



Riksrevisjonen

Office of the Auditor General of Norway

# South Sudan Petroleum Audit Fact Book

Presentation at Working Group on Audit of Extractive Industries  
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# What is it?

- A sector overview
- Bringing together facts and information from different sources
- A basis for making informed decisions on audits

# Needs based

- South Sudan – a new country and a new institutional setup
- Information not easily available
- NAC and OAGN were both in need of sector knowledge

# Many contributors

- OAGN staff
- NAC staff
- Oil for Development
- South Sudan government documents

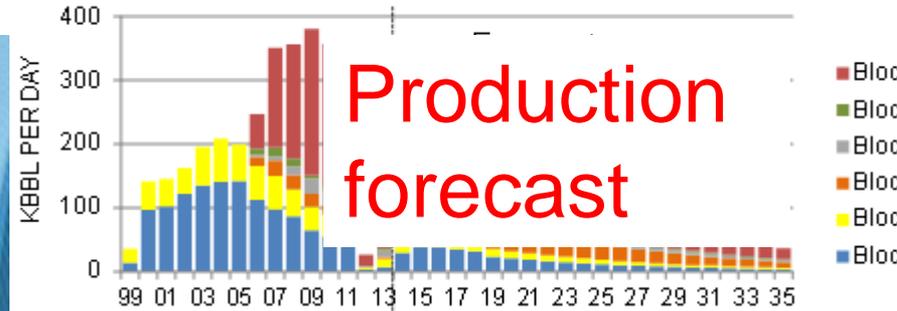
# How is it structured?

- It is using the AFROSAI-E EI Value Chain as basis:

## 0 Overview of the Petroleum Sector

1. Legal framework and key govt. Institutions
2. Seismic surveys and data mngt.
3. Award of contracts and licenses
4. Regulation and monitoring of operations
5. Revenue collection
6. Revenue management and Allocation
7. Implementation of sustainable development policies and projects

# Overview of the Petroleum Sector



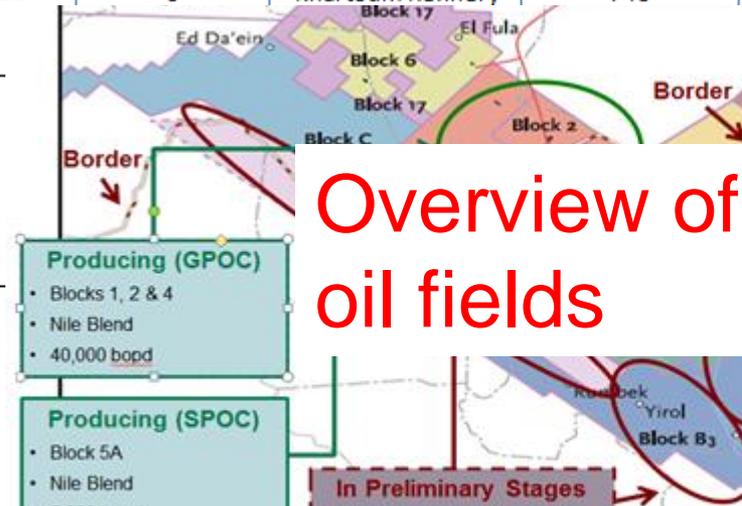
PIPELINE	OIL BLOCKS	DESTINATION	KILOMETERS
Greater Nile Oil Pipeline	1, 2 and 4		1600
Petrodar Oil Pipeline			1400
5A Oil Pipeline	5A	Greater Nile Oil Pipeline	177
Fula Fields	6	Khartoum Refinery	740

**Overview of pipelines**

OIL BLOCKS	OIL QUALITY	STATUS (march 2014)	OPERATOR	SUDAN EQUIVALENT	COMPANIES	SHARE
1,2 and 4	Nile Blend	0				40 %
Sudan and South Sudan						30 %
						25 %
						5 %
3 and 7						41 %
South Sudan + parts of Sudan	Dar Blend	Approx. 000 bar per day				40 %
						8 %
						6 %
						5 %

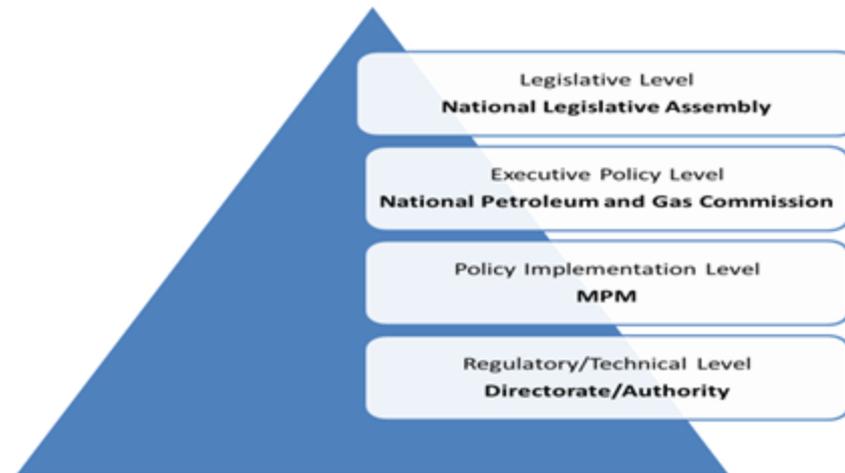
**Oil companies and shareholders**

TRI-OCEAN



# Legal Framework and Institutions

- Explain relevant legal framework and key institutions



# Seismic surveys and data management

- Different exploration activities
- Exploration history
  - Aeromagnetic and gravity
  - Seismic
  - Drilling
- Status of data management

# Award of Contracts and Licenses

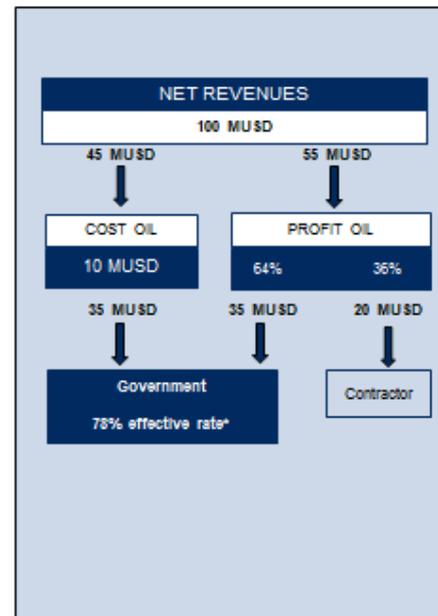
- Provisions in legal framework, especially Petroleum Act (2012) and Exploration and Production Sharing Agreements (EPSAs)
- Identify audit criteria

# Regulation and Monitoring of Operations

- Metering system – extract from a metering report
- Monitoring of Health, Security and Environment requirements

# Revenue Collection

- Focuses on the EPSAs
- Explain formulas
- Sales and marketing process



\* Total government take / (Net revenue - used cost oil)

### Assumptions

	mUSD	kbpd
Net Revenues	100	
CAPEX+OPEX	10	
Production		45

### Profit Oil calculation

Tranche	Allocation	Government take	Co
kbpd	kbpd	Dist	mUSD
-25	25	58 %	80 % 18
25-50	20	44 %	70 % 17
50+	0		80 % 20
<b>Total</b>	<b>45</b>	<b>100 %</b>	<b>64 % 35</b>

Tranche (0-25 kbpd) = 58% of production x 60% Gov. take x 55 MUSD =

Tranche (25-50 kbpd) = 44% of production x 70% Gov. take x 55 MUSD =

### Government take calculation

	mUSD
Net Revenues	100
OPEX	-10
Tax Base	90
Unused cost oil	35
Profit oil	35
<b>Total</b>	<b>70</b>
<b>Effective rate</b>	<b>78 %</b>

### Sales & marketing process



- Sales team receives scheduled liftings for the month
- Forms the basis for the tendering
- Informs the pre-

- **Day**: Priced as a discount to avg. monthly Brent price
- **Nile**: Priced as a discount to avg. monthly Brent price

- The buyer with the lowest discount wins the offer
- Regular buyers: Chinaoil, Unipeç, Arcadia

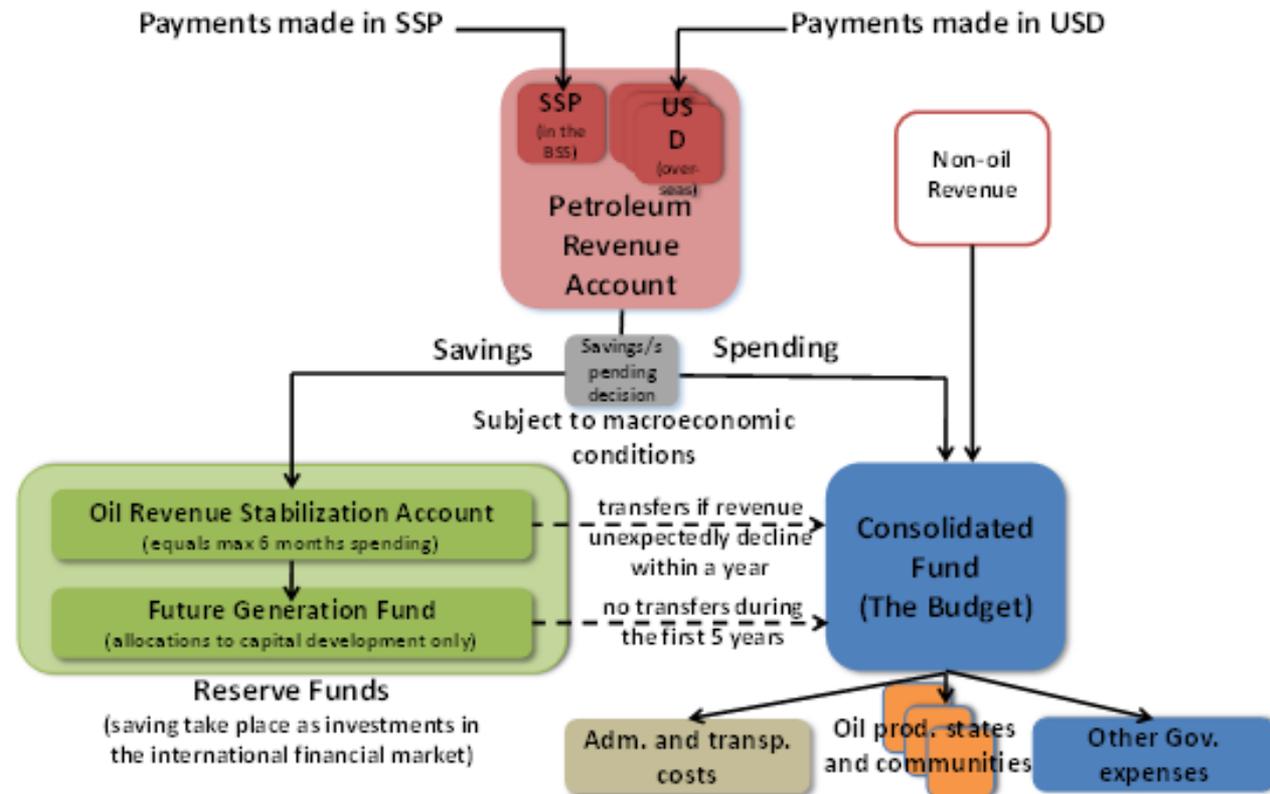
- MPMI invoices at the end of the month when avg. monthly prices are known
- Payment is due 30 days after lifting day

- MoFCIEP instructs which account to be paid into
- Today: FED, BIS
- 2011: Commerzbank and Stanbic

# Revenue Management and Allocation

Figure 19 Petroleum revenue flow chart, Dec 2013.

- Shows how revenue is allocated to:
  - Consolidated fund
  - Reserve funds
  - Oil producing Communities
  - Payment to Sudan



# Implementation of Sustainable Development Policies and Projects

- Environmental considerations
  - Impact assessment
  - Decommissioning
- Local content

# Fact book – basis for overall risk assessment and audits

- Understanding the sector
- Identifying actors and roles
- Obtaining audit criteria



