

**By email:**

Chair Mary Jo White  
Commissioner Luis Aguilar  
Commissioner Daniel Gallagher  
Commissioner Michael Piwowar  
Commissioner Kara Stein

U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090 USA

23 September 2015

**Reporting schema for the United Kingdom's recently enacted regulations implementing the European Union's Accounting Directive (Chapter 10)**

Dear Chair and Commissioners:

We write to comment on the Securities and Exchange Commission rulemaking under Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. This submission focuses on the schema and technical reporting template which companies will be required to submit when reporting their payments to governments under the United Kingdom's Reports on Payments to Governments Regulations 2014<sup>1</sup>. These regulations satisfy the UK's obligation to transpose Chapter 10 of the 2013 EU Accounting Directive<sup>2</sup> into domestic law. In this submission we demonstrate:

- A) The technical specifications for how extractive companies will be reporting under the UK regulations using the UK template;
- B) How users of such reports will be able to visualize and benefit from this data on payments to governments;
- C) And why the model of disclosure advocated by the American Petroleum Institute<sup>3</sup> is incompatible with the UK's statutory reporting requirements. The API's model would severely limit the value of disclosures to users and would increase the reporting burden of the many cross-listed companies.

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<sup>1</sup> The UK regulations can be viewed at <http://www.legislation.gov.uk/ukxi/2014/3209/contents/made>

<sup>2</sup> Transposition of the Accounting Directive (Directive 2013/34/EU) into UK law affects large and/or publicly listed UK-incorporated oil, gas, mining and logging companies and their subsidiaries. The directive is available at <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32013L0034>

<sup>3</sup> See comment submitted by the American Petroleum Institute (7 November, 2013). Available at: <http://www.sec.gov/comments/df-title-xv/resource-extraction-issuers/resourceextractionissuers-12.pdf>

The Natural Resource Governance Institute (NRGI), an independent, non-profit organization, helps people to realize the benefits of their countries' oil, gas and mineral wealth through applied research, and innovative approaches to capacity development, technical advice and advocacy. NRGI is recognized for its technical expertise and has been involved in the development of mandatory reporting requirements for the extractive industries in the United States, European Union and Canada. We have also contributed extensively to the development of the Extractive Industries Transparency Initiative (EITI), particularly in relation to the version of the EITI Standard adopted in 2013.

Please find attached/annexed:

- 1) A diagram of the UK's eXtensible Markup Language (XML) reporting schema (annex 1).
- 2) Completed UK templates modeled on the UK's XML schema and containing data from four companies required to report under Norwegian law and from two additional companies that have voluntarily reported in line with the 2013 EU Accounting and Transparency Directives. The files include data from Statoil (2014<sup>4</sup>), Tullow Oil (2013<sup>5</sup> and 2014<sup>6</sup>), Kosmos Energy (2014<sup>7</sup>), Norsk Hydro (2014<sup>8</sup>), African Petroleum Corporation Ltd. (2014<sup>9</sup>), and Wentworth Resources Ltd. (2014<sup>10</sup>) (attachment 1).

The completed UK templates are available for download at:

[http://www.resourcegovernance.org/sites/default/files/nrgi\\_Completed\\_UK\\_templates.zip](http://www.resourcegovernance.org/sites/default/files/nrgi_Completed_UK_templates.zip)

- 3) An Excel file that compiles the data across the different company disclosures and produces various data visualizations and illustrations (attachment 2).

The illustrations file is available for download at:

[http://www.resourcegovernance.org/sites/default/files/nrgi\\_Illustrations-UK-Schema.xlsm](http://www.resourcegovernance.org/sites/default/files/nrgi_Illustrations-UK-Schema.xlsm)<sup>11</sup>

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<sup>4</sup> Statoil's 2014 disclosure is reported in Krone. This is converted to USD using the 2014 annual average exchange rate. Statoil's disclosure is available at:

[http://www.statoil.com/no/InvestorCentre/AnnualReport/AnnualReport2014/Documents/DownloadCentreFiles/01\\_KeyDownloads/2014%20Payments%20to%20governments.pdf](http://www.statoil.com/no/InvestorCentre/AnnualReport/AnnualReport2014/Documents/DownloadCentreFiles/01_KeyDownloads/2014%20Payments%20to%20governments.pdf)

<sup>5</sup> Tullow Oil's 2013 disclosure is available at: [https://www.tulloil.com/Media/docs/default-source/5\\_sustainability/tullow\\_2013\\_transparency\\_report.pdf?sfvrsn=4](https://www.tulloil.com/Media/docs/default-source/5_sustainability/tullow_2013_transparency_report.pdf?sfvrsn=4)

<sup>6</sup> Tullow Oil's 2014 disclosure is available at: [http://www.tulloil.com/Media/docs/default-source/5\\_sustainability/2014-tullow-cr-report.pdf?sfvrsn=4](http://www.tulloil.com/Media/docs/default-source/5_sustainability/2014-tullow-cr-report.pdf?sfvrsn=4)

<sup>7</sup> Kosmos Energy's 2014 disclosure is available at: <http://www.kosmosenergy.com/responsibility/transparency.php>

<sup>8</sup> Norsk Hydro's 2014 disclosure is reported in Krone. This is converted to USD using the 2014 annual average exchange rate. Hydro's disclosure is available at:

[http://www.hydro.com/upload/Annual\\_reporting/annual\\_2014/downloadcenter/Reports/Country\\_by\\_country\\_report.pdf](http://www.hydro.com/upload/Annual_reporting/annual_2014/downloadcenter/Reports/Country_by_country_report.pdf)

<sup>9</sup> African Petroleum Corporation's 2014 disclosure is available at:

<http://www.africanpetroleum.com.au/system/files/uploads/financialdocs/AnnualReportandAccounts14.pdf>

<sup>10</sup> Wentworth Resource's 2014 disclosure is available at:

[http://www.wentworthresources.com/pdf/Wentworth\\_annual\\_report\\_2014\\_low\\_res\\_secure.pdf](http://www.wentworthresources.com/pdf/Wentworth_annual_report_2014_low_res_secure.pdf)

<sup>11</sup> This macro-enabled XLS file can be opened using versions of Microsoft Excel 2010 or later. If downloading from the internet, it may be necessary to click "Enable Editing" and "Enable Content" when prompted.

## A) UK Technical Reporting Specifications

As you know, UK reporting regulations came into legal force on 1 December 2014, and implement into UK domestic law Chapter 10 of the revised 2013 EU Accounting Directive.<sup>12</sup>

The regulations require **public, annual, company-by-company and project-by-project reporting without any country exemptions**, where a project is defined as:

- “the operational activities which—*
- (a) are governed by a single contract, licence, lease, concession or similar legal agreement, and*
  - (b) form the basis for payment liabilities with a government;*
- (5) If agreements of the kind referred to in the definition of “project” are substantially interconnected, those agreements are treated for the purposes of these Regulations as a single project.*
- (6) For the purpose of paragraph (5), “substantially interconnected” means forming a set of operationally and geographically integrated contracts, licences, leases or concessions or related agreements with substantially similar terms that are signed with a government, giving rise to payment liabilities.*
- (7) Such agreements may be governed by a single contract, joint venture, production sharing agreement, or other overarching legal agreement.<sup>13”</sup>*

A significant number of extractive companies are incorporated and/or cross-listed in both the United Kingdom and United States, including BP, Shell, Total, BHP Billiton and Rio Tinto.

To comply with the regulations, companies are required to deliver their reports by electronic means<sup>14</sup> to the registrar of companies and Companies House. Companies House, an Executive Agency under the authority of the ministerial Department for Business, Innovation & Skills, requires that this is done through the preparation of an XML file using the extractive reports schema provided by Companies House<sup>15</sup>.

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<sup>12</sup> The Reports on Payments to Governments Regulations 2014 apply to large and/or publicly listed UK-incorporated oil, gas, mining and logging companies and their subsidiaries. A further set of rules which transpose article 1(5) of the 2013 EU Transparency Directive Amending Directive, the Payments to Governments and Miscellaneous Provisions Regulations 2014 (specifically Regulation 4) and UK Financial Conduct Authority Disclosure and Transparency Rules (Reports on Payments to Governments) Instrument 2014 extends the disclosure requirements to relevant companies which are listed on the London Stock Exchange but not incorporated in the UK. More information on the UK transposition of the Accounting and Transparency Directives is included in the 9 July 2015 submission by Publish What You Pay – UK, available at: <https://www.sec.gov/comments/df-title-xv/resource-extraction-issuers/resourceextractionissuers-78.pdf>

<sup>13</sup> The Reports on Payments to Governments Regulations 2014, SI 2014/3209, Regulations 2(1), 2(5), 2(6) and 2(7)

<sup>14</sup> The Reports on Payments to Governments Regulations 2014, SI 2014/3209, Regulations 2(1) and 14(3)

<sup>15</sup> Direct access to the XML schema is available at:

<http://resources.companieshouse.gov.uk/about/miscellaneous/ExtractiveReportsSchema.xsd>

The schema and a guide for the preparation and submission of reports, which includes a model Excel file, are available at: <https://www.gov.uk/government/news/extractive-industries-reporting-draft-schema-and-step-by-step-guide>

The XML report will be created by inputting data into a model Excel file that is then exported to produce an XML file consistent with the schema and can be submitted to Companies House in fulfilment of the regulation. The XML report will be validated against the schema using an online government system to prevent errors or erroneous reporting. Companies House will then centrally store the submitted XML files and produce on-demand output files in various formats (CSV, JSON and XML) that will be made freely available to the public via the Companies House website. The images below are taken from a trial version of the government’s web interface.

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# Acute llama quarrying

Company number **70509847**

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## Filing history

Date added	Report year end	Version	Government Payments	Government Totals	Project Payments	Project Totals
03 Sep 2015	2015	1	<a href="#">Download CSV</a>	<a href="#">Download CSV</a>	<a href="#">Download CSV</a>	<a href="#">Download CSV</a>

Figure 1 - The trial version of the Companies House website that will provide access to the UK payments to governments disclosures to the public. Company names are fictitious.

Under the Companies Act 2006 the Registrar of Companies is given authority to make rules governing certain areas in relation to the filing of documents at Companies House. This is regarded as being secondary legislation, made under section 1117 of the Companies Act 2006.

An estimated 251 UK incorporated or listed companies<sup>16</sup> are subject to the UK Reports on Payments to Governments Regulations 2014 and will use the reporting schema prescribed by Companies House from 2016 to report on payments made for financial years beginning on or after 1 January 2015.

## **B) Utilizing the UK Schema: Visualizations and Stakeholder Benefits**

As the first reports under the UK regulations are not due until 2016, we have input publicly reported payments to governments data from four companies required to report under a Norwegian law<sup>17</sup> which is analogous to the EU Accounting and Transparency Directives and from two further companies which have voluntarily reported ahead of schedule in line with the EU directives into the model UK Excel template (attachment 1 “Completed UK templates”) in order to show how the UK schema will function. When viewed in Excel format, the schema consists of fields for the company name, Companies House Registration Number (CRN), the report end date, and four separate tables covering payments to government entities, total payments to each government entity, payments by project, and total payments by project.

Figures 2 and 3 below show how the payments to government entities and payments by project tables are organized in the Excel file based on the UK’s Companies House schema.

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<sup>16</sup> This estimate is based on the final impact assessment of the Reports on Payments to Governments Regulations, SI 2014/3209. The impact assessment is available at: <http://www.legislation.gov.uk/ukxi/2014/3209/impacts>

<sup>17</sup> The Norwegian regulation regarding ‘Report on Payments to Governments’ (*‘Lov om rapportering om betalinger til myndigheter mv’*) applies to companies involved in extractive and logging activities. The transparency rule is included in the Norwegian Accounting Act (*‘Regnskapsloven’*) § 3-3d, § 3-5 and § 8-2 and the Norwegian Securities Act (*‘Verdipapirhandelloven’*) § 5-5a, § 5-12 and § 5-13.

CountryCode	Government	PaymentType	Currency	Amount	UnitMeasure	Volume	ValuationMethod	Notes
AGO	Sonagol EP	ProductionEntitlements	USD	2,877,527,490	boe	29100000	Calculated at the market price at the time of payment	
AGO	BNA - Banco Nacional de Angola	Tax	USD	775,203,735				
AGO	Stavanger Kemnerkontor	Tax	USD	3,954,878				
AUS	Central Land Council	Fees	USD	381,960				
AUS	Department of Mines & Energy	Fees	USD	31,830				
AUS	National Offshore Petroleum	Fees	USD	15,915				
AZE	SOCAR (The State Oil Company of the Azerbaijan Republic)	ProductionEntitlements	USD	1,396,955,040	boe	14300000	Calculated at the market price at the time of payment	
AZE	Ministry of Taxes Azerbaijan	Tax	USD	205,080,690				
BRA	Agencia Nacional do Petroleo, Gais Natural e Biocombustiveis	Fees	USD	2,514,570				
BRA	Ministerio da Fazenda	Fees	USD	48,095,130				
BRA	Ministerio da Fazenda	Royalties	USD	137,696,580				
BRA	Ministerio da Fazenda	Tax	USD	7,941,585				
CAN	Alberta Energy Regulator	Fees	USD	1,257,285				
CAN	Canada-Newfoundland and Labrador Offshore Petroleum Board	Fees	USD	302,385				
CAN	Government of Alberta	Fees	USD	413,790				
CAN	Receiver General for Canada	Fees	USD	652,515				
CAN	Department of Finance Canada	Royalties	USD	20,689,500				
CAN	Newfoundland Exchequer	Royalties	USD	39,962,565				
CAN	Receiver General for Canada	Royalties	USD	61,606,965				

Figure 2 - Payments to government entities table with data from 2014 Statoil disclosures

CountryCodeList	ProjectName	ProjectCode	PaymentType	Currency	Amount	UnitMeasure	Volume	ValuationMethod	Notes
CIV	CI-103	ci / ci10-jua0t7	Infrastructure	USD	256,000				
CIV	CI-26 Espoir	ci / cies-ottmqw	ProductionEntitlements	USD	19,792,500	bbl	203,000	Based on Group's annual average realized price of 97.5 USD/bbl in 2014	
COG	M'Boundi	cg / mbou-366ul3	ProductionEntitlements	USD	27,495,000	bbl	282,000	Based on Group's annual average realized price of 97.5 USD/bbl in 2014	
ETH	South Omo	et / soom-770zee	Fees	USD	176,000				
ETH	South Omo	et / soom-770zee	Infrastructure	USD	262,000				
GAB	Echira	ga / echi-qzi94c	Royalties	USD	2,166,000				
GAB	Etame	ga / etam-e9n7en	Royalties	USD	5,612,000				
GAB	Limande	ga / lima-ropmnz	Royalties	USD	7,157,000				
GAB	Niungo	ga / niun-0n8pi2	Royalties	USD	5,404,000				
GAB	Oba	ga / oba-x7ip1q	Royalties	USD	1,946,000				
GAB	Tchatamba	ga / tcha-cu259e	Royalties	USD	13,315,000				
GAB	Turnix	ga / turn-qap5fv	Royalties	USD	1,333,000				
GBR	Ketch	gb / ketc-fc8avd	Fees	USD	763,000				
GBR	Murdoch	gb / murd-a6xnp0	Fees	USD	275,000				
GBR	Schooner	gb / scho-uafdtj	Fees	USD	1,002,000				
GHA	Jubilee	gh / jufi-acpxfn	ProductionEntitlements	USD	64,155,000	bbl	658,000	Based on Group's annual average realized price of 97.5 USD/bbl in 2014	

Figure 3 - Payments by project table with data from 2014 Tullow Oil disclosure

The UK schema requires that a Project Code (see “ProjectCode” column in figure 3) is assigned to each project detailed in the payments to governments report. The project codes will be internally generated by each of the reporting companies. Project codes can be beneficial for a number of reasons including database integrity and data interoperability where there is reduced risk of a project identifier being misspelt or for confusion to arise across different languages. For the purposes of this submission, we have assigned project codes to each project using the naming convention in a website being developed by NRGi called [www.ResourceProjects.org](http://www.ResourceProjects.org) (see below). The European Union’s standardized approach to project definition (based on single or multiple substantially interconnected legal agreements) could be complemented by a standardized approach to project codes.

We compiled the data from these reports into a single “Illustrations – UK Schema” file (attachment 2) which develops visualizations and data tools of the type that will prove useful to investors, citizens and other stakeholders who will be accessing the data. This is the type of “compilation” that we envision might be developed by the SEC to fulfill the requirements of Section 13(q) of the Securities Exchange Act of 1934 (15 U.S.C. 78m), as amended by Section 1504<sup>18</sup>. Such a compilation could be directly developed by the SEC and released to the public *in addition* to making the individual company reports public. Alternatively, if the rule required data to be submitted in eXtensible Business Reporting Language (XBRL) format that is consistent with the UK schema and includes appropriate electronic tagging, data users could produce the compilation themselves as we demonstrate in this submission.

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<sup>18</sup> Specifically, Section 13(q)(3)(A) provides that “[t]o the extent practicable, the Commission shall make available online, to the public, a compilation of the information required to be submitted under the rules issued under paragraph (2)(A).”

The visualization in figure 4 demonstrates the usefulness of such a compilation. It allows users to select a particular government entity and view the payments, by payment type, that the government entity has received from a specific extractive company. This type of information can be important to the efforts of oversight actors to increase the accountability of government institutions. In this example, clicking on the US Office of Natural Resources Revenue under the 'Government' filter lists all of the payments, by type and by company, made to that government entity.

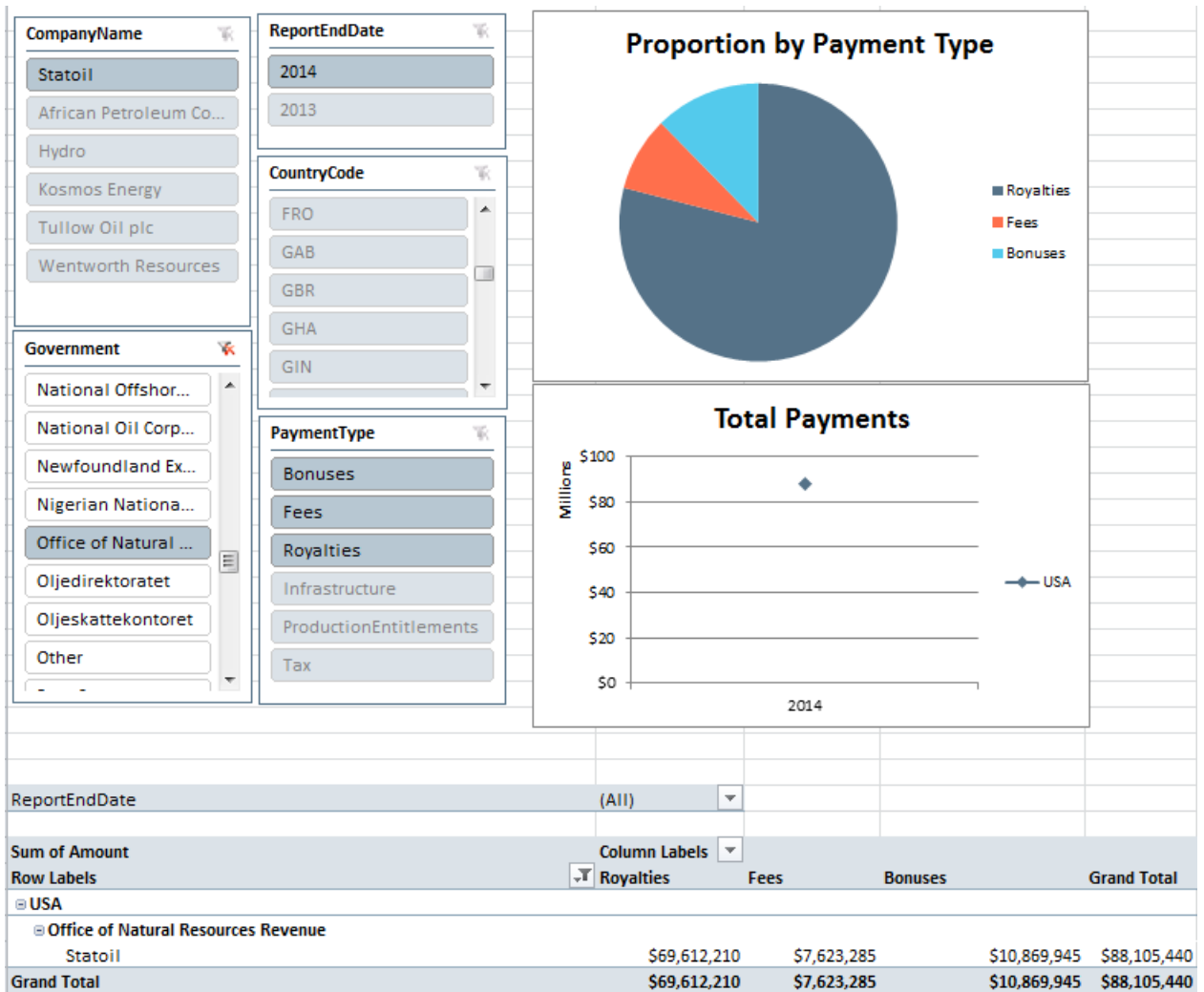


Figure 4 - Visualization of how payments to government entities data might be used



Figure 5 provides a further visualization that demonstrates the composition of different payment types that have been attributed to specific projects. Local civil society groups and local governments can use this information to help monitor and assess fiscal entitlements arising from payments for specific projects. For example, the draft mining code in the Democratic Republic of Congo (DRC) stipulates that project-related royalties be divided between national (60%), provincial (25%) and local (15%) governments. This information will also aid investors in gauging the risk exposure of an extractive company to changes in tax regimes by indicating the proportional impact of different payment streams for specific projects. For example, a threefold increase in royalty rates levied by a government will have a greater impact on projects where royalties form a large proportion of total payments.

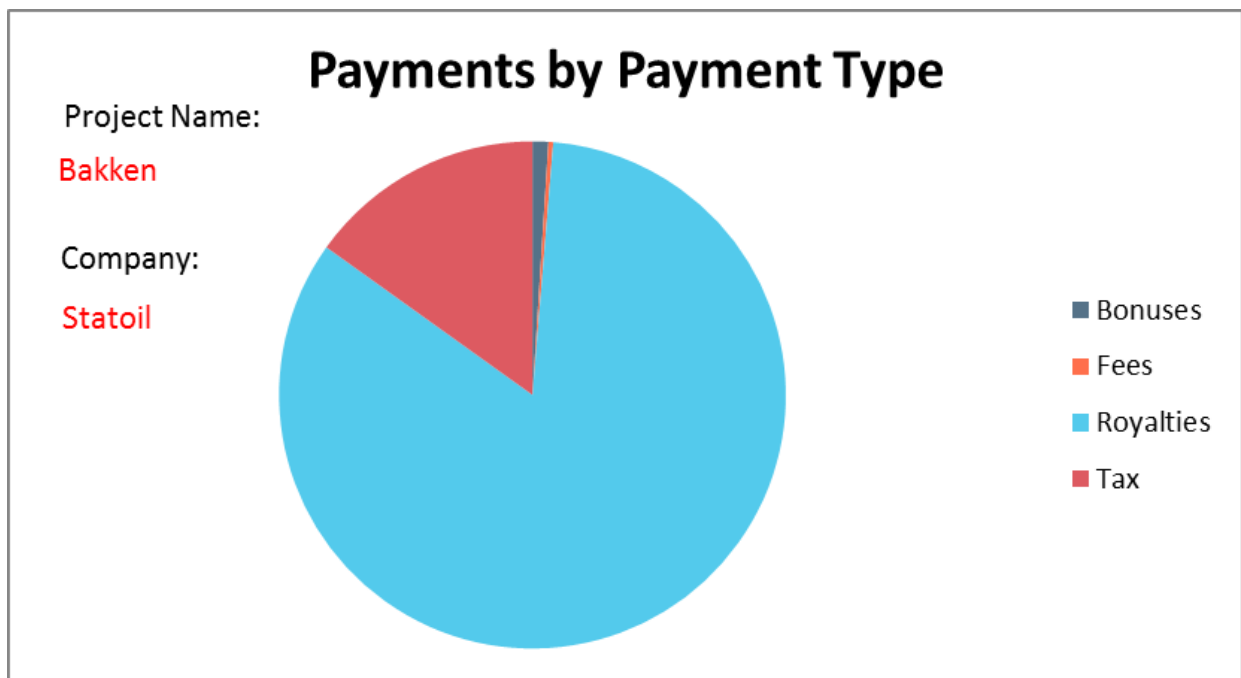


Figure 5 - Visualization showing payments by project, disaggregated by payment type

Finally, visualizations similar to those in figure 6 can help civil society groups and investors understand the significance of a particular company and/or project relative to a country's extractive receipts or relative to other projects operated by a company. This provides local civil society groups with key information to ensure that governments are playing an appropriate oversight and monitoring role<sup>19</sup> and gives investors insight into the relative importance of different projects within a company's portfolio.

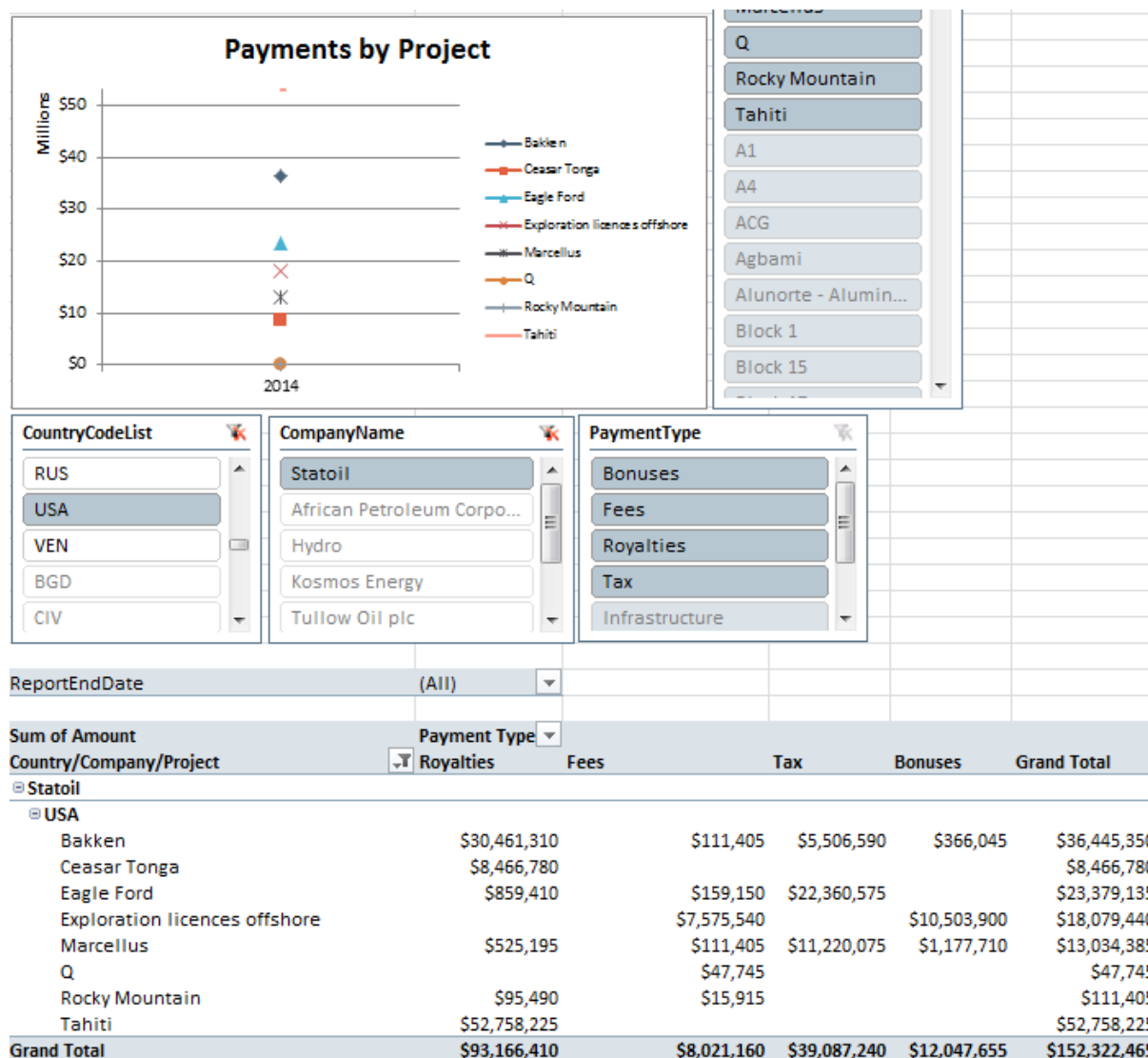


Figure 6 - Visualization showing payments by project for a particular country and/or company

The visualizations and potential applications above provide just a few examples of the ways in which this open and public data will be useful to investors, civil society and other data users. NRGi plans to incorporate modules on how to access and utilize this data into regional training programs targeted at civil society, legislators and journalists in key natural resource producing economies in the developing world as a means to improving governance and accountability in the natural resource sector. A public website, ResourceProjects.org, which is being developed by NRGi, will be one further means by which project-level payment disclosures will be compiled and made accessible to the public internationally.

<sup>19</sup> For further information on this point, see comment submitted by Dr Robert F. Conrad, Associate Professor of Public Policy Studies and Economics, Duke University (17 July, 2015). Available at: <https://www.sec.gov/comments/df-title-xv/resource-extraction-issuers/resourceextractionissuers-81.pdf>

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Project	Country	Commodity Type
ACG	Azerbaijan	Oil and Gas
Agbami	Nigeria	Oil and Gas
B Block	Indonesia	Oil and Gas
Bakken	United States	Oil and Gas
Balata East Shallow Horizons (Petrotrin F)	Trinidad & Tobago	Oil and Gas
Bangko	Indonesia	Oil and Gas
Barisan Rimau	Indonesia	Oil and Gas
Bawean	Indonesia	Oil and Gas
Bentu	Indonesia	Oil and Gas
Berau	Indonesia	Oil and Gas
Block 1(a)	Trinidad & Tobago	Oil and Gas
Block 1(b)	Trinidad & Tobago	Oil and Gas
Block 15	Angola	Oil and Gas
Block 17	Angola	Oil and Gas
Block 2(ab)	Trinidad & Tobago	Oil and Gas
Block 2(c)	Trinidad & Tobago	Oil and Gas

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Source	Source type	Source date	Contributor	Details
Kosmos 2014	Voluntary disclosure	2015-01-01	David Mihalyi	<a href="#">Details</a>
Ghana2010	EITI report	2010-01-01	Tim Davies	<a href="#">Details</a>
Mozambique2009	EITI report	2009-01-01	Tim Davies	<a href="#">Details</a>
Mozambique2010	EITI report	2010-01-01	Tim Davies	<a href="#">Details</a>
TimorLeste2008	EITI report	2008-01-01	Tim Davies	<a href="#">Details</a>
TimorLeste2010	EITI report	2010-01-01	Tim Davies	<a href="#">Details</a>
TimorLeste2011	EITI report	2011-01-01	Tim Davies	<a href="#">Details</a>
Yemen2011	EITI report	2011-01-01	Tim Davies	<a href="#">Details</a>
StatOil 2014 Report	Mandatory disclosure	2015-01-01	NRGI	<a href="#">Details</a>
Indonesia2010	EITI report	2010-01-01	Tim Davies	<a href="#">Details</a>
Trinidad&Tobago2011	EITI report	2011-01-01	Tim Davies	<a href="#">Details</a>
Zambia2010	EITI report	2010-01-01	Tim Davies	<a href="#">Details</a>
Zambia2011	EITI report	2011-01-01	Tim Davies	<a href="#">Details</a>
Indonesia2009	EITI report	2009-01-01	Tim Davies	<a href="#">Details</a>
Mozambique2008	EITI report	2008-01-01	Tim Davies	<a href="#">Details</a>
Mozambique2011	EITI report	2011-01-01	Tim Davies	<a href="#">Details</a>
TimorLeste2009	EITI report	2009-01-01	Tim Davies	<a href="#">Details</a>
Yemen2010	EITI report	2010-01-01	Tim Davies	<a href="#">Details</a>

Figure 7 - Screen shots from NRGi's prototype site [www.resourceprojects.org](http://www.resourceprojects.org), which brings together data on individual extractive projects from multiple sources.

Disclosures under Section 1504, if released in a format such as XBRL or XML with electronic tagging using a schema similar to that of the UK, would allow public users such as ourselves and the wider open data community to create similar compilations and further link them

with UK disclosures and disclosures from other jurisdictions implementing similar rules. Linking payments data across jurisdictions in this manner would greatly increase the usefulness of payment disclosures to both investors and civil society around the world. As public access to these disclosures expands through new websites and applications, investors, civil society and resource companies are likely to develop new and innovative uses for this data.

### C) Incompatibility of the API model

**The reporting model proposed by the American Petroleum Institute (API) under Section 1504 is incompatible with the UK schema and EU reporting requirements.** The API model would withhold public access to the name of the company making payments to governments and advocates a form of reporting which does not align with the EU project definition and is consequently also misaligned with the way companies currently describe their projects (for example in their annual reports; see table 1 below).

The fields which the API template uses in lieu of directly identifying projects based on legal agreements (“*what* resource is being extracted; *how* that resource is being extracted; and *where* the extractive activity takes place”<sup>20</sup>) are not specific enough to facilitate a direct comparison with the UK schema or the disclosures that will be made in the UK or other EU member states. It appears that the core purpose of the API’s so-called project identifier is in fact to *obscure* the *actual* projects by making it difficult for investors and citizens to identify the payments related to a particular project and/or company.

One way in which the API approach obscures genuine project level disclosure is by not distinguishing between different projects that have the same “what”, “where” and “how” headings. For example, in Indonesia we have identified five US listed companies<sup>21</sup> involved in offshore oil and gas<sup>22</sup> development in East Kalimantan Province based on the 2014 Annual Report of SKK Migas<sup>23</sup>, Indonesia’s primary oil and gas regulator, the latest Indonesia EITI report and company sources. Based on this review there could be 11 different Production Sharing Contracts with US listed companies as the operator which could be identified as “Indonesia / Offshore / Oil / East Kalimantan” using API’s approach.<sup>24</sup> Accordingly, the approach could result in a large number of projects with different terms<sup>25</sup> and involving

<sup>20</sup> See pg. 4 of the comment submitted by API (November 7, 2013).

<sup>21</sup> These are: Chevron, Eni, Total, BP and Statoil. Three of these companies (Chevron, Eni and Total) are the operator for multiple offshore projects (under production sharing contracts) in East Kalimantan.

<sup>22</sup> The blocks in East Kalimantan generally produce both oil and gas. While gas production is usually more significant, oil production is non-negligible. See Indonesia’s latest EITI report, available at: <http://eiti.ekon.go.id/en/laporan-eiti-2010-2011-migas/>. Specifically see reconciliations for Chevron’s “East Kalimantan” and “Makassar Strait” projects (Appendix D/2 and D/3), Total’s “Mahakam” project (Appendix D/6) and the “Sanga Sanga” project in which BP has a major interest (Appendix D/11).

<sup>23</sup> SKK Migas 2014 Annual Report, available at [http://www.skkmigas.go.id/wp-content/uploads/2013/06/Laporan\\_Tahunan\\_2015\\_English.pdf](http://www.skkmigas.go.id/wp-content/uploads/2013/06/Laporan_Tahunan_2015_English.pdf) (

<sup>24</sup> We have counted all production sharing contracts, not just those for projects in production or currently generating revenues this year. This approach is on the basis that any PSC could potentially generate revenues in the future and, per the analysis above, under the API approach these revenues would be indistinguishable from the revenues generated by other projects.

<sup>25</sup> In the Indonesian offshore East Kalimantan example, the contracts involved span a period for more than 20 years.

different companies being indistinguishable, thereby seriously weakening the utility of the disclosed data. Furthermore, a single company could have multiple separate projects that would be indistinguishable using API's approach. For example, SKK Migas' report lists four different offshore PSCs operated by Chevron that appear to be attributable to the East Kalimantan Provincial area (namely East Kalimantan, Makassar Strait, Ganal and Rapak). This is confirmed by Chevron's most recent Indonesia fact sheet (updated May 2015).<sup>26</sup>

The API model is therefore fundamentally incompatible with the data that will be reported under the UK schema, and indeed all other jurisdictions that have introduced legislation in this area. Consequently, **the API approach would run counter to Section 1504's statutory aim of "support[ing] the commitment of the Federal Government to international transparency promotion efforts relating to the commercial development of oil, natural gas, or minerals."**

The payments data used to develop attachments 1 and 2 are taken from public disclosures of companies that are either required to report in Norway or have voluntarily reported payments in a manner consistent with the EU Accounting and Transparency Directives. These disclosures all use single or multiple substantially interconnected legal agreements as their basis for defining a project. Similarly, Table 1 summarizes examples from reports by Exxon, Shell, ConocoPhillips, Total, BP, Wentworth Resources and Tullow Oil where resource extraction companies use Production Sharing Contracts (PSCs), licenses or licenses related to oil blocks to report on projects in their annual reports and investor handbooks<sup>27</sup>. The API's approach would prevent investors or citizens from using disclosed project-level data in conjunction with annual reports or other publicly available information.

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<sup>26</sup> <http://www.chevron.com/documents/pdf/indonesiafactsheet.pdf>.

<sup>27</sup> Additional examples are available in the comment submitted by Publish What You Pay (March 14, 2014).

Table 1 - Examples of PSC, block, or license being used to describe projects in annual reports.

Report	Location	Example
<b>ExxonMobil – 2013 Financial and Operating Overview</b>	Pp. 20-21, 25-45	“ExxonMobil entered Liberia by acquiring an 83-percent interest in Liberia Block 13, adding approximately 520,000 net acres in a deepwater play.” (pp. 20)
<b>Shell – 2013 Investor’s Handbook</b>	Pp. 20-27, 40-52	“SNEPCO operates OMLs 118 (including the Bonga field) and 135 (Bolia) holding a 55% interest in each, and holds a 43.75% interest in OML 133 (Erha) and 50% interest in oil production lease (OPL) 245 (Zabazaba).” (pp. 21)
<b>ConocoPhillips – 2013 Annual Report</b>	Pp. 4-23	“We own interests in five deepwater PSCs in Malaysia. Four are located off the eastern Malaysian state of Sabah: Block G, Block J, the Keabangan Cluster (KBBC) and SB-311.” (pp. 20)
<b>Total – 2013 Factbook</b>	Pp. 74-107	“TOTAL ... owns twenty-four offshore production licenses, including twenty that it operates, and two offshore exploration licenses, E17c (16.92%) and K1c (30%).” (pp. 77)
<b>Chevron – 2013 Supplement to the Annual Report</b>	Pp. 12-42	“In December 2013, Chevron acquired ... two blocks located in the Kanumas Area, offshore the northeast coast of Greenland. Blocks 9 and 14 are in water depths up to 1,500 feet (450 m) and cover 1.2 million acres.” (pp. 19)
<b>BP – 2013 Annual Report</b>	Pp. 239-241	“In China, BP’s upstream activities in the country include deepwater exploration in the South China Sea’s Block 42/05 (BP 40.82%), Block 43/11 (BP 40.82%) and Block 54/11 (BP 100%).” (pp. 241)
<b>Wentworth Resources – 2014 Annual Report</b>	Pp. 3-10	“The company’s existing four wells within the Mnazi Bay Concession are expected to produce a combined 80 mmscf/day” (pp. 5)
<b>Tullow – 2014 Annual Report</b>	Pp. 52-57	“Production from the onshore M’Boundi field was stable throughout 2014, averaging 2,500 bopd” (pp. 53)

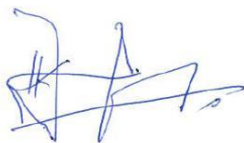
The API’s *so-called* project identifier (What, Where, How) requires companies to generate an entirely new taxonomy for projects, increasing the reporting burden, particularly for companies who are cross-listed and required to report in multiple jurisdictions. It would make these disclosures difficult to use in conjunction other payments to governments reports, and, by design, make it difficult for citizens to identify the payments related to an *actual* project.

Concealing the names of companies making specific payments from the public, as the API model proposes, would further prevent investors and civil society from pairing this data with information in annual reports and other required disclosures in the UK, throughout the EU, and in other jurisdictions, preventing stakeholders from using such disclosures to inform risk analyses or carry our monitoring and oversight activities.

As such, **we urge the Commission to develop a rule under Section 1504 that is consistent with the UK schema and the EU Directives.** Doing otherwise would produce divergence – rather than harmonization – of critical information across jurisdictions, increasing the reporting burden for cross-listed companies, while also severely limiting the usefulness of the resulting data to investors and citizens.

Thank you for your attention to this matter. We look forward to meeting you to further describe the UK schema or to answer any questions you may have.

Sincerely,

A handwritten signature in blue ink, appearing to read 'DK', with a stylized flourish extending to the right.

**Daniel Kaufmann**

President and Chief Executive Officer  
Natural Resource Governance Institute

Enc.

Annex 1: Diagram of UK Companies House standard XML reporting schema

Attachment 1: Completed UK templates (ZIP file) also available for download at:

[http://www.resourcegovernance.org/sites/default/files/nrgi\\_Completed\\_UK\\_templates.zip](http://www.resourcegovernance.org/sites/default/files/nrgi_Completed_UK_templates.zip)

Attachment 2: Illustrations file (Excel) also available for download at:

[http://www.resourcegovernance.org/sites/default/files/nrgi\\_Illustrations-UK-Schema.xlsm](http://www.resourcegovernance.org/sites/default/files/nrgi_Illustrations-UK-Schema.xlsm)

# ANNEX 1: Diagram of UK Companies House standard XML reporting schema

