



OIL AND NATURAL GAS CORPORATION LIMITED

SECRETARIAT

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ONGC/CS/SE/2016

December 23, 2016

<p>The Secretary Bombay Stock Exchange Ltd, Corporate Relationship Department Phiroze Jeejeebhoy Towers Dalal Street, Fort, MUMBAI – 400 001 BSE Security Code No. 500312</p>	<p>The Manager Listing Department National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block-G Bandra-Kurla Complex, Bandra (E), MUMBAI – 400 051 Symbol – ONGC; Series - EQ</p>
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Sub: Press Release pursuant to Regulation 30 of the Listing Regulations.

Dear Sirs,

Pursuant to Regulation 30 of the Listing Regulations, please find enclosed a copy of the Press Release issued by ONGC with regard to the following:

ONGC to buy 80% stake of GSPC with operatorship rights in Block KG-OSN-2001/3

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 to buy 80% stake of GSPC with operatorship rights in Block KG-OSN-2001/3

New Delhi December 23, 2016

Oil and Natural Gas Corporation Ltd. (ONGC) and Gujarat State Petroleum Corporation Ltd. (GSPC) have been engaged in discussions on a potential transaction for purchase by ONGC of GSPC's stake and operatorship in NELP-III Block KG-OSN-2001/3 ("Block") in Krishna Godavari (KG) Basin offshore.

ONGC Board today considered the proposal and approved acquisition of the entire 80% Participating Interest (PI) of GSPC along with operatorship rights, at a purchase consideration of US\$ 995.26 million for Deen Dayal West Field in the Block. GSPC has already built significant production facilities like well head platforms, process cum living quarter platform, onshore gas terminal, export pipeline for transporting treated well fluid from process platform to onshore terminal etc. ONGC shall also pay part consideration of US\$ 200 million to GSPC towards future consideration for six discoveries other than Deen Dayal West Field, which will be adjusted upon valuation of the these discoveries subsequent to approval their Field Development Plans by DGH / Management Committee of the Block.

The transaction would be documented by signing a Farm-in Agreement with GSPC. Requisite approval from the Government will be sought by GSPC in accordance with provisions of Production Sharing Contract 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 of hydrocarbons by the 10% by year 2021-22. The trial gas production from Deen Dayal West Field has already begun. Upon successful completion of the transaction, ONGC shall endeavour to bring the field on commercial production along with the existing partners in the Block.

Through a successful exploration efforts by ONGC, an HP-HT corridor of oil and gas is emerging in KG Basin. The Deen Dayal Field will act as a pivot in developing nearby HP-HT 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.

ONGC is the largest producer of crude oil and natural gas in India, contributing around 70 per cent of Indian domestic production. ONGC's market capitalization as on 23rd December, 2016, was INR 2477 billion (US\$ 36.47 billion). During the financial year ended 31st March 2016, ONGC Group had produced 57.38 million tonne of oil and oil equivalent gas (mmtoe) (approx. 1.15 mmboe per day); the Consolidated Gross Turnover was INR 1,429.27 billion (US\$ 21.83 billion), Consolidated Net Profit was INR 141.24 billion (US\$ 2.16 billion) for the year 2015-16 and total oil and gas reserves were 2,022 mmtoe as on 31st March 2016. For more information visit: www.ongcindia.com

Issued By

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Issued By :- Corporate Communications, Oil and Natural Gas Corporation Ltd. New Delhi