

**REPUBLIC OF GHANA**



**PUBLIC INTEREST AND ACCOUNTABILITY COMMITTEE (PIAC)**  
ESTABLISHED UNDER THE *PETROLEUM REVENUE MANAGEMENT ACT, 2011*  
(ACT 815)

**SEMI-ANNUAL REPORT ON MANAGEMENT OF PETROLEUM  
REVENUES FOR THE PERIOD**

**JANUARY TO JUNE, 2016**

## TABLE OF CONTENTS

TABLE OF CONTENTS.....	ii
ABBREVIATIONS AND ACRONYMS.....	iv
LIST OF TABLES.....	vii
LIST OF FIGURES.....	vii
FOREWORD.....	viii
EXECUTIVE SUMMARY.....	x
SECTION I.....	1
BACKGROUND.....	1
1.1 Introduction.....	1
1.2 Scope.....	1
1.3 Methodology.....	1
1.4 Outline of the Report.....	2
SECTION 2.....	3
DEVELOPMENTS IN UPSTREAM OIL AND GAS INDUSTRY.....	3
2.1 Introduction.....	3
2.2 Updates on Field Development (Offshore).....	3
2.3 Ongoing Exploration Activities.....	5
2.4 Petroleum Agreements.....	6
SECTION 3.....	7
CRUDE OIL/GAS PRODUCTION AND LIFTING.....	7
3.1 Jubilee Crude Oil and Gas Production.....	7
3.2 Saltpond Field.....	8
3.3 Jubilee Crude Oil Lifting.....	9
3.4 Jubilee Field Gas Exports.....	10
SECTION 4.....	12
ACHIEVED CRUDE OIL AND GAS PRICES.....	12
4.1 Achieved Price for Jubilee.....	12
4.2 Sale Price of Jubilee Gas and Derivatives.....	13
SECTION 5.....	15

PETROLEUM RECEIPTS.....	15
5.1 Total Half Year Petroleum Receipts.....	15
5.2 Analysis of Half Year Petroleum Revenues .....	17
5.2.1 Carried and Participating Interest (CAPI) .....	17
5.2.2 Royalties .....	17
5.2.3 Gas Revenues .....	18
5.2.4 Corporate Income Tax.....	18
5.2.5 Surface Rentals .....	18
5.3 Comparative Analysis of 2016 Budget Forecast and Half Year Performance .....	19
5.4 Revenues from Sale of Lean Gas and Other Derivatives by GNGC .....	20
SECTION 6.....	23
DISTRIBUTION AND UTILISATION OF PETROLEUM REVENUES.....	23
6.1 Allocation of Petroleum Revenue.....	23
6.2 Utilisation of 2016 Half Year Petroleum Revenue .....	24
6.2.1. Utilisation of GNPC's Share of Revenue .....	24
6.1.2. Allocation and Utilisation of the Annual Budget Funding Amount.....	26
6.1.3 Analysis of Half Year ABFA Allocation .....	28
6.1.3.1 Roads and Other Infrastructure .....	28
6.1.3.2 The Public Interest and Accountability Committee .....	29
6.1.4 Transfers to and Performance of the Ghana Petroleum Funds .....	30
SECTION 7.....	32
SUMMARY OF KEY FINDINGS.....	32
SECTION 8.....	35
CONCLUSIONS AND RECOMMENDATIONS.....	35
8.1 Conclusions.....	35
8.2 Recommendations .....	37
REFERENCES.....	39
ANNEXURE .....	40

## ABBREVIATIONS AND ACRONYMS

<b>ABFA</b>	Annual Budget Funding Amount
<b>BCF</b>	Billion Cubic Feet
<b>BOG</b>	Bank of Ghana
<b>BOPD</b>	Barrels of Oil Per Day
<b>BR</b>	Benchmark Revenue
<b>BRENT</b>	Broom, Rannoch, Etieve, Ness, and Tarbat
<b>CAPEX</b>	Capital Expenditure
<b>CAPI</b>	Carried and Participating Interest
<b>CDB</b>	China Development Bank
<b>CIT</b>	Corporate Income Tax
<b>COLA</b>	Crude Oil Lifting Agreement
<b>CTRB</b>	Central Tender Review Board
<b>EER</b>	Explosives Evaluation Report
<b>EIA</b>	Environmental Impact Assessment
<b>EOI</b>	Expression of Interest
<b>ETC</b>	Entity Tender Committee
<b>EPA</b>	Environmental Protection Agency
<b>FEED</b>	Front End Engineering and Design
<b>GBA</b>	Ghana Bar Association
<b>GEM</b>	Gas Export Manifold
<b>GJA</b>	Ghana Journalists Association
<b>GHEITI</b>	Ghana Extractive Industries Transparency Initiative
<b>GHF</b>	Ghana Heritage Fund
<b>GIIF</b>	Ghana Infrastructure Investment Fund

<b>GJFDP</b>	Greater Jubilee Field Development Plan
<b>GNGC</b>	Ghana National Gas Company
<b>GNPC</b>	Ghana National Petroleum Corporation
<b>GOG</b>	Government of Ghana
<b>GPFs</b>	Ghana Petroleum Funds
<b>GPP</b>	Gas Processing Plant
<b>GRA</b>	Ghana Revenue Authority
<b>GSF</b>	Ghana Stabilisation Fund
<b>H1</b>	First Half of Year
<b>ICAG</b>	Institute of Chartered Accountants (Ghana)
<b>ITLOS</b>	International Tribunal for Law of the Sea
<b>ITT</b>	Invitation to Tender
<b>LPG</b>	Liquefied Petroleum Gas
<b>MMBTU</b>	Million British Thermal Units
<b>MMSCF</b>	Million Standard Cubic Feet
<b>MOF</b>	Ministry of Finance
<b>MT</b>	Metric Tonnes
<b>OPEX</b>	Operating Expenditure
<b>ORF</b>	Onshore Receiving Facilities
<b>PHF</b>	Petroleum Holding Fund
<b>PIAC</b>	Public Interest and Accountability Committee
<b>POD</b>	Plan of Development
<b>PRMA</b>	Petroleum Revenue Management Act
<b>PURC</b>	Public Utilities Regulatory Commission
<b>SGN</b>	Sankofa-Gye Nyame
<b>SOPCL</b>	Saltpond Offshore Producing Co. Ltd
<b>SPS</b>	Subsea Production System

<b>SRC</b>	Science Resource Centre
<b>TEN</b>	Tweneboa-Enyenra-Ntomme
<b>TGL</b>	Tullow Ghana Limited
<b>US-EIA</b>	United States Energy Information Administration
<b>VRA</b>	Volta River Authority
<b>WTI</b>	West Texas Intermediate

## LIST OF TABLES

Table 1: Jubilee Crude and Gas Production (January-June 2016) .....	8
Table 2: Crude Oil Liftings by Ghana Group and Jubilee Partners (Jan-June 2016) .....	9
Table 3: Liftings by Jubilee Partners from January-June, 2016.....	10
Table 4: Gas Exports to Atuabo Processing Plant from January to June 2016 .....	10
Table 5: Raw Gas Received at Atuabo Gas Processing Plant and Processed Derivatives .....	11
Table 6: Sale Price of Raw Gas and Processed Derivatives .....	14
Table 7: Crude Oil Sales from Jubilee Field (January to June 2016) .....	15
Table 8: Proceeds from Sale of Raw Gas to GNGC from January-June 2016 .....	16
Table 9: Composition of Petroleum Revenues from the Jubilee Field .....	16
Table 10: Details of Corporate Income Tax Paid by Jubilee Partners from January to June 2016 .....	18
Table 11: Surface Rentals Payment by Companies from January-June 2016 .....	19
Table 12: Half Year Petroleum Revenue Forecasts and Actuals .....	20
Table 13: Summary of GNGC Transactions from January to June 2016 .....	21
Table 14: Distribution of 2016 Half Year Petroleum Revenues .....	23
Table 15: GNPC Expenditure for First Half of 2016 .....	25
Table 16: ABFA Allocation and Variance Analysis (January to June 2016).....	26
Table 17: Distribution of 2016 Half ABFA to Priority Areas.....	27
Table 18: Portfolio Performance of Ghana Petroleum Holding Funds.....	31

## LIST OF FIGURES

Figure 1: Mid-Year Crude Oil Production from the Jubilee Field, 2011-2016.....	7
Figure 2: Comparison of Achieved Crude Price Against Other International Benchmarks .....	12
Figure 3: Comparison of Selling Prices of Jubilee Partners during Half Year of 2016 .....	13
Figure 4: Components of Petroleum Revenue for Half Year 2016 .....	17
Figure 5: Distribution of ABFA to Priority Areas – January to June 2016.....	28
Figure 6: 2016 Half Year ABFA Allocation to Roads and Other Infrastructure Priority Area ....	29

## FOREWORD

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

The preparation of this report was supported with information and data from the Ministry of Finance, Bank of Ghana, Petroleum Commission, Ghana National Petroleum Corporation, Ghana Revenue Authority, and Ghana National Gas Company in the governance of Ghana's petroleum revenues. Without these stakeholders, the Committee's work would be very difficult. However, there is the need to seek for other information on the utilisation of the funds in terms for value for money projects.

The Committee's report aims at keeping Ghanaians and other interested stakeholders constantly informed of how the country's petroleum revenues are being managed and utilised, as well as providing platforms for the citizens' feedback to be collated and shared with duty bearers.

The Committee since its inception has published a total of 10 reports – five (5) Annual and five (5) Semi-Annual Reports - covering the period 2011 to June 2016.

The keen interest with which the good people of Ghana receive our reports is the one of the Committee's motivations in analysing the revenues data as well as the investment position of accrued money.

The 2016 semi-annual report covers the period January to June 2016 and encompasses a broad range of issues associated with petroleum revenue management such as information on production,; liftings, total revenues accruing, allocation and utilisation of these revenues by Government, and the management of the funds set aside in the Ghana Petroleum Funds (Ghana Stabilisation Fund and the Ghana Heritage Fund). The report also contains an examination of a few 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 launch of the report, or send us comments via email to [secretariat@piacghana.org](mailto:secretariat@piacghana.org), or call us on +233 (0) 302 242 006.

PIAC wishes to acknowledge the immense contribution of the Africa Regional Office of the Natural Resource Governance Institute (NRGI), for their continuous technical support to PIAC.

PIAC is also very grateful to the UK Department for International Development (DfID) 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 the printing of our reports and holding of our public engagements.

Finally, PIAC wishes to thank the Ministry of Finance and the Government of Ghana for the budgetary support, as well as Parliament for the strong collaboration with the Committee.

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

## EXECUTIVE SUMMARY

The Public Interest and Accountability Committee (PIAC) is a civil society-based statutory body created by an Act of Parliament – the *Petroleum Revenue Management Act (Act 815)*, as amended by Act 893 – to provide an additional non-parliamentary and independent oversight over the collection and utilisation of petroleum revenues in Ghana. PIAC is required by its establishing Act to provide two periodic reports – a semi-annual and an annual report – within a given year detailing out how proceeds from oil and gas have been allocated and utilised during the period under review.

This report is the fifth semi-annual report to be published by the Committee since its inception in 2011. The report analyses crude oil production and liftings, authenticates the accuracy of petroleum revenues declared by state institutions, assesses allocation of petroleum revenues to support the annual budget and the Ghana Petroleum Funds as stipulated by the Act, discusses how petroleum receipts have been allocated and utilised, and analyses the performance of the petroleum funds during the period under review. A combination of desk research methodologies and key informant interviews were employed in gathering and analysing data in coming up with the report.

The key findings emerging from 2016 Semi-Annual Report are as follows:

1. Crude oil production from the Jubilee Field declined by 40% from 19.08 million barrels in mid-year 2015 to 11.44 million barrels over the same period in 2016. The decline in production was caused by a combination of scheduled shutdown of the FPSO for routine maintenance and a faulty turret bearing which led to the suspension of oil production for up to 50 days.
2. The 2016 half year production volumes are the lowest since 2011.
3. There was a 38% decline in the production of raw gas from 27,363 MMscf in the first half of 2015 to 16,904 MMscf during the period under review.

4. There was no production at the Saltpond Field following the suspension of operations in December 2015. The Saltpond Field is currently being decommissioned.
5. The Ghana Group lifted 1.95 million barrels of oil representing 18.48% of total liftings from the Jubilee Field between January and June 2016.
6. Liftings carried out by the Ghana Group declined by 39% when compared to the liftings done during the same period in 2015.
7. A total of 9,349 MMscf of wet gas was exported to the Atuabo Gas Plant for processing into lean gas, LPG and condensates.
8. Average achieved price for the Jubilee Crude was US\$40.21 per barrel compared to benchmark price of US\$53.03, representing a negative variance of 24.21%.
9. The price obtained by the Ghana Group compares favourably with global benchmark prices prevailing at the time the cargoes were sold.
10. Although the average sale price achieved by the Ghana Group was similar to those of the other Jubilee Partners, the latter were able to achieve higher prices for their liftings because of successful hedging policies on their part.
11. Revenues from the petroleum sector during the first half of 2016 amounted to US\$126.41 million, which translates to a 55% reduction in revenues when compared to total petroleum receipts during the same period in 2015 (US\$274.47 million) but 4% better than revenues received during the second half of 2015.
12. Total half year receipts from the petroleum sector represent only 50.35% of the projected half year revenue of US\$251.05 million.
13. Ghana Gas was able to collect only 16% (US\$17.17million) of expected receivables of US\$104.13 million during the period under review.
14. Total payment owed Ghana Gas had hit US\$340.49 million as at June 30, 2016 with VRA alone accounting for 89.9% (US\$306.10 million) of the outstanding balance.

15. Total interest payable by Volta River Authority (VRA) on its outstanding debts amounted to US\$2.86 million in the first half of 2016.
16. Approximately 69% (US\$87.15 million) of the total petroleum receipts of US\$126.46 million was distributed during the period under review. The undistributed balance of US\$48.47 million remains in the PHF awaiting distribution in the second half of the year.
17. Approximately 52% (US\$45.07million) of the disbursements was allocated to the Annual Budget Funding Amount (ABFA), 26% (US\$22.77 million) to the Ghana National Petroleum Corporation (GNPC), 16% (US\$13.52 million) was lodged in the Ghana Stabilisation Fund (GSF), with the remaining US\$5.79 million (6%) going into the Ghana Heritage Fund (GHF).
18. Total allocation to GNPC was US\$22.77 million while US\$64.04 million was spent, representing a net deficit of US\$41.27 million (181.9%).
19. For the first time since the allocation of petroleum revenues commenced, the disbursement to GNPC of US\$22.77 million could only cover 77% of the Jubilee financing cost of US\$29.51 million.
20. An amount of US\$3.12 million was expended on the Western Corridor Roads while US\$0.32 million was spent as GNPC's contribution to the decommissioning of the Saltpond Field.
21. An amount of GH¢172.9 million (US\$45.07 million) was allocated to the ABFA during the period under review which translates to a 64% shortfall in the projected ABFA of US\$126.13 million.
22. 71.29% (GH¢123.25 million) of the allocation to the ABFA went to the *Roads and Other Infrastructure* priority area, GH¢10.97 million (6.34%) went to *Agricultural Modernisation*, GH¢38.08 million (22.02%) went into *Capacity Building*, with 0.6 million (0.35%) going to PIAC.
23. Significantly, no allocation was made to the *Expenditure and Amortisation of Loans for Oil and Gas Infrastructure* because Ghana National Gas Company (GNGC) has become

fully operational and is expected to assume responsibility for the repayment of the China Development Bank (CDB) loan.

24. Approximately 23% (GH¢28.38 million) of the allocation to the *Roads and Other Infrastructure* priority area was spent on roads and highways, GH¢31.59 million (32%) on energy infrastructure, GH¢23.1 million (19%) on water infrastructure, GH¢2.00 million (2%) on transport infrastructure, with the remaining GH¢30.27 million (24%) going into the Ghana Infrastructure Investment Fund.
25. Amounts of US\$13.52 million and US\$5.79 million of the total half year petroleum revenue were transferred to the GSF and GHF respectively during the period under review.
26. No transfer was made from the GSF even though there was significant shortfall in the expected quarterly ABFA in view of the fact that, the balance in the GSF was lower than the US\$200 million moving cap set in the 2016 Budget Statement.
27. The GPFs earned a combined return on investments of 5.26% (US\$3.08 million) between January and June 2016, with GSF contributing US\$ 0.438 million (0.33%), and GHF earning US\$2.64 million (4.93%).
28. Outstanding balances on the GPFs stood at US\$191.35 million for the GSF and US\$267.81 for the GHF.

In drawing conclusions from the key findings, PIAC has expressed concerns about the ever-growing indebtedness of state institutions to GNGC, which is not only depriving the Petroleum Holding Fund (PHF) of much-needed inflows but is also beginning to compromise the ability of the GNGC to commence the scheduled amortisation of the approximately US\$1 billion CDB loan facility that was contracted by the Government of Ghana (GoG) for the construction of the Atuabo Gas Processing Plant. The Committee is also concerned that some key recommendations made in some of its previous reports, such as the suggestion in its 2015 Annual Report urging GNPC to desist from spending portions of its (GNPC's) allocation on non-core business areas and the urgent need for Ghana to hedge its oil price, have not been implemented by the relevant state institutions.

In the light of the foregoing, PIAC has proffered the following recommendations for the consideration of key state actors involved in the management of Ghana's petroleum revenues:

1. The VRA, as a matter of urgency, should be prevailed upon by the Ministries of Finance, Power and Petroleum to settle its indebtedness to the GNGC in order to prevent its debts from spiralling to unmanageable proportions and thereby compromising the financial integrity and viability of GNGC.
2. The GNGC should consider fast-tracking the interconnection of its onshore pipeline to the West African Gas Pipeline to create new market for its lean gas so that in the event that VRA continues to default in honouring its obligations, the lean gas could be channelled to the new markets that would become available by virtue of the interconnection.
3. The GNPC should desist from financing infrastructure projects with funds allocated to it from petroleum revenues. PIAC proposes that any outstanding payment(s) to be made in respect of the Western Corridor Road project must be paid from the allocations to the *Roads and Other Infrastructure* priority areas.
4. The GRA should ensure that the outstanding surface rental invoice owed by Oranto Energy is paid with interest.
5. In order to help mitigate the impacts of the volatility of crude oil prices on the world market and following the successful hedging programmes being implemented by the other Jubilee partners, the government should consider resuming its hedging programme on crude oil export.
6. The selection of new priority areas to benefit from the ABFA for the next three (3) years must be underpinned by detailed evaluation of the ABFA expenditures over the past six (6) years. Also, conscious efforts must be made to ensure better targeting of the ABFA allocation to help maximise its impacts.

# SECTION 1

## BACKGROUND

### 1.1 Introduction

The Public Interest and Accountability Committee (PIAC), is a statutory committee established by an Act of Parliament under Section 51 of the *Petroleum Revenue Management Act, 2011* (Act 815) to, among others, ensure that the collection and management of petroleum revenues in Ghana are consistent with the provisions of Act 815. Section 56(a) of Act 815 enjoins PIAC to publish two reports – a semi-annual and an annual Report – every year. The purpose of these reports is to provide an independent assessment of the management and use of petroleum revenues in a given year. Since its inauguration in 2011, the Committee has published nine reports – five (5) annual reports (2011-2015) and four (4) semi-annual reports (2012-2015). This report is the fifth in the PIAC Semi-Annual Report series and the tenth in total.

### 1.2 Scope

This report covers the period January – June 2016, and its scope includes:

- Analysis of crude oil production and liftings
- Verification of the accuracy of petroleum revenues declared by state institutions<sup>1</sup>
- Assessment of the allocation of petroleum revenues to support the annual budget and the Ghana Petroleum Funds as stipulated by the Act
- Analysis of the utilisation of petroleum receipts, and of the performance of the petroleum funds during the period

### 1.3 Methodology

In compiling this report, desk study and key informant interviews were used. The main sources of information were the following:

- i. Ministry of Finance (MoF)
- ii. Ghana National Petroleum Corporation (GNPC)
- iii. Petroleum Commission (PC)
- iv. Bank of Ghana (BoG)
- v. Ghana National Gas Company (GNGC)
- vi. Ghana Revenue Authority (GRA)

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<sup>1</sup> Owing to time and other logistical constraints, PIAC has not been able to independently verify the production and revenue figures before this publication. This would be done in the full year (2016 Annual) report.

vii. Parliament of Ghana

The data collected were reviewed, analysed, and where any inconsistencies or discrepancies were discovered, follow-up interviews were conducted with designated officials of the relevant stakeholder institution(s). The final draft of the report was sent to stakeholder institutions for validation before publication.

## **1.4 Outline of the Report**

The rest of the report is organised into the following six (6) sections:

- Section 2 provides an update on happenings in the upstream petroleum sector during the first half 2016
- Section 3 presents information on crude oil and gas production and marketing in 2015
- Section 4 presents and analyses petroleum receipts from different sources
- Section 5 discusses how the 2016 half year petroleum revenues were allocated and utilized
- Section 7 presents a summary of key findings
- Section 8 draws conclusions and proffers recommendations



## SECTION 2

### DEVELOPMENTS IN UPSTREAM OIL AND GAS INDUSTRY

#### 2.1 Introduction

The upstream segment of Ghana's nascent petroleum industry witnessed a number of exploration and development activities during the period under review. Reports from the Petroleum Commission and GNPC indicate that works on some key fields progressed steadily between January and June, 2016.

#### 2.2 Updates on Field Development (Offshore)

##### 2.2.1 Greater Jubilee Field Development

The Greater Jubilee Full Field Development Plan (GJFFDP) comprises an integrated development of all reservoirs in the Deepwater Tano and West Cape Three Points Licences. The development is expected to deliver 120,000 bopd, 203 MMscf/d of associated gas, and 50 MMscf/d of non-associated gas (Petroleum Commission, 2016). As reported in the 2015 PIAC Annual Report, Tullow Ghana Limited and its partners submitted the Greater Jubilee Full Field Development (GJFFD) Plan, which includes the Mahogany and Teak Fields, to the Government of Ghana in December 2015. During the period under review, the partners were requested to conduct further works on GJFFDP to pave way for approval by Government. Tullow worked closely with the Petroleum Commission (PC) towards this end leading to achievement of the following project milestones:

- Subsea Front-End Engineering Design (FEED) report completed and submitted to the PC
- Gas pricing negotiation between Tullow Ghana Limited (TGL), GNPC and Government of Ghana commenced and still ongoing as at the end of June 2016
- Front-End Engineering Design (FEED) of the Floating Production Storage Offloading (FPSO) vessel expansion completed

## 2.2.2 Tweneboa-Enyera-Ntomme (TEN)

The TEN Field is the second major oilfield in Ghana with estimated recoverable reserves of 245 million barrels (mmbbls) of oil and 365 billion cubic feet (bcf) of gas. As reported in the 2015 Annual Report, the TEN project had reached 82.9% completion rate as at December 2015. The development of the field progressed steadily during the first half of 2016. The status of the project at the end of the review period is as follows (GNPC and PC, 2016):

- The FPSO Professor John Evans Atta Mills arrived in Ghana on March 2, 2016 awaiting commissioning
- Pre-start audit of the FPSO completed
- By the end of June 2016, ten (10) first oil wells had been drilled, out of which eight (8) had been completed and hooked up ready for production start-up by early August 2016.
- Installation Hook-up and Commissioning (IHUC) Phase reached 90.8% completion at the end of June, 2016
- Eight (8) Christmas Trees fabricated in Houston and assembled and tested in Takoradi by Ghanaian engineers and technicians by the end of June, 2016
- The Gas Export Manifold (GEM) and pipe fabrication in-country progressed steadily and reached 97.7% completion.
- Assessment of entire project at end of June 2016 stands at 96.4% complete.
- First oil expected between 4<sup>th</sup> and 21<sup>st</sup> August, 2016

## 2.2.3 Sankofa Gye Nyame (Offshore Cape Three Points – (OCTP) Development

The Sankofa Gye Nyame (SGN) Field, operated by ENI, is a deepwater field comprising 2 associated and 3 non-associated discoveries. According to PC and GNPC, the development of the SGN Field, which as at the end of December was assessed at 27.7%, progressed steadily during the period under review. Updates on the status of the project as at the end of June 2016 are as follows:

- Phase 1 (oil phase) has been amended with improved reserves with a net increase of 42 MMbbls (131.3 MMbbls to 173.3 MMbbls).
- Key operational results show drilling operations at 31.5% completion, compared to a target of 26.8%, with seven (7) development wells drilled.

- FPSO sailed from China in January 2016 to the Singapore Integrated Yard with works reaching a progress level of 82.3% as against a target of 84.0% by the end of June 2016.
- FPSO pre-commissioning activities commenced.
- Subsea Production System (SPS) contract progressed to 69.3% compared to a target of 72.8%.
- Onshore Receiving Facility (ORF) contract progressed to 6.2% against a target of 12.8%.
- Various agreements with the World Bank for the US\$500 million stand-by letter of credit to support the OCTP project finalised.
- The Livelihood Restoration Plan (LRP) for the Project commenced in April 2016 and will distribute food packages to 308 households impacted by the location of the OCTP Onshore Gas Receiving facilities (ORF) in Sanzule. The Food Packages are part of the transitional support under the OCTP Livelihood Restoration Plan approved by the IFC and World Bank in December 2015
- Overall progress of work on the SGN as at the end of June was 48.7% against a target of 51.3%.

## 2.3 Ongoing Exploration Activities

### 2.3.1 Voltaian Basin

GNPC, as the operator of the Voltaian Inland Basin, continued with its reconnaissance activities during the period under review. Activities carried out are as follows:

- Explosive Evaluation Report (EER) submitted to Central Tender Review Board (CTRB) for approval and award of contract
- Consultation with Management and Entity Tender Committee (ETC) on the evaluation criteria for the procurement of Seismic Acquisition Contractor
- Decision taken for the seismic contract to be re-tendered following a change in the procurement strategy
- An Expression of Interest (EOI) for Seismic Data Processing services contract has been issued. Eight (8) contractors have been shortlisted and issued with an Invitation to Tender (ITT).
- Final Environmental Impact Assessment (EIA) has been submitted to the Environmental Protection Agency (EPA) for approval.

- Work on the security plan which would among others, provide an overview of the security requirements and controls of the project is currently on-going.

### **2.3.2 HESS Appraisal**

According to the Petroleum Commission, there are seven (7) discoveries in the HESS field. Five (5) of the discoveries, namely Pecan, Almond, Pecan North, Cob and Beech have been appraised with two of them – Pecan and Almond – being adjudged to be commercial. Technical evaluation of the development concept of the project (Pecan and Almond) was on-going by the end of the review period. The Cob discovery however, has been declared non-commercial (PC, 2016).

PIAC has been informed by the Petroleum Commission that the Contractor is seeking to invoke Article 14.19a of the Deepwater Tano/Cape Three Points Contract Area Petroleum Agreement over the Hickory North and Paradise discoveries, to negotiate a new petroleum agreement due to the non-associated gas resources in these discoveries.

HESS has also submitted a proposal to the Petroleum Commission, requesting for the suspension of the submission of the Plan of Development (POD) for a minimum of one year after the International Tribunal Law of the Sea (ITLOS) ruling on the maritime boundary dispute between Ghana and Cote d'Ivoire due in June 2017. HESS' proposal is being considered by a multi-disciplinary team comprising HESS and its partners, Petroleum Commission, and the Ministry of Petroleum.

## **2.4 Petroleum Agreements**

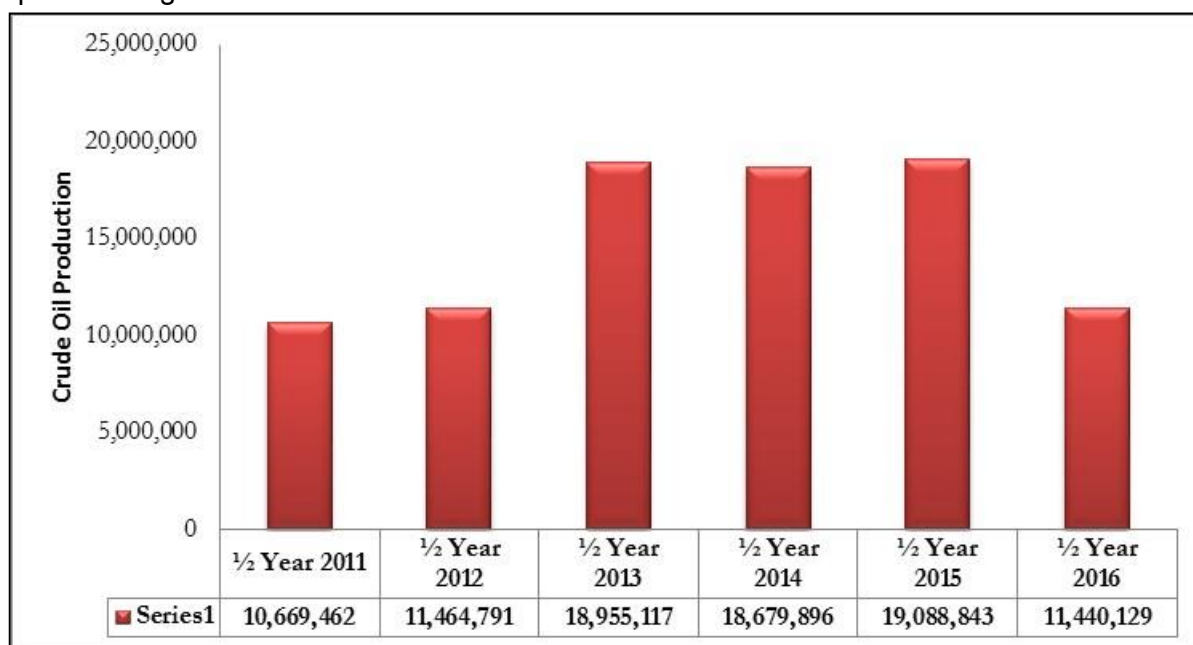
The Parliament of Ghana ratified 3 new petroleum agreements during the period under review. The ratified agreements covered the Cape Three Points Block 2 operated by Springfield, Onshore/Offshore Keta Block operated by Swaoco, and the Cape Three Points Block 4 operated by ENI.

## SECTION 3

### CRUDE OIL/GAS PRODUCTION AND LIFTING

#### 3.1 Jubilee Crude Oil and Gas Production

A total of 11,440,129 barrels of crude oil was produced from the Jubilee Field during the first half of 2016 compared to 19,088,843 barrels produced over the same period in 2015 as depicted in Figure 1.



**Figure 1: Mid-Year Crude Oil Production from the Jubilee Field, 2011-2016**

The production volumes achieved during the period under review represents a 40% decline over the volumes produced over the same period in 2015 and brings the total volume of crude oil produced from the Jubilee Field since commercial production began in 2010 to 173,369,300 barrels. The sharp decline in the average daily production figures that occurred during the period under review is attributable to suspension of crude oil production between March 20 and May 8, 2016 owing to damage to the turret bearing of the FPSO, and the shut-down of the FPSO for scheduled maintenance.

With respect to associated gas, a total of 16,904 million Standard Cubic Feet (MMscf) was produced from the Jubilee Field between January and June 2016 compared to 27,363 MMscf

produced over the same period in 2015, representing a 38% decline in the production of raw gas. Table 1 gives the breakdown of crude oil and associated gas production from the Jubilee Field during the first half of 2016.

**Table 1: Jubilee Crude and Gas Production (January-June 2016)**

MONTH	AVG DAILY PROD (BOPD)	PRODUCTION DAYS	MONTHLY PRODUCTION	
			(OIL/ BBLs)	GAS/ MMscf
January	100,413	31	3,112,793	4,448.62
February	99,188	29	2,876,466	4,320.05
March	42,636	31	1,321,719	2,260.57
April	-	-	-	-
May	49,225	29	1,525,973	2,319.23
June	86,773	30	2,603,178	3,555.55
<b>TOTAL</b>	62,858	150	<b>11,440,129</b>	<b>16,904.02</b>

Source: GNPC, 2016

### 3.2 Saltpond Field

There was no production of crude oil from the Saltpond Field during the period under review following the cessation of production operation in December 2015, a move occasioned by a strike action by offshore staff who were complaining about poor conditions of service. Currently, a committee has been set-up by the Ministry of Petroleum to oversee the decommissioning of the Saltpond Field.

### **Box 1: Summary of Findings on Petroleum Production**

- Crude oil production from the Jubilee Field declined by 40% from 19.08 million barrels in mid-year 2015 to 11.44 million barrels over the same period in 2016. The decline in production was caused by a combination of scheduled shutdown of the FPSO for routine maintenance and a faulty turret bearing which led to the suspension of oil production for up to 50 days.
- The 2016 half year production volumes is the lowest since 2012.
- There was a 38% decline in the production of raw gas from 27,363 MMscf in the first half of 2015 to 16,904 MMscf during the period under review.
- There was no production at the Saltpond Field following the halting of operations in December 2015. The Saltpond field is currently being decommissioned.

### **3.3 Jubilee Crude Oil Lifting**

In accordance with the Jubilee Field Crude Oil Lifting Agreement (COLA), the GNPC lifted two parcels of crude oil (liftings number 31 and 32) on behalf of the State (Ghana Group) totalling 1,943,132 barrels of crude oil during the reporting period as shown in Table 2. The liftings made by the Ghana Group during the first half of 2016 represent a 49% decline when compared to the 3,833,918 barrels it lifted over the same period in 2015.

**Table 2: Crude Oil Liftings by Ghana Group and Jubilee Partners (Jan-June 2016)**

Period	Lifting Information		
	Number	Date	Volume (barrels)
1st Quarter	31st	02-February-2016	947,980
2nd Quarter	32nd	14-May-2016	995,152
<b>TOTAL</b>			1,943,132

Source: GNPC, 2016

Table 3 on the other hand shows the total number of liftings made by all the Jubilee Partners (including the Ghana Group) during the first six months of 2016. The details of all liftings that took place during the first half of 2016 is attached in Annex A-1.

**Table 3: Liftings by Jubilee Partners from January-June, 2016**

Name of Company	Number of Liftings	Total Liftings (barrels of oil)	Percentage of Total Liftings
Tullow Ghana Limited	3	2,891,902	27.47
AnadarkoPetro SA	3	2,844,753	27.02
Kosmos	3	2,843,661	27.01
Ghana Group	2	1,946,132	18.48
<b>TOTAL</b>	<b>11</b>	<b>10,526,448</b>	<b>100</b>

Source: GNPC, 2016

Table 3 reveals that the liftings carried out by the Ghana Group during the period under review represented 18.48% of the total liftings, which is consistent with the shareholding arrangements of the Jubilee Field as defined by the Jubilee fiscal regime.

### 3.4 Jubilee Field Gas Exports

Out of the 16,904 MMscf of gas produced from the Jubilee Field during the first half of the year, 9,349 MMscf (55.3%) was delivered to GNGC for processing at the Atuabo Gas Processing Plant as shown in Table 4. The remaining 7,555 MMscf was used to meet the energy needs of the FPSO and/or re-injected to maintain reservoir pressure (GNPC, 2016).

**Table 4: Gas Exports to Atuabo Processing Plant from January to June 2016**

Month	Volume (MMscf)	Conversion Factor (BTU/cu.ft)	Net Calorific Value (MMBTU)
January	2,411.24	1,060	2,555,914.40
February	2,557.89	1,060	2,711,363.40
March	1,603.14	1,060	1,699,328.40
April	-		-
May	1,231.14	1,060	1,305,008.40
June	1,546.02	1,060	1,638,777.60
<b>TOTAL</b>	<b>9,349.09</b>	<b>1,060</b>	<b>9,910,391.80</b>

Source: GNPC, 2016



The raw gas exported to the Atuabo Gas Processing Plant was processed into various volumes of lean gas and two other derivatives – Liquefied Petroleum Gas (LPG) and condensates – as shown in Table 5.

**Table 5: Raw Gas Received at Atuabo Gas Processing Plant and Processed Derivatives**

Products	Unit	January	February	March	April	May	June	Total
<b>Raw Gas Received</b>	<i>MMscf</i>	2,365.78	2,461.81	1,584.68	-	1,312.83	1,516.34	<b>9,241.44</b>
<b>Lean Gas</b>	<i>MMscf</i>	2,240.29	2,358.81	1,502.86	-	1,223.29	1,419.57	<b>8,744.82</b>
<b>LPG</b>	<i>Cubic Meters (M<sup>3</sup>)</i>	17,581.99	18,060.40	9,968.69	-	7,896.47	9,366.15	<b>62,873.7</b>
<b>Condensates</b>	<i>Cubic Meters (M<sup>3</sup>)</i>	3,018.65	3,069.83	1,461.22	-	877.30	1,434.86	<b>9,861.86</b>

Source: GNGC, 2016

#### **Box 2: Summary of Findings on Crude Oil Liftings and Gas Exports**

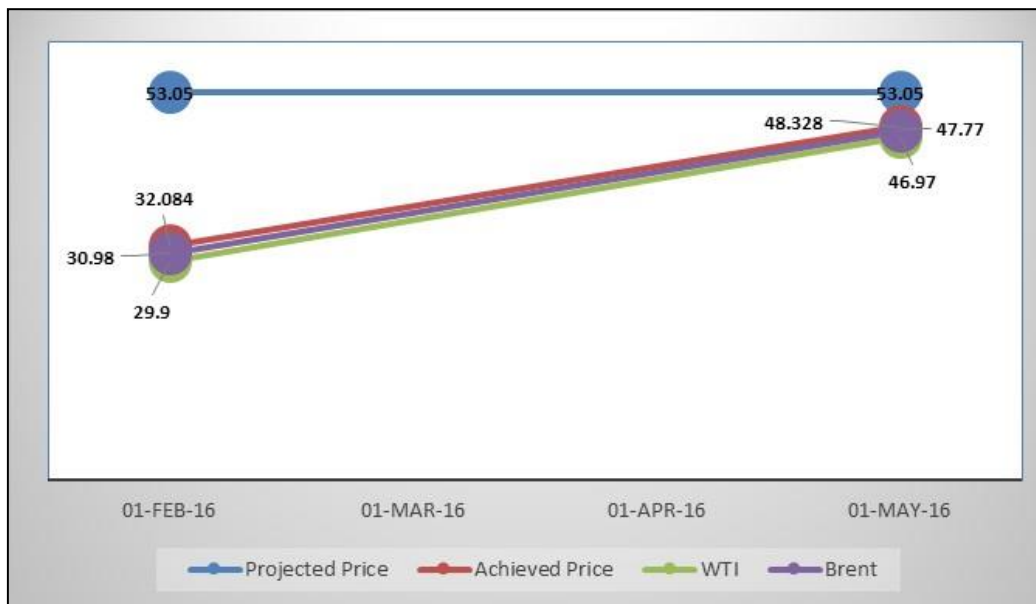
- The Ghana Group lifted 1.95 million barrels of oil representing 18.48% of total liftings from the Jubilee Field between January and June 2016.
- Liftings carried out by the Ghana Group declined by 39% when compared to the liftings done during the same period in 2015.
- A total of 9,349 MMscf of wet gas was exported to Atuabo Gas Plant for processing into lean gas, LPG and condensates.

## SECTION 4

### ACHIEVED CRUDE OIL AND GAS PRICES

#### 4.1 Achieved Price for Jubilee

The parcels of crude oil lifted from the Jubilee Field by the Ghana Group were sold at an average price of US\$40.21 per barrel as against a projected benchmark price of US\$53.05 per barrel, representing a negative variance of 24.21%.

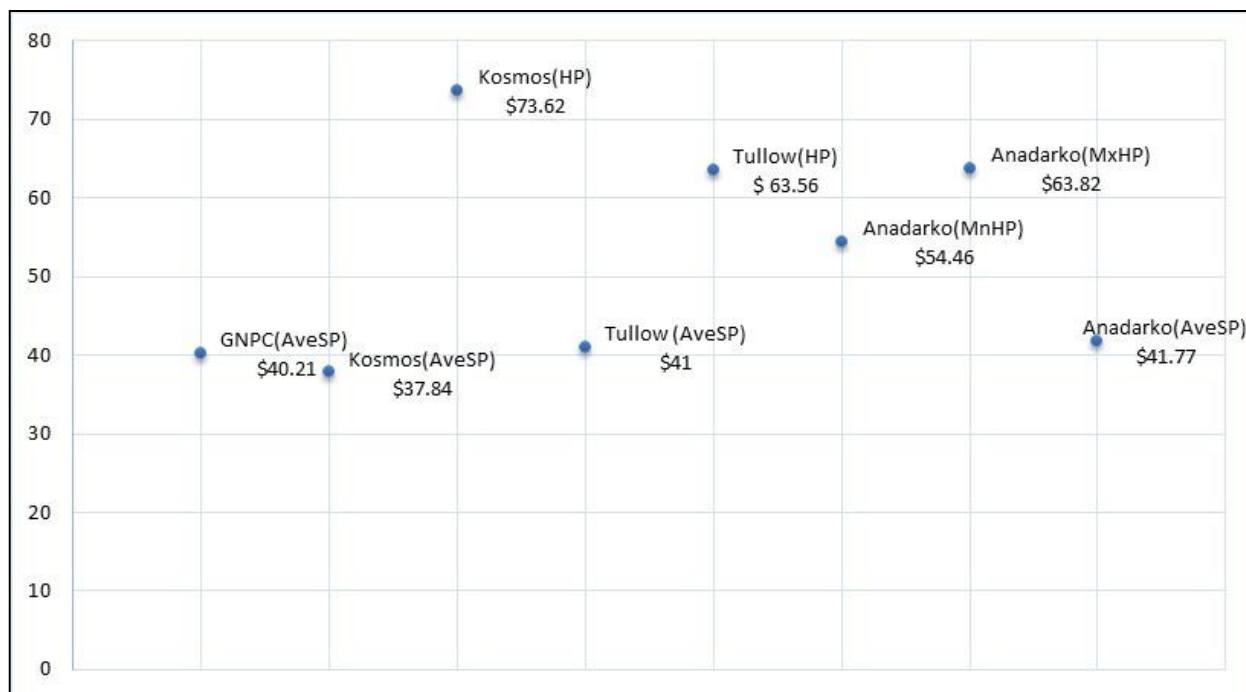


**Figure 2: Comparison of Achieved Crude Price Against Other International Benchmarks**

Figure 2 compares the achieved price for Jubilee Crude with the dated Broom, Rannoch, Etieve, Ness and Tarbat (BRENT) Crude Price, and the West Texas Intermediate (WTI) price of crude oil during the period under review. The figure shows that, the price at which Ghana's share of Jubilee Crude was sold compares favourably with the spot price for BRENT Crude and WTI on the dates that the Ghana Group sold their cargoes.

Figure 3 on the other hand, compares the price achieved by the Ghana Group with the average selling price of the other Jubilee Partners. The figures show that average sale price realised by the Ghana Group (represented by GNPC) during the first half of 2016 was almost the same as those realised by the other Jubilee Partners. However, the Jubilee IOCs got higher values

(ranging between US\$54.46 and \$73.62 per barrel) for their liftings as a result of successful hedging policies on their part.



**Figure 3: Comparison of Selling Prices of Jubilee Partners during Half Year of 2016**

**Legend:** Average Sale Price (AveSP); Hedge Price (HP); Maximum Hedge Price (MxHP); Minimum Hedge Price (MnHP)

## 4.2 Sale Price of Jubilee Gas and Derivatives

Raw gas from the Jubilee Field was delivered by GNPC to GNGC at a Public Utilities Regulatory Commission (PURC) approved price of US\$2.90/MMbtu while GNGC sold processed/lean gas to VRA at US\$8.8424/MMbtu as shown in Table 6. Table 6 also shows that LPG produced at the Atuabo Gas Processing Plant was sold to Sage Petroleum at an average price of US\$290.37/MT, with condensates being sold at a unit price of US\$288 for each metric tonne during the period under review.

**Table 6: Sale Price of Raw Gas and Processed Derivatives**

Month	PRICE OF PRODUCTS			
	Raw Gas (\$/MMbtu)	Lean Gas (\$/MMbtu)	LPG (\$/MT)	Condensates (\$/MT)
January	2.90	8.8424	319.25	288
February	2.90	8.8424	259.47	288
March	2.90	8.8424	278.97	288
April	-	-	-	-
May	2.90	8.8424	293.66	288
June	2.90	8.8424	300.52	288

Source: GNPC and GNGC, 2016

### **Box 3: Summary of Findings on Achieved Petroleum Prices**

- Average achieved price for the Jubilee Crude oil was US\$40.21 per barrel compared to benchmark price of US\$53.03, representing a negative variance of 24.21%.
- The price obtained by the Ghana Group compares favourably with global benchmark prices prevailing during the period that the cargoes were sold.
- The Jubilee Partners obtained higher revenues from the liftings because of their hedging policies.

## SECTION 5

### PETROLEUM RECEIPTS

#### 5.1 Total Half Year Petroleum Receipts

An amount of US\$78.66 million was realised from the sale of the two liftings (31<sup>st</sup> and 32<sup>nd</sup>) undertaken by the Ghana Group during the first half of the year, while an additional US\$35.74 million accrued to the State as proceeds from the sale of the 29<sup>th</sup> lifting carried out in late December 2015 as shown in Table 7. This brings total revenue from the direct sale of crude oil during the period under review to US\$114.40 million. The total proceeds from the sale of Ghana's share of Jubilee Crude consist of royalties (5% of total production) and the Carried and Participating Interest – CAPI (13.64%).

**Table 7: Crude Oil Sales from Jubilee Field (January to June 2016)**

Item	Unit	1 <sup>st</sup> Quarter		2 <sup>nd</sup> Quarter	Total Amount (US\$)
		30 <sup>th</sup> Lifting	31 <sup>st</sup> Lifting	32 <sup>nd</sup> Lifting	
Date of Lifting	dd/mm/yy	08-Dec-15	02-Feb-16	14-May-16	
Volume Lifted	barrels	948,118	947,980	995,152	
Selling Price	US\$	37.692	32.164	48.408	
Value of Lifting	US\$	35,736,463.66	30,490,828.72	48,173,318.02	114,400,610.40

Source: Ministry of Finance and Bank of Ghana, 2016

As indicated above (see Table 4), GNPC piped a total of 9,349 MMscf (or 9,910,391 MMBtu) of raw gas to GNGC at the unit cost of US\$2.90/MMBtu. The sale yielded total receivable of US\$28.74 million as shown in Table 8.

**Table 8: Proceeds from Sale of Raw Gas to GNGC from January-June 2016**

Month	Volume (MMBTU)	Price (US\$)	Amount Receivable (US\$)	Amount Paid (US\$)
January	2,555,914.40	2.90	7,412,151.76	-
February	2,711,363.40	2.90	7,862,953.86	-
March	1,699,328.40	2.90	4,928,052.36	9,302,806.35
April	-	-	-	-
May	1,305,008	2.90	3,784,524.36	-
June	1,638,770.60	2.90	4,752,434.74	-
<b>TOTAL</b>	<b>9,910,392</b>	<b>2.90</b>	<b>28,740,117.08</b>	<b>9,302,806.35</b>

Source: GNPC, 2016

Table 8 however shows, among other things, that only US\$9.30 million (approximately 32%) out of US\$28.74 million of receivables from the sale of gas was paid by VRA during the period under review, leaving an unpaid balance of US\$19.44 million. This brings GNGC total indebtedness to GNPC as at the end of June 2016 to US\$97.94 million, if the previous outstanding balance of US\$78.50 million carried over from December 2015 is added to the 2016 unpaid balances.

Revenues from the sale of raw gas, corporate income taxes (CIT), surface rentals, and interest earned on undistributed funds in the Petroleum Holding Fund (PHF) amounted to US\$12.01 million, bringing total petroleum revenues received during the first half of 2016 to US\$126.41 million as shown in Table 9.

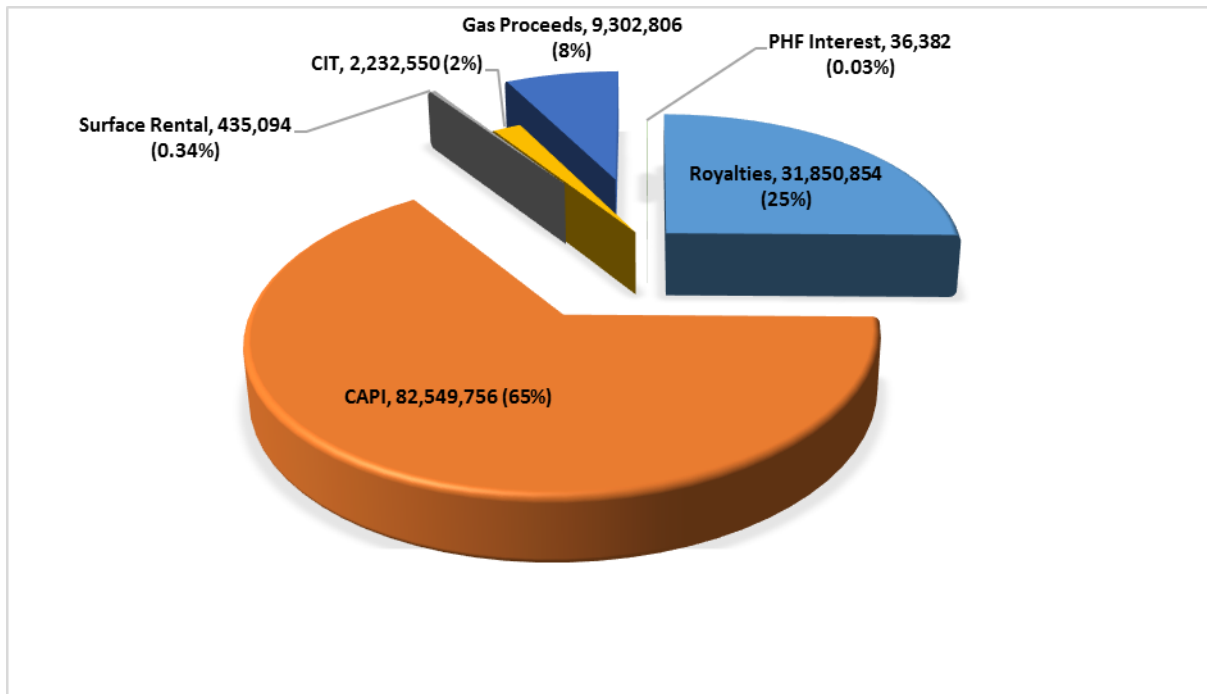
**Table 9: Composition of Petroleum Revenues from the Jubilee Field**

Item	Unit	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	TOTAL
Jubilee Royalties	US\$	18,438,676.24	13,412,177.70	<b>31,850,853.94</b>
Carried and Participating Interest	US\$	47,788,616.15	34,761,140.32	<b>82,549,756.47</b>
Surface Rental	US\$	356,844.24	78,250.00	<b>435,094.24</b>
Corporate Income	US\$	2,027,780.00	204,770.00	<b>2,232,550.00</b>
Gas	US\$	9,302,806.35	0	<b>9,302,806.35</b>
PHF Interest	US\$	25,675.86	10,706.30	<b>36,382.16</b>
<b>Total Petroleum Receipts</b>	<b>US\$</b>	<b>77,940,398.84</b>	<b>48,467,044.32</b>	<b>126,407,443.16</b>

Source: Ghana Revenue Authority and Bank of Ghana, 2016

The proceeds received from the petroleum sector during the first half of 2016 were approximately 55% lower than total proceeds that accrued during the same period in 2015 but approximately 4% higher when compared to the proceeds that came in during the second half of 2015.

Figure 4 shows the contribution of the various components of petroleum revenue to total petroleum receipts during the first half of 2016.



**Figure 4: Components of Petroleum Revenue for Half Year 2016**

## 5.2 Analysis of Half Year Petroleum Revenues

### 5.2.1 Carried and Participating Interest (CAPI)

As can be seen from Figure 4, revenues from CAPI accounted for 65% (US\$82.55 million) of total petroleum receipts during the first half of the year, representing a seven (7) percent decline in the contribution of CAPI to total revenue over the same period in 2015.

### 5.2.2 Royalties

A total of US\$31.85 million (representing 25% of total half year revenue) was received into the PHF in the form of royalties compared to US\$76.31 million (28%) that accrued as royalties during the same period in 2015.

### 5.2.3 Gas Revenues

Figure 4 reveals that proceeds from the sale of raw gas was the third largest contributor to the total revenues received from the petroleum sector accounting for 8% (US\$9.30 million) of total receipts during the period. As a matter of fact, the contribution of gas to total petroleum revenue for the first half of 2016 would have been approximately 20% if the remaining amount of US\$19.44 million that should have accrued from the sale of gas to GNGC had been paid during the period under review. This highlights the growing importance of gas to total petroleum revenues.

### 5.2.4 Corporate Income Tax

The contribution of CIT to total petroleum revenues during the first half of 2016 was US\$2.23 million, which translates to 2% of total petroleum receipt as shown in Figure 4. The revenue from CIT during the first six months of 2016 represents an 89% reduction in petroleum revenue from this source when compared to CIT received during the second half of 2015. The amount however, would be an improvement on the contribution of CIT to total petroleum revenue when compared to the first half of 2015 when no CIT was paid by the Jubilee partners. Table 10 gives the breakdown of the CIT payments during the period under review.

**Table 10: Details of Corporate Income Tax Paid by Jubilee Partners from January to June 2016**

Value Date	Offering Institution	Amount Paid (US\$)	Narration (Year & Period)
27-Jan-2016	Kosmos	2,027,780.00	2015-Q4
29-April-2016	Kosmos	204,770.00	2016-Q2
<b>TOTAL</b>		<b>2,232,550.00</b>	

Source: BOG and GRA, 2016

As can be deduced from Table 10, among the Jubilee Partners, only Kosmos Energy paid CIT during the period under review. It is important to stress however that CIT is usually assessed at the end of the year and is payable on profits. The companies that did not pay CIT have not declared any profits during the period under review (GRA, 2016).

### 5.2.5 Surface Rentals

Total payments received in respect of surface rentals between January and June 2016 amounted to US\$435,094, representing 0.34% of total half year revenue as indicated in Figure



4. Compared to the surface rentals received over the same period in 2015, the 2016 half year figure represents approximately 30% increase in revenue from this source. Table 11 gives a breakdown of the companies that paid surface rental during the first half of 2016.

**Table 11: Surface Rentals Payment by Companies from January-June 2016**

Value Date	Ordering Institution	Amount Paid (US\$)
25-Jan-2016	Kosmos Energy	17,797.20
24-Feb-2016	Tullow-Ghana (2015)	119,736.77
25-Feb-2016	Hess GH. Exp.	219,310.27
13-May-16	Medea Dev't Int.	78,250.00
TOTAL		<b>435,094.24</b>

Source: Bank of Ghana and Ghana Revenue Authority, 2016

Total expected revenues from surface rentals for the full year 2016 is estimated at US\$1.41 million as shown in Annex A-2, which means only approximately 31% of total estimated surface rentals had been paid as at the end of June 2016. The proportion of expected revenue from surface rentals received at the halfway mark of the year is even lower (22.42%) considering the fact that the US\$119,736.77 paid by Tullow in February was actually in respect of surface rentals that accrued in 2015.

### **5.3 Comparative Analysis of 2016 Budget Forecast and Half Year Performance**

In the 2016 Budget Statement, government estimated that an amount of US\$502.10 million was expected to accrue to the State from the petroleum sector with 50% (US\$251.06 million) of the budgeted amount expected to be received by the first half of the year. Table 12 analyses how the projected revenues from the various sources fared against the actuals by the end of June 2016.

**Table 12: Half Year Petroleum Revenue Forecasts and Actuals**

Item	Original Budget	Half Year Budget	Actual (US\$)	Variance
	(US\$)	(US\$)		(US\$)
	A	B=A÷2	C	D=C-B
	Jan-Dec 2016	Prorated (Jan-Jun)	Jan-Jun 2016	Jan-Jun 2016
<b>Royalties</b>	<b>111,718,302</b>	<b>55,859,151</b>	<b>31,850,854</b>	<b>(24,008,297)</b>
<i>o/w Jubilee Royalties</i>	98,239,964	49,119,982	31,850,854	(17,269,128)
<i>o/w TEN Royalties</i>	13,478,338	6,739,169	0	(6,739,169)
<b>Carried and Participating Interest</b>	293,027,541	146,513,771	82,549,756	(63,964,014)
<b>Surface Rental</b>	1,051,277	525,639	435,094	(90,545)
<b>Corporate Income Tax</b>	27,871,979	13,935,990	2,232,550	(11,703,440)
<b>Gas</b>	68,430,102	34,215,051	9,302,806	(24,912,245)
<b>PHF Income</b>	-	-	36,382	36,382
<b>TOTAL</b>	<b>502,099,200</b>	<b>251,049,600</b>	<b>126,407,443</b>	<b>(124,642,157)</b>

Source: Ministry of Finance, 2015 & 2016

Table 12 indicates that only US\$126.41 million (50.35%) of total expected revenue from the petroleum sector, representing a deficit of US\$124.64 million (49.65%), was realised during the period under review with CAPI alone accounting for approximately 51% of the revenue shortfall. Lower than expected receipt from gas sales was also responsible for 20% of the revenue shortfall, followed by royalties (13%), and CIT (9%). It is however important to stress that the reported shortfall in half year petroleum revenue (US\$124.64 million) would have been approximately 42% lower than what was recorded (US\$104.79 million) if GNGC had paid all the invoiced amounts in respect of gas supplied during the first half of 2016. Indeed, the revenue shortfall recorded during the period under review would have been only 21% if GNGC had settled its cumulative indebtedness of US\$97.94 million to the GNPC.

#### **5.4 Revenues from Sale of Lean Gas and Other Derivatives by GNGC**

As indicated in Table 5 above, the raw gas delivered to GNGC was processed into lean/dry gas, LPG and condensates, and sold to different off-takers. Table 13 summarises the total volume of business undertaken by GNGC during the period under review.

**Table 13: Summary of GNGC Transactions from January to June 2016**

Company	Products	Volume (MT/MMBtu)	Total Invoices (US\$)	Amount Paid (US\$)	Outstanding (US\$)
Genser	Condensates	-	-	100,000.00	(100,000.00)
ECO	Condensates	2,438.08	702,167.04	1,188,082.20	(485,915.16)
Chase	Condensates	520.76	149,980.03	401,912.56	251,932.53
XF	Condensate	660.07	190,100.16	142,995.94	99,669.01
<b>XF Interest Total</b>		-	52,564.79		
Rhema	Condensates	854.30	246,038.40	151,911.65	94,126.75
Globex	Condensates	1,887.36	543,559.68	266,777.22	276,782.46
Sage	LPG	32,477.72	8,631,024.98	14,817,733.76	(6,186,708.78)
VRA	Lean Gas	10,263,272.63	90,751,961.90	-	93,615,192.19
<b>VRA Interest Total</b>			2,863,230.29	-	
<b>Sub-Total</b>		<b>10,302,110.92</b>	<b>104,130,627.27</b>	<b>17,069,413.33</b>	<b>87,061,213.94</b>
<b>Balance Bfd</b>					253,424,942.08
<b>Total Outstanding Invoice</b>					<b>340,486,156.03</b>

Source: GNGC, 2016

Table 5 indicates that GNGC processed and supplied 10,302MMBtu of various products worth US\$104.13 million during the period under review. Of this amount, the company only received 16% (US\$17.07 million) of the total invoices raised while US\$87.06 million (84%) of the payments due during the first half of the year remained outstanding. The outstanding balance recorded between January and June 2016 brings the total outstanding payment owed to GNGC to US\$340.49 million with VRA alone responsible for 89.9% (US\$306.10 million) of the outstanding debt. The details of the transactions between GNGC and its trading partners are captured in Annex A-3 – A-5 of the report.

#### Box 4: Summary of Findings on Petroleum Receipts

- Revenue from the petroleum sector during the first half of 2016 amounted to US\$126.41 million, which translates to a 55% reduction in revenues when compared to total petroleum receipts during the same period in 2015 (US\$274.47 million) but 4% better than revenues received during the second half of 2015.
- Total half year receipts from the petroleum sector represent only 50.35% of the projected half year revenue of US\$251.05 million.
- Ghana Gas was only able to collect 16% (US\$17.17million) expected receivables of US\$104.13 million during the period under review.
- Total payment owed Ghana Gas had hit US\$340.49 million as at June 30, 2016 with VRA alone accounting for 89.9% (US\$306.10 million) of the outstanding balance.
- Total interest payable by VRA on its outstanding debts amounted to US\$2.86 million in the first half of 2016.

## SECTION 6

### DISTRIBUTION AND UTILISATION OF PETROLEUM REVENUES

#### 6.1 Allocation of Petroleum Revenue

Out of the US\$126.41 million that accrued to the state in petroleum revenue during the first half of 2016 (See Table 9), US\$87.15 million was disbursed to the usual beneficiary accounts – GNPC, ABFA, GPFs – as shown in Table 14. The balance of US\$48.47 million, which was basically the proceeds from the 32<sup>nd</sup> lifting, is in the PHF pending distribution during the second half of 2016 (BOG, 2016).

**Table 14: Distribution of 2016 Half Year Petroleum Revenues**

Item	H1 2016
	Amount (US\$)
<b>Transfer to GNPC</b>	<b>22,769,033.02</b>
<i>o/w Equity Financing cost</i>	12,046,356.39
<i>o/w Net Carried and Participating Interest</i>	10,722,767.46
<b>GOG Net Receipts for Distribution to ABFA and GPFs</b>	<b>64,379,455.15</b>
<i>o/w ABFA</i>	45,065,618.60
<i>o/w Ghana Petroleum Funds (GPFs)</i>	19,313,836.55
<i>o/w Ghana Stabilisation Fund</i>	13,519,685.58
<i>o/w Ghana Heritage Fund</i>	5,794,150.97
<b>TOTAL DISBURSEMENT</b>	<b>87,148,488.17</b>

Source: Bank of Ghana 2016

As can be deduced from Table 14, US\$22.77 million of the disbursements made from the Petroleum Holding Fund (PHF) during the period under review went to GNPC to finance its participating interest as well as equity financing costs compared to the US\$66.33 million it

received during the same period in 2015, and the US\$60.52 million allocated during the second half of 2015. The remaining US\$64.38 million was allocated using a ratio of 70:30 to the ABFA (US\$45.07 million) and the PHFs (US\$19.31 million). Seventy percent (US\$13.52 million) of the disbursements to the PHF went to the Ghana Stabilisation Fund (GSF) with the remaining 30% (US\$5.79 million) going into the Ghana Heritage Fund (GHF).

#### **Box 5: Summary of Findings on Allocation of Petroleum Revenues**

- Approximately 69% (US\$87.15 million) of the total petroleum receipts of US\$126.46 million was distributed during the period under review. The undistributed balance of US\$48.47 million remains in the PHF awaiting distribution in the second half of the year.
- Approximately 52% (US\$45.07million) was allocated to the ABFA, 26% (US\$22.78 million) to GNPC, 16% (US\$13.52 million) was lodged in GSF, with the remaining US\$5.79 million (6%) going into the GHF.

## **6.2 Utilisation of 2016 Half Year Petroleum Revenue**

### **6.2.1. Utilisation of GNPC's Share of Revenue**

As indicated in Table 14, an amount of US\$22.77 million was allocated to the GNPC as its share of the petroleum receipts during the first half of the year. However, total expenditure incurred by GNPC during the period under review amounted to US\$64.04 million which translates to over-expenditure of US\$41.27 million as shown in Table 15. According to GNPC, this additional expenditure was financed through its cash on hand of US\$124.06 million (which it had been accumulating since 2012<sup>2</sup>) pending milestone disbursements to various projects, leaving an unutilised balance of US\$82.79 million as at the end of June 2016. Table 15 also gives a breakdown of GNPC's total expenditure from January to June 2016.

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<sup>2</sup> GNPC's unutilised funds has been steadily increasing from US\$61.67 in 2012, to US\$141.70 in 2013 and US\$187.22 in 2014 before GNPC started drawing down the funds in 2015.

**Table 15: GNPC Expenditure for First Half of 2016**

SRN	RECEIPTS FROM JUBILEE PROCEEDS	AMOUNT (US\$)	EXPENDITURE OF RECEIPTS (US \$ )
1	Level A Receipts (Equity Financing)	12,046,356.39	52.9%
2	Level B Receipts (30% of Net Proceeds )	10,722,676.46	47.1%
3	<b>Total Amount Received: (A)</b>	<b>22,769,032.85</b>	<b>100%</b>
<b>SRN AMOUNTS ALLOCATED - USES:</b>			
4	Jubilee Financing Cost	29,506,365.81	129.6%
5	Exploration and Development Projects	10,211,513.31	44.8%
6	Staff Cost	7,154,899.83	31.4%
7	Admin. Capital Expenditure	1,079,395.09	4.7%
8	Capital Projects	6,967,966.48	30.6%
9	General Operational Expenditure	5,608,357.10	24.6%
10	Western Corridor Roads	3,177,336.10	14.0%
11	SOPCL	322,388.54	1.5%
12	<b>Total Expenditure: (B)</b>	<b>64,038,222.27</b>	<b>281.3%</b>
13	Net Position: <b>(C= A – B)</b>	(41,269,189.41)	181.9%
14	<b>Add: Cash B/Fwd (01.01.2016) (D)</b>	124,059,072.39	
15	<b>Total Cash – Available (E = C + D)</b>	<b>82,789,882.97</b>	

Source: GNPC, 2016

Details of the “Jubilee Financing Cost” as well as expenses incurred on “Other Non-Jubilee Exploration and Development Projects” are as provided in Annex A-6 & A-7 respectively.

### **Box 6: Summary of Findings on GNPC Receipts and Expenditure**

- Total allocation to GNPC was US\$22.77 million while US\$64.04 million was spent, representing a net deficit of US\$41.27 million (181.9%).
- For the first time since the allocation of petroleum revenue commenced, the disbursement to GNPC of US\$22.77 million could only cover 77% of the Jubilee financing cost of US\$29.51 million.
- An amount of US\$3.12 million was spent on the Western Corridor Roads while US\$0.32 million was spent as GNPC's contribution to the decommissioning of Saltpond Offshore Producing Company Limited (SOPCL).

### **6.1.2. Allocation and Utilisation of the Annual Budget Funding Amount**

As indicated in Table 14, US\$45.07 million of the total petroleum receipts for the first half of 2016 was allocated to the ABFA as against a projected ABFA of US\$126.13 million, representing a shortfall of approximately 64% as shown in Table 16. As explained in Section 5.3, the revenue deficit arose as a result of the lower than expected outturn of revenue from all the sources of petroleum revenues, which was occasioned by lower achieved price and the non-payment of revenues from the sale of gas. However, despite the shortfall in the projected quarterly ABFA, no withdrawals were made from the GSF because the US\$200 million moving cap set by the Minister of Finance in the 2016 budget was not attained.

**Table 16: ABFA Allocation and Variance Analysis (January to June 2016)**

<b>Period</b>	<b>Budget (US\$)</b>	<b>Actual (US\$)</b>	<b>Variance</b>
<b>Quarter 1</b>	63,063,190.92	45,065,618.60	17,997,572.32
<b>Quarter 2</b>	63,063,190.92	0	63,063,190.92
<b>TOTAL</b>	<b>126,126,381.84</b>	<b>45,065,618.6</b>	<b>81,060,763.24</b>

Source: PIAC's Construct based on MoF, 2016



According to the MoF, actual allocation to the ABFA (in cedi terms) within the first six (6) months of 2016 amounted to GH¢172.9 million, which was utilised for projects/initiatives in three (3) priority areas as shown in Table 17 and Figure 5.

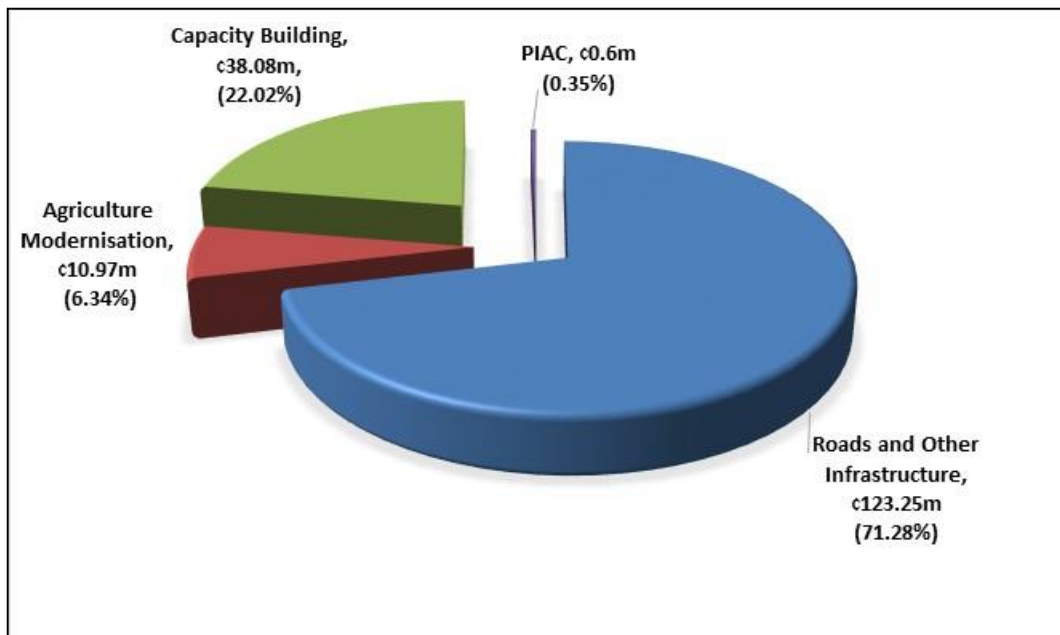
**Table 17: Distribution of 2016 Half ABFA to Priority Areas**

S/N	Priority Area	Amount (GH¢)			% Share
		Goods and Services	Capital Expenditure	TOTAL	
1.	Roads and Other Infrastructure	-	123,252,135.34	123,252,135.34	71.29
2.	Agriculture Modernisation	-	10,967,243.69	10,967,243.69	6.34
3.	Capacity Building	38,076,692.00	-	38,076,692.00	22.02
4.	Public Interest and Accountability Committee	600,000		600,000.00	0.35
	TOTAL	<b>38,676,692.00</b>	<b>134,219,379.03</b>	<b>172,896,071.03</b>	<b>100</b>

Source: Ministry of Finance, 2016

As evident from Table 17 and Figure 5, approximately 71% (GH¢123.25 million) of the ABFA allocation during the period under review was used to fund capital expenditure in the roads and other infrastructure priority area. Further, GH¢10.97 million (6%), and GH¢38.08 million (22%), were spent on the *Agricultural Modernisation* and *Capacity Building* priority areas respectively.

Significantly, Figure 3 and Table 17 reveal that for the first time, 0.35% (GH¢600,000) of the ABFA was allocated to the Public Interest and Accountability Committee (PIAC) in accordance with the PRMA as amended by Act 893. Furthermore, no disbursement was made to the *Expenditure and Amortisation of Loans* priority area. The non-disbursement of any portion of the half-year ABFA to the *Expenditure and Amortisation* priority area was due to the fact that the GNGC is fully operational and is expected to take over the amortisation of the China Development Bank (CDB) loan (MoF, 2015).

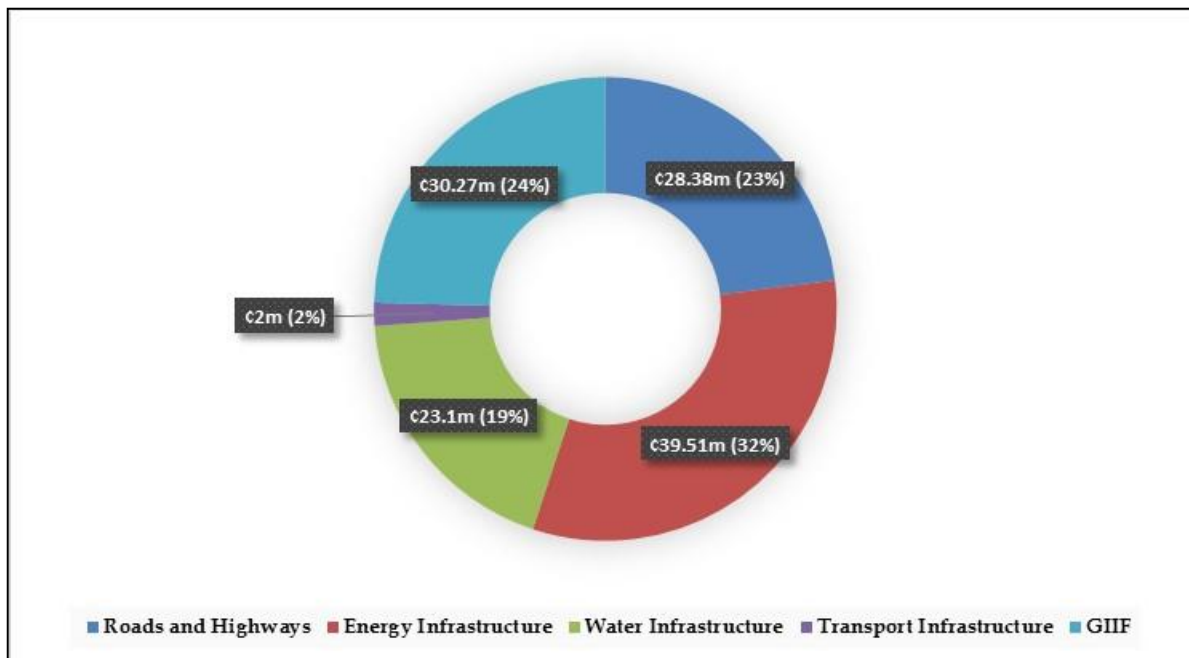


**Figure 5: Distribution of ABFA to Priority Areas - January to June 2016**

### 6.1.3 Analysis of Half Year ABFA Allocation

#### 6.1.3.1 Roads and Other Infrastructure

As indicated in Figure 5, approximately 71% (GH¢123.25 million) of the allocation to the ABFA was channelled into the *Roads and Other Infrastructure* priority area. Figure 6 on the other hand shows that GH¢28.38 million (23%) of the allocations to this priority area was spent on roads and highways, GH¢39.51 million (32%) on energy infrastructure, GH¢23.10 million (19%) on water infrastructure, GH¢2.00 million (2%) on transport infrastructure, while GH¢30.27 million (24%) was lodged into the Ghana Infrastructure Investment Fund (GIIF).



**Figure 6: 2016 Half Year ABFA Allocation to Roads and Other Infrastructure Priority Area**

PIAC requested for details of all the projects and programmes that were funded with the ABFA in the *Roads and Other Infrastructure* priority area (as well as in the other priority areas) during the period under review. However, it had not received the list at the time of publication of this report and therefore is unable to comment on exactly how, and for which projects, the ABFA allocations were expended. The Committee expects to obtain the full list of ABFA funded projects and programmes by the end of 2016 and would endeavour to publish them in its 2016 Annual Report.

Figure 4 also shows that GH¢30.27 million (US\$7.89) of the allocation to the ABFA was transferred to the GIIF from the ABFA during the first half of 2016. This brings to GH¢219.60 million (US\$49.77 million), the total payment lodged in the Fund since its creation in 2015. PIAC's checks with the GIIF Secretariat indicate that no disbursements were made from the Fund during the period under review.

### **6.1.3.2 The Public Interest and Accountability Committee**

Following the passage of the *Petroleum Revenue Management (Amendment) Act, 2015* (Act 893), which among other things stipulates in Section 57(c) that, the PIAC's annual budget should be drawn from the ABFA, an amount of GH¢600,000 (0.25% of the total ABFA allocations) was released to PIAC during the period under review. The amount released to PIAC

during the first half of 2016 represents approximately 62% of the funds allocated to the Committee in the 2016 Budget Statement.

#### **Box 7: Summary of Findings on the Utilisation of ABFA**

- GH¢123.25 million (US\$45.07 million) was allocated to the ABFA during the period under review which translates into a 64% shortfall in the projected ABFA of US\$126.13 million.
- 71.29% (GH¢123.25 million) of the allocation to the ABFA went to the *Roads and Other Infrastructure* priority area, GH¢10.97 million (6.34%) went to *agricultural modernisation*, GH¢38.08 million (22.02%) went into *capacity building*, with 0.6 million (0.35%) going to PIAC.
- Significantly, no allocation was made to the *Expenditure and Amortisation of Loans for Oil and Gas Infrastructure* because GNGC has become fully operational and is expected to assume responsibility for the repayment of the CBD loan.
- Approximately 23%(GH¢28.38 million) of the allocation to the *Roads and Other Infrastructure* priority was spent on roads and highways, GH¢31.59 million (32%) on energy infrastructure, GH¢23.1 million (19%) on water infrastructure, GH¢2.00 million (2%) on transport infrastructure, with the remaining GH¢30.27 million (24%) going into the Ghana Infrastructure Investment Fund.

#### **6.1.4 Transfers to and Performance of the Ghana Petroleum Funds**

As indicated in Table 14, US\$19.31 million was transferred to the GPFs with 70% (US\$13.52) million going into the GSF, and the remaining 30% (US\$5.79 million) going into the GHF. The PHFs yielded a combined return on investments of 5.26% (US\$3.08 million) during the first half of 2016 with the GSF and GHF yielding US\$ 0.438 million (0.33%) and US\$ 2.64 million (4.93%) respectively. Even though there were shortfalls in the expected quarterly ABFA allocations during the period under review (see Table 19), no transfers were made from GSF to the ABFA since the funds in the GSF was lower than the US\$200 million moving cap set by the Minister of Finance in the 2016 Budget. Table 18 shows the balances on the GHFs as at the end of June 2016.

**Table 18: Portfolio Performance of Ghana Petroleum Holding Funds**

GHANA STABILISATION FUND ACCOUNT	
ITEM	AMOUNT (US\$)
Opening Book Value (1 January 2016)	177,396,126.85
Receipt during the period	13,519,685.58
Income from Investments	438,509.29
Bank Charges	(2,595.16)
Withdrawal	-
<b>Closing Book Value (30 June, 2016)</b>	<b>191,351,726.56</b>
GHANA HERITAGE FUND ACCOUNT	
ITEM	AMOUNT (US\$)
Opening Book Value (1 January 2016)	259,383,472.45
Receipt during the period	5,794,150.97
Income from Investment	2,642,823.97
Bank Charges	(8,833.73)
<b>Closing Book Value (30 June 2016)</b>	<b>267,811,613.66</b>

Source: Bank of Ghana, 2016

**Box 8: Summary of Findings on Performance of Petroleum Funds**

- US\$13.52 million and US\$5.79 million of the total half year petroleum revenue were lodged in the GSF and GHF respectively during the period under review.
- The GPFs earned a combined return on investment of 5.26% (US\$3.08 million) between January and June 2016, with GSF contributing US\$ 0.438 million (0.33%), and GHF earning US\$2.64 million (4.93%).
- Outstanding balances on the GPFs stood at US\$191.35 million for the GSF and US\$267.81 for the GHF.

## SECTION 7

### SUMMARY OF KEY FINDINGS

1. Crude oil production from the Jubilee Field declined by 40% from 19.08 million barrels in mid-year 2015 to 11.44 million barrels over the same period in 2016. The decline in production was caused by a combination of a scheduled shutdown of the FPSO for routine maintenance, and a faulty turret bearing which led to the suspension of oil production for up to 50 days.
2. The 2016 half year production volumes are the lowest since 2012.
3. There was a 38% decline in the production of raw gas from 27,363 MMscf in the first half of 2015 to 16,904 MMscf during the period under review.
4. There was no production from the Saltpond Field following the suspension of operations in December 2015. The Saltpond Field is currently being decommissioned.
5. The Ghana Group lifted 1.95 million barrels of oil representing 18.48% of total liftings from the Jubilee Field between January and June 2016.
6. Liftings carried out by the Ghana Group declined by 39% when compared to the liftings done during the same period in 2015.
7. A total of 9,349 MMscf of wet gas was exported to the Atuabo Gas Plant for processing into lean gas, LPG, and condensates.
8. Average achieved price for the Jubilee Crude was US\$40.21 per barrel compared to benchmark price of US\$53.03, representing a negative variance of 24.21%.
9. The price obtained by the Ghana Group compares favourably with global benchmark prices prevailing at the time the cargoes were sold.

10. Revenue from the petroleum sector during the first half of 2016 amounted to US\$126.41 million, which translates to a 55% reduction in revenues when compared to total petroleum receipts during the same period in 2015 (US\$274.47 million) but 4% better than revenues received during the second half of 2015.
11. Total half year receipts from the petroleum sector represent only 50.35% of the projected half year revenue of US\$251.05 million.
12. Ghana Gas was able to collect only 16% (US\$17.17 million) of expected receivables of US\$104.13 million during the period under review.
13. Total payment owed Ghana Gas had hit US\$340.49 million as at June 30, 2016 with VRA alone accounting for 89.9% (US\$306.10 million) of the outstanding balance.
14. Total interest payable by VRA on its outstanding debts amounted to US\$2.86 million in the first half of 2016.
15. Approximately 69% (US\$87.15 million) of the total petroleum receipts of US\$126.46 million was distributed during the period under review. The undistributed balance of US\$48.47 million remains in the PHF awaiting distribution in the second half of the year.
16. Approximately 52% (US\$45.07 million) of the disbursements was allocated to the ABFA, 26% (US\$22.77 million) to GNPC, 16% (US\$13.52 million) was lodged in GSF, with the remaining US\$5.79 million (6%) going into the GHF.
17. Total allocation to GNPC was US\$22.77 million while US\$64.04 million was spent, representing a net deficit of US\$41.27 million (181.9%).
18. For the first time since the allocation of petroleum revenues commenced, the disbursement to GNPC of US\$22.77 million could only cover 77% of the Jubilee Financing Cost of US\$29.51 million.
19. An amount of US\$3.12 million was spent on the Western Corridor Roads while US\$0.32 million was spent as GNPC's contribution to the decommissioning of SOPCL.

20. An amount of GH¢172.9 million (US\$45.07 million) was allocated to the ABFA during the period under review which translates to a 64% shortfall in the projected ABFA of US\$126.13 million.
21. 71.29%, (GH¢123.25 million) of the allocation to the ABFA, went to the *Roads and Other Infrastructure* priority area, GH¢10.97 million (6.34%) went to *Agricultural Modernisation*, GH¢38.08 million (22.02%) went into *capacity building* with 0.6 million (0.35%) going to the PIAC.
22. Significantly, no allocation was made to the *Expenditure and Amortisation of Loans for Oil and Gas Infrastructure* because GNGC has become fully operational and is expected to assume responsibility for the repayment of the CBD loan.
23. Approximately 23% (GH¢28.38 million) of the allocation to the *Roads and Other Infrastructure* priority area was spent on roads and highways, GH¢31.59 million (32%) on energy infrastructure, GH¢23.1 million (19%) on water infrastructure, GH¢2.00 million (2%) on transport infrastructure, with the remaining GH¢30.27 million (24%) going into the Ghana Infrastructure Investment Fund.
24. Amounts of US\$13.52 million and US\$5.79 million of the total half year petroleum revenue were transferred to the GSF and GHF respectively during the period under review.
25. No transfer was made from the GSF even though there was significant shortfall in the expected quarterly ABFA in view of the fact that the balance in the GSF was lower than the US\$200 million moving cap set in the 2016 Budget Statement.
26. The GPFs earned a combined return on investments of 5.26% (US\$3.08 million) between January and June 2016, with GSF contributing US\$0.438 million (0.33%) and GHF earning US\$2.64 million (4.93%).
27. The balances on GPFs stood at US\$191.35 million for GSF and US\$267.81 million for GHF.



## SECTION 8

### CONCLUSIONS AND RECOMMENDATIONS

#### 8.1 Conclusions

Arguably, the period under review represents the most challenging half year since the commencement of production of crude oil and natural gas in Ghana. Not only did the period witness the second lowest half year production (second only behind the first half of 2012 when production had just begun and was slowly ramping up) but also, it recorded the lowest amount of receipts from the petroleum sector. As explained earlier, the lower than expected contribution of petroleum revenue during the first half of 2016 was caused by a combination of lower achieved price of crude oil and suspension of production for a period of up to 50 days between March 20 and May 8, 2016. Crude oil production was initially suspended for a two-week scheduled maintenance of the FPSO. However, production did not resume until early May because of the faulty turret bearing, which has been affecting crude oil production on the Jubilee Field since the beginning of 2016.

One of the main consequences of the poor performance of the petroleum sector during the period January to June 2016 was that, for the first time since commercial production began in Ghana, the amount of money allocated to GNPC from total petroleum receipts (US\$22.77 million) was not enough to cover the Jubilee financing cost of US\$29.51 million dollars thereby compelling GNPC to fall on its accumulated funds that had been earmarked for other projects.

While expected revenue from sale of crude oil and other major sources such as CIT fared badly during the period under review, revenues from gas exports to GNGC could have played a key role in minimising the effects of the revenue shortfall if gas supplied to GNGC totalling US\$28.74 million had been fully paid for. As indicated in Table 8 in Section 5.1, only US\$9.30 million (approximately 32%) of the invoiced amount was paid by GNGC leaving an outstanding half year unpaid balance of US\$19.44 million, which when added to the balance carried over from 2015 of US\$78.50 million, brings to US\$97.94 million, GNGC's indebtedness to the PHF. It

is important to stress that the deficit in expected petroleum revenues for the period under review would only have been 21% (US\$26.7 million) as opposed to US\$124.64 million (42%) if GNGC had settled its total indebtedness to GNPC.

Also, it has to be pointed out that GNGC has been unable to pay for the gas supplied by GNPC mainly because of the failure of its customers/off-takers to pay for the lean gas and other derivatives sold to them over the past 18 months. As highlighted in Section 5.4 (Table 13), GNGC customers owed the company a whopping amount US\$340.49 million as at the end of June 30, 2016 with VRA alone responsible for 89.9% (US\$306.10 million) of the outstanding debt.

The indebtedness of VRA and other companies to the GNGC is increasingly become alarming and must be tackled immediately to avoid the otherwise profitable GNGC falling into the same trap that has befallen all the major energy sector utility companies in Ghana. It is extremely important for these debts to be cleared as a matter of urgency not only to enable GNGC pay for raw gas it receives from GNPC but even more importantly, for GNGC to start servicing the US\$1 billion CDB facility used to finance the Gas Processing Plant now that the Ministry of Finance has stopped allocating portions of the ABFA to the *Expenditure and Amortisation of Loans* priority area as reported in Section 6.1.2.

PIAC is equally concerned that some key recommendations proffered in its 2015 Semi-Annual and Annual Reports have not been addressed by relevant actors in the petroleum sector. For example, the US\$50 million special advance GNPC gave to the Ministry of Finance in 2014 has not been refunded while GNPC continues to fund the Western Corridor Road contrary to PIAC's recommendation that the national oil company desist from such practices. The decision by GNPC to continue financing the Western Corridor Road becomes even more worrisome considering the fact that the allocation to GNPC during the period under review was not sufficient to cover even the Jubilee financing cost. Similarly, PIAC is alarmed that neither BOG nor GRA have, as at the end of June 2016, been able to unravel the identity of the 'mysterious' licensee who paid a surface rental of US\$109,126.03 in August 2015 without notice contrary to Section 3(3) of the PRMA, as well as the failure on the part of the GRA to retrieve surface rental

of approximately US\$68,000 – along with the accumulated interest - owed by Oranto Energy since 2013.

Finally, though the Committee is unable to comment on whether its recommendations regarding the utilisation of the ABFA resources has been acted upon or not given that it is yet to be seized with the full details of the nature of the projects/programmes that benefited from the ABFA, the fact that the *Agricultural Modernisation* priority area for example received only 6% of the ABFA disbursements during the period under review, appears to suggest that the status quo has been maintained.

## 8.2 Recommendations

In the light of the foregoing conclusions, PIAC wishes to recommend the following for the consideration of the relevant actors:

1. The VRA, should as a matter of urgency, be prevailed upon by the Ministries of Finance, Power and Petroleum to settle its indebtedness to the GNGC in order to prevent its debts from spiralling out of control and thereby compromising the financial integrity and viability of GNGC.
2. The GNGC should consider fast-tracking the interconnection of its onshore pipeline to the West African Gas Pipeline to create new market for its lean gas so that in the event that VRA continues to default in honouring its obligations, the lean gas could be channelled to the new markets that would become available by virtue of the interconnection.
3. The GNPC should desist from financing infrastructure projects with funds allocated to it from petroleum revenues. PIAC proposes that any outstanding payment(s) to be made in respect of the Western Corridor Road project must be paid from the allocations to the *Roads and Other Infrastructure* priority areas.
4. The GRA should ensure that the outstanding surface rental invoice owed by Oranto Energy is paid with interest and the payee of the US\$109,126 million identified and made to comply with Section 3(3) of the PRMA (Act 815).

5. In order to help mitigate the impacts of the volatility of crude oil prices on the world market and following the successful hedging programmes being implemented by the other Jubilee Partners, the government should consider resuming its hedging programme on crude oil export.
6. The selection of new priority areas to benefit from the ABFA for the next three (3) years must be underpinned by detailed evaluation of the ABFA expenditures over the past six (6) years. Also, conscious efforts must be made to ensure better targeting of the ABFA allocation to help maximise its impact.

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**Ministry of Finance**, 2015 *“2016 Budget Statement and Economic Policy”*

**Ministry of Finance**, 2016, *Provisional Half Year Report on Utilisation of Annual Budget Funding Amount (ABFA)*

**Ministry of Finance**, 2016, Review of the Budget and the Economic Policy of Government and Supplementary Estimates for 2016 Financial Year

**Petroleum Commission**, 2016, *Semi Annual Report to PIAC*

## ANNEXURE

### Appendix A-1: Jubilee Unit Crude Oil Liftings by Jubilee Partners (Jan-June 2016)

DATE	LIFTING COMPANIES	OIL (BBLs)
5-Jan-16	ANADARKO & PETRO SA	946,343.00
13-Jan-16	TULLOW GHANA	948,243.00
23-Jan-16	KOSMOS ENERGY	947,132.00
1-Feb-16	GHANA GROUP	947,980.00
11-Feb-16	TULLOW GHANA	948,169.00
20-Feb-16	ANADARKO & PETRO SA	903,043.00
29-Feb-16	KOSMOS ENERGY	948,572.00
11-May-16	GHANA GROUP	998,152.00
31-May-16	TULLOW GHANA	995,490.00
11-Jun-16	KOSMOS ENERGY	947,957.00
24-Jun-16	ANADARKO & PETRO SA	995,367.00
<b>TOTAL</b>		<b>10,526,448.00</b>

Source: GNPC and Petroleum Commission, 2016

## Appendix A-2: Breakdown of Estimated Surface Rental for 2016

2016 Surface Rental Estimates						
Srn	Hyperlink	Companies	Contract Area	2016 Acreages (km2)	2016 Phase of Activity	2016 Estimated Amount-US\$
1	DWT	Tullow Ghana Ltd	Deepwater Tano Contract Area	618.10	Development/Production	59,157.75
2	DWTCTP	Hess Ghana Exploration Ltd	Deepwater Tano/Cape Three Points	2,010.00	Second Extension Period	150,750.00
3	OCTP	Eni Ghana Exploration & Production Ltd	Offshore Cape Three Points(OCTP) Contract Area	693.49	Development	69,300.00
4	WCTP	Kosmos Energy Ghana Ltd	West Cape Three Point	465.09	Development/Production	46,509.00
5	SOPCL	SOPCL	Saltpond Field	12.21	Production	610.50
6	ECTP	Cola Natural Resource & Medea Development	East Cape Three Points	1,565.00	Initial Exploration Period	156,500.00
7	SDWT	AGM/GNPC Explorco (SDWT)	South Deep Water Tano	3,482.00	Initial Exploration Period	174,100.00
8	Shallow Water Tano'	Camac Energy Gh. Ltd	Shallow Water Tano	1,508.00	Initial Exploration Period	75,400.00
9	CENTRAL TANO	Amni Ghana	Central Tano	278.00	Initial Exploration Period	13,895.00
10	South West Tano	Heritage/Blue Star	South West Tano Block	175.00	Initial Exploration Period	8,750.00
11	East Keta	Heritage/Blue Star	East Keta	2,239.00	Initial Exploration Period	111,950.00
12	SWCTP	Sahara Energy Fields Ghana	Shallow Water Cape Three Points Block	1,500.00	Initial Exploration Period	112,500.00
13	CTPW	A-Z Petroleum Products Ltd	South-West Cape Three Points Block	944.00	Initial Exploration Period	47,200.00
14	West Saltpond	Britannia -U	South West Saltpond	2,050.00	Initial Exploration Period	102,500.00
15	CTPS	UB Resources Ltd	Cape Three Points South	755.00	Initial Exploration Period	37,750.00

16	CTP-BLOCK 4	Eni Ghana Exploration & Production Ltd	Cape Three points Block 4	1,127.00	Initial Exploration Period	56,350.00
17	Onshore/Offshore Keta	Swiss African Oil Company Limited	Onshore/Offshore Keta Delta Block	3,000.00	Initial Exploration Period	150,000.00
18	WCTP- BLOCK 2	Springfield Exploration and Production Ltd	West Cape Three Points Block 2	673.00	Initial Exploration Period	33,650.00
			<b>Total</b>	<b>23,094.89</b>		<b>1,406,872.25</b>



### Appendix A-3: Sale of Lean Gas to VRA (January-June, 2016)

Month	Volume (MMBtu)	Price/MMBtu (US\$)	Value (US\$)
January	2,628,186.19	8.8424	23,239,473.37
February	2,777,541.19	8.8424	24,560,130.22
March	1,771,814.64	8.8424	15,667,093.77
April	0	-	0
May	1,455,713.65	8.8424	12,872,002.36
June	1,630,016.99	8.8424	14,413,262.18
<b>TOTAL</b>	<b>10,263,272.66</b>		<b>90,751,961.9</b>

Source: GNGC, 2016

### Appendix A-4: Sale of LPG to Sages Petroleum

Month	Volume (MT)	Price (US\$/MT)	Value (US\$)	Volume/Month (MT)	Gross Revenue (US\$)	Discount (US\$)	Net Revenue (US\$)
Jan	5,743.85	320.94	1,843,430.58	8,418.22	2,692,702.88	252,546.48	2,440,156.40
	2,674.37	317.56	849,272.30				
Feb	5,956.40	263.68	1,570,582.76	10,469.74	2,722,612.80	314,092.11	2,408,520.69
	4,513.34	255.25	1,152,030.04				
Mar	4,341.13	262.19	1,138,201.92	5,572.00	1,502,230.54	167,160.00	1,335,070.54
	1,230.87	295.75	364,028.62				
Apr	-	-	-	-	-	-	-
May	535.71	300.91	161,199.29	3,391.59	979,125.04	101,747.76	877,377.28
	2,855.89	286.40	817,925.75				
Jun	3,119.06	296.59	925,080.82	4,626.12	1,383,907.06	138,783.66	1,245,123.40
	1,507.07	304.45	458,826.24				
<b>TOTAL</b>	<b>32,477.69</b>		<b>9,280,578.32</b>		<b>9,280,578.32</b>	<b>974,330.01</b>	<b>8,306,248.31</b>

Source: GNGC, 2016

## Appendix A-5: Sale of Condensates (January-June 2016)

Month	Company	Volume (MT)	Volume/Month (MT)	Price (US\$/MT)	Value (US\$)	Monthly Value (US\$)
January	ECO	1,134.30	2,025.47	288.00	326,678.40	583,336.51
	Chase	378.27		288.00	108,942.91	
	XF	512.90		288.00	147,715.20	
February	ECO	821.41	1,952.06	288.00	236,566.08	562,193.28
	Chase	142.49		288.00	41,037.12	
	XF	147.17		288.00	42,384.96	
	Rhema	483.74		288.00	139,317.12	
	Globex	357.25		288.00	102,888.00	
March	ECO	482.37	1,138.35	288.00	138,922.56	327,844.80
	Rhema	370.56		288.00	106,721.28	
	Globex	285.42		288.00	82,200.96	
April	-	-	-	-	-	-
May	Globex	282.81	281.81	288.00	81,161.28	81,161.28
June	Globex	962.88	962.88	288.00	277,309.44	277,309.44
	ECO	144.23		288.00	41,538.24	
	Globex	1,214.52		288.00	349,781.76	
<b>TOTAL</b>		<b>7,720.32</b>	<b>6,360.57</b>		<b>2,223,165.31</b>	<b>1,831,845.31</b>

Source: GNGC, 2016

## Appendix A-6: Schedule of Jubilee Cash Calls Funding

CASH CALL MONTH	PAYMENT MONTH	CASH CALL AMOUNT (US\$)
November 2015	January 2016	2,986,972.61
December 2015	February	3,248,671.14
January 2016	March 2016	1,976,666.55
February 2016	April 2016	995,039.44
March 2016	May 2016	8,720,753.36
April 2016	June 2016	6,551,727.82
<b>TOTAL</b>		<b>24,479,830.92</b>

Source: GNPC, 2016

## Appendix A-7: Breakdown of GNPC's Other Projects

Breakdown of Other Projects (US\$)	Brief Profile	H1 Budget (US\$)	YTD Spend (US\$)	% Utilisation	Reason for Under-utilisation
<b>North and South Tano Petroleum Projects</b>	G&G Studies & Preparation for drilling campaign	1,967,655	910,169	46%	Impact of ITLOS
<b>TEN</b>	Internal works in support of 1 <sup>st</sup> Oil	4,560,000	2,096,705	46%	Impact of ITLOS
<b>Voltaian Basin Petroleum Project</b>	Preparation work in support of 20 Seismic Acquisition	4,015,860	2,225,629	55%	Change in ITT strategy and consultants' engagements
<b>South Deepwater Tano Petroleum Project (AGM)</b>	G&G Studies	1,078,039	707,700	66%	Impact of ITLOS
<b>OCTP ENI Project</b>	Internal Support for Development Phase	34,037,390	992,349	3%	
<b>Hess</b>	Pre-development studies	3,500,000	1,093,274	31%	Impact of ITLOS force majeure
<b>Ultra Deep Water (Keta Heritage)</b>	G&G Studies & preparations for drilling campaign	712,976	269,611	38%	Delays in roll-out of exploration campaign
<b>Tano Heritage</b>	G&G Studies & Preparations for drilling campaign	448,350	269,611	58%	Impact of ITLOS
<b>Eco Atlantic</b>	G&G Studies & Preparations for drilling campaign	448,350	269,611	60%	Issues with one of the Partners defaulting (A-Z Pet)
<b>Explorco</b>	Funding of participation in exploration programmes in various blocks	2,545,775	889,466	35%	Five out of Eight Blocks impacted by ITLOS
<b>Maritime Boundary Special Project</b>	Legal and logistical support in respect of ITLOS defence	4,217,075	487,588	12%	Increased spend expected in second half
<b>Total Non- Jubilee Project Expenditure</b>		57,548,641	10,211,513	18%	

Source: GNPC, 2016

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