IRAQI OIL EXPORTS

TRANSPARENCY IN
FIRST-COMMODITY TRADING
Oil Well Baba Gurgur /1  Oct. 1927
Iraq Oil Fields 1927
TOTAL EXPORTS (24 billion bbls)
TOTAL REVENUES (939 billion Dollars)
IRAQ adherence to EITI

- Managing Iraq natural resources wisely was the main goal for the government to join EITI in Feb. 2008.

- On 12 Dec. 2012, Iraq was announced as an EITI compliant country.

- Iraq has set an example in previous reports by disclosing crude oil export revenues and reconciling these flows with company sales data.

- The five EITI reports published covering fiscal years 2009-2013 include reconciliation of oil sales disaggregated by buyer and the four main export regions.

- As of 2012, reports include information on “in-kind” revenues.
IEITI Reports Reconciliation

- Company Payment
- Government Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Company Payment</th>
<th>Government Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>40</td>
<td>41</td>
</tr>
<tr>
<td>2010</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td>2011</td>
<td>87</td>
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<td>2012</td>
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<td>94</td>
</tr>
<tr>
<td>2013</td>
<td>79</td>
<td>81</td>
</tr>
</tbody>
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Billion US Dollars
How SOMO deals with the EITI requirements

• First challenge was accepting to disclose the exporting data

• SOMO insert contractual phrase committing the buyer to the requirements of (EITI)

• SOMO’s most customers according to criteria do support the EITI

• Any delay in correspondence for reconciliation purposes to be followed up by SOMO and IEITI

• After issuing the 6th report all templates data became a routine forms for SOMO.
**SOMO’s Criteria for Allocation & Pricing**

- Iraqi crude oil is allocated exclusively for **end user** companies; fully integrated Co., refiners

- Iraq adopts (OSP) Official Selling Prices that maintains the perfect balance between Competitiveness and revenue.

- It is used to ensure simplicity and transparency in crude oil marketing process while providing a fair value for Iraqi crude.
SOMO’s Transparent Pricing Basis

- One price for all customers in a certain market.
- Transparency in dealing with customers.
- No negotiations with specific customers to keep the basis of dealing impartial.
- Selecting the best benchmark for each market based on its structure to achieve the fair price for the Iraqi Crude.
Iraq Oil Budget, Revenues & Iraqi Oil Price

Budget | Revenue | Price $/bbls

2005 | 31 | 23 | 46
2006 | 39 | 31 | 56
2007 | 36 | 40 | 67
2008 | 44 | 60 | 88
2009 | 43 | 41 | 59
2010 | 53 | 52 | 76
2011 | 69 | 83 | 105
2012 | 87 | 94 | 106
2013 | 102 | 89 | 102
2014 | 120 | 84 | 92
2015 | 80 | 49 | 45
2016 | 72 | 24 | 20

Billion US Dollars | US Dollar per Barrel
IRAQ BUDGET REVENUES AND TSC PAYMENTS

IRAQ Revenues  TSC Payments  IRAQ Bugdet

BILLION US DOLLARS


0  0  2  5  9  13  14  24
Iraqi Export & TSC Payment
bbl/day

TSC
TERM CONTRACT

2011 2012 2013 2014 2015
Thank You