

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

UNSTARRED QUESTION NO:3346
ANSWERED ON:13.03.2003
ONGC INVESTMENT IN OVERSEAS OILFIELDS
UMMAREDDY VENKATESWARLU

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

- (a) whether ONGC will benefit from the shift to a three-tier ad-valorem royalty regime on crude oil instead of present fixed tax regime;
- (b) if so, the extent of benefit to ONGC;
- (c) whether ONGC proposes to invest such windfall profits in overseas oilfields;
- (d) if so, whether any overseas oilfields have been identified by ONGC for investment; and
- (e) if so, the details of plans of ONGC to invest increasing amounts in overseas oilfields ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF PETROLUEM & NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) & (b): The Government have recently approved the new royalty dispensation applicable with effect from 01.04.1998 to the areas granted to National Oil Companies (NOCs) on nomination basis, the exploration blocks awarded to Pvt./JV contractors prior to New Exploration Licensing Policy (NELP), and the onland discovered fields awarded to Private /Joint Venture (Pvt./JV) contractors. Royalty for production from such areas will now be fixed on an Ad valorem basis. As the crude oil price is now market determined, and the same has shown wide fluctuations in past, it is not possible to quantify the benefits accruing to Oil & Natural Gas Corporation Limited (ONGC).

(c) to (e): For enhancement of India's oil security and in fulfillment of the 'India Hydrocarbon Vision - 2025', ONGC-Videsh Limited (OVL), the fully owned subsidiary of Oil and Natural Gas Corporation Limited (ONGC) set up for Exploration & Production of hydrocarbons abroad, is active in a number of countries. At present, OVL has projects in Iran, Iraq, Myanmar, Russia and USA. OVL is also pursuing opportunities in Algeria, Sudan, Oman, Libya, Kazakhstan, Indonesia, Venezuela, Nepal and Bangladesh.