank of Iraq	5,698,776	6,644,772,816
Add Interest	8	9,328
Total amount transferred by us recovery	0	0

Total Revenue (USD)		
Total Crude Oil lifted	13,585,852	15,841,103,432
Total Revenue *	50,932,301	59,387,062,966

(Table (122) – (6) – (6.3.3))

\* Total revenues were calculated by subtracting total crude oil lifted from transferred amount by the Central Bank of Iraq and by adding receipts deposited in the collection account.

#### 6.3.4 Number of employees utilized as reported by General Inspector of MoO for Ministry of Oil as follows:

Serial	Entity	Number of Employees	Occupied	Ratio
1	Head quarter of MoO	1,893	1,266	0.95%
2	SOMO	350	294	0.22%
3	North Oil Company	14,009	12,694	9.58%
4	South Oil Company	28,148	26,383	19.90%
5	Missan Oil Company	4,656	4,549	3.43%
6	Oil Projects Company	3,800	3,344	2.52%
7	Oil Explorations Company	2,444	1,862	1.40%
8	Oil Tanker Company	500	435	0.33%
9	Oil Drilling Company	8,000	7,877	5.94%
10	Midland Refineries company	7,951	6,804	5.13%
11	South Oil Refineries	7,279	6,836	5.16%
12	North Oil Refineries	10,400	10,059	7.59%
13	Oil Distribution Company	23,650	22,504	16.97%
14	North Gas Company	3,287	2,983	2.25%
15	South Gas Company	6,000	5,178	3.91%
16	Oil Pipeline Company	6,764	6,075	4.58%
17	Gas Filling Company	7,212	6,814	5.14%
18	Oil Research and development Center	346	332	0.25%
19	Oil Training Center / Baghdad	589	580	0.44%
20	Baiji Oil Training Institute	232	308	0.23%
21	Basrah Oil Training Institute	406	385	0.29%
22	Kirkuk Oil Training Institute	220	200	0.15%
23	Heavy Engineering Equipment State Co.	2,355	2,310	1.74%
24	Midland Oil Co.	3,645	2,470	1.86%
25	Oil Culture Center	55	31	0.02%
	Total	144,191	132,573	

(Table (123) – (6) – (6.3.4))

**6.3.5 Total numbers of employees in the Iraqi Oil Extraction Sectors for the year 2015 were 46,096, which is equivalent to 2% of total Iraqi employees for, as depicts in the following table:**

Entity	Occupied Employees <sup>(48)</sup>
North Oil Company	12,694
South Oil Company	26,383
Missan Oil Company	4,549
Midland Oil Co.	2,470
Total	46,096
total Iraqi employees	3,027,069
Share of national oil companies employees to the total Iraqi employee	2%

(Table (124) – (6) – (6.3.5))

(48) Source: *Iraqi facts newspaper (2015)* - <http://www.moj.gov.iq/view.1426/>

- The following table illustrates the total number of employees in licensing rounds for (2015):

Oil Fields	Number of Iraqi Employees	Number of Foreign Employees	Ratio (Foreign to Iraqi)
Ahdab Oil Field	2,013	1019	198%
Badra Oil Field	266	2480	11%
Helfaya Oil Field	630	416	151%
Missan Oil Field	411	218	189%
Rumaila Oil Field	7,458	503	1483%
Zubair Oil Field	2,749	206	1334%
West Alqurna (1)	1,664	248	671%
West Alqurna (2)	633	546	116%
Majnoun Oil Field	676	811	83%
Garraf Oil Field	275	460	60%
Seiba Oil Field	139	6	2317%
Total	16,914	6,913	245%

(Table (125) – (6) – (6.3.5))

Total number of employees of Basra Gas Co. as reported by company was 5500 employees (5200 Iraqi employees and 300 foreign employees) which is Equivalent to %17 of total Iraqi employees is Iraq for 2015

Please note that the IOC's mentioned in the above table didn't send any information about total employees numbers, and no information is available from PCLD.

- The following table illustrates IOC's training programs amounts in licensing rounds for years (2010 - 2015), depicting the budgeted amount, actual spent and the remaining amounts:

## 1- Lukoil Company

Year	Budgeted amount (USD)	Actual Spent (USD)	Remaining Amounts (USD)
2010	5,000,000	2,014,057	2,985,943
2011	5,000,000	1,704,390	3,295,610
2012	5,000,000	4,545,952	454,048
2013	5,000,000	2,341,184	2,658,816
2014	5,000,000	4,110,979	889,021
2015	5,000,000	3,403,249	1,596,751

(Table (126) – (6) – (6.3.5))

## 2- ENI Company

Year	Budgeted amount (USD)	Actual Spent (USD)	Remaining Amounts (USD)
2010	4,328,765	0	4,328,765
2011	5,000,000	0	5,000,000
2012	5,000,000	3,198,273	1,801,727
2013	5,000,000	3,746,332	1,253,668
2014	5,000,000		1,584,012
2015	5,000,000	3,415,988	5,000,000

(Table (127) – (6) – (6.3.5))

## 3- Petronas Company

Year	Budgeted amount (USD)	Actual Spent (USD)	Remaining Amounts (USD)
2010	5,000,000	2,744,670	2,255,330
2011	5,000,000	1,614,232	3,385,768
2012	5,000,000	3,626,036	1,373,964
2013	5,000,000	2,049,520	2,950,480
2014	5,000,000	4,055,733	944,267
2015	5,000,000	97,011	4,902,989

(Table (128) – (6) – (6.3.5))

## 4- Exxonmobile

Year	Budgeted amount (USD)	Actual Spent (USD)	Remaining Amounts (USD)
2010	4,200,000		
2011	5,000,000		
2012	5,000,000		
2013	5,000,000	5,155,826	24,184,174
2014	5,000,000		
2015	5,000,000		

(Table (129) – (6) – (6.3.5))

## 5- BP Company

Year	Budgeted amount (USD)	Actual Spent (USD)	Remaining Amounts (USD)
2010	5,000,000	0	5,000,000
2011	5,000,000	1,957,745	3,042,255
2012	5,000,000	0	5,000,000
2013	5,000,000	1,083,943	3,916,057
2014	5,000,000	3,614,390	1,385,610
2015	5,000,000	4,696,859	303,141

(Table (130) – (6) – (6.3.5))

## 6- Shell Company

Year	Budgeted amount (USD)	Actual Spent (USD)	Remaining Amounts (USD)
2010	4,166,667	0	4,166,667
2011	5,000,000	417,578	4,582,422
2012	5,000,000	4,322,608	677,392
2013	5,000,000	185,330	4,814,670
2014	5,000,000		392,211
2015	5,000,000	4,607,789	5,000,000

(Table (131) – (6) – (6.3.5))

## 7-Exploration No. 9

Year	Budgeted amount (USD)	Actual Spent (USD)	Remaining Amounts (USD)
2013	916,000	0	916,000
2014	1,000,000	0	1,000,000
2015	1,000,000	0	1,000,000

(Table (132) – (6) – (6.3.5))

## 8-Exploration No. 10

Year	Budgeted amount (USD)	Actual Spent (USD)	Remaining Amounts (USD)
2013	1,000,000	851,184	148,816
2014	1,000,000		-146,961
2015	1,000,000	1,146,961	1,000,000

(Table (133) – (6) – (6.3.5))

## 9-Exploration No. 12

Year	Budgeted amount (USD)	Actual Spent (USD)	Remaining Amounts (USD)
2013	1,000,000	0	1,000,000
2014	1,000,000	0	1,000,000
2015	1,000,000	0	1,000,000

(Table (134) – (6) – (6.3.5))

## 10- Kuwait Energy

Year	Budgeted amount (USD)	Actual Spent (USD)	Remaining Amounts (USD)
2011	500,000	0	500,000
2012	1,000,000		
2013	1,000,000	1,357,355	1,142,644
2014	1,000,000	0	1,000,000
2015	1,000,000	0	1,000,000

(Table (135) – (6) – (6.3.5))

- The following table illustrates training courses related for IOC's in licensing rounds :

Company Name	Training Courses	Participating Oil Companies	Notes
Kuwait Energy	1	10	The two courses related for the year 2013 which were implemented in 2015
Shell	7	107 participants /7 workshops (63 participants)	The training courses related for the year 2014 which were implemented in 2015
Petronas	7	80 participants / One workshop (2 participants)	The training courses related for the year 2014 which were implemented in 2015
Lukoil	6	64 participants and One workshop with 5 participants	The training courses related for the year 2014 which were implemented in 2015
Eni	12	135 participants	The training courses related for the year 2014 which were implemented in 2015
Luke Oil (Exploration No 10)	6	64 participants	The training courses related for the year 2014 which were implemented in 2015
BP	12	175 participants	The training courses related for the year 2014 which were implemented in 2015
ExxonMobil	4	39 participants	-

(Table (136) – (6) – (6.3.5))

For more details on this topic please refer to the following link:

<http://ieiti.org.iq/uploads/2015%20Report/Oil%20Compaies%20Trainigs.pdf>

### 6.3.6 Iraqi Governorate:

- The following table depicts the major Iraqi Governorates related to the extractive industries:<sup>(49)</sup>

Governorate	Population	Number of Oil Fields	Oil Reserve (Million Barrel)
Basra	2,750,000	15	65,000
Missan	1,000,000	11	8,500
Karkuk	1,500,000	6	13,500
KRG	5,000,000	5	3,160
Baghdad	7,665,000	1	-
Wasat	1,303,000	-	-

(49) [http://www.shafaaq.com/ar/Ar\\_NewsReader/a5883202-7c89-428d-b5eb-77ab45e80e1e](http://www.shafaaq.com/ar/Ar_NewsReader/a5883202-7c89-428d-b5eb-77ab45e80e1e)  
<http://raseef22.com/economy/2015/04/28/distribution-of-oil-and-its-revenues-on-iraqi-provinces/>

(Table (137) – (6) – (6.3.6))

# 7 Impact

EITI Requirement:  
7- Outcomes and impact.

7.1 Public Debate																					
<p>According to our contract with IEITI and KPMG, it is obligated to print the 2015 final report along with a number of flash memories. The following table compares the numbers of copies and flash memory for the year 2015:</p>																					
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 20%;">No. of Copies (2015)</th> <th style="width: 20%;">No. of electronic Copies (Flash memory)</th> <th style="width: 30%;">Executive Summary (flash memory)</th> </tr> </thead> <tbody> <tr> <td>7.1.1 Arabic Version of IEITI report</td> <td style="text-align: center;">500</td> <td style="text-align: center;">1000</td> <td style="text-align: center;">1000</td> </tr> <tr> <td>Kurdish Version of IEITI report</td> <td style="text-align: center;">0</td> <td style="text-align: center;">200</td> <td style="text-align: center;">200</td> </tr> <tr> <td>English Version of IEITI report</td> <td style="text-align: center;">200</td> <td style="text-align: center;">500</td> <td style="text-align: center;">500</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">700</td> <td style="text-align: center;">1700</td> <td style="text-align: center;">1700</td> </tr> </tbody> </table>			No. of Copies (2015)	No. of electronic Copies (Flash memory)	Executive Summary (flash memory)	7.1.1 Arabic Version of IEITI report	500	1000	1000	Kurdish Version of IEITI report	0	200	200	English Version of IEITI report	200	500	500	Total	700	1700	1700
	No. of Copies (2015)	No. of electronic Copies (Flash memory)	Executive Summary (flash memory)																		
7.1.1 Arabic Version of IEITI report	500	1000	1000																		
Kurdish Version of IEITI report	0	200	200																		
English Version of IEITI report	200	500	500																		
Total	700	1700	1700																		
<p>IEITI contributed to spread EITI goals by printing thousands of brochures, USB's, magazines, distributing copies of reports, ... etc, during the year 2015. The following link depicts the activities for distributing the previous copied reports:</p> <p><a href="http://ieiti.org.iq/uploads/2015%20Report/Annual%20Activity%20Report.pdf">ieiti.org.iq/uploads/2015%20Report/Annual%20Activity%20Report.pdf</a></p>																					
7.1.2	<p>The data contained in the reports is open and available easily and can be compared with other publicly available data.</p>																				
7.1.3	<p>The IEITI report for the year 2014 had been published on the official website as depicted of the following link:</p> <p><a href="http://ieiti.org.iq/ArticleShow.aspx?ID=111">http://ieiti.org.iq/ArticleShow.aspx?ID=111</a></p> <p>Please note as well that the summary data were published on CSV and XLSX format, as depict in the below link for the year 2014:</p> <p><a href="http://ieiti.org.iq/uploads/2014%20Report/Summary%20Data%20Template%20FINAL2014%20v7.xlsx">http://ieiti.org.iq/uploads/2014%20Report/Summary%20Data%20Template%20FINAL2014%20v7.xlsx</a></p> <p>For the year 2013:</p> <p><a href="http://ieiti.org.iq/uploads/report2013/Summary%20Data%20Template%202013%20v4.xlsx">http://ieiti.org.iq/uploads/report2013/Summary%20Data%20Template%202013%20v4.xlsx</a></p>																				
7.1.4	<p>All IEITI reports has been printed and published in three languages (Arabic, Kurdish, English)</p>																				
7.1.5	<p>The following link illustrates the activities performed by the members and representatives of the Government in MSG as following:</p> <p><a href="http://ieiti.org.iq/ArticleShow.aspx?ID=119">http://ieiti.org.iq/ArticleShow.aspx?ID=119</a></p>																				

(Table (138) – (7) – (7.1))



## Discrepancies and recommendation from IEITI Reports

We have spent considerable time reviewing the recent published EITI reports for other countries and reviewing the lessons learned and the issues encountered to try to identify items that may be helpful for consideration by the MSG for the IEITI program. We have also had considerable internal discussions with team members. We have summarized some of the issues we believe are significant and applicable to the IEITI implementation:

Observation	Recommendation
<p>Guidance on Reporting by companies</p>	<ul style="list-style-type: none"> <li>▪ In addition to providing detailed instructions of how to complete the reporting templates, the IA recommends that an additional effort be established to create an open informational session for all reporting companies prior to the dispatching of reporting templates.</li> <li>▪ The reporting template can be discussed and instructions and guidance can be reviewed for the preparation of the payment reports. We suggest this approach as a means to help achieve the overall objectives of the IEITI.</li> </ul>
<p>Accuracy of completion of templates</p>	<ul style="list-style-type: none"> <li>▪ EITI Requirement (5) seeks to ensure a credible EITI reporting process so that the EITI Report contains reliable data that is appropriately sourced and documented. The reporting entities and relevant government agencies should have controls in place over the EITI reporting template preparation to confirm that they are complete and accurate before submission.</li> <li>▪ We recommend that the MSG establish a communication plan for reporting companies to make sure that the companies are aware of the importance of the data they are providing and that due care and attention is paid during the preparation of these reports.</li> </ul>
<p>Clearly defined deadlines</p>	<ul style="list-style-type: none"> <li>▪ A clearly defined deadline should be set up and written in the letter sent out by the MSG and the reporting template sent out by IA. At least one reminder of the reporting deadline should be sent out to the reporting companies and related government agencies. The mailing list of the reporting companies should be updated to confirm and document that all relevant companies are included as a part of the overall population.</li> </ul>

Observation	Recommendation
<p>Voluntary disclosure of supporting information</p>	<ul style="list-style-type: none"> <li>▪ As a guideline to the reporting, the companies should be encouraged to attach detailed specifications on each reporting item specifying amounts and payment dates, to simplify the reconciliation work.</li> <li>▪ Detailed specifications increase the efficiency of the reconciliation process, reduce the need for follow up with companies and can help to improve the quality of the reported data.</li> <li>▪ For a more reliable EITI reporting, the instructions sent out with the reporting templates to extractive companies will indicate that when compiling their templates, extractive entities and related government agencies are encouraged to provide the IA with schedules showing a breakdown of all amounts included.</li> <li>▪ Increase awareness of the differences between Unified Iraqi Accounting System and the International Financial Reporting Standards in order to ensure consistency among all companies and institutions. Such awareness can be done through holding some training session on a continuous basis.</li> </ul>

(Table (141) – (7) – (7.3))

**Review the outcomes and impact of EITI implementation.****EITI Challenges**

**The civil society may not be aware of social contributions in extractive industries**

**Outdated information regarding the oil reserves**

**Identify who owns companies and who benefits: The identity of the real owners – the ‘beneficial owners’ – of the extractive companies is often unknown**

**Inconsistency in reporting; local standards Vs. IFRS or Cash Vs. Accrual basis**

**Recommendation**

Reporting of the social contribution of the extractive industries whether cash or in-kind contributions and awareness should also be done by the reporting entities as well

EITI should recommend the government to assess the reserves in areas with significant extractive interests. More clear information on proven and probable geological reserves could ensure more efficient production and fiscal planning.

- Disclosure of beneficial ownership.
- Establish public beneficial ownership registers.

Request from all reporting entities to prepare their financial statements in accordance with IFRS

**IEITI Challenges**

**Recommendation**

**Inaccurate license payments to government**

The MSG should advise the government to improve their routines for monitoring licensing data and fees in order to ensure that government records on licenses and the annual license payments are consistent and accurate.

**Focusing on compliance with the rules and issuing of annual reports and disregarding the information to turn recommendations into reforms**

- Place adequate emphasis on the discussion and implementation/ follow up of recommendations.
- Ensure that the information in the reports is useful in providing recommendations for reform.
- Focusing more on turning reports into results.

**Various governing authorities of the extractive industries in additions to the contracts and licensing requirements**

Raise the need for enhanced legal framework

**Completeness of information from KRG**

Research from credible sources to add relevant information

(Illustration (15) – (7) – (7.3))

## 7.4 Review the outcomes and impact of EITI implementation

### 7.4.1

One of the main activities for IEITI during 2015 were researching and reviewing the impact implementation of the natural resource in Iraq, as summarized in the activity report for 2015:

<http://ieiti.org.iq/ArticleShow.aspx?ID=119>

In accordance with issued instructions by the Ministry of Oil in February 2014, all IOC's are obligated to disburse an amount of five million dollars annually for social contribution projects in the areas of productions that is included within the petroleum costs item.

To add another value for 2015 report, we have added environmental impact studies prepared by international companies to study the environmental impact of the production areas as follows:

### Health, Safety and Environment

There are number of laws that will affect how petroleum operations are conducted. For example:

- Labor Law No. 71 of 1987, sets certain restrictions and special provisions for employers in relation to their labor force working in hazardous or arduous work environments (which include oil and gas exploration and extraction).
- Protection of the Environment Law No. 27 of 2009, contains broad restrictions and requirements applicable to oil and gas operations.
- Preservation of Hydrocarbon Resources Law No. 84 of 1985, broadly prohibits any wastage of oil and gas resources.
- Protection of Rivers and Public Waters from Pollution Regulations No. 25 of 1967, which broadly prohibits discharging any pollutants into fresh waters.

## Environment Impact Analysis

In Federal Iraq, for projects that may cause harm to the environment, an Environmental Impact Assessment (EIA) must be submitted by the "project owner" as required by the Protection of the Environment Law No. 27 of 2009.

The technical services contracts (TSCs) include obligations to present such EIAs promptly after the TSCs become effective and later as part of a redevelopment plan. Approval for the project must be obtained from the Ministry of Environment.

### The contractors and operators shall undertake the following regarding the environment:

- Adopt Best International Petroleum Industry Practices in conducting and monitoring Petroleum Operations and take necessary and adequate steps to make all efforts to prevent environmental damage.
- Comply with the requirements of the Law and reasonable requirements of ROC.
- Develop detailed guidelines for environmental protection, monitoring and community interaction as a condition for Petroleum Operations.

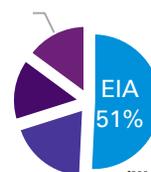
## Environmental Impact Studies

Environmental impact studies are used to ensure environmental management and are considered as part of the approvals process for all development proposals that require assessment by local government or have the potential to harm the environment. It also allow for greater level of public scrutiny. The Studies should aim to present technical solutions and actions to avoid or minimize various environmental impacts from the works of drilling and mining.

According to the studies of environmental impact list sent by Studies, Planning, and Follow-up Department of the Ministry of Oil in Iraq dated July 27, 2016, the major two studies conducted were the Environmental Impact Assessment (EIA) and Environmental, Social and Health Impact Assessment (ESHIA), Although both, ESHIA and EIA can be applied for any kind of mining and drilling projects levels, a persistent need to call some other kind of study appeared in some cases to maintain the risk, have a full cognition of project’s hazards towards the environment, and control the consequences of projects, like waste management plans, air assessment, environmental impact baseline study and contamination assessment & remediation.

42 projects took place all over Iraq where around 67 study were applied- a project can be studied in more than one perspective, the pie chart on the right illustrates these studies.

- EIA – Environmental Impact Assessment
- EBS – Environmental Baseline Impact Assessment
- ESHIA – Environmental, Social and Health, Impact Assessment
- Others – Waste Management Plan, Air Impact Assessment, Air Quality Monitoring, Contamination & Remedial Assessment



(Illustration (16) – (7) – (7.4))

For more details on this topic, please refer to:

<http://ieiti.org.iq/uploads/2015%20Report/Environment.pptx>

# Kurdistan Region

## Introduction regarding KRG data

We would like to highlight the challenges that have been faced by our team during the information collection from Kurdistan. This led to our inability to obtain, reconcile, and match information related to KRG for the transparency report of 2015.

On 12<sup>th</sup> July 2016, we received a letter from the Transparency Initiative for Extractive Industries in Iraq, in order to facilitate our mission in KRG. Accordingly, Our team met the Ministry of Natural Resources representatives in Kurdistan on 25<sup>th</sup> July 2016 and 8<sup>th</sup> of August 2016, who apologized for not providing the requested information, explaining that the ministry of Natural Resources can't provide any party with information, and such information requests shall be done directly through the Ministry of Oil only.

Thus, the following slides related to KRG oil and gas industry were extracted from published data.

## Economy of Kurdistan Regional Government (KRG)

The Kurdistan region's economy is dominated by the oil industry (with potential reserves of around 45 billion barrels), agriculture and tourism. Due to relative peace in the region it has a more developed economy in comparison to other parts of Iraq.

In 2006, the first new oil well was drilled in the Kurdistan region by the Norwegian energy company DNO. Initial indications were that the oil field contains at least 100 million barrels (16,000,000 m<sup>3</sup>) of oil and will be pumping 5,000 bbl /d (790 m<sup>3</sup>/d) by early 2007.<sup>(50)</sup>

The stability of the Kurdistan region has allowed it to achieve a higher level of development than other regions in Iraq. In 2004, the per capita income was 25% higher than in the rest of Iraq.

Low global oil prices are weakening Iraqi Kurdistan's finances. Although the cash-strapped Kurdish government has managed to export oil independently of Baghdad since June 2015, it will increasingly rely on foreign support the longer oil prices remain depressed, regardless of how much control it has over its oil export revenue.

(50) [http://minerals.usgs.gov/minerals/pubs/commodity/phosphate\\_rock/mcs-2015-phosp.pdf](http://minerals.usgs.gov/minerals/pubs/commodity/phosphate_rock/mcs-2015-phosp.pdf)

## Constitutional and legal framework for the oil sector in KRG

In 2007, the Kurdistan Regional Government (KRG) elected to fill the void created by the absence of a Federal Oil and Gas Law by enacting its own oil and gas law, the Kurdistan Oil and Gas Law No. 28 of 2007.

The Kurdistan Region and some of the provinces of Iraq interpret the Constitution to mean that they should be able to control the extraction of oil and gas within their borders. With respect to the Kurdistan Region of Iraq, the Ministry of Natural Resources (MNR) of the Kurdistan Regional Government (KRG) has taken de facto control of oil and gas within its borders and has been regulating activities in the sector since 2008.

The MNR has entered into over forty production sharing contracts (PSCs) with oil companies. The Kurdistan Environment Protection Commission is responsible for overseeing and regulating environmental matters in Kurdistan.

### **key features of the leases, licenses or concessions which are issued under the regulatory regime**

A production sharing contract model utilized by the Kurdistan Regional Government. In this contractual model the contractor undertakes petroleum operations at its sole risk and expense.

If petroleum operations are successful, the contractor is entitled to a share of production to recover the costs of petroleum operations (cost oil) and a share proportion of remaining production (profit oil), which is shared with Government.

The Government has a carried interest in a number of contracts that it may assign to third parties.

## Kurdistan Transparency Initiative Background

Transparency has been the cornerstone of the Kurdistan Region's investment laws and policies. The Extractive Industry Transparency Initiative was incorporated as an article in the regional oil and gas law in 2007, and helps ensure transparency and proper budgetary management of oil revenues. The full version of the Kurdistan Oil and Gas Law has been available to the public since 2007, and the Ministry of Natural Resources has ensured that all production-sharing contracts including any amendments are available for all to see online.

### Tax structure for Contracts

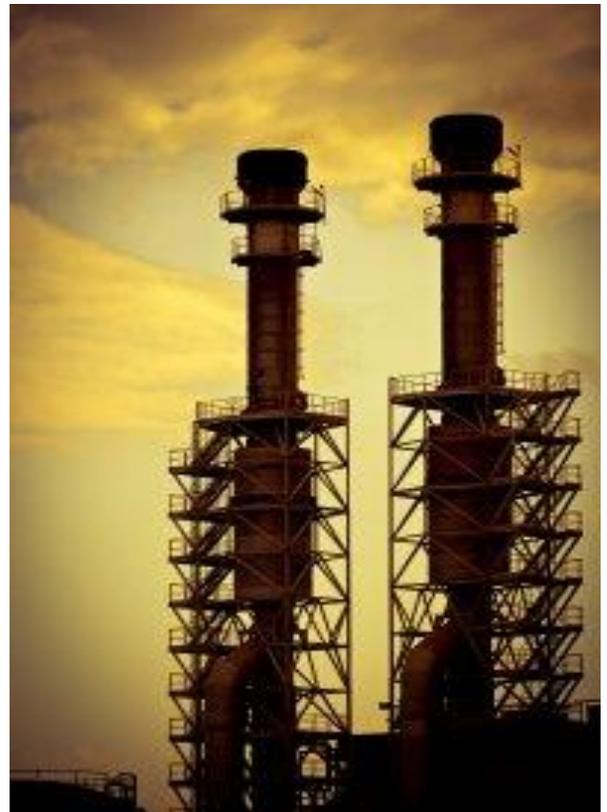
Per the terms of the PSC in Kurdistan, the contractor is subject to income tax, but the tax is paid on its behalf by the KRG from its share of Profit Oil.

Income tax is currently 15% of taxable income. The KRG indemnifies the contractor against other taxes. The contractor's production is subject to a 10% royalty rate payable to in cash or in kind as the KRG

elects (Articles 37 and 41, Kurdistan Oil and Gas Law and the terms of the PSCs).<sup>(51)</sup>

### Environment Impact Analysis (EIA)

In Kurdistan, the PSCs require the submission of EIAs to the Kurdistan Regional Government.



(51) <http://us.practicallaw.com/9-581-2725>

## KRG Budget

According to the General Federal Budget of the Republic of Iraq for the Fiscal year 2015, published in the official gazette, no. 4352; KRG budgeted expenditures were as follows:

Budgeted current Expenditures (Million Iraqi Dinar)	Budgeted Investment Expenditures (Million Iraqi Dinar)	Budgeted Total Expenditure (Million Iraqi Dinar)
9,296,559.702	5,520,915.288	14,817,474.99

(Table (142) – KRG)

The federal budget also highlighted the following items regarding KRG:

**Article 1(B):** “Revenues from exporting crude oil are calculated based on an average price of \$56 per barrel and an average export of 3,300,000 bpd including 250,000 bpd from quantities of the Kurdistan Region produced crude oil and 300,000 bpd from quantities of Kirkuk Governorate produced crude oil and registering all fulfilled revenues, as a final, actual revenue, in the account of the general treasury.”

**Article 10 (1st):** “The Kurdistan Region’s share is specified to be 17% of gross expenses explained in (sovereign expenses) is paid by the Federal Finance Ministry.”

### Erbil and Baghdad reach agreement on Kirkuk oil exports

Baghdad and Erbil agreed on November 2014 to sign a deal that provide assistant from Baghdad to KRG. In exchange for Erbil's export of 550,000 bpd (KRG will facilitate the export of 300,000 oil (bpd) from Kirkuk’s oil fields, in addition to 250,000 from KRG-controlled oil wells) of crude oil through Turkey's Ceyhan port, where Baghdad's oil marketing company would sell to foreign customers, Baghdad would give 17 percent of its budget to the KRG — roughly, the amount needed to cover Erbil's monthly bill of \$1.1 billion. <sup>(52)</sup>

(52) [www.stratfor.com/analysis/why-iraqi-kurdistan-struggling-pay-its-bills](http://www.stratfor.com/analysis/why-iraqi-kurdistan-struggling-pay-its-bills)

## Erbil and Baghdad reach agreement on Kirkuk oil exports – Cont'd

However, the deal was terminated in June 2015. Exports through KRG pipeline maintained at around 260,000 BPD – throughout the first quarter of 2015, while planned upgrades to the export pipeline network took place. In accordance, Federal Government gradually scaled down KRG's share (17%) of the total Federal Budget to less than (40%) of the total agreed upon share in June 2015 despite the completion of infrastructure upgrades in April, and the instant increase of KRG pipeline capacity by more than 50%, reaching an average of around 563,000 BPD in cooperation with NOC, which contributed with an average of 150,000 BPD.

Therefore, KRG declared the start of independent direct oil sales, and signed pre-payment deals with some international oil trading companies.

Moreover, though KRG faced political and economic crisis – series of theft and sabotage attacks on the main export pipeline, direct exports and sales growth were maintained to reach a monthly average of around 596,000 BPD on October 2015.<sup>(53)</sup>

Some 43 percent of Kurdish oil exports from Ceyhan went directly to European customers, primarily in Italy. Another 17 percent transferred to ships off the coast of Cyprus, likely bound for other destinations on the Continent. Although Baghdad threatened KRG of legal suit.

Erbil currently owes these firms (buyers) quite a bit of money in back payments. Its debt to DNO stands at approximately \$992 million; to Genel Energy, \$378 million; and to Gulf Keystone Petroleum, \$283 million.<sup>(54)</sup>

Despite its many other financial burdens, KRG made paying off oil company debts one of its top priorities. Toward the end of 2015, upstream activity began to decline, causing total production growth to taper off. DNO, Genel Energy and Gulf Keystone Petroleum have all announced that they will readjust their 2016 budgets if Erbil cannot make its payments consistently — a move that would likely lead to reduce output and drive the KRG's revenue down even further.

(53) Ministry of Natural Resources. MNR Annual Report 2015. [WWW.MNR.KRG.ORG](http://WWW.MNR.KRG.ORG)

(54) [www.stratfor.com/analysis/why-iraqi-kurdistan-struggling-pay-its-bills](http://www.stratfor.com/analysis/why-iraqi-kurdistan-struggling-pay-its-bills)

KRG Oil Production by month in 2015 <sup>(55)</sup>

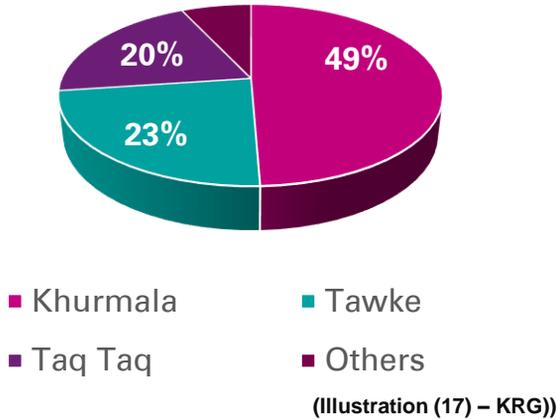
Month	Monthly Production (bbls)	Monthly Growth %	Monthly Average Production (bbls)
January	13,730,638		442,924
February	13,676,470	(0.004)	488,445
March	15,086,817	0.103	486,672
April	18,033,249	0.195	601,108
May	19,534,747	0.083	630,153
June	20,212,221	0.035	673,741
July	19,196,361	(0.050)	619,237
August	17,793,653	(0.073)	573,989
September	18,430,942	0.036	614,365
October	18,417,912	(0.001)	594,126
November	17,613,215	(0.044)	587,107
December	18,983,364	0.078	612,367
Total	210,709,589		577,019.5

(Table (143) – KRG))

(55) Ministry of Natural Resources. MNR Annual Report 2015. WWW.MNR.KRG.ORG

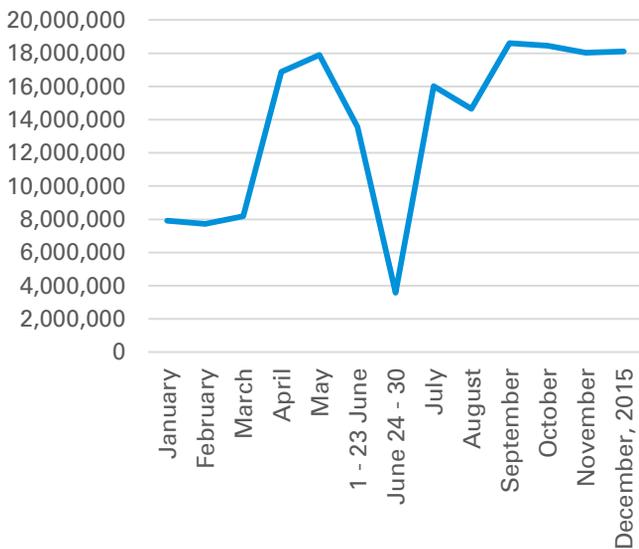
### Oil Annual Production per block in 2015<sup>(56)</sup>

The following graph illustrates the production per block (Khurmala, Tawke, Taq Taq, Akre Bijel, Sarsang, Hawler, Garmian, Shaikhan and Khalakan):



Month / 2015	Total
January	7,914,548
February	7,723,213
March	8,187,697
April	16,878,985
May	17,906,242
1 - 23 June	13,551,401
Total Exports during agreement with federal Government	72,162,086
June 24 - 30	3,579,239
July	16,019,090
August	14,657,798
September	18,614,342
October	18,461,357
November	18,023,075
December	18,105,734
Exports for direct oil sales	107,460,635
Grand Total Exports	179,622,721

### Oil Exports



(Illustration (18) – KRG)

(Table (144) – KRG)

- We have not calculated the monthly growth percentage for January 2015 since it's the first month of 2015.

(56) <http://us.practicallaw.com/9-581-2725>

Oil Supplied to Main Refineries during 2015 <sup>(58)</sup>

Month	Supplied to Tawke (bbls)	Supplied to Bazian (bbls)	Supplied to Kalak (bbls)	Total Supply (bbls)
January	161,531	1,002,302	2,240,288	3,404,121
February	140,776	915,640	2,040,302	3,096,718
March	166,913	906,315	2,181,237	3,254,465
April	167,202	888,368	2,256,674	3,312,244
May	108,262	998,915	2,097,360	3,204,537
June	48,663	979,058	2,404,652	3,432,373
July	104,999	905,640	2,435,959	3,446,598
August	143,721	966,626	2,110,664	3,221,011
September	112,966	806,533	1,321,268	2,240,767
October	128,685	1,026,602	1,367,059	2,522,346
November	124,798	978,570	1,676,073	2,779,441
December	84,035	939,251	1,727,166	2,750,452
Total	1,492,551	11,313,820	23,858,702	36,665,073

(Table (145) – KRG))

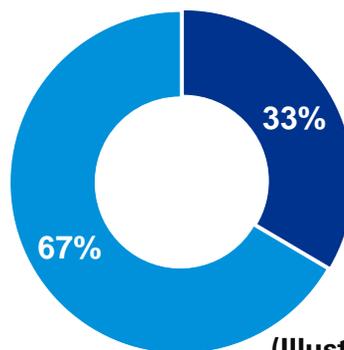
(57) Ministry of Natural Resources. MNR Annual Report 2015. WWW.MNR.KRG.ORG

Oil Revenue for 2015 <sup>(58)</sup>

Month	Paid by federal government (USD)	Achieved through direct export sales (USD)
January	204,918,033	-
February	402,247,760	-
March	432,321,311	-
April	393,496,721	-
May	417,061,475	-
June	136,697,541	876,667,000
June - July	-	440,000,000
July - August	-	585,000,000
August - September	-	550,000,000
September - October	-	721,030,778
October - November	-	127,000,000
November - December	-	650,000,000
Total	1,986,742,841	3,949,697,778

(Table (146) – KRG)

- Paid by federal government (USD)
- Achieved through direct export sales (USD)



(Illustration (158) – KRG)

(58) Ministry of Natural Resources. MNR Annual Report 2015. WWW.MNR.KRG.ORG

**Oil Production, Exports, Refining Per Block <sup>(59)</sup>**

Block	Beginning Tank (BOE)	Stick Tank Production (BOE)	Exports Via Trucking (BOE)	Exports Via KRG Pipeline (BBL)	Internal Consumption (BOE)	Supply To Kalak Refinery (BOE)	Supply to Bazian Refinery (BOE)	Supply Tawke Refinery (BOE)	Operational Use on the field (BOE)	End Stock Tank (BOE)
Tawke	2,034,098	49,337,899	-	41,638,643	6,108,113	-	-	1,492,552	8,397	2,124,292
Khalakan	-	32,026	-	-	32,026	-	-	-	-	-
Sheikhan	706,353	11,134,567	3,753,853	4,909,360	2,473,045	-	-	-	-	704,662
Sarsang	46,673	1,020,770	-	-	1,009,622	-	-	-	-	57,821
Akre Bijel	177,238	355,908	-	-	366,566	-	-	-	-	166,580
Khurmala	2,306,354	103,849,143	-	65,452,028	15,179,214	23,867,620	-	-	-	1,656,635
Hawler	137,889	921,824	785,235	-	119,660	-	-	-	3,205	151,613
Taq Taq	136,483	42,378,998	-	26,661,160	4,459,911	-	11,312,147	-	2,590	79,673
Germian	92,958	1,678,454	-	-	1,656,491	-	1,673	-	-	113,248
Total	5,638,046	210,709,589	4,539,088	138,661,191	31,404,648	23,867,620	11,313,820	1,492,552	14,192	5,054,524

(Table (147) – KRG)

(59) Ministry of Natural Resources. MNR Annual Report 2015. WWW.MNR.KRG.ORG

- As stated by Ministry of Oil no data is available regarding Kurdistan Region. Furthermore, we didn't receive any information about Kurdistan Region Oil Fields from either MoO or MoF.

# Annexures

- **The following table depicts the entities of the reported information that we have received:**

Entity
North Gas Company
South Gas Company
Basra Gas Company
North Oil Company
South Oil Company
Missan Oil Company
Midland Oil Company
Ministry of Oil - Technical Directorate
SHELL INTERNATIONAL EASTERN TRADING COMPANY
Litasco Middle east DMCC
Reliance Industries Limited
GUNVOR SA
CHEVRON
TURKISH PETROLEUM REFINERIES CORP.(TUPRAS)
BP OIL INTERNATIONAL LIMITED
PETRONAS PETCO Trading Labuan Company Limited

Entity
Ministry of Oil- Studies Department
Ministry of Environment
TOYOTA Tsusho Corporation
(CEPSA) Trading SU
ENI Trading & Shipping SPA
SOCAR TRADING SA
Valero
CHINA OIL China National United Oil Corporation
PETROBRAS Global Trading
JX Nippon Oil & Energy Corporation
APIOIL LIMITED
Bharat Oman Refineries Limited
Sinochem International
ZHENHUAOIL China ZhenHua Oil Co.Ltd
GS Caltex Corporation
VITOL REFINING SA

Entity
(CNOOC) China Offshore Oil (Singapore) International Pte Ltd
HPCL-Mittal Energy Limited
IPLOM International SA
PETROGAL S.A.
REPSOL TRADING, S.A.
Phillips 66 International Trading Pte. Ltd
Bharat Petroleum Corporation LTD.
HINDUSTAN
IOC – BP
IOC – Eni
IOC – Exxonmobil
IOC - Shell / Shell West Qurna B.V

Entity
Indian Oil Corporation Limited – India
UNIPEC Asia Co. Ltd.
SARAS S.P.A ITALY
mitsubishi Petro Diamond Company limited Care of Mitsubishi Corporation
Total Oil Trading
MOTOR OIL HELLAS CORINTH REFINERIES S.A
EXXONMOBIL
IOC - Kuwait Energy
IOC - Petronas
IOC - Japex
IOC – Lukoil
IOC - Bashneft

(Table (148) – Executive Summary)

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