

Iran to develop Caspian Sea oil reserves with India, China

Tehran looking East for financing energy projects

By [Global Research](#)

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Iran is in talks with India's Oil and Natural Gas Commission (ONGC) and China's offshore oil corporation for the development of oil reserves in the South Caspian Sea region, the Press TV satellite channel reported Saturday.

The report quoted the National Iranian Oil Company (NIOC) deputy director Hojatollah Ghanimifard as saying that NIOC has been discussing the issue with India's ONGC Videsh, the overseas arm of the ONGC, and China's state-run China National Offshore Oil Corporation (CNOOC).

NIOC is reviewing proposals to make the terms of the current contracts more attractive to international oil companies by offering them production-sharing contracts for the first time, the report said.

Under such contracts the developer is entitled to a share of production, which allows them to recoup their investment costs and make improved profits.

Over the past 20 years, the NIOC has mainly offered pay-back contracts to developers under which the investors receive a pre-agreed remuneration rate for their investment. The rate is typically determined by the global price of energy and the field hitting targets, and is paid over a 25-year period.

Some developers have voiced concerns over pay-back contracts, saying the contracts have serious market risks to developers as their profits depend on the fluctuating global price of energy.

'We think this region might be the exception to the rule,' Ghanimifard said. 'Since it is deep water, it looks like the production cost per barrel would be much more than in other regions like the south, or the Persian Gulf.'

The Brazilian state-run oil company Petrobras is currently drilling three wells in the Caspian Sea.

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