

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

UNSTARRED QUESTION NO:4171
ANSWERED ON:21.04.2005
OIL WELLS IN RAJASTHAN
Veerendra Kumar Shri M.P.

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

- (a) whether the recently found two oil wells in Bothia village in Barmer district of Rajasthan is a bone of contention between Centre and the States;
- (b) whether the expenses on construction of the oil wells are jointly shared by the Centre and State Governments;
- (c) whether the revenue from the returns is shared equally by the Centre and the State or entirely by the Centre; and
- (d) if so, the details thereof?

Answer

MINISTER OF PETROLEUM AND NATURAL GAS & PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

- (a) There is no dispute between the Central and Rajasthan Governments on oil discoveries in Barmer district, including oil discoveries in Bothia Village. In the past, The State Government have been seeking the sharing of profit petroleum, under the PSCs, in the ratio of 50:50 between the Central and State Governments. Now, based on the recommendations of the 12th Finance Commission, the Government of India have agreed to share profit petroleum with State Governments in respect of PSCs signed under the New Exploration Licensing Policy (NELP) within the overall limit of central allocations made to State Governments.
- (b) In terms of the provisions of Production Sharing Contracts (PSCs), the entire expenditure on petroleum operations is funded by the contractor and is recoverable out of the oil and gas sales revenue. The Central Government and the State Government are not required to contribute to any expenditure on petroleum operations.
- (c) and (d) : In terms of the PSC and the Petroleum and Natural Gas Rules, 1959, as amended from time to time, the State Government is entitled to the petroleum exploration license fee, dead rent and royalty on crude oil and gas. The Central Government gets a share of profit petroleum under NELP & pre-NELP PSCs and cess in pre-NELP blocks.