



OIL AND NATURAL GAS CORPORATION LIMITED
COMPANY SECRETARIAT

ONGC/CS/SE/2018

03.08.2018

National Stock Exchange of India Ltd. Listing Department Exchange Plaza Bandra-Kurla Complex Bandra (E) Mumbai – 400 051 Symbol- ONGC ; Series - EQ	BSE Limited Corporate Relationship Department Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai – 400 001 BSE Security Code No.- 500312
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Sub: Clarification with respect to media report appeared in live Mint dt. 24.07.18, titled "Rosneft files \$1.4 billion lawsuit against sakhalin -I firms ONGC Videsh, others".

Sir/ Madam,

This has reference to your e-mail dated 24.07.18 on the captioned subject. In this connection we would like to submit herewith the clarification sought by the stock exchange(s).

Thanking You,

Yours faithfully,

For Oil and Natural Gas Corporation Ltd.


03/08/18

M E V Selvamm
Compliance Officer &
Company Secretary

Encl: As Above (2 Pages)

- (a) *Whether such event stated in published news were taking place? If so, you are advised to provide the said information along with the sequence of events in chronological order.*

The Sakhalin Oblast Court has registered a cause of action by Rosneft Oil Company against the Sakhalin-1 Consortium (Exxon Neftegas Limited (ENL)– 30 % PI (operator); SODECO, Japan – 30 % PI; ONGC Videsh Limited – 20% PI; Rosneft SMNG-11.5% PI and Rosneft Astra -8.5 % PI) alleging “unjust enrichment and interest gained by using other people’s money”. The Consortium rejects the claim in its entirety.

The Sakhalin-1 Production Sharing Agreement (PSA) was signed in 1995, granting the exclusive right to the Consortium to conduct hydrocarbon operations in the relevant marine body area. First production was achieved in 2005.

Since that time, the consortium has faithfully executed its obligations under the PSA; in fact, in 2017, the Russian party extended the Production Sharing agreement by a further 30 years, until 2051.

In December 2011, Rosneft Oil Company was granted a License for the North Chayvo License area.

Effective August 2013, the Sakhalin-1 Consortium & Rosneft Oil Company (ROC) entered into a Drilling Services Agreement, under which the Consortium provided certain drilling services for the North Chayvo license to Rosneft Oil Company.

In September 2014, the Sakhalin-1 Consortium & Rosneft Oil Company (ROC) entered into a Production Handling Agreement, under which the Consortium provided certain production services for the North Chayvo license.

On August 24, 2017, the Sakhalin-1 Consortium & Rosneft Oil Company (ROC) entered into a Heads of Agreement for a Balancing Agreement regarding sub-surface cross-flow of hydrocarbons (expiring on April 24, 2018).

The parties continued to negotiate and the agreement expired without the parties reaching an agreement. Due to Rosneft actions during the negotiations, ENL filed an arbitration case with the International Chamber of Commerce (ICC) against ROC on April 24, 2018 to protect Consortium rights.

Subsequently, ENL and ROC on April 24, 2018 signed HOA extension valid till May 25, 2018. ENL, therefore, suspended the Arbitration with ICC. The parties continued to negotiate and the agreement expired without the parties reaching an agreement.

During June 2018, the consortium received "Statement of Claim" dated May 31, 2018 containing ROC allegation of "Unjust Enrichment" and demand of Rouble 89 Billion from the consortium. ROC claimed compensation includes alleged damages for the period 2005-2011 during which ROC did not hold the North Chayvo license.



ROC lawsuit registered on 13th July 2018 at Russian Arbitrazh Courts, Yuzhno-Sakhalinsk. Preliminary hearing scheduled on September 10, 2018. ENL re-initiated arbitration proceedings with ICC on 13th July 2018. Simultaneously, ENL is in communication with ROC in an effort to reach mutually agreeable settlement terms.

The settlement proposal(s) by the Consortium and any agreement between the parties related to the settlement of disputed matters is not and shall not be represented or construed as an admission of liability or wrongdoing or the commission of unjust enrichment on the part of any party or any other person or entity. Without limiting Consortium's rights under applicable Law and the PSA and with emphasis on its reservation of rights concerning the non-admission of liability or wrongdoing, in the interests of settling the dispute and avoiding litigation, subject to the conditions referenced above, the Consortium is negotiating a settlement with Rosneft of the disputed matters.

(b) The material impact of this article on the Company.

NIL

The settlement amount under discussion is less than 10% of the average annual consortium budget. For 2018, the planned budget expenditures are forecast to underrun such that no increase in the 2018 budget is expected to be required should the settlement amount be funded from 2018 WP&B.

(c) Whether company are aware of any information that has not been announced to the Exchanges under Regulation 30 of Listing Regulations. If so, you are advised to provide the said information and the reasons for not disclosing the same to the Exchange earlier as required under Regulation 30 of the Listing Regulations.

No

