

Separate contract okayed for oil exploration in Nagaland

The Cabinet Committee for Economic Affairs (CCEA) Thursday decided to split the production sharing contract for a block in north-eastern India to facilitate more exploration in the area that falls in Nagaland.

Home Minister P. Chidambaram told reporters after the CCEA meet that the decision was taken following a petroleum ministry proposal to carry out additional exploration in the Nagaland portion of block AA-0N/7 by signing a separate production sharing contract.

The operator of the block, Canoro Resources, had signed the original contract in February 1999. While 1,125 square kilometres of the block is in Assam, the rest falls in Nagaland.

The petroleum exploration licence for the portion in Assam was granted in 2001, while that for Nagaland in 2006.

'There has been no exploration on the Nagaland side, as it was logistically difficult,' said Chidambaram.

As per the CCEA's approval, a separate production sharing contract for the Nagaland portion will be signed effective from Aug 9, 2006. The exploration period will be valid for seven years.

'There is no financial expenditure involved on behalf of the government. The contractors under the signed production sharing contracts have commitments to carry out exploration work programme, which may lead to discoveries of hydrocarbons,' said a government statement.

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