

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

UNSTARRED QUESTION NO:4262
ANSWERED ON:10.04.2003
ONGC PRICING AGREEMENT WITH BPCL
SRIPRAKASH JAISWAL

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

- (a) whether ONGC has decided to sign a pricing agreement with BPCL for supply of crude oil at import parity price;
- (b) if so, the details thereof;
- (c) whether similar agreements have already been signed by ONGC with other oil companies;
- (d) if so, the details of these agreements;
- (e) whether ONGC has also invited tenders from Indian Refiners for sale of crude oil beyond the planned production during this fiscal year;
- (f) if so, the details thereof; and
- (g) the amount earmarked by ONGC for enhancing oil production from its key fields?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (d): ONGC has signed an MOU with Indian Oil Corporation Limited (IOCL) for supply of crude oil for the period 1.4.2002 to 31.3.2004. Important terms of the MOU signed by ONGC with IOCL for the sale of crude oil are given at Annexure. ONGC is yet to sign the MOU with BPCL.

(e): No, Sir.

(f) : Does not arise in view of (e) above.

(g): The total amount approved for 16 projects for enhancing production from the key fields of ONGC is Rs.10,972 crore under IOR/EOR Programme. The projects which include the redevelopment of Mumbai High are in various stage of development. In addition to the IOR Programme in major fields, ONGC has also initiated fast track development of new discoveries in the Offshore. The total cost of three projects taken up in this regard is Rs.1,725 crore.

ANNEXURE

IMPORTANT TERMS OF THE MOU SIGNED BY ONGC WITH IOCL FOR SALE OF CRUDE OIL.

1. ONGC's crudes have been benchmarked to Nigerian sweet crude namely Bonny Light. FOB component of price of ONGC crude is determined considering the price of Bonny Light crude oil and difference in the product worth of Bonny Light and ONGC's crudes.
2. In respect of offshore crude, ONGC and IOC have agreed to share the taxes and duties, like customs duty, which is payable on import of crude and sales tax which is payable on sale of crude within the country.
3. In respect of offshore crude, IOC would also pay notional freight from Bonny Terminal in Nigeria to Vadinar or from Tapis Terminal in Malaysia to Chennai for crude delivered at Vadinar and Chennai respectively. ONGC has agreed to reimburse actual freight cost from Mumbai to Vadinar or Chennai, as the case may be.
4. In respect of onshore crude of Gujarat and Cauvery, IOC would pay the FOB price component, as stated in para 1 above, and applicable sales tax and pipeline charges.
5. A discount of US\$0.75/bbl has also been agreed for North Gujarat crude.
6. In respect of Assam crude, IOC would pay in addition to the FOB price component, as stated in para 1 above, sales tax and crude pipeline charges to ONGC only if the aforesaid FOB price component is less than an agreed FOB price. Based on the international crude price during the year 2002-03, ONGC gets only the FOB price for Assam crude.

