

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

STARRED QUESTION NO:128

ANSWERED ON:01.12.2005

SURVEY FOR OIL DISCOVERIES

Maheshwari Smt. Kiran;Rao Shri Sambasiva Rayapati

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

- (a) whether the Government has started survey for oil discoveries work at several places during the current year in the country;
- (b) if so, the details alongwith location thereof;
- (c) the progress made in this regard till date; and
- (d) the salient features of new exploration licensing policy formulated in this regard?

Answer

Minister of Petroleum and Natural Gas & Panchyati Raj (SHRI MANI SHANKAR AIYAR)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE LOK SABHA STARRED QUESTION NO.128 BY SMT KIRAN MAHESHWARI AND SHRI RAYAPATI SAMBASIVA RAO TO BE ANSWERED ON 1st DECEMBER, 2005 REGARDING SURVEY FOR OIL DISCOVERIES

(a) to (c): The Directorate General of Hydrocarbons(DGH), a body under the Ministry of Petroleum & Natural Gas has carried out 24,000 Line Kilometer(LKM) of aeromagnetic surveys covering the states of Punjab and Himachal Pradesh during the current year as on 1.10.2005.

During the same period, Oil and Natural Gas Corporation Ltd.(ONGC) have acquired 1126.9 Line Kilometer(LKM) of 2D seismic, 5023.6 sq. km. of 3D seismic and drilled 40 exploratory wells falling in the states of Andhra Pradesh, Assam, Gujarat, Himachal Pradesh, Madhya Pradesh, Rajasthan, Tamil Nadu, Tripura, West Bengal and offshore areas.

In the same period, OIL have acquired 245.16 LKM of 2D seismic, 315.41 sq. km. of 3D seismic and 9 exploration wells have been drilled/under drilling in the states of Assam and Rajasthan.

During the same period, Private/Joint Venture companies have acquired 7764 LKM of 2D seismic and 7366 sq. km. of 3D seismic and drilled 27 exploratory wells falling in the states of Assam, Rajasthan, Gujarat, Himachal Pradesh, Tamil Nadu and offshore areas.

Government of India have awarded 20 exploration blocks to consortia/private companies/joint ventures (both domestic and foreign)/National Oil Companies, in the fifth round of New Exploration Licensing Policy(NELP), wherein 12 exploration blocks are in the State of Assam, Arunachal Pradesh, Andhra Pradesh, Gujarat, Maharashtra, Rajasthan, Tamil Nadu and Uttar Pradesh, 2 exploration blocks in shallow offshore areas and 6 exploration blocks in deep water areas.

(d) The main features of the terms and conditions of offer of exploration blocks under NELP are:-

(i) Tax Holiday for seven years from start of commercial production.

(ii) No customs duty on imports required for petroleum operations.

(iii) Biddable cost recovery limit upto 100%.

(iv) The possibility of the seismic option in the first phase of the exploration period.

(v) No minimum expenditure commitment during the exploration period.

(vi) Option to amortize exploration and drilling expenditures over a period of 10 years from first commercial production.

(vii) Sharing of profit petroleum based on pre-tax investment multiple achieved by the contractor and is biddable.

(viii) Royalty for onland areas is payable at the rate of 12.5% for crude oil and 10% for natural gas. For offshore areas, it is payable at

the rate of 10% for oil and natural gas. Royalty for deep water areas will be chargeable at half the applicable rate for offshore areas for the first seven years of commercial production.

(ix) Fiscal stability provision in the contract.

(x) Freedom to the contractor for marketing of oil and gas in the domestic market.

(xi) Production Sharing Contracts(PSCs) are subject to the laws of India.