

RE: Hagggle Over Type of Oil Contracts Delays E&P Bill

"...Ghana's petroleum fiscal regime should be reformed to ensure maximum long-term revenue generation... The regime can also achieve greater take by increasing the state's share in production sharing agreements...", Sara Zedingle Ghebremusse, Faculty of Law Thesis, University of Toronto, Canada, 2014).

When Deputy Dagadu Haggles For Their "Price":

The attention of the Fair-Trade Oil Share Ghana ([FTOS-Gh/PSA](#)) Campaign, including the Ghana Institute of Governance and Security (GIGS), have been drawn to award-winning journalist, Mr. Maxwell Adombila's, 8 Mar 16, article published in the "Business News" section of the Daily Graphic. Titled, "Hagggle over type of oil contracts delay E&P bill", the Deputy Minister of Petroleum, Mr. Benjamin Dagadu, complained bitterly that among other civil society groups, GIGS, the core of the FTOS-Gh/PSA pressure group that met with government representatives 20 Feb. 16 in Ada, Greater Accra Region, have caused a 2-year delay in the Ghana Petroleum Exploration and Production (E&P) bill the NDC government under President Mahama has been intending to enact into law.

Our simple online English dictionaries inform us that "to haggle" means "to talk or argue with someone especially in order to agree on a price; to dispute or bargain persistently, especially over the cost of something."

From the perspective of the FTOS-Gh/PSA Campaign, the question whether Ghana ought to demand and take more of its own oil revenues from foreign Oil and Gas interests can never be a "haggle."

This is a policy debate involving billions of dollars of significance to all Ghanaians. It can only be a haggle to those receiving funds from private interests and as well, skimming from the top of their so-called "Ghana Hybrid System" contracts.

Haggling



Hagglers International!

Long-Term Oil Revenue Loss at Just 1%, at Jubilee Alone:

This is a policy debate of such exceptional importance that even a 1% over-invoice, mis-reporting of costs, broken ring-fence, and other such differentials for the \$8.9 billion project (Petroleum Commission's own estimate of total cost of Jubilee Field alone), is a whopping \$89,000,000. Yes, \$89,000,000 would be the loss to Ghana, potentially, due to lack of diligence and abrogation of fiduciary

responsibility to the Ghanaian tax payer directly as a result of a mere 1% error, fraud, or "mishap".

Fact: Ghana funded part of the \$8.9 billion, through the Ghana National Petroleum Corporation (GNPC).

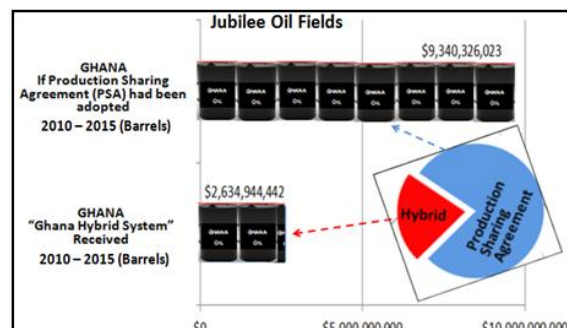
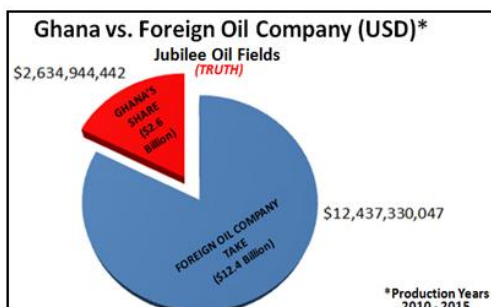
Fact: Ghana now has more than Jubilee!

Talking about Ghana losing twice, thrice, and them some!

The FTOS-Gh 14-Point Response to Dagudu:

Here are our 14-point response to Mr. Benjamin Dagudu, the Ghana Petroleum Commission (PC), and the Chairman of the Select Committee on Mines and Energy (Parliament of Ghana), on top of our previous answers to the PC "Overview". (See Petroleum Commission's "Overview" and the FTOS-Gh/PSA "Response To: Petroleum Commission's Overview", at http://ghanahero.com/FTOS_GH_Campaign.html, under "Memorandum FTOS-Gh").

1. The primary goal of the FTOS-Gh/PSA Campaign is to ensure Ghanaians receive a fair share of their own oil revenues. Over the past 3 years, our team has leveraged the best in science, technology, contemporary oil and gas business practices and standards, and diverse multi-disciplinary expertise that cumulatively span more than 100 years. Our estimates and predictions are analytically sound. We've demonstrated conclusively that Ghana has to date lost more than \$6 billion in oil revenues the last 5 years alone. (All this, as the NDC government under Mr. Mahama has resisted adopting the Production Sharing Agreement (PSA) for Ghana's oil and gas, the fully-fledged PSA being the only sure-fire way to arrest those absurd losses to Ghana).



2. If officials at the PC and certain members of the Select Committee on Mines and Energy see the serious debate over Ghana's oil contracts as a "haggle", we, the FTOS-Gh/PSA team, see it as disagreement over public policy that affects the interests of every Ghanaian, born, and unborn.

3. As follow-on to our Item 2, we can see clearly now how the disagreement with the government on this policy matter appears to Mr. Dagadu and the other officials as a "haggle over price". We know that they are receiving payments from UK/US Oil and Gas interests and are swimming in slimy seas of conflict of interests, their conscience, "balls", and ethical foundations having been neutered like sterilized dogs as a result. In short, Mr. Dagadu and his superiors see the policy disagreement as a "haggle" because not only are they receiving payments, they have in addition made promises to those private interests in the Oil and Gas business that they must keep. Fact is, unlike those government officials who are paid every month by the taxpayers of Ghana, and who in addition have their individual and collect oil contract "price", the FTOS-Gh/PSA team are in the policy fight purely out of love for Ghana. To the point, the FTOS-Gh/PSA team is financing the campaign through our own means, and through the support of signatories to the online petition that currently number more than 128 individuals. (See FTOS-Gh/PSA petition at: <https://www.change.org/p/ghana-fair-trade-oil-share-psa-campaign-ftos-gh-psa>).

4. It is our position that as the accountable public entities, the Ministry of Petroleum (MoP) and the PC have flatly failed in their basic responsibilities to Ghanaians. Oddly, they have still not shown Ghana the latest, revised, E&P bill they want to enact in the name of Ghanaians. They have, to date, not provided copies of the bill they want to enact. In fact, they neglected to provide copies of the bill at the 20 Feb meeting in Ada. (Instead, they shared that 48-page PowerPoint "Overview" presentation that was as confounding as it was uninformative).

5. By now, many Ghanaians know about the \$30 million UK/DFID-funded Revenue Management "Trojan Horse" dividend. Those are funds being paid to the Ministry of Energy (MoE), the PC, the Africa Center for Energy Policy (ACEP), the Ghana Public Interest and Accountability Committee (PIAC), and sundry hidden/undisclosed interests. All those organizations are under a profound cloud of conflict of interest, at least. We understand perfectly that their "Revenue

Management" is an integral part of a scheme to hoodwink Ghana into staying ignorant of fair "Oil Income Generation" through a world standard PSA, to start.

Yes, fair "Oil Income Generation", "Fair-Trade Oil Share" - that, we can talk about!

6. The statement by Mr. Dagadu that Ghana has no leverage because Ghana has, "...only one producing field...(therefore, Ghana cannot)...leverage...to attract investments...", is not only false and fraudulent, it is also technically inaccurate. That statement discounts the fact that:

- (a). Ghana's anchor oil fields, Jubilee, TEN, have all been sufficiently de-risked
- (b). Jubilee Oil Field alone is as big as Nigeria's when normalized by the size of the population of Ghana
- (c). The Jubilee Oil Field and the TEN Oil Field are not in Severe Weather Zones
- (d). Cost for operations in Ghana is about the cheapest in the world, with the cost for production of a barrel of oil just about \$12.00
- (e). A well-balanced PSA incentivizes the Contractor Oil Companies to explore and produce more oil, not less
- (f). A bonus schedule for the sovereign-owner is a major distinguishing feature for the PSA.

7. As far as this debate goes, interest in the enterprise is measured by the number of "companies". The FTOS-Gh/PSA team has documented that by the end of 2015, no less than 34 "companies" (contractors, "energy" companies, owners of Oil Blocks, and sundry major shareholders, etc.), either had contracts on Ghana's oil, were seeking interests in Ghana's oil industry, or, were major shareholders of foreign companies with major oil contracts/Blocks in Ghana.

The known "companies with interest" in Ghana's oil fields the last 5 years alone are summarized in Table 1 below:

**Item 7 - Table 1:
Companies with Actual, Planned, or Reported Interests
in Ghana's Oil and Gas Fields***

1	AFEX	12	CAMAC Energy	23	Medea Development Ltd
2	KOSMOS	13	TULLOW	24	Minexco OGG
3	AGM Petroleum	14	Cola Natural Resources Ghana Ltd	25	Ophil
4	AGR Norway	15	Eco Atlantic Oil & Gas Ltd	26	Royal Gate Ghana Limited
5	AMNI International	16	ERIN Energy	27	Sahara Energy Fields
6	Artemis	17	Genesis	28	Standard Life
7	A-Z Petroleum Products	18	Glen Whiddon	29	UB Resources Ltd.
8	AZONTO Petroleum Limited	19	Heritage Oil Plc	30	Ultramar
9	Base Energy	20	IFC	31	Vitol
10	Blue Star	21	M&G	32	WCW International Co. Ltd
11	Brittania-U	22	Med Songhai	33	ENI-Italy (Mar. 16) ²
34	ANADARKO ³				

***NOTE¹:** Range of reported countries of incorporation:

Gibraltar, Norway, Nigeria, USA, Ghana, Jersey (Channel Islands), British Virgin Islands, Luxemburg, Italy, etc.

(At this point, real ownership of most of Ghana's oil interests are still a murky, byzantine riddle of epic proportions).

NOTE 2: Curiously, just as we were doing final edits to this paper, we read the detail on Modern Ghana: "Italy's Eni Awarded Ghana Offshore Oil, Gas Exploration License".

Chalk that also under "interested companies", at [Position 33-ENI-Italy!](#)

(All of this argues that Ghana has indeed a competitive environment that is attracting more interest, providing Ghana the opportunity, and allowing Ghana the capability to leverage its assets to greater gain and fair economic returns for its peoples in 2016. (Anything less is a contract on Ghana, a gigantic fraud by Daguda and his superiors!).

NOTE 3: Still curiously, just as we were doing final edits to this paper, we read the detail on Tv3network.com: Ghana got \$900 million from oil in 2014, over \$84 million 'missing'

Chalk that, further, under "interested companies", at [Position 34 - Anadarko-USA!](#)

8. Ghana's peers, from Senegal, to Togo, to Liberia, to Niger, to Chad, to Cote D'ivoire, to Guinea, to Sierra Leone, to Mali, to the Republic of Benin, to South Sudan (to mention just a few), all of them "starters", have each signed their countries fully into PSAs. (Maybe, Mr. Dagadu wants to argue that these peers of Ghana are have "matured", "sophisticated" economies).

9. If Mr. Dagadu recognizes that (a) under the PSA Ghana would in fact be "guaranteed higher returns", (b) 34 countries in Africa have PSA for their oil

industries, and (c) South Sudan, a country that gained its independence in 2011 has adopted PSA, what logical, moral, or ethical justification does Mr. Dagadu and the PC have to talk to Ghanaians like children? In 2016, what is that about "the infant nature of Ghana's oil industry" and the lame idea that it is "unwise for the country to abandon the hybrid system for production sharing". If they have better reasons, they must try harder and explain to Ghana further.

(NOTE: Incidentally, when South Sudan became independent in 2011, Ghana was losing its first \$1.2 billion through the rigged Ghana Hybrid System oil contracts. The loss to Ghana to date is over \$6.2 billion, and counting).

10. A sovereign country surely does NOT need more than one oil field to sign on to a full-fledged PSA with an oil company/contractor. In fact, UK's Tullow, the lead operator at Jubilee, has comfortably signed or approved PSA agreements with Kenya, Uganda, Cote D'ivoire, Equatorial Guinea, Mauritania, Ethiopia, etc. Consider also that in their "Overview", the PC itself boasted proudly thus: "...In all Petroleum Agreements signed currently (including that for Jubilee, TEN and OCTP)...".

In 2016, Ghana clearly has more than the Jubilee Oil Field, Mr. Benjamin "UnderCounter" Dagadu!

11. It is Deputy Mr. Daguda, the previous Chairmen of the Select Committee on Mines and Energy, the Minister of Petroleum, and the PC who, as a group, are directly responsible for the delay in enacting a new E&P Law going on more than 5 years, even as Ghana has bled more than \$6 billion, representing approximately \$1.2 billion each year.

12. THEREFORE, for these and other reasons too numerous to detail in this paper, it is clear to the FTOS-Gh pressure group that Mr. Benjamin Dagadu, the Chairmen of the Select Committee on Energy, the leadership of the PC, and Mr. Mahama (as the Leader of the Government), are precisely the individuals solely responsible for the hold-up of the E&P bill. Fact is, they cannot hide from public view the E&P law they want to enact for Ghana and expect that Ghanaians and Ghana Supporters will simply shut up and allow them to bamboozle Ghanaians out of another \$6 billion, next time around.

13. THEREFORE, as a point of order, Mr. Benjamin "UnderCounter" Dagadu, the Chairman of the Select Committee on Mines and Energy, the leadership of the PC, and Mr. Mahama should explain to Ghanaians why Ghana is "taking" a paltry \$30 million from Tullow's UK through DFID over 4 years (for the period 2015-2019) to support training and management programs for Ghanaians when a Fair-Trade oil revenue PSA would guarantee "higher returns" for Ghana well over \$3.0 billion over the same period.

14. THEREFORE, as another point of order, Mr. Benjamin Dagadu, the Chairman and Membership of the Select Committee on Mines and Energy, the leadership of the PC and their top echelon staff, should with immediate effect declare to Ghanaians that they have NOT once provided a single draft copy of the E&P bill they attempted to pass into law a few days ago (this March) to UK/US Kosmos-and-Tullow-ENI oil and gas interests, or any other private interests, at the same time that they have kept that same bill under wraps and have refused for more than 2 years to provide the same copy to Ghana so that Ghanaians can help strengthen that bill, prior to passage into law by the Parliament of Ghana.

Summary Conclusions:

The preceding are our 14-point response to Mr. Dagadu's self-serving and rather selfish mind-set to the Ghana oil contract opportunity maximizing matrix. Dagadu, the PC, and the MoP do not make sense whatsoever!

Not for Mr. Mahama siting in that high chair at the Flagstaff House.

Not, certainly, for Ghana!

If they think otherwise, they should immediately cause a response to our "14-Points" so Ghana can read and understand. Further, as public officials and as a group, they owe Ghanaians directly copies of the actual bill they intend to enact so Ghanaians can have their informed "say", before that bill is voted into law by the Parliament of Ghana.

That, we submit, would constitute due diligence, transparency and accountability!

In this special situation, we will conclude our paper by presenting the conclusions of another, Ms. Sara Zedingle Ghebremusse, Faculty of Law, University of Toronto, Canada, reporting on a comparative review of oil and gas fiscal regimes of Nigeria, Ghana, and Cameroun.

Concludes Ms. Ghebremusse:

"...Ghana's petroleum fiscal regime should be reformed to ensure maximum long-term revenue generation, even if the state is not fiscally dependent on oil revenue. Much of the regime is currently formulated to attract investment to a young industry. Given the long resource horizons of its newly discovered reserves, Ghana is in a position to enact measures that will ensure long-term revenue stability. These measures should account for the government's changing financial position, and the fluctuations in oil prices. The regime can also achieve greater take by increasing the state's share in production sharing agreements...", (2014).

It is all about that, a full-fledged PSA for Ghana that gives Ghana the greatest "take" under Fair-Trade conditions right here, right now, in 2016!

There is absolutely no compelling reason whatsoever why Ghana, during the first quarter of 2016, cannot/should not seek for, and achieve maximum returns for its oil resources using a full-fledged PSA fiscal regime given:

- (a) Significantly de-risked environment for Ghana's Oil and Gas
- (b) \$6 billion-plus income loss already suffered by Ghana
- (c) "Fair weather" opportunities in Ghana, including political stability, weather, etc.
- (d) The multitude of private "interests", companies, investors, stockholders, and operators that over the last 5 years alone have had significant presence and interests in the Ghana's oil and gas opportunity matrix
- (e) Etc., etc., etc!

In 2016, Ghanaians have waited long enough. Anything less than a full-fledged PSA would be a total and a colossal betrayal of the people of Ghana by the NDC Government under Mr. Mahama. If we fail Ghana further in 2016, it would be to the benefit of the foreign oil and gas interests, a "Select", well-connected, group of

Ghanaians in high places, and directly the pocket books assets of those high-level officials in the MoP, the PC, the MoE, the Presidency, and Mr. Mahama himself.

Ghana, there must be a reckoning of assets, facts, lives, and votes, if Mr. Mahama allows his appointees to waste another 3 months of Ghana's time!

Sources/Notes:

1. Maxwell Akalaare Adombila. 2016. Haggles over type of oil contracts delays E&P bill, (<http://www.graphic.com.gh/business/business-news/59731-haggles-over-type-of-oil-contracts-delays-e-p-bill.html>).
2. Sara Zedingle Ghebremusse. 2014. Assessing the Petroleum Fiscal Regimes of Nigeria, Ghana, and Cameroon. Thesis, Faculty of Law, University of Toronto, Canada.
3. ModernGhana, 30 Mar 16. Italy's Eni Awarded Ghana Offshore Oil, Gas Exploration License – Statement. Sourced to Sputnik International, (<http://www.newsghana.com.gh/eni-acquires-license-for-ghana-offshore-oil-and-gas-exploration/>).
4. Nii Okai Tetteh|Onua 95.1FM|tv3network.com. 31 Mar 16. Ghana got \$900 million from oil in 2014, over \$84 million 'missing', (<http://tv3network.com/all-news/news/local/ghana-got-900-million-from-oil-in-2014-over-84-million-missing.html>).

GIGS/Prof Lungu /ANON /GUNA /FTOS-Gh /PSA/
www.GhanaHero.com. Visit for more information.

(Read Mo! Listen Mo! See Mo! Reflect Mo!).

Subj: RE: Haggles Over Type of Oil Contracts Delays E&P Bill!
@Twitter (#FTOS_Gh)

Brought to you courtesy of www.GhanaHero.com©30 Mar 16-rev.

