

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

UNSTARRED QUESTION NO:529

ANSWERED ON:14.07.2014

PRODUCTION PROCESSING COST OF CRUDE OIL

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

- (a) the details of production cost of crude oil visvis processing cost in India during each of the last three years;
- (b) the quantity of crude oil, petrol and diesel imported from various countries along with its cost per litre and the amount spent during the said period country/ oil-marketing company-wise;
- (c) the details of sale prices of various petroleum products such as diesel, petrol, CNG, kerosene and LPG along with tax in each case during the said period; and
- (d) the steps taken by the Government to reduce the production and processing cost of various petroleum products in order to make them available to consumers at reasonable price?

Answer

Minister of State in the Ministry of PETROLEUM & NATURAL GAS (I/C) (SHRI DHARMENDRA PRADHAN)

(a) The average cost of production of crude oil by Oil and Natural Gas Corporation Ltd. (ONGC) (excluding JVs) and Oil India Ltd. (OIL) during last three years is as under:

Cost of Production (USD/bbl)			
Year	ONGC	OIL	
2011-12		38.37	29.18
2012-13		40.10	28.62
2013-14		35.68#	27.03

Cost data for FY 2013-14 is provisional and under finalization and cost audit.

Under the Production Sharing Contract (PSC) regime, the total cost of production of crude oil visvis operating cost (including processing cost) in major oil producing fields during the last three years (2010-11 to 2012-13), based on the annual audited accounts, are as under:

(in US\$/bbl including levies)				
Field /Block Name	Total Cost of Production			
	2010-11	2011-12	2012-13	
Ravva	11.12	12.47	11.91	
Panna-Mukta	18.84	16.64	17.23	
RJ-ON-90/1	33.28	37.58	41.20	

Refining of crude oil is a process industry where crude oil constitutes around 90% of the total cost. Crude oil is processed through several processing units such as Crude Distillation Unit (CDU), Vacuum Distillation Unit (VDU), Lube Catalytic Cracking Unit (FCC), Hydrocracker, Coker unit, Lube unit etc. Each of these units produces intermediate product streams, which require extensive reprocessing and blending. Finished petroleum products are produced from a blend of various intermediate streams and hence, production cost is not assigned to individual refined products.

(b) The quantity of crude oil, petrol and diesel imported and the amount spent during 2011-12 to 2013-14 is given below:

Import of Crude oil, Petrol and Diesel and Value during 2011-12 to 2013-14 (P)						
Import	Qty. in MMT			Value in Rs. Crore		
	2011-12	2012-13	2013-14 (P)	2011-12	2012-13	2013-14 (P)
Crude Oil	171.73	184.80	189.24	672220	784652	864875
PETROL	0.7	0.1	0.2	3322	891	1481
DIESEL	1.1	0.6	0.1	5059	3219	503

P = provisional

Source: Oil companies & DGCIS.# provisional data.

(c) The details of revision in retail selling prices (RSPs) of Petrol (as per IOCL), Diesel, PDS Kerosene and Subsidized Domestic LPG since 1.4.2011 is given in Annexure 1. The details of taxes included in the RSP of Petrol, Diesel, PDS Kerosene and Subsidized Domestic LPG on every 1st July during 2011 to 2014 is given in Annexure 2.

The retail price of CNG & PNG in any city is fixed by the concerned City Gas Distribution Company operating in that particular city. The CGD entities also supply gas for industrial and commercial use. The Government has vide revised guidelines dated 03.02.2014 agreed to meet the entire requirement of CNG (transport) and PNG (domestic) through supply of cheaper domestic gas at a uniform base price to all the CGD entities. The price of CNG (transport) is therefore, a function of the base price and the different state and local taxes and levies and the pipeline transportation tariff. The price of CNG for supply to industrial and commercial sectors is a function of the proportion of domestic gas, long term RLNG and spot RLNG, the transportation tariff and the different state and local taxes and levies.

(d) To improve the Gross Refining Margin (GRM) of refineries and to improve efficiency of operation leading to lower cost of production, public sector oil refineries continuously explore opportunities available for capacity augmentation, value addition, improvement in energy efficiency and improvement in product quality. Based on benchmarking of refineries, performance improvement programmes have also been undertaken in some of the refineries.

Further, in order to insulate the common man from the impact of rise in international oil prices and the domestic inflationary conditions, the Government continues to modulate the retail selling price of Diesel (in retail), PDS Kerosene and Subsidized Domestic LPG and their prices have not been increased in line with changes in the international market. Based on the RGP effective 1.7.2014, the OMCs are incurring under-recoveries of Rs. 3.40/litre on sale of Diesel (in retail), Rs. 33.07/litre on PDS Kerosene and Rs. 449.17/cylinder of Subsidized Domestic LPG.