

24 January 2011

Forecasts of Oil and Gas Expenditure

In addition to the effect from oil and gas prices and the level of production, UK oil and gas revenues will also depend on the level of capital and operating expenditure in the industry.

Below we set out the latest projections for capital expenditure, exploration and appraisal expenditure and operating expenditure. These are consistent with the forecast for UK oil and gas revenues in the November 2011 Economic and Fiscal Outlook.

Expenditure Projections included in UK Oil and Gas Revenue Forecast (£ billion, current prices)

	10-11	11-12	12-13	13-14	14-15	15-16	16-17
Capital Expenditure	6.4	10.1	10.1	9.5	8.6	7.6	6.9
Of which: decommissioning	0.3	0.4	0.7	0.9	0.9	0.8	0.9
Exploration and Appraisal	1.2	1.2	1.2	1.2	1.2	1.2	1.0
Operating Expenditure	7.2	7.6	7.4	7.5	7.5	7.6	7.6

1. The financial year forecast for UK oil and gas revenues uses calendar year forecasts for expenditure. It also uses calendar year forecasts for prices and production.