



Guidance to Industry on Decommissioning Relief Deeds

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Introduction

The objective of this document is to provide guidance on the purpose, scope, intention and application of the DRD. Comments are set out in the table below on the key aspects of the DRD, and cross-references to relevant clauses within the DRD are provided where appropriate.

Abbreviations

DRD	Decommissioning Relief Deed
DSA	Decommissioning Security Agreement
RFCT	Ring Fence Corporation Tax
SC	Supplementary Charge
PRT	Petroleum Revenue Tax
ODE	Ordinary Decommissioning Expenditure
IDE	Imposition Decommissioning Expenditure

Finance Act references and relevant DRD clauses

Section

1. Purpose of DRDs

- 1.1 Under the current decommissioning regime, as set out in Part IV of the Petroleum Act 1998, oil and gas companies have obligations to carry out decommissioning activities in respect of facilities (including installations and pipelines) with which they are or have been associated.
- 1.2 Although there are a wide number of persons with potential liability for these obligations under section 30 of the Petroleum Act 1998, in practice these obligations fall primarily on the operator and licensees at the time of decommissioning and if one of them defaults, the others are jointly and severally liable. If there is a significant risk of default, it is possible for DECC to bring back former owners to carry out and/or pay for decommissioning or to impose this obligation on, among others, affiliates of current or former owners.
- 1.3 In order to protect themselves against exposure to default, companies often choose to enter into DSAs with co-venturers or purchasers of oil and gas assets to make sure that the owners of the field have the resources to carry out their share of the decommissioning following cessation of production.
- 1.4 Under current rules tax relief is only granted at the time of

decommissioning. Therefore, there is a risk that future legislative change could reduce or abolish the relief or change the rate of tax that applies to the relief¹. Even if the quantum of relief and tax rate were to remain unchanged, a party may have no profits against which to set off the expenditure or may not be entitled to tax relief (for instance, if not a licensee or former licensee). As a result, prior to the introduction of DRDs, the party taking security had no guarantee of how much tax relief it would receive if it had to bear someone else's decommissioning obligation. Security has therefore usually been given without taking account of tax relief. This significantly increases the amount of security required.

- 1.5 The purpose of DRDs is to provide some certainty in relation to the rate of tax relief (for RFCT, SC and PRT or any replacements for them) which companies will be entitled to in connection with decommissioning activities. Companies will now be able to take account of the applicable rate of tax relief at the time of entering into security agreements.
- 1.6 Certainty in respect of tax relief will provide benefits for oil and gas companies by enabling asset transactions and freeing up significant funds for investment. It is also likely to provide benefits for the UK as a whole. It is predicted that the introduction of DRDs will facilitate the investment of additional funds in the industry which in turn will contribute to the development of the oil and gas resources of the UK. It is also expected that it will discourage early decommissioning, prolong the life of certain assets and enable additional oil and gas reserves to be accessed.

2. Background

- 2.1 Following lobbying by the oil and gas industry, facilitated by Oil and Gas UK, in early 2011, the Government agreed that it would commit to providing greater certainty on decommissioning tax relief.
- 2.2 An Oil and Gas UK working group developed a proposal for an agreement to be entered into between the Government and any eligible company to guarantee a certain level of tax relief.
- 2.3 Following approval of the proposal by the Government at the 2012 Budget, two consultations were carried out regarding the terms of the proposed decommissioning relief agreement with a draft DRD being published by the Government on 28th March 2013.
- 2.4 Certain provisions were also included as part of the Finance Act

¹ Finance Act 2012 introduced a cap on SC relief of 20%, despite the prevailing SC rate being 32%.

2013 to enable the Government to make payments under DRDs, together with other legislative requirements to facilitate the operation of DRDs and to make necessary changes to the decommissioning tax regime.

- 2.5 The DRD was finalised in September 2013 and made available for signing the following month.

3. Enforceability

- 3.1 A DRD is expected to be enforceable. Oil & Gas UK sought advice early in the process from the leading public law expert, Lord Pannick QC, who advised that “A contract executed by the Secretary of State in his official capacity will bind the Crown”. However, his view was that it would be advisable for the Government to have a statutory power to make payments under the DRDs. FA 2013 s80(1)
- 3.2 The Government has been granted the power to make payments in connection with a DRD under the Finance Act 2013. Section 80(1) provides that “There are to be paid out of money provided by Parliament any sums which a Minister of the Crown is liable to pay under a decommissioning relief agreement” (DRA).
- 3.3 Following the publication of this provision in draft in the Finance Bill, Lord Pannick was consulted again and gave a further opinion which in summary stated that the draft legislation sufficiently identified DRAs, gave statutory authority for the spending of money under DRAs and that as long as a DRA was executed by a Minister of the Crown it would be binding and effective. The draft legislation (now the Finance Act 2013) specified that a Minister of the Crown includes the Treasury. Counsel’s view was that a contract properly executed by the Lords Commissioners on behalf of the Treasury would therefore be as binding as a contract executed by a Minister on behalf of his department and thus binding on the Crown.
- 3.4 The Treasury is constituted as a Board of Lords Commissioners. The First Lord is the Prime Minister, the Second Lord is the Chancellor of the Exchequer and the remaining five Lords are Government Whips in the House of Commons. The five junior Lords relieve the PM and the Chancellor of the Exchequer of the task of signing certain documents requiring approval or consent of the Treasury; examples include SIs, Treasury Warrants and statements of Guarantee. Counsel suggested that it would be preferable for the legislation to specify how many of the Lords Commissioners had to sign a DRD. However, the Government’s view was that the matter was sufficiently addressed by the Treasury Instruments (Signature) Act 1849 which provides that any two of the Commissioners of Her Majesty’s Treasury may sign instruments. Signature of any instrument by two

Commissioners has been standard practice since then.

4. Revocation

- 4.1 In theory the Government could legislate to revoke or annul DRDs by means of a subsequent Act of Parliament. In accordance with the doctrine of Parliamentary Sovereignty, the Government has the ability to pass or repeal any law. This is a fundamental legal principle in the UK and it is not possible for the current parliament to limit the ability of future parliaments in relation to particular laws.
- 4.2 However, no precedent in the last few decades for the Government to use statute to escape a contractual commitment could be found by Oil & Gas UK's legal advisers and it is likely that there would be legal, political and commercial consequences for the Government if they decided to repeal DRDs.
- 4.3 For example, there might be claims under Human Rights legislation. A DRD will create a legitimate expectation which is treated as a property right under Article 1 of the First Protocol to the European Convention on Human Rights – currently incorporated into domestic law in the UK by the Human Rights Act 1998. This means that if Parliament revoked DRDs the Government would be open to a claim for compensation to the value of the relief that a party would otherwise have been entitled to under a DRD.
- 4.4 The recitals of the DRD are deliberately drafted to state that signatories may take steps in reliance on the undertakings given by the Government in the DRD in order to assist a claim for legitimate expectations. Since these are merely recitals and the drafting states that these steps “may” rather than “will” be taken there is no requirement for any actual reliance to take place for the DRD to be valid. Recital D is also included to assist in establishing such a claim.

5. Impact of Scottish independence

- 5.1 An enormous amount of time and energy has been invested, by both industry and the Government, to provide companies with a level of certainty regarding decommissioning tax relief by means of DRDs. A number of the larger and more expensive installations to be decommissioned are expected to come under Scottish jurisdiction in the event of independence and the impact of decommissioning tax relief will inevitably be of particular concern in respect of such installations. It is therefore critical that such relief should be preserved in the event that the Scottish people voted in favour of independence.

DRD Clause 11

- 5.2 In the event of Scottish independence, it is anticipated that the obligations of the UK Government under DRDs in respect of assets within Scottish jurisdiction would be expressly transferred to the Scottish Government. However, there would likely be negotiation between the UK Government and representatives of a new Scottish administration over this obligation and its impact on any financial transfers between the two states.
- 5.3 There is a potential though remote risk that an independent Scottish Government could fail to honour obligations under DRDs which are transferred on independence. Such failure could have serious consequences including a return to pre-tax security, which could in turn trigger defaults under security agreements and potentially premature decommissioning.
- 5.4 The DRD therefore includes provisions to preserve the liability of UK Government in the event that the Scottish Government fails to honour its obligations in respect of decommissioning tax relief. Clause 11.4 of the DRD provides that if, following a transfer, the rights of a company are unenforceable or are adversely affected, the UK Government shall pay the company such compensation as required to put the company in the same position as it would have been in had the transfer not occurred.

6. Entitlement

- 6.1 The organisations that qualify for the benefit of a DRD are those defined as “qualifying companies” in section 80(3) of the Finance Act 2013. In short, this covers companies that carry on a ring fence trade together with their associated entities. FA 2013 s80(3) and DRD Clause 4.2
- 6.2 “A “qualifying company” means —
- (a) any company that has at any time carried on a ring fence trade,
 - (b) any company that is associated with a company carrying on a ring fence trade,
 - (c) any company that has at any time been associated with a company that was carrying on a ring fence trade at that time, and
 - (d) in the case of decommissioning expenditure incurred in connection with any plant or machinery, or any land, situated in the UK sector of a cross-boundary field, any company that is a party to a joint operating agreement or unitisation agreement in relation to that field.
- 6.3 Whether one company is “associated” with another is defined by
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reference to sections 30(8) and 30(9) of the Petroleum Act 1998 (see link below). Section 30(8) provides that “one company is associated with another if one of them controls the other or a third company controls both of them”. The meaning of control is set out in the remainder of section 30(8) and 30(9). The concept includes group companies but goes somewhat wider - a company is associated with another if one holds 50% or more in the other.

<http://www.legislation.gov.uk/ukpga/1998/17/section/30>

- 6.4 Entities which are not companies are not entitled to benefit from a DRD. Company is defined in the Finance Act 2013 by reference to section 1121 Corporation Taxes Act 2010 which defines it as “any body corporate or unincorporated association, but does not include a partnership, a local authority or a local authority association”. Limited liability partnerships will therefore not benefit from the DRD.
- 6.5 There is unlikely to be coverage for those who finance oil and gas activities but do not undertake them, e.g. banks, or for contractors who are not within the ring fence, e.g. late life decommissioning specialists who acquire assets after permanent cessation of production.

7. Application of the DRD to contractors providing oilfield services

- 7.1 Contractors may be served with a section 29 notice making them joint and severally liable for decommissioning an installation in certain circumstances, for instance if they own part of the installation, e.g. an FPSO. However, in order to benefit from a DRD, a party must be a “qualifying company” as defined in section 80(3) of the Finance Act 2013. Contractors will not fit within this definition unless they (or one of their group companies) are within the ring-fence and they are therefore unlikely to be entitled to a DRD even if they have a section 29 notice. FA 2013 s80(3) and DRD Definitions: “Decommissioning Expenditure”
- 7.2 If a group contains some companies which undertake a ring fence trade, those companies will be “qualifying companies” entitled to a DRD. Other companies within the group which do not undertake, and have not undertaken a ring fence trade are nonetheless qualifying companies since they are associated with a ring fence company - they are therefore theoretically entitled to a DRD or to claim under their affiliate’s DRD.
- 7.3 However, a DRD only applies in respect of “Decommissioning Expenditure” which is defined as expenditure incurred in relation to a ring fence trade carried on by a company or its Associated Entities. Therefore, those companies which are contractors will be unable to claim under the DRD in respect of any

decommissioning expenditure they incur in their capacity as contractors – for instance if they are required to decommission an FPSO because the operator to which they have leased it has become insolvent. They would however be able to claim if they were required to decommission an installation due to the failure of an affiliate to decommission an installation where the affiliate had been a licensee in respect of that installation.

8. Cross-median fields

- 8.1 Ordinarily a company operating outside the UKCS would not be able to benefit from a DRD since it would not be carrying on a ring-fence trade. However there are special arrangements in place for cross-median fields. This is to ensure that the UK parties to a cross-median line unitisation agreement are able to obtain the intended benefits of the DRD. Cross median line fields are usually operated by unitised groups consisting of a group of UK licensees and a group of licensees in the jurisdiction on the other side of the median line (Norway, Denmark or the Netherlands). If the installation from which the field is produced is in UK waters, then the non-UK parties are still potentially liable to decommission the installation if the UK parties default. If the non-UK parties were not able to claim tax relief in such a situation they would be likely to insist on the UK parties providing security for decommissioning on a gross basis, without any deduction for tax relief. The DRD therefore provides protection for such non-UK parties but only in this particular situation of default. No tax relief is available if the non-UK parties are simply carrying out their own share of the decommissioning.
- 8.2 A party must be a “qualifying company” to be entitled to enter into a DRD and the issues with cross-median fields have been taken into account within this definition. As set out in section 80(3)(d) Finance Act 2013 a “qualifying company” includes “in the case of decommissioning expenditure incurred in connection with any plant or machinery, or any land, situated in the UK sector of a cross-boundary field, any company that is a party to a joint operating agreement or unitisation agreement in relation to that field”. It is therefore possible for a party outside the UK to benefit from a DRD if it is in a joint operating agreement or unitisation agreement with other parties in relation to a field where the installation is in the UK sector.
- 8.3 For parties who are benefitting from the DRD in connection with a cross-median field, the DRD will apply to expenditure including that “incurred by it as a result of an Imposition relating to a cross-boundary field... where the person in default is party to a joint operating agreement or unit operating agreement (and has carried on a ring fence trade) in relation to that field” (part (ii) of the definition of “Decommissioning Expenditure” in the DRD).
- FA 2013 s80(3)(d) and DRD
Definitions:
“Decommissioning Expenditure”

9. Number of DRDs required within a group

- 9.1 Associated Entities of any company which has a DRD are able to claim under that DRD. An Associated Entity must be a “qualifying company” and must be associated with the signatory within the terms of the Petroleum Act as noted in section 6 above. There is a degree of overlap between these two definitions but effectively if one company within a group has a DRD then all of its affiliated companies will be able to claim under that DRD in accordance with the Contracts Rights of Third Parties Act 1999 (CRTPA) (as provided for in Clause 10.2 of the DRD). It is therefore generally likely to be sufficient to provide cover for all companies within a group provided one company within the group is a party to a DRD.
- DRD Definitions:
“Associated Entity”;
Clause 10

10. Sale of subsidiaries

- 10.1 If a company intends to sell a subsidiary company which forms part of its group, it may be appropriate to obtain a separate DRD for such subsidiary company.
- 10.2 If it is being sold to a group in which one member already holds a DRD then it will be covered by that DRD as soon as it joins that group. However, it may be the case that a separate DRD is required because the proposed sale is to a group without a DRD in place.
- 10.3 Under Clause 3.8 of the DRD, if a company ceases to be an Associated Entity of the original company, (or it is anticipated that it will cease to be an Associated Entity within the next ninety (90) days) then such company may require the Government Counterparty to enter into a separate DRD on the same terms as the DRD it was previously covered by. The Government Counterparty shall enter into such a DRD within 90 days of receiving a request to do so.
- 10.4 A company requesting a DRD under Clause 3.8 must still be a “qualifying company” as defined by section 80(3) of the Finance Act 2013 and must also be capable of being served with a notice under either section 29 (preparation of decommissioning programme) or 34 (alteration to decommissioning programme) of the Petroleum Act 1998.
- DRD Clause 3.8 and 3.9

11. Obtaining a DRD

- 11.1 Firstly, a party must be entitled to benefit from a DRD.
- 11.2 DRDs will be signed by the Government and each eligible company which applies.

- 11.3 The process for getting a DRD is by way of application to the Treasury. Applications are made to:

Decommissioning Certainty
Environment and Transport Tax team
Business and International Tax
HM Treasury,
First Floor
1 Horse Guards Road
London
SW1A 2HQ

- 11.4 Applications must be accompanied by evidence of entitlement to a DRD.

- 11.5 Further information on application and the documentation required is attached as Appendix A.

12. Amending the DRD

- 12.1 A DRD is a standard document and to ensure a level playing field, is intended to be the same for all parties therefore it is not possible to negotiate the terms. The Government will therefore not simply be free to make any changes that it wishes even if agreed by the counterparty. Clause 3.10 of the DRD provides that the Government Counterparty shall not enter into a DRD (or similar agreement) on more favourable terms with another company unless it offers parties that already have a DRD in place the opportunity to incorporate such more favourable terms. DRD Clause 3.10;

- 12.2 There are certain other limited circumstances under which the terms of a DRD may be amended:

- 12.2.1 Clause 2.3 of the DRD allows the Government to propose certain amendments which are intended to improve the operation of the DRD or give greater certainty to companies as to the amount of tax relief which will be available. The Government may issue a new schedule, which provides a different basis for calculation of any Reference Amounts, as an alternative to schedule 1 of the DRD. Companies will have the option, but will not be obliged, to accept the alternative schedule and use it when making a Claim – they will therefore only do so if it is favourable to them to do so. If the Government issues such a schedule to one DRD holder, it must issue it to them all. DRD Clause 2.3 and 2.4;

- 12.2.2 If there is an inadvertent change in the law (other than tax law) which the company, in its reasonable opinion, feels will materially impact on or frustrate the DRD then, DRD Clause 7

in accordance with Clause 7 of the DRD, the company may issue a notice to the Government requesting that the parties seek to agree any amendments to the DRD as may be required. Any such change would, as a consequence of Clause 3.10, have to be offered to all DRD holders. Therefore, where a change is requested, the Government may share this fact with other DRD holders and discuss the proposal with them. There is only a reasonable endeavours obligation on the Government to agree any change.

13. Duration of DRD

- 13.1 Once a DRD is put in place it is irrevocable and there is no date of expiry. DRD Clause 2
- 13.2 It is possible, however, for the parties to terminate the DRD by mutual written agreement as provided for in Clause 2.2 of the DRD, although there is no obvious reason why parties should ever wish to do so. In any event, if you are a party to a DSA, and incur Decommissioning Expenditure as a result of a default by another party to the DSA, you will claim any shortfall in tax relief under your own DRD and therefore you need not be concerned about the fact that another party to the DSA may have chosen to terminate its own DRD.

14. Assets covered by DRDs

- 14.1 The DRD applies to any Decommissioning Expenditure incurred by any company which is a signatory or any Associated Entity of a signatory – this means it will apply to decommissioning of all offshore assets (including onshore assets serving offshore fields), past, present and future with which the company is, has been or may be associated. DRD Clause 3.1
- 14.2 The DRD covers PRT and non-PRT fields.
- 14.3 There is no requirement for assets to be specified in a DRD.

15. Expenditure covered by DRDs

- 15.1 The DRD covers any Decommissioning Expenditure incurred during the term by a company which is a party to a DRD or an Associated Entity. DRD Definitions: "Decommissioning Expenditure"
- 15.2 Decommissioning Expenditure is defined in the definitions section of the DRD by way of reference to tax legislation:
- (a) For RFCT Relief and SC Relief, the meaning of Decommissioning Expenditure is as set out in

sections 163 and 416ZA of the Capital Allowances Act 2001 as at July 2013.

- (b) For PRT Relief, the meaning of Decommissioning Expenditure is as set out in sections 3(1)(i) & (j) of the Oil Taxation Act 1975 as at July 2013.

15.3 The DRD differentiates between the following types of Decommissioning Expenditure:

- (a) ODE – where a company incurs expenditure in relation to its own decommissioning liabilities.
- (b) IDE – where a company is required to pay for another party's share of decommissioning due to default of such other party (see section 16 for more details).

15.4 Many areas of ambiguity in relation to the scope of decommissioning expenditure in the tax code have been clarified by HMRC during the DRD consultation process and some matters rectified in the Finance Act 2013. Therefore, although the definition of Decommissioning Expenditure in the DRD is not identical to that in the industry standard DSA the risk that not all decommissioning required to be secured under a DSA will be covered by the DRD has been significantly reduced. There remains a remote risk that if an area of decommissioning expenditure is discovered which does not fall within the current definition in the tax code, then even if the Government were to change the law, it would not be covered by the DRD as the definitions in the DRD are frozen to avoid any narrowing. In such a circumstance, the industry standard DSA, as revised to reflect the introduction of DRDs, makes clear that tax relief is only to be taken into account to the extent that tax relief is guaranteed by the DRD.

16. Imposition

- 16.1 “Imposition” is the term used in the DRD to distinguish the case of a company carrying out its own decommissioning obligations from the case where it is obliged to carry out decommissioning because of the failure of another party. “Imposition” covers the case where a party is obliged to step in because of the failure of one of its partners under a JOA, or a party to another offshore agreement or where it is brought back to decommission a field which it has sold out of, under its liabilities under the Petroleum Act. If it has a section 29 notice still in force in relation to the field then under statute it is jointly and severally liable to carry out the decommissioning programme, but the definition expressly states that this is not to be taken into account.
- DRD Definitions
“Imposition” and
“Imposition
Decommissioning
Expenditure”;

- 16.2 Where a company is required to incur Decommissioning Expenditure in respect of a licence interest acquired as a result of forfeiture, then this would, in principle, be its own decommissioning expenditure, since following the forfeiture it will own some or all of the interest of the defaulting party. It may have acquired such an interest at a point in the lifecycle of the field at which there is still sufficient value in the field to cover the cost of decommissioning and in such a case the Government should not be expected to give it any special treatment. However, it may be the case that the remaining revenues do not cover this cost fully. Therefore the DRD provides that such expenditure is regarded as ODE unless the net revenues from the acquired licence interest are less than the net costs. To the extent net costs exceed net revenues then the Decommissioning Expenditure shall be treated as IDE. DRD Sch 1 para 2.3;
- 16.3 If the Claimant controls, is controlled by or is under common control with, the party whose failure it is bearing then it does not benefit from the more generous treatment applicable to an Imposition case since the Government's view is that this is a decision taken as a group rather than something forced on the group. The Government accepts that there may be legitimate reasons to allow a group company to become insolvent, however, so the Claimant does not lose all rights to relief. It can still make a Claim based on the tax history of the defaulting party. DRD Sch 1 paras 3.3, 4.4 and 5.4;
- 16.4 Similarly, Imposition treatment is denied where the companies are not connected but are party to, or have entered into, an arrangement or understanding the main purpose, or one of the main purposes of which is that any person should receive or become entitled to a benefit or increased benefit. DRD Definition of "Imposition"
- 17. Guaranteed relief: RFCT and SC**
- 17.1 If the amount of tax relief a party receives at the time of incurring Decommissioning Expenditure is less than a Reference Amount set out in the DRD, the party in question may claim the difference from the Government. DRD Clause 5; Sch 1 paras 3, 4, 6 and 7
- 17.2 The DRD, at Schedule 1, sets out guaranteed amounts of tax relief for RFCT, SC and PRT in respect of both ODE and IDE, details of which are summarised below. It is important to note that the DRD does not set out a monetary value for the relief applicable to any particular asset (as this would be practically impossible to establish in advance) but rather a formula as to how to calculate those amounts.
- 17.3 Schedule 1 explains how to calculate a Reference Amount against which Decommissioning Relief for Decommissioning Expenditure actually received will be measured. If, at the time of decommissioning, a company does not receive the amount of

Decommissioning Relief it is entitled to through the tax system (i.e. if the amount received is not the same as the Reference Amount) then the company will be entitled to claim the difference - a Difference Payment - from the Government in accordance with the Claim process set out in Clause 6 of the DRD (see section 24 below).

17.4 RFCT

17.4.1 ODE – The Reference Amount is the amount of tax relief that a company would be entitled to for that amount of Decommissioning Expenditure under the tax law up to and including Finance Act 2013 but taking account of any change in tax rates (see section 21).

17.4.2 IDE – the Reference Amount is 30% of the Decommissioning Expenditure irrespective of any change in tax rates.

17.5 SC

17.5.1 ODE - The Reference Amount shall be the amount of tax relief that a company would be entitled to for that amount of Decommissioning Expenditure under the tax law up to and including Finance Act 2013 but taking account of any change in tax rates (see section 21).

17.5.2 IDE - the Reference Amount is 20% of the Decommissioning Expenditure irrespective of any change in tax rates.

17.6 The fact that the RFCT and SC rates are fixed for Imposition Decommissioning Expenditure means that a company taking security does not need to be concerned about its own tax capacity or the tax capacity of the giver of security when calculating that security. For example, if a company is required to provide security for the sum of £20 million to cover its future decommissioning obligations, prior to the existence of DRDs the company would normally have been asked to provide such security on a pre-tax basis, i.e. they would have to provide security for the full £20 million without taking any potential tax relief into account. Entering into a DRD allows a party to negotiate with the recipient of security to apply the guaranteed relief rates when calculating security. Considering only RFCT and SC (not PRT) the applicable relief rate would be 50% (30% for RFCT and 20% for SC) meaning that security could be provided for the sum of £10 million. If at the time of decommissioning, the party giving security defaulted and the recipient of security had to carry out the decommissioning and received £7 million relief in respect of the £20m of expenditure rather than the £10 million relief guaranteed under the DRD, it would be entitled to make a Claim to the Government for a Difference Payment of £3 million, irrespective of its own tax

history or the tax position of the defaulting party.

- 17.7 “Displacement” of capacity by IDE DRD Sch 1 para 3.5, 3.6, 4.6, 4.7
- 17.7.1 The DRD is intended to be used as a last resort. That is, Government expects that companies will claim and obtain relief under the tax system as far as possible. In particular, in an Imposition case, companies are expected to obtain relief under the tax code to the extent possible before making Claims under the DRD (subject to the ability to use the DRD to advance the date on which relief is obtained).
- 17.7.2 A possible consequence of this is that a Claimant that has limited tax capacity might find an Imposition absorbs much of it. It could then be restricted in its ability to get relief for any of its own ODE, or other qualifying expenditure simply through having had to meet the Imposition, and this restriction would apply to both claims under the tax system and the DRD. Conversely, if the ODE or other expenditure were incurred before the Imposition arises, the Claimant would find itself fully protected against the Imposition by virtue of the DRD.
- 17.7.3 Paragraphs 3.5, 3.6, 4.6 and 4.7 of Schedule 1 were created to prevent this anomaly from occurring. In essence, when the ODE or other deductible expenditure is incurred in periods after an Imposition and the Imposition has had the effect of limiting the Claimant’s tax capacity, the Reference Amount is calculated as if the earlier Imposition had not occurred. This has the effect of reinstating the capacity absorbed by the Imposition for the purposes of the later DRD calculation.

18. Guaranteed relief: PRT

- 18.1 The situation for PRT is more complicated due to the fact it is a field-based tax and depends on the PRT history of the relevant parties. Therefore ascertaining the guaranteed level of relief is not as simple as for RFCT and SC. DRD Sch 1 para 5
- 18.2 ODE – The relief will be equal to the amount of PRT Relief that would be available to the company in relation to the relevant field if the Ordinary Decommissioning Expenditure was set against the Available Profits of the field under the tax law up to and including Finance Act 2013 but taking account of any change in tax rates (see section 21). The Claimant’s ODE Reference Amount does not generally take into account the PRT that would have been repaid to its predecessors under the law that applied at FA 2013, because the predecessor retains rights to claim under its DRD in such circumstances (see section 19). There is

one exception to this; if the Claimant is incurring both ODE and IDE in an Imposition scenario, the Claimant takes the predecessors' history into account in calculating both its IDE and ODE Reference Amounts.

- 18.3 IDE – The relief will be the greater of the PRT history of the Claimant and its predecessors or the defaulting party and its predecessors, in relation to the applicable field. The calculation will be based on the amount of PRT Relief which would arise as a result of setting the IDE against the Remaining Available Profits for the Claimant or defaulter as appropriate (in both cases including predecessors, whether or not still in existence).
- 18.4 In identifying Available Profits or Remaining Available Profits, the starting point will be the PRT certificates issued by HMRC (see section 20). These will generally be the profits as per PRT assessments issued by HMRC, although any prior offset of decommissioning expenditure in arriving at the profits per PRT assessments will be ignored in calculating Available Profits.
- 18.5 The DRD provides protection for both ODE and IDE if the PRT regime were to be abolished, except where such expenditures would give rise to a claim for an unrelievable field loss. The full amount of the IDE or ODE is treated for the purposes of the DRD calculation as incurred in the last period prior to the abolition of PRT, and Claims are made accordingly. In an abolition case, the Difference Payment will always be equal to the Reference Amount, since the actual relief obtained under the tax code will be nil.
- 18.6 In practice, for IDE the Claimant will be seeking to use either its own PRT capacity (where it was, or is a participator in the field) and that of its predecessors, or the capacity of the defaulter and the defaulter's predecessors, as appropriate. Where the PRT regime is still in place then the existing PRT provisions will enable the Claimant to try and offset all of the decommissioning expenditure against its own PRT profits. Therefore Difference Payments will only arise when the comparison between the Reference Amount and the relief given under the code shows that the claimant is entitled to such a payment.
- 18.7 Where the Claimant is a current participator in the field in which a default occurs, it will be incurring both ODE and IDE. Because the rules applying to ODE and IDE reference amounts are different, two separate calculations are necessary: one to work out the Difference Payment in respect of ODE, and one for IDE. The tax code doesn't distinguish between ODE and IDE, it simply treats all such expenditure as allowable if the relevant conditions are met, so the DRD provides that ODE is effectively deemed to be offset under the tax code in priority to IDE. Furthermore the Difference Payment calculations for PRT operate on a cumulative basis, with the expenditure in each consecutive PRT period being added to the expenditure in prior
- DRD Sch 1 para 5.2

periods and the cumulative amounts of relief given via the tax code, Difference Payments and Reference Amounts for these expenditures being recalculated – always with cumulative ODE being deemed to be relieved under the tax code in priority to cumulative IDE.

- 18.8 Where the defaulter's tax capacity, or that of his predecessor, is used in order to calculate difference payments in relation to IDE, section 83 of Finance Act 2013 provides that the profits utilised in the DRD calculation are struck out so as to prevent a defaulter, or his affiliate, making any claims that use that capacity under the tax code. Such striking out is to be disregarded for the purposes of the cumulative calculation of the difference payment set out in section 18.6 above. FA 2013 s83
- 18.9 In the course of claiming relief under the tax code for IDE and ODE, oil allowance could be displaced. In a default scenario that oil allowance could in theory be reallocated to the defaulter, thus giving rise to a PRT repayment to the defaulter. This outcome would have the potential to frustrate the DRD, by relief in respect of decommissioning expenditure ending up effectively in the hands of the defaulter rather than the Claimant. Therefore section 85 of Finance Act 2013 prevents the reallocation of oil allowance to the defaulter in such a scenario. FA 2013 s85
- 19. PRT and predecessors**
- 19.1 During the consultation on the DRD it became clear that the position of predecessors and the use of their PRT capacity needed special consideration. Under the tax code, if a claim for tax relief is made in respect of a PRT field, and the participator has used up all of its own PRT capacity, its claim is offset against the PRT capacity of its predecessors in title. Any tax repayment due is paid to those predecessors. For this reason, when a company buys an interest in a PRT field it is usual to agree with the seller that if the seller ever receives a tax repayment in respect of expenditure which the company (buyer) has incurred, it will pay the company the amount of that tax repayment (net of any corporation tax it may have suffered as a result of the payment). However, these provisions apply only to tax repayments and would not therefore, without amendment, require the passing on of Difference Payments under a DRD to the buyer. DRD Clauses 3.2 to 3.7;
DRD Sch 1 para 5
- 19.2 It was agreed that in an Imposition case it is appropriate that the tax capacity of predecessors (even if the predecessor no longer existed as a result of dissolution) for both the Claimant and the defaulter ought to be treated as the tax capacity of the Claimant or defaulter, as appropriate. That enables the person bearing the Imposition to get the PRT relief that would have accrued to him or the defaulter, and their predecessors, whilst enabling the calculations within the DRD to be undertaken. To facilitate this FA 2013 s84

treatment section 84 (2) Finance Act 2013 disapplies the normal loss carry back provisions under the PRT regime. These provisions are disapplied in relation to both IDE and ODE incurred by the Claimant in a default scenario (for example where the Claimant is a co-participator in the field at the time of decommissioning and so is claiming for both its own decommissioning expenditure and the additional expenditure it has incurred as a result of the default).

- 19.3 Predecessors are able to make Claims under their DRD in their capacity as predecessors in two specific sets of circumstances.

19.3.1 Firstly, where there has been a tax law change a predecessor will be able to make a Claim in respect of any loss that would otherwise have accrued to him under the provisions of paragraph 15 Schedule 17 Finance Act 1980. By making a Claim in such circumstance the predecessor effectively undertakes to pass the benefit of the difference payment to the party incurring the decommissioning expenditure if he would have been obliged to do so under a relevant sale and purchase agreement. This is provided for in Clauses 3.2 to 3.4 of the DRD. DRD Clauses 3.2 to 3.4

19.3.2 Secondly, where Imposition treatment is denied because the parties are connected the provisions of section 84(2) Finance Act 2013 still apply to prevent a loss carry back (as the provision in section 84 (1) Finance Act 2013 refers to default rather than Imposition). Therefore the DRD provides that the predecessor can make a Claim for any loss that would have accrued but for the operation of section 84(2), again with the proviso that the benefit must be passed to the person incurring the expenditure where a sale and purchase agreement would have passed the benefit of the loss carried back to the successor. This is provided for in Clauses 3.5 to 3.7 of the DRD. DRD Clauses 3.5 to 3.7

- 19.4 Note the predecessor makes a Claim under its own DRD, or that of its associated entity. The current participator may not be connected to the predecessor and is not a party to the DRD under which the Claim is made but is entitled to enforce the obligation on the predecessor to pass the benefit to the successor using third party rights legislation. The predecessor is unlikely to know it is entitled to make a Claim unless the current participator requests it to do so, and it is not obliged to make a Claim. The Claim will not benefit the predecessor directly but there may be other commercial reasons why it is prepared to co-operate in this process.

20. PRT certificates

- 20.1 PRT certificates have two primary purposes – they will be used to calculate the level of PRT relief that can be assumed in calculating a post-tax security under a DSA and they will be used in support of Claims under the DRD in relation to PRT. DRD Sch 1 para 5;
DRD Sch 3;
DRD Clause 9.2
- 20.2 The PRT history in the certificate is not “guaranteed” as the history could be changed in certain circumstances such as the carrying back of a loss from a later period or by the claiming of an unrelievable field loss or any other extra-field expenditure. Industry has sought to protect itself from this latter issue by requiring advance disclosure of such claims under the terms of the DSA.
- 20.3 PRT certificates are issued in accordance with Schedule 3 to the DRD. They can be requested by any participator in the field or by anyone who may be made liable, or has become liable, for decommissioning costs in the event of a default. The certificates would show the available profits of the participator in question (or potential defaulter in question), and predecessors, against which decommissioning expenditure would be offset. For these purposes, the fact any predecessor might have ceased to exist is ignored.
- 20.4 HMRC do not expect to necessarily disclose the entire profit history of any participator in a field back to inception of the field. Ordinarily HMRC have to comply with a duty of taxpayer confidentiality, which prevents them from issuing information related to one taxpayer to another. This confidentiality restriction is lifted where the information is provided for the purpose of calculating a Reference Amount. HMRC will therefore issue certificates containing sufficient profit to shelter anticipated decommissioning (including any necessary contingency), to avoid going beyond the extent of the confidentiality waiver.
- 20.5 Industry has considered whether obtaining information presented on the certificate creates any competition law issues. It is understood that the historic, aggregated nature of the information means there will generally not be an issue, however it is for each individual company to ensure compliance with competition law.
- 20.6 As a general rule, certificates may be requested no more frequently than every six months, ie after completion of each six-monthly PRT return period. If individual cases require it, HMRC may be prepared to issue certificates more frequently.
- 20.7 PRT Certificates are to be treated as confidential in accordance with Clause 9.2.

21. Future tax rate reduction

- 21.1 Under Clause 5.4.1, differences in tax relief which result from changes in tax rates are excluded – since in this situation licensees will have made more post tax profit, the Government sees no reason to protect tax relief. However, there are exceptions. DRD Clause 5.4.1;
DRD Sch 1 para 4.3
- 21.1.1 Clause 5.4.1 applies only to ODE so even if tax rates change, relief will still be available for RFCT/SC at an aggregate rate of 50% if the Decommissioning Expenditure is incurred as a result of an Imposition.
- 21.1.2 Also, for Ordinary Decommissioning Expenditure there are provisions at paragraph 4.3 of Schedule 1 which prevent the Government from reducing the rate of RFCT and increasing the rate of SC relative to the cap on SC, to reduce the effective rate of tax relief for decommissioning expenditure (while leaving the overall RFCT/SC rate of tax on profits unchanged).

22. New taxes

- 22.1 The DRD affords some protection against any new taxes which seek to undermine the effectiveness of the DRD. DRD Definitions: “PRT” and “RFCT”;
- 22.2 The definitions of both PRT and RFCT seek to extend to any taxes which are imposed to replace either of them. DRD Clause 6.9;
- 22.3 Clause 6.9 provides for a gross-up if any payments made under the DRD are subject to withholding or any other deduction, or become taxable in the hands of the Claimant. DRD Sch 1 para 9.3
- 22.4 Paragraph 9.3 of Schedule 1 to the DRD provides for an increase in the Reference Amount where a tax is imposed on decommissioning expenditure.

23. Anti-avoidance

- 23.1 The DRD is protected against any abuse in a number of ways. DRD Definitions: “Permitted Amendment”;
- 23.2 Firstly, the DRD incorporates the changes to the tax code in respect of decommissioning contained in Finance Act 2013, which includes specifically tailored anti-avoidance provisions. Also the DRD incorporates the GAAR which was introduced by FA 2013. DRD Clause 8;
DRD Sch 4
- 23.3 Secondly, whilst for the purposes of the DRD the legislation is generally frozen as at FA 2013 there are permitted amendments to the tax legislation which are brought within the DRD. These

arise where the Government has introduced new anti-avoidance measures in relation to decommissioning expenditure. Such measures have to be consistent with the principles set out in Schedule 4 to the DRD.

- 23.4 Finally, the DRD contains provisions which limit or prevent entirely any Difference Payments where there have been Inappropriate Arrangements (Clause 8.3). An Inappropriate Arrangement is one which has as its main, or one of its main purposes, the obtaining of a Difference Payment or an increased Difference Payment. It must also be inconsistent with one of the principles in paragraphs 2-6 of Schedule 4. However, there is something of a “safe harbour” for decommissioning which falls within paragraph 1 of Schedule 4 and has no further inappropriate feature.

24. The Claims process

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|------|---|--|
| 24.1 | A summary of the Claims process is set out below. | DRD Clause 6 |
| 24.2 | If, at the time of decommissioning, a party to a DRD receives Decommissioning Relief (for RFCT, SC and/or PRT) which is less than the Reference Amount, such party will be entitled to make a Claim to the Government for payment in respect of the shortfall – a Difference Payment. | DRD Clauses 6.1.1, 6.1.3, 6.2.1, 6.2.3 |
| 24.3 | Separate Claims must be made in respect of ODE and IDE. | DRD Clauses 6.3.2 |
| 24.4 | A Claim will generally need to be made within 4 years of the end of the Accounting Period in which the company becomes entitled to a Difference Payment. For PRT in an Imposition case, there is no time limit. The general time limit is tied to the year the entitlement to a Difference Payment arises, not the period the expenditure is incurred, in order to protect the ability of companies to make Claims where there is a long time delay between the incurring of the expenditure and the entitlement arising. This may be the case in relation to, for example an RFCT/SC Claim for ODE where the expenditure would have been set off against future capacity as a loss carried forward under the tax code, or a forfeiture case where it may not become clear until a future date whether expenditure is IDE or ODE. | DRD Clauses 6.1.1, 6.1.3, 6.2.1, 6.2.3 |
| 24.5 | Companies must submit the required documentation with each Claim Statement and the Government has the power to request any such additional information as it may require. | DRD Clauses 6.1.2, 6.1.4, 6.2.2, 6.2.4 |
| 24.6 | The timescales for payment of Claims are generally up to 60 days for RFCT or SC and up to 120 days for PRT. However, if the Government requires additional information or there is any dispute in relation to the Claim then these periods will inevitably be longer (where part of a Claim is disputed, the Government should make payment of the undisputed part within the | DRD Clauses 6.1.5, 6.2.5, 6.5 |

aforementioned timescales).

- 24.7 The Claim Statement will show the Reference Amount and the amount the Company expects to receive under the tax system – the shortfall is the Difference Amount. However, in an IDE situation (and also in an ODE case where at least part of the relief is to be obtained via the DRD) the Claimant is also protected against a failure to pay, or a delay in paying, the tax relief which is due under the tax system. If a company doesn't receive the anticipated tax relief as shown in the Claim Statement before the DRD is due to pay out, the amount of any Difference Payment must be increased by the amount of the tax relief, so the company can be certain of receiving 100% of the expected amount within those timescales. If the tax system does later pay the expected tax relief there is a reconciliation process. For example, if a company had spent £80 million on IDE in some future period and under the tax laws then in force, it expected to receive £25 million under the tax code it would claim £15 million under the DRD (to bring its total relief to 50% assuming no PRT relief is relevant). If by the time the payment of £15 million was due under the DRD it had not received the expected £25 million Decommissioning Relief, the payment under the DRD would be increased to £40 million. The certainty provided by the guaranteed payment dates for IDE, and the ability to obtain the relief faster than would otherwise be the case under the tax system, should help to minimise the bridging finance required as part of the post tax security. DRD Clauses 6.1.5 (b), 6.2.5 (b)
- 24.8 For the avoidance of doubt, a company cannot make a Claim in respect of ODE if it expects to get full relief via the tax system, as it will not be due any Difference Payment. This result is achieved by the difference in wording between Clauses 6.1.5 and 6.2.5.
- 24.9 Once a payment has been made there are certain events which may require further action:
- 24.9.1 If Decommissioning Relief is subsequently received, then the Difference Payment must be repaid to a maximum of the Decommissioning Relief received. DRD Clause 6.4
- 24.9.2 If a Compensating Payment is received from a third party, then a Difference Payment may also need to be repaid except to the extent needed to keep the recipient in a neutral position. DRD Clause 6.10
- 24.9.3 If either party becomes aware that there was an error in calculating the Difference Payment then a correction must be made. DRD Clause 6.7

25. Interest provisions

- 25.1 Interest is payable where payments due under the DRD are not paid by the Due Date. The rate in these circumstances is the base rate plus 3%. DRD Clause 6.6.1;
- 25.2 This general rule is modified in certain scenarios. Where there is a delay in payment by Government because of an information request or a dispute, interest runs from the Due Date for the original Claim. Where the interest arises because of an amendment to a previously submitted Claim, interest runs from the original Due Date, where the amendment increases the Claim, or from the date on which the original Difference Payment was paid, where the amendment reduces the Claim. In each of these cases, the CTSA quarterly instalment interest rates are used to reflect the fact the time value of money rather than a penal late payment rate. DRD Clause 6.6
- 25.3 The general rule is also modified where a Difference Payment later becomes repayable because relief is ultimately obtained via the tax system. Generally in such a case, interest runs at CTSA quarterly instalment rates from the date on which the relief was eventually received under the tax system to the date on which the Difference Payment (or appropriate part thereof) is repaid. Additionally, where the DRD has provided an advancement of relief that was always expected to be received under the tax system at some later point, and the repayment ultimately obtained includes interest, that repayment interest (or the appropriate part) is effectively repaid alongside the Difference Payment. This reflects the fact the Claimant was not truly out of pocket during a period in which payment was delayed under the tax system if it had the benefit of a Difference Payment meantime.

Appendix A

How to apply for a DRD (information from HM Treasury as at 29th October 2013)



HM Treasury

Guidance on applying for a Decommissioning Relief Deed ("DRD")

This document provides guidance for companies operating in the North Sea who wish to sign a DRD between their company and Her Majesty's Government (HMG).

What is a Decommissioning Relief Deed?

The DRD is a contract between the Government and companies operating in the UK and UK Continental Shelf (UKCS), to provide certainty on the tax relief they will receive when decommissioning assets.

The DRD provides that, in such circumstances as are specified in the agreement, if the amount of tax relief in respect of any decommissioning expenditure incurred by the qualifying company is less than an amount determined in accordance with the agreement (the reference amount), the difference is payable to the company.

Who is eligible?

To be eligible, the applicant must be a "qualifying company" under the terms of the DRD. A qualifying company is:

- a) any company that has at any time carried on a ring fence trade; or
- b) any company that is associated with a company carrying on a ring fence trade; or
- c) any company that has at any time been associated with a company that was carrying on a ring fence trade at that time; or
- d) any company that is party to a joint operating agreement or unitisation agreement in relation to a cross-boundary field.

The industry party must also warrant that it has the "power and capacity" to execute and deliver the DRD and any other documentation relating to the DRD to which it is a party, and perform its obligations under the DRD (see Clause 4.1 (a)).

How to apply

The company should fill out and sign the “Application for a Decommissioning Relief Deed” form at the end of this document. Applicants must also acquire copies of the documents listed under the “Evidence Provided” column in this form.

As set out in part 4 of the form, two printed copies of the DRD must be included with the application, signed by the relevant management. It is for each company to decide who signs the DRD, but HMG will need to check that they have the relevant authority and that this is consistent with the company’s constitution. If, at a later date, it is discovered a DRD has been obtained using false information, the DRD will be considered invalid. Please note that the DRD itself contains three signature options – the company only needs to sign the option that is applicable to its situation.

HMG will then perform due diligence on the documents submitted. Commercial confidentiality will be respected by all government departments involved in performing these checks. Once HMG is satisfied that the company is eligible, two copies of each DRD will be signed by two of the Lords Commissioners to HM Treasury. One copy of each signed DRD will be retained by HMG and one copy will be returned to the applicant.

Where to send the DRD application

A completed copy of the form below, along with the supporting evidence and two signed copies of the DRD, should be sent to:

**Decommissioning Certainty
Environment and Transport Tax team
Business and International Tax
HM Treasury, First Floor
1 Horse Guards Road
London,
SW1A 2HQ**

Queries on the application can be emailed to:

decommissioning.certainty@hmtreasury.gsi.gov.uk

Timing

Once HMG has received the application, we will endeavour to process this within 3 weeks. This timing may vary if we require further information or evidence relating to your application.

PRT Certificates

Companies requiring PRT certificates should make their requests in writing or electronically to the address below. Companies should specify under which paragraph within the DRD they are

making the request and the amount of decommissioning expenditure for which post-tax security is required. For this initial batch of certificates, companies should prioritise which certificates are required. For example, if the reference amount is not affected by having a certificate for a potential defaulter then in the first instance it is proposed that HMRC only issue a certificate in respect of the DRD holder.

Requests for PRT certificates should be sent to:

<p>Vinay Jain HM Revenue and Customs LBS Oil and Gas 5th Floor SW Bush House Strand, London, WC2B 4RD</p>
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Queries on the PRT certificates can be emailed to:

vinay.k.jain@hmrc.gsi.gov.uk

APPLICATION FOR A DECOMMISSIONING RELIEF DEED

COMPANY:

SUBMITTED BY:

(please include name, address, email address and telephone number)

1. QUALIFYING COMPANY – please show that you meet one of the criteria below

CRITERION <u>The company</u>	EVIDENCE PROVIDED (please tick appropriate boxes)
(i) has at any time carried out a ring-fenced trade; <u>OR</u>	<input type="checkbox"/> Audited accounts, disclosing the company's trading activities for a relevant year; and <input type="checkbox"/> A copy of the company's corporation tax return for that year; or <input type="checkbox"/> (If no tax history is available as the company is new to the UK Continental Shelf): The relevant licence from DECC.
(ii) is associated with a company carrying on a ring fence trade; <u>OR</u>	<input type="checkbox"/> A copy of the share registers showing requisite ownership of ordinary share capital, to establish association with the company carrying on a ring fence trade (the 'principal company'); and <input type="checkbox"/> Group structure diagram, known to be accurate at the relevant time (unless the principal company is a 100% direct parent or subsidiary); and <input type="checkbox"/> Latest audited accounts disclosing principal company's trading activities; and <input type="checkbox"/> Corporation tax return of principal company for the same year as the accounts; and <input type="checkbox"/> Written confirmation from a director of the principal company that the ring fence trade is continuing
(iii) has been associated with a company that was (at the time of association) carrying on a ring fence trade; <u>OR</u>	<input type="checkbox"/> A copy of the share registers showing requisite ownership of ordinary share capital, demonstrating the requisite ownership and the existence of the trade at the relevant time; and <input type="checkbox"/> Audited accounts disclosing principal company's trading activities; and <input type="checkbox"/> Corporation tax return of principal company for the same year as the accounts.
(iv) is party to a joint operating agreement or unitisation agreement in relation to a cross-boundary field.	<input type="checkbox"/> A copy of the joint operating agreement. <input type="checkbox"/> Written confirmation from a director that the company remains party and has no present intention to assign or otherwise dispose of its participation.

2. POWER AND CAPACITY (please show that you meet all of the below)

CRITERION	EVIDENCE PROVIDED (please tick all boxes)
The company and individuals signing the DRD have the power and capacity to execute it	<input type="checkbox"/> Certificate of incorporation (and any certificates of incorporation on change of name) to establish that the company is validly incorporated, in existence and duly registered; and
	<input type="checkbox"/> Constitutional documents (for a UK company, its memorandum and articles of association) to show whether the company is empowered to enter into and perform its obligations under the DRD; and
	<input type="checkbox"/> An extract of the minutes of a duly held meeting of (or a signed declaration from) the directors of the company authorising the execution by the company of the DRD; and
	<input type="checkbox"/> Power of attorney for the relevant authorised signatory/ies and/or a list of the company's authorised signatories; and
	<input type="checkbox"/> An extract of a shareholder resolution authorising the execution by the company of the DRD (if required under the company's articles of association or other constitutional documentation).

3. THE DECOMMISSIONING RELIEF DEED (please show that you meet all of the below)

CRITERION	EVIDENCE PROVIDED (please tick all boxes)
The company has included two copies of the DRD with all relevant sections filled in	<input type="checkbox"/> Two signed copies of the Decommissioning Relief Deed are included; and
	<input type="checkbox"/> The front cover, the first page and Schedule 2 have the company's details on them; and
	<input type="checkbox"/> The final page has been signed by the relevant people.

4. DECLARATION

I hereby confirm that, the company is authorised to enter into the DRD, no further authorisations are required for the company to do so and that those authorisations remain in force and have not been revoked or amended. I also confirm that the above evidence, which has been included in the company's DRD application, is up-to-date and accurate.

NAME: _____

POSITION: _____

SIGNATURE: _____

DATE: _____