

**BANK OF GHANA**  
**PETROLEUM HOLDING FUND & GHANA PETROLEUM FUNDS**  
**SEMI ANNUAL REPORT: JULY 1 – DECEMBER 31, 2012**



Jubilee Oil Field

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**ABBREVIATIONS:**

ABFA:	Annual Budget Funding Amount
bbl/d:	barrels per day
bbls:	barrels of oil
Brent Crude:	Price Index for light sweet crude oil sourced from North sea
bopd.	barrels of oil per day
CAPI:	Carried and Participating Interest
CDS:	Credit Default Swaps
ECB:	European Central Bank
FOMC:	Federal Open Market Committee
GHAPET:	Ghana Petroleum Holding Fund Account at Federal Reserve Bank of New York
GHF:	Ghana Heritage Fund
GSF:	Ghana Stabilisation Fund
GNPC:	Ghana National Petroleum Corporation
mb/d:	Million barrels per day
MTAB:	Mahogany, Teak, Akasa and Banda oil wells
OPEC:	Organization of the Petroleum Exporting Countries
PBOC:	People's Bank of China
PHF:	Petroleum Holding Fund
PRMA:	Petroleum Revenue Management Act 2011 (815)
TEN:	Tweneboa, Enyenra, Ntomme oil wells
WTI:	West Texas Intermediate (Benchmark for light sweet crude oil from the Americas)

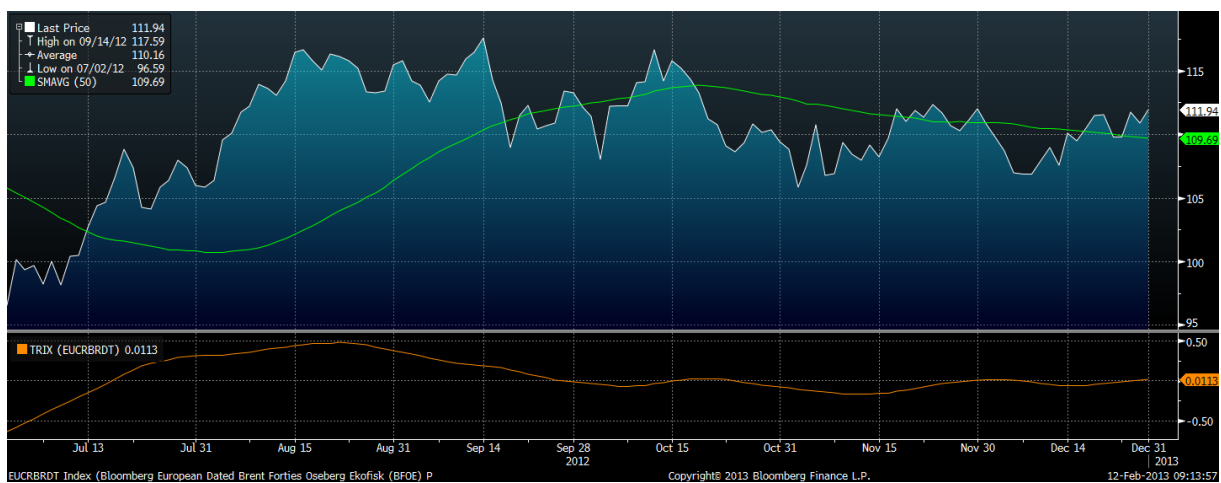
## 1. INTRODUCTION

The Petroleum Holding Fund (PHF) and the Ghana Petroleum Funds (GPFs) were established by the Petroleum Revenue Management Act (2011) (Act 815) (PRMA). In accordance with the PRMA Section 28(a), (b) the Bank of Ghana reports on the performance and activities of the PHF, and GPFs for the second half of 2012 ended December 31, 2012.

## 2. OIL MARKET REVIEW

### a) World Market Review

**Figure 1: Spot Brent Crude Price Jul 1 – Dec 31, 2012**



Source: Bloomberg

Brent crude began the second half of 2012 (H2) at a low of US\$96.59 as US manufacturing measured by the Institute of Supply Management's factory index fell to 47.9 in June from 53.5 in May 2012. From figure 1, Brent crude recovered and traded largely above the simple moving average for the first quarter of H2. On September 14, 2012 it climbed to a four month high of US\$117.59 versus an average price of US\$109.69 as the Federal Reserve's plan to buy mortgage securities boosted demand for commodities and stocks. Brent crude ended December 31, 2012 at US\$111.94, (2.05 per cent above the simple moving average).

Brent crude price movements largely mirrored the economic headwinds of the half year ended December 31, 2012. Economic contraction in US, Eurozone, and China enhanced downside risks to prices at the beginning of H2 2012 while indications of an improvement and strengthening global demand led to a recovery in prices.

In quarter 3 of the half year, euro area GDP declined by 0.1%. In quarter 4 of H2, the 3-month moving average of the Eurozone Business Climate indicator improved from -1.37 in October to -1.12 in December 2012. The Eurozone Investor Confidence indicator also rose from -68.0% in July to -54.60% in December 2012. These indicators signaled a fragile recovery in the 17 – nation currency bloc. To improve the upturn the ECB kept the key interest rate unchanged at 0.75 per cent. In the US economic activity continued to expand at

a slow pace. FOMC kept the target range for the Federal Funds rate untouched at 0.00 to 0.25% and continued purchases of agency backed mortgage securities at a pace of US\$40 billion per month and longer term Treasuries at a pace of US\$45 billion per month after expiration of its program to extend the average maturity of its holdings of Treasury securities. The rationale for this accommodative policy is to strengthen economic growth to generate sustained improvement in the labour market. The China leading indicator (CNCILI Index) also rose from 99.17 in June to 100.34 in September and headed further north to 100.50 on December 31, 2012. The China Business Climate Index also rose 1.30 percent from September to 124.4 in December 2012. Over the half year BOE held its key lending rate at 0.50 per cent.

## **b) Developments in the Ghanaian Oil & Gas Sector**

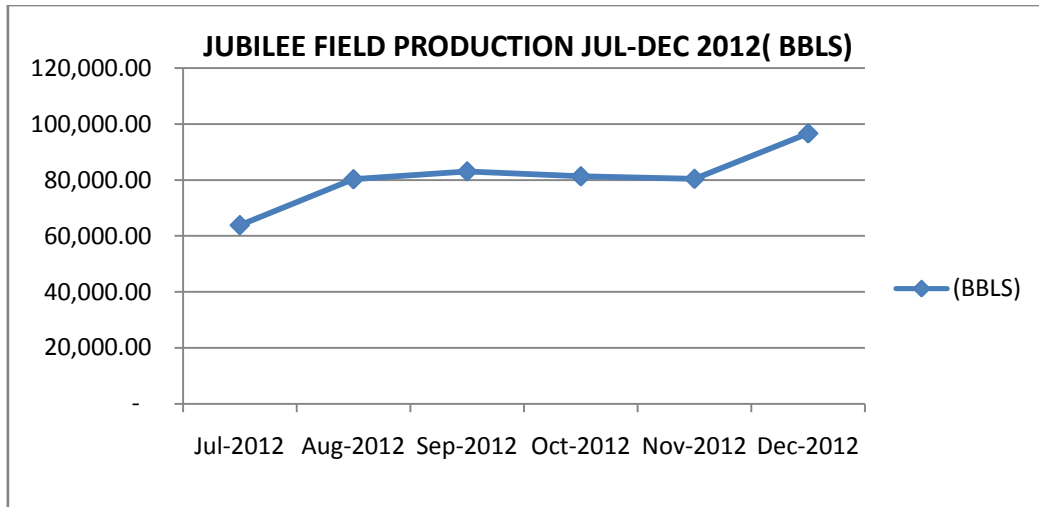
### **i) Exploration Discoveries**

During Q3 Tullow Oil announced that the Wawa-1 exploration well in the Deepwater Tano licence offshore Ghana had intersected oil and gas condensate in a Turonian turbidite channel system. Wawa-1 encountered 20 metres of gas condensate pay and 13 metres oil pay in turbidite sands. Oil samples from Wawa-1 are good quality between 38 and 44 degrees API. Wawa-1 is separate from the Tweneboa, Enyenra, Ntomme (TEN) fields.

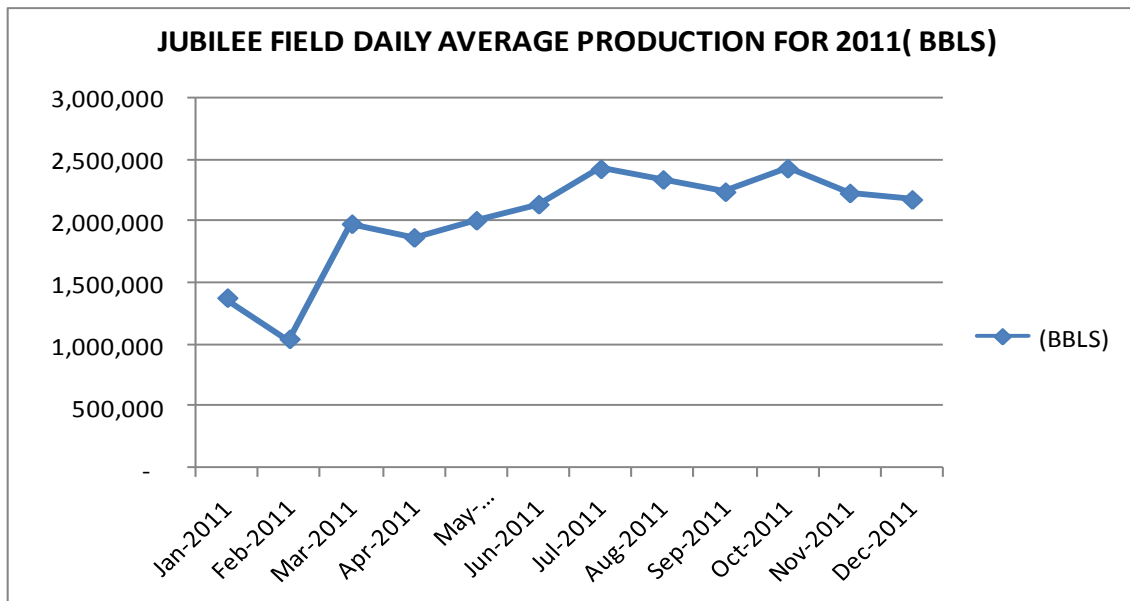
In Q4 the Okure-1 exploration well, drilled in the Deepwater Tano licence area by Tullow Oil Plc reached its planned total depth of 4,511 meters and discovered a gross 17 meter interval of low net to gross oil bearing Turonian age sandstones. Light oil with a 40 degree API was recovered from this interval. This oil accumulation is not connected to other hydrocarbon discoveries in the same licence area.

### **ii) Production**

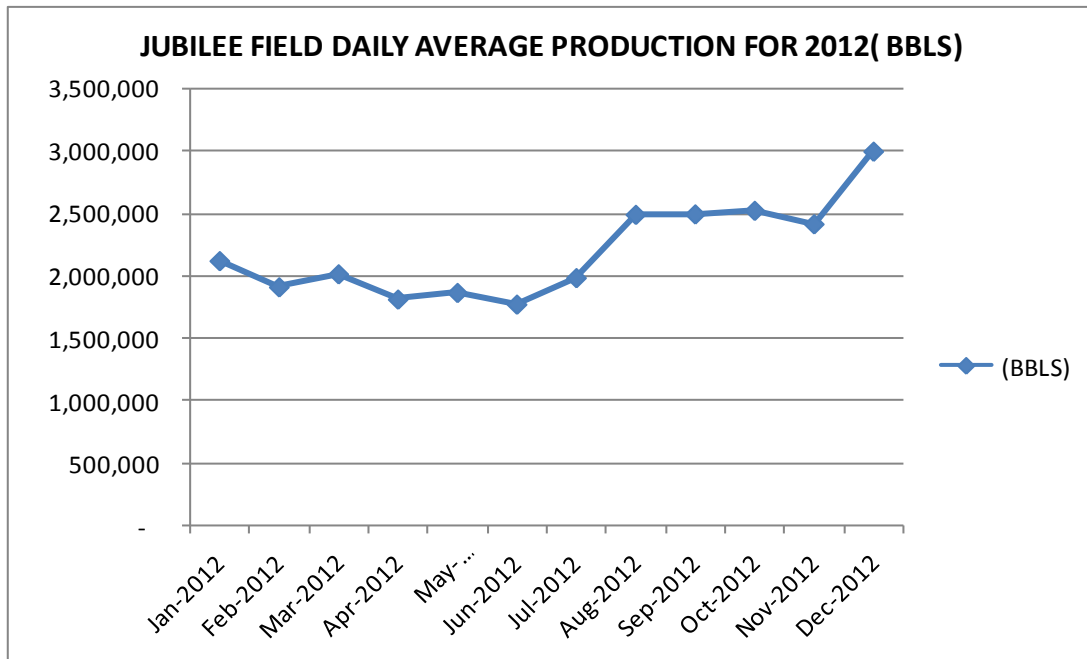
In H2 2012, Jubilee field produced 14.89 million bbls. This was a 29.85% improvement over the H1 2012 production of 11.46 million bbls. Average daily production per month increased from 58,878.27 bopd in June to 96,628.52 bopd in December 2012. The first Jubilee Phase 1A production well has been brought on-stream and is producing in excess of 16,500 bopd. The rig undertook acid stimulation work on two Jubilee Phase 1 wells to further enhance production. Jubilee field production for 2012 was 26.40 million bbls which represents an 8.9% increase over the 24.20 million bbls in 2011. Figures 2, 3 and 4 chart the trends in production levels.

**Figure 2. Jubilee Field Production Jul – Dec 2012**

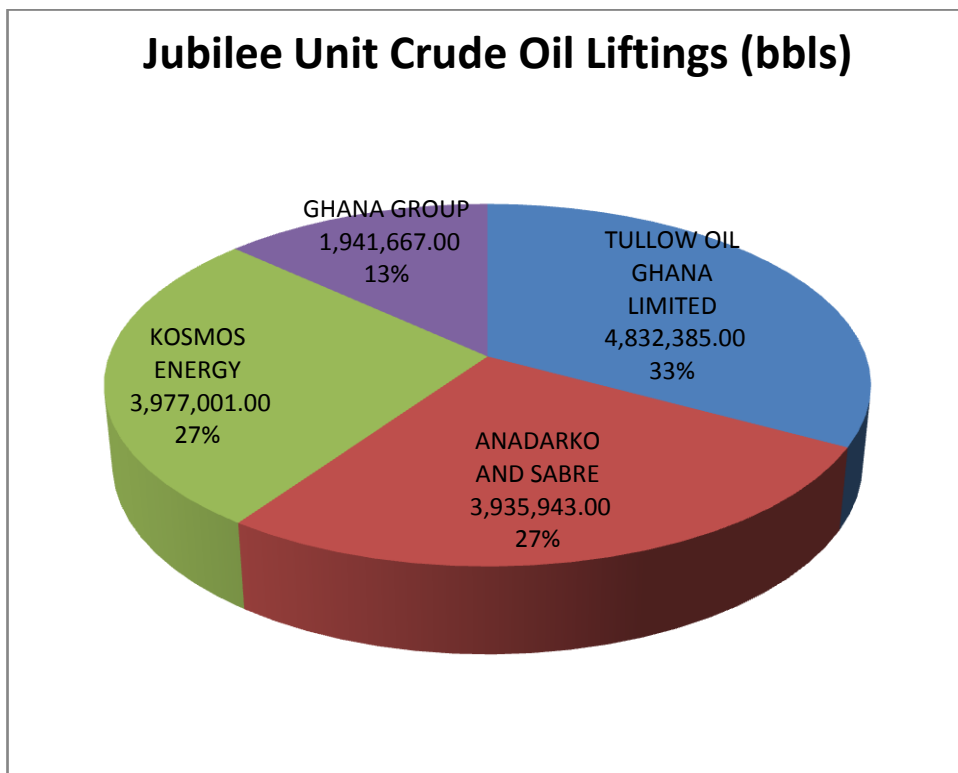
Source: Bank of Ghana/GNPC

**Figure 3. Jubilee Field Production Jan – Dec 2011**

Source: Bank of Ghana/GNPC

**Figure 4. Jubilee Field Production Jan – Dec 2012**

Source: Bank of Ghana/GNPC

**iii) Jubilee Filed Liftings****Figure 5. Jubilee Field Crude Oil Liftings July – December 2012**

Source: Bank of Ghana



During H2 2012 there were 15 liftings by the Jubilee Field lifting partners with a volume of 14.69 million bbls. From figure 5 above, Tullow Ghana Limited received the highest of 5 liftings totaling 4.83 million bbls, followed by Anadarko and Sabre, and Kosmos Energy, with 4 liftings each. The Ghana Group followed with 2 liftings and a volume of 1.94 million bbls.

### 3. CRUDE OIL LIFTING & ALLOCATION

#### a) July – December 2012 Lifting and Allocation

During the period under review, the Ghana Group (Ghana National Petroleum Corporation (GNPC) lifting on behalf of Government of Ghana) lifted two crude oil parcels (8<sup>th</sup> & 9<sup>th</sup> liftings) on September 12, 2012 and November 12, 2012 with total cargo value of US\$214,451,313.27. Table 1 below outlines the details of the two liftings.

**TABLE 1. GHANA GROUP LIFTING AND ALLOCATION JUL 2012 - DEC 2012**

TABLE 1 GHANA GROUP LIFTING AND ALLOCATION JUL 2012 - DEC 2012			
NARRATION	Actual (US\$)	Actual (US\$)	Total (US\$)
LIFTING	Eighth Lifting	Nineth Lifting	
LIFTING DATE	12-Sep-12	12-Nov-12	
PROCEEDS RECEIVED	106,592,895.68	107,858,417.59	<b>214,451,313.27</b>
ALLOCATION:			
ANNUAL BUDGET FUNDING AMOUNT	64,909,263.15	65,942,600.28	<b>130,851,863.43</b>
GNPC	41,683,632.53	41,915,817.31	<b>83,599,449.84</b>
GHANA STABILISATION FUND	-	-	-
GHANA HERITAGE FUND	-	-	-

The lifting proceeds of the second half in 2012 were allocated as follows:

In support of the 2012 budget, the Annual Budget Fund Amount (ABFA) received US\$130,851,863.43 compared to US\$131,905,535.44 in the first half. GNPC received US\$83,599,449.84 for equity finance and its 40 per cent share of the Carried and Participating Interest (CAPI). This amount declined by US\$21,251,186.74 compared to the first half allocation of US\$104,850,636.58.

#### b) Lifting and Allocation from inception

Since inception to the end of the second half of 2012, Ghana Group had lifted 9 parcels of crude oil with a net cargo value of US\$985.196 million. Ghana Group lifted a total of 5 parcels in 2012, the first half of the year received a total of three lifting proceeds amounting to US\$326.62 million while the second half received a total of two (2) lifting proceeds summing up to US\$214.45 million. Table 2 and 3 outlines the details of liftings in 2012.

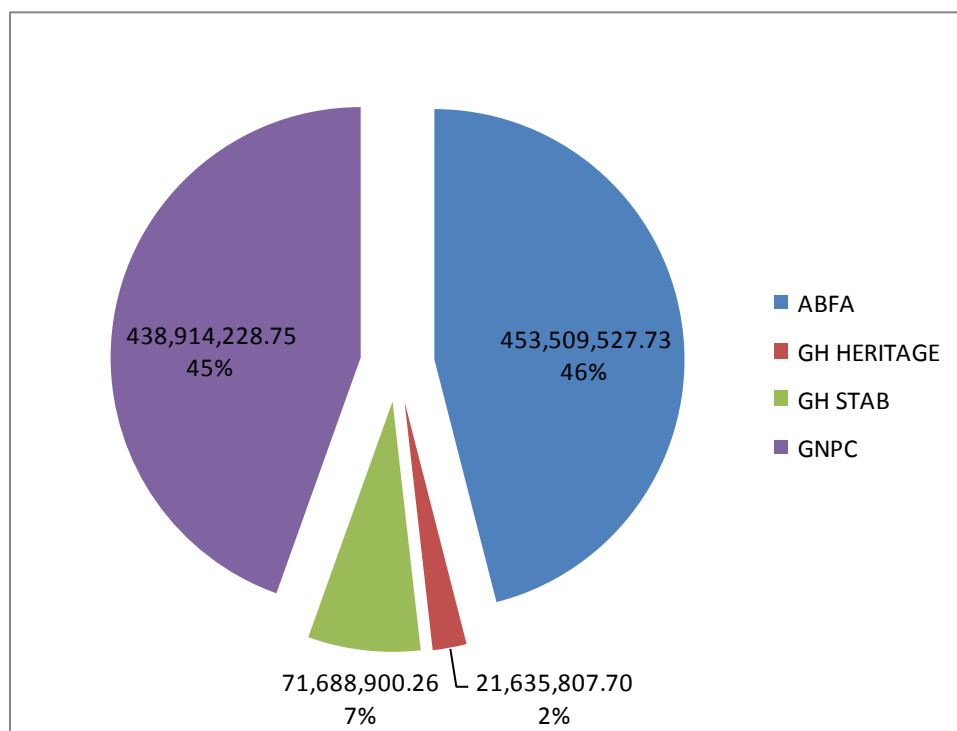
**TABLE 2**

TOTAL LIFTINGS	2012 1st Half		2012 2nd Half
Jan	111,157,790.20	Jul	-
Feb	-	Aug	-
Mar		Sept	106,592,895.68
Apr	125,598,381.86	Oct	-
May	-	Nov	107,858,417.59
Jun	89,863,837.37	Dec	-
<b>TOTAL</b>	<b>326,620,009.43</b>		<b>214,451,313.27</b>

TABLE 3 PETROLEUM REVENUE ALLOCATION FOR 2012 1ST &amp; 2nd HALF OF THE YEAR

		ALLOCATION				
		2012				
Ist Half		GNPC	ABFA	GSF	GHF	TOTAL
Jan		51,334,257.84	59,823,532.36	-	-	111,157,790.20
Feb						-
Mar						-
Apr						-
May		53,516,379.00	72,082,003.11	-	-	125,598,382.11
Jun		23,797,062.20	42,499,839.28	16,883,547.53	7,235,806.08	90,416,255.09
SUB TOTAL		128,647,699.04	174,405,374.75	16,883,547.53	7,235,806.08	327,172,427.40
<b>2nd Half</b>						
Jul						
Aug						
Sep		41,683,632.53	64,909,263.15	-	-	106,592,895.68
Oct						
Nov		41,915,817.31	65,942,600.28	-	-	107,858,417.59
Dec						
SUB TOTAL		83,599,449.84	130,851,863.43			214,451,313.27
<b>TOTAL</b>		<b>212,247,148.88</b>	<b>305,257,238.18</b>	<b>16,883,547.53</b>	<b>7,235,806.08</b>	<b>541,623,740.67</b>

Figure 6: ALLOCATION OF GHANA GROUP PROCEEDS FROM INCEPTION



Source: Bank of Ghana

Total proceeds allocated from inception to the end of second half of 2012 amounted to US\$985,196,018.38. GNPC received 45 per cent, ABFA received 46 per cent, the GSF and GHF received 7 per cent and 2 per cent respectively (Figure 6).

No allocations were made to the GHF and GSF on the 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> liftings.



#### 4. SURFACE RENTALS AND ROYALTIES

**TABLE 4. SURFACE RENTALS & ROYALTIES RECEIVED JUL - DEC 2012**

<b>TABLE 3 SURFACE RENTALS &amp; ROYALTIES RECEIVED ( Third Quarter)</b>			
<b>Value Date</b>	<b>Ordering Institution</b>	<b>Amount Paid (US\$)</b>	<b>Narration</b>
2-Jul-12	ENI Ghana EP LTD	66,841.53	Surface Rental
2-Jul-12	ENI Ghana EP LTD	52,047.00	Surface Rental
8-Aug-12	SOPCL	3,025.00	Surface Rental
	<b>SUB TOTAL</b>	<b>121,913.53</b>	
13-Jul-12	Omikron Energy Limited	71,434.00	Royalty (3%)
4-Oct-12	Lushann Int. Ghana	101,251.30	Royalty (3%)
18-Dec-12	Lushann Int. Ghana	59,550.91	Royalty (3%)
	<b>SUB TOTAL</b>	<b>232,236.21</b>	
	<b>TOTAL</b>	<b>354,149.74</b>	

In the second half of 2012, a total of US\$121,913.53 and US\$232,236.21 were received in the GHAPET account as Surface Rental and Royalties respectively. Details are as shown in Table 4 above.

The following Surface Rental invoice was outstanding and yet to be paid.

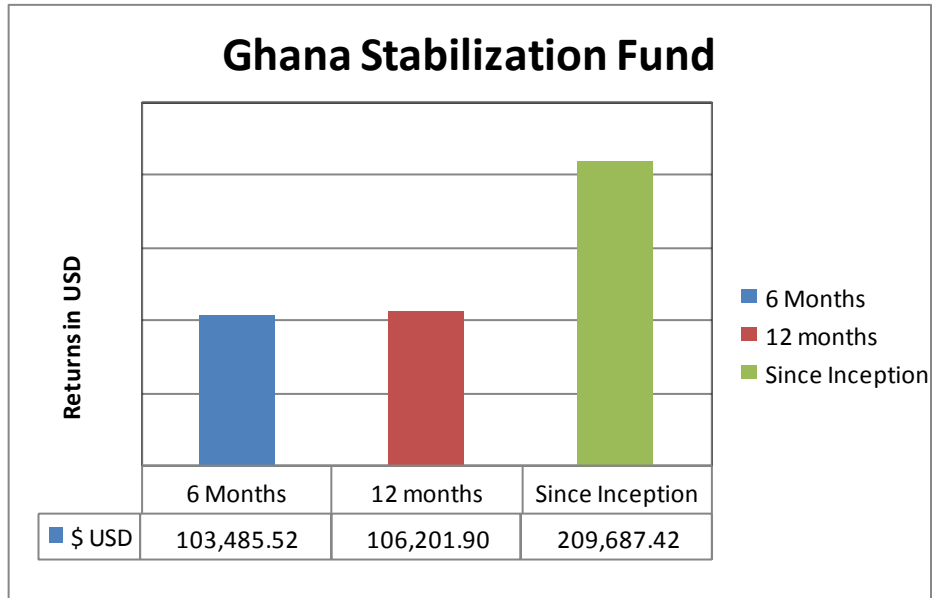
**TABLE 5 OUTSTANDING INVOICES (SURFACE RENTALS) JUL - DEC 2012**

<b>Date of Invoice</b>	<b>Period</b>	<b>Name of Company</b>	<b>Amount Invoiced (US\$)</b>
21-Feb-12	Jan- Dec 2012	Oranto	22,622.95
		<b>TOTAL AMOUNT RECEIVABLE</b>	<b>22,622.95</b>

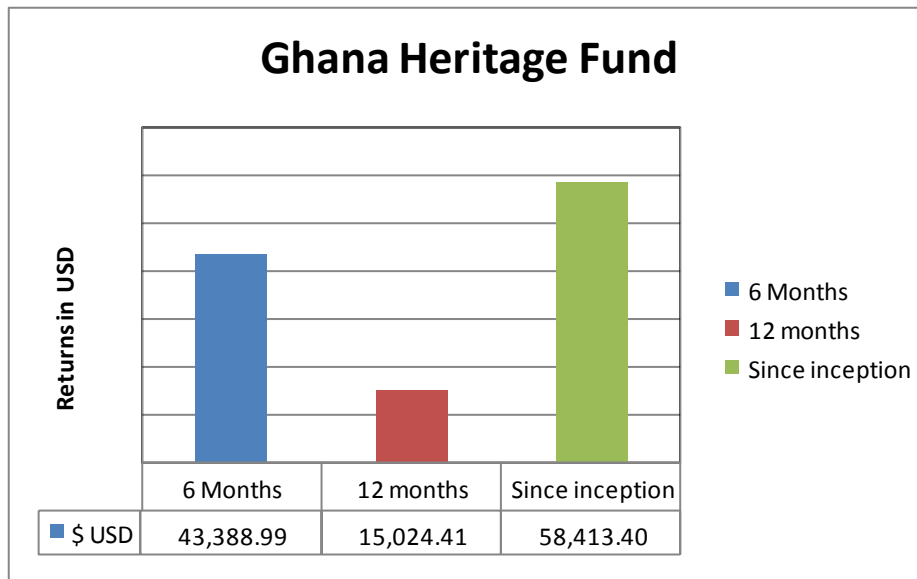
#### 5. PORTFOLIO PERFORMANCE

In 2012, the turbulence in the global financial markets and general economic downturn caused monetary authorities to take drastic expansionary measures to inject growth stimulus. Benchmark lending rates of the European Central Bank, Federal Open Markets Committee, and Bank of England were held at record low levels of near zero. This enhanced downside risks to returns in the fixed income markets where the Ghana Petroleum Funds are invested.

In spite of these conditions, in the second half of 2012, the Ghana Petroleum Funds returned 0.13 percent net of fees. The total return amounted to \$121,226.31 of which GSF contributed US\$106,201.90 and GHF, US\$15,024.41. Both funds contributed positively to the Ghana Petroleum Funds. Details are shown in tables 7 and 8). ROI was 0.15 percent for GSF and 0.07 percent for GHF. On relative basis, the Ghana Petroleum Funds performed better by .05 percent in the first half versus the second half of 2012.

**Figure 7: Return on Ghana Stabilisation Fund Jul – Dec 2012**

Source: Bank of Ghana

**Figure 8: Return on Ghana Heritage Fund Jul – Dec 2012**

Source: Bank of Ghana

<b>Table 6 Ghana Petroleum Funds- Semi Annual Report: July 1 - Dec 31 2012</b>	
<b>GHANA PETROLEUM FUNDS</b>	
<b>GHANA STABILISATION FUND ACCOUNT AT EUROCLEAR BANK</b>	
	<b>US\$</b>
Opening book Value (1 July 2012)	54,908,838.25
Receipt during the period	16,883,547.53
Account Management Fees	<b>(6,997.77)</b>
Income from Investments	113,199.67
<b>Closing book Value (31 December 2012)</b>	<b>71,898,587.68</b>
Net Income for the Quarter comprised the Following	
<b>INCOME</b>	<b>US\$</b>
Investment Income	113,199.67
<b>Less:</b>	
Account Management Fees	<b>(6,997.77)</b>
<b>Net Return for the Period</b>	<b>106,201.90</b>
<b>GHANA HERITAGE FUND ACCOUNT AT EUROCLEAR BANK</b>	
	<b>US\$</b>
Opening book Value (1 July 2012)	14,443,390.61
Receipt during the period	7,235,806.08
Account Management Fees	<b>(1,728.61)</b>
Income from Investments	16,753.02
<b>Closing book Value(31 December 2012)</b>	<b>21,694,221.10</b>
Net Income for the Quarter comprised the Following:	
<b>INCOME</b>	<b>US\$</b>
Investment Income	16,753.02
<b>Less:</b>	
Account Management Fees	<b>(1,728.61)</b>
<b>Net Return for the Period</b>	<b>15,024.41</b>

## **6. PETROLEUM HOLDING FUND**

The Petroleum Holding Fund held a balance of US\$422,585.72 (see Schedule 1 below) as at December 31, 2012. This amount comprised interest earned since inception amounting to US\$68,435.98 and US\$354,149.74 representing Surface Rentals and Royalties.

## **7. CONCLUSION**

### **Petroleum Revenue Management Regulations**

In accordance to PRMA Section 60 (1) Sub-committees established by the Minister of Finance and Economic Planning to develop the Petroleum Revenue Management Regulations have developed a draft for the Minister's consideration and adaption.

### **Audit of the Ghana Petroleum Fund and the Ghana Petroleum Funds**

In compliance with the PRMA Section 44 (1) the Internal Audit Department of the Bank of Ghana had performed an audit on the GPFs and the PHF for the period ended December 31, 2012.

During the last three months of the half year ended December 31, 2012, available data signaled a fragile recovery from the global recession. To nurture and improve the subdued pace of recovery the major monetary authorities kept benchmark interest rates at near zero levels. This enhanced downside risks to returns in the fixed income markets where the Ghana Petroleum Funds are invested. The Ghana Petroleum Funds did not lose capital. The value of the Ghana Stabilisation Fund increased by US\$0.106 million to US\$71.898 million, and the Ghana Heritage Fund increased by US\$ 0.015 million to US\$21.694 million. We are of the opinion that additional allocations to the Ghana Petroleum Funds will enhance returns on investment.

**Prepared by Ghana Petroleum Funds Secretariat, Bank of Ghana**

**February 13, 2013**

## GHANA PETROLEUM FUNDS SECRETARIAT

<b>Schedule 1</b>		<b>SEMI-ANNUAL REPORT</b>		
<b>PETROLEUM ACCOUNT AT FEDERAL RESERVE BANK OF NEW YORK</b>				
<b>(A) INFLOWS:</b>	<b>Volume Of Crude Shipped (BBLs)</b>	<b>Value of Shipment (US\$)</b>	<b>Notes</b>	<b>(US\$)</b>
<b>Date</b>				
27th July 2012	995,247	89,863,837.37	1	89,863,837.37
12th October 2012	947,021	106,592,895.68	2	106,592,895.68
12th December 2012	994,646	107,858,417.59	3	107,858,417.59
1st July 2012	Surface Rental and Royalties Received during 1st Half			552,417.72
2nd July 2012			4	66,841.53
2nd July 2012			5	52,047.00
13th July 2012			6	71,434.00
8th August 2012			7	3,025.00
4th October 2012			8	101,251.30
18th December 2012			9	59,550.91
	<b>TOTAL</b>			<b>305,221,718.10</b>
<b>(B) DISBURSEMENTS</b>				
21st August 2012	GNPC Equity Financing Cost for seventh lifting			27,603,476.00
5th November 2012	GNPC Equity Financing Cost for eighth lifting			18,195,508.00
17th December 2012	GNPC Equity Financing Cost for ninth lifting			17,973,695.00
	<b>Sub Total</b>			<b>63,772,679.00</b>
21st August 2012	GNPC 40% CAPI for seventh lifting			14,896,363.28
5th November 2012	GNPC 40% CAPI for eighth lifting			23,488,124.53
17th December 2012	GNPC 40% CAPI for ninth lifting			23,942,122.31
	<b>Sub Total</b>			<b>62,326,610.12</b>
21st August 2012	Annual Budget Funding Amount for seventh lifting			23,797,062.20
5th November 2012	Annual Budget Funding Amount for eighth lifting			64,909,263.15
17th December 2012	Annual Budget Funding Amount for ninth lifting			65,942,600.28
	<b>Sub Total</b>			<b>154,648,925.63</b>
21st August 2012	Transfer to Ghana Heritage Fund: Seventh lifting			7,235,806.08
21st August 2012	Transfer to Ghana Stabilisation Fund: Seventh lifting			16,883,547.53
	<b>Sub Total</b>			<b>24,119,353.61</b>
	<b>TOTAL DISBURSEMENTS</b>			<b>304,867,568.36</b>
	<b>NET (RECEIPTS AND PAYMENTS)</b>		10	354,149.74
	<b>ACCUMULATED INTEREST</b>		11	68,435.98
	<b>AMOUNT HELD IN REPURCHASE AGREEMENT</b>		12	(200,000.00)
	<b>TOTAL BALANCE ON ACCOUNT</b>		13	<b>222,585.72</b>
<b>Notes</b>				
1. Proceeds for seventh oil lift				
2. Proceeds for eighth oil lift				
3. Proceeds for ninth oil lift				
4. Surface rental from ENI Ghana EP LTD				
5. Surface rental from ENI Ghana EP LTD				
6. 3% Royalties from Omikron Energy Limited				
7. Surface Rental for SOPCL				
8. Lushann International Ghana Royalties				
9. Lushann International Ghana Royalties				
10. Undistributed Surface Rental and Royalty (Saltpond Offshore Company)				
11. Interest as of 31/12/2012				
12. Interest amount moved into Repurchase Agreement				
13. Does not include a total of US\$ incurred by Bank of Ghana in Refurbishing Space for the Petroleum Secretariat				