

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

UNSTARRED QUESTION NO:1602  
ANSWERED ON:31.07.2003  
ONGC INVESTMENT IN SAKHLAIN PROJECT IN USSR  
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**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

- (a) whether ONGC Videsh has invested a whopping \$ 1.442 billion in Sakhlain-I Oil/Gas project in USSR and is facing time and cost over-runs;
- (b) if so, the facts thereof;
- (c) whether according to ONGC Videsh Limited's estimation the crude from Sakhlain-I is set to flow by mid-2005; and
- (d) if so, the extent to which the present deadlock between ONGC Videsh and Russian firm is going to prolong the delay in the completion of the projects?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRIMATI SUMITRA MAHAJAN)

(a) & (b) : Revision of cost estimates in oil and gas projects is a normal industry practice as the projects progress from the initial exploration phase to the development phase. During this process, costs and schedule get refined, based on factors such as reserve estimates, technological aspects and financial & economic parameters.

ONGC-Videsh Limited (OVL) has informed that in the case of Sakhalin-I Project, the current estimated reserves for oil and gas are higher as compared to the reserves estimated at the time of approval of the project, thus necessitating higher costs which are not final as of today.

(c) & (d) : OVL has informed that production of oil from the Sakhalin-I Project is expected to commence by 2005-end, and that there is no deadlock between them and any Russian firm.