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Oil India to ramp up exploration capex to ₹10,000 cr, boost output in FY27: CMD

Rituraj Baruah | 5 min read | 20 May 2026, 05:30 AM IST



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Oil India reported a 62% rise in consolidated Q4 net profit to ₹2,424 crore.

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SUMMARY

OIL, India's second-largest exploration and production company after Oil and Natural Gas Corporation, operates about 28 rigs and has recently mobilised two charter-hired rigs, with plans to add two more.

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New Delhi: State-run Oil India Ltd (OIL) plans to raise its exploration and production capital expenditure by over 10% to ₹10,000 crore this fiscal year, chairman and managing director Ranjit Rath said, as the country grapples with an energy shock amid the West Asia war.

The Maharatna company, which traces its origin to India's first commercial crude oil discovery in Digboi (Assam), expects to produce about 4 million tonnes (mt) of crude oil this fiscal, compared with 3.45 mt in FY26. He added that work on the \$20-billion Mozambique LNG project has resumed. Oil India, part of an Indian consortium comprising ONGC Videsh Ltd (OVL) and Bharat Petroleum Corp. Ltd (BPCL), holds a 4% stake in the project, which is expected to start production by late 2028 or early 2029.

"Last year (FY26), we did a capex of about what ₹8,900 crore. Going forward, we are looking to cross ₹10,000 crore. This is the projected capex of **Oil India Ltd** for the purpose of exploration, which includes seismic, 2D and 3D, and drilling and workover," Rath told *Mint* in an interview.

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Seismic exploration is a method used to locate oil and gas reserves beneath the earth's surface by sending sound waves and studying how they bounce back. In 2D (two-dimensional) surveys, both the sound source and sound detector are moved along a single line to obtain a basic view of subsurface structures, while 3D surveys cover a larger area, using multiple sensors to create a more detailed image of potential reserves. Workover refers to the maintenance and repair of existing oil wells.

After drilling a record 74 wells in FY26, including 22 exploratory and 55 development wells, Oil India now plans to drill over 100 wells in the ratio of 60:40 for exploratory and development wells.

The company aims to drill over 100 wells this fiscal after a record 74 wells in FY26.

Exploratory wells are drilled to locate proven reserves of recoverable oil and gas, offering insights into reservoir pressure and productivity, while development wells are drilled in a proven producing area for the production of oil or gas.

OIL, India's second-largest exploration and production company after Oil and Natural Gas Corporation (ONGC), operates about 28 rigs and has recently mobilised two charter-hired rigs, with plans to add two more.

Rath said that company has made changes in its rig deployment plans, wherein it has allowed rig suppliers a longer time period for transportation or mobilization of rigs, but has sought new rigs instead of the usually supplied old or used rigs.

"The way we looked at deployment of resources is something very interesting. Now, we are deploying it for a long-term tenure. So, we are now deploying for four year plus. Earlier it was three plus one or two plus one. So, the charter hire rig suppliers are having a longer time horizon. Second, we have brought in a construct called new rig deployment. Earlier these people, they were deploying 30-year-old rigs, scavenged rig and all that. So, the turnaround time for the rig was very high. So, we brought in

the concept that we will give you a tenure of six years and you take a longer time for mobilization, but bring a new rig," he said.

Global talks

Rath added that the company is in talks with global energy majors to explore blocks secured under the OALP-IX round and to jointly bid for exploration and production blocks in the 10th and 11th OALP rounds. In November 2025, OIL signed a 'technology service agreement' with French energy giant TotalEnergies to collaborate on exploration activities across India's deep-water and ultra-deep-water offshore basins.

"Post OALP-IX completion of seismic, we are in touch with a couple of international oil companies. So, we are hopeful, let us see. We are in talks for the blocks which we have secured in OALP-IX, and also for the future bidding rounds of X and XI."

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OALP stands for Open Acreage Licensing Policy, under which the government allows oil companies to choose areas they wish to explore and bid for them anytime.

On the TotalEnergies-operated Mozambique LNG project, which is seen as a key source of natural gas for the country in order to meet its growing energy needs, Rath said: "Construction has started and basis the feedback of the operator, that is TotalEnergies, we see commissioning of the facility and commencement of operation sometime end of 2028 or early 2029."

The project was under force majeure since 2021 after the it came under attack by Islamic State terrorists. A consortium of Indian state-run companies holds a total of 30% in the TotalEnergies-operated LNG project. OVL holds 16%, BPRL Ventures Mozambique BV—a subsidiary of BPCL—holds 10% and Oil India Ltd owns 4%.

In November last year, OIL's consortium partner OVL announced the withdrawal of the force majeure. The 13.12 million tonne per annum project is expected to ease LNG supplies to India with improved logistics compared to other key suppliers such as the US.

Rath said that the \$300 million in dividend income from its Russian oil and gas ventures—JSC Vankorneft and Taas-Yuryakh—are still stuck in Russia due to the US sanctions.

In September last year, he said that that OIL has has recovered over 91% of its \$1 billion investment in Russia's Vankorneft and Taas-Yuryakh projects, receiving about \$942 million in dividends, and expects full recovery in FY27.

Oil India, ONGC Videsh and Bharat Petro Resources Ltd acquired 23.9% stake in JSC Vankorneft and 29.9% stake in LLC Taas-Yuryakh from Rosneft Oil Company, the national oil company of Russia. Rosneft operates Vankor and Tass-Yuryakh fields and are its-wholly owned subsidiaries.

Last week, OIL reported a 62% year-on-year increase in consolidated net profit to ₹2,424 crore in Q4FY26. Its revenue from operations rose 4.4% to ₹10,012.77 crore in the quarter from ₹9,588 crore a year ago.

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Q. What should be the priority for Oil India in the upcoming fiscal year?

