

Do adjustment in marginal fields fiscal regime changed investors' CAPEX performance trend? Evidence from Malaysia

Abdulsalam Mas'ud^{1,*}, Nor Aziah Abd Manaf², Natrah Saad²

¹*Hussaini Adamu Federal Polytechnic, PMB 5004, Kazaure, Nigeria*

²*Universiti Utara Malaysia, 06010 UUM Sintok, Kedah Malaysia*

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Abstract

Fiscal regime adjustment has been documented to have important implication to upstream oil and gas investment. In this paper we examined whether or not investors' capital expenditure (CAPEX) performance trend significantly changed after 2010 Malaysian marginal fields' fiscal regime adjustment. Data of the study relating to: (1) purchase of property, plant and equipment, (2) tangible drilling costs incurred, (3) intangible drilling costs incurred, and (4) purchase of oil and gas properties were extracted from the companies' annual reports. After controlling for inflation, the results revealed significant change of investors' individual CAPEX performance trend as well as marginal oil field subsector CAPEX performance trend after 2010 Malaysian marginal oil fields' fiscal regime adjustment.

Keywords: CAPEX; Fiscal regime; Marginal fields; Trend analysis