

## Process for Producing NSTA Production Projections

The NSTA produces projections of UK oil and gas production twice a year to inform the fiscal forecasts produced by the Office for Budget Responsibility ([OBR](#)). The projections are presented to the OBR in writing and are usually discussed at a series of “challenge meetings” with members of the [Budget Responsibility Committee](#) and OBR staff.

The NSTA’s production projections out to 2050 are published on the [NSTA website](#). The projections are not modelled but, instead, are based on **informed judgement**, where that judgement is guided by the most recent survey data available, by the changes from previous surveys and by comparison with others’ forecasts (including forecasts by, e.g., the International Energy Agency (IEA), the US Energy Information Administration (EIA), Wood Mackenzie and National Grid Gas). One significant element of judgement applies to the scale of the contingencies applied to the annual totals of production reported by the operators of each field. The profiles are *not* derived mechanistically from tranches representing, for example, producing fields, sanctioned but not yet producing fields, other undeveloped discoveries and yet-to-find fields.<sup>1</sup> The overall contingency encompasses the effect of underperformance by producing fields and slippage of other fields with a notional allowance for as-yet-undiscovered fields. The projected production profiles are deliberately stylised to avoid the impression of spurious accuracy. After the 5-year Budget forecasting horizon, stylised compound 6% and 10% per annum declines are currently assumed to apply, respectively, to the rate of crude oil and NGL production and to the rate of gross gas production. Producers’ own use of gas is assumed to be consistent with the latest NSTA business-as-usual estimates of GHG emissions from combustion of natural gas. The assumed decline rates are kept under review and revised in light of experience.

Draft production projections are produced by the Senior Fiscal Analyst. They are reviewed across the NSTA including by the Head of Performance, Planning & Reporting, the Reserves & Resources Advisor and the Head of Economics. They are signed off at Leadership Team level by the Directors of Strategy and Operations.

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1. We have, nevertheless, included charts giving illustrative tranches of projected production broadly consistent with the NSTA’s latest published estimates of reserves and resources with suitable weightings applied to the different categories.