HMRC - OT19075 - PRT: Appendices - Commingling

Text of letter issued 15 July 1987 to the existing Responsible Persons

Text of letter issued 15 July 1987 to the existing Responsible Persons

SECTION 63 FINANCE ACT 1987 - ALLOCATION OF BLENDED OIL

As you will be aware Section 63 FA 1987 requires participators in fields where oil is mixed with oil from another field at any time prior to disposal or appropriation to provide details of the method of allocation of blended oil to the participators currently in use. Further, if in the future the method of allocation is in any respect changed or there is a material change in the quantity or quality of any oil which makes up the blend, full details are to be provided within 30 days of the date on which the first allocation is made. ‘Oil’ for this purpose includes gas.

The responsibility for providing information now and for notifying future changes within the time limits is that of the individual participators, but as a practical matter to avoid duplication of effort, it has been suggested by UKOITC that the participators who are the operators of each system, respectively, would provide the information required on behalf of the interested participators. This is satisfactory and to the extent that the necessary details have been furnished by the system operator the interested participators’ obligations under the Section will be regarded as having been satisfied.

I understand that you have already been contacted by UKOITC about this proposal and I am therefore writing to you in your capacity as operator of the following system(s) to set out the information required by 1 August 1987:

The information required now is as shown on the attached sheet. If some or all of the details of the allocation method currently in use have already been supplied to the Oil Taxation Office it is not necessary to supply them again, a reference to the details supplied, the date on which supplied and the person to whom sent will suffice.

Please let me know if any of the information relating to the system(s) named above is to be supplied by someone other than yourself.

Yours sincerely

MRS M E WILLIAMS

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Text of attachment to letter of 15 July.

Information to be furnished to the Oil Taxation Office with respect to the blended oil and the method of allocation in use.

The name of each of the originating fields - and the particulars therein at 1 January 1987 or at the date, if later, on which the first allocation was made in accordance with the method of allocation in use.

A broad description of

the nature of the oil from the originating fields feeding into the system;

the facilities (i.e. transportation, treatment, storage) by which the oil is mixed;

the points at which oil or blended oil is extracted from the system; and

the nature of the oil or blended oil extracted at those various points.

As appropriate, a copy of the transportation, processing and associated tariff agreements which regulate the movement and determine ownership of the oil which is mixed.

Insofar as not detailed above a full description of the agreed method of allocation in use showing the basis on which the blended oil is allocated as between the participators in the originating fields as a whole and as between each participator in each of those fields as his share of oil won, and won and saved, from the field.

Details of the provisions, if any, for making changes to the allocation method and in what circumstances these could be made

Details of how, when and by whom the allocation method is audited on behalf of the participators

NOTE: ‘Oil’ includes any substance won under the authority of a license granted under the Petroleum Production Act 1934 (OTA1975\S1).

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Text of notice signed by the OTO Controller on 15 July 1987 setting out the prescribed details.

As the officer duly authorised in that behalf by the Commissioners of Inland Revenue and in exercise of the powers granted to the said Commissioners of Inland Revenue by Section 63(3) Finance Act 1987, I hereby prescribe that the details to be furnished to the Board for the purposes of that Section with respect of any method of allocation of blended oil to the participators in the originating fields and with respect to the blended oil are as follows:

The name of each of the originating fields and the participators therein at 1 January 1987 or at the date, if later, on which the first allocation was made in accordance with the method of allocation in use.

A broad description of

the nature of the oil from the originating fields feeding into the system;

the facilities: (i.e. transportation, treatment, storage) by which the oil is mixed;

the points at which oil or blended oil is extracted from the system; and

the nature of the oil or blended oil extracted at those various points.

As appropriate, a copy of the transportation, processing and associated tariff agreements which regulate the movement and determine ownership of the oil which is mixed.

Insofar as not detailed above a full description of the agreed method of allocation in use showing the basis on which the blended oil is allocated as between the participators in the originating fields as a whole, and as between each participator in each of those fields, as his share of oil won, and won and save, from the field.

Details of the provisions, if any, for making changes to the allocation method and in what circumstances these could be made.

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