



# **NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE**

## **REPORT ON THE FINANCIAL AUDIT 1999-2004**

### **APPENDIX 2: ROYALTY FLOWS**

Presented to

**The National Stakeholder Working Group**

by

**Hart Nurse Ltd**

in association with

**SS Afemikhe & Co**

**Final Submission**

November 2006

Information as at 30<sup>th</sup> June 2006

The report and all appendices relating to the report are intended for the use of the National Stakeholder Working Group of the NEITI for the purpose of that initiative and are not to be relied upon by other parties.

## APPENDICES

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**2-0 ROYALTY****2.0 Introduction**

2.01 The terms of reference for the NEITI audit assignment requires us as part of the deliverables on the financial aspect of the audit to carry out a comparison and validation of the major financial flows reported by the covered entities with a view to confirming the correctness of the flows paid to the Federal Government in the period under review.

We commenced this phase of the audit in the Department of Petroleum Resources (DPR) on 14 October 2005. The comparison and validation exercise in DPR was focused on the following financial flows.

- Royalty
- Gas Flare Penalty

**2.02 Objectives**

The Objectives of the comparison and validation phase of the audit exercise are amongst others to:-

- Verify the reliability of the financial data reported by the Upstream producing companies as revenues paid to the Federal Government in the period under review.
- Ascertain that the parameters and variables set out in the regulatory statute for the assessment of financial flows due to government were followed.
- Establish if there were any material losses of revenue due to the Federal Government arising from improper assessment and reporting of the financial flows.

**2.03 Work Done**

We carried out the following in the course of the comparison and validation of the financial flows exercise in DPR.

- Comparison of financial flows data set out in the DPR templates to the data presented by the Upstream producing companies. This was carried out to confirm that the data presented by both parties for the audit exercise agree to each other.
- Comparative analysis of DPR assessment of the financial flows to the actual payments made by the Producing companies. This was done to enable us ascertain that what DPR assessed as payables for the period under review have relevance to what the Upstream companies actually paid to the Federal Government.
- Reviewed assessment of royalty by DPR so as to confirm that the input variables set out in the MOU and Petroleum Act for the assessment were correctly applied.
- Verified payments made by the Upstream companies as reported in DPR templates to DPR documents (Cash register)

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- Confirm payments made by the Upstream companies as set out in DPR data templates to the following CBN source documents.
  - Foreign operations bank statement
  - Credit Advice
- Generally check for delayed payment and default monthly instalment payment.

**2.04 Observations**

We noted the following exceptions in course of the comparison and validation of financial flow exercise in DPR. The exceptions in the main cut across all the Upstream producing companies. In view of this and for reporting convenience, we have grouped the exceptions into both General and Specific issues relating to each Upstream company.

**2.040 General - Royalty****2.041 Assessment of Royalty**

We observed that for the period under review the assessment of the amount paid as royalty was the prerogative of the upstream producing companies without input from DPR. The companies independently assessed what they deem as royalty payable and thereafter paid the amount to the Federal Reserve account in New York whilst advising DPR and other government regulatory agencies of the payments. We noted further that even though DPR computed its own Royalty payables, these assessments were never filed on the upstream producing companies for payment. The assessments by DPR were used mainly for memorandum as no action was taken on them.

DPR is statutorily empowered to supervise the activities of the upstream companies including the assessment and filling of financial flows on the operating companies for payment. The current approach where the OPCOS unilaterally compute royalty due amounts to usurpation of DPR statutory responsibilities by the upstream companies and an abdication of statutory duties on the part of DPR. This could create an environment where the variables and parameters set out in the regulatory statutes for the assessment and payment of Royalty will not be uniformly applied by the Upstream companies. This might create room for subjective judgment in the assessment and payment of Royalty.

In the light of the above we recommend as follows:

- DPR should meet its statutory responsibilities by ensuring that assessment of Royalty and filling of royalties on the Upstream companies is taken over.
- DPR should follow up assessments with the Upstream companies to ensure that timely payment is made.
- The input variables and parameters for the assessment of Royalty should be regularly reviewed so as to keep the structures in step with the prevailing circumstances and international standards, while such parameters and variables are uniformly applied by all OPCOs

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**2.042 Discrepancies between DPR assessment of Royalty and actual payments by the Upstream companies**

We observed that for the period under review the assessment of Royalty by DPR (even though on memorandum basis) differs significantly from the actual payments made by the Producing companies as indicated in the table below.

UPSTREAM OPERATING COMPANIES	PERIOD	DPR ASSESSMENT	ACTUAL PMT BY UPSTREAM COYS AR PER DPR TEMPLATE	VARIANCE
		USD '000"	USD '000"	USD '000"
SPDC	Jan 99 - Dec 04	2,837,519	3,030,756	(193,237)
CHEVRON	Jan 99 - Dec 04	1,639,348	1,610,226	29,122
MOBIL	Jan 99 - Dec 04	2,294,779	2,555,749	(260,970)
ELF	Jan 99 - Dec 04	1,526,181	1,757,493	(231,312)
NAOC	Jan 99 - Dec 04	874,082	852,859	21,225
TEXACO	Jan 99 - Dec 04	129,539	138,447	(8,908)

From our discussions with DPR officials, the discrepancies were attributable to the use of different variables and parameters by both the DPR and the Upstream companies in the computation. The variables are set out below.

- **Monthly production data.** Whilst DPR used the Upstream Company's share of the total production from each field using the percentage stake holding in the Joint Venture to determine the production figure for Royalty calculation, the Upstream companies used Export figures to calculate Royalty.
- **API gravity.** DPR used the API gravity attributable to the production from each field to moderate the realizable price while the Upstream companies used the average of all of the API gravity of the fields feeding the terminals.
- **Realizable Price (RP).** The Crude marketing department of NNPC supplies the RP on monthly basis to both the DPR and the Operating companies. Whilst DPR applied the RP from NNPC (COMD) for the computation of Royalty, the upstream companies in most cases unilaterally determine the RP they use for the calculation.

As a result of the above, DPR in 2004 set up a joint review team comprising DPR, FIRS and NNPC to verify the data input for Royalty calculation by the Upstream producing companies. The joint review committee reviewed the royalty computations for the period 2000 to 2004 and consequently filed under- payments on the following Upstream companies as set out in the table below:

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UPSTREAM COMPANIES	AMOUNT UNDER / OVER PAID					Net under payment
	2000	2001	2002	2003	2004	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Chevron Nig Ltd	(6,399)	29,179	2,689	4,073	15,124	44,666.00
Texaco Overseas Nig. Pet. Co. Ltd	(1,494)	556	4,593	643	436	4,734.00
PanOcean Oil Corporation	1,796	(525)	(900)	(795)	1,854	1,430.00
Addax Pet. Dev. Nig. Ltd	(6,803)	5,878	46,552	67,689	40,573	153,889.00
<b>Total</b>	<b>(12,900)</b>	35,088	52,934	71,610	57,987	204,719

We could not verify the above under payments because of the following:-

- The parameters and input data used by the joint review team to carry out the reassessment were not made available to us.
- The scope of the NEITI audit as currently defined does not permit us to reopen assessment of financial flows.

Suffice to also note that the MOU and the Petroleum Act are not generally understood and are being interpreted differently by DPR and the companies, without any process for resolving the differences. However, according to DPR the MOU is currently being reviewed and it will take care of all the observed differences. Therefore, the scope of the financial audit should be broadened to include a more thorough and comprehensive review of royalty assessments, as it is already clear that a sampling approach will not resolve the issues.

#### **2.043 Lack of proper documentation and Accounting System**

We observed that DPR does not maintain cash book and ledgers for the booking of Royalties paid to the Federal Government by the Upstream companies. The only book kept by DPR is the cash register.

Given DPR's regulatory role in keeping track of revenue due to government in the oil and gas sector, we are of the view that DPR should maintain adequate accounting records to book the revenues accruable to the Federal Government. DPR should also have a robust accounting system and IT infrastructures commensurate with the ones used by Upstream producing companies.

#### **2.044 Inaccurate Data set out in DPR Templates**

We observed that some of the Royalty payments set out in the DPR data templates were not correctly captured. The template data presented by DPR suffered the following defects.

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- Some entries in the cash register inadvertently omitted from the populated template. This creates the problem of reconciling the template data to CBN foreign operations bank statement.
- Some data included in DPR templates could not be agreed or reconciled to CBN bank statements and Credit Advices. However, DPR does not agreed with this statement.

The above limitations further emphasise the need for DPR to have proper accounting and record keeping systems.

**2.045 Calculation and Reporting of Royalty Payment by Upstream Companies**

We noted from our review that the Upstream companies used crude sales (lifting) to compute Royalty as against the production figures stipulated in the Memorandum of Understanding (MOU). Specifically, Article 2.4.2 of the 2000 MOU states that calculation of Royalty shall be based on crude oil and condensate production.

We noted further that some companies compute and report Royalty on crude and gas separately while some report on crude only. For instance DPR and CBN omitted the Royalties on Gas sales claimed to have been paid by SPDC in 2003 from their templates. This could create the impression that SPDC did not pay Royalties on Gas for 2003 or a complete mix up by DPR and CBN.

The above reaffirm the need to have a harmonised standard on how Royalty on crude and gas production should be determined and reported.

Also DPR in 2004 set up a joint review team comprising DPR, FIRS and NNPC to verify the data input for Royalty calculation by the Upstream producing companies. The joint review committee reviewed the royalty computations for the period 2000 to 2004 and consequently filed under- payments on the following Upstream companies as set out in the table below:

UPSTREAM COMPANIES	AMOUNT UNDER / OVER PAID					
	2000	2001	2002	2003	2004	Net under payment
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Amni Intenational Pet. Dev.Co	6,505	7,443	3,834	5,279	1,602	24,663.00
Agip Energy & Natural Res.Nig. Ltd	21,933	26,222	19,392	18,953	11,802	98,302.00
Nigeria Pet. Dev.Co	6,132	(7,001)	8,111	2,828	25,315	35,385.00
Moni Pulo Ltd.	(5,212)	5,937	1,768	14,584	15,964	33,041.00
Dubri Oil Co. Ltd	774	668	661	347		2,450.00
Continental Nig. Ltd	17,891	(2,754)	23,919	31,780	37,590	108,426.00



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Cavendish Pet. Nig. Ltd	2,892	(180)				2,712.00
<b>Total</b>	<b>50,915</b>	<b>30,335</b>	<b>57,685</b>	<b>73,771</b>	<b>92,273</b>	<b>304,979</b>

We could not verify the above under payments because of the following:-

- The parameters and input data used by the joint review team to carry out the reassessment were not made available to us.
- The scope of the NEITI audit as currently defined does not permit us to reopen assessment of financial flows.

Suffice to also note that the MOU and the Petroleum Act are not generally understood and are being interpreted differently by DPR and the companies, without any process for resolving the differences. Therefore, the scope of the financial audit should be broadened to include a more thorough and comprehensive review of royalty assessments, as it is already clear that a sampling approach will not resolve the issues.

## **2.05 Specific exceptions on each Upstream producing company.**

### **2.050 Comparison of Royalty Data**

We noted variances from our Comparison of DPR data templates to the Upstream companies data templates.

The Royalty payments in DPR templates have been validated with CBN Foreign Operations bank statement, CBN Advices and Remittance advices from the operators.

The details of the variances and their reconciliations are set out in Appendix 2.18

**2-1-0 ROYALTY**

**2-1-1 Observations and Matters Arising**

- We observed that CBN receipts are recorded two months in arrears of SPDC payments
  
- It is pertinent to state that SPDC Royalty template figures included Royalty on Crude, Royalty on Gas and Flare Penalty. We have isolated and reconciled these payments accordingly
  
- Due to the timing differences between SPDC and CBN recognition of Royalty payments, some payments made by SPDC were recognized by CBN in the following year
  
- Also, some PPT and Gas Flare Penalty were observed to have been treated as Royalty payments. These have equally been separated and reconciled accordingly.
  
- However, we are still left with the amount of \$6,901,000 which was paid in February 1999 by SPDC but not received by CBN. SPDC has been asked to trace this payment with their bankers.

Appendix 2-1 ROYALTY SPDC

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**ROYALTY**

**SPDC vs CBN DATA RECONCILIATION**

PERIOD	NOTE	SPDC TEMPLATE \$'000	CBN TEMPLATE \$'000	NOTE
Jan 99		12,424	13,615	
Feb 99		6,901	-	
Mar 99		20,910	12,424	
Apr 99		17,469	-	
May 99		24,703	20,910	
Jun 99		18,655	17,469	
Jul 99		24,942	24,703	
Aug 99		28,009	18,655	
Sep 99		31,998	24,942	
Oct 99		25,700	28,009	
Nov 99		33,677	31,998	
Dec 99		28,401	25,700	
<b>TOTAL</b>		<b>273,789</b>	<b>218,425</b>	

**CAUSES OF DIFFERENCES**

1. Timing Differences

Payments reported by SPDC in 1998 but not made until 1999

---January 1999 13,615

Payments reported by SPDC in 1999 but not made until 2000

---November 1999 (33,677)

---December 1999 (28,401)

**CASH BASIS TOTALS**

**225,326 218,425**

Royalty payment as recorded by SPDC but not seen in CBN template

**A (6,901)**

SPDC payments wrongly classified by CBN

**ADJUSTED TOTALS**

**218,425 218,425**

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**ROYALTY**

**SPDC vs CBN DATA RECONCILIATION**

PERIOD	NOTE	SPDC TEMPLATE \$'000	CBN TEMPLATE \$'000	NOTE
Jan 00		41,548	33,677	
Feb 00		32,551	28,401	
Mar 00		39,882	41,548	
Apr 00		37,667	32,551	
May 00		40,700	39,882	
Jun 00		26,417	37,667	
Jul 00		31,228	40,700	
Aug 00		54,728	26,417	
Sep 00		30,681	31,228	
Oct 00		48,347	54,728	
Nov 00		49,633	30,681	
Dec 00		36,903	48,347	
<b>TOTAL</b>		<b>470,285</b>	<b>445,827</b>	

**CAUSES OF DIFFERENCES**

**1. Timing Differences**

Payments reported by SPDC in 1999 but not made until 2000

---January 2000	33,677
---February	28,401

Payments reported by SPDC in 2000 but not made until 2001

---November 2000	(49,633)
---December 2000	(36,903)

<b>CASH BASIS TOTAL</b>	<b>445,827</b>	<b>445,827</b>
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**ROYALTY****SPDC vs CBN DATA RECONCILIATION**

PERIOD	NOTE	SPDC TEMPLATE \$'000	CBN TEMPLATE \$'000	NOTE
Jan 01		49,235	49,633	
Feb 01		17,760	36,903	
Mar 01		54,578	49,235	
Apr 01		27,736	17,760	
May 01		46,194	54,578	
Jun 01		28,431	-	
Jul 01		33,521	73,930	
Aug 01		28,688	28,431	
Sep 01		23,668	33,521	
Oct 01		40,937	-	
Nov 01		21,382	52,356	
Dec 01		30,525	40,937	
<b>TOTAL</b>		<b>402,655</b>	<b>437,284</b>	

**CAUSES OF DIFFERENCE**1. Timing Differences

Payments reported by SPDC in 2000 but not made until 2001

---January 2001	49,633
---February 2001	36,903

Payments reported by SPDC in 2001 but not made until 2002

---November 2001	(21,382)
---December 2001	(30,525)

**CASH BASIS TOTALS**

<b>437,284</b>	<b>437,284</b>
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**ROYALTY  
SPDC vs CBN DATA RECONCILIATION**

PERIOD	NOTE	SPDC TEMPLATE \$'000	CBN TEMPLATE \$'000	NOTE
Jan 02		27,054	21,382	
Feb 02		23,138	30,525	
Mar 02		33,159	27,054	
Apr 02		27,998	23,138	
May 02		31,018	33,159	
Jun 02		21,049	27,998	
Jul 02		25,802	31,018	
Aug 02		34,190	21,049	
Sep 02		35,475	25,802	
Oct 02		35,401	34,190	
Nov 02		36,900	-	
Dec 02		35,775	70,876	
<b>TOTAL</b>		<b>366,959</b>	<b>346,191</b>	

**CAUSES OF DIFFERENCE**

1. Timing Differences

Payment reported by SPDC in 2001 but not made until 2002

---January 2002	21,382
---February 2002	30,525

Payment reported by SPDC in 2002 but not made until 2003

---November 2002	(36,900)
---December 2002	(35,775)

<b>CASH BASIS TOTALS</b>	<b>346,191</b>	<b>346,191</b>
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**ROYALTY  
SPDC vs CBN DATA RECONCILIATION**

PERIOD	NOTE	SPDC TEMPLATE \$'000	CBN TEMPLATE \$'000	NOTE
Jan 03		55,906	36,900	
Feb 03		51,459	35,775	
Mar 03	A	50,945	55,906	
Apr 03		41,894	51,459	
May 03		35,274	62,965	A
Jun 03		41,642	41,894	
Jul 03		54,589	35,274	
Aug 03		50,055	41,642	
Sep 03		46,972	54,589	
Oct 03		63,542	50,055	
Nov 03		57,142	46,972	
Dec 03		54,219	63,542	
<b>TOTAL</b>		<b>603,639</b>	<b>576,973</b>	

CAUSES OF DIFFERENCE

1. Timing Differences

Payments reported by SPDC in 2002 but  
not made until 2003

---January 2003	36,900
---February 2003	35,775

Payments reported by SPDC in 2003 but  
not made until 2004

---November 2003	(57,142)
---December 2003	(54,219)

---3rd instalment Supplementary PPT

paid in May 2003 wrongly classified to Royalty by CBN

	A	(12,020)
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**CASH BASIS TOTAL**

**564,953                      564,953**

Appendix 2-1 ROYALTY SPDC

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**ROYALTY**  
**SPDC vs CBN DATA RECONCILIATION**

PERIOD	NOTE	SPDC TEMPLATE \$'000	CBN TEMPLATE \$'000	NOTE
Jan 04		81,359	57,142	
Feb 04		63,787	54,219	
Mar 04		50,903	81,359	
Apr 04		64,624	63,787	
May 04		83,814	50,903	
Jun 04		62,502	64,624	
Jul 04		80,440	83,814	
Aug 04		85,502	62,502	
Sep 04		71,135	-	
Oct 04		89,662	165,942	
Nov 04		78,535	70,743	
Dec 04		75,302	90,054	
<b>TOTAL</b>		<b>887,565</b>	<b>845,089</b>	

**CAUSES OF DIFFERENCE**

**1. Timing Differences**

Payments reported by SPDC in 2003 but not made until 2004

---January 2004	57,142
---February 2004	54,219

Payment reported by SPDC in 2004 but not made until 2005

---November 2004	(78,535)
---December 2004	(75,302)

<b>CASH BASIS TOTALS</b>	<b>845,089</b>	<b>845,089</b>
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**VERIFICATION TABLE FOR ROYALTY**

For the year end 31st December 1999 - 2004 (USD)

<b>Assessment Year (a)</b>	<b>Balance at 1st January (b) \$'000</b>	<b>Payments/ Refunds c \$'000</b>	<b>P&amp;L charge for current yr (d) \$'000</b>	<b>P&amp;L charge for prior yr (e) \$'000</b>	<b>Balance at 31st Dec (f) \$'000</b>
<b>1998 &amp; prior</b>					23,000
<b>1999</b>	23,000	(225,326)	273,845		71,519
<b>2000</b>	71,519	(445,827)	471,722		97,414
<b>2001</b>	97,414	(437,284)	402,423		62,553
<b>2002</b>	62,553	(346,191)	368,573		84,935
<b>2003</b>	84,935	(564,953)	602,593		122,575
<b>2004</b>	122,575	(845,089)	931,989		209,475

**Note:**

There was an outstanding Royalty payment of \$209,475,000 at the end of the year 2004, the of which has not been validated to year 2005 payments which is outside the years of audit



2-2 ROYALTY - MOBIL

**Observations**

1. DPR did not issue production certificates to Mobil. The production certificates should have been the basis for calculating the Royalty liability. Since there was no independent confirmation of the quantity of crude produced by the company, we have no alternative than to rely on Mobil's records.
2. The AG's office did not issue receipts to the company whenever payment was made. Rather, receipts were issued many months after payment and in some cases several payments were lumped together, thereby making it difficult to reconcile the figures.

**Recommendations/Conclusion**

1. DPR should monitor the production of crude closely and issue certificates of production. It should also prepare an assessment of the Royalty payable and issue bills to the operators for settlement. Furthermore, there should be periodic reconciliation of production quantities between DPR and the operators.

**ROYALTY Reconciliation (1999)**

1999	MOBIL VS CBN	
	MOBIL \$'000	CBN \$'000
Jan-99	16,502	-
Feb-99	11,349	12,999
Mar-99	15,973	16,502
Apr-99	23,592	11,349
May-99	20,526	15,973
Jun-99	20,304	23,592
Jul-99	25,444	20,526
Aug-99	29,480	20,304
Sep-99	31,162	25,444
Oct-99	31,090	-
Nov-99	31,135	-
Dec-99	34,375	91,732
	<b>290,932</b>	<b>238,421</b>
<b>CAUSES OF DIFFERENCE</b>		
<b>1 Timing Differences</b>		
1998 Royalty received by CBN in 1999	12,999	
1999 Royalty received by CBN in 2000		
Nov-99	(31,135)	
Dec-99	(34,375)	
<b>CASH BASIS TOTAL</b>	<b>238,421</b>	<b>238,421</b>

**ROYALTY Reconciliation (2000)**

2000	MOBIL VS CBN	
	MOBIL \$'000	CBN \$'000
Jan-00	33,474	31,135
Feb-00	33,934	34,375
Mar-00	39,057	33,474
Apr-00	27,914	33,934
May-00	30,934	39,057
Jun-00	37,766	27,914
Jul-00	38,103	-
Aug-00	39,287	30,934
Sep-00	41,609	37,766
Oct-00	41,585	77,390
Nov-00	41,916	41,609
Dec-00	34,240	41,585
	<b>439,819</b>	<b>429,173</b>

**CAUSES OF DIFFERENCE**

**1 Timing Differences**

1999 Royalty Payment per Mobil

Template received by CBN in 2000

Jan-00	31,135
Feb-00	34,375

2000 Royalty Payment per Mobil

Template received by CBN in 2001

Nov-00	(41,916)
Dec-00	(34,240)

**CASH BASIS TOTAL**

<b>429,173</b>	<b>429,173</b>
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<b>ROYALTY Reconciliation 2001</b>		<b>MOBIL VS CBN</b>		
<b>2001</b>	<b>NOTES</b>	<b>MOBIL</b>	<b>CBN</b>	<b>NOTES</b>
		<b>\$'000</b>	<b>\$'000</b>	
Jan-01		35,249	41,916	
Feb-01	A	35,708	34,240	
Mar-01		33,450	-	
Apr-01		32,730	70,957	
May-01		37,303	33,450	
Jun-01		33,340	32,730	A
Jul-01		31,391	37,303	
Aug-01		32,306	33,340	
Sep-01		31,556	31,391	
Oct-01		25,270	32,306	
Nov-01		22,182	31,556	
Dec-01		23,028	25,270	
		<b>373,513</b>	<b>404,459</b>	
<b>CAUSES OF DIFFERENCE</b>				
<b>1 Timing Differences</b>				
2000 Royalty received by CBN in 2001				
Jan-01		41,916		
Feb-01		34,240		
2001 Royalty received by CBN in 2002				
Nov-01		(22,182)		
Dec-01		(23,028)		
<b>CASH BASIS TOTALS</b>		<b>404,459</b>	<b>404,459</b>	

**ROYALTY Reconciliation 2002**

2002	MOBIL VS CBN	
	MOBIL \$'000	CBN \$'000
Jan-02	22,551	22,182
Feb-02	20,162	23,028
Mar-02	26,999	22,551
Apr-02	27,727	20,162
May-02	26,309	26,999
Jun-02	24,295	27,727
Jul-02	26,693	26,309
Aug-02	29,643	24,295
Sep-02	31,130	26,693
Oct-02	28,516	29,643
Nov-02	26,391	31,130
Dec-02	30,602	28,516
	<b>321,018</b>	<b>309,235</b>

**CAUSES OF DIFFERENCE**

**1 Timing Differences**

2001 Royalty per Mobil Template received  
by CBN in 2002

Jan-02	22,182
Feb-02	23,028

2002 Royalty per Mobil Template received  
by CBN in 2003

Nov-02	(26,391)
Dec-02	(30,602)

**CASH BASIS TOTALS**

<b>309,235</b>	<b>309,235</b>
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**ROYALTY Reconciliation 2003**

2003	MOBIL VS CBN	
	MOBIL \$'000	CBN \$'000
Jan-03	42,502	26,390
Feb-03	41,335	30,602
Mar-03	42,263	42,502
Apr-03	40,099	41,335
May-03	36,425	42,263
Jun-03	38,049	40,099
Jul-03	39,715	36,425
Aug-03	41,599	38,049
Sep-03	36,671	39,715
Oct-03	44,293	41,599
Nov-03	39,889	36,671
Dec-03	40,970	44,293
13th month	<u>483,810</u>	<u>459,943</u>

**CAUSES OF DIFFERENCE**

**1 Timing Differences**

2002 Royalty per Mobil Template  
received by CBN in 2003

Jan-03	26,390	-
Feb-03	30,602	-

2003 Royalty per Mobil Template  
received by CBN in 2004

Nov-03	(39,889)	-
Dec-03	<u>(40,970)</u>	

**CASH BASIS TOTALS**

<b>459,943</b>	<b>459,943</b>
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**ROYALTY Reconciliation 2004**

2004	MOBIL VS CBN	
	MOBIL \$'000	CBN \$'000
Jan-04	45,357	39,889
Feb-04	41,319	40,970
Mar-04	49,230	45,357
Apr-04	46,270	41,319
May-04	55,559	49,230
Jun-04	52,115	46,270
Jul-04	57,440	55,559
Aug-04	63,694	-
Sep-04	61,379	109,555
Oct-04	73,358	63,694
Nov-04	60,067	61,379
Dec-04	56,807	73,358
13th month		
	<b>662,595</b>	<b>626,580</b>

**CAUSES OF DIFFERENCE**

**1 Timing Differences**

2003 Royalty per Mobil Template  
received by CBN in 2004

Jan-04	39,889	-
Feb-04	40,970	-

2004 Royalty per Mobil Template  
received by CBN in 2005

Nov-04	(60,067)	-
Dec-04	(56,807)	-

**CASH BASIS TOTALS**

<b>626,580</b>	<b>626,580</b>
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**NEITI - ROYALTY PAYMENT COMPARISON - MPN**

	Royalty Per PPT Returns \$'000	Royalty Paid \$'000
1999	287,739	290,932
2000	442,873	439,819
2001	372,403	373,819
2002	319,320	321,018
2003	478,859	483,810
2004	666,590	662,595
	<u><u>2,567,784</u></u>	<u><u>2,571,993</u></u>

The difference is not significant and is due to timing differences

**VERIFICATION TABLE FOR OTHER FLOWS  
ROYALTY CONTROL ACCOUNT**

For Year End 31 December 1999 - 2004 (USD'000)

Year of assessment	Balance at 1 January	Payments/ refunds	P&L charge for current year	P&L charge for prior year	Balance at 31 December
(a)	(b)	(c)	(d)	(e)	(f)
1998 & prior	-	-	-	-	32,800
1999	32,800	290,932	287,577	183	29,628
2000	29,628	439,819	442,024	263	32,096
2001	32,096	373,819	371,604	14	29,895
2002	29,895	321,018	321,226	12	30,115
2003	30,115	483,810	485,068	7	31,380
2004	31,380	662,595	661,212	7	30,004

**2-3-0 Royalties- Chevron**

**Observations and matters arising**

- a) Royalties are paid two months in arrears i.e. Royalties due in November 2003 will be paid in 2004 January. The operator therefore, account for all royalties payable every month
- b) We observed that there is a serious royalties payable monitoring weakness which urgent steps must be taken to address.
- c) Our review reveals that the operators compute royalties based on their production figures; pay to Federal Government and advise DPR of the payment.

2-3-1 CNL Royalty Data Reconciliation  
 Year 1999

CNL VS CBN ROYALTY DATA COMPARISON/RECONCILIATION				
PERIOD	NOTES	CNL TEMPLATE	CBN TEMPLATE	NOTES
		USD "000"	USD "000"	
Jan-99		10,730	10,994	C
Feb-99		7,304	9,822	D
Mar-99		11,268	10,730	
Apr-99		14,438	7,304	
May-99		15,362	11,268	
Jun-99		13,679	14,438	
Jul-99		17,143	15,362	
Aug-99		21,081	13,679	
Sep-99		20,295	17,143	
Oct-99		20,163	21,081	
Nov-99	A	23,118	20,295	
Dec-99	B	25,567	20,163	
<b>Sub Total</b>		<b>200,148</b>	<b>172,279</b>	

**CAUSES OF DIFFERENCE**

**Timing difference**

Nov 1999 accrual by CNL paid in Jan 2000	A	(23,118)	
Dec 1999 accrual by CNL paid in Feb 2000	B	(25,567)	
Nov 1998 payment made by CNL in Jan 1999	C	10,994	
Dec 1998 payment made by CNL in Jan 1999	D	9,822	
<b>CASH BASIS TOTALS</b>		<b><u>172,279</u></b>	<b><u>172,279</u></b>

Year 2000	NOTES	CNL TEMPLATE	CBN TEMPLATE	NOTES
PERIOD		USD "000"	USD "000"	
Jan-00		24,360	0	C
Feb-00		25,096	48,685	D
Mar-00		28,254	24,360	
Apr-00		21,552	25,096	
May-00		27,580	28,254	
Jun-00		20,517	21,552	
Jul-00		26,519	27,580	
Aug-00		27,263	20,517	
Sep-00		29,919	26,519	
Oct-00		28,664	27,263	
Nov-00	A	30,757	29,919	
Dec-00	B	24,536	28,664	
<b>Sub Total</b>		<b>315,017</b>	<b>308,409</b>	

**CAUSES OF DIFFERENCE**

**1) Timing difference**

Nov 2000 accrual by CNL paid in A Jan 2001	(30,757)	
Dec 2000 accrual by CNL paid in B Feb 2001	(24,536)	
Nov 1999 payment made by CNL C in Jan 2000	23,118	
Dec 1999 payment made by CNL D in Jan 2000	25,567	
<b>CASH BASIS TOTALS</b>	<b>308,409</b>	<b>308,409</b>

Year 2001	NOTES	CNL TEMPLATE	CBN TEMPLATE	NOTES
PERIOD		USD "000"	USD "000"	
Jan-01		25,386	30,757	C
Feb-01		24,573	24,536	D
Mar-01		24,386	25,386	
Apr-01		24,788	24,573	
May-01		25,211	24,386	
Jun-01		26,867	24,788	
Jul-01		24,453	25,211	
Aug-01		25,399	26,867	
Sep-01		24,331	24,453	
Oct-01		18,335	25,399	
Nov-01	A	17,973	24,331	
Dec-01	B	16,658	18,335	
<b>Sub Total</b>		<b>278,360</b>	<b>299,022</b>	

**CAUSES OF DIFFERENCE**

**1) Timing difference**

Nov 2001 accrual by CNL paid in A Jan 2002	(17,973)	
Dec 2001 accrual by CNL paid in B Feb 2002	(16,658)	
Nov 2000 payment made by CNLC in Jan 2001	30,757	
Dec 2000 payment made by CNLD in Jan 2001	24,536	
<b>CASH BASIS TOTALS</b>	<b>299,022</b>	<b>299,022</b>

Year 2002 PERIOD	NOTES	CNL TEMPLATE CBN TEMPLATE		NOTES
		USD "000"	USD "000"	
Jan-02		16,815	17,972	C
Feb-02		14,024	16,657	D
Mar-02		18,244	16,815	
Apr-02		18,921	14,024	
May-02		18,055	18,244	
Jun-02		17,194	18,921	
Jul-02		10,345	18,055	
Aug-02		22,157	17,194	
Sep-02		23,566	0	
Oct-02		23,020	0	
Nov-02	A	19,753	56,068	
Dec-02	B	27,586	23,020	
<b>Sub Total</b>		<b>229,680</b>	<b>216,969</b>	

**CAUSES OF DIFFERENCE**

**1) Timing difference**

Nov 2002 accrual by CNL paid in A Jan 2003	(19,753)	
Dec 2002 accrual by CNL paid in B Feb 2003	(27,586)	
Nov 2001 payment made by CNL C in Jan 2002	17,972	
Dec 2001 payment made by CNL D in Jan 2002	16,657	
<b>CASH BASIS TOTALS</b>	<b>216,969</b>	<b>216,969</b>

Year 2003	NOTES	CNL TEMPLATE	CBN TEMPLATE	NOTES
PERIOD		USD "000"	USD "000"	
Jan-03		30,210	19,753	C
Feb-03		29,726	27,586	D
Mar-03		21,457	30,210	
Apr-03		14,684	29,726	
May-03		19,235	21,457	
Jun-03		19,760	14,684	
Jul-03		21,376	19,235	
Aug-03		21,440	19,760	
Sep-03		18,980	21,376	
Oct-03		21,429	21,440	
Nov-03	A	20,509	18,980	
Dec-03	B	21,056	21,429	
<b>Sub Total</b>		<b>259,862</b>	<b>265,636</b>	

**CAUSES OF DIFFERENCE**

**1) Timing difference**

Nov 2003 accrual by CNL paid in Jan 2004	<b>A</b>	(20,509)	
Dec 2003 accrual by CNL paid in Feb 2004	<b>B</b>	(21,056)	
Nov 2002 payment made by CNL in Jan 2003	<b>C</b>	19,753	
Dec 2002 payment made by CNL in Jan 2003	<b>D</b>	27,586	

<b>CASH BASIS TOTALS</b>		<b>265,636</b>	<b>265,636</b>
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**Year 2004**

<b>PERIOD</b>	<b>NOTES</b>	<b>CNL TEMPLATE USD "000"</b>	<b>CBN TEMPLATE USD "000"</b>	<b>NOTES</b>
Jan-04		23,327	20,509	C
Feb-04		21,261	21,056	D
Mar-04		24,916	23,327	
Apr-04		25,575	21,261	
May-04		29,934	24,916	
Jun-04		24,938	25,575	
Jul-04		29,331	29,934	
Aug-04		32,371	24,938	
Sep-04		32,069	29,331	
Oct-04		38,166	32,371	
Nov-04	A	33,466	32,069	
Dec-04	B	29,025	38,166	
<b>Sub Total</b>		<b>344,379</b>	<b>323,453</b>	

**CAUSES OF DIFFERENCE**

**Timing difference**

Nov 2004 accrual by CNL paid in 2005	<b>A</b>	(33,466)	
Dec 2004 accrual by CNL paid in 2005	<b>B</b>	(29,025)	
Nov 2003 payment made by CNL in Jan 2004	<b>C</b>	20,509	
Dec 2003 payment made by CNL in Jan 2004	<b>D</b>	21,056	

**CASH BASIS TOTALS** **323,453** **323,453**

**2-3-2 TOPCON Royalty Data Reconciliation**

Year 1999

**TOPCON VS CBN ROYALTY DATA COMPARISON/RECONCILIATION**

<b>PERIOD</b>	<b>NOTES</b>	<b>TOPCON USD "000"</b>	<b>CBN USD "000"</b>	<b>NOTES</b>
Jan-99		734	734	
Feb-99		626	0	
Mar-99		696	1,322	
Apr-99		536	536	
May-99		663	663	
Jun-99		903	903	
Jul-99		986	986	
Aug-99		601	600	
Sep-99		1,138	1,138	
Oct-99		278	278	
Nov-99		278	0	
Dec-99		1,342	1,620	
<b>Sub Total</b>		<b>8,780</b>	<b>8,780</b>	
<b><u>CAUSES OF DIFFERENCE</u></b>				
<b><u>1) Timing difference</u></b>		0	0	
<b>CASH BASIS TOTALS</b>		<b>8,780</b>	<b>8,780</b>	

Year 2000 PERIOD	NOTES	TOPCON USD "000"	CBN USD "000"	NOTES
Jan-00		1,513	1,513	
Feb-00		1,601	1,601	
Mar-00		1,454	2,908	
Apr-00		1,548	1,548	
May-00		1,595	1,595	
Jun-00		1,264	1,264	
Jul-00		1,604	1,604	
Aug-00		1,377	1,377	
Sep-00		1,453	1,453	
Oct-00		1,520	1,520	
Nov-00		1,584	1,584	
Dec-00		1,538	1,538	
<b>Sub Total</b>		<b>18,051</b>	<b>18,051</b>	
<b>CAUSES OF DIFFERENCE</b>				
<hr/>				
<b>1) Timing difference</b>		<b>0</b>	<b>0</b>	
<b>CASH BASIS TOTALS</b>		<b>18,051</b>	<b>18,051</b>	

Year 2001	NOTES	TOPCON	CBN	NOTES
PERIOD		USD "000"	USD "000"	
Jan-01		1,477	1,477	
Feb-01		1,160	1,160	
Mar-01		1,230	1,230	
Apr-01		1,018	1,018	
May-01		1,050	1,050	
Jun-01		1,094	1,094	
Jul-01		1,291	1,291	
Aug-01		1,214	1,214	
Sep-01		1,104	1,104	
Oct-01		1,078	1,078	
Nov-01		1,084	1,084	
Dec-01		877	877	
<b>Sub Total</b>		<b>13,677</b>	<b>13,677</b>	
<b>CAUSES OF DIFFERENCE</b>				
<b>1) <u>Timing difference</u></b>		<b>0</b>	<b>0</b>	
<b>CASH BASIS TOTALS</b>		<b>13,677</b>	<b>13,677</b>	

Year 2002

PERIOD	NOTES	TOPCON USD "000"	CBN USD "000"
Jan-02		789	789
Feb-02		727	0
Mar-02		677	677
Apr-02		526	526
May-02		778	778
Jun-02		789	0
Jul-02		810	789
Aug-02		731	810
Sep-02		750	731
Oct-02		740	750
Nov-02		674	1414
Dec-02		674	674
<b>Sub Total</b>		<b>8,665</b>	<b>7,938</b>

**CAUSES OF DIFFERENCE**

<b><u>1) Timing difference</u></b>			
Feb. 2002 payment made in Aug. 2004		(727)	
<b>CASH BASIS TOTALS</b>		<b>7,938</b>	<b>7,938</b>

Year 2003 PERIOD	NOTES	TOPCON USD "000"	CBN USD "000"	NOTES
Jan-03		563	697	
Feb-03		697	563	
Mar-03		734	734	
Apr-03		698	698	
May-03		786	786	
Jun-03		612	612	
Jul-03		691	691	
Aug-03		685	685	
Sep-03		526	526	
Oct-03		792	792	
Nov-03		674	674	
Dec-03		740	740	
<b>Sub Total</b>		<b>8,198</b>	<b>8,198</b>	
<b>CAUSES OF DIFFERENCE</b>				
<b>1) <u>Timing difference</u></b>		<b>0</b>	<b>0</b>	
<b>CASH BASIS TOTALS</b>		<b>8,198</b>	<b>9,788</b>	

**Year 2004**

PERIOD	NOTESTOPCON	CBN	NOTES
	USD "000"	USD "000"	
Jan-04	589	589	
Feb-04	643	643	
Mar-04	718	718	
Apr-04	643	643	
May-04	752	752	
Jun-04	717	717	
Jul-04	817	817	
Aug-04	707	1,434	
Sep-04	774	774	
Oct-04	810	810	
Nov-04	795	795	
Dec-04	856	856	
<b>Sub Total</b>	<b>8,821</b>	<b>9,548</b>	

**CAUSES OF DIFFERENCE**

**Timing difference**

Feb. 2002 payment made in Aug. 2004 727

**CASH BASIS TOTALS**                                 **9,548**                                 **9,548**

2-3-3 COCNL Royalty Data  
 Year 1999

COCNL VS CBN ROYALTY DATA COMPARISON/RECONCILIATION

PERIOD	NOTES	COCNL TEMPLATE USD "000"	CBN TEMPLATE USD "000"	NOTES
Jan-99		734	734	
Feb-99		626	0	
Mar-99		696	1,322	
Apr-99		536	536	
May-99		663	663	
Jun-99		903	903	
Jul-99		986	986	
Aug-99		600	600	
Sep-99		1,138	1,138	
Oct-99		278	278	
Nov-99		278	0	
Dec-99		1,342	1,620	
<b>Sub Total</b>		<b>8,780</b>	<b>8,780</b>	
<b><u>CAUSES OF DIFFERENCE</u></b>				
<b><u>1) Timing difference</u></b>		<b>0</b>	<b>0</b>	
<b>CASH BASIS TOTALS</b>		<b>8,780</b>	<b>8,780</b>	



Year 2000	NOTES	COCNL TEMPLATE USD "000"	CBN TEMPLATE USD "000"	NOTES
PERIOD				
Jan-00		1,513	1,513	
Feb-00		1,601	1,601	
Mar-00		1,454	1,454	
Apr-00		1,548	1,548	
May-00		1,595	1,595	
Jun-00		1,264	1,264	
Jul-00		1,604	1,604	
Aug-00		1,377	1,377	
Sep-00		1,453	1,453	
Oct-00		1,520	1,520	
Nov-00		1,584	1,584	
Dec-00		1,538	1,538	
<b>Sub Total</b>		<b>18,051</b>	<b>18,051</b>	
<b><u>CAUSES OF DIFFERENCE</u></b>				
<b>1) <u>Timing difference</u></b>		<b>0</b>	<b>0</b>	
<b>CASH BASIS TOTALS</b>		<b>18,051</b>	<b>18,051</b>	

Year 2001	NOTES	COCNL TEMPLATE USD "000"	CBN TEMPLATE USD "000"	NOTES
PERIOD				
Jan-01		1,477	1,477	
Feb-01		1,160	1,160	
Mar-01		1,230	1,230	
Apr-01		1,018	1,018	
May-01		1,050	1,050	
Jun-01		1,094	1,094	
Jul-01		1,291	1,291	
Aug-01		1,214	1,214	
Sep-01		1,104	1,104	
Oct-01		1,078	1,078	
Nov-01		1,084	1,084	
Dec-01		877	877	
<b>Sub Total</b>		<b>13,677</b>	<b>13,677</b>	

**CAUSES OF DIFFERENCE**

**1) Timing difference**

**0                      0**

**CASH BASIS TOTALS**

**13,677                      13,677**

Year 2002

PERIOD	NOTES	COCNL TEMPLATE USD "000"	CBN TEMPLATE USD "000"	NOTES
Jan-02		789	789	
Feb-02		727	0	
Mar-02		677	677	
Apr-02		526	526	
May-02		778	778	
Jun-02		789	789	
Jul-02		810	810	
Aug-02		731	731	
Sep-02		750	0	
Oct-02		740	750	
Nov-02		674	1,414	
Dec-02		674	674	
<b>Sub Total</b>		<b>8,665</b>	<b>7,938</b>	

**CAUSES OF DIFFERENCE**

<b>1) Timing difference</b>		<b>0</b>	<b>0</b>
Feb. 2002 payment made in Aug. 2004		(727)	
<b>CASH BASIS TOTALS</b>		<b>7,938</b>	<b>7,938</b>

**CONFIDENTIAL**  
**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE**  
**FINANCIAL AUDIT: Report on the Financial Flows 1999- 2004**

**Year 2003**

<b>PERIOD</b>	<b>NOTES</b>	<b>COCNL TEMPLATE USD "000"</b>	<b>CBN TEMPLATE USD "000"</b>	<b>NOTES</b>
Jan-03		563	697	
Feb-03		697	563	
Mar-03		734	734	
Apr-03		698	698	
May-03		786	786	
Jun-03		612	612	
Jul-03		691	691	
Aug-03		685	685	
Sep-03		526	526	
Oct-03		792	792	
Nov-03		674	674	
Dec-03		740	740	
<b>Sub Total</b>		<b>8,198</b>	<b>8,198</b>	

**CAUSES OF DIFFERENCE**

**Timing difference**

**0**

**0**

**CASH BASIS TOTALS**

**8,198**

**8,198**

**Year 2004**

PERIOD	NOTES	COCNL	CBN	NOTES
	TEMPLATE	TEMPLATE	TEMPLATE	TEMPLATE
	USD "000"		USD "000"	
Jan-04		1,950	1,950	
Feb-04		2,112	2,112	
Mar-04		2,298	2,298	
Apr-04		2,461	2,461	
May-04		752	752	
Jun-04		717	717	
Jul-04		817	817	
Aug-04		707	1,434	
Sep-04		774	774	
Oct-04		810	810	
Nov-04		795	795	
Dec-04		856	856	
<b>Sub Total</b>		<b>15,049</b>	<b>15,776</b>	

**CAUSES OF DIFFERENCE**

<b><u>Timing difference</u></b>	<b>0</b>	<b>0</b>
Feb. 2002 payment made in Aug. 2004	727	
<b>CASH BASIS TOTALS</b>	<b><u>15,776</u></b>	<b><u>15,776</u></b>

## NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

## FINANCIAL AUDIT: Report on the Financial Flows 1999- 2004

## CNL VERIFICATION TABLE FOR ROYALTY PAYMENT (1999-2004)

Year of operation	Balance at 1st January	Payment /Refunds	P&L charge for the year	P&L	Balance at 31st December
				charge for prior year	
	USD "000"	USD "000"	USD "000"	USD "000"	USD "000"
1998 \$ Prior	-			-	-
1999	20,817	172,279	(102,777)	-	48,685
2000	48,685	308,409	(204,431)	-	55,293
2001	55,293	299,024	(209,101)	-	34,630
2002	34,630	216,972	(134,998)	-	47,344
2003	47,344	265,637	(176,404)	-	41,889
2004	41,889	323,453	(221,942)	-	59,622

## TOPCON VERIFICATION TABLE FOR ROYALTY PAYMENT (1999-2004)

Year of operation	Balance at 1st January	Payment /Refunds	P&L charge for the year	P&L	Balance at 31st December
				charge for prior year	
	USD "000"	USD "000"	USD "000"	USD "000"	USD "000"
1998 \$ Prior	-	-		-	-
1999	1,355	8,785	(4,271)	-	3,159
2000	3,159	18,054	(12,250)	-	2,645
2001	2,645	13,677	(8,976)	-	2,056
2002	2,056	12,218	(7,881)	-	2,281
2003	2,281	8,198	(3,724)	-	2,193
2004	2,193	8,821	(5,211)	-	1,417
					-

## COCNL VERIFICATION TABLE FOR ROYALTY PAYMENT (1999-2004)

Year of operation	Balance at 1st January	Payment /Refunds	P&L charge for the year	P&L	Balance at 31st December
				charge for prior year	
	USD "000"	USD "000"	USD "000"	USD "000"	USD "000"
1998 \$ Prior					
1999	1,368	8,785	(2,885)	-	4,532
2000	4,532	18,054	(9,268)	-	4,254
2001	4,254	13,677	(7,957)	-	1,466
2002	1,466	11,110	(6,833)	-	2,811
2003	2,811	8,198	(3,414)	-	1,973
2004	1,973	15,049	(11,659)	-	1,417

## **2.40 ROYALTIES - ELF**

We observed that:

1. There is two months lag between when Royalty arises and when payment is due. i.e. November, 2003 Royalty will be paid in January, 2004 etc

Elf stated that the time lag is allowed by section 16 of Petroleum (Drilling and Production) regulation (CAP PIO LFN) which provides that Royalty be paid “not more than one month after the end of every quarter” it was however decided by the industry to adopt the time frame specified for taxes (section 42 of the PPTA) in the treatment of Royalty. That is, two months in arrears.

2. There is no confirmation evidence by DPR to establish whether operators are over/under stating what they are supposed to pay.

ELF explained that DPR and other government agencies are advised monthly on Royalty expenditure including Royalty payable on NNPC’s Share of Crude Production. Elf considers that DPR should raise an observation if there is any over/under payment of Royalty.

3. Official receipts are not issued by DPR to acknowledge receipt of royalty.

Elf has been unsuccessful in its efforts to obtain official receipts from these agencies.

**ROYALTIES ON OIL**

<b>PERIOD</b>	<b>EPNL TEMPLATE US\$'000</b>	<b>CBN TEMPLATE US\$'000</b>
Jan-99	7,904	7,186
Feb-99	5,812	7,542
Mar-99	8,585	7,904
Apr-99	10,701	5,812
May-99	11,415	8,585
Jun-99	10,460	10,701
Jul-99	11,631	11,415
Aug-99	13,723	10,460
Sep-99	15,468	11,631
Oct-99	14,684	13,723
Nov-99	16,569	15,468
Dec-99	17,990	14,684
	<b>144,942</b>	<b>125,111</b>

**CAUSES OF DIFFERENCE**

**1 Timing Differences**

Nov & Dec 1998 payment reported by EPNL in 1998 but made in 1999

Jan-99	7,186
Feb-99	7,542

Payments reported by EPNL in 1999 but not made until 2000

Nov-99	(16,569)
Dec-99	(17,990)

**CASH BASIS TOTALS**

<b>125,111</b>	<b>125,111</b>
----------------	----------------



**ROYALTIES ON OIL**

PERIOD	EPNL TEMPLATE US\$'000	CBN TEMPLATE US\$'000
Jan-00	18,794	16,569
Feb-00	21,350	17,990
Mar-00	24,394	18,794
Apr-00	17,883	21,350
May-00	21,864	24,394
Jun-00	16,933	17,883
Jul-00	22,481	21,864
Aug-00	24,476	16,933
Sep-00	23,962	22,481
Oct-00	24,569	24,476
Nov-00	26,447	23,962
Dec-00	21,462	24,569
	<b>264,615</b>	<b>251,265</b>
<b>CAUSES OF DIFFERENCE</b>		
<b>1 Timing Differences</b>		
Payments reported by EPNL in 1999 but not made until 2000		
Jan-00	16,569	
Feb-00	17,990	
Payments reported by EPNL in 2000 but not made until 2001		
Nov-00	(26,447)	
Dec-00	(21,462)	
<b>CASH BASIS TOTAL</b>	<b>251,265</b>	<b>251,265</b>

**ROYALTIES ON OIL**

PERIOD	EPNL TEMPLATE US\$'000	CBN TEMPLATE US\$'000
Jan-01	22,106	26,447
Feb-01	20,751	21,462
Mar-01	20,097	22,106
Apr-01	20,629	20,751
May-01	23,918	20,097
Jun-01	20,827	20,629
Jul-01	18,289	23,918
Aug-01	20,890	20,827
Sep-01	20,805	18,289
Oct-01	17,186	20,890
Nov-01	14,765	20,805
Dec-01	14,344	17,186
13th Month	0	0
	<b>234,607</b>	<b>253,407</b>

**CAUSES OF DIFFERENCE**

**1 Timing Differences**

Payments reported by EPNL in 2001 but not made until 2002

Nov-01	(14,765)
Dec-01	(14,344)

Payments reported by EPNL in 2000 but made in 2001

Jan-01	26,447
Feb-01	21,462

**CASH BASIS TOTAL**

<b>253,407</b>	<b>253,407</b>
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**ROYALTIES ON OIL**

PERIOD	EPNL	CBN
	TEMPLATE	TEMPLATE
	US\$'000	US\$'000
Jan-02	14,359	14,765
Feb-02	12,873	14,344
Mar-02	16,120	14,359
Apr-02	16,320	12,873
May-02	16,433	16,120
Jun-02	15,428	16,320
Jul-02	17,782	16,433
Aug-02	19,938	15,428
Sep-02	21,093	17,782
Oct-02	19,951	19,938
Nov-02	17,790	21,093
Dec-02	21,897	19,951
13th Month	0	
	<b>209,984</b>	<b>199,406</b>

**CAUSES OF DIFFERENCE**

**1 Timing Differences**

Payments reported by EPNL in 2002 but not made until 2003

Nov-02	(17,790)
Dec-02	(21,897)

Payment reported by EPNL in 2001 but made in 2002

Jan-02	14,765
Feb-02	14,344

**CASH BASIS TOTAL**

<b>199,406</b>	<b>199,406</b>
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**ROYALTIES ON OIL**

PERIOD	EPNL TEMPLATE US\$'000	CBN TEMPLATE US\$'000
Jan-03	25,499	17,790
Feb-03	24,096	21,897
Mar-03	22,662	25,499
Apr-03	16,666	24,096
May-03	22,353	22,662
Jun-03	20,606	16,666
Jul-03	23,449	22,353
Aug-03	28,937	20,606
Sep-03	25,872	23,449
Oct-03	27,962	28,937
Nov-03	30,863	25,872
Dec-03	37,309	27,962
13th Month	0	0
	<b>306,274</b>	<b>277,789</b>

**CAUSES OF DIFFERENCE**

**1 Timing Differences**

Payments reported by EPNL in  
2002 but made in 2003

Jan-03	17,790
Feb-03	21,897

Payment reported by EPNL in  
2003 but not made until 2004

Nov-03	(30,863)
Dec-03	(37,309)

**CASH BASIS TOTAL**

<b>277,789</b>	<b>277,789</b>
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**ROYALTIES ON OIL**

PERIOD	EPNL TEMPLATE US\$'000	CBN TEMPLATE US\$'000
Jan-04	37,969	30,863
Feb-04	35,392	37,309
Mar-04	44,954	37,969
Apr-04	41,727	35,392
May-04	40,929	44,954
Jun-04	55,147	41,727
Jul-04	49,577	40,929
Aug-04	61,502	55,147
Sep-04	58,464	49,577
Oct-04	64,276	61,502
Nov-04	50,678	58,464
Dec-04	49,918	64,276
13th Month	0	0
	<b>590,533</b>	<b>558,109</b>

**CAUSES OF DIFFERENCE**

**1 Timing Differences**

Payments reported by EPNL in  
 2003 but made in 2004

Jan-04	30,863
Feb-04	37,309

Payments reported by EPNL in  
 2004 but not made until 2005

Nov-04	(50,678)
Dec-04	(49,918)

**CASH BASIS TOTALS**

<b>558,109</b>	<b>558,109</b>
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**ROYALTIES ON GAS**

PERIOD	EPNL TEMPLATE US\$'000	CBN TEMPLATE US\$'000
Jan-00	57	0
Feb-00	88	0
Mar-00	108	57
Apr-00	94	88
May-00	108	108
Jun-00	120	94
Jul-00	149	108
Aug-00	148	120
Sep-00	137	149
Oct-00	98	148
Nov-00	150	137
Dec-00	178	98
	<b>1,435</b>	<b>1,107</b>
<b>CAUSES OF DIFFERENCE</b>		
<b>1 Timing Differences</b>		
Payments reported by EPNL in 2000 but not made until 2001		
Nov-00	(150)	
Dec-00	(178)	
<b>CASH BASIS TOTAL</b>	<b>1,107</b>	<b>1,107</b>

**ROYALTIES ON GAS**

PERIOD	EPNL TEMPLATE US\$'000	CBN TEMPLATE US\$'000
Jan-01	191	150
Feb-01	170	178
Mar-01	200	191
Apr-01	133	170
May-01	143	200
Jun-01	146	133
Jul-01	171	143
Aug-01	148	146
Sep-01	154	171
Oct-01	144	148
Nov-01	154	154
Dec-01	159	144
	<b>1,913</b>	<b>1,928</b>

**CAUSES OF DIFFERENCE**

**1 Timing Differences**

Payments reported by EPNL in 2001 but not made until 2002

Nov-01	(154)
Dec-01	(159)

Payments reported by EPNL in 2000 but made in 2001

Jan-01	150
Feb-01	178

**CASH BASIS TOTAL**

<b>1,928</b>	<b>1,928</b>
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**ROYALTIES ON GAS**

PERIOD	EPNL TEMPLATE US\$'000	CBN TEMPLATE US\$'000
Jan-02	161	154
Feb-02	138	159
Mar-02	138	161
Apr-02	56	138
May-02	143	138
Jun-02	153	56
Jul-02	163	143
Aug-02	157	153
Sep-02	157	163
Oct-02	159	157
Nov-02	165	157
Dec-02	188	159
13th Month	0	
	<b>1,778</b>	<b>1,738</b>

**CAUSES OF DIFFERENCE**

**1 Timing Differences**

Payments reported by EPNL in 2002 but not made until 2003

Nov-02	(165)
Dec-02	(188)

Payment reported by EPNL in 2001 but made in 2002

Jan-02	154
Feb-02	159

**CASH BASIS TOTAL**

<b>1,738</b>	<b>1,738</b>
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**ROYALTIES ON GAS**

PERIOD	EPNL TEMPLATE US\$'000	CBN TEMPLATE US\$'000
Jan-03	193	165
Feb-03	159	188
Mar-03	159	193
Apr-03	190	159
May-03	215	159
Jun-03	217	190
Jul-03	209	215
Aug-03	233	217
Sep-03	237	209
Oct-03	206	233
Nov-03	203	237
Dec-03	239	206
13th Month	0	0
	<b>2,460</b>	<b>2,371</b>

**CAUSES OF DIFFERENCE**

**1 Timing Differences**

Payments reported by EPNL in  
 2002 but made in 2003

Jan-03	165
Feb-03	188

Payments reported by EPNL in  
 2003 but not made until 2004

Nov-03	(203)
Dec-03	(239)

<b>CASH BASIS TOTAL</b>	<b>2,371</b>	<b>2,371</b>
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**ROYALTIES ON GAS**

PERIOD	EPNL TEMPLATE US\$'000	CBN TEMPLATE US\$'000
Jan-04	224	203
Feb-04	179	239
Mar-04	253	223
Apr-04	224	179
May-04	233	253
Jun-04	227	225
Jul-04	219	233
Aug-04	256	227
Sep-04	256	219
Oct-04	281	256
Nov-04	233	256
Dec-04	247	281
13th Month	0	0
	<b>2,832</b>	<b>2,794</b>

**CAUSES OF DIFFERENCE**

**1 Timing Differences**

Payment reported by EPNL in  
 2003 but made in 2004

Jan-04	203
Feb-04	239

Payment reported by EPNL in  
 2004 but not made until 2005

Nov-04	(233)
Dec-04	(247)

**CASH BASIS TOTAL**

	<b>2,794</b>	<b>2,794</b>
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**2-5 ROYALTY – NAOC**

We observed the following:

- 1) Official receipts were not issued by DPR to acknowledge receipt of Royalties paid
- 2) There is no confirmation evidence by DPR to establish whether Operators over/understated what they are supposed to pay.

**ROYALTY - 1999**

PERIOD	NAOC VS CBN DATA RECONCILIATION	
	NAOC	CBN
	TEMPLATE US\$'000	TEMPLATE US\$'000
Jan-99	3,811	3,811
Feb-99	2,577	2,577
Mar-99	2,875	2,875
Apr-99	5,471	5,471
May-99	5,534	5,534
Jun-99	5,763	5,763
Jul-99	3,863	3,863
Aug-99	5,974	5,974
Sep-99	6,758	6,758
Oct-99	7,049	7,049
Nov-99	3,162	3,162
Dec-99	8,335	8,335
<b>CASH BASIS TOTAL</b>	<b>61,172</b>	<b>61,172</b>

**ROYALTY - 2000**

PERIOD	NAOC VS CBN DATA RECONCILIATION	
	NAOC	CBN
	TEMPLATE US\$'000	TEMPLATE US\$'000
Jan-00	9,589	9,589
Feb-00	9,762	9,762
Mar-00	6,094	6,094
Apr-00	7,575	7,575
May-00	16,593	16,593
Jun-00	5,646	5,646
Jul-00	10,115	10,115
Aug-00	10,318	10,318
Sep-00	8,038	8,038
Oct-00	8,951	8,951
Nov-00	18,682	18,682
Dec-00	12,488	12,488
<b>CASH BASIS TOTALS</b>	<b><u>123,851</u></b>	<b><u>123,851</u></b>

**ROYALTY - 2001**

**NAOC VS CBN DATA RECONCILIATION**

<b>PERIOD</b>	<b>NAOC TEMPLATE US\$'000</b>	<b>CBN TEMPLATE US\$'000</b>
Jan-01	15,882	15,882
Feb-01	18,929	18,929
Mar-01	4,722	4,722
Apr-01	13,099	13,099
May-01	10,734	10,734
Jun-01	10,874	10,874
Jul-01	14,295	14,295
Aug-01	13,920	13,920
Sep-01	9,307	9,307
Oct-01	8,902	8,902
Nov-01	12,820	12,820
Dec-01	7,758	7,758
<b>CASH BASIS TOTALS</b>	<b><u>141,242</u></b>	<b><u>141,242</u></b>

**ROYALTY - 2002**

**NAOC VS CBN DATA RECONCILIATION**

<b>PERIOD</b>	<b>NAOC TEMPLATE US\$'000</b>	<b>CBN TEMPLATE US\$'000</b>
Jan-02	8,200	8,200
Feb-02	12,930	12,930
Mar-02	4,253	4,253
Apr-02	9,649	9,649
May-02	13,102	13,102
Jun-02	8,480	8,480
Jul-02	9,270	9,270
Aug-02	8,778	8,756
Sep-02	8,742	8,742
Oct-02	9,048	9,070
Nov-02	13,538	13,538
Dec-02	11,241	11,241
<b>CASH BASIS TOTALS</b>	<b><u>117,231</u></b>	<b><u>117,231</u></b>

**ROYALTY - 2003**

**NAOC VS CBN DATA RECONCILIATION**

<b>PERIOD</b>	<b>NAOC TEMPLATE US\$'000</b>	<b>CBN TEMPLATE US\$'000</b>
Jan-03	9,686	9,686
Feb-03	11,239	11,239
Mar-03	7,817	7,817
Apr-03	15,464	15,464
May-03	18,201	18,201
Jun-03	14,364	14,364
Jul-03	10,801	10,801
Aug-03	12,079	12,079
Sep-03	17,915	17,915
Oct-03	15,674	15,674
Nov-03	15,706	15,706
Dec-03	6,429	6,429
<b>CASH BASIS TOTALS</b>	<b><u>155,375</u></b>	<b><u>155,375</u></b>

**ROYALTY - 2004**

**NAOC VS CBN DATA RECONCILIATION**

<b>PERIOD</b>	<b>NAOC TEMPLATE US\$'000</b>	<b>CBN TEMPLATE US\$'000</b>
Jan-04	23,511	23,511
Feb-04	18,223	18,223
Mar-04	6,497	6,497
Apr-04	21,452	21,452
May-04	24,851	24,851
Jun-04	15,643	15,643
Jul-04	18,433	18,433
Aug-04	22,958	22,958
Sep-04	20,285	20,285
Oct-04	11,237	11,237
Nov-04	39,549	39,549
Dec-04	18,367	18,367
<b>CASH BASIS TOTALS</b>	<b><u>241,006</u></b>	<b><u>241,006</u></b>



Appendix 2-6: Royalty – Pan Ocean

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT REPORT. (1999 – 2004)**

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**Observations**

Pan Ocean's Template figures have been validated and compared with CBN Template. Differences between both Template figures are stated below:

**ROYALTIES DATA RECONCILIATION  
PAN OCEAN VS CBN**

<b>PERIOD YEAR (1999)</b>	<b>NOTE</b>	<b>Pan Ocean (\$'000)</b>	<b>CBN (\$'000)</b>	<b>NOTE</b>
Jan-99	C	624	463	C
Feb-99		-		
Mar-99	A	853		
Apr-99		-		
May-99		-		
Jun-99		-		
Jul-99		-		
Aug-99		-		
Sep-99	B	538	851	A
Oct-99		-		
Nov-99	D	685	537	B
Dec-99		-	-	
<b>Total</b>		<b>2,700</b>	<b>1,851</b>	

**CAUSES OF DIFFERENCE  
TIMING DIFFERENCE**

Nov. 99 payment captured by CBN in Jan 2000	D	(685)	
<b>SUB TOTAL</b>		<b>2,015</b>	<b>1,851</b>

**OTHER FACTORS**

Oct, Nov & Dec'98 Royalty payments reported by company in Jan'99 not received by CBN	C	(161)	
CBN commission	A	(2)	
CBN Commission	B	(1)	
<b>CASH BASIS TOTALS</b>		<b>1,851</b>	<b>1,851</b>

Appendix 2-6: Royalty – Pan Ocean

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT REPORT. (1999 – 2004)**

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**ROYALTIES DATA RECONCILIATION  
PAN OCEAN VS CBN**

PERIOD YEAR (2000)	NOTE	Pan Ocean (\$'000)	CBN (\$'000)	NOTE
Jan-00		952	685	A
Feb-00		-	-	
Mar-00		1,564	952	
Apr-00		-	-	
May-00		-	1,564	
Jun-00		658	-	
Jul-00		846	658	
Aug-00		686	846	
Sep-00		888	686	
Oct-00		474	474	
Nov-00		-	888	
Dec-00	B	1,509	-	
<b>Total</b>		<u><b>7,577</b></u>	<u><b>6,753</b></u>	

**CAUSES OF DIFFERENCE**

Nov'99 payment captured by CBN in Jan'00	A	685	
Dec'00 payment captured by CBN in Jan'01	B	(1,509)	
<b>CASH BASIS TOTALS</b>		<u><u><b>6,753</b></u></u>	<u><u><b>6,753</b></u></u>

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT REPORT. (1999 – 2004)**

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**ROYALTIES DATA RECONCILIATION  
PAN OCEAN VS CBN**

<b>PERIOD YEAR (2001)</b>	<b>NOTE</b>	<b>Pan Ocean (\$'000)</b>	<b>CBN (\$'000)</b>	<b>NOTE</b>
Jan-01		-	1,509	A
Feb-01		1,188	-	
Mar-01		1,560	1,188	
Apr-01		623	1,560	
May-01			623	
Jun-01		1,273	-	
Jul-01		591	1,273	
Aug-01		-	591	
Sep-01		830		
Oct-01		806	830	
Nov-01		-	806	
Dec-01	B	1,338	-	
<b>Total</b>		<b>8,209</b>	<b>8,380</b>	
<b>CAUSES OF DIFFERENCE</b>				
Dec'00 payment captured by CBN in Jan'01	A	1,509		
Dec'01 payment captured by CBN in Jan'02	B	(1,338)		
<b>CASH BASIS TOTALS</b>		<b>8,380</b>	<b>8,380</b>	

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT REPORT. (1999 – 2004)**

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**ROYALTIES DATA RECONCILIATION  
PAN OCEAN VS CBN**

<b>PERIOD YEAR (2002)</b>	<b>NOTE</b>	<b>Pan Ocean (\$'000)</b>	<b>CBN (\$'000)</b>	<b>NOTE</b>
Jan-02		-	1,338	A
Feb-02		1,297	-	
Mar-02		652	1,297	
Apr-02		527	652	
May-02		549	549	
Jun-02		699	527	
Jul-02		623	699	
Aug-02		623	623	
Sep-02		632	623	
Oct-02		771	-	
Nov-02		-	1,403	
Dec-02	B	1,430	-	
<b>Total</b>		<b>7,803</b>	<b>7,711</b>	

**CAUSES OF DIFFERENCE  
TIMING DIFFERENCE**

Dec'01 payment captured by CBN in Jan'02	A	1,338	
Dec'02 payment captured by CBN in Jan'03	B	(1,430)	
<b>CASH BASIS TOTALS</b>		<b>7,711</b>	<b>7,711</b>

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT REPORT. (1999 – 2004)**

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**ROYALTIES DATA RECONCILIATION  
PAN OCEAN VS CBN**

<b>PERIOD YEAR (2003)</b>	<b>NOTE</b>	<b>Pan Ocean (\$'000)</b>	<b>CBN (\$'000)</b>	<b>NOTE</b>
Jan-03	A	708	2,138	A
Feb-03		912	912	
Mar-03		879	879	
Apr-03		892	892	
May-03		955	955	
Jun-03		-	-	
Jul-03		1,011	1,011	
Aug-03		843	-	
Sep-03		926	843	
Oct-03		833	926	
Nov-03		725	1,558	
Dec-03	B	859	-	
<b>Total</b>		<b>9,543</b>	<b>10,114</b>	

**CAUSES OF DIFFERENCE  
TIMING DIFFERENCE**

Dec'02 payment captured by CBN in Jan'03	A	1,430		
Dec'03 payment captured by CBN in Jan'04	B	(859)		
<b>CASH BASIS TOTALS</b>		<b>10,114</b>	<b>10,114</b>	

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**ROYALTIES DATA RECONCILIATION  
PAN OCEAN VS CBN**

<b>PERIOD YEAR (2004)</b>	<b>NOTE</b>	<b>Pan Ocean (\$'000)</b>	<b>CBN (\$'000)</b>	<b>NOTE</b>
Jan-04	B	854	859	A
Feb-04	B	885	1,739	B
Mar-04	C	1,023	-	
Apr-04	C	1,051	-	
May-04	C	1,352	-	
Jun-04	C	1,875	5,301	C
Jul-04		1,851	1,851	
Aug-04		2,095	-	
Sep-04		2,024	2,095	
Oct-04		1,042	2,024	
Nov-04		2,687	1,042	
Dec-04		2,396	2,687	
<b>Total</b>		<b>19,135</b>	<b>17,598</b>	

**CAUSES OF DIFFERENCE**

Dec'03 payment captured  
by CBN in Jan'04

A	859	
---	-----	--

Dec'04 payment captured  
by CBN in 2005

**CASH BASIS TOTALS**

	<u>(2,396)</u>	
	<u><b>17,598</b></u>	<u><b>17,598</b></u>

## **2-7.0 Royalties- Addax**

### **Observations and matters arising**

- We observed that Addax made Royalty payment from 1999 up to 2001. Addax and NNPC are reconciling oyalty payments made by Addax in 1999 to 2003. This reconciliation has not been completed at the time of this report. NSWG should follow up this issue with Addax and NNPC and collect the Royalty outstanding against Addax for the period.
- Addax provided all the receipts to evidence payment of their royalty for years 1999, 2000 and 2001.
- Other reconciliation issues raised by us have been cleared by Addax

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**ROYALTIES PAYABLE**

**ADDAX PETROLEUM NIGERIA LIMITED**

Period (Year 1999)	NOTE	Template Addax (\$'000)	CBN (\$'000)	NOTE
Jan-99		-	-	
Feb-99		-	-	
Mar-99		-	-	
Apr-99		-	-	
May-99		-	-	
Jun-99		604	-	
Jul-99		199	199	
Aug-99		-	604	
Sep-99		344	344	
Oct-99		2,429	2,429	
Nov-99		1,686	1,686	
Dec-99		1,193	1,193	
<b>Cash Basis Totals</b>		<b><u>6,455</u></b>	<b><u>6,455</u></b>	

Period (Year 2000)	NOTE	Template Addax (\$'000)	CBN (\$'000)	NOTE
Jan-00		467	467	
Feb-00		7,387	4,864	
Mar-00		-	-	
Apr-00		4,209	6,732	
May-00		2,891	2,891	
Jun-00		1,672	1,672	
Jul-00		2,201	2,201	
Aug-00		2,798	2,798	
Sep-00		4,416	4,416	
Oct-00		4,316	-	
Nov-00		3,141	3,141	
Dec-00		2,984	7,300	
<b>Cash Basis Totals</b>		<b><u>36,482</u></b>	<b><u>36,482</u></b>	



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**ROYALTIES PAYABLE****ADDAX PETROLEUM NIGERIA LIMITED**

<b>Period (Year 2001)</b>	<b>NOTE</b>	<b>Template Addax (\$'000)</b>	<b>NOTE</b>	<b>CBN (\$'000)</b>
Jan-01		3,218		3,218
Feb-01		2,570		2,570
Mar-01		2,939		2,939
Apr-01		2,734		2,734
May-01		2,496		2,496
Jun-01		2,940		2,940
Jul-01		3,522		3,522
Aug-01		3,535		-
Sep-01		3,103		6,638
Oct-01		3,928		3,928
Nov-01	A	3,674		-
Dec-01	B	3,064		-
<b>Sub Total</b>		<b>37,723</b>		<b>30,985</b>

**CAUSES OF DIFFERENCE**

Nov'01 payment captured by  
the CBN in 2005

A (3,674)

**TIMMING DIFFERENCE**

Dec'01 payment captured by  
the CBN in feb, 2002

B (3,064)

**Cash Basis Total**

**30,985**

**30,985**

<b>Period (Year 2003)</b>	<b>NOTE</b>	<b>Template Addax (\$'000)</b>	<b>NOTE</b>	<b>CBN (\$'000)</b>
Jan-03		85		-
Feb-03		192		-
Mar-03		193		-
Apr-03		198		-
May-03		172		-
Jun-03		220		-
Jul-03		-		-
Aug-03		-		-
Sep-03		-		-
Oct-03		-		694
Nov-03		-		-
Dec-03		-		366
<b>Cash Basis Total</b>		<b>1,060</b>		<b>1,060</b>

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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2-8 Royalty – Amni

Observations

- 1 The company's following payments have not been traced in CBN. We are advising them to place tracer on the amounts

	US\$'000
1999	540
2000	<u>321</u>
	<u>861</u>

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**ROYALTY VALIDATION  
AMNI INT. PETROLEUM DEV. CO. LTD VS CBN**

PERIOD	NOTE	AMNI (\$'000)	CBN (\$'000)	NOTE
<b>YEAR 1999</b>				
Jan-99		353	353	
Feb-99		-	-	
Mar-99		420	420	
Apr-99		678	678	
May-99		728	728	
Jun-99		-	-	
Jul-99	A	540	-	
Aug-99		-	-	
Sep-99		556	556	
Oct-99		-	-	
Nov-99		2,060	2,060	
Dec-99		-	-	
<b>Sub-Total</b>		<b>5,335</b>	<b>4,795</b>	
<b>OTHER FACTORS</b>				
July'99 payment not traced in CBN	A	(540)		
<b>CASH BASIS TOTALS</b>		<b>4,795</b>	<b>4,795</b>	

**ROYALTY VALIDATION  
AMNI IN'T. PETROLEUM DEV. CO. LTD VS CBN**

PERIOD	NOTE	AMNI (\$'000)	CBN (\$'000)	NOTE
<b>YEAR 2000</b>				
Jan-00		-	-	
Feb-00	A	321	-	
Mar-00		-	-	
Apr-00		2,016	2,016	
May-00		-	-	
Jun-00		-	-	
Jul-00		1,057	1,057	
Aug-00		1,867	1,871	
Sep-00		1,080	1,077	
Oct-00		-	-	
Nov-00		-	-	
Dec-00		-	-	
<b>Sub-Total</b>		<b>6,341</b>	<b>6,021</b>	
<b>OTHER FACTORS</b>				
February payment not traced in CBN	A	(321)		
CBN Commission		1		
<b>CASH BASIS TOTALS</b>		<b>6,021</b>	<b>6,021</b>	

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**ROYALTY VALIDATION**

**AMNI IN'T. PETROLEUM DEV. CO. LTD VS CBN**

<b>PERIOD</b>	<b>NOTE</b>	<b>AMNI (\$'000)</b>	<b>CBN (\$'000)</b>	<b>NOTE</b>
<b>YEAR 2002</b>				
Jan-02		-	-	
Feb-02		-	-	
Mar-02		-	-	
Apr-02		1,909	1,909	
May-02		-	-	
Jun-02		-	-	
Jul-02		634	634	
Aug-02		-	-	
Sep-02		-	-	
Oct-02		-	-	
Nov-02		-	-	
Dec-02		-	-	
<b>Cash Basis Total</b>		<b><u>2,543</u></b>	<b><u>2,543</u></b>	

**ROYALTY VALIDATION**

**AMNI IN'T. PETROLEUM DEV. CO. LTD VS CBN**

<b>PERIOD</b>	<b>NOTE</b>	<b>AMNI (\$'000)</b>	<b>CBN (\$'000)</b>	<b>NOTE</b>
<b>YEAR 2004</b>				
Jan-04		-	-	
Feb-04		-	-	
Mar-04		-	-	
Apr-04		-	-	
May-04		1,042	1,042	
Jun-04		1,040	1,040	
Jul-04		-	-	
Aug-04		989	989	
Sep-04		-	-	
Oct-04		-	-	
Nov-04		-	-	
Dec-04		-	-	
<b>Cash Basis Total</b>		<b><u>3,071</u></b>	<b><u>3,071</u></b>	

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**2-9.0 Royalties- Atlas**

**Observations and matters arising**

- Atlas provided the bank advices to evidence payment of their Royalty.
- Other reconciliation issues raised by us have been cleared by Atlas

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**ATLAS ROYALTY DATA RECONCILIATION  
ROYALTY**

PERIOD	NOTE	ATLAS (\$'000)	CBN (\$'000)	NOTE
<b>YEAR 1999</b>				
Jan-99		-	-	
Feb-99		-	-	
Mar-99		-	-	
Apr-99		-	-	
May-99		-	-	
Jun-99		-	-	
Jul-99		-	-	
Aug-99		-	-	
Sep-99		-	-	
Oct-99		-	-	
Nov-99		5,115	5,115	
Dec-99		-	-	
13 Month		908	908	
<b>CASH BASIS TOTAL</b>		<b>6,023</b>	<b>6,023</b>	

**ATLAS ROYALTY DATA RECONCILIATION  
ROYALTY**

PERIOD	NOTE	ATLAS (\$'000)	CBN (\$'000)	NOTE
<b>YEAR 2000</b>				
Jan-00		975	975	
Feb-00		909	909	
Mar-00		1,614	1,614	
Apr-00		-	-	
May-00		2,055	1,160	
Jun-00		745	745	
Jul-00		859	-	
Aug-00		927	1,754	
Sep-00		957	957	
Oct-00		812	1,739	
Nov-00		-	-	
Dec-00		1,227	1,227	
<b>CASH BASIS TOTAL</b>		<b>11,080</b>	<b>11,080</b>	

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**ATLAS ROYALTY DATA RECONCILIATION  
ROYALTY**

PERIOD	NOTE	ATLAS (\$'000)	CBN (\$'000)	NOTE
<b>YEAR 2001</b>				
Jan-01		1,479	1,469	
Feb-01		-	-	
Mar-01		670	679	
Apr-01		975	973	
May-01		420	420	
Jun-01		-	-	
Jul-01		1,399	-	
Aug-01		586	1,399	
Sep-01		-	-	
Oct-01		1,411	1,411	
Nov-01		1,953	2,538	
Dec-01		-	-	
<b>Sub-Total</b>		<b>8,893</b>	<b>8,889</b>	
<b>CASUES OF DIFFERENCE</b>				
<b>OTHER FACTORS</b>				
CBN Commission				
Jan-Dec'2001		(4)	-	
<b>CASH BASIS TOTAL</b>		<b>8,889</b>	<b>8,889</b>	

PERIOD	NOTE	ATLAS (\$'000)	CBN (\$'000)	NOTE
<b>YEAR 2002</b>				
Jan-02		1,892	1,887	
Feb-02		224	224	
Mar-02		758	-	
Apr-02		1,290	756	
May-02		668	1,287	
Jun-02		1,108	666	
Jul-02		2,134	1,106	
Aug-02		532	2,128	
Sep-02		1,502	2,029	
Oct-02		1,480	-	
Nov-02		1,176	1,476	
Dec-02		915	1,173	
<b>Sub-Total</b>		<b>13,679</b>	<b>12,732</b>	
<b>CAUSES OF DIFFERENCE</b>				
<b>TIMMING DIFFERENCE</b>				
Atlas accruals in Dec 2002 paid Jan'03				
		(910)		
<b>OTHER FACTORS</b>				
CBN Commission				
Jan-Dec'2002		(37)		
<b>Cash Basis Total</b>		<b>12,732</b>	<b>12,732</b>	

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**ATLAS ROYALTY DATA RECONCILIATION  
ROYALTY**

PERIOD	NOTE	ATLAS (\$'000)	CBN (\$'000)	NOTE
<b>YEAR 2003</b>				
Jan-03	A	874	1,784	A
Feb-03		-	-	
Mar-03		-	-	
Apr-03		943	-	
May-03		-	941	
Jun-03		-	-	
Jul-03		1,484	1,480	
Aug-03		680	678	
Sep-03		-	-	
Oct-03		760	758	
Nov-03		-	-	
Dec-03		-	-	
<b>Total</b>		<u><b>4,741</b></u>	<u><b>5,641</b></u>	

**CAUSES OF DIFFERENCE**

**TIMMING DIFFERENCE**

Dec 2002 payment received made in Jan'2003	A	910	
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**OTHER FACTORS**

CBN Commission  
Jan-Dec, 2003

		(10)	
<b>Cash Basis Total</b>		<u><b>5,641</b></u>	<u><b>5,641</b></u>

**ATLAS ROYALTY DATA RECONCILIATION  
ROYALTY**

PERIOD	NOTE	ATLAS (\$'000)	CBN (\$'000)	NOTE
<b>YEAR 2004</b>				
Jan-04		619	618	
Feb-04		-	-	
Mar-04		-	0	
Apr-04		755	753	
May-04		-	-	
Jun-04		-	-	
Jul-04		-	-	
Aug-04		-	-	
Sep-04		-	-	
Oct-04		-	-	
Nov-04		-	-	
Dec-04		715	-	
<b>CASH BASIS TOTAL</b>		<u><b>2,089</b></u>	<u><b>1,371</b></u>	

**CAUSES OF DIFFERENCE**

**TIMMING DIFFERENCE**

Atlas accruals in Dec 2004 paid in subsequent year (2005)

		(715)	
		<u>1,374</u>	<u>1,371</u>

**OTHER FACTORS**

CBN Commission  
Jan-Dec, 2004

		(3)	
<b>Cash Basis Total</b>		<u><b>1,371</b></u>	<u><b>1,371</b></u>



**2-10-0 Royalty**

**2-10-1 Observation and Matters Arising**

- The company pays Royalty on arrears. The payments made by the company have been reconciled.
- In 1999, the amounts reported by Dubri Oil in the months of January and May \$9,000 and \$4,000 respectively were reported by CBN in October 2005. whilst \$231,000 the company also reported in 1999 was received by CBN in 2006.
- The company has accrued \$18,000 Royalty liability for 2003, which remains outstanding at the time of this report

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**ROYALTY VALIDATION 1999**

**DUBRI VS CBN**

<b>PERIOD 1999</b>	<b>NOTE</b>	<b>Dubri Oil (\$'000)</b>	<b>CBN (\$'000)</b>	<b>NOTE</b>
Jan-99	A	9	-	
Feb-99	B	37	-	
Mar-99	C	49	-	
Apr-99	D	58	-	
May-99	E	4	-	
Jun-99		-	-	
Jul-99		-	-	
Aug-99		-	-	
Sep-99		-	-	
Oct-99		-	-	
Nov-99	F	22	-	
Dec-99	G	65	-	
<b>Total</b>		<b>244</b>	<b>-</b>	

**CAUSES OF DIFFERENCE**

**TIMING DIFFERENCE**

1999 Accrued Royalties paid  
in Oct'2005

January'99	A	(9)	
May'99	E	(4)	

1999 Accrued Royalty paid  
in 2006

Feb-99 reported by CBN in Feb. 06	B	(37)	
Mar-99 reported by CBN in Jan. 01	C	(49)	
Apr.-99 reported by CBN in Feb. 06	D	(58)	
Nov-99 reported by CBN in Jan 01	F	(22)	
Feb-99 reported by CBN in Feb. 06	G	(65)	
<b>Cash Basis Total</b>		<b>-</b>	<b>-</b>

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**ROYALTY VALIDATION 2000**

**DUBRI VS CBN  
PERIOD 2000**

	NOTE	Dubri Oil (\$'000)	CBN (\$'000)	NOTE
Jan-00		-	-	
Feb-00	A	10	-	
Mar-00	B	27	-	
Apr-00		-	-	
May-00		-	-	
Jun-00		-	-	
Jul-00		-	-	
Aug-00		-	-	
Sep-00		-	-	
Oct-00		-	-	
Nov-00		-	-	
Dec-00		-	63	C
<b>Total</b>		<u>37</u>	<u>63</u>	

**CAUSES OF DIFFERENCE**

**1. TIMING DIFFERENCE**

2000 Accrued Royalty paid in 2003

Feb'2000	A	(10)	
March'2000	B	(27)	

**CASH BASIS TOTALS**

<u>-</u>	<u>63</u>
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**2. OTHER FACTORS**

Payment 1997 liability paid in 2000	C	<u>63</u>	<u>63</u>
		<u>63</u>	<u>63</u>

**Note C**

December report in CBN for US\$63,000 is confirmed by Dubri Oil as liability June, 1997 paid in 2000

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**ROYALTY VALIDATION 2001****DUBRI VS CBN  
PERIOD 2001**

	<b>NOTE</b>	<b>Dubri Oil (\$'000)</b>	<b>CBN (\$'000)</b>	<b>NOTE</b>
Jan-01	C	74	71	A
Feb-01		67	-	
Mar-01		22	-	
Apr-01		-	-	
May-01		-	-	
Jun-01		-	-	
Jul-01		-	74	C
Aug-01		-	22	
Sep-01		-	-	
Oct-01		-	444	B
Nov-01		-	67	
Dec-01		-	-	
<b>Total</b>		<u><b>163</b></u>	<u><b>678</b></u>	

**CAUSES OF DIFFERENCE****1. TIMING DIFFERENCE**

-	-
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**CASH BASIS TOTALS**

<u><b>163</b></u>	<u><b>678</b></u>
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**2. OTHER DIFFERENCE**

Jan report in CBN confirmed by  
Dubri as 1999 Royalty

A	71
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Payment for Consolidated Oil  
wrongly reported by CBN for  
Dubri Oil

(444)	B
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**Adjusted Totals**

<u><u><b>234</b></u></u>	<u><u><b>234</b></u></u>
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**NOTE B**

This reported payment has been inserted in Consolidated Oil template accordingly.

**NOTE C**

Payment received by CBN in July originally reported as unidentified receipt. Dubri Oil has confirmed the payment with evidence in Jan. 01. The template is updated to include this payment.

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**ROYALTY VALIDATION 2002**

**DUBRI VS CBN  
PERIOD 2002**

	NOTE	Dubri Oil (\$'000)	CBN (\$'000)	NOTE
Jan-02	A	28	-	
Feb-02		-	-	
Mar-02		-	-	
Apr-02		-	-	
May-02		-	-	
Jun-02		-	-	
Jul-02		-	-	
Aug-02		-	-	
Sep-02		-	-	
Oct-02		-	-	
Nov-02	B	9	-	
Dec-02		-	-	
<b>Total</b>		<u>37</u>	<u>-</u>	

**CAUSES OF DIFFERENCE  
TIMING DIFFERENCE**

2002 Accrued Royalty paid in 2005	A	(28)	
2002 Accrued Royalty paid in Dec. 2004	B	<u>(9)</u>	
<b>CASH BASIS TOTALS</b>		<u><u>-</u></u>	<u><u>-</u></u>

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**ROYALTY VALIDATION 2003**

**DUBRI VS CBN  
PERIOD 2003**

	NOTE	Dubri Oil (\$'000)	CBN (\$'000)	NOTE
Jan-03		-	-	
Feb-03		-	37	A
Mar-03		-	-	
Apr-03	B	10	-	
May-03		-	-	
Jun-03	C	27	-	
Jul-03	D	18	-	
Aug-03	E	9	-	
Sep-03		-	-	
Oct-03		-	-	
Nov-03		-	-	
Dec-03		-	-	
<b>Total</b>		<u>64</u>	<u>37</u>	

**CAUSES OF DIFFERENCE  
TIMING DIFFERENCE**

2000 Accrued Royalty paid  
in 2003.

Feb'00	A	10	
Mar'00	A	27	

2003 Accrued Royalty paid  
in 2004.

Apr'03	C	(10)	
Jun'03	B	(27)	
Aug'03	E	(9)	

2003 Accrued Royalty yet  
to be paid

Jul'2003	D	<u>(18)</u>	
<b>CASH BASIS TOTALS</b>		<u><u>37</u></u>	<u><u>37</u></u>

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT REPORT. (1999 – 2004)**

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**ROYALTY VALIDATION 2004****DUBRI VS CBN  
PERIOD 2004**

	NOTE	Dubri Oil (\$'000)	CBN (\$'000)	NOTE
Jan-04		-	-	
Feb-04		-	-	
Mar-04		-	-	
Apr-04		-	-	
May-04	A	18	-	
Jun-04		-	-	
Jul-04	E	20	-	
Aug-04		-	-	
Sep-04		-	19	B
Oct-04		-	-	
Nov-04		-	18	A
Dec-04	F	104	36	C
<b>Total</b>		<u>142</u>	<u>73</u>	

**CAUSES OF DIFFERENCE  
TIMING DIFFERENCE**

2002 Accrued Royalty paid  
in 2004.

Nov'04	C	9	
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2003 Accrued Royalty paid  
in 2004.

Apr'03	B	10	
Jun'03	C	27	
Aug'03	B	9	

2004 Accrued Royalty paid  
in February 2006.

July 2004	E	(20)	
Dec-04	F	(104)	

**CASH BASIS TOTALS**

		<u>73</u>	<u>73</u>
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**2-11 Royalty – Conoil**

**Observation**

A payment of \$385,229 in Consolidated Oil in April 2004 has not been traced in CBN. We have advised the company to put a tracer on the payment.



**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**ROYALTY RECONCILIATION  
CONSOLIDATED OIL**

<b>PERIOD</b>	<b>NOTE</b>	<b>CONOIL USD'000</b>	<b>CBN USD'000</b>	<b>NOTE</b>
Jan-99		0	0	
Feb-99		0	0	
Mar-99		0	0	
Apr-99		0	0	
May-99		0	0	
Jun-99		0	0	
Jul-99		0	0	
Aug-99		0	0	
Sep-99		0	0	
Oct-99		1,000	1,000	
Nov-99		1,000	1,000	
Dec-99		1,000	1,000	
<b>CASH BASIS TOTALS</b>		<b><u>3,000</u></b>	<b><u>3,000</u></b>	

<b>PERIOD</b>	<b>NOTE</b>	<b>CONOIL USD'000</b>	<b>CBN USD'000</b>	<b>NOTE</b>
Jan-00		0	0	
Feb-00		1,000	1,000	
Mar-00		2,000	2,000	
Apr-00		2,000	2,000	
May-00		0	0	
Jun-00		1,000	1,000	
Jul-00		1,000	1,000	
Aug-00		2,000	2,000	
Sep-00		0	0	
Oct-00		2,000	2,000	
Nov-00		0	0	
Dec-00		0	0	
<b>CASH BASIS TOTALS</b>		<b><u>11,000</u></b>	<b><u>11,000</u></b>	

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**ROYALTY RECONCILIATION  
CONSOLIDATED OIL**

<b>PERIOD</b>	<b>NOTE</b>	<b>CONOIL USD'000</b>	<b>CBN USD'000</b>	<b>NOTE</b>
Jan-01		0	0	
Feb-01		0	0	
Mar-01		1,500	1,500	
Apr-01		2,000	2,000	
May-01		1,500	1,500	
Jun-01		0	0	
Jul-01		0	0	
Aug-01		521	521	
Sep-01		0	0	
Oct-01		444	444	
Nov-01		458	458	
Dec-01		430	430	
<b>CASH BASIS TOTALS</b>		<b><u>6,853</u></b>	<b><u>6,853</u></b>	

Note

Oct. Payment for \$444 was wrongly reported by CBN for Dubri Oil but now corrected.

<b>PERIOD</b>	<b>NOTE</b>	<b>CONOIL USD'000</b>	<b>CBN USD'000</b>	<b>NOTE</b>
Jan-02		270	270	
Feb-02		323	323	
Mar-02		297	297	
Apr-02		53	53	
May-02		268	268	
Jun-02		253	253	
Jul-02		393	393	
Aug-02		0	0	
Sep-02		406	406	
Oct-02		216	216	
Nov-02		427	427	
Dec-02		0	0	
<b>CASH BASIS TOTALS</b>		<b><u>2,906</u></b>	<b><u>2,906</u></b>	

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**ROYALTY RECONCILIATION  
CONSOLIDATED OIL**

PERIOD	NOTE	CONOIL USD'000	CBN USD'000	NOTE
Jan-03		416	416	
Feb-03		404	404	
Mar-03		343	343	
Apr-03		0	0	
May-03		402	402	
Jun-03		0	1,000	
Jul-03		432	432	
Aug-03		1,000	0	
Sep-03		0	0	
Oct-03		1,942	1,942	
Nov-03		0	0	
Dec-03	A	363	0	
<b>TOTALS</b>		<b>5,302</b>	<b>4,939</b>	

**Causes of Difference**

Timing Difference

Dec, 03 payment captured  
by CBN in Jan, 04

	A	(363)	
<b>CASH BASIS TOTALS</b>		<b>4,939</b>	<b>4,939</b>

**ROYALTY RECONCILIATION  
CONSOLIDATED OIL**

PERIOD	NOTE	CONOIL USD'000	CBN USD'000	NOTE
Jan-04		0	363	A
Feb-04		126	126	
Mar-04		493	493	
Apr-04	B	385	0	
May-04		0	0	
Jun-04		0	0	
Jul-04		394	394	
Aug-04		0	0	
Sep-04		533	533	
Oct-04		194	194	
Nov-04		0	0	
Dec-04		0	0	
<b>Sub - Totals</b>		<b>2,125</b>	<b>2,103</b>	

**Causes of Difference**

Dec 2003 payment receive in

Jan 04 by CBN

April Payment not traced in CBN

	A	363	
	B	(385)	
<b>Cash Basis Totals</b>		<b>2,103</b>	<b>2,103</b>

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT: Report on the Financial Flows 1999- 2004**

## 2.12 Royalty – Continental

## Observations

Continental Oil reported a payment of \$2,000,000 in February 2004.

This payment has not been traced in CBN. We have advised them to put a tracer on it.

**CONTINENTAL OIL AND GAS  
ROYALTIES**

PERIOD	NOTE	CONTINENTAL (\$'000)	CBN (\$'000)	NOTE
<b>YEAR 1999</b>				
Jan-99		-	-	
Feb-99		-	-	
Mar-99		-	-	
Apr-99		-	-	
May-99		-	-	
Jun-99		-	-	
Jul-99		-	-	
Aug-99		-	-	
Sep-99		-	-	
Oct-99		-	-	
Nov-99		1,000	1,000	
Dec-99		1,000	1,000	
13 Month		2,000	2,000	
<b>CASH BASIS TOTAL</b>		<b>4,000</b>	<b>4,000</b>	

**ROYALTIES**

PERIOD	NOTE	CONTINENTAL (\$'000)	CBN (\$'000)	NOTE
<b>YEAR 2000</b>				
Jan-00	A	5,000	-	
Feb-00	A	5,000	-	
Mar-00		-	-	
Apr-00		-	10,000	A
May-00		4,000	-	
Jun-00		5,000	4,000	
Jul-00		2,000	5,000	
Aug-00		5,000	2,000	
Sep-00		-	-	
Oct-00		-	5,000	
Nov-00		-	-	
Dec-00		-	-	
13 Month		-	-	
<b>CASH BASIS TOTAL</b>		<b>26,000</b>	<b>26,000</b>	

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT: Report on the Financial Flows 1999- 2004**

**CONTINENTAL OIL AND GAS  
ROYALTIES**

PERIOD	NOTE	CONTINENTAL (\$'000)	CBN (\$'000)	NOTE
<b>YEAR 2001</b>				
Jan-01		3,500	-	
Feb-01		5,000	-	
Mar-01		4,000	3,500	
Apr-01		10,077	5,000	
May-01		5,389	4,000	
Jun-01		5,066	10,077	
Jul-01		5,066	5,389	
Aug-01		4,584	5,066	
Sep-01		4,778	4,584	
Oct-01		4,575	5,066	
Nov-01		-	4,778	
Dec-01		-	4,575	
13 Month				
<b>CASH BASIS TOTAL</b>		<b>52,035</b>	<b>52,035</b>	

**CONTINENTAL OIL AND GAS  
ROYALTIES**

PERIOD	NOTE	CONTINENTAL (\$'000)	CBN (\$'000)	NOTE
<b>YEAR 2002</b>				
Jan-02		3,818	3,818	
Feb-02		3,405	3,405	
Mar-02		3,526	3,526	
Apr-02		3,643	3,643	
May-02				
Jun-02		2,774	2,774	
Jul-02		4,430	4,430	
Aug-02				
Sep-02		4,412	4,412	
Oct-02		4,617	4,617	
Nov-02		2,348	2,348	
Dec-02				
<b>CASH BASIS TOTAL</b>		<b>32,973</b>	<b>32,973</b>	

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT: Report on the Financial Flows 1999- 2004**

**CONTINENTAL OIL AND GAS  
ROYALTIES**

PERIOD	NOTE	CONTINENTAL (\$'000)	CBN (\$'000)	NOTE
<b>YEAR 2003</b>				
Jan-03		3,000	3,000	
Feb-03		1,750	1,750	
Mar-03		1,026	1,026	
Apr-03		-	-	
May-03		2,029	2,029	
Jun-03		-	-	
Jul-03		2,000	2,000	
Aug-03		1,000	1,000	
Sep-03		5,229	28,925	
Oct-03		28,925	5,229	
Nov-03		-	-	
Dec-03		-	-	
13 Month		-	-	
<b>CASH BASIS TOTAL</b>		<b>44,959</b>	<b>44,959</b>	

**ROYALTIES**

PERIOD	NOTE	CONTINENTAL (\$'000)	CBN (\$'000)	NOTE
<b>YEAR 2004</b>				
Jan-04				
Feb-04	A	2,000	-	
Mar-04		1,000	-	
Apr-04		-	-	
May-04		-	1,000	
Jun-04		-	5,000	
Jul-04		1,000	1,000	
Aug-04		5,000	5,000	
Sep-04		10,000	10,000	
Oct-04		948	948	
Nov-04		5,000	5,000	
Dec-04		5,000	-	
13 Month		-	-	
<b>CASH BASIS TOTAL</b>		<b>29,948</b>	<b>27,948</b>	

**OTHER FACTORS**

Feb'04 payment in continental  
Oil & Gas not in CBN

A	(2,000)	
	<b>27,948</b>	<b>27,948</b>

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

**Observations:**

The company's payments on June – December 1999 of US\$1,468,000 has not been traced in CBN.

**ROYALTY DATA RECONCILIATION  
EXPRESS PETROLEUM & GAS COMPANY LTD OIL VS CBN**

<b>PERIOD</b>	<b>NOTE</b>	<b>EXPRESS TEMPLATE</b>	<b>CBN TEMPLATE</b>	<b>NOTE</b>
<b>YEAR 1999</b>		<b>(\$'000)</b>	<b>(\$'000)</b>	
Jan-99		112	-	
Feb-99		92	-	
Mar-99		118	-	
Apr-99		144	-	
May-99		136	-	
Jun-99		148	-	
Jul-99		174	-	
Aug-99		200	-	
Sep-99		216	-	
Oct-99		225	-	
Nov-99		239	-	
Dec-99		266	-	
<b>Total</b>		<b>2,070</b>	<b>-</b>	
<b>Causes of Difference</b>				
<b>Timing Differences</b>				
Jan- May'99 Royalty Payment captured by CBN in July'00		(602)	-	
<b>Cash Basis Total</b>		<b>1,468</b>	<b>-</b>	
<b>Other Factors</b>				
June-Dec'99 payments not traced in CBN		(1,468)	-	
<b>CASH BASIS TOTALS</b>		<b>-</b>	<b>-</b>	

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

**ROYALTY DATA RECONCILIATION  
EXPRESS PETROLEUM & GAS COMPANY LTD OIL VS CBN**

PERIOD	NOTE	EXPRESS TEMPLATE (\$'000)	CBN TEMPLATE (\$'000)	NOTE
<b>YEAR 2000</b>				
Jan-00		252	-	
Feb-00		271	-	
Mar-00		-	-	
Apr-00		230	-	
May-00		292	-	
Jun-00		302	-	
Jul-00		-	602	
Aug-00		307	-	
Sep-00		334	-	
Oct-00		322	-	
Nov-00		332	-	
Dec-00		268	-	
<b>Total</b>		<b>2,910</b>	<b>602</b>	
<b>CAUSES OF DIFFERENCES</b>				
<b>TIMING DIFFERENCE</b>				
Jan-May'99 Royalty payments captured by CBN in July'00		602	-	
Jan-Feb'00 Royalty payments captured by CBN in April'01		(523)	-	
Apr-May'00 Royalty payments captured by CBN in Oct'01		(522)	-	
Jun'00 Royalty payment captured by CBN in May'02		(302)	-	
August & Dec'00 Royalty accrual paid outside the audit period (Dec, 2005)		(1,563)	-	
<b>CASH BASIS TOTALS</b>		<b>602</b>	<b>602</b>	



**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

**ROYALTY DATA RECONCILIATION  
EXPRESS PETROLEUM & GAS COMPANY LTD OIL VS CBN**

PERIOD YEAR 2001	NOTE	EXPRESS TEMPLATE (\$'000)	CBN TEMPLATE (\$'000)	NOTE
Jan-01		-	-	
Feb-01		-	-	
Mar-01		-	-	
Apr-01		-	523	A
May-01		-	-	
Jun-01		-	-	
Jul-01		-	-	
Aug-01		-	-	
Sep-01		-	-	
Oct-01		-	522	B
Nov-01		-	-	
Dec-01		-	-	
<b>Total</b>		<u>-</u>	<u>1,045</u>	
<b>Causes of Difference</b>				
<b>TIMING DIFFERENCE</b>				
Jan & Feb'00 Royalty accrual captured by CBN in Apr'01	A	523		
Apr & May'00 Royalty accrual captured by CBN in Oct'01	B	522		
<b>CASH BASIS TOTALS</b>		<u><u>1,045</u></u>	<u><u>1,045</u></u>	

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**ROYALTY DATA RECONCILIATION  
EXPRESS PETROLEUM & GAS COMPANY LTD OIL VS CBN**

PERIOD YEAR 2002	NOTE	EXPRESS TEMPLATE (\$'000)	CBN TEMPLATE (\$'000)	NOTE
Jan-02		-	-	
Feb-02		-	-	
Mar-02		-	-	
Apr-02		-	-	
May-02		-	302	A
Jun-02		-	-	
Jul-02		-	-	
Aug-02		-	-	
Sep-02		-	-	
Oct-02		-	-	
Nov-02		-	-	
Dec-02		-	-	
<b>Total</b>		<u>-</u>	<u>302</u>	
<b>Causes of Difference</b>				
<b>TIMING DIFFERENCE</b>				
Jun'00 Royalty accrual captured by CBN in May'02	A	302		
<b>CASH BASIS TOTALS</b>		<u><u>302</u></u>	<u><u>302</u></u>	

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
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**ROYALTY DATA RECONCILIATION  
EXPRESS PETROLEUM & GAS COMPANY LTD OIL VS CBN**

<b>PERIOD YEAR 2003</b>	<b>NOTE</b>	<b>EXPRESS (\$'000)</b>	<b>CBN (\$'000)</b>	<b>NOTE</b>
Jan-03		449	449	
Feb-03		426	426	
Mar-03		428	428	
Apr-03		347	347	
May-03		351	351	
Jun-03		354	354	
Jul-03		350	350	
Aug-03		349	349	
Sep-03		293	293	
Oct-03		318	318	
Nov-03		297	297	
Dec-03		301	301	
<b>CASH BASIS TOTALS</b>		<b><u>4,263</u></b>	<b><u>4,263</u></b>	

**ROYALTY DATA RECONCILIATION  
EXPRESS PETROLEUM & GAS COMPANY LTD OIL VS CBN**

<b>PERIOD YEAR 2004</b>	<b>EXPRESS (\$'000)</b>	<b>CBN (\$'000)</b>
Jan-04	275	275
Feb-04	239	239
Mar-04	190	190
Apr-04	90	90
May-04	114	114
Jun-04	104	104
Jul-04	113	113
Aug-04	377	377
Sep-04	282	282
Oct-04	237	237
Nov-04	233	233
Dec-04	282	282
<b>CASH BASIS TOTALS</b>	<b><u>2,536</u></b>	<b><u>2,536</u></b>

**APPENDIX 2-14- ROYALTY – NPDC**

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

**2-14-0 - Observations**

We observed that Royalty template from NPDC does not contain figures for 1999 and 2000.

Royalty template was formulated in Nigeria Naira and not in US Dollars.  
We have used the average exchange rate for each years to convert the cash basis totals to US Dollars

**APPENDIX 2-14- ROYALTY – NPDC**

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

**NPDC ROYALTY**

**NPDC VS CBN DATA RECONCILIATION**

PERIOD	NPDC TEMPLATE N '000	DPR TEMPLATE N '000
Jan-01	108,353	-
Feb-01	88,726	-
Mar-01	113,111	-
Apr-01	118,365	-
May-01	90,349	-
Jun-01	84,141	-
Jul-01	103,971	-
Aug-01	104,298	-
Sep-01	105,572	-
Oct-01	85,840	-
Nov-01	74,375	-
Dec-01	72,258	1,149,359
<b>CASH BASIS TOTALS</b>	<b><u>1,149,359</u></b>	<b><u>1,149,359</u></b>

**NOTE:**

All payments made by NPDC in Local Currency (Naira) to DPR were backed with receipts issued by DPR.

**CONVERSION OF NAIRA CASH BASIS TOTALS TO USD @ N110 TO \$1**

	\$'000	\$'000
<b>CASH BASIS TOTALS</b>	<b><u>10,449</u></b>	<b><u>10,449</u></b>

**APPENDIX 2-14- ROYALTY – NPDC**

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE**  
**FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

**NPDC ROYALTY**

**NPDC VS CBN DATA RECONCILIATION**

<b>PERIOD</b>	<b>NPDC TEMPLATE N'000</b>	<b>DPR TEMPLATE N'000</b>
Jan-02	76,562	-
Feb-02	61,388	-
Mar-02	63,898	-
Apr-02	102,374	-
May-02	24,161	-
Jun-02	71,679	-
Jul-02	47,008	-
Aug-02	110,007	-
Sep-02	179,453	-
Oct-02	-	-
Nov-02	-	-
Dec-02	-	736,530
<b>CASH BASIS TOTALS</b>	<b><u>736,530</u></b>	<b><u>736,530</u></b>

**NOTE:**

All the above payments in NPDC template were made to DPR and backed by receipt issued by DPR.

	<b>\$'000</b>	<b>\$'000</b>
Conversion of Naira Cash Basis Totals to USD @ N115 to \$1	6,405	6,405
Add other Dollar payments: - Feb-02	7,256	-
Sep-02	-	7,256
<b>CASH BASIS TOTAL</b>	<b><u>13,661</u></b>	<b><u>13,661</u></b>

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

## NPDC ROYALTY

## NPDC VS CBN DATA RECONCILIATION

PERIOD	NPDC TEMPLATE N'000	DPR TEMPLATE N'000
Jan-03	204,060	-
Feb-03	146,574	-
Mar-03	-	-
Apr-03	167,293	-
May-03	-	-
Jun-03	-	-
Jul-03	194,743	-
Aug-03	-	-
Sep-03	-	-
Oct-03	-	-
Nov-03	-	-
Dec-03	-	712,670
<b>CASH BASIS TOTAL</b>	<b><u>712,670</u></b>	<b><u>712,670</u></b>

**NOTE:**

NPDC provided us with receipts issued by DPR for all the above payments

	\$'000	\$'000
Conversion of Naira Cash Basis Totals to USD @ N115 to \$1	6,479	6,479
Add other Dollar payments: -		
Jan-03	4,560	4,560
Jun-03	3,107	3,107
Sep-03	4,736	4,736
<b>CASH BASIS TOTALS</b>	<b><u>12,403</u></b>	<b><u>12,403</u></b>

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

## NPDC ROYALTY

## NPDC VS CBN DATA RECONCILIATION - 2004

## PAYMENTS IN US DOLLARS

PERIOD	NPDC TEMPLATE US \$'000	CBN TEMPLATE US \$'000
Jun-03	1,784	-
Jul-03	4,047	-
Jul-03	3,483	-
Mar-04	3,608	-
Aug-04	-	7,188
Sep-04	-	6,882
Nov-04	6,882	-
Nov-04	4,601	8,221
Dec-04	-	1,784
	<u>24,405</u>	<u>24,075</u>

## CAUSES OF DIFFERENCE

CNB Commission Jan 02 - Dec 04	(330)
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<b>CASH BASIS TOTALS</b>	<u><u>24,075</u></u>	<u><u>24,075</u></u>
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**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

**ROYALTIES PAYABLE  
PHILIPS OIL COMPANY NIGERIA LIMITED  
PERIOD**

<b>PERIOD (YEAR 1999)</b>	<b>NOTE</b>	<b>PHILLIPS (\$'000)</b>	<b>CBN (\$'000)</b>	<b>NOTE</b>
Jan-99	C	1,662	1,586	A
Feb-99	C	1,746	1,004	B
Mar-99		1,640	-	
Apr-99		2,297	3,408	C
May-99		2,434	1,640	
Jun-99		2,442	2,297	
Jul-99		2,877	2,434	
Aug-99		3,405	2,442	
Sep-99		1,792	2,877	
Oct-99		1,731	3,405	
Nov-99	D	4,655	1,792	
Dec-99	E	4,380	1,731	
<b>Total</b>		<b>31,061</b>	<b>24,616</b>	

**CAUSES OF DIFFERENCE  
TIMING DIFFERENCE**

Nov'98 payment captured by CBN in Jan'99	A	1,586	-
Dec'98 payment captured by CBN in Feb'99	B	1,004	-
Nov'99 payment captured in the CBN Jan'00	D	(4,655)	-
Dec'99 payment captured by the CBN in Feb'00.	E	(4,380)	-
<b>Cash Basis Total</b>		<b>24,616</b>	<b>24,616</b>

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

**ROYALTIES PAYABLE****PHILIPS OIL COMPANY NIGERIA LIMITED****PERIOD****(YEAR 2000)**

	<b>NOTE</b>	<b>PHILLIPS (\$'000)</b>	<b>CBN NOTE (\$'000)</b>	
Jan-00		4,020	4,655	A
Feb-00		7,261	4,380	B
Mar-00		4,824	4,020	
Apr-00		3,028	7,261	
May-00		3,473	4,824	
Jun-00		3,048	3,028	
Jul-00		5,650	3,473	
Aug-00		4,929	3,048	
Sep-00		6,908	5,650	
Oct-00		8,886	4,929	
Nov-00	C	2,940	6,908	
Dec-00	D	5,536	8,886	
<b>Total</b>		<b>60,503</b>	<b>61,062</b>	

**CAUSES OF DIFFERENCE****TIMING DIFFERENCE**

Nov'99 payment captured by the CBN in Jan'00	A	4,655	-	
Dec'99 payment captured by the CBN in Feb'00	B	4,380	-	
Nov'00 payment captured in the CBN in Jan'01	C	(2,940)	-	
Dec'00 payment captured by the CBN in Feb'01.	D	(5,536)	-	
<b>Cash Basis Total</b>		<b>61,062</b>	<b>61,062</b>	

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

**ROYALTIES PAYABLE****PHILIPS OIL COMPANY NIGERIA LIMITED****PERIOD****(YEAR 2001)**

	<b>NOTE</b>	<b>PHILLIPS (\$'000)</b>	<b>CBN (\$'000)</b>	<b>NOTE</b>
Jan-01		4,885	2,940	A
Feb-01		4,351	5,536	B
Mar-01		5,336	4,885	
Apr-01		5,683	4,351	
May-01		6,206	5,336	
Jun-01		7,127	5,683	
Jul-01		3,721	6,206	
Aug-01		7,368	7,127	
Sep-01		4,850	3,721	
Oct-01		4,381	7,368	
Nov-01	C	3,804	4,850	
Dec-01	D	4,217	4,381	
<b>Total</b>		<b>61,929</b>	<b>62,384</b>	

**CAUSES OF DIFFERENCE****TIMING DIFFERENCE**Nov'00 payment captured  
by the CBN in Jan'01

A

2,940

-

Dec'00 payment captured  
by the CBN in Feb'01

B

5,536

-

Nov'01 payment captured  
in the CBN in Jan'02

C

(3,804)

-

Dec'01 payment captured  
by the CBN in Feb'02.

D

(4,217)

-

**Cash Basis Total****62,384****62,384**

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

**ROYALTIES PAYABLE  
PHILIPS OIL COMPANY NIGERIA LIMITED  
PERIOD**

<b>(YEAR 2002)</b>	<b>NOTE</b>	<b>PHILLIPS (\$'000)</b>	<b>CBN (\$'000)</b>	<b>NOTE</b>
Jan-02		4,173	3,804	A
Feb-02		3,282	4,217	B
Mar-02		4,395	4,173	
Apr-02	C	5,255	3,282	
May-02	C	3,866	4,395	
Jun-02		3,609	-	
Jul-02	D	4,737	9,121	C
Aug-02	D	5,268	-	
Sep-02		4,687	3,609	
Oct-02		3,837	10,005	D
Nov-02	E	5,171	4,687	
Dec-02	F	5,164	3,837	
<b>Total</b>		<b>53,444</b>	<b>51,130</b>	

**CAUSES OF DIFFERENCE  
TIMING DIFFERENCE**

Nov'01 payment captured by the CBN in Jan'02	A	3804	-
Dec'01 payment captured by the CBN in Feb'02	B	4,217	-
Nov'02 payment captured in the CBN in Jan'03	E	(5,171)	-
Dec'02 payment captured by the CBN in Feb'03.	F	(5,164)	-
<b>Cash Basis Total</b>		<b>51,130</b>	<b>51,130</b>

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

**ROYALTIES PAYABLE  
PHILIPS OIL COMPANY NIGERIA LIMITED  
PERIOD**

<b>(YEAR 2003)</b>	<b>NOTE</b>	<b>PHILLIPS (\$'000)</b>	<b>CBN (\$'000)</b>	<b>NOTE</b>
Jan-03		6,605	5,171	A
Feb-03		5,857	5,164	B
Mar-03		7,666	6,941	
Apr-03		5,481	5,857	
May-03		5,904	7,330	
Jun-03		6,718	5,481	
Jul-03		7,540	5,904	
Aug-03		5,684	6,722	
Sep-03		7,624	15,160	
Oct-03		6,999	5,684	
Nov-03	C	6,474	-	
Dec-03	D	7,392	6,999	
<b>Total</b>		<b>79,944</b>	<b>76,413</b>	

**CAUSES OF DIFFERENCE  
TIMING DIFFERENCE**

Nov'02 payment captured by the CBN in Jan'03	A	5,171	
Dec'02 payment captured by the CBN in Feb'03	B	5,164	
Nov'03 payment captured in the CBN in Jan'04	C	(6,474)	
Dec'03 payment captured by the CBN in Feb'04	D	(7,392)	
<b>Cash Basis Total</b>		<b>76,413</b>	<b>76,413</b>

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

**ROYALTIES PAYABLE****PHILIPS OIL COMPANY NIGERIA LIMITED****PERIOD****(YEAR 2004)**

	<b>NOTE</b>	<b>PHILLIPS (\$'000)</b>	<b>CBN (\$'000)</b>	<b>NOTE</b>
Jan-04		5,184	6,474	A
Feb-04		5,353	7,392	B
Mar-04		6,142	5,184	
Apr-04		8,180	5,353	
May-04		-	-	
Jun-04		7,400	6,142	
Jul-04		5,972	8,180	
Aug-04	C	10,181	7,400	
Sep-04	C	8,640	-	
Oct-04		10,151	5,972	
Nov-04	D	9,942	18,821	
Dec-04	E	7,311	10,151	
<b>Total</b>		<b>84,456</b>	<b>81,069</b>	

**CAUSES OF DIFFERENCE****TIMING DIFFERENCE**

Nov'03 payment captured by the CBN in Jan'04	A	6,474	-
Dec'03 payment captured by the CBN in Feb'04	B	7,392	-
Nov'04 payment captured by the CBN in 2005	D	(9,942)	-
Dec'04 payment captured by the CBN in 2005	E	(7,311)	-
<b>Cash Basis Total</b>		<b>81,069</b>	<b>81,069</b>

**APPENDIX 2-16 Royalty –Moni Pulo**

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE**  
**FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

2-16 Royalty – Moni Pulo

**Observation**

The company's payment of \$3,033,640 in October, 2003 has not been traced in CBN. We have accordingly advised them to put on a tracer on this amend to their bankers.

**MONI PULO LIMITED**  
**1999 ROYALTY DATA RECONCILIATION**

	NOTES	MONI PULO TEMPLATE \$'000	CBN TEMPLATE \$'000	NOTES
<b>1999</b>				
Jan-99		-	-	
Feb-99		-	-	
Mar-99		386	-	
Apr-99		1,518	-	
May-99		1,094	-	
Jun-99		1,154	-	
Jul-99		1,546	-	
Aug-99		1,706	-	
Sep-99		2,707	-	
Oct-99		2,530	-	
Nov-99		2,589	-	
Dec-99	A	2,606	15,175	
<b>Total</b>		<u>17,836</u>	<u>15,175</u>	
<b>CAUSES OF DIFFERENCE</b>				
<b>TIMINING DIFFERENCE</b>				
Dec'99 Royalty paid Feb'00	A	(2,606)		
		<u>15,230</u>	<u>15,175</u>	
<b>OTHER FACTORS</b>				
CBN Commssion				
Nov. - Dec 99		(55)		
<b>CASH BASIS TOTALS</b>		<u>15,175</u>	<u>15,175</u>	

APPENDIX 2-16 Royalty –Moni Pulo

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE**  
**FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

**MONIPULO LIMITED**  
**2000 ROYALTY DATA RECONCILIATION**

	NOTES	MONI PULO TEMPLATE \$'000	CBN TEMPLATE \$'000	NOTES
<b>2000</b>				
Jan-00		2,960	-	
Feb-00	B	3,090	2,606	A
Mar-00	B	1,877	2,960	
Apr-00		3,464	4,966	B
May-00	C	2,698	-	
Jun-00	C	2,762	3,464	
Jul-00		3,512	5,460	C
Aug-00		3,120	3,512	
Sep-00	D	3,921	-	
Oct-00	D	4,926	3,120	
Nov-00		4,186	8,846	D
Dec-00		3,622	4,186	
<b>Sub-Total</b>		<b>40,138</b>	<b>39,120</b>	

**CAUSES OF DIFFERENCE**

**TIMING DIFFERENCE**

Dec'99 Royalty accrual captured by CBN in Feb'01	A	2,606	
Dec'00 Royalty payment captured by CBN in Feb'01		(3,622)	
CBN Commission B&D		(2)	

**CASH BASIS TOTALS**

<b>39,120</b>	<b>39,120</b>
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APPENDIX 2-16 Royalty –Moni Pulo

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE**  
**FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

**MONI PULO LIMITED**  
**2001 ROYALTY DATA RECONCILIATION**

	NOTES	MONI PULO TEMPLATE \$'000	CBN TEMPLATE \$'000	NOTES
<b>2001</b>				
Jan-01	A	3,366	-	
Feb-01	A	3,136	10,124	
Mar-01		2,692	-	
Apr-01		2,898	-	
May-01		3,701	2,852	
Jun-01		3,412	2,898	
Jul-01		3,402	3,540	
Aug-01		3,936	3,412	
Sep-01		3,850	3,402	
Oct-01		2,907	3,936	
Nov-01	B	2,439	3,850	
Dec-01	C	2,450	2,907	
<b>Total</b>		<b>38,189</b>	<b>36,921</b>	

**Causes of Differences**

**Timing Difference**

Dec'00 Royalty accrual captured by CBN in Feb'01	A	3,622		
Nov'01 Royalty accrual captured by CBN in Jan'02	B	(2,439)		
Dec'01 Royalty accrual captured by CBN in Feb'02	C	(2,450)		
Rounding error		(1)		
<b>Cash Basis Total</b>		<b>36,921</b>	<b>36,921</b>	

APPENDIX 2-16 Royalty –Moni Pulo

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

**MONIPULO LIMITED  
2002 ROYALTY DATA RECONCILIATION**

	NOTES	MONI PULO TEMPLATE \$'000	CBN TEMPLATE \$'000	NOTES
<b>2002</b>				
Jan-02		2,538	2,439	A
Feb-02		2,098	2,450	B
Mar-02		3,015	2,538	
Apr-02		2,689	2,098	
May-02		3,024	3,015	
Jun-02		2,793	2,689	
Jul-02		2,839	3,024	
Aug-02		3,364	2,793	
Sep-02		3,245	2,839	
Oct-02		3,372	3,364	
Nov-02	C	2,707	3,245	
Dec-02	D	3,309	3,372	
<b>TOTAL</b>		<b>34,993</b>	<b>33,866</b>	

**Causes of Difference**

**Timing Difference**

Nov'01 Royalty Payment captured by the CBN in Jan'02	A	2,439	
Dec'01 Royalty payment captured by CBN in Feb'02	B	2,450	
Nov'02 Royalty payment captured by CBN in Jan'03	C	(2,707)	
Dec'02 Royalty payment captured by CBN in Feb'03	D	(3,309)	

**Cash Basis Total**

<b>33,866</b>	<b>33,866</b>
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APPENDIX 2-16 Royalty –Moni Pulo

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE**  
**FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

<b>MONIPULO LIMITED</b>				
<b>2003 ROYALTY DATA RECONCILIATION</b>				
<b>MONTH</b>	<b>NOTE</b>	<b>MONIPULO TEMPLATE \$'000</b>	<b>CBN TEMPLATE \$'000</b>	<b>NOTE</b>
Jan-03		3,439	2,707	A
Feb-03	C	3,194	3,309	B
Mar-03		3,244	3,439	
Apr-03		2,466	-	
May-03		2,774	3,244	
Jun-03		2,679	2,466	
Jul-03		2,220	2,774	
Aug-03		2,723	2,679	
Sep-03		2,410	2,220	
Oct-03	D	3,034	2,723	
Nov-03	E	2,874	2,410	
Dec-03	F	2,981	-	
<b>TOTAL</b>		<b>34,038</b>	<b>27,971</b>	

**Causes of Difference**  
**Timing Difference**

Nov'02 payment received by CBN in Jan'03	A	2,707	
Dec'02 payment received by CBN in Feb'03	B	3,309	
Nov'03 payment captured by CBN in Jan'04	E	(2,874)	
Dec'03 payment captured by CBN in Feb'04	F	(2,981)	
Feb'03 accrual captured by CBN in Oct'04	C	(3,194)	
<b>CASH BASIS TOTALS</b>		<b>31,005</b>	<b>27,971</b>
<b>OTHER FACTOR</b>			
Oct'03 payment not traced in CBN	D	(3,034)	
		<b>27,971</b>	<b>27,971</b>

**APPENDIX 2-16 Royalty –Moni Pulo**

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE**  
**FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

<b>MONIPULO LIMITED</b>				
<b>2004 ROYALTY DATA RECONCILIATION</b>				
<b>MONTH</b>	<b>NOTE</b>	<b>MONIPULO TEMPLATE \$'000</b>	<b>CBN TEMPLATE \$'000</b>	<b>NOTE</b>
Jan-04		2,946	2,874	A
Feb-04		2,699	2,981	B
Mar-04		2,796	2,946	
Apr-04		3,606	2,699	
May-04		3,538	2,796	
Jun-04		2,942	3,606	
Jul-04		3,897	3,538	
Aug-04	E	3,843	2,942	
Sep-04		3,726	3,897	
Oct-04		3,960	7,037	E
Nov-04	C	3,263	3,726	
Dec-04	D	1,328	3,960	
<b>TOTAL</b>		<b>38,544</b>	<b>43,002</b>	

**Causes of Difference**  
**Timing Difference**

Nov'03 Royalty payment captured by CBN in Jan'04	A	2,874		
Dec'03 Royalty payment captured by CBN in Feb'04	B	2,981		
Nov'04 Royalty payment captured by CBN in Jan'05	C	(3,263)		
Dec'04 Royalty payment captured by CBN in Feb'05	D	(1,328)		
Feb'03 Royalty payment captured by CBN in Oct'04	E	3,194		
<b>CASH BASIS TOTALS</b>		<b>43,002</b>	<b>43,002</b>	