
Iraqi Extractive Industries Transparency Initiative (IEITI)

20 December 2011

Reconciliation of
cash inflows from
the petroleum
industry in Iraq in
2009



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Executive Summary

Executive Summary

As part of the implementation of the Extractive Industries Transparency Initiative (EITI) in Iraq, a reconciliation has been carried out on cash inflows involved in Iraq's 2009 petroleum activities. This report summarizes the results of this reconciliation in addition to information related to the Oil and Gas Sector and Extractive Industry in Iraq.

This report covers Iraq's crude oil export sales as reported by SOMO which formed approximately 65 % of Iraq's federal budget and 95% of foreign exchange earnings for 2009. The report covers all payments made and revenues received with respect to crude oil exports during the financial year 2009 amounted to USD 41.3 billion resulted from crude oil sales to 34 international crude oil buyers.

The reporting discrepancies disclosed in this reconciliation have been explained by timing differences, or as being the result of items initially omitted in certain parties' reporting.

The IEITI stakeholders' council, together with representatives of the Iraqi civil society, have met several times and they have reviewed, and provided a commentary on, the reporting templates. On 16 November 2011, representatives of Civil Society Organizations (CSOs) held a meeting during which the draft report was presented to them and discussed,

The Council has reviewed, discussed, and approved this report in its meeting held on 23 November 2011.

Despite some delays, all concerned Government entities and State Owned Companies have fully participated in the process. Significant delays have been encountered in receiving information from some crude oil buyers.

In summary, the reconciliation process consisted of the following parts:

- a. A reconciliation of data on crude oil quantities received by SOMO from North Oil Company and South Oil Company;
- b. A reconciliation of data on the amounts received from the buyers of the crude oil sales revenues as reported by SOMO and the buyers of crude oil.

The table below shows a discrepancy of USD 1,090 billion between the data reported by SOMO and the buyers. Discrepancies have been explained through the reconciliation process.

Amount report by SOMO USD	Amounts reported by Buyers USD	Explained discrepancies USD	Without reporting from counterparty USD
41,249,682,456.5	40,159,269,633.4	(1,090,412,823.1)	0.0

This reconciliation exercise was the first of its kind to be undertaken in Iraq, although monitoring of oil exports has been carried under the auspices of the International Advisory and Monitoring Board (IAMB) since 2006. Irrespective of the extent of initial planning carried out in its preparation stage, a first reconciliation (using information reported by various entities) is likely to lead to unexpected challenges. In Iraq these challenges have mainly been related to:

- Clarity on which entities are to be included in the reconciliation
- Type of information to be reported, including production, exports and revenues paid and received,
- Difficulties in interpreting and clarifying confidential information

We expect that reporting will be more efficient in the future, as a result of the lessons learned during the 2009 process. Recommendations in this regard falls in the categories of planning, publicity of the initiative in terms of its roles and reporting guidelines and implementation of lessons learned from one exercise to the other.

Terms and Abbreviations

Terms and Abbreviations

API	The American Petroleum Institute gravity measure which indicates the density of oil.
Barrel	A quantity consisting of forty two (42) United States gallons under a pressure of one (1) atmosphere and a temperature of sixty (60) degrees Fahrenheit.
BSA	Board of Supreme Audit.
Calendar Month or Month	In respect of any month in a Calendar Year, a period commencing on the first day of that month and ending on the last day of the same month.
Calendar Year or Year	A period of twelve (12) consecutive months commencing with the first day of January and ending with the last day of December, according to the Gregorian calendar.
Crude Oil	All hydrocarbons regardless of gravity which are produced and saved from the Contract Area in the liquid state at an absolute pressure of fourteen decimal six nine six (14.696) 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.
CBI	Central Bank of Iraq
Destination	The place to which oil is shipped or directed.
DFI	Development Fund for Iraq
Dinar or Iraqi Dinar or IQ	The currency of the Republic of Iraq.
Dollar or USD	Dollar of the United States of America.
Due date	The date on which an obligation must be repaid.
Export Oil	A standard blend of crude oil of nearest quality to the Crude Oil stream produced from the Field, out of which a Contractor may lift at the Delivery Point for the value of its due Service Fees under the Contract.
Export Oil Price	The price per barrel of Export Oil that is Free on Board (FOB) at the Delivery Point.
FRBNY	Federal Reserve Bank of New York
Government or GoI	The Government of the Republic of Iraq.
IEITI	Iraq Extractive Industry Transparency Initiative
IAMB	International Advisory Monitoring Board.
Internal consumption	Oil used for domestic purposes.
IOCs	International Oil Companies
LC	Letter of credit.
Loading Date	The date of flanges of the relevant offshore loading terminal(s) in Iraqi and Turkish seaports where a Contractor may lift Export Oil for the value of its due and payable.
LPG	Liquid Petroleum Gas
MoF	Ministry of Finance of The Republic Of Iraq.

Terms and Abbreviations

MoO	Ministry of Oil of The Republic Of Iraq.
MIM	Ministry of Industry and Minerals
NOC	North Oil Company of The Republic of Iraq.
Production Measurement Point or PMP	The point within the Field as agreed by the Parties, where the volume and quality of Crude Oil produced and saved from the Field is measured.
Signature Bonus	The payment of a fee by an IOC to a host government, upon signing a concession license agreement with a national oil company or local oil company.
SOC	South Oil Company of The Republic of Iraq.
TCF	Trillion Cubic Feet
SOMO	Iraq Oil Marketing Company. An Iraqi entity established under and governed by the laws of Iraq. having Monopoly on oil exports
Tax Year	The period of twelve (12) consecutive months according to the Gregorian calendar for which tax returns or reports are required according to any applicable tax laws and regulations in Iraq.

Introduction

1. Introduction

1.1 Background: the EITI and Iraq

The Extractive Industries Transparency Initiative (EITI) sets a global standard for transparency in the oil, gas and mining industries. EITI's objective is to achieve, by the application of its principles and criteria within implementing countries, a standard for review, analysis and publication of revenue flows between extractive industry companies, and governments. In this way, EITI aims to promote transparency in order to prevent corruption and to provide citizens with a basis for demanding a fair use of revenue. Transparency is also expected to attract and enhance Foreign Direct Investment(FDIs).

The EITI in Iraq

In May 2008, the government of Iraq formally committed itself to implementing the EITI.

In January 2010, IEITI launch event in Baghdad, Prime Minister Norri Al Maliki declared Iraq's commitment to EITI. The EITI International Board announced that Iraq had become an EITI Candidate country, after its meeting in Oslo in February of that year.

Iraq had about 143 billion barrels of proven oil reserves and 125 Tcf of gas reserves in 2010, making it the country with the third largest reserves in the world (10% of the world's total reserves), and the country with the largest oil reserves to implement the EITI to date.

As part of its implementation of the EITI, the government of Iraq has committed itself to publishing all the revenue from its export sales in the oil sector. International companies buying oil from Iraq will also have to publish what they have paid to the government. A multi-stakeholder group (IEITI stakeholders' council), made up of representatives from the Iraqi government, extractive industry companies and Iraqi civil society, will review the reported information, which will then be reconciled and published in an EITI report.

The first EITI reconciliation, in relation to 2009 cash inflows, will be completed in 2011.

1.2 The Iraqi Government's petroleum revenue in 2009

Oil and gas sector and industry in Iraq are fully state-owned. The EITI in Iraq will focus first on disclosing Iraq's revenue from its crude oil export sales in 2009, as this was the only source of oil and gas revenues in 2009, and will reconcile these oil revenue figures with the figures that international oil buyers report to have paid for that oil. It is planned that in future years, the scope of the Initiative will increase to include signature bonuses and non-cash oil exports as well as revenues from the mining sector, to the extent that it contributes to export revenues.

1.3 What cash inflows are included in the IEITI reconciliation for financial year 2009 and how has the process been governed?

This report covers Iraq's crude oil export sales, including all payments made and revenue received during financial year 2009.

The report presents disaggregate data from all oil companies operating in Iraq and disaggregate data from all government agencies and the underlying data reported by companies and government. The reporting process, and reconciliation, have been governed by the reporting process terms of reference.

1. Introduction

1.4 The discussion by the IEITI council of stakeholders on the materiality level used

Initial discussion of the materiality level was discussed by the IEITI Council of Stakeholders on the 22 August 2011 meeting

On its meeting held on 23 November 2011, the council has decided to adapt the following materiality level for 2009 reporting process:

1. All crude oil buying companies should be required to provide information on their purchases.
2. All discrepancies that equal to or exceed 1% of total crude oil sales (as reported by SOMO) should be analyzed and reported.

Based on the data received from oil buyers and all concerned government entities, the materiality level sought under this exercise, were not reached.

1.5 Content and objective of the report

This report summarizes the results of the first year's reconciliation of revenue flows. The reconciliation comprises cash inflows for the fiscal year that ended 31 December 2009.

This report consists of seven chapters. Chapter 1 introduces the EITI and its objectives, Iraq's implementation of the Initiative and the reconciliation logic and process presented in this report. Chapters 2 discuss the step-by-step process for the sale of oil. Chapter 3 presents the reporting, compilation and reconciliation processes used for implementing the EITI. Chapter 4 sets out the actual results of the reconciliation and chapter 5 addresses further transparency issues, Chapter 6 discuss the Iraq's extraction mining industry. Finally, lessons learned from the first year's reconciliation are summarized in chapter 7.

The amounts in this report are stated in thousand US Dollars (USD), unless otherwise stated.

The information presented is the responsibility of the reporting entities as listed in appendix 1. Procedures carried out by the reconciler to collect numeric and non-numeric data, reconcile information received from different parties, and compile them in a form of a report, do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, and hence we do not express any assurance on the reported payments. Neither the information presented in our report, nor the information reported in the reporting process, has been subject to control or verification procedures unless otherwise stated in the report. By performing additional procedures, such as a limited or full audit in accordance with globally established auditing standards, other issues may have been detected and reported. We assume no responsibility whatsoever in respect of or arising out of or in connection with the contents of this report to parties other than the IEITI. Accordingly, regardless of the form of action, whether in contract, tort or otherwise, and to the extent permitted by applicable law, PwC accepts no liability of any kind and disclaims all responsibility for the consequences of any person acting or refraining to act in reliance on the contents of this report or for any decisions made or not made which are based upon the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

1.6 The Oil and Gas Industry in Iraq

Iraq is at the forefront of EITI implementation in the Middle East Region, in the footsteps of Yemen, a much smaller oil producer and the only other country implementing EITI in the Region. In compliance with the UN sponsored Development Fund for Iraq (DFI), its oil and gas sector is already under public scrutiny and the Ministry of Oil regularly publishes on its web site and on the local media, all hydrocarbon production data and externally audited exports revenues. Iraq's oil and gas sector contributes to about 65% of its GDP, over 90% of public revenues and most of its foreign exchange earnings. It is therefore central to Iraq's fiscal position and critical to the health of the Iraqi economy and the ongoing reconstruction effort of the country, particularly regarding oil, gas and power infrastructure and development.

1. Introduction

Although Iraq is blessed with approximately 10% of the world proven oil reserves (143 billion barrels) and major natural gas reserves (at least 120 TCF, estimated to be 2% of the world total), actual oil production during nearly a decade has only been around 2.0 - 2.4 million barrels per day (compared to a peak of about 4 million barrel per day in the 1970's). In the aftermath of the conflicts affecting Iraq in the 1990's and especially during this decade including the time of this report writing, oil production has slipped (although current high oil prices have allowed Iraq to somewhat maintain its fiscal position) and production, transport, storage and export infrastructure have greatly suffered over two decades, from the lack of proper and timely maintenance, from lack of capital for its development and of course from war-related damages and acts of sabotage.

The Government of Iraq is fully focused on the sound management and the optimal performance of the oil and gas sector, the most significant driver of the Iraqi economy. This includes prioritizing policy for oil and gas, adapting the legal framework to the global energy environment and sustaining efforts to rehabilitate the country's oil production, transport, storage, and export infrastructure. Therefore, the Government considers that only the full and optimal development of its oil and gas reserve will enable Iraq to fully benefit from its large resource base, in a way that is commensurate with its unrealized potential. In this respect, the recent efforts by Iraq to award service contracts to International Oil Companies (IOCs), through an innovative and highly publicized, transparent rounds of bidding held in Baghdad in June, and December 2009, will help the country develop new oil fields, reverse declining output and increase production from existing oil fields. This bidding round was a pioneering experience, a model of transparency for the Government and the participants and will very likely become the reference for future bidding rounds.

These resources which barely help the government meet its upkeep with its political, social and economic agenda, also contribute to its security related spending, infrastructure repair and enormous reconstruction projects, including in the critical electricity sector and water and sanitation services. Therefore, it needs to launch at the earliest the implementation of IETI within the agreed time window of two years from the date of Candidacy i.e., February 10, 2010 and complete the validation by August 10, 2012. Limited capacity to carry out such complex undertaking, with scarce human resources able and willing to undertake this work, is an enormous challenge in a country still deeply in a post-conflict mode, despite recent elections. (*reference: The Integrated National Energy Strategy (INESTA) by World Bank*)

Institutional Framework for the Petroleum Sector in Iraq

The Ministry of Oil is at the apex of the oil and gas sector in Iraq, handling all aspects of policy, regulation, exploration, production, exports and marketing of oil and gas, structured broadly along regional and functional lines. In addition to Ministry of Oil Headquarter, and Oil Marketing Company (SOMO), the key components of this structure include:

- South Oil Company
- North Oil Company
- Missan Oil Company
- Midland Oil Company

Add to that other major components (including exploration and drilling, R&D, transport, pipeline companies, refinery companies, Storage and Export Terminals, etc.).

The latter, though called "companies", enjoy some degree of operational autonomy but are not as yet, independent corporate structures in the generally-accepted sense. Indeed, the Iraqi Government has plans for major reforms including (i) the reorganization of the Ministry of Oil functions and structure, (ii) Public-Private Partnerships with 'Bona Fide' International Operators and strategic alliances with international oil companies both upstream and downstream of the value chain. The 2010 bidding round is an initial step in that direction and the Iraqi Government which has emerged from the March 5, 2010 general elections, will address these issues as a priority on its agenda, if the strategic resources required during its tenure are to be realized.

The current type of centralized structure, where the Government through the Ministry of Oil owns, produces, transports, sells and accounts for all the oil produced and exported or used domestically, is a comparatively

1. Introduction

Unique framework amongst the current EITI countries and has certain implications for how EITI is designed and implemented in Iraq, as discussed further below.

- Iraq’s oil and gas sector institutional structure is dominated by the four NOCs’ and the Government is the major operator for now. Many IOCs are moving in by way of Service Contracts to improve hydrocarbon production from existing producing fields, and they will be soon followed by other IOCs holding Production Service Contracts in promising Exploration & Production prospects, in already known highly prospective plays in yet-to-be-produced areas.
- These activities will substantially increase the need to reconcile “payments and revenues” along the unique way EITI criteria have been tailored and adapted to reflect the evolving situation of upstream oil and gas exploitation in Iraq. This is also where metering at critical points of the value chain is of the essence. Moreover, Ministry of Oil will need to adhere to these rigorous criteria for downstream activities also tailored to fit the Iraqi current situation. These will eventually include oil and gas consumed locally for oil refineries, power generation or industrial and commercial usage.
- The existing UN-sponsored Development Fund for Iraq (DFI) audit process of export revenues is currently managed by the Ministry of Finance and offers a good platform for EITI implementation. It is proposed to build and learn from its past experience and adapt it as required, to the IEITI reconciliation and validation process. (reference: The Integrated National Energy Strategy (INESTA) by World Bank).

1.6.1 Iraq's projected oil production for 2012

In view of actioning the above plan, the following table demonstrate the projected Iraq's oil daily production for 2012:

Company	Quantities (Barrels)
South Oil	2,390,000
North Oil	580,000
Kurdistan Oil	150,000
Midland Oil	130,000
Missan Oil	150,000
Total	3,400,000

Source: Iraq Ministry of Oil Plan 2012

The daily local consumption is estimated at 800,000 barrels per day leaving available for export quantity of 2,4 million barrel per day

Oil Sales Process

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2. Oil Sales Process

The only and official exporter of Iraqi crude oils is Oil Marketing Company (SOMO). Iraq's Oil Marketing Company (SOMO), created in accordance with Public Companies Law No. 22 of 1997 and the rules of procedure approved by the Minister of Oil, aims to contribute to the support of the national economy through the marketing of crude oil, its derivatives and natural gas outside of Iraq and crude oil inside Iraq including importing LPG and other products for domestic consumption, in order to maximize Iraq's economic resources and development. It is therefore geared towards the more stable, long term market than the volatile spot market.

In order to achieve these goals, SOMO has adopted a set of clear and transparent standards, principles and mechanisms, which are detailed below:

2.1 Criteria for the allocation of the quantity of crude oil available for export to companies:

The main criteria for companies eligible to purchase Iraq's crude oil is that they must be end-consumers of oil, such as refiners, and they are summarized as follows:

- Large international oil companies, vertically integrated medium sized oil companies (government-owned or independent), top-rated international petroleum companies capable of refining and with distribution networks in many countries.
- Refining companies specializing in the manufacture of petroleum products and petroleum products distribution.
- National companies established to purchase crude oil for the benefit of national refineries accounts, for example in the case of Japanese, Indian, Italian and Chinese national companies.

2.2 The basis for determining the allocation of quantities of crude oil available for export to qualifying companies:

SOMO bases its allocation of the quantity of crude oil that is to be sold to a qualifying company, on a set of similar principles applicable to all buyers and defined as follows:

- All quantities of Iraqi exportable crude oil (after allocation for meeting the needs of the domestic refining and power market has been made) are to be sold in the global markets according to global price formulas, in order to achieve a maximum return on Iraq's resources
- Priority in terms of allocation is to be given to qualifying companies that have large refining capacities, since these are able to withstand sudden price fluctuations and to maintain demand for Iraqi crude oil over the long term.
- It is the intention of this policy to ensure the even distribution that distribution of Iraqi oil throughout the major world markets (American, European and Asian) under a sound and adjustable allocation system, which enables exports to be increased at par with world demand.

2. Oil Sales Process

2.3 Contracting mechanism and the method used to implement crude oil export contracts:

SOMO contracts with qualified companies are based on semi-annual, annual or longer term contracts and are engineered to operate according to the following process:

Contract Mechanism :

1. SOMO directly invites all oil companies who fulfill the criteria set out in section 2.1 (those who have valid contracts or recently identified through the selection process) to submit their projected needs of Iraqi oil.
2. SOMO only reviews companies' projected needs that are provided via the official e-mail of the respective company. SOMO does not deal with requests through brokers, agents, international organizations or diplomatic missions operating in Iraq or abroad, and final volume allocation to qualifying companies is made in accordance with oil selling criteria described above.
3. SOMO also receives a number of requests (via e-mail) throughout the year from companies, brokers, agents and international organizations (other than those previously identified and directly invited) indicating their interest in buying Iraqi crude oil. The following actions are performed by a technical committee (constituted under administrative order) of specialists from SOMO:
 - Study the activities of companies or institutions that have made a request to Iraq, to establish whether they conform to the principles and criteria applying to contracts for the purchase of Iraqi crude oil.
 - Companies that are excluded on this basis will be informed as to why they are ineligible, and they will be listed in the schedule of companies that are not eligible. Companies that have proved their eligibility are to be listed within the allocation tables under the new companies paragraph.
 - These tables are presented to SOMO's Board of Directors and to the Ministerial Committee which will review and approve the Technical Committee's decisions.
4. After obtaining approval from the Minister of Oil in relation to the allocation, the eligible companies will be informed of the allocated quantity of crude oil. Upon approval of SOMO's contractual terms, a contract is finalized and they are added to the list of qualified buyers of Iraqi crude.

Implementation of the contract:

1. The execution of the contract starts when the Shipping & Quantities Division and the Financial Commercial Division at SOMO are informed of the contract execution details.
2. SOMO sets the date on which shipments should be loaded and requests the purchasing company to inform the carrier to make all necessary arrangements to load the shipment in a timely manner. Such request should be copied by way of official notice to SOMO. SOMO must give approval of the carrier nominated by the purchasing company, which depends on the carrier's technical specifications and the specifications of the loading port.
3. The purchasing company issues an irrevocable letter of credit through a recognized bank to the Central Bank of Iraq before the period from the date of acceptance of the carrier and not less than seven days of that date. The letter of credit should be for not less than the estimated amount of the shipment. SOMO then instructs the port to load the agreed carrier vessels accordingly, with an emphasis on the fact that the destination of the shipment cannot be amended once the letter of credit has been opened.
4. After completion of loading, the port issues sail documents including the quantity loaded, the degree of density (API Gravity) and the date of the bill of lading in addition to the final destination of crude oil and other documents related to the shipment and the carrier.
5. From the date of the bill of lading referred to above and after the period specified in the contract, SOMO calculates and informs the purchasing company of the barrel final price in order for the company to settle the value of the shipment in 30 days from the date of the bill of lading.
6. Crude oil is not sold on the basis of a fixed price or a discount or a specific premium, but within a standard pricing mechanism for all buyers and for each market, obtained from international markets, globally known as the official selling price.

Source: Oil Marketing Company (SOMO).

2. Oil Sales Process

2.4 Distribution of Oil Export Sales by SOMO in 2009

The following table provides a listing of sold quantities to Iraqi crude oil buyers as reported by SOMO:

	Company Name	Far East USD	USA USD	Europe USD
1	REPSOL YPF TRADING Y TRANSPORT S.A.		191,315,313	1,211,503,926
2	SARAS S.P.A. - ITALY			239,062,332
3	IPLOM SPA ,REFFINERY IN BUSALLA - GENOA - ITALY			289,776,698
4	TOTAL INTERNATIONAL LIMITED - FRANCE	1,083,592,894	910,739,822	971,571,611
5	BP OIL INTERNATIONAL LIMITED - LONDON	1,371,686,765	487,937,834	441,047,370
6	APIOIL LIMITED			464,853,990
7	SOCIETE ANONYME MAROCAINE DE L'INDUSTRIE DU RAFFINAGE (SAMIR)			582,498,450
8	LUKOIL INTERNATIONAL TRADING AND SUPPLY COMPANY			335,587,059
9	COMPANIA ESPANOLA DE PETROLEOS, S.A. (CEPSA)			662,332,305
10	MOTOR OIL (HELLAS)			633,929,317
11	SHELL INTERNATIONAL EASTERN TRADING COMPANY LIMITED	450,003,772	571,783,901	754,060,505
12	ERG REFFINERIES MEDITERRANEE S.P.A. - GENOA / OTALY			431,827,678
13	TURKISH PETROLIUM REFINERIES CORP. (TUPRAS) - TURKEY			809,676,034
14	PETROGAL S.A. LISBON - PORTUGAL			176,425,620
15	ENI COMPANY			1,780,734,981
16	KOCH SUPPLY AND TRADING L.P		952,568,079	
17	VALERO SUPPLY AND MARKETING COMPANY		1,860,376,363	

2. Oil Sales Process

2.4 Distribution of Oil Export Sales by SOMO in 2009

	Company Name	Far East USD	USA USD	Europe USD
18	PETROLIO BRASILERIO S.A. - PETROBRAS		812,143,771	
19	CHEVRON PRODUCTS COMPANY	1,810,303,161	1,615,095,221	
20	CONCOPHILIPS INTERNATIONAL TRADING PTE. LTD.	660,512,961	1,794,974,810	282,316,239
21	EXXONMOBIL SALES AND SUPPLY LLC. U.S.A	364,676,460	2,033,219,026	779,395,841
22	TOYOTA TSUSHO CORPORATION	277,730,650		
23	CHINA ZHENHUA OIL CO. LTD.	926,379,176		
24	MITSUBISHI CORPORATION	714,224,287		
25	JX NIPPON OIL & ENERGY CORPORATION	523,078,003		
26	BHARAT PETROLEUM CORPORATION LTD.	119,912,746		
27	HINDUSTAN PETROLEUM CORPORATION LTD. - INDIA	525,835,196		
28	SK ENERGY EUROPE LIMITED	1,448,268,927		
29	CHINA NATIONAL UNITED OIL CORPORATION	469,046,369		
30	PETRONAS TRADING CORPORATION SDN BHD (PETCO)	300,835,328		
31	SINOCHEM INTERNATIONAL OIL (LONDON) CO. LTD	2,392,402,310		
32	UNIPEC ASIA CO. LTD.	606,305,113		
33	PETROVIETNAM OIL CORPORATION (PV OIL)	432,557,987		
34	INDIAN OIL CORPORATION LIMITED - INDIA	4,695,576,254		
	Total	19,172,928,359	11,230,154,140	10,846,599,957

Reconciliation Process

3. Reconciliation Process

In summary, the reconciliation process consists of the following steps:

- a. The Iraq Ministry of Oil (MoO) and SOMO are to provide data on what they received from North Oil Company and South Oil Company in terms of quantities of crude oil extracted;
- b. North Oil Company and South Oil Company are to provide data on what they delivered to SOMO in terms of quantities of crude oil extracted for export purposes while MoO consolidates data received from all entities;
- c. The SOMO is to provide data on the amounts received from the buyers of the crude oil sales revenues;
- d. The buyers are to provide data on the amounts paid to SOMO of the crude oil sales;
- e. To reconcile any differences in the figures between a and b, in addition to c and d, because any differences could indicate leakage in revenue streams caused by reasons ranging from lack of proper and timely accounting to a possible corrupt practice practices or misappropriation of revenues.

3.1 Reporting templates

PwC has developed standard reporting templates (appendix 3) to facilitate reporting by the licensees, governmental agencies and buyers of crude oil. These templates have been tailored to include the most relevant data to the reconciliation process and cash inflows. These templates aimed at disclosing all material payments, (including materiality definition and reporting templates) have been thoroughly reviewed by all concerned stakeholders, including Government entities, IOCs, NOCs and Civil Society Organizations, prior to their endorsement by the I-EITI Stakeholders Council for implementation.

3.2 Data collection

On August 22, 2011 the IEITI council of stakeholders issued instructions, including reporting templates and copies of the regulation and guidelines, requesting governmental entities and crude oil buyers (buyers) to report all required data in accordance with the IEITI regulation. The reporting templates were sent electronically via email. The entities and buyers were required to report directly to the reconciler, (PwC), to whom they were also requested to direct any questions on the reporting templates.

According to the IEITI stakeholders council resolution, 15 September 2011 was the deadline for reporting. Reporting entities identified by the IEITI stakeholders' council are listed in appendix 1.

As of September 15, 2011, three governmental entities had reported their data. PwC notified the IEITI of the entities who had not yet reported. These entities were contacted and reminded of the reporting requirement.

The last entity (the South Oil Company) reported on 10 October 2011.

SOMO provided the reconciler with contact details of the buyers on 26 September 2011. As a result, the requests for information from buyers were not sent until that date. The requests for information included reporting templates and copies of the regulation and guidelines. The reporting templates were sent electronically via email and the companies were required to report directly to the reconciler, PwC, to whom they were also requested to direct any questions regarding the reporting templates or reportable information. As a result of the delays, 6 October 2011 was set as the new deadline for resending back with filled templates.

As at 6 October 2011, 11 buyers out of 34 had reported their data. PwC notified the IEITI of the buyers that had not yet reported. The remaining entities were contacted and reminded several times of the reporting requirement. The list of buyers who met the first deadline is as follows:

3. Reconciliation Process

	Company	Companies Met the first deadline
1	REPSOL YPF TRADING Y TRANSPORT S.A.	
2	SARAS S.P.A. – ITALY	X
3	IPLOM SPA ,REFFINERY IN BUSALLA - GENOA – ITALY	
4	TOTAL INTERNATIONAL LIMITED – FRANCE	
5	BP OIL INTERNATIONAL LIMITED – LONDON	
6	APIOIL LIMITED	
7	SOCIETE ANONYME MAROCAINE DE L'INDUSTRIE DU RAFFINAGE (SAMIR)	
8	LUKOIL INTERNATIONAL TRADING AND SUPPLY COMPANY	X
9	COMPANIA ESPANOLA DE PETROLEOS, S.A. (CEPSA)	
10	MOTOROIL (HELLAS)	
11	SHELL INTERNATIONAL EASTERN TRADING COMPANY LIMITED	
12	ERG REFFINERIES MEDITERRANEE S.P.A. - GENOA / OTALY	
13	TURKISH PETROLIUM REFINERIES CORP. (TUPRAS) – TURKEY	
14	PETROGAL S.A. LISBON – PORTUGAL	
15	ENI COMPANY	
16	KOCH SUPPLY AND TRADING L.P	
17	VALERO SUPPLY AND MARKETING COMPANY	X
18	PETROLIO BRASILERIO S.A. – PETROBRAS	X
19	CHEVRON PRODUCTS COMPANY	
20	CONCOPHILLIPS INTERNATIONAL TRADING PTE. LTD.	

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	Company	Companies Met the first deadline
21	EXXONMOBIL SALES AND SUPPLY LLC. U.S.A	
22	TOYOTA TSUSHO CORPORATION	X
23	CHINA ZHENHUA OIL CO. LTD.	X
24	MITSUBISHI CORPORATION	X
25	JX NIPPON OIL & ENERGY CORPORATION	X
26	BHARAT PETROLEUM CORPORATION LTD.	
27	HINDUSTAN PETROLEUM CORPORATION LTD. – INDIA	X
28	SK ENERGY EUROPE LIMITED	X
29	CHINA NATIONAL UNITED OIL CORPORATION	
30	PETRONAS TRADING CORPORATION SDN BHD (PETCO)	
31	SINOCHEM INTERNATIONAL OIL (LONDON) CO. LTD	X
32	UNIPEC ASIA CO. LTD.	
33	PETROVIETNAM OIL CORPORATION (PV OIL)	
34	INDIAN OIL CORPORATION LIMITED - INDIA	

As of 13 December 2011, PwC had received 34 responses out of 34 buyers whom purchased Iraqi Crude Oil for the year 2009.

3.3 Reporting of cash flows to the DFI accounts

Cash receipts are recorded when funds are deposited in the Development Fund for Iraq (DFI) bank accounts at the Federal Reserve Bank of New York (FRBNY).

United Nation Security Council Resolution (UNSCR) 1483 (2003), which was adopted by the Security Council on 22 May 2003, called for the creation of the DFI to administer proceeds from export sales of petroleum and petroleum products by Iraq. The DFI was placed under the control of the former Coalition Provisional Authority (CPA).

UNSCR 1483 also called for the creation of an International Advisory Monitoring Board (IAMB) including representatives from several International Financial Institutions such as the World Bank and the IMF and many other UNSCR countries. The Iraqi Committee of Financial Experts (COFE) took over the task of IAMB in January 2011, to promote transparency and financial accountability in relation to the DFI.

The DFI consists of bank accounts held with the FRBNY managed by the Central Bank of Iraq (CBI) on behalf of the Iraqi Ministry of Finance (MoF).

In accordance with UNSCR 1483 (2003), 95% of the proceeds from export sales of petroleum, petroleum products and natural gas from Iraq are to be deposited in the DFI accounts.

3. Reconciliation Process

Export sales of petroleum, petroleum products, and natural gas

According to the UNSCR 1483, all export sales of petroleum, petroleum products, and natural gas from Iraq after the date that the resolution was adopted, shall be deposited into an Oil Proceed Receipt Account (OPRA) held with the FRBNY and immediately thereafter, 95% is required to be deposited in the DFI accounts at the FRBNY. The remaining 5% is required to be deposited in the United Nations' Compensation Fund as established by UNSCR 687 (1991) and subsequent relevant resolutions, and, therefore, will not be a part of the DFI's statement of cash receipts and payments.

On 22 September 2011, the CBI requested the FRBNY to provide details related to cash receipts directly to the reconciler, PwC, in order to reconcile the received amounts from the sale of exported crude oil with the MoF. However no data had been received at the date of this report. FRBNY had therefore to be re-contacted officially, to comply with this request.

PwC notified the IEITI that the FRBNY had not yet reported. The FRBNY was re-contacted on 16 October 2011 and reminded of the request, and the detailed statement of account requirement. The FRBNY had not provided required data which was not received until the date of this report.

3.4 Compilation of data and resolution of discrepancies

The process of compiling the reported data and resolving or justifying discrepancies was carried out between August and October 2011, not including the delayed data which was not received until the date of this report.

PwC performed the following procedures:

- 1) Figures reported by government entities and buyers were compiled item by item against the government's reported figures. Based on this compilation, any discrepancies have been specified item by item in relation to each government entity and buyer.
- 2) Where data reported by governmental entities and buyers agreed with the data reported by the government, the government's figures were considered to be confirmed and no further follow-up was undertaken.
- 3) The government entities and the buyers were asked to provide further details of the amounts (dates and figures). This has helped explain most of the discrepancies.

Reconciliation of Reported Data

4. Reconciliation of Reported Data

4.1 Extracted for export crude oil quantities (in barrels) reconciliation between Ministry of Oil, North Oil Company and SOMO

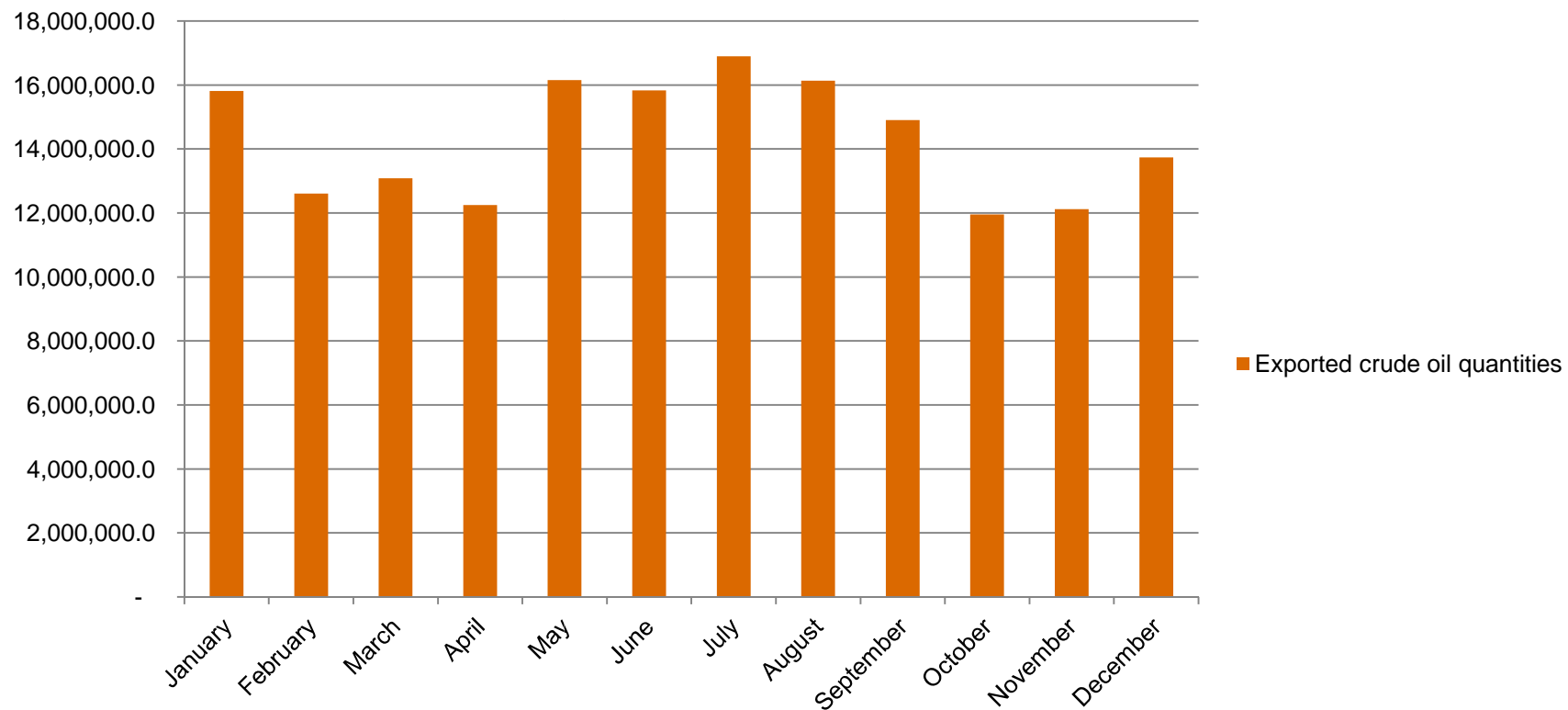
Month	Extracted for export crude oil quantities reported by MoO	Extracted for export crude oil quantities reported by NOC	Extracted for export crude oil quantities reported by SOMO	Variances
January	15,811,194.0	15,811,194.0	15,811,194.0	0.0
February	12,604,112.0	12,604,112.0	12,604,112.0	0.0
March	13,082,991.0	13,082,991.0	13,082,988.0	(3.0)
April	12,251,378.0	12,251,378.0	12,251,378.0	0.0
May	16,158,812.0	16,158,812.0	16,158,812.0	0.0
June	15,833,631.0	15,833,631.0	15,833,631.0	0.0
July	16,894,756.0	16,894,756.0	16,894,756.0	0.0
August	16,131,663.0	16,131,663.0	16,131,663.0	0.0
September	14,908,872.0	14,908,872.0	14,908,872.0	0.0
October	11,951,374.0	11,951,374.0	11,951,374.0	0.0
November	12,122,342.0	12,122,342.0	12,122,342.4	0.4
December	13,735,818.0	13,735,818.0	13,735,818.3	0.3
Total	171,486,943.0	171,486,943.0	171,486,940.7	(2.3)*

* This difference of 2.3 barrels is considered immaterial based on materiality level of this report

4. Reconciliation of Reported Data

4.1 Extracted for export crude oil quantities (in barrels) reconciliation between Ministry of Oil, North Oil Company and SOMO

Exported crude oil quantities



4. Reconciliation of Reported Data

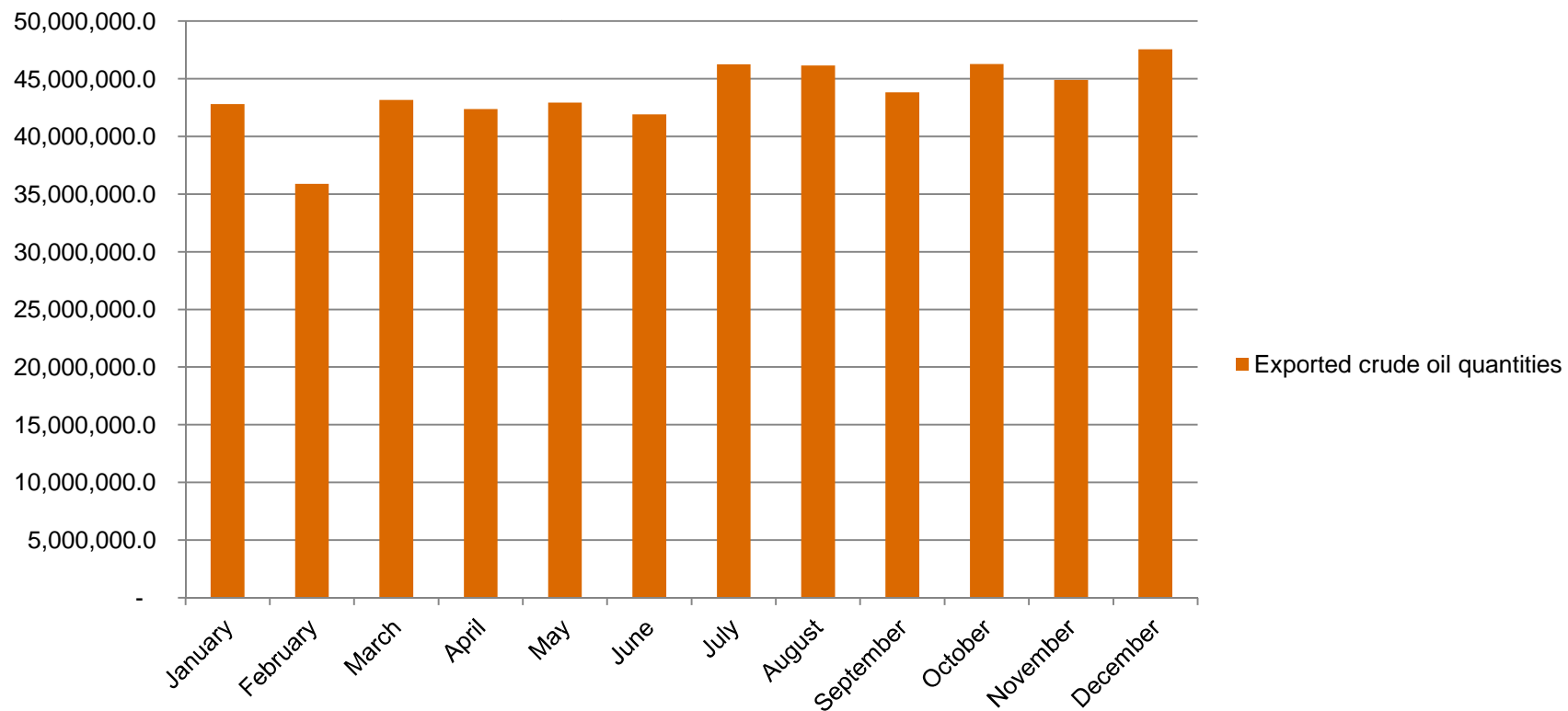
4.2 Extracted for export crude oil quantities (in barrels) reconciliation between Ministry of Oil, South Oil Company and SOMO

Month	Extracted for export crude oil quantities reported by MoO	Extracted for export crude oil quantities reported by SOC	Extracted for export crude oil quantities reported by SOMO	Variances
January	42,809,981.0	42,809,981.0	42,809,981.0	0.0
February	35,901,114.0	35,901,114.0	35,901,114.0	0.0
March	43,171,541.0	43,171,541.0	43,171,541.0	0.0
April	42,374,190.0	42,374,190.0	42,374,190.0	0.0
May	42,925,962.0	42,925,962.0	42,925,962.0	0.0
June	41,914,698.0	41,914,698.0	41,914,698.0	0.0
July	46,250,574.0	46,250,574.0	46,250,574.0	0.0
August	46,155,374.0	46,155,374.0	46,155,374.0	0.0
September	43,825,236.0	43,825,236.0	43,825,236.0	0.0
October	46,277,060.0	46,277,060.0	46,277,060.0	0.0
November	44,901,977.0	44,901,977.0	44,901,977.0	0.0
December	47,549,444.0	47,549,444.0	47,549,444.0	0.0
Total	524,057,151.0	524,057,151.0	524,057,151.0	0.0

4. Reconciliation of Reported Data

4.2 Extracted for export crude oil quantities (in barrels) reconciliation between Ministry of Oil, South Oil Company and SOMO

Exported crude oil quantities



4. Reconciliation of Reported Data

4.3 Exported Crude Oil reconciliation by shipments, invoices and payments, between SOMO and buyers in calendar year 2009

	Company Name	SOMO	Buyer	Variance	Note
1	REPSOL YPF TRADING Y TRANSPORT S.A.	1,402,819,238.4	1,402,819,238.4	0.0	
2	SARAS S.P.A. – ITALY	239,062,332.0	239,062,332.0	0.0	
3	IPLOM SPA ,REFFINERY IN BUSALLA - GENOA – ITALY	289,776,697.6	289,776,697.5	(0.1)	
4	TOTAL INTERNATIONAL LIMITED – FRANCE	2,965,904,326.8	2,817,337,282.7	(148,567,044.1)	A
5	BP OIL INTERNATIONAL LIMITED – LONDON	2,300,671,968.8	2,300,671,968.8	0.0	
6	APIOIL LIMITED	464,853,990.5	464,853,990.5	0.0	
7	SOCIETE ANONYME MAROCAINE DE L'INDUSTRIE DU RAFFINAGE (SAMIR)	582,498,450.2	582,498,450.2	0.0	
8	LUKOIL INTERNATIONAL TRADING AND SUPPLY COMPANY	335,587,059.4	335,587,059.4	0.0	
9	COMPANIA ESPANOLA DE PETROLEOS, S.A. (CEPSA)	662,332,304.8	662,332,304.8	0.0	
10	MOTOROIL (HELLAS)	633,929,317.2	633,929,317.2	0.0	
11	SHELL INTERNATIONAL EASTERN TRADING COMPANY LIMITED	1,775,848,178.9	1,920,093,763.1	144,245,584.2	B
12	ERG REFFINERIES MEDITERRANEE S.P.A. - GENOA / OTALY	431,827,678.0	407,768,337.0	(22,059,341.0)	C
13	TURKISH PETROLIUM REFINERIES CORP. (TUPRAS) – TURKEY	809,676,033.7	809,676,033.7	0.0	
14	PETROGAL S.A. LISBON – PORTUGAL	176,425,619.7	176,425,619.7	0.0	
15	ENI COMPANY	1,780,734,981.3	1,780,734,981.3	0.0	

4. Reconciliation of Reported Data

4.3 Exported Crude Oil reconciliation by shipments, invoices and payments, between SOMO and buyers in calendar year 2009- Continued

	Company Name	SOMO	Buyer	Variance	Note
16	KOCH SUPPLY AND TRADING L.P	952,568,078.8	1,027,146,001.4	74,577,922.6	D
17	VALERO SUPPLY AND MARKETING COMPANY	1,860,376,363.5	1,915,077,037.6	54,700,674.1	E
18	PETROLIO BRASILERIO S.A. – PETROBRAS	812,143,771.3	812,143,771.3	0.0	
19	CHEVRON PRODUCTS COMPANY	3,425,398,381.8	3,047,447,462.4	(377,950,919.3)	F
20	CONCOPHILLIPS INTERNATIONAL TRADING PTE. LTD.	2,737,804,010.9	2,740,504,520.0	2,700,509.1	
21	EXXONMOBIL SALES AND SUPPLY LLC. U.S.A	3,177,291,327.1	3,157,920,626.3	(19,370,700.8)	G
22	TOYOTA TSUSHO CORPORATION	277,730,650.0	277,730,650.0	0.0	
23	CHINA ZHENHUA OIL CO. LTD.	926,379,175.9	926,379,175.9	0.0	
24	MITSUBISHI CORPORATION	714,224,287.2	574,119,368.5	(140,104,918.7)	H
25	JX NIPPON OIL & ENERGY CORPORATION	523,078,002.8	375,129,375.7	(147,948,627.1)	I
26	BHARAT PETROLEUM CORPORATION LTD.	119,912,745.6	119,912,745.6	0.0	
27	HINDUSTAN PETROLEUM CORPORATION LTD. – INDIA	525,835,196.4	538,947,116.9	13,111,920.5	J
28	SK ENERGY EUROPE LIMITED	1,448,268,927.4	1,300,298,707.7	(147,970,219.7)	K
29	CHINA NATIONAL UNITED OIL CORPORATION	469,046,369.3	504,679,861.8	35,633,492.5	L
30	PETRONAS TRADING CORPORATION SDN BHD (PETCO)	300,835,327.9	300,835,327.9	0.0	

4. Reconciliation of Reported Data

4.3 Exported Crude Oil reconciliation by shipments, invoices and payments, between SOMO and buyers in calendar year 2009 - Continued

	Company Name	SOMO	Buyer	Variance	Note
31	SINOCHEM INTERNATIONAL OIL (LONDON) CO. LTD	2,392,402,310.3	2,175,822,577.2	(216,579,733.1)	M
32	UNIPEC ASIA CO. LTD.	606,305,112.5	606,305,112.5	0.0	
33	PETROVIETNAM OIL CORPORATION (PV OIL)	432,557,987.0	432,557,987.0	0.0	
34	INDIAN OIL CORPORATION LIMITED - INDIA	4,695,576,253.6	4,500,744,731.3	(194,831,522.3)	N
	Totals	41,249,682,456.5	40,159,269,633.4	(1,090,412,823.1)	

4. Reconciliation of Reported Data

Several discrepancies were identified based on the reconciliation work performed. The discrepancies have been explained without undue difficulty. The reporting entities have been very responsive and cooperative in contributing to the reconciliation

4.4 Discrepancies

Discrepancies noticed during the reconciliation process were the result of the following:

- 1) Some buyers reported shipments / price differentials that were not reported by SOMO as a result of a timing difference in relation to the booking of these shipments (i.e. loading dates were during the year 2008 but SOMO's invoice was issued early 2009)
- 2) SOMO reported shipments that were not reported by the buyers as a result of shipments being made during 2010, whereas invoices were issued in 2009.

Reference (From Section 4.3)	Description of difference	Shipments reported by SOMO and not reported by the Buyer USD	Shipments reported by the Buyer and not reported by SOMO USD	Variance USD
A	Shipment No.BBL/3337, due date on 25/1/2010 under contract No. MB/9/33	(148,567,044.1)		(148,567,044.1)
B	Shipment No.BBL5564, due date on 5/1/2010 under the contract No. MB/9/31		144,244,862.2	144,245,584.2
	Price differentials		722.0	
C	Shipment No.CK/5573, loading date on 28/12/2008 under the contract No. MK/9/8		20,818,636.2	(22,059,341.0)
	Shipment No.CK/5788, due date on 19/1/2010 under the contract No. MK/9/30	(42,877,977.2)		
D	Shipment No.BBL/5234, loading date on 23/12/2008 under the contract No. MB/8/31		74,577,922.6	74,577,922.6
E	Shipment No.CK/5794, due date on 1/1/2010 under the contract No. MB/8/37		54,701,404.2	54,700,674.1
	Differences in the barrels prices	(730.1)		
F	Shipment No.BBL/5540, due date on 6/1/2010 under contract No. MB/9/26	(142,627,229.2)		(377,950,919.3)
	Shipment No.BBL/5544 (1), due date on 12/1/2010 under the contract No. MB/9/26	(74,059,000)		
	Shipment No.BBL/5553, due date on 21/1/2010 under the contract No. MB/9/26	(154,354,038.6)		

4. Reconciliation of Reported Data

Reference (From Section 4.3)	Description of difference	Shipments reported by SOMO and not reported by the Buyer	Shipments reported by the Buyer and not reported by SOMO	Variance
		USD	USD	USD
	Shipment No.BBL/5553, due date on 21/1/2010 under contract No. MB/9/26	(148,279,073.5)		
	Shipment No.BBL/5229, loading date on 8/12/2008 under contract No. MB/8/36		63,220,892.2	
	Shipment No.BBL/5232, loading date on 11/12/2008 under contract No. MB/8/36		35,633,528.3	
	Shipment No.BBL/5239, loading date on 18/12/2008 under contract No. MB/8/36		42,514,001.5	
G	Shipment No.BBL/5542, due date on 10/1/2010 under the contract No. MB/9/25	(152,054,446.3)		(19,370,700.8)
	Shipment No.CK/5789 (1), due date on 21/1/2010 under the contract No. MB/9/19	(17,917,680.0)		
	Shipment No.CK/5789 (2), due date on 21/1/2010 under the contract No. MB/9/19	(33,905,252.6)		
	Shipment No.BBL/5554, due date on 21/1/2010 under the contract No. MB/9/25	(154,278,798.9)		
	Shipment No.BBL/3758, bill of lading date on 12/12/2009 under the contract No. MB/9/61		140,036,242.4	
	Shipment No.BBL/5451, bill of lading date on 12/12/2009 under the contract No. MB/9/61		147,616,978.3	
	Shipment No.BBL/6627, bill of lading date on 23/12/2009 under the contract No. MB/9/62		51,132,256.3	
H	Shipment No.BBL/5548, due date on 15/1/2010 under contract No. MB/9/20	(140,104,918.7)		(140,104,918.7)
I	Shipment No.BBL/5558, due date on 26/1/2010 under contract No. MB/9/44	(147,948,627.1)		(147,948,627.1)

4. Reconciliation of Reported Data

Reference (From Section 4.3)	Description of difference	Shipments reported by SOMO and not reported by the Buyer	Shipments reported by the Buyer and not reported by SOMO	Variance
		USD	USD	USD
J	Shipment No.BBL/5552, due date on 18/1/2010 under contract No. MB/9/40	(51,696,200.2)		13,111,920.5
	Shipment No.BBL/5245, loading date on 25/12/2008 under contract No. MB/8/26		14,567,809.5	
	Shipment No.BBL/5242, loading date on 21/12/2008 under contract No. MB/8/26		37,313,197.2	
	Shipment No.BBL/5249, loading date on 30/12/2008 under contract No. MB/8/26		12,927,114.0	
K	Shipment No.BBL/5561, due date on 29/1/2010 under contract No. MB/9/43	(147,970,219.7)		(147,970,219.7)
L	Shipment No.BBL/5232 (1), loading date on 11/12/2008 under the contract No. MB/8/30		35,633,492.5	35,633,492.5
M	Shipment No.BBL/5555, due date on 23/1/2010 under contract No. MB/9/38	(131,755,330.4)		(216,579,733.1)
	Shipment No.BBL/5560 (1), due date on 29/1/2010 under contract No. MB/9/38	(54,092,270.0)		
	Shipment No.BBL/5560 (2), due date on 29/1/2010 under contract No. MB/9/38	(93,934,042.6)		
	Shipment No.BBL/5248, loading date on 29/12/2008 under contract No. MB/8/28		63,201,910.0	
N	Shipment No.BBL/5539, due date on 5/1/2010 under contract No. MB/9/13	(147,539,870.8)		(194,831,522.3)
	Shipment No.BBL/5543, due date on 11/1/2010 under contract No. MB/9/13	(146,919,119.2)		
	Shipment No.BBL/5547, due date on 14/1/2010 under contract No. MB/9/13	(73,904,216.7)		
	Shipment No.BBL/5550, due date on 17/1/2010 under contract No. MB/9/13	(73,375,256.7)		
	Shipment No.BBL/5236, loading date on 15/12/2008 under contract No. MB/8/15		35,841,369.6	
	Shipment No.BBL/5237, loading date on 17/12/2008 under contract No. MB/8/15		69,290,586.0	
	Shipment No.BBL/5241, loading date on 20/12/2008 under contract No. MB/8/15		34,127,298.5	
	Shipment No.BBL/5244, loading date on 24/12/2008 under contract No. MB/8/15		71,073,244.2	
	Shipment No.BBL/5247, loading date on 27/12/2008 under contract No. MB/8/15		36,574,442.8	

Further Transparency

5

5. Further Transparency

Although the current reporting requirements are related to export oil sales, the GoI and for more transparency has provided data presented in the following pages.

The North Oil Company (NOC) and South Oil Company (SOC) were the only licensed and registered companies involved in exploration and production in the extractive sector who held active production licenses during calendar year 2009

5.1 Extracted crude oil quantities reconciliation between Ministry of Oil and North Oil Company (in barrels).

Month	Extracted crude oil quantities reported by MoO	Extracted crude oil quantities reported by NOC	Variances
January	19,766,762	19,699,049	(67,713)
February	18,185,087	18,182,211	(2,876)
March	20,665,656	20,666,164	508
April	19,736,696	19,732,533	(4,163)
May	21,332,067	21,342,591	10,524
June	20,685,019	20,675,186	(9,833)
July	21,445,606	21,468,032	22,426
August	20,758,327	20,765,570	7,243
September	20,459,012	20,463,353	4,341
October	21,274,946	21,282,140	7,194
November	19,698,070	19,702,901	4,831
December	21,038,362	21,046,103	7,741
Total	245,045,610	245,025,833	(19,777)*

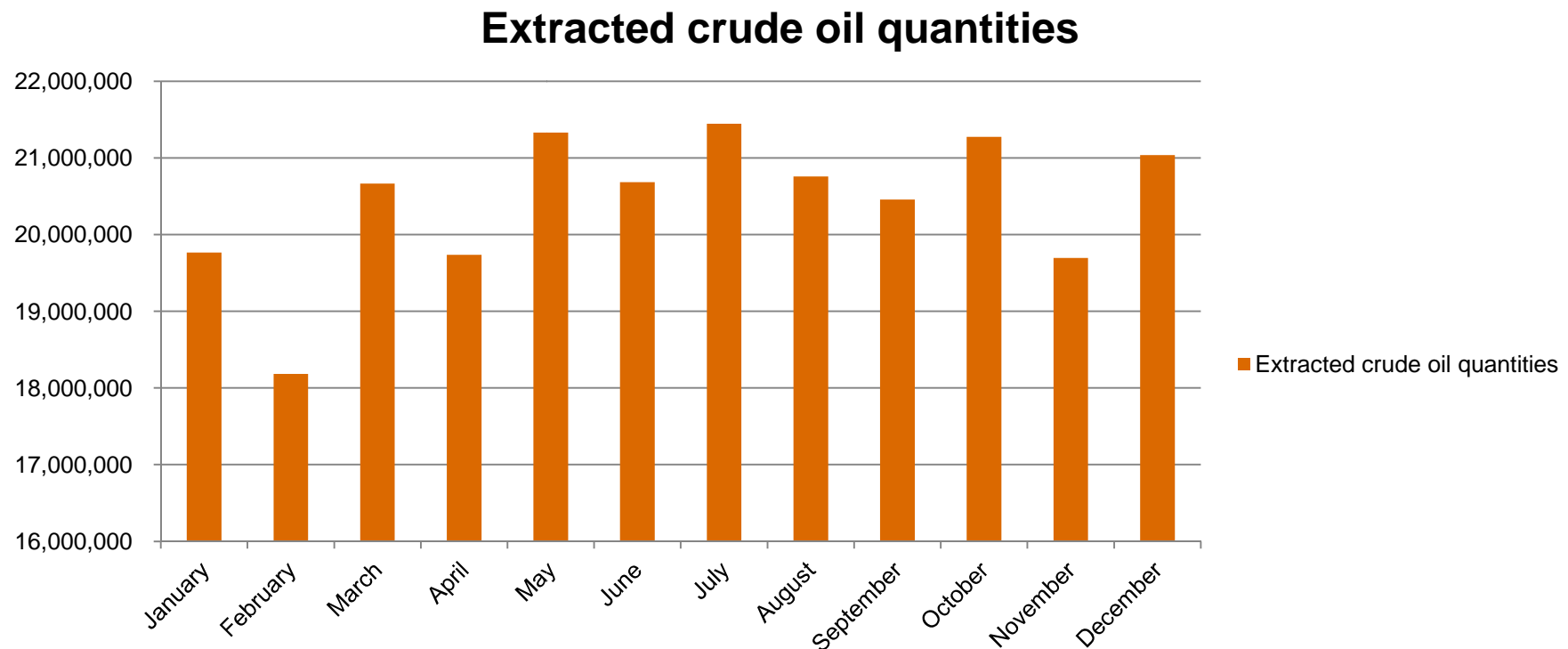
*This difference of 19,777 barrels is considered immaterial based on materiality level of this report

Extracted crude oil quantities for the year 2009 reported by NOC is

**245,025,833
barrels**

5. Further Transparency

5.1 Extracted crude oil quantities reconciliation between Ministry of Oil and North Oil Company (in barrels).



5. Further Transparency

5.2 Extracted crude oil quantities reconciliation between Ministry of Oil and South Oil Company (in barrels)

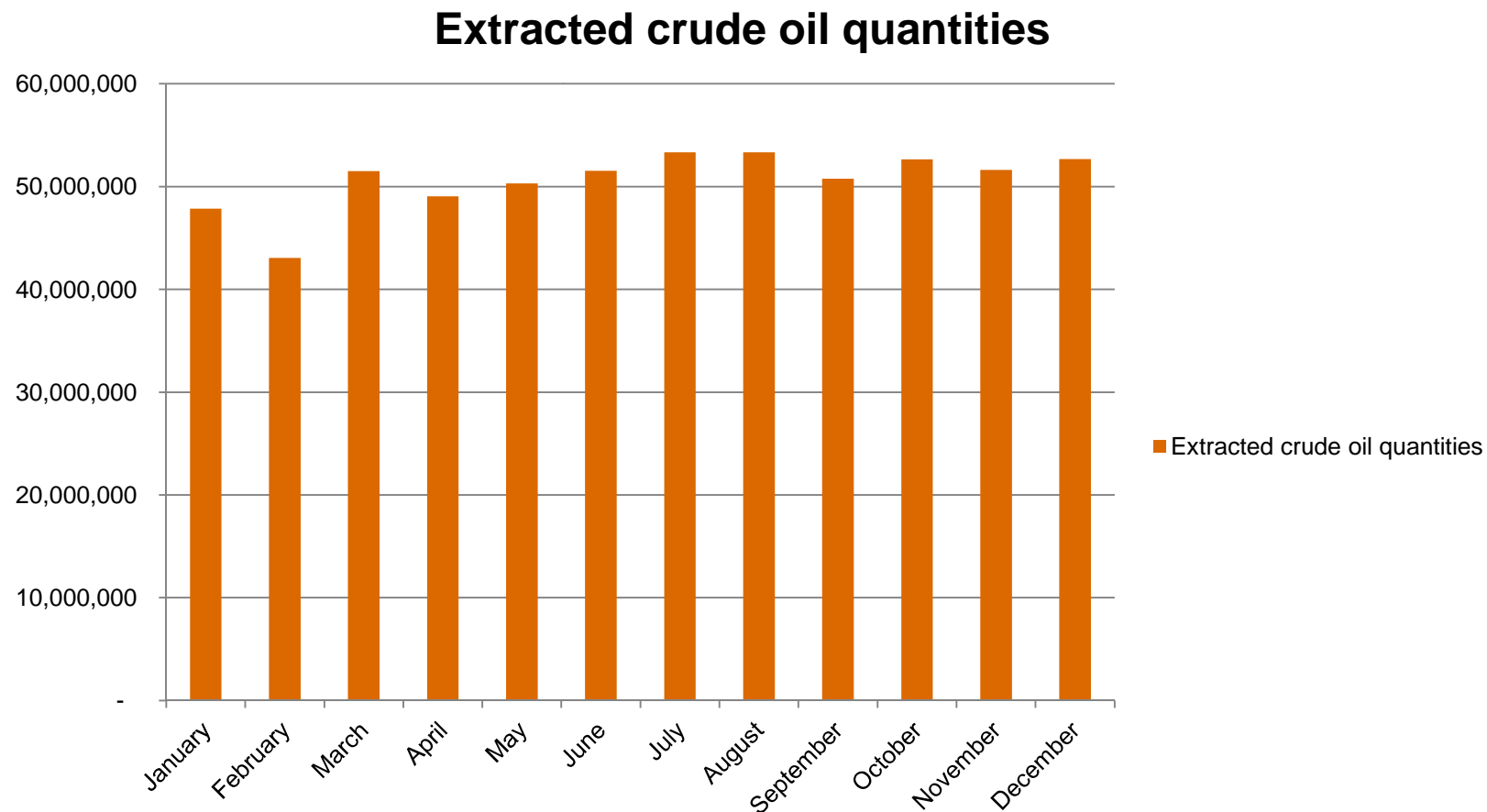
Month	Extracted crude oil quantities reported by MoO	Extracted crude oil quantities reported by SOC	Variiances
January	47,858,538	47,858,538	-
February	43,046,182	43,046,182	-
March	51,510,139	51,510,139	-
April	49,048,544	49,048,544	-
May	50,316,864	50,316,864	-
June	51,534,424	51,534,424	-
July	53,321,328	53,321,328	-
August	53,331,968	53,331,968	-
September	50,768,108	50,768,108	-
October	52,634,992	52,634,992	-
November	51,606,303	51,606,303	-
December	52,682,428	52,682,428	-
Total	607,659,818	607,659,818	-

Extracted crude oil quantities for the year 2009 reported by SOC is

**607,659,818
barrels**

5. Further Transparency

5.2 Extracted crude oil quantities reconciliation between Ministry of Oil and South Oil Company (in barrels)



5. Further Transparency

5.3 Monthly export quantities and price average for exported crude oil in calendar year 2009 in relation to the American, European and Asian Markets and the Quantity exported through Ceyhan Port & Seniya Depot by SOMO

Month	Quantity exported through Ceyhan Port & Seniya Depot				Monthly export price average (USD)			
	American Market	European Market	Asian Market	Jordan*	American Market	European Market	Asian Market	Jordan**
January	6,248,774.0	9,255,732.0	0	306,688.0	32.5	39.0	-	25.6
February	2,031,739.0	10,292,403.0	0	279,970.0	33.6	39.1	-	25.1
March	2,043,130.0	10,730,058.0	0	309,800.0	48.0	45.4	-	28.5
April	949,526.0	11,005,460.0	0	296,392.0	59.1	49.7	-	32.3
May	2,043,899.0	13,805,057.0	0	309,856.0	62.1	56.7	-	39.5
June	2,620,592.0	12,913,185.0	0	299,854.0	60.6	66.6	-	50.6
July	2,628,295.0	13,956,579.0	0	309,882.0	64.3	63.3	-	46.6
August	6,715,703.0	9,106,094.0	0	309,866.0	66.5	69.9	-	54.8
September	1,903,500.0	12,705,524.0	0	299,848.0	71.7	65.6	-	49.4
October	954,247.0	10,687,151.0	0	309,976.0	76.6	73.3	-	54.8
November	1,411,539.0	10,426,755.0	0	284,048.4	73.6	75.8	-	58.7
December	3,071,629.0	10,354,322.0	0	309,867.3	71.6	73.0	-	56.3
Total by Market	32,622,573.0	135,238,320.0	0	3,626,047.7				
Total	171,486,940.7							

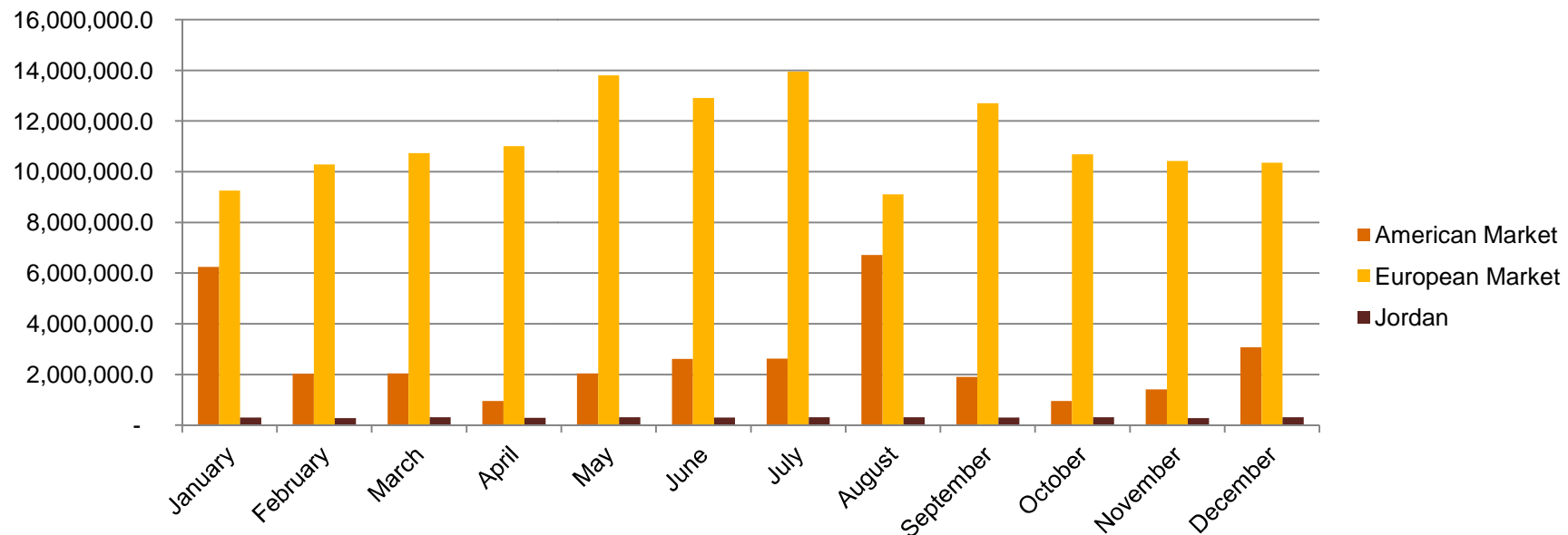
*Quantities exported to Jordan is via Petroleum Tanks not through Ceyhan Port and Seniya Depot

**Jordan oil prices is included in this item, where there is an agreement between the GoI and Government of Jordan to sell Oil based on BRENT Prices less USD 18

5. Further Transparency

5.3 Monthly export quantities and price average for exported crude oil in calendar year 2009 in relation to the American, European and Asian Markets and the Quantity exported through Ceyhan Port & Seniya Depot by SOMO

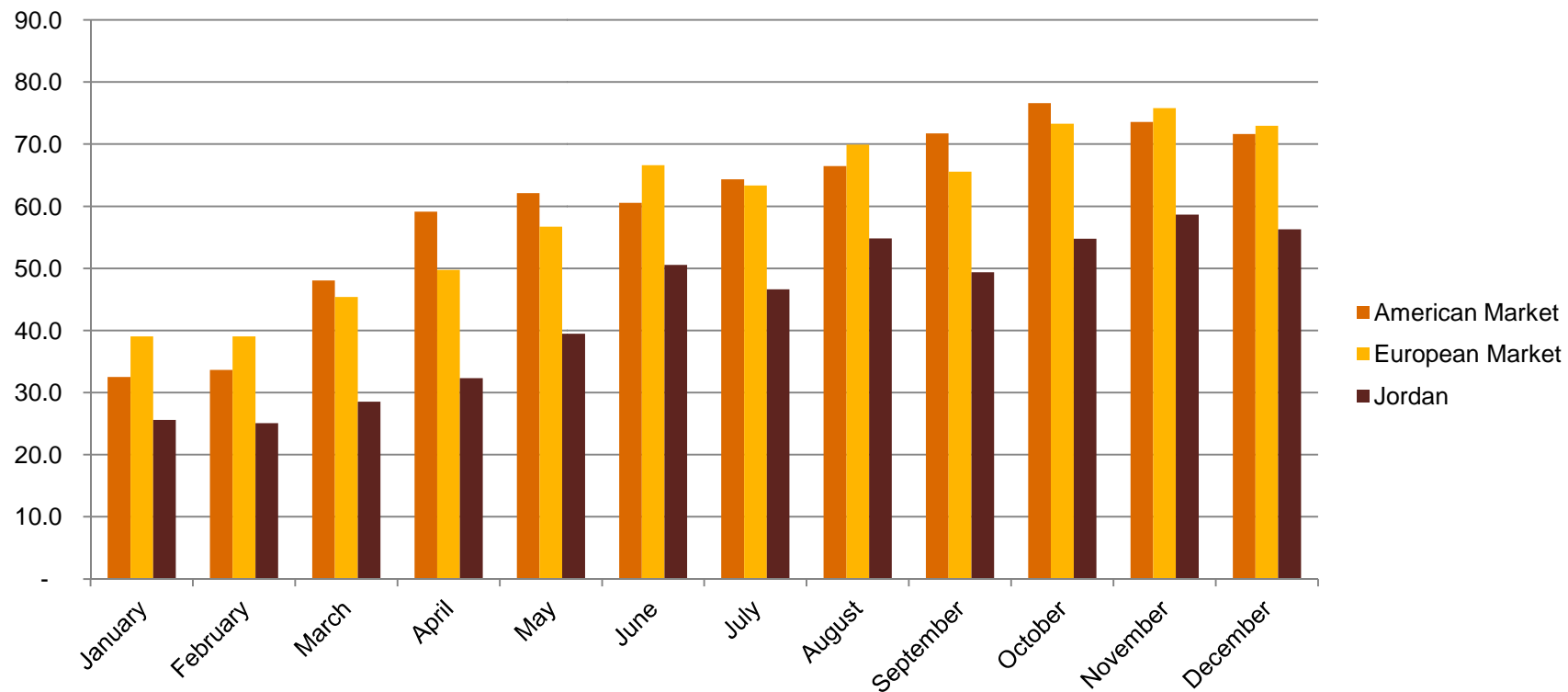
Quantity exported through Ceyhan Port & Seniya Depot



5. Further Transparency

5.3 Monthly export quantities and price average for exported crude oil in calendar year 2009 in relation to the American, European and Asian Markets and the Quantity exported through Ceyhan Port & Seniya Depot by SOMO

Monthly export price average (USD)



5. Further Transparency

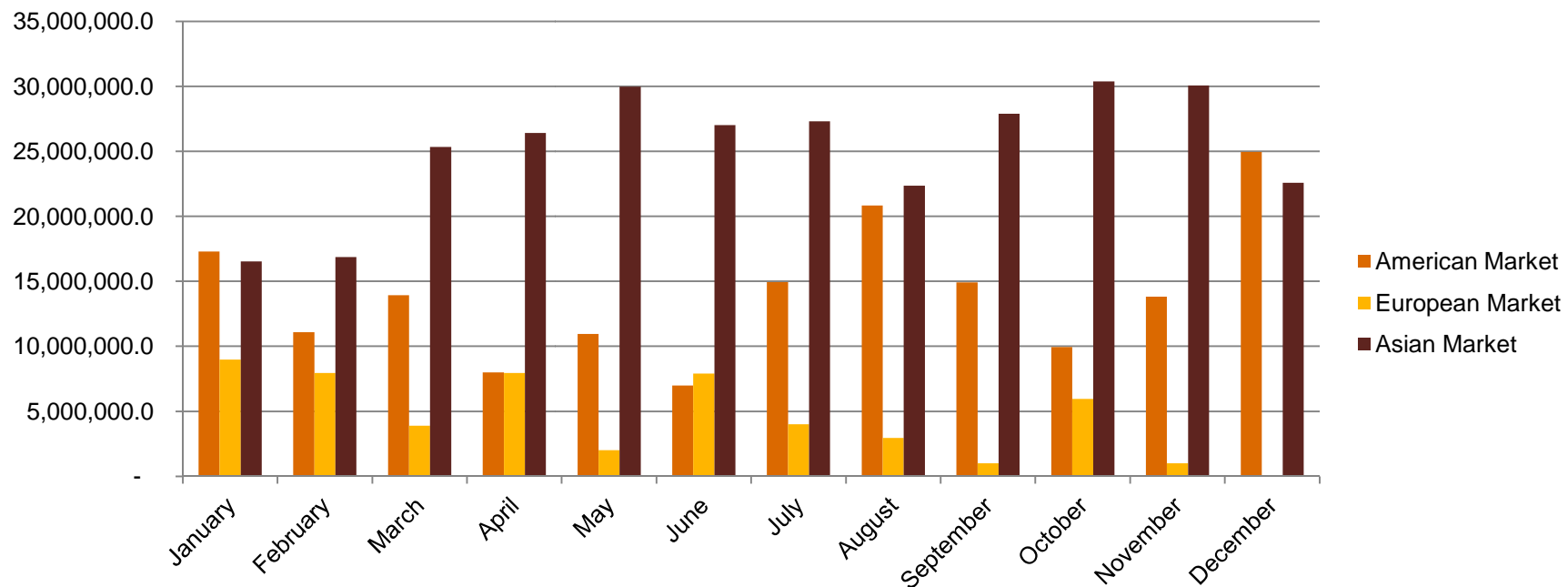
5.4 Monthly export quantities and price average for exported crude oil in calendar year 2009 in relation to the American, European and Asian Markets and the Quantity exported through Basrah and Khor Al-Amaya ports by SOMO

Month	Quantity exported through Basrah & Khor Al-Amaya ports			Monthly export price average (USD)		
	American Market	European Market	Asian Market	American Market	European Market	Asian Market
January	17,292,139.0	8,979,589.0	16,538,253.0	34.6	36.7	39.3
February	11,088,441.0	7,941,719.0	16,870,954.0	34.7	38.0	39.6
March	13,939,481.0	3,886,367.0	25,345,693.0	47.5	45.4	41.7
April	7,994,595.0	7,950,458.0	26,429,137.0	56.8	49.7	46.5
May	10,950,354.0	1,998,751.0	29,976,857.0	63.8	63.8	54.4
June	6,991,730.0	7,899,880.0	27,023,088.0	59.7	62.1	65.6
July	14,946,386.0	3,996,880.0	27,307,308.0	64.2	67.7	64.8
August	20,848,101.0	2,954,413.0	22,352,860.0	66.0	70.8	69.6
September	14,928,350.0	997,970.0	27,898,916.0	66.9	68.1	65.4
October	9,933,630.0	5,960,482.0	30,382,948.0	74.4	74.4	70.1
November	13,826,427.0	997,428.0	30,078,122.0	69.8	75.6	74.9
December	24,956,023.0	0	22,593,421.0	73.4	-	74.1
Total by Market	167,695,657.0	53,563,937.0	302,797,557.0			
Total		524,057,151.0				

5. Further Transparency

5.4 Monthly export quantities and price average for exported crude oil in calendar year 2009 in relation to the American, European and Asian Markets and the Quantity exported through Basrah and Khor Al-Amaya ports by SOMO

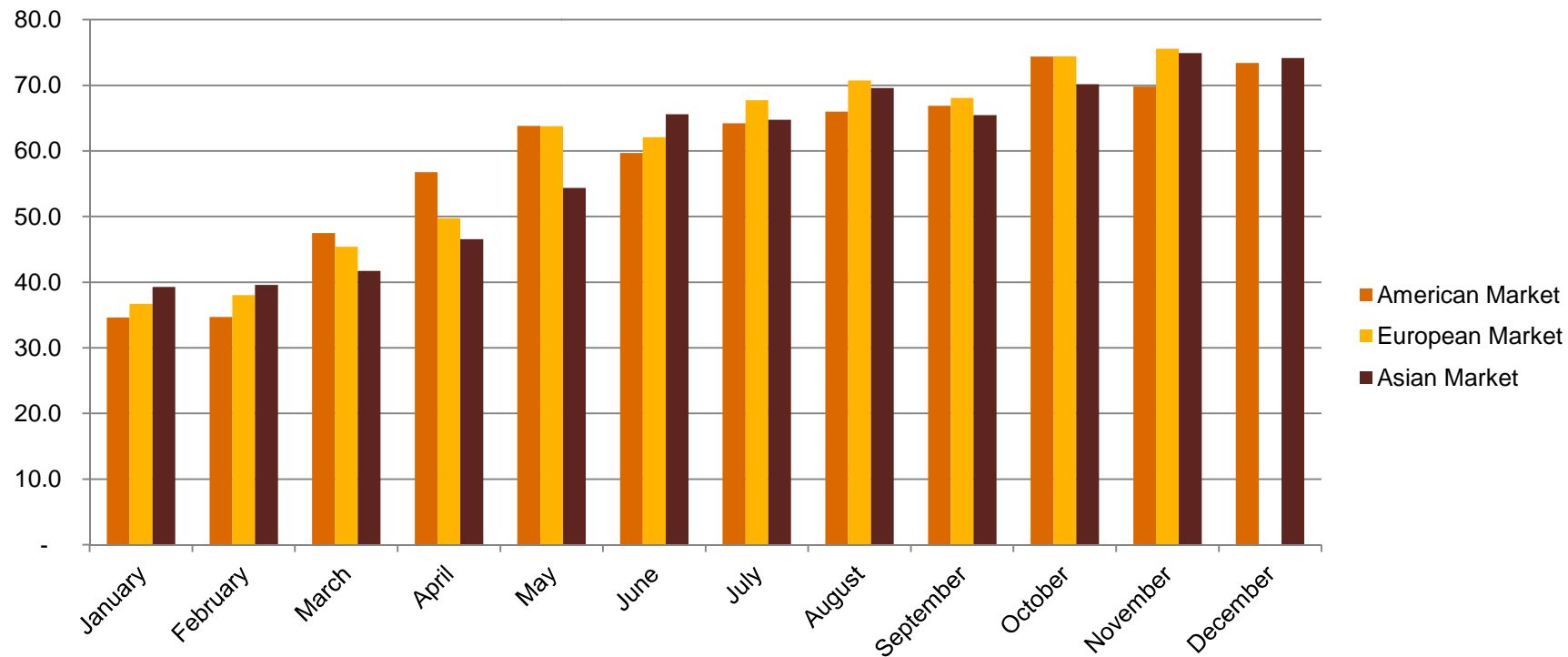
Quantity exported through Basrah & Khor Al-Amaya ports



5. Further Transparency

5.4 Monthly export quantities and price average for exported crude oil in calendar year 2009 in relation to the American, European and Asian Markets and the Quantity exported through Basrah and Khor Al-Amaya ports by SOMO

Monthly export price average (USD)

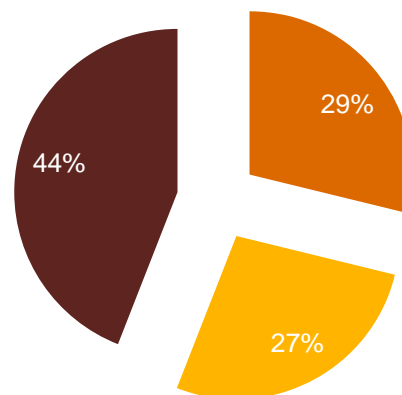


5. Further Transparency

5.5 Quantities exported through North Oil Company and South Oil Company to World Oil Markets

Quantities exported to oil markets

■ North & South America ■ Europe & North Africa ■ Asia/Far East



The Mining Industries in Iraq

6

6. The Mining Industries in Iraq

6.1 The Mining Industry in Iraq

In addition to its oil and gas resources, Iraq also possesses substantial mineral resources, some of world class in terms of reserves, including sulfur and phosphate. Until recently, Iraqi Civil Society was not informed of, nor could it participate to the debate regarding oil, gas and mineral production, Iraq's public was not able to set a production, exploitation and marketing policy in respect of Iraq's mineral resources, since information on the sector were not available to public knowledge, and private participation to invest in such sectors was not open to Iraqi nationals. After 2003 it became important to develop such a policy, to regulate the exploitation of those resources in a way that guaranteed transparency and would therefore attract investment that could develop the industry by improving the image of Iraq as a reliable business partner and a safe destination for Foreign Direct Investments (FDIs). The following data was provided by the Ministry of Industry and Mining (MIM).

6.1.1 The future outlook for key minerals and commodities in Iraq including proven probable and possible oil, gas and mineral reserves

By taking into account the country's geographic distribution throughout its sedimentary basins, and by conducting several campaigns of exploration of its mineral reserves, it was possible to gain a clear view of the sources of mineral and industrial rock in Iraq, and to determine the quality and quantity of the recoverable reserves of those resources, for the purposes of developing them through industrial investment. The available data shows the existence of huge quantities of phosphate (more than ten billion tons in Iraq's Western Desert alone) and huge stocks of free sulfur (more than six hundred million tons in parts of Nineveh and Salah al-Din, recognized as being the first of their kind globally) as well as vast reserves of silica sand, Kaolin and limestone, salt, and other minerals across various parts of Iraq. The Kurdistan Region shows encouraging evidence of the existence of mineral resources such as lead, zinc and copper.

Iraq's mineral wealth will be one of the main pillars of Iraq's national economy in the coming years, providing significant employment opportunities for Iraqis and contributing to the development of infrastructure and a sound industrial base in Iraq's different provinces.

6.1.2 Iraq's current infrastructure

The mining infrastructure which currently existing in Iraq can be summarized as follows:

- Availability of a solid North/South network of oil and gas pipelines, including towards export marine terminal through the Gulf and Turkey.
- Availability of a network of linking roads between Iraq's major cities and governorates (Baghdad - Mosul – Basrah), and several between the different provinces.
- A rail network linking most cities and towns with the mineral resources and raw materials locations.
- Most provinces and major cities are linked to export terminals in Basra.
- The presence of many civil airports (in Baghdad, Basra, Sulaymaniyah, Erbil and Najaf).
- The presence of export ports in the Arabian Gulf such as port in Basra province, the ports of al-Fao and Khour al-Zubair in al-Basra province.
- Availability of a mobile and landline telephone network linking all major cities and provinces in Iraq.
- Availability of water resources by way of the Tigris and Euphrates rivers that cross the country, and access to the sea through the Arabian Gulf.
- Availability of a national electrical power network throughout Iraq. Although this is currently not sufficient to meet current and expected demand growth.
- The state intends to set up projects to generate more electrical power in all provinces in the country, in order to meet Iraq's current and future needs.
- Availability of geographical maps of all the sedimentary basins identified in Iraq during the last century and their possible usages.
- Availability of local expertise and the capacity building infrastructure to go with its expected demand growth.

6. *The Mining Industries in Iraq*

The Iraqi government is currently formulating policies relating to the rehabilitation of Iraq's infrastructure, which are intended to attract investors and prepare Iraq for future development. These policies include institutional reform, capacity building, and the provision and upgrading of core services, including wide access to water, electricity, housing, sanitation and waste disposal. The government is seeking to improve the quality of life in both urban and rural areas by increasing the coverage of services and reducing environmental impact, in line with the UN's Millennium Development Goals.

6.1.3 The Iraqi Ministry of Industry and Minerals (MIM)'s strategy for growth in the mining and extractive industries

Because of its dependence on oil revenues and its limited revenues from other activities, Iraq's development economy has frequently been depicted as one-sector overly dependent. The Iraqi government has formulated a three-year strategy (2007-2010), which sets out its development plans and investment programs. This strategy represents an increased economic openness in Iraq's relations with the rest of the world. The strategy is based on four pillars that are designed to underpin the country's development activities, namely:

- Strengthening and diversifying the foundations of economic growth.
- Stimulating the private sector.
- Improving quality of life.
- Promoting good governance and establishing security.

Iraq currently uses its natural gas and minerals in its petrochemical industry and in its fertilizer production industry. In addition, natural gas is also used in power stations to provide electricity and to replace of Liquid Petroleum Gas (LPG) imports wherever appropriate and possible.

The Ministry of Industry and Minerals (MIM), has recently established a short-term plan to restart, repair and transfer ownership of state-owned companies. The MIM has also developed a vision for a long-term plan that sets out a framework for the development of a national industry in this sector, utilizing Iraq's abundant resources, labor force and drawing on the investment possibilities of the private sector, both domestic and foreign.

6.1.4 The views of senior decision-makers and government advisors on the future of the mining and other resources industries in Iraq

The MIM has decided to expand Iraq's mining industry in order to provide greater investment opportunities in the field of exploring and developing its mineral resources. Joint coordination among the provincial councils in relation to the exploitation of these resources is currently taking place. This seeks to provide support to public companies that specialize in this industry, through the allocation of funds to help the rehabilitation the physical assets and capacity of those companies and in preparing them for public-private partnership or for privatization, if and where more appropriate.

6. The Mining Industries in Iraq

Although Iraq has some of the largest stocks of strategic minerals, the mining sector has been neglected in the past and so development in this sector has been slow, in comparison with other countries.

According to the “State Owned Companies (SOEs) Guide of 2006”, the strategy for strengthening these industries is as follows:

- Short term:
 - Restarting and reforming viable manufacturing SOEs (this began in 2004 and was set to last for two years)
- Medium-term:
 - Preparing to transfer manufacturing SOEs to the private sector (this began in 2005 and was set to last for five years)
- Long-term:
 - Formulating a comprehensive policy framework for national industrial development, led by the private sector (this began in 2004 and will continue thereafter.)

Rehabilitation of Existing SOEs

The MIM seeks to engage investors in the process of rehabilitating plants that are SOEs as they need to be upgraded, developed and modernized. Investors who invest in this rehabilitation will be permitted to operate and manage these plants, and will get a share in the profits of production, for a specified and agreed period.

In order to introduce investors to these opportunities, the MIM has prepared “Investment Files” that provide information on the prevailing technical condition of each plant, rehabilitation requirements, granted privileges and obligations, general terms and conditions of the agreement in respect of each plant, and other information, to enable investors to submit Joint Ventures and Production proposals.

6.1.5 Iraq’s economic reforms and their implications for the oil, gas and mining sectors

After approving metal investment law No. 91 of 1998 (and its amendments), which has not been fully implemented, Council of Ministers Resolution No. 314 for the year 2010 established a roadmap for restructuring and reforming state-owned companies. This roadmap permits a high level of flexibility in relation to dealing with the obstacles facing the implementation of the restructuring process. In addition to the provision, the basis for selection of the members of the Restructuring Unit in coordination with the Unit of Economic Reform (Public Companies Reform Team which one of its members is a representative of the MIM) that inform through this "single window", the public and private interested bidders, of the entry conditions such as: technical and financial capability, proposed rehabilitation or development requirements, explore their abilities and distribute or direct them over business development and investment activities.

6. The Mining Industries in Iraq

6.1.6 Investment opportunities in the mining mineral industries in Iraq

Due to the diversity of available raw materials in Iraq, and the availability of large proven reserves of quality and good specification minerals, the MIM has provided the following investment opportunities for investors in coordination with the State Company for Geological Surveys and Mining:

Project	Location
A tile-production plant project	Anbar Governorate
A free sulfur extraction and mineralization project	Nineveh Governorate
A silica sand production project (producing silica sand for the glass industry, foundries, thermo stone and silicon industries)	Anbar Governorate
A project for the extraction and mining of phosphatic deposits in Wadi Swab	Anbar Governorate
A feldspar ore production plant project.	Al-Najaf Al -Ashraf' Governorate
A project for constructing an alumina production plant	Anbar Governorate
A project for the extraction and mining of phosphatic deposits at Wadi Al – Ilirri	Anbar Governorate
A sodium sulphate production plant project	Salah Al -Deen Governorate
Cement production plants.	Multiple governorates
A sodium carbonate production plant project.	Anbar Governorate

6. The Mining Industries in Iraq

6.1.7 Summary of Iraq's main mineral resources

Mineral Products	Location	Proven Reserves	Uses
Free sulfur	Meshraq / Ninawa Governorate	About 600 m.t (extraction ability 60%)	Phosphatic fertilizers and chemicals industries
Phosphorite 20-25% P₂O₅	Akashat / Anbar Governorate	More than 100000 m.t	Phosphatic fertilizers industry
Sodium chloride (salt)	Ninawa, Muthana and Anbar Governorates	More than 50 m.t	Food, textile and leather industries
Glass sand	Western Desert / Anbar Governorate	More than 75 m.t	Glass industry, ceramic, refractories and foundries
Quartzite	Western Desert / Anbar Governorate	More than 16 m.t	Silicon industries and furnace acid lining
Feldspar bearing sand	Al-Najaf Governorate	More than 00 m.t	Ceramic industries and filters
Heavy minerals, sand, zircon, rutile and monazite	Western Desert / Anbar Governorate	—	Jewelry manufacture (rutile), production of titanium zircon, zirconium monazite, thorium
Glaubente ore	Al-Shaiy Lake / Samarra Salah Al-Deen Governorate	22 m.t	Sodium sulphate used for the production of detergents and in the glass industry
Limestone	Ninawa, Anbar, Al-Najaf and Al-Muthana Governorate	More than 8000 m.t	Cement, lime, glass, ceramic product, construction industry, paint production and marble substituents
Dolomite	Anbar and Al-Muthana Governorates	330 m.t	Production of magnesia, magnetite brick, glass, ceramics, iron, steel and in the construction industry
Gypsum	Ninawa , Salah Al-Deen, Anbar and Wasit Governorates	More than 130 m.t	Plaster for decoration and in the cement industry
Sand and gravel	Al-Najaf Alashraf and Holy Kerbala, Salah Al-Deen, and Basrah Governorates	Very big reserves	For use in construction and for filters

Source: Iraq Ministry of Industry and Mineral

6. The Mining Industries in Iraq

6.1.7 Summary of Iraq's main mineral resources

Mineral Products	Location	Proven Reserves	Uses
Recent clays	Governorates located in the Mesopotamian	2858 m.t in brick industry and 450 m.m3 for cement industry	Brick and cement production
Old formation clays	Nenava, Salah Addin, and Diyala Governorates	Very big reserves	Brick production
Kaolin clays	Western desert Anbar Governorate	1200 m.t	Cement, refractories, white cement and historical bricks
Clay	Western desert Anbar Governorate	10 m.t	White cement and refractories
Bentonite clays	Western desert Anbar Governorate	22 m.t	Drilling mud for oil wells and concrete pillars, animal fodder preparation, vegetable oil bleaching, paraffin, foundry molding works
Attapulgit Clays	Western desert Anbar Governorate and Neneva Governorate	0.5 m.t	Salty drilling mud, bleaching for wax and vegetable oils
Celestite (Strontium sulphate)	AL-Najaf Alashraf and Holy Kerbala Governorate	0.8 m.t	Raw material for sugar extraction
Porcellanite Siliceous rocks of low density less than 1 gm/cm³	Western desert Anbar Governorate	1.8 m.t	Vegetable oils purification, food industry, sulfur and light concrete production
Bauxite (Aluminum ore)	Western desert Anbar Governorate	1 m.t	Refractory and alum production
Sedimentary iron	Western desert Anbar Governorate	60 m.t	Resistant cement

Source: Iraq Ministry of Industry and Mineral

6. The Mining Industries in Iraq

6.1.8 Programs for geological mapping and mineral exploration in Iraq

The Geological Survey and Mining Company has a plan to establish a digital database providing geographic information relating to Iraq.

Databases that include information about Iraq’s mineral resources, their locations, their type, the recoverable reserves and its related infrastructure will be made available for investors, for use in further exploration.

Geological surveys are currently being conducted throughout Iraq to produce geological maps and to keep those maps updated in line with the requirements of technological developments in the mining industry.

Other programs include those related to exploration and exploitation of minerals in Iraq.

The Geological Survey and Mining Company’s current activities include the following:

- Exploration of limestone (suitable for cement production) in the Qara Choaq area, for the benefit of the Gar Company.
- Detailed geological survey (1:25000) of the Qara Choaq area for the benefit of the United Construction Company.
- Detailed geological survey (1:25000) of the Qara Choaq area for the benefit of the Shahee Zian Company.
- Reconnaissance geological survey of territory in the Muthana Governorate.
- Exploration of limestone (suitable for cement and lime production) at the Wadi Aubiyath locality for the benefit of the State Company of Southern Cement.

6.1.9 Industries/products related to mining minerals

Material	Industry
Phosphate Rocks	Fertilizers, phosphoric acid
Raw sulfur	Free sulfur
Silica sand	Glass, standard sand
White kaolin	Ceramic, cement
Dolomite	Glass, refractories
Bentonite	Drilling mud
Limestone	Cement, building, glass
Gypsum	Piaster
Feldspar	Ceramic, glass
Quaternary clay	Brick
Salt	Food, industry
Gravel and Sand	Construction
Sedimentary iron	Cement
Clay	White cement

Source: Iraq Ministry of Industry and Mineral

*Lessons learned from this
reconciliation*

7. Lessons learned from this reconciliation

Irrespective of how much planning has been carried out, an initial reconciliation in any new country is likely to give rise to issues that were never envisaged at the planning stage. Experiences from this initial implementation of the EITI in Iraq are summarized below:

7.1 Reporting templates

Since this was the first year of reporting, questions have also been raised as to what to include in the reporting template. These questions have to a large extent been solved by referring to the detailed guidance providing the entities involved with the Arabic version of the reporting template only.

Recommendation:

The reporting template for next year should address all enquiries with a ‘frequently asked questions’, section to increase clarity in this regard.

7.2 Reporting deadlines

The governmental entities did not receive detailed reporting instructions until September 2011. Despite the extended deadline of 6 October 2011, several companies were still unable to meet the deadline. The last entity reported on 20 October 2011. Approximately two thirds of the entities reported within the original deadline. After the deadline expired, follow-up was undertaken and missing data was received from governmental entities through follow up by H.E the Minister of Oil represented again an instructions to SOMO to follow up on data requests, which was actioned by SOMO sending two consecutive letters to oil buyers who did not respond.

Significant delays have been encountered as only 11 buyers were able to provide required information on or before the deadline. It required a extensive efforts from the reconciler and IEITI to reach 27 responses while it required the intervention of H.E the Minister of Oil by sending a letter to the oil buyers who did not respond to reach the level of 34 companies.

Follow up with different parties through coordination made by the IEITI National Secretariat in relation to data requested from Federal Reserve Bank of New York (FRBNY), this included two reminders being sent to FRBNY by the CBI and letters being sent to both the MoF and the CBI by H.E the Minister of Oil.

Late reporting creates challenges in relation to the reconciliation work and the follow-up of discrepancies.

Recommendation:

It is recommended that the importance of keeping to the reporting deadline be emphasized upfront when issuing next year’s reporting forms. A strict follow up mechanism should be put in place to limit any delays to a minimum.

7.3 Managing the sensitivity of reported information

During the reporting / reconciliation process, the IEITI made clarifications with respect to the disclosure of confidential or sensitive information.

Recommendation:

In future years, earlier communication with focused emphasis and importance with the reporting entities in this regard would ensure better cooperation.

7. Lessons learned from this reconciliation

7.4 Other payments

Reporting entities must report all other payments made to the government or by the government for current or future service contracts, in order to disclose payments that are not necessarily required by law. In the current year, there were some questions raised by oil buyers concerning what to include under “Other payments” as there were no production by foreign extractive companies during the year.

Recommendation:

Additional guidelines should be articulated in relation to next year’s reporting, to limit any uncertainties. In this reconciliation, no company included other payments in their reporting that were not in line with this year’s guidelines.

7.5 Signatures

Based on the guidelines, the reporting templates should be signed by the CFO/head of department. It had been noted that some of the templates were not signed at all. However, these were received through official emails of the related buyers.

Recommendation:

Future guidelines need to emphasize the importance of high-level sign off on all of the reporting templates

7.6 Availability of Auditor’s report

Buyers were requested to attach an auditor’s report together with their reporting templates. Some of the companies neglected to do this and some had to be reminded frequently of the need to include this information.

Due to the current regulatory context in Iraq and the structure of the oil and gas industry, the oil companies are audited by the Iraqi Board of Supreme Audit (BSA) based on local Iraqi accounting standards. These Iraqi standards, when originally developed in the 1980’s, were based on International Accounting Standards (IAS). However, they were not updated for over 20 years. Accordingly they will create an understanding gap between reporting by the oil companies and industry practices.

Recommendation:

Oil buyers should be advised to provide their audited financial statements to SOMO on an annual basis. Moreover, national oil companies should be audited based on internationally accepted auditing and accounting standards, in order for all involved to be at the level of industry best practices.

Appendix 1 - Reporting entities

Reporting entities

The following entities has been identified by the IEITI council of stakeholders as the reporting entities for the first IEITI report:

International oil companies

Oil Marketing Company (SOMO)

Ministry of Oil

North Oil Company

South Oil Company

Ministry of Finance

Central Bank of Iraq

Ministry of Industry and Minerals

:

Appendix 2 - Instructions for completion of Templates

Instructions for completion of Templates

1. Timetable

Reporting Templates must be completed and lodged with the IEITI Reconcilers by no later than **15 September 2011**.

2. Lodgment

Both hard and soft copies of the completed templates should be lodged by every company and Government Agency. Wherever possible, they should be accompanied by supporting schedules/information giving a breakdown of the amounts/quantities declared on each line of the template.

Hard copies should be mailed to:

IEITI Reconcilers

PricewaterhouseCoopers "Jordan"

3rd Circle, Jabal Amman - 14 Hazza' Al Majali Street

P.O Box 5175, Amman 11183, Jordan

AND

National Secretariat For IEITI

Ministry of Oil Complex, 3rd floor

Zayounah, Baghdad-Iraq

Soft copies should be emailed to:

iraqeti@jo.pwc.com

AND

iha22102@caa.columbia.edu

3. Templates

A template needs to be completed by each Government Agency, SOMO and the buyers in respect of which any of the taxes listed have been paid/ received.

At the top of the buyers template, there is a space to enter the name of the buyer (company). This must be completed using the full and exact name of the company as it appears in its Articles of Incorporation, as revised by any official name change where appropriate.

At the below of the buyers, SOMO and the governmental agencies templates, there is a space to enter the name, authorized signature and the Stamp. This must be completed using the full and exact name of the person whom responsible for the correctness and reliability of the template data.

4. Queries and Guidance regarding completion of templates

Should any queries arise whilst you are completing the Templates you can seek clarification from us by emailing details of the query to: iraqeti@jo.pwc.com and iha22102@caa.columbia.edu

Guidance note will be circulated to all participations parties clarifying the issue

All inquiries should be either in English or Arabic languages.

5. Currency of payment / receipt

Both the Government and company templates contain columns to indicate the currency of the transactions (i.e. USD or IQ). Please note that items recorded in IQ should be rounded to the nearest thousand (IQ 000's).

Please do not translate any payments/receipts into the other currency as this creates the risk of different conversion rates being applied to the same transaction.

Instructions for completion of Templates

6. Basis of reporting

6.1 Amounts paid/received

Unless otherwise required by the template, all figures included in the reporting templates must be calculated on a strict cash basis. Accordingly, any payment made prior to 1 January 2009 should be excluded. The same applies to any payment made after 31 December 2009. For clarification, the date of payment is the date recorded on the receipt voucher/ supporting document.

7. Supporting schedules

Supporting schedules should be prepared for all figures shown in reporting templates. Although not compulsory, it would be appreciated greatly if these schedules are lodged at the same time as the templates as they will help the Reconcilers to carry out the reconciliation. A suggested format for a supporting schedule is available to all buyers, SOMO and government agencies can use them as a tool for completing their respective templates. If supporting schedules are prepared in any other format, these are also welcomed. These might be in the form of computer print outs or typed lists.

Government Agencies should prepare supporting schedules detailing how each figure shown in the templates was compiled. These schedules are to be submitted with the reporting templates. Copies of receipts may also subsequently be required to be submitted to the Reconciler, if discrepancies between the company's template and the Government Templates are identified.

8. Attestations

This is to remind the person signing off the filled template, who should be able to sign on behalf of the Board of Directors (or similar body), that the figures inserted on the template must be checked.

In relation to the Auditor's Report, this can be provided by the buyers, SOMO and the Governmental Agencies external auditors (Board of Supreme Audit) or another "Bona Fide" registered auditor. The wording of the auditor's report is provided and should not be altered.

A record should be maintained detailing how items shown on the template reconcile with the line items shown in the company's audited financial statements, as this information may be required by your auditors in order to make the required attestation.

9. Accounting records

9.1 Companies

For companies, as noted above, amounts paid should be reported based on cash basis of accounting. If the company normally prepares its accounting records based on accruals basis, i.e. the payment is recognized at the time it is due rather than the time when it is paid, adjustments will have to be made to include amounts recorded in the accounting records up to 31 December 2009 but actually paid after this date in the template, and exclude amounts recorded up to 31 December 2008 which were paid after this date. In other words, the accrual-based accounts must be converted to the cash basis.

It is recommended that a review of the cashbooks should be carried out to identify any payments not picked up through the ledger accounts. A review could also be carried out to ensure that all regular payments are accounted for.

9.2 Government Agencies

In respect of Government Agencies, receipts are to be reported based on cash basis. Care should be taken to ensure that amounts shown on the template include all receipts during the financial year 2009, irrespective of whether the receipt was allocated in the Agencies records against amounts due in a previous or subsequent financial year, unless otherwise required by the template.

Appendix 3 - Reporting Templates

Templates

Ministry of Oil/ Licensing Department Form



Ministry of Oil/ Licensing Department						
Forms for reporting UNDER EITI REGULATIONS						
list of all licensed or registered companies involved in the extractive sector exploration and production that hold active extraction license during CALENDAR YEAR 2009						
Company Name	Contract Signing Date	Signing Bonus Received during 2009		Any other payments recieved during 2009		Notes
		Local currency (IQD)	Foreign currency (USD)	Local currency (IQD)	Foreign currency (USD)	
We confirm that the above information reflects all companies participated in calander year 2009.						
Name:						
Position:						
E-mail address:						
Location:						
Date:						
Authorized Signature:						
Stamp:						
All information received shall be kept confidential and shall not disclose such information to any of the other Parties except in aggregate form when it is issued in the report.						

Templates

Ministry of Oil/ Technical Department Form



Ministry of Oil/ Technical Directorate								
Forms for reporting UNDER EITI REGULATIONS								
Extracted and exported crude oil In CALENDAR YEAR 2009								
(Quantities are measured in barrels)								
Month/Reporting Items	North Oil Company				South Oil Company			
	Starting balance	Crude oil produced	Crude oil exported	Internal consumption	Starting balance	Crude oil produced	Crude oil exported	Internal Consumption
January								
February								
March								
April								
May								
June								
July								
August								
September								
October								
November								
December								
Total Of Reportable Crude Oil								
We confirm that the above information reflects the extracted, exported oil and internal consumption to be reported in accordance with the regulations on reporting and reconciliation of oil in the republic of Iraq.								
Name:								
Position:								
E-mail address:								
Location:								
Date:								
Authorized signature:								
Stamp:								
All information received shall be kept confidential and shall not disclose such information to any of the other Parties except in aggregate form when it is issued in the								

Templates

Ministry of Finance Form



Ministry of Finance									
Forms for reporting UNDER EITI REGULATIONS									
Details List of all extractive companies that hold active extraction license during CALENDAR YEAR 2009									
Company Name	Crude oil export sales received during 2009		Signing Bonus Received during 2009		Corporate taxes received during 2009		Any other significant payments/revenues during 2009		Notes
	Local currency (IQD)	Foreign currency (USD)	Local currency (IQD)	Foreign currency (USD)	Local currency (IQD)	Foreign currency (USD)	Local currency (IQD)	Foreign currency (USD)	
We confirm that the above information reflects all companies participated in calander year 2009.									
Name:									
Position:									
E-mail address:									
Location:									
Date:									
Authorized Signature:									
Stamp:									
All information received shall be kept confidential and shall not disclose such information to any of the other Parties except in aggregate form when it is issued in the report.									

Templates

North Oil Company Form



North Oil Company											
Forms for reporting UNDER EITI REGULATIONS											
Extracted and exported crude oil in CALENDAR YEAR 2009											
(Quantities are measured in barrels)											
Month/Reporting Items	Starting Balance	Crude Oil Produced	Crude Oil Exported	Internal Consumption	Corporate taxes paid to the GoI		Payments received from SOMO		Any other significant payments/revenues during 2009		Notes
					Local currency (IQD)	Foreign currency (USD)	Local currency (IQD)	Foreign currency (USD)	Local currency (IQD)	Foreign currency (USD)	
January											
February											
March											
April											
May											
June											
July											
August											
September											
October											
November											
December											
Total Of Reportable Crude Oil											
Contact Name:											
Phone number:											
E-mail address:											
We confirm that the above information has been prepared in accordance with International Public Sector Accounting Standards (IPSAS) under the cash basis of accounting or its equivalents based on audited accounts by the Board of Supreme Audit (BSA)											
Name of independent auditor for the year ended 31 December (if applicable):											
Date of independence auditor report for the year ended 31 December 2009 (if applicable):											
Location:											
Date:											
Authorized Signature:											
Stamp:											
All information received shall be kept confidential and shall not disclose such information to any of the other Parties except in aggregate form when it is issued in the report.											

Templates

South Oil Company Form



South Oil Company											
Forms for reporting UNDER EITI REGULATIONS											
Extracted and exported crude oil In CALENDAR YEAR 2009											
(Quantities are measured in barrels)											
Month/Reporting Items	Starting Balance	Crude Oil Produced	Crude Oil Exported	Internal Consumption	Corporate taxes paid to the GoI		Payments received from SOMO		Any other significant payments/revenues during 2009		Notes
					Local currency (IQD)	Foreign currency (USD)	Local currency (IQD)	Foreign currency (USD)	Local currency (IQD)	Foreign currency (USD)	
January											
February											
March											
April											
May											
June											
July											
August											
September											
October											
November											
December											
Total Of Reportable Crude Oil											
Contact Name:											
Phone number:											
E-mail address:											
We confirm that the above information has been prepared in accordance with International Public Sector Accounting Standards (IPSAS) under the cash basis of accounting or its equivalents based on audited accounts by the Board of Supreme Audit (BSA)											
Name of independent auditor for the year ended 31 December (if applicable):											
Date of independence auditor report for the year ended 31 December 2009 (if applicable):											
Location:											
Date:											
Authorized Signature:											
Stamp:											
All information received shall be kept confidential and shall not disclose such information to any of the other Parties except in aggregate form when it is issued in the report.											

Templates

SOMO FORM 1



SOMO (FORM 1)							
Forms for reporting UNDER EITI REGULATIONS							
Exported quantities received from NOC and SOC In CALENDAR YEAR 2009							
(are measured in barrels)							
Month/Reporting Items	North Oil Co.			South Oil Co.			Notes
	Quantities received in barrel	Payments made to NOC		Quantities received in barrel	Payments made to SOC		
		Local currency (IQD)	Foreign currency (USD)			Local currency (IQD)	Foreign currency (USD)
January							
February							
March							
April							
May							
June							
July							
August							
September							
October							
November							
December							
Total							
Name:							
Phone number:							
E-mail address:							
We confirm that the above information has been prepared in accordance with International Public Sector Accounting Standards (IPSAS) under the cash basis of accounting or its equivalents based on audited accounts by the Board of Supreme Audit (BSA)							
Name of the independence auditor for the year ended 31 December (if applicable):							
Date of independence auditor report for the year ended 31 December 2009 (if applicable):							
Location:							
Date:							
CFO/ CEO Signatures:							
Stamp:							

All information received shall be kept confidential and shall not disclose such information to any of the other Parties except in aggregate form when it is issued in the report.

* a copy of the BSA report should be attached to your response

Templates

SOMO FORM 2



Note: this form for each SOMO customer.

SOMO (FORM 2)																			
Buyer Name:																			
Forms for reporting UNDER EITI REGULATIONS Exported Crude Oil In CALENDAR YEAR 2009 (Quantities are measured in barrels)																			
1	Shipment No.	Contract No.	Invoice No.	Invoice Date	Quantity in Barrels	Barrel Price USD	Invoice Amount		Quantity in Tons	Quantities as reported by the third party verification company (SGS)	Port	Loading Date	LC No.	Destination	Due Date	API	Vessel's Name	Settlement	Notes
							Local currency (IQD)	Foreign currency (USD)											
Total																			
Name:																			
Phone number:																			
E-mail address:																			
We confirm that the above information has been prepared in accordance with International Public Sector Accounting Standards (IPSAS) under the cash basis of accounting or its equivalents based on audited accounts by the Board of Supreme Audit (BSA)																			
Name of the independent auditor for the year ended 31 December 2009:																			
Date of the independent auditor report for the year ended 31 December 2009:																			
Location:																			
Date:																			
CFO/ CEO Signature:																			
Stamp:																			
All information received shall be kept confidential and shall not disclose such information to any of the other Parties except in aggregate form when it is issued in the report.																			

Templates

SOMO FORM 3



SOMO (FORM 3)

Forms for reporting UNDER EITI REGULATIONS
 Monthly export price average for the exported crude oil in CALENDAR YEAR 2009
 (Quantities are measured in barrels)

Month/Reporting Items	Quantity exported through Basrah Port			Monthly export price average (USD)			Quantity exported through Ceyhan Port			Monthly export price average (USD)		
	American Market	European Market	Asian Market	American Market	European Market	Asian Market	American Market	European Market	Asian Market	American Market	European Market	Asian Market
January												
February												
March												
April												
May												
June												
July												
August												
September												
October												
November												
December												
Total Of Reportable Crude Oil												
Name:												
Phone number:												
E-mail address:												
We confirm that the above information has been prepared in accordance with International Public Sector Accounting Standards (IPSAS) under the cash basis of accounting or its equivalents based on audited accounts by the Board of Supreme Audit (BSA)												
Name of the independence auditor for the year ended 31 December 2009:												
Date of independence auditor report for the year ended 31 December 2009:												
Location:												
Date:												
Authorized Signature (CFO/ CEO):												
Stamp:												

All information received shall be kept confidential and shall not disclose such information to any of the other Parties except in aggregate form when it is issued in the report.

Templates

Buyers



Note: this form for each Buyer.

Buyer name:

Forms for reporting UNDER EITI REGULATIONS																		
Purchased Crude Oil from SOMO In CALENDAR YEAR 2009 from SOMO																		
(Quantities are measured in barrels)																		
	Shipment No.	Contract No.	Invoice No.	Invoice Date	Quantity in Barrels	Barrel Price USD	Invoice Amount		Quantity in Tons	Port	Loading Date	LC No.	Destination	Due Date	API	Vessel's Name	Settlement	Notes
							Local currency (IQD)	Foreign currency (USD)										
1																		
2																		
3																		
4																		
5																		
6																		
7																		
8																		
9																		
10																		
11																		
12																		
13																		
14																		
15																		
etc...																		
Total																		
Name:																		
Phone number:																		
E-mail address:																		
We confirm that the above information has been prepared in accordance with the International Accounting Standards or its equivalents and disclosures are based on audited accounts to international standards.																		
Name of the independent auditor for the year ended 31 December 2009:																		
Date of the independent auditor report for the year ended 31 December 2009:																		
Location:																		
Date:																		
Authorized Signatory (CFO/ CEO)																		
Company Stamp																		

All information received shall be kept confidential and shall not disclose such information to any of the other Parties except in aggregate form when it is issued in the report.

* a copy of auditors report should be attached to your response

Templates

Research on Iraqi Oil Markets (American, European, and Asian) by SOMO



To: Oil Marketing Company (SOMO)

Dear Sirs,

At the request of the Iraqi Extractive Industries Transparency Initiative (IEITI), kindly send to PricewaterhouseCoopers "Jordan" directly at their address below, a Research on Iraqi Oil Markets that includes but not limited to the following:

- What is SOMO strategy on marketing growth over Oil Markets (American, European, and Asian)?
- Details of Spot crude oil prices (PLATTS Rates \$/bbl) from 1 January 2009 to 31 December 2009.
- Historic and forecast data relating to production, consumption, imports, exports and reserves on Iraqi Oil Markets (American, European, and Asian) for the period 2007-2015
- Key information relating to Iraqi Oil Markets (American, European, and Asian) regulations.
- Information on the top companies purchasing Iraqi crude oil based on their market location (American, European, and Asian) including business description, strategic analysis, and financial information
- Facilitate market analysis and forecasting of future industry trends in Iraqi Oil Markets (American, European, and Asian).
- Assess your competitor's major crude oil assets and their performance.
- Any other Research on Iraqi Oil Markets (American, European, and Asian) that may provide.

Hard copies should be sent to:

PricewaterhouseCoopers "Jordan"

P.O. Box 5175 Amman 11183, Fax 00962 6 4610880 Hashemite Kingdom of Jordan

And/or

Jaddriyah, District No. 925, Street No. 34, House No. 26, Baghdad – Iraq

P.O. Box 2777 Jaddriyah, Tel 778 9282, 778 9135, 556 3074

Soft copies should be emailed to: iraqeiti@jo.pwc.com

AND ih22102@caa.columbia.edu

Very truly yours.

Name:

Signature:

Templates

Research on Mining Extractive Industry in Iraq by Ministry of Industry and minerals.



To: Iraqi Ministry of Industry and Minerals

Dear Sirs,

At the request of the Iraqi Extractive Industries Transparency Initiative (IEITI), kindly send to PricewaterhouseCoopers "Jordan" at their address below, a Research on Mining Extractive Industry in Iraq that includes but not limited to the following:

- The future outlook for key minerals and commodities in Iraq including confirmed and non confirmed reserves.
- What are the infrastructure and logistics currently exist? - Is Iraq's infrastructure ready for the investment?
- What is the Iraqi Ministry of Industry and minerals strategy on mining extractive industry growth?
- What are the views of senior decision-makers and government advisors on the future of the mining and wider resources industry in Iraq?
- Iraq's economic reforms and their implication for the mining and resources sectors.
- A summary on the main mineral resources of Iraq
- What are the investment opportunities in the mining, mineral industries in Iraq.
- Is there any comprehensive systematic program of geological mapping and mineral exploration that covers all the Iraqi territory?
- What are the industries related to mining, minerals in order to explore their suitability for revitalising the industries in Iraq.

Hard copies should be sent to:

PricewaterhouseCoopers "Jordan"

P.O. Box 5175 Amman 11183, Fax 00962 6 4610880 Hashemite Kingdom of Jordan

And/or

Jaddriyah, District No. 925, Street No. 34, House No. 26, Baghdad – Iraq

P.O. Box 2777 Jaddriyah, Tel 778 9282, 778 9135, 556 3074

Soft copies should be emailed to: iraqeiti@jo.pwc.com

AND ih22102@caa.columbia.edu

Very truly yours.

Name:

Signature:

Templates

Central Bank of Iraq Form to FRBNY

To : Federal Reserve Bank of New York (FRBNY)

.....

Dear Sirs,

At the request of the Iraqi Extractive Industries Transparency Initiative (IEITI), kindly send certificates in respect of our positions listed below as at 31 December 2009 to PricewaterhouseCoopers "Jordan" directly at their address

P.O. Box 5175 Amman 11183,

Fax 00962 6 4610880

Hashemite Kingdom of Jordan

Att.: Maher Al-Katout

iraqeiti@jo.pwc.com

- Detailed Bank statement of account for the year ended December 31, 2009 for the following accounts:

Deposit Account Number	Account Title
021086867	Central Bank of Iraq - Oil Proceeds Receipts Account
021086773	Central Bank of Iraq - Development Fund for Iraq
021080708	Central Bank of Iraq - Development Fund for Iraq Transition Account

Very truly yours,

Name:

Authorized Signatory:

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