

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

UNSTARRED QUESTION NO:2458

ANSWERED ON:07.12.2012

MARKET PRICE FOR CRUDE OIL AND GAS

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

- (a) whether under the new Exploration and Licensing Policy (NELP) the private companies are allowed to charge market price for crude oil and gas;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government proposes to take action against those responsible for giving undue benefits to the private companies;
- (d) if so, the details thereof; and
- (e) the measures being taken by the Government to control the price of crude oil and natural gas being produced by the private companies under the Production Sharing Contracts (PSCs)?

Answer

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

- (a) As per the provisions of the Production Sharing Contracts (PSCs) under New Exploration Licensing Policy (NELP) regime, market price of crude oil is benchmarked to international crude price. However, in respect of natural gas the Contractors shall endeavour to sell all Natural Gas produced and saved from the Contract Area at Arms-Length prices to the benefit of parties to the Contract. The Government as per the provisions of NELP Contracts shall approve the formula or basis on which Natural Gas prices shall be determined.
- (b) Does not arise in view of reply to (a) above.
- (c) & (d) Under the NELP Policy exploration blocks are offered through International Competitive Bidding process on equal terms and conditions for Private and Public Sector Oil Companies.
- (e) The price of crude oil and natural gas produced under the PSC regime is determined in accordance with the provisions of relevant PSCs.