

GEOGLOBAL RESOURCES INC.

Form 10-K

March 31, 2010



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009;

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File No.: 1-32158

GEOGLOBAL RESOURCES INC.

(Exact name of registrant as specified in its charter)

Delaware

33-0464753

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

Suite 200, 625 – 4 Avenue SW, Calgary, Alberta, Canada

T2P 0K2

(Address of principal executive

offices)

(Zip Code)

Registrar's telephone number, including area code: +1 403-777-9250

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Stock, par value \$.001 per share

NYSE/Amex (formerly AMEX)

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

Yes

No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act

Yes

No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was

required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of June 30, 2009, the last business day of the registrant's most recently completed second fiscal quarter was \$38,403,510.

The number of shares outstanding of the registrant's common stock as of March 30, 2010 was 72,805,756.

DOCUMENTS INCORPORATED BY REFERENCE  
None

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\_\_\_\_\_  
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Available Information

The Company maintains a website at [www.geoglobal.com](http://www.geoglobal.com), on which we make available, free of charge, all of the Company's filings with the Security and Exchange Commission ("SEC" or "Commission"); including Forms 3, 4 and 5 filed with respect to our equity securities under Section 16(a) of the Securities Act of 1934. These filings are available as soon as reasonably practicable after we electronically file such material with, or furnish it to the SEC.

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PART I

Item 1. Business

Glossary of Certain Defined Terms:

All dollar amounts are stated in United States dollars

All meterage of drilled wells are measured depths unless otherwise stated

MBbls – thousand barrels

MMcf – thousand cubic feet

GSPC – means Gujarat State Petroleum Corporation Limited of India

OIL – means Oil India Limited of India

ONGC – means Oil & Natural Gas Corporation Limited of India

PSC – means Production Sharing Contract

NELP – means National Exploration Licensing Policy

Our Oil and Gas Activities

We are engaged, through our subsidiaries, in the exploration for and development of oil and natural gas reserves. At December 31, 2009, we have not yet achieved our planned principal operations and are considered to be a development stage enterprise. We initiated these activities in 2003. At present, these activities are being undertaken in four geological basins located offshore and onshore in India where reserves of oil or natural gas are believed by our management to exist.

We started our first production from one field in the Tarapur block in May 2009 and produced 10,856 barrels of oil in 2009. We also have proved reserves in this field of 117.6 MBbls of oil and 88.5 MMcf of natural gas and probable reserves of 513.1 MBbls of oil and 695.6 MMcf of natural gas.

The exploration rights pursuant to PSCs we have entered into with the Government of India are located in the following areas:

- The Krishna Godavari Basin offshore and onshore in the State of Andhra Pradesh in south eastern India;
  - The Cambay Basin onshore in the State of Gujarat in western India;
- The Deccan Syncline Basin onshore in the State of Maharashtra in west central India; and
  - The Rajasthan Basin onshore in the State of Rajasthan in north western India.

As of March 30, 2010, we have entered into PSCs with respect to ten exploration blocks as follows:

- KG-OSN-2001/3 (KG Offshore Block) - This was our first agreement entered into in February 2003 under NELP-III, which grants exploration rights in an area offshore in south eastern India in the Krishna Godavari Basin in the State of Andhra Pradesh. GSPC is the operator of this block and holds an 80% participating interest. We have a 10% participating interest (net 5% carried interest) under this agreement and Jubilant Offshore Drilling Pvt. Ltd. holds a 10% participating interest.
- CB-ONN-2002/2 (Mehsana Block) - We entered into this agreement in February 2004 under NELP-IV, which grants exploration rights in an area onshore in the Cambay Basin in the State of Gujarat in western India. Jubilant Offshore Drilling Pvt. Ltd. is the operator of this block and we have a 10% participating interest under this agreement.
- CB-ONN-2002/3 (Sanand/Miroli Block) - We entered into this agreement in February 2004 under NELP-IV, which grants exploration rights in an area onshore in the Cambay Basin in the State of Gujarat in western India. GSPC is

the operator of this block and we have a 10% participating interest under this agreement.

- CB-ON/2 (Tarapur Block) - Pursuant to an agreement entered into in April 2005, we purchased from GSPC, a 20% participating interest in the agreement granting exploration rights granted under the pre NELP rounds to an onshore exploration block in the Cambay Basin in the State of Gujarat in western India. Oil and Natural Gas Corporation Limited of India has the right to participate into the development of any commercial discovery on the Tarapur Block by acquiring a 30% participating interest as provided under the PSC. GSPC is the operator of this block.
- CB-ONN-2003/2 (Ankleshwar Block) - We entered into this agreement in September 2005 under NELP-V, which grants exploration rights in an area onshore in the Cambay Basin in the State of Gujarat south-east of our three existing Cambay blocks. GSPC is the operator of this block and we have a 10% participating interest under this agreement.
- DS-ONN-2003/1 (DS 03 Block) - We entered into this agreement in September 2005 under NELP-V, which grants exploration rights in an area onshore in the Deccan Syncline Basin located in the northern portion of the State of Maharashtra in west-central India. We are the operator of this block and have a 100% participating interest under this agreement.
- KG-ONN-2004/1 (KG Onshore Block) - We entered into this agreement in March 2007 under NELP-VI, which grants exploration rights in an area onshore in the Krishna Godavari Basin in the State of Andhra Pradesh adjacent to our KG Offshore Block in south eastern India. Oil India Limited is the operator of this block and we have a 10% participating interest under this agreement with an option to increase our participating interest to 25%.
- RJ-ONN-2004/2 (RJ Block 20) - We entered into this agreement in March 2007 under NELP-VI, which grants exploration rights in an area onshore in north-west India in the Rajasthan Basin in the State of Rajasthan. Oil India Limited is the operator of this block and we hold a 25% participating interest under this agreement.

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- RJ-ONN-2004/3 (RJ Block 21) - We entered into this agreement in March 2007 under NELP-VI, which grants exploration rights in an area onshore in north-west India in the Rajasthan Basin in the State of Rajasthan. Oil India Limited is the operator of this block and we hold a 25% participating interest under this agreement.
- DS-ONN-2004/1 (DS 04 Block) - We entered into this agreement in March 2007 under NELP-VI, which grants exploration rights in an area onshore in the Deccan Syncline Basin located in the northern portion of the State of Maharashtra in west-central India. We are the operator of this block and have a 100% participating interest under this agreement.

To date, we have not achieved our planned principal operations and are considered to be in the development stage. The recoverability of the costs we have incurred to date is uncertain and dependent upon achieving commercial production and sale of hydrocarbons, our ability to obtain sufficient financing to fulfill our obligations under the PSCs in India and upon future profitable operations.

All of the exploration activities in which we are a participant should be considered highly speculative.

Unless the context should otherwise require, references to “we,” “us” and “our” in this annual report refer to GeoGlobal Resources Inc. and our wholly-owned consolidated subsidiaries. When we refer to GeoGlobal Barbados, we are referring to GeoGlobal Resources (Barbados) Inc., our wholly-owned subsidiary incorporated under the Companies Act of Barbados that is the contracting party under our four PSCs covering four blocks in the Cambay Basin, our two PSCs covering two blocks in the Deccan Syncline Basin, our two PSCs covering two blocks in the Rajasthan Basin and our one PSC covering the KG Onshore Block in the Krishna Godavari Basin. When we refer to GeoGlobal India, we are referring to GeoGlobal Resources (India) Inc., our wholly-owned subsidiary continued under the Companies Act of Barbados that is the contracting party under our PSC covering one KG Offshore Block in the Krishna Godavari Basin.

The map of India below shows the relative general locations of the exploration blocks that are the subject of our ten PSCs with the Government of India and does not indicate specific size of blocks or basins.



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### Our Production Sharing Contracts

#### Our Krishna Godavari Basin Agreements

##### KG Offshore Block PSC

##### Completion of Minimum Work Program

We, along with our joint venture partners GSPC and Jubilant Offshore Drilling Pvt. Ltd. are parties to a PSC dated February 4, 2003 which grants to the three parties the right to conduct exploratory drilling activities in the offshore waters of the Krishna Godavari Basin. The PSC covers an area of approximately 1,850 square kilometers (457,145 acres) and was awarded under the third NELP round. We have a net 5% carried interest in this exploration block. Under the original terms, this PSC extended for a term of up to 6.5 years commencing on March 12, 2003 with three exploration phases and a prescribed minimum work program over the three phases. In June 2007, the Government of India issued two new policy guidelines which, among other things, permitted the substitution of additional meterage drilled in deeper wells against the total meterage of the wells committed as part of the minimum work program in the PSCs. GSPC, on behalf of the contracting parties, exercised these rights. The consortium has now completed the minimum work program for all Phases on this block under the terms of the PSC as entered into. On October 3, 2008, the Directorate General of Hydrocarbons noted the completion of the minimum work program and returned to GSPC the bank guarantee.

The PSC sets forth procedures whereby the operator can obtain the review of the Management Committee under the PSC as to whether a discovery on the exploration block should be declared a Commercial Discovery under the PSC. GSPC, as operator on behalf of the consortium submitted to the Management Committee approval, the proposal for a Declaration of Commerciality on the KG#8 and KG#15 discoveries (referred to as the Deen Dayal West Structure) under the terms of the PSC.

##### Field Development Plan Approval

With the completion of a review by the Management Committee of a proposal for Declaration of Commerciality of the Deen Dayal West Structure, on June 18, 2009, GSPC submitted the Deen Dayal West field development plan in accordance with the provisions of the PSC to the Management Committee for approval. On November 11, 2009, the Field Development Plan was approved with the following details:

- Includes fifteen wells; four existing wells (KG#8, KG#15, KG#17 and KG#28) and eleven new development wells which include three slant wells and eight multilateral wells to be drilled.
- Production facilities to include:
  - o Two offshore platforms (one well head and one central processing);
  - o 20 kilometer long pipeline of 24 inch diameter up to landfall point; and
- o One onshore gas terminal to include a gas sweetening unit, gas dehydration unit, dew point depression unit, condensate stabilization unit, sulphur recovery unit and a captive power unit.
- Delivery point for gas will be the outlet flange of delivery facility located at the onshore terminal at Mallavaram Village, near Yanam, Kakinada in Andhra Pradesh.
- First gas production to commence December 2011.
- GSPC as operator will apply for a 17 square kilometer mineral lease to cover this area.

GSPC estimated in the Field Development Plan that on a preliminary basis, the gross costs for the production facilities will be approximately US\$941 million and US\$860 million for the future development drilling costs.

##### Additional Activities

Seven wells (KG#21, KG#31, KG#16, KG#33, KG#22, KG#32 and KG#19) which do not form part of the Deen Dayal West Field Development Plan are awaiting further appraisal before the preparation and submission of a declaration of commerciality pursuant to the PSC can be supported.

Under current SEC Rules, at this time, we claim no reportable reserves on the KG Offshore Block.

#### Carried Interest Agreement

On August 27, 2002, we entered into a Carried Interest Agreement with GSPC, which grants us a 10% carried interest in the KG Offshore Block. The Carried Interest Agreement provides that GSPC is responsible for our entire share of any and all costs incurred during the Exploration Phase prior to the date of initial commercial production.

Under the terms of the Carried Interest Agreement, all of our proportionate share of capital costs for exploration and development activities, including the share of Roy Group (Mauritius) Inc., a related party (see Participating Interest Agreement), will be recovered by GSPC without interest over the projected production life or ten years, whichever is less, from oil and natural gas produced on the exploration block. We are not entitled to any share of production until GSPC has recovered our share of the costs and expenses that were paid by GSPC on behalf of us and Roy Group (Mauritius) Ltd.

Our net 5% carried interest in the KG Offshore Block reflects our agreement to prospectively assign half of the original 10% interest under the PSC to Roy Group (Mauritius) Ltd. pursuant to a Participating Interest Agreement we entered into on March 27, 2003, which assignment is subject to Government of India consent which has not yet been approved. Absent such consent, the assignment will not occur and we are to provide Roy Group (Mauritius) Ltd. with an economic benefit equivalent to the interest to be assigned. At March 30, 2010, we have not obtained the consent of the Government of India to this assignment.

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### Carried Interest Agreement Dispute

GSPC has advised us that it is seeking from us our pro rata portion of the amount by which the sums expended by GSPC under all phases for the minimum work program as set forth in the PSC for the KG Offshore Block in carrying out exploration activities on the block exceeds the amount that GSPC deems to be our pro rata portion of a financial commitment under all phases included in the parties' joint bid for the award of the KG Offshore Block by the Government of India.

GSPC contends that this excess amount is not within the terms of the Carried Interest Agreement and that we are required to pay 10% of the exploration expenses over and above gross costs of \$109.7 million (10% being \$10.97 million) (including the net 5% interest of Roy Group (Mauritius) Inc.) plus interest.

Based upon the most recent information from GSPC dated March 25, 2010, GSPC asserts that the amount payable is Rs. 722.4 crore (approximately \$150 million) plus interest as of September 30, 2009, of which 50% is for the account of Roy Group (Mauritius) Inc. We estimate that the amount of GSPC's claim as of December 31, 2009 to be approximately \$150 million plus interest. We dispute this assertion of GSPC.

We have advised GSPC that, under the terms of the Carried Interest Agreement, the terms of which are also incorporated into the PSC and the Joint Operating Agreement, it has no right to seek the payment and that we believe the payment GSPC is seeking is in breach of the Carried Interest Agreement. We further reminded GSPC that we have fulfilled our obligations under the Carried Interest Agreement to provide extensive technical assistance without any further remuneration other than the carried interest, all in accordance with the terms of the Carried Interest Agreement. In furtherance of our position, we have obtained the opinion of Indian legal counsel who has advised us that, among other things, under the terms of the agreements between the parties, and in particular the Carried Interest Agreement, we are not liable to pay any amount to GSPC for either costs and expenses incurred or otherwise before reaching the stage of commercial production.

Inasmuch as the minimum work program for the block has been completed,, GSPC has advised us that it has elected to undertake an additional work program over and above the minimum work program as either Joint Operations or as Exclusive Operations under the terms of the PSC and that we must elect whether we wish to participate in these additional exploration activities as a Joint Operation or alternatively, GSPC will conduct these drilling activities as Exclusive Operations, as defined in the PSC.

On November 13, 2008 we advised GSPC that we exercised our right to participate in the drilling operations proposed in the November 5, 2008 GSPC letter as a Joint Operation under the terms of the PSC and Joint Operating Agreement and pursuant to the terms of our Carried Interest Agreement with GSPC. As such, we claim that we are carried for 100% of all of our share of any costs during the additional exploration phase prior to the start of initial commercial production and that the Carried Interest Agreement extends through the exploration period of the PSC.

We intend to vigorously protect our contractual rights in accordance with the dispute resolution process under the Carried Interest Agreement, the PSC and the Joint Operating Agreement as may be appropriate. In September 2007, we commenced discussions with GSPC in an effort to reach an amicable resolution. A draft settlement proposal has been put forward by us to GSPC in both June and December 2009 seeking to settle this dispute amicably. We are of the understanding that GPSC Board of Directors' approval is required in order to complete this settlement. We are currently awaiting this board meeting to take place. However, no settlement agreement has been reached as of March 30, 2010 and there can be no assurance that this matter will be settled amicably.

### Participating Interest Agreement

On March 27, 2003, prior to our acquisition of the outstanding capital stock of GeoGlobal Resources (India) Inc., GeoGlobal Resources (India) Inc. entered into a Participating Interest Agreement with Roy Group (Mauritius) Inc.,

whereby it assigned and, as our wholly-owned subsidiary subsequent to its acquisition by us, currently holds in trust for Roy Group (Mauritius) Ltd. subject to Government of India consent, 50% of the benefits and obligations of the PSC covering the KG Offshore Block and the Carried Interest Agreement leaving us with a net 5% participating interest in the KG Offshore Block and a net 5% carried interest in the Carried Interest Agreement. Under the terms of the Participating Interest Agreement, until the Government of India consent is obtained, we, through our sole ownership of the outstanding stock of GeoGlobal Resources (India) Inc., retain the exclusive right to deal with the other parties to the KG Offshore Block and the Carried Interest Agreement and are entitled to make all decisions regarding the interest assigned to Roy Group (Mauritius) Ltd. Roy Group (Mauritius) Ltd. has agreed to be bound by and be responsible for the actions taken by, obligations undertaken and costs incurred by us in regard to Roy Group (Mauritius) Ltd.'s interest and to be liable to us for its share of all costs, interests, liabilities and obligations arising out of or relating to the Roy Group (Mauritius) Ltd. interest. Roy Group (Mauritius) Ltd. has agreed to indemnify us against any and all costs, expenses, losses, damages or liabilities incurred by reason of Roy Group (Mauritius) Ltd.'s failure to pay the same. Subject to obtaining Government of India consent to the assignment, Roy Group (Mauritius) Ltd. is entitled to all income, receipts, credits, reimbursements, monies receivable, rebates and other benefits in respect of its 5% interest which relate to the KG Offshore Block. We have a right of set-off against sums owing to us by Roy Group (Mauritius) Ltd. In the event that the Government of India consent is delayed or denied, resulting in either Roy Group (Mauritius) Ltd. or us being denied an economic benefit either would have realized under the Participating Interest Agreement, the parties agreed to amend the agreement or take other reasonable steps to assure that an equitable result is achieved consistent with the parties' intentions contained in the Participating Interest Agreement. As a consequence of this transaction we report our holdings under the KG Offshore Block and Carried Interest Agreement as a net 5% participating interest. Inasmuch as the assignment of the 5% interest to Roy Group (Mauritius) Ltd. occurred prior to our acquisition of GeoGlobal Resources (India) Inc. and we were not a party to that assignment, we received no consideration from the assignment.

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### KG Onshore Block PSC

We, along with our joint venture partner Oil India Limited, are parties to a PSC dated March 2, 2007. The PSC covers an area of approximately 549 square kilometers (135,660 acres) onshore in the Krishna Godavari Basin, is located directly adjacent to and south-west of our KG Offshore Block and was awarded under NELP-VI. The two exploration phases for this PSC extend for a term of up to 7.0 years commencing February 18, 2008. The Phase I covers a period of 4.0 years of which the minimum work program consists of reprocessing 564 line kilometers of 2D seismic, conducting a gravity and magnetic and geochemical survey, as well as a seismic acquisition program consisting of 548 square kilometers of 3D seismic. This Phase I minimum work program further consists of the drilling of twelve exploration wells to various depths between 2,000 and 5,000 meters. If the parties elect to enter Phase II which covers a period of 3.0 years, that phase has a minimum work program to drill one exploration well to a depth of 4,600 meters.

We hold a 10% participating interest in this exploration block, while Oil India Limited, as operator, holds the remaining 90% participating interest. On September 14, 2006, prior to submission of our NELP-VI bid, we entered into an agreement with Oil India Limited to increase our participating interest up to 25% in this exploration block, subject to the availability of sufficient net worth and Government of India consent. All documentation required by us has been provided to Oil India Limited for their submission to the Government of India for approval. Government of India approval is currently pending.

### Our Cambay Basin Agreements

#### Tarapur Block Agreement

Pursuant to an agreement entered into with GSPC in April, 2005, we purchased a 20% participating interest in the onshore Tarapur Block in the Cambay Basin. GSPC as operator owns the remaining 80% participating interest.

Oil and Natural Gas Corporation Limited of India has the right under the PSC to participate in the development of any commercial discovery on the Tarapur Block by acquiring a 30% participating interest exercisable through the exploration period of the PSC which expired on November 22, 2007. Oil and Natural Gas Corporation Limited exercised this right with respect to a western portion of the Block referred to as the Tarapur 1 Discovery Area. The effect of acquiring this right is a reduction in the participating interests of GSPC and us in the Tarapur 1 Discovery Area to 56% and 14% respectively.

As to the remaining areas of the Tarapur Block, based on current negotiations between GSPC and Oil and Natural Gas Corporation Limited, we expect that the latter will be granted a right to a 10% participation in all future wells drilled on the remaining areas of the Tarapur Block during extensions of the exploration period of the PSC that have been or are granted in exchange for surrendering its right to back in for a 30% participating interest in the development of future commercial discoveries. This would result in the reduction of the participating interests of GSPC and us on these remaining areas to 62% and 18% respectively.

After reflecting a prior relinquishment of 25% (approximately 405 square kilometers) of the exploration block back to the Government of India, as required by the terms of the PSC, the block includes approximately 1,213 square kilometers. At the expiration of the exploration period of the PSC on November 22, 2007, GSPC submitted an application for an extension of the PSC for an additional twelve months to November 22, 2008. On December 29, 2008, the Government of India granted approval for the extension to November 22, 2008. During this extension period, the consortium drilled an additional eleven exploratory wells.

GSPC, as operator, has, submitted a further application on February 19, 2009 for an additional extension of the exploration phase for eighteen months to May 22, 2010. This additional extension was submitted to enable a further exploration program of drilling five exploratory wells and the acquisition of 330 square kilometers of 3D seismic in a section of the block to the east of the Tarapur 1 Discovery Area which, as is described below, we refer to as Tarapur East. The approval for this additional extension is pending.

Sanand/Miroli Block PSC

On February 6, 2004, we, along with our joint venture partners GSPC, Jubilant Offshore Drilling Pvt. Ltd. and Prize Petroleum Company Limited signed a PSC with respect to this onshore Sanand/Miroli Block. This PSC covers an area of approximately 285 square kilometers (70,425 acres). We hold a 10% participating interest, GSPC, who is the operator, holds a 55% participating interest, Jubilant Offshore Drilling Pvt. Ltd. holds a 20% participating interest with the remaining 15% held by Prize Petroleum Company Limited. The PSC provides that the exploration activities are to be conducted in three phases commencing July 29, 2004 with the first phase covering a period of 2.5 years, the second phase covering a period of 2.0 years and the last phase covering a period of 1.5 years, for a maximum total duration of 6.0 years for all three phases.

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During the three exploration phases on the Sanand/Miroli Block, the parties were to acquire 200 square kilometers of 3D seismic data, reprocess 1,000 line kilometers of 2D seismic data, conduct a geochemical survey and drill seventeen exploratory wells between 1,500 to 3,000 meters, all of which has been completed. The consortium relinquished 50% of the Sanand/Miroli Block as required pursuant to the terms of the PSC guidelines leaving an area of approximately 141 square kilometers of the original 285 square kilometers.

### Ankleshwar Block PSC

On September 23, 2005, we, along with our joint venture participants GSPC, Jubilant Offshore Drilling Pvt. Ltd. and GAIL (India) Ltd. signed a PSC with respect to this onshore Ankleshwar Block. This PSC covers an area of approximately 448 square kilometers (110,703 acres) and was awarded under NELP-V. We hold a 10% participating interest, GSPC is the operator and holds a 50% participating interest, Jubilant Offshore Drilling Pvt. Ltd. holds a 20% participating interest and the remaining 20% is held by GAIL (India) Ltd. The PSC provides that the exploration activities are to be conducted in three phases commencing April 1, 2006 with the first phase covering a period of 3.0 years, the second phase covering a period of 3.0 years and the last phase covering a period of 1.0 years, for a maximum total duration of 7.0 years for all three phases.

The minimum work program to be completed by March 31, 2009 under Phase I is to acquire, process and interpret 448 square kilometers of 3D seismic and reprocess 650 line kilometers of 2D seismic, all of which has been met. Further, fourteen exploratory wells are to be drilled between 1,500 to 2,500 meters, of which, twelve have been drilled as of March 30, 2010. On February 26, 2009, GSPC as operator applied for a six month extension to complete the exploratory drilling commitments under Phase I. Government of India approval is pending.

If the parties elect to proceed, in the second phase we are to drill four exploratory wells, and in the third phase we are to drill six exploratory wells, all between 2,500 to 3,000 meters.

### Mehsana Block PSC

On February 6, 2004, we, along with our joint venture partners GSPC and Jubilant Offshore Drilling Pvt. Ltd., signed a PSC with respect to this onshore Mehsana Block. This PSC covers an area of approximately 125 square kilometers (30,888 acres) and was awarded under NELP-IV. We hold a 10% participating interest, GSPC holds a 60% participating interest, and Jubilant Offshore Drilling Pvt. Ltd., who is the operator, holds the remaining 30%. The PSC provides that the exploration activities are to be conducted in three phases commencing May 21, 2004 with the first phase covering a period of 2.5 years, the second phase covering a period of 2.0 years and the last phase covering a period of 1.5 years, for a maximum total duration of 6.0 years for all three phases.

During the first exploration phase on this exploration block, the parties were to acquire 75 square kilometers of 3D seismic data, reprocess 650 line kilometers of 2D seismic data, conduct a geochemical survey and drill seven exploratory wells between 1,000 to 2,200 meters, all of which has been completed. The consortium also relinquished 25% of the Mehsana Block as required pursuant to the terms of the PSC guidelines leaving an area of approximately 93 square kilometers of the original 125 square kilometers.

The consortium has elected not to proceed into Phase II on this block but rather have requested on August 28, 2008 a six month extension to Phase I in order to complete a testing and stimulation program on existing wells in order to complete the appraisal of the block. On February 8, 2010 the Directorate General of Hydrocarbons approved the extension of Phase I until July 13, 2010.

### Our Deccan Syncline Basin Agreements

#### DS 03 Block PSC

On September 23, 2005, we signed a PSC with respect to this onshore DS 03 Block. The PSC covers an area of approximately 3,155 square kilometers (779,618 acres). We hold a 100% participating interest in this block and are

the operator. The PSC provides that the exploration activities are to be conducted in three phases commencing September 4, 2006 with the first phase covering a period of 3.0 years, the second phase covering a period of 2.0 years and the third phase covering a period of 2.0 years, for a maximum total duration of 7.0 years for all three phases.

The minimum work program under the first phase is to complete a gravity magnetic and geochemical survey, which has been completed. In addition we are to acquire an aero magnetic survey of 12,000 line kilometers. Phase I expired on September 3, 2009 and an extension for six months to March 4, 2010 was received. On February 24, 2010 we requested an extension of an additional six months to September 4, 2010 in order to complete the aero magnetic survey and fulfill the Phase I minimum work program. Formal approval from the Government of India for this request is pending.

If we elect to proceed to the second phase, we are to acquire 500 line kilometers of 2D seismic and drill one exploration well. Further, if we elect to proceed to the third phase, we are to acquire 250 square kilometers of 3D seismic and drill two exploratory wells.



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### DS 04 Block PSC

On March 2, 2007, we signed a PSC with respect to this onshore DS 04 Block. The PSC covers an area of approximately 2,649 square kilometers (654,582 acres). We hold a 100% participating interest in this block and are the operator. The PSC provides that the exploration activities are to be conducted in two phases commencing June 7, 2007 with the first phase covering a period of 5.0 years and the second phase covering a period of 3.0 years, for a maximum total duration of 8.0 years for both phases.

The Phase I mandatory and minimum work program consists of conducting a gravity and magnetic and geochemical survey, as well as a seismic acquisition program consisting of 535 line kilometers of 2D seismic. We are further committed to drill ten core holes to a depth of approximately 500 meters. If we elect to proceed to Phase II, the minimum work program consists of a seismic acquisition program consisting of 500 line kilometers of 2D seismic and 200 square kilometers of 3D seismic and the drilling of one exploratory well to a depth of 2,000 meters.

### Our Rajasthan Basin Agreements

#### RJ Block 20 PSC

On March 2, 2007, we, along with our joint venture partner, Oil India Limited, signed a PSC with respect to this onshore RJ Block 20. The PSC covers an area of approximately 2,196 square kilometers (542,643 acres). We hold a 25% participating interest in this block with Oil India Limited as operator holding the remaining 75% participating interest. The PSC provides that exploration activities are to be conducted in two phases commencing January 21, 2008 with the first phase covering a period of 4.0 years and the second phase covering a period of 3.0 years, for a total duration of 7.0 years for both phases.

The Phase I mandatory and minimum work program is to reprocess 463 line kilometers of 2D seismic; conduct a gravity, magnetic and geochemical survey; acquire, process and interpret 820 line kilometers of 2D seismic; acquire 700 square kilometers of 3D seismic; and drill a total of twelve exploratory wells between 2,000 and 2,500 meters. The Phase II minimum work program, if we elect to continue into Phase II, is to drill one well to 2,500 meters.

#### RJ Block 21 PSC

On March 2, 2007, we, along with our joint venture partners, Oil India Limited and Hindustan Petroleum Corporation Limited signed a PSC with respect to this onshore RJ Block 21. The PSC covers an area of approximately 1,330 square kilometers (328,650 acres). We hold a 25% participating interest in this block, Oil India Limited as operator holds a 60% participating interest and Hindustan Petroleum Corporation Limited holds the remaining 15%. The PSC provides that exploration activities are to be conducted in two phases commencing January 21, 2008 with the first phase covering a period of 4.0 years and the second phase covering a period of 3.0 years, for a total duration of 7.0 years for both phases.

The Phase I mandatory and minimum work program is to reprocess 463 line kilometers of 2D seismic; conduct a gravity, magnetic and geochemical survey; acquire, process and interpret 660 line kilometers of 2D seismic and 611 square kilometers of 3D seismic; and drill a total of eight exploratory wells between 2,000 and 2,500 meters. The Phase II minimum work program, if we elect to continue into Phase II, is to drill one well to 2,000 meters.

### Certain Terms of Our PSCs

#### General

Except for the size and location of the exploration blocks and the work programs to be conducted, the PSCs contain substantially similar terms. Under the PSCs, the Government of India has granted to the parties the right to engage in oil and natural gas exploration activities on the exploration blocks for specified terms of years with each contract setting forth the exploration activities to be conducted over periods of years in two or three phases.

The contracts contain restrictions on the assignment of a participating interest, including a change in control of a party, without the consent of the Government of India, subject to certain exceptions which include, among others, a party encumbering its interest subject to certain limitations.

Each of the ventures is managed by a Management Committee representing the parties to the agreement, including the Government of India. The contracts contain various other provisions, including, among others, obligations of the parties to maintain insurance, maintain the books and records, confidentiality, the protection of the environment, arbitration of disputes, matters relating to income taxes on the parties, royalty payments, and the valuation of hydrocarbons produced. The Indian domestic market has the first call on natural gas produced. The contracts are interpreted under the laws of India.

#### Relinquishment on our Blocks Prior to NELP-VI Blocks

Under each of these contracts, if the parties elect to continue into the second exploratory phase, the contracts provide that the parties retain up to 75% of the original contract area, including any developed areas and areas of discoveries of hydrocarbons, and relinquish the remainder. Similarly, if the parties elect to continue into the third exploration phase, the contracts provide that the parties retain up to 50% of the original contract area, including any developed areas and areas of discovery of hydrocarbons, and relinquish the remainder. At the end of the final exploration phase, only developed areas and areas of discoveries are to be retained.

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### Relinquishment on our NELP-VI Blocks

Under each of these contracts, if the parties elect to continue into the second exploratory phase, the contracts provide that the parties shall have the option to relinquish a part of area in simple geometrical shape, such area to be relinquished shall not be less than 25% of the original contract. At the end of the second exploration phase, the parties shall retain the balance which includes any developed areas and areas of discoveries.

### Procedure for Allocation of Costs After a Discovery

These PSCs contain provisions relating to procedures to be followed once a discovery of hydrocarbons is determined to have been made within the exploration block and for the further development of that discovery. Following the completion of a development plan for a discovery, the parties are to apply to the relevant government entity for a lease with respect to the area to be developed with an initial term of 20 years for the lease. The Government of India and the other parties to the PSC are allocated, after deduction of the costs of exploration, development, and production to be recovered, percentages of any remaining production with the Government of India allocated between 20% to 40% of the production from the KG Offshore Block and Ankleshwar Block, 30% to 55% of the production from the Mehsana Block and Sanand/Miroli Block and 10% to 30% of the production from the DS 03 Block. The newly awarded blocks under NELP-VI are allocated between 91% to 9% of the production from the KG Onshore Block, the RJ Block 20 and RJ Block 21 and between 85% to 15% for the DS 04 Block. This percentage split is based upon pre-determined production levels with the balance of the production to be allocated to the other joint venture participants in proportion to their participating interests.

### Bank Guarantees

The PSCs contain provisions whereby the joint venture participants must provide the Government of India a bank guarantee in the amount of 35% of the participant's share of the minimum work program for a particular Phase, to be undertaken during the year. This work program to be undertaken is presented annually to the Management Committee for approval for the period April 1 through March 31. The work programs for the year April 1, 2010 through March 31, 2011 and their related budgets have yet to be approved for our existing PSCs to which we are a party. Accordingly, our estimates as to capital expenditures for these budgeted years as well as the year ending December 31, 2010 and beyond are subject to revision when the budgets are approved.

### Our Oil and Gas Exploration and Drilling Activities

As at December 31, 2009, we have participated through joint ventures in which we are a party in the drilling of ninety-one wells. Further, we acquired three wells originally drilled by ONGC in the Tarapur Block. Of the total ninety-one wells drilled, sixteen wells have been drilled in the Krishna Godavari Basin within the KG Offshore Block, while the remaining seventy-eight wells have been drilled in the Cambay Basin. A total of twenty-one wells have been abandoned because of the absence of economic quantities of hydrocarbons or because the well characteristics would make the production of hydrocarbons problematic and non-commercial.

A field development plan has been filed by GSPC with the Government of India and Director General of Hydrocarbons for a portion of the KG Offshore Block under the provisions of the PSC. Government of India has provided approval for these plans subject to certain terms and conditions.

While we have discoveries in the Mehsana Block and the Sanand/Miroli Block along with additional discoveries in the Tarapur Block and the KG Offshore Block, field development plans have not yet been submitted on those blocks for those specific discoveries.

### Our Krishna Godavari Basin Activities

#### KG Offshore Activities

During the year ended December 31, 2009, four wells (KG#19, KG#32, KG#21 & KG#33) completed drilling, were tested and are currently suspended awaiting further evaluation. One well (KG#20SS) commenced drilling and was

drilled to a depth of 4,800 meters and is currently being tested.

Seven wells (KG#21, KG#31, KG#16, KG#33, KG#22, KG#32 and KG#19) which do not form part of the Deen Dayal West Field Development Plan are awaiting further appraisal before the preparation and submission of a declaration of commerciality pursuant to the PSC can be supported.

#### Deen Dayal West Field Development

During the year ended December 31, 2009, GSPC as operator completed a 240 square kilometer Q-Marine seismic data acquisition over the Deen Dayal structure.

On June 18, 2009, GSPC submitted the Deen Dayal West Field Development Plan in accordance with the provisions of the Production Sharing Contract to the Management Committee including the Government of India for approval. On November 11, 2009, it was announced that the Field Development Plan had been approved.

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### KG Onshore Activities

A 3-D seismic acquisition program commenced in the first quarter of 2010. The acquisition program is planned to cover approximately 548 square kilometers with approximately 400 square kilometers of full-fold data as a result of seismic acquisition restrictions in the reserve forest. The contractor, Kazakhstan Caspiy Shelf (KCS), a company established in February 1993 by the Kazakhstan government, is expected to complete the seismic acquisition and part of the processing before the end of the 2010 year.

Three priority locations have been proposed by us to the operator, Oil India Limited. These locations have been reviewed by and agreed to by Oil India Limited, as well as a third party engineering firm. All of these locations have multiple prospects in both the shallower (Eocene – Miocene) and the deeper (Cretaceous – Jurassic) zones.

We anticipate Oil India Limited as operator will commence drilling operations before the end of the third quarter 2010.

### Our Cambay Basin Exploration Activities

For the balance of the year ended December 31, 2009 GSPC had contracted four onland drilling rigs to be utilized to drill wells on the GSPC operated Tarapur, Sanand/Miroli and Ankleshwar Blocks as well as other GSPC lands to which we are not a participant. Two rigs from John Energy Ltd. of Ahmedabad, India are 1,000 and 1,500 horsepower and two rigs from Dewanchand Ramsaran Industries (P) Ltd. of Mumbai, India are 1,000 and 2,000 horsepower.

### Tarapur Block

As at March 30, 2010, GSPC, as operator, has acquired a total of 750 square kilometers of 3D seismic on the Tarapur Block. Activities in 2009 in the Tarapur North, Tarapur South and The Tarapur 1 Discovery Area on the block include the drilling of thirty-five wells (twenty-three exploration wells, nine appraisal wells and three development wells), of which four were drilled in 2009 in the Tarapur 1 Discovery Area. Further, we acquired three wells originally drilled by ONGC.

### Tarapur 1 Discovery Area

The Tarapur Management Committee has approved the Tarapur 1 field development plan which covers an area of approximately 2.14 square kilometers within the Tarapur 1 Discovery Area of approximately 9.7 square kilometers and includes three existing discovery wells (Tarapur 1, Tarapur P and Tarapur 5) and three development wells (TD-1, TD-2 and TD-3). All six wells are tied into the oil tank storage facilities by way of a gathering system.

First production from the three discovery wells commenced in May 2009. Two development wells (TD-2 and TD-3) commenced production during the month of September 2009 and the third development well (TD-1) commenced production in January 2010. Throughout 2009, associated natural gas was being produced and flared off. GSPC as operator built a small line gas pipeline to handle this gas, and effective January 2010, this associated natural gas is now being sold into the local market.

There are ten additional wells in the Tarapur 1 Discovery Area which are drilled, tested and awaiting tie-in to the oil tank storage facilities. One further additional well (Tarapur G) is a gas well and is drilled, tested and awaiting GSPC as operator to construct a separate gas pipeline to handle this natural gas. GSPC is currently preparing and filing the necessary declarations of commerciality and field development plans pursuant to the provisions of the PSC in conjunction with building the gas pipeline in order to bring these additional eleven wells within the Tarapur 1 Discovery Area onto production.

### Tarapur East

There are no wells drilled to date in the Tarapur East area. The Tarapur East area is located approximately forty kilometers to the east of the Tarapur 1 Discovery Area.

The consortium has applied for an 18 month extension of the exploration phase to May 22, 2010 in order to acquire 330 square kilometers of 3D seismic and drill five exploration wells. As a condition to the grant of this extension, the consortium partners must provide, if the extension is granted, a 35% bank guarantee and a 30% cash payment as agreed non-refundable pre-estimated damages based on the cost of the additional work program. The total cost of the additional work program is estimated to be \$18.3 million which would result in a bank guarantee of \$6.4 million and a cash payment of \$5.49 million. Our 18% proportionate share of these costs is \$1.15 and \$0.99 million respectively. Further, GSPC stated it would relinquish approximately 347 square kilometers, thereby leaving approximately 866 square kilometers. This 866 square kilometer area includes retaining the 330 square kilometer Tarapur East area. Government approval for this application is pending.

#### Tarapur South

As at March 30, 2010, five wells have been drilled in the Tarapur South area. The five suspended wells are awaiting further testing and appraisal before the submission of a declaration of commerciality pursuant to the terms of the PSC. The Tarapur South area is located approximately 40 kilometers to the southeast of the Tarapur 1 Discovery Area.

#### Sanand/Miroli Block

As at March 30, 2010, GSPC as operator has completed a 463 square kilometer onshore 3D seismic acquisition program, reprocessed 1,000 line kilometers of 2D seismic data and conducted a geochemical survey and analysis of 200 samples. Further, twenty wells (seventeen exploratory and three appraisal) have been drilled, of which two were drilled in 2009, which fulfills the minimum work program for Phases I and II and III.

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Of the twenty wells drilled to date, thirteen wells have been tested and are currently suspended of which eight wells (M-1, M-6, SE-2, SE-3, SE-4, SE-5, SE-8 and SE-10) have been reported by GSPC to the Director General of Hydrocarbons as discovery wells under the terms of the PSC. Of the seven remaining wells, two have been drilled and awaiting a testing program and five have been abandoned.

### Ankleshwar Block

As at March 30, 2010, GSPC as operator has completed a 494 square kilometer 3D seismic acquisition program, reprocessed 1,000 line kilometers of 2D seismic, completed a geochemical survey and analysis of 520 samples and drilled thirteen wells, eight of which were drilled during 2009.

On September 18, 2009, GSPC as operator applied for a twelve month extension of Phase I to September 30, 2010 to complete the exploratory drilling commitments under Phase I on this block, which approval is pending. Two exploratory wells remain to be drilled under the Phase I minimum work program.

Of the thirteen wells (twelve exploratory and one appraisal); one has completed testing and is currently suspended, six are being tested and six are to be abandoned.

### Mehsana Block

As at March 30, 2010, Jubilant Offshore Drilling Pvt. Ltd. as operator has completed, processed and interpreted a 235 square kilometer onshore 3D seismic acquisition program, reprocessed 650 line kilometers of 2D seismic data and has completed a geochemical survey. Further, eight wells (seven exploratory and one appraisal) have been drilled, which along with the seismic and survey work completed to date either meets or exceeds the minimum work program for Phase I.

The consortium has elected not to move into Phase II on this block but rather have requested on August 28, 2008 a six month extension to Phase I in order to complete a testing and stimulation program on existing wells in order to complete the appraisal of the block. On February 8, 2010 the Directorate General of Hydrocarbons approved the extension of Phase I until July 13, 2010.

### Our Deccan Syncline Basin Exploration Activities

#### DS 03 Block

During the year ended December 31, 2009, the field work for the acquisition, processing and interpretation of the gravity magnetic survey on this block was completed. It is our intention as operator of the block to complete a 12,000 line kilometer aeromagnetic survey before the end of the second quarter 2010.

On February 6, 2010, we applied for a six month extension of Phase I for the DS 03 Block to September 3, 2010 in order for us to complete the aeromagnetic survey. Approval for this request from the Government of India is currently pending.

#### DS 04 Block

During the year ended December 31, 2009, the field work for the acquisition, processing and interpretation of the gravity magnetic survey on this block was completed. It is our intention as operator of the block to drill ten core holes to a depth of 500 meters and complete a 535 line kilometer 2-D seismic survey over the balance of the 2010 year.

### Our Rajasthan Basin Exploration Activities

#### RJ Block 20 and RJ Block 21

During the year ended December 31, 2009, the consortium completed the processing and interpretation of the recently acquired 3D seismic program of approximately 1,300 square kilometers on both of these blocks. We have identified a number of drilling locations and expect to commence drilling in the second quarter of 2010.

#### Our 2010 Anticipated Oil and Gas Activities

We expect our exploration and development activities pursuant to the PSCs we are a party to, and the related drilling activities in the ten exploration blocks that we hold an interest in, will continue through 2010 in accordance with the terms of those agreements. During the period January 1, 2010 to December 31, 2010, based on the current budgets, we anticipate that ten exploratory wells and ten core wells will be drilled on the blocks in which we have an interest; a 12,000 line kilometer aeromagnetic survey will be conducted; and 2,015 line kilometers of 2-D seismic and 350 square kilometers of 3-D seismic will be acquired and processed. We further expect to commence the construction of the gas gathering and production facilities together with further development drilling on the KG Offshore block in which we have a carried interest. Additional expenditures may be incurred in connection with additional exploratory, appraisal and development wells we may participate in. Also, if we increase our participating interest in the KG Onshore Block to 25%, our obligations to fund the 3-D seismic acquisition and the exploratory drilling on the block will increase.

In addition, we may seek to participate in joint ventures bidding for the award of further PSCs for exploration blocks expected to be awarded by the Government of India in the future. As of March 30, 2010, we have no specific plans to join with others in bidding for any specific PSCs in India and elsewhere. We expect that our interest in any such ventures would involve a minority participating interest in the venture. In addition, although there are no present plans to do so, as opportunities arise, we may seek to acquire minority participating interests in exploration blocks where PSCs have been heretofore awarded. The acquisition of any such interests would be subject to the execution of a definitive agreement and obtaining the requisite government consents and other approvals.



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We may during the year 2010 seek to participate in joint venture bidding for the acquisition of oil and gas interests in other international countries, however, as of March 30, 2010, we have made no specific plans regarding such activities and have not entered into any binding agreements with respect to such activities.

As of March 30, 2010, the scope of any possible such activities has not been definitively established and, accordingly, we are unable to state the amount of any funds that will be required for these purposes. As a result, no specific plans or arrangements have been made to raise additional capital and we have not entered into any agreements in that regard. We expect that when we seek to raise additional capital it will be through the sale of equity securities, debt or other financing arrangements. We are unable to estimate the terms on which such capital will be raised, the price per share or possible number of shares involved or the terms of any agreements to raise capital under other arrangements.

During the first quarter of 2010, we hired a new Senior Executive. We do not expect to have any further significant change in 2010 in our number of employees.

## Reserve Report

As a result of the approval of the Tarapur 1 field development plan by the Management Committee in April 2009 and the completion of an independent reserve study dated January 1, 2010 by Chapman Petroleum Engineering Ltd. out of Calgary, Alberta, Canada, we claim reserves in the Tarapur 1 field as at December 31, 2009 as follows:

## Summary of Oil and Gas Reserves as of December 31, 2009

Reserves Category	Oil (MBbls)	Natural Gas (MMcf)
<b>PROVED</b>		
Developed	117.6	88.5
Undeveloped	--	--
<b>TOTAL PROVED</b>	<b>117.6</b>	<b>88.5</b>
<b>Probable</b>		
Developed	444.5	695.6
Undeveloped	68.6	--
<b>Possible</b>		
Developed	--	--
Undeveloped	--	--

## Proved Reserves

Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geo-science and engineering data, can be estimated with reasonable certainty to be economically producible.

## Probable Reserves

Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.

## Development and Exploration Expenditures

The following table sets forth information regarding costs we incurred in our development and exploration activities by basin block areas as at December 31 for each of the last three years.

Millions	\$2009	\$2008	\$2007
<b>Development Costs</b>			

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Cambay Basin Blocks	4.020	--	-
	4.020	--	--
Exploration Costs			
India			
Krishna Godavari Basin Blocks	5.577	5.257	4.413
Cambay Basin Blocks	31.039	24.026	18.704
Deccan Syncline Basin Blocks	1.054	0.717	0.280
Rajasthan Basin Blocks	4.123	4.085	0.136
Middle East			
Yemen, Oman and Egypt	--	--	2.560
	41.793	34.085	26.093
Total	45.813	34.085	26.093

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As at December 31, 2009, GSPC has incurred costs of approximately \$150 million (December 31, 2008 - approximately \$87.0 million) for exploration activities on the KG Offshore Block attributable to us under our Carried Interest Agreement with GSPC of which, 50% is for the account of Roy Group (Mauritius) Ltd. We will not realize cash flow from the KG Offshore Block until such time as the expenditures attributed to us, including those expenditures made for the account of Roy Group (Mauritius) Ltd. under the Carried Interest Agreement have been recovered by GSPC from future production revenue. Under the terms of the Carried Interest Agreement, all of our proportionate share of capital costs for exploration and development activities must be repaid to GSPC without interest over the projected production life or ten years, whichever is less. See “Item 1. - Business - Carried Interest Agreement Dispute”.

The following table presents the amount of suspended exploratory drilling costs relating to continuing operations at December 31 for each of the last three years, and changes in those amounts during the years then ended and prior.

	2009	2008	2007 and prior
Millions	\$	\$	\$
Balance at January 1	34.085	26.093	--
Additions pending the determination of proved reserves	12.021	18.090	26.093
Reclassification to proved reserves	(4.313 )	--	--
Charge to impairment expense	--	(10.098 )	--
Balance at December 31	41.793	34.085	26.093

The following table presents the total amount of suspended exploratory drilling costs as of December 31, 2009 by geographical area within India, including the year the costs were originally incurred. The table excludes amounts capitalized and subsequently reclassified to proved oil and gas properties or charged to expense as impairment.

	Year Costs Incurred			
	Total	2009	2008	2007 and prior
Millions	\$	\$	\$	\$
KG Basin	5.577	0.320	1.654	3.603
Cambay Basin				