



# Oil & Gas Independents' Association

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### Initial Response to 2009 Budget

*OGIA welcomes Chancellor's proposals to introduce allowances for North Sea as important first step*

The Oil and Gas Independents' Association ("OGIA") has initially welcomed the proposals announced in today's Budget, which outline the introduction of a material Value Allowances scheme for North Sea licence holders.

The scheme will provide incentive to those companies exploring for new hydrocarbon resources on the United Kingdom Continental Shelf ("UKCS"), in addition to developers of heavy oil, high pressure/high temperature and small field reserves.

The Value Allowances will be offset against Supplementary Corporation Tax (20 per cent) on the UKCS and onshore, which if fully implemented will contribute to securing the future of ongoing activity in the region, safeguard jobs, improve energy security and ensure foreign direct investment will continue.

Steve Jenkins, Chairman of the OGIA, commented:

*"We have been talking to HM Treasury and DECC for seven years about various mechanisms that will support the long term investment into the North Sea by the global energy industry. The UKCS is still a key hydrocarbon processing basin with potential resources of over six billion barrels of oil and gas, which will provide jobs and taxation revenues to government for many years to come.*

*"Today's announcement by the Chancellor will assist both small and large independent companies to continue their activities in this high cost region and to maintain exploration and development of vital resources at a time when new global discoveries are becoming more complex to bring on production.*

*"The OGIA believes this is an important first step in making the UKCS fiscal regime competitive on an international basis but that further steps will be required in the near future, and we will be looking at the small print of the announcement over the next few days. In addition, progress is required to assist North Sea related activities in other areas such as infrastructure access and decommissioning."*

For further information please contact:

### **Oil and Gas Independents' Association**

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