GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:4564
ANSWERED ON:22.04.2010
PRODUCTION SHARING CONTRACTS
Tewari Shri Manish

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

(a) the extent to which india's natural gas requirement is likely to meet from the Krishna Godavari Basin finds;

(b) the commercial exploitation of the anticipated natural gas in the KG Basin over the next twenty year annually;

(c) the extent to which country's oil requirement is likely to met from the Cairn Oil fields at full commercial exploitation capacity;

(d) the extent of oil that is anticipated for commercial exploitation in the Cairn Oil fields in Barmer over the next twenty years annually;

(e) the over the life span of both the production sharing contracts (PSC) with the promoters of the KG Basin and Cairn Energy the quantum of profit revenue cost is likely to be earned by each the Government and the promoters respectively;

(f) the manner in which Government tax profit gas and profit petroleum respectively; and

(g) the manner in which the PSC's are subjected to the scrutiny by Parliament?

Answer

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

(a): The estimated Shortfall of natural gas in the country, prior to the production from KG-DWN-98/3, was about 80-90 Million Metric Standard Cubic Meter Per Day (MMSCMD). With the commencement of Production of gas in the block KG-DWN-98/3 of Krishna Godavari Basin from April, 2009 which has reached a production level of about 60 MMSCMD , the needs of large number of customers in the priority sectors are met.

During the year 2009-10, the gas production from D1 / D3 Field of block KG-DWN-98/3 was about 14.35 Billion Cubic Meter (BCM), which is about 30 % of country's total gas production of 47.48 BCM.

(b): As per approved Field Development Plan (FDP), the recoverable gas reserves in the KG Basin are to the extent of 11.112 TCF which is commercially exploitable over a period of next twenty years.

(c): Under the PSC regime, as per the approved Field Development Plan, the peak oil production from RJ-ON-90/1 block in Rajasthan, operated by Cairn-ONGC Consortium, will be about 1,75,000 barrel per day (bbl). This corresponds to about 25% of country's current total oil production.

(d): The approved FDP envisages production of about 368 Million Barrels (MMbbl) of oil from RJ-ON-90/1 block over a period of 11 years up to 2020.

(e): Under the Production Sharing Contract (PSC), the available surplus after the recovery of costs is shared between the Government and Contractor on the basis of pre-tax Investment Multiple (IM) achieved by the Contractor in the previous year, which is the ratio of Cumulative Net Cash Income to cumulative Investment.

(f): The entities are liable to be assessed on revenues earned, for income tax as per the provisions of the Income Tax Act, 1961.

(g): The Production Sharing Contracts (PSC) with the Contracting Parties are signed after award of Blocks. For purposes of applicability of Section 42 of the Income tax Act, the signed PSCs are tabled in the Parliament from time to time. PSC activities are also subject to Parliament scrutiny through Parliament questions and also by various Parliamentary committees. Further, the details of activities undertaken by Directorate General of Hydrocarbons (DGH) including the activities under PSC regime are reported in the annual reports of DGH and Oil Industry Development Board (OIDB) which are placed in both Houses of Parliament.