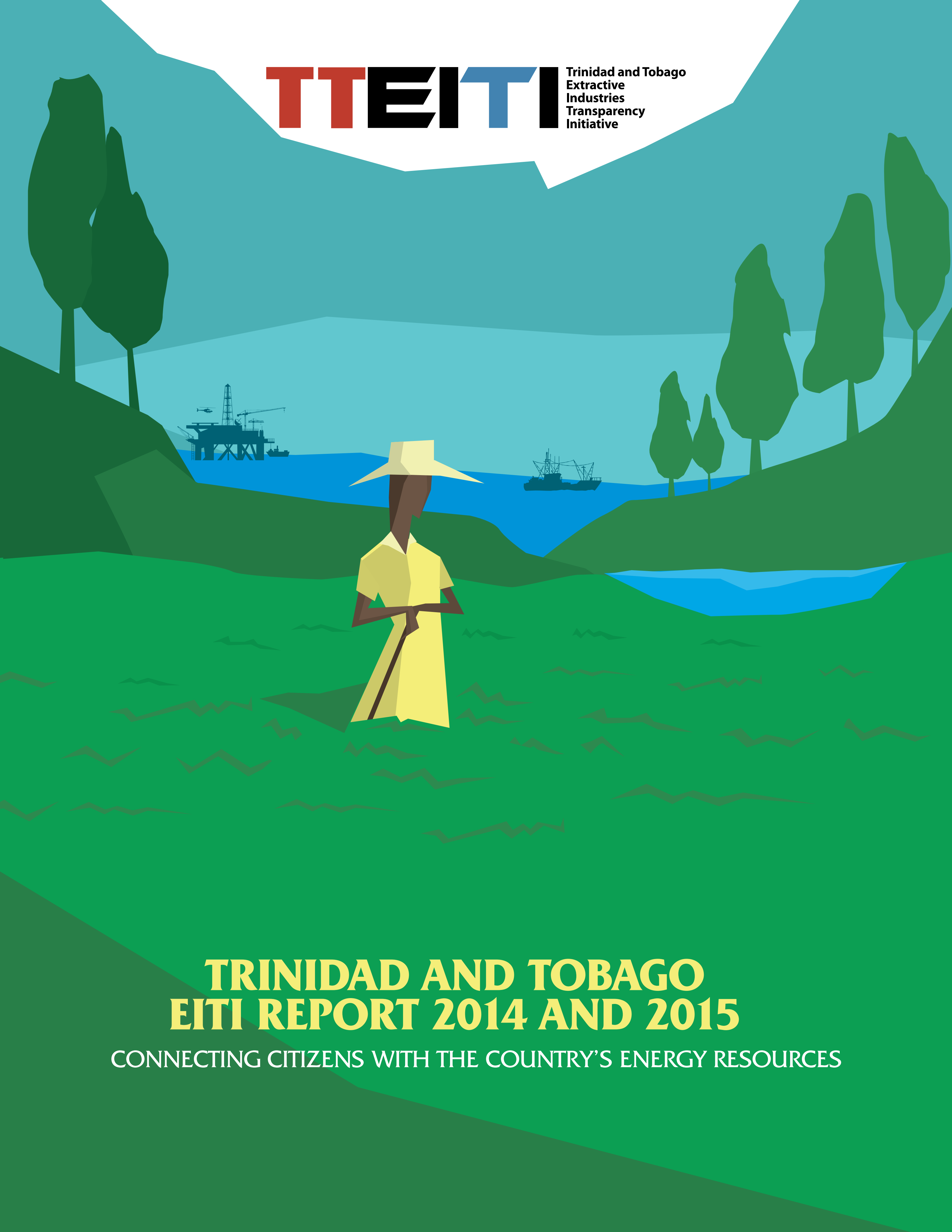
TTEITI Trinidad and Tobago Extractive Industries Transparency Initiative



TRINIDAD AND TOBAGO EITI REPORT 2014 AND 2015

CONNECTING CITIZENS WITH THE COUNTRY'S ENERGY RESOURCES

FOREWORD

Welcome to Trinidad and Tobago's fourth annual Extractive Industries Transparency Initiative (EITI) Report that covers Government's fiscal years 2014 and 2015. The previous Reports covered fiscal years 2011, 2012 and 2013 (see: www.tteiti.org.tt/eiti-report).

The EITI is a voluntary international coalition of the stakeholders (governments, extractive companies and civil society) engaged in the exploration and monetization of natural resources. Under the initiative, the three stakeholder groups work together to improve openness about and accountable management of the revenues earned from the extractive sector. Its practices are recognized as the global gold standard for transparency and accountability in the management of extractive industries (primarily oil, gas and mining). The EITI is headquartered in Oslo, Norway, and the initiative is currently being implemented in 51 countries worldwide (www.eiti.org).

The publication of this Report is another milestone in an ongoing national journey that began on 9th September 2010 when Trinidad and Tobago's Cabinet took a decision to reaffirm the country's commitment to the EITI Principles and to seek membership in the international initiative. On 8th December 2010, a Multi-Stakeholder Group Steering Committee comprising Government, companies and civil society, in equal numbers, was established under my chairmanship to oversee EITI implementation. On 1st March 2011, T&T was admitted to EITI membership with Candidate Country status and, the country having been judged to have met all the requirements of the EITI Standard, was elevated on 23rd January 2015 to EITI Compliant Country status, the highest membership level, and is today one of 31 countries so designated.

This EITI Report 2015 is different from the previous three reports. It is the first time that T&T has published data for two fiscal years in one report, an action taken to make the data current and, therefore, more useful to stakeholders. Also, whereas the revenue data published in previous reports was in respect of that generated by oil and gas companies in the Energy Sector only, this report publishes, for the first time, Mining Sector data derived from a Pilot Project conducted with selected mining companies with the aim of familiarizing them with the reporting process as a first step towards welcoming more companies to participate fully in future EITI Reports. This Report also carries a reference and a web link to the first Beneficial Ownership Register of energy companies that is published on the TTEITI website (www. tteiti.org.tt). T&T has publicly committed to establishing a national Beneficial Ownership Register to promote company transparency and be a disincentive to corruption. The TTEITI Steering Committee will present Government shortly, for its consideration, a roadmap for achieving that end in collaboration with EITI implementation.

Today, Trinidad and Tobago's civil society is recognizing that the country's natural resources belong to the people. Therefore, the data in this report is of critical importance because citizens can learn in detail, in a single document, how the revenues earned from their resources are generated and in what amounts. Section 3, The Extractive Industries in Trinidad and Tobago, is informative in describing the extractive sectors and provides context for the financial data that follow. Future Reports will be even more helpful because stakeholders will be more familiar with the process and additional useful information will be provided as the EITI moves beyond revenue transparency to accountability of how the revenue is spent. There are also plans to introduce contract and licences transparency after full stakeholder consultations. The aim is to further empower citizens with the knowledge to participate meaningfully in the management of the country's natural resources, which they own, and to hold Government and companies accountable for how the revenues are generated and spent.

Without a doubt, the EITI provides Trinidad and Tobago with a collaborative mechanism for developing and consolidating transparency and accountability in the Nation's oil, gas and mining sectors. Also, it facilitates greater citizens' participation in the country's governance, thus creating a more participatory democracy. The EITI protects the people's patrimony and our children's inheritance derived from the country's natural resources. Therefore, in your self-interest, I urge you to get to know the EITI better and to give it your full support.

On behalf of the Steering Committee and Secretariat, I wish to acknowledge with thanks the roles played by the stakeholders–Government, companies and civil society–in producing this report. In particular, I recognize the Ministry of Energy and Energy Industries and the Ministry of Finance's Board of Inland Revenue and Investments Division for their contributions. Also, I recognize the EITI Independent Administrator, BDO Trinity Limited, supported by Hart Nurse Limited, for their professionalism in conducting the surveys and reporting on their findings in the four EITI Reports we have published to date.

Victor A. Hart
Chair, TTEITI Steering Committee
September 30th 2016

CONTENTS

In September 2015, the Government of the Republic of Trinidad and Tobago changed the name of the Ministry of Energy and Energy Affairs (MEEA) to the Ministry of Energy and Energy Industries (MEEI) and the Ministry of Finance and the Economy (MOFE) to the Ministry of Finance (MOF). Both names refer to the same agencies. In this Report, depending on the period of time in question, the relevant name/designation is used.

ABBREVIATIONS AND ACRONYMS

ALNG	Atlantic (fomerly Atlantic LNG Company of Trinidad and Tobago)
AUM	Ammonia Urea Melamine
bcf	billion standard cubic feet
BG T&T	BG Trinidad and Tobago
boe	barrels of oil equivalent
bpd	barrels per day
bpTT	BP Trinidad and Tobago LLC Trinidad Branch
BTU	British Thermal Units
CBTT	Central Bank of Trinidad and Tobago
CNC	Caribbean Nitrogen Company
CNG	Compressed Natural Gas
CSR	Corporate Social Responsibility
CT	Corporation Tax
E&P	Exploration and Production
EITI	Extractive Industries Transparency Initiative
FY	Fiscal Year
GDP	Gross Domestic Product
GORTT	Government of the Republic of Trinidad and Tobago
HSF	Heritage and Stabilization Fund
IRD	Inland Revenue Division
IRSF	Interim-Revenue Stabilization Fund
JV	Joint Venture
LIC	Light Industrial Consumers
LICS	Light Industrial and Commercial Sectors
LNG	Liquefied Natural Gas
LOFO	Lease Operatorship and Farm Out
mcf	million cubic feet
MEEA	Ministry of Energy and Energy Affairs*
MEEI	Ministry of Energy and Energy Industries*
MHTL	Methanol Holdings Trinidad Limited
mmbtu	million British thermal units
mmcfd	million standard cubic feet per day

MOF	Ministry of Finance**
MOFE	Ministry of Finance and the Economy**
MOU	Memorandum of Understanding
mt	metric tonne(s)
NGC	The National Gas Company of Trinidad and Tobago Limited
NGL	Natural Gas Liquids
OAG	Office of the Auditor General
PLNL	Point Lisas Nitrogen Limited
PPGPL	Phoenix Park Gas Processors Limited
PPT	Petroleum Profits Tax
PSC	Production Sharing Contract
SC	Steering Committee of the TTEITI
SOE	State Owned Enterprise
SPT	Supplemental Petroleum Tax
STCIC	South Trinidad Chamber of Industry and Commerce (now known as "Energy Chamber" of Trinidad and Tobago)
T&T	Trinidad & Tobago
T&TEC	Trinidad and Tobago Electricity Commission
tcf	trillion cubic feet
TGU	Trinidad Generation Unlimited
THA	Tobago House of Assembly
TPIN	Tax Payer Identification Number
TT$	Trinidad & Tobago dollar(s)
TTDAA	Trinidad & Tobago Deep Atlantic Area
TTEITI	Trinidad & Tobago EITI
UL	Unemployment Levy
UNDP	United Nations Development Programme
US$	United States dollar(s)
USGS	US Geological Survey
VAT	Value Added Tax
WHT	Withholding Tax
WTI	West Texas Intermediate

* The MEEA was re-named the MEEI in September 2015

** The MOFE was re-named the MOF in September 2015

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REPORT OF THE INDEPENDENT ADMINISTRATOR

Trinidad and Tobago EITI Steering Committee
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International Waterfront Centre
1 Wrightson Road
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Trinidad & Tobago

BDO Trinity Limited as the lead consultant, supported by Hart Nurse Limited, has been appointed by the Government of the Republic of Trinidad and Tobago, acting through the Ministry of Energy and Energy Industries, to produce an EITI Report on payments directly or indirectly made by participating extractive oil and gas companies involved in upstream and associated activities to the GORTT and revenues reported as received by the GORTT agencies from those companies for the 2014 and 2015 fiscal years, 1st October 2013 to 30th September 2014 and 1st October 2014 to 30th September 2015 and to report on the Pilot Project conducted with selected mining companies for the 2015 fiscal year ("Engagement").

The Engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures performed were those set out in the Terms of Reference appended to this report, except where stated otherwise in this report including its appendices.

We set out our findings in the following report including its appendices; pages 19 to 52 were provided by the TTEITI Steering Committee and were not reviewed by us as part of the Engagement. Because the procedures were not designed to constitute an audit or review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the transactions beyond the explicit statements set out in this report. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Our report is solely for informing the TTEITI Steering Committee on the matters set out in the Terms of Reference and is not to be relied upon for any other purpose.

The report relates only to the subject matter specifically set out herein and does not extend to any financial statements of any entity taken as a whole.

Riaz Ali
Director
BDO Trinity Limited
30th September 2016

I am Bernadette Fonrose, a woman in fishing.

I live in Guayaguayare which is the hub of the oil and gas sectors. Yet most of the oil companies' royalties are spent by Government on urban not rural development. We end up going to the energy companies to assist in certain things which should be the Government's responsibility and not the corporate citizens.

I appreciate the simple presentation of the T&T EITI Reports so that fishermen and ordinary people can understand them and everyone can use the information.

BERNADETTE FONROSE

President of Women in Fishing Association (WIFA) and Secretary and Director of Guayaguayare/ Ortoire/Mayaro Fisherfolk Association (GOMFA)

1 | Introduction

This is the fourth Trinidad and Tobago EITI Report, which covers the period 1st October 2013 to 30th September 2015. The Independent Administrator's work was carried out between 23rd May and 30th September 2016 in accordance with the Terms of Reference included in Appendix 9.2.

The report is intended for the use of the TTEITI Steering Committee for the purpose of that initiative and is not to be relied upon by other parties.

The report includes its Appendices, which are provided separately.

1.1 | Objective

The objective of the Engagement is to produce an EITI Report on payments directly or indirectly made by participating extractive oil and gas companies involved in upstream and associated activities to the GORTT, and revenues reported as received by the GORTT agencies from those companies for Fiscal years 2014 and 2015. This includes an analysis and reconciliation of material payments and receipts made by specified reporting entities in Fiscal 2014 and 2015 in the oil and gas sector.

In addition, the current report includes a pilot project on the mining sector. Four companies from the mining sector were included in the pilot reporting and reconciliation for Fiscal 2015, and payments reported by these companies to GORTT and receipts reported by GORTT from these companies have been subject to reconciliation.

1.2 | Scope of Work

BDO Trinity Ltd. and Hart Nurse Ltd. ("the Independent Administrator") were required to undertake the work set out in the TOR for the Engagement. The reconciliation has been carried out on a cash accounting basis.

The TTEITI Steering Committee defined the flows to be included in the reconciliation and the entities which should report after carrying out a scoping study. The Steering Committee's materiality decision is included at Appendix 9.3.

If there are material receipts or payments omitted from the reporting templates by both the paying and receiving entities, our work would not be sufficient to detect them. Any such receipts or payments would not therefore be included in our report.

In conducting our work, we have relied upon the information and explanations obtained from Reporting Entities.

Our report incorporates information received up to 30th September 2016. Any information received after this date is not, therefore, included in our report. Confirmations received after this date not affecting data or reconciliations have been included as appropriate.

1.3 | Structure of the Report

The report contains:-

- Foreword from the Chair of the TTEITI Steering Committee
- Administrator's report to TTEITI Steering Committee
- Introduction
- Executive summary
- The extractive industries in Trinidad and Tobago
- Oil and gas sector
- Mining sector
- Description of flows and entities
- Approach, methodology and scope
- Recommendations
- Appendices

The appendices contain full details of receipts and payments reported by entities participating in the reconciliation together with other supporting information.

1.4 | Acknowledgements

We would like to express our sincere thanks to the Ministry of Energy and Energy Industries, the TTEITI Steering Committee, and to Mr. Sherwin Long from the TTEITI Secretariat, who have assisted us in receiving timely replies from the Government and participating companies from the extractive industries, and for sending and receiving official confirmation letters to/from these parties.

2 | Executive Summary

This summary sets out the main findings of the Independent Administrator, including a summary of receipts and payments reported by participating entities and discrepancies after reconciliation of these amounts.

This section contains, in summary:-

2.1 Sector overview

2.2 Government receipts reported in the EITI reconciliation

2.3 Company payments

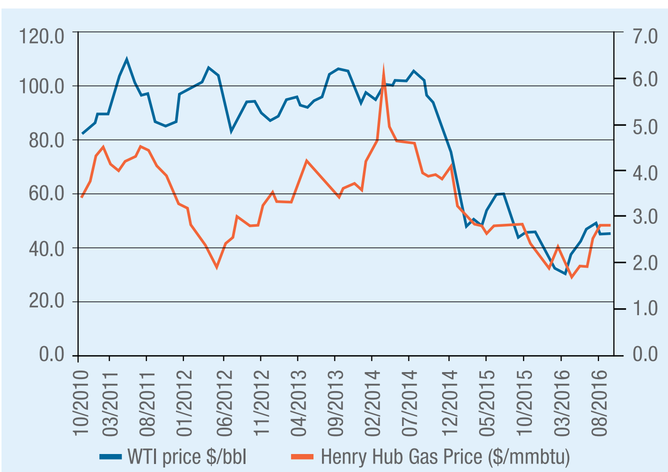
2.4 Key findings

2.5 Completeness and accuracy of data, and assurance

2.1 | Overview of Extractive Sector

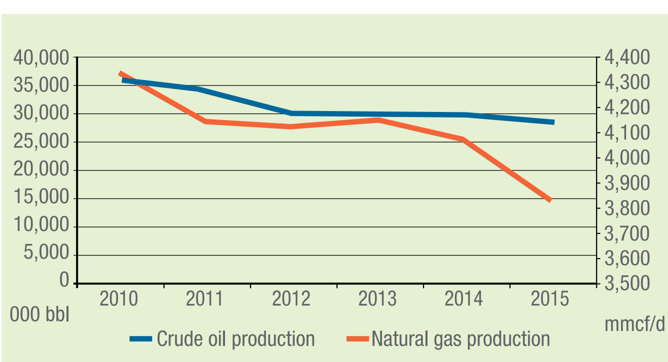
2.1.1 | Oil and Gas Prices and Production

Oil and gas prices have fallen during the period covered by the current report.



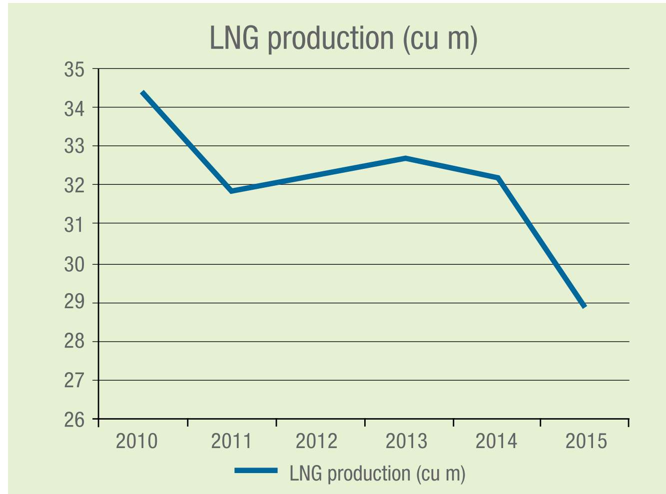
Source: CBTT

And, production is lower.



Source: CBTT

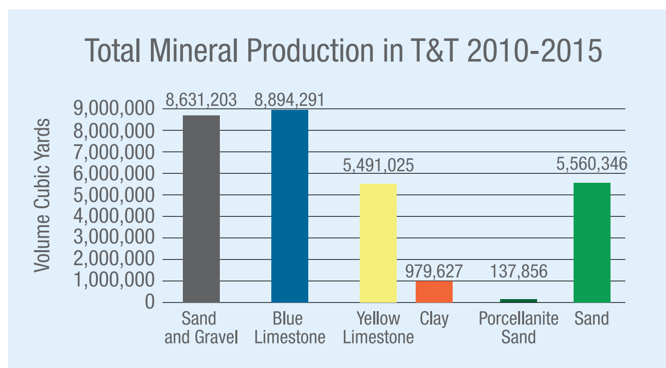
LNG production is down on previous years.



Source: CBTT

2.1.2 | Mining

Production of minerals is reported in the White Paper on National Minerals Policy issued in June 2015, as portrayed in the graph below.

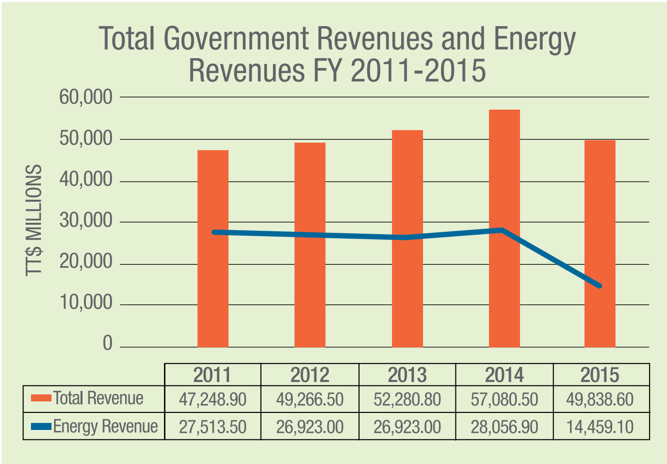


Source: White Paper on National Mineral Policy 2015

The White Paper notes that "the information is sourced from data provided by quarry operators to the MEEI during its mineral audits, for the operations that were audited. The figure does not represent operations for which data was not available, and is thus a very conservative estimate of production over the period 2010 to 2015. The data also does not include production from illegal mining (quarrying) operations over the period 2010 to 2015."

2.1.3 | Contribution to the Economy

The contribution of the Energy Sector to Government revenues is shown in the graph which follows.



Source: MOF

2.2 | Government Receipts Reported in the EITI Reconciliation

2.2.1 | Oil and Gas Sector

2.2.1.1 | Total Flows

In respect of the financial flows included in the Fiscal 2014 and 2015 Report, the three Government agencies participating in the reconciliation (MOF-IRD, MEEI and MOF-Investments Division) reported:

- both the total receipts from the oil and gas sector (table 2.1 below), and also
- the receipts from each of the companies required to report payments to Government (see section 6.2 and Appendix 9.4).

Total Government receipts from the sector (including companies not reporting for EITI) were:-

Table 2.1

	2014 TT$m	2015 TT$m
MOF-IRD		
SPT, PPT, UL	18,174.1	10,921.0
Other taxes in total (note 1)	1,728.8	1,240.4
Paid by MEEI (note 2)	(4,555.7)	(2,662.0)
Paid by companies	15,347.2	9,499.4
MEEI		
Total for oil/gas sectors	8,450.1	5,620.9
MOF-Investments Division		
Total for oil/gas sectors	4,850.0	5,772.2
Total	**28,647.3**	**20,892.5**

Notes

1. MOF-IRD did not report the totals received for all flows in accordance with the requirement of the EITI Standard; rather SPT, PPT and UL were reported individually and the remaining receipts were reported in total.
2. MOF-IRD receives payments both directly from companies and indirectly via the MEEI from the share of PSC profits. In the preceding table, the amount reported by MEEI is deducted from the MOF-IRD total to eliminate double counting of receipts.
3. Total receipts from the sector were reported to the TTEITI Steering Committee (SC) by the MOF-IRD, MEEI and MOF-Investments Division in relation to the SC's consideration of materiality for the EITI Report.

A comparison between the adjusted figures reported by companies included in EITI and total figures for the sector reported by the respective Government ministries shows:-

Table: 2.2

TT$m	Total sector	Reporting companies	Coverage
2014			
MOF-IRD	15,347.21	15,182.16	98.92%
MEEI	8,450.06	8,557.60	101.27%
MOF-Investments Division	4,850.00	4850.00	100.00%
Total	**28,647.27**	**28,589.76**	
2015			
MOF-IRD	9,499.43	9,631.91	101.39%
MEEI	5,620.92	5,610.85	99.82%
MOF-Investments Division	5,772.20	5,772.20	100.00%
Total	**20,892.55**	**21,014.96**	

2.2.1.2 | Summary of Reconciled Flows

Reconciled receipts from the Oil/Gas Sectors in 2013/14 and 2014/15 are set out in Tables 2.3 and 2.4.

Table 2.3

2013-2014

Adjusted total flows reported		Reconciling items TT$m
Government TT$m	**Companies TT$m**	
28,392.21	**28,244.96**	**147.25**
Recurrent items		
Timing differences		178.28
Foreign exchange differences		(1.92)
		176.36
2013/14 items		
a) Insurance Premium Tax on foreign policies		**(29.11)**
Unexplained discrepancies		**0.00**
Total		**147.25**

TOTAL REVENUE RECEIVED

2014 - TT$28.6 BILLION
2015 - TT$20.9 BILLION

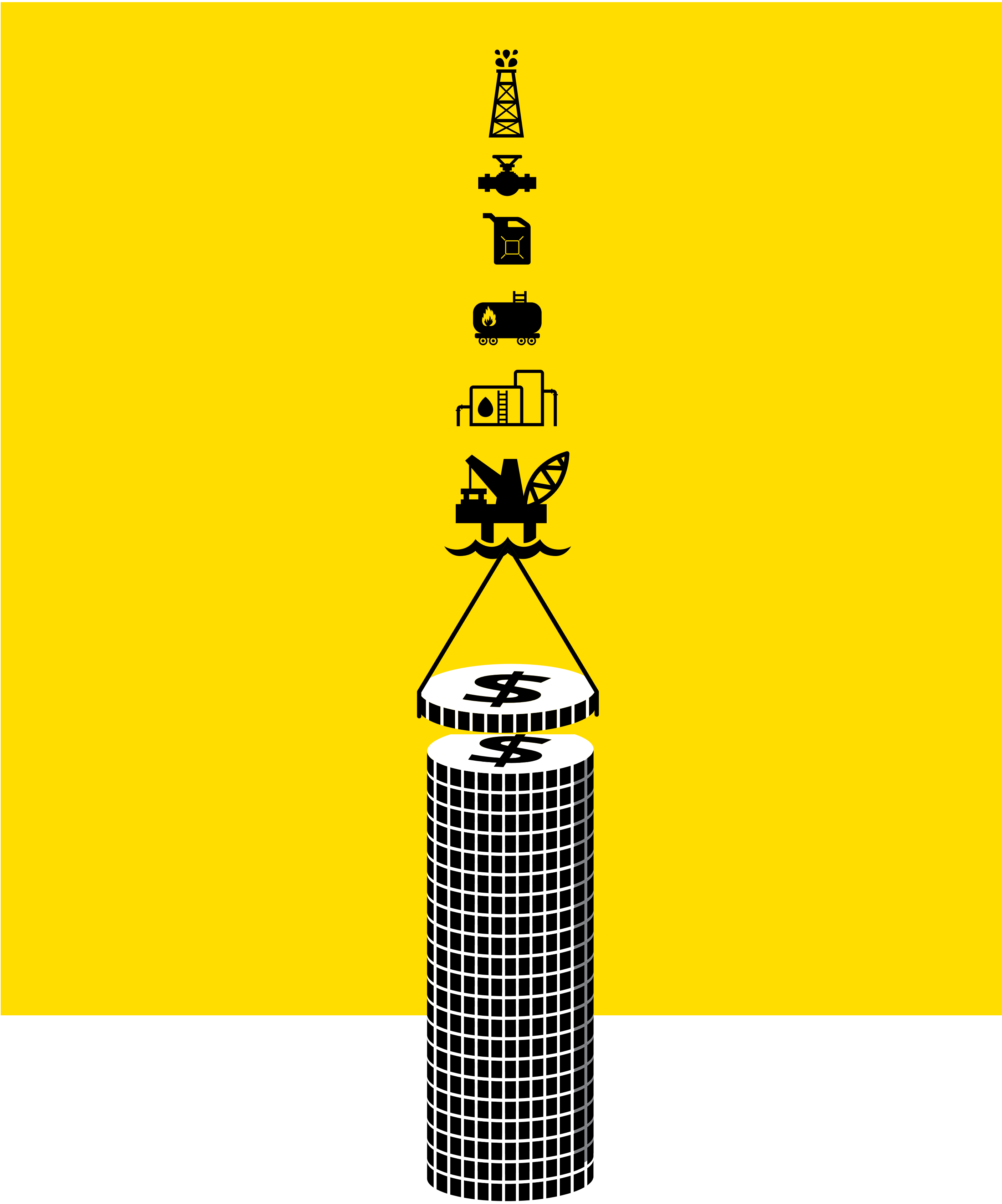


Table 2.4
2014-2015

Adjusted total flows reported		Reconciling items
Government TT$m	Companies TT$m	TT$m
21,007.59	20,993.79	13.80
Recurrent items		
Timing differences		38.88
Foreign exchange differences		0.85
		39.73
2014/15 items		
a) Insurance Premium Tax on foreign policies		(25.93)
		(25.93)
Unexplained discrepancies		**0.00**
Total		**13.80**

The items set out in tables 2.3 and 2.4 are:-

Receipts reported by Government, payments reported by companies

Receipts/payments reported by respectively Government/companies after adjustment in the reconciliation.

Foreign exchange differences

Foreign exchange differences arise when payments are remitted to the Government via the Central Bank in US$ and different exchange rates are used to report the amounts in TT$ by the Government and the Company.

Timing differences

Timing differences arise when payments are carried out in close proximity to the reporting date. Payments to the MEEI are reported by the companies on the date paid but are reported by the MEEI on the date the payment cleared in the MEEI's bank account. Timing differences mostly arise in cases where payments are carried out via electronic wire transfer.

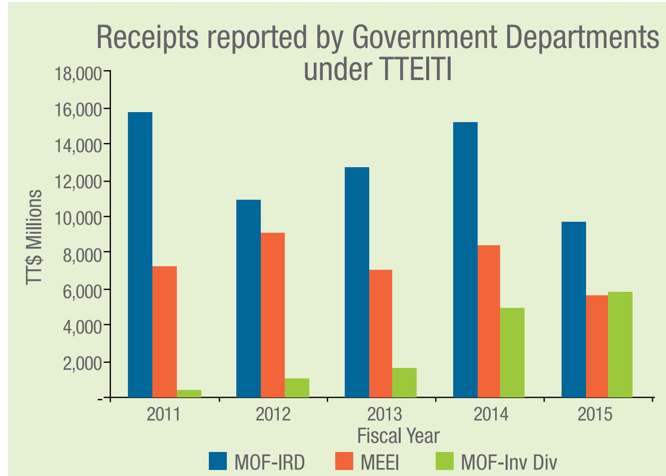
Insurance premium tax on foreign policies

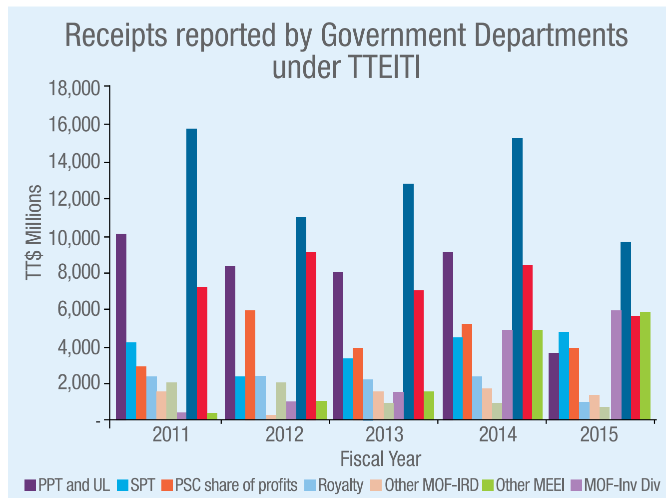
Certain companies are insured by foreign insurance companies but transact the insurance policy through the use of a local insurance broker to whom the company pays the insurance premium tax due. The insurance broker is responsible for paying the taxes collected to the Government which is sometimes done as a bulk payment for a number of their customers. In these cases, the Government is unable to identify the reporting company that would have paid the tax to the insurance broker. However, the companies have been able to provide copies of receipts in the name of the broker to support the amounts paid.

2.2.2 | Five Year Summary

Summary Government receipts reported in EITI reports over the five years since the initiative was commenced in Trinidad and Tobago are shown in table 2.2.2.1 on the following page.

The Summary Government receipts reported in table 2.2.2.1 are illustrated graphically as follows:





2.3 | Key findings

The key highlights and conclusions arising from the work carried out to prepare the report relate to the following areas:-

1. Confidentiality: MOF-IRD
2. Assurance: Government figures
3. MOF-IRD reporting
4. TTEITI Memorandum of Understanding
5. In-kind flows
6. Selection of entities
7. General

2.3.1 | Confidentiality: MOF-IRD

Issues surrounding the sharing and publication of confidential tax information were identified as an obstacle to implementation in an initial legal scoping

Table 2.2.2.1

Flow	2010-11 TT$	2011-12 TT$	2012-13 TT$	2013-14 TT$	2014-15 TT$
SPT	4,160,419,740	2,343,739,704	3,295,995,706	4,441,746,155	4,706,250,459
PPT	9,101,826,132	7,611,632,525	7,192,785,111	8,248,006,365	3,252,705,166
UL	907,437,646	681,891,235	717,648,169	830,522,829	349,333,162
CT	1,273,397,002	36,825,374	1,408,482,346	1,539,649,065	1,088,083,809
Green Fund Levy	69,947,733	33,005,886	93,445,096	86,642,533	58,487,734
Business Levy			-	-	-
WHT on dividends	19,376,028	-	-	-	-
WHT on deemed branch remittance	151,780,527	170,737,570	-	27,734,925	19,716,853
Insurance Premium Tax		2,473,979	2,593,176	4,389,622	2,735,465
Interest		6,223	3,898,896	3,454,661	154,605,519
Penalties		3,000	46,436	9,000	-
Sub total	**15,684,184,808**	**10,880,315,497**	**12,714,894,936**	**15,182,155,156**	**9,631,918,167**
Royalty	2,359,931,987	2,345,273,854	2,226,300,399	2,349,905,420	1,074,589,267
Minimum rent - E&P	3,378,756	3,577,071	7,268,114	15,517,938	7,019,129
Annual licence acreage payments	62,325,245	63,824,316	102,456,053	65,707,462	63,007,823
Petroleum Levy	531,057,562	559,382,834	553,656,523	528,948,455	360,518,849
Petroleum Impost	84,986,659	70,561,185	74,650,897	78,885,522	89,485,228
PSC Share of Profit	2,817,933,074	5,907,617,995	3,866,765,519	5,147,183,592	3,854,246,841
PSC Signature Bonuses	171,343,796	12,822,400	1,765,665	-	-
PSC Bidding Fees	829,452	2,117,798	-	2,122,941	102,809
Transfer fees		-	-	-	-
Abandonment provisions		-	-	-	-
Annual admin charges		45,850,588	56,028,992	51,836,279	54,125,552
Training Fees		16,522,866	30,233,640	37,426,576	27,881,592
R&D Fees		21,004,723	25,928,369	37,421,668	27,662,049
Production bonus		6,410,800	9,625,650	-	-
Technical assistance		-	9,132,995	7,717,440	14,158,613
Scholarships		5,696,829	6,746,029	14,509,623	10,266,550
PSC Holding fees		19,033,607	1,010,842	22,871,377	11,012,484
Other payments under PSCs	1,115,248,917	480,375	321,030	-	9,393,861
Sub total	**7,147,035,448**	**9,080,177,242**	**6,971,890,716**	**8,360,054,293**	**5,603,470,647**
Other payments to Government		-			
Dividends paid by NGC	350,000,000	965,000,000	1,500,000,000	4,850,000,000	5,772,203,200
Sub total	**350,000,000**	**965,000,000**	**1,500,000,000**	**4,850,000,000**	**5,772,203,200**
Total Flows	**23,181,220,256**	**20,925,492,738**	**21,186,785,653**	**28,392,209,449**	**21,007,592,014**

exercise undertaken in October 2011. The main obstacle identified in that scoping exercise was that the Income Tax Act[1] makes it a criminal offence to divulge a person/company's tax information to a third party even with the consent of the person/company.

Potential solutions have been proposed, as described in the EITI Report 2012, but as yet there has been no change which overcomes this restriction. There is draft EITI legislation which contains provisions surrounding confidentiality, with specific reference to Section 4 of the Income Tax Act, but this has not yet been enacted.

For the 2013/14 and 2014/15 reconciliations, the MOF-IRD provided:

a. aggregated information on total receipts from the Oil and Gas Sectors; this aggregated information did

[1]Section 4.1 states that "every person having any official duty or being employed in the administration of this Act shall regard and deal with all documents, information, returns, assessment lists, and copies of such lists relating to the income or items of the income of any person, as secret and confidential".

not show separately the receipts for all the flows requested by the TTEITI Steering Committee[2]

b. disaggregated information on receipts in respect of each of the flows included in the reconciliation from companies where TTEITI obtained a letter of consent for disclosure from the company

The TTEITI Steering Committee identified five companies which were not signatories to the MOU and did not provide a letter of consent to the MOF-IRD to release their information as potentially making material payments to Government. MOF-IRD did not release any information on these companies; accordingly, it is not known whether these companies made material payments. The companies involved were (i) Goudron E&P, (ii) A&V Oil & Gas, (iii) Range Resources Trinidad Limited, (iv) Rocky Point T&T Limited and (v) Lennox Production Services Limited.

It is clear that the MOF-IRD's concerns over the confidentiality obligations of the Income Tax Act are a constraint on its capacity to engage with the EITI implementation.

2.3.2 | Assurance: Government Figures

2.3.2.1 | Auditor General: Capacity

The capacity of the Office of the Auditor General (AG) to give assurance on the figures declared by Government for inclusion in the EITI Report has been highlighted in previous EITI Reports. The Administrator met again with the Auditor General to discuss progress and what assurance could be given in respect of the 2013/14 and 2014/15 Government declarations.

The AG confirmed that the project to improve capacity in the department was continuing, but not yet complete. For 2013/14 and 2014/15, the AG said that he is unable to provide assurance that audits have been conducted under INTOSAI. He also highlighted other matters affecting the assurance which could be given.

2.3.2.2 | MOF-IRD

The EITI Standard (requirement 4.9) requires that the Multi Stakeholder Group, in consultation with the Independent Administrator, should examine the audit and assurance procedures in companies and Government entities participating in the EITI reporting process. When we met the Auditor General during the inception period for the current report, he said that, as in previous years, his staff has not been granted access to records in the MOF-IRD relating to income from taxpayers. Accordingly, having been unable to perform audit work in this area, he would not be able to provide any assurance on the declarations made by the MOF-IRD in connection with the 2014 and 2015 EITI Report.

The MOF-IRD is the largest collector of revenue for GORTT, both for the extractive and also the non-extractive sectors, and it is important that the Auditor General should be able to subject the MOF-IRD records to independent review in accordance with the provisions of Section 116.2 of the Constitution of Trinidad and Tobago, which states that the Auditor General or any person authorised by him in that behalf shall have access to all books, records, returns and other documents relating to the public accounts of Trinidad and Tobago.

The MOF-IRD commented that it believed it had statutory obligations to maintain confidentiality in this area and that it had, together with the Auditor General, requested an opinion from the Attorney General.

We were informed that a letter has been sent by the Ministry of Energy and Energy Industries addressed to the Attorney General requesting that when the Income Tax Act is amended to give the Auditor General access to MOF-IRD records, the TTEITI also be added at the same time as a body with free access to the information. It is understood that it is planned to amend the Income Tax Act "as a priority".

2.3.2.3 | MEEI

The EITI Standard (requirement 4.9) requires that the Multi Stakeholder Group, in consultation with the Independent Administrator, should examine the audit and assurance procedures in companies and Government entities participating in the EITI reporting process.

The Auditor General said that the work carried out by his staff suggested that the MEEI did not carry out audits of information provided by extractive companies as permitted under the agreements with those companies and that he could not give assurance that the declarations made by the MEEI in connection with the current EITI Report were correct.

The MEEI has a programme to catch up the PSC audits which are overdue, as discussed in more detail in Section 4.7.1.

2.3.2.4 | State-Owned Companies: Mining Sector

During the inception work in preparation for the report, the state-owned mining companies reported that audited financial statements had not been prepared for some time, and that their last audited statements were:-

National Quarries Limited

The last audited financial statements were prepared for the year ending 30th September 2010.

The company plans to bring the audits up to date in line with the following schedule.

[2]In particular only the total combined receipts from Green Fund Levy, Business Levy, WHT on dividends, WHT on deemed branch remittance, Insurance Premium Tax, Interest and Penalties were disclosed

Year	NQCL financial statements ready	Estimated audit completion
2011	09-Sep-16	09-Nov-16
2012	30-Sep-16	30-Nov-16
2013	31-Oct-16	30-Nov-16
2014	30-Nov-16	31-Jan-17
2015	31-Dec-16	28-Feb-17

However, the company notes that the audit dates are subject to change, based on the availability of the Auditors.

Lake Asphalt of Trinidad & Tobago (1978) Limited

The last audited financial statements were prepared for the year ending 30th September 2010.

They are unconsolidated and do not include the results of the company's sole subsidiary, Trinidad Asphalt Corporation of America; no reason is given for its exclusion and there is no detail on the subsidiary's activities.

The company plans to commence the audits of the 2011, 2012 and 2013 financial statements during September 2016 with a scheduled completion date of December 2016. Audits of the 2014 and 2015 financial statements are expected to commence thereafter and be completed by March 2017.

2.3.3 | MOF-IRD Reporting

MOF-IRD provided information on companies selected by the TTEITI Steering Committee as part of the EITI reconciliation process, provided that TTEITI had obtained a letter of consent from the individual company. MOF-IRD also provided information to the TTEITI Steering Committee on total receipts from the sector, in connection with the determination of materiality for the reconciliation.

2.3.3.1 | Commentary on Total Sector Information

The total information provided to the TTEITI Steering Committee identified the SPT, PPT and the Unemployment Levy separately, and recorded a total for other receipts. It was not part of the terms of reference for this assignment to validate these totals, but we observe the information provided by the MOF-IRD does not comply with Requirement 4.1.d of the EITI Standard, that disclosure should be made of the total receipts under each of the benefit streams agreed in the scope of the EITI Report.

The total payments to MOF-IRD in 2014-15 reported by companies included in the reconciliation exceed the amount reported by MOF-IRD for receipts from the whole sector for the same period. Without further analysis of the total information, which the MOF-IRD has not provided in light of its position on the Income Tax Act, it has not been possible to examine the reasons for the discrepancy.

2.3.4 | TTEITI MOU

The EITI implementation in Trinidad and Tobago is voluntary and not governed by legislation[3]. The process is overseen by a Steering Committee established by Cabinet, and Government, civil society and companies sign a Stakeholders' Memorandum of Understanding. The first MOU was signed on 7th June 2013 and covered the production of the first two EITI reports. The second MOU was signed on 30th July 2015 and covers the production of the third and fourth EITI Reports. It therefore terminates following publication of this report.

The MOU approach followed by Trinidad and Tobago has features which require consideration:-

- The continuity of the EITI implementation is not guaranteed
- In order to sustain the implementation of EITI, the MOU must be regularly renewed
- The renewal process consumes time and resources, both for Government and for companies, which would otherwise be available for EITI development
- The process provides no indication of long term commitment

A new MOU is in the course of preparation since legislation to embed EITI requirements would not be ready by the time the current MOU expired. The MEEI Legal Department have drawn up a revised MOU and a draft is being reviewed by previous signatories, with comments due by 19th October 2016. The draft MOU and illustrative reporting template is being sent to additional oil and gas companies, and all mining companies on the MEEI register, along with additional information on EITI and the implementation in Trinidad and Tobago.

Invitations are being placed in newspapers to invite mining, oil and gas, upstream/midstream and downstream companies which had not previously signed to join the initiative.

2.3.5 | In-Kind Flows and Sale of State's Share of Gas

In the course of reconciling volumes of gas delivered to NGC and settlement by NGC to Government for these volumes, it was noted that there is no agreement in place between NGC and Government under which NGC monetises the in-kind gas received from one supplier (Section 4.3.2) during the whole period covered by the current report, and previously. As a result, there has been a significant delay in any cash settlement for this in-kind

[3] There is a draft EITI Bill, which has not yet been enacted.

gas delivered by the supplier to NGC. NGC has requested that the Government should confirm and regularise the settlement arrangements and confirmed that, in the meantime, payment has not been timely. It is important for good financial control that the arrangements governing such transactions are documented and we recommend that Government and NGC put in place a formal agreement.

We were not given access to the agreements governing the sale of the Government's share of gas from PSCs to be able to determine the parties to those agreements and the operation of these agreements and other matters relating to disclosure of the prevailing rules and practices regarding the financial relationship between the Government and State-owned enterprises. It is important that these practices are understood, and we recommend that there is further work in this area in the next Report, with satisfactory arrangements regarding confidential information (see further Section 4.3.2).

2.3.6 | Selection of Companies

The TTEITI Steering Committee determined the materiality thresholds and selected the companies which should participate in the 2013-14 and 2014-15 reconciliation for the Oil and Gas Sector based on information from MEEI and MOF-IRD[4].

The process was untimely (the company list was not finalised until after circulation of the templates, and was subject to further amendment thereafter). Factors affecting timely agreement of the list of participating companies were:-

a. Delays in provision of information by MOF-IRD, and inaccuracies in the information provided requiring the intervention of the TTEITI Secretariat to resolve

b. Late invitation of additional companies to participate in EITI reporting, with the result that they did not join the MOU or provide consent letters for the MOF-IRD to release information

c. Absence of information from MOF-IRD on these additional companies due to the MOF-IRD position on confidentiality under the Income Tax Act

d. Mora Ven (see section 4.7.5.1)

TTEITI Steering Committee should conduct better due diligence in advance to ensure that information on which future materiality decisions are based is up to date and reliable.

There is more detailed discussion on the companies not included in Section 4.7.4.

2.3.7 | General

2.3.7.1 | Quality of Information from Reporting Entities

The quality and content of information provided by reporting entities was generally satisfactory.

2.3.7.2 | MEEI Systems

MEEI information systems are manual and require considerable effort by MEEI staff to be able to summarise and provide information for EITI. The nature of the information requested for EITI is such that it would be beneficial to Government revenue and cost control if it were produced regularly throughout the year. The ability to analyse and summarise information without major manual effort forms an important element of effective management control. Consideration should be given to reviewing the systems used and introducing computerised systems to improve efficiency.

2.3.7.3 | Project Level Reporting

The TTEITI Steering Committee confirmed it had considered project level reporting and decided not to progress this area until suitable international definitions have been agreed; and that it would continue to monitor progress in this area.

2.4 | Completeness and Accuracy of Data and Assurance

2.4.1 | Completeness and Accuracy of Data

Based on the list of entities specified by the TTEITI Steering Committee to be included in the reconciliation, we comment on their participation in the reconciliation.

a. All the Government entities included in the reconciliation scope–MOF-IRD, MEEI and MOF-Investments Division–have returned reporting templates, with the accompanying declaration signed by the Permanent Secretary.

b. In the total receipts used by the TTEITI Steering Committee in determining the companies to be included in the reconciliation, MEEI reported receipts in 2014 of TT$30m from BHP Billiton Petroleum (Trinidad Block 3) Limited and receipts in 2015 of TT$9.45m. Similarly, MEEI reported receipts of TT$9.1m in 2015 from BHP Billiton Petroleum

[4]See Appendix 9.3 for the SC's materiality decision.

(Trinidad Block 7) Limited. MOF-IRD reported no receipts from either company in either year. Both companies were selected by the TTEITI Steering Committee for inclusion in the reconciliation for 2014 and for 2015. Neither company returned templates and indicated the reason for so doing was that there were no payments to be declared for the period.

BHP Billiton said that the PSCs for Blocks 3 and 7 were effective as at December 2nd, 2014, and that the first payment was made in December 2014 for the first year annual obligation payment and pro-rated quarterly lease payment; payments have been made subsequently every quarter for the lease rentals and on the anniversary of the effective date for the annual obligation. It appears the amounts were below the materiality threshold and that the inclusion of these companies in the reconciliations seems to have arisen due to an error in the selection process.

Chaoyang Petroleum (Trinidad) Block 2C Limited did not return reporting templates. The MEEI did not report any receipts from this entity in either 2014 or 2015 and the MOF-IRD did not report on this entity because of confidentiality issues.

All other companies selected for inclusion in the reporting process returned templates.

Appendix 9.5 contains full details of templates returned by reporting entities.

c. All company template declarations were signed by a Board level or senior level manager.

2.4.2 | Assurance

In accordance with the decision of the TTEITI Steering Committee, figures provided by government for the current reconciliation were approved by senior government officials but were not confirmed by the Government Auditor.

Data provided by companies was approved by a senior official of each company. Companies were asked to provide audited financial statements, and a summary of the information provided is included in Appendix 9.5.

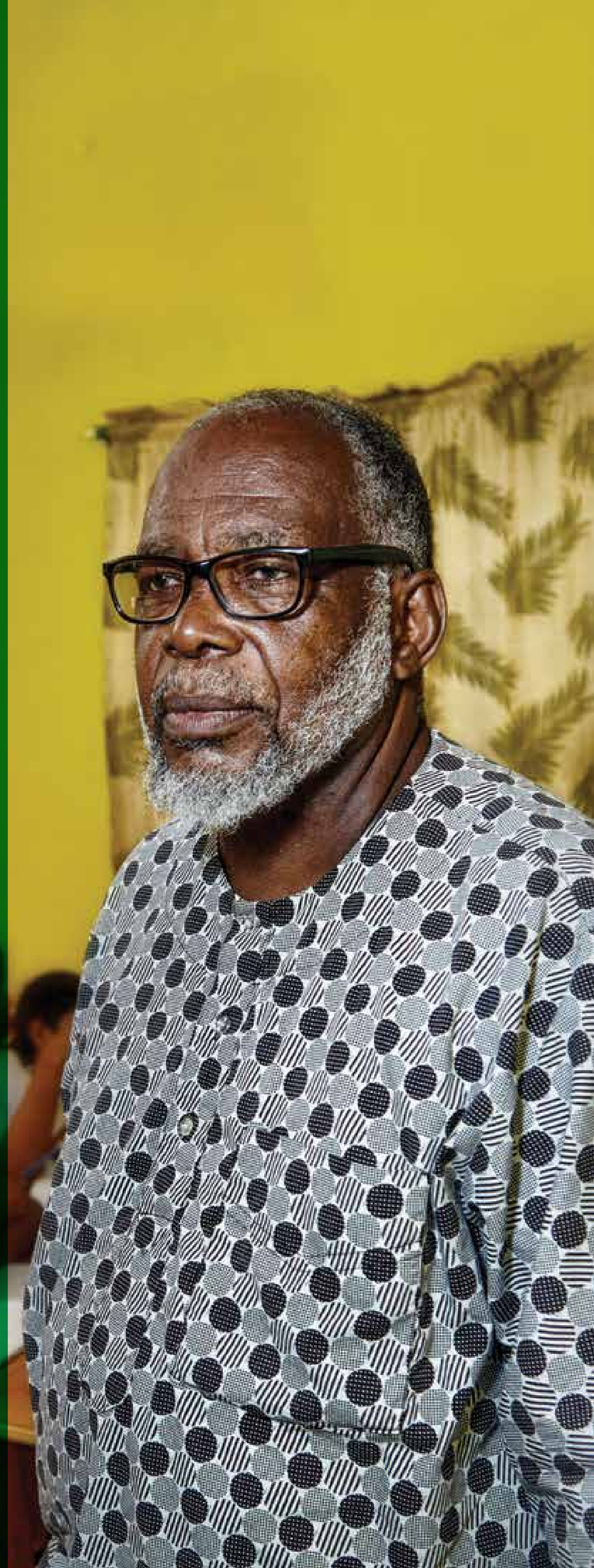
I am Ako Mutota, a Community Advocate.

Communities like Mayaro and Guayaguare have been part of the country's hydrocarbon production for well over 100 years. This has created a heightened sense of expectation and entitlement, bolstered by lack of public knowledge and inconsistent CSR initiatives.

Robust public education is critical. TTEITI must continue to have dialogue with the communities on Government policies and other issues, about what each community's responsibilities are, and on information generally about the hydrocarbon industry and how it should contribute to holistic community development. The EITI Report data is important in this effort.

AKO MUTOTA

Community Advocate



3 | The Extractive Industries in Trinidad and Tobago[5]

3.1 | Overview of the Performance of the Oil and Gas Sector

The performance of the Extractive Sector worsened over the years 2014 and 2015, the period covered by this EITI Report. A precipitous collapse of oil prices and consequent weakening of the markets for all export commodities adversely impacted on the value derived from the sector. The factors driving the price collapse are more structural than cyclical and therefore the fall out may be permanent.

Price weakness was compounded by a further decline in oil production to below 80,000 bbl/day–the lowest level in 60 years. At the same time prolonged problems with gas supply to major downstream plants resulted in shortfall in output across the Sector.

The latest available audits suggest the reserves to production ratio (RTP) for oil is about 12 years, while for gas it declined further to a little over 8 years. Government has responded to falling RTPs by the introduction of new fiscal incentives to spur exploration and awarding several production sharing contracts to successful bidders.

The combined impact of lower prices and output resulted in a drastic reduction in the Sector's contribution to the economy in terms of Government revenue GDP and export earnings. As a result, the economy slipped into recession and the Government faces serious fiscal constraints.

The economic situation has forced Government to cut expenditure in an attempt to align with lower current and project revenue. One major adjustment has been reduction of the fuel subsidy by increasing prices of diesel and super gasoline. Government made the first withdrawal from the Heritage and Stabilisation Fund (HSF) in order to reduce the large fiscal deficit.

As Government explores options for boosting revenue, audit reports have highlighted the need for reform and efficiency in tax administration in order to plug loopholes and minimize revenue loss in the minerals sector, LNG contracts and in the Production Sharing Contract (PSC) agreements.

Environmental regulations are improving as is degree of compliance. Over 500 CEC applications were submitted by the Energy Sector, between 2011-2025 and only three were denied. However, both the severity and frequency of oil spills increased. The country witnessed its worst spill in history as a result of faulty infrastructure at Petrotrin, which resulted in the Company being fined for an environmental violation.

Notwithstanding depressed economic conditions and outlook, NGC spend on CSR ballooned to TT$150 million over the period 2014 and 2015. Moreover, Government requested and received dividend payments from NGC amounting to over TT$10 billion over the 2014 and 2015 fiscal years, in a clear effort to close the fiscal gap.

3.2 | The Oil and Gas Value Chain

The term 'extractive industries' refers to those industries engaged in the exploration, production, processing and sale of natural resources such as oil, gas and minerals. The extractive sector is categorized into three major parts or sectors, namely the upstream, midstream and downstream.

Generally, companies operating in the upstream sector such as bpTT, BGTT, BHP Billiton, and Petrotrin are involved in finding oil and gas resources under land and sea, drilling exploratory wells and successively developing these wells in order to bring the hydrocarbons to the surface. As such, this sector is commonly referred to as the exploration and production sector (or E&P sector).

The resources are then sent to the midstream sector which refines, processes, stores, transports and markets natural gas, crude oil and refined oil and gas products. There are several midstream operators in Trinidad and Tobago. The National Gas Company of Trinidad and Tobago (or "NGC") plays an instrumental role as a midstream player to purchase, compress, sell, transmit and distribute natural gas to a cross-section of consumers mainly on the Point Lisas Industrial Estate. These consumers include petrochemical, steel and power generation plants. Another midstream operator is Petrotrin, which operates the only oil refinery in Trinidad and Tobago, while Phoenix Park Gas Processors Limited (PPGPL) extracts propane, butane and natural gasoline from the natural gas stream. The conversion of natural gas to liquefied natural gas is also classified as a midstream activity which is undertaken solely by Atlantic (formerly Atlantic LNG).

Lastly, the downstream sector takes the natural gas and converts it to petrochemicals (e.g. ammonia and methanol) which are then exported to other countries

[5] Section 3 is reproduced from a study by Gregory Maguire and Nazera Abdul Haqq (VSL Consultants Ltd.) commissioned by the TTEITI Steering Committee. The contents of Section 3 have not been reviewed or validated by the Administrator.

of the world. These petrochemicals are used to produce many other intermediate and finished goods including plastics, resins, lubricants, gels and fertilizers. Methanex, Methanol Holding Trinidad Limited, PCS Nitrogen and Yara are among the downstream operators which produce petrochemicals. The use of natural gas as fuel in power generation, transportation (CNG) and in the manufacture of cement, steel and several other light manufacturing activities are also classified as downstream activities.

As our natural resources move from its raw state in the upstream sector, to being refined in the midstream sector and then converted into petrochemicals by downstream operators, more and more value is added to the resource. This underlying relationship is described as the oil and gas value chain.

3.2.1 | Upstream Sector Activity

The upstream or exploration and production (E&P) sector is the first stage of oil and gas production. It involves drilling for undiscovered resources and, if successful, bringing the resources to the surface for sale and/or processing. Because of the high cost and technology required to extract oil and gas in marine areas, the T&T offshore upstream sector is dominated by large multinationals such as bpTT, BGTT (now Shell), BHP Billiton and Repsol. State-owned company Petrotrin dominates in the onshore upstream activity.

3.2.1.1 | Offshore and Onshore Producing Areas

There are six main areas in which oil and gas fields and upstream activities are concentrated in T&T. Offshore, there are those located on the North Coast (North Coast Marine Area), the East Coast (East Coast Marine Area) and the South West Coast (South Coast Marine Area). On land, drilling and production are concentrated in South-East Trinidad (e.g. Guayaguayare, Moruga), South West Trinidad (e.g. Point Fortin, Guapo and Forest Reserve) and in Central Trinidad (e.g. Central Range Block and Central Block). The Government invites upstream operators to competitively participate in Bid Rounds for parts of these acreages to extract hydrocarbons. These smaller areas are referred to as 'blocks,' and successful operators can only produce after the appropriate production sharing agreements with the Government have been negotiated and signed. Section 4.2 further explains how these contractual arrangements work.

3.2.1.2 | Crude Oil Reserves

The Ministry of Energy and Energy Industries (MEEI) engaged petroleum consultants Netherland, Sewell and Associates of Dallas (NSAI) to conduct an audit of the crude oil reserves of Trinidad and Tobago as at December 31^{st} 2011. The report was finalized and submitted to the MEEI in 2013.

Figure 1

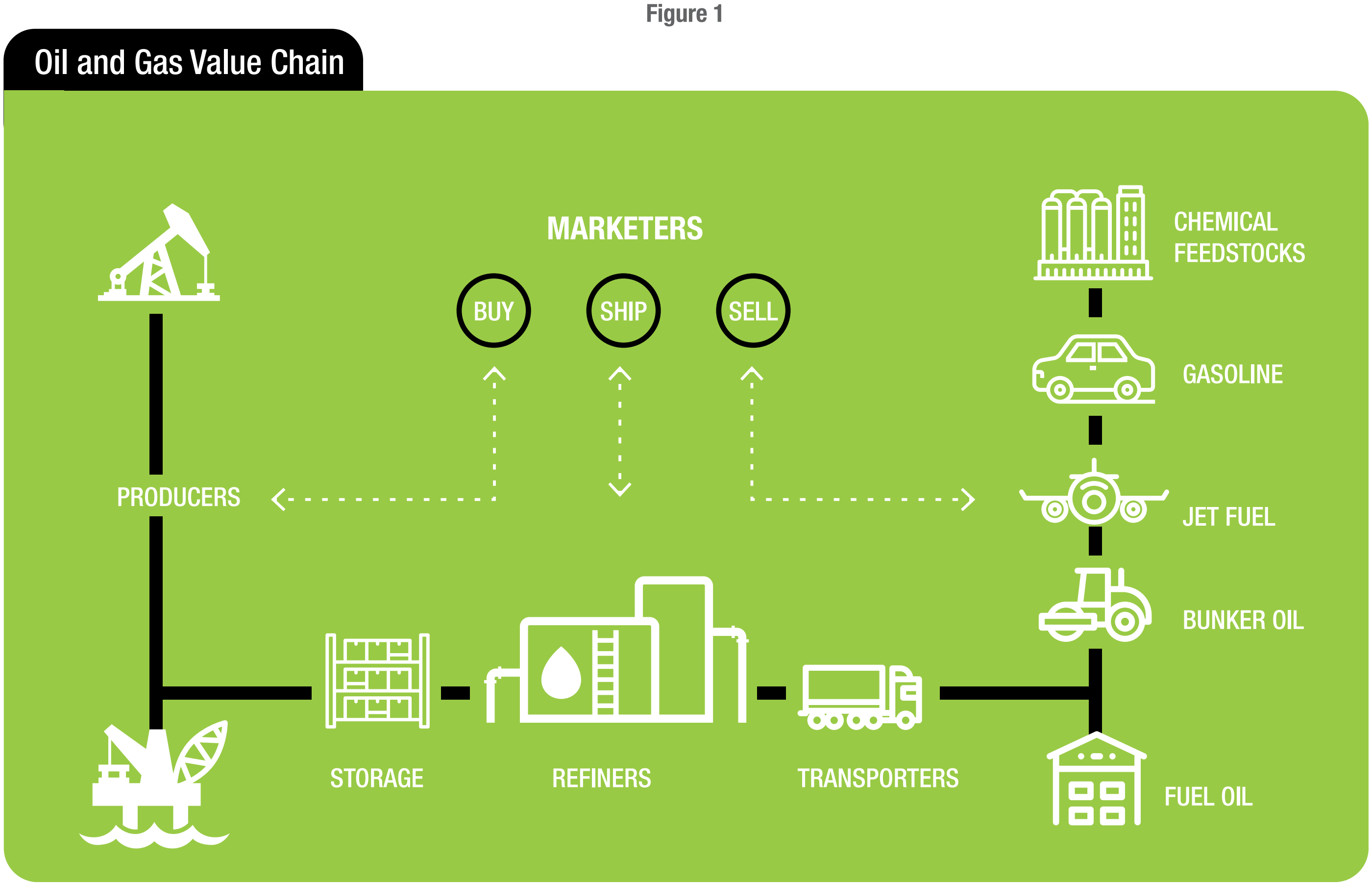
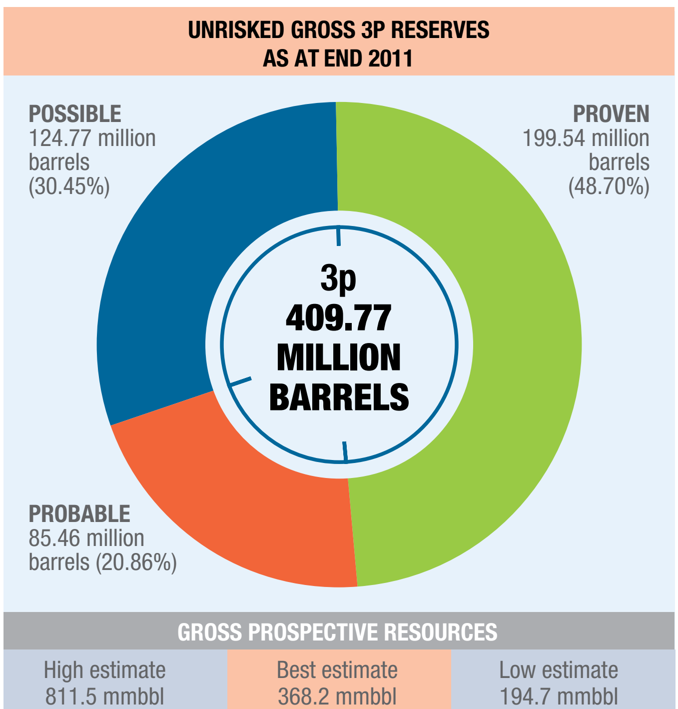


Table1

Onshore and Offshore Fields/Blocks Drilled in 2014 and 2015					
2014			2015		
Onshore (Land)		Offshore (Marine)	Onshore (Land)		Offshore (Marine)
Forest Reserve	Cruse	Immortelle	South Quarry	Moruga North	Kapok
Quinam	Parrylands	Savonette	Barrackpore	Moruga East	Oilbird
South Quarry	Erin	Galeota	Pt. Fortin Central	Cory Moruga Block	South West Soldado, West Soldado and South East Soldado
Palo Seco	Fyzabad	Teak	Pt. Fortin West	Goudron	Block 5C and Block 5D
Guapo	Point Fortin West	South West Soldado	Pt. Fortin East	Oropouche	Block 2C
Cory Moruga Block	Point Fortin Central	Oilbird	Forest Reserve	Quinam	Juniper
Goudron	Coora		Guapo	Quarry	Parula
Mourne Diablo	Barrackpore		Parrylands	Morne Diablo	Mahogany
			Palo Seco	Guayaguayare	Cashima

Source: MEEI, Consolidated Monthly Bulletins (2014 and 2015)

Figure 2 Crude Oil Reserves (Dec. 2011)



The results of the crude oil audit, as at December 31st 2011, showed proved reserves were 199.5 million barrels of oil, probable reserves 85.5 million barrels of oil and possible reserves 124.8 million barrels. The total crude oil figure of the proved plus the probable plus the possible reserves for crude oil (3Ps) was estimated at 409.8 million barrels. The ratio of reserves to production (RTP) is typically used in the industry as an indicator of the number of years that the proven reserves can sustain current production levels. In the case of oil, as at December 2011, the RTP on proven reserves was just 6.6 years, while for proven probable and possible reserves it stood at 13.6 years. This outlook would have changed in the period to 2015 as several new discoveries have been made including Petrotrin (Jubilee), Repsol (Teak Bravo) Trinity Exploration and Production (Galeota, Trintes and East Galeota).

The consultants also estimated Exploration or Prospective Resources, which are those quantities of petroleum which are estimated to be potentially recoverable from undiscovered accumulations by the application of future development technologies. They represent exploration opportunities (identified by operating companies) and quantify the development potential in the event a petroleum discovery is made. The high estimate of prospective resources of crude oil in 2011 was 811.5 million barrels of crude oil, with the best estimate and low estimate reported as 368.2 million barrels and 194.7 million barrels respectively. It should be noted that since December 31st 2011, the MEEI has signed 21 new production sharing contracts or licences. These would not have been included in that 2011 audit. The two deep-water blocks and the three land blocks licensed in 2014 all have potential for oil.

3.2.1.3 | Gas Reserves

With the start-up of LNG plants in Trinidad and Tobago in 1999, and the rapid expansion thereafter, natural gas has surpassed oil as this country's most important economic resource. As a result, the MEEI keeps abreast of the industry's future outlook by commissioning annual gas reserves audit. Over the last 15 years these audits have been conducted by the firm Ryder Scott.

Table 2 gives the reserves picture as at December 2014–the latest available. Proven gas reserves are estimated at 11.5 trillion cubic feet (tcf) down from 12.2 tcf in 2013. Probable reserves amounted to 5.47 tcf while possible reserves were set at 5.70 tcf, bringing the total 3Ps reserves as at 31st December 2014 to 22.7 tcf compared with 23.9 tcf a year earlier. This represents a continuing trend in which the rate of production is exceeding the rate of replacement via new discoveries. As a result, as of the end of 2014, the proven reserves to production ratio was 8.3 years and the Proven + Probable (2P) RTP ratio was 13 years.

Table 2 Natural Gas Reserves (as at Dec. 2014 (tcf))

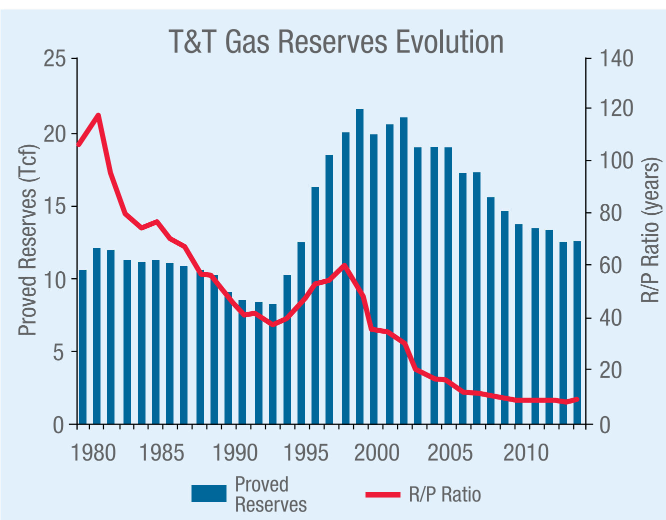
Reserves	2013	2014
Proved	12.2	11.5
Probable	5.53	5.47
Possible	6.1	5.7
Total	23.9	22.7

Source: Ryder Scott - Gas Reserves Audit 2014

The BP Statistical Review of World Energy gives a proven (1P) RTP ratio of 8.2 years as of the end of 2014. It is however likely that the natural decline in deliverability of the gas fields are depleted. This may result in gas production falling below the current consumption level of 3,883 MMcf/d or 1.41 Tcf/y significantly earlier than the 8-11 year durations calculated by Ryder Scott. The deep-water offshore area is considered to have significant hydrocarbon potential although any realization of this potential will take some time and is unlikely to provide gas before 2024.

Maintaining consumption at even 4 bcf/d between 2016 and 2024 would therefore require planned but as yet unsanctioned upstream projects being approved and executed by the operators on their currently envisaged timelines. If these projects are not sanctioned or delayed, cross-border (Loran-Manatee) and cross-border (Dragon) gas supplies from Venezuela will become critical to the sustainability of the sector.

Figure 3

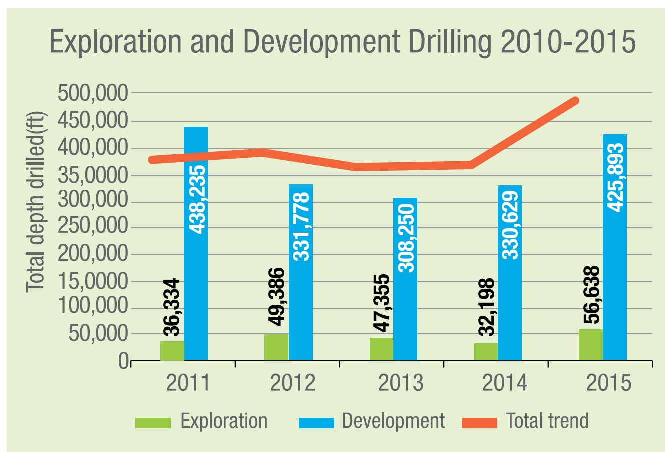


3.2.1.4 | Exploration and Development Drilling

The total number of feet drilled, as well as the total number of days that companies operate rigs (i.e. rig days), are the main indicators of the level of activity in the upstream sector. Upstream companies first engage in exploratory drilling both on land and in marine areas, to locate oil and gas reservoirs beneath the earth. After hydrocarbons are discovered, these companies engage in development drilling to determine the size and quality of the deposits. Once deposits are considered sizable, facilities are then built to enable extraction of reserves from the reservoirs.

The total number of feet drilled increased marginally by 2% between 2013 and 2014. However, in 2015 there was a further 33% increase in drilling activity as illustrated in Figure 4, in response to new Government tax incentives. In 2015, both exploratory and development drilling activity increased by 76% and 29% respectively as a result of activities by EOG, Advance Oil Trinidad, BGTT (now Shell) and Parex companies (MEEI, Various Years) . The award and signing of E&P licences and production sharing agreements for the land and deep water acreages respectively following the 2013 Onshore and Deepwater Bid Rounds, bode well for even greater exploration activity in the short to medium term. The Ortoire, Rio Claro and St. Mary's blocks were the onshore blocks that were awarded to Touchstone Exploration (formerly Primera), Lease Operators Limited and Range Resources Trinidad respectively. The BG-BHP Billiton consortium was successful at obtaining the licences to produce in the Trinidad and Tobago Deep Atlantic Areas 3 and 7 (TTDAA3 and TTDAA 7).

Figure 4



Source: MEEI

3.2.1.5 | Crude Oil, Natural Gas and Mineral Production

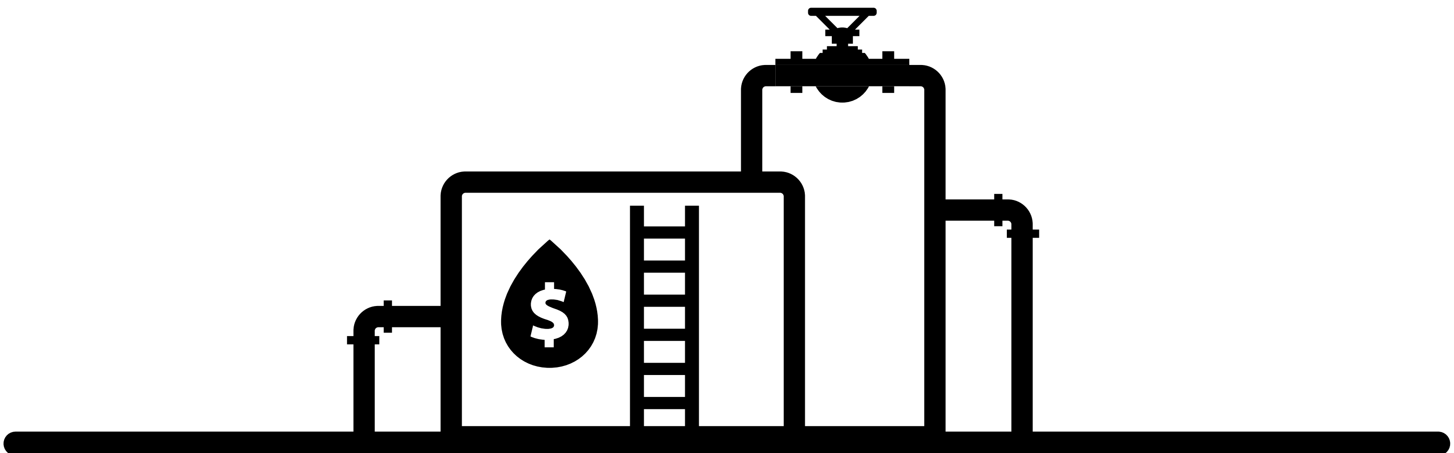
The years 2014 and 2015 were marked by the continued decline in the both oil and gas production while the issue of illegal mining endured.

3.2.1.5.1 | Crude Oil and Condensates

Total oil production is measured by the combined output of both crude oil and condensates. When companies drill for hydrocarbons, a typical well may produce oil and/or gas in different proportions. The liquids produced with gas are called 'condensates'.

T&T has been producing oil for 107 years and therefore most of its oil fields are mature. Therefore, it is not surprising that oil production has been following a general downward path, following peak production of 229,000 bopd in 1978. The downturn was temporarily

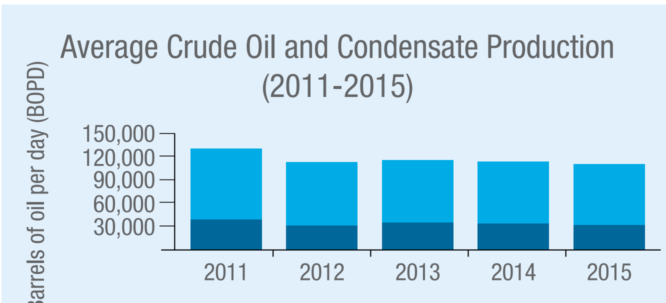
OIL AND GAS PRODUCTION



	2014	2015
OIL PRODUCTION	27.5 MILLION BARRELS	27.3 MILLION BARRELS
CRUDE OIL PRODUCTION AVERAGED	81,262 BARRELS PER DAY	78,656 BARRELS PER DAY
GAS PRODUCTION	4,071 MILLION STANDARD CUBIC FEET PER DAY	3,833 MILLION STANDARD CUBIC FEET PER DAY

reversed by higher condensate output from increased gas production in 2003 along with the coming on stream of the Angostura field in 2004. A year after, oil production climbed from 133,000 bopd in 2001 to a peak of 144,400 bopd in 2005. Since 2006, however, average annual oil production has declined steadily to a low of 78,650 bopd in 2015, the lowest level in over 60 years (MEEI, Various Years - see figure 5). The decrease in oil production was also partly due to natural decline of mature wells coupled with lower levels of condensate production.

Figure 5

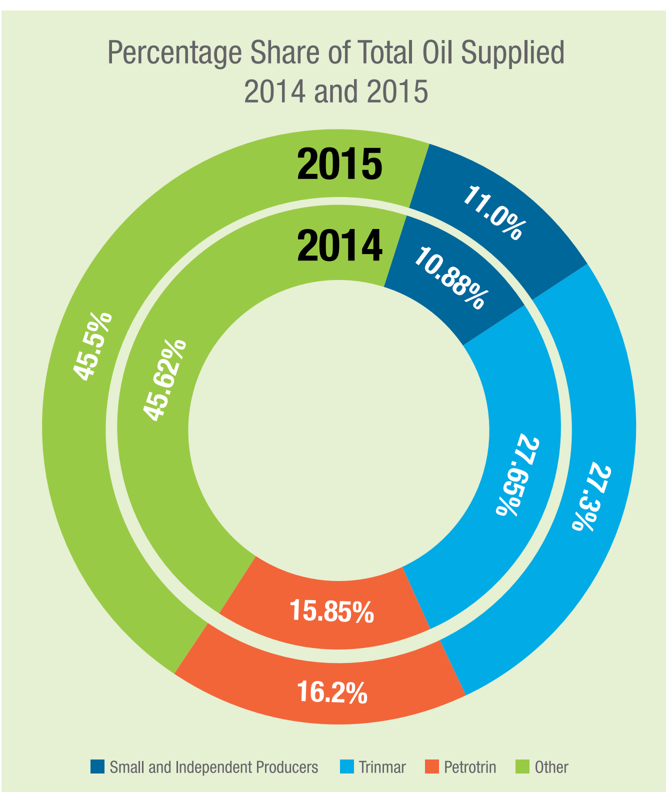


	2011	2012	2013	2014	2015
Crude Oil Export	38,583	30,793	34,161	32,603	31,010
Avg Production	91,919	81,735	81,114	81262	78,656

Source: MEEI

Small operators make an important contribution to sustaining oil production and prolonging field life because they are able to extract oil from mature fields at a cheaper cost than larger companies. As the largest producer of oil, Petrotrin contracts smaller companies under arrangements known as Lease Operatorships (LO), Farm Outs (FO), or Incremental Production Sharing Contracts (IPSC). Together they produced approximately 11% of total oil supplies in 2014 and in 2015, while Petrotrin and Trinmar (a division of Petrotrin that operates offshore); produced approximately 16% and 28% respectively in those two years (MEEI, Various Years). The first five months of 2016 reveals a similar pattern with roughly 10.4% of oil production of supplies coming from small and independent contractors, 27.5% by Trinmar and 16.8% Petrotrin (MEEI, 2016). (See figure 6).

Figure 6



Source: MEEI

3.2.1.5.2 | Natural Gas Production

Between 2000 and 2010, the general upward trend in natural gas production was stimulated by the growth in the demand for gas. Production rose by about 189%, from 1,498 million standard cubic feet per day (mmscf/d) in 2000 to 4,330 mmscf/d in 2010 (MEEI, Various Years).

However, natural gas production went through a series of sharp slips post 2010 as a result of scheduled and unscheduled maintenance and upgrade programmes of offshore platforms by major producers, notably bpTT and BGTT (now Shell). Upstream operators also have been more stringent in observing international safety regulations post the 2010 BP Deepwater Horizon Disaster, which may have had knock-on effects on production.

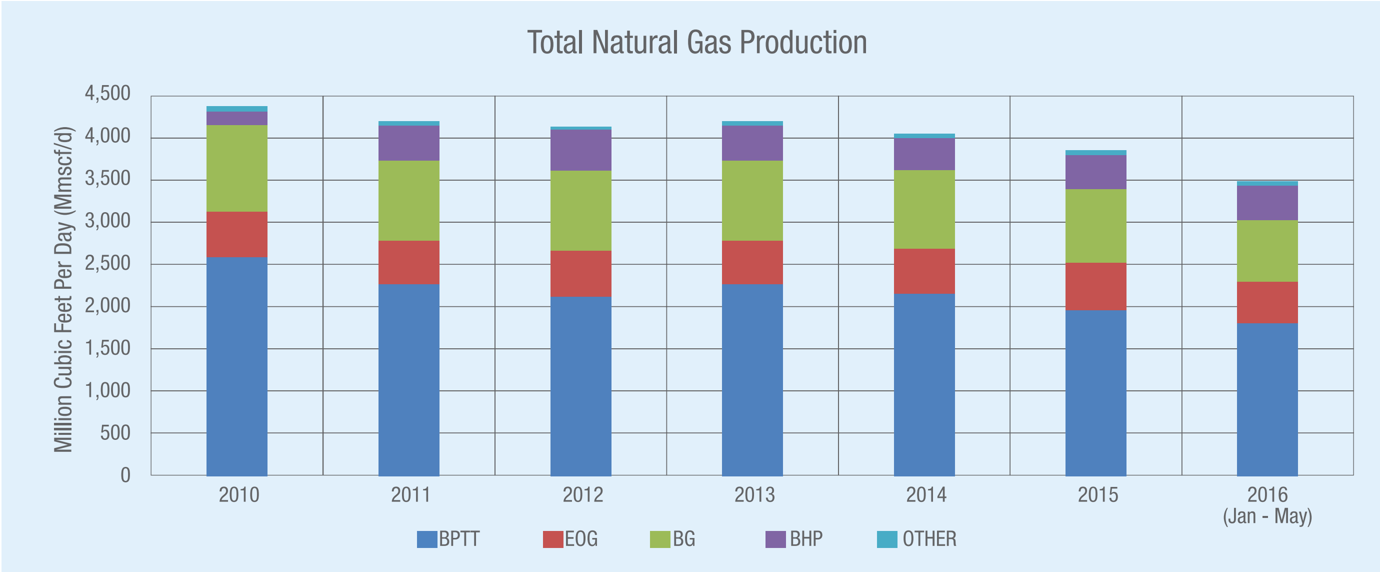
Average annual production fell from 4,330 mmscf/d in 2010 to 3,833 mmscfd in 2015 (MEEI, 2015). The declining trend in gas supplies has continued during the first five months of 2016 (figure 7). Ageing gas fields and temporary disruptions to supply as a result of the movement of rigs under active drilling programmes also account for the decrease in natural gas supplies.

In 2014, the Government contracted consultants to develop a comprehensive Natural Gas Master Plan for Trinidad and Tobago. One objective of the Master Plan was to provide recommendations to help better ensure that there are sufficient gas supplies to meet the needs of strategic downstream industries. The Government is currently reviewing the Master Plan with a view to developing policy.

3.2.1.5.3 | Mineral Production

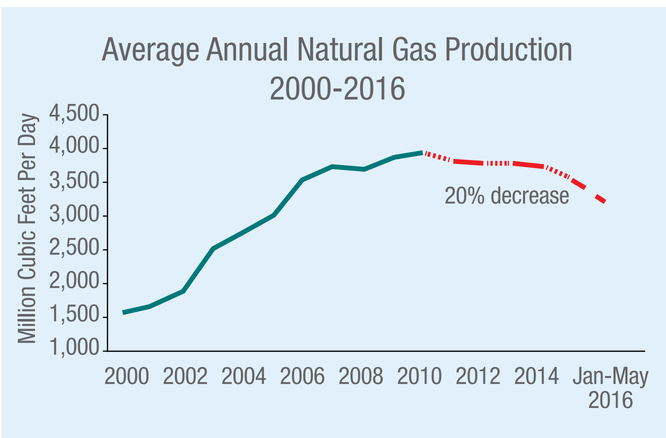
Similar to oil and gas, mineral deposits such as copper, andesite, fluorspar and iron can also be found below the earth's surface in T&T. However, only those that are sedimentary in origin (e.g. sand and gravel, limestone, oil sand and asphalt, clay and porcellanite) are quarried or mined. While the data does not allow for an analysis of production of oil sand and asphalt, figure 9 shows that the highest volumes of minerals produced between 2010 and 2015 were of blue limestone (8,894,291 cubic yards), sand and gravel (8,631,203 cubic yards) and red sand (5,560,346) (MEEI, 2015).

Figure 7



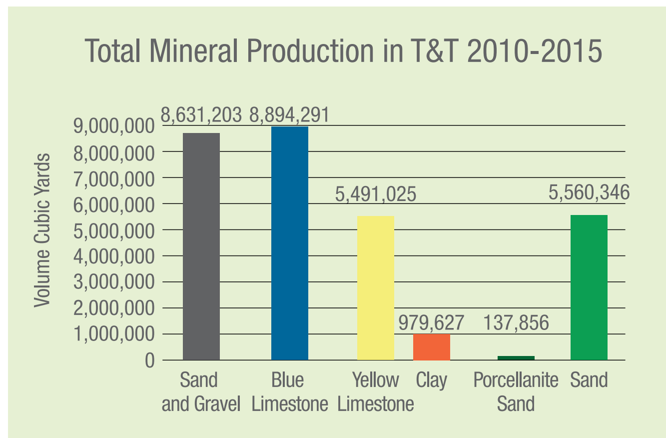
Source: MEEI

Figure 8



Source: MEEI

Figure 9



Source: White Paper on National Mineral Policy 2015

In the Northern Range, blue limestone, as well as sharp sand and gravel, are quarried and used in the construction industry. Red sand is quarried in central Trinidad and used as a low grade fill material and as a construction finishing material. Nearby, in south-central Trinidad, yellow-coloured limestone is quarried, while clay is extracted from central and south-east Trinidad. As is well known, clay is used in the manufacture of blocks, tiles and pottery. Oil sands and asphalt, used for paving roads, and porcellanite, an alternative for Portland cement, are extracted in south Trinidad (MEEI, 2016). According to the White Paper on National Minerals Policy 2015, the most recent data from the Ministry of Energy and Energy Industries places the number of active quarries or mining operations in the country at 90.

Estimates of Trinidad and Tobago's recoverable mineral reserves were calculated by GWP LLP Consultants for the Ministry of Energy and Energy Industries. The Strategic Environmental Impact Assessment Study places T&T's recoverable mineral reserves at 467 million metric tonnes, equivalent to 25 years of today's production.

Activities in the mineral sector are not just limited to exploration and production (i.e. mined/quarried). The scope of the sector is wide and also includes mineral processing, the manufacture of mineral based products, minerals trading, transportation and machinery, land management and other professional services. Both State-owned companies and the private sector are engaged in these activities.

National Quarries Company Limited and Lake Asphalt of Trinidad and Tobago (1978) Limited ('Lake Asphalt') are two state-owned companies that are engaged in mining activities in T&T. National Quarries Company Limited has the responsibility of supplying products for the construction sector, stabilizing the prices of construction aggregate and ensuring that the State's mineral resources under its control are optimized. Lake Asphalt, on the other hand, commercially develops (i.e. mines, refines, manufactures and distributes) the asphalt deposits in

LICENSED QUARRY OPERATORS TAX PAYMENTS

TAX TYPE	2013 (TT$)	2014 (TT$)	2015 (TT$)
Corporation Tax/Individual Income Tax	3,456,260.28	28,228,430.00	1,037,630,815.00
Business Levy	787,726.60	5,691,015.00	89,297.00
Green Fund Levy	516,351.35	3,528,068.00	60,295,023.00
Total Tax Payments	4,760,338.23	37,447,514.00	1,098,015,045.00
Royalties	1,389,872.00	1,727,070.00	3,418,000.00

the Pitch Lake in La Brea. Not many are aware that T&T, through Lake Asphalt, exports asphalt related products to many countries across the world, including China, Nigeria, Japan, Germany, the United Kingdom and the US.

3.2.2 | Midstream Sector Activity

After the hydrocarbon resources are extracted by upstream operators they are sent to the midstream sector which refines, processes, stores, transports and markets natural gas, crude oil and refined products. As the extracted resources are refined and processed in the midstream sector they become more valuable.

3.2.2.1 | Oil Refining

State-owned Petrotrin operates the only local refinery that processes and refines crude oil to make a range of useful products which it sells locally and abroad. These products include fuel oil, gasoline, kerosene, diesel, aviation fuel and Liquefied Petroleum Gas. Because local crude oil production is less than Petrotrin's refinery capacity, the Company imports supplemental crude oil to boost refinery capacity utilization.

As a result, Petrotrin imports crude oil from other countries and refines it either on its own account or for clients under processing agreements. Gabon, Russia, Norway and Colombia were the leading sources of imported supplies to Petrotrin's refinery between 2014 to May 2016 (MEEI, Various Years).

In 2012, downtime at several refinery plants and industrial unrest negatively affected refining activity. According to the MEEI, refinery throughput fell from 4.17 million barrels in 2011 to 3.06 million barrels the following year. The refinery was back to running at near full capacity by June of 2013, leading to a recovery in both throughput and sales that year. Nevertheless, refinery operations worsened in 2014 as a result of global excess supply and low demand for gasoline (Central Bank of Trinidad and Tobago, 2014), which resulted in Petrotrin taking 13 of its units offline. In 2015 refinery throughput recovered 18.4% to 45.7 million bbls compared to 38.2 million bbls in the previous year (MEEI, 2015). The improvement in refining activity and sales has been carried over to 2016. Given the positive relationship between crude imports and refinery throughput, it is expected that imports will mirror the increase and fall in refinery activity.

3.2.2.2 | Natural Gas Transmission and Distribution

The National Gas Company (NGC) is responsible for purchasing gas from upstream producers, compressing and transporting the gas as well as selling and distributing it to industrial users in T&T. NGCs major customers are methanol and ammonia plants, and steel and power

Figure 10

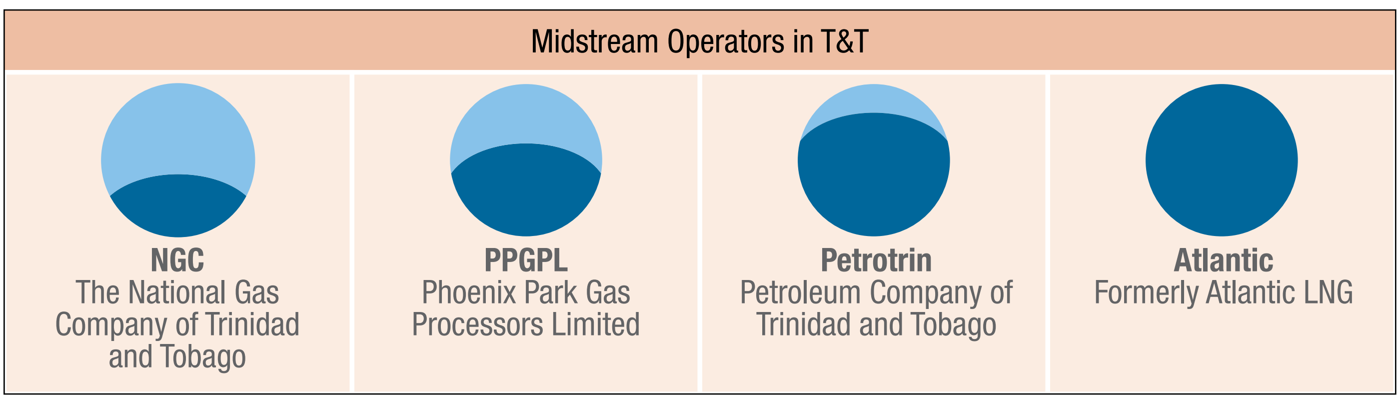
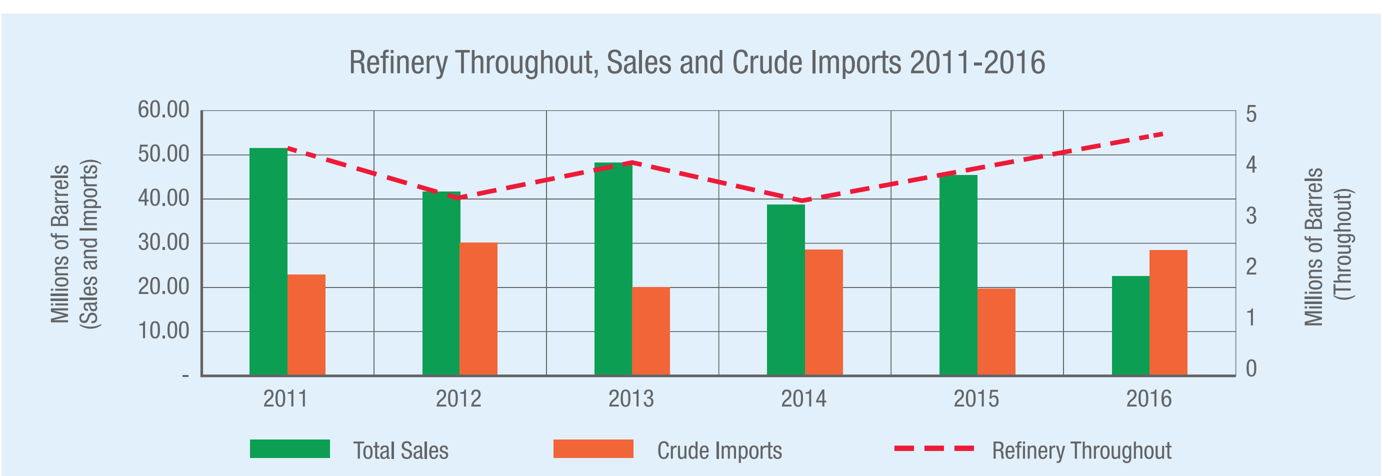


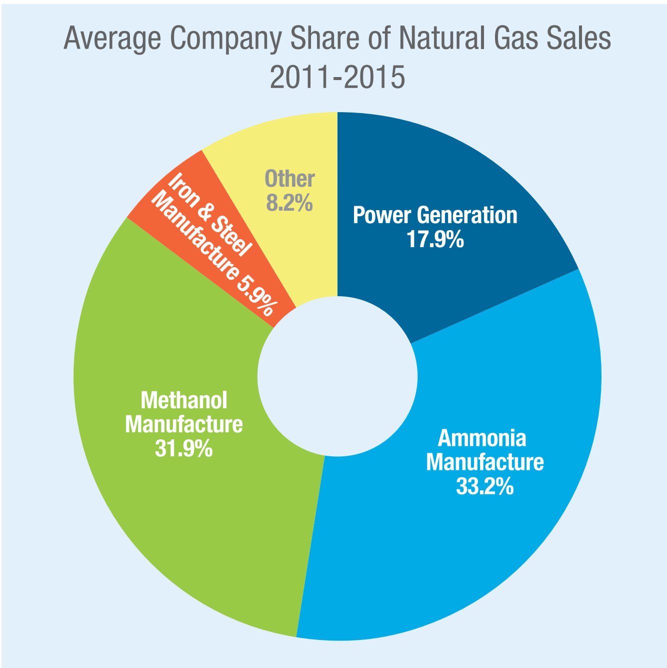
Figure 11



Source: MEEI

generating plants, most of which are located on the Point Lisas Industrial Estate. Figure 12 below shows that, together, methanol (31.9%) and ammonia plants (33.2%) bought more than half (65.1%) of NGCs supplies over the last five years. Power generators represented 17.9% of gas sales while iron and steel manufacturers accounted for 6% (MEEI, Various Years).

Figure 12



Source: MEEI

Note: Other - Refinery, Cement Manufacture, Urea Manufacture, Small Consumers, Gas Processing.

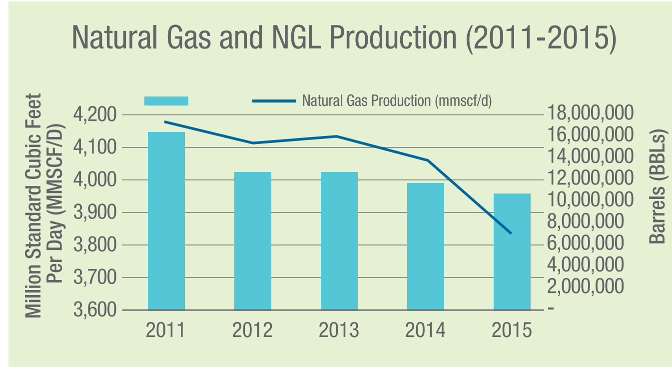
At its processing plant, Phoenix Park Gas Processors Limited (PPGPL), receives the raw natural gas from NGC's gas pipeline system and feeds it through its fractionating towers to extract propane, butane and natural gasoline. PPGPL is one of the largest gas processing facilities in Latin America and the Caribbean (PPGPL, 2016). The processed natural gas–largely methane–is returned to the NGC system and then sold to local downstream facilities which use the product as fuel and feedstock. The propane and butane and natural gas liquids are marketed in the Caribbean and Central America.

As result of the downward trend in natural gas production over the period, PPGPL's output of NGLs in 2015 was 10.9 million barrels, some 31.5% below the 16.0 million barrels produced in 2011. Similarly, exports of NGLs fell by 26% from 14.7 million barrels in 2011 to 10,181,668 barrels in 2015 (MEEI, Various Years).

3.2.2.3 | Liquefied Natural Gas LNG) Production

Unlike methanol and ammonia users on the Point Lisas Industrial Estate, Atlantic (formerly Atlantic LNG) processes natural gas and converts it into a liquid form or LNG. Liquefying natural gas occurs through a process that involves the use of large refrigerator-type plants

Figure 13



Source: MEEI

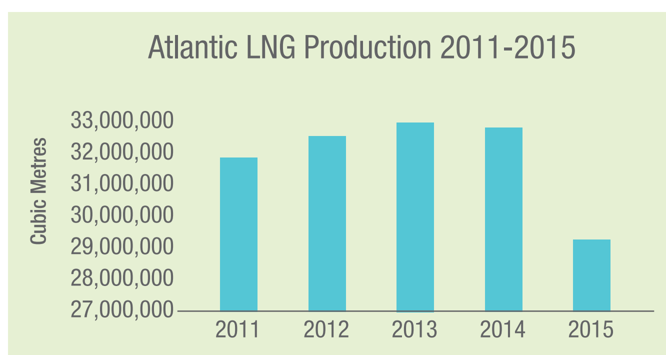
or Trains that cool the gas to -161 degrees celsius. This must be done in order for the gas to be transported and exported to different countries. Special purpose LNG ships fitted with refrigerated tanks are used to ensure that the LNG does not revert to its gaseous form while being transported to its destination.

Atlantic has always been the largest single consumer of natural gas in the country, using more gas than ammonia and methanol plants combined. Between 2011 and 2015 Atlantic accounted for roughly 55% of total gas demand, while ammonia and methanol manufacturers bought 28% of total supplies (MEEI, Various Years).

Like NGC, Atlantic was also impacted by the reductions in gas production over the 2011-2015 period, as evidenced by its lower production volumes.

As a result of maintenance work by Atlantic and downtime from natural gas producers, LNG production fell by 1.7% from a peak of 32,700,292 cubic metres in 2013 to 32,159,352 cubic metres in 2014. However, by the end of 2015, LNG production slipped drastically by an additional 10% to 28,909,491 cubic metres.

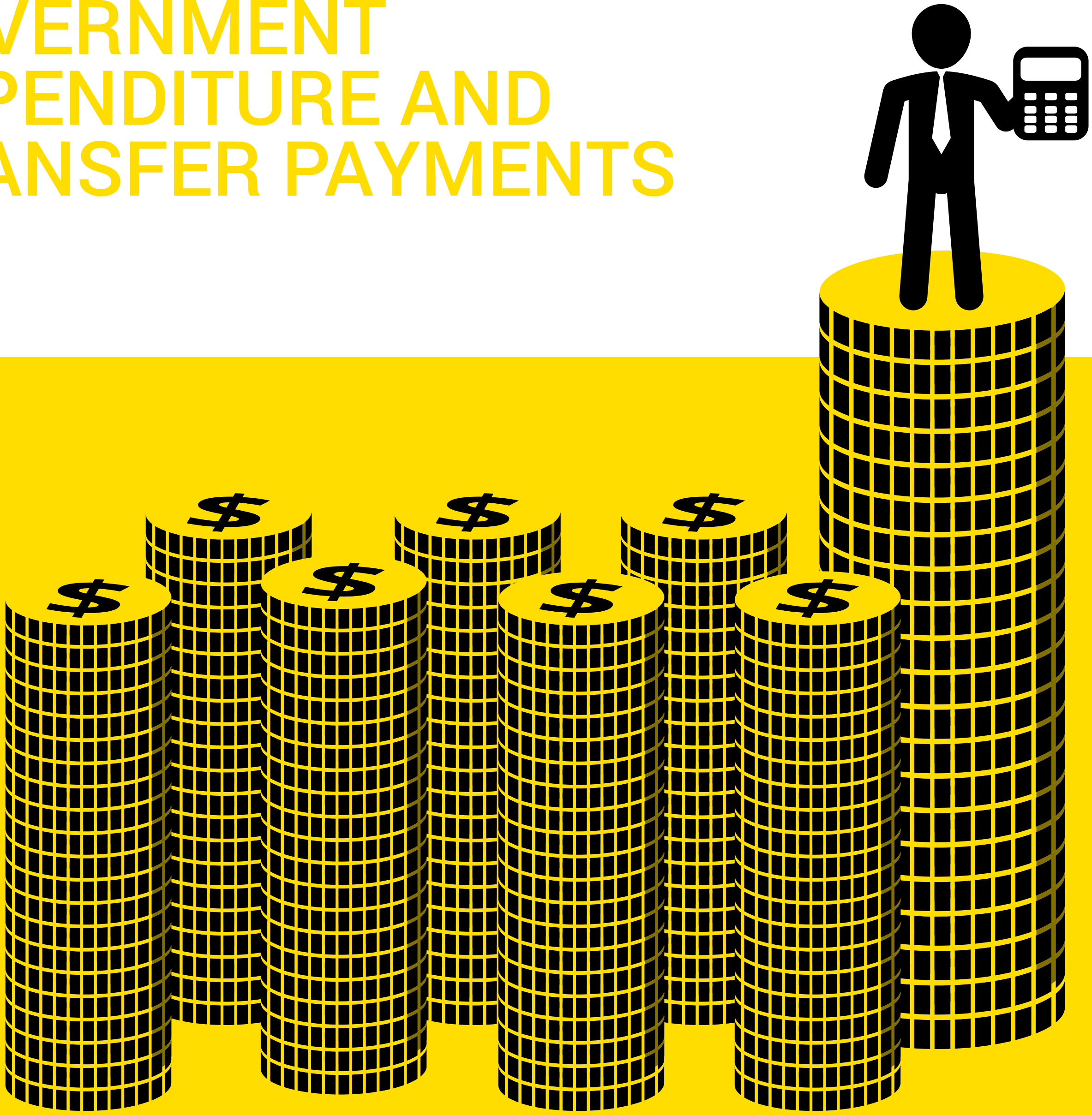
Figure 14



Source: MEEI

During the first half of fiscal 2015 (i.e. October 2014 to March 2015), the country exported a total of 468.5 trillion British thermal units (BTUs) of LNG to 21 different markets. This was 1.2% less than the 474.1 trillion BTUs exported for the same period of fiscal 2014 (Ministry of Finance , 2015). The leading export destinations for LNG from T&T, between October 2013 and March 2014, were

GOVERNMENT EXPENDITURE AND TRANSFER PAYMENTS



	2011/2012 (TT$M)	2012/2013 (TT$M)	2013/2014 (TT$M)	2014/2015 (TT$M)
WAGES & SALARIES	7,282.30	9,382.50	8,590.80	10,366.40
GOODS & SERVICES	7,061.60	7,012.40	8,008.80	8.671.30
INTEREST PAYMENT	2,937.10	2,604.00	3,122.60	2,954.70
TRANSFERS & SUBSIDIES	27,206.10	29,563.60	34,664.10	31,439.50

Source: CBTT

Chile (18.1%), Argentina (16.8%) and Spain (8.5%). In 2015, Chile (22.4%) and Argentina (14.2%) as well as to Brazil (11.9%) showed increases in exports from T&T, partly as a result of higher prices and demand in these countries, compared to Europe and Asia. The United States also increased its demand for T&T's LNG (10.1%) during the first six months of fiscal 2015 (Ministry of Finance, 2015).

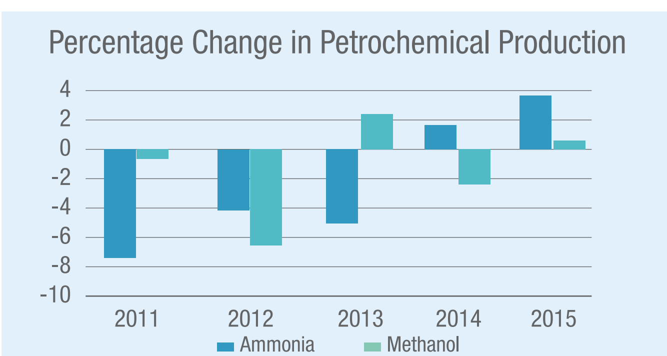
3.2.3 | Downstream Sector Activity

The downstream sector purchases natural gas from NGC and converts it into Ammonia, Methanol and Urea which are referred to as petrochemicals. Petrochemicals are valuable chemicals used to produce many other intermediate and finished goods including plastics, resins, lubricants, gels and fertilizers. Methanex, Methanol Holdings Trinidad Limited, PCS Nitrogen and Yara are among the downstream operators that produce petrochemicals. Downstream activities also include the use of natural gas as fuel in power generation, transportation (i.e. CNG) and in the manufacture of Cement, Steel and several other light manufacturing products.

3.2.3.1 | Petrochemical Production

Between 2011 and 2015, operations at Ammonia and Methanol plants were adversely affected by gas curtailments which forced companies to shut down for unscheduled maintenance work. These companies located on the Point Lisas Industrial Estate coordinated their plant downtime/turnarounds with the downtime of gas producers. In doing so they sought to minimize the impact of gas curtailments. However, the impact on petrochemical production was mixed during this five-year period (figure 15).

Figure 15



Source: MEEI

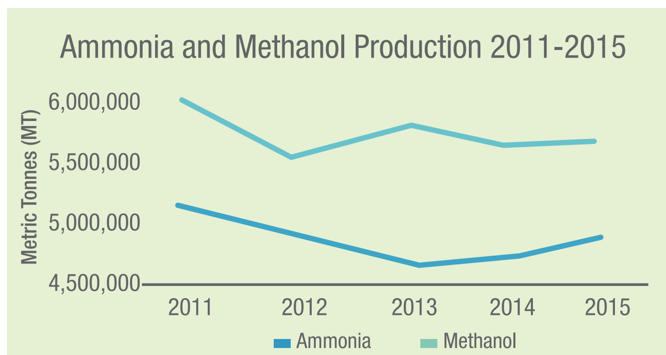
For example, maintenance activity did not adversely affect methanol supplies in 2013 despite repairs to MHTL M5000 and Titan plants. In 2013, methanol production grew to 5,632,924 MT from 5,490,678 MT in 2012. Nevertheless, methanol production declined as gas supply issues intensified in the following year but then rebounded marginally by 0.63% in 2015 (figure 16). There was a related 4.1% growth in the volume of methanol exported in 2013, while shipments decreased in 2014 and 2015 by 3.3% and 0.82% respectively (MEEI, Various Years).

Table 3

Petrochemical Exports (MT)		
Year	Ammonia	Methanol
2011	4,636,874	5,793,081
2012	4,450,764	5,490,678
2013	4,213,543	5,714,391
2014	4,311,807	5,524,818
2015	4,412,169	5,479,043

On the other hand, 2013 recorded the lowest production levels of ammonia as Caribbean Nitrogen, Yara, Tringen, AUM-NH3 and PCS Nitrogen shut down for maintenance work. Ammonia production decreased by 5% from 4,887,956 metric tons (mt) in 2012 to 4,639,796 mt in 2013 (MEEI, Various Years). Point Lisas Nitrogen Limited and AUM-NH3 plants also experienced downtime in 2014, however ammonia production increased marginally by 2% in 2014 and rose again by 3.8% at the end of 2015. Ammonia exports did not perfectly mirror production volumes.

Figure 16



Source: MEEI

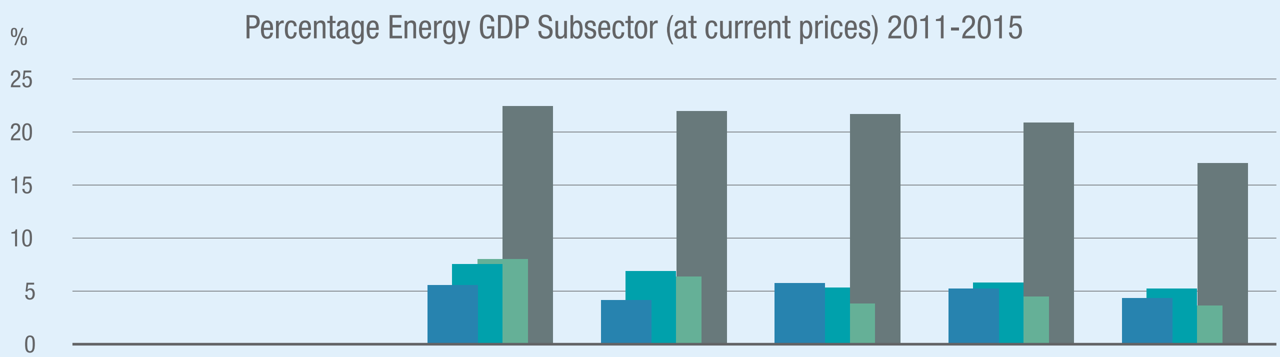
3.3 | Economic Contribution of the Extractive Industries

The extractive industries contribute significantly to T&T's economy in terms of gross domestic product (GDP), exports earnings (hard currency inflows) and Government revenues. The recent worldwide decline in commodity prices coupled with lower domestic production has negatively affected the Sector's economic contribution.

3.3.1 | Gross Domestic Product (GDP)

GDP is a widely used measure for gauging the health of a country's economy. Simply put, GDP is the total dollar value of all of the goods and services produced within the borders of a country in a given year. It includes the value of goods and services produced in the Energy Sector and in the Non-Energy Sector.

Figure 17



	2011	2012	2013	2014	2015
Other	5.61	4.86	5.78	5.29	4.89
Petrochemicals	7.70	6.90	5.60	5.80	5.40
Refining (Incuding Atlantic)	7.90	6.30	4.40	4.70	4.10
Exploration and Production	23.60	23.30	22.60	21.50	17.60

Source: MOF

Note: Other - Asphalt Production, Distribution and Service Contractors Subsectors.

Over the period 2011-2015, the Energy Sector share of GDP declined steadily from 44.8% in 2011 to 37.2% in 2014 and further to 32.1% in 2015. The latter two years represent the smallest Energy Sector GDP contribution since 2009, when the global financial crisis triggered the collapse of all commodity prices.

In fiscal 2014 (i.e. 1st October 2014 to 30th September 2015), total GDP (at current prices) rose from TT$170.3 million in 2013 to TT$174.9 million in 2014. This 2.6% expansion occurred because of the growth in the Non-energy Sector, particularly in the Services subsector, which overshadowed the 0.3% contraction in energy

Within the Energy Sector, the largest contributors to energy GDP are the Exploration and Production (E&P), Refining and the Petrochemicals Subsectors, while the Distribution, Service Contractors and Asphalt Production subsectors contribute the least (figure 17).

Between 2011 and 2015, the E&P Sector accounted for 22% of energy GDP on average. In 2015 the contribution of the E&P business fell to 17%, well below the average for the period and reflecting the depressed state of the market. Also, on average, the Refining and the Petrochemicals Sub-sectors represented 6.6% and 5.5% of energy GDP (Ministry of Finance, 2015).

Table 4

Prices of Selected Export Commodities 2011-2015						
COMMODITY	**2011**	**2012**	**2013**	**2014**	**2015**	**Jan to June 2016**
Crude Oil (Brent; US$ per barrel)	111.30	111.80	109.10	99.60	52.30	39.61
Crude Oil (WTI; US$ per barrel)	95.10	94.20	97.90	93.10	48.70	39.36
Natural Gas (Henry Hub; US$ per mmbtu)	4.00	2.80	3.70	4.40	2.70	2.05
Ammonia (FOB Caribbean; US$ per tonne)	534.20	559.90	506.30	505.60	413.20	273.80
Urea (FOB Caribbean; US$ per tonne)	435.80	476.40	347.30	360.30	262.90	213.80
Methanol (FOB Rotterdam: US$ per tonne)	430.00	429.70	517.30	513.50	381.80	273.17

Source: CBTT; US EIA

Table 5

Summary of the Economic Contribution of the Energy Sector					
Selected Economic Indicators	**2011**	**2012**	**2013**	**2014**	**2015**
Energy Sector Share of GDP (%) @current prices	44.8	41.4	38.3	37.2	32.1
Energy Sector Share of Gov't Revenue. Fiscal Years (%)	57.6	54.0	50.4	48.1	39.3
Energy Sector Share of Export Receipts (%)	86.9	75.7	89.2	83.0	77.9
Energy Sector Share of Total Employment (%)	3.2	3.3	3.3	3.3	3.4 (Q4)

Source: Central Bank of Trinidad and Tobago; Ministry of Finance; Central Statistical Office.

GDP (Ministry of Finance, 2015).

In fiscal year 2015, the expansion of the non-energy sector was not sufficient to offset the sharp drop in energy GDP. All of the energy subsectors registered sharp declines except the Asphalt Production subsector, which by itself contributed on average 0.086% over the past 5 years to energy GDP (Ministry of Finance, 2015). Still, the mineral sector's contribution to GDP grew almost four times its amount in fiscal year 2001 from TT$51.3 million to TT$157.4 million in fiscal year 2013.

3.3.2 | Government Energy Revenues

The Government receives revenue from the energy sector from taxes and royalties' paid by oil and gas companies as well as from dividends paid by state-owned energy enterprises, namely NGC and Petrotrin. Between fiscal 2011 and fiscal 2014, total Government revenue increased due to the growth in non-energy revenues, increases in Government capital revenue, and higher dividend payments from NGC (figure 18).

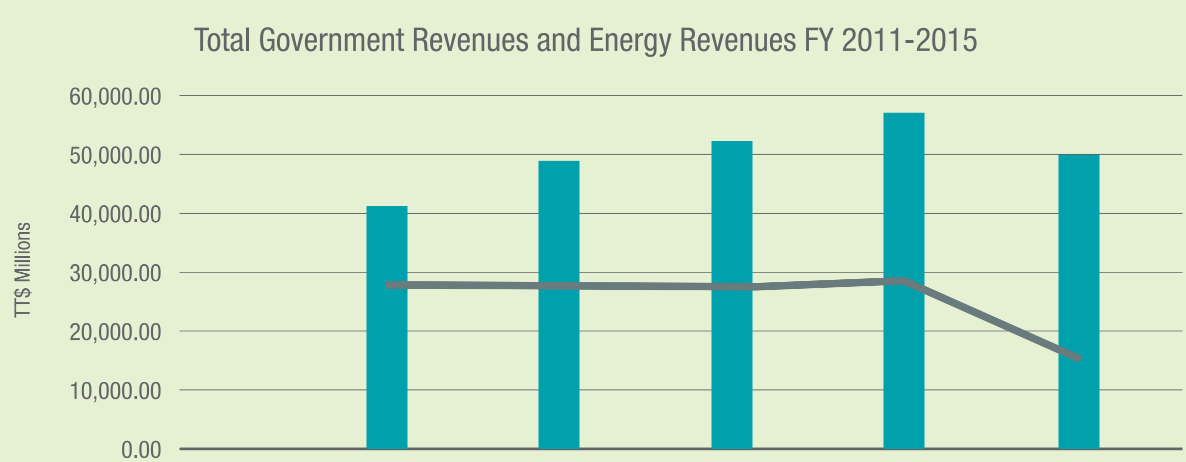
In fiscal 2014, Government revenue peaked at TT$49.8 billion, of which NGC contribution was $6.5 billion or 13% of recurrent revenues (Ministry of Finance, 2015). However, in fiscal 2015, revenues dropped significantly, by roughly 13%. This huge drop occurred largely because of the precipitous fall in oil prices compounded by shrinking output (table 5).

While Government's overall revenue increased up to 2014, the contribution of the energy sector to Government revenues declined consistently between 2001 and 2015. In 2011, petroleum revenues accounted for 57.6% of total Government revenue. By 2013 that share dropped to 50%, and in the last fiscal year, 2015, it amounted to just 30.5%, the lowest level in 15 years (Ministry of Finance, 2015).

3.3.2.1 | Mineral Revenues

The mineral sector has the potential to contribute significantly more to Government revenue considering the longstanding challenge of accurate computation and poor collection of revenue due to the State. According to the White Paper on National Minerals Policy 2015, between fiscal 2001 and fiscal 2013 the State collected less than 10% of the total revenue due from royalties and all other payments. This represents an estimated shortfall of TT$120 million in royalty payments, excluding revenues from production not accounted for and illegal quarrying. Over the 10-year period, total revenues collected from the sector totalled TT$14.5 million of which the majority came from royalties from mineral types (excluding asphalt) and from licence fees and applications.

Figure 18



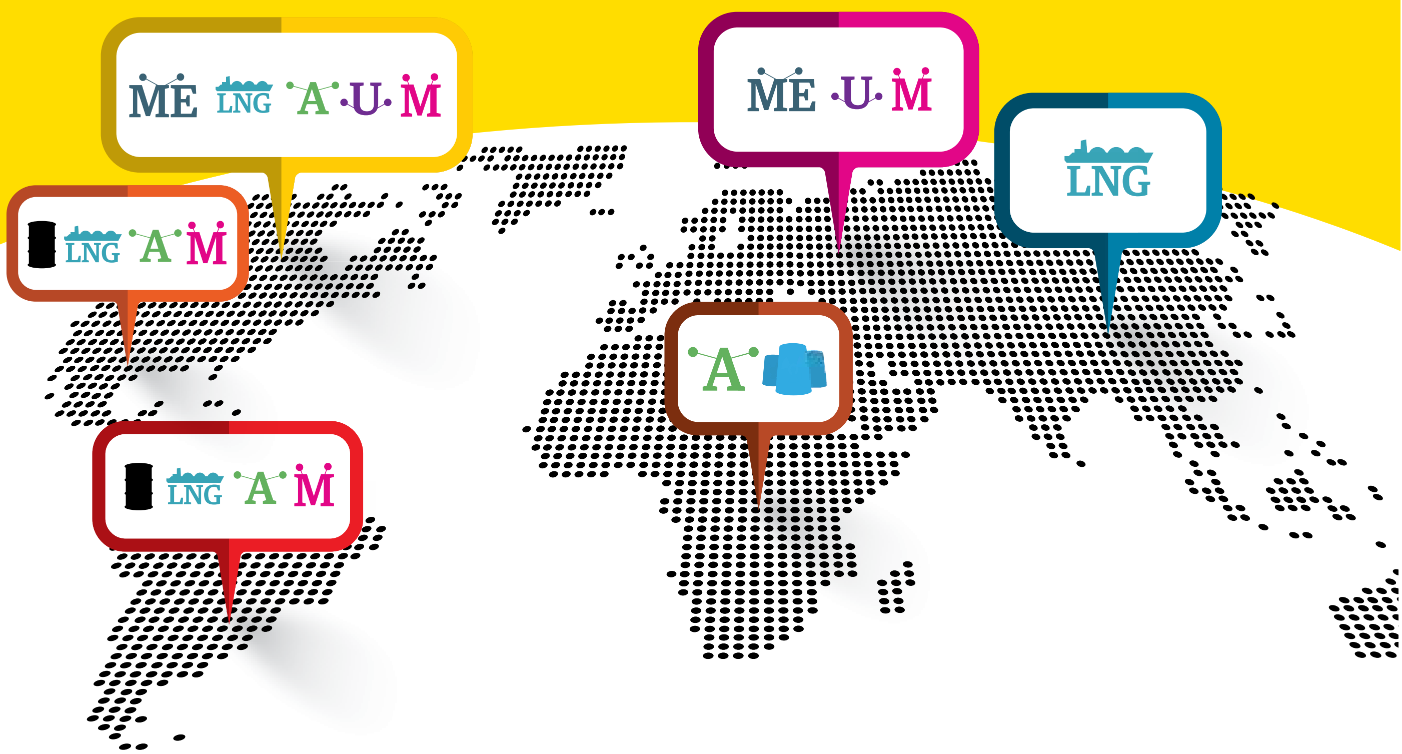
	2011	2012	2013	2014	2015
Total Revenue	47,284.90	49,266.50	52,280.80	57,080.50	49,838.60
Energy Revenue	27,513.50	26,923.00	26,420.50	28,056.90	14,459.10

Source: MOF

MAIN EXPORT DESTINATIONS

NATURAL RESOURCES EXPORTED

- CRUDE OIL
- AMMONIA
- METHANOL
- UREA
- MELAMINE
- PROPANE, BUTANE AND NATURAL GASOLINE
- LIQUIFIED NATURAL GAS (LNG)



- NORTH AMERICA
- SOUTH AMERICA
- AFRICA
- EUROPE
- CHINA
- CARIBBEAN

Table 6

Revenues Collected from the Minerals Sector for the Period Fiscal Year 2003-2012				
Fiscal Year (Oct-Sep)	**Royalties from Asphalt (TT$)**	**Royalties from Other Mineral Types; Licence Fees and Application Fees (TT$)**	**Fees for Competitive Bid Rounds (TT$)**	**Total Revenue (TT$)**
2003	0.00	859,269.00	0.00	859,269.00
2004	146,313.00	187,962.00	0.00	334,275.00
2005	0.00	2,664,203.00	0.00	2,664,203.00
2006	111,384.00	947,301.00	334,000.00	1,392,685.00
2007	107,680.00	1,676,448.00	0.00	1,784,128.00
2008	191,482.00	944,369.00	0.00	1,135,851.00
2009	163,852.00	1,471,328.00	295,500.00	1,930,680.00
2010	49,504.00	1,601,154.00	0.00	1,650,658.00
2011	12,672.00	1,528,842.00	0.00	1,541,514.00
2012	157,644.00	1,028,518.00	0.00	1,186,162.00
2013	N/A	N/A	N/A	N/A
Total	**940,531.00**	**12,909,394.00**	**629,500.00**	**14,479,425.00**

Source: White Paper on National Minerals Policy 2015

3.3.3 | Export Earnings

The Energy Sector accounts for the vast majority of export earnings and hard currency inflows in T&T, accounting for an annual average of 84% of total export receipts between 2011 and 2015 (Central Bank of Trinidad and Tobago, 2014). Typically, crude oil and refined crude oil contribute the most to total energy export receipts (US$4,368.1 million), followed by natural gas (US$3,187.6 million) and petrochemicals (US$2,479.2 million).

There was a sharp decline in export earnings over the years 2014 and 2015. In 2014 the value of Energy Sector exports fell by 20% followed by a further 30.3% slump in 2015 to US$8,422.6 million (table 7). The reduction in energy export revenues by US$6.7 billion between 2013 and 2015 reflected both the decline in commodity prices and lower gas and petrochemical production due to gas curtailments and enforced maintenance activity.

Table 7

Exports: Energy and Non Energy 2011-15					
Year	**2011**	**2012**	**2013**	**2014**	**2015**
Energy Exports	12,597.0	9,781.3	15,188.0	12,093.1	8,422.6
Non-Energy Exports	2,346.4	3,134.8	3,556.7	2,473.0	2,381.2
Total	14,943.34	12,916.1	18,744.8	14,566.1	10,803.9
Energy as % of Total	86.9%	75.7%	89.2%	83.0%	77.9%

Source: CBTT Monetary Policy Report May 2016

3.3.4 | Labour Contribution

The number of persons employed in the Energy Sector has always been marginal relative to other sectors of the economy given its requirement for equipment rather than human labour. The Sector's share of the total labour force averaged 3.42% between 2001 and 2015. According to the CSO, at the end of the fourth quarter in 2015, there were 19,800 persons with jobs in the Sector compared to 21,700 persons in the fourth quarter of 2014. The lower employment numbers reflect job losses from the closure of two downstream manufacturers–Acelor Mittal (644) and Centrin (200) as well as a slowdown in activity upstream, as the industry began adjustment to the new economic realities.

3.4 | Legal Framework and Fiscal Regime

3.4.1 | Legislation and Tax Laws

All enterprises in the oil, gas and mining industries, including the Government, must operate in the best interest of the citizens of T&T. To ensure that this occurs, there is a set of legal instruments that specify the various requirements of the different actors within the extractive industries. These laws/acts seek to achieve several broad objectives:

3.4.2 | Minerals Legal Framework

The Minerals Act 2000 is the predominant instrument that governs the Minerals Sector in Trinidad and Tobago. This Act seeks to manage activities of the Minerals Sector and regulate the environmental impact of exploration, mining, and processing operations, and also to encourage land

Figure 19

rehabilitation after abandonment. It makes provisions to grant mining licences and approve mining zones to promote the efficient management of mineral resources. Under the Minerals Act, mining activities are regulated through:

1. Oversight of exploration, mining, and processing authorized by a licence
2. Enforcement of regulations and monitoring of operations
3. Termination of illegal mining on State and private lands
4. Refusal of mining licences in areas that contain freshwater resources; on national parks, protected areas, and environmentally sensitive areas; on the foreshore and sea bed; and in archaeological sites unless they are approved by the Minister.
5. Enforcement of the rehabilitation of State lands affected by mining.

The Minister of Energy is responsible for the general administration of the Act while the Director of Minerals is responsible for implementation. The Minerals Advisory Committee performs an advisory role to the Minister on all mineral related activities.

3.4.3 | Challenges Facing the Minerals Sector

Although these procedures and laws are specified in the Minerals Act, the sector has been plagued with problems due to a lack of enforcement and an outdated Minerals Policy. The Minerals Act for example details the powers of the Director to enforce the Act, however there is no mechanism in place to ensure that this happens. Moreover, operators are sometimes unwilling to comply with requests from the regulatory agencies.

In 2015, the Government introduced the Mineral (General) Regulations 2015 under Section 48 of the Minerals Act and also finalized a national mining policy–i.e. the White Paper on Nationals Minerals Policy. These complementary legislative and policy prescriptions aim to improve the regulation and performance of the Sector given the range of problems that have consumed the Sector over the past decade. Among the challenges outlined in the Minerals Policy are:

1. **Unlicensed mining operations:**
   According to data from the MEEI, of the 90 active mining operations in the country, 82 operate under expired licences while only 8 are licensed. These 82 operators are awaiting licences from the MEEI. In addition, the Ministry has 60 new licence applications waiting to be approved and a further 55 mineral processing plants are also operating without licences.

2. **Environmental Challenges:**
   These include forest degradation, land degradation and destruction to watercourses due to illegal quarrying. Licensees are also required to pay rehabilitation bonds yet the problem of non-rehabilitation of areas quarried has endured over the past several decades.

3. **Poor health and safety practices:**
   Health and safety practices of several operators are well below acceptable standards. Many participants also lack education and training in health and safety standards.

4. **Leakages of revenue out of the sector:**
   As mentioned in Section 3, poor collection of royalties and other payments prevents citizens from enjoying the maximum benefits generated by the Sector.

   To ameliorate this, the Whitepaper states that the Government will adopt a new system of accounting, introduce a new system of verification at each quarry to quantify production and improve the MEEI's as well as licensee's capacity for record-keeping.

Mining Rights in T&T

In order to be able to legally explore for, mine, process or trade minerals, one must obtain the right to do so by acquiring a mining license from the owner of the mineral resources which can be either the State or private individuals. Interestingly, T&T is one of the few countries of the world in which private individuals own mineral rights. This is because prior to 1904, the Crown (State) would have granted land to private owners but did not reserve for itself the right to the minerals at the subsurface. Since land rights do not necessarily imply mineral rights (unless mineral rights are also conferred), private individuals involuntarily gained not only ownership of the land at the surface but also benefitted from the minerals at the subsurface. While there is no register of mineral rights, a significant portion of mineral rights in the country are privately held because of this practice. Only after the year 1904 did the State begin to grant lands to private grantees while retaining mineral rights for itself.

All applications to obtain exclusive mineral rights to explore for, to mine, process, import or to export minerals are sent to a Mineral Advisory Committee (MAC) and all fees are paid to the MEEI. The MAC reviews the application and advises the Minister of Energy and Energy Industries, who then decides to refuse or grant the license. After obtaining licenses, grantees are required to pay rehabilitation bonds and performance bonds as well as royalties. Royalties are the payments made in exchange for the use of the mineral resources over a period of time.

The Minerals Regulations 2015 increase royalty payments, licence fees, rehabilitation bonds and performance bond rates that operators will have to pay to the State. It also requires the creation of a minerals register, outlines duties of the licensee, requires training of employees and puts forward rules for specific mining zones. On paper, these are critical additions but mechanisms need to be set up to ensure that they are enforced if citizens are to reap the full rewards of the Sector.

3.4.4 | Oil and Gas Legislative Framework

3.4.4.1 | Contractual Arrangements

3.4.4.1.1 | Production-Sharing Contracts (PSCs) and Exploration Licences (E&P Licence)

Companies wishing to explore for and produce oil and gas in Trinidad and Tobago must first be granted the rights to do so by signing a contract with the Government. During the early days of the Sector (i.e. from 1900 to the 1970s) the main contractual instrument used was the Exploration and Production Licence. With this licence (concession) agreement the Government would have granted the upstream company the exclusive right to own, explore and produce a defined acreage (field) for a certain period of time–typically 20 years. In return for this right, the Company would have paid the State royalties on production and taxation on profits from its operation.

However, as the Sector developed rapidly, there was a need for better administration of contracts and to improve the State share of the value derived from production. Today, Production Sharing Contracts or PSCs have largely replaced E&P Licences not only in T&T, but across the world. Under this contractual arrangement, the State receives a predetermined share of production, based on value and profit calculations. Rather than paying royalties and taxes, the operator allocates a percentage of production to recover the costs incurred to produce and splits the remaining profit with the State.

The State ensures that the share of oil profits it receives adequately covers all taxes payable by the upstream operator.

3.4.4.2 | Auditing and Value Added Under the PSC

To ensure that Contractors uphold their obligations and accurately account for all costs, the PSC requires:

1. Accurate financial reporting
2. Auditing of reports for each calendar year
3. Verification of all costs to be recovered

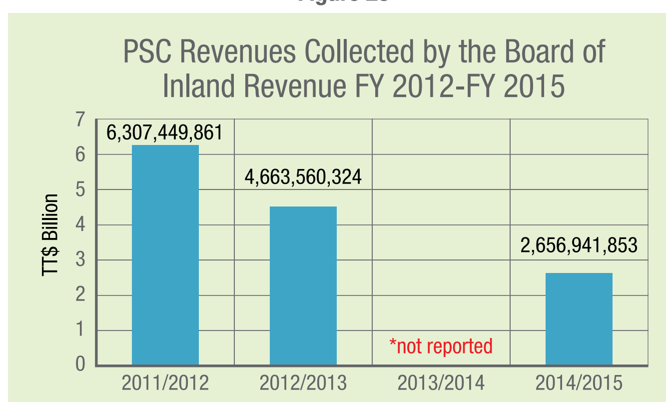
In 1999, the MEEI also set up a PSC Audit Unit with the responsibility of assuring the Minister that Contractors complied with the requirements of the PSC. However, according to the Auditor General's Report for the financial year 2013, the reliability of this internal control (i.e. the Audit Unit and PSC provisions) cannot be assessed given that the work plans and the status reports of the Audit Unit were not provided. The Ministry has taken concrete steps to correct this deficency (see Section 4.7.1). The Ministry highlights broad findings of the Audit Unit on its official website which includes duplicate payments, overstatement of expenses by the Contractor and an understatement of the Minister's/State's share of profits. Given these findings, civil society should seek answers on how the Government plans to address these issues and how citizens can access more information on these reports.

The Auditor General's Report, which is available on the official website, documents the amount of money collected by the Board of Inland Revenue from upstream companies under the PSC arrangements for the financial year. However, there was no report on this value in fiscal year 2013/2014.

Between fiscal 2012 and fiscal 2015, there was a drastic decline in payments made to the Board of Inland Revenue by upstream companies under PSC arrangements.

In 2011/2012, the total amount collected stood at roughly TT$6.31 billion and fell by almost 60% in 2014/2015 to just $2.6 billion. This slippage is not surprising given the simultaneous decrease in commodity prices over the period.

Figure 20



Source: Auditor General Reports, 2012-2015

How the Value of Oil Produced is Shared Under a PSC Arrangement

OIL

Production
Operator produces oil (e.g. 1,000 Barrels)

Cost (e.g. 40%)
The Operator allocates a percentage of the value of the barrels produced to recover the cost of production (e.g. 40%)

Oil Profits (e.g. 60%)
The remaining value of production is shared between the operator and the State, say 40:60

bp
Trinidad and Tobago
Company (e.g. 40%)

State (e.g. 60%)

3.4.4.3 | Taxes Payable by Contractors under PSC Arrangements

Companies which are engaged in the exploration and production of oil and gas are taxed under the Petroleum Taxes Act, while petrochemical companies and NGC are taxed under the Corporation Tax Act. The Petroleum Taxes Act outlines the taxation rules or laws governing businesses engaged in E&P, refining and marketing. The Act details the type of taxes applicable (e.g. PPT and SPT), how these taxes are calculated and administered and the general principles of taxation. It also outlines incentives and explains how these are to be applied. The Government also obtains revenue from Lease Operatorships and Farm Outs (LOFOs) which are also taxed under the Petroleum Taxes Act.

The main taxes paid to the Government are the Supplemental Petroleum Tax (SPT), the Petroleum Profits Tax (PPT), the Unemployment Levy, the Petroleum Production Levy, Petroleum Impost, Green Fund Levy and the Withholding Tax. Table 8 below shows that most of the Government's energy tax revenue comes from the PPT (20.5%), the SPT (8.6%) and Corporation tax (11.3%) (Central Bank of Trinidad and Tobago, 2014). The PPT is a tax charged on the profits that upstream companies make, while the SPT is levied on the gross income from the sale of oil. There is no SPT on income from gas. Corporation taxes are imposed on the profits of petrochemical companies and NGC.

On the other hand, incentives may take the form of tax rebates and various allowances which generally serve to lower the tax burden on the companies. These include the Sustainability Incentive, Investment Tax Credit, the Workover Allowance and the Deepwater Allowance, among others.

Table 8

Energy-Based Tax Revenues as a Percent of Total Gov't Revenues	
	2014
Petroleum Profits Tax	20.5%
Supplemental Petroleum Tax	8.6%
Corporation Tax	11.3%
Royalties	4.1%
Unemployment Levy	2.1%
Withholding Tax	1.2%
Oil Impost	0.1%
Excise Duty	0.2%
Other	0.0%
Total	**48.1%**

Source: Central Bank of Trinidad and Tobago. Note: Numbers may not add up due to rounding off.

In fiscal years 2013 and 2014, the following amendments were made to the Petroleum Taxes Act:

1. **PPT incentive**

   Any company that drills exploratory wells in deep horizon on land or in shallow marine areas and incurs capital expenditure, will be granted capital allowances of 140% of that expenditure provided that certain criteria are met.

2. **SPT incentives**

   a) Harmonization of SPT Rates for Marine Areas

   A fiscal regime change in 2010 created two separate SPT rates for upstream operators which held E&P licences before 1988 and those who held licences after 1988. This distinction of Pre-1988 and Post-1988 SPT rates was removed in 2013 so that only one SPT rate applies for all marine areas except for deep-water marine areas and new field development. Companies now pay a base rate of 33% if oil prices fall between US$50 and US$90 per barrel. The SPT rate in 2013 for marine areas was set at the base rate of 33% for prices ranging from US$50/bbl.–US$90/bbl., compared with 2010 base rates of 42% and 33% for Pre 1988 and Post 1988 marine areas respectively. No SPT is payable for prices under US$50/bbl.

   b) Introduction of a Special SPT Rate for New Field Development

   A new field is an area that is within the licenced area or contracted area which has a petroleum reservoir or several reservoirs grouped on the same geological structure or in which the total proved reserves do not exceed 50 million barrels of oil equivalent. A SPT rate of 25% was introduced for new field developments which produced at prices above US$90 per barrel to US$200 per barrel.

3. **Investment Tax Credits**

   In 2010, an investment tax credit was introduced which allowed companies to deduct–from amounts owed under the SPT–an amount up to 20% of expenditure incurred to develop mature fields and in enhanced oil recovery projects. The incentive was further expanded to allow unused credit to be carried forward for one year.

4. **Capital Allowances**

   a) Exploration: A new allowance was introduced to allow for 100% of exploration costs to be written off in the year the expenditure is incurred. This applies to exploration costs incurred over the period 2014-2017. From 2018, there will be an allowance of 50% in the first year of the expenditure, an allowance of 30% in the second year of the expenditure and an allowance of 20% in the third year.

b) Development: Annual allowances were replaced by new ones that permit 50% of the spending on machinery and wells to be written off, in the first year in which they were incurred. In the second year and third year there will be a 30% and 20% allowance respectively.

c) Workovers and Qualifying Sidetracks: An allowance of 100% of the total costs of work-overs and qualifying side-tracks in the year incurred was given.

d) Gas Compression Facilities: The wear and tear allowance for compression facilities was increased from 25% to 33.3%.

3.4.5 | The Environmental Legal Framework

Companies operating within the Extractive Sector must not only adhere to tax laws but they also have to ensure that their operations do not negatively harm the environment. As such, there are environmental laws to minimize the effect of and prevent environmental hazards such as the destruction of sensitive species, pollution (e.g. land, sea and air), increased loss of topsoil and flooding, threats to livelihoods and human health.

By far the most important piece of legislation is the Environmental Management Act administered by the Environmental Management Authority (EMA). The EMA regulates the activities of the extractive sector by ensuring that the effects of development are managed

Table 9

Summary of Energy Sector Taxes				
Petroleum Tax/ Levy/Impost	**Description**	**Tax Rate**	**Paid to**	**Notes**
Petroleum Profits Tax	Charged on the profits of companies engaged in E&P of hydrocarbons	50% of chargeable profits (Deepwater operations 35%)	Board of Inland Revenue (BIR)	Does not include LNG business
Supplemental Petroleum Tax	Levied on gross income from the sale of crude. Purpose is to capture a greater share of oil rents	**Applicable from January 1st 2013:** a) For crude prices < US$50 per barrel: Marine (0%); New Field Marine Development (0%); Land and Deepwater (0%) b) For crude oil prices less than or equal to US$90 per barrel: Marine (33%); New Field Marine Development (25%); Land and Deepwater (18%) *Note: if the price per barrel = US$90 per barrel, the SPT rate is calculated using the following formula:* **SPT Rate = Base SPT Rate + 0.2% (P-$90) where P = price** c) If the price per barrel is greater than US$200 then the SPT rate is: Marine (55%); New Field Marine Development (47%); Land and Deepwater 40%	BIR	Not applicable to gas sales. Measured on a sliding scale. SPT amended several times
Petroleum Production Levy	Applies only to a production business if business produces petroleum at a daily average rate in excess of 3,500 barrels and the company is beneficially entitled to receive the proceeds of the sale of petroleum	Lower 4% of income from crude for producers of >3,500 barrels of oil per day or proportionate share of petroleum subsidy	MEEI	Due monthly
Oil Impost	Imposed to meet the administration expenses of the MEEI	Proportionate share to offset MEEI expenses	MEEI	Due annually
Royalties	A payment for the right to produce natural resources	Historically 10-15% for crude oil and US$0.015 per million cubic feet for natural gas.	MEEI	Rate varies and depends on agreement with Government
Withholding Tax (WHT)	Levied if a payment (as defined under the Income Tax Act) is made to a non-resident of T&T, who is not engaged in trade or business in T&T	WHT on Payments - 15%; WHT on Distributions to Parent company - 5%	BIR	
Corporation Tax	Tax imposed on the profits of petrochemical companies and NGC	Petrochemical Companies - 35%	BIR	
Unemployment Levy	Used to support unemployment relief programmes	5% of chargeable profits	BIR	Due quarterly

Source: Ernst & Young, Board of Inland Revenue, Ministry of Energy and Energy Affairs through co-ordination of environmental programmes, public education, legislation, and economic and financial incentives and fines.

A major part of the EMA's regulations is the Certificate of Environmental Clearance (CEC) Rules and the CEC (Designated Activities) Order, which together, aim to provide an integrated environmental management approach on a national level. The Certificate of Environmental Clearance Rules, 2001 is a set of regulations generated from the Environmental Management Act Chapter 35:05. The CEC Rules guide the assessment of small and large-scale developmental projects which may have both positive and negative environmental effects. Section 62 of the Environmental Management Act mandates a person or entity to apply for and obtain a CEC before engaging in any of the 44 designated activities which are listed in the Certificate of Environmental Clearance (Designated Activities) Order, 2001. Operators wishing to engage in the following designated activities 24 to 28 must obtain environmental clearance:

a. The exploration of crude oil or natural gas

b. The establishment of a facility for primary or secondary production of crude oil, condensate, or associated gas

c. The establishment of a facility for natural gas or condensate production

d. The establishment of infrastructure for pipeline systems, for crude oil refining and for the storage of petroleum or liquid petroleum gas or their derivatives

As such, the granting of a CEC by the Environmental Management Authority (EMA) is an indication that the project is environmentally acceptable under the laws and policies of the Government of Trinidad and Tobago.

The CEC Process

An application for a Certificate of Environmental Clearance should be submitted to the EMA together with the prescribed fee, which is currently $500. The CEC Rules lay out all the requirements of the process along with all stipulations for the applicants and the ways in which the EMA must deliberate over the application. General requirements for the applications are available on the EMA's website.

In considering the applications, the EMA looks at all impacts which may arise out of any new or significantly modified construction, process, works or other activity. At the preliminary phase of the assessment of the proposed project, if potential significant environmental and human health impacts have been identified, the applicant may be asked to conduct an Environmental Impact Assessment (EIA).

Once the applicant is advised that an EIA is required the EMA develops a Terms of Reference (TOR) which is a set of guidelines within which the EIA must be done. Rule 10 of the CEC Rules sets out the requirements for the provision of the EIA. The final TOR issued by the EMA however sets out specifically what is required in each particular case. General guidelines for the provision of an EIA include:

i. A description of the proposed project including the nature and scale of specific activities involved

ii. The location and environmental setting for the project and baseline environmental, social and cultural information

iii. The potential positive and negative environmental, health, social, economic and cultural aspects of the proposed activity

iv. Plans to mitigate the potential adverse impacts and response to emergencies

v. Information on public consultation programmes undertaken with respect to the proposed activity and actions taken by the applicant to reserve public concerns

vi. An assessment of the cumulative effects, which are the combined effects of the project and other activities which are occurring or may be reasonably expected to occur within the area

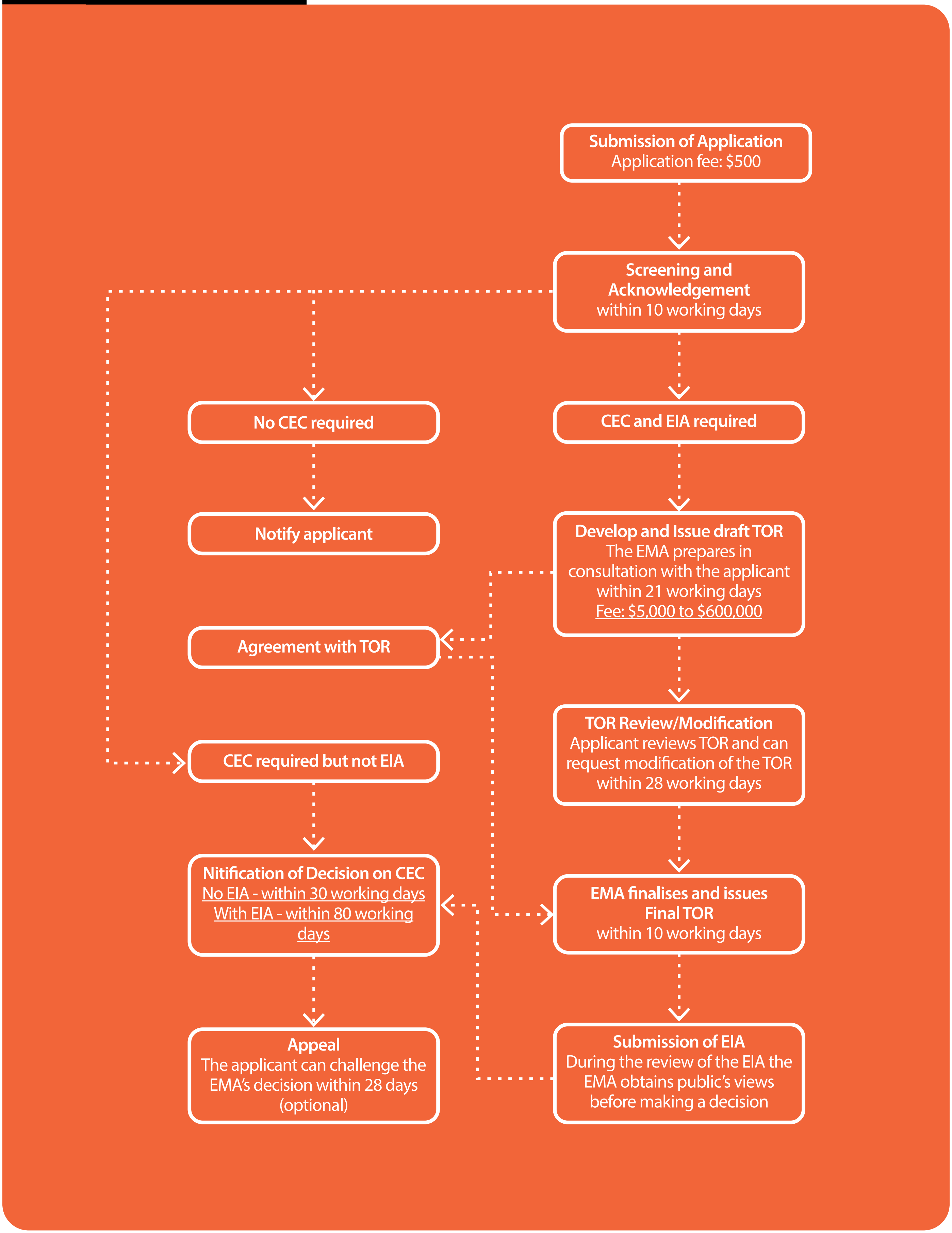
Following the submission of an EIA, the EMA does a preliminary review to check for completeness. If it is not accepted the applicant is given the reasons and asked to resubmit. If the EIA is deemed acceptable for public review, a more in-depth review is undertaken where the technical content of the report is assessed in detail by a multi-disciplinary team. Site visits or public hearings may also take place during this process. Based on this review the EIA is accepted or the applicant is advised of the need to more closely follow the TOR set out by the EMA and resubmit the EIA. At the end of the process a decision is made by the EMA about whether to grant the CEC.

Granting a CEC requires a great deal of analysis and evaluation by the EMA, and not all applications are approved. The EMA can refuse to grant a CEC if the proposed project was started before a CEC was obtained, if the project does not meet the environmental standards or if the negative impacts cannot be lessened to acceptable levels.

The EMA will also refuse to award a CEC if there is insufficient information about the proposed project to properly determine the environmental issues. The facing infographic depicts the CEC process.

If the EMA reasonably believes that a person has broken any of the environmental rules, or has not adhered to a condition in the CEC, a Notice of Violation will be served requesting modifications to the activity. Failing this, the Authority will issue an Administrative Order, which can direct a company to stop committing the violation. In addition to this, the EMA can seek a restraining order to prevent the continued violation, seek an order to close any facility or an order to prohibit the continued operation.

CEC Application Process



The EMA can fine persons up to $5,000 and companies up to $10,000, for each violation. In the case of continuing or recurrent violation, $1,000 and $5,000 respectively, per day, until the violation is remedied or abated.

The decision by the EMA can be challenged at the Environmental Commission. The Environmental Commission is a Superior Court of record, established by and under the EMA Act Chap 35:05. It is a specialized "environmental court" charged with the resolution of certain environmental disputes brought before it.

CEC Applications 2011-2015

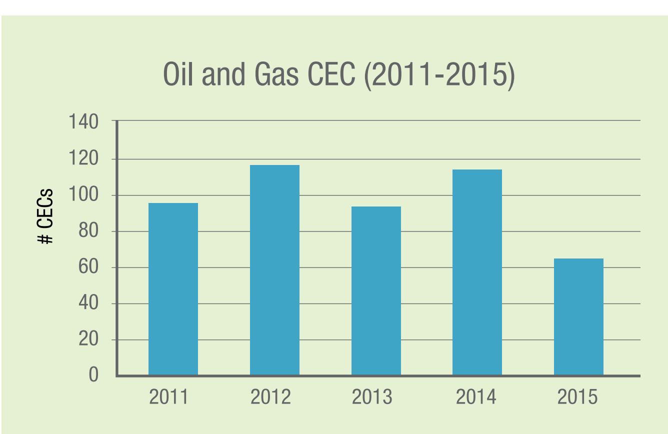
Over the period 2011-2015 there have been roughly 530 CEC applications from within the Oil and Gas Industry. Those applications sought clearance for a range of works from actual exploration and production activity, such as drilling, to the construction of supporting infrastructure, such as storage tanks, and also to the construction of facilities for administrative purposes.

In the vast majority of these cases the applications for a CEC had been approved by the EMA. There were only three refusals of CEC from the EMA over the period in question. The first was for a construction project, the second for storage tanks, and the third for an upgrade to an existing facility. There were roughly 20 cases where it was determined that a CEC was not required. In most cases the applications were for expansion or upgrade works on an existing site. However, in one particular case where such a determination was made, the application was for the establishment of a CNG Conversion Centre. It bears concern that a CEC is not required for that type of operation.

Just over 10 applications were withdrawn prior to a CEC being granted.

There is some concern among civil society for what they perceive is the vast number of CECs being granted for activities within the Oil and Gas Sector. In the almost 500 cases of CEC applications in the Oil and Gas Industry, most of the timelines do suggest that the proper procedures were followed.

Figure 21



Environmental Impact

Air Pollution: Carbon Emissions

The impact of carbon emissions on the Planet is a global concern. At the recently concluded UN Conference on Climate Change (COP21), the Paris Climate Change Agreement was adopted by all 195 participating countries, including Trinidad and Tobago. This is the first ever universal legally binding agreement on climate change. The agreement sets out a global action plan to put the world on track to avoid dangerous climate change impacts by limited global warming to below 2%. The action plan includes strategies for reducing carbon emissions, setting targets for reduction supported by a framework for transparency and accountability, and strengthening Society's capacity to deal with impacts.

As a country that ranks among the leaders in emissions per capita, T&T must take immediate steps to be compliant with the treaty obligations. The country currently has no inventory for GHG emissions. A consultant was hired to develop this system and is expected to complete work on the system by Q1 2017. After this system is developed, the EMA will more than likely be the agency charged with making it operational.

The recently approved Air Pollution Rules 2014 do not require companies to report on GHG emissions, only nitrogen dioxide and sulphur dioxide emissions. Companies were supposed to register with the EMA and report under these rules by May 2016. However, the related EMA national register is not currently populated with any information. The MEEI also does not require companies to report on their emissions. The civil society members of the TTEITI Steering Committee requested that the EITI report include information on environmental impact transparency and also drafted an environmental reporting template.

Having independent verification of information is a key tenet of EITI reporting, and without independent data from State agencies on emissions, the process will be flawed. The dearth of independent information and data on several environmental issues rendered this impossible on this occasion. However, the TTEITI Steering Committee plans to formulate a strategy to tackle environmental reporting in future EITI reports.

Land Pollution: Oil Spills

The EMA and the MEEI are the main entities which monitor and advise those companies which have generated oil spills. The EMA is responsible for issuing fines and overseeing remediation measures to return the environment to its original condition. In the case of marine oil spills, the Institute of Marine Affairs also conducts assessments and provides advice to the offenders.

In the case of land spills, the Office of Disaster Preparedness and Management (ODPM) also gets involved. The MEEI monitors and records all oil spills on both land and sea.

In the period 2013-2015, the records show that both the number of incidents and extent of loss from oil spills on both land and sea were appreciably higher than two years earlier.

Over the years 2011 and 2012 there were 125 spills averaging about 62 spills a year, with a cumulative loss of 689 barrels of oil. The number of spills in 2013 and 2014 were 80 and 84 respectively, causing loss of some 11,085 barrels of oil. The aging infrastructure of the national oil company, Petrotrin, coupled with a deficient asset integrity and maintenance programme seem to be contributory factors for this phenomenon.

The major spills of 2013-14 were the worst incidents in recent history. The first occurred during December 2013 and surfaced in La Brea, but emanated from oil pipelines of Petrotrin at Pointe-à-Pierre. There were also a series of other spills in the south-west during the same month, both from Petrotrin's lines and those of its lease operators. In total, there were 11 incidents during the period December 17th to December 29th, 2013.

The spills impacted negatively on human health, marine life and the fishing livelihood of the south-western peninsula communities, especially in the La Brea area. Petrotrin was fined $20 million by the EMA for damages caused by the spills. Petrotrin used a chemical called Corexit 9000 to aid in rapidly breaking up the oil particles following the spill. The use of that chemical was a cause for concern since there were some questions raised about the safety of the chemical. The oil spills at La Brea also triggered the National Oil Spill Contingency Plan and a National Oil Spill Task Force.

Another major oil spill occurred in Marabella in late July 2014. In this case, oil leaked from a storage tank on the Pointe-à-Pierre refinery compound into the Guaracara River. The Guaracara River was cleaned in accordance with the procedure set out in the National Oil Spills Contingency Plan, however, residents complained of illness for several weeks following the incident.

3.5 | Allocation of Revenues from Extractive Industries

On October 1st each year (i.e. the beginning of the new fiscal year) when the National Budget is presented, the Minister of Finance informs the country of how Government plans to split its energy revenues.

To determine the size of allocations, the Government makes assumptions about the most likely oil and gas prices and energy revenues that it expects to receive. Only then can it determine how much of the projected/budgeted revenue will be spent. This is important to understand because the higher the budgeted price of crude oil and natural gas, the more revenue the Government expects to receive and this may translate into higher Government spending.

However, it is possible for actual revenues to be lower if actual prices received on the market are lower than anticipated. For example, the 2015 National Budget was based on a predicted WTI oil price of US$45 per barrel, and on a Henry Hub gas price of US$2.75 per million cubic feet. These projections were lower than those made in 2014 to match the worsening slump in oil prices.

The continuous decrease in prices forced the Government to further revise its budgeted oil and gas prices to reflect the reality of market prices. In its Mid-year Budget Review in 2016, it was announced that for fiscal operations from April 2016 to September 2016, the budgeted prices of oil and gas were adjusted downward to WTI US$35 per barrel and Henry Hub US$2.00 per mmbtu respectively. This revision meant that Government's budgeted expenditure had to be cut to ensure that more is not spent than is received.

3.5.1 | Current and Capital Expenditure

Total Government spending in fiscal year 2014 was TT$61.8 billion which was 1.62% less than spending in the previous fiscal year (i.e. TT$62.8 billion) owing to less current and capital expenditure (Central Bank of Trinidad and Tobago, 2014).

In terms of current expenditure, the 21% increase in wages and salaries, and the 8.3% rise in spending on goods and services between fiscal 2013 and 2014, were offset by the large contractions in interest payments and transfers and subsidies.

As a result, total current expenditure decreased marginally by 1.8% to TT$53.4 billion between FY 2013 and FY 2014. Further, despite greater spending on the Public Sector Investment Programme, total capital

Table 10

Current Expenditure and Transfer Payments FY 2012-FY 2015

	2011/2012	2012/2013	2013/2014	2014/2015
Current Expenditure (TT$ million)	44,475.2	49,230.0	54,386.3	53,431.9
Wages and Salaries	7,282.3	9,171.5	8,590.8	10,366.4
Goods and services	7,061.6	7,180.1	8,008.8	8.671.3
Interest Payments	2,937.1	2,808.7	3,122.6	2,954.7
Transfers and Subsidies	27,194.2	30,069.7	34,664.1	31,439.5

Source: Ministry of Finance, Review of the Economy 2015 expenditure also declined from TT$8.45 billion in fiscal 2013 to TT$8.38 billion in the following financial year due to lower payments to the Infrastructure Development Fund and less spending on acquiring foreign fixed assets (Central Bank of Trinidad and Tobago, 2014).

For more details on the specific projects that the Government funds each year, refer to the Public Sector Investment Programme publications and the Social Sector Investment Programme reports available on the Ministry of Finance's official website. See: http://finance.gov.tt/wp-content/uploads/2015/10/SSIP-2016.pdf.

3.5.2 | The Heritage and Stabilization Fund (HSF)

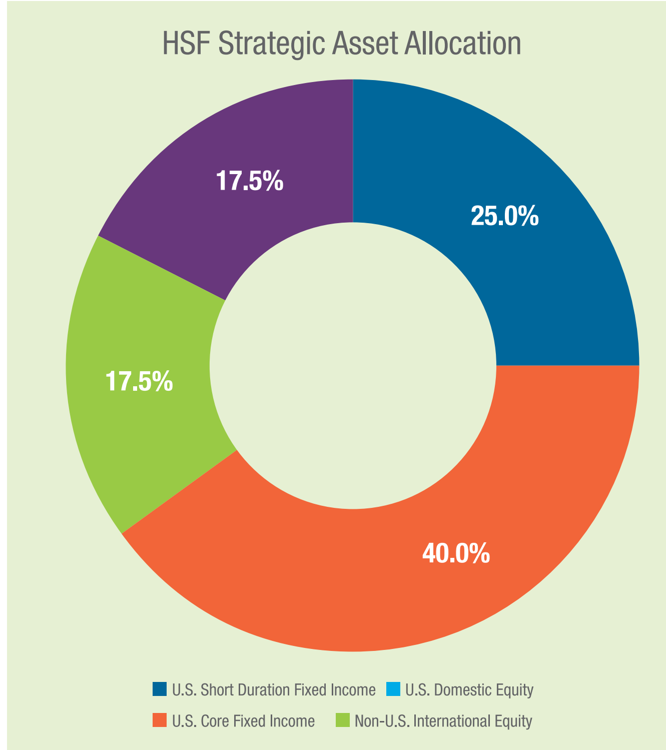
The HSF was introduced in 2000 as the Interim Stabilization Fund and was later formalized in 2007 via the Heritage and Stabilization Fund (HSF) Act. The purpose of the Fund is to cushion or stabilize the economy in case of a sustained shortfall in Government revenue, occasioned by a collapse in petroleum prices.

The Fund also has a heritage objective, which is to provide oil and gas wealth for future generations.

Under the HSF Act, the Ministry of Finance is required to deposit a minimum of 60% of surplus petroleum revenues (i.e. the difference between projected and actual annual revenue) into the HSF during the financial year. The value of the Fund increases not only when these deposits are made, but also when it receives returns on its investment. Figure 22 shows the Fund's strategic asset allocation. The Fund is governed by strict legal rules of deposits and withdrawals, it is overseen by a Board, and is audited by the Auditor General to prevent any financial mismanagement.

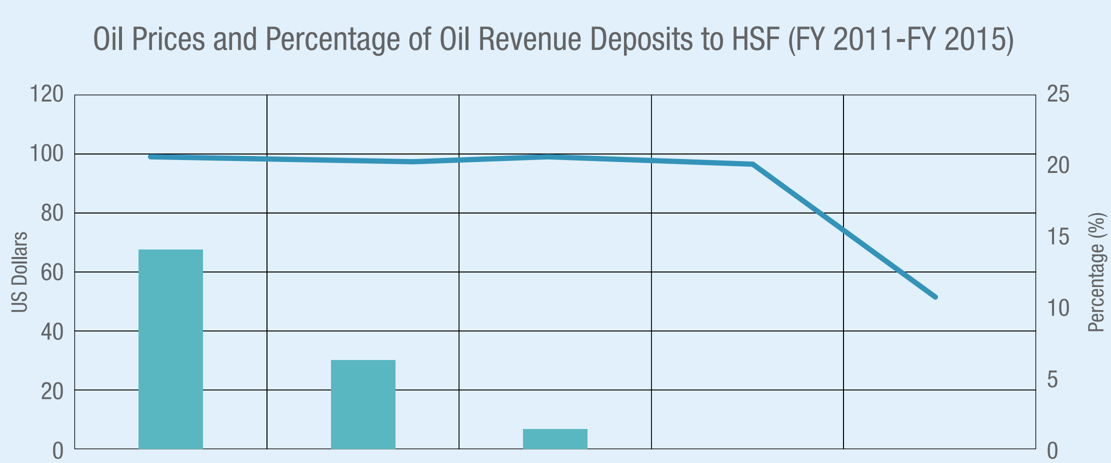
The HSF has been consistently increasing since its inception in 2000. By the end of September 2015, the value of the Fund was approximately US$5.7 billion which represents a US$12 billion increase from its value in September 2014 (Ministry of Finance, Various Years). This small increase in the fund came from returns on investment since no deposits were made in the previous fiscal year. Additionally, worsening petroleum prices in FY 2015 meant that there were no excess petroleum revenues to deposit and again no deposits were made. As seen in figure 23 below, as the price of oil declines over time so too does the amount of oil revenues deposits.

Figure 22



Source: Ministry of Finance, HSF Annual Report 2015.

Figure 23



	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
% Oil Revenue Deposits	13.8	6.5	1.4	0	0
Oil Prices	95.1	94.2	97.9	93.1	48.7

Source: CBTT Data and HSF Annual and Quarterly Reports

It should be noted that the HSF for the year 2015 was not audited because of the absence of a duly constituted Board. The Auditor General Report 2015 stated that this problem was not rectified as at April 2016.

With the TT$10 billion projected shortfalls in income (from all revenue streams), the Minister of Finance announced in June 2016 that a withdrawal of TT$2.5 billion had to be made from the Fund. This amount is well within the legally allowed limit of TT$4.5 billion. The withdrawal was not done to finance any specific budget item but to finance the budget deficit. All requirements under the HSF Act were met before withdrawals were made.

meeting the cost of the fuels subsidy. This amount is deposited annually into the Petroleum Products Subsidy Fund. The Government, using its own funds, is responsible for paying any additional amounts in excess of this 4% (figure 25).

The Ministry of Finance makes the subsidy payments on behalf of the Government. However, the Government has not always paid its contribution on time to Petrotrin and fuel distributors. Table 11 shows that total value of the subsidy averaged TT$3.61 billion and registered a 204% increase over the 6-year period from fiscal year 2009-2014.

Figure 24

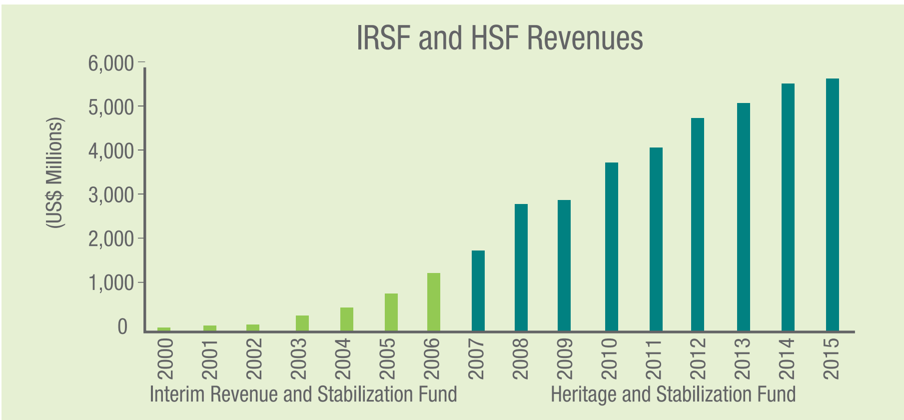


Table 11

Total Value of the Subsidy *(i.e. Contractors contribution to Petroleum Fund+ Gov't Contribution)*	
Fiscal Year	**Cost of Subsidy (TT$ billion)**
2008/2009	1.356
2009/2010	2.681
2010/2011	4.232
2011/2012	4.457
2012/2013	4.436
2013/2014	4.129
TOTAL	**25.292**

i. The Petroleum Fuel Subsidy

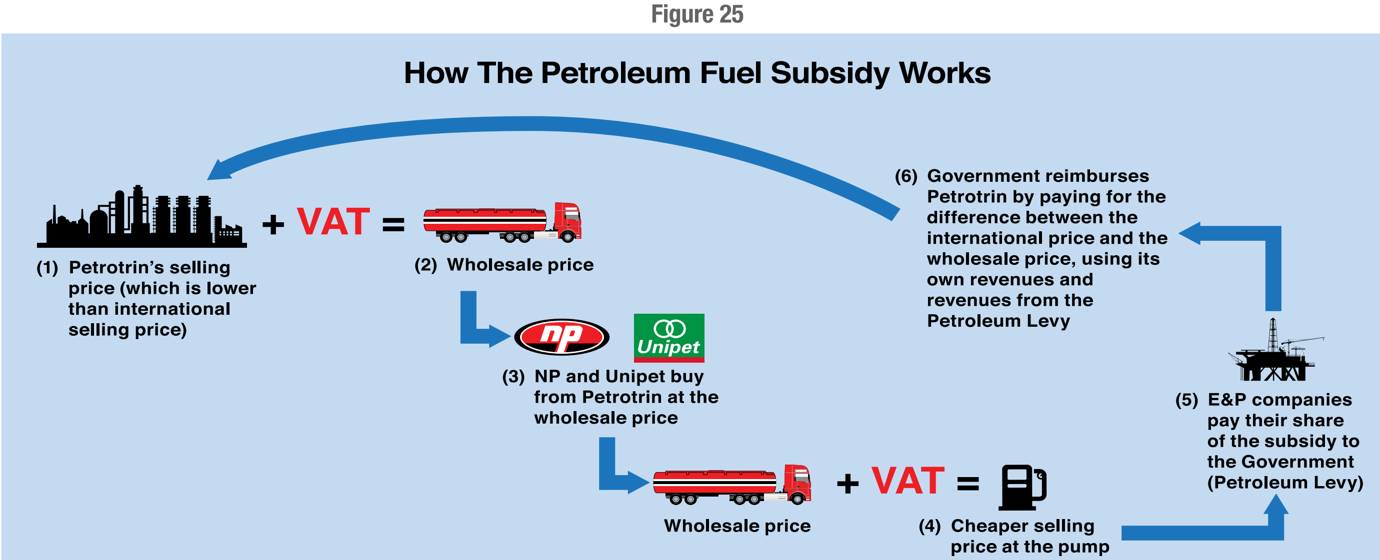
The Petroleum Fuel Subsidy was introduced in 1974 as a means of directly sharing oil and gas revenues with citizens and also to cushion consumers from high fuel prices.

Both Government and the E&P companies share the burden of the fuel subsidy. In practice, Petrotrin supplies products to the domestic market at a price well below the international price of the fuel. Government and the E&P companies then compensate Petrotrin for the loss incurred on fuel sales. Specifically, E&P companies pay up to 4% of their gross income as a petroleum levy towards

In the 2016 Mid-year Budget Review, the Minister of Finance revealed further changes to the structure of the Fuel Subsidy as Government sought to align its expenditure to the sharp drop in revenues induced by the collapse of oil prices. Under the new arrangement, premium gasoline and super gasoline, TT$5.75 per litre and TT$3.58 per litre respectively at the pump, are no longer subsidized.

However diesel, with a pump price of TT$2.00 per litre still benefits from a subsidy of approximately TT$1.00 per litre. The Government opted to gradually reduce the diesel subsidy to minimize the effect on public transport

Figure 25



ENERGY LABOUR AS A PERCENTAGE OF TOTAL EMPLOYED

THE ENERGY SECTOR ACCOUNTED FOR
2014 - 3.3% OF TOTAL EMPLOYMENT
2015 - 3.4% OF TOTAL EMPLOYMENT

and is exploring options to lessen the impact on lower income groups.

The Government plans to use the savings to enhance social safety nets. According to the Minister, over the last 10 years the fuel subsidy cost TT$31 billion. The IMF estimates that had the Government contributed the amount spent on the fuel subsidy since 2008 to the HSF instead, the HSF would now be worth an additional US$3.6 billion, or 62% higher than its current value.

3.6 | State Owned Enterprises in Energy Sector

3.6.1 | The Nature and Structure of State Owned Enterprises in Energy Sector

State ownership in the Energy Sector is concentrated in three companies: The Petroleum Company of Trinidad and Tobago (Petrotrin), the National Gas Company of Trinidad and Tobago (NGC Group), and the National Petroleum Marketing Company (NP), and their respective subsidiaries. Historically, State involvement in the Energy Sector has been driven by several factors. In the initial years, 1968-1975, State participation was impelled primarily by two factors:

1. The need to save jobs of workers of private foreign-owned enterprises that had decided to shut down local operations. This was the case with the formation of NP in 1968, when Government purchased the assets of BP Caribbean the local marketing arm of British Petroleum.
2. The imperative to own and control a stake in the commanding heights of the economy.

Both factors accounted for the nationalization of the E&P assets of BP to form the joint venture comprising Trinidad Tesoro and all the assets of Shell Trinidad Limited in 1974 to form Trintoc. Both companies, along with the assets of Texaco, acquired in 1985, evolved into what is known today as Petrotrin.

Post-1975, the State took a deliberate decision to lead the resource-based industrialization strategy by becoming directly involved in productive investment in the Energy Sector. This led to the creation of a number of Energy Sector wholly-owned State enterprises and joint ventures, including the National Gas Company, the National Energy Corporation, the Iron and Steel Company of Trinidad and Tobago, Trinidad and Tobago Methanol Company and the Trinidad Nitrogen Company–Tringen.

The economic difficulties of the late 1980s resulted in a partial reduction of State ownership as several companies were sold to the private sector. Due to the resurgence in natural gas investments in the late 1990s, the State, through the National Gas Company, became involved in the LNG business as a project developer and equity partner.

3.6.2 | Company Profiles

3.6.2.1 | National Gas Company of Trinidad and Tobago Limited

The National Gas Company (NGC) Group is a diversified Group with assets worth US$7.3 billion spread across the entire value chain. The Group comprises several operating companies and paper companies. The core business of the parent, National Gas Company of Trinidad and Tobago Limited, is the purchase, transmission compression, distribution and sales of natural gas. NGC has four main subsidiary companies:

- National Energy Corporation of Trinidad and Tobago Limited (National Energy) which is 100% owned and is involved in the conceptualization, promotion, development and management of industrial estates and port and marine facilities;
- Phoenix Park Gas Processors Limited which is majority owned and engaged in natural gas processing and the aggregation, fractionating and marketing of Natural Gas Liquids–Propane Butane and natural gasoline–to Latin America and the Caribbean.
- NGC CNG Company Limited (NGC CNG). This company is mandated to develop the CNG market in Trinidad and Tobago by promoting CNG and installation of the network of CNG stations, as well as implementing Government incentives for the Sector.
- Trinidad and Tobago NGL Limited (TTNGL) which is a company incorporated to hold 39% of PPGPL and which was listed on the Trinidad and Tobago Stock Exchange in 2015 to allow citizens to own a stake in the energy sector.

NGC has always been a profitable State enterprise. In 2015, the NGC Group recorded a profit of TT$561 million, a significant reduction of TT$3.9 billion from the TT$4.5 billion earned in 2014. The sharp drop in profitability was due to a combination of factors including a sharp decline in ammonia and methanol prices by 18% and 20% respectively, lower gas sale volumes as a result of supply shortages, and impairment charges of TT$2.4 billion arising from Company's investment in external projects.

Table 12 of the NGC Group gives a full listing of NGC subsidiaries, the nature of their business and the relationship with the parent.

3.6.2.2 | Petroleum Company of Trinidad and Tobago Limited

Petroleum Company of Trinidad and Tobago Limited (Petrotrin) is an integrated oil and gas company engaged in the full range of petroleum operations including the exploration for, development of and production of hydrocarbons, and the manufacturing and marketing of a wide range of petroleum products. Petrotrin was born in 1993 from the merger of two national companies.

Table 12

NGC Group Subsidiaries				
Company Name	**Principal Activity**	**Place of Inc.**	**Group Equity**	
Subsidiaries			**2015**	**2014**
National Energy	Management of certain marine infrastructural facilities at the port of Point Lisas and the promotion and development of the Union Industrial Estate at La Brea	Trinidad and Tobago	100%	100%
NGC Pipeline Company Limited	Own, finance, construct, operate and maintain a 56-inch cross island pipeline (CIP) from Beachfield on the south east coast of Trinidad to Point Fortin on the south west coast of Trinidad	Trinidad and Tobago	100%	100%
Trinidad and Tobago LNG Limited	Shareholding in a liquefied natural gas plant in Trinidad and in the processing and sale of liquefied natural gas (LNG) and natural gas liquids (NGLs) in partnership with others	Trinidad and Tobago	100%	100%
La Brea Industrial Development Company Limited	Promotion and development of and industrial estate and marine infrastructure facilities at La Brea	Trinidad and Tobago	81%	81%
Trinidad and Tobago NGL Limited	An investment holding company with a 39% effective ownership interest in Phoenix Park Gas Processors Limited ('PPGPL'). This company commenced trading on the Trinidad and Tobago Stock Exchange on 19th October 2015	Trinidad and Tobago	51%	100%
NGC NGL Company Limited	An investment Company which holds a 51% interest in PPGPL	Trinidad and Tobago	80%	80%
NGC Trinidad and Tobago LNG Company Limited	Shareholding in LNG Plant in Trinidad in partnership with others	Trinidad and Tobago	62.1%	62.1%
NGC CNG Company Limited	Construct operate and maintain compressed natural gas service stations throughout Trinidad and Tobago	Trinidad and Tobago	100%	100%
NGC E&P (Barbados) Limited	Provides certain material needs and services for its member (NGC E&P Netherlands Cooperatief UA)	Barbados	100%	100%
NGC Petrochemicals Limited (22 April 2015)	Investment Holding company which holds 20% share investment in Caribbean Gas Chemicals Limited	Barbados	100%	_
Downstream Petrochemicals Research and Development Limited	Manage the initial DME and Downstream Promotion Fund and the subsequent DME Promotion Fund	Trinidad and Tobago	100%	_
Phoenix Park Gas Processors Limited	Natural Gas processing, aggregation fractionation and marketing of natural gas liquids	Trinidad and Tobago	60.69%	79.80%
NGC E&P Netherlands Cooperatief U.A.	Exploration, development and production of oil and gas in Trinidad and Tobago	Inc. Netherlands; Operating in T&T	100%	100%
NGC E&P (Netherlands) BV.	Exploration, development and production of oil and gas in Trinidad and Tobago	Inc. Netherlands; Operating in T&T	100%	100%
NGC E&P (Netherlands) BV.	Exploration, development and production of oil and gas in Trinidad and Tobago	Inc. Netherlands; Operating in T&T	100%	100%

Source NGC Annual Report 2014

Trintoc which inherited the assets of both Shell (1974) and Texaco (1985) and Trintopec which had inherited the assets of Trinidad Tesoro in 1988.

Table 13

Petrotrin Joint-Venture Interests			
Acreage	As at September 30		
	2015	2014	2013
	Effective Interest	Effective Interest	Effective Interest
NCMA Block 9 Unitisation – Offshore	19.50%	19.50%	19.50%
Central Block	35.00%	35.00%	35.00%
East Brighton Block	30.00%	--	--
Moruga West	40.00%	40.00%	40.00%
Point Ligoure, Guapo Bay, Brighton Marine (PGB)	30.00%	30.00%	30.00%
South East Coast Consortium	16.00%	16.00%	16.00%
South West Peninsula	27.50%	27.50%	27.50%
Parrylands 'E' Block	25.00%	25.00%	25.00%
Teak, Samaan, Poui (TSP)	15.00%	15.00%	15.00%
Block 1a	20.00%	20.00%	20.00%
Block 1b	20.00%	20.00%	20.00%
Block 22	10.00%	10.00%	10.00%
Block 3A	15.00%	15.00%	15.00%
Galeota	35.00%	35.00%	35.00%
Guayaguayare Shallow	35.00%	35.00%	35.00%
Guayaguayare Deep	20.00%	20.00%	20.00%
Block 2ab	--	30.00%	30.00%
Mayaro/Guayaguayare	--	30.00%	30.00%
NCMA 2	20.00%	20.00%	20.00%
NCMA 3	20.00%	20.00%	20.00%
NCMA 4	20.00%	20.00%	20.00%
Rio Claro Block	20.00%	--	--
Ortoire Block	20.00%	--	--
St. Mary's Block	20.00%	--	--

As at September 30th 2015, Petrotrin's subsidiaries were:

1. Trinmar, a 100% owned subsidiary, formed for the specific purpose of holding certain licences. These licences assign certain rights to explore for, drill, develop, produce and take oil, natural gas and other hydrocarbons from certain geological areas within the jurisdiction of Trinidad and Tobago. Trinmar was inherited from the former foreign multinationals whose assets were acquired by the state during the 1970 and 1980s.
2. Trinidad and Tobago Marine Petroleum Company Limited (Trintomar), 80% majority owner, is principally engaged in developing and producing natural gas from the Pelican Field which originally formed part of the South East Coast Consortium area.
3. Petrotrin EAP Services Limited (PEAPSL), a 100% owned subsidiary, provides counselling services for employees and third parties.
4. World GTL Trinidad Limited (WGTL TL) was formed to undertake the construction, completion, ownership and operation of a gas-to-liquids plant to be located at Petrotrin's Pointe-à-Pierre refinery complex. The said plant is still in the construction phase. After an extended legal battle stretching from 2010 to 2015 judgments were made confirming Final Arbitration Awards. As a result, WGTL TL is now a wholly owned subsidiary of Petrotrin.
5. Petrotrin holds a 19% stake in La Brea Industrial Development Company Limited (LABIDCO) which is principally engaged in the promotion and development of an industrial estate as well as marine infrastructure facilities at La Brea.

Petrotrin also holds multiple contracts and joint venture arrangements for offshore acreages ranging from 16% to 40% interest. In most of these joint ventures Petrotrin's involvement in the exploration phase is paid for by the joint venture partner. This arrangement defers expenditure to the development phase if such takes place.

Table 13 provides a listing of Petrotrin's joint venture activity upstream.

3.6.2.3 | National Petroleum Marketing Company Limited (NP)

The National Petroleum Marketing Company (NP) Limited is the most diversified petroleum marketing company in the English-speaking Caribbean. NP markets the fuels manufactured by Petrotrin as well as its own lubricants through its large network of service stations in Trinidad and Tobago.

The NP product range includes petroleum fuels, lubricating oils and greases, Liquefied Petroleum Gas and Compressed Natural Gas, and automotive specialty products–radiator coolant, car wash, windshield washes, etc. Automotive fuels and LPG are the largest contributors to sales volume. The NP brands such as Ultra are available across the Caricom region

Natpet Investments Company Ltd. is NP's only subsidiary, operating an LPG filling plant on behalf of NP.

In 2013, NP reported an after tax profit of TT$23.5 million and TT$12.9 million for the financial years ended March 2012 and March 2013 respectively. (Trinidad Guardian Oct. 3rd 2014). No new information was provided or is publicly available on the Company's financial position.

3.6.3 | The Financial Contribution of Energy Based SOES

Government receives revenues from the State-owned enterprises in the form of dividends and taxes.

The rules and guidelines governing the relationship between the State and the enterprises are captured in the State Enterprises Performance Monitoring Manual published by the Ministry of Finance in 2011. The Manual covers several issues of governance including reporting relationships and functions, guidelines on performance monitoring, including procurement guidelines, and oversight and compliance.

State Corporations, like any other private corporations, are liable to pay all taxes levied on companies in Trinidad and Tobago. In the case of Petrotrin, the E&P business is subjected to the Petroleum Taxes Act at a rate of 55% while the refining and marketing business is taxed at 50%. However, NGC and other midstream operators are taxed under the Corporation Taxes Act, but at a rate of 35% of gross profits. For the period under review NGC was the only one of the Energy Sector state enterprises making a substantial contribution to the Government's coffers.

Table 14 shows the contributions over the period Fiscal 2011-2015 for NGC and Petrotrin

Table 14

SOE Contribution to Government Revenue					
	NGC		Petrotrin		Total
	Dividends	Taxes	Dividends	Taxes	
	($TT M)	($TT M)	($TT M)	($TT M)	($TT M)
2011	350.00	1,530.60	0	2,325.50	4,206.10
2012	965.00	1,277.60	0	1,733.10	3,975.70
2013	1,500.10	1,564.00	0	0	3,064.10
2014	4,850.00	1,642.70	0	0	6,492.70
2015	5,772.00	1,050.40	0	0	6,822.40
Total	**13,437.10**	**7,065.30**	**0**	**4,058.60**	**24,561.00**

Source State Enterprises Investment Programme, MOFE (http://finance.gov.tt/category/state-enterprises/)

Among the State enterprises, NGC was the major contributor to Government revenue in the period. In fact, Petrotrin recorded losses in the years 2013 to 2015 in the face of declining oil prices, declining output and shrinking refinery margins (Petrotrin Financial Statements 2015). On the other hand, the NGC contribution was astounding. Over the five-year period 2011 to 2015, NGC contributed TT$20.5 billion to the treasury. In fiscal year 2015, a year in which the Company's profits were the lowest in over 15 years, NGC made its highest ever dividend payment to Government totalling TT$5.772 billion. This comprised retroactive dividends for 2013 and 2014 as well as the 2015 dividend. While the claims on NGC retained earnings for retroactive special dividends may be alarming, they appear to be consistent with the policy framework as laid out in the State Enterprises Performance Monitoring Manual. The guidelines on dividend policy state, inter alia:

- State enterprises with retained earnings in excess of working capital may be required to pay Special Dividend
- All profitable State enterprises would be required to pay dividends up to 100% of distributable profits
- The profitability of the enterprise, its liquidity and legal restrictions/loan covenants and the replacement costs of essential capital goods are considered in determining the quantum of dividends that a company would be required to pay

In the context of the turbulent business environment faced by NGC, the decision of the Board to accede to the shareholder's request for Special Dividends brings to the fore questions about the Corporate Governance Structure for State enterprises and the supremacy of the Corporation Sole in these matters.

In sharp contrast to NGC profitability, Petrotrin recorded losses of TT$150.3 million and TT$819.4 million in 2014 and 2015 respectively.

3.6.4 | Corporate Social Responsibility of SOE in Energy Sector

State enterprises in the Energy Sector have had a long and proud history of investing in the economic social and environmental sustainability of the communities. There is a clear understanding that the profits generated by these companies are derived from the natural resources which belong ultimately to the citizens of the Republic. As may be expected, the economic downturn resulted in some trimming of corporate budgets for social expenditure, but nevertheless the companies remained committed to positively impacting lives of the communities.

3.6.4.1 | National Gas Company of Trinidad and Tobago Limited

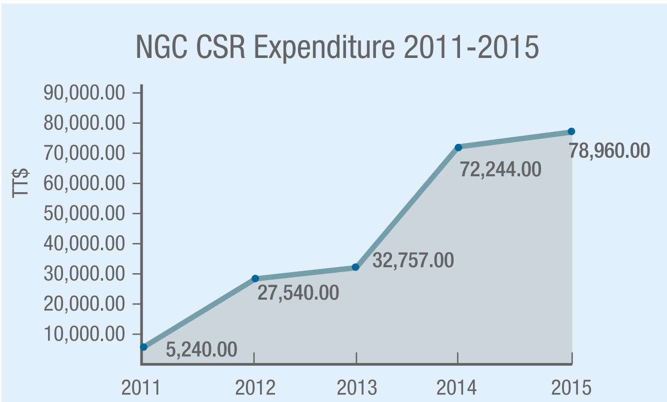
NGC Group pursued a varied and dynamic Corporate Social responsibility (CSR) strategy that seeks to inspire, develop and transform lives and the national landscape. NGC's CSR programme is classified into three broad areas-Sports, Civic Life and Empowerment. Over the period 2011 to 2015, NGC expended a total of TT$216.6 million on community social and infrastructure projects. In the last two years, 2014 and 2015 in particular, NGC corporate social expenditure amounted to a staggering TT$151.1 million or an average of TT$75 million per year, compared with an average of TT$15 million per year over the period 1991 to 2011. (TTEITI 2013 Report). The bulk of the expenditure (83%) was classified as social expenditure.

Some of the signature projects under the umbrella of **Sport**, included:

- As part of a three-year sponsorship deal NGC Group contributed $4.45 million to the Trinidad and Tobago Cricket Board (TTCB). This included the sponsorship of the national cricket team and enabled the TTCB to undertake several development programmes including the NGC/TTCB Youth Academy.

- The NGC *Right on Track*, now in its sixteenth year, was formally extended through a new Partnership agreement signed between NGC and the respective national associations, i.e. the National Association of Athletics Administrators (NAAA) and the National Basketball Federation of Trinidad and Tobago (NBFTT). This agreement will see the introduction of new initiatives such as the NAAA's Kids Athletics Programme and the NBFTT's *Mini to Masters* Programme.

Figure 26



Civic Life – includes investments in arts, culture, education, community infrastructure and the environment–all designed at enriching the individual and community life. Significant projects include:

- Sponsorship of Signature events such as the San Fernando Arts Festival *(Sanfest)* and the *Bocas Lit Fest* and the iconic Lydians Singers have now become synonymous with the NGC Group and delivering excellence
- Direct sponsorship of three steelbands in Trinidad and one in Tobago, as well as two tassa groups
- NGC reforestation programme, now in its eleventh year

Empowerment – The NGC group sponsored several skills development courses in targeted communities across Trinidad and Tobago. Course offerings in conjunction with NESC, YTEPP and MIC included plant maintenance, building construction trades and boat engine repairs.

3.6.4.2 | Petrotrin

Petrotrin's commitment to the continuous development of its people, facilities and communities has distinguished the Company not only as a leader in the Energy Sector but as a preferred neighbour and partner in national development. In this role Petrotrin contributes to the Treasury, develops indigenous capabilities and ensures human development within the Company and through its many community investments. To this end, the Company has consistently supported several groups within the national community to ensure the sustainability and preservation of Trinidad and Tobago's multifaceted culture and colourful traditions. In 2014 and 2015, Petrotrin spent $16,146,994 and $15,295,076 respectively on its CSR programme. Petrotrin's CSR Programme focuses on: culture, sport, environment, education and training, and community development.

Culture – In 2014 and 2015, Petrotrin continued to invest heavily in the many facets of the steelbands movement. The Company maintained sponsorship for four prominent Steel Orchestras, namely Phase II Pan Groove, Siparia Deltones, Hatters and Katzenjammers of Tobago. The Company also provided assistance to a further 16 and 14 steel orchestras in 2014 and 2015 respectively. Petrotrin also maintained sponsorship of the *Pan for Blue* competition, and in 2015 celebrated the competition's 16th year as part of the Point Fortin Borough Week activities. This steel band competition is designed to promote the use of the national instrument amongst primary schools within the South/Central Region of Pan Trinbago. In 2015, Petrotrin was also the main sponsor of the National Small and Single Pan Finals.

Additionally, Petrotrin provides support for various cultural groups and events throughout the national community. These include Petrotrin Boodoosingh Tassa Group, Petrotrin Levantamientos Parang Group, Voices of Petrotrin, and Trinmar Chorale.

Sport – Petrotrin has always played a prominent role in sport in Trinidad and Tobago. The featured initiatives in the period 2014 to 2015 included:

- Women's Football Development Programme – In 2015, Petrotrin celebrated its third successful edition of the Women's Development Football Programme. This two month long initiative focused on exposing young ladies, aged 11-17, to the basic techniques of football. In 2015, the programme accommodated secondary school students in addition to students from fenceline primary schools.
- Women's Premier League Football – In 2015, Petrotrin was a proud sponsor of the Petrotrin Oilers Football Team for the 2015 Women's Premier League (WPL). The WPL aims to be an international tournament and in 2015 included national, club and college athletes from Trinidad and Tobago, the Caribbean, North and South America and Europe. The Petrotrin-sponsored team, the Petrotrin Oilers, was the only developmental team in the League. The team consisted of players from the Company's Women's Team as well as players from within Petrotrin's fenceline communities.
- Support for National Futsal League – As part of Petrotrin's drive to support national progress in all aspects of sport, the Company was the main sponsor of 2015 National Futsal League. The League ran from 2015 May to August and was held primarily to identify and prepare players for the national team. At the League's end, 44 players were selected and offered the opportunity to train with the National

Futsal Team with the goal of World Cup participation in Columbia in 2016.

Environment –

- Pointe-à-Pierre Reforestation Programme – Petrotrin has developed an ongoing reforestation programme. In 2014 a total of 100 trees were planted by Company employees in commemoration of World Environment Day. Additionally, over 180 trees were also distributed to employees.

- Petrotrin Petting Zoo and Biodiversity Display – This display is aimed at creating a significant educational link towards awareness and promotion of environmental conservation in Trinidad and Tobago. Through this initiative, children are given the opportunity to learn about wildlife and their habitats and get to directly interact with a variety of animal species. In 2014 approximately 10,000 students participated in this initiative.

- Coastal Care – In 2014, Petrotrin once again partnered with the Ocean Conservancy to help clean beaches in Trinidad. Company volunteers visited the Beach Camp, Palo Seco site and cleared over 559 pounds of rubbish from the coastal area.

Education and Training –

- Graduate Training Programme – In an effort to positively impact development and growth at the national level, the now two and a half year Graduate Training Programme aims to build key business capabilities by creating a talent pool equipped with the right mix of competencies. The programme is intense and is focused on developing strong, capable and well-rounded professionals through rigourous on-the-job training, as well as exposing them to Petrotrin's culture of volunteerism, community outreach and personal wellness. In 2014, Petrotrin welcomed 68 graduates.

- Undergraduate Training Programme – This annual eight week programme takes place during the July/ August months and is targeted toward second and third year university students. It is designed to focus on developing critical professional competencies including business etiquette, protocol and business ethics. In 2014, Petrotrin welcomed 67 undergraduates.

- Craft Apprenticeship Programme – In 2014, Petrotrin welcomed 72 apprentices and immersed this group in a structured training programme which comprised both field based and classroom training. Apprentices are exposed to various machine range processes and procedures which aim to develop their competencies in the range of industry equipment and various industry process knowledge requirements. This initiative not only bridges the gap between academic qualifications and practical hands-on training, it also provides persons with the necessary skills to pursue employment opportunities within the wider community.

Community Development –

- Petrotrin Cadet Corps – Based in Fyzabad, the Petrotrin Cadet Corps is intended to motivate and develop young people and to provide an alternate source of activity with hopes that, eventually, Cadets will join State bands and services. Cadets are trained in music theory, military drills, leadership skills, self-discipline and self-training. To date, over 500 cadets have graduated from the Corps.

- Global Young Leader Conference – Petrotrin is a proud sponsor of the Nation's future leaders as the Company continues to contribute significantly by giving Trinidad and Tobago's youth the opportunity to attend the Global Young Leader's Conference (GYLC). This conference brings together outstanding young people from several parts of the world and provides an out-of-classroom learning experience that equips students with the confidence, independence, skills and global competiveness required of the next generation of future leaders. Petrotrin assisted 25 and 23 students in 2014 and 2015 respectively.

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4 | Oil and Gas Sector

4.1 | Introduction

4.1.1 | Bid Rounds

There were new E&P contracts and PSCs awarded during the period covered by this EITI report, as detailed below.

E&P onshore

Blocks were offered in April 2013, with a closing date of October 2013 subsequently extended to December 2013.

In late 2014, three awards were signed:-

- Rio Claro Block — Lease Operators Ltd.
- St. Mary's Block — Range Resources Trinidad Ltd.
- Ortoire Block — Touchstone Exploration Inc.

PSCs offshore

Six blocks were offered in August 2013 with a closing date in March 2014, three bids were received for two blocks (TTDAA3: two bids and TTDAA7: one bid).

The two blocks were awarded to BHP Billiton.

No signature bonuses were required unless there was a tie for a block; since there was no tie, no signature bonuses were paid.

4.1.2 | Participation

Three Government entities and 49 companies (of which four were SOEs) participated in the reconciliation and reported the financial and non-financial flows between companies and Government as determined by the TTEITI Steering Committee for the two periods:

- 1st October 2013 to 30th September 2014; and
- 1st October 2014 to 30th September 2015.

The participating entities and flows are detailed in section 6.1; the basis of selection is described in section 7.1.

4.1.3 | Additional Financial Data Reported

In addition to the reconciliation of material financial flows between oil and gas companies and Government, we report on:

- In-kind flows and sale of state share of production (section 4.3);
- Oil and gas production (section 4.4);
- Monitoring by MEEI of amounts due from PSCs (section 4.7.2); and
- Amounts due and paid by MEEI from profit share to MOF-IRD to settle taxes due from PSC parties (section 4.7.3).

4.2 | Results of the Reconciliation

A summary of the results of the 2013-14 and 2014-15 reconciliations are set out in tables 4.2.1 and 4.2.2. Detailed schedules are included in Appendix 9.4.

4.3 | In Kind Flows and Sale of State Share of Production

4.3.1 | Oil

The TTEITI SC has determined that there are no in kind flows of oil and that sales of the State's share of oil are settled in cash to the Government.

4.3.2 | Gas

4.3.2.1 | Gas volumes

a. One company supplies gas to NGC following notification to the company by the Minister that the MEEI elects to take petroleum in kind and that the Minister has authorised NGC to nominate and receive the volumes of natural gas under the provisions of the notification. The flow between this company and MEEI is in kind, the arrangement between NGC and MEEI for monetisation of the gas supplied has not been finalised (see following section 4.3.2.2). A copy of the notification was provided to the Administrator by the company. NGC has supplied details of the volumes of gas received from this company.

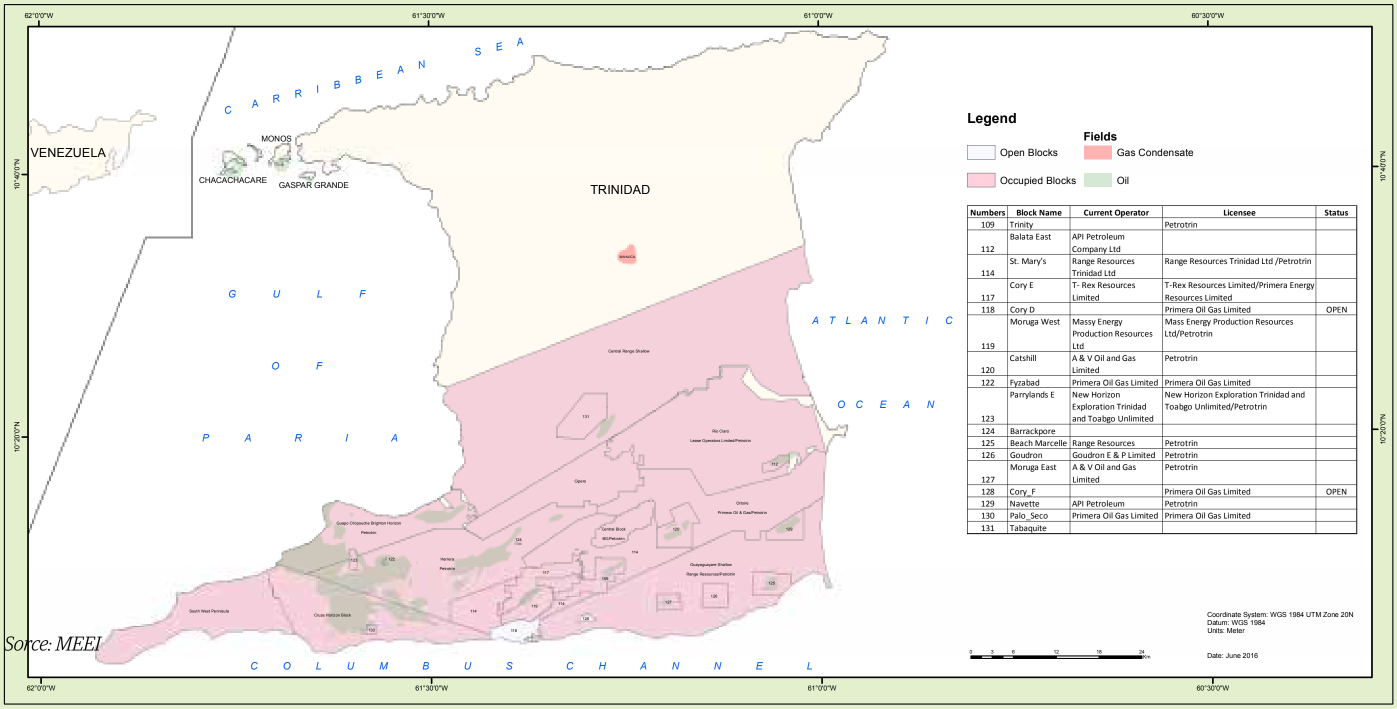
b. Two PSC operators provide the Government's share of gas from the MEEI's participation in certain PSCs to NGC. The operators provided details of the government's share of gas supplied during each fiscal period, and NGC has supplied details of the volumes of such gas received from these PSC operators.

The volumes of gas reported are shown in table 4.3.2.1.1.

Table 4.3.2.1.1.

mcf		Reported by		
		Supplier	NGC	Difference
In-kind supplier	2014	57,001,748	57,001,748	0
	2015	53,829,303	53,071,472	757,831
PSC operator 1	2014	29,069,303	29,069,015	288
	2015	30,589,907	30,589,608	299
PSC operator 2	2014	57,348,779	57,731,231	(382,452)
	2015	45,239,415	45,456,629	(217,214)

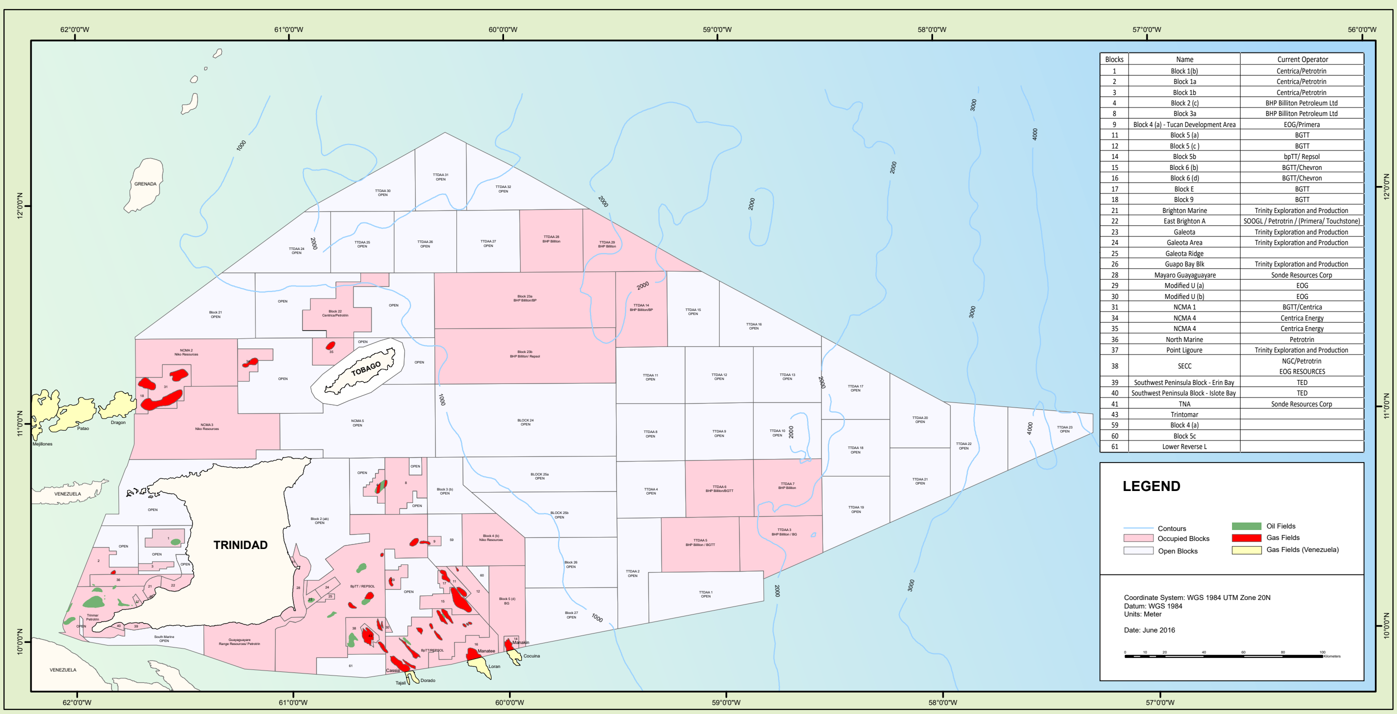
Onshore Upstream Activity Map 2016



Numbers	Block Name	Current Operator	Licensee	Status
109	Trinity		Petrotrin	
112	Balata East	API Petroleum Company Ltd		
114	St. Mary's	Range Resources Trinidad Ltd	Range Resources Trinidad Ltd /Petrotrin	
117	Cory E	T- Rex Resources Limited	T-Rex Resources Limited/Primera Energy Resources Limited	
118	Cory D		Primera Oil Gas Limited	OPEN
119	Moruga West	Massy Energy Production Resources Ltd	Mass Energy Production Resources Ltd/Petrotrin	
120	Catshill	A & V Oil and Gas Limited	Petrotrin	
122	Fyzabad	Primera Oil Gas Limited	Primera Oil Gas Limited	
123	Parrylands E	New Horizon Exploration Trinidad and Toabgo Unlimited	New Horizon Exploration Trinidad and Toabgo Unlimited/Petrotrin	
124	Barrackpore			
125	Beach Marcelle	Range Resources	Petrotrin	
126	Goudron	Goudron E & P Limited	Petrotrin	
127	Moruga East	A & V Oil and Gas Limited	Petrotrin	
128	Cory_F		Primera Oil Gas Limited	OPEN
129	Navette	API Petroleum	Petrotrin	
130	Palo_Seco	Primera Oil Gas Limited	Primera Oil Gas Limited	
131	Tabaquite			

Sorce: MEEI

Offshore Upstream Activity Map 2016



Blocks	Name	Current Operator
1	Block 1(b)	Centrica/Petrotrin
2	Block 1a	Centrica/Petrotrin
3	Block 1b	Centrica/Petrotrin
4	Block 2 (c)	BHP Billiton Petroleum Ltd
8	Block 3a	BHP Billiton Petroleum Ltd
9	Block 4 (a) - Tucan Development Area	EOG/Primera
11	Block 5 (a)	BGTT
12	Block 5 (c)	BGTT
14	Block 5b	bpTT/ Repsol
15	Block 6 (b)	BGTT/Chevron
16	Block 6 (d)	BGTT/Chevron
17	Block E	BGTT
18	Block 9	BGTT
21	Brighton Marine	Trinity Exploration and Production
22	East Brighton A	SOOGL / Petrotrin / (Primera/ Touchstone)
23	Galeota	Trinity Exploration and Production
24	Galeota Area	Trinity Exploration and Production
25	Galeota Ridge	
26	Guapo Bay Blk	Trinity Exploration and Production
28	Mayaro Guayaguayare	Sonde Resources Corp
29	Modified U (a)	EOG
30	Modified U (b)	EOG
31	NCMA 1	BGTT/Centrica
34	NCMA 4	Centrica Energy
35	NCMA 4	Centrica Energy
36	North Marine	Petrotrin
37	Point Ligoure	Trinity Exploration and Production
38	SECC	NGC/Petrotrin EOG RESOURCES
39	Southwest Peninsula Block - Erin Bay	TED
40	Southwest Peninsula Block - Islote Bay	TED
41	TNA	Sonde Resources Corp
43	Trintomar	
59	Block 4 (a)	
60	Block 5c	
61	Lower Reverse L	

Sorce: MEEI

4.2.1 Summary of flows for oil and gas sector (2013-14) analysed by company

Company	Adjusted total per Government	Adjusted total per company	Difference after adjustments	Difference between Government and company figures		
				Foreign exchange differences	Timing differences	Insurance premium tax on foreign policies
	TT$	TT$	TT$	TT$	TT$	TT$
Amoco Trinidad Gas BV Trinidad Branch	16,867,712	16,880,544	(12,832)	(12,832)	-	-
BP Exploration Operating Co Ltd Trinidad Branch	23,325,439	23,329,210	(3,772)	(3,772)	-	-
BP Trinidad and Tobago LLC Trinidad Branch	6,897,786,467	6,925,316,136	(27,529,669)	-	-	(27,529,669)
BP Trinidad Processing Limited	58,656,370	58,656,370	-	-	-	-
BP Group	**6,996,635,988**	**7,024,182,261**	**(27,546,273)**	**(16,603)**	-	**(27,529,669)**
BG Trinidad Block E Limited	-	-				
BG International Limited	281,111,301	254,624,193	26,487,108	(661,413)	27,148,521	-
BG Trinidad 5(a) Limited	-	-	-	-	-	-
BG Trinidad and Tobago Limited	1,647,010,161	1,633,970,648	13,039,513	(2,152,300)	15,191,812	-
BG Trinidad Central Block Limited	238,050,441	237,970,743	79,698	79,698	-	-
BG Group	**2,166,171,903**	**2,126,565,584**	**39,606,319**	**(2,734,015)**	**42,340,333**	**-**
BHP Billiton Petroleum (Trinidad Block 3) Limited	-	-	-			
BHP Billiton Petroleum (Trinidad Block 7) Limited	-	-	-			
BHP Billiton Petroleum (Trinidad Block 14) Limited	5,493,855	5,427,749	66,106	66,106		
BHP Billiton Petroleum (Trinidad Block 23A) Limited	7,146,553	7,080,446	66,108	66,108		
BHP Billiton Petroleum (Trinidad Block 23B) Limited	14,618,670	14,465,317	153,352	153,352		
BHP Billiton (Trinidad-3A) Limited	9,356,218	9,356,218	-		-	
BHP Billiton (Trinidad-2c) Limited	1,132,474,268	1,013,454,649	119,019,618	-	119,019,618	-
BHP Billiton (Trinidad Block 5) Limited	8,243,078	8,169,881	73,197	73,197	-	-
BHP Billiton (Trinidad Block 6) Limited	7,887,511	7,816,873	70,638	70,638		
BHP Billiton (Trinidad Block 28) Limited	7,954,982	7,858,347	96,635	96,635	-	-
BHP Billiton (Trinidad Block 29) Limited	7,903,790	7,832,835	70,955	70,955	-	-
BHP Group	**1,201,078,924**	**1,081,462,314**	**119,616,610**	**596,991**	**119,019,618**	**-**
Centrica (Horne & Wren) (BLK1a)	8,969,192	8,958,221	10,972	10,972	-	-
Centrica North Sea Gas Ltd (BLK1B)	9,536,255	9,524,764	11,492	11,492	-	-
Centrica North Sea Oil Ltd (NCMA4)	12,316,425	12,294,141	22,284	22,284	-	-
Centrica Resources Ltd (BLK22)	11,349,124	11,334,177	14,946	14,946	-	-
NSGP (Ensign) Ltd	-	-	-	-	-	-
Centrica Group	**42,170,997**	**42,111,303**	**59,694**	**59,694**	**-**	**-**
Chaoyang Petroleum (Trinidad) Block 2C Limited	**-**	**-**	**-**	**-**	**-**	**-**

Company	Adjusted total per Government	Adjusted total per company	Difference after adjustments	Difference between Government and company figures		
				Foreign exchange differences	Timing differences	Insurance premium tax on foreign policies
	TT$	TT$	TT$	TT$	TT$	TT$
Chevron T&T Resources SRL	**-**	-	**-**	**-**	**-**	**-**
ENI Trinidad &Tobago Limited	**-**	**-**	**-**	**-**	**-**	**-**
EOG Resources Trinidad 4(A) Unlimited	263,760,848	263,948,061	(187,213)	(187,213)	-	-
EOG Resources Trinidad Limited	914,184,305	914,322,019	(137,714)	(137,714)	-	-
EOG Resources Trinidad- U(A) Block Limited	328,086,612	327,817,103	269,509	269,509	-	-
EOG Resources Trinidad U(B) Block Unlimited	28,668,453	28,689,152	(20,699)	(20,699)	-	-
EOG Group	**1,534,700,218**	**1,534,776,335**	**(76,117)**	**(76,117)**	**-**	**-**
Lease Operators Limited	**84,694,191**	**84,694,191**	**-**	-	**-**	**-**
The National Gas Company of Trinidad and Tobago	8,301,965,363	8,258,880,336	43,085,026	883,268	42,128,195	73,563
NGC Pipeline Company Limited	66,041,752	66,041,752	-	-	-	-
NGC Group	**8,368,007,115**	**8,324,922,089**	**43,085,027**	**883,268**	**42,128,195**	**73,563**
NIKO Resources 5c Caribbean Limited	-	-	-			
Niko Resources (Block 4B Caribbean) Limited	-	-	-	-	-	-
Niko Resources (NCMA2 Caribbean) Limited	2,133,618	2,133,618	-	-	-	-
Niko Resources (NCMA3 Caribbean) Limited	-	-	-	-	-	-
Niko Resources (Trinidad and Tobago) Ltd (Block 2ab)	-	-	-	-	-	-
Voyager Energy (Trinidad) Ltd	5,568,711	5,568,711	-	-	-	-
Niko Group	**7,702,329**	**7,702,329**	**-**	**-**	**-**	**-**
Petroleum Company of Trinidad and Tobago Ltd	6,764,507,203	6,792,159,613	(27,652,410)	(789,233)	(25,211,899)	(1,651,278)
Trinidad and Tobago Marine Petroleum Company Limited	2,545,958	2,545,958	-	-	-	-
Petrotrin Group	**6,767,053,161**	**6,794,705,571**	**(27,652,411)**	**(789,233)**	**(25,211,899)**	**(1,651,278)**
Primera East Brighton Ltd	2	2	-	-	-	-
Primera Oil & Gas Ltd	26,740,978	26,740,978	-	-	-	-
Optimal Services Limited	36,680,624	36,680,624	-	-	-	-
Touchstone Exploration (Trinidad) Ltd	14,532,402	14,532,402	-	-	-	-
Primera Group	**77,954,006**	**77,954,006**	**-**	**-**	**-**	**-**
Repsol E&P TT Ltd	**1,045,940,305**	**1,045,940,305**	**-**	**-**	**-**	**-**
Trinity Exploration & Production (Galeota) Limited	53,209,063	53,077,411	131,653	131,653	-	-
Ten Degrees North Operating Co Ltd	21,913,021	21,884,130	28,891	28,891	-	-
Oilbelt Services Ltd	24,978,227	24,978,228	-	-	-	-
Trinity Exploration Group	**100,100,312**	**99,939,768**	**160,544**	**160,544**	**-**	**-**
Total	**28,392,209,449**	**28,244,956,055**	**147,253,393**	**(1,915,471)**	**178,276,247**	**(29,107,384)**

4.2.2 Summary of flows for oil and gas sector (2014-15) analysed by company

Company	Adjusted total per Government	Adjusted total per company	Difference after adjustments	Difference between Government and company figures		
				Foreign exchange differences	Timing differences	Insurance premium tax on foreign policies
	TT$	TT$	TT$	TT$	TT$	TT$
Amoco Trinidad Gas BV Trinidad Branch	28,313,870	28,313,931	(61)	(61)	-	-
BP Exploration Operating Co Ltd Trinidad Branch	56,959	56,959	-	-	-	-
BP Trinidad and Tobago LLC Trinidad Branch	4,427,618,484	4,452,299,889	(24,681,405)	-	-	(24,681,405)
BP Trinidad Processing Limited	54,212,919	54,212,919	-	-	-	-
BP Group	**4,510,202,232**	**4,534,883,698**	**(24,681,466)**	**(61)**	**-**	**(24,681,405)**
BG Trinidad Block E Limited	-	-	-	-	-	
BG International Limited	75,344,201	76,512,281	(1,168,080)	(2,383,103)	1,215,023	-
BG Trinidad 5(a) Limited	-	-	-	-	-	-
BG Trinidad and Tobago Limited	927,085,765	894,532,711	32,553,054	(445,695)	32,998,749	-
BG Trinidad Central Block Limited	122,324,635	122,321,697	2,939	2,939	-	-
BG Group	**1,124,754,602**	**1,093,366,689**	**31,387,912**	**(2,825,859)**	**34,213,772**	**-**
BHP Billiton Petroleum (Trinidad Block 3) Limited	9,459,426	9,449,805	9,621	9,621	-	-
BHP Billiton Petroleum (Trinidad Block 7) Limited	9,143,942	9,134,812	9,130	9,130	-	-
BHP Billiton Petroleum (Trinidad Block 14) Limited	8,816,802	9,959,745	(1,142,943)	(42,390)	(1,100,553)	-
BHP Billiton Petroleum (Trinidad Block 23A) Limited	15,631,198	18,394,714	(2,763,516)	101,982	(2,865,498)	-
BHP Billiton Petroleum (Trinidad Block 23B) Limited	14,011,654	14,658,446	(646,792)	1,611,029	(2,257,821)	-
BHP Billiton (Trinidad-3A) Limited	5,632,853	5,634,434	(1,581)	(1,581)	-	-
BHP Billiton (Trinidad-2c) Limited	509,735,682	509,735,682	-	-		-
BHP Billiton (Trinidad Block 5) Limited	8,688,041	9,809,466	(1,121,424)	9,548	(1,130,972)	-
BHP Billiton (Trinidad Block 6) Limited	8,304,106	9,283,979	(979,873)	41,288	(1,021,161)	-
BHP Billiton (Trinidad Block 28) Limited	8,376,964	9,222,505	(845,540)	122,682	(968,222)	-
BHP Billiton (Trinidad Block 29) Limited	8,321,675	8,312,631	9,044	9,044	-	-
BHP Group	**606,122,343**	**613,596,218**	**(7,473,875)**	**1,870,353**	**(9,344,227)**	**-**
Centrica (Horne & Wren) (BLK1a)	5,113,067	5,106,894	6,173	6,173	-	-
Centrica North Sea Gas Ltd (BLK1B)	4,833,346	4,826,243	7,103	7,103	-	-
Centrica North Sea Oil Ltd (NCMA4)	9,877,995	9,866,462	11,533	11,533	-	-
Centrica Resources Ltd (BLK22)	1,537,584	1,536,118	1,466	1,466	-	-
NSGP (Ensign) Ltd	-	-	-	-	-	-
Centrica Group	**21,361,993**	**21,335,717**	**26,276**	**26,276**	**-**	**-**

Company	Adjusted total per Government	Adjusted total per company	Difference after adjustments	Difference between Government and company figures		
				Foreign exchange differences	Timing differences	Insurance premium tax on foreign policies
	TT$	TT$	TT$	TT$	TT$	TT$
Chaoyang Petroleum (Trinidad) Block 2C Limited	**-**	**-**	**-**	**-**	**-**	**-**
Chevron T&T Resources SRL	**-**	**-**	**-**	**-**	**-**	**-**
ENI Trinidad &Tobago Ltd	**-**	**-**	**-**	**-**	**-**	**-**
EOG Resources Trinidad 4(A) Unlimited	440,571,364	440,333,623	237,741	237,741	-	-
EOG Resources Trinidad Limited	515,710,883	515,833,545	(122,661)	(122,661)	-	-
EOG Resources Trinidad U(A) Block Limited	452,510,357	452,290,201	220,156	220,156	-	-
EOG Resources Trinidad U(B) Block Unlimited	18,119,065	17,134,825	984,240	984,240	-	-
EOG Group	**1,426,911,669**	**1,425,592,193**	**1,319,476**	**1,319,476**	**-**	**-**
Lease Operators Ltd	**31,900,232**	**31,900,232**	**-**	**-**	**-**	**-**
The National Gas Company of Trinidad and Tobago	8,369,528,705	8,369,424,273	104,432	99,186	-	5,246
NGC Pipeline Company Limited	74,396,598	74,396,598	-	-	-	-
NGC Group	**8,443,925,303**	**8,443,820,871**	**104,432**	**99,186**	**-**	**5,246**
Niko Resources (Block 4B Caribbean) Limited	-	-	-	-	-	-
Niko Resources (NCMA2 Caribbean) Limited	-	-	-	-	-	-
Niko Resources (NCMA3 Caribbean) Limited	-	-	-	-	-	-
Niko Resources (Trinidad and Tobago) Ltd (Block 2ab)	-	-	-	-	-	-
Voyager Energy (Trinidad) Ltd	-	-	-	-	-	-
Niko Group	**-**	**-**	**-**	**-**	**-**	**-**
Petroleum Company of Trinidad and Tobago Ltd	4,102,108,003	4,089,431,933	12,676,070	382,436	14,014,456	(1,720,822)
Trinidad and Tobago Marine Petroleum Company Limited	297,514	297,515	-	-	-	-
Petrotrin Group	**4,102,405,517**	**4,089,729,447**	**12,676,070**	**382,436**	**14,014,456**	**(1,720,822)**
Primera Oil & Gas Ltd	**17,610,738**	**17,626,432**	**(15,695)**	**(15,695)**	**-**	**-**
Repsol E&P T&T Ltd	**691,807,252**	**691,338,774**	**468,478**	**-**	**-**	**468,478**
Trinity Exploration & Production (Galeota) Limited	22,260,589	22,323,137	(62,548)	(62,548)	-	-
Ten Degrees North Operating Co Ltd	7,800,586	7,747,588	52,997	52,997	-	-
Oilbelt Services Ltd	528,960	529,440	(480)	(480)	-	-
Trinity Exploration Group	**30,590,135**	**30,600,165**	**(10,030)**	**(10,030)**	**-**	**-**
Total	**21,007,592,014**	**20,993,790,437**	**13,801,577**	**846,081**	**38,884,001**	**(25,928,503)**

In accordance with the terms of certain joint agreements, certain companies listed in the previous table have declared the following payments made on behalf of the following Companies:

2014 Payments	Payment in respect of							
2014 payments on behalf of	**Total Paid (US$)**	**Total Paid (TT$)**	**Royalty (TT$)**	**Minimum Rent (E&P) (TT$)**	**Annual License (acreage) (TT$)**	**Petroleum Production Levy (TT$)**	**Petroleum Impost (TT$)**	**PSC Share of Profit (TT$)**
BG International Limited	313,255	1,989,981	-	-	1,989,981	-	-	-
BP Exploration Operating Company Limited	175,362	1,114,005	-	-	1,114,005	-	-	-
BP Trinidad and Tobago LLC	185,527	1,185,211	220,227	-	-	-	964,984	-
Chaoyang Petroleum (Trinidad) Block 2C Limited	39,082,874	250,635,305	-	-	72,892	-	-	250,562,413
Chaoyang Petroleum (Trinidad) Block 3A Limited	6,240	39,988	-	-	39,988	-	-	-
National Gas Company of Trinidad & Tobago, and Petroleum Company of Trinidad and Tobago	-	141,799,219	105,230,611	-	-	36,005,682	562,926	-
NGC E&P Investments (Netherlands) B.V.	46,901,529	300,775,696	-	-	100,800	-	-	300,674,896
Petroleum Company of Trinidad and Tobago Limited	4,446,548	28,545,874	26,128,705	922,620	515,159	-	979,390	-
Repsol Angostura Limited	514,582	3,268,933	-	-	3,268,933	-	-	-
The National Gas Company of Trinidad and Tobago Limited	1,073,055	6,889,217	6,532,176	-	112,194	-	244,847	-
Trinidad and Tobago Marine Petroleum Company Limited	164,135	1,053,283	822,685	49,387	-	-	181,211	-
Chevron T&T Resources SRL	47,102,503	302,520,021	-	126,051	-	-	-	302,393,970
NSGP (Ensign) Ltd	42,057,241	269,702,634	-	191,499	66,488	-	-	269,444,647
ENI Trinidad & Tobago Ltd	42,057,241	269,702,634	-	191,499	66,488	-	-	269,444,647
	224,080,092	**1,579,222,001**	**138,934,404**	**1,481,056**	**7,346,928**	**36,005,682**	**2,933,358**	**1,392,520,573**

2014 payment on behalf of (continued)	**Total Paid (US$)**	**Total Paid (TT$)**	**Annual Admin (TT$)**	**Training (TT$)**	**R&D (TT$)**	**Technical Assistance (TT$)**	**Scholarships (TT$)**	**PSC Holdings Fees (TT$)**
BG International Limited	465,920	2,959,803	1,387,408	554,963	554,963	-	462,469	-
BP Exploration Operating Company Limited	415,334	2,638,453	1,236,775	494,710	494,710	-	412,258	-
Chaoyang Petroleum (Trinidad) Block 2C Limited	393,632	2,534,893	918,983	485,885	485,885	483,105	161,035	-
Chaoyang Petroleum (Trinidad) Block 3A Limited	364,444	2,345,847	660,937	330,469	330,469	-	-	1,023,973
NGC E&P Investments (Netherlands) B.V.	593,839	3,823,820	1,323,092	693,218	693,218	579,726	193,242	341,324
Petroleum Company of Trinidad and Tobago Limited	846,712	5,403,768	1,462,899	731,449	731,449	-	60,398	2,417,573
Repsol Angostura Limited	376,000	2,388,578	762,312	304,925	304,925	762,312	254,104	-
Chevron T&T Resources SRL	508,070	3,264,646	1,632,323	816,161	816,161	-	-	-
NSGP (Ensign) Ltd	231,578	1,488,911	744,455	372,228	372,228	-	-	-
ENI Trinidad & Tobago Ltd	231,578	1,488,911	744,455	372,228	372,228	-	-	-
	4,427,107	**28,337,630**	**10,873,639**	**5,156,236**	**5,156,236**	**1,825,143**	**1,543,506**	**3,782,870**

2015 Payments	Payment in respect of								
2015 payments on behalf of	Total Paid (US$)	Total Paid (TT$)	Royalty (TT$)	Minimum Rent (E&P) (TT$)	Annual License (acreage) (TT$)	Petroleum Production Levy (TT$)	Petroleum Impost (TT$)	PSC Share of Profit (TT$)	Bidding Fees (TT$)
BG International Limited	938,639	5,929,112	-	5,929,112	-	-	-	-	-
BP Exploration Operating Company Limited	914,658	5,762,345	-	5,762,345	-	-	-	-	-
BP Trinidad and Tobago LLC	33,858	1,383,945	215,010	-	-	-	1,168,935	-	-
Chaoyang Petroleum (Trinidad) Block 2C Limited	19,755,794	125,289,554	-	-	101,417	-	-	125,188,137	-
Chaoyang Petroleum (Trinidad) Block 3A Limited	8,767	55,696	-	-	55,696	-	-	-	-
Chevron T&T Resources SRL	10,877,899	69,056,862	-	131,937	-	-	-	68,873,520	51,405
ENI Trinidad & Tobago Ltd	27,257,610	173,027,724	-	270,527	-	-	-	172,757,198	-
Lease Operators Limited	1,739,637	11,008,163	11,008,163	-	-	-	-	-	-
Lease Operators , Farmouts and Ipsc	4,107,217	25,989,855	25,989,855	-	-	-		-	-
Natioanl Gas Company of Trinidad & Tobago, and Petroleum Company of Trinidad and Tobago	-	107,186,625	83,661,909	-	-	22,907,753	616,963	-	-
NGC E&P Investments (Netherlands) B.V.	23,709,876	150,366,030	-	-	140,266	-	-	150,225,764	-
NSGP (Ensign) Ltd	27,257,610	173,027,724	-	270,527	-	-	-	172,757,198	-
Oilbelt Services Limited	937,974	5,935,359	5,935,359	-	-	-	-	-	-
Petroleum Company of Trinidad and Tobago Limited	2,611,704	17,526,191	15,565,568	471,228	548,226	-	941,169	-	-
Repsol Angostura Limited	770,539	4,172,062	-	4,172,062	-	-	-	-	-
The National Gas Company of Trinidad and Tobago Limited	631,317	4,244,331	3,891,392	-	117,647	-	235,292	-	-
Trinidad and Toabgo Marine Petroleum Company Limited	36,300	294,259	178,833	51,907	-	-	63,519	-	-
	121,589,399	**880,255,842**	**146,446,089**	**17,059,645**	**963,252**	**22,907,753**	**3,025,878**	**689,801,817**	**51,405**

2015 payment on behalf of (continued)	Total Paid (US$)	Total Paid (TT$)	Annual Admin (TT$)	Training (TT$)	R&D (TT$)	Technical Assistance (TT$)	Scholarships (TT$)	PSC Holdings Fees (TT$)
BG International Limited	1,239,531	7,873,074	2,776,950	1,110,780	1,110,780	1,334,046	925,650	614,868
BP Exploration Operating Company Limited	431,948	2,743,992	1,286,246	514,500	514,500	-	428,747	-
Chaoyang Petroleum (Trinidad) Block 2C Limited	337,250	2,144,368	961,899	508,575	508,575	-	165,318	-
Chaoyang Petroleum (Trinidad) Block 3A Limited	217,559	1,381,084	690,542	345,271	345,271	-	-	-
ENI Trinidad & Tobago Ltd	36,577	231,924	-	-	-	-	-	231,924
NGC E&P Investments (Netherlands) B.V.	477,219	3,033,603	1,384,459	725,381	725,381	-	198,382	-
NSGP (Ensign) Ltd	36,577	231,924	-	-	-	-	-	231,924
Petroleum Company of Trinidad and Tobago Limited	1,290,938	8,193,010	1,760,155	1,283,862	1,391,235	-	208,605	3,549,155
Repsol Angostura Limited	266,241	1,691,316	792,804	317,122	317,122	-	264,268	-
	4,333,840	**27,524,295**	**9,653,055**	**4,805,491**	**4,912,864**	**1,334,046**	**2,190,970**	**4,627,871**

4.3.2.2 | Settlement of in kind transfers

We were told that there is no agreement between NGC and the Government under which NGC monetises the in kind gas received under the arrangement described in 4.3.2.1 (a) above. The 2014 audited financial statements of the NGC Group describe two arrangements relating to royalty gas:-

"For the period November 2005 to December 2010, the Group received "royalty" gas from an upstream supplier. The Group has no economic interest in the "royalty" gas as it is only a transporter of the gas to T&TEC on behalf of the GORTT. As there is no "royalty" gas agreement between GORTT and the upstream supplier, invoices were issued by the upstream supplier to the Group and invoices were issued by the Group to T&TEC for the royalty gas delivered. The expense and income relating to the royalty gas received and sold for the above period were not recognised in the financial statements as the Group did not obtain any economic benefit from this arrangement.

Effective October 2012, the Group has agreed to purchase the royalty gas from the Ministry of Energy and Energy Industries. The terms and conditions of the purchase have not been finalised."

We note that the financial statements do not explain what arrangement there was, if any, concerning this royalty gas during the period from January 2011 to September 2012.

NGC said that the accounting treatment in the audited financial statements has been to recognise a liability to pay for the gas either as a direct payable to the Government or via the netting of a receivable from a third party (who would have received a portion of the in kind gas) against the liability due to the Government for the in kind gas.

In the absence of any agreement concerning NGC's ultimate liability to GORTT for the gas received and the price payment by the third party for the gas, there is no certainty that these will net off as equal amounts of revenue and cost. With regard to the agreements governing the transfers of gas to NGC by PSC operators, these are deemed confidential in their entirety and the Administrator was given only brief verbal details of some of the content. It was said that MEEI was not a signatory to these agreements.

NGC reported payments to MEEI, and MEEI reported receipts from NGC in respect of the Government share of gas supplied by the two PSC operators as shown in table 4.3.2.2.1. Payments to MEEI were made around 30 days from receipt of the gas over the period.

The receipts and payments reported by MEEI and NGC respectively are shown in Table 4.3.2.2.2.

The arrangements for settlement of the in kind gas should be agreed between NGC and Government, and the arrangements for settlement of the Government share of PSC gas should be set out in detail for the EITI Administrator, including a summary of the contracts governing all such arrangements and the signatories to the contracts, under procedures which safeguard confidential information satisfactorily.

4.4 | Production

Production was reported by each company and by the MEEI, as shown in tables 4.4.1 and 4.4.2.

4.5 | Licensing and Contracts

4.5.1 | Register of Licences

Regulation 20 (1) of the Petroleum Regulations requires the MEEI to maintain a petroleum register for Trinidad and Tobago. The Ministry's website (http://www.energy.gov.tt/services/license-registers/) contains a list of PSCs and a list of sub-licences; however, these relate to the 2010/11 year and do not contain the minimum information required by the EITI Standard.

An exercise is under way to bring the register up to date and into compliance with the Standard and the interim updated information is included at Appendices 9.6 (E&P licences), 9.7 (PSCs) and 9.8 (Licence coordinates). It requires further work to be brought up to date and to include all the information required by the EITI Standard, in particular

- coordinates of the licence area
- date of application
- date of award
- duration of the licence
- commodity being produced (production licences)

Based on legal advice obtained from the MEEI, the Ministry should add the required information into the Petroleum Register and publish the Register on its website, to be regularly updated.

Table 4.3.2.2.2

	Reported by		Difference	Reason for difference	
	PSC operators	NGC		Timing	Currency translation
2014	1,809,281,314	1,766,269,850	43,011,464	42,128,195	883,269
2015	1,546,855,258	1,546,756,072	99,186	-	99,186

Table 4.4.1 - 2013-2014 Production

Company	Oil Production			Gas Production		
	MEEA	Company		MEEA	Company	
	Oil Production	Oil Production	Difference	Gas Production	Gas Production	Difference
BP Trinidad and Tobago LLC Trinidad Branch	3,820,952	3,820,947	5	785,509,430	785,509,430	0
BG Trinidad 5(a) Limited	241,499	206,889	34,610	42,848,256	42,848,256	0
BG Trinidad and Tobago Limited	-	-	0	273,923,760	273,923,755	5
BG Trinidad Central Block Limited	388,115	388,115	0	26,584,775	26,584,775	0
BHP Billiton (Trinidad-2c) Limited	3,335,489	3,335,562	(73)	149,285,263	149,284,632	631
EOG Resources Trinidad 4(A) Unlimited	-	-	0	48,646,803	48,646,803	0
EOG Resources Trinidad Limited	489,322	489,323	(1)	87,455,208	87,455,209	(1)
EOG Resources Trinidad - U(A) Block Limited	40,053	40,053	0	60,583,076	60,583,076	0
EOG Resources Trinidad U(B) Block Unlimited	10,696	10,696	0	3,925,809	3,825,808	100,001
Lease Operators Limited	757,728	779,603	(21,875)	-	-	0
Primera Oil and Gas Ltd	134,879	134,886	(7)	-	-	0
Repsol E&P T&T Ltd	4,140,730	4,140,730	(0)	11,401,098	11,401,092	6
Trinity Exploration and Production (Galeota) Limited	434,119	434,118	1	-	-	0
Ten Degrees North Operating Co Ltd	72,583	210,654	(138,071)	-	-	0
Oilbelt Services Ltd	444,987	466,997	(22,010)	-	-	0
Optimal Services Limited	-	128,538	(128,538)	-	-	0
Touchstone Exploration (Trinidad) Ltd	-	363,968	(363,968)	-	-	0
Trinidad and Tobago Marine Petroleum Company Limited	-	3,121	(3,121)	-	-	0
Petroleum Company of Trinidad and Tobago Ltd	13,149,941	13,149,947	(6)	7,356,318	7,557,379	(201,061)
Total	**27,461,093**	**28,104,148**	**(643,054)**	**1,497,519,796**	**1,497,620,215**	**(100,419)**

Table 4.4.2 - 2014-2015 Production

Company	Oil Production			Gas Production		
	MEEA	Company		MEEA	Company	
	Oil Production	Oil Production	Difference	Gas Production	Gas Production	Difference
BP Trinidad and Tobago LLC Trinidad Branch	4,295,188	4,295,188	(0)	737,931,911	737,931,911	0
BG Trinidad 5(a) Limited	277,012	196,037	80,975	52,001,121	52,001,170	(49)
BG Trinidad and Tobago Limited	-	75,803	(75,803)	253,394,940	253,394,940	0
BG Trinidad Central Block Limited	280,537	289,470	(8,933)	23,871,659	23,871,659	0
BHP Billiton (Trinidad-2c) Limited	2,756,792	2,756,797	(5)	134,465,886	134,465,886	0
EOG Resources Trinidad 4(A) Unlimited	-	-	0	36,750,719	36,750,719	0
EOG Resources Trinidad Limited	376,560	376,560	0	94,056,398	94,009,230	47,168
EOG Resources Trinidad- U(A) Block Limited	95,349	95,349	0	62,521,893	62,521,893	0
EOG Resources Trinidad U(B) Block Unlimited	16,138	16,138	0	6,394,213	6,394,210	3
Lease Operators Ltd	941,621	749,375	192,246	-	-	0
Primera Oil and Gas Ltd	144,599	143,398	1,201	-	-	0
Repsol E&P T&T Ltd	4,632,073	4,632,071	2	11,385,338	11,385,338	0
Trinity Exploration and Production (Galeota) Limited	370,476	370,593	(117)	-	-	0
Oilbelt Services Ltd	400,053	759,177	(359,124)	-	-	0
Trinidad and Tobago Marine Petroleum Company Limited	-	3,519	(3,519)	147,413	147,413	0
Petroleum Company of Trinidad and Tobago Ltd	12,697,265	12,697,265	0	9,003,688	9,190,215	(186,527)
Total	**27,283,663**	**27,456,740**	**(173,077)**	**1,421,925,179**	**1,422,064,584**	**(139,405)**

4.5.2 | Allocation of Licences

In the oil and gas industries in Trinidad and Tobago, licences are normally awarded as Exploration and Production (Public Petroleum Rights) Licences or Production Sharing Contracts (PSCs). Information related to the award or transfer of licences pertaining to the companies covered in the EITI Report can be accessed on the Ministry's website at http://www.energy.gov.tt/for-investors/bid-rounds/competitive-bid-round-2013-deepwater/

The procedure for allocation of petroleum E&P licences set out by the MEEI is included at Appendix 9.11.

The "Prequalification criteria for participation in competitive bid rounds in Trinidad and Tobago" from MEEI is included as Appendix 9.12 to this report.

4.5.3 | Contract Disclosure

The EITI Standard requires that the EITI Report documents the Government's policy on disclosure of contracts and licences that govern the exploration and exploitation of oil, gas and minerals, including relevant legal provisions, actual disclosure practices and any reforms that are planned or underway.

The Standard defines "contract" as:

i. The full text of any contract, concession, production-sharing agreement or other agreement granted by, or entered into by, the Government which provides the terms attached to the exploitation of oil gas and mineral resources

ii. The full text of any annex, addendum or rider which establishes details relevant to the exploitation rights or the execution thereof

iii. The full text of any alteration or amendment to the documents

The Standard defines "licence" as:

i. The full text of any licence, lease, title or permit by which a Government confers on a company(ies) or individual(s) rights to exploit oil, gas and/or mineral resources

ii. The full text of any annex, addendum or rider that establishes details relevant to the exploitation rights … or the execution thereof

iii. The full text of any alteration or amendment to the documents

MEEI legal opinion regarding the issue of disclosure of contracts and licences is that the E&P licences and PSCs are confidential documents by virtue of section 35 of the Petroleum Act, Chap. 62:01. Further, they are exempt documents under Section 31 (1) (a) of the Freedom of Information Act, Chap. 22:02 and may not be disclosed.

The Ministry publishes on its website:

a. Deepwater Model PSC CBO 2013

b. Draft Model Deep Water PSC

c. Final Deep Water PSC Documents

d. Notes on the PSC

The terms of model PSCs are modified from time to time, so these models do not necessarily cover all the PSCs which have been awarded, and do not provide any indication of the provisions which may be negotiated when individual contracts are awarded.

The MEEI legal advice is that publication of the model E&P licence on its website would make available to the public the full text of the general terms and conditions of the model E&P licence.

4.6 | Beneficial Ownership

The EITI Standard recommends that a publicly available register is maintained. The TTEITI Secretariat has been gathering information on beneficial ownership from companies which have signed the MOU and will publish these on the TTEITI website later in 2016 (www.tteiti.org.tt/beneficial-ownership).

4.7 | Other Matters

4.7.1 | PSC Audits

As part of obtaining an understanding of the control environment applied to Government financial management, MEEI provided a summary of the status of its audit programme on the PSCs.

Under the terms of the PSC, MEEI has the right periodically to audit the costs and revenue for each PSC. The purpose of the audit provisions is to allow the Government to confirm that the Government share of profits and revenues has been properly presented; and the timely conduct of these audits is important for this reason.

The MEEI data provided is summarised in table 4.7.1.1 which follows; it is a summary of the position at 31st May 2016.

Table 4.7.1.1

		Total	2015	2014	2013	2012 and prior
Due	Expenditure	788				
	Revenue	219				
Completed	Expenditure	539				
	Revenue	131				
Outstanding	Expenditure	249	86	68	38	57
	Revenue	88	24	24	19	21

MEEI comments that resources in the audit department have not increased in line with the award of further PSCs, and that in February 2016 additional staff were brought in to assist. As a result, the rate of audit completion has improved and the backlog is being reduced.

The Administrator recommends that a time bound plan should be formulated and monitored by senior MEEI officials to bring these audits up to date, and that the level of resources required to carry out audits on a timely basis into the future should be addressed, since there may otherwise be a loss of revenue to the Government.

4.7.2 | Monitoring of Amounts Due from PSCs

The MEEI provided a schedule showing amounts due for the calendar year 2015 from PSCs in respect of Administrative Charge, Surface Rental, Minimum Payment, Training Contribution, Research and Development Contribution (R&D) and UTT scholarship; and detailing amounts received for each of these items. In summary, this shows only small differences between amounts due and paid, with the exception of Niko Resources, which has withdrawn from operations in Trinidad and Tobago.

Table 4.7.2

	Jan-Dec 2015 (MEEI)		
	Due (TT$)	Paid (TT$)	Over/(under) paid (TT$)
Niko Resources	9,897,421	-	(9,897,421)
Other PSC operators underpaid	4,878,859	4,859,670	(19,189)
Other PSC operators overpaid	24,596,614	24,815,393	218,779
Total	**39,372,894**	**29,675,063**	**(9,697,831)**

This monitoring is to be continued by MEEI. A review of prior periods should also be undertaken.

4.7.3 | Amounts Due and Paid by MEEI to MOF-IRD

4.7.3.1 | Comparison between MEEI and MOF-IRD

Under PSCs, the Contractor (the Operator and other parties to the PSC) is responsible for paying to the MEEI a profit share on behalf of itself and other parties in the PSC, in an amount determined under the provisions of the PSC. Such payments are made by the Operator on behalf of all the parties to the PSC.

The MEEI is responsible under the PSC for payment, on behalf of the Contractor out of the Government's Share of Profit Petroleum, of the Contractor's liability for Royalty, Petroleum Impost, Petroleum Profits Tax, Supplemental Petroleum Tax, Petroleum Production Levy, Green Fund Levy, Unemployment Levy and any other taxes or impositions whatsoever measured upon income or profits arising directly from the operations.

Each company which is a party to the PSC notifies the MEEI of its liability to PPT, SPT and other taxes and levies payable to the MOF-IRD. An internal settlement is made between MEEI and MOF-IRD, which issues a receipt to each company for the amount of the settlement.

Table 4.7.3.1

	2013-14	2014-15
	TT$	TT$
Payments reported by MEEI	4,666,431,352	2,665,941,863
Receipts reported by MOF-IRD	3,940,238,498	2,410,099,441
Discrepancies	726,192,854	255,842,422

The above figures were reconciled and it was found that the MEEI reported payments made on behalf of Chaoyang Petroleum Trinidad 2C Limited ("Chaoyang") to the MOF-IRD amounting to TT$255,769,242 in 2014-15, and TT$726,192,854 in 2013-14. MOF-IRD did not report any receipts from Chaoyang, on the grounds of confidentiality (Chaoyang has not provided the letter of consent required by MOF-IRD). A further payment of $73,180 was not noted by the MOF-IRD.

4.7.3.2 | Comparison between MOF-IRD and companies' profit share

PSC operators also reported the profit share due for each reporting period, which relates to the totals settled between MEEI and MOF-IRD for company taxes. A comparison between the liability to the MOF-IRD settled by the MEEI out of profit share from PSC as reported by companies and the amounts paid by MEEI is set out in the table which follows.

Table 4.7.3.2

	2013-2014	2014-2015
	(TT$)	(TT$)
Payments to MOF-IRD made by MEEI	4,666,431,352	2,665,941,863
Liability to the MOF-IRD settled by the MEEI out of profit share from PSC as reported by companies	2,702,861,629	2,389,494,656
Difference	1,963,569,723	276,447,207

Reconciliation of these amounts was not included in the TOR for the current report. However, since amounts are only transferred to the Consolidated Fund once they are paid to MOF-IRD–and are not available for general Government expenditure until this point–it is important that the payments are made on a timely basis. Reconciliation of these amounts should be included in future EITI reports as part of ensuring transparency of revenue accounting and evidence of sound control over Government finances.

Account Name	US$ BALANCES AS AT 30-SEP-2014	OCT-DEC '14		JAN-MAR '15		APR-JUN '15		JUL-SEP '15		US$ BALANCES AS AT 30-SEP-2015
		ESCROW PAY-MENTS	INTEREST EARNED	ESCROW PAY-MENTS	INTEREST EARNED	ESCROW PAY-MENTS	INTEREST EARNED	ESCROW PAY-MENTS	INTEREST EARNED	
Petrotrin and BG T'dad Central Block Ltd	3,123,651	-	395	961,611	416	531,528	425	-	472	4,618,498
Petrotrin - Balata East Shallow Horizons	27,344	-	3	45,162	3	-	7	-	7	72,528
Petrotrin - Cruse Horizons	3,937,174	-	497	1,574,876	491	-	554	-	563	5,514,155
Petrotrin - Guapo Oropouche Brighton	1,558,877	-	107	1,066,908	194	-	264	-	268	2,626,709
Petrotrin - Herrera Horizons	3,536,004	-	447	2,699,623	441	-	627	-	637	6,237,779
Petrotrin - Mayaro Guayaguayare Horizons	263,330	-	33	430,144	33	-	70	-	71	693,681
Primera Oil and Gas Ltd - Fyzabad	-	-	-	12,437	-	-	1	-	1	12,440
Primera Oil and Gas Ltd - Palo Seco Block	45,319	-	6	3,258	6	-	5	-	5	48,598
Petrotrin and Beach Oilfield Ltd - South West Peninesula	-	-	-	-	-	101,405	5	-	10	101,420
Trinidad Northern Areas (Trinmar) Public Petroleum Rights, Petroleum Company Trinidad & Tobago	-	-	-	-	-	-	-	4,993,915	-	4,993,915
	12,491,700	**-**	**1,578**	**6,794,019**	**1,585**	**632,933**	**1,958**	**4,993,915**	**2,035**	**24,919,723**

4.7.4 | Escrow Accounts

MEEI provided a schedule of escrow accounts maintained by the Central Bank (see above).

4.7.5 | Material Companies Not Included

4.7.5.1 | Mora Oil Ventures Limited

It came to our attention that a Trinidad company producing oil and gas, and not included in the list of reporting companies, might be liable to make material payments to Government. The company, Mora Oil Ventures Limited, is a subsidiary of Mora Ven Holdings Limited, which is quoted on the Trinidad and Tobago Stock Exchange and which publishes information on its activities.

The financial statements for Mora Ven Holdings Limited show that income from sales of crude oil amounted to $95.2m in 2013 and $57.9 in 2014; and that the Group has a tax liability (covering SPT, PPT and UL) of $155.3m. It is not stated whether the Group has oil production through companies other than Mora Oil Ventures Limited. The Group accounts show a provision for royalty payable of TT$12.8m in 2013 and TT$7.1m in 2014.

MEEI included Mora Oil Ventures on its list of extractive companies making payments, but only disclosed an immaterial amount for business impost. As a result, the company was not selected for reconciliation.

We asked MOF-IRD whether Mora Oil Ventures Limited made any material tax payments during the reporting period; MOF-IRD responded that without a letter of consent from the company, it would not confirm whether or not any payments were made.

We also observe that the Mora Group financial statements include a note to the effect that:-

"Under the term of the licence, Mora Oil Ventures Limited is required to deposit the sum of US$1.25 per barrel of oil sold into an Escrow account in order to accumulate a cash reserve as a contingency fund against possible pollution and eventual abandonment of the platform. In lieu of this undertaking and with the concurrence of the Ministry of Energy and Energy Resources the sum of US$1million has been placed in a Deposit Account to be managed by the Treasury Division of the Ministry of Finance and Planning."

We note that the list of escrow accounts provided by MEEI does not contain any amounts due held in respect of Mora Oil Ventures Limited (section 4.7.4 above).

We recommend that TTEITI Steering Committee obtains information from MOF-IRD as to whether Mora Oil Ventures Limited made material payments in Fiscal 2014 or Fiscal 2015.

4.7.5.2 | TTEITI listing

The TTEITI Steering Committee agreed on a Materiality Threshold of TT$25 million and of the LOFO payments, in 2013-14 nine companies and in 2014-15 eight companies made payments of Productive Royalty in excess of TT$25 million.

These companies were:

Company	2014	2015
Oilbelt Services Limited	Y	Y
Lease Operators Ltd	Y	Y
Goudron E&P[6]	Y	Y
A&V Oil & Gas	Y	Y
Range Resources Trinidad Limited	Y	Y
Rocky Point T&T Limited	Y	Y
Lennox Production Services Limited	Y	Y
Optimal Services Limited	Y	
Territorial Services Limited	Y	
Touchstone Exploration Limited		Y

[6]Goudron E&P Limited is a wholly owned subsidiary of Leni Oil and Gas Limited, which through shareholdings in Goudron and two other companies (Leni Trinidad Limited and Beach Oil Field Limited) has interests in three producing fields: Goudron, Icacos and Bonasse, and in a number of private petroleum leases where production has yet to be established. LGO entered into a Sale and Purchase Agreement with Trinity Exploration and Production plc to acquire the shares of a Trinity subsidiary, Tabaquite Exploration & Production Limited, and has been in discussions with Petrotrin over a possible partnership in the Tabaquite Block once a new licence has been granted by the MEEI.

Of the LOFO payments, only two companies, Lease Operators Lease Ltd and Optimal Services Limited, have already been deemed to meet the threshold for reporting based on its payments to BIR which are in excess of TT$25 million.

The remaining companies have not been included in the Report.

4.7.6 | Social Expenditures and Infrastructure Provision

Companies reported social expenditures and infrastructure provision as set out in table 4.7.6.1 below.

These amounts were voluntary declarations by companies and were not reconciled.

4.7.7 | Transportation Fees

Transportation fees were reported by the NGC Group as follows:

	2013-14	2014-15
	TT$	TT$
Transportation fees reported by the NGC Group	277,700,595	271,932,267

These amounts were not required to be reconciled under the TOR.

4.7.8 | State Owned Enterprises in the Upstream Sector

The state owned enterprises in the upstream oil and gas sector are:

4.7.8.1 | Petroleum Company of Trinidad and Tobago Limited

The company has the following subsidiaries:-

a. Trintomar (principally engaged in developing and producing natural gas from the Pelican Field which originally forms part of the South East Coast Consortium Area)

b. Trinmar (dormant)

c. TNA (formed to hold licences to explore for, drill, develop, produce and take oil, natural gas and other hydrocarbons from certain geological areas within the jurisdiction of Trinidad and Tobago)

d. PEAPSL (providing counselling services for employees and third parties)

e. WGTL TL (formed to undertake the construction, completion, ownership and operation of a gas-to-liquids plant to be located at Petrotrin's Pointe-à-Pierre refinery complex. The plant is still in the construction phase)

Trintomar is 80% owned, TNA is incorporated in the UK. All other subsidiaries are 100% owned and incorporated in Trinidad and Tobago.

4.7.8.2 | The National Gas Company

Subsidiaries of the company are listed in Appendix 9.13.

4.7.8.3 | General

Further details on state owned enterprises are set out in Section 3.

Table 4.7.6.1

Company	2013-14		2014-15	
	Social Expenditures	Infrastructure Provision	Social Expenditures	Infrastructure Provision
	TT$	TT$	TT$	TT$
BP Trinidad and Tobago LLC Trinidad Branch	20,000,000		18,000,000	
BG Trinidad and Tobago Limited	9,355,047		11,193,868	
BHP Billiton (Trinidad-2c) Limited	1,424,766		1,197,017	
EOG Resources Trinidad Limited	1,563,757		1,448,038	
Lease Operators Ltd	1,561,896		435,286	
Repsol E&P TT Ltd	1,831,905		1,743,664	
Touchstone Exploration (Trinidad) Ltd	3,710			
Chevron	964,196		188,479	
Total	**36,705,277**	**-**	**34,206,352**	**-**

NGC	44,396,848	27,908,927	76,747,185	2,159,653
Petroleum Company of Trinidad and Tobago Ltd	16,146,994		15,295,076	
Total	**60,543,842**	**27,908,927**	**128,180,756**	**2,159,653**

I am Valarie George, a farmer.

I am affected by quarrying. It causes landslides and drainage problems, so sometimes I cannot access my land because of flooding. The dust affects people with asthma. The trucks damage the roads.

The EITI Reports show the payments of registered quarries and other companies that should be regulated by Legislation. NGOs and civil society groups can use the EITI data to challenge what the quarries are being charged for the licenses and rehabilitation bonds. Have the quarries leveled off the land and put in drainage after they quarry? Sometimes farmers must pay the cost of repairing roads and terrain because assistance either takes too long to come or never comes at all.

The EITI Reports are arming us with information to fight our battles.

VALARIE GEORGE

Farmer

5 | Mining Sector

5.1 | Introduction

5.1.1 | General

In Trinidad and Tobago, the extractive industries comprise operations in the oil, gas and mining sectors and the inclusion of revenue data from all of these industries in the EITI Report is a requirement of EITI implementation. The TTEITI Steering Committee recognised that, unlike the developed oil and gas sectors, the companies in the mining sector required considerable capacity building to reach the international standard for participation in the EITI Report. Therefore, the TTEITI Steering Committee began implementation with the oil and gas sectors while engaging the mining sector in capacity building workshops aimed at raising its management and reporting standards. This current EITI Report contains the results of a pilot project with a few mining companies to highlight the opportunities and challenges associated with bringing this sector into full scale EITI implementation.

2015 witnessed several policy and legislative prescriptions developed to help the State better regulate the mining sector. Government laid the Minerals (General) Regulations 2015 in Parliament in June 2015 and also finalised a national mining policy–the White Paper on National Minerals Policy. If enforced, the Nation now stands to benefit greatly from these regulations, especially given the well-publicised shortcomings which have affected the mining sector over the past decade. These problems include illegal quarrying, royalty payment shortfalls, environmental impact on watercourses/ watershed zones and forest and land degradation. The regulations aim to correct these shortcomings while also improving revenue collection, State oversight and administrative and regulatory efficiency in order to maximize the benefits citizens gain from mining operations.

The Regulations focus on procedures and conditions for obtaining quarry licences, duties and expectations of licensees after licences have been granted and financial obligations. The duties relate, inter alia, to the conduct of mining operations, disposal of waste water, reporting requirements, training of employees and site maintenance. The Regulations will increase the royalty, licence fee, rehabilitation and performance bond rates quarry operators will have to pay to the State.

Given the expansion in construction and road infrastructure projects over the past decade, mineral production is integral to Trinidad and Tobago's national development. The TTEITI Steering Committee agreed to conduct a mining sector pilot study for this EITI Report, and there was consensus that relevant contextual information on the sector should be made available to the wider population.

According to the Ministry of Energy and Energy Industries there are 90 active mining operations in the country; 8 of these are licensed while the other 82 operate under expired licences. These 82 unlicensed operators are awaiting new licences from the Ministry as 16 licences expired in May 2016. A further 60 new mining licence applications are before the Ministry while there are also 55 mineral processing plants operating without licences. The sector has been plagued by problems associated with lax regulation, especially as it relates to quantifying production volumes and capturing outstanding royalty payments from operators.

Based on revised data from the 2016 Draft Estimates of Revenue, in 2015, the Ministry Of Energy and Energy Industries received TT$3,418,000 in royalties from the minerals sector and between 2003 and 2015, the country received a total of $18,526,849 in royalties from the sector (see table 1 and chart 1). According to data compiled by the Board of Inland Revenue, mining operators paid TT$37,447,514 in taxes in 2014 and $1,098,015,045 in 2015 (see table 5.1.3.2).

5.1.2 | Minerals White Paper

The White Paper on Minerals Policy 2015 can be downloaded from the MEEI website (http://www.energy.gov.tt/wp-content/uploads/2014/01/White-Paper-on-National-Minerals-Policy-June-2015.pdf). It alludes to gross under-reporting of production and royalty payments between the 2001 to 2013 period. The policy paper stated, "The current system of accounting for production is deficient, and therefore much of the revenue stream from the exploitation of mineral resources is not being returned to the State, especially in relation to the computation and collection of royalties. As such, Government will institute a new system at each quarry for the quantification of production and thus, the computation of the royalties due to the State to enhance the optimal derivation of revenues from the exploitation of the Nation's mineral resources."

The paper also added, "The sector also currently faces a number of environmental challenges including those posed by illegal mining (quarrying) and the non-rehabilitation of areas quarried over the past several decades. Health and safety practices throughout the sector are below acceptable standards, as are the education and training levels of participants in the sector. Regulations governing the management of the sector are outdated, and there is an absence of effective enforcement mechanisms in the Minerals Act to address the illegal mining (quarrying) issues facing the sector.

The computation and collection of royalties and other payments due to the State are below acceptable levels, and are currently estimated at less than 10% for all revenue from the Sector."

The White Paper contains specific reference to the EITI implementation: "Further, the Government is committed to providing information on available revenue and other benefits obtained from mining operations to ensure transparency and accountability in the Minerals Sector. To this end, it became a member of the Extractive Industries Transparency Initiative (EITI) and will continue to adhere to the EITI Principles and satisfy the EITI Standard Requirements. The Minerals Sector reporting will be included in future EITI Reports."

5.1.3 | Other Matters

Currently, Trinidad and Tobago also has considerable mining reserves. The paper noted that, based on the Strategic Environment Impact Assessment study, the country has an estimated 467.1 million tonnes of sand and gravel, blue limestone, yellow limestone, clay, plastering sand, porcellanite and andesite reserves.

The TTEITI Steering Committee commissioned a report to provide an overview of the mineral mining industry in Trinidad and Tobago and to introduce and collate the principal publicly available data, in order to determine a baseline from which to develop an analysis of land-based extraction to match that already produced for the Oil/Gas Sector (see Appendix 9.9).

Table 5.1.3.1 – Royalty Payments from Minerals (Ministry of Energy and Energy Industries)

Royalty Payment	Amount (TT$)
Quarries, Sand and Gravel Pits	3,376,000
Asphalt or Pitch from Pitch Lake	42,000

* It is important to note operators only pay royalty payments to the Ministry Of Energy and Energy Industries if they do not own the mineral rights for their acreage. Companies pay a one time application fee, an annual licence fee of $250 per hectare as well as providing rehabilitation and performance bonds of $60,000 and $7,500 per hectare respectively.

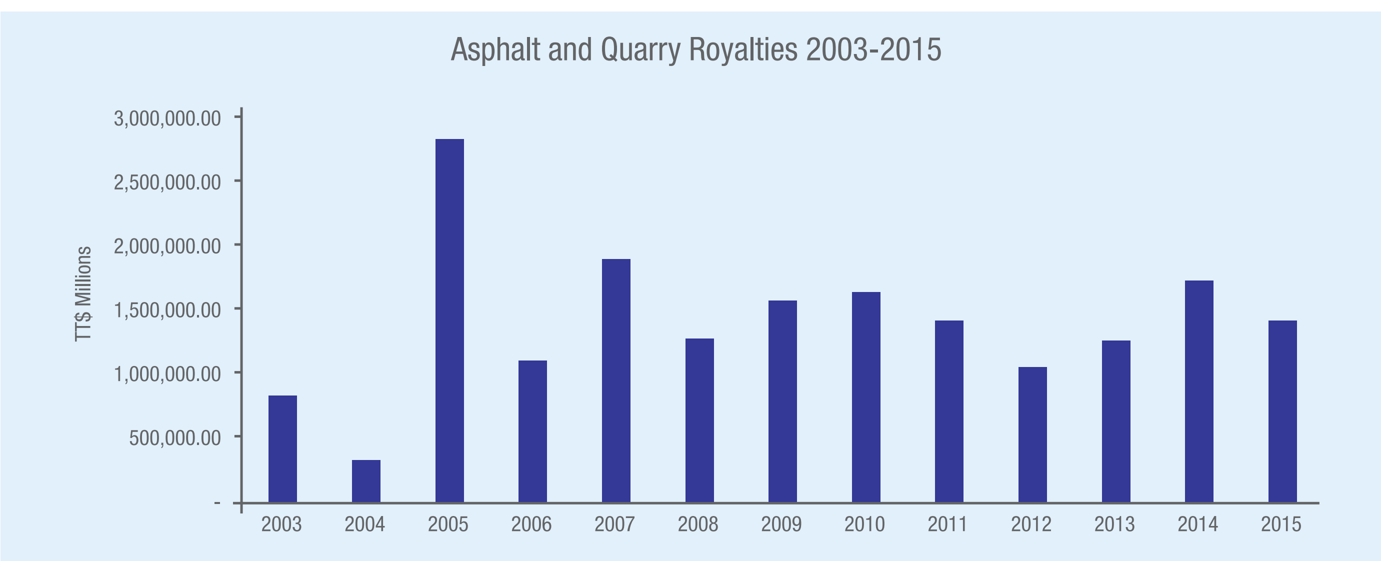
5.1.4 | Scope of the Mining Sector Pilot

A description of the planned and actual scope of the pilot is described in Section 7.2.

Table 5.1.3.2 – Quarry Operator Tax Payments to Board of Inland Revenue

Tax Type	2014 Amount (TT$)	2015 Amount (TT$)
Corporation Tax/Individual Income Tax	28,228,430	1,037,630,815
Business Levy	5,691,015	89,297
Green Fund Levy	3,528,068	60,295,023
Total Tax Payments	**37,447,514**	**1,098,015,045**

Chart 5.1.3.3 – Mining Sector Royalty Payments 2003-2015



Source: MOF summary of revenue estimates 2016

5.2 | Pilot Reconciliation Results

The results of the pilot reconciliation were:

Companies	Adjusted		Reconciling items
	Government	Companies	
	TT$m	TT$m	TT$m
National Quarries Company Limited	1.2	1.5	(0.3)
Hermitage Limestone Limited	3.0	3.0	0.0
Trinidad Cement Limited	3.0	3.0	0.0
Lake Asphalt of Trinidad & Tobago (1978) Limited	2.7	2.7	0.0
	10	10.3	(0.3)

2014/15 items		
a) Outstanding receipts		(0.3)
		(0.3)
Unexplained differences		0

5.3 | Production

Company	2014-2015			2014-2015		
	Sand, gravel, limestone - m3			Raw crude asphalt - tonnes		
	MEEI	Company	Difference	MEEI	Company	Difference
National Quarries Company Limited	1,180,562	903,263	277,299	-	-	-
Hermitage Limestone Limited	348,257	348,257	-	-	-	-
Trinidad Cement Limited	976,657	976,657	-	-	-	-
Lake Asphalt Trinidad & Tobago (1978) Limited	-	-	-	12,166	12,166	-
Total	**2,505,476**	**2,227,981**	**277,299**	**12,166**	**12,166**	**-**

5.4 | Licensing and Contracts

The list of quarry operators published on the MEEI website[7] is included as Appendix 9.10.

5.5 | State-Owned Enterprises in the Mining Sector

The State-owned enterprises in the mining sector are:-

5.5.1 | Lake Asphalt Trinidad and Tobago (1978) Limited

The company is incorporated in the Republic of Trinidad and Tobago. Its principal activities are mining, processing and selling asphalt and related products. The company has access to the Pitch Lake via a non-exclusive lease agreement with GORTT. The company was continued under the provisions of the Companies Act 1995 on 27th July 1999.

The company has a 100% owned subsidiary, Trinidad Asphalt Corporation of America, incorporated in the USA.

5.5.2 | National Quarries Company Limited

The Company was incorporated on February 23rd, 1979 under the Laws of the Republic of Trinidad and Tobago. Its principal activities are quarrying and mining of sand and gravel and limestone at its two quarries located at Turure Road, Guaico, Sangre Grande and Blanchisseuse Road, Blanchisseuse. Its head office is located at Churchill Roosevelt Highway, Arouca. The Company was continued under the provisions of the Companies Act, 1995 on March 15th, 1999.

5.5.3 | Social Expenditures and Infrastructure Provision

Company	Social Payments TT$	Infrastructure Payments TT$
National Quarries Company Limited	749,683	-
Hermitage Limestone Limited	-	-
Trinidad Cement Limited	128,848	-
Lake Asphalt of Trinidad & Tobago (1978) Limited	461,663	-
Total	**1,340,194**	**-**

[7] At 14th September 2016

6 | Description of Flows and Entities Reported

The paper setting out the materiality decision of the TTEITI Steering Committee is included as Appendix 9.3.

We comment on the process to determine the scope of the reconciliation for the oil and gas sectors in section 7.1.2.

6.1 | Oil and Gas

6.1.1 | Flows Included

For information on these flows go to http://www.tteiti.org.tt/explore-data/reports/

6.1.2 | Government Entities Included

The Government entities included in the 2013-14 and 2014-15 TTEITI reconciliations are:-

6.1.2.1 | Ministry of Finance – Inland Revenue Division

The Inland Revenue is a Division of the Ministry of Finance and is administered by a Board consisting of five Commissioners, one of whom is appointed "Chairman". The Board of Inland Revenue develops broad policies and programmes for the administration of the tax laws and directs, guides, co-ordinates, controls and evaluates the activities of the Inland Revenue Division. The principal components of the Division are:

- Administration and Computer operations under the control and management of the Commissioner - Administration
- Audit under the Commissioner - Audit
- Collections, Accounting Control and Returns Processing under the Commissioner - Collections
- Value Added Taxes under the Commissioner - Value Added Tax Administration
- The Reform of Inland Revenue which falls under the Commissioner – Reform

6.1.2.2 | Ministry of Energy and Energy Industries

The Ministry of Energy and Energy Industries is responsible for monitoring, controlling and regulating the energy and mineral sectors of Trinidad and Tobago.

6.1.2.3 | Ministry of Finance – Investments Division

The Investments Division of the Ministry of Finance was established in January 1992. In pursuit of its mandate, the Division manages, monitors and advises on the rationalisation of Government's equity holdings in commercial enterprises. The Division is also responsible for conducting management/performance audits of State Enterprises, to ensure that they operate in an efficient and effective basis and that they discharge their obligations with respect to public accountability.

The Minister of Finance was incorporated as a Corporation Sole by Act No.5 of 1973 (Chapter 69:03). In keeping with his role as Corporation Sole, the Minister of Finance is responsible for the State's portfolio of investments of which the State Enterprise Sector is a major element.

6.1.3 | Companies Included

In the SC's materiality decision, 51 companies were required to report payments to Government for the 2013-14 Report, and 47 companies for the 2014-15 report. In fact, the 51 companies selected for 2013-14 also reported for 2014-15.

The final approved list of companies, and the groupings under which they are reported, are tabled on page 74.

6.2 | Mining

6.2.1 | Flows Included

For information on these flows go to http://www.tteiti.org.tt/explore-data/reports/

6.2.2 | Government Entities Included

Government entities included are the Ministry of Energy and Energy Industries and the Ministry of Finance, Inland Revenue Division.

6.2.3 | Companies Included

Reporting companies included:

I. National Quarries Company Limited

II. Hermitage Limestone Limited

III. Trinidad Cement Limited

IV. Lake Asphalt Trinidad & Tobago (1978) Limited

2014 Reporting companies		
1		Amoco Trinidad Gas BV Trinidad Branch
2		BP Exploration Operating Co Ltd Trinidad Branch
3		BP Trinidad and Tobago LLC Trinidad Branch
4		BP Trinidad Processing Ltd
	BP Group	
5		BG International Ltd
6		BG Trinidad 5(a) Ltd
7		BG Trinidad and Tobago Ltd
8		BG Trinidad Central Block Ltd
9		BG Trinidad Block E Ltd
	BG Group	
10		BHP Billiton Petroleum (Trinidad Block 3) Ltd
11		BHP Billiton (Trinidad 3A) Ltd
12		BHP Billiton (Trinidad 2C) Ltd
13		BHP Billiton Petroleum (Trinidad Block 5) Ltd
14		BHP Billiton Petroleum (Trinidad Block 6) Ltd
15		BHP Billiton Petroleum (Trinidad Block 7) Ltd
16		BHP Billiton Petroleum (Trinidad Block 14) Ltd
17		BHP Billiton Petroleum (Trinidad Block 23A) Ltd
18		BHP Billiton Petroleum (Trinidad Block 23B) Ltd
19		BHP Billiton Petroleum (Trinidad Block 28) Ltd
20		BHP Billiton Petroleum (Trinidad Block 29) Ltd
	BHP Group	
21		Centrica (Horne & Wren) (BLK1a)
22		Centrica North Sea Gas Ltd (BLK1B)
23		Centrica North Sea Oil Ltd (NCMA4)
24		Centrica Resources Ltd (BLK22)
25		NSGP (Ensign) Ltd
	Centrica Group	
26	**Chaoyang Petroleum (Trinidad) Block 2C Ltd**	
27	**Chevron T&T Resources**	
28	**ENI Trinidad &Tobago Ltd**	
29		EOG Resources Trinidad 4(A) UnLtd
30		EOG Resources Trinidad Ltd
31		EOG Resources Trinidad- U(A) Block Ltd
32		EOG Resources Trinidad U(B) Block UnLtd
	EOG Group	
33	**Lease Operators Ltd**	
34		The National Gas Company of Trinidad and Tobago
35		NGC Pipeline Company Ltd
	NGC Group	
36		NIKO Resources 5c Caribbean Ltd
37		Niko Resources (Block 4B Caribbean) Ltd
38		Niko Resources (NCMA2 Caribbean) Ltd
39		Niko Resources (NCMA3 Caribbean) Ltd
40		Niko Resources (Trinidad and Tobago) Ltd
41		Voyager Energy (Trinidad) Ltd
	Niko Group	
42		Petroleum Company of Trinidad and Tobago Ltd
43		Trinidad and Tobago Marine Petroleum Company Ltd
	Petrotrin Group	
44		Primera East Brighton Ltd
45		Primera Oil & Gas Ltd
46		Optimal Services Ltd
47		Territorial Services Ltd/Touchstone Exploration (Trinidad) Ltd
	Primera Group	
48	**Repsol E&P T&T Ltd**	
49		Trinity Exploration and Production (Galeota) Ltd
50		Ten Degrees North Operating Co. Ltd
51		Oilbelt Services Ltd
	Trinity Group	

2015 Reporting companies		
1		Amoco Trinidad Gas BV Trinidad Branch
2		BP Exploration Operating Co Ltd Trinidad Branch
3		BP Trinidad and Tobago LLC Trinidad Branch
4		BP Trinidad Processing Ltd
	BP Group	
5		BG International Ltd
6		BG Trinidad 5(a) Ltd
7		BG Trinidad Block E Ltd
8		BG Trinidad and Tobago Ltd
9		BG Trinidad Central Block Ltd
	BG Group	
10		BHP Billiton (Trinindad 3A) Ltd
11		BHP Billiton Petroleum (Trinidad Block 3) Ltd
12		BHP Billiton (Trinidad 2C) Ltd
13		BHP Billiton Petroleum (Trinidad Block 5) Ltd
14		BHP Billiton Petroleum (Trinidad Block 6) Ltd
15		BHP Billiton Petroleum (Trinidad Block 7) Ltd
16		BHP Billiton Petroleum (Trinidad Block 14) Ltd
17		BHP Billiton Petroleum (Trinidad Block 23A) Ltd
18		BHP Billiton Petroleum (Trinidad Block 23B) Ltd
19		BHP Billiton Petroleum (Trinidad Block 28) Ltd
20		BHP Billiton Petroleum (Trinidad Block 29) Ltd
	BHP Group	
21		Centrica (Horne & Wren) (BLK1a)
22		Centrica North Sea Gas Ltd (BLK1B)
23		Centrica North Sea Oil Ltd (NCMA4)
24		Centrica Resources Ltd (BLK22)
25		NSGP (Ensign) Ltd
	Centrica Group	
26	**Chaoyang Petroleum (Trinidad) Block 2C Ltd**	
27	**Chevron T&T Resources**	
28	**ENI Trinidad & Tobago Ltd**	
29		EOG Resources Trinidad 4(A) UnLtd
30		EOG Resources Trinidad Ltd
31		EOG Resources Trinidad- U(A) Block Ltd
32		EOG Resources Trinidad U(B) Block UnLtd
	EOG Group	
33	**Lease Operators Ltd**	
34		The National Gas Company of Trinidad and Tobago
35		NGC Pipeline Company Ltd
	NGC Group	
36		Niko Resources (Block 4B Caribbean) Ltd
37		Niko Resources (NCMA2 Caribbean) Ltd
38		Niko Resources (NCMA3 Caribbean) Ltd
39		Niko Resources (Trinidad and Tobago) Ltd
40		Voyager Energy (Trinidad) Ltd
	Niko Group	
41		Petroleum Company of Trinidad and Tobago Ltd
42		Trinidad and Tobago Marine Petroleum Company Ltd
	Petrotrin Group	
43		Primera Oil & Gas Ltd
	Primera Group	
44	**Repsol E&P T&T Ltd**	
45		Trinity Exploration and Production (Galeota) Ltd
46		Ten Degrees North Operating Co. Ltd
47		Oilbelt Services Ltd
	Trinity Group	

I am Keegan Bharath, a member of the TTEITI Youth Advisory Committee that promotes the EITI among the Nation's youths and gives feedback to the TTEITI Steering Committee.

Natural resources belong to the citizens of T&T. It's in our best interest to learn through the EITI Reports about the revenues derived from the energy sector and how Government allocates them for national development. EITI provides a platform for the citizenry to demand accountability and good management of these revenues and to assess the state of the Energy Sector.

I am committed to EITI implementation because it protects the people's patrimony and our children's inheritance from the Extractive Sectors.

KEEGAN BHARATH

Researcher

7 | Approach, Methodology and Scope

7.1 | Scoping of Reconciliation: Oil and Gas

7.1.1 | Process Followed

The financial flows to be included in the reconciliation and the Government entities and companies which were required to report were determined by the TTEITI Steering Committee. Under the TOR for the Engagement, we were not required to carry out a scoping exercise.

The paper setting out the materiality decision of the TTEITI Steering Committee is included as Appendix 9.3.

7.1.2 | Comments on the Process Followed

The TTEITI Steering Committee determined the materiality thresholds and selected the companies which should participate in the 2013-14 and 2014-15 reconciliations for the Oil and Gas Sector based on information from MEEI and MOF-IRD.[8]

The process was not timely (the company list was not finalised until after circulation of the templates, and was subject to further amendment thereafter). Factors affecting timely agreement of the list of participating companies were:-

a) Delays in provision of information by MOF-IRD, and inaccuracies in the information when provided

b) Late invitation of additional companies to participate in EITI reporting, with the result that they did not join the MOU or provide consent letters for the MOF-IRD to release information

c) Absence of information from MOF-IRD on these additional companies due to the MOF-IRD position on confidentiality under the Income Tax Act

d) Mora Oil Ventures Limited (see section 4.7.5.1)

The TTEITI Steering Committee should conduct better due diligence in advance to ensure that information on which future materiality decisions are based is up to date and reliable.

There is more detailed discussion on the companies not included in section 4.7.5.

7.2 | Scoping of Mining Pilot

The TTEITI Secretariat initially approached 10 companies to invite them to participate in the mining pilot. Five of these companies attended a meeting with the Administrator and four companies returned templates.

These four companies were:-

a. National Quarries Limited*

b. Lake Asphalt Trinidad And Tobago (1978) Limited*

c. Trinity Cement Limited

d. Hermitage Limestone Limited

* indicates 100% State-owned

7.3 | Templates and Training

The 2013/2014 and 2014/2015 reporting templates were edited through a joint effort between the TTEITI Steering Committee and the Administrator. Modifications were done to the prior year templates in an effort to improve the quality of production reporting as well as in-kind reporting by all entities. Training sessions were arranged by the TTEITI Secretariat for all participating entities to develop an understanding of what was required in terms of completing the templates. These sessions were conducted by the Administrator.

The 2014/2015 Mining Sector templates were designed by the TTEITI Steering Committee through consultation with the participating entities. Upon completion, a training session was conducted by the Administrator and the TTEITI Secretariat to ensure that all participating entities understood the reporting requirement.

7.4 | Elements of the Work

In carrying out the reconciliation, we:

- in accordance with the decision of the TTEITI Steering Committee that templates should be signed by a representative of senior management (for companies) or by the Permanent Secretary of each Ministry (the Chairman of the Board of Inland Revenue in the case of MOF-IRD), have relied on the assurances given by these persons
- requested a copy of the audited financial statements for each company
- collated the templates returned by reporting entities and established a database, identifying discrepancies between receipts reported by Government and payments reported by companies
- liaised with reporting Government agencies and companies to understand the reasons for discrepancies, including visits to site to obtain information from the extractive companies and Government agencies

[8] See Appendix 9.3 for Steering Committee's materiality decision.

- analysed and reconciled data submitted by extractive companies and Government agencies in the reporting templates for the 2014 fiscal year (Oil and Gas) and 2015 fiscal year (Oil and Gas, Mining pilot reconciliation)
    - meetings were held with Government agencies and reporting companies to investigate reported differences
    - all reporting extractive companies and Government agencies were requested to support their reported figures with supporting documents and vouchers, including evidence of payments and receipts
    - all reconciling items produced by all parties were scrutinised and examined for authenticity, ownership, accuracy, validity, occurrence in terms of the reporting period, i.e. FY 2014 and 2015, and other relevant attributes
    - all reconciliations and non-reconciled differences were notified to the reporting entities as evidence and proof of the work done
    - reporting templates were signed off by senior management officials
    - reporting schedules were amended as appropriate and summaries prepared
- prepared this report on Government receipts and company payments:
    - highlighting the reconciled discrepancies and the unresolved discrepancies
    - making recommendations on action to be taken on the unresolved discrepancies, and for improvement of the implementation of EITI in Trinidad and Tobago more generally
    - reporting on the total oil, gas and associated liquids produced for which payments were made and revenue collected for the fiscal period
    - including a list of all licensed or registered companies involved in the upstream sector, noting which companies participated in the EITI reporting process and those that did not
    - containing other information as required under the Terms of Reference and the EITI Standard

8 | Recommendations

8.1.1	Determination of entities making material payments	Repeated
8.1.2	Auditor General INTOSAI introduction	Continuing
	Auditor General access to Government records	Repeated
8.1.3	PSC tax settlement	Cleared
8.1.4	MOF-IRD to include all licensed companies on its taxpayer registry	Repeated
	MEEI to update licence information on its website and ensure it meets EITI Standard	Repeated
8.1.5	MOU to be replaced by legislation	Repeated
8.1.6	Production information	Modified
8.1.7	MEEI to introduce computerised record keeping	Repeated

8.1 | Prior Recommendations

Progress has been made in addressing the recommendations from the previous EITI reports. The subjects covered, and an indication of whether the recommendation has been fully cleared, are summarised above:-

8.2 | Current Report Recommendations

8.2.1 | Determination of Entities Making Material Payments

The provisions of Section 4.1 of the Income Taxes Act, as implemented by MOF-IRD, mean that it requires a letter of consent from each company before it can disclose information about the amounts paid to MOF-IRD by that company. Consequently, all companies making material payments to the MOF-IRD need to provide such a letter so that the scope can be fully determined, although information would first be required from Government on the companies making material payments so that letters can be obtained.

The process to determine the entities to be included in the oil and gas upstream reconciliation, and mining/others, when included, needs to be better planned and executed.

We recommend that:-

1) Government should ensure, prior to commencement of the 2015/16 reconciliation, that the TTEITI Steering Committee is provided by all Government agencies with all the information necessary on a timely basis for an informed decision on materiality
2) Legislative change is sufficient to remove restrictions on disclosure of information for EITI purposes by MOF-IRD
3) Until such time as appropriate legislation is in place, the TTEITI Steering Committee ensures that the process to identify companies making material payments is undertaken in sufficient time to remove all obstacles to their participation, and reporting by Government agencies
4) The process for selection of companies for inclusion in future reconciliations includes a review of changes of ownership and/or activity during or subsequent to the reconciliation period, so that data requests can be directed appropriately.

8.2.2 | Auditor General's Capacity and Access to Government Records

The Auditor General (AG) was not in a position to give any opinion on the EITI figures submitted by Government for 2012/13 as outlined in section 2.4.2. The AG confirmed that his office is putting in place improved procedures and audit practices which will enable him to give audit confirmations on Government figures upon completion of the programme, and subject to gaining access to all records in MOF-IRD necessary to give such assurance. At present, the AG has not seen the revenue records of MOF-IRD, which states that it is bound by the confidentiality provisions imposed by section 4.1 of the Income Taxes Act.

We recommend that:

1) The TTEITI Steering Committee remains informed on the progress on improving procedures and audit practices by the AG's Office, and informs the AG in good time of the requirements for assurance for future reports.
2) Government should remove any impediments to the audit of MOF-IRD figures under INTOSAI

This recommendation is repeated from prior reports.

8.2.3 | Future Reporting

It was not possible to review agreements covering the sales of Government share of gas. While it is understood that aspects of these agreements may be commercially confidential, it is not possible for the Independent Administrator to review aspects required by the EITI Standard without a fuller understanding of the background to the treatment of Government profit oil/gas and the production entitlement of the SOEs.

This year, information was prepared showing the amounts paid from MEEI to MOF-IRD to settle taxes relating to PSCs, and the profit share due to Government for the periods covered by the report, but the amounts were not required to be reconciled and so there is no comment on the differences revealed.

We recommend that:

a. Future reports should contain a reconciliation between amounts paid from MEEI to MOF-IRD to settle taxes relating to PSCs, and the profit share due to Government for the reporting period

b. Gas sales agreements are provided and/or adequate information is given to permit a full understanding of treatment of Government profit oil/gas and the production entitlement of the SOEs

c. Terms of reference for future reports should include reporting on key Government areas reviewed in the current report, in particular:

    i. PSC auditing

    ii. monitoring of amounts due and paid from PSCs to Government

8.2.4 | Licensed Companies

As part of ensuring that licence records are accurate and up to date, we recommend that the companies holding licences are agreed to the records for taxpayers maintained by the MOF-IRD and that the TTEITI Steering Committee monitors progress on this exercise.

We also recommend that the licence information published on the MEEI website should be published and regularly updated and should contain as a minimum all the data set out in the EITI Standard, including:

- Licence holder(s)
- Coordinates of the license area
- Date of application, date of award and duration of the license
- In the case of production licenses, the commodity being produced

The 2012/13 Report included this recommendation.

We also note that MEEI legal advice is that MEEI should publish the model E&P licence on its website, to make available to the public the full text of the general terms and conditions of the model E&P licence; and we recommend that this is implemented.

8.2.5 | Mining Sector

The Minerals White Paper recognises that there is significant room for improvement in the regulation and enforcement of regulations relating to the mining sector. The inclusion of a pilot study of the mining sector in the current report is commended as a good first step to increase transparency over licensing and revenue issues.

Stakeholders made various suggestions on ways in which the Government could intervene to improve the Sector, and it might be useful if the TTEITI Steering Committee were to provide a focus to crystallise suggestions from such interested parties.

Our brief discussions with stakeholders suggest that:

a. Resource levels in the mining sections within the MEEI need to be reviewed so that any planned improvements can be effective in practice

b. The process for obtaining a mining licence is not quick, which may be a deterrent. It would be important to simplify and have efficient processes in order to bring existing operations under licences. A time bound plan is required for licensing operators.

c. The transparency of the licensing process needs to be examined and published

d. Government relies upon declarations of production from operators in the absence of weighbridges on sites and needs adequate resources to monitor production more closely. A requirement to use weighbridges, introduced on a progressive basis, coupled with an effective monitoring regime, would improve control over operations and could be expected to improve Government revenue from the sector.

    We understand that there is no system in place for measuring production from quarries to determine royalties payable. This is currently being done via checks on record books from the quarries

In order to improve the coverage of the sector in future reports, the TTEITI Steering Committee will need to continue to engage with companies and widen the number included in the initiative.

Some of the revenues are collected at a regional level. We recommend that a project is carried out to map the process for collecting, reporting and consolidating these revenues, as a precursor to a wider coverage of companies in the mining sector.

8.2.6 | Memorandum of Understanding

TTEITI participation is covered by an MOU signed on 30th July 2015 by Government, companies and civil society.

This MOU covers only the 2013, 2014 and 2015 EITI Reports and states that:

"This Memorandum shall take effect upon the date that all parties have signed it and shall terminate upon the publication of the 2014 and 2015 Reports."

We recommend that pending legislation to embed EITI responsibilities, which in our opinion is the preferred option, a new MOU should be concluded promptly following publication of this report.

8.2.7 | Government Systems

The records in the MEEI are kept using manual systems. This made the obtaining and collation of information time consuming and prone to error. It also makes management of the information, and control over Government revenues, more difficult and prone to error.

We recommend that the MEEI introduce appropriate computerised systems to record and control information relating to the production and finances from the oil and gas sector.

8.2.8 | Production Reporting

The MEEI was unable to provide production data for Lease Operators Ltd, Ten Degrees North Operating Company, Oilbelt Services, Optimal Services Ltd. and Touchstone Exploration (Trinidad) Ltd, since they do not report production individually for those Operators. Instead, production for these Operators are accounted for and included in total figures reported under Petrotrin (Lease Operators), Petrotrin (IPSCs) and Petrotrin (Farm outs). This is according to their contractual arrangement with Petrotrin.

We recommend that consideration be given to the MEEI maintaining records of production levels reported by the above mentioned entities either through direct correspondence with the said companies or via collaboration with Petrotrin. This information will be useful for future decisions in relation to the granting of various licences to the individual operators by the MEEI.

9 | Appendices

To view Appendices go to the link: http://www.tteiti.org.tt/explore-data/reports/

9.1 Persons met during the reconciliation

9.2 Terms of reference

9.3 TTEITI Steering Committee materiality decision

9.4 Reconciliation by extractive companies

9.5 Audited financial statements provided by companies

9.6 Petroleum register: E&P licences

9.7 Petroleum register: PSCs

9.8 Petroleum licence coordinates

9.9 Overview of Mineral Mining Industry in Trinidad and Tobago (report by David Jarvis Associates)

9.10 List of Quarry Operators

9.11 Procedure for allocation of E&P licences

9.12 Prequalification criteria for participation in competitive bid rounds in Trinidad and Tobago

9.13 NGC Subsidiaries

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