



Extractive Activities in

IRAQ

2015

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

Acknowledgement

We would like to express our sincere appreciation to IETI team for assisting us in drafting this report, through their efforts in facilitating our data collection exercise, attending meetings with reporting entities, and for their relentless perseverance in identifying reconciliation differences justifications.

©2016 KPMG Kawasmy and Partners a Jordanian Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity. All rights reserved. KPMG and the KPMG logo are registered trademarks of KPMG International, a Swiss cooperative.

Acknowledgement

Content	Page Number
Term & Abbreviations	4
Executive Summary	8
Introduction	22
1. Transparency Initiative in Iraq	24
2. Legal framework	29
3. Exploration & Production	46
4. Revenue Collection	89
5. Revenue Allocation	110
6. Social & Economic Spending	118
7. Impacts	128
Kurdistan Region	137
Annexes	148

Term & Abbreviations

Terms	Definitions
ABM	Above Materiality (any discrepancies that equal to or exceed 0.5% of 2015 total revenue must be analyzed and reported)
APB	Average price of crude oil per Barrel during 2015, which is USD 46.44
APC	Average price of gas per cubic meter during 2015
API	The American Petroleum Institute gravity measure which indicates the specific gravity Fahrenheit
Barrel	A quantity consisting of forty two (42) United States Gallons under a pressure of 14.7 pound per square inch and a temperature of sixty (60) degrees Fahrenheit (each Cubic Meter is equivalent to 6.2891 Barrel)
BCM	Billion Cubic Meter
BOE	Barrel of Oil Equivalent
Crude Oil	All hydrocarbons regardless of gravity which are produced and saved from the Contract Area in the liquid state at an absolute pressure of fourteen decimal seven (14.7) pounds per square inch and a temperature of sixty (60) degrees Fahrenheit, including asphalt, tar and the liquid hydrocarbons known as distillates or condensates obtained from natural gas at facilities within the field other than a gas Plant
Calendar Month / Month	In respect of any month in a calendar year, a period commencing on the first day of that month and ending on the last day of the same month
Calendar Year / Year	A period of twelve (12) consecutive months commencing with the first day of January and ending with the last day of December, according to the Gregorian Calendar
Destination	The place to which oil is shipped or directed
DFI	Development Fund for Iraq
Iraqi Dinar or IQ	The currency of the Republic of Iraq
Dollar or US\$	Dollar of the United States of America
Due date	The date on which an obligation must be repaid
Export Oil	A standard blend of crude oil of nearest quality to the crude oil stream produced from the field, out of which a contractor may lift at the delivery point for the value of its due service fees under the contract

Terms	Definitions
Export Oil Price	The price per barrel of export oil that is free on board (FOB) at the delivery point
FDI	Foreign Direct Investments
FOD	Field Operating Division
FBSA	Federal Board of Supreme Audit
GDP	Gross domestic product
Government or Gol	The Government of the Republic of Iraq
GFC	Gas Filling Company
GC	National Gas Companies
HSE	Health, Safety and Environment
IAMB	International Advisory Monitoring Board
Internal consumption	Oil used for domestic purposes
IOCs	International Oil Companies (international field development oil companies)
IEITI	Iraqi Extractive Industries Transparency Initiative
JMC	Joint Management Committee
KRG	Kurdistan Regional Government
LC	Letter of credit
Loading Date	The date of flanges of the relevant offshore loading terminal(s) in Iraqi and Turkish seaports where a contractor may lift export oil
LPG	Liquid petroleum gas
MIM	Ministry of Industry and Minerals of the Republic of Iraq
MdOC	Midland Oil Company of the Republic of Iraq
MNR	Ministry of Natural Resources (KRG)
MOC	Missan Oil Company of the Republic of Iraq

Terms	Definitions
MoF	Ministry of Finance of the Republic of Iraq
MoO	Ministry of Oil of the Republic of Iraq
MdR	Midland Refineries Company
MMSCFD	Million Standards Cubic Feet a Day (each Cubic Meter is equivalent to MMSCFD 35.315)
NA	Not Available
N/A	Not Applicable
NOC	North Oil Company of the Republic of Iraq
NRC	North Refineries Company
OPEC	Organization of the Petroleum Exporting Countries
OPRA	Oil Proceed Receipt Account
PCLD	Petroleum Contracts and Licensing Directorate
Production Measurement Point / PMP	The point within the field as agreed by the parties, where the volume and quality of crude oil produced and saved from the field is measured`
RFB	Remuneration fees per barrel
SR	South Refineries Company
Signature Bonus	The payment of a fee by an IOC to a host government, upon signing a concession license agreement (or technical service contract) with a national oil company or local oil company
SOC	South Oil Company of the Republic of Iraq
SOMO	Iraq Oil Marketing Company. An Iraqi entity established under and governed by the laws of Iraq, and having monopoly on oil exports
Tax Year	The period of twelve (12) consecutive months according to the Gregorian Calendar for which tax returns or reports are required according to any applicable tax laws and regulations in Iraq
TPAO	Turkiye Petrolleri Anonim Ortakligi
V.	Variances

Executive summary

1. Scope and Objectives

Back in May 2008, the Government of Iraq made a commitment to implement EITI standards. In January 2010, the Prime Minister of Iraq declared Iraq's commitment to EITI, and EITI Board announced that Iraq became an EITI candidate country in March 2010. In December 2012, Iraq became a compliant member of EITI after meeting all the standards and the requirements, including verification.

The objective of the IEITI report is to collect, review and reconcile the payments and revenues from the extractive industries during the year of 2015 in accordance with EITI standards, agreed scope in the Terms of Reference (ToRs) and the approved inception report dated June 8th 2016, which included the tools and tables approved by the MSG to be used for data collection.

This report summarizes the results of reconciliation for the year 2015, in addition to, information pertaining to the Oil and Gas Sector and the Extractive Industries in Iraq, including Mining. However, it does not include the reconciliations of data related to the Extractive Industries (including oil and gas) in Kurdistan Region. Such data was requested from Kurdistan Regional Government, but it was not provided at the date of this report, and therefore, IEITI MSG requested the inclusion and use of publicly available information on the Extractive Industries in KRG. Accordingly, information pertaining to KRG were not subject to data collection and reporting approach adopted for producing the rest of the IEITI 2015 report.

The project approach is in line with the 2016 EITI Standards and with the MSG's agreed objectives and expectations regarding the IEITI process. The project approach consists of the following:

- Preliminary Analysis to produce an inception report in accordance with EITI requirements;
- Data collection;
- Initial reconciliation and investigation of discrepancies;
- Producing the draft report;
- Drafting the Final report and executive summary. The work must be independent and performed in a manner consistent with the criteria specified in the 2016 EITI Standards and other detailed requirements as outlined in the ToRs specified in the following inception report link: <http://ieiti.org.iq/ArticleShow.aspx?ID=112>.

2. Institutional Framework for the oil and gas Sector in Iraq

2.1 Government

- Ministry of Finance
- Ministry of Industry and Minerals
- General Commission for Taxes
- Ministry of Electricity
- Ministry of Oil, which includes (for example, but not limited to):
 - Oil Pipelines Company
 - Iraqi Drilling Company
 - Oil Exploration Company
 - Oil Product Distribution Company
 - Petroleum Contracts & Licensing Directorate.

2.2 Oil Marketing Company (SOMO)

SOMO is considered to be one of the most important companies in the Iraqi oil sector. It is an official company legally authorized to negotiate Iraqi crude oil sales contracts as well as oil products' contracts in accordance with international standards.

SOMO is specialized in the marketing of Iraqi crude oil through the export terminals, such as (Basrah Port by SPM, Khor Al-Amaya Port and SPMs, and Ceyhan Port).

SOMO also manages the import of some refined oil products for Internal consumption needs, and it provides its consumers with Kerosene, Gasoline, LPG and Gas oil according to the local market needs.

2.3 Oil Refineries

There are three major refining companies operating in Iraq as following:

2.3.1 South Refineries Company

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

(1) http://www.src.gov.iq/en/about_us

2.3.2 North Refineries Company

- North Refineries Company is the biggest refining company among other ministry of oil companies. The company has the capability of refining a total of (402,000) barrels of crude oil per day. It was established according to law no. 101 for year 1976.

Refineries operating under North Refineries Company are: ⁽²⁾

- NORTH Refinery, with a capacity of 170,000 barrels per day (BPD).
 - SALAHUDIN I, with a capacity of 70,000 barrels per day.
 - SALAHUDIN II, with a capacity of 70,000 barrels per day.
 - LUBE PLANT (two trains): 125,000 tons of different lube stocks per train.
- The company produces different types of products, such as: unleaded gasoline, illuminating kerosene, ATK, diesel, lube oil products, spindle oil ,transformer oil, Asphalt, sulfur, LPG, RT, etc.
 - The company also has small packages units, powered by the NRC administration as following:
 - Kirkuk Refinery (30,000 BPD).
 - KASAK Refinery (10,000 BPD).
 - Siniya Refinery (20,000 BPD).
 - Hadeetha Refinery (16 000 BPD).
 - Qayara Refinery (16,000 BPD).
 - It is worth mentioning that (salahudin I, salahudin II, Qayara, Hadeetha, siniya, North refinery) refining capacities have been damaged significantly since 2014 due to threats and attacks.

2.3.3 Midland Refineries Company

Midland Refineries Company is one of the major refining companies operating in Iraq. It is governed by the Iraqi Ministry of Oil and consists of Daura Refinery and other Refineries. The Daura refinery was built in 1953 and began operations in 1955. At full capacity, it can process 210,000 barrels per day. Other Refineries operating under Midland Refineries Company are: ⁽³⁾

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

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

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

2.4. National Oil Companies

2.4.1 North Oil Company (NOC) is a state company within the Ministry of Oil of Iraq. It operates in the upstream function of oil and gas. The company's geographical operation area spans in the following governorates: Kirkuk, Nineveh, Erbil, Diyala. ⁽⁴⁾

2.4.2 South Oil Company (SOC) South oil company is one of the major fundamental formations of Iraqi national oil company (INOC), It was the basis of national direct investment projects in the 1970s, where the SOC used to be a subsidiary to the national oil company. ⁽⁵⁾

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

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

2.5. International Oil Companies (IOC's)

2.5.1 International Oil Companies (IOCs) operating in Iraq under licenses granted by the Iraqi Ministry of Oil are:

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

(4) http://www.noc.oil.gov.iq/english_ver/homepage_en.htm

(5) https://en.wikipedia.org/wiki/South_Oil_Company

(6) https://en.wikipedia.org/wiki/Missan_Oil_Company

<http://moc.oil.gov.iq/index.php/2015-05-06-05-54-50>

(7) https://en.wikipedia.org/wiki/Midland_Oil_Company

<http://mdoc.oil.gov.iq/index.php?name=Pages&op=page&pid=96>

3. Reported Data for 2015

3.1 The following table illustrates the major reported data in the 2015 reconciliation exercise compared to 2014:

(Table (1) – Overview of Reported Data)

Description	2014 (1)	2015 (2)	Incremental Rate (2/1)
Total extracted crude oil	1,135,321,786 (BBL)	1,278,991,546 (BBL)	13%
Daily Production rate of Crude Oil	3,110,471 (BBL/d)	3,504,086 (BBL/d)	13%
Total export of crude oil	918,175,869 (BBL)	1,096,778,861 (BBL)	19%
Daily export rate of Crude Oil	2,515,550 (BBL/d)	3,004,860 (BBL/d)	19%
National daily production rate	3,110,471 (BBL/d)	391,590 (BBL/d) *	-
The daily rate of licensing rounds		3,112,496 (BBL/d) *	
National Production	-	142,930,425	-
Licensing Rounds	-	1,136,061,121	-

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

* Those numbers were included in 2015 ToRs, in order to declare the differences between the national daily production and the daily rate of licensing rounds

3.2 The average price of natural gas (supplied to Electricity Generating Directorates - EGD) during 2015 was IQD 50 per cubic meter (CM), equivalent to USD 0.043 per CM.

3.3 For liquefied petroleum gas (LPG), the average price per Ton during 2015 was IQD 100,000, equivalent to USD 85, except for Al Harthia and Al Rumaila power stations, where the average price charged to them during 2015 was IQD 150,000 per TON.

3.4 The average price of natural gas supplied to National Oil Companies was IQD 20,000 per MMSCFD during 2015 (where each 35.315 MMSCFD are equivalent to 1,000,000 Cubic Meters)

3.5 The following table depicts proven reserves of Oil and Gas:

(Table (2) – Proven Reserves)

Description	2015
Proven Oil Reserves ⁽⁸⁾	142,503 (Millions of Barrels)
Proven Gas Reserves ⁽⁹⁾	6,400,000 (Million Cubic Meter)
phosphate reserve ⁽⁹⁾	9,500 (Million Ton)
Sulfur reserves ⁽⁹⁾	900 (Million Ton)

(8) https://en.wikipedia.org/wiki/List_of_countries_by_proven_oil_reserves

(9) https://en.wikipedia.org/wiki/List_of_countries_by_natural_gas_proven_reserves
Ministry of Industrial and Minerals – Geological Survey

3.6 Quantities (barrels) of crude oil exported to the American, European and Asian Markets in 2015 according to each exporting ports

(Table (3) – Quantity Exported Ports)

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

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

3.7 Agreed materiality level for 2015 was set at 0.5%. Any discrepancies that equal to or exceed 0.5% must be analyzed and reported. The following table illustrates the allowed misstatement:

(Table (4) – Allowed Misstatement)

Description	2014's Amount (USD)	2015's Amount (USD)
Revenue from sales of Crude Oil revenue	71,696,802,952	37,346,440,900
Total Crude Oil lifted	13,141,196,138	13,585,851,820
Total Revenue	84,075,220,956	50,932,292,720
Allowed Misstatement	420,376,104	254,661,463

3.8 Any amount provided in IQD was converted to USD using 1 USD = 1,166 IQD according to Central Bank of Iraq average exchange rate in the year of 2015.

3.9 The average price of crude oil during 2015 was USD 46.44 per barrel. This number was calculated by dividing total revenue of (USD 50,932,292,720) over exported quantities of crude oil (Barrels 1,096,778,861).

3.10 Total extracted quantities of crude oil during the year 2015 was (Barrels 1,278,991,546). It was for SOC 1,031,830,424 BBL, NOC 67,349,053 BBL, MdOC 63,527,272 BBL, and MOC 116,284,797 BBL.

3.12 The following table highlights Iraq economic and financial figures during 2015, according to Ministry of Planning Records:

(Table (5) – Iraq Economy Indicators)

2015	IQD	USD
GDP at Current Prices	196.8 (Trillion IQD)	168,782,161,235
GDP at Constant Prices	169.7 (Trillion IQD)	145,540,308,748
Contribution of crude oil activity in the GDP at current prices		33.1 %
Contribution of agriculture activity in the GDP at current prices		4.6%
Contribution of industry activity in the GDP at current prices		3.1%
Total actual revenue of crude oil / Total budgeted crude oil revenue		76%
Total actual revenue of crude oil / Total budgeted revenue		83.6%

3.13 The below table depicts the remuneration fees, cost recovery and corporate tax for oil fields as reported by National Oil Companies (by JMC - Joint Management Committee) and reviewed by PCLD related to 10 fields in 2015:

(Table (6) – General Information)

Oil Field	Remuneration Fee's Recovery (USD)	Cost Recovery (USD)	Tax (USD)
Rumaila	377,176,517	2,330,126,442	116,367,883
West Qurna (Phase1)	125,832,065	792,452,914	37,198,204
West Qurna (Phase2)	153,414,362	2,563,552,463	53,695,026
Zubair	64,309,092	1,244,423,455	40,177,410
Majnoun	62,466,116	1,167,461,233	26,149,718
Halfaya	98,315,700	1,160,798,779	15,929,827
Missan	0	462,128,899	6,084,043
Al Gharraf	26,955,749	721,934,198	13,100,436
Ahadab	255,545,984	754,361,166	0
Badra	0	231,830,902	0
Total	1,164,015,585	11,429,070,451	308,702,547

3.14 Total number of employees in licensing rounds for 2015:

(Table (7) – Number of Employees)

Oil Fields	Number of Iraqi Employees (1)	Number of Foreign Employees (2)	Total Number of Employees (1+2)	Ratio (1 / Total Employees)
Total	16,914	6,913	23,827	71%

3.15 Internal Service payments for the National Oil Companies as reported by SOMO:

(Table (8) – Number of Employees)

National Oil Companies	Internal Service Payment as per SOMO	
	(IQD)	(USD)
North Oil Company	263,000,000,000	225,557,461
Missan Oil Company	111,025,008,000	95,218,703
South Oil Company	265,000,000,000	227,272,727
Midland Oil Company	24,000,000,000	20,583,190
Total	663,025,008,000	568,632,082

3.16 Total exported crude oil reconciliation by shipments, invoices and payments, between SOMO and buyers:

(Table (9) – Exported Crude Oil)

SOMO (USD)	Buyer (USD)	Variance (USD)
37,346,441,000	33,942,498,551	3,403,942,449 *

* For more details about the variances, please refer to section No.3

3.17 Total Natural Gas Flow for National Oil Companies as reported by MoO in Cubic Meter:

(Table (10) – Natural Gas Flow)

National Oil Companies	Produced Natural Gas	Invested Natural Gas	Burned Natural Gas
Total	23,458,086	8,851,501	14,606,584

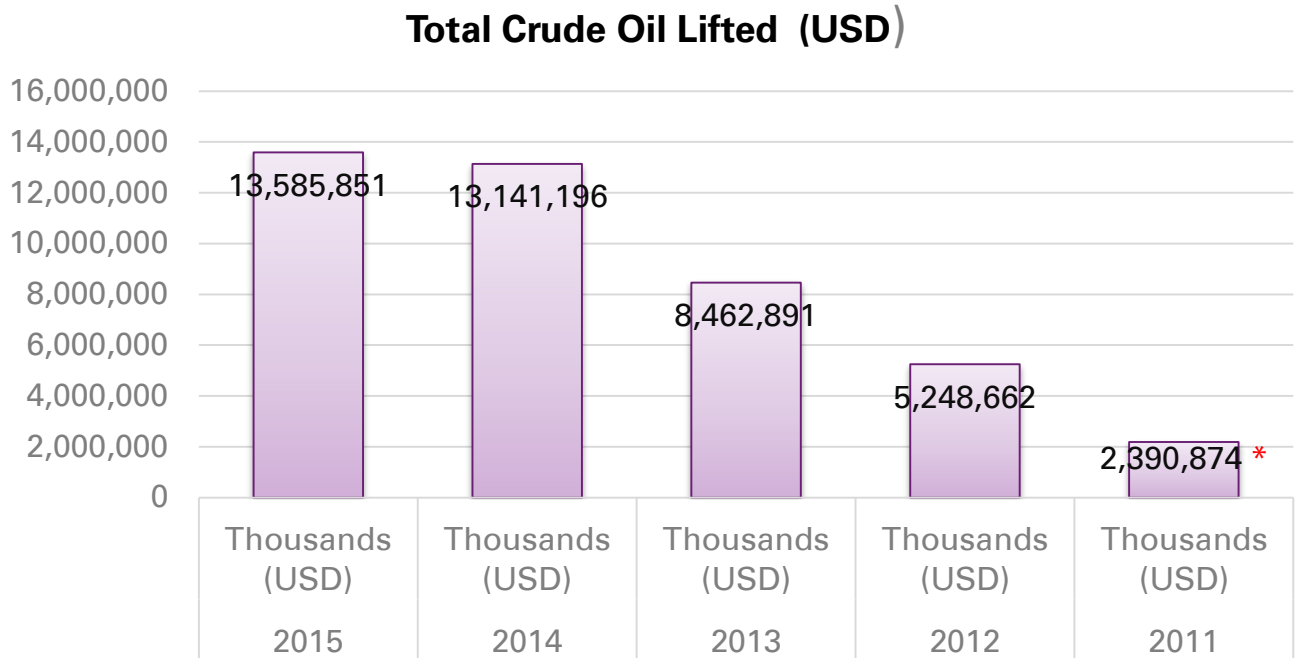
3.18 IOCs' training programs amounts for licensing rounds for the years (2010 to 2015), detailing total budgeted amount, total actual spent and total remaining amounts:

(Table (11) – Training Program)

IOC's	Budgeted amount (USD)	Actual Spent (USD)	Remaining Amounts (USD)	Number of Participants
Lukoil Company (2010 – 2015)	30,000,000	18,119,811	11,880,189	64 participants and One workshop with 5 participants
ENI Company (2010 – 2015)	29,328,765	10,360,593	39,689,358	135 participants
Petronas Company (2010 – 2015)	30,000,000	14,187,202	15,812,798	80 participants / One workshop (2 participants)
Exxonmobile (2010 – 2015)	29,200,000	5,155,826	24,184,174	39 participants
BP Company (2010 – 2015)	30,000,000	11,352,937	18,647,063	175 participants
Shell Company (2010 – 2015)	29,166,667	9,533,305	19,633,362	107 participants /7 workshops (63 participants)
Exploration No.9 (2013 – 2015)	2,916,000	0	2,916,000	-
Exploration No. 10 (2013 – 2015)	3,000,000	1,998,145	1,001,855	64 participants
Exploration No. 12 (2013 – 2015)	3,000,000	0	3,000,000	-
Kuwait Energy (2011 – 2015)	4,500,000	1,357,355	3,642,644	10 participants

4. Total Crude Oil lifted (in USD) as per SOMO to the IOCs for the period of 2011 – 2015

(Illustration (1) – Total Crude Oil lifted)



* In 2011, ExxonMobil company had received USD 200 Million as a monetary compensation

4.1 The above chart illustrates the increase in total amounts of Crude Oil lifted through the years 2011 – 2015, which is equal to **(42,829,479,837)** USD and equal to **(49,939)** Billion IQD

4.2 The main reason of this increase:

- The increase in production percentage of Crude Oil in Oil fields
- The increase in remuneration fees and cost recovery. Thus, Iraqi government incurred more compensations to the IOCs

4.3 Our disclosure scope for IEITI 2015 report was limited for the period from Jan 1st, 2015 to Dec 31st, 2015.

4.4 All the reported data were received via official emails from the related entities or by express mails.

4.5 The table below depicts total Petrodollar as reported by the Ministry of Oil for Al Basra and Kirkuk Governorates:

(Table (12) – Petrodollar)

Description	For the Year 2015 (IQD)	For the Year 2015 (USD)
Al Basra Governorate	382,658,000,000	328,180,103
Kirkuk Governorate	12,000,000,000	10,291,595
Total Petrodollar	394,658,000,000	338,471,698

5. Mining Industries in Iraq

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

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

5.1 Vision of the mining Industry in Iraq

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

5.2 Strategy of the mining Industry

5.2.1 Short Term - Institutional Development

- Adopting legislations, policies and regulations that encourage and support mineral Investments;
- Establishing Iraqi Minerals Board and drafting a law stipulating its responsibilities
- Integrating the role of the central government with the local governments of mineral producing provinces with regards to mineral investments and allocating the greater portion of investment returns to those provinces;
- Initiating communications with mining economic entities across the world, and updating standards and frameworks based on international experiences that are in compliance with the Iraqi regulations.

5.2.2 Medium Term - Expand the Investment of Mineral Resources

- Reinforcing the role of the Iraqi Geological Survey and Mining Company in leading mineral exploration and drilling operations, with the involvement of the private sector in mineral investment;
- Support the role of the Iraqi Geological Survey and Mining Company's branches in the provinces to strengthen relations with local governments, the private sector, and the society as a whole. This in turn increases awareness regarding the economic significance of mineral investments and its impact on the society;
- Adopting clear business frameworks for dealing with investors in the mining industry which guarantees the preservation of national interests, routine minimization, and the creation of a dependable and sustainable investment environment.

5.2.3 Long Term - Sustainable and Competitive Growth

- Achieving sustainable and environment-friendly growth in Iraqi mineral resources in which the private sector has an influential role;
- Accomplishing a significant contribution of the Minerals Sector's in the GDP and improving the standards of living, especially in remote areas through the creation of job opportunities and developing the infrastructure;
- Creating an accurate scientific database specialized in the field of mining.

5.3 Main Challenges and Recommendations

(Table (13) –Challenges)

Challenges	Recommendations
Difficulties in obtaining the related information for the respective entities such as Ministry of Finance (regarding petro dollar for all governorates) and IOCs	Assign a focal point to collect and coordinate efforts between all involved parties
Lack of awareness of social responsibilities in extractive industries	Develop a policy and guidelines to govern social responsibilities
Outdated information regarding the oil reserves	IEITI should advise the government to assess the reserves in areas with significant extractive interests. More clear information on proven and probable geological reserves could ensure more efficient production and fiscal planning
Identify who owns the companies and who benefits from it	Disclosure of beneficial ownership and establish public beneficial ownership register
Inconsistency in reporting data	Comply with IFRS standards for all reporting entities.
Inaccuracy of licensing data	Improve routines of monitoring licensing data
Completeness of information	Credible sources of information

Introduction

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

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

Countries which implement EITI Standard, have to confirm a full disclosure of payments made by extractive companies to governments.

These payments are disclosed in EITI Reports that are published to allow citizens to verify how much revenues (amounts) their government is receiving from their country's natural resources.

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

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

1 Transparency Initiative In Iraq

EITI Requirement:
1- Oversight by the multi-stakeholder group

1.1 Government Engagement

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

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

1.2 Company Engagement

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

1.3 Civil Society Engagement

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

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

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

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

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



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

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

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

1.4 Multi-Stakeholder Group

1.4.1 The Iraqi multi-stakeholder Group “MSG” oversees the implementation of the EITI in Iraq, it consists of:

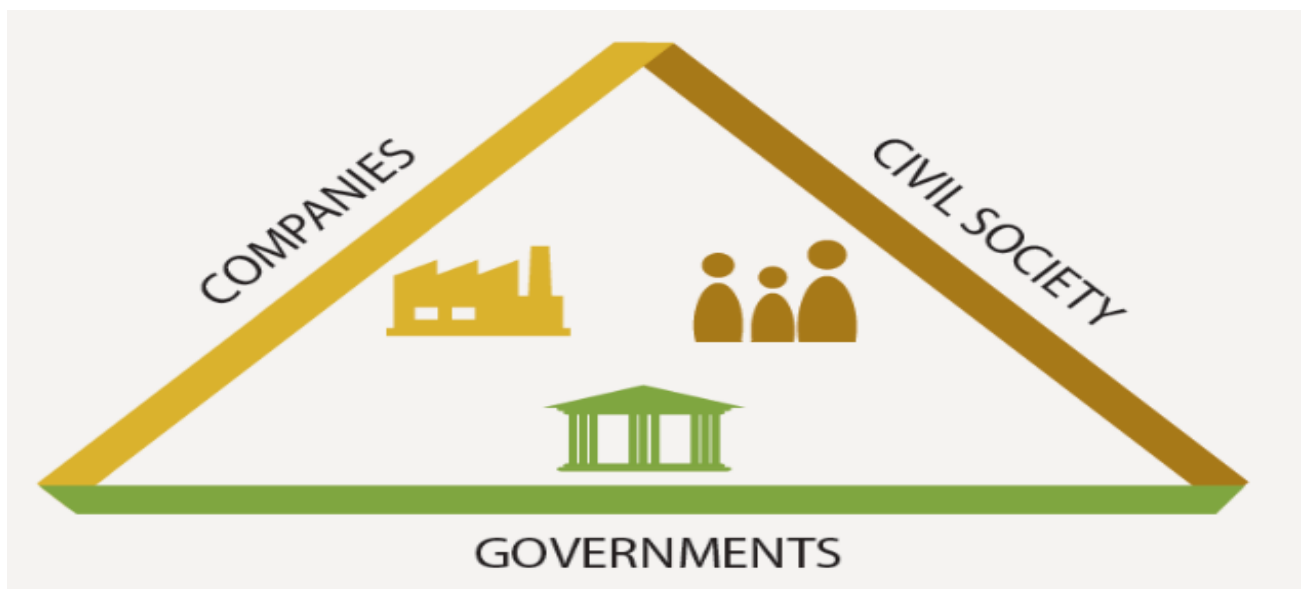
- 1) The IEITI Chair
- 2) The Secretary of the IEITI
- 3) Three government representatives
- 4) Three international oil company representatives
- 5) Three national oil company representatives
- 6) Four civil society organizations representatives
- 7) Two ‘monitoring’ agencies
- 8) Two trade union representatives.

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

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

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

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

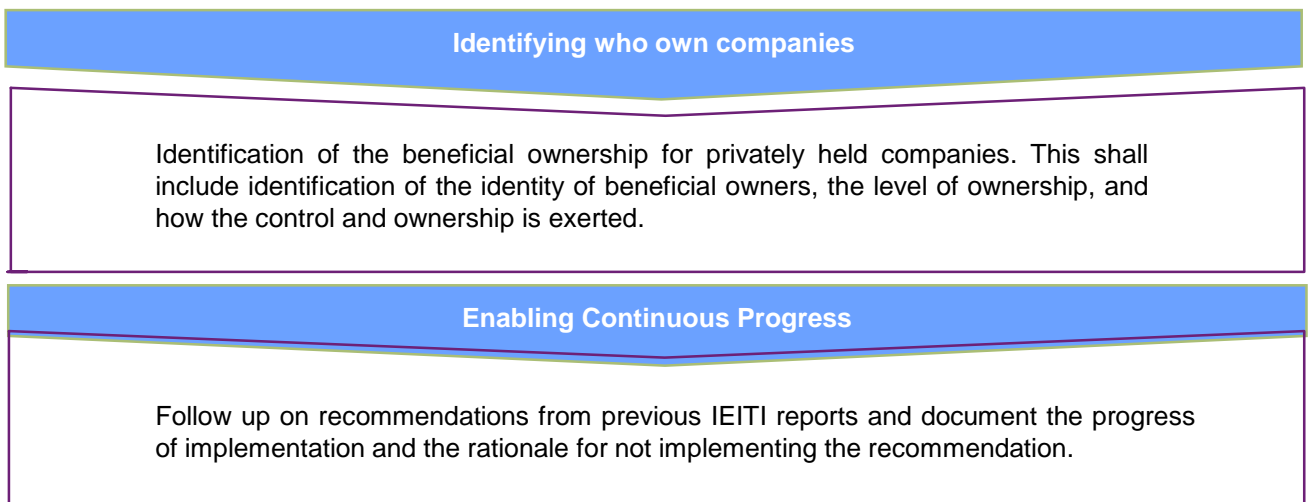


1.4.3 IEITI conducted many activities during 2015 to enhance the public awareness of IEITI, major activities included but not limited to the following:⁽¹²⁾

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

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

(Illustration (2) –Main Affects Area)



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

1.5 Work Plan

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

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

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

2 Legal framework

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

2.1 Legal framework for the oil sector in Iraq

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

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

For oil, gas and mining sectors, the related laws are:

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

2.1 Legal framework for the oil sector in Iraq (Continued)

- Investment of private and mixed sectors law No. (13) of year 2006.⁽²¹⁾
(21) <http://www.iraq-ig-law.org/ar/node/260>
- “Petroleum Products Import and Sale Act” Law No. (9) of year 2006.⁽²²⁾
(22) <https://www.oil.gov.iq/index.php?name=News&file=article&sid=545>
- “Private investment in refining crude oil” Law No. (64) of year 2007.⁽²³⁾
(23) <https://www.oil.gov.iq/index.php?name=News&file=article&sid=253>
- Decision No. 273 related to “Oil prohibition Regulations” issued on 26 Dec 2001.⁽²⁴⁾
(24) <https://www.oil.gov.iq/index.php?name=News&file=article&sid=277>
- Law No. (41) of year 2008 related to “Combating Smuggling of Oil and its Derivatives”⁽²⁵⁾
(25) <https://www.oil.gov.iq/index.php?name=News&file=article&sid=276>
- “Environment Protection and Improvement” Law No. (27) of year 2009.⁽²⁶⁾
(26) <https://www.oil.gov.iq/index.php?name=News&file=article&sid=443>
- “Imposing of income tax law on foreign oil companies operating in Iraq” Law No.(19) of year 2010.⁽²⁷⁾
(27) <https://www.oil.gov.iq/index.php?name=News&file=article&sid=251>
- Law No. (38) of year 2011 related to “Ministry of Industry and Minerals”⁽²⁸⁾
(28) <http://www.industry.gov.iq/upload/upfile/ar/81industrylaw.pdf>

During 2015, there were no major legal reforms regarding extractive industries.

2.1.1 KRG special Laws and Regulations:

- “Investment Law of KRG” No (4) of year 2006.⁽²⁹⁾
(29) <http://investpromo.gov.iq/wp-content/uploads/2013/06/kurdistant-regional-investment-law-no-4-of-2006-Ar.pdf>
- Oil and Gas Law of KRG No (28) of year 2007⁽³⁰⁾
- *(30) http://cabinet.gov.krd/uploads/documents/Kurdistan%20Oil%20and%20Gas%20Law%20Arabic_2007_09_06_h13m58s51.pdf//*

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

The following contracts have been used in the four petroleum licensing rounds managed by the Federal Government of Iraq:

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

2.1.2 The Oil and Gas Industry in Iraq

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

(Table (14) – Marketing Sector)

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

(Table (15) – Upstream Sector)

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

(Table (16) – Downstream Sector)

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

The Iraqi Ministry of Industry and Minerals was established under the Revolutionary Command Council Resolution No. 222 on 6/Mar/1988, amended by resolution No. 479 on 25/Jul/1988. The Ministry of Industry and the Ministry of heavy Industry had merged to form one ministry called the Ministry of Industry and Minerals, where the decision included the administrative structure of the Ministry, which consists of the administrative center and configurations associated with them.

The Iraqi Ministry of Industry and Minerals aims to:

- Implement the national industrial policies in order to achieve real industrial growth, through developing industrial policy and determining the indicators for the sector in accordance with the National Plan.
- Increase the contribution of the industrial sector and the Extraction and processing of Mineral Resources Sector (non-oil) in Iraqi GDP.
- Expand the role of the private sector in the industrial development and in the industrial economic activity.

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

2.2.1 Introduction of Oil Allocation

Crude oil and gas production is the main extractive industry in the country, where it is regarded as the country's key source of funding and the driver of the economy and national development. The Iraqi Government had launched licensing rounds for certain oil and gas fields as well as exploration blocks to obtain the assistance of international oil companies in the redevelopment of certain fields.

The following link illustrates the Oil fields under the licensing rounds:

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

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

According to his study, the licensing contracts represent a new model in the oil field development agreements between the governments and the international oil companies, as these contracts provide benefits in all aspects for the national economy and the oil industry in Iraq, and any attempt to change these contracts from Technical Service Contract model to production sharing contract model may cause serious damage to Iraq and its oil industry. For more details, please follow the below link:

<http://ieiti.org.iq/ArticleShow.aspx?ID=122>

2.3 Register of Licenses / 2.4 Contracts

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

(Table (17) – Oil Fields (1))

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

Oil Fields	Ahdab Oil Field	Badra Oil Field
Production peak (barrel / day)	140,000 *	170,000
First Commercial Production (barrel / day)	25,000	15,000
Production for the year 2012 (barrel / day)	116,469	N/A
Production for the year 2013 (barrel / day)	127,065	N/A
Production for the year 2014 (barrel / day)	131,251	16,102
Production for the year 2015 (barrel / day)	133,421	28,000
Remuneration Fees for IOCs	255,545,984	0 **
Remuneration Fees for State Partner	85,181,995	0
Cost Recovery for State Partner	251,453,722	0
Cost Recovery for Field Partner	754,361,166	231,830,902
Contracting companies shares	AL WAHA: (75 %) SOMO: (25%)	Gazprom: (30.0%); KOGAS: (22.5%); Petronas Carigali: (15.0%); TPAO: (7.5%). Iraq Oil Exploration Company (25%)
Number of Iraqi Employees	2013	266
Number of foreign Employees	1019	2480
Number of training courses held during the year 2015	N/A	N/A
Total amount of training for 2015	N/A	97,011

* According to the licensing contract, production peak was 115,000 (barrel / day), however, Waha Company obtained an exceptional approval to raise the production peak to reach 140,000 (barrel / day), the approval was obtained on 2012 (as reported by MoOC).

** Inadequate recovery and accumulated debt for the company

(Table (18) – Oil Fields (2))

Oil Fields	Helfaya Oil Field	Missan Oil Field
Number of Licensing Round	Second Licensing	First Licensing
Field Partner	Petrochina , Total and Petronas	CNOOC Iraq , TPAO
State Partner	South Oil Company	Iraqi Drilling Company
Field Operator	Petrochina	CNOOC Iraq
Contract Sign Date	27 Jan 2010	17 May 2010
Contract Active Date	Mar, 2010	Dec 2010
Approval Date	Sep, 2010	Nov, 2011

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

* Inadequate recovery and accumulated debt for the company

(Table (19) – Oil Fields (3))

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

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

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

(Table (20) – Oil Fields (4))

Oil Fields	West Qurna (1) Oil Field	West Qurna (2) Oil Field
Number of Licensing Round	First Licensing Round (2009)	Second Licensing Round (2009)
Field Partner	ExxonMobil, Petro China, Shell and Pertamina	Lukoil
State Partner	Iraq Oil Exploration Company	North Oil Company
Field Operator	ExxonMobil	Lukoil
Contract Sign Date	25 Jan 2010	31 Jan 2010

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

(Table (21) – Oil Fields (5))

Oil Fields	Majnoun Oil Field	Al Gharraf Oil Field
Number of Licensing Round	Second Licensing Round (2009)	Second Licensing Round (2009)
Field Partner	Shell and Petronas	Petronas and Japan Petroleum
State Partner	Missan Oil Company	North Oil Company
Field Operator	Shell	Petronas
Contract Sign Date	17 Jan 2010	8 Jan 2010
Contract Active Date	Mar 2010	Feb 2010
Approval Date	Oct 2010	Nov 2010
Contract Period	20 Years	20 Years
Production peak (barrel / day)	1,800,000	230,000

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

(Table (22) – Oil Fields (6))

Oil Fields	Al Najma and AlQayara	Al Siba
Number of Licensing Round	Second Licensing Round (2009)	Third Licensing Round (2010)
Field Partner	Sonangol	Kuwait Energy & TPAO
State Partner	South Oil Company for Al Qayara Iraqi Drilling Company for Al Najma	Missan Oil Company
Field Operator	Sonangol	Kuwait Energy
Contract Sign Date	26 Jan 2010	5 Jun 2011
Contract Active Date	Feb 2010	Jul 2011
Approval Date	-	Jul 2012

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

(Table (23) – (Oil Fields (7))

Oil Fields	Mansuriya	Akkaz
Number of Licensing Round	Third Licensing Round (2010)	Third Licensing Round (2010)
Field Partner	TPAO & Kuwait Energy & Kogas	Kogas
State Partner	Oil Exploration Company	North Oil Company
Field Operator	TPAO	Kogas
Contract Sign Date	5 Jun 2011	13 Oct 2011
Contract Active Date	Jul 2011	Nov 2011
Approval Date	May 2012	Sep 2012
Contract Period	20 Years	20 Years
Production peak (barrel / day)	320 MMSCFD	400 MMSCFD
First Commercial Production (barrel / day)	80 MMSCFD	100 MMSCFD
Contracting companies shares	37.5% TPAO 22.5% Kuwait Energy 15% Kogas 25% Oil Exploration Company	75% Kogas 25% North Oil Company
Number of training courses held during the year 2015	N/A	N/A
Total amount of training for 2015	N/A	N/A

(Table (24) –Oil Fields (8))

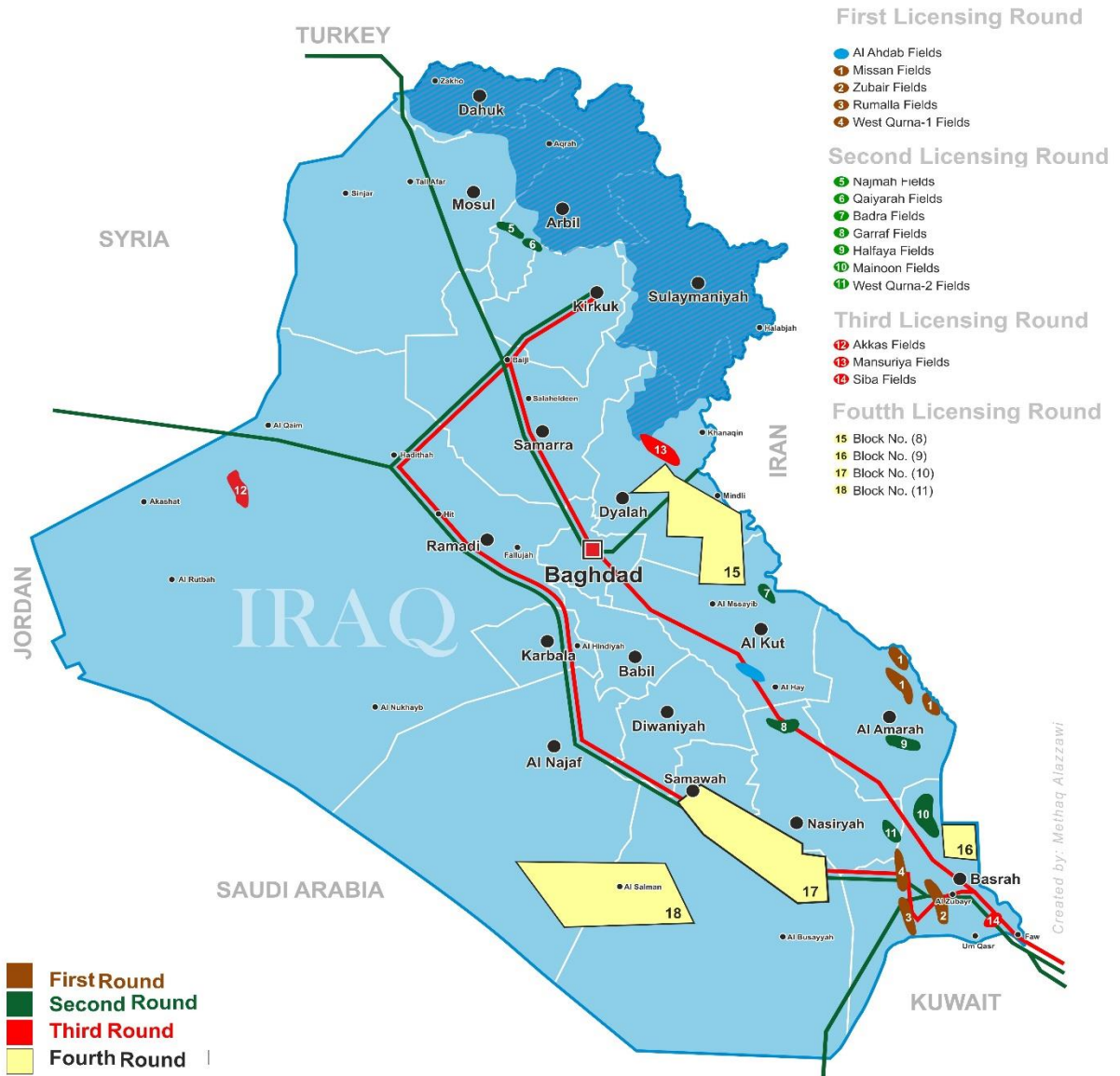
Oil Fields	Exploration Block # 8	Exploration Block # 9
Number of Licensing Round	Fourth Licensing Round (2012)	Fourth Licensing Round (2012)
Field Partner	Pakistan Petroleum	Kuwait Energy & Dragon Oil Holdings Limited
State Partner	-	-
Field Operator	Pakistan Petroleum	Kuwait Energy
Contract Sign Date	5 Nov 2012	27 Jan 2013
Contract Active Date	Dec 2012	Jan 2013
Approval Date	After informing the Midland Oil Company with the commercial exploration results	after informing the South Oil Company with the commercial exploration results
Contract Period	-	30 years for oil field & 40 years for gas field (Includes exploration period for 5 years)
Production peak (barrel / day)	-	-
First Commercial Production (barrel / day)	After 3 months from the completion of the approved evaluation plan	After 3 months from the completion of the approved evaluation plan
Contracting companies shares	100% Pakistan Petroleum	70% Kuwait Energy 30% Dragon Oil Holdings Limited
Number of training courses held during the year 2015	N/A	0
Total amount of training for 2015	N/A	0

(Table (25) –Oil Fields (9))

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

Oil Fields	Exploration Block # 10	Exploration Block # 12
Contract Sign Date	7 Nov 2012	8 Nov 2012
Contract Active Date	Dec 2012	Jan 2013
Approval Date	after informing the South Oil Company with the commercial exploration results	after informing the South Oil Company with the commercial exploration results
Contract Period	30 years for oil field & 40 years for gas field (Includes exploration period for 5 years)	30 years for oil field & 40 years for gas field (Includes exploration period for 5 years)
Production peak (barrel / day)	-	-
First Commercial Production (barrel / day)	After 3 months from the completion of the approved evaluation plan	After 3 months from the completion of the approved evaluation plan
Contracting companies shares	60% Lukoil Overseas Iraq Exploration B.V. 40% Inpex Corporation	70% JSOC Bashneft 30% Premier Oil PLC
Number of training courses held during the year 2015	6 (64 participants)	0
Total amount of training for 2015	1,146,961	0

Bidding Rounds of Iraqi Fields



2.3.1 Basrah Gas Company

BGC is an Iraqi company established by the Iraqi Government in May 2013 to meet the Iraqi challenge to turn Basrah Province's abundant endowment of natural gas into a blessing for the current and future generations.⁽³¹⁾

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

BGC's employs workforce of over 5,500, supported by hundreds of engineers and workers either employed in or deployed to Basrah Province by these contractors to work on BGC projects.

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

BGC does not produce and capture raw natural gas. A public-private partnership between the three giant oil fields of southern Iraq - Rumaila, Zubair and West Qurna 1 – to deliver untreated natural gas to BGC from their wells. BGC role is to transport and treat natural gas, turning it into valuable products. BGC delivers these finished products to South Gas Company, which is responsible for distributing them in the local market. BGC infrastructure consists of:

2.3.1.1 Pipelines

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

2.3.1.2 Gas Compressing stations

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

2.3.1.3 Gas processing plants

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

⁽³¹⁾ <http://www.basrahgas.com/>

2.3.1.4 Storage and marine terminal

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

2.3.1.5 Background information regarding Basrah Gas Company

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

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

2- General Figures for Basrah Gas Company⁽³²⁾

(Table (26) –General Figures BGC)

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

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

2.5 Beneficial Ownership (Road Map)

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

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

3 Exploration & Production

EITI Requirement:
3- Exploration and production

3.1 Exploration and Drilling Activities

3.1.1 Oil Exploration Company

Law No. (80) was established in year 1961, in accordance with the restored control over Iraqi land. The foreign oil companies granted the control only over the productive fields, where Iraq established (Iraqi national oil company) in year 1964 in order to manage oil fortune.

In 1987, the state establishment had been changed to be an administratively, financially and technically Independent state company, and it was named Oil Exploration Company (OEC).

The main task of the company is to discover and evaluate, the new hydrocarbon structures, by expert staff who use the latest version of technologies in the fields of geology, seismic acquisition, interpretation, processing and laboratory researches and analyses, supported by engineers, legal, administrative and finance staff. ⁽³³⁾

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

(Table (27) – Planned Productions)

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

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

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

3.1.2 Iraq Drilling Company

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

IDC implemented a sustainable development and environmental (SDE) strategy which comprised distinct levels of actions, undertaken in close consultation with concerned stakeholder, by:

- 1) Minimizing and mitigating any possible harm or damage, whether to populations, wildlife or the environment, ensuring the residual impact is either nil, negligible or moderate at most;
- 2) Establishing a positive and enduring legacy in Iraq.

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

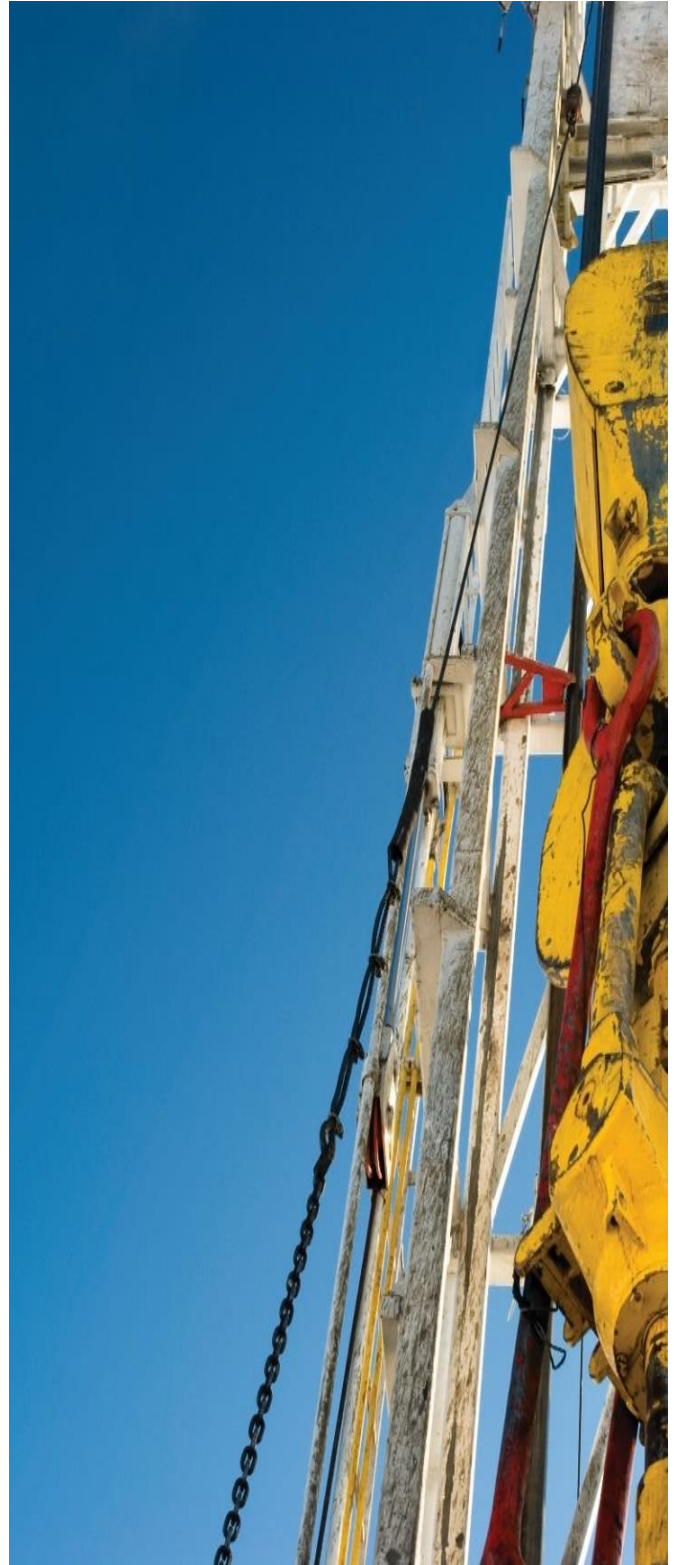
IDC has also sought to meet international standards with respect to consultation and disclosure by involving several interested stakeholders inside and outside Iraq, ranging from local to international parties, Iraqi authorities at both ministerial and regional levels, and locally affected communities.⁽³⁴⁾

⁽³⁴⁾ <http://www.idc.gov.iq/profile-en.php>

The following table illustrates the number of employees of IDC during the years 2009 – 2015:⁽³⁵⁾

(Table (28) –Number of Employees)

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



(35) Information provided by IDC

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

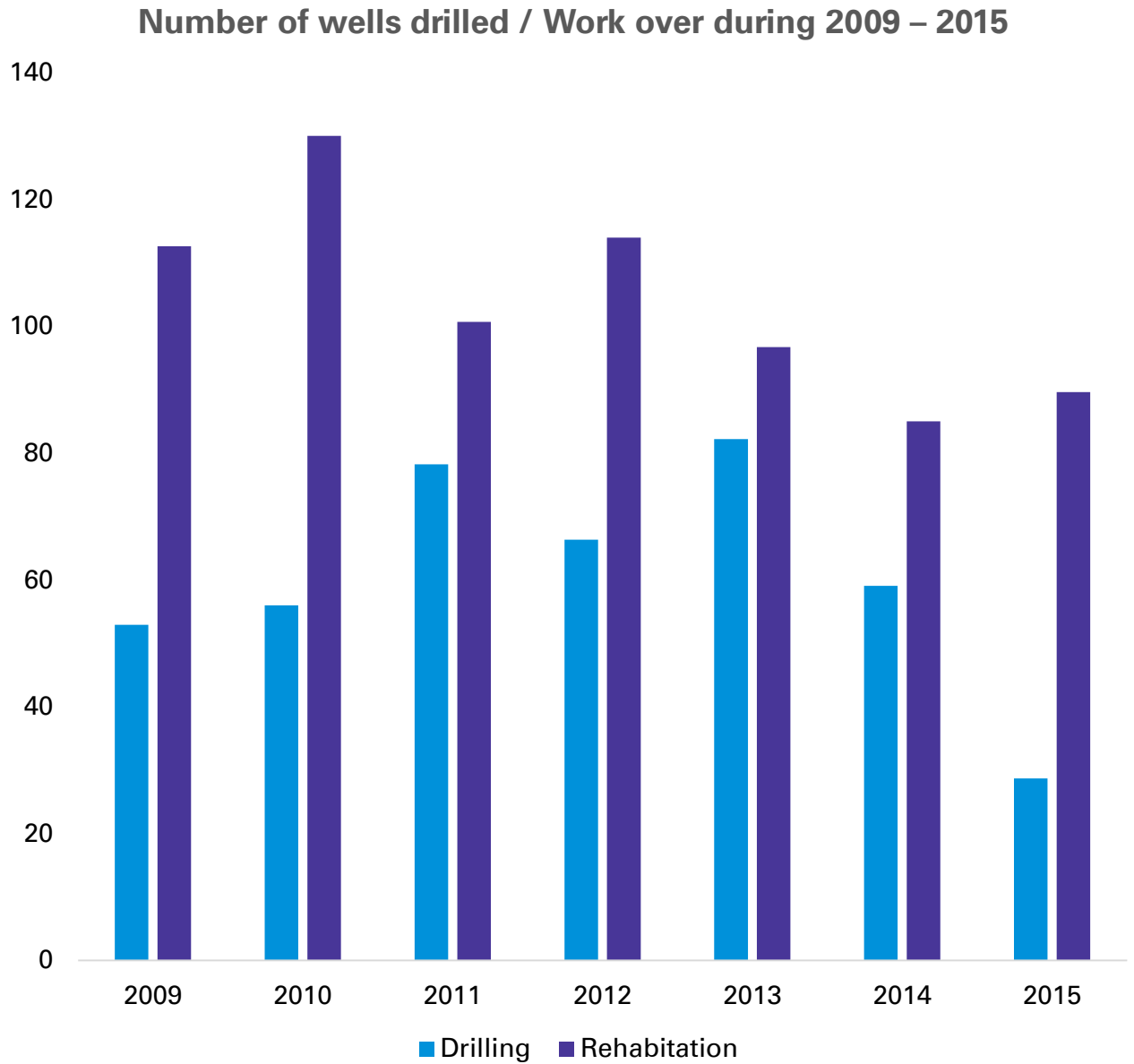
(Table (29) – Wells Drilled)

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

(36) Information provided by IDC

The following graph illustrates the number of wells drilled and worked over Iraq Drilling Company during the period 2009 – 2015 ⁽³⁷⁾:

(Illustration (3) – (Number of Wells))



⁽³⁷⁾ Information provided by IDC

3.1.3 International Companies

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

1. Exploration block No. 8; which extends between Diyali and Wasit area of 4,000 square kilometers. The contract was signed with “Pakistan Petroleum” as the field operator over a period of 30 years for oil field and 40 years for gas field.
2. Exploration block No. 9; the block is located in Basra, and covers an area of 900 square kilometers and is adjacent to the Iranian border. The contract was signed with “Kuwait Energy” as the field operator over a period 30 years for oil field and 40 years for gas field as well.
3. Exploration block No. 10; a block of 500 square kilometers on the territory of the governorate of Dhi Qar, and Muthanna, about 120 kilometers west of Basra governorate. The contract was signed with “Lukoil Overseas Iraq Exploration” as the field operator over a period of 30 years for oil field and 40 years for gas field.
4. Exploration block No. 12; an area of 9,020 square kilometers on the territory of the governorates of Muthanna and Najaf. The contract was signed with “JSOC Bashneft” as the field operator over a period of 30 years for oil field and 40 years for gas field.

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

3.2 Productions

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

(Table (30) – Extracted Crude Oil (1))

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

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

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

(Table (31) – Extracted Crude Oil (2))

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

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

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

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

(Table (32) – Extracted Crude Oil (3))

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

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

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

(Table (33) –Extracted Crude Oil (4))

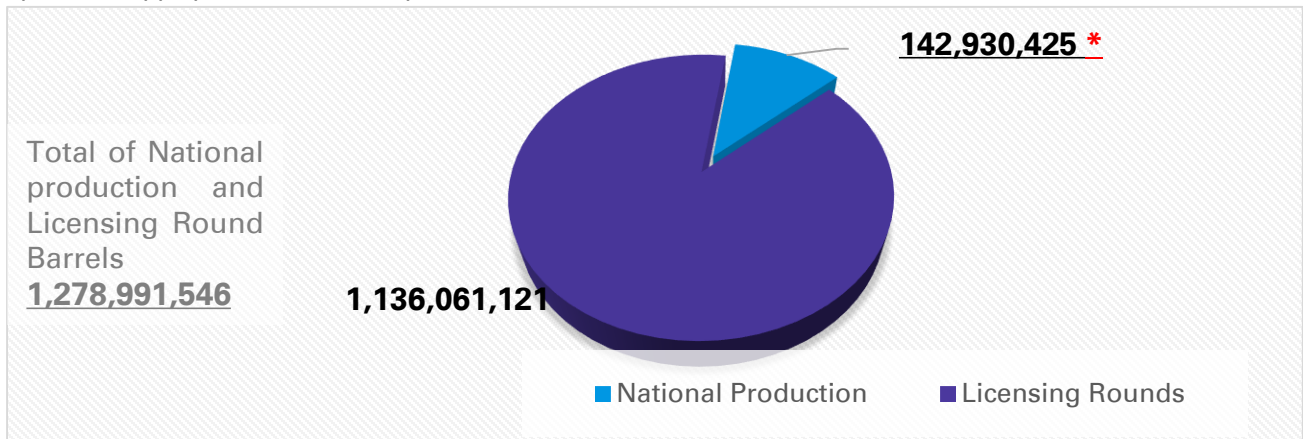
MOC (Barrels)	MoO (Barrels)	Variations (Barrels)
116,284,797	116,284,797	-

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

Crude Oil Produced (Barrels)

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

(Illustration (4) – (National Production)



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

* The average daily production for the first licensing round (Al Rumaileh, Al Zubair, South Al qurna, Missan) was around (1,100) Thousand barrels per day, which represents the baseline production of these fields assuming continuous production since year 2010 until the end of year 2015, with a declining (normal production) average of (5%) yearly. Assuming that the ministry of oil did not sign any contract in first or second licensing rounds, the current production would be (1,100) Thousand barrels per day adding to it (206) Thousand barrels per day for national production to reach (1,300) Thousand barrels per day as an average total production, while the actual daily production from these licensing rounds fields is about (3,550) Thousand barrels per day. This indicates that implementing licensing rounds service contracts has added an average production of (2,250) barrels a day (as reported by PCLD).

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

(Table (34) – Baseline Production)

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

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

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

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

(Table (35) – Natural Gas(1))

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

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

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

(Table (36) – Natural Gas(2))

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

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

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

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

(Table (37) – Natural Gas(3))

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

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

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

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

3.2.8 Natural Gas Flow for National Oil Companies

(Table (38) – Natural Gas(4))

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

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

3.2.9 Crude Oil Flow for National Oil Companies *

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

(Table (39) – Crude Oil Flow(1))

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

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

(Table (40) – Crude Oil Flow(2))

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

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

(Table (41) – Crude Oil Flow(3))

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

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

(Table (42) – Crude Oil Flow(4))

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

* For more details please refer to the following link:

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

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

3.2.10 Estimated Iraq Reserves of Mining

The Ministry of Industry and Minerals (MIM) of Iraq estimated the proven phosphate reserves in the country to be 9,529,090,000 metric tons (MT), placing Iraq in global top ten for phosphate rock reserves.⁽³⁸⁾

A 2014 report on global phosphate reserves described the rock as “the foundation of modern agriculture” and noted its price volatility, with a 900% price spike occurring in 2008.⁽³⁹⁾

The US Geological Survey had placed Iraq’s limestone reserves at over 4.2 billion metric tons (Gt), while MIM estimate it at 8 Gt. This is an important resource for a country that was predicted in early 2014 to consume 21 million tons of cement for the year, with both production and consumption forecast to rise rapidly by 2020.⁽⁴⁰⁾

For Kaolinitic clays, mostly found in the western desert in Al Anbar, MIM estimated the reserves at 1.2 Gt. Mining operations in Anbar were seriously disrupted in late 2013 and 2014 by ISIS.

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

(38) http://minerals.usgs.gov/minerals/pubs/commodity/phosphate_rock/mcs-2015-phosp.pdf

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

(40) https://www.worldcement.com/africa-middle-east/02072014/cement_global_viewpoint_middle_east_426/

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

(Table (43) – Mining Production)

Product	Production (Ton)	Sales (Ton)	Ending balance 2015 (Ton)
Washed & milled salt	205,000	165,856.100	129,247.900
Raw Salt	3,800	8,007.220	24,084.537
Iron Stone	0.000	0.000	56,894.264
Kaolin	0.000	153.075	18,113.501
Bauxite	0.000	0.000	2,316.839
Flint Clay	0.000	0.000	108,241.519
Ca – Bentonite	0.000	0.000	192.350
Standard Sand	28.550	22.755	12.975
Silica Sand	53.220	53.220	0.000

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

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

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

3.2.12 MIM Estimated Mineral Reserves.⁽⁴¹⁾

(Table (44) – Estimated Mineral Reserve)

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

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

3.2.13 Targeted extracting capacities⁽⁴²⁾

(Table (45) – Targeted extracting capacities)

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

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

3.3 Exports

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

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

(Table (46) – Extracted Crude Oil (1))

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

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

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

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

(Table (47) – Extracted Crude Oil (2))

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

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

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

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

(Table (48) – Extracted Crude Oil (3))

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

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

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

(Table (49) –Extracted Crude Oil (4))

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

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

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

(Table (50) – Extracted Crude Oil (5))

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

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

	Buyer's Name	SOMO (USD)	Buyer (USD)	Variance (USD)	Note
33	Sinochem International Oil (London) Co. LTD	2,799,808,643.18	2,880,277,604	(80,468,961)	AC
34	SK Energy Co., Ltd. ****	557,564,330.75	To be provided	-	-
35	SOCAR TRADING SA	250,365,721.19	276,074,013.57	(25,708,292)	AD
36	TOTSA TOTAL OIL TRADING SA	1,419,624,380.63	1,406,563,635.54	13,060,745	AE
37	Toyota Tsusho Corporation	744,995,047.79	746,213,746.15	(1,218,698.36)	AF
38	TURKISH PETROLEUM REFINERIES CORP.(TUPRAS)	922,446,328.50	839,347,059.40	83,099,269.10	AG
39	Valero Marketing & Supply Co.	991,904,612	995,973,409	(4,068,797.00)	AH
40	VITOL REFINING SA	292,008,009.71	292,008,009.71	-	AI
41	PT Pertamina (persero) ****	291,669,510.91	To be provided	-	-
42	Indian Oil Corporation Limited – India (CHENNI Petroleum) *	4,430,174,425.27**	4,764,669,269	302,297,034	AJ
		636,791,977.81***			
	Total of	5,066,966,403.08			
	Total	37,346,441,000	33,942,498,551	3,403,942,449	-

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

** This amount as specified from Indian Oil Corporation

*** This amount as specified from CHENNI Petroleum

**** We didn't received any related information from the following buyers, as we tried several times in coordination with SOMO. Please note that total estimated amounts from these companies (three companies) are USD 1,027,971,664 (which reduce the total variances to USD 2,375,970,685.

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

(Table (51) – Extracted Crude Oil (6))

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

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

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

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

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

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

3.3.6 Third Party Inspectors

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

(Table (52) – Third Party inspectors)

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

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

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

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

(Table (53) – Ports (1))

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

Source: data presented in the table was reported by SOMO

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

(Table (54) – Ports (2))

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

Source: data presented in the table was reported by SOMO

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

(Table (55) – Ports (3))

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

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

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

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

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

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

(Table (56) – Ports (4))

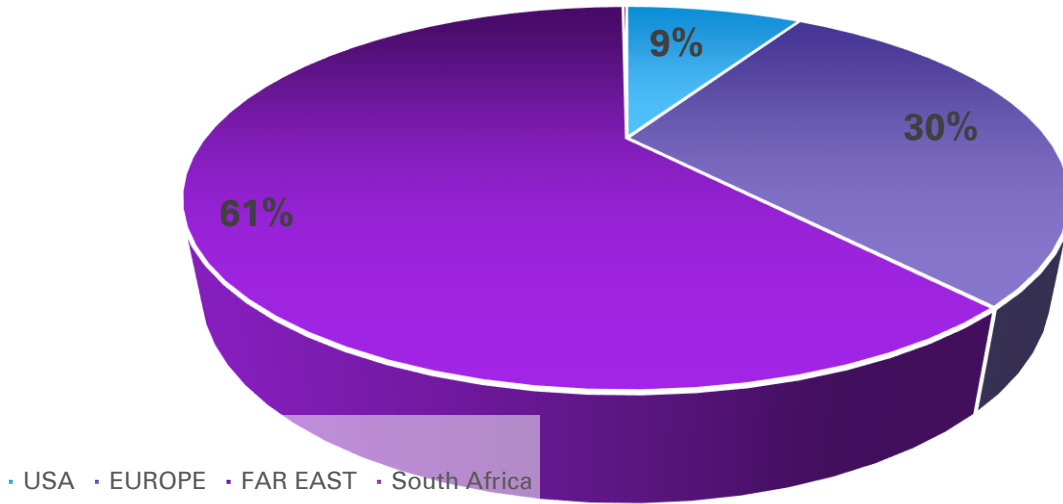
Port	USA (Barrels)	EUROPE (Barrels)	FAR EAST (Barrels)	South Africa (Barrels)
Ceyhan Port	1,912,963	55,581,721	-	-
Basrah Port, Khor Al-Amaya Port and SPMs (Light Crude Oil)	78,677,227	210,909,731	587,095,963	2,081,964
Basrah Port by SPM (Heavy Crude Oil)	14,546,123	60,179,117	85,794,053	-
Total per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

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

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

(Illustration (5) – Exported Crude Oil)

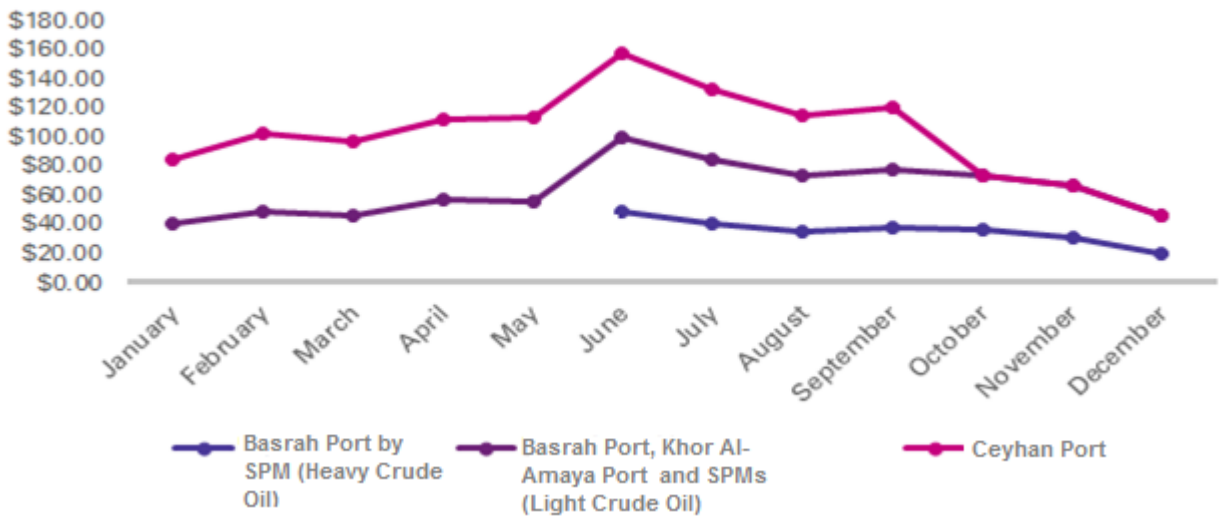
Distribution of Exported Crude Oil by Region



(Illustration (6) – Monthly Average Price (1))

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

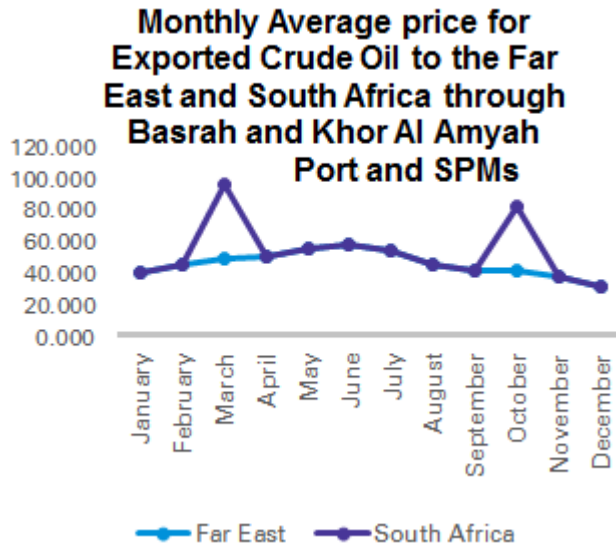
Monthly Average price for Exported Crude Oil to Europe



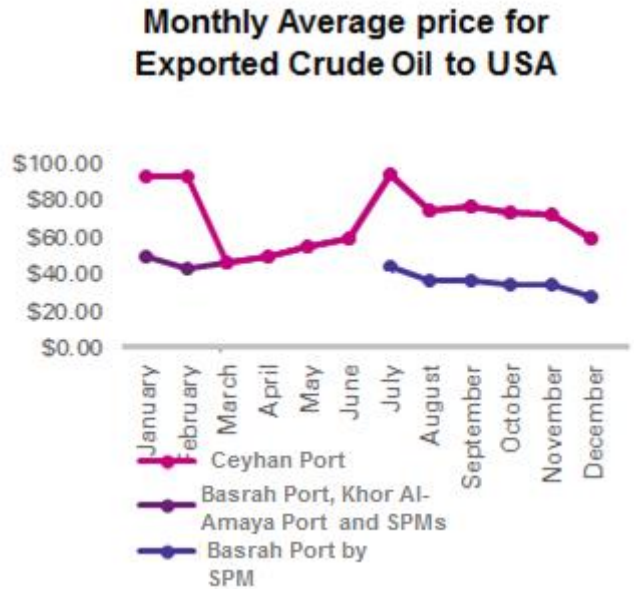
There were no contracts signed for exporting crude oil to USA by using Ceyhan port after February 2015.

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

(Illustration (7) – Monthly Average Price (2))



(Illustration (8) – Monthly Average Price (3))



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

There were no contracts signed for exporting crude oil to South Africa using Basra port after March 2015.

3.3.10 Iraq Crude Oil Indicators as published by SOMO:

(Table (57) – Monthly Average Price (4))

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

3.3.10.1 Sales Technique

SOMO sells Iraqi crude oil through loading ports as follow:

1. Long term sales contracts:

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

2. Reimbursement contracts:

- Pay service contractors dues related to licensing rounds.

3.3.10.2 Adopted Basis in Allocation

Number of criteria are taken into consideration when defining the allocated crude oil quantities to qualified companies (previously contracted and new ones) as follows:

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

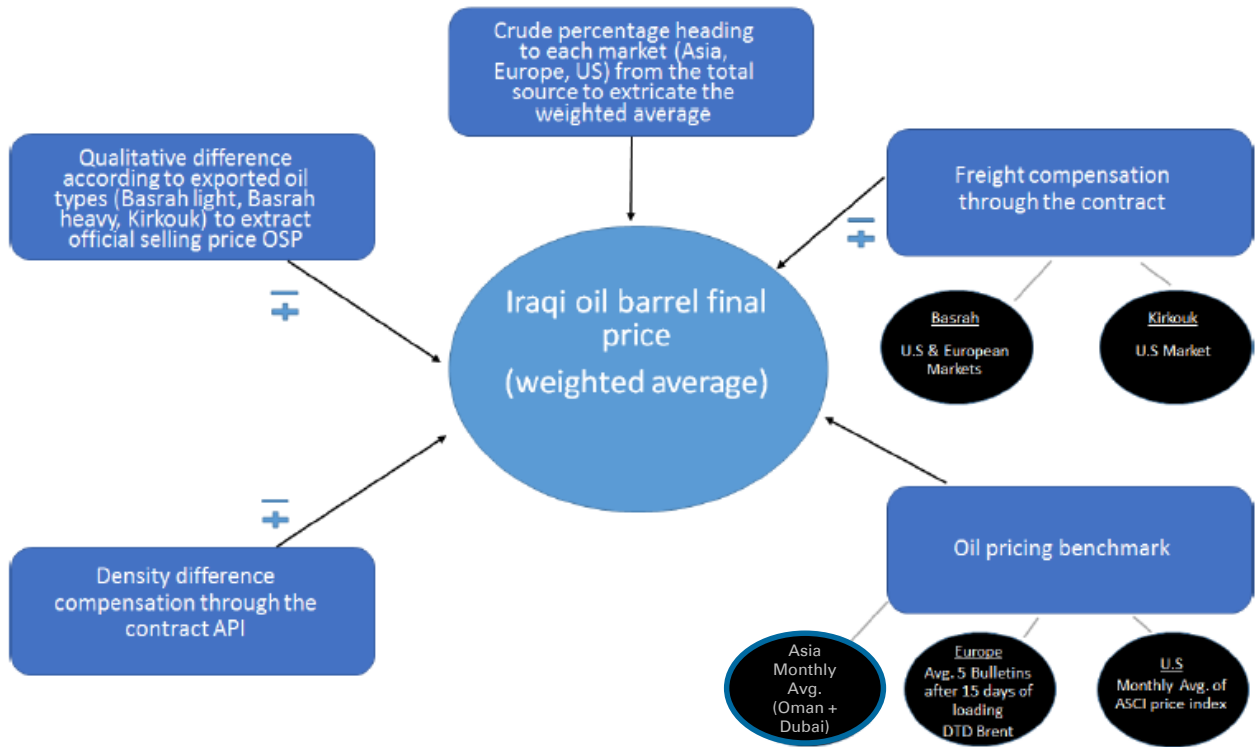
3.3.10.3 Allocation Categorization Standards

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

1. First Standard – Reputed International Oil Companies: It includes well known international oil companies (big and medium size), independent, governmental, well structured companies and has refining capabilities and distribution network in many countries.
2. Second Standard – Refining Companies: It includes companies majoring in refining industry and distribution of oil products.
3. Third Standard – Authorized Companies: Companies classified as main providers to refining companies in their country, such as the case in Japan.

3.3.11 Pricing Criteria - Iraqi Crude oil pricing elements

(Illustration (9) – Pricing Criteria)



Exported Barrel Pricing Formula

Exported crude oil barrel is priced as the following formula:

Final Price (USD / Barrel) =

Certified reference oil price as per shipment destination (for the loading accepted month)

+

Price difference which is calculated on a monthly basis (official selling price OSP)

+

Price difference for density fluctuation (API)

+

Freight cost

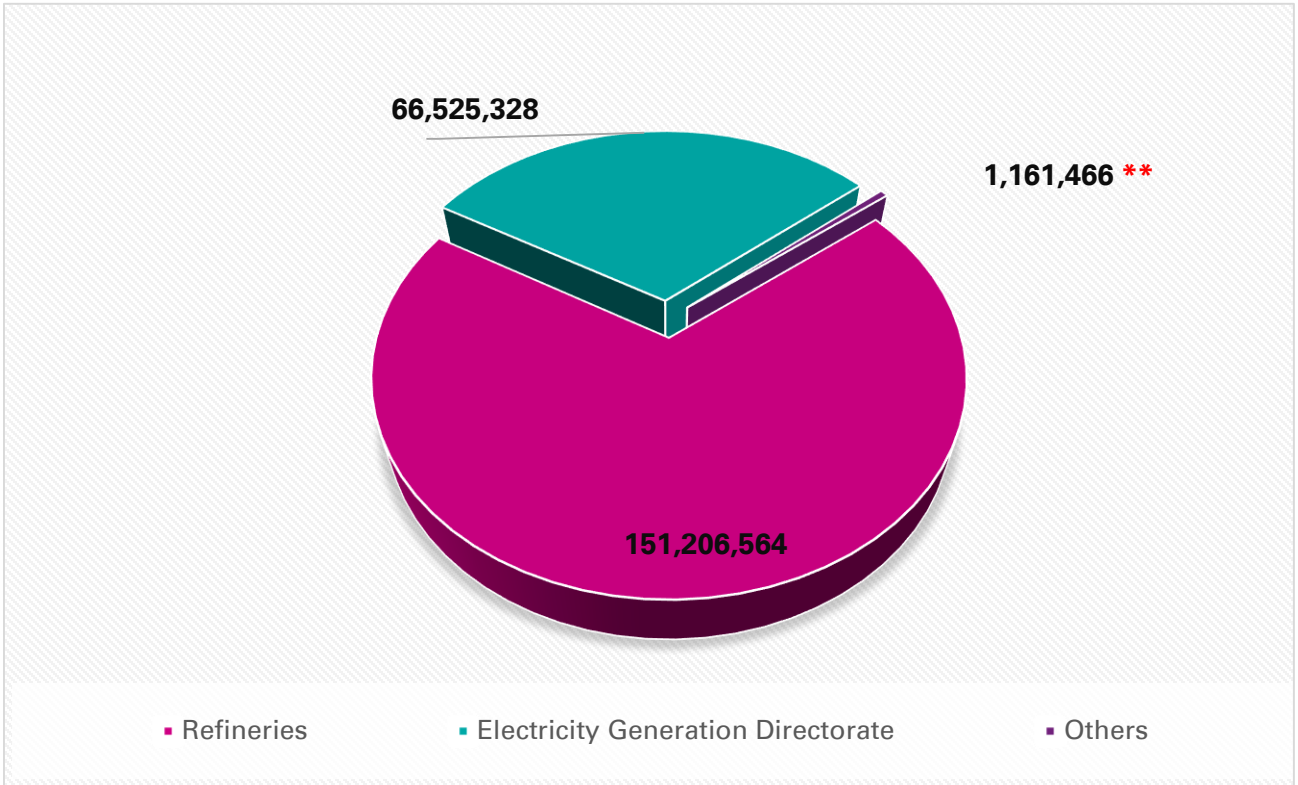
For more details about Selling prices calculations and differences, please refer to page No. 80 from the previous issued report <http://ieiti.org.iq/ArticleShow.aspx?ID=111>

3.4 Internal Consumptions

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

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

(Illustration (10) – Internal Consumptions)



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

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

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

(Table (58) –Crude Oil Supplied(1))

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

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

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

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

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

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

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

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

(Table (59) – Crude Oil Supplied(2))

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

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

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

** The difference between Missan Oil Company and Missan Refinery is due to the distance between the two companies. Where some of oil transferred in the linking pipelines remains between the two companies, in which the quantity of oil pumped from Missan oil is higher than the quantity received by Missan refinery

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

(Table (60) – Crude Oil Supplied(3))

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

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

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

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

(Table (61) – Crude Oil Supplied(4))

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

(Table (62) – Crude Oil Supplied(5))

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

(Table (63) – Crude Oil Supplied(6))

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

(Table (64) – Crude Oil Supplied(7))

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

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

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

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

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

****The reason behind the differences (992,855 barrels which is equivalent to USD 6,949,985) was due to the fact that Al Quds Station received crude oil from East of Baghdad field through the pipelines, while the field received quantities from Ahdab oild field and oil pipelines company and the quantities cannot be separated during 2015

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

(Table (65) – Natural Gas Supplied(1))

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

(Table (66) – Natural Gas Supplied(2))

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

(Table (67) – Natural Gas Supplied(3))

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

(Table (68) – Natural Gas Supplied(4))

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

(Table (69) – Natural Gas Supplied(5))

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

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

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

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

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

(Table (70) – Natural Gas Supplied(6))

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

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

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

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

(Table (71) – Natural Gas Supplied(7))

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

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

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

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

(Table (72) –Received quantities)

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

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

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

(Table (73) – Natural Gas Supplied(8))

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

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

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

(Table (74) – Natural Gas Supplied(9))

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

* Natural Gas quantities supplied to Ministry of Oil

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

4 Revenue Collection

EITI Requirement:
4- Revenue collection

4.1 Comprehensive disclosure of taxes and revenues

4.1.1 Materiality

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

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

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

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

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

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

All income revenues related to the extractive industry that were included in the Iraqi government federal budget had been reconciled, except for the revenues that were generated from Kurdistan region's crude oil export sales through the borders and ports, where those revenues were not included in the federal budget (as there is an agreement on adaptive implementation between National Secretary and the International Secretary of the EITI).

4.1.2 Oil Products Sale Income

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

(Table (75) – Net Revenue)

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

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

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

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

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

4.1.2.1 Remuneration Fees

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

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

(Table (76) – Remuneration Fees (1))

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

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

* Inadequate recovery and accumulated debt for the company.

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

(Table (77) – Remuneration Fees (2))

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

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

(Table (78) – Remuneration Fees (3))

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

** The number was specified from ExxonMobil company only

(Table (79) – Remuneration Fees (4))

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

(Table (80) – Remuneration Fees (5))

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

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

(Table (81) – Remuneration Fees (6))

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

* As indicated from ENI company.

(Table (82) – Remuneration Fees (7))

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

* Inadequate recovery and accumulated debt for the company

(Table (83) – Remuneration Fees (8))

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

(Table (84) – Remuneration Fees (9))

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

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

(Table (85) – Remuneration Fees (10))

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

* This amount specified from Petronas company, but we didn't receive any information from Japan Petroleum

(Table (86) – Remuneration Fees (11))

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

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

* Inadequate recovery and accumulated debt for the company

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

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

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

2. The foreign company shall deduct 7% of gross payment due to its subcontractor according to paragraph (4) of article (28) of income tax law No. (113) for year 1982. Where amounts should be transferred to the General Commission for Taxes within (30) days from the date of payment provided that such amounts shall be deemed as trusts for the account of the Company to be settled upon making final tax accounting provided that the final accounting is completed, and tax clearance certificate is issued.
3. Tax trusts shall not be deducted from reconciliation accounting between companies made for covering the mutual expenses between such companies, working within the single contract, which are made on the basis of cost without adding any encumbrances or profits, and provided that the Company's final financial statements shall clearly and transparently reflect such reconciliations and shall not be accompanied with any interests on the balances of these accounts.
4. The actual implementation is currently a tax amount is deducted from the profit actually received for profit wages amount for each financial year at the Oil Ministry, by the Contracting Companies User Account Review Committee for each field of the coalition contractor, consisting of a number of partners, and the profitability wages are divided between companies in proportion to their participation in the contract and as stipulated in Article (23-3) of the service contract where revenue is deducted for Ministry of Finance / General Authority for taxes in accordance with the mechanism adopted and agreed with the Tax Authority and the Ministry of oil, but the oil ministry and the settlement of tax withholdings who trusts the oil companies with the Ministry of Finance instead of transferring it to the Tax Authority to make the tax reconciliation in accordance with article (4/First) from regulation No.5 for the year 2011.
5. Comprehensive disclosure of taxes and revenues
 - Each Contractor shall keep books of account and be individually liable for and pay corporate income tax in accordance with the Law.
 - In no event shall "Regional Oil Company" be liable under this Contract for any taxes payable by Companies outside of Iraq.
 - According to the standardized Technical Service Contracts used in Iraq's four licensing rounds, the only tax liability of contractors (IOCs) operating under Technical Service Contracts shall not exceed corporate income tax levied at a rate not to exceed (35%) of the taxable profit under the law which shall be applied on the Remuneration Fee received in the relevant year.⁽⁴³⁾
 - In the event Contractor is subject to any demand to pay other taxes (other than or in excess of Contractor's Income Tax Liability), ROC shall bear and pay on behalf of each entity Contractor all such other or additional taxes.
 - ROC shall indemnify and hold each entity Contractor harmless against any and all liabilities relating to the payment of such other or additional taxes.

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

As reported by Federal Board of Supreme Audit

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

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

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

(Table (87) – Corporate Tax (1))

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

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

(Table (88) – Corporate Tax (2))

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

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

(Table (89) – Corporate Tax (3))

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

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

(Table (90) – Corporate Tax (4))

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

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

(Table (91) – Corporate Tax (5))

Operating IOCs	IOC's shares	Governing Partner's share	Invoices of Companies (USD)	Total lifted amount by SOMO (USD)	Lifting Ratio
Shell IPD B.V	45%	29,538,611	1,142,292,505	1,855,845,367.68	162%
Petronas	30%				
Missan Oil Company	25%				

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

(Table (92) – Corporate Tax (6))

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

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

(Table (93) – Corporate Tax (7))

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

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

(Table (94) – Corporate Tax (8))

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

9- Ahadab Oil Fields - No Corporate Tax *

(Table (95) – Corporate Tax (9))

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

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

10- Badra Oil Fields - No Corporate Tax

(Table (96) – Corporate Tax (10))

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

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

(Table (97) – Corporate Tax (10))

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

* As reported by Shell (USD 31,015,542), and no corporate tax was recognized by Petronas for Majnoun Oil Field

(Table (98) – Corporate Tax (11))

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

*As reported by Lukoil

(Table (99) – Corporate Tax (12))

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

* As reported by ExxonMobil

** As reported by North Oil Company

(Table (100) – Corporate Tax (13))

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

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

(Table (101) – Corporate Tax (14))

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

*As reported by ENI

(Table (102) – Corporate Tax (15))

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

* As reported by North oil Company

(Table (103) – Corporate Tax (16))

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

(Table (104) – Corporate Tax (17))

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

(Table (105) – Corporate Tax (18))

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

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

(Table (106) – Corporate Tax (19))

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

* As reported by BP

4.1.2.4 Signature Bonuses

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

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

(Table (107) – Internal Service payments(1))

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

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

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

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

(Table (108) – Internal Service payments(2))

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

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

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

(Table (109) – Internal Service payments(3))

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

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

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

(Table (110) – Internal Service payments(4))

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

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

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

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

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

(Table (111) – Social Expenditures(1))

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

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

* Recoverable Social Contribution Expenditure

** Non - Recoverable Social Contribution Expenditure

*** As reported by ENI

**** As reported by Lukoil

***** As reported by Petronas

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

(Table (112) – Social Expenditures(2))

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

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

4.3 Infrastructure provisions and barter arrangements

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

4.4 Transportation revenues

There are no transportation revenues since it is not implemented.

4.5 Transactions related to State-owned enterprises

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

4.6 Sub-national payments – Not Applicable

4.7 Level of disaggregation

Data were submitted by National Oil Companies, Technical Department and Petroleum Contracts and Licensing Directorate at the Ministry of Oil, and International Oil Companies operating under licensing rounds, and Iraqi crude oil International customers. In addition to data submitted by Ministry of Industry and Minerals, and other entities that have contributed to submit data for IEITI report using the provided templates.

4.8 Data timeliness

This IEITI Report covers the period starting from January 1st 2015 until December 31st 2015.

4.9.1 Data quality and assurance

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

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

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

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

5 Revenue Allocations

EITI Requirement:
5- Revenue allocations

5.1 Distribution of extractive industry revenue

5.1.1 Insights from 2015 Budget of the Federal Government of Iraq

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

Revenue from the export of crude oil was calculated based on the average price of \$56 per barrel at an export rate of (3.300) Million BPD, including (250,000) BPD produced by KRG, and (300,000) BPD Produced by Kirkuk. Total accrued revenues were reported to the general treasury department at the Iraqi Ministry of Finance.

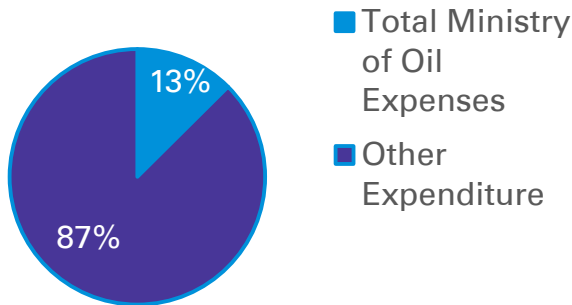
Iraq's federal budget had increased about five times in size between years 2004 and 2015. No matter how much oil revenue is deposited in the treasury, budgets always had deficits of around 20 percent, while actual spending always amounted to 70 percent or more. This leaves less than 30 percent for investments and development.

(Table (113) – budget)

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

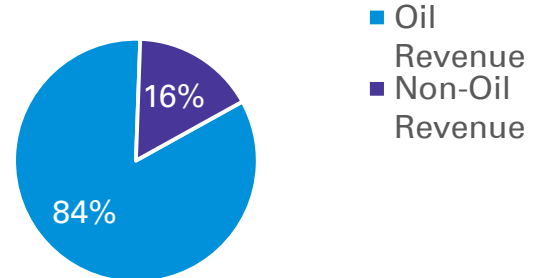
(Illustration (11) – (Total Expenditure))

Ministry of Oil Share of Total Expenditure ⁽⁴⁴⁾



(Illustration (12) – (Total Revenue))

Oil Contribution in total Revenue ⁽⁴⁴⁾



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

5.2 Subnational transfer

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

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

(Table (114) – Petrodollar)

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

(44) http://www.iraq-ig-law.org/ar/webfm_send/1574

5.2.2 Cost recovery

Information regarding cost recovery as reported by National Oil Companies (by JMC - Joint Management Committee) and reviewed by MoO - PCLD related to 10 fields in year 2015, are illustrated in the following table:

(Table (115) – Cost Recovery (1))

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

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

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

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

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

(Table (116) – Cost Recovery (2))

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

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

(Table (117) – Cost Recovery (3))

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

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

(Table (118) – Cost Recovery (4))

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

(Table (119) – Cost Recovery (5))

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

(Table (120) – Cost Recovery (6))

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

(Table (121) – Cost Recovery (7))

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

* This amount specified from ENI company only.

(Table (122) –Cost Recovery (8))

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

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

(Table (123) – Cost Recovery (9))

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

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

(Table (124) – Cost Recovery (10))

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

* This amount specified from Petronas company.

(Table (125) – Cost Recovery (11))

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

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

5.3 Revenue management and expenditures

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

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

5.3.2 Final records had been audited by the Iraqi Board of Supreme Audit (IBSA) and the preparation and issuance of the audit reports, in addition to the issuance of final records for each year, has to be approved by Iraqi parliament. Up to the date of of this report, final records of year 2013 had been approved as illustrated in the following link: [http://www.d-raqaba-m.iq/pages ar/home.aspx](http://www.d-raqaba-m.iq/pages_ar/home.aspx)

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

(Illustration (13) – (Revenues))



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

Social & Economic Spending

6

EITI Requirement:
6- Social and economic spending.

6.1 Social Expenditure by extractive companies

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

These payments can be summarized as follows:

(Table (126) – Cash Payment)

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

(Table (127) – In Kind Payment)

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

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

6.2 Quasi –fiscal expenditure – Not Applicable

6.3.1 Iraqi Business Overview

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

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

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

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

(Table (128) – Iraq economic)

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

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

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

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

http://www.cosit.gov.iq/documents/statistics_ar/Trade/for%20trade/Full%20Reports/.202015%20للسنة%20للصادرات%20السنوي%20التقرير.pdf

2015	IQD	USD
Total Government Budget revenue for all sectors	944,048,364,139 Thousands	809,646,967 Thousands
Total actual revenue of crude oil	59,387,053 Thousands	50,932,292 Thousands
Actual crude oil contribution		63%*
Total budgeted crude oil revenue	78,649,032 Million	67,452 Million
Total actual revenue of crude oil / total budgeted crude oil revenue		76% **

* Barrel price expectations and the productions as per the budget for the year 2015 resulted into this ratio, where budgeted barrel oil price was USD 56 and the actual was USD 44.46. Furthermore, the actual productions varied from the projected as well.

** Total actual revenue of crude oil (as reported by SOMO) divided by total budgeted crude oil revenue (as reported by Iraqi 2015 budget) equal to 76% (where by non oil revenue has a minimum effect on the result, also the difference is due to the low expectation of crude oil revenue).

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

(Table (129) – Total Revenue)

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

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

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

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

(Table (130) – Employees Number (1))

Serial	Entity	Allocated (1)	Occupied (2)	Ratio (2/1)
1	Head quarter of MoO	1,893	1,266	67%
2	SOMO	350	294	84%
3	North Oil Company	14,009	12,694	91%
4	South Oil Company	28,148	26,383	94%
5	Missan Oil Company	4,656	4,549	98%
6	Oil Projects Company	3,800	3,344	88%
7	Oil Explorations Company	2,444	1,862	76%
8	Oil Tanker Company	500	435	87%
9	Oil Drilling Company	8,000	7,877	98%
10	Midland Refineries company	7,951	6,804	86%
11	South Oil Refineries	7,279	6,836	94%
12	North Oil Refineries	10,400	10,059	97%
13	Oil Distribution Company	23,650	22,504	95%
14	North Gas Company	3,287	2,983	91%
15	South Gas Company	6,000	5,178	86%
16	Oil Pipeline Company	6,764	6,075	90%
17	Gas Filling Company	7,212	6,814	94%
18	Oil Research and development Center	346	332	96%
19	Oil Training Center / Baghdad	589	580	98%
20	Baiji Oil Training Institute	232	308	133%
21	Basrah Oil Training Institute	406	385	95%
22	Kirkuk Oil Training Institute	220	200	91%
23	Heavy Engineering Equipment State Co.	2,355	2,310	98%
24	Midland Oil Co.	3,645	2,470	68%
25	Oil Culture Center	55	31	56%
	Total	144,191	132,573	91%

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

(Table (131) – Employees Number (2))

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

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

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

(Table (132) – Employees Number (3))

Oil Fields	Number of Iraqi Employees (1)	Number of Foreign Employees (2)	Total Number of Employees (1+2)	Ratio (1 / Total Employees)
Ahdab Oil Field	2,013	1019	3,032	66%
Badra Oil Field	266	2480	2,746	10%
Helfaya Oil Field	630	416	1,046	60%
Missan Oil Field	411	218	629	65%
Rumaila Oil Field	7,458	503	7,961	94%
Zubair Oil Field	2,749	206	2,955	93%
West Alqurna (1)	1,664	248	1,912	87%
West Alqurna (2)	633	546	1,179	54%
Majnoun Oil Field	676	811	1,487	45%
Garraf Oil Field	275	460	735	37%
Seiba Oil Field	139	6	145	96%
Total	16,914	6,913	23,827	71%

(Table (133) – Employees Number (4))

Basrah Gas Company	Number of Iraqi Employees (1)	Number of Foreign Employees (2)	Total Number of Employees (1+2)	Ratio (1 / Total Employees)
BGC	5,200	300	5,500	95%

which is Equivalent to 0.17% of total Iraqi employees in Iraq for 2015

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

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

1- Lukoil Company

(Table (134) – Training Programs(1))

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

2- ENI Company

(Table (135) – Training Programs(2))

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

3- Petronas Company

(Table (136) – Training Programs(3))

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

4- Exxonmobile

(Table (137) – Training Programs(4))

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

5- BP Company

(Table (138) – Training Programs(5))

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

6- Shell Company

(Table (139) – Training Programs(6))

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

7-Exploration No. 9

(Table (140) – Training Programs(7))

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

8-Exploration No. 10

(Table (141) – Training Programs(8))

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

9-Exploration No. 12

(Table (142) – Training Programs(9))

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

10- Kuwait Energy

(Table (143) – Training Programs(10))

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

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

(Table (144) – Training Courses)

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

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

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

6.3.6 Iraqi Governorate:

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

(Table (145) – Iraqi Governorates)

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

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

7 Impact

EITI Requirement:
7- Outcomes and impact.

(Table (146) – Public Debate)

7.1	Public Debate																				
	<p>According to our contract with IEITI and KPMG, it is obligated to print the 2015 final report along with a number of flash memories. The following table compares the numbers of copies and flash memories for the year 2015:</p> <table border="1" data-bbox="197 424 1370 673"> <thead> <tr> <th data-bbox="197 424 635 528">Report of</th> <th data-bbox="635 424 835 528">No. of Copies (2015)</th> <th data-bbox="835 424 1106 528">No. of electronic Copies (Flash memory)</th> <th data-bbox="1106 424 1370 528">Executive Summary (flash memory)</th> </tr> </thead> <tbody> <tr> <td data-bbox="197 528 635 569">Arabic Version of IEITI report</td> <td data-bbox="635 528 835 569">500</td> <td data-bbox="835 528 1106 569">1,000</td> <td data-bbox="1106 528 1370 569">1,000</td> </tr> <tr> <td data-bbox="197 569 635 600">Kurdish Version of IEITI report</td> <td data-bbox="635 569 835 600">0</td> <td data-bbox="835 569 1106 600">200</td> <td data-bbox="1106 569 1370 600">200</td> </tr> <tr> <td data-bbox="197 600 635 631">English Version of IEITI report</td> <td data-bbox="635 600 835 631">200</td> <td data-bbox="835 600 1106 631">500</td> <td data-bbox="1106 600 1370 631">500</td> </tr> <tr> <td data-bbox="197 631 635 673">Total</td> <td data-bbox="635 631 835 673">700</td> <td data-bbox="835 631 1106 673">1,700</td> <td data-bbox="1106 631 1370 673">1,700</td> </tr> </tbody> </table> <p>IEITI contributed to spread EITI goals by printing thousands of brochures, USB's, magazines, distributing copies of reports, etc..., during the year 2015. The following link depicts the activities for distributing the previous copied reports:</p> <p>ieiti.org.iq/uploads/2015%20Report/Annual%20Activity%20Report.pdf</p>	Report of	No. of Copies (2015)	No. of electronic Copies (Flash memory)	Executive Summary (flash memory)	Arabic Version of IEITI report	500	1,000	1,000	Kurdish Version of IEITI report	0	200	200	English Version of IEITI report	200	500	500	Total	700	1,700	1,700
Report of	No. of Copies (2015)	No. of electronic Copies (Flash memory)	Executive Summary (flash memory)																		
Arabic Version of IEITI report	500	1,000	1,000																		
Kurdish Version of IEITI report	0	200	200																		
English Version of IEITI report	200	500	500																		
Total	700	1,700	1,700																		
7.1.2	<p>The data contained in the reports is open and easily available, and can be compared with other publicly available data.</p>																				
7.1.3	<p>The IEITI report for the year 2014 had been published on the official website as depicted in the following link:</p> <p>http://ieiti.org.iq/ArticleShow.aspx?ID=111</p> <p>Please note as well that the summary data were published on CSV and XLSX format, as depicted in the below link for the year 2014:</p> <p>http://ieiti.org.iq/uploads/2014%20Report/Summary%20Data%20Template%20FINAL2014%20v7.xlsx</p> <p>And for the year 2013:</p> <p>http://ieiti.org.iq/uploads/report2013/Summary%20Data%20Template%202013%20v4.xlsx</p>																				
7.1.4	<p>All IEITI reports has been printed and published in three languages (Arabic, Kurdish, English)</p>																				
7.1.5	<p>The following link illustrates the activities performed by the members and representatives of the Government in MSG as following:</p> <p>http://ieiti.org.iq/ArticleShow.aspx?ID=119</p>																				

Discrepancies and recommendation from IEITI Reports

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

(Table (149) – Discrepancies and recommendations(2))

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

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

Review the outcomes and impact of EITI implementation.

(Illustration (14) – Challenges)

IEITI Challenges	Recommendation
<p>The civil society may not be aware of social contributions in extractive industries</p>	<p>Reporting of the social contribution of the extractive industries whether cash or in-kind contributions and awareness should also be exercised by the reporting entities as well.</p>
<p>Outdated information regarding the oil reserves</p>	<p>IEITI should recommend the government to assess the reserves in areas with significant extractive interests. More clear information on proven and probable geological reserves could ensure more efficient production and fiscal planning.</p>
<p>Identify who owns companies and who benefits: The identity of the real owners – the ‘beneficial owners’ – of the extractive companies is often unknown</p>	<ul style="list-style-type: none"> • Disclosure of beneficial ownership. • Establish public beneficial ownership registers.
<p>Inconsistency in reporting; local standards Vs. IFRS or Cash Vs. Accrual basis</p>	<p>Request from all reporting entities to prepare their financial statements in accordance with IFRS</p>

IETI Challenges**Recommendation**

Inaccurate license payments to government

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

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

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

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

Raise the need for enhanced legal framework.

Completeness of information from KRG

Research from credible sources to add relevant information.

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

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

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

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

Health, Safety and Environment

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

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

Environment Impact Analysis

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

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

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

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

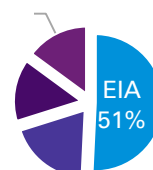
Environmental Impact Studies

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

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

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

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



(Illustration (15) – Environment Impact)

For more details on this topic, please refer to:

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

Kurdistan Region

Introduction regarding KRG data

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

On the 12th of July 2016, we received a letter from the Transparency Initiative for Extractive Industries in Iraq to facilitate our mission in KRG. Accordingly, our team met the Ministry of Natural Resources' representatives in Kurdistan on 25th July 2016 and on 8th August 2016, who apologized for not providing the requested information, explaining that the Ministry of Natural Resources can't provide any party with such information, and any information requested shall be done directly through the Ministry of Oil. We received an official email from the Ministry of Oil stating that no information related to Kurdistan Region is available.

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

Economy of Kurdistan Regional Government (KRG)

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

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

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

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

(50) http://minerals.usgs.gov/minerals/pubs/commodity/phosphate_rock/mcs-2015-phosp.pdf

Constitutional and legal framework for the oil sector in KRG

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

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

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

Key features of the leases, licenses or concessions which are issued under the regulatory regime

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

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

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

Kurdistan Transparency Initiative Background

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

Tax structure for Contracts

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

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

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

Environment Impact Analysis (EIA)

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



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

KRG Budget

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

(Table (150) – KRG))

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

The federal budget also highlighted the following items regarding KRG:

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

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

Erbil and Baghdad reach agreement on Kirkuk oil exports

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

⁽⁵²⁾

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

Erbil and Baghdad reach agreement on Kirkuk oil exports – Continued

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

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

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

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

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

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

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

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

KRG Oil Production by month in 2015 ⁽⁵⁵⁾

(Table (151) – KRG Oil Production)

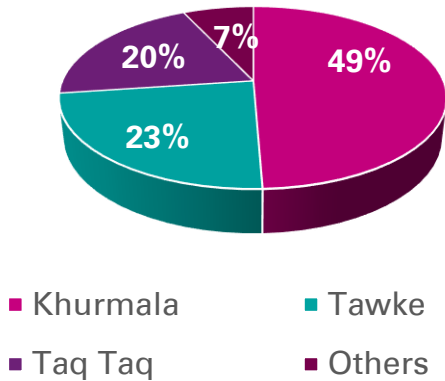
Month	Monthly Production (bbls)	Monthly Growth %	Monthly Average Production (bbls)
January	13,730,638		442,924
February	13,676,470	(0.004)	488,445
March	15,086,817	0.103	486,672
April	18,033,249	0.195	601,108
May	19,534,747	0.083	630,153
June	20,212,221	0.035	673,741
July	19,196,361	(0.050)	619,237
August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

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

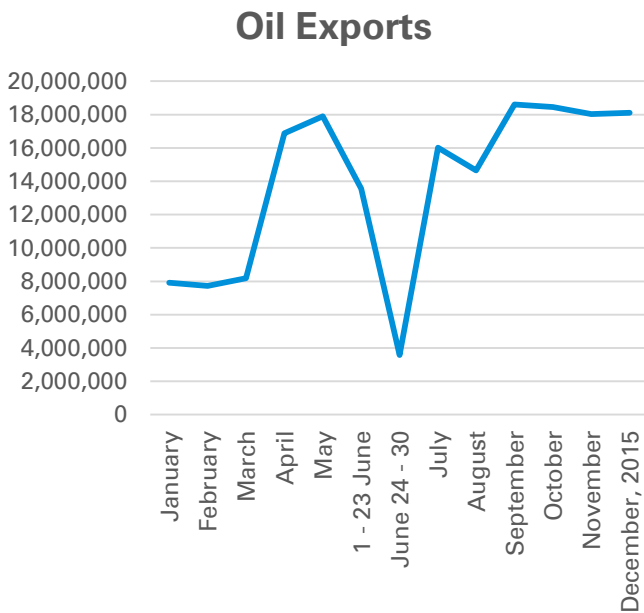
Oil Annual Production per block in 2015⁽⁵⁶⁾

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

(Illustration (16) - Oil Annual Production)



(Illustration (17) – Oil Exports)



(Table (152) – Total Exports)

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

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

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

Oil Supplied to Main Refineries during 2015 ⁽⁵⁸⁾

(Table (153) – Oil Supplied)

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

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

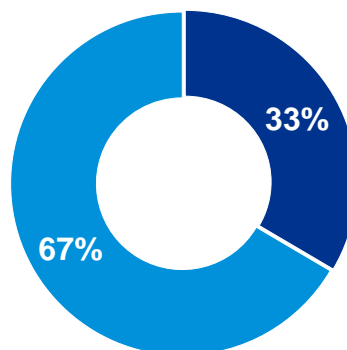
Oil Revenue for 2015 ⁽⁵⁸⁾

(Table (154) – Oil Revenue(1))

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

(Illustration (18) – Oil Revenue(2))

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



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

Oil Production, Exports, Refining Per Block ⁽⁵⁹⁾

(Table (155) – Oil Production)

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

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

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

Annexes

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

(Table (156) – Reporting Entities)

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

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

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

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

**The contact at KPMG in connection
with this document is:
Tel: + 962 6 5657090**

kpmg.com/socialmedia



kpmg.com/app

