HMRC - OT30022 - Farm Outs - Developments

When field development is in prospect, or under way, following a programme agreed or directed by the DECC, a Farmer out looking to reduce his commitments to the project will sometimes seek funding for the interest he will retain.

The Farmer in may therefore agree to “carry” the Farmer out by meeting the subsequent development costs relating to the farmer out’s retained interest.

Those costs, probably with an interest element, will normally be recovered from the proceeds of the proportion of the production accruing to the Farmer out’s retained interest.

Previous page

Next page