

**IN THE THIRD SESSION OF THE SIXTH  
PARLIAMENT OF THE FOURTH REPUBLIC OF  
GHANA**

**REPORT OF THE SELECT COMMITTEE ON  
MINES AND ENERGY**

**ON THE**

**PROGRAMME OF ACTIVITIES OF THE GHANA  
NATIONAL PETROLEUM CORPORATION  
(GNPC) FOR THE YEAR 2015**

*NOVEMBER, 2015*



# **REPORT OF THE SELECT COMMITTEE ON MINES AND ENERGY ON THE PROGRAMME OF ACTIVITIES OF THE GHANA NATIONAL PETROLEUM CORPORATION (GNPC) FOR THE YEAR 2015**

---

## **1.0 INTRODUCTION**

The Programme of Activities of the Ghana National Petroleum Corporation (GNPC) for the year 2015 was laid in Parliament on 12<sup>th</sup> June, 2015 by the Hon. Minister for Petroleum, Mr. Emmanuel Kofi Armah-Buah in accordance with Section 7 (3) (b) of the Petroleum Revenue Management Act, 2011 (Act 815).

Subsequently, the paper was referred by the Rt. Hon. Speaker to the Select Committee on Mines and Energy for consideration and report pursuant to Order 188 of the Standing Orders of Parliament.

## **2.0 DELIBERATIONS**

The Committee met with the Deputy Minister for Petroleum, Hon. Benjamin Dagadu and Officials of the Ministry to discuss the Programme of Activities. Officials of GNPC led by the Chief Executive Officer, Mr. Alex Mould also attended the meeting to assist the Committee in its deliberations.

The Committee is grateful to the Hon. Deputy Minister and the Officials for their attendance and for providing clarifications on issues raised by the Committee during deliberations on the Referral.

## **3.0 REFERENCE DOCUMENTS**

The Committee referred to the following during its deliberations:

- i. The 1992 Constitution of the Republic of Ghana;
- ii. The Standing Orders of Parliament;
- iii. The Petroleum Revenue Management Act, 2011 (Act 815);

- iv. The Petroleum (Exploration and Production) Act, 1984 (PNDCL 84); and
- v. The Ghana National Petroleum Corporation Act, 1983 (PNDCL 64).

#### **4.0 BACKGROUND INFORMATION**

---

The GNPC was established in 1984 through the passage of the Ghana National Petroleum Corporation Act, 1983 (PNDCL 64) to undertake exploration, development, production and disposal of petroleum in the country.

---

Since its establishment, the Corporation has pursued its objectives by engaging in petroleum activities either independently or in association with other petroleum exploration and production companies.

To ensure that the GNPC secures the needed funding to undertake its operations as mandated by its establishing law, a portion of the country's petroleum fund has been allocated to the Corporation for its activities. This is provided under Section 7 (3) (b) of the Petroleum Revenue Management Act, 2011 (Act 815).

To achieve prudent utilization of the funds, the Act 815 mandates Parliament to approve the Programme of activities of the Corporation for each financial year. In this regard, the Programme of Activities of the GNPC for the year 2015 was laid in Parliament on 12<sup>th</sup> June, 2015 by the Hon. Minister for Petroleum for its approval.

#### **5.0 KEY ACHIEVEMENTS OF GNPC FOR THE YEAR 2014**

During the year 2014, the Corporation achieved the following key milestones in the execution of its mandate:

- i. achieved an estimated reserve of 1,300 mmboe as at December, 2014 against the target of 1,276 million barrels of oil equivalent (mmboe) for the year;

- ii. negotiated eight (8) new Petroleum Agreements which were ratified by Parliament;
- iii. met the annual appraisal well target by drilling three (3) wells;
- iv. submitted proposal to acquire 10% commercial interest in the Hess project;
- v. negotiated Gas Sales and Purchase Agreements term sheets with Jubilee Partners, Ghana National Gas Company (GNGC), and the Offshore Cape Three Point (OCTP) Partners;
- vi. completed 50% of work required to establish petroleum systems and the thermal maturity of the Voltaian Basin;
- vii. completed reservoir characterization for the Tweneboa-Enyinra-Etomme (TEN)Project;
- viii. achieved the annual petroleum development target by drilling seven (7) development wells;
- ix. secured approval of the Plan of Development (PoD) for the Sankofa-Gye-Nyame Field and completed tenders for the Floating Production Storage and Offloading vessel (FPSO) and Subsea Production Systems (SPS) for the Sankofa-Gye-Nyame Project;
- x. attained average daily crude oil production from the Jubilee Field of 101,923 barrels of oil production per day (bopd) as against 100,000 bopd projected for the year 2014;
- xi. upgraded and expanded ICT systems comprising the installation of core operating systems, application softwares and hardware; it also established and launched new website and intranet sites as part of its ICT systems upgrade and expansion project; and

- iii. contract the engineering, construction, and installation of Subsea Production System (SPS), component of FPSO unit; Front End Engineering Design (FEED) for the onshore receiving facilities, offshore and onshore gas pipelines; and pre-drilling of 6 wells as part of the Corporation's works on the OCTP Block.

---

### **7.3 Capacity Building Activities**

In the year 2015, GNPC intends to continue to improve the capacity of its staff to manage petroleum operations particularly in the area of gas management. In light of this objective, the GNPC plans to undertake the following:

- i. continue the implementation of its ICT infrastructure upgrade and expansion project in 2015;
- ii. focus on the monitoring the realization of the Corporation's capacity building objectives in various partnerships and strategic alliances;
- iii. train and develop staff in conformity with industry standards;
- iv. complete the development of Strategic Human Resources Plan and commence its implementation;
- v. build capacity of Staff in gas operations;
- vi. complete the Head Office procurement processes and commence its construction. The Corporation will also commence work on the refurbishment of eight (8) landed properties.

### **8.0 FINANCIAL REQUIREMENTS FOR THE 2015 ACTIVITIES**

In its 2015 Annual Budget Estimates, the GNPC projected the budget of US\$1,136.63 million for its activities for the 2015 Fiscal Year.

The budget was to be financed from the Corporation's equity financing, thirty percent share of net Jubilee oil revenue, funds from its Partners for the TEN and Sankofa-Gye-Nyame Projects, funds carried over from 2014 and loans. The breakdown is shown in the **Appendix**.

---

## **9.0 OBSERVATIONS**

### **9.1 Approval of Annual Work Programmes**

The Committee noted that since the coming into force of the Petroleum Revenue Management Act, 2011 (Act 815), this is the first time that the Annual Programme of the GNPC is being considered separately from the Annual Budget Estimates of the GNPC through the approval of the budget of the Ministry of Petroleum. While commending the House for upholding the law, the Committee recommends that this should be done annually before the presentation of the National Budget.

### **9.2 Construction of New Head Office Complex**

The Committee also noted that the amount of Sixteen Million United States Dollars (US\$16,000,000.00) has been earmarked by the Corporation for the construction of a new Head Office Complex in Accra. Officials of the Corporation informed the Committee that the architectural designs of the Head Office Complex had been completed and processes were underway to select the Contractor to execute the project. The construction of the Head Office Complex will reflect the Corporation's stature as budding Exploration Company and house other Partners of the Corporation.

### **9.3 Gas Commercialization Activities**

The Committee further noted that the GNPC has undertaken steps towards consolidating its upstream and midstream market segments relating to gas commercialization. In line with this and in accordance with its new role as national gas aggregator, the

Corporation has commenced processes to acquire the Ghana National Gas Company (GNGC) as its subsidiary. Officials of the GNPC also informed the Committee that the Corporation would also work with its partners to develop the Sankofa-Gye-Nyame gas field, the TEN Field and the Greater Jubilee Field project. The Corporation will also undertake activities in gas commercialization and management along the gas value chain, and develop the market for the OCTP gas and sale of dry gas to power plants in collaboration with the World Bank and International Finance Corporation (IFC).

---

#### **9.4 Work on the Voltaian Basin**

The Committee was informed that the Corporation has intensified work on the Voltaian Basin in the bid to promote the area to attract the needed investment. Official of the GNPC informed the Committee that eighty percent (80%) of the work at the planning phase of the project has been completed.

The Officials also informed the Committee that though the Corporation had initially planned in the 2015 Work Programme to drill slim holes, the scope of work had been revised to drilling of conventional holes to achieve better results in view of the discovery of new information relating to the geology of the area. The Corporation will further conduct feasibility studies necessary for the acquisition of Seismic Data of the area which would cover twenty (21) Districts in the Northern, Ashanti and the Brong Ahafo Regions. The Committee was informed that the steps are being taken to ensure that all affected stakeholders are duly compensated in accordance with law.

#### **9.5 Impact of the UNCLOS Tribunal Ruling on 2015 Activities**

The Committee was informed that the ruling of the UNCLOS Tribunal on the border dispute between Ghana and Ivory Coast will not have significant impact on the implementation of its planned activities within the disputed area. The Committee was informed that only fourteen percent (14%) of the North and South Tano Block is affected by the ruling. This means that eighty-six percent (86%) of the area is still available for the conduct of petroleum activities. In this regard, the Corporation disclosed to the Committee that it would drill two (2) out of the three (3) Wells planned for the year 2015.

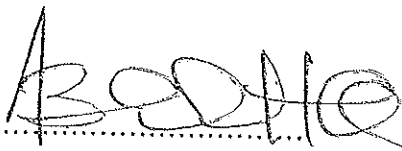


## 10.0 CONCLUSION AND RECOMMENDATION

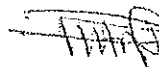
The Committee has duly discharged its duty and is of the view that the Programme of Activities of the GNPC for the year 2015 falls within the scope of the mandate of the GNPC under PNDC Law 64. The implementation of Programme would also achieve targets on new discoveries and further assist in promoting frontier areas like the Voltaian Basin attract the needed investment.

In view of this, the Committee wishes to recommend to the House to adopt its Report and to approve the Programme of Activities of the Ghana National Petroleum Corporation (GNPC) for the year 2015 in accordance with Section 7 (3) (b) of the Petroleum Revenue Management Act, 2011 (Act 815).

Respectfully submitted.



HON. ALHAJI AMADU B. SOROGHO  
CHAIRMAN, COMMITTEE ON  
MINES AND ENERGY



PEACE FIAWOYIFE (MS.)  
CLERK TO THE COMMITTEE

## APPENDIX

## BREAKDOWN OF THE 2015 BUDGET OF THE GNPC

	USD99.376/bbl	USD99.376/bbl	USD70/bbl	USD70/bbl
	Budget, 2015	Budget, 2015	Budget, 2015	Budget, 2015
	US\$ (M)	GHC (M)	US\$ (M)	GHC (M)
<b>REVENUE</b>	<b>228.05</b>	<b>752.55</b>	<b>185.51</b>	<b>612.2</b>
Level A - Equity financing	72.15	238.10	72.15	238.10
Level B - 30 % of net proceeds from crude oil	122.24	403.38	79.70	263.02
Gas Revenue	33.66	111.08	33.66	111.08
<b>EXPENDITURE</b>				
<b>Development &amp; Production Cost</b>	<b>201.57</b>	<b>665.17</b>	<b>201.57</b>	<b>665.17</b>
Jubilee	88.84	293.17	88.84	293.17
Tweneboa Enyenra & Ntomme- DWT	72.01	237.65	72.01	237.65
Sankofa - Gye Nyame Complex	40.71	134.35	40.71	134.35
<b>PETROLEUM PROJECTS</b>	<b>549.58</b>	<b>1813.62</b>	<b>549.58</b>	<b>1813.62</b>
OCTP Pipeline & Onshore Receiving Facility	300.00	990.00	300.00	990.00
OCTP Gas Off Take Contribution	125.00	412.50	125.00	412.5
South Deep Water Tano	4.62	15.24	4.62	15.24
Voltaian Basing Project	48.98	161.63	48.98	161.63
North & South Tano	3.42	11.30	3.42	11.30
Hess Block	46.33	152.90	46.33	152.90
Ultra Deep Water Keta	0.41	1.35	0.41	1.35
Keta - Heritage	6.40	21.13	6.40	21.13
Tano - Heritage	3.25	10.72	3.25	10.72
A-Z Petroleum	1.90	6.28	1.90	6.28
ICT Upgrade & Expansion	3.89	12.82	3.89	12.82
Maritime Boundary Special Project	5.38	17.75	5.38	17.75
<b>GHANA GAS RELATED COSTS</b>	<b>307.00</b>	<b>1,013.10</b>	<b>307.00</b>	<b>1,013.10</b>
Ghana National Gas Co. Capitalisation	235.00	775.50	235.00	775.50
Operational cost ( GNGC )	67.00	221.10	67.00	221.10
Transaction Advisory & Integration Expenses	5.00	16.50	5.00	16.50
<b>CAPITAL PROJECT</b>	<b>46.81</b>	<b>154.46</b>	<b>46.81</b>	<b>154.46</b>
New Head Office Building	16.00	52.80	16.00	52.80
Acquisition of Land & Construction	0.58	1.93	0.58	1.93
Research and Technology Centre	26.66	87.98	26.66	87.98
Other Works on Landed Property	3.56	11.75	3.56	11.75
<b>GENERAL EXPENDITURE</b>	<b>1.67</b>	<b>104.52</b>	<b>31.67</b>	<b>104.52</b>
Personal Emolument	12.90	42.58	12.90	42.58
Admin Capital	2.55	8.41	2.55	8.41
General Expenses	16.22	53.53	16.22	53.53

<b>TOTAL EXPENDITURE</b>	<b>1,136.68</b>	<b>3,750.87</b>	<b>1,136.63</b>	<b>3,750.87</b>
<b>NET POSITION</b>	<b>(908.58)</b>	<b>(2,998.32)</b>	<b>(951.11)</b>	<b>(3,138.67)</b>
<b>FINANCING</b>	<b>319.63</b>	<b>1054.79</b>	<b>391.63</b>	<b>1,054.79</b>
TEN PARTNERS	66.47	219.35	66.47	219.35
Sankofa - Gye Nyame Partners	38.02	125.47	36.08	125.47
Funds b/fw from 2014	215.14	709.97	215.14	709.97
<b>NET POSITION AFTER FINANCING</b>	<b>(588.95)</b>	<b>(1,943.95)</b>	<b>(631.48)</b>	<b>(2,088.89)</b>

