Draft Order laid before the House of Commons under paragraph 17(5) of Schedule 44 to the Finance Act 2009, for approval by resolution of the House of Commons

DRAFT STATUTORY INSTRUMENTS

2010 No.

OIL TAXATION

The Field Allowance for New Oil Fields Order 2010

Made - - - - ***

Coming into force in accordance with article 1(1)

The Commissioners for Her Majesty's Revenue and Customs make the following Order in exercise of the powers conferred on them by paragraph 17(1) to (3) of Schedule 44 to the Finance Act 2009(**1**).

Citation, commencement and interpretation

1.—(1) This Order may be cited as The Field Allowance for New Oil Fields Order 2010 and shall come into force on the day after the day on which it is made.

(2) In this Order—

"pipe-line" means a pipe-line as defined by section 65 of the Pipe-lines Act 1962(**2**) (meaning of pipe-line),

"Schedule 44" means Schedule 44 to the Finance Act 2009 (supplementary charge: reduction for certain new oil fields).

(3) In this Order, where any term is given a definition taken from legislation which is excluded from extension to Northern Ireland, that exclusion shall not be taken into account.

Qualifying oil field

2. A deep water gas field is a qualifying oil field for the purposes of Schedule 44 and paragraph 20 of Schedule 44 (qualifying oil fields) shall be treated as modified accordingly.

Deep water gas field

3.—(1) An oil field is a "deep water gas field" if all of the following conditions are met.

(2) The first condition is that—

(**1**) 2009 c. 10.
(**2**) 1962 c. 58.

(a) the material submitted in support of the authorisation of the oil field identifies the planned route for the primary pipe-line (or pipe-lines) for transporting gas from the oil field to the relevant infrastructure, and

(b) the distance gas is to be transported along the planned route is more than 60 kilometres.

(3) The second condition is that the natural seabed above the oil field must lie below the water surface at a depth of more than 300 metres.

(4) The third condition is that on the authorisation day of the oil field more than 75 per cent of the reserves of the oil field comprise gas.

Relevant infrastructure

4.—(1) In this Order "relevant infrastructure" means any—

(a) pipe-line, or

(b) gas processing facility,

which is being used by, or is planned for use by, another oil field whose development has been authorised before the authorisation day for the deep water gas field.

(2) In this article "gas processing facility" has the same meaning as provided by section 12 of the Gas Act 1995(**3**) (acquisition of rights to use gas processing facilities).

Water depth

5. For the purpose of article 3(3), the depth is to be measured at the lowest astronomical tide from the water surface to the lowest point of the natural seabed at the location of the primary subsea manifold or first development well whichever is the deeper.

Reserves

6. For the purpose of article 3(4), 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 of oil.

Field Allowance for deep water gas field

7. For the purpose of Schedule 44, the total field allowance ("TFA") for a new oil field in the case of a deep water gas field is, subject to article 8, calculated as follows—

$$TFA = Y\left(\frac{D-60}{60}\right)$$

where—

(a) "Y" is—

(i) £800,000,000; or

(ii) where there are more than two deep water gas fields authorised on the same day, £1,600,000,000 divided by the number of deep water gas fields authorised on that day; and

(b) "D" is—

(i) the length in kilometres of the distance covered by article 3(2) where that is more than 60 but less than 120; or

(**3**) c. 45.