



OIL AND NATURAL GAS CORPORATION LIMITED

SECRETARIAT

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ONGC/CS/SE/2017

23rd February, 2017

BSE Limited Corporate Relationship Department Phiroze Jeejeebhoy Towers Dalal Street, Fort MUMBAI – 400 001 BSE Security Code No. 500312	National Stock Exchange of India Ltd. Listing Department Exchange Plaza Bandra-Kurla Complex Bandra (E) MUMBAI – 400 051 Symbol-ONGC; Series - EQ
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Sub: Press Release

Pursuant to Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find enclosed a copy of Press Release issued by ONGC on the following subject:


- **ONGC Board approves development of five projects with an investment of Rs.7,327 Crore**
- **Notifies 18 discoveries so far in FY'17**
- **Accomplishes Settlement of Gujarat and Assam Royalty Issue**
- **Approves execution of Farm-in/Farm-out agreement with GSPC**

This is for your kind information and record please.

Thanking you

Yours faithfully,

for OIL AND NATURAL GAS CORPORATION LTD.


(V N Murthy)
Company Secretary

Encl : As above



Oil and Natural Gas Corporation Ltd.

Press Release

- **ONGC Board approves development of five projects with an investment of Rs.7,327 Crore**
- **Notifies 18 discoveries so far in FY'17**
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New Delhi, February 23,2017

1. Investment :

In its 290th Board Meeting held on February 23, 2017, ONGC Board approved development of five projects with an aggregate investment of Rs.7327 Crore which will lead to production of 14.969 MMT of Oil and 2.972 BCM of Gas. The five major projects are:

Sl.	Projects	CAPEX (Rs. Crore)
1.1	Development of R-Series Fields, including Revival of R-12 (Ratna)	4,104.63
1.2	Redevelopment of Santhal Field	1,162.56
1.3	Development of B-147 Field	546.15
1.4	Development of BSE-11 Block	511.30
1.5	4th Phase Development NBP Field	1,002.67
Total Investment		7327.31

1.1 "Development of R-Series Fields including Revival of R-12 (Ratna)" with Capital cost of Rs. 4,104.63 Crore

R-12 (Ratna) field was discovered in 1979 and put on production in 1983 which continued till 1994. The Government awarded the contract for development of Ratna and R-Series fields in 1996 to a private sector consortium in a competitive bidding round. However, the contract could not be signed due to various issues. In March 2016, the Government reverted the Ratna & R-Series fields to ONGC for development and production.

ONGC Board approved investment of Rs. 4,104.63 Crore for development of R-Series fields including revival of R-12A (Ratna). Ratna-R Series fields are located about 130 km South-West of Mumbai and around 41 km from Heera field in the Western Offshore at an approximate water depth of 40-50 meters. Out of thirty seven (37) structures in the field, eight (8) structures were found to be oil bearing and only one R-12 (Ratna) field was under

exploitation during the period 1982 to 1994. The remaining R-series structures are yet to be monetized.

The scheme envisages first oil production by 2018-19. The peak production rate of 14,583 bopd is expected to be achieved in 2019-20 with a cumulative production of 8.39 MMT of oil and 1.696 BCM of gas during the project life. The project comprises drilling and completion of 31 wells (22 producers and 9 water injectors), installation of 5 new well platforms including 1 riser cum well head platform with associated pipelines, revival of one platform and hiring of jack up MOPU (Mobile Offshore Production Unit) having oil and gas processing facilities. The oil and gas will be evacuated through existing Heera Process Complex. The project is scheduled to be completed by 31st May 2021.

1.2 "Redevelopment of Santhal Field" with Capital Cost of Rs. 1162.56 Crore

Santhal oil field of Mehsana Asset in North Gujarat is located in the southern part of the heavy belt of North Cambay Basin. It was discovered in 1971 and put on production in 1974. The crude oil of this field is having 17°API gravity and average viscosity of 150 cP at reservoir conditions. The field has OIIP (Oil Initially In Place) of 53.56 MMt with ultimate reserves of 23.28 MMt as on 01.04.2016. The envisaged primary recovery was only 17% of OIIP. Therefore to enhance the oil recovery from the field, an EOR technique - In-situ Combustion (ISC) was implemented in 1997 which is now at the matured stage. So far 14.46 MMt oil has been produced from the field which is 27% of OIIP.

To further accelerate the recovery and capture the displaced oil, a redevelopment plan has been drawn in which 129 new wells are to be drilled. It also includes revamping and upgradation of 2 GGS-cum-CTFs in the field and construction of a new ETP (Effluent Treatment Plant) of 4000 m³/d capacity. After implementation of this scheme, cumulative oil production from the field is expected to be 20.46 MMt (i.e. 38.2% of OIIP) by the year 2029-30, i.e. an incremental crude oil production of 3.44 MMt. ONGC board approved the scheme at a total capital expenditure of Rs.1162.56 Crore with completion of facilities by Sep'20 and drilling of wells by March'26.

1.3 "Development of B-147 Field" at a Capital Cost of Rs 546.15 Crore

B-147 field, as a part of Bassein & Satellite Asset in Western Offshore, is being developed at a total estimated capital cost of Rs. 546.15 Crore. The field is located about 110 km from the Mumbai shore at a water depth of about 70-77m. The field, discovered in March 1991, is a marginal field which would have been otherwise uneconomical to develop on a

standalone basis. However, after creation of infrastructure in the nearby fields, there is an opportunity to develop this field by utilizing existing surface facilities in an optimized cost environment.

B-147 development involves drilling of 3 new wells, installation of a new 4 slot well head platform with associated pipelines and modification in two existing platforms. The production envisaged is 0.489 MMt of oil and 0.708 BCM of gas during the project life with peak oil and gas production estimated at about 1,576 bopd and 0.25 MMSCMD respectively. The oil and gas from this project will be evacuated to ONGC's on land terminals at Uran and Hazira respectively. The project is scheduled for completion by Nov'19.

1.4 "Development of BSE-11 Block" at a capital cost of Rs. 511.30 Crore

The BSE-11 Block in Bassein and Satellite Asset is located between the giant Bassein gas field and Vasai East field falling in the Heera-Panna-Bassein block of Western Offshore. The block is located about 80 km from Mumbai shore at a water depth of about 40-45m. BSE-11 is being developed at a total estimated capital cost of Rs. 511.30 Crore.

The project involves creation of facilities in the form of one new 6 slot wellhead platform along with associated pipeline, topside modification of two existing process platforms and drilling of two wells. Scheme envisages peak oil production of 1,000 bopd, peak condensate production of 1,808 bcpd and peak gas production of 0.34 MMSCMD. The cumulative oil production of 0.20 MMt, cumulative condensate production of 0.37 MMt and the cumulative gas production of 0.568 BCM is envisaged during the life of the project. The project is scheduled for completion by November 2019.

1.5 "4th Phase Development of NBP Field" at Capital Cost of Rs.1,002.67 Crore

4th Phase development of NBP field in Bassein and Satellite Asset is being taken up at a total estimated capital cost of Rs 1,002.67 Crore. The NBP (N B Prasad-D1) field, discovered in 1976 is situated in Deep Continental Shelf in Western Offshore Basin and located about 200 km from Mumbai city in a water depth of about 85-90m. As on date, the field is being exploited with 34 producers and 2 water injectors. The current oil production of the field is about 30,000 bopd.

The 4th Phase of Development of NBP field envisages drilling of 6 new wells with Electrical Submersible Pump System, installation of 1 new well platform and 3 well clamp-on structure along with associated pipelines and power cables. The project is expected to give peak oil production of

4,890 bopd in the year 2019-20, with an incremental oil production of 2.08 MMT during the life of the project. The project is scheduled for completion by Nov'19.

2. Discoveries :

ONGC has notified 2 more discoveries since last press release on 31st January 2017.

Discoveries notified in Q4 FY'17:

New Prospect Discovery:

1. AK-29(AKAP) in Akholjuni PML Block in Gujarat, Cambay Basin

The Exploratory well AK-29(AKAP) in Akholjuni PML Block, Cambay Basin in Anand District, Gujarat was drilled to a depth of 1550 m. The Object-I (1458.5-1456 m) and Object-II (1450-1452 m, 1453-1454 m) combined in Miocene Basal Sand(MBS) flowed oil @ 44 m³/day through 6 mm bean. This discovery has opened up a new area for exploration in South of Akholjuni field.

New Pool Discovery:

1. KH-38_Z (KHBB_Z) in Nambar ML Block in Golaghat District, Assam, A&AA Basin

The Exploratory well KH-38_Z (KHBB-Z) in Nambar ML Block, South Assam Shelf (A&AA Basin) in Golaghat District, Assam was drilled to a depth of 2499 m. The Object-II (2330-2327.50 m) in Sylhet Formation (Mid-Late Eocene) on conventional testing flowed oil @ 10.44 m³/day and gas @ 34,000 m³/day through 6 mm bean. The success in this well has helped in establishing the Sylhet prospectivity in west Khoraghat sector of South Assam Shelf and will open new areas for Sylhet.

With this, ONGC has notified 18 discoveries (9 new prospects and 9 new pools) so far in FY'17 (7 in Q1, 4 in Q2, 5 in Q3 and 2 in Q4).

3. Other Highlights :

3.1 Settlement of Gujarat / Assam Royalty Issue

ONGC has been extending discounts to PSU Oil Marketing Companies (OMCs) on sale of crude oil since 2003-04 in terms of GOI's directives. Royalty was paid to State Governments on pre-discount sale price till 31.03.2008 and subsequently on post discount sale price w.e.f. 01 Apr' 08 as decided by MoP&NG. Aggrieved by this, State of Gujarat filed a Writ Petition in Hon'ble Gujarat High Court which vide order dated 30.11.2013 directed ONGC to make payment of royalty on pre-discounted price.

In response, ONGC filed SLP before the Hon'ble Supreme Court of India which vide order dated 13.02.14, granted stay against the order of Gujarat High Court on the condition that ONGC pays royalty to Govt. of Gujarat

on pre-discounted price of crude oil w.e.f. 01.02.2014. Meanwhile, Govt. of Assam had also taken up the same matter in the Gauhati High Court.

In order to settle the long pending issue, an understanding has been reached on 17.02.2017 between MOP&NG, Govt of Gujarat/Assam and ONGC wherein it has been agreed that the outstanding amount towards differential royalty would be paid by the Government of India directly to the Governments of Gujarat and Assam. Payments already made to the State Governments by ONGC based on interim Supreme Court orders (Rs 2,562 Crore) shall be adjusted in the accounts as expenditure. Based on this settlement, Hon'ble Supreme Court has disposed off the case on 20.02.2017 and it has absolved the Company of outstanding royalty demand by Govt. of Gujarat and Assam amounting to Rs.9,796 crore and potential interest claim of Rs.2,868 Crore.

3.2 GSPC Agreement

ONGC Board has approved execution of Farm-in / Farm-out agreement with M/s GSPC in respect of acquisition of 80% Participative Interest and Operatorship in the NELP-III block KG-OSN-2001/3. Following ONGC Board's decision in its 287th meeting held on 23.12.2016 to acquire 80% Participative Interest and Operatorship in the block, the two companies, after several rounds of discussions and legal due diligence, have agreed to the terms and conditions to be incorporated in the Farm-in / Farm-out agreement. The Farm-in / Farm-out agreement sets forth the modalities to be followed to effect the assignment of Participative Interest and change of Operatorship with the approval of the Government as per the existing Production Sharing Contract and Joint Operating Agreement of the block.

3.4 ONGC receives 'Golden Peacock Risk Management Award 2016

ONGC won coveted Golden Peacock Risk Management Award- 2016, during the Presentation Ceremony coinciding with IOD's Global Convention on Corporate Ethics & Risk Management held at Bombay Stock Exchange, Mumbai. The award was presented to ONGC by Mr. Nowell Seamen, President, Risk Management Society, USA, Mr. Adi Godrej, Chairman, Godrej Group and Mr. Ashish Chauhan, MD&CEO, BSE at Mumbai on the 17th February 2017.

Issued By

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