

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

UNSTARRED QUESTION NO:3779
ANSWERED ON:02.12.2010
CAIRN ENERGY STAKE TO VEDANTA
Patil Shri C. R. ;Tewari Shri Manish

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

- (a) whether Cairn Energy has sold its equity stake to Vedanta in its Rajasthan Oil field Project at Banner;
- (b) if so, whether the sale of equity by Cairn Energy to Vedanta was in accordance with law and the various legal instrumentalities including the Production Sharing Contract signed with the Government of India;
- (c) if so, whether the prior/post facto approval of the Government of India required for the sale of equity by Cairn Energy to Vedanta;
- (d) if so, the details thereof;
- (e) whether Oil and Natural Gas Corporation (ONGC) a partner with Cairn Energy in the Banner Oil Exploration venture was given the first right of purchase exercise;
- (f) if so, the details thereof;
- (g) if not, whether this entails triggering of Pre-emption rights of the ONGC; and
- (h) if so, the details thereof?

Answer

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

(a) to (d): Cairn Energy PLC through its subsidiaries has entered into Production Sharing Contracts (PSCs) with the Government of India for carrying out exploration and production of oil & natural gas under pre-NELP and NELP rounds for several blocks including Rajasthan Oil Field (RJ-ON-90/1). Cairn Energy PLC vide letter dated 16.8.2010 informed the Ministry of Petroleum & Natural Gas about the proposed disposal of their 51% shareholding in Cairn India Limited (CIL) to Vedanta Resources PLC. This Ministry advised Cairn Energy PLC and its subsidiaries that they have to seek the prior consent of the Government for the proposed transfer as required under the provisions of the PSC. Accordingly, certain subsidiaries of Cairn Energy PLC have applied vide letters dated 9.9.2010 and 23.11.2010 seeking consent of the Government of India. The matter is under examination and a decision would be taken by the Government on the basis of the PSC provisions.

(e) to (h): Cairn India Ltd. (CIL) through its affiliate/subsidiaries holds 70% of Participating Interest (PI) in the Pre-NELP Block RJ-ON-90/1 in Rajasthan and ONGC holds 30% of PI and is also the licensee of the block. Cairn Energy PLC which holds 62.4% interest in CIL, vide letter dated 16th August, 2010, has informed ONGC that it has announced the proposed disposal of its substantial shareholding in Cairn India Ltd. The ONGC viewed that it has pre-emptive rights in relation to Cairn's PI under Joint Operating Agreement (JOA) read with provisions of the PSC. ONGC requested Cairn Energy PLC to provide details in this regard to examine its rights. Cairn Energy PLC provided the share purchase deed for the proposed transaction and informed ONGC that pre-emptive rights have not been triggered as it is not a case of transfer of PI. ONGC is examining the above views of Cairn Energy PLC.