



Trinidad and Tobago EITI Report FY2019 and FY2020

Covering the period 1 October 2018 to
30 September 2020

Annexes

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Annex A – Persons met during the Reconciliation

Organisation	Individual
MEEI – Legal Division	Louise Poy Wing
MEEI –Petroleum Operations and Management Division	Marc Rudder
MEEI - Accounting Unit	Dale Valentine
MEEI - Accounting Unit	Ann Ramlochan
MEEI – Minerals Division	Monty Beharry
MEEI – Production Sharing Contract Audit Unit	Grace Corneal
MEEI - Downstream Petroleum Management Division	Ayasha Nickie
MEEI - Downstream Petroleum Management Division	Rajesh Harridan
MEEI - Downstream Petroleum Management Division	Angelina Singh
MEEI – Commercial Evaluation Division	Sheldon Butcher
Auditor General	Shiva Sinanan
Auditor General	Anita Mangra
Auditor General	Jacqueline De Gannes
Auditor General	Marva Peters-Thomas
Auditor General	Farida Chung Sing
Lease Operators Limited	Gary Seepaul
National Gas Company Limited	Gabriella Haynes
Repsol Angostura Limited	Marissa Asse-Beddoe
Trinity Exploration Group	Meera Ramnanan
De Novo Energy block 1A Limited	Niala Razack
Shell Trinidad and Tobago Limited	Leston Davis
Shell Trinidad and Tobago Limited	Natasha Spencer-Edwards
TTEITI	Sherwin Long

Annex B - Terms of Reference

RFP Ref#: TTEITICS001

Request for Proposal Documents

RFP Name: Provision of Consultancy Services to conduct an EITI Audit of the Trinidad and Tobago

Extractive Sectors

RFP Date: 26th May 2021

Part C: Terms of Reference

CONSULTANCY SERVICES FOR PROVISION OF CONSULTANCY SERVICES TO CONDUCT AN EITI AUDIT OF THE TRINIDAD AND TOBAGO EXTRACTIVE SECTORS

– RFP# TTEITICS001

1. BACKGROUND

The Extractive Industries Transparency Initiative (EITI) is a global standard that promotes transparency and accountability in the oil, gas and mining sectors. It has a robust yet flexible methodology for disclosing company payments and government revenues in implementing countries.

EITI implementation has two core components:

- **Transparency:** oil, gas and mining companies disclose their payments to the government, and the government discloses its receipts. The figures are published in EITI Reports together with contextual and other information about the extractive industries and their disclosure practices.
- **Accountability:** a multi-stakeholder group with representatives from government, companies and civil society is established to oversee the process and communicate the findings of the EITI Report, improve future disclosure exercises and promote the integration of EITI into broader transparency efforts in that country.

EITI Implementation in Trinidad and Tobago

Trinidad and Tobago (T&T) became an EITI member with Candidate Country status in March 2011 and, since then, has been implementing the initiative under the direction of a Cabinet-appointed multi-stakeholder (government, companies and civil society) Steering Committee. The Trinidad and Tobago Extractive Industries Transparency Initiative (TTEITI) Steering Committee (SC) remains committed to its objectives of: showing the contribution of oil, gas and mining revenues to the economy, enhancing competitiveness through EITI Compliant Country status, generating a national conversation on the management of

extractives, building the institutional framework for increased transparency and expanding the scope of EITI implementation in Trinidad and Tobago.

The SC's mandate is to collect and disseminate independently verified information on revenues earned by government from the oil, gas and mining companies operating in the extractive industries so as to promote greater revenue transparency and accountability and empower citizens to hold the government and the companies more accountable for the use made of the people's patrimony. In January 2015, T&T attained EITI Compliant Country status, the highest level of membership, in recognition of the fact that it had met all the requirements of the EITI Standard. The country also underwent a second Validation on September 1, 2018 and was deemed to have made meaningful progress in EITI implementation.

As of November 2020, T&T is one of 55 countries where the EITI Standard is being implemented. In contrast with previous years, currently the TTEITI is part of an international exercise for implementing a pilot approach to EITI Reporting, in accordance with EITI Board's decisions of [13 February 2020](#) and [24 May 2020](#), to allow countries to pilot on alternative approaches to EITI reporting. This is part of the ongoing efforts to move towards more timely and systematic EITI disclosures, and further details about the pilot approach to reporting can be found in the attached concept note (Annex I). The TTEITI SC objectives and work plan can be viewed [here](#).

2. OBJECTIVES OF THE REQUEST FOR PROPOSAL

A competent and credible individual/firm, free from conflicts of interest, is being sought to provide Independent Administrator/Consultant services in accordance with the [EITI Standard 2019](#).

The Independent Administrator/consultant is expected to:

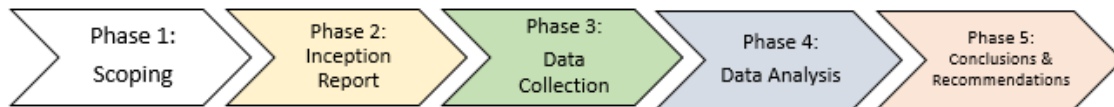
- Complete a comprehensive study to inform how Mainstreaming EITI would work in the Trinidad and Tobago context based on the existing feasibility study conducted by the National Secretariat, and outline recommendations and costs for further enhancement of systematic disclosure.
- Compile the relevant data being systematically disclosed in the corresponding public sources.
- Collect the missing information directly from the corresponding companies and government agencies. Produce an EITI Report for Fiscal years 2019, 2020, 2021 and

2022 (respectively) in accordance with the EITI Standard, the attached concept note on pilot reporting (Annex I). and section 4, below;

3. SCOPE OF SERVICES

The work of the Independent Administrator/Consultant ('the Administrator') has five phases. The Administrator's responsibilities in each phase are elaborated below.

Figure 1 – Overview of the EITI reporting process and deliverables



Phase 1 – Scoping

Background: The objective of the first phase of work is to ensure that the scope of the EITI reporting process has been clearly defined, including the methodology for mainstreaming EITI /systematic disclosure, data collection procedures, and the schedule for publishing the EITI Report. It is imperative that the scope of EITI reporting is clearly defined, in line with the EITI Standard and with the Steering Committee's agreed objectives and expectations for the EITI process in line with the attached concept note on pilot reporting (Annex I). The Administrator is expected to undertake the following tasks during the inception phase:

1.1 Review the relevant background information, including the governance arrangements and tax policies in the extractive industries, the findings from any preliminary scoping work including the mainstreaming feasibility study conducted by the National Secretariat, the existing disclosures by governments and companies, and the conclusions and recommendations from previous EITI Reports and Validations. (A list of relevant documentation is provided as **Annex 2**).

1.2 Identify and agree with the MSG the scope of reporting, in accordance with EITI Requirements 2-6. For properly defining the scope of the reporting pilot, the Administrator should propose to the MSG a list defining the applicable and

non-applicable requirements from the EITI standard, as well as possible topics for the Trinidad & Tobago pilot to focus on.

- 1.3 **Agree with the MSG on the sectors to be included in the pilot, as well as on which revenue streams will be covered.** For this, the administrator will have to define the revenue streams on both sides, government agencies and companies, and establish the materiality threshold.
- 1.4 **Support the MSG by confirming the data being already systematically disclosed,** either through government or companies web portals. For conducting this task, the Administrator could build upon the SDT 2.0 from the TT-EITI 2017 Report and the existing feasibility study completed by the NS in May 2020.
- 1.5 **Undertake scoping of the financial requirements of the EITI Standard,** ensuring that the financial data reviewed will be comprehensive. For conducting this task, the Administrator shall review: (i) the comprehensiveness of the payments and revenues to be covered in the EITI Report, and (ii) the comprehensiveness of the companies and government entities that are required to report. This review shall be conducted in line with the EITI Requirement 4 and the definitions provided by the MSG in Annex 1.
- 1.6 **Support the MSG in examining the mechanisms for data quality assurance** in companies and government entities participating in the EITI reporting process. This includes examining the relevant laws and regulations, any reforms that are planned or underway, and whether these procedures are in line with international standards. It is recommended that the EITI Report includes a summary of the findings, otherwise the MSG should make the results of the review of audit and assurance practices publicly available elsewhere.
- 1.7 Conduct a review of the control systems within the Ministry of Energy and Energy Industries on production and revenue verification.
- 1.8 Comment on the relationship between the Ministry of Energy and Energy Industries and the BIR as it relates to tax information sharing on audits and tax obligations.

Phase 2 – Inception Report

Background: the inception report will be the result of the scoping exercise, reflecting all the issues and disclosure points on which the pilot will be focused on. Under MSG approval, the inception report could also include a definition of roles regarding each party's involvement in

the pilot's implementation. Besides determining the roles of the MSG, the National Secretariat and the Administrator for the pilot reporting, the inception report could also indicate those aspects in which TTEITI will require specific support/review from the International Secretariat.

In line with the procedure described on the attached concept note on pilot reporting (Annex I), the Administrator should document the findings of phase 1 (Scoping) in an Inception Report. The inception report should include:

2.1 A revised and updated statement of materiality (annex 1) advising the MSG on the payments and revenues to be covered in the EITI Report. This statement should include:

- The reviewed definition of materiality and thresholds, and the resulting revenue streams to be included in accordance with Requirement 4.1(c);
- The companies, including SOEs, that make material payments to the state and will be required to report in accordance with Requirement 4.1(d).
- The government entities, including any SOEs and subnational government entities, that receive material payments and will be required to report in accordance with Requirement 4.1(d), 4.5 and 4.6.
- The sale of the state's share of production or other revenues collected in-kind in accordance with Requirement 4.2.
- The coverage of infrastructure provisions and barter arrangements in accordance with Requirement 4.3.
- The coverage of transportation revenues in accordance with Requirement 4.4.
- Disclosure and reconciliation of payments to and from state owned enterprises in accordance with Requirement 4.5.
- The materiality and inclusion of direct sub-national payments in accordance with Requirement 4.6.
- The materiality and inclusion of sub-national transfers in accordance with Requirement 5.2.
- The level and type of disaggregation of the EITI Report, by individual project, company, government entity and revenue stream, in accordance with Requirement 4.7.
- The coverage of social expenditure and environmental payments in accordance with Requirement 6.1.
- Any barriers to full government disclosure of total revenues received from each of the benefit streams agreed in the scope of the EITI report, including revenues that fall below agreed materiality thresholds (Requirement 4.1(d)).

2.2 The MSG agreed definition of the term “project” and an overview of the revenue streams to be reported by project (per Requirement 4.7). This task should confirm the MSG’s decision that the financial data should be disaggregated on this level where levied by project.

2.3 A brief review of the audit and assurance procedures in companies and government entities participating in the EITI reporting process. The inception report should document the options considered and the rationale for the assurances to be provided. The Administrator should exercise judgement and apply appropriate international professional standards¹ in developing a procedure that provides a sufficient basis for a comprehensive and reliable EITI Report. The Administrator should employ his /her professional judgement to determine the extent to which reliance can be placed on the existing controls and audit frameworks of the companies and government’s agencies. Where deemed necessary by the Independent Administrator and the multi-stakeholder group, assurances may include:

- Requesting sign-off from a senior company or government official from each reporting entity attesting that the completed reporting form is a complete and accurate record.
- Requesting a confirmation letter from the companies’ external auditor that confirms that the information they have submitted is comprehensive and consistent with their audited financial statements. The MSG may decide to phase in any such procedure so that the confirmation letter may be integrated into the usual work programme of the company’s auditor. Where some companies are not required by law to have an external auditor and therefore cannot provide such assurance, this should be clearly identified, and any reforms that are planned or underway should be noted.
- Where relevant and practicable, requesting that government reporting entities obtain a certification of the accuracy of the government’s disclosures from their external auditor or equivalent.

3.7 A clear distribution of roles for compiling, integrating and analysing non-revenue information for the Pilot Report. The MSG and National Secretariat will assist in compiling contextual data for the EITI Reports and the Administrator will review this data and ensure the submission aligns with the EITI Requirements 2-6. The inception report should incorporate table 1 below, confirming the division of labour between the Independent

¹ For example, ISA 505 relative to external confirmations; ISA 530 relative to audit sampling; ISA 500 relative to audit evidence; ISRS 4400 relative to the engagement to perform agreed-upon procedures regarding financial information and ISRS 4410 relative to compilation engagements.

Administrator, the MSG and/or other actors responsible for compiling, quality assuring and analysing this data, and how the information should be sourced and attributed.

Table 1 – Non-revenue information to be provided in the EITI Report

Non-revenue information to be provided in the EITI Report ²	Data collection, quality assurances and analysis to be undertaken by the MSG/others	Data collection, quality assurances and analysis to be undertaken by the Independent Administrator
Legal framework and fiscal regime in accordance with EITI Requirement 2.1.	✓	✓
Information about procedures and practice of allocating licenses in accordance with EITI Requirement 2.2. ³ , and license holders in accordance with EITI Requirement 2.3. ⁴	✓	✓
Any information requested by the MSG on contracts in accordance with EITI Requirement 2.4 ⁵	✓	✓
Any information requested by the MSG on beneficial ownership in accordance with EITI Requirement 2.5 ⁶	✓	✓
Information regarding state participation in the extractive industries, state-owned enterprises and any quasi-fiscal expenditures in accordance with EITI Requirement 2.6 and 6.2. ⁷	✓	✓

² In preparing this information, the MSG may wish to use Part 2 of the EITI Summary data template, which contains a disclosure checklist for publicly accessible non-revenue information in line with the EITI Standard.

³ Guidance Note 4: Licence Allocations, <https://eiti.org/guide/license-allocations>

⁴ Guidance Note 3: Licence Registers, <https://eiti.org/guide/license-registers>

⁵ Guidance Note 7: Contract Transparency, <https://eiti.org/guide/contracts>

⁶ Template beneficial ownership declaration, <https://eiti.org/document/tools-to-include-beneficial-ownership-information-in-eiti-reporting>

⁷ Guidance Note 18: SOE participation in EITI Reporting, <https://eiti.org/GN18>

An overview of the extractive industries, including any significant exploration activities in accordance with EITI Requirement 3.1.	✓	✓
Production and export data in accordance with EITI Requirement 3.2 and 3.3.	✓	✓
Information about the distribution of revenues from the extractive industries in accordance with EITI Requirement 5.1.	✓	✓
Any further information requested by the MSG on revenue management and expenditures in accordance with EITI Requirement 5.3.	✓	✓
Information about the contribution of the extractive industries to the economy in accordance with EITI Requirement 6.3.	✓	✓
Any further information requested by the MSG on environmental impact of extractive activities in accordance with EITI Requirement 6.4.	✓	✓
[Add any other contextual information that the MSG has agreed to include in the EITI Report]	✓	✓

Phase 3 – Data Collection

Background: based on the roles agreed in the inception report and the established scope for EITI reporting under the pilot, the third phase will be focused on gathering the relevant data,

by a combination of compiling information from public sources and collecting directly from the reporting agencies and companies the missing data to fulfil the EITI requirements. The purpose of this phase is to first review which of the information required by the EITI Standard and agreed by the MSG to be included in the pilot, is already publicly disclosed for the year under reporting, and to collect any additional data required to cover the gaps from government and company reporting entities.

During the data-collection phase, and according to the attached concept note on pilot reporting (Annex I), the Administrator will (i) review and collate the data already accessible from public sources, and (ii) obtain the additional information from reporting entities following the corresponding confidentiality provisions. The EITI summary data template (parts 3, 4 and 5) and the mainstreaming feasibility study previously conducted by the NS, could be used as tools for listing the reporting entities and revenues, and checking what is systematically disclosed and what would have to be collected through the data collection forms and the supporting documentation from the reporting entities.

The Independent Administrator is expected to undertake the following tasks during the data collection phase:

3.1 Review and compile the data accessible from public sources regarding the agreed revenue streams and reporting entities as stated in the inception report. The Administrator should collate all the relevant and existing publicly accessible information disclosed by government entities and companies. Based on this, the administrator should also provide an overview of the data gaps, clarifying which are the government agencies and/or companies that will be asked to provide further information through data collection mechanisms. This should include government entities, including any SOEs that receive payments which should be disclosed and in accordance with Requirements 4.1, 4.5 and 4.6., and companies, including SOEs, which make material payments to the state and will be required to report.

3.2 Design the reporting templates to collect any additional information that has not already been publicly disclosed for the year under reporting, and corresponding to **the agreed revenue streams and reporting entities**. The Administrator in collaboration with the national secretariat will draft the templates for the MSG's approval. The Administrator could build upon the existing reporting templates used by TTEITI and the sample templates available from the International Secretariat. It is recommended that the templates include a provision requiring companies to report "any other material payments to government entities" and payments to non-government entities (including landowner entities) other than for the provision of goods and services (including employment) listed above an agreed threshold. The Independent Administrator should **confirm the key stages of its work as well as any**

procedures or provisions relating to safeguarding confidential information. If needed this could include waivers to address confidentiality constraints and/or provisions relating to safeguarding confidential information prior to the publication of the data.

3.3 Confirm and distribute the reporting templates based on MSG approval. The templates should be circulated to all the reporting entities in order to gather the data that is missing in public sources, and hence needs to be collected for fulfilling the EITI requirements. The templates should be distributed in accordance with the agreed benefit streams to be reported, the reporting entities identified in the inception report, and the definition of project as agreed by the MSG.

3.4 Develop clear guidelines and documented procedures for the Companies and the Government of the Republic of Trinidad and Tobago (GoRTT) for the completion of the Reporting Templates. The Administrator, together with the SC from the MSG, is expected to facilitate workshops, to train Companies and GoRTT personnel in the completion of the Reporting Templates.

3.5 Collect the completed forms and associated supporting documentation, as well as any contextual or other information requested by the TTEITI SC and established in the inception report. The reporting templates will be collected directly from the participating reporting entities. In cases where data has not been certified or audited to international standards to the satisfaction of the Administrator, the Administrator shall request supporting documentation (e.g. audited financial statements, receipts, banking records etc.) to verify the data from the Companies and GoRTT.

3.6 Contact & liaise with the reporting entities to clarify any information gaps or discrepancies. The Administrator shall ensure that the data requests include appropriate guidance for the reporting entities. Along with this guidance, the administrator shall also advise the TTEITI SC on ways for providing this guidance and mechanisms for seeking additional information and support when needed.

3.7 Report on companies and government agencies that failed to participate in the reporting process and include an assessment as to whether that had a material impact on the stated figures and conclusions reported. In line with this, the Administrator shall list of all licensed or registered companies involved in the upstream extractive sector, noting which companies participated in the EITI reporting process and those that did not (with an indication of the relative size, whether by production or revenue/payments) and the reasons for their non-participation.

3.8 Integrate and analyse the non-revenue information collected by the MSG. The MSG and National Secretariat will assist in compiling contextual data for the EITI Reports and the Administrator will review this data and ensure the submission aligns with the EITI Requirements 2-6. This task shall be conducted in line with Table 1 included in the Inception Report.

Phase 4 – Data Analysis

Background: The purpose of this phase is to complete the initial compilation and collection of the contextual and revenue data and conduct a sample reconciliation identifying possible gaps or discrepancies. In contrast with previous EITI reporting exercises, and based on the MSG agreement reflected in the attached concept note on pilot reporting (Annex I), the current report will have a limited approach to reconciliation, by focusing only on a sample of reporting companies and/or revenue streams.

The information collected and collated during phase 3, will be analysed in accordance with the objectives of disclosure set out in the scoping phase and established in the inception report, considering the completeness and reliability of the data as well. The data analysis will include reviewing the government and company audit and assurance practices, documenting, for example: the statutory audit and assurance requirements for the reporting entities, whether they had their financial statements audited in the financial year covered, and if these are publicly available and where they can be accessed.

For conducting the data analysis, the Administrator shall: **4.1 Prepare an updated list of the data being systematically disclosed by the corresponding government agencies and companies.** The list should include the links where the information can be accessed, and if possible clarify: (i) how often it is updated, and (ii) if it's accessible in [open data format](#).

4.2 Compile a database with the payment and revenue data collated from the public sources and the data provided by the reporting entities. The information presented in this database should be disaggregated by individual project, company, government entity and revenue stream in accordance with EITI Requirement 4.7.

4.3 Conduct a sample reconciliation, focusing on the selected reporting companies and/or revenue streams. Considering the pilot approach and the agreed scope adopted by the MSG, reconciliation will only focus on a selected group of reporting companies and/or revenue streams. Hence, for implementing this limited reconciling approach: (i) the Administrator will select a sample of reporting companies and/or revenue streams, (ii) the MSG will approve or

suggest changes to this sample, and finally (iii) the Administrator will reconcile the relevant figures corresponding to the selected reporting companies and/or revenue streams. As a result of the sample reconciliation, the Administrator shall identify any discrepancies (including offsetting discrepancies) in accordance with the agreed scope and any other gaps in the information provided (e.g. assurances). Within the selected sample the Administrator should also identify any discrepancies above the agreed margin of error (1-percent) established in agreement with the MSG.

Phase 5 – Conclusions and Recommendations

Background: The purpose of this phase is to ensure that the information disclosed through the implementation of the reporting pilot fulfils the EITI requirements, while focusing on the objectives agreed by the MSG in their work plan, and aligned with the national priorities from Trinidad and Tobago regarding their extractive sector. As a result, the Administrator is expected to produce a draft EITI Report, which by applying the pilot approach, compiles the contextual and revenue information, explains the relevant discrepancies from a sample reconciliation (if any), and provides recommendations for enhancing systematic disclosure in the context of EITI implementation. This report will be subjected to MSG approval. Authorship of the report should be clearly indicated. Once the MSG has endorsed the report, the Report will be considered final and the MSG will be responsible for overseeing its publication.

As a result of the data analysis, and based on the roles agreed in the inception report, the final product will be a succinct EITI Report, which highlights the topics selected by the MSG in line with the country's priorities and summarizes the main points obtained from the collection and collating of data, aligned with the attached concept note on pilot reporting (Annex I). The Final EITI Report should include all the references to the web portals which mainstream the relevant information, as well as all the collected data from the reporting entities needed to fill in the disclosure gaps. The Report should also provide recommendations for enhancing the systematic disclosure practices regarding the EITI process in Trinidad and Tobago, as well as any other pertinent information aligned with the focus set forth in the scoping phase.

The Administrator shall produce the electronic data files that can be published together with the final EITI Report. For completing this phase of conclusions and recommendations, the Administrator is expected to:

5.1 Contact the reporting entities to clarify the causes of any significant discrepancies or other gaps in the reported data in order to include these clarifications in the draft EITI Report. If necessary, the Administrator should also collect additional data from the reporting entities concerned to fill in the identified gaps.

5.2 Draft an EITI Report, focusing on the topics selected by the MSG, and providing the relevant contextual and revenue data as required by the EITI Standard. The draft report should be based on the data compiled and collected in phase 3, and the data analysis conducted in phase 4. The draft EITI report should:

- Include a description of all revenue streams, related materiality definitions and thresholds (Requirement 4.1).
- Indicate the coverage of the reconciliation exercise, based on the government's disclosure of total revenues as per Requirement 4.1(d).
- Include an assessment on the comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Administrator and the limitations of the assessment provided.
- Describe the methodology adopted for the sample reconciliation and demonstrate the application of international professional standards.
- Include an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Administrator must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness of the report.
- Document whether the participating companies and government entities had their financial statements audited in the financial year(s) covered by the EITI Report. Any gaps or weaknesses must be disclosed. Where audited financial statements are publicly available, it is recommended that the EITI Report advises readers on how to access this information.
- Include non-revenue information as per Requirement 2,3,5 and 6 and other information requested by the MSG.
- Provide a list, in accordance with the procedures agreed by the Administrator and the MSG, with the sources of the data disclosed. Where information is already being

systematically disclosed, the Administrator should clearly state where the information is publicly accessible.

- Include a gap analysis on systematic disclosure practices to date, highlighting next steps, costs and recommendations for embedding EITI into Government systems. The analysis should also identify weaknesses in the systematic disclosures and provide recommendations for addressing them where appropriate.
- Provide comments on the progress made regarding recommendations derived from previous EITI Reports, in terms of corrective actions and reforms.
- Include recommendations for strengthening regular, timely and comprehensive disclosures by government entities and companies in the future. The Administrator is encouraged to collaborate with the MSG in formulating such recommendations.

5.3 Complete the corresponding Summary Data Template (SDT), based on the information disclosed in the EITI Report. Once the SDT is reviewed and approved by the MSG, it should be submitted electronically to the International Secretariat, following the standardised reporting format.

5.4 Complete the Validation template, based on a technical review of information disclosed in the EITI Report. Once the template is reviewed and approved by the MSG, it should be submitted electronically to the International Secretariat by the TTEITI Secretariat.

5.5 Submit the draft EITI Report and the Summary Data Template for MSG approval. The draft Report should provide machine-readable files and/or code or tag EITI Reports and data files in an Open Data format using the Comma Separated Values or CSV file format.

4. TECHNICAL DETAILS OF THE REQUIREMENTS

I. Duration

The project will be executed over the period 2021 to 2024 during which time three reports will be completed:

Fiscal 2019: October 2019-September 2020

Fiscal 2020: October 2020-September 2021

Fiscal 2021: October 2021-September 2022

II. Administrative Arrangements – Reporting requirements and Time Schedule for deliverables

The Consultant shall prepare its reports and deliver them to the Steering Committee as follows:

- a. An Inception Report shall be submitted within two (4) weeks of the contract award and shall include the intended structure of the Report, a detailed table of contents and the implementation strategy.
- b. A draft report on the proposed Reporting Templates shall be submitted within five (5) weeks of the contract award for approval. The Steering Committee shall submit its comments within two (2) weeks of report receipt.
- c. A draft of the Report shall be submitted within eight (8) weeks of the contract award. The Steering Committee shall submit its comments within two (2) weeks of report receipt.
- d. The Report and the Report Summary shall be submitted within twelve (12) weeks of the contract award. The Report and the Report Summary shall take into account all comments made by the Steering Committee and shall be in both hard copy and soft copy form in the numbers described.
- e. The Consultant shall present the Report to the Steering Committee and also to a gathering of key stakeholders arranged by the Steering Committee and answer relevant questions that may arise. The Report shall be published simultaneously on the TTEITI Website.

The schedule of payments shall be as follows:

10% following contract signing
5% following delivery of the Inception Report
5% following delivery of the Draft EITI Report for fiscal 2019
10% following TTEITI SC's approval and publication of the EITI Report for fiscal 2019

10% following delivery of the Inception Report for fiscal 2020
10% following delivery of the Draft EITI Report for fiscal 2020
15% following TTEITI SC's approval and publication of EITI Report for fiscal 2020
10% following delivery of the Inception Report for fiscal 2021
10% following delivery of the Draft EITI Report for fiscal 2021
15% following TTEITI SC's approval and publication of EITI Report for fiscal 2021

III. Client's input and counterpart personnel

The Administrator will report to the TTEITI SC through the TTEITI Secretariat. The Administrator will be assisted by the TTEITI Secretariat in facilitating any logistical and administrative arrangements between the Administrator and the reporting companies and the Ministry of Energy and Energy Industries and the Board of Inland Revenue.

5. THE MINISTRY OF ENERGY AND ENERGY INDUSTRIES PROVISIONS

Annex 1 – Data Sheet on scope of services

Based on the Requirements outlined in the EITI Standard and the Trinidad and Tobago EITI Report 2017 (<http://www.tteiti.org.tt/explore-data/reports/>) the TTEITI SC proposes the following scope for the three EITI Reports:

2. The taxes and revenues to be covered in the EITI Reports (Requirement 4.1)⁸

Benefit stream	Commentary on work to be undertaken by the Administrator
Property Tax	

⁸ Guidance Note 13: on defining materiality, reporting thresholds and reporting entities, <https://eiti.org/document/guidance-note-on-defining-materiality-reporting-thresholds-reporting-entities>

Supplemental Petroleum Tax (SPT)	All upstream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.
Petroleum Profits Tax (PPT)	All upstream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.
Unemployment Levy (UL)	All upstream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.
Corporation Tax (CT)	All upstream & mid stream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.
Green Fund Levy	All upstream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.
Business Levy	All upstream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.
Withholding Tax (WHT) on dividends	All upstream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.
Withholding Tax (WHT) on branch profits remitted or deemed remitted to head office	All upstream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.
Insurance Premium Tax	All upstream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.
Royalty	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.
Minimum rent – E&P	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.
Annual license acreage payments	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.
Petroleum Production Levy	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.
Petroleum impost	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.
Production Sharing Contract (PSC) share of profits	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.
PSC signature bonuses	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.

PSC bidding fees	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.
PSC Tax Settlement	The Ministry of Energy and Energy Industries pay this to the Inland Revenue Division of the Ministry of Finance.
Other payments under PSCs Specific payments were identified by the TTEITI Steering Committee, namely: <ul style="list-style-type: none"> • Production bonuses • Training Fees • R&D Fees • Administration Fees • Abandonment Provision – Payments into Environmental Escrow Account • PSCs Holding Fee • Technical assistance • Scholarships 	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.
Dividends paid by State-owned companies	Payments made by State-Owned Companies to the Investment Division of the Ministry of Finance.
Social expenditure and infrastructure payments	All participating companies must declare these payments.
Payments in kind	All participating companies must declare payments in kind made to or received by the Government or State-Owned entities.
Transportation Revenue	The Government and State-owned enterprises are required to disclose revenues received from the transportation of oil and gas.

3. List of reporting entities (oil, gas and mining companies and government agencies) (Requirement 4.1 (c))

The following is a list of participating Extractive Companies operating in Trinidad and Tobago:

No	Name of Company (Oil and Gas Sector)
1	Amoco Trinidad Gas BV Trinidad Branch
2	BG International Limited
3	Shell Trinidad 5(a) Limited

<u>4</u>	<u>ShellTrinidad and Tobago Limited</u>
<u>5</u>	<u>ShellTrinidad Central Block Limited</u>
<u>6</u>	<u>BHP Billiton (Trinidad-2C) Limited</u>
<u>7</u>	<u>BHP Billiton (Trinidad-3-A) Limited</u>
<u>8</u>	<u>BHP Billiton Petroleum (Trinidad Block 14) Limited</u>
<u>9</u>	<u>BHP Billiton Petroleum (Trinidad Block 23A) Limited</u>
<u>10</u>	<u>BHP Billiton Petroleum (Trinidad Block 23B) Limited</u>
<u>11</u>	<u>BHP Billiton Petroleum (Trinidad Block 28) Limited</u>
<u>12</u>	<u>BHP Billiton Petroleum (Trinidad Block 29) Limited</u>
<u>13</u>	<u>BHP Billiton Petroleum (Trinidad Block 3) Limited</u>
<u>14</u>	<u>BHP Billiton Petroleum (Trinidad Block 5) Limited</u>
<u>15</u>	<u>BHP Billiton Petroleum (Trinidad Block 6) Limited</u>
<u>16</u>	<u>BHP Billiton Petroleum (Trinidad Block 7) Limited</u>
<u>17</u>	<u>BP Exploration Operating Co Ltd Trinidad Branch</u>
<u>18</u>	<u>BP Trinidad and Tobago LLC</u>
<u>19</u>	<u>BP Trinidad Processing Limited</u>
<u>20</u>	<u>Touchstone Exploration (Trinidad) Ltd</u>
<u>21</u>	<u>Trinidad and Tobago LNG Limited</u>
<u>22</u>	<u>Trinity Exploration and Production (Galeota) Limited</u>
<u>23</u>	<u>Trinity Exploration and Production (Trinidad and Tobago) Limited</u>
<u>24</u>	<u>De Novo Energy Block 1 A Limited</u>
<u>25</u>	<u>Centrica (Horne & Wren) (BLK1a)</u>
<u>26</u>	<u>EOG Resources Trinidad 4(A) Unlimited</u>
<u>27</u>	<u>EOG Resources Trinidad Limited</u>
<u>28</u>	<u>EOG Resources Trinidad- U(A) Block Limited</u>
<u>29</u>	<u>EOG Resources Trinidad U(B) Block Unlimited</u>
<u>30</u>	<u>Lease Operators Limited</u>

<u>31</u>	<u>National Gas Company of Trinidad and Tobago Limited</u>
<u>32</u>	<u>NGC E&P Investments (Netherlands) B.V.</u>
<u>33</u>	<u>NGC Pipeline Company Limited</u>
<u>34</u>	<u>Oilbelt Services Limited</u>

<u>35</u>	<u>Perenco T&T Limited</u>
<u>36</u>	<u>Heritage Petroleum Company Limited⁹</u>
<u>37</u>	<u>Primera Oil and Gas Limited</u>
<u>38</u>	<u>PT.Fortin LNG Exports Ltd.</u>

⁹ Other companies partnering with Heritage will sign on to the initiative

<u>39</u>	<u>Repsol Angostura Ltd</u>
<u>40</u>	<u>Shell T&T Resources SRL</u>
<u>41</u>	<u>Shell Trinidad Block E Limited</u>

The following is a list of participating Government Ministries in Trinidad and Tobago:

No.	Name of Ministry/State Agency
1	Ministry of Energy and Energy Industries
2	Ministry of Finance -Inland Revenue Division -Investment Division

The following is a list of participating Mining Companies in Trinidad and Tobago:

No.	Name of Mining Companies
<u>1</u>	<u>National Quarries Companies Limited</u>
<u>2</u>	<u>Lake Asphalt of Trinidad and Tobago (1978) Limited</u>
<u>3</u>	<u>Trinidad Cement Limited</u>
<u>4</u>	<u>F.W. Hickson</u>
<u>5</u>	<u>Hermitage Limestone Limited</u>

4. Additional commentary on scope

The materiality and inclusion of sub-national payments (Requirement 4.6) ¹⁰	Companies must disclose any direct payments made to sub-national levels of government (e.g. regional corporations etc.). In addition, some governments also have formal or informal revenue sharing mechanisms that stipulate that a share of revenues collected by the central government from the extractive sector is transferred to sub-national government entities. Any such payments must be disclosed by the Government. https://eiti.org/document/guidance-note-on-subnational-reporting
The disclosure and reconciliation of payments to and from state-owned enterprises (Requirement 4.5) ¹¹	Material payments made by extractive companies to state-owned enterprises must be disclosed. Transfers between the Government and state-owned agencies must also be disclosed.
The materiality and inclusion of sub-national transfers in accordance with Requirement 5.2 ¹²	Any material transfers between national and sub-national government entities which are collected from extractive industries and are mandated by national constitution, statute or other revenue sharing mechanism, must be disclosed. https://eiti.org/document/guidance-note-on-subnational-reporting

¹⁰ Guidance Note 10: Sub-national reporting, <https://eiti.org/document/guidance-note-on-subnational-reporting>

¹¹ Guidance Note 18: SOE participation in EITI Reporting, <https://eiti.org/GN18>

¹² Guidance Note 10: Sub-national reporting, <https://eiti.org/document/guidance-note-on-subnational-reporting>

Annex 2 – Supporting documentation

Documentation on governance arrangements and tax policies in the extractive industries, including relevant legislation & regulations

- Corporation Tax Act
- Income Tax Act
- Miscellaneous Taxes Act
- Petroleum Taxes Act
- Petroleum Act
- Petroleum Production Levy and Subsidy Act

EITI work plans & other documents

- TTEITI Work plan 2019-2020 (<https://sway.office.com/s/jvvaHcdHwSXZwLPA/embed>)
- Findings from preliminary scoping work – [click here](#)
- Previous EITI Reports (<http://www.tteiti.org.tt/explore-data/reports/>)
- Trinidad and Tobago EITI Reports 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018

Commentary on previous EITI Reports

Validation Reports

- Trinidad and Tobago Validation Report 2018
(https://eiti.org/files/documents/trinidad_and_tobago_final_validation_report.pdf)

Other relevant documentation (e.g. Annual Activity Reports)

- TTEITI Annual Activity Report 2017
(<http://www.tteiti.org.tt/wp-content/uploads/Annual-Activity-Report-2017.pdf> /)

6. MINIMUM QUALIFICATIONS OF THE PROPONENT

The Consultant may be a local or foreign national or firm, or a joint venture between local and foreign nationals or firms, with a reputation that is perceived as independent of and immune from influence by GoRTT and/or the Companies. Bidders must follow (and show how they will apply) the appropriate professional standards for the reconciliation work in preparing their report.

Bidders shall demonstrate:

- Expertise and experience in the oil, gas and mining sectors in T&T, as well as adequate knowledge of the upstream petroleum sector, taxation and public and private accounting in T&T.
- Expertise in accounting, auditing and financial analysis.
- A track record in similar work. Previous experience in EITI reporting is not required, but would be advantageous.

In order to ensure the quality and independence of the exercise, bidders are required, in their proposals, to disclose any actual or potential conflicts of interest, together with commentary on how any such conflict can be avoided.

The Consultant shall provide evidence of the necessary numbers, certification and experience of personnel who will be made available to perform all collecting, testing and compilation in accordance with accepted professional standards, the requirements of this RFP and the EITI Standard.

SECTION 1 - CONTEXT

With respect to materiality, the **EITI Standard 2019** requires:

Requirement 4: Revenue Collection

An understanding of company payments and government revenues can inform public debate about the governance of the extractive industries. The EITI requires a comprehensive disclosure of company payments and Government revenues from the extractive industries. The EITI requirements related to revenue collection include: (4.1) comprehensive disclosure of taxes and revenues.

In seeking to satisfy these requirements, the MSG Steering Committee has agreed the following approach as outlined in this document.

In the Republic of Trinidad and Tobago (T&T), each sector of the extractive industries is governed by specific legislation. These various pieces of legislation outline the payments (flows) to be made to the Government of the Republic of Trinidad and Tobago (GORTT). Based on a comprehensive review of legislation together with discussions among MSG Steering Committee members, **the MSG Steering Committee (SC) is satisfied that it has developed a clear understanding of the flows in the extractive sectors that should be given consideration for inclusion on the EITI Reporting Templates. These flows account for all the payments extractive companies are required to pay based on the terms of their contracts, legislation and regulations specific to the extractive sectors.**

SECTION 2 - FLOWS CONSIDERED AND DECISIONS ON INCLUSION

The following outlines all the flows that the MSG considered together with their decisions on what should be included:

KEY			
INCLUDED AND RECONCILED in Report #8		INCLUDED, DISCLOSED BUT not Reconciled in Report #8	NOT INCLUDED in Report #8
ID	Flows	Discussions and Considerations	
1	Royalty for Gas and Crude	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed also MATERIAL for the 8 th TTEITI Report. This represents payments to the Government by the petroleum companies for the extraction of hydrocarbons won and saved. Royalty rate: 12.5%	
2	Minimum Rent E&P (Surface rental fees)	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed also MATERIAL for the 8 th TTEITI Report. This payment is a contractual obligation required to maintain license entitlement.	
3	PSC Minimum Hectare Payment (Annual/Hectare License Acreage payments)	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed also MATERIAL for the 8 th TTEITI Report.	

4	PSC Share of Profits	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed also MATERIAL for the 8 th TTEITI Report.
5	Petroleum Impost	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. This is used to cover the cost of the public administration of the petroleum industry (by the MEEI). Rate specified in a Legal Notice published annually and is based on the formula prescribed in the Petroleum Act.
6	Petroleum Production Levy	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. Provides for the subsidization of petroleum products that are sold to the domestic market. The lower of: 4% of gross income from crude oil and condensate or $\frac{PI \times S}{PT}$ Where: PI = production of petroleum by the production business in Trinidad and Tobago for the preceding month S = total subsidy to be paid to marketing businesses in T&T PT = Total production of petroleum by all persons carrying on business in T&T for the preceding month
7	Other payments under PSC - Training Fees	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report.
8	Other payments under PSCs - R&D Fees	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report.
9	Other payments under PSCs - Administration Fees	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report.
10	Petroleum Profits Tax (PPT)	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report.
11	Supplemental Petroleum Tax (SPT)	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. This tax is deemed material since it is regarded as a “windfall tax” that is imposed on revenue generated from production of crude oil and condensate net of royalty.
12	Unemployment Levy	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed also MATERIAL for the 8 th TTEITI Report.
13	Green Fund Levy	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. For the 8 th TTEITI Report, five mining companies agreed to participate in an EITI reporting pilot and Green Fund Levy from those firms are also to be reconciled.
14	Withholding Tax on Dividends	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. For the 8 th TTEITI Report, five mining companies agreed to participate in an EITI reporting pilot and Withholding Tax on Dividends from those firms are also to be reconciled.
15	Withholding Tax on Branch Profits Deemed Remittance	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. For the 8 th TTEITI Report, five mining companies agreed to participate in an EITI reporting pilot and Withholding Tax on Branch Profits Deemed Remittance from those firms are also to be reconciled.
16	Dividends (paid by NGC and PETROTRIN)	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report.
17	Insurance Premium Tax for Foreign Policies	Deemed to be relevant and material for the 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. For the 8 th TTEITI Report, five mining companies agreed to participate in an EITI reporting pilot and Insurance Premium Tax for Foreign Policies from those firms are also to be reconciled.

18	Corporation Tax	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. For the 8 th TTEITI Report, five mining companies agreed to participate in EITI reporting and Corporation Tax from those firms are also to be reconciled.
19	Business Levy	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. For the 8 th TTEITI Report, five mining companies agreed to participate in an EITI reporting pilot and Business Levy from those firms are also to be reconciled.
20	Signature Bonuses	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report.
21	Bidding Fees	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report.
22	Production bonuses	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report.
23	Abandonment Provision – Payments into Environmental Escrow Account	Based on the recommendations of the Administrator from the 1 st TTEITI Report, the TSC (Meeting held on October 31 st , 2013) and later the SC (Meeting held on December 19, 2013) agreed to add a column stating payments held in escrow and government is to disclose its receipts into the escrow account.
24	Fees for assignment of PSCs	Based on the recommendations of the Administrator from the 1 st TTEITI Report, the TSC (Meeting held on October, 31 st 2013) and later the SC (Meeting held on December 19, 2013) agreed to include this revenue flow in future reports under the category “Other Fees”
25	PSCs Holding Fee	Based on the recommendations of the Administrator from the 1 st TTEITI Report, the TSC (Meeting held on October 31 st , 2013) and later the SC (Meeting held on December 19, 2013) agreed to include this revenue flow in future reports under the category “Other Fees”
26	Payments in-kind Flows	Based on the recommendations of the Administrator from the 1 st TTEITI Report, the TSC (Meeting held on October 31 st , 2013) and later the SC (Meeting held on December 19, 2013) “agreed to include in kind flows in EITI reporting, noting that the Administrator needs to fully explain his expectations of companies filling the template”. At TSC (Meeting held on April 10, 2014) it was recommended that in-kind flows must be disclosed by all companies. The reporting template for the 7th TTEITI Report was amended to clarify how companies should report on these flows.
27	PSC Tax Settlements	Based on the recommendations of the Administrator from the 3 rd TTEITI Report, the TSC (Meeting held on July 21, 2016) and later the SC (Meeting held on August 21, 2016) agreed to reconcile the amounts paid by the MEEI to MOF-IRD on behalf of their PSC partners with receipts declared by MOF-IRD for payments due from parties to PSCs.
28	Social Payments	The SC agreed to the following definition of Social Payments/Expenditure at the 55 th SC meeting on May 21, 2015: <i>Social payments/expenditure is the provision by public and private extractive sector and related companies of benefits to and financial contributions targeted at communities, civil society organizations, households and individuals. Such benefits can be cash transfers or direct (in-kind) provision of goods and services but shall exclude advertising and/or promotional costs related to the expenditure.</i>
29	Transportation Revenue	Deemed necessary to be reported with consideration RE: NGC, Petrotrin and Heritage Petroleum Company Limited and the utilization of their pipelines.
30	Infrastructure Provision	Deemed relevant to be included but not reconciled.
31	Withholding Tax on Loan Interest	Based on the recommendations of the Administrator from the 1 st TTEITI Report, the TSC (Meeting held on October 31 st , 2013) and later the SC (Meeting held on December 19, 2013) agreed to EXCLUDE this revenue flow in future reports. The TSC reviewed this decision at the 57 th TSC meeting held on August 19 th , 2020 and maintained its position to exclude the flow in future reports.
32	Royalty for minerals	Discussed and agreed by the SC that Minerals and all revenue streams for minerals under The Minerals Act would be EXCLUDED in the 1 st , 2 nd and 3 rd TTEITI Reports. The SC (Meeting held on June 16, 2016) also agreed that Minerals and all revenue streams for minerals under The Minerals Act would be only included in the 4 th TTEITI Report as part of a mining pilot

		study to help inform full engagement of the mining sector in future reports. For the 8 th TTEITI Report, five mining companies agreed to participate in an EITI reporting pilot and royalty payments from those firms would be reconciled.
33	Working Interest & Overriding Royalty Interest to State Companies	This is specifically related to Petrotrin and Heritage Petroleum Limited and its lease out/farm out operators. It was not included in the 1 st TTEITI Report, 2 nd TTEITI Report, 3 rd TTEITI Report, 4 th TTEITI Report, 5 th TTEITI Report, 6 th TTEITI Report and 7 th TTEITI Report as it is not paid to government, but is a source of income for Petrotrin and Heritage Petroleum Limited to cover the operators' usage of Petrotrin's and Heritage Petroleum Limited's license area. The TSC reviewed this decision at the 57 th TSC meeting held on August 19 th , 2020 and agreed to continue to EXCLUDE this revenue flow for the 7 th TTEITI Report. This flow will again be excluded for the 8 th TTEITI Report.
34	Pay-As-You-Earn (PAYE)	PAYE was discussed by TSC, who concluded that the payment was actually an employee payment, not a company payment. Further, reconciliation of this would require access to thousands of confidential employee tax files which in itself is impractical. As such PAYE was deemed not to be relevant and as such was not included in the 4 th , 5 th , 6 th and 7 th TTEITI Report and will not be included in the 8 th TTEITI Report as well. The TSC reviewed this decision at the 74 th TSC meeting held on January 19 th , 2022 and maintained its position.
35	Import Duties	Import Duties was discussed by the TSC, who concluded that most companies made application annually and received duty free licenses , such that imports of plant and equipment required for their operations would be exempt from import duties. While there may be some items that would attract import duties, consumables do not and for the most part would be immaterial. As such Import Duties was deemed not to be relevant and as such was not included in the 4 th , 5 th , 6 th and 7 th TTEITI Report and will not be included in the 8 th TTEITI Report as well. The TSC reviewed this decision at the 74 th TSC meeting held on January 19 th , 2022 and maintained its position.

SECTION 3 – FLOWS TO BE CONSIDERED IN THE CALCULATION OF MATERIALITY based on the share of extractives revenue that they represent

Of these **thirty-five (35) flows** considered above, the MSG SC deemed 30 of them to be **relevant** for inclusion in the templates (27 to be reconciled, 3 to be reported but not reconciled) for **completeness** and their **importance from the perspective of public interest**. The remaining 5 were not considered relevant for inclusion in the 2019-2020 report. There are however **twenty-one (21) flows** that the Steering Committee deemed material to **form the basis of the calculation of the materiality threshold**.

These **twenty-one (21) flows** represent the largest flows to the respective collecting agencies and are listed below:

<p>Ministry of Energy & Energy Industries</p> <ol style="list-style-type: none"> 1. Royalty for Gas and Crude 2. Minimum Rent 3. PSC Minimum Hectare Payment 4. Share of Profit 5. Petroleum Levy 6. Petroleum Impost 7. Financial Obligations – Admin 8. Financial Obligations – R&D 9. Financial Obligations – Training 10. Financial Obligations – PSC Holding Fee 11. Financial Obligations – Production Bonus
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Ministry of Finance Board of Inland Revenue

12. Petroleum Profits Tax
13. Supplemental Petroleum Tax
14. Unemployment Levy
15. Corporation Tax
16. Green Fund Levy
17. Business Levy
18. Withholding Tax on Dividends
19. Withholding Tax on Branch Profits
20. Insurance Premium Tax on Foreign Policies

Ministry of Finance Investments Division

21. Dividends

3.1 Share of Total Revenues for Extractive Industries that each revenue stream represents

The revenues in the extractives industries are received through four agencies as follows:

1. **The Ministry of Energy and Energy Industries**
2. **The Ministry of Finance - Board of Inland Revenue**
3. **The Ministry of Finance - Investments Division**

As such, each of these has been considered separately as outlined below. Further, Petrotrin and Heritage Petroleum Limited, the state-owned Oil Company enters into individual arrangements known as Lease Out/Farm Out (LOFOs). This regime is described in its entirety in section 6 below and these streams have also been considered separately in determining materiality.

4. **Petroleum Company of Trinidad and Tobago (Petrotrin) and Heritage Petroleum Limited – Lease Out/Farm Outs**

SECTION 4 – MINISTRY OF ENERGY AND ENERGY INDUSTRIES (MEEI)

As outlined in Section 3 above, the following 11 flows to the MEEI have been used to determine materiality based on the share of total revenue that they represent to the MEEI. The 11 flows listed represent **100%** of the revenue paid by extractive companies to MEEI in Fiscal 2019.

- 1 Royalty for Gas and Crude
- 2 Minimum Rent E&P
- 3 PSC Minimum Hectare Payment
- 4 Share of Profit
- 5 Petroleum Impost
- 6 Petroleum Levy
- 7 Financial Obligations – Admin

- 8 Financial Obligations – R&D
- 9 Financial Obligations – Training
- 10 Financial Obligations – PSC Holding Fee
- 11 Financial Obligations – Production Bonus

Fiscal 2019 Payments to

Ministry of Energy and Energy Industries (MEEI)

ID	Revenue Stream	Total Revenue (Fiscal 2019)	Share of Total Revenue (Fiscal 2019)
1	Royalty	3,244,040,727.25	53.56%
2	Minimum Rent - E&P	25,730,014.76	0.42%
3	PSC Minimum Hectare Payments	53,996,716.49	0.89%
4	PSC Share of Profits	2,239,133,323.47	36.97%
5	Petroleum Levy	201,286,832.28	3.32%
6	Petroleum Impost	70,695,258.57	1.17%
7.8.9.10.11	Other PSC Payments	198,812,962.40	3.28%
	Subtotal	6,033,695,835.22	99.62%
	Other (Signature Bonus and PSC Bidding Fees)	22,800,176.82	0.38%
	TOTAL	6,056,496,012.02	100.00%

SECTION 5 – MINISTRY OF FINANCE – BOARD OF INLAND REVENUE (BIR)

As outlined in Section 3 above, the following nine (9) flows to the MOF - BOIR have been used to determine materiality based on the share of total revenue that they represent to BOIR. The nine flows listed represent **100%** of the revenue reported paid

by extractives to MOF - BOIR in Fiscal 2019 to the Petroleum and Large Taxpayers' Business Unit which collects revenue from the extractives sector.

- 12 Petroleum Profits Tax
- 13 Supplemental Petroleum Tax
- 14 Unemployment Levy
- 15 Corporation Tax
- 16 Green Fund Levy
- 17 Business Levy
- 18 Withholding Tax on Dividends
- 19 Withholding Tax on Branch Profits
- 20 Insurance Premium Tax

Payments to Ministry of Finance (MOF) – Inland Revenue Division (Fiscal 2019)

Revenue Stream	Total Revenue	Share of Total Revenue
Petroleum Profits Tax	\$2,201,664,246.29	47.12%
Supplemental Petroleum Tax	\$1,009,126,170.04	21.60%
Unemployment Levy	\$313,647,547.21	6.71%
Corporation Tax	\$799,651,998.33	17.11%
Green Fund Levy	\$147,921,367.77	3.17%
Business Levy	\$11,888,601.41	0.25%

Withholding Tax on Dividends	\$48,095,958.26	1.03%
Withholding Tax on Branch Profits	\$135,803,608.69	2.91%
Interests and Penalties	\$1,904,410.96	0.04%
Insurance Premium Tax	\$2,729,286.86	0.06%
TOTAL	\$4,672,433,195.82	100%

SECTION 6 – MINISTRY OF FINANCE – INVESTMENTS DIVISION (INV. DIV.)

As outlined in Section 3 above, the following one (1) flow to the MOF – Inv. Div. has been used to determine materiality based on the share of total revenue that it represents to MOF – Inv. Div. This flow is in fact the only flow, representing **100.00%** of the revenue paid by extractives to MOF – Inv. Div. in Fiscal 2019.

21 Dividends

Payments to Ministry of Finance (MOF) – Investments Division – (Fiscal 2019)

Revenue Stream	Total Revenue	Share of Total Revenue
Dividends	\$192,940,990.00	100%
TOTAL	\$192,940,990.00	100%

***Note:** Dividends to the Investments Division represent dividends declared and paid by locally incorporated state enterprises whose single shareholder is the government. There are only two such organisations, Petroleum Company of Trinidad and Tobago (Petrotrin) / Heritage Petroleum Company Limited and National Gas Company (NGC). For 2019, only NGC declared

and paid a dividend to its shareholder (The Government) and this amount is the total amount paid therefore representing 100% of this flow.

SECTION 6 – PETROTRIN & HERITAGE PETROLEUM COMPANY LIMITED LEASE OUT/FARM OUTS (LOFO)

The Lease Out/Farm Out arrangement with Petrotrin and Heritage Petroleum is outlined in the documents below. It is important to note that Government took the decision to restructure Petrotrin in 2018 and the company reported for only two months of fiscal 2019. After the restructuring, Heritage Petroleum Company Limited was responsible for the company's upstream portfolio. With respect to the flows, the payments made by the LOFOs include:

- **Productive Royalty – Remitted to MEEI by Petrotrin and Heritage Petroleum Limited (reported in Petrotrin templates and Heritage Petroleum Limited)**
- **Petroleum Production Levy– Remitted to MEEI by Petrotrin and Heritage Petroleum Limited (reported in Petrotrin templates and Heritage Petroleum Limited)**
- **Oil Impost – Remitted to MEEI by Petrotrin and Heritage Petroleum Limited (reported in Petrotrin and Heritage Petroleum Limited templates)**
- **Overriding Royalty – Retained by Petrotrin and Heritage Petroleum Limited (not reported in Petrotrin and Heritage Petroleum Limited templates)**
- **User Cost – Retained by Petrotrin and Heritage Petroleum Limited (not reported in Petrotrin and Heritage Petroleum Limited templates)**

In both LO and FO the operators are responsible for their own payments of the **Supplemental Petroleum Tax (SPT)** and **Petroleum Profits Tax (PPT)** to the BIR.



PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED
FINANCE DEPARTMENT
FILE NOTE – LEASE, FARMOUT AND IPSC OPERATORS

Purpose

This Note is provided for the citizens of Trinidad and Tobago to understand the financial arrangements that existed between Petroleum Company of Trinidad and Tobago Limited (Petrotrin) and its Lease, Farmout and Incremental Production Service Contracts (IPSC) Operators (LOFOSC) for the period 2018 October 01 to 2018 November 30. It will be disclosed in the Trinidad and Tobago Extractive Industries Transparency Initiative (TTEITI) Report for the period 2018 October 01 to 2018 November 30.

Background

The Lease Operatorship Programme has been in existence for the past thirty (30) years. The Programme involves the re-activation of idle wells within a defined geographic area (Lease Blocks) and the drilling of replacement and infill wells, subject to Petrotrin's approval of any drilling to be undertaken. The Programme was developed to encourage small Operators to work in Blocks where it was uneconomic for Petrotrin to operate given its cost and operations structure. As at 2018 November 30 there were twenty-four (24) Lease Operatorship (LO) Blocks, managed by fourteen (14) Lease Operators. For the period 2018 October 01 to 2018 November 30 production from Lease Operators averaged 6,885 bopd.

In the Farmout programme, Petrotrin farms out idle acreage to small Operators to explore, drill and produce. As at 2018 November 30 there were a total of eight (8) Farmout Operators for the ten (10) Blocks under this arrangement. For the period 2018 October 01 to 2018 November 30, production from Farmout operators averaged 529 bopd.

The other type of arrangement that falls under LOFOSC is the Incremental Production Service Contract (IPSC). As at 2018 November 30 there were five (5) blocks contracted to five (5) Operators. The main difference between this arrangement and the Lease Operator is that in some IPSC's Petrotrin handed over active wells and production. This production is called the first tranche oil for which Petrotrin pays a handling fee to the Operator. Production in excess of this first tranche oil is sold to Petrotrin. For the period 2018 October 01 to 2018 November 30, production from IPSC averaged 1,000 bopd.

In all instances the LOFOIPSC's produce crude oil which is defined as "indigenous" crude for the refinery. All crude oil produced by the Operators is purchased by Petrotrin. All the production is fiscalized at the respective tank farms and Petrotrin is responsible for reporting on Production by Blocks to the Ministry of Energy and Energy Industries (MEEI). Production from the LOFOIPSC Blocks produced an average of approximately 8,414 bopd for the period 2018 October 01 to 2018 November 30.

Major Fees paid by the Operators

The arrangement is managed by a Lease or a Farmout Agreement or IPSC. In accordance with the contract, the market value of the crude oil delivered is equal to the price of the Petrotrin equity land blend crude excluding Guapo. The Operators fee is made up of the market value of crude oil times the production barrels (sales receipts) and the following are the deductions which are offset from this revenue and the net amount is paid to the Operators:

2/..

- Royalty: which can either be State / Government royalty, Private royalties or freehold lessors royalty, depending on the leases from which the production is derived.
- Petroleum Production Levy: this represents the levy for the LOFOSC's proportionate share of the field production. Any levy due is remitted by Petrotrin directly to the MEEI.
- Oil Impost: a tax on oil producers for their proportionate share of the annual operating cost of the MEEI - remitted to MEEI.
- Overriding Royalty: This is negotiated and can be defined as Petrotrin's revenue stream from the Block. Petrotrin benefits from an Overriding Royalty (ORR) fee paid by the Operator for each barrel oil equivalent produced. The ORR is based on gross revenue and bears no relation to cost of production. ORR rates are negotiated rates based on tiered oil prices and scaled according to production levels. The Operators are given incentives to drill and produce additional oil; hence for the first two (2) years of drilling a successful well, reduced ORR percentages are paid on that well's production.
- Lease Operators pay a User Fee to cover services provided by Petrotrin that include, *inter alia*, electricity, compilation of production data for MEEI, laboratory analysis of samples, review of well programmes and general administration costs associated with these activities. This fee is retained by Petrotrin as reimbursement of its costs.
- Farmout Operators are charged a Transportation and Handling Fee.
- IPSCs are charged a Facilitation Fee.

Other fees paid by the Operators

In addition to the deductions noted above the LOFOSC are also required to pay a proportionate share of the respective Head Licence fees as outlined under the financial obligations provision of the License. In the case of the Lease Operators and IPSCs, the Operator's share of Head Licence fee is determined by their proportionate share of the total production times the fees paid for the respective year. For the Farmout Operators the amount is prorated based on acreage. The total Head Licence fee is remitted to the MEEI by Petrotrin who in turn invoice the respective Lease Operators annually for their proportionate share.

LOFOSCs are responsible for their own payments of the Supplemental Petroleum Taxes (SPT) as well the Petroleum Profits Tax (PPT) to the Board of Inland Revenue (BIR). Lease Operatorships and IPSCs operate wells but are not assigned acreage and as a result are not allowed to book reserves while Farmout Operators are given acreage and have title to the reserves. With respect to the payments made to the MEEI, except for the basis on which the calculations are effected particularly in respect of the land licence fees, there is no major difference in the treatment and the payment processing.



Daren Lal
Finance Manager

(Attach)

2019 TTEITI FILE NOTE – LEASE OPERATORSHIP, FARMOUT AND INCREMENTAL PRODUCTION SERVICE CONTRACT OPERATORS

Purpose

This Note is provided for the citizens of Trinidad and Tobago to understand the commercial arrangements that existed between Heritage Petroleum Company Limited (Heritage) and its Lease Operatorship, Farmout and Incremental Production Service Contracts (LOFOSC) Operators for the period 1st December 2018 to 30th September 2019. It will be disclosed in the Trinidad and Tobago Extractive Industries Transparency Initiative (TTEITI) Report for the period 1st October 2018 to 30th September 2019.

Background

Heritage is entitled to by virtue of certain Exploration and Production (Public Petroleum Rights) Licences granted by the Ministry of Energy and Energy Industries (MEEI) to search and bore for, and get Petroleum lying in or under the lands described in those title documents throughout various locations within the southern part of onshore Trinidad. The LOFOSC programmes are sub-licence arrangements with varying contractual and commercial characteristics, as more clearly explained below.

The Lease Operatorship programme has been in existence for the past thirty (30) years, initiated by Petroleum Company of Trinidad and Tobago Limited (Petrotrin). The programme involves the reactivation of idle wells within a defined geographic area (Lease Blocks), the recompletion of existing wells and the drilling of replacement and infill wells, subject to Heritage's approval of any drilling to be undertaken. The programme was developed to encourage smaller scale Operators to work in defined geographic locations within Heritage's licensed acreage, called "Blocks" where it was previously uneconomic for Petrotrin to operate given the associated cost and operations structure. For the financial year ended 30th September 2019 there were twenty-four (24) Lease Operatorship Blocks, managed by eleven (11) Operators. For the period 1st December 2018 to 30th September 2019 production from the Lease Operatorship averaged **6,707** bopd.

In the Farmout programme, Petrotrin leased out idle acreage to Operators to explore, drill and produce. For the financial year ended 30th September 2019 there were a total of eight (8) Operators for the ten (10) Farmout Blocks under this type of arrangement. For the period 1st December 2018 to 30th September 2019 production from Farmout averaged **474** bopd.

The other type of arrangement that falls under LOFOSC is the Incremental Production Service Contract (IPSC). This contract model involves the reactivation of idle wells, recompletion of wells and the drilling of exploration and development wells. For the financial year ended 30th September 2019 there were five (5) IPSC Blocks contracted to five (5) Operators. The main

2019 TTEITI FILE NOTE – LEASE OPERATORSHIP, FARMOUT AND INCREMENTAL PRODUCTION SERVICE CONTRACT OPERATORS

difference between this arrangement and the Lease Operatorship is that in some IPSC's active wells and production were handed over to the Operator. This production is called the First Tranche oil for which Heritage pays a Handling Fee to the Operator. Production in excess of this First Tranche oil is sold to Heritage. For the period 1st December 2018 to 30th September 2019 production from IPSC Operators averaged **824** bopd.

All crude oil produced by the Operators is purchased by Heritage. All the production is fiscalized at the respective Gathering Stations and Heritage is responsible for reporting on Production by Blocks to the MEEI. Production from the LOFOSC Blocks produced an average of approximately **8,005** bopd for the period 1st December 2018 to 30th September 2019.

Lease Operatorships and IPSCs operate wells but are not assigned acreage and as a result are not allowed to book reserves while Farmout Operators are given exclusive possession to acreage within the Block and may book the reserves.

Major Fees paid by the Operators

The obligation is managed by a Lease Operatorship or a Farmout Agreement or IPSC. In accordance with the respective contract, the market value of the crude oil delivered is equal to the price of the Heritage equity land blend crude excluding Guapo. The Operator's fee is made up of the market value of crude oil times the production barrels (sales receipts) and the following are the deductions which are offset from this revenue and the net amount is paid to the Operators:

- Royalty: which can either be State / Government royalty, Private royalties or freehold lessors royalty, depending on the leases from which the production is derived.
- Oil Impost: a tax on oil producers for their proportionate share of the annual operating cost of the MEEI - remitted to MEEI.
- Escrow Fee: deduction per barrel of oil for future abandonment liabilities which is remitted by Heritage directly to the MEEI.
- Overriding Royalty: This is negotiated and can be defined as Heritage's revenue stream from the Block. Heritage benefits from an Overriding Royalty (ORR) fee paid by the Operator for each barrel of oil equivalent produced. The ORR is based on gross revenue and bears no relation to cost of production. ORR rates are negotiated rates based on tiered oil prices and scaled according to production levels. In the Lease Operatorship, Operators are given incentives to drill and produce additional oil; hence for the first two (2) years of drilling a successful well, reduced ORR percentages are paid on that well's production.
- Lease Operatorship Operators pay a User Fee to cover services provided by Heritage that include, *inter alia*, electricity, compilation of production data for MEEI, laboratory analysis of samples, review of well programmes and general administration costs associated with these

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2019 TTEITI FILE NOTE – LEASE OPERATORSHIP, FARMOUT AND INCREMENTAL PRODUCTION SERVICE CONTRACT OPERATORS

activities. This fee is retained by Heritage as reimbursement of its costs.

- Farmout Operators are charged a Transportation and Handling Fee.
- IPSCs are charged a Facilitation Fee.

Other fees paid by the Operators

In addition to the deductions noted above, the LOFOSC are also required to pay a proportionate share of the respective Head Licence fees of the respective Exploration and Production (Public Petroleum Rights) Licence as outlined under the financial obligations provision of same. In the case of the Lease Operatorship and IPSCs, the Operator's share of Head Licence fee is determined by their proportionate share of the total production times the fees paid for the respective year. For the Farmout Operators the amount is prorated based on acreage. The total Head Licence fee is remitted to the MEEI by Heritage who in turn invoice the respective Operators annually for their proportionate share.

LOFOSC Operators are responsible for their own payments of the Supplemental Petroleum Taxes (SPT), the Petroleum Profits Tax (PPT) as well as the Petroleum Production Levy (PPL) to the Board of Inland Revenue (BIR).

With respect to the payments made to the MEEI, except for the basis on which the calculations are effected particularly in respect of the land licence fees, there is no major difference in the treatment and the payment processing.

Appendix I, II and III provides detailed deductions and payments for the LO, FO and IPSC blocks respectively.

Prepared by

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Mukesh Samlal
Alliance and Contracts Manager

SECTION 7 – CALCULATION OF MATERIALITY THRESHOLD

Threshold for Company Disclosure vs. Full Company Disclosure

In determining whether a threshold for company disclosure was necessary rather than **full company disclosure**¹, the MSG Steering Committee has given due consideration to the fact that the sector is made up of a number of large operators whose total payments accounted for more than 98% of total revenue for Fiscal years 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018. In 2019, the total payments account for 99.7% of total revenue. Given that the remaining 0.3% consists of a large number of small companies, it was deemed unfeasible to use full company disclosure. Further, at present, the EITI process in Trinidad and Tobago is a voluntary one and participating companies are signatories to a Memorandum of Understanding. The costs and benefits of bringing additional non-reporting companies on to the EITI process for this reporting period were considered and it was deemed not feasible given that they represent less than 1% of revenues.

Based on the structure of the oil and gas sectors in Trinidad and Tobago, the MSG SC has determined that it should establish a Threshold for Company Disclosure.

7.1 Threshold for Company Disclosure

Based on the determination that a threshold should be established for company disclosure, the MSG Steering Committee considered the options available for establishing this threshold:

- a. Set an Aggregate Payment Threshold
- b. Set a Disaggregated Payment Threshold

An aggregated payment threshold approach was considered and was calculated to show the percentage of revenues that would be covered using different threshold scenarios and the number of corresponding companies.

Again this threshold was calculated based on the agency through which revenues are paid:

1. **The Ministry of Energy and Energy Industries (MEEI)**
2. **The Ministry of Finance (MOF) - Board of Inland Revenue (BOIR)**
3. **The Ministry of Finance (MOF) - Investments Division (Inv. Div.)**
4. **Petroleum Company of Trinidad and Tobago (Petrotrin) / Heritage Petroleum Company Limited – Lease Out/Farm Outs**

7.2 Calculation of Aggregate Payment Threshold

The MSG SC agreed on a Materiality Threshold of **TT\$ 2 million** TT\$ which would cover **99.5%** of revenue. However, since there were companies that were below this threshold, but were still keen to report given that they were part of the process for the first TTEITI Report, it was agreed to include these companies also. This brought the percentage of revenue being reported to **99.7%** of revenue (see total threshold calculation).

7.3 Calculation of Aggregate Payment Threshold – LOFO

A listing of all payments with respect to LOFOs was received by Petrotrin and Heritage Petroleum Limited for review. This information however could not be published as it included details on companies that did not sign the MOU established for disclosure in the TTEITI Report.

¹ Full company disclosure means that all payments with the scope of agreed material revenue streams would be disclosed regardless of the size of the payment. Therefore, ALL companies that contribute towards the revenue streams identified as material will be required to participate in the reporting process.

Again, the MSG SC agreed on a Materiality Threshold of TT \$2 million and of the LOFO payments, thirteen companies made payments of Productive Royalty in excess of TT\$2 million. These 11 companies are listed below:

- **Lease Operators Ltd**
- **Oilbelt Services Limited**
- **Lennox Production Services Limited**
- **Range Resources Limited**
- **Goudron E&P Limited**
- **T.N. Ramnauth & Co Limited**
- **Rocky Point T&T Limited**
- **Petroleum Contracting Services Limited**
- **Hydrocarb Trinidad Limited**
- **Trinidad Wireline Limited**
- **Touchstone Exploration Ltd**

However, of the LOFO payments, no EITI Reporting companies have been deemed to meet the threshold for reporting based on any payments to BOIR which are in excess of TT\$2 million. Additionally, it must be noted that the companies listed below are not signatories to the EITI MOU and the TTEITI SC was unable to confirm the companies' payments to the **BOIR**. These companies include:

- **Range Resources Limited**
- **Goudron E&P Limited**
- **T.N. Ramnauth & Co Limited**
- **Rocky Point T&T Limited**
- **Trinidad Wireline Limited**
- **Petroleum Contracting Services Limited**
- **Hydrocarb Trinidad Limited**

With respect to the **Supplemental Petroleum Tax (SPT)** and **Petroleum Profits Tax (PPT)**, the LO and FO operators are responsible for their own payments to the **BOIR**. While these payments are not readily available given the current legislation with respect to confidentiality, the following formula was applied to estimate what these payments would likely be:

SPT – This figure would approximate to:

1/5 X (Sales-Production)

When this calculation is applied, there are no material payments from Lease and Farmout Operators.

PPT – This figure cannot be easily approximated. However, due to confidentiality restrictions, the MSG has not received assurance from BIR that any of these “non-reporting” companies, i.e. not included using our **TT\$ 2 million** thresholds, has made payments to them in excess of **TT\$ 2 million**.

However, given the available data, the MSG is therefore reasonably confident that apart from the companies listed below the other companies making material payments under the LOFO arrangements with Petrotrin and Heritage Petroleum Limited have been included in the reporting process.

The companies where there is uncertainty over their material payments include:

- Range Resources Limited
- Goudron E&P Limited
- T.N. Ramnauth & Co Limited
- Rocky Point T&T Limited
- Trinidad Wireline Limited
- Petroleum Contracting Services Limited
- Hydrocarb Trinidad Limited

It is important to note that in new LOFO contractual arrangements, Heritage Petroleum Company Limited has agreed to include an EITI clause making it mandatory for its partners to undertake EITI implementation.

SECTION 8 – GOVERNMENT REVENUES

The EITI Standard requires that government fully disclose all revenue from the extractive sectors.

The MSG Steering Committee has agreed to ensure that the government fully discloses all revenue from the extractive sectors, in aggregate from each of the revenue streams agreed, including revenue that falls below agreed materiality thresholds.

The MSG has agreed to and has sent separate templates to the MEEI and MOF-BOIR and MOF-Investments Division to request TOTAL payments to ensure full Government Disclosure.

TOTAL DISCLOSURE ON ALL REVENUES HAS BEEN RECEIVED FROM MEEI AND MOF AND WILL BE INCLUDED IN THE REPORT.

SECTION 9 – COMPANIES TO BE REPORTED ON

The application of the criteria outlined above resulted in the inclusion of 45 companies in the **8th TTEITI Report for Fiscal 2019-2020**, either because of crossing the threshold or because they agreed to report given that they were part of the process for the first TTEITI Report.

Correspondences was sent to these **45 companies** on February 8th, 2021, asking them to complete the Reporting Templates. The final result is that **45 companies met the criteria for inclusion in the 8th TTEITI report for Fiscal 2019** from which we expect to receive Reporting Templates.

45 Reporting Companies based on Materiality Determination

1	Amoco Trinidad Gas BV Trinidad Branch
2	BG International Limited
3	Shell Trinidad 5(a) Limited
4	Shell Trinidad and Tobago Limited
5	Shell Trinidad Central Block Limited
6	BHP Billiton (Trinidad-2C) Limited
7	BHP Billiton (Trinidad-3-A) Limited
8	BHP Billiton Petroleum (Trinidad Block 14) Limited
9	BHP Billiton Petroleum (Trinidad Block 23A) Limited
10	BHP Billiton Petroleum (Trinidad Block 23B) Limited
11	BHP Billiton Petroleum (Trinidad Block 28) Limited
12	BHP Billiton Petroleum (Trinidad Block 29) Limited

13	BHP Billiton Petroleum (Trinidad Block 3) Limited
14	BHP Billiton Petroleum (Trinidad Block 5) Limited
15	BHP Billiton Petroleum (Trinidad Block 6) Limited
16	BHP Billiton Petroleum (Trinidad Block 7) Limited
17	BP Exploration Operating Co Ltd Trinidad Branch
18	BP Trinidad and Tobago LLC
19	BP Trinidad Processing Limited
20	Touchstone Exploration (Trinidad) Ltd
21	Trinidad and Tobago LNG Limited
22	Trinity Exploration and Production (Galeota) Limited
23	Trinity Exploration and Production (Trinidad and Tobago) Limited
24	De Novo Energy Block 1 A Limited
25	Shell Trinidad Block E Limited
26	EOG Resources Trinidad 4(A) Unlimited
27	EOG Resources Trinidad Limited
28	EOG Resources Trinidad- U(A) Block Limited
29	EOG Resources Trinidad U(B) Block Unlimited
30	Lease Operators Limited

31	National Gas Company of Trinidad and Tobago Limited
32	NGC E&P Investments (Netherlands) B.V.
33	NGC Pipeline Company Limited
34	Oilbelt Services Limited

35	Perenco T&T Limited
36	Petroleum Company of Trinidad and Tobago Limited
37	Primera Oil and Gas Limited
38	PT.Fortin LNG Exports Ltd.
39	Repsol Angostura Ltd
40	Shell T&T Resources SRL
41	Shell Trinidad North Coast Limited
42	Shell Gas Supply Trinidad Limited
43	Trinling
44	BG 2/3
45	Heritage Petroleum Company Limited

SECTION 10 – DOCUMENTATION OF DISCUSSIONS, OPTIONS CONSIDERED AND THE RATIONALE for the agreed definition and thresholds

The MSG Steering Committee has reviewed and discussed the materiality definitions as follows:

At its **74th Technical Sub-Committee Meeting** held on **January 19, 2022**, the proposed approach to determining materiality as outlined in the Guidance Notes was presented to the MSG for their agreement in principle and this approach was approved. More specifically, that approval included the use of MEEI and BIR revenue data to determine a threshold using an

Aggregate Payment Threshold approach. Also, at its **75th Technical Sub-Committee Meeting** held on **February 16, 2022**, the materiality determination was presented to the members who had a lengthy discussion and agreed unanimously to set the threshold for materiality to TT\$2 million.

At its **136th Meeting** held on **February 17, 2022**, this materiality document was presented to the members in detail and there was unanimous agreement that this would form the final materiality determination for the 8th TTEITI Report.

The MSG Steering Committee, at its **111th Meeting** held on **January 16, 2020**, agreed to reconcile five mining companies on a pilot basis without determining a materiality threshold and has retained this position for the 8th TTEITI Report. The five pilot companies are Trinidad Cement Limited, Hermitage Limestone Limited, F.W. Hickson Limited, Lake Asphalt of Trinidad and Tobago (1978) Limited and National Quarries Company Limited.

SECTION 10 – MATERIALITY CONSIDERATIONS to be included in Report with details of this document to be included as an Appendix

Based on the results of the study of materiality considerations, the oil and gas companies who made payments to at least one of the three main revenue collectors of more than TT\$2 million were considered to be material for the Eighth TTEITI Report. Accordingly, 45 companies, representing 99.7% of total revenue collected by MEEI, MOF – BIR and MOF – Investments Division during the fiscal year 2019, were selected for the eighth reconciliation report. Please refer to the Appendix for a list of these companies as well as the documentation of discussions, options considered and the rationale for the agreed definition and thresholds.

Supporting Documents

Revenues Reported by MEEI for Fiscal 2019

Revenues Reported by MOF - BIR for Fiscal 2019

Total Threshold Calculation for Fiscal 2019

SECTION 1 - CONTEXT

With respect to materiality, the **EITI Standard 2019** requires:

Requirement 4: Revenue Collection

An understanding of company payments and government revenues can inform public debate about the governance of the extractive industries. The EITI requires a comprehensive disclosure of company payments and Government revenues from the extractive industries. The EITI requirements related to revenue collection include: (4.1) comprehensive disclosure of taxes and revenues.

In seeking to satisfy these requirements, the MSG Steering Committee has agreed the following approach as outlined in this document.

In the Republic of Trinidad and Tobago (T&T), each sector of the extractive industries is governed by specific legislation. These various pieces of legislation outline the payments (flows) to be made to the Government of the Republic of Trinidad and Tobago (GORTT). Based on a comprehensive review of legislation together with discussions among MSG Steering Committee members, **the MSG Steering Committee (SC) is satisfied that it has developed a clear understanding of the flows in the extractive sectors that should be given consideration for inclusion on the EITI Reporting Templates. These flows account for all the payments extractive companies are required to pay based on the terms of their contracts, legislation and regulations specific to the extractive sectors.**

SECTION 2 - FLOWS CONSIDERED AND DECISIONS ON INCLUSION

The following outlines all the flows that the MSG considered together with their decisions on what should be included:

			KEY	
INCLUDED AND RECONCILED in Report #8			INCLUDED, DISCLOSED BUT not Reconciled in Report #8	NOT INCLUDED in Report #8
ID	Flows		Discussions and Considerations	
1	Royalty for Gas and Crude		Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed also MATERIAL for the 8 th TTEITI Report. This represents payments to the Government by the petroleum companies for the extraction of hydrocarbons won and saved. Royalty rate: 12.5%	
2	Minimum Rent E&P (Surface rental fees)		Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed also MATERIAL for the 8 th TTEITI Report. This payment is a contractual obligation required to maintain license entitlement.	
3	PSC Minimum Payment License/Hectare payments)	Hectare (Annual Acreage	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed also MATERIAL for the 8 th TTEITI Report.	

4	PSC Share of Profits	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed also MATERIAL for the 8 th TTEITI Report.
5	Petroleum Impost	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. This is used to cover the cost of the public administration of the petroleum industry (by the MEEI). Rate specified in a Legal Notice published annually and is based on the formula prescribed in the Petroleum Act.
6	Petroleum Production Levy	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. Provides for the subsidization of petroleum products that are sold to the domestic market. The lower of: 4% of gross income from crude oil and condensate or $\frac{PI \times S}{PT}$ Where: PI = production of petroleum by the production business in Trinidad and Tobago for the preceding month S = total subsidy to be paid to marketing businesses in T&T PT = Total production of petroleum by all persons carrying on business in T&T for the preceding month
7	Other payments under PSC - Training Fees	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report.
8	Other payments under PSCs - R&D Fees	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report.
9	Other payments under PSCs - Administration Fees	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report.
10	Petroleum Profits Tax (PPT)	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report.
11	Supplemental Petroleum Tax (SPT)	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. This tax is deemed material since it is regarded as a “windfall tax” that is imposed on revenue generated from production of crude oil and condensate net of royalty.
12	Unemployment Levy	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed also MATERIAL for the 8 th TTEITI Report.
13	Green Fund Levy	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. For the 8 th TTEITI Report, five mining companies agreed to participate in an EITI reporting pilot and Green Fund Levy from those firms are also to be reconciled.
14	Withholding Tax on Dividends	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. For the 8 th TTEITI Report, five mining companies agreed to participate in an EITI reporting pilot and Withholding Tax on Dividends from those firms are also to be reconciled.
15	Withholding Tax on Branch Profits Deemed Remittance	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. For the 8 th TTEITI Report, five mining companies agreed to participate in an EITI reporting pilot and Withholding Tax on Branch Profits Deemed Remittance from those firms are also to be reconciled.
16	Dividends (paid by NGC and PETROTRIN)	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report.
17	Insurance Premium Tax for Foreign Policies	Deemed to be relevant and material for the 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. For the 8 th TTEITI Report, five mining companies agreed to participate in an EITI reporting pilot and Insurance Premium Tax for Foreign Policies from those firms are also to be reconciled.

18	Corporation Tax	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. For the 8 th TTEITI Report, five mining companies agreed to participate in EITI reporting and Corporation Tax from those firms are also to be reconciled.
19	Business Levy	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report. For the 8 th TTEITI Report, five mining companies agreed to participate in an EITI reporting pilot and Business Levy from those firms are also to be reconciled.
20	Signature Bonuses	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report.
21	Bidding Fees	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report.
22	Production bonuses	Deemed to be relevant and material for the 1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th and 7 th TTEITI Reports and agreed MATERIAL for the 8 th TTEITI Report.
23	Abandonment Provision – Payments into Environmental Escrow Account	Based on the recommendations of the Administrator from the 1 st TTEITI Report, the TSC (Meeting held on October 31 st , 2013) and later the SC (Meeting held on December 19, 2013) agreed to add a column stating payments held in escrow and government is to disclose its receipts into the escrow account.
24	Fees for assignment of PSCs	Based on the recommendations of the Administrator from the 1 st TTEITI Report, the TSC (Meeting held on October, 31 st 2013) and later the SC (Meeting held on December 19, 2013) agreed to include this revenue flow in future reports under the category “Other Fees”
25	PSCs Holding Fee	Based on the recommendations of the Administrator from the 1 st TTEITI Report, the TSC (Meeting held on October 31 st , 2013) and later the SC (Meeting held on December 19, 2013) agreed to include this revenue flow in future reports under the category “Other Fees”
26	Payments in-kind Flows	Based on the recommendations of the Administrator from the 1 st TTEITI Report, the TSC (Meeting held on October 31 st , 2013) and later the SC (Meeting held on December 19, 2013) “agreed to include in kind flows in EITI reporting, noting that the Administrator needs to fully explain his expectations of companies filling the template”. At TSC (Meeting held on April 10, 2014) it was recommended that in-kind flows must be disclosed by all companies. The reporting template for the 7th TTEITI Report was amended to clarify how companies should report on these flows.
27	PSC Tax Settlements	Based on the recommendations of the Administrator from the 3 rd TTEITI Report, the TSC (Meeting held on July 21, 2016) and later the SC (Meeting held on August 21, 2016) agreed to reconcile the amounts paid by the MEEI to MOF-IRD on behalf of their PSC partners with receipts declared by MOF-IRD for payments due from parties to PSCs.
28	Social Payments	The SC agreed to the following definition of Social Payments/Expenditure at the 55 th SC meeting on May 21, 2015: <i>Social payments/expenditure is the provision by public and private extractive sector and related companies of benefits to and financial contributions targeted at communities, civil society organizations, households and individuals. Such benefits can be cash transfers or direct (in-kind) provision of goods and services but shall exclude advertising and/or promotional costs related to the expenditure.</i>
29	Transportation Revenue	Deemed necessary to be reported with consideration RE: NGC, Petrotrin and Heritage Petroleum Company Limited and the utilization of their pipelines.
30	Infrastructure Provision	Deemed relevant to be included but not reconciled.
31	Withholding Tax on Loan Interest	Based on the recommendations of the Administrator from the 1 st TTEITI Report, the TSC (Meeting held on October 31 st , 2013) and later the SC (Meeting held on December 19, 2013) agreed to EXCLUDE this revenue flow in future reports. The TSC reviewed this decision at the 57 th TSC meeting held on August 19 th , 2020 and maintained its position to exclude the flow in future reports.
32	Royalty for minerals	Discussed and agreed by the SC that Minerals and all revenue streams for minerals under The Minerals Act would be EXCLUDED in the 1 st , 2 nd and 3 rd TTEITI Reports. The SC (Meeting held on June 16, 2016) also agreed that Minerals and all revenue streams for minerals under The Minerals Act would be only included in the 4 th TTEITI Report as part of a mining pilot

		study to help inform full engagement of the mining sector in future reports. For the 8 th TTEITI Report, five mining companies agreed to participate in an EITI reporting pilot and royalty payments from those firms would be reconciled.
33	Working Interest & Overriding Royalty Interest to State Companies	This is specifically related to Petrotrin and Heritage Petroleum Limited and its lease out/farm out operators. It was not included in the 1 st TTEITI Report, 2 nd TTEITI Report, 3 rd TTEITI Report, 4 th TTEITI Report, 5 th TTEITI Report, 6 th TTEITI Report and 7 th TTEITI Report as it is not paid to government, but is a source of income for Petrotrin and Heritage Petroleum Limited to cover the operators' usage of Petrotrin's and Heritage Petroleum Limited's license area. The TSC reviewed this decision at the 57 th TSC meeting held on August 19 th , 2020 and agreed to continue to EXCLUDE this revenue flow for the 7 th TTEITI Report. This flow will again be excluded for the 8 th TTEITI Report.
34	Pay-As-You-Earn (PAYE)	PAYE was discussed by TSC, who concluded that the payment was actually an employee payment, not a company payment. Further, reconciliation of this would require access to thousands of confidential employee tax files which in itself is impractical. As such PAYE was deemed not to be relevant and as such was not included in the 4 th , 5 th , 6 th and 7 th TTEITI Report and will not be included in the 8 th TTEITI Report as well. The TSC reviewed this decision at the 74 th TSC meeting held on January 19 th , 2022 and maintained its position.
35	Import Duties	Import Duties was discussed by the TSC, who concluded that most companies made application annually and received duty free licenses, such that imports of plant and equipment required for their operations would be exempt from import duties. While there may be some items that would attract import duties, consumables do not and for the most part would be immaterial. As such Import Duties was deemed not to be relevant and as such was not included in the 4 th , 5 th , 6 th and 7 th TTEITI Report and will not be included in the 8 th TTEITI Report as well. The TSC reviewed this decision at the 74 th TSC meeting held on January 19 th , 2022 and maintained its position.

SECTION 3 – FLOWS TO BE CONSIDERED IN THE CALCULATION OF MATERIALITY based on the share of extractives revenue that they represent

Of these **thirty-five (35) flows** considered above, the MSG SC deemed 30 of them to be **relevant** for inclusion in the templates (27 to be reconciled, 3 to be reported but not reconciled) for **completeness** and their **importance from the perspective of public interest**. The remaining 5 were not considered relevant for inclusion in the 2019-2020 report. There are however **twenty-one (21) flows** that the Steering Committee deemed material to **form the basis of the calculation of the materiality threshold**.

These **twenty-one (21) flows** represent the largest flows to the respective collecting agencies and are listed below:

Ministry of Energy & Energy Industries
1. Royalty for Gas and Crude
2. Minimum Rent
3. PSC Minimum Hectare Payment
4. Share of Profit
5. Petroleum Levy
6. Petroleum Impost
7. Financial Obligations – Admin
8. Financial Obligations – R&D
9. Financial Obligations – Training
10. Financial Obligations – PSC Holding Fee
11. Financial Obligations – Production Bonus

Ministry of Finance Board of Inland Revenue

12. Petroleum Profits Tax
13. Supplemental Petroleum Tax
14. Unemployment Levy
15. Corporation Tax
16. Green Fund Levy
17. Business Levy
18. Withholding Tax on Dividends
19. Withholding Tax on Branch Profits
20. Insurance Premium Tax on Foreign Policies

Ministry of Finance Investments Division

21. Dividends

3.1 Share of Total Revenues for Extractive Industries that each revenue stream represents

The revenues in the extractives industries are received through four agencies as follows:

- 1. The Ministry of Energy and Energy Industries**
- 2. The Ministry of Finance - Board of Inland Revenue**
- 3. The Ministry of Finance - Investments Division**

As such, each of these has been considered separately as outlined below. Further, Petrotrin and Heritage Petroleum Limited, the state-owned Oil Company enters into individual arrangements known as Lease Out/Farm Out (LOFOs). This regime is described in its entirety in section 6 below and these streams have also been considered separately in determining materiality.

- 4. Heritage Petroleum Company Limited – Lease Out/Farm Outs**

SECTION 4 – MINISTRY OF ENERGY AND ENERGY INDUSTRIES (MEEI)

As outlined in Section 3 above, the following 11 flows to the MEEI have been used to determine materiality based on the share of total revenue that they represent to the MEEI. The 11 flows listed represent **100%** of the revenue paid by extractive companies to MEEI in Fiscal 2020.

- 1** Royalty for Gas and Crude
- 2** Minimum Rent E&P
- 3** PSC Minimum Hectare Payment
- 4** Share of Profit
- 5** Petroleum Impost
- 6** Petroleum Levy
- 7** Financial Obligations – Admin

- 8 Financial Obligations – R&D
- 9 Financial Obligations – Training
- 10 Financial Obligations – PSC Holding Fee
- 11 Financial Obligations – Production Bonus

Fiscal 2020 Payments to

Ministry of Energy and Energy Industries (MEEI)

ID	Revenue Stream	Total Revenue (Fiscal 2020)	Share of Total Revenue (Fiscal 2020)
1	Royalty	1,791,743,299.91	43.19%
2	Minimum Rent - E&P	44,484,177.06	1.07%
3	PSC Minimum Hectare Payments	60,166,819.77	1.45%
4	PSC Share of Profits	1,847,201,662.11	44.53%
5	Petroleum Levy	174,462,828.44	4.21%
6	Petroleum Impost	68,554,168.21	1.65%
7.8.9.10.11	Other PSC Payments	161,823,877.62	3.90%
	Subtotal	4,148,436,833.12	100.00%
	Other (Signature Bonus and PSC Bidding Fees)	0	0.00%
	TOTAL	4,148,436,833.12	100.00%

SECTION 5 – MINISTRY OF FINANCE – BOARD OF INLAND REVENUE (BIR)

As outlined in Section 3 above, the following nine (9) flows to the MOF - BOIR have been used to determine materiality based on the share of total revenue that they represent to BOIR. The nine flows listed represent **100%** of the revenue reported paid by extractives to MOF - BOIR in Fiscal 2020 to the Petroleum and Large Taxpayers' Business Unit which collects revenue from the extractives sector.

- 12 Petroleum Profits Tax
- 13 Supplemental Petroleum Tax
- 14 Unemployment Levy
- 15 Corporation Tax
- 16 Green Fund Levy
- 17 Business Levy
- 18 Withholding Tax on Dividends
- 19 Withholding Tax on Branch Profits
- 20 Insurance Premium Tax

Payments to Ministry of Finance (MOF) – Inland Revenue Division (**Fiscal 2020**)

Revenue Stream	Total Revenue	Share of Total Revenue
Petroleum Profits Tax	\$1,047,772,973.80	50.96%
Supplemental Petroleum Tax	\$417,250,969.22	20.29%
Unemployment Levy	\$136,940,406.83	6.66%
Corporation Tax	\$231,850,563.20	11.28%
Green Fund Levy	\$77,922,046.83	3.79%
Business Levy	\$37,881,493.55	1.84%
Withholding Tax on Dividends	\$77,782,650.00	3.78%
Withholding Tax on Branch Profits	\$24,976,012.04	1.21%
Interests and Penalties	\$2,426,466.74	0.12%
Insurance Premium Tax	\$1,252,482.87	0.06%
TOTAL	\$2,056,056,065.08	100%

SECTION 6 – MINISTRY OF FINANCE – INVESTMENTS DIVISION (INV. DIV.)

As outlined in Section 3 above, the following one (1) flow to the MOF – Inv. Div. has been used to determine materiality based on the share of total revenue that it represents to MOF – Inv. Div. This flow is in fact the only flow, representing **100.00%** of the revenue paid by extractives to MOF – Inv. Div. in Fiscal 2020.

21 Dividends

Payments to Ministry of Finance (MOF) – Investments Division – (**Fiscal 2020**)

Revenue Stream	Total Revenue	Share of Total Revenue
Dividends	\$109,930,014.00	100%
TOTAL	\$109,930,014.00	100%

***Note:** Dividends to the Investments Division represent dividends declared and paid by locally incorporated state enterprises whose single shareholder is the government. There are only two such organisations, Petroleum Company of Trinidad and Tobago (Petrotrin) / Heritage Petroleum Company Limited and National Gas Company (NGC). For 2020, only NGC declared

and paid a dividend to its shareholder (The Government) and this amount is the total amount paid therefore representing 100% of this flow.

SECTION 6 – HERITAGE PETROLEUM COMPANY LIMITED LEASE OUT/FARM OUTS (LOFO)

The Lease Out/Farm Out arrangement with Heritage Petroleum Company Limited is outlined in the documents below. With respect to the flows, the payments made by the LOFOs include:

- Productive Royalty – **Remitted to MEEI by Heritage Petroleum Company Limited (reported in Heritage Petroleum Company Limited templates)**
- Petroleum Production Levy– **Remitted to MEEI by Heritage Petroleum Company Limited (reported in Heritage Petroleum Company Limited templates)**
- Oil Impost – **Remitted to MEEI by Heritage Petroleum Company Limited (reported in Heritage Petroleum Company Limited templates)**
- Overriding Royalty – **Retained by Heritage Petroleum Company Limited (not reported in Heritage Petroleum Company Limited templates)**
- User Cost – **Retained by Heritage Petroleum Company Limited (not reported in Heritage Petroleum Company Limited templates)**

In both LO and FO the operators are responsible for their own payments of the **Supplemental Petroleum Tax (SPT)** and **Petroleum Profits Tax (PPT)** to the BIR.

2020 TTEITI FILE NOTE – LEASE OPERATORSHIP, FARMOUT AND INCREMENTAL PRODUCTION SERVICE CONTRACT OPERATORS

Purpose

This Note is provided for the citizens of Trinidad and Tobago to understand the commercial arrangements that existed between Heritage Petroleum Company Limited (Heritage) and its Lease Operatorship, Farmout and Incremental Production Service Contracts (LOFOSC) Operators for the period 1st October 2019 to 30th September 2020. It will be disclosed in the Trinidad and Tobago Extractive Industries Transparency Initiative (TTEITI) Report for the period 1st October 2019 to 30th September 2020.

Background

Heritage is entitled to by virtue of certain Exploration and Production (Public Petroleum Rights) Licences granted by the Ministry of Energy and Energy Industries (MEEI) to search and bore for, and get Petroleum lying in or under the lands described in those title documents throughout various locations within the southern part of onshore Trinidad. The LOFOSC programmes are sub-licence arrangements with varying contractual and commercial characteristics, as more clearly explained below.

The Lease Operatorship programme has been in existence for the past thirty-one (31) years, initiated by Petroleum Company of Trinidad and Tobago Limited (Petrotrin). The programme involves the reactivation of idle wells within a defined geographic area (Lease Blocks), the recompletion of existing wells and the drilling of replacement and infill wells, subject to Heritage's approval of any drilling to be undertaken. The programme was developed to encourage smaller scale Operators to work in defined geographic locations within Heritage's licensed acreage, called "Blocks" where it was previously uneconomic for Petrotrin to operate given the associated cost and operations structure. For the financial year ended 30th September 2020 there were twenty-four (24) Lease Operatorship Blocks, managed by eleven (11) Operators. For the period 1st October 2019 to 30th September 2020 production from the Lease Operatorship averaged **6,209** bopd.

In the Farmout programme, Petrotrin leased out idle acreage to Operators to explore, drill and produce. For the financial year ended 30th September 2020 there were a total of eight (8) Operators for the ten (10) Farmout Blocks under this type of arrangement. For the period 1st October 2019 to 30th September 2020 production from Farmout averaged **412** bopd.

The other type of arrangement that falls under LOFOSC is the Incremental Production Service Contract (IPSC). This contract model involves the reactivation of idle wells, recompletion of wells and the drilling of exploration and development wells. For the financial year ended

2020 TTEITI FILE NOTE – LEASE OPERATORSHIP, FARMOUT AND INCREMENTAL PRODUCTION SERVICE CONTRACT OPERATORS

30th September 2020 there were five (5) IPSC Blocks contracted to five (5) Operators. The main difference between this arrangement and the Lease Operatorship is that in some IPSC's active wells and production were handed over to the Operator. This production is called the First Tranche oil for which Heritage pays a Handling Fee to the Operator. Production in excess of this First Tranche oil is sold to Heritage. For the period 1st October 2019 to 30th September 2020 production from IPSC Operators averaged **614** bopd.

All crude oil produced by the Operators is purchased by Heritage. All the production is fiscalized at the respective Gathering Stations and Heritage is responsible for reporting on Production by Blocks to the MEEI. Production from the LOFOSC Blocks produced an average of approximately **7,235** bopd for the period 1st October 2019 to 30th September 2020.

Lease Operatorships and IPSCs operate wells but are not assigned acreage and as a result are not allowed to book reserves while Farmout Operators are given exclusive possession to acreage within the Block and may book reserves.

Major Fees paid by the Operators

The obligation is managed by a Lease Operatorship or a Farmout Agreement or IPSC. In accordance with the respective contract, the market value of the crude oil delivered is equal to the price of the Heritage equity land blend crude excluding Guapo. The Operator's fee is made up of the market value of crude oil times the production barrels (sales receipts) and the following are the deductions which are offset from this revenue and the net amount is paid to the Operators:

- Royalty: which can either be State / Government royalty, Private royalties or freehold lessors royalty, depending on the leases from which the production is derived.
- Oil Impost: a tax on oil producers for their proportionate share of the annual operating cost of the MEEI - remitted to MEEI.
- Escrow Fee: deduction per barrel of oil for future abandonment liabilities which is remitted by Heritage directly to the MEEI.
- Overriding Royalty: This is negotiated and can be defined as Heritage's revenue stream from the Block. Heritage benefits from an Overriding Royalty (ORR) fee paid by the Operator for each barrel of oil equivalent produced. The ORR is based on gross revenue and bears no relation to cost of production. ORR rates are negotiated rates based on tiered oil prices and scaled according to production levels. In the Lease Operatorship, Operators are given incentives to drill and produce additional oil; hence for the first two (2) years of drilling a successful well, reduced ORR percentages are paid on that well's production.
- Lease Operatorship Operators pay a User Fee to cover services provided by Heritage that include, *inter alia*, electricity, compilation of production data for MEEI, laboratory analysis of

samples, review of well programmes and general administration costs associated with these activities. This fee is retained by Heritage as reimbursement of its costs.

- Farmout Operators are charged a Transportation and Handling Fee.
- IPSCs are charged a Facilitation Fee.

Other fees paid by the Operators

In addition to the deductions noted above, the LOFOSC are also required to pay a proportionate share of the respective Head Licence fees of the respective Exploration and Production (Public Petroleum Rights) Licence as outlined under the financial obligations provision of same. In the case of the Lease Operatorship and IPSCs, the Operator's share of Head Licence fee is determined by their proportionate share of the total production times the fees paid for the respective year. For the Farmout Operators the amount is prorated based on acreage. The total Head Licence fee is remitted to the MEEI by Heritage who in turn invoice the respective Operators annually for their proportionate share.

LOFOSC Operators are responsible for their own payments of the Supplemental Petroleum Taxes (SPT), the Petroleum Profits Tax (PPT) as well as the Petroleum Production Levy (PPL) to the Board of Inland Revenue (BIR).

With respect to the payments made to the MEEI, except for the basis on which the calculations are effected particularly in respect of the land licence fees, there is no major difference in the treatment and the payment processing.

Appendix I, II and III provides detailed deductions and payments for the LO, FO and IPSC blocks respectively.

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SECTION 7 – CALCULATION OF MATERIALITY THRESHOLD

Threshold for Company Disclosure vs. Full Company Disclosure

In determining whether a threshold for company disclosure was necessary rather than **full company disclosure**¹, the MSG Steering Committee has given due consideration to the fact that the sector is made up of a number of large operators whose total payments accounted for more than 98% of total revenue for Fiscal years 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019. In 2020, the total payments account for 99.8% of total revenue. Given that the remaining 0.2% consists of a large number of small companies, it was deemed unfeasible to use full company disclosure. Further, at present, the EITI process in Trinidad and Tobago is a voluntary one and participating companies are signatories to a Memorandum of Understanding. The costs and benefits of bringing additional non-reporting companies on to the EITI process for this reporting period were considered and it was deemed not feasible given that they represent less than 1% of revenues.

Based on the structure of the oil and gas sectors in Trinidad and Tobago, the MSG SC has determined that it should establish a Threshold for Company Disclosure.

7.1 Threshold for Company Disclosure

¹ Full company disclosure means that all payments with the scope of agreed material revenue streams would be disclosed regardless of the size of the payment. Therefore, ALL companies that contribute towards the revenue streams identified as material will be required to participate in the reporting process.

Based on the determination that a threshold should be established for company disclosure, the MSG Steering Committee considered the options available for establishing this threshold:

- a. Set an Aggregate Payment Threshold
- b. Set a Disaggregated Payment Threshold

An aggregated payment threshold approach was considered and was calculated to show the percentage of revenues that would be covered using different threshold scenarios and the number of corresponding companies.

Again this threshold was calculated based on the agency through which revenues are paid:

1. **The Ministry of Energy and Energy Industries (MEEI)**
2. **The Ministry of Finance (MOF) - Board of Inland Revenue (BOIR)**
3. **The Ministry of Finance (MOF) - Investments Division (Inv. Div.)**
4. **Petroleum Company of Trinidad and Tobago (Petrotrin) / Heritage Petroleum Company Limited – Lease Out/Farm Outs**

7.2 Calculation of Aggregate Payment Threshold

The MSG SC agreed on a Materiality Threshold of **TT\$ 2 million** TT\$ which would cover **99.6%** of revenue. However, since there were companies that were below this threshold, but were still keen to report given that they were part of the process for the first TTEITI Report, it was agreed to include these companies also. This brought the percentage of revenue being reported to **99.8%** of revenue (see total threshold calculation).

7.3 Calculation of Aggregate Payment Threshold – LOFO

A listing of all payments with respect to LOFOs was received from Heritage Petroleum Company Limited for review. This information however could not be published as it included details on companies that did not sign the MOU established for disclosure in the TTEITI Report.

Again, the MSG SC agreed on a Materiality Threshold of TT \$2 million and of the LOFO payments, ten companies made payments of Productive Royalty in excess of TT\$2 million. These 10 companies are listed below:

- **Lease Operators Ltd**
- **Oilbelt Services Limited**
- **Range Resources Limited**
- **Goudron E&P Limited**
- **T.N. Ramnauth & Co Limited**
- **Rocky Point T&T Limited**
- **Petroleum Contracting Services Limited**
- **Hydrocarb Trinidad Limited**
- **Trinidad Wireline Limited**
- **Touchstone Exploration Ltd**

However, of the LOFO payments, no EITI Reporting companies have been deemed to meet the threshold for reporting based on any payments to BOIR which are in excess of TT\$2 million. Additionally, it must be noted that the companies listed below are not signatories to the EITI MOU and the TTEITI SC was unable to confirm the companies' payments to the **BOIR**. These companies include:

- **Lennox Production Services Limited**
- **Range Resources Limited**
- **Goudron E&P Limited**

- T.N. Ramnauth & Co Limited
- Rocky Point T&T Limited
- Trinidad Wireline Limited
- Petroleum Contracting Services Limited
- Hydrocarb Trinidad Limited

With respect to the **Supplemental Petroleum Tax (SPT)** and **Petroleum Profits Tax (PPT)**, the LO and FO operators are responsible for their own payments to the **BOIR**. While these payments are not readily available given the current legislation with respect to confidentiality, the following formula was applied to estimate what these payments would likely be:

SPT – This figure would approximate to:

1/5 X (Sales-Production)

When this calculation is applied, there are no material payments from Lease and Farmout Operators.

PPT – This figure cannot be easily approximated. However, due to confidentiality restrictions, the MSG has not received assurance from BIR that any of these “non-reporting” companies, i.e. not included using our **TT\$ 2 million** thresholds, has made payments to them in excess of **TT\$ 2 million**.

However, given the available data, the MSG is therefore reasonably confident that apart from the companies listed below the other companies making material payments under the LOFO arrangements with Heritage Petroleum Company Limited have been included in the reporting process.

The companies where there is uncertainty over their material payments include:

- Lennox Production Services Limited
- Range Resources Limited
- Goudron E&P Limited
- T.N. Ramnauth & Co Limited
- Rocky Point T&T Limited
- Trinidad Wireline Limited
- Petroleum Contracting Services Limited
- Hydrocarb Trinidad Limited

It is important to note that in new LOFO contractual arrangements, Heritage Petroleum Company Limited has agreed to include an EITI clause making it mandatory for its partners to undertake EITI implementation.

SECTION 8 – GOVERNMENT REVENUES

The EITI Standard requires that government fully disclose all revenue from the extractive sectors.

The MSG Steering Committee has agreed to ensure that the government fully discloses all revenue from the extractive sectors, in aggregate from each of the revenue streams agreed, including revenue that falls below agreed materiality thresholds.

The MSG has agreed to and has sent separate templates to the MEEI and MOF-BOIR and MOF-Investments Division to request TOTAL payments to ensure full Government Disclosure.

TOTAL DISCLOSURE ON ALL REVENUES HAS BEEN RECEIVED FROM MEEI AND MOF AND WILL BE INCLUDED IN THE REPORT.

SECTION 9 – COMPANIES TO BE REPORTED ON

The application of the criteria outlined above resulted in the inclusion of 45 companies in the **8th TTEITI Report for Fiscal 2019-2020**, either because of crossing the threshold or because they agreed to report given that they were part of the process for the first TTEITI Report.

Correspondences was sent to these **45 companies** on February 8th, 2021, asking them to complete the Reporting Templates. The final result is that **45 companies met the criteria for inclusion in the 8th TTEITI report for Fiscal 2020** from which we expect to receive Reporting Templates.

45 Reporting Companies based on Materiality Determination

1	Amoco Trinidad Gas BV Trinidad Branch
2	BG International Limited
3	Shell Trinidad 5(a) Limited
4	Shell Trinidad and Tobago Limited
5	Shell Trinidad Central Block Limited
6	BHP Billiton (Trinidad-2C) Limited
7	BHP Billiton (Trinidad-3-A) Limited
8	BHP Billiton Petroleum (Trinidad Block 14) Limited
9	BHP Billiton Petroleum (Trinidad Block 23A) Limited
10	BHP Billiton Petroleum (Trinidad Block 23B) Limited
11	BHP Billiton Petroleum (Trinidad Block 28) Limited
12	BHP Billiton Petroleum (Trinidad Block 29) Limited
13	BHP Billiton Petroleum (Trinidad Block 3) Limited
14	BHP Billiton Petroleum (Trinidad Block 5) Limited
15	BHP Billiton Petroleum (Trinidad Block 6) Limited
16	BHP Billiton Petroleum (Trinidad Block 7) Limited
17	BP Exploration Operating Co Ltd Trinidad Branch
18	BP Trinidad and Tobago LLC
19	BP Trinidad Processing Limited
20	Touchstone Exploration (Trinidad) Ltd
21	Trinidad and Tobago LNG Limited
22	Trinity Exploration and Production (Galeota) Limited
23	Trinity Exploration and Production (Trinidad and Tobago) Limited
24	De Novo Energy Block 1 A Limited
25	Shell Trinidad Block E Limited
26	EOG Resources Trinidad 4(A) Unlimited
27	EOG Resources Trinidad Limited
28	EOG Resources Trinidad- U(A) Block Limited
29	EOG Resources Trinidad U(B) Block Unlimited
30	Lease Operators Limited

31	National Gas Company of Trinidad and Tobago Limited
32	NGC E&P Investments (Netherlands) B.V.
33	NGC Pipeline Company Limited
34	Oilbelt Services Limited

35	Perenco T&T Limited
36	Petroleum Company of Trinidad and Tobago Limited
37	Primera Oil and Gas Limited
38	PT.Fortin LNG Exports Ltd.
39	Repsol Angostura Ltd
40	Shell T&T Resources SRL
41	Shell Trinidad North Coast Limited
42	Shell Gas Supply Trinidad Limited
43	Trinling
44	BG 2/3
45	Heritage Petroleum Company Limited

SECTION 10 – DOCUMENTATION OF DISCUSSIONS, OPTIONS CONSIDERED AND THE RATIONALE for the agreed definition and thresholds

The MSG Steering Committee has reviewed and discussed the materiality definitions as follows:

At its **74th Technical Sub-Committee Meeting** held on **January 19, 2022**, the proposed approach to determining materiality as outlined in the Guidance Notes was presented to the MSG for their agreement in principle and this approach was approved. More specifically, that approval included the use of MEEI and BIR revenue data to determine a threshold using an Aggregate Payment Threshold approach. Also, at its **75th Technical Sub-Committee Meeting** held on **February 16, 2022**, the materiality determination was presented to the members who had a lengthy discussion and agreed unanimously to set the threshold for materiality to TT\$2 million.

At its **136th Meeting** held on **February 17, 2022**, this materiality document was presented to the members in detail and there was unanimous agreement that this would form the final materiality determination for the 8th TTEITI Report.

The MSG Steering Committee, at its **111th Meeting** held on **January 16, 2020**, agreed to reconcile five mining companies on a pilot basis without determining a materiality threshold and has retained this position for the 8th TTEITI Report. The five pilot companies are Trinidad Cement Limited, Hermitage Limestone Limited, F.W. Hickson Limited, Lake Asphalt of Trinidad and Tobago (1978) Limited and National Quarries Company Limited.

SECTION 10 – MATERIALITY CONSIDERATIONS to be included in Report with details of this document to be included as an Appendix

Based on the results of the study of materiality considerations, the oil and gas companies who made payments to at least one of the three main revenue collectors of more than TT\$2 million were considered to be material for the Eighth TTEITI Report. Accordingly, 45 companies, representing 99.7% of total revenue collected by MEEI, MOF – BIR and MOF – Investments Division during the fiscal year 2020, were selected for the eighth reconciliation report. Please refer to the Appendix for a list of these companies as well as the documentation of discussions, options considered and the rationale for the agreed definition and thresholds.

Supporting Documents

Revenues Reported by MEEI for Fiscal 2020

Revenues Reported by MOF - BIR for Fiscal 2020

Total Threshold Calculation for Fiscal 2020

Annex E – Summary of Audited Financial Statements

	Company	Information received for 2019				Information received for 2020				Other notes
		Audited financial statements provided		Audit opinion	Year end	Audited financial statements provided		Audit opinion	Year end	
		For the company	For the group			For the company	For the group			
1	Amoco Trinidad Gas BV Trinidad Branch	No	No	N/A	N/A	No	No	N/A	N/A	
2	BG International Limited	Yes	No	Unmodified	31/12/19	Yes	No	Unmodified	31/12/20	
3	Shell Trinidad 5(a) Limited	Yes	No	Unmodified	31/12/19	Yes	No	Unmodified	31/12/20	
4	Shell Trinidad and Tobago Limited	Yes	No	Unmodified	31/12/19	Yes	No	Unmodified	31/12/20	
5	Shell Trinidad Central Block Limited	No	Yes	Unmodified	31/12/19	No	Yes	Unmodified	31/12/20	Consolidated with Royal Dutch Shell plc
6	BHP Billiton (Trinidad-2C) Limited	No	Yes	Unmodified	30/6/19	No	Yes	Unmodified	30/6/20	BHP Group plc
7	BHP Billiton (Trinidad-3-A) Limited	No	Yes	Unmodified	30/6/19	No	Yes	Unmodified	30/6/20	BHP Group plc
8	BHP Billiton Petroleum (Trinidad Block 14) Limited	No	Yes	Unmodified	30/6/19	No	Yes	Unmodified	30/6/20	BHP Group plc
9	BHP Billiton Petroleum (Trinidad Block 23A) Limited	No	Yes	Unmodified	30/6/19	No	Yes	Unmodified	30/6/20	BHP Group plc
10	BHP Billiton Petroleum (Trinidad Block 23B) Limited	No	Yes	Unmodified	30/6/19	No	Yes	Unmodified	30/6/20	BHP Group plc
11	BHP Billiton Petroleum (Trinidad Block 28) Limited	No	Yes	Unmodified	30/6/19	No	Yes	Unmodified	30/6/20	BHP Group plc
12	BHP Billiton Petroleum (Trinidad Block 29) Limited	No	Yes	Unmodified	30/6/19	No	Yes	Unmodified	30/6/20	BHP Group plc
13	BHP Billiton Petroleum (Trinidad Block 3) Limited	No	Yes	Unmodified	30/6/19	No	Yes	Unmodified	30/6/20	BHP Group plc
14	BHP Billiton Petroleum (Trinidad Block 5) Limited	No	Yes	Unmodified	30/6/19	No	Yes	Unmodified	30/6/20	BHP Group plc
15	BHP Billiton Petroleum (Trinidad Block 6) Limited	No	Yes	Unmodified	30/6/19	No	Yes	Unmodified	30/6/20	BHP Group plc
16	BHP Billiton Petroleum (Trinidad Block 7) Limited	No	Yes	Unmodified	30/6/19	No	Yes	Unmodified	30/6/20	BHP Group plc
17	BP Exploration Operating Co Ltd Trinidad Branch	No	No	N/A	N/A	No	No	N/A	N/A	
18	BP Trinidad and Tobago LLC	No	No	N/A	N/A	No	No	N/A	N/A	
19	BP Trinidad Processing Limited	No	No	N/A	N/A	No	No	N/A	N/A	
20	Touchstone Exploration (Trinidad) Ltd	No	Yes	Unmodified	31/12/19	No	Yes	Unmodified	31/12/20	Touchstone Exploration Inc.
21	Trinidad and Tobago LNG Limited	Yes	No	Unmodified	31/12/19	Yes	No	Unmodified	31/12/20	
22	Trinity Exploration and Production (Galeota) Limited	No	Yes	Unmodified	31/12/19	Yes	No	Unmodified	31/12/20	Trinity Exploration and Production (Trinidad and Tobago) Limited

23	Trinity Exploration and Production (Trinidad and Tobago) Limited	No	Yes	Unmodified	31/12/19	Yes	No	Unmodified	31/12/20	Trinity Exploration and Production (Trinidad and Tobago) Limited
24	De Novo Energy Block 1 A Limited	Yes	No	Unmodified	31/12/19	Yes	No	Unmodified	31/12/20	
25	Shell Trinidad Block E Limited	Yes	No	Unmodified	31/12/19	Yes	No	Unmodified	31/12/20	
26	EOG Resources Trinidad 4(A) Unlimited	Yes	No	Unmodified	31/12/19	Yes	No	Unmodified	31/12/20	
27	EOG Resources Trinidad Limited	Yes	No	Unmodified	31/12/19	Yes	No	Unmodified	31/12/20	
28	EOG Resources Trinidad- U(A) Block Limited	Yes	No	Unmodified	31/12/19	Yes	No	Unmodified	31/12/20	
29	EOG Resources Trinidad U(B) Block Unlimited	Yes	No	Unmodified	31/12/19	Yes	No	Unmodified	31/12/20	
30	Lease Operators Limited	Yes	No	Unmodified	30/9/19	Yes	No	Unmodified	30/9/20	
31	National Gas Company of Trinidad and Tobago Limited	Yes	No	Unmodified		Yes	No	Unmodified		
32	NGC E&P Investments (Netherlands) B.V.	Yes	No	Unmodified	31/12/19	Yes	No	Unmodified	31/12/20	
33	NGC Pipeline Company Limited	No	No	N/A	N/A	No	No	N/A	N/A	
34	Oilbelt Services Limited	No	Yes	Unmodified		Yes	No	Unmodified	31/12/20	Trinity Exploration and Production (Trinidad and Tobago) Limited
35	Perenco T&T Limited	No	No	N/A	N/A	No	No	N/A	N/A	
36	Petroleum Company of Trinidad and Tobago Limited	Yes	No	Modified	30/9/19	No	No	N/A	N/A	
37	Primera Oil and Gas Limited	No	Yes	Unmodified	31/12/19	No	Yes	Unmodified	31/12/20	Touchstone Exploration Inc.
38	PT.Fortin LNG Exports Ltd.	Yes	No	Unmodified	31/12/19	Yes	No	Unmodified	31/12/20	
39	Repsol Angostura Ltd	No	No	N/A	N/A	No	No	N/A	N/A	
40	Shell T&T Resources SRL	No	Yes	Unmodified	31/12/19	No	Yes	Unmodified	31/12/20	Consolidated with Royal Dutch Shell plc
41	Shell Trinidad North Coast Limited	No	Yes	Unmodified	31/12/19	No	Yes	Unmodified	31/12/20	Consolidated with Royal Dutch Shell plc
42	Shell Gas Supply Trinidad Limited	No	Yes	Unmodified	31/12/19	No	Yes	Unmodified	31/12/20	Consolidated with Royal Dutch Shell plc
43	Trinling	No	Yes	Unmodified	31/12/19	No	Yes	Unmodified	31/12/20	Consolidated with Royal Dutch Shell plc
44	BG 2/3	No	Yes	Unmodified	31/12/19	No	Yes	Unmodified	31/12/20	Consolidated with Royal Dutch Shell plc
45	Heritage Petroleum Company Limited	No	Yes	Unmodified	30/9/19	Yes	No	Unmodified	30/9/20	

NAME OF COMPANY	AMOCO TRINIDAD GAS BV -TRINIDAD BRANCH
IRD Tax Reference No.	000115341-9

Tax	Government Agency	Reported by government			Reported by company			Reconciling Items
		Original	Adjustments	Final	Original	Adjustments	Final	
		TT\$	TT\$	TT\$	TT\$	TT\$	TT\$	TT\$
SPT	MOF IRD							
PPT	MOF IRD	110,057		110,057	110,057		110,057	(1)
UL	MOF IRD	110,056		110,056	110,056		110,056	0
CT	MOF IRD							
Green Fund Levy	MOF IRD	1,483		1,483	1,483		1,483	0
Business Levy	MOF IRD							
WHT on dividends	MOF IRD							
WHT on deemed branch remittance	MOF IRD							
Insurance Premium Tax	MOF IRD							
Interest	MOF IRD							
Penalties	MOF IRD							
Sub total	MOF IRD	221,596	0	221,596	221,596	0	221,596	(0)
Royalty	MEEI							
Minimum rent -E&P	MEEI							
Annual licence acreage payments	MEEI	233,244		233,244	233,244		233,244	(0)
Petroleum Levy	MEEI							
Petroleum Impost	MEEI							
PSC Share of Profit	MEEI							
PSC Signature Bonuses	MEEI							
PSC Bidding Fees	MEEI							
Transfer fees	MEEI							
Abandonment provisions	MEEI							
Annual admin charges	MEEI	4,866,505		4,866,505	4,866,504		4,866,504	1
Training Fees	MEEI	2,433,253		2,433,253	2,433,253		2,433,253	(0)
R&D Fees	MEEI	2,433,253		2,433,253	2,433,253		2,433,253	(0)
Pruction bonus	MEEI							
Technical assistance	MEEI							
Scholarships	MEEI							
P.S.C Holding fees	MEEI							
Other payments under PSCs	MEEI							
Sub total	MEEI	9,966,254	0	9,966,254	9,966,254	0	9,966,254	0
Other payments to government								
Dividends paid	MOF -InvD							
Sub total	MOF -InvD							
Total Financial Flows		10,187,850	0	10,187,850	10,187,850	0	10,187,850	(0)
Flows declared by one party (not reconciled)				TTS			TTS	
Flow 1 -Social Payments	Party 1							
Flow 2 -Infrastructure Payments	Party 2							
Flow 3 -Transportation Tariffs	Party 3							
Flow 4 -Environmental Tariffs	Party 4							
		Units as stated	Units as stated	Units as stated	Units as stated	Units as stated	Units as stated	Units as stated
In kind flows								
Royalty								
Quantity in [unit of measure]								
Value in US\$								
ANO flow								
Quantity in [unit of measure]								
Value in US\$								
Production:								
Oil (BBLs)								
Gas (MCF)								
Gas (MMSCF)								
Gas (MSCF)				0			0	0

NAME OF COMPANY	EOG RESOURCES TRINIDAD LIMITED
IRD Tax Reference No.	112379-5

Tax	Government Agency	Reported by government			Reported by company			Reconciling Items
		Original	Adjustments	Final	Original	Adjustments	Final	
		TT\$	TT\$	TT\$	TT\$	TT\$	TT\$	TT\$
SPT	MOF IRD	21,521,227		21,521,227	21,521,227		21,521,227	
PPT	MOF IRD	436,292,905		436,292,905	436,292,905		436,292,905	
UL	MOF IRD	43,151,905		43,151,905	43,151,905		43,151,905	
CT	MOF IRD			0			0	
Green Fund Levy	MOF IRD	5,450,591		5,450,591	5,450,591		5,450,591	
Business Levy	MOF IRD							
WHT on dividends	MOF IRD	18,623,000		18,623,000		18,623,000	18,623,000	
WHT on deemed branch remittance	MOF IRD				18,623,000	(18,623,000)		
Insurance Premium Tax	MOF IRD							
Interest	MOF IRD							
Penalties	MOF IRD							
Sub total	MOF IRD	525,039,628		525,039,628	525,039,628		525,039,628	
Royalty	MEEI	195,908,662		195,908,662	195,908,662		195,908,662	
Minimum rent -E&P	MEEI	2,881,659		2,881,659	3,378,968	(498,907)	2,880,060	1,598
Annual licence acreage payments	MEEI	0			4,290,692	(4,290,692)		
Petroleum Levy	MEEI							
Petroleum Impost	MEEI	10,005,889		10,005,889	10,005,889		10,005,889	
PSC Share of Profit	MEEI							
PSC Signature Bonuses	MEEI							
PSC Bidding Fees	MEEI				271,040	(271,040)		
Transfer fees	MEEI							
Abandonment provisions	MEEI							
Annual admin charges	MEEI							
Training Fees	MEEI	1,714,610		1,714,610		1,714,610	1,714,610	
R&D Fees	MEEI	1,714,610		1,714,610		1,714,610	1,714,610	
Pruction bonus	MEEI							
Technical assistance	MEEI							
Scholarships	MEEI	514,383		514,383		514,383	514,383	0
P.S.C Holding fees	MEEI			0				
Other payments under PSCs	MEEI	271,040		271,040	3,390	271,040	274,430	(3,390)
Sub total	MEEI	213,010,854		213,010,854	213,858,641	(845,995)	213,012,646	(1,791)
Other payments to government								
Dividends paid	MOF -InvD							
Sub total	MOF -InvD							
Total Financial Flows		738,050,482		738,050,482	738,898,269	(845,995)	738,052,274	(1,791)
Flows declared by one party (not reconciled)				ITS			ITS	
Flow 1 -Social Payments	Party 1				817,183		817,183	
Flow 2 -Infrastructure Payments	Party 2							
Flow 3 -Transportation Tariffs	Party 3							
Flow 4 -Environmental	Party 4				833,704		833,704	
		Units as stated	Units as stated	Units as stated	Units as stated	Units as stated	Units as stated	Units as stated
In kind flows								
Royalty								
Quantity in [unit of measure]								
Value in US\$								
ANO flow								
Quantity in [unit of measure]								
Value in US\$				0			0	0
Production:								
Oil (BBLs)		444,710	(7,119)	437,591	437,591		437,591	0
Gas (MCF)		108,948,065	2,926,170	111,874,235	111,874,234		111,874,234	1
Gas (MMSCF)				0			0	0
Gas (MSCF)				0			0	0

NAME OF COMPANY	EOG RESOURCES TRINIDAD U(B) BLOCK UNLIMITED
IRD Tax Reference No.	122055-9

Tax	Government Agency	Reported by government			Reported by company			Reconciling Items
		Original	Adjustments	Final	Original	Adjustments	Final	
		TT\$	TT\$	TT\$	TT\$	TT\$	TT\$	TT\$
SPT	MOF IRD	291,397.00		291,397.00	291,397.00		291,397.00	
PPT	MOF IRD	21,996,377.00		21,996,377.00	22,231,107.00	(234,730.00)	21,996,377.00	
UL	MOF IRD	2,199,638.00		2,199,638.00	2,223,111.00	(23,473.00)	2,199,638.00	
CT	MOF IRD							
Green Fund Levy	MOF IRD	198,430.00		198,430.00	198,557.00	(127.00)	198,430.00	
Business Levy	MOF IRD							
WHT on dividends	MOF IRD	10,641,789.47		10,641,789.47		10,641,789.47	10,641,789.47	
WHT on deemed branch remittance	MOF IRD							
Insurance Premium Tax	MOF IRD							
Interest	MOF IRD							
Penalties	MOF IRD							
Sub total	MOF IRD	35,327,631.47	0	35,327,631.47	24,944,172.00	10,383,459.47	35,327,631.47	
Royalty	MEEI							
Minimum rent -E&P	MEEI							
Annual licence acreage payments	MEEI	68,515.77		68,515.77	68,515.77	0	68,515.77	
Petroleum Levy	MEEI							
Petroleum Impost	MEEI							
PSC Share of Profit	MEEI	9,658,687.86		9,658,687.86	9,653,709.52	0	9,653,709.52	4,978.34
PSC Signature Bonuses	MEEI							
PSC Bidding Fees	MEEI							
Transfer fees	MEEI							
Abandonment provisions	MEEI							
Annual admin charges	MEEI	3,429,220.76		3,429,220.76	3,429,220.76		3,429,220.76	
Training Fees	MEEI	2,143,262.96		2,143,262.96	2,143,262.96		2,143,262.96	
R&D Fees	MEEI	2,143,262.96		2,143,262.96	2,143,262.96		2,143,262.96	
Pruction bonus	MEEI							
Technical assistance	MEEI							
Scholarships	MEEI	101,349.00		101,349.00	101,349.00		101,349.00	
P.S.C Holding fees	MEEI							
Other payments under PSCs	MEEI							
Sub total	MEEI	17,544,299.31	0	17,544,299.31	17,539,320.97	0	17,539,320.97	4,978.34
Other payments to government								
Dividends paid	MOF -InvD							
Sub total	MOF -InvD							
Total Financial Flows		52,871,930.78	0	52,871,930.78	42,483,492.97	10,383,459.47	52,866,952.44	4,978.34
Flows declared by one party (not reconciled)				TT\$			TT\$	
Flow 1 -Social Payments	Party 1							
Flow 2 -Infrastructure Payments	Party 2							
Flow 3 -Transportation Tariffs	Party 3							
Flow 4 -Environmental	Party 4							
In kind flows		Units as stated	Units as stated	Units as stated	Units as stated	Units as stated	Units as stated	Units as stated
Royalty								
Quantity in [unit of measure]								
Value in US\$								
ANO flow								
Quantity in [unit of measure]								
Value in US\$								
Production:								
Oil (BBLs)			5,727.00	5,727.00	5,727.00		5,727.00	
Gas (MCF)		3,254,432.00		3,254,432.00	3,254,433.00		3,254,433.00	(1.00)
Gas (MMSCF)			0	0	0		0	
Gas (MSCF)			0	0	0		0	

NAME OF COMPANY	REPSOL ANGOSTURA LIMITED
IRD Tax Reference No.	100040582-6

Tax	Government Agency	Reported by government			Reported by company			Reconciling Items
		Original	Adjustments	Final	Original	Adjustments	Final	
		TTS	TTS	TTS	TTS	TTS	TTS	
SPT	MOF IRD							
PPT	MOF IRD							
UL	MOF IRD							
CT	MOF IRD							
Green Fund Levy	MOF IRD							
Business Levy	MOF IRD							
WHT on dividends	MOF IRD							
WHT on deemed branch remittance	MOF IRD							
Insurance Premium Tax	MOF IRD							
Interest	MOF IRD							
Penalties	MOF IRD							
Sub total	MOF IRD							
Royalty	MEEI							
Minimum rent -E&P	MEEI							
Annual licence acreage payments	MEEI							
Petroleum Levy	MEEI							
Petroleum Impost	MEEI							
PSC Share of Profit	MEEI							
PSC Signature Bonuses	MEEI							
PSC Bidding Fees	MEEI							
Transfer fees	MEEI							
Abandonment provisions	MEEI							
Annual admin charges	MEEI							
Training Fees	MEEI							
R&D Fees	MEEI							
Pruction bonus	MEEI							
Technical assistance	MEEI							
Scholarships	MEEI							
P.S.C Holding fees	MEEI							
Other payments under PSCs	MEEI	270,716.00	(270,716.00)					
Sub total	MEEI	270,716.00	(270,716.00)					
Other payments to government								
Dividends paid	MOF -InvD							
Sub total	MOF -InvD	0	0					
Total Financial Flows		270,716.00	(270,716.00)					
Flows declared by one party (not reconciled)				TTS			TTS	
Flow 1 -Social Payments	Party 1			0	109,761.90		109,761.90	
Flow 2 -Infrastructure Payments	Party 2							
Flow 3 -Transportation Tariffs	Party 3							
		Units as stated	Units as stated	Units as stated	Units as stated	Units as stated	Units as stated	Units as stated
In kind flows								
Royalty								
Quantity in [unit of measure]				0		0	0	0
Value in US\$				0		0	0	0
ANO flow								
Quantity in [unit of measure]				0		0	0	0
Value in US\$				0		0	0	0
Production:								
Oil (BBLs)				0		0	0	0
Gas (MCF)				0		0	0	0
Gas (MMSCF)				0		0	0	0
Gas (MSCF)				0		0	0	0

NAME OF COMPANY	Shell Trinidad 5(A) Limited
IRD Tax Reference No.	000128330-5

Tax	Government Agency	Reported by government	Adjustments	Final	Reported by company	Adjustments	Final	Reconciling Items
		Original			Original			
		TT\$	TT\$	TT\$	TT\$	TT\$	TT\$	TT\$
SPT	MOF IRD	239,544		239,544	239,544		239,544	0
PPT	MOF IRD							
UL	MOF IRD							
CT	MOF IRD							
Green Fund Levy	MOF IRD	1,447,194		1,447,194	1,447,194		1,447,194	0
Business Levy	MOF IRD							
WHT on dividends	MOF IRD							
WHT on deemed branch remittance	MOF IRD							
Insurance Premium Tax	MOF IRD							
Interest	MOF IRD							
Penalties	MOF IRD							
Sub total	MOF IRD	1,686,738	0	1,686,738	1,686,738	0	1,686,738	0
Royalty	MEEI							
Minimum rent -E&P	MEEI							
Annual licence acreage payments	MEEI	349,985		349,985		349,542	349,542	443
Petroleum Levy	MEEI							
Petroleum Impost	MEEI							
PSC Share of Profit	MEEI	3,601,864		3,601,864		3,600,222	3,600,222	1,642
PSC Signature Bonuses	MEEI							
PSC Bidding Fees	MEEI							
Transfer fees	MEEI							
Abandonment provisions	MEEI							
Annual admin charges	MEEI	4,609,264		4,609,264		4,609,264	4,609,264	
Training Fees	MEEI	2,304,632		2,304,632		2,304,632	2,304,632	
R&D Fees	MEEI	2,304,632		2,304,632		2,304,632	2,304,632	
Pruction bonus	MEEI							
Technical assistance	MEEI							
Scholarships	MEEI							
P.S.C Holding fees	MEEI							
Other payments under PSCs	MEEI							
Sub total	MEEI	13,170,378	0	13,170,378	0	13,168,293	13,168,293	2,086
Other payments to government								
Dividends paid	MOF -InvD							
Sub total	MOF -InvD							
Total Financial Flows		14,857,116	0	14,857,116	1,686,738	13,168,293	14,855,031	2,086
Flows declared by one party (not reconciled)				TT\$			TT\$	
Flow 1 -Social Payments	Party 1							
Flow 2 -Infrastructure Payments	Party 2							
Flow 3 -Transportation Tariffs	Party 3							
Flow 4 -Environmental Tariffs	Party 4							
		Units as stated	Units as stated	Units as stated	Units as stated	Units as stated	Units as stated	Units as stated
In kind flows								
Contribution in Kind				0	47,642,806		47,642,806	(47,642,806)
Royalty								
Quantity in [unit of measure]								
Value in US\$								
ANO flow								
Quantity in [unit of measure]								
Value in US\$								
Production:								
Oil (BBLs)			7,559	7,559	7,558		7,558	1
Gas (MCF)		14,448,867		14,448,867	14,448,867		14,448,867	0
Gas (MMSCF)				0			0	0
Gas (MSCF)				0			0	0

Annex G – Reconciliation 2020

NAME OF COMPANY		BHP BILLITON (TRINIDAD 3A) LIMITED						
IRD Tax Reference No.		122369-5						
Tax	Government Agency	Reported by government	Adjustments	Final	Reported by company	Adjustments	Final	Reconciling Items
		Original			Original			
		TTS	TTS	TTS	TTS	TTS	TTS	TTS
SPT	MOF IRD							
PPT	MOF IRD							
UL	MOF IRD							
CT	MOF IRD							
Green Fund Levy	MOF IRD							
Business Levy	MOF IRD							
WHT on dividends	MOF IRD							
WHT on deemed branch remittance	MOF IRD							
Insurance Premium Tax	MOF IRD							
Interest	MOF IRD							
Penalties	MOF IRD							
Sub total	MOF IRD							
Royalty	MEEI							
Minimum rent -E&P	MEEI							
Annual licence acreage payments	MEEI	310,886		310,886	310,886		310,886	
Petroleum Levy	MEEI							
Petroleum Impost	MEEI							
PSC Share of Profit	MEEI							
PSC Signature Bonuses	MEEI							
PSC Bidding Fees	MEEI							
Transfer fees	MEEI							
Abandonment provisions	MEEI							
Annual admin charges	MEEI	3,847,364		3,847,364	3,847,364		3,847,364	
Training Fees	MEEI	1,923,682		1,923,682	1,923,682		1,923,682	
R&D Fees	MEEI	1,923,682		1,923,682	1,923,682		1,923,682	
Pruction bonus	MEEI							
Technical assistance	MEEI							
Scholarships	MEEI	404,370		404,370	404,370		404,370	
P.S.C Holding fees	MEEI							
Other payments under PSCs	MEEI							
Sub total	MEEI	8,409,983		8,409,983	8,409,984		8,409,984	-1
Other payments to government								
Dividends paid	MOF -InvD							
Sub total	MOF -InvD							
Total Financial Flows		8,409,983		8,409,983	8,409,984		8,409,984	-1
Flows declared by one party (not reconciled)				TTS			TTS	
Flow 1 -Social Payments	Party 1							
Flow 2 -Infrastructure Payments	Party 2							
Flow 3 -Transportation Tariffs	Party 3							

Annex G – Reconciliation 2020

Annex G – Reconciliation 2020

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Annex G – Reconciliation 2020

Gas (MSCF)								
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Annex G – Reconciliation 2020

Annex G – Reconciliation 2020

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Annex H - Heritage Petroleum Company Limited File Notes 2019 and 2020



HERITAGE PETROLEUM COMPANY LIMITED

Registered Office: #9 Queen's Park West, Port of Spain, Trinidad W.I.
Telephone (868) 649-6751

23rd July 2021

Ref: ACM\0237\23072021

Mr. Sherwin Long

Head, TTEITI Secretariat
25th Floor
International Waterfront Centre
1 Wrightson Road
PORT OF SPAIN

Dear Mr. Long

2019 TTEITI FILE NOTE – LEASE OPERATORSHIP, FARMOUT AND INCREMENTAL PRODUCTION SERVICE CONTRACT OPERATORS

Attached is the submission of Heritage's File Note for the Lease Operatorship, Farmout and Incremental Production Service Contract Operators for the period 1st December 2018 to 30th September 2019.

Should you require any clarification please contact Alliance and Contracts Manager, Mukesh Samlal at email Mukesh.Samlal@heritage-tt.com or mobile 761-1100.

Yours faithfully

HERITAGE PETROLEUM COMPANY LIMITED

Arlene Chow

ARLENE CHOW

Chief Executive Officer

Attachment

2019 TTEITI FILE NOTE – LEASE OPERATORSHIP, FARMOUT AND INCREMENTAL PRODUCTION SERVICE CONTRACT OPERATORS

Purpose

This Note is provided for the citizens of Trinidad and Tobago to understand the commercial arrangements that existed between Heritage Petroleum Company Limited (Heritage) and its Lease Operatorship, Farmout and Incremental Production Service Contracts (LOFOSC) Operators for the period 1st December 2018 to 30th September 2019. It will be disclosed in the Trinidad and Tobago Extractive Industries Transparency Initiative (TTEITI) Report for the period 1st October 2018 to 30th September 2019.

Background

Heritage is entitled to by virtue of certain Exploration and Production (Public Petroleum Rights) Licences granted by the Ministry of Energy and Energy Industries (MEEI) to search and bore for, and get Petroleum lying in or under the lands described in those title documents throughout various locations within the southern part of onshore Trinidad. The LOFOSC programmes are sub-licence arrangements with varying contractual and commercial characteristics, as more clearly explained below.

The Lease Operatorship programme has been in existence for the past thirty (30) years, initiated by Petroleum Company of Trinidad and Tobago Limited (Petrotrin). The programme involves the reactivation of idle wells within a defined geographic area (Lease Blocks), the recompletion of existing wells and the drilling of replacement and infill wells, subject to Heritage's approval of any drilling to be undertaken. The programme was developed to encourage smaller scale Operators to work in defined geographic locations within Heritage's licensed acreage, called "Blocks" where it was previously uneconomic for Petrotrin to operate given the associated cost and operations structure. For the financial year ended 30th September 2019 there were twenty-four (24) Lease Operatorship Blocks, managed by eleven (11) Operators. For the period 1st December 2018 to 30th September 2019 production from the Lease Operatorship averaged **6,707** bopd.

In the Farmout programme, Petrotrin leased out idle acreage to Operators to explore, drill and produce. For the financial year ended 30th September 2019 there were a total of eight (8) Operators for the ten (10) Farmout Blocks under this type of arrangement. For the period 1st December 2018 to 30th September 2019 production from Farmout averaged **474** bopd.

The other type of arrangement that falls under LOFOSC is the Incremental Production Service Contract (IPSC). This contract model involves the reactivation of idle wells, recompletion of wells and the drilling of exploration and development wells. For the financial year ended 30th September 2019 there were five (5) IPSC Blocks contracted to five (5) Operators. The main

2019 TTEITI FILE NOTE – LEASE OPERATORSHIP, FARMOUT AND INCREMENTAL PRODUCTION SERVICE CONTRACT OPERATORS

difference between this arrangement and the Lease Operatorship is that in some IPSC's active wells and production were handed over to the Operator. This production is called the First Tranche oil for which Heritage pays a Handling Fee to the Operator. Production in excess of this First Tranche oil is sold to Heritage. For the period 1st December 2018 to 30th September 2019 production from IPSC Operators averaged **824** bopd.

All crude oil produced by the Operators is purchased by Heritage. All the production is fiscalized at the respective Gathering Stations and Heritage is responsible for reporting on Production by Blocks to the MEEI. Production from the LOFOSC Blocks produced an average of approximately **8,005** bopd for the period 1st December 2018 to 30th September 2019.

Lease Operatorships and IPSCs operate wells but are not assigned acreage and as a result are not allowed to book reserves while Farmout Operators are given exclusive possession to acreage within the Block and may book the reserves.

Major Fees paid by the Operators

The obligation is managed by a Lease Operatorship or a Farmout Agreement or IPSC. In accordance with the respective contract, the market value of the crude oil delivered is equal to the price of the Heritage equity land blend crude excluding Guapo. The Operator's fee is made up of the market value of crude oil times the production barrels (sales receipts) and the following are the deductions which are offset from this revenue and the net amount is paid to the Operators:

- Royalty: which can either be State / Government royalty, Private royalties or freehold lessors royalty, depending on the leases from which the production is derived.
- Oil Impost: a tax on oil producers for their proportionate share of the annual operating cost of the MEEI - remitted to MEEI.
- Escrow Fee: deduction per barrel of oil for future abandonment liabilities which is remitted by Heritage directly to the MEEI.
- Overriding Royalty: This is negotiated and can be defined as Heritage's revenue stream from the Block. Heritage benefits from an Overriding Royalty (ORR) fee paid by the Operator for each barrel of oil equivalent produced. The ORR is based on gross revenue and bears no relation to cost of production. ORR rates are negotiated rates based on tiered oil prices and scaled according to production levels. In the Lease Operatorship, Operators are given incentives to drill and produce additional oil; hence for the first two (2) years of drilling a successful well, reduced ORR percentages are paid on that well's production.
- Lease Operatorship Operators pay a User Fee to cover services provided by Heritage that include, *inter alia*, electricity, compilation of production data for MEEI, laboratory analysis of samples, review of well programmes and general administration costs associated with these

2019 TTEITI FILE NOTE – LEASE OPERATORSHIP, FARMOUT AND INCREMENTAL PRODUCTION SERVICE CONTRACT OPERATORS

activities. This fee is retained by Heritage as reimbursement of its costs.

- Farmout Operators are charged a Transportation and Handling Fee.
- IPSCs are charged a Facilitation Fee.

Other fees paid by the Operators

In addition to the deductions noted above, the LOFOSC are also required to pay a proportionate share of the respective Head Licence fees of the respective Exploration and Production (Public Petroleum Rights) Licence as outlined under the financial obligations provision of same. In the case of the Lease Operatorship and IPSCs, the Operator's share of Head Licence fee is determined by their proportionate share of the total production times the fees paid for the respective year. For the Farmout Operators the amount is prorated based on acreage. The total Head Licence fee is remitted to the MEEI by Heritage who in turn invoice the respective Operators annually for their proportionate share.

LOFOSC Operators are responsible for their own payments of the Supplemental Petroleum Taxes (SPT), the Petroleum Profits Tax (PPT) as well as the Petroleum Production Levy (PPL) to the Board of Inland Revenue (BIR).

With respect to the payments made to the MEEI, except for the basis on which the calculations are effected particularly in respect of the land licence fees, there is no major difference in the treatment and the payment processing.

Appendix I, II and III provides detailed deductions and payments for the LO, FO and IPSC blocks respectively.

Prepared by

Mukesh Samlal

Mukesh Samlal

Alliance and Contracts Manager

HERITAGE PETROLEUM COMPANY LIMITED
SCHEDULE OF PAYMENTS - LEASE OPERATORSHIPS
FISCAL 2019: DECEMBER 2018 - SEPTEMBER 2019

<i>Lease Operator</i>	<i>Block</i>	<i>Sales (Bbls)</i>	<i>T.T. Value \$</i>	<i>Productive Royalty</i>	<i>Over-Riding Royalty</i>	<i>Oil Impost</i>	<i>Escrow Fee</i>	<i>User's Cost</i>	<i>Equipment Rental</i>	<i>Net Payment (TTD)</i>
<i>Lease Operators Ltd.</i>	WD-3	130,497	50,592,954.26	-6,324,430.60	-16,329,950.41	-61,533.67	-220,234.71	-1,849,795.00	-	25,807,009.87
<i>Lease Operators Ltd.</i>	WD-1	56,200	21,831,589.22	-2,729,405.41	-6,145,556.79	-26,500.17	-94,830.66	-796,635.02	-	12,038,661.17
<i>Oilbelt Services Ltd.</i>	WD-2	97,299	37,738,885.82	-4,717,623.42	-5,467,800.43	-45,879.71	-164,223.49	-1,379,213.36	-	25,964,145.41
<i>Touchstone Exploration Ltd.</i>	WD-4	198,020	76,574,915.46	-9,571,754.75	-15,466,189.93	-93,373.01	-334,209.67	-2,806,933.53	-	48,302,454.57
<i>Oilbelt Services Ltd.</i>	WD-5/6	267,273	103,475,964.01	-12,936,766.45	-32,850,374.20	-126,028.09	-451,087.79	-3,788,594.79	-	53,323,112.69
<i>T. N. Ramnauth & Co. Ltd.</i>	WD-7M	63,018	24,507,686.73	-3,064,205.71	-5,278,116.02	-29,715.07	-106,352.47	-893,280.18	-	15,136,017.28
<i>Touchstone Exploration T'dad Ltd.</i>	WD-8	148,067	57,827,006.00	-7,231,625.86	-6,689,218.58	-69,818.50	-249,898.02	-2,098,849.77	-	41,487,595.27
<i>Lease Operators Ltd.</i>	WD-9	383,944	148,362,043.89	-18,547,089.32	-29,151,220.53	-181,042.32	-647,980.16	-5,442,406.22	-	94,392,305.34
<i>Lease Operators Ltd.</i>	WD-10	30,228	11,767,875.39	-1,471,326.32	-3,797,978.86	-14,253.51	-51,011.73	-428,481.90	-	6,004,823.07
<i>Lease Operators Ltd.</i>	WD-11	14,372	5,511,926.74	-689,132.96	-1,744,651.36	-6,776.86	-24,266.44	-203,723.13	-	2,843,375.99
<i>Lease Operators Ltd.</i>	WD-12	25,235	9,826,720.79	-1,229,148.00	-2,224,305.40	-11,899.13	-42,584.33	-357,706.15	-	5,961,077.78
<i>Oilbelt Services Ltd.</i>	WD-14	31,336	12,113,978.20	-1,514,075.97	-3,498,180.53	-14,775.98	-52,886.07	-444,187.82	-	6,589,871.83
<i>Oilbelt Services Ltd.</i>	WD-13	46,953	17,954,020.75	-2,244,348.98	-2,714,276.04	-22,139.90	-79,274.79	-665,558.81	-	12,228,422.23
<i>Rocky Point T&T Ltd.</i>	WD-15	55,014	21,216,727.92	-2,652,506.05	-6,582,665.81	-25,940.93	-92,859.78	-779,823.46	-	11,082,931.89
<i>Petroleum Contracting Serv. Ltd.</i>	WD-16	81,353	31,598,513.98	-3,949,712.44	-2,503,772.30	-38,360.64	-137,279.74	-1,153,178.80	-	23,816,210.06
<i>Trinidad Wireline Ltd.</i>	WD-17	71,212	27,382,114.65	-3,422,728.62	-7,928,278.85	-33,578.83	-120,200.54	-1,009,430.11	-	14,867,897.70
<i>Touchstone Exploration T'dad Ltd.</i>	CO-2	21,852	8,451,060.75	-1,056,620.30	-2,014,632.70	-10,303.96	-36,884.98	-309,752.12	-	5,022,866.69
<i>Lease Operators Ltd.</i>	PS-1	46,877	18,095,748.71	-2,261,669.97	-5,194,605.24	-22,104.06	-79,125.82	-664,481.50	-4,500.00	9,869,262.12
<i>New Horizon Exploration T&T Unlimited</i>	GU-1	26,977	9,673,336.25	-1,209,399.51	-2,655,434.14	-12,720.56	-45,519.98	-382,399.00	-	5,367,863.06
<i>Hydrocarb T'dad Ltd.</i>	FZ-1	47,904	18,558,869.16	-2,319,805.78	-5,777,537.65	-22,588.31	-80,851.26	-679,039.22	-	9,679,046.94
<i>Oilbelt Services Ltd.</i>	FZ-2	31,006	11,938,093.85	-1,492,176.58	-3,083,460.64	-14,620.34	-52,336.00	-439,510.08	-	6,855,990.21
<i>Touchstone Exploration T'dad Ltd.</i>	CO-1	124,851	47,875,024.06	-5,986,663.72	-8,566,443.71	-58,871.41	-210,793.46	-1,769,762.94	-	31,282,488.82
<i>Moonsie Oil Co. Ltd.</i>	PS-4	13,888	5,385,739.00	-673,163.77	-1,746,943.74	-6,548.64	-23,439.10	-196,862.42	-	2,738,781.33
<i>East Coast W/over Serv. Ltd.</i>	PS-3	23,527	9,121,999.28	-1,140,116.92	-2,862,595.68	-11,093.76	-39,699.66	-333,495.24	-	4,734,998.02
TOTAL		2,036,903	787,382,794.87	-98,435,497.41	-180,274,189.54	-960,467.36	-3,437,830.65	-28,873,100.57	-4,500.00	475,397,209.34

HERITAGE PETROLEUM COMPANY LIMITED
SCHEDULE OF PAYMENTS - FARMOUT
FISCAL 2019: DECEMBER 2018 - SEPTEMBER 2019

<i>Lease Operator</i>	<i>Block</i>	<i>Sales (Bbls)</i>	<i>T.T. Value \$</i>	<i>Productive Royalty</i>	<i>Over-Riding Royalty</i>	<i>Escrow Fee</i>	<i>Oil Impost</i>	<i>Handling & Elect. Chgs.</i>	<i>Transportation & Handling Fee</i>	<i>Net Payment (TTD)</i>
<i>Krishna Persad & Associates</i>	<i>BP</i>	13,783	5,340,829.50	-667,474.17	-1,201,817.96	-23,262.20	-6,499.15	-	-49,618.80	3,392,157.22
<i>Oilbelt Services Limited</i>	<i>TAB</i>	4,467	1,762,702.82	-222,238.87	-317,286.51	-	-2,106.33	-23,625.00	-	1,197,446.11
<i>Hydrocarb Trinidad Ltd.</i>	<i>BD</i>	5,931	2,322,959.82	-290,305.88	-505,218.53	-10,008.64	-2,796.66	-	-21,351.60	1,493,278.51
<i>Touchstone Exploration T'dad Ltd.</i>	<i>ND</i>	7,662	2,970,897.27	-371,223.56	-606,983.73	-12,930.82	-3,612.89	-	-27,583.20	1,948,563.07
<i>Range Resources T'dad Ltd.</i>	<i>MD</i>	67,504	26,103,952.49	-3,261,996.69	-5,895,846.98	-113,930.50	-31,830.37	-112,500.00	-243,014.40	16,444,833.55
<i>Range Resources T'dad Ltd.</i>	<i>SQ</i>	13,313	5,175,710.93	-646,649.39	-1,173,638.66	-22,458.71	-6,277.52	-67,500.00	-47,926.80	3,211,259.85
<i>Touchstone Exploration T'dad Ltd.</i>	<i>SP</i>	1,491	571,941.21	-71,516.55	-126,648.82	-2,518.53	-703.04	-	-5,367.60	365,186.67
<i>A.P.I. Pipeline</i>	<i>OP</i>	13,301	5,150,178.12	-643,530.59	-1,159,527.52	-22,452.21	-6,271.87	-	-47,883.60	3,270,512.33
<i>Jasmin Oil & Gas Ltd.</i>	<i>SE</i>	16,648	6,420,825.01	-802,397.31	-1,418,170.23	-28,099.51	-7,850.07	-	-59,932.80	4,104,375.09
TOTAL		144,100	55,819,997.17	-6,977,333.01	-12,405,138.94	-235,661.12	-67,947.90	-203,625.00	-502,678.80	35,427,612.40

HERITAGE PETROLEUM COMPANY LIMITED
SCHEDULE OF PAYMENTS - INCREMENTAL PRODUCTION SERVICE CONTRACTS
FISCAL 2019: DECEMBER 2018 - SEPTEMBER 2019

<i>Lease Operator</i>	<i>Block</i>	<i>Delivery (Bbls)</i>	<i>1st Tranche (Bbls)</i>	<i>Sales (Bbls)</i>	<i>T.T. Value \$</i>	<i>Productive Royalty</i>	<i>Over-Riding Royalty</i>	<i>Facilitation Fee</i>	<i>Escrow Fee</i>	<i>Oil Impost</i>	<i>Handling Fee</i>	<i>Net Payment (TTD)</i>
<i>A & V Oil & Gas</i>	<i>ME</i>	17,520	-3,670	13,850	5,359,478.59	-669,295.61	-1,818,529.84	-289,872.99	-23,376.85	-6,530.73	222,974.31	2,774,846.88
<i>Goudron E & P</i>	<i>GUD</i>	87,422	-12,210	75,212	28,828,118.28	-3,601,607.88	-5,342,867.97	-1,574,799.57	-126,999.97	-35,464.95	741,830.02	18,888,207.96
<i>Range Resources (LBO)</i>	<i>BM</i>	74,599	-	74,599	28,927,096.38	-3,611,612.87	-7,988,606.46	-1,547,360.25	-125,866.74	-35,175.91	-	15,618,474.15
<i>FRAM</i>	<i>IN/ TRIN</i>	43,434	-29,780	13,654	5,187,751.29	-647,977.42	-1,050,744.81	-281,637.56	-23,050.18	-6,438.32	3,216,554.46	6,394,457.46
<i>Lease Operators Ltd</i>	<i>BAL EAST</i>	27,011	-11,550	15,461	5,978,615.93	-747,498.84	-1,311,559.99	-311,961.57	-26,109.26	-7,290.37	935,641.48	4,509,837.38
TOTAL		249,986	-57,210	192,776	74,281,060.47	-9,277,992.62	-17,512,309.07	-4,005,631.94	-325,403.00	-90,900.28	5,117,000.27	48,185,823.83

Registered Office: #9 Queen's Park West, Port of Spain, Trinidad W.I.
Telephone (868) 649-6751

23rd July 2021

Ref: ACM\0238\23072021

Mr. Sherwin Long
Head, TTEITI Secretariat
25th Floor
International Waterfront Centre
1 Wrightson Road
PORT OF SPAIN

Dear Mr. Long

2020 TTEITI FILE NOTE – LEASE OPERATORSHIP, FARMOUT AND INCREMENTAL PRODUCTION SERVICE CONTRACT OPERATORS

Attached is the submission of Heritage's File Note for the Lease Operatorship, Farmout and Incremental Production Service Contract Operators for the period 1st October 2019 to 30th September 2020.

Should you require any clarification please contact Alliance and Contracts Manager, Mukesh Samlal at email Mukesh.Samlal@heritage-tt.com or mobile 761-1100.

Yours faithfully

HERITAGE PETROLEUM COMPANY LIMITED

Arlene Chow

ARLENE CHOW
Chief Executive Officer

Attachment

2020 TTEITI FILE NOTE – LEASE OPERATORSHIP, FARMOUT AND INCREMENTAL PRODUCTION SERVICE CONTRACT OPERATORS

Purpose

This Note is provided for the citizens of Trinidad and Tobago to understand the commercial arrangements that existed between Heritage Petroleum Company Limited (Heritage) and its Lease Operatorship, Farmout and Incremental Production Service Contracts (LOFOSC) Operators for the period 1st October 2019 to 30th September 2020. It will be disclosed in the Trinidad and Tobago Extractive Industries Transparency Initiative (TTEITI) Report for the period 1st October 2019 to 30th September 2020.

Background

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The Lease Operatorship programme has been in existence for the past thirty-one (31) years, initiated by Petroleum Company of Trinidad and Tobago Limited (Petrotrin). The programme involves the reactivation of idle wells within a defined geographic area (Lease Blocks), the recompletion of existing wells and the drilling of replacement and infill wells, subject to Heritage's approval of any drilling to be undertaken. The programme was developed to encourage smaller scale Operators to work in defined geographic locations within Heritage's licensed acreage, called "Blocks" where it was previously uneconomic for Petrotrin to operate given the associated cost and operations structure. For the financial year ended 30th September 2020 there were twenty-four (24) Lease Operatorship Blocks, managed by eleven (11) Operators. For the period 1st October 2019 to 30th September 2020 production from the Lease Operatorship averaged **6,209** bopd.

In the Farmout programme, Petrotrin leased out idle acreage to Operators to explore, drill and produce. For the financial year ended 30th September 2020 there were a total of eight (8) Operators for the ten (10) Farmout Blocks under this type of arrangement. For the period 1st October 2019 to 30th September 2020 production from Farmout averaged **412** bopd.

The other type of arrangement that falls under LOFOSC is the Incremental Production Service Contract (IPSC). This contract model involves the reactivation of idle wells, recompletion of wells and the drilling of exploration and development wells. For the financial year ended

2020 TTEITI FILE NOTE – LEASE OPERATORSHIP, FARMOUT AND INCREMENTAL PRODUCTION SERVICE CONTRACT OPERATORS

30th September 2020 there were five (5) IPSC Blocks contracted to five (5) Operators. The main difference between this arrangement and the Lease Operatorship is that in some IPSC's active wells and production were handed over to the Operator. This production is called the First Tranche oil for which Heritage pays a Handling Fee to the Operator. Production in excess of this First Tranche oil is sold to Heritage. For the period 1st October 2019 to 30th September 2020 production from IPSC Operators averaged **614** bopd.

All crude oil produced by the Operators is purchased by Heritage. All the production is fiscalized at the respective Gathering Stations and Heritage is responsible for reporting on Production by Blocks to the MEEI. Production from the LOFOOSC Blocks produced an average of approximately **7,235** bopd for the period 1st October 2019 to 30th September 2020.

Lease Operatorships and IPSCs operate wells but are not assigned acreage and as a result are not allowed to book reserves while Farmout Operators are given exclusive possession to acreage within the Block and may book reserves.

Major Fees paid by the Operators

The obligation is managed by a Lease Operatorship or a Farmout Agreement or IPSC. In accordance with the respective contract, the market value of the crude oil delivered is equal to the price of the Heritage equity land blend crude excluding Guapo. The Operator's fee is made up of the market value of crude oil times the production barrels (sales receipts) and the following are the deductions which are offset from this revenue and the net amount is paid to the Operators:

- Royalty: which can either be State / Government royalty, Private royalties or freehold lessors royalty, depending on the leases from which the production is derived.
- Oil Impost: a tax on oil producers for their proportionate share of the annual operating cost of the MEEI - remitted to MEEI.
- Escrow Fee: deduction per barrel of oil for future abandonment liabilities which is remitted by Heritage directly to the MEEI.
- Overriding Royalty: This is negotiated and can be defined as Heritage's revenue stream from the Block. Heritage benefits from an Overriding Royalty (ORR) fee paid by the Operator for each barrel of oil equivalent produced. The ORR is based on gross revenue and bears no relation to cost of production. ORR rates are negotiated rates based on tiered oil prices and scaled according to production levels. In the Lease Operatorship, Operators are given incentives to drill and produce additional oil; hence for the first two (2) years of drilling a successful well, reduced ORR percentages are paid on that well's production.
- Lease Operatorship Operators pay a User Fee to cover services provided by Heritage that include, *inter alia*, electricity, compilation of production data for MEEI, laboratory analysis of

2020 TTEITI FILE NOTE – LEASE OPERATORSHIP, FARMOUT AND INCREMENTAL PRODUCTION SERVICE CONTRACT OPERATORS

samples, review of well programmes and general administration costs associated with these activities. This fee is retained by Heritage as reimbursement of its costs.

- Farmout Operators are charged a Transportation and Handling Fee.
- IPSCs are charged a Facilitation Fee.

Other fees paid by the Operators

In addition to the deductions noted above, the LOFOSC are also required to pay a proportionate share of the respective Head Licence fees of the respective Exploration and Production (Public Petroleum Rights) Licence as outlined under the financial obligations provision of same. In the case of the Lease Operatorship and IPSCs, the Operator's share of Head Licence fee is determined by their proportionate share of the total production times the fees paid for the respective year. For the Farmout Operators the amount is prorated based on acreage. The total Head Licence fee is remitted to the MEEI by Heritage who in turn invoice the respective Operators annually for their proportionate share.

LOFOSC Operators are responsible for their own payments of the Supplemental Petroleum Taxes (SPT), the Petroleum Profits Tax (PPT) as well as the Petroleum Production Levy (PPL) to the Board of Inland Revenue (BIR).

With respect to the payments made to the MEEI, except for the basis on which the calculations are effected particularly in respect of the land licence fees, there is no major difference in the treatment and the payment processing.

Appendix I, II and III provides detailed deductions and payments for the LO, FO and IPSC blocks respectively.

Prepared by

Mukesh Samlal

Mukesh Samlal

Alliance and Contracts Manager

HERITAGE PETROLEUM COMPANY LIMITED
SCHEDULE OF PAYMENTS - LEASE OPERATORSHIPS
FISCAL 2020: OCTOBER 2019 - SEPTEMBER 2020

Operator	Block	Sales (Bbls)	T.T. Value \$	Productive Royalty	O/Riding Royalty	Oil Impost	Escrow Fee	User's Cost	Equipment Rental	Net Payment (TTD)
Lease Operators Ltd.	WD-3	140,044	40,273,654.51	-5,033,768.12	-9,831,551.64	-61,684.92	-236,069.77	-1,985,123.74	0.00	23,125,456.32
Lease Operators Ltd.	WD-1	62,737	18,900,842.25	-2,362,110.01	-4,638,798.05	-27,746.04	-105,776.30	-889,297.01	0.00	10,877,114.84
Oilbelt Services Ltd.	WD-2	122,375	34,563,715.48	-4,319,805.47	-3,937,214.32	-53,828.09	-206,271.50	-1,734,665.64	0.00	24,311,930.46
Touchstone Exploration Ltd.	WD-4	205,646	60,824,180.60	-7,602,924.19	-12,007,633.39	-90,763.87	-346,690.99	-2,915,032.08	0.00	37,861,136.08
Oilbelt Services Ltd.	WD-5/6	382,241	109,071,131.47	-13,633,131.87	-26,378,651.35	-168,539.75	-644,347.78	-5,418,266.20	0.00	62,828,194.52
T. N. Ramnauth & Co. Ltd.	WD-7M	69,213	19,741,163.92	-2,467,049.41	-3,654,731.96	-30,497.19	-116,669.59	-981,094.31	0.00	12,491,121.46
Touchstone Exploration T'dad Ltd.	WD-8	107,035	32,327,619.07	-4,041,925.88	-5,340,649.98	-47,378.81	-180,455.66	-1,517,221.15	0.00	21,199,987.59
Lease Operators Ltd.	WD-9	367,478	106,652,616.68	-13,331,132.69	-18,304,137.13	-162,225.13	-619,474.49	-5,209,000.68	0.00	69,026,646.56
Lease Operators Ltd.	WD-10	26,659	7,789,126.96	-974,164.54	-1,903,373.92	-11,778.55	-44,940.82	-377,891.35	0.00	4,476,977.78
Lease Operators Ltd.	WD-11	10,381	3,018,043.04	-377,744.83	-823,000.22	-4,580.65	-17,500.30	-147,150.71	0.00	1,648,066.33
Lease Operators Ltd.	WD-12	29,549	8,269,574.33	-1,034,223.97	-1,575,846.26	-13,014.78	-49,805.61	-418,857.10	0.00	5,177,826.61
Oilbelt Services Ltd.	WD-14	45,025	12,913,353.52	-1,614,172.19	-2,560,220.31	-19,864.21	-75,896.92	-638,229.40	0.00	8,004,970.49
Oilbelt Services Ltd.	WD-13	55,686	16,450,455.26	-2,055,779.30	-2,217,788.59	-24,606.17	-93,880.50	-789,349.07	0.00	11,269,051.63
Rocky Point T&T Ltd.	WD-15	60,957	17,861,618.27	-2,233,563.84	-4,785,674.85	-26,910.29	-102,759.31	-864,065.50	0.00	9,848,644.48
Petroleum Contracting Serv. Ltd.	WD-16	103,696	29,710,126.74	-3,713,403.02	-2,429,846.62	-45,804.32	-174,795.74	-1,469,890.83	0.00	21,876,386.21
Trinidad Wireline Ltd.	WD-17	81,131	23,467,098.73	-2,933,121.41	-5,684,279.82	-35,848.98	-136,768.99	-1,150,031.94	0.00	13,527,047.59
Touchstone Exploration T'dad Ltd.	CO-2	16,836	4,903,431.99	-612,919.19	-1,277,456.69	-7,445.80	-28,380.91	-238,650.33	0.00	2,738,579.07
Lease Operators Ltd.	PS-1	54,100	15,618,090.78	-1,951,841.24	-3,780,835.45	-23,824.86	-91,201.31	-766,867.55	-5,400.00	8,998,120.37
New Horizon Exploration T&T Unlimited	GU-1	25,564	6,512,482.38	-814,187.13	-1,373,912.44	-11,308.92	-43,108.31	-362,369.73	0.00	3,907,595.85
Hydrocarb T'dad Ltd.	FZ-1	62,602	17,483,341.40	-2,184,939.98	-4,360,084.75	-27,566.73	-105,512.06	-887,383.38	0.00	9,917,854.50
Oilbelt Services Ltd.	FZ-2	39,205	11,096,053.27	-1,387,161.88	-2,505,718.28	-17,258.33	-66,085.79	-555,730.91	0.00	6,564,098.08
Touchstone Exploration T'dad Ltd.	CO-1	148,140	43,738,288.65	-5,469,176.03	-7,651,659.97	-65,445.36	-249,733.22	-2,099,884.51	0.00	28,202,389.56
Moonsie Oil Co. Ltd.	PS-4	26,256	7,173,331.77	-896,444.70	-1,062,254.25	-11,495.90	-44,254.39	-372,178.83	0.00	4,786,703.70
East Coast W/over Serv. Ltd.	PS-3	29,660	8,522,109.48	-1,065,019.33	-2,183,951.08	-13,061.35	-50,000.20	-420,430.54	0.00	4,789,646.98
TOTAL		2,272,216	656,881,450.55	-82,109,710.22	-130,269,271.32	-1,002,479.00	-3,830,380.46	-32,208,662.49	-5,400.00	407,455,547.06

HERITAGE PETROLEUM COMPANY LIMITED
SCHEDULE OF PAYMENTS - FARMOUT
FISCAL 2020: OCTOBER 2019 - SEPTEMBER 2020

<i>Operator</i>	<i>Block</i>	<i>Sales (Bbls)</i>	<i>T.T. Value \$</i>	<i>Productive Royalty</i>	<i>O/Riding Royalty</i>	<i>Escrow Fee</i>	<i>Oil Impost</i>	<i>Handling & Elect. Chgs.</i>	<i>Transportation & Handling Fee</i>	<i>Net Payment (TTD)</i>
<i>Krishna Persad & Associates</i>	<i>BP</i>	13,405	4,065,549.49	-508,043.22	-790,848.93	-22,602.22	-5,930.51	-	-48,258.00	2,689,866.61
<i>Oilbelt Services Limited</i>	<i>TAB</i>	7,430	2,148,772.51	-270,698.58	-386,779.07	-	-3,258.85	-40,500.00	-	1,447,536.01
<i>Hydrocarb Trinidad Ltd.</i>	<i>BD</i>	7,245	1,966,080.33	-245,753.07	-347,596.69	-12,209.46	-3,188.19	-	-26,082.00	1,331,250.92
<i>Touchstone Exploration T'dad Ltd.</i>	<i>ND</i>	8,377	2,438,817.63	-304,894.26	-433,558.12	-14,121.72	-3,698.69	-	-30,157.20	1,652,387.64
<i>Range Resources T'dad Ltd.</i>	<i>MD</i>	53,802	15,841,451.03	-1,980,412.61	-3,107,009.28	-90,709.68	-23,756.03	-135,000.00	-193,687.20	10,310,876.23
<i>Range Resources T'dad Ltd.</i>	<i>SQ</i>	11,079	3,276,672.72	-409,904.39	-650,991.65	-18,680.09	-4,896.71	-74,250.00	-39,884.40	2,078,065.48
<i>Touchstone Exploration T'dad Ltd.</i>	<i>SP</i>	550	148,000.19	-18,450.82	-25,261.92	-927.90	-239.15	-	-1,980.00	101,140.40
<i>A.P.I. Pipeline</i>	<i>OP</i>	28,283	7,824,600.45	-977,849.15	-1,431,907.65	-47,674.04	-12,393.74	-	-101,818.80	5,252,957.07
<i>Jasmin Oil & Gas Ltd.</i>	<i>SE</i>	20,325	5,873,321.21	-734,345.13	-1,085,338.17	-34,262.96	-8,950.65	-	-73,170.00	3,937,254.30
TOTAL		150,496	43,583,265.56	(5,450,351.23)	(8,259,291.48)	(241,188.07)	(66,312.52)	(249,750.00)	(515,037.60)	28,801,334.66

HERITAGE PETROLEUM COMPANY LIMITED
SCHEDULE OF PAYMENTS - INCREMENTAL PRODUCTION SERVICE CONTRACTS
FISCAL 2020: OCTOBER 2019 - SEPTEMBER 2020

Operator	Block	Delivery (Bbls)	1st Tranche (Bbls)	Sales (Bbls)	T.T. Value \$	Productive Royalty	O/Riding Royalty	Facilitation Fee	Escrow Fee	Oil Impost	Handling Fee	Net Payment (TTD)
A & V Oil & Gas	ME	15,835	-4,404	11,431	3,057,468.86	-381,780.52	-874,474.00	-238,874.06	-19,264.06	-5,068.63	267,265.88	1,805,273.47
Goudron E & P	GUD	70,435	-14,652	55,783	16,296,865.33	-2,034,090.45	-2,854,624.62	-1,166,017.54	-94,033.68	-24,625.73	889,187.01	11,012,660.32
Range Resources (LBO)	BM	67,846	-	67,846	20,127,566.60	-2,513,251.46	-4,889,939.12	-1,418,259.40	-114,375.78	-30,095.88	-	11,161,644.96
FRAM	IN/ TRIN	49,092	-34,072	15,020	4,151,440.19	-518,328.86	-724,495.91	-313,912.21	-25,315.51	-6,611.29	3,676,076.18	6,238,852.59
Lease Operators Ltd	BAL EAST	21,228	-13,860	7,368	2,190,233.38	-273,651.00	-466,443.75	-154,074.26	-12,425.36	-3,256.69	1,121,497.15	2,401,879.47
TOTAL		224,436	-66,988	157,448	45,823,574.36	-5,721,102.29	-9,809,977.40	-3,291,137.47	-265,414.39	-69,658.22	5,954,026.22	32,620,310.81

Annex I - Petrotrin File Note 2019



PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Registered Office: #9 Queen's Park West, Port of Spain, Trinidad
Telephone: (868) 612-2463 Exts. 2086 / 2883

Ref: 1.0 21/037 DL.ncc

2021 June 11

Mr. Sherwin Long
Head, TTEITI Secretariat
15th Floor
International Waterfront Centre
Tower C
Wrightson Road
PORT-OF-SPAIN

Dear Mr. Long

TTEITI FILE NOTE - LEASE, FARMOUT AND INCREMENTAL PRODUCTION SERVICE CONTRACT OPERATORS

Attached is the submission of Petrotrin's File Note for the Lease, Farmout and Incremental Production Service Contract Operators (IPSC) for the period 2018 October 01 to 2018 November 30.

Should you require any further information, please contact Mr. Daren Lal, Finance Manager at **Tel. 612-2463 ext. 3440** or email **Daren.Lal@petrotrin.com**

Yours faithfully,

PETROLEUM COMPANY OF TRINIDAD & TOBAGO LIMITED

A handwritten signature in black ink, appearing to read "Reynold Ajodhasingh".

REYNOLD AJODHASINGH
Deputy Chairman

Attach



PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED
FINANCE DEPARTMENT
FILE NOTE – LEASE, FARMOUT AND IPSC OPERATORS

Purpose

This Note is provided for the citizens of Trinidad and Tobago to understand the financial arrangements that existed between Petroleum Company of Trinidad and Tobago Limited (Petrotrin) and its Lease, Farmout and Incremental Production Service Contracts (IPSC) Operators (LOFOOSC) for the period 2018 October 01 to 2018 November 30. It will be disclosed in the Trinidad and Tobago Extractive Industries Transparency Initiative (TTEITI) Report for the period 2018 October 01 to 2018 November 30.

Background

The Lease Operatorship Programme has been in existence for the past thirty (30) years. The Programme involves the re-activation of idle wells within a defined geographic area (Lease Blocks) and the drilling of replacement and infill wells, subject to Petrotrin's approval of any drilling to be undertaken. The Programme was developed to encourage small Operators to work in Blocks where it was uneconomic for Petrotrin to operate given its cost and operations structure. As at 2018 November 30 there were twenty-four (24) Lease Operatorship (LO) Blocks, managed by fourteen (14) Lease Operators. For the period 2018 October 01 to 2018 November 30 production from Lease Operators averaged 6,885 bopd.

In the Farmout programme, Petrotrin farms out idle acreage to small Operators to explore, drill and produce. As at 2018 November 30 there were a total of eight (8) Farmout Operators for the ten (10) Blocks under this arrangement. For the period 2018 October 01 to 2018 November 30, production from Farmout operators averaged 529 bopd.

The other type of arrangement that falls under LOFOOSC is the Incremental Production Service Contract (IPSC). As at 2018 November 30 there were five (5) blocks contracted to five (5) Operators. The main difference between this arrangement and the Lease Operator is that in some IPSC's Petrotrin handed over active wells and production. This production is called the first tranche oil for which Petrotrin pays a handling fee to the Operator. Production in excess of this first tranche oil is sold to Petrotrin. For the period 2018 October 01 to 2018 November 30, production from IPSC averaged 1,000 bopd.

In all instances the LOFOIPSC's produce crude oil which is defined as "indigenous" crude for the refinery. All crude oil produced by the Operators is purchased by Petrotrin. All the production is fiscalized at the respective tank farms and Petrotrin is responsible for reporting on Production by Blocks to the Ministry of Energy and Energy Industries (MEEI). Production from the LOFOIPSC Blocks produced an average of approximately 8,414 bopd for the period 2018 October 01 to 2018 November 30.

Major Fees paid by the Operators

The arrangement is managed by a Lease or a Farmout Agreement or IPSC. In accordance with the contract, the market value of the crude oil delivered is equal to the price of the Petrotrin equity land blend crude excluding Guapo. The Operators fee is made up of the market value of crude oil times the production barrels (sales receipts) and the following are the deductions which are offset from this revenue and the net amount is paid to the Operators:

- Royalty: which can either be State / Government royalty, Private royalties or freehold lessors royalty, depending on the leases from which the production is derived.
- Petroleum Production Levy: this represents the levy for the LOFOOSC's proportionate share of the field production. Any levy due is remitted by Petrotrin directly to the MEEI.
- Oil Impost: a tax on oil producers for their proportionate share of the annual operating cost of the MEEI - remitted to MEEI.
- Overriding Royalty: This is negotiated and can be defined as Petrotrin's revenue stream from the Block. Petrotrin benefits from an Overriding Royalty (ORR) fee paid by the Operator for each barrel oil equivalent produced. The ORR is based on gross revenue and bears no relation to cost of production. ORR rates are negotiated rates based on tiered oil prices and scaled according to production levels. The Operators are given incentives to drill and produce additional oil; hence for the first two (2) years of drilling a successful well, reduced ORR percentages are paid on that well's production.
- Lease Operators pay a User Fee to cover services provided by Petrotrin that include, *inter alia*, electricity, compilation of production data for MEEI, laboratory analysis of samples, review of well programmes and general administration costs associated with these activities. This fee is retained by Petrotrin as reimbursement of its costs.
- Farmout Operators are charged a Transportation and Handling Fee.
- IPSCs are charged a Facilitation Fee.

Other fees paid by the Operators

In addition to the deductions noted above the LOFOOSC are also required to pay a proportionate share of the respective Head Licence fees as outlined under the financial obligations provision of the License. In the case of the Lease Operators and IPSCs, the Operator's share of Head Licence fee is determined by their proportionate share of the total production times the fees paid for the respective year. For the Farmout Operators the amount is prorated based on acreage. The total Head Licence fee is remitted to the MEEI by Petrotrin who in turn invoice the respective Lease Operators annually for their proportionate share.

LOFOSCs are responsible for their own payments of the Supplemental Petroleum Taxes (SPT) as well the Petroleum Profits Tax (PPT) to the Board of Inland Revenue (BIR). Lease Operatorships and IPSCs operate wells but are not assigned acreage and as a result are not allowed to book reserves while Farmout Operators are given acreage and have title to the reserves. With respect to the payments made to the MEEI, except for the basis on which the calculations are effected particularly in respect of the land licence fees, there is no major difference in the treatment and the payment processing.



Daren Lal
Finance Manager

(Attach)

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED
SCHEDULE OF PAYMENT LEASE OPERATORS

SUMMARY OF REVENUE AND ROYALTY PAYMENTS FROM LEASE OPERATORS OCTOBER-NOVEMBER 2018

Lease Operator	Well#	Sales (Bbbs)	T.T. Value \$	Productive Royalty	MISC ADJ	O/Riding Royalty	Oil Impost	Escrow Fee	User's Cost	Equipment Rental	Net Payment (TTD)
Lease Operators Ltd.	WD-3	29,277	12,602,388.36	(1,574,896.80)		(4,158,788.15)	(14,251.80)	(49,403.30)	(415,001.48)	0.00	6,390,046.83
Lease Operators Ltd.	WD-1	13,992	6,030,369.70	(753,721.78)		(1,645,373.08)	(6,811.19)	(23,610.29)	(198,336.61)	0.00	3,402,516.75
Lennox Prod. Serv. Ltd.	WD-2	14,594	6,265,847.29	(783,209.94)		(1,336,741.61)	(7,104.24)	(24,627.33)	(206,869.95)	0.00	3,907,294.22
Touchstone Exploration Ltd.	WD-4	40,749	17,504,878.34	(2,187,809.77)		(3,652,595.30)	(19,836.27)	(68,763.41)	(577,617.08)	0.00	10,998,256.51
Oilbelt Services Ltd.	WD-5/6	59,751	25,723,956.11	(3,215,937.46)		(8,180,917.29)	(29,086.28)	(100,825.77)	(846,970.43)	0.00	13,350,218.88
T. N. Ramnauth & Co. Ltd.	WD-7M	12,909	5,505,247.78	(688,207.80)		(1,209,815.95)	(6,283.99)	(21,785.79)	(182,985.08)	0.00	3,396,169.17
Touchstone Exploration Services Ltd	WD-8	18,402	7,960,925.62	(995,535.49)		(1,512,359.81)	(8,957.94)	(31,050.02)	(260,848.56)	0.00	5,152,174.00
Lease Operators Ltd.	WD-9	86,832	37,432,933.46	(4,678,429.02)		(7,156,100.27)	(42,269.09)	(146,521.08)	(1,230,843.60)	0.00	24,178,770.40
Lease Operators Ltd.	WD-10	6,771	2,934,363.23	(367,295.27)		(968,339.87)	(3,296.07)	(11,424.42)	(95,978.93)	0.00	1,488,028.67
Lease Operators Ltd.	WD-11	3,086	1,269,755.75	(158,581.62)		(415,533.10)	(1,502.23)	(5,210.53)	(43,744.06)	0.00	645,184.21
Lease Operators (frmly Tracmac)	WD-12	5,156	2,217,108.35	(277,576.11)		(510,742.19)	(2,509.90)	(8,700.37)	(75,086.50)	0.00	1,344,493.48
N A K T Limited	WD-14	6,859	2,954,994.52	(369,496.53)		(846,207.55)	(3,338.91)	(11,573.96)	(97,226.33)	0.00	1,627,151.24
Antilles Resources Ltd	WD-13	14,744	6,280,735.18	(785,231.51)		(1,360,043.11)	(7,177.25)	(24,882.94)	(208,996.21)	0.00	3,894,404.16
Rocky Point T&T Ltd	WD-15	11,614	5,015,316.28	(626,618.28)		(1,575,988.27)	(5,653.60)	(19,597.20)	(164,628.46)	0.00	2,622,830.47
Petroleum Contracting Serv. Ltd.	WD-16	12,559	5,368,988.74	(671,026.29)		(371,083.31)	(6,113.62)	(21,194.50)	(178,023.83)	0.00	4,121,547.19
Trinidad Wireline Ltd	WD-17	11,230	4,812,651.82	(601,542.28)		(1,588,175.08)	(5,466.67)	(18,951.06)	(159,185.25)	0.00	2,439,331.48
Touchstone Exploration- Damus (Coora 2)	CO-2	4,413	1,893,533.44	(236,638.07)		(489,554.16)	(2,148.21)	(7,447.01)	(62,554.28)	0.00	1,095,191.71
Lease Operators Ltd. BLK 1	PS-1	10,488	4,497,074.51	(562,110.09)		(1,267,548.54)	(5,105.47)	(17,698.77)	(148,667.40)	(900.00)	2,495,044.24
Pioneer Petroleum Co. Ltd./ New Horizon Expl.	GU-1	5,644	2,286,870.84	(285,832.29)		(684,503.84)	(2,747.45)	(9,523.45)	(80,003.71)	0.00	1,224,260.10
Hydrocarb T'adad Ltd.	FZ-1	10,799	4,633,404.77	(579,012.68)		(1,419,994.97)	(5,256.87)	(18,223.49)	(153,075.83)	0.00	2,457,840.93
Lennox Prod. Serv. Ltd.	FZ-2	5,645	2,414,745.21	(301,867.21)		(669,899.32)	(2,747.94)	(9,526.36)	(80,017.88)	0.00	1,350,686.50
Touchstone Exploration- Damus (Coora 1)	CO-1	27,937	12,082,143.57	(1,509,436.39)		(1,176,148.81)	(13,599.50)	(47,139.39)	(396,006.98)	0.00	8,939,812.50
Moonsie Oil Co. Ltd.	PS-4	1,776	763,935.25	(95,494.41)		(252,098.64)	(864.55)	(2,996.92)	(25,174.80)	0.00	387,305.93
East Coast W/over Serv. Ltd.	PS-3	4,759	2,068,278.25	(258,307.09)		(657,549.52)	(2,316.64)	(8,029.59)	(67,458.83)	0.00	1,074,616.58
	Total Bbbs	419,986									
TOTAL			180,520,446.37	(22,563,814.18)	-	(43,106,101.74)	(204,445.68)	(708,706.95)	(5,953,301.67)	(900.00)	107,983,176.15

Attachment 1- Schedule of Payments Lease Operators

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED
SCHEDULE OF PAYMENT LEASE OPERATOR/FARMOUT

SUMMARY OF REVENUE AND ROYALTY PAYMENTS FROM FARMOUTS OCTOBER-NOVEMBER 2018

<i>Lease Operator</i>	<i>Well#</i>	<i>Sales (Bbks)</i>	<i>T.T. Value \$</i>	<i>Productive Royalty</i>	<i>MISC ADJ</i>	<i>O/Riding Royalty</i>	<i>Escrow Fee</i>	<i>Oil Impost</i>	<i>Handling & ELECT. Chgs.</i>	<i>Transportation & Handling Fee</i>	<i>Net Payment (TTD)</i>
<i>Krishna Persad & Associates</i>	BP	1,485	640,836.71	(80,012.05)		(147,392.45)	(2,505.76)	(722.88)	0.00	(5,346.00)	404,857.57
<i>Coastline International Inc.</i>	TAB	1,462	646,212.83	(81,379.76)		(116,318.31)	0.00	(711.68)	(6,750.00)	0.00	441,053.08
<i>Hydrocarb Trinidad Ltd.</i>	BD	1,043	448,459.76	(55,952.26)		(103,145.75)	(1,760.07)	(507.73)	0.00	(3,754.80)	283,339.15
<i>Touchstone - (New Dome)</i>	ND	1,551	668,316.68	(83,556.57)		(139,528.64)	(2,617.17)	(755.01)	0.00	(5,583.60)	436,275.69
<i>Range Resources T'dad Ltd</i>	MD	16,969	7,284,465.84	(911,400.83)		(1,675,427.14)	(28,634.73)	(8,260.36)	(22,500.00)	(61,088.40)	4,577,154.38
<i>Range - L.B.O. frmly W.S.E.L.</i>	SQ	2,772	1,196,680.49	(149,853.17)		(275,236.52)	(4,677.28)	(1,349.39)	(13,500.00)	(9,979.20)	742,084.93
<i>Touchstone - (South P/Seco)</i>	SP	428	185,672.54	(23,208.17)		(42,150.50)	(722.15)	(208.35)	0.00	(1,540.80)	117,842.57
<i>Advance Oil Co (T'dad) Ltd</i>	MN	0	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
<i>A.P.I. Pipeline</i>	OP	5,611	1,553,626.65	(194,119.48)		(357,334.13)	(6,093.39)	(1,757.81)	0.00	(12,999.60)	981,322.24
<i>Jasmin Oil & Gas Ltd</i>	SE	2,940	1,248,481.94	(156,016.11)		(285,948.24)	(4,961.95)	(1,431.17)	0.00	(10,584.00)	789,540.47
TOTAL	Total Bbks	32,261	13,872,753.44	(1,735,498.40)	0.00	(3,142,481.68)	(51,972.50)	(15,704.38)	(42,750.00)	(110,876.40)	8,773,470.08

Attachment 2: Schedule of Payments LO/FO

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED
SCHEDULE OF PAYMENT RISK SERVICE CONTRACTS

SUMMARY OF REVENUE AND ROYALTY PAYMENTS FROM IPSC's OCTOBER-NOVEMBER 2018

<i>Lease Operator</i>	<i>Well#</i>	<i>Delivery (Bbbs)</i>	<i>1st Tranche (Bbbs)</i>	<i>Sales (Bbbs)</i>	<i>T.T. Value \$</i>	<i>Productive Royalty</i>	<i>O/Riding Royalty</i>	<i>Facilitation Fee</i>	<i>Escrow Fee</i>	<i>Oil Impost</i>	<i>Handling Fee</i>	<i>Net Payment (TTD)</i>
A & V Oil & Gas	ME	3,853	(734)	3,119	1,351,876.42	(168,741.52)	(478,959.26)	(62,689.41)	(5,262.67)	(1,518.31)	44,591.49	679,296.74
Goudron E & P	GUD	24,190	(2,442)	21,748	9,335,925.96	(1,165,970.16)	(1,766,569.97)	(437,728.40)	(36,699.73)	(10,586.74)	148,354.80	6,066,725.76
Range Resources (LBO)	BM	17,186	0	17,186	7,377,573.94	(921,470.31)	(2,107,091.05)	(342,215.63)	(29,001.32)	(8,366.00)	0.00	3,969,429.63
FRAM	IN/ TRIN	8,517	(5,956)	2,561	1,123,765.66	(140,286.58)	(239,651.44)	(50,981.09)	(4,320.43)	(1,246.67)	643,262.30	1,330,541.75
Lease Operators Ltd	BAL EAST	7,234	(2,310)	4,924	2,082,551.64	(260,492.37)	(440,403.65)	(98,066.43)	(8,310.71)	(2,396.97)	187,114.16	1,459,995.67
TOTAL		60,980	(11,442)	49,538	21,271,693.62	(2,656,960.94)	(5,032,675.37)	(991,680.96)	(83,594.86)	(24,114.69)	1,023,322.75	13,505,989.55

Attachment 3: Schedule of Payments Risk Service Contracts

MEMORANDUM

To: Mr. Sherwin Long, Head- Trinidad and Tobago Extractive Industries Secretariat
u.f.s. Ms. Louise Poy Wing, Senior State Counsel

From: Mr. Timothy J. Seetaram, Energy Associate Professional (Legal)

Date: 6th July, 2022

Subject: **Re: Trinidad and Tobago Extractive Industries Secretariat request for information regarding assignments and transfers for the period 2019-2021.**

Reference is made to the matter at caption and to request made by the Trinidad and Tobago Extractive Industries Transparency Initiative Secretariat to the Legal Services Unit of the Ministry of Energy and Energy Industries in relation to assignments and transfers of Production Sharing Contracts ('PSCs') and Exploration and Production Licences ('E&Ps') executed for the period 2019 to 2021, and the applicable transfer fees thereto.

Please be advised that for the period 2019 to 2021, a total of seven (7) assignments were executed as follows:

Block	Date of Assignment	Applicable PSC or E&P	Percentage Interest assigned	Assignor	Assignee	Clause in PSC or E&P relating to Assignment	Whether Transfer Fee Required by Clause relating to Assignment
3(a)	18 th November, 2020, effective 28 th December, 2018	PSC for Block 3(a) dated 22 nd April, 2002	34.23%	Chaoyang Petroleum (Trinidad) Block 3A Limited	BHP Billiton (TRINIDAD-3A) Ltd.	Article 31	No

	2 nd December, 2020, Effective 30 th December 2020		20.13%	Heritage Petroleum Company Limited	NGC Caribbean Investments Limited		
	15 th June, 2021		11.41%	NGC E&P (Netherlands) B.V.	NGC Caribbean Investments Limited		
2(c)	3 rd November, 2021	PSC for Block 2(c) dated 22 nd April 1996	30%	NGC E&P Investments (Netherlands) B.V.	NGC Caribbean Investments Limited	Article 31	No
1(a)	19 th August 2021	PSC for Block 1(a) dated 5 th July 2005	20%	NGC E&P Investments Limited	De Novo Energy Block 1A Limited	Article 31	No
Trinidad and Northern Areas (TNA)	26 th July, 2021	- E&P (Public Petroleum Rights) for TNA, Trinmar Licenced Area dated 31 st December 2012; and - E&P (Public Petroleum Rights) for TNA, North Marine Licenced Area dated 31 st	65% of the amalgamation of both Trinmar and North Marine Licenced Areas	Heritage Petroleum Company Limited	EOG Resources Trinidad Limited	Clause 11	No

		December, 2012					
South East Coast Consortium (Deep Ibis Area)	17 th June, 2020, effective 1 st October 2014	E&P (Public Petroleum Rights) dated 28 th December, 1973 and registered as No. 4434 of 1978.	1.4%	EOG Resources Trinidad Ltd.	National Gas Company of Trinidad and Tobago Limited	Clause 13	No

Respectfully Submitted,



Timothy J. Seetaram

Energy Associate Professional (Legal)

Annex K - Memo from MEEI on PSC audits



MINISTRY OF ENERGY AND ENERGY INDUSTRIES

**HEAD OFFICE: TOWER C, ++INTERNATIONAL WATERFRONT CENTRE
#1 WRIGHTSON ROAD, PORT OF SPAIN, TRINIDAD AND TOBAGO
TEL: (868) 623-6708/6714 FAX: (868) 625 0306/627-1486**

June 07, 2022

**Sherwin Long
Head, TTEITI Secretariat
Level 25, Tower C
International Waterfront Centre
#1 Wrightson Road
Port of Spain**

Subject: Outstanding Revenue and Expenditure Audits for PSCs as at December 31, 2019, December 31, 2020 and December 31, 2021.

The PSC Audit Unit is responsible for providing assurance to the Minister that the Contractors comply with the terms and conditions outlined in the Production Sharing Contracts (PSCs). These responsibilities include ensuring that the Minister's Share of Profit Petroleum is accurately calculated (conduct of revenue audit); as well as ensuring that amounts claimed for Cost Recovery are properly classified and supported by adequate audit evidence (conduct of expenditure audit).

In accordance with the PSCs, both expenditure and revenue audits, where applicable, are required to be conducted for each quarter. On January 4, 1999 the PSC Audit Unit was established, since there was already in existence approximately fifteen PSCs, there was a backlog of audits to be conducted.

At present, there are sixteen active PSCs. Two PSCs were relinquished in June, 2021 and one PSC was relinquished in June, 2020.

In February 2021, there was a renewal of three-year Contracts for the Auditors attached to the PSC Audit Unit enabling continuity of the work being performed in the Unit. In light of this, closure of the legacy audit files which were in progress, coupled with ongoing active audits were facilitated. The success of this exercise also depended on the cooperation and timely responses to requests for information from the Contractors.

Please note that Audits to be conducted at December 31st are for periods ending September 30th of the same year.

The status of PSC Expenditure and Revenue Audits at December, 2021, and changes from December 2020 and 2019 are as follows.

	Revenue	Cost
Audits outstanding as at December 31 st , 2019	79	304
Quarterly audits due in 2020	32	75
Audits completed in 2020	(1)	(70)
Audits as at December 31st, 2020	110	309
Quarterly audits due 2021	28	68
Audits completed in 2021	(8)	(47)
Audits as at December 31st, 2021	130	330
Scheduled audits in progress to June 2022	10	76
Audits scheduled 2022: 41 Revenue, 159 Expenditure		

In addition to new audits conducted in 2020 and 2021, there were ongoing legacy audits from prior periods completed in those years as follows:

In 2020 – 33 Revenue audits were completed

In 2021 – 28 Expenditure audits and 22 Revenue audits were completed.

The PSC Audit Unit has been consistently focusing on reducing the backlog of audits while working on current audits.

PSC Audit results.

Audits conducted in 2020 have resulted in the disallowance of US\$ 65,323,886. Assessments were raised for 100% of these costs which are in respect of PSCs in production. These costs have been partially finalized and therefore will impact the Minister's Share of Profits.

Audits conducted in 2021 have resulted in the disallowance of US\$ 46.9 million which are yet to be fully finalized. US \$ 8.2 million of these costs relate to PSCS not in

production, out of this US\$ 7.8 million have been accepted as being disallowed. These costs are therefore deferred.

In the year 2021, there has been an additional US\$ 51.1 million under final review. US\$ 37.1 million of these costs which are in respect of a PSC in production, have been accepted as disallowed and will be reflected in the Quarterly Financial Statements for June, 2022 thus impacting the Minister's Share of Profits.

PSC audits have continued to make a significant contribution to Government income and the Auditors in this Unit will continue to maintain a high level of integrity and oversight of the revenues and expenditure which affect the Government's Interest in these Production Sharing Contracts.

Please be guided accordingly.

Sincerely,



Penelope Bradshaw-Niles
Permanent Secretary
Ministry Of Energy and Energy Industries