



Riksrevisjonen

Office of the Auditor General of Norway

South Sudan Petroleum Audit Fact Book

Presentation at Working Group on Audit of Extractive Industries
Kampala, 27th August 2014

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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

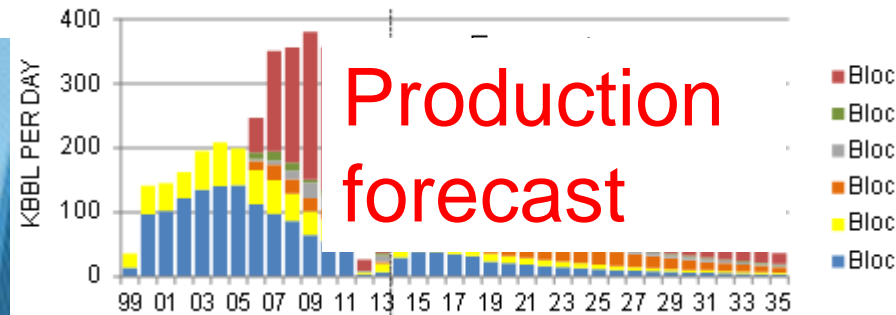
How is it structured?

- 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

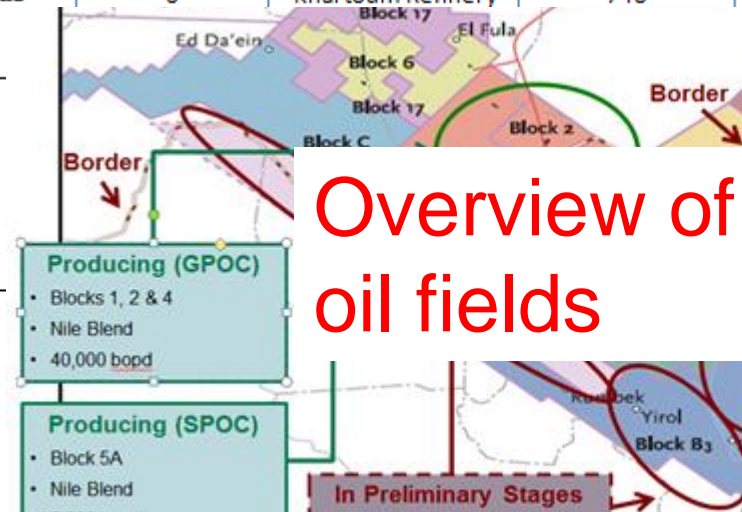


PIPELINE	OIL BLOCKS	DESTINATION	KILOMETERS
Greater Nile Oil Pipeline	1, 2 and 4		1600
Petrodar Oil Pipeline			1400
5A Oil Pipeline	5A	Greater Nile Oil Pipeline	177
Fula Fields	6	Khartoum Refinery	740

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 %

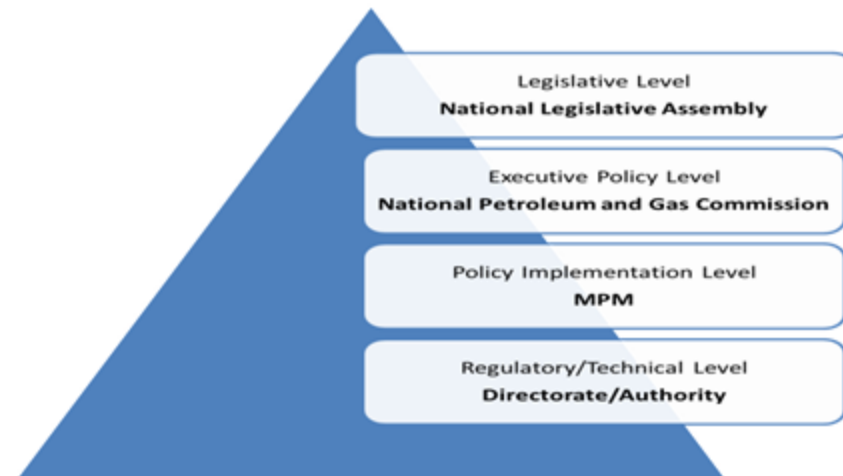
Oil companies and shareholders

Overview of pipelines



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

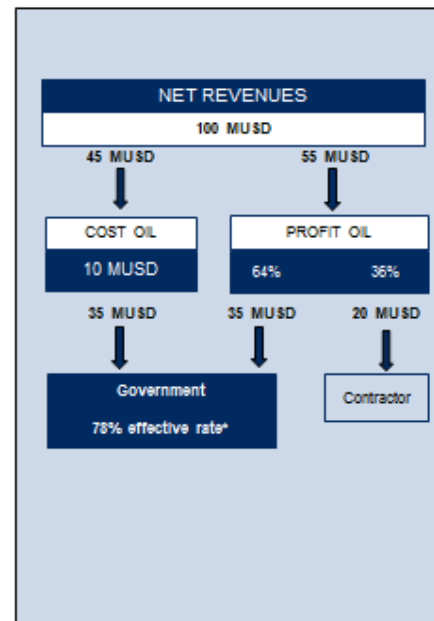
- Provisions in legal framework, especially Petroleum Act (2012) and Exploration and Production Sharing Agreements (EPSAs)
- Identify audit criteria

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	56 %	80 % 18
25-50	20	44 %	70 % 17
50+	0		80 % 20
Total	45	100 %	64 % 35

Tranche (0-25 kbpd) = 56% of production x 80% 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
Total	70
Effective rate	78 %

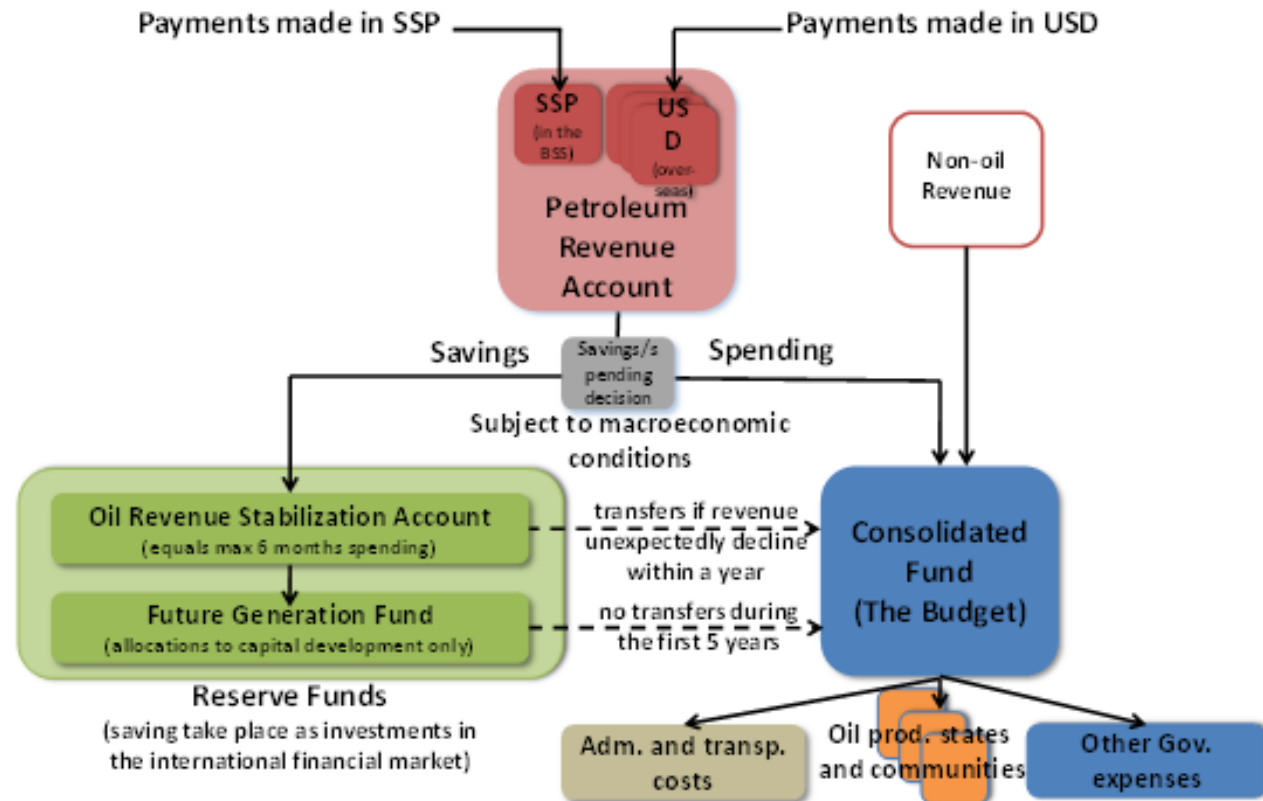
Sales & marketing process



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



