

**Speech: Minister for Petroleum & Natural Gas,
Government of India
Inauguration of Mangla Field of Cairns Energy India Limited
at Barmer, Rajasthan – 29th August, 2009**

Hon'ble Prime Minister, my friend Shri Ashok Gehlot, Chief Minister of Rajasthan, my colleagues Dr. C.P. Joshi, Sh. Jitin Prasada, Sh. Sachin Pilot, Sh. Harish Choudhary, Chairman of Cairns Energy India Limited, Sir Bill Gammell, Secretary Petroleum & Natural Gas, CMD, ONGC, senior officers of Central & State Government and Oil Companies, friends from media, ladies and gentlemen.

2. It is my proud privilege to be present at this momentous occasion of inauguration of First oil from Mangla Oil Field in Barmer developed by the consortium of Cairns Energy India Limited (CEIL) and Oil & Natural Gas Corporation (ONGC) in the State of Rajasthan. I am grateful to the Hon'ble Prime Minister for his gracious presence and agreeing to dedicate the Mangla Oil Field to the Nation.

3. As you know that when India gained independence in 1947, the country had only one oil producing field in Assam. It was opined by international experts that Indian Basin is Hydrocarbon barren. However, the discovery of Mumbai High Field in 1970s, proved these sceptics wrong. Mumbai High Field is still producing crude oil and is the largest contributor to the indigenous crude oil production. With the discovery of KG Basin, which is one of the largest Gas finds in India in the eastern region and discovery of crude oil in Barmer Field of Cairns Energy on western region, India has demonstrated that it is rich in hydrocarbon reserves.

4. Currently India is meeting more than 75% of its crude oil requirement through imports. The crude oil production from Barmer Field is a significant step towards achieving energy security for our country. At its peak, the crude oil production from this block will be about 20% of the current crude oil production of the country, and will save around 7% of the crude oil import Bill and reduce import dependence.

5. Considering the high priority of our Government to enhance energy security of country and making petroleum products available to common man at affordable prices, Ministry of Petroleum & Natural Gas has adopted multi-pronged strategy. Stable crude oil prices are the first requirement for sustained economic development for our country. During the last 15 months, the prices of crude oil in the International Market have been on a roller coaster ride creating uncertainty. This volatility created problems for the import dependent economies. The Indian response to this volatility was measured one. Due to unprecedented rise in international prices, when crude touched an all time high of US \$ 147 per barrel, the under-recoveries of PSU Oil Marketing Companies during 2008-09 were more than Rs. One Lakh Crore. This warranted steep increase in domestic retail selling prices of petroleum products. However, Government bore the maximum burden of this price increase by issuing bonds worth Rs. 71,292 Crores and rest was met by Upstream Oil Companies. Minimal burden was passed on to the consumers. Subsequently, when the prices in international market came down

in December, 2008, Government immediately passed on the benefits to the consumers, once in December, 2008 and again in January, 2009. The price of crude oil again started rising in February, 2009 and it touched US \$ 72 per barrel in June, 2009. This necessitated increase in prices of Petrol and Diesel by Rs. 4 per litre and Rs. 2 per litre respectively on 2nd July, 2009. However, it goes to the credit of the Government under the able leadership of Dr. Manmohan Singhji, Prime Minister and our leader Smt. Sonia Gandhiji that prices of Kerosene and Domestic LPG were not touched at all. I am sure these beautiful people of Rajasthan present here know the importance of Kerosene (or Mitti ka Tel) in their life. It is used by people living in villages and remote areas both for cooking and lighting purpose. The price of Kerosene has remained Rs. 9 per litre for last eight years, which is even cheaper than a bottle of mineral water which costs Rs. 12 per litre. Similarly, for our womenfolk in urban and semi-urban areas using Domestic LPG in kitchen, no price increase has been made during the last price revision in July, 2009. I would like to add that even after increase in prices of petrol on 2nd July, 2009, the retail price is still lower than June, 2006 prices.

6. Ministry of Petroleum & Natural Gas has formulated a scheme, namely, Rajiv Gandhi Gramin LPG Vitrak Yojna, which is going to be launched very soon. This envisages the increase in LPG population coverage from 50% to almost 75% by 2015. The scheme is primarily to reach LPG in villages, so that dependence on conventional fuels like wood, coal etc. is reduced. This will not only help in conservation of forests but will also have positive impact on environment as well as on the health of our rural womenfolk.

7. In view of the above and to protect the “aam admi” from volatility in international oil prices, we are committed to intensify our efforts to discover hydrocarbon resources. Economic growth means higher demand for energy. Higher demand would require more intensified efforts in the fields of Exploration and production.

8. I am sure inauguration of this field will be a significant milestone in country's quest for achieving energy security. CAIRN has invested about Rupees 10,000 Crores in the area. The total investment in this project will be more than Rupees 20,000 Crores. Central Government would get Rs. 46,000 Crores as its Profit Petroleum revenue over the life of the project. Government of Rajasthan would get Rs. 12,000 Crores as royalty revenue for the first five years of project. This project will provide jobs to approximately 6000 persons.

9. It is necessary that the impetus provided by discovery of new fields under New Exploration Licensing Policy (NELP), which provides level playing field to each player be it indigenous or foreign, has to be maintained. The total committed investment in NELP for exploration so far is around Rs. 50,000 Crores out of which Rs. 26,500 Crores has already been made. Further, Rs. 33,000 Crores will be invested towards development of E&P Sector. Recently, we have launched the eighth round of New Exploration Licensing Policy (NELP) and fourth round of Coal Bed Methane (CBM) Policy. 70 oil & gas and 10 CBM blocks are on offer in Indian Basins, cutting across many states and offshore. We are looking forward to active participation from Indian and international investors and participation in the Indian Hydrocarbon saga.

10. I once again congratulate Cairns Energy India Limited and their partner ONGC for their significant achievement. I would like to assure all the investors present and future that Government of India will provide all necessary assistance in their endeavour, which helps us to become self-sufficient in hydrocarbons.

11. I am once again grateful to the Hon'ble Prime Minister for agreeing to dedicate the Mangla Field of Cairns Energy India Limited (CEIL) to the Nation. I am also thankful to Shri Ashok Gehlot, Chief Minister, Rajasthan and my Cabinet Colleagues for their gracious presence.

Thank you,

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