

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

UNSTARRED QUESTION NO:3577

ANSWERED ON:26.04.2012

SELLING OF NATURAL GAS

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

(a) whether the Association of Oil and Gas Operators have requested for fixing gas price on arms-length basis for gas as per the Production Sharing Contract(PSC) under the New Exploration and Licensing Policy (NELP);

(b) if so, the details thereof;

(c) whether under the PSC, the contractors have to sell all the gas at competitive arms-length prices to the benefit of the parties to the contracts;

(d) if so, the reasons for not selling gas on the said basis and whether this amounts to violation of the PSC; and

(e) the steps taken by the Government to attract more investment in exploration of oil and gas under NELP in future?

Answer

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

(a) and (b): During the consultation process prior to firming up the terms and conditions of bidding for ninth bid round of New Exploration Licensing Policy (NELP –IX) the Association of Oil & Gas Operators (AOGO) had represented that it would be more friendly if Contractor can negotiate gas sales formula with third party independently.

(c): In terms of the Production Sharing Contracts (PSCs) under the New Exploration Licensing Policy (NELP) regime and Contracts under Coal Bed Methane (CBM) policy, the Contractor shall endeavour to sell all Natural Gas produced and CBM and saved from the Contract Area / Field / Development Area at arms-length prices to the benefit of Parties to the Contract. The Government as per the provisions of NELP PSCs shall approve the formula or basis on which Natural Gas and CBM Gas prices shall be determined.

(d): Does not arise in view of (c) above.

(e): The Government of India formulated NELP during 1997 to provide a level playing field to both public and private sector companies in exploration of hydrocarbon resources in the country. Under the NELP policy, any company, Private, Foreign or Public Sector Undertaking, can bid for the exploration blocks offered through International Competitive Bidding, with participating Interest (PI) upto the extent of 100%.