

Farzad-B gas field

May 19, 2021

In news: The National Iranian Oil Company (NIOC) signed a contract worth USD 1.78 billion with Petropars Group, a local company for the development of Farzad B Gas Field, in the Persian Gulf.

About the gas field-

- **ONGC Videsh Ltd (OVL)**, the overseas investment arm of state-owned ONGC, had in 2008 discovered a giant gas field in the **Farsi offshore exploration block**.
- 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** holding the remaining 20 per cent stake.
- OVL and its partners had **offered to invest up to USD 11 billion** for the development of the discovery, which was later named Farzad-B.
- The Indian consortium has so far invested around USD 400 million in the block.
- With the new development, India lost the gas field, which holds 23 trillion cubic feet of **in-place gas reserves**, of which about 60 per cent is recoverable.
- It also holds gas condensates of about 5,000 barrels per billion cubic feet of gas.



- A **Development Service Contract (DSC)** was negotiated till November 2012, but could not be finalised due to difficult terms and international sanctions on Iran.
- In April 2015, negotiations restarted with Iranian authorities to develop the 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 the field under an integrated contract covering upstream and downstream.
- With the **imposition of sanctions on Iran in November 2018** by the Donald Trump administration after it pulled out of the 2015 nuclear accord, it was impossible for India to conclude technical studies on the project.
- In October, 2020, NIOC informed OVL of its intention to conclude the contract for Farzad-B development with an Iranian company, in an apparent rejection of the Indian firm's bid.