

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

UNSTARRED QUESTION NO:2366

ANSWERED ON:03.12.2009

LACUNAE IN NEW EXPLORATION LICENSING POLICY

Adhalrao Patil Shri Shivaji; Adsul Shri Anandrao Vithoba

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

(a) whether there have been major lacunae in the New Exploration Licensing Policy (NELP) which governs the upstream oil and gas sector;

(b) if so, the details thereof and the steps taken by the Government in this regard; (C) Whether under the NELP, contractors who have won licenses for exploration and have signed production sharing contracts (PSCs) with the Government have the freedom to market the gas at prices discovered through `arms-length negotiations`; and

(d) if so, the facts thereof?;

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI JITIN PRASADA)

(a) & (b) No, Madam. New Exploration Licensing Policy (NELP) provides for level playing field for National Oil Companies, Private and Foreign Companies and bids are invited through International Competitive bidding process based on transparent quantifiable Bid Evaluation Criteria

(c) & (d) Under NELP Production Sharing Contract(PSC), for the purpose of sales-in the domestic market in India, the Contractor has freedom to market the gas; however, in terms of Article 21.1 of PSC, any proposal by the Contractor relating to discovery and production of Natural Gas from the Contract Area shall be made in the context of the Government's policy for the utilization of natural gas and shall take into account the objectives of the Government to develop its resources in the most efficient manner and to promote conservation measures. Further, as per Article 21.6 of PSC, the Contractor shall endeavour to sell all Natural Gas produced and saved from the contract area at arms length prices to the benefits of Parties to the Contract and is required to submit a price formula or basis, to the Government for approval prior to the sale of gas.