
CCEA approval for additional investment in block in Brazil

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Indian Cabinet Committee on Economic Affairs authorized ONGC Videsh Limited to make an additional investment of USD 70 million taking the total cash sink to USD 383 million for the project BC-10, Brazil from its own resources without any funding or guarantee support from Government of India.

The CCEA also authorized the Empowered Committee of Secretaries for OVL's projects to approve an additional cash sink of USD 17.5 million in case of advancement of Capital Expenditure or shortfall in cash sink in respect of Block BC-10 in Brazil.

The operator Shell has now informed OVL that as a result of various factors such as freshly imposed taxes, duties, additional well costs and other contingencies etc. the cost of Phase I is likely to increase by USD 314 million to USD 2282 million. For the present, the phase II costs have been estimated at the same level of USD 1196 million. Taking the increased project costs into consideration and non-project cost of USD 189 million, the total cost of the project as on date is estimated to be about USD 4987 million for both phase-I & II.

OVL's share at 15% in the total costs works out to be USD 748.05 million. OVL's cash sink is expected to be USD 383 million excluding acquisition cost of USD 165 million against earlier estimated cash sink of USD 313 million.

The additional investment will give opportunity to OVL to expedite monetization of earlier investments in BC-10 Project. The additional investment is expected to provide higher reserve accretion of hydrocarbon and more production from the project to OVL, thereby increasing the energy security of the country.

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