

Panel Discussion on
‘Policy Initiatives: Accelerating Exploration & Production in the Hydrocarbon Sector’

Recommendations of Panelists and Participants

Strategic Focus:

1. The strategic objective of Government should be to increase oil and gas production in this country. Government take and government revenue cannot be strategic objective as far as oil and gas is concerned.

Data Acquisition:

2. For evaluation of sedimentary basin, there is an urgent need to acquire more Geo-scientific data.
3. For award of acreage, technical weightage needs to carry more mark than financial to overcome the present imbalance.

Gas Pricing:

4. At present there is a ceiling for gas price.
5. Gas pricing framework as a whole is still incomplete. It is more like work in progress and some more things need to be done to improve the framework.
6. There is a compelling need to extend the free market pricing for on land gas fields, in line with free market pricing which is given only for offshore ultra- deep water and HPHT gas finds.

7. As a next step, there is certainly a strong need for resource generation to invest in exploration. It could come from competitive gas price. To effectively explore the sedimentary basins, it can happen only when there is money and money would not be there unless the companies are able to get right prices to invest in survey, exploratory drilling to find more gas in poorly explored basins.

Fiscal Issues:

8. Revenue sharing model in the current context is very relevant.
9. There is an urgent need for improving India's credibility and image to attract investment in E&P sector. Few major investors of oil and gas companies got disinterested and felt little upset about the working environment in India.
10. India needs to take the benefit of the lower crude prices at the moment for acquisition of equity of oil overseas.
11. The investment in hydrocarbon sector has 15-25 years cycle, thus fiscal stability needs to take this factor into account. Any change in tax structure needs to be progressive.
12. There are countries in which the excise duty will move in reverse order when the price of crude rises. Likewise, when the prices go down the excise duty goes up. There should be a system in place. It should not be on adhoc basis.
13. There is a need for a sense of urgency to sink in hydrocarbon sector. Otherwise, the resources which are there in the underground will remain un-exploited.

Infrastructure:

14. The infrastructure development for storage and transportation of oil and gas needs to be developed on a war footing like the National Highways corridors.