

**REPUBLIC OF GHANA**



**PUBLIC INTEREST AND ACCOUNTABILITY COMMITTEE (PIAC)**

**REPORT ON MANAGEMENT OF PETROLEUM REVENUES FOR THE PERIOD**

**1<sup>ST</sup> JANUARY 2012 TO 30<sup>TH</sup> JUNE 2012**

**15<sup>TH</sup> SEPTEMBER 2012**

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## **EXECUTIVE SUMMARY**

The Public Interest and Accountability Committee (PIAC) created by the Petroleum Revenue Management Act 2011 (Act 815) is mandated to perform the following functions in the management of Ghana's petroleum revenues:

- a. Monitoring and evaluating compliance with the Act by the Government and other relevant institutions in the management and use of petroleum revenues.
- b. Providing a platform for public debate on spending prospects of petroleum revenues in line with development priorities.
- c. Providing an independent assessment on the management and use of revenues.

The Committee is also mandated by the law to publish a semi-annual and an annual report by the 15<sup>th</sup> September and 15<sup>th</sup> March each year. The first report of the Committee was issued in May 2012 and covered the management of petroleum revenues for the 2011 financial year. This report covers the management of petroleum revenues for the first half of 2012 (January – June, 2012).

### **Key Findings**

- i. Monthly production declined from 2.11 million barrels in January to 1.77 million barrels in June. The average daily production during the period was 62,985 bopd. This falls short of the 90,000 bopd used in the estimation of the Benchmark Revenue for the 2012 financial year.
- ii. The share of crude oil production lifted by the Ghana Group from the Jubilee field was consistent with the sharing ratio of fiscal regime governing the Jubilee operations. The proportion of crude oil lifted in the first half of 2012 was equivalent to 25.45% of production. This is about 7.5% higher than Ghana's share of petroleum produced during the period because it includes the shortfall of 649, 138 barrels from 2011 that spilled over into 2012 lifting. (See Key Finding iii of PIAC Annual Report for 2011)
- iii. In the first half of 2012 a total quantity of 2,989,367 barrels was exported by the Ghana Group with a net value of US\$326,620,009.43.
- iv. The total amount of US\$327,172,427.15 reported by the Government as petroleum receipts in the first half of the year reflects the true state of affairs. This includes revenues from Jubilee operations, Saltpond operations and surface rentals.

- v. The petroleum revenues received so far in the first half of the year indicate that expectations in respect of royalties and carried and participating interests have been reasonably met relative to their original forecasts. A little over 60% of the revenue targets have already been collected. It is quite likely that the revenue targets in respect of royalties and carried and participating interests will therefore be met at the current level of oil production. However, it is not likely that the year-end target of GH¢1,239.82 million will be met if corporate income taxes are not received during the period.
- vi. Corporate taxes were not paid in the first half of the year in spite of the projected tax revenues expected from the oil companies.
- vii. The selection of the priority sectors for spending the ABFA was guided by the Ghana Shared Growth and Development Agenda, a medium term development framework which puts greater emphasis on road infrastructure and agricultural modernization. The Minister therefore complied with sections 18(2) and 21(2) (d) of Act 815. However, this is still not aligned to a long-term national development plan, as stipulated by Act 815. This is due to the absence of such a plan.
- viii. The provisions of Act 815 on allocation of petroleum revenues have not been strictly followed. An amount of GH¢57,536,827 being excess petroleum revenue collected over the ABFA in the first half of the year and which should have been transferred to the Ghana Petroleum Funds in line with Section 23(1)(a) of Act 815 was not transferred. The excess revenues were allocated to the budget as part of the Annual Budget Funding Amount. This defers the investment incomes the funds could have generated for the Ghana Petroleum Funds if the transfers had been made in line with the law.
- ix. In the first half of the year, the reported expenditure from petroleum revenues allocated for budget support was 29%. In spite of this, funds that should have been transferred to the Ghana Petroleum Funds were allocated to the budget support instead.
- x. The Investment Advisory Committee is in the final stage of the process to propose a set of investment guidelines and policies to the Minister. The Committee engaged the services of a Consultant with extensive experience to review their initial proposal to ensure that it conforms to international best practices. The Minister of Finance and Economic Planning (MOFEP) has been briefed by the same consultant and it is expected that the final document will be ready for adoption by 11th November, 2012.

- xi. Not all the companies engaged in exploration and production of petroleum were reported to have paid Surface Rentals for the period. The Committee did not find evidence that the following companies had paid surface rental into the Petroleum Holding Fund: ENI Ghana, Oranto Petroleum International Limited, and Afren Energy Ghana Ltd.

## **Main Recommendations**

- i. We reiterate our recommendation in the Annual report published in May, 2012 regarding the methodology for determining the Benchmark Revenue. It is quite obvious that once again the inclusion of corporate taxes in the revenue for 2012, has led to an over estimation and a distortion in the amount of the petroleum funds available for appropriation.
- ii. The Ministry of Finance and Economic Planning should ensure that all oil companies operating under license are made to pay their relevant surface rental charges into the Petroleum Holding Funds without further delay.
- iii. The format of reporting on the petroleum receipts should apply to all petroleum transactions including the Saltpond oilfield. Saltpond Offshore Producing Company Limited has provided this information to PIAC but in future reporting on petroleum receipts, Government must publish it in the same way as it does for the Jubilee oil field.
- iv. As a result of the collateralization of the ABFA, Government must develop a plan for servicing its oil revenue-backed loans to ensure the security of the ABFA. It is important for value for money audit to be conducted on the projects funded from the ABFA-collateralized loans to ensure that the value of upfront petroleum revenues is not lost.
- v. Investment guidelines for managing the Petroleum Funds as required by law should be adopted to provide limits on risk exposure and benchmark returns. This is important to ensure prudent investment of the Ghana Petroleum Funds.
- vi. Parliament must decide on the Committee that should consider and lay the PIAC report of 2011 and subsequent reports for debate and adoption. This will ensure accountability of institutions that have mandates under the law.

- vii. Ministry of Finance and Economic Planning must consider utilising a dedicated account to receive the Annual Budget Funding Amount from Bank of Ghana. This will ensure that allocations from this account can be tracked to give meaning to transparency and accountability.



## **I. Introduction**

The Public Interest and Accountability Committee (PIAC) is required under the provisions of Act 815, to publish a semi-annual and an annual Report. The purpose is to give an independent assessment of the management and use of Petroleum revenues.

In fulfilment of this requirement, the Committee published its first Annual Report in May 2012 to cover the activities in the petroleum sector for the year 2011. This report contains materials that provide insight into the management of petroleum revenue for the first half of year 2012.

Specifically, this Report will seek to:

- provide a brief review of the implementation status of the findings and recommendations contained in the 2011 Annual Report;
- review and analyse oil and gas production and lifting from January to June, 2012;
- ascertain whether all the revenues due the State have been duly collected and how they have been accounted for; and
- verify whether the necessary transfers to the Annual Budget Funding Amount and the Ghana Petroleum Funds have been correctly made.

The Report will also cover a few issues in the gas sector and highlight some key issues that emerged during the Committee's public interactions in Takoradi.

## **2. Update on Findings from the PIAC 2011 Annual Report**

PIAC issued its first report in May, 2012. The report covered the management of petroleum revenues in the 2011 financial year. This section provides an update on the key findings and recommendations made in that report. The key Findings included the following:

### **Finding 1. Revenue Spill Over**

Ghana's lifting of crude oil was consistent with the Petroleum Agreements reflecting a royalty of 5% of gross production and a carried and participating interest of 13.75% of net production. Lifting of crude oil in 2011 however spilled-over into 2012 in accumulated stocks of 649,138 barrels of oil, representing about 2% of total Ghana share for 2011. This led to a revenue spill-over of US\$ US\$72.4 million

### **Observation**

The remaining stock for 2011 which was lifted on the 4<sup>th</sup> January 2012 and which led to a revenue spill over of US\$72.4 million into 2012 has been accounted for as part of 2012 receipts. However, the regulations on how to deal with such spill over are yet to be enacted.

## **Finding 2. Disparities in Forecast and Actual Oil Receipts**

There was overestimation of Benchmark Revenue in the 2011 budget. All the revenue streams fell short of their forecast with the exception of carried and participating interests. Corporate taxes in particular were not paid due to capital cost recovery provided for in the Petroleum Income Tax Law 1987 (PNDC Law 188) which allowed the Oil Companies to charge exploration and development costs to their revenues before arriving at the taxable profit.

### **Observation**

The concern about over-estimation reflected in the disparities between revenue forecasts and actual receipts was not addressed in 2012 as petroleum receipts in the first half of 2012 show that the revenue targets for the year might not be met. These taxes are supposed to be paid quarterly, but in the first two quarters, there was no evidence of payment. According to the Ghana Revenue Authority (GRA), the two quarterly returns were filed and no corporate tax was due as per the returns.

## **Finding 3. Surface Rentals not paid into the Petroleum Holding Fund**

Section 6 of Act 815 considers surface rentals as part of the oil receipts. The rentals were paid into the Government of Ghana Non-Tax Revenue Account in 2011. Therefore, for 2011, surface rentals were not accounted for in the Petroleum Holding Fund. This according to the Ministry of Energy was because the International Oil Companies were invoiced before the enactment of Act 815.

### **Observation**

The petroleum receipts in the Petroleum Holding Fund for the first half of 2012 include surface rentals amounting to US\$448,224.60 which have been appropriately lodged into the Petroleum Holding Fund and published in the Gazette in accordance with Sections 6 and 8 of Act 815.

## **Finding 4. Accounting for Funds allocated to GNPC**

In the interest of public accountability and transparency, GNPC was requested to publish an interim report on the utilisation of the funds it received as part of the appropriation of petroleum revenues in 2011 pending the release of its annual report and audited financial statement.

### **Observation**

PIAC has received a detailed report of how funds allocated to GNPC were utilised. In 2011, GNPC received the Cedi equivalent of \$207.96 million from petroleum revenues, (reported as GHC 315,390,698 in Paragraph 6.3 of the 2011 PIAC Annual Report). During the 2012 budget hearings GNPC accounted to Parliament through the Minister of Energy and Minister of Finance and Economic Planning on the use of these funds as follows:

**Table I. Accounts of funds to GNPC**

Item	Amount US \$	Percentage %	Remark
<b>Repayment of Borrowed funds from Jubilee Partners</b>	132, 484, 815.00	63.70	GNPC's share of Development and Operational cost
<b>Acquisition, Processing &amp; Interpretation of SWDTB</b>	30, 315, 185	14.60	
<b>Fabrication &amp; Installation of Deep Water Gas pipelines</b>	28, 119, 624	13.50	As part of natural gas infrastructure project
<b>Staff Cost</b>	7, 661, 475	3.70	
<b>General &amp; Admin Expenditure</b>	9, 383, 204	4.50	
<b>Total</b>	<b>207, 964, 303</b>	<b>100.00</b>	

**Source: GNPC, 2012**

### **Finding 5. Development of Investment Guidelines**

The Investment Advisory Committee and the Minister of Finance and Economic Planning did not provide any investment advice or Investment Guidelines respectively for the investment of the Ghana Petroleum Funds. The investments were done in November, 2011 at which time the Advisory Committee had not been inaugurated. The investment of the petroleum funds in AAA rated Euroclear instruments was therefore done through consultation between the Bank of Ghana and the Ministry of Finance and Economic Planning.

#### **Observation**

The Investment Advisory Committee has now been inaugurated and is functioning having provided advice on the investment of the Ghana Petroleum Funds. However, investment guidelines required to be developed as provided for in Section 30(1) (b) of Act 815 are now in their final stages of development. On the key recommendations in the 2011 Report, the status of implementation is presented as follows:

- a. The Auditor General has completed an audit of the Ghana Petroleum Holding Fund Account and the Ghana Petroleum Funds and issued its report in August, 2012. The Auditor General's Report however revealed that US\$54.9 million realized from the sale of a cargo of crude oil in 2011 was not transferred into the Treasury Main Accounts but into

the Dedicated Cash Proceeds Account numbered 1018631513094, which was not regular and could undermine revenue tracking.

- b. A process for developing a long-term national development plan, an important requirement for guiding the spending of petroleum revenues has been commenced by the National Development Planning Commission. Consultations among stakeholders are ongoing. Even though the Petroleum Revenue Management Act provides alternative options for spending petroleum revenues in the absence of a long-term national development plan, there is consensus among Ghanaians about the necessity of spending petroleum revenues in line with a long-term national development vision.
- c. PIAC continues to face financial problems due to delays in releasing funds to the Committee by Government. The Committee is yet to establish its own Secretariat and continues to rely on the generosity of International Non-governmental Organizations to fund some of its programmes and activities.
- d. Parliament has not yet debated the PIAC 2011 Report due to the difficulty of identifying the Parliamentary Select Committee responsible for laying the Report. Accordingly, Parliament has not demanded explanations from institutions that failed to carry out their mandates provided in Act 815.

### **Other Issues on the 2011 report**



The Committee followed up on expenditures reported to have been made from petroleum funds by the Ministry of Roads and Highways, Ministry of Agriculture and the Ghana Gas Company. We received a response from the Ministry of Roads and Highways giving details of the utilisation of the budget funding amount to them. As indicated in the schedule attached as Appendix I

We are yet to receive responses from Ministry of Food and Agriculture and Ghana Gas Company Ltd.

### **3. Development in the Oil and Gas Industry**

Efforts are far advanced to develop an appropriate Gas processing infrastructure to help commercialise the associated gas extracted from the Jubilee field. According to Ghana National Gas Company (GNGC), between 120 and 140 million standard cubic feet per day (MMSCFD) of gas is expected to be produced during peak production at the Jubilee field. Some gas is slated to be re-injected into the field to boost oil pressure and production, and for retention while a portion is also vented daily. The Government of Ghana having taken into consideration the cost associated with the venting as well as the economic potential for the utilization of gas has, since July 2011, incorporated the Ghana National Gas Company (GNGC) to build, own and operate gas infrastructure required for the gathering, processing, transmission and marketing of natural gas in the country.

**Table 2. Summary of probable Gas Reserves of the Various Discoveries**

No.	Discoveries	Recoverable Reserves (BCF)	Nature of Gas	Expected Field Start-up Date
1	Jubilee – (DWT and WCTP)	1,200	Associated gas	On production
2	Tweneboa – Enyenra Complex – DWT	1,200	Associated and Non-associated gas	2014
3	Sankofa – WCTPN	750	Non- Associated gas	2015
4	North and South Tano	195	Associated gas and Non-associated gas	2016
5	Teak – WCTP	500	Associated gas	2017
6	Mahogany East WCTP	200	Associated gas	2018
7	Dzata – SDWT	800	Associated and Non-associated gas	2018
<b>TOTAL</b>		<b>4,845</b>		

**Source: GNGC, 2012**

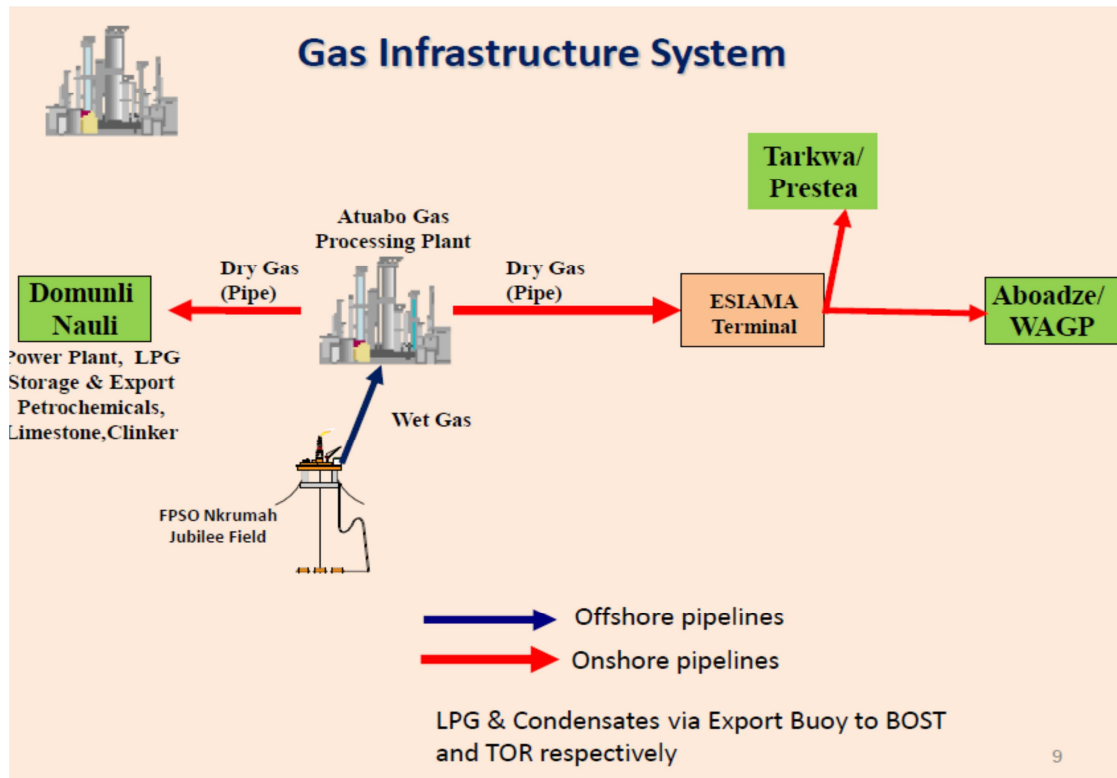
In November 2011, GNGC signed a project Implementation Agreement with China International Petroleum Corporation (Sinopec), to construct and complete the gas processing plant. The project is a fixed price contract to be delivered on turnkey bases with a consortium headed by Sinopec under Engineering Procurement Construction Commissioning (EPCC) Contract. The project details include the following:

- I. A fabricated gas processing plant from the Canadian firm called Thermo Design Engineering (TDE)
- II. An offshore pipeline installation by Italian firm called Micoperri
- III. A Front End Engineering Design (FEED) for the offshore pipeline undertaken by a company called Intecsea/Worley from Australia/US.
- IV. The FEED for the gas processing plant undertaken by a French company called Technip France, which produced the performance benchmark for the processing plant.
- V. A detailed engineering design carried out by a US/British firm called J.P Kenny.
- VI. Site inspection was conducted by Ghana Gas Consultants.
- VII. Certification of the pipes before shipment was conducted by Bureau Veritas in June 2012.

VIII. Velosi Corporation was consulted to undertake quality assurance inspection of the pipes on arrival at the port.

IX. The Ghana Gas Company is working with the Ghana Maritime Agency to chart the already installed 14km deep-water aspect of the project.

The offshore pipeline, the onshore pipeline, the gas processing plant, the NGLs export system, and the office complex are collectively called the Western Corridor Gas Infrastructure Development Project or the Ghana Early Phase Gas Infrastructure Project.



**Figure I: Gas infrastructure System**

**Source: GNGC, 2012**

### 3.1 Progress So far

The Western Corridor Gas Infrastructure Development is progressing as planned. The figure above shows the main components of the project which includes the following:

- I. The offshore raw natural gas pipeline component.
- II. The onshore natural gas processing plant component
- III. The onshore processed (lean gas) natural gas pipeline component.

These three components of the project are currently being implemented in parallel. The fabrication of the pipeline for the shallow water section of the project is completed and shipped to Ghana. The civil works at the Gas Processing Plant near Atuabo is also underway. Two Shipments of the onshore pipelines, about 10,000 pieces have already arrived in the country.

### 3.2 Financing

The cost of the gas infrastructure project (estimated at US\$750 million) is being financed from the US\$3 billion loan from the Chinese Development Bank (CDB). It is important to note that the pre-financing of the main component commenced before first disbursement of the loan. The cost of pre-financing is still not known as at the time of preparing this report. Meanwhile we note further that the loan is collateralized against the Annual Budget Funding Amount (ABFA).

## 4. CRUDE OIL PRODUCTION AND LIFTING (JAN - JUNE 2012)

### 4.1. Carried and Participating Interest

Carried and Participating Interest as reported in the 2011 annual report has changed from 13.75% to 13.64% following redetermination of hydrocarbons in place as at 1<sup>st</sup> December 2011. A redetermination is undertaken whenever new information that substantially affects the volumes of hydrocarbons discovered in the area of operations becomes available. Following the above redetermination therefore, Ghana's carried and participating interest has dropped from 13.75% to 13.64%.

#### 4.1.1. Production Volume

During the period under review (Jan-June, 2012), the production wells in the Jubilee field delivered an average figure of 62,985 barrels of oil per day lower than the projected average daily production of 90,000 barrels. The total volume produced during the period was 11.464 million barrels. The monthly production fell from 2.11 million barrels in January to 1.77 million barrels by the end of June 2012 as depicted in the graph below:

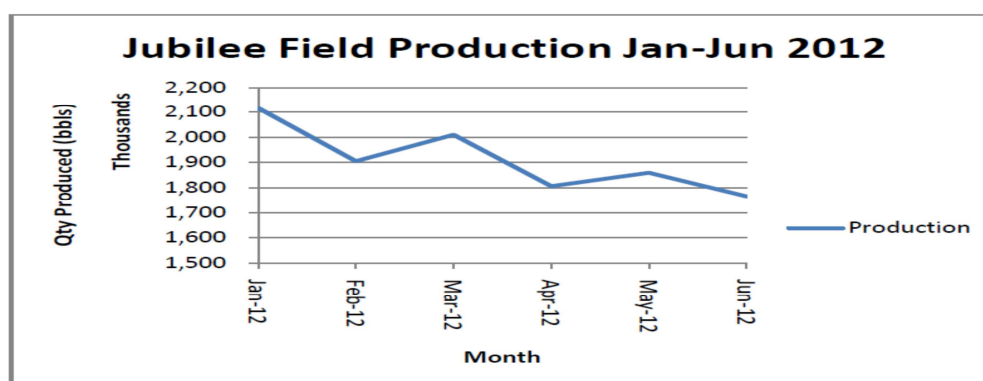


Figure 2: Jubilee Production Jan-Jun 2012.

Source: GNPC, 2012

According to GNPC, the drop in production was due to a temporary shut-down of some production wells for acid stimulation activity. The remedial work has since been completed resulting in an increase in production to a daily average of 85,000 barrels as at date of reporting.

#### 4.1.2. Finding

Total Monthly Production declined from 2.11 million barrels in January to 1.77 million barrels in June 2012. The average daily production during the period was 62,985,000 bopd. This figure falls short of the 90,000 bopd used in the estimation of the benchmark revenue in the 2012 Budget Estimates.

#### 4.2. Crude Oil Export

In the first half of 2012 a total quantity of 2,989,367 barrels was exported by the Ghana Group with a net value of US\$ 326,620,009.43.

#### 4.3. Ghana Group Lifting

The Ghana Group lifted three parcels of crude oil during the period. The table below shows the share of crude oil among the partners in the period under review.

**Table 3: Summary of Crude Oil Lifting**

<b>Crude Oil Lifting</b>	<b>2012Q1</b>	<b>%</b>	<b>2012Q2</b>	<b>%</b>	<b>TOTAL</b>	<b>%</b>
Total Lift	5,871,464	<b>100</b>	5,873,709	<b>100</b>	11,745,173	<b>100</b>
Partners	4,874,980	<b>83.03</b>	3,880,826	<b>66.07</b>	8,755,506	<b>74.55</b>
GNPC/GOG	996,484.00	<b>16.97</b>	1,992,883	<b>33.93</b>	2,989,367.00	<b>25.45</b>

**Source: GNPC – Jan – June 2012.**

The share of crude oil among the Jubilee partners from January to June 2012 shows that, of the total volume of 11,745,173 barrels of crude oil lifted, the Ghana Group lifted a total of 2,989,367 barrels representing 25.45%.

#### 4.3.1. Finding

The Ghana Group crude oil entitlement in 2011 held in accumulated stock at year end 2011 was 649,138 barrels representing about 2% of Ghana share for 2011. This was added to Ghana's share in the first half of 2012 production and lifted during the period. Consequently, the Ghana Group lifting as a proportion of total lifting for the first half of 2012 was 25.45% which is higher than the Group's entitlement of 18%.



Ghana's lifting of crude oil from Jubilee production was consistent with the fiscal regime governing the Jubilee operations. The total lifting in the first half of 2012 was 25.45%, higher than its 18.06% expected entitlement because of lifting cargo sizes.

#### 4.4. Effects of Crude Oil Price Volatility

Crude oil prices are determined by worldwide forces of supply and demand. The Government's projected average crude oil price for 2012 was US\$90 per barrel. However, Government also set reference prices for each crude oil lifting. In the first half of the year, there were marginal price gains on the three crude oil liftings by the Ghana Group as can be seen from Table 4 below.

**Table 4: Crude Oil Prices by Date of Lifting**

Price Type	4-Jan-12	3-Apr-12	27-Jun-12
Market price	111.63	125.896	90.293
Reference price	110.58	124.166	90.193
Price gain/loss	1.05	1.73	0.1

**Source: Ministry of Finance and Economic Planning, Fiscal Data – Jan – June 2012.**

##### 4.4.1. Finding

The average marginal price gain for the period was US\$0.6 per barrel. With a total crude oil lifting of 2,989,367 barrels by the Ghana group over the period, there was a total revenue gain from crude oil price fluctuation by US\$2,869,792.32 relative to prevailing market prices at the time of export. The same volume if sold at the forecast average price of US\$90 per the Budget, gives a positive variance of US\$57,614, 070.19.

## 5. PETROLEUM REVENUES FOR THE FIRST HALF OF 2012 (JAN - JUNE 2012)

### 5.1. The Petroleum Holding Fund

During the period under review the Public Interest and Accountability Committee considered Ghana's petroleum receipts and the different contributing revenue streams. Section 6 of Act 815 provides that the revenue streams constitute the gross receipts of the Petroleum Holding Fund; which is made up of:

- a. Royalties from oil and gas, additional oil entitlements, surface rentals, other receipts from any petroleum operations and from the sale or export of petroleum.
- b. Any amount received from direct or indirect participation of the government in petroleum operation.
- c. Corporate income tax in cash from upstream and midstream petroleum operation.
- d. Any amount payable by the national oil company as corporate income tax, dividends, or any other amount due in accordance with the laws of Ghana.

- e. Any amount received by the government directly or indirectly from petroleum resources not covered by (a) to (d) including where applicable, capital gains tax derived from the sale of ownership of exploration, development and production rights.

## 5.2 Receipts from Petroleum Exports- January to June 2012.

As indicated in Table 5, a total of US \$327,172,427.15 was realized from petroleum operations, made up of the sale of Ghana's share of crude oil at the Jubilee field and other receipts. About 99.8 % of the revenue was received from the Jubilee operations whilst the remainder was realised through royalties from the Saltpond Oilfields and Surface Rentals. This amount is net of marketing cost of US\$79,718.72.

**Table 5: Total Petroleum Receipts for first and second quarters 2012.**

Item	Period	Quantity Lifted (bbl)	Market Price (US\$)	Amount (US\$)	Market Cost (US\$)	Net Amount (US\$)
<b>A</b>	2012Q1	996,484	111.63	111,237,508.92	79,718.72	111,157,790.20
<b>B</b>	2012Q2	997,636	125.98	125,678,192.74		125,598,381.86
<b>C</b>	2012Q2	995,247	90.37	89,943,457.13		89,863,837.37
<b>TOTAL JUBILEE</b>				326,859,158.79	79,718.72	326,620,009.43
<b>SALTPOND ROYALTY</b>				104,193.12		104,193.12
<b>SURFACE RENTALS</b>				448,224.60		448,224.60
<b>TOTAL</b>				327,411,576.51		327,172,427.15

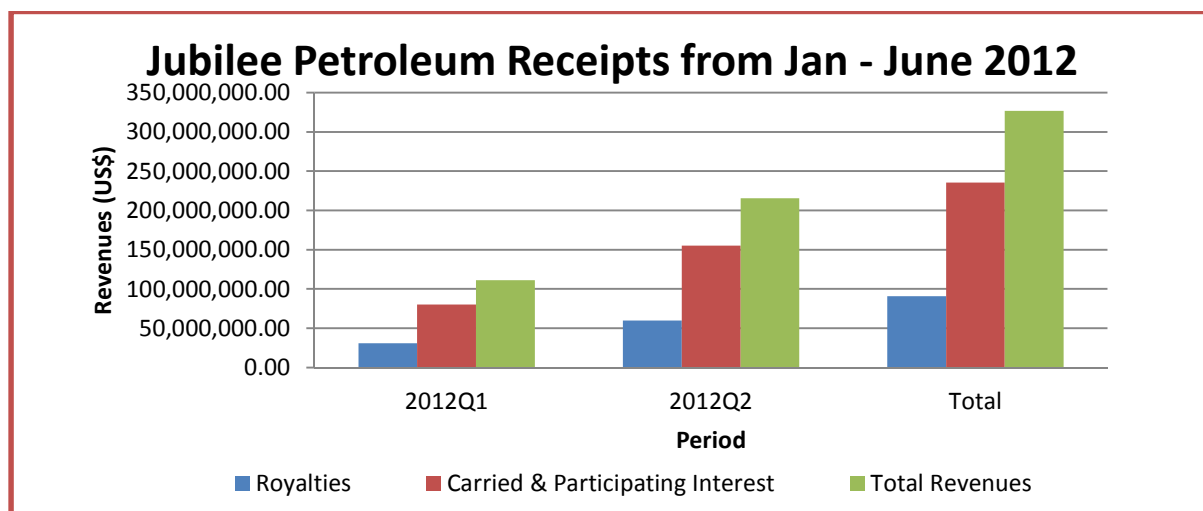
Source: Ministry of Finance and Economic Planning, Fiscal Data – Jan – June 2012.

### 5.2.1. Royalties

Out of the total oil receipts of US\$327,411,576.51 million for the period, royalties accounted for \$91,040,150.41 million representing 27.83%. The royalties covered Jubilee and Saltpond operations. Royalties from Jubilee stood at US\$90,935,957.29.

### 5.2.2. Carried and Participating Interests

The petroleum stream from state participation during the first half of 2012 amounted to US\$235,684,052.14 representing 72.16% of total receipts for the period. The graph shows petroleum revenues received from the Jubilee operations in the first half of 2012.



**Figure 3: Jubilee Petroleum Receipts from Jan – June, 2012**

**Source: Ministry of Finance, 2012**

### 5.2.3. Petroleum Income Tax

There is no evidence of payment of corporate taxes by the oil companies in the first half of 2012. In Section 11 of the Petroleum Income Tax Law (PNDC Law 188), Companies are required to file quarterly returns and based on the assessment by the Ghana Revenue Authority or upon self-assessment, the right amount due the State is assessed and paid. The returns have since been filed with the Ghana Revenue Authority and are being processed based on which the tax-paying position of the companies will be established. Therefore if any taxes will be due in 2012, this will be known by the end of the year and will be reported on in the Annual Report.

### 5.2.4. Rental Payments

License holders are also subject to an annual surface rental fee. Although there were no projections for these revenue streams for 2012, an amount of US\$448,224.60 was realized as annual rent during the period. The Table below shows the rental payments by companies.

**Table 6: Surface Rental Payments**

Date	Company	Amount (US\$)
19-Mar-12	Tullow Ghana Limited	63,866.95
30-Mar-12	Tap Oil Limited	43,770.49
16-Apr-12	Vanco Ghana Limited	154,398.60
16-Apr-12	Kosmos Energy Ghana	35,438.56
30-Apr-12	Hess Ghana Exploration	150,750.00

	TOTAL	448,224.60
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**Source: Bank of Ghana - Petroleum Holding Fund & Ghana Petroleum Funds Semi Annual Report: January 1 – June 30, 2012**

### 5.2.5. Findings

- i. The total amount of US\$327,172,427.15 reported by the Government as petroleum receipts in the first half of the year reflects the true state of affairs, though it includes revenue from crude oil stock barrels carried over from 2011.
- ii. Royalties paid by Saltpond Offshore Producing Company were reported publicly by the Government and accounted for in the Petroleum Holding Fund rather than in the Government non-revenue Accounts.
- iii. Furthermore, surface rentals paid by five (5) oil companies were reported publicly by the Government and accounted for in the Petroleum Holding Fund. However, there are six (6) other active companies whose rentals have not been reported yet.
- iv. Corporate taxes were not paid in the first half of the year in spite of the projected tax revenues expected from the oil companies.

### 5.3. Revenue Forecast for 2012 versus Half Year Performance

The revenue forecast for 2012 was estimated at GH¢1,239.82 million based on an estimated average oil price of US\$90.00 per barrel and daily oil production of 90,000 barrels per day. This consists of royalties of GH¢236.87 million, Carried and Participating Interests of GH¢618.84 million and Corporate Income Taxes from Oil producing Companies of GH¢384.11 million.

The actual receipts for the first half of 2012 suggest that the Government is likely to meet its revenue targets for the year in respect of royalties and participating interests. The amount received so far constitutes about 60.7% of estimated royalties and 60.2% of carried and participating interest respectively with a balance of 39.3% and 39.8% remaining to be received for the remaining half of the year in each case. However, the overall estimate for 2012 might not be realized if the full amount of estimated corporate income taxes is not collected.

Overall, only 42% of estimated revenues for the year have been realized so far with the remaining 58% being the balances of royalties, carried and participating interest and corporate income taxes expected to be collected during the second half of 2012. Table 7 below shows forecasts of petroleum receipts compared with the actual amount for the period under review.

**Table 7: Petroleum Revenue Forecasts and Actuals**

Revenue Stream	Forecast Amount (GH¢ Million)	Amount Received (Jan – Jun 2012) – US\$	Amount Received (Jan–Jun'12) (GH¢Mil) <sup>1</sup>	% Total forecast	Balance (%)
<b>Royalty payments</b>	236.87	90,935,957.29	143.7	60.7%	39.3%
<b>Carried and Participating Interest</b>	618.84	235,684,052.14	372.4	60.2%	39.8%
<b>Corporate income tax</b>	384.11	-	-	0	100%
<b>Total</b>	1,239.82	326,620,009.43	516.1	42%	58

The estimates of revenues for 2012 are also likely to be affected by exchange rate fluctuations based on the US dollar receipts published by the Government, the revenues in Ghanaian local currency show different levels of revenue performance at different exchange rates.

**Table 8: Effects of Exchange Rates on Petroleum Receipts**

Revenue Stream	Amount (GH¢ Million)	Amount Received (Jan – Jun 2012 (GH¢ Mil) <sup>2</sup>	% Total forecast	Amount Received (Jan – Jun 2012 (GH¢ Mil) <sup>3</sup>	%Total forecast
<b>Royalty payments</b>	236.87	136.4	60.7%	159.1	67%
<b>Carried and Participating Interest</b>	618.84	353.5	60.2%	412.4	67%

<sup>1</sup> Exchange rate at the time of forecast was GH¢1.58 to US\$1

<sup>2</sup> Exchange rate at time of forecast was GH¢1.58 to US\$1

<sup>3</sup> Average Exchange rate for 2012 GH¢1.75 to US\$1

<b>Corporate income tax</b>	384.11	-	-	-	-
<b>Total</b>	1,239.82	490.0	42%	571.6	46%

**Source: Government of Ghana Budget and Policy Statement, 2012**

From the Table above, the use of average exchange rate (GH¢1.75) to the US Dollar for the first half of 2012 shows that 46% of the estimated revenues has been received so far, as against 42% if they were based on the exchange rate at the time of the forecast of revenues in October 2011. Thus, with the Ghana Cedi depreciating against the US Dollar, the improved revenue performance is neither attributed to price nor production gains. It is as a result of the depreciation of the local currency.

### **5.3.1 Finding**

The petroleum revenues received so far in the first half of the year show a strong performance for royalties and carried and participating interests relative to their original forecasts. More than 60% of revenue targets have already been collected. The depreciation of the Ghanaian Cedi has also contributed to the revenue performance for the period. The revenue targets in respect of royalties and carried and participating interests will therefore be met at the current level of oil production. However, it is unlikely that the year -end target of GH¢1,239.82 million will be met if corporate income taxes are not paid during the period.

## **6. ALLOCATION OF PETROLEUM REVENUES**

### **6.1. The Petroleum Holding Fund**

The total oil revenues which were expected to be received into the Petroleum Holding Fund during the period under review were allocated to the various funds as prescribed by Act 815. The planned allocations were based on revenues from the sale of Ghana's share of crude oil.

The records however show that only revenues expected to be received from the Jubilee operations were allocated to the prescribed fund. Revenues from Saltpond royalties and rental payments were not shown to have been allocated during the period.

The planned allocation of revenues received through the Petroleum Holding Fund (with the exception of rental payments and royalties from Saltpond operations) to the various destinations is presented as follows:

**Table 9: Petroleum Holding Fund Allocations**

ITEM	Projection for End of year 2012(US\$)	2012Q1	2012Q2	First Half 2012 Total(US\$)
<b>Gross Receipt</b>	779,760,000.00	111,157,790.20	215,462,219.23	326,620,009.43 <sup>4</sup>
<b>Transfer to GNPC</b>	229,050,632.91	51,334,257.84	53,516,378.74	104,850,636.58
<b>ABFA</b>	385,496,556.96	59,823,532.36	72,082,003.08	131,905,535.44
<b>Transfers to the Ghana Petroleum Funds</b>	165,212,810.13	-	-	-

**Source: Ministry of Finance and Economic Planning, Fiscal Data – Jan – June 2012.**

Actual allocation and disbursements of the revenues depended on the actual receipts constituting the Benchmark Revenue which is also influenced by quarterly collections of petroleum revenues.

The Petroleum Revenue Management Act 2011 (Act 815) provides that the Annual Budget Funding Amount shall not exceed 70% of Benchmark Revenue. If defined from the perspective of revenue collections, the law provides that when quarterly collections exceed one-quarter of the ABFA, the excess shall be transferred to the Ghana Petroleum Funds.

The Benchmark revenue for the year was estimated at GH¢877,920,712. However for the first half of the year, the expected Benchmark revenue was GH¢203,370,035. Of this, GH¢171,117,393 was expected to be allocated to the budget as Annual Budget Funding Amount; and GH¢32,252,642 to the Ghana Petroleum Funds. However during the period, actual collection of revenues for the Benchmark of GH¢228,654,220; exceeded the projected Benchmark by GH¢25,284,184.8 Similarly, actual collection for the period was more than a quarter of the projected Annual Budget Funding Amount for the period by GH¢57,536,827, which should have been transferred to the Ghana Petroleum Funds in line with section 23(1)(a) of Act 815. However, no such transfers were made to the Ghana Petroleum Funds as the total collections were all allocated to the ABFA (See Table 10 below).

<sup>4</sup> As at the time of this Report, an amount of US\$ 89,863,837.37 in respect of the 7<sup>th</sup> Lifting of Crude Oil lifted on June 27<sup>th</sup>, 2012 had not been allocated to the various recipients.

**Table 10: Allocation of the Benchmark Revenue**

<b>Allocation</b>	<b>Programmed</b>	<b>Actual</b>
<b>Benchmark Revenue</b>	203,370,035	228,654,220
<b>ABFA</b>	171,117,393	228,654,220
<b>Ghana Petroleum Funds</b>	32,252,642	0

**Source of Data: Ministry of Finance and Economic Planning, Fiscal Data – Jan – June 2012.**

There is still room to credit the accounts of the Ghana Petroleum Funds before the end of 2012, but this could result in lost revenues to the Ghana Petroleum Fund from potential investment income if the transfers were done at the right time and in accordance with the law.

#### **6.1.1. Finding**

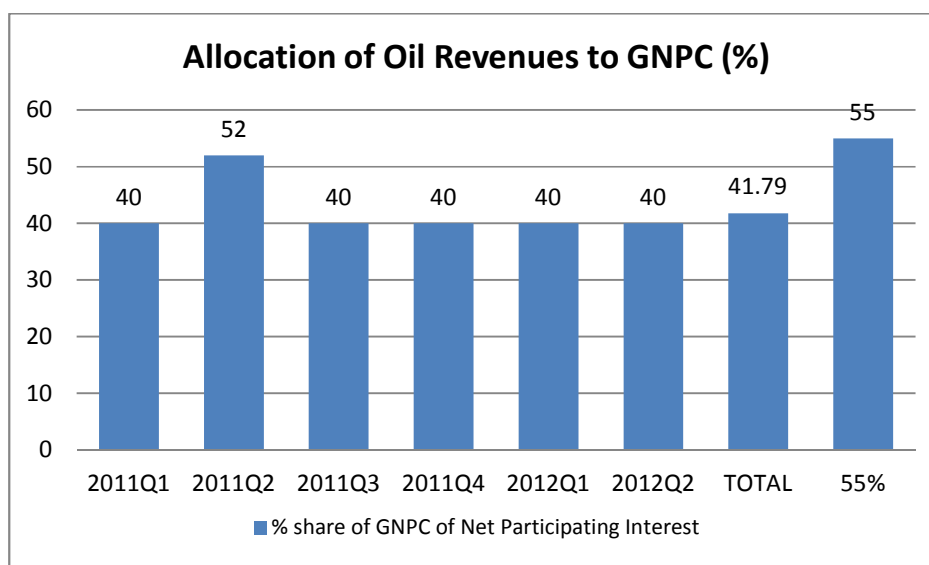
The provisions of Act 815 on allocation of petroleum revenues have not been strictly followed. An amount of GH¢57,536,827 being excess petroleum revenue collected over the ABFA in the first half of the year and which should have been transferred to the Ghana Petroleum Funds in line with Section 23(1)(a) of Act 815 was not transferred. The excess revenues were allocated to the budget as part of the Annual Budget Funding Amount. This defers the investment incomes the revenues could have generated for the Ghana Petroleum Funds if the transfers were made in line with the law.

#### **6.2. The Ghana National Petroleum Corporation (GNPC)**

During the period, GNPC was allocated petroleum revenues amounting to GH¢361,899,288 to finance its equity and investments for year 2012. During the first half of the year, an amount of GH¢180,848,505 was disbursed to GNPC. Of the amount allocated, GH¢104,892,132.90 representing 58% was used to repay Ghana's share of development and production cost associated with the carried and participating interest in the Jubilee field. GH¢9,584,970 representing 5.3% was used to pay financial obligations relating to the laying of 14 km of pipeline in the deep sea portion of the Gas Infrastructure Project. These commitments were made prior to handing over the gas project to GNGC. Finally, GH¢ 50,095,036 representing 27.70% has been committed to petroleum projects outside the Jubilee field. The remaining 9% has gone to cover the administrative expenses of the company. However, allocation of revenues for new investments continues to be below the maximum allowable limit of 55%, provided for in Act 815. But the company seems to be adequately funded and it does not stand any danger of defaulting on any of its financial commitments. The average share of the Net Carried and Participating Interest allocated to the GNPC has been 42% since the



commencement of oil production. Thus, Government has favored the use of part of the revenues due GNPC for budget support (See Figure 4 below).



**Figure 4: Allocation of Petroleum Revenues to GNPC**

**Source: Ministry of Finance and Economic Planning, Fiscal Data – Jan – June 2012.**

### 6.3. The Annual Budget Funding Amount and its Utilization

The projected Annual Budget Funding Amount (ABFA) for 2012 was US\$385,496,556.96. In the first half of the year, an amount of about GH¢228,654,220 million was allocated to support the budget. Of this, 70% was to be disbursed for capital expenditure and the balance used for recurrent expenditure. By the end of the first half of the year, only GH¢67,102,860 being 29% of the ABFA had been disbursed to capital infrastructure projects. No disbursements were made for recurrent expenditure during the period.

In terms of capital projects financed from the ABFA, the Minister did not change the priority projects which were determined for use of the revenues in 2011. This is in line with the provisions of Act 815 which allows for review of projects every three years.

The uses to which the ABFA is put are provided for in the Petroleum Revenue Management Act, 2011 Act 815. Section 21(5) of Act 815 requires that the Minister of Finance prioritizes not more than four sectors for capital expenditure which shall be reviewed every three years. In 2011, the Minister decided on the following priority areas based on the Ghana Shared Growth and Development Agenda (GSGDA), a medium term development framework.<sup>5</sup>

**Table I I: Priority Expenditure**

	ITEM
1.	Expenditure and Amortization of loans for oil and gas infrastructure
2.	Road Infrastructure
3.	Agricultural Modernization
4.	Capacity Building (including oil and gas)

**Source: Government of Ghana - Budget Statement, 2012**

#### **6.4. Collateralization of the Annual Budget Funding Amount**

The Government has received part of the US\$3 billion loan contracted from the China Development Bank which is collateralized against the ABFA. The first part of the disbursement of the loan is being used to finance the Western Corridor Gas Infrastructure project at a cost of US\$750 million. The project is expected to deliver first gas by the end of 2012.

Revenues from the gas project and other projects listed below are expected to finance the debt when they are completed.

- a. Accra Metropolitan Area Intelligent Traffic Management Project;
- b. Accra Plains Irrigation Project;
- c. Coastal Fishing Harbours and Landing Sites Project;
- d. Eastern Corridor Multi-Modal Transportation Project;
- e. Western Corridor Gas Infrastructure Project (Helicopter Surveillance Fleet for Western Corridor “Oil Enclave”);
- f. Western Corridor Petroleum Terminal Project;
- g. Western Corridor Infrastructure Renewal Project (Western Railway Line Modernization and Takoradi Port Rehabilitation/Retrofit);
- h. Sekondi Free Zone Project;
- i. Development of ICT Enhanced Surveillance Platform for Western Corridor “Oil Enclave”; and
- j. SME Projects Incubation Facility.

The limitation on this assertion however rests with the efficient execution of the projects to ensure that the revenue effects of the projects survive the tenure of the debt repayment. PIAC has indicated to the Ghana National Gas Company its intention to conduct a Value for Money audit of projects funded from the collateralized loan, when the projects are completed.

## 6.5. Findings

- i. The selection of the priority sectors for spending the ABFA was guided by the Ghana Shared Growth and Development Agenda, a medium term development framework which puts greater emphasis on road infrastructure and agricultural modernization. The Minister therefore complied with sections 18(2) and 21(2) (d) of Act 815. However, this was not aligned to a long-term national development plan, as stipulated by Act 815. This is due to the absence of such a plan.
- ii. In the first half of the year, the reported expenditure from petroleum revenues allocated for budget support was 29%. In spite of this, funds that should have been transferred to the Ghana Petroleum Funds were allocated to the budget support instead

## 7. PERFORMANCE OF THE PETROLEUM FUNDS

### 7.1. Irregular transfers to the Ghana Petroleum Funds

In its 2011 annual report, PIAC observed some irregular transfers to the Ghana Heritage Fund and the Ghana Stabilization Fund. This involved the over-declaration of the Ghana Stabilization Fund and the under-declaration of the Ghana Heritage Fund by about US\$9 million. An assessment of the closing balances in the Ghana Petroleum Funds shows that the irregularity has not been corrected.

**Table 12: Transfers to the Petroleum Funds in 2011**

<b>Allocation</b>	<b>Amount (Actual) US\$Mil</b>	<b>%</b>
<b>Transfer to the Ghana Petroleum Funds</b>	69.2	100
<b>Ghana Heritage Fund</b>	14.4	21
<b>Ghana Stabilization Fund</b>	54.8	79

**Source: PIAC Annual Report 2011**

From the Table above, the total opening balance standing in the Ghana Petroleum Funds was US\$69.2 of which 21% was transferred to the Ghana Heritage Fund. This was contrary to Section 23(1) (b) which requires that the Heritage Fund receives a minimum of 30% of savings due, after deducting the ABFA.

The Ghana Petroleum Funds did not receive its share of the Benchmark Revenue from January to June 2012. It is therefore not possible to determine if there were irregularities in the transfer amount to the Funds. (See 4.3.1 above for explanation).

## **7.2. Management Cost**

Bank of Ghana has not been paid any investment management fee for the day to day operational management of the Ghana Petroleum Funds since its inception. The investment management fee is enshrined in the Operations Management Agreement and the Petroleum Revenue Management Act (Act 815).

## **7.3. Observation**

- i. The Ghana Petroleum Funds have been invested in compliance with the Qualifying Instrument of Act 815 the PRMA. The return on investment of the Ghana Stabilisation Fund was 0.18% and Ghana Heritage Fund was 0.29%. The portfolio returns showed a better performance than any investment in US Treasury Bonds over the same period, which returned about 0.02% to investors as a result of the US economic down-turn.
- ii. The Investment Advisory Committee has not completed for the approval of the Minister the development of the benchmark portfolio, the desired returns from and the associated risks of the Ghana Petroleum Fund to guide investments of the Petroleum Funds as required by Section 30 of Act 815. This is an important requirement for measuring the performance of the Petroleum Funds.

## **8. FINDINGS AND RECOMMENDATIONS**

The Committee found that the Bank of Ghana opted not to invest the proceeds of the Petroleum Funds in a diversity of instruments. This is in line with the practice of countries with new Sovereign Wealth Funds where a more conservation policy is adopted before opening up to portfolio diversification. We find this action appropriate during the growth phase of the fund.

### **8.1. Main Recommendations**

#### **Reporting on Petroleum Receipts**

The format of reporting on the petroleum receipts should apply to all petroleum transactions including the Saltpond oilfields. The quantity of crude oil lifted from the Saltpond fields and their sales price should be provided in the public reports to facilitate monitoring of petroleum receipts. Saltpond Offshore Producing Company Ltd. has provided this information to PIAC but in future reporting on petroleum receipts, Government must publish it in the same way as it is done for the Jubilee crude oil.

## **Collateralization of ABFA**

As a result of the collateralization of the ABFA, Government must develop a plan for servicing its oil revenue backed loans to ensure the security of the ABFA and development financing. It is important for value for money audit to be conducted on the projects funded from ABFA collateralized loans to ensure that the value of upfront petroleum revenues is not lost.

## **Investment Guidelines for the Ghana Petroleum Funds**

Investment Guidelines for managing the Petroleum Funds as required by law should be developed to provide limits on risks exposure and benchmark returns. This is important to ensure prudent investment of the Ghana Petroleum Funds.

## **Parliament**

Parliament must decide on the Committee that will consider and lay year 2011 report of PIAC and subsequent reports for debate and adoption. This will ensure accountability of institutions that have mandates under the law.

The Parliamentary Select Committees on Finance and Mines and Energy should seek technical advice to ensure effective scrutiny of petroleum revenue allocation and spending before approving the Annual Budget. Parliament should also demand a Report from Government highlighting how they address the findings of PIAC reports.

## **Dedicated Account to receive oil proceeds at MoFEP**

We recommend that a dedicated account be opened to receive funds for the ABFA instead of being made to be part of the general consolidated fund. Since the ABFA has a distinct intended appropriation predetermined by government, it will make tracking of allocations made in accordance with the government's plan for the period easy and more transparent.

## **Outcomes from the Public Meetings or Forums**

In fulfilment of Section 52 (b) of Act 815, the Committee held its first public meeting in Takoradi in May 2012. The meeting involved a cross section of the public including chiefs, workers representatives and district assembly members.

The contents of PIAC 2011 annual report were presented to the public and they were invited to make comments and contributions.

The concern of many of the contributors was that government should establish a clear- cut long term plan for the public to know what the petroleum revenues are going to be used for, so that periodically, government can be assessed whether it is meeting the objectives which are contained in the plan.

Most contributors were not happy about the number of uncompleted projects from one government to another and expressed anxiety that without a national plan the country be littered with uncompleted projects that do not benefit anybody.

A section of the participants also called on government to allocate petroleum revenues to animal husbandry and poultry sectors under the Ministry of Food and Agriculture. In their view, Ghana has the potential of producing its own requirement of animal and poultry products instead of having to rely on imported products whose quality, very often, does not meet international standards.

## **Conclusion**

The Public Interest and Accountability Committee is fulfilling its mandate as set out in Section 56 of Act 815 by publishing this report in spite of the many challenges it continues to encounter because of the lack of resources. This report contains very useful information that should improve the management of our oil resources. Unfortunately, however, our first report being the annual report for 2011 has not been adequately discussed by government including Parliament. It is our hope that the content of this report will not suffer the same fate as the earlier one and that useful lessons will be learnt so that our oil resources will be managed much better for the benefit of the people.

**APPENDIX I:Roads Investment Projects (Q1-Q3, 2011)**

<b>No</b>	<b>Name of Project</b>	<b>Amount (GH¢)</b>	<b>Stage of completion (%)</b>	<b>Any other sources of funding</b>
1	Upgrading of Sefwi Bekai-Eshiem-Asankragwa Road	11,530,624.76	54	Consolidated Funds
2	Reconstruction of Asankragua-Enchi Road	5,416,022.34	91	Consolidated Funds
3	Emergency Rehabilitation works on Dansoman main road	3,320,581.31	97	Consolidated Funds
4	Rehabilitation of Anyinam-Konongo Road, Nkawkaw by-pass (Adden No.2)	24,133,425.39	97	Consolidated Funds
5	Partial Reconstruction of Bomfa Junction-Asiwa and Bewai-Ampaha Asiwa Road	5,387,778.17	64	Consolidated Funds
6	Upgrading of Tainso-Badu-Adentia Road	8,553,812.88	90	Consolidated Funds
7	Reconstruction of Berekum-Sampa Road (Km 32-88)	9,664,568.64	84	Consolidated Funds
8	Construction of Kpando-Worawara Dambai Road Phase III	5,094,442.01	65	Consolidated Funds
9	Emergency works on the upgrading of Ho – Adidome and Adaklu Xelekpe-Aduadi Road	3,271,079.63	44	Consolidated Funds
10	Construction of Twifo Praso-Dunkwa Road	1,500,000.00	4	Consolidated Funds
11	Construction of steel bridge over river Amunam and over River Kakum on Kwaprow-Ankaful Road	1,053,931.83	100	Consolidated Funds
12	Reconstruction of Navrongo-Tumu Road	1,650,000.00	38	Consolidated Funds
13	Construction of Wa-Han Road	2,012,082.59	18	Consolidated Funds
14	Construction of Bamboi-Bole road (Bamboi-Tinga Section)	5,099,412.00	100	Consolidated Funds
15	Accra-Kumasi Highway Dualisation Project: Kwafokrom – Apedwa Section	34,300,601.28	45	Consolidated Funds
16	Reconstruction of Sunyani Road in Kumasi (Sofoline Interchange	12,114,004.37	72	Consolidated Funds
<b>Total</b>		<b>134,102,367.20</b>		

**APPENDIX 2: Details of Crude Oil Liftings as at End of 1st Half of 2012**

Date of lifting	Quarter	Lifting	No. of Barrels	Net Amount Realised (US\$)
4 <sup>th</sup> Jan. 12	1 <sup>st</sup>	5 <sup>th</sup>	996,484	111,157,790.20
3 <sup>rd</sup> Apr. 12	2 <sup>nd</sup>	6 <sup>th</sup>	997,636	125,598,381.86
Jun. 12	2 <sup>nd</sup>	7 <sup>th</sup>	995,247	89,863,837.37
	<b>TOTAL</b>		<b>2,989,367</b>	<b>326,620,009.43</b>

**APPENDIX 3: SURFACE RENTALS AND OTHER ROYALTIES FOR 1ST HALF OF 2012**

Value Date	Institution	Amount Paid (US\$)
19-Mar-12	Tullow Ghana Limited	63,866.95
30-Mar-12	Tap Oil Limited	43,770.49
16-Apr-12	Vanco Ghana Limited	154,398.60
16-Apr-12	Kosmos Energy Ghana	35,438.56
30-Apr-12	Hess Ghana Exploration	150,750.00
	<b>TOTAL</b>	<b>448,224.60</b>

**APPENDIX 4: ROYALTY FOR 1ST HALF OF 2012 FROM NON-JUBILEE OPERATOR**

Value Date	Institution	Amount Paid (US\$)
03-Apr-12	Saltpond Offshore Co.	104,193.12

**APPENDIX 5: PETROLEUM RECEIPTS FROM JANUARY TO JUNE, 2012**

ITEM	Q1/2012	Q2/2012	Q2/2012	TOTAL	%
SALES OF OIL FROM LIFTING(\$)	111,157,790.20	125,598,381.86	89,863,837.37	326,620,009.43	100
OW/ROYALTY	30,948,012.11	34,968,492.00	25,019,453.18	90,935,957.29	27.84



(\$)					
OW/CARRIED & PI(&)	80,209,778.09	90,629,889.86	64,844,384.19	235,684,052.14	72.16

## APPENDIX 6: PETROLEUM RECEIPTS AND DISTRIBUTION FOR 2ND QUARTER 2012

### THE MINISTRY OF FINANCE AND ECONOMIC PLANNING PETROLEUM RECEIPTS AND DISTRIBUTION REPORT FOR 1<sup>ST</sup> QUARTER OF 2012

Petroleum Revenue Management Act, 2011 (Act 815)  
Section 8: Transparency and Accountability of Petroleum Receipts

Pursuant to Section 8 of the Petroleum Revenue Management Act, 2011 (Act 815), which requires the Minister to publish petroleum receipts (defined in Section 6 of the Act); total output lifted and reference price, among others, on quarterly basis.

This Publication under the authority of the Hon. Minister for Finance and Economic Planning, Dr. Kwabena Duffuor, encompasses petroleum receipts for the first quarter of 2012.

PETROLEUM RECEIPTS AND DISTRIBUTION REPORT FOR FIRST QUARTER OF 2012 (1ST JANUARY - 31ST MARCH 2012)			
Srn	Item	Unit	Value
1	<b>Volume Lifted</b>	barrels	<b>5,871,464</b>
2	o/w Ghana Group (GOG/GNPC)	barrels	996,484
3	o/w Partners	barrels	4,874,980
4	<b>Ghana Group's Lift</b>		
5	Date of Lift	d/m/y	4th January 2012
6	Reference Price Per Barrel	US\$	110.58
7	Market price per barrel	US\$	111.63
8	Marketing cost per barrel	US\$/bbl	0.08
9	Marketing cost	US\$	79,718.72
10	<b>Gross Receipts from Ghana Group Lift*</b>	US\$	<b>111,157,790.20</b>
11	o/w Royalties	US\$	30,948,012.11
12	o/w Carried & Participating Interest	US\$	80,209,778.09
13	<b>Transfer to GNPC</b>	US\$	<b>51,334,257.84</b>
14	o/w Equity Financing Costs (Section 7(2))	US\$	32,083,911.00
15	o/w Carried & Participating Interest (Section 7(2))	US\$	19,250,346.84
16	<b>GOG Net Receipts from Lifting</b>	US\$	<b>59,823,532.36</b>
17	o/w Royalties	US\$	30,948,012.11
18	o/w Carried & Participating Interest	US\$	28,875,520.25
19	<b>Other Petroleum Receipts</b>	US\$	<b>0.00</b>
20	o/w Corporate Income Tax	US\$	0.00
21	o/w others	US\$	0.00
22	<b>Total GOG Receipts</b>	US\$	<b>59,823,532.36</b>
<b>Notes:</b>			
o/w means "of which"			
* Gross receipts from Ghana Group Lifting is net of marketing costs			

All petroleum receipts have been allocated as required by Act 815 and will be reported and published in accordance with the law.

*Under the authority of the Hon. Minister for Finance and Economic Planning  
Dr. Kwabena Duffuor*

## APPENDIX 7: PETROLEUM RECEIPTS AND DISTRIBUTION FOR 2ND QUARTER 2012

### THE MINISTRY OF FINANCE AND ECONOMIC PLANNING PETROLEUM RECEIPTS AND DISTRIBUTION REPORT FOR 1<sup>ST</sup> QUARTER OF 2012

Petroleum Revenue Management Act, 2011 (Act 815)  
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This Publication under the authority of the Hon. Minister for Finance and Economic Planning, Dr. Kwabena Duffuor, encompasses petroleum receipts for the first quarter of 2012.

PETROLEUM RECEIPTS AND DISTRIBUTION REPORT FOR FIRST QUARTER OF 2012 (1ST JANUARY - 31ST MARCH 2012)			
Srn	Item	Unit	Value
1	<b>Volume Lifted</b>	<b>barrels</b>	<b>5,871,464</b>
2	o/w Ghana Group (GOG/GNPC)	barrels	996,484
3	o/w Partners	barrels	4,874,980
4	<b>Ghana Group's Lift</b>		
5	Date of Lift	d/m/y	4th January 2012
6	Reference Price Per Barrel	US\$	110.58
7	Market price per barrel	US\$	111.63
8	Marketing cost per barrel	US\$/bbl	0.08
9	Marketing cost	US\$	79,718.72
10	Gross Receipts from Ghana Group Lift*	US\$	111,157,790.20
11	o/w Royalties	US\$	30,948,012.11
12	o/w Carried & Participating Interest	US\$	80,209,778.09
13	Transfer to GNPC	US\$	51,334,257.84
14	o/w Equity Financing Costs (Section 7(2))	US\$	32,083,911.00
15	o/w Carried & Participating Interest (Section 7(2))	US\$	19,250,346.84
16	<b>GOG Net Receipts from Lifting</b>	<b>US\$</b>	<b>59,823,532.36</b>
17	o/w Royalties	US\$	30,948,012.11
18	o/w Carried & Participating Interest	US\$	28,875,520.25
19	<b>Other Petroleum Receipts</b>	<b>US\$</b>	<b>0.00</b>
20	o/w Corporate Income Tax	US\$	0.00
21	o/w others	US\$	0.00
22	<b>Total GOG Receipts</b>	<b>US\$</b>	<b>59,823,532.36</b>
<b>Notes:</b>			
o/w means "of which"			
* Gross receipts from Ghana Group Lifting is net of marketing costs			

All petroleum receipts have been allocated as required by Act 815 and will be reported and published in accordance with the law.

*Under the authority of the Hon. Minister for Finance and Economic Planning  
Dr. Kwabena Duffuor*