

PLEASE TREAT AS URGENT

TEMA

10TH FEBRUARY, 2014

THE SPEAKER OF PARLIAMENT
PARLIAMENT OF GHANA
PARLIAMENT HOUSE
ACCRA

Dear Sir,

**REQUEST FOR PRESENTATION ON THE EMERGING UPSTREAM OIL AND
GAS INDUSTRY AND COMMENTS ON THE FISCAL PROVISIONS IN THE
EXPLORATION AND PRODUCTION BILL**

I am an Advocate on the Emerging Upstream Oil and Gas industry in Ghana since 2009 advocating for the passage of the Production Sharing Agreement Law and adoption of the PSA fiscal regime in sharing the oil revenue. The PSA is the modern trend since 1960 replacing the concession under which the Royalty Tax System Operates and Joint Ventures. Our neighbour Nigeria started producing under RTS in 1950's, gone on to Joint Ventures but had since moved away from them to PSA because of the advantages it has over them.

For example after two years of operation of the Jubilee fields under the current prevailing system, which is hybrid between RTS and Joint Venture, Ghana earned about US\$ 990 million representing 15.9% of US\$ 6.230 billion. Projection for 2013 ending indicated that cumulative total of US\$ 10.26 billion would be earned. Ghana is likely to earn only US\$ 1.84 billion representing 17.8 %.

On the other hand, if Ghana was operating under PSA Ghana would have earned US\$ 2.85 billion for the first two years of operation. Also projections for three years ending 2013, Ghana should be earning total of US\$ 4.91 billion as against the US\$ 1.84 billion under the current prevailing system.

As a result, Ghana lost in the first two years of operation US\$1.869 billion, this is expected to increase to US\$3.07 billion at the end of 2013 under the current prevailing system which the Bill is about to entrench. (See tables 1 – 10)

Tables E - G show the various levels of revenue that would accrue to Ghana under the simplest PSA at different weighted price levels compared to what were estimated by the World Bank and the IMF over the production life of the Jubilee fields estimated to last 20 years. **Note:** The conservative estimated valued of the Jubilee field which is estimated to hold about 2 billion barrels of Oil is US\$ 160 billion excluding the value of the associated gas.

I have donated 300 copies of the book Ghana's Oil and Gas Discoveries: Towards Full Maximum Benefit on this very important national issues to be distributed to members as an educational material to enhance their knowledge on what exactly we should be doing to tap the maximum benefits from our oil resources. Attached is a confirmation of the books having been received by an officer in the Clerk's office on the 10th July, 2013.

As at 6th February, 2014 over 200 copies of the books are lying on the floor in the Clerk's office. I was compelled to carry away the Independent Analysis of Two years of Jubilee Fields Operation 2011 – 2012. Upon enquiries why the books were not distributed all this time, I was told Leaderships in Parliament have not yet taken decision to have the books distributed to all members. I do not want to believe Leaderships in Parliament are being influenced and compromised by outside forces to the detriment of the present generation and the future ones to follow us. I was once told in the face by a Leader in the House, in his house that I was being influenced by Mr. Kofi Wayo which was an insult to my intelligence. I have told the officers in the Clerk's office that, on my next visit if the books were not distributed, they should willingly allow me to collect them. Now that Petroleum (Exploration Production) Bill is coming back to the House, the content of the attached letter are still valid and relevant.

I am therefore appealing to your good offices to confer with the Leadership in Parliament to set one day aside, so that I make a presentation to the whole to understand fully which path to trod handling our Upstream Oil and Gas Industry. What the surrogates of the World Bank, Oxfam America and Revenue Watch have been telling Ghanaians are not the absolute truth but brain washing. This country is at the cross road. We cannot afford to lose on Oil as we did on gold.

This is my personal contribution to save Ghana from the doldrums she is plunging into. To be honest with you, the way we are handling our oil industry as a whole is not the best. Those in charge have messed up Ghana. Commentators on the subject all over the world are lamenting about the type of contracts Ghana is entering into with the Foreign Oil Companies (FOC). Why should Ghana be entitled to about only US\$20 billion out of our own resources worth over US\$160 billion, is it a fair deal to sleep over? None of the agreement signed would guarantee Ghana the maximum benefits as we often told.

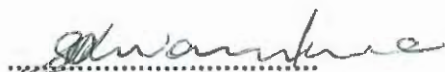
Parliament, the representative of the People and the Conscience of the Nation must act cautiously and wisely taking into consideration the ramifications of having to pass this Bill into Law. I have also written to the President on 3rd February 2014 to make a similar presentation to him and his Cabinet. Since the Cabinet is mostly made up of Members of Parliament, it would be ideal and proper to have the presentation made on the same day to the Parliament and the Presidency if arranged.

In conclusion, I want to use this medium to inform you that, I have been warned about the possibility of being assassinated by hired agents of the foreign oil companies for letting Ghanaians to know the truth. I have been accused by an unknown person through my mail for letting Ghanaians to know something they are not supposed to. This unknown person has taken me to be a Member of Parliament.

Please it is my humble opinion, the Bill is subjected to a nationwide debate to build a national consensus on what fiscal regime governs our upstream oil and gas industries. ***Ghana and her future generations cannot afford to lose this time on her oil and gas.***

Your quick response will be greatly appreciated.

Yours in the service of Ghana



(SOLOMON KWAWUKUME)

0246449104

Cc.:

The Majority Leader

The Minority Leader

The Chairman, Select Committee on Finance

The Chairman, select Committee on Energy and Petroleum.

The 1st Deputy Speaker. ✓

The 2nd Deputy Speaker.



P. O. Box 8662
TEMA

24TH APRIL, 2013

THE CLERK TO PARLIAMENT
PARLIAMENT OF GHANA
PARLIAMENT HOUSE
ACCRA

I HAVE RECEIVED 300 COPIES OF
THE BOOKS AND THE ANALYSIS AS
CONTAINED IN THE LETTER.

[Handwritten signature]
10/7/13

Dear Sir,

DONATION TO PARLIAMENT OF GHANA

Reference my letter dated 22nd March, 2010, please with due respect see page 59 of the enclosed book, I wish to donate 300 copies of the book Ghana's Oil and Gas Discoveries: Towards Full Maximum Benefits and 300 copies of the Independent Analysis of Two Years of Jubilee Fields Operation to Parliament on 28th May, 2013 to be distributed to Members. The Independent Analysis is a re-packaging of two articles on Jubilee Fields I posted on the web on 21st December, 2012 and 19th March, 2013 respectively.

Sir, the reasons for this donation is to bring to the fore the reasons I have clearly stated in paragraphs 3, 4, 6 and 7 of the reference letter which are still more than valid today vis -a-vis the results of Two Years of Operation of the Jubilee Fields. Apart from the above reasons, my efforts are in the essence to remove and clear doubts and misinformation deliberately created in the minds of the general public covering the broad spectrum of the Ghanaian society by the Foreign Oil Companies and the Ghanaian technocrats in charge, about the Upstream Oil and Gas Industry which is new to the country for the purpose of keeping Ghanaians in darkness and ripping us off as shown in the Analysis.

The Petroleum Exploration and Production Bill which was withdrawn from Parliament in 2010 is yet to come before Parliament for passage into Law, therefore Members getting access to information contained in the book and the Analysis would enable them make meaningful contributions on the floor of the House when the Bill comes before them. Parliament should as a matter of urgency put pressure on Government to lay this Bill, because what is coming from the grape vine does not augur well for the Country, except Parliament want us and our future generations to forever live in Economic bondage and servitude.

Please, I am prepared to assist Parliament or the relevant Select Committees to properly understand the workings of the Production Sharing Agreement which is the modern trend in the Upstream Oil and Gas Industry. What is prevailing currently in Ghana the Royalty Tax System came to an end completely since 1960 in the Upstream Industry.

Hope to receiving a reply from you in the shortest time.

Yours in the services of Ghana,

[Handwritten signature]

SOLOMON KWAWUKUME
0246449104

CC:

- 1. THE SPEAKER OF PARLIAMENT**
- 2. THE MAJORITY LEADER**
- 3. THE MINORITY LEADER**
- 4. THE CHAIRMAN, SELECT COMMITTEE ON MINES AND ENERGY**
- 5. THE CHAIRMAN, SELECT COMMITTEE ON FINANCE**