

India races to boost oil production before energy transition

JOHN REED — NEW DELHI
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India will radically reform regulations and invite foreign oil majors to explore both onshore and offshore as it races to extract as much oil as possible while there remains a market for crude, the country's oil and gas minister has said.

"I was with Exxon yesterday. I was with BP a few days earlier. I have had meetings with Chevron . . . I went to Brazil and had a discussion with Petrobras," Hardeep Singh Puri told the Financial Times' Energy Transition Summit India in Delhi.

"I said you come, join Oil India prospecting off the Andaman waters. Don't make any investment, just come in. We will incentivise them. And if you strike oil and you are a partner, you will have first right of refusal," Puri added.

The minister said India had "several" oilfields the size of ExxonMobil's 11bn barrel discovery in Guyana waiting to be found and the country needed to move quickly to tap them before the world switched to other forms of energy.

"At the end of the day it's a race," he said. "If it remains there unexploited, when the [energy] transition becomes total, there is a philosophical debate on that. I keep telling Guyana, you got a big find, but by the time the oil starts coming into the market, the transition already would be in a pretty advanced stage."

The Indian minister's remarks appear to signal that Prime Minister Narendra Modi's government intends to make up for lost time in offshore oil exploration and production.

Estimates of India's potential oil wealth differ hugely. S&P Global Commodity Insights believes there may be as much as 22bn barrels of oil in unexplored basins. Rystad, an energy consultancy, puts the figure at just under 8bn.

Meanwhile, analysts at the International Energy Agency are pessimistic about the chances of a significant increase in the country's 700,000 barrels per day of production.

Puri, who promised in July more than \$100bn of investment opportunities in the sector by 2030, is trying to reduce India's overwhelming dependence on imported oil. Only 10 per cent of India's potentially oil-producing basins were being explored, while the country imported 85 per cent to 88 per cent of its oil and spent \$150bn a year on foreign energy resources, Puri said.

To trigger more oil exploration, he said he would radically change India's legal framework. "We sat down with the majors and said: 'Look, guys, tell us which are the areas where you want tweaking in policy?' In the next session [of parliament], which will be fully next month, I will get that bill passed," he said.

BP, Reliance and Vedanta were among the companies that submitted bids this year in India's ninth licensing round.

"India is where the real growth is going to come, so it has an underlying advantage," said Puri. He promised that a 10th auction round for licences would swiftly follow once parliament has passed his legislation.