



Cabinet approves Policy for the Grant of Extension to the Production Sharing Contracts signed by Government of India awarding Pre-NELP Exploration Blocks

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The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi has approved a policy for grant of extension to the Production Sharing Contracts (PSC) signed by Government of India awarding Pre-NELP Exploration Blocks to enable and facilitate investment to extract the remaining reserves.

This policy will enable the contractors to extract not only the remaining reserves but also plan to extract additional reserves by implementing new technologies. In certain fields, additional recovery of hydrocarbons can be obtained through Enhanced Oil Recovery / Improved Oil Recovery (EOR/IOR) Projects and as such the production would extend beyond the current duration of PSC. In the year 2016-17 (upto Feb., 2017), the production from these oil & gas blocks, allotted in Pre- NELP regime, is around 55 million barrel of oil and 965 MMSCM of natural gas. The recoverable reserve from these blocks is estimated to be more than 426 million barrel of oil equivalent. During the extension period, contractors are expected to make an additional investment of more than USD 5430 million.

The policy will give boost to accelerate and supplement indigenous production of hydrocarbon from existing blocks and act as a progressive step towards achieving the target of 10% reduction in import of crude oil by 2022. Among others, it includes oil and gas blocks in the State of Rajasthan that account for about half of the country's onland production of crude oil. Extension of these oil blocks will be major stepping stone in sustaining and enhancing onland production.

The Government share of Profit Petroleum during the extended period of contract would be 10% higher for these fields, thus bringing additional revenues to Government.

In addition, the policy brings out detailed guidelines regarding grant of extension, criterion for evaluation of request, time frame for consideration of request, duration of extension etc. The extension of these contracts is expected to bring extra investments in the fields and would generate both direct and indirect employment. The policy aims at bringing out clear terms of extension in fair and transparent manner so that the resources can be expeditiously exploited in the interest of energy security of the country besides improving the investment climate.

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