

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

UNSTARRED QUESTION NO:1432
ANSWERED ON:18.11.2010
ROYALTY ON CRUDE OIL AND GAS
Kanubhai Patel Jayshreeben

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

- (a) whether the Royalty on Crude Oil and Gas is to be paid to the State Governments based on the Wellhead Price of Crude Oil;
- (b) if so, whether during the period from April, 2008 to December 2008 Oil and Natural Gas Corporation paid the royalty to the State Governments to Post Discounted Prices;
- (c) whether the State Governments have represented to Union Government for payment of royalty as per the said mechanism and as per pre-discounted prices;
- (d) if so the details thereof;
- (e) whether the State Governments have requested Union Government to reconsider the demand of State Governments for payment of difference of royalty for the period April, 2008 to December, 2008; and
- (f) if so, the action taken by the Union Government thereon?

Answer

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

(a) to (d) Royalty on Crude Oil production is paid to Central and State Governments on well head price determined in terms of the Statutory Provisions of Oilfields (Regulation and Development) Act, 1948 (ORDA); Petroleum & Natural Gas Rules, 1959, Petroleum & Natural Gas (Amendment) Rules, 2003 read with notifications/resolutions dated 17 March, 2003; 16 December, 2004; 20 August, 2007 and 28 August, 2009 issued by the Government under ORDA.

Concerned State Governments had requested Government of India for making payments for the loss on account of payment of royalty on actual price realized by the National Oil Companies (NOCs).

(e) & (f): Yes madam. As per the Statutory Provisions royalty payment should not exceed 20% of the sales value of crude oil. Keeping this in view, the matter was examined by the Central Government and it was conveyed to the concerned State Governments that royalty paid by the NOCs should be on actual price realized, which is the post-discount price.