GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:6804
ANSWERED ON:17.05.2012
PRODUCTION COST OF CRUDE OIL
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the cost of production of crude oil per barrel being produced by Oil and Natural Gas Corporation (ONGC) in the country;

(b) the price at which the same is being sold to the public sector oil companies by the ONGC; and

(c) the details of profit earned during each of the last five years by ONGC?

Answer

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

(a) The cost of production of crude oil by Oil and Natural Gas Corporation (ONGC) during 2010-11 was US$ 37.14 per barrel.

(b) Post Administered Pricing Mechanism (APM), price of ONGC crude is linked with international crude prices as per terms of Crude Oil Sales Agreement (COSA)/ Memorandum of Understanding (MoU). Though, in normal course, a producer of crude oil is expected to get benefit of increase in crude price but due to existing mechanism in vogue for sharing of under-recoveries of Oil Marketing Companies (OMCs), domestic PSU oil producers viz. ONGC and Oil India Ltd. (OIL) are not able to retain such price advantage. Due to discount, the net prices realized by ONGC are far below than international prices. The gross price (pre-discount price) and net price (post-discount price) are given below:

In US$ per barrel

Year	Gross (Pre-discount price)	Net(Post-discountprice)
2003-04	29.96	26.46
2004-05	43.20	37.79
2005-06	59.66	42.34
2006-07	66.33	44.22
2007-08	85.54	52.90
2008-09	86.15	47.70

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2009-10  71.65     55.94
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2010-11  89.41     53.76
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2011-12 (9M) 116.24     58.61
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Note:- Post-discount price is after considering total discount on crude oil.

(c) The Profit After Tax (PAT) earned by ONGC from the year 2006-07 to 2010-11 is given below:

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Financial Year    PAT (Rs. in crore)
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2011-12 (upto 31.12.2011)  19,479
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2010-11     18,924
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2009-10     16,768
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2008-09     16,126
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2007-08     16,702
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2006-07     15,643
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