

**AZERBAIJAN EXTRACTIVE INDUSTRIES TRANSPARENCY
INITIATIVE**

**EITI REPORT FOR THE YEAR ENDED
31 DECEMBER 2013**



July 2015

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LIST OF ABBREVIATIONS

ACG	Azeri–Chirag–Gunashli
AIOC	Azerbaijan International Operating Company
AJ	Adjustment
AS	Aksjeselskap - Norwegian term for a stock-based company
AZN	Azerbaijani manats
BP	British Petroleum
CNG	Compressed Natural Gas
CNPC	China National Petroleum Corporation
Committee	EITI Committee of the Republic of Azerbaijan
Commission	Government agencies
EITI	Extractive Industries Transparency Initiative
EITI Secretariat	Azerbaijan EITI National Secretariat
FZE	Free Zone Enterprise
GDF	Gas de France
GDP	Gross Domestic Product
Government	Government of Azerbaijan
IBAR	International Bank of Azerbaijan Republic
JV	Joint Venture
k	Thousand
Kcm	Thousand cubic meters
LLC	Limited Liability Company
LTD	Limited Company
m	Meter
m ³	Cubic meters
Mboe	millions of barrels of oil equivalent
MEI	Ministry of Economy and Industry
Mln	Million
MOU	Memorandum of Understanding
MSG	Multi Stakeholder Group
NGO	Non-Governmental Organization
NICO	Naftiran Intertrade Company
Nm ³	Normal cubic meters
ONGC	Oil and Natural Gas Corporation

LIST OF ABBREVIATIONS (CONTINUED)

PSA	Production sharing agreement
PU	Production units
Sm ³	Standard cubic meters
SOCARr	State Oil Company of the Azerbaijan Republic
SOE	State Owned Enterprises
SOFAZ	State Oil Fund of the Republic of Azerbaijan
TAP	Trans Adriatic Pipeline
THSD.	Thousand
TIN	Taxpayer Identification Number
TOR	Terms of reference
USD	United States dollars
VAT	Value added tax
WREP	The Western Route Export Pipeline

INDEPENDENT RECONCILERS' REPORT

To the Extractive Industries Transparency Initiative ("EITI") Committee of the Republic of Azerbaijan:

We have examined the accompanying Statement of the EITI Committee of the Republic of Azerbaijan (henceforth the "Committee") shown in Annex 1, that the schedule of payments/allocations received during the year ended 31 December 2013 by the Government of the Republic of Azerbaijan (the "Government") from the extractive industry companies (the "Companies") is prepared in accordance with the Memorandum of Understanding (MOU), the local and foreign Companies operating in the Extractive Industries of the Republic of Azerbaijan, specified in Annex 2, and the Non-Governmental Organisations and individuals specified in Annex 5 (the "MoU"). The Committee is responsible for the Statement of the Extractive Industries Transparency Initiative. Our responsibility is to express an opinion on the Statement based on our examination.

Except as described in the following paragraph, our examination was conducted in accordance with the International Standards on Auditing and, accordingly, included examining, on a test basis, evidence supporting the Statement of the Committee and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

The information available to test the Statement of the Committee consisted of written submissions by the Companies party to the MoU and the supporting details of payments/allocations received by the Government that were provided by the Committee. Our work did not extend to reviewing all payments/allocations received by the Government nor all payments/allocations made by the Companies. If payments/allocations were made by the Companies but omitted from both the Companies' and Government's submissions, our work would be insufficient to detect them.

Summary of Work Performed

To examine the Statement of the Committee (Annex 1) we have compared the schedule of payments/allocations received during the year ended 31 December 2013 by the Government ("Government's schedule") and the schedules prepared by the Companies (parties to the MoU) ("Companies' schedule") specified in Annex 2. We carried out procedures as considered necessary under the circumstances to determine the reasons for the differences between the above schedules. We have conducted certain assurance procedures by testing the amounts recorded in the Reports submitted by the companies on sample basis. We have applied assurance procedures to several extractive companies.

OPINION OF THE INDEPENDENT RECONCILERS'

In our opinion, the accompanying Statement of the EITI Committee of the Republic of Azerbaijan is prepared in accordance with the aforementioned requirements and is fairly stated in all material respects, based on the work described in this report and except for adjustments, if any, which may have been required had we tested all payments/allocations made by the Companies and all payments/allocations received by the Government during the year ended 31 December 2013.

___ July 2015

1. INTRODUCTION

1.1. Background

The EITI supports improved governance in resource-rich countries through the full publication and verification of company payments and government revenues from oil, gas and mining industries. The EITI seeks to create that missing transparency and accountability. It is a voluntary initiative, supported by a coalition of companies, governments, investors and civil society organisations. Alongside other efforts to improve transparency in government budget practice, the EITI begins a process whereby citizens can hold their governments to account for the use of those revenues.

Azerbaijan joined the EITI in 2003 and volunteered to become a pilot country in the implementation of the initiative. Azerbaijan has instituted a regular process of disclosing, reconciling and publishing payments of extractive sector companies to the Government and Government receipts from those companies. The first EITI report in Azerbaijan was published in 2005. This is the 18th EITI Report in Azerbaijan, and covers the year ended 31 December 2013.

Admitted to EITI as a candidate country on 27 September 2007, Azerbaijan was granted the EITI compliant status on 16 February 2009.

In 2013 the EITI implementation in Azerbaijan is mainly focused on implementing the initiative and EITI reporting in the country in accordance with the new EITI Standard, improving readability and comprehensibility of the EITI reports for population, conducting awareness raising activities about EITI and upholding effective dialogue among government, civil society and companies.

1.2. Scope of work

The objective of the Independent Reconciler was to collect, review and reconcile payments by extractive companies with revenues received by the Government from extractive companies for the year ended 31 December 2013 within the agreed scope.

The EITI Report that covered the year of 2013 has been prepared in accordance with the new EITI Standards and hereby the Independent Reconciler has been requested to prepare the contextual information which is required in accordance with the new standards.

The scope of work has been comprised in the following phases, and has been performed in accordance with the TOR approved by the MSG as follows:

- We have collected the completed forms directly from the participating reporting entities and the Commission;
- We have compiled a database with the data provided by the reporting entities and the Commission;
- We have comprehensively reconciled the information disclosed by the reporting entities and the Commission, identifying any discrepancies in accordance with the agreed scope;
- We have contacted the reporting entities and the Commission in seeking to clarify any discrepancies in the reported data;
- We have prepared a draft EITI Report that comprehensively reconciled the information disclosed by the reporting entities and the Commission, identifying any discrepancies; and
- The final report was publicly presented after approved by the MSG.

We set out our findings in this report and associated annexes. The reconciliation procedures carried out were not designed to constitute an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements and as a result we do not express any assurance on the transactions beyond the explicit statements set out in this report

The report provides an introduction, approach and methodology, contextual information, reconciliation scope and results, attestation process and recommendations for improvement.

1.3. Confidentiality, completeness and accuracy of data

The clause on confidentiality has been included in the contract of the Independent Reconciler with the State Oil Fund of the Azerbaijan Republic dated 21 February 2013.

We completed the collection of the initial reports during the period from July to September 2014. We received all relevant and necessary reports from the companies and government. Upon completion of the submission procedure, we started to analyse and review all given information to identify any unresolved discrepancies. We found numerous discrepancies between the payment templates originally submitted by the extractive companies and the same data provided by the Government.

The number of extractive companies participating in the reconciliation process totalled 38 (thirty eight) foreign and local companies. The list of participating companies is included in the Annex 2 to this report (Annex 2. Extractive companies profile).

All companies that took part in the reconciliation process, have signed the Memorandum of Understanding on implementation of the Extractive Industries Transparency Initiative in the Republic of Azerbaijan and disclosed the information for the reporting period. Only HESS Company did not submitted a reporting template, and the explanation for that was non-inclusion of the company to the Memorandum due to the closure of the company representative branch in the Republic of Azerbaijan. The company did not participate in the reconciliation process and thus could not confirm the completeness of payment made to the Government as profit tax amounting to USD 29.9 mln and according to the government approval the difference has been solved.

1.4. Results of the reconciliation process

The net difference between the payments declared by extractive companies and the Government in Initial Reports and the remaining difference after reconciliation were as follows:

Revenue streams/In kind	Extractive companies	Government	Difference	Final difference
Oil & gas				
oil (mln US dollars)	84.9	62.7	22.2	-
gas (mln US dollars)	383.8	383.8	-	-
oil (mboe)	157.8	157.1	0.7	-
natural gas (thousand m ³)	-	13,351.8	(13,351.8)	-
associated gas (thousand m ³)	2,167,562.6	2,310,248.0	(142,685.4)	-
Gold & silver				
gold (thousand ounces)	6.7	6.7	-	-
silver (thousand ounces)	2.6	2.6	-	-
crude gold (thousand ounces)	0,02	0.02	-	-
crude silver (thousand ounces)	21.1	21.1	-	-
crude cooper (thousand ounces)	0.1	0.1	-	-
Taxes and other payments				
Profit tax (mln US dollars)	1,838.0	1,881.9	(43.9)	(29.9)
Profit tax (mln manat)	32.8	15.8	17.0	-
Royalty (mln manat)	119.3	119.3	-	-
VAT (mln manat)	108.6	108.6	-	-
Property tax (mln manat)	38.1	38.1	-	-
Land tax (mln manat)	10.0	10.0	-	-
Price change (mln manat)	-	369.9	(369.9)	-
Other taxes (mln ABŞ dollars)	0.1	-	0.1	-
Other taxes (mln manat)	866.9	2.6	864.3	-
Acreage fees	2.3	2.3	-	-
Transportation tariff to SOFAZ	3.7	10.3	(6.6)	-
Bonus	2.32	2.36	(0.04)	-

Details of adjustments made to the reporting entities' initial amounts and the unresolved residual differences are presented in Section 5.6 of this report.

2. APPROACH AND METHODOLOGY

2.1. Scoping study

We have merged the scoping study report with the reconciliation process. We have covered the crucial matters which should be considered in determining the coverage of the reconciliation process for the year ended 31 December 2013. The following matters have been included:

- Materiality threshold for receipts and payments;
- Taxes and revenues to be covered;
- Companies and Government entities required to report (Section 4.1 and 4.2); and
- Assurances to be provided by reporting entities to ensure credibility of the data made available to us.

Azerbaijan has more than 10 years' experience in the process of the reconciliation and has enough resources to prepare a transparency report. We have prepared the database of companies which are registered in the Ministry of Taxes and operate in the extraction sector of the Republic of Azerbaijan.

2.2. Definition of materiality

In order to ensure that companies and government entities disclose all material payments and revenues, the MSG needs to define which payments and revenues are material. The assessment of materiality thresholds for revenues (in kind and in cash) received by the Government from foreign and local extractive companies operating in Azerbaijan was determined in two stages:

Determination of material revenue sources to be included in the report:

Material revenue sources defined by the EITI Multi-stakeholder groups are as follows:

- Oil production revenues in kind and in cash;
- Natural and associated gas production revenues in kind and in cash;
- Base and precious metals production revenues in kind and in cash;
- Profit tax;
- Signing bonuses and other bonuses;
- Acreage and transit fees*; and
- Profit tax, Value Added Tax, Land tax, Property tax, price change and other taxes (excluding employee profit tax, contributions to the State Social Protection Fund and withholding tax).

It should be noted that due to absence of dividend payments, starting from the year 2013 dividend column was excluded from the reporting templates as per MSG decision dated on 12 April 2012.

* The definitions of transit fee and transportation tariffs are similar, and from now on this will be referred as transportation tariff in this report. The description of the transportation tariff can be found in the section 3.1 at page 16 of this Report.

Determination of the materiality threshold in terms of sum/volume considered for each revenue source above

Transfers to the Government of Azerbaijan from the mentioned revenue sources are considered material if their sum/volume exceeds zero (0).

2.3. Reconciliation process

Our report consists solely of the factual information obtained from the extractive Companies and Government and passed through the main stages mentioned below. Our approach was to reconcile the figures and solve all the questions and problems by giving certain recommendations during the reconciliation process.

Scoping study stage

This is the initial stage of collecting information:

- *Gain/obtain a clear understanding of the operations;*
- *Conduct an analysis to gain the necessary understanding for the assignment; and*
- *Collect data on payments made by the Companies, and the benefits received by the Government within the operational areas of mineral resources.*

Reconciliation stage:

This stage is the main part of the assignment. The activities undertaken at this stage included the following:

- *Document review;*
- *Reconciliation and analysis of the reports; and*
- *Data reconciliation.*

Fieldwork stage:

This stage is performed on a sample basis to increase the level of assurance. The following steps were taken:

- *Selection of companies from the list of extractive companies on a sample basis agreed with MSG;*
- *Conducting fieldwork to review primary supporting documents on site at the selected companies; and*
- *Conclusion on the completion of work performed.*

Feedback stage:

The activities at this stage are as follows:

- *Dissemination of draft EITI report to the MSG;*
- *Comments received for the draft EITI report;*
- *Presentation of the final report to the MSG; and*
- *Obtaining the comments from the coalition.*

The main role of the Independent Reconciler is as follows:

Distribution of reporting templates: It was agreed that a letter from the EITI Secretariat would accompany the distribution of the Reporting Templates

Follow up tasks: This task entailed communicating with the Companies and the Government ensuring any queries were clarified and the deadlines adhered to.

- *Once we received confirmation from the EITI Secretariat that the Reporting Templates had been distributed to all the Companies, we requested a list of key contact details to commence our follow up exercise; and*
- *We update the EITI Secretariat with the list of extractive companies which have not sent the Reporting templates.*

Collection of data: This task involved collecting completed Reporting Templates and supporting documentation.

- *The deadline for submission of Reporting templates to the Independent Reconciler has been set by the EITI Secretariat and stated as 15 July 2015; and*
- *In order not to delay the process and to ensure our Final Report is published within the required timeline, we commenced the reconciliation process and submitted all the reports within the set deadline.*

Payment by Companies

We received the reports from the extractive companies which have been included in the Memorandum signed between the MSG parties. The manuals with technical guidelines were attached to Reporting Templates in order to give the proper instruction on filling out the Reports.

Receipt of Government Reports:

We received the Reports from the following Government agencies:

- *State Oil Fund of the Republic of Azerbaijan;*
- *State Oil Company of the Azerbaijan Republic;*
- *Ministry of Taxes of the Republic of Azerbaijan; and*
- *Ministry of Ecology and Natural Resources of the Azerbaijan Republic.*

Findings and discrepancies: This task entailed compiling all the information provided by the Companies and the Government agencies involved and identifying areas that did not reconcile.

- *In order to facilitate our analysis of the completed Reporting Templates we developed a database for each of the Companies that set out all payment streams on the Reporting Template and the expected Government Agency recipient of the revenue;*
- *As soon as we received the information from the Companies and the Government, the payments and receipts were added into the database for further analysis; and*
- *After obtaining all the information we compared the payments and receipts from the Companies and the Government to identify any discrepancies on relevant payment/revenue streams.*

When discrepancies were identified, we contacted the Companies and the Government agencies involved for additional clarifications to enable us to reconcile these discrepancies. The description of the work performed in this stage is the following:

- *Using the database, we highlighted the additional information required in order to reconcile any identified discrepancies;*
- *We asked all Companies and Government agencies for the necessary supporting documentation so that the discrepancies identified could be reconciled; and*
- *If additional supporting documents were irrelevant or no initial/further supporting documentation could be provided, we concluded that the discrepancies were “undetermined /unexplained”.*

2.4. Reliability of EITI data

In order to comply with EITI Requirements # 5 and to ensure the credibility of data submitted:

- *Companies were requested to have their reporting templates signed by a senior official;*
- *All government template declarations must be signed by a senior official; and*
- *Reporting entities could provide evidence of the payments/receipts that have been processed on a payment by payment basis.*

For any changes made to the original data reported in the templates, the agencies and companies were asked to provide supporting documents and/or confirmation before any adjustments were accepted.

2.5. Accounting policy

The cash basis of accounting was used for the reconciliation of the actual amounts paid by the extractive companies and received by the Government for the year 2013.

For the payments made in foreign currency, the reporting entities were required to report in the currency of payment. The payments made in United States dollars (USD) have been converted to AZN at the average exchange rate according to the Central Bank of the Republic of Azerbaijan. The average exchange rate of USD to AZN for the year ended 31 December 2013 was 0.7845.

3. CONTEXTUAL INFORMATION ON THE EXTRACTIVE INDUSTRY

3.1. Background

The mining industry is comprised of the discovering major mineral deposits, extraction and processing of minerals. Azerbaijan is rich in mineral resources, especially oil and gas resources.

Oil and gas industry includes oil and gas fields exploration, drilling, extraction, oil products and gas transportation.

- **Exploration** – implies geological exploration, adjusting the drilling mechanism, evaluation of the field and industrial method of preparation;
- **Drilling** – caving the earth crust by use of the well drilling equipment for purpose of oil and gas extraction;
- **Development and exploration of oil and gas fields** – consists of running oil and gas wells, reproduction of idle oil wells and return to operation;
- **Oil and gas extraction** – is a activity used for a number of offshore and onshore oil productions; and
- **Transportation** – is a delivery of crude oil from extraction point to processing plants and other places with pipelines, tankers and other different tools.



Azerbaijan is one of the world's oldest oil-producing countries. Azerbaijan's main oil and gas reserves are located in the Absheron Peninsula and the Caspian Sea.

The history of oil and gas production in Azerbaijan¹:

- As traveller Marco Polo wrote in fourteenth century, people in this region had been using oil for several purposes, as well as transporting it to adjacent countries;
- In 1847 the first oil wells were drilled in Bibiheybat and then Balakhany by means of modern technology;
- In 1901 Azerbaijan produced 11.5 mln tons of oil and was the world's leading oil producer;
- In 1941 Azerbaijan produced 23.5 mln tons of oil, which amounted to 71.4% of the Soviet Union's production;
- Azerbaijan was the world's first offshore oil producer. In 1949 the discovery of the Neft Dashlari ("Oil Rocks") made Azerbaijan and the Caspian Sea well known all over the world;
- In the late 1970s and early 1980s the Azeri, Chirag, Kapaz, and Gunashli fields were discovered in water 80 to 350 meters deep. Gunashli is currently producing more than 60% of SOCAR's oil; and
- The "Contact of the Century" was signed on 20 September 1994.

Fine Metals²

Azerbaijan regions have significant potential for the creation of sustainable and long-term mining industry. Gold and silver deposits are mainly located on the Small Caucasus and on the six fields of south-west Azerbaijan: Gadabay, Ordubad, Gosha Bulag, Gizil Bulag, Vejnali and Soyudlu.

¹ "State Oil Company of Azerbaijan Republic", 13 October 2014, <http://new.socar.az/socar/az/company/about-socar/oil-history-in-azerbaijan>

² "Ministry of Ecology and Natural Resources of Azerbaijan Republic", "Minerals of Azerbaijan" 13 October 2014, <http://www.eco.gov.az/en/faydaligazintilar.php>.

Copper reserves of Azerbaijan are focused mostly in Balakan–Zaqatala, Gadabay, Qarabagh and Ordubad ore regions. Basic copper reserves in Balakan–Zaqatala ore region are centred in copper-pyrite, pyrite-polymetal type deposits and displays, while in ore regions of Minor Caucasus and Nakhchivan rugged zone they are focused in mostly copper-porphyry, molybdenum-copper-porphyry and gold-copper-pyrite type fields and displays.

Legal regime

According to the legislation of Azerbaijan, all subterranean mining is state-owned. The legislation applied to the extractive industry includes the following³:

- **The Constitution of the Republic of Azerbaijan dated 12 November 1995;**
- **International Agreements:**
 - ❖ Agreement on oil and oil products transit through the oil pipelines highways and coordinated policy signed in 12 April 1996 in Moscow; and
 - ❖ Framework Agreement on the creation of interstate oil and gas transportation systems for the organizational principles was signed by the Republic of Azerbaijan dated on 22 July 1999 in Kiev.
- **Codes:**
 - ❖ The Civil Code of the Republic of Azerbaijan approved according to the law number 779 IQ dated 28 December 1999;
 - ❖ The Tax Code of the Republic of Azerbaijan approved according to the law number 905 IQ dated 11 July 2000;
 - ❖ The Code of Administrative Offences of the Republic of Azerbaijan approved according to the law number 906 IQ dated 11 July 2000;
 - ❖ The Water Code of the Republic of Azerbaijan approved according to the law number 418 IQ dated 26 December 1997;
 - ❖ The Customs Code of the Republic of Azerbaijan approved according to the law number 164 IVQ dated 24 June 2011;
 - ❖ The Labor Code of the Republic of Azerbaijan approved according to the law number 618 IQ dated 01 February 1999; and
 - ❖ The Land Code of the Republic of Azerbaijan approved according to the law number 695 IQ 25 June 1999.
- **Laws:**
 - ❖ The Law on “Usage of Energy Resources” of the Republic of Azerbaijan approved according to the 94 IQ numbered law dated 30 May 1996;
 - ❖ The Law on “Special economic regime for export oil and gas activity” of the Republic of Azerbaijan approved according to the 766 IQ numbered law dated 2 February 2009;
 - ❖ The Law on about “Gas Supply” of the Republic of Azerbaijan approved according to the 513 IQ numbered law dated 30 June 1998;
 - ❖ The Law on about “Subsoil” of the Republic of Azerbaijan approved according to the 439 IQ numbered law dated 13 February 1998; and;
 - ❖ Law on “Precious Metals and Precious Stones” of the Republic of Azerbaijan approved according to the 924 IIQ numbered law dated 10 June 2005; and
 - ❖ Law on Energy of the Republic of Azerbaijan dated 24 November 1998.

In the event of any divergence between normative legal acts of the Republic of Azerbaijan with the legislative system (with the exception of the Constitution of the Republic of Azerbaijan) and the Production Sharing Agreements (PSA), these Agreements will prevail.

³ Ministry of Justice of Azerbaijan Republic”, “Integrated internet based electronic database of normative legal acts”, 13 October 2014, <http://e-qanun.az>

Fiscal regime

The general principles of taxation in the Azerbaijan Republic regulated by the Tax Code which consists of rules for determining, payment and collection of taxes, the rights and responsibilities of taxpayers and State tax authorities, as well as other parties to taxation procedures, tax control forms and methods, liability for tax law violations and the procedures for lodging complaints against unlawful actions (failure to take actions) committed by tax agencies and officials thereof.

As well as the main pipeline agreements, PSA enter into force after being approved by the National Assembly of Azerbaijan Republic. These agreements regulate the accounting and tax regimes of the operating companies, contractors and sub-contractors' activities.

In case there are any inconsistency regarding to taxes between the Tax Code and provisions, provision stipulated by agreements or laws on production sharing, main pipeline and other similar agreement and laws, provision stipulated by the legislation on oil and gas operations of export direction and special economic areas are given higher priority.

Activities on transportation of exported oil and natural gas is governed by tax regime agreements Main Export Pipeline (Baku–Tbilisi–Ceyhan) and South Caucasus Pipeline (Baku-Tbilisi-Arzurum). The accounting and tax regime of companies operating on behalf of these agreements, also MEP participants and their contractors' activities are regulated by the tax code.

The Tax Code sets out the general taxation framework in Azerbaijan and establishes the following taxes:

- Profit tax;
- Value added tax (VAT);
- Property tax;
- Income tax;
- Mining tax;
- Land tax;
- Excise tax;
- Road tax; and
- Simplified tax.

A special tax regime is applied for legally approved PSA, companies functioning in Azerbaijan Republic and covers PSA concluded between State Oil Company of Azerbaijan Republic and a number of multinational companies and regulating discovering, exploitation, sale of oil-gas fields in Azerbaijan Republic and distribution of profits from the sale, as well as Protocols made on the basis of them and clarifying certain aspects of taxation:

- "Protocol on Profit tax";
- "Protocol on Value Added Taxes";
- "Protocol on taxation of foreign subcontractors";
- "Protocol on taxation of employees and individuals"; and
- "Protocol on import and export taxes".

The tax regimes applicable for entities working under the main Export Pipeline (Baku-Tbilisi-Ceyhan) HGA ("BTC") and South Caucasus Pipeline (Shah Deniz Gas).

According to the legislation, payments made to the government in connection with the extractive industry are the following:

Payments to Government ⁴	Description of Payment
Revenue from oil production	According to the PSA, extractive companies may transfer to the Government the interests in cash or in kind.
Revenue from gas production	According to the PSA, extractive companies may transfer to the Government interests in cash.
Profit tax	Profit tax is calculated on the basis of a company's taxable profit. According to the legislation, profit tax is levied on the difference between a taxpayer's taxable income and expenses.
Bonus	Bonuses represent fees paid by the oil Companies for the delegation and transfer of extractive rights. These fees are paid at certain stages of oil and gas field development according to appropriate agreements with the Government.
Transportation tariff	The transportation tariff is payable amount in relation to transit of crude oil and gas entitlement.
Acreage fees	Exploration of acreage fees period, as well as during the additional exploration period, other contracting parties deemed to fees payments for each square kilometre of Contract areas.
Mining tax	The extraction of mineral resources in the territory of Azerbaijan Republic, and also on Azerbaijani sector of the Caspian Sea is levied with tax on mining.
Other payments	Other payments are related to the payments which were not mentioned above. They include other taxes (Property tax, Land tax, Exchange Difference), government transfers in kind (gold and silver).

The state budget of the Republic of Azerbaijan for 2013 was approved with revenues amounting to 19.5 billion manats and expenditures amounting to 19.1 billion manats.

In accordance with the legislation of the state budget of the Republic of Azerbaijan for the year 2013 is considered that 96.37% of revenue sources in centralized manner are expected to be related to Baku, and the rest 3.63% is related to the local revenues of other city and regions. The income is generated from the State Oil Fund, tax income, customs duties, the income from credits and other revenue streams, excluding the income relevant to "Motor Roads" Purpose Budget Fund.

Roles and responsibilities of the relevant Government agencies

International agreements of the Republic of Azerbaijan with foreign states and international organizations are signed on behalf of the Republic of Azerbaijan (interstate agreements) and on behalf of the government of the Republic of Azerbaijan (intergovernmental agreements).

The main procedures for signing the PSA agreements are the following:

- Initial negotiations are held between SOCAR on behalf of the Ministry of Energy of Azerbaijan Republic which represents Azerbaijan government and the company that is interested in the PSA;
- A Memorandum of Understanding is signed as an initial agreement after negotiation;
- The inquiry for the delegation of authorities to SOCAR for negotiations on and signing of the PSA is submitted to the President of the Republic of Azerbaijan and such authorities are put in effect by appropriate statute of President;
- Principles and conditions of further partnership agreed on the basis of Memorandum of Understanding;
- Agreement signed on key principles and commercial terms of PSA;
- PSA project agreed by the basis of an agreement of key principles and commercial term;
- PSA signed and submitted to National Assembly for ratification; and
- PSA becomes effective after Presidential decree.

⁴ "State Oil Fund of Azerbaijan Republic", "Terminology", 13 October 2014, http://www.oilfund.az/az_AZ/about_found/terminler.asp.

Government agencies

The National Assembly (“Milli Majlis”) of Azerbaijan Republic

The National Assembly of Azerbaijan Republic is an authority carrying out the legislative power. The governmental agreements of Azerbaijan Republic which provide for rules different from the laws of Azerbaijan Republic, including PSA are approved (ratified) by the National Assembly of Azerbaijan Republic.

Ministry of Taxes of Azerbaijan Republic⁵

The Ministry of Taxes is a central executive authority ensuring the implementation of state tax policy, timely and full collection of taxes and other revenues to state budget and fulfilling state control in this regard within the framework of integrated financial and budget policy carried out in Azerbaijan.

The Ministry of Ecology and Natural Resources of Azerbaijan Republic⁶⁷

The Ministry of Ecology and Natural Resources of Azerbaijan Republic is a central executive authority implementing state policy in the field of environmental protection, use of natural resources, effective use of subsoil waters, mineral raw resources and surface resources, their restoration, observation and forecast of hydro-meteorological processes in the territory of Azerbaijan Republic, including the part of the Caspian Sea belonging to Azerbaijan Republic.

One of the main goals of this authority is implementing state policy on studying natural resources, their use, restoration and protection and ensuring ecological safety in this regard and preservation of biodiversity.

Ministry of Energy of Azerbaijan Republic

The Ministry of Energy of Azerbaijan Republic is a central executive authority implementing state policy and its governing in fuel-energy sector. The fuel-energy sector consists of activity in the field of energy defined by the law of Azerbaijan Republic on Energy.⁸

According to the regulations of Azerbaijan Republic, it develops drafts of agreements on use of hydrocarbon reserves on production sharing or other terms and conditions, carries on negotiations on these agreements, signs them in the defined manner, monitors the implementation of the concluded agreements.

State Oil Fund of Azerbaijan Republic⁹

State Oil Fund of Azerbaijan Republic (“SOFAZ”) is a mechanism for implementing management of profit collection for the benefit of future generations. SOFAZ has been established as an extra-budgetary fund and functions as a legal entity having an independent management structure from the Government or the Central Bank of the Republic of Azerbaijan.

⁵ “Ministry of Taxes of Azerbaijan Republic” <http://www.taxes.gov.az/vn/info/icmal.pdf>

⁶ “Ministry of Ecology and Natural Resources of Azerbaijan Republic”, 13 October 2014, <http://www.eco.gov.az>

⁷ “EITI Report”, November 2014, “1.3.4. Mining Industry”.

⁸ “Ministry of Energy of Azerbaijan Republic”, “The Law on Energy of Azerbaijan Republic”, 13 October 2014, http://www.minenergy.gov.az/db/Energetika_haqinda.pdf

⁹ “State Oil Fund of Azerbaijan Republic”, 13 October 2014, <http://www.oilfund.az>.

State Oil Company of Azerbaijan Republic¹⁰

SOCAR is a state oil and natural gas company of Azerbaijan. It produces oil and natural gas, carries out oil refining and implements operation of oil and gas pipelines in the territory of the country. Additional elaborated information can be found in the section # 3.5 “State Participation in Extractive Industry” of this Report.

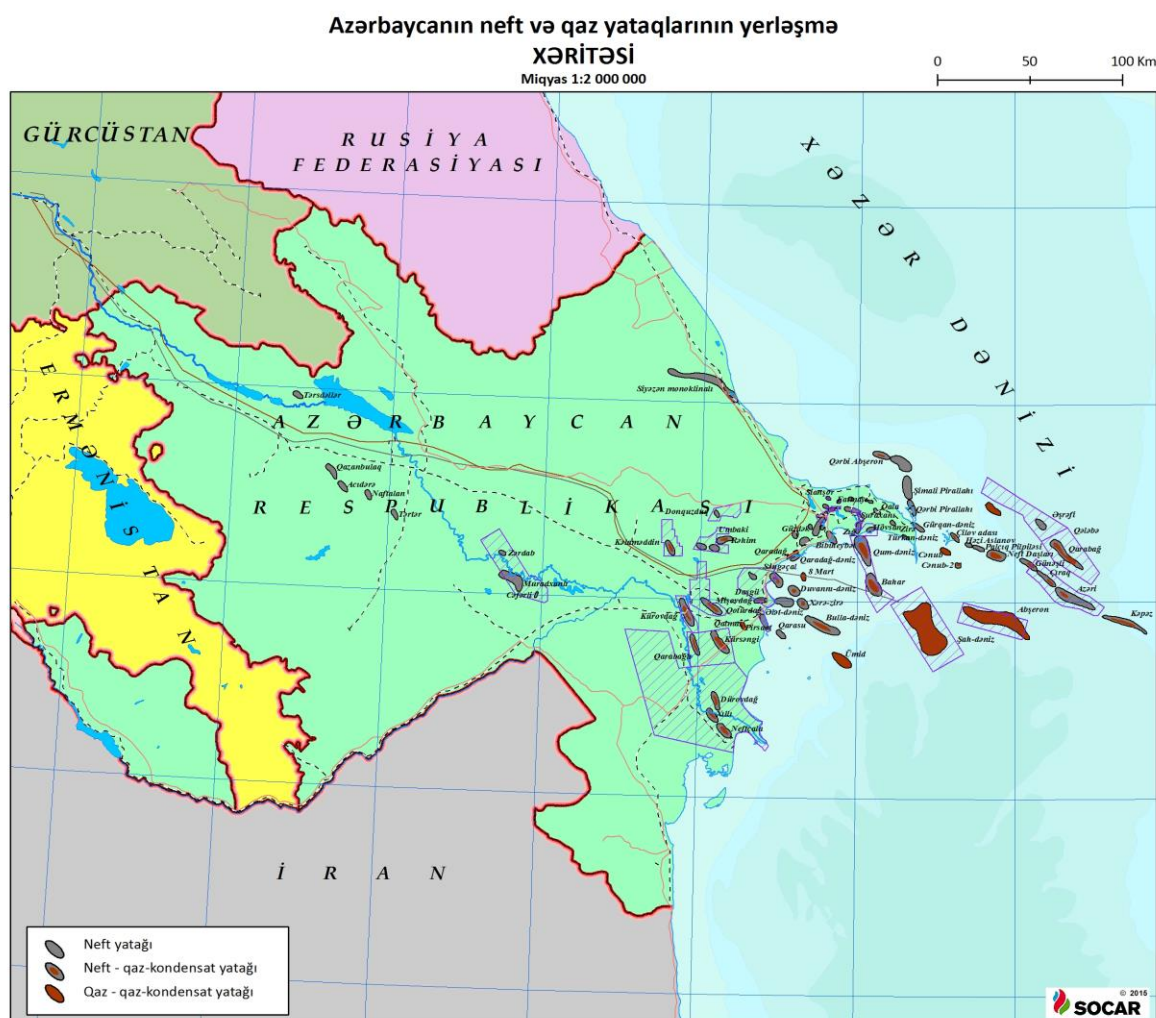
Ongoing reform in extractive industry

During the fiscal year covered the EITI Report there were no important on-going reforms by Government in the extractive industry.

3.2. Overview of the Mining Industry

Oil and gas industry

In the Republic of Azerbaijan the major oil fields are located in the Caspian Sea shelf and the Absheron peninsula. The main oil reserves have been discovered in the south of Absheron waters. In the north part of Absheron peninsula–Siyazan and south and south-west part of Absheron–Gobustan, Shirvan and Salyan oil reserves are the main perspective resources. Naphtalan fields located near Ganja have unique renewable oil fields. There is a presence of significant amounts of gas extracted along with the oil.



¹⁰ “State Oil Company of Azerbaijan Republic”, 13 October 2014, <http://new.socar.az/socar/en/home>.

Azerbaijan oil and gas reserves for the year ended 2013:

Industry result of 2013 ¹¹	2013
Approved oil field, thousand tons (according to Miller and Lents)	78,502
Approved gas reserves, mln m ³ (according to Miller and Lents)	61,150

Multinational energy companies working on extraction of oil and gas reserves in Azerbaijan signed 31 PSAs (17 offshore and 14 onshore) on sharing of the resources.

Active agreements on oil and gas resources:

Offshore					
Date of signature	Contractors and their participating interests		Reserves		
	Name of the company	%	Oil	Gas	Condensate
Azeri-Chirag-Deepwater Gunashli ¹² (production stage)					
20.09.1994	BP Exploration (Caspian Sea) Limited	35.8			
	Azerbaijan (ACG) Limited	11.6			
	Chevron Khazar, Ltd	11.3			
	Inpex Southwest Caspian Sea, Ltd.	11.0			
	Statoil Absheron A.S	8.6	✓		
	Exxon Azerbaijan Limited	8.0			
	Turkish Petroleum A. O.	6.8			
	Itochu Oil Exploration (Azerbaijan) Inc.	4.3			
ONGC Videsh Limited	2.7				
Shahdeniz ¹³ (production stage)					
04.06.1996	BP Exploration (Azerbaijan) Limited	25.5			
	Statoil Shah Deniz A.S	25.5			
	Azerbaijan (Shah Deniz) Limited	10.0			
	Lukoil Overseas Shah-Deniz Ltd	10.0		✓	
	Naftiran Intertrade Co (NICO) Limited	10.0			
	Total E & P Azerbaijan B.V	10.0			
	Turkey Petroleum Overseas Company Ltd	9.0			
Absheron Gas field ¹⁴ (exploration stage)					
27.02.2009	SOCAR Commercial Affiliate	40.0			
	Total E & P Absheron B.V	40.0		✓	
	GDF SUEZ E&P Absheron B.V	20.0			
Shafag-Asiman ¹⁵ (exploration stage)					
07.10.2010	BP Shafag-Asiman Limited	50.0		✓	
	SOCAR Commercial Affiliate	50.0			

¹¹"State Oil Company of Azerbaijan Republic", "About the company", page 6, November 2014,

http://www.socar.az/socar/assets/documents/en/socar-annual-reports/sus_dev_rep-2013.pdf

¹²"BP company", "Operations and projects", "Azeri-Chirag-Deepwater Gunashli" 14 October 2014,

http://www.bp.com/az_az/caspian/operationsprojects/ACG.html.

¹³"BP company", "Operations and projects", "Shahdeniz" 14 October 2014, http://www.bp.com/az_az/caspian/operationsprojects/Shahdeniz.html

¹⁴"State Oil Company of Azerbaijan Republic", "Activities", "Absheron" 14 October 2014,

<http://new.socar.az/socar/az/activities/exploration/absheron>.

¹⁵"BP company", "Operations and projects", "Shafag Asiman" 14 October 2014,

http://www.bp.com/az_az/caspian/operationsprojects/Shafagasiman.html

Onshore ^{16,17}					
Date of signature	Contractors and their participating interests		Reserves		
	Name of the company	%	Oil	Gas	Condensate
Bahar Gum Deniz (production stage)					
22.12.2009	Bahar Energy Limited SOCAR	80.0 20.0		✓	
Balakhany, Sabunchu, Ramana and Kurdakhany (production stage)					
06.05.2011	UGE-LANCER PTE.LTD SOCAR	75.0 25.0	✓		
Kurovdagh (production stage)					
03.02.2009	Shirvan Investment Limited SOCAR	80.0 20.0	✓		
Kursengi and Garabaghly (production stage)					
15.12.1998	Salyan Oil CNPC Fortunamate Assets Limited	50.0 25.0 25.0	✓		
Mishovdagh and Kelameddin (production stage)					
12.09.2000	Karasu Development Company Ali-Bairamli Oil Ltd	85.0 15.0	✓		
Neftchala (production stage)					
03.02.2009	Neftchala Investments Limited SOCAR	80.0 20.0	✓		
Pirsaat (production stage)					
04.06.2003	Petro Hong Kong Limited Middle East SOCAR	50.0 30.0 20.0	✓		
Surakhany (production stage)					
16.08.2005	Novatis Oil F.Z.E. SOCAR	75.0 25.0	✓		
Zigh Hovsan (production stage)					
03.11.2006	Apsheron Investments Limited SOCAR	75.0 25.0	✓		
Binagadi, Girmaki, Chakhnaglar, Sulutepe, Masazir, Fatmai, Shabandagh and Sianshor (production stage)					
29.09.2004	Azen Oil Company B.V. SOCAR	75.0 25.0	✓		
Block of south-west "Gobustan" (production stage)					
02.06.1998	Commonwealth Gobustan Limited Gobustan Oil Ltd	80.0 20.0	✓		
Qaraçuxur neft yatağı (exploration stage)					
18.06.2004	Noblskay SOCAR	75.0 25.0	✓		
Padar (exploration stage)					
27.04.1999	Kura Valley Development Company LTD SOCAR	80.0 20.0	✓		

¹⁶ "State Oil Company of Azerbaijan Republic", "Company", "Production Sharing Agreements Onshore", 14 October 2014, <http://new.socar.az/socar/az/company/production-sharing-agreements-onshore>.

¹⁷ "State Oil Company of Azerbaijan Republic", "Activities", 14 October 2014, <http://new.socar.az/socar/az/activities/production>.

PIPELINES

Azerbaijan has three export pipelines, and most (about 80%) of its oil and gas is exported via the BTC.



Baku-Tbilisi Ceyhan (BTC) ¹⁸

Baku-Tbilisi-Ceyhan (BTC) pipeline carries oil from the Azeri-Chirag-Deepwater Gunashli (ACG) field and condensate from Shah Deniz across Azerbaijan, Georgia and Turkey. It provides a connection between Sangachal terminal on the shores of the Caspian Sea and Ceyhan marine terminal on the Turkish Mediterranean coast. Also, crude oil from Turkmenistan is still transported via the pipeline. Transportation of some volumes of Tengiz crude oil from Kazakhstan through the BTC pipeline was resumed in October 2013.

South Caucasus pipeline ¹⁹

The South Caucasus Pipeline (SCP) was constructed in order to export Shah Deniz gas from Azerbaijan to Georgia and Turkey. The pipeline begins in the Sangachal terminal near Baku. It follows the route of the Baku-Tbilisi-Ceyhan (BTC) crude oil pipeline through Azerbaijan and Georgia to Turkey, where it is connected to the Turkish gas distribution system.

The pipeline has been operational since late 2006 transporting gas to Azerbaijan and Georgia, and starting from July 2007 to Turkey from Shah Deniz Stage 1.

Western Route Export Pipeline ²⁰

The Western Route Export Pipeline (WREP) transports crude oil from offshore oil fields in the Caspian Sea to the Black Sea, from where the crude is further shipped via tankers through the Bosphorus to European markets.

Construction started following the ratification of the intergovernmental agreement between Azerbaijan and Georgia in April 1996 and was completed in November 1998. WREP has been in operation since February 1999.

Baku-Novorossiysk Pipeline ^{21, 22}

The agreement on transfer of Azerbaijani oil to Novorossiysk port in Black Sea through Russian Federation was signed on 18 February 1996.

Filling the pipeline with oil started in October 1996. Maximum throughput capacity of the pipeline is 105 thousand barrels a day.

¹⁸ "BP company", "Operations and projects", "Pipelines", "Baku-Tbilisi-Ceyhan pipeline" http://www.bp.com/az_az/caspian/operationsprojects/ACG.html

¹⁹ "BP company", "Operations and projects", "Pipelines", "South Caucasus pipeline" http://www.bp.com/az_az/caspian/operationsprojects/ACG.html

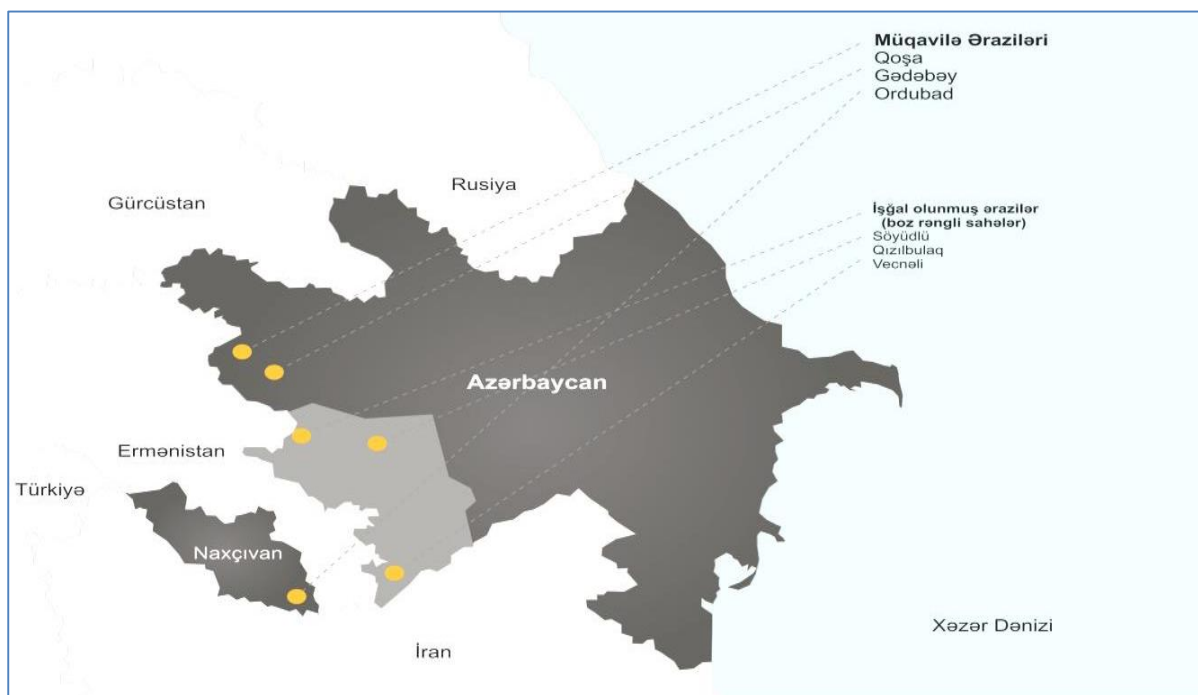
²⁰ "BP company", "Operations and projects", "Pipelines", "Western Route Export Pipeline" http://www.bp.com/az_az/caspian/operationsprojects/ACG.html

²¹ Ministry of Energy of the Republic of Azerbaijan, "Main export pipelines", "Baku-Novorossiysk", <http://www.minenergy.gov.az/?e=525&a=7>

²² "SOCAR", "Transportation", "Baku - Novorossiysk Pipeline", <http://www.socar.az/socar/az/activities/transportation/baku-novorossiysk-oil-pipeline>

GOLD AND SILVER EXTRACTION ²³

In recent years, the discovery of gold deposits has become an important geological discovery. Gizilbulag gold-copper-gold deposits of pyrites located in Karabakh (currently under Armenian occupation). The quartz gold deposits were found by geological expeditions in Vejneli in Zangilan, Aghyurd, Piyasbashi, Shakardara, Ordubad and Aghduzdag Dalidagh.



On 20 August 1997, contract on exploration, use, and share production of Gadabay, Goshu, Ordubad group (Piyasbashi, Agturd, Shakardara, Kalaki), Soyudlu, Gizilbulag, and Vejnəli perspective gold deposits was signed between the “Azergizil” State Company and “R.V. Investment Group Services” in accordance with the decree of the President of the Republic of Azerbaijan “on exploration and use of several gold deposits of the Republic of Azerbaijan” dated 5 February, 1996. In 2000, according to the decree of the President of the Republic of Azerbaijan “Azergizil” was abolished and the company, was transferred to the Ministry of Ecology and Natural Resources of Azerbaijan Republic. The Government share on Gadabay copper-gold project is 51%. The remain share of the project is led by the Azerbaijan International Mineral Resources Operating Company. ²⁴

Qızıl və gümüş yataqları üzrə sazişlər

Mining PSA			
Date of signature	Contractors and their participating interests		Reserves
	Name of the company	%	Gold and silver
Gadabay gold-cooper project (production stage)			
22.12.2009	Ministry of Ecology and Natural Resources of Azerbaijan Republic	51.0	✓
	R.V. Investment Group Services	49.0	

²³ “Ministry of Ecology and Natural Resources of Azerbaijan Republic”, “Minerals of Azerbaijan”, 13 October 2014, <http://www.eco.gov.az/faydaliqazintilar.php>.

²⁴ “President of Azerbaijan”, 13 October 2014, <http://www.president.az/articles/9268>.

SIGNIFICANT EXPLORATION ACTIVITIES

In 2013, exploratory-prospecting drilling works were performed in onshore and offshore fields (in oil and gas deposits and prospective structures) of Azerbaijan Republic and they were funded by SOCAR and foreign companies.

In total, exploratory-prospecting drilling works to the extent of 8,234 m, of which 6,991 m were attributable to SOCAR and 1,243 m jointly with foreign companies were performed in six fields - in "Northern Shikhigaya" (№5) and "Tumbul" (№1, №2) fields onshore, as well as in "Bulla–deniz" (№90), "Alat–deniz" (№23), "Shah Deniz" (by BP operatorship № SDX–7) fields and at "Goshadash" area (№2) offshore.

Shafag–Asiman ²⁵

After early 2012 when the Gilavar seismic vessel finished the planned 3D seismic acquisition on the Shafag–Asiman structure, the first 3D seismic ever conducted on the area specified in the contract, the company have been analyzing the acquired data. This analysis seems to be the largest 3D survey ever processed within the country. After completing this phase of the 3D seismic acquisition programme, approximately 18 months will be needed for data interpretation and one more year to plan the first exploration well.

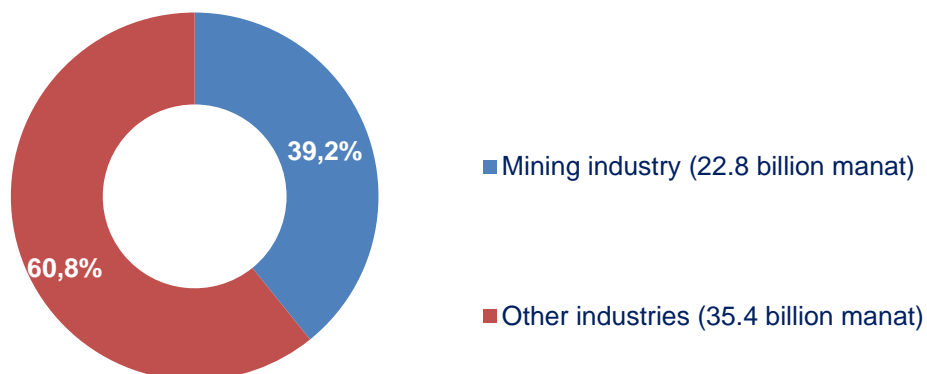
Apsheron Gas field ²⁶

TOTAL is the operator for the exploration phase of the Apsheron Block in the Caspian Sea, on which a discovery and commercial declaration was filed in 2012. The development plan for the field is being prepared at the moment.

3.3. Contribution of the extractive industry to the economy of Azerbaijan

The economic growth in Azerbaijan was coped to protect during the year 2013. The growth rate of the Gross Domestic Product (GDP) was 5.8% with the amount of 58.2 billion manat and per capita GDP amounted to 6.2 thsd. manat. The value added by mining industry production constitutes the major part in national GDP structure and it's share in industry GDP was 39.2%.

Industry structure of GDP (2013) ²⁷



²⁵"BP company", "Operations and projects", "Shahdeniz", http://www.bp.com/en_az/caspian/operationsprojects/Shahdeniz/projecthistory.html

²⁶Total", "Factbook 2014", http://www.total.com/sites/default/files/atoms/files/factbook_2014_v2_0.pdf

²⁷The State Statistical Committee of the Republic of Azerbaijan", "Statistic factbook", "GDP (annual)", 14 october 2014, http://www.stat.gov.az/source/system_nat_accounts/

Government revenues from the extractive industry.

Consolidated total income of the state budget amounted to 23.2 ²⁸ billion manat. During the reporting period receipts from the mining industry amounted to 15.3 billion manat and this made 65.8% of the total budget revenues.

The receipts from the extractive industry for the year 2013 cover by EITI		
Types of revenues	Amount (mln manat)	Percentage
State Oil Fund of Azerbaijan Republic ²⁹		
Receipts from the sale of profit oil and gas	13,108.0	56.44%
Bonuses	1.9	0.01%
Acreege fees	1.8	0.01%
Transit fees	8.1	0.04%
State Treasury Agency of the Ministry of Finance of Azerbaijan Republic ³⁰		
Profit tax	1,504.7	6.48%
Mining tax	119.3	0.51%
Value Added Tax	108.6	0.47%
Land tax	10.0	0.04%
Property tax	38.1	0.16%
Exchange difference	369.9	1.60%
Other taxes	2.6	0.01%
Total	15,273.0	65.77%

Total production volumes in 2013 (in kind) ³¹

Production on raw materials	Volume (thsd. tons)	
	Onshore	Offshore
Oil Production (including gas condensate)	1,695	41,468

Production on raw materials	Volume (mln cubic meters)	
	Associated gas	Natural gas
Gas production	13,945	15,300

The share of the export in the extractive industry³²

Oil and gas are the main export products of Azerbaijan. Total exports in 2013 amounted to 18.8 billion manats. Exports related to the oil sector amounted to 92 % of the total exports.

Products exported during 2013 were as follows:

Name of the product	Volume ³³	Amount (mln manat) ³⁴	Percentage
Crude oil (thsd. ton)	24,855.9	15,881.5	84%
Oil products (thsd. ton)	1,631.1	948.1	5%
Natural gas (thsd. m ³)	3,035.1	550.7	3%
Other products	-	1,428.4	8%

²⁸ "Azerbaijan Republic Chamber of Accounts", "Activities of Chmaber of Accounts", "Expert – analytical activity", "The opinion on project Law of the Republic of Azerbaijan and annual report on state budget activity of Chamber Accounts of the Republic of Azerbaijan on "State budget activity of the Republic of Azerbaijan for 2013", 15 October 2014, <http://www.ach.gov.az/?az/content/468/>.

²⁹ "State Oil Fund of Azerbaijan Republic", "Annual report 2013", 14 October 2014, page 36, http://www.oilfund.az/uploads/annual_2013az.pdf.

³⁰ "State Oil Fund of Azerbaijan Republic", "Government reports on EITI", November 2014, <http://www.oilfund.az>

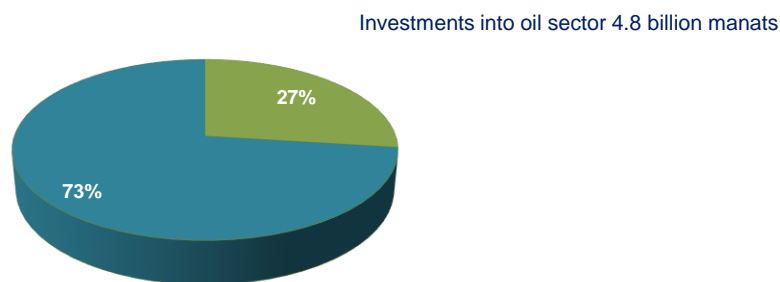
³¹ "The State Statistical Committee of the Republic of Azerbaijan", "Publications", "E-versions of publications", "Industry of Azerbaijan – Statistical yearbook", page 323 and page. 325, 15 October 2014, http://www.stat.gov.az/menu/6/statistical_yearbooks.

³² "The State Customs Committee of the Republic of Azerbaijan", "Custom Statistics of Foreign Trade of the Republic of Azerbaijan", 15 October 2014, <http://customs.gov.az/statistika/2013.12.pdf>.

³³ "The State Customs Committee of the Republic of Azerbaijan", "Custom Statistics of Foreign Trade of the Republic of Azerbaijan", "3.3.2. Based on custom declarations", 15 October 2014, <http://customs.gov.az/statistika/2013.12.pdf>.

³⁴ "The State Customs Committee of the Republic of Azerbaijan", "Most exported products", 15 October 2014, http://customs.gov.az/az/ixrac_az_2013.html.

Total investment in main capital (2013)



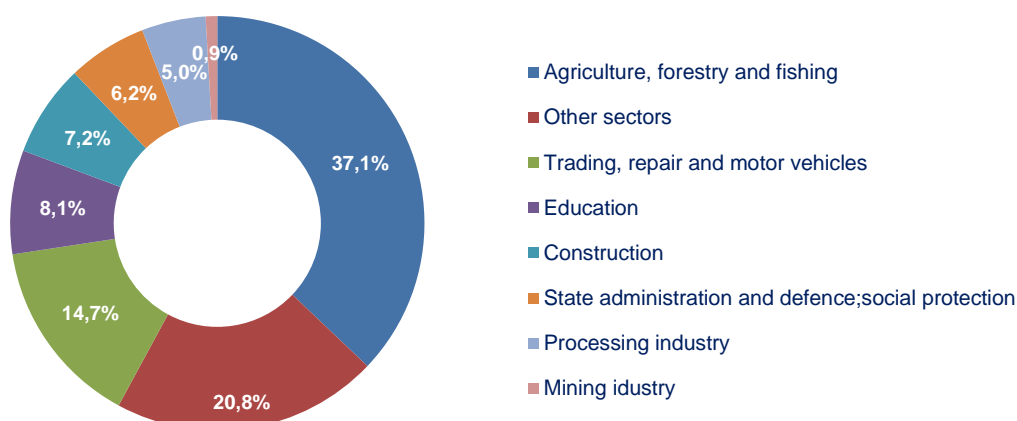
Investments into non-oil sector 13.0 billion manats

Characteristics of employment in the sectors of economy.

In 2013 the economically active population was 4,757.8 thsd. people, and among them 4,521.2 thsd. people were employed. The rate of mining industry to employment was 0.9%, which is 42.3 thsd. people.³⁵

Employment	2013 (thsd. people)
Number of economically active population	4,757.8
Number of people employed in the economy	4,521.2
Number of people in Mining industry	42.3
Percentage	0.9 %

The employment structure (2013)³⁶



Key regions/areas where production is concentrated

Most of the oil reserves i.e. 80% are located in Absheron Peninsula, Baku and Absheron archipelago at the depth of 3000-4000 meters in the shelf of the Caspian Sea. The formation of oil deposits in rocks belongs to Cenozoic period. Oil production is connected with the excavation works in Balakhany-Sabunchu-Ramana with inclusion of Bibiheybat.

The main oil producing areas are located near Baku. There are 5 areas onshore of oil and gas condensate put into exploration at the territory of Absheron peninsula and the Lower and Middle Kura, coastal areas of the Caspian Sea and Shamakhi-Gobustan. There are 43 oil, gas and condensate regions in the Republic of Azerbaijan from which 38 are suitable for exploitation.

³⁵ Ministry of Economy and Industry of the Republic of Azerbaijan, "Social areas", 15 October 2014, http://economy.gov.az/index.php?option=com_content&view=article&id=1183:ss2013&catid=110:eig-2013&lang=az.

³⁶ The State Statistical Committee of the Republic of Azerbaijan, "Publications", "E-versions of Publications", "The Statistical Indicators of Azerbaijan", "3.5. Distribution of employed population by economic activity", page 102, 15 October 2014, http://www.stat.gov.az/menu/6/statistical_yearbooks.

Oil (including condensates), mln tons ³⁷:

Regions	2011	2012	2013
Baku	44,673	42,346	42,558
Siyazan	48	48	49
Neftchala	39	37	41
Salyan	209	193	187
Imishli	27	24	20
Shirvan	379	333	308
Total	45,375	42,981	43,163

The main oil producing areas, such as Sabunchu, Surakhany and Bibiheybat, are located near Baku. In Baku oil production reached 42,558 thsd. tones, and this consisted 98% of the total oil production.

Natural gas, mln. cubic meters. (Raw Material)

Regions	2011	2012	2013
Baku	25,685	26,745	29,196
Siyazan	8	8	7
Neftchala	4	9	-
Salyan	23	24	30
Shirvan	8	10	12
Total	25,728	26,796	29,245

Gold, kg (the main production) ³⁸

Region	2011	2012	2013
Gadabay	1,775	1,562	1,619
Total	1,775	1,562	1,619

Silver, kg (the main production) ³⁹

Region	2011	2012	2013
Gadabay	1,216	626	630
Total	1,216	626	630

Other relevant information - Investment in the extractive industry ⁴⁰

In the reporting year a significant rise in the volume of capital investment has been recorded by both the internal and the external sources. In 2013 the volume of capital investment increased by 15% reaching 17.8 billion manats. The investments were directed to 13.0 billion manats for the non-oil sector and 4.8 billion manats for oil sector.

³⁷ "The State Statistical Committee of the Republic of Azerbaijan", "Publications", "E-version of Publications", "Industry of Azerbaijan – Statistical yearbook", "39. "Main types of industry products in kind", page 302, 15 October 2014, http://www.stat.gov.az/menu/6/statistical_yearbooks.

³⁸ "The State Statistical Committee of the Republic of Azerbaijan", "Publications", "E-version of Publications", "Industry of Azerbaijan – Statistical yearbook", page 177, 15 October 2014, http://www.stat.gov.az/menu/6/statistical_yearbooks.

³⁹ "The State Statistical Committee of the Republic of Azerbaijan", "Publications", "E-version of Publications", "Azerbaijan Regions – Statistical yearbook", page 197, 15 October 2014, http://www.stat.gov.az/menu/6/statistical_yearbooks

⁴⁰ "Ministry of Economy and Industry of the Republic of Azerbaijan", "Fixed capital investments on January-December 2013", 15 October 2014, http://economy.gov.az/index.php?option=com_content&view=article&id=1121:2013-inv-haq&catid=17:investisiyalar&lang=az.

3.4. Production volume

The production volume given to the Government by foreign and local extractive companies are shown in the table below:⁴¹

Production on Raw materials	Mln barrel	Volume		
		Thsd. m ³	Thsd. ounces	Thsd. tons
Crude Oil	157.1	-	-	-
Natural Gas	-	13,351.8	-	-
Associated Gas	-	2,310,248.0	-	-
Gold	-	-	6.7	-
Silver	-	-	2.6	-
Cooper	-	-	-	0.1
Cooper-bearing gold	-	-	0.02	-
Cooper-bearing silver	-	-	21.1	-

3.5. State participation in extractive industry

a) Background

The State Oil Company of Azerbaijan Republic (SOCAR) is an entity acting on behalf of the government to carry out commercial activity for the government. It engages in commercial activity wholly or partly belonging to the government.

During the initial stage of selection criteria in PSA is reliability for the previous experience on selection the companies willing to in the PSA; there are some criteria examples as follows: interested party should have relevant experience in the energy sector, should have reputation and preferred shares in industry, and should not be associated with terrorist organizations and any other negative situations.

The next stage after review the company profiles, the interested party is having discussion with SOCAR taking into consideration the maximum protection level of government interests.

SOCAR is an oil company engaging in exploration and development of oil and gas fields in the territory of Azerbaijan, production, refining of oil and gas and the sale of oil and gas and petrochemical products in domestic and foreign markets.

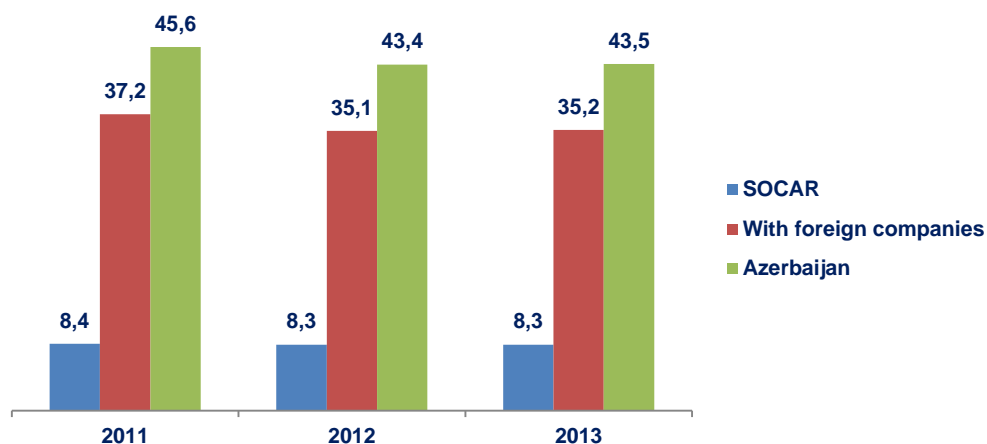
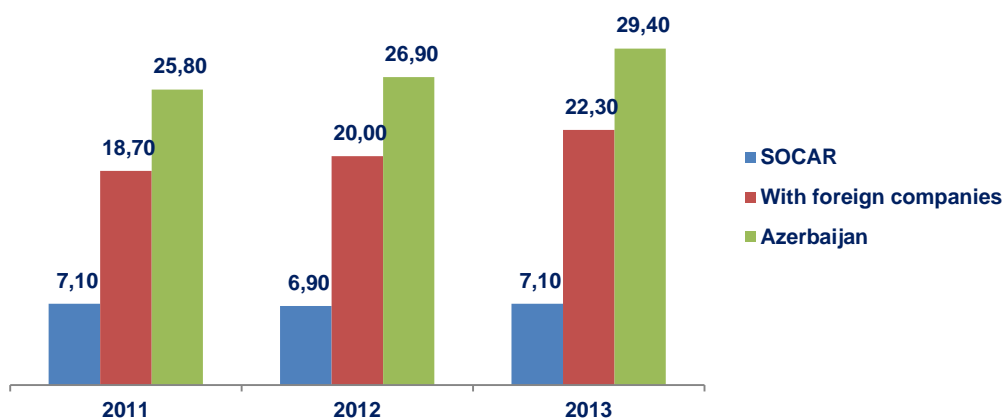
SOCAR was established to supercede 'Azneft' State Concern and 'Azerneftkimya' Production Unit by Decree No.200, dated 13 September 1992 of the President of Azerbaijan Republic. At present, enterprises of SOCAR are functioning in every region (excluding the occupied territories) of the Azerbaijan Republic as well as having offices in 22 countries of the world. In 2013 SOCAR had 61,088 employees and 22 legal entities. It was the largest company in the country and held a major place in the economy of the Azerbaijan Republic. It is a partner for PSAs Azerbaijan and is 100% owned by the Government of Azerbaijan.

Production by volume⁴²

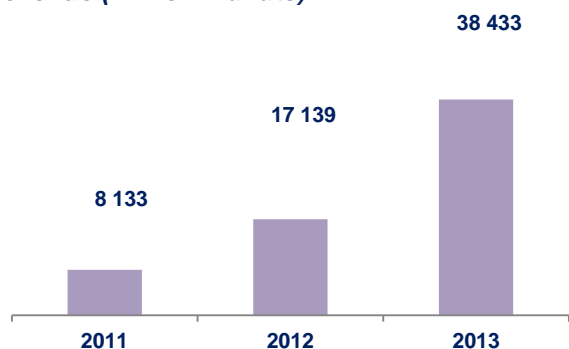
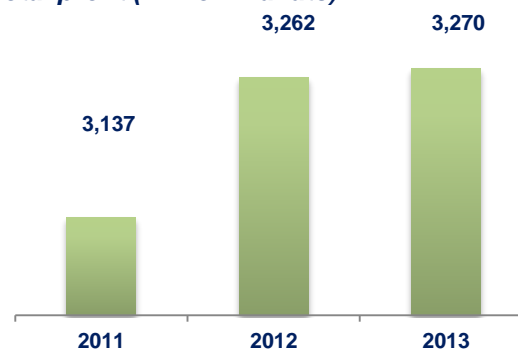
Industry results 2011-2013	2011	2012	2013
Approved oil field, thsd. tons, (according to Miller and Lents)	78,744	71,661	78,502
Approved gas reserves, mln m ³ , (according to Miller and Lents)	30,453	23,817	61,150
Oil production, thsd. ton	8,401	8,290	8,315
Gas production, mln m ³	7,084	6,925	7,140
Oil processing, mln ton	6,327	6,173	6,533

⁴¹ "State Oil Fund of Azerbaijan Republic", "Government reports on EITI", November 2014, <http://www.oilfund.az>.

⁴² "State Oil Company of Azerbaijan Republic", "About the company", page 6, November 2014, <http://www.socar.az/socar/assets/documents/en/socar-annual-reports/sus.dev.rep-2013.pdf>

Oil production of Azerbaijan Republic⁴³**Gas production of Azerbaijan Republic⁴⁴****Financial Results⁴⁵**

SOCAR's revenue and total profit for the years 2011 to 2013:

Revenue (million manats):**Total profit (million manats):**

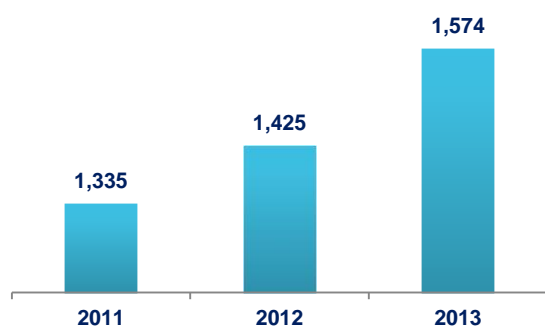
⁴³ "State Oil Company of Azerbaijan Republic", "Sustainable Development Report, 2013", "About the company", page 7, November 2014, <http://www.socar.az/socar/assets/documents/en/socar-annual-reports/sus.dev.rep-2013.pdf>

⁴⁴ "State Oil Company of Azerbaijan Republic", "Sustainable Development Report, 2013", "About the company", page 7, November 2014, <http://www.socar.az/socar/assets/documents/en/socar-annual-reports/sus.dev.rep-2013.pdf>

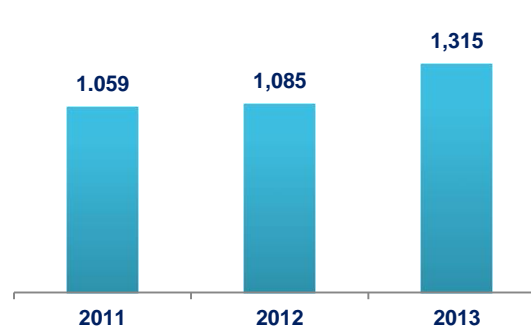
⁴⁵ "State Oil Company of Azerbaijan Republic", "Financial Report, 2013", "Consolidated Statement of Profit or Loss and other Comprehensive Income", page 4, November 2014, <http://www.socar.az/socar/assets/documents/en/socar-financial-reports/2013.pdf>

SOCAR's budget payments and share capital for the years 2011 to 2013:

Budget payments (billion manats):



Share Capital (billion manats):



Revenues from the sale of crude oil are indicated in the amount of the difference between prices of oil exported to the international market and the internally regulated price margin after deducting relevant taxes. The difference between the market price and the internally regulated price is taxed at 30% and the amount of tax is transferred to the State Budget. Revenue from sales of oil products amounting to 570 million manats (2012: 482 million) manats are shown net of excise tax.

b) The level of beneficial ownership in mining, oil and gas companies operating within the country's extractive industry⁴⁶

Joint ventures and associates, the participating interest and changes in participating interest in the reporting period, revenue, assets and borrowings of SOCAR during 2013 are shown in the table below:

Joint ventures:

Name of the Joint Ventures and subsidiary companies	SC participating interest (%)	Changes of participating interest during the reporting period(%)	Revenue (mln manats)	Assets (mln manats)	Borrowings (mln manats)
AGRI LNG Project Company	33%	Unchanged	-	-	-
AZFEN	60%	Unchanged	138.0	72.0	(23.0)
Azerbaijan Rigs	10%	Unchanged	-	192.0	(4.0)
Azeri- Furgo	60%	Unchanged	-	-	-
Azeri M.I. Drilling Fluids	51%	Unchanged	139.0	53.0	(24.0)
Azgerneft LLC	40%	Unchanged	47.0	79.0	(29.0)
Caspian Shipyard Company	20%	Unchanged	7.0	46.0	(35.0)
Ekol Engineering Services	51%	Unchanged	23.0	19.0	(5.0)
Oil and Gas ProServis	30%	Unchanged	3.0	17.0	(7.0)
Sarmatia	27%	Unchanged	-	1.0	-
SOCAR AQŞ	51%	Unchanged	116.0	340.0	(128.0)
SOCAR Aurora Terminal	50%	Unchanged	7.0	87.0	(28.0)
SOCAR Baghlan CJSC	51%	Unchanged	2.0	15.0	(20.0)
SOCAR CAPE	51%	Unchanged	36.0	16.0	(21.0)
SOCAR CNG	51%	Unchanged	-	-	-
SOCAR Construction	97%	Unchanged	-	13.0	(1.0)
SOCAR Foster Viler Engineering Services	65%	Unchanged	9.0	5.0	(4.0)
SOCAR KPS	50%	Unchanged	2.0	16.0	(16.0)
SOCAR Umid	80%	Unchanged	-	408.0	(24.0)

⁴⁶ "State Oil Company of Azerbaijan Republic", "Financial Report, 2013", "Note 16, Investment in jointly controlled entities", page 45-48, November 2014, <http://www.socar.az/socar/assets/documents/en/socar-financial-reports/2013.pdf>

Associates:

Name of the Associates and subsidiary companies	SC Participating Interest (%)	Changes of participating interest during the reporting period(%)	Revenue (mln manats)	Assets (mln manats)	Borrowings (million manat)
Ateshgah Insurance Company CJSC	10%	Unchanged	38.0	29.0	(21.0)
Azerbaijan Gas Supplier Company	28%	Unchanged	1,720.0	710.0	(709.0)
AzLab	50%	Unchanged	2.0	1.0	-
Caspian Geofisical Company BM	45%	Unchanged	36.0	37.0	(15.0)
Caspian Payp Costings LLC	50%	Unchanged	6.0	7.0	(3.0)
Cross Caspian Oil and Gas Logistiks	34%	Unchanged	89.0	9.0	(9.0)
Interfax Azerbaijan	49%	Unchanged	-	4.0	-
Trans Adriatic Pipeline ("TAP")	20%	Unchanged	-	252.0	(157.0)
Western Caucas pipeline Hold Co	10%	Unchanged	1.0	17.0	(1.0)

Changes in the level of beneficial ownerships ⁴⁷

- There were no changes in the level of the Government's ownership of SOCAR during the reporting period;
- There were no changes in the level of beneficial ownership in joint ventures and subsidiaries during the reporting period; and
- The equity method was used in the process of treating equity investment in associate companies.

Loans and loan guarantees ⁴⁸

SOCAR was awarded a loan amounting to 750 mln manats by International Bank of Azerbaijan Republic (IBAR) dated 16 July 2009 under the guarantee of the State of behalf of the Central Bank of the Republic of Azerbaijan.

In accordance with the loan agreement the Central Bank acts on behalf of a lender, IBAR OJSC acts on behalf of a borrower, and SOCAR acts on behalf of a borrower as well. The period of the loan agreement was 7 years and total annual interest rate has amounted to 3.15%. Due to changes made to the agreement on 23 April 2013 the duration of the contract was extended to 2023. As of 13 December 2013 a part of the contractual amount of 500 mln manats remains unpaid. According to the agreement, the principal amount of the annual repayment is 50 mln manats.

There was no third party financing during reporting period to other companies from SOCAR.

The Central Bank of the Republic of Azerbaijan, SOCAR and IBAR OJSC have signed an agreement which has been guaranteed by the Ministry of Finance who acted on behalf of the Government.

c) Disclosure of quasi-fiscal expenditures

During the EITI Reporting period no quasi-fiscal expenditures such as payments for social services, public infrastructure, fuel subsidies and national debt servicing were made by SOCAR.

⁴⁷“State Oil Company of Azerbaijan Republic”, “Official Letter”, February 2015

⁴⁸“State Oil Company of Azerbaijan Republic”, “Official Letter”, February 2015

SOCAR's payments to the State Budget⁴⁹

In accordance with the decision of the Government the state budget, various government agencies and government implementation projects invested in cash or financing form by the Group. This kind of investments accounted for as reduction of capital. Distributions in the form of cash is recorded in the carrying amount of the assets transferred.

The consolidated changes in equity during 2013 (mln manats)				
Classification of Capital	Additional Capital Paid	Share Capital	Retained Earnings	Total
Increase in the Share Capital	(230)	230	-	-
Additional Paid in Capital	170	-	-	170
Appropriations to the Government	-	-	(666)	(666)

3.6. Allocation of revenues from production industry to SOFAZ

In 2013, SOFAZ's revenues amounted to 13.6 billion manats. Revenues include the proceeds from the sale of Azerbaijan's share in hydrocarbons, transit fees, bonus payments, acreage fees, revenues from the management of the Fund's assets and other revenues.

Structure of SOFAZ revenues sources in 2013 (AZN mln)⁵⁰

Sources	Amount (mln manat)
Proceeds from profit oil and gas sales	13,108.0
Revenues management of the Fund assets	480.5
Transit fee revenues	8.1
Bonus payments	1.9
Acreage fees	1.8
Other revenues and receipts	0.1
Total	13,600.4

Structure of expenditures of the Fund in 2013 (AZN mln)⁵¹

Sources	Amount (mln manat)
Transfer to State Budget	11,350.0
Construction of "Star" Oil Refinery Project	372.6
Improvement of the social conditions of refugees and internally displaced person	300.0
Samur-Absheron irrigation system	173.9
Administrative expenses of the oil fund	47.5
Education of Azerbaijani youth abroad	33.0
New Baku-Tbilisi-Kars railway construction project	25.7
Total	12,302.7

⁴⁹ "State Oil Company of Azerbaijan Republic", "Financial Report, 2013", "Consolidated Statement of Changes in Equity", page 5, November 2014, <http://www.socar.az/socar/assets/documents/en/socar-financial-reports/2013.pdf>

⁵⁰ "State Oil Fund of Azerbaijan Republic", "Annual Report 2013", 14 October 2014, p.36, http://www.oilfund.az/uploads/annual_2013az.pdf.

⁵¹ "State Oil Fund of Azerbaijan Republic", "Annual Report 2013", 14 October 2014, p.41, http://www.oilfund.az/uploads/annual_2013az.pdf

3.7. Register of licenses

A single license registry function in Azerbaijan is carried out by the Ministry of Economy and Industry (MEI). Pursuant to the Regulations on carrying on a single license registry in Azerbaijan Republic approved by Order No.68, dated 30 September 2002 of MEI, registry of all licenses issued in Azerbaijan is publicly available. On the other hand, the Regulations have been adopted according to Decree No.782 by the President and thus, it can be concluded that the registry of licenses made in accordance with the Regulations comprises the information only about the licenses (for example, licenses for sale of oil and gas products, licenses for production, processing, use and circulation of valuable metals and etc.) falling within the scope of the mentioned decree. Licenses regarding exploration or exploitation of oil, gas and minerals resources do not fall within the scope of the Decree No. 782 and under Azerbaijan legislation there exists no procedure for obtaining such licenses. However, according to Presidential Decree No. 310, dated 28 March 2000 exploration and exploitation of oil and gas belongs to exclusive competence of the state and may be conducted only by state entities or state controlled joint stock companies.

Azerbaijan government retains all rights to execute such activities and engage internationally recognized and experienced contractors. On the other hand these rights and licenses to engage in activities regarding the exploration and exploitation of oil and gas may be granted to third parties by way of signing Production Share Agreements between the state (represented by state company) and third parties and these PSAs enter into effect after the official confirmation by the Parliament of Azerbaijan Republic. The law acts confirming the PSAs explicitly stipulate that the participating parties to PSA are granted all permits and licenses to operate within the scope of PSAs (including explore or exploit oil, gas and minerals resources) and these law acts are publicly available, there exists no other licensing instrument for this purpose.

3.8. Allocation of licenses

As it was described in the above section, there is a single license registry in Azerbaijan Republic approved by Order No.68, dated 30 September 2002 of MEI and the registry of all licenses issued in Azerbaijan is publicly available.

The process of allocation of licences is similar to their registration process. So, if there is any need for further information or clarification, refer to the section that describes register of licences (Section 3.7. Register of licenses).

3.9. Beneficial ownership

The "Beneficiary owner" concept is not recognized in the law of Azerbaijan and there is no publicly available registry of beneficiary owners of cooperative enterprises in Azerbaijan. State registry of legal entities reflects the registered owners of shares of cooperative enterprises, not the beneficial owners of such enterprises. Thus no publicly available registry in Azerbaijan reflects information on beneficial ownership and therefore submission of such information by governmental or state enterprises does not seem to be possible. In addition, according to the law dated 12 June 2012 about changes to the law "On state registration and state registry of legal entities", information relating to the founder of legal entities has been considered to be a commercial secret. Such information may be obtained by third persons only with the consent of shareholders of these enterprises.

Taking into consideration that there is no legal obligation on the disclosure of the beneficial ownership in Azerbaijan, disclosure of information on beneficial ownership shall not be binding obligation for companies participating in Extractive Industries Transparency Initiative.⁵²

⁵² "MGB Law Offices", "Legal opinion on the analysis of New Mineral Reserves in the Extractive Industries Transparency Initiative in the terms of legislation requirement of Azerbaijan Republic", "4.2 Beneficial ownership", 12 September 2013.

3.10. Contracts

Production Sharing Agreements (PSA) concluded between the host governments (Azerbaijan) and a contractor govern the exploitation of oil, gas and minerals in Azerbaijan and these PSAs are effective only after the ratification by the Parliament of Azerbaijan Republic. However, the Azerbaijan government and the contractors act as commercial counterparties in the scope of such PSAs and Azerbaijan has waived any sovereign immunity rights. By waiving its sovereign immunity rights the Azerbaijan government accepts itself and the contractors to be regarded as equal commercial parties.

There exists no requirement or restriction pursuant to the Azerbaijan legislation for the PSAs to be officially disclosed, but may be disclosed based on mutual consent of the parties thereto. Under the existing legislation the parties to commercial contracts are not restricted in the release such contracts to a third party unless they are bound by the confidentiality clause. Under the Azerbaijan law, the party disclosing a commercial secret (i.e. information related to production, technological, management, finance or other activities of individuals or legal entities or disclosure without an owner's consent of which may adversely affect its legal interests) to third parties in violation of the confidentiality clause shall be responsible before its counterparty (Article 7 of the Law of the Republic of Azerbaijan on Commercial Secret dated 4 December 2001).

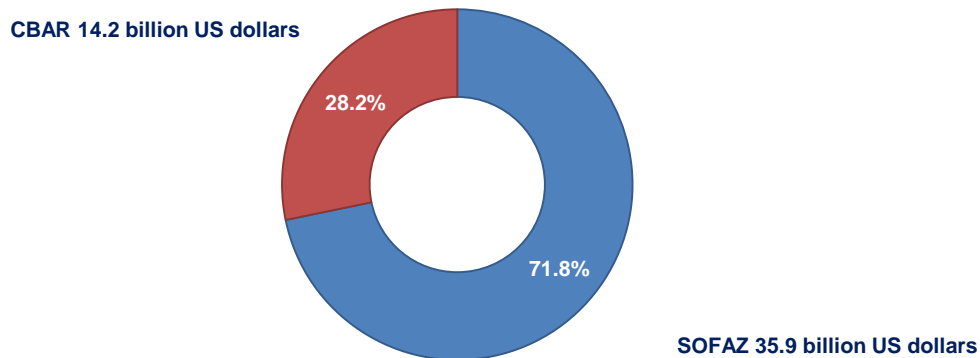
As mentioned above the Azerbaijan government as a commercial party to the contract is not able to enjoy its sovereign rights over other parties and impose on them any obligation regarding the disclosure of the PSA which contains confidential information. Therefore under the EITI Standard, the text of any commercial contracts may be disclosed to third parties only by observing confidentiality clauses in contracts or upon consent of the parties of the contract.

The secretariat has conducted a survey in order to obtain permission to upload the PSAs into AzEITI website for public use. There are only five PSAs that were uploaded after a survey and they are available to public on the official website of EITI in Azerbaijan.

3.11. Other information

Population income ⁵³. In comparison with the previous year income of the population increased by 8% and reached 37.6 billion manats in 2013. The amount of income per capita increased by 6.6% and reached 4 thousand manats. Consumption expenditure was made main part of income—64,3%. The Government has spent 8,3% of its revenues for taxes, social insurance and membership fees, 1,8% for interest on loans and 25,6% for increasing deposits portfolios and share capital. According to the "Human Development Report 2014" published by United Nations in 2013, Azerbaijan ranked 76th out of 187 countries with regard to "high human development".

Strategic Currency Reserves

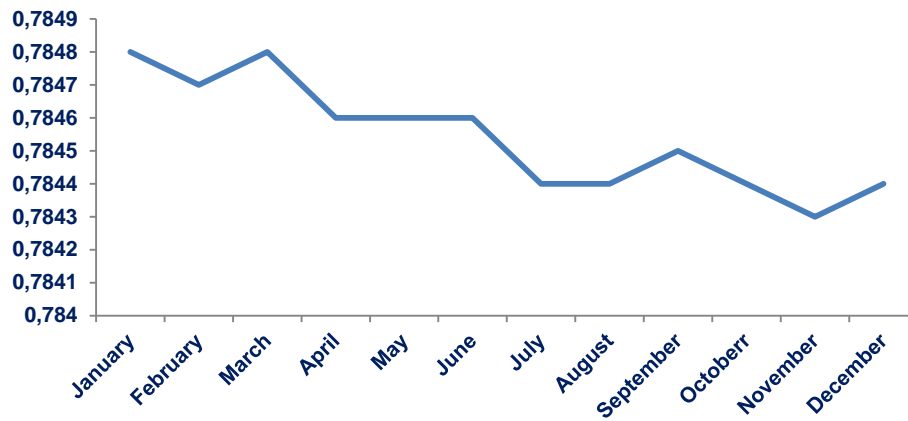


Source: State Oil Fund of Azerbaijan Republic and Central Bank of Azerbaijan Republic

⁵³ "Ministry of Economy and Industry of Azerbaijan Republic", "Social areas", 15 October 2014, http://economy.gov.az/index.php?option=com_content&view=article&id=1183:ss2013&catid=110:eig-2013&lang=az.

The amount of investment in fixed capital from foreign sources amounted to 4.7 billion manats and the highest share was with respect to the UK (1.5 billion manats).

Exchange rate of USD to AZN during 2013 ⁵⁴



⁵⁴ "Central Bank of Azerbaijan Republic", "AZN exchange rates", 15 October 2014, <http://www.cbar.az/other/azn-rates>

4. RECONCILIATION SCOPE

4.1. Extractive companies

According to the materiality threshold which has been set at nil, it is mandatory for all the Companies within the extractive industry to participate in the process of reconciliation for the year ended 31 December 2013. The list of Companies is given in the Annex 2 of this Report.

4.2. Government agencies

Based on the list of Companies and payment streams recommended to be included in the scope, the government agencies which have been involved in the 2013 reconciliation process are detailed as follows:

N°	Government agencies/departments
1	State Oil Fund of the Republic of Azerbaijan
2	State Oil Company of the Azerbaijan Republic
3	Ministry of Taxes of the Republic of Azerbaijan
4	Ministry of Ecology and Natural Resources of the Azerbaijan Republic

4.3. Infrastructure provisions and barter arrangements

Information regarding infrastructure provisions and barter arrangements was not included in EITI Report for the year ended 2013 due to the fact that at the 34th meeting of EITI Multi Stakeholder Group which took place on 10 December 2014 it was decided to eliminate this information from the EITI report as it was not applicable in the Republic of Azerbaijan.⁵⁵

4.4. Social expenditures

Information regarding social expenditures was not included in EITI Report for the year ended 2013 due to the fact that at the 34th meeting of EITI Multi Stakeholder Group which took place on 10 December 2014 it was decided to eliminate this information from the EITI report as it was not applicable in the Republic of Azerbaijan.⁵⁶

4.5. Sub-national payments and transfers

Information regarding sub-national payments and transfers was not included in EITI Report for the year ended 2013 due to the fact that at the 34th meeting of EITI Multi Stakeholder Group which took place on 10 December 2014 it was decided to eliminate this information from the EITI report as it was not applicable in the Republic of Azerbaijan.⁵⁷

The Republic of Azerbaijan is unitary state and therefore it does not have any sub-national payments and sub-national transfers. There are local budgets, but they are governed by and accumulated from the central budget. All collected duties and taxes are incorporated into the single budget. Nakhichevan AR is the only exception as it collects the taxes to its budget and is supported by the central budget at the same time.

⁵⁵ "EITI website", "documents", "extract from minutes", <http://www.eiti.az/index.php/en/senedler-2/extracts-from-minutes>

⁵⁶ "EITI website", "documents", "extract from minutes", <http://www.eiti.az/index.php/en/senedler-2/extracts-from-minutes>

⁵⁷ "EITI website", "documents", "extract from minutes", <http://www.eiti.az/index.php/en/senedler-2/extracts-from-minutes>

5. RECONCILIATION RESULTS

We present below detailed results of our reconciliation exercise, as well as differences noted between amounts paid by extractive Companies and amounts received by Government entities. We have included the amounts initially reported and the adjustments made following our reconciliation work, as well as the final amounts and unresolved differences.

5.1. Reconciliation by revenue stream (foreign companies)

The table below shows the total basic payments reported by foreign extractive Companies and Government entities, taking into account all adjustments:

(USD mln)

Revenue streams	Template originally lodged			Adjustments		Final Amounts		
	Extractive companies	Government	Difference	Extractive companies	Government	Extractive companies	Government	Difference
Monetary inflow from oil	84.9	62.7	22.2	(22.2)*	-	62.7	62.7	-
Monetary Inflow from gas	383.8	383.8	-	-	-	383.8	383.8	-
Bonuses	2.32	2.36	(0.04)	0.04	-	2.36	2.36	-
Transportation tariff to SOFAZ	3.7	10.3	(6.6)	6.6	-	10.3	10.3	-
Acreage fee	2.3	2.3	-	-	-	2.3	2.3	-
Profit tax	1,838.0	1,881.9	(43.9)	30.0	16.0	1,868.0	1,897.9	(29.9)
Other taxes	0.1	-	0.1	(0.1)	-	-	-	-

*Bracket represents the reduction of total amount

We present in the table below a summary of the in kind transfers to the Government (aggregated figures) reported by the foreign extractive Companies and government:

In-kind payments	Template originally lodged			Adjustments		Final Amounts		
	Extractive companies	Government	Difference	Extractive companies	Government	Extractive companies	Government	Difference
Crude Oil (oil (mboe))	157.8	157.1	0.7	(0.7)	-	157.1	157.1	-
Natural Gas (thsd. m ³)	-	13,351.8	(13,351.8)	13,351.8	-	13,351.8	13,351.8	-
Associated Gas (thsd. m ³)	2,167,562.6	2,310,248.0	(142,685.4)	142,685.4	-	2,310,248.0	2,310,248.0	-
Gold (thsd. ounces)	6.7	6.7	-	-	-	6.7	6.7	-
Silver (thsd. ounces)	2.6	2.6	-	-	-	2.6	2.6	-
Parent Metals-Gold (thsd. ounces)	0.02	0.02	-	-	-	0.02	0.02	-
Parent Metals-Silver (thsd. ounces)	21.1	21.1	-	-	-	21.1	21.1	-
Parent Metals-Coopers (tonnes)	0.1	0.1	-	-	-	0.1	0.1	-

5.2. Reconciliation by extractive Company (foreign companies)

The table below shows the total basic payments reported by foreign extractive companies and Government entities, taking into account all adjustments:

Foreign Extractive Companies	Template originally lodged			Adjustments			Final amount		
	Extractive Company	Government	Difference	Extractive Company	Government	Extractive Company	Government	Difference	
Apsheron Investments Limited	11.6	11.6	-	-	-	11.6	11.6	-	
Ali-Bairamli Oil Ltd	16.5	1.5	15.0	(15.0)	-	1.5	1.5	-	
Azen Oil Company B.V.	6.1	6.1	-	-	-	6.1	6.1	-	
Azerbaijan (ACG) Limited	170.8	170.8	-	-	-	170.8	170.8	-	
Azerbaijan (Shah Deniz) Limited	38.4	74.8	(36.4)	36.4	-	74.8	74.8	-	
Bahar Energy Limited	2.0	1.9	0.1	(0.1)	-	1.9	1.9	-	
Binagadi Oil Company	15.0	9.8	5.2	(5.2)	-	9.8	9.8	-	
BP Exploration (Azerbaijan) Limited	170.4	170.4	-	-	-	170.4	170.4	-	
BP Exploration (Caspian Sea) Limited	559.0	552.6	6.4	(6.4)	-	552.6	552.6	-	
BP Shafag-Asiman Limited	2.1	2.1	-	-	-	2.1	2.1	-	
Chevron Khazar, Ltd.	167.5	167.5	-	-	-	167.5	167.5	-	
CNPC	2.9	3.2	(0.3)	0.3	-	3.2	3.2	-	
Exxon Azerbaijan Limited	120.4	120.4	-	-	-	120.4	120.4	-	
Fortunamate Assets Limited	2.9	3.2	(0.3)	0.3	-	3.2	3.2	-	
Inpex Southwest Caspian Sea, Ltd.	166.6	166.6	-	-	-	166.6	166.6	-	
Itochu Oil Exploration (Azerbaijan) Inc.	62.6	62.6	-	-	-	62.6	62.6	-	
Karasu Development Company	12.3	12.3	-	-	-	12.3	12.3	-	
Lukoil Overseas Shah-Deniz Ltd	88.4	88.3	0.1	(0.1)	-	88.3	88.3	-	
Naftiran Intertrade Co (NICO) Limited	38.40	38.44	(0.04)	0.04	-	38.4	38.4	-	
Neftechala Investments Limited	1.2	1.2	-	-	-	1.2	1.2	-	
Novatis Oil F.Z.E.	28.0	28.0	-	-	-	28.0	28.0	-	
ONGC Videsh Limited	22.2	22.2	-	-	-	22.2	22.2	-	
R.V. Investment Group Services	0.8	0.8	-	-	-	0.8	0.8	-	
Salyan Oil	3.5	0.9	2.6	(2.6)	-	0.9	0.9	-	
Shirvan Investment Limited	13.1	13.1	-	-	-	13.1	13.1	-	
Statoil Apsheron A.S	142.5	142.5	-	-	-	142.5	142.5	-	
Statoil Shah Deniz A.S	167.5	167.5	-	-	-	167.5	167.5	-	
Total E & P Azerbaijan B.V	80.5	80.5	-	-	-	80.5	80.5	-	
Turkish Petroleum A.O	94.7	94.7	-	-	-	94.7	94.7	-	
Turkish Petroleum Overseas Company Ltd	74.2	74.2	-	-	-	74.2	74.2	-	
UGE-LANCER PTE.LTD	33.0	17.0	16.0	-	16.0	33.0	33.0	-	

The table below shows the list of companies which has not made payments to the Government.

Foreign Extractive Companies	Template originally lodged			Adjustments			Final amount		
	Extractive Company	Government	Difference	Extractive Company	Government	Extractive Company	Government	Difference	
Commonwealth Gobustan Limited	-	-	-	-	-	-	-	-	
GDF SUEZ E&P Absheron B.V	-	-	-	-	-	-	-	-	
Kura Valley Development Company LTD	-	-	-	-	-	-	-	-	
Total E & P Absheron B.V	-	-	-	-	-	-	-	-	

(USD mln)

HESS had not submitted a reporting template and the reason was non-inclusion of the company in the Memorandum because the company has closed its branch in the Republic of Azerbaijan. The company did not participate and thus could not confirm the completeness of payments made to the Government for profit tax in the amount of USD 29.9 mln and according to the Government approval the difference have been solved.

Foreign Extractive Companies	Template originally lodged			Adjustments			Final amount		
	Extractive Company	Government	Difference	Extractive Company	Government	Extractive Company	Government	Difference	
HESS	-	29.9	(29.9)	-	-	-	29.9	(29.9)	

(USD mln)

5.3. Reconciliation by extractive Company (local companies)

We present in the table below a summary of the figures (in cash payments) reported by the local extractive Companies and Government:

Local Extractive Companies	Template originally lodged			Adjustments			Final amount		
	Extractive Company	Government	Difference	Extractive Company	Government	Extractive Company	Government	Difference	
AzGerneft	4.2	4.2	-	-	-	4.2	4.2	-	
SOCAR	1,171.5	660.1	511.4	(511.4)	-	660.1	660.1	-	

(AZN mln)

5.4. Reconciliation by revenue stream (local companies)

We present in the table below a summary of the revenue streams (aggregated figures) reported by the local extractive Companies and Government:

Revenue streams	Template originally lodged			Adjustments			Final Amounts		
	Extractive Company	Government	Difference	Extractive Company	Government	Extractive Company	Government	Difference	
	(AZN million)								
Monetary inflow from Oil	-	-	-	-	-	-	-	-	
Monetary Inflow from Gas	-	-	-	-	-	-	-	-	
Bonuses	-	-	-	-	-	-	-	-	
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-	
Acreage fee	-	-	-	-	-	-	-	-	
Profit taxes	32.8	15.8	17.0	(17.0)	-	15.8	15.8	-	
Royalty	119.3	119.3	-	-	-	119.3	119.3	-	
VAT	108.6	108.6	-	-	-	108.6	108.6	-	
Property tax	38.1	38.1	-	-	-	38.1	38.1	-	
Land tax	10.0	10.0	-	-	-	10.0	10.0	-	
Price changes	-	369.9	(369.9)	369.9	-	369.9	369.9	-	
Other taxes	866.9	2.6	864.3	(864.3)	-	2.6	2.6	-	

We present in the table below a summary of the in kind transfers to the Government (aggregated figures) reported by the local extractive Companies and Government:

In-kind payments	Template originally lodged			Adjustments			Final Amounts		
	Extractive Company	Government	Difference	Extractive Company	Government	Extractive Company	Government	Difference	
Crude Oil (mboe)	157.1	157.1	-	-	-	157.1	157.1	-	
Natural Gas (thsd. m ³)	13,351.8	13,351.8	-	-	-	13,351.8	13,351.8	-	
Associated Gas (thsd. m ³)	2,176,837.6	2,310,248.0	(133,410.4)	133,410.4	-	2,310,248.0	2,310,248.0	-	

5.5. Payments paid to Government according to PSA

Payment to Government by Foreign Extractive Companies due to Azeri-Chirag-Gunashli PSA in 2013:

Foreign Extractive Companies	Final Amounts (USD mln)	
	Extractive company	Government
Azerbaijan (ACG) Limited	170.8	170.8
BP Exploration (Caspian Sea) Limited	552.6	552.6
Chevron Khazar, Ltd.	167.5	167.5
Exxon Azerbaijan Limited	120.4	120.4
Inpex Southwest Caspian Sea, Ltd.	166.6	166.6
Itochu Oil Exploration (Azerbaijan) Inc.	62.6	62.6
ONGC Videsh Limited	22.2	22.2
Statoil Apsheron A.S	142.5	142.5
Turkish Petroleum A.O	94.7	94.7

Payment to Government by Foreign Extractive Companies due to Shah Deniz PSA in 2013:

Foreign Extractive Companies	Final Amounts (USD mln)	
	Extractive company	Government
Azerbaijan (Shah Deniz) Limited	74.8	74.8
BP Exploration (Azerbaijan) Limited	170.4	170.4
Lukoil Overseas Shah-Deniz Ltd	88.3	88.3
Naftiran Intertrade Co (NICO) Limited	38.4	38.4
Statoil Shah Deniz A.S	167.5	167.5
Total E & P Azerbaijan B.V	80.5	80.5
Turkish Petroleum Overseas Company Ltd	74.2	74.2

Payment to Government by Foreign Extractive Companies due to other PSAs in 2013:

Foreign Extractive Companies	Final Amounts (USD mln)	
	Extractive company	Government
BINAGADI, GIRMAKI, CHAKHNAGLAR, SULUTEPE, MASAZIR, FATMAI, SHABANDAGH AND SIAN SHOR		
Azen Oil Company B.V.	6.1	6.1
Binagadi Oil Company	9.8	9.8
BAHAR AND GUM DENIZ		
Bahar Energy Limited	1.9	1.9
ZIGH HOVSAN		
Apsheron Investments Limited	11.6	11.6
SHAFAG-ASIMAN		
BP Shafag-Asiman Limited	2.1	2.1
KURSENGI AND GARABAGHLY		
CNPC	3.2	3.2
Fortunamate Assets Limited	3.2	3.2
Salyan Oil	0.9	0.9
MISHOVDAGH AND KELAMADDIN		
Karasu Development Company	12.3	12.3
Ali-Bairamli Oil Ltd	1.5	1.5
NEFTCHALA, KHILLI, AND DUROVDAGH – BABAZAN		
Neftechala Investments Limited	1.2	1.2
SURAKHANY		
Novatis Oil F.Z.E.	28.0	28.0
BALAKHANY		
UGE-LANCER PTE.LTD	33.0	33.0
KUROVDAGH		
Shirvan Investment Limited	13.1	13.1
GOLD, SILVER AND COOPER		
R.V. Investment Group Services	0.8	0.8

5.6. Adjustments

Foreign extractive Company adjustments

The adjustments were carried out on the basis of confirmations from the extractive Companies and were supported by proper evidence for justifications. We reconciled and proposed the necessary adjustments upon obtaining evidence documentation from the extractive Companies. The breakdown of adjustments is shown below:

Cash inflows from foreign Companies' oil production revenue:

Revenue streams	(USD mln)
Monetary inflow from Oil	(22.2)

The total negative difference of profit oil was USD 22.2 mln. The table below demonstrates the Companies which have incorrectly included the data into the reporting template:

Foreign extractive Company	Per Company			Per Government			Final Difference
	Original	AJE	Final	Original	AJE	Final	
Ali-Bairamli Oil Ltd	14.4	(14.4)	-	-	-	-	-
Bahar Energy Limited	1.8	(0.1)	1.7	1.7	-	1.7	-
Binagadi Oil Company	14.9	(5.1)	9.8	9.8	-	9.8	-
Salyan Oil	2.6	(2.6)	-	-	-	-	-

- The negative amount of difference USD 0.1 mln indicates payment made to SOCAR by the extractive Company which should not be included to the report.
- The negative amount of difference USD 5.1 mln indicates payment made to SOCAR by the extractive Company which should not be included to the report.
- The negative amount of difference USD 14.4 mln was incorrectly included in the initial reporting template. The Company had not transferred any profit oil to SOFAZ.
- The negative amount of difference USD 2.6 mln was incorrectly included in the initial reporting template. The Company did not transfer any amount to SOFAZ.

Bonus payment to SOFAZ:

Revenue streams	(USD mln)
Bonus	0.04

The total positive difference related to bonuses was USD 0.04 mln. The table below demonstrates the Companies which had incorrectly included the data into the reporting template:

Foreign extractive Company	Per Company			Per Government			Final Difference
	Original	AJE	Final	Original	AJE	Final	
Naftiran Intertrade Co (NICO) Limited	-	0.04	0.04	0.04	-	0.04	-

- The Company had omitted to indicate the payment amounting to USD 0.04 mln in the initial reporting template.

Transportation tariff:

		(USD mln)
Revenue streams	Extractive Company	
Transportation tariff		6.6

The positive difference of USD 6.6 mln included in the Government's schedule relates to transit fees that were paid by the Government to itself for the transit of its own oil entitlement. Each month SOFAZ and contractors pay fees to the Azerbaijan International Operating Company (AIOC), the operating company of the ACG oilfield), the levels of which are determined by the Republic of Azerbaijan and Georgia for the transportation of oil (Government's entitlement to oil profits) through Western Route Pipeline and operating costs (operational and capital expenditure). AIOC pays Georgia's share from the total fees collected. SOFAZ receives only the transportation tariff's share determined by the Republic of Azerbaijan. Because of the nature of the transaction this is a permanent difference.

Profit tax:

		(USD mln)
Revenue streams	Extractive Company	
Profit taxes		30.0

The total positive difference of profit taxes were USD 30.0 mln. The table below demonstrates the Companies which had incorrectly included the data into the reporting template:

Foreign Extractive Company	Per Company			Per Government			Final Difference
	Original	AJE	Final	Original	AJE	Final	
Ali-Bairamli Oil Ltd	2.1	(0.6)	1.5	1.5	-	1.5	-
Azerbaijan (Shah Deniz) Limited	-	36.4	36.4	36.4	-	36.4	-
BP Exploration (Caspian Sea) Limited	557.7	(6.4)	551.3	551.3	-	551.3	-
CNPC	2.9	0.3	3.2	3.2	-	3.2	-
Fortunamate Assets Limited	2.9	0.3	3.2	3.2	-	3.2	-

- The company had omitted the amount of payment of profit tax amounting to USD 36.4 mln in the the initial reporting template.
- The negative difference of USD 6.4 mln was in relation to the penalty audit settlement not covered in the year ended 31 December 2013, the amount of penalty in regards of previous year.
- The company had included the negative amount of difference USD 0.6 mln based on accrued figures instead of cash paid.
- The company did not include the amount of 4th quarter of 2012 amounting of USD 0.3 mln. We have adjusted and added up into the recorded amount (CNPC and Fortunamate Assets Limited had the same error).

Other taxes:

		(USD mln)
Revenue streams	Extractive company	
Other taxes		(0.1)

The total negative difference of other taxes was USD 0.1 mln. The table below shows the company which had incorrectly included the data into the reporting template:

Foreign Extractive company	Per Company			Per Government			Final Difference
	Original	AJE	Final	Original	AJE	Final	
Lukoil Overseas Shah-Deniz Ltd	0.1	(0.1)	-	-	-	-	-

- The company had included the negative amount of USD 0.1 mln in relation to withholding taxes in the reporting templates. In accordance to the guideline, those taxes should not be included by the extractive Companies.

Local Extractive Company adjustments

Profit taxes:

		(AZN mln)
Revenue streams		Extractive company
Profit taxes		17.0

The total positive difference of profit taxes was AZN 17.0 mln. The table below demonstrates the company which had incorrectly included the data into the reporting template:

Local Extractive company	Per Company			Per Government			Final Difference
	Original	AJE	Final	Original	AJE	Final	
SOCAR	28.6	(17.0)	11.6	11.6	-	11.6	-

- The explanation of difference was given as follows: in 2013, there was a mutual protocol of government budget tax liabilities of SOCAR. In February 2013, according to tax reconciliation form of SOCAR, its debtor liabilities decreased, so that creditor liabilities of AZN 11.0 mln, as for profit tax of "AZNEFT IB", were reduced; in June, the debtor liabilities of head office of SOCAR decreased on tax reconciliation for, so that creditor liabilities of "AZNEFT IB" were decreased by AZN 6.0 mln. Thus, in addition to the payment AZN 17.0 mln of profit tax was decreased in accordance with the tax protocol.

Price Changes:

		(AZN mln)
Revenue streams		Extractive company
Price Changes		369.9

The total positive difference of price changes was AZN 369.9 mln. The table below demonstrates the company which had incorrectly included the data into the reporting template:

Local Extractive company	Per Company			Per Government			Final Difference
	Original	AJE	Final	Original	AJE	Final	
SOCAR	-	369.9	369.9	369.9	-	369.9	-

- The company has indicated the price changes in the total of other taxes. We have obtained the breakdown of other taxes in order to deduct the amount and adjust.

Other taxes

		(AZN mln)
Revenue streams		Extractive company
Other taxes		(864,3)

The total negative difference of other taxes was AZN 864.3 mln. The table below demonstrates the company which had incorrectly included the data into the reporting template:

Local Extractive company	Per Company			Per Government			Final Difference
	Original	AJE	Final	Original	AJE	Final	
SOCAR	866.9	(864.3)	2.6	2.6	-	2.6	-

- We have adjusted the amount of other taxes in accordance to the breakdowns of the following types payment:

Other taxes	(AZN mln)
Export tax	176.3
Excise tax	493.5
Road tax	2.6
Other taxes	0.9
Marketing export tax	40.6
Gas export tax	153.0

Government agencies' adjustments

The adjustments were carried out on the basis of confirmations received from extractive companies supported by original payment receipts wherever deemed appropriate. We have reconciled and proposed the necessary adjustments upon obtaining evidence documentation from the extractive companies. The adjustments are detailed as follows:

Profit taxes:

		(USD mln)
Revenue streams		Extractive company
Profit taxes		16.0

The total positive difference of profit taxes were USD 16.0 mln. We set out in the table below a summary of the adjustments made to Government payments, by company:

Foreign Extractive company	Per Company			Per Government			Final Difference
	Original	AJE	Final	Original	AJE	Final	
UGE-LANCER PTE.LTD	16.0	-	16.0	-	16.0	16.0	-

- The Government had omitted to include the amount of profit taxes in relation to UGE-LANSER PTE. LTD.

Adjustments of in-kind volumes

Crude oil:

In kind transfers		Extractive company (mboe)
Crude Oil		(0.7)

The total difference of crude oil were 0.7 mln barrels. We set out in the table below a summary of the adjustments made:

Foreign Extractive company	Per Company (mboe)			Per Government (mboe)			Final Difference
	Original	AJE	Final	Original	AJE	Final	
Ali-Bairamli Oil Ltd	0.5	(0.5)	-	-	-	-	-
CNPC	0.1	(0.1)	-	-	-	-	-
Neftechala Investments Limited	0.1	(0.1)	-	-	-	-	-

- The company mistakenly included the quantity of crude oil of 0.1 mboe in the initial reporting template.
- The company mistakenly included the quantity of crude oil of 0.1 mboe in the initial reporting template.
- The company mistakenly included the quantity of crude oil of 0.5 mboe in the initial reporting template.

Natural gas:

In kind transfers		Extractive company (thsd. m ³)
Natural Gas		13,351.8

The total difference of natural gas was 13,351.8 thsd. m³. We set out in the table below a summary of the adjustments made:

Foreign Extractive company	Per Company (thsd. m ³)			Per Government (thsd. m ³)			Final Difference
	Original	AJE	Final	Original	AJE	Final	
Bahar Energy Limited	-	13,351.8	13,351.8	13,351.8	-	13,351.8	-

- The company did not include the amount of natural gas transferred to SOCAR. We have reviewed the acts of transfer to SOCAR and adjusted.

Associated Gas:

In kind transfers	Extractive company (thsd. m ³)
Associated Gas	142,685.3

The total difference of associated gas was 142,685.3 thsd. m³. We set out in the table below a summary of the adjustments made:

Foreign Extractive company	Per Company (thsd. m ³)			Per Government (thsd. m ³)			Final Difference
	Original	AJE	Final	Original	AJE	Final	
Apsheron Investments Limited	42,449.0	0.1	42,449.1	42,449.1	-	42,449.1	-
Binagadi Oil Company	-	1,294.7	1,294.7	1,294.7	-	1,294.7	-
BP Exploration (Caspian Sea) Limited	2,077,272.5	130,101.3	2,207,373.8	2,207,373.8	-	2,207,373.8	-
Shirvan Investment Limited	-	11,288.3	11,288.3	11,288.3	-	11,288.3	-
CNPC	30,221.0	0.9	30,221.9	30,221.9	-	30,221.9	-

- The difference occurred as a result of a rounding error made by Apsheron Investment Limited and CNPC companies respectively.
- The remaining differences were due to the omission from the report made by two foreign extractive companies (Binagadi Oil Company and Shirvan Investment Limited).

Volume of gas delivered to the Sangachal Terminal

A foreign extractive company reported the volume measured in Normal Cubic Metres (Nm³) at 0°C whereas the Government reported the volume measured in Standard Cubic Metres (Sm³) at 20°C.

Government Company	1,759,581.6
Difference	<u>1,649,272.4</u>
	110,309.2

The Nm³ can be converted to Sm³ by using coefficient of Nm³= Sm³/1.07322.

Volume of gas delivered to oOil Rocks

A foreign extractive company reported the volume measured in Normal Cubic Metres (Nm³) at 0°C whereas the Government reported the volume measured in Standard Cubic Metres (Sm³) at 15°C.

Government Company	447,792.2
Difference	<u>428,000.1</u>
	19,792.1

The Nm³ can be converted to Sm³ by using coefficient of Nm³= Sm³/1.05491.

Also the difference between those figures is the result of transportation losses and parties using different measurement times. It needs to be noted that, during the inspection of the SBQ Intersection held in April 2013 by specialists from Oil & Gas Scientific Research Institution it was detected that the Intersection did not meet the standards, and it was decided to deduct 0.5 per cent from daily gas volumes. And also due exclusion of percentage of indicators affecting gas report - the component composition, N₂ and CO₂ components contained in the gas were not accounted for during period from 1 March 2013 to 24 April 2013. The difference was taken into account in April 2013.

5.7. Amount confirmed by Government

The summaries of differences which have not been solved are stated as follows:

(USD mln)

Revenue streams	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Profit taxes	1,838.0	1,881.9	(43.9)	30.0	16.0	1,868.0	1,897.9	(29.9)

HESS had not submitted a reporting template and the reason was non-inclusion of the company in the Memorandum because the company had closed the branch in the Republic of Azerbaijan. The company did not participate and thus could not confirm the completeness of payments made to the Government for profit tax in the amount of USD 29.9 mln and according to the Government approval the difference have been solved.

6. SPECIAL AUDIT PROCEDURES

Attestation process

We have performed procedures to obtain reasonable assurance over the transactions involved in the reconciliation process. The assurance engagement involves selection of items for testing from the population of monetary and non-monetary transfers.

There are different sampling options, such as:

- Selecting all items (100% testing);
- Selecting specific items according to their characteristics; and
- Statistical and non-statistical sampling.

100% testing

In certain circumstances the assurance provider may decide that it will be most appropriate to examine the entire population. It is most likely to be appropriate where the population constitutes a small number of large value items, when there is a significant risk and other means do not provide sufficient appropriate audit evidence.

Selecting specific items

The assurance provider may decide to select specific items from a population based on factors such as his/her understanding of the reporting entity (extractive company or government agency), the assessed risk of material misstatement and the characteristics of the population being tested. The types of item that the assurance provider is likely to select using this method include:

- High value or key items – the assurance provider may decide to select specific items within a population because they are of high value or have some other characteristic, for example they appear suspicious, unusual, and particularly risk-prone or have a known history of error.
- All items over a certain amount – the assurance provider may decide to examine all items whose values exceed a certain amount in order to verify a large proportion of the total amount of a class of transactions.

Statistical and non-statistical sampling

If it is the intention to analyze the results of a test based on *statistical* methods it will be necessary to ensure that sample items are selected at random so that each sampling unit has a known chance of being selected.

With *non-statistical* sampling items can be selected on the basis of professional judgement rather than using random selection. However, since the purpose of sampling is to use the sample selected to draw conclusions about the population as a whole it is important that the assurance provider exercise professional judgement to ensure as far as possible that the assurance provider selects a sample that is representative of the population as a whole and that bias is avoided.

There were 38 participating countries on the reconciliation process in 2013. We selected 7 (seven) extractive companies and tested all items (100% testing) related to those Companies.

According to our internal procedures we have selected seven companies using RAND formula in "Microsoft Excel":

No	Name of the company	Date of the testing
1	Ali-Bairamli Oil Ltd	29.10.2014
2	Azen Oil Company B.V.	28.10.2014
3	Bahar Energy Limited	03.11.2014
4	Binagadi Oil Company	28.10.2014
5	Neftechala Investments Limited	29.10.2014
6	Novatis Oil F.Z.E.	30.10.2014
7	Shirvan Investment Limited	29.10.2014

We have obtained reasonable assurance on the amounts stated by the Companies. We vouched the recorded amounts from the reporting templates to original supporting documents including:

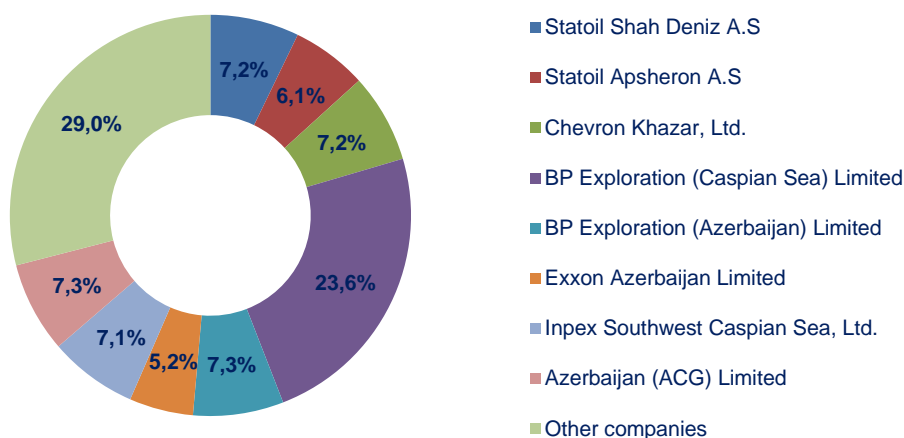
- Profit tax declarations;
- Payment orders;
- Letters on transfer to relevant government agencies;
- Reconciliation acts; and
- Act of acceptance of gas.

7. ANALYSIS OF GOVERNMENT REVENUES

Analysis of payments by companies' contribution

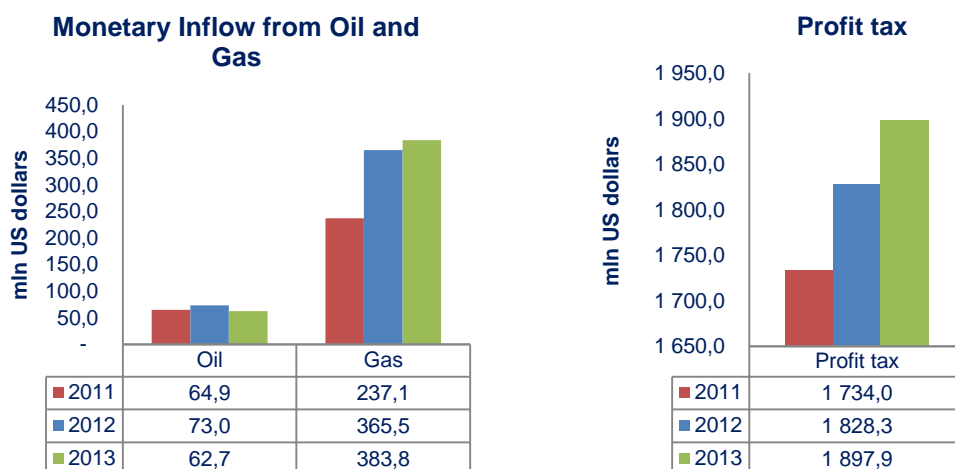
The analysis of Government revenues by companies' contribution indicates that 8 foreign companies contributed approximately 71% of total Government revenues for the year ended 31 December 2013.

Top 8 Companies in Extractive sector



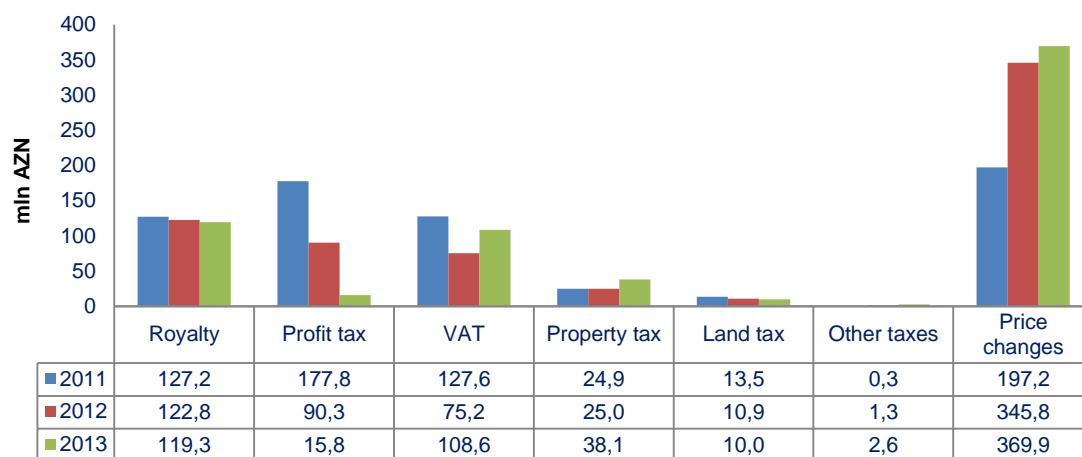
Comparison of Adjusted Data of 2011, 2012 and 2013

Government's interest in the foreign Companies' extractive output



Government's interest in the local Companies' extractive output

Taxes

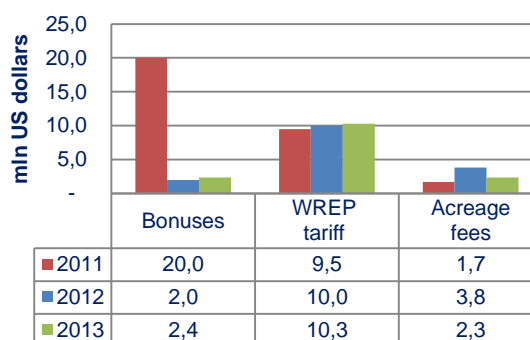


Government's interest in the foreign Companies' extractive output

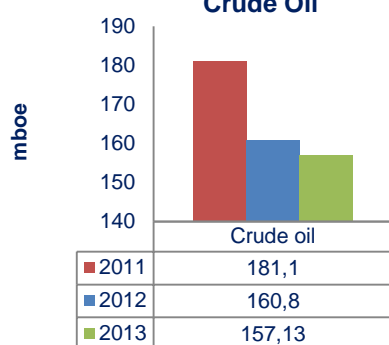
Gold & Silver



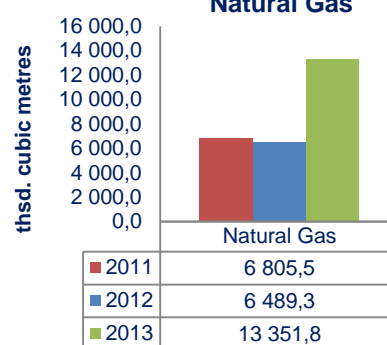
Other Payments



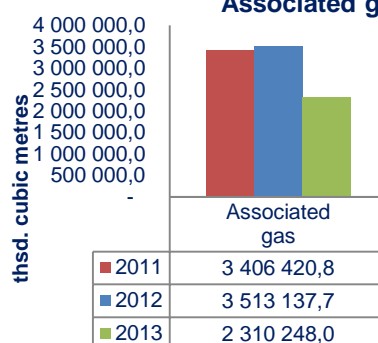
Crude Oil



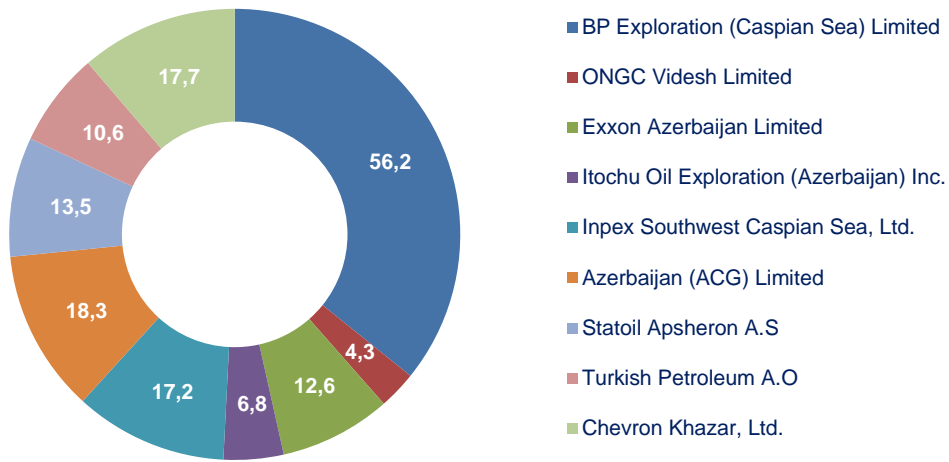
Natural Gas



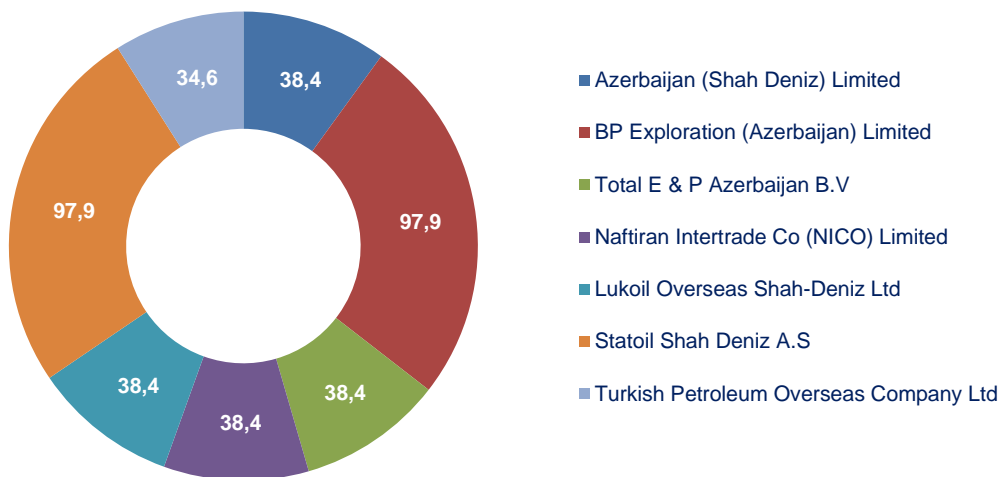
Associated gas



Transferred crude oil from Foreign Extractive Companies to the Government in 2013. (million barrels).



Cash inflow from Gas transportation in 2013. (million USD).



8. RECOMMENDATIONS

8.1. Lessons learned from the 2013 reconciliation

We have observed that almost all recommendations of the previous year have been implemented during the year ended 31 December 2013. The EITI Report of the Republic of Azerbaijan has been prepared in accordance with new EITI Standards issued by EITI International Secretariat on 11 July 2013.

During the reconciliation process we have observed that the extractive Companies made common mistakes while filling out the reporting template. The nature of errors was rounding problems and omissions figures from the reporting templates, including the amount and volume which should not be included in the reports and etc.

We recommend notifying and informing the companies that produce erroneous reports on a regular basis. It would be useful to include additional comments on their previous experience.

We recommend organising seminars and training for the participants of the reconciliation process. It would increase the level of productivity and decrease the number of recurrent errors repeated each year.

8.2. Follow up of the recommendations of the 2012 EITI Report

Recommendation	Implemented (Yes/No/On - going)	Description of action undertaken
Format of the reporting forms		
Recommendation		
Taxes should be separately reported and royalties should also be reported	Yes	The MSG has approved new reporting template in accordance with the new requirements and all taxes separately shown as well as royalties.
Irrelevant items should be deleted from the forms	Yes	The new Reporting template does not contain any irrelevant items and all requested information included in the new form.
In-kind and in-cash payments to the Government should be split into separate lines.	Yes	In-kind and in-cash payments to the Government are shown separately in the new form of the reporting template which made easier for participants of reconciliation to fill in.
Certified reporting templates		
Recommendation		
It was recommended that the Committee takes necessary steps to ensure that reports submitted by oil companies and governmental agencies are certified by an external auditor (in the case of extractive companies), or a public entity/authority in the case of Government agencies.	Yes	It was agreed with the MSG to consider the credibility of data and included in the TOR. The credibility of the information has been agreed to be signed-off by a senior company and government official who gives assurance that the figures are complete and accurately recorded. The companies within the extractive industry will be requested to provide an additional letter from their external auditors on the completeness and accuracy of the figures included in the reporting templates.

Training & seminars

Recommendation

It was recommended organising seminars and training for the participants of the reconciliation process. This would increase the level of productivity and decrease the number of recurrent errors repeated each year.

Yes

The training has been organised in 2013 which covered the topics in relation to the new EITI requirements.

ANNEXES

Annex 1. Statement of the Extractive Industries Transparency Initiative (“EITI”) Committee of the Republic of Azerbaijan

The schedule of payments/allocations received during the year ended 31 December 2013 by the Government of the Republic of Azerbaijan (the “Government”) from the local and foreign Companies operating in the Extractive Industries of the Republic of Azerbaijan, specified in Annex 2 (collectively the “Companies”), is prepared in accordance with the Memorandum of Understanding dated 11 June 2014 signed between the National Committee of the EITI, the local and foreign Companies operating in the extractive industries of the Republic of Azerbaijan and the non-governmental organisations detailed in Annex 5.

The Chairman of the EITI Committee

Annex 2. Extractive companies profile

Foreign Extractive Companies

#	Company Name	Responsible	TIN	Reporting Date	Stamped & Signed	PSA
1	Apsheron Investments Limited	Iqor Kindoda	1401089201	11/07/2014	✓	Zigh Hovsan
2	Ali-Bairamli Oil Ltd	Musayev Sayyad	9900076291	10/07/2014	✓	Mishovdagh and
3	Azen Oil Company B.V.	Sara Suleymanova	1700357251	N/A	✓	Kalameddin Binagadi, Girmaki & Chakhnaglar
4	Azerbaijan (ACG) Limited	Latifov Yashar	9900025071	14/07/2014	✓	Azeri-Chirraq-Guneshli
5	Azerbaijan (Shah Deniz) Limited	Aliyarov Rauf	9900050981	08/07/2014	✓	Shah Deniz
6	Bahar Energy Limited	Mammadov Azer	1401921221	22/07/2014	✓	Bahar and Gum Deniz
7	Binagadi Oil Company	Sara Suleymanova	1700368391	N/A	✓	Binagadi, Girmaki & Chakhnaglar
8	BP Exploration (Azerbaijan) Limited	Gordon Birrell	9900070341	08/07/2014	✓	Shah Deniz
9	BP Exploration (Caspian Sea) Limited	Gordon Birrell	9900070211	08/07/2014	✓	Azeri-Chirraq-Guneshli
10	BP Shafag-Asiman Limited	Gordon Birrell	1701289681	08/07/2014	✓	Shafag-Asiman
11	Chevron Khazar, Ltd.	Eric Walker	9900046581	02/07/2014	✓	Azeri-Chirraq-Guneshli
12	CNPC	Aliusmanov Yaqub	1700489661	N/A	✓	Kursangi and Garabaghli
13	Commonwealth Gobustan Limited	Richard Pegge	9900007571	14/07/2014	✓	Gobustan
14	Exxon Azerbaijan Limited	Austar Mac Leod	9900061191	15/07/2014	✓	Azeri-Chirraq-Guneshli
15	Fortunamate Assets Limited	Aliusmanov Yagub	9900058401	N/A	✓	Kursangi and Garabaghli
16	GDF SUEZ E&P Absheron B.V	Heike Liebold	1701157271	09/07/2014	✓	EDPSA Absheron
17	Gobustanefit LLC	Rasim Gurbanov	9900076161	21/07/2014	✓	Gobustan
18	Inpex Southwest Caspian Sea, Ltd.	Yasuhisa Kanehara	990003863	10/07/2014	✓	Azeri-Chirraq-Guneshli
19	Itochu Oil Exploration (Azerbaijan) Inc.	Nerio Yamazaki	9900017401	30/06/2014	✓	Azeri-Chirraq-Guneshli
20	Karasu Development Company	Anar Şuşalı	9900028001	14/07/2014	✓	Mishovdagh and Kalameddin
21	Kura Valley Development Company LTD	Igor Kindoda	9900051361	10/07/2014	✓	Padar
22	Lukoil Overseas Shah-Deniz Ltd	Y.M. Popliko	9900074991	14/07/2014	✓	Shah Deniz
23	Naftiran Intertrade Co (NICO) Limited	Mehdi Javadi	9900072741	23/07/2014	✓	Shah Deniz
24	Neftechala Investments Limited	Babayev Kamil	1401551781	14/07/2014	✓	Neftechala, Khilli Durovdag-Babazanan
25	Novatis Oil F.Z.E.	Mammadov Azer	1700478091	09/07/2014	✓	Surakhani
26	ONGC Videsh Limited	N/A	1701431501	25/07/2014	✓	Azeri-Chirraq-Guneshli
27	R.V. Investment Group Services	Bahruz Rustamov	9900047931	15/07/2014	✓	Gold, silver and cooper
28	Salyan Oil	Aliyev Ziyafet	9900076031	07/07/2014	✓	Kursangi and Garabaghli
29	Shirvan Investment Limited	Davlyatov V.O	1401553101	10/08/2014	✓	Kurovdagh
30	Statoil Apsheron A.S	Aynur Sultanlı	9900066351	09/07/2014	✓	Azeri-Chirraq-Guneshli
31	Statoil Shah Deniz A.S	Aynur Sultanlı	1701175611	09/07/2014	✓	Shah Deniz
32	Total E & P Absheron B.V	Cristian Giudicelli	1401620891	14/07/2014	✓	EDPSA Absheron
33	Total E & P Azerbaijan B.V	Cristian Giudicelli	9900034931	14/07/2014	✓	Shah Deniz
34	Turkish Petroleum A.O	Ayhan Durukan	9900006091	09/07/2014	✓	Azeri-Chirraq-Guneshli
35	Turkish Petroleum Overseas Company Ltd	Ayhan Durukan	9900005861	09/07/2014	✓	Shah Deniz
36	UGE-LANCER PTE.LTD	Nikolay Partnov	1501980421	09/07/2014	✓	Balakhani

Local Extractive Companies

#	Company Name	Responsible	TIN	Reporting Date	Stamped & Signed
1	AzGerneft	Chingiz Isayev	9900047091	30/07/2014	✓
2	SOCAR	Rashid Huseynov	9900003871	23/07/2014	✓

Annex 3. Reporting templates

Report on payments made by an extractive industry company to the government of the Republic of Azerbaijan

Company: _____

TIN: _____

Ownership: Foreign Local

Extractive Industry: _____

Activity type: _____

Reporting period: 1 Jan– 31 December 2013

Type of payment		Volume and value of payments	
1. Company transfers to the government (in kind)		volume	unit of a measure
1.1.	Oil		million barrels
1.2.	Natural gas		thousand cubic metres
1.3.	Associated gas		thousand cubic metres
1.4.	Gold		ounce
1.5.	Silver		ounce
1.6.	Parent metals:		tonnes
	a)		
	b)		
1.7.	Other allocations:		
	a)		
	b)		
2. Company payments to the government (in cash) *		million US dollars	million Azerbaijani manats
2.1.	Oil		
2.2.	Natural gas		
2.3.	Associated gas		
2.4.	Gold		
2.5.	Silver		
2.6.	Parent metals:		
	a)		
	b)		
2.7.	Bonuses		
2.8.	Acreage fee		
2.9.	Transit fee		
2.10.	Other payments:		
	a)		
	b)		
2.Total			

3.Taxes			
3.1.	Royalty		
3.2.	Profit tax		
3.3.	Value Added Tax		
3.4.	Property tax		
3.5.	Land tax		
3.6.	Other taxes (except for income tax for physical persons, allocations into the State Social Protection Fund and withholding tax)		
3.Total:			
4.Other			
4.1.			

Company representative:

Stamp

(signature,
and last names)

first

Date:

* Only one of the value columns (dollar or manat) shall be filled. There shall be three digits after the point.

* Use the space below to indicate parameters for measuring gas.

Other notes

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Annex 4. Reconciliation sheets by extractive companies

Apscheron Investments Limited

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts		
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference	
Monetary inflow from Oil	11.6	11.6	-	-	-	11.6	11.6	-	
Monetary Inflow from Gas	-	-	-	-	-	-	-	-	
Bonuses	-	-	-	-	-	-	-	-	
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-	
Acreage fee	-	-	-	-	-	-	-	-	
Profit taxes	-	-	-	-	-	-	-	-	
Other taxes	-	-	-	-	-	-	-	-	

In-kind payments	Template originally lodged			Adjustments			Final Amounts		
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference	
Crude Oil (mboe)	-	-	-	-	-	-	-	-	
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-	
Associated Gas (thsd. m ³)	42,449.0	42,449.1	(0.1)	0.1	-	42,449.1	42,449.1	-	

Ali-Bairamli Oil Ltd

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	14.4	-	14.4	(14.4)	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	2.1	1.5	0.6	(0.6)	-	1.5	1.5	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	0.5	-	0.5	(0.5)	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Azen Oil Company B.V.

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	6.1	6.1	-	-	-	6.1	6.1	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Azerbaijan (ACG) Limited

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	0.4	0.4	-	-	-	0.4	0.4	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	170.4	170.4	-	-	-	170.4	170.4	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	18.3	18.3	-	-	-	18.3	18.3	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Azerbaijan (Shah Deniz) Limited

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	38.4	38.4	-	-	-	38.4	38.4	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	-	36.4	(36.4)	36.4	-	36.4	36.4	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

AzGerneft

(AZN mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	4.2	4.2	-	-	-	4.2	4.2	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Bahar Energy Limited

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	1.8	1.7	0.1	(0.1)	-	1.7	1.7	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	0.2	0.2	-	-	-	0.2	0.2	-
Profit taxes	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	13,351.8	(13,351.8)	13,351.8	-	13,351.8	13,351.8	-
Associated Gas (thsd. m ³)	6,337.4	6,337.4	-	-	-	6,337.4	6,337.4	-

Binagadi Oil Company

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	15.0	9.8	5.2	(5.2)	-	9.8	9.8	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	1,294.7	(1,294.7)	1,294.7	-	1,294.7	1,294.7	-

BP Exploration (Azerbaijan) Limited

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	97.9	97.9	-	-	-	97.9	97.9	-
Bonuses	0.1	0.1	-	-	-	0.1	0.1	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	72.4	72.4	-	-	-	72.4	72.4	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

BP Exploration (Caspian Sea) Limited

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	1.3	1.3	-	-	-	1.3	1.3	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	557.7	551.3	6.4	(6.4)	-	551.3	551.3	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	56.2	56.2	-	-	-	56.2	56.2	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	2,077,272.5	2,207,373.8	(130,101.3)	130,101.3	-	2,207,373.8	2,207,373.8	-

BP Shafag-Asiman Limited

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	2.1	2.1	-	-	-	2.1	2.1	-
Profit taxes	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Chevron Khazar, Ltd.

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	0.4	0.4	-	-	-	0.4	0.4	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	167.1	167.1	-	-	-	167.1	167.1	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	17.7	17.7	-	-	-	17.7	17.7	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

CNPC

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	2.9	3.2	(0.3)	0.3	-	3.2	3.2	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	0.1	-	0.1	(0.1)	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	30,221.0	30,221.9	(0.9)	0.9	-	30,221.9	30,221.9	-

Commonwealth Gobustan Limited

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Exxon Azerbaijan Limited

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	0.3	0.3	-	-	-	0.3	0.3	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	120.1	120.1	-	-	-	120.1	120.1	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	12.6	12.6	-	-	-	12.6	12.6	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Fortunamate Assets Limited

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	2.9	3.2	(0.3)	0.3	-	3.2	3.2	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

GDF SUEZ E&P Absheron B.V

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Gobustanneft LLC

(AZN mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Inpex Southwest Caspian Sea, Ltd.

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	0.4	0.4	-	-	-	0.4	0.4	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	166.2	166.2	-	-	-	166.2	166.2	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	17.2	17.2	-	-	-	17.2	17.2	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Itochu Oil Exploration (Azerbaijan) Inc.

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	0.2	0.2	-	-	-	0.2	0.2	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	62.4	62.4	-	-	-	62.4	62.4	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	6.8	6.8	-	-	-	6.8	6.8	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Karasu Development Company

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	12.3	12.3	-	-	-	12.3	12.3	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Kura Valley Development Company LTD

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Lukoil Overseas Shah-Deniz Ltd

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	38.4	38.4	-	-	-	38.4	38.4	-
Bonuses	0.04	0.04	-	-	-	0.04	0.04	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	49.9	49.9	-	-	-	49.9	49.9	-
Other taxes	0.1	-	0.1	(0.1)	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Naftiran Intertrade Co (NICO) Limited

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	38.4	38.4	-	-	-	38.4	38.4	-
Bonuses	-	0.04	(0.04)	0.04	-	0.04	0.04	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Neftechala Investments Limited

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	1.2	1.2	-	-	-	1.2	1.2	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	0.1	-	0.1	(0.1)	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Novatis Oil F.Z.E.

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts		
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference	
Monetary inflow from Oil	13.8	13.8	-	-	-	-	13.8	13.8	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-	-
Profit taxes	14.2	14.2	-	-	-	-	14.2	14.2	-
Other taxes	-	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts		
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference	
Crude Oil (mboe)	-	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	5,953.9	5,953.9	-	-	-	-	5,953.9	5,953.9	-

ONGC VIDESH LIMITED

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	0.1	0.1	-	-	-	0.1	0.1	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	22.1	22.1	-	-	-	22.1	22.1	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	4.3	4.3	-	-	-	4.3	4.3	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

R.V. Investment Group Services

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	0.8	0.8	-	-	-	0.8	0.8	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Gold (thsd. ounces)	6.7	6.7	-	-	-	6.7	6.7	-
Silver (thsd. ounces)	2.6	2.6	-	-	-	2.6	2.6	-
Parent Metals-Gold (thsd. ounces)	0.02	0.02	-	-	-	0.02	0.02	-
Parent Metals-Silver (thsd. ounces)	21.1	21.1	-	-	-	21.1	21.1	-

Salyan Oil

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	2.6	-	2.6	(2.6)	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	0.9	0.9	-	-	-	0.9	0.9	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Shirvan Investment Limited

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts		
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference	
Monetary inflow from Oil	9.6	9.6	-	-	-	-	9.6	9.6	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-	-
Profit taxes	3.5	3.5	-	-	-	-	3.5	3.5	-
Other taxes	-	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts		
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference	
Crude Oil (mboe)	-	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	11,288.3	(11,288.3)	11,288.3	-	11,288.3	11,288.3	-	-

SOCAR

(AZN mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	28.6	11.6	17.0	(17.0)	-	11.6	11.6	-
Royalty	119.3	119.3	-	-	-	119.3	119.3	-
VAT	108.6	108.6	-	-	-	108.6	108.6	-
Property tax	38.1	38.1	-	-	-	38.1	38.1	-
Land tax	10.0	10.0	-	-	-	10.0	10.0	-
Price changes	-	369.9	(369.9)	369.9	-	369.9	369.9	-
Other taxes	866.9	2.6	864.3	(864.3)	-	2.6	2.6	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	157.1	157.1	-	-	-	157.1	157.1	-
Natural Gas (thsd. m ³)	13,351.8	13,351.8	-	-	-	13,351.8	13,351.8	-
Associated Gas (thsd. m ³)	2,176,837.6	2,310,248.0	(133,410.4)	133,410.4	-	2,310,248.0	2,310,248.0	-

Statoil Apsheron A.S

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	0.3	0.3	-	-	-	0.3	0.3	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	142.2	142.2	-	-	-	142.2	142.2	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	13.5	13.5	-	-	-	13.5	13.5	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Statoil Shah Deniz A.S

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	97.9	97.9	-	-	-	97.9	97.9	-
Bonuses	0.1	0.1	-	-	-	0.1	0.1	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	69.5	69.5	-	-	-	69.5	69.5	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Total E & P Absheron B.V

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Total E & P Azerbaijan B.V

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	38.4	38.4	-	-	-	38.4	38.4	-
Bonuses	0.04	0.04	-	-	-	0.04	0.04	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	42.1	42.1	-	-	-	42.1	42.1	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Turkish Petroleum A.O

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-
Transportation tariff to SOFAZ	0.3	0.3	-	-	-	0.3	0.3	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	94.4	94.4	-	-	-	94.4	94.4	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	10.6	10.6	-	-	-	10.6	10.6	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

Turkish Petroleum Overseas Company Ltd

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Monetary inflow from Oil	-	-	-	-	-	-	-	-
Monetary Inflow from Gas	34.5	34.5	-	-	-	34.5	34.5	-
Bonuses	0.04	0.04	-	-	-	0.04	0.04	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-
Profit taxes	39.7	39.7	-	-	-	39.7	39.7	-
Other taxes	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts	
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference
Crude Oil (mboe)	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	-	-	-	-	-	-	-	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-

UGE-LANCER PTE.LTD

(USD mln)

Revenue streams (in cash)	Template originally lodged			Adjustments			Final Amounts		
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference	
Monetary inflow from Oil	15.0	15.0	-	-	-	-	15.0	15.0	-
Monetary Inflow from Gas	-	-	-	-	-	-	-	-	-
Bonuses	2.0	2.0	-	-	-	-	2.0	2.0	-
Transportation tariff to SOFAZ	-	-	-	-	-	-	-	-	-
Acreage fee	-	-	-	-	-	-	-	-	-
Profit taxes	16.0	-	16.0	-	16.0	16.0	16.0	16.0	-
Other taxes	-	-	-	-	-	-	-	-	-

In-kind payments	Template originally lodged			Adjustments			Final Amounts		
	Extractive company	Government	Difference	Extractive company	Government	Extractive company	Government	Difference	
Crude Oil (mboe)	-	-	-	-	-	-	-	-	-
Natural Gas (thsd. m ³)	5,328.8	5,328.8	-	-	-	5,328.8	5,328.8	5,328.8	-
Associated Gas (thsd. m ³)	-	-	-	-	-	-	-	-	-

Annex 5. List of Non-Governmental Organisations (“NGO”s) and individuals party to the Memorandum of Understanding (MOU)

#	Non-government organisations
1.	Agro-Industrial Engineers Public Union
2.	Aran Environment Enlighten Public Union
3.	Aran Human Rights Resource Centre (Shirvan)
4.	Assistance to Social and Cultural Development of the Youth Public Union
5.	Azerbaijan Committee for Human Rights and Defence of Freedoms
6.	Azerbaijan Independent Teachers Union
7.	Care for the Elderly Intellectuals Public Union
8.	Carpet World Association (Guba)
9.	Caspian Barrel Research Centre
10.	Caucasus International Relations and Strategic Studies Centre
11.	Caucasus Media Investigations Centre
12.	Centre for Citizen Initiatives and Legislation Improvement
13.	Centre for Democratic Reforms
14.	Centre for Economic and Legal Enlightenment of Journalists
15.	Centre for Economic and Social Development
16.	Centre for Legal Initiatives
17.	Centre for Research on Against Torture
18.	Centre for Studying of Economic Resources
19.	Centre for Support to Civic Initiatives
20.	Centre of Equal Opportunities
21.	Centre of Political Culture for Azerbaijani Women
22.	Centre of Women’s Problems Research
23.	Centre on Legal Initiative for Civil Society
24.	Citizens’ Labour Rights Protection League
25.	Constitution Researches Fund
26.	Dalgha Environment and Protection of Nature Public Union
27.	Democracy and Women Initiative Public Union
28.	Democratic Development and Economic Cooperation Public Union
29.	Democratic Development Platform
30.	Democratic Institutions and Human Rights Social Union
31.	Democratic Initiatives and Social Development Public Union
32.	Democratic Society, Election and Monitoring of Media Public Union
33.	Democracy and NGO’s development Resource Centre
34.	Development of Knowledge and Enlightenment” Public Union
35.	Development Society and Civil Relations” Public Union
36.	Development Watch research Centre
37.	Digital Development Public Union
38.	Ecological Renaissance Public Union
39.	Ecologist Support to Protection of Environment Public Union
40.	Economic and Environment Research Centre
41.	Economic and Political Research Centre
42.	Economic and Social Education Centre
43.	Economic Innovation Centre
44.	Eco Life Public Union
45.	Economic Research Centre
46.	Eco-World Public Union
47.	Education of the Young Generation” Public Union
48.	Education Research Centre
49.	Election Researches Centre
50.	Electron Election Public Union
51.	ELS Independent Research Centre
52.	Enlightenment on Genetic engineering Public Union
53.	Foundation for Defence of Democratic Values

54.	Ganja Children Foundation
55.	Guzaran" Social Investigation Centre
56.	Human Rights and Enlightenment Social Union
57.	Human Rights in the Extractive Industry Public Union
58.	Human Right-2003 Public Union
59.	Humanitarian Research Society
60.	Islam, Democracy and Human Rights Centre
61.	Journalist Initiative Centre
62.	Karabakh Fighters Association
63.	Legal Aid Centre to Oilmen
64.	Legal Aid Public Union (Lankaran)
65.	Modern Development and Legal Aid Centre
66.	Modern Woman and Society Public Union
67.	Monitor of Democracy Public Union
68.	Mughan Human Rights Protection Public Union
69.	Multimedia Centre
70.	Oil Workers' Rights Protection Organization
71.	Progress Social Development Public Union
72.	Progress Social Research Public Union
73.	Promotion Human Rights and Law
74.	Public Association for Assistance to Free Economy
75.	Public Finance Monitoring Centre
76.	Public Union Civil Society Institute
77.	Public Union for Democracy and Ecological Balance
78.	Public Union for Solving Social-Economic Problems of Mortar Victims
79.	Regional Development and Human Rights Public Union
80.	Regional Enlightenment Public Union
81.	Regional Garabagh Agriculture Association
82.	Regional Gender Centre of
83.	Regional Human Rights and Enlightenment Centre
84.	Regional Human Rights and Media Centre (Barda)
85.	Regional Human Rights and Social Research Centre
86.	Region International Analytical Centre
87.	Regional Woman Initiatives Public Union
88.	Rescuer Public Union
89.	Return to Native Place" Public Union
90.	Robust Development and Enlightenment public unity
91.	Road Construction Monitoring Centre
92.	Social Assistance for People with Disabilities and Families with Martyrs Public Union
93.	Social Initiatives and Human Rights Public Union
94.	Social Strategic Studies and Analytically Investigations Public Union
95.	Society for "Care for disabled People of Garabagh War
96.	Society for Democratic Reforms
97.	Solidarity Among Women Public Union
98.	Support for Economic Initiatives Public Union
99.	Support for Young Poets Public Union
100.	Support to Cultural Education and Folklore Activities Public Union
101.	Support to Youth Scientific Development Public Union
102.	The Western Regional Representative of Azerbaijan National Committee Of Helsinki Citizen's Assembly
103.	Trust for Future" Care for the Vulnerable People Public Union
104.	Ulduz Electron Organization
105.	World of Law Legal Propaganda Public Union
106.	Woman World Public Union
107.	Young Democratic Reformers Public Union
108.	Youth Club Public Union
109.	Zengilan Public Union

#	Individuals
1	Arzu Soltan
2	Dunya Sakit
3	Elmidar Aliyev
4	Fuad Rasulov
5	Hijran Hamidova
6	Sedaget Pashayeva
7	Shamil Movsumov
8	Suheyla Jafarov

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