

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

UNSTARRED QUESTION NO:3774  
ANSWERED ON:25.08.2011  
PURCHASE OF IEC OILFIELDS IN RUSSIA  
Singh Alias Pappu Singh Shri Uday

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

- (a): whether the ONGC Videsh Limited's purchase of Imperial Energy Corp (IEC) oilfields in Russia at the cost of over `10,320 crore has resulted in huge losses in the first two years of its operations;
- (b): if so, the facts and details thereof;
- (c): whether ONGC Videsh Limited has found that most of the oil wells drilled by them are dry in Russia;
- (d): if so, whether opinion of any technical consultants were taken by the ONGC Videsh Limited to acquire such oilfields in Russia; and
- (e): if so, the details thereof?

**Answer**

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

(a) & (b): Imperial Energy Group during 2009-10 incurred after tax a book loss of US\$ 200.72 Million which came down during the year 2010-11 to US\$ 161.37 Million. However, during 2009-10, Imperial Energy Group earned an operating profit of US\$ 8.97 Million which increased to US\$ 43.37 Million during 2010-11.

The project has a life of over 20 years. The viability of a project is considered on cash flow basis over project life and not merely on the basis of first two years of operation.

(c) to (e): No Madam. Success ratio from the drilled wells is to the tune of 95%. Also, OVL had engaged M/s Pangea, an independent Russian Company, as technical consultant to carry out due diligence during acquisition process.