

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

STARRED QUESTION NO:89
ANSWERED ON:09.07.2009
ROYALTY ON CRUDE OIL AND GAS
Pathak Shri Harin

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

- (a) whether the royalty on crude oil and gas is required to be paid to the State Governments based on the wellhead price of crude oil;
- (b) if so, whether during the period April to December, 2008 ONGC paid royalty to the State Governments on post discount prices;
- (c) whether the State Governments have represented to the Union Government for payment of royalty as per pre-discount prices; and
- (d) if so, the follow-up action taken by the Union Government thereon?

Answer

MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA)

(a) to (d):- A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE LOK SABHA STARRED QUESTION NO. 89 BY SHRI HARIN PATHAK TO BE ANSWERED ON 9TH JULY, 2009 REGARDING ROYALTY ON CRUDE OIL AND GAS.

(a) to (d) The royalty on mineral oil in respect of commercial production from on-land areas, is required to be paid to the State Governments based on a fixed rate decided by the Central Government as percentage of the sale price of the mineral oil at the oil fields or the oil well-head, as the case may be, under the provisions of Oilfields (Regulation and Development) Act (ORDA), 1948.

During the period April to December, 2008 Oil and Natural Gas Corporation Limited (ONGC) paid royalty to the State Governments on post-discount prices.

The State Government of Gujarat has represented to the Union Government for payment of royalty as per pre-discount prices.

On examination of the issues raised by Government of Gujarat, Ministry of Petroleum and Natural Gas has clarified to the Government of Gujarat that royalty payments made by ONGC is on the basis of crude oil price actually realized i.e. post-discount price.