

RAJYA SABHA

Thursday, the 4th June, 1998/14 Jyaishta

1920 (Saka) The House met at eleven of the clock Mr. Chairman in the Chair

ORAL ANSWERS TO QUESTIONS

Award of Oil Exploration Blocks to Private Firms

*121. SHRI VAYALAR RAVI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government have awarded oil exploration blocks to private firms;

(b) if so, the details thereof; and
(c) the ratio of oil sharing and the price fixed for the supply?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR): (a) to (c) A statement is laid on the Table of the House.

STATEMENT

(a) and (b) Government has approved award of 35 exploration blocks from 1992 till now. Out of these 35 blocks, Production Sharing Contracts have been signed for 9 exploration blocks. The details are given below:

Sl. No.	Block & Area (Sq. Km.)	Consortium with whom contract signed
1.	KG-OS-90/1 4964	(i) Hardy Oil & Gas, U.K. (ii) Hindustan Oil Exploration Co., India (iii) Niko Resources, Canada (iv) Nagarjuna Fertilizers & Chemicals Ltd., India (Since contract expired in Feb. 1998)
2.	GN-ON-90/3 29200	(i) HOEC, India
3.	CY-OS-90/1 81	(i) Mafatlal Industries, India (i) Vaalco Energy Inc., USA (ii) HOEC, India (iii) Tata Petrodyne Ltd., India (iv) ONGC
4.	RJ-ON-90/1 11108 BB-OS/5 9095	(i) Shell India Production Development B.V., Netherlands (i) Essar Oil Ltd., India
6.	CY-OS/2 5010	(i) Vaalco Energy Inc., USA (ii) HOEC India (iii) Tata Petrodyne Ltd., India
7.	RJ-ON-90/4 16600	(i) Essar Oil Ltd., India (ii) Polish Oil & Gas Company, Poland
8.	RJ-ON-90/5 - 16030	(i) Essar Oil Ltd., India (ii) Polish Oil & Gas Company, Poland

SI. No.	Block & Area (Sq. Km.)	Consortium with whom i-onliici signed
9.	CB-OS/1 3290	(i) Hardy E & P (India) Inc. (ii) HOEC, India (iii) Tata Petrodyne Ltd., India (iv) ONGC

In addition Government have already conveyed to the concerned companies its willingness to sign con-

tracts for another 18 blocks. Details are below:—

SI. No.	Block and area (Sq. km.)	Consortium with whom contracts yet to be finalised
1.	GK-ON-90/2 4920	(i) Okland Oil Company, USA
2.	GK-OS/5 5000	(ii) Okland Oil Company, USA Rexwood Corp. USA.
3.	KG-OS/6 8775	(i) Command Petroleum Holding NL (iii) Australia Videocon Industries, India
4	CB-ON/2 1710	(0 (ii) Samson Int. USA (iii) HOEC, India GSPC, India
5	CB-ON/7 525	(i) Samson Int. USA
6.	CB-OS/2 3590	(i) Command Petroleum Holding N:L (ii) Australia (iii) Tata Petrodyne Ltd., India ONGC.
7.	RJ-ON/6 5390	(i) Phoneix Overseas Ltd., India
8.	CB-ON/1 7390	(i) Okland Oil Co., USA Rexwood (ii) Corporation, USA
9.	CB-ON/3 510	(i) Essar Oil Ltd., India
10.	CB-ON/4 400	(i) Opseis Geophysical System Inc., USA
11.	CB-ON/5 730	(i) Opseis Geophysical System Inc., USA
12.	AA-ON/3 3000	(i) Okland Oil Company, USA (ii) Rexwood Corp., USA
13.	GK-ON/4 1550	(i) Phoneix Overseas Ltd., India

Sl No.	Block and area (Sq. km.)	Consortium with whom contracts be finalised	yet to
14.	AAP-ON94/1 870	(i) Hindustan Oil Exploration Company India (ii) Gen. Fibres (P) Ltd., India	Com-
15	AA-ON/7 1800	(i) ^The Assam Co. Ltd., India (ii) Medallion Oil Company USA	
16.	CR-ON-90/1 2570	(i) Hindustan Oil Exploration Company, India (ii) Essar Oil Ltd., India	
17.	KG-ON/1 4180	(i) Larsen & Toubro, India (ii) Joshi Technologies Inc., USA (iii) Tullow Oil Pic, Ireland	
18.	GK-OSJ-1 1275	(i) Larsen & Toubro Ltd., India * (ii) Tullow Oil Pic, Ireland (iii) Joshi Technologies Inc., USA	

Contracts could not be finalised for 5 blocks and the matter has been closed. Final decision has not been taken in the remaining 3 blocks.

(c) It needs to be mentioned that actual Government share of oil price will start only after discoveries are made in these exploration blocks. Similarly the prices will also depend upon the prevailing international prices at the time production starts in these blocks after discoveries of oil/gas. The formula for oil sharing in these exploration blocks provides for increasing shares to the Government with increases in profitability of the project after recovery of actual costs.

SHRI VAYALAR RAVI: Sir, the Government has given answer to part (c) of the question also. The ONGC has been doing the best work in oil exploration. Some private firms have also entered into it since 1991. The CAG has made some kind of evaluation and prepared a report, which I will refer to later on. Sir, the most important thing is to take into account the CAG's observations and criticism while giving contracts to these 18 firms, including foreign firms. Anser (C) says, "It needs

to be mentioned that actual Government share of oil price will start only after discoveries are made in these exploration blocks. Similarly, the prices also will depend upon the..." It is not only the question of price, but what will be the share of the Government in the total production. Will these productions be from our natural resources? So, naturally the Agreement must stipulate what shall be the share of the Government in production as well as the price. Without fixing up both of these how the Government can give a blank cheque to these companies for exploration and allow them to take away the entire share with them. This is the main question.

श्री संतोष कुमार गंगवार: सभापति जी, माननीय सदस्य ने जो कहा है, वह हम लोगों के लिए भी चिन्ता का विषय है पर हमारे देश का एक्सप्लोरेशन एरिया बहुत लंबा है, 3.14 मिलियन एक्वायर किलोमीटर और इसमें से only 30 per cent area has been reasonably explored. About ONGC we are very proud. 90 per cent of the work is done by ONGC. But the major process started only in 1980.

Up-till now 88 million dollars have been expended by other companies and no results have come हमारा मानना यह है कि

जो हम कर रहे हैं, ओ.एन.जी.सी. को पीछे रख कर नहीं कर रहे हैं और जो भी फैसला होगा शेयरिंग का, उसमें हमारे हित को पहले देखा जाएगा और इस वजह से हमने नई एक्सप्लोरेशन लाइसेंसिंग पॉलिसी भी बना ली है। हमारा मानना यह है कि माननीय सदस्य की जो चिन्ता है, उससे हम अवगत हैं और इस संदर्भ में वर्तमान सरकार से शिकायत का मौका बिल्कुल नहीं मिलेगा।

SHRI VAYALAR RAVI: The main thrust of the question is, in a contract you signed with the private parties what is the stipulation of your share? What is the Government's share in production? That is not mentioned here. It is admitted in Para C of the question that you will decide latter. Sir, when the private companies are exploring and producing, then these must be a contract as to what should be the share of the Government. It depends on the price. I want an answer for that part of the question.

श्री संतोष कुमार गंगवार: एकुअली अभी तक तो एक्सप्लोरेशन के बाद तेल मिला नहीं है और उसके बाद भी "Actually, the share of the Government depends upon" the profitability of the project. The added share of the Government will be from 20 per cent to 50 per cent of the profit.

SHRI VAYALAR RAVI: The second question is that the CAG made an observation about the estimated contracts. That observation CAG made very clearly. The CAG made some kind of observation about pricing also. I want to know whether the Government have taken this important factor of CAG criticism. An inter-departmental discussion must be there with the Law Ministry, the Environment Ministry and also the Finance Ministry before signing this contract. I would like to know whether your Ministry has entered into any inter-ministerial discussion before awarding this contract. And have you taken into account the criticism of the CAG on pricing policy?

श्री संतोष कुमार गंगवार: सी.ए.जी. का ऑब्जर्वेशन इन फील्ड के बारे में नहीं है जिन फील्ड को हम एक्सप्लोरेशन के लिए देने वाले हैं। उनका

ऑब्जर्वेशन एक्सप्लोर्ड फील्ड के बारे में है और मैं समझता हूँ कि उसके बारे में सरकार को पूरी चिन्ता है। सी.ए.जी. की जो भी राय इस बारे में होगी, उसके अनुसार फैसला लिया जाएगा पर मैं समझता हूँ कि

Out of 21 exploration contracts, 13 have been relinquished because no oil has been struck. Profit sharing will start only after oil and gas is discovered and production starts. The situation depends on the discovery of oil. I think the necessary profit sharing will start immediately after oil is explored. (Interruptions).

SHRI VAYALAR RAVI: Some kind of stipulation on contract is required; without that... (Interruptions).

SHRI SANTOSH KUMAR GANGWAR: You are asking about explored fields. I think for this a separate notice is required.

SHRI JOHN F. FERNANDES: Mr. Chairman, Sir, when this new Oil Exploration Licensing Policy was announced in this House, the Government did mention about level-playing field. The Government mentioned that there won't be any discussion between the private sector and the public sector. The ONGC has applied for 28 blocks and out of these Government has allotted only 18 blocks to private entrepreneurs. And the question of ONGC has been kept in abeyance. The Government has also declared ONGC as one of the Navratnas. They put fetters on the Organisation. No Licensing Authority as stipulated in the statement of the Government has been formed.

MR. CHAIRMAN: What is your specific question?

SHRI JOHN F. FERNANDES: My question is, Sir, there is no Licensing Authority. There is no level-playing field for the public sector undertakings. I would like to know if the Government will frame a statute before the Parliament, have a statute and prepare a foolproof licensing policy.

SHRI ATAL BIHARI VAJPAYEE: Sir, it is a suggestion for action. It is a good suggestion"- and it should be implemented, it will be implemented.

SHRI DIPANKAR MUKHERJEE: Sir, my learned friend has already referred to the question of 'level playing field'. Apart from that, as the Minister may be aware, when he was in the Opposition, there were a lot of reports and suggestions. There have been comments by the CAG on the question of reimbursement of the expenses incurred in respect of these fields. All these eighteen blocks, if I am not mistaken, are those blocks where preliminary geophysical and seismic surveys had been conducted by the two national oil companies, i.e., the ONGC and Oil India Limited. In the case of Panna-Mukta, the main objection of the CAG was that they had not been reimbursed the cost which had been incurred by them.

I would like to know from the hon. Minister—he should reply to this particular question—in view of the fact that there is already a public interest litigation in the High Court, what exactly is the quantum of expenses incurred by the ONGC and Oil India Limited on these blocks which you are offering; and whether this amount is being reimbursed by the Government or the bidders, whosoever it is? It cannot be the way you have replied to Shri Vayalar Ravi, We do not know what will be the production sharing. We do not know what is the cost we incurred. On what basis are we offering these public assets to these companies? Has the cost been reimbursed to these two national oil companies? Is it being reimbursed to the last paise or not? Please say 'yes' or 'no'.

श्री संतोष कुमार गंगवार: सर, एक बात मैं बताना चाहूंगा कि ऐक्सप्लोरेशन ब्लॉक्स के लिए ओ.एन.जी.सी. ने डिजायर नहीं किया था लेने के लिए ... (व्यवधान) ...

श्री नीलोत्पल बसु: आप बताइए कि पैसा दिया है या नहीं दिया है।

श्री दीपांकर मुखर्जी: सर, मेरा सवाल यह नहीं है। मैं आपको हिन्दी में समझा रहा हूँ। मेरा प्रश्न यह था कि इसके ऊपर पहले जीओफिजिकल सर्वे होता है, सीसमिक सर्वे होता है फिर ऐक्सप्लोरेशन होता है, उसके बाद ऑयल हीट होता है। यह जो इनीशियल ऐक्सपेंस होता है, जीओफिजिकल सीसमिक सर्वे ओवरहैंड ऐक्सपेंडीचर, वह खर्च कितना है? वह खर्चा आप रीइम्बर्स कर रहे हैं, हां या न मैं बताइए।

श्री अटल बिहारी वाजपेयी: सभापति महोदय, माननीय सदस्य ने बड़ा अच्छा सवाल उठाया है लेकिन हम उसका उत्तर देने की स्थिति में नहीं हैं क्योंकि हमारे पास उस संबंध में अभी तथ्य नहीं हैं। उन्हें एकत्र किया जाएगा और माननीय सदस्य को अवगत कराया जाएगा।

MR CHAIRMAN: Shri Suresh Keswani.

SHRI NILOTPAL BASU: Mr. Chairman, Sir, the second part of the hon. Member's question has not been answered. On what basis these public assets are being offered to these companies? (*Interruptions*) If these companies are not taking the responsibility of reimbursing the cost incurred, on what basis is the Government offering these public assets to them? This is the relevant question. (*Interruptions*)

MR. CHAIRMAN: Please sit down. Shri Keswani.

SHRI SURESH A. KESWANI: Sir, the names have appeared here, of the private parties who have been awarded these contracts. Is the Government aware that in the case of good many of them, all-India financial institutions are required to reconstruct or restructure a sizeable portion of the loans which were given to them and which they had defaulted? These companies which are undertaking such large projects do not have the kind of wherewithal required to undertake the responsibility which they are proposing to undertake under these contracts.

श्री संतोष कुमार गंगवार: इसमें तो सर वह कॉन्ट्रैक्ट करेंगे, पैसा खर्च करेंगे। उसके बाद ही फेज़-1 के बाद ही आगे बात होगी। जो आपने शंका व्यक्त की

उसके ऊपर हम लोग ध्यान देंगे और जो कार्यवाही करने की होगी, वह की जाएगी।

श्री संजय निरुपम: सर, मैं मंत्री महोदय का ध्यान बॉम्बे हाई की तरफ आकर्षित करना चाहूंगा। बॉम्बे हाई में तकरीबन 60 ऐसे ऑयल क्लॉक्स आइडेंटिफाई किये गये थे जिनको प्राइवेट कम्पनीज़ को दिया जाना था। जहां तक हमारी जानकारी है 60 में से 10 के आसपास कॉन्ट्रैक्ट साइन हुए हैं और बाकी के लिए कम्पनियां तैयार हैं लेकिन कॉन्ट्रैक्स साइन नहीं हो रहे हैं। जो दस कॉन्ट्रैक्ट साइन हुए हैं उनमें से कितने ऐक्जोक्लूट हो पा रहे हैं और अगर नहीं हो पा रहे हैं तो क्या कारण है?

श्री संतोष कुमार गंगवार: इसमें 9 कॉन्ट्रैक्ट साइन हो गये हैं और 18 के लिए गवर्नमेंट ने ओ.के. कर दिया है। इसमें बॉम्बे हाई के कितने हैं वह मैं बाद में जानकारी करके बता दूंगा।

SHRI GURUDAS DAS GUPTA: Sir, while asking my supplementary, may I draw your attention to the fact that this is a very important question because it involves preservation of our own natural resources which are of a very limited nature? The hon. Minister in charge, Mr. Ramamurthy, is not present. The hon. Prime Minister is answering the questions. But always there is a dearth of information. We want information.

My supplementary specifically is this: While awarding contracts to private parties, what consideration is the Government having? While awarding contracts to private parties, does the Government take into consideration the cost incurred in the primary survey or the exploration that is done before the main exploration itself?

While awarding contracts to private parties for exploration, does the Government take into consideration whether the ONGC, as a national institution, as a jewel, has the responsibility or whether the ONGC is in a position or not? Without finding out whether the ONGC is able to do it or not, if there is indiscriminate awarding of the exploration contracts to private parties, I express my apprehension that the foreign multinational companies whose names are here, will cater to their profitmaking

motive and the national interests of the country will be completely ignored by the foreign multinational oil companies. We have seen in the world history what multinational oil companies tried to do in the national politics everywhere. Therefore, while awarding contracts to them, do you take into consideration the cost aspect, the national interest and also the role that the ONGC can play in exploring this?

SHRI ATAL BIHARI VAJPAYEE: Sir, this policy of awarding contracts was started in 1992 when it was decided to invite private parties into the field of oil exploration.

SHRI GURUDAS DAS GUPTA: Why are you continuing it? This was the policy of the other Government. Why are you continuing it? *Swadeshi* is your slogan.

SHRI ATAL BIHARI VAJPAYEE: Because we think that the policy is correct and that it should be continued. *(Interruptions).*

SHRI GURUDAS DAS GUPTA: I got the answer. Whether I am satisfied with it or not is a different matter.

SHRIMATI VASUNDHRA RAJE: You were part of the Government.

SHRI GURUDAS DAS GUPTA: I was not part of the Government. I opposed it. *...(Interruptions).*

SHRI PRABAN MUKHERJEE: Let the Prime Minister reply.

SHRI ATAL BIHARI VAJPAYEE: The ONGC was offered, and even today the offer is open to the ONGC. If it wants to come, it is most welcome. But there is a limitation of resources. It has not been able to cover a large portion of the country. So, it was decided to invite private parties. If oil is found, the sharing of the profit will be in such a manner that the country will be a beneficiary.