





29 April 2020

Regional Council for Oil  
and Gas Affairs

Kurdistan Regional  
Government

Kurdistan Region, Iraq

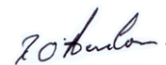
## **Review of the Kurdistan Regional Government of Iraq's oil production, export, consumption and revenue for the period 1 April 2019 to 30 June 2019**

- 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 2019, as well as prior years 2014 to 2018.
- 1.2 We have completed our review of the schedule of oil export, consumption and revenue for the period 1 April 2019 to 30 June 2019 ("Q2 2019"), attached as Schedule 1 to this report. We have also reviewed and reported on the schedule of oil export, consumption and revenue for the period 1 January 2017 to 31 March 2019.
- 1.3 Our procedures involved reviewing export and sales records; undertaking site visits; making inquiries of oil producers; 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 April 2019 to 30 June 2019 oil export and consumption data.
  - 1.4.2 Oil sales - We did not identify any misstatements in the 1 April 2019 to 30 June 2019 oil sales data and the net amount received in the period by the KRG.
- 1.5 This report is limited to the data contained in Schedule 1 and does not extend to any further information that may have been 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 April 2019 to 30 June 2019**

 <b>Oil Exports and Consumption</b>	<b>Period Total</b>
Piped export of crude oil (Note 2 and Note 3)	40,191,108 bbls
Crude oil delivered to refineries for MNR refining	2,408,309 bbls
Sales to refineries	108,895 bbls
Local sales	342,823 bbls
<b>Total exported &amp; consumed</b>	<b>43,051,135 bbls</b>

 <b>Pipeline Export Sales Analysis</b>	<b>Period Total</b>
Net oil lifted by the buyers (net quantity after inventory movement and removal of water content) (Note 3 and Note 4)	39,764,446 bbls
Gross value of crude oil sold	2,274,017,361 USD
Average price per barrel achieved for oil sold (Note 5)	57.187 USD/bbl

 <b>Refinery and Local Sales Analysis</b>	<b>Period Total</b>
Net oil (crude and condensate) lifted by the buyers (net quantity after removal of water content and evaporation losses during transportation)	451,718 bbls
Gross value of crude and condensate sold	21,609,622 USD
Average price per barrel achieved for oil sold (*)	47.839 USD/bbl

(\*) Condensate is priced as USD/MT, and has been converted to barrel equivalent for reporting purposes.

 <b>Financial Flows</b>	<b>Period Total</b>
<b>Gross value of crude oil and condensate sold (Piped exports and local sales)</b>	<b>2,295,626,983 USD</b>
Net movement in buyer account balances (Note 6)	(112,973,551) USD
Interest and other charges from the buyers (Note 7)	(6,111,731) USD
Payments made to oil producers by, or on behalf of, the KRG	(651,395,002) USD
Tariff payments to Turkish Energy Company (TEC)	(129,436,293) USD
Payments made to Kurdistan Pipeline Company (KPC) under the pipeline concession agreement	(172,578,942) USD
Debt repayment to TEC and Turkish Petroleum International Company (TPIC)	(50,000,040) USD
Payments made to other parties by, or on behalf of, the KRG (Note 8)	(64,767,279) USD
<b>Net cash balance received by the KRG for sales and related activities</b>	<b>1,108,364,145 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 April 2019 to 30 June 2019

#### Note 1

All figures in Schedule 1 for the period 1 April 2019 to 30 June 2019 oil export, consumption and revenue data are based on the records provided by stakeholders to the KRG. The KRG pipeline has also been used to export North Oil Company (NOC) crude oil during the period. This oil is not included in Schedule 1.

#### Note 2

Piped export of crude oil includes 775,380 bbls of refined heavy fuel oil surplus to internal consumption during the period.

#### Note 3

Gross crude oil lifted by the buyers	40,469,096	bbls
Increase (decrease) in storage at oil terminal	(277,988)	bbls

**Piped export of crude oil** **40,191,108** **bbls**

#### Note 4

Gross piped exports are 40,469,096 bbls whereas the net piped export sales are 39,764,446 bbls. The difference between the gross and net exports is due to the removal of contaminants such as water, and a Q2 2019 shipment of 589,066 gross bbls of off-spec contaminated crude oil, for which a value has not yet been assigned. This off-spec shipment has not been included in the reported piped export sales figures in this period, but will be reported in a subsequent period once a value has been assigned to the shipment.

#### Note 5

The net piped export barrels and average price per barrel achieved for oil sold by month is as follows:

April 2019	May 2019	June 2019	Q2 2019
11,709,117 bbls	15,295,113 bbls	12,760,216 bbls	39,764,446 bbls
60.376 USD/bbl	58.417 USD/bbl	52.787 USD/bbl	57.187 USD/bbl

#### Note 6

The net movement in buyer account balances during the period was a decrease of USD 112,973,551. The resulting total balance owing from the KRG to buyers at the end of the period was USD 3,619,549,935. Claims from the buyers that are pending MNR approval are not included in this balance.

#### Note 7

Interest and other charges from buyers of USD 6,111,731 is made up of the following:

- USD 3,388,165 in Q2 2019 interest charges;
- USD 2,486,860 for transportation costs from a field to the pipeline; and
- USD 236,706 in demurrage claims against current period shipments.

#### Note 8

Payments to other parties of USD 64,767,279 is made up of the following:

- USD 23,870,302 for supply of electricity to the Kurdistan Region;
- USD 15,114,780 for the settlement of debt by the KRG;
- USD 12,259,887 for fuel purchased for the Ministry of Electricity;
- USD 6,629,235 for refinery processing fee;
- USD 5,743,015 for logistical support services provided to the MNR; and
- USD 1,150,060 for services provided to the Ministry of Electricity (Smart metering project).

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## ديلویت اند توش (الشرق الأوسط)

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