ओएनजीसी ONGC

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Govt to offer six oil & gas blocks in unexplored basins

SHINE JACOB
New Delhi, 24 August

The government is set to offer six blocks in the unexplored Vindhyan and Bengal sedimentary basins for oil and gas exploration. Under a new policy, the Centre will not charge royalties on production from companies operating in these areas.

The Directorate General of Hydrocarbons (DGH) will be inviting bids for seven oil and gas blocks during the fourth round of bidding under the Open Acreage Licensing Policy (OALP), likely to open on August 28, sources in the know said. The only block on offer in an already explored area in OALP-IV will be in the Rajasthan basin. Investors will get a window of 60 days to submit their bids.

The government sees this as a milestone in the country's hydrocarbon sector, as investments so far were limited to only seven of the 26 sedimentary basins in the country.

According to the latest DGH estimates, the 26 basins have in-place resources of 41.872 billion tonnes of oil-equivalent (BTOE), of which 29.796 billion tonnes is undiscovered hydrocarbons.

Bids will be floated after companies submit expressions of interest for these areas, incentivised by a February 19 decision by the Cabinet that waived royalties for unexplored blocks. It also stated that in basins where there was no commercial production, exploration blocks would be bid out exclusively on the basis of exploration work programme, without any revenue or production share to the government. The move is likely to draw more interest from global oil and gas majors, which had not shown much interest in the first three rounds of the OALP.

The Vindhyan basin covers areas under the Son valley, Bundelkhand and Rajasthan, while the Bengal basin is in West Bengal and extends into the offshore region of the Bay of Bengal. The seven category-I explored basins in India are Cambay, Mumbai Offshore, Rajasthan, Krishna Godavari, Cauvery, Assam Shelf, and Assam-Arakan Fold Belt.

IN UNCHARTED TERRITORY

311 Blocks awarded so far under Discovered Small Field Policy, New Exploration Licensing Policy (NELP), and pre-NELP

178 Operational blocks under these policies

89 Blocks awarded in the first three rounds of Open Acreage Licensing Policy

Vedanta, RIL, BP, ONGC and Oil India were major players in the three rounds

2023 Expected first production under OALP

42 bn tonnes of oil-equivalent: Estimated in-place resources in the 26 sedimentary basins in the country

Contracts for 32 blocks under the second and third rounds were awarded on July 16. Those rounds saw participation from private players like Vedanta, BP and Reliance Industries, and state-run majors like ONGC, Oil India and Indian Oil Corporation. The first OALP bid round was launched by the government in January 2018, and received 110 bids for 55 blocks covering 59,282 sq km area. The blocks were awarded in October 2018 and production from the first round blocks is expected by 2023.

Turn to Page 4 ▸

Govt to offer ...

To achieve the target of reducing crude oil imports by 2022, state-run companies have increased their share of investment in the recent years. Between 2016-17 and 2018-19, ONGC made an investment of about ₹75,000 crore, while Oil India ₹9,689 crore in exploration and production activities. Investments made by private and joint venture companies during the period were $562 million under the production sharing contract regime, which was in place before the OALP.

Numaligarh Refinery: As part of the Rs 22,594 crore expansion project, North-East India's largest refiner, Numaligarh Refinery, will ramp up its head-count by over 62 per cent in the next four years, its managing director S K Barua said. In an interview, Mr Barua said apart from direct employment to 550 people, over 12,000 indirect jobs will be created during the construction of the units. "We will require about 550 more people to fully operationalise the refinery post commissioning," he said. PTI

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SLUMP

Oil imports data shows drop in demand from consumers

KUNDAN JHA
NEW DELHI

The current oil imports data released by the Ministry of Commerce and Industry (MCI) shows signs of a long drawn economic slowdown in the country.

According to MCI data, oil imports in July 2019 were $9.60 billion (Rs 66,056.77 crore), which was 22.15% lower in Dollar terms (22.02% lower in Rupee terms), compared to $12.33 billion (Rs 84,707.59 crore) in July 2018.

Oil imports in April-July 2019-20 were $44.45 billion (Rs 3,08,455.32 crore) which was 5.69% lower in Dollar terms (3.03% lower in Rupee terms) compared to $47.13 billion (Rs 3,18,091.98 crore), over the same period last year, as per MCI data.

"In this connection, it is mentioned that the global Brent price ($/bbl) has decreased by 14.02% in July 2019 vis-à-vis July 2018, as per data available from World Bank (Pink Sheet)," a MCI statement said.

On the one hand, the slower growth in oil imports is good news for the exchequer in terms of keeping the oil bill lower. On the other hand, it also indicates that there will be less consumption of petrol, diesel and aviation turbine fuel (ATF). This in turn indicates a slump in the economy and lowering of purchasing power of consumers in the market.

As per economic observers, if the tension in the Gulf region grows, it would cause more strain on the economy as the supply will go down and a consumption-supply imbalance may fuel price hike in petroleum products.

However, Union Finance Minister Nirmala Sitharaman on Friday announced troubleshooter measures for tackling the slowdown in the Indian economy, though most of these were a reiteration of measures already passed in the Union Budget in July.

Economy watchers believe that the steps taken by the Finance Minister will help in countering the slump in the economy and in making the people believe that the Prime Minister Narendra Modi-led government is taking the economy seriously.

What Sitharaman has announced is her first tranche of growth measures, as she said during her press conference, and the second round of announcements is likely to come by next week. "We will soon come forth with measures that the government is working on to help home buyers; another set of announcements will be made next week," Sitharaman said at the press conference to announce the steps to improve the economy.

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Page No. 6

Iranian oil tanker pursued by US says it is going to Turkey

DUBAI: An Iranian-flagged oil tanker pursued by the US amid heightened tensions between Tehran and Washington changed its listed destination to a port in Turkey early Saturday after Greece said it wouldn't risk its relations with America by aiding it.

The crew of the Adrian Darya 1, formerly known as the Grace 1, updated its listed destination in its Automatic Identification System to Mersin, Turkey, a port city in the country's south and home to an oil terminal.

However, mariners can input any destination into the AIS, so Turkey may not be its true destination. Mersin is some 200 kilometers (125 miles) northwest of a refinery in Baniyas, Syria, where authorities alleged the Adrian Darya had been heading before being seized off Gibraltar in early July.

Iranian state media and officials did not immediately acknowledge the new reported destination of the Adrian Darya, which carries 2.1 million barrels of Iranian crude oil worth some 130 million. Nor was there any immediate reaction from Turkey, whose President Recep Tayyip Erdogan deals directly with Tehran and Russia over Syria's long war.

The ship-tracking website MarineTraffic.com showed the Adrian Darya's position as just south of Sicily in the Mediterranean Sea. At current speeds, it estimated the Adrian Darya would reach Mersin in about a week.

The State Department did not immediately respond to a request for comment.

The tanker's detention and later release by Gibraltar has fueled the growing tensions between Iran and the U.S. after President Donald Trump unilaterally withdrew America from Iran's 2015 nuclear deal with world powers over a year ago.

In the time since, Iran lost billions of dollars in business deals allowed by the deal as the US re-imposed and created sanctions largely blocking Tehran from selling crude oil aboard, a crucial source of hard currency for the Islamic Republic. AGENCIES