

Indian Oil Corporation buys Colombian crude to diversify supply



As reported by [Reuters](#)

Indian Oil Corporation (IOC) has bought the first cargo of Colombian oil under an option agreement with state-owned [Ecopetrol](#) amid efforts to diversify supplies and reduce dependence on Russia.

According to sources, the deal envisions delivery of Castilla grade. IOC purchased 2 million barrels of this oil, with delivery slated for the end of February.

The contract includes an option to purchase around 12 million barrels, equivalent to six large oil tankers.

The agreement was signed at the end of 2021 and has been renewed annually since.

IOC traditionally covers the bulk of its oil needs through supplies from Russia and the Middle East; South American grades rarely appear in its portfolio, despite having options to buy from Mexico, Brazil, and Colombia, according to sources.

The terms of the agreement, including pricing, must be acceptable to both the buyer and the seller. South American oil typically does not compete with Russian and Middle Eastern supply in terms of cost and availability, according to sources.

It is noted that Indian refiners are seeking new crude sources amid tightening US and EU sanctions on Russian producers and ships that limit imports of Russian oil.

Context and Market Impact

The industry also notes that India continues to diversify its oil supply sources by entering into optional contracts with different regions.

Analysts say four of India's seven largest oil refining companies are now increasing purchases of Russian oil due to substantial discounts, while Reliance Industries Ltd. is avoiding such purchases.

Such trends indicate India's aim to reduce dependence on a single region and ensure steady supplies amid geopolitical constraints.

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