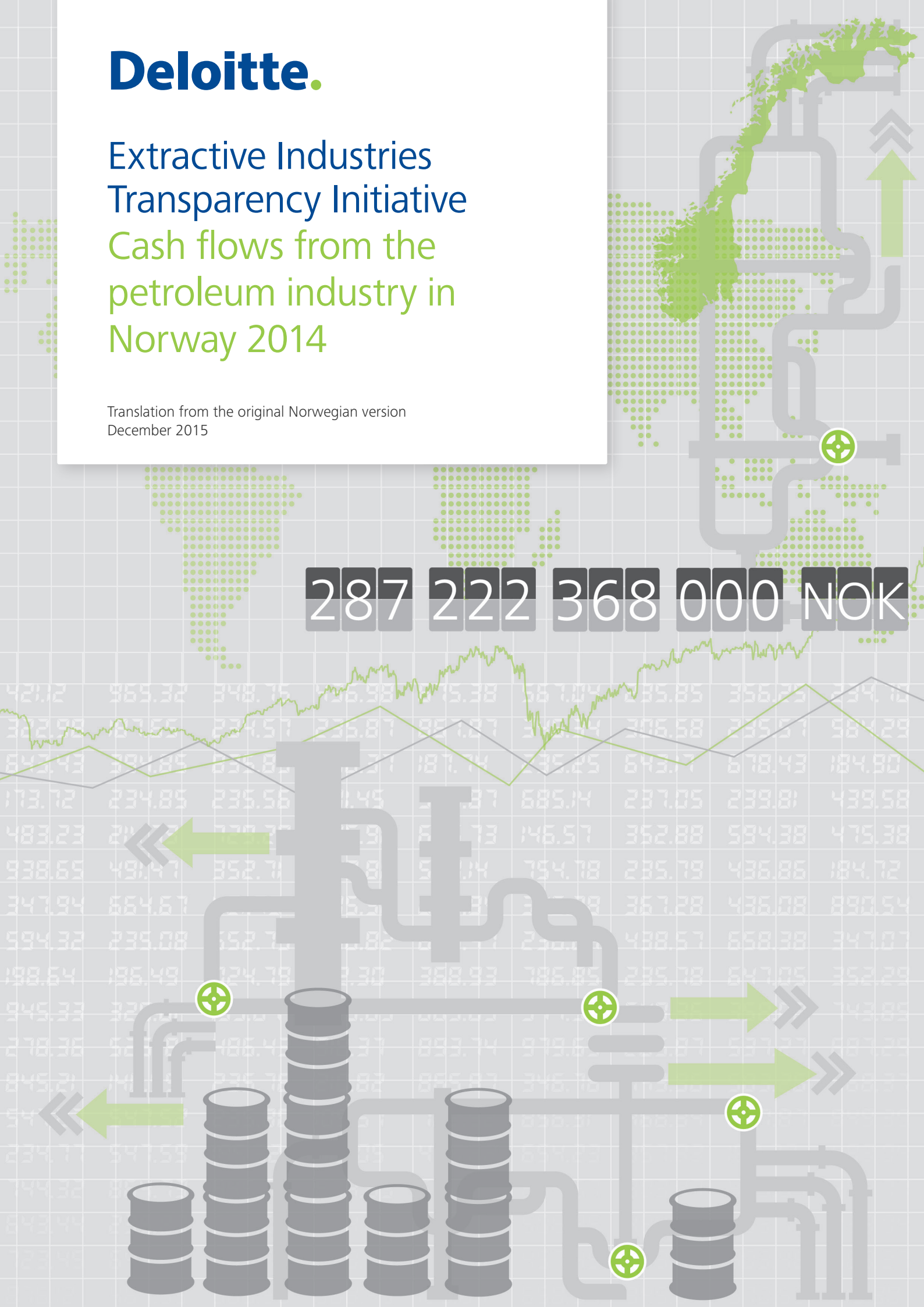


**Deloitte.**

Extractive Industries  
Transparency Initiative  
Cash flows from the  
petroleum industry in  
Norway 2014

Translation from the original Norwegian version  
December 2015

287 222 368 000 NOK





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## Executive summary

007

This is the seventh year that licensees and governmental bodies in Norway report cash flows from petroleum activities.

98%

Cash flows from petroleum tax and Petoro/SDFI accounted for approximately 98% of the total reported cash flows.

26%

26 % of the entities reported after the deadline, which according to the regulation has been set to the 1st of August. This compares to 39 % the previous year. One out of five governmental bodies reported after the deadline.

46%

A number of discrepancies were identified in the reconciliation. One or more discrepancies were found in 46% of the entities, compared to 42% in the previous year.

X = X

After clarification of discrepancies and adjustments, the total cash flow reported from licensees and operators is in agreement with the reporting from the governmental bodies.



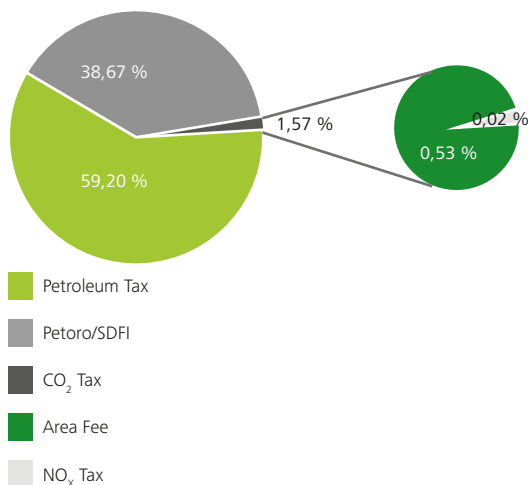


Figure 1: Relative size of revenue stream

This report summarizes the result of the reconciliation of cash flows from the petroleum activities as part of the implementation of Extractive Industries Transparency Initiative (EITI) in Norway. See [www.eiti.no/en/](http://www.eiti.no/en/) for more information about EITI in Norway.

The reporting was completed in the autumn of 2015 and includes cash flows made in 2014. The first report was completed in 2009, and included cash flows from 2008, thus making this the seventh year that licensees and governmental bodies in Norway report cash flows from the petroleum activities, based on the EITI principle.

The EITI reporting includes petroleum tax, CO<sub>2</sub> tax, NO<sub>x</sub> tax, area fee and other payments. The reporting also includes Petoro's reporting of cash flows associated to the State's Direct Financial Interest (SDFI), including Statoil's reporting of cash flows in the role of marketing and selling the Norwegian State's share of petroleum production from the Norwegian Continental Shelf.

Figure 1 illustrates the relative size of the various revenue streams in 2014.

Cash flows from petroleum tax and Petoro/SDFI accounted for approximately 98 % of total reported cash flows. The figure below illustrates the development in total cash flows from the petroleum tax, Petoro/SDFI and other taxes (CO<sub>2</sub>-, NO<sub>x</sub>- and area fee) for the seven years with EITI reporting.

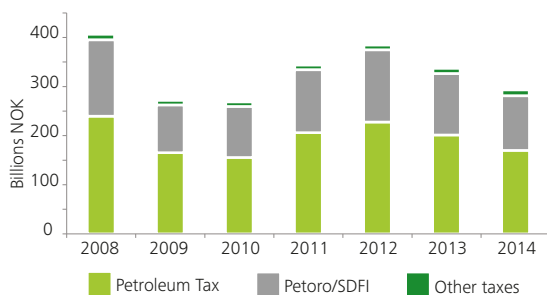


Figure 2: Comparison of cash flows for the years 2008 to 2014 in billion NOK

Deloitte has been engaged to reconcile the reporting from the licensees and the governmental bodies in order to identify and clarify any potential discrepancies in the reporting. The Norwegian EITI regulation provides no materiality limit for explanation of discrepancies. Consequently; to the extent possible; all deviations should be explained independently of materiality.

In total, we received reporting from 65 licensees and 5 governmental bodies. Like in the prior years, several entities had delays in their reporting. One governmental body did not comply with the submission deadline and approximately 26% of the reporting entities submitted their report after the deadline, which according to the regulations has been set to 1st of August. This was partly because the list from the Ministry of Petroleum and Energy originally did not include all entities, and thus some companies did not receive a reporting request until after the date of the deadline. All entities reported before the publication of this report. The latest report was received on September 1th, 2015.

As in the prior years, a number of discrepancies were identified in the reconciliation. One or more discrepancies were found in 46% of the entities reports.

Most of the identified discrepancies were caused by amounts left out from the reporting by mistake or other errors in the reporting. The reporting entities have been very cooperative in contributing to solving the discrepancies, however, the number of discrepancies indicates that there is a potential for improving some of the entities quality assurance process with respect to completeness and accuracy of the reporting. Section 5 presents the reconciliation on an aggregated level. Company-by-company reporting is presented in the appendices.

The table below summarizes the reporting on an aggregated level for all cash flows. The table displays a net discrepancy of TNOK 17 854 between the licensees and the governmental bodies' initial reporting. The net discrepancy is a net of positive and negative deviations. Discrepancies amounting to TNOK 33 353 have been explained through the reconciliation. TNOK 51 207 is related to reported amounts by licensees or governmental bodies where counterparty reporting is not obtained because these amounts are not considered to be subject to EITI regulations.

The discrepancies are mainly due to:

- Companies omitting interest on taxes
- Companies reporting incorrect amounts
- Companies reporting based on wrong cutoff
- Companies omitting payments
- Companies including payments that are not subject to the regulations
- Restructuring within the companies complicating the reporting

**Table 1: Aggregated cash flows from the petroleum industry**

Aggregated payments	Initial reporting TNOK	Resolved discrepancies TNOK		Without reporting from counterparty TNOK	Adjusted reporting TNOK
		Licensees	Government		
Licensees	287 243 505	31 732	-	-52 869	287 222 368
Government	287 225 651	-	1 621	1 662	287 222 368
Discrepancy	17 854	31 732	1 621	-51 207	-

After clarification of discrepancies and adjustments for figures reported by only one of the parties, the total cash flows reported from licensees and operators are TNOK 287 222 368 which is in agreement with the reporting from the governmental bodies.



Translation from the original Norwegian version

The multi- stakeholder group  
C/O Ministry of Petroleum and Energy  
Postboks 8148 Dep  
0033 Oslo

## Report on actual findings- assembly and reconciliation of cash flows

This report summarizes the result of the reconciliation of cash flows from the petroleum activities as part of the implementation of Extractive Industries Transparency Initiative (EITI) in Norway.

The report consists of seven sections. Section 1 describes the background and objective of the reporting. A brief overview of the Norwegian petroleum industry is provided in Section 2. Section 3 clarifies what payments are subject to the EITI regulations. Section 4 describes the process of reporting, compiling and reconciliation. In Section 5, the compilation and reconciliation of payments is presented on an aggregated level. Lessons learned during this year's reconciliation are summarized in Section 6, and a short summary is presented in Section 7. Reported figures on a company-by-company level are included as appendices. The amounts in this report are stated in thousand Norwegian kroner (TNOK), unless otherwise stated. Amounts stated in minus (-) imply payments made from governmental bodies to the licensees.

We have performed our work in accordance with the International Auditing Standards applicable to related services (ISRS 4400 Engagements to perform agreed upon procedures regarding Financial Information). Our procedures are listed in Section 4.

Our findings are presented in Section 5 of this report and in the appendices.

Section 2 is based on publicly available information and we have not verified the information's accuracy and completeness.

Because the agreed upon procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the reported payments. The information presented in our report, or information provided by licensees or governmental agencies, has not been subject to control or verification procedures unless otherwise stated in the report. Had we performed additional procedures or had we performed an audit or review in accordance of the financial statements in accordance with International Standards on Auditing or International Standards on Review engagements, other matters might have come to our attention that would have been reported to you.

Oslo, 22 December 2015  
Deloitte AS

Mette Herdlevær  
State authorised auditor

# 1. Background

Extractive Industries Transparency Initiative (EITI) has issued a global standard for transparency in the oil, gas and mining industries. Through the principles and criteria within EITI, the objective is a standard for publishing cash flows between companies in the extraction industry and the government. EITI aims to promote transparency in order to prevent corruption as well as provide citizens with a basis for demanding fair use of revenue streams. Transparency is also expected to enhance investments.

Norway has, as the 1st OECD country, decided to implement the EITI criteria. As of February 2009 Norway was accepted as a candidate. This meant that Norway was required to establish an organizational structure for the reporting and reconciliation of the revenue streams in line with the guidelines applicable for EITI.

The implementation of the EITI criteria in Norway is passed through a separate regulation for the reporting and reconciliation of cash flows from the petroleum industry (from now on referred to as "the NEITI"). The regulation came into effect as of July 1st, 2009, and instructs licensees on the Norwegian Continental Shelf to report all payments made to the state. Additionally, certain governmental bodies are required to report revenues received. These payments and revenues shall be reconciled by an independent administrator. According to the regulation the implementation of the EITI should be overseen by a group of stakeholders. The group of stakeholders should represent governmental bodies, the industry and the general public. A new group of stakeholders was appointed on June 20th 2014. The appointment is valid for two years, and the group consists of 9 permanent members as well as deputies. The group is led by a representative from the Ministry of Energy and Petroleum (MPE), and MPE appointed Deloitte AS (Deloitte) as administrator according to a contract dated July 17th 2014.

The administrator's role is to:

- Receive reporting from licensees and governmental agencies
- Compile the reporting and seek to resolve discrepancies to the extent possible
- Prepare and publish a report comprising the reconciled payments and revenues, any discrepancies and other issues of relevance, to understand the payments and revenues from the petroleum activity.

Reporting must occur according to the deadlines defined by the NEITI regulation.

The first EITI reporting in Norway was completed in 2009 for cash flows from 2008. Subsequently a validation process, according to EITI criteria was conducted, and in March 2011, Norway became the first OECD country to be accepted as a full member of EITI.

The new EITI standard was formally launched in May 2013 ( see [eiti.org/document/standard](http://eiti.org/document/standard)). The new standard introduced requirements to include contextual information about the extractive activity in the EITI report; such as the extractive industry's contribution to the economy and the employment and organization and regulations of the industry. This year's report is adapted to the new standard, as far as possible given the available information. The information is included in chapter 2 in the report with reference to source information.

## 2. Norwegian Petroleum Activities



**Figure 3: Overview, activity on the Norwegian Continental Shelf**

Source: <http://www.norskipetroleum.no/en/maps/areas-on-the-norwegian-continental-shelf/>

### 2.1 Activity concentration

The Norwegian Continental Shelf is divided into the following maritime zones: the North Sea, the Norwegian Sea and the Barents Sea. The North Sea is still the powerhouse of Norwegian petroleum activities with a total of 61 producing oil and gas fields. The Norwegian Sea has 16 producing fields and the Barents Sea has one.

Until 2014, the MPE in cooperation with the Norwegian Petroleum Directorate (NPD) issued the annual publication “Facts”, which gave a comprehensive overview of the petroleum activity on the Norwegian continental shelf (NCS). From 2015, the website [www.norskipetroleum.no/en](http://www.norskipetroleum.no/en) has replaced this publication. For electronic version of the former annual “Facts” publications, see <http://www.npd.no/en/Publications/Facts/>

The website [www.norskipetroleum.no/en](http://www.norskipetroleum.no/en) includes information about:

- Resources on the NCS
- Regulatory framework and state organization
- The Norwegian petroleum industry – from well to market
- The future petroleum industry
- The Norwegian service and supply industry

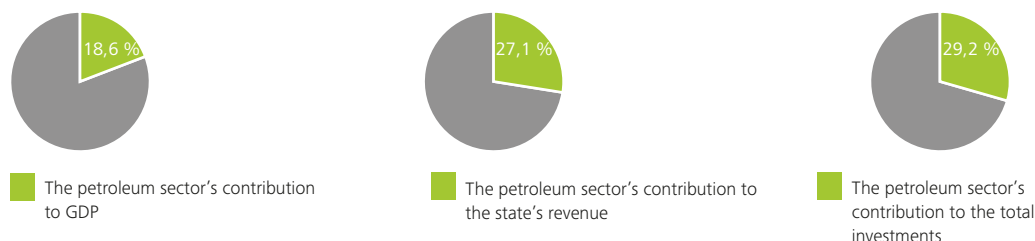
The following sections provide a summary of the Norwegian petroleum activity. The information is to a large extent based on [www.norskipetroleum.no/en](http://www.norskipetroleum.no/en) and should be read in conjunction with the website. Information about the fields and licensees is available on NPD’s website, <http://factpages.npd.no/>

## 2.2 Significance to the Norwegian economy

In accordance with the Revised National Budget for 2015<sup>1</sup>, the gross domestic product from the petroleum sector in 2014 amounted to approximately 585,5 billion NOK; or about 18,6 % of the total gross domestic product (GDP). The petroleum sector's share of the state's revenue in 2014 amounted to approximately 347 billion NOK or about 27,1%. The state's investments in petroleum activity amounted to approximately 35 billion NOK. The State's total net cash flow from petroleum activities in 2014 amounted to approximately 312 billion NOK (see also Table 4 and Appendix 6).

The Ministry of Petroleum and Energy (MPE) and the Norwegian Petroleum Directorate (NPD) estimate that exploration and production companies employ 32 000 people on the NCS. In a publication from Statistics Norway<sup>2</sup>, it is estimated that 239 000 people are employed directly or indirectly in the Norwegian petroleum industry. This make 8,7 % of the total employment.

The charts below (Figure 4) shows the contribution from the petroleum sector to the GDP, the State's revenue and the total investments in 2014.



**Figure 4: Macroeconomic indicators for the petroleum sector 2014**

Source: <http://www.norskpetroleum.no/en/economy/governments-revenues>

216,7 million Sm<sup>3</sup> of oil equivalents of saleable petroleum was produced in 2014 from 78 oil fields on the Norwegian Continental Shelf<sup>3</sup>. About half of the production was gas (108,8 million Sm<sup>3</sup>). Figure 5 shows production numbers until 2014. According to [www.norskpetroleum.no/en](http://www.norskpetroleum.no/en), the value of exported petroleum in 2014 was about 550 billion NOK, which corresponds to 46% of the total Norwegian export. Statistics Norway reports that the export value of crude oil was 278 billion NOK and the export value of natural gas 224 billion NOK. Average Brent Blend<sup>4</sup> was 98 USD per barrel (621 NOK per barrel). In the Revised National Budget for 2015, it is informed that the average realized gas price in Europe has been approximately 2 NOK per standard cubic meter (Sm<sup>3</sup>), after seeing a decline during the first half of 2014.

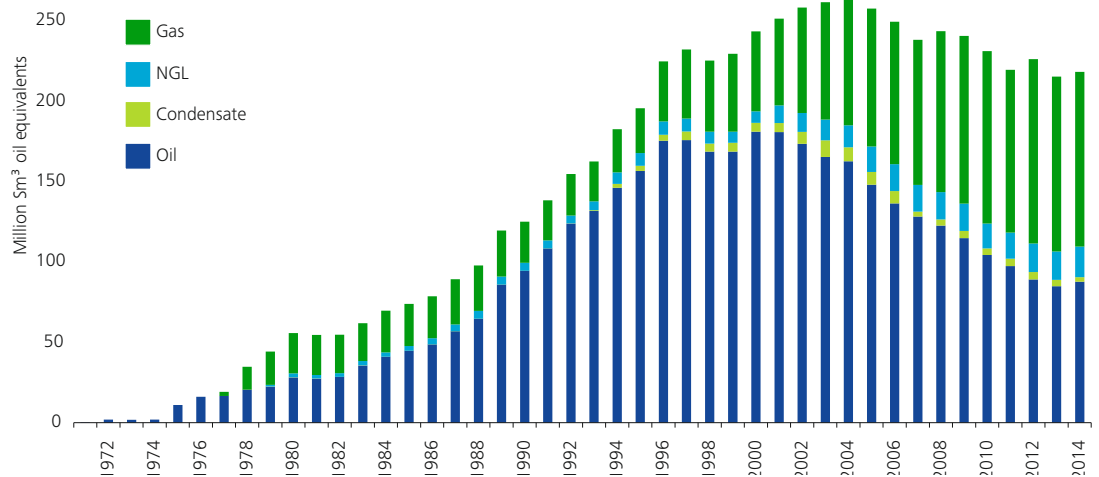
<sup>1</sup> See <http://www.statsbudsjettet.no/Revidert-budsjett-2015/English/>

<sup>2</sup> Source: Statistics Norway, <http://ssb.no/en/nasjonalregnskap-og-konjunkturer/artikler-og-publikasjoner/ringvirkninger-av-petroleumsnaringen-i-norsk-okonomi>

<sup>3</sup> Source: Statistics Norway, <http://www.norskpetroleum.no/en/production/production-of-oil-and-gas/>

<sup>4</sup> Brent Blend is the reference price for North Sea oil





**Figure 5: Historical production of oil and gas**  
 Source: <http://www.norskpetsroleum.no/en/production/>

### 2.3 State organisation

The Norwegian Parliament decides the framework for the petroleum activities in Norway, in part by passing legislation. Major development projects and issues involving fundamental principles are debated in the Parliament. The Parliament is also supervising the Government and the Public Administration.

The Government exercises executive authority over the petroleum policy and is accountable towards the Parliament. To carry out its policies, the Government is assisted by the ministries, underlying directorates and supervisory authorities. Responsibility for the various roles in Norwegian petroleum policy is distributed as follows:

- The Ministry of Petroleum and Energy – responsible for resource management and the sector as a whole, as well as the State’s ownership in Statoil and Petoro AS, which is safeguarding the State’s Direct Financial Interest (SDFI)
- The Ministry of Labour and Social Affairs – responsible for the working environment and safety
- The Ministry of Finance – responsible for petroleum taxation
- The Ministry of Transport and Communications – responsible for oil spill preparedness
- The Ministry of Climate and Environment – responsible for safeguarding the external environment

For further information about the roles and responsibilities, see [www.norskpetsroleum.no/en/framework/state-organisation-of-petroleum-activities/](http://www.norskpetsroleum.no/en/framework/state-organisation-of-petroleum-activities/).

### 2.4 The licensing system and information related to the award and transfer of licenses<sup>5</sup>

The Petroleum Act (Act No. 72 of 29 November 1996 relating to petroleum activities) provides the general legal basis for the licensing system that governs Norwegian petroleum activities. The Petroleum Act confirms that the State owns the petroleum deposits on the Norwegian Continental Shelf, and that resource management of petroleum resources shall be carried out in a long-term perspective for the benefit of the Norwegian society as a whole.

<sup>5</sup> Source: <http://www.norskpetsroleum.no/en/framework/petroleum-act/>

Before a production license is awarded for exploration or production, the area where the activity will take place must be opened for petroleum activities. Before opening for petroleum activities, an impact assessment must be prepared that considers factors such as the financial, social and environmental impacts the activity may have. A consultation process with authorities and other stakeholders takes place before a decision is made.

Production licenses are normally awarded through licensing rounds. Each year, the MPE announces a certain number of blocks for which production licenses can be applied for. Applicants can apply individually or as a group. Based on the applications received, the MPE performs an evaluation in cooperation with NPD and others. In accordance with the Petroleum Act § 3-5, relevant, objective, non-discriminatory and announced criteria should form the basis for these awards. Emphasis is placed on the applicants

- a) Technical competence and financial capability
- b) The applicants plan for exploration and development in the area.

Infrastructure investments and barter agreements are not a part of the license award system in Norway. An announcement letter describing the terms and the criteria are published on the websites of NPD<sup>6</sup>.

In order to participate as an operator or a licensee, the company has to be prequalified. The process and criteria for prequalification is published on the website of NPD<sup>7</sup>.

Based on the applications received, the MPE determines the groups of companies to which licenses should be awarded. The King in Council then finally awards licenses. The license grants companies exclusive rights to surveys, exploration drilling and production of petroleum within the geographical area covered by the license. The licensees become the owners of the petroleum that is produced. The production license regulates the rights and obligations of the companies vis-à-vis the Norwegian State. The document supplements the requirements in the Petroleum Act and stipulates detailed terms and conditions. NPD publishes the list of applicants, final awards and work program.

The MPE designates an operator, which will be responsible for the operational activities authorized by the license. The group of companies will enter a license agreement ("Avtale for petroleumsvirksomhet") with attachment A – "Participants Agreement" and attachment B – "Accounting Agreement". The agreement with attachments governs the activity, proceedings, financial matters, governance, development and operation.

The production license is valid for an initial period (exploration period) that last up to ten years. During this period, a work commitment must be carried out in the form of e.g. geological/geophysical preliminary work and/or exploration drilling. If all the licensees agree, the production license can be relinquished when the work commitment has been fulfilled. If the licensees want to continue the work in the production license, the license will enter the extension period, which is the period for development and operation (normally 30 years). Development and operations requires the licensees to submit a plan for development and operation to the MPE for approval. Transfer of an ownershare in a license requires approval from the MPE in accordance with the Petroleum Act § 10-12. The same apply for other direct or indirect transfers of owner interests or other participation in the license, such as transfer of shares and other interest that might result in controlling influence of a licensee.

## 2.5 Contracts

Licensing contracts are not disclosed publicly, however the standard license agreements are published. These can be found on the Governments webpages or at [www.norskpetroleum.no/en/framework/petroleum-act/](http://www.norskpetroleum.no/en/framework/petroleum-act/).

<sup>6</sup> Example: [www.npd.no/en/Topics/Production-licences/Theme-articles/Licensing-rounds/APA-2015/APA-2015---announcement/](http://www.npd.no/en/Topics/Production-licences/Theme-articles/Licensing-rounds/APA-2015/APA-2015---announcement/)

<sup>7</sup> See [www.npd.no/en/Topics/Production-licences/Theme-articles/Pre-qualification/Documentation-and-cost-associated-with-the-pre-qualification-process/](http://www.npd.no/en/Topics/Production-licences/Theme-articles/Pre-qualification/Documentation-and-cost-associated-with-the-pre-qualification-process/)

Regjeringen.no

Søk

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## Konsesjonsverk

Artikkel | Sist oppdatert: 15.01.2014

[Standard Utvinningstillatelse](#) - Standard for utvinningstillatelse som tildeles ved ordinære konsesjonsrunder

[Standard Utvinningstillatelse for tildeling i forhåndsdefinerte områder](#) - Standard for utvinningstillatelse som tildeles TFO rundene (modne områder)

[Standard Avtale for petroleumsvirksomhet - spesielle bestemmelser](#) - Selskaper som får tildelt en utvinningstillatelse må inngå en avtale for petroleumsvirksomhet. Avtalen består av Spesielle bestemmelser samt vedlegg A Samarbeidsavtale og vedlegg B Regnskapsavtale

[Standard Vedlegg til utvinningstillatelse - samarbeidsavtale og regnskapsavtale](#) - Standard for Vedlegg A Samarbeidsavtale og vedlegg B Regnskapsavtale - som må inngås mellom rettighetshavere i en utvinningstillatelse

[Standard Stratigrafisk samarbeidsavtale](#) - Er utvinningstillatelsen stratigrafisk delt over eller under annen utvinningstillatelse, vil det også bli stilt krav om inngåelse av en stratigrafisk samarbeidsavtale.

[Standard unit avtale](#) - Utformet i samarbeid med OLF og godkjent av Olje- og energidepartementet i februar 2012. Basert på standard samarbeidsavtale

**Figure 6: Contracts**

Source: [https://www.regjeringen.no/no/dokument/dep/oed/lover\\_regler/reglement/konsesjonsverk/id748087/](https://www.regjeringen.no/no/dokument/dep/oed/lover_regler/reglement/konsesjonsverk/id748087/)

Information of the license groups and operators, work programs and progress of the work programs is available in the Petroleum Register published by NPD. See further description in section 2.6 below. Work program, license group and license shares are published when licenses are awarded. In addition to standard agreements published by the MPE, the websites of NPD make reference to relevant laws, resolutions and guidelines; [www.npd.no/en/Regulations/](http://www.npd.no/en/Regulations/).

## 2.6 The Petroleum Register

The Petroleum Register is a register comprising all production licenses and licenses to install and operate facilities for transportation and utilization of petroleum.

The Petroleum Register contains information on the number of the license, the date of granting, the duration of the license, what physical persons or corporate bodies that are licensees, the size of the participating interests of the licensees in the license and the name of the operator. The date of application of licenses is not listed in the Register, but the deadlines for application are disclosed in the invitation to apply. If the state participates directly in the license, the register shall contain information about the size of the participating interest of the state. The licensees are required to notify the Petroleum Register when changes in ownership take place. The Petroleum Register includes information about work program and status (applicable for all licenses in predefined areas and licenses awarded from and including the 21. application round) in addition to NPDs estimates of petroleum resources and reserves.

The Petroleum Register can be accessed from NPD's websites [www.npd.no/en](http://www.npd.no/en). The website also include fact maps disclosing location of all licenses on the Norwegian Continental Shelf.

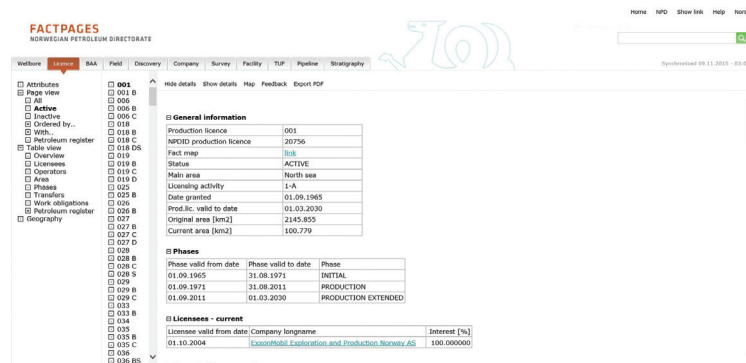


Figure 7: Petroleum Register

### 2.6.1 Other sources of information on licensee ownership

When a private limited liability company has been formed, the board of directors shall without delay ensure the creation of a register of shareholders for the company (Limited Liability Company Act § 4-5). When a public limited liability company has been formed, the board of directors shall without delay ensure the creation of a register of shareholders for the company in a securities registry (Public Limited Liability Act § 4-4). The registers of shareholders for private and public companies are public and shall be accessible to anyone ((Limited Liability Company Act § 4-6, Corporation Law § 4-5). Information about shareholders is also available in the shareholders register kept by the tax authorities for tax assessment purposes

Any reporting entity that is a subsidiary shall disclose the business name and registered office of any parent company that prepares consolidated accounts into which the reporting entity is consolidated (Accounting Act §7-15). Private limited companies and public limited companies shall disclose their 20 largest shareholders and the ownership stakes held by these. Information about any shareholders that hold less than 1 percent of the shares may be omitted (Accounting Act § 7-26). Private limited companies qualifying as a small enterprise, shall disclose their 10 largest shareholders and the ownership stakes held by these. Information about any shareholders that hold less than 5 percent of the shares may be omitted (Accounting Act § 7-42). There is no requirement to disclose indirect ownership.

The Parliament has asked the Government to advance a bill regarding a new public ownership register to ensure openness among ownership in Norwegian companies. The Ministry of Trade, Industry and Fisheries together with the Ministry of Finance has prepared a report with various alternatives which was distributed for comments on December 22, 2015. Also, the committee that has been established to work on the new money laundering legislation in Norway shall within August 2016 come up with a proposal on how to incorporate the "beneficial ownership" into Norwegian legislation.

## 2.7 The Government's petroleum revenue

The Norwegian state receives their share of the value created from the petroleum resources through:

- Taxation of oil and gas activities
- Charges/fees
- Direct ownership of the fields on the NCS (SDFI)
- Dividends from ownership in Statoil

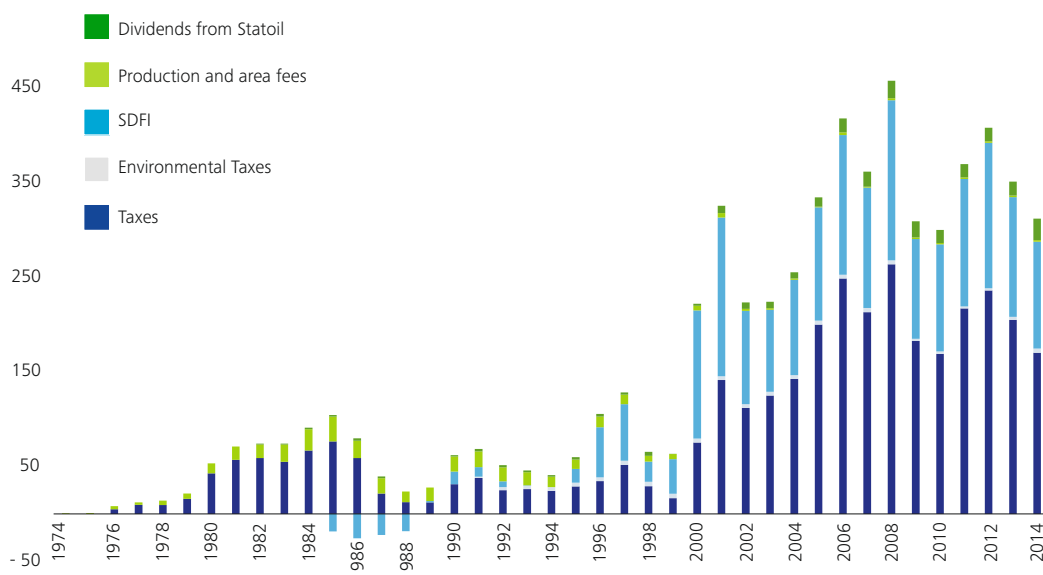


Figure 8 shows the development in net cash flow to the state from petroleum activities during the period 1973-2014:

**Figure 8: Net cash flows to the State from petroleum activities**

Source: <http://www.norskipetroleum.no/en/economy/governments-revenues/>

## 2.8 Petroleum taxation

The petroleum taxation is based on the Petroleum Taxation Act (Act No. 35 of 13 June 1975 relating to the taxation of subsea petroleum deposits, etc.) and provisions of the Act.

The Ministry of Finance has the overall responsibility for taxation and fees from petroleum activities. The Petroleum Tax Office is part of the Norwegian Tax Administration, which is subordinate to the Ministry of Finance. The primary task of the Petroleum Tax Office is to ensure correct stipulation and payment of taxes and fees adopted by the political authorities.

The taxation of oil and gas activities in Norway is levied on each company based on the company's total operating income from the oil and gas activities less the total expenses. As a result, payments of tax are not split according to payments related to oil production and payments related to gas production.

Petroleum taxation is based on the Norwegian rules for ordinary corporate tax. Due to the extraordinary profitability associated with production of the Norwegian petroleum resources, a special tax is also levied on income from these activities. Companies may under certain circumstances make an application for a refund of the fiscal value of exploration costs in the companies' tax returns. From 2014, the ordinary tax on the result that is within the scope and extent of the act was reduced from 28 % to 27 %. The special tax was increased from 50 % to 51%.

Operating income (norm price)
- Operating expenses
- Linear depreciation for investments (6 years)
- Exploration expenses, R&D and decom
- CO <sub>2</sub> tax, NO <sub>x</sub> tax and area fee
- Net financial costs
<b>= Corporation tax base (27 %)</b>
- Uplift (5.5 % of investment for 4 year)
<b>= Special tax base (51 %)</b>

Figure 9: Calculation of petroleum tax (Source: MPE)

When the basis for ordinary tax and special tax is calculated, investments are subject to straight-line depreciation over six years from the year they are incurred.

The value of produced oil for tax purposes is based on a norm price, which is determined by the Petroleum Price Council<sup>8</sup>. The price should be comparable to what would have been an agreed price between independent parties in a free market. For gas, the actual sales price is used as the basis.

In addition to the petroleum taxes, the companies pay area fees and environmental fees (CO<sub>2</sub>-fee and NO<sub>x</sub>-fee). A further description of the Norwegian petroleum taxation system can be found at [www.norskpetroleum.no/en/economy/governments-revenues/](http://www.norskpetroleum.no/en/economy/governments-revenues/).

## 2.9 State involvement

### 2.9.1 The State's Direct Financial Interest

The State's Direct Financial Interest (SDFI) is a system in which the State owns a share of many oil and gas fields, pipelines and onshore facilities. The ownership interest in the oil and gas fields is set in connection with award of the production licenses, and the size of the interest varies from field to field. As one of several owners, the State covers its share of the investments and costs, and receives a corresponding portion of the income from the production license. In addition, SDFI receives revenue and expenses from production licenses with net profit agreements (relates to licenses awarded in the second licensing round).

Petoro AS is a state-owned enterprise that handles the commercial aspects of the State's Direct Financial Interest (SDFI) on the State's behalf. Per January 1st 2015, SDFI held owner shares in 34 producing fields, 182 production licenses and 15 pipelines and land based installations<sup>9</sup>.

Petoro maintains separate accounts for all transactions relating to the ownership in the licenses. In this way, revenues and costs from the licenses are separated from the operation of Petoro. Funding of the operation of Petoro is allocated by the state. For more details about Petoro's roles and overview of SDFI's owner shares, see [www.petoro.no/about-petoro](http://www.petoro.no/about-petoro). The site also includes the annual report and annual accounts of Petoro and SDFI. The following key numbers have been extracted from the annual report of SDFI for 2014:

Tabell 2 Key figures, SDFI

From Petoro's annual report	2014
Revenue, crude oil and ngl	85 642 MNOK
Revenue, gas	81 477 MNOK
Transport- and processing revenue	11 137 MNOK
Other revenue	554 MNOK
Net profit arrangements	986 MNOK
Sum revenue	179 797 MNOK
Net income for the year	119 671 MNOK
Net transfer to the state's accounts	111 068 MNOK
Average realised oil price per barrel	617 NOK per barrel
Average realised gas price	2,23 NOK per Sm <sup>3</sup>
Total production (1 000 boe/d)	1 000

Revenue from transportation mainly relate to the owner share in Gassled. Gassled is a partnership that owns the

<sup>8</sup> [www.regjeringen.no/en/topics/energy/oil-and-gas/petroleum-price-board-and-the-norm-price/d661459/](http://www.regjeringen.no/en/topics/energy/oil-and-gas/petroleum-price-board-and-the-norm-price/d661459/)

<sup>9</sup> <https://www.petoro.no/petoro-annual-report/2014-/front-page>

majority of the gas infrastructure on the Norwegian continental shelf. The state's direct and indirect owner share in Gassled per 31.12.2014 was 46,6975 % based on information in the 2014 annual report of SDFI. Gassco AS is the operator of Gassled. Gassco AS is 100% owned by the state. Gassco AS has no ownership in Gassled. The cost of operating the transport system is met by its users through tariff payments. More information on transportation revenue, the organizing of Gassco and Gassled can be found at [www.gassco.no/en](http://www.gassco.no/en). SDFI's owner shares in licenses, transportation systems and land-based activity are disclosed in the annual report of SDFI.

### **2.9.2 Statoil**

Statoil ASA (Statoil) is a public limited liability company which is organized in accordance with Norwegian corporate laws. The State is the largest shareholder in Statoil with a direct ownership of 67 % of the shares. There has been no changes in the ownership in 2014. The company is listed on the Oslo Stock Exchange (OSE) and the New York Stock Exchange (NYSE). The annual report is available at Statoil's website: [www.statoil.com](http://www.statoil.com). An overview of subsidiaries in the Statoil group and their country of incorporation can be found in the report "Payments to Governments" published by Statoil on [www.statoil.com](http://www.statoil.com).

Statoil pay the same taxes as other companies with petroleum activity in Norway. As a majority owner of Statoil, the State receives dividends from Statoil.

Statoil markets and sells the Norwegian state's oil and gas production from the Norwegian Continental Shelf and is responsible for the delivery of the state's petroleum to the buyer, including transportation, processing and storage. Statoil receives no payment for these services.

### **2.9.3 Distribution of petroleum revenues<sup>10</sup>**

The State's revenues from the petroleum activities (petroleum tax, fees, dividend from Statoil and cash flows from SDFI) are transferred to the Government Pension Fund Global. At the end of 2014, the Fund's market value was NOK 6 431 billion (2013: NOK 5 038 billion). The Fund is administrated by Norges Bank Investment Management (NBIM) on behalf of The Ministry of Finance. The expected returns from the fund are spent over the fiscal budget. "The Fiscal Rule" is the designation of the guidelines on how to gradually phase the petroleum revenues into the Norwegian economy. The goal of the rule is to ensure that long-term interests are considered when spending the petroleum revenues. For further information, see [www.regjeringen.no/no/tema/okonomi-og-budsjett/norsk\\_okonomi/bruk-av-oljepenger/id449281/](http://www.regjeringen.no/no/tema/okonomi-og-budsjett/norsk_okonomi/bruk-av-oljepenger/id449281/).

## **2.10 The State Accounts and the State budget**

When the Parliament meets during the autumn session, the Minister of Finance present the proposed budget for the coming year for approval by the Parliament. Please consult [www.regjeringen.no/en/topics/the-economy/the-national-budget/id1437/](http://www.regjeringen.no/en/topics/the-economy/the-national-budget/id1437/) for information about the budgeting process. The budget includes information about expected taxes and fees from the petroleum activity and expected cash flows from SDFI. Assumptions are provided, including assumptions about expected prices, production volumes, taxes and fees and net cash flows from SDFI. The budget is published at the Government's website. See [www.statsbudsjettet.no/Revidert-budsjett-2015/English/](http://www.statsbudsjettet.no/Revidert-budsjett-2015/English/) for the 2015 budget.

Long term budgets are available in a separate document, the «Perspektivmelding» which normally is published by the Government every 4th year. For the latest document, see [www.regjeringen.no/en/dokumenter/meld.-st.-12-2012-2013/id714050/](http://www.regjeringen.no/en/dokumenter/meld.-st.-12-2012-2013/id714050/).

Following the budget year, the Ministry of Finance publish the state accounts. The state accounts can be found on the Government's website. [www.regjeringen.no/no/tema/okonomi-og-budsjett/statlig-okonomistyring/statsregnskapet/id438868/](http://www.regjeringen.no/no/tema/okonomi-og-budsjett/statlig-okonomistyring/statsregnskapet/id438868/).

<sup>10</sup> Source: [www.norskpetroleum.no/en/](http://www.norskpetroleum.no/en/) and [www.nbim.no/en/](http://www.nbim.no/en/)

### 2.11 Audit requirements in Norway

In Norway, every limited liability company is required to prepare and file financial statements. In addition, all limited liability companies, except for small companies, are subject to audit. To be defined as a small company the following criteria must be met:

- 1) Operating income is less than NOK 5 million, and the company
- 2) employ no more than an average of ten full-time equivalents, and the
- 3) balance sheet total constitute less than NOK 20 million.

In addition, businesses operated through a branch of a foreign entity called NUF (Norwegian registered business enterprise) are subject to audit if the NUF has a turnover of NOK 5 million or more.

In 2014, all licensees which reported under EITI were subject to external financial audit. The accounts are audited based on international auditing standards and the financial statements of the companies are published by a central public register (The Brønnøysund Register Centre: [www.brreg.no](http://www.brreg.no)). The documents shall be accessible to anyone either through the Company or through access to the central public register.

The Office of the Auditor General of Norway audits the State's accounts and all annual accounts by State organizations and other governmental bodies that have to present annual accounts. The audit is performed in accordance with law and regulations for the Office of the Auditor General, and by the standards and guidelines of the Office of the Auditor General. The report from the office of the Auditor General of Norway is published at the web pages [www.riksrevisjonen.no/en](http://www.riksrevisjonen.no/en).

No special audit requirements have been imposed in regards to the EITI reporting.



### 3. Which payments are included by the NEITI regulation

The NEITI regulation defines the payments to be included in the reporting, based on an assessment of the most significant cash flows to the state from the petroleum industry. Each year the licensees shall report all payments made in the previous calendar year in relation to the petroleum industry, based on the following legislation:

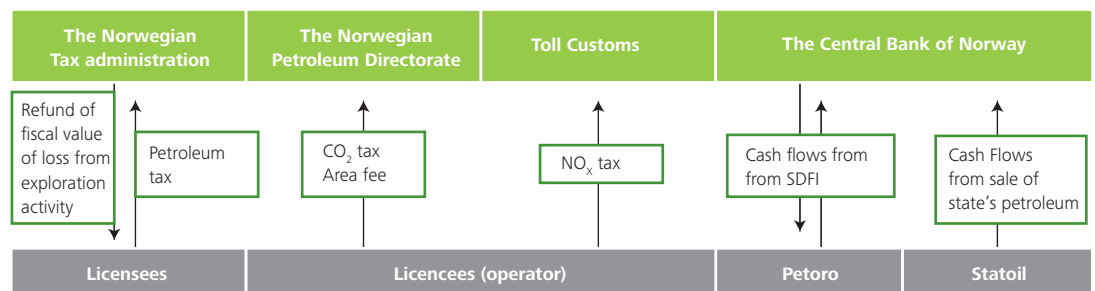
- The Petroleum Taxation Act of June 13th, 1975 no. 35 (Petroleum taxation)
- The Act of December 21st, 1990 no. 72 relating to CO<sub>2</sub> tax on the petroleum activity on the continental shelf (CO<sub>2</sub> tax)
- The Regulation of December 11th, 2001 no. 1451 relating to special duties chapter 3-19 regarding emission of NO<sub>x</sub> (NO<sub>x</sub> tax)
- The Petroleum Act § 4-10 (Area fee)

As the manager of the State's Direct Financial Interest (SDFI), Petoro AS (Petoro) shall report all payments made in the previous calendar year to the state in relation to SDFI. Statoil shall separately report all payments in the preceding calendar year to the state as a result of the company's provisions of the government's petroleum. This comes of the provisions instructions, determined at the general meeting in Statoil May 25th 2001, as amended.

The Norwegian Tax Administration, the Norwegian Petroleum Directorate, the Toll Customs, Petoro and the Central Bank of Norway are required to report to the administrator the revenue received on the basis of the payments that the licensees are required to make.

The NEITI regulation also states that the reporting entities should report all other payments made to the government or government officials in the previous calendar year, resulting from petroleum activity. This is included in order to capture payments that are not necessarily required by law.

The reporting can be illustrated as follows:



**Figure 10: Reporting entities and specified revenue streams**

The EITI guidelines provide some flexibility in determining which revenue streams to include in the reporting, depending on the materiality of the payments in question. In Norway established guidelines have exempted certain payments based on materiality:

- The licensees are not required to report administration fees paid to the Norwegian Petroleum Directorate for processing of applications regarding seismic surveys, exploration permits, and extraction permits. The fees amount to NOK 33 000, 65 000 and 109 000 respectively, and are paid in accordance with the regulation to the Petroleum Act §§ 5 and 9. Deloitte has been informed by MPD that the fees amounted to approximately MNOK 21 in 2014 (2013: MNOK 18).
- The same applies to the licensee's refund of expenses for supervision of security, work environment, and resource administration in the petroleum industry. Deloitte has been informed by MPD that the refunds in 2014 amounted to approximately MNOK 152 (2013: MNOK 113).

The reporting also excludes payments that are not directly related to upstream petroleum activity or that are not made to the state. This implies that:

- Indirect fees such as VAT or import duties are not required to be reported. VAT is a general consumer tax and applies to a wide variety of goods and services. Similarly, the import duties are general in nature and apply to all industries.
- Since the NEITI relates to payments to the state only, municipal taxes, property taxes etc have been exempted. Such fees and taxes are similar for all industries and no special rates apply for oil and gas companies.
- Also, the guidelines to NEITI state that environmental fees levied on products sold from petrol stations are not included. Such fees are levied on the consumption of petroleum and not on the extraction.
- Land-based industry such as gas power plants (i.e Kårstø) are levied CO<sub>2</sub> tax on gas in addition to the CO<sub>2</sub> tax paid in accordance with the Act of December 21<sup>st</sup>, 1990 no. 72 relating to CO<sub>2</sub> tax on the petroleum activity on the petroleum activity on the continental shelf. The Norway EITI reporting only includes payments specific to the oil and gas industry, and thus this additional CO<sub>2</sub> tax is excluded.
- Furthermore, Statoil is not required to report payments of dividend to the state as a shareholder. Based on the state's account, the dividend amounted to MNOK 22 646 in 2014 (2013: MNOK 14 421). The state wholly or partially owns several companies in Norway and it was decided that the dividend from Statoil should not have different treatment from other dividends. Deloitte has reconciled the dividend from Statoil in Table 5.
- Sales of seismic from authorities to the entities are not considered to be covered by NEITI. MPD states that sales of seismic amounted to MNOK 61 in 2014 (2013: MNOK 415)

The NEITI regulation provides no materiality limit for explanation of discrepancies. Consequently; to the extent possible; all deviations should be explained independently of materiality.

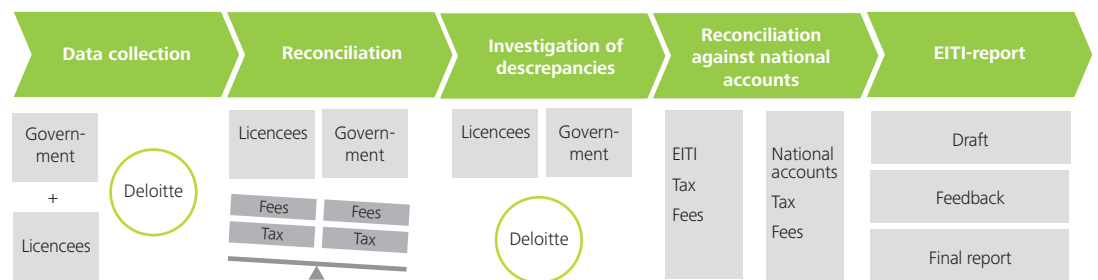
The extent and content of the EITI reporting in Norway may be subject to change from year to year based on evaluations made by the stakeholder group.

# 4. Process

## 4.1 The overall process

The reconciliation process related to the EITI reporting consists of the following steps:

- Collection of payment data from authorities and licensees that provide the basis for reconciliation
- Comparison of amounts reported by the authorities and the licensee to determine if there is a discrepancy between what the authorities report as received and the licensees reported to have paid in taxes
- Contact with authorities and licensees to clarify the reason for the discrepancy
- Reconciliation of reported figures against other publicly available information, including the national accounts
- Preparation of draft report summarizing the results of the work
- Input from stakeholder group on the draft report
- Final report



**Figure 11: Process illustration**

## 4.2 Data collection

On June 29th 2015, the Ministry of Petroleum and Energy issued instructions, requesting licensees and governmental agencies to report according to the NEITI regulation. The reporting templates were made electronically available via the MPE website. The entities were required to report directly to the administrator, Deloitte, and also direct any questions regarding the reporting templates to Deloitte.

According to the NEITI regulation, August 1st is the deadline for reporting each year. As of August 1st, 2015, 52 licensees and governmental agencies had reported their cash flows. Deloitte notified MPE of the entities that had not yet reported. The entities were contacted and reminded of the reporting requirement. The latest report was received on the 1st of September 2015 and the last discrepancy was clarified September 11th.

We expected in total 66 licensees and governmental agencies to report. All entities had reported by the time this report was completed. See Appendix 7 for a complete overview of entities.

## 4.3 Reporting templates

The Ministry of Petroleum and Energy has developed standard reporting templates to facilitate the reporting from the licensees and governmental agencies. The templates have been tailored to include the most relevant cash flows. These cash flows are assumed to include petroleum tax, CO<sub>2</sub> tax, NO<sub>x</sub> tax and area fees. Other payments are required to be specified separately.

The assignment of license permits on the Norwegian continental shelf is given to a group of companies, rather than to one single company. One of the companies is thereby appointed as operator of the license. Payments of CO<sub>2</sub> taxes, NO<sub>x</sub> taxes and area fees are made from the operator to the government on behalf of all the companies sharing the license permit. The licensees are charged for their portion of such taxes and fees through cash calls from

the operators. The NEITI guidelines clearly state that the operator is responsible for reporting payments made by the operator to the government on behalf of all the licensees sharing the license permit. In the EITI reporting these payments appear as payment from the operator and not from each of the licensees. Therefore, the EITI reporting should not be seen as a complete picture of the contribution from each licensee with respect to payments.

Licencees	The Norwegian Tax Administration	Toll Customs, The Norwegian Petroleum Directorate	The Central Bank of Norway
Content: • Petroleum tax • CO <sub>2</sub> tax • NO <sub>x</sub> tax • Area fee • Other Government Payments • Statoil • Petoro	Content: • Petroleum tax  Appendix: • Payments/disbursements of petroleum tax per licensee	Content: • CO <sub>2</sub> tax • NO <sub>x</sub> tax • Area fee  Appendix • CO <sub>2</sub> tax, NO <sub>x</sub> tax and area fee per field/licensee	Content: • Movements related to SDFI
Appendix: • CO <sub>2</sub> tax, NO <sub>x</sub> tax and area fee per field/licence			

**Figure 12: Oversikt over innhold i rapporteringsskjemaer**

For further details on reporting templates see Appendix 8.

#### 4.4 Compilation of data and resolving discrepancies

The process of compiling the reporting and resolving discrepancies has been performed by Deloitte in the period from August to September 2015.

Deloitte has performed the following procedures on the reported figures:

- Reported figures per licensee have been compiled item by item against reported figures from government. Based on this compilation, discrepancies have been specified item by item for each licensee.
- If the reporting from governmental agencies agreed with the licensee's reporting, the government figures were considered to be confirmed by the licensee's reporting, and no further follow-up was necessary.
- In those cases where discrepancies appeared, licensees were contacted by phone or e-mail. Deloitte gave information on whether discrepancies were related to taxes or fees. Amounts reported from the other party were not disclosed.
- The licensees were asked to provide details of the amounts (dates and figures). In most cases this enabled us to explain discrepancies.
- To the extent that we did not succeed in finding the reason for the discrepancy through contact with the licensees, we contacted the governmental agency and asked for details of the cash flows.
- Furthermore, we prepared for information purposes a reconciliation of reported cash flows under EITI to cash flows from the petroleum industry as presented in the state accounts of 2014, made publicly available through Meld. St. nr 3 (2014-2015).
- We have compared the reporting based on EITI from Petoro and from the Central Bank of Norway to the published financial statements for 2014, see Appendix 6.
- In addition, we reconciled the dividend paid from Statoil against the state accounts for 2014, see Table 5.

This process does not confirm that there were no other payments made to the government other than those that were reported, as such amounts may have been omitted in the reporting from licensees or governmental agencies.

The current regulations do not require us to perform detailed testing in order to uncover such omissions; and to uncover such omissions would be difficult even through detailed testing of all licensees.

The objective of this report is to enhance transparency within the petroleum industry. Our procedures are not designed to identify fraud or misstatements made by licensees and government bodies.

#### 4.5 The reporting of cash flows to the state from Petoro and Statoil

As described in section 2.9.1, the State's Direct Financial Interest (SDFI) is an arrangement where the state owns a share of the oil and gas fields, pipelines and onshore constructions. The share is determined by the issuing of the license permit, and the size varies from field to field. As an owner, the state covers its part of the investments and expenses, and receives a share of the revenue from the license permits. The management of the SDFI portfolio is provided by the state owned company Petoro.

Statoil has through instructions been made responsible for the marketing, sales and delivery of the states petroleum to the buyer, including transportation, processing and storage. According to the instructions, the state is not required to provide any special payments for this service, apart from covering its proportionate costs related to the provisions.

The Central Bank of Norway receives, on behalf of the state, all cash flows from SDFI including cash flows generated from the sales and marketing of the state's share of oil and gas production managed by Statoil.

Separate cash accounts are prepared by Petoro for SDFI, which are subject to audit by the Office of the Auditor General of Norway. These cash accounts include all of SDFI cash flows, including cash flow from Statoil for the Norwegian state's oil and gas production. Figure 15 below illustrates the flow of transactions between Petoro/SDFI, Statoil and the Central Bank of Norway:

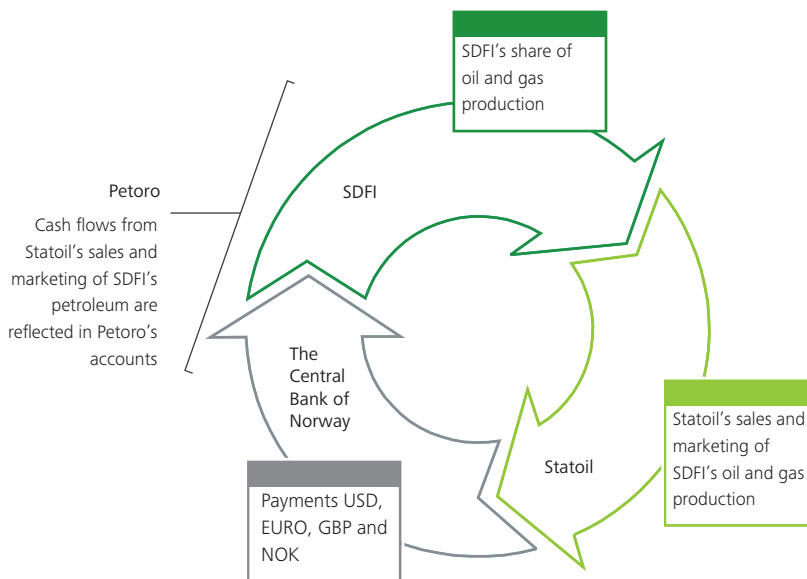


Figure 13: Illustration of cash flows between Petoro/SDFI, Statoil and the Central Bank of Norway

During the EITI implementation some uncertainties arose as to how to report cash flows from SDFI, and what to include in the reporting from the Central Bank of Norway and from Statoil relating to the sale of the state's petroleum. The following was decided:

- Petoro reports the movements on the SDFI cash accounts. These cash flows represent a net amount, meaning cash inflows from marketing and sale of petroleum, tariff revenues and other revenues minus cash outflows from operating costs and capital expenditures.

The cash flows reported in the cash accounts from SDFI comprise the total activity reflected in the SDFI accounts, including Statoil's payments arising from marketing and selling the state's petroleum.

- The Central Bank of Norway reports the movements on the state's bank accounts for SDFI.
- The administrator reconciles the cash account movements reported from Petoro for SDFI against the movements reported from the Central Bank of Norway. The reconciliation is performed in Norwegian Kroner.
- In addition to this, the administrator prepares a separate sub-reconciliation of gross payments in foreign currencies and NOK from Statoil and Petoro to the Central Bank of Norway. These payments are generated from Statoil's marketing and sale of the state's petroleum together with other payments from Petoro (mainly cash flows from tariff revenues, dividends and net profit interest).
- The State also conducts payments to Statoil in connection with the sales and marketing, mainly related to tariff costs and purchase of gas. Such payments are not included in the reconciliation between Statoil and the Central Bank of Norway, but are included in the reconciliation of the cash account between Petoro and Norges Bank.

The same procedures were applied for this year's reporting.

The result of our procedures is presented in Section 5.

# 5. Reconciliation of reported payments

## 5.1 Reconciliation of totals

We received reporting from 65 licensees and five governmental agencies. Out of these, one of the licensees did not have any amounts to report, 65 licensees reported on petroleum tax, 15 reported on CO<sub>2</sub> tax, 12 reported on NO<sub>x</sub> tax, and 23 reported on area fee. Table 3 presents aggregated cash flows as reported. A company-by-company overview is presented in Appendix 1

**Table 3: Aggregated cash flows from the petroleum industry**

Aggregated payments	Initial reporting TNOK	Resolved discrepancies TNOK		Without reporting from counterparty TNOK	Adjusted reporting TNOK
		Licensees	Government		
Licenseses/ operator	287 243 505	31 732	-	-52 869	287 222 368
Government	287 225 651	-	1 621	1 662	287 222 368
Discrepancy	17 854	31 732	1 621	-51 207	-

- The licensees initially reported payments of TNOK 287 243 505 to the Government. The payments reported by the licensees were TNOK 17 854 higher than the payments reported by the Government.
- Out of these discrepancies, TNOK 33 353 has been explained through the reconciliation work. TNOK 31 732 is explained discrepancies from licensees, while TNOK 1 621 is explained discrepancies from the Government. The governmental discrepancy relates to a refund of NO<sub>x</sub> tax which was initially omitted in the reporting.
- The column "without reporting from counterparty" displays that TNOK 52 869 is reported by licensees without obtaining any report from the counterparty. Of this TNOK 856 is "Other payments" while TNOK 53 997 is refunded tax from local tax offices. No reporting from the Government has been obtained as these amounts are not subject to EITI reporting. The column "without reporting from counterparty" also includes a reported tax of TNOK 272 from the government which is not reported by the counterparty (licensee) as the counterparty liquidated its business on the Norwegian continental shelf during the year. The counterparty is therefore no longer considered a licensee and not subject to EITI regulations. TNOK 1 662 has been reported by the government in relation to payments of NO<sub>x</sub> tax from companies not subject to EITI regulations.
- There are no unresolved discrepancies.



**Figure 14: Compilation of number of reporting entities and number of entities with discrepancies**

Figure 14 compiles the number of reporting entities and the number of entities with discrepancies. The original reporting showed discrepancies in one or more cash flows in the reporting from 30 entities. For a detailed overview of discrepancies per company refer to appendices 2 to 5. The discrepancies will be more closely examined in Section 5.3.

## 5.2 Transfer of payments to the Government Pension Fund Global

Net cash flow from the petroleum industry is transferred to the Government Pension Fund Global (the Pension Fund). This fund is managed by the Central Bank of Norway on behalf of the Ministry of Finance. The purpose of the Government Pension Fund Global is to support government savings to finance future pension expenditure and underpin long-term considerations in the use of Norway's petroleum revenue. The figure below shows the relation between reported cash flows in accordance with NEITI and cash flows transferred to the Pension fund.



**Figure 15: The relationship between reported cash flows in accordance with NEITI and cash flows transferred to the pension fund**

For informational purposes we have included a reconciliation of the total reported cash flows according to EITI against the cash flows to be transferred to the Pension Fund, as presented in "Meld St. nr 3 (2014-2015) Statsrekeneskapen for 2014", published on April 24th 2015. The transfers to the Government Pension Fund Global appear in the state accounts of 2014 table 3.3 "Resultatrekeneskap for Statens pensjonsfond utland". Note that the figures in table 4 below are in million NOK (MNOK).

**Tabell 4: Reconciliation between the EITI reporting and the state accounts**

Reconciliation of State's accounts 2014	MNOK
Net cash flows transferred to the Government Pension Fund Global according to state accounts table 3.3 <sup>1)</sup>	311 667
Reported EITI cash flows according to table 3 above	287 226
Discrepancy	24 441
Reported in the state accounts, but not part of NEITI regulation:	
- Dividends from Statoil <sup>2)</sup>	-22 646
Movements in balance between the State and Petoro, see table 11	-1 789
Interests and amended tax group concerning NO <sub>x</sub>	-6
Solved discrepancy	-24 441
Unsolved discrepancy	-

Source: [www.regjeringen.no/no/dokumenter/meld.-st.-3-2014-2015](http://www.regjeringen.no/no/dokumenter/meld.-st.-3-2014-2015)

<sup>1)</sup> See Appendix 6 for additional reconciliation

<sup>2)</sup> See Table 5 for reconciliation between dividend payouts from Statoil and the state accounts

There are no unsolved discrepancies between the EITI reporting and the numbers published in the state accounts.

### 5.2.1 Dividend payout from Statoil

The Government has a 67% ownership in Statoil. Every year, the state receives a dividend payout from Statoil based on its ownership. The dividend payout is part of the net cash flow transferred to the Government Pension Fund Global, as seen in Table 4. The table below reconciles the dividend payout from Statoil with the dividend received according to the 2014 state accounts. The State has received a total dividend payout of MNOK 22 646 in 2014 (2013: MNOK 14 421). From the first quarter of 2014, Statoil started to pay quarterly dividends as opposed to



annual payouts. As a consequence, both provisions for dividend in 2013 and the dividend payouts from the first two quarters in 2014 were paid in 2014. In 2013, only the provision for dividends in 2012 was part of the dividend payout.

**Table 5: Reconciliation between the dividend payout from Statoil and the state accounts**

Reconciliation of state accounts 2014	MNOK
Dividend received from Statoil according to the State accounts	22 646
Total dividend payouts from Statoil in 2014 <sup>1)</sup>	33 800
The Governments ownership in Statoil	67 %
The Governments share of dividend from Statoil in 2014	22 646
Discrepancy	-

<sup>1)</sup> Dividend payouts from Statoil in 2014 relates to three payments; 28.05.14 (DPS 7 NOK), 05.09.2014 (DPS 1,8 NOK) and 05.12.2014 (DPS 7 NOK). From the first quarter of 2014, Statoil started to pay quarterly dividends as opposed to annual payouts. Source: <http://www.statoil.com/en/investorcentre/share/dividendpolicy/pages/dividendamounts.aspx>

### 5.3 Cash flow per revenue stream

The EITI reporting can be disaggregated into the following cash flows per revenue stream as presented in table 6:

**Table 6: Aggregated cash flow per revenue stream**

TNOK	Licensee	Government	Disc-repancy	Resolved discrepancies TNOK		Without reporting from counterparty TNOK	Unso-lved
				Licensee	Government		
Petroleum Tax	169 971 610	170 049 740	-78 130	131 856	-	-53 725	-
CO <sub>2</sub> tax	4 498 133	4 516 105	-17 972	17 972	-	-	-
NO <sub>x</sub> tax	68 071	56 086	11 985	-15 268	1 621	1 662	-
Area fee	1 638 667	1 535 839	102 828	-102 828	-	-	-
Other payments	-856	-	-856	-	-	856	-
Petoro/SDFI	111 067 881	111 067 881	-	-	-	-	-
SUM	287 243 505	287 225 651	17 854	31 732	1 621	-51 207	-

The following is included in the column "Without reporting from counterparty"

- Two entities reported payments from local tax offices and not the petroleum tax office (a total of TNOK 53 997). The Government also reported a tax of TNOK 272 which was not reported by the counterparty (licensee). The counterparty has liquidated its business on the Norwegian continental shelf and is no longer subject to the EITI regulations.
- The government reported three payments of NO<sub>x</sub> tax to entities who are not subject to the EITI regulations (a total of TNOK 1 662).
- Entities reporting "Other payments", mainly related to the special tax with respect to CO<sub>2</sub> (not subject to EITI regulations) and application fees (regarding seismic surveys, exploration permits, and extraction permits).

The reported cash flows will be more closely examined in the following sections.

### 5.3.1 Petroleum tax

Norwegian petroleum taxation is based on ordinary corporate tax rules. Due to the extraordinary profitability associated with production of the Norwegian petroleum resources, a special tax is also levied on income from these activities. The petroleum tax system comprises of an ordinary tax of 27 % on the result that is within the scope and extent of the act, in addition to a special tax of 51 %. Companies may under certain circumstances make an application for a refund of the fiscal value of exploration costs in the companies' tax returns. Such refunds from the tax authorities take place in the following fiscal year and are included in the amounts stated in Table 7. The table includes tax payments on an aggregated level. The table shows the original reporting from the licensees and government, resolved discrepancies and compilation after resolved discrepancies. For a company-by-company overview of the reported petroleum tax, see Appendix 2.

**Table 7: Aggregated reconciliation of petroleum tax**

Aggregated payments	Initial reporting TNOK	Resolved discrepancies TNOK		Without reporting from counterparty TNOK	Adjusted reporting TNOK
		Licensees	Government		
Licensees	169 971 610	131 856	-	-53 725	170 049 740
Government	170 049 740	-	-	-	170 049 740
Discrepancy	-78 130	131 856	-	-53 725	-

1) "Without reporting from counterparty" consists of two entities reporting payments from local tax offices and a tax of TNOK 272 which was not reported by the counterparty (licensee) as the counterparty no longer was subject to NEITI due to being liquidated.

21 companies reported tax payments that deviated from the reporting from the Norwegian Tax Administration. The discrepancies are explained by the following:

- Nine companies failed to report one or more transactions.
- Nine companies failed to correctly report interest payments.
- Three companies reported transactions not subject to NEITI.
- Two companies included transactions involving local tax offices.
- Four companies have discrepancies related to two of the causes listed above.

There are no unsolved discrepancies related to petroleum tax.

### 5.3.2 CO<sub>2</sub> tax

CO<sub>2</sub> tax was introduced in 1991 and is an instrument for reducing CO<sub>2</sub> emissions from the petroleum sector. The CO<sub>2</sub> tax is levied at a rate per standard cubic meter (scm) of gas burned or directly released and per liter of petroleum burned. The rate for 2014 is NOK 0.98 per liter of petroleum or standard cubic meter of gas.

Table 8 below presents reported figures for CO<sub>2</sub> taxes on an aggregated level. A company-by-company overview is presented in Appendix 3. Discrepancies were noted for 9 out of 15 companies in the initial reporting of CO<sub>2</sub> taxes.

**Table 8: Aggregated reconciliation of CO<sub>2</sub> tax**

Aggregated payments	Initial reporting TNOK	Resolved discrepancies TNOK		Adjusted reporting TNOK
		Licensees	Government	
Operator	4 498 133	17 972	-	4 516 105
Government	4 516 105	-	-	4 516 105
Discrepancy	-17 972	17 972	-	-

The discrepancies are explained by the following:

- Six companies included special taxes not subject to NEITI (CO<sub>2</sub> tax on the Kårstø facility)
- Three companies failed to report one or more transactions.

There are no unsolved discrepancies related to CO<sub>2</sub> tax.

### 5.3.3 NO<sub>x</sub> tax

Pursuant to the Gothenburg Protocol of 1999, Norway has an obligation to reduce annual emissions of nitrogen oxides (NO<sub>x</sub>). In order to fulfill this obligation, the NO<sub>x</sub> tax was introduced from 1st January 2007. NO<sub>x</sub> tax for 2014 is NOK 17,28 per kg of NO<sub>x</sub>. The Parliament has decided that companies may be exempted from the NO<sub>x</sub> tax if they are subject to an environmental agreement with the state regarding clear measures designed to reduce emissions. Companies that join the arrangement also commit to contributing to the NHO NO<sub>x</sub> fund. The fund's primary mission is to fund specific NO<sub>x</sub> reducing measures. The tax exemption initially applied for three years 2008, 2009 and 2010 respectively. In December 2010 a new agreement was made applicable until 2017.

The licensees are required to report payments of NO<sub>x</sub> taxes to the state. Payments from the licensees to the NO<sub>x</sub> fund are not reported because the fund is not considered a governmental body. Similarly, the fund is not required to report. Presented in Table 9 is an aggregated summary of the reported NO<sub>x</sub> payments to the Toll Customs. A disaggregated overview of reported NO<sub>x</sub> taxes on a company-by-company level is presented in Appendix 4.

**Table 9: Aggregated reconciliation of NO<sub>x</sub> tax**

Aggregated payments	Initial reporting TNOK	Resolved discrepancies TNOK		Without reporting from counterparty TNOK	Adjusted reporting TNOK
		Licensees	Government		
Licensees	68 071	-15 268	-	1 662	54 465
Government	56 086	-	1 621	-	54 465
Discrepancy	11 985	-15 268	1 621	1 662	-

The discrepancies are explained by the following:

- Four companies failed to report their transactions (payment and interest).
- Two companies reported payments to the NO<sub>x</sub>-fund
- One company reported payments not subject to NEITI.
- The government failed to report a refund
- The government included reports from three companies who are not licensees and thus not subject to the EITI regulations. See Appendix 4.

There are no unsolved discrepancies related to NO<sub>x</sub> tax.

### 5.3.4 Area fee

The area fee shall contribute to efficient exploration of the deposits after the initial exploitation period has expired. The initial exploitation period is usually between four and six years. Accordingly, the area fee normally starts to apply from year five to seven, after the initial license was awarded. The area fee is NOK 34.000 per square kilometer the first year, NOK 68.000 per square kilometer the second year, and thereafter NOK 137.000 per square kilometer until submission of the Plan for Development and Operation.

Aggregated amounts for the area fee are presented in table 10 below. A company-by-company overview is presented in Appendix 5. Discrepancies were identified for 13 out of 23 companies that reported area fees.

**Table 10: Aggregated reconciliation of area fees**

Aggregated payments	Initial reporting TNOK	Resolved discrepancies TNOK		Adjusted reporting TNOK
		Licensees	Government	
Licensees	1 638 667	-102 828	-	1 535 839
Government	1 535 839	-	-	1 535 839
Discrepancy	102 828	-102 828	-	-

The discrepancies are explained by the following:

- Five companies failed to report one or more transactions
- Two companies included transactions from 2013
- Three companies failed to report interests

There are no unsolved discrepancies related to area fees.

### 5.3.5 Other payments

3 companies initially reported interests on area fee and tax under "Other payments". The interest amounts are reconciled against the respective counterparts. 3 companies reported refunds of taxes and fees amounting to TNOK 856. Reporting from Government has not been requested since the numbers reported as other payments are specifically excluded from the NEITI reporting requirements, see Section 3. We would like to highlight the fact that such payments have been made, but we have not initiated control procedures related to compilation and discrepancy follow-up.

### 5.3.6 Petoro and the Central Bank of Norway

Cash flows reported from Petoro are associated with the State's Direct Financial Interest (SDFI) in the petroleum industry on the Norwegian Continental Shelf and other activities in relation to this. The reporting consists of net cash inflows and outflows. See section 4.5 for a more thorough description of these cash flows. The cash flows are deposited in accounts in the Central Bank of Norway. Table 11 shows net cash flows reported from Petoro on behalf of SDFI and the Central Bank of Norway accordingly. There are no unsolved discrepancies in the reporting

**Table 11: Net cash flow reconciliation between Petoro and the Central Bank of Norway**

Net cash flow	TNOK	
Reported from Petoro, net payments to the Central Bank of Norway regarding SDFI		111 067 881
Reported from the Central Bank of Norway, net received cash inflows:		
Movement deposit account foreign currency <sup>1)</sup>	187 798 671	
Movement deposit account in NOK <sup>2)</sup>	16 685 152	
Movement withdrawal account in NOK <sup>3)</sup>	-93 415 941	
Sum movements in Central Bank of Norway	111 067 881	111 067 881
Discrepancy Central Bank of Norway and Petoro		-

<sup>1)</sup> The amount is payments from Statoil from the sales and marketing of the State's petroleum and is reconciled in section. 5.3.8.

<sup>2)</sup> The amount is a combination of payments in NOK from Statoil (regarding the sales and marketing of the state's petroleum) and payments from Petoro, and is reconciled in section 5.3.9

<sup>3)</sup> Cash outflows are mainly field costs and investment related to SDFI and payments from the state to Statoil for transportation, purchase of gas, etc., related to the sales and marketing of the state's petroleum. A separate reconciliation of these amounts has not been performed, other than making sure that total movements on the accounts in the Central Bank of Norway, TNOK 111 067 881, reconcile to the sum of reported cash flows by Petoro

Net cash from SDFI is included in the transfer to the Government Pension Fund Global. We have, for information purposes, included a reconciliation of net cash flows according to EITI against net cash flows from SDFI, as presented in "Meld St. nr 3 (2014-2015), Statsrekneskapen for 2014". The transfers to the Pension Fund appear in the state accounts of 2014 table 3.3 "Resultatrekneskap for Statens pensjonsfond utland". Note that the figures in table 12 below are in millions of NOK (MNOK):

**Table 12: Reconciliation of EITI reporting to the state's financial statements 2013**

Table and item in the state's accounts			MNOK
		State's Direct Financial Interest	
Table 3.3	Item 24	Operating result	121 447
Table 3.3	Item 30	Depreciation	21 838
Table 3.3	Item 80	Depreciation on state's capital	4 968
Table 3.3	Item 85	Interest on current accounts	-24
Table 3.3	Item 30	Capital investments	-35 372
	Sum	Entry in state accounts	112 857
Table 5.7		Movement on current account between the Staten and Petoro	-1 789
		Sum = net received regarding SDFI	111 068
		Net received regarding SDFI according to NEITI, ref table 10 above	111 068
		Discrepancy	-

Source: [www.regjeringen.no/no/dokumenter/meld.-st.-3-2014-2015/id2407713/](http://www.regjeringen.no/no/dokumenter/meld.-st.-3-2014-2015/id2407713/)

There is no deviation between the reporting based on EITI for SDFI and the cash flows as published in the state accounts. See Appendix 6 for further reconciliation against published financial statements for Petoro.

### 5.3.7 Statoil's reporting on the marketing and sales of the state's petroleum

Statoil markets and sells state-owned oil and gas on behalf of the state. Payments related to this activity are made directly from Statoil to an account in the Central Bank of Norway. Statoil is obliged by the NEITI to report cash flows from this activity. Note that Statoil's payments related to this activity is included in the figures for Petoro/Central Bank of Norway displayed above, as these figures are included in the movements on the cash accounts reported by Petoro on behalf of SDFI.

### 5.3.8 Payments in foreign currency

Payments from Statoil in foreign currency relating to sale of the state's petroleum are made to a foreign exchange account in the Central Bank of Norway. A separate sub-reconciliation of payments in foreign currency from Statoil against payments in foreign currency as reported by the Central Bank of Norway is presented below:

**Table 13: Reconciliation between Statoil and the Central Bank of Norway**

	TUSD	TEUR	TGBP	Sum TNOK see table 10 <sup>1)</sup>
Reported from Statoil	17 191 313	6 944 654	2 150 178	
Reported from the Central Bank of Norway	17 189 216	6 944 581	2 150 099	187 798 671
Discrepancy foreign currency	2 097	74	79	
Transactions by Statoil via the operating account at Petoro, and not directly to the Central Bank. Hence deducted from the reporting from Statoil when reconciling the Central Bank's deposit account, cf. table 14.	-2 097			
Wrong currency number reported by the Central Bank reported by Statoil in CHF <sup>2)</sup>		(74)	(79)	
Resolved discrepancy	-	-	-	
Unsolved discrepancy	-	-	-	
Translated to NOK	107 448 993	58 239 452	22 110 226	187 798 671
Average exchange rate <sup>1)</sup> NOK	6,3	8,4	10,3	

<sup>1)</sup> The Central Bank of Norway informed that the amount is caused by interest due to delayed payments from Statoil. The amount is not a part of the provisions instructions, but rather an interest on overdue payments made by Statoil to compensate the Central Bank of Norway.

<sup>2)</sup> NOK translation is presented based on exchange rates and amounts reported by the Central Bank of Norway.

### 5.3.9 Payments in NOK

Payments in NOK from Statoil relating to sale of the state's petroleum are made to a separate NOK account in the Central Bank of Norway. This account also includes other payments made from Petoro related to SDFI, mainly tariff revenues and cash inflows from net profit interest. We have performed a sub-reconciliation of cash inflows in NOK from Statoil and Petoro against cash movements in NOK as reported by the Central Bank of Norway.

**Table 14: Reconciliation between Statoil, Petoro and the Central Bank of Norway, cash inflows in NOK**

Cash inflows NOK	TNOK
Statoil NOK payments from sale of state's petroleum	1 141 638
Petoro NOK payments other than from sale of state's petroleum	15 586 613
Sum	16 728 252
Central Bank of Norway (ref. table 10)	16 685 152
Discrepancy	43 100
Discrepancies are due to:	
Misclassification of amounts by Petoro <sup>1)</sup>	-56 181
Payments in currency to NOK account <sup>2)</sup> TUSD 2 097 cf. table 13	13 082
Unsolved discrepancy	-

<sup>1)</sup> Petoro wrongly omitted two amounts in the initial report.

<sup>2)</sup> We have been informed that Statoil, in parts of the year, at the request of the Central Bank has made payments of foreign currency to the NOK account rather than to the currency account at the Central Bank. The amounts have been agreed to specifications of the transactions provided by Statoil and Petoro, and explain all material deviation.

There are no remaining unsolved discrepancies relating to payments in NOK.

### 5.3.10 Licenses with Net Profit Interest

The cash flows reported by Petoro of TNOK 15 586 613 (See Table 15) include cash flows from licenses in which SDFI has no direct ownership but is entitled to receive a share of the profit. The share of profit is paid to Petoro by the licensees. The licensees that have made such payments have specified this in the reporting template. We have performed a separate sub-reconciliation of the Net Profit Interest cash flows:

**Table 14: Reconciliation of cash flows regarding Net Profit Interest**

Net share of profit	Reporting TNOK
Petoro	931 125
Licensees	931 173
Discrepancies	-48
Discrepancies are due to:	
Petoro <sup>1)</sup>	24
Licensees <sup>1)</sup>	24
Sum discrepancies	48
New discrepancies	-

<sup>1)</sup> Petoro has not reported interest received due to late payments. The licensee (ExxonMobile Production Norway Inc) has wrongly reported the interest expense twice.

### 5.4 Completeness and accuracy of the data

All licensees subject to the legislations in the Petroleum Act should report cash flows pursuant to NEITI. We have crosschecked the list of licensees received from MPD against the register of all production licenses (the Petroleum Register).

The following were noted: In 2014 the Government reported tax payments from one company which no longer is a licensee, and therefore the company was not requested to report its cash flows. The Government reported that this company (Nexen Exploration Norge AS) paid TNOK 272 during the fiscal year of 2014. The amount is classified as "without reporting from counterparty" in agreement with the stakeholder group and the Ministry of Petroleum and Energy. Other discrepancies against the Petroleum Register were examined and explained by either licensees changing their name or cessation of the licensee's business on the Norwegian continental shelf.

We verified that we received reporting from all governmental bodies obliged to report. We also verified that we received reporting from Statoil regarding the sale and marketing of the State's petroleum.

To ensure the completeness and accuracy of the data, the stakeholder group in Norway has decided the following process:

- Standard reporting templates are used for the reporting
- A confirmation from the reporting companies in the reporting templates should be obtained, cf. wording: «We confirm that the information provided reflects the actual payments subject to reporting pursuant to NEITI». All companies subject to reporting confirmed this in their reporting templates.
- The reporting forms should be signed by the CFO or the head of department. We noted that some of the reporting forms were signed by others. Due to the fact that all forms are received by us and that all discrepancies are explained, the missing signatures did not affect the preparation of the EITI report.
- The companies shall submit the audit report for the fiscal year to make it possible to examine if the audit report contains reservations or specifications with relevance to the EITI reporting. In 2014 none of the audit report had reservations and/or specifications that indicated any relevance for the reliability of the EITI reporting.
- In addition, Deloitte carried out reconciliations against other sources (the state accounts and Petoro's annual report) to identify misstatements. There were no unsolved discrepancies relating to these reconciliations.



## 6. Lessons learned from this year's reconciliation

The EITI reporting was completed in the autumn of 2015 and includes payments made in 2014. The first reporting was completed in 2009 (the implementation year) for payments made in 2008. This is thus the seventh year that licensees and governmental bodies in Norway report payments from the petroleum activities based on the EITI principles and the reporting is therefore starting to be incorporated for most of the companies by now.

Presented below is a summary of experiences from this year, in addition to some recommendations for next year's reporting. If relevant, we have described changes from last year's reporting and recommendations for next year's reporting. In addition it is stated whether it is a new recommendation or reoccurring from previous years.

### 6.1 Reporting templates

There were few questions from the reporting entities in advance of this year's reporting. However, it seems that some companies did not study the guidance in sufficient detail, and therefore did not initially report in accordance with the EITI guidelines. Some of the discrepancies are caused by items that have been included in the reporting but are specifically exempted in regulations or guidance, or items that have been emphasized in the instructions that should be included, such as interest amounts. Some companies informed us that finding the guidelines was a problem. The guidelines published at [www.eiti.no/en/](http://www.eiti.no/en/) is dated 2011 and the companies therefore believed the guidelines were irrelevant for this year's reporting.

#### Recommendation (new)

The Ministry of Petroleum and Energy should inform were to find the guidelines. We also recommend that the guidelines are updated on a yearly basis and that the update includes clarification of issues identified during last year's reporting.

### 6.2 Reporting deadlines

The reporting deadline for entities and authorities was set to August 1st as the regulation indicates. Approximately 74 % of the entities reported within the original deadline. This is an increase compared to the previous year, where approximately 62% made submissions within the deadline.

The letter from the Ministry of Petroleum and Energy to the licensees and Governmental bodies subject to EITI reporting was sent on June 29th 2015. Several licensees stated the late reminder as the reason for delayed reporting. This implies that the EITI reporting is not fully incorporated as a reporting obligation for the companies. Certain companies requested an extended deadline in order to cope with the reporting during the holiday season.

We followed up the companies that did not manage to report within the deadline. The reporting was then received continuously. We received the reporting from all entities before the completion of this report. The latest report was received on the 1st of September 2015 and the last discrepancy was clarified September 11th.

#### Recommendation (recurrent)

The Ministry of Petroleum and Energy should send the letter reminding the licensees and Government to report earlier to ensure timely reporting.

### 6.3 Statoil's sales and marketing of the State's petroleum

It is still time consuming to reconcile cash flows related to Statoil's sale and marketing of the State's petroleum. Statoil has initially reported both inflows and outflows, but it is only payments from Statoil that can be reconciled directly to the Central Bank of Norway. These flows have been reconciled by matching payments against deposits. Payments from the State to Statoil are transferred through operating accounts in external banks and not directly from the Central Bank and therefore cannot be reconciled directly. For the last two years we have found the number of discrepancies substantially fewer than previous years. The discrepancies have been of the same nature as previous years.

When the EITI reporting was implemented in Norway it was made a clarification by the Ministry of Energy and Petroleum regarding the interpretation of the regulations with respect to the cash flows from the sales and marketing of the State's petroleum. The regulations were interpreted to comprise only payments from Statoil to the State; see the wording of the Regulations Section 3: "Statoil Hydro ASA shall, by August the 1st each year specifically report all payments in the previous calendar year **to** the State as a result of the company's sales of State's petroleum, see the owner's instruction set out at the general meeting of Statoil ASA the 25th of May 2001 with subsequent amendments " (bolded by us). The stakeholder group did not undertake a new assessment of reporting under the provisions instructions in this year's reporting.

#### **Recommendation (recurring)**

To the extent a full reconciliation of both inflows and outflows relating to the sales and marketing under the provisions instructions is desirable, a clarification is needed in relation to NEITI as well as a preparation of Statoil's, Petoro's and the Central Bank's internal systems.

#### **Recommendation (new)**

If a full reconciliation is not desired, the reporting guidelines should state that Statoil is supposed to report cash inflows only.

### **6.4 NO<sub>x</sub> tax**

Reported NO<sub>x</sub> tax displayed discrepancies for 9 out of 12 companies. Certain companies reported payments to the NO<sub>x</sub>-fund although these payments are highlighted in the instructions as excluded from the regulations. Additionally, payments of NO<sub>x</sub> tax and reimbursement of NO<sub>x</sub> tax were omitted by several companies.

#### **Recommendation (recurring)**

We recommend to make the instructions even more explicit in this respect. The instructions should also be part of the letter from the Ministry of Petroleum and Energy to the licensees and Governmental bodies.

### **6.5 Other payments**

NEITI § 3 states that "all reporting entities...should also report all other payments made to the government or government officials". This item is included in order to capture payments that are not necessarily required by law. There were some uncertainties concerning what to include as "Other payments" in the implementation year, and some companies reported amounts that were specifically exempted from the regulation. Additional guidelines were provided for the reporting, leading to fewer questions from the companies on this item in this years reporting. Three companies reported taxes and fees not subject to NEITI. There seems to be uncertainties amongst the companies whether the special tax law with respect to CO<sub>2</sub> is subject to the reporting requirements.

#### **Recommendation (recurrent)**

The guidelines should clarify the treatment of the special CO<sub>2</sub> tax.

### **6.6 Signatures**

Based on the guidelines, the reporting templates should be signed by the CFO or the head of department. Some templates were signed on behalf of the CFO, but all templates were signed. If signatures were missing, we demanded a new template. It is not in our scope to control whether the templates are signed at the correct organizational level. Also, some companies does not use the term "CFO".

Last year, we recommended that the guidelines emphasized that the templates should be signed by the CFO or the head of department. This year's letter from the Ministry of Petroleum and Energy did emphasize this, and we observe that more companies signed off unsolicited.

**Recommendation (new)**

The Ministry of Petroleum and Energy should clarify whether or not the templates can be signed by others on behalf of the CFO or the head of department.

**6.7 Audit report**

The companies are requested to attach the audit report together with the reporting of cash flows. Some of the companies had neglected to do so and had to be followed up regarding this matter even though it was emphasized in the guidelines to attach the audit report.

We have received or obtained audit reports from all companies. None of the reports had reservations and/ or specifications indicating any relevance for the EITI reporting. Two audit reports emphasised going concern uncertainties and three audit reports specified that the financial statements were completed after the deadline.

**Recommendation (recurrent)**

The companies should once more be urged to use the guidelines in the reporting process.

**6.8 Appendices to the reporting**

In the guidelines to the reporting the companies are encouraged to attach detailed specifications on each reporting item specifying amounts and payment dates, to simplify the reconciliation work. Detailed specifications increase the efficiency of the reconciliation process, reduces the need for follow-up with companies and can help to improve the quality of the reported data.

38 of the licensees had attached such specifications (compared to 43 last year), but the level of detail vary. This year we also received detailed specifications from all governmental bodies, which really facilitated the reconciliation.

**Recommendation (new)**

It should be considered to change the reporting templates in a way that clearly emphasize that payments should be specified with the respective license and the payment date.

**6.9 Discrepancies**

Despite the guidelines providing a detailed description of the main sources of errors based on last year's reporting, there were some repeated misstatements. The discrepancies have been of the same nature as in the previous year's reporting. The discrepancies can be summarized as follows:

- Companies have omitted interest on taxes and fees.
- Companies have failed to report accurate amounts.
- Companies have included payments that are not subject to NEITI.
- Companies have failed to report one or more transactions.

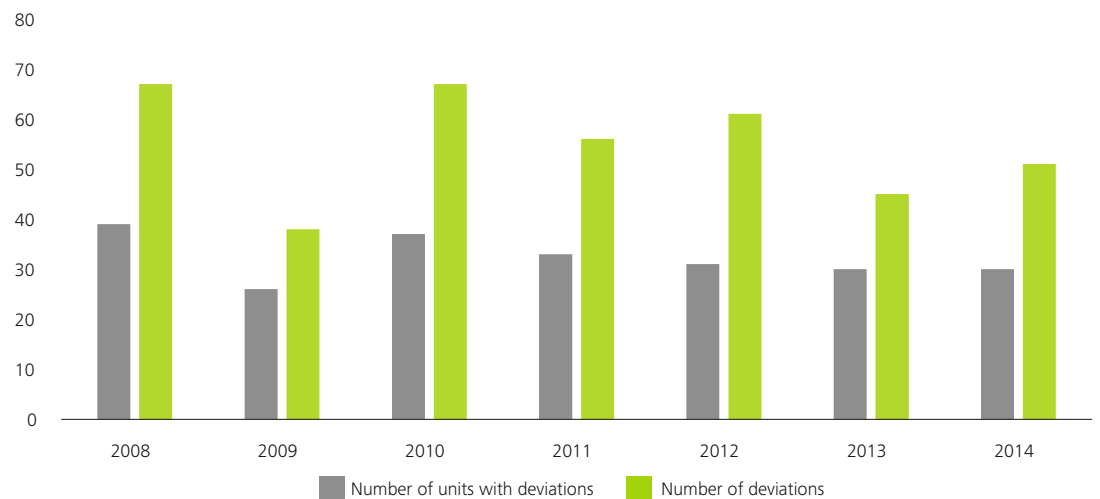
Table 16 shows the net discrepancies compared to the total reported cash flows (excluding the provisions instructions) for each year of EITI reporting:

**Table 16: Total cash flows showing both net and total discrepancies**

TNOK	Total cash flows after explanation of discrepancies	Net discrepancy, amount	Number of entities reporting with discrepancies	Number of discrepancies
2008	400 489 701	-1 659 700	39	67
2009	265 957 196	243 693	26	38
2010	262 762 939	1 185 022	37	67
2011	337 750 238	-10 939	33	56
2012	379 636 506	-871 759	31	61
2013	331 287 666	442	30	45
2014	287 222 368	21 137	30	51

Note that the discrepancies are presented net in the table and that they consist of many discrepancies going both ways. In addition, there are several discrepancies related to the reconciliation of cash flows from sale and marketing of the State’s petroleum which is not included in the table.

Figure 16 presents the development in terms of discrepancies (excluding the provisions instructions) during the seven years of EITI reporting. The figure displays the number of companies with one or more discrepancies as well as the total number of discrepancies. Some of the companies have had several discrepancies for the various payments.



**Figure16: Number of entities reporting one or more discrepancies, as well as total number of discrepancies**

It is our impression that the discrepancies to a large extent appear to be due to erroneous reporting and insufficient study of the instructions accompanying the reporting templates. We urge the companies to perform a thorough quality review of the reporting with regard to accuracy and completeness prior to filing the reporting form to the administrator.

#### **6.10 New EITI standard**

The new EITI standard recommends and demands to include background information on the petroleum industry in the EITI report, including the industry's significance on the Norwegian economy, employment, state organization and regulation. Most of this information is available online at the Ministry of Petroleum and Energy and the Norwegian Petroleum Directorate's websites. Last year, we recommended to start working on these websites with the aim of replacing Section 2 in the EITI report. Section 2 is currently based on information from various sources of information on the petroleum industry.

Considerable work has been performed at [www.norskpetroleum.no/en/](http://www.norskpetroleum.no/en/). The results of the EITI reconciliation will be published on this website.

## 7. Summary

Several discrepancies were identified based on the reconciliation work performed. The discrepancies have been explained without undue difficulty. The reporting entities have been very cooperative contributing in the reconciliation.

The aggregated reporting can be summarized as follows:

**Table 17: Aggregated compilation**

Aggregated payments	Initial reporting TNOK	Resolved discrepancies TNOK		Without reporting counterparty TNOK	Adjusted reporting TNOK
		Licensees	Government		
Licensees	287 243 505	31 732	-	-52 869	287 222 368
Government	287 225 651	-	1 621	1 662	287 222 368
Discrepancy	17 854	31 732	1 621	-51 207	-

The table shows a discrepancy of TNOK 17 854 between the licensees and the Government's initial reporting. Discrepancies of TNOK 33 353 have been explained through the reconciliation. TNOK 51 207 is related to amounts reported by the Government or the licensees, without reporting from the counterparty (one-sided data related to entities not subject to EITI reporting).

After clarification of discrepancies and adjustments for figures reported by only one of the parties, the total cash flows reported from licensees and operators are TNOK 287 222 368, which is in accordance with the reporting from the Governmental bodies.

# Glossary and Abbreviations

<b>Administrator</b>	Independent company hired to perform the reconciliation of reported payments and revenues from the licensees and the government
<b>Aggregation</b>	Payments are combined so that the figures are showing totals per revenue stream
<b>CO<sub>2</sub></b>	Carbon dioxide
<b>Counterparty</b>	In the report the Government is the counterparty to the licensee and the licensee are the counterparty to the Government.
<b>Disaggregation</b>	Payments are detailed per revenue stream and/ or per licensee
<b>Discrepancy</b>	Difference between amounts reported by the licensee and authority
<b>DKK</b>	Danish kroner
<b>DPS</b>	Dividend per share
<b>EITI</b>	Extractive Industries Transparency Initiative
<b>EUR</b>	Euro
<b>GBP</b>	Pound sterling
<b>Government</b>	Used in this report as a collective term comprising the Norwegian Tax Administration, the Norwegian Petroleum Directorate, the Toll Customs and the Central Bank of Norway
<b>Licensee</b>	Company that has been awarded a license interest in a license permit on the Norwegian Continental Shelf
<b>License permits</b>	Permits awarded by MPE to perform exploration drilling and production on the Norwegian Continental Shelf
<b>MPE</b>	Ministry of Petroleum and Energy
<b>NEITI</b>	The regulation in Norway for reporting and reconciliation of cash flows from the petroleum industry ("Regulation regarding reporting and reconciliation of cash flow from the petroleum industry", FOR 2009-26-06-856)
<b>Net Profit Interest</b>	Cash flows from licenses in which SDFI has no direct owner share but is entitled to receive a share of the profit. The share of profit is paid to Petoro by the licensees.
<b>NOK</b>	Norwegian kroner
<b>NO<sub>x</sub></b>	Nitrogen dioxide
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>Oil equivalent</b>	Standardization unit for calorific value of a quantity of a given petroleum type
<b>Operator</b>	Company (licensee) appointed by MPD to operate the activity in accordance with the license permit
<b>Pension Fund</b>	Government Pension Fund Global
<b>Petoro AS</b>	Company 100% owned by the Norwegian state. Petoro AS is responsible for the management of the SDFI portfolio (the state's ownerships in license permits on the Norwegian Continental Shelf) on behalf of the state.
<b>Petroleum</b>	Collective term meaning oil, gas, ngl and condensate
<b>Provisions instructions</b>	Through the provisions instructions, adopted by Statoil at the general meeting on 25th of May 2001, Statoil ASA sets aside the states petroleum that is produced from the state's direct financial interest (SDFI):
<b>Reconciliation</b>	The process of comparing reported data from licensees and the Government, and explain any discrepancies.
<b>SDFI</b>	State's Direct Financial Interest
<b>SM<sup>3</sup></b>	Standard cubic meter
<b>Statoil ASA</b>	Company owned 67 % by the Norwegian state
<b>Meld St.</b>	White paper

<b>Tariff revenue</b>	Revenue from transportation of gas from NCS
<b>TDKK</b>	Thousand Danish kroner
<b>TEUR</b>	Thousand Euro
<b>TGBP</b>	Thousand pound sterling
<b>TNOK</b>	Thousand Norwegian Kroner
<b>TUSD</b>	Thousand US Dollar
<b>USD</b>	US dollar
<b>Without counterparty</b>	Amount reported by either the Government or licensees, but not by both parties





# Appendix 1: Total reported payments per company

TNOK Licensee/operator	Sum Licensee/ operator	Sum Government <sup>1)</sup>	Discrepancy		Resolved	Unsolved
			Licensees	Government		
A/S Norske Shell	12 671 556	12 620 204	51 352	-	51 352	-
Atlantic Petroleum Norge AS	-48 747	-49 450	703	-	703	-
Bayerngas Norge AS	-361 557	-362 485	928	-	928	-
BG Norge Ltd	-62 074	-61 007	-1 067	-	-1 067	-
BP Norge AS	304 795	304 795	-	-	-	-
Bridge Energy Norge AS	-221 163	-221 163	-	-	-	-
Capricorn Norge AS	-500 198	-500 198	-	-	-	-
Centrica Energi NUF	3 149 712	3 156 292	-6 580	-	-6 580	-
Chevron Norge AS	22 101	22 105	-4	-	-4	-
Concedo ASA	-252 550	-256 193	3 643	-	3 643	-
ConocoPhillips Skandinavia AS	10 189 167	10 189 167	-	-	-	-
Core Energy AS	-76 955	-76 965	11	-	11	-
Dana Petroleum Norway AS	-210 224	-210 225	1	-	1	-
DEA Norge AS	1 922 786	1 914 839	7 947	-	7 947	-
Det norske oljeselskap ASA	7 358 671	7 247 811	110 860	-	110 860	-
Dong E&P Norge AS	4 168 786	4 123 824	44 962	-	44 962	-
E.ON E&P Norge AS	3 747	3 193	554	-	554	-
Edison Norge AS	-395 439	-395 439	-	-	-	-
Eni Norge AS	2 743 705	2 734 436	9 269	-	9 269	-
Enquest Norge AS	-14 132	-14 132	0	-	-	-
Enterprise Oil Norge AS	530 863	542 576	-11 713	-	-11 713	-
Explora Petroleum AS	-341 349	-341 349	-	-	-	-
ExxonMobil Exploration and Production Norway AS	22 768 772	22 768 772	-	-	-	-
Faroe Petroleum Norge AS	-246 861	-246 860	-1	-	-1	-
Fortis Petroleum Norway AS	-77 621	-77 621	-	-	-	-
GDF SUEZ E&P Norge AS	4 731 106	4 730 673	433	-	433	-
Hess Norge AS	12 196	12 196	0	-	-	-
Idemitsu Petroleum Norge AS	1 151 263	1 151 263	-0	-	-	-
Infragas Norge AS	432 038	432 038	-0	-	-	-
Kufpec Norway AS	-15 596	-15 596	0	-	-	-
Lime Petroleum Norway AS	-43 746	-43 746	0	-	-	-
Lotos Exploration & Production Norge AS	-80 068	-80 068	-	-	-	-
LUKOIL Overseas North Shelf AS	-49 480	-49 480	-	-	-	-
Lundin Norway AS	192 307	198 206	-5 899	-	-5 899	-
Maersk Oil Norway AS	-834 537	-841 561	7 024	-	7 024	-
Marathon Petroleum Norge AS	-	61 263	-61 263	-	-61 263	-
Moeco Oil & Gas Norge AS	-65 948	-68 817	2 869	-	2 869	-
MOL Norge AS	-326 881	-326 881	-	-	-	-

TNOK Licensee/operator	Sum Licensee/ operator	Sum Government <sup>1)</sup>	Discrepancy		Resolved	Unsolved
			Licensees	Government		
Nexen	-	272	-272	-	-272	-
Njord Gas Infrastructure	622 021	622 021	-	-	-	-
Noreco Norway AS	-376 788	-381 660	4 872	-	4 872	-
Norpipe Oil AS	83 827	83 735	92	-	92	-
Norsea Gas AS	235 627	256 260	-20 633	-	-20 633	-
North Energy ASA	-358 604	-358 604	-	-	-	-
OMV (Norge) AS	45 766	45 766	-	-	-	-
Petoro	111 067 881	111 067 881	-	-	-	-
Petro-Canada Norway Inc	306 000	306 000	-	-	-	-
Petrolia Norway AS	-132 317	-132 317	-	-	-	-
PGNiG Upstream International AS	-	-	-	-	-	-
Premier Oil Norge AS	-110 649	-110 650	1	-	1	-
Repsol Exploration Norge AS	-425 082	-426 310	1 228	-	1 228	-
RN Nordic Oil AS	-11 737	-11 737	-0	-	-	-
Rocksource Exploration Norway AS	-95 161	-95 161	0	-	-	-
Silex Gas Norway AS	563 164	563 164	-0	-	-	-
Skagen44 AS	-49 218	-49 928	710	-	710	-
Skeie Energy AS	-7 080	-7 080	-	-	-	-
Solveig Gas Norway AS	2 303 281	2 303 280	1	-	1	-
Spike Exploration Holding AS	-355 325	-355 325	-	-	-	-
Statoil Petroleum AS	92 828 535	92 828 138	397	-	397	-
Suncor Energy Norge AS	-396 233	-434 322	38 089	-	38 089	-
Svenska Petroleum Exploration AS	-219 972	-219 972	-0	-	-	-
Talisman Energy Norge AS	-202 003	-187 660	-14 343	-	-14 343	-
Total E&P Norge AS	14 911 554	14 908 929	4 246	-1 621	2 625	-
Tullow Oil Norge AS	-1 270 663	-1 268 243	-2 420	-	-2 420	-
VNG Norge AS	-525 685	-525 685	-	-	-	-
Wintershall Norge AS	684 776	828 783	-144 007	-	-144 007	-
Sum andre betalinger	-856	-	-856	-	-856	-
Andre selskaper - ikke rettighetshavere <sup>1)</sup>	-	1 662	-	-1 662	-1 662	-
<b>Sum</b>	<b>287 243 505</b>	<b>287 225 651</b>	<b>21 137</b>	<b>-3 283</b>	<b>17 854</b>	<b>-</b>

1) Reporting from the companies has been adjusted for net profit interest to Petoro to avoid double accounting of these amounts which are also included in the reporting from Petoro.

## Appendix 2: Reported petroleum tax per company

TNOK	Sum Licensee <sup>1)</sup>	Sum Government	Discrepancy		Without counterparty report TNOK	Sum Resolved	Unsolved	Comments
			Licensee	Government				
A/S Norske Shell	12 574 995	12 563 292	11 703	-	-	11 703	-	See Enterprise Oil Norge, and one omitted refund
Atlantic Petroleum Norge AS	-48 747	-49 450	703	-	-	703	-	The company omitted interest amounts
Bayerngas Norge AS	-361 557	-362 485	928	-	-	928	-	The company omitted a payment (refund)
BG Norge Ltd	-104 449	-101 794	-2 655	-	-	-2 655	-	The company omitted a payment
BP Norge AS	-18 821	-18 821	-	-	-	-	-	
Bridge Energy Norge AS	-221 163	-221 163	-	-	-	-	-	
Capricorn Norge AS	-500 198	-500 198	-	-	-	-	-	
Centrica Energi NUF	3 065 627	3 072 498	-6 871	-	-	-6 871	-	The company omitted interests
Chevron Norge AS	22 101	22 105	-4	-	-	-4	-	The company omitted interest regarding late payment
Concedo ASA	-252 550	-256 193	3 643	-	-	3 643	-	The company omitted interests
ConocoPhillips Skandinavia AS	9 721 961	9 721 961	-	-	-	-	-	
Core Energy AS	-76 965	-76 965	-	-	-	-	-	
Dana Petroleum Norway AS	-210 224	-210 225	1	-	-	1	-	Rounding
DEA Norge AS	1 913 285	1 913 287	-2	-	-	-2	-	The company omitted interest regarding late payment
Det norske oljeselskap ASA	7 257 340	7 218 717	38 623	-	-	38 623	-	The company included payments to local tax office, and omitted interest
Dong E&P Norge AS	4 164 300	4 120 109	44 191	-	-	44 191	-	The company omitted two refunds
E.ON E&P Norge AS	2 946	3 193	-247	-	-	-247	-	The company omitted interests
Edison Norge AS	-395 439	-395 439	-	-	-	-	-	
Eni Norge AS	2 630 924	2 630 925	-1	-	-	-1	-	Rounding
Enquest Norge AS	-14 132	-14 132	-	-	-	-	-	
Enterprise Oil Norge AS	530 863	542 576	-11 713	-	-	-11 713	-	The company reported together with A/S Norske Shell due to owner structure
Explora Petroleum AS	-341 349	-341 349	-	-	-	-	-	

TNOK	Sum Licensee <sup>1)</sup>	Sum Government	Discrepancy		Without counterparty report TNOK	Resolved	Unsolved	Comments
			Licensee	Government				
ExxonMobil Exploration and Production Norway AS	22 663 754	22 663 754	-	-	-	-	-	
Faroe Petroleum Norge AS	-250 146	-250 146	-	-	-	-	-	
Fortis Petroleum Norway AS	-77 621	-77 621	-	-	-	-	-	
GDF SUEZ E&P Norge AS	4 669 489	4 669 056	433	-	-	433	-	The company omitted tax received
Hess Norge AS	12 196	12 196	-	-	-	-	-	
Idemitsu Petroleum Norge AS	1 151 263	1 151 263	-	-	-	-	-	
Infragas Norge AS	432 038	432 038	-	-	-	-	-	
Kufpec Norway AS	-15 596	-15 596	-	-	-	-	-	
Lime Petroleum Norway AS	-43 746	-43 746	-	-	-	-	-	
Lotos Exploration & Production Norge AS	-95 082	-95 082	-	-	-	-	-	
LUKOIL Overseas North Shelf AS	-49 480	-49 480	-	-	-	-	-	
Lundin Norway AS	21 631	21 631	-	-	-	-	-	
Maersk Oil Norway AS	-845 114	-852 144	7 030	-	-	7 030	-	The company omitted several payments
Marathon Petroleum Norge AS	-	-	-	-	-	-	-	
Moeco Oil & Gas Norge AS	-68 817	-68 817	-	-	-	-	-	
MOL Norge AS	-326 881	-326 881	-	-	-	-	-	
Nexen	-	272	-272	-	-272	-	-	The company is no longer a licensee on the NCS
Njord Gas Infrastructure	622 021	622 021	-	-	-	-	-	
Noreco Norway AS	-383 423	-384 940	1 517	-	-	1 517	-	The company omitted two payments
Norpipe Oil AS	83 827	83 735	92	-	-	92	-	The company was omitted an interest amount
Norsea Gas AS	235 627	256 260	-20 633	-	-	-20 633	-	The company omitted payments and included a transaction with a local tax office
North Energy ASA	-358 604	-358 604	-	-	-	-	-	
OMV (Norge) AS	-	-	-	-	-	-	-	

TNOK	Sum Licensee <sup>1)</sup>	Sum Government	Discrepancy		Without counterparty report TNOK	Resolved	Unsolved	Comments
			Licensee	Government				
Petro-Canada Norway Inc	306 000	306 000	-	-	-	-	-	
Petrolia Norway AS	-132 317	-132 317	-	-	-	-	-	
PGNiG Upstream International AS	-	-	-	-	-	-	-	
Premier Oil Norge AS	-137 359	-137 359	-	-	-	-	-	
Repsol Exploration Norge AS	-425 082	-426 310	1 228	-	-	1 228	-	The company included a payment which is not subject to the EITI regulations
RN Nordic Oil AS	-11 737	-11 737	-	-	-	-	-	
Rocksource Exploration Norway AS	-95 161	-95 161	0	-	-	-	-	
Silex Gas Norway AS	563 164	563 164	-0	-	-	-	-	
Skagen44 AS	-49 218	-49 928	710	-	-	710	-	The company omitted an interest amount
Skeie Energy AS	-7 080	-7 080	-	-	-	-	-	
Solveig Gas Norway AS	2 303 281	2 303 280	1	-	-	1	-	The company has reported in MNOK and not TNOK. Rounding
Spike Exploration Holding AS	-355 325	-355 325	-	-	-	-	-	
Statoil Petroleum AS	88 633 774	88 633 775	-1	-	-	-1	-	Rounding
Suncor Energy Norge AS	-457 057	-456 518	-539	-	-	-539	-	The company omitted tax and interests regarding a revised assessment
Svenska Petroleum Exploration AS	-219 972	-219 972	-	-	-	-	-	
Talisman Energy Norge AS	-227 265	-227 265	-	-	-	-	-	
Total E&P Norge AS	14 830 403	14 830 403	-	-	-	-	-	
Tullow Oil Norge AS	-1 270 663	-1 270 663	-	-	-	-	-	
VNG Norge AS	-528 490	-528 490	-	-	-	-	-	
Wintershall Norge AS	535 629	681 629	-146 000	-	-	-146 000	-	The company omitted a payments
Sum	169 971 610	170 049 740	-78 130	-	-272	-77 859	-	

<sup>1)</sup> Some companies report net negative tax payments, meaning that they have received a refund from the government. This is because under certain circumstances the companies could apply for a refund of the fiscal value of exploration costs.

## Appendix 3: Reported CO<sub>2</sub> tax per company (operator)

TNOK	Sum Licensee	Sum Government	Discrepancy		Resolved	Unsolved	Comments
			Licensee	Government			
A/S Norske Shell	53 839	53 839		-	-	-	
BP Norge AS	241 836	241 836	-	-	-	-	
Centrica Energi NUF	-178	-	-178	-	-178	-	The company included payments not subject to EITI reporting requirements
ConocoPhillips Skandinavia AS	401 736	401 736	-	-	-	-	
Core Energy AS	11	-	11	-	11	-	CO <sub>2</sub> tax not subject to EITI reporting
Det norske oljeselskap ASA	71 477	-	71 477	-	71 477	-	Det norske oljeselskap and Marathon report together
E.ON E&P Norge AS	801	-	801	-	801	-	CO <sub>2</sub> tax not subject to EITI reporting
ExxonMobil Exploration and Production Norway AS	97 756	97 756	-	-	-	-	
GDF SUEZ E&P Norge AS	52 471	52 575	-104	-	-104	-	The company has classified a tax wrongly
Marathon Petroleum Norge AS	-	71 477	-71 477	-	-71 477	-	Det norske oljeselskap and Marathon report together
Noreco Norway AS	1 622	-	1 622	-	1 622	-	The company included payments not subject to EITI reporting requirements
Statoil Petroleum AS	3 481 738	3 481 393	345	-	345	-	The company omitted a refund
Talisman Energy Norge AS	23 369	50 089	-26 720	-	-26 720	-	The company omitted a payment
Total E&P Norge AS	4 258	-	4 258	-	4 258	-	CO <sub>2</sub> tax not subject to EITI reporting
Wintershall Norge AS	67 397	65 405	1 992	-	1 992	-	The company included payments not subject to EITI reporting requirements
Sum	4 498 133	4 516 105	-17 972	-	-17 972	-	

## Appendix 4: Reported NO<sub>x</sub> tax per company (operator)

TNOK	Sum Licensee	Sum Government	Discrepancy		Without counterparty report	Resolved	Unsolved	Comments
			Operator	Government				
BG Norge Ltd	1 686	-	1 686	-	-	1 686	-	The company reported payments to the NO <sub>x</sub> fund
Centrica Energi NUF	563	-	563	-	-	563	-	The company reported payments to the NO <sub>x</sub> fund
ConocoPhillips Skandinavia AS	428	428	-	-	-	-	-	
Eni Norge AS	-	-9 270	9 270	-	-	9 270	-	The company omitted a refund
Faroe Petroleum Norge AS	3 285	3 286	-1	-	-	-1	-	Rounding
Lundin Norway AS	-	5 899	-5 899	-	-	-5 899	-	The company omitted two payments
Noreco Norway AS	110		1 732	-	-	1 732	-	The company reported taxes not subject to EITI and wrongly classified a fee as CO <sub>2</sub>
Statoil Petroleum AS	60 815	60 815	-	-	-	-	-	
Talisman Energy Norge AS	-	-10 337	10 337	-	-	10 337	-	The company omitted a refund
Total E&P Norge AS	-1 621	-		-1 621	-	-1 621	-	The Government omitted a refund
Tullow Oil Norge AS	-	2 420	-2 420	-	-	-2 420	-	The company omitted payments made for three licenses
VNG Norge AS	2 805	2 805	-	-	-	-	-	
Andre selskaper - ikke rettighetshavere 1)	-	1 662	-	-	-1 662	-1 662	-	The Government reported payments from three companies who are not subject to EITI regulations
Sum	68 071	56 086	15 268	-1 621	-1 662	11 985	-	

<sup>1)</sup> Based on the Regulation related to special duties § 5-1 g it is the company that owns or manages the NO<sub>x</sub> – liable entity that is required to pay the NO<sub>x</sub> tax. This means that in certain circumstances the NO<sub>x</sub> tax is paid by other companies than the operators (licensees). Such companies are not required to report based on NEIT..



## Appendix 5: Reported area fee per company (operator)

TNOK	Sum Licensee	Sum Government	Discrepancy		Resolved	Unsolved	Comments
			Licensee	Government			
A/S Norske Shell	42 722	3 073	39 649	-	39 649	-	The company included too many payments due to wrong cutoff
BG Norge Ltd	40 689	40 787	-98	-	-98	-	The company omitted reporting for one lincense
BP Norge AS	81 780	81 780	-	-	-	-	
Centrica Energi NUF	83 700	83 794	-94	-	-94	-	The company omitted interests
ConocoPhillips Skandinavia AS	65 042	65 042	-	-	-	-	
DEA Norge AS	9 501	1 552	7 949	-	7 949	-	The company included a fee not subject to the EITI
Det norske oljeselskap ASA	29 854	29 094	760	-	760	-	The company reported wrong tax on one license and included Marathon
Dong E&P Norge AS	4 486	3 715	771	-	771	-	The company omitted a refund
Eni Norge AS	112 781	112 782	-1	-	-1	-	Rounding
ExxonMobil Exploration and Production Norway AS	7 262	7 262	-	-	-	-	
GDF SUEZ E&P Norge AS	9 146	9 042	104	-	104	-	The company has classified interest wrongly
Lotos Exploration & Production Norge AS	15 014	15 014	-	-	-	-	
Lundin Norway AS	170 676	170 676	-	-	-	-	
Maersk Oil Norway AS	10 577	10 583	-6	-	-6	-	The company omitted interests
Marathon Petroleum Norge AS	-	-10 213	10 213	-	10 213	-	The company reported together with Det norske Oljeselskap and omitted a refund
Moeco Oil & Gas Norge AS	2 869	-	2 869	-	2 869	-	The company reported their share from the operator statement, but is not an operator
Noreco Norway AS	4 903	4 903	-	-	-	-	
OMV (Norge) AS	45 766	45 766	-	-	-	-	
Premier Oil Norge AS	26 710	26 710	-	-	-	-	

TNOK	Sum Licensee	Sum Government	Discrepancy		Resolved	Unsolved	Comments
			Licensee	Government			
Statoil Petroleum AS	652 208	652 155	53	-	53	-	The company omitted a refund and included two payments due to wrong cutoff
Suncor Energy Norge AS	60 824	22 196	38 627	-	38 627	-	The company omitted refunds
Talisman Energy Norge AS	1 893	-147	2 040	-	2 040	-	The company omitted a refund
Total E&P Norge AS	78 514	78 526	-12	-	-12	-	The company omitted interests
Wintershall Norge AS	81 750	81 749	1	-	1	-	Rounding
Sum	1 638 667	1 535 839	102 828	-	102 828	-	

# Appendix 6: Additional reconciliation of the financial statements from the Central Bank of Norway and Petoro

## Financial Statements of the Government Pension Fund Global prepared by the Central Bank of Norway

Cash flows from the petroleum activities which are transferred to the Government Pension Fund – Global are shown in the financial statements prepared by the Central Bank of Norway for the pension fund. The financial statement for the Government Pension Fund Global shows that MNOK 150 000 i 2014. The table below explains the relationship between the EITI reporting (see table 3), the state's financial statements ([www.regjeringen.no/no/dokumenter/meld.-st.-3-2014-2015](http://www.regjeringen.no/no/dokumenter/meld.-st.-3-2014-2015)) and the financial statements of the pension fund ([www.norges-bank.no/](http://www.norges-bank.no/)). Note that the numbers are in MNOK. For comparative purposes, we have included the amounts from 2013.

MNOK	2014	2013
Cash flows reported under EITI by Government	287 226	331 209
Dividend received from Statoil	22 646	14 421
Movements in outstanding accounts between the state and Petoro	1 789	-530
Interests regarding NO <sub>x</sub> , corrected in NEITI, treated differently in NEITI and state's account	1	11
Omitted NO <sub>x</sub> , Included in the wrong state's account	5	41
<b>Net Cash flow from petroleum operations, ref table 3.3 to the state's account</b>	<b>311 667</b>	<b>345 151</b>
Transfer from SPU to the state by resolution of revised Budget, ref table 3.3 to the state's account	-156 164	-117 340
<b>Net to be transferred to SPU</b>	<b>155 502</b>	<b>227 811</b>
Actual transfer of cash to SPU account of NOK in Norges Bank, ref page 47 (2013: page 47) in the government account and corresponding SPU 7. The transfers are based on forecasts and the last transfer will take place in November	150 000	241 200
<b>Deviations in the transfer to SPU</b>	<b>5 502</b>	<b>-13 389</b>
<b>Explanation of deviation:</b>		
Transfer during the year due to too much (2013: too little) being transferred previous years <sup>1)</sup>	2 448	-10 940
Too little (2013: too much) transferred to SPU during the year. (Cash recorded as a receivable or provision in the capital account, ref. page 240 in Meld. St. 3 (2014-2015) <sup>1)</sup>	3 054	-2 448
<b>Explained deviation</b>	<b>5 502</b>	<b>-13 389</b>
<b>Unexplained deviation</b>	<b>-</b>	<b>-</b>

<sup>1)</sup> Government accounts show that net transfers to the SPU in 2014 were MNOK 3 054 higher than the actual transfers from the state to the fund. The difference constitutes a receivable as of 31.12.2014 and will be settled after the end of budget period in the form of a increase in the transfer to the Fund in 2015. The corresponding figure as of 31.12.2013 was a liability of MNOK 2 448 to the fund which was settled through increased transfers in 2014.

<sup>2)</sup> A recalculation/reimbursement was executed in 2014 to Statoil Petroleum of NOK 2 765 085 and NOK 2 089 769 (2013: recalculation/reimbursement to Statoil Petroleum on NOK 40 757 407). This reimbursement was recorded against another item than the NO<sub>x</sub> tax in the state's financial statements.

### Financial Statements of SDFI prepared by Petoro

Cash flows from SDFI are published through the annual report from Petoro from 2014 (se [www.petoro.no/petoro-aarsrapport/2014](http://www.petoro.no/petoro-aarsrapport/2014)). It can be derived from the annual report note 19 to the Financial Statements of SDFI for 2014 that the transfer to the Central Bank of Norway in 2014 was MNOK 111 068. This is equivalent to the reported amount in the EITI reporting from Petoro on behalf of SDFI:

Note 19 Equity	MNOK	2014	2013
Cash transfers to the state	See note 19 in the financial statements of SDFI	111 068	124 825
Cash transfers according to NEITI	See table 11	111 068	124 825
Discrepancy		-	-

## Appendix 7: Reporting entities

Original listing of reporting entities received from OED	
1	A/S Norske Shell
2	Atlantic Petroleum Norge AS
3	Bayerngas Norge AS
4	BG Norge AS
5	BP Norge AS
6	Bridge Energy Norge AS
7	Capricorn Norge AS
8	Centrica Resources Norge AS
9	Chevron Norge AS
10	Concedo ASA
11	ConocoPhillips Skandinavia AS
12	Core Energy AS
13	Dana Petroleum Norway AS
14	DEA Norge AS
15	Det norske oljeselskap ASA
16	Dong E&P Norge AS
17	E.ON E&P Norge AS
18	Edison Norge AS
19	Eni Norge AS
20	Enquest Norge AS
21	Explora Petroleum AS
22	ExxonMobil Exploration and Production Norway AS
23	Faroe Petroleum Norge AS
24	Fortis Petroleum Norway AS
25	GDF SUEZ E&P Norge AS
26	Hess Norge AS
27	Idemitsu Petroleum Norge AS
28	Ithaca Petroleum Norge AS
29	Kufpec Norway AS
30	Lime Petroleum Norway AS
31	Lotos Exploration & Production Norge AS
32	LUKOIL Overseas North Shelf AS
33	Lundin Norway AS
34	Maersk Oil Norway AS
35	Marathon Petroleum Norge AS
36	Moeco Oil & Gas Norge AS
37	NORECO ASA
38	North Energy ASA
39	OMV (Norge) AS
40	Petoro AS
41	Petrolia Norway AS
42	PGNiG Upstream International AS

Original listing of reporting entities received from OED	
43	Premier Oil Norge AS
44	Repsol Exploration Norge AS
45	RN Nordic Oil AS (Rosneft)
46	Rocksource Exploration Norway AS
47	Skagen44 AS
48	Spike Exploration
49	Statoil Petroleum AS
50	Suncor Energy Norge AS
51	Svenska Petroleum Exploration AS
52	Talisman Energy Norge AS
53	Total E&P Norge AS
54	Tullow Oil Norge AS
55	VNG Norge AS
56	Wintershall Norge AS
57	Norges Bank
58	Oljedirektoratet
59	Toll- og avgiftsdirektoratet
60	Skattedirektoratet
61	Infragas Norge AS
62	Njord Gas Infrastructure
63	Norpipe Oil AS
64	Norsea Gas AS
65	Silex Gas Norway AS
66	Solveig Gas Norway AS
Reported separately by the companies, not specified in OED's original list	
67	Enterprise Oil Norge AS (A/S Norske Shell)
68	ExxonMobil Production Norway Inc. (ExxonMobil Expl. And Prod. Norway AS)
69	Tullow Oil (Beam) Norge AS og Tullow Norge AS (Tullow Oil Norge AS)
Reported separately by the Government, combined by the licensee due to changed corporate structure	
70	Det norske oljeselskap AS (Det norske oljeselskap ASA)
71	Marathon Petroleum Norge AS (Det norske oljeselskap ASA)
72	Skeie Energy AS
75	Talisman Petroleum Norge AS (Talisman Energy Norge AS)

# Appendix 8: Reporting templates

<b>SKJEMA FOR INNRAPPORTERING I HENHOLD TIL EITI-FORSKRIFTEN (SKJEMA 1)</b> <b>INN-/ UTBETALINGER I KALENDERÅRET 2014</b> (Beløpene rapporteres i hele tusen og spesifikasjon av rapporterte beløp per betalingsdato vedlegges)			
<b>Rapporterende enhet:</b>			
RAPPORTERINGSPOSTER	INNBETALT (+)	UTBETALT (-)	SUM
1. SKATTEBETALING			
<b>1.1 Selskapsskatt/særskatt</b> (jf. petroleumsskatteloven)			
2. AVGIFTSBETALING			
<b>2.1 CO2- avgift</b> (jf. CO2-avgiftsloven)			
<b>2.2 Nox-avgift</b> (jf. forskrift 11. desember 2001 nr. 1451 om særavgifter kapittel 3-19 om avgift på utslipp av Nox)			
<b>2.3 Arealavgift</b> (jf. petroleumsløven § 4-10)			
3. SPESIFISERING AV EVENTUELLE ANDRE STATLIGE INNBETALINGER (jf. EITI-forskriften § 3 fjerde ledd)			
<b>3.1</b>			
<b>3.2</b>			
<b>3.3</b>			
4. KUN FOR STATOIL ASA: (Betaling i forbindelse med avsetningsinstruksen jf. EITI-forskriften § 3 tredje ledd)			
5. KUN FOR PETORO AS (Betaling i forbindelse med SDØE, jf forskriftens § 3 andre ledd)			
6. KUN FOR NORGES BANK (Betaling knyttet til statens deltakerandeler / Petoro)			
SUM AV RAPPORTERINGSPLIKTIGE BETALINGER TIL (FRA) STATEN			
<b>Navn på kontaktperson:</b>			
<b>Telefonnummer:</b>			
<b>E-post adresse:</b>			
Vi bekrefter at ovenstående informasjon reflekterer de betalinger som skal innrapporteres i henhold til forskrift om rapportering og avstemming av pengestrømmer fra petroleumsvirksomheten.			
STED		DATO	
Underskrift CFO			









## Appendix 9: Key references

- EITI [eti.org/about/](http://eti.org/about/)
- Norwegian Petroleum (Operated by Ministry of Petroleum and Energy and Norwegian Petroleum Directorate) <http://www.norskpetroleum.no/en/>
- Regulations on reporting and reconciliation of cash flows from petroleum activities <http://lovdata.no/dokument/SF/forskrift/2009-06-26-856>
- Regulation of December 11th, 2001 no. 1451 relating to special duties chapter 3-19 regarding emission of NOX (NOX tax). <http://lovdata.no/dokument/SF/forskrift/2001-12-11-1451?q=s%C3%A6ravgifter>
- Gassco <http://www.gassco.no/en/>
- Act on tax on CO<sub>2</sub> emissions in the petroleum activities on the continental business. <http://lovdata.no/dokument/NL/lov/1990-12-21-72>
- The Central Bank of Norway <http://www.norges-bank.no/en/>
- Ministry of Petroleum and Energy <https://www.regjeringen.no/en/id4/>
- Norwegian Petroleum Directorate <http://www.npd.no/en/>
- Perspectives ("Perspektivmeldingen") <https://www.regjeringen.no/en/dokumenter/meld.-st.-12-2012-2013/id714050/>
- Petoro <https://www.petoro.no/home>
- The petroleum Act <http://lovdata.no/dokument/NL/lov/1996-11-29-72?q=petroleumsloven>
- The petroleum Taxation Act <http://lovdata.no/dokument/NL/lov/1975-06-13-35?q=petroleumsskatteloven>
- The Norwegian Accounting Act <http://lovdata.no/dokument/NL/lov/1998-07-17-56?q=regnskapsloven>
- The Brønnøysund Register Center <https://www.brreg.no/the-bronnoysund-register-centre/>
- Office of the Auditor General of Norway <https://www.riksrevisjonen.no/en/Pages/Homepage.aspx>
- Standard license agreement for petroleum activity, with accounting agreement and cooperation agreement as attachments <https://www.regjeringen.no/no/dokumenter/Konsesjonsverk/id455398/>
- Statoil [www.statoil.com](http://www.statoil.com)
- The State Budget 2014 [http://www.statsbudsjettet.no/upload/Statsbudsjett\\_2014/dokumenter/pdf/stmeld.pdf](http://www.statsbudsjettet.no/upload/Statsbudsjett_2014/dokumenter/pdf/stmeld.pdf)
- Revised National Budget 2015 <https://www.regjeringen.no/contentassets/3df9113545f54063a32d43acc0e4727a/no/pdfs/stm201420150002000dddpdfs.pdf>
- Government Accounts 2013 [www.regjeringen.no/contentassets/86173bc8e97b47bc951dd25f10a66b54/nno/pdfs/stm201420150003000dddpdfs.pdf](http://www.regjeringen.no/contentassets/86173bc8e97b47bc951dd25f10a66b54/nno/pdfs/stm201420150003000dddpdfs.pdf)

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