

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

UNSTARRED QUESTION NO:1631
ANSWERED ON:16.08.2013
ISSUES IN OIL AND GAS SECTOR
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether there is fear of exodus of foreign companies and billions of dollars of investment due to the certain contentious issues in the oil and gas sector at present;
- (b) if so, the details thereof and the steps being taken to resolve the contentious issues of oil and gas sector in the country; and
- (c) the steps being taken for fast tracking of clearances to the projects in the oil and gas sector?

Answer

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

(a) & (b) So far, under the Production Sharing Contract (PSC) regime, a total of 282 exploration blocks and 29 discovered fields have been awarded to various companies in onland and offshore areas of the country. Out of these, 48 exploration blocks and 16 discovered fields have been awarded to 21 foreign companies as operators. As on 30.06.2013, cumulative investments to the tune of US\$ 7.82 Billion have been made by the foreign companies in the awarded blocks/fields for exploration and development activities. The foreign companies have so far relinquished 17 blocks, in line with the relevant provisions laid down in the PSCs, after making cumulative investments to the tune of US\$ 1.1 Billion in the relinquished areas. The relinquishment operation is a continuous process and depends on the hydrocarbon prospectivity of the blocks/fields.

The exploration, development and production activities in the awarded blocks/fields are governed by the relevant provisions of the PSCs. Further, the Government also issues various policies/guidelines to facilitate the growth of Exploration and Production (E & P) sector. For example, on 01.02.2013, the Government of India, as a general policy has allowed exploration in the Mining Lease (ML) Area in the country with a condition that any risk to the Government revenue on account of cost recovery is appropriately mitigated. This has been allowed to ensure optimum exploitation of hydrocarbon resources in ML area.

c) The Ministry of Defence (MoD) had certain reservations on grounds of security in 73 blocks subsequent to the grant of Petroleum Exploration License (PEL), awarded in offshore areas under New Exploration Policy (NELP). The matter was extensively deliberated between MoP & NG and MoD to resolve the issues and subsequently referred to the Cabinet Committee on Investment (CCI). Out of the 73 blocks, clearances have been accorded to 64 blocks (some with conditions).

Further, in order to expedite approvals/clearances, the Government has set up a Project Monitoring Group (PMG) under Cabinet Secretariat wherein Ministries/ Departments concerned discuss issues that are adversely impacting implementation of the identified projects, including issues related to E & P activities.