

**IN THE FIRST SESSION OF THE SEVENTH
PARLIAMENT OF THE FOURTH REPUBLIC OF
GHANA**

**REPORT OF THE
SELECT COMMITTEE ON MINES AND ENERGY**

ON THE



**2017 WORK PROGRAMME OF THE GHANA
NATIONAL PETROLEUM CORPORATION (GNPC)**

AUGUST, 2017

REPORT OF THE COMMITTEE ON MINES AND ENERGY ON THE 2017 WORK PROGRAMME OF THE GHANA NATIONAL PETROLEUM CORPORATION (GNPC)

1.0 INTRODUCTION

- 1.1 The 2017 Programme of Activities of the Ghana National Petroleum Corporation (GNPC) was laid in Parliament on Tuesday, 25th July, 2017 by the Hon. Minister for Energy, Mr. Boakye Kyeremateng Agyarko in accordance with Section 7(3)(b) of the Petroleum Revenue Management Act, 2011 (Act 815).
- 1.2 The Rt. Hon. Speaker subsequently referred the Programme of Activities to the Select Committee on Mines and Energy for consideration and report pursuant to Order 188 of the Standing Orders of Parliament.

2.0 DELIBERATIONS

- 2.1 The Committee met on 29th July, 2017 and considered the Programme of Activities. Present at the meeting were the Deputy Minister for Energy, Hon. William Owurako Aidoo and Officials of GNPC led by the Chief Executive, Dr. Kofi Koduah Sarpong.
- 2.2 The Committee is grateful to the Deputy Minister and Officials of GNPC for attending upon the Committee to provide clarifications to the content of the Programme of Activities.

3.0 REFERENCE DOCUMENTS

- 3.1 The Committee referred to the following documents during its deliberations:
- i. The 1992 Constitution of the Republic of Ghana;
 - ii. The Standing Orders of Parliament;
 - iii. The Petroleum Revenue Management Act, 2011 (Act 815);
 - iv. The Petroleum Revenue Management (Amendment) Act, 2015 (Act 893);
 - v. The Petroleum (Exploration and Production) Act, 2016 (Act 919);

- vi. The Ghana National Petroleum Corporation Act, 1983 (PNDCL 64); and
- vii. The 2016 Programme of Activities the Ghana National Petroleum Corporation

4.0 BACKGROUND INFORMATION

- 4.1 The Ghana National Petroleum Corporation (GNPC) was established in 1984 through the enactment of the Ghana National Petroleum Corporation Law, 1983 (PNDC Law 64). Under Section 2(1) of the PNDC Law 64, the Corporation is mandated to undertake the exploration, development, production and disposal of petroleum in the country.
- 4.2 In pursuit of the above stated objective, the Corporation is enjoined to ensure that the country derives the possible maximum benefits from the exploitation of the petroleum resources, the development of national capabilities along the entire petroleum value chain and the conduct of petroleum activities is in such a manner that minimize potential adverse effect on the environmental and the people.
- 4.3 To deliver on the above objectives, the Petroleum Revenue Management Act, 2011 (Act 815) was passed in April 2011 to commit part of the proceeds from the sale of petroleum resources to the Corporation. Section 7(3)(b) of the Act 815 mandates the Corporation to submit its Annual Programme of Activities to Parliament to for approval as a measure of ensuring prudent use of funds allocated to the Corporation.
- 4.4 It was in fulfilment of this legal injunction that the Minister for Energy presented the 2017 Programme of Activities of the Corporation in Parliament for approval.

5.0 VISION AND MISSION OF GNPC

- 5.1 The vision of the GNPC is to become a global Oil and Gas Company whose operations will have a profound impact on the quality of life of the people of Ghana.
- 5.2 As per its mission statement, the Corporation commits to lead the sustainable exploration, development, production and disposal of petroleum resources of Ghana.

6.0 STRATEGIC OBJECTIVES FOR 2017

The key strategic objectives as set out by GNPC for the year 2017 are to:

- i. achieve total national proven hydrocarbon reserves of 1,162 Million barrels of oil equivalent (MMBOE);
- ii. achieve average crude oil production of 70,290bbl/d, 63,500bbl/d and 7,214bbl/d for the Jubilee, TEN and OCTP Fields respectively;
- iii. complete ten (10) development wells; and
- iv. complete an additional 13% of work required for determining the petroleum system of the Voltaian Basin.

7.0 KEY ACHIEVEMENTS OF GNPC IN THE YEAR 2016

The Corporation together with its partners achieve the following in the year 2016:

7.1 Reserves

Achieved total reserve position of 1,253 Mmboe as against the target of 1,212 Mmboe for 2016, representing 3.38% increase on the target. The reserve is made up of 899mmbbl of oil and 2.052TCF of gas (354mmboe).

7.2 Oil and Gas Production

Achieved first oil production on 17th August, 2016 on the TEN field. A total of 32.29mmbbls was produced from two (2) producing fields (Jubilee & TEN) giving average daily oil production rate of 88,247.64bopd, 4% below the revised average daily production targets of 91,986bopd.

7.3 Disposal

Six (6) cargoes totaling 5.86mmbbls were lifted by the Ghana Group – (5 from Jubilee and 1 from TEN). Revenue realized from the liftings was US\$275.23 million with an average price of US\$48.58/bbl. Also, a total volume of 22,579.92MMscf of gas valued at US\$66.34million was delivered to Ghana National Gas Company (GNGC) as at end of 2016. Additionally, 275,069.76MT of HFO was supplied to Karpowership Ghana Company Limited (KPS) for power generation (Jan-Dec, 2016).

7.4 Voltaian Basin Exploration

The Corporation successfully negotiated social performance consultancy and Explosives contracts and submitted Environmental Impact Statement (EIS) and permit fees to Environmental Protection Agency.

7.5 Basin Exploration

Twenty-three (23) new leads were identified and generated nine (9) prospects across various licences in the Tano and Keta basins. In addition, source rock evaluation was completed and Leads Inventory also updated.

7.6 Petroleum Development Activities

Successfully completed the development activities on the TEN field leading to first oil production in 17th August 2016. Also, progress of work on OCTP block was 65.6% against a target of 66.5%. Additionally, 14 development wells were drilled on the Offshore Cape Three Points (OCTP) block and 1 well (J-36 WI) on the Jubilee field.

7.6 Capacity Building

About 98% of the corporate training plan was implemented with a total of 636 beneficiaries.

7.7 Gas-to- Power Activities

The Corporation successfully led negotiations with Independent Power Producers (IPPs) as part of its gas aggregator role and towards meeting OCTP milestones. Specific activities include signing of the Terminal Use Agreements with two LNG projects in Tema & Takoradi and signing of the LNG Sale Purchase Agreement on Takoradi LNG. Discussions with other potential suppliers of the LNG also begun including Qatar Gas to provide secure long-term base supply of LNG.

7.8 Negotiations

The Corporation's signed and ratified three (3) Petroleum Agreements (Springfields, Swaoco and ENI) in March, 2016. Also, a Letter of credit for security package agreement of US\$500 million with the World Bank for the OCTP Sankofa Gye Nyame Gas Project was signed.

8.0 FINANCIAL PERFORMANCE OF GNPC FOR 2016

8.1 Share of Oil Revenue

The Corporation received a total amount of US\$88.50 million for the year 2016, made up of the following:

- I. Equity financing (share of development and production cost) – **US\$58.10 million;**
- II. 30% share of net proceeds of Jubilee crude revenue - **US\$27.5 million;**

III. 30% share of Jubilee Gas revenue –US\$2.84 million.

Cash balance brought forward from the previous period (2015) was US\$124.06 million bringing the total cash available for 2016 to US\$212.56 million. Out of the total amount received and balance brought forward from 2015, a total amount of US\$144.53 million was utilized leaving a cash balance on hand of US\$68.03 million which was earmarked for the execution of the activities below:

8.1.1 Jubilee Expenditure

An amount of US\$67.21 million representing 46.5 percent of total expenditure during the period under review was spent on production and development activities in the Jubilee Field. The turret bearing on the FPSO Kwame Nkrumah experienced significant technical challenges leading to a halt in production between April and May.

8.1.1 Exploration & Development Projects

An amount of US\$25.58 million representing 17.7 percent of total expenditure for the period, went to exploration and development projects and funding of the Maritime Boundary Secretariat activities.

8.1.3 Staff Cost

An amount of US\$16.40 million was spent as remuneration for Staff, representing 11.3 percent of total expenditure for the year.

8.1.4 Administrative Capital Expenditure

The Administrative capital expenditure which covers outlays for office equipment, furniture, fixtures & fittings, motor vehicles, etc. amounted to US\$2.22 million (1.5%).

8.1.5 Capital Projects

An amount of US\$12.64 million, representing 8.7 percent of total expenditure was spent towards investment in the Corporation's landed properties in Accra, Tema and Sekondi-Takoradi.

8.1.6 General Operating Expenditure

A total of US\$12.45 million, representing 8.6 percent of total expenditure within the period went to Operating expenditure including insurance, utilities, corporate social responsibility, corporate travels, communication expenses, professional services, ICT-related cost such as software maintenance, etc., general repairs and maintenance, vehicle repairs & maintenance, etc.



8.1.7 Western Corridor Roads

In line with the Corporation's role as the gas aggregator, GNPC was requested by the Government of Ghana to financially support the construction of key roads within the Western Corridor to facilitate the evacuation of gas from the Ghana Gas Company at Atuabo. In this regard, Also, an amount of US\$7.58 million representing 5.2 percent of total expenditure was expended on the Western Corridor roads.

8.1.8 Saltpond Offshore Production Company Ltd (SOPCL)

An amount of US\$0.44 million was spent on SOPCL representing 0.3 percent of total expenditure for the period under review. The project is at the pre-decommissioning stage.

Table 1: Summary of Receipts and Expenditure for 2016

		JAN - DECEMBER 2016	
SRN		AMOUNT (US\$)	EXPENDITURE AS % OF RECEIPTS
	RECEIPTS FROM JUBILEE PROCEEDS		
1	Level A Receipts (Equity Financing)	58,114,054.06	65.7%
2	Level B Receipts (30% of Net Proceeds)	27,546,696.50	31.1%
3	Gas Receipt (30% of Net Proceeds)	2,836,000.00	3.2%
4	Total Amount Received:- (A)	88,496,750.56	100.0%
	USES OF AMOUNTS ALLOCATED:-		
5	Jubilee Equity Financing Cost	67,206,739.71	46.5%
6	Exploration & Development Projects	25,584,257.55	17.7%
7	Staff Cost	16,403,758.50	11.3%
8	Admin. Capital Expenditure	2,219,618.29	1.5%
9	Capital Projects	12,641,615.64	8.7%
10	General Operational Expenditure	12,454,835.54	8.6%
11	Western Corridor Roads	7,576,981.08	5.2%
12	SOPCL	440,336.85	0.3%
13	Total Expenditure:- (B)	144,528,143.16	100.0%
14	Net Position:- (C = A	(56,031,392.60)	-63.3%
15	Add: Cash B/Fwd (01.01.2016) (D)	124,059,072.39	
16	Total Cash-Available :- (E = C + D)	68,027,679.79	

9.0 OULOOK FOR 2017

9.1 DEVELOPMENT AND PRODUCTION PROJECTS

9.1.1 Jubilee Field Development and Production

The Committee noted that as part of measures to finding a permanent solution to the technical challenges experienced at the Jubilee, the

Corporation intends to convert the FPSO mooring system from Turret to Spread. In addition, the FPSO asset integrity, reliability and improvement work will be completed. The Corporation has also resumed discussions on the Greater Jubilee Full Field Development Plan with expectation of approval of same and commencement of field development activities. In-house Operational and Financial Audit will also be conducted in addition to continuous surveillance and management of reservoir and production. A total of 25,655,850 barrels of oil is to expected to be produced with a projected total gas export of 18,611 MMscf (24,137,860 MMBtu at heating value of 1,297) to GNGC for processing.

An amount of US\$83.44 million has been budgeted to carry out the above-mentioned activities on the Jubilee Field in 2017.

9.1.2 Tweneboa-Enyenra-Ntomme (TEN) Development

Major works to be carried out on the field in 2017 include the construction of the TEN gas tie-in to the Jubilee Pipeline and commencement of gas export from the field. This will ensure gas export to the Atuabo Processing plant when the Jubilee Field is shut down for the Turret Remediation Project. Additional works will include continue Production Operations and Maintenance on the FPSO and Surveillance and Management of the Reservoir. In addition to oil production of 63,500 bopd, the field is expected to deliver about 24 mmscf of gas/day. It is anticipated that Judgment in favour of Ghana on the Maritime Boundary Dispute between Ghana and Cote d'Ivoire by ITLOS in September 2017 may increase production to 69,980 bopd.

An amount of US\$139.12 million has been earmarked to undertake the above work activities at TEN in 2017.

9.1.3 Sankofa – Gye Nyame Development

The development of the Sankofa – Gye Nyame Field which commenced in 2015 is envisaged to deliver First Oil in third quarter of 2017 and First Gas in second quarter in 2018. Major works to be carried on the field for 2017 will include the following:

- i. Completion of wells for First Oil;
- ii. Arrival, hook up and commissioning of FPSO;
- iii. Completion and installation of subsea facilities; and
- iv. Continue work on the Onshore Receiving Facility.

An amount of US\$80.19 million has been earmarked to undertake the above-mentioned activities at Sankofa–Gye-Nyame Field for the year 2017.

9.1.4 Saltpond Offshore Production Company Limited

The plan to decommission the Mr. Louie production platform in the Saltpond Field will be continued. The project will be in three phases (pre-decommissioning, decommissioning and post decommissioning). The Corporation will focus on phase one (pre-decommissioning) in 2017 with the following activities:

- i. Procurement of consultancy services for the decommissioning project;
- ii. Acquisition of decommissioning Permit;
- iii. Provide platform supplies including water, fuel, food, medicines, Personnel Protective Equipment (PPE), spare parts, communication facilities and transportation to maintain the platform before the actual decommissioning; and
- iv. Continue payment of salaries/emoluments for the key staff manning the offshore platform in its idle state.

An amount of US\$4.20 million has been earmarked to undertake the above activities in 2017. The decommissioning project is projected to cost US\$8.00 million out of which US\$0.44 million was incurred by end of 2016.

9.2 EXPLORATION AND APPRAISAL PROJECTS

9.2.1 Voltaian Basin Studies

Major activities to be undertaken in 2017 including the following:

- i. Acquisition of 580 Line Kilometers of 2D seismic data;
- ii. Processing of 390 Line Kilometers of seismic data;
- iii. Complete Bunker Construction to store explosives;
- iv. Securing of right of way and payment of compensation; and
- v. Continue Community Engagement Program.

The Corporation is seeking to acquire 1,500 km 2D seismic survey and subsequently drill two conventional wells. The programme is expected to span for 6 years (2015-2020) with a projected cost of US\$154 million.

An amount of US\$31.97 million has been budget towards the execution of the above activities. An amount of US\$5.11 million had been incurred as at the end of 2016.

9.2.2 GNPC Exploration and Production Co. Ltd (Explorco) Driven Projects

Explorco is GNPC's Exploration and Production (E&P) subsidiary established to further the Corporation's core E&P strategies and operations. The company will continue to manage its commercial interests in eight (8) blocks as well as pay for the acquisition of a 10% interest in Deep Water Tano/Cape Three Point Block operated by Hess Ghana.

Explorco's activities to be supported by GNPC will include the following:

- i. South Deep Water Tano (SDWT) E&P Project;
- ii. Expanded Shallow Water Taño Block;
- iii. Deep Water Tano/Cape Three Point Contract'
- iv. East Keta Block;
- v. South West Tano;
- vi. Deep Water Cape Three Points West Block;
- vii. West Cape Three Points Block 2; and
- viii. Cape Three Points Block 4.

An amount of US\$70.74 million has been budgeted to fund Explorco's activities for 2017.

9.3 MIDSTREAM AND OTHER PROJECTS

9.3.1 Ghana National Gas Company Ltd (GNGC) Capitalization

The scope and scale of GNPC's activities have broadened with greater involvement in the gas /power sectors under its new Gas Aggregator role. GNPC is therefore ensuring adequate capitalization of its midstream subsidiary, GNGC to effectively play the role of gas transportation from the offshore to the onshore. In this regard, an amount of US\$10.00 million has been earmarked to support GNGC in respect of the capitalization.

9.3.1 Tema LNG Project

The GNPC plans to exercise the option of taking 20 percent equity in the Tema LNG project. An amount of US\$21.25 million has therefore been earmarked to achieve this goal.

9.4 NON-PETROLEUM CAPITAL PROJECTS

9.4.1 Corporate Operational Head Office - Takoradi

The Committee was informed in line with its decision to relocate operations to Sekondi-Takoradi, GNPC has commenced a process to identify suitable properties, facilities and parcels of land in Sekondi-Takoradi that can

assist to make the relocation a reality. Management has therefore made a provision of US\$7.50 million in the 2017 budget towards this project. The amount is earmarked for, Initial Office rental, Land Acquisition for office space, Residential accommodation, Pipe yards and Architectural drawings and acquisition of the necessary permits.

9.4.2 Accra Office Building - PFI

The Committee was informed that the pre-construction works on the office complex on GNPC's land along the George Bush Highway have been completed. The preliminary estimated cost for the building is US\$76 million and is to be completed within 36 months. An amount of GHS68.55 million (US\$15.00m) has been earmarked for the construction in 2017. So far, an amount of US\$0.26 million has been spent on the project. The Corporation's strategy is to raise funds from the local financial market for the construction with future receivables from petroleum and rental income being used to repay the facility.

9.4.3 Research and Technology (RAT) Project

It was also noted that in line with the Corporation's Accelerated Growth Strategy, a modern research and technology centre of excellence is being constructed to support the drive. The facility, when constructed, will offer an electronic storage centre for GNPC's geoscience, engineering and production data; a core and tapes storage facility; various physical, chemical and research laboratories as well as offices for the Research and Technology Centre staff. The facility will also have the potential to serve other oil and gas industry players at home and abroad.

The project which is expected to be completed in 2 years is estimated to cost US\$64 million of which US\$40 million is for the construction and US\$24 million for specialized equipment. An amount of US\$10.00 million has been earmarked in 2017 budget to undertake the site clearance and Completion of Earthworks and Commence foundation works.

9.4.4 Other Works on Landed Property

An amount of US\$2.19 million has been allocated to undertake refurbishment works on some selected GNPC's landed property in 2017. The details are attached as Appendix 1 Note 8b and Note 8c.

9.4.5 ICT System Upgrade and Expansion

The Corporation's intends to upgrade and expand its IT Systems to improve the level of efficiency and effectiveness of services anticipated to

accelerate the achievement of its objectives. Specifically, the new IT Systems is expected to achieve the following:

- i. Align and integrate IT and business goals;
- ii. Improve success of project delivery;
- iii. Achieve Value for Money (VFM) and demonstrate best Returns on Investment (ROI);
- iv. In-sourcing, outsourcing and smart-sourcing;
- v. Best practices for IT governance and management of business change; and
- vi. Disaster recovery sites.

An amount of US\$9.65 million has been earmarked to undertake the ICT Upgrade & Expansion program in 2017.

9.5 OPERATING EXPENDITURE

9.5.1 Personnel Cost

Personnel emolument amounting to US\$17.37 million is expected to be spent on the Staff. The Corporation informed the Committee that fifty (50) new Staff will be recruited to during the year. It was indicated that most of the senior members would soon be retiring and for that matter there is the need to groom young engineers to take over from the old staff after reaching the statutory retiring age.

9.5.2 Administrative Capital

A total expenditure of US\$2.49 million is expected to be incurred on the purchase of vehicles, office equipment, fixtures and fittings to facilitate the operations of the Corporation.

9.5.3 General Expenditure

Total expenditure amount of US\$10.97 million is expected to be incurred on recurrent operational activities of the Corporation including insurance, vehicle running, software maintenance, office consumables, staff training etc.

9.5.4 Maritime Boundary Secretariat

The GNPC considers successful determination of the Maritime Boundary Dispute between Ghana and Cote d'Ivoire as critical to increasing average oil production in the TEN Field. As result, the Corporation plans to provide adequate support to the Attorney General's Department's preparations towards final the determination of the case. An amount of US\$4.00 million has therefore been earmarked to support AG in this regard.

Summary of the 2017 Programme of Activities

Table 2: GNPC FUNDS REQUIREMENT FOR 2017

	Notes	Budget	Budget
		2017	2017
		GHS(m)	US\$(m)
Average Crude Oil Price (Jubilee & TEN)		US\$53.20/US\$52.60	US\$53.20/US\$52.60
INCOME			
JUBILEE REVENUE		506.44	110.82
Equity Financing Cost (Level 'A')	1a	326.71	71.49
GNPC Share (Level 'B')	1a	101.98	22.32
Gas	1b	77.75	17.01
TEN REVENUE		790.13	172.90
Equity Financing Cost (Level 'A')	2a	616.02	134.80
GNPC Share (Level 'B')	2a	120.88	26.45
Gas	2b	53.24	11.65
SANKOFA GYE NYAME		100.54	22.00
Equity Financing Cost (Level 'A')		100.54	22.00
TOTAL OIL & GAS REVENUE		1,397.11	305.71
TRAINING & TECHNOLOGY FUND		18.85	4.13
Training Grant	3b	18.85	4.13
MISCELLANEOUS INCOME		65.97	14.44
Rental Income	3a	0.19	0.04
Services to Exploration Companies	3a	1.21	0.26
Interest on Short Term Investments	3a	30.04	6.57
HFO Margin	3c	6.62	1.45
Miscellaneous Income	3a	27.92	6.11
TOTAL REVENUE		1,481.94	324.28

Table 1: GNPC FUNDS REQUIREMENT FOR 2017 (CONT.)

		Budget	Budget
		2017	2017
		GHS(m)	US\$(m)
EXPENDITURE			
DEVELOPMENT & PRODUCTION COST		1,402.79	306.96
Jubilee	4	381.31	83.44
Tweneboa Enyenra & Ntomme - DWT	5	635.79	139.12
Sankofa- Gye Nyame Complex	5	366.48	80.19
SOPCL - Decommissioning	5	19.21	4.20
EXPLORATION & APPRAISAL PROJECTS		469.39	102.71
Voltaian Basin Project	6	146.12	31.97
Explorco	6	323.27	70.74
DOWNSTREAM & OTHER PROJECTS		142.81	31.25
Tema LNG Pjt	7	97.11	21.25
GNGC Train 3 Compressor	7	45.70	10.00
CAPITAL PROJECTS		209.96	45.94
Corporate Head Office Pjt	8	102.83	22.50
Research and Technology Centre	8	45.70	10.00
Other Works on Landed Property	8	17.33	3.79
ICT Upgrade & Expansion	7	44.10	9.65
OPERATING EXPENDITURE		159.16	34.83
Personnel Emoluments	9a	79.37	17.37
Admin Capital	9b	11.36	2.49
General Expenses	10	50.15	10.97
Maritime Boundary Special Project	7	18.28	4.00
TOTAL EXPENDITURE		2,384.11	521.69
NET POSITION		(902.17)	(197.41)

10.0 OBSERVATIONS

10.1 Budget Financing

The Committee noted that an amount of US\$324.28 million is expected to be received by the GNPC for the year 2017. The revenue consists of US\$110.82million, US\$172.90million and US\$22.00million from the Jubilee, TEN and Sakofa Gye-Nyame Fields respectively. Additional source of income would include US\$4.13million as Training and Technology Grant and US\$14.44million as miscellaneous sources from rentals,

interest on short term investment and services to exploration companies. The Corporation however intends to spend a total of US\$534.77 million for the year leaving a funding gap of US\$210.49 million. The Committee was informed that funding gap will be financed by cash balance of US\$68.03 million brought forward from 2016 and, US\$95million GNPC's cash collateral with Stanbic Bank and Fidelity Bank when Litasco replaces GNPC's Bank Guarantee under the 450MW Karpower Ship and a loan of US\$47.39 million.

10.2 Business Interruption Insurance Policy for Jubilee and TEN

The Committee observed that an amount of US\$6.38Million has been earmarked to secure an Insurance Policy for the business interruptions occasionally witnessed at the production stage. The move was occasioned by the loss in revenue of about US\$ 220million to Ghana as a result of business interruptions (BI) in the Jubilee and TEN Fields. To avert such potential losses in future due to business interruptions, the Corporation intends to procure a Business Interruptions cover for the carried and participating interests (CAPI) and Government of Ghana (GoG) Royalty for maximum sum assured of US\$513.2Million for interruption to oil and gas production in respect of the Jubilee and TEN Fields. The prices to be insured for the two fields are US\$47.50/bbl for oil and US\$2,750/MMSCF for gas. Table 2 below presents the premium payable as well as the indemnity periods for the two fields and the volumes covered under the policy.

TABLE 2: Details of the Business Interruption Insurance Policy

Insured Premise	Total Daily Production (Oil bpd; Gas MMSCF)	Insured Interest	Maximum Recovery Period (days)	Maximum Exposure (US\$) claimable by GNPC
Jubilee (Oil)	78,000	13.64%	18 months	276,938,376
Jubilee (Gas)	74	100.00%	18 months	111,518,000
TEN (Oil)	46,000	15.00%	12 months	119,628,750
TEN (Gas)	34	15.00%	12 months	5,119,125
TOTAL				513,204,251

Based on the above parameters, total premium payable amounts to US\$6.38 Million comprising US\$5.15 Million for CAPI and US\$ 1.23 Million for GoG royalty in both fields.

10.3 Gas-To-Power Commitments Under the Karpower Ship

The Committee was informed that as part of conditions precedent under 450MW Karpower Ship Purchase Agreement, Electricity Company (ECG) of Ghana is enjoined to provide US\$79 Million as Bank Guarantee in addition to the US\$100 Million Bank Guarantee secured by the GNPC in 2016 under the initial 225MW Karpower Ship Purchase Agreement on behalf of ECG. The Committee further noted that ECG had paid GNPC US\$5 Million out of the US\$ 100 Million Bank Guarantee, reducing the ECG obligation to GNPC to US\$ 95 Million.

The Committee was also informed that Lukoil International Trading and Shipping Company (LITASCO) has agreed to absorb the two forms of Bank Guarantees amounting to US\$ 174 Million of which US\$79 Million covers exposure to Operations and Maintenance and US\$95 Million for Early Termination. This means that the US\$95 Million originally used as Cash Guarantee by the GNPC on behalf of ECG would be available for GNPC to use upon successful signing of the Supply Agreement between GNPC and LITASCO.

The Committee was also informed that LITASCO has asked government to pay the US\$100 Million debt owed to the company by BOST as a condition precedent to the discharge of LITASCO commitment to absorb the Guarantee. However, the Officials of GNPC informed the Committee that BOST's has in stock crude oil amounting to US\$54 million. This reduces the BOST's debt exposure to US\$46 million.

The Committee further noted that under the OCTP Gas Supply Agreement, GNPC is obliged to either take all the gas produced from the field or pay for its equivalent cost. It was further explained that the 450 MW Karpower Ship, if installed, will utilize approximately 90mmscf/d of gas from the OCTP. This means that Ghana stands to lose US\$28 million per month which translates into US\$336.6 million in a year, if GNPC fails to offtake the 90mmscf/d of the gas. The Corporation therefore considered the Karpower Ship critical in meeting the "take-or-pay" obligation, and more importantly, sustaining the power needs of the country. As a result of the above, the Corporation has taken steps to negotiate with LITASCO to convert the debt into loan payable over two years with oil receivables which would be recovered later from BOST

10.4 Corporate Social Responsibility (CSR) Projects

The Committee was informed that an amount of US\$9.40 million has been earmarked to support strategic initiatives on environmental sustainability, provision of social amenities, economic empowerment of those leaving in oil and gas enclave and to also provide scholarships and training as part of the Corporation's corporate social responsibilities (CSR) for the year.

The Corporation indicated that in line with Section 2 (2) (d) of the PNDC Law 64 and as part of measures to increasing local content along the entire value chain of the oil and gas industry, one thousand (1,000) students pursuing courses in sciences such as geology, chemistry, physics, engineering etc will be provided with scholarships with the intention of scaling up in the coming years. Emphasis would be placed on training at the local level with minimal sponsorship for foreign courses.

In order to ensure that Ghanaians feel the impact of the oil resources, the Corporation has made provision to support community development initiatives such as the provision of sports facilities in schools and colleges, environmental projects and potable water. The need for the increase of the Corporation's corporate social responsibilities is also to avert potential conflicts in petroleum affected communities as witnessed in other countries.

10.5 Logistics, Operational and Project Vehicles

The Committee was also informed that in line with the Corporation's new focus entitled "*Operation Find Oil in the Voltaian Basin*", it has become imperative to acquire additional logistics and vehicles. In this regard, an additional amount of US\$1.7 Million has been earmarked for the acquisition of logistics and vehicles for its operations in Takoradi and the Voltaian Basin Project.

10.6 Funding for the Construction of the Accra Corporate Head Office and Research and Technology (RAT) Center

The Committee was informed by the officials of the Corporation that preliminary discussions on the cost of the construction of the Accra Corporate Head Office and Research and Technology Center (including the supply of relevant equipment) is estimated at US\$ 75 Million and US\$64 Million respectively. The Committee agreed in principle for the construction of the two facilities but was of the opinion that the estimated

costs are too high. Accordingly, the Committee urged the Corporation to review the estimated costs and present the revised cost for approval in the 2018 Programme of Activities. In the meantime, the Committee recommends to the House to approve an amount of US\$25 million earmarked for this year's activities on the two building complexes.

10.7 Financing of the Additional Work Programme

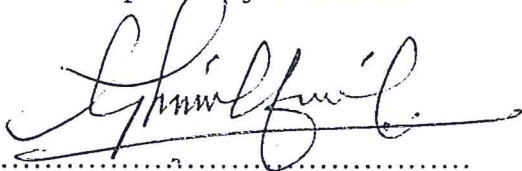
The Committee was informed that the additional work Programme amounting to US\$13.08 Million of which US\$6.38 Million is premium for Business Interruption Insurance Policy; US\$5 Million for CSR and US\$1.7 Million for Logistics and Vehicles would be financed from the US\$95 Million GNPC's cash collateral with Stanbic Bank and Fidelity Bank to be freed when LITASCO replaces GNPC's Bank Guarantee. The remaining US\$81.92 Million (the difference of US\$95 Million and US\$13.08 Million) would be used to partly fund the GNPC'S financial obligations.

11.0 CONCLUSION AND RECOMMENDATION

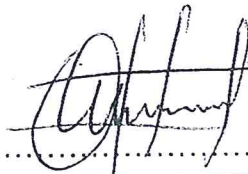
The Committee has thoroughly scrutinized the Programme of Activities of GNPC and the associated financial requirements for the 2017 Financial Year and it believes the activities outlined in the Programme of Activities fall within the scope of the mandate of the Corporation under PNDC Law 64.

The Committee therefore recommends to the House to adopt its Report and approve the 2017 Programme of Activities of the Ghana National Petroleum Corporation (GNPC) for the year 2017 in accordance with Section 7(3)(b) of the Petroleum Revenue Management Act, 2011 (Act 815).

Respectfully submitted.



.....
HON. EMMANUEL KWASI GYAMFI
CHAIRMAN, COMMITTEE ON
MINES AND ENERGY



.....
KOFI MENKAH (MR.)
ASSISTANT CLERK TO THE COMMITTEE

1.0 Appendix

Note 1a

GHANA NATIONAL PETROLEUM CORPORATION
JUBILEE CRUDE OIL REVENUE FORECAST - 2017

	Budgeted	Budgeted	Budgeted	Budgeted		
LIFTING #	1st Cargo	2nd Cargo	3rd Cargo	4th Cargo	Total	
Quantity (BBL)	950,000	950,000	950,000	950,000	3,800,000	
Expected Price (US\$/bbl)	\$53.20	\$53.20	\$53.20	\$53.20		
Lifting Period	Jan-17	Apr-17	Jul-17	Oct-17		
Receipt Period	Feb-17	May-17	Aug-17	Nov-17	TOTAL	TOTAL
	US\$	US\$	US\$	US\$	US\$	GHS
Cargo Value	50,540,000	50,540,000	50,540,000	50,540,000	202,160,000	923,871,200
SHARING						
Royalty - [GoG]	14,071,101	14,071,101	14,071,101	14,071,101	56,284,405	257,219,733
GNPC/GoG	36,468,899	36,468,899	36,468,899	36,468,899	145,875,595	666,651,467
DISBURSEMENT: EQUITY FINANCING COST:						
Jubilee Partner Funding - DWT	11,104,923	11,104,923	11,104,923	11,104,923	44,419,692	202,997,993
Jubilee Partner Funding - WCTP	6,615,077	6,615,077	6,615,077	6,615,077	26,460,308	120,923,607
Lifting Cost	152,556	152,556	152,556	152,556	610,224	2,788,724
AMOUNT RECEIVABLE (A)	17,872,556	17,872,556	17,872,556	17,872,556	71,490,224	326,710,324
CRUDE REVENUE NET OF ROYALTY & LEVEL 'A'	18,596,343	18,596,343	18,596,343	18,596,343	74,385,371	339,941,144
GNPC Share - 30%	5,578,903	5,578,903	5,578,903	5,578,903	22,315,611	101,982,343
State Share - 70%	13,017,440	13,017,440	13,017,440	13,017,440	52,069,759	237,958,800
TOTAL DISBURSEMENTS:-	18,596,343	18,596,343	18,596,343	18,596,343	74,385,371	339,941,144
SUMMARY						
GNPC Share of Revenue	23,451,459	23,451,459	23,451,459	23,451,459	93,805,835	428,692,667
GoG Share of Revenue	27,088,541	27,088,541	27,088,541	27,088,541	108,354,165	495,178,533
	50,540,000	50,540,000	50,540,000	50,540,000	202,160,000	923,871,200

Note 1b

GHANA NATIONAL PETROLEUM CORPORATION
JUBILEE ASSOCIATED GAS REVENUE BUDGET - 2017

DETAILS	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	Total
Lifting Month	Jan-17	Feb-17	Mar-17	Apr-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	US\$
Receipt Date	Mar-17	Mar-17	Apr-17	May-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18		US\$
Quantity (mmscf)	2,232	2,016	2,232	2,160	419	2,232	2,160	2,232	1,320	2,232	2,232	19,235
Conversion Factor	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060
Quantity (mmBTU)	2,365,920	2,136,960	2,365,920	2,289,600	443,610	2,365,920	2,289,600	2,365,920	1,399,200	2,365,920	2,365,920	20,388,570
Price	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Cargo Value	6,861,168	6,197,184	6,861,168	6,639,840	1,286,469	6,861,168	6,639,840	6,861,168	4,057,680	6,861,168	6,861,168	59,126,833
SHARING												
Less: GoG Royalty (4.087332%)	280,439	253,299	280,439	271,392	52,582	280,439	271,392	280,439	165,851	280,439	280,439	2,416,711
GNPC/GoG	6,580,729	5,943,885	6,580,729	6,368,448	1,233,887	6,580,729	6,368,448	6,580,729	3,891,829	6,580,729	6,580,729	56,710,142
GNPC Share - 30%	1,974,219	1,783,166	1,974,219	1,910,534	370,166	1,974,219	1,910,534	1,974,219	1,167,549	1,974,219	1,974,219	17,013,043
GoG Share - 70%	4,606,510	4,160,720	4,606,510	4,457,914	863,721	4,606,510	4,457,914	4,606,510	2,724,280	4,606,510	4,606,510	39,697,099
Total Disbursement	6,580,729	5,943,885	6,580,729	6,368,448	1,233,887	6,580,729	6,368,448	6,580,729	3,891,829	6,580,729	6,580,729	56,710,142
SUMMARY												
GNPC Share:	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Level 'B'	1,974,219	1,783,166	1,974,219	1,910,534	370,166	1,974,219	1,910,534	1,974,219	1,167,549	1,974,219	1,974,219	17,013,043
Total	1,974,219	1,783,166	1,974,219	1,910,534	370,166	1,974,219	1,910,534	1,974,219	1,167,549	1,974,219	1,974,219	17,013,043
GoG Share:	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Royalty	280,439	253,299	280,439	271,392	52,582	280,439	271,392	280,439	165,851	280,439	280,439	2,416,711
Level 'B'	4,606,510	4,160,720	4,606,510	4,457,914	863,721	4,606,510	4,457,914	4,606,510	2,724,280	4,606,510	4,606,510	39,697,099
Total	4,886,949	4,414,019	4,886,949	4,729,306	916,303	4,886,949	4,729,306	4,886,949	2,890,131	4,886,949	4,886,949	42,113,810

Note 2a

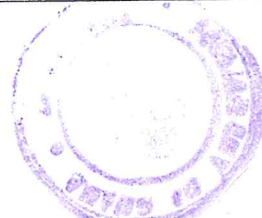
GHANA NATIONAL PETROLEUM CORPORATION
TEN CRUDE OIL REVENUE FORECAST - 2017

	Budgeted	Budgeted	Budgeted	Budgeted		
LIFTING #	1st Cargo	2nd Cargo	3rd Cargo	4th Cargo	Total	
Quantity (BBL)	950,000	950,000	950,000	950,000	3,800,000	
Expected Price (US\$/bbl)	\$52.60	\$52.60	\$52.60	\$52.60		
Lifting Period	Jan-17	Mar-17	May-17	Jul-17		
Receipt Period	Feb-17	Apr-17	Jun-17	Aug-17	TOTAL	TOTAL
	US\$	US\$	US\$	US\$	US\$	GHS
Cargo Value	49,970,000	49,970,000	49,970,000	49,970,000	199,880,000	913,451,600
SHARING						
Royalty - [GoG]	12,979,221	12,979,221	12,979,221	12,979,221	51,916,883	237,260,156
GNPC/GoG	36,990,779	36,990,779	36,990,779	36,990,779	147,963,117	676,191,444
DISBURSEMENT: EQUITY FINANCING COST:						
TEN Partner Funding	14,796,312	14,796,312	14,796,312	14,796,312	59,185,247	270,476,578
Lifting Cost	152,556	152,556	152,556	152,556	610,224	2,788,724
AMOUNT RECEIVABLE (A)	14,948,868	14,948,868	14,948,868	14,948,868	59,795,471	273,265,301
CRUDE REVENUE NET OF ROYALTY & LEVEL 'A'	22,041,912	22,041,912	22,041,912	22,041,912	88,167,646	402,926,143
GNPC Share - 30%	6,612,573	6,612,573	6,612,573	6,612,573	26,450,294	120,877,843
State Share - 70%	15,429,338	15,429,338	15,429,338	15,429,338	61,717,352	282,048,300
TOTAL DISBURSEMENTS:-	22,041,912	22,041,912	22,041,912	22,041,912	88,167,646	402,926,143
SUMMARY						
GNPC Share of Revenue	21,561,441	21,561,441	21,561,441	21,561,441	86,245,765	394,143,144
GoG Share of Revenue	28,408,559	28,408,559	28,408,559	28,408,559	113,634,235	519,308,456
	49,970,000	49,970,000	49,970,000	49,970,000	199,880,000	913,451,600

Note 2b

GHANA NATIONAL PETROLEUM CORPORATION
TEN ASSOCIATED GAS REVENUE BUDGETED - 2017

DETAILS	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	
Lifting Month	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Total	
Receipt Date	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	US\$	
Quantity (scf)	1,165	1,127	1,165	1,165	1,127	1,165	1,127	1,165	9,205	
Conversion Factor	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060		
Quantity (mmBTU)	1,234,597	1,194,771	1,234,597	1,234,597	1,194,771	1,234,597	1,194,771	1,234,597	9,757,300	
Price	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90		
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
Cargo Value	3,580,332	3,464,837	3,580,332	3,580,332	3,464,837	3,580,332	3,464,837	3,580,332	28,296,170	
SHARING										
Less: GoG Royalty (4.087332%)	107,410	103,945	107,410	107,410	103,945	107,410	103,945	107,410	848,885	
GNPC/GoG	3,472,922	3,360,892	3,472,922	3,472,922	3,360,892	3,472,922	3,360,892	3,472,922	27,447,285	
Less: Cost of Gas	617,299	597,386	617,299	617,299	597,386	617,299	597,386	617,299	4,878,650	
Amount Available for Distribution: (B)	2,855,623	2,763,506	2,855,623	2,855,623	2,763,506	2,855,623	2,763,506	2,855,623	22,568,635	
GNPC Share - 30%	30%	856,687	829,052	856,687	856,687	829,052	856,687	829,052	856,687	6,770,591
GoG Share - 70%	70%	1,998,936	1,934,455	1,998,936	1,998,936	1,934,455	1,998,936	1,934,455	1,998,936	15,798,045
Total Disbursement		2,855,623	2,763,506	2,855,623	2,855,623	2,763,506	2,855,623	2,763,506	2,855,623	22,568,635
SUMMARY										
GNPC Share:	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
Level 'A'	617,299	597,386	617,299	617,299	597,386	617,299	597,386	617,299	4,878,650	
Level 'B'	856,687	829,052	856,687	856,687	829,052	856,687	829,052	856,687	6,770,591	
Total	1,473,986	1,426,438	1,473,986	1,473,986	1,426,438	1,473,986	1,426,438	1,473,986	11,649,241	



NOTE 7: OTHER PETROLEUM PROJECTS

	US\$	GHS
DOWNSTREAM PROJECTS	21.25	97.11
Tema LNG Pjt	21.25	97.11
GNGC Capitalisation	10.00	45.70
Maritime Boundary Special Project (MBSP)	4.00	18.28
Total Budget	3.00	13.71
Contingency	1.00	4.57
DATA & ICT PROJECTS	9.16	41.84
ICT System Upgrade & Expansion	9.16	41.84

NOTE 8: OTHER CAPITAL PROJECTS

	US\$	GHS
CAPITAL PROJECTS	34.69	158.55
Corporate Head Office - Takoradi	7.50	34.28
Corporate Head Office - PFI	15.00	68.55
Research & Technology Centre	10.00	45.70
Other Works on Landed Property	2.19	10.02

Note 8b

	US\$m	GHSm
Other Works on Landed Property	2.19	10.02
Enpro House Refurbishment Into Offices & Storage	0.49	2.22
Redevelopment Of Beach Road Guest House, Takoradi	1.44	6.59
Regimanuel No. 4 Violet Road	0.04	0.20
Regimanuel No. 6 Grey Hil	0.05	0.21
Redco Madina (Flat No. 1)	0.09	0.40
Redco Madina (Flat No. 2)	0.09	0.40

Note 8c

Petroleum House Rehabilitation	1.60	7.31
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