

**LOK SABHA**  
UNSTARRED QUESTION NO. 3098  
TO BE ANSWERED ON 31<sup>st</sup> December, 2018

**Oil/ Gas Exploration Projects**

†3098. SHRI LALLU SINGH:  
SHRIMATI REKHA VERMA:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) the world wide Internal Rate of Return (IRR) of deep water Oil/Gas exploration projects;
- (b) whether the IRR of joint ventures/ private oil/gas exploration companies in India is comparatively higher;
- (c) if so, the details thereof and the reasons therefor; and
- (d) the IRR of the said joint ventures/ private oil/gas producing company in the country?

**ANSWER**

पेट्रोलियम एवं प्राकृतिक गैस मंत्री (धर्मन्द्र प्रधान)  
MINISTER OF PETROLEUM & NATURAL GAS  
(SHRI DHARMENDRA PRADHAN)

(a) to (d): The Internal Rate of Return( IRR) of oil & gas exploration projects depends upon several parameters such as reservoir size, production potential, water depth, exploitation strategy, production profile, capital expenditures and operating costs, legal frameworks and regulations involving taxes, duties and any other financial obligations that project is subjected to, economic factors like oil & gas prices, inflation rate, interest rate, discount rate, exchange rate, taxes and depreciation, environmental constraints etc. The average IRR varies from country to country and project to project since geological, geographical risks and other risk of each project are different. The IRR of joint Ventures / Private oil and gas exploration in India is estimated to be between 13% to 15%. However, this may also vary while project implementation is going on due to change in above mentioned parameters.

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