

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:747
ANSWERED ON:09.07.2009
ON OF OIL RECOVERY
Tewari Shri Manish

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

- (a) the measures the Government is initiating for improved/enhanced oil recovery (IOR&EOR) from declining fields like Mumbai High and other such oil fields;
- (b) if so, the details thereof;
- (c) the total gross under recoveries of down stream public sector oil companies during the financial years 2007-08 and 2008-09; and
- (d) the steps taken by the Government to restore the financial health of down stream oil PSU?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI JITIN PRASADA)

(a) & (b): Oil Companies adopt various new technologies for increasing production of oil wells in matured fields like Mumbai High through Increased Oil Recovery/ Enhanced Oil Recovery (IOR/EOR) Techniques. Public Sector Oil Companies are implementing proven new technologies for such wells through various well intervention techniques like drilling of horizontal and multilateral wells through side-track in old wells, workover, stimulation, hydro-fracturing acidisation, etc. to augment oil production, wherever feasible.

(c) & (d): The Public Sector Oil Marketing Companies (OMCs) have incurred under-recoveries on the sale of sensitive petroleum products, namely, Petrol, Diesel, PDS Kerosene and Domestic LPG of Rs. 77,123 crore and Rs. 103,292 crore during the financial years 2007-08 and 2008-09 respectively.

As passing on the entire impact of the increase in the oil prices to the consumers would result in sharp increase in the domestic prices and aggravate the inflationary conditions the Government has been following the equitable Burden Sharing Mechanism to ensure that the burden of under-recoveries is shared by all the stakeholders, namely the Government, the Public Sector Oil Companies and the consumers in the following manner:

Government through Issue of Oil Bonds Upstream Public sector oil companies by offering price discounts to OMCs Public sector OMCs to bear a portion of the under-recoveries, and Consumers to bear minimal price increases.

During the year 2008-09, the OMCs were issued Oil Bonds for Rs. 71,292 crores and the upstream oil companies contributed Rs. 32,000 crores through price discounts. In Addition, the upstream oil companies also contributed Rs. 943 crores towards import losses of OMCs.