

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

UNSTARRED QUESTION NO:509

ANSWERED ON:24.02.2011

IMBALANCE IN DEMAND AND SUPPLY OF OFFSHORE DRILLING RIGS

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

- (a) whether the global imbalance in demand and supply of offshore drilling rigs, especially jack-up rigs which operate in shallow water, has brought their day-hiring rates by as much as 15 per cent in the past 6 months;
- (b) if so, the details and reasons therefor;
- (c) the impact of such imbalance on the market and the consumers so far; and
- (d) the steps taken/being taken by the Government to come out from such deplorable situation?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI R.P.N. SINGH)

(a) to (d): There was a global shortage of offshore drilling rigs, especially deepwater drilling rigs, due to spurt in E & P activities during the period of high oil price (2008-09). The day rates of rigs depend on various factors such as contract period, type of rigs, water depth, drilling locations etc. As per the available data, there was a decreasing trend in day rates of the shallow water jack up rigs contracted during 2010, as compared to the earlier contracted rates for similar types of rigs during 2007. However, during the last six months, the day rates of the jack-up rigs seem to be stable.

Government has approved a proposal for granting drilling moratorium for 3 years starting 1st January, 2008 to 31st December, 2010 to thirty (30) deepwater blocks under the Production Sharing Contract (PSC) regime signed upto New Exploration & Licensing Policy (NELP) -V, where drilling commitments (except development drilling) remained unfulfilled as on 1st January, 2009.

The drilling moratorium was granted to enable the operators to fulfill the exploratory and appraisal drilling commitments which could not be completed due to global shortages of deepwater drilling rigs during that time.