Draft Order laid before the House of Commons under section 349(4) of the Corporation Tax Act 2010, for approval by resolution of the House of Commons.

DRAFT STATUTORY INSTRUMENTS

2012 No. 0000

OIL TAX

The Qualifying Oil Fields Order 2012

Made - - - - December 2012

Coming into force in accordance with article 1

The Commissioners for Her Majesty's Revenue and Customs make the following Order in exercise of the powers conferred by section 349 of the Corporation Tax Act 2010(**1**).

In accordance with section 349(4) of that Act, a draft of this Order was laid before the House of Commons and approved by a resolution of that House.

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Qualifying Oil Fields Order 2012 and comes into force on the day after the day on which it is made.

(2) In this Order "CTA 2010" means the Corporation Tax Act 2010.

Amendments to Chapter 7 of Part 8 of CTA 2010

2. Chapter 7 of Part 8 of CTA 2010 (reduction of supplementary charge for certain new oil fields) is amended as follows.

3. In section 352 ("qualifying oil field"), omit the "or" at the end of paragraph (b) and after paragraph (c) insert—

"(d) a large deep water oil field,

(e) a large shallow water gas field, or

(f) a deep water gas field."

4. In section 353(1) ("small oil field"), for "3,500,000 tonnes" substitute "7,000,000 tonnes".

5. After section 355 insert—

(**1**) c.4; section 349 was amended by paragraphs 1 and 14 of Schedule 22 to the Finance Act 2012 (c.14).

"**"Large deep water oil field"**

355A.—(1) In this Chapter "large deep water oil field" means an oil field that meets conditions A to C.

(2) Condition A is that the field was authorised for the first time on or after 21 March 2012.

(3) Condition B is that the field has reserves of oil of—

(a) 25,000,000 tonnes or more, but

(b) less than 55,000,000 tonnes.

(4) Condition C is that the depth of the sea above the field is greater than 1,000 metres.

(5) For the purposes of this section and section 356(4)(**2**)—

(a) the amount of reserves of oil which an oil field has is to be determined on the authorisation day,

(b) 1,100 cubic metres of gas at a temperature of 15 degrees celsius and pressure of one atmosphere is to be counted as equivalent to one tonne, and

(c) the depth of the sea above an oil field is to be measured at the lowest astronomical tide from the water surface to the lowest point of the natural sea bed at the location of the primary subsea manifold or the first development well, whichever is the deeper.

"Large shallow water gas field"

355B.—(1) In this Chapter "large shallow water gas field" means an oil field that meets conditions A to D.

(2) Condition A is that the field was authorised for the first time on or after 25 July 2012.

(3) Condition B is that more than 95% of the reserves of oil which the field has consist of gas.

(4) Condition C is that the depth of the sea above the field is less than 30 metres.

(5) Condition D is that the amount of reserves of gas which the field has, or, where there are one or more oil fields related to the field, the total amount of reserves of gas which the field and those related oil fields together have, is—

(a) 10 billion cubic metres or more, but

(b) less than 25 billion cubic metres.

(6) For the purposes of subsection (5) and section 356(5), an oil field is "related" to another oil field if—

(a) the field meets conditions A to C, and

(b) the authorisation day for each oil field is the same.

(7) For the purposes of this section and section 356(5)—

(a) the amount of reserves of oil which an oil field has is to be determined on the authorisation day,

(b) 1,100 cubic metres of gas at a temperature of 15 degrees celsius and pressure of one atmosphere is to be counted as equivalent to one tonne, and

(c) the depth of the sea above an oil field is to be measured at the lowest astronomical tide from the water surface to the highest point of the natural sea bed at the location

(**2**) see article 6 of this Order.

of the primary subsea manifold or the first development well, whichever is the shallower.

"Deep water gas field"

355C.—(1) In this Chapter "deep water gas field" means an oil field that meets conditions A to C.

(2) Condition A is that more than 75% of the reserves of oil which the field has consist of gas.

(3) Condition B is that the depth of the sea above the field is more than 300 metres.

(4) Condition C is that the length of the planned route of the primary pipe-line, or pipe-lines, to be used for transporting gas from the field to the relevant infrastructure is more than 60 kilometres.

(5) For the purposes of subsection (4)—

(a) the length of the planned route is to be determined on the authorisation day,

(b) "pipe-line" has the same meaning as in the Pipe-lines Act 1962(**3**) (see section 65 of that Act),

(c) "the relevant infrastructure", in relation to an oil field, means any pipe-line or gas processing facility which is used by, or is intended to be used by, another oil field whose development was authorised before the authorisation day for the oil field, and

(d) "gas processing facility" has the meaning given by section 90(1) of the Energy Act 2011 (**4**).

(6) For the purposes of this section—

(a) the amount of reserves of oil which an oil field has is to be determined on the authorisation day,

(b) 1,100 cubic metres of gas at a temperature of 15 degrees celsius and pressure of one atmosphere is to be counted as equivalent to one tonne, and

(c) the depth of the sea above an oil field is to be measured at the lowest astronomical tide from the water surface to the lowest point of the natural sea bed at the location of the primary subsea manifold or the first development well, whichever is the deeper."

6.—(1) Section 356 ("total field allowance for a new oil field") is amended as follows.

(2) In subsection (1), omit the "and" after paragraph (b), and after paragraph (c) insert—

"(d) in the case of a large deep water oil field, the amount determined in accordance with subsection (4),

(e) in the case of a large shallow water gas field, the amount determined in accordance with subsection (5), and

(f) in the case of a deep water gas field, the amount determined in accordance with subsection (6)."

(3) For subsection (2) substitute—

"(2) The total field allowance for a small oil field is—

(**3**) c.58; section 65 was amended by S.I.2000/1937 and S.I.2011/2305 and paragraph 6 of Schedule 2 to the Energy Act 2011 (c.16).
(**4**) c.16.