HMRC - OT05880 - PRT: Terminal Liftings - Attribution Formula - The Result

This formula will determine how much of the lifting is to be allocated to each of the participator’s field interests in the blend and how much is to be allocated to its bought-in oil under POE and other term contracts.

With regard to the bought-in oil, the formula will only determine how much of a lifting is attributable to such oil. It does not dictate, in circumstances where a participator is purchasing oil under a number of such contracts, which contract to attribute to which lifting.

Rounding: + / - 1000 barrels:

The result of the allocation formula, for each originating field, in respect of each lifting, can then be adjusted up or down within 1000bbl tolerance provided the total sum allocated equals the total amount lifted (Reg 4(3)).

The purpose of this rounding provision is to prevent very small field interests needing to be allocated very small oil parcels on every lifting.

Example:

What follows is a simple example showing the basic rules. There is a more detailed example illustrating the application of all the above features together with the provisions of Regulation 4 at the end of this section.

ARAPCO has 3 field interests X, Y and Z in Badger Blend.

In month M ARAPCO has been allocated two liftings of 600k bbls each on 10th - 12th M and 20th - 22nd M.

ARAPCO’s opening stock for month M is as follows:

ARAPCO’s projected production share for month M is:

ARAPCO is using actual liftings to determine A, which in this example, is assumed to be 600,000 bbl for both liftings. C is the total of the lifting entitlements from X, Y and Z; 1,200,000 bbl (in this case there are no POE contracts).

For field X, the B figure is the sum of its opening stock and projected production, 150k bbl + 450k bbl = 600k bbl.

For fields Y and Z the B figure is the sum of their opening stock and projected production 150k bbl + 150k bbl = 300k bbl

The proportion of each lifting to allocate to each field in M is as follows:

X: 600,000 (A) x 600,000 (B) /1,200,000 (C) = 300,000

Y and Z: 600,000 (A) x 300,000 (B) /1,200,000 (C) = 150,000 each

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