

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

STARRED QUESTION NO:21  
ANSWERED ON:23.11.2012  
EXPLORATION AND PRODUCTION OF GAS  
Deshmukh Shri K. D.;Rawat Shri Ashok Kumar

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

(a) the names of the public and private sector companies which have complied with the terms and conditions of contracts regarding exploration and production of gas in the country including the Krishna Godavari (KG) Basin during the last three years and the current year;

(b) the names of the companies which have not complied with the terms of contract during the same period along with the details thereof and the penalty imposed on them; and

(c) the reasons for the decline in output from KG D-6 Basin and change in estimation of the total gas reserves and the steps being taken to increase the output therefrom ?

**Answer**

MINISTER OF PETROLEUM & NATURAL GAS (Dr. M. VEERAPPA MOILY)

(a) to (c): A statement is laid on the Table of the House.

STATEMENT REFERERED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 21 TO BE ANSWERED ON 23RD NOVEMBER, 2012 REGARDING EXPLORATION AND PRODUCTION OF GAS ASKED BY SHRIASHOK KUMAR RAWAT AND SHRI K.D. DESHMUKH, MPs

(a) and (b): So far, under the Production Sharing Contract (PSC) regime, Government has awarded 29 Discovered Fields and 282 exploration blocks for exploration and production of hydrocarbon in the country through the process of International Competitive Bidding. The Operator-wise details of awarded fields/blocks are enclosed in Annexure-I. The Contractors under the PSC Regime are required to adhere to the provisions of the respective contracts while carrying out exploration and production activities. Non compliance of contract provisions, if any, is dealt in accordance with stipulations laid down in the Contract and extant Policies of Government.

Non compliance of PSC provisions has been observed in a few fields/blocks. Government has taken appropriate action in such cases. The details of major deviations are given in Annexure-II. No major violation has been noticed in respect of other Contractors.

c): The average gas production from KG-DWN-98/3 (KG-D6) block during the current year (2012-13 upto October, 2012) was about 29.81 Million Standard Cubic Meter Per Day (MMSCMD) as against 86.73 MMSCMD approved in the Field Development Plans (FDPs) of D1, D3 & MA fields in this block, which are currently on production. The decline in gas production from KG-D6 block is due to the following reasons:

i. Out of a total 18 gas producer wells in D1 & D3 fields, 6 wells have ceased to produce gas due to water loading/sand ingress in wellbores.

ii. Out of 6 oil/gas producer wells in MA field, 2 oil/gas producers have ceased to flow oil/gas due to water ingress in wellbores.

iii. Non drilling of the required number of gas producer wells in D 1 & D 3 fields by the Contractor in line with the Addendum to Initial Development Plan (AIDP) approved by the Management Committee (MC). Further, the Contractor has submitted the following reasons for less gas production as compared to AIDP of D1 and D3 fields:

i. Considering the reservoir behaviour based on existing wells in main channel area, as well as the reservoir characteristics in overbank areas of D1 & D3 fields, any additional wells in D1 & D3 fields, may not help improve either production rate or recovery.

ii. Substantial variance in Reservoir Behavior and Character has been observed vis-À-vis the prediction, and there seem to be reservoir constraints in achieving the gas production rates.

iii. Pressure decline is several times higher than originally envisaged.

iv. Early water production in some of the wells was not predicted in initial reservoir simulations, though overall field water production is small.

v The Contractor's inability to firm up appropriate drilling locations on plea of geological complexities.

Subsequently, the Contractor has submitted the Revised Field Development Plan (RFDP) of D1 & D3 fields on 28.08.2012 with revised estimates of recoverable gas reserves as 3.10 Trillion Cubic Feet (TCF) as compared to 10.03 TCF approved in AIDP. Clarifications have been sought from the Contractor for downward revision of reserves. The following steps have been taken to increase the gas production from KG-DWN-98/3 (KG-D6) block: i. The Contractor has been asked to drill, complete and connect more producer wells and undertake appropriate remedial measures to revive the sick wells in D1, D3 and MA fields in this block.

ii. The Contractor's proposal to install compressor at Onshore Terminal to increase gas recovery from D1 & D3 fields has been approved by the Management Committee (MC) subject to the contractor agreeing to the CAG Audit.

iii. Revised Field Development Plan (RFDP) of MA field has been approved by the MC subject to the contractor agreeing to the CAG Audit.

iv. The Optimized Field Development Plan (OFDP) of another 4 gas discoveries (D-2,6,19 & 22) has been approved by MC.

v. The Declaration of Commerciality (DoC) of gas discovery D-34 has also been approved by MC.