

Transmittal of reporting templates in accordance with Regulations regarding reporting and reconciliation of cash flows from the petroleum activities (EITI-Regulations)

In accordance with Regulations regarding reporting and reconciliation of cash flows from petroleum activities laid down by Royal Decree 26th June 2009 (EITI-Regulations), licensees on the Norwegian Continental Shelf are instructed to each year report previous calendar years payments to the State. In addition, relevante administrative agencies are instructed to report the received payments for the corresponding posts. According to the EITI-regulations the reporting entities shall report to an administrator. Deloitte is appointed as administrator. This reporting cycle was first time implemented in 2009 (2008 payments). Enclosed this letter you will find standard reporting templates. Via the EITI-logo at the MPEs web page www.regjeringen.no/oed (right hand side) you will find the EITI-regulations, the Royal Decree establishing the EITI regulations, this letter in both Norwegian and English in addition to electronic (excel) files of the templates. Below you will find guidelines for completion of the different posts in the reporting templates.

The deadline for submitting the templates is 1. August 2010. At this time, in accordance with the Norwegian Accounting Act, there shall exist audited accounts for the previous calendar year and the licensees are requested to enclose their audit reports to the templates.

The templates are signed by the CFO / Agency Director and, together with the audit report and any attachments, submitted to the following postal address:

Deloitte AS
Att: Mette Herdlevær
Karenslyst allé 20
Postboks 347 Skøyen
0213 Oslo

Any additional electronic template files are forwarded by e-mail to:
mherdlevaer@deloitte.no

Questions related to completion of the templates can be forwarded to Mette Herdlevær (Deloitte) at the above mentioned e-mail address or telephone: (+47) 952 06 337.

Guidance to the reporting templates

A general reporting comment:

The reporting duty comprises what is actually paid to the State in 2009, the cash flow, and not what the licensee is assessed for taxes and fees etc. It is further the net payments that shall be reported, which means any payments received from the corresponding administrative agencies are to be subtracted (which means it could be

reported net received payments). Interests paid/ received in relation to the relevant payments shall be included.

Lesser payments should be considered as well, unless trivial (cf. the fiscal handling of such figures). The payments shall be reported in the foreign currency paid to the State authorities. The figures shall be rounded off to the nearest thousand.

The companies are recommended to specify payments for each post down to amount and date of payment to simplify the reconciliation process.

Comments on template 1

Comments on post 1 "Income tax payments"

Tax payments comprised by the Petroleum Tax Act shall be reported. This comprises ordinary tax (28 %) on income from within the petroleum tax regime and additional tax (50 %). Repayments from the State for exploring activities in accordance with the Petroleum Tax Act section 3 c fifth paragraph shall be reported, as shall tax interests. Tax related to onshore activities or tax paid to foreign authorities shall not be included.

Comments on post 2 "Other tax payments":

These taxes are paid by the operator on behalf of the License. Thus the operator reports these payments to the Norwegian Petroleum Directorate / Directorate of Customs and Excise on behalf of the License. This means the licensee sums up payments from all the licenses where the licensee is operator related to the same tax post in template 1 and reports the total. In an attachment the licensee then specifies the payments per production license for which it is operator. Enclosed the templates you will find an example of such an attachment (see template nr 2).

The only taxes/fees that should be reported under post 2 are area fees, CO2 tax and NOx tax (not alternative payments to the NOx fund). Indirect taxes like VAT, payroll tax, customs duty etc. shall not be reported. Nor shall petrol tax on sold products from petrol stations be reported. The reporting duty comprises payments to administrative agencies which means local tax, local property tax etc. shall not be reported.

Comments on post 3 "Other payments to the state":

Post 3 is a miscellaneous post where the objective is to gather other specified payments to the state or state employees in relation to the company's petroleum activities. The reasons for including this post is to include payments not specifically excepted above or in the royal decree, or possibly non regular payments, made only once e.g. Leave the columns open if you do not have anything to report.

One example of "other payments" not intercepted by other posts are payments made in connection with "net profit agreements" existing in a few producing fields. Specify these payments per currency.

The reporting duty only cover payments regarding "petroleum activity" as it is defined in the Petroleum Act § 1-6 litra c). We also emphasize that the receivers of the relevant payments only relates to state and/or state employees. This means payments to local authorities and/or employees are not to be reported.

The licensees shall not report handling charge paid for seismic surveys, granting exploration licenses or production licenses cf. Regulations 27th June 1997 nr. 653 to Act relating to petroleum activities sections 5 and 9. The same relates to payments in accordance with Regulations 17 June 1997 nr 652 relating to refunding of expenses in connection with regulatory supervision of safety, working environment and resource management in the petroleum activities. Nor shall user charge paid to the NPD for div. services (Discos, Force-membership or similar) be reported.

Please specify what the payments relates to and which State agency or State employee receiving the payments in the blank columns under 3.1 – 3.3.

Comments on post 4 "Only for Statoil ASA"

Payments of dividends to the state (as owners) are excepted from the reporting duty, cf. special remarks in the Royal Decree.

Statoil ASA reports all payments to the State as a consequence of the company's sale and marketing of the State's petroleum, cf the sales and marketing instruction laid down in Statoil's General Meeting 25 May 2001 with subsequent amendments. The payments are reported in the currency paid to the State agency. Please find enclosed a transaction summary which specify the date of payments and payments per foreign currency.

Comments on post 5 "Only for Petoro"

Petoro AS reports payments to the State not relating to sale and marketing of the State's petroleum. Payments should be reported in relevant foreign currency attached specifications per transaction dates.

Received payments related to "net profit" shares should be specified separately per licensee and per foreign currency in an attachment. In addition Petoro AS reports the cash records for the period 1.1.2009 -31.12.2009.

Comments on post 6 "only for the Central Bank of Norway"

Central Bank of Norway reports movements related to payments into and payments out of its accounts regarding the States participating interests (SDFI)/Petoro, specified per account. For innbetalingskonti vedlegges spesifikasjon som viser betalinger per valuta per transaksjonsdato.

Comments on Template 3 (for NPD/ Directorate of Customs and Excise only)

The Directorate of Customs and Excise reports the total payment sum in 2009 specified per operator. The NPD reports the total payment sum in 2009 specified per operator.

The NPD further specifies the payments per production license. Please find enclosed an example of such (Template 2).

Comments on Template 4 (for Skatteetaten only)

Skatteetaten reports tax payments in and out or exploration refunds inclusive interests per licensee in their own template (template 4).