

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

STARRED QUESTION NO:371
ANSWERED ON:14.12.2000
AGREEMENT BETWEEN GAIL AND GAZPROM
GANGASANDRA SIDDAPPA BASAVARAJ;GOWDAR MALLIKARJUNAPPA

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether an agreement between Gas Authority of India and GAZPROM of Russia has been signed for oil and gas exploration;
- (b) if so, the main features of this agreement;
- (c) the locations identified for exploration under the agreement; and
- (d) the time by which the work on projects is likely to be started?

Answer

Minister of Petroleum and Natural Gas (SHRI RAM NAIK)

(a) to (d) : A statement is laid on the Table of the House.

Statement referred to in reply to Lok Sabha Starred Question No. 371 for answer on 14.12.2000 regarding `Agreement between GAIL and GAZPROM`

(a) & (c) : The Government has signed a Production Sharing Contract (PSC) with the consortium of Gas Authority of India Limited (GAIL) and GAZPROM of Russia for exploration of oil and gas in the North-East coast offshore block NEC-OSN-97/1 under the first round of New Exploration Licensing Policy (NELP).

(b)The salient features of the contract are given in the Annexure.

(d)The exploration in this block can start after issue of Petroleum Exploration Licence (PEL).

Annexure

Annexure referred to in reply to part (b) of the Lok Sabha Starred Question No. 371 for answer on 14.12.2000 regarding `Agreement between GAIL and GAZPROM`

The salient features of the contract for NEC-OSN-97/1 block are as under :-

- No signature, discovery or production bonus.
- Income Tax Holiday for seven years from the start of commercial production.
- No custom duty on imports required for petroleum operations.
- Biddable cost recovery limit upto 100%.
- Option to amortise exploration and drilling expenditures over a period of ten years from the first commercial production.
- Biddable sharing of profit petroleum based on pre-tax investment multiple achieved by the contractor.
- Royalty will be payable at the rate of 10% for oil and natural gas.
- Fiscal stability provision in the contract.
- Freedom to the contractor for marketing of oil and gas in the domestic market.
- Provision for assignment.
- Arbitration and Conciliation Act, 1996, which is based on UNCITRAL model shall be applicable.

- The exploration work to be carried out in three phases spanning seven years.