

INDIA SET TO LOSE FARZAD-B GAS FIELD IN IRAN

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NEW DELHI : India has all but lost the ONGC Videsh Ltd-discovered Farzad-B gas field in the Persian Gulf after [Iran](#) decided to prefer domestic companies over foreign firms for development of the field, sources said.

ONGC Videsh Ltd (OVL), the overseas investment arm of state-owned Oil and Natural Gas Corp ([ONGC](#)), had in 2008 discovered a giant gas field in the Farsi offshore exploration block.

OVL and its partners had offered to invest up to USD 11 billion for development of the discovery, which was later named Farzad-B.

After sitting over OVL's proposal for years, the National Iranian Oil Co (NIOC) informed the firm in February this year about its intention to conclude the contract for Farzad-B development with an Iranian company, sources with direct knowledge of the development said.

OVL, however, continued its engagements with NIOC over the development of the field and sought terms and conditions of the proposed contract for its evaluation, they said, adding that Iran has so far not responded to the Indian firm's request.

Farzad-B holds total reserves of around 21.7 trillion cubic feet of which around 60 per cent is recoverable, and production is slated to be around 1.1 billion cubic feet per day.

Sources said unconfirmed information suggests that Iran has identified a local firm for the development of the field, but OVL has not yet given up hopes and continues to chase Iranian authorities for the contract.

The 3,500 square kilometre Farsi block sits in water depth of 20-90 metres on the Iranian side of the Persian Gulf.

OVL, with 40 per cent operatorship interest, signed the Exploration Service Contract (ESC) for the block on December 25, 2002. Other partners included Indian Oil Corp (IOC) with 40 per cent stake and Oil India Ltd (OIL) holding the remaining 20 per cent stake.

OVL discovered gas in the block, which was declared commercially viable by NIOC, on August 18, 2008. The exploration phase of the ESC expired on June 24, 2009.

The firm submitted a Master Development Plan (MDP) of Farzad-B gas field in April 2011 to Iranian Offshore Oil Company (IOOC), the then designated authority by NIOC for development of Farzad-B gas field.

A Development Service Contract (DSC) of Farzad-B gas field was negotiated till November 2012, but could not be finalized due to difficult terms and international sanctions on Iran.

In April 2015, negotiations restarted with Iranian authorities to develop Farzad-B gas field under a new Iran Petroleum Contract (IPC). This time, NIOC introduced Pars Oil and Gas Company (POGC) as its representative for negotiations.

From April 2016, both sides negotiated to develop Farzad-B gas field under an integrated contract covering upstream and downstream, including monetization/marketing of the processed

gas. However, negotiations remained inconclusive.

Meanwhile, on the basis of a new studies, a revised Provisional Master Development Plan (PMDP) was submitted to POGC in March 2017, sources said, adding that in April 2019, NIOC proposed development of the gas field under the DSC and offtake of raw gas by NIOC at landfall point.

However, due to imposition of US sanctions on Iran in November 2018, technical studies could not be concluded which is a precursor for commercial negotiations.

The Indian consortium has so far invested around USD 400 million in the block.

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