ONGC News as on 27 September 2024 (Print & Online)

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Challenge for oil PSUs: how to get $900 mn dividends out of Russia

SUKALP SHARMA
NEW DELHI, SEPTEMBER 26

IT IS A billion-dollar question, literally, that India's public sector oil companies and the government are struggling to find an answer to.

For two and a half years, the dividend income of Indian oil companies — ONGC Videsh (OVL), Oil India (OIL), Indian Oil Corporation (IOC), and Bharat PetroResources (BPRL) — from investments in upstream projects in Russia have been piling up in that country.

The cumulative value of the dividends has now reached around $900 million, according to latest estimates.

The companies have taken up the issue repeatedly with their Russian partners, and it has featured in government-to-government discussions between New Delhi and Moscow, but a mechanism to move the money — or use it in the bilateral trade between the countries — remains elusive.

Restrictions on Russia

The main challenge in repatriating the income — which is sitting in the companies' accounts in the Commercial Indo Bank (CIBL), an affiliate of State Bank of India (SBI), in Moscow — lies in the complications arising out of Western sanctions imposed on Russia, including the restrictions put on payment channels, after the war broke out in February 2022.

Soon after Russia invaded Ukraine, major Russian banks were shut out of the Society for Worldwide Interbank Financial Telecommunication (SWIFT) financial transaction processing system, which seriously dented Russia's ability to access the global payments system.

The Indian companies face additional complexities related to international jurisdictions as some of the vehicles used by them to make investments in Russian oil and gas assets are based in countries such as Singapore.

Investments in Russia

EXPLAINED ECONOMICS

Over the years, Indian public sector companies have spent billions of dollars to pick up stake in oil and gas projects in Russia as part of the energy security strategy of the country, which is heavily dependent on oil imports.

According to one estimate, the total investments by Indian companies in Russia amount to more than $6 billion.

OVL, the overseas investment arm of Oil and Natural Gas Corporation (ONGC), holds a 20% stake in the Sakhalin-1 project and 26% in the Vankor project. A consortium of IOC, OIL, and BPRL — the upstream arm of refining major Bharat Petroleum Corporation (BPCL) — has 23.9% share in Vankor and 29.9% in the Taas-Yuryakh project.

The dividend income is being deposited into the CIBL accounts in rubles, where they are earning a nominal interest. Dividends of around $600-650 million belonging to the IOC-OIL-BPRL consortium, and around $250 million belonging to OVL, are stranded.

No easy options available

With the money stuck in Russia, it could have been theoretically used for payments there, to increase investments, and to fund operational and capital expenditure requirements of existing projects. None of these options are, however, currently feasible.

This is because the dividend payments are being released after deduction of operational expenses, and there is no plan at present to invest more capital into ongoing projects. These assets are past their major capital expenditure cycle, which means that major cash calls, or demand for more investment in the projects, are highly unlikely in the near-to-medium term.

The only exception is OVL, which is required to pay around $600 million to be renominated as a shareholder in the Sakhalin-1 project. The company is in talks with Russian authorities to use its stranded dividend income to partly settle this payment.

The Indian companies are also not exploring investments in any other project in Russia. This means the only option left is to use the money for payments in Russia.

The question then arises: why can't the money be used to partly pay for the copious volumes of Russian oil that is flowing into India? The short answer: while the Indian companies would love to do that, it is fraught with several challenges and complications.

First, while IOC and BPCL do buy Russian oil, OIL does not.

Second, the investments in Russian projects are through special purpose vehicles registered in overseas territories such as Singapore. This means that any payment would also come under the jurisdiction of these overseas territories, not just Russia's and India's.

Given the various Western sanctions against Russia and its energy sector, cross payments for Russian oil using the dividend income could end up becoming an extremely complex exercise with regard to taxation and accounting. The companies have been seeking the opinion of legal and international accounting experts to find a way to do this.

The bottom line: any feasible and workable solution is likely to emerge only through a combination of effective diplomacy and smart commercial negotiations with stakeholders in Russia and elsewhere.

Publication : Business Standard	Editions : New Delhi
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Weak gross refining margins to bottom out soon: Analysts

SUBHAYAN CHAKRABORTY
New Delhi, 26 September

Weak gross refining margins (GRMs) that have dragged down profits of Oil Marketing Companies (OMCs) in FY25 will soon reach their lowest levels before rising again, fuelled by stronger winter months and higher availability of Russian crude, analysts said.

GRM is the difference between the total value of petroleum products coming out of an oil refinery and the price of the raw material, which is crude oil.

In the first half of FY25, the benchmark Singapore GRM averaged only $3.6/bbl, reflecting the effects of a subdued oil demand environment. In the second quarter (April-June) of FY25, state-run Indian Oil Corporation saw its consolidated net profit fall steeply by 75 per cent to ₹3,528 crore, while Bharat Petroleum Corporation and Hindustan Petroleum Corporation net profit dipped by 73.2 per cent and 90 per cent, respectively.

"However, key product inventories globally remain at the lower to mid-range of the last five years. We anticipate limited downside for refining margins from current levels as we approach the seasonally stronger winter months," a research note by Motilal Oswal said on Thursday. Elara Securities also expects better GRM in the Q2 on higher availability of Russian crude.

Against the backdrop of weak crude oil prices and a range-bound refining GRM environment, the outlook for marketing margins remains strong, said the research note.

Publication : Deccan Herald	Editions : Bangalore
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Oil firms have headroom to cut fuel prices by Rs2-3/litre: ICRA

Sharp decline in global crude price has perked up their net margins

GYANENDRA KESHRI
NEW DELHI, DHNS

Petrol and diesel prices can be reduced by Rs 2-3 per litre as decline in crude oil price in the international markets have boosted profit margins of the oil marketing companies, rating agency ICRA said on Thursday.

According to the rating agency's estimates, oil marketing companies' net realisation was higher by Rs 15 per litre for petrol and Rs 12 per litre for diesel vis-à-vis international product prices in September 2024 (till September 17).

"The retail selling price of these fuels have been unchanged since March 2024 (Rs 2/litre was reduced on petrol and diesel on March 15, 2024) and there appears to be headroom for their downward revision by Rs 2-3/litre, if crude prices remain stable," said Girishkumar Kadam, Senior Vice President and Group Head - Corporate Ratings, ICRA.

Crude prices have witnessed a sharp decline in the last few months, primarily due to weak global economic growth and high production in the US and OPEC+ countries. Crude prices in the international markets averaged $74 per barrel in September as against $83-84 a barrel recorded in March when petrol and diesel prices were last cut by Rs 2 per litre.

According to CLSA, the recent decline in crude oil price has boosted oil marketing companies' margins to multi-quarter highs. The brokerage firm has said that the central government may push for a cut in petrol and diesel prices before the Maharashtra assembly election.

Petroleum secretary Pankaj Jain recently said that the oil marketing companies would consider reducing petrol and diesel prices if the price of crude oil remains low for an extended period.

The government-run Indian Oil Corporation, Bharat Petroleum and Hindustan Petroleum dominate oil marketing business in the country. These three firms together control around 90% of India's retail oil markets.

Commenting on the OMCs' profitability, Kadam said, "the OMCs reported healthy operating margins in FY2024, recouping the losses incurred during FY2023. Despite moderation in the GRMs (gross refining margins), the improvement in marketing margins is likely to result in the OMCs maintaining their profitability in H1 FY2025".

However, inventory losses due to a sharp decline in crude prices could impact profitability to an extent in Q2 FY2025. Further, the profitability for standalone refiners would take a hit with the declining GRMs, he added.

According to ICRA, the growth in petroleum, oil & lubricants consumption in India is likely to decline to 3-4% in the current financial year from 5% recorded in 2023-24.

Publication : The Hindu Business Line	Editions : New Delhi
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Crude cargo declines amid falling shipments from top suppliers

Rishi Ranjan Kala
New Delhi

Lower crude oil shipments from India's top suppliers, Russia and Saudi Arabia, who collectively account for more than half of the cargo, dragged down India's imports for the second consecutive month in August.

According to energy intelligence firm Vortexa, India's crude oil imports last month fell 4 per cent year-on-year (y-o-y) to 4.18 million barrels per day (mb/d). The fall in shipments on a monthly basis was steeper, at 7 per cent. The numbers are on a provisional basis.

Analysts and trade sources attributed this decline in crude oil cargo to lower production and domestic demand from the world's top two exporters.

IRAQ STEPS UP

India's imports of Iraqi crude grew month-on-month (m-o-m), while imports of Saudi crude fell in the same period. Imports of Russian crude are also down on a monthly basis in August, though smaller in percentage than Saudi, but higher in absolute volume, Vortexa's Head of APAC Analysis, Serena Huang, told *businessline*.

On import momentum going ahead, Huang said, "India's imports of Russian crude could remain flat to lower in September off the back of lower Russian crude exports in August. We expect the imports of Russian crude to rebound in October, with supplies of Russian crude returning."

Besides, upcoming refinery maintenance in India will also have a bearing on crude supplies. For instance, State-run Bharat Petroleum Corporation's (BPCL) Kochi refinery will undergo maintenance during September-October and Bina refinery during August-September 2024.

While imports from Russia and Saudi Arabia declined, the cargo from Iraq, the UAE and the US rose on a monthly basis.

Crude oil imports from Russia fell by around 17 per cent m-o-m to 1.65 mb/d during August. On an annual basis, the shipments were higher by more than 12 per cent. In the case of Saudi Arabia, the imports fell by 22.5 per cent m-o-m and 38 per cent y-o-y to around 5,05,147 barrels per day (b/d).

On the other hand, crude oil imports from Iraq — India's second largest supplier — rose by almost 14 per cent m-o-m to 7,78,262 b/d last month. On an annual basis, the shipments were down by 10 per cent.

Crude oil cargo from the UAE, which recently inked a free trade agreement with India, rose by 11 per cent m-o-m and 36 per cent y-o-y to around 371,195 b/d in August 2024. Similarly, in the case of the US as well, the cargo rose by 60 per cent m-o-m to 3,67,119 b/d. On an annual basis, the imports more than doubled.

CARGO DECLINES

Jay Maroo, Vortexa's Head of Market Intelligence & Analysis, in a September 4 commentary said the cumulative combined crude exports from the Big-3 (Saudi Arabia, Russia and the US) stood at 12.7 mb/d in August 2024, down almost 7,00,000 b/d m-o-m.

Saudi exports fell somewhat predictably in August given that the month falls within the period of seasonally high domestic oil demand, he added.

Publication : The Hindu Business Line	Editions : New Delhi
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BPCL ready for forward trading

Bharat Petroleum Corporation Ltd plans to begin forward trading in crude oil and petroleum products next month. According to a senior official, BPCL has received approval from the RBI for hedging risks in the international crude and petroleum products trade. The company was among the first Indian oil companies to study risk management options.

Publication : The Hindu Business Line	Editions : New Delhi
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Headroom to cut petrol, diesel prices by ₹2-3/litre, says ICRA

Press Trust of India
New Delhi

A reduction in crude oil prices in recent weeks has improved margins on retail auto fuels, providing state-owned firms a headroom to cut petrol and diesel prices by ₹2-3 per litre, rating agency ICRA said on Thursday. The price of a basket of crude oil India imports averaged $74 per barrel in September, down from about $83-84 a barrel in March when petrol and diesel prices were last cut by ₹2 per litre.

READY FOR A THAW. A fall in crude oil prices has rekindled hopes of a reduction in petrol and diesel rates that have been on a freeze for over two years now ANI

IMPROVED MARGINS

In a note, ICRA said the marketing margins on retail sales of auto fuels for the Indian Oil Marketing Companies (OMCs) have improved in recent weeks with the reduction in crude prices.

Girishkumar Kadam, Senior Vice President and Group Head, Corporate Ratings, ICRA, said: "ICRA estimates that the OMCs' net realisation was higher by ₹15 per litre for petrol and ₹12 a litre for diesel vis-à-vis international product prices in September 2024 (till September 17). The retail selling price of these fuels have been unchanged since March 2024 and there appears to be headroom for their downward revision by ₹2-3 per litre, if crude prices remain stable".

Crude prices have witnessed a sharp decline in the last few months, primarily due to weak global economic growth and high US production and the OPEC+ has pushed the rollback of its production cuts by two months to combat the declining prices.

A decline in the price of crude oil — which is converted into fuels like petrol and diesel at refineries — had rekindled hopes for a reduction in petrol and diesel rates that have been on a freeze for over two years now barring a pre-election reduction in March.

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Scope to cut petrol, diesel prices: Icra

ARUNIMA BHARADWAJ
New Delhi, September 26

AGAINST THE BACKDROP of weak crude oil prices and a range-bound refining margins environment, analysts see marketing margins of the state-owned oil marketing companies remaining strong. Additionally, there is headroom for the downward revision of retail fuel prices if crude prices remain stable at current levels, they say.

Icra estimates that the OMCs' net realisation was higher by ₹15 per litre for petrol and around ₹12 per litre for diesel vis-à-vis international product prices in September 2024. "The retail selling price of these fuels have been unchanged since March 2024 and there appears to be headroom for their downward revision by ₹2-3 per litre, if crude prices remain stable," said Girishkumar Kadam, senior vice president and group head- corporate ratings, Icra.

Ahead of the key state elections, analysts at Motilal Oswal believe that the central government may urge individual states to reduce state taxes to provide relief to consumers. While OMCs appear to be trading at the higher end of the historical range, street earnings estimates are building in only ₹3-4 per litre marketing margin, it said. According to the brokerage, the Singapore gross refining margin in the first half of FY25 till date has averaged only $3.6 per barrel, reflecting the effects of a subdued oil demand environment.

The International Energy Agency (IEA) has reduced its global oil demand estimate to 900,000-950,000 barrels per day in 2024 and 2025. According to the IEA, global oil demand growth continues to slow down, with an increase of 800,000 barrels per day in the first half of 2024, amid muted demand from China, the world's top consumer of crude oil.

"However, key product inventories globally remain at the lower to mid-range of the last five years. We anticipate limited downside for refining margins from current levels as we approach the seasonally stronger winter months," Motilal Oswal said.

Kadam said, "OMCs reported healthy operating margins in FY24, recouping the losses incurred during FY23. Despite moderation in gross refining margins, the improvement in marketing margins is likely to result in the OMCs maintaining their profitability in H1 FY25."

Crude prices have witnessed a sharp decline in the past few months, primarily due to weak global economic growth and high US production.

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Saudi may drop $100 crude target

SAUDI ARABIA IS preparing to abandon its unofficial $100 a barrel oil price target as it gets ready to raise output to win back market share, even if it means lower prices, the Financial Times reported on Thursday. The OPEC, which is de facto led by Riyadh, has been cutting oil output to support prices along with allies including Russia, who are together known as OPEC+. **—REUTERS**

Publication : The Hindu Business Line	Editions : New Delhi
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Crude oil slides on reports of more OPEC+ oil

London: Crude oil prices slipped by more than three per cent as Saudi Arabia prepared to abandon its price target and raise output, with OPEC+ set to increase production in December. Brent crude futures were down $2.26 to $71.20, while US WTI fell $2.31 to $67.38 per barrel. REUTERS

Publication : The Hindu Business Line	Editions : New Delhi
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GreenLine to provide LNG vehicles to Sterlite Copper

Mumbai: GreenLine Mobility Solutions has partnered with Sterlite Copper, a unit of Vedanta, to advance deployment of its LNG vehicles and decarbonise Sterlite Copper's transportation operations at its plant in Silvassa. OUR BUREAU

Publication : The Hindu Business Line	Editions : New Delhi
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Capacity utilisation by gas-based power plants falls in July

Rishi Ranjan Kala
New Delhi

The capacity utilisation or plant load factor (PLF) of gas-based power plants, with 23.64 gigawatts (GW) capacity under operation, fell in July 2024 after clocking multi-year highs during April to June.

Monsoon rains during July brought down the power demand to some extent, which also reflected in the lower requirement for cooling.

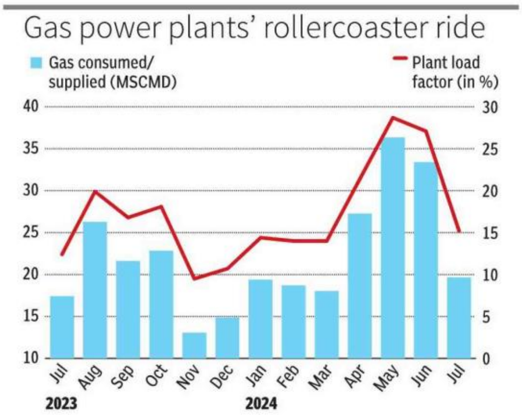
According to the Central Electricity Authority (CEA) data, the PLF of gas-based power plants stood at 15.2 per cent in July 2024, compared to 27.1 per cent in June 2024 and 12.4 per cent in July 2023. The decline in capacity utilisation by such thermal power plants (TPPs) comes after a record breaking performance during April to June 2024. During Q1FY25, gas-based plants clocked a capacity utilisation of 25.8 per cent generating 13,338.23 million units (MU) on a provisional basis, which is the second highest after Q1FY21.

The world's fourth largest LNG importer consumed 97.01 million standard cubic metres per day (MSCMD) of natural gas in Q1FY25, up 53 per cent year-on-year. This is the third highest consumption so far.

Besides, gas-based power plants clocked a PLF of 28.7 per cent, generating 5,053.41 MU of electricity in May 2024, which is the third highest on record after May 2020 and June 2020.

Consequently, India's natural gas consumption is also expected to rise in the current calendar year.

The International Energy Agency (IEA) has revised upwards the growth rate in India's gas demand to 8.5 per cent from 7 per cent y-o-y in 2024. Similarly, the Gas Exporting Countries Forum (GCEF) predicts usage to grow at 6 per cent y-o-y.



Million standard cubic metres per day – MSCMD
Source: Central Electricity Authority

JULY BLUES

Higher gas consumption for power generation is one of the factors fuelling this growth. During July 2024, gas-based power plants consumed 19.65 MSCMD of natural gas and produced 2,674.24 MU.

India's cumulative electricity generation rose by 9 per cent y-o-y to 160.90 billion units (BU) in July this year.

While thermal power generation grew by 8 per cent y-o-y (111.41 BU), the growth in nuclear power was higher, at more than 25 per cent on an annual basis (4.80 BU). Power generation from renewable energy sources, including small hydro power, rose by almost 20 per cent y-o-y to 25.97 BU.

In July this year, the country's cumulative energy requirement stood at 150.21 BU against an availability of 149.85 BU. Against this, last year in July, the requirement stood at 140.62 BU against an availability of 140.42 BU.

Peak demand during July 2024 was 227.48 gigawatts (GW) against which the demand met was 226.63 GW. In the year-ago period, the peak demand stood at 209.04 GW and demand met of 208.95 GW.

Publication : Business Standard	Editions : New Delhi, Mumbai
Date :27 September 2024	Page : 4

Trade barriers with China will adversely impact us: NTPC arm

DRHP lists several risks, of which China imports a major factor

SHREYA JAI
New Delhi, 26 September

The green energy arm of India's largest power generator, NTPC, has said in its DRHP filing that the government's restrictions on trade ties with China will adversely impact its business, given that the neighbouring country is a leader in solar and wind equipment manufacturing.

NTPC Green Energy Ltd (NGEL), which filed for the IPO last week, is aiming to initiate the listing in the next two months.

The DRHP of NGEL enlisted several risk areas to their business, of which imports from China is a significant factor.

All the green energy projects of NTPC were housed under NGEL when it was formed in 2022. Solar and wind power projects, initiatives such as green hydrogen, energy storage form NGEL's portfolio.

"Any restrictions or additional duties imposed by the governments of India or China, or of any other exporting countries could adversely affect our business, results of operations and prospects. Any restriction on purchase of materials, components and equipment from outside India could have an adverse effect on our ability to deliver products to our customers, and our business, results of operations and financial condition," NGEL said in its filing.

According to the DRHP, NGEL imported ₹1,271 crore worth of solar and wind equipment, all from suppliers in China during the financial year 2023-24.

It purchased equipment worth ₹5,742 crore from Indian suppliers.

During the three months of the current financial year, it has imported ₹283 crore worth of equipment from China and equipment worth procured ₹2,250 crore from Indian suppliers. The company cited the decision by the Union government in March 2021 to impose custom duties on the import of solar modules and solar cells from March 31, 2022.

"As a result, we were subject to imposition of customs duties by government authorities for importing solar modules from China. There is no assurance that other such duties will not be levied in the future," NGEL said. It further added it cannot always pass through the cost on the customer which would thereby hit NGEL's bottom line.

"Though such duties instrumented by the GoI are a pass-through, there may be costs, which cannot be passed on to our offtakers and could have a material adverse impact on our business, financial condition and results of operations," it said.

TAKING STOCK

Solar & wind equipment procurement (in ₹ cr)

	FY24	FY25 *
Indian suppliers	5,742.2	2,250.8
China	1,271.6	283

*As of June

Source: NGEL DRHP

It cited another decision of the Centre launched in 2019, to have an approved list of module manufacturers (ALMM) who would be the eligible entities to supply modules to solar projects being developed through competitive bidding. The decision was widened to include open access and net-metering projects, effective from October 1, 2022.

"As a result of these regulations, our input costs and timeline for commissioning projects may be impacted" NGEL said.

A spokesperson of NTPC did not respond to emailed queries till print time.

Recently, the Ministry of New and Renewable Energy has proposed to include solar cells (a component of a solar module) as well in the ALMM scheme.

Public sector utilities such as NTPC and by extension NGEL are also mandated to procure locally for the projects that they build on their own. NTPC also sub-contracts several solar and wind projects which are then built by a private developer and the procurement norms do not apply.

Several players including state owned NTPC in the past have batted for the deferment of ALMM since it caused delays and cost spikes.

As the domestic capacity is far below the demand, most project developers face delay in project execution. NTPC's lowest bid of ₹1.99 per unit solar power project was struck due to ALMM, sources said, as no domestic player was able to match this low price.

Given its reliance on China, NGEL has acknowledged its inability to determine whether its Chinese suppliers comply with global labour norms.

Online

Headline	ONGC Videsh secure gas production rights from ACG Field		
Publication	Construction World	Edition	Online Coverage
Published Date	26 Sep 2024		

ONGC Videsh secure gas production rights from ACG Field

https://www.constructionworld.in/energy-infrastructure/oil-and-gas/ongc-videsh-secure-gas-production-rights-from-acg-field/62954

ONGC Videsh (OVL), the overseas subsidiary of Oil and Natural Gas Corporation, along with its partners, has successfully acquired a 25-year right

to explore and produce natural gas from the BP-operated Azeri-Chirag-Deepwater Gunashli (ACG) field. This addition comes alongside their long-standing rights to produce oil from this major oilfield located in the Caspian basin's Azerbaijan sector. According to ONGC, the non-associated natural gas (NAG) resources in the ACG field are estimated to be substantial, potentially reaching up to 4 trillion cubic feet (tcf). The announcement resulted in a 3.16% increase in ONGC's stock price on the Bombay Stock Exchange (BSE), which rose to ?295.35. NAG refers to dry gas extracted exclusively from gas fields, unlike associated natural gas, which is produced alongside crude oil.

The gas production rights were obtained through an amendment to the existing Production Sharing Agreement (PSA). OVL had previously acquired Hess Corporation's 2.31% participating interest (PI) in the asset back in April 2013. Current stakeholders in the ACG field include BP (30.37% PI), the State Oil Company of Azerbaijan (SOCAR, 25% PI), MOL Group (9.57%), INPEX (9.31%), Equinor (7.27%), ExxonMobil (6.79%), TPAO (5.73%), and ITOCHU (3.65%).

BP announced on September 20 that the addendum to the PSA allows for the exploration, appraisal, development, and production of the NAG reservoirs within the ACG field.

Rovshan Najaf, president of SOCAR, hailed the agreement as a "remarkable day" for Azerbaijan's energy sector. He emphasized that the gas agreement marks not only a commercial success but also a strategic advancement in diversifying the country's energy resources. Najaf further noted that this project would enhance Azerbaijan's role as a vital energy supplier to Europe.

Keywords: ONGC Videsh, gas production rights, ACG field, Azerbaijan, BP, natural gas, stock increase, Production Sharing Agreement, SOCAR, energy diversification, Caspian basin.

The 14th RAHSTA Expo, part of the India Construction Festival, will be held on October 9 and 10, 2024, at the Jio Convention Centre in Mumbai. For more details, visit: https://rahstaexpo.com

Headline	BP sees growing opportunities in India: CEO Murray Auchincloss		
Publication	News Point	Edition	Online Coverage
Published Date	26 Sep 2024		

BP sees growing opportunities in India: CEO Murray Auchincloss

https://www.newspointapp.com/english-news/publisher-et/top-news/bp-sees-growing-opportunities-in-india-ceo-murray-auchincloss/articleshow/14504820c2c5ea2d15148b6870db9635a67a8201?utm_source=pwa&utm_medium=browser&utm_campaign=np

New Delhi: Energy firm BP sees "growing business opportunities" in India, its global chief executive Murray Auchincloss said in a statement on Wednesday.

The board of London-headquartered BP is holding a meeting in India this week, said a company statement.

This is the second time BP's board is meeting in India. The first meeting was held in 2013, about two years after company took a 30% interest in Indian upstream projects managed by Reliance Industries for $7.2 billion.

"We see growing business opportunities, including through our world-class partnership with Reliance, producing the country's gas and growing our joint retail presence. In turn, India's highly skilled engineering and scientific talent can help us deliver our targets more effectively, efficiently and rapidly," Auchincloss said.

He along with other board members met petroleum and natural gas minister Hardeep Puri on Tuesday.

BP, in alliance with RIL, is engaged in natural gas production and fuel retailing in India. BP and RIL partnered with state-run Oil and Natural Gas Corporation (ONGC) to bid for a western offshore block in the just-concluded exploration licensing round.

ONGC is also seeking to partner with a global oil firm to help boost output from its flagship Mumbai High field which has producing for about half a century.

India is seeking to attract international firms to its exploration sector as they have access to big capital and advanced technologies which could come in handy to boost domestic output that's been falling for years. India's crude output has fallen by a fifth in the past decade.

Headline	BP raises India bet with board visit amid ONGC, Cairn search for suitors		
Publication	News Point	Edition	Online Coverage
Published Date	26 Sep 2024		

BP raises India bet with board visit amid ONGC, Cairn search for suitors

https://www.newspointapp.com/english-news/publisher-toi/business/bp-raises-india-bet-with-board-visit-amid-ongc,-cairn-search-for-suitors/articleshow/14504820b54bac001faed67806ffddea7b2bd318?utm_source=pwa&utm_medium=browser&utm_campaign=np

This is the second time that the BP board is holding meetings in India, which coincides with at least two domestic players seeking technical and equity partnerships in their offshore projects.

The BP board had visited India for the first time in 2013, two years after acquiring 30% stake in Reliance Industries Ltd's KG-D6 block off the Andhra coast for $7.2 billion.

This time, the visit coincides with state-run ONGC 's ongoing bid to induct a global technical service partner to ramp up production from the producing Mumbai High field in the shallow waters off the Mumbai coast. Vedanta group's Cairn Oil & Gas is also scouting for a partner to develop its western offshore deepwater block KG-DWN-2017/1 at an estimated investment of $4 billion.

BP fits the bill for both with its technical prowess and experience in developing offhsore fields, especially in deepwater. It is also among the few global companies that meet ONGC's qualifying condition of $75 billion annual turnover.

BP has been in India for a century through its Castrol brand of lubricants. The partnership with Reliance put it in the thick of oil and gas industry in the country, developing three deepwater gas fields in the KG-D6 block. It has established presence in fuel retail and new-age mobility solutions under the Jio-BP brand and set up global business services centre and a digital hub in Pune.

The BP board members began their tour on Monday, with oil minister Hardeep Singh Puri hosting them at home over dinner. BP is committed to working closely with the Government of India to support its changing energy needs. By leveraging our combined experience and expertise with our partners, we aim to facilitate the secure, affordable, and lower carbon growth of India's energy resources to meet the increasing demand," a company statement on Wednesday quoted BP chair Helge Lund as saying.

India is an important part of BP's strategy as we transform into an integrated energy company. Building on the century-old legacy with India through our Castrol brand, our presence across the gas value chain, mobility retail businesses and our global business and technology centre, we expect to grow a material business here, and help support India's aspiration for energy independence by 2047, it quoted country head Kartikeya Dube as saying.

Headline	Centre to add Rs 10,501 crore into ONGC Petro Additions		
Publication	PSU Connect	Edition	Online Coverage
Published Date	26 Sep 2024		

Centre to add Rs 10,501 crore into ONGC Petro Additions

https://www.psuconnect.in/news/centre-to-add-rs-10501-crore-into-ongc-petro-additions/44408

The board of directors of Oil and Natural Gas Corp. has approved the Government of India's decision to infuse an additional Rs 10,501 crore in ONGC Petro Additions Ltd.

This includes compulsorily convertible debentures at Rs 7,778 crore and a remaining payment of Rs 86 crore for share warrants, amounting to a total of Rs 18,365 crore, according to an exchange filing on Wednesday.

The infusion of Rs 10,501 crore in OPaL will be carried out in one or more tranches.

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Also, the board of directors has approved the appointment of Arunangshu Sarkar, director (strategy and corporate affairs), as a key managerial personnel of the company, the filing said.

Shares of ONGC closed 0.30% lower at Rs 298.55 apiece, compared to a 0.25% rise in the benchmark Nifty 50. The stock had risen 61.02% in the last 12 months and 45.67% year-to-date. The relative strength index was 45.58.

Headline	Oil India looking to start exploration in Nagaland		
Publication	The Financial Express	Edition	Online Coverage
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Oil India looking to start exploration in Nagaland

https://www.financialexpress.com/business/industry-oil-india-looking-to-start-exploration-in-nagaland-3622005/

State-owned upstream company Oil India Ltd is looking to start exploration activities in Nagaland and is engaged in discussions with the state and

central government for the same, a top official of the company told FE. Additionally, the state-run company is hopeful of starting oil production from its block in Gabon in central Africa in the next financial year.

We have a total of 30 blocks under the OALP (Open Acreage Licensing Policy). We have already drilled all wells under the awarded OALP blocks, except in Nagaland. We are pursuing the ministry and they have set up a high power committee involving OIL, , government officials, to discuss the issue with the Government of Nagaland and resume exploration, the official said.

The company has a 3000 sq. km area in its posesssion in Nagaland. The governments of Assam and Nagaland have over the time held discussions on settlement of border disputes and agreeing in-principle on exploration of oil in the disputed areas for economic benefit. However, no progress has been made so far. Last year, the Nagaland government had said that exploration in the disputed areas with Assam will not start before consulting all stakeholders and tribal bodies of the area.

The company is currently carrying out exploration activities in 27 OALP blocks in the states of Assam, Arunachal Pradesh, Tripura, Nagaland, Odisha, Rajasthan and offshore areas in Andaman and Kerala-Konkan out of the 30 OALP blocks awarded under different OALP bid rounds. It has a valid petroleum exploration license (PEL) for 29 OALP blocks.

In respect of the AA-ONHP-2018/2 OALP block on the Assam Arakan basin, the company is yet to receive PEL from concerned governments, the company said in its annual report for 2023-24. OIL's application for PEL was handed over to the Ministry, Geology & Mining, Nagaland on March 20, 2020, it said.

Oil and Natural Gas Corp also had to stop its exploration and production activities in Nagaland in 1994 after the National Socialist Council of Nagaland asked it to quit the state.

In the remaining 27 blocks, we have completed a seismic survey and now we are planning to start drilling. Some of the blocks we have already started drilling. In Rajasthan we have drilled six wells. In Orissa too, we have drilled three wells and another one in Assam, said the source.

As for ventures abroad, OIL has already drilled three wells in the block and is looking to drill two more uprising wells, according to the official. and Corp have a 50% stake each in the Shakthi-II block in Gabon. In Gabon we have drilled three wells and there has been a discovery. So that is why we are drilling two more uprising wells.

An oil discovery was made in well Lassa-1 in the old PSC (production sharing contract). Two appraisal wells (Lassa-2 & 3) were drilled as per the minimum work programme of Phase-1 of new PSC, said the company in its annual report FY24. The consortium carried out 1213.04 LKM (line kilometer) of new 2D seismic data acquisition, processing and interpretation to assess the prospectivity in the remaining part of the block.

Based on the integrated interpretation and prospect evaluations, the consortium has entered into Phase-II exploration period in the block which was extended upto April 15, 2025 due to statutory delays and Covid-19 pandemic, it had said.

The company's overseas exploration and production (E&P) portfolio is spread over seven countries including Russia, Venezuela, Mozambique, Nigeria, , Libya and Gabon.

The company's plans of ramping up its domestic and overseas production capacities comes amid the government's target of improving the country's supplies while reducing the dependency on imports. India imports around 85% of its oil requirement.

Headline	BP raises India bet with board visit amid ONGC, Cairn search for suitors		
Publication	The Times of India	Edition	Online Coverage
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BP raises India bet with board visit amid ONGC, Cairn search for suitors

https://timesofindia.indiatimes.com/business/india-business/bp-raises-india-bet-with-board-visit-amid-ongc-cairn-search-for-suitors/articleshow/113678418.cms

BP PLC BP plc is raising its bet on India, the main driver of global energy demand growth, by holding its full board meeting in the country as the UK major's exploration business faces climate and transition headwinds elsewhere.

This is the second time that the BP board is holding meetings in India, which coincides with at least two domestic players seeking technical and equity partnerships in their offshore projects.

The BP board had visited India for the first time in 2013, two years after acquiring 30% stake in Reliance Industries Ltd's KG-D6 block off the Andhra coast for $7.2 billion.

This time, the visit coincides with state-run ONGC 's ongoing bid to induct a global technical service partner to ramp up production from the producing Mumbai High field in the shallow waters off the Mumbai coast. Vedanta group's Cairn Oil & Gas is also scouting for a partner to develop its western offshore deepwater block KG-DWN-2017/1 at an estimated investment of $4 billion.

BP fits the bill for both with its technical prowess and experience in developing offhsore fields, especially in deepwater. It is also among the few global companies that meet ONGC's qualifying condition of $75 billion annual turnover.

BP has been in India for a century through its Castrol brand of lubricants. The partnership with Reliance put it in the thick of oil and gas industry in the country, developing three deepwater gas fields in the KG-D6 block. It has established presence in fuel retail and new-age mobility solutions under the Jio-BP brand and set up global business services centre and a digital hub in Pune.

The BP board members began their tour on Monday, with oil minister Hardeep Singh Puri hosting them at home over dinner. BP is committed to working closely with the Government of India to support its changing energy needs. By leveraging our combined experience and expertise with our partners, we aim to facilitate the secure, affordable, and lower carbon growth of India's energy resources to meet the increasing demand," a company statement on Wednesday quoted BP chair Helge Lund as saying.

India is an important part of BP's strategy as we transform into an integrated energy company. Building on the century-old legacy with India through our Castrol brand, our presence across the gas value chain, mobility retail businesses and our global business and technology centre, we expect to grow a material business here, and help support India's aspiration for energy independence by 2047, it quoted country head Kartikeya Dube as saying.

Headline	ONGC board OKs proposal to invest Rs 10,501 crore in equity of JC entity ONGC Petro		
Publication	Aditya Birla Capital	Edition	Online Coverage
Published Date	26 Sep 2024		

ONGC board OKs proposal to invest Rs 10,501 crore in equity of JC entity ONGC Petro

https://stocksandsecurities.adityabirlacapital.com/news-details/Hot-Pursuit/1547734

In September 2023, the board of the company had accorded its consent on sustainable capital restructuring of ONGC Petro additions (OPaL).

OPaL is a a joint venture of ONGC, GAIL (India) Ltd. and GSPC with present shareholding of 49.36%, 49.21% and 1.43% respectively.

It is a mega - grass root petrochemical complex consists of a global scale dual feed cracker with downstream polymer units as an integration-cum-value addition project utilizing ONGC s Naphtha stream from Hazira and Uran plants and C2+ Streams from Dahej Extraction Plant. OpaL is an anchor tenant of Dahej PCPIR, Gujarat and has exported its products to more than 50 countries in the world.

Offering the rationale for the aforementioned capital restructuring, ONGC had said that the fund infusion would not only augment the holding of ONGC in OPaL, but it would also help OPaL become more profitable.

In August this year, the Ministry of Petroleum & Natural Gas, Government of India (GoI), had granted approved to ONGC for infusion of additional equity capital upto Rs 10,501 crore in ONGC Petro. The transaction would also involve conversion of back stopped compulsorily convertible debentures (CCDs) amounting to Rs 7,778 crore and payment of balance amount of Rs 86 crore with respect to share warrants. All this would translate into an outlay of Rs 18,365 crore for ONGC.

Accordingly, this transaction would change the status of OPaL into subsidiary of ONGC with 95.69% equity stake.

The approval also provides roadmap for OPaL. GoI has also permitted to allocate 50% of the annual gas production from new wells or well interventions in nomination fields of ONGC or upto 3.2 MMSCMD of domestic natural gas, whichever is lower, for providing feedstock support to OPaL, at a price up to 20% above APM price.

APM Price of natural gas per MMBTU is 10% of Indian Crude basket price per barrel of Oil, ONGC had said in a statement.

Offering an update on the same, in an exchange filing made after market hours on Wednesday (25 September 2024), ONGC said that it has received approval from its board for infusion Rs 10,501 crore equity capital in ONGC Petro additions.

At the same meeting yesterday, the board of the company has also approved the appointment of Arunangshu Sarkar, director (strategy & corporate affairs) as a key managerial personnel of the company with immediate effect.

Maharatna Oil and Natural Gas Corporation (ONGC) is the largest crude oil and natural gas company in India, contributing around 71% to Indian domestic production. It has in-house service capabilities in all areas of exploration and production of oil & gas and related oil-field services. The Government of India held 58.89% stake in ONGC as of June 2024.

The company had reported 15.09% decline in standalone net profit to Rs 8,938.10 crore in Q1 FY25 as compared with Rs 10,526.78 crore in Q1 FY24. Revenue from operations increased 4.29% YoY to Rs 35,266.38 crore in Q1 FY25.

Headline	British major bp holds second board meet in India		
Publication	The Financial Express	Edition	Online Coverage
Published Date	26 Sep 2024		

British major bp holds second board meet in India

https://www.financialexpress.com/business/industry-british-major-bp-holds-second-board-meet-in-india-3622063/

The board of British multinational oil and gas major bp is holding a meeting in India, underscoring its commitment to develop its business in the country.

The bp board began a five-day visit to on September 23, holding board sub-committee meetings as well as meeting government leaders and business partners. In between, it will hold its full board meeting.

This is the second time that the company's board is holding a meeting in India. The board had visited the country in May 2013, two years after the company spent $7.2 billion in buying a 30% stake in 23 oil and gas blocks of

The five-day visit of the bp board reflects bp's significant and growing presence in India and its commitment to further develop its businesses in and with the country, the company said.

After holding a meeting with Union minister for petroleum and natural gas Hardeep Singh Puri, bp chairman Helge Lund said, bp is committed to working closely with the government of India to support its changing energy needs. By leveraging our combined experience and expertise with our partners, we aim to facilitate the secure, affordable, and lower carbon growth of India's energy resources to meet the increasing demand.

The meeting gains significance as India aims to become self-reliant in the energy sector while focusing on energy transition practices.

I am sure that the robust partnership between the global energy major (bp) and India which spans across the entire energy value chain including exploration & production, biofuels, fuel retail and other emerging areas will continue to grow further, Puri said.

bp is one of the largest international energy companies in India, having invested over $12 billion across the energy value chain in the country.

There is huge potential for bp to work even more closely with India. We see growing business opportunities, including through our world-class partnership with Reliance, producing the country's gas and growing our joint retail presence. In turn, India's highly-skilled engineering and scientific talent can help us deliver our targets more effectively, efficiently and rapidly, said bp chief executive Murray Auchincloss.

The company, in partnership with RIL, has in recent years brought onstream three new deep-water natural gas projects that account for a third of India's gas production. The two companies have also joined hands to create a major retail, fuels and mobility alliance, Jio-bp, now with close to 1,900 retail sites across the country and over 4,900 charging points.

India is an important part of bp's strategy as we transform into an integrated energy company, said Kartikeya Dube, bp's head of country. Building on the century-old legacy with India through our Castrol brand, our presence across the gas value chain, mobility retail businesses and our global business and centre, we expect to grow a material business here, and help support India's aspiration for energy independence by 2047.

bp's businesses in India include Castrol lubricants, oil and gas trading, and clean energy projects through Lightsource bp. India's highly-skilled talent pool also offers huge potential for bp, with a global business and technology centre in Pune that will support bp's businesses worldwide, the company said.

Headline	JBF-GMPL Jobs for Evacuees Union minister pats Chowta's efforts		
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JBF-GMPL Jobs for Evacuees Union minister pats Chowta's efforts

https://www.thehansindia.com/karnataka/jbf-gmpl-jobs-for-evacuees-union-minister-pats-chowtas-efforts-909927

Union Petroleum Minister Hardeep Singh Puri appreciated Brijesh Chowta's relentless efforts made by Dakshina Kannada MP Capt.

Mangaluru: Union Petroleum Minister Hardeep Singh Puri appreciated Brijesh Chowta's relentless efforts made by Dakshina Kannada MP Capt. Brijesh Chowta for resolving the issue of jobs and resettlement for evacuees of petroleum and downstream industries in Mangaluru and Dakshina Kannada district.

Immediately after being elected as an MP for the first time, Capt. Chowta brought this important problem of about 115 PDF families of Dakshina Kannada to the attention of the central government and prompted a meeting between the Ministry of Petroleum and GMPL company officials to solve this serious problem. which is a great quality for MP the minister had appreciated.

Minister Hardeep Singh Puri himself has written about this in his X account: "There was a problem to continue the employment of 115 JBF PDF family members after the acquisition of GAIL Mangalore Petrochemicals (GMPL), JBF in MSEZ, Mangalore. About this serious problem. Chowta has been following up with me continuously and has succeeded in resolving the plight of this PDF family member, which has been pending for many years on a priority basis. I am very happy that Prime Minister Narendra Modi's government in its third term has been able to solve this burning problem of JBF employees in just 40 days. In this matter, I am appreciating Chowta's commitment and efforts, said Minister Hardeep Singh Puri.