

# IRAQI

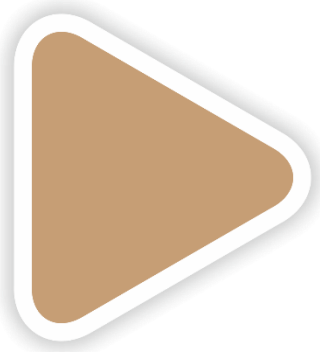
## EITI 2019-2020 Annual Report in OIL GAS & MINING SECTORS





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# **Executive Summary**

## Executive Summary

The extractive sector is one of the pillars of the economy in the Republic of Iraq, as it contributes to activating most aspects of life, in terms of trying to provide prosperity for citizens and develop their capabilities.

One of the most important objectives of the Extractive Industries Transparency Initiative (Transparency Commission) is to focus the spotlight on the extractive sector, and to indicate the extent of the transparency of its disclosures, which activates public debates between citizens and those in charge of this sector.

The Transparency Commission has issued several reports in the past in this regard, as the current report for 2019 and 2020 is the eleventh, and many experiences have been accumulated within the Transparency Commission's MSG and the National Secretariat formations, as it always seeks to communicate the information of the extractive sector to citizens in a transparent, professional and impartial manner.

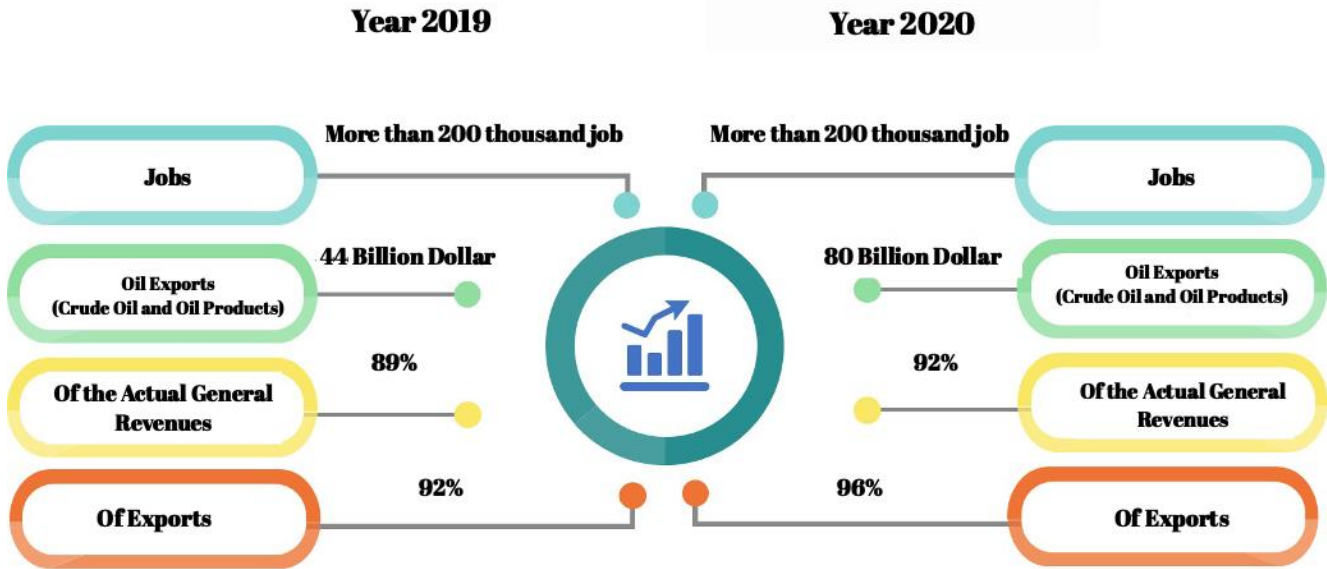
This report's period (years 2019 and 2020) was full of events and developments at the local and international levels. In October of 2019, demonstrations erupted in Iraq to protest against the deteriorating economic conditions in the country and the spread of unemployment. These demonstrations led to the resignation of the government in November 2019, in preparation for holding new elections that would calm the situation.

In addition, during the first quarter of the year 2020, the Covid-19 pandemic (Corona pandemic) spread, a global pandemic caused by the Corona virus associated with acute respiratory syndrome, which required the Iraqi authorities (and around the world) to implement closure and curfew measures, following the instructions for social distancing in order to preserve the health of citizens. This pandemic caused severe economic damage worldwide, and in Iraq in particular, where the consumption of crude oil and its products decreased, which stimulated a group of oil-exporting countries (OPEC), in addition to non-OPEC oil-exporting countries (collectively called OPEC Plus) to take the decision to reduce oil production in order to reduce The quantity supplied worldwide in an attempt to stop the deterioration of the oil price in global markets.

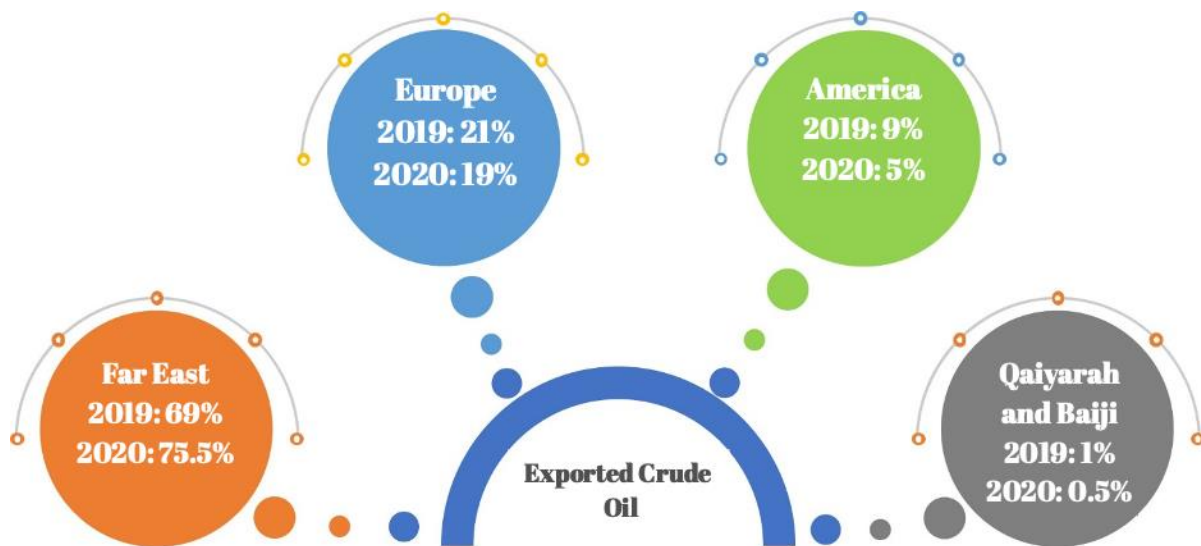
In Iraq, despite the decrease in the amount of crude oil exported in 2020 by about 15% compared to 2019, but the revenues from exporting crude oil decreased by about 45%, which negatively affected the economic situation. Some of the consequences of the decline in crude oil export revenues in Iraq is the failure to issue a general financial budget law for the year 2020, in addition to reducing the value of the Iraqi dinar in the month of December 2020 against the US dollar by about 20% to be 1,450 Iraqi dinars for one US dollar (the previous exchange rate was 1,182 Iraqi dinars for one US dollar).

In general, it was a difficult period for Iraq, but it was overcome with the concerted efforts and will of the citizens, and the presence of the pure intention to achieve a better future.

The following figure summarizes some of the contributions of the extractive sector to Iraq in 2019 and 2020:



The East Asia (Far East) market is one of the most important export markets for Iraqi crude oil, as this market accounts for the highest percentage of the total crude oil exports as follows:



The following table shows the total production of each producing governorate of crude oil and gas (associated - dome - dry) during the years 2019 and 2020

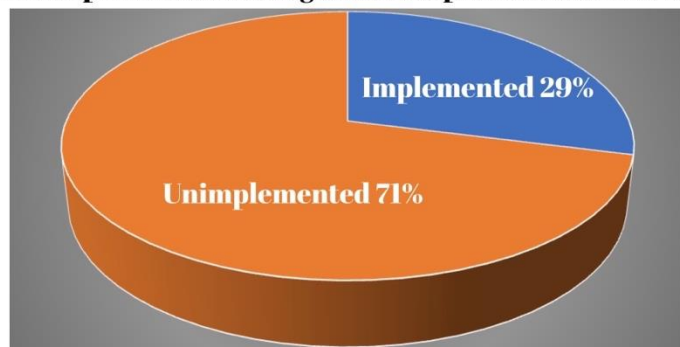


Governorate	2019		2020	
	Total crude oil production in barrels	Total gas production in barrels	Total crude oil production in barrels	Total gas production in barrels
Nineveh	8,789,961	319,707.60	1,640,527	3,738.08
Kirkuk	117,204,351	1,096,387.86	106,206,991	1,478,214.00
Salahuddin	67,652	228,480.00	75,649	254,988.00
Diyala	16,194	50.65	0	0
Baghdad	4,210,604	5,811.60	5,733,680	4,952.81
Wasit	52,486,268	79,254.42	37,914,149	56,515.95
Missan	228,970,537	155,467.02	154,553,995	105,146.07
Thi Qar	67,805,172	36,941.04	36,717,559	19,842.39
Basra	1,085,482,873	773,990.81	1,000,739,902	717,268.65
<b>Total</b>	<b>1,565,033,612</b>	<b>2,696,090.99</b>	<b>1,343,582,452</b>	<b>2,640,665.96</b>

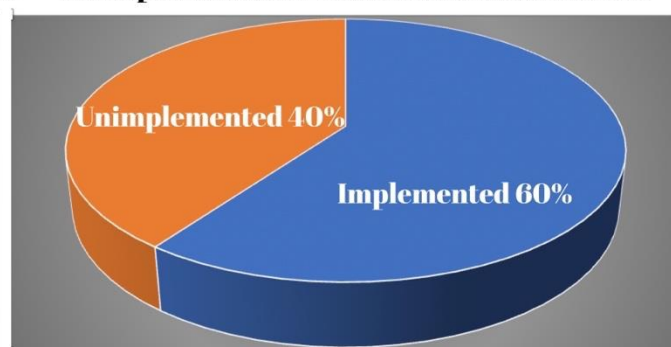
Petrodollar allocations are calculated based on 5% of the revenues of the crude oil produced in the governorate, or 5% of the revenues of crude oil refined in the governorate's refineries, or 5% of the revenues of natural gas produced in the concerned governorate. The following table shows what was allocated and disbursed during 2019:

Item	The amount allocated in the investment budget		Actual transferred amount		Untransferred Balance		Actual Implementation Percentage
	Million IQD	Equivalent in USD	Million IQD	Equivalent in USD	Million IQD	Equivalent in USD	
<b>Petrodollar 2019</b>	1,005,189,008,540	850,413,713	598,627,102,220	506,452,709	406,561,906,320	343,961,004	<b>%60</b>
<b>Regions Development 2019</b>	3,811,377,600,429	3,224,515,736	1,096,833,008,802	927,946,708	2,714,544,591,627	2,296,569,028	<b>%29</b>
<b>Total</b>	<b>4,816,566,608,969</b>	<b>4,074,929,449</b>	<b>1,695,460,111,022</b>	<b>1,434,399,417</b>	<b>3,121,106,497,947</b>	<b>2,640,530,032</b>	<b>%35</b>

**The Implementation of Regions Development Allocations 2019**

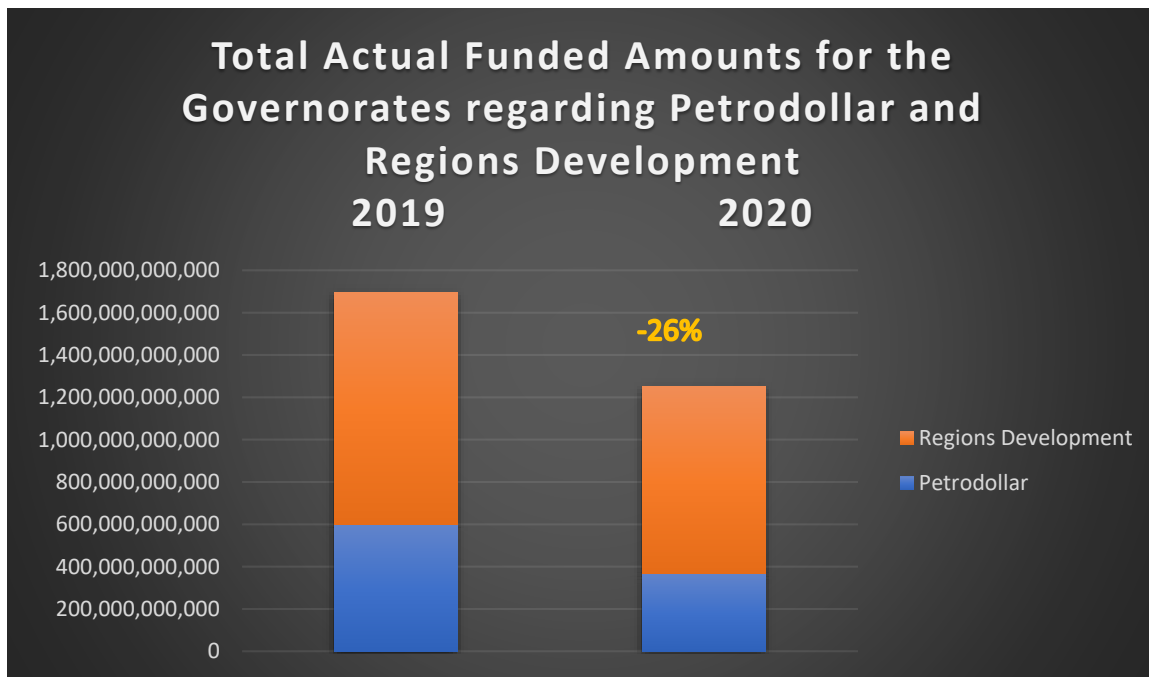


**The Implementation of Petrodollar Allocations 2019**



The following table also shows a comparison between the actual amounts funded for petrodollars and regions development for both the years 2019 and 2020:

Item	2019		2020		Shortage of actual funds between 2019 and 2020		Shortage Percentage
	Actual Amounts Funded		Actual Amounts Funded		IQD	Equivalent in USD (1 USD = 1,182 IQD)	
	IQD	Equivalent in USD (1 USD = 1,182 IQD)	IQD	Equivalent in USD (1 USD = 1,182 IQD)			
<b>Petrodollar</b>	598,627,102,220	506,452,709	369,246,412,866	312,391,212	229,380,689,354	194,061,497	<b>%38</b>
<b>Regions Development</b>	1,096,833,008,802	927,946,708	881,264,201,207	745,570,390	215,568,807,595	182,376,318	<b>%20</b>
<b>Total</b>	1,695,460,111,022	1,434,399,417	1,250,510,614,073	1,057,961,602	444,949,496,949	376,437,815	<b>%26</b>



**Actual Petrodollar and Regions Development Funding for 2019 and 2020**  
 (Sorting the governorates according to the total petrodollar and Regions Development funded from largest to smallest)  
 (Amounts in million Iraqi dinars)



Funding/ Year	2019	2020
Petrodollar	489,601	243,977
Regions Develop	98,164	48,520
Total	587,765	292,497



Funding/ Year	2019	2020
Petrodollar	46,351	97,996
Regions Develop	147,739	99,880
Total	194,091	197,877



Funding/ Year	2019	2020
Petrodollar	-	-
Regions Develop	299,227	185,471
Total	299,227	185,471



Funding/ Year	2019	2020
Petrodollar	-	-
Regions Develop	83,576	79,261
Total	83,576	79,261



Funding/ Year	2019	2020
Petrodollar	207	-
Regions Develop	132,663	76,167
Total	132,870	76,167



Funding/ Year	2019	2020
Petrodollar	36,519	10,619
Regions Develop	69,112	61,626
Total	105,632	72,244



Funding/ Year	2019	2020
Petrodollar	4,108	4,836
Regions Develop	77,204	66,398
Total	81,312	71,234



Funding/ Year	2019	2020
Petrodollar	-	1,953
Regions Develop	-	67,549
Total	-	69,502



Funding/ Year	2019	2020
Petrodollar	-	-
Regions Develop	95,970	58,985
Total	95,970	58,985



Funding/ Year	2019	2020
Petrodollar	-	-
Regions Develop	-	50,060
Total	-	50,060



Funding/ Year	2019	2020
Petrodollar	17,371	7,547
Regions Develop	20,682	20,473
Total	38,053	28,020



Funding/ Year	2019	2020
Petrodollar	526	434
Regions Develop	9,450	22,735
Total	9,976	23,169



Funding/ Year	2019	2020
Petrodollar	4	446
Regions Develop	10,338	20,696
Total	10,342	21,141

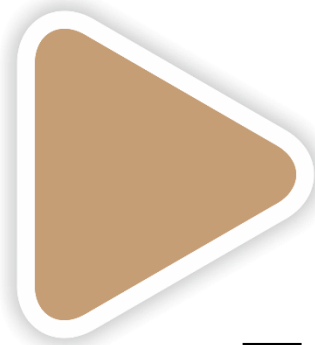


Funding/ Year	2019	2020
Petrodollar	3,832	1,440
Regions Develop	24,351	14,025
Total	28,184	15,465



Funding/ Year	2019	2020
Petrodollar	107	-
Regions Develop	28,356	9,417
Total	28,464	9,417





# Chapter One

## ▶ Exploration and Production

## 1-1 Exploration

Several national oil companies affiliated to Ministry of Oil undertake the responsibility of exploring and developing oil and gas fields and production of the same in the provenances here they operate and within the area of fields located in territory belong to each company listed below:

- North Oil Company
- Midland Oil Company
- Missan Oil Company
- Thi-Qar Oil Company
- Basra Oil Company
- Oil Explorations Company
- Iraqi Drill Company

The above companies operate and manage some fields independently while others are operated by international oil companies under licensing rounds service contract.

The following tables present the producing and non-producing oil and gas fields operated by the national and international oil companies.

Company name	Producing Oil Fields		Non-producing fields	
	Fields operated by NOCs	Fields operated by IOCs	Fields operated by NOCs	Fields operated by IOCs
North Oil Company	<b>Gas Fields</b>			
	None	None	1- Khanuqah 2- Khashab	None
	<b>Oil Fields</b>			
	1- Kirkuk* 2- Bai Hassan 3- Jambur 4- Sufaiya** 5- Khabaz 6- Ajil + Himrin 7- Ain Zalah + Butmah	Al-Qaiyarah	1- Jawan 2- Ismail 3- Qasab 4- Makhmur 5- Judaida 6- Alan 7- Sasan 8- Qara Chauq 9- Pulkhana 10- Ibrahim	Najmah

Source: Ministry of Oil - National Oil Company - Department of Reservoirs and Field Development, in addition to the annual reports of the concerned company)

\* The northwest Avana station (Gistan) is under the control of the Kurdistan Regional Government

\*\* Sufaiya field is under the control of the Kurdistan Regional Government



Company name	Producing fields		Non-producing fields	
	Fields operated by NOCs	Fields operated by IOCs	Fields operated by NOCs	Fields operated by IOCs
	Gas Fields			
Midland Oil Company	None	None	Jaria Pika	1- Akkas 2- Mansuriya
	Oil Fields			
	Naft Khana	1- Ahdeb 2- Badra 3- East Baghdad	1- Nahrawan 2- Khashim Al-Ahmar 3- Injana 4- Gilabat 5- Tel Ghazal 6- Nau Doman 7- Qumar 8- Dhufriya 9- Merjan 10- Kifl 11- West Kifl	Block 8

Source: Ministry of Oil - National Oil Company - Department of Reservoirs and Field Development, in addition to the annual reports of the concerned company)

Company name	Producing fields		Non-producing fields	
	Fields operated by NOCs	Fields operated by IOCs	Fields operated by NOCs	Fields operated by IOCs
	Gas Fields			
Missan Oil Company	None	None	None	None
	Oil Fields			
	1- Amara 2- Noor	1- Halfaya 2- Missan fields (Buzurgan, Al-Fakkah, Abu Ghirab)	1- Kumait 2- Dujaila 3- Riffae 4- Huwaiza 5- Dima	None

Source: Ministry of Oil - National Oil Company - Department of Reservoirs and Field Development, in addition to the annual reports of the concerned company)



Company name	Producing fields		Non-producing fields	
	Fields operated by NOCs	Fields operated by IOCs	Fields operated by NOCs	Fields operated by IOCs
Thi-Qar Oil Company	<b>Gas Fields</b>			
	None	None	None	None
	<b>Oil Fields</b>			
	1- Nasiriya 2- Subba	Garraf	Abu-Amood	Arido (Block 10)

Source: Ministry of Oil - National Oil Company - Department of Reservoirs and Field Development, in addition to the annual reports of the concerned company)

Company name	Producing fields		Non-producing fields	
	Fields operated by NOCs	Fields operated by IOCs	Fields operated by NOCs	Fields operated by IOCs
Basra Oil Company	<b>Gas Fields</b>			
	None	Siba	None	None
	<b>Oil Fields</b>			
	1- Bin Omar 2- Artawi 3- Tuba 4- Luhais 5- Majnoon	1- West Qurna 1 2- West Qurna 2 3- Zubair 4- Rumaila (northern and southern) 5- Block 9 (Al-Faihaa)	1- Rachi 2- Jeraishan 3- Semawa 4- Abu-Khaima 5- Sindbad	1- Block (12)

Source: Ministry of Oil - National Oil Company - Department of Reservoirs and Field Development, in addition to the annual reports of the concerned company)

## Exploration Activities

Next table is an overview of the activity done by Iraqi Drilling Company and Oil Exploration Company during 2019-2020, extracted from data and information obtained from the two companies above, for the fields operated by NOCs and those operated by IOCs.

### **a- Data of Oil Exploration Company**

Exploration Activity		Unit of Measurement	2019			2020		
			Planned	Implemented	Implemented in 2019 to the planned	Planned	Implemented	Implemented in 2020 to the planned
Geology and geophysics Division (studies) - Total Completion percentage			2,372	2,368	%100	1,704	1,704	%100
Processing and IT Division	Information Processing Department – 3 Dimension	KM <sup>2</sup>	2,351	2,351	%100	280	233	%83
	2 Dimension	KM-Length/processed	7,440	7,926	%107	11,362	11,796	%104
Processing and Interpretation Division \ Seismic Interpretation Department	3-Dimension Interpretation	KM <sup>2</sup>	2,784	2,784	100%	None		
	2-Dimension Interpretation	Km-length \ Interpreted	65,927	65,927	100%			
Field Work Division \ Field Seismic Survey	3 Dimension	KM <sup>2</sup>	1,698	1,329	%78	1,151	654	%57
	2 Dimension	KM-Length	3,680	3,732	%101	5,905	5,049	%86

Source: Annual reports of the Oil Exploration Company

Based on the percentages above, the implementation percentage is (100%) and above of the 2019 planned and for all activities of exploration committees in Oil Exploration Company except for the activity of field work committee / Seismic field surveys which achieved a percentage of (78%) of the planned exploration activity. As for the year 2020, the achievement rates were generally lower than planned.

## b- Data of Iraqi Drilling Company

Below a table of the data concerning the drilling activity for 2019 - 2020 related to the national efforts fields (NOCs).

Comp any	2019			2020			2019			2020		
	Num ber of Plan ned drill wells	Drill ed Well s	Execut ion per cen tage	Num ber of Plan ned drill wells	Drill ed Well s	Execut ion per cen tage	Plann ed Work over wells	Wells worko ver	Execut ion per cen tage	Plann ed Work over wells	Wells worko ver	Execut ion per cen tage
North Oil Compa ny	5	4	%80	0	0	%0	3	5.9	%197	7.1	7.1	%100
Midlan d Oil Compa ny	4	3	%75	1	1	%100	2	0.95	%48	4.05	4.05	%100
Missan Oil Compa ny	3.6	2.5	%69	2.15	2	%93	2	2	%100	0	0	%0
Thi-Qar Oil Compa ny	5.04	3.98	%79	1.05	1.05	%100	0	0	%0	0	0	%0
Basra Oil Compa ny	19.8	13.77	%70	15.85	10.71	%68	4.5	5	%111	0	0	%0
Total nation al efforts activity	37.44	27.25	%73	20.05	14.76	%74	11.5	13.85	%120	11.15	11.15	%100

Source: Iraqi Drilling Company annual reports

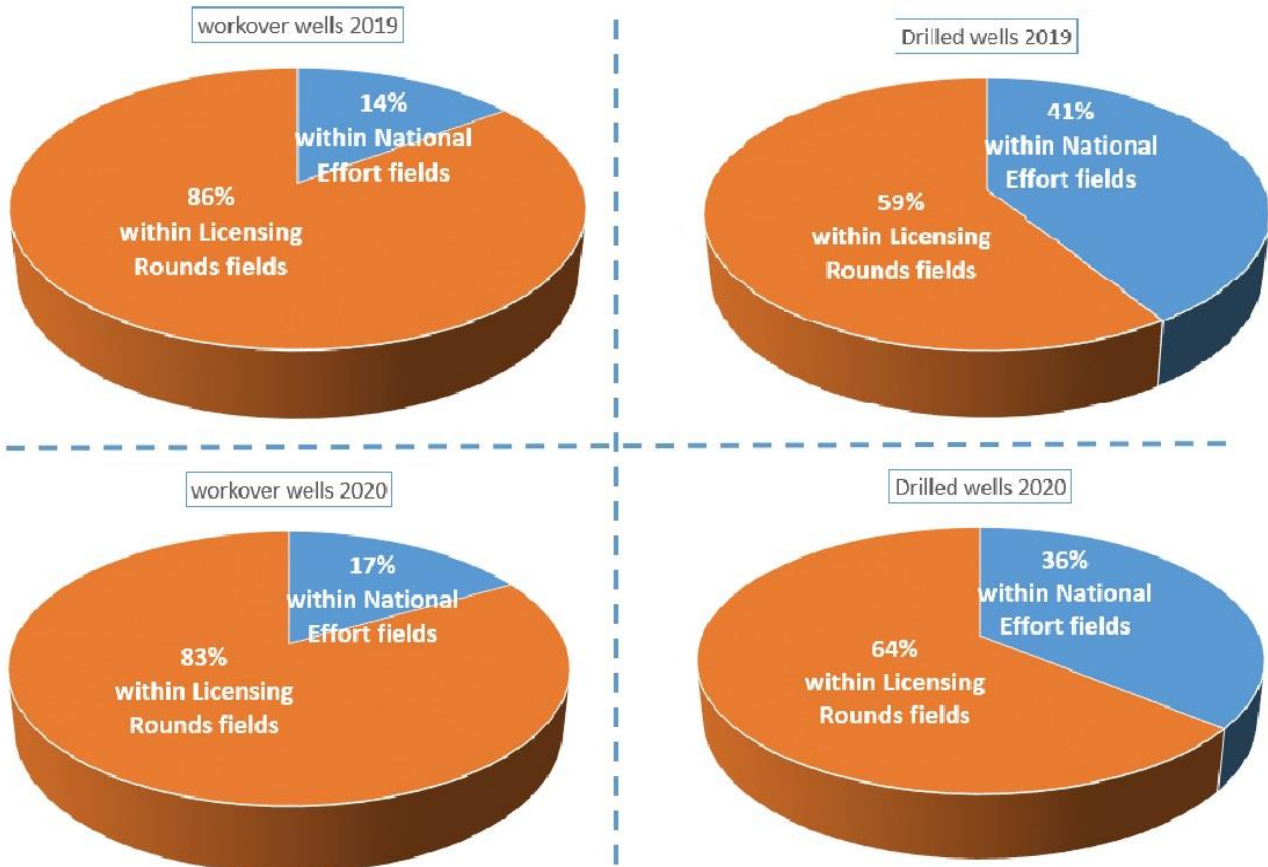
## Data of Foreign Effort in Licensing Round Fields operated by Foreign Companies

Comp any	2019			2020			2019			2020		
	Num ber of Plan ned drill wells	Drill ed Well s	Execut ion per cen tage	Num ber of Plan ned drill wells	Drill ed Well s	Execut ion per cen tage	Plann ed Work over wells	Wells worko ver	Execut ion per cen tage	Plann ed Work over wells	Wells worko ver	Execut ion per cen tage
Eni Iraq	8.5	8.51	%100	4.9	5.79	%0	28.1	34.1	%121	22.01	23.7	%108
Petron as	12.86	10.24	%80	3.4	3.41	%100	0	0	%0	0	0	%0
British Petrole um	11.2	8.42	%75	8.29	7.97	%96	5.1	6.9	%135	0	0	%0

Company	2019			2020			2019			2020		
	Number of Planned drill wells	Drilled Wells	Execution percentage	Number of Planned drill wells	Drilled Wells	Execution percentage	Planned Work over wells	Wells workover	Execution percentage	Planned Work over wells	Wells workover	Execution percentage
Lukoil	2	2	%100	0	0	%0	0	0	%0	0	0	%0
Exon Mobile	0	0.84	%0	9.16	9.16	%100	45	47.15	%0	26	27.55	%106
sonangol	10	10	%100	0	0	%0	0	0	%0	0	0	%0
Kwait Energy	0	0	%0	0	0	%0	1	0	%0	2	2	%100
Total Foreign efforts activity	44.56	40.01	%90	25.75	26.33	%102	79.2	88.15	%111	50.01	53.25	%106

Source: Iraqi Drilling Company annual reports

It is noted that the completion rates of the Iraqi Drilling Company for the fields of licensing rounds are higher than the completion rates for the fields of national effort, due to contractual obligations with foreign entities.



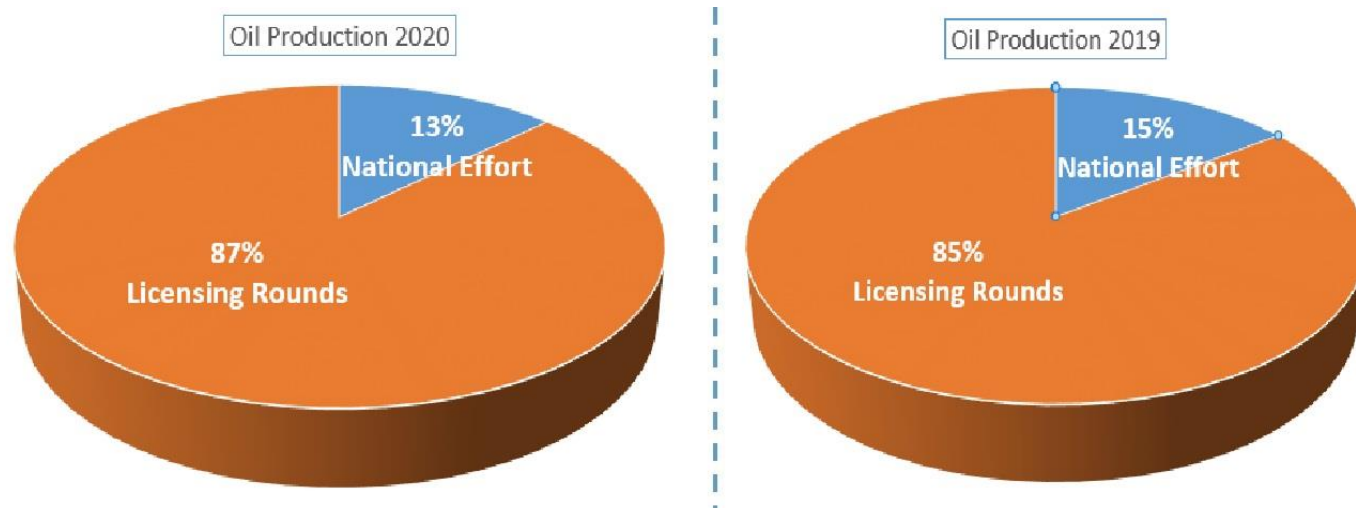
## 1-2 Oil Production Data

### A- Crude Oil Production

There are two types of production in Federal Iraq. The first type of production is the production undertaken by the IOCs under the licensing round service contracts, referred to as “licensing rounds production”. The second type of production is referred to as “national efforts production” and is the production of crude oil from the oilfields that the NOCs operate independently. The following table presents crude oil quantities produced during 2019-2020, reported by national oil companies, in respect of both national efforts production and licensing round production.

Com pany	2019					2020				
	Natio nal Effort s Produ ction (Bar rel)	Licensi ng Rounds Produ ction (Bar rel)	Total Produ ction (Bar rel)	Perce ntage of Natio nal Effort s Produ ction to Total Produ ction	Perce ntage of Licen sing Roun ds Produ ction to Total Produ ction	Natio nal Effort s Produ ction (Bar rel )	Licensi ng Rounds Produ ction (Bar rel)	Total Produ ction (Bar rel)	Perce ntage of Natio nal Effort s Produ ction to Total Produ ction	Perce ntage of Licen sing Roun ds Produ ction to Total Produ ction
North Oil Comp any*	118,200,933	7,861,031	<b>126,061 964,</b>	%94	%6	107,247,931	675,236	<b>107,923 167,</b>	%99	%1
Midla nd Oil Comp any**	3,157,677	53,555,389	<b>56,713, 066</b>	%6	%94	621,189	43,026,640	<b>43,647, 829</b>	%1	%99
Missa n Oil Comp any	3,294,395	225,676142,	<b>228,970 537,</b>	%1	%99	38,489	154,515506,	<b>154,553, 995</b>	%0	%100
Thi- Qar Oil Comp any	32,829,752	34,975,420	<b>67,805, 172</b>	%48	%52	23,334728,	13,382,831	<b>36,717,5 59</b>	%64	%36
Basra Oil Comp any	73,017,088	1,012,465,785	<b>1,085,4 82,873</b>	%7	%93	44,038,376	956,701526,	<b>1,000,7 39,902</b>	%4	%96
Total	230,499,845	1,334,533,767	1,565,033,612	%15	%85	175,280,713	1,168,301,739	1,343,582,452	%13	%87





## B- Produced Gas

Associated gas is gas associated with oil within oil fields, typically as a byproduct of oil production, while non-associated gas (Free) is extracted from gas fields. Three gas fields have been awarded under license rounds in Federal Iraq; Akkas (in Anbar province); Mansuriya (near the Iranian border in Diyala province), and Siba (in Basra).

The following table displays the total quantities of the gas produced, invested and burnt during the calendar years 2019-2020, as disclosed by the National Oil companies:

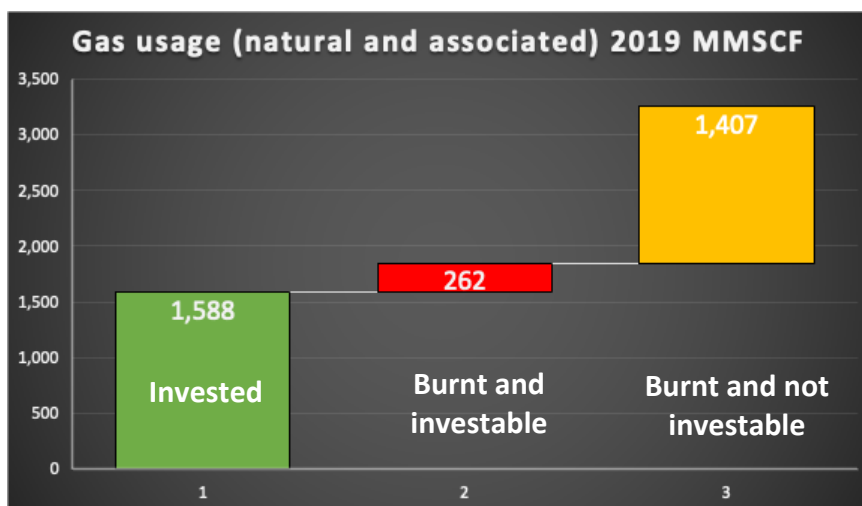


		2019							
Item		North Oil	Midland Oil	Missan Oil	Thi-Qar Oil	Basra Oil	Total	Percent age	
Natural Gas (MMSCF) Daily	Associated Gas (and Dry Gas from Midland Oil Company and Basra Oil Company)*	Produced	253	233	426	101	2,121	3,134	
		Invested	178	195	94	16	983	1,466	%47
	Burnt	Investable	37	22	-	-	203	262	%8
		Non investable	39	16	332	85	934	1,406	%45
	Dome Gas	Produced	122	-	-	-	-	122	



2019								
Item		North Oil	Midland Oil	Missan Oil	Thi-Qar Oil	Basra Oil	Total	Percentage
(It is the gas produced from a gas dome above the oil in the warehouse)	Invested	121	-	-	-	-	121	%99
	Burnt							
	Investable	-	-	-	-	-	-	%0
	Non investable	1	-	-	-	-	1	%1
Total	Produced	<b>375</b>	<b>233</b>	<b>426</b>	<b>101</b>	<b>2,121</b>	<b>3,256</b>	
	Invested	<b>299</b>	<b>195</b>	<b>94</b>	<b>16</b>	<b>983</b>	<b>1,588</b>	%49
	Burnt							
	Investable	37	22	-	-	203	262	%8
	Non investable	40	16	332	85	934	1,407	%43
	<b>Overall</b>	<b>76</b>	<b>38</b>	<b>332</b>	<b>85</b>	<b>1,137</b>	<b>1,669</b>	

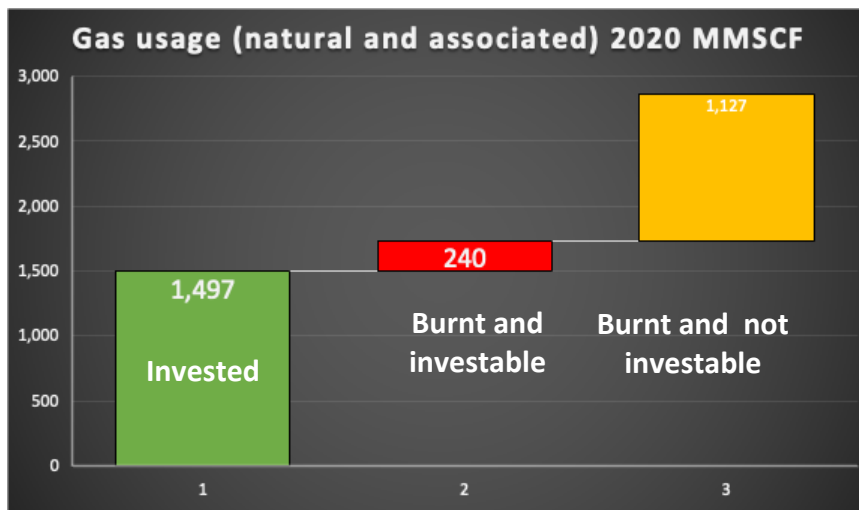
\* Includes the following produced dry gas quantities (91.76 MMSCF from Midland Oil Company, and 23.7 MMSCF from Basra Oil Company)



		2020								
Item		North Oil	Midland Oil	Missan Oil	Thi-Qar Oil	Basra Oil	Total	Percentage		
Natural Gas (MMSCF)	Associated Gas (and Dry Gas from Midland Oil Company and Basra Oil Company) *	Produced	231	168	287	54	1,960	<b>2,700</b>		
		Invested	155	143	90	19	926	<b>1,333</b>	<b>%49</b>	
		Burnt	Investable	20	0	0	0	221	<b>240</b>	<b>%9</b>
			Non investable	56	25	197	36	813	<b>1,126</b>	<b>%42</b>
	Dome Gas  (It is the gas produced from a gas dome above the oil in the warehouse)	Produced	165	0	0	0	0	<b>165</b>		
		Invested	164	0	0	0	0	<b>164</b>	<b>%99</b>	
		Burnt	Investable	0	0	0	0	0	<b>0</b>	<b>%0</b>
			Non investable	1	0	0	0	0	<b>1</b>	<b>%1</b>
			<b>395</b>	<b>168</b>	<b>287</b>	<b>54</b>	<b>1,960</b>	<b>2,865</b>		

2020									
Item			North Oil	Midland Oil	Missan Oil	Thi-Qar Oil	Basra Oil	Total	Percentage
	Total	Invested	<b>319</b>	<b>143</b>	<b>90</b>	<b>19</b>	<b>926</b>	<b>1,497</b>	<b>%52</b>
		Burnt	Investable	20	0	0	0	221	<b>240</b>
	Non investable		57	25	197	36	813	<b>1,127</b>	<b>%39</b>
	<b>Overall</b>		<b>77</b>	<b>25</b>	<b>197</b>	<b>36</b>	<b>1,034</b>	<b>1,368</b>	

\* Includes the following produced dry gas quantities (67.95 MMSCF from Midland Oil Company, and 42.53 MMSCF from Basra Oil Company)



The Directorate of Studies, Planning and Follow-up at the Ministry of Oil has clarified the reasons for gas flaring and its investment projects (under implementation and future ones). These reasons can be found in the Further Transparency chapter of this report.

National oil companies calculate the quantities of oil and gas production according to a detailed mechanism in the file “National Companies Calculation Mechanism for the Cost and Quantities of Oil and Gas Production” found on the IEITI website - Reports and Publications - Annual Reports – Appendices to the 2019-2020 Annual Report (<https://ieiti.org/iq/ar/details/1235/2019-2020-annual-reports-appendices>)

**C- Petroleum products production by refineries and National Gas Companies**

2019							
Product (Final production)	Unit	North Refineries	Midland Refineries	South Refineries	North Gas	South Gas	Total
		Total	Total	Total	Total	Total	
RT fuel	M <sup>3</sup>	-	254,968	31,151	-	-	286,119
Gasoline	M <sup>3</sup>	1,544,195	1,035,703	1,929,461	-	-	4,509,359
Naphtha (Total)	M <sup>3</sup>	2,118,495	764,156	1,214,714	-	-	4,097,365
Kerosene	M <sup>3</sup>	684,384	476,455	563,291	-	-	1,724,130
Gas Oil	M <sup>3</sup>	2,767,180	1,709,273	2,486,403	-	-	6,962,856
Diezel Oil	M <sup>3</sup>	-	221,364	-	-	-	221,364
Fuel Oil	M <sup>3</sup>	5,828,712	4,946,952	6,875,678	-	-	17,651,342
Base Oil	M <sup>3</sup>	-	-	-	-	-	-
Ready Oil	M <sup>3</sup>	-	11,449	-	-	-	11,449
V.R.	M <sup>3</sup>	-	-	-	-	-	-
Normal Gasoline	M <sup>3</sup>	-	-	-	165,887	751,754	917,641
LG	Ton	59,743	56,412	94,556	266,103	1,360,069	1,836,883
Asphalt	=	14,271	211,172	138,392	-	-	363,835
Liquid Asphalt		4,930	-	-	-	-	4,930
Dry Gas	MMSCF	-	-	-	88,087	238,551	326,638
Greases	Ton	-	201	-	-	-	201
Additive Imported Gasoline	M <sup>3</sup>	-	-	215,747	-	-	215,747
Black Oil (Fuel Oil+reduced crude oil)	M <sup>3</sup>	-	3,476,547	-	-	-	3,476,547
reduced crude oil	M <sup>3</sup>	-	907,176	-	-	-	907,176
Sulphur	Ton	-	-	-	36,015	-	36,015
Pure propane	Ton	-	-	-	-	15,674	15,674
Total propane	Ton	-	-	-	-	-	-



2019							
Product (Final production)	Unit	North Refineries	Midland Refineries	South Refineries	North Gas	South Gas	Total
		Total	Total	Total	Total	Total	
Butane	Ton	-	-	-	-	-	-
Asphalt Unite residue	M <sup>3</sup>	-	-	188,712	-	-	188,712

\*final production represents the actual production after transformation processes in the refinery (including the refined from and to products)

2020							
Product (Final production)	Unit	North Refineries	Midland Refineries	South Refineries	North Gas	South Gas	Total
		Total	Total	Total	Total	Total	
RT fuel	M <sup>3</sup>	-	113,990	22,651	-	-	136,641
Gasoline	M <sup>3</sup>	1,339,427	923,501	1,616,268	-	-	3,879,196
Naphtha (Total)	M <sup>3</sup>	1,559,119	1,729,235	795,533	-	-	4,083,887
Kerosene	M <sup>3</sup>	551,339	412,702	644,540	-	-	1,608,581
Gas Oil	M <sup>3</sup>	2,418,912	1,427,737	2,198,231	-	-	6,044,880
Diezel Oil	M <sup>3</sup>	-	103,619	-	-	-	103,619
Fuel Oil	M <sup>3</sup>	4,918,267	4,378,818	5,966,124	-	-	15,263,209
Base Oil	M <sup>3</sup>	-	12,910	-	-	-	12,910
Ready Oil	M <sup>3</sup>	-	10,291	-	-	-	10,291
V.R.	M <sup>3</sup>	-	429,981	6,197	-	-	436,178
Normal Gasoline	M <sup>3</sup>	-	-	-	150,780	612,374	763,154
LG	Ton	84,209	69,579	81,755	260,278	1,338,542	1,834,363
Asphalt	=	5,358	154,550	145,362	-	-	305,270
Liquid Asphalt		124	-	-	-	-	124
Dry Gas	MMSCF	-	-	-	87,236	210,476	297,712
Greases	Ton	-	316	-	-	-	316
Additive Imported Gasoline	M <sup>3</sup>	-	-	106,590	-	-	106,590



2020							
Product (Final production)	Unit	North Refineries	Midland Refineries	South Refineries	North Gas	South Gas	Total
		Total	Total	Total	Total	Total	
Black Oil (Fuel Oil+reduced crude oil)	M <sup>3</sup>	-	3,437,738	-	-	-	3,437,738
reduced crude oil	M <sup>3</sup>	-	748,934	-	-	-	748,934
Sulphur	Ton	-	-	-	26,917	-	26,917
Pure propane	Ton	-	-	-	-	12,011	12,011
Total propane	Ton	-	-	-	-	813,271	813,271
Butane	Ton	-	-	-	-	534,173	534,173
Asphalt Unite residue	M <sup>3</sup>	-	-	192,068	-	-	192,068

\* final production represents the actual production after transformation processes in the refinery (including the refined from and to products)

### 1-3 Mining Sector

The below table showcases a summary of data of prominent minerals in Iraq according to a study prepared by Technical Department of Federal Ministry of Industry and Minerals.

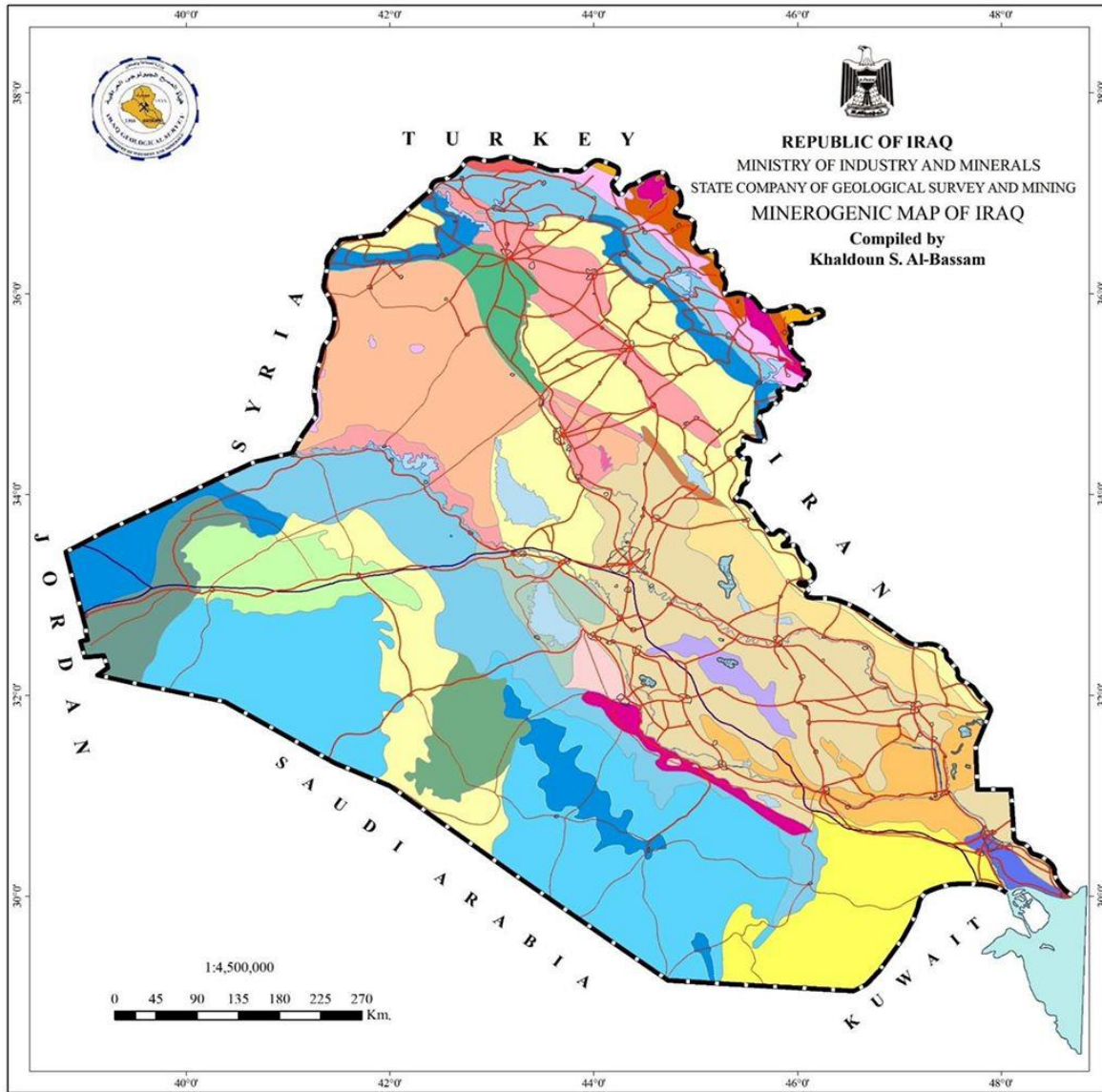
Mineral	Formation	Location(s)	Recorded Reserve Million ton	Usages
Sodium chloride (Samawah salt)	Al-Fateha /Injana	Al-Simawa City / Muthanna Province	50	Petroleum Industries – Chemical – Petrochemical – Foodstuff
Sodium Sulfate (Cloprite ore)	Hadeetha Deposits	Al-Door City / Salahuldeen Province	22	Detergents Manufacturing – Paper Manufacturing
Silica sand	Al-Akra (Burmese) and Hussainiyat (Jurassic) and Omer River and Rutba (Cretaceous)	Rutbah City / Ardhuma/ Anbar Province	390	Ceramic and Glass Plant – Cement Plants
Feldspar-bearing sand	Dabdaba	Kifil / Najaf Province	2.3	Ceramic and Glass
Standard sand	Omer River	Rutbah City/ Anbar Province	0.02	Cement Plants
Kaolin clays	Al-Akra (Burmese) and Hussainiyat (Jurassic) Amige Valley	Dowaykhila/ Anbar Province	1200	Cement Plants – Thermals – Ceramic

Mineral	Formation	Location(s)	Recorded Reserve Million ton	Usages
Bentonite clay (montmorillonite)	Al-Doggma (Late Cretaceous), Akashat( Palocin) and Asfarra Formation	Daddy Basheera/Trefawiy/ Anbar Province	21	Drilling of oil wells and ground water wells - civil and construction works - purification of oils - sulfur filter - production of animal feed - Palace of colors - dyes - Casting molds
Atapulgate clay	Al-Doggma and Akashat	Akashat/ Anbar Province	0.5	purification of oils – Hydrogenation of oils - Wells drilling liquids
Porcelainite	Akashat	Akashat/ Anbar Province	1.5	Oils Plants
Bauxite	Hussainiyat	Bauxite / Anbar Province	1	Cement and Thermals Plants
Flint clays	Hussainiyat	Bauxite / Anbar Province	9	Cement and Thermals Plants
Sedimentary iron	Al-Akra (Burmese) and Hussainiyat (Jurassic)	Hussainiyat/ Anbar Province	3.5	Cement Plants
phosphate	Akashat formation (Paleocene) Ratcha formation (eosin) Al-Doggma formation	Anbar Province	10,000	Phosphate fertilizer industry

Source: Geological Survey of the Ministry of Industry and Minerals

The image below is a map of Iraq for minerals as prepared by the Geological Survey Commission.





**MINEROGENIC DISTRICTS**

**Marine Sedimentary Deposits**

- Limestone
- Dolostone
- Limestone-Dolostone
- Phosphorite-Montmorillonite-Palygorskite Porcelanite
- Phosphorite-Dolostone

**Marine Evaporite Deposits**

- Gypsum
- Halite-Gypsum

**Continental Evaporite Deposits**

- Halite Saltern
- Glauberite Saltern
- Gypsum-Halite

**Fluvial Clastic Deposits**

- Gravel-Sand
- Sand
- Feldspar Sand with Epigenetic Celestite
- Sand-Clay
- Salt - rich mud
- Low - sulfate mud
- High - sulfate mud
- Organic - rich mud
- Bentonite ( alteration of volcanic ash in fluvial system )

**Acolian Sand Deposits**

- Carbonate- and Gypsum rich sand

**Bioepigenetic Deposits**

- Native Sulfur

**Laterite Deposits with Kaolinitic Clay and Quartz-Sand associations**

- Karst Bauxite, Sedimentary Ironstone, Quartz- Sand and Kaolinitic Clay

**Low Temperature Hydrothermal Vein and Strata bound Deposits**

- Zn-Pb-Ba-Pyrite

**Placer and Secondary Deposits**

- Cr-Fe-Mn-Cu

**Vein and Strata bound (metamorphosed) Zn,Pb,Cu and Fe**

- Zn-Pb-Pyrite-Gahnite-Willemite, Magnetite with Cu mineralization

**Magmatic Deposits**

- Cr-Ni-Fe-Cu

**Volcano-Sedimentary Strata bound Deposits**

- Mn-Fe

**TOPOGRAPHIC SYMBOLS**

- International boundaries
- Express Way No.1
- Main road
- Secondary road
- River
- Main Valley
- Lake
- Marsh and Swamp
- City

**Operational Status of each State Company operating in Mining Sector during 2020:**

On 2020, there are five companies active out of eight specialized companies in the mining sector owned by Ministry of Mining and Minerals

Company	Status
The State Company for Mining Industries	Operational during 2020, the company participates in both extractive and transformative activities.
The State Company of Fertilizers – Southern Region	Operational during the year 2020, the company is only involved in transformative activities (there are no extraction activities).
Sate Company for Petrochemical Industries	Operational during the year 2020, the company only participates in transformative activities (there are no extraction activities), as the company stated.
Sate Company for Iron & Steel	Operating during the year 2020 only company engaged in manufacturing activities (no extraction activities), the company said.
Iraq Sate Cement Company	Operating during the year 2020 only company engaged in manufacturing activities (no extraction activities).
The State Company of Fertilizers– Northern Region	Not operating during 2020
Phosphate State Company	Not operating during 2020
Mishraq Sulphur Company	Not operating since 2020
Iraqi Geological Survey	This body does not carry out any productive activities

Source: Ministry of Industry and Minerals

**Quantities and values of Production in Mining Sector during 2019-2020:**

Mineral	Achieved Production quantity (Ton)		Usages
	2019	2020	
Industrial Salt	115,000	110,674	Industries (oil - chemical - petrochemical - food)
Raw Salt	46,920	102,525	Industries (oil - chemical - petrochemical - food)
Silica sand for glass and ceramics	142	35	Glass and ceramic plants
Silica sand for black cement	81	0	Cement plants
Silica Sand for Casting	175	0	Casting molds
Standard sand (Western Desert + Najaf)	18	18	Cement plants (cement test)
Calcium bentonite product	80	0	Drilling of oil and water wells - construction and civil works - Filter sulfur - Palace of colors -



Mineral	Achieved Production quantity (Ton)		Usages
	2019	2020	
			purification of oils - dyes - Casting molds
Raw bentons	25	48	Drilling of oil and water wells - construction and civil works - Filter sulfur - Palace of colors - purification of oils - dyes - Casting molds
<b>Total</b>	<b>162,440</b>	<b>213,300</b>	

Source: The Geological Survey of the Ministry of Industry and Minerals

The Geological Survey Commission at the Ministry of Industry and Minerals has prepared a study on the mining sector in Iraq, which can be found in the Further Transparent chapter of this report.

#### 1-4 KRG's Oil, Gas and Minerals Production

Despite the numerous efforts exerted by the IEITI and the IA to urge the KRG (Ministry of Natural Resources) to participate in the 2019-2020 EITI report, there was no response from that government to meet requests for data related to the region, even though their confirmation of receiving the IEITI letter in this regard. The independent administrator also visited the Ministry of Natural Resources in the region several times, but the efforts were not fruitful, in addition to sending emails to a number of international oil companies operating in the Kurdistan region within the contracts of participation in production but none were answered. Therefore, all the relevant data mentioned in this report have been relied on publicly available sources.

We draw your attention to the decision of the Federal Supreme Court related to the oil production sector in the region, which was explained in the chapter "Legal and Fiscal Framework" of this report.

#### 1-5 Exporting Data

##### A- Crude Oil Exporting Process

SOMO is the sole and official exporter of Iraqi's crude oil, established in accordance with Public Companies Law No. 22 of 1997. It aims to contribute to the support of the national economy through marketing of crude oil and natural gas outside Iraq. The standards and mechanisms adopted in the process of exporting crude oil have been listed on the IEITI website, where they can be viewed in a file called "Standards and mechanisms approved by the Iraqi Oil Marketing Company (SOMO) in the process of selling crude oil" located on the IEITI website - reports and publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org/iq/ar/details/1235/2019-2020-annual-reports-appendices>).



The Oil Marketing Company exports crude oil supplied by the Basra Oil Company (including crude oil supplied by the Midland, Maysan and Thi Qar Oil Companies) through the Basra port. As for the crude oil supplied by the North Oil Company, it is exported mainly through the Ceyhan port in Turkey, and by trucks from the tanks of the Al-Samoud refinery to Jordan, as well as from the Qayyarah station to the southern port also by trucks. The export quantity of each shipment is determined by the counters at the exporting port (detailed in the “Further Transparency” chapter of this report), which are subsequently fixed in the shipping and trade list.

Below we list the extracted quantities of crude oil, according to their sources, from the oil extractive companies, which were exported through the Oil Marketing Company:

### First:- North Oil Company

Month	2019				2020			
	Crude oil extracted for export, reported by the Ministry of Oil (Barrel)	Crude oil extracted for export, reported by North Oil Company (Barrel)	Crude oil extracted for export, reported by SOMO (Barrel)	Differences (Barrel)	Crude oil extracted for export, reported by the Ministry of Oil (Barrel)	Crude oil extracted for export, reported by North Oil Company (Barrel)	Crude oil extracted for export, reported by SOMO (Barrel)	Differences (Barrel)
January	3,189,395	3,189,395	2,866,148	<b>323,247</b>	2,354,322	2,354,322	1,423,226	<b>931,096</b>
February	2,358,128	2,358,128	2,267,553	<b>90,575</b>	3,243,400	3,243,400	2,542,751	<b>700,649</b>
March	3,420,741	3,420,741	3,786,948	<b>366,207</b>	3,184,281	3,184,281	3,725,606	<b>541,325</b>
April	3,786,095	3,786,095	3,353,598	<b>432,497</b>	3,325,018	3,325,018	2,612,539	<b>712,479</b>
May	3,965,979	3,965,979	4,061,412	<b>95,433</b>	3,098,791	3,098,791	3,545,431	<b>446,640</b>
June	3,735,026	3,735,026	3,898,325	<b>163,299</b>	3,000,725	3,000,725	3,482,519	<b>481,794</b>
July	4,025,170	4,025,170	4,048,752	<b>23,582</b>	3,280,204	3,280,204	2,962,910	<b>317,294</b>
August	4,032,676	4,032,676	4,186,090	<b>153,414</b>	3,173,877	3,173,877	2,989,400	<b>184,477</b>
September	3,871,081	3,871,081	4,265,888	<b>394,807</b>	2,996,434	2,996,434	3,388,620	<b>392,186</b>



Month	2019				2020			
	Crude oil extracted for export, reported by the Ministry of Oil (Barrel)	Crude oil extracted for export, reported by North Oil Company (Barrel)	Crude oil extracted for export, reported by SOMO (Barrel)	Differences (Barrel)	Crude oil extracted for export, reported by the Ministry of Oil (Barrel)	Crude oil extracted for export, reported by North Oil Company (Barrel)	Crude oil extracted for export, reported by SOMO (Barrel)	Differences (Barrel)
October	3,530,058	3,530,058	3,319,127	<b>210,931</b>	3,078,397	3,078,397	3,130,729	<b>-52,332</b>
November	3,328,154	3,328,154	3,009,653	<b>318,501</b>	3,539,187	3,539,187	3,071,932	<b>467,255</b>
December	3,137,701	3,137,701	3,174,797	<b>-37,096</b>	3,100,669	3,100,669	3,016,142	<b>84,527</b>
<b>Total</b>	<b>42,380,204</b>	<b>42,380,204</b>	<b>42,238,291</b>	<b>141,913</b>	<b>37,375,305</b>	<b>37,375,305</b>	<b>35,891,805</b>	<b>1,483,500</b>

\* the difference is referred to SOMO as they define the quantities according to the bill of lading while North Oil Company define the quantities according to Meters.

### **Second :- Basra Oil Company (including the Midland Oil Company, Missan Oil Company and Thi Qar Oil Company)**

Month	2019				2020			
	Crude oil extracted for export, reported by the Ministry of Oil (Barrel)	Crude oil extracted for export, reported by Basra Oil Company (Barrel)	Crude oil extracted for export, reported by SOMO (Barrel)	Differences (Barrel)	Crude oil extracted for export, reported by the Ministry of Oil (Barrel)	Crude oil extracted for export, reported by Basra Oil Company (Barrel)	Crude oil extracted for export, reported by SOMO (Barrel)	Differences (Barrel)
January	110,245,281	110,245,281	110,245,281	-	101,062,366	101,062,366	101,062,366	-
February	99,120,006	99,120,006	99,120,006	-	95,805,196	95,805,196	95,805,196	-
March	100,909,946	100,909,946	100,909,946	-	101,392,918	101,392,918	101,392,918	-
April	100,635,009	100,635,009	100,635,009	-	100,532,427	100,532,427	100,532,427	-
May	106,675,881	106,675,881	106,675,881	-	96,039,852	96,039,852	96,039,852	-



Month	2019				2020			
	Crude oil extracted for export, reported by the Ministry of Oil (Barrel)	Crude oil extracted for export, reported by Basra Oil Company (Barrel)	Crude oil extracted for export, reported by SOMO (Barrel)	Differences (Barrel)	Crude oil extracted for export, reported by the Ministry of Oil (Barrel)	Crude oil extracted for export, reported by Basra Oil Company (Barrel)	Crude oil extracted for export, reported by SOMO (Barrel)	Differences (Barrel)
June	101,705,000	101,705,000	101,705,000	-	81,006,497	81,006,497	81,006,497	-
July	106,500,015	106,500,015	106,500,015	-	82,700,381	82,700,381	82,700,381	-
August	107,520,044	107,520,044	107,520,044	-	77,505,136	77,505,136	77,505,136	-
September	103,010,306	103,010,306	103,010,306	-	75,000,000	75,000,000	75,000,000	-
October	103,540,855	103,540,855	103,540,855	-	86,023,204	86,023,204	86,023,204	-
November	102,005,095	102,005,095	102,005,095	-	78,190,444	78,190,444	78,190,444	-
December	103,090,550	103,090,550	103,090,550	-	85,195,608	85,195,608	85,195,608	-
<b>Total</b>	<b>1,244,957,988</b>	<b>1,244,957,988</b>	<b>1,244,957,988</b>	<b>-</b>	<b>1,060,454,029</b>	<b>1,060,454,029</b>	<b>1,060,454,029</b>	<b>-</b>

### **B- Crude oil exports related to IOCs**

Crude oil is lifted by the licensing round companies is exported according to Oil licensing rounds via SOMO in exchange for cost recovery and remuneration fees owed to IOCs in kind instead of cash according to International Crude Oil Prices . Data below concerning such exports during years 2019-2020

Crude oil lifted by licensing round companies during 2019			
No	Name of the lifting company	Amount (USD)	Quantity (Barrel)
1	AL WAHA PETROLEUM CO. LTD.	628,654,860	10,223,812
2	BASRA OIL COMPANY	649,949,415	10,405,045
3	BP & PETROCHINA INTERNATIONAL	2,494,816,894	41,265,404
4	CNOOC IRAQ LIMITED and TURKISH PETROLEUM OVERSEAS COMPANY LTD (TP)	917,861,837	15,498,575
5	DRAGON OIL (BLOCK 9) LIMITED	38,303,637	671,270
6	EBS PETROLEUM COMPANY LIMITED	17,200,253	286,690
7	ENI IRAQ B.V.	722,413,890	12,194,040



Crude oil lifted by licensing round companies during 2019			
No	Name of the lifting company	Amount (USD)	Quantity (Barrel)
8	EXXONMOBIL IRAQ LIMITED	269,638,244	4,546,394
9	GAZPROM NEFT BADRA B.V.	333,596,192	5,631,280
10	ITOCHU OIL EXPLORATION IRAQ (B.V)	175,384,984	2,950,370
11	JAPEX GARRAF LTD	369,923,722	5,730,894
12	KOGAS IRAQ OPERATIONS	530,435,542	8,588,315
13	KUWAIT ENERGY IRAQ OPERATIONS	149,566,228	2,422,689
14	LUKOIL MID - EAST LIMITED	553,557,487	9,640,720
15	PETROCHINA IRAQ OPERATIONS	1,295,061,597	21,513,294
16	PETRONAS IRAQ OPERATIONS	825,464,056	14,187,097
17	PT PERTAMINA IRAK	53,786,095	959,206
18	SHELL IRAQ PETROLEUM DEVELOPMENT B.V (Demurrage)*	(824,717)	-
19	THE EGYPTIAN GENERAL PETROLEUM (Demurrages)	(2,356)	-
20	TOTAL E & P IRAQ.	404,827,646	6,481,017
21	TURKISH PETROLEUM OVERSEAS COMPANY LIMITED (TP BADRA)	46,038,590	818,674
22	TURKISH PETROLEUM OVERSEAS COMPANY LIMITED (TP MISSAN)	225,305,440	3,921,271
23	UNIPEC / BOC / MAJNOON (BASRA OIL COMPANY)	122,103,578	1,910,316
<b>Total</b>		<b>10,823,063,114</b>	<b>179,846,373</b>

\*Demurrages due to delay in loading oil to the defined time in export ports

\*\* the amounts are the value of lifted oil paid in kind for cost recovery and remuneration fees owed to licensing round companies. These amounts are not considered as a direct income of oil exports to crude oil international buyers.

Crude oil lifted by licensing round companies during 2020			
No	Name of the lifting company	Amount (USD)	Quantity (Barrel)
1	AL WAHA PETROLEUM CO. LTD.	175,308,719	5,217,344
2	BASRA OIL COMPANY	404,192,551	8,561,130
3	BP & PETROCHINA INTERNATIONAL	2,077,325,246	58,409,650
4	CNOOC IRAQ LIMITED and TURKISH PETROLEUM OVERSEAS COMPANY LTD (TP)	475,339,295	12,444,557
5	DRAGON OIL (BLOCK 9) LIMITED	17,318,541	680,654
6	EBS PETROLEUM COMPANY LIMITED	63,142,518	1,825,425
7	ENI IRAQ B.V.	662,938,846	19,046,024
8	EXXONMOBIL IRAQ LIMITED	306,256,864	7,736,041
9	GAZPROM NEFT BADRA B.V.	55,155,748	2,273,998
10	ITOCHU OIL EXPLORATION IRAQ (B.V)	131,665,710	3,932,142
11	JAPEX GARRAF LTD	44,743,179	2,004,751
12	KOGAS IRAQ OPERATIONS	378,556,769	8,705,450
13	KUWAIT ENERGY IRAQ OPERATIONS	117,587,251	3,819,436
14	LUKOIL MID - EAST LIMITED	625,771,747	19,421,641
15	PETROCHINA IRAQ OPERATIONS	594,483,593	17,427,960



Crude oil lifted by licensing round companies during 2020			
No	Name of the lifting company	Amount (USD)	Quantity (Barrel)
16	PETRONAS IRAQ OPERATIONS	272,892,946	6,861,449
17	PT PERTAMINA IRAK	35,296,945	1,042,507
18	SHELL WEST QURNA (Demurrages) *	(80,451)	-
19	SONANGOL PESQUISA E PRODUCAO S.A.	129,210,808	2,871,144
20	TOTAL E & P IRAQ.	116,029,187	3,711,706
21	TURKISH PETROLEUM OVERSEAS COMPANY LIMITED (TP BADRA)	16,549,305	658,219
22	TURKISH PETROLEUM OVERSEAS COMPANY LIMITED (TP MISSAN)	116,922,242	5,006,786
23	TURKISH PETROLEUM OVERSEAS COMPANY LIMITED (TP SIBA)	42,349,613	1,205,003
Total		<b>6,858,957,174 **</b>	<b>192,863,017</b>

\*Demurrages due to delay in loading oil to the defined time in export ports

\*\* the amounts are the value of lifted oil paid in kind for cost recovery and remuneration fees owed to licensing round companies. These amounts are not considered as a direct income of oil exports to crude oil international buyers.

### C- Exported crude oil to global oil buyers

the table below shows crude oil sales to international buyers according to the contracts with SOMO for the years 2019-2020.

International oil buying companies during 2019			
No	Name of the lifting company	Amount (USD)	Quantity (Barrel)
1	APIOIL UK LIMITED (Demurrages) *	-629	-
2	BHARAT OMAN REFINERIES LIMITED	650,150,331	10,299,371
3	BHARAT PETROLEUM CORPORATION LTD.	2,129,508,388	33,764,676
4	BP OIL INTERNATIONAL LIMITED	300,223,030	4,890,689
5	CANAL COMPANY	119,316,678	1,917,476
6	CEPSA TRADING SAU	34,975,058	575,393
7	CHEVRON PREMIUM (Demurrages)*	1,531,549	-
8	CHEVRON PRODUCTS COMPANY	2,129,352,378	36,065,289
9	CHINA INTERNATIONAL UNITED PETROLEUM AND CHEMICALS CO. LTD. (UNIPEC)	8,985,255,543	143,475,966
10	CHINA NATIONAL UNITED OIL CORPORATION	887,203,134	14,518,545
11	CHINA OFFSHORE OIL (SINGAPORE) INTERNATIONAL PTE. LTD.	858,942,205	13,325,590
12	CHINA ZHENHUA OIL CO. LTD (SINOSURE)	301,996,282	5,074,698
13	CHINA ZHENHUA OIL CO. LTD.	353,970,323	5,740,249
14	ENI TRADING & SHIPPING SPA - ITALY	1,032,362,164	16,996,014
15	EQUINOR ASA	141,571,728	2,055,922
16	EXXONMOBIL SALES AND SUPPLY CORPORATION GALLOWS	1,641,677,577	28,490,902





International oil buying companies during 2019			
No	Name of the lifting company	Amount (USD)	Quantity (Barrel)
17	FORMOSA PETROCHEMICAL CORPORATION (FPCC)	501,462,554	7,833,518
18	GS CALTEX SINGAPORE PTE. LTD.	2,873,426,458	46,568,390
19	GUNVOR SA (Demurrages)*	-4,911	-
20	HELLENIC PETROLEUM S.A.	637,030,437	10,813,028
21	HINDUSTAN PETROLEUM CORPORATION LIMITED	2,175,506,299	34,691,264
22	HPCL-MITTAL ENERGY LIMITED	1,378,109,312	22,219,227
23	HYUNDAI OILBANK	474,293,029	7,701,450
24	INDIAN OIL (CHENNAI PETROLEUM CORPORATION LTD)	7,887,859,548	127,230,371
25	IPLM INERNATIONAL SA (Demurrages)*	-4,506	-
26	IRAQ OIL TANKERS COMPANY.	123,741,340	3,461,433
27	IRAQ PETROLEUM TRADING DMCC (IPT)	-	-
28	JORDAN PETROLEUM REFINERY CO. LTD.	57,429,984	1,214,832
29	JXTG NIPPON OIL & ENERGY CORPORATION (JXTGE)	478,717,029	7,650,823
30	KOCH SUPPLY & TRADING, LP	126,201,927	1,915,249
31	LITASCO MIDDLE EAST DMCC	565,251,028	8,992,901
32	MANGALORE REFINERY & PETROCHEMICALS LIMITED.	793,849,291	12,675,005
33	MARATHON PETROLEUM SUPPLY LLC	595,685,101	10,411,432
34	MOL HUNGARIAN OIL & GAS PLC (MOL PLC)	61,262,711	958,248
35	MOTOR OIL HELLAS CORINTH REFINERIES S.A	1,532,535,599	26,277,078
36	NAFTIRAN INTERTRADE CO. (NICO) LTD	5,005,976	-
37	NAYARA ENERGY LIMITED	1,165,678,036	19,415,740
38	NORTH PETROLEUM INTERNATIONAL COMPANY LIMITED (CHINA ZHENHUA OIL CO. LTD.)	1,645,656,451	26,667,437
39	PETRO DIAMOND COMPANY LIMITED	368,674,430	5,760,572
40	PETROBRAS GLOBAL TRADING B.V.	182,078,516	2,947,183
41	PETROGAL S.A. - PORTUGAL	175,568,213	2,881,857
42	PETRONAS PETCO TRADING LABUAN COMPANY LIMITED (PTLCL) (Demurrages)*	-159,805	-
43	PHILLIPS 66 INTERNATIONAL TRADING PTE. LTD	439,726,573	7,727,082
44	RELIANCE INDUSTRIES LIMITED	5,070,885,099	83,244,772
45	REPSOL TRADING S.A	1,081,158,306	18,346,159
46	SARAS TRADING SA	644,999,154	10,779,438
47	SHELL INTERNATIONAL EASTERN TRADING COMPANY	3,855,497,597	63,846,646
48	SHUAA AL-TAQA	126,829,423	4,202,430
49	SINOCHEM (SINOSURE)	367,116,342	5,894,309



International oil buying companies during 2019			
No	Name of the lifting company	Amount (USD)	Quantity (Barrel)
50	SINOCHEM INTERNATIONAL OIL (LONDON) CO. LTD	6,397,045,159	102,010,968
51	SINOCHEM PREMIUM (Demurrages)*	279,251	-
52	SK ENERGY CO. LTD	956,496,436	15,635,953
53	SOCAR TRADING	37,694,464	616,860
54	THE EGYPTIAN GENERAL PETROLEUM CORPORATION (EGPC)	702,988,914	11,879,173
55	TOTSA TOTAL OIL TRADING SA	367,462,680	6,127,308
56	TURKISH PETROLEUM REFINERIES CORP. (TUPRAS) - TURKEY	2,399,176,391	40,353,806
57	VALERO MARKETING & SUPPLY COMPANY	1,857,036,132	31,207,185
Total		<b>67,677,281,711</b>	<b>1,107,349,907</b>

\* demurrages are due to the delay of loading oil on time at Iraqi export ports.

International oil buying companies during 2020			
No	Name of the lifting company	Amount (USD)	Quantity (Barrel)
1	APIOIL UK LIMITED	31,540,516	583,889
2	BHARAT OMAN REFINERIES LIMITED	396,384,394	8,814,280
3	BHARAT PETROLEUM CORPORATION LTD.	974,419,083	23,382,581
4	BP OIL INTERNATIONAL LIMITED (Demurrages)*	189,491	-
5	CHEVRON PRODUCTS COMPANY	924,636,556	23,291,968
6	CHINA INTERNATIONAL UNITED PETROLEUM AND CHEMICALS CO. LTD. (UNIPPEC)	5,734,818,185	148,435,206
7	CHINA NATIONAL UNITED OIL CORPORATION	125,812,361	1,945,572
8	CHINA OFFSHORE OIL (SINGAPORE) INTERNATIONAL PTE. LTD.	109,354,322	4,736,679
9	CHINA ZHENHUA OIL CO. LTD (SINOSURE)	591,098,506	15,699,806
10	CHINA ZHENHUA OIL CO. LTD.	1,331,416,611	34,655,277
11	ENEOS CORPORATION	94,845,334	1,914,634
12	ENI TRADING & SHIPPING SPA - ITALY	281,981,414	8,947,973
13	ENLIL ENERGY	12,765,420	617,894
14	ENOC SUPPLY AND TRADING LLC (Demurrages)*	- 23,134	-
15	EXXONMOBIL SALES AND SUPPLY CORPORATION GALLOWS	509,021,757	12,715,551
16	FORMOSA PETROCHEMICAL CORPORATION (FPCC)	263,507,026	6,735,884
17	GS CALTEX SINGAPORE PTE. LTD.	1,413,375,488	36,717,822
18	HELLENIC PETROLEUM S.A.	301,991,048	8,883,682
19	HINDUSTAN PETROLEUM CORPORATION LIMITED	954,947,133	22,427,067
20	HPCL-MITTAL ENERGY LIMITED	554,119,558	11,816,836
21	HYUNDAI OILBANK	118,747,788	2,876,960



International oil buying companies during 2020			
No	Name of the lifting company	Amount (USD)	Quantity (Barrel)
22	INDIAN OIL (CHENNAI PETROLEUM CORPORATION LTD)	4,859,583,735	117,319,484
23	IPLOM INERNATIONAL SA	28,137,035	676,615
24	JORDAN PETROLEUM REFINERY CO. LTD.	58,381,961	2,265,093
25	JXTG NIPPON OIL & ENERGY CORPORATION (JXTGE)	71,797,779	2,089,961
26	LITASCO MIDDLE EAST DMCC	114,525,033	3,459,672
27	MANGALORE REFINERY & PETROCHEMICALS LIMITED.	662,232,734	15,391,069
28	MARATHON PETROLEUM SUPPLY LLC	435,151,437	10,944,913
29	MOTOR OIL HELLAS CORINTH REFINERIES S.A	1,021,207,747	30,367,459
30	NAYARA ENERGY LIMITED	639,475,644	17,356,013
31	PETRO DIAMOND COMPANY LIMITED (Demurrages)*	- 24,967	-
32	PETROBRAS GLOBAL TRADING B.V.	58,516,666	996,312
33	PETROCHINA INTERNATIONAL CO., LTD (CHINA NATIONAL)	260,508,816	7,699,521
34	PETRONAS PETCO TRADING LABUAN COMPANY LIMITED (PTLCL) (Demurrages)*	- 45,088	-
35	PHILLIPS 66 INTERNATIONAL TRADING PTE. LTD	26,453,541	995,833
36	RELIANCE INDUSTRIES LIMITED	3,118,229,137	81,891,836
37	REPSOL TRADING S.A	327,027,404	10,937,964
38	SARAS TRADING SA	351,553,074	9,699,212
39	SHELL INTERNATIONAL EASTERN TRADING COMPANY	301,640,005	8,871,069
40	SINOCHEM (SINOSURE)	737,674,951	17,443,291
41	SINOCHEM INTERNATIONAL OIL (LONDON) CO. LTD	4,135,917,316	104,918,634
42	SK ENERGY CO. LTD	370,683,091	9,774,999
43	THE EGYPTIAN GENERAL PETROLEUM CORPORATION (EGPC)	261,036,042	9,752,574
44	TOTSА TOTAL OIL TRADING SA	215,093,929	6,795,575
45	TOYOTA TSUSHO CORPORATION (Demurrages)*	176,551	-
46	TURKISH PETROLEUM REFINERIES CORP. (TUPRAS) - TURKEY	1,666,764,700	47,027,151
47	VALERO MARKETING & SUPPLY COMPANY	433,214,805	11,609,006
<b>Total</b>		<b>34,879,861,935</b>	<b>903,482,817</b>

\* demurrages are due to the delay of loading oil on time at Iraqi export ports.

## D- Quantities of crude oil exported to each region of international markets

First: The following table shows the quantities of monthly exports and the average monthly price of crude oil exported to the European markets through Ceyhan port, noting that no exportations were made to Asian and North American markets during 2019-2020 through this port:

Month	2019						
	Ceyhan port (barrel)				Average monthly price (USD) *		
	North America	Europe	Far East	Total	North America	Europe	Far East
January	.	2,315,389	-	<b>2,315,389</b>	-	56.27	-
February	.	1,753,373	-	<b>1,753,373</b>	-	60.20	-
March	.	3,063,972	-	<b>3,063,972</b>	-	63.31	-
April	.	2,570,000	-	<b>2,570,000</b>	-	67.51	-
May	.	3,166,261	-	<b>3,166,261</b>	-	66.06	-
June	.	3,162,559	-	<b>3,162,559</b>	-	61.54	-
July	.	3,119,578	-	<b>3,119,578</b>	-	60.51	-
August	.	3,253,665	-	<b>3,253,665</b>	-	54.93	-
September	.	3,166,848	-	<b>3,166,848</b>	-	59.78	-
October	.	2,579,837	-	<b>2,579,837</b>	-	57.47	-
November	.	2,381,065	-	<b>2,381,065</b>	-	59.08	-
December	.	2,827,050	-	<b>2,827,050</b>	-	63.82	-
<b>Total</b>	.	<b>33,359,597</b>	.	<b>33,359,597</b>	.	<b>60.95</b>	.

*\*the values of shipments are defined as it is in the lists before applying any demurrages or any other penalties*



Month	2020						
	Ceyhan port (barrel)				Average monthly price (USD) *		
	North America	Europe	Far East	Total	North America	Europe	Far East
January	.	1,114,035	-	<b>1,114,035</b>	-	57.15	.
February	.	1,765,032	-	<b>1,765,032</b>	-	47.64	.
March	.	3,287,439	-	<b>3,287,439</b>	-	22.46	.
April	.	2,287,165	-	<b>2,287,165</b>	-	9.51	.
May	.	3,545,431	-	<b>3,545,431</b>	-	21.45	.
June	.	3,482,519	-	<b>3,482,519</b>	-	37.51	.
July	.	2,701,015	-	<b>2,701,015</b>	-	43.89	.
August	.	2,989,400	-	<b>2,989,400</b>	-	44.48	.
September	.	3,133,834	-	<b>3,133,834</b>	-	39.79	.
October	.	2,867,637	-	<b>2,867,637</b>	-	38.02	.
November	.	2,819,169	-	<b>2,819,169</b>	-	40.65	.
December	.	3,016,142	-	<b>3,016,142</b>	-	48.50	.
<b>Total</b>	.	<b>33,008,818</b>	-	<b>33,008,818</b>	-	<b>36.24</b>	.

\*the values of shipments are defined as it is in the lists before applying any demurrages or any other penalties

Second: The following table shows the quantities of monthly exports and the average monthly price of crude oil exported to the American, European and Asian markets, via Basra port by SOMO for the years 2019-2020:

Month	2019						
	Basra port (barrel)				Average monthly price (USD) *		
	North America	Europe	Far East	Total	North America	Europe	Far East
January	9,770,211	22,308,490	78,166,580	<b>110,245,281</b>	54.61	56.14	56.77
February	5,827,233	19,890,410	73,402,363	<b>99,120,006</b>	60.08	59.84	61.56
March	13,451,298	16,898,629	70,560,019	<b>100,909,946</b>	63.22	63.89	64.68



Month	2019						
	Basra port (barrel)				Average monthly price (USD) *		
	North America	Europe	Far East	Total	North America	Europe	Far East
April	7,666,891	30,628,098	62,340,020	<b>100,635,009</b>	66.59	66.67	68.45
May	8,954,718	21,791,585	75,929,578	<b>106,675,881</b>	65.14	61.55	68.02
June	8,929,002	22,717,932	70,058,066	<b>101,705,000</b>	58.84	60.45	60.79
July	10,966,939	25,384,059	70,149,017	<b>106,500,015</b>	60.80	55.37	62.66
August	9,312,714	26,813,639	71,393,691	<b>107,520,044</b>	55.65	55.68	58.72
September	8,428,720	15,793,562	78,788,024	<b>103,010,306</b>	56.00	55.89	60.09
October	11,636,050	13,833,370	78,071,435	<b>103,540,855</b>	52.98	54.55	58.58
November	9,023,768	15,255,961	77,725,366	<b>102,005,095</b>	54.65	55.17	61.79
December	9,055,928	14,619,534	79,415,088	<b>103,090,550</b>	57.80	59.04	64.38
<b>Total</b>	<b>113,023,472</b>	<b>245,935,269</b>	<b>885,999,247</b>	<b>1,244,957,988</b>	<b>58.78</b>	<b>59.04</b>	<b>61.79</b>

\*the values of shipments are defined as it is in the lists before applying any demurrages or any other penalties

Month	2020						
	Basra port (barrel)				Average monthly price (USD) *		
	North America	Europe	Far East	Total	North America	Europe	Far East
January	9,427,739	18,776,083	72,858,544	<b>101,062,366</b>	56.29	48.65	63.70
February	7,246,759	18,842,241	69,716,196	<b>95,805,196</b>	49.82	30.72	54.42
March	9,191,193	23,294,750	68,906,975	<b>101,392,918</b>	26.91	14.39	33.66
April	995,833	18,320,209	81,216,385	<b>100,532,427</b>	26.57	11.11	15.48
May	1,955,109	19,117,039	74,967,704	<b>96,039,852</b>	23.28	22.87	21.04
June	3,346,892	9,611,304	68,048,301	<b>81,006,497</b>	36.54	36.97	33.26
July	4,350,281	5,765,841	72,584,259	<b>82,700,381</b>	39.59	43.51	40.55
August	5,744,666	12,916,518	58,843,952	<b>77,505,136</b>	42.56	41.87	43.74
September	2,876,901	16,822,194	55,300,905	<b>75,000,000</b>	39.77	39.09	41.05



Month	2020						
	Basra port (barrel)				Average monthly price (USD) *		
	North America	Europe	Far East	Total	North America	Europe	Far East
October	1,896,721	13,483,730	70,642,753	<b>86,023,204</b>	39.43	37.45	39.09
November	2,878,955	12,204,297	63,107,192	<b>78,190,444</b>	40.60	43.89	41.67
December	3,121,378	8,657,681	73,416,549	<b>85,195,608</b>	47.98	51.09	47.63
<b>Total</b>	<b>53,032,427</b>	<b>177,811,887</b>	<b>829,609,715</b>	<b>1,060,454,029</b>	<b>41.60</b>	<b>32.37</b>	<b>39.21</b>

\*the values of shipments are defined as it is in the lists before applying any demurrages or any other penalties

Third: The following table shows the quantities of monthly exports and the average monthly price of crude oil exported from Qaiyarah Field by tankers by SOMO for the years 2019-2020:

Month	2019			
	Via tankers from Qaiyarah oil field (Barrel)	Average monthly price (USD)	Via tankers to Jordan (barrel)	Average monthly price (USD)
January	550,759	22.98	-	-
February	514,180	27.55	-	-
March	722,976	29.64	-	-
April	783,598	34.78	-	-
May	895,151	34.64	-	-
June	735,766	27.62	-	-
July	929,174	38.05	-	-
August	928,947	33.01	3,479	43.00
September	877,196	36.78	221,844	46.77
October	432,147	33.73	307,143	43.72
November	293,969	37.03	334,619	47.02
December	-	-	347,747	51.03
<b>Total</b>	<b>7,663,863</b>	<b>32.70</b>	<b>1,214,832</b>	<b>47.27</b>

Month	2020			
	Via tankers from Qaiyarah oil field (Barrel)	Average monthly price (USD)	Via tankers to Jordan (barrel)	Average monthly price (USD)
January	-	-	309,191	47.50
February	488,845	25.59	288,874	39.44
March	129,049	1.98	309,118	15.83
April	-	-	325,374	2.55
May	-	-	-	-
June	-	-	-	-
July	-	-	261,895	27.36



Month	2020			
	Via tankers from Qaiyarah oil field (Barrel)	Average monthly price (USD)	Via tankers to Jordan (barrel)	Average monthly price (USD)
August	-	-	-	-
September	-	-	254,786	24.81
October	-	-	263,092	24.15
November	-	-	252,763	26.66
December	-	-	-	-
Total	617,894	20.66	2,265,093	25.77

### E- Exported Oil products

**First:** Naphtha, Fuel Oil, Normal Gasoline, and Vacuum Distillation Oil are refined oil products produced by the MoO's refinery companies, which are state-owned, and then exported by SOMO. The Oil Products Distribution Company collects the quantities of products produced by the refineries and supplies these quantities to SOMO.

Then SOMO announces the quantities to be exported and set the selling price in US dollars. Noting that previously naphtha and asphalt were the only products exported outside Iraq. This indicates that there has been a diversity in the oil revenues in this regard.

The table below shows the prices and Quantities of exported oil products for the years 2019 and 2020.

Product	2019									
	Naphtha		Fuel Oil		Natural Gasoline		Vacuum Distillation Oil		Total	
month	Price (USD)	Quantity (Ton)	Price (USD)	Quantity (Ton)	Price (USD)	Quantity (Ton)	Price (USD)	Quantity (Ton)	Price (USD)	Quantity (Ton)
January	27,077,426	69,332	0	0	0	0	0	0	27,077,426	69,332
February	30,297,099	69,543	38,507,212	121,304	0	0	0	0	68,804,311	190,847
March	52,403,411	111,195	72,467,508	220,626	5,652,646	11,025	0	0	130,523,566	342,846
April	67,124,377	138,072	77,723,182	233,212	4,221,634	7,725	3,237,732	13,533	152,306,925	392,542
May	79,913,687	180,804	98,072,593	309,665	4,441,778	8,619	3,753,209	16,422	186,181,267	515,510
June	40,813,362	116,164	84,236,242	297,427	4,711,736	10,694	3,966,610	19,125	133,727,950	443,410
July	73,717,201	185,002	110,983,317	339,183	3,326,505	6,969	1,425,777	6,048	189,452,799	537,202
August	34,244,559	99,340	67,375,191	265,493	2,641,984	6,308	2,569,867	13,729	106,831,601	384,870
September	33,113,192	85,781	118,576,989	398,124	5,179,534	11,541	1,397,403	6,563	158,267,118	502,008
October	41,360,179	104,849	48,865,149	248,189	4,590,212	10,212	1,545,980	10,978	96,361,520	374,228
November	41,117,676	95,569	29,771,603	202,858	4,490,771	9,369	1,374,742	12,566	76,754,792	320,363
December	56,594,915	129,769	101,966,708	495,584	3,616,298	7,180	1,087,632	9,011	163,265,552	641,544
Total	577,777,083	1,385,421	848,545,694	3,131,664	42,873,099	89,643	20,358,951	107,976	1,489,554,827	4,714,704





Product	2020									
	Naphtha		Fuel Oil		Natural Gasoline		Vacuum Distillation Oil		Total	
month	Price (USD)	Quantity (Ton)	Price (USD)	Quantity (Ton)	Price (USD)	Quantity (Ton)	Price (USD)	Quantity (Ton)	Price (USD)	Quantity (Ton)
January	47,451,336	111,230	170,964,327	590,148	1,726,661	3,512	-	-	220,142,324	704,890
February	8,367,631	18,062	157,404,829	421,171	2,257,715	5,896	2,390,238	17,958	170,420,413	463,087
March	8,458,624	32,577	183,730,011	617,150	954,027	5,322	815,849	11,894	193,958,511	666,943
April	13,861,716	89,702	108,134,069	510,750	270,212	6,543	331,985	10,683	122,597,982	617,677
May	16,962,522	81,809	142,166,127	742,210	1,180,175	9,296	452,914	9,508	160,761,738	842,823
June	52,217,151	163,807	143,205,864	536,838	2,572,134	9,534	1,618,041	16,879	199,613,189	727,058
July	44,498,444	114,473	161,921,862	570,619	540,423	1,753	1,168,056	10,943	208,128,786	697,787
August	37,827,490	97,734	152,411,525	541,542	2,000,748	6,474	1,970,215	16,612	194,209,978	662,362
September	47,781,397	123,499	124,510,731	473,434	2,431,052	7,870	2,639,864	24,406	177,363,044	629,208
October	43,774,214	114,428	223,004,737	792,639	1,105,757	3,631	1,935,514	16,750	269,820,222	927,448
November	33,590,777	89,832	106,699,193	371,693	1,018,195	3,524	2,580,988	20,514	143,889,153	485,563
December	71,021,928	164,777	236,982,476	762,455	1,657,267	4,790	3,276,729	23,198	312,938,400	955,220
<b>Total</b>	<b>425,813,230</b>	<b>1,201,929</b>	<b>1,911,135,751</b>	<b>6,930,648</b>	<b>17,714,365</b>	<b>68,144</b>	<b>19,180,394</b>	<b>179,345</b>	<b>2,373,843,741</b>	<b>8,380,066</b>

## **Second: Products exported by SOMO and produced by Basra Gas Company (joint venture)**

In early 2016, and after domestic demand of LPG was met, LPG and condensate exports began, through BGC. While the exports are facilitated via SOMO, given that SOMO is the only entity with the legal authority to export crude oil and oil products outside the country, the sale proceeds go to BGC. Based on information provided by SOMO, SOMO only receives a (1%) commission for its services, from BGC. Since South Gas Company is a shareholder of BGC, it receives its share (according to its ownership stake) of the company's net profits (after making all legal deductions, and payment towards compulsory reserve), in accordance with Law No. 21 of 1997 (as amended). The government indirectly receives its share of the BGC's profits upon receiving SGC's treasury share (45% of distributable net profits).

The following tables show the quantities and values of condensate and liquid gas produced by the Basra Gas Company, which the company exported through SOMO in 2019 and 2020:



Month	2019						
	Exported Condensates			Exported Liquid gas			Total value of the BGC's exported products (USD)
	Quantity (Ton)	Price per Ton (USD)	Amount (USD)	Quantity (Ton)	Price per Ton (USD)	Amount (USD)	
January	45,428	407.80	18,525,461	25,544	308.80	7,888,008	26,413,470
February	46,424	461.39	21,419,223	20,949	330.60	6,925,982	28,345,205
March	31,560	503.27	15,883,127	21,919	384.41	8,425,911	24,309,038
April	44,130	527.01	23,256,851	10,376	410.94	4,264,117	27,520,967
May	48,241	520.40	25,104,872	11,854	447.77	5,307,738	30,412,610
June	30,277	419.54	12,702,209	8,762	343.28	3,007,789	15,709,998
July	47,278	481.73	22,775,090	27,054	279.81	7,569,954	30,345,044
August	65,360	429.18	28,051,354	30,738	281.32	8,647,292	36,698,646
September	15,585	476.71	7,429,402	3,369	273.97	923,103	8,352,505
October	46,150	463.78	21,403,486	-	-	-	21,403,486
November	31,543	490.76	15,479,939	5,253	347.00	1,822,662	17,302,600
December	44,596	525.83	23,449,804	-	-	-	23,449,804
<b>Total</b>	<b>496,572</b>	<b>474.21</b>	<b>235,480,817</b>	<b>165,819</b>	<b>330.38</b>	<b>54,782,557</b>	<b>290,263,374</b>

Month	2020						
	Exported Condensates			Exported Liquid gas			Total value of the BGC's exported products (USD)
	Quantity (Ton)	Price per Ton (USD)	Amount (USD)	Quantity (Ton)	Price per Ton (USD)	Amount (USD)	
January	31,323	530.29	16,610,518	5,507	358.73	1,975,547	18,586,066
February	31,435	448.44	14,096,898	5,276	451.60	2,382,454	16,479,352
March	15,793	184.72	2,917,293	16,309	380.01	6,197,700	9,114,993
April	48,983	119.21	5,839,328	52,217	157.14	8,205,255	14,044,583
May	47,627	219.16	10,438,081	15,673	257.37	4,033,830	14,471,910
June	16,225	340.97	5,532,109	-	-	-	5,532,109
July	48,670	385.44	18,759,524	30,472	267.23	8,143,008	26,902,532
August	32,495	389.02	12,641,184	23,560	272.39	6,417,367	19,058,551
September	32,526	385.07	12,524,655	5,440	279.48	1,520,294	14,044,949



Month	2020						Total value of the BGC's exported products (USD)
	Exported Condensates			Exported Liquid gas			
	Quantity (Ton)	Price per Ton (USD)	Amount (USD)	Quantity (Ton)	Price per Ton (USD)	Amount (USD)	
October	-	-	-	9,133	297.57	2,717,588	2,717,588
November	32,547	363.98	11,846,308	-	-	-	11,846,308
December	48,810	423.28	20,660,517	-	-	-	20,660,517
<b>Total</b>	<b>386,434</b>	<b>341.24</b>	<b>131,866,413</b>	<b>163,586</b>	<b>254.26</b>	<b>41,593,043</b>	<b>173,459,457</b>

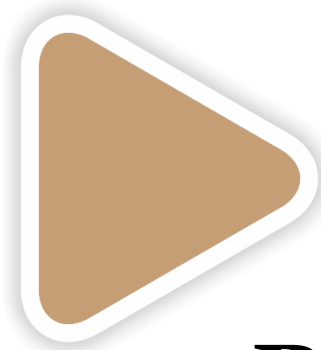
### F- Kurdistan Regional Government exports

The KRG's crude oil export revenue data was obtained from reports posted on the KRG website (<https://gov.krd/english/information-and-services/open-data/>). The reports cover oil production from the Kurdistan region, its export, consumption and revenues for the period for the years 2019 and 2020.

Crude Oil exports and consumption	2019			2020			Percentage of change in amounts %
	Total (barrel)	Average barrel price in USD	Estimated total value in USD	Total (barrel)	Average barrel price in USD	Estimated total value in USD	
Exports of crude oil through pipelines (*) (**)	160,306,283	52.676	8,444,293,763	157,599,661	28.100	4,428,550,474	%2-
Crude oil delivered to the Oil Refineries of the Ministry of Natural Resources in KRG	8,737,444	45.941	401,406,915	8,245,586	51.151	421,769,969	%6-
Sales to oil refineries	564,476	45.941	25,932,592	97,614	51.151	4,993,054	%83-
Domestic sales	1,369,581	45.941	62,919,921	-	51.151	-	%100-
<b>Total exports and consumption</b>	<b>170,977,784</b>		<b>8,934,553,191</b>	<b>165,942,861</b>		<b>4,855,313,497</b>	<b>%3-</b>

(\*) During the year 2019, these exports included an estimated amount of 2,366,581 barrels of surplus refined heavy fuel oil.

(\*\*) During the year 2020, these exports included an estimated amount of 341,542 barrels of surplus refined heavy fuel oil.



# Chapter Two

## Revenue Collection

## 2-1 Comprehensive Disclosure of Taxes and Revenues

### Materiality

The MSG considered a quantitative materiality threshold to determine which payments and revenue streams would be deemed material for the purpose of this IEITI report.

The quantitative threshold applied to define materiality was all revenue streams that are known to contribute one percent 1% or more of the revenue received by the government from the mining and oil and gas sectors. Lowering the materiality threshold would not have significantly increased coverage of the report. The material revenues constitute 99% of total government extractives revenues in Iraq (except for KRG which was excluded). In accordance with Requirement 4.1(a), all revenues and payments whose "omission or misstatement could significantly affect the comprehensiveness of the EITI Report" were included in the scope of reconciliation.

The table below shows the types of revenues related to the extractive industry in Iraq. It also presents the percentage of the contribution of each of these revenues to the total related revenues.

2019				
No.	Type of Revenue	Estimated value (USD) and percentage to the total extractive industry revenue	Receiving Government entity	Including/ excluded in reconciliation
<b>Oil and Gas (Federal Iraq)</b>				
1	Crude Oil Exports	67,426,710,948 74.9%	SOMO	Included
2	Value of lifted oil	10,823,063,114 12%	SOMO	Included
3	Value of exported crude oil sold in cash to Oil Companies	250,570,763 0.3%	SOMO	Included
4	Value of exported Oil Products	1,489,554,827 17%	SOMO	Included
5	Income tax of Licensing rounds	635,049,413 0.7%	Ministry of Finance – General Commission of Taxes	Included
6	Government Partner Share of remuneration	221,227,617 0.2%	Ministry of Finance	Excluded
7	Treasury share of SOC income	249,493,157 0.3%	Ministry of Finance	Excluded
8	Signature bonus	0 0.0%	Ministry of Finance	Excluded
9	South Gas Company's percentage of exports values of condensers and liquid gas related to Basra Gas company (51% of exports value)	148,034,321 0.2%	Basra Gas Company	Excluded
10	Commission of SOMO for marketing the products of Basra Gas Company(1% of exports value)	2,902,634 0.003%	SOMO	Excluded



2019				
No.	Type of Revenue	Estimated value (USD) and percentage to the total extractive industry revenue	Receiving Government entity	Including/ excluded in reconciliation
<b>Minerals (Federal Iraq)</b>				
11	Treasury share of SOCs revenues (Mining Sector)	0	Ministry of Finance	Excluded
		0.001%		
<b>Oil and Gas (KRG) are excluded, as no information was provided by Ministry of Natural Resources, according to the adapted implementation (below Figures were obtained from available sources)</b>				
12	Crude Oil Revenues of KRG (Crude oil and condensers)	8,438,601,300	Ministry of Natural Resources – Kurdistan	Excluded
		9.4%		
13	Fees of concession agreements (KRG)	285,400,000	Ministry of Natural Resources – Kurdistan	Excluded
		3%		
14	Signature bonus	11,200,000	Ministry of Natural Resources – Kurdistan	Excluded
		0.01%		
15	Payments for developing infrastructure and capacity building (KRG)	4,600,000	Ministry of Natural Resources – Kurdistan	Excluded
		0.01%		
16	Taxes (KRG)	15,510,200	Ministry of Natural Resources – Kurdistan	Excluded
		0.02%		
<b>Total</b>		<b>90,001,918,293</b>		
<b>Total revenues included in reconciliation</b>		<b>81,246,606,793</b>		
<b>Total revenues included in reconciliation of points (1-2-3-4-5)</b>		<b>80,624,949,064</b>		
<b>Percentage of reconciled revenues to total revenues included in reconciliation</b>		<b>99.2%</b>		

2020				
No.	Type of Revenue	Estimated value (USD) and percentage to the total extractive industry revenue	Receiving Government entity	Including/ excluded in reconciliation
<b>Oil and Gas (Federal Iraq)</b>				
1	Crude Oil Exports	34,879,861,935	SOMO	Included
		68.70%		



2020				
No.	Type of Revenue	Estimated value (USD) and percentage to the total extractive industry revenue	Receiving Government entity	Including/ excluded in reconciliation
2	Value of lifted oil	6,858,957,17 13.50%	SOMO	Included
3	Value of exported crude oil sold in cash to Oil Companies	0 0%	SOMO	Included
4	Value of exported Oil Products	2,373,843,74 4.7%	SOMO	Included
5	Income tax of Licensing rounds	579,046,828 1.1%	Ministry of Finance – General Commission of Taxes	Included
6	Government Partner Share of remuneration	178,470,908 0.4%	Ministry of Finance	Excluded
7	Treasury share of SOC income	1,274,244,758 2.5%	Ministry of Finance	Excluded
8	Signature bonus	0 %0.00	Ministry of Finance	Excluded
9	South Gas Company's percentage of exports values of condensers and liquid gas related to Basra Gas company (51% of exports value)	88,464,323 0.2%	Basra Gas Company	Excluded
10	Commission of SOMO for marketing the products of Basra Gas Company (1% of exports value)	2,902,634 0.003%	SOMO	Excluded
<b>Minerals (Federal Iraq)</b>				
11	Treasury share of SOCs revenues (Mining Sector)	0 0.0%	Ministry of Finance	Excluded
<b>Oil and Gas (KRG) are excluded, as no information was provided by Ministry of Natural Resources, according to the adapted implementation (below Figures were obtained from available sources)</b>				
12	Crude Oil Revenues of KRG (Crude oil and condensers)	4,448,835,268 8.8%	Ministry of Natural Resources – Kurdistan	Excluded
13	Fees of concession agreements (KRG)	53,800,000 0.1%	Ministry of Natural Resources – Kurdistan	Excluded
14	Signature bonus	3,700,000 0.01%	Ministry of Natural Resources – Kurdistan	Excluded
15	Payments for developing infrastructure and capacity building (KRG)	2,802,000 0.01%	Ministry of Natural	Excluded



2020				
No.	Type of Revenue	Estimated value (USD) and percentage to the total extractive industry revenue	Receiving Government entity	Including/ excluded in reconciliation
			Resources – Kurdistan	
16	Taxes (KRG)	10,300,000	Ministry of Natural Resources – Kurdistan	Excluded
		0.02%		
<b>Total</b>		<b>50,754,061,528</b>		
<b>Total revenues included in reconciliation</b>		<b>46,234,624,260</b>		
<b>Total revenues included in reconciliation of points (1-2-3-4-5)</b>		<b>45,965,954,435</b>		
<b>Percentage of reconciled revenues to total revenues included in reconciliation</b>		<b>99.4%</b>		

### Description of Revenue Types Resulting from Extractive Industry

#### 1. Revenues of Crude oil exports (included in reconciliation):

This revenue represents revenues generated from oil exported to international markets under contracts with SOMO, as it appears in the records of SOMO. These revenues represent the main source of funding of the federal budget.

#### 2. Revenues of Lifted Oil (Included in reconciliation):

This revenue represents the export revenue of crude oil sales to international oil companies operating in Iraq under licensing round contracts, equivalent to the value of cost recovery and remuneration fees earned by those companies, which are paid in-kind to maintain cash at Public Treasury. While these figures are reported as sales revenue by SOMO and are recorded as such in the federal budget, they are deemed to cover the expenses when executing the budget.

#### 3. Revenues of exported and sold in-cash crude oil (included in reconciliation)

This revenue represents the achieved revenues from exported and sold in-cash crude oil from Qayara field that is transported to southern port in Iraq by trucks. As SOMO manages such sales and record the same in its records.

#### 4. Exported Oil Products pertaining to Oil Product Distribution Company (Included)

Revenues achieved from selling refined oil products (naphtha, fuel oil, natural gasoline and vacuum distillation) that are produced by State-Owned Refineries in Iraq. Then they are exported by through SOMO, as Oil Products Distribution company collect these products and send their quantities and details to SOMO then SOMO publish the quantities that will be exported and the price of the same in USD. The revenues resulting from such products are distributed among self-funding companies to cover production costs (while SOMO receive commission against it services). The net profit will be transferred to Ministry of Finance through treasury share. Therefore, the revenues of the exported oil products are not considered a direct source of revenues to Iraq Government.





## **5. Income Tax imposed on International Extraction Companies Operating in Iraq (included):**

Under service contracts, IOCs are required to pay corporate income tax levied at 35% of remuneration fees received during the relevant tax year, after deducting state partner share, according to the Foreign Companies Tax Code No. (19) of 2010, with the exception of Ahdab Oil Filed Contract concluded with AL-WAHA Chinese Company, as Ministry of Oil pay, under the contract that was signed before the issuance of the Code above, the differences resulting of tax percentage of (15%) to the actual percentage stated in the contract which amount to (35%) because the contract has a clause stating that “No changes shall be occurred upon the taxes paid by the Chinese company in case there is a change in the Tax regulation in Iraq or issuing new code and the Iraqi side shall bare the differences in tax amount applied by the new formulas”.

## **6. State partner share in remuneration fees(excluded):**

Under service contracts, where a state partner holds a share of the consortium’s/company’s total participating interest in the oil and gas license, the state partner is entitled to receive a share of the remuneration fee paid, in accordance with its share of total participating interest in the field license, which typically ranges from 5% to 25%. The state partner’s share is paid by the Ministry of Oil to the Ministry of Finance, as remittances to the state treasury.

## **7. The treasury’s share of the profits of public companies (included in 2020 due to its relative importance in the relevant year):**

All state-owned public companies are required to pay 45% of the distributable profit appearing in the financial statements of companies profiting from their annual activity to the state treasury, in accordance with Public Companies Law No. (22) of 1997 (amended). Because the capital of these companies belongs mainly to the Ministry of Finance.

## **8. Signature Bonuses (Not Included):**

It is also called the signing fee, and it is a lump sum fixed in the contracts and varies from one contract to another in terms of its monetary value. It is paid only once and is paid within (30) days from the date of contract entry into force. The third licensing round did not include any fees of this kind. And there was no revenue for signature bonus during 2019 and 2020.

## **9. The South Gas Company's share of exporting liquid gas and condensates produced by the Basra Gas Company (not included):**

The production and export of liquid gas and condensate is carried out by the Basra Gas Company, which is a mixed sector company and the state owns 51% of its capital through the South Gas Company. The liquid gas and condensate are exported through the Oil Marketing Company (as the only legal entity authorized to export petroleum products in Iraq), in return for a commission (1% of the value of exports), and all revenues that come from the export of these products are deposited in the account of the Basra Gas Company. At the end of each fiscal year, profits are transferred to the South Gas Company to achieve its share (51%) of the Basra Gas Company, and these profits are recorded in the accounts of the South Oil Company as revenues within the rest of its activity, from which (45%) is paid to the Ministry of Finance later on.

## **10. Commission of the Oil Marketing Company for marketing Basra Gas Company’s exported products (not included):**

The Oil Marketing Company receives an administrative commission of (1%) of the value of Basra Gas Company’s exports, which is recorded within its revenues that will be calculated at the end of the year within the result of its activity, from which (45%) is paid to the state’s public treasury in application of the public companies law referred to above.

## **11. The share of the public treasury from the profits of public companies - the mining sector (not included):**

The only revenue that the Iraqi government receives from the mining and minerals sector is the share of the public treasury, which amounts to (45%) of the net profits of those companies, which is not significant in terms of material value because there is a little number of profitable industrial companies in general.

**12. Revenues from sales of crude oil in the Kurdistan region (crude oil and condensate) (not included):**

The quantities and revenues of crude oil exports obtained by the KRG were verified by referring to reports published on the KRG website (<https://gov.krd/arabic/information-and-services/open-data/deloitte-reports/deloitte-report-2020>). The reports cover the region's oil production, export, consumption and revenue for the years 2019 and 2020. Despite our tireless attempts to communicate with the Ministry of Natural Resources in the region to provide us with their detailed data on the issue of export and imports achieved and to obtain authorization from them to communicate with the oil companies contracting with the mentioned ministry, we were unable to obtain a response from them, despite their support to receive a letter from the IEITI in this regard, and therefore this data was not included in the reconciliation.

**13. Concession fees / royalties (not included):**

According to Chapter One - Article One - Paragraph Thirty-One of the Oil and Gas Law of the Kurdistan Region - Iraq (<https://iraqid.hjc.iq/LoadLawBook.aspx?page=1&SC=&BookID=28684>) Repealed by virtue of Federal Supreme Court Decision No. 59/Federal/2012 and 110/Federal/2019. The royalty is defined as a percentage of the oil produced and guaranteed, which is allocated to the regional government within the contract area, provided that the percentage of the royalty is not less than ten percent and is paid under Article forty-first of the said law.

**14. Signature Bonuses - Kurdistan Region (not included):**

It is from the proceeds related to profit sharing contracts made by the KRG with international companies.

**15. Payments for Infrastructure Development and Capacity Building - Kurdistan Region (not included):**

These are the amounts paid by the international oil companies within the production sharing contracts in the Kurdistan region, to support and finance some infrastructure and capacity building projects for projects determined by the regional government at its own discretion.

**16. Taxes - Kurdistan Region (not included):**

They are the taxes imposed on the work of international oil companies within the production sharing contracts within the Kurdistan region.

**Reporting Entities**

In accordance with the decision of the Multi-Stakeholders Group (MSG), the reporting entities were identified as follows:

**Materially significant reporting entities subject to reconciliation:**

**A - International Oil Companies Buying Crude Oil:** They are companies purchasing Iraqi crude oil exported by the Oil Marketing Company (SOMO).

**B - International oil companies operating in Iraq:** includes total export revenues from crude oil sales to international oil companies operating in Iraq under licensing round contracts. Which is equivalent to the value of the cost recovery and remuneration fees obtained by these companies. These amounts are included in the federal general budget through the Oil Marketing Company (SOMO) as sales revenue, and in fact they represent a payment for the Iraqi government's expenses in a non-cash form. The MSG decided to reconcile the cost recovery, remuneration fees and taxes of IOCs due to their importance, as these data were disclosed by the Oil Marketing Company (SOMO) as part of the oil export revenues.

- C- Companies purchasing petroleum products exported by SOMO:** They are companies importing petroleum products exported and related to the Petroleum Products Distribution Company.
- D - Oil Marketing Company:** It is the company responsible for marketing crude oil and petroleum products in Iraq, and its commercial records include data related to this activity. The company applies the standards and mechanisms of selling crude oil, which can be found in a file called "the standards and mechanisms approved by the Iraqi Oil Marketing Company (SOMO) in the process of selling crude oil" located on the IEITI website - Reports and Publications – Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices> ), In addition, the Oil Marketing Company has published its work mechanism regarding the export of crude oil and petroleum products on its website in the following link (<https://somooil.gov.iq/about/duties> ).
- E- Governmental companies that have paid the treasury's share of their net profits:** they are the companies that have transferred to the Ministry of Finance amounts related to the treasury's share of their net profits during the year.
- F - The General Tax Authority:** It is one of the departments affiliated to the Ministry of Finance. This entity deals with companies to determine the amounts of taxes due on them, and it is authorized to receive these amounts in Iraq.
- G - Ministry of Finance:** It is the receiving entity for treasury share transfers and payments due for export amounts of crude oil and petroleum products.
- H - Ministry of Electricity:** It is the authority responsible for providing data on charges for supplying electric power with crude oil and petroleum products.
- I- The Ministry of Natural Resources in the KRG:** It is the authority responsible for exporting crude oil in the Kurdistan Region.
- J - National Extractive Oil Companies:** They are the companies that receive internal service wages by SOMO, which are (North Oil Company, Midland Oil Company, Missan Oil Company, Thi Qar Oil Company, Basra Oil Company, Oil Exploration Company and the Iraqi Drilling Company).

### **Relatively less material reporting entities that are not subject to reconciliation**

- A - Basra Gas Company:** With regard to its exported products (naphtha and liquid gas) which are marketed through SOMO.
- B - Ministry of Industry and Minerals:** With regard to local mineral sales, as there are no export operations in this regard.

### **Reconciliation process details**

The Multi-Stakeholders Group (MSG) approved the disclosure forms in September 2021, as they were sent to the disclosing entities, and reconciliations were made between the data received from the disclosing entities and the data received from the receiving or retaining agencies for each type of revenue subject to reconciliation. The reasons for the differences were clarified with the help of the disclosing entities.

The types of revenue that do not exceed the materiality threshold were presented in the report, either by the receiving entity or the entity registrant of this revenue. This part contains the amounts disclosed in connection with the types of unilaterally disclosed revenue.

This part also includes reconciliations of internal service payments (payments between the government and state-owned national oil companies).

**Reconciliation of Crude Oil Export Revenues for 2019 and 2020**

We have prepared a database showing the details of the reconciliations for the two years 2019-2020 on the basis of shipments. It includes all shipments and their reconciliations with the reasons for the differences, as the reasons for these differences are many:

- Non-disclosure of demurrages.
- The difference between disclosure according to cash basis or accrual basis.
- Non-disclosure of shipments that started during the last day of the previous year or started during the last day of the current year for the report (2019 and 2020 respectively).

These reconciliations have been included in the form of a database within the file entitled "Crude oil export and loading reconciliations for the years 2019 and 2020" on the IEITI website - Reports and Publications – Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>),

As for the international companies purchasing Iraqi crude oil, which did not disclose their data, and since all proceeds from Iraq’s exports of crude oil, petroleum products and natural gas are deposited in the Ministry of Finance / Oil Revenue Account (which is an account managed by the Central Bank of Iraq with The Federal Reserve Bank of New York), we looked at all the details of the deposits to this account and compared them to all exported shipments of international companies buying crude oil (disclosed and undisclosed) and made sure that it was on the said account statement. The Central Bank of Iraq (Investment Department - Oil Division) has prepared a summary of all deposits in the account related to crude oil exports, and this summary has been included in the form of a database within the file entitled "Oil appropriations statement for the years 2019 and 2020" on the IEITI website - Reports and Publications – Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>),

As for the international companies operating within the licensing rounds, which carried crude oil in return for their dues and did not disclose the quantities and amounts of the lifted oil, and since these companies send an endorsement to SOMO after receiving each shipment by sending an email message attached to the SOMO list, so we reconciled these pro-receipt letters (attached to SOMO's trade lists) with SOMO’s records.

Below is a summary of the crude oil export reconciliations:

**Crude oil lifting companies**

Companies of licensing rounds lifting crude oil during 2019		
No.	Lifting Company Name	Amount (USD)
1.	AL WAHA PETROLEUM CO. LTD.	628,654,860
2.	BASRA OIL COMPANY	649,949,415
3.	BP & PETROCHINA INTERNATIONAL	2,494,816,894
4.	CNOOC IRAQ LIMITED and TURKISH PETROLEUM OVERSEAS COMPANY LTD (TP)	917,861,837



### Companies of licensing rounds lifting crude oil during 2019

No.	Lifting Company Name	Amount (USD)
5.	DRAGON OIL (BLOCK 9) LIMITED	38,303,637
6.	EBS PETROLEUM COMPANY LIMITED	17,200,253
7.	ENI IRAQ B.V.	722,413,890
8.	EXXONMOBIL IRAQ LIMITED	269,638,244
9.	GAZPROM NEFT BADRA B.V.	333,596,192
10.	ITOCHU OIL EXPLORATION IRAQ (B.V)	175,384,984
11.	JAPEX GARRAF LTD	369,923,722
12.	KOGAS IRAQ OPERATIONS	530,435,542
13.	KUWAIT ENERGY IRAQ OPERATIONS	149,566,228
14.	LUKOIL MID - EAST LIMITED	553,557,487
15.	PETROCHINA IRAQ OPERATIONS	1,295,061,597
16.	PETRONAS IRAQ OPERATIONS	825,464,056
17.	PT PERTAMINA IRAK	53,786,095
18.	SHELL IRAQ PETROLEUM DEVELOPMENT B.V (Demurrage)	- 824,717
19.	THE EGYPTIAN GENERAL PETROLEUM (Demurrages)	- 2,356
20.	TOTAL E & P IRAQ.	404,827,646
21.	TURKISH PETROLEUM OVERSEAS COMPANY LIMITED (TP BADRA)	46,038,590
22.	TURKISH PETROLEUM OVERSEAS COMPANY LIMITED (TP MISSAN)	225,305,440
23.	UNIPEC / BOC / MAJNOON (BASRA OIL COMPANY)	122,103,578
<b>Total</b>		<b>10,823,063,114</b>



### Companies of licensing rounds lifting crude oil during 2020

No.	Lifting Company Name	Amount (USD)
1.	AL WAHA PETROLEUM CO. LTD.	175,308,719
2.	BASRA OIL COMPANY	404,192,551
3.	BP & PETROCHINA INTERNATIONAL	2,077,325,246
4.	CNOOC IRAQ LIMITED and TURKISH PETROLEUM OVERSEAS COMPANY LTD (TP)	475,339,295
5.	DRAGON OIL (BLOCK 9) LIMITED	17,318,541
6.	EBS PETROLEUM COMPANY LIMITED	63,142,518
7.	ENI IRAQ B.V.	662,938,846
8.	EXXONMOBIL IRAQ LIMITED	306,256,864
9.	GAZPROM NEFT BADRA B.V.	55,155,748
10.	ITOCHU OIL EXPLORATION IRAQ (B.V)	131,665,710
11.	JAPEX GARRAF LTD	44,743,179
12.	KOGAS IRAQ OPERATIONS	378,556,769
13.	KUWAIT ENERGY IRAQ OPERATIONS	117,587,251
14.	LUKOIL MID - EAST LIMITED	625,771,747
15.	PETROCHINA IRAQ OPERATIONS	594,483,593
16.	PETRONAS IRAQ OPERATIONS	272,892,946
17.	PT PERTAMINA IRAK	35,296,945
18.	SHELL WEST QURNA (Demurrages)	- 80,451
19.	SONANGOL PESQUISA E PRODUCAO S.A.	129,210,808
20.	TOTAL E & P IRAQ.	116,029,187
21.	TURKISH PETROLEUM OVERSEAS COMPANY LIMITED (TP BADRA)	16,549,305



Companies of licensing rounds lifting crude oil during 2020		
No.	Lifting Company Name	Amount (USD)
22.	TURKISH PETROLEUM OVERSEAS COMPANY LIMITED (TP MISSAN)	116,922,242
23.	TURKISH PETROLEUM OVERSEAS COMPANY LIMITED (TP SIBA)	42,349,613
<b>Total</b>		<b>6,858,957,174</b>

All shipments of crude oil loaded by the licensing round companies were matched and there were no differences that were not settled by applying the multiple matching procedures mentioned in paragraph (matching crude oil export revenues for the years 2019 and 2020).

### **International companies buying crude oil**

International companies buying crude oil during 2019		
No.	Buying Company Name	Amount (USD)
1	APIOIL UK LIMITED (Demurrages)	-629
2	BHARAT OMAN REFINERIES LIMITED	650,150,331
3	BHARAT PETROLEUM CORPORATION LTD.	2,129,508,388
4	BP OIL INTERNATIONAL LIMITED	300,223,030
5	CANAL COMPANY	119,316,678
6	CEPSA TRADING SAU	34,975,058
7	CHEVRON PREMIUM	1,531,549
8	CHEVRON PRODUCTS COMPANY	2,129,352,378
9	CHINA INTERNATIONAL UNITED PETROLEUM AND CHEMICALS CO. LTD. (UNIPEC)	8,985,255,543
10	CHINA NATIONAL UNITED OIL CORPORATION	887,203,134
11	CHINA OFFSHORE OIL (SINGAPORE) INTERNATIONAL PTE. LTD.	858,942,205
12	CHINA ZHENHUA OIL CO. LTD (SINOSURE)	301,996,282
13	CHINA ZHENHUA OIL CO. LTD.	353,970,323



### International companies buying crude oil during 2019

No.	Buying Company Name	Amount (USD)
<b>14</b>	ENI TRADING & SHIPPING SPA - ITALY	1,032,362,164
<b>15</b>	EQUINOR ASA	141,571,728
<b>16</b>	EXXONMOBIL SALES AND SUPPLY CORPORATION GALLOWS	1,641,677,577
<b>17</b>	FORMOSA PETROCHEMICAL CORPORATION (FPCC)	501,462,554
<b>18</b>	GS CALTEX SINGAPORE PTE. LTD.	2,873,426,458
<b>19</b>	GUNVOR SA (Demurrages)	- 4,911
<b>20</b>	HELLENIC PETROLEUM S.A.	637,030,437
<b>21</b>	HINDUSTAN PETROLEUM CORPORATION LIMITED	2,175,506,299
<b>22</b>	HPCL-MITTAL ENERGY LIMITED	1,378,109,312
<b>23</b>	HYUNDAI OILBANK	474,293,029
<b>24</b>	INDIAN OIL (CHENNAI PETROLEUM CORPORATION LTD)	7,887,859,548
<b>25</b>	IPLOM INERNATIONAL SA (Demurrages)	- 4,506
<b>26</b>	IRAQ OIL TANKERS COMPANY.	123,741,340
<b>27</b>	IRAQ PETROLEUM TRADING DMCC (IPT)	-
<b>28</b>	JORDAN PETROLEUM REFINERY CO. LTD.	57,429,984
<b>29</b>	JXTG NIPPON OIL & ENERGY CORPORATION (JXTGE)	478,717,029
<b>30</b>	KOCH SUPPLY & TRADING, LP	126,201,927
<b>31</b>	LITASCO MIDDLE EAST DMCC	565,251,028
<b>32</b>	MANGALORE REFINERY & PETROCHEMICALS LIMITED.	793,849,291
<b>33</b>	MARATHON PETROLEUM SUPPLY LLC	595,685,101
<b>34</b>	MOL HUNGARIAN OIL & GAS PLC (MOL PLC)	61,262,711





### International companies buying crude oil during 2019

No.	Buying Company Name	Amount (USD)
35	MOTOR OIL HELLAS CORINTH REFINERIES S.A	1,532,535,599
36	NAFTIRAN INTERTRADE CO. (NICO) LTD	5,005,976
37	NAYARA ENERGY LIMITED	1,165,678,036
38	NORTH PETROLEUM INTERNATIONAL COMPANY LIMITED (CHINA ZHENHUA OIL CO. LTD.)	1,645,656,451
39	PETRO DIAMOND COMPANY LIMITED	368,674,430
40	PETROBRAS GLOBAL TRADING B.V.	182,078,516
41	PETROGAL S.A. - PORTUGAL	175,568,213
42	PETRONAS PETCO TRADING LABUAN COMPANY LIMITED (PTLCL) (Demurrages)	- 159,805
43	PHILLIPS 66 INTERNATIONAL TRADING PTE. LTD	439,726,573
44	RELIANCE INDUSTRIES LIMITED	5,070,885,099
45	REPSOL TRADING S.A	1,081,158,306
46	SARAS TRADING SA	644,999,154
47	SHELL INTERNATIONAL EASTERN TRADING COMPANY	3,855,497,597
48	SHUAA AL-TAQA	126,829,423
49	SINOCHEM (SINOSURE)	367,116,342
50	SINOCHEM INTERNATIONAL OIL (LONDON) CO. LTD	6,397,045,159
51	SINOCHEM PREMIUM (Demurrages)	279,251
52	SK ENERGY CO. LTD	956,496,436
53	SOCAR TRADING	37,694,464
54	THE EGYPTIAN GENERAL PETROLEUM CORPORATION (EGPC)	702,988,914
55	TOTSA TOTAL OIL TRADING SA	367,462,680

**International companies buying crude oil during 2019**

<b>No.</b>	<b>Buying Company Name</b>	<b>Amount (USD)</b>
<b>56</b>	TURKISH PETROLEUM REFINERIES CORP. (TUPRAS) - TURKEY	2,399,176,391
<b>57</b>	VALERO MARKETING & SUPPLY COMPANY	1,857,036,132
<b>Total</b>		<b>67,677,281,711</b>

**International companies buying crude oil during 2020**

<b>No.</b>	<b>Buying Company Name</b>	<b>Amount (USD)</b>
<b>1</b>	APIOIL UK LIMITED	31,540,516
<b>2</b>	BHARAT OMAN REFINERIES LIMITED	396,384,394
<b>3</b>	BHARAT PETROLEUM CORPORATION LTD.	974,419,083
<b>4</b>	BP OIL INTERNATIONAL LIMITED (Demurrages)	189,491
<b>5</b>	CHEVRON PRODUCTS COMPANY	924,636,556
<b>6</b>	CHINA INTERNATIONAL UNITED PETROLEUM AND CHEMICALS CO. LTD. (UNIPEC)	5,734,818,185
<b>7</b>	CHINA NATIONAL UNITED OIL CORPORATION	125,812,361
<b>8</b>	CHINA OFFSHORE OIL (SINGAPORE) INTERNATIONAL PTE. LTD.	109,354,322
<b>9</b>	CHINA ZHENHUA OIL CO. LTD (SINOSURE)	591,098,506
<b>10</b>	CHINA ZHENHUA OIL CO. LTD.	1,331,416,611
<b>11</b>	ENEOS CORPORATION	94,845,334
<b>12</b>	ENI TRADING & SHIPPING SPA - ITALY	281,981,414
<b>13</b>	ENLIL ENERGY	12,765,420
<b>14</b>	ENOC SUPPLY AND TRADING LLC (Demurrages)	-23,134
<b>15</b>	EXXONMOBIL SALES AND SUPPLY CORPORATION GALLOWS	509,021,757
<b>16</b>	FORMOSA PETROCHEMICAL CORPORATION (FPCC)	263,507,026
<b>17</b>	GS CALTEX SINGAPORE PTE. LTD.	1,413,375,488
<b>18</b>	HELLENIC PETROLEUM S.A.	301,991,048



International companies buying crude oil during 2020		
No.	Buying Company Name	Amount (USD)
19	HINDUSTAN PETROLEUM CORPORATION LIMITED	954,947,133
20	HPCL-MITTAL ENERGY LIMITED	554,119,558
21	HYUNDAI OILBANK	118,747,788
22	INDIAN OIL (CHENNAI PETROLEUM CORPORATION LTD)	4,859,583,735
23	IPLOM INERNATIONAL SA	28,137,035
24	JORDAN PETROLEUM REFINERY CO. LTD.	58,381,961
25	JXTG NIPPON OIL & ENERGY CORPORATION (JXTGE)	71,797,779
26	LITASCO MIDDLE EAST DMCC	114,525,033
27	MANGALORE REFINERY & PETROCHEMICALS LIMITED.	662,232,734
28	MARATHON PETROLEUM SUPPLY LLC	435,151,437
29	MOTOR OIL HELLAS CORINTH REFINERIES S.A	1,021,207,747
30	NAYARA ENERGY LIMITED	639,475,644
31	PETRO DIAMOND COMPANY LIMITED (Demurrages)	-24,967
32	PETROBRAS GLOBAL TRADING B.V.	58,516,666
33	PETROCHINA INTERNATIONAL CO., LTD (CHINA NATIONAL)	260,508,816
34	PETRONAS PETCO TRADING LABUAN COMPANY LIMITED (PTLCL) (Demurrages)	-45,088
35	PHILLIPS 66 INTERNATIONAL TRADING PTE. LTD	26,453,541
36	RELIANCE INDUSTRIES LIMITED	3,118,229,137
37	REPSOL TRADING S.A	327,027,404
38	SARAS TRADING SA	351,553,074
39	SHELL INTERNATIONAL EASTERN TRADING COMPANY	301,640,005
40	SINOCHEM (SINOSURE)	737,674,951
41	SINOCHEM INTERNATIONAL OIL (LONDON) CO. LTD	4,135,917,316
42	SK ENERGY CO. LTD	370,683,091
43	THE EGYPTIAN GENERAL PETROLEUM CORPORATION (EGPC)	261,036,042



International companies buying crude oil during 2020		
No.	Buying Company Name	Amount (USD)
44	TOTSA TOTAL OIL TRADING SA	215,093,929
45	TOYOTA TSUSHO CORPORATION (Demurrages)	176,551
46	TURKISH PETROLEUM REFINERIES CORP. (TUPRAS) - TURKEY	1,666,764,700
47	VALERO MARKETING & SUPPLY COMPANY	433,214,805
<b>Total</b>		<b>34,879,861,935</b>

All shipments of crude oil exported by SOMO and received by crude oil purchasing companies were matched, and there were no differences that were not settled by applying the multiple matching procedures mentioned in the paragraph (Reconciliation of crude oil export revenues for the years 2019 and 2020).

### Export of crude oil by the Kurdistan region

We compared the quantities of crude oil exported through the pipelines shown in the annual reports in this regard (published on the IEITI website in a file called “Kurdistan Region Reports for 2019 and 2020” on the IEITI website - Reports and Publications – Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>), with SOMO’s data in this regard, which it obtained from the North Oil Company, the difference between these data for each year is as follows:

Quantities of crude oil in KRG not exported by SOMO through Ceyhan port	Item		
		2019	2020
<b>Data from the Ministry of Natural Resources in KRG</b>	Net crude oil exports through pipeline, in barrels	158,512,960	158,145,412
	Average price per barrel in US dollars	53.676	28.1
	The value of crude oil exports through pipeline in US dollars	8,349,749,733	4,443,842,235
<b>Data from Oil Marketing Company - SOMO According to North Oil Company Information</b>	Net crude oil exports through pipeline, in barrels	161,214,448	158,441,555
	Average price per barrel in US dollars *	60.218	38.707
	The value of crude oil exports through pipeline in US dollars	9,708,043,989	5,974,341,278
<b>Differences</b>	<b>Difference in the quantities of crude oil exports through pipelines, in barrels</b>	<b>-2,701,488</b>	<b>-296,143</b>
	<b>Percentage of difference in relation to export quantities</b>	<b>%1.68-</b>	<b>%0.19-</b>
	<b>The difference in the value of crude oil exports through pipelines in US dollars (SOMO minus Kurdistan)</b>	<b>-1,358,294,256</b>	<b>-1,530,499,043</b>
	<b>The percentage of the difference in relation to the value of exports</b>	<b>%13.99-</b>	<b>%25.62-</b>



\* The above prices are estimates according to the pricing mechanism of the Oil Marketing Company, as they do not have information regarding the selling prices approved by KRG.

### **Reconciliation of oil product export revenues for the years 2019 and 2020**

<b>Companies Buying Oil Products During 2019</b>		
<b>No.</b>	<b>Buying Company Name</b>	<b>Amount (USD)</b>
1	ALIA LTEBA GENERAL TRADING COMPANY	35,752,218
2	ARD AL MISHKAT COMPANY FOR GENERAL TRADING AND PUBLIC TRANSPORT	57,152,375
3	FAKHER AL KUT GENERAL CONTRACTING COMPANY	26,572,071
4	HILAL AL RAFIDAIN OIL SERVICES CO. LTD.	176,609,392
5	IRAQI OIL TANKERS COMPANY (IOC)	282,549,457
6	KANZ AL SAHRA OIL SERVICES COMPANY	23,622,192
7	MADAR AL AALI COMPANY FOR GENERAL TRADING AND PUBLIC TRANSPORT	33,221,149
8	PATEEL INTERNATIONAL GROUP COMPANY FOR TRADE AND COMMERCIAL AGENCIES	87,402,891
9	SAHAL NAYANAWA PUBLIC TRANSPORT COMPANY	35,186,062
10	SALIH AL IRAQ OIL SERVICES CO. LTD.	51,280,529
11	SHUAA AL-TAQA OIL SERVICES CO. LTD.	649,444,007
12	WADI AL WADI GENERAL TRADING COMPANY LTD.	30,762,484
<b>Total</b>		<b>1,489,554,827</b>

<b>Companies Buying Oil Products During 2020</b>		
<b>No.</b>	<b>Buying Company Name</b>	<b>Amount (USD)</b>
1	ALIA LTEBA GENERAL TRADING COMPANY	10,507,776
2	CHEVRON AL-KHALIJ COMPANY	62,905,315
3	CHEVRON SINGAPORE COMPANY	328,535,510
4	ENLIL ENERGY COMPANY	189,318,358



Companies Buying Oil Products During 2020		
No.	Buying Company Name	Amount (USD)
5	FAKHER AL KUT GENERAL CONTRACTING COMPANY	7,008,036
6	GULF OASES COMPANY	115,355,938
7	GUNVOR COMPANY	62,266,729
8	HILAL AL RAFIDAIN OIL SERVICES CO. LTD.	8,790,205
9	HYUNDAI OILBANK COMPANY.	54,799,781
10	KANZ AL SAHRA OIL SERVICES COMPANY	7,865,051
11	MADAR AL AALI COMPANY FOR GENERAL TRADING AND PUBLIC TRANSPORT	13,286,559
12	MANABAA WASSIT COMPANY	8,952,110
13	PTT INTERNATIONAL TRADING COMPANY	141,991,408
14	QAIWAN COMPANY	364,956
15	RELIANCE INDIAN COMPANY	538,882,514
16	SAHAL NAYANAWA PUBLIC TRANSPORT COMPANY	11,287,160
17	SHROOUQ AL ANWAR COMPANY	1,657,267
18	SHUAA AL-TAQA OIL SERVICES CO. LTD.	713,537,541
19	SK TRADING INTERNATIONAL COMPANY	72,315,809
20	WADI AL WADI GENERAL TRADING COMPANY LTD.	24,558,722
<b>Total</b>		<b>2,374,186,745</b>

We reconciled the exports of oil products through the data disclosed by the buying companies, as well as SOMO records and deposit confirmations from the Trade Bank of Iraq, and there were no unsettled differences in this regard.

### **Reconciliation of cost recovery and remuneration fees for foreign companies**

We reconciled cost recovery and remuneration fees between the data of the licensing round companies and the data of the PCLD at the Ministry of Oil, as we were informed of all the minutes of the Ministerial Committee to review the contracting companies' account lists for each chapter of 2019 and 2020 and at the level of each field. This includes the details of the claims of the main operator and its partners, including the government partner's share, analysis and approvals related to it, and the commercial lists issued by the main contractor (operator). There were no differences that were not settled through the application of the multiple matching procedures mentioned in the paragraph (Reconciliation of crude oil export revenues for the years 2019 and 2020).

2019			
No	Field Name/ License Round	Company Name	Remuneration fees + Additional fees + Cost Recovery (USD)
1	Rumaila 1 <sup>st</sup> LICENSING ROUND	BP.Iraq	2,531,920,024
2		PetroChina	
3	Zubair 1 <sup>st</sup> LICENSING ROUND	Eni B.V.	1,336,638,418
4		KOGAS Iraq B.V.	
5	West Qurna (Phase 1) 1 <sup>st</sup> LICENSING ROUND	ExxonMobil Iraq Limited	913,991,102
6		PetroChina	
7		ITOCHU Oil Exploration	
8		PT.Pertamina International EP Iraq Country Operation	
9	Missan Fields 1 <sup>st</sup> LICENSING ROUND	CNOOC Iraq Limited	1,152,961,098
10		TPAO Ltd.	
11	Halfaya 2 <sup>nd</sup> LICENSING ROUND	PetroChina International Iraq FZE Iraq Branch	1,409,546,405
12		Petronas Carigali Holding B.V.	
13		Total E&P Iraq	
14	Qaiyarah and Najmah 2 <sup>nd</sup> LICENSING ROUND	Sonangol P&P Iraq	25,056,115
15	West Qurna (Phase 2) 2 <sup>nd</sup> LICENSING ROUND	PJSC Lukoil	705,846,292
16	Garraf 2 <sup>nd</sup> LICENSING ROUND	Petronas Carigali Holding B.V.	731,936,891
17		Japex	
18	Badra 2 <sup>nd</sup> LICENSING ROUND	Gazprom Neft Badra B.V.	663,987,267
19		KOGAS Iraq B.V.	
20		TPAO TP Badra Ltd.	
21		Petronas Carigali Holding B.V.	
22	Akkas 3 <sup>rd</sup> LICENSING ROUND	KOGAS Akkas B.V.	-
23	Siba 3 <sup>rd</sup> LICENSING ROUND	Kuwait Energy Iraq Limited	162,722,159



2019			
No	Field Name/ License Round	Company Name	Remuneration fees + Additional fees + Cost Recovery (USD)
24		TPAO	
25	Exploration Block 8 4 <sup>th</sup> LICENSING ROUND	PPL Asia E&P B.V. Iraq Branch	-
26	Exploration Block 9 (alfayha) 4 <sup>th</sup> LICENSING ROUND	Kuwait Energy	-
27		Dragon Oil	
28		UEG	
29		Egyptian General Petroleum Corporation	
30	Exploration Block 10 4 <sup>th</sup> LICENSING ROUND	Lukoil Overseas Iraq Exploration B.V.	156,057,051
31		Inpex	
32	Exploration Block 12 4 <sup>th</sup> LICENSING ROUND	Bashneft International B. V.	-
33	Ahdeb	Al-Waha Petroleum co. Ltd	653,339,928
34		PetroChina International Iraq FZE Iraq Branch	
35	East Baghdad	China ZhenHua Oil Co.Ltd.	40,858,479
<b>Total</b>			<b>10,484,861,229</b>

2020			
No	Field Name/ License Round	Company Name	Remuneration fees + Additional fees + Cost Recovery (USD)
1	Rumaila 1 <sup>st</sup> LICENSING ROUND	BP.Iraq	2,120,636,971
2		PetroChina	
3	Zubair 1 <sup>st</sup> LICENSING ROUND	Eni B.V.	1,023,548,469
4		KOGAS Iraq B.V.	
5	West Qurna (Phase 1) 1 <sup>st</sup> LICENSING ROUND	ExxonMobil Iraq Limited	719,740,908
6		PetroChina	
7		ITOCHU Oil Exploration	
8		PT.Pertamina International EP Iraq Country Operation	
9	Missan Fields 1 <sup>st</sup> LICENSING ROUND	CNOOC Iraq Limited	545,149,523





2020			
No	Field Name/ License Round	Company Name	Remuneration fees + Additional fees + Cost Recovery (USD)
10		TPAO Ltd.	
11	Halfaya 2 <sup>nd</sup> LICENSING ROUND	PetroChina International Iraq FZE Iraq Branch	910,887,050
12		Petronas Carigali Holding B.V.	
13		Total E&P Iraq	
14	Qaiyarah and Najmah 2 <sup>nd</sup> LICENSING ROUND	Sonangol P&P Iraq	120,610,715
15	West Qurna (Phase 2) 2 <sup>nd</sup> LICENSING ROUND	PJSC Lukoil	739,306,048
16	Garraf 2 <sup>nd</sup> LICENSING ROUND	Petronas Carigali Holding B.V.	295,219,450
17		Japex	
18	Badra 2 <sup>nd</sup> LICENSING ROUND	Gazprom Neft Badra B.V.	317,128,020
19		KOGAS Iraq B.V.	
20		TPAO TP Badra Ltd.	
21		Petronas Carigali Holding B.V.	
22	Akkas 3 <sup>rd</sup> LICENSING ROUND	KOGAS Akkas B.V.	-
23	Siba 3 <sup>rd</sup> LICENSING ROUND	Kuwait Energy Iraq Limited	154,241,150
24		TPAO	
25	Exploration Block 8 4 <sup>th</sup> LICENSING ROUND	PPL Asia E&P B.V. Iraq Branch	-
26	Exploration Block 9 (alfayha) 4 <sup>th</sup> LICENSING ROUND	Kuwait Energy	215,336,498
27		Dragon Oil	
28		UEG	
29		Egyptian General Petroleum Corporation	
30	Exploration Block 10 4 <sup>th</sup> LICENSING ROUND	Lukoil Overseas Iraq Exploration B.V.	-



2020			
No	Field Name/ License Round	Company Name	Remuneration fees + Additional fees + Cost Recovery (USD)
31		Inpex	
32	Exploration Block 12 4 <sup>th</sup> LICENSING ROUND	Bashneft International B. V.	-
33	Ahdeb	Al-Waha Petroleum co. Ltd	478,182,743
34		PetroChina International Iraq FZE Iraq Branch	
35	East Baghdad	China ZhenHua Oil Co.Ltd.	120,045,863
<b>Total</b>			<b>7,760,033,408</b>

### Reconciliation of the income tax of international oil companies operating within the licensing rounds

Service contracts signed under licensing rounds require IOCs to pay income tax at the rate of 35% of the contractor's taxable profits under the law, which is the remuneration fees collected during the relevant tax year.

International companies operating within licensing rounds pay their taxes according to their registration in Iraq, including with the General Tax Authority. They pay their taxes according to their total profitability and not according to each license (for example, Petronas is a partner in three licenses, but its registration is one and it is paid in total).

We matched the amounts owed with the amounts paid to each of the companies involved during 2019 and 2020 and my agencies:

Tax Paid in 2019			
Company Name	Tax Amount due according the remuneration fees (IQD)	Tax Paid (IQD)	Difference (Due Minus Paid) (IQD)
Petronas	26,101,225,736	417,507,226	25,683,718,510
JAPEX	7,626,943,216	3,283,036,000	4,343,907,216
PETROCHINA	183,830,358,360	182,299,310,000	1,531,048,360
TOTAL E & P	12,456,006,420	7,794,062,000	4,661,944,420
British Petroleum	134,727,875,952	132,707,000,000	2,020,875,952
ENI IRAQ	41,360,666,460	41,015,994,331	344,672,129
KOGAS	23,636,088,264	23,636,089,000	-736
Exon Mobile	27,737,689,392	23,380,258,000	4,357,431,392
ITOCHU OIL	16,642,608,804	12,569,031,245	4,073,577,559
Lukoil	64,165,838,628	49,369,914,521	14,795,924,107



Tax Paid in 2019			
Company Name	Tax Amount due according the remuneration fees (IQD)	Tax Paid (IQD)	Difference (Due Minus Paid) (IQD)
SHELL IRAQ PETROLEUM	14,280,287,208		14,280,287,208
Kwait Energy	7,000,946,808	6,907,600,862	93,345,946
DRAGON OIL	3,500,473,404	3,500,474,000	-596
THE EGYPTIAN GENERAL PETROLEUM	1,166,824,464	-	1,166,824,464
AL WAHA PETROLEUM	71,215,776,000	71,215,776,000	-
CNOOC	95,008,519,152	45,652,653,901	49,355,865,251
TURKISH PETROLEUM OVERSEAS	16,766,209,260	-	16,766,209,260
PT PERTAMINA IRAK	8,484,463,908	7,585,419,792	899,044,116
<b>Total</b>	<b>755,708,801,436</b>	<b>611,334,126,878</b>	<b>144,374,674,558</b>

Tax Paid in 2020			
Company Name	Tax Amount due according the remuneration fees (IQD)	Tax Paid (IQD)	Difference (Due Minus Paid) (IQD)
Petronas	28,185,119,424	22,885,724,419	5,299,395,005
JAPEX	6,550,114,524	3,578,262,981	2,971,851,543
PETROCHINA	202,386,929,700	200,710,284,000	1,676,645,700
TOTAL E & P	18,359,958,444	15,748,657,645	2,611,300,799
British Petroleum	141,106,220,568	138,989,627,259	2,116,593,309
ENI	46,495,674,000	46,108,210,000	387,464,000
KOGAS	26,570,554,800	26,570,554,800	-
Exon Mobile	28,275,946,056	24,369,914,521	3,906,031,535
ITOCHU OIL	16,965,562,716	13,228,745,232	3,736,817,484
Lukoil	52,079,337,564	41,308,125,650	10,771,211,914
Kwait Energy	5,031,120,804	4,107,890,332	923,230,472
DRAGON OIL	2,515,560,408	2,515,561,000	-592
THE EGYPTIAN GENERAL PETROLEUM	837,520,136	-	837,520,136



Tax Paid in 2020			
Company Name	Tax Amount due according the remuneration fees (IQD)	Tax Paid (IQD)	Difference (Due Minus Paid) (IQD)
AL WAHA PETROLEUM	54,503,636,208	54,503,636,400	-192
CNOOC	40,990,616,192	38,484,517,912	2,506,098,280
TURKISH PETROLEUM OVERSEAS	7,233,638,148	-	7,233,638,148
PT PERTAMINA IRAK	8,649,107,016	7,680,324,863	968,782,153
CHINA ZHENHUA	2,329,109,000	2,329,109,000	-
<b>Total</b>	<b>689,065,725,708</b>	<b>643,119,146,014</b>	<b>45,946,579,694</b>

There were no differences that were not settled through the application of multiple reconciliation procedures. In addition to the companies' disclosure of their payments, we reviewed the files of these companies with the General Tax Authority, including their payments and receipts.

### **Reconciliation of state-owned public companies' payments (Treasury share)**

The share of the state's public treasury, which amounts to 45%, is calculated from the net profits of public companies that are distributable in accordance with the Public Companies Law No. (22) of 1997 (amended). These amounts are deposited by those companies at the Ministry of Finance/Accounting Department, which is registered within the creditors account until it is paid and is rolled over and does not fall until it is paid, bearing in mind that the financial statements of these companies have not been audited to date by the Federal Board of Supreme Audit so that companies can pay relevant payments of what it owed from those profits. For the purpose of enhancing the cash liquidity of the public treasury, the General Federal Budget Law for the year 2019 (Article 35 - First) stipulated that the relevant companies pay 50% of the realized share, including previous years, before the audit of the Federal Board of Supreme Audit.

The table below represents the amounts received by the Ministry of Finance from state-owned companies operating in the extractive sector during 2019 and 2020, relating to the treasury share. As this data was provided by the Ministry of Finance on a cash basis. Therefore, amounts received during 2019 and 2020 do not necessarily represent amounts owed in 2019 and 2020.



State-owned Companies	2019		2020	
	IQD	Its equivalent in USD (1 USD = 1,182 IQD)	IQD	Its equivalent in USD (1 USD = 1,182 IQD)
OIL PRODUCTS DISTRIBUTION COMPANY	6,578,278,030	5,565,379	1,025,442,250,978	867,548,436
OIL MARKETING COMPANY (SOMO)	80,249,373,238	67,892,871	144,301,440,052	122,082,437
IRAQI DRILLING COMPANY	42,276,730,128	35,767,115	37,512,330,630	31,736,320
NORTH OIL COMPANY	74,899,359,825	63,366,633	48,780,202,023	41,269,206
BASRA OIL COMPANY	21,071,057,972	17,826,614	18,585,778,886	15,724,009
OIL EXPLORATION COMPANY	12,294,633,471	10,401,551	10,734,192,294	9,081,381
SOUTH GAS COMPANY	12,385,034,451	10,478,033	-	-
MISSAN OIL COMPANY	21,536,429,571	18,220,330	20,801,108,986	17,598,231
MIDLAND OIL COMPANY	19,329,597,124	16,353,297	-	-
OIL CULTURAL CENTER	1,507,937,760	1,275,751	-	-
GUEST HOUSES	2,772,480,513	2,345,584	-	-
SOUTH REFINERIES COMPANY	-	-	50,000,000,000	42,301,184
IRAQI OIL TANKERS COMPANY	-	-	50,000,000,000	42,301,184
GAS FILLING COMPANY	-	-	50,000,000,000	42,301,184
MIDLAND REFINERIES COMPANY	-	-	50,000,000,000	42,301,184
<b>Total</b>	<b>294,900,912,083</b>	<b>249,493,157</b>	<b>1,506,157,303,849</b>	<b>1,274,244,758</b>

The data of the treasury share was matched between the records of the Ministry of Finance with the transfer notices sent by the concerned companies and they completely matched.

### **Crude oil production costs for National Oil Companies (internal service payments)**

The table below represents the value of the internal service payments that the Ministry of Finance pays through the Oil Marketing Corporation to the National Oil Companies (NOCs) to cover production costs that are exported on a monthly basis. These payments have been reconciled between the Oil Marketing Company (SOMO) and the National Oil Companies (NOCs) because of their importance. According to the information taken from the Economic Department in the Ministry of Oil, the amounts received from the Ministry of Finance for the costs of producing the exported crude oil that are included in the annual budget law are recorded in the records of the Economic Department. Those amounts are then transferred to the Oil Marketing Company for the purpose of distributing them to the extractive companies according to their calculated entitlement, according to the exported production quantities and according to its need for cash flow. In 2019, the internal service payments to the Oil Exploration Company, the Iraqi Drilling Company and the Oil Exploration Company for the year 2020 were also paid by the Oil Marketing Company through

contributions from the five national oil companies (where the Oil Marketing Company deducts these contributions from the payments of these national companies).

Company	2019			2020		
	Amount according to SOMO IQD	Amount according to the company IQD	Difference IQD	Amount according to SOMO IQD	Amount according to the company IQD	Difference IQD
NORTH OIL COMPANY	229,000,000,000	229,000,000,000	-	159,000,000,000	159,000,000,000	-
MIDLAND OIL COMPANY	70,000,000,000	70,000,000,000	-	44,250,000,000	44,250,000,000	-
MISSAN OIL COMPANY	252,300,000,000	252,300,000,000	-	183,000,000,000	183,000,000,000	-
THI QAR OIL COMPANY	77,300,000,000	77,300,000,000	-	54,000,000,000	54,000,000,000	-
BASRA OIL COMPANY	520,650,000,000	520,650,000,000	-	452,500,000,000	452,500,000,000	-
OIL EXPLORATION COMPANY	66,000,000,000	66,000,000,000	-	49,000,000,000	49,000,000,000	-
IRAQI DRILLING COMPANY	30,000,000,000	30,000,000,000	-	-	-	-
<b>Total</b>	<b>1,245,250,000,000</b>	<b>1,245,250,000,000</b>	<b>-</b>	<b>941,750,000,000</b>	<b>941,750,000,000</b>	<b>-</b>

The internal service wages were matched between the SOMO's records, as it is the party that paid these wages, and the records of the concerned companies, and there were no differences in this regard.

### **The state partner's share of Remuneration fees**

The following table shows the amounts of the state partner's share of the remuneration fees paid during 2019 and 2020, which were disclosed by the Ministry of Oil.

Field's name	State-partner	Percentage of State-partner's share (%)	Total state partner income in USD (2019)	Total state partner income in USD (2020)
Rumaila	Oil Marketing Company (Somo)	6	42,324,816	40,680,128
Zubair	Missan Oil Company	5	13,318,574	13,182,724
West Qurna /1	Oil Exploration Company	5	10,296,562	8,692,393
Missan	Iraqi Drilling Company	25	38,273,218	21,582,899
Halfaya	Basra Oil Company	10	19,428,527	12,534,718
Garraf	North Oil Company	25	12,996,259	4,985,104
West Qurna /2	North Oil Company	25	41,332,808	35,765,003



Field's name	State-partner	Percentage of State-partner's share (%)	Total state partner income in USD (2019)	Total state partner income in USD (2020)
Badra	Oil Exploration Company	25	-	-
Ahdeb	Oil Marketing Company (Somo)	25	43,256,854	30,377,608
Fayhaa (block 9)	None	-	-	-
Siba	Missan Oil Company	25	-	-
East Baghdad	North Oil Company	10	-	-
Qayara	Basra Oil Company	25	-	10,670,330
<b>Total</b>			<b>221,227,617</b>	<b>178,470,908</b>

### Kurdistan Regional Government revenue

The KRG revenue data related to the oil sector was obtained through quarterly audit reports (not audited) published on the KRG website. These reports cover the export and consumption of crude oil for the years 2019 and 2020 (<https://gov.krd/arabic/information-and-services/open-data/>).

Item	2019	2020
	Amount (USD)	Amount (USD)
<b>Total Value from sold Oil and Condensate (Pipe Export and Domestic Sales)</b>	<b>8,438,601,300</b>	<b>4,448,835,268</b>
Change in Buyers Account Balances *	-696,501,776	356,680,508
Long-term advances received in exchange for future crude oil sales **	1,572,726,900	415,000,000
Interest and other fees ***	-24,444,037	-70,281,271
Payments to oil producers via or on behalf of the Kurdistan Regional Government	-2,537,121,290	-1,760,689,325
Tariff payments to the Turkish Energy Corporation (TEC)	-494,186,315	-304,492,091
Payments to Kurdish Pipeline Company (KPC) as part of the pipeline concession agreement	-644,372,854	-645,604,812
Paying off debts to both Turkish Energy Corporation (TEC) and Turkish Petroleum International Corporation (TPIC)	-610,000,362	-60,000,000
Payments to third parties via or on behalf of the KRG ****	-781,486,431	-33,970,566
Additional revenue from production-sharing contracts and pipeline concession agreement *****	292,206,490	-
<b>Net amount received for this period sales and related activities by the Kurdistan Regional Government</b>	<b>4,515,421,625</b>	<b>2,345,477,711</b>

\* It is the amount of change in buyers' receivables by the Kurdistan Regional Government.



**\*\*** They are long-term advance payments received in exchange for future crude oil purchases. These advances are repayable, either in cash or by offsetting against payments due for the delivery of crude oil, and therefore have been shown separately from the net movement in buyer's account balances.

**\*\*\*** These amounts generally constitute the total interests, transportation charges and shipping demurrage.

**\*\*\*\*** These are the payments related to the values of fuel oil purchased for the Ministry of Electricity, electricity fees, crude oil liquidation fees, and legal fees.

**\*\*\*\*\*** These proceeds were received by the Kurdistan Regional Government in connection with production sharing contracts and pipeline licensing agreements.

In addition, some information was obtained about the payments of foreign companies operating under oil partnership contracts in the Kurdistan region during the years 2019 and 2020 according to the field (the license) from the following website (<https://www.resourceprojects.org/country/IQ>), which include sources of information available.

Field	Company	Type of payment	2019	2020
			Amount in USD	Amount in USD
<b>Atrush</b>	Shamaram Petroleum Corporation	Bonus	9,500,000	3,700,000
	Shamaram Petroleum Corporation	concession	14,300,000	11,800,000
<b>Baeshiqqa</b>	DNO ASA	Bonus	400,000	
	RAK Petroleum Public Company Limited	Bonus	400,000	
<b>Block 12</b>	Rosneft	Taxes	510,200	1,000,000
<b>Hawler</b>	Forza Petroleum Limited	concession		7,100,000
	Forza Petroleum Limited	Taxes		1,600,000
	Oryx Petroleum Corporation Limited	concession	13,600,000	
	Oryx Petroleum Corporation Limited	Taxes	3,100,000	
<b>Sarsang</b>	TotalEnergies SE (Formerly Total S.A.)	Taxes	11,900,000	7,700,000
<b>Shaikan</b>	Gulf Keystone Petroleum Limited	Payments to develop the infrastructure		202,000
	Gulf Keystone Petroleum Limited	concession		22,200,000
<b>Taq Taq</b>	Genel Energy PLC	Payments to develop the infrastructure	4,600,000	2,600,000
	Genel Energy PLC	concession	25,800,000	12,700,000
<b>Tawke</b>	DNO ASA	Bonus	900,000	
	DNO ASA	concession	231,700,000	
<b>Total for each year</b>			<b>316,710,200</b>	<b>70,602,000</b>

## **2.2 In-kind Revenue**

In-kind revenue is the revenue generated from the state's sales of the production share of the extractive sector resources, which are collected in kind. Both oil and gas production are considered in-kind revenues of the state. In addition, according to service contracts, the government pays the International Oil Companies (IOCs) operating in Iraq the cost recovery and remuneration fees owed to them in kind by the crude oil lifted by these companies through SOMO. Whereas in the Kurdistan region, according to production-sharing contracts, the IOCs operating in the region are entitled to a percentage of oil production, called profitability oil.



## **2.3 Barter Agreements**

The Iraqi government has concluded a framework agreement with the Chinese side, which is summarized below, and the Iraqi government has practically postponed the actual implementation of this agreement until July of the year 2021. The funds collected in favor of this agreement were used to finance the state budget with the necessary funds to face the effects of the Covid-19 pandemic.

### **First: the time frame of the Chinese agreement**

Within the framework of the “Belt and Road” initiative launched by the People’s Republic of China since 2013, Iraq started for the first time a series of memoranda and agreements signed by the Iraqi and Chinese governments in Beijing on September 23, 2019 as the beginning of a new economic phase for the reconstruction of infrastructure in Iraq within a program that can be called (Oil for Reconstruction). Iraq is considered one of the most important sources of crude oil supply to the People's Republic of China, with the fact that it exports (750) thousand barrels to one million barrels per day, and the trade balance between the two countries is not less than (30) billion dollars annually.

The aforementioned Belt and Road Initiative came from the idea of the ancient Silk Road, which paves the way for enhancing communication, investment, trade and the flow of capital between China, Asia, Africa and Europe. The belt consists of projects linking China with Europe via Asia and the Middle East by land. As for the road, it refers to projects linked to sea routes linking China with Africa and the Middle East.

Note that the international group associated with the above initiative constitutes (66%) of the world's population and nearly a third of the global gross domestic product.

The name of the Iraqi-Chinese framework agreement was called (The Economic and Technical Cooperation Agreement) to provide assistance for free with the two Chinese government companies (Sinochem) and (China Zhen Hua OIL) to guarantee exports and investment, where (100) thousand barrels per day are lifted equally between them for the purpose of securing the financial aspect. Cabinet Resolution No. 108 of 2018 was issued to cover this agreement.

An accounting agreement and an oil agreement were also signed, and these two agreements complement the Cooperation Framework Agreement to guarantee export credit for the Oil for Reconstruction Agreement signed on 11/5/2018, which did not enter into force until after the signing of the above-mentioned accounting and oil agreements.

### **Second: The financial content of the cooperation framework agreement**

The Central Bank of Iraq is responsible for managing four groups of accounts for the Iraqi Ministry of Finance, within the calculation agreement attached to the Cooperation Framework Agreement with China. These accounts are:

1. The settlement account receives the net oil revenues that will be allocated to finance the reconstruction projects that are being contracted under the Cooperation Framework Agreement with the best Chinese companies in the field of infrastructure or others. This account will keep a deposit amounting to (100) million dollars, on which an annual interest will be paid.
2. The account group is for hedging purposes and is allocated to debt services when borrowing from Chinese banks, which will be guaranteed by (Sino sure) to ensure the financing of the reconstruction projects implemented in Iraq.
3. A group re-payment account, in which Iraq's contribution is deposited as a percentage of the loan amounts that it will receive from Chinese banks with the guarantee of (Sino sure) institution, amounting to (15%) of the value of each loan.
4. Investment account group of surplus Iraqi funds that were not used at the time in the third account. these funds are at the disposal of the Iraqi government, whether to finance projects in Iraq by Chinese companies or international companies.

The Cooperation Framework Agreement includes very precise financial details, including:

- The projects implemented under this agreement are carried out through Chinese companies, and that these companies are the main supplier, and that the project should be dedicated to the energy (oil and

- gas), infrastructure, education, health care and electricity sectors. These projects are to be established in safe areas in Iraq.
- This framework states on the export of (100) thousand barrels of oil per day to China (at international prices) and the export revenues (in dollars) are deposited in an account called (Settlement Account). The goal of this account is for the Federal Reserve Bank of New York to deduct Kuwait war compensations from it, and then transfer the net returns to an account called an (Investment Account). In the event that deposits remain in this account without withdrawal, interest is paid to Iraq in exchange.
  - Financing mechanism (credit): the Chinese companies, based on the Iraqi government desire, implement infrastructure or strategic projects in accordance with international competitive standards and prices after their approval within the Federal General Budget Law
  - If the financing of the contracted projects is from the oil revenues exported from the revenue accumulation of exporting (100) thousand barrels per day, then there will be no need to borrow from Chinese banks. But in the event of a need for additional financing, the Chinese Government Export Guarantee Corporation (Sino sure) is the one who will be guaranteeing the loans provided to Iraq by Chinese financial institutions, which will be subsequently regulated by loan agreements with the Ministry of Finance, with the guarantee of the above-mentioned institution.
  - All four accounts mentioned in the framework agreement are maintained by the Central Bank of Iraq and are opened with a highly rated Chinese bank (silic bank).

The Iraqi Ministry of Finance undertakes to open an account with a Chinese bank in the name of the Central Bank of Iraq and strengthen the account for the benefit of the agreement with the Chinese side Guarantee Corporation (Sino sure). The Oil Marketing Company (SOMO) contracts under an oil sale agreement in which it undertakes to provide the Chinese side with a quantity of (3) million barrels per month.

The Iraqi Ministry of Finance agrees to maintain a minimum financial balance of (100) million dollars in the above account, and the amounts are deposited continuously. In the absence of payable financial obligations, the amounts are automatically returned to the Iraqi government account and deposited in other international banks.

## **2.4 Transportation revenue**

In the event that oil, gas and minerals transportation revenues are substantial, it is expected that the government and companies will disclose what they receive from such revenues, knowing that there are no substantial transportation revenues received by the Government of Iraq.

## **2.5 Transactions related to state-owned enterprises**

There are no substantial payments that the government pays to state-owned companies, but there are transfers paid by these companies to the government related to the treasury's share of the profits of these enterprises (mentioned in this report), and there are transfers from the government to state-owned enterprises related to internal service wages (also mentioned in this report).

## **2.6 Payments at the district and governorate level**

There are no substantial payments made by companies to government entities at the subnational level.

## **2.7 Classification level of published data**

The Multi-Stakeholder has adopted the definition of a project as operating activities governed by a single contract, license, lease, concession or similar legal agreement, and which form the basis for determining the responsibility for payment with the government. Thus, the definition of a single project has been applied as the license given to a company or a consortium of companies. Data on cost recovery, remuneration fees and related taxes were disclosed on the basis of the project as mentioned above.

## **2.8 Validity date of the published data**

The data should not be older than the second accounting period. The current report was planned to be issued on December 31, 2021, and the National Secretariate contacted the EITI and requested to postpone the issuance of the IEITI 2019 and 2020 report for a period of six months ending on 30/6/2022, and got the approval of the international initiative to do so.

## **2.9 Quality of financial data related to production and export of crude oil, gas and petroleum products**

### **First - Audit and confirmation procedures for state-owned extractive sector companies**

#### **(1) External Audit Practices:**

State-owned companies in Iraq, in general, prepare their accounts in accordance with the unified accounting system and according to the instructions of the Public Companies Law No. (22) of 1997 (amended). In accordance with this law and Federal Board of Supreme Audit Law No. (31) of 2011 (amended), the financial statements of these companies are audited by the Federal Board of Supreme Audit to express an opinion on them through the implementation of audit programs that are prepared by it in accordance with Iraqi accounting rules, accounting standards and international financial reporting standards. Its details have been published on the IEITI website.

In addition to the audits conducted by the aforementioned board, it also provides advice and technical assistance in the areas of accounting, control, management and other specialized fields to state-owned companies in accordance with Article (6) of its above-mentioned law to support these companies accountingly and technically.

#### **(2) Internal audit and internal control practices**

It includes the internal procedures and controls adopted by state-owned companies in conducting pre- and post-disbursement control and internal audit work on all financial transactions conducted by companies and at the level of all activities. Audit and control, and the internal audit functions depend on the legislation issued by the state in terms of laws and regulations related to the activity, in addition to the accounting rules and auditing standards issued by the Accounting and Oversight Standards Board in the Republic of Iraq, which are considered binding application.

At the end of the fiscal year, the financial statements are prepared by the financial departments of the companies. After auditing and verifying their validity and fulfillment of the requirements of the Federal Board of Supreme Audit by the audit and internal control departments in the companies and after being approved by the Chairman of the Board of Directors, these statements are sent in official letters to the control and audit departments in the ministries' headquarters for the purpose of their endorsement and sending them in official letters to the Federal Board of Supreme Audit for examination and opinion on them.

### **Second - Audit and confirmation procedures in government agencies**

State departments and the government sector that dispose of public funds through levying, spending, planning, banking, trading, producing objects or producing services are subject to oversight and audit. The Federal Board of Supreme Audit, according to legal legislation, through its supervisory bodies located in all government departments and self-financed public companies, implements work plans and specialized audit programs to carry out oversight and audit work on those departments, evaluate their performance and give advice on its evaluation.

Please refer to the following link for more information on audit and confirmation procedures in government agencies and state-owned companies: <https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>, where we noted no deviation from these procedures in practice.

### **Third - Audit and assurance procedures in international oil companies**

The international oil companies operating in Iraq are required under licensing round contracts and in accordance with the terms of the contract to establish a branch of the company in Iraq to be registered with the Companies Registration Department of the Iraqi Ministry of Trade, and to keep this branch until the terms of the contract are implemented.

Companies registered in Iraq should prepare their annual financial statements in accordance with the unified accounting system, and they should be audited by an external auditor.

In addition to the audited financial statements of the international oil companies, financial statements for the field are prepared in accordance with the terms of service contracts, and are also audited by external auditors in accordance with International Standards on Auditing.

#### **2.10 Data Quality Assurance**

The audit of the financial statements of state departments and public companies is carried out by the Federal Board of Supreme Audit. This is in accordance with what was stated in the general laws and laws of those companies, including the extractive industries companies, the subject of the report, and for reasons related to the mechanism of work of the Federal Board of Supreme Audit, the completion of auditing and expressing an opinion on most of the financial statements of national companies, especially for the fiscal years 2019 and 2020, was delayed, although all related companies submits its financial statements at the end of the first month of each fiscal year and according to the Financial Management and Public Debt Law.

To avoid the effects of this on the reliability of the companies' financial statements, the Board of Stakeholders decided to adopt the following methods to ensure the quality of state-owned companies' data:

- In the event that the approval of the Federal Board of Supreme Audit on the financial statements is not available (as a result of the reasons mentioned above), the financial statements of the national companies submitted to the Federal Board of Supreme Audit are approved by the Chairman of the Board of Directors of those companies and stamped with the company's seal in support of their validity after being audited by the Internal Audit Department. If the financial statements are not returned by the Federal Board of Supreme Audit within two weeks of receiving them, this means that they were initially accepted by the Federal Board of Supreme Audit.

As for the international oil companies that purchase crude oil, their accounts are audited by international auditing companies (an external auditor). The financial statements of these companies include the results of their work, whether they are related to the Oil Marketing Company (SOMO) or from their other commercial activities outside Iraq. Some of these companies did not provide the IEITI with their financial statements, and the MSG approved a mechanism to ensure the quality of the data provided by these companies. This mechanism is as follows:

- Obtaining the audited financial statements by the external auditor of these companies.
- If the audited financial statements are not provided, the approved quality assurance standard is the receipt of invoices issued by the Oil Marketing Company (SOMO) to verify the numbers provided by the oil purchasers in the reporting forms and basic supporting documents.
- In addition, the disclosure forms include a place designated for the authorized person of these companies to sign and stamp it with the company's seal indicating the validity of the data provided by it.

In the case of IOCs operating in Iraq under licensing round contracts, the MSG agreed to adopt the following quality assurance measures:

- Obtaining the audited financial statements by the external auditor of these companies.
- If the audited financial statements are not submitted, the alternative quality assurance measure is to receive the prepared financial statements for the fields validated by the external auditor.

With regard to the reporting government agencies, the MSG decided to adopt the quality assurance standard set out below to verify the accuracy of the submitted data:

- The authorized person from the concerned government agencies must sign the reporting forms and stamp them with the official seal of this agency, indicating the validity of the submitted data.

Some alternative measures have been taken to ensure the quality of the data as follows:

- Accept the annual reports signed and certified by the state-owned companies.
- Accept the account statements for the deposits of crude oil sales with the Federal Reserve Bank of New York.
- Accept the commercial lists of licensing round companies.

### **2.11 Data Quality for Reporters**

We determined the quality of the reporting agencies' data according to their type, using the following procedures:

#### **First - state-owned enterprises**

Receiving the annual reports certified by the general manager of each state-owned company concerned with disclosure.

#### **Second - International oil companies operating in Iraq lifting crude oil**

We determined the status of any data received in a file under the title "IEITI Report Tables for 2019 and 2020" published on the IEITI website at the following link (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>). We have also taken an essential step to ensure the accuracy of the data we received (from the concerned companies and SOMO or only from SOMO) in this regard, by reviewing all official correspondences that took place by these companies with SOMO, which confirms receipt of shipments with their details.

#### **Third - international oil companies buying crude oil**

We determined the status of all the data received in a file under the title "IEITI Report Tables for 2019 and 2020" published on the IEITI website at the following link (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>), bearing in mind that we have verified all the data we received (from the relevant companies and SOMO or only SOMO), by comparing it to the account statement of the Development Fund for Iraq (DFI), where all proceeds from sales of crude oil, oil and gas products are deposited. This account is managed by the Central Bank of Iraq for the benefit of the Iraqi Ministry of Finance. We reviewed all the details of the deposits to this account and compared them with all the shipments exported to the international companies buying crude oil (disclosed and non-disclosed), and made sure that they were included in the aforementioned account statement. The Central Bank of Iraq (Investments Department - Oil Division) has prepared a summary of all deposits in the above-mentioned account related to crude oil exports, where this summary has been included in the form of a database within the file called "Oil Credits Statement for 2019 and 2020" on the IEITI website (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

#### **Fourth - International oil companies operating in Iraq within the licensing rounds**

We determined the status of all the data received in a file under the name "National Initiative Report Tables for 2019 and 2020" published on the Transparency Authority website at the following link (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>), bearing in mind that we have reviewed all the minutes of the ministerial committee in the Federal Ministry of Oil to review the contracting companies' account lists for each quarter of 2019 and 2020 and for each field, which includes the details of the claims of the main operator and its partners, including the government partner's share, analysis and related approvals. It also includes the commercial lists issued by the main contractor (operator).

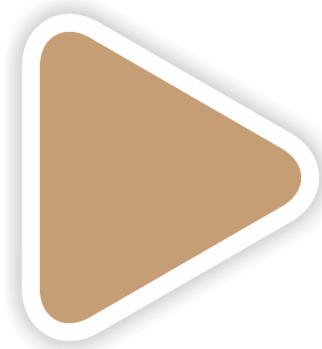
**2.12 Reconciliation Process**

In the reconciliation process and to ensure the reliability of the relevant data, we relied on two or more sources, accompanied by an appropriate explanation of the detected differences.

The reconciliation process has been carried out in detail and at the level of each export shipment of crude oil (not only at the buyer’s level) in addition to the quantities of exported crude oil in the form of lifted oil with regard to the payment of cost recovery and profitability fees for the licensing round companies, as follows:

- Reconciling crude oil shipments between SOMO and international buyers at the level of each shipment and at the level of one buyer.
- Reconciling the records of the Development Fund for Iraq with SOMO records and the records of the oil purchasing companies.
- Reconciling the cost recovery between the international oil companies operating in Iraq and the records of the Petroleum Contracts and Licensing Department (PCLD).
- Reconciling the remuneration fees between the international oil companies operating in Iraq and the records of the Petroleum Contracts and Licensing Department (PCLD).
- Reconciling the amounts of oil lifted in favor of the international oil companies operating in Iraq between their records and those of SOMO.





# **Chapter Three**

## **Revenue Allocation**

### **3-1 Distribution of Extractive Industry Revenues**

#### **A - Laws and legislation regulating the administration of the Iraqi state**

The state administrations in Iraq are organized according to the Financial Management Law No. (6) of 2019 (<https://iraql.d.hjc.iq/LoadLawBook.aspx?page=1&SC=260820194633398&BookID=41717>) issued in August 2019 and in effect as of the 1<sup>st</sup> of January 2020, which replaced the previous Financial Management and Public Debt Law No. 95 of 2004 (amended). Noting that all revenues are recorded in the state treasury, and there are no revenues that are not recorded outside the state treasury.

In accordance with Chapter Two - Article 4 - First of the aforementioned law, the federal general budget is prepared based on economic development estimates, and the pursuit of macroeconomic stability, sustainable development, and economic policy. It is also prepared in compliance with the government program, the challenges facing the national economy, and the expected risks. This is to ensure the assessment of the financial situation in Iraq and reduce fluctuations in government spending in order to achieve efficient revenue collection in light of moderate forecasts of oil prices, oil production, tax revenues, fees and other revenues.

The Federal Ministry of Finance shall receive the proposed estimates for the current budget for the following year from ministries, entities that are not associated with ministries, the KRG and the other governorates. These estimates are discussed according to a detailed schedule prepared for this purpose during the month of July of each year. The ministers of Planning and Finance shall then both submit to the Economic Affairs Committee (or whatever resolves its place in the Council of Ministers) at the beginning of August of each year the draft of federal general budget law to study and make recommendations to the Council of Ministers at the beginning of September of each year. Then the Council of Ministers discusses and approves the draft federal budget law and submits it to the House of Representatives before mid-October of each year to be approved later after discussion and published in the Official Gazette to be circulated among the public.

In accordance with Chapter Six relating to the management of oil revenues of the abovementioned law (the Federal Financial Management Law), the articles listed below include the following: -

Article (35), the oil revenues represent:

First - The sum of the total revenues of public companies from sales of domestic and foreign crude oil, crude oil products and gas.

Second - All amounts arising from oil and gas contracts executed by international oil companies.

Third - the treasury's share of the profits of public companies for oil and gas operations.

Article (36): The proceeds resulting from the sale of crude oil, exported gas and extracted gas shall be considered as revenue to the federal government. And the amounts paid for the exploration of oil resources and any sums arising from investing funds in the account of oil and gas revenues, shall be in the federal general budget within an account called (oil and gas revenues).

Article (37):

First - All oil and gas revenues shall be deposited in bank accounts opened specifically for the oil and gas revenues by the Minister of Finance. The amounts arising from investing the surplus from the oil and gas revenues account shall be deposited in bank accounts opened specifically for the oil and gas revenues.

Second - The oil and gas revenue account is used only to finance the allocations of the federal general budget or to invest its surplus. The oil and gas revenue account is also used to public companies to cover the cost of oil and gas operations from the allocations of the federal general budget.



By comparing the text of the Federal Financial Management Law mentioned above, and the actual application of 2019 and 2020, we note the following:

First - The Federal Budget Law for 2019 was approved in February 2019 (<https://iraqlid.hjc.iq/LoadLawBook.aspx?page=1&SC=&BookID=41517>)

Second - During the year 2019, the Kurdistan Region did not commit to implementing Article (10-Second-A) of the Federal Budget Law for the year 2019. Which states that (the KRG is committed to export no less than (250,000) barrels (two hundred and fifty thousand barrels) of crude oil daily from the crude oil produced from its fields for marketing through SOMO, provided that the oil revenues are delivered to the state's public treasury exclusively). The Kurdistan Regional Government has also not delivered any oil revenues to the public treasury during the year 2020.

Third - The Federal General Budget Law for the year 2020, has not been approved, for reasons related to the Iraqi Council of Representatives, which required the application of Article (13) of the Federal Financial Management Law mentioned above, which states the following:

"In the event of delay in approving the federal general budget until December 31 of the year preceding the year of preparing the budget, the Minister of Finance shall issue circulars according to the following:

(1) Disbursement at a rate of (1/12) (one / twelve) or less from the total actual disbursements of current expenditures for the previous fiscal year after excluding non-recurring expenditures on a monthly basis and until the approval of the federal general budget.

(2) Disbursement on ongoing investment projects based on the completed work or the actual preparation of the project after ensuring the availability of cash that have allocations within the draft budget law for the following year.

(3) In the event that the federal general budget draft for a particular fiscal year is not approved, the final financial statements actually disbursed shall be considered a basis for the financial statements for the year in which the budget was not approved and submitted to the House of Representatives for the purpose of approval."

## **B - Kuwait War Compensation Fund**

In accordance with UN Security Council Resolution No. (1483) of 2003 and subsequent resolutions related to the UN Security Council. The (5%) (or any other percentage that may be determined by the UN Security Council or the internationally recognized participation of the government representing Iraq in the Compensation Committee at the UN and in accordance with UN Security Council Resolution No. (1483)) of the proceeds from the export of oil, petroleum products and natural gas shall be transferred to Compensation Fund established pursuant to UN Security Council Resolution (687) of 1991 and subsequent relevant UN Security Council resolutions. Oil export revenues are deposited into the oil revenues account. In addition, transfers to the Compensation Fund must appear as an allocation in the budget and appear as an expense in the state's final account in the year of payment.

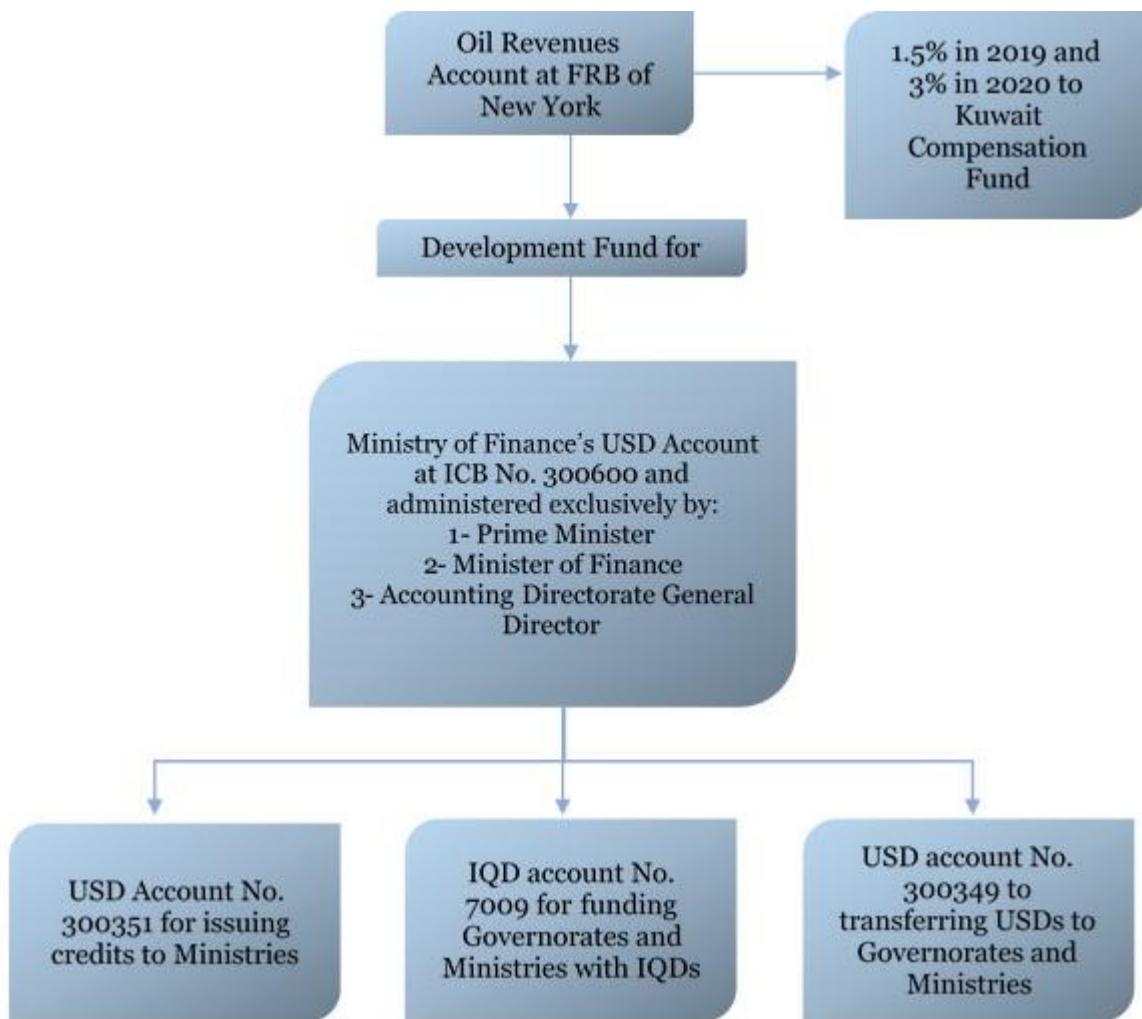
The Board of Directors of the United Nations Compensation Committee issued its resolution No. (272) for the year 2014 to stop deducting the (5%) from the export revenues of Iraqi oil, petroleum products and natural gas exported to the United Nations Compensation Fund for the period from October 1, 2014 to December 31. In 2015, this council also issued its decision No. (273) for the year 2015 to continue to suspend the aforementioned percentage deduction for the period from January 1, 2016 to December 31, 2016. The suspension decision was extended for an additional year in accordance with the decision of the Compensation Committee Board of Directors No. 274.

The deduction of a percentage of the revenues from the export of Iraqi oil, petroleum products and natural gas was reinstated at the beginning of the year 2018 according to the decision of the Compensation Committee

Board of Directors No. (276) of 2017, but in an upward manner, whereby only half a percent (0.5%) of the revenues for the year 2018 were deducted. Then one and a half percent (1.5%) of the revenues in 2019, then increasing it to three percent (3%) during the year 2020 until the full amount of compensation is paid (<https://uncc.ch/decisions-governing-council>).

On December 21, 2021, the Central Bank of Iraq announced the completion of the payment of all compensation amounts approved by the United Nations Compensation Committee of the UN Security Council, totaling (52.4) billion US dollars to the State of Kuwait (<https://cbi.iq/news/view/1903>). Where the Board of Directors of the United Nations Compensation Committee announced in its Resolution No. (277) on February 9, 2022 that the Government of Iraq had fulfilled its international obligations to compensate all claimants who were awarded compensation by the Committee for the losses and damages they incurred as a direct result of Iraq’s invasion of Kuwait. It also announced that the Government of Iraq is no longer required to deposit a percentage of the proceeds from the export sales of oil, petroleum products and natural gas into the Compensation Fund. The UN Security Council, in its Resolution No. (2621) dated February 22, 2022, endorsed the above (<http://unscr.com/en/resolutions/2621>).

The graph below provides a practical illustration of how the proceeds from export sales of oil, petroleum products and natural gas are deposited in the accounts held by the Iraqi government in 2019 and 2020, which are subsequently distributed:



### **C- The account of the Development Fund for Iraq and the subsequent account**

According to the results report of the external audit related to the Development Fund for Iraq and the subsequent account, can be found on the IEITI website – Reports and Publications -Annual Report- 2019 2020 annual report appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>), which was conducted by an international auditing company, it is noted that:

First - The cash received from sales of exported petroleum products for the year ended December 31, 2019 amounted to approximately (1.5) billion US dollars, and about (2.4) billion US dollars for the year ending December 31, 2020.

Second - During the year 2020, the Oil Products Distribution Company transferred an amount of (700) million US dollars of the total value of these sales mentioned above (since the establishment of the Development Fund for Iraq until December 31, 2020, amounting to 8.64 billion US dollars) to the account of the Ministry of Finance No. (300600) opened at the Central Bank. The share of the Kuwait War Compensation Fund was deducted from the transferred amount, amounting to (3%) and equivalent to (700) thousand US dollars. The remaining amount of these sales, which amounted to (7.94) billion US dollars, was not deposited in the exported oil sales revenues account or registered in the financial statements of the Fund, as it was recorded in bank accounts of the Oil Marketing Company (SOMO) and then recorded as revenues for the public treasury.

Third - The Ministry of Oil did not receive production reports from the Kurdistan region during the two years ending on December 31, 2019 and 2020. Moreover, that the reports received by the Ministry of Oil include only the quantities that were pumped into the pipelines, and the reports do not include any information about the quantity produced in the Kurdistan region.

Fourth - Based on Cabinet Resolution No. (80) for the year 2018, which stipulates (the development work of the Majnoon oil field is entrusted with the national effort to the Basra Oil Company, and the development plans are implemented with the same standards and methods approved for the licensing round companies), which mandated doing that. In view of the lack of cash, it was decided that the Oil Marketing Company SOMO would sell quantities of crude oil and deposit it in a bank account at the Trade Bank of Iraq for the Basra Oil Company. Whereas, crude oil sales to finance Majnoon Field are recorded as service contract sales and are therefore not recorded in the exported oil sales collection list.

Fifth - During the years 2018 and 2019, the Oil Marketing Company (SOMO) sold quantities of crude oil from the Qayyarah field locally, and the sums of these sales were deposited with the Trade Bank of Iraq. Subsequently, the value of these sales was transferred to the account of the Ministry of Finance at the Central Bank of Iraq (the subsequent account No. 300600). There were no sales of crude oil from the Qayyarah field (cash sale) during the year 2020.

### **3-2 Subnational Transfers**

According to the annual budget laws, there are two types of local financial transfers allocated within the federal general budget at the level of each of the governorates of Iraq and the Kurdistan region, as well as what is allocated to those governorates from the current and investment budgets. These are:

#### **A - Petrodollar Allocations**

Petrodollar allocations are calculated for the governorates that have activity related to the petroleum industries, whether it is oil production, gas production, or liquidation. In the following, we review the methodology applied by the Ministry of Finance to calculate petrodollar specializations, as stated in the Federal General Budget Law No. (1) of 2019 (Chapter Two - Article 2 - First - 5):

First – the personages 5% (five percent) of the revenues of the crude oil produced in the governorate and (5%) (Five percent) of the revenues of refined crude oil in the governorate’s refineries and (5%) (Five percent) of the revenues of Natural gas produced in the governorate, were adopted. Provided that the governorate chooses one of the revenues produced above and that an amount of (1,000,000) one thousand dinars (one trillion dinars) is allocated as projects to the producing governorates out of the allocations referred to in item (first) - 1-) of Article (2) of the relevant budget law. The governor, after approval by the provincial council, has the right to dispose and use no more than (50%) (fifty percent) of the aforementioned allocations for the purpose of importing electric energy, providing cleaning services to the governorate, providing treatment expenses for patients inside and outside Iraq, or for current expenses according to the governorate’s needs. The priority of spending is for the areas most affected by oil production and refining and for environmental protection projects. This is achieved by doing the required transfers, provided that the accounting adjustments are made after being audited by the Federal Board of Supreme Audit in the next year’s budget including the province’s dues for previous years for which no amounts have been allocated. A percentage of (20%) (twenty percent) of the amounts realized from the increase in oil revenues over the planned revenues contained in the Federal General Budget Law for the year 2019, is allocated, after covering the planned deficit, to be granted to the most harmed areas.

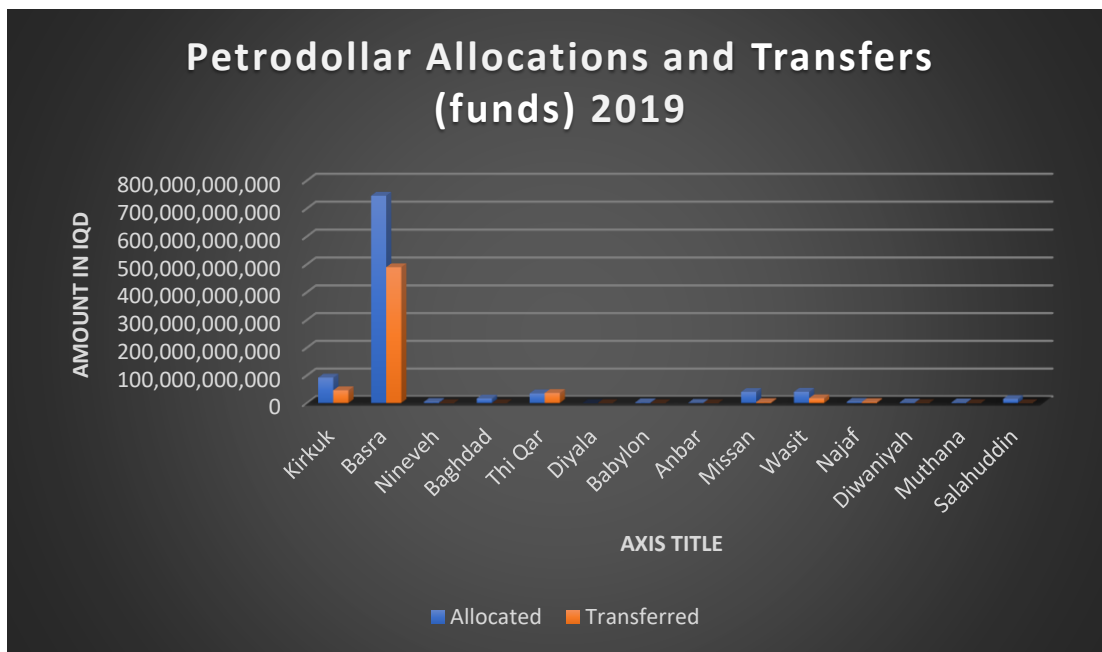
In the year 2021, an important development took place in the matter of petrodollar allocations. As Article (2 - first - 8) of the Federal Budget Law for the fiscal year 2021 stipulated the establishment of funds in all governorates producing crude oil, refined oil or gas called (Petrodollar Fund) to be managed by the concerned governor, and to be financed monthly from the increase in the price difference obtained in the selling prices of crude oil. This is according to what is stipulated in Article (1 - First - B) related to calculating the estimated revenues on basis of a specific price for exporting a barrel of crude oil added to the amounts fixed in Article (2 - First - 5 related to calculating petrodollars) according to the provisions of the same article. However, this article (2 - First - 8) was canceled according to Federal Court Decision No. 35 - Federal - 2021 on September 29, 2021 (<https://iraqld.hjc.iq/LoadLawBook.aspx?SC=231120214429911>)

The following table shows the petrodollar allocations that were calculated by the Ministry of Finance and the actual funds that were made and the differences between the amounts allocated and funded for the year 2019. Noting that no petrodollar amounts have been allocated or financed for the governorates of the Kurdistan region (Erbil, Sulaymaniyah, Dohuk) for the relevant two years. This is due to failure to conduct the settlement process for the dues between the federal government and the Kurdistan Region in accordance with the budget law. In addition to the fact that the region did not provide the Ministry of Finance with any data and information on the quantities of oil produced and exported to it, and did not pay any amounts for oil sales to the state’s public treasury in accordance with the laws of public administration and the public budget.

Governorate	The amount allocated in the investment budget		Actual amount transferred (funded)		Untransferred Balance		Actual implementation percentage
	IQD	Equivalent in USD (1 USD = 1,182 IQD)	IQD	Equivalent in USD (1 USD = 1,182 IQD)	IQD	Equivalent in USD (1 USD = 1,182 IQD)	
Kirkuk	92,010,200,840	77,842,810	46,351,209,583	39,214,221	45,658,991,257	38,628,588	50%
Basra	745,898,658,000	631,047,934	489,601,135,141	414,214,158	256,297,522,859	216,833,776	66%
Nineveh	4,580,000,000	3,874,788	107,475,000	90,926	4,472,525,000	3,783,862	2%
Baghdad	16,569,600,000	14,018,274	-	-	16,569,600,000	14,018,274	0%



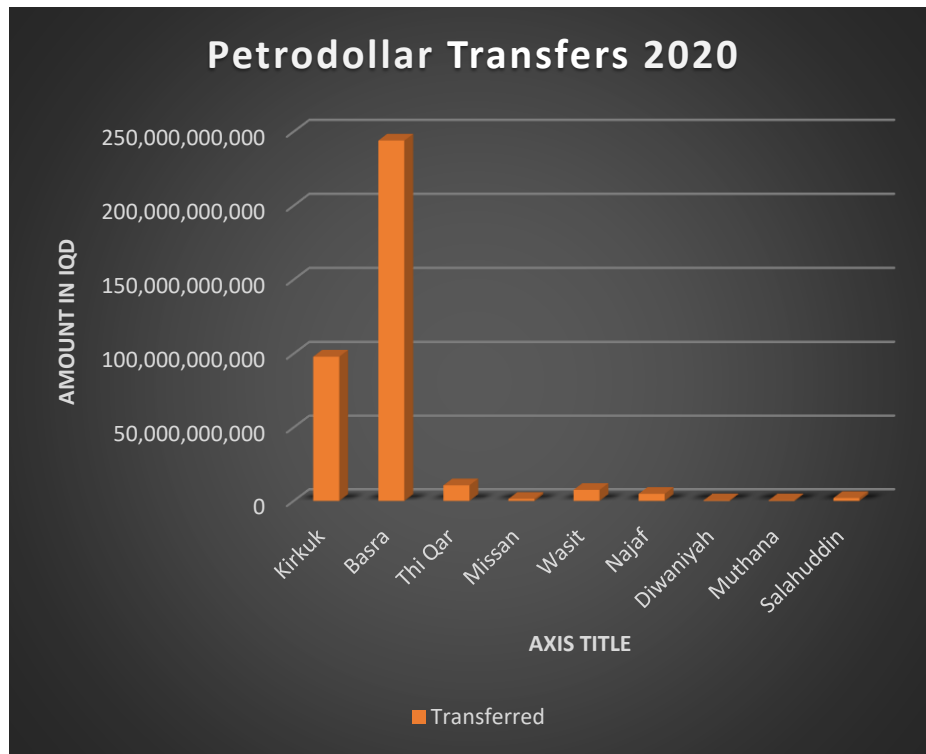
Governorate	The amount allocated in the investment budget		Actual amount transferred (funded)		Untransferred Balance		Actual implementation percentage
	IQD	Equivalent in USD (1 USD = 1,182 IQD)	IQD	Equivalent in USD (1 USD = 1,182 IQD)	IQD	Equivalent in USD (1 USD = 1,182 IQD)	
Thi Qar	35,051,749,700	29,654,611	36,519,469,218	30,896,336	(1,467,719,518)	(1,241,725)	<b>104%</b>
Diyala	432,000,000	365,482	-	-	432,000,000	365,482	<b>0%</b>
Babylon	2,918,400,000	2,469,036	-	-	2,918,400,000	2,469,036	<b>0%</b>
Anbar	1,038,400,000	878,511	206,875,000	175,021	831,525,000	703,490	<b>20%</b>
Missan	40,478,400,000	34,245,685	3,832,253,750	3,242,177	36,646,146,250	31,003,508	<b>9%</b>
Wasit	41,098,400,000	34,770,220	17,371,134,620	14,696,391	23,727,265,380	20,073,829	<b>42%</b>
Najaf	4,924,800,000	4,166,497	4,108,139,908	3,475,584	816,660,092	690,914	<b>83%</b>
Diwaniyah	2,506,400,000	2,120,474	525,585,000	444,657	1,980,815,000	1,675,816	<b>21%</b>
Muthana	2,680,000,000	2,267,343	3,825,000	3,236	2,676,175,000	2,264,107	<b>0%</b>
Salahuddin	15,002,000,000	12,692,047	-	-	15,002,000,000	12,692,047	<b>0%</b>
<b>Total</b>	<b>1,005,189,008,540</b>	<b>850,413,713</b>	<b>598,627,102,220,</b>	<b>506,452,709</b>	<b>406,561,906,320,</b>	<b>343,961,004</b>	<b>%60</b>



According to the Accounting Department of the Ministry of Finance, the difference between the amounts allocated and transferred from petrodollar allocations is generally due to the lack of cash flow at the Ministry of Finance.

The table below shows the petrodollar transfers that was implemented by the Ministry of Finance for the year 2020, as there is no allocation for the lack of a general budget for the year 2020. The allocations for the year 2019 were approved as a cover for financing:

Governorate	Actual amount transferred	
	IQD	Equivalent in USD (1 USD = 1,182 IQD)
Kirkuk	97,996,191,717	82,907,100
Basra	243,976,537,826	206,409,930
Thi Qar	10,618,546,456	8,983,542
Missan	1,439,525,000	1,217,872
Wasit	7,546,619,717	6,384,619
Najaf	4,836,446,400	4,091,748
Diwaniyah	434,182,000	367,328
Muthana	445,500,000	376,904
Salahuddin	1,952,863,750	1,652,169
<b>Total</b>	<b>369,246,412,866</b>	<b>312,391,212</b>



### **B - Regions and Governorates' Development Allocations and Transfers (Funds)**

The purpose of the Regions and Governorates Development Program is to finance reconstruction projects in all governorates in Iraq, including the governorates within the Kurdistan region (except for its share of public spending after subtracting the sovereign and governing expenses according to the federal budget). The Federal Budget Law specifies an amount for the program for the development of regions and governorates, which is distributed to the governorates according to the population of each governorate.

As stipulated in the Federal Budget Law for 2019 (Chapter Two - Article 2 - First - 4 - A), each governor must submit a plan for the reconstruction of the governorate and its districts and sub-districts to the Ministry of Planning so that this plan is approved by the Provincial Council. The Ministry of Planning studies and approves the plan, taking into account the most affected areas within the governorate. After the plan is approved by the Ministry of Planning, the allocations for maintaining the districts and related districts are distributed according to population ratios, after excluding the amounts for strategic projects that benefit from more than one side or district. Provided that the cost of strategic (sovereign) projects does not exceed (15%) of the allocations Governorate.

According to the Ministry of Finance, no amounts were allocated to the governorates of the KRG during 2019 related to the development of the regions, as the governorates of the Kurdistan Regional Government did not submit any plans to the Ministry of Planning.

According to the Department of Governmental Investment Programs in the Ministry of Planning, the mechanism for calculating the allocations for the development of regions and governorates is as follows:

First - The amount allocated in the budget is approved for the purposes of developing regions

Second - The relative importance of each governorate is calculated through the equation below:

$$\text{Governorate materiality} = \frac{\text{population of the governorate in the year of distribution}}{\text{Total population of Iraq during the year}} * 100$$

Third - After that, the following equation is applied to calculate the share of the regions development allocations for each governorate:

$$\text{Regions development allocations for each governorate} = \frac{\text{the total amount allocated in the budget} \times \text{the relative importance of each province}}{100}$$

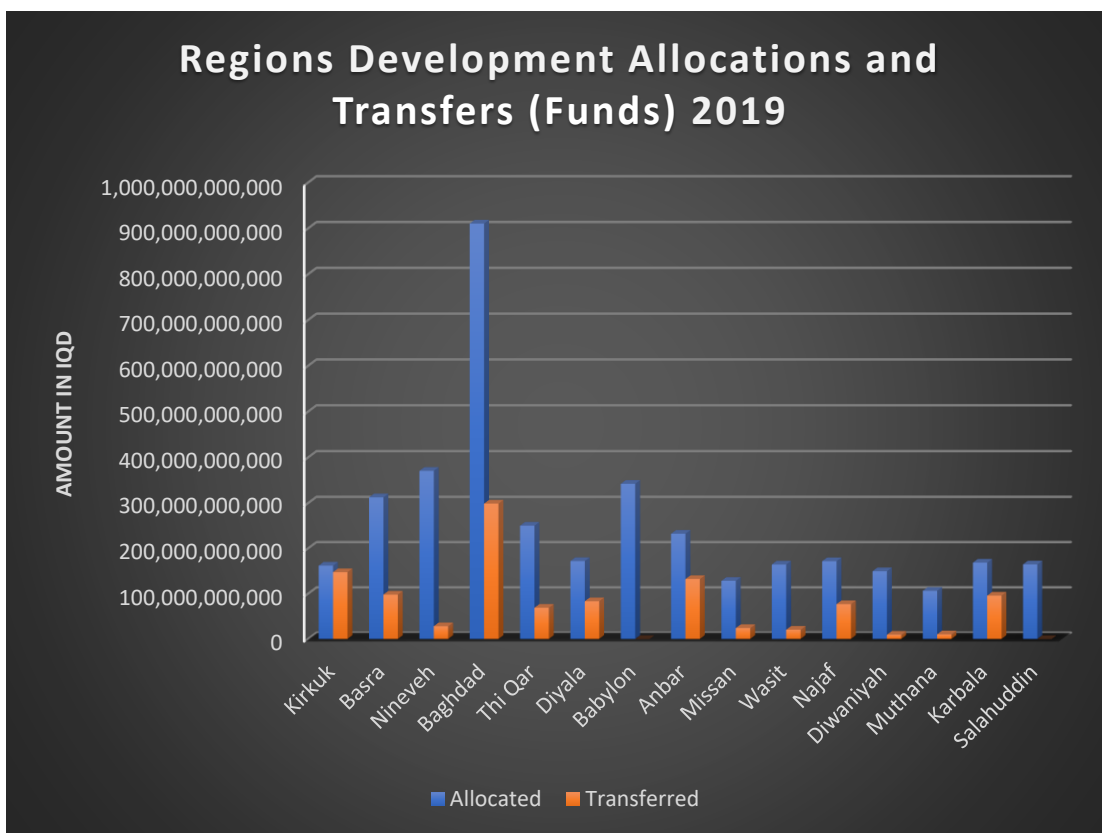
The table shows the allocations for the regions development that were calculated by the Ministry of Finance and the actual funds (transfers) that were implemented and the differences between the amounts allocated and funded (transferred) for the year 2019. Noting that no amounts related to the regions development were allocated or financed for the governorates of the Kurdistan Region (Erbil, Sulaymaniyah, Dohuk), since the dues were not settled between the federal government and the Kurdistan Region.

Governorate	The amount allocated in the investment budget		Actual amount transferred		Untransferred Balance		Actual implementation percentage
	IQD	Equivalent in USD (1 USD = 1,182 IQD)	IQD	Equivalent in USD (1 USD = 1,182 IQD)	IQD	Equivalent in USD (1 USD = 1,182 IQD)	
Kirkuk	162,177,000,000	137,205,584	147,739,446,047	124,991,071	14,437,553,953	12,214,513	<b>%91</b>
Basra	313,120,000,000	264,906,937	98,163,901,402	83,048,986	214,956,098,598	181,857,951	<b>%31</b>
Nineveh	371,096,500,000	313,956,430	28,356,292,078	23,990,095	342,740,207,922	289,966,335	<b>%8</b>
Baghdad	910,901,768,684	770,644,474	299,226,601,546	253,152,793	611,675,167,138	517,491,681	<b>%33</b>
Thi Qar	250,395,000,000	211,840,102	69,112,406,958	58,470,733	181,282,593,042	153,369,368	<b>%28</b>
Diyala	172,400,000,000	145,854,484	83,576,182,591	70,707,430	88,823,817,409	75,147,054	<b>%48</b>
Babylon	342,840,000,000	290,050,761	-	-	342,840,000,000	290,050,761	<b>%0</b>
Anbar	232,635,621,701	196,815,247	132,663,025,856	112,236,062	99,972,595,845	84,579,184	<b>%57</b>
Missan	128,694,266,000	108,878,398	24,351,392,468	20,601,855	104,342,873,532	88,276,543	<b>%19</b>
Wasit	164,708,602,000	139,347,379	20,681,724,798	17,497,229	144,026,877,202	121,850,150	<b>%13</b>
Najaf	172,120,000,000	145,617,597	77,203,894,758	65,316,324	94,916,105,242	80,301,273	<b>%45</b>
Diwaniyah	149,788,500,000	126,724,619	9,450,155,500	7,995,055	140,338,344,500	118,729,564	<b>%6</b>





Governorate	The amount allocated in the investment budget		Actual amount transferred		Untransferred Balance		Actual implementation percentage
	IQD	Equivalent in USD (1 USD = 1,182 IQD)	IQD	Equivalent in USD (1 USD = 1,182 IQD)	IQD	Equivalent in USD (1 USD = 1,182 IQD)	
Muthana	106,633,180,000	90,214,196	10,338,430,493	8,746,557	96,294,749,507	81,467,639	%10
Karbala	168,895,000,000	142,889,171	95,969,554,307	81,192,516	72,925,445,693	61,696,655	%57
Salahuddin	164,972,162,044	139,570,357	-	-	164,972,162,044	139,570,357	%0
<b>Total</b>	<b>3,811,377,600,429</b>	<b>3,224,515,736</b>	<b>1,096,833,008,802</b>	<b>927,946,708</b>	<b>2,714,544,591,627</b>	<b>2,296,569,028</b>	<b>%29</b>



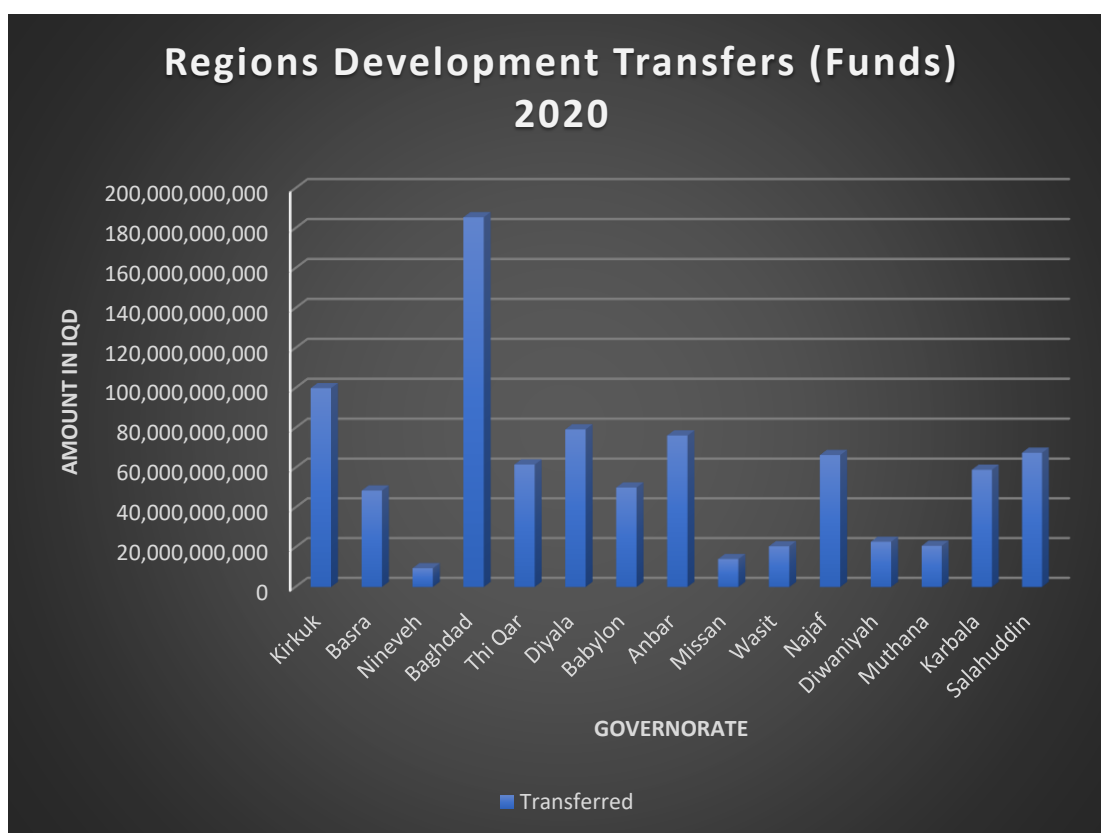
According to the Accounting Department of the Ministry of Finance, the difference between the amounts allocated and financed from the allocations for the regional development is due to the lack of cash flow with the Ministry of Finance. Where the unfunded amounts are rolled over to the next accounting years.

The following table shows the amounts funded from the regional development allocations that were implemented by the Ministry of Finance for the year 2020, and since no budget law was issued for this year, we did not include an allocation in front of the funded amounts:

Governorate	Actual amount transferred	
	IQD	Equivalent in USD (1 USD = 1,182 IQD)
Kirkuk	99,880,321,315	84,501,118
Basra	48,520,191,547	41,049,231



Governorate	Actual amount transferred	
	IQD	Equivalent in USD (1 USD = 1,182 IQD)
Nineveh	9,417,282,672	7,967,244
Baghdad	185,471,196,782	156,913,026
Thi Qar	61,625,881,912	52,136,956
Diyala	79,260,866,421	67,056,571
Babylon	50,060,444,213	42,352,322
Anbar	76,167,245,792	64,439,294
Missan	14,025,471,077	11,865,881
Wasit	20,472,977,055	17,320,624
Najaf	66,397,843,032	56,174,148
Diwaniyah	22,734,658,866	19,234,060
Muthana	20,695,563,824	17,508,937
Karbala	58,985,150,224	49,902,834
Salahuddin	67,549,106,475	57,148,144
<b>Total</b>	<b>881,264,201,207</b>	<b>745,570,390</b>



### **3.3 Revenue and Expenditure Management**

#### **A - An overview of the federal general budget for the year 2019**

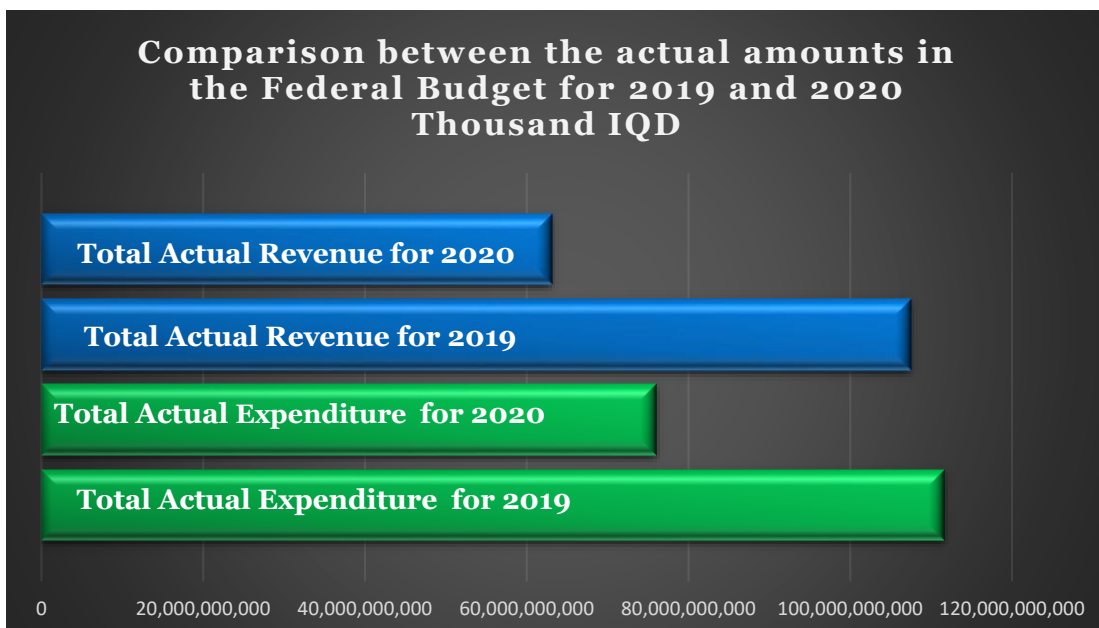
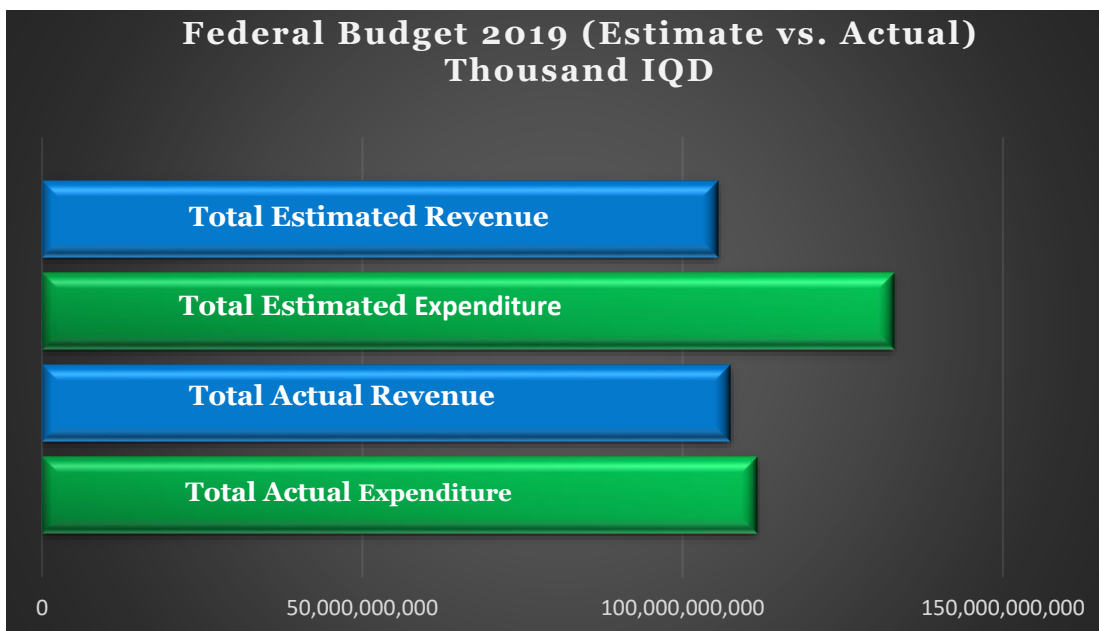
The Federal General Budget Law for the year 2019 was published in the Iraqi Gazette (the Official Gazette) on February 11, 2019, and we compared the planned budget items with the actual implementation during the year (not audited until the date of this report), noting that the state's general budget for the year 2020 has not been issued. We also compared the actual budget implementation amounts between 2019 and 2020,

which are not audited until the date of preparing this report, due to the delay of the Ministry of Finance in submitting the final account of the state for the previous years to the Federal Board of Supreme Audit. The delay in issuing the accounts for the year 2014 is due to the reservations by the Federal Board of Supreme Audit about auditing these data, especially since there was no approved general budget for that year. There were also no revenues from extractive industries allocated to specific programs or geographical areas, except for what was stipulated in Article (37) of the Federal Financial Management Law No. (6) of 2019, which stipulates that the disbursement shall be from the account of oil and gas revenues only to finance the allocations of the federal general budget or to invest its surplus for public companies to cover the cost of oil and gas operations from the allocations of the federal general budget.

No.	Item	Estimated amounts in the Budget (Thousand IQD) 2019	Actual budget amount (Thousand IQD) 2019	Difference (actual minus estimate) (Thousand IQD) 2019	Percentage of the difference 2019	Actual budget Amount (Thousand IQD) 2020	Difference in the actual budget amounts between 2019 and 2020	Percentage of the Difference in the actual budget amounts between 2019 and 2020
<b>1 (Total of Items 2 and 3)</b>	<b>Total revenues</b>	<b>105,569,686,870</b>	<b>107,566,995,372</b>	<b>1,997,308,502</b>	<b>%2</b>	<b>63,199,689,372</b>	<b>- 44,367,306,000</b>	<b>%41-</b>
2	Oil revenue	93,741,110,400	99,490,603,359	5,749,492,959	%6	55,954,671,071	- 43,535,932,288	%44-
3	Non-oil revenue	11,828,576,470	8,076,392,014	<b>3,752,184,456-</b>	<b>%32-</b>	7,245,018,301	<b>831,373,712-</b>	<b>%10-</b>
<b>4 (Total of Items 5 and 6)</b>	<b>Total Expenditures</b>	<b>133,107,616,412</b>	<b>111,723,523,054</b>	<b>- 21,384,093,358</b>	<b>%16-</b>	<b>76,082,442,914</b>	<b>- 35,641,080,140</b>	<b>%32-</b>
5	Current expenditures	100,059,110,004	<b>87,300,932,640</b>	<b>- 12,758,177,364</b>	<b>%13-</b>	<b>72,873,537,541</b>	<b>- 14,427,395,099</b>	<b>%17-</b>
<b>6 (total of Items 7 and 8)</b>	<b>Total investment Expenditures</b>	<b>33,048,506,408</b>	<b>24,422,590,414</b>	<b>8,625,915,994-</b>	<b>%26-</b>	<b>3,208,905,373</b>	<b>- 21,213,685,042</b>	<b>%87-</b>
7	Investment expenditures from the treasury	26,932,838,408						
8	investment expenditures by foreign loans)	6,115,668,000						
<b>9 (Item 1 minus Item 4)</b>	<b>Total deficit/surpluses</b>	<b>27,537,929,542-</b>	<b>4,156,527,682-</b>	<b>23,381,401,860</b>	<b>%85-</b>	<b>- 12,882,753,542</b>	<b>8,726,225,860-</b>	<b>%210</b>



Source: Federal General Budget Law No. 1 of 2019 (<https://iraqld.hjc.iq/LoadLawBook.aspx?page=1&SC=&BookID=41517>) regarding the estimated amounts, as for the actual implementation amounts, they were obtained from the Ministry of Finance website Open Budget Page (<http://www.mof.gov.iq/obs/ar/Pages/obsDocuments.aspx>).



### **B - Components of the state's general budget revenues (actual) for the years 2019-2020**

According to the annual economic report for the year 2020 issued by the Central Bank of Iraq, the public revenues for the year 2020 recorded a significant decrease of (-41.2%) to reach (63.2) trillion dinars, compared to (107.6) trillion dinars for the year 2019. This decrease is attributed to the decline in oil revenues



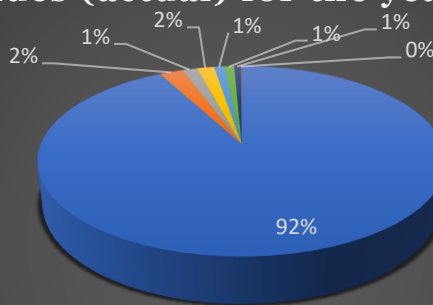
by (-45.1%) as a result of the decline in global demand for oil due to the Covid pandemic and the decline in international oil prices. As well as Iraq's commitment to reduce production according to the decisions of OPEC +, as oil revenues constitute the largest proportion of the total revenues to reach the percentage of its contribution (86.2%) and an amount of (54.4) trillion dinars. In addition to a decrease in capital revenues (-72.3%), transfer revenues (-50.8%), other revenues (-44.9%), commodity taxes and production fees (-13.7%), And fees, (-13.5%). In contrast, the budget share of public sector profits (198.1%) and taxes on income and wealth (38.8%) were recorded in 2020 compared to 2019, as shown in the table below.

Types of revenues	2019		2020		Difference percentage %
	Amount in billion IQD	Contribution to Total Public Revenues %	Amount in billion IQD	Contribution to Total Public Revenues %	
Oil and mineral wealth revenues	99,216.30	%92.2	54,448.50	%86.2	<b>%45.1-</b>
Income and wealth taxes	2,389.00	%2.2	3,316.10	%5.2	<b>%38.8</b>
Merchandise taxes and production charges	1,625.50	%1.5	1,402.10	%2.2	<b>%13.7-</b>
Other income	1,674.20	%1.6	922.90	%1.5	<b>%44.9-</b>
Transfer revenue	1,024.50	%1.0	504.50	%0.8	<b>%50.8-</b>
Fees	927.10	%0.9	801.60	%1.3	<b>%13.5-</b>
Budget share of public sector profits	594.50	%0.6	1,771.90	%2.8	<b>%198.0</b>
Capital revenue	115.80	%0.1	32.10	%0.1	<b>%72.3-</b>
<b>Total Revenues</b>	<b>107,566.90</b>	<b>%100</b>	<b>63,199.70</b>	<b>%100</b>	<b>%41.2-</b>

Source: The annual economic report issued by the Central Bank of Iraq for the year 2020. This report can be found on the IEITI website – Reports and Publications -Annual Report- 2019 2020 annual report appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

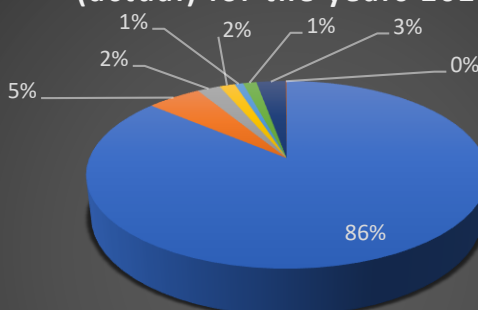


### Components of the state's general budget revenues (actual) for the years 2019



- Oil and mineral wealth revenues
- Income and wealth taxes
- Merchandise taxes and production charges
- Other income
- Transfer revenue
- Fees
- Budget share of public sector profits
- Capital revenue

### Components of the state's general budget revenues (actual) for the years 2020



- Oil and mineral wealth revenues
- Income and wealth taxes
- Merchandise taxes and production charges
- Other income
- Transfer revenue
- Fees
- Budget share of public sector profits
- Capital revenue

## **C - Federal Financial Management Law**

Federal Financial Management Law No. (6) of 2019 included advanced methods for preparing the budget, and we include some of what was included in the second chapter (budget preparation) of the aforementioned law:

- Article 3 - First: The Ministries of Planning and Finance shall prepare, starting from the month of March of each year, a report on the priorities of the financial and strategic policy, the government program and the central recommendations for the directions of the federal general budget in terms of its components, size and distribution, functionally and sectorally. In addition to the foreign exchange

report proposed by the Central Bank of Iraq for a period of (3) three years or more submitted to the Economic Affairs Committee or its substitute in the Council of Ministers at the beginning of April of the same year. The report includes the following:

- Macroeconomic forecasts for the next (3) three years or more and their assumptions, including oil prices and production quantities.
  - Forecasts regarding revenues and expenditures for the next (3) three years or more in the government sector whose current and investment expenditures are centrally financed.
  - Financial forecasts for the next (3) three years or more for public companies.
  - Analysis of the foreign trade sector.
  - The target deficit, if any, in the federal general budget and other financial indicators for the next (3) three years or more.
  - Ceilings of total expenditures in the federal budget for the next (3) three years or more.
  - Ceilings of current and investment expenditures for each ministry or entity that is not affiliated with a ministry for a the next (3) three years or more.
- Article 3 - Second: The Economic Affairs Committee or its replacement in the Council of Ministers, with the assistance of a number of experts from the ministries and the private sector, will discuss the report stipulated in (Article 3 - First) and submit it to the Council of Ministers at the end of April for approval, and it will be the basis for preparing budgets for subsequent years.
- Article 8: The Ministers of Planning and Finance shall submit to the Economic Affairs Committee or its substitute in the Council of Ministers at the beginning of August of each year the draft federal budget law for study and submission of recommendations to the Council of Ministers at the beginning of September of each year, accompanied by the following:

First: The financial policy document, which includes the following:

- The objectives and rules of the financial policy adopted in preparing the Federal General Budget Law.
  - Updated macroeconomic forecasts, public financial indicators, and key budget assumptions covering the budget year within a medium-term plan of (3) three years or more with regard to estimates of oil prices, production and other budget financing resources and, to the extent appropriate, to the prevailing economic and financial conditions in Iraq.
  - New policies included in the annual budget and their specific financial effects.
  - The financial risks facing the fiscal policy for the coming period, including the analysis of the macroeconomic risks arising from changes in the price of oil and its production quantities.
  - A list of all guarantees issued by the federal government.
  - Consolidated budgets for the region and governorates that are not in a region.
- Article 10 - Item (E): The Ministry of Oil prepares detailed reports and tables on the quantities of produced and exported oil, the ratio of production costs to oil revenues, the amounts allocated for the import of oil derivatives and the mechanism for their distribution, the volume of production and the expected export of crude oil and oil derivatives for the next three years and to be attached with the budget law Federal public during the month of July of the year of preparing the budget.

The websites of the Iraqi Council of Ministers and the Ministry of Finance can be found through the following links (<http://cabinet.iq>) and (<http://www.mof.gov.iq>).

### **D - Auditing the federal budget**

According to Article (34) of the Federal Financial Management Law No. (6) of 2019 (<https://iraqld.hjc.iq/LoadLawBook.aspx?page=4&SC=&BookID=41717>), the Minister of Finance must submit the federal financial statements (the final account of the state) no later than the end of March of the following

year to the Federal Board of Supreme Audit in light of the requirements it set by the Board for auditing. The Federal Board of Supreme Audit prepares a report on the federal financial statements to be submitted to the Minister of Finance on the fifteenth of September. It is then sent to the Economic Affairs Committee or its substitute to be studied and submitted to the Council of Ministers for presentation to the House of Representatives before the thirtieth of September for discussion and approval. After the report is approved by the House of Representatives is published in the Official Gazette and on the official websites of the Ministry of Finance and the Council of Ministers.

According to the Federal Board of Supreme Audit, the final accounts for the years 2019 and 2020 have not yet been audited. The importance of issuing the final accounts is that they represent a presentation of the actual implementation of the Federal Budget Law, and thus knowing how the state administrations dispose of the funds allocated and financed by the Ministry of Finance.

### **E - Auditing the account of the Development Fund for Iraq**

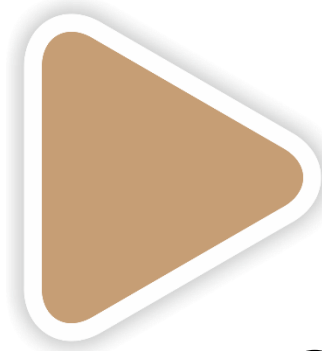
The Development Fund for Iraq was established pursuant to United Nations Security Council Resolution 1483 of 2003, which was approved in May 2003 to manage the revenues of crude oil and oil products exported from Iraq, the remaining balance of the Oil-for-Food Program and the frozen assets receivables from the former regime.

The fund consists of bank accounts with the Federal Reserve Bank of New York, which are managed by the Central Bank of Iraq on behalf of the Ministry of Finance, in addition to the account of the Ministry of Finance with the Central Bank of Iraq No. (300600) which was opened in 2014.

In accordance with Article 12 of Security Council Resolution No. 1483 of 2003 mentioned above, the Development Fund for Iraq must be audited by independent certified public accountants.

During the year 2006, the Iraqi Council of Ministers formed the Committee of Financial Experts to assume the oversight functions of the Development Fund for Iraq. This committee assigned an external audit company to audit the said fund and the subsequent account, and the two reports of the external auditor for the years 2019 and 2020 can be found on the IEITI website – Reports and Publications -Annual Report- 2019 2020 annual report appendices (<https://ieiti.org/iq/ar/details/1235/2019-2020-annual-reports-appendices>).





# **Chapter Four**

## **Social Expenditures**

## 4.1 Social Expenditures by the Extractive Companies

Social expenditures are contributions made by national and international oil companies operating in the extractive industries to the public, specifically to the areas surrounding oil fields, which are negatively impacted by the activities of the extractive sector. These contributions are made with the purpose of improving the standard of living, and the economic and social well-being of the impacted areas. There are two types of social expenditures in Iraq:

**1- Social contributions stipulated through legislation or contracts with the government, these are mandatory social expenditures. There are two types of mandatory social expenditures, which are the following:**

- a. International oil companies' social expenditures mandated by the Council of Minister's Energy Committee: as per the Council of Minister's ) Energy Committee( Resolution Number 139 of 23 December 2013, which can be found on the IEITI website – Reports and Publications -Annual Report-2019 2020 annual report appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>), international oil companies operating in Iraqi fields are obliged to pay an annual amount of up to USD 5 million per service contract or per each company, spent for projects executed by such companies as social benefits to the areas surrounding fields and exploration blocks in which they operate, in relation to Al-Ahdab Field and first, second and third licensing rounds. According to the resolution, these expenses are to be recorded under the contractors' recoverable petroleum costs, and are therefore, reimbursed to the contractor.

Whereas for Forth licensing round, it included a clause that oblige contracting companies to allocate an amount equal (10%) of the approved annual budget for infrastructure projects in provinces where the exploration block is located. This would provide funds to erect and develop infrastructure.

Projects are performed annually under these contributions in coordination with the local governorates and related national oil companies in the production areas and according of the local needs. This contributes to gradually leveling up and develop these places to achieve sustainable development there. From our point of view, allocating amounts for social expenditures and infrastructure projects in provinces will contribute in developing such provinces if optimally invested.

Mandatory social expenditures incurred by IOCs are made in direct during 2019 and 2020 are considered immaterial compared with total extractive sector revenue (payments made account to less than 1% of total extractive sector revenues) . Therefore, such payments have not been included in the scope of reconciliation.

- b. According to Article 11 of the Public Companies Law No. 22 of 1997 (as amended), state-owned enterprises are required to pay 5% of net profit after auditing their accounts by federal board of supreme audit for social projects. These amounts are paid directly by the national companies to Ministry of Oil's accounts, and are allocated as follows:
  - 25% to be paid to the Health Insurance Fund for employees and workers
  - 20% to be paid to the Social Security Fund at the ministry
  - 20% to support the MoO Guest House (which is used to create the necessary accommodation and hospitality for oil sector delegates, official visitors, and foreign delegations) and the Oil Cultural Center (60%:40%, respectively)
  - 5% to support sports clubs in Iraq
  - 15% to support residential investment projects in Iraq
  - 15% to be allocated to various social initiatives (such as the construction of schools and nurseries, and support of social service projects)

i.e., these contributions are made to provide social services for workers at Ministry of Oil exclusively. The value of the social projects done by national oil companies during 2019 and 2020 is immaterial, due to low percentage in comparison to the total revenues of the extractive sector (payments made account to less than 1% of total extractive sector revenues). Therefore, such payments have not been included in the scope of reconciliation.

## **2- Social contributions made at the discretion of the international oil companies - voluntary social expenditures**

Voluntary social expenditures are social expenditures that are disposed of at the discretion of the international oil companies. Voluntary social expenditures are non-refundable expenditures, referred to in service contracts (Annex C) as "any costs, fees or expenses including donations related to public relations or improving the image of the operator".

The Department of Petroleum Contracts and Licensing at the Ministry of Oil is updating a database for all these expenditures, which we have added in a file under the title "Social Benefits - Contracts Department Database 2019-2020" located on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

We have also compiled the disclosures of some licensing round companies about mandatory and voluntary social benefits and training in a file under the title "Benefits and Training" located on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

We have compiled the unaudited financial statements of a number of companies affiliated with the Ministry of Oil (eight companies for the year 2019 and three companies for the year 2020), where we show how the profits of these companies are distributed in a file entitled "IEITI Report Tables for 2019 and 2020" located on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

## **Social Services Contribution in Mining Sector**

In Iraq, Social Services contributions in the mining sector are represented only by mandatory social expenditures resulting from the State Companies Law No. 22 of 1997 (as amended) which are payments made by SOCs to their workers from the share deducted for the annual profits achieved, which is 5% according to article (11) of above law. Nothing that, such amounts are insignificant as most of mining companies have no profits, especially after 2003.

## **4-2 Quasi Fiscal Expenditures**

The International Monetary Fund (IMF) defines quasi-fiscal activities as fiscal activities that are "often introduced by simple administrative decision, are not recorded in budgets or budget reporting, and typically escape legislative and public scrutiny. They are introduced by governments to achieve a variety of objectives, such as promoting certain activities, redistributing income or collecting revenue".

According to the MSG, quasi-financial expenditures do not apply in Iraq, but despite this, it is possible to consider not calculating commercial interest on debts owed by the Ministry of Electricity in favor of public companies affiliated with the Ministry of Oil, as the details of these debts have been included in the chapter "Further Transparency".

### **4-3 The contribution of the extractive sector to the economy**

Iraq depends heavily on oil due to its possession of large oil reserves. Oil has become the main engine for most of its economic activities, production, trade and financial. Oil is the main source of energy in the world and is the fundamental factor for continuing the economy development and for future planning.

Crude oil activity is the main engine for growth, as the materiality of this sector is the highest compared to other sectors, while most other economic activities (non-oil) did not It takes its required role in the development process.

The following table shows the gross domestic product by activities at current prices for the years 2019 and 2020, according to the annual economic report for the year 2020 issued by the Central Bank of Iraq:

Economic activity	2019		2020		Variation percentage between 2019 and 2020
	Add value (Billion IQD)	Materiality %	Add value (Billion IQD)	Materiality %	
Agriculture, forest and fishing.	10411.1	3.70%	11716	5.80%	<b>12.50%</b>
<u>Mining and Quarries: Crude Oil</u>	114386.3	40.60%	60795.7	30.20%	<b>-46.90%</b>
<u>Mining and Quarries: other mining types</u>	445.3	0.20%	267.3	0.10%	<b>-40.00%</b>
Transferring industry	5903	2.10%	5988.5	3.00%	<b>1.40%</b>
Electricity and Water	8095.7	2.90%	7779.2	3.90%	<b>-3.90%</b>
Building and erection	18576.3	6.60%	6853.9	3.40%	<b>-63.10%</b>
Transportation, communication and storing	24037	8.50%	19661	9.80%	<b>-18.20%</b>
Whole and retail sales and hotel and alike.	23890.4	8.50%	19152.2	9.50%	<b>-19.80%</b>
<u>Money, Insurance and real-estate: Banks and Insurance</u>	5400.3	1.90%	3885.1	1.90%	<b>-28.10%</b>
<u>Money, Insurance and real-estate: Ownership of houses</u>	16929	6.00%	14807.5	7.40%	<b>-12.50%</b>
<u>Social and personal development services: General Government</u>	44190.6	15.70%	42621.5	21.20%	<b>-3.60%</b>
<u>Social and individual development services: individual services</u>	9219.6	3.30%	7721.2	3.80%	<b>-16.30%</b>
<b>total by activity</b>	<b>281484.6</b>	<b>100.00%</b>	<b>201249.1</b>	<b>100.00%</b>	<b>-28.50%</b>
<u>Less: the calculated service fee</u>	3599.7		2474.8		<b>-31.20%</b>
<b>Gross domestic product</b>	<b>277,884.90</b>		<b>198,774.30</b>		<b>-28.50%</b>

Source: The Annual Economic Report issued by the Central Bank of Iraq for the year 2020. This report can be found on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

In addition to the above, the following table shows the added value of the oil sector at fixed prices, in addition to its relative contribution to the GDP at constant prices for the years 2019 and 2020 according to the same source (the annual economic report issued by the Central Bank of Iraq for the year 2020).



Oil Sector	Added value at constant prices (billion Iraqi dinars)		Contribution to GDP at fixed prices	
	2019	2020	2019	2020
	133,001	116,257	%59	%61

According to the annual report for exports for the year 2020 issued by the Central Bureau of Statistics / Ministry of Planning, the value of crude oil exports amounted to about 93 trillion Iraqi dinars for the year 2019, and a decrease of 50 trillion Iraqi dinars over the year 2020 due to Covid-19 outbreak, the value of oil products exports reached about 2.8 trillion Iraqi dinars for the year 2020, whereas the exports for the year 2019 were amounting to 1.5 trillion Iraqi dinars.

Revenues	2019		2020		Percentage of Change %
	Amount in IQD	Percentage of Participation to the Total General Revenues %	Amount in IQD	Percentage of Participation to the Total General Revenues %	
Oil revenues and mineral wealth	99,216.30	%92.20	54,448.50	%86.20	<b>%45.10-</b>

The following table shows the total value of exports for the years 2019 and 2020, according to the report issued by Ministry of Planning – Central Bureau of Statistics, which can be found on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

Basic Commodity Exports	2019			2020			annual variation percentage
	Million IQD	Million USD Equivalent (Exchange rate of 1,182)	percentage to total exports	Million IQD	Million USD Equivalent (Exchange rate according to below note A)	percentage to total exports	
crude oil	92,818,914.00	78,527.00	%94.50	49,689,640.00	41,756.00	%87.2	<b>%46.5-</b>
<b>Oil Products</b>							
fuel oil	859,077.60	726.80	%0.9	2,274,209.00	1,911.10	%4.0	%164.7
naphtha	613,339.80	518.90	%0.6	506,702.00	425.80	%0.9	<b>%17.4-</b>
natural gasoline	50,707.80	42.90	%0.1	19,159.00	16.10	%0.0	<b>%62.2-</b>



Basic Commodity Exports	2019			2020			annual variation percentage
	Million IQD	Million USD Equivalent (Exchange rate of 1,182)	percentage to total exports	Million IQD	Million USD Equivalent (Exchange rate according to below note A)	percentage to total exports	
vacuum distillation oil	24,112.80	20.40	%0.02	22,848.00	19.20	%0.04	%5.2-
<b>total oil products</b>	<b>1,547,238.00</b>	<b>1,309.00</b>	<b>%1.6</b>	<b>2,822,918.00</b>	<b>2,372.20</b>	<b>%5.0</b>	<b>%82.4</b>
<b>commodity exports</b>	<b>3,859,184.10</b>	<b>3,264.96</b>	<b>%3.9</b>	<b>4,628,969.00</b>	<b>3,765.30</b>	<b>%7.9</b>	<b>%19.9</b>
<b>total exports</b>	<b>98,225,336.10</b>	<b>83,100.96</b>	<b>%100.0</b>	<b>57,141,527.00</b>	<b>47,893.50</b>	<b>%100.0</b>	<b>%41.8-</b>

**Note A:** The exchange rate of (1190) IQD was adopted according to market price issued by CBI for Crude Oil and Oil Products for the year 2020. Whereas for other commodity data, the exchange rate that are shown in custom clearance were adopted.

In addition to the above, and according to the records of the Oil Marketing Company, and as mentioned in the “Exploration and Production” chapter of this report, the following table shows the export quantities of oil, crude and its products as follows

Crude Oil (barrel)		Oil Products (ton)									
		Naphtha		Fuel Oil		Natural Gasoline		Vacuum Distillation		Total Quantity of Oil Products Exports (ton)	
2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
1,287,196,279	1,096,345,834	1,385,421	1,201,929	3,131,664	6,930,648	89,643	68,144	107,976	179,345	4,714,704	8,380,066

Crude oil exports exported to the Far East occupied the highest percentage of crude oil exports (in 2019 = 69%, in 2020 = 75%), followed by those exported to Europe (in 2019 = 21%, in 2020 = 19%), then to the Americas (in 2019 = 9%, in 2020 = 5%).

### **Employment in the extractive industries**

The total number of employees at the Ministry of Oil and its subsidiaries was about 125 thousand male and female employees as in May 2022. As in the same year, there were 90 thousand male and female employees working in the Ministry of Industry and Minerals, including its subsidiaries. As for the number of employees working in international companies operating in Iraq, not all of them disclosed the details of their workforce, but there is a partial disclosure.

**Employment in the oil and gas sector (Federal Iraq) - as on May 30, 2022**

#	Company *	Male Employees	Female Employees	Total Employees	Percentage of Total Male Employees %	Percentage of Total Female Employees %
1	MoO Headquarter	686	437	1,123	%61	%39
2	Iraqi Oil Tanker Company	340	67	407	%84	%16
3	North Refineries Company	8,182	282	8,464	%97	%3
4	Midland Refineries Company	6,089	777	6,866	%89	%11
5	South Refineries Company	6,705	445	7,150	%94	%6
6	North Gas Company	2,815	272	3,087	%91	%9
7	General Company for Gas Filling Services	6,252	617	6,869	%91	%9
8	South Gas Company	4,593	226	4,819	%95	%5
9	Oil Products Distribution Company	18,745	2,455	21,200	%88	%12
10	Oil Projects Company	2,756	415	3,171	%87	%13
11	Oil Pipelines Company	5,699	506	6,205	%92	%8
12	Oil Marketing Company (SOMO)	272	102	374	%73	%27
13	General Company for Heavy Engineering Equipment	1,342	198	1,540	%87	%13
14	Oil Research and Development Center	214	135	349	%61	%39
15	Oil Training Institute \ Baghdad	334	177	511	%65	%35
16	Oil Training Institute / Baiji	304	18	322	%94	%6
17	Oil Training Institute \ Basra	319	74	393	%81	%19
18	Oil Training Institute \ Kirkuk	169	33	202	%84	%16
19	Oil Training Institute \ Maysan	62	9	71	%87	%13
20	Guest house	23	9	32	%72	%28
21	Oil Cultural Center	31	6	37	%84	%16
<b>Total</b>		<b>65,932</b>	<b>7,260</b>	<b>73,192</b>	<b>%90</b>	<b>%10</b>

\* This did not include the numbers of employees of the following companies (North Oil, Midland Oil, Maysan Oil, Thi Qar Oil, Basra Oil, Oil Exploration Company and the Iraqi Drilling Company), as the employees of these companies have become among the number of employees of the National Oil Company, noting that the approximate number of employees for these companies is more than 55 thousand employees approximately.



## Employment in the industry and mining sector (federal Iraq) \*

#	Company	Number of Employees in 2019					Number of Employees in 2020				
		Male	Female	Total	Male Percentage	Female Percentage	Male	Female	Total	Male Percentage	Female Percentage
1	General Directorate of Industrial Development	98	95	193	%51	%49	71	66	137	%52	%48
2	State Company for Automotive and Equipment	4,409	427	4,836	%91	%9	4,465	435	4,900	%91	%9
3	The General Company for Engineering Examination and Qualification	252	167	419	%60	%40	225	132	357	%63	%37
4	General company for design and project implementation	593	339	932	%64	%36	511	275	786	%65	%35
5	General Company for Electronic Systems	463	198	661	%70	%30	439	185	624	%70	%30
6	General Company for Communication Equipment and Power	2,074	233	2,307	%90	%10	1,968	159	2,127	%93	%7
7	Al-Fares State Company	1,482	102	1,584	%94	%6	1,435	67	1,502	%96	%4
8	State Company for Steel Industries	3,056	368	3,424	%89	%11	2,921	275	3,196	%91	%9
9	State Company for Hydraulic Industries	1,347	238	1,585	%85	%15	1,257	185	1,442	%87	%13
10	Diyala State Company	1,748	541	2,289	%76	%24	1,575	378	1,953	%81	%19
11	State Company for Electrical and Electronic Industries	2,239	549	2,788	%80	%20	2,148	516	2,664	%81	%19
12	Ur State Company	2,226	231	2,457	%91	%9	2,224	229	2,453	%91	%9
13	Phosphate State Company	2,693	306	2,999	%90	%10	2,329	106	2,435	%96	%4
14	State Company for Petrochemical Industries	5,186	882	6,068	%85	%15	4,600	422	5,022	%92	%8
15	The State Company of Fertilizers – Southern Region	2,598	390	2,988	%87	%13	2,371	212	2,583	%92	%8
16	State Company for Rubber and Tire Industries	1,877	244	2,121	%88	%12	1,824	208	2,032	%90	%10
17	Furat State Company for Chemical Industries and Pesticides	1,124	139	1,263	%89	%11	1,099	127	1,226	%90	%10
18	The State Company for Mining Industries	1,373	229	1,602	%86	%14	1,380	215	1,595	%87	%13
19	State Company for Construction Industries	3,271	482	3,753	%87	%13	3,138	366	3,504	%90	%10
20	Iraq Sate Cement Company	9,830	1,210	11,040	%89	%11	9,136	671	9,807	%93	%7
21	State Company for Glass and Refractories	2,193	217	2,410	%91	%9	2,137	165	2,302	%93	%7
22	State Company for Drug Industry and Medical Appliances/ Samarra	3,261	900	4,161	%78	%22	3,103	833	3,936	%79	%21
23	State Company for Food Production	6,562	1,375	7,937	%83	%17	6,079	1,134	7,213	%84	%16
24	State Company for Textile and Leather Industries	11,120	5,065	16,185	%69	%31	10,239	4,212	14,451	%71	%29
25	Ibn Majid General Company	1,269	110	1,379	%92	%8	1,292	82	1,374	%94	%6
26	Mishraq Sulfur State Company	856	75	931	%92	%8	803	27	830	%97	%3





Employment in the industry and mining sector (federal Iraq) *											
#	Company	Number of Employees in 2019					Number of Employees in 2020				
		Male	Female	Total	Male Percentage	Female Percentage	Male	Female	Total	Male Percentage	Female Percentage
27	Sate Company for Iron & Steel	4,339	373	4,712	%92	%8	4,137	269	4,406	%94	%6
28	Al-Zawraa State Company	941	211	1,152	%82	%18	937	207	1,144	%82	%18
29	Iraqi Geological Survey	386	249	635	%61	%39	340	211	551	%62	%38
30	Cooperation of Research and Industrial Research and Development	341	318	659	%52	%48	291	278	569	%51	%49
31	The State Company of Fertilizers–Northern Region	988	87	1,075	%92	%8	913	30	943	%97	%3
32	Ministry Headquarter	479	261	740	%65	%35	601	360	961	%63	%37
<b>Total</b>		<b>80,674</b>	<b>16,611</b>	<b>97,285</b>	<b>%83</b>	<b>%17</b>	<b>75,988</b>	<b>13,037</b>	<b>89,025</b>	<b>%85</b>	<b>%15</b>

\* This does not include the number of employees of the General Military Industries Company and the General Company for Copper and Mechanical Industries because the census is not complete, noting that the approximate number of employees for these two companies is more than 25 thousand employees

#### **4-4 The environmental impact of extractive activities**

According to the Environmental Protection and Improvement Law No. 27 of 2009, which can be viewed as found on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>), the protection of the environment from pollution resulting from the exploration and extraction of oil and natural gas wealth was referred to in the seventh section of the aforementioned law, where Article 21 of it stated the following:

The authorities concerned with the exploration and extraction of oil wealth and natural gas shall do the following:

First: Take the necessary measures to limit the damage and risks that result from the exploration and extraction of oil and gas, and take the necessary precautions and measures to protect the land, air, water and underground basins from pollution and destruction.

Second: Take the necessary measures to dispose of the saline water associated with the extraction of crude oil by environmentally safe methods.

Third: Prevent oil from being poured on the surface of the earth or injecting it into the layers that are used for human and agricultural purposes.

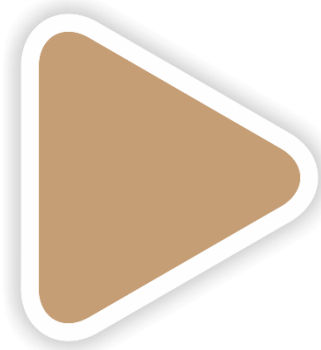
Fourth: Provide the Ministry (Ministry of Environment) with information about the causes of fire accidents, explosions, fractures, leakage of crude oil and gas from wells nozzles and transport pipelines, and the measures taken for treatment.

In addition to the above, several documents have been obtained from the Studies and Planning Department at the Ministry of Oil, which include environmental impact studies. It is possible to obtain these studies above by communicating with the Studies and Planning Department at the Ministry of Oil.

These studies included the environmental impact of:



- Yamama wells
- offshore pipelines
- Nahrawan field
- Bazerkan field
- Reservoir water supplies for the Rumaila field
- Determine the scope for Toba-Faw pipes
- Siba gas field
- Garraf field
- Exploration Block 9
- Exploration Block 12
- Joint Sea Water Project



# **Chapter Five**

## **▶ Legal and Fiscal Framework**

## 5-1 Legal and fiscal framework

### First - The legal aspect of extractive industries

Extractive industries are among the most important industries for Iraq, as their revenues constitute a high percentage of Iraq's annual budgets and sometimes reach (90%). Extractive industries deal with natural resources that are extracted from the ground and need work in order to have a material value and contribute to supplying the economy with raw materials for the production process.

Iraq has large reserves of various resources that allow Iraq to advance the service and development realities. The Constitution of the Republic of Iraq of 2005 deals with the ownership of oil and gas and the form of its administration in a number of its articles. However, none of its articles deals explicitly with minerals. This Constitution also deals with the subject of investment and the importance of encouraging, below the text of the relevant provisions or articles of the Constitution: -



Article (25): - The State shall guarantee the reform of the Iraqi economy in accordance with modern economic principles to insure the full investment of its resources, diversification of its sources, and the encouragement and development of the private sector.

Article 26: The State shall guarantee the encouragement of investment in the various sectors, and this shall be regulated by law.

Article 111: Oil and gas are owned by all the people of Iraq in all the regions and governorates.

Article 112: First: The federal government, with the producing governorates and regional governments, shall undertake the management of oil and gas extracted from present fields, provided that it distributes its revenues in a fair manner in proportion to the population distribution in all parts of the country, specifying an allotment for a specified period for the damaged regions which were unjustly deprived of them by the former regime, and the regions that were damaged afterwards in a way that ensures balanced development in different areas of the country, and this shall be regulated by a law. (As a result, and in accordance with Article (106) of the Constitution, which decided to have a public commission to monitor the allocation of federal revenues, especially sales of oil, gas and mineral wealth, and revenues resulting from oil and gas contracts from national and international companies, investment contracts, and direct and indirect taxes that finance the federal general budget. The General Authority for Monitoring the Allocation of Federal Revenues Law No. (55) was issued on 17/4/2017, which became effective during 2021.

Second: The federal government and the governments of the producing regions and governorates shall together draw up the necessary strategic policies to develop the oil and gas wealth in a manner that achieves the highest benefit for the Iraqi people, adopting the latest techniques of market principles and encouraging investment.

The study of the legal frameworks governing the extractive and mining sectors in Iraq was published on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>), which includes an overview of some of the legislation regulating the mining and oil and gas sectors, which is still in force as of the date of this report.

In addition, based on what was decided by the Iraqi Council of Representatives and in accordance with the provisions of article 61 (first) and article 73 (third) of the Iraqi Constitution of 2005, the National Oil Company Act was enacted by Decree No. 4 of 2018 and published in the Iraqi Official Gazette (Iraqi Facts) No. 4486 on 9 April 2018 for the purpose of ensuring the exploration, development, production and marketing of petroleum resources in the fields and lands allocated to them by law on behalf of the Iraqi State. As well as to increase production and develop the petroleum and gas industry, facilities and related installations and working methods on the basis of efficiency, flexibility and competitiveness in order to maximize revenues for the benefit of the Iraqi people and in accordance with recognized international standards.

Moreover, this company is wholly owned by the State and reflects the concept of the people's ownership of oil and gas. It has the right to develop specialized formations within its organizational structure in line with its role in the management and development of the oil and gas fields produced and discovered, in order to upgrade the oil and gas industry and to develop various other energy sectors in Iraq.

Also, this law came to revive the Iraqi National Oil Company (INOC), which was founded in 1964 and was dissolved in 1987 and linked to the Ministry of Oil according to Resolution of the Revolutionary Command Council (dissolved) No. 267 of 1987.

In order to enable this company to perform the tasks entrusted to it in accordance with Article (7 – Second) of the aforementioned law, the oil companies affiliated with the Iraqi Ministry of Oil listed below have been linked to it:

- Iraqi Petroleum Exploration Company
- Iraqi Drilling Company
- Basra Oil Company
- North Oil Company
- Missan Oil Company
- Midland Oil Company
- Thi Qar Oil Company
- Oil Marketing Company (SOMO)
- Iraqi Oil Tankers Company

In view of the issuance of Federal Supreme Court Decision No. (66) for the year 2018, which challenged a number of articles of the relevant law, including that (the process of marketing oil is one of the tasks of the Ministry of Oil and the company associated with it) and for the purpose of amending it, Cabinet Resolution No. (109) for the year 2020 was issued. This resolution included approval on the draft of the first amendment to the Iraqi National Oil Company Law and referred it to the House of Representatives in the letter of the General Secretariat of the Council of Ministers No. (15206) on 9/9/2020. To date, this amendment has not been enacted by the House of Representatives. The company has been active on 1/8/2021 and the above-mentioned companies have been disengaged from the Ministry of Oil (except for the Oil Marketing Company) and linked administratively and technically to the company. The Petroleum contacts and licenses Department (PCLD) and Reservoirs and Field Development Department (RFDD) have also been disengaged from the Ministry of Oil and linked to the company, according to the Council of Ministers Resolution No. (369) for the year 2021. In addition to forming a board of directors of the company and appointing members to this board in accordance with the Council of Ministers Resolution No. (211) of 2021 and obtaining the approval of the Ministry of Finance to set a budget to cover the expenses of the company's headquarters for the last four months of 2021 because the companies with which it is affiliated have their own annual budgets.

Contrary to the 2005 Constitution of Iraq, the Kurdistan Regional Government (KRG) issued the Oil and Gas Act No. 22 of 2007, which entered into force on 9 August 2007.

According to Article (5) of this Law, the Regional Council is responsible for formulating the general principles of petroleum policy, planning prospects and field development and any amendments to those principles in the region. The law stipulates that the regional council shall be established as follows:

First: The Prime Minister - Chairman

Second: Deputy Prime Minister - Vice President

Third: Minister of Natural Resources - Member

Fourth: Minister of Finance and Economy - Member

Fifth: The Minister of Planning – Member

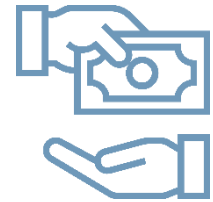
According to the website of the Ministry of Natural Resources in the Kurdistan Region, “the said Ministry is the only entity authorized to conclude production-sharing agreements with companies willing to invest in the exploration of hydrocarbons and mineral resources in the regions of the KRG. The Ministry is also the authority that grants infrastructure licenses for transport and storage, hydrocarbon and mineral production operations, as well as refining, petrochemical and retail operations”.

The Kurdistan Regional Government Oil and Gas Law No. (22) of 2007 was canceled, as the Federal Supreme Court Decision No. (59/Federal/2012 and Unified 110/Federal/2019) was issued on February 15, 2022, which ruled that the relevant law was unconstitutional and repealed it. It also obliges the regional government to hand over all oil production from the oil fields in the region and other regions, and enables the Ministry of Oil to use its authority with regard to oil exploration, extraction and export. In addition, it terminates all oil contracts concluded by the KRG with external parties from countries and companies regarding oil exploration, extraction, export., and obliges KRG to allow the Iraqi Ministry of Oil and the Federal Board of Supreme Audit to review all oil contracts concluded with the KRG regarding the export and sale of oil and gas for the purpose of auditing.

The court decision of the Federal Supreme Court regarding the KRG oil and gas law No. (22) of 2007 can be viewed in a file called “The Federal Supreme Court’s decision to repeal the KRG oil and gas law” located on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

## **Second: Fiscal and economic aspects of extractive industries**

During the three years between 2003 and 2006, the Ministry of Oil tried to develop the oil extractive industries sector through national efforts, but it was not able to develop the fields or increase production in proportion to the large reserves of oil and gas in Iraq on the one hand, and the country’s need for the revenues of this sector to advance its developmental reality, which has lagged far behind in relation to neighboring countries during the past decades, on the other hand. In addition to the importance of maximizing revenues to enable the Iraqi government to equip the security and military forces so that they can repel the terrorism that attacked Iraq.



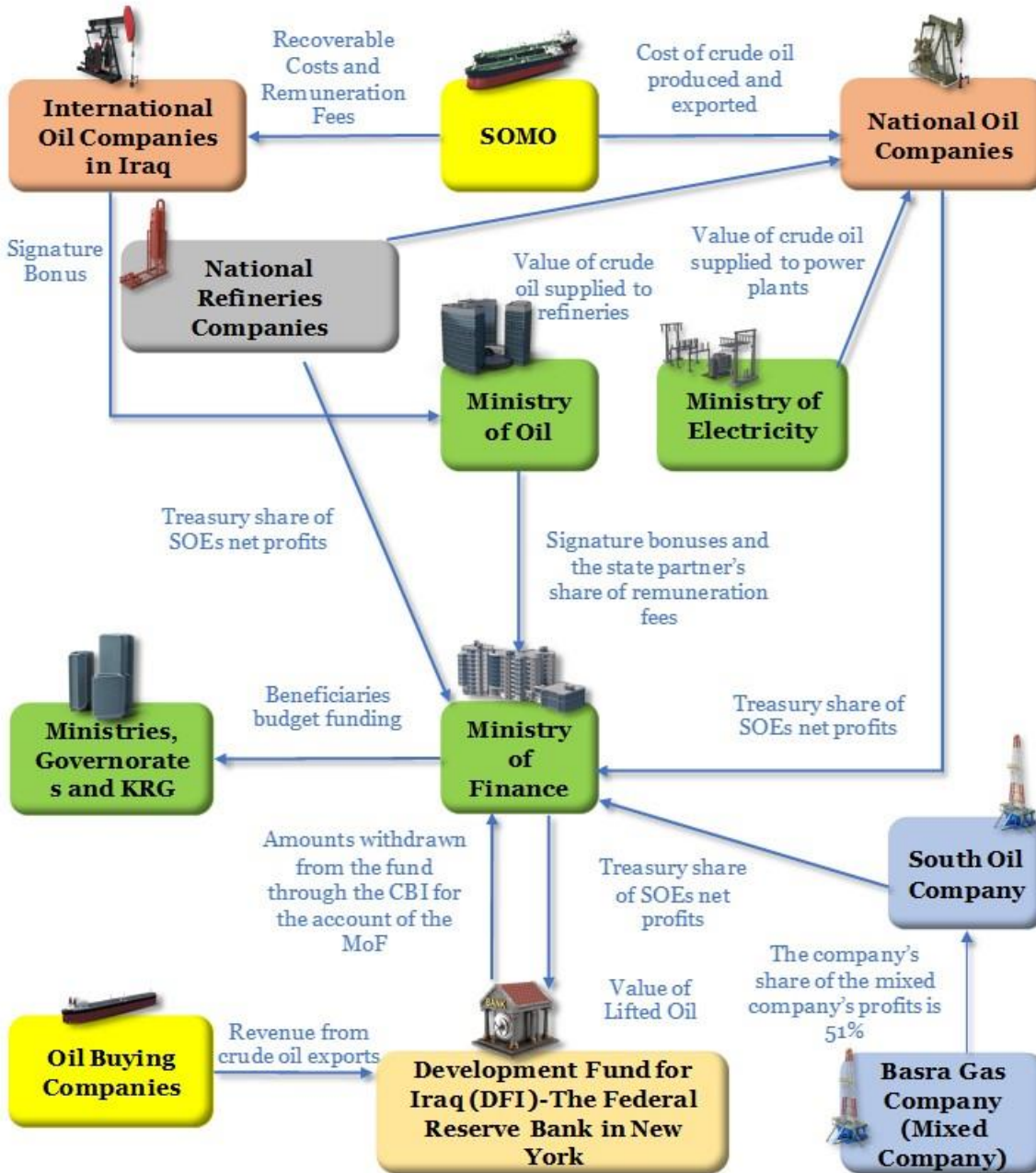
Therefore, the oil policy had to achieve a number of objectives in order to comply with the constitutional provisions that dealt with oil and gas to advance the reality of the oil sector on the one hand and the economic reality to achieve economic development in Iraq on the other.

To achieve these objectives, the oil policy makers had to choose one of the appropriate methods for investing in this sector.

In general, the mechanism for selling the produced oil and the revenues generated from it that are transferred to the state's public treasury (Ministry of Finance) is shown below:

- ❖ Crude oil produced by national extractive companies (national effort) and international oil companies (licensing rounds) (other than Kurdistan Region) is pumped to:
  - The sales outlets of the Oil Marketing Company (SOMO), affiliated with the Ministry of Oil, to export crude oil to foreign world markets.
  - Oil refineries in Baghdad and the governorates to refine crude oil and convert it into oil products.
  - Electric power plants belonging to the Iraqi Ministry of Electricity.
- Payments are made to National Oil Companies (monthly) and to International Oil Companies (quarterly) from the amounts transferred from the Ministry of Finance to the Ministry of Oil through the intermediate, Oil Marketing Company (SOMO), to cover the costs of exported production. Noting that as of 2016 and based on a decision from the Ministry of Oil, amounts were also disbursed as internal service payments to the Oil Exploration Company for its participation in the exploration process and thus its indirect contribution to the export process, as well as to the Iraqi Drilling Company. Allocations are set for each company taking into account the cash flows of each company. Companies that have sufficient cash flows, and are able to finance their operations, receive a smaller share than the companies that face cash-flow shortages.
- ❖ The value of crude oil and gas supplied to refineries and electric power plants inside Iraq is recorded in the accounts of the relevant national extractive oil and gas companies as revenue for the activity, as these companies are self-financed in accordance with the above-mentioned public companies law. These companies must pay (45%) of the net distributable profits annually to the Ministry of Finance as "treasury share" transfers.
- ❖ All crude oil export revenues are deposited by global oil buyers into the Oil Proceed Receipt Account (OPRA), which is held at the Federal Reserve Bank of New York. A percentage of (98.5% in 2019 – 97% in 2020) of the proceeds are transferred to the Development Fund for Iraq (DFI) currently called (Central Bank Account/2 – Subsequent Account) opened at the Federal Reserve Bank of New York. The percentage deducted (1.5% in 2019 – 3% in 2020) from the revenues from the export of crude oil is transferred to the United Nations Compensation Fund to pay the amounts owed by Iraq for Kuwait compensation.
- ❖ From the amounts accumulated in the above account, the state treasury is fed to cover its obligations according to special approvals from those authorized to move this account duly.
- ❖ Basra Gas Company is a mixed sector company, which is 51% owned by South Gas Company. South Gas Company accordingly receives its share of BGC's net profits in accordance with its ownership interest (51%).
- ❖ According to the petroleum licensing rounds contracts, service fees are paid to these companies, according to which the contractor receives a fixed fee per barrel (remuneration fees), in addition to the costs incurred (cost recovery), bearing in mind that the actual payment of these fees and costs is done in kind by loading crude oil. (Details of these fees and costs are provided in this chapter).
- ❖ International oil companies operating in Iraq go directly to the Tax Authority to settle their taxes.
- ❖ The Ministry of Oil shall make transfers to the Ministry of Finance in respect of:
  - Signature bonus amounts paid by international oil companies.
  - The share of the state partner in the remuneration fees paid during the year.
- ❖ The Ministry of Finance distributes the funds to the various ministries and governorates, according to the federal budget allocations.

The chart below shows the financial relations between the Federal Government (Ministry of Finance) and extractive national and international companies in the oil and gas sector:



As for the financial relations between the federal government (the Ministry of Finance) and extractive companies in the mining sector, including state-owned public companies in Iraq, they are summarized as follows:

- The revenues received for the sale of the minerals produced are recorded in the accounts of the relevant extractive industrial companies to be used to cover their expenses as they are self-financing.



- In accordance with the Public Companies Law No. (22) of 1997 (as amended), Article (11) thereof related to the mechanism of distributing the profits achieved annually as a result of the activity of state-owned public companies, the percentage of (45%) of the net distributable profits shall be transferred to the Ministry of Finance, and called the "treasury share".
- The amounts of the above share are included in the state's revenues, which are subsequently distributed by the Ministry of Finance to the various ministries and governorates, according to the allocations contained in the Federal General Budget Law.

### **Third- Tax framework of Extractive industries**

Service contracts resulting from licensing rounds signed by the Ministry of Oil with licensed companies are subject to the Iraqi Income Tax Law No. (112) of 1982.

Taxes amounting to (35%) of the remuneration fees is deducted from these companies after deducting the share of the state partner shown in its annual financial statements, organized in accordance with the Iraqi unified accounting system, pursuant to instructions No. (5) of 2010 issued by the Petroleum Tax Law No. (19) of 2010.



The Ministry of Oil's standard service contract includes tax provisions that regulate the tax financial relationship of international companies contracted with the Ministry of Oil represented by its national companies on the one hand and the General Tax Authority on the other hand, as indicated below:

Article (23.3) For the avoidance of doubt, the parties understand that the sole tax liability incurred by the Contractor under this Contract is corporate income tax at a rate not exceeding (35%) charged on remuneration fees calculated in accordance with Article 19.5. SOC shall ensure that the provisions of the relevant law are consistent with this understanding and that the Contractor shall assume such treatment under the Contract and the Law.

Article (23.4) In cases where the Contractor is subject to any demand for payment of other taxes (other than corporate income tax in accordance with Article 23.3), SOC shall bear and pay on behalf of the Contractor all such other taxes and the Contractor shall be indemnified against any and all obligations relating to the payment of such other taxes.

Thus, according to the service contract, the taxable income to which the corporate income tax rate applies is equal to (35%) of the remuneration fees.

### **5.2 Petroleum Licensing Rounds**

According to the Organization of the Ministry of Oil Law No. 101 of 1976 (Article 5), and the National Oil Company's establishment certificates (*for example, the Thi Qar Company's certificate regarding conducting tenders and auctions, entering into various undertakings with other Iraqi and international economic and financial sectors, concluding contracts, and practicing all transactions, whether alone, for its account, or in partnership with others, and carrying out all the procedures it deems appropriate*) The Ministry of Oil carried out six rounds of oil and gas licenses (the contracts of the fifth and sixth rounds have not been approved as of the date of this report) after directing invitations for international extractive companies to submit their bids to compete in the licensing rounds. This resulted in the ministry having a list of approximately (120) international companies willing to enter these rounds. The Ministry has implemented a number of workshops for these companies to explain the terms and limits of the contracts. Eighty-five (85)

companies have been excluded and only thirty-five (35) companies remained competing for the implementation of the four rounds during the period from June 2009 to May 2012. According to these licensing rounds, the Iraqi Ministry of Oil signed through its national extractive companies owned by the state entrusted exclusively and authorized to drill, evaluate, develop and produce the contract area in accordance with the law that included the allocation of geographical areas (fields / or exploratory blocks) according to the Law regulating the work of the Ministry of Oil No. (101) of 1976 (amended), technical service contracts, development and production service contracts and exploration, development and production contracts with international oil companies.

Under these service contracts, the winning consortium or company becomes a “contractor” for NOC, which varies according to the exploration field / block. The National Oil Company is referred to as a Regional Oil Company (ROC) in service contracts and is defined contractually as the Iraqi State Oil and Gas Company, which is exclusively mandated and authorized to drill, evaluate, develop and produce for the contract area, in accordance with the law ( Ministry of Oil Organization Law No. 101 of 1976 - amended). Geographical areas (exploratory fields / blocks) were originally allocated to NOCs.

In addition, the Government of Iraq is entitled to a share of the total shares of the consortium / company participating in the oil and gas license, through the State-owned companies referred to as the State Partner. While the licenses granted in the first three rounds of licenses included state participation in field licenses, the contracts signed under the fourth and fifth rounds of licenses did not include the participation of the State partner.

The Extractive Industries Transparency Initiative in Iraq (IEITI) has published a detailed explanation of the licensing process through licensing rounds And information for each round through a study entitled "Service contracts for licensing rounds, cons and pros" on its website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

### **First- Reasons for resorting to licensing contracts**

Here, we must address the most important reasons that led the Iraqi government, represented by the Ministry of Oil, to resort to oil licensing contracts, namely: -

- 1- The deterioration of the production of the producing fields in the south and north of Iraq by percentages of more than (5%) annually, which calls for urgent measures to stop this deterioration.
- 2- The lack of funds provided by the government for field development or redevelopment projects.
3. Lack of human resources due to the migration of many of them as a result of the conditions prevailing in Iraq at the time and the poor development of new human resources at work.
4. The inadequacy of some legislation regarding tenders and contract referrals for large projects to develop oil and gas fields.
- 5- The need to explore new gas oil fields to manage and strengthen the oil and gas reserves.

### **Second: petroleum service contracts**

Service contracts are one of the types of oil contracts that give wealth-owning countries more powers and rights to manage their wealth and revenues. According to this type of contract, the Ministry of Oil has contracted with international oil companies for the purpose of providing a specific service by rehabilitating fields or carrying out new explorations in exchange for service fees paid to these companies. In this type of contract, the state bears the full wages and risks, in return, all quantities produced and petroleum wealth are

at the disposal of the state, and companies do not have a right to it. This is in line with what is stated in Article (111) of the Constitution.

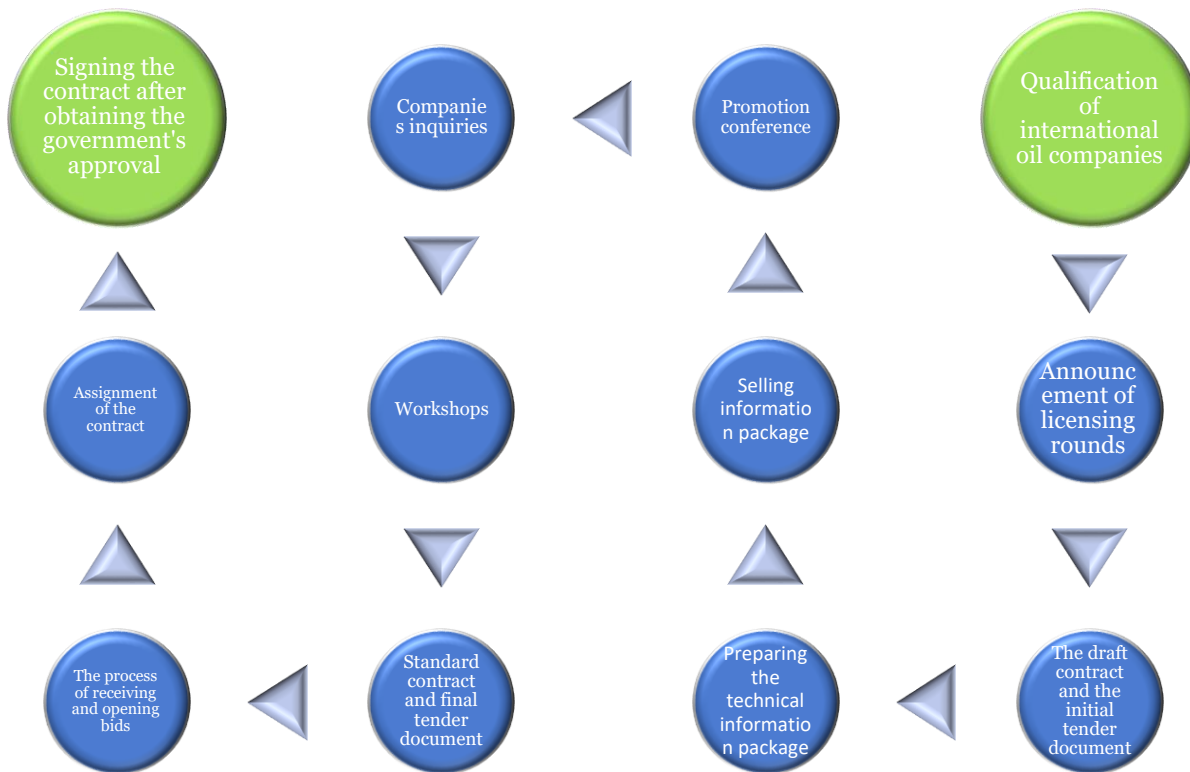
The Ministry of Oil has divided the fields and geographical blocks into categories so that the licensing rounds can be launched, as shown below:

1. Productive fields
- 2- Fields discovered that are not productive or productive but have not reached commercial production.
- 3- Gas fields.
- 4- Exploratory geographical blocks.

**Third- Petroleum Licensing and Transfer Process**

**(a) Awarding Licenses**

The following figure summarizes the stages of awarding licenses, noting that the details of each step can be found within a file named "Regulatory system for granting petroleum licenses applied by the Petroleum Contracts and Licenses Department" on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>). We did not notice any hindrance in the application of the regulatory system in the process of granting petroleum licenses.



**(b) Transfer of interests in licensing contracts**

The process of transferring ownership in service contracts is carried out through the complete or partial assignment of rights and obligations, in accordance with Article 28 of service contracts, which states the following:

"28.1 No Company shall assign its rights or obligations under this Contract, in whole or in part, without the prior written consent of a National Oil Company."

"28.2 In the event that any company wishes to assign any of its shares, rights, privileges, duties or obligations under this contract to a wholly owned or controlled subsidiary, the company shall submit to a national oil company an application for this purpose together with documentary evidence that the said subsidiary is qualified by the Ministry of Oil and that such qualification remains in effect as of the date of the proposed assignment. The National Oil Company will not withhold approval of the referral to a wholly owned and controlled subsidiary if the said subsidiary is qualified by the Ministry of Oil and such qualification shall remain in effect as of the date of the proposed appointment. Notwithstanding the foregoing, unless expressly agreed to in writing by the National Oil Company, such waiver shall not release the Company from its obligations under this Contract, and shall remain jointly liable with the assigned company to ensure the proper execution and compliance with the time specified for this Contract. "

"28.3 In the event that any company wishes to assign, in whole or in part, any of its shares, rights, privileges, duties or obligations under this Contract to a third party or an affiliated company which is not wholly owned, the company shall submit to a National Oil Company an application for this purpose and provide detailed evidence of the (recommended) transferee's technical and financial competence (i.e., the transferee must be qualified by the Iraqi Ministry of Oil). The Regional Oil Company shall consider the said application and notify the Company of its approval or otherwise within three (3) months of receipt thereof. Before such assignment becomes effective, the assignee party shall first provide an acceptable guarantee to the National Oil Company as per the form set out in Appendix F, and thereafter the National Oil Company shall, within the limits of the assigned participation share, release the assigning company from its obligations under this contract and any guarantee given to it by the assigning company. "

According to PCLD, there have been no cases of transfer of shares in licensing round contracts since 2019 until the date of this report.

The IEITI has included the financial and technical standards for granting and transferring licenses, which can be viewed in a file called "Financial and technical standards applied by the Petroleum Contracts and Licensing Department in granting and transferring licenses" which can be found on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

#### **Fourth- Contracts for Licensing Rounds**

Below is a brief review of the contract execution procedures for each of the four rounds of approved licenses and as submitted by the Petroleum Contracts and Licensing Department (PCLD), in addition to the fifth and sixth rounds of licenses (Mansouriya Gas field) that have not been approved as of the date of this report.

##### **- First Licensing Round (Producing Oil Fields):**

The first petroleum-licensing round was announced on 30 June 2008, under which the Ministry of Oil announced the opportunity for IOCs to bid to develop six oil fields (Rumaila, Zubair, West Qurna (first stage), Missan fields, Kirkuk, and Bai Hassan) and two gas fields (Akkas and Mansuriya). These companies paid the purchase fees for technical service contracts to allow them to participate in bidding. This licensing round lasted an entire year. On June 30, 2009, licenses were granted to work in four oil fields.

The mathematical formula used to select the winning bidder, which was disclosed by the Petroleum Contracts and Licenses Department, is as follows:

Bid score = (Plateau Production Target (PPT) – Initial Production Rate(IPR) ) \* (50 – Remuneration Fee Bid (RFB)).

The Initial Production Rate (IPR) is the baseline production capacity of the field before awarding the field to the company or consortium, which is defined by the MoO. The maximum Remuneration Fee is set in advance by the MoO, as the consortium that achieves the highest bidding points is invited to reach the maximum Remuneration Fee set by the Ministry. In the event of a refusal, the consortium with the second highest score is then invited to do the same. Also, in case of rejection, the field is not granted to any company.

### **- Second Licensing Round (Nonproducing Oil Fields):**

The tender for the second round of licenses was announced by the Iraqi Government during the period 11-12 December 2009. It included 10 major oil fields, which resulted in the referral of seven fields (Halfaya, Majnoon, Qaiyarah, Badra, Garraf, Najmah and West Qurna 2). The three fields that were not awarded were East Baghdad, the Eastern Fields and Middle Furat. Thirty one (31) out of the (40) companies that applied for qualification were eliminated in the pre-qualification phase of the second bidding round.

The mathematical formula used to select the winning bidder in this round, which was disclosed by the Petroleum Contracts and Licenses Department for the purposes of this report, was as follows:

Total points = Remuneration Fee Bid (RFB) + Plateau Production Target (PPT)

Total Remuneration Fee Bid = 80\* (Lower Proposal for Remuneration Fee/Bidding Companies)

Total Points of Production Quantity Submitted = 20\* (Bidder Companies/ Highest Quantity Proposal Submitted).

### **- Third Licensing Round (Gas Field):**

In the third licensing round, three gas fields were offered and awarded; Akkas, Siba, and Mansuriya. According to PCLD license register, 33 out of 54 participating companies were eliminated in the qualification phase of the third bidding round.

The mathematical formula used to select the winning bidder in this round, which was disclosed by the Petroleum Contracts and Licenses Department for the purposes of this report, was as follows:

Bid score = RFB bid score + PPT bid score

RFB bid score = 90\* (Lowest RFB/Bidder RFB)

PPT bid score = 10\* (Bidder PPT/Highest PPT bid)

### **- Fourth Licensing Round (Exploration Blocks):**

In May 2012, the Ministry of Oil launched the fourth licensing round, which include 12 exploration blocks in various parts of Iraq. The licenses are intended to increase the volume of oil and gas reserves in new areas that were not previously explored and did not have specific levels of hydrocarbons. Accordingly, the only criterion for registering the companies that submitted their bids was Remuneration Fee Bid (RFB) for each barrel of oil, which is the same for all discovered development areas within each exploration contract, as the lower the bid for Remuneration Fee for each barrel of oil, the bidder scored higher points. Only four exploratory blocks were contracted, as the other blocks were not submitted for and bids were not approved by the Iraqi side.

### **- Fifth Licensing Round (Border Fields - Approved and not Active):**

The fifth round of licenses was announced in mid-2017, where (11) fields and boundaries of exploratory blocks were displayed, and the total number of companies eligible to compete for those fields and blocks was (26) companies. The implementation of this round began on 26 April 2018, where (6) licenses were granted out of (11) licenses, as shown below:

1. Gilabat-Qamar contract area was awarded to Crescent Company
2. Khashim Ahmer-Injana contract area was awarded to Crescent Company
3. Naft Khana contract area was awarded to Geo – Jade Company
4. Huwaiza contract area was awarded to Geo – Jade Company
5. Sindbad contract area was awarded to UEG Company
6. Khader Al Mai contract area was awarded to Crescent Company

The two criteria used to calculate the total points for the companies participating in the tender were:

1. Maximum Remuneration Percentage Bid (MRPB): The maximum remuneration percentage that can be granted to a company, which was determined by the MoO
2. Remuneration Percentage Bid (RPB): the remuneration percentage offered by the company where, the bidding companies' RPB should be equal to or lower than the MRPB.

Despite the issuance of Cabinet Resolution No. (21) for the year 2020, which includes the approval of Recommendation No. (4) of the Ministerial Council of Energy Resolution (8 for the year 2020) regarding the approval of contracts for the field tour and border blocks (the fifth round), the Ministry of Oil has decided to postpone the activation of the approval of the Council of Ministers on these contracts due to the nature of supply and demand for crude oil and the commitment to the production quotas imposed by OPEC + to meet the decline in its prices, which may not give an encouraging picture to increase production capacities at the present time. Therefore, the Ministry's decision at the time was to postpone the signing of these contracts until the formation of the new government, as these contracts are long-term, and the new government may have its own vision in this field. Thus, the respective fields remain under the authority and scope of the related national oil companies until the date of this report.

### **- Sixth Licensing Round not approved (for Mansuriyah Gas field – Not Approved):**

The field was offered in the third licensing round in 2010, and the consortium of "Turkish TPAO, Kuwait Energy, and Korean Kokaz" companies won, but the companies were unable to start development operations, due to the security situation in the governorate in 2014. The Mansouriya Gas field was put up for competition based on the Council of Ministers Resolution No. (270) of 2019, which includes the approval of what came in the letter of the Ministry of Oil No. 1765 on 17/6/2019 to develop the Mansouriya Gas field in the national effort, with the participation of one of the qualified international companies (51% by the Midland Oil Company and 49% by the international company) and the adoption of the standard contract for the border fields round (the fifth round) according to the principle of Profit Share.

Accordingly, the Ministry of Oil has embarked on organizing a competition round to develop the Mansuriyah Gas Field, and the necessary measures have been taken in this regard.

On 31/3/2021, according to the final tender document, 20/4/2021 was set as the date for the effectiveness of the competition, where the contract obliges the contracting company to achieve the first commercial production at a rate not less than (100) million standard cubic feet of dry gas per day within (4) four years

from the date of contract entry into force and achieve the goal of producing the peak of (300) three hundred million standard cubic feet of dry gas within (7) years from the date of contract entry into force.

A committee was formed headed by the Minister of Oil and the membership of the Undersecretary for Extraction Affairs and the general managers of the legal, petroleum contracts and licenses, and internal control departments, in addition to the assistant general manager of the Middle Oil Company. Where the competition event was implemented on 20/4/ 2021 in the building The Ministry of Oil and was attended by the undersecretaries and general managers of the ministry's formations and representatives of international companies. The competition process resulted in a referral to the company that submitted the lowest bid, which is the Chinese company (SINOPEC), which is shared between the Middle Oil Company by (51%) and Sinopec by (49%) according to The Council of Ministers decision above, where they were notified on 20/1/2022. The contract was initialled between the Petroleum Contract and Licensing Department of Iraqi National Oil Companies and Sinopec China .

This is considered a preliminary contract, which requires obtaining the approval of the Ministerial Energy Committee and the new Council of Ministers, after which the final signature is done by the Midland Oil Company, one of the national oil companies, and the Chinese Sinopec Company in order to activate the contract and start development operations.

## **- Contracts Outside of Licensing Rounds**

### **Ahdeb field contract**

The contract for the development and production of the field was signed on 4 June 1997 and approved through Law No. 21 of 1997 by the Revolution Command Council at that time. According to the annual report of the Ahdeb Field submitted by Al-Waha Petroelum Company Ltd, the contract for the development and production of the Ahdeb Field was suspended on 1 January 2000 due to the non-application of the development and production contract in reality. On 23 June 2007, the Iraqi and Chinese governments signed a memorandum of understanding expressing the intention to reactivate the development and production contract.

At its 36th meeting, held on 26 August 2008, the Iraqi Council of Ministers approved the signing of a production and development service contract for the Ahdeb Field between the North Oil Company, the Al-Waha Petroelum Company Ltd and the Oil Marketing Company. On 10 November 2008, a development and production service contract was signed between Al-Waha Petroelum Company Ltd, the Oil Marketing Company (a government partner) and the North Oil Company (the license holder). On 30 June 2010, the First Party/License Holder (North Oil Company) was changed to Middle Oil Company, an Iraqi oil company, incorporated and operating under the laws of the Republic of Iraq.

On April 25, 2011, the Iraqi parliament passed Law No. 3 of 2011, in which Revolutionary Command Council Law No. 21 of 1997 related to the ratification of the contract for the development and production of the Ahdeb oil field was officially repealed.

### **East Baghdad field contract**

During the year 2018, a contract was signed with Zehenhua to develop the East Baghdad field - the southern part and it was signed through direct negotiation. We inquired about the procedures taken in granting this license, and the Petroleum Contracts and Licenses Department replied that the East Baghdad field - the southern part had already been offered within the fields of the second round of licenses in 2009, and none of the eligible companies participating in that round submitted a competitive offer to develop the field at the time, and later the Japanese company (JABEX) submitted to the Ministry of Oil an offer to develop the field based on a study prepared by that company, and the offer was not accepted at the time because of the high development cost, which prompted (JABEX) to participate in the Chinese company (Zehenhua) in order to

reduce the cost of development. Subsequently, JABEX withdrew from the project while negotiations continued with the Chinese company Zhenhua, which culminated in the initialling of the contract on 25 December 2017, and entered into force on 24 May 2018.

### **- Companies submitting bids**

The names of the companies and coalitions that submitted bids in the six licensing rounds can be found in a file called “Names of the companies submitting bids in the six licensing rounds.” on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

### **5-3 Mining and minerals sector**

The Ministry of Industry and Minerals is responsible for managing and supervising the activities of the mining and minerals sector in Iraq through its relevant public companies. During the year 2015, these companies were restructured and their number was reduced from (71) companies to (36) companies with the approval of the government /the General Secretariat of the Council of Ministers according to its letter No. (446) on 20/10/2015. This is after studying the economic situation of those companies, most of which suffered losses after being exposed to acts of destruction and sabotage during the war on Iraq in 2003 and after the terrorist acts that took place during the year 2014 and beyond which stopped their productive activity and did not achieve any economic revenues, and therefore they became a burden on the state budget, especially for the salaries of their workers, which number at the time more than (145) thousand workers because these companies are state-owned and their employees cannot be demobilized. Therefore the contribution of these companies to financing the state treasury was very small.

#### **Investment Plans for the Mining Industry in Iraq**

Iraq has significant mineral resources as it is considered one of the internationally classified reserves. These minerals are spread throughout Iraq, but this industry did not receive the necessary attention after 2003 as a result of the exposure of many companies to damage during the war. Moreover, the reality of the Ministry and what its dissolved subsidiaries were exposed to after 2003 cast a shadow on the work of the Ministry in general and on the development of the mining industry in particular. The presence of a large number of minerals within areas considered to be security hot spots has affected the work of these companies. This has limited many opportunities for the development of the mining industry, which could have constituted an important tributary, no less important than oil in the supply of public budgets with resources, as well as the provision of many job opportunities if this industry had been activated scientifically and professionally with the presence of many entities, companies and factories owned by the Ministry, such as the Geological Survey, the Mining Company, the General Company for Glass and Ceramic Industry, the Phosphate Company, the Sulphur Company and other companies that are full of potential and expertise. This can allow the Ministry to advance the reality of this important industry with the need to have a professional will of the Ministry to implement the Mining Industry Development Plans approved in 2010.

According to the Mineral Investment Law No. ( 91) of 1988 (Article 4), the Ministry of Industry and Minerals contracts with private and public sector companies, by allocating specific quantities of minerals to companies by assigning quarries for specific periods of time.

The Transparency Commission has published the methodology applied in the mining sector with regard to mining contracts, which can be found in a file called “Methodology applied by national mining companies



when contracting with private and public companies” located on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>). This process is applied by national mining companies when contracting with private and public companies, in accordance with the Public Companies Law No. (22) of 1997 (amended) and based on Article 4 (Part 9) of the Ministry of Industry and Minerals Law No. (38) of 2011 (amended). The officially presented methodology was adopted by the Ministry's decision on January 16, 2019.

The Geological Survey is coordinating with the concerned governorate to issue mining licenses. We obtained a database of these licenses and added them to the Transparency Commission website in a file called “Database of Mining Contracts-2022” located on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>), noting that its amounts are non-essential and not economic (about thirty billion Iraqi dinars only).

#### **5-4 Petroleum contracts in the Kurdistan Region of Iraq and the position of the Federal Government**

The oil reserves in the regions located in the Kurdistan Region are estimated at (45) billion barrels of oil, and the possibility of (25) billion barrels unconfirmed and (200) trillion cubic feet of gas reserves.

Since 2004, the KRG has negotiated with international companies for exploration and development in various areas of the Region, and subsequently in disputed areas. The Kurdistan Regional Government Oil and Gas Act has been promulgated, and ever since then, the KRG has developed its own petroleum policy independently of the federal Government, with the following objectives:

1. Attracting international investment.
- 2- Increasing the volume of oil exploration.
3. Increasing the volume of oil reserves.
- 4- Increasing the volume of oil production and exports.
- 5- Establishing infrastructure for the region such as tanks and pipelines for transport and export and any other facilities.
6. Expanding the region's refining capacity through the establishment of refineries.

The (repealed) KRG Oil and Gas Law referred to the right of the regional government to contract directly with international companies according to the production-sharing contracts model and since 2007, 57 contracts have been concluded with (33) foreign companies, led by ExxonMobil, with the possibility of concluding other contracts. The Kurdistan Oil Marketing Company (KOMO) has been formed as a joint stock company that has the authority to market and organize the process of marketing production from petroleum operations in the region. The most important features of the region's contracts can be identified as follows:

- 1- Contracts were concluded according to the production-sharing model, where the percentages of companies were determined between (15% - 30%).
2. The contracts remained confidential and had not been disclosed by the KRG until 2011. This includes three contracts concluded in 2004, i.e., prior to the approval of the Iraqi Constitution.
- 3- Contracts oblige companies to pay income tax at a rate not exceeding (40%).

4. The contracts set a minimum level of company expenditure and no ceiling, which contributes to the overcharging of companies.

5- Contracts with companies obliged to allocate an amount of (150,000) dollars annually during the exploration period to protect the environment, to be added to (300,000) dollars annually at the start of production.

The contracts of KRG grant companies entitlements such as cost recovery or profit in the form of oil, which gives these companies the right to dispose of this oil according to its policy in terms of price or the party to which the oil is sold, and thus this makes part of the quantities of oil and gas in Iraq not owned by the Iraqi people and this It contradicts Article (111) of the Iraqi Constitution.

The concluded contracts allowed the companies to achieve great profits, as they were able to conclude contracts in the form of participation, which differs greatly in terms of management, returns, and method of revenue collection from the oil licensing contracts concluded by the federal government with companies in the four rounds, noting that the contracts according to the method of participation in production are inconsistent with the constitution. These points caused many political differences between the federal government and the regional government, which negatively affected the investment environment throughout Iraq, and thus led to giving companies additional power in negotiations with either side, taking advantage of this political dispute between them.

In view of the region's reluctance to hand over crude oil produced to the Federal Government, while exporting crude oil outside Iraq, acquiring the revenues derived therefrom, and depriving the rest of the governorates of this revenue without the approval of the Central Government, in violation of the provisions of the Constitution and the relevant laws and legislation, Federal Supreme Court Decision No. (59/Federal /2012 and unified 110/Federal /2019) was issued on 15/2/2022, which ruled as follows: -

1- Ruling that the Kurdistan Regional Government Oil and Gas Law No. 22 of 2007 is unconstitutional and repealing it for violating the provisions of Articles (110, 111, 112, 115, 121 and 130) of the Constitution of the Republic of Iraq.

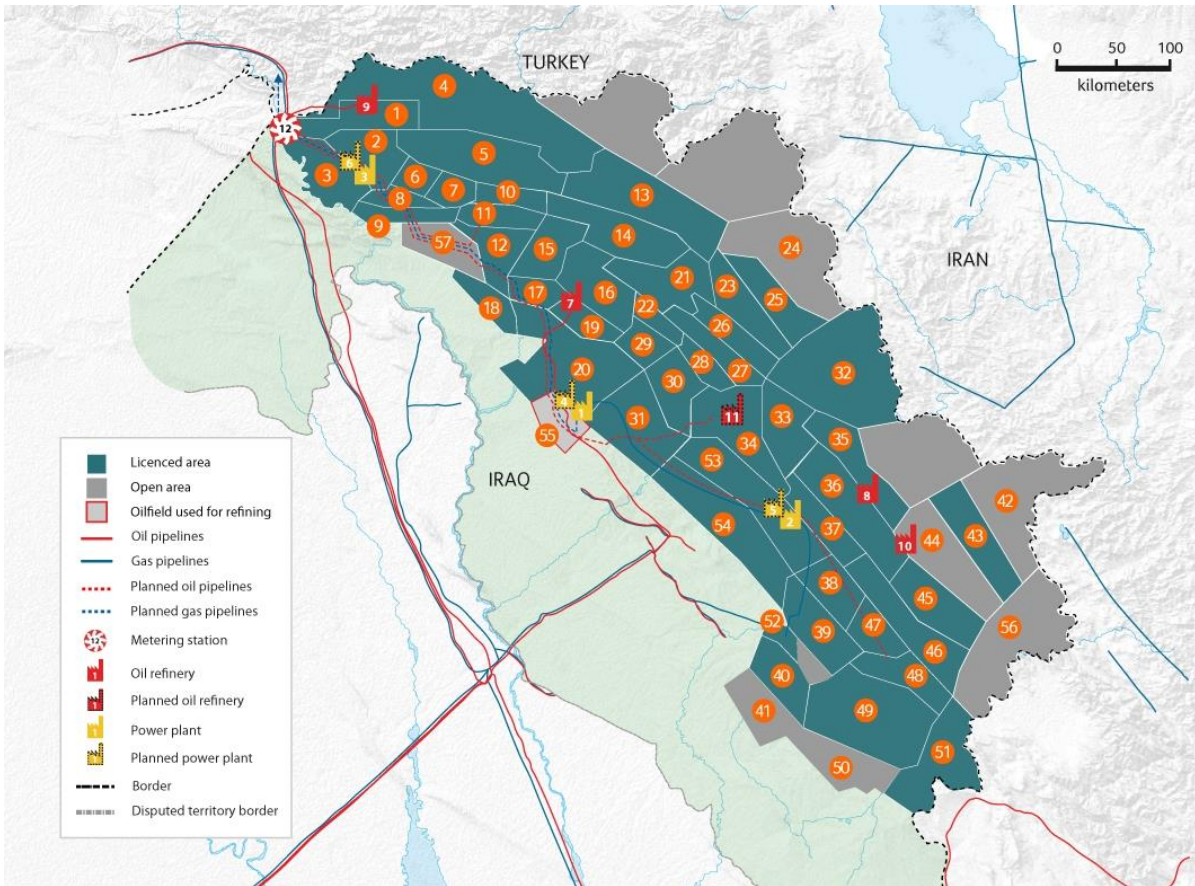
2. Compelling KRG to deliver all oil production from the oilfields in the region and other areas from which the Ministry of Natural Resources of the Government of the Province has extracted oil to the Federal Government represented by the Ministry of Oil and enable it to use its constitutional powers with respect to oil exploration, extraction and export.

3. Nulling petroleum contracts concluded by KRG with International States and Companies in connection with the exploration, extraction, export and sale of petroleum.

4. Obliging the KRG to enable the Iraqi Ministry of Oil and the Federal Board of Supreme Audit to review all oil contracts concluded with the KRG regarding the export and sale of oil and gas for the purpose of auditing them and determining the financial rights of the KRG and to determine the region's share of the general budget in a manner that guarantees the delivery of the rights of citizens of the provinces of the region from the federal general budget and not to delay them after all the paragraphs of this decision have been implemented by the government of the region and to notify the federal government and the Federal Board of Supreme Audit accordingly.

The federal government held several meetings with representatives of the Kurdistan Regional Government regarding the implementation of the Federal Court's decision mentioned above, and no fruitful results have been reached until the date of this report.

The following figure is a map of the oil contracts in the Kurdistan Region:



### 5-5 Petroleum Licenses Register

The Iraqi Extractive Industries Transparency Initiative (IEITI) has organized a register of petroleum licenses and their amendments from data available to it by the Petroleum Contracts and Licenses Department (PCLD). This register includes the basic information of these licenses and updates related to them in terms of modifying participation rates or adding / withdrawing partners from the consortium. This register can be found in a file entitled "Petroleum Licensing Register and its Amendments - 2020" on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>). The register can also be viewed within the following petroleum licenses registr website ([www.pclregister.com](http://www.pclregister.com)).

According to PCLD in the Ministry of Oil, there has been no transfer of ownership or change of shares within licensing contracts, which are governed by the provisions of Article (28) of service contracts for petroleum licensing rounds, if any.

Field Name • RUMAILA		
• The field is located 10 km to the west of the city of Basra, southern Iraq. Rumaila encompasses an area of 1,000 square kilometers, extending approximately 50 km north to south and 20 km west to east, with the manufacturing capabilities of two sites, South Rumaila and North Rumaila. Rumaila is said to be the largest oilfield ever discovered in Iraq, and is considered the third largest oil field in the world.		
<b>Licensing Round</b> • First	<b>Licensing (Application) Round Date</b> • June 2009	<b>Type of License</b> • Production Service Contract
<b>Signature Date</b> • 13 November 2009	<b>Council of Ministers' Authorization Date</b> • Resolution 127 for year 2009	<b>Effective Date</b> • 17 December 2009
<b>License Period</b> • 25 Years	<b>Location</b> • Basra Governorate	<b>First Contracting Party</b> • Basra Oil Company - BOC
<b>Current Participating Investors</b> • 4 (Iraqi Petroleum (PCLD) / Petrobasra (PCLD))	<b>State Partner Interest</b> • Oil Marketing Company - BOC (100%)	<b>Operator</b> • British Petroleum
<b>Type of Production</b> • Crude Oil	<b>Producing or Non-Producing Field</b> • Producing	<b>Initial Production Rate</b> • 11,066,000 Barrels Per Day
<b>First Commercial Production</b> • 1,170,000 Barrels Per Day	<b>Current Production Level for December of 2018</b> • 4,000,000 Barrels Per Month	<b>Signature Bonuses</b> • None (\$)
<b>Remuneration Fees for the year of 2018</b> • 679,200,000 US Dollars	<b>Petroleum Cost Recovery Fees for the year of 2018</b> • 1,365,000,000 US Dollars	<b>Supplementary Costs for the year of 2018</b> • 11,000,000 US Dollars
<b>Taxes for the year of 2018</b> • 224,890,443 US Dollars	<b>Non-Recoverable Expenses during year 2018</b> • None	<b>Mandatory Social Expenses during year 2018</b> • 3,195,800 US Dollars

The tables below show the existing licenses in Iraq during the year 2020, which were granted within the four licensing rounds, which were conducted between the years 2009 and 2012, in addition to the licensing information related to the fifth round that was conducted in 2018, and has not been approved until the date of this report, and the sixth licensing round for Mansouriya Gas field in 2021, which has not been approved

as of the date of this report. The information of the Ahdeb and East Baghdad fields were also listed as licenses granted outside the six licensing rounds.

### Data on licenses granted outside the six licensing rounds

Outside Licensing Rounds (Oil Fields)												
Field	Contracted National Company (First Party)	Consortium	Percentage %	State Partner (Percentage %)	Operator	Contract Signing Date	Contract Effective Date	Contract Period	Initial Production Rate (IPR) (Barrel per day)	Initial Production Target (10%) (Barrel per day)	First Commercial Production (Barrel per day)	Remuneration fees for each Barrel Produced (USD)
Ahdeb	MdOC	Al-Waha Petroleum Co. Ltd	%75	SOMO (25%)	Al-Waha Petroleum Co. Ltd	1-Sep-2008	10-Nov-2008	20 years	N/A	N/A	25,000	6
East Baghdad (southern part)	MdOC	China Zhenhua Energy Co. Ltd.	%90	NOC (10%)	China Zhenhua Energy Co. Ltd.	24-May-2018	24-May-2018	25 years	N/A	N/A	1,500	6

### Details of the licenses granted within the first licensing round:

First Round (Productive Oil Fields)												
Field	Contracted National Company (First Party)	Consortium	Percentage %	State Partner (Percentage %)	Operator	Contract Signing Date	Contract Effective Date	Contract Period	Initial Production Rate (IPR) (Barrel per day)	Initial Production Target (10%) (Barrel per day)	First Commercial Production (Barrel per day)	Remuneration fees for each Barrel Produced (USD)
Rumaila*	BOC	British Petroleum (BP)	%47.63	SOMO (6%)	British Petroleum (BP)	3-Nov-09	17-Dec-09	25 years	1,066,000	1,172,600	1,172,600	2
		Petrochina	%46.37									
Zubair	BOC	ENI	%41.56	MOC (5%)	ENI B.V.	22-Jan-10	18-Feb-10	25 years	182,775	201,053	201,053	2
		BOC	%29.69									
		KOGAS	%23.75									
West Qurna (Phase 1)	BOC	ExxonMobil	%32.69	OEC (5%)	ExxonMobil	25-Jan-10	1-Mar-18	20 years (extended to 30 years)	244,000	268,400	268,400	1.9
		SHELL (This stake was sold to Japan's Itochu Corporation on May 27, 2018)	%19.61									
		Petrochina	%32.69									
		Pertamina	%10.00									



First Round (Productive Oil Fields)												
Field	Contracted National Company (First Party)	Consortium	Percentage %	State Partner (Percentage %)	Operator	Contract Signing Date	Contract Effective Date	Contract Period	Initial Production Rate (IPR) (Barrel per day)	Initial Production Target (10%) (Barrel per day)	First Commercial Production (Barrel per day)	Remuneration fees for each Barrel Produced (USD)
Missan Fields (Abu Ghari b, Buzurgan, Al-Fakka h)	MOC	CNOOC Iraq	%63.75	IDC (25%)	CNOOC Iraq	17 أيار 2010	20 كانون الأول 2010	20 سنة	88,000	96,800	96,800	2.3
		TPAO	%11.25									

\* BP and PetroChina have established Basra Energy Limited, a joint venture effective June 1, 2022, in which Basra Energy Company Limited will own and operate its interests in the Rumaila field, including enhanced access to external financing, the Iraqi Council of Ministers approved, in a session August 24, 2021, restructuring the participation of BP and PetroChina in the service contract for the Rumaila oil field.

### Details of the licenses granted within the second licensing round:

Second Round (Unproductive Oil Fields)												
Field	Contracted National Company (First Party)	Consortium	Percentage %	State Partner (Percentage %)	Operator	Contract Signing Date	Contract Effective Date	Contract Period	Initial Production Rate (IPR) (Barrel per day)	Initial Production Target (10%) (Barrel per day)	First Commercial Production (Barrel per day)	Remuneration fees for each Barrel Produced (USD)
West Qurna (Phase 2)	BOC	LUKOIL Mid-East Ltd	%75	NOC (25%)	LUKOIL Mid-East Ltd	31-Jan-10	10-Feb-10	25 years	N/A	N/A	120,000	1.15
Majnoon (This license has been withdrawn and production is currently done by national efforts)	BOC	Shell	%45	MOC (25%)	Shell	17-Jan-10	1-Mar-10	20 years	45,900	N/A	175,000	1.39
		Petronas	%30									
Halfaya	MOC	Petrochina	%45	BOC (10%)	Petrochina	18-Jan-10	1-Mar-10	30 years	3,100	N/A	70,000	1.4
		PETRO NAS	22.50 %									
		Total	22.50 %									
Garraf	TQOC	PETRO NAS	%45	NOC (25%)	PETRO NAS	26-Jan-10	10-Feb-10	20 years	N/A	N/A	35,000	1.49
		JAPEX	%30									
Badra	BOQ	JSC Gazprom Neft	%30	OEC (25%)	Gazprom Neft Badra B.V	17-Jan-10	18-Feb-10	20 years	N/A	N/A	15,000	5.5
		Korea Gas Corporation	22.50 %									



Second Round (Unproductive Oil Fields)												
Field	Contracted National Company (First Party)	Consortium	Percentage %	State Partner (Percentage %)	Operator	Contract Signing Date	Contract Effective Date	Contract Period	Initial Production Rate (IPR) (Barrel per day)	Initial Production Target (10%) (Barrel per day)	First Commercial Production (Barrel per day)	Remuneration fees for each Barrel Produced (USD)
		(KOGAS)										
		PETRONAS Carigali	%15									
		Türkiye Petrolleri Anonim Ortaklığı (TAPO)	%7.50									
Qaiyarah	NOC	Sonangol	%75	BOC (25%)	Sonangol	26-Jan-10	18-Feb-10	20 years	N/A	N/A	30,000	5
Najmah	NOC	Sonangol	%75	IDC (25%)	Sonangol	26-Jan-10	18-Feb-10	20 years	N/A	N/A	20,000	6

### Details of the licenses granted within the third licensing round:

Third Round (Gas Fields)												
Field	Contracted National Company (First Party)	Consortium	Percentage %	State Partner (Percentage %)	Operator	Contract Signing Date	Contract Effective Date	Contract Period	Initial Production Rate (IPR) (Barrel per day)	Initial Production Target (10%) (Barrel per day)	First Commercial Production (Barrel per day)	Remuneration fees for each Barrel Produced (USD)
Akkas *	MdOC	Korea Gas Corporation (KOGAS)	%75	NOC (25%)	KOGAS Akkas	13-Oct-11	15-Nov-11	20 years	N/A	N/A	100	5.5
Mansuriya **	MdOC	TPAO	%37.50	OEC (25%)	Türkiye Petrolleri Anonim Ortaklığı (TPAO)	5-Jun-11	18-Jul-11	20 years	N/A	N/A	80	7
		Kuwait Energy Co.	%22.50									
Siba	BOC	Kuwait Energy Co.	%30	MOC (25%)	Kuwait Energy Co.	5-Jun-11	1-Jul-11	20 years	N/A	N/A	25	7.5
		TPAO	%30									
		Egyptian General Petroleum Corporation	%15									



\* The company was unable to complete its work due to the terrorist events of ISIS, and a group of negotiations led to the company's withdrawal in 2019. The Ministry of Oil is communicating with several solid regional and international companies for the purpose of reaching an agreement that achieves the planned goals of developing the field and producing gas, but no agreement or agreement has been reached. A contract with any of these companies up to the date of this report.

\*\* This license was suspended on September 5, 2018 due to the coalition's reluctance to start developing the field due to the security situation. Then, on January 20, 2022, a contract was signed to develop the Mansourieh gas field, in partnership with the Central Oil Company, where the Chinese company (Sinopec) gets The winner is 49./. While the Central Oil Company maintains 51./. percentage of the development contract. This is a preliminary contract, as it requires obtaining the approval of the Ministerial Energy Committee and the Council of Ministers, after which the final signature is made by the Central Oil Company and the Chinese Sinopec Company in order to activate the contract and initiate development operations.

### Details of the licenses granted within the fourth licensing round:

Fourth Round (Exploration Blocks)												
Field	Contracted National Company (First Party)	Consortium	Percentage %	State Partner (Percentage %)	Operator	Contract Signing Date	Contract Effective Date	Contract Period	Initial Production Rate (IPR) (Barrel per day)	Initial Production Target (10%) (Barrel per day)	First Commercial Production (Barrel per day)	Remuneration fees for each Barrel Produced (USD)
Exploration Block 8*	MdOC	Pakistan Petroleum Ltd (PPL)	%100	N/A	Pakistan Petroleum Ltd (PPL)	5-Nov-12	5-Dec-12	30 years for Oil Fields and 40 for Gas Fields	N/A (Exploration blocks)			5.38
Exploration Block 9 (alfayha)	BOC	Kuwait Energy Co.	%60	N/A	Kuwait Energy Co.	27-Jan-13	3-Feb-13	30 years				6.24
		Dragon Oil	%30									
		EGPC	%10									
Exploration Block 10	TQOC	LUKOIL Overseas Iraq Exploration (LOIE)	%60	N/A	LUKOIL Overseas Iraq Exploration (LOIE)	7-Nov-12	5-Dec-12	30 years				5.99
		Inpex	%40									
Exploration Block 12	BOC	Bashneft	%100	N/A	Bashneft	8-Nov-12	1-Jan-13	30 years				5

### Details of the licenses granted within the fifth licensing round (Inactive):

Fifth Round (Border Fields) – Approved and inactive as of the date of this Report										
Field	Contracted National Company (First Party)	Consortium	Percentage %	State Partner (Percentage %)	Operator	Contract Signing Date	Contract Effective Date	Contract Period	The maximum Remuneration percentage that can be granted to the company (determined by the Ministry of Oil) %	Profitability percentage provided by the company
Naft Khana	MdOC	Geo-Jade Petroleum	%100	N/A	Geo-Jade Petroleum	N/A	N/A	N/A	%24.45	%14.67

**Fifth Round (Border Fields) – Approved and inactive as of the date of this Report**

Field	Contracted National Company (First Party)	Consortium	Percentage %	State Partner (Percentage %)	Operator	Contract Signing Date	Contract Effective Date	Contract Period	The maximum Remuneration percentage that can be granted to the company (determined by the Ministry of Oil) %	Profitability percentage provided by the company
		Corporation			m Corporation					
Huwaitza	MOC	Geo-Jade Petroleum Corporation	%100	N/A	Geo-Jade Petroleum Corporation	N/A	N/A	N/A	%7.16	%7.15
Sindbad	BOC	United Energy Group	%100	N/A	United Energy Group	N/A	N/A	N/A	%6.11	%4.55
Khader Al Mai	BOC	Crescent Petroleum	%100	N/A	Crescent Petroleum	N/A	N/A	N/A	%13.76	%13.75
Gilabatt-Qamar	MdOC	Crescent Petroleum	%100	N/A	Crescent Petroleum	N/A	N/A	N/A	%16.65	%9.21
Khashim Ahmer - Injana	MdOC	Crescent Petroleum	%100	N/A	Crescent Petroleum	N/A	N/A	N/A	%20	%19.99

**Details of the licenses granted within the sixth licensing round:****Fifth Round (Mansuriyah Gas field) – Not Approved as of the date of this Report**

Field	Contracted National Company (First Party)	Consortium	Percentage %	State Partner (Percentage %)	Operator	Contract Signing Date	Contract Effective Date	Contract Period	Initial Production Rate (IPR) (Barrel per day)	Initial Production Target (10%) (Barrel per day)	First Commercial Production (Barrel per day)	Remuneration fees for each Barrel Produced (USD)
Mansuriyah	N/A (Joint Project)	Sinopec	%49	N/A	Joint	N/A	N/A	N/A	N/A	N/A	100	N/A
		MdOC	%51									

**5-6 Contracts****First-Contract Disclosure Policy**

In his letter dated January 10, 2021, the Undersecretary of the Minister of Oil for Extraction Affairs directed all national companies affiliated with the Ministry of Oil and the PCLD to adhere to the contract transparency policy in the Ministry of Oil and to consider this a continuous work policy that includes contracts within the licensing rounds and other related contracts and updating them in coordination with IEITI. The mentioned policy can be viewed in a file called “Contracts Transparency Policy” on the IEITI website - Reports and



Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

Although until the date of preparing this report, the contracts mentioned in the above have not been published, but the lack of timely publication cannot be considered a failure to comply with the relevant requirement (4.2), which stipulates that any contracts or licenses granted concluded or amended as of 1 January 2021 must be disclosed, as no new contract or amendment of a previous contract has been concluded from this date until the date of preparing this report.

Noting that the PCLD had previously published all contract forms on the website of the Ministry of Oil, where they were obtained and can be viewed in a file called “Key Features of Licensing Rounds Contracts” on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>). However, these documents did not appear later after updating the website of the Ministry of Oil.

Although copies of signed contracts are not published to the public, copies of signed contracts and subsequent amendments are sent to the Iraqi Council of Representatives and the Federal Board of Supreme Audit for oversight purposes.

## **Second - a brief overview of contracts in Iraq and their accountability**

Oil contracts have evolved with the development of the oil industry and political systems in the world. After companies were the first to control exploration, production and marketing, contracts have emerged that gave wealth-owning countries more powers and rights to manage their wealth and revenues. Among the types of contracts have emerged (concession, participation, participation in production, participation in profits and service contracts). In Iraq, for the purposes of licensing rounds, service contracts have been used. According to this type of contract, the state contracts with companies for the purpose of providing a specific service by rehabilitating fields or carrying out new explorations in exchange for service fees paid to these companies, according to which the contractor receives a fixed fee per barrel (remuneration fees), in addition to the costs incurred (recoverable costs).

The following types of service contracts were used in the licensing rounds administered by the Government of Iraq:

- Technical Services
- Development and production services contracts.
- Gas and production contracts.
- Development and exploration services contracts.

The Petroleum Contracts and Licensing Department added the contract forms (development and production services contracts, and exploration, development and production services contracts) with the main features of some of the licensing rounds contracts on the website of the Ministry of Oil. We added these information under the file entitled "Key features of the licensing rounds contracts" on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

The following table contains the contracts in the Federal Republic of Iraq as well as their amendments. The details of these amendments can be found in the file entitled "Amendments to service contracts in the Federal Republic of Iraq" on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).



Petroleum (Licensing) Contracts in Federal Iraq and their Amendments				
Licensing Round	Contracting Area	Date of signing the contract	Amendments	Date of Amendment
First	Rumaila	November 3, 2009	Amendment No. 1	September 14, 2014
	Zubair	January 22, 2010	Amendment No. 1	September 15, 2010
			Amendment No. 2	July 15, 2013
			Amendment No. 3	May 28, 2017
			Amendment No. 4	February 2020
	West Qurna (Phase 1)	January 25, 2010	Amendment No. 1	August 18, 2010
			Amendment No. 2	August 18, 2010
			Amendment No. 3	November 28, 2013
			Amendment No. 4	February 19, 2014
			Amendment No. 5	May 27, 2018
Missan Fields (Abu Gharib, Buzurgan, Al-Fakkah)	May 15, 2010	None		
Second	West Qurna (Phase 2)	January 31, 2010	Amendment No. 1	January 17, 2013
			Amendment No. 2	November 28, 2013
			Amendment No. 3	April 19, 2018
	Majnoon	January 17, 2010	None	
	Halfaya	January 18, 2010	Amendment No. 1	September 4, 2014
	Garraf	January 26, 2010	None	
	Badra	January 17, 2010	None	
	Qaiyarah	January 26, 2010	None	
Najmah	January 26, 2010	None		
Third	Akkas	October 13, 2011	None	
	Mansuriya	June 5, 2011	None	
	Siba	June 5, 2011	Amendment No. 1	23 May 2017
Fourth	Exploration Block 8	November 5, 2012	Amendment No. 1	2015
			Amendment No. 2	October 26, 2017
	Exploration Block 9 (alfayha)	January 27, 2013	Amendment No. 1	July 2015
			Amendment No. 2	September 30, 2015
	Exploration Block 10	November 7, 2012	Amendment No. 1	17 December 2018



Petroleum (Licensing) Contracts in Federal Iraq and their Amendments				
Licensing Round	Contracting Area	Date of signing the contract	Amendments	Date of Amendment
	Exploration Block 12	November 8, 2012	Amendment No. 1	2 August 2017
Outside licensing rounds	Ahdeb	September 1, 2008	Amendment No. 1	5 June 2011
	East Baghdad (southern part)	May 24, 2018	None	

There has been no approved amendment to petroleum contracts (licenses) since 2019 until the date of this report.

Below is how petroleum Cost Recovery and Remuneration Fee are determined in the above contracts:

### **Third- Petroleum Cost Recovery:**

The contractor shall bear the petroleum and operational costs and recover them without interest and in quarterly installments starting from the achievement of the level of production that is considered the starting line. The expenses incurred in conducting oil operations include oil costs and supplementary costs (under service contracts in the Ministry of Oil) are recoverable costs. Or the recovered costs.

- Petroleum costs: Includes recovered costs, expenses incurred and payments made by companies in relation to oil operations.
- Supplementary (additional) costs include costs and expenses recoverable except for petroleum and operational costs. They include the costs of removing mines and unexploded objects, financing and construction of transportation facilities for transferring oil products from the contract area, construction of surface facilities outside or within the contract area (at the request of the National Oil Company) and the costs of repairing the damaged environment before the expiration date of the contract.

### **Forth- Remuneration Fees:**

The Contractor shall be entitled to the Remuneration Fees specified in each contract for the production of each barrel of oil or oil equivalent to gas production. This shall be recorded in the operational account from the date of the first commercial production and according to the contract. The Remuneration Fees specified for all seasons during any calendar year shall be calculated on the basis of the recovery factor calculated at the end of the calendar year.

With respect to compensation under service contracts, the contractor (the international oil company involved in oil and gas production in Iraq) is paid a fixed fee per barrel known as remuneration fees.

Cost Recovery and remuneration fees are calculated in accordance with Article No. (19) of the service contracts.

### **Fifth- Mechanisms for the collection of petroleum, remuneration and additional costs:**

- The quarterly account list is prepared by the contracting companies, including all cost and production details, and then sent to the extractive companies to be audited and reviewed.
- A meeting is held in the extractive companies in the presence of representatives of the following entities and departments (the Financial Authority, the operating entities, the Licensing Affairs Department, and the Control and Audit of Licensing Contracts Department) with representatives of

the contracting companies to discuss the account list of petroleum and additional costs and remuneration fees, according to the competence of the entity or department concerned.

- The notes related to the account list are fixed after the above meeting and sent by an official letter to the Ministerial Committee to review the lists of the account of the contracting companies. After that a meeting of the committee is held at the ministry in the presence of the members of the committee and representatives of the extractive companies from the above entities and departments as well as representatives of the contracting companies to discuss the notes.
- The accounts of the companies' dues are prepared in accordance with the terms of the service contract by the Commercial Department in the PCLD where certain percentages of the cost are released under a maximum recovery limit after calculating the assumed revenue based on the preliminary oil price announced by SOMO. In addition to calculating remuneration fees according to the remuneration fee fixed in the contract and for each field.
- A minutes of meeting shall be prepared and after the Minister's approval of the minutes, an official letter shall be sent to the Oil Marketing Company. In turn, the Oil Marketing Company shall pay the quarterly financial dues of the Crude Oil Contracting Companies according to oil shipments determined by the Oil Marketing Company. The payment of the single list may continue for several months.

### **Sixth- Domestic contracts in the mining sector**

According to the Mineral Investment Regulation Law No. 91 of 1988 as amended (<https://iraql.d.hj.c.iq/LoadLawBook.aspx?page=1&SC=&BookID=12560>), Article four authorizes contracting with the private sector individuals or companies to invest land as quarry within specific areas to be stated by the establishment according to technical controls for each case and according to the nature of the materials to be invested.

Mining licences have been granted to several local companies, the amounts of which are immaterial, and have been added in a file titled "Mining Contracts Database-2020" on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

In addition, a list of available industrial rocks and mineral deposits was obtained from the Geological Survey Department, which can be found in the file under the title "Industrial rocks and mineral deposits available" on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

### **Seventh- Overview Of contracts In the Kurdistan Region**

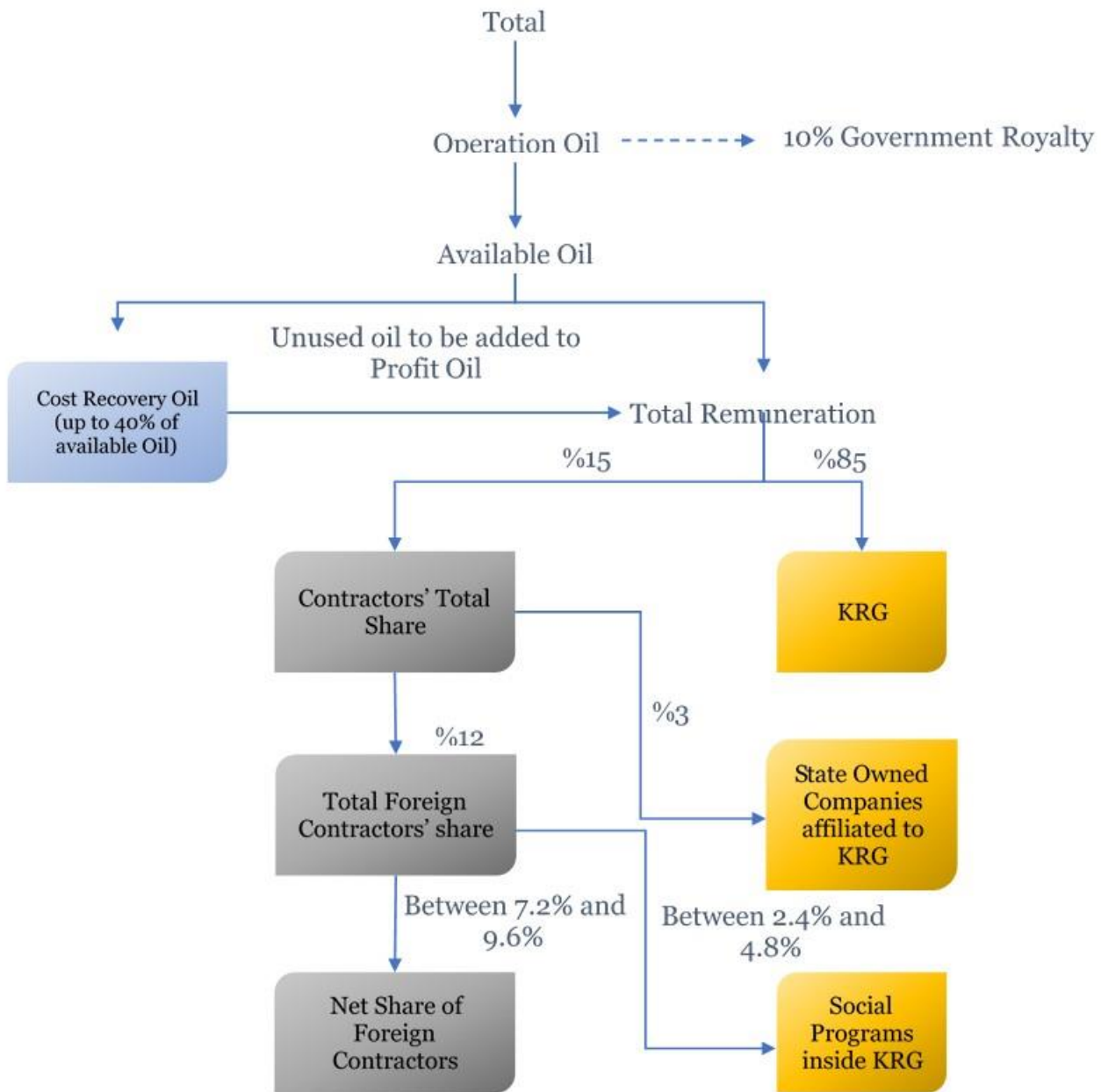
In the Kurdistan Region, the Kurdistan Region Oil and Gas Law No. (22) of 2007 (repealed by a decision of the Federal Supreme Court) allows for the use of production sharing contracts, under which the contractor receives a percentage of the oil profit. Article (37) of the above law specifies the standard conditions of the production sharing contract, which include (but are not limited to) the following: -

- "An initial exploration term of a maximum of five years, divided into two sub-periods, of three years and two years, extendable on a yearly basis for up to a maximum total of seven (7) years
- Relinquishment of twenty-five percent after the initial exploration term, with a further twenty-five percent of the remaining area at the end of each renewal period. If these percentages of relinquishments can only be achieved by including part of the area of a discovery, these percentages shall be reduced to exclude the discovery area. Voluntary relinquishment at the end of each Contract year is permitted



- An exploration commitment, which shall be negotiable, involving the purchase and interpretation of all existing data, including seismic data, where available, and seismic acquisition in the first sub-period, with exploration drilling in the second sub-period and a Well in each of the annual extensions
- A development period, following discovery, to be twenty (20) years, with a right of the Contractor to a five (5) year extension, on the same terms and conditions, with possible further extensions to be negotiated
- Royalty, at a rate of ten percent (10%), and paid in accordance with Article 41 of this Law
- Cost recovery from a portion of production after deduction of the Royalty, to a maximum not exceeding forty-five percent (45%) for Crude Oil; and not exceeding sixty percent (60%) for Natural Gas
- Production sharing from remaining production after Royalty and allowable cost recovery according to a formula, which takes into account cumulative revenues and cumulative petroleum costs and provides the Contractor with reasonable returns.”

**The following figure summarizes how the production sharing contracts applicable in KRG generally work:**



\* Profit Oil divides into 30% for contractor and 70% to the government, where R-Factor, which is calculated as follow (Total Accumulated Revenues /Total accumulated Expenses), reaches two, then remuneration oil will be divided into 15% top contractor and 85% to the government.

**We include some definitions related to the above figure:**

Royalty Fees: The Contractor shall pay to the Government a portion of the petroleum produced from the Contract Area

Available oil: is the remaining oil after deducting the quantities related to the royalty fees

Cost recovery oil: The quantity of oil reimbursed for petroleum costs, which refers to all costs and expenses incurred by the Contractor for petroleum operations, which the Contractor is entitled to recover under the

Contract and its accounting procedures, including shutdown costs, development costs, exploration costs, gas marketing costs and production costs.

**Profit Oil:** Means the available quantities of crude oil and associated natural gas available produced from the production area after recovering the petroleum costs.

**Payments made by IOCs in Kurdistan Region in accordance with PSCs signed with the KRG are as follows:**

**Bonuses:** Bonuses include signature, capacity building bonus and production bonus, which are determined in the production sharing contracts with the IOCs

**Capacity Building Payments:** Under PSCs, international oil companies make capacity-building payments once they generate profit oil, which are used in funding large social programmes including infrastructure development

**License fees:** These are fees and other sums paid as consideration for acquiring a license for gaining access to an area where extractives are performed

**Royalties:** The contractor's production is subject to a 10% royalty rate payable to in cash or in kind as the KRG

**Taxes:** According to Article 41 of the Oil and Gas Law of 2007, a petroleum contract may exempt a contractor from tax by law

**Eighth- Kurdistan Region Contracts**

The Ministry of Natural Resources of the Kurdistan Regional Government (KRG) publishes the production sharing contracts (PSCs) signed with international oil companies on the KRG website. (<https://gov.krd/mnr-en/publications/contracts/> ) where these contracts, their attachments and amendments can be viewed, and these documents can also be downloaded from the following website (<https://resourcecontracts.org/search/group?q=iraq&page=1> ).

The following table lists out the 42 fields for which the related PSCs and amendments were published on the KRG website:

Oil Fields						
Ain Sifni	Akri Bijeel	Arbat	Atrush	Baranan	Barda Rash	Bazian
Chia Surkh	Mala Omar	Duhok	Erbil	Garmain	Harir	Hawler
Pramagrün	Pulkhana	Qala Dze	Qara Dagh	Taza	Rovi	Safen
Sangaw North	Qush Tapa	Sarta	Sheikh Adi	Shakal	Shorish	Sindi Amedi
Sangaw South	Topkhana	Central Duhok	Miran	Shakrok	Tawke	Bina Bawi
Ber Bahr	Kurdamir	Sarsang	Sulevani	Dinarta	Shaikan	Taq Taq

## **5-7 Beneficial Ownership**

In 2019, the MSG has published a roadmap for disclosing beneficial ownership information in Iraq, on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

In the roadmap, a beneficial owner is defined as a person who directly or indirectly exercises substantial control over a legal entity or has a substantial economic interest in, or receives substantial economic benefit from such legal entity.

Beneficial ownership disclosures required from companies operating in the extractive mineral, oil and gas sector, as per the roadmap, are:

- The name of the beneficial owner(s), in addition to any alternate names they may use.
- The names and roles of any politically exposed persons who own or practice control over a company, irrespective of the size of their ownership interest
- The related details of the owner(s), including date of birth, ID number, place of residence, and the names of first degree relatives (specifically for the politically exposed persons PEPs)
- Attachment of supporting documents for the beneficial ownership information
- Other information such as the company manager's name

In accordance with Paragraph C of the EITI Second Requirement (Section 2.5) on the beneficial ownership, effective January 1, 2020, implementing countries should request information on the beneficial ownership and companies should disclose that information. This applies to legal entities that apply for - or own a share in - a license or contract to explore or produce oil, gas or minerals, and it must include the identities of their beneficial owners, the level of ownership, and details of how ownership or control is exercised.

The EITI report should disclose any gaps or weaknesses in reporting beneficial ownership information, including naming any entities that did not provide all or part of the beneficial ownership information. If the country faces constitutional or significant practical obstacles to fulfilling this requirement by January 1, 2020, the country may request permission to implement an adapted EITI implementation in accordance with Article 1 of the EITI Board Procedures to oversee its implementation.

A special section on beneficial ownership information for petroleum license holders has been added under the Licensing Register website ([www.pclregister.com](http://www.pclregister.com)).

In accordance with the MSG, the IA prepared the forms for disclosure of the beneficial ownership in addition to a guide on how to fill out these forms and they were sent to all holders of petroleum licenses in the Federal Iraq. The issue of beneficial ownership was also discussed during the conference held in February 2022, which was in the presence of some representatives of license-holding companies, representatives of the IEITI, a representative of PCLD, a representative of the SOMO, a representative of the International Initiative (EITI) and a team the Independent Administrator, where these forms and guide were presented, and the questions and inquiries of representatives of the companies holding petroleum licenses were answered.

Not all companies holding a petroleum license in the federal Iraq have disclosed their beneficial ownershi, as this procedure is considered the first of its kind in Iraq, and the Transparency Commission is developing this aspect through its discussions with the World Bank, in particular to appoint a consultant to assist the Commission in implementing the requirements of beneficial ownership.



## **5-8 Government's Participation in Extractive Industries Sector**

the MSG has defined state-owned enterprises in accordance with the amended Public Companies' Law no. 22 of 1997, which defines a public company as

“a self-funded economic unit which is fully owned by the state, has a legal personality, financially and economically independent, and operates according to economic bases”.

Therefore, state-owned companies are subject to the provisions of the aforementioned law. Although Iraqi legislation does not consider companies that are majority-owned (but not wholly) by the government or state-owned companies to be state-owned companies themselves, the MSG in the case of these companies has considered their work to clarify state participation in the extractive industries in accordance with the Initiative's requirements. 2.6. However, the only company of this kind is Basra Gas Company, which does not extract natural gas but only processes it. The MSG see that this company does not operate in the extractive industries and is therefore not part of the scope of the EITI reports in Iraq. Companies in which the state has the largest share have not been included in the MSG's definition of state-owned companies, because these companies are considered mixed sector companies, and are governed by the Companies Law No. (21) of 1997, where Article 7 – First of the said law defines a mixed company as consisting "of an agreement between one or more persons from the state sector with one or more persons other than the mentioned sector, and with a mixed capital in which the contribution of the state sector is not initially less than (25%) twenty-five percent."

**The state-owned companies operating in the oil and gas sector in Iraq are government companies that are fully affiliated with the Ministry of Oil, as shown below, noting that the North and South gas companies work to process gas received from the fields:**



### Transportation, distribution and marketing sector



### Exploration and Extraction Sector



### Transformative Sector



**State-owned companies operating in mining sector in federal Iraq are fully affiliated with the Ministry of Industry and Natural Resources as follows:**



### **Mixed-Sector Companies:**

#### **Basra Gas Company**

The Ministry of Oil selected the gas Shell company from a group of companies because other companies refused to work in Iraq because of the security conditions at the time and because this company has the expertise and great capacity that contributes to its success in the field of gas production. At the beginning of 2008, the Cabinet approved the signing of an initial agreement between the South Gas Company and the gas Shell company. Later, Basra Gas Company was established in the style of sharing contracts with Shell, Mitsubishi Company and the South Gas Company according to quotas that were (South Gas 51% - Gas Shell 44% - Mitsubishi 5% ).

We point out here that the Basra Gas Company project is a gas storage and transportation project that includes the collection, processing and manufacturing of raw gas that is produced in Basra and then the sale of processed natural gas for use in local markets and export to foreign markets. This includes the investment of gas in four major fields ( Majnoon, Zubair, Rumaila and West Qurna).

The IEITI published detailed information on these companies above (State-owned and mixed sector) on its website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

### **Kurdistan Regional Government Companies**

According to the Kurdistan Oil and Gas Law No. 22 of 2007, the KRG's MNR exerts control and oversight over the Kurdish region through the following public entities:

- Kurdistan Exploration and Production Company (KEPCO)
- Kurdistan National Oil Company (KNOC)
- Kurdistan Oil Marketing Organization (KOMO)
- Kurdistan Organization for Downstream Operations (KODO)
- Kurdistan Oil Trust Organization (KOTO)

Despite the considerable efforts made by the Iraqi Extractive Industries Transparency Initiative and the Independent Administrative to urge the KRG (Ministry of Natural Resources) to participate in the Initiative's 2019 and 2020 report, there was no response from that government to meet the requests related to the data for the region. The Independent Administrative also sent emails to a number of international oil companies operating in the Kurdistan region within the production sharing contracts, but the response was not received.

Therefore, based on inquiries from the North Oil Company, which is based in Kirkuk and is in close proximity to the KRG, the five oil and gas SOEs referred to in the Oil and Gas Law (repealed) have not yet been established.

In addition, the North Oil Company explained that there are no mining SOEs in KRG, and all minerals related activities are executed through the Ministry of Natural Resources.

## **The Prevailing Rules and Practices in Relation to the Financial Relationship between the Government and its Owned Companies**

### Fully State-owned Companies

According to the Public Companies Law No. 22 of 1997, Article 3, where the concerned ministry submits an application to the Council of Ministers to establish a public company accompanied by a study that includes the economic and technical justifications for its establishment. And after the issuance of the certificate of incorporation by the Registrar of Companies, the company (Article 7 of the said law) acquires the legal entity as of the date of issuance of the incorporation certificate. The company's capital is determined (Article 8 of the said law) by the decision issued by the Council of Ministers approving its establishment, and the public treasury (Article 9-I of the said law) pays the company's capital in one payment or in installments, the amounts of which and the dates of payment are determined according to a plan set by the company in coordination with the Ministry of Finance. These companies are administratively affiliated to the concerned ministry, but they are owned by the Iraqi state, especially since the financing of their establishment is from the public treasury.

Section 11 of the Public Companies Act No. 22 of 1997 (as amended) provides that:

First- Net profit for the purposes of this Law shall mean the increase of revenues over the expenses shown in the profit and loss account for the Company's regular fiscal year in accordance with the legislation in force and the approved accounting regulations and conventions audited by the Federal Board of Supreme Audit and certified by the legally authorized authority

Second- Capital gains and losses and any gains or losses resulting from the extraordinary activity of the company shall be excluded from the net profit for the purposes of distributing the share of employees.

Third - The distributable profit shall not exceed 30% thirty percent of the cost of the current activity, and the remainder shall be distributed as follows:

1. 10% of the net profit, and considering it as a capital reserve to compensate for the differences of depreciation, provided that this is not considered within the cost of the current activity, and that these amounts are used for the purposes of expansion exclusively within a period of 5 five years. Otherwise the amounts mentioned are transferred to the Ministry of Finance.
2. 40% of the surplus amount of distributable profit in public companies of the industrial sector is recorded in the reserves account and allocated as follows :
  - ❖ 90% percent of them are for the rehabilitation and development of production plants.
  - ❖ 10% of which is for the construction of housing units and the development of current housing services for employees.



- ❖ The sums resulting from the ratios stipulated in a and b of this paragraph shall be used for the purposes referred to in them within a period of 5 five years, subject to extension if necessary on the proposal of the Minister and the approval of the Council of Ministers, and otherwise transferred to the Ministry of Finance.
- 3. The balance after deducting the percentages stipulated in paragraphs 1 and 2 of this clause shall be transferred to the Ministry of Finance.

Fourth- The profit provided for in section three of this article shall be distributed in the following proportions:

- ❖ 45% forty-five percent for the public treasury.
- ❖ The following percentages
  - 30% Thirty percent for the employees and members of its board of directors according to the distribution principles stipulated in the production incentives system of the Real Estate Bank/General Company No. 14 of 1999 .
  - 1% one percent for the distinguished employees of the bank according to controls set by the Bank's Board of Directors and approved by the Minister .
  - 2% Two percent transferred to the ministry to distribute incentives to the employees of the ministry.
  
- ❖ 5% for research and development
- ❖ 5% for social services for workers
- ❖ Remaining capital reserve

Fifth- The Council of Ministers may increase or decrease the percentages mentioned in items (third) and (fourth) of this article and may spend them on the companies covered by the provisions of this law and from the share of the Ministry of Finance exclusively through the profits of the companies achieved in light of the results of the activity and economic conditions.

According to Article 35 – First of the Federal Budget Law for the year 2019, 50% of the treasury's share in the profits of public companies, including the unpaid profits of previous years, shall be transferred to the public treasury before the completion of its audit from the Federal Board of Supreme Audit. Paragraph B of the said article also stipulates that 35% of the employees' share of the profits achieved in public companies shall be received in accordance with the Companies Law No. ( 22 ) of 1997 as amended before the completion of the audit from the Federal Board of Supreme Audit and the rest after the completion of the audit and administrative procedures.

The MSG has determined that the distribution of SOEs' net profits, in practice, are in accordance with the stipulations of the Law.

Article 15 (3) of Law 22 allows Iraqi SOEs to engage in partnership agreements with Arab and foreign companies, to carry out work related to the objectives of the company inside Iraq. This provision allows SOEs to participate in oil and gas licensing round contracts as state partners in the service contracts.

Article 17 of Law No. 22 of 1997 (as amended) provides that a public company may lend, or borrow funds to finance its activities from financial institutions and national public companies, under loan agreements subject to conditions to be agreed upon, given that the loans do not to exceed 50% of the company's paid up capital.

Article 18 provides that SOEs require approval from the Council of Ministers when borrowing from outside of Iraq to finance investment activities.

However, while it is permissible by Law for SOEs to obtain and grant financial loans to and from third parties, SOEs, in practice, do not directly grant or receive third party loans.



Some national oil and gas companies have published their financial statements, which we have collected and added to them the policy of publishing certificates of incorporation and financial statements in a file entitled "Financial statements for 2019 and 2020" on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>). Noting that these financial statements have not been audited by the Federal Board of Supreme Audit until the date of this report. We note that of the thirteen companies that must publish their financial statements in accordance with the policy of publishing annual financial statements, eight companies have published these financial statements for the year 2019, and as for the financial statements for the year 2020, only three companies have published these statements.

#### Partial State-owned Companies (Mixed Sector)

Basra Gas Company is the only mixed sector company operating in the extractive sector. The MSG assures that there are no other mixed sector companies that operates in the mining, oi, and gas sectors.

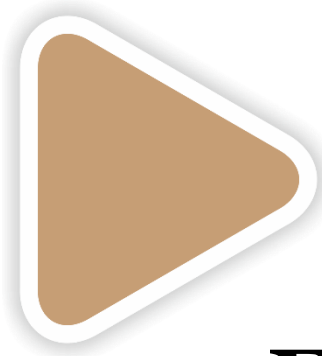
As it relates to the Basra Gas Company, its financial transactions are governed by Law No.21 of 1997 (amended).

According to Article 27 (Section 3) of Law No. 21 of 1997 (amended), the company's capital shall be allocated towards the implementation of its activities as specified in its contract, and towards the fulfillment of its obligations, and may not be allocated otherwise.

Article 73 provides that the company's net profits shall be distributed; after all legal deductions have been made, in the following manner:

- at least 5% should be withheld as a statutory reserve until the statutory reserve reaches 50% of the paid up capital. A company may continue to withhold a statutory reserve through a decision by the General Assembly, with the condition that the statutory reserve not exceed 100% of the paid up capital
- The remaining profits or part thereof shall be distributed to the members according to their shares

According to Article 77, a company may borrow by way of issuing nominal bonds in accordance with the provisions of this Law, by issuing an invitation addressed to the public. The grant underwriter is issued bonds in return for the amounts lent to the company and has the right to claim certain interest payable within specified periods and recover its value from the company's funds. These bonds are of nominal value, are negotiable and indivisible and are assigned serial numbers and must be stamped by the company. No borrowing took place during 2019 and 2020.



# Chapter Six

## ▶ Further Transparency

**We have drafted this chapter in cooperation with several parties as mentioned, in order to improve transparency in the extractive sector, as it is considered an added value to the report, which provides the citizen with a clearer picture of the extractive sector, and improves the stimulation of public discussions in this regard.**

**This chapter includes the following:**

- 1. A study on the the Extractive Industries Transparency Initiative in Iraq prepared by Civil Society representatives in the MSG (Multi-Stakeholders Group) of the IEITI**
- 2. A study prepared by the Geological Survey - Ministry of Industry and Minerals on the mining sector in Iraq**
- 3. A report prepared by the Directorate of Studies, Planning and Follow-up on the gas burned in the oil fields**
- 4. Crude oil flow**
- 5. Ownership transfer measurements until the first semester of 2022 (prepared by the Ministry of Oil - Technical Department - Meters and Ownership Transfer Measurements Section)**
- 6. Analysis of the actual exported crude oil prices in 2019 and 2020**
- 7. Financial analysis of the cost of oil licensing rounds**
- 8. Settling contractors' dues related to oil licenses**
- 9. Amounts for recruitment, training and technology transfer (Training Fund) - Article 26 of the licensing round contracts**
- 10. Debts owed by the Ministry of Electricity in relation to companies affiliated with the Ministry of Oil**



## **A study on the the Extractive Industries Transparency Initiative in Iraq prepared by Civil Society representatives in the MSG (Multi-Stakeholders Group) of the IEITI**



### **Civil society is a key partner in implementing the Extractive Industries Transparency Initiative in Iraq**

#### **Vision:**

Consolidating the principles of transparency and systematic disclosure and their importance in an important economic nerve in Iraq, which is the extractive industries.

In our search for the wealth and blessings that God has endowed to all peoples in this world, and how this wealth is managed for the good of people, we arrive at the fact that “there is no rich and poor country in the world, but there is good management of resources and bad ones that turn the wealth and economic components of their countries into a curse.” and special benefits.” And when mismanagement is linked to corruption, it will be one of the causes of people’s poverty and deterioration in development, while good management is a reason for the development of the economies of countries that once suffered from poverty. Most of the constitutions in the world indicate that wealth, such as oil and gas, is the property of the people, but it did not define a people for a specific time. Rather, it is the wealth of all the people of the state over decades and times. Thus, we are not the final heirs to all our wealth, and this requires us to be just and wise. In dealing with our wealth in a way that guarantees the right of subsequent generations to their inheritance, as we inherited it from those who preceded us, where waste and corruption in the management of wealth is a loss for the people and for all its generations. Therefore, governance, wise management and transparency in dealing with our wealth are the guarantee for the present and future of Iraq, when we increase the stock of our wealth and if we make good use of it, we will ensure a better situation for our generations in beautiful cities and environments.

Interpreting the relationship of the constitution with wealth and natural resources places the state as a trustee and not an owner, and dictates investing the profits of extractive industries in improving the environment, building infrastructure and new components of the economy instead of excessive government spending. The negative effects of the environment are minimal, so the resources will be available for future generations, with part of them being kept in the Generations Fund.

### **Extractive Industries Transparency Initiative in Iraq**

Through the relationship of peoples to their wealth and the responsibility of governments to ensure their equitable distribution, the Extractive Industries Transparency Initiative (EITI) was born. In an important sector characterized by large political and financial interests, corruption and opacity, allowing free and full civil and societal participation represented by civil society organizations can change the course of this reality, as the principles of civil society and the principles of initiative meet strongly together. This partnership requires the existence of a qualified civil society with an environment conducive to its effective work, and that all partners believe in the importance of an effective civil society contribution, as the EITI Transparency Initiative cannot succeed in performing its tasks without it.

Civil society does not represent itself alone in the public scene. Rather, it is an extension of a broad civil space that brings together influential social segments in the social and political scene. It is considered the main interface in the “government, companies, civil society” triangle in the EITI structure and in the Iraqi Initiative’s Board of Trustees; As a revealing body whose purpose is to make the files of the extractive sector available to all those interested by publishing annual reports to be discussed in the community, and it adopts media and civil awareness campaigns on combating financial and administrative corruption in the most important sector that leads the economy of Iraq and other economies of the world.

## **The required role of civil society as a full partner**

In the case of Iraq, the resources of extractive industries constitute more than 93% of its general budget, at a time when corruption is infiltrating many of its joints. Therefore, work must be done to develop basic skills in civil society and those interested in the field of extractive industries to enable them to analyze the data published by the annual initiative reports, adopting Advocacy campaigns, applying governance methods, raising awareness of the importance of optimal investment of revenues, combating corruption and others. Transparency does not end with publishing numbers on revenues, but rather it should extend to how those numbers and revenues are used to achieve social welfare. The EITI Standard of 2019 succeeded in containing a wide range of demands and policies in order to improve the governance of natural resources in line with the national objectives of the extractive industries and increase its impact on development paths. The Iraqi civil society had a vision of the importance of the national initiative and its reports and working to increase its impact in society, through;

1. Disclosing the social and living situation of the population annually (Social Reporting)
2. Disclosure of the environmental situation in the extractive industries areas, to measure pollution levels and its effects on local communities, (Environmental Reporting).
3. Budget Analyzes Reporting, and its consistency with development plans.
4. Disclosure of subnational payments such as petrodollars and the sums of development of the regions that have a direct impact on development.
5. Disclosure of social benefit payments to extractive companies.

## **Mechanisms of civil society work in the initiative**

1. Dealing with the government and companies in accordance with the civil society protocol attached to the Paris Standard 2019 for the initiative, in building a partnership that does not tend to local solutions in which organizations lose the power of influence.
2. Dealing with extractive industries revenues as a catalyst for the main sectors of the economy towards development.
3. Civil society does not represent itself only, but is part of a broader civil space, which requires the continuity of relations and communication with it, as it is the voice of the people, not the voice of the government, and the initiative does not succeed without an effective civil society and a conscious space.

Activities carried out by civil society representatives in the initiative after being elected by more than 200 civil society organizations from different parts of Iraq:

- A workshop for civil society organizations in Wasit Governorate
- Workshop for media professionals in Baghdad Governorate
- In addition to participation in civil society activities during which the spotlight is shed on the initiative's work and its importance.

It also seeks to establish and officially register a network of civil society organizations that support transparency and aim to unify the efforts of civil society and the media in support of the Extractive Industries Transparency Initiative in Iraq.

## **Conclusion**

We have to make the Iraqi initiative for transparency in extractive industries and its annual reports an indicator through which we identify the sites of defects in development, indicate the sites of waste and corruption in the collection of revenues, present proposals to improve development and the right of generations to it, correct the paths of the national economy and diversify it in order to achieve the vision of civil society and the goals of the EITI together in bringing our people to advanced levels of social welfare, and benefiting from the experiences of peoples who preceded us in this field, as did Norway, Australia, Russia and others.

## A study prepared by Iraq Geological Survey

### The activity of the commission can be summarized as follows:

1. Conducting geological surveys, mineral exploration, geophysical, geochemical, geoenvironmental, hydrogeological studies and land uses for the public and private sectors.
2. Documenting geological, mineral, hydrogeological, geophysical and geochemical information and data, and all data obtained by the Commission from the implementation of its projects.
3. Promote mineral investment and the mining industry in Iraq by displaying and disseminating data and information on mineral wealth.
4. Conducting all laboratory tests and analyzes in the field of specialization to enhance its projects and scientific services provided by the Authority to its beneficiaries.
5. Scientific research to develop Iraqi mineral ores and industrial rocks and improve their specifications to suit the requirements of the mining industry and the uses of mineral wealth in all industrial fields.
6. Assigning and supporting the Iraqi regions and governorates that are not connected to a region to achieve a better understanding of their mineral resources and the possibilities of establishing mining industries within their geographical borders.
7. The Commission may implement projects in its competence outside Iraq under contracts with the beneficiaries or to serve international cooperation programs approved by the federal government with countries of the world and through a special system for geological work outside Iraq after obtaining the approval of the Ministry.
8. Commitment to the requirements of total quality management in all aspects of its work and work to continuously develop its methods of work to keep pace with global modernity in the field of specialization.



### Obstacles:

There are some fiscal and legislative obstacles that by overcoming them could improve the exploration and mining activity in Iraq. In this regard, Iraq Geological Survey and the formations with mining activity are in contact with the relevant ministries in order to overcome these obstacles for the optimal investment of mineral wealth.

### Recommendations for the proposed immediate solutions (short-term):

In light of the current trend, which includes maximizing the state's financial resources, Iraq Geological Survey is proceeding with several measures, including:

In light of the current trend, which includes maximizing the state's financial resources, and not relying entirely on central funding from the Ministry of Finance. The Commission is proceeding with several ventures, including:

**First:** Encouraging investors from all sectors to develop sites in which there are mineral evidence that they wish to invest and allocate to them according to the nature of the material invested. The development of this work is at the expense of the beneficiary, whose results are reflected in supporting the national economy, providing job opportunities for the hands of the currency, and supporting and developing the local national industry, while providing several benefits to the authority, including maximizing the state's resources generated through the costs of implementing these projects in addition to increasing the authority's database through reports Completed and carrying valuable information, as well as not charging these works to the

investment plan account. Note that all the above procedures are carried out according to the applicable controls and contexts, and they include the allocation of quarrying materials rather than mining.

**Second:** Holding seminars and introductory workshops that explain the possibility of the organization and promoting it in order to expand the field of work of the organization with all the ministries of the state, which are directly related to the sciences of geology and mineral wealth.

**Third:** Organizing introductory seminars and workshops in all governorates, introducing them to the mineral evidence and the geological nature of their governorates, and encouraging them to allocate part of their budgets to make mineral maps that will be used in developing a future vision for the governorate in coordination with the Iraqi Geological Survey.

**Fourth:** Urging the local authorities in the governorates to increase efforts by the executive authority to follow up on the investment of mineral resources in their governorates and limit abuses of mineral wealth by organizing fundamentalist contracts (the process of monitoring and supervision is complementary between our authority and the local authorities in the governorates).

**Fifth:** Promoting investment opportunities in the media intensively and using modern media methods.

**Sixth:** Expanding the concepts and activity of mineral investment and preparing studies in this field.

**Seventh:** Coordination and cooperation with the authorities concerned with geology sciences and the mining sector for Arab and international mineral wealth in order to exchange visions and strategies using remote communication techniques.

**Eighth:** Scientific cooperation with Iraqi and foreign universities in the field of specialized research that provides the Commission with important geological information to be added to the Commission's balance.

**Ninth:** Holding internal courses for new recruits in order to increase their skills, which do not cost the commission any money. With the development of the skills of the employees of the authority in a manner that ensures that all cases of staff shortage in all specialized fields are contained through development studies and participation in conferences, scientific seminars and training courses inside or outside Iraq in addition to the workshops carried out by the authority relying on the self-efforts, competencies and experienced persons from the advanced cadre of the authority .

**Tenth:** Urging the members of the organization to try to obtain study fellowships outside Iraq and at the expense of donors in rare specializations that serve the work of the organization and develop its capabilities.

**Eleventh:** Developing the work of the regional offices to meet the requirements of the governorates in providing geological advice in securing mineral resources for the various industries in the governorates and regions in a way that achieves an effective presence for the Commission in local and regional governments and in all its specializations, especially the mineral investment activity, and granting it broad powers to practice its work.

**Twelfth:** Developing the information technology activity to include all departments of the Commission and its regional offices, and updating and maintaining the national network of geological and mineral information.

**Thirteenth:** Developing work with occupational safety standards and criteria in all the activities of the Authority and its field teams.

**Fourteenth:** Maintaining and developing laboratory equipment periodically and developing the cadres working on this equipment for the permanence of work.

## **A report prepared by Ministry of Oil - Studies, Planning and Follow-up Directorate on the gas burned in the oil fields**

### **Reasons for inoperability of flared gas and future plans**

#### **First - burnt investable gas:**

One of the most important causes of burning this gas is often emergency conditions such as stopping the production units, stopping the compressors, high network pressure and other operational matters. The quantities burned for this gas vary from month to month, but in total, these quantities are few compared to the non-investable burned gas.

#### **Second: Non-investable flared gas:**

Which constitutes the vast majority of the gas burned in Iraq due to the lack of the necessary infrastructure to process and invest it. The Ministry of Oil has set plans to maximize the investment of burned gas among its priorities at this stage and is working seriously by implementing these plans to reduce gas flaring in all fields and fields of the southern region in a way It has special commitments with international organizations in this regard through Iraq's membership within the World Bank's initiative to prevent gas flaring by 2030. We also list below the Ministry's projects under implementation and future plans for investing flared gas:

- ❖ The new Basra gas complex project with a capacity of 400 million cubic meters per day in two phases, 200 cubic meters per day for each stage, with a high completion rate (68%), as the first stage will be launched in the first quarter of 2023 and the second stage at the end of 2023 or the beginning of 2024, which aims to invest in gas Burned fields from Rumaila, Zubair and West Qurna 2.
- ❖ Halfaya gas complex project, with a capacity of 300 cubic meters per day, with a completion rate of more than 50%, which will be launched in the first half of 2023 and aims to invest gas burned from the Halfaya field and the national effort fields in Missan Governorate.
- ❖ The Nasiriyah and Gharraf gas complex project, with a capacity of 200 million cubic centimeters per day, with a 30% completion rate, which will be launched in 2023 and aims to invest gas burned from the fields of Nasiriyah and Al-Gharf.
- ❖ The Artawi Central Complex project with a capacity of 300 million cubic meters per day in the first phase and up to 600 million cubic meters per day in the second phase, where a contract was signed with the French Total Company, which aims to invest gas burned from the fields of West Qurna 2, Majnoon, Artawi, Toba, Al-Sabbah and Al-Lhais. It is expected that It will be launched in the year 2025-2026.
- ❖ Quick projects such as Gas to Power and GTL are under negotiation with international companies to invest flared gas in some small fields or in large fields until the completion of the planned gas complexes.



## Crude Oil Flow

Oil produced in Iraq is used for domestic consumption (for refineries and electricity), and for export. Basra Oil Company receives the crude oil produced by Midland Oil Company, Missan Oil Company and the Thi Qar Oil Company. The crude oil is transferred to the national oil companies for the following reasons:

- Crude oil is transferred to the national oil companies that control export ports such as the Basra port located in Basra.
- The production of some national extractive companies is not enough for the local consumption of its provinces; thus, they receive crude oil from other companies to cover this shortage.

The following tables present the crude oil flowing quantities related to the five national oil companies separately for the years 2019 and 2020.

<b>North Oil Company</b>			
<b>2019</b>		<b>2020</b>	
<b>clause</b>	<b>Total (Barrel)</b>		<b>Total (Barrel)</b>
<b>Balance at the beginning of the year</b>	<b>2,053,703</b>		<b>2,228,104</b>
<b>Crude oil production</b>	<b>126,061,964</b>		<b>107,923,167</b>
<b>Surplus Received + Caseolin</b>	<b>871,893</b>		<b>401,321</b>
<b>Quantities available for use</b>	<b>128,987,560</b>		<b>110,552,592</b>
<b>discharge</b>			
<b>refineries</b>	<b>82,110,648</b>		<b>70,475,545</b>
<b>Supplied to Qayyarah gas power station</b>	<b>0</b>		<b>5,326</b>
<b>Supply to the central oil tanks station / k2 tube + from the June 1 warehouse</b>	<b>1,744,715</b>		<b>0</b>
<b>Crude oil pulled from the 30 knot line and offloaded into the Bajuan boat</b>	<b>0</b>		<b>647</b>
<b>Amounts withdrawn from the leaching site in the Lacon basin</b>	<b>0</b>		<b>2,852</b>
<b>Export:</b>	<b>42,380,204</b>		<b>37,375,305</b>
Exporting to Jordan from Al-Samoud Refinery	1,215,450		2,265,093
Download to Khor Al Zubair	7,663,863		0
pump from Saralo station to Ceyhan through the region's pipeline system	33,500,891		34,492,318
Loading from Qayyarah station to the southern port	0		617,894
<b>Loss</b>	<b>463,177</b>		<b>92,633</b>
<b>Other</b>	<b>60,712</b>		<b>103,341</b>
<b>total discharge</b>	<b>126,759,456</b>		<b>108,055,649</b>
<b>Balance at the end of the year</b>	<b>2,228,104</b>		<b>2,496,943</b>



<b>Midland Oil Company</b>			
<b>2019</b>			<b>2020</b>
<b>clause</b>		<b>Total (Barrel)</b>	<b>Total (Barrel)</b>
<b>Balance at the beginning of the year</b>		<b>523,279</b>	<b>479,774</b>
<b>Crude oil production</b>		<b>56,713,066</b>	<b>43,647,829</b>
<b>Quantities received from Kirkuk:</b>		<b>1,740,267</b>	<b>58</b>
with basins	526		0
via K2 . line	1,739,741		58
<b>Quantities available for use</b>		<b>58,976,612</b>	<b>44,127,661</b>
<b>discharge</b>			
<b>Pumped from Badra field to the strategic line (transfer to Basra Oil Company)</b>		<b>21,563,439</b>	<b>16,222,684</b>
<b>Refineries (Dora Refinery)</b>		<b>2,833,076</b>	<b>3,314,592</b>
<b>Power stations</b>		<b>20,764,736</b>	<b>19,723,511</b>
<b>Other</b>		<b>37,433</b>	<b>3,233</b>
<b>Export from Al-Toba warehouse (transferred to Basra Oil Company)</b>		<b>13,298,154</b>	<b>4,321,576</b>
<b>total discharge</b>		<b>58,496,838</b>	<b>43,585,596</b>
<b>Balance at the end of the year</b>		<b>479,774</b>	<b>542,065</b>

<b>Missan Oil Company</b>			
<b>2019</b>			<b>2020</b>
<b>clause</b>		<b>Total (Barrel)</b>	<b>Total (Barrel)</b>
<b>Balance at the beginning of the year</b>		<b>961,401</b>	<b>599,010</b>
<b>Crude oil production</b>		<b>229,102,600</b>	<b>154,553,995</b>
<b>Surpluses received from Missan Refinery</b>		<b>1,674,138</b>	<b>848,371</b>
<b>Quantities available for use</b>		<b>231,738,139</b>	<b>156,001,376</b>
<b>discharge</b>			
<b>Missan refinery</b>		<b>8,722,893</b>	<b>5,477,834</b>
<b>power stations:</b>		<b>2,925,857</b>	<b>469,542</b>
Al Hartha Station	2,105,938		271,067
Najibiya station	819,919		198,475
<b>Supplies to the southern ports</b>		<b>219,442,327</b>	<b>148,581,348</b>
<b>Other</b>		<b>48,052</b>	<b>0</b>
<b>total discharge</b>		<b>231,139,129</b>	<b>154,528,724</b>
<b>Balance at the end of the year</b>		<b>599,010</b>	<b>1,472,652</b>



<b>Thi Qar Oil Company</b>			
<b>2019</b>		<b>2020</b>	
<b>clause</b>	<b>Total (Barrel)</b>		<b>Total (Barrel)</b>
<b>Balance at the beginning of the year</b>	<b>0</b>		<b>0</b>
<b>Crude oil production</b>	<b>67,805,172</b>		<b>36,717,559</b>
<b>Quantities available for use</b>	<b>67,805,172</b>		<b>36,717,559</b>
<b>discharge</b>			
<b>Strategic line (internal consumption)</b>	<b>23,924,131</b>		<b>20,819,289</b>
<b>Export</b>	<b>43,881,041</b>		<b>15,898,270</b>
<b>total discharge</b>	<b>67,805,172</b>		<b>36,717,559</b>
<b>Balance at the end of the year</b>	<b>0</b>		<b>0</b>

<b>Basra Oil Company</b>			
<b>2019</b>		<b>2020</b>	
<b>clause</b>	<b>Total (Barrel)</b>		<b>Total (Barrel)</b>
<b>Balance at the beginning of the year</b>	<b>53,000,463</b>		<b>50,620,524</b>
<b>Crude oil production</b>	<b>1,085,482,873</b>		<b>1,00,000,739,902</b>
<b>Surplus returned from Basra refinery</b>	<b>483,077</b>		<b>253,378</b>
<b>Condensates received from Siba field</b>	<b>2,364,835</b>		<b>5,062,841</b>
<b>Quantities received from Missan Oil Company</b>	<b>222,299,041</b>		<b>149,120,033</b>
<b>Quantities received from the Midland Oil Company</b>	<b>34,861,593</b>		<b>20,544,260</b>
<b>Quantities received from Thi Qar Oil Company</b>	<b>67,805,172</b>		<b>36,717,559</b>
<b>Quantities available for use</b>	<b>1,466,297,054</b>		<b>1,263,058,497</b>
<b>discharge</b>			
<b>Refineries</b>	<b>141,256,811</b>		<b>121,717,994</b>
<b>Electricity</b>	<b>29,461,731</b>		<b>29,183,109</b>
<b>Export</b>	<b>1,244,957,988</b>		<b>1,060,454,029</b>
<b>Other</b>	<b>0</b>		<b>13,000</b>
<b>total discharge</b>	<b>1,415,676,530</b>		<b>1,211,368,132</b>
<b>Balance at the end of the year</b>	<b>50,620,524</b>		<b>51,690,365</b>



## Ownership Transfer Meters up to the Second Quarter of Year 2022

### An Overview of the Meters Installed in The Oil Sector at Export terminals

#### Basra and Khor Al-Amaya oil ports

First - There are (24) meters systems in Basra port and (12) in Al-Amaya port (currently suspended due to maintenance work on the marine pipeline) that are periodically calibrated and have valid calibration certificates validated by the global inspecting company (Intertek) in accordance with international standards.



Second - In addition to the above, the inspecting company carries out calibration work and issuance of certificates for meters and calibration equipment and supervises loading and auditing the quantities issued through the meters and approving them and shipping documents, including those of the quantitative and quantitative measurements.

#### Single-point mooring (SPM) and central metering and management platform (CMMP)

Tanker measurements are approved according to (CH.17) of the Measurement and Calibration System and its reference specifications (API-MPMS) in the calculation of quantities and under the supervision of a global inspection company (Intertek), noting that the central and management platform (CMMP) have (20) meters whose main meters have been calibrated (MASTERS) in specialized international laboratories by the Oil Marketing Company (SOMO) in agreement with the inspection company (Intertek).

#### Ceyhan Turkish port

Two platforms are available to export crude oil received from the Kirkuk fields and each with (9) meters and the existence of calibration equipment through which a calibration of meters takes place periodically and in accordance with international standards adopted, and the crude oil quantities are adopted according to the approval of the global inspection company (Intertek).

The following table shows the achievement percentages of the oil companies affiliated with the Ministry of Oil in the field of property transfer measurements until the second semester of 2020:

No.	Companies	Total Planned	Results until the end of the second semester / 2020	
			Total Implimented	Total achievement rate(%)
1	North Oil Company	194	148	%76
2	Midland Oli Company	32	126	%394
3	Basra Oil Company	183	224	%122
4	Missan Oil Company	73	80	%110
5	Thi-Qar Oil Company	67	53	%79
6	North Refineries Company	247	181	%73
7	Midland Refineries Company	592	612	%103
8	South Refineries Company	137	159	%116
9	North Gas Company	74	79	%107



No.	Companies	Total Planned	Results until the end of the second semester / 2020	
			Total Implimented	Total achievement rate(%)
10	South Gas Company	20	61	%305
11	Oil Pipelines Company	448	864	%193
12	Oil Products Distribution Company	2,992	2,873	%96
13	Gas Filling Company	49	113	%231
<b>Total</b>		<b>5,108</b>	<b>5,573</b>	<b>%109</b>

## Analysis of Actual Crude Oil Prices in 2019 and 2020

SOMO applies on the official selling price (OSP) for export sales of crude oil to enhance transparency when dealing with buyers, and to avoid buyers' negotiations over the price by unifying the price of crude oil for all buyers in each market separately.

General crude oil price equation:  $OSP +(-) D +(-) API +(-) F$

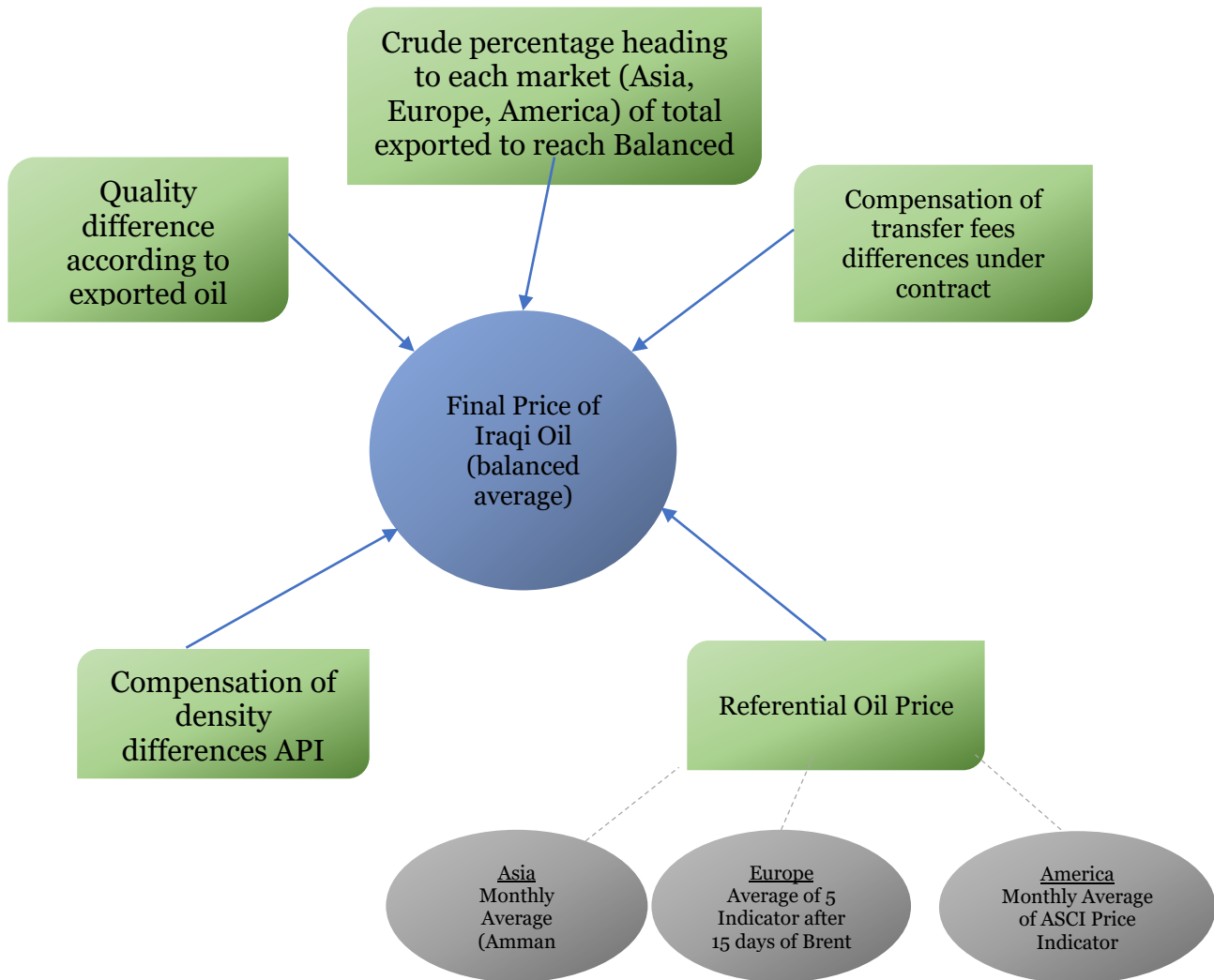
OSP: Average reference oil price (according to international price lists, by destination)

D: Refers to price differences that are calculated on a monthly basis

API: refers to the price difference for density fluctuations (API Gravity) between contract specifications and the actual shipment

F: represents the shipping frequency (according to international daily bulletins)

### Factors of pricing Iraqi crude oil



OPEC (Organization of Petroleum Exporting Countries) reference basket (ORB), also referred to as the OPEC basket, is a weighted average of oil prices produced by OPEC members, as it is used as an important benchmark for crude oil prices.

According to the Statistical Report of the Petroleum Exporting Countries (OPEC) for the year 2021, which is related to the analysis of data for the year 2020, where we obtained from it the annual rates of oil prices over a period of 12 months for each of the years 2019 and 2020 according to the exporting markets, as it was compared with the actual price of the sale of Iraqi oil:

destination oil	Duration	2019			2020		
		Actual average selling price per barrel according to SOMO records in US Dollar	Average price per barrel, according to OPEC in US Dollar	Difference in US Dollar	Actual average selling price per barrel according to SOMO records in US Dollar	Average price per barrel, according to OPEC in US Dollar	Difference in US Dollar
Brent (Europe) ICE Brent	12months	59.27	61.19	<b>1.92-</b>	32.98	46.2	<b>13.22-</b>
West Texas (North America) NYMEX WTI	12months	58.78	55.47	<b>3.31</b>	41.6	42.71	<b>1.11-</b>
Dubai - Oman (Far East) DME Oman	12months	62.1	59.68	<b>2.42</b>	39.21	45.54	<b>6.33-</b>

## Analysis of Demurrage Related to Crude Oil Exporting Process

Sometimes (during the process of exporting crude oil) there is a delay in loading tankers at the export ports due to a number of factors, the most important of which are:

- Effects of natural factors
- The discrepancy between the monthly production plan reported to the Oil Marketing Company by the Technical Department of the Ministry of Oil and the quantities actually exported. As this discrepancy between the planned and actual causes the Oil Marketing Company to plan schedules for loading that take into account the increases that may occur in an uncalculated manner in order to ensure the continuity of the process is smooth.
- Frequent power outages, which have an impact on either export or production rates.
- Failure or delay in the arrival of one of the carriers included in the loading programs.



And there is a delay in the process of calculating the demurrages resulting from natural or unnatural factors that lasts for several months. As a delay appears in the issuance of credit notes in favor of crude oil buyers resulting from the realized demurrages, which leads to the payment of demurrages (by reducing the amount of the shipment list) to the concerned buying company in later periods for because of such delay. Therefore, we have analyzed these demurrages between the year of their occurrence and the time of their payment, as shown in the table below, where it was observed that the amounts of these demurrages decreased in 2020 compared to 2019.

Year	Total Crude Oil Exports (Barrel)	Total Oil Demurrages During the Year (USD)	Average of Actual Demurrage Amount per Barrel of Crude Oil Exported (USD)	Total Paid (deducted) Demurrages During the Year (USD) *	Average Deducted Demurrage Amount per Barrel of Exported Crude Oil (USD)
<b>2019</b>	1,287,196,279	10,832,931	<b>0.01</b>	38,043,361	<b>0.03</b>
<b>2020</b>	1,096,345,834	3,691,808	<b>0.003</b>	17,168,359	<b>0.02</b>

\* The deducted amount differs from the deducted amount in the audit report of the Development Fund for Iraq (and the subsequent account), because the quantities of crude oil lifted by international companies operating in Iraq (for payment of their dues) were not included in the mentioned audit report.



## Financial Analysis of Petroleum Licensing Rounds

As mentioned in the oil licensing rounds in the context of this report, the following table shows what was spent in order to increase the production of crude oil and gas and the financial percentages related to it.

Clause	Description	2019	2020
1	Total production of all fields of licensing rounds (oil + gas for the Badra field) (barrels)	1,352,207,794	1,302,749,318
2	Net production (oil only) (barrels) (Clause 4 + 5 - 3)	1,337,866,754	1,176,328,306
3	Total gas production from Badrah field (barrel equivalent )	2,773,465	2,015,421
4	Primary production of first-round fields (barrels)	300,672,943	281,835,680
5	The increase in production (oil + gas of Badra field) (barrel)	1,039,967,276	896,508,048
6	Total Revenue (US\$)	81,885,019,745	45,144,858,812
7	Revenue from the increase in production only (US dollars)	63,469,402,303	34,324,171,209
A	Total Petroleum and Supplementary costs (US dollars) (Clause B + C)	8,549,458,330	6,078,451,997
B	Petroleum costs (US dollars)	8,208,030,948	5,812,067,325
C	Supplementary costs (US dollars)	341,427,381	266,384,672
D	Total Remuneration Fees (US Dollars)	1,935,402,898	1,681,581,321
E	State Partner Remuneration Fees (US dollars)	221,227,617	178,470,908
F	Basra Oil Company Remuneration Fees (US dollars)	79,085,692	78,279,015
G	Al-Ahdab field Remuneration Fees (contractor's share) (US dollars)	129,770,562	91,132,823
H	Taxable net Remuneration Fees (US Dollars) (Clauses D - E - F - G)	1,505,319,027	1,333,698,575
I	Total Tax Amount (US Dollars) (Clause J + K)	572,281,356	498,690,990
J	Tax due to the General Commission for Taxes (US Dollars)	526,861,659	466,794,501



Clause	Description	2019	2020
K	Tax due on the Remuneration fees of Al- Ahdab field contractor (US dollars)	45,419,697	31,896,488
L	Foreign Contractor's Net Remuneration Fees after Tax (US Dollars) (Collected) (Clause G + H - J)	1,108,227,930	958,036,897
M	Total financial dues for costs and remuneration paid to contracting companies (dollars) (Clause A + L - amounts paid as costs to the state partner in Al-Ahdab 105,241,508 US dollars in year 2019 and 77,813,154 US dollars in year 2020) (US dollars)	9,552,444,752	6,958,675,741
Ratio of total receivables paid to companies to the financial returns from total production (Clause M / Clause 6)		%12	%15
Ratio of financial returns from the increase in production to financial returns from total production (Clause 7 / Clause 6)		%78	%76
Ratio of the profitability of foreign contractors to the financial returns of total production (Clause L / Clause 6)		%1	%2

As shown in the above table, the ratio of total receivables paid to companies to financial returns from total production has increased from 12% in 2019 and 15% in 2020, due to the decrease in the price of crude oil in global markets during 2020 compared to 2019, This is as one of the effects of the Covid-19 pandemic, while the rate of decline in production costs was less than the rate of decline in the price of crude oil (the financial returns accordingly).

## Settling Contractors' Dues Related to Petroleum Licenses

Since the payment of the dues of the contractors holding petroleum licenses is done through crude oil, which is loaded through the Oil Marketing Company, the following table shows (according to the records of the Oil Marketing Company) what has been paid to these contractors since the beginning of the licensing rounds until the last week of May 2022, Where the high rate of repayment of these dues is noted.

Field	Contractor	Total Contractor Dues (US Dollars)	Total Settlement to the Contractor (US dollars)	Remaining Balance (USD)	Contractor Settlement Rate	Highest Average Price per barrel (US Dollars)	Remaining quantity in barrels
Rumaila	BP and PetroChina	27,201,895,095	27,243,337,081	- 41,441,986	%100.15	109	380,202-
	<b>field total</b>	<b>27,201,895,095</b>	<b>27,243,337,081</b>	<b>-</b> <b>41,441,986</b>	<b>100.15%</b>	<b>109</b>	<b>-</b> <b>380,202</b>
Zubair(*)	Eni	7,052,602,506	7,039,517,066	13,085,440	%99.81	109	120,050
	Basra Oil Company	2,348,742,597	2,354,571,299	5,828,702-	%100.25	109	53,474-
	Kogas	3,995,441,546	3,980,696,224	14,745,322	%99.63	109	135,278
	<b>field total</b>	<b>13,396,786,649</b>	<b>13,374,784,589</b>	<b>22,002,060</b>	<b>%99.84</b>	<b>109</b>	<b>201,854</b>
West Qurna 1	ExxonMobil	4,009,521,316	3,999,310,078	10,211,239	%99.75	109	93,681
	PetroChina	2,359,754,766	2,345,538,306	14,216,460	%99.40	109	130,426
	Pertamina	728,950,414	701,110,608	27,839,806	%96.18	109	255,411
	Itochu	557,308,193	361,768,057	195,540,137	%64.91	109	1,793,946
	<b>field total</b>	<b>7,655,534,690</b>	<b>7,407,727,049</b>	<b>247,807,642</b>	<b>%96.76</b>	<b>109</b>	<b>2,273,465</b>
Halfaya	PetroChina	5,736,251,335	5,729,379,223	6,872,112	%99.88	109	63,047
	Petronas	2,868,854,569	2,865,730,080	3,124,490	%99.89	109	28,665
	Total	2,868,800,723	2,868,266,100	534,623	%99.98	109	4,905
	<b>field total</b>	<b>11,473,906,628</b>	<b>11,463,375,403</b>	<b>10,531,225</b>	<b>%99.91</b>	<b>109</b>	<b>96,617</b>
Ahdab	Al Waha	7,333,565,682	7,329,298,166	4,267,516	%99.94	109	39,152
	<b>field total</b>	<b>7,333,565,682</b>	<b>7,329,298,166</b>	<b>4,267,516</b>	<b>%99.94</b>	<b>109</b>	<b>39,152</b>
East Baghdad	Zhenhua	585,280,808	420,548,809	164,731,999	%71.85	109	1,511,303
	<b>field total</b>	<b>585,280,808</b>	<b>420,548,809</b>	<b>164,731,999</b>	<b>%71.85</b>	<b>109</b>	<b>1,511,303</b>
Missan Fields	CNOOC	5,081,931,606	5,063,783,259	18,148,347	%99.64	109	166,499
	TPAO	307,656,394	307,648,491	7,903	%100.00	109	73
	<b>field total</b>	<b>5,389,588,000</b>	<b>5,371,431,750</b>	<b>18,156,250</b>	<b>%99.66</b>	<b>109</b>	<b>166,571</b>
Garraf	Petronas	3,519,192,112	3,512,781,971	6,410,141	%99.82	109	58,809
	Japex	2,345,116,984	2,102,855,380	242,261,604	%89.67	109	2,222,584
	<b>field total</b>	<b>5,864,309,096</b>	<b>5,615,637,351</b>	<b>248,671,745</b>	<b>%95.76</b>	<b>109</b>	<b>2,281,392</b>





Field	Contractor	Total Contractor Dues (US Dollars)	Total Settlement to the Contractor (US dollars)	Remaining Balance (USD)	Contractor Settlement Rate	Highest Average Price per barrel (US Dollars)	Remaining quantity in barrels
Majnoon <sup>(*)</sup>	Basra Oil Company	3,843,286,264	2,460,420,962	1,382,865,303	%64.02	109	12,686,838
	<b>field total</b>	<b>3,843,286,264</b>	<b>2,460,420,962</b>	<b>1,382,865,303</b>	<b>%64.02</b>	<b>109</b>	<b>12,686,838</b>
West Qurna 2	LUKOIL	11,184,621,582	11,186,966,978	2,345,397-	%100.02	109	21,517-
	<b>field total</b>	<b>11,184,621,582</b>	<b>11,186,966,978</b>	<b>-</b>	<b>100.02%</b>	<b>109</b>	<b>21,517-</b>
Badra h	Gazprom	1,694,526,651	1,598,712,278	95,814,373	%94.35	109	879,031
	Petronas	846,472,309	833,810,630	12,661,679	%98.50	109	116,162
	TPAO	95,529,888	95,434,731	95,157	%99.90	109	873
	Kogas	1,270,286,606	1,204,713,979	65,572,627	%94.84	109	601,584
	<b>field total</b>	<b>3,906,815,454</b>	<b>3,732,671,619</b>	<b>174,143,836</b>	<b>%95.54</b>	<b>109</b>	<b>1,597,650</b>
Block 9 (Al-Fayha a)	Kuwait Energy	435,477,876	411,726,208	23,751,667	%94.55	109	217,905
	Dragon oil	333,108,194	299,871,737	33,236,457	%90.02	109	304,922
	Egyptian General Petroleum Corporation	132,293,025	155,602,282	-	%117.62	109	213,846-
	<b>field total</b>	<b>900,879,095</b>	<b>867,200,228</b>	<b>33,678,867</b>	<b>%96.26</b>	<b>109</b>	<b>308,980</b>
Siba	TPAO	260,750,495	253,604,464	7,146,031	%97.26	109	65,560
	Tibau	208,313,374	208,233,717	79,656	%99.96	109	731
	Egyptian General Petroleum Corporation	130,375,247	77,508,803	52,866,444	%59.45	109	485,013
	<b>field total</b>	<b>599,439,116</b>	<b>539,346,984</b>	<b>60,092,132</b>	<b>%89.98</b>	<b>109</b>	<b>551,304</b>
Qayara	Sonangol	225,970,819	247,358,426	-	%109.46	109	196,217-
	<b>field total</b>	<b>225,970,819</b>	<b>247,358,426</b>	<b>21,387,608</b>	<b>109.46%</b>	<b>109</b>	<b>196,217-</b>
<b>Total fields</b>		<b>99,561,878,978</b>	<b>97,260,105,395</b>	<b>2,301,773,583</b>	<b>%97.69</b>	<b>109</b>	<b>21,117,189</b>

(\*) It does not include Occidental, which withdrew from the field in year 2017 and was replaced by the Basra Oil Company.

(\*\*) Does not include Shell and Petronas companies, which withdrew from the field in year 2018, and was replaced by the Basra Oil Company as an operator within the national effort, but is treated as licensing round companies

## Amounts for Recruitment, Training and Technology Transfer (Training Fund) - Article 26 of the Licensing Round Contracts

During our work in analyzing the disbursement of amounts related to recruitment, training and technology transfer (Training Fund) - Article 26 of the licensing round contracts, we noticed that the Petroleum Contracts and Licensing Directorates (PCLD) had deducted the accumulated undisbursed amounts from the total dues of the licensing round companies related to the second quarter of 2018. The PCLD explained the reasons for this deduction are as follows:

- 1) These amounts are considered non-refundable costs as stipulated in the service contracts, and they must be exhausted annually, as allocated in the annual budgets.
- 2) The accumulation of the amounts allocated for training since the activation of the service contracts until the second quarter of 2018, and the non-spending of them.
- 3) The companies remuneration fees were built mainly on several factors, and among these factors are the non-refundable costs (training costs), and the companies' continuation of not spending these amounts is considered a breach of their contractual obligations.

The above-mentioned deduction was made according to the approval of the Minister of Oil at the time on April 25, 2018, where the decision can be viewed in a file called "Decision to deduct the amounts of Article 26 (April 2018)" located on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

The following table shows the accumulated amounts that were deducted in the second quarter of 2018 from the dues for the licensing rounds contracts:

Field Name	Deducted Amount (USD)
Rumaila	24,444,500
Zubair	28,280,043
West Qurna 1	25,068,345
Missan Fields	23,699,519
Halfaya	30,716,749
Gharaf	23,724,575
West Qurna 2	17,759,849
Badra	27,600,665
<b>Total Amount</b>	<b>201,294,245</b>

When these amounts were deducted in the second quarter of 2018, and were kept in the allocation funded by the Ministry of Finance. At the end of the fiscal year 2018, the amounts accumulated in the allocation were settled, as these amounts were returned to the state's public treasury.

## Debts Owed by the Ministry of Electricity in Favor of Companies Affiliated with Ministry of Oil

The Ministry of Electricity owes the companies affiliated with the Ministry of Oil money for the fees of supplying electric power with crude oil and petroleum products, as these debts accumulated until they reached at the end of 2021 an amount of more than 15 Billion United States Dollars.

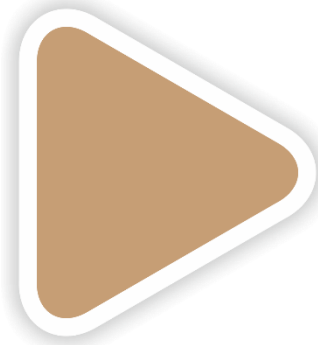
Executive Order No. 22 of 2021 was issued on February 10, 2021 (based on Cabinet Resolution No. 1 of 2021), to form a committee that includes the concerned authorities to deal with these debts and find solutions to them. To this date, the matter has not been decided upon.

The following table elaborate the details of this debt:

Year	Petroleum Products Distribution Company (in Iraqi Dinars)	Oil Pipelines Company (in Iraqi Dinars)	Midland Oil Company (in Iraqi dinars)	Missan Oil Company (in Iraqi dinars)	Total Amount (in Iraqi Dinars)	Net amount (in US Dollars) (1,182 dinars to 1 Dollar)
2019	2,371,268,283,813	980,339,211,243	25,321,112,000	33,757,816,382	3,410,686,423,438	2,885,521,509
2020	1,267,280,742,531	970,299,954,618	20,874,312,000	31,345,249,150	2,289,800,258,299	1,937,225,261
Total Amount (in Iraqi Dinars)	3,638,549,026,344	1,950,639,165,861	46,195,424,000	65,103,065,532	5,700,486,681,737	4,822,746,770

In addition to the above, the following table present the outstanding accumulated amount from the Ministry of Electricity until December 31, 2021 as follows:

Ministry of Oil Entity	Oustanding Accumulated Amount due from Ministry of Electricity until 31 December 2021 (Iraqi Dinar)	Oustanding Accumulated Amount due from Ministry of Electricity until 31 December 2021 (US Dollar) (1,450 Iraqi Dinars for each 1 US Dollar)
Products Distribution Company Petroleum	14,300,659,618,853	9,862,523,875
Pipelines Company Oil	6,729,179,852,252	4,640,813,691
Oil Company Midland	1,425,290,144,494	982,958,720
Missan Oil Company	372,835,905,214	257,128,210
<b>Total</b>	<b>22,827,965,520,813</b>	<b>15,743,424,497</b>



# **Chapter Seven**

## **▶ Indications and Recommendations**



## Recommendations arising from EITI implementation

### **7-1 General Discussions**

The MSG has held several activities to publish the annual initiative reports in addition to enhancing awareness among the wider community, by publishing the annual reports on its website and distributing printed and electronic reports (memory cards) to the community, in addition to the activities of civil society representatives in the MSG by conducting several workshops in several Iraqi governorates. This played an important role in enriching public discussions and spreading transparency about the extractive sector on a larger scale.

### **7-2 Open Data**

The Oil Marketing Company (SOMO), represented on the MSG, publishes the details of its exports of crude oil and its products periodically on its website (<https://somoil.gov.iq/exports>), and the IEITI has published an open data policy, where it can be viewed. It is available on the IEITI website - Reports and Publications - Annual Report - 2019-2020 Annual Report Appendices (<https://ieiti.org.iq/ar/details/1235/2019-2020-annual-reports-appendices>).

### **7-3 Conclusions and Recommendations**

#### **1- Non-compliance of some state-owned companies in the extractive sector to pay the treasury share to the Ministry of Finance**

##### **Conclusion**

The share of the state's public treasury at the rate of (45%) of the net profits of public companies that can be distributed is calculated in accordance with the law of Public Companies No. 22 of year 1997 (Amended). These amounts are deposited by those companies at the Ministry of Finance /Accounting Department, which is recorded within the creditors' account until it is paid and is carried forward and does not fall until it is paid, bearing in mind that the Financial Statements of these companies have not been audited to date by the Federal Board of Supreme Audit so that related companies can pay of what they owed from those profits. For the purpose of enhancing the cash liquidity of the public treasury, the General Federal Budget Law for the year 2019 (Article 35 - First) stipulated that the relevant companies pay the percentage of (50%) of the share achieved before the audit of the Federal Board of Supreme Audit.

Some of state-owned companies in the extractive sector did not pay the 50% of the treasury prior the audit of the Board in violation of the provisions of the Federal Budget Law for the year 2019 .

##### **Recommendation**

Follow-up by the Ministry of Finance with all state-owned companies to pay 50% of the realized treasury share, even if it was not audited, in accordance with the provisions of the General Federal Budget Law for the year 2019 (and the year 2021 later on).

#### **2- Deduction of Employment, Training and Technology Transfer (Article 26 of the petroleum licensing rounds contracts) and transferring them to the state treasury instead of disbursing them on the intended beneficiaries**

##### **Conclusion**

According to the petroleum licensing rounds contracts (Article 26), an amount (five million US dollars for the contracts of the first and second rounds - one million US dollars for the contracts of the third and fourth rounds) is allocated to be spent on Employment, Training and Technology Transfer, which are considered non-recoverable expenses. Most of the related contractors did not disburse these annual amounts, which prompted the Petroleum Contracts and Licensing Department (which was affiliated with the Ministry of Oil at the time), according to the approval of the Minister of Oil, to deduct the total undisbursed amounts related to Article 26 of the lists of accounts of contracting companies related to the second chapter of 2018,



where These amounts amounted to about two hundred million dollars, and this amount was transferred to the state treasury, instead of spending it on the intended beneficiaries, and no other deduction was made later on until the date of this report.

#### Recommendation

Finding a way to disburse the deducted sums according to their purpose to the intended beneficiaries.

### 3- Continuing of publishing oil export data reconciliation in details and at the shipment level

#### Conclusion

Publishing detailed reconciliations at the shipment level related to crude oil export had been done, providing a clearer picture of how to perform these reconciliations in a practical manner and clarifying the discrepancies and their causes.

#### Recommendation

To continue publishing the reconciliations at the shipment level in order to enhance transparency, and to enable the followers, the parliamentary, audit and judicial authorities to observe the details of the actually sold shipments.

### 4- SOMO discloses crude oil export data for the Kurdistan region

#### Conclusion

Iraq EITI had obtained documented data on the extractive sector in the Kurdistan region through the Oil Marketing Company (SOMO). Although this data is not in compliance with the initiative's criteria , the report was able to draw a clearer picture of the region's revenues after comparing this data with the periodic reports published on the regional government websites.

#### Recommendation

Diligently seeking to obtain the region's data from third sources , such as SOMO, Federal Board of Supreme Audit, or any other reliable authority, in light of the inability to obtain it from official sources in the region and from international companies operating in it.

### 5- Delays in publishing licensing rounds contracts by the state-owned companies

#### Conclusion

On 10 January 2020, the Undersecretary of the Ministry of Oil issued an official letter Addressed to the national oil and gas companies, stressing the minister's previous directive on the obligation to publish copies of the service contracts signed since the first licensing round, in their final form, and all of their terms, conditions, appendices and attachments.

The application of the requirements positively exceeds the obligations of requirement (2-4) in that the mentioned requirement obliges international and national companies to disclose contracts and licenses granted or modified after January 1, 2021, and does not require the disclosure of contracts prior to this date.

Despite the above instructions, none of the license contracts granted have been published as of the date of this report.

#### Recommendation

Urging state-owned companies to abide by the Ministry's directives and urging international companies to follow the example of their national counterparts.

### 6- Delay in implementing of the beneficial ownership roadmap

#### Conclusion

Requirement (2-5) mandates to establish a register for "beneficial owners" that contains detailed data on companies wishing to participate in licensing rounds, or holding a share in exploration or extractive license,



provided that the register includes (according to agreed criteria and mechanisms) information about the identity of the company's owners, the percentages of shares they own and their positions ... etc, where the Board of Trustees (the multi-stakeholder group) is supposed to develop a road map for implementing the requirement.

Although this requirement has become effective from 1 January 2020, and the work plan of Iraq EITI includes precise details of the roadmap, but the report indicated that there is a delay in government agencies and international companies in implementing the roadmap and in developing an integrated register.

#### **Recommendation**

Work to complete the beneficial ownership register and urge the concerned parties to disclose their beneficial ownership as quickly as possible.

### **7- Lack of social benefits data**

#### **Conclusion**

It was noted that the information on social benefits provided by the petroleum licenses holders is incomplete as it is required according to requirement (6-1) due to the reluctance of some extractive companies operating in Iraq to disclose the required data to the independent administrator, in addition to the lack of complete related data at the Petroleum Contracts and Licensing Directorate at the Ministry of Oil, as the authority supervising the licenses. Noting that this directorate has established a database of social benefits, but it is incomplete until the date of this report.

Incompleteness and dissemination of this information may miss the opportunity to elaborate these benefits to the citizen , which may lose the opportunity to present these benefits and to suggest preferential alternatives in this regard .

#### **Recommendation**

Importance of completing the compilation of all social benefits information, and publishing it in details in accordance with the relevant requirement as soon as possible, thus providing a clearer picture to the citizen about these expenditures and the beneficiaries thereof.

### **8- National companies delay in disclosing their financial statements**

#### **Conclusion**

Despite the issuance of a direct order from the Minister of Oil in 2019 to the national oil and gas companies to publish the certificate of incorporation and financial statements (even if they were not been audited by the Federal Board of Supreme Audit) for each of them, and despite the issuance of an official confirmation by the Undersecretary for Extraction Affairs dated January 10, 2021, nevertheless, most of these companies was still late in publishing this data at the time of this report, noting that requirement (2-6 b) requires the state-owned extractive companies to disclose their annual financial statements. It is worth noting that the report was able to analyze the final accounts published by some of these companies (although they were few).

#### **Recommendation**

The Board of Trustees (the multi-stakeholder group) should follow up the implementation of the requirement by holding meetings and workshops for the stakeholders in the mentioned companies , and urging them to publish the data and remove the obstacles that prevent it.

### **9- Continuing challenges of disclosure and data collection**

#### **Conclusion**

The report observed continuation of the same challenges that were previously indicated during the disclosure periods of previous reports, including the delay of the disclosure parties in providing the information required in the data forms and other information requests, or partially providing it.

#### **Recommendation**

The Board of Trustees (Multi-stakeholder group) to continue communicating throughout the year with various disclosure parties to emphasize on the importance of completing data forms and information requests in a timely manner, with strict adherence to the requirements set by the Board implemented by independent administrator in terms of data completion and quality assurance.

**10-Non-Compliance of SOMO and International Crude Oil Buyers in disclosing in accordance to according to cash basis of accounting****Conclusion**

As with previous reports, the inconsistency of the data provided with the approved accounting standards between international companies and state-owned enterprises has contributed to creating many differences in conformity. SOMO (for example) and some of the buying companies disclose their shipments according to the date of shipment, which means that they apply an “accrual” basis, while the reporting entities are required to disclose their operations on a “cash” basis. The non-compliance with the cash basis resulted in differences in sales occurred at the beginning and end of the year .

**Recommendation**

We recommend the adoption of the cash basis in all disclosure reports , which unifies the approved basis and avoids the differences resulting from the application of different accounting basis .

**11- Disclosure challenges in Kurdistan region****Conclusion**

The Independent Administrator pointed out the same challenges in previous reports in obtaining data for the extractive sector in the Kurdistan region due to the prevention of the region’s government and international companies operating in it in adhering to the initiative’s standards and providing the required data. The Board of Trustees (multi-stakeholders group) actively sought to ensure the participation of the regional government in the initiative, and the independent administrator was provided with an authorization letter directed to the Ministry of Natural Resources in the region, and the independent administrator made several attempts to communicate with the Ministry of Natural Resources over several months through personal visits, in addition to communicating through the delivery of other electronic messages to a number of international companies operating in the region, but to no avail.

**Recommendation**

The Board of Trustees to intensify communication with the government and parliament of the region to discuss the challenges that prevent participation in the initiative and provide the required data.

**12- Disclosure of the debts of the Ministry of Electricity in favor of the companies related to the Ministry of Oil****Conclusion**

The report published detailed data on the debts owed by the Ministry of Electricity to some companies related to the Ministry of Oil related to the supplies of crude oil and oil products to Ministry of Electricity, where these accumulated debts since year 2011 till end of year 2020 had exceeded an amount of circa 18 trillion Iraqi dinars, equivalent to circa 15 billion US dollars (exchange rate is 1,182 Iraqi dinars to one US dollar). It is worth mentioning to the ministerial order number 22 for year 2021, which mandate to form a committee composed from the related parties to deal with these debts and find effective solutions for them.

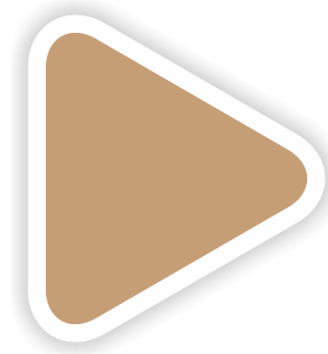
**Recommendation**

Follow-up on the issue of handling the debts of the Ministry of Electricity and communicating with the relevant committee to discuss its decisions.

**7-4 Recommendations Follow-up**

Annual progress reports have been published on the IEITI website, to show the measures taken and the progress made in light of previous recommendations. The progress made in implementing the recommendations contained in the previous EITI reports and the recommendations resulting from the verification process can be found in detail in the EITI 2020 annual progress report published on its website (<http://ieiti.org.iq/ar/listing/reports-and-publications/activity-report>).





# **Terms and Abbreviations**

## List of Terms and Abbreviations

<b>API</b>	The American Petroleum Institute gravity measure which indicates the specific gravity of oil at 60 degree Fahrenheit.
<b>Barrel</b>	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.
<b>BCM</b>	Billion Cubic Meter.
<b>FBSA</b>	Federal Board of Supreme Audit.
<b>Calendar Month / Month</b>	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.
<b>Calendar Year / Year</b>	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.
<b>Crude Oil</b>	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.
<b>CBI</b>	Central Bank of Iraq.
<b>CIT</b>	Corporate Income Tax.
<b>Destination</b>	The place to which oil is shipped or directed.
<b>DFI</b>	Development Fund for Iraq.
<b>Dinar or Iraqi Dinar or IQ</b>	The currency of the Republic of Iraq.
<b>Dollar or USD</b>	Dollar of the United States of America.
<b>Due date</b>	The date on which an obligation must be repaid.
<b>Export Oil</b>	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.
<b>Export Oil Price</b>	The price per barrel of export oil that is free on board (FOB) at the delivery point.
<b>FRBNY</b>	Federal Reserve Bank of New York.
<b>GCT</b>	General Commission for Taxes.
<b>GDP</b>	Gross domestic product.
<b>Government or GoI</b>	The Government of the Republic of Iraq.
<b>IAMB</b>	International Advisory Monitoring Board.
<b>IEITI</b>	Iraqi Extractive Industries Transparency Initiative.
<b>Internal consumption</b>	Oil used for domestic purposes.
<b>IOCs</b>	International oil companies (international field development oil companies).
<b>INOC</b>	Iraq National Oil Company.



## List of Terms and Abbreviations (Cont.)

<b>KRG</b>	Kurdistan Regional Government.
<b>LC</b>	Letter of credit.
<b>Loading Date</b>	The date of flanges of the relevant offshore loading terminal(s) in Iraqi and Turkish seaports where a contractor may lift export oil.
<b>LPG</b>	Liquid petroleum gas.
<b>MoIM</b>	Ministry of Industry and Minerals of the Republic of Iraq.
<b>MdOC</b>	Midland Oil Company of the Republic of Iraq.
<b>MdR</b>	Midland Refineries Company.
<b>MNR</b>	Ministry of Natural Resources (KRG).
<b>MOC</b>	Missan Oil Company of the Republic of Iraq.
<b>MoF</b>	Ministry of Finance of the Republic of Iraq.
<b>MoO</b>	Ministry of Oil of the Republic of Iraq.
<b>NA</b>	Not Available.
<b>N/A</b>	Not Applicable.
<b>NOC</b>	North Oil Company of the Republic of Iraq.
<b>NR</b>	North Refineries Company.
<b>OPRA</b>	Oil Proceeds Receipt Account.
<b>PCLD</b>	Petroleum Contracts and Licensing Directorate of MoO.
<b>Production Measurement Point / PMP</b>	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.
<b>RFB</b>	Remuneration fees per barrel.
<b>Signature Bonus</b>	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.
<b>SOC</b>	South Oil Company of the Republic of Iraq.
<b>BOC</b>	Basra Oil Company of the Republic of Iraq.
<b>SR</b>	South Refineries Company.
<b>TQOC</b>	Thi Qar Oil Company of the Republic of Iraq.
<b>SOMO</b>	Iraq Oil Marketing Company. An Iraqi entity established under and governed by the laws of Iraq, and having monopoly on oil exports.
<b>Tax Year</b>	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.
<b>TPAO</b>	Turkiye Petrolleri Anonim Ortakligi.
<b>BP</b>	British Petroleum.
<b>MMSCF</b>	Million Metric Standards Cubic Feet.
<b>MMSCFD</b>	Million Metric Standards Cubic Feet a Day.
<b>IA</b>	Independent Administrator.



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