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November 7, 2013

Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Subject: Rulemaking under Section 13(q) of the Securities Exchange Act of 1934

Dear Ms. Murphy:

The American Petroleum Institute (API) is pleased to provide comments on the rulemaking the Securities and Exchange Commission will resume to implement section 13(q) of the Securities Exchange Act of 1934 ("the Exchange Act"), relating to disclosure of payments by resource extraction issuers. API is a national trade organization representing over 500 companies involved in all aspects of the domestic and international oil and natural gas industry, including exploration, production, refining, marketing, distribution and marine activities. The API member companies participate in an industry that is essential to the economic health of the United States and its citizens who depend on ready access to reliable and affordable energy. In addition to supporting hundreds of thousands of direct U.S. jobs, millions of U.S. citizens invest in our companies through retirement and pension plans, mutual funds, and individual investments.

We appreciate the recent opportunity to meet with the staff to discuss this important rulemaking. As we discussed, API strongly believes an effective and workable result can be achieved that accomplishes the transparency objectives of the statute while also protecting investors from significant harm.

API supports transparency. Many of our member companies are long-time active supporters of voluntary transparency initiatives such as the Extractive Industries Transparency Initiative (EITI). API also strongly believes transparency can be achieved in a manner that remains true to the Commission's core mission to protect investors and promote efficient capital markets. This can be accomplished by building on the District Court's key findings in *American Petroleum Institute, et al. v. Securities and Exchange Commission*:[1] that Section 13(q) does not require individual company filings to be made public, and that the Commission retains its authority under the Exchange Act to craft appropriate exemptions.

[1] *American Petroleum Institute et al. v. SEC*, No. 12-cv-1668, 2013 WL 3307114 (D.D.C. July 2, 2013).

To achieve the objectives of Section 13(q) while also protecting investors and promoting the other purposes of the Exchange Act, API offers the recommendations set forth below in this letter. These recommendations reflect the experience gained by our member companies in preparing for compliance with the original Rule 13q-1 and include a new approach that will enable payment data to be readily compiled by the SEC and by data users at the project level.

Compilation

The District Court concurred with API's view that Section 13(q) does not require individual company reports to be made public.[2] Rather, the statutory language indicates an approach under which companies file payment information confidentially with the SEC and the SEC compiles the data for use by the public. (Henceforth in this letter we refer to this reporting model as the "compilation" model.)

The compilation model of disclosure by U.S. government departments and agencies is well-established in cases where two criteria exist: (i) disclosure of individual company information could be commercially harmful, and (ii) the public need for information can be met with aggregated data.[3] Both of these criteria are met in the case of information covered by Section 13(q).

As detailed in prior comment letters submitted by API and our member companies,[4] compilation largely mitigates the risk that company payment data can be used by competitors to the detriment of SEC-registered resource extraction issuers and their shareholders.[5,6] This risk remains especially acute since, even with the pendency of similar reporting requirements in the

[2] *Id.* at *8.

[3] See, for example, confidential reporting of royalty and other non-tax payments to the Office of Natural Resources Revenue of the Department of the Interior (http://www.onrr.gov/ReportPay/royalty-reporting.htm); confidential reporting of crude oil stocks, natural gas production, refined product sales, and other information to the U.S. Energy Information Administration (http://www.eia.gov/survey/#rec); and confidential reporting of a wide variety of business information through the Annual Survey of Manufacturers (http://bhs.econ.census.gov/bhs/asm/index.html).

[4] See, for example, comment letters on Exchange Act Release No. 34-63549 (December 15, 2010) submitted by American Petroleum Institute (January 28, 2011); Royal Dutch Shell plc (January 28, 2011); Exxon Mobil Corporation (January 31, 2011); and Chevron Corporation (January 31, 2011).

[5] In the context of the United States' own EITI candidacy, the U.S. Department of the Interior has recognized that it would likely violate the Trade Secrets Act (18 U.S.C. §1905) for the government to disclose payment information in such detail that a firm's competitors would be able to determine specific contract terms. See USEITI Candidacy Application Form (http://www.doi.gov/eiti/FACA/upload/USEITI-CanApp.pdf), at 10.

[6] It is possible a situation could exist in which even publication of compiled data may reveal competitively sensitive information concerning a particular issuer, but we believe such situations will be rare and can be addressed on a case-by-case basis under existing Commission rules providing for confidential treatment, should the need arise.

EU and elsewhere, reporting companies still face intense and growing global competition from state-owned oil companies not subject to these requirements.[7]

In addition to representing a protective measure for industry, we believe compilation is beneficial for end users of the data. The SEC has stated that Congress's goal in enacting Section 13(q) was to "help empower citizens of resource-rich countries to hold their governments accountable for the wealth generated by those resources."[8] For this purpose, citizens need to know the total amounts collected by their governments.[9] Ideally, such data should be easily usable and capable of being sorted and compiled according to each of the principal reporting categories required by Section 13(q): type of payment, government payee, and project. Our proposed compilation model achieves this objective and is in no way undermined by not revealing the identity of the payors.

Project-level reporting

Proposed Approach

To facilitate compilation of reported payment data, API proposes a new approach to project-level reporting based on the following objectives:

- The definition should be ***standardized*** so that data from different companies can be readily compiled at the project level.[10]
- The definition should be sufficiently ***comprehensive*** to encompass the wide variety of different activities in which different issuers may engage around the world.[11]
- The definition should be sufficiently ***localized*** to provide information concerning activities taking place within a citizen's own region, ***without being so granular*** as to reveal proprietary commercial information.

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[7] Compilation would also mitigate industry's First Amendment concerns over being compelled to speak for the political purpose of influencing another country's affairs.

[8] See Exchange Act Release No. 34-67717 (August 22, 2012), at 138 *et seq*. See also Statement by Sen. Richard Lugar 156 Cong. Rec. 53816 (May 17, 2010).

[9] Of course, only under systems such as EITI where payment reporting is endorsed and required by the host government and made equally applicable to all companies, public and private, can citizens be assured of complete payment disclosure.

[10] We believe an automated (rather than manual) compilation process is also important in order to make the reporting system feasible from the standpoint of the Commission's own resources.

[11] Any definition must also be flexible over time as activities, markets, and technologies evolve.

With the above objectives in mind, our analysis shows every resource extraction project can be defined with three key items of information: ***what*** resource is being extracted; ***how*** that resource is being extracted; and ***where*** the extractive activity takes place. Within each of these categories, parameters to define specific resource extraction projects are readily standardized: "What" consists of oil, natural gas, copper, coal, etc.[12] "How" can be defined by different methods of development, such as onshore or offshore development or surface or underground mining. "Where" can simply identify the area where the extractive activity takes place.

All of the above information is well suited to reporting through the SEC's XBRL interactive data system. Specifically, we propose the Commission establish a menu of standard data tags within the Form SD taxonomy covering each of these three key project parameters. Issuers would complete the "project" field in their confidential Form SD filings by selecting the appropriate descriptive tag from each category. In effect, "project" would be defined on an interactive basis within the filing itself.

For purposes of identifying the location of extractive activity, we believe the best approach is to identify the major sub-national political jurisdiction – the state, province, territory, or comparable area – in which the activity takes place.[13] In all the larger (by area) resource producing countries we have examined, identifying location according to the first tier below the national level provides data that is appropriately localized for use by local citizens without being so granular as to reveal proprietary details. Most importantly, defining projects according to sub-national political jurisdictions matches the inherently political purposes of Section 13(q): helping inform citizens of their government's activities so they can more effectively exercise their political rights to hold national and sub-national governments accountable.

To illustrate API's proposed interactive definition, a project to develop oil offshore Sakhalin Island, Russia would be identified as "Oil/Offshore/ Russia/Sakhalin". A project producing natural gas in Aceh, Indonesia would be identified as "Natural Gas/Onshore/ Indonesia/Aceh". Onshore development in the Niger River delta area would be "Oil/Onshore/ Nigeria/Delta".

More detailed examples of confidential company submissions and of the compiled reports that could be readily prepared by users under API's proposal are set forth in Exhibits A, B, C, D & E to this letter.

In addition to the proposed tagging of payments according to key project parameters, payment reports under 13(q) would continue to include tagging of payments according to the

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[12] In the case of activities involving production of both oil and gas, projects would be tagged according to the predominant resource under development. A separate tag could be created for exploratory activities where it is not known whether oil or gas will be encountered.

[13] If a resource production activity spans regional political boundaries, project location would be tagged based on the jurisdiction in which the majority of the activity takes place. Of course, payments would separately be reported by government payee.

type of payment, country, and government payee. Because the XBRL system allows data to be readily searched and aggregated according to any of the standard tags used, API's approach to project reporting would enable users to generate a number of useful reports. For example, a citizen interested in understanding regional vs. national revenue sharing can compile the total amount of payments generated by resource extraction activities taking place within a region when those payments are directly associated with the activity in that particular region and compare it to total payments received by the regional government. Similarly, citizens could easily compile information to compare revenues attributable to onshore vs. offshore activity, or to oil vs. natural gas extraction in their countries or regions.

This interactive definition of project helps carry out the statute's express endorsement of the interactive data format and meets all of the key objectives for project-level reporting:

- The ***standardized*** nature of the tags would allow payment information to be automatically compiled and reported at the project level.
- The available choices within the three key categories of project information would be ***comprehensive*** enough to encompass virtually any type of project. Additional tags may be added to the taxonomy as needed.
- Identifying location by major sub-national political jurisdiction provides ***localized*** information without revealing proprietary contract terms.

An additional benefit of API's project recommendation is clarity and ease of use for all stakeholders: for reporting companies in submitting data; for the SEC in compiling data; and for citizens in using the data. By standardizing the definition, API's proposal should significantly reduce the need for ongoing staff review, comment, and interpretive guidance.

Comparison to Alternative Definitions of "Project"

As discussed in more detail below, API believes our new approach to project-level reporting offers significant advantages over other alternatives: leaving project undefined; defining project by reference to contracts; or reporting at the lease level.

An approach whereby reporting issuers define "projects" on their own terms would make compilation of project information a difficult manual process. Different issuers define projects in their own disclosures differently, reflecting the particular company's size and scope, organizational and operational circumstances, and naming conventions. Furthermore, project names by themselves often do not convey the nature or location of the extractive activity. This lack of comparability means any compilation of information by project under original Rule 13q-1 would have been a manual process – requiring potentially extensive research outside Form SD – and in many cases may not have been possible.

Moreover, as the Commission previously recognized, failing to define project could increase costs for companies that interpret the term to require more granular information, and could even reduce the transparency benefits of the final rule by reducing the comparability of company disclosures.[14]

The transparency reporting regime currently under development in the European Union (EU) also requires reporting of payments made to governments by project and some commenters have recommended that the SEC adopt the EU definition. Chapter 10 of the EU Accounting and Transparency Directive defines project as:

> "[O]perational activities that are governed by a single contract, license, lease, concession or similar legal agreements and form the basis for payment liabilities with a government. None the less, if multiple such agreements are substantially interconnected, this shall be considered a project."

As with leaving "project" undefined, we believe compilation of data at the project level would also be difficult under the EU definition.

Different reporting companies would likely interpret the term "contract" differently from one another and apply different standards for determining whether or not certain agreements are sufficiently "interconnected" so as to be treated as a single project. Moreover, there is no standard convention in industry for naming contracts. For example, parties to the same contract might refer to it based on the prospect name, the local area to be developed, or the parties involved.

Project reporting under the EU approach could also inundate citizens with very large volumes of information[15] while at the same time not providing the crucial details necessary in order for citizens to analyze that data. Specifically, reporting on the EU basis would not clearly convey the information concerning the type of resource under development, nature of the development, or location of the development as would be the case under API's approach. Finally, because the EU definition of project is defined on a more-granular contract-basis, the potential for competitive harm to reporting companies is greatly exacerbated.

For similar reasons, lease-level reporting would also be more harmful for companies and less useful for citizens than API's proposal. Lease-level reporting poses the most danger for shareholders that proprietary commercial information may be disclosed. Like the EU's contract-based definition, lease-level reporting would generate enormous amounts of data that could not be readily compiled, and would not provide the additional useful information concerning resource type, manner of development, and location. Fundamentally, we do not believe lease-level disclosure to have been intended by Section 13(q)[16] or to be necessary in order to achieve

[14] See Exchange Act Release No. 34-67717 (August 22, 2012), at 174 *et seq*.

[15] Some API members report being party to tens of thousands of individual leases.

[16] The statutory text of Section 13(q) does not mention contract- or lease-level disclosure.

the statute's objectives. Transparency requires citizens to be informed of the amounts their governments receive, not the details of individual contracts.

To summarize, use of searchable data tags to define projects in the manner we propose would enable automated compilation of project-level information; provide end users with useful information concerning the type, manner, and location of extractive activities; and simplify compliance for reporting companies while also protecting them from disclosure of commercially sensitive information.

Conflict of laws

In its initial rulemaking, the Commission recognized the potential for issuers to suffer grave harm in cases where disclosure under Section 13(q) may violate host country non-disclosure laws.[17] In vacating the original rule, the District Court recognized the potential for such harm and explained that "[w]hile the [Commission's] exemption authority is itself discretionary, … , exercising it could, in some circumstances, be required by the Commission's competing statutory obligations, such as the requirement that the Commission 'shall not adopt any … rule or regulation which would impose a burden on competition not necessary or appropriate in furtherance of the purposes of [the Exchange Act].'"[18] Consistent with this ruling, the Commission can alleviate this harm by including a conflict of laws exemption in the new rules. For the reasons explained below, API does not believe this exemption would undermine the objectives of the statute.

Section 13(q) was adopted to increase transparency in host countries by requiring payment disclosures. Section 13(q) was not established to impose trade sanctions or prohibit legitimate business activities. Importantly, Section 13(q) does not require, nor should any rule implementing that Section require, issuers to violate local foreign law, thus harming shareholders and potentially exposing local companies to civil or criminal sanctions. The U.S. Supreme Court has affirmed the principle that ambiguous statutes should be construed to "avoid unreasonable interference with the sovereign authority of other nations."[19] The Court explained this rule of statutory construction "helps the potentially conflicting laws of different nations work together in harmony—a harmony particularly needed in today's highly interdependent commercial world."[20]

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[17] Exchange Act Release No. 34-67717 (August 22, 2012), at 159 et seq.

[18] *American Petroleum Institute*, 2013 WL 3307114, at *13.

[19] *F. Hoffman-LaRoche Ltd. v. Empagran S.A.*, 542 U.S. 155, 164 (2004); see also *Murray v. Schooner Charming Betsy*, 6 U.S. 64, 118 (1804) ("an act of Congress ought never to be construed to violate the law of nations if any other possible construction remains").

[20] 542 U.S. at 165.

We believe the Commission has the authority and the responsibility to interpret Section 13(q) to respect the sovereignty of foreign nations.[21]

In this regard, it is important to acknowledge that countries may have legitimate national security interests for limiting disclosure of information concerning their national resources and commercial arrangements. For example, overly granular disclosure of financial information could identify high-value targets for those seeking to disrupt government revenues. Similarly, in cases where ownership of a resource may be in dispute – such as where a geologic reservoir spans country borders – an ill-timed disclosure of payments could increase regional tensions or make it more difficult to reach a diplomatic resolution. Lastly, just as disclosure that reveals proprietary commercial terms may be competitively harmful for resource extraction issuers, so may such disclosure be harmful for resource owners. For example, host governments may not want one international oil company to know the amount of a signature bonus or other commercial terms the government may have agreed with a different international oil company when negotiating contracts for a similar opportunity.[22]

Considerations like the foregoing may take precedence even for democratically-elected governments that would otherwise be disposed to support payment transparency.

Notwithstanding the above considerations, non-disclosure laws that may conflict with Section 13(q) are not widespread. In fact, API member companies have identified only a very small number of countries where we believe disclosure under 13(q) may be prohibited by host country law or require prior host government consent. While some commenters have expressed concern that a general conflict of laws exemption would create an incentive for more countries to enact such laws, there is little evidence to support this prediction. On the contrary, the Commission's actual experience with similar exemptions demonstrates that such concern is unwarranted. For example, Rule 1202 of Regulation S-K, as revised in 2008, allows registrants to omit disclosure of proved reserves "if that country's government prohibits such disclosure."[23] More broadly, General Instruction E to Form 10-K allows registrants to omit "any item or other requirement of this form with respect to any foreign subsidiary … to the extent that the required disclosure would be detrimental to the registrant."[24] General Instruction E has been in place for

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[21] See Commodity Futures Trading Commission, End-User Exemption to the Clearing Requirement for Swaps 77 F.R. 42,559, 42,562 (July 19, 2012) (see footnote 15 and accompanying text) and Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations 78 FR 45292, 45300 (July 26, 2013).

[22] Many of these concerns can be addressed with the compilation model of reporting. However, in some cases compilation alone may not be sufficient and therefore a conflict of laws exemption is necessary. Of course the use of such an exemption by reporting issuers would be subject to the full range of existing policing mechanisms under the securities laws, including staff comment and potential enforcement actions, and could be revisited by the staff at a later date if unexpected difficulties materialize.

[23] Exchange Act Release No. 33-8995; 34-59192, at 56.

[24] United States Securities and Exchange Commission, Form 10-K, General Instructions, *available at* http://www.sec.gov/about/forms/form10-k.pdf.

many decades. Despite their broad potential application, these exemptions are only invoked in limited cases and have not led to a notable spread of non-disclosure laws.

Furthermore, we are unaware of any country having adopted such a rule or law since the adoption of Section 13(q) in July 2010. We believe the limited spread of non-disclosure laws reflects the inter-connectedness of the world economy in general and the global momentum behind transparency in particular. Even resource-rich developing countries depend on international trade and development assistance, and accordingly are unlikely to enact laws contrary to international norms of transparency. This dynamic is compellingly illustrated by the fact that the number of countries pursuing EITI certification has increased, not decreased, in the time since passage of Dodd-Frank. Moreover, by adopting the compilation model outlined above, we believe the likelihood that a country would adopt such a prohibition in the future is lowered, since the country's proprietary commercial terms would be protected.

In short, we strongly believe failure to provide a conflict of law exemption would be inconsistent with the Commission's obligations under Section 23(a). As recognized by the Commission, the potential cost to shareholders is immense.[25] At the same time, as the District Court noted, there is little evidence to suggest providing such an exemption would harm the purposes of Section 13(q).

<u>Control</u>

API asks the Commission to revisit the definition of "control" to be used by resource extraction issuers to determine affiliates whose payments are included in the issuer's reports. Prior Rule 13q-1 relied on the definition of "control" found in Rule 12b-2 under the Exchange Act. We urge the Commission instead to rely on the definition of control used by issuers for purposes of preparing consolidated financial statements under FASB Accounting Standards Codification paragraph 810-10-15-8.

Section 13(q) does not require use of the definition of "control" found in Rule 12b-2 under the Exchange Act. As was noted in the adopting release for Rule 13q-1,[26] control under 12b-2 is not necessarily the same as control for financial consolidation purposes. Thus, use of the 12b-2 test potentially takes Form SD reporting out of alignment with the issuer's existing financial data collection and reporting systems.

Our member companies also find use of the 12b-2 standard introduces significant legal uncertainty into affiliate determinations. Staff guidance issued to date under Rule 12b-2 typically relates to going-private or other transactions involving publicly-held companies. This guidance has little relevance for the kinds of entities – typically joint ventures among a small number of companies, often including a national oil company – used for international oil and gas projects. In these contexts, 12b-2 standards may result in more than one reporting company

[25] Exchange Act Release No. 34-67717 (August 22, 2012), at 159 et seq.

[26] *Id*. at 93.

being deemed to control a joint venture so that both venturers report 100% of the government payments made by the entity. Such duplicative reporting overstates government revenues and could undermine the objectives of transparency. For example, an overstatement of government revenues could lead citizens to conclude wrongly that revenues have been diverted or otherwise misused. Such a mistaken perception in turn could incite political discord – with accompanying potential for social and economic disturbances.

To summarize, industry experience indicates use of the 12b-2 control test imposes significant additional compliance costs on issuers; introduces significant uncertainty into reporting determinations; and may result in duplicative reporting. We therefore urge the Commission to harmonize reporting under Section 13(q) with the consolidation principles under paragraph 810-10-15-8 with which issuers and investors are already familiar.

Timing

We recognize the Commission has many pressing matters to address, including other mandated rulemakings under the Dodd-Frank Act. However, API would urge the Commission to move ahead with new rulemaking under Section 13(q) as early as practicable in 2014.

We believe this schedule is necessary in order to meet the current schedule of the U.S. candidacy for EITI membership, under which initial reporting would likely cover all or part of the 2015 calendar year. If the new rules under 13(q) are significantly delayed, the ability of the USEITI Multi-Stakeholder Group to make decisions on key issues could likewise be delayed. Worse still, USEITI could proceed to develop a separate reporting framework. This would be an inefficient use of government resources and a costly, redundant compliance burden for reporting companies.

We also believe the workability and usefulness of API's proposed approach to project level reporting, if incorporated in the SEC rulemaking, would be a compelling model for other countries looking for a better way to approach payment transparency.

In support of this rulemaking schedule, we do not believe an extensive re-write of Rule 13q-1 is necessary. While the recommendations made in this letter are critical to achieving a workable outcome, we believe these recommendations can be implemented with relatively modest changes to the prior rule text.

As previously noted, API member companies are committed to a collaborative approach to this effort and are happy to dedicate staff resources to help make it happen. API and its member companies look forward to working with the staff and other stakeholders to develop effective and workable new rules under Section 13(q). Please feel free to contact me if you would like additional information on any of these points, or if there are other ways API can be helpful in this effort.

Sincerely,

Patrick T. Mulva
Chairman
API General Finance Committee

Stephen Comstock
Director Tax & Accounting Policy
API

EXHIBIT A - EXAMPLE OF PROPOSED INPUTS

(All data is for illustrative purposes only and is not intended to represent actual payment streams)

COMPANY ABC INPUT (payor name submitted but remains confidential)

How	What	Where															
Project																	
Operation Parameter	Mineral Parameter	Country	State/Province/Region	Entity Paid	Taxes	Royalties	Fees	Licenses	Production Entitlement	In kind Entitlement	In Kind Valuation	Bonuses	Dividends	Infrastructure	Currency	Currency Calculation	Business Segment
Onshore	Oil	Nigeria	Bayelsa	Federal Government of Nigeria	75	100		125	150			20			USD		UPSTREAM
Offshore	Oil	Nigeria	Delta	Nigerian National Petroleum Corporation		200	75								USD		UPSTREAM
Onshore	Gas	Nigeria	Delta	Federal Inland Revenue Service	2										USD		UPSTREAM
Onshore	Gas	Nigeria	Delta	Niger Delta Devlopment Commission			42								USD		UPSTREAM
Onshore	Gas	Nigeria	Delta	Nigeria LNG Limted		250			100			50			USD		UPSTREAM
Onshore	Oil	Nigeria	Delta	Federal Government of Nigeria	300	100	25	70	400	200	QMV	50		10	USD		UPSTREAM
Onshore	Oil	Nigeria	Delta	Nigeria State of Delta			50					10		25	USD		UPSTREAM
Onshore	Oil	Nigeria	Delta	Nigerian National Petroleum Corporation				25				150			USD		UPSTREAM
Offshore	Gas	Nigeria	Rivers	Nigeria LNG Limted	80	100			200	50	QMV				USD		UPSTREAM
Onshore	Gas	Nigeria	Rivers	Nigeria LNG Limted	12	75	25		600				25		USD		UPSTREAM
Onshore	Gas	Nigeria	Rivers	Rivers State Internal Revenue Service	75		15								NGN	W/A	UPSTREAM
Non Associated	Non-Associated	Nigeria		Federal Government of Nigeria	300								200		NGN	W/A	
Onshore	Oil	Nigeria	Delta	Delta State Internal Revenue Service	50										NGN	W/A	UPSTREAM

COMPANY CBA INPUT (payor name submitted but remains confidential)

Project																	
Operation Parameter	Mineral Parameter	Country	State/Province/Region	Entity Paid	Taxes	Royalties	Fees	Licenses	Production Entitlement	In kind Entitlement	In Kind Valuation	Bonuses	Dividends	Infrastructure	Currency	Currency Calculation	Business Segment
Mining	Coal	Nigeria	Delta	Nigerian National Petroleum Corporation				25				150			USD		UPSTREAM
Mining	Copper	Nigeria	Delta	Federal Government of Nigeria	300	100	25	70	400	200	QMV	50		10	USD		UPSTREAM
Mining	Copper	Nigeria	Delta	Nigeria State of Delta			50					10		25	USD		UPSTREAM
Onshore	Gas	Nigeria	Delta	Nigeria LNG Limted		375			100			50			USD		UPSTREAM
Mining	Coal	Nigeria	Delta	Delta State Internal Revenue Service	50										NGN	W/A	UPSTREAM

COMPANY XYZ INPUT (payor name submitted but remains confidential)

Project																	
Operation Parameter	Mineral Parameter	Country	State/Province/Region	Entity Paid	Taxes	Royalties	Fees	Licenses	Production Entitlement	In kind Entitlement	In Kind Valuation	Bonuses	Dividends	Infrastructure	Currency	Currency Calculation	Business Segment
Onshore	Oil	Nigeria	Bayelsa	Federal Government of Nigeria	75	100		125	150			20			USD		UPSTREAM
Offshore	Gas	Nigeria	Delta	Nigeria LNG Limted	3	700	4							10	USD		UPSTREAM
Offshore	Oil	Nigeria	Delta	Nigerian National Petroleum Corporation	75	200	75								USD		UPSTREAM
Onshore	Gas	Nigeria	Delta	Federal Inland Revenue Service	2										USD		UPSTREAM
Onshore	Gas	Nigeria	Delta	Niger Delta Devlopment Commission			42								USD		UPSTREAM
Onshore	Gas	Nigeria	Delta	Nigeria LNG Limted		250			100			50			USD		UPSTREAM
Onshore	Oil	Nigeria	Delta	Federal Government of Nigeria	400	100	25	70	400	200	QMV	50		10	USD		UPSTREAM
Onshore	Oil	Nigeria	Delta	Nigeria State of Delta	5		50					10		25	USD		UPSTREAM
Onshore	Oil	Nigeria	Delta	Nigerian National Petroleum Corporation				25				150			USD		UPSTREAM
Offshore	Gas	Nigeria	Rivers	Federal Inland Revenue Service	2	300									USD		UPSTREAM
Onshore	Gas	Nigeria	Rivers	Nigeria LNG Limted	3	75	25		350				25		USD		UPSTREAM
Onshore	Gas	Nigeria	Rivers	Rivers State Internal Revenue Service	75		15								NGN	W/A	UPSTREAM
Onshore	Oil	Nigeria	Delta	Delta State Internal Revenue Service	50										NGN	W/A	UPSTREAM
Non-Associated	Non-Associated	Nigeria		Federal Government of Nigeria	200								10		NGN	W/A	
				Total	**2134**	**3025**	**543**	**535**	**2950**	**650**	**0**	**820**	**260**	**115**			

QMV = Quarterly Market Value
USD = US Dollar
NGN = Nigerian Naira
W/A = Weighted Average

EXHIBIT B - EXAMPLE COMPILATION REPORT: LOCATION

(All data is for illustrative purposes only and is not intended to represent actual payment streams)

Operation Parameter	Mineral Parameter	Location Parameter		Taxes	Royalties	Fees	Licenses	Production Entitlement	In kind Entitlement	In Kind Valuation	Bonuses	Dividends	Infrastructure
		Country	State/Province/Region										
Mining	Coal	Nigeria	Delta	50	0	0	25	0	0	0	150	0	0
Mining	Copper	Nigeria	Delta	300	100	75	70	400	200	0	60	0	35
Offshore	Gas	Nigeria	Delta	3	700	4							10
Offshore	Oil	Nigeria	Delta	75	400	150	0	0	0	0	0	0	0
Onshore	Gas	Nigeria	Delta	4	875	84	0	300	0	0	150	0	0
Onshore	Oil	Nigeria	Delta	805	200	150	190	800	400	0	420	0	70
			Total	**1237**	**2275**	**463**	**285**	**1500**	**600**	**0**	**780**	**0**	**115**

EXHIBIT C - EXAMPLE COMPILAITON REPORT: OPERATIONS

(All data is for illustrative purposes only and is not intended to represent actual

		Location Parameter										
Operation Parameter	Mineral Parameter	Country	State/Province/Region	Taxes	Royalties	Fees	Licenses	Production Entitlement	In kind Entitlement	Bonuses	Dividends	Infrastructure
Mining		Nigeria		350	100	75	95	400	200	210	0	35
Non-Associated	Non-Associated	Nigeria		500	0	0	0	0	0	0	210	0
Offshore		Nigeria		160	1500	154	0	200	50	0	0	10
Onshore		Nigeria		1124	1425	314	440	2350	400	610	50	70
			Total	**2134**	**3025**	**543**	**535**	**2950**	**650**	**820**	**260**	**115**

EXHIBIT D - EXAMPLE COMPILATION REPORT: PAYEES

(All data is for illustrative purposes only and is not intended to represent actual payment streams)

Operation Parameter	Mineral Parameter	Location Parameter: Country	Location Parameter: State/Province/Region	Entity Paid	Taxes	Royalties	Fees	Licenses	Production Entitlement	In kind Entitlement	Bonuses	Dividends	Infrastructure
Mining	Copper	Nigeria	Delta	Federal Government of Nigeria	300	100	25	70	400	200	50		10
Non-Associated	Non-Associated	Nigeria		Federal Government of Nigeria	500	0	0	0	0	0	0	210	0
Onshore	Oil	Nigeria	Bayelsa	Federal Government of Nigeria	150	200	0	250	300	0	40	0	0
Onshore	Oil	Nigeria	Delta	Federal Government of Nigeria	700	200	50	140	800	400	100	0	20
			Total	**Federal Government of Nigeria**	**1650**	**500**	**75**	**460**	**1500**	**600**	**190**	**210**	**30**
Onshore	Gas	Nigeria	Delta	Federal Inland Revenue Service	4	0	0	0	0	0	0	0	0
Offshore	Gas	Nigeria	Rivers	Federal Inland Revenue Service	2	300							
			Total	**Federal Inland Revenue Service**	**6**	**300**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Onshore	Gas	Nigeria	Delta	Niger Delta Devlopment Commission			42						
			Total	**Niger Delta Devlopment Commission**	**0**	**0**	**84**	**0**	**0**	**0**	**0**	**0**	**0**
Offshore	Gas	Nigeria	Delta	Nigeria LNG Limted	3	700	4						10
Onshore	Gas	Nigeria	Delta	Nigeria LNG Limted	0	875	0	0	300	0	150	0	0
Offshore	Gas	Nigeria	Rivers	Nigeria LNG Limted	80	100			200	50			
Onshore	Gas	Nigeria	Rivers	Nigeria LNG Limted	15	150	50	0	950	0	0	50	0
			Total	**Nigeria LNG Limted**	**98**	**1825**	**54**	**0**	**1450**	**50**	**150**	**50**	**10**
Mining	Copper	Nigeria	Delta	Nigeria State of Delta			50				10		25
Onshore	Oil	Nigeria	Delta	Nigeria State of Delta	5	0	100	0	0	0	20	0	50
			Total	**Nigeria State of Delta**	**5**	**0**	**150**	**0**	**0**	**0**	**30**	**0**	**75**
Mining	Coal	Nigeria	Delta	Nigerian National Petroleum Corporation				25			150		
Offshore	Oil	Nigeria	Delta	Nigerian National Petroleum Corporation	75	400	150	0	0	0	0	0	0
Onshore	Oil	Nigeria	Delta	Nigerian National Petroleum Corporation	0	0	0	50	0	0	300	0	0
			Total	**Nigerian National Petroleum Corporation**	**75**	**400**	**150**	**75**	**0**	**0**	**450**	**0**	**0**
Onshore	Gas	Nigeria	Rivers	Rivers State Internal Revenue Service	150	0	30	0	0	0	0	0	0
			Total	**Rivers State Internal Revenue Service**	**150**	**0**	**30**	**0**	**0**	**0**	**0**	**0**	**0**
Mining	Coal	Nigeria	Delta	Delta State Internal Revenue Service	50								
Onshore	Oil	Nigeria	Delta	Delta State Internal Revenue Service	100	0	0	0	0	0	0	0	0
			Total	**Delta State Internal Revenue Service**	**150**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
		Nigeria	**Total**		**2134**	**3025**	**543**	**535**	**2950**	**650**	**820**	**260**	**115**

EXHIBIT E - EXAMPLE COMPILATION REPORT: MINERAL SEGMENTS

(All data is for illustrative purposes only and is not intended to represent actual payment streams)

	Location Parameter											
Mineral Parameter	Country	State/Province/Region	Entity Paid	Taxes	Royalties	Fees	Licenses	Production Entitlement	In kind Entitlement	Bonuses	Dividends	Infrastructure
Coal	Nigeria	Delta	Delta State Internal Revenue Service	50								
Coal	Nigeria	Delta	Nigerian National Petroleum Corporation				25			150		
			Total Coal	**50**	**0**	**0**	**25**	**0**	**0**	**150**	**0**	**0**
Copper	Nigeria	Delta	Federal Government of Nigeria	300	100	25	70	400	200	50		10
Copper	Nigeria	Delta	Nigeria State of Delta			50				10		25
			Total Copper	**300**	**100**	**75**	**70**	**400**	**200**	**60**	**0**	**35**
Gas	Nigeria	Rivers	Federal Inland Revenue Service	6	300	0	0	0	0	0	0	0
Gas	Nigeria	Delta	Niger Delta Devlopment Commission	0	0	84	0	0	0	0	0	0
Gas	Nigeria	Rivers	Nigeria LNG Limted	98	1825	54	0	1450	50	150	50	10
Gas	Nigeria	Rivers	Rivers State Internal Revenue Service	150	0	30	0	0	0	0	0	0
			Total Gas	**254**	**2125**	**168**	**0**	**1450**	**50**	**150**	**50**	**10**
Non-Associated	Nigeria		Federal Government of Nigeria	500	0	0	0	0	0	0	210	0
			Total Non-Associated	**500**	**0**	**0**	**0**	**0**	**0**	**0**	**210**	**0**
Oil	Nigeria	Delta	Delta State Internal Revenue Service	100	0	0	0	0	0	0	0	0
Oil	Nigeria	Delta	Federal Government of Nigeria	850	400	50	390	1100	400	140	0	20
Oil	Nigeria	Delta	Nigeria State of Delta	5	0	100	0	0	0	20	0	50
Oil	Nigeria	Delta	Nigerian National Petroleum Corporation	75	400	150	50	0	0	300	0	0
			Total Oil	**1030**	**800**	**300**	**440**	**1100**	**400**	**460**	**0**	**70**
			Total	**2134**	**3025**	**543**	**535**	**2950**	**650**	**820**	**260**	**115**