ONGC Videsh Ltd. has been asked by Sudan to withdraw its arbitration case against the country from an international court. ONGC Videsh filed a suit for $400 million recoveries in oil dues that have remained unpaid. The African nation is trying to mitigate the default, according to a statement released by OVL on Friday.

OVL is the foreign investment unit of state-owned Oil and Natural Gas Corporation (ONGC). Its suit was filed in a London court earlier this year against the Government of Sudan to seek unpaid dues that were pending for all these years since 2011 when a project was cancelled following the separation of South Sudan in the same year. The suit is broken down into two parts – $300 million for oil bought from the Greater Nile Oil Project by Sudan and another $98.94 million in unpaid pipeline rent lease. The Ministerial delegation informed that the Government of Sudan is making earnest exertions to mitigate the issue of default on paying dues to OVL."It was informed that the Government of Sudan is hopeful that its economic situation shall be improving henceforth with the recent agreement it reached with the Government of South Sudan on the resumption of crude oil transportation from South Sudan territory through the Heglig-Port Sudan pipeline," a statement said.

Sudan's finance as well as foreign affairs Minister met ONGC earlier this week to ask for the withdrawal of this suit. However, ONGC said in an issued statement that the company wants to continue this case till both the sides come up with a solution suitable for resolving this dilemma. According to the statement, "A Sudanese ministerial delegation visited OVL corporate office last week and held discussions with ONGC Videsh officials led Narendra K Verma, Managing Director and CEO". It continued, "OVL expressed its happiness for the positive response from Sudan and stated that it is always ready to work with Sudan to find a workable solution to clear the pending dues in a time-bound manner."ONGC owns a 25 percent stake in the Greater Nile Oil Project – also known as GNOP – that it had acquired in Sudan in 2003. The others holding the remaining stakes are China's China National Petroleum Corp (CNPC) with 40 percent, Malaysia's Petronas with 30 percent and the remaining 5 percent by Sudapet of Sudan.

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GNOP comprised of an area spread over 49,500 sq km in the Muglad Basin, broken down into on-land blocks 1, 2 and 4. This region was sited approximately 780 km South-West of the capital city of Khartoum in Sudan. A 1504-kilometre long pipeline carried the crude oil produced from the oil field of GNOP to Port Sudan at the Red Sea. The contract areas of Blocks 1, 2 and 4 that are located between Sudan and South Sudan were split upon the South's separation, which led to a major share of production and reserves now being situated in South Sudan. Foreign firms were asked to sell their share of crude oil to the government, as Sudan did not have enough shares in total production of the country to meet the requirements of local refineries. The payment of dues from the purchase of oil by the Government was not received by OVL, whose share of the outstanding dues is about $300 million. OVL's share of oil production from GNOP was 0.5-0.7 million tonnes. The company, along with Oil India Ltd (OIL), had constructed and financed a 741-km multi-product pipeline from Khartoum refinery to Port Sudan for $194 million.OVL's share of the project cost was 90 percent, while the rest was shouldered by OIL. The entire amount – which included the lease rent – was to be paid in 18 equal half yearly instalments to OVL starting from December 2005. Payment of 11 instalments was received, but the remaining 7 are still unpaid.

Discussions between representatives from Sudan and OVL are currently ongoing.

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