

# PUBLIC INTEREST AND ACCOUNTABILITY COMMITTEE



## ANNUAL REPORT ON MANAGEMENT OF PETROLEUM REVENUES FOR THE PERIOD JANUARY – JUNE 2018

### ABOUT THIS REPORT

The 2018 PIAC Semi-Report is in fulfilment of PIAC's statutory obligation under the Petroleum Revenue Management Act, 2011 (Act 815). The Act, as amended by Act 893, enjoins PIAC to publish a semi-annual and annual report. The Report is a reconciliation of data supplied by stakeholder institutions and an independent assessment of the collection and management of the country's petroleum revenues for the period January – June 2018.

# PIAC





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## Acronyms and Abbreviations

ABFA	Annual Budget Funding Amount
AGPP	Atuabo Gas Processing Plant
BBLs	Barrels of Oil
BoG	Bank of Ghana
BOPD	Barrels of Oil per Day
BRENT	Broom Rannoch Etieve Ness and Tarbat
CAPEX	Capital Expenditure
CAPI	Carried and Participating Interest
CIT	Corporate Income Tax
COLA	Crude Oil Lifting Agreement
CTP	Cape Three Points
DEP	Decommissioning Execution Plan
CSPOG	Civil Society Platform on Oil and Gas
DWOP	Drill Well on Paper
DWT	Deepwater Tano
EPA	Environmental Protection Agency
ESLA	Energy Sector Levy Act
FEED	Front End Engineering and Design
FPSO	Floating Production Storage and Offloading
GHF	Ghana Heritage Fund
GIIF	Ghana Infrastructure Investment Fund
GJFFDP	Greater Jubilee Full Field Development Plan
GNGC	Ghana National Gas Company
GNPC	Ghana National Petroleum Corporation
GoG	Government of Ghana
GPF	Ghana Petroleum Fund

GRA	Ghana Revenue Authority
GSF	Ghana Stabilisation Fund
GTG	Gas Turbine Generators
IAC	Investment Advisory Committee
ICT	Information Communication Technology
IOCs	International Oil Companies
IPPs	Independent Power Producers
ITLOS	International Tribunal for Law of the Sea
LOPI	Loss of Production Insurance
LPG	Liquefied Petroleum Gas
MMBTU	Million British Thermal Units
MMScf	Million Standard Cubic Feet
MoEn	Ministry of Energy
MoF	Ministry of Finance
NAG	Non-associated Gas
NGITS	Natural Gas Infrastructure and Transmission System
NPA	National Petroleum Authority
OCTP	Offshore Cape Three Points
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
OPEX	Operating Expenditure
PA	Petroleum Agreement
PC	Petroleum Commission
PHF	Petroleum Holding Fund
PIAC	Public Interest and Accountability Committee
PoD	Plan of Development
PRMA	Petroleum Revenue Management Act
PURC	Public Utilities Regulatory Commission

SGN	Sankofa Gye-Nyame
SURF	Subsea Umbilical Risers and Flowlines
TEN	Tweneboa-Enyenra-Ntomme
TGL	Tullow Ghana Limited
TRP	Turret Remediation Project
TTIP	Takoradi-Tema Interconnection Project
VRA	Volta River Authority
WAGP	West African Gas Pipeline
WAPCO	West African Gas Pipeline Company
WCGIP	Western Corridor Gas Infrastructure Project
WCTP	West Cape Three Points

## Foreword

The Public Interest and Accountability Committee, (PIAC), established in September, 2011, is tasked with the oversight responsibility of monitoring and evaluating the management of Ghana's petroleum resources by the Government and relevant stakeholder institutions.

This report is prepared, among others with information and data from the Ministry of Finance, Bank of Ghana, Petroleum Commission, Ghana National Petroleum Corporation, Ghana Revenue Authority, Ghana National Gas Company and the International Oil Companies.

It aims at keeping Ghanaians and other interested stakeholders constantly informed of how the country's petroleum revenues are managed and utilised, as well as providing the basis for public engagements and the collation of citizens' feedback to be shared with duty bearers.

The Committee since its inception has published a total of 14 reports – seven (7) Annual and seven (7) Semi-Annual Reports - covering the period 2011 to June 2018.

The 2018 Semi-annual Report covers the period January to June 2018 and encompasses a broad range of issues associated with petroleum revenue management such as information on production, liftings, total revenues accruing and allocation by Government, and the management of the funds set aside in the Ghana Petroleum Funds (Ghana Stabilisation Fund and the Ghana Heritage Fund). This report however does not contain information on revenue utilisation because the Ministry of Finance failed to respond to data requests in a timely manner. The report also contains an examination of other issues and findings pertinent to the performance of various institutions charged with responsibilities in the Petroleum Revenue Management Act (PRMA) (Act 815), as amended by Act 893.

It is the expectation of the Committee that the general public will meticulously read the report and provide feedback especially during the public fora to be held

following the release of this report, or send comments via email to [secretariat@piacghana.org](mailto:secretariat@piacghana.org), or call us on +233 (0) 302 242 006.

PIAC is very grateful to the UK Department for International Development (DfID) through the Ghana Oil and Gas for Inclusive Growth (GOGIG) for the multi-year funding support to the activities of the Committee.

Furthermore, PIAC wishes to acknowledge the support of the GIZ's Good Financial Governance Programme for funding some of our public and Parliamentary engagements.

Finally, PIAC wishes to commend the Ministry of Finance and the Government of Ghana for adhering to the PRMA by providing the budgetary support, as well as Parliament for its strong collaboration with the Committee.

We wish to thank the citizenry for their support and encouragement.

The Chairman,  
PIAC

## Executive Summary

This Report is the seventh in the series of Semi-annual reports by PIAC. The report is based on the collection, collation, reconciliation and analysis of production and revenue data from relevant stakeholder institutions. Key findings and recommendations for action are as follows:

### Findings

#### *Crude Oil and Gas Production*

1. A total of 28,982,050 barrels (bbls) of oil was produced from Ghana' s three offshore producing Fields – 11,923,286 bbls from Jubilee, 11,772,267 bbls from TEN, and 5,286,497 bbls from SGN – between January and June, 2018. This represents a 19.04% increase over the first half of 2017 production.
2. The increased half-year production is as a result of improved production from the TEN and SGN Fields.
3. Average daily production from the TEN Field (65,040 bbls) inched closer to that of Jubilee (65,875 bbls), from 47,610 bbls for the same period in 2017.
4. Average daily production from the SGN Field more than doubled, from 12,099 bbls in the first half of 2017 to 29,207 bbls in the first half of 2018.
5. Total volume of raw gas produced for the first half of 2018 amounted to 44,797.21 MMScf compared to 31,673.96 MMScf for the same period in 2017.
6. A total of 14,694.27 MMScf of raw gas was exported to the Atuabo Gas Processing Plant (AGPP) in the first half of 2018.

7. A total of 13 liftings were made by the Jubilee Partners - 12,506,068 bbls; 12 liftings by the TEN Partners - 11,711,943 bbls; and the SGN Partners lifted six (6) parcels of crude - 5,840,411 bbls.
8. The Ghana Group lifted two parcels each from the Jubilee and TEN fields totaling 3,959,699 bbls.
9. From the SGN Field, the Partners lifted six (6) parcels of crude, totaling 5,840,411 bbls and the Ghana Group lifted one parcel (995,351 bbls) as royalty.
10. There was no lifting by GNPC in respect of CAPI as the Partners lifted the Corporation's share to offset its indebtedness in respect of unpaid cash calls.

### *Crude Oil Pricing*

11. The average unit price achieved by the Ghana Group for Jubilee Crude for the period under review was US\$70.78/bbl compared to the Government's estimated benchmark price of US\$56.85/bbl.
12. The two cargoes lifted by the Ghana Group from the TEN Field also achieved an average unit price of US\$67.58/bbl.

### *Petroleum Revenues*

13. Total petroleum receipts of US\$463,569,064.38 was paid into the Petroleum Holding Fund (PHF) for the first half of the year.
14. For the period under review, Carried Interest yielded the most revenue of US\$168,575,887.49 being 43 percent of total revenues, followed by Royalties (US\$151,754,754.45) representing 39 percent and Additional Participating Interest of US\$69,685,300.69 representing 18 percent. Other revenues from

Surface Rentals, Corporate Income Tax, and Interest Income accounted for US\$73,553,119.72 being 16 percent of the total.

15. An amount of US\$203,102,174.08 was deposited into the PHF from the Jubilee proceeds, US\$134,567,820.03 from the TEN Field and US\$63,030,602.08 from the SGN Field.
16. The PHF received US\$372,511.72 in Surface Rentals from seven (7) companies and US\$72,422,752.49 million for Corporate Income Tax (CIT). Undistributed funds in the PHF earned interest of US\$757,855.51.
17. In respect of payment of surface rentals, one Asem Sabastian Klenam was captured in the BoG 2018 Semi-annual Report as having paid US\$47,200 in April 2018. PIAC' s checks revealed that the said amount was the surface rentals assessed for Ecoatlantic Ghana Ltd/Petrogulf. This is an indication that there is still some challenge with respect to information sharing on the documentation of payments by GRA and BoG.
18. Between January and June 2018, GNGC sold processed gas with total invoice value of US\$160,648,513.18. This amount comprised expected revenue from the sale of Lean Gas (US\$ 137,248,841.58), representing 86 percent, expected revenue from LPG, US\$19,723,641.34 (12 percent) and condensates, US\$3,676,030.26 (2 percent).
19. Even though GNGC received US\$46,342,944.10 as proceeds from gas revenues, it made no payment to GNPC in respect of gas supplied, for which reason no gas receipts were realised in the PHF. The GNGC explained that it used the realised revenues to cover its operational cost.

20. For the period under review, GNGC' s indebtedness to GNPC stood at US\$45,170,192.14, with an outstanding opening balance of US\$230,315,198.37 bringing the total indebtedness to US\$275,485,390.51.

21. Cumulatively, receivables due Ghana Gas as at June 2018 stood at US\$873,767,914.87 (including interest charges for the period January to June 2018).

### *Distribution of Petroleum Revenues*

22. The total amount distributed from the PHF during the period under review was US\$475.86 million.

23. The GSF received the largest share of US\$150.84 million (32%) followed by GNPC with US\$142.82 million (30%), ABFA with US\$117.55 million (25%), and the GHF with US\$64.65 million (13%).

24. For the first time, the GSF received more than the ABFA, and is the highest since the commencement of petroleum production in Ghana.

25. The GNPC received US\$142.82 million for the half-year, as compared to US\$90.90 million in the first half of 2017, representing an increase of 57.12 percent.

26. The Ghana Infrastructure Investment Fund (GIIF) did not receive any disbursement from the ABFA in the period under review.

27. For the second time since its inception, the Committee has had to compile a report on the management and use of petroleum revenues without expenditure data. This is because the Ministry failed to respond to data

requests in a timely manner, not even after reminders and raising the issue before the Finance Committee of Parliament. The response was eventually received on the 17<sup>th</sup> of December, 2018 when the report had been finalised.

### ***Performance of the Ghana Petroleum Funds***

28. In the first half of 2018, an amount of US\$150,841,316.89 was transferred from the PHF into the Ghana Stabilisation Fund, whereas the Ghana Heritage Fund received US\$64,646,278.66.
29. The Ghana Petroleum Funds returned a net income of US\$6.49 million. The GSF contributed 37.74% (US\$2.45 million) and the GHF contributed 62.26% (US\$4.04 million) in the first half of 2018.
30. Net returns on investment of the Ghana Petroleum Funds since inception to the end of June 2018 was US\$34.70 million, up from US\$28.21 million, as at the end of December 2017.
31. The GPFs reserve as at the end of the first half of 2018 was US\$842.14 million, made up of GHF - US\$413.48 million and GSF - US\$428.66 million.
32. A cap of US\$300 million was placed on the GSF, following which, an amount of US\$77,681,757.40 which was the excess over the cap, was transferred to the Sinking Fund. No transfer was made into the Contingency Fund.
33. As indicated in the 2017 Annual and Semi-annual Reports, the Investment Advisory Committee (IAC) has still not been reconstituted following the change of government in January 2017.

### *Utilisation of GNPC Share*

34. The Corporation received a total amount of US\$142.82 million for half-year 2018, made up of equity financing and net proceeds of crude revenue from the Jubilee and TEN Fields.

35. The Corporation's cash balance brought forward from the previous period (2017) was US\$79.03 million, bringing the total cash available for 2018 to US\$221.85 million.

36. As reported in the 2014 Annual Report and subsequent reports of PIAC, the **US\$50million** advanced to the MoF for the construction of the Western Corridor Roads has still not been repaid as at the end of June 2018.

37. Advances and guarantees by GNPC on behalf of the Government of Ghana, Ministry of Finance and other SOEs including TOR, GNGC and BOST for which reimbursement were due in the second quarter of 2018, amounted to **GH¢1,318,393,339**.

### **RECOMMENDATIONS**

The following recommendations are made for the consideration of the various institutions for improved management and use of petroleum revenues:

1. GNPC should proactively budget for cash calls to avoid outstanding equity payments in respect of its participation in all fields.
2. GNGC must discontinue the practice of retaining gas revenues. Receipts from the sale of gas must be applied to defray the cost of raw gas supplied by GNPC, for lodgement in the PHF in accordance with Sections 2 & 3 of the PRMA.

3. Given the challenge with information sharing and documentation in respect of payment of surface rental, PIAC recommends closer collaboration between GRA and BoG to ensure consistency.
4. PIAC is of the view that the continuous non-payment for lean gas to VRA affects payments for raw gas to GNPC and subsequent transfers into the PHF. PIAC reiterates its call to the Ministry of Finance for improved transparency in the management and disbursement of the Energy Sector Levy Act (ESLA) funds which was established to help liquidate the sector indebtedness.
5. The GSF received its highest allocation since the commencement of petroleum production in Ghana but because the Fund was capped, only US\$300 million was saved to shore up future unexpected revenue shortfalls. PIAC recommends that in future, the Minister should provide explanation for the exercise of his capping discretion.
6. The IAC continues to be non-existent in the period under review, despite repeated calls for its reconstitution in line with the PRMA. PIAC recommends that the IAC be reconstituted as a matter of urgency as the current situation is in contravention of Section 29 of the PRMA.
7. In view of the increase in advances and guarantees by GNPC to the Government of Ghana, Ministry of Finance, TOR, GNGC and BOST to the tune of **GH¢1,318,393,339**, PIAC calls on government, in accordance with international best practice, to desist from using the Corporation to finance quasi fiscal expenditures.

## SECTION 1

### 1. INTRODUCTION

#### 1.1 Background

The Public Interest and Accountability Committee (PIAC) is a statutory body established under Section 51 of the Petroleum Revenue Management Act (PRMA), 2011 (Act 815), to ensure transparency in the generation and use of petroleum revenues.

The Committee has a mandate to:

- Monitor and evaluate compliance with the Act by Government and other relevant institutions in the management and use of the petroleum revenues and investments as provided by the Act;
- Provide space and platform for the public to debate whether spending prospects and management and use of revenues conform to development priorities as provided under Section 21(3); and
- Provide independent assessments on the management and use of petroleum revenues to assist Parliament and the Executive in the oversight and performance of related functions respectively.

#### 1.2 Objective and Purpose of the Report

This report responds to the provisions of the PRMA, which enjoin PIAC to deliver two reports each year, being Semi-annual and Annual, to inform the citizenry on the management and use of petroleum revenues. It is the seventh in a series of Semi-annual reports by PIAC since 2011.

### 1.3 Scope

The Report covers a range of issues:

- Update on PIAC' s programmes and Activities for the year
- Developments in the oil and gas sector over the period
- Petroleum production and sales
- Revenue collection and management
- Distribution of Petroleum Revenues
- Performance of the Ghana Petroleum Funds
- Distribution of Annual Budget Funding Amount (ABFA)
- Utilisation of GNPC allocation of the Petroleum Revenue
- Operations of the Ghana National Gas Company (GNGC)
- Compliance with the provisions of the PRMA
- Petroleum revenue outlook
- Summary of key findings
- Conclusions and recommendations

### 1.4 Methodology

The following methods were employed for this report:

- Analysis and reconciliation of data sourced from relevant stakeholder institutions;
- Interviews;
- Data verification; and,
- Stakeholder validation of analyses and findings.

The key stakeholder institutions consulted include:

- Ministry of Finance (MoF)
- Ministry of Energy (MoEn)

- Bank of Ghana (BoG)
- Petroleum Commission (PC)
- Ghana Revenue Authority (GRA)
- Ghana National Petroleum Corporation (GNPC)
- Ghana National Gas Company (GNGC)
- Ghana Infrastructure Investment Fund (GIIF)
- International Oil companies (IOCs)

### 1.5 Outline of Report

- Chapters One and Two provide introduction and updates in the upstream petroleum sector;
- Chapter Four analyses production and sales data;
- Chapters Five, Six, and Seven discuss petroleum revenue collection, performance of the Ghana Petroleum Funds (GPFs), distribution of petroleum revenues, and of the ABFA.
- Chapter Eight provides a list of projects and activities funded from the ABFA;
- Chapter Nine discusses utilisation of GNPC's allocation and operations of Ghana National Gas Company;
- Chapter Ten focuses on the outlook of the industry for 2018;
- Chapter Eleven sheds light on compliance with the provisions of the Act;
- Chapter Twelve summarises key findings; and,
- Chapter Thirteen draws conclusions and makes recommendations.

In communicating the findings and outcomes, the Report relies mainly on tables, charts, and graphs.

## SECTION 2

### 2. DEVELOPMENTS IN THE OIL AND GAS SECTOR OVER THE PERIOD

Upstream investments and related exploration, production, and maintenance activities continued to be bullish during the first half of 2018. Significant activities undertaken during the period include:

#### 2.1 Greater Jubilee Field

Remedial works on the faulty turret bearing continued during the period. The Operator scheduled two shut down operations on the Floating Production Storage and Offloading (FPSO) vessel, Kwame Nkrumah. These were to complete all outstanding works on the rotation and bearing stabilisation of the turret, and to undertake general maintenance of the production facility. The first shutdown was planned to coincide with the shutdown period of the Ghana National Gas Company (GNGC) plant at Atuabo. The duration was from 1st to 19th February 2018 (19 days). The second shutdown was between the periods of 28th May to 18th June 2018 (21 days).

Tullow Ghana Limited (TGL) resumed drilling at the Jubilee Field, in March 2018, under the regulatory supervision of the Petroleum Commission (PC), as part of the Greater Jubilee Full Field Development Plan (GJFFDP). Maersk Venturer Drillship was contracted by TGL to offer well construction services. Two wells have been drilled, namely J-53 P and J-51 P, both producer wells, and handed over for completion operations.

#### 2.2 Turret Remediation Project (TRP)

Activities aimed at finding a lasting solution to the faulty turret on FPSO Kwame Nkrumah, which suffered permanent damage in 2016, continued. As captured in

the 2017 Annual Report of PIAC, the FPSO was held stationary by means of heading control with the tugs via hawsers connected to the stern of the vessel until February 2017, when an interim spread moor was installed and deployed to secure the vessel in position.

The permanent (long term) solution is to rotate the FPSO from the current heading of 274 degrees to a chosen heading for asset integrity of the facility. The permanent solution would involve the bearing stabilisation and installation of an oil offloading Buoy for oil export, since the tandem offloading system will not be suitable. The remediation works continued during the two shut downs, in January and May, 2018.

### 2.3 TEN Field

Oil production from the Ntomme and Enyenra reservoir in the TEN Field was sustained during the period. This was on account of the completion of producer wells prior to the International Tribunal for the Law of the Sea (ITLOS) ruling that halted the drilling of new wells. There were major maintenance works, which include the change out of the Gas Turbine Generators (GTG) on the FPSO Atta Mills. Inspections were carried out on the turret with a view to averting a failure as experienced on the FPSO Kwame Nkrumah in the Jubilee Field. The TEN Field therefore continued to supply hydrocarbon gas to the GNGC during the second shutdown period of the FPSO Kwame Nkrumah, and this helped to sustain power generation by the Volta River Authority (VRA).

Tullow Ghana Limited resumed its post-ITLOS ruling TEN Field drilling activities from March this year. The Operator contracted Maersk Venturer Drillship for the purpose. Prior to the commencement of drilling activities - Drill Well on Paper (DWOP), Completions Well on Paper, and pre-spud meetings - were held among all major contractors and service companies.

## 2.4 Loss of Production Insurance

GNPC's Loss of Production Insurance (LOPI) policy for Jubilee and TEN expired on 31st July 2018. The policy has been extended for a period of 21 days commencing 1st August 2018 to 22nd August 2018, and this includes Sankofa Gye Nyame (SGN). The extension is to obtain capacity on the reinsurance market to absorb Sankofa, and this is being worked on to get the insurance placed for one year beginning 22nd August 2018.

## 2.5 Saltpond Field Decommissioning

Preparation towards decommissioning of the Saltpond Field, previously operated by Lushann Energy continued, albeit at a slow pace. A consultancy contract for the preparation of Decommissioning Execution Plan (DEP) was signed with PAP Energy Ghana Limited on 12th March 2018. As at the end of June 2018, progress of work was 42 percent against a planned progress of 47 percent. The contract cost is US\$850,000.00 excluding tax and logistics to be provided by GNPC. It is anticipated that the final DEP will be ready by the end of November 2018.

## 2.6 Deep Water Tano/Cape Three Points (DWT/CTP) Project

During the period under review, Hess completed the transfer of its 50 percent stake in the DWT/CTP Project to Aker Energy of Norway. The Petroleum Commission undertook a cost audit of the Hess Project from inception to the completion of transfer to Aker. The audit ended in June 2018.

Project pre-development activities have resumed in earnest, following the final determination of the maritime dispute between Ghana and La Cote d'Ivoire by the International Tribunal for the Law of the Sea (ITLOS). The Subsea Umbilical Risers and Flowlines (SURF) Front End Engineering and Design (FEED), FPSO design, technical and local content evaluation of the project have been

completed. The Commercial Evaluation of the FPSO design competition got underway by close of the reporting period.

The Operator is currently finalising the Field's Plan of Development (PoD) for submission by November 2018.

## 2.7 Offshore Cape Three Points (OCTP) Project

The overall OCTP integrated development project (Oil Phase and Gas Phase) achieved 98 percent completion status, including the commissioning of the Non-associated Gas (NAG) facilities on the FPSO by close of June 2018. All wells for the production of oil and NAG were drilled and completed, except SNKE-C, which was undergoing completion activities.

### 2.7.1 Readiness of the Onshore Receiving Facility (ORF)

The Onshore Receiving Facility (ORF) for the OCTP project is located at Sanzule in the Western Region. The ORF will receive gas from the OCTP Field. The gas will then be transported to tie-in with gas from the Atuabo Gas Processing Plant. The two streams would be combined and then compressed for export through the existing Ghana National Gas Company (GNGC) pipeline for delivery to power plants and industries. The facility has the capacity to process a total of 405 MMscf/d of gas, but currently processes 150 MMscf/d.

During the period of January to June 2018, civil, construction, installation, piping, electrical works and mechanical completion works progressed steadily to achieve readiness for Start-up operation. As at the end of June 2018, the overall progress of the facility was 94 percent. Major work scopes on gas compressor packages, main gas power generators, fiscal meters and analysers are nearing completion. On 29th June 2018, hydrocarbon gas from GNGC was used to commission the GNGC fuel gas-metering skid.

According to the Petroleum Commission, the Operator, ENI, is confident of supplying first gas by July 2018 but has expressed concerns in respect to the non-readiness of the facility for gas evacuation from the West (Aboadze Thermal Hub) to the East (Tema Thermal Hub) via the WAGP. The Government of Ghana (GoG), through the Ministry of Energy, is working with all parties concerned (GNPC, GNGC, ENI, WAPCO and IPPs) to ensure all the necessary agreements are signed to allow for pipeline interconnection activities to be completed on schedule for gas transport.



Figure 1: A Section of the ORF

### 2.7.2 Takoradi Tema Interconnection Project

To facilitate gas evacuation from the West (Sanzule) to the eastern power enclave will require the execution of the Takoradi-Tema Interconnection Project, a contract awarded to Saiwest. The scope of the project involves changes to the following facilities to allow for increased flow of gas:

- GNGC' s Takoradi Regulatory and Metering Station

- WAPCO Takoradi Regulatory and Metering Station
- WAPCO' s Tema Regulatory and Metering Station

The project is however encountering significant delay. At the end of June, progress of work stood at 42.57 percent compared to planned target of 91.62 percent. The holdup is largely attributed to delay in the arrival of the long lead items.



Figure 2: Concrete Casting works ongoing at ENI-Ghana Gas tie-in joint

### 2.7.3 Interim Bypass

In order to align the TTIP with the expected date of first gas from Sankofa, an interim bypass at Ghana Gas and WAPCo facilities in Takoradi is currently being installed by ENI. The Bypass is expected to be completed by mid-August 2018

and would allow the flow of 60 MMscf/d of gas from Takoradi to Tema through the West African gas pipeline (WAGP) pending the completion of the TTIP.

## 2.8 Voltaian Basin Project

GNPC continued its exploratory activities in the Voltaian Basin during the period.

The following activities were carried out:

- Seismic acquisition officially commenced in April, and continued throughout May, June and came to completion on July 20, 2018 for the Northern part of the Basin;
- Seismic acquisition is scheduled to commence in the Southern part of the Basin on 28th July;
- The seismic acquisition contractors (BGP) continued to pursue their permit, land surveying, as well as undertaking Line Clearance and LVL operations during the period;
- Fly-camps continued to be deployed to support field operations and reduce travel time;
- GNPC continued to support field operations by deploying project management, permitting, survey and geophysical personnel, and a social performance team to complement efforts by BGP;
- As at the end of July 2018, seismic acquisition was 55.8 percent complete, covering a distance of 846.45kms;
- Seismic data processing continues at BGP offices in China, with seismic acquisition expected to be completed during the first quarter of 2019.

## 2.9 Energy Commission' s Exercise of Regulatory Oversight

During the reporting period, the Energy Commission undertook a working visit to the Western Corridor Gas Infrastructure Project (WCGIP) and the Offshore Receiving Facility as part of its regulatory mandate for the natural gas sub-sector.

This was during the 21-day shutdown of the Atuabo gas processing facility, from 9th – 23rd February, 2018. The purpose on this occasion was to monitor and inspect expansion and tie-in works being undertaken at Sanzule and the Takoradi Regulatory and Metering Station. It followed the submission to the Commission, a schedule of works to be carried out by GNGC and Eni.

The following tasks were undertaken during the visit:

1. Ascertained the quality of work done by Eni during the interconnection with the Natural Gas Infrastructure and Transmission System (NGITS);
2. Conducted inspection of ongoing activities as per the schedule submitted;
3. Monitored maintenance works at the GPP by Ghana Gas Company. At the GPP, a 12" pipeline was being laid as a provision to supply Iso-pentane to Marinus Power plant.
4. Met with Ghana National Gas Company on outstanding documents to be submitted to the Commission for the company' s application for the Natural Gas Transmission Utility Licence;
5. Inspected the Twyford Gas Receiving Facility to enforce the Commission' s instruction to the company, to build a fence round its natural gas receiving station on its site, and to discuss renewal conditions for the company' s Bulk Customer Licence.

The tie-in works being done at the Takoradi Regulatory and Metering Station would enable Amandi, Rotan Power, and Karpowership to off-take gas from the Station.



Figure 3: Fenced receiving station of Twyford

## 2.10 Other Industry-related Developments

### 2.10.1 New Petroleum Agreements (PAs)

In January 2018, the Government of Ghana initialled a new Petroleum Agreement with Exxon Mobil, following conclusion of direct negotiations with the company. The Agreement is yet to be ratified by Parliament, as Exxon Mobil is still in search of a local company to take up five percent equity, reserved for Ghanaians under the country's local content provisions.

Even before the document is laid before Parliament, some civil society groups led by the Civil Society Platform on Oil and Gas (CSPOG) have raised concerns about the fact that, open competitive bidding, which is the default position of the Petroleum (Exploration and Production) Act, 2016 (Act 919), was not followed. They argue that the impression is given by the Ministry of Energy that, the negotiations began prior to the passage of the 2016 law, when in actual fact the

negotiations in question, initiated under the previous government, ended inconclusively in 2015.

#### 2.10.2 Development of Regulations for the E&P Act

During the reporting period, the following progress was made to provide the full complement of Regulations to operationalise the Petroleum (Exploration and Production) Act, 2016 (Act 919):

- Petroleum Data Management Regulations, passed;
- Petroleum Health Safety and Environment Regulations, passed;
- General Petroleum Regulations (GPR) – Currently before Parliament;
- Petroleum Data Management Guidelines (85 percent complete)
- Petroleum Health, Safety and Environment Guidelines (85 percent complete)

#### 2.10.3 Petroleum Register

In accordance with Section 56 (1) of the Petroleum (Exploration and Production) Act, 2016 (Act 919) which enjoins the Petroleum Commission to establish and maintain a Petroleum Register, the Petroleum Commission launched the country's first ever Petroleum Register on 6th February 2018. The Register is home to all petroleum agreements, licences, permits, and authorisations. It is publicly accessible at [www.ghanapetroleumregister.com](http://www.ghanapetroleumregister.com), providing an unfettered access to relevant information on contracts.

#### 2.10.4 Local Content Fund

In line with the dictates of Section 64 of the Petroleum (Exploration and Production) Act, 2016 (Act 919) for the establishment of a Local Content Fund to support Ghanaian participation in the upstream petroleum sector, the Petroleum Commission has set up a Local Content Fund Secretariat, with an Interim

Coordinator to ensure the smooth administration of the Secretariat. The Fund account has also been created, awaiting disbursements.

## SECTION 3

### 3. PETROLEUM PRODUCTION AND SALES

#### 3.1 Crude Oil Production

A total of 28,982,050 barrels (bbls) of oil was produced from Ghana's three offshore producing Fields - Jubilee, TEN, and SGN, from January to June, 2018. This represents a 19.04% increase over the first half of 2017 production volume of 24,346,460 bbls, and the highest half-year crude oil production since 2011 as shown in Figure 4.

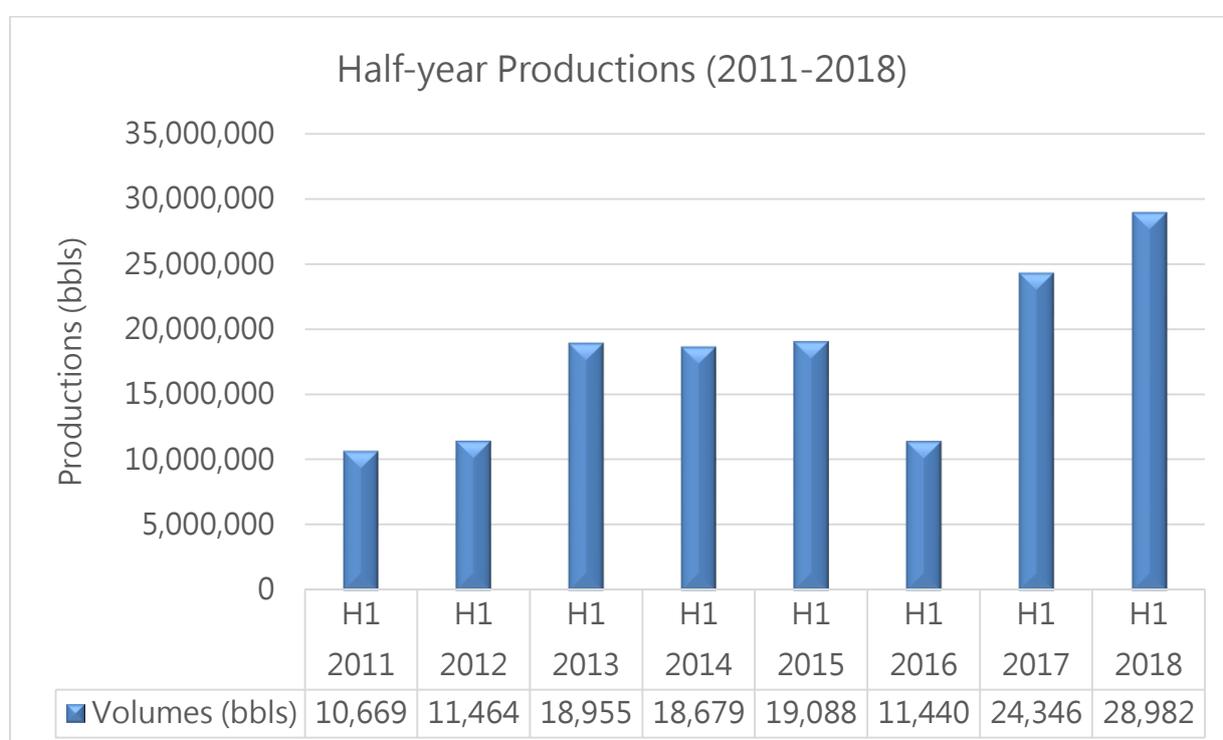


Figure 4: Half-year (H1) Crude Oil Production (2011- 2018)

The increase in production for the first half of 2018 over that of 2017 is a result of improved production on the SGN Field for the entire first half-year, compared to two months of production (May and June) for the same period in 2017. In addition, production on the TEN Field increased from 8,617,380 bbls for the first half of 2017 to 11,772,267 bbls for the same period in 2018.

Table 1 shows the monthly production figures for Jubilee, TEN and SGN Fields for the first half-year 2018.

Table 1: Breakdown of Total Crude Production

MONTH	JUBILEE (BCLS)	TEN (BCLS)	SGN (BCLS)	PRODUCTION DAYS		TOTAL
				Jub	TEN & SGN	
January	2,699,858	2,181,529	1,098,754.50	29	31	5,980,141.50
February	408,585	1,947,711	909,194.42	11	28	3,265,490.42
March	2,634,581	2,044,780	911,716.00	31	31	5,591,077.00
April	2,642,480	1,915,683	801,360.61	30	30	5,359,523.61
May	2,718,480	1,913,518	778,355.43	28	31	5,410,353.43
June	819,302	1,769,046	787,115.61	12	30	3,375,463.61
<b>Total</b>	<b>11,923,286</b>	<b>11,772,267</b>	<b>5,286,497</b>	<b>141</b>	<b>181</b>	<b>28,982,050</b>
<b>Daily Average</b>	<b>65,875</b>	<b>65,040</b>	<b>29,207</b>			

Sources: GNPC and PC, June 2018

Average daily production on the Jubilee Field decreased to 65,875 bbls in the first half of 2018 from 84,160 bbls in the 2017 half-year. This was caused by the Turret Remediation works that led to two shutdowns of the FPSO Kwame Nkrumah for 19 days and 21 days in February and June respectively.

The Jubilee Field achieved its highest production in May despite the commencement of the second shutdown at the end of that month. February recorded the lowest production volumes.

Average daily production on the TEN Field inched closer to that of Jubilee, reaching 65,040 bbls for the first half of 2018, from 47,610 bbls for the same period in 2017. This was made possible due to the completion of producer wells that were drilled prior to ITLOS. The highest production on the TEN Field was achieved in January, while June recorded the lowest production volumes.

Production commenced on the SGN Field in May 2017, adding only two months of production to the total first half output of 2017. In 2018, the Field witnessed continuous production for the entire first half of the year. As a result, average daily production more than doubled, from 12,099 bbls in 2017 to 29,207 bbls in the first half of 2018. The expected production target of 35,400 bbls of oil per day was not met due to poor reservoir performance. The highest production volumes were obtained in January, while May recorded the lowest volumes on the SGN Field.

Cumulatively, the volume of crude oil produced in Ghana since first oil in November 2010, totals 281,867,913.11 bbls as at the end of June 2018.

### 3.2 Gas Production

Total volume of raw gas produced for the first half of 2018 amounted to 44,797.21 MMScf, compared to 31,673.96 MMScf for the same period in 2017. The 2018 half-year volume represents a percentage increase of 41% (13,123.25 MMScf) over that of 2017, being the highest recorded half-year volume of gas produced in Ghana since 2010. This is due to increased production from the TEN and SGN Fields. Gas production from the Jubilee Field however reduced slightly to 17,607.80 MMScf during the first half of 2018 from 19,717.38 MMScf for the same period in 2017, due to the shutdown of the FPSO Kwame Nkrumah in February and June.

Table 2: Gas production from Jubilee, TEN and SGN

MONTH	JUBILEE (MMScf)	TEN (MMScf)	SGN (MMScf)	TOTAL
January	3,779.55	3,021.59	1,666.48	8,467.62
February	574.41	2,823.24	1,425.87	4,823.52
March	3,675.52	3,184.57	1,503.66	8,363.75
April	3,967.57	3,156.41	1,366.06	8,490.04
May	4,326.38	3,185.29	1,356.07	8,867.74
June	1,284.37	3,090.55	1,409.62	5,784.54
<b>Total</b>	<b>17,607.80</b>	<b>18,461.65</b>	<b>8,727.76</b>	<b>44,797.21</b>

Source: GNPC, June 2018

Consequently, raw gas exported to the GNGC from the Jubilee Field witnessed a slight reduction during the period under consideration, despite an overall increase in gas exports from 11,095.71 MMScf in the first half of 2017 to 14,694.27 MMScf for the same period in 2018. As shown in Table 3, increase in exports was driven by the completion of the TEN gas manifold. The SGN Field does not export gas to the Atuabo Gas Processing Plant.

Table 3: Raw Gas Exported to GNGC from Jubilee and TEN

Month	Jubilee (MMScf)	TEN (MMScf)	TOTAL
January	3,040.61	211.41	3,252.02
February	0	57.027	57.027
March	1,830.72	643.543	2,474.26
April	1,711.20	1,386.87	3,098.07
May	2,223.03	1,078.70	3,301.73
June	527.19	1,983.97	2,511.16
<b>Total</b>	<b>9,332.75</b>	<b>5,361.52</b>	<b>14,694.27</b>

Source: GNPC, June 2018

There were no gas exports from the Jubilee Field in February 2018. Although 574.41 MMScf of raw gas was produced, 572.31 MMScf of the produced gas was flared, with the remainder used as fuel gas. The shut down in February 2018 was for both downstream and upstream maintenance with the upstream shutdown occurring days after the downstream shutdown, hence no gas exports within the period.

### 3.3 Crude Oil Liftings

#### 3.3.1 Jubilee Field

A total of 13 liftings were made by the Jubilee Partners for the first half of 2018 compared to 16 liftings for the same period in 2017. The reduction is as a result of the shutdowns in February and June. The Ghana Group lifted two parcels of crude totalling 1,969,891 bbls compared with 10,536,177 bbls by the other partners in line with the Jubilee Field Crude Oil Lifting Agreement (COLA) as shown in Table 4.

Table 4: Crude Oil Liftings by the Ghana Group and other Jubilee Partners – Half-year 2018

JUBILEE PARTNER	QTY LIFTED (BBLs)	LIFTING DATE	PAECCEL NO
Anadarko & PetroSA	946,939	02-Jan-18	0057
Tullow	950,481	13-Jan-18	0078
Anadarko & PetroSA	992,619	29-Jan-18	0058
Kosmos	997,192	24-Feb-18	0053
Tullow	949,786	08-Mar-18	0079
Ghana Group	973,730	20-Mar-18	0042
Anadarko & PetroSA	946,579	02-Apr-18	0059
Tullow	952,300	11-Apr-18	0080
Kosmos	903,429	21-Apr-18	0054
Ghana Group	996,161	02-May-18	0043
Tullow	904,907	16-May-18	0081
Anadarko & PetroSA	995,319	25-May-18	0060
Kosmos	996,626		0055
<b>TOTAL LIFTING</b>	<b>12,506,068</b>		
<b>AVERAGE LIFTING</b>	<b>962,005</b>		

Source: GNPC, June 2018

Even though total liftings reduced, the Ghana Group recorded an increase of 73,154 bbls, approximately 3.86%. Liftings by the other Jubilee Partners reduced from 13,269,334 bbls for the first half of 2017 to 10,536,177 bbls for the same period in 2018.

### 3.3.2 TEN Field

In respect of the TEN Field, 12 parcels of crude were lifted by the Partners from January to June 2018 totalling 11,711,943 as shown in Table 5. Compared to the 2017 half-year liftings from the TEN Field, this represents a 2,820,461 bbls (31.72%) increase in total liftings for the Field. Despite the significant increase in total liftings from the TEN Field, the Ghana Group lifted two parcels of crude from the Field, totalling 1,989,808 bbls from January to June 2018 compared to 1,992,245 bbls for the same period in 2017. This represents a reduction of 2,437 bbls in the volume of liftings by the Ghana Group.

In response to this observation, GNPC explained that, its last lifting for 2017 was done on 20<sup>th</sup> December, and that, the quantity lifted was 1,007,382 bbls, more than the usual cargo size of 950,000 bbls. As a result, the Corporation started 2018 with a negative inventory.

Liftings by the other TEN Partners totalled 9,722,135 bbls during the period under review, compared to 6,899,237 bbls for the same period in 2017, representing an increase of 2,822,898 bbls or 40.92 percent.

Table 5: Crude Oil Liftings by the Ghana Group and other TEN Partners – Half-year 2018

TEN PARTNER	QTY LIFTED (BBLs)	LIFTING DATE	PARCEL NO
Tullow	995,798	06-Jan-18	0013
Tullow	948,365	20-Jan-18	0014
Anadarko & PetroSA	994,869	02-Feb-18	0006
Kosmos	936,785	16-Feb-18	0005
Ghana Group	994,723	02-Mar-18	0006
Tullow	995,578	15-Mar-18	0015
Tullow	965,921	29-Mar-18	0016
Anadarko & PetroSA	947,308	13-Apr-18	0007
Kosmos	995,310	28-Apr-18	0006
Tullow	948,120	14-May-18	0017
Ghana Group	995,085	31-May-18	0007
Tullow	994,081	15-Jun-18	0018
<b>TOTAL LIFTING</b>	<b>11,711,943</b>		
<b>AVERAGE LIFTING</b>	<b>975,995</b>		

Source: GNPC, June 2018

### 3.3.3 Sankofa Gye-Nyame (SGN) Field

For the first half of 2018, the SGN Partners lifted six (6) parcels of crude, totalling 5,840,411 bbls. The Ghana Group lifted one parcel (995,351 bbls) as royalty. There was no lifting by GNPC in respect of Carried and Participating Interest (CAPI). This was as a result of the Corporation's inability to honour outstanding payments (plus interest) in respect of its equity participation in the Field. Consequently, the SGN partners invoked *Article 10.1(d)* of the OCTP Petroleum Agreement, which

entitles the contractor to apply GNPC' s crude oil entitlement to liquidate GNPC' s share of the development costs (plus interest).

Table 6: Crude Oil Liftings by the Ghana Group and other SGN Partners – Half-year 2018

SGN PARTNER	QTY LIFTED (BBLs)	LIFTING DATE
ENI	995,819	16-Jan-18
VITOL	996,136	08-Feb-18
<b>GHANA GROUP (ROYALTY)</b>	<b>995,351</b>	<b>16-Mar-18</b>
VITOL	952,514	16-Apr-18
ENI	950,966	22-May-18
ENI	949,625	26-Jun-18
<b>TOTAL LIFTING</b>	<b>5,840,411</b>	
<b>AVERAGE LIFTING</b>	<b>973,402</b>	

Source: GNPC, June 2018

Total production cost payable by GNPC for the half-year period was US\$9.68 million, out of which US\$2.48 million was outstanding. According to the Corporation, the outstanding amount will be paid in July 2018. The GNPC further explained that as at 30<sup>th</sup> June 2018, the cumulative amount of crude oil applied as setoff against both Operating Expenditure (OPEX) and Capital Expenditure (CAPEX) was 1,904,736 barrels (from inception to date). This is equivalent to circa two (2) liftings; translating to US\$125,601,140. Outstanding payments in respect of CAPEX and OPEX totalled US\$65,995,617 as at the end of June 2018 as shown in Table 7.

Table 7: SGN Development Cost Repayment (In-kind & US\$)

<b>BARRELS</b>	<b>2017</b>	<b>2018</b>	<b>Total</b>	<b>Balance</b>
<b>OPEX (BBLS)</b>	120,906	103,030	223,935	
<b>CAPEX (BBLS)</b>	711,081	969,719	1,680,800	
<b>Total (BBLS)</b>	<b>831,987</b>	<b>1,072,749</b>	<b>1,904,736</b>	
<b>US\$</b>	<b>2017</b>	<b>2018</b>	<b>Total</b>	<b>Balance</b>
<b>OPEX (US\$)</b>	7,255,895	7,191,280	14,447,174	2,489,189
<b>CAPEX (US\$)</b>	42,956,078	68,197,888	111,153,966	63,506,428
<b>Total (US\$)</b>	<b>50,211,973</b>	<b>75,389,167</b>	<b>125,601,141</b>	<b>65,995,617</b>

Source: GNPC, June 2018

### 3.4 Crude Oil Pricing

#### 3.4.1 Jubilee and TEN Achieved Crude Prices

The average unit price achieved by the Ghana Group for Jubilee Crude for the period under review was US\$70.78/bbl compared to a Government estimated benchmark price of US\$56.85/bbl. As a result of an improved oil price regime, the achieved unit price for the Jubilee Field was significantly higher than the estimated benchmark price, compared with the average Dated BRENT price of US\$70.55/bbl during the same period.

The Ghana Group's two cargoes lifted from the TEN Field also achieved an average unit price of US\$67.58/bbl, which is higher than the estimated benchmark price, and lower than the average Dated BRENT price for the first six months of 2018.

Furthermore, the combined average achieved price for both Jubilee and TEN crude for the period was US\$69.18/bbl, representing -0.32% and 5.05% deviations from the average dated BRENT and benchmark prices respectively.

Figure 5 compares the achieved prices of both Jubilee and TEN Fields with the Dated BRENT price for the period.



Figure 5: Achieved Prices - Jubilee vs TEN vs BRENT

Source: PIAC Construct, June 2018

As depicted in Figure 5, the sharp variations in prices reflect the strong rebound in oil prices during the period under review.

### 3.4.2 Ghana Group versus Jubilee, TEN, and SGN Partners

A comparison of the achieved prices for the Jubilee Crude by the Ghana Group and Jubilee Partners indicates that the prices achieved by the Ghana Group were

competitive. The prices achieved by the Ghana Group were slightly lower than that of Tullow but higher than those of Kosmos and Anadarko.

For the TEN crude, the Ghana Group obtained lower prices than all the other partners. While the average achieved price by the Ghana Group was US\$67.58/bbl, Kosmos, Anadarko, and Tullow achieved US\$69.82/bbl, US\$69.20/bbl, and US\$71.42/bbl respectively.

The achieved price for the SGN crude by the Ghana Group for its royalty lifting was also lower than the other partners. The Ghana Group obtained US\$64.62/bbl whereas VITOL and ENI got US\$67.96/bbl and US\$73.96/bbl respectively, as shown in Fig. 6<sup>1</sup>.

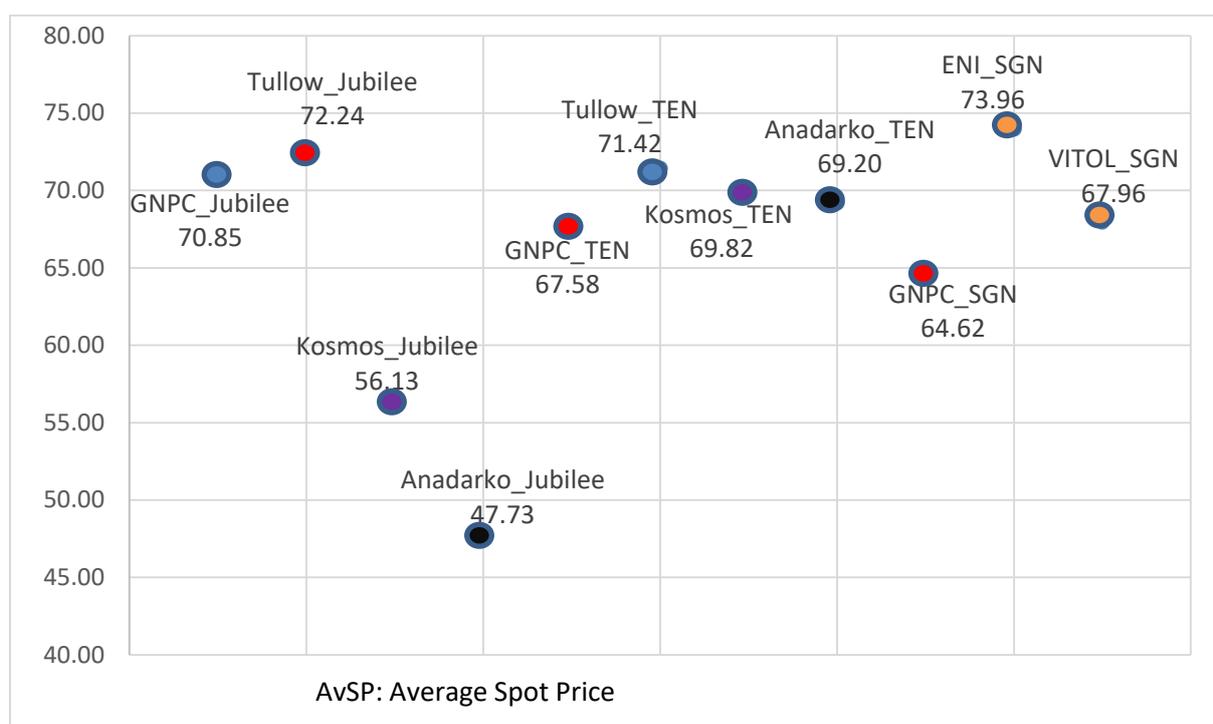


Figure 6: Comparison of Achieved Prices of Jubilee, TEN and SGN Partners

Source: PIAC's construct based on data from Partners, June 2018

<sup>1</sup> According to the Corporation, its achieved prices are affected by prevailing market conditions at the time of liftings, and not a measure of its marketing efficiency.

For gas, a price of US\$ 2.90 /mmBTU was negotiated between GNPC and GNGC for both Jubilee and TEN Fields.

## Findings

1. A total of 28,982,050 barrels (bbls) of oil was produced from Ghana' s three offshore producing Fields – 11,923,286 bbls from Jubilee, 11,772,267 bbls from TEN, and 5,286,497 bbls from SGN – between January and June, 2018. This represents a 19.04% increase over the first half of 2017 production.
2. The increased half-year production is as a result of improved production from the TEN and SGN Fields.
3. Average daily production from the TEN Field (65,040 bbls) inched closer to that of Jubilee (65,875 bbls), from 47,610 bbls for the same period in 2017.
4. Average daily production from the SGN Field more than doubled, from 12,099 bbls in the first half of 2017 to 29,207 bbls in the first half of 2018.
5. Total volume of raw gas produced for the first half of 2018 amounted to 44,797.21 MMScf compared to 31,673.96 MMScf for the same period in 2017.
6. A total of 14,694.27 MMScf of raw gas was exported to the Atuabo Gas Processing Plant (AGPP) in the first half of 2018.
7. A total of 13 liftings were made by the Jubilee Partners - 12,506,068 bbls; 12 liftings by the TEN Partners - 11,711,943 bbls; and the SGN Partners lifted six (6) parcels of crude - 5,840,411 bbls.
8. The Ghana Group lifted two parcels each from the Jubilee and TEN fields totaling 3,959,699 bbls.

9. From the SGN Field, the Partners lifted six (6) parcels of crude, totaling 5,840,411 bbls and the Ghana Group lifted one parcel (995,351 bbls) as royalty.
10. There was no lifting by GNPC in respect of CAPI as the Partners lifted the Corporation' s share to offset its indebtedness in respect of unpaid cash calls.
11. The average unit price achieved by the Ghana Group for Jubilee Crude for the period under review was US\$70.78/bbl compared to the Government' s estimated benchmark price of US\$56.85/bbl.
12. The two cargoes lifted by the Ghana Group from the TEN Field also achieved an average unit price of US\$67.58/bbl.

## SECTION 4

### 4. REVENUE COLLECTION AND MANAGEMENT

The Petroleum Revenue Management Act, 2011 (Act 815) defines Petroleum Revenues broadly to include receipts from Royalty, Initial (Carried) Interest, Additional Participating Interest, Petroleum Income Tax, Additional Oil Entitlement, and Surface Rentals. The Act mandates the Ghana Revenue Authority (GRA) to assess, collect, and account for petroleum from these sources. A Petroleum Holding Fund is established at the Bank of Ghana by Act 815 into which all petroleum revenues are to be paid.

#### 4.1 Payment into the Petroleum Holding Fund – Half-year 2018

Total petroleum receipts of US\$ US\$463,569,064.38 was paid into the Petroleum Holding Fund (PHF) for the first half of the year. This amount was realised from the various sources that constitute petroleum revenues. The revenues from these sources are enumerated below.

#### 4.2 Half-year 2018 Petroleum Receipts from Crude Liftings

##### 4.2.1 Revenue from Jubilee Field Crude Liftings

An amount of US\$63,387,363.87 was paid into the PHF in January as proceeds from the sale of 992,459 barrels lifted from the Jubilee Field in December 2017.

The Ghana Group lifted an additional 1,969,891 barrels of oil from the Jubilee Field generating revenue of US\$107,438,741.77. In all, a total of US\$203,102,174.08 has been received by the PHF from the sale of crude oil liftings by the Ghana Group from the Jubilee Field.

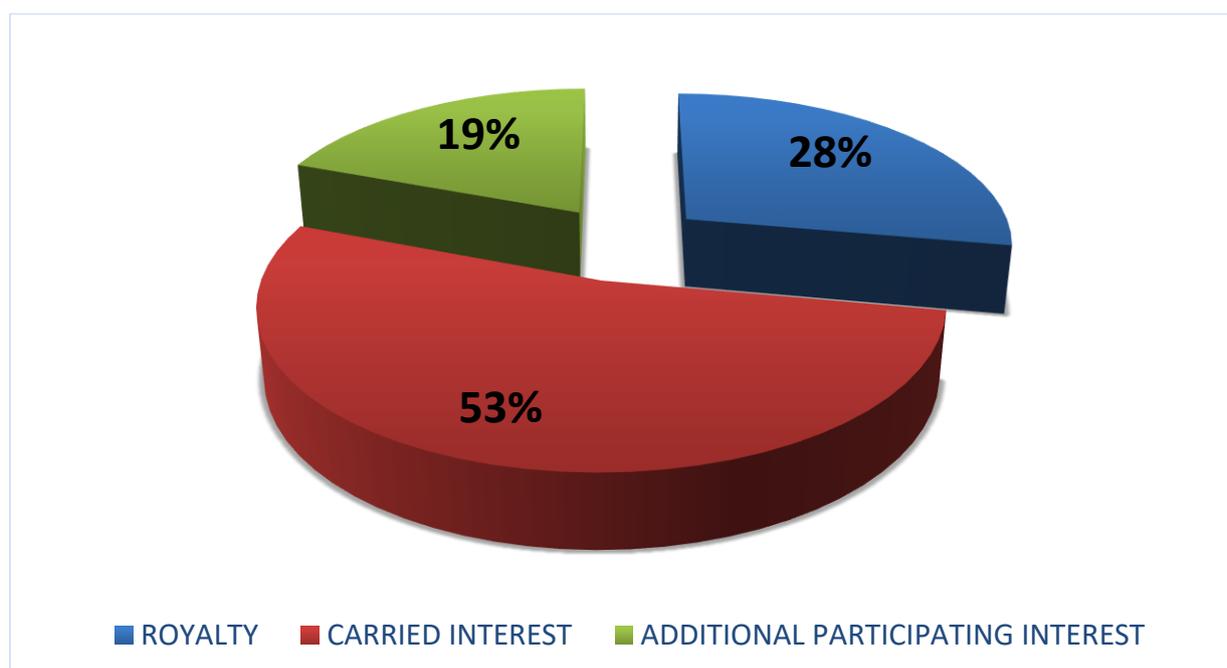
Table 8: Crude Oil Liftings from Jubilee by the Ghana Group and the Associated Revenue – Half-year 2018

Date of Lifting	Lifting No.	Volume (bbl)	Selling Price (US\$)	Premium (US\$)	Revenue (US\$)
Dec-17	35	992,459	63.87	-	63,387,363.87
20-Mar-18	0042	973,730	64.659	473,232.78	63,038,306.47
13-May-17	0043	996,161	76.892	-37,854.12	76,676,504.49
<b>Total</b>		<b>2,962,350</b>		<b>230,472.00</b>	<b>203,102,175.00</b>

Source: GNPC & BOG, June 2018

As shown in Fig 7, 53 percent (US\$107,438,741.77) of revenues from the Jubilee Field were derived from Carried Interest. Royalty from the Field amounted to US\$56,546,706.20, representing 28 percent, while Additional Participating Interest recorded US\$39,116,726.86, accounting for 19 percent of the total revenue.

Figure 7: Distribution of Revenues from the Jubilee Field-First Half of 2018



Source: PIAC' s construct, June 2018

#### 4.2.2 Revenue from TEN Field Oil Liftings

In December 2017, the Ghana Group lifted a parcel of 1,007,382 barrels from the TEN Field, yielding US\$62,326,724.34 in revenue.

For the first half of 2018, two parcels of oil were lifted from the TEN Field, yielding US\$134,567,820.03 in revenue.

As at June 2018, a total of US\$123,883,167.75 million had been lodged into the PHF in respect of the 5<sup>th</sup> and 6<sup>th</sup> liftings from the TEN Field. The revenue realised from the 7<sup>th</sup> lifting from the TEN Field is yet to be paid into the Petroleum Holding Fund.

Table 9: Revenue from TEN Field Oil Liftings

Date of Lifting	Lifting No.	Volume (bbl)	Selling Price (US\$)	Premium (US\$)	Revenue (US\$)
Dec-17	0005	1,007,382	-	-	62,326,724.34
02 Mar-18	0006	994,723	61.833	-646,569.95	61,556,443.41
31 May-18	0007	995,085	73.322	-646,805.25	73,011,376.62.
<b>Total</b>		<b>2,997,190</b>			<b>123,883,167.75</b>

Source: GNPC & BOG, June 2018

Out of the total revenue accrued from the Field, Carried Interest constituted US\$61,137,147.72 (49 percent), Royalty - US\$32,177,446.17 (26 percent), and Additional Participating Interest - US\$30,568,573.83 (25 percent).

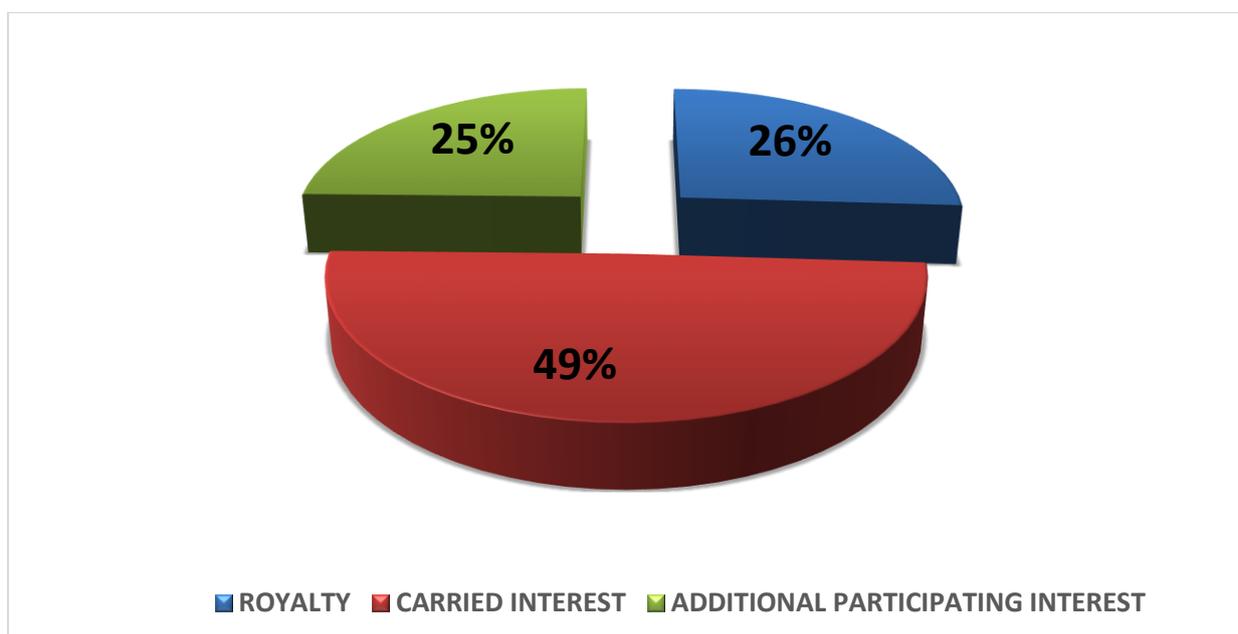


Figure 8: Distribution of Revenues from TEN Field - First Half of 2018

Source: PIAC' s construct, 2018

### 4.2.3 Revenue from Sankofa Gye-Nyame (SGN) Field Oil Liftings

In March 2018, the Ghana Group lifted its first parcel of 990,351 barrels of crude oil from the Sankofa Gye-Nyame Field in the form of Royalty crude, generating an amount of US\$63,030,602.08, which was paid into the Petroleum Holding Fund.

GNPC' s production entitlement for the period under review, was used to offset the OPEX and CAPEX in relation to GNPC' s equity participation. The offset is done on a monthly basis. The cumulative amount of crude oil applied for the offset of both OPEX and CAPEX was 1,904,736 bbls (from inception to June 2018). This is equivalent to two (2) standard cargoes which translates to \$125,601,140.

Table 10: Crude Oil Liftings from SGN by the Ghana Group and the Associated Revenue – Half-year 2017

Date of Lifting	Lifting No.	Volume (bbl)	Selling Price (US\$)	Premium (US\$)	Revenue (US\$)
16 Mar-18	0001	995,351	63.25		63,030,602.08
16 April-18	0002	952,514	73.322		
<b>Total</b>		<b>2,997,190</b>			<b>63,030,602.08</b>

Source: GNPC & BOG, June 2018

### 4.2.4 Other Revenues

In the first half of the year, the PHF received a total amount of US\$372,511.72 in respect of Surface Rentals (see Table 11) from seven (7) companies, and further received US\$72.42 million for Corporate Income Tax (CIT). Undistributed funds in

the PHF earned interest of US\$757,855.51. The other revenues totalled US\$73,553,119.72.

Table 11: Other Revenues – Surface Rentals (First Half, 2018)

Date	Company	Amount (US\$)
February, 2018	Hess GH EXP	150,750.00
March, 2018	ENI Ghana EP LTD	22,600.00
March, 2018	ENI Ghana EP LTD	56,350.00
March, 2018	Kosmos	18,464.00
March, 2018	Tullow	6,167.80
March, 2018	Tullow	8,016.82
March, 2018	Tullow	45,076.60
April, 2018	Amni Intl. Petroleum Dev. Co. Ltd	13,974.00
April, 2018	Eco Atlantic/Petro Gulf	47,200.00
May, 2018	Blue Star Exp Gh Ltd	3,912.00
<b>Total</b>		<b>372,511.72</b>

Source: BOG, June 2018

Table 12: Other Revenues – Corporate Income Tax (First Half, 2018)

Date	Company	Amount
January, 2018	Kosmos	21,241,473.00
March, 2018	Anadarko	12,726,739.73
March, 2018	Petrol SA	1,187,694.00
March, 2018	Petrol SA	761,229.00
April, 2018	Tullow	10,000,000.00
April, 2018	Petrol SA	2,342,165.70
April, 2018	Petrol SA	3,180,682.06
April, 2018	Anadarko	10,982,769.00
May, 2018	Tullow	10,000,000.00
<b>Total</b>		<b>72,422,752.49</b>

Source: BOG, June 2018

### 4.3 Total Revenues

For the period under review, a total of US\$463,569,064.38 was paid into the Petroleum Holding Fund, with 84 percent from the sale of crude oil. Revenues from the sale of Jubilee crude accounted for 52 percent, 32 percent from TEN crude, while SGN accounted for 16 percent of total revenues from the sale of crude oil.

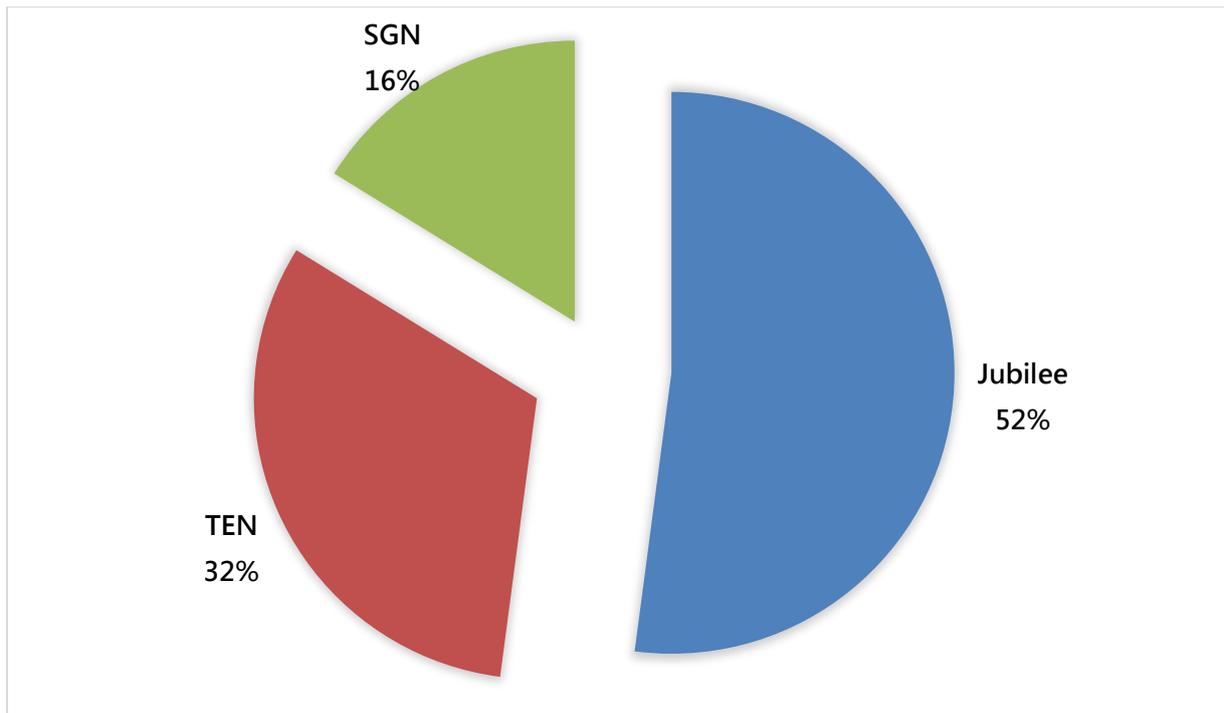


Figure 9: Distribution of Crude Oil Sale - First Half of 2018

Source: PIAC' s construct, June 2018

Overall, the country realised US\$168,575,887.49 from Carried Interest representing 43 percent of total revenues from the sale of crude oil. Royalties accounted for US\$151,754,754.45, representing 39 percent, and Additional Participating Interest - US\$69,685,300.69 (18 percent).

Other revenues comprising Surface Rentals, Corporate Income Tax, and Interest Income accounted for US\$73,553,119.72 (16 percent) of total receipts into the PHF, of which corporate income taxes constituted 98 percent.

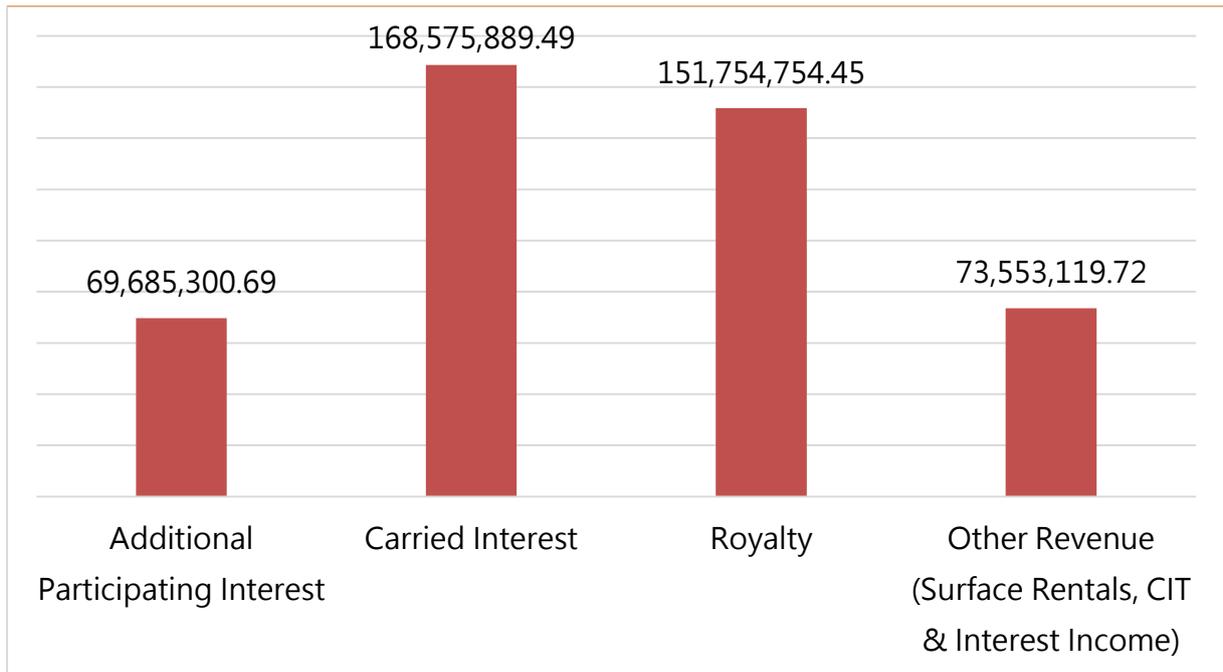


Figure 10: Distribution of Receipts into the PHF - First Half of 2018

Source: PIAC' s construct, June 2018

Since inception of production (December 2010) to the end of June 2018, petroleum revenues totalled **US\$4,458,730,862** as shown in Fig 11.

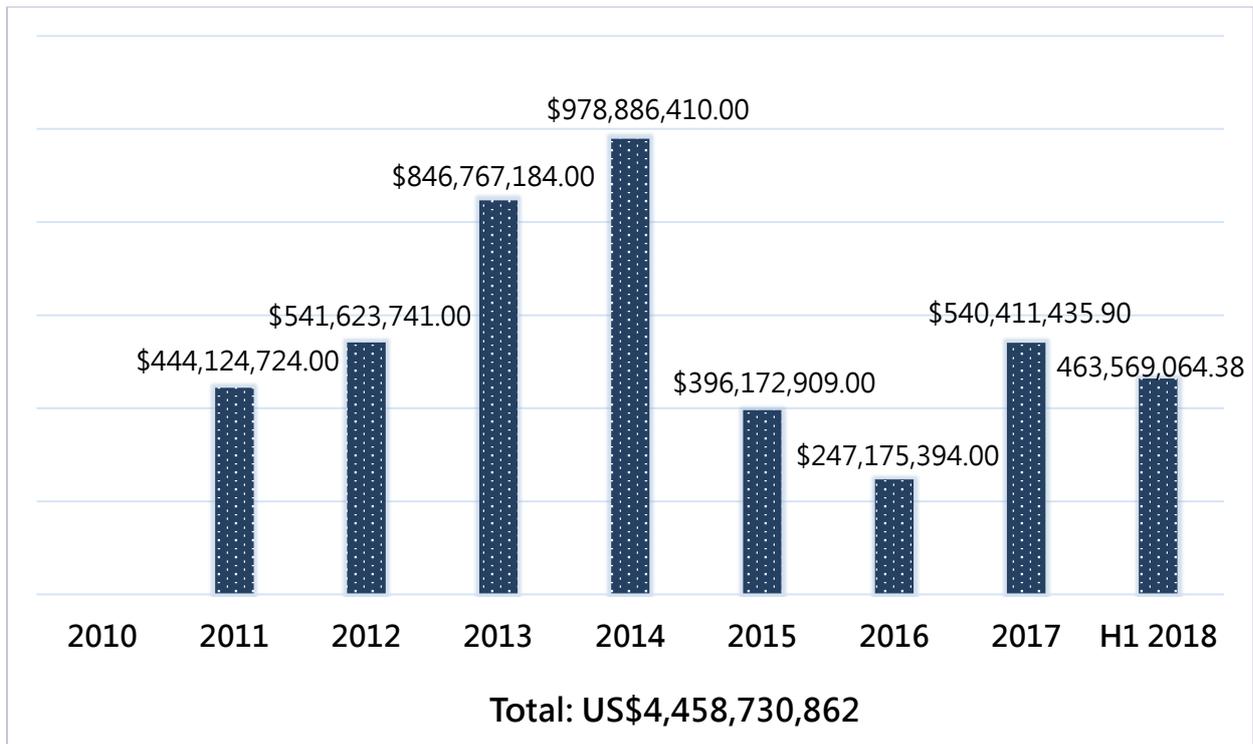


Figure 11: Petroleum Revenues: 2010 - June 2018

#### 4.4 Gas Revenue

There were no payments from GNPC into the PHF in respect of gas revenue during the period under review even though large amounts of gas were supplied to the National Gas Company from the Jubilee and TEN Fields.

For the period under review, GNGC received a total of 14,637.25 MMScf supplied from the Jubilee Field (9,332.75 MMScf) and TEN Field (5,304.50 MMScf), with a net calorific value of 15,515,479.70 mmBtu, valued at US\$44,994,891.13.

Table 13: Gas Supplies to Ghana National Gas Company (January –June 2018)

MONTH & YEAR	JUBILEE TOTAL VOLUME	TEN TOTAL VOLUME	JUBILEE & TEN TOTAL GAS PRODUCTION	NET CALORIFIC VALUE (mmbtu)	AMOUNT
JANUARY	3,040.606	211.411	3,252.02	3,447,138.02	9,996,700.26
FEBRUARY	-	-	-	-	-
MARCH	1,830.720	643.543	2,474.26	2,622,718.78	7,605,884.46
<b>TOTAL (a)</b>	<b>4,871.33</b>	<b>854.95</b>	<b>5,726.28</b>	<b>6,069,856.80</b>	<b>17,602,584.72</b>
APRIL	1,711.198	1,386.871	3,098.07	3,283,953.14	9,523,464.11
MAY	2,223.034	1,078.700	3,301.73	3,499,838.04	10,149,530.32
JUNE	527.191	1,983.971	2,511.16	2,661,831.72	7,719,311.99
<b>TOTAL (b)</b>	<b>4,461.42</b>	<b>4,449.54</b>	<b>8,910.97</b>	<b>9,445,622.90</b>	<b>27,392,306.41</b>
<b>TOTAL (a+b)</b>	<b>9,332.75</b>	<b>5,304.50</b>	<b>14,637.25</b>	<b>15,515,479.70</b>	<b>44,994,891.13</b>

Source: GRA, June 2018

For the period under review, GNGC processed the raw gas received from the upstream into various products including Lean Gas, LPG and Condensate. A total of 13,912.34 MMScf of lean gas was produced, 80,977.85 cubic meters of LPG, while 13,102.73 cubic meters of Condensate was produced by the GNGC.

Table 14: Summary of Raw Gas Received & Processed Derivatives- January to June 2018.

Month	Raw Gas (MMScf)	Lean Gas Produced (MMScf)	LPG Produced (Cubic Meters)	Condensate Produced (Cubic Meters)
January	3,252.02	3,019.07	20,975.99	3,746.88
February	57.027	30.88	251.55	83.97
March	2,474.26	2,335.78	14,159.58	1,981.44
April	3,098.07	2,969.34	16,374.68	2,667.44
May	3,301.73	3,145.47	18,135.07	3,070.38
June	2,511.16	2,411.80	11,080.98	1,552.62
<b>Total</b>	<b>14,694.27</b>	<b>13,912.34</b>	<b>80,977.85</b>	<b>13,102.73</b>

Source: GNGC, June 2018

**Note:**

Besides the 26-day synchronized shutdown period from 1st to 26th February 2018 to allow for ENI Tie-in, GNGC and VRA scheduled maintenance works, flows from Jubilee Field was interrupted for 44 days spread from January to June 2018. TEN gas was supplied during the period where flows from Jubilee was interrupted.

Between January and June 2018, GNGC sold processed gas with total invoice value of US\$160,648,513.18. The bulk of this amount comprised expected revenue from the sale of Lean Gas (US\$ 137,248,841.58), representing 86 percent of total expected revenues. The sale of LPG for the period was expected to earn the company US\$19,723,641.34 (12 percent), while condensate was expected to yield US\$3,676,030.26 (2 percent) of total revenues (see Figure 12).

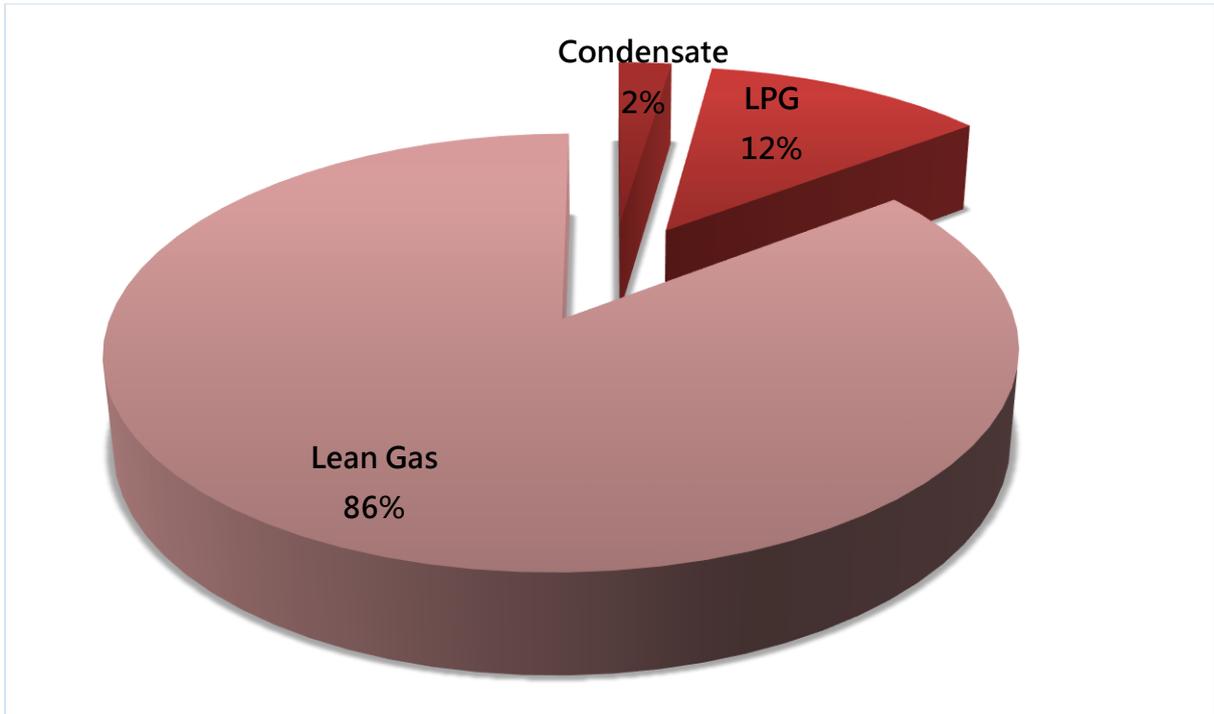


Figure 12: Distribution of Expected Revenue for GNGC - First Half of 2018

Source: PIAC' s construct, June 2018

Out of a total expected revenue of US\$160,648,513.18, the company received US\$46,342,944.10 (29 percent) for the period under review, with an outstanding amount of US\$ 114,305,569.08.

The bulk of the payment for the period was derived from the sale of LPG (US\$24,283,189.66), representing 52 percent of payment. The sale of lean gas fetched the company US\$18,337,281.50 (40 percent) of total payment for the period while payment for condensate amounted to US\$3,722,472.93 (8 percent) of total payment.

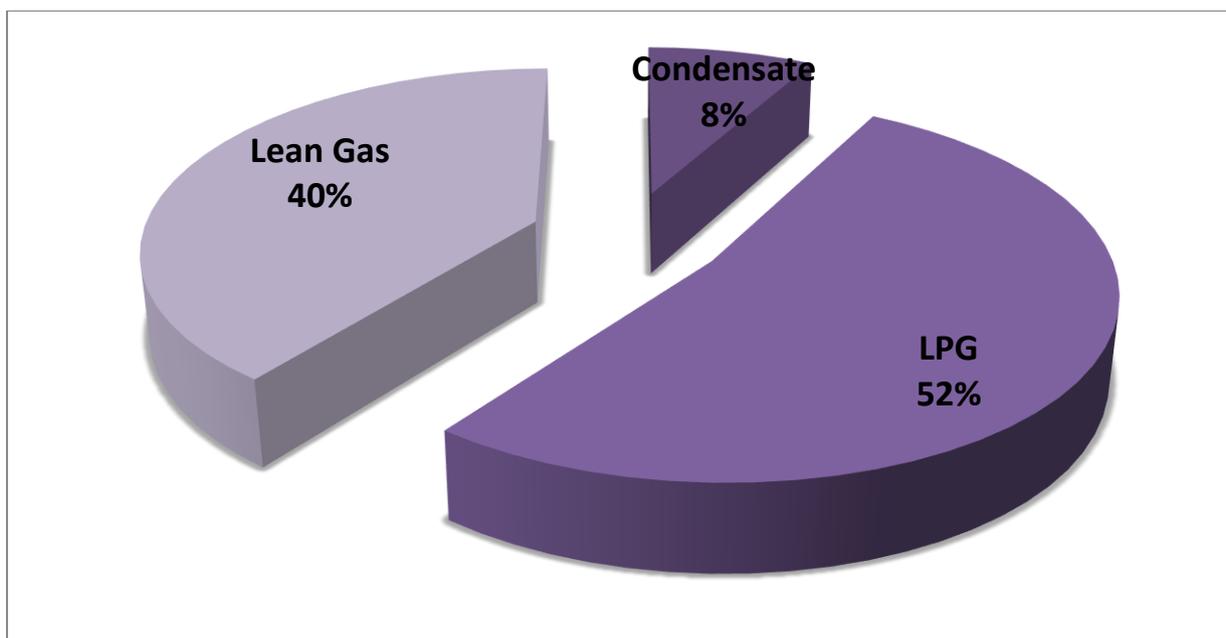


Figure 13: Distribution of Payment to GNGC - First Half of 2018

Source: PIAC's Construct, June 2018

Table 15: Summary of Receipts and Outstanding Receivables- January to June 2018

Company	Product Sold	Volumes MT/MMBtu	Amount Invoiced (US\$)	Payment Received (US\$)	Payment Outstanding (US\$)
Opening Balance					759,462,345.80
Sage Distribution Ltd (Eco)	Stabilised Condensates	844.65	323,088.50	598,501.90	(275,413.40)
Globex Energy Ltd	Stabilised Condensates	2,253.19	942,763.16	669,814.39	272,948.77
Med Petroleum Ltd	Stabilised Condensates	1,059.06	423,973.89	572,960.31	(148,986.42)
Hask Oil Co. Ltd	Stabilised Condensates	1,011.96	403,175.68	532,830.51	(129,654.83)

<b>Rama Energy Ltd</b>	Stabilised Condensates			57,005.13	(57,005.13)
<b>Oil Trade Co. Ltd</b>	Stabilised Condensates	1,302.30	540,137.66	547,707.26	(7,569.60)
<b>Cirrus Oil</b>	Stabilised Condensates	1,198.03	496,748.62	446,411.46	50,337.16
<b>Imperial Energy</b>	Stabilised Condensates	830.50	345,843.60	181,471.09	164,372.51
<b>Mimshach Energy Ltd</b>	Stabilised Condensates	429.17	200,299.15	115,770.88	84,528.27
<b>Sage Distribution Ltd (Sage Petroleum)</b>	LPG	42,445.93	19,723,641.34	24,283,189.66	(4,557,578.33)
<b>VRA (incl. interest charges)</b>	Lean Gas	14,994,136.07	131,697,886.00	11,000,000.00	120,697,886.00
<b>WangKang Gh. Ceramic Ltd</b>	Lean Gas	727,270.06	3,598,590.42	5,272,214.65	(1,673,624.23)
<b>Keda Gh. Ceramic Ltd (Twyford)</b>	Lean Gas	394,570.25	1,952,365.16	2,065,066.85	(112,701.69)
<b>Total</b>		<b>16,171,406.47</b>	<b>160,648,513.18</b>	<b>46,342,944.10</b>	<b>873,767,914.87</b>

Source: GNGC, June 2018

Note: 40% pre-finance amounts for WangKang and Keda (Twyford) have been deducted.

#### 4.5 GNGC's Indebtedness to GNPC

For the period under review, the indebtedness of the GNGC to GNPC stood at US\$45,170,192.14, with an outstanding opening balance of US\$230,315,198.37.

Table 16: GNGC Indebtedness to GNPC – January to June 2018

Month	Volume (MMBTU)	Price (US\$)	Payment	Amount Payable
Opening Balance				230,315,198.37
January	3,447,138.02	2.90	-	9,996,700.26
February	60,448,62	2.90	-	175,301.00
March	2,622,718.78	2.90	-	7,605,884.46
April	3,283,953.14	2.90	-	9,523,464.11
May	3,499,838.04	2.90	-	10,149,530.32
June	2,661,831.72	2.90	-	7,719,311.99
<b>Total</b>			-	45,170,192.14
<b>Total</b>				<b>275,485,390.51</b>

Source: GNGC, June 2018

## Findings

1. Total petroleum receipts of US\$463,569,064.38 was paid into the Petroleum Holding Fund (PHF) for the first half of the year.
2. For the period under review, Carried Interest yielded the most revenue of US\$168,575,887.49 being 43 percent of total revenues, followed by Royalties (US\$151,754,754.45) representing 39 percent and Additional Participating Interest of US\$69,685,300.69 representing 18 percent. Other revenues from Surface Rentals, Corporate Income Tax, and Interest Income accounted for US\$73,553,119.72 being 16 percent of the total.
3. An amount of US\$203,102,174.08 was deposited into the PHF from the Jubilee proceeds, US\$134,567,820.03 from the TEN Field and US\$63,030,602.08 from the SGN Field.

4. The PHF received US\$372,511.72 in Surface Rentals from seven (7) companies and US\$72,422,752.49 million for Corporate Income Tax (CIT). Undistributed funds in the PHF earned interest of US\$757,855.51.
5. In respect of payment of surface rentals, one Asem Sabastian Klenam was captured in the BoG 2018 Semi-annual Report as having paid US\$47,200 in April 2018. PIAC' s checks revealed that the said amount was the surface rentals assessed for Ecoatlantic Ghana Ltd/Petrogulf. This is an indication that there is still some challenge with respect to information sharing on the documentation of payments by GRA and BoG.
6. Between January and June 2018, GNGC sold processed gas with total invoice value of US\$160,648,513.18. This amount comprised expected revenue from the sale of Lean Gas (US\$ 137,248,841.58), representing 86 percent, expected revenue from LPG, US\$19,723,641.34 (12 percent) and condensates, US\$3,676,030.26 (2 percent).
7. Even though GNGC received US\$46,342,944.10 as proceeds from gas revenues, it made no payment to GNPC in respect of gas supplied, for which reason no gas receipts were realised in the PHF. The GNGC explained that it used the realised revenues to cover its operational cost.
8. For the period under review, GNGC' s indebtedness to GNPC stood at US\$45,170,192.14, with an outstanding opening balance of US\$230,315,198.37 bringing the total indebtedness to US\$275,485,390.51.

## SECTION 5

### 5. DISTRIBUTION OF PETROLEUM REVENUES

Ghana's petroleum revenues emanate from different sources. Accrued revenues are paid first into the PHF, an account held with the Bank of Ghana (BoG), before any disbursements are made.

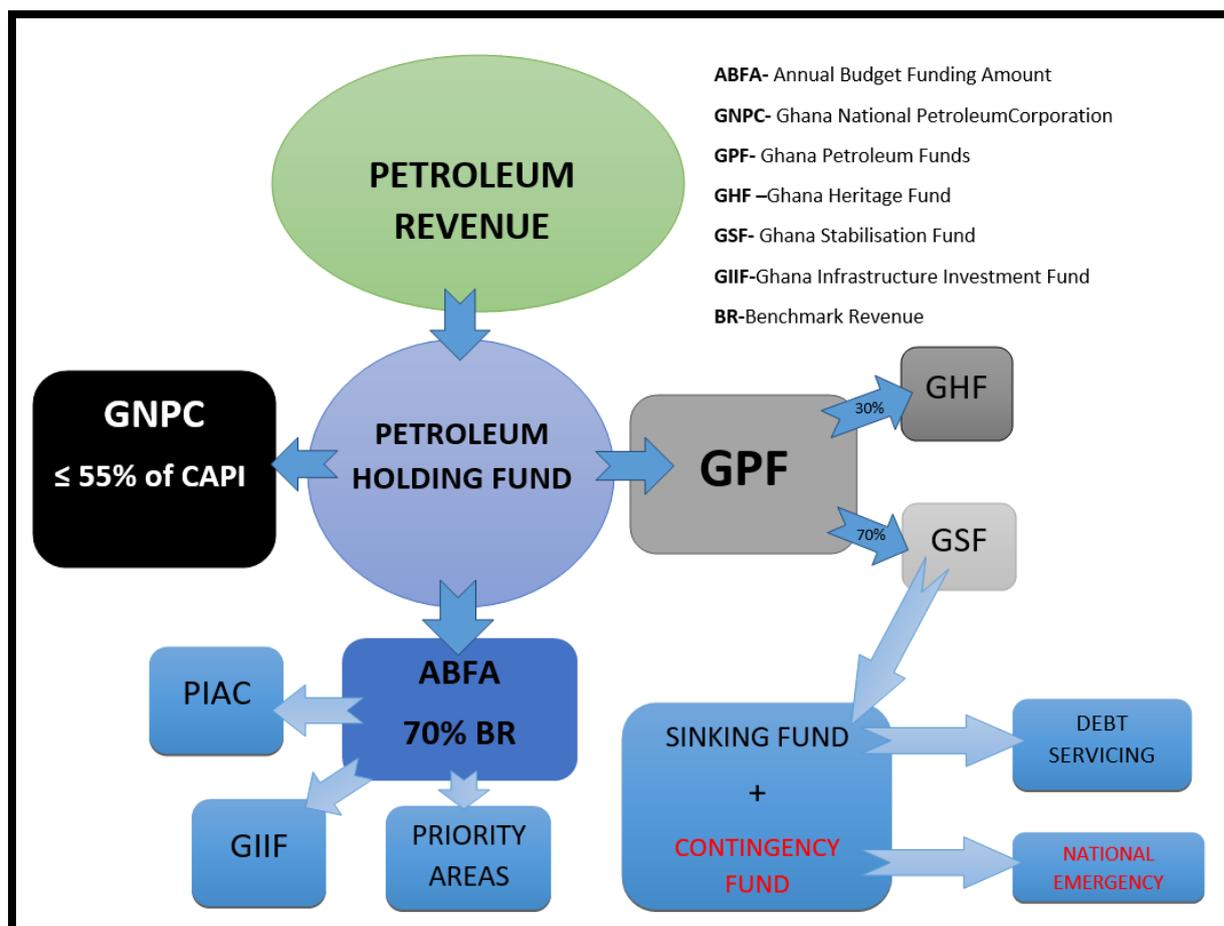


Figure 14: Distribution of Petroleum Revenue from the Petroleum Holding Fund  
Source: PIAC's Construct, 2017

Figure 14 illustrates the distribution of petroleum revenues as mandated by the Act.

According to the Bank of Ghana, the total amount distributed from the PHF during the period under review was **US\$475.86 million**. This was made up of revenue from the 41<sup>st</sup>, 42<sup>nd</sup> and 43<sup>rd</sup> liftings from Jubilee totalling **US\$203.10 million**, proceeds of the 5<sup>th</sup> and 6<sup>th</sup> liftings from TEN totalling **US\$123.88 million**, and the first SGN lifting amounting to **US\$63.03 million**. Other income distributed during the period was **US\$73.55 million**.

Figure 15 depicts the revenues allocated to GNPC, the Annual Budget Funding Amount (ABFA), the Ghana Heritage Fund (GHF), and the Ghana Stabilisation Fund (GSF) for the first half of 2018. GSF received the largest share of 32%, followed by GNPC with 30%, ABFA with 25%, and the GHF with 13%. The amounts far exceed what was distributed in the first half of 2017.

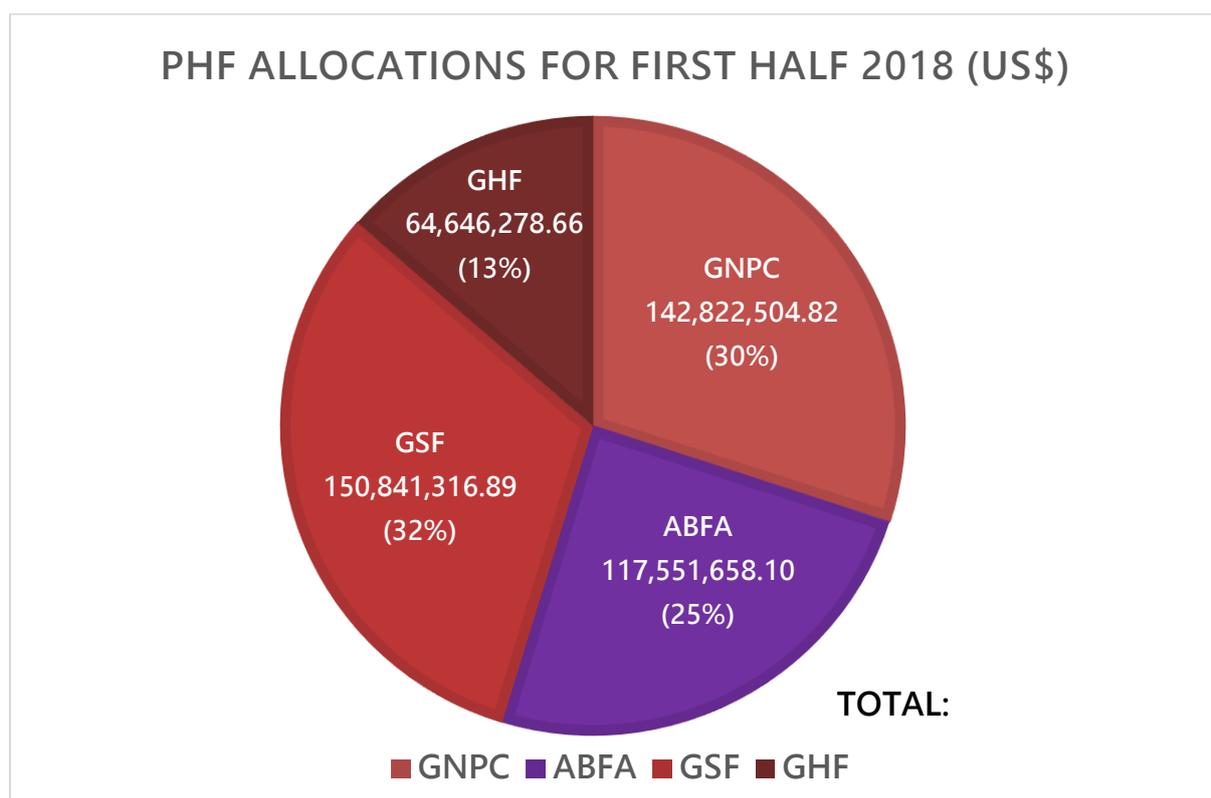


Figure 15: Allocation of Petroleum Revenues from the PHF

Source: PIAC’s Construct from BoG Figures

Table 17 shows monthly allocations for the first half of 2018, as compared with the second half of 2017. Total amount received by ABFA for the first half of 2018 was US\$117.55 million.

Table 17: Allocation of Revenues from PHF

H1 (2018)	GNPC	ABFA	GSF	GHF	TOTAL
	US\$	US\$	US\$	US\$	US\$
FEB	45,906,911.84	58,775,829.05	23,448,997.59	10,049,570.39	138,181,308.87
MAY	48,357,702.05	58,775,829.05	37,758,749.21	16,182,321.09	161,074,601.40
JUN	48,557,890.93	-	89,633,570.09	38,414,387.18	176,605,848.20
<b>TOTAL</b>	<b>142,822,504.82</b>	<b>117,551,658.10</b>	<b>150,841,316.89</b>	<b>64,646,278.66</b>	<b>475,861,758.47*</b>
H2 (2017)					
AUG	22,896,321.35	31,188,169.92	9,356,450.98	4,009,907.56	67,450,849.81
SEPT	12,872,477.67	11,176,498.61	14,200,524.93	6,085,939.25	44,335,440.46
DEC	55,366,274.57	42,364,668.53	47,615,293.23	20,406,554.25	165,752,790.58
<b>TOTAL</b>	<b>91,135,073.59</b>	<b>84,729,337.06</b>	<b>71,172,269.14</b>	<b>30,502,401.06</b>	<b>277,539,080.85</b>

Source: MoF and BoG, June 2018

*\* An amount of 12,292,694.09 received in H2 2017 was distributed in H1 2018 with the 41<sup>st</sup> Jubilee*

## 5.1 Allocation to GNPC

GNPC received US\$142,822,504.22 for the half-year, representing 30% of total allocations from the PHF as compared to US\$90.90 million in the first half of 2017.

In the second half of 2017, GNPC received US\$91.10 million from the PHF as shown in Table 17.

## 5.2 The Ghana Petroleum Funds

The Ghana Petroleum Funds (GPFs) refer to both the Ghana Stabilisation Fund (GSF) and the Ghana Heritage Fund (GHF). The GSF received US\$150.84 million, representing 32% of total allocations, which is the largest share of allocations from the PHF since 2011; and GHF received US\$64.65 million for the period under review. The GPFs received a combined percentage of 45% of the total amount disbursed in the first half of 2018. This was a significant increase over the disbursements in the second half of 2017, where GSF received US\$ 71.17 million and GHF had US\$30.50 million.

### 5.2.1 Ghana Stabilisation Fund

The Ghana Stabilisation Fund received US\$150,841,316.89 (32%) of disbursements from the PHF in the first half of 2018.

### 5.2.2 Ghana Heritage Fund

The Ghana Heritage Fund (GHF) received US\$64,646,278.66, representing 13% of the total allocations from the PHF.

## 5.3 Annual Budget Funding Amount (ABFA)

The ABFA received US\$117,551,658.10, being 25% of the disbursements from the PHF for its approved priority areas.

## 5.4 Ghana Infrastructure Investment Fund (GIIF)

GIIF received no disbursement from the ABFA during the period under review. Hence, total allocation to the GIIF since 2015 remained at US\$75,402,772 as at the end of the first half of 2018, as shown in Table 18.

Table 18: GIIF Allocations from ABFA

Year	Total GIIF Allocation (US\$)	Cumulative GIIF Allocation (US\$)
2015	51,271,666	51,271,666
2016	17,215,698	68,487,364
2017	6,915,408	75,402,772

Source: PIAC Reports

### Findings

1. The total amount distributed from the PHF during the period under review was US\$475.86 million.
2. The GSF received the largest share of US\$150.84 million (32%) followed by GNPC with US\$142.82 million (30%), ABFA with US\$117.55 million (25%), and the GHF with US\$64.65 million (13%).
3. For the first time, the GSF received more than the ABFA, and is the highest since the commencement of petroleum production in Ghana.
4. The GNPC received US\$142.82 million for the half-year, as compared to US\$90.90 million in the first half of 2017, representing an increase of 57.12 percent.

5. The Ghana Infrastructure Investment Fund (GIIF) did not receive any disbursement from the ABFA in the period under review.

## SECTION 6

### 6. DISTRIBUTION OF THE ANNUAL BUDGET FUNDING AMOUNT

For the second time since the production of its reports, the Committee has had to compile this report without expenditure data. This is because, the Ministry of Finance failed to honour PIAC' s request for the data in question, in good time for its inclusion in the Committee' s analysis. The initial data request, which was for revenue and expenditure, was made in a letter dated 17 July 2018, and addressed to the Minister of Finance. The Ministry in response provided only the revenue data, leaving out the expenditure component. After several verbal reminders to staff of the Ministry, the Committee followed up with a letter dated 4 October 2018 reminding the Minister that, his delay in providing the requested data had caused PIAC to slip on the deadline for filing its semi-annual report, and urged him to treat the matter with utmost urgency. This reminder also went unheeded.

On 7 November 2018, at the hearing of PIAC' s 2017 Annual Report by the Finance, Mines and Energy Committees of Parliament, PIAC brought to attention, the non-response of the Ministry of Finance to its request for expenditure data. In spite of promises by the Ministry to provide the data immediately after the hearing, it was not until 17 December 2018 that the expenditure data was supplied, by which time the report had been finalised.

As a result of the delay in response, the Committee was compelled to finalise the report without the ABFA expenditure data.

The Committee wishes to indicate that the data would be analysed and included in its annual report due in March 2019.

## SECTION 7

### 7. PERFORMANCE AND MANAGEMENT OF THE GHANA PETROLEUM FUNDS

The performance of the Ghana Petroleum Funds (GPFs) was mixed, similar to the 2017 half-year performance. The yield of the US 10-year Treasury note rose from 2.304% in June 2017 to 2.8601% in June 2018, while the yield of the 2-year note rose from 1.382% in June 2017 to 2.5282% in June 2018. Due to sensitivity of the performance of the GPFs to the interest on the US Treasury notes, the rise in yields adversely affected the market performance of the Ghana Heritage Fund (GHF).

The Ghana Petroleum Funds returned a net realised income of US\$6.49 million compared to US\$4.47 million in the first half of 2017. The GSF contributed 37.74% (US\$2.45 million) to total net income compared to 23.23% (US\$1.04 million) in the first half of 2017. The GHF on the other hand contributed 62.26% (US\$4.04 million) in the first half of 2018 compared to 76.77% (US\$3.44 million) during the same period in 2017 as shown in Fig 16.

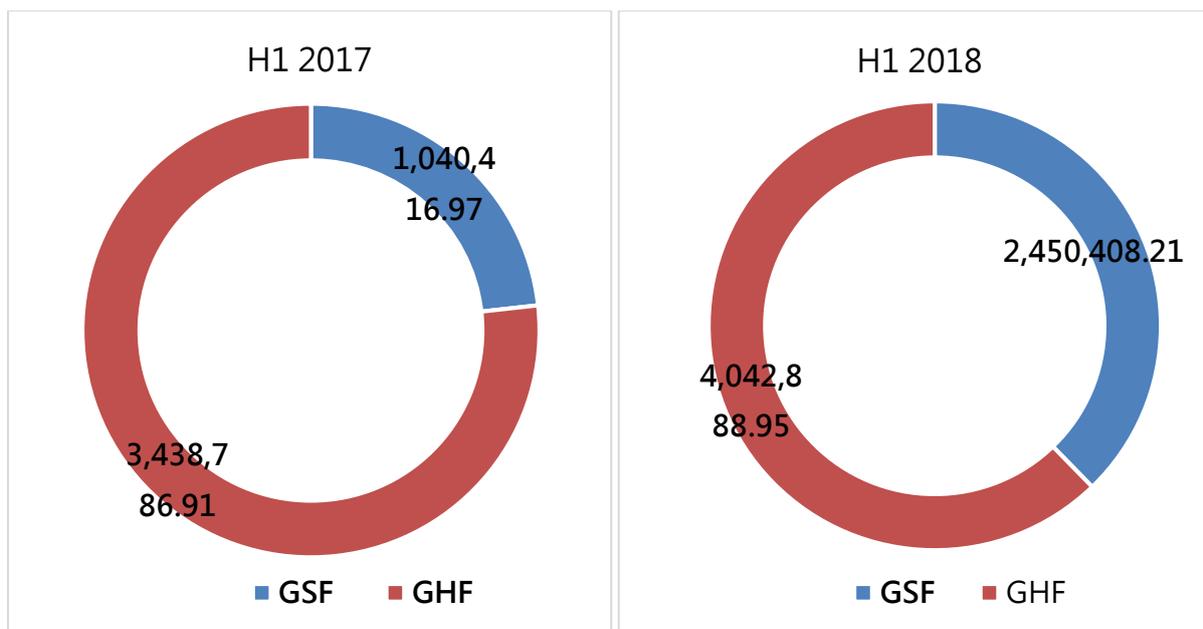


Figure 16: Net Realised income on GPFs

Source: BoG, June 2018

At the end of June 2018, net profit on investment of the Ghana Petroleum Funds since inception was US\$34.70 million compared to US\$28.21 million at the end of December 2017.

The GPFs reserves at the end of the first half of 2018 was US\$842.14 million (GHF - US\$413.48 million; GSF - US\$428.66 million).

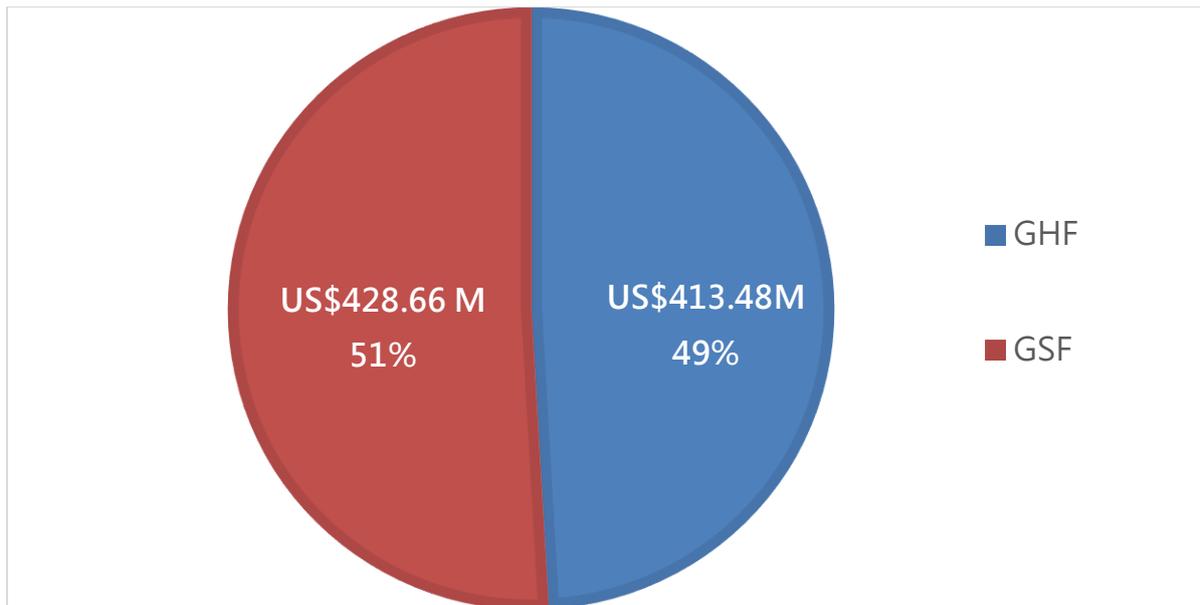


Figure 17: GPFs Reserves, June 2018

Source: BoG, June 2018

### 7.1 The Ghana Stabilisation Fund (GSF)

The return on the GSF in the first half of 2018 was 0.65% compared to 0.54% for the same period in 2017. With an opening balance of US\$353,052,037.36, the GSF received transfers of US\$150,841,316.89 during the period, and a net return of US\$2,450,408.21 as shown in Table 19.

Table 19: Ghana Stabilisation Fund Statement

ITEM	US\$
Opening book value (1st Jan, 2018)	353,052,037.36
Receipt during the period	150,841,316.89
Bank Charges	-4,621.11
Realised Income	2,455,029.32
Withdrawal	-77,681,757.40
Closing book value (29 June, 2018)	428,662,005.06
<b>Net Income for the Quarter Comprised the following</b>	
<b>INCOME</b>	
Investment Income	2,455,029.32
Less:	
Bank Charges	-4,621.11
<b>Net Return for the period</b>	<b>2,450,408.21</b>

Source: BoG, June 2018

In accordance with Section 23(4) of the PRMA, Act 815, and Section 9 of Act 893 as amended, the GSF was capped at US\$300 million per the 2018 Budget and Economic Policy Statement. Following the capping, an amount of US\$77,681,757.40 which was the excess over the cap was transferred to the Sinking Fund in accordance with Section 23(3) of the PRMA, Act 815 and Act 893 as amended. The excess as at June 29, 2018 stood at US\$128,662,005.06. The Bank

of Ghana reported that there was no withdrawal in respect of ABFA as the semi-annual target of US\$117.55 million was fully met.

## 7.2 The Ghana Heritage Fund (GHF)

The return on investment of the GHF for the first half of 2018 was -0.90% compared to 2.09% for the same period in 2017. The opening balance of the GHF was US\$344,792,661.86, with US\$64,646,278.66 being transfers during the period and a net return of US\$4,042,888.95 as shown in Table 20.

Table 20: Ghana Heritage Fund Statement

ITEM	US\$
Opening book value (1st Jan, 2018)	344,792,661.86
Receipt during the period	64,646,278.66
Bank Charges	-12,213.18
Realised Income	4,055,102.13
Closing book value (29 June, 2018)	413,481,829.47

Net Income for the Quarter Comprised the following

INCOME	
Investment Income	4,055,102.13
Less:	
Bank Charges	-12,213.18
Net Return for the period	4,042,888.95

Source: BoG, June 2018

### 7.3 Investment Advisory Committee (IAC)

The IAC was established under Section 29 of the PRMA. The functions of the IAC as per Section 30 of the PRMA are:

- Formulate and propose to the Minister the investment policy and management of the Ghana Stabilisation Fund and the Ghana Heritage Fund;
- Advise the Minister on the broad investment guidelines and overall management strategies relating to the Ghana Petroleum Funds and subsequently the Ghana Petroleum Wealth Fund that the Minister shall provide to the Governor, taking cognisance of international best practice of investments of a similar nature; and
- Develop for the Minister as part of the investment guidelines, the benchmark portfolio, the desired returns from, and the associated risks of the Ghana Petroleum Funds and subsequently the Ghana Petroleum Wealth Fund taking into consideration the investment guidelines used by the Bank of Ghana for investments of a similar nature.

As indicated in the 2017 Annual and Semi-annual Reports, the IAC has still not been reconstituted following the change of government in January 2017. The Ministry of Finance has however indicated to PIAC that, a list has been submitted to the Presidency, pending appointment.

### Findings

1. In the first half of 2018, an amount of US\$150,841,316.89 was transferred from the PHF into the Ghana Stabilisation Fund, whereas the Ghana Heritage Fund received US\$64,646,278.66.

2. The Ghana Petroleum Funds returned a net income of US\$6.49 million. The GSF contributed 37.74% (US\$2.45 million) and the GHF contributed 62.26% (US\$4.04 million) in the first half of 2018.
3. Net returns on investment of the Ghana Petroleum Funds since inception to the end of June 2018 was US\$34.70 million, up from US\$28.21 million, as at the end of December 2017.
4. The GPFs reserve as at the end of the first half of 2018 was US\$842.14 million, made up of GHF - US\$413.48 million and GSF - US\$428.66 million.
5. A cap of US\$300 million was placed on the GSF, following which, an amount of US\$77,681,757.40 which was the excess over the cap, was transferred to the Sinking Fund. No transfer was made into the Contingency Fund.
6. As indicated in the 2017 Annual and Semi-annual Reports, the Investment Advisory Committee (IAC) has still not been reconstituted following the change of government in January 2017.

## SECTION 8

### 8. UTILISATION OF GNPC SHARE OF PETROLEUM REVENUE

The Corporation received a total amount of US\$142.82 million for half-year 2018, made up of the following:

- i. Jubilee Equity financing (share of development & production cost) – US\$55.24 million;
- ii. TEN Equity financing (share of development & production cost) – US\$46.68 million;
- iii. 30% share of net proceeds of Jubilee crude revenue – US\$27.40 million
- iv. 30% share of net proceeds of TEN crude revenue – US\$13.51 million

Cash balance brought forward from the previous period (2017) was US\$79.03 million, bringing the total cash available for 2018 to US\$221.85 million. Out of the total amount received and balance brought forward from 2017, an amount of US\$140.57 million was utilised, leaving a cash balance of US\$81.28 million earmarked for milestone disbursements of pending projects, especially the onshore Voltaian Basin project.

#### 8.1 Summary of Disbursements

##### **Jubilee Expenditure**

An amount of US\$30.04 million representing 21 percent of the amount received during the period under review was in respect of GNPC' s share of production and development cost in the Jubilee Field.

## **TEN Expenditure**

An expenditure of US\$54.46 million, representing 38 percent of the amount received during the period under review, was in respect of GNPC' s share of production and development cost in the TEN Field.

## **Exploration & Development Projects**

An amount of US\$15.69 million representing 11 percent of the amount received for the period, went to exploration & development projects and funding of the Maritime Boundary Secretariat activities. The expenditure on exploration and petroleum projects included the Corporation' s cost incurred on projects other than Jubilee and TEN such as OCTP, Voltaian Basin, North & South Tano projects, etc. as shown in Table 21.

## **Staff Cost and Administrative Capital Expenses**

Seven percent (7%) of receipts amounting to US\$10.61 million was in respect of remuneration for technical as well as petro-business support staff. A further US\$6.17 million, representing 4 percent of the total receipts was spent on administrative capital expenses. It included office equipment, furniture, fixtures & fittings, motor vehicles, etc.

## **Capital Projects**

US\$7.47 million, representing five percent (5%) of the total receipts was expended on investment refurbishment of the Corporation' s landed properties in Accra, Tema, and Sekondi-Takoradi and ICT system upgrade in line with planned expenditure.

## **General Operating Expenditure**

A total of US\$13.03 million, constituting 9 percent went to Operating Expenditure. Captured under this category are insurance, utilities, corporate social responsibility, corporate travels, communication expenses, professional services, ICT-related cost such as software maintenance, general repairs and maintenance, vehicle repairs and maintenance, etc.

## **Down Stream Petroleum Projects**

An amount of US\$2.13 million was expended on downstream petroleum projects, more specifically, on WAPCo western interconnection project and gas management project. The amount represents two percent of the total receipts for the period under review.

## **Saltpond Offshore Field**

An amount of US\$0.97 million was spent on the Saltpond Offshore Field representing 0.7% of total receipts for the period under review. The project is at the pre-decommissioning stage.

The table below illustrates expenditures:

Table 21: Summary of Disbursements by GNPC

SRN	RECEIPTS FROM JUBILEE & TEN PROCEEDS	AMOUNT(US\$)	EXPENDITURE AS % OF RECEIPTS (%)
1.	Level A Receipts (Equity Financing) - Jubilee	55,237,928.84	38.7
2.	Level B Receipts (30% of Net Proceeds) – Jubilee	27,395,257.45	19.2
3.	Level A Receipts (Equity Financing) - TEN	46,682,288.63	32.7
4.	Level B Receipts (30% of Net Proceeds) – TEN	13,507,029.88	9.5
5.	<b>Total Amount Received (A)</b>	<b>142,822,504.81</b>	<b>100</b>
SRN	USES OF AMOUNTS ALLOCATED		
6.	Jubilee Equity Financing Cost	30,042,551.36	21.0
7.	TEN Equity Financing Cost	54,457,441.82	38.1
8.	Exploration and Development Projects	15,690,555.06	11.0
9.	Staff Cost	10,614,048.26	7.4
10.	Admin. Capital Expenditure	6,171,771.68	4.3
11.	Capital Projects	7,466,187.73	5.2
12.	General Operational Expenditure	13,028,450.33	9.1
13.	Down Stream Project	2,134,822.16	1.5
14.	SOPCL	969,131.80	0.7
15.	<b>Total Expenditure (B)</b>	<b>140,574,960.19</b>	<b>98.4</b>
16.	Net Position (C = A - B)	2,247,544.62	1.6
17.	<b>Add: Cash B/Fwd (01.01.2018) (D)</b>	<b>79,030,665.35</b>	
18.	<b>Total Cash Available (E = C + D)</b>	<b>81,278,209.97</b>	
	<b>Exploration and Development Projects</b>	<b>Amount(US\$)</b>	
	- OCTP ENI Project	887,777.75	
	- North & South Tano Petroleum Projects	1,204,679.78	
	- Voltaian Basin Petroleum Projects	9,361,251.61	
	- South Deep Water Tano Petroleum Projects	936,431.25	
	- Hess	1,447,034.20	
	- Ultra Deep Water [Keta Heritage]	356,851.84	
	- Tano – Heritage	356,851.84	
	- A – Z Petroleum	356,851.84	
	- Explorco	456,103.03	
	- Maritime Boundary Special Project	326,811.93	
	<b>Total Non-Jubilee &amp; TEN Project Expenditure</b>	<b>15,690,555.06</b>	

Source: GNPC, June 2018

## 7.2 Indebtedness of the Government of Ghana and State Owned Enterprises (SOEs) to GNPC

### **Update on the reimbursement of US\$50million advance to the Ministry of Finance**

As reported in the 2014 Annual Report and subsequent reports of PIAC, GNPC at the request of the Ministry of Finance (MOF) and the then Ministry of Energy & Petroleum (MoEP), advanced an amount of **US\$50million** to the MOF and the Ghana Gas Company Ltd (GNGC) for the construction and/or resurfacing of selected roads in the Western Region for the transportation of natural gas liquids (LPG) extracted from Jubilee Gas. These advances were made in response to urgent requests from GNGC, MoEP and MOF with the promise of repayment by the MOF. The road construction was to make it possible for Jubilee Gas to be supplied through GNGC to power plants to help alleviate the power crisis the country was experiencing. As at the end of June 2018, no payment has been received in respect of this advance.

### **Payments and guarantees by GNPC on behalf of other SOEs and Government of Ghana**

In addition to the US\$50million advance to the Ministry of Finance, the following payments and guarantees were made to the respective entities which amounts were due for repayment in the second quarter of 2018.

Table 22: Payments & Guarantees made on behalf of other Entities

Agency	Amounts Due (GH¢)
Government of Ghana	102,537,354
Ministry of Finance	220,820,000
Tema Oil Refinery	257,939,289
Ghana National Gas Company	316,271,908
BOST Loan	420,824,788
<b>TOTAL</b>	<b>1,318,393,339</b>

Source: GNPC, June 2018

### Findings

1. The Corporation received a total amount of US\$142.82 million for half-year 2018, made up of equity financing and net proceeds of crude revenue from the Jubilee and TEN Fields.
2. The Corporation's cash balance brought forward from the previous period (2017) was US\$79.03 million, bringing the total cash available for 2018 to US\$221.85 million.
3. As reported in the 2014 Annual Report and subsequent reports of PIAC, the **US\$50million** advanced to the MoF for the construction of the Western Corridor Roads has still not been repaid as at the end of June 2018.
4. Advances and guarantees by GNPC on behalf of the Government of Ghana, Ministry of Finance and other SOEs including TOR, GNGC and BOST for which reimbursement were due in the second quarter of 2018, amounted to **GH¢1,318,393,339**.

## SECTION 9

### 9. OPERATIONS OF THE GHANA NATIONAL GAS COMPANY

#### 9.1 Cost of Processed Derivatives: January to June 2018

##### **Lean Gas –**

The price of lean gas is determined by the Public Utilities Regulatory Commission (PURC). Table 23 shows volumes and cost of lean gas delivered to offtakers.

Table 23: Summary Lean Gas Product Statement – January to June 2018

Date	Company	Volume	Price (US\$)	Value (US\$)	Volume/Month (MMBtu) (US\$)	Gross Revenue (US\$)	Less 40% Pre-Finance (US\$)	Net Revenue (US\$)
Jan-18	VRA	3,325,470.2038	8.8424	29,405,137.73	3,554,192.2508	30,891,831.04	232,697.38	30,602,085.94
	WangKang	149,941.6101	6.50	974,620.47				
	Keda (Twyford)	78,780.4369	6.50	512,072.84				
Feb 18	VRA	36,553.8442	8.8424	323,223.71	38,631.1353	336,726.10	1,481.71	333,502.31
	WangKang	954.7582	6.50	6,205.93				
	Keda (Twyford)	1,122.5329	6.50	7,296.46				
Mar 18	VRA	2,497,788.8079	8.8424	22,086,447.75	2,719,532.5187	23,527,781.88		23,183,653.38
	WangKang	143,186.9028	6.50	930,714.87			222,214.62	
	Keda (Twyford)	78,556.8081	6.50	510,619.25			121,913.88	

Date	Company	Volume	Price (US\$)	Value (US\$)	Volume/ Month (MMBtu) (US\$)	Gross Revenue (US\$)	Less 40% Pre-Finance (US\$)	Net Revenue (US\$)
Apr 18	VRA	3,158,980.9887	7.29	23,028,971.41	3,388,092.2601	24,518,194.67	232,009.51	24,162,632.31
	WangKang	149,498.3706	6.50	971,739.41				
	Keda (Twyford)	79,612.9008	6.50	517,483.86				
May 18	VRA	3,337,603.0081	7.29	24,331,125.93	3,561,748.4690	25,788,071.42	219,681.22	25,440,215.60
	WangKang	141,554.4733	6.50	920,104.08				
	Keda (Twyford)	82,590.9876	6.50	536,841.42				
Jun 18	VRA	2,637,739.2186	7.29	19,229,118.90	2,853,779.7443	20,633,382.32	220,580.51	20,298,104.71
	WangKang	142,133.9429	6.50	923,870.63				
	Keda (Twyford)	73,906.5827	6.50	480,392.79				

Source: GNGC, June 2018

**Liquefied Petroleum Gas (LPG)** – The price is based on the weekly averages of the Argus Butane CIF ARA Large Cargoes Price, as determined by the National Petroleum Authority (NPA). Table 24 sets out the volumes and cost of LPG transferred within the period under review.

Table 24: Summary of LPG Product Statement – January – June 2018

Date	Volume (MT)	Price (US\$)/MT	Value (US\$)	Volume/Month (MT)	Gross Revenue (US\$)	Discount (US\$)	Net Revenue (US\$)
Jan 18	5,590.722	497.33	2,780,433.77	10,895.973	5,509,030.31	326,879.18	5,182,151.13
	5,305.251	514.32	2,728,596.54				
Feb 18	906.334	495.50	449,088.65	906.334	449,088.65	27,190.03	421,898.62
	0.000	456.30	0.00				
Mar 18	1,992.531	427.45	851,716.34	6,419.508	2,835,248.18	192,585.24	2,642,662.94
	4,426.977	448.06	1,983,531.84				
Apr 18	3,711.006	449.73	1,668,940.71	9,045.558	4,135,104.10	271,366.74	3,863,737.36
	5,334.552	462.30	2,466,163.39				
May 18	5,006.321	472.95	2,367,762.05	10,181.958	5,022,087.48	305,458.74	4,716,628.74
	5,175.637	512.85	2,654,325.44				
Jun 18	2,281.724	537.50	1,226,426.65	4,996.585	2,622,000.95	149,897.55	2,472,103.40
	2,714.861	514.05	1,395,574.30				

Source: GNGC, June 2018

Condensate – The Price of Condensate is linked to international light crude oil prices.

Table 25: Summary of Condensate Product Statement – January to June 2018

Date	Company	Volume (MT)	Price (US/MT)	Value (US\$)	Volume/ Month (MT)	Monthly Value (US\$)	
Jan 18	Globex	249.16	350.61	203,567.85	2,680.25	976,614.99	
		303.42	383.00				
	MED	316.29	350.61	145,900.64			
		91.40	383.00				
	Sage Distr.	279.98	350.61	131,791.19			
		87.80	383.00				
		Cirrus	190.54	350.61			124,228.42
			149.93	383.00			
Hask		252.34	350.61	141,579.71			
		138.66	383.00				
Oil Trade		188.79	350.61	136,954.74			
		184.76	383.00				
Imperial		64.14	350.61	92,592.45			
		183.04	383.00				

Date	Company	Volume (MT)	Price (US/MT)	Value (US\$)	Volume/Month (MT)	Monthly Value (US\$)			
Feb 18	Globex	27.84	419.66	11,683.31	174.41	73,192.74			
		-	406.95						
	Sage Distr.	31.26	419.66	13,118.54					
		-	406.95						
	Hask	53.12	419.66	22,292.29					
		-	406.95						
	Oil Trade	31.42	419.66	13,185.69					
		-	406.95						
	Imperial	30.77	419.66	12,912.91					
		-	406.95						
	Mar 18	Globex	82.99	366.82			112,525.34	1,266.06	470,544.36
			219.98	373.14					
MED		31.92	366.82	58,392.24					
		125.11	373.14						
Sage Distr.		63.20	366.82	67,735.69					
		119.40	373.14						
Cirrus		-	366.82	57,153.69					
		153.17	373.14						
Hask		54.13	366.82	59,953.38					
		107.46	373.14						
Oil Trade		63.91	366.82	58,723.63					
		94.55	373.14						
Imperial	-	366.82	56,060.39						
	150.24	373.14							
	Globex	166.18	396.27						

Apr 18		248.83	432.30	173,421.81	1,544.63	646,774.58
	MED	93.27	396.27			
		124.38	432.30	90,729.83		
	Sage Distr.	90.38	396.27	110,443.08		
		172.63	432.30			
	Cirrus	59.85	396.27			
		124.53	432.30	77,551.24		
	Hask	79.64	396.27			
		135.93	432.30	90,321.70		
	Oil Trade	92.71	396.27	77,378.97		
		94.01	432.30			
	Mimshach	0.00	396.27			
		62.29	432.30	26,927.97		
May 18	Globex	350.21	445.43		2,334.02	1,062,699.94
		273.91	463.18	282,862.93		
	MED	0.00	445.43	85,937.49		
		185.54	463.18			
	Cirrus	216.51	445.43			
		211.67	463.18	194,480.69		
	Hask	0.00	445.43			
		109.26	463.18	50,606.50		
	Oil Trade	218.90	445.43			
		211.88	463.18	195,642.54		
	Mimshach	61.94	445.43			
		122.66	463.18	84,403.09		
	Imperial	187.19	445.43			

		184.35	463.18	168,766.69		
June 18	Globex	82.57	504.10	158,701.93	929.49	446,203.635
		248.10	471.90			
	MED	0.00	504.10	43,013.69		
		91.15	471.90			
	Cirrus	0.00	504.10	43,334.58		
		91.83	471.90			
	Hask	0.00	504.10	38,422.10		
		81.42	471.90			
	Oil Trade	30.36	504.10	58,252.10		
		91.01	471.90			
	Mimshach	91.62	504.10	88,968.10		
		90.66	471.90			
Imperial	30.77	504.10	15,511.16			
	0.00	471.90				

Source: GNGC, 2018

## SECTION 10

### 10. PETROLEUM REVENUE OUTLOOK

#### 10.1 World Oil Market Prospects for the Second Half of 2018

According to the Organisation of the Petroleum Exporting Countries (OPEC), global economic activity slowed in the first quarter of 2018, with growth below expectations in the major economies of the Organisation for Economic Co-operation and Development (OECD). The global growth forecast for 2018 remains at 3.8%, with a pick up expected in the second half of 2018, led by the US, whose economic performance will be supported by the fiscal stimulus measures. While the OECD shows upside potential, the major emerging economies will likely slow from relatively higher activity in the first half of 2018. China's financial tightening is expected to continue, which combined with fiscal measures in the US, could dampen growth in the second half of 2018.

According to OPEC's Monthly Oil Market Report (MOMR) published in June 2018, projected oil demand growth in 2018 remained unchanged despite some offsetting revisions in both OECD and non-OECD. Global oil demand growth is anticipated at 1.61 million barrels per day (MMbpd) year-on-year in the second half of 2018, with total oil consumption projected to surpass the 100 MMbpd threshold during the fourth quarter of 2018. OECD consumption is forecast to grow by 0.40 MMbpd in 2018 following positive revisions in OECD Americas. Non-OECD countries are again projected to lead oil demand growth with 1.28 MMbpd year-on-year in the second half of 2018.

Non-OPEC oil supply in the second half of 2018 is anticipated to increase by 2.0 MMbpd year-on-year to average 59.54 MMbpd. The US is the main driver, contributing 1.4 MMbpd to the growth, followed by Canada and Brazil. Non-OPEC supply growth is forecast to show further upside potential for the rest of

the year, due to higher drilling activity in the US, more new project start-ups in Brazil, and possibly higher output following the end of heavy maintenance at upgrading facilities in Canada.

Given OPEC’s forecast for the second half of 2018, demand for OPEC crude is projected at 33.3 MMbpd, down by 0.5MMbpd from the second half of 2017. However, looking at various sources, considerable uncertainty as to world oil demand and non-OPEC supply prevails, leading to a wide forecast range for demand for OPEC crude of around 1.8 MMbpd.

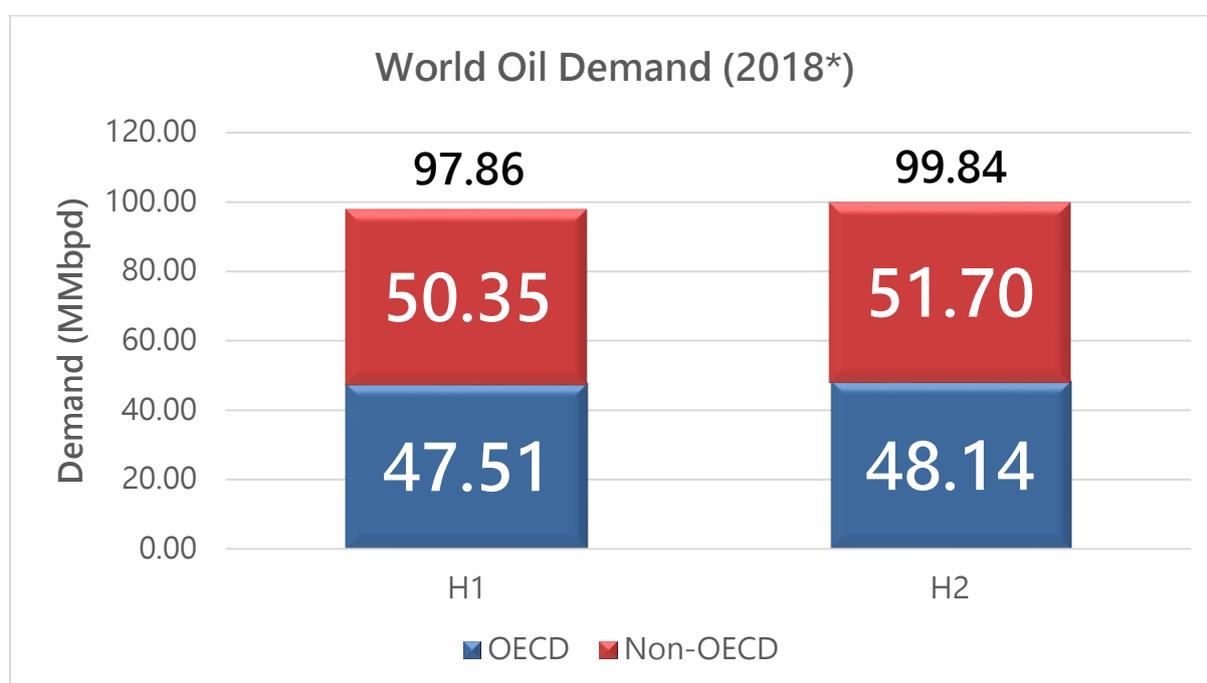


Figure 18: Global Oil Demand – 2018

Source: OPEC Secretariat

Note: \*2018 = Forecast

## 10.2 Government’s Projections for 2018.

A revised annual average production volume of 53.25 million barrels of oil (averaging 145,887 bopd), up from an original forecast of 51.18 million barrels,

was projected by the Government for the three producing fields of Jubilee, TEN, and SGN in 2018.

Projected revenue for the full year for the Ghana Group is estimated at US\$669.41 million based on the revised oil price forecast of US\$57.36/bbl. This means the 2018 first half-year actualised revenue of US\$463.57 million, represents approximately 69.25% of the projected annual revenue of US\$669.41 million.

## SECTION 11

### 11.CONCLUSIONS AND RECOMMENDATIONS

#### 11.1 Conclusions

The 2018 half-year witnessed a continuation of the remedial works on the faulty turret bearing with a number of activities aimed at finding a permanent solution. Production was sustained on the TEN Field on account of the completion of producer wells prior to the ITLOS ruling that halted the drilling of new wells. The overall OCTP integrated development project (Oil Phase and Gas Phase) achieved 98 percent completion status with the ORF at 94 percent by the end of June 2018.

With the progress made on the TEN and SGN Fields, oil production reached 28,982,050 barrels (bbls) for the three offshore producing Fields - Jubilee, TEN, and SGN, from January to June, 2018. This represents a 19.04% increase over the first half of 2017 production volume of 24,346,460 bbls, the highest half-year production volume since 2011 yielding US\$463.57 million in revenues.

Total volume of raw gas produced amounted to 44,797.21 MMScf, with an overall increase in gas exports to the Atuabo Gas Processing Plant (AGPP) from 11,095.71 MMScf in the first half of 2017 to 14,694.27 MMScf for the same period in 2018. The increase was driven by the completion of the TEN gas manifold.

Despite the increases in production volumes and realised revenues, the period witnessed two shutdowns, from 1st to 19th February 2018 (19 days) from the period 28th May to 18th June 2018 (21 days). This affected production on the Jubilee Field as average daily production on the Jubilee Field decreased to 65,875 bbls in the first half of 2018 from 84,160 bbls in the 2017 half-year.

For the period under review, the country realised 43 percent of total revenues (US\$168,575,887.49) from Carried Interest and 18 percent (US\$69,685,300.69) from Additional Participating Interest from the sale of crude oil. Royalties accounted for 39 percent (US\$151,754,754.45) while other revenues collectively

from Surface Rentals, Corporate Income Tax, and Interest Income accounted for 16 percent (73,553,119.72).

The GPFs reserve at the end of the first half of 2018 was US\$842.14 million (GHF - US\$413.48 million; GSF - US\$428.66 million). A cap of US\$300 million was placed on the GSF, following which, an amount of US\$77,681,757.40 being the excess, transferred to the Sinking Fund.

As indicated in the 2017 Annual and Semi-annual Reports, PIAC is still concerned that the IAC has still not been reconstituted following the change of government in January 2017.

Another concern as reported in the 2014 Annual Report and subsequent reports of PIAC, is the **US\$50million** advance to the MOF and the Ghana Gas Company Ltd (GNGC) which has still not been repaid at the end of June 2018.

Lastly, in addition to the non-payment of the amount, GNPC continues to make payments and guarantees on behalf of Government and other entities. The Government of Ghana, Ministry of Finance and other SOEs including TOR, GNGC and BOST, have outstanding reimbursements in guarantees and advances due in the second quarter of 2018 amounting to **GH¢1,318,393,339**.

## 11.2 Recommendations

The following recommendations are made for the consideration of the various institutions for improved management and use of petroleum revenues:

1. GNPC should proactively budget for cash calls to avoid outstanding equity payments in respect of its participation in all fields.

2. GNGC must discontinue the practice of retaining gas revenues. Receipts from the sale of gas must be applied to defray the cost of raw gas supplied by GNPC, for lodgement in the PHF in accordance with Sections 2 & 3 of the PRMA.
3. Given the challenge with information sharing and documentation in respect of payment of surface rental, PIAC recommends closer collaboration between GRA and BoG to ensure consistency.
4. PIAC is of the view that the continuous non-payment for lean gas to VRA affects payments for raw gas to GNPC and subsequent transfers into the PHF. PIAC reiterates its call to the Ministry of Finance for improved transparency in the management and disbursement of the Energy Sector Levy Act (ESLA) funds which was established to help liquidate the sector indebtedness.
5. The GSF received its highest allocation since the commencement of petroleum production in Ghana but because the Fund was capped, only US\$300 million was saved to shore up future unexpected revenue shortfalls. PIAC recommends that in future, the Minister should provide explanation for the exercise of his capping discretion.
6. The IAC continues to be non-existent in the period under review, despite repeated calls for its reconstitution in line with the PRMA. PIAC recommends that the IAC be reconstituted as a matter of urgency as the current situation is in contravention of Section 29 of the PRMA.
7. In view of the increase in advances and guarantees by GNPC to the Government of Ghana, Ministry of Finance, TOR, GNGC and BOST to the

tune of **GH¢1,318,393,339**, PIAC calls on government, in accordance with international best practice, to desist from using the Corporation to finance quasi fiscal expenditures.

## REFERENCES

1. BoG, 2018: Petroleum Holding Fund and Ghana Petroleum Fund, Semi Annual Report, January 1 – June 29, 2018
2. GNGC, 2018: “Petroleum Revenue Reporting to the PIAC” June 2018
3. GNPC, 2018: “Report on Petroleum Operations: Production and Revenues (January-June 2018)”
4. GRA, 2018: Summary of Payments into the PHF: January-June 2018
5. Ministry of Finance, 2017: “2018 Budget Statement and Economic Policy”
6. Ministry of Finance, 2018: Review of the Budget and the Economic Policy of Government and Supplementary Estimates for 2018 Financial Year
7. Ministry of Finance, 2018: “Petroleum Receipt and Allocation for First Half of 2018”
8. Petroleum Commission, 2018: Semi Annual Report to PIAC
9. Tullow Ghana Limited, 2018: “Lifting per Assets- 2018”

## ANNEXES

### 1. SUMMARY OF PAYMENTS INTO THE PHF IN 2018

CORPORATE TAX		
COMPANY	YEAR & PERIOD	AMOUNT US\$
TULLOW	2017 - Q4	
KOSMOS	2017 - Q4	21,241,473.00
ANADARKO	2017 - Q4	
PETROSA	2017 - Q4	1,187,694.00
<b>2018 QTR1 CIT SUB-TOTAL a)</b>		<b>22,429,167.00</b>
TULLOW	Payment on a/c for 2018	10,000,000.00
TULLOW	Payment on a/c for 2018	10,000,000.00
KOSMOS	2018 - Q1	-
ANADARKO	2018 - Q1	10,982,769.00
PETROSA	2017 TAX NID	2,342,165.70
PETROSA	2018 - Q1	3,180,682.06
<b>2018 QTR2 CIT SUB-TOTAL (b)</b>		<b>36,505,616.76</b>
<b>2018 QTR4 CIT SUB-TOTAL (d)</b>		<b>-</b>
<b>TOTAL 1 (a+b+c+d)</b>		<b>58,934,783.76</b>

**ROYALTY, CARRIED & PARTICIPATING INTEREST**

**JUBILEE FIELD**

**PROCEEDS OF 41ST LIFTING (DEC. 2017) PAID IN 1ST QTR 2018**

<b>TYPE OF BENEFIT</b>	<b>YEAR &amp; PERIOD</b>	<b>AMOUNT US\$</b>
ROYALTY	2017	17,647,997.34
CARRIED INTEREST	2017	33,531,194.95
ADDITIONAL PARTICIPATING INT.	2017	12,208,171.58
<b>SUB-TOTAL (e)</b>		<b>63,387,363.87</b>
<b>2018 LIFTINGS</b>		
ROYALTY	2018 - Q1	17,550,814.50
CARRIED INTEREST	2018 - Q1	33,346,547.55
ADDITIONAL PARTICIPATING INT.	2018 - Q1	12,140,944.42
<b>SUB-TOTAL (f)</b>		<b>63,038,306.47</b>
ROYALTY	2018 - Q2	21,347,894.36
CARRIED INTEREST	2018 - Q2	40,560,999.27
ADDITIONAL PARTICIPATING INT.	2018 - Q2	14,767,610.86

<b>SUB-TOTAL (g)</b>		76,676,504.49
<b>TOTAL 2 (e+f+g+h+i)</b>		203,102,174.83
<b>TEN FIELD</b>		
<b>PROCEEDS OF 5TH LIFTING (DEC. 2017) PAID IN 1ST QTR 2018</b>		
<b>TYPE OF BENEFIT</b>	<b>YEAR &amp; PERIOD</b>	<b>AMOUNT US\$</b>
ROYALTY	2017	16,188,759.57
CARRIED INTEREST	2017	30,758,643.18
ADDITIONAL PARTICIPATING INT.	2017	15,379,321.59
<b>SUB-TOTAL (j)</b>		62,326,724.34
<b>2018 LIFTINGS</b>		
ROYALTY	2018 - Q1	15,988,686.60
CARRIED INTEREST	2018 - Q1	30,378,504.54
ADDITIONAL PARTICIPATING INT.	2018 - Q1	15,189,252.27
<b>SUB-TOTAL (k)</b>		61,556,443.41
<b>SANKOFA GYE-NYAME FIELD</b>		
<b>2018 LIFTINGS</b>		
<b>TYPE OF BENEFIT</b>	<b>YEAR &amp; PERIOD</b>	<b>AMOUNT US\$</b>
ROYALTY	2018 - Q1	63,030,602.08
CARRIED INTEREST	2018 - Q1	

ADDITIONAL PARTICIPATING INT.	2018 - Q1
<b>SUB-TOTAL (j)</b>	63,030,602.08
<b>SURFACE RENTAL</b>	
<b>COMPANY</b>	<b>AMOUNT US\$</b>
HESS GH EXP	150,750.00
KOSMOS	18,464.00
TULLOW	59,261.22
ENI GHANA EP LTD	78,950.00
ECO-ATLANTIC	47,200.00
BLUESTAR EXPLORATION GH. LTD/GOSCO	3,912.50
AMNI	13,974.00
<b>TOTAL 4</b>	<b>372,511.72</b>
<b>GRAND TOTAL (1+2+3+4+5)</b>	<b>449,323,240.14</b>
Anadarko additional assessment for 2011 - 2015 audits paid into GRA account in Dec. 2017 transferred into PHF in Mar. 2018	12,726,739.73

PetroSA GH. Ltd 3rd quarter 2017 corporate tax paid into GRA account transferred into the PHF in Mar. 2017	761,229.00
TOTAL CIT TRANSFERRED FROM GRA A/C INTO PHF	13,487,968.73
<b>TOTAL (Including amt transferred from GRA to PHF)</b>	<b>462,811,208.87</b>

Source: GRA, June 2018

2. 2018 JANUARY - JUNE GAS SUPPLIES					
MONTH & YEAR	JUBILEE TOTAL VOLUME	TEN TOTAL VOLUME	JUBILEE & TEN TOTAL GAS PRODUCTION	NET CALORIFIC VALUE (mmbtu)	AMOUNT
JANUARY	3,040.606	211.411	3,252.02	3,447,138.02	9,996,700.26
FEBRUARY	-	-	-	-	-
MARCH	1,830.720	643.543	2,474.26	2,622,718.78	7,605,884.46
TOTAL (a)	4,871.33	854.95	5,726.28	6,069,856.80	17,602,584.72
APRIL	1,711.198	1,386.871	3,098.07	3,283,953.14	9,523,464.11
MAY	2,223.034	1,078.700	3,301.73	3,499,838.04	10,149,530.32
JUNE	527.191	1,983.971	2,511.16	2,661,831.72	7,719,311.99
TOTAL (b)	4,461.42	4,449.54	8,910.97	9,445,622.90	27,392,306.41
TOTAL (a+b)	9,332.75	5,304.50	14,637.25	15,515,479.70	44,994,891.13

Source: GRA, June 2018

### 3. Updates on Surface Rental

Serial No.	Name Of Company	Contract Area	Amount In Arrears	Arrears Payments	2018 Assessment	2018 Payment	Outstanding Balance
			Amount	US\$	US\$	US\$	
1	Eni Ghana Exploration And Production Ltd	Offshore Cape Three Points Block 4			56,350.00	(56,350.00)	-
2	Eni Ghana Exploration And Production Ltd	Offshore Cape Three Points (OCTP) Contract Area			22,600.00	(22,600.00)	-
3	Hess Ghana Exploration Ltd	Deepwater Tano/Cape Three Points Contract Area		-	150,750.00	(150,750.00)	-
4	Tullow Ghana Ltd	Deepwater Tano Contract Area	102.72	(102.72)	59,158.50	(59,158.50)	-
5	Kosmos Energy Plc	West Cape Three Points		-	17,797.20	(18,464.00)	-666.8
6	Amni International Petroleum Development Company Ltd	Central Tano Block Offshore	74	(74)	13,900.00	(13,900.00)	-
7	Ecoatlantic Ghana Ltd/Petrogulf	Deepwater South-West Cape Three Points Block	30		47,200.00	(47,200.00)	30
8	Gosco/Heritage Exploration & Production Ghana Ltd/Bluestar	East Keta Ultra Deepwater	111,950.00	(3,912.50)	111,950.00		219,987.50
9	AGM Petroleum Ghana Ltd / GNPC Explorco	South Deepwater Tano			174,100.00		174,100.00
10	Erin Energy GH. Ltd	Expanded Shallow Water Tano Block Offshore	400	-	75,400.00	-	75,800.00

11	GOSCO/Heritage Exploration & Production Ghana Ltd	Offshore South-West Tano Block		-	8,750.00	-	8,750.00
12	Sahara Energy Fields Ghana Ltd	Shallow Water Cape Three Points	259,315.07	-	75,000.00	-	334,315.07
13	Medea Development International / Cola Natural Resources	East Cape Three Points	20	-	78,250.00	-	78,270.00
14	Brittania-U	South-West Saltpond	354,397.26	-	102,500.00	-	456,897.26
15	Ub Resources Ltd	Offshore Cape Three Points South Block	49.92	-	37,750.00	-	37,799.92
16	Swiss African Oil Company Ltd	Onshore/Offshore Keta Delta Block	287,671.23	-	150,000.00	-	437,671.23
17	Springfield Exploration & Production Ltd	West Cape Three Points Block 2		-	17,424.24	-	17,424.24
	<b>Total</b>		<b>1,014,010.20</b>	<b>(4,089.22)</b>	<b>1,198,879.94</b>	<b>(368,422.50)</b>	<b>1,840,378.42</b>

Source: PC, June 2018

**4. INFLOWS AND OUTFLOWS FROM THE PETROLEUM HOLDING FUND FOR FIRST HALF OF 2018**

ITEM	1ST QUARTER			2ND QUARTER			TOTAL
	Jubilee 41st (Jan)	TEN 5th (Jan)	TEN 6th (May)	42nd Jubilee Lift (May)	1st Sankofa Lift (May)	43rd Jubilee Lift (June)	
<b>Royalties</b>	<b>17,648,002.01</b>	<b>16,188,759.57</b>	<b>15,988,686.60</b>	<b>17,550,819.14</b>	<b>63,030,602.08</b>	<b>21,347,900.00</b>	<b>151,754,769.40</b>
o/w crude oil	17,648,002.01	16,188,759.57	15,988,686.60	17,550,819.14	-	21,347,900.00	88,724,167.32
o/w gas	-	-	-	-	-	-	-
<b>CAPI</b>	<b>45,739,361.86</b>	<b>46,137,964.77</b>	<b>45,567,756.81</b>	<b>45,487,487.33</b>	-	<b>55,328,604.49</b>	<b>238,261,175.26</b>
o/w crude	45,739,361.86	46,137,964.77	45,567,756.81	45,487,487.33	-	55,328,604.49	<b>238,261,175.26</b>
o/w gas	-	-	-	-	-	-	-
<b>CIT</b>	12,043,194.00	-	35,917,135.73	-	10,000,000.00	26,505,616.76	<b>84,465,946.49</b>
<b>Surface Rentals</b>	249,500.00	-	307,425.22	47,200.00	13,974.00	3,912.50	<b>622,011.72</b>
<b>PHF Income</b>	142,882.19	-	135,862.40	72,228.17	-	375,238.38	<b>726,211.14</b>
<b>PHF Undistributed Funds</b>	-	31,644.47	-	-	-	-	<b>31,644.47</b>
<b>Total Revenues</b>	<b>75,822,940.06</b>	<b>62,358,368.81</b>	<b>97,916,866.76</b>	<b>63,157,734.64</b>	<b>73,044,576.08</b>	<b>103,561,272.13</b>	<b>475,861,758.48</b>

<b>Transfers to NOC</b>	<b>15,646,892.27</b>	<b>30,260,019.06</b>	<b>29,929,298.95</b>	<b>18,428,403.10</b>	-	<b>48,557,890.93</b>	<b>142,822,504.31</b>
o/w EFC	2,750,119.59	23,455,185.19	23,227,102.72	6,831,652.71	-	45,656,156.54	101,920,216.75
o/w 30%	12,896,772.68	6,804,833.87	6,702,196.23	11,596,750.39	-	2,901,734.39	40,902,287.56
<b>GOG Net Receipt</b>	<b>60,176,047.79</b>	<b>32,098,349.45</b>	<b>67,987,567.81</b>	<b>44,729,331.54</b>	<b>73,044,576.08</b>	<b>55,003,381.21</b>	<b>333,039,253.88</b>
o/w ABFA	42,123,233.45	16,652,595.60	47,591,297.47	11,184,531.58	-	-	117,551,658.10
o/w GPFs	18,052,814.34	15,445,753.85	20,396,270.34	33,544,799.96	73,044,576.08	55,003,381.21	215,487,595.78
o/w GSF	12,636,970.04	10,812,027.70	14,277,389.24	23,481,359.97	51,131,203.26	38,502,366.85	<b>150,841,317.05</b>
o/w GHF	5,415,844.30	4,633,726.16	6,118,881.10	10,063,439.99	21,913,372.82	16,501,014.36	<b>64,646,278.73</b>
<b>Total Transfers</b>	<b>75,822,940.06</b>	<b>62,358,368.51</b>	<b>97,916,866.76</b>	<b>63,157,734.64</b>	<b>73,044,576.08</b>	<b>103,561,272.14</b>	<b>475,861,758.19</b>

Source: MoF, June 2018

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