



Oil & Gas Independents' Association

Oil and Gas Independents' Association

Initial Response to 2009 PBR

OGIA welcomes Chancellor's proposals to expand the criteria for HPHT developments to receive Field Allowance as part of ongoing dialogue to reach fit-for-purpose North Sea tax regime

The Oil and Gas Independents' Association ("OGIA") welcome the proposals announced in today's PBR which outline the expansion of the Field Allowance announced in this year's Budget to include more High Pressure High Temperature ("HPHT") developments.

The scheme will provide incentive to those companies exploring for new hydrocarbon resources on the United Kingdom Continental Shelf ("UKCS") in some of the most technologically challenging opportunities.

This Field Allowance will be offset against Supplementary Corporation Tax (20 per cent) and will contribute to securing the future of ongoing activity in the region, safeguarding jobs, improving energy security and ensuring foreign direct investment continues.

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 in the North Sea by the global energy industry. The UKCS is still a key hydrocarbon producing basin 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 and expensive to bring on production.

The OGIA acknowledges the constructive engagement between HMG and the Industry that has led to this decision and recognises that many other parties, including the Commons Select Committee on Energy and Climate Change, have played important roles in the dialogue. We look forward to continuing this process in future to address issues of national importance regarding security of energy supply.

The OGIA believes this represents worthwhile progress towards making the UKCS fiscal regime competitive on an international basis but that further steps will be required in the future, particularly for gas projects and developments West of Shetland."

For further information please contact:

Oil and Gas Independents' Association

Steve Jenkins, Chairman

020 7550 4890

Alan Booth, Director

020 7224 4546