

SHRI DEORA LEADS VISIT OF HIGH LEVEL DELEGATION TO VIETNAM

New Delhi, July 20, 2010

A high level delegation being led by Shri Murli Deora, Minister of Petroleum & Natural Gas and comprising Secretary, Petroleum & Natural Gas to the Government of India, Senior officials of the Ministry, Chairman and CEOs of ONGC, ONGC Videsh Ltd, Indian Oil Corporation and GAIL India Limited, is visiting Vietnam during the period 21st to 23rd July 2010. During the visit, the Indian Minister will call on Mr. Nguyen Tan Dung Prime Minister of Vietnam. The Indian Minister has been invited by his counterpart Mr. Vu Huy Hoang, to participate in the East Asia Energy Ministers' meeting. Besides, bilateral discussions with the Vietnamese Minister, Mr Deora is also scheduled to have separate bilateral meetings with other Ministers participating in the conference.

Speaking on the eve of his departure to Vietnam, Shri Deora highlighted that the economic growth of India has to be linked with security of energy supplies and this can only be addressed by sourcing energy from diverse primary energy sources and geographies. He mentioned that various models of participation such as direct anchoring and collaborative engagement are being exercised to enhance the reach of our petroleum companies with comprehensive Government support, and this high level visit is one such step in this direction.

It may be noted that India, historically has strong relationship with Vietnam and both sides have taken deep interest in each other's economic development. Given the cordial relations, ONGC Videsh Limited was assigned Block 06.1, through Govt. to Govt. interactions on nomination basis on 19th May 1988. This block in Vietnam also happens to be the first equity oil and gas project of OVL.

First oil and gas was discovered in Vietnam in 1974 and 1975 and commercial production commenced in 1986. Vietnam's current production is about 345000 bpd of crude oil and liquids and the country is a net exporter of crude. New Petroleum Law was brought in 2000 when the exploration industry of Vietnam picked up pace and various rounds of award of petroleum blocks took place and as a result new discoveries, such as by a Japanese VRJ Petroleum, another by Talisman of Canada and recent by Premier were announced. Success of the new discoveries has generated enhanced interest in the hydrocarbon sector of Vietnam. Besides oil and gas, Vietnam has interest in developing its gas, petrochemicals and refining sector as well.

Looking at the growth opportunity in the oil and gas sector in Vietnam Indian petroleum companies OIL, IOC and GAIL have cast a new focus on the area and will be on look out for opportunities for participation. It is envisaged that Indian companies may offer to join their counterpart in Vietnam to work together in areas of mutual benefit in Vietnam and in Third Country(s).

ONGC Videsh of India has been working in Vietnam since 1988, when it signed the Production Sharing Agreement for Block 06.1 on 19th May 1988. Largest gas discovery of Natural Gas was made in the block in 1989, which was developed to deliver gas to a shore based power project in Vietnam. OVL holds 45% P.I. in the block with British Petroleum holding 35% and PetroVietnam, NOC of Vietnam, holding 20%. The consortium of OVL, BP and PV produces about 12-14 MMSCMD per day supporting about 30% of power generation capacity of Vietnam. Given its importance, Govt. of Vietnam had declared the Project as one of the projects of National Importance in Vietnam. GOI has approved capital investment of about USD 378 million by OVL in the Project. In addition, ONGC Videsh Limited was awarded two exploration blocks under Production Sharing Contract in June 2006, in the Phu Khanh offshore basin, where exploration work is being conducted.