

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

UNSTARRED QUESTION NO:2664
ANSWERED ON:07.02.2014
POLICY FOR OIL AND GAS EXPLORATION
Siddeswara Shri Gowdar Mallikarjunappa

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

- (a) whether the Government has drafted a policy disallowing companies from deducting expenses of all exploration costs in areas where earlier discoveries are under development or production;
- (b) if so, the details thereof;
- (c) whether the new policy is aimed at allowing operators to explore even during production and development; and
- (d) if so, the details thereof?

Answer

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

(a) & (b) Government has brought a policy on "Exploration in Mining Lease Area" which envisaged that the contractor will also be permitted to develop and monetize the existing discoveries, if any, in the ML area which could not be developed or monetized earlier because some of the activities may have been in deviation from PSC provisions, provided that the commerciality and techno-economic feasibility of such discoveries is established at FDP stage in the same manner as provided above. However, this will be subject to the following conditions.

Costs which cannot be recovered:

Costs incurred the past upto the date of this policy on activities which were in deviation from PSC provisions.

Costs which can be recovered:

Costs incurred in the past on activities which were in accordance with the provisions of PSC and which are, therefore, already eligible for cost recovery.

Any future costs for appraisal, development and production of all such existing discoveries.

(c) & (d) Yes. Under the new policy, the operator is allowed to explore subject to certain conditions as are detailed in OM dated 21.10.2013 which is in continuation of OM dated 01.02.2013, which are annexed at Annexure-I & Annexure-II respectively.