

**LOK SABHA
UNSTARRED QUESTION NO. 1094
TO BE ANSWERED ON 08TH FEBRUARY 2024**

ISSUES IN OIL PRODUCTION

1094 . SHRIMATI CHINTA ANURADHA:

पेट्रोलियम व प्राकृतिक गैस मंत्री

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) the details of specific technical issues causing delay in the commencement of oil production from the KG-DWN-98/2 project, initially expected in December 2023;
- (b) the details of the mitigation measures taken/being taken by the Government to address these issues and expedite the oil production timeline; and
- (c) the details of revenue sharing mechanism implemented for this project and the proportion of benefits accruing to Andhra Pradesh?

ANSWER

पेट्रोलियम और प्राकृतिक गैस मंत्रालय में राज्यमंत्री
(श्रीरामेश्वरतेली)

**MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS
(SHRI RAMESWAR TELI)**

(a) & (b): The deep sea NELP-I Block, KG-DWN-98/2, located in the Krishna-Godavari basin of Eastern Coast of India, is being operated by the national oil company- Oil and Natural Gas Corporation Limited (ONGC) with 100% Participating Interest. The block consists of three clusters of discoveries namely Cluster-I, II & III. Whereas Cluster-II is under production stage, Cluster-I & III are under development stage and exploration/ appraisal stages respectively. In Cluster-II project, first gas commenced from March 2020 and first crude oil has started from January 2024.

The deep sea Block KG-DWN-98/2 is an offshore project at a water depth of 400-1500 m with a challenging geology. In this difficult block, delays have occurred due to multiple challenges and issues in actual project implementation such as sub-surface geological issues, shifting of well locations and surface facilities/processing platform, delays and disruption in project supply chain for vendors spread across multiple countries due to COVID-19 pandemic and challenging weather conditions.

A Project Monitoring Committee has been set up by the Directorate General of Hydrocarbons (DGH) under the Ministry of Petroleum & Natural Gas, to monitor Cluster-II of the aforesaid NELP Block regularly and advise the Operator (ONGC) on various technical issues to expedite completion of project. The Government has also extended all required support sought by the operator (ONGC) for execution of this flagship Project.

(c): The Block KG-DWN-98/2 is under Production Sharing Contract (PSC) signed with the Government of India (GoI) on 12.04.2000. Under the production sharing mechanism, the profit petroleum is to be shared between the parties based on a predefined methodology provided in the Contract.

The projected economic benefits of the deep-sea Project KG-DWN-98/2 to the country including State of Andhra Pradesh *inter alia* are as under:

- i. Addition of around 30.5 Billion Cubic Meters (BCM) of Gas and 14.24 Million Metric Tonnes (MMT) of oil by the year 2036-37.
- ii. Employment of about 3000 to 3500 Indians per month on an average under various contracts for the development of this project at Offices, Fabrication Yards, Construction sites and Drill sites located in Andhra Pradesh & other parts of India.
- iii. Other tangible benefits such as fabrication of various subsea structures as part of this project for the first time in India as part of the Make in India Campaign.
- iv. In addition, fishermen livelihood compensation of over Rs. 765 crore, for development of villages of over Rs. 74 crore and Right of User (RoU) Compensation (land + crop) of over Rs. 1.63 crore have been paid for laying the Gas Export pipeline.
- v. Further, with the commencement of gas production, several underutilized gas-based industries have been revived, thereby, providing employment opportunities to local people and contributing to Nation's Economy.
