HMRC - OT14000 - PRT: Non-Field Expenditure - Exploration And Appraisal Expenditure: Searching And Ascertaining

OTA75\S5A(2)(a)-(c)

Searching and ascertaining (or exploration and appraisal) will cover

the cost of shooting or purchasing seismic (in contrast to the CT provisions, see OT26045, there is no distinction between seismic that is directly commissioned or purchased)

the cost of interpreting seismic data

drilling exploration wells

further evaluation of the geological prospects

drilling of wells to ascertain the extent of the reservoir, testing flow rates etc.

Conversely, it will not include

production feasibility studies

preliminary engineering and design work studies

work done on evaluating another company’s prospects before buying its share capital or seeking to ‘farm in’ (see OT18320)

drilling of future production slots under the guise of appraisal wells

economic studies.

Both these lists are intended as a guide and not to be exhaustive.

Previous page

Next page