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OIL INDIA LIMITED

MINISTRY OF PETROLEUM AND NATURAL GAS

COMMITTEE ON PUBLIC UNDERTAKINGS (2024-25)

EIGHTH REPORT

(EIGHTEENTH LOK SABHA)

LOK SABHA SECRETARIAT

NEW DELHI

EIGHTH REPORT

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OIL INDIA LIMITED

MINISTRY OF PETROLEUM AND NATURAL GAS

[Action taken by the Government on the Observations/Recommendations contained in the Twenty-first Report of the Committee on Public Undertakings (17th Lok Sabha) on Oil India Ltd.]

Presented to Lok Sabha on 18 December, 2024
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LOK SABHA SECRETARIAT
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*To be appended at the time of Printing

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Shri Baijayant Panda - Chairperson

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1. Shri Neeraj Semwal - Joint Secretary
2. Smt. Jyochnamayi Sinha - Director
3. Smt. Mriganka Achal - Deputy Secretary
4. Smt. Smita Khade - Executive Officer

INTRODUCTION

I, the Chairperson, Committee on Public Undertakings (2024-25) having been authorized by the Committee to submit the Report on their behalf, present this Eighth Report on Action Taken by the Government on the Observations/Recommendations contained in the Twenty-first Report of the Committee on Public Undertakings (17^{th} Lok Sabha) on 'Oil India Ltd (OIL)'.

2. The Twenty-first Report of the Committee on Public Undertakings (17^{th} Lok Sabha) was presented to Lok Sabha and laid on the Table of Rajya Sabha on 12 December, 2023. The Action taken Replies to all the 16 recommendations contained in the Report were received from the Ministry of Petroleum and Natural Gas on 14 October, 2024.

3. The Committee considered and adopted the draft Report at their sitting held on 16 December, 2024. The Minutes of the sitting are given in Appendix-I.

4. An analysis of the action taken by the Government on the Observations/ Recommendations contained in the Twenty-first Report of the Committee (17^{th} Lok Sabha) is given in Appendix -II.

New Delhi;
16 December, 2024
25 Agrahayana, 1944(S)

Baijayant Panda
Chairperson
Committee on Public Undertakings

R E P O R T

CHAPTER I

This Report of the Committee deals with the action taken by the Government on the observations/recommendations contained in the **Twenty-first Report (Seventeenth Lok Sabha) of the Committee on Public Undertakings (2023-24) on "Oil India Limited (OIL)"** which was presented to Parliament on 12 December, 2023. It contained Sixteen observations/recommendations.

2. Action taken notes have been received from the Government in respect of all the sixteen observations/recommendations contained in the Report. These have been categorized as follows:

(i) Observations/Recommendations which have been accepted by the Government *(Chapter II)*

Sl. Nos. 1, 2, 3, 4, 5, **6**, 8, **10**, **11**, 12, **13**, 14 and 15 **(Total 13)**

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies *(Chapter III)*

NIL **(Total 00)**

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration *(Chapter IV)*

Sl. Nos. **7** and **9** **(Total 02)**

(iv) Observations/Recommendations to which the Government have furnished interim replies and final replies are still awaited *(Chapter V)*

Sl. No**. 16** **(Total 01)**

3. The Committee desire the Ministry of Petroleum and Natural Gas to furnish Action Taken Notes/ Replies in respect of Observations/Recommendations contained in Chapter I of the Report. The Committee desire that the final replies in respect of Observations/Recommendations contained in Chapter V for which only interim replies have been given by Government, should be furnished to the Committee expeditiously.

4. The Committee will now deal with the Action Taken by the Government on some of the Observations/Recommendations of the Committee in succeeding paragraphs.

Recommendation (Sl. No. 6)
{ Shifting of Corporate Office }

5. The Committee in their Twenty-first Report, had observed and recommended as follows:-

" The Committee note that OIL had an operational Corporate Office (CO) earlier at New Delhi from 1981 and thereafter at NOIDA from 2007-08 and the Registered Office (RO) and Field Head Quarter (FHQ) at Duliajan in Assam. Additionally, the Company also has a Pipeline Headquarter (PHQ) at Guwahati. It is learnt that after the Baghjan blow-out incident, OIL was asked to relocate its Headquarter/Corporate Office to Guwahati to increase the operational and execution capability; have close supervision and oversight of its operation in North-East; and make active interaction with the State Government and local community. Consequently, the Govt. of Assam allotted a plot of land in Guwahati for setting-up the office and foundation stone has been laid in June, 2022. In this context, the Committee also note that apart from North-East States, OIL's Domestic Acerage (Operated) spreads to five other States/UT in the Country and 10 projects in seven other Countries. Moreover, as part of its diversification strategy, it has taken-up the projects of City Gas Distribution (CGD) business in the States of Haryana and Maharashtra. The Committee note that as a reputed E&P Company OIL, having its base and maximum production (the Company during 2021-22 made 99 % of its crude oil production and 90.58 % gas production) from the State of Assam, has proved its mettle with the existing set-up of Corporate Office-Headquarter set-up at NCR(NOIDA)-Dulaijan combination acting as an important link in coordination, prompt decision making and linking of North-East with the Ministry's Headquarter in New Delhi. The Committee, therefore, opine that the present land allotted in Guwahati to OIL may be developed and strengthened by positioning key Board Members having E&P expertise to supervise and look after the operations and business in North-East States which may act as an important link between Dulaijan, Assam (RO and FHQ) and NOIDA. The Committee, therefore, in view of OIL's pan-India and global presence, desire that the MoPNG may review their earlier decision of shifting Corporate Office to Assam. This will help OIL in improving their business and give an opportunity in interacting with all concerned conveniently in quickest possible time.."

6. The Ministry, in their action taken reply, have stated as follows:-

"The earlier decision of relocating of OIL's Headquarter/Corporate Office to Guwahati has since been reviewed and the Competent Authority has approved the continuation of OIL's existing Headquarter/Corporate Office at Noida and not to relocate the office to Guwahati. Compliant to observations and being a Maharatna CPSE, now OIL has redefined its vision as an integrated company with business outlook to engage actively in E&P activity Pan India including offshore exploration efforts.

In view of above, OIL has now revisited the earlier approach and planning to develop an OIL complex at Guwahati comprising of the following facilities:

- State of the art training institute for OIL's executives and employees.
- A Centre of Excellence for Energy Studies' (CoEES) which will facilitate innovative studies in the Energy Domain including E&P.
- A skill development Institute (SDI) for the benefit of youths of entire NE Region with residential facility.

Preparation of revised building design including site investigation, if any for above facilities is being planned and on finalization of the same, construction of the complex will be taken up by OIL."

7. **The Committee, in their Original Report, had noted that OIL had a historical operational structure with its Corporate Office (CO) in earlier at New Delhi and thereafter at NOIDA, while the Registered Office(RO), Field Head Quarter (FHQ) and Pipeline Head Quarter (PHQ) having operations rooted in Assam. In the background of Baghjan blowout, the Company was asked to relocate its Headquarters/Corporate Office to Guwahati that could strengthen operational oversight in the North-East. However, based on (a) the remarkable performance achieved by the Company with the existing set-up of Corporate Office-Headquarter set-up at NOIDA-Dulaijan combination acting as an important link in coordination, prompt decision making and linking of North-East with the Ministry's Headquarter in New Delhi; and (b) the Company's pan-India and global presence, the Committee had recommended for reviewing the relocation decision, suggesting that developing the Guwahati office with key Board Members would effectively balance regional and national interests without shifting the Corporate Office. The Committee further were of the view that this arrangement could help the Company to improve their**

business, giving it an opportunity to interact with all concerned conveniently in shortest possible time.

The Ministry, in their reply has submitted that the decision to shift OIL's Corporate Office to Guwahati has been reviewed, and it has now been decided to retain the CO in NOIDA. Further, OIL plans to develop a comprehensive complex in Guwahati, with (i) A state-of-the-art training institute; (ii) A Centre of Excellence for Energy Studies (CoEES); (iii) A Skill Development Institute (SDI) with residential facilities to benefit the youth of the North-East for which revised designs are being prepared to commence the complex construction.

The Committee are happy to note that the recommendation of the Committee has been accepted in right perspective and hope this link of NOIDA-Assam should bring synergy and best performance of the Company in future. The enhanced coordination by retaining the CO at Noida, OIL should strengthen its liaison structure for seamless interaction between the Guwahati office, Duliajan operations and the Ministry in Delhi. The Committee, reemphasise on positioning key Board Members with E&P expertise to supervise operations and business in North-East States and further recommend that OIL should provide a time-bound action plan for developing the proposed Guwahati complex with periodic monitoring for timely execution.

Recommendation (Sl. No. 7)
{Norms for Board Meetings}

8. The Committee in their Twenty-first Report had observed and recommended as follows:-

"The Committee note that Estimate Committee, one of the Financial Committee had examined OIL in 1967-68 and had recommended that except under exceptional circumstances, all the Board meetings should invariably be held at the Company's Registered Office in Assam i.e., Duliajan. Subsequently, Company then decided that at least one-third of its Board meetings will be held at its Registered Office. Now, after the fire incident at one of oil fields at Baghjan in Tinsukia district of Assam, the Government of India has directed the Company to shift its corporate office to Guwahati. In this context, the Committee sought information on whether the stipulated numbers of Board meetings were held at Registered office in Duliajan. The Committee find that the Company has been evasive in their reply in following the norm to hold one-third Board meetings at its

Registered Office. As evident from physical performance, the Company during 2021-22 made 99 % of its crude oil production and 90.58 % gas production from the State of Assam. On scrutiny of last 10 years data on number of Board level meetings held each at Registered, Corporate and Regional Offices, the Committee are dismayed to find that only 7% of these meetings took place at Registered Office as against 72 % meetings held at Corporate Office and remaining 21% at various Regional Offices. The Company's stand that seeking convenience of all the Directors for finalization of date, time and venue for Board/Committee Meetings as reason for delay is not convincing. The Committee are of the opinion that Registered Office being located in the main operational area of the Company at present, should get its due monitoring and supervision, as conducting Board meeting at this office will reinvigorate the Registered Office's energy, preparedness and responsibility. The Committee, therefore, desire that OIL should fulfill the norm for having at least one-third meeting more specifically, the Quarterly Board meetings, at their designated Main Offices in North-East States (Dulaijan and Guwahati) in letter and spirit, till they have majority production from the Blocks/Fields and projects running in North-East States.."

9. The Ministry, in their action taken reply, have stated as follows:-

"The Companies Act, 2013, and SEBI (LODR) Regulations, 2015 have not prescribed minimum number of Board / Committee Meetings to be held at the Registered Office / Main Office of the Company. However, as per the suggestions of the Committee, the Company will endeavour to increase the frequency of Board Meetings at the designated Main Offices in North-East States (Duliajan and Guwahati)."

10. **The Committee observed that OIL has consistently failed to meet its commitment of holding one-third of its Board meetings at its Registered Office (RO) in Duliajan, Assam. It emphasized the importance of conducting these meetings in the main operational area to enhance oversight, reinforce the RO's energy, preparedness and responsibility while maintaining focus on North-East operations. The Committee in their Twenty-first Report (2023-24) had recommended strict adherence to the norm, especially for quarterly Board meetings, in Duliajan and Guwahati.**

The Ministry, in their reply has stated that the Companies Act, 2013, and SEBI (LODR) Regulations, 2015, do not mandate Board meetings at specific locations. However, it has assured that OIL would strive to increase the frequency of such meetings at its main offices in North-East states, namely Duliajan and Guwahati, in alignment with the Committee's recommendations.

The Committee does not accept the response furnished by the Ministry citing Companies Act and SEBI Regulations not mandating OIL to hold meetings at specific locations. The Committee are of the opinion that since it is the prerogative of the Board to decide the location of the meeting it would be better to hold them at locations where maximum number of operations are taking place, to avoid accidents. The spirit of the Committee's recommendation to have atleast quarterly Board meetings in Dualiajan and Guwahati, may have been missed by the Ministry in right context having emphasized on the major contribution coming from the Main Producing Area (MPA) and the Company's growth trajectory being directly dependent on performance of this area, at present and in near future. Further :-

(A) The provisions of Companies Act does not limit a CPSU in holding its Board meeting only at Corporate Office, based on convenience of Board Members. (i) The Committee find that although Section 173 of Companies Act does not specify on location specific Board meetings, but increasing the frequency of Board meetings at main operational areas shall come in long way ensuring strategic alignment in key operational areas adhering to the spirit of efficient governance outlined in the Act; (ii) Further, as per Section 174 of Companies Act, the quorum requirement of physical presence of a minimum number of Directors for valid meetings, placing key Directors, especially those responsible for regional operations, shall enhance accountability at operational centres like Duliajan; and (iii) Infact, the Companies Act provides for Board meetings to be conducted in accordance with the Articles of Association (AoA) of the CPSU and it serves as the internal rules or regulations that govern the management and operation of the company. These rules are meant to guide the conduct of its affairs, including the procedure for holding Board meetings. Hence, Board meetings must be conducted in accordance with the AoA of the CPSE, meaning that the procedures, roles, and responsibilities outlined in the AoA must be followed during the meeting. The Committee are of the view that OIL may look into amendment in its AoA, as per the relevant rules and

provisions, to include operational and governance requirements that reflect their unique circumstance and hold atleast quarterly Board meetings in line with the Committee's recommendation made earlier.

(B) Further, as per SEBI (LODR) Regulation, (i) Regulation 17(2) and 17(3) emphasizes the necessity of atleast four board meetings to discharge governance responsibilities effectively and periodic review compliance with laws aligning with regulatory principle respectively; and (ii) Although the Regulations may not mandate location-specific meetings, having quarterly Board meetings in North-East may help to support the principle of aligning governance with stakeholder interest and operational focus as specified under Regulation 4.

In view of the above, the Committee are of the opinion that the enhanced role of Registered Office located in main operational areas shall certainly help in decision making. Also, regular board activities at such locations could ensure compliance with the intent of robust oversight and local engagement. The Committee's views about the frequency and location of meetings suggest an intent to improve transparency and strategic decision-making with on-ground realities including addressing regional concerns and operational performance. The Committee, therefore, wish to reiteriate its earlier stand and desire that OIL may not only increase frequency of its Board meeting in its main operational area but also have atleast quarterly Board meetings in North-East particularly Duliajan and Guwahati. The Committee are hopeful that the steps would ensure oversight of production performance, given 99 % of OIL's crude oil and 90.58 % of gas are produced from the MPA. In adherence to this effect, OIL should disclose the location of Board meetings in its Annual Report to ensure transparency and compliance with the recommended norms.

{ Safety- Incidents/Accidents, Causalities and Compensation – Take-away from Baghjan incident}

Recommendation (Sl. No. 9)

11. The Committee in their Twenty-first Report had recommended as follows:-

"The Committee while going into the specific details of blowout in Baghjan Well#5 that started on 27 May, 2020 and finally kicked, capped and abandoned on 3 December, 2020, note that the incident resulted in a total loss of 47,837 MT of crude oil and 129 MMSCM of Natural Gas resulting in Rs. 20 crore estimated loss of production from the date of incident till the diversion of natural gas production. Besides this, OIL had to make payment of Rs.147.92 crore (Rs.102.74 crore as compensation and Rs.45.18 crore for relief & rehabilitation) to the people affected in the incident. Besides, the Company had to shell out Rs.449.03 crore (Rs.51.30 crore to Domestic and Rs.203.30 crore to International Companies) for engaging outside Companies to cap the blowout of the well. The Committee note that a High Level Committee (HLC) was set-up by the Government of India headed by Secretary, MoPNG to investigate the Baghjan blowout incident. To monitor status of implementation of recommendations made in the HLC Report, OISD has been assigned to review the same with the stakeholders including revision in standards for internal and external safety audits. The Directorate General of Hydrocarbons (DGH) has prepared guidance documents for training and capacity building for the same. The Committee agree with the opinion of HLC that Companies engaged in oil & natural gas business should develop its own Crisis Management Team (CMT) to deal with any emergency and, therefore, recommend that taking cue from the incidents taken place in the past in Oil & Natural Gas sector, the Ministry of Petroleum and Natural Gas, in consultation with Disaster Management Authority, should develop an exclusive National level CMT involving experts from major oil Companies in the field to deal with any catastrophic situation for annihilating/minimising loss of life and damage to the ecosystem. The Committee further desire that the best professional training may also be imparted to persons engaged in such tasks to gain expertise in dealing with any calamity/disaster and further reduce dependency on external assistance. The self-sufficiency of CMT (another sphere of Atma Nirbhar Bharat) will not only enhance the Nation's credibility at global level but also minimize the dependency on assistance from international agencies to deal with incidences of greater magnitude like blowout such as in Baghjan Well. Further, the other recommendations of HLC should be implemented in letter and spirit."

12. The Ministry, in their action taken reply, have stated as follows:-

"Blow out control by Crisis Management Team (CMT) is very specific to E&P sector only and as such other institutions will not be of much help. ONGC has established dedicated teams to effectively manage emergency scenarios associated with blowouts or uncontrolled flow from oil and gas wells, as well as to handle related emergency situations. At the central level, ONGC has a Central Crisis Management Team (CMT), which oversees and coordinates emergency response efforts across the organization. Additionally, Regional CMTs are established at key locations including Rajahmundry, Vadodara, Mumbai, and Sivasagar, enabling swift and localized responses to emergencies within their respective regions.

Recently, Cairn Oil & Gas, Vedanta Limited, has signed a Memorandum of Understanding (MoU) with ONGC to collaborate on Crisis Management Teams (CMTs). This partnership aims to enhance emergency response capabilities and ensure effective management of crisis situations in the upstream onshore sector.

DGH has taken lead in conducting meeting between private operators and major E&P operators like ONGC and OIL to facilitate agreement for collaboration on crisis management.

Recommendations of the HLC are being monitored by OISD on quarterly basis from E&P operators. The quarterly data is being analysed by OISD and a report is submitted to MoPNG.

Oil India Limited is currently in the process of developing its own fully fledged Crisis Management Team. Post Baghjan blowout, OIL's CMT has been strengthened in terms of Manpower, equipment, training and collaboration as below,

Manpower: All the sanctioned Executive posts are filled up. Total no. of executives at CMT department as on date is 4 and all 13 nos. unionized employees deployed in CMT department.

Equipment: Procurement and Commissioning of basic well control equipment have been completed. Some of this major equipment are:.

- 13.5/8-inch X10 M single RAM BOP – 2 No
- 7.1/16-inch X10 M double RAM BOP–1 No
- 60 feet Athey Wagon – 1 No
- Bulldozer (324HP)- 1 No
- 4000 GPM fire water pump: - 2 No
- Ultra slim hydraulic torque wrench – 1 Set
- External casing cutter- 1 Set

- Atlas Copco Air compressor- 1 No
- Exothermic Lance Cutter with accessories- 1 No
- 7.1/16-inch X10 M HCR valve – 1 No

Training: CMT Executives have been undergoing mandatory training/certification program at International Well Control Forum (IWCF), Drilling and Well Intervention & Pressure Control training. All the newly joined work persons have been imparted statutory and mandatory training like MVT, First aid, Jigyasa, Basic life support &First responder, Gas testing, Basic and Advanced firefighting etc. Also work persons have been sent for skill development training at original equipment manufacturer (OEM) facility of M/s Worldwide Oilfield Machine - Pune for BOP training & M/s BEML- Bangalore for Bulldozer training.

Collaboration: OIL has signed two MOU for on call crisis management services with i) M/s Cudd pressure control, Inc. Newcastle, Oklahoma and ii) M/s Wild Well Control, Inc. Houston, Texas for any eventuality."

13. The Committee, in their Original Report, had noted significant losses from the Baghjan blowout including production loss, compensation paid and costs for external assistance. They had emphasized the need for oil companies to establish self-reliant Crisis Management Teams (CMTs) and proposed a national-level CMT with expert collaboration across major oil companies to deal with any catastrophic situation thereby annihilating/minimizing loss of life and damage to the ecosystem. The Committee had further recommended for implementing High-Level Committee's (HLC's) suggestions, providing advanced training to personnel and reducing dependency on external agencies, promoting Atma Nirbhar Bharat in crisis management.

The Ministry in their submission has highlighted steps taken to strengthen crisis management including ONGC establishing a dedicated Central and Regional CMTs and Cairn Oil & Gas has partnered with ONGC to enhance emergency response. Further, Oil India Limited (OIL) has been developing its own fully-fledged CMT with focused areas addressing manpower, equipment, training and collaboration with global crisis management firms like Cudd Pressure Control and Wild Well Control. It has been also submitted that the recommendations of the HLC are being monitored quarterly by the OISD, and DGH is fostering collaboration among private and public E&P operators for crisis management.

The Committee, while acknowledging the steps taken so far by the Company, would like to reiterate their view for establishment and formalized functioning of a centralized CMT involving experts from major oil companies, under direct supervision of the Ministry/OISD, which will help in real-time reporting, monitoring and quick recovery response from catastrophic incidents across oil companies. Adding to this, the Committee further desire that a dedicated advanced training center for oil and gas crisis management may be set-up, offering simulation-based learning for complex scenarios like blowout.

Recommendation (Sl. No. 10)

14. The Committee in their Twenty-first Report, had recommended as follows:-

" The Committee note that post blowout at Baghjan, a Committee, under Justice (Retd) B P Katakey, was formed by National Green Tribunal to undertake the task of assessing the environmental damage caused by the Baghjan incident and to suggest restorative measures. Lateron, the Committee was also reconstituted by the Supreme Court. The Committee find that prior to this unfortunate Blowout, the Company had not been penalized to pay damages for violating environmental norms or causing damage to the environment. The Committee further note that post Blowout, the Company had engaged organizations/agencies (M/s ERM India Pvt. Limited, Assam agriculture University, TERI, CSIR and IIT, Guwahati) that carried out Environmental Impact Assessment (EIA) and Assessment & Remediation of the quality of soil and vegetation in the vicinity of the blowout area. The reports submitted by the reputed organizations have not pointed to any adverse permanent effect on the surrounding areas including the blowout site. The Committee find that as directed by Hon’ble Supreme Court to constitute a Committee, the Company is adhering and implementing the bio-remediation in the entire affected area. The Committee opine that since livelihood of the people living nearby blowout area is dependent on the natural resources available in that area, Oil India Limited must implement the recommendations of the Committee(s) for Assessment & Remediation of the environment, in letter and spirit for successful rehabilitation of the area. The Committee further desire that the Company may adopt some villages around Baghjan blowout for their all round development. This step will ensure continuous vigil and monitoring of the area by the Company and returning of flora, fauna for the livelihood for the people living in that area. The Committee also desire that the same may annually be reviewed in its Health, Safety and Environment (HSE) Committee and in the Board.**"**

15. The Ministry, in their action taken reply, have stated as follows:-

"In line with the recommendations of the learned Committee to review Health, Safety and Environment (HSE), OIL has taken initiatives christened as "KAVACH" for mitigation measures. Similarly, OIL has also revised the old "HSE Policy " policy has been revised. Brief on both i.e. Initiatives and Revised Policy has been appended below:

Project KAVACH:

OIL accords highest commitment to Health and Safety of all the stakeholders along with the preservation of the Environment in its operational area across all spheres and community at large. HSE is deeply ingrained as a core value for Oil India Limited, and is focused towards continual improvement embracing advancements in regulatory regimes, Integrating new technology etc, demonstrate company's commitment to the well-being of its employees, the protection of the environment, and the overall safety in every facet of our operations aligning with company's vision and values.

In alignment with Company's commitment towards HSE, OIL has launched Project KAVACH (Key to Awareness, Value Creation, and Change) to strengthen and transform the existing Health, Safety, and Environment (HSE) Management System of the company. The project aims to adopt best practices by benchmarking its installations and processes against global standards through ISO certification. The comprehensive endeavour encompasses ten strategic goals, each designed to elevate HSE performance and sustainability practices. The initiative entails strengthening the HSE Management System, conducting HSE Culture assessments, establishing a comprehensive HSE audit universe & asset integrity management, benchmarking HSE Parameters against national and international best practices and standards, integrating technology to enhance the HSE Management System, establishing an Emergency Response Centre, achieving Net Zero and conducting an Occupational Health Survey. Project KAVACH serves as a catalyst for positive transformation within Company, reinforcing a robust HSE framework and fostering responsible business practices in alignment with global standards.

Revised HSE Policy:

In response to the dynamic and evolving Health, Safety, and Environmental (HSE) ecosystem, OIL has undertaken an initiative to review and revise its HSE Policy. The decision is propelled by multifaceted factors, which includes (i) critical recommendations from the High-Level Committee on the Baghjan incident, (ii) insights gained from an External Safety Audit of OIL, (iii) evolving regulatory guidelines and (iv) observations noted in the Joint Working Group report.Additionally, the imperative for change is due to transformative shift in the vision statement of the company, necessitating a realignment of its operational principles.

The transformative journey of OIL into a dynamic and integrated energy player, in line with its redefined vision and values, necessitates a corresponding evolution in its Health, Safety, and Environment (HSE) policy.

OIL's redefined vision is "Be a leading and future ready integrated energy company committed to sustainable energy security of India through performance excellence

Oil India Limited has taken a note of all the recommendations of Committee(s) for Assessment & Remediation of the environment for successful rehabilitation of people living nearby Baghjan blowout area. OIL has paid necessary compensation towards Rehabilitation, Resettlement and Compensation to the local villagers via District Administration as directed by the Committees(s).

At the highest level, there are two committees that review and take stock of HSE matters of the company, viz. the Apex level committee comprising of CMD & Directors and the HSE committee comprising of Functional Directors and Independent Directors. All HSE matters are reviewed biannually by both the committees and annually by the Board."

16. **The Committee while acknowledging the efforts of OIL and other agencies in assessing and mitigating the environmental damage caused by the Baghjan blowout emphasized strict adherence to remediation recommendations had urged OIL to adopt the surrounding affected villages for holistic development, ensuring livelihoods and environmental restoration. They had also suggested that these initiatives be reviewed annually by the Health, Safety, and Environment (HSE) Committee and the Board.**

The Ministry in their reply has provided with information on measures taken by OIL *viz*. (i) Project KAVACH - A comprehensive initiative aimed at improving HSE systems through global benchmarking, advanced technology, and strategic goals like establishing an Emergency Response Centre and achieving Net Zero targets; (ii) Revised HSE Policy

- Aligned with OIL's new vision as an integrated energy company, it incorporates recommendations from the Baghjan High-Level Committee, safety audits and evolving regulatory standards; and (iii) Rehabilitation and Compensation - Necessary payments for rehabilitation and resettlement have been made with regular HSE reviews at both apex and Board levels to ensure compliance.

The Committee, while appreciating the steps taken under Project KAVACH are of the opinion that the Company may enhance monitoring mechanism by carrying out third-party audits of environmental restoration efforts annually, with findings made part of the Annual Report. The Committee desire that a structured development plan may be developed for adopted villages, focusing on healthcare, education, and sustainable livelihoods, whose progress may be reviewed quarterly by the Board. The Committee further recommend that an independent review may be carried out by engaging external experts for periodic evaluation of OIL's HSE performance under Project KAVACH and revised policies to ensure alignment with global standards.

<u>Recommendations (Sl. No. 11)</u>
{ Efforts to improve women participation in E&P Sector}

17. The Committee in their Twenty-first Report, had recommended as follows:-

"The Committee, during the course of evidence, were surprised to find that a Company like OIL, a E&P major, have been able to engage only 409 women executives in the Company that constitutes less than 7 % of their present strength of 6256 employees as against an average women participation of 9.35% of total women employees in CPSEs. The response of the Company and the Ministry that they encourage gender equality in the recruitment processes and also give emphasis to induct women employees in technical and non-technical fields and familiarize them about the best practices and facilities available, does not reflect true picture of women participation in Companies engaged in Oil & Natural gas. They all have less than 10% women participation in their respective Companies as is evident from the data furnished to the Committee, ONGC (7.5%), GAIL (6.46%), IOCL (8.77%) and HPCL(9.7%),. The Committee observe that an exception to this is only the EIL, an Engineering Consultancy & EPC Company under MoPNG, which has 11.75 % of women employees engaged in the Company. The submission by OIL in this regard that in Companies engaged in E&P, women are less likely to prefer drilling and other activities that are field-oriented having night-shifts, is not convincing. The Committee is aware that today women are participating in every field including challenging sectors like Defence/Aviation/Medical and hence desire that efforts should be made by the Companies to recruit more women employees in Oil & Natural Gas Companies. The Ministry should also work with Indian Institute of Petroleum, Dehradun and other Institutes for the purpose."

18. The Ministry, in their action taken reply, have stated as follows:-

" Oil India Limited is committed to prioritizing gender inclusivity, creating an environment where women are treated with respect and provided protection in the workplace. Our dedication to fostering a conducive work environment for female employees extends to a strong emphasis on health and safety aspects. At OIL, we hold the dignity of women in high regard, reflecting our legacy and a culture of maintaining a positive and progressive attitude towards women.

Women Representation in OIL

Year	Total Employees	Women Employees
2020-21	6190	403
2021-22	6256	409
2022-23	6759	489

The overall representation of women along the corporate hierarchy is on the rise due to focused interventions by the Company. It is noteworthy that, given the structure of the Oil and Gas industry, the participation of women in employee cadres has historically lagged behind that of men. Challenges posed by remote, geographically difficult, and socially backward areas where much of the value chain activities occur have exacerbated efforts to increase women's representation at the ground level. However, targeted interventions in the executive workforce over the past few years are yielding positive results. Currently, women constitute approximately 13% of the total executive strength, with an even more encouraging representation of around 16% in entry-level executive grades (in grades B,C& D)—significantly higher than the industry average of 9.35% as given in this report.

To keep up our progress towards gender parity in the workforce, it may also be mentioned here that to ensure fairness in selection process, a lady officer is invariably associated in the Selection committee whenever women candidates are involved.

It is essential to acknowledge the Company's numerous focused initiatives toward achieving gender parity in its workforce. Nevertheless, achieving increased women representation across corporate hierarchies requires a concerted, sustained, and holistic effort from all stakeholders in society. Parents, teachers, community leaders, academic institutions, lawmakers, government, and corporate leaders each have a role to play in enhancing women's representation—an integral driver of economic prosperity and structural well-being in society."

19. **The Committee, in their Original Report, had noted the underrepresentation of women in Oil India Limited (OIL) and other E&P companies, with less than 10% participation compared to the average 9.35% in CPSEs. The Committee had rejected OIL's justification that field-oriented roles deter women and urged Companies to actively recruit more women, including collaborating with institutes like the Indian Institute of Petroleum, Dehradun to promote gender inclusivity.**

The Ministry, in their reply, has highlighted OIL's commitment to gender inclusivity through targeted interventions and workplace safety measures. It reported a steady increase in women employees, from 403 in 2020-21 to 489 in 2022-23, with women comprising 13% of the executive strength and 16% in entry-level grades. The Ministry has also emphasized the inclusion of women in selection committees and attributed challenges to the nature of operations in remote and difficult areas.

The Committee, desire that to expedite gender inclusivity in the sector, OIL and other Companies in this sector may focus on targeted recruitment drive by setting measurable targets to increase women's participation to at least 15% within five years, especially in technical and leadership roles. Further, the Companies can offer incentives for women in field roles by offering additional allowances, mentorship programs and flexible work arrangements to encourage them to take up field assignments. In addition to this, innovative approach by partnering with STEM-focused universities and institutes to create scholarships, internships and awareness programs aimed at attracting women to the E&P sector may be undertaken by the Companies in collaboration with educational institutions. The Committee are of the view that an investment in field accommodations and facilities tailored to ensure the safety and comfort of women employees in remote

locations should add to the genuine efforts of inclusivity. Further, the Ministry may mandate all E&P companies to publish annual reports on gender parity highlighting progress and outlining further initiatives.

<u>Recommendations (Sl. No. 13)</u>
{Diversification Initiatives – Renewable Energy, Green Hydrogen and City Gas Distribution}

20. The Committee in their Twenty-first Report, had recommended as follows:-

"The Committee note that as per 'OIL Strategic & Corporate Plan 2011-20', City Gas Distribution (CGD) has been selected by the Company as an emerging area to provide an alternate, clean and efficient fuel to the consumers. Accordingly, OIL has ventured into City Gas Distribution (CGD) projects to diversify into non-E&P energy value chain and embark on next phase of growth. The Committee observe that OIL has invested Rs. 222 crore in different Joint Ventures for CGD Network for 7 Geographical Areas in various parts of the Country. The Committee further note that after completion of 11A bidding round, 297 Geographical Areas (GAs) covering about 98% of the population and 88% of total geographical area spread over around 776 districts in 28 States & UTs have been authorized by Petroleum and Natural Gas Regulatory Board (PNGRB) for development of City Gas Distribution (CGD) projects in India. The Committee find that the main challenges faced in this downstream sector are non-availability of smart meters & ancillary equipment and shortage of skilled manpower. The Committee are well aware that targeted skill development programs would be essential for successful implementation and expansion of City Gas Distribution (CGD) projects in India and observed that to address this, GAIL with support of seven oil and gas CPSUs (ONGC, OIL, IOCL, HPCL, BPCL, EIL & Balmer Lawrie) has formed a society to run the Skill Development Institute (SDI) at Raebareli under MoPNG directives. Apart from gas CPSUs partnering with local Industrial Training Institute (ITI), a Hydrocarbon Sector Skill Council (HSSC) has also been set-up under the aegis of MoPNG with a vision to meet diverse skill requirements of the Hydrocarbon Industry and enhance employability and opportunities, locally and globally.

Since OIL have set-up an exclusive Skill Development Institute at Guwahati in 2017, the Committee desire that they get developed the training modules in coordination with Industrial Training Institutes (ITIs) and Industrial Training Centres (ITCs) to build a pool of the required qualified trainers and skilled workforce for spreading the network of CGD as per the commitment made in Paris Convention by Government of India to increase the share of natural gas in India's energy mix from 6.5% to 15% by 2030. This step, the Committee feel, would in turn help to accelerate the pace and spread of CGD network in the allocated GAs and reach to the last mile person in the form of benefits accrued from the web of CGD availability i.e., PNG and CNG for the designated consumers."

21. The Ministry, in their action taken reply, have stated as follows:-

" The training module for CGD is already available in the Skill curriculum of 'National Skill Development Corporation (NSDC)'. It falls under the specific HSSC (Hydrocarbon Sector Skill Council). SDI-Guwahati has already chalked out a plan to implement training programme for Pipe Fitter and Welder suitable for CGD works. The pertaining course on CGD yet to commence at SDI, Guwahati as the laying of CGD networks, commissioning and supply of Gas through these networks in different GAs not yet completed. Coinciding with the implementation stage of these Networks the training programmes are planned to be commenced so that the trained apprentices get opportunity be absorbed."

22. **The Committee, in their Original Report, had noted OIL's diversification into City Gas Distribution (CGD) projects and its investments in joint ventures for seven geographical areas. The Committee had emphasised the need for targeted skill development programs to address manpower shortages and enhance CGD expansion and recommended collaboration with ITIs and ITCs to develop training modules to build a skilled workforce for the CGD sector, aligning with India's commitment to increase natural gas in the energy mix from 6.5% to 15% by 2030.**

The Ministry, in their reply, has informed that the training module for CGD is already part of the National Skill Development Corporation (NSDC) curriculum under the Hydrocarbon Sector Skill Council (HSSC). The Skill Development Institute (SDI) in Guwahati has plans to initiate training programs for pipe fitters and welders for CGD works. However, these courses have not commenced yet, as CGD network implementation in the identified geographical areas is still ongoing. The training

programs are planned to coincide with the network rollout, ensuring job opportunities for trained apprentices.

The Committee are of the view that the Company may initiate and accelerate the Skill Program Rollout and start skill development programs ahead of CGD network completion to prepare a ready workforce, ensuring smooth and timely execution of projects. The Company may also take a lead and collaborate with industry leaders and partner with CGD operators across the Country and stakeholders to provide on-the-job training opportunities during network implementation stages. The Company may also think for inclusion of advanced modules by including updated training curriculums to include advanced modules on smart metering, network monitoring and ancillary equipment handling to address skill gaps. To spread the CGD network at speed in the Country, the Ministry can also focus on development of such training institutes by major oil and gas Companies with industry-specific curriculum to fulfil ground training and also providing on-site internship exposures to the trainees. Further, OIL may take an intiative towards promotion of gender inclusivity by encouraging women's participation in CGD-related training programs to promote diversity in the workforce.

Recommendations (Sl. No. 16)
{ Levy of Special Additional Excise Duty (SAED) on E&P Companies}

23. The Committee in their Twenty-first Report, had recommended as follows:-

"The Committee observe that E&P Companies pay royalty on production of crude oil and natural gas to the Central Government for production from offshore fields and to the State Governments for production from onshore fields respectively. Further, a Special Additional Excise Duty (SAED) of Rs.23,250/MT has been levied by the Government of India on the production of crude oil w.e.f. 1 July, 2022 which has been further reduced to Rs.17000/MT. The Committee are of the view that this statutory duty is significantly impacting the revenue of the Company. The Committee also note that OIL has represented to MoPNG for review of levy and MoPNG, which in turn has also taken up the matter with Ministry of Finance requesting that SAED may not be made applicable on blocks or fields falling under the contractual regime (Production Sharing Contracts - PSCs) and on contractors under Production Enhancement Contracts, till the Companies reach the production levels of 2 million barrels. The Committee are in agreement with the MoPNG's submission that the additional levy of SAED, besides having a cascading effect, may trigger reduction in future exploration investments by existing contractors under various regime and discourage new players/bidders from participation in E&P assignments in Indian Basins. The Committee, therefore, urge the Ministry of Finance to appropriately consider the MoPNG's request regarding levy of SAED on E&P Companies so as to encourage exploration in the oil and gas fields with minimal effect on the Company's growth and profit."

24. The Ministry, in their action taken reply, have stated as follows:-

" Government of India vide its Notification No. 05/2022 – Central Excise dated 30.06.2022, has levied a Special Additional Excise Duty (SAED) of Rs. 23,250/ MT on production of crude oil. SAED is a levy which adds to cost of petroleum at the gross level. The additional levy of SAED besides having a cascading effect may trigger reduction in future exploration investments by existing contractors under various regimes and discourage new players /bidders from participation in E&P assignments in Indian Basins. MoPNG vide D.O. letters dated 12.08.2022 and 28.02.2023 has taken up this matter with Ministry of Finance and requested that SAED shall not be applicable on blocks or fields falling under the contractual regime (PSCs/RSCs) and SAED shall not be applicable on contractors under Production Enhancement Contracts, till they reach the production levels of 2 million barrels. Recently, a presentation has also been made to Secretary, Department of Revenue on 28.05.2024 in this regard."

25. **The Committee, in their Original Report, had observed that the imposition of a Special Additional Excise Duty (SAED) on crude oil production significantly impacts the revenues of Exploration and Production (E&P) companies. They noted that the Ministry of Petroleum and Natural Gas (MoPNG) has requested the Ministry of Finance to exempt blocks under Production Sharing Contracts (PSCs), Revenue Sharing Contracts (RSCs) and Production Enhancement Contracts from SAED until production levels of 2 million barrels are reached. The Committee had agreed that SAED could discourage exploration investments and urged the Ministry of Finance to reconsider the levy to foster growth and profitability in the sector.**

The Ministry, in their reply, has submitted that SAED, levied at Rs. 23,250/MT in June 2022 (later reduced to Rs. 17,000/MT), increases the cost of crude oil production and may deter investment in exploration. In this regard, MoPNG has repeatedly approached the Ministry of Finance, advocating for exemptions for PSC/RSC blocks and contractors

under Production Enhancement Contracts and a presentation to the Department of Revenue was made in May 2024 to reinforce this request.

The Committee are of the view that Ministry of Finance should conduct a time-bound review of SAED's impact on the profitability and competitiveness of E&P companies. To expedite conclusion on the matter, an Inter-Ministerial Group/Task Force may be formed between MoPNG and the Ministry of Finance to evaluate SAED's implications on sectoral growth and accordingly align fiscal policies with energy security goals. The MoPNG may also seek approval for dynamic exemption criteria for high-potential blocks until they achieve economic viability. Also, to encourage investment, introducing alternative fiscal incentives or reduced SAED rates for new exploration projects may help to attract investments and ensure basin development. Further, International benchmarking should encourage India's fiscal regime for E&P with global standards to ensure competitiveness and attract foreign players.

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CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

OIL- OVERVIEW

Recommendation (Sl. No. 1)

1. The Committee note that Oil India Limited (OIL) has a rich heritage, having its origin dating back to discovery of crude oil at Digboi, Assam in 1889 to its present status as a fully integrated National Exploration and Production (E&P) Company having earned the recognition as India's second largest National E&P Company. OIL was incorporated as a Joint Venture Company between Burmah Oil Company and Government of India on 18 February, 1959 and became a fully owned GoI undertaking in 1981. The Company's equity shares were listed on NSE and BSE in 2009, the year it celebrated its Golden Jubilee and in 2010, the Company was awarded the "Navratna" status. OIL became the first crude oil and natural gas Company to get listed its Bond in International Securities Market, London Stock Exchange. On 4 August, 2023, joining the league of "Maharatna" status Companies, Oil India Limited has been declared as the 13th Maharatna Company by the Government of India. The Committee note that the authorized capital of the Company is Rs. 2000 crore and the paid-up capital is Rs. 1084.41 crore. At present, GoI's shareholding in OIL is 56.66 % of the paid-up equity share capital and the balance 43.34% is held by Public and others including Bodies Corporate, Mutual funds, Banks, FPIs, Resident Individuals. The Committee further find that OIL's Market Share in Crude Oil and Natural Gas Production vis-à-vis Nation's total Domestic Production were 10.88% and 9.20% respectively with 3.176 MMT of Crude Oil and 3.180 BCM of Natural Gas production during 2022-23.

(ii) The Committee are pleased to note that OIL as the second-largest public sector E&P Company has strong financial standing, a solid operational track record of six decades with steady and sustainable growth. The Committee note that OIL having large prospect of E&P acreage has pioneered in pipeline transportation and diversified into new areas while maintaining a core focus on E&P. The core upstream focus areas are Exploration & Development and Production of Crude oil, Natural Gas and LPG while midstream area includes Transportation of Crude oil & Refined products through pipelines. The Company has its domestic presence in 5 North-Eastern States (Assam, Arunachal Pradesh, Mizoram, Tripura, and Nagaland) and 4 other States/UT viz. Rajasthan, Odisha, Andhra Pradesh and Puducherry.

Besides these, OIL has ventured into offshore water in Krishna Godavari (KG), Andaman and Kerala-Konkan basins thereby operating in 59 Blocks with 57,982 Sq. Km. The Company has its presence in 7 Countries (Russia, Libya, Venezuela, Nigeria, Bangladesh, Mozambique and Gabon) working on total

10 projects in an area of 44,300 Sq. Km. Further, OIL has 7 Subsidiaries, 1 Associate and 12 Joint Ventures Companies. The Committee note that OIL's net worth as on

31st March, 2023 stands at Rs. 31,601.41 crore and during the Financial Year 2022-23, the total income of the Company was Rs. 24,757.85 crore with net Profit After Tax (PAT) of

Rs. 6,810.40 crore. The Company also transported 6.18 MMT of crude oil and 1516 MMT of petroleum products during the year 2021-22 as also has a total installed capacity of 188.1 MW renewable energy projects/plants. The Committee record its appreciation for these financial and operational accomplishments achieved by the Company.

(iii) It was further informed to the Committee that the Company's Corporate Social Responsibility (CSR) initiatives are directed towards the social economic development of people and community at large and it has spent Rs.163.74 crore (Rs. 65 crore made towards PM Cares Fund) in FY-2021-22 as against the mandatory two percent (Rs.25.91crore) of average net profit (Rs.1295.56 crore) of the Company under Section 135(5) of the Companies Act. For the year 2022-23 as against the sanctioned expenditure of Rs.32.93 crore, the Company spent Rs.98.21 crore towards CSR activity.

The Committee are of the view that the Company has sound business performance over the years and has retained its dominance in Exploration and Production of crude oil and natural gas and Transportation of petroleum products. It has also diversified itself in Renewable Energy (RE) and City Gas Distribution (CDG) sectors over the years. The Committee are pleased on the performance delivered by the Company so far, however, in the succeeding paras of the Report, the Committee have contemplated over prominent and contemporary issues that may need timely redressal for the Company to continue its growth trajectory in coming years. Some of them are, concerns on decline in production of crude oil and natural gas from its Main Producing Area; shifting of existing Corporate Office from NOIDA; norms for holding the Board Level meetings; safety related issues; and Women participation in E&P sector. The Committee hope that the Company would make earnest efforts for implementation of the observations/ recommendations in this Report to augment their overall performance.

Reply of the Government

"The recommendation of the Committee has been noted."

[Ministry of Petroleum & Natural Gas]

(F. No. Expl-12023(11)/2/2020-EXPL-II-PNG dated 14.10.2024)

Vacancies in Board of Directors

Recommendation (Sl. No. 2)

2. The Committee observed that as against the sanctioned strength of 14 Members in the Board of Directors (BoD), the Company, except during 2019-20, never had actual strength in BoD. The shortfall in vacancy positions ranged from 3 to as many as 8 in years ranging from 2015-17. The Committee note that these vacancies were mainly observed in the category of Independent Directors. For example, in the year 2016-17, Independent Directors were NIL against the sanctioned strength of 7. The Companies Act, 2013 came into force on 30 August, 2013, with penal clause on the Companies which are unable to fill-in the vacancy in the Board. The Committee observed that from the years 2018-19 to 2021-22, the Company was imposed fine totaling approx. Rs.47.35 lakh for non-compliance of SEBI/Corporate Governance Guidelines by the Stock Exchanges that was later waived off by the Exchanges on the Company's request. The Committee find that even though the fine(s) imposed were eventually waived-off, but the Company had the liability to make the provision for the amount towards payment of fine in its balance sheets. The Committee noticed that as on 31 May, 2023, as against the sanctioned strength of 14 Members in the Company's Board of Directors (BoD), only 9 Members (5 Executive Directors including Chairman & Managing Director; 1 Government Nominee Director and 3 Independent Directors) are present in the BoD. The Committee are dismayed to find that even as on 31.05.23, OIL is having 5 vacancies in their BoD. The Committee note that the power to appoint/nominate Directors vests with the Government of India and they are not being timely appointed/nominated by the Government. Hence, CPSU concerned cannot be held responsible for inaction by the Government. The Committee, therefore, desire that the administrative Ministry may take-up the matter with Public Enterprise Selection Board (PESB) and Department of Public Enterprises to expedite the process of selection and recommendation for being considered by the Appointment Committee of Cabinet (ACC) and finalization of appointment of Members in the BoD for smooth functioning of OIL and other CPSUs. In no case, CPSU concerned should be held responsible for vacancy in BoD.

Reply of the Government

"The Directors on the Board of the Company are appointed by the President of India through the Administrative Ministry (Ministry of Petroleum & Natural Gas - MoP&NG), and Department of Public Enterprises. The matter of appointment of BoD in CPSUs under the administrative control of this Ministry are taken up with Public Enterprise Selection Board (PESB) and Department of Public Enterprises in a time bound manner. The recommendation of the Committee has been noted for compliance in future."

[Ministry of Petroleum & Natural Gas]
(F. No. Expl-12023(11)/2/2020-EXPL-II-PNG dated 14.10.2024)

Physical and Financial Performance

Recommendation (Sl. No.3)

3. The Committee note that during 2022-23, OIL made production of Crude Oil of 3.176 MMT, Natural Gas production at 3.180 MM BCM and Liquefied Petroleum Gas (LPG) at 32.140 TMT. The Committee also observe that there is an increase of 5.5% and 4.4% in production of crude oil and natural gas respectively during the year 2022-23 over FY 2021-22. As far as physical performance regarding other items is concerned, the Committee note that the Company also transported 6.18 MMT of crude oil and 1.516 MMT of petroleum products during the year 2021-22 and had a total installed capacity of 188.1 MW renewable energy projects/plants. Further, the Company carried out 1333.32 LKM of 2D and 680.05 SKM of 3D seismic survey and drilled 16 Exploratory Wells and 29 Development Wells and made 1 Discoveries during 2022-23.

The Committee find that during the 5 years (2016-17 to 2020-21), Company's major drilling activities were confined in the limited acreages in the States of Assam and Arunachal Pradesh, which has reached maturity after years of exploration activities thus resulting in reduced number of oil and gas discoveries. However, with the medium to long-term focus, the Company has significantly expanded its domestic acreage with 25 awarded Open Acreage Licensing Policy (OALP) blocks and have identified key areas for fast-track developments. The Committee note that the Company has also started drilling its first OALP well during 2021-22 and the Company is hopeful about the notable discoveries in other OALP blocks which are expected to provide future growth impetus. The total investment requirement for carrying out the committed exploration work programme in the 25 OALP blocks is 725 million USD (INR 5438 crore) of which OIL has incurred an expenditure of INR 704.35 crore (as on 31st March, 2021). The Committee expect that the investment plans of OIL in OALP Blocks shall deliver the anticipated results for the Company's future growth and hope that almost 50% of the OALP Blocks (12 out of 25 Blocks) in the North-Eastern States will bring the required benefit to the Company due to its dominance and vast experience in this topographical area and existing operational logistics set-up. The Committee, therefore, desire a systematic and planned field development activities by the Company on fast-track basis to augment production in the short to medium term for the development of the OALP Blocks. Since the OALP blocks are currently at initial stage, all out effort may be made in exploration, discovery and appraisal for fueling the Company's growth.

Reply of the Government

"Oil India Limited (OIL) has carried out extensive hydrocarbon exploration activities in different states of India. The Company is currently carrying out exploration activities in 27 nos. of OALP blocks covering 50,331 SQKM of areas under OALP bidding Rounds I to VII under Hydrocarbon Exploration Licensing Policy (HELP), out of which 16 nos. of blocks are in North-east India (4 in Assam, 3 in Tripura, 1 in Nagaland & 8 nos. of blocks spread across both Assam & Arunachal Pradesh), 5 in Rajasthan, 5 in Odisha, 2 in Andaman shallow offshore, and 1 in Kerala Konkan shallow offshore. The blocks are in initial stages of exploration activities wherein seismic & drilling campaigns are currently under progress.

OIL has recently (on 3rd January) signed the RSC contract for block AS-ONHP-2022/1 of 2057.63Sq. KM for which also planning for exploration will be chalked out.

As per the Committed Work Programme, OIL commenced the Seismic Surveys in the blocks as and when awarded. As of 20th December, 2023, OIL has completed Seismic survey in 23 nos. of blocks and has acquired 18,009 LKM of 2D and 3560 Sq. Km of 3D Seismic data and drilled 7 nos. of wells (4 nos. in Rajasthan, 2 nos. in Mahanadi and 1 no. in Assam). Further, the Company carried out 378.72 LKM of 2D and 248.73 Sq. Km. of 3D seismic surveys during FY 2023-24. The company has plan to drill suitable nos. wells to bring the exploration campaign in the OALP blocks a logical conclusion.

In the ongoing exploration campaign in the OALP blocks falling in Category-II Mahanadi & Andaman basins, Category-III Kerala-Konkan basin and even in Category-I basin in Rajasthan, OIL is the process of engaging industry experts to comprehensively analyse all the available geoscientific datasets to evaluate the potential and hydrocarbon prospectivity of the basin with special emphasis in the OALP acreages of OIL.

<u>OIL's exploration activities are</u>:

1. **Mahanadi Basin:** For the OALP Blocks of OIL in Mahanadi Basin, OIL is in process of carrying out a comprehensive basin analysis and evaluation of hydrocarbon potential of entire Mahanadi Basin. The study area is around 256,000 Sq.km. The study result shall help to chart out the current exploration activities in the OALP blocks and shall also enable in formulating a strategy for future road map for OIL in the Mahanadi basin- both offshore and onshore.
2. **Bikaner Nagaur Basin:** OIL is currently in the process to hire consultancy firm to carry out basin analysis and hydrocarbon potential evaluation of the entire Bikaner Nagaur sub basin in Rajasthan. The study area will be for around 70,000 Sq.km. The outcome of the study shall facilitate OIL to draw the outline of the exploration strategy in the current OALP block and other open acreages areas.
3. **Kerala-Konkan Basin:** Process has been initiated to outsource a study to evaluate the exploration potential and hydrocarbon prospectivity in the OIL's OALP block in Kerala-Konkan shallow offshore through analysing all available Geoscientific data in the area for chalking out play-based exploration strategy.
4. **Andaman Basin**: Process has been initiated to carry out a G&G study for comprehensive evaluation of the entire basin including DGH carved out 4 blocks covering an area of around 53,100 Sq.km.

<u>OIL's production Performance:</u>

The production of Crude oil, Natural Gas and LPG by OIL during the period from 2020-21 to 2023-24 are as under:

Production Parameters	2020-21	2021-22	2022-23	2023-24
Crude Oil (MMT)	2.964	3.010	3.176	3.359
Natural Gas (BCM)	2.642	3.045	3.180	3.182
LPG (TMT)	33.910	33.240	32.100	31.550

During the FY 2022-23, OIL successfully discovered and monetized a new ‘Discovery’ in Sesabil area in the Dibrugarh District of Assam.”

[Ministry of Petroleum & Natural Gas]
(F. No. Expl-12023(11)/2/2020-EXPL-II-PNG dated 14.10.2024)

Recommendation (Sl. No. 4)

4. The Committee are glad to know that the Company has been able to earn an income of Rs. 16,427.65 crore in 2021-22 as against Rs. 10,561.4 crore in the previous year and also has registered higher Profit After Tax (PAT) of Rs. 3,887.31 crore during the financial year against Rs. 1,741.59 crore in the previous year. The Committee also observed that during the Financial Year 2022-23, the total income of the Company was

Rs. 24,757.85 crore with net Profit After Tax (PAT) of Rs. 6,810.40 crore which is highest ever in second consecutive year. The Company also made contribution of Rs. 7855.99 crore and Rs. 4478.07 crore to Exchequer of Centre and States respectively. The Committee note that the revenue from the sale of crude oil and natural gas of the Company is dynamically linked to International oil and gas prices. Thus, while finalizing the revenue targets, the production targets are finalized considering all the relevant factors associated with production performance. The Committee further note that the Company has drawn a plan to augment its oil production by 25% moving from 3 MMT to

4 MMT and for natural gas from 3 BCM to 5 BCM in the next three years, and in this direction they have identified five thrust areas to implement field development activities with fast-track approach. The Committee while applauding the above ambitious plan of the Company to augment its production, desire OIL to make all out efforts to increase its domestic market share in comparison to existing competitors and achieve enhanced revenue targets. The Committee would like to be apprised of the progress made in achieving the desired production targets in the next three years as envisaged in the Company’s augmentation plan and also furnish details of revenue targets and production targets thus achieved.

Reply of the Government

OIL has taken up the following Short Term and long-Term Initiatives for the enhancing production of Crude oil and natural gas:

Short term initiatives:

- Fast-track development of identified fields
- Early Monetization of discoveries. (The Company has monetized 6 out of 8 discoveries since 2018-19). 2HP-HT discoveries (NG) have been relinquished since economically non feasible.
- Improving Recovery Factor through implementation of IOR and EOR techniques.
- Infill drilling of wells.
- Quick monetization of sick wells through technology support.
- Recovery from the missed opportunities, production from the untested zones in existing old wells.

- Upgradation of surface infrastructure for oil/gas production.
- Induction of suitable technologies on selective fields.
- Engagement of Production Enhancement Contracts (PEC) for enhancing production from various established structures.
- Taking up resource build-up exercise, viz. increase Workover rig resource, replacement of existing Drilling rigs with VFD Technology, increasing the artificial lifting capabilities etc.
- OIL has been putting all efforts in improving its drilling activities and with the acquiring of new blocks OIL plans to increase the contribution towards production enhancement from new wells. The wells drilled in last five years and planned to be drilled up to 2024-25 is shown in the table below:

	Last 5 Years					**Target**	
Drilling Performance	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24***	**2024-25**
Exploratory Wells	**15**	**11**	**12**	**7**	**16**	**21**	**34**
Development Wells	**22**	**25**	**24**	**31**	**29**	**44**	**44**
Total Wells (Nos)	**37**	**36**	**36**	**38**	**45**	**65**	**78**

*During the current year till 31.01.2024, OIL has completed drilling of 47 wells, 33 Development and 14 Exploratory wells.

Long term initiatives:

- In line with the Government of India's vision to intensify exploration in Indian sedimentary basins and increase domestic oil and gas production, OIL has significantly expanded its domestic acreages by actively participating in various bid rounds under Open Acreage Licensing Policy (OALP). So far, OIL has been awarded a total of 29 blocks covering a total area of 53,859 sq km and 3 DSF blocks of 207.8 sqkm area. OIL has promptly started exploration activities in OALP blocks. The blocks are presently in initial exploration phase.

- Step up production to 4+ MMT from the level 3 MMT is one the major vision of the company in forthcoming years. In this direction, OIL has already earmarked many field development activities in its nominated blocks and 29 OALP blocks and 3 DSF blocks for carrying out extensive exploration and development program in the country.

- OIL has successfully implemented Cyclic Steam Stimulation in 2019-20 at Baghewala field, Rajasthan which yielded 168% increase in production of Heavy crude oil during 2019-20. Implementation of this technology is expected to further contribute to oil potential of the company.

- Alongside north-east, OIL is pursuing exploration in non-producing basins (Category-II & III) viz. Mahanadi, Andaman, Kerala-Konkan Basins and also in shallow-water offshore blocks.

IOR/EOR Planned:

The various IOR/EOR methods being implemented as referred earlier planned by OIL for enhancing production by OIL are as follows:

Hydraulic Fracturing of Fracking to improve the flow capacity of the reservoir rock in the near-well vicinity.

- Matrix Acidization job to clean the pores of sandstones.
- Artificial Lifting of well fluid. Techniques used in Artificial lift are
- Sucker-rod pump
- Electrical submersible progressive cavity pump (ESPCP)
- Gas lift and intermittent gas lift

- Plunger Assisted lift
- Progressive cavity pumps (PCP)
- Secondary Recovery techniques such as water flooding, CO_2 injection, polymer injection.
- CSS (Cyclic Steam Simulation) Country's first initiatives to enhance production of heavy crude oil from the Field of Baghewala has shown positive result with almost doubling the of production from this difficult field.

The production targets as per BE & Indicative by OIL for 2024-25 to 2025-26, 2026-27(standalone) are as under:

Production Parameters	2024-25	2025-26	2026-27
Crude Oil (MMT)	3.958	4.196	3.952
Natural Gas (BCM)	3930	4770	4750
LPG (TMT)	29,000	30,000	30,000

<u>Revenue targets:</u>

			RS IN CRORE
PARTICULARS	**2023-24**	**2024-25**	**2025-26**
INCOME			
CRUDE OIL	15668	17010	17955
NATURAL GAS	5377	6461	7603
LPG, TRANSPORTATION etc.	800	800	800
TOTAL TURNOVER	21846	24272	26358

[Ministry of Petroleum & Natural Gas]
(F. No. Expl-12023(11)/2/2020-EXPL-II-PNG dated 14.10.2024)

<u>Main Producing Area (MPA) – concerns on decline in production of crude oil and natural gas</u>

Recommendation (Sl. No. 5)

5. The Committee note that OIL in its domestic portfolio has produced 15.606 MMT of crude oil and 14.533 BCM of Natural gas during the period from 2018-19 to 2022-23 (including OIL's JV share of production). About 99.7% of entire crude oil and about 93 % of its natural gas production has been from its aging and mature fields in Assam and Arunachal Pradesh. The

Committee further note that only about 0.3% of crude oil and 7% of natural gas production comes from its fields located in the western Rajasthan. The Committee observe that Company itself has admitted that most of their oilfields located in Main Producing Area (MPA) are highly matured and are in natural decline phase and, therefore, maintaining the current level of production in present production fields will be a major challenge for the Company. Besides this, nationwide lockdown due to COVID 19 and other restrictions imposed also impacted production related activities of OIL. The Blowout at Baghjan and related environmental issues also contributed to the decline in 2020-21 apart from earlier reported local factors like bandhs, blockades, unrest and miscreant activities in MPA, etc. The Committee, though, find the decline from MPA a distressing factor that may severely hamper the growth prospectus of the Company, however, are relieved to know that the Company has already adopted advanced technology (water injection and other EOR/IOR (Enhanced Oil Recovery /Increased Oil Recovery) to maintain production at a near constant level from the old and mature fields and have also identified thrust areas in MPA for fast-track development which is expected to enhance its level of production in near future.

The Committee hope that with the combination of use of advance technology and meticulous management strategies adopted by OIL in MPA, the Company will be able to maintain and deliver its sterling performance in the future. The Committee, further, desire that the Company should carry out a holistic R&D to deal with natural decline of MPA in coordination with other oil companies and internationally accredited agencies in this field.

Reply of the Government

“OIL has its major producing oilfields in the Upper Assam Basin including two of the oldest oil fields of India i.e. Naharkatiya and Moran. Around 70% of the total oil production of the company comes from the fields that have been discovered more than 20 years back. Structured approach towards intensification and integration of geo-scientific studies has led to sustained crude oil production of around 3 MMT annually since more than 6 decades. OIL has been continuously scouting for various reservoir management practices including IOR/EOR opportunities, new fit-for-purpose technologies to be tested in the producing fields for production enhancement and arresting of field decline. Further, Oil has recently signed a number of MoUs with various national and international organisations/academic institutions of repute for collaborative studies with a view to enhance production from its matured fields. The various activities towards arresting production decline are given below:

1. **Low salinity Water Injection**

Low salinity Water Injection (LSWI) technique was introduced in Naharkatiya oil field during 1966. Till date, a total of 31 reservoirs with STOIIP ~ 341 MMKLS (~40% of STOIIP) have been subjected to LSWI and currently this technique is being executed in eithteen (18) no. of reservoirs. Due to favourable viscosity ratio of oil and water in reservoir conditions (lower mobility contrast), water injection works out to be the best EOR technique techno-economically for our oilfields. Additionally, the injected fresh water has very low amount of dissolved solids (30-300 ppm), which further increases the recovery by lowering the residual oil saturation. LSWI has been established worldwide as an EOR technique working on the principles of ion exchange, IFT reduction and changes in reservoir wettability. Currently, around ~5800 klpd of water is being injected through 26 injection wells. In most of the reservoirs, which have been subjected to a fairly long duration of LSWI schemes, oil recovery has been in the range of 30-50%, far exceeding the recovery estimated from primary depletion. The improvement in oil recovery factor over the primary depletion for most of the reservoirs has been of the order of 10-15%. Contribution from LSWI has been ~5% of the total OIL's production, whereas the global average EOR production stands at 2-3% of the world oil production. Review of the ongoing projects are being made and new reservoirs are identified depending upon suitability as a continuous process. Text Table-1 below shows contribution of IOR/EOR during the last 05 years for OIL.

IOR/EOR contribution for OIL

Parameter/Year	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Oil production from LSWI (MMSKL)	0.2162	0.1934	0.1743	0.1599	0.1604
Oil production from Infill/horizontal well drilling (MMSKL)	0.9537	0.8858	0.8865	0.8954	0.9154
Oil production from WO of wells (MMSKL)	0.1288	0.0869	0.0770	0.1169	0.1156
Total (MMSKL)	**1.2987**	**1.1661**	**1.1378**	**1.1722**	**1.1914**

2. Enhanced Oil Recovery in OIL

Several IOR/ EOR processes have been implemented by OIL since mid-sixties depending on the requirement and suitability of the reservoir/field. The EOR history of OIL takes us back to 1965 when the first gas injection was implemented in Nahorkatiya oilfield. Subsequently, it was extended to a number of reservoirs which resulted in pressure maintenance as well as production enhancement. Polymer flood was also implemented for the first time in India in 1975 in NHK027 Block which has resulted in significant recovery enhancement. A number of EOR projects are also being identified, which are on various stages of field implementation at MPA in addition to LSWI, which are discussed below.

- **Pilot Polymer Flooding in NHK011D+018 Block**

In order to enhance the recovery from its matured fields, OIL is in the process of field execution of the polymer flood pilot in NHK Main Barail 3rd Sand (NHK011D+018 Block) reservoir. As per the study, incremental recovery by implementing Pilot Polymer Flood is around 0.09 MMT over the Waterflood Case. Two inverted 5 spot pattern have been identified in NHK011D+18 Block, for which two injectors have already been drilled (NHK651 and NHK652). Based on the performance of the two pilot areas, full field Polymer Flood implementation will be carried out.

For the EOR execution, contract has been awarded to M/s Jaybee Energy Private Limited.Polymer injection started from 25.03.2023 and currently injecting around 630 m3/day of polymer through the 2 injector wells.

- **CO2 EOR in NHK079D Block**

OIL initiated feasibility study of CO_2 EOR in NHK Main Barail 3rd Sand (NHK079D Block) in 2018 in collaboration with University of Houston. One inverted 5 spot pattern have been identified through laboratory and Simulation study of the reservoir. The recommended case/pattern requires drilling of one injector well and yields around 0.27 MMm3 of additional oil over the Base Case.

Water injection is designed to be initiated from 2022 to 2027 to jack up the reservoir pressure close to MMP of 211 KSC followed by CO_2 injection from 2027 onwards at a rate of around 67 TPD. The injector well has already been drilled and is injecting water since last one year.

During the lead time to CO2 injection, a Feasibility Study for surface/subsurface facilities to address design issues and operational challenges associated with the pilot implementation is planned to be carried out.

- **CWI in Dikom LK+TH Sand (Well NHK438 Block)**

After carrying out a JIP Study with Heriot Watt University, UK in which laboratory results showed 10%-12% additional hydrocarbon recovery by Carbonated Water Injection (CWI) over normal water flood, it has been planned to implement the technology in Dikom oilfield of OIL. CWI has many advantages over other secondary and tertiary EOR methods (require lesser CO_2, safe CO_2 storage in the reservoir).

Five wells (DKM007, 008, 010, MDK002 and MDK003) have been identified for conversion into water injector in Dikom Field. Presently, well DKM007 and MDK003 are on continuous water injection @ 260 klpd each. Tentative requirement of CO_2 shall be around 70 TPD (for 5 wells) for around 10 years period which is planned to be sourced from BCPL, Dibrugarh. A pre-feed study involving EIL for facility considerations is also presently in progress.

- **Reservoir Simulation for identification of bypassed oil**

Comprehensive reservoir rejuvenation studies are carried out as a continuous process through static and dynamic modelling studies with an objective of identifying undrained/bypassed oil. Presently OIL is having models for most of the reservoirs in the MPA area and maximum effort is being made to build models for new prospective reservoirs which helps in maximizing crude oil production from the fields. Simulation models helps in reservoir management by providing a basis for informed decision making considering the various uncertainties, risks and the dynamic nature of the reservoirs.

Rejuvenation studies of the matured reservoirs are also being carried out engaging reputed Consultants having relevant experience on a time-to-time basis. Presently, a consultancy study is underway for Nahorkatiya field where recommendations for measures to enhance production from this ageing field is expected.

3. **Other Efforts towards Reservoir Management**

- **New technology Implementation**

Various technology related to Matured field production enhancement have been employed in OIL to arrest the decline of the reservoirs. Following new technology induction have been carried out in OIL

i. Radial Drilling: Tested as a Pilot in about 16 wells with a potential gain of 65 klpd in Moran, Jorajan and Tinali Areas
ii. Microbial Enhanced oil recovery (MEOR): Eight Pilot MEOR jobs were executed in Naharkatiya and Jorajan fields in two phases. Some of the wells have shown a 40% incremental rate post MEOR job. MEOR jobs avebee taken up inhouse in Moran that have shown a considerable increment in oil rate.
iii. Hydrofrac Job: Tested as a Pilot in 9 wells with a potential gain of around 150 klpd mostly in Bhogpara and Kusijan area. Further, well have been identified for next phase of Hydrofrac jobs.
iv. Artificial Intelligence/Machine Learning (AI/ML) tools are also implemented in the MPA area to maximize the recovery from the fields.

Monitoring of producing wells

In a mature oil field that has been producing for over 30 years, declining reservoir pressure and increasing water-cut are the two major factors that are affecting oil production rates. Implementation of rigorous field surveillance programs like regular well testing, fluid sampling and pressure-production monitoring is carried out to collect critical data for reservoir performance assessment. This comprehensive surveillance aids in identifying under performing wells and implementing corrective measures promptly. With production from matured Field's and related issue of declining pressure, artificial lift, optimization studies have also helped to sustain and optimize production in a vast majority of the wells

Studies related to well and reservoir level monitoring for water cut increase and production decline is carried out continuously and following remedial measures are undertaken wherever feasible.

i. Shutting off the water producing zone in the wells with logging and plugging
ii. Adding perforations to the existing sand and/or a different reservoir,
iii. Water shut off measures,
iv. Gravel pack in sand prone areas,

v. Hydro frac in tight reservoirs,
vi. Radial drilling to enhance the flow area etc.

Collaborations with renowned Institutions

OIL has entered into MoU/collaborations with renowned academia/institutions for various studies related to production enhancements along with mapping of new areas for exploration of hydrocarbon in the vicinity of MPA. Some of the major collaborations are given below:

i. JIP Study with Heriot Watt University, UK for carbonated water injection evaluation in Core samples.
ii. EOR and field development studies in collaboration with University of Houston, USA.
iii. Litho-structural analysis and identification of potential zones of petroleum seepages in parts of the Naga Schuppen Belt, Assam-Arakan Basin: A Remote Sensing and Field Techniques Approach with Gauhati University.
iv. Outcrop sequence stratigraphy in the Naga Schuppen Belt and Inner Fold-Belt of Nagaland and Manipur with Gauhati University.
v. Study of sedimentology, lithofacies association, geological mapping of the Mio-Pliocene sedimentary sequence in parts of the Tripura Fold Belt: A Remote Sensing and Field Techniques Approach with Gauhati University.
vi. Stratigraphical evaluation and geological mapping of the Paleogene sedimentary sequence of South Garo Hills region, Meghalaya: a study based on geological fieldwork and satellite image analysis with Gauhati University.
vii. Geological Mapping by GIS & Remote Sensing, Hydrocarbon Source Potential and Sedimentation History of the Gondwana Group of Rocks in Parts of Kameng& Siang Districts of Arunachal Pradesh with Dibrugarh University.
viii. Geological mapping and identification of oil and gas seepages in the Inner Fold Belt of Manipur with Manipur University.
ix. Geological mapping and identification of oil and gas seepages in the Naga Schuppen Belt with Nagaland University.
x. Geological Mapping and Provenance study of the Gondwana Group of Rocks in Parts of Kameng& Siang Districts of Arunachal Pradesh with Rajiv Gandhi University, Arunachal Pradesh.

xi. Biostratigraphic Analysis of the sub-surface samples of Exploratory /Development wells of Oil India Limited with Birbal Sahni Institute of Palaeosciences.

xii. Evaluation of Oil Shale Resource Potential and Detailed Characterization in North-Eastern State of India with CSIR – CIMFR.

xiii. Annual training programme on Geological mapping in sedimentary terrain for OIL executives at FTC, Kuju, with Geological Survey of India.

xiv. Geological Mapping in prioritised areas in the Assam-Arakan Basin of Northeastern Region of India to establish the lithostratigraphy and sedimentary basin evolution and to explore the hydrocarbon potential of the areas with Geological Survey of India.

Conclusion :

New discoveries of oil and gas reserves have become very scarce and most of the production of oil and gas is from matured and ageing fields. Therefore, with the increase in global and domestic consumption of oil and gas, various structured IOR/EOR practices have been adapted to arrest the decline, increase production and thereby exploiting the reservoirs optimally. With sound reservoir management activities, OIL has been successful to sustain crude oil/gas production along with continuous pursuit for induction of new technologies.”

[Ministry of Petroleum & Natural Gas]
(F. No. Expl-12023(11)/2/2020-EXPL-II-PNG dated 14.10.2024)

Shifting of Corporate Office

Recommendation (Sl. No. 6)

6. The Committee note that OIL had an operational Corporate Office (CO) earlier at New Delhi from 1981 and thereafter at NOIDA from 2007-08 and the Registered Office (RO) and Field Head Quarter (FHQ) at Duliajan in Assam. Additionally, the Company also has a Pipeline Headquarter (PHQ) at Guwahati. It is learnt that after the Baghjan blow-out incident, OIL was asked to relocate its Headquarter/Corporate Office to Guwahati to increase the operational and execution capability; have close supervision and oversight of its operation in North-East; and make active interaction with the State Government and local community. Consequently, the Govt. of Assam allotted a plot of land in Guwahati for setting-up the office and foundation stone

has been laid in June, 2022. In this context, the Committee also note that apart from North-East States, OIL's Domestic Acerage (Operated) spreads to five other States/UT in the Country and 10 projects in seven other Countries. Moreover, as part of its diversification strategy, it has taken-up the projects of City Gas Distribution (CGD) business in the States of Haryana and Maharashtra. The Committee note that as a reputed E&P Company OIL, having its base and maximum production (the Company during 2021-22 made 99 % of its crude oil production and

90.58 % gas production) from the State of Assam, has proved its mettle with the existing set-up of Corporate Office-Headquarter set-up at NCR(NOIDA)-Dulaijan combination acting as an important link in coordination, prompt decision making and linking of North-East with the Ministry's Headquarter in New Delhi. The Committee, therefore, opine that the present land allotted in Guwahati to OIL may be developed and strengthened by positioning key Board Members having E&P expertise to supervise and look after the operations and business in North-East States which may act as an important link between Dulaijan, Assam (RO and FHQ) and NOIDA. The Committee, therefore, in view of OIL's pan-India and global presence, desire that the MoPNG may review their earlier decision of shifting Corporate Office to Assam. This will help OIL in improving their business and give an opportunity in interacting with all concerned conveniently in quickest possible time.

Reply of the Government

"The earlier decision of relocating of OIL's Headquarter/Corporate Office to Guwahati has since been reviewed and the Competent Authority has approved the continuation of OIL's existing Headquarter/Corporate Office at Noida and not to relocate the office to Guwahati.

Compliant to observations and being a Maharatna CPSE, now OIL has redefined its vision as an integrated company with business outlook to engage actively in E&P activity Pan India including offshore exploration efforts.

In view of above, OIL has now revisited the earlier approach and planning to develop an OIL complex at Guwahati comprising of the following facilities:

- State of the art training institute for OIL's executives and employees.
- A Centre of Excellence for Energy Studies' (CoEES) which will facilitate innovative studies in the Energy Domain including E&P.

- A skill development Institute (SDI) for the benefit of youths of entire NE Region with residential facility.

Preparation of revised building design including site investigation, if any for above facilities is being planned and on finalization of the same, construction of the complex will be taken up by OIL."

[Ministry of Petroleum & Natural Gas]
(F. No. Expl-12023(11)/2/2020-EXPL-II-PNG dated 14.10.2024)

Comments of the Committee
(Please see para 7 of Chapter I of the Report)

Safety- Incidents/Accidents, Causalties and Compensation – Take-away from Baghjan incident

Recommendation (Sl. No. 8)

7. The Committee note that there were about 38 minor/serious/fatal accidents (Non-fire/Personnel Loss) during 2016-17 to 2021-22. Further, data as furnished to the Committee reveal that only 103 Pre Work over Safety Audit were conducted during the year 2020-21 as against 127 for 2019-20. Similarly, significant decline had been noticed in Fire Safety Audit (84 in 2020-21 as against 115 in 2019-20) and Surprise Safety Inspection (140 in 2020-21 as against 211 in 2019-20). The Company has attributed the reasons in decline in number of safety audits, to Covid-19 pandemic in the year 2020-21 and also to the Baghjan (Blowout) crisis in Assam from 27 May, 2020 to 15 November, 2020 (Capping of the Well) as many of the Health Safety and Environment (HSE) personnel were engaged in managing the crisis situation. The Committee find that although OIL had 4-tier Health, Safety and Environment (HSE) Committee to address issues at various levels [Board level; Field level; Mine/Departmental Level and Pit Level] and Safety Audits are carried out at regular intervals by external agencies like Directorate General of Mines Safety (DGMS), Oil Industry Safety Directorate (OISD) along with National/Government agencies empanelled under Ministry of Labour & Employment and Ministry of Petroleum and Natural Gas, still the Company had to encounter incident of the magnitude of Baghjan Blowout. The Committee hope that the Company must learn lessons from the above incidents and take pro-active steps towards increasing frequency of various Safety Audits

ensuring strict implementation of concerned SOPs in this regard. The Committee further desire that compliance of the same should also be monitored by OISD, a technical Directorate set up in 1986 to deal with safety related matters in oil and gas industry, and administrative Ministry (MoPNG) should also work for compliance of safety norms and prevent such serious incidents in future.

Reply of the Government

- "Recommendations of the HLC are being monitored by OISD on quarterly basis from E&P operators. The quarterly data is being analysed by OISD and a report is submitted to MoPNG.
- Safety Council, chaired by Secretary, MoPNG also reviews the compliance by E&P operators against HLC recommendation once every year. Last such review was done on 30th June 2023.
- Review meeting chaired by Joint Secretary (Exp.) is also held periodically with all major E&P operators, OISD and DGH to review the compliance status of HLC recommendations. Last such meeting was held on 10th October 2023.
- External Safety audits (ESA) are being conducted regularly by OISD. Detailed checklists have been developed for these audits, which is revised annually, to incorporate new requirements emanating from changes in legislation/ OISD standards/ accident investigations recommendations including HLC. OISD has also started carrying out audit at the organizational level as per recommendation of the HLC.
- OISD performance in terms of audits have increased substantially as shown below:

Year	Overall audits done by OISD	Audit done for onshore upstream
2019-20	189	59
2020-21	206	76
2021-22	268	102
2022-23	317	110
2023-24	322	115
TOTAL	**1302**	**462**

- OISD has revised following OISD standards incorporating the recommendations:
    - OISD-GDN-206 on Safety Management System
    - OISD-STD-227 on Emergency response preparedness inoil & gas industry

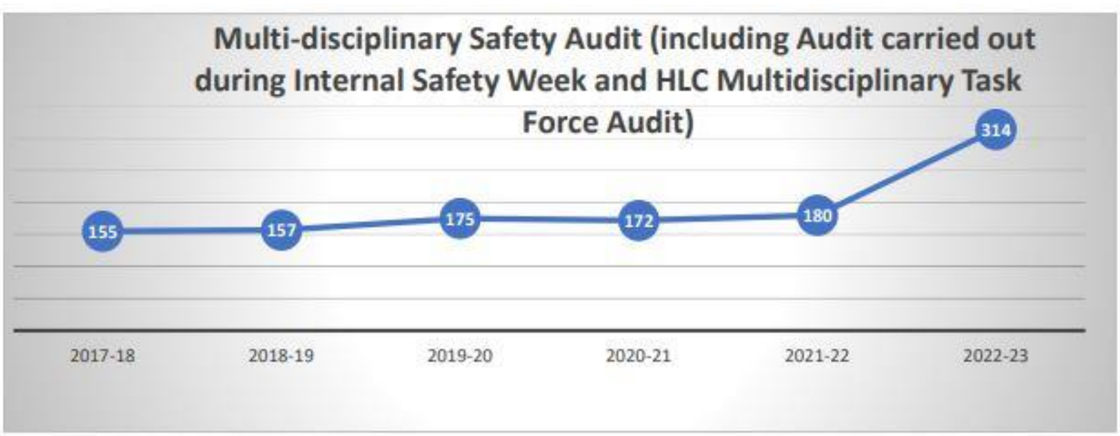
- OISD-STD-176 on HSE training for exploration & production industry

- OISD is also disseminating the knowledge and case studies on accidents to the industry through webinar ‘Suraksha Samwad’, workshops/ seminars and in-house publication “Suraksha Chetna’.

- A Report on Lessons learned from Baghjan incident has been prepared by OIL with the inputs from various departments directly involved at the ground zero to bring the blowout under control as well as from the supporting departments who were involved in mobilizing/fabricating/testing all the required equipment and machineries from Field Headquarters, Duliajan as well as from other parts of the country and abroad. (Report attached as **Annexure-I**)

- Moreover, a Report on improvements made post lessons learnt from Baghjan Incident has been prepared by OIL depicting the progress made so far after the Baghjan Blowout incident. (Report attached as **Annexure-II**)

- Necessary pro-active measures have been initiated by the Management for increasing the frequency of Safety Audits (The comparison chart may be seen below). Moreover, to meet the requirement of recommendations of Organizational Audit and Advisory from Senior Management, Internal Multi-disciplinary Safety Audits in line with OISD-STD-145 requirements through Company Officials has been initiated from 05.12.2023 and as on date a total of 104 Nos. audits (at FHQ, Duliajan) has been carried out.



- OISD has prepared and issued a system of Standard Operating Practices (SOP) as per the HLC recommendation. In this regard, OIL has reviewed a total of 2115 Nos. in this regard. (The list of revised SOPs is attached as **Annexure-III**)
- Organisational Audit of OIL by OISD team was carried out from 28.11.2022 to 02.12.2022. (Report attached as **Annexure-IV**)
- OIL had set-up a Special Task Force consisting of officers from Operations and HSE to monitor the compliance of HLC recommendations and a total of 116 Nos. Audits were carried out by this team.
- The status of the compliance of recommendations of HLC constituted by MoPNG in compliance to NGT order on Baghjan Incident is monitored by OISD on quarterly basis. The updated status is attached as **Annexure-V**."

[Ministry of Petroleum & Natural Gas]
(F. No. Expl-12023(11)/2/2020-EXPL-II-PNG dated 14.10.2024)

Recommendation (Sl. No. 10)

8. The Committee note that post blowout at Baghjan, a Committee, under Justice (Retd) B P Katakey, was formed by National Green Tribunal to undertake the task of assessing the environmental damage caused by the Baghjan incident and to suggest restorative measures. Lateron, the Committee was also reconstituted by the Supreme Court. The Committee find that prior to this unfortunate Blowout, the Company had not been penalized to pay damages for violating environmental norms or causing damage to the environment. The Committee further note that post Blowout, the Company had engaged organizations/agencies (M/s ERM India Pvt. Limited, Assam agriculture University, TERI, CSIR and IIT, Guwahati) that carried out Environmental Impact Assessment (EIA) and Assessment & Remediation of the quality of soil and vegetation in the vicinity of the blowout area. The reports submitted by the reputed organizations have not pointed to any adverse permanent effect on the surrounding areas including the blowout site. The Committee find that as directed by Hon'ble Supreme Court constituted Committee, the Company is adhering and implementing the bio-remediation in the entire affected area. The Committee opine that since livelihood of the people living nearby blowout area is dependent on the natural resources available in that area, Oil India Limited must implement the recommendations of the Committee(s) for Assessment & Remediation of the environment, in letter and spirit for successful rehabilitation of the area. The Committee further desire that the Company may adopt some villages around Baghjan blowout for their all round

development. This step will ensure continuous vigil and monitoring of the area by the Company and returning of flora, fauna for the livelihood for the people living in that area. The Committee also desire that the same may annually be reviewed in its Health, Safety and Environment (HSE) Committee and in the Board.

Reply of the Government

"In line with the recommendations of the learned Committee to review Health, Safety and Environment (HSE), OIL has taken initiatives christened as "KAVACH" for mitigation measures. Similarly, OIL has also revised the old "HSE Policy " policy has been revised. Brief on both i.e. Initiatives and Revised Policy has been appended below:

Project KAVACH:

OIL accords highest commitment to Health and Safety of all the stakeholders along with the preservation of the Environment in its operational area across all spheres and community at large. HSE is deeply ingrained as a core value for Oil India Limited, and is focused towards continual improvement embracing advancements in regulatory regimes, Integrating new technology etc, demonstrate company's commitment to the well-being of its employees, the protection of the environment, and the overall safety in every facet of our operations aligning with company's vision and values.

In alignment with Company's commitment towards HSE, OIL has launched Project KAVACH (Key to Awareness, Value Creation, and Change) to strengthen and transform the existing Health, Safety, and Environment (HSE) Management System of the company. The project aims to adopt best practices by benchmarking its installations and processes against global standards through ISO certification. The comprehensive endeavour encompasses ten strategic goals, each designed to elevate HSE performance and sustainability practices. The initiative entails strengthening the HSE Management System, conducting HSE Culture assessments, establishing a comprehensive HSE audit universe & asset integrity management, benchmarking HSE Parameters against national and international best practices and standards, integrating technology to enhance the HSE Management System, establishing an Emergency Response Centre, achieving Net Zero and conducting an Occupational Health Survey. Project KAVACH serves as a catalyst for positive transformation within Company, reinforcing a robust HSE framework and fostering responsible business practices in alignment with global standards.

Revised HSE Policy:

In response to the dynamic and evolving Health, Safety, and Environmental (HSE) ecosystem, OIL has undertaken an initiative to review and revise its HSE Policy. The decision is propelled by multifaceted factors, which includes (i) critical recommendations from the High-Level Committee on the Baghjan incident, (ii) insights gained from an External Safety Audit of OIL, (iii) evolving regulatory guidelines and (iv) observations noted in the Joint Working Group report.

Additionally, the imperative for change is due to transformative shift in the vision statement of the company, necessitating a realignment of its operational principles.

The transformative journey of OIL into a dynamic and integrated energy player, in line with its redefined vision and values, necessitates a corresponding evolution in its Health, Safety, and Environment (HSE) policy.

- OIL's redefined vision is "Be a leading and future ready integrated energy company committed to sustainable energy security of India through performance excellence

  Oil India Limited has taken a note of all the recommendations of Committee(s) for Assessment & Remediation of the environment for successful rehabilitation of people living nearby Baghjan blowout area. OIL has paid necessary compensation towards Rehabilitation, Resettlement and Compensation to the local villagers via District Administration as directed by the Committees(s).

- At the highest level, there are two committees that review and take stock of HSE matters of the company, viz. the Apex level committee comprising of CMD & Directors and the HSE committee comprising of Functional Directors and Independent Directors. All HSE matters are reviewed biannually by both the committees and annually by the Board."

[Ministry of Petroleum & Natural Gas]
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Comments of the Committee
(Please see para 16 of Chapter I of the Report)

Efforts to improve women participation in E&P Sector

Recommendation (Sl. No. 11)

9. The Committee, during the course of evidence, were surprised to find that a Company like OIL, a E&P major, have been able to engage only 409 women executives in the Company that constitutes less than 7 % of their present strength of 6256 employees as against an average women participation of 9.35% of total women employees in CPSEs. The response of the Company and the Ministry that they encourage gender equality in the recruitment processes and also give emphasis to induct women employees in technical and non-technical fields and familiarize them about the best practices and facilities available, does not reflect true picture of women participation in Companies engaged in Oil & Natural gas. They all have less than 10% women participation in their respective Companies as is evident from the data furnished to the Committee, ONGC (7.5%), GAIL (6.46%), IOCL(8.77%) and HPCL(9.7%),. The Committee observe that an exception to this is only the EIL, an Engineering Consultancy & EPC Company under MoPNG, which has 11.75 % of women employees engaged in the Company. The submission by OIL in this regard that in Companies engaged in E&P, women are less likely to prefer drilling and other activities that are field-oriented having night-shifts, is not convincing. The

Committee is aware that today women are participating in every field including challenging sectors like Defence/Aviation/Medical and hence desire that efforts should be made by the Companies to recruit more women employees in Oil & Natural Gas Companies. The Ministry should also work with Indian Institute of Petroleum, Dehradun and other Institutes for the purpose.

Reply of the Government

“Oil India Limited is committed to prioritizing gender inclusivity, creating an environment where women are treated with respect and provided protection in the workplace. Our dedication to fostering a conducive work environment for female employees extends to a strong emphasis on health and safety aspects. At OIL, we hold the dignity of women in high regard, reflecting our legacy and a culture of maintaining a positive and progressive attitude towards women.

Women Representation in OIL

Year	Total Employees	Women Employees
2020-21	6190	403
2021-22	6256	409
2022-23	6759	489

The overall representation of women along the corporate hierarchy is on the rise due to focused interventions by the Company. It is noteworthy that, given the structure of the Oil and Gas industry, the participation of women in employee cadres has historically lagged behind that of men. Challenges posed by remote, geographically difficult, and socially backward areas where much of the value chain activities occur have exacerbated efforts to increase women's representation at the ground level. However, targeted interventions in the executive workforce over the past few years are yielding positive results. Currently, women constitute approximately 13% of the total executive strength, with an even more encouraging representation of around 16% in entry-level executive grades (in grades B,C& D)—significantly higher than the industry average of 9.35% as given in this report.

To keep up our progress towards gender parity in the workforce, it may also be mentioned here that to ensure fairness in selection process, a lady officer is invariably associated in the Selection committee whenever women candidates are involved.

It is essential to acknowledge the Company's numerous focused initiatives toward achieving gender parity in its workforce. Nevertheless, achieving increased women representation across corporate hierarchies requires a concerted, sustained, and holistic effort from all stakeholders in society. Parents, teachers, community leaders, academic institutions, lawmakers, government, and corporate leaders each have a role to play in enhancing women's representation—an integral driver of economic prosperity and structural well-being in society."

[Ministry of Petroleum & Natural Gas]
(F. No. Expl-12023(11)/2/2020-EXPL-II-PNG dated 14.10.2024)

Comments of the Committee
(Please see para 19 of Chapter I of the Report)

Diversification Initiatives – Renewable Energy, Green Hydrogen and City Gas Distribution

Recommendation (Sl. No. 12)

10. The Committee note that OIL began its foray into the Alternative (Renewable) Energy Sector from the year 2012 and has so far established renewable energy projects of 188 MW comprising of 174 MW Wind and 14MW solar of commercial nature with a total investment of Rs.1,230.73 Crore. The Committee note that total revenue generated from Renewable Energy projects till 2021-22 has been Rs. 870 Crore. The Committee also note that the RE initiatives of the Company have been limited to few Indian States of Rajasthan, Madhya Pradesh and Gujarat. Although, OIL has its core business in E&P of crude oil and natural gas but given that the RE business increasingly becoming competitive and complex, the Committee desire that OIL should formulate a foolproof strategy for establishing large scale projects in RE field.

Reply of the Government

"OIL had started diversifying into low carbon & green energy space organically since 2012 with the development of 174MW of wind, 14MW of solar and 100KW Green Hydrogen capacities. OIL is now planning to diversify into green and alternate energy businesses not just for captive consumption, but to emerge as a well-diversified integrated energy player.

To address the above, OIL has formulated a Strategy to dedicatedly focus on green and Alternate Energy business and has accordingly decided to form a Wholly Owned Subsidiary (WoS)-OIL-Green Energy Limited to manage the green and Alternate Energy business. As per the adopted Strategy, OIL plans to have a 5-7% non-fossil energy in its total energy portfolio by 2030 and 12-15% of non-fossil energy by 2040. The Company is having a target to achieve the Green and Alternate Energy capacity of 3.5 to 4.0 MMTOE by 2040.

The WoS would cover Biofuels, Green H2, Renewable Energy, CCUS, Methanol and Geothermal and other opportunities directly or indirectly supporting decarbonization and energy transition. The market attractiveness and strategic fit for each of the above energy domains has been assessed and recommended along with the detailed strategy formulation exercise taking into consideration various parameters such as, industry overview, key success factors, cost and return and market share etc."

[Ministry of Petroleum & Natural Gas]
(F. No. Expl-12023(11)/2/2020-EXPL-II-PNG dated 14.10.2024)

Recommendation (Sl. No. 13)

11. The Committee note that as per 'OIL Strategic & Corporate Plan 2011-20', City Gas Distribution (CGD) has been selected by the Company as an emerging area to provide an alternate, clean and efficient fuel to the consumers. Accordingly, OIL has ventured into City Gas Distribution (CGD) projects to diversify into non-E&P energy value chain and embark on next phase of growth. The Committee observe that OIL has invested Rs. 222 crore in different Joint Ventures for CGD Network for 7 Geographical Areas in various parts of the Country. The Committee further note that after completion of 11A bidding round, 297 Geographical Areas (GAs) covering about 98% of the population and 88% of total geographical area spread over around 776 districts in 28 States & UTs have been authorized by Petroleum and Natural Gas Regulatory Board (PNGRB) for development of City Gas Distribution (CGD) projects in India. The Committee find that the main challenges faced in this downstream sector are non-availability of smart meters & ancillary equipment and shortage of skilled manpower. The Committee are well aware that targeted skill development programs would be essential for successful implementation and expansion of City Gas Distribution (CGD) projects in India and observed that to address this, GAIL with support of seven oil and gas CPSUs (ONGC, OIL, IOCL, HPCL, BPCL, EIL & Balmer Lawrie) has formed a society to run the Skill Development Institute (SDI) at Raebareli under MoPNG directives. Apart from gas CPSUs partnering with local Industrial Training Institute (ITI), a Hydrocarbon Sector Skill Council (HSSC) has also been set-up under the aegis of MoPNG with a vision to meet diverse skill requirements of the Hydrocarbon Industry and enhance employability and opportunities, locally and globally.

Since OIL have set-up an exclusive Skill Development Institute at Guwahati in 2017, the Committee desire that they get developed the training modules in coordination with Industrial Training Institutes (ITIs) and Industrial Training Centres (ITCs) to build a pool of the required qualified trainers and skilled workforce for spreading the network of CGD as per the commitment made in Paris Convention by Government of India to increase the share of natural gas in India's energy mix from 6.5% to 15% by 2030. This step, the Committee feel, would in turn help to accelerate the pace and spread of CGD network in the allocated GAs and reach to the last mile person in the form of benefits accrued from the web of CGD availability i.e., PNG and CNG for the designated consumers.

Reply of the Government

"The training module for CGD is already available in the Skill curriculum of 'National Skill Development Corporation (NSDC)'. It falls under the specific HSSC (Hydrocarbon Sector Skill Council). SDI-Guwahati has already chalked out a plan to implement training programme for Pipe Fitter and Welder suitable for CGD works. The pertaining course on CGD yet to commence at SDI, Guwahati as the laying of CGD networks, commissioning and supply of Gas through these networks in different GAs not yet completed. Coinciding with the implementation stage of these Networks the training programmes are planned to be commenced so that the trained apprentices get opportunity be absorbed."

[Ministry of Petroleum & Natural Gas]
(F. No. Expl-12023(11)/2/2020-EXPL-II-PNG dated 14.10.2024)

Comments of the Committee
(Please see para 22 of Chapter I of the Report)

Acquisition of Numaligarh Refinery Limited (NRL)

Recommendation (Sl. No. 14)

12. The Committee note that as part of its diversification strategy, the Company has acquired Numaligarh Refinery Limited (NRL) as a material subsidiary and holds 73.27% stake in NRL. Govt. of Assam and Engineers India Limited hold 22.88% and 3.85% stake in NRL respectively. OIL is the promoter and has management control of NRL.The Committee have been informed that since then NRL has embarked on a major integrated refinery expansion project to augment its capacity from 3 MMTPA to 9 MMTPA at an estimated investment of more than Rs. 28,000 Crore, one of the highest in the region including setting up of a Crude Oil Import Terminal at Pardeep Port in Odisha and laying of about 1640 KM of pipelines for transportation of imported Crude Oil to Numaligarh. The Company is also laying a 130 KM long and 1.0 MMTPA capacity product pipeline from Siliguri in West Bengal to Parbatipur in Bangladesh - namely the Friendship Pipeline. The Committee are glad to know that Numaligarh refinery Limited (NRL) has reported highest profit after tax of Rs. 3,561.56 crore for the Financial Year 2021-22. With OIL having

majority stake in NRL, the Committee hope that this venture will not only help the Company to complete vertical integration in the oil and gas value chain but will also create the expected synergy that will help consolidate business plans of both the entities and achieve required sustainable growth. The Committee are also in agreement with OIL that with the massive refining capacity enhancement project of NRL and aggressive exploration plans of OIL in existing and new hydrocarbon blocks in North East, OIL-NRL will be able to contribute immensely in ensuring energy security of the nation and achieve the targets set by the Ministry of Petroleum and Natural Gas under North East Hydrocarbon Vision 2030. OIL acknowledging presence of EIL in the consortium is expected to boost the technical expertise required for the expansion plan of NRL and to augment its capacity from 3 MMTPA to 9 MMTPA. Since, EIL is one of the stakeholder in NRL, the Committee further desire that NRL may steer the pioneering initiatives and safety measures by engaging expertise of EIL, to the highest standards.

Reply of the Government

"EIL's presence in the consortium is helping NRL through their technical expertise. For the purpose of safety and efficient Refinery operation, EIL has been engaged by NRL for providing consultancy services in the area of Inspection and Troubleshooting and also for providing training on safety and process integrity.

EIL is also engaged in Numaligarh Refinery Expansion Project (NREP) through their EPCM services for the Paradip Numaligarh Crude Oil Pipeline and Crude Oil Import Terminal at Odisha. EIL is also the Licensor cum EPCM contractor for revamp of Delayed Coker Unit. EIL is also providing Technology License for the Sulphur Recovery Block, a part of NREP.

Additionally, NRL is also taking up the following studies :

- Execution of Aqueous Ammonia project in deposit work basis.
- Preparation of Pre-feasibility report for:
    - Production of Di-Methylamine from Methanol
    - Coal Gasification Project
    - 2G Ethanol Plant at Meghalaya

NRL, through its JV company Assam Bio Refinery Pvt. Limited is executing a 186 KLPD 2 G Bio Refinery where in EIL has been engaged as EPCM for the project."

[Ministry of Petroleum & Natural Gas]
(F. No. Expl-12023(11)/2/2020-EXPL-II-PNG dated 14.10.2024)

Performance of Subsidiaries/Joint Ventures/Associate

Recommendation (Sl. No. 15)

13. The Committee note that out of six subsidiaries of OIL, apart from NRL, four are under the process of winding up or in the process of liquidation/divesting the assets. From the remaining, the only subsidiary making regular profit is Oil India International Pte. Limited. During the FY 2021-22, from this subsidiary, OIL received one of the highest ever dividend at SPV level in Singapore from its share of investment in two Russian Assets with dividend amount of USD 143.6 Million. The Oil India Sweden AB, a subsidiary is inundated with geopolitical situations.

The Committee also note that OIL has 12 JVs engaged in upstream and downstream activities and one Associate Company with 10% equity share capital in Brahmaputra Crackers & Polymers Limited. Since the JV's share in production of crude oil and natural gas has been very low, not exceeding 0.03 MMT of crude oil and

153 MMSCM of Natural Gas, the Committee desire that OIL may take appropriate call on the continuation and existence of the JVs and Subsidiaries vis-à-vis their past performance and future prospect so that these do not have a dragging effect of the consolidated performance of the Company. The Committee further desire that a methodical due diligence exercise should be undertaken before entering into joint venture by PSUs like OIL particularly in foreign Countries to safeguard their financial interest. The Committee, therefore, recommend that the Company should devise appropriate regulatory and oversight mechanism in consultation with administrative Ministry to safeguard the interest of the PSUs in joint ventures.

Reply of the Government

"The creation of overseas Wholly Owned Subsidiaries and formation of JVs are driven by the need for channelising investments into overseas E&P assets on business, tax efficiency and investment protection considerations. Detailed due diligence is carried out by third party independent consultants before formation of such WoS/JV.

Based on the changing business environment and performance, the company assesses relevance of the subsidiaries from time to time. Factors such as, status of the project for which the Subsidiary/JV has been set-up, impact of geopolitical conditions and changes in international fiscal and regulatory environment are considered before taking appropriate actions to wind-up the subsidiaries. As a result of such assessments, the company has already wound-up Oil India International Limited, Oil India (USA) Inc and Oil India Cyprus Ltd. Evaluation/studies are being carried out for other overseas investments based on which appropriate decisions will be taken in respect of the WoS/JVs incorporated in Singapore/Netherland either to wind up the entity or to relocate to a better jurisdiction.

Appropriate vigilance mechanism has been set in place for these subsidiaries/JVs as per guidelines issued in this regard.

Though the contribution in way of production of crude oil and natural gas by JVs of OIL namely M/s HOEC and Geo-enpro is low , however formation of JVs with smaller Companies have been a part of production strategy of OIL in smaller fields with lower yields. OIL makes every effort to contribute towards GOI's mandate for reducing import dependencies on hydrocarbon and going for JVs is a part of it. OIL is constantly monitoring the efforts taken by its JVs for augmenting production and with the planned well interventions and drilling programmes productions expected to rise from 2024-25 onwards."

[Ministry of Petroleum & Natural Gas]
(F. No. Expl-12023(11)/2/2020-EXPL-II-PNG dated 14.10.2024)

CHAPTER III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

- Nil -

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Norms for Board Meetings

Recommendation (Sl. No. 7)

1. The Committee note that Estimate Committee, one of the Financial Committee had examined OIL in 1967-68 and had recommended that except under exceptional circumstances, all the Board meetings should invariably be held at the Company's Registered Office in Assam i.e., Duliajan. Subsequently, Company then decided that at least one-third of its Board meetings will be held at its Registered Office. Now, after the fire incident at one of oil fields at Baghjan in Tinsukia district of Assam, the Government of India has directed the Company to shift its corporate office to Guwahati. In this context, the Committee sought information on whether the stipulated numbers of Board meetings were held at Registered office in Duliajan. The Committee find that the Company has been evasive in their reply in following the norm to hold one-third Board meetings at its Registered Office. As evident from physical performance, the Company during 2021-22 made 99 % of its crude oil production and 90.58 % gas production from the State of Assam. On scrutiny of last 10 years data on number of Board level meetings held each at Registered, Corporate and Regional Offices, the Committee are dismayed to find that only 7% of these meetings took place at Registered Office as against 72 % meetings held at Corporate Office and remaining 21% at various Regional Offices. The Company's stand that seeking convenience of all the Directors for finalization of date, time and venue for Board/Committee Meetings as reason for delay is not convincing. The Committee are of the opinion that Registered Office being located in the main operational area of the Company at present, should get its due monitoring and supervision, as conducting Board meeting at this office will reinvigorate the Registered Office's energy, preparedness and responsibility. The Committee, therefore, desire that OIL should fulfill the norm for having at least one-third meeting more specifically, the Quarterly Board meetings, at their designated Main Offices in North-East States (Dulaijan and Guwahati) in letter and spirit, till they have majority production from the Blocks/Fields and projects running in North-East States.

Reply of the Government

"The Companies Act, 2013, and SEBI (LODR) Regulations, 2015 have not prescribed minimum number of Board / Committee Meetings to be held at the Registered Office / Main Office of the Company. However, as per the suggestions of the Committee, the Company will endeavour to increase the frequency of Board Meetings at the designated Main Offices in North-East States (Duliajan and Guwahati)."

[Ministry of Petroleum & Natural Gas]
(F. No. Expl-12023(11)/2/2020-EXPL-II-PNG dated 14.10.2024)

Comments of the Committee
(Please see para 10 of Chapter I of the Report)

Recommendation (Sl. No. 9)

2. The Committee while going into the specific details of blowout in Baghjan Well#5 that started on 27 May, 2020 and finally kicked, capped and abandoned on 3 December, 2020, note that the incident resulted in a total loss of 47,837 MT of crude oil and 129 MMSCM of Natural Gas resulting in Rs. 20 crore estimated loss of production from the date of incident till the diversion of natural gas production. Besides this, OIL had to make payment of Rs.147.92 crore (Rs.102.74 crore as compensation and Rs.45.18 crore for relief & rehabilitation) to the people affected in the incident. Besides, the Company had to shell out Rs.449.03 crore (Rs.51.30 crore to Domestic and Rs.203.30 crore to International Companies) for engaging outside Companies to cap the blowout of the well. The Committee note that a High Level Committee (HLC) was set-up by the Government of India headed by Secretary, MoPNG to investigate the Baghjan blowout incident. To monitor status of implementation of recommendations made in the HLC Report, OISD has been assigned to review the same with the stakeholders including revision in standards for internal and external safety audits. The Directorate General of Hydrocarbons (DGH) has prepared guidance documents for training and capacity building for the same. The Committee agree with the opinion of HLC that Companies engaged in oil & natural gas business should develop its own Crisis Management Team (CMT) to deal with any emergency and, therefore, recommend that taking cue from the incidents taken place in the past in Oil & Natural Gas sector, the Ministry of Petroleum and Natural Gas, in consultation with Disaster Management Authority, should develop an exclusive National level CMT involving experts from major oil Companies in the field to deal with any catastrophic situation for annihilating/minimising

loss of life and damage to the ecosystem. The Committee further desire that the best professional training may also be imparted to persons engaged in such tasks to gain expertise in dealing with any calamity/disaster and further reduce dependency on external assistance. The self-sufficiency of CMT (another sphere of Atma Nirbhar Bharat) will not only enhance the Nation's credibility at global level but also minimize the dependency on assistance from international agencies to deal with incidences of greater magnitude like blowout such as in Baghjan Well. Further, the other recommendations of HLC should be implemented in letter and spirit.

Reply of the Government

"Blow out control by Crisis Management Team (CMT) is very specific to E&P sector only and as such other institutions will not be of much help. ONGC has established dedicated teams to effectively manage emergency scenarios associated with blowouts or uncontrolled flow from oil and gas wells, as well as to handle related emergency situations. At the central level, ONGC has a Central Crisis Management Team (CMT), which oversees and coordinates emergency response efforts across the organization. Additionally, Regional CMTs are established at key locations including Rajahmundry, Vadodara, Mumbai, and Sivasagar, enabling swift and localized responses to emergencies within their respective regions.

Recently, Cairn Oil & Gas, Vedanta Limited, has signed a Memorandum of Understanding (MoU) with ONGC to collaborate on Crisis Management Teams (CMTs). This partnership aims to enhance emergency response capabilities and ensure effective management of crisis situations in the upstream onshore sector.

DGH has taken lead in conducting meeting between private operators and major E&P operators like ONGC and OIL to facilitate agreement for collaboration on crisis management.

Recommendations of the HLC are being monitored by OISD on quarterly basis from E&P operators. The quarterly data is being analysed by OISD and a report is submitted to MoPNG.

Oil India Limited is currently in the process of developing its own fully fledged Crisis Management Team. Post Baghjan blowout, OIL's CMT has been strengthened in terms of Manpower, equipment, training and collaboration as below,

Manpower: All the sanctioned Executive posts are filled up. Total no. of executives at CMT department as on date is 4 and all 13 nos. unionized employees deployed in CMT department.

Equipment: Procurement and Commissioning of basic well control equipment have been completed. Some of this major equipment are:

- 13.5/8-inch X10 M single RAM BOP – 2 No
- 7.1/16-inch X10 M double RAM BOP–1 No
- 60 feet Athey Wagon – 1 No
- Bulldozer (324HP)- 1 No
- 4000 GPM fire water pump: - 2 No
- Ultra slim hydraulic torque wrench – 1 Set
- External casing cutter- 1 Set
- Atlas Copco Air compressor- 1 No
- Exothermic Lance Cutter with accessories- 1 No
- 7.1/16-inch X10 M HCR valve – 1 No

Training: CMT Executives have been undergoing mandatory training/certification program at International Well Control Forum (IWCF), Drilling and Well Intervention & Pressure Control training. All the newly joined work persons have been imparted statutory and mandatory training like MVT, First aid, Jigyasa, Basic life support &First responder, Gas testing, Basic and Advanced firefighting etc. Also work persons have been sent for skill development training at original equipment manufacturer (OEM) facility of M/s Worldwide Oilfield Machine - Pune for BOP training & M/s BEML- Bangalore for Bulldozer training.

Collaboration: OIL has signed two MOU for on call crisis management services with i) M/s Cudd pressure control, Inc. Newcastle, Oklahoma and ii) M/s Wild Well Control, Inc. Houston, Texas for any eventuality."

[Ministry of Petroleum & Natural Gas]
(F. No. Expl-12023(11)/2/2020-EXPL-II-PNG dated 14.10.2024)

Comments of the Committee
(Please see para 13 of Chapter I of the Report)

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS TO WHICH THE GOVERNMENT HAS FURNISHED INTERIM REPLIES AND REPLIES ARE STILL AWAITED

Levy of Special Additional Excise Duty (SAED) on E&P Companies

Recommendation (Sl. No. 16)

1. The Committee observe that E&P Companies pay royalty on production of crude oil and natural gas to the Central Government for production from offshore fields and to the State Governments for production from onshore fields respectively. Further, a Special Additional Excise Duty (SAED) of Rs.23,250/MT has been levied by the Government of India on the production of crude oil w.e.f. 1 July, 2022 which has been further reduced to Rs.17000/MT. The Committee are of the view that this statutory duty is significantly impacting the revenue of the Company. The Committee also note that OIL has represented to MoPNG for review of levy and MoPNG, which in turn has also taken up the matter with Ministry of Finance requesting that SAED may not be made applicable on blocks or fields falling under the contractual regime (Production Sharing Contracts - PSCs) and on contractors under Production Enhancement Contracts, till the Companies reach the production levels of 2 million barrels. The Committee are in agreement with the MoPNG’s submission that the additional levy of SAED, besides having a cascading effect, may trigger reduction in future exploration investments by existing contractors under various regime and discourage new players/bidders from participation in E&P assignments in Indian Basins. The Committee, therefore, urge the Ministry of Finance to appropriately consider the MoPNG’s request regarding levy of SAED on E&P Companies so as to encourage exploration in the oil and gas fields with minimal effect on the Company’s growth and profit.

Reply of the Government

“Government of India vide its Notification No. 05/2022 – Central Excise dated 30.06.2022, has levied a Special Additional Excise Duty (SAED) of Rs. 23,250/ MT on production of crude oil. SAED is a levy which adds to cost of petroleum at the gross level. The additional levy of SAED besides having a cascading effect may trigger reduction in future exploration investments by existing contractors under various regimes and discourage new players /bidders from participation in E&P assignments in Indian Basins. MoPNG vide D.O. letters dated 12.08.2022 and 28.02.2023 has taken up this matter with Ministry of Finance and requested that SAED shall not be applicable on blocks or fields falling under the contractual regime (PSCs/RSCs) and SAED shall not be applicable on contractors under Production Enhancement Contracts, till they reach the production levels of 2 million barrels. Recently, a presentation has also been made to Secretary, Department of Revenue on 28.05.2024 in this regard."

[Ministry of Petroleum & Natural Gas]

(F. No. Expl-12023(11)/2/2020-EXPL-II-PNG dated 14.10.2024)

Comments of the Committee
(Please see paras 25 of Chapter I of the Report)

<u>New Delhi;</u>	**Baijayant Panda**
16 <u>December, 2024</u>	**Chairperson**
25 Agrahayana, 1944(S)	**Committee on Public Undertakings**

APPENDIX I

COMMITTEE ON PUBLIC UNDERTAKINGS
(2024-25)

MINUTES OF THE NINETEENTH SITTING OF THE COMMITTEE

The Committee sat on Monday, the 16th December, 2024 from 1530 hrs. onwards in Committee Room No. '1', Extension to Parliament House Annexe, New Delhi.

PRESENT

Shri Tariq Anwar - Convenor

MEMBERS

Lok Sabha

2. Shri R K Chaudhary
3. Shri Kaushalendra Kumar
4. Shri Shankar Lalwani
5. Smt. Poonamaben Hematbhai Maadam
6. Shri Sukhinder Singh Randhawa
7. Shri Kodikunnil Suresh
8. Shri Prabhakar Reddy Vemireddy

Rajya Sabha

9. Shri Neeraj Dangi
10. Shri Narain Dass Gupta
11. Dr. Bhagwat Karad

SECRETARIAT

1. Shri Neeraj Semwal - Joint Secretary
2. Smt. Jyochnamayi Sinha - Director
3. Smt. Mriganka Achal - Deputy Secretary

PART A

2. The Hon'ble Convenor briefly apprised the Members on the draft Report on Action Taken by the Government on the Observations/ Recommendations contained in the Twenty-first Report of the Committee on Public Undertakings (17^{th} Lok Sabha) on " Oil India Limited (OIL)". The Committee then considered and adopted the draft report, without any changes/modifications.

3. The Committee authorized the Chairperson/Convenor to finalize the draft Report on the basis of factual verification as suggested by the concerned Ministry/Department and presenting the Report during the ongoing session of Parliament.

The Committee, then, adjourned to take-up next agenda item of the sittings.

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APPENDIX II

ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE TWENTY-FIRST REPORT (17th LOK SABHA) OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (2023-24) ON "OIL INDIA LIMITED (OIL)"

I	Total number of recommendations:		16
II	Observations/Recommendations that have been accepted by the Government Sl. Nos. 1, 2, 3, 4, 5, 6, 8, 10, 11, 12, 13, 14, and 15		Total- 13 Percentage- 81.25
III	Observations/Recommendations which the Committee do not desire to pursue in view of Government's replies: NIL		Total- NIL Percentage- NA
IV	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and need reiteration: Sl. Nos. 7 and 9		Total- 02 Percentage- 12.5
V	Observations/Recommendations to which the Government has furnished interim replies and final replies are still awaited: Sl. No. 16		Total- 01 Percentage- 06.25