Oil and Natural Gas Corporation Ltd.

Press Release

New Delhi | 04th August, 2017

ONGC buys 80% stake of GSPC and takes over operatorship rights in Block KG-OSN-2001/3

Oil and Natural Gas Corporation Ltd.(ONGC) has bought 80% Participating Interest **(PI)** and operatorship in NELP-III Block KG-OSN-2001/3 **("Block")** of Gujarat State Petroleum Corporation (GSPC) in Krishna Godavari Basin offshore. GSPC remains in the Block holding 10% PI which they acquired from the outgoing partner M/s Geo Global Resources and other partner in the block is Jubilant Offshore Drilling Ltd. with 10% PI.

ONGC and GSPC had entered into a Farm-in- Farm-out Agreement (FIFO) on 10th March, 2017 to firm up the methodology and modus operandi to give effect to this transaction.

Following approval of Government of India for transfer of PI and Operatorship as per provisions of the Production Sharing Contract, ONGC today i.e. on 4th August, 2017 has taken over the Block against a purchase consideration of US$ 995.26 million for Deen Dayal West Field in the Block. ONGC has also made an advance payment of US$ 200 million to GSPC in respect of future consideration for six discoveries other than Deen Dayal West Field, which will be adjusted upon valuation of the these discoveries subsequent to approval of their Field Development Plan by Management Committee of the Block.

The acquisition of PI and operatorship rights in the Block fits well with the strategy of ONGC to enhance natural gas production from domestic fields on a faster pace, more so with a goal to reduce import dependency in energy by 10% by year 2021-22. The trial gas production from Deen Dayal West Field began in the year 2014 and commercial production was announced by GSPC with effect from 1st April 2016.

Through successful exploration efforts, ONGC intends to develop an HPHT corridor of oil and gas in the Krishna Godavari Basin. The Deen Dayal Field will act as a pivot in developing nearby HPHT discoveries in Yanam and Godavari PML areas of ONGC, simultaneously. ONGC also finds opportunity to bring the Cluster-I gas discoveries

of KG-DWN-98/2 NELP Block and adjacent nomination blocks on a fast track development through utilization of infrastructure of Deen Dayal West Field.

The engagement between ONGC and GSPC has set a pioneering example of synergy of strategies of Government owned companies in upstream sector of oil & gas industry.

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