

INDIAN OIL PSUs SIGN JV AGREEMENT FOR \$20 BILLION CARABOBO-1 PROJECT IN VENEZUELA

PRESIDENT CHAVEZ AND PETROLEUM MINISTER DEORA DISCUSS SOURCING CRUDE AND MORE INDIAN PARTICIPATION IN VENEZUELAN PROJECTS

New Delhi: May 13, 2010

Shri Murli Deora, Minister of Petroleum and Natural Gas along with Shri S.Sundareshan, Secretary Petroleum; Chairman Indian Oil Corporation Limited; Chairman, Oil India Limited; Managing Director, ONGC Videsh Limited and other senior officials from the Ministry of Petroleum and Natural Gas participated in the signing ceremony presided by the President of the Bolivarian Republic of Venezuela, Mr. Hugo Chavez Frias for signing a joint venture agreement with the Corporación Venezolana del Petróleo S.A. (CVP) for the development and production from Carabobo-1 Project, in Orinoco Region of Venezuela. The signing took place in Caracas, the capital city of Venezuela, late yesterday night (India time). The new joint venture is PetroCarabobo S.A. Alongwith OVL, IOC and OIL, the other two partners of the consortium i.e., Spanish Major Repsol and Malaysian Petronas also signed the joint venture agreement.

The consortium of ONGC Videsh Limited (“OVL”, 11.0%), Indian Oil Corporation Limited (“IOC”, 3.5%), Oil India Limited (“OIL”, 3.5%), Repsol YPF (“Repsol”, 11.0%) and Petroliam Nasional Berhad (“PETRONAS”, 11.0%), (collectively, the “Consortium”), was selected by the Government of the Bolivarian Republic of Venezuela on 10th February 2010 for awarding a 40% ownership interest in an “Empresa Mixta” (or “Mixed Company”) which will develop the Carabobo 1 Norte and Carabobo 1 Centro blocks located in the Orinoco Heavy Oil Belt. The Corporación Venezolana del Petróleo (“CVP”), a subsidiary of Petróleos de Venezuela S.A. (“PDVSA”), Venezuela's state oil company, will hold the remaining 60% equity interest.

The Mixed Company will build heavy oil production facilities, upgrading facilities and associated infrastructure. The upstream production facilities are expected to produce around 400,000 barrels per day of extra heavy oil of which approximately 200,000 barrels per day will be upgraded into light crude oil in a facility to be located in the Soledad area, Anzoátegui State. The license term will be for 25 years with the potential for a further 15 year extension. The project costs are estimated at US\$ 15 – 20 Billion dollars and is one of India's major investments in the Latin American oil major.

Meeting President Chavez

After the conclusion of the signing ceremony, Shri Murli Deora, Minister of Petroleum and Natural Gas had a warm and cordial meeting with the President of the Bolivarian Republic of Venezuela, Mr. Hugo Chavez Frias. In the meeting, the possibility of sourcing Venezuelan Crude to meet the requirements of new refinery capacities coming up in India was discussed. Discussions were also held on the possibility of award of Junin Norte block, where new oil reserves are being certified by ONGC Videsh Limited. Venezuelan side was

receptive to these and expressed interest in establishment of refineries in India / Venezuela with involvement / assistance from Indian oil sector companies. The Venezuelan side expressed intention of furthering cooperation with India and a desire to develop a special relationship with India.

Background

The Government of the Bolivarian Republic of Venezuela has given high priority to increase production of extra-heavy crude oil from the Orinoco Oil Belt for the purpose of promoting national development. The Government offered seven blocks in the Carabobo area, with combined oil in place estimated at around 128 billion barrels. The blocks were grouped into three projects with each project expected to produce a plateau of 400,000 barrels of 8° API oil per day for 40 years.

The Carabobo area, located in the eastern section of the Faja, has a massive resource potential and is part of an extensive reserve certification process led by PDVSA. The US Geological Survey, in a recent report has estimated mean volume of recoverable heavy oil in the Faja to be as high as 513 billion barrels which is one of the few global opportunities open to private investment.