



## **Kurdistan Regional Government of Iraq**

Oil production, export, consumption and revenue for the period 1 January 2017 to 30 June 2017

13 January 2018

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Regional Council for Oil  
and Gas Affairs

Kurdistan Regional  
Government

Kurdistan Region, Iraq

## **Review of the Kurdistan Regional Government of Iraq's oil production, export, consumption and revenue for the period 1 January 2017 to 30 June 2017**

- 1.1 We were appointed by the Regional Council for Oil and Gas Affairs ("RCOG") of the Kurdistan Regional Government ("KRG") to review oil production, export, consumption and revenue for 2017, as well as prior years 2014, 2015 and 2016.
- 1.2 We have completed our review of the schedule of oil export, consumption and revenue for the period 1 January 2017 to 30 June 2017, attached as Schedule 1 to this report.
- 1.3 Our procedures involved reviewing export and sales records; undertaking site visits as required; making inquiries of oil companies; and undertaking other procedures as required.
- 1.4 We report our findings below:
  - 1.4.1 Oil export and consumption - We did not identify any misstatements in the 1 January 2017 to 30 June 2017 oil export and consumption data.
  - 1.4.2 Oil sales - We did not identify any misstatements in the 1 January 2017 to 30 June 2017 oil sales data and the net amount received in the month by the KRG.
- 1.5 This report is limited to the data contained in Schedule 1 and does not extend to any further information produced or published by the KRG. We note that production contributions for the individual fields is subject to additional reconciliation and verification procedures and this exercise is currently in progress.
- 1.6 We used sampling and other techniques to the extent we considered necessary to verify the data in Schedule 1. Our review was dependent on documentation provided by all stakeholders (oil producers, refineries, oil traders, the pipeline operator, and the KRG's Ministry of Natural Resources), and the accuracy and completeness thereof.
- 1.7 This report has been prepared for RCOG. Deloitte accepts no responsibility or liability to any third parties for any opinions expressed or any inaccuracy, omission or error regarding any information contained within this report. No party, other than the RCOG, is entitled to rely on this report for any purpose whatsoever.
- 1.8 This report and Schedule 1 have also been published in the Arabic and Kurdish languages. In the event of any discrepancies between these documents, the English version is definitive.

Yours faithfully,



Neil Hargreaves  
Deloitte Professional Services (DIFC) Limited





Robert O'Hanlon  
Deloitte & Touche (M.E.)

# SCHEDULE 1


## Oil export, consumption and revenue

Review of the Kurdistan Regional Government of Iraq's oil production, export, consumption and revenue for the period 1 January 2017 to 30 June 2017


 Oil Exports and Consumption	Period Total
Piped export of crude oil (KRG and NOC contribution) (Note 2)	95,812,755 bbls
Trucked export of crude oil from a Kurdistan Region Field (Note 3)	4,878,887 bbls
Crude delivered to refineries under refinery contracts	3,455,822 bbls
Crude allocated to oil producers	1,615,925 bbls
Local sales and swaps	5,088,887 bbls
<b>Total exported &amp; consumed</b>	<b>110,852,276 bbls</b>

 Pipeline Export Sales Analysis	Period Total
Net oil lifted by the buyers (net quantity after water content removed) (Note 4)	95,937,107 bbls
Gross value of crude oil sold	3,961,951,095 USD
Average price per barrel achieved for oil sold (*)	41.297 \$/bbl

(\*) Cargo where the final price has not yet been confirmed with the buyers are included based on provisional prices and are subject to adjustment.

 Trucking Export Sales Analysis	Period Total
Net oil lifted by the buyers (net quantity after water content removed)	4,230,790 bbls
Gross value of crude oil sold	107,683,242 USD
Average price per barrel achieved for oil sold (**)	25.452 \$/bbl

(\*\*) For trucking export sales, additional export costs which have been paid for directly by the buyer have been factored into the sales price (e.g. trucking transportation, handling costs and storage costs).

 Financial Flows	Period Total
<b>Gross value of crude oil sold</b>	<b>4,069,634,337 USD</b>
Change in buyer account balances (excluding advance payments)	(513,179,291) USD
Interest and other charges from the buyers	(16,786,387) USD
Payments made to oil producers on behalf of the KRG	(568,818,239) USD
Payments made to third parties on behalf of the KRG	(692,533,006) USD
Payment made to Kirkuk Governorate for oil lifted from Kirkuk (petrodollar payment)	(62,000,000) USD
Payments made to the Ministry of Finance for oil security costs	(50,161,940) USD
Payments to Dana Gas	(90,052,932) USD
<b>Net cash balance received by the KRG for the period sales</b>	<b>2,076,102,542 USD</b>
<b>Additional advance payments made by buyers against future sales</b>	<b>1,252,108,577 USD</b>

# NOTES TO SCHEDULE 1

## Oil export, consumption and revenue

### Review of the Kurdistan Regional Government of Iraq's oil production, export, consumption and revenue for the period 1 January 2017 to 30 June 2017

#### Note 1

All figures in Schedule 1 for the period 1 January 2017 to 30 June 2017 oil export, consumption and revenue data are based on the records held by the KRG.

#### Note 2

Gross crude oil lifted by the buyers	98,073,100	bbls
Increase (decrease) in storage at oil terminal	(2,260,345)	bbls
<b>Piped export of crude oil (KRG and NOC contribution)</b>	<b>95,812,755</b>	<b>bbls</b>

#### Note 3

Gross crude oil lifted by the buyers	4,234,113	bbls
Increase (decrease) in storage at oil terminal	644,774	bbls
<b>Trucked export of crude oil from a Kurdistan Region Field</b>	<b>4,878,887</b>	<b>bbls</b>

#### Note 4

Gross piped exports are 98,073,100 bbls whereas the net piped export sales are 95,937,107 bbls. The difference is due to the following:

- The net sales volume is after the removal of contaminants such as water.
- Two shipments of off-spec contaminated crude oil have been included in the reported gross piped exports of 98,073,100 bbls, but have not been included in the net piped export sales of 95,937,107 bbls as they represent in-kind payments for supplies and services rather than sales. These consisted of a January 2017 shipment of 899,983 bbls gross (665,987 bbls net) and an April 2017 shipment of 847,647 bbls gross (449,253 bbls net). The value of this oil is estimated to be between USD \$4.00 and \$5.00 per barrel.

#### Note 5

During the period, the buyers of the MNR's oil made USD 35 million of corporate social responsibility ("CSR") payments to the MNR. In the same period, the MNR utilised approximately USD 30 million of this amount by making a payment to the Ministry of Finance and Economy to support teachers. These amounts are not included in the financial flows section of Schedule 1.

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