



**Extractive Industries  
Transparency Initiative**

Cash flows from the petroleum  
industry in Norway 2015

Deloitte AS - 7. December 2016

Translation from the original Norwegian version

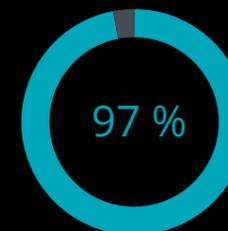
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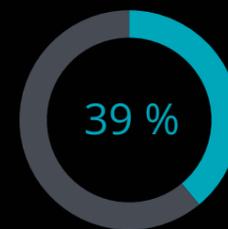
# Executive summary



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



Cash flows from petroleum tax and Petoro/SDFI accounted for approximately 97 % of the total reported cash flows.



A number of discrepancies were identified in the reconciliation. One or more discrepancies were found in 39 % of the entities, compared to 46 % in the previous year.



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

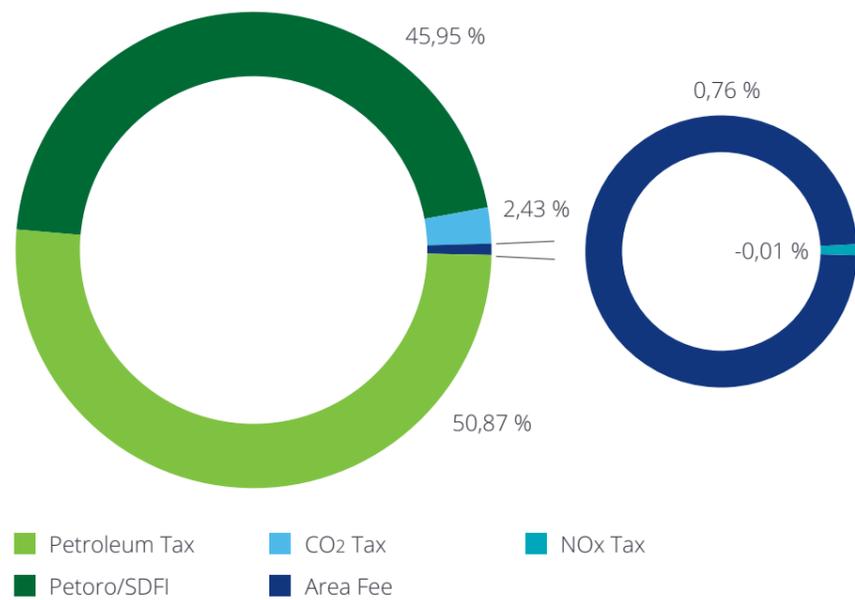


Figure 1: Relative size of revenue streams

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

The reporting was completed in the autumn of 2016 and includes cash flows made in 2015. The first report was completed in 2009, and included cash flows from 2008, thus making this the eighth year that licensees and governmental bodies in Norway report cash flows from the petroleum activities, based on the EITI principles.

The EITI reporting includes petroleum tax, CO2 tax, NOx tax, area fee and other payments. The reporting also includes Petoro's reporting of cash flows associated to the State's Direct Financial Interest (SDFI), including Statoil's reporting of cash flows in the role of marketing and selling the Norwegian State's share of petroleum production from the Norwegian Continental Shelf.

Figure 1 illustrates the relative size of the various revenue streams in 2015.



Figure 2: Comparison of cash flows for the years 2008 to 2015 in billion NOK

Cash flows from petroleum tax and Petoro/SDFI accounted for approximately 97 % of total reported cash flows. Figure 2 illustrates the development in total cash flows from the petroleum tax, Petoro/SDFI and other taxes (CO2-, NOx- and area fee) for the eight years with EITI-reporting.

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

In total, we received reporting from 64 licensees and 5 governmental bodies.

As in prior years, several licensees had delays in their reporting. Approximately 35 % of the licensees reported after the deadline, which according to regulation has been set to August 1st. According to the licensees, restructurings, downsizing, holiday leave, and period ending were the causes of the delay. The delay indicates that the licensees have not incorporated the EITI reporting as a permanent reporting duty.

All governmental bodies reported within

the deadline. All entities reported before the publication of this report. The last licensee reported on September 26th 2016, and the last discrepancy was clarified on October 3rd.

As in the prior years, a number of discrepancies were identified in the reconciliation. 39 % of the entities reported with one or more discrepancies.

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

Table 1 summarizes the reporting on an aggregated level for all cash flows. The table displays a net discrepancy of TNOK 3 572 066 between the licensees and the governmental bodies based on the initial reporting. The net discrepancy is a net of both positive and negative deviations. Discrepancies amounting to TNOK 3 469 655 have been explained through the

reconciliation. TNOK 103 902 is related to reported amounts by licensees or governmental bodies were counterparty reporting has not been obtained, because these amounts are not considered to be subject to EITI regulations.

The discrepancies are mainly due to:

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

After clarification of discrepancies and adjustments for figures reported by only one of the parties, the total cash flows reported from licensees and operators are TNOK 203 898 642 which is in agreement with the reporting from the governmental bodies.

Aggregated payments	Initial reporting TNOK	Resolved discrepancies TNOK		Without reporting from counterparty TNOK	Adjusted reporting TNOK
		Licensees	Government		
Licensees	207 368 297	-3 469 655	-	-	203 898 642
Government	203 796 227	-	-1 491	103 902	203 898 642
Discrepancy	3 572 066	-3 469 655	1 491	-103 902	-

Table 1: Aggregated cash flows from the petroleum industry

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

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

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

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

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

Our findings are reported in Section 5 and in the appendices. Section 2 is based on publicly available information and we have not verified the information's accuracy and completeness.

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

The report includes only those items specified and do not include financial statements of the entities that have reported as a whole.

Oslo, 7. December 2016  
Deloitte AS

**Mette Herdlevær**  
State authorised auditor

*Translation from the original Norwegian version*

# 1. Background

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

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

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

the Ministry of Petroleum and Energy (MPE), and MPE appointed Deloitte AS (Deloitte) as administrator according to a contract dated July 17th 2014.

The administrator's role is to:

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

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

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

The EITI standard was updated in February 2016 (see <http://eiti.org/document/standard>). The most substantial change is related to requirements for those that bid for, operate or invest in exploration projects. These entities will be required to report their beneficial owner(s). The new requirement should be implemented within the 1st of January 2020; which gives the countries time to prepare for the new requirements. The previous update in 2013 introduced requirements to include contextual information about the extractive activity in the EITI report; such

as the extractive industry's contribution to the economy and the employment and organization and regulations of the industry. This year's report includes contextual information, as far as possible given the available information. The information is included in chapter 2 in the report with reference to source information.

# 2. Norwegian Petroleum Activities

## 2.1 Activity concentration

The Norwegian Continental Shelf (NCS) is divided into the following maritime zones: the North Sea, the Norwegian Sea and the Barents Sea. At the end of 2015, 82 fields were in production. The North Sea is still the powerhouse of Norwegian petroleum activities with 65 producing oil and gas fields. The Norwegian Sea has 16 producing fields and the Barents Sea has one.

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

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

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

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

## 2.2 Significance to the Norwegian economy

In accordance with the Revised National Budget for 2016<sup>1</sup>, the gross domestic product from the petroleum sector in 2015 amounted to approximately 15,4 % of the total gross domestic product (GDP). The petroleum sector's share of the State's revenue in 2015 amounted to approximately 247,2 billion NOK or about 20,5%. The State's investments in petroleum activity amounted to approximately 29 billion NOK. The State's total net cash flow from petroleum activities in 2015 amounted to approximately 218 billion NOK (see also Table 4 and Appendix 6).

The Ministry of Petroleum and Energy (MPE) and the Norwegian Petroleum Directorate (NPD) estimate that exploration and production companies employ 29 400 people on the Norwegian Continental Shelf (NCS). In a publication from Statistics Norway<sup>2</sup>, it is estimated that 205 000 people are employed directly or indirectly in the Norwegian petroleum industry. This makes 7,5 % of the total employment in Norway. Compared to 2014, this represents a reduction of 34 000 (-15%) employees.

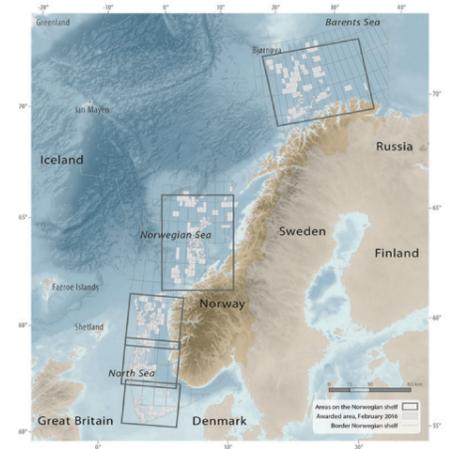


Figure 3: Overview, activity on the Norwegian Continental Shelf  
Source: <http://www.norskpetroleum.no/interaktivt-kart-og-arkiv/figurer-og-hurtignedlasting/>

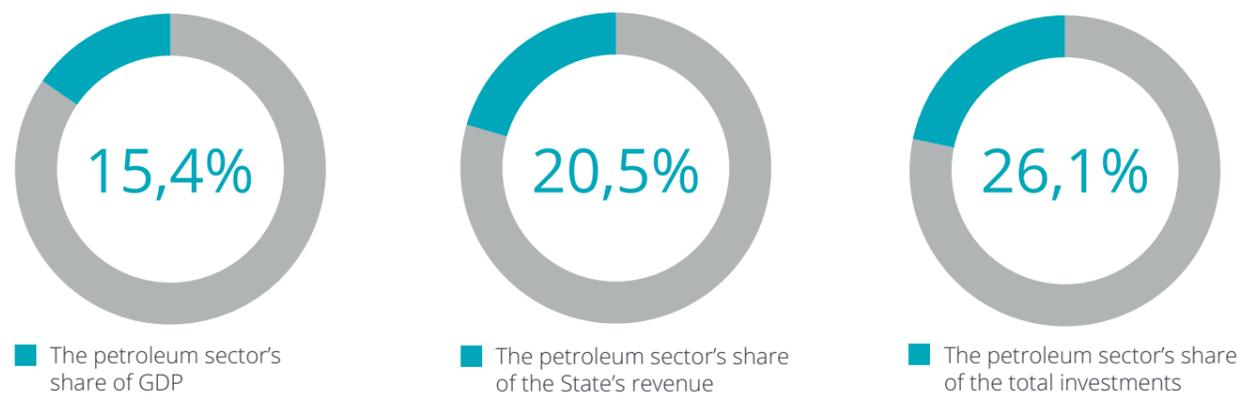


Figure 4: Macroeconomic indicators for the petroleum sector 2015  
Source: <http://www.norskpetroleum.no/en/economy/governments-revenues/>

Figure 4 presents the contribution from the petroleum sector to the GDP, the State's revenue and the total investments in 2015.

227,8 million standard cubic meter (Sm<sup>3</sup>) of oil equivalents of saleable petroleum was produced in 2015 from 82 oil fields on the Norwegian Continental Shelf<sup>3</sup>. About half of the production was gas (117,15 million Sm<sup>3</sup>). Figure 5 presents historical production of oil and gas, including 2015. According to Revised National Budget for 2016, the value of exported petroleum in 2015 was about 450 billion NOK, which corresponds to 39% of the total Norwegian export. Statistics Norway<sup>4</sup> reports that the export value of crude oil was 197 billion NOK and the export value of natural gas 228 billion NOK. Average Brent blend was 52,4 USD per barrel (423 NOK per barrel)<sup>5</sup>. In the Revised National Budget for 2016, it is informed that the average realized gas price in Europe has been approximately 1,5 NOK per Sm<sup>3</sup>, after seeing a steady decline in gas prices during 2015.

### 2.3 State organisation

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

The Government exercises executive authority over the petroleum policy and

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

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

For further information about the roles and responsibilities, see <http://www.norskpetroleum.no/rammeverk/rammeverkstatlig-organisering-av-petroleumsvirksomheten/>.

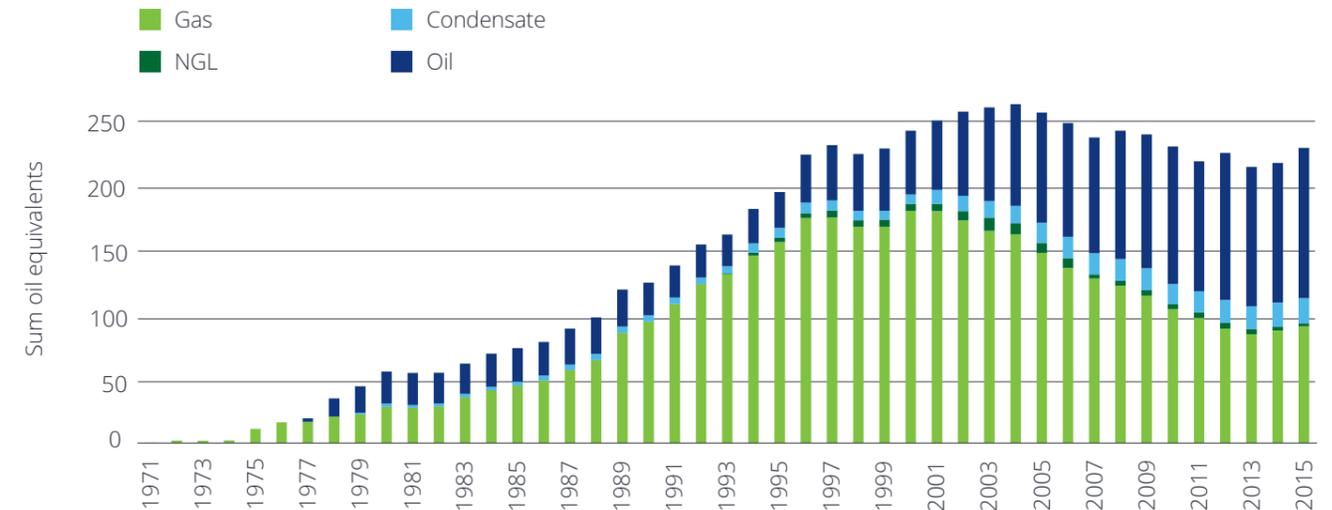


Figure 5: Historical production of oil and gas  
Source: <http://www.norskpetroleum.no/en/production/>

### 2.4 The licensing system and information related to the award and transfer of licenses<sup>6</sup>

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

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

Production licenses are normally awarded through licensing rounds. Each year, the MPE announces a certain number of blocks for which production licenses can be applied for. Applicants can apply individually or as a group. Based on the applications received, the MPE performs an evaluation in cooperation with NPD and others. In accordance with the

Petroleum Act § 3-5, relevant, objective, non-discriminatory and announced criteria should form the basis for these awards. An announcement letter describing the terms and the criteria are published on the websites of NPD<sup>7</sup>. Infrastructure investments and barter agreements<sup>8</sup> are not a part of the license award system in Norway.

In order to participate as an operator or a licensee, the company has to be prequalified. The process and criteria for prequalification is published on the website of NPD<sup>9</sup>.

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

The MPE designates an operator, which will be responsible for the operational activities

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

The production license is valid for an initial period (exploration period) that last up to ten years. During this period, a work commitment must be carried out in the form of e.g. geological/geophysical preliminary work and/or exploration drilling. If all the licensees agree, the production license can be relinquished when the work commitment has been fulfilled. If the licensees want to continue the work in the production license, the license will enter the extension period, which is the period for development and operation (normally 30 years). Development and operations requires the licensees to submit a plan for development and operation to the MPE for approval.

Transfer of an owner share in a license requires approval from the MPE in accordance with the Petroleum Act § 10-12. The same apply for other direct or indirect transfers of owner interests or other participation in the license, such as transfer of shares and other interest that might result in controlling influence of a licensee.

### 2.5 Contracts

Licensing contracts are not disclosed publicly. However, the standard license agreements are published. These can be found on the Governments webpages or at <http://www.norskpetroleum.no/en/framework/the-petroleum-act-and-the-licensing-system/>.

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

### 2.6 The Petroleum Register

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

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

The Petroleum Register can be accessed from NPD's websites [www.npd.no/en](http://www.npd.no/en). The website also include fact maps disclosing

location of all licenses on the Norwegian Continental Shelf.

#### 2.6.1 Other sources of information on licensee ownership

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

Any reporting entity that is a subsidiary shall disclose the business name and registered office of any parent company that prepares consolidated accounts into which the reporting entity is consolidated (Accounting Act §7-15). Private limited companies and public limited companies shall disclose their 20 largest shareholders and the ownership stakes held by these. Information about any shareholders that hold less than 1 percent of the shares may be omitted (Accounting Act § 7-26). Private limited companies qualifying as a small enterprise, shall disclose their 10 largest shareholders and the ownership stakes held by these. Information about any shareholders that hold less than 5 percent of the shares may be omitted (Accounting Act § 7-42). These sources of information does not include an overview of indirect ownership.

The Parliament has asked the Government to advance a bill regarding a new public ownership register to ensure openness among ownership in Norwegian companies. The Ministry of Trade, Industry and Fisheries together with the Ministry of Finance has prepared a report with various alternatives, which was distributed for comments on December 22, 2015. In addition, the legislative committee

appointed to work with an update on the Norwegian Money Laundering Act presented their first proposal on how to incorporate "beneficial ownership" into Norwegian legislation on September 13th 2016. The committee's second proposal is expected to be presented on December 16th 2016.

### 2.7 The Government's petroleum revenue

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

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

Figure 7 presents the development in net cash flow to the state from petroleum activities during the period 1974-2015:

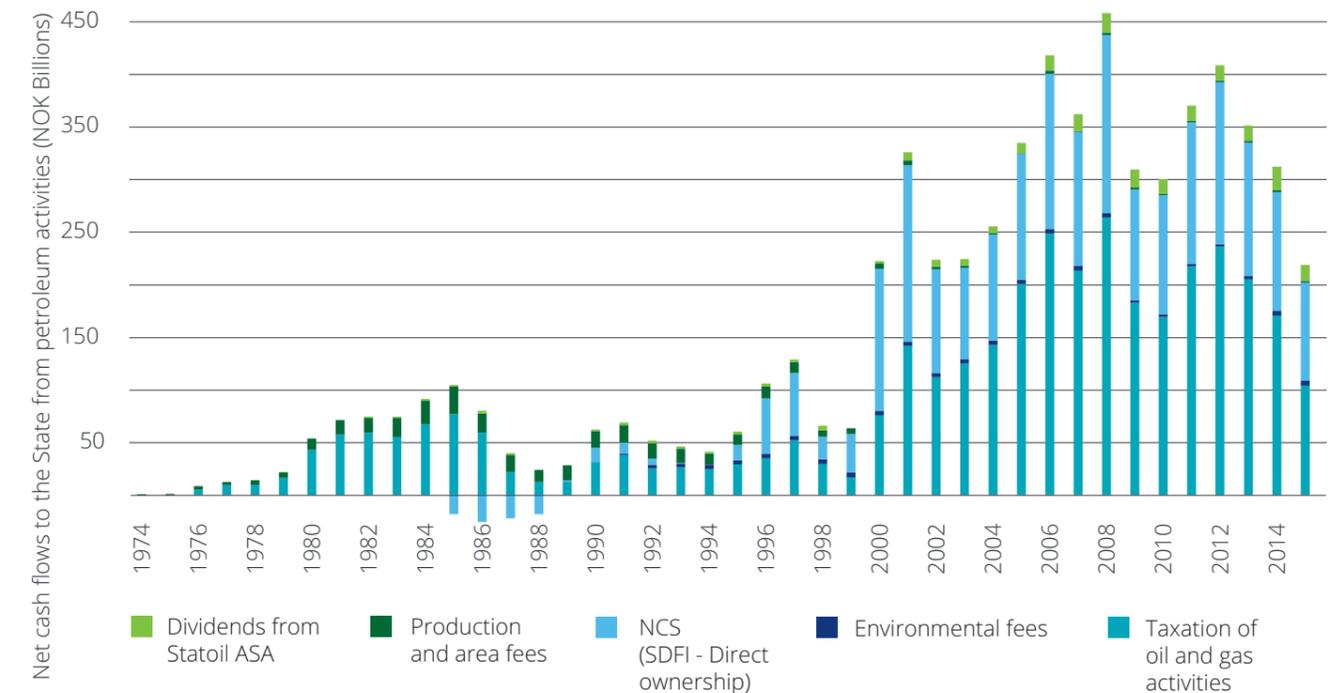


Figure 7: Net cash flows to the State from petroleum activities  
Source: [www.norskpetroleum.no/okonomi/statens-inntekter/](http://www.norskpetroleum.no/okonomi/statens-inntekter/)

**Operating income (norm price)**

- Operating expenses
- Linear depreciation for investments (6 years)
- Exploration expenses, R&D and decom
- CO2 tax, NOx tax and area fee
- Net financial costs

**= Corporation tax base (27 %)**

- Uplift (5.5 % of investment for 4 year)
- = Special tax base (51 %)

Figure 8: Calculation of petroleum tax  
Source: MPE

**2.8 Petroleum taxation**

The petroleum taxation is based on the Petroleum Taxation Act (Act No. 35 of 13 June 1975 relating to the taxation of subsea petroleum deposits, etc.) and provisions of the Act. The Ministry of Finance has the overall responsibility for taxation and fees from petroleum activities. The Petroleum Tax Office is part of the Norwegian Tax Administration, which is subordinate to the Ministry of Finance. The primary task of the Petroleum Tax Office is to ensure correct stipulation and payment of taxes and fees adopted by the political authorities.

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

Petroleum taxation is based on the Norwegian rules for ordinary corporate tax. Due to the extraordinary profitability associated with production of the Norwegian petroleum resources, a special tax is also levied on income from these activities. Companies may under certain circumstances make an application for a refund of the fiscal value of exploration costs in the companies' tax returns. In 2015, the ordinary tax on results that is in within the scope and extent of the act was 27%. The special tax rate 51%. From 2016, the ordinary tax rate is reduced from 27% to 25%. The special tax is increased from 51 % to 53%.

To shield normal returns from special tax, an extra deduction is allowed in the basis for special tax, called uplift. With effect from May 5, 2013, this amounts to 22% (reduced from 30%) of the investments (5.5% per year for four years, from and including the investment year).

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

The value of produced oil for tax purposes is based on a norm price, which is

determined by the Petroleum Price Council<sup>10</sup>. The price should be comparable to what would have been an agreed price between independent parties in a free market. For gas, the actual sales price is used as the basis.

In addition to the petroleum taxes, the companies pay area fees and environmental fees; (1) CO2-fee and (2) NOx-fee. A further description of the Norwegian petroleum taxation system can be found at [www.norskpetroleum.no/en/economy/governments-revenues/](http://www.norskpetroleum.no/en/economy/governments-revenues/).

**2.9 State involvement**

**2.9.1 The State's Direct Financial Interest**

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

Petoro AS is a State-owned enterprise that handles the commercial aspects of the State's Direct Financial Interest (SDFI) on the State's behalf. Per January 1st 2016, SDFI held owner shares in 174 production licenses<sup>11</sup>. Petoro maintains separate accounts for all transactions relating to the ownership in the licenses. In this way, revenues and costs from the licenses are separated from the operation of Petoro. Funding of the operation of Petoro is allocated by the State. For more details about Petoro's roles and overview of SDFI's owner shares, see [www.petoro.no/about-petoro](http://www.petoro.no/about-petoro). The site also includes the annual report and annual accounts of Petoro and SDFI.

Table 2 presents the key figures extracted from the SDFI's 2015 annual report.

From Petoro's annual report	2015	2014
Revenue, crude oil and ngl	59 436 MNOK	85 642 MNOK
Revenue, gas	86 097 MNOK	81 477 MNOK
Transport- and processing revenue	11 113 MNOK	11 137 MNOK
Other revenue	540 MNOK	554 MNOK
Net profit arrangements	567 MNOK	986 MNOK
<b>Sum revenue</b>	<b>157 753 MNOK</b>	<b>179 797 MNOK</b>
<b>Net income for the year</b>	<b>88 999 MNOK</b>	<b>119 671 MNOK</b>
<b>Net transfer to the state's accounts</b>	<b>93 639 MNOK</b>	<b>111 068 MNOK</b>
Average realised oil price per barrel	420 NOK/bbl (53 USD/bbl)	617 NOK/bbl
Average realised gas price	2,14 NOK/scm	2,23 NOK/scm
Oil, NGL and dry gas production	1068 boe/d	1000 boe/d

Table 2: Key figures, SDFI

Revenue from transportation mainly relate to the owner share in Gassled. Gassled is a partnership that owns the majority of the gas infrastructure on the Norwegian continental shelf. The state's direct and indirect owner share in Gassled per 31.12.2015 was 45,793% based on information in the 2015 annual report of SDFI. Gassco AS is the operator of Gassled. Gassco AS is 100% owned by the state. Gassco AS has no owner share in Gassled. Through tariff payments, its users meet the cost of operating the transport system. More information on transportation revenue, the organizing of Gassco and Gassled is found at [www.gassco.no/en](http://www.gassco.no/en). SDFI's ownershares in licenses, transportation systems and land-based activity are disclosed in the annual report of SDFI.

**2.9.2 Statoil**

Statoil ASA (Statoil) is a public limited liability company that is organized in accordance with Norwegian corporate laws. The State is the largest shareholder in Statoil with a direct ownership of 67 % of the shares. There has been no changes in the ownership in 2015. The company is listed on the Oslo Stock Exchange (OSE) and the New York Stock Exchange (NYSE). The annual report is available at Statoil's website: [www.statoil.com](http://www.statoil.com). An overview of

subsidiaries in the Statoil group and their country of incorporation can be found in the report "Payments to Governments" published by Statoil on [www.statoil.com/en/investorcentre](http://www.statoil.com/en/investorcentre). Statoil pay the same taxes as other companies with petroleum activity in Norway. As a majority owner of Statoil, the State receives dividends from Statoil.

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

**2.9.3 Distribution of petroleum revenues<sup>12)</sup>**

The State's revenues from the petroleum activities (petroleum tax, fees, dividend from Statoil and cash flows from SDFI) are transferred to the Government Pension Fund Global. At the end of 2015, the Fund's market value was NOK 7 475 billion (end of 2014: NOK 6 431 billion). Norges Bank Investment Management (NBIM) on behalf of The Ministry of Finance administrates the Fund. The expected returns from the fund are spent over the fiscal budget.

"The Fiscal Rule" is the designation of the guidelines on how to gradually phase the petroleum revenues into the Norwegian economy. The goal of the rule is to ensure that long-term interests are considered when spending the petroleum revenues. For further information, see <https://www.regjeringen.no/en/topics/the-economy/the-government-pension-fund/id1441/>

### 2.10 The State Accounts and the State budget

When the Parliament meets during the autumn session, the Minister of Finance presents the proposed budget for the coming year for approval by the Parliament. Please consult [www.regjeringen.no/en/topics/the-economy/the-national-budget/id1437/](http://www.regjeringen.no/en/topics/the-economy/the-national-budget/id1437/) for information about the budgeting process. The budget includes information about expected taxes and fees from the petroleum activity and expected cash flows from SDFI. Assumptions are provided, including assumptions about expected prices, production volumes, taxes and fees and net cash flows from SDFI. The budget is published at the Government's website. See [www.statsbudsjettet.no/Revidert-budsjett-2016/English/](http://www.statsbudsjettet.no/Revidert-budsjett-2016/English/) for the 2016 budget.

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

Following the budget year, the Ministry of Finance publish the State accounts.

The State accounts are found on the Government's website, [www.regjeringen.no/no/no/tema/okonomi-og-budsjett/statlig-okonomistyring/statsregnskapet/id438868/](http://www.regjeringen.no/no/no/tema/okonomi-og-budsjett/statlig-okonomistyring/statsregnskapet/id438868/).

### 2.11 Audit requirements in Norway

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

01. Operating revenues are less than NOK 5 million
02. The balance sheet total is less than NOK 20 million
03. The average number of employees does not exceed ten full-time equivalent years.

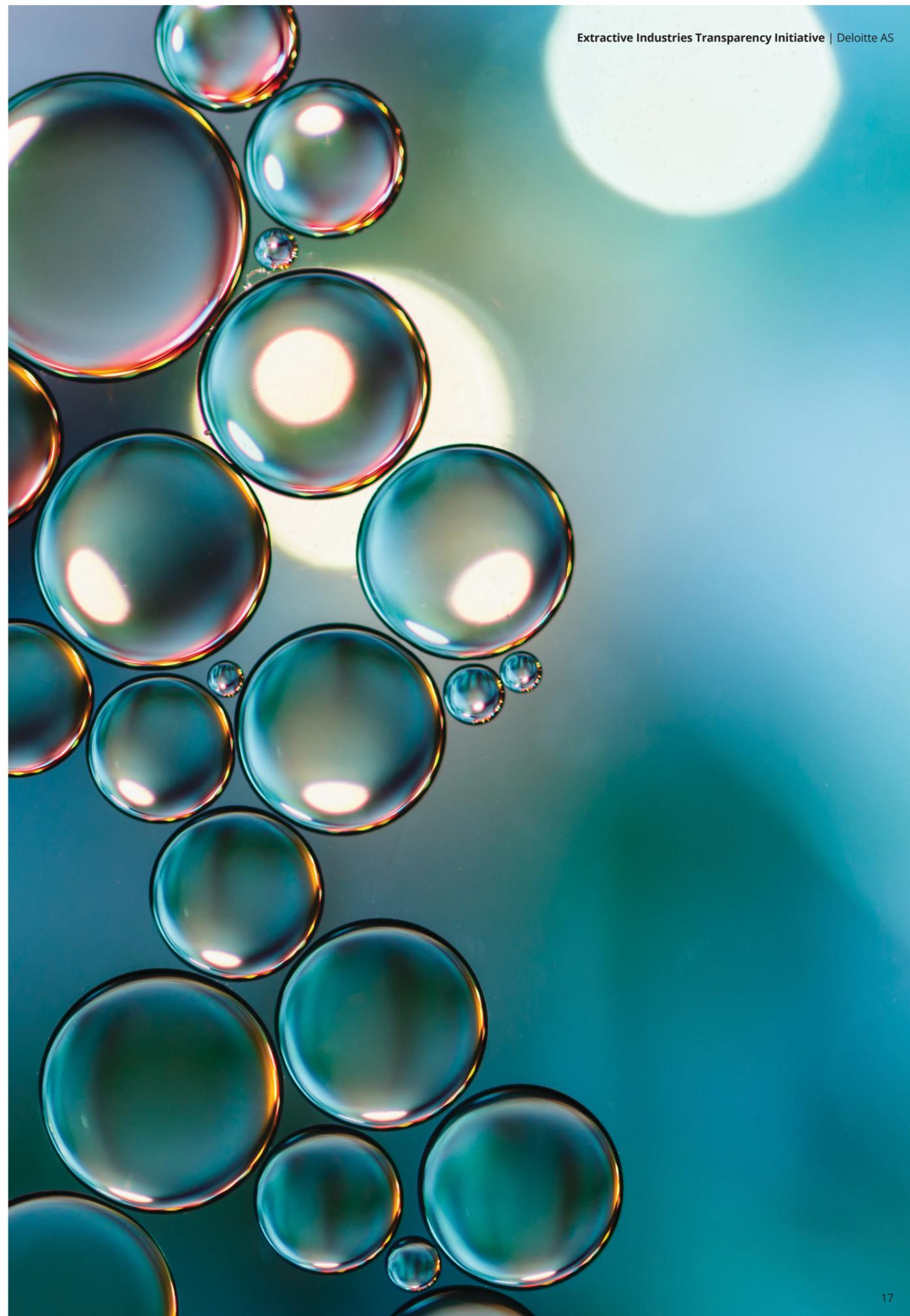
In addition, businesses operated through a branch of a foreign entity - called NUF (Norwegian registered business enterprise) are subject to audit if the NUF has revenues of NOK 5 million or more.

In 2015, all licensees that reported under EITI were subject to external financial audit. The accounts are audited based on

international auditing standards and the financial statements of the companies are published by a central public register (The Brønnøysund Register Centre: [www.brreg.no](http://www.brreg.no)). The documents shall be accessible to anyone either through the Company or through access to the central public register.

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

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



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

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

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

As the manager of the State's Direct Financial Interest (SDFI), Petoro AS

(Petoro) shall report all payments made in the previous calendar year to the state in relation to SDFI. Statoil ASA (Statoil) shall separately report all payments in the preceding calendar year to the state as a result of the company's sale of the government's petroleum. This comes of the marketing and sales instructions, determined at the general meeting in Statoil May 25th 2001, as amended.

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

The NEITI regulation also states that the reporting entities shall report all other payments made to the Government or

Government officials in the previous calendar year, resulting from petroleum activity. This is included in order to capture payments that are not necessarily required by law.

Figure 9 illustrates the reporting process.

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

- The licensees are not required to report administration fees paid to the Norwegian Petroleum Directorate for processing of applications regarding seismic surveys, exploration permits, and extraction permits. The fees amount to NOK 33 000, 65 000 and 109 000 respectively, and are paid in accordance with the regulation to the Petroleum Act §§ 5 and 9. Deloitte has been informed by MPE that the fees amounted to approximately MNOK 24,4 in 2015 (2014: MNOK 21).
- The same applies to the licensee's refund of expenses for supervision of security, work environment, and resource administration in the petroleum industry. Deloitte has been informed by MPE that the refunds in 2015 amounted to approximately MNOK 148 (2014: MNOK 152).

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

- Indirect fees such as VAT or import duties are not required to be reported. VAT is a general consumer tax and applies to a wide variety of goods and services. Similarly, the import duties are general in nature and apply to all industries.

- Since the NEITI relates to payments to the state only, municipal taxes, property taxes etc. have been exempted. Such fees and taxes are similar for all industries and no special rates apply for oil and gas companies.

- Also, the guidelines to NEITI state that environmental fees levied on products sold from petrol stations are not included. Such fees are levied on the consumption of petroleum and not on the extraction.
- Land based industry such as gas power plants (e.g. Kårstø), are levied CO<sub>2</sub> tax on gas in addition to the CO<sub>2</sub> tax paid in accordance with the Act of December 21st, 1990 no. 72 relating to CO<sub>2</sub> tax on the petroleum activity on the continental shelf. The EITI reporting in Norway only includes payments specific to the oil and gas industry, and thus this additional CO<sub>2</sub> tax is excluded.

- Furthermore, Statoil is not required to report payments of dividend to the state as a shareholder. Based on the state's account, the dividend amounted to MNOK 15 382 in 2015 (2014: MNOK 22 646). The state wholly or partially owns several companies in Norway and it was decided that the dividend from Statoil should not have different treatment from other dividends. Deloitte has reconciled the dividend from Statoil in Table 5.

- Sales of seismic from authorities to the entities are not considered to be covered by NEITI. MPE states that sales of seismic amounted to MNOK 0 in 2015 (2014: MNOK 61).

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

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

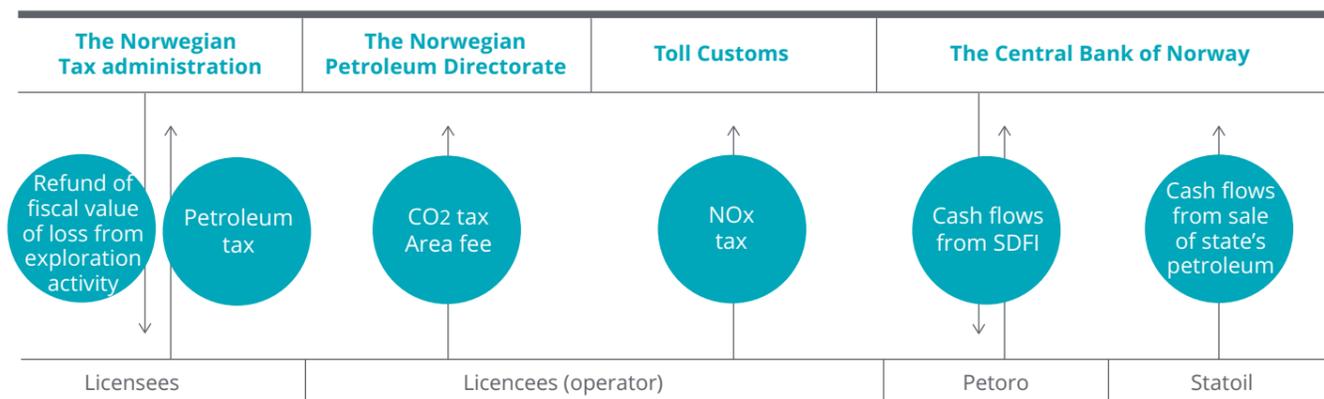


Figure 9: Reporting entities and specified revenue streams

# 4. Process

## 4.1 The overall process

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

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

Figure 10 illustrates the reconciliation process.

## 4.2 Data collection

On May 25th 2016, the Ministry of Petroleum and Energy issued instructions, requesting licensees and governmental agencies to report according to the NEITI regulation. The reporting templates were made electronically available via the MPE website. The entities were required to report directly to the administrator, Deloitte, and also direct any questions regarding the reporting templates to Deloitte.

According to the NEITI regulation, August 1st is the deadline for reporting each year. As of August 1st, 2016, 43 licensees and governmental agencies had reported their cash flows. Deloitte notified MPE of the entities that had not yet reported. The entities were contacted and reminded of the reporting requirement. The latest report was received on September 26th 2016 and the last discrepancy was clarified October 3rd.

We expected in total 64 licensees and 5 governmental agencies to report. All entities had reported by the time this report was completed. See Appendix 7 for a complete overview of reporting entities.

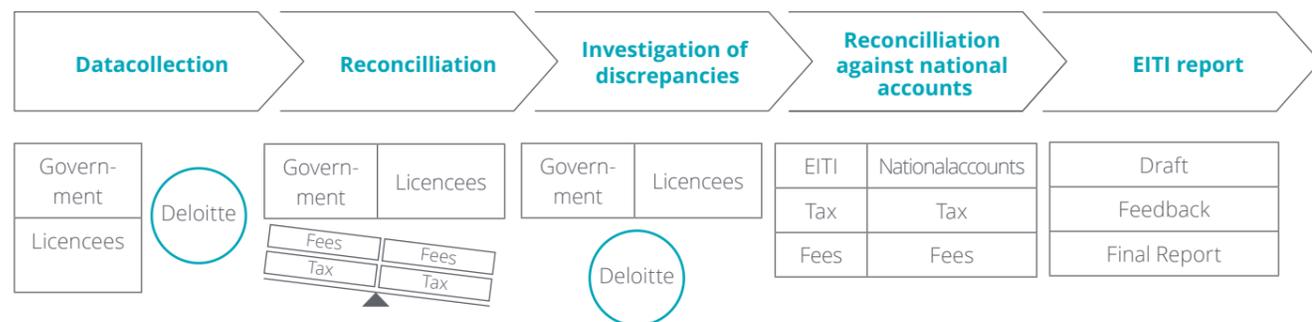


Figure 10: Process illustration

## 4.3 Reporting templates

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

The assignment of license permits on the Norwegian continental shelf is given to a group of companies, rather than to one single company. One of the companies is thereby appointed as operator of the license. Payments of CO<sub>2</sub> taxes, NO<sub>x</sub> taxes and area fees are made from the operator

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

For further details on reporting templates see Appendix 8.

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

Figure 11: Overview of contents and reporting templates

**4.4 Compilation of data and resolving discrepancies**

The process of compiling the reporting and resolving discrepancies has been performed by Deloitte in the period from August to October 2016.

Deloitte has performed the following procedures on the reported figures:

- Reported figures per licensee have been compiled item by item against reported figures from Government. Based on this compilation, discrepancies have been specified item by item for each licensee.
- If the reporting from governmental agencies agreed with the licensee's reporting, the government figures were considered to be confirmed by the licensee's reporting, and no further follow-up was necessary.
- In those cases where discrepancies appeared, licensees were contacted by phone or e-mail. Deloitte gave information on whether discrepancies were related to taxes or fees. Amounts reported from the other party were not disclosed.
- The licensees were asked to provide details of the amounts (dates and figures). In most cases this enabled us to explain discrepancies.
- To the extent that we did not succeed in finding the reason for the discrepancy through contact with the licensees, we contacted the governmental agency and asked for details of the cash flows.
- Furthermore, we prepared for information purposes a reconciliation of reported cash flows under EITI to cash flows from the petroleum industry as presented in the state accounts of 2015, made publicly available through Meld. St. nr 3 (2015-2016).
- We have compared the reporting based on EITI from Petoro and from the Central Bank of Norway to the published financial statements for 2015, see Appendix 6.
- In addition, we reconciled the dividend paid from Statoil against the State accounts for 2015, see Table 5.

This process does not confirm that there were no other payments made to the government other than those that were reported, as such amounts may have been omitted in the reporting from licensees or governmental agencies. The current regulations do not require us to perform detailed testing in order to uncover such omissions; and to uncover such omissions would be difficult even through detailed testing of all licensees.

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

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

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

Statoil undertakes the sale of the Norwegian State's petroleum, which is sold together with Statoil's own production. This is arranged under a marketing and sales instruction which is monitored by Petoro. Statoil's responsibilities are marketing, sales and delivery of the states petroleum to the buyer, including transportation, processing and storage. According to the instructions, the State is not required to provide any special payments for this service, apart from covering its proportionate costs related to the provisions.

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

Separate cash accounts are prepared by Petoro for SDFI, which are subject to audit by the Office of the Auditor General of Norway. These cash accounts include all of SDFI cash flows, including cash flow from Statoil for the Norwegian state's oil and gas production. Figure 12 illustrates the flow of transactions between Petoro/SDFI, Statoil and the Central Bank of Norway:

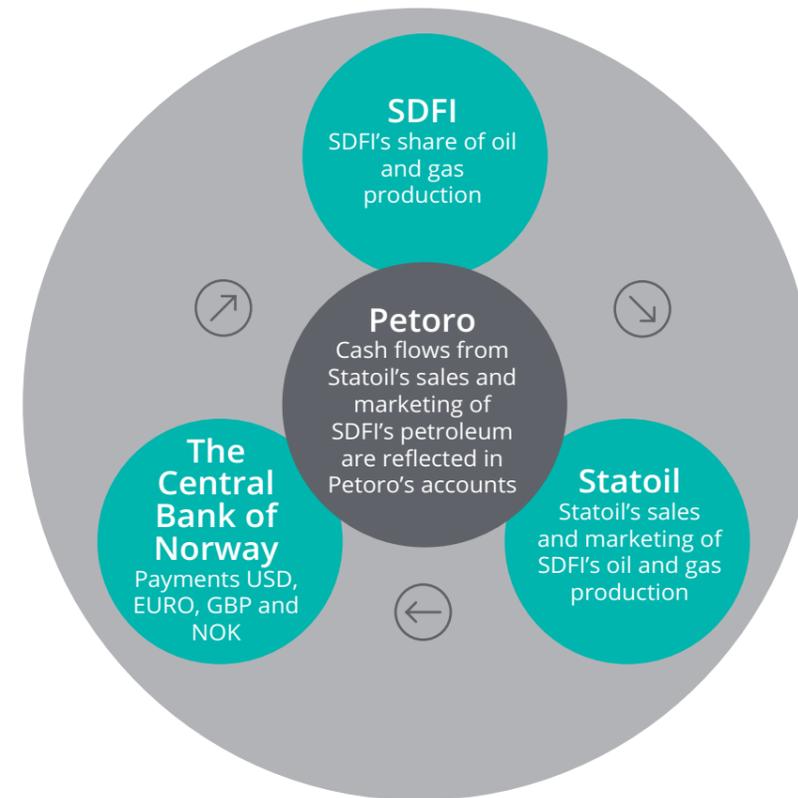


Figure 12: Illustration of cash flows between Petoro/SDFI, Statoil and the Central Bank of Norway

In the first year of EITI-reporting it was determined that the following process for reporting and reconciliation should be followed for the cash flows to the state from Petoro and Statoil: during the EITI implementation some uncertainties arose as to how to report cash flows from SDFI, and what to include in the reporting from the Central Bank of Norway and from Statoil relating to the sale of the state's petroleum. The following was decided:

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

activity reflected in the SDFI accounts, including Statoil's payments arising from marketing and selling the state's petroleum.

- The Central Bank of Norway reports the movements on the state's bank accounts for SDFI.
- The administrator reconciles the cash account movements reported from Petoro for SDFI against the movements reported from the Central Bank of Norway. The reconciliation is performed in Norwegian Kroner.
- In addition to this, the administrator prepares a separate sub-reconciliation of gross payments in foreign currencies and NOK from Statoil and Petoro to the Central Bank of Norway. These payments are generated from Statoil's marketing

and sale of the state's petroleum together with other payments from Petoro (mainly cash flows from tariff revenues, dividends and net profit interest).

- The State also conducts payments to Statoil in connection with the sales and marketing, mainly related to tariff costs and purchase of gas. Such payments are not included in the reconciliation between Statoil and the Central Bank of Norway, but are included in the reconciliation of the cash account between Petoro and Norges Bank.

The same procedures were applied for this year's reporting. The result of our procedures is presented in Section 5.

# 5. Reconciliation of reported payments

## 5.1 Reconciliation of totals

We received reporting from 64 licensees and five governmental bodies. Out of these, three of the licensees did not have any amounts to report, 64 licensees reported on petroleum tax, 11 reported on CO<sub>2</sub> tax, 13 reported on NO<sub>x</sub> tax, and 22 reported on area fee. Table 3 presents aggregated cash flows as reported. A company-by-company overview is presented in Appendix 1.

- The licensees initially reported payments of TNOK 207 368 297 to the Government. The payments reported by the licensees were TNOK 3 572 066 higher than the payments reported by the Government.
- Out of these discrepancies, TNOK 3 469 655 is explained discrepancies from licensees, while TNOK 1 491 is explained discrepancies from the Government.

- The column "Without reporting from counterparty" displays that TNOK 103 902 is reported without obtaining any report from the counterparty. Of this, TNOK 104 045 is related to a payment from the tax authorities to INPEX Norge AS, corresponding to the tax value of an exploration activity deficit. The entity is not considered a licensee and was not requested by OED to report for 2015. TNOK 1 152 is related to other payments from the tax authorities, and TNOK 1 295 are payments (payouts) to (from) the Norwegian Customs Authority to (from) entities which were not licensees, and hence not requested by OED to report in 2015.

There are no unsolved discrepancies.

Aggregated payments	Initial reporting TNOK	Resolved discrepancies TNOK		Without reporting from counterparty TNOK <sup>1)</sup>	Adjusted reporting TNOK
		Licensees	Government		
Licensees	207 368 297	-3 469 655	-	-	203 898 642
Government	203 796 227	-	-1 491	103 902	203 898 642
Discrepancy	3 572 066	-3 469 655	1 491	-103 902	-

Table 3: Aggregated cash flows from the petroleum industry

Figure 13 compiles the number of reporting entities and the number of entities with discrepancies. The initial reporting showed discrepancies in one or more cash flows in the reporting from 26 entities. In addition, one governmental body reported with discrepancies. For a detailed overview of discrepancies per company refer to appendices 2 to 5. The discrepancies will be more closely examined in Section 5.3.

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

Net cash flow from the petroleum industry is transferred to the Government Pension Fund Global (the Pension Fund). This fund is managed by the Central Bank of Norway on behalf of the Ministry of Finance. The purpose of the Government Pension Fund Global is to support government savings to finance future pension expenditure and underpin long-term considerations in the use of Norway's petroleum revenue. Figure 14 presents the relation between reported cash flows in accordance with NEITI and cash flows transferred to the Pension fund.

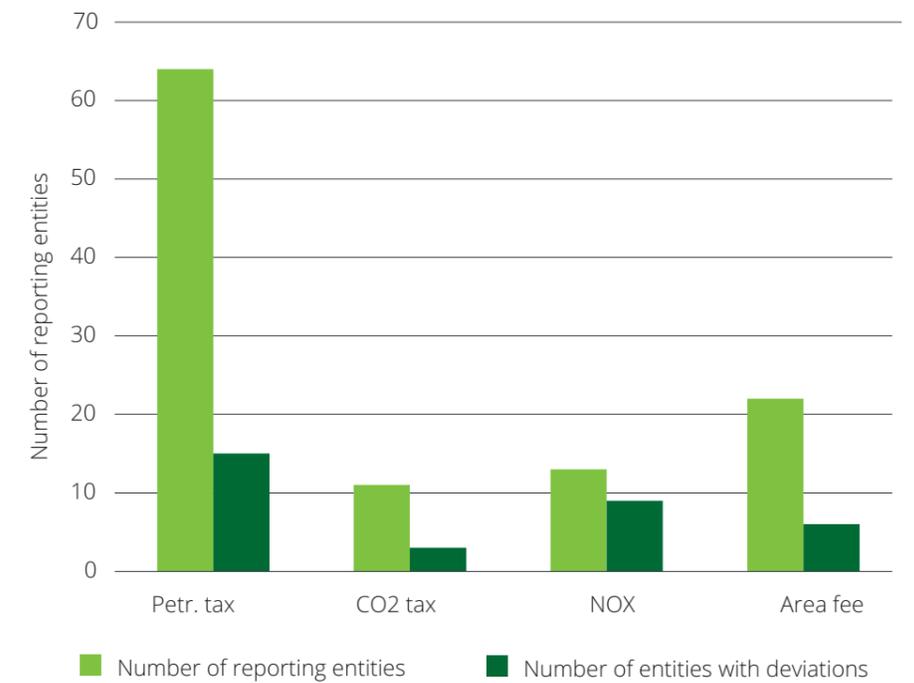


Figure 13: Compilation of number of reporting entities and number of entities with discrepancies

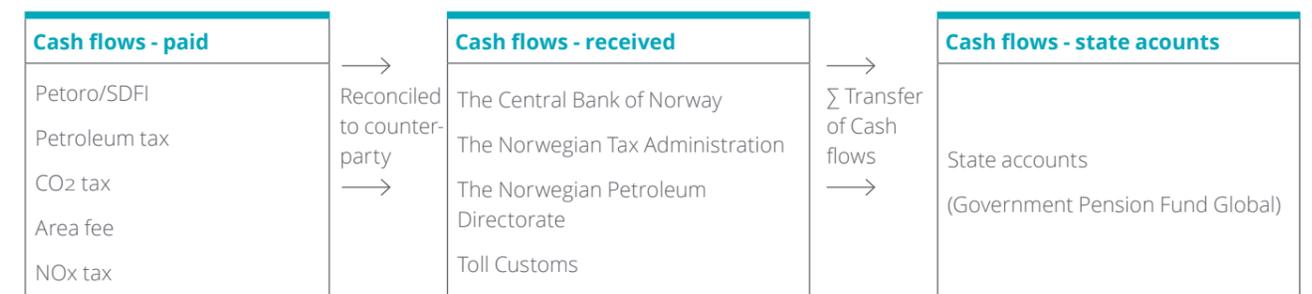


Figure 14: The relationship between reported cash flows in accordance with NEITI and cash flows transferred to the pension fund.

Reconciliation of the State's accounts 2015	MNOK
Net cash flows transferred to the Government Pension Fund Global according to state accounts table 3.3 <sup>1)</sup>	218 256
Reported EITI cash flows according to table 3 above	203 796
Discrepancy	14 460
Reported in the state accounts, but not part of NEITI regulation	
- Dividends from Statoil 2)	-15 382
Movements in balance between the State and Petoro, see table 11	922
Solved discrepancy	-14 460
Unsolved discrepancy	-

Table 4: Reconciliation between the EITI reporting and the state accounts  
Source: <https://www.regjeringen.no/no/dokumenter/meld.-st.-3-20152016/id2498577/>

<sup>1)</sup> See Table 5 for reconciliation between dividend payouts from Statoil and the State accounts.

Reconciliation of State accounts 2015	MNOK
Dividend received from Statoil according to the State accounts	15 382
Total dividend payouts from Statoil in 2015 <sup>1)</sup>	22 958
The Government ownership in Statoil	67 %
The Governments share of dividend from Statoil in 2014	15 382
Discrepancy	0

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

<sup>1)</sup> Dividend payouts from Statoil in 2015 relates to four payments: 27.02.15 (From Q3 2014 - DPS 1,8 NOK), 29.05.15 (From Q4 2014 - DPS 1,8 NOK), 27.08.2015 (From Q1 2015 - DPS 1,8 NOK) and 25.11.2015 (From Q2 2015 - DPS 1,8 NOK). From the first quarter of 2014, Statoil started paying quarterly dividends as opposed to annual dividends. Source: <http://www.statoil.com/no/investorcentre/share/dividendpolicy/pages/dividendamounts.aspx>

For informational purposes we have included a reconciliation of the total reported cash flows according to EITI against the cash flows to be transferred to the Pension Fund, as presented in "Meld St. nr 3 (2015-2016) Statsrekneskapen for 2015", published on April 29h 2016. The transfers to the Government Pension Fund Global appear in the state accounts of 2015 table 3.3 "Resultatrekneskap for Statens pensjonsfond utland".

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

Note that the figures in Table 4 and 5 are in million NOK (MNOK).

### 5.2.1 Dividend payout from Statoil ASA

The Government has a 67% ownership in Statoil. Every year, the state receives dividend payouts from Statoil based on its ownership. The dividend payouts are part of the net cash flow transferred to the Government Pension Fund Global, as seen in Table 4.

Table 5 reconciles the dividend payouts from Statoil with the dividends received according to the 2014 state accounts. The State has received a total dividend payout of MNOK 15 382 in 2015 (2014: MNOK 22 646). From the first quarter of 2014, Statoil started to pay quarterly dividends as opposed to annual dividends. Consequently, the provisions for dividend in the last two quarters of 2014 were paid out in 2015. Provisions for dividends in the last two quarters of 2015 will be paid out in 2016.

TNOK	Licensees	Government	Discrepancy	Resolved discrepancies TNOK		Without reporting from counterparty TNOK	Unsolved
				Licensee	Government		
Petroleum Tax	107 275 502	103 672 477	3 603 028	-3 497 828	-	-105 197	-
CO <sub>2</sub> tax	4 921 816	4 959 425	-37 609	37 609	-	-	-
NO <sub>x</sub> tax	3 944	-25 738	29 682	-32 470	1 491	1 295	-
Area fee	1 527 903	1 550 933	-23 030	23 030	-	-	-
Petoro/SDFI	93 639 129	93 639 129	-	-	-	-	-
Sum	207 368 297	203 796 227	3 572 066	-3 469 655	1 491	-103 902	-

Table 6: Aggregated cash flow per revenue stream

### 5.3 Cash flow per revenue stream

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

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

- TNOK 104 045 is related to a payment from the tax authorities to INPEX Norge AS, corresponding to the tax value of an exploration activity deficit. The entity was not considered a licensee in 2015 and not requested to report for 2015.
- TNOK 1 152 is related to the tax authorities' reported payouts (payments) to (from) entities that were not considered to be licensees (E&P Holding AS, INOV8 Energy AS, Prores E&P AS), and therefore not requested to report for 2015.
- The government bodies have reported seven payments of the NO<sub>x</sub> tax from entities that are not subject to the EITI regulations, totaling TNOK 1 295.

**5.3.1 Petroleum tax**

Norwegian petroleum taxation is based on ordinary corporate tax rules. Due to the extraordinary profitability associated with production of the Norwegian petroleum resources, a special tax is also levied on income from these activities. For the year of 2015, the petroleum tax system comprised of an ordinary tax of 27 % on the result that is within the scope and extent of the act, in addition to a special tax of 51 %. Companies may under certain circumstances make an application for a refund of the fiscal value of exploration costs in the companies' tax returns. Such refunds from the tax authorities take place in the following fiscal year and are included in the amounts stated in Table 7. The table includes tax payments on an aggregated level. Table 7 presents the original reporting from the licensees and government, resolved discrepancies and compilation after resolved discrepancies. For a company-by-company overview of the reported petroleum tax, see Appendix 2.

15 companies reported tax payments that deviated from the reporting from the Norwegian Tax Administration.

The discrepancies are explained by the following:

- Eight companies failed to correctly report interest payments.
- Two companies failed to report one or more transactions.
- Two companies reported transactions not subject to NEITI.
- One company has discrepancies related to typing errors.
- Two companies have discrepancies related to two of the causes listed above.

There are no unsolved discrepancies related to petroleum tax.

**5.3.2 CO2 tax**

CO2 tax was introduced in 1991 and is an instrument for reducing CO2 emissions from the petroleum sector. The CO2 tax is

levied at a rate per standard cubic meter (scm) of gas burned or directly released and per liter of petroleum burned. The rate for 2015 is NOK 1 per liter of petroleum or standard cubic meter of gas.

Table 8 presents reported figures for CO2 taxes on an aggregated level. A company-by-company overview is presented in Appendix 3. Discrepancies were noted for three out of 11 companies in the initial reporting of CO2 taxes.

The discrepancies are explained by the following:

- One company included special taxes not subject to NEITI (CO2 tax on the Kårstø and Kollsnes facilities).
- One company reported transactions not subject to NEITI.
- One company failed to report one or more transactions.

There are no unsolved discrepancies related to CO2 tax.

**5.3.3 NOx tax**

Pursuant to the Gothenburg Protocol of 1999, Norway has an obligation to reduce annual emissions of nitrogen oxides (NOx). In order to fulfill this obligation, the NOx tax was introduced from the 1st of January 2007. NOx tax for 2015 is NOK 19,19 per kg of NOx. The Parliament has decided that companies may be exempted from the NOx tax if they are subject to an environmental agreement with the State regarding clear measures designed to reduce emissions. Companies that join the arrangement also commit to contributing to the NHO NOx fund. The fund's primary mission is to fund specific NOx reducing measures. The tax exemption initially applied for the three years 2008, 2009 and 2010. In December 2010 a new agreement was made applicable until 2017.

The licensees are required to report payments of NOx taxes to the state. Payments from the licensees to the NOx

fund are not reported because the fund is not considered a governmental body. Similarly, the fund is not required to report. Presented in Table 9 is an aggregated summary of the reported NOx payments to the Toll Customs. A disaggregated overview of reported NOx taxes on a company-by-company level is presented in Appendix 4. Discrepancies were noted for nine out of 13 licensees and one discrepancy was noted for the Government.

The discrepancies are explained by the following:

- Seven companies reported transactions not subject to NEITI, of which three companies reported payments to the NOx-fund.
- Two companies failed to correctly report interest payments.
- The Government failed to report interest payments to one company.

- The Government included a total of TNOK 1 295 in payments to seven entities that are not licensees and thus not subject to the EITI regulations. See Appendix 4.

There are no unsolved discrepancies related to NOx tax.

Aggregated payments	Initial reporting TNOK	Resolved discrepancies TNOK		Without reporting from counterparty TNOK <sup>1)</sup>	Adjusted reporting TNOK
		Licensees	Government		
Licensees	107 275 502	-3 497 828	-	-105 197	103 672 477
Government	103 672 477	-	-	-	103 672 477
Discrepancy	3 603 028	-3 497 828	-	-105 197	-

Table 7: Aggregated reconciliation of petroleum tax

<sup>1)</sup> "Without reporting from counterparty" consists of tax refunds to INPEX Norge AS (TNOK 104 045), INOV8 Energy AS (TNOK 500) and Prores E&P AS (TNOK 829), as well as a payment from E&P Holding (TNOK 500). These entities were not considered to be licensees in 2015 and therefore not requested by OED to report.

Aggregated payments	Initial reporting TNOK	Resolved discrepancies TNOK		Without reporting from counterparty TNOK	Adjusted reporting TNOK
		Licensees	Government		
Licensees	3 944	-32 470	-	1 295	-27 229
Government	-25 738	-	-1 491	-	-27 229
Discrepancy	29 682	-32 470	1 491	1 295	-

Table 9: Aggregated reconciliation of NOx-tax.

Aggregated payments	Initial reporting TNOK	Resolved discrepancies TNOK		Without reporting from counterparty TNOK	Adjusted reporting TNOK
		Licensees	Government		
Operator	4 921 816	37 609	-	-	4 959 425
Government	4 959 425	-	-	-	4 959 425
Discrepancy	-37 609	37 609	-	-	-

Table 8: Aggregated reconciliation of CO2 tax.

**5.3.4 Area fee**

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

Aggregated amounts for the area fee are presented in Table 10 below. A company-by-company overview is presented in

Appendix 5. Discrepancies were identified for six out of 22 companies that reported area fees.

The discrepancies are explained by the following:

- Four companies failed to report one or more transactions.
- One company failed to correctly report interest payments.
- One company included transactions from 2014.

There are no unsolved discrepancies related to area fees.

**5.3.5 Other payments**

Three companies reported "Other payments". The payments are specified as refunds related to legal fees (TNOK 85), interest payments to the Norwegian Petroleum Directorate (TNOK 3) and application fees (TNOK 357). Reporting from the Government has not been requested since the numbers reported as other payments are specifically excluded from the NEITI reporting requirements, see Section 3. We would like to highlight the fact that such payments have been made, but we have not initiated control procedures related to compilation and discrepancy follow-up.

**5.3.6 Petoro and the Central Bank of Norway**

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

Aggregated payments	Initial reporting TNOK	Resolved discrepancies TNOK		Without reporting from counterparty TNOK	Adjusted reporting TNOK
		Licensees	Government		
Licensees	1 527 903	23 030	-	-	1 550 933
Government	1 550 933	-	-	-	1 550 933
Discrepancy	-23 030	23 030	-	-	-

Table 10: Aggregated reconciliation of area fees

Net cash flow	TNOK
Reported from Petoro, net payments to the Central Bank of Norway regarding SDFI	93 639 129
Reported from the Central Bank of Norway, net received cash inflows	
Movement deposit account foreign currency <sup>1)</sup>	157 017 836
Movement deposit account in NOK <sup>2)</sup>	16 791 036
Movement withdrawal account in NOK <sup>3)</sup>	-80 169 742
Net reported from the Central Bank of Norway	93 639 129
Discrepancy Central Bank of Norway and Petoro	-

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

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

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

<sup>3)</sup>Cash outflows are mainly field costs and investments related to SDFI and payments from the State to Statoil for transportation, purchase of gas, etc., related to the sales and marketing of the State's petroleum. A separate reconciliation of these amounts has not been performed, other than making sure that total movements on the accounts in the Central Bank of Norway, TNOK 93 639 129, reconcile to the sum of reported cash flows by Petoro.

Net cash flow from SDFI is included in the transfer to the Government Pension Fund Global. Deloitte has, for information purposes, included a reconciliation of net cash flows according to EITI against net cash flows from SDFI, as presented in "Meld. St. nr. 3 (2015-2016), Statsrekneskapen for 2015" in table 12 below. The transfers to the Pension Fund appear in the State accounts of 2015 table 2.2 "Resultatrekneskap for Statens pensjonsfond utland".

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

Note that the figures in Table 12 are in millions of NOK (MNOK).

Table and item in the State's accounts			MNOK
		State's Direct Financial Interest	
Table 3.3	Item 24	Operating result	93 855
Table 3.3	Item 30	Depreciation	23 726
Table 3.3	Item 80	Depreciation on State's capital	4 115
Table 3.3	Item 85	Interest on current accounts	-23
Table 3.3	Item 30	Capital investments	-28 955
	Sum	Postings in the State's accounts	92 718
Table 5.7		Movement on current account between the State and Petoro	922
		Sum = net received regarding SDFI	93 639
		Net received regarding SDFI according to NEITI, ref table 11	93 639
		Discrepancy	-

Table 12: Reconciliation of EITI reporting to the State's financial statements 2015

Source: [https://www.regjeringen.no/no/dokumenter/meld.-st.-3-20152016/id2498577/?q=Meld.%20St.%203%20\(2015%E2%80%932016\)](https://www.regjeringen.no/no/dokumenter/meld.-st.-3-20152016/id2498577/?q=Meld.%20St.%203%20(2015%E2%80%932016))

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

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

### 5.3.8 Payments in foreign currency

Payments from Statoil in foreign currency relating to sale of the State's petroleum are made to a foreign exchange account in the Central Bank of Norway. A separate sub-reconciliation of payments in foreign currency from Statoil against payments in foreign currency as reported by the Central Bank of Norway is presented in Table 13:

	TUSD	TEUR	TGBP	Sum TNOK cf. table 11 <sup>1)</sup>
Reported from Statoil	8 987 520	6 755 611	2 035 707	
Reported from the Central Bank of Norway	8 985 603	6 755 611	2 035 707	157 017 836
Discrepancy foreign currency	1 916	-	-	
Transactions by Statoil via the operating account at Petoro, and not directly to the Central Bank. Hence deducted from the reporting from Statoil when reconciling the Central Bank's deposit account, cf. table 14.	-1 912	-	-	
Interest on overdue payments claimed from Statoil. Not reported by the Central Bank <sup>1)</sup>	-4	-	-	
Resolved discrepancy	-1 916	-	-	
Unsolved discrepancy	-	-	-	
Translated to NOK	72 097 410	59 950 674	24 969 753	157 017 836
Average NOK exchange rate <sup>2)</sup>	8,0	8,9	12,3	

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

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

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

Cash inflows NOK	TNOK
Statoil NOK payments from sale of State's petroleum	1 801 356
Petoro NOK payments other than from sale of State's petroleum	14 974 331
Sum	16 775 686
Central Bank of Norway (ref. table 11)	16 791 036
Discrepancy	-15 350
Discrepancy is due to:	
Payments in currency to NOK account, TUSD 1912 ref. table 13	15 350
Unsolved discrepancy	-

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

Net share of profit	Reporting TNOK
Petoro	339 979
Licencees:	
Dana Petroleum Norway AS	-49 432
ExxonMobil E&P Norway AS	354 472
Sum licencees	305 040
Discrepancies	34 939
Discrepancies du to	
Petoro <sup>1)</sup>	34 939
Unsolved discrepancy	-

Table 15: Reconciliation of cash flows regarding Net Profit Interest

<sup>1)</sup>Initially, Petoro did not report Net Profit Interest payments to Dana Petroleum for Q4 2014, Q1 2015 and Q2 2015.

### 5.3.9 Payments in NOK

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

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

### 5.3.10 Licences with Net Profit Interest

The cash flows reported by Petoro of TNOK 14 974 331 (ref. table 14) include cash flows from licences in which SDFI has no direct ownership but is entitled to receive a share of the profit. The share of profit is paid to Petoro by the licensees. The licensees that have made such payments have specified this in the reporting template. We have performed a separate sub-reconciliation of the Net Profit Interest cash flows in Table 15.

### 5.4 Completeness and accuracy of the data

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

The following was noted: In 2015 the Government reported tax payments from one entity that no longer is a licensee, and therefore the company was not requested to report its cash flows. Furthermore, three companies (INOV8 Energy AS, Inpex Norge AS and Prores E&P AS) that received tax refunds were not considered to be licensees in 2015 and were therefore not requested to report by OED. The amounts are classified as "without reporting from counterparty" in agreement with the stakeholder group and the Ministry of Petroleum and Energy. Other discrepancies against the Petroleum Register were examined and explained by either licensees changing their name or discontinuance of the licensee's business on the Norwegian continental shelf.

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

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

- A confirmation from the reporting companies in the reporting templates should be obtained, cf. wording: "We confirm that the information provided reflects the actual payments subject to reporting pursuant to NEITI". All companies subject to reporting confirmed this in their reporting templates.
- The CFO or the head of the department, or those with delegated authority to sign the reporting templates, shall sign the reporting templates. However, some entities do not operate with the title "CFO". Deloitte does not have the basis to verify whether a representative at the correct level of the organization signs the templates. Nonetheless, we have ensured that all templates were signed.
- The companies shall submit the audit report for the fiscal year to make it possible to examine if the audit report contains reservations or specifications with relevance to the EITI reporting. In 2015 none of the audit reports had reservations or/and specifications that indicated any relevance to the reliability of the EITI reporting.
- In addition, Deloitte carried out reconciliations against other sources (the state accounts and Petoro's annual report) to identify misstatements. There were no unsolved discrepancies relating to these reconciliations.

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

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

The EITI reporting was completed in the autumn of 2016 and includes payments made in 2015. The first reporting was completed in 2009 (the implementation year) for payments made in 2008. Hence, this is the eight year that licensees and governmental bodies in Norway report payments from the petroleum activities based on the EITI principles and the reporting is therefore starting to be incorporated for most of the companies by now.

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

### 6.1 Completeness and accuracy

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

#### Recommendation (new)

The Ministry of Petroleum and Energy

should include the guidelines in the letter to the licensees. The reporting template should be enhanced to include a column relating to interest.

#### Recommendation (new)

The English guidelines should be subject to yearly updates.

### 6.2 Reporting deadlines

The reporting deadline for licensees and authorities was set to August 1st as the regulation indicates. 65 % of the entities reported within the original deadline. This is a decrease compared to the previous year, where approximately 74 % made submissions within the deadline.

The letter from the Ministry of Petroleum and Energy to the licensees and Governmental bodies subject to EITI reporting in 2014 was sent on June 29th 2015. Several licensees stated the late reminder as the reason for delayed reporting that year. The letter for the 2015 EITI reporting was sent May 25th, approximately one month earlier than the 2014 letter. Licensees reporting after the deadline submitted restructurings, downsizing, holiday leave, and period ending as reasons for failing to comply with the deadline. Failure to comply with the deadline indicates that the licensees have not incorporated the EITI reporting as a permanent reporting duty.

Licensees that did not manage to report within the deadline were sent reminders. Some companies were sent reminders multiple times. Follow-up processing of entities that do not report within the deadline or report with discrepancies result in additional work and cause delays with the reconciliation process.

We received the reporting from all entities before the completion of this report. The latest report was received on the September 26th 2016 and the last discrepancy was clarified October 3rd.

#### Recommendation (reoccurring)

The importance of timely reporting should be emphasized in the reminder sent from the Ministry of Petroleum and Energy to the reporting entities in order to ensure timely reporting.

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

Statoil has initially reported both inflows and outflows, but only payments from Statoil can be reconciled directly to the Central Bank of Norway. These cash flows have been reconciled by matching payments against deposits. Payments from the State to Statoil are transferred through operating accounts in external banks and not directly from the Central Bank and therefore cannot be reconciled directly.

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

#### Recommendation (reoccurring)

The reporting guidelines and the reporting template should clarify that Statoil is obliged to report cash inflows only.

### 6.4 NOx tax

Reported NOx tax displayed discrepancies for nine out of 13 companies. Certain companies reported payments to the

NOx fund although payments to the NOx fund are highlighted in the instructions as excluded from the regulations. Additionally, payments of NOx tax and reimbursement of NOx tax were omitted by several companies.

#### Recommendation (reoccurring)

The licensees should be urged to examine the reporting guidelines. The reporting template could also be enhanced to make reference to the reporting guidelines.

### 6.5 Other payments

NEITI § 3 states that "all reporting entities... should also report all other payments made to the government or government officials". This item is included in order to capture payments that are not necessarily required by law. There were some uncertainties concerning what to include as "Other payments" in the implementation year, and some companies reported amounts that were specifically exempted from the regulation. Additional guidelines were provided for the reporting, leading to fewer questions from the companies on this item in this year's reporting. Only three companies reported taxes and fees not subject to NEITI.

### 6.6 Signatures

Last year, Deloitte recommended that the Ministry of Petroleum and Energy should clarify whether or not the templates can be signed by others on behalf of the CFO or the head of department. In this year's letter from the Ministry of Petroleum and Energy to the reporting entities, the MPE has emphasized that the templates shall be signed by the CFO or the head of department, or those with delegated authority to sign the templates.

If signatures were missing, we requested signatures. 15 templates were signed on behalf of the CFO. Deloitte does not have the basis to verify whether a representative on the correct level of the organization signs the templates. Also, some licensees do not use the term "CFO". In some cases, title and name in block letters was omitted, making it difficult to decipher the representative that had signed the templates.

#### Recommendation (new)

It should be specified that the representative signing the template (name) and the representative's function (title) should appear clearly on the template.

### 6.7 Audit report

The licensees are requested to attach the audit report together with the reporting of cash flows. Some of the licensees neglected to do so, even though this was emphasized in the letter from the Ministry of Petroleum and Energy this year as in last year.

We have received or obtained audit reports from all licensees. Two audit reports included emphasis of matter paragraphs regarding the entities ability to continue as going concerns. In addition, two audit reports included other matter paragraphs as both entities' financial statements were completed after the deadline set by the Norwegian Accounting Act. One audit report included both emphasis regarding the entities ability to continue as a going concern and other matters paragraph regarding delayed reporting.

#### Recommendation (reoccurring)

The licensees should be urged to examine the reporting guidelines in order to ensure the completeness in their reporting. The reporting template could also refer to the reporting guidelines to further clarify what to include in the reporting.

### 6.8 Appendices to the reporting

In the reporting guidelines the companies are encouraged to attach detailed specifications on each reporting item specifying amounts and payment dates, in order to simplify the reconciliation process. Detailed specifications increase the efficiency of the reconciliation process, reduces the need for follow-up with companies and can help to improve the quality of the reported data. Several licensees had attached such specifications, but the level of detail varies. This year we also received detailed specifications from all governmental bodies, which really facilitated the reconciliation.

**Recommendation (reoccurring)**

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

**6.9 Discrepancies**

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

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

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

Fewer entities reported with discrepancies

for 2015 than earlier. The total number of discrepancies is also reduced. Although the trend is positive, our impression is that the discrepancies principally are the result of reporting errors and the lack of examination of the guidelines. Yet again, we encourage the reporting entities to do a thorough quality assurance of the accuracy and completeness in their reporting.

**6.10 New EITI-standard.**

The EITI standard was updated in February 2016 (see <https://eiti.org/document/standard>). The most substantial change is related to requirements for those that bid for, operate or invest in exploration projects. These entities are now required to report their beneficial owner. The new requirement about beneficial owner should be implemented within the 1st of January 2020, to provide the countries time to prepare for the new requirements. The previous update in 2013 introduced requirements to include contextual information about the extractive activity in the EITI report; such as the extractive industry's contribution to the economy and the employment and organization and regulations of the industry. Most of this information is made available through the websites of the Ministry of Petroleum

and Energy and the Norwegian Petroleum Directorate. The information is included in chapter 2 in the report with reference to source information. A significant amount of work has been put into the website [www.norskpetroleum.no](http://www.norskpetroleum.no). This website includes the results from the EITI reconciliation process.

TNOK	Total cash flows after explanation of discrepancies	Net discrepancy	Number of entities reporting with discrepancies	Number of discrepancies
2008	400 489 701	-1 659 700	39	67
2009	265 957 196	243 693	26	38
2010	262 762 939	1 185 022	37	67
2011	337 750 238	-10 939	33	56
2012	379 636 506	-871 759	31	61
2013	331 287 666	442	30	45
2014	287 222 368	21 137	30	51
2015	203 898 642	3 469 655	26	33

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

# 7. Summary

Aggregated payments	Initial reporting TNOK	Resolved discrepancies TNOK		Without reporting from counterparty TNOK	Adjusted reporting TNOK
		Licensees	Government		
Licensees	207 368 297	-3 469 655	-	-	203 898 642
Government	203 796 227	-	-1 491	103 902	203 898 642
Discrepancy	3 572 066	-3 469 655	1 491	-103 902	-

Table 17: Aggregated compilation

## Executive summary

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

35 % of the entities reported after the deadline, which according to the regulation has been set to the 1st of August. This compares to 26 % the previous year. Of the five governmental bodies, none reported after the deadline.

Cash flows from petroleum tax and Petoro/SDFI accounted for approximately 97 % of the total reported cash flows.

A number of discrepancies were identified in the reconciliation. One or more discrepancies were found in 39 % of the entities, compared to 46 % in the previous year.

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

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

Table 17 presents a discrepancy of TNOK 3 572 066 between the licensees and the Government's initial reporting. Discrepancies of TNOK 3 468 164 have been explained through the reconciliation. TNOK 103 902 is related to amounts reported by the Government of the licensees, without reporting from the counterparty (one-sided data related to entities not subject to EITI reporting).

After clarification of discrepancies and adjustments for figures reported by only one of the parties, the total cash

flows reported from the licensees and operators are TNOK 203 898 642, which is in accordance with the reporting from the Governmental bodies.

# Glossary and abbreviations

Administrator	Independent company hired to perform the reconciliation of reported payments and revenues from the licensees and the government
Bn.	Billion
Aggregation	Payments are combined so that the figures are showing totals per revenue stream
CO <sub>2</sub>	Carbon dioxide
Counterparty	In the report the Government is the counterparty to the licensee and the licensee are the counterparty to the Government
Disaggregation	Payments are detailed per revenue stream and/ or per licensee
Discrepancy	Difference between amounts reported by the licensee and authority
DKK	Danish kroner
DPS	Dividend per share
EITI	Extractive Industries Transparency Initiative
EUR	Euro
GBP	Pound sterling
Government	Used in this report as a collective term comprising the Norwegian Tax Administration, the Norwegian Petroleum Directorate, the Toll Customs and the Central Bank of Norway
Licensee	Company that has been awarded a license interest in a license permit on the Norwegian Continental Shelf
License permits	Permits awarded by MPE to perform exploration drilling and production on the Norwegian Continental Shelf
MPE	Ministry of Petroleum and Energy
MNOK	Million Norwegian Kroner
NEITI	The regulation in Norway for reporting and reconciliation of cash flows from the petroleum industry ("Regulation regarding reporting and reconciliation of cash flow from the petroleum industry", FOR 2009-26-06-856)
Net Profit Interest	Cash flows from licenses in which SDFI has no direct owner share but is entitled to receive a share of the profit. The share of profit is paid to Petoro by the licensees.
NOK	Norwegian kroner
NO <sub>x</sub>	Nitrogen dioxide
OECD	Organization for Economic Co-operation and Development
Oil equivalent	Standardization unit for calorific value of a quantity of a given petroleum type
Operator	Company (licensee) appointed by MPE to operate the activity in accordance with the license permit
Pension Fund	Government Pension Fund Global
Petoro AS	Company 100% owned by the Norwegian state. Petoro AS is responsible for the management of the SDFI portfolio (the state's ownerships in license permits on the Norwegian Continental Shelf) on behalf of the state.
Petroleum	Collective term meaning oil, gas, ngl and condensate

Provisions instructions	Through the provisions instructions, adopted by Statoil at the general meeting on 25th of May 2001, Statoil ASA sets aside the states petroleum that is produced from the state's direct financial interest (SDFI)
Reconciliation	The process of comparing reported data from licensees and the Government, and explain any discrepancies.
SDFI	State's Direct Financial Interest
SM <sup>3</sup>	Standard cubic meter
Statoil ASA	Company owned 67 % by the Norwegian state
Meld St.	White paper
Tariff revenue	Revenue from transportation of gas from NCS
TDKK	Thousand Danish kroner
TEUR	Thousand Euro
TGBP	Thousand pound sterling
TNOK	Thousand Norwegian Kroner
TUSD	Thousand US Dollar
USD	US dollar
Without counterparty	Amount reported by either the Government or licensees, but not by both parties

## End notes

- Page 9**
- See <http://www.statsbudsjettet.no/Revidert-budsjett-2016/English/>
  - Source: Statistics Norway. <https://www.ssb.no/en/nasjonalregnskap-og-konjunkturer/artikler-og-publikasjoner/ringvirkninger-av-petroleumsnaeringen-i-norsk-okonomi--265989>
- Page 10**
- Source: <http://www.norskpetsroleum.no/en/facts/production/>
  - Source: <https://www.ssb.no/utenriksokonomi/statistikker/muh/aar-enderlige>
  - Brent Blend is the reference price for North Sea oil. Currency exchange rate (USDNOK) is the 2015-average – 8,0739 – reported by the Central Bank of Norway: [http://www.norskpetsroleum.no/sok?cse\\_q=oljepris&cse\\_lang=no](http://www.norskpetsroleum.no/sok?cse_q=oljepris&cse_lang=no)  
Brent blend price: <http://www.norskpetsroleum.no/en/facts/historical-oil-and-gasproduction-on-the-ncs/>
- Page 11**
- Source: <http://www.norskpetsroleum.no/en/framework/>
- Page 14**
- Example: [www.npd.no/en/Topics/Production-licences/Theme-articles/Licensing-rounds/APA-2015/APA-2015---announcement/](http://www.npd.no/en/Topics/Production-licences/Theme-articles/Licensing-rounds/APA-2015/APA-2015---announcement/)
  - If you barter goods, you exchange them for other goods, rather than selling them for money. A barter agreement regulates this type of exchanging goods.
  - See <http://www.npd.no/en/Topics/Production-licences/Theme-articles/Pre-qualification/Documentation-and-cost-associated-with-the-pre-qualification-process/>
- Page 15**
- Source: [www.regjeringen.no/en/topics/energy/oil-and-gas/petroleum-price-board-and-the-norm-price/id661459/](http://www.regjeringen.no/en/topics/energy/oil-and-gas/petroleum-price-board-and-the-norm-price/id661459/)
  - Source: <https://www.petoro.no/petoro-annual-report/2015-/front-page>
  - Source: <https://www.petoro.no/petoro-annual-report/2015-/front-page>

# Appendices

## Appendix 1:

### Total reported payments per company

Licensee/operator	Sum Licensee/operator	Sum Government <sup>1)</sup>	Discrepancy		Resolved	Unsolved
			Licensees/operator	Government		
A/S Norske Shell	9 342 201	9 321 357	22 336	-1 491	20 845	-
Atlantic Petroleum Norge AS	-178 723	-178 723	-	-	-	-
Bayerngas Norge AS	-346 908	-346 908	-	-	-	-
Bayerngas Produksjon Norge AS	1 703	1 703	-	-	-	-
BG Norge Ltd	-182 131	-171 652	-10 478	-	-10 478	-
BP Norge AS	345 364	345 500	-136	-	-136	-
CapeOmega AS	-	-	-	-	-	-
Capricorn Norge AS	-456 517	-456 517	-	-	-	-
Centrica Resources (Norge) AS	1 743 508	1 743 508	-	-	-	-
Chevron Norge AS	-87 791	-87 791	-	-	-	-
Concedo ASA	-218 133	-218 133	-	-	-	-
ConocoPhillips Skandinavia AS	3 968 898	3 958 514	10 384	-	10 384	-
Core Energy AS	-104 379	-104 379	-	-	-	-
Dana Petroleum Norway AS	-173 130	-175 205	2 075	-	2 075	-
DEA E&P Norge AS (tidl. E.ON E&P Norge AS)	146 430	146 444	-14	-	-14	-
DEA Norge AS	712 042	724 777	-12 735	-	-12 735	-
Det Norske Exploration AS	-559 541	-563 332	3 791	-	3 791	-
Det Norske OIL AS (tidl. Premier Oil Norge AS)	-34 837	-34 606	-231	-	-231	-
Det Norske Oljeselskap ASA	2 483 195	2 483 195	-	-	-	-
DONG E&P Norge AS	5 645 710	5 637 711	7 999	-	7 999	-
Edison Norge AS	-373 096	-373 096	-	-	-	-
ENGIE E&P Norge AS	4 334 426	4 334 426	-	-	-	-
Eni Norge AS	447 265	447 266	-1	-	-1	-
Enquest Norge AS	-25 446	-25 446	-	-	-	-
ExxonMobil Exploration and Production Norway AS	17 528 981	17 528 981	-	-	-	-
Faroe Petroleum Norge AS	-532 474	-532 474	-	-	-	-
Fortis Petroleum Norway AS	-387 133	-387 133	-	-	-	-
Hess Norge AS	-35 340	-35 349	9	-	9	-
Idemitsu Petroleum Norge AS	426 519	426 520	-1	-	-1	-
Infragas Norge AS	510 981	510 981	-	-	-	-

Licensee/operator	Sum Licensee/operator	Sum Government <sup>1)</sup>	Discrepancy		Resolved	Unsolved
			Licensees/operator	Government		
KUFPEC Norway AS	-68 125	-68 125	-	-	-	-
Lime Petroleum Norway AS	-118 592	-118 592	-	-	-	-
LOTOS Exploration and Production Norge AS	-100 829	-100 829	-	-	-	-
LUKOIL Overseas North Shelf AS	-78 577	-78 577	-	-	-	-
Lundin Norway AS	-2 565 904	-2 565 905	-	-	-	-
Maersk Oil Norway AS	-507 019	-496 783	-10 236	-	-10 236	-
Moeco Oil & Gas Norge AS	-148 517	-148 517	-	-	-	-
MOL Norge AS	-229 803	-229 803	-	-	-	-
Njord Gas Infrastructure AS	660 202	660 202	-	-	-	-
Noreco Norway AS	-323 131	-323 130	-	-	-	-
Norpipe Oil AS	86 262	86 217	45	-	45	-
Norsea Gas AS	227 939	227 896	43	-	43	-
North E&P AS (Tidl. Explora Petroleum AS)	-480 384	-480 374	-10	-	-10	-
North Energy ASA	-378 102	-378 102	-	-	-	-
OMV (Norge) AS	9 356	9 356	-	-	-	-
Origo Exploration Norway AS	-5 474	-5 474	-	-	-	-
Petoro	93 639 129	93 639 129	-	-	-	-
Petrolia Norway AS	-71 658	-71 658	-	-	-	-
PGNiG Upstream International AS	-	-	-	-	-	-
Production Energy Company (tidl. Skeie Energy AS)	-5 797	-5 866	69	-	69	-
Pure E&P Norway AS (tidl. Rocksource Exploration Norway AS)	-349 895	-349 895	-	-	-	-
Repsol Norge AS (inkl. Talisman Energy Norge AS)	-227 474	-3 656 418	3 428 944	-	3 428 944	-
RN Nordic Oil AS	-120 911	-122 361	1 450	-	1 450	-
Silex Gas Norway AS	662 659	662 659	-	-	-	-
Skagen 44 AS	-61 782	-62 523	741	-	741	-
Solveig Gas Norway AS	2 283 491	2 291 252	-7 761	-	-7 761	-
Spike Exploration AS	-1 068 054	-1 068 054	-	-	-	-
Statoil Petroleum AS	66 432 574	66 401 664	30 909	-	30 909	-
Suncor Energy Norge AS	-403 014	-402 700	-314	-	-314	-
Total E&P Norge AS	6 776 734	6 774 945	1 789	-	1 789	-
Tullow Oil (Bream) Norge AS	-1 987	-1 987	-	-	-	-
Tullow Oil Norge AS	-1 165 469	-1 165 468	-	-	-	-

Licensee/operator	Sum Licensee/operator	Sum Government <sup>1)</sup>	Discrepancy		Resolved	Unsolved
			Licensees/operator	Government		
VNG Norge AS	-585 450	-586 280	830	-	830	-
Wellesley Petroleum AS	-	-	-	-	-	-
Wintershall Norge AS	1 714 254	1 714 095	159	-	159	-
Sum other payments	-	-	-	-	-	-
Other companies (non licensees)	-	-103 902	-	103 902	103 902	-
Sum <sup>1)</sup>	207 368 297	203 796 227	3 469 655	102 411	3 572 066	-

<sup>1)</sup>Reporting from the companies has been adjusted for Net Profit Interest to Petoro to avoid double accounting of these amounts, as these amounts also are included in the reporting from Petoro.

Appendix 2:

# Reported petroleum tax per company

TNOK	Sum licensee <sup>1)</sup>	Sum government	Discrepancy		Without counter-party reporting TNOK	Resolved	Unsolved	Comments
			Licensee	Government				
A/S Norske Shell	9 199 302	9 199 302	-	-	-	-	-	
Atlantic Petroleum Norge AS	-178 723	-178 723	-	-	-	-	-	
Bayerngas Norge AS	-346 908	-346 908	-	-	-	-	-	
Bayerngas Produksjon Norge AS	1 703	1 703	-	-	-	-	-	
BG Norge Ltd	-216 977	-216 977	-	-	-	-	-	
BP Norge AS	52 961	52 961	-	-	-	-	-	
CapeOmega AS	-	-	-	-	-	-	-	
Capricorn Norge AS	-456 517	-456 517	-	-	-	-	-	
Centrica Resources (Norge) AS	1 671 446	1 671 446	-	-	-	-	-	
Chevron Norge AS	-87 791	-87 791	-	-	-	-	-	
Concedo ASA	-218 133	-218 133	-	-	-	-	-	
ConocoPhillips Skandinavia AS	3 476 557	3 476 557	-	-	-	-	-	
Core Energy AS	-104 379	-104 379	-	-	-	-	-	
Dana Petroleum Norway AS	-173 130	-175 205	2 075	-	-	2 075	-	The company omitted interest payments.
DEA E&P Norge AS (tidl. E.ON E&P Norge AS)	146 444	146 444	-	-	-	-	-	
DEA Norge AS	676 659	675 195	1 464	-	-	1 464	-	Cut-off error
Det Norske Exploration AS	-559 541	-563 332	3 791	-	-	3 791	-	The company omitted interest payments
Det norske OIL AS (tidl. Premier Oil Norge AS)	-61 826	-61 595	-231	-	-	-231	-	The company omitted interest payments
Det Norske Oljeselskap ASA	2 384 263	2 384 263	-	-	-	-	-	

TNOK	Sum licensee <sup>1)</sup>	Sum government	Discrepancy		Without counter-party reporting TNOK	Resolved	Unsolved	Comments
			Licensee	Government				
DONG E&P Norge AS	5 641 122	5 633 123	7 999	-	-	7 999	-	The initial reporting omitted interest payments and also included payments outside the scope of the EITI reporting (regarding onshore activities)
Edison Norge AS	-373 096	-373 096	-	-	-	-	-	
ENGIE E&P Norge AS	4 277 850	4 277 850	-	-	-	-	-	
Eni Norge AS	370 611	370 611	-	-	-	-	-	
Enquest Norge AS	-25 446	-25 446	-	-	-	-	-	
ExxonMobil Exploration and Production Norway AS	17 423 122	17 423 122	-	-	-	-	-	
Faroe Petroleum Norge AS	532 474	-532 474	-	-	-	-	-	
Fortis Petroleum Norway AS	-387 133	-387 133	-	-	-	-	-	
Hess Norge AS	-35 340	-35 349	9	-	-	9	-	The company omitted interest payments
Idemitsu Petroleum Norge AS	426 519	426 520	-1	-	-	-1	-	Rounding error
Infragas Norge AS	510 981	510 981	-	-	-	-	-	
KUFPEC Norway AS	-68 125	-68 125	-	-	-	-	-	
Lime Petroleum Norway AS	-118 592	-118 592	-	-	-	-	-	
LOTOS Exploration and Production Norge AS	-100 829	-100 829	-	-	-	-	-	

TNOK	Sum licensee <sup>1)</sup>	Sum government	Discrepancy		Without counter-party reporting TNOK	Resolved	Unsolved	Comments
			Licensee	Government				
LUKOIL Overseas North Shelf AS	-78 577	-78 577	-	-	-	-	-	
Lundin Norway AS	-2 757 220	-2 757 220	-	-	-	-	-	
Maersk Oil Norway AS	-520 981	-520 981	-	-	-	-	-	
Moeco Oil & Gas Norge AS	-148 517	-148 517	-	-	-	-	-	
MOL Norge AS	-229 803	-229 803	-	-	-	-	-	
Njord Gas Infrastructure AS	660 202	660 202	-	-	-	-	-	
Noreco Norway AS	-318 228	-318 228	-	-	-	-	-	
Norpipe Oil AS	86 262	86 217	45	-	-	45	-	The company omitted interest payments
Norsea Gas AS	227 939	227 896	43	-	-	43	-	The company omitted a transaction
North E&P AS (Tidl. Explora Petroleum AS)	-480 384	-480 374	-10	-	-	-10	-	Typing error
North Energy ASA	-378 102	-378 102	-	-	-	-	-	
OMV (Norge) AS	-	-	-	-	-	-	-	
Origo Exploration Norway AS	-5 474	-5 474	-	-	-	-	-	
Petrolia Norway AS	-71 658	-71 658	-	-	-	-	-	
PGNiG Upstream International AS	-	-	-	-	-	-	-	
Production Energy Company (tidl. Skeie Energy AS)	-5 797	-5 866	69	-	-	69	-	The company omitted interest payments
Pure E&P Norway AS (tidl. Rocksource Exploration Norway AS)	-349 895	-349 895	-	-	-	-	-	
Repsol Norge AS (inkl. Talisman Energy Norge AS)	-313 287	-3 771 179	3 457 892	-	-	3 457 892	-	Transactions related to the merger with Talisman Energy Norge AS

TNOK	Sum licensee <sup>1)</sup>	Sum government	Discrepancy		Without counter-party reporting TNOK	Resolved	Unsolved	Comments
			Licensee	Government				
RN Nordic Oil AS	-120 911	-122 361	1 450	-	-	1 450	-	The company omitted interest payments
Silex Gas Norway AS	662 659	662 659	-	-	-	-	-	
Skagen 44 AS	-61 782	-62 523	741	-	-	741	-	The company omitted interest payments
Solveig Gas Norway AS	2 283 491	2 291 252	-7 761	-	-	-7 761	-	The company omitted a transaction
Spike Exploration AS	-1 068 054	-1 068 054	-	-	-	-	-	
Statoil Petroleum AS	61 914 043	61 883 789	30 253	-	-	30 253	-	
Suncor Energy Norge AS	-411 097	-411 097	-	-	-	-	-	
Total E&P Norge AS	6 748 151	6 748 151	-	-	-	-	-	
Tullow Oil (Bream) Norge AS	-1 987	-1 987	-	-	-	-	-	
Tullow Oil Norge AS	-1 180 372	-1 180 372	-	-	-	-	-	
VNG Norge AS	-587 857	-587 857	-	-	-	-	-	
Wellesley Petroleum AS	-	-	-	-	-	-	-	
Wintershall Norge AS	1 568 161	1 568 161	-	-	-	-	-	
Other companies (non licensees)		-105 197				105 197	105 197	
Sum	107 275 502	103 672 477	3 497 828	-	-	105 197	3 603 025	-

<sup>1)</sup> Some licensees report net negative tax payments, meaning that they have received a refund from the Government. Under certain conditions, the licensees can apply for a refund of the fiscal value of exploration costs.



**Appendix 3:**

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

TNOK	Sum Operator	Sum Government <sup>1)</sup>	Discrepancy		Resolved	Unsolved	Comments
			Licensee	Government			
A/S Norske Shell	56 014	56 014	-	-	-	-	
BG Norge Ltd	35 307	45 786	-10 478	-	-10 478	-	The company included payments not subject to the EITI reporting requirements
BP Norge AS	211 304	211 304	-	-	-	-	
ConocoPhillips Skandinavia AS	427 299	427 299	-	-	-	-	
Det Norske Oljeselskap ASA	74 409	74 409	-	-	-	-	
ENGIE E&P Norge AS	51 669	51 669	-	-	-	-	Reported by the Norwegian Petroleum Directorate as GDF Suez E&P Norge AS
ExxonMobil Exploration and Production Norway AS	98 597	98 597	-	-	-	-	
Repsol Norge AS (inkl. Talisman Energy Norge AS)	12 497	41 417	-28 920	-	-28 920	-	Some transactions were omitted
Statoil Petroleum AS	3 879 325	3 879 325	-	-	-	-	
Total E&P Norge AS	1 789	-	1 789	-	1 789	-	CO <sub>2</sub> tax not subject to EITI reporting.
Wintershall Norge AS	73 606	73 606	-	-	-	-	
Sum	4 921 816	4 959 425	-37 609	-	-37 609	-	

Appendix 4:

## Reported NOx tax per company (operator)

TNOK	Sum Operator	Sum Government	Discrepancy		Without counter-party reporting	Resolved	Unsolved	Comments
			Operator	Government				
A/S Norske Shell	1 427	-19 437	22 356	-1 491	-	20 865	-	The company only included outflows to the Government in the initial reporting. For the second reporting, the company omitted one transaction. The Government omitted interest on repayments
BG Norge Ltd	-7 174	-7 174	-	-	-	-	-	
BP Norge AS	-681	-545	-136	-	-	-136	-	The company omitted interest on repayments
ConocoPhillips Skandinavia AS	-	-10 384	10 384	-	-	10 384	-	The company omitted transactions. The discrepancy was related to a settlement from 2007 that was omitted in the initial reporting
DEA E&P Norge AS (tidl. E.ON E&P Norge AS)	-14	-	-14	-	-	-14	-	The company reported payments to the NOx fund, not subject to the EITI reporting
DEA Norge AS	-456	-	-456	-	-	-456	-	The company reported payments to the NOx fund, not subject to the EITI reporting.
Maersk Oil Norway AS	3 385	3 385	-	-	-	-	-	
Repsol Norge AS (inkl. Talisman Energy Norge AS)	-165	-	-165	-	-	-165	-	The company reported payments to the NOx fund, not subject to the EITI reporting
Statoil Petroleum AS	3 441	3 456	-15	-	-	-15	-	The company omitted interest on repayments

TNOK	Sum Operator	Sum Government	Discrepancy		Without counter-party reporting	Resolved	Unsolved	Comments
			Operator	Government				
Suncor Energy Norge AS	-	314	-314	-	-	-314	-	The company omitted transactions. The discrepancy was related to a payment to Tollregion Vest-Norge that was omitted in the initial reporting.
Total E&P Norge AS	682	682	-	-	-	-	-	
Tullow Oil Norge AS	1 092	1 092	-	-	-	-	-	
VNG Norge AS	2 407	1 577	830	-	-	830	-	Cut-off error. The payment of TNOK 830 was related to the fourth term of 2015, but was paid in 2016.
Other companies (non licensees) <sup>1)</sup>	-	1 295	-	-	-1 295	-1 295	-	The Government reported payments from seven companies that are not subject to EITI regulations.
Sum	3 944	-25 738	32 470	-1 491	-1 295	29 684	-	

<sup>1)</sup>Based on the regulation related to special duties § 5-1 g it is the company that owns or manages the NOx liable entity that is required to pay the NOx tax. This means that in certain circumstances the NOx tax is paid by other companies than operators (licensees). Such companies are not required to report based on NEITI.

Appendix 5:

# Reported area fee per company (operator)

TNOK	Sum Operator	Sum Government	Discrepancy		Resolved	Unsolved	Comments
			Operator	Government			
A/S Norske Shell	85 458	85 478	-20	-	-20	-	The company omitted interest on an overdue payment
BG Norge Ltd	6 713	6 713	-	-	-	-	
BP Norge AS	81 780	81 780	-	-	-	-	
Centrica Resources (Norge) AS	72 062	72 062	-	-	-	-	
ConocoPhillips Skandinavia AS	65 042	65 042	-	-	-	-	
DEA Norge AS	35 839	49 582	-13 743	-	-13 743	-	The company omitted transactions, due to cut-off errors
Det norske OIL AS (tidl. Premier Oil Norge AS)	26 989	26 989	-	-	-	-	
Det Norske Oljeselskap ASA	24 523	24 523	-	-	-	-	
DONG E&P Norge AS	4 588	4 588	-	-	-	-	
ENGIE E&P Norge AS	4 907	4 907	-	-	-	-	Reported by the Norwegian Petroleum Directorate as GDF Suez E&P Norge AS
Eni Norge AS	76 655	76 656	-1	-	-1	-	Rounding error
ExxonMobil Exploration and Production Norway AS	7 262	7 262	-	-	-	-	
Lundin Norway AS	191 316	191 316	-	-	-	-	
Maersk Oil Norway AS	10 577	20 813	-10 236	-	-10 236	-	The company initially reported figures for 2014
Noreco Norway AS	-4 903	-4 903	-	-	-	-	
OMV (Norge) AS	9 356	9 356	-	-	-	-	
Repsol Norge AS (inkl. Talisman Energy Norge AS)	73 481	73 344	137	-	137	-	The company initially reported wrong figures on PL038S

TNOK	Sum Operator	Sum Government	Discrepancy		Resolved	Unsolved	Comments
			Operator	Government			
Statoil Petroleum AS	635 765	635 093	671	-	671	-	The company omitted a tax refund that was paid twice in the initial reporting.
Suncor Energy Norge AS	8 083	8 083	-	-	-	-	
Total E&P Norge AS	26 112	26 112	-	-	-	-	
Tullow Oil Norge AS	13 811	13 811	-	-	-	-	
Wintershall Norge AS	72 487	72 328	159	-	159	-	The company initially reported wrong figures
Sum	1 527 903	1 550 933	-23 030	-	-23 030	-	

## Appendix 6:

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

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

Cash flows from the petroleum activities that are transferred to the Government Pension Fund Global are shown in the financial statements prepared by the

Central Bank of Norway for the pension fund. The financial statement for the Government Pension Fund Global shows that MNOK 45 700 has been transferred in 2015. The table below explains the relationship between the EITI reporting (see Table 3), the State's financial statements ([www.regjeringen.no/no/](http://www.regjeringen.no/no/)

[dokumenter/meld.-st.-3-2014-2015](http://dokumenter/meld.-st.-3-2014-2015)) and the financial statements of the Pension Fund ([www.norges-bank.no/](http://www.norges-bank.no/)). Note that the figures are in MNOK. For comparative purposes, we have included amounts for 2014

MNOK	2015	2014
Cash flows reported under EITI by the Government	203 796	287 226
Dividends received from Statoil	15 382	22 646
Movements in outstanding accounts between the State and Petoro	(922)	1 789
Reimbursement, NX400 fee.	-	5
Interests regarding NOx, corrected on NEITI, treated differently in NEITI and State's accountst	-	1
<b>Net cash flow from petroleum operations, ref. Table 3.3 to the State's account</b>	<b>218 256</b>	<b>311 666</b>
Transfer from SPU to the state by resolution of revised budget, ref. Table 3.3 to the State's accounts	(186 063)	(156 164)
<b>Net to be transferred to SPU</b>	<b>32 193</b>	<b>155 502</b>
Actual transfer of cash to SPU account of NOK in the Central Bank of Norway, ref. page 48 (2014: 48) in the Government account and corresponding SPU. The transfers are based on forecasts and the last transfer will take place in November.	45 700	150 000
<b>Discrepancy in transfer to SPU</b>	<b>(13 507)</b>	<b>5 502</b>
Explanation of discrepancy		
Transfer during the year due to too little (2014: too much) being transferred previous years	(3 054)	2 448
Too much (2014: too litte) transferred to the SPU during the year (cash recorded as a receivable or provision in the capital account ref. page 229 in Meld St. 3 (2015-2016). <sup>1)</sup>	(10 453)	3 054
<b>Explained discrepancy</b>	<b>(13 507)</b>	<b>5 501</b>
<b>Unexplained discrepancy</b>	<b>-</b>	<b>-</b>

<sup>1)</sup>Government accounts show that net transfers to the SPU in 2015 were MNOK 10 453 less than the actual transfers from the state to the fund. The difference constitutes a liability as of 31.12.2015 and will be settled after the end of the budget period in the form of a decrease in the transfer to the fund in 2016. The corresponding figure as of 31.12.2014 was a receivable of MNOK 3 054 for the fund which was settled through increased transfers in 2015.

## Petoros financial statements regarding SDFI

Cash flows from SDFI are also published in the 2015 annual report from Petoro (see [www.petoro.no/petoro-aarsrapport/2015](http://www.petoro.no/petoro-aarsrapport/2015)). The annual report of SDFI note 19 informs that the transfer to the Central Bank of

Norway in 2015 was MNOK 93 639. This is equivalent to the reported amount in the EITI reporting from Petoro on behalf of SDFI.

Note 19 Equity		2015	2014
Cash transfer to the State	See Note 19	93 649	111 068
Cash transfer pursuant to EITI	See Table 11	93 649	111 068
<b>Discrepancy</b>		<b>-</b>	<b>-</b>

## Appendix 7:

## Reporting entities

<b>Original listing of reporting entities received from OED</b>	
1	A/S Norske Shell
2	Atlantic Petroleum Norge AS
3	Bayerngas Norge AS
4	BG Norge Ltd
5	BP Norge AS
6	CapeOmega AS
7	Capricorn Norge AS
8	Centrica Resources (Norge) AS
9	Chevron Norge AS
10	Concedo ASA
11	ConocoPhillips Skandinavia AS
12	Core Energy AS
13	Dana Petroleum Norway AS
14	Dea E&P Norge AS (tidl. E.ON E&P Norge AS)
15	DEA Norge AS
16	Det norske oljeselskap ASA
17	DONG E&P Norge AS
18	Edison Norge AS
19	ENGIE E&P Norge AS
20	Eni Norge AS
21	Enquest Norge AS
22	ExxonMobil Exploration and Production Norway AS
23	Faroe Petroleum Norge AS
24	Fortis Petroleum Norway AS
25	Hess Norge AS
26	Idemitsu Petroleum Norge AS
27	KUFPEC Norway AS
28	Lime Petroleum Norway AS
29	LOTOS Exploration and Production Norge AS
30	LUKOIL Overseas North Shelf AS
31	Lundin Norway AS
32	Maersk Oil Norway AS

33	Moeco Oil & Gas Norge AS
34	MOL Norge AS
35	Noreco Norway AS
36	North Energy ASA
37	OMV (Norge) AS
38	Origo Exploration Norway AS
39	Petrolia Norway AS
40	PGNiG Upstream International AS
41	Premier Oil Norge AS
42	Pure E&P Norway AS (tidl. Rocksource Exploration Norway AS)
43	Repsol Norge AS
44	RN Nordic Oil AS
45	Skagen44 AS
46	Production Energy Company (tidl. Skeie Energy AS)
47	Spike Exploration AS
48	Statoil Petroleum AS
49	Suncor Energy Norge AS (inkl. Petro-Canada Norway Inc)
50	Total E&P Norge AS
51	Tullow Oil Norge AS
52	VNG Norge AS
53	Wellesley Petroleum AS
54	Wintershall Norge AS
55	Infragas Norge AS
56	Njord Gas Infrastructure
57	Norpipe Oil AS
58	Norsea Gas AS
59	Silex Gas Norway AS
60	Solveig Gas Norway AS
<b>Reported separately by the licensee, not specified in OED's original list</b>	
61	Tullow Oil (Bream) Norge AS
62	North E&P AS (tidl. Explora Petroleum AS)
63	Det Norske Exploration AS
64	Bayerngas Produksjon Norge AS



## Appendix 9:

# Key references

- EITI [eiti.org/about/](http://eiti.org/about/)
- Norwegian Petroleum (Operated by the Ministry of Petroleum and Energy and the Norwegian Petroleum Directorate) [www.norskpetroleum.no/](http://www.norskpetroleum.no/)
- Regulations on reporting and reconciliation of cash flows from petroleum activities [lovdata.no/dokument/SF/forskrift/2009-06-26-856](http://lovdata.no/dokument/SF/forskrift/2009-06-26-856)
- Regulation of December 11th, 2001 no. 1451 relating to special duties chapter 3-19 regarding the emission of NOx (NOx-tax) [lovdata.no/dokument/SF/forskrift/2001-12-11-1451?q=s%C3%A6ravgifter](http://lovdata.no/dokument/SF/forskrift/2001-12-11-1451?q=s%C3%A6ravgifter)
- Gassco [www.gassco.no/](http://www.gassco.no/)
- Act on tax on CO<sub>2</sub> emissions in the petroleum activities on the continental shelf [lovdata.no/dokument/NL/lov/1990-12-21-72](http://lovdata.no/dokument/NL/lov/1990-12-21-72)
- The Central Bank of Norway [www.norges-bank.no/](http://www.norges-bank.no/)
- Ministry of Petroleum and Energy [www.regjeringen.no/no/dep/oed/](http://www.regjeringen.no/no/dep/oed/)
- Norwegian Petroleum Directorate [www.npd.no/no](http://www.npd.no/no)
- Perspectives ("Perspektivmeldingen") [www.regjeringen.no/no/dokumenter/meld-st-12-20122013/](http://www.regjeringen.no/no/dokumenter/meld-st-12-20122013/)
- Petoro [www.petoro.no](http://www.petoro.no)
- The Petroleum Act [lovdata.no/dokument/NL/lov/1996-11-29-72?q=petroleumsloven](http://lovdata.no/dokument/NL/lov/1996-11-29-72?q=petroleumsloven)
- The Petroleum Taxation Act [lovdata.no/dokument/NL/lov/1975-06-13-35?q=petroleumsskatteloven](http://lovdata.no/dokument/NL/lov/1975-06-13-35?q=petroleumsskatteloven)
- The Norwegian Accounting Act [lovdata.no/dokument/NL/lov/1998-07-17-56?q=regnskapsloven](http://lovdata.no/dokument/NL/lov/1998-07-17-56?q=regnskapsloven)
- The Brønnøysund Register Center [www.brreg.no](http://www.brreg.no)
- Office of the Auditor General of Norway [www.riksrevisjonen.no/Sider/hovedside.aspx](http://www.riksrevisjonen.no/Sider/hovedside.aspx)
- Standard license agreement for petroleum activity, with accounting agreement and cooperation agreement as attachments [www.regjeringen.no/no/dokumenter/Konsesjonsverk/id455398/](http://www.regjeringen.no/no/dokumenter/Konsesjonsverk/id455398/)
- Statoil [www.statoil.com](http://www.statoil.com)
- The State Budget 2016 <https://www.regjeringen.no/contentassets/ebd58c13b31849198237d97dc23283c8/no/pdfs/prp201520160001guldddpdfs.pdf>
- Revised National Budget 2016 <https://www.regjeringen.no/contentassets/94d2e052d80c48b1a59e093ded80d324/no/pdfs/stm201520160002000dddpdfs.pdf>
- Government Accounts 2015 <https://www.regjeringen.no/contentassets/8bf8f5e448314450a7c3d9e5c95104af/nn-no/pdfs/stm201520160003000dddpdfs.pdf>



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