

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

UNSTARRED QUESTION NO:4134

ANSWERED ON:18.05.2006

INDO IRAN LNG DEAL

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

- (a) whether India and Iran have signed a \$22 billion LNG deal in June, 2005;
- (b) if so, whether Iran has now backtracked from the said deal as reported in the Hindustan Times dated May 3, 2006;
- (c) if so, the reasons therefor; and
- (d) the reaction of the Government thereto?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) to (d): A Sale Purchase Agreement (SPA) for the purchase of 5 million metric tonnes per annum (MMTPA) of LNG was signed between GAIL (India) Limited (GAIL)/Indian Oil Corporation (IOC)/ Bharat Petroleum Corporation Limited (BPCL) and National Iranian Gas Export Company (NIGEC), on 13th June, 2005 in Tehran. The contract period is 25 years, beginning from the last quarter of 2009. The pricing of LNG has been negotiated on commercial considerations and is linked to Brent crude prices with floor and ceiling.

Through a side letter, dated 13.06.2005, to the LNG SPA, NIGEC conveyed that they needed to obtain the approval of their parent company, National Iranian Oil Company (NIOC), for the SPA to become effective.

It is understood that Iranian internal procedures required to be completed for the approval of the SPA have not yet been finalized.