

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

UNSTARRED QUESTION NO:2438
ANSWERED ON:07.12.2012
ABOLITION OF COST RECOVERY SYSTEM
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Government has signed a number of Production Sharing Contracts (PSCs) with provision for cost recovery upto 100 percent for hydro-carbon exploration in the country;
- (b) if so, the details thereof;
- (c) whether the Government proposes to abolish cost recovery system in the future PSCs;
- (d) if so, the details thereof and the reasons therefor; and
- (e) the quantum of money received by each company as cost recovery under the PSCs, company-wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRIMATI PANABAAGA LAKSHMI)

- (a) & (b) Government of India (GoI) has so far awarded a total of 282 (28 Pre-NELP and 254 NELP) exploration blocks under Production Sharing Contract (PSC) regime, with provision of 100% recovery of costs incurred by the Contractors in exploration, development and production activities in case the exploration success leads to commercial production of oil and gas.
- (c) & (d) The Government in May, 2012, has constituted a Committee headed by Dr. C. Rangarajan, Chairman, Prime Minister's Economic Advisory Council, to review Production Sharing Contracts (PSCs) in Hydrocarbon exploration. The Terms of Reference (TOR) of the Committee, among others, include the following two issues:
 - (i) Review of the existing PSCs, including in respect of the current profit-sharing mechanism with the Pre-Tax Investment Multiple (PTIM) as the base parameter.
 - (ii) Exploring various contract models with a view to minimize the monitoring of expenditure of the contractor without compromising, firstly, on the hydrocarbon output across time and, secondly, on the government's take.
- (e) Under the PSC regime, Company-wise cost recovery by the Contractors for exploration, development and production activities upto the year 2011-12 based on the Annual Audited Accounts/End of the year Statements are as under:

Sr.No. Company Amount Recovered (US\$ MM)

1 BG 1,876

2 RIL 8,863

3 ONGC 5,450

4 CAIRN 4,684

- 5 VIDEOCON 617
- 6 RAVVA OIL 308
- 7 GEO ENPRO 11
- 8 JUBILANT 27
- 9 GEOPETROL 27
- 10 OIL 32
- 11 CANORO 40
- 12 ASSAM COMPANY LTD 26
- 13 HERAMAC 12
- 14 GSPC 535
- 17 HOEC 393
- 18 NIKO 1,209
- 19 OILEX 36
- 20 JOSHI TECHNOLOGY 47

21 SELAN 37

22 INTERLINK 12

23 HARDY 38

24 TATA PETRODYNE 132

25 GAIL 34

26 FOCUS 128

Grand Total 24,574