

**LOK SABHA**  
**UNSTARRED QUESTION NO. 3639**  
**TO BE ANSWERED ON 24<sup>th</sup> March, 2022**

Cost of Production of Petroleum and Natural Gas

3639. DR. VISHNU PRASAD M.K.:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) the costs involved in the production of petroleum and natural gas from the point of extraction of crude oil in off-shore/other countries till it is sold to the consumers;
- (b) the steps taken by the Government to reduce these costs so as to reduce the cost of the products for the consumers; and
- (c) whether the Government has been successful in reducing such costs and if so, the details thereof?

**ANSWER**

पेट्रोलियम और प्राकृतिक गैस मंत्रालय में राज्य मंत्री  
(श्री रामेश्वर तेली)

**MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS**  
**(SHRI RAMESWAR TELI)**

(a) The cost of production inter-alia includes Operating Cost, Depreciation, Depletion & Amortisation (including survey & dry well cost) & statutory levies. The cost of crude oil produced from offshore located fields operated by Oil and Natural Gas Corporation Limited (ONGC) during 2019-20 was 39.20 USD per Barrel and for Natural Gas it was 3.72 USD per Million Metric British Thermal Unit.

(b) It is a continuous endeavor to minimize the cost of production. Regular interactions are held at relevant forum and with stakeholders by oil producing Public Sector Undertakings to reduce the cost of operation. Some of the steps taken by ONGC, the major oil producer in the country, are as under:

- Installation of smart well platforms
- Installation of skid mounted units for free gas handling
- Installation of Initial Artificial Lift for monetization directly through drilling rigs
- Minimizing tanker transportation of crude oil by laying flow lines wherever feasible

(c) Due to various cost reduction measures and reduction of statutory levies in offshore, the cost of production for ONGC in 2020-2021 for crude oil was 31.93 USD per Barrel and for natural gas it was 2.89 USD per Million Metric British Thermal Unit.

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