

Merak Fiscal Model Library 2022.2 is Now Available

Date: 31 December, 2022

Product Details

Merak Fiscal Model Library 2022.2 is a world-class collection of standardized fiscal models that support accurate economic results. The library contains more than 220 models covering most petroleum-producing countries. These customizable models can be used with the Peep module in the Merak planning, risk, and reserves software.

Merak Fiscal Model Library 2022.2 is available through an annual subscription, and custom fiscal-model solutions are available through a custom license. The easy installation format enables direct loading to machines equipped with the Peep module in Merak software, and any current Merak Fiscal Model Library models and add-ins.

Release Updates

New models

The Merak Fiscal Model Library 2022.2 release includes the following new models.

Guinea PSC (2014)

The Guinea PSC (2014) model has been added to the library based on the Guinean Petroleum Code, introduced by Law L/2014/034/AN dated 23 December 2014. The highlights of the model are:

- State has option to participate, either direct or through NOC in PSC with minimum 10% interest. State bears, in proportion to its participation, all petroleum costs incurred from the effective date of its participation under the terms and conditions specified in the petroleum contract.
- Signature bonus, Production bonus, and surface rental are negotiable.
- Royalty is collected on gross revenue and determined contractually.
- The cost recovery limit rate is 60% for crude oil deposits and 65% for natural gas.
- Profit sharing method is determined contractually.
- Custom duty rate is 20% but exempted for equipment imported for oil and gas operation.
- VAT rate is 18%.
- Corporate income tax rate is 35%.
- Withholding tax rate is 15% on dividend.

Malaysia LLA PSC (2019)

The Malaysia LLA PSC (2019) model has been added to the library based on the Malaysia Late Life Asset PSC (2019). The highlights of the model are:

- Royalty (cash Payment) to the Federal & State governments is 10% of the gross production.
- The amount of Abandonment Cost Estimate (A) shall be based on the money of the day and is biddable.
- The total amount to be paid by Contractors to PETRONAS as its commitment for the Abandonment is referred to as the Abandonment Cost Commitment (X) and is biddable.
- A fixed percentage Y% (biddable) from the Gross Production shall be applied in the following manner:
- Contractors shall take a portion of Fixed Percentage ("Y%") as its entitlement for the purpose of Abandonment CESS Payment until the Abandonment Cost Commitment ("X") is fulfilled.
- The Fixed Percentage shall be taken by PETRONAS as its entitlement upon the fulfilment of the Abandonment Cost commitment.
- Fulfilment of X shall be from division of Crude Oil and Natural Gas (from Y%).
- In the event of any shortfall to the X, Contractors shall pay to PETRONAS the difference between the Cumulative Abandonment CESS Payments and the Abandonment Cost Commitment Upon completion of the abandonment work, PETRONAS shall reimburse the Contractor the actual abandonment cost (limited to Abandonment Cost Estimate).
- If the actual abandonment cost is lower than the Abandonment Cost Estimate (A), the differential amount between the actual abandonment cost and the Abandonment Cost Estimate shall be shared between Contractors and PETRONAS at a ratio of XX:XX (which will be discussed upon PSC Award).
- If the actual abandonment cost is higher than Abandonment Cost Estimate the differential amount between the actual abandonment cost and the Abandonment Cost Estimate shall be borne by Contractors.
- Income tax rate is 38%.

Senegal PSC (2019)

The Senegal PSC (2019) model has been added to the library based on the Senegal Petroleum Code 2019. The highlights of the model are:

- The NOC is carried by the contractor with a minimum participation of 10%.
- In the exploration and development phases, including redevelopment, NOC have an option to increase participation up to an additional 20%.
- Signature bonus, Production bonus, and social allowances are negotiable.
- Surface rental rate for initial exploration phase is 30 \$/sq. km/yr, for the first exploration extension is 50 \$/sq. km/yr, for the second exploration is 75 \$/sq. km/yr.

- Oil/NGL royalty rates are 10% for onshore areas, 9% for shallow water areas, 8% for deep water areas, and 7% for ultradeep water areas.
- Gas royalty rate is 6%.
- The Cost recovery method is determined contractually.
- The cost recovery limit rate for Onshore area is 55%, for shallow water area is 60%, for deep water area is 65%, and for ultradeep water area is 70%.
- Profit sharing method based on R-factor tiers.
- Export duty rate is 1% on exported production after satisfying domestic needs.
- Custom duty rate is 22.9% but exempted for equipment imported for oil and gas operation.
- VAT rate is 18%.
- Corporate income tax rate is 30%.
- Withholding tax rate is 10% on dividend.

U.S. Alaska R/T Prod (2013)

The U.S. Alaska R/T Prod (2013) model has been added to the library based on the 2013 State of Alaska Statutes, Sec 43.55, SB 21. The highlights of the model are:

- NPSL rate applies to any profit share after payout.
- Progressive supplemental tax is applicable till January 1st, 2014.
- Base tax rate is 25% of production tax value pre 2014 and 35% of production tax value post 2014.
- MAPA (More Alaska Production Act) tax is applied after taking available tax credits is based on the basin area. Below is list of credit available against MAPA tax.
 - New Area Credit (NAC)
 - Small Producer Credit (SPC)
 - Exploration Credit
 - Qualified Capex Credit (QCC)
 - Loss Carry-Forward (LCF) Credit
 - Well Lease Expenditure (WLE) Credit
 - Jack-up rig (JRig) credit
 - Frontier Basins Exploration (FBE) Credit
 - Education Credit
 - Additional Non-Transferable (ANT) Credit
- No tax credit is reduced for the tax liability below zero.
- Hazardous Release Fund Tax rate is \$0.01/Bbl based on Net Volume Oil basis.
- Additional Conservation Surcharge Tax rate is \$0.04/Bbl based on Net Volume Oil basis.
- State income tax rate is 9.4%.
- Federal income tax rate is 35%.
- Additional EOR tax credit is available against the taxable income.

Updated models

The Merak Fiscal Model Library 2022.2 release includes the following fiscal update to the models.

India RSC (2017)

The following updates are made to the India RSC (2017) model:

- The India RSC (2017) model has been updated in accordance with the model revenue sharing contract based on “Discovered Small Field - III” bidding round.
- An update has been made such that user can provide input for the revenue share during the development period. Revenue share shall be at following rates irrespective of the revenue levels; “USD/bbl for Oil and USD/MMBTU for Gas” or “LRP rate” whichever is lower. Rate is specified by Government in the NIO.

Mexico PSC (2014)

The following updates are made to the Mexico PSC (2014) model:

- The Mexico PSC (2014) model has been updated in accordance with the Hydrocarbons Income Law (Updated values according to Fiscal Miscellanea Resolution DOF 13-01-2022)
- Contract fee for the exploration phase has been updated for the year 2022.
- Exploration and production activities tax has been updated for the year 2022.
- Royalty parameters A0, B0, C0, D0, E0, F0, G0, H0 are updated for the year 2022.

Mexico R/T (2014)

The following updates are made to the Mexico R/T (2014) model:

- The Mexico R/T (2014) model has been updated in accordance with the Hydrocarbons Income Law (Updated values according to Fiscal Miscellanea Resolution DOF 13-01-2022)
- Contract fee for the exploration phase has been updated for the year 2022.
- Exploration and production activities tax has been updated for the year 2022.
- Royalty parameters A0, B0, C0, D0, E0, F0, G0, H0 are updated for the year 2022.

Mexico R/T (2014) Deepwater

The following updates are made to the Mexico R/T (2014) Deepwater model:

- The Mexico R/T (2014) Deepwater model has been updated in accordance with the Hydrocarbons Income Law (Updated values according to Fiscal Miscellanea Resolution DOF 13-01-2022)

- Contract fee for the exploration phase has been updated for the year 2022.
- Exploration and production activities tax has been updated for the year 2022.
- Royalty parameters A0, B0, C0, D0, E0, F0, G0, H0 are updated for the year 2022.

Pakistan PSA (2012)

The following updates are made to the Pakistan PSA (2012) model:

- The Pakistan PSA (2012) model has been updated in accordance with the Finance Act 2022.
- Progressive Super Tax is introduced from year 2022. The rate ranges from 0% to 10% for 2022 and 0% to 4% for 2023 onward.

Merak Fiscal Model Library, add-on library enhancements and fixes Sib.Merak.Fml.PeepAddin.MexicoRoyalty.dll

The country-specific add-in has been updated to update the various royalty parameters A, B, C, D, E, F, G, H used to calculate the royalties for oil, gas & condensate. Base values for these parameters have been set in the royalty model settings for year 2022.

Software download information

Merak Fiscal Model Library 2022.2 is available for download from the [Software Download Center](#).

Support announcement

Merak Fiscal Model Library 2022.2 supports the Peep module in Merak 2019.1 and later.

Installation requirements

Product platform support for this release is consistent with the Merak software suite.

Merak Fiscal Model Library is delivered in the following installation format:

- Installation uses a standard Windows installer for add-ons, tools, documentation, and the Peep module in Merak software export files.
- All exported files are delivered as the following listed Merak Fiscal Model Library 2022.2 PEX files, containing sample cases and files, models, and reports:
 - FML 2022.2 Export File
 - FML 2022.2 Models 2019.1
 - FML 2022.2 Reports.

The PEX files can be imported into the Peep module in Merak 2019.1 and later.