

ONGC Considering Local Asset Merger

By [The Moscow Times](#)

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Indian explorer Oil & Natural Gas Corp. said it was in talks with Bashneft and Russneft to merge its Russian assets, but no approval had been received from the Indian government.

The Economic Times had reported on Monday that the Indian cabinet had approved the merger proposal that would give state-run ONGC a 25 percent stake in the combined entity and access to one of the biggest discovered oil fields in Russia.

"We are in discussion, but nothing has been finalized. No such proposal was put up for the cabinet," ONGC chairman A.K. Hazarika said. "This news is incorrect."

ONGC has long eyed a deal with Bashneft, a unit of telecoms-to-oil holding Sistema, as well as involvement in the Arctic fields of Trebs and Titov, as it seeks to broaden its oil and gas base in Russia, the world's top energy exporter.

But a merger of Bashneft and Russneft is a long way off.

Last week Sistema President Mikhail Shamolin said the company may consider merging Bashneft and Russneft once the latter's debt falls below \$4 billion, but given current oil prices it may be a few years before that debt falls to the required level, Interfax reported.

ONGC already has a stake in Russia's Sakhalin-1 oil and gas project in the Pacific, and in 2008 it acquired the Imperial Energy oil company in Western Siberia.

Last December, Sistema and ONGC signed a non-binding agreement to consider asset swaps and joint tapping of Russia's energy deposits.

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