

Table 6–2. Sub-Saharan production sharing agreement (PSA): Cash-flow projection

Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	Total
Production (1,000 bbl)		0	0	578	6,100	9,420	12,400	10,850	9,494	8,307	7,269	6,360	5,565	4,869	4,261	3,728	3,262	2,854	2,498	2,185	100,000
Oil Price (\$/bbl)		\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20
Gross Revenue (\$m)		0	0	11,560	122,000	188,400	248,000	217,000	189,880	166,140	145,380	127,200	111,300	97,380	85,220	74,560	65,240	57,080	49,960	43,700	2,000,000
Royalty (%)	10%	0	0	1,156	12,200	18,840	24,800	21,700	18,988	16,614	14,538	12,720	11,130	9,738	8,522	7,456	6,524	5,708	4,996	4,370	200,000
Net Revenue (\$m)		0	0	10,404	109,800	169,560	223,200	195,300	170,892	149,526	130,842	114,480	100,170	87,642	76,698	67,104	58,716	51,372	44,964	39,330	1,800,000
Capital Costs (\$m)		30,000	40,000	100,000	60,000	70,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300,000
Depreciation (\$m)				34,000	46,000	60,000	60,000	60,000	26,000	14,000											300,000
Operating Cost (\$/1,000 bbl)				5.50	2.60	2.40	2.30	2.36	2.40	2.46	2.54	2.64	2.72	2.82	2.94	3.08	3.24	3.40	3.60	3.40	
Operating Expense (\$m)				3,179	15,860	22,608	28,520	25,606	22,786	20,435	18,463	16,790	15,137	13,731	12,527	11,482	10,569	9,704	8,993	7,429	263,819
Total Expenses (\$m)		0	0	37,179	61,860	82,608	88,520	85,606	48,786	34,435	18,463	16,790	15,137	13,731	12,527	11,482	10,569	9,704	8,993	7,429	
Cost Recovery Limit (%)	50%			5,780	61,000	94,200	124,000	108,500	94,940	83,070	72,690	63,600	55,650	48,690	42,610	37,280	32,620	28,540	24,980	21,850	1,000,001
C/R C/F (\$m)		0	0	31,399	32,259	20,667	0	0	0	0	0	0	0	0	0	0	0	0	0	0	84,325
Cost Recovery (\$m)		0	0	5,780	61,000	94,200	109,187	85,606	48,786	34,435	18,463	16,790	15,137	13,731	12,527	11,482	10,569	9,704	8,993	7,429	563,819
Total Profit Oil (\$m)		0	0	4,624	48,800	75,360	114,013	109,694	122,106	115,091	112,379	97,690	85,033	73,911	64,171	55,622	48,147	41,668	35,971	31,901	1,236,181
State Profit Oil Share (\$m)	60%	0	0	2,774	29,280	45,216	68,408	65,816	73,264	69,054	67,427	58,614	51,020	44,347	38,502	33,373	28,888	25,001	21,583	19,141	741,709
IOC Profit Oil Share (\$m)	40%	0	0	1,850	19,520	30,144	45,605	43,878	48,843	46,036	44,951	39,076	34,013	29,565	25,668	22,249	19,259	16,667	14,388	12,760	494,473
Signature Bonus (\$m)		10,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Tax Loss Carry Forward (\$m)			–10,000	–10,000	–39,549	–20,889	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Taxable Income		–10,000	–10,000	–39,549	–20,889	20,847	66,272	43,878	48,843	46,036	44,951	39,076	34,013	29,565	25,668	22,249	19,259	16,667	14,388	12,760	
Income Tax (30%)	30%	0	0	0	0	6,254	19,882	13,163	14,653	13,811	13,485	11,723	10,204	8,869	7,700	6,675	5,778	5,000	4,317	3,828	145,342
IOC Net Cash Flow (\$m)		–40,000	–40,000	–95,549	4,660	25,482	106,391	90,714	60,190	46,225	31,466	27,353	23,809	20,695	17,968	15,574	13,481	11,667	10,072	8,932	339,131
DCF @ 12% (half-year)	12%	–37,796	–33,747	–71,975	3,134	15,302	57,043	43,427	25,727	17,641	10,722	8,322	6,468	5,019	3,891	3,011	2,327	1,798	1,386	1,098	62,798
Cumulative DCF		62,798		13%																	
IOC cumulative take		23.6%																			
Bonuses (\$m)		10,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,000
Royalty (\$m)		0	0	1,156	12,200	18,840	24,800	21,700	18,988	16,614	14,538	12,720	11,130	9,738	8,522	7,456	6,524	5,708	4,996	4,370	200,000
State Profit Oil (\$m)		0	0	2,774	29,280	45,216	68,408	65,816	73,264	69,054	67,427	58,614	51,020	44,347	38,502	33,373	28,888	25,001	21,583	19,141	741,709
Income Tax		0	0	0	0	6,254	19,882	13,163	14,653	13,811	13,485	11,723	10,204	8,869	7,700	6,675	5,778	5,000	4,317	3,828	145,342
State Net Cash Flow (\$m)		10,000	0	3,930	41,480	70,310	113,089	100,680	106,905	99,479	95,451	83,057	72,354	62,954	54,725	47,504	41,190	35,709	30,895	27,339	1,097,051
DCF @ 12% (half-year)	12%	9,449	0	2,961	27,898	42,222	60,635	48,198	45,694	37,965	32,524	25,269	19,654	15,269	11,851	9,185	7,111	5,504	4,252	3,359	408,998
Cumulative DCF		408,998		87%																	
State cumulative take		76.4%																			