

**15**

**STANDING COMMITTEE ON  
PETROLEUM & NATURAL GAS  
(2007-08)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF PETROLEUM &  
NATURAL GAS**

**ACTIVITIES OF DIRECTORATE GENERAL OF  
HYDROCARBONS – A REVIEW**

*[Action Taken by the Government on the recommendations contained in the Twelfth Report (Fourteenth Lok Sabha) of the Standing Committee on Petroleum & Natural Gas (2006-07) on 'Activities of Directorate General of Hydrocarbons – A Review']*

**FIFTEENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*August, 2007/Bhadrapada, 1929 (Saka)*

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Hydrocarbons – A Review']*

*Presented to Lok Sabha on 19.11.2007*

*Laid in Rajya Sabha on 19.11.2007*



**LOK SABHA SECRETARIAT  
NEW DELHI**

*August, 2007/ Bhadrapada, 1929 (Saka)*

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Review'

(iii)

**COMPOSITION OF THE STANDING COMMITTEE ON  
PETROLEUM & NATURAL GAS (2006-07)**

Shri N. Janardhana Reddy - Chairman

**Members**

**Lok Sabha**

- 2 Shri M.Appadurai
- 3 Shri R. Dhanuskodi Athithan
- 4 Shri Ramesh Bais
- 5 Shri Kirip Chaliha
- 6 Dr. Tushar A. Chaudhary
- 7 Shri Lal Muni Choubey
- 8 Shri Ravinder Naik Dharavath
- 9 Dr. M. Jagannath
- 10 Shri Jai Prakash (Hissar)
- 11 Adv. Suresh Kurup
- 12 Shri Sudam Marandi
- 13 Shri P. Mohan
- 14 Shri Sukdeo Paswan
- 15 Shri Nakul Das Rai
- 16 Shri Lakshman Singh
- 17 Shri Rajiv Ranjan 'Lalan' Singh
- 18 Shri Ramjilal Suman
- 19 Shri Ratilal Kalidas Varma
- 20 Shri A.K.S. Vijayan
- 21 Shri Ram Kripal Yadav

**Rajya Sabha**

- 22 Shri Ahmed Patel
- 23 Ms. Mabel Rebello
- 24 Shri Rajeev Shukla
- 25 Shri Suresh Bhardwaj
- 26 Shri Ramdas Agarwal
- 27 Shri Amir Alam Khan
- 28 Shri Tapan Kumar Sen
- 29 Shri C. Perumal
- 30 Shri Subhash Prasad Yadav
- 31 Shri Satish Chandra Misra

**Secretariat**

1. Shri S.K.Sharma - *Additional Secretary*
2. Shri P.K.Misra - *Joint Secretary*
3. Smt. Anita Jain - *Director*
4. Shri P.C.Tripathy - *Deputy Secretary*
5. Smt. Reena Gopalakrishnan - *Committee Officer*

(iv)

**COMPOSITION OF THE STANDING COMMITTEE ON  
PETROLEUM & NATURAL GAS (2007-08)**

Shri N. Janardhana Reddy - Chairman

**Members**

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- 4 Shri Ramesh Bais
- 5 Shri Kirip Chaliha
- 6 Dr. Tushar A. Chaudhary
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- 31 Shri Satish Chandra Misra

**Secretariat**

1. Shri S.K.Sharma - *Additional Secretary*
2. Shri N.K.Sapra - *Joint Secretary*
3. Smt. Anita Jain - *Director*
4. Shri P.C.Tripathy - *Deputy Secretary*

## **INTRODUCTION**

I, the Chairman, Standing Committee on Petroleum & Natural Gas having been authorised by the Committee to submit the Report on their behalf, present this Fifteenth Report on Action Taken by the Government on the recommendations contained in the Twelfth Report (Fourteenth Lok Sabha) of the Standing Committee on Petroleum & Natural Gas on 'Activities of Directorate General of Hydrocarbons – A Review'.

2. The Twelfth Report of the Standing Committee on Petroleum & Natural Gas was presented to Lok Sabha on 28 November 2006. The Action Taken Replies of the Government to the recommendations contained in the Twelfth Report were received on 30 March 2007.

3. The Standing Committee on Petroleum & Natural Gas (2006-07) considered and adopted the Report at their sitting held on 11 June 2007. The Report was again adopted by the Standing Committee on Petroleum & Natural Gas (2007-08) at their sitting held on 30 August 2007.

4. An analysis of the action taken by the Government on the recommendations contained in the Twelfth Report (Fourteenth Lok Sabha) of the Standing Committee on Petroleum & Natural Gas is given in Annexure-II.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

6. The Committee place on record their appreciation for the valuable assistance rendered to them by the officers of the Lok Sabha Secretariat attached to the Committee.

**New Delhi;**  
**31 August, 2007**  
**9 Bhadrapada, 1929 (Saka)**

**N. JANARDHANA REDDY,**  
**Chairman,**  
**Standing Committee on**  
**Petroleum & Natural Gas**

## **CHAPTER I**

### **REPORT**

This Report of the Standing Committee on Petroleum & Natural Gas deals with the action taken by the Government on the Recommendations contained in the Twelfth Report (Fourteenth Lok Sabha) of the Standing Committee on Petroleum & Natural Gas (2006-2007) on 'Activities of Directorate General of Hydrocarbons – A Review' which was presented to Lok Sabha on 28.11.2006.

2. Action Taken Notes have been received from the Government in respect of all the 15 Recommendations /Observations contained in the Report. These have been categorised as follows:-

- (i) Recommendations/Observations that have been accepted by the Government:- SI.Nos.1,2,4,5,9,10 and 11
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:- NIL
- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:- SI.Nos.13,14 and 15
- (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:- SI.Nos. 3,6,7, 8 and12

**3. The Committee trust that utmost importance would be given by the Government to the implementation of their recommendations. In cases where it is not possible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee further desire that the Action Taken Notes on the Recommendations/Observations contained in Chapter-I of this Report and Final Replies in respect of the recommendations for which interim replies have been furnished by the Government (included in Chapter-V), should be furnished expeditiously.**



4. The Committee will now deal with the action taken by the Government on some of their recommendations.

**A. Nomination Blocks of ONGC & OIL**

**Recommendation (Sl. No. 2, Para No.2)**

5. The Committee had noted that under the nomination regime, the area covered by license for carrying out exploration was valid for an initial period of four years with two subsequent renewals of one year each. On completion of six years' Petroleum Exploration License(PEL) cycle, the area was either relinquished or applied for grant of fresh license to carry out further exploration. In case of any discovery, the specified area was upgraded to lease for mining and development. The Committee had taken note of the fact that to allow completion of ongoing exploration activities in the existing nomination licenses, relinquishment norms had been issued by the Government which allowed a one time re-grant of PEL for 4 years with further extension of not more than 2 years. The Committee had found that during the last five years ONGC had relinquished 16 blocks due to low prospects/environmental constraints while OIL relinquished 3 exploration blocks, two in Rajasthan and one in Saurashtra offshore. They had further found that all the existing PELs of ONGC and OIL were presently running in their regrant PEL cycle which would expire between 2007 and 2010. The Committee, therefore, had desired the Government to direct ONGC and OIL to accelerate the pace of exploration activities in these PELs and complete the process before the deadline so as to ensure that these nomination blocks were not relinquished without valid reasons.

6. The Ministry of Petroleum and Natural Gas has submitted the following reply in this regard:

"DGH has been implementing the policy guidelines issued by MOP&NG vide letter No. O-12013/3/95-ONG/D-IV dated 13.03.2002 for PELs under nomination regime in letter and spirit to accelerate the pace of exploration activities in these PELs. Under the policy one time re-grant is allowed for 4 years with provision of further extension for the next one year with a definite work programme. In case any lead is obtained during the period of regrant, further extension of not more than 2 years may be given. In order to ensure acceleration of exploration activities, DGH has emphasized that the work programme for such blocks under re-grant

should include commitment of drilling of at least one well. No extension under regrant will be allowed without at least one well drilling programme. Such a move has resulted in accelerating the pace of seismic acquisition, processing, interpretation and generation of drillable prospect. In addition, Exploration Programme is being monitored in Quarterly Performance Review meetings in the Ministry as well as by Planning Commission.”

**7. The Committee had observed that during the last five years ONGC and OIL had relinquished a number of exploration blocks due to low prospects/environmental constraints. They had been informed that all the existing Petroleum Exploration Licenses (PELs) of ONGC and OIL were running in their regrant PEL cycle which would expire between 2007 and 2010. The Committee had desired the Government to direct ONGC and OIL to accelerate the pace of exploration activities in these PELs and complete the process before the deadline. The Government, in its reply, has stated that in order to ensure acceleration of exploration activities, DGH has emphasised that the work programme for such blocks under re-grant should include commitment of drilling of at least one well and that such a move has resulted in accelerating the pace of seismic acquisition, processing, interpretation and generation of drillable prospect. The Committee would like to know the number of nomination blocks in case of which ONGC and OIL have made commitment of drilling at least one well, the number of nomination blocks of these companies in which case extension under regrant has been allowed and the extent of acceleration that has taken place in the pace of exploration in these blocks.**

**B. Norms to check premature announcement of discoveries**

**Recommendation (SI No.6 Para No. 6)**

8. As per provisions of the Production Sharing Contract, hydrocarbon volumes of a discovery are required to be vetted by the Government/DGH prior to its announcement by the operating companies. The Committee had been informed that in the year 2005, Oil & Natural Gas Corporation (ONGC) and Gujarat State Petroleum Corporation (GSPC) had made pre-mature announcement of gas discoveries without following the procedure laid down in the PSC. Though the PSC provided for termination of contracts for violation of

the provisions contained therein, such a course of action was not resorted to by the Government/DGH. Since premature announcement of discoveries have a bearing on the value of companies' stocks, thereby affecting thousands of investors, the Committee had desired the Government/DGH to strictly adhere to the provisions of PSC in such cases in future. As regards nomination exploration blocks awarded to ONGC & OIL, the Committee had been informed that DGH had framed guidelines for applicability of uniform norms for such blocks which were being examined by the Government. The Committee had desired the Government to finalise and put in place the same without further delay.

9. The Ministry of Petroleum and Natural Gas, in its Action Taken Note, has explained the position as under:-

“Discoveries are governed under PSCs signed for respective Blocks. However, to curb the tendency of making claims of unsubstantiated finds, Government of India has issued guidelines on 25<sup>th</sup> May, 2006 for announcement of new hydrocarbon discoveries under PSCs Regime. Similar guidelines for nomination exploration blocks are also being framed by the Government.”

**10. Since premature announcement of discoveries have a bearing on the share prices of the companies, thereby affecting thousands of investors, the Committee, in their 12<sup>th</sup> Report (14<sup>th</sup> Lok Sabha), had desired the Government/DGH to adhere to the provisions of Production Sharing Contract (PSC) in order to check such cases. They had also desired that the Government should finalise and put in place the guidelines for applicability of uniform norms for nomination exploration blocks awarded to ONGC and OIL without delay. The Committee find from the Action Taken Reply that the Government has issued guidelines for announcement of new hydrocarbon discoveries under PSC regime. However, they are unhappy to note that similar guidelines for nomination exploration blocks have still not been finalised. The Committee would like to know the reasons for delay in this regard. As the absence of appropriate guidelines could result in premature announcement of discoveries in the nomination blocks, the Committee desire that the Government should expeditiously complete this exercise. They would like to be informed of the action taken by the**

**Government in the matter within three months from the presentation of this Report.**

**C. Establishment of National Knowledge Hub (NKH)**

**Recommendation (Sl. No. 7, Para No.7)**

11. The Committee were happy to know that steps were being taken by DGH for setting up of a National Knowledge Hub (NKH) of Geo-science data for E&P industry which would be tremendously useful in increasing the hydrocarbon exploration efficiency in the country. The project envisaged to collect/store in digital format large quantum of invaluable scientific data obtained during exploration and development activities for future use. In view of the fact that NKH would improve the efficiency of hydrocarbon prospects in the country by providing integrated synergetic environment, creating geo-scientific ambience and establishing a link among R&D institutes, academic institutions and industry, the Committee had recommended that the Government should take all possible steps to put in place NKH at the earliest. The Committee had also desired that the draft guidelines/modalities of membership for NKH should be finalized at the earliest and that the process of including private oil companies in the NKH should be initiated immediately, if not already done.

12. In response, the Ministry of Petroleum & Natural Gas has submitted as below:-

“Regarding membership of National Knowledge Hub (NKH), the following Government Companies/Organization (14nos.) and Private Operators (15 nos) have been identified for membership of National Data Centre. (NDC)

**Government Companies/Organizations**

- 1 ONGC (Oil & Natural Gas Corporation Ltd.)
- 2 OIL (Oil India Ltd.)
- 3 GSI (Geological Survey of India)
- 4 NGRI (National Geophysical Research Institute)
- 5 NRSA (National Remote Sensing Agency)
- 6 NIO (National Institute of Oceanography)
- 7 CESS (Centre for Earth Science Studies)
- 8 WIHG (Wadia Institute of Himalayan Geology)
- 9 IIG (Indian Institute of Geo-magnetism)
- 10 PCRA (Petroleum Conservation Research Association)
- 11 CHT (Centre for High Technology)

- 12 PPAC (Petroleum Planning and Analysis Cell)
- 13 OIBD (Oil Industry Development Board)
- 14 OISD (Oil Industry Safety Directorate)

### **Private Companies**

- 1 RIL (Reliance Industries Ltd.,)
- 2 EOL (Essar Oil Ltd.,)
- 3 GSPCL (Gujarat State Petroleum Corporation Ltd.,)
- 4 HOEC (Hindustan Oil Exploration Ltd.,)
- 5 VIDEOCON (Vediocon Petroleum Ltd.,)
- 6 PHOENIX (Phoneix Overseas Ltd.,)
- 7 JUBILIENT ENPRO (Jubilant Enpro Ltd.,)
- 8 ASSAM GAS COMPANY (The Assam Company Ltd.,)
- 9 INTERLINK (Interlink Petroleum Ltd.,)
- 10 PRIZE PETROLEUM (Prize Petroleum Company Ltd.,)
- 11 TATA PETROLEUM Ltd., (Tata Petroleum Ltd.,)
- 12 SELAN EXPL (Selan Exploration Technology Ltd.,)
- 13 JOSHI TECHNOLOGY (Joshi Technologies International Inc.,)
- 14 GRATE ESTERN (Great Eastern Energy Corporation Ltd.,)
- 15 PREMIER OIL (Premier Oil)

It may be pertinent to mention that aspect of inclusion of private companies as members of NDC is already taken care of as the E&P data acquired by these companies in India would reside in NDC and these companies would be required to contribute to NDC as per the guidelines & modalities of membership when finalized. “

**13. In view of the fact that the setting up of a National Knowledge Hub(NKH) of geo-science data for E&P industry would be tremendously useful in increasing the hydrocarbon exploration efficiency in the country, the Committee, in their earlier Report, had desired that all possible steps should be taken to put in place NKH at the earliest. They had also desired that the draft guidelines/modalities of membership for NKH should be finalised and the process of including private oil companies in NKH be initiated. The Committee find from the Government’s Action Taken Reply that though 14 Government companies/organisations and 15 private operators have been identified for membership of National Data Centre, the guidelines and modalities concerning membership are yet to be finalised. The Committee would like to know the reasons for delay in this regard. They desire the Government/DGH to show urgency in the matter and finalise the modalities/guidelines of membership without any further delay.**

## **D. National Gas Hydrate Programme (NGHP)**

### **Recommendation (Sl. No. 8, Para No.8)**

14. The Committee had been informed that the National Gas Hydrate Programme (NGHP) was formulated by the Government in 1997 for exploration & development of Gas Hydrate resources of the country and this programme was put on a fast track implementation in the year 2000. DGH, as coordinator of NGHP, had been making all out efforts since 2002 to get the services of a suitable deepwater drill-ship with on board Laboratories, from various sources for drilling/coring purpose but the organization could not succeed due to non-availability of such services. However, the Committee was informed that recently DGH could obtain a drilling/coring proposal from a US Consortium for the said purpose. They, therefore, had desired to be apprised of the status of the said deepwater exploration drilling/coring and gas hydrate analysis.

The Committee had also desired the organization to attempt a systematic study to assess the total gas hydrate resources in the country and complete the same within a fixed time frame. As development of alternative sources of hydrocarbons was vital for our country's oil security, the Committee had recommended that the pursuit for evolving the right technology should be carried forward vigorously with the aim to start pilot production of gas from gas hydrate as per the NGHP road map.

15. The Ministry of Petroleum and Natural Gas has submitted the following reply in this regard:

“Through detailed scientific studies carried out over a period of time as part of the NGHP, scientists firmed-up ten sites for drilling and coring of gas hydrate bearing sediments in four deep offshore areas in K.G. and Mahanadi Basins in East Coast, Kerala-Konkan basin in the west coast and Andaman offshore.

The drilling and coring for gas hydrates in the deepwaters is a specialized activity and only one R&D drillship “JOIDES Resolution” available in the world, which was deployed by Integrated Ocean Drilling Programme (IODP), an International scientific programme for ocean studies. With continuous persuasion with the concerned entities, the services of R&D drillship “JOIDES Resolution” along with specialized equipment from IODP and world class scientists were hired by DGH through funding from OADB,

MOP&NG, Government of India in collaborative efforts through United States Geological Survey (USGS) for carrying out this specialized activity. Thus, first ever gas hydrate exploration expedition called "Indian Gas Hydrate R&D Expedition-1" took place during the period 5<sup>th</sup> May 2006 to 19<sup>th</sup> August 2006, resulting in a world class discovery of gas hydrates in the Krishna-Godavari basin. The brief highlights of the Indian Expedition - 1 are given below:

### **Indian Gas Hydrate R&D Expedition 1**

This was first of its kind scientific expedition carried out in the country. India become third country in the world after USA and Japan to undertake such advance and gigantic scientific programme in the field of gas hydrate R&D.

Expedition NGHP-01 was completed in 113 days which included drilling/coring of 39 holes at 21 sites in above four Indian offshore areas.

During the Expedition 494 cores were cut with 2847.01 meters of core recovered reflecting 78.7% of the core recovery, highest so far by any international standards. Three different pressure coring systems were also used.

The second gas hydrate site i.e. NGHP-01-10B was drilled, cored and logged close to an old ONGC deepwater well GD-3-1 (drilled for Hydrocarbons). These hydrates were analyzed onboard the laboratories. Several pressure cores were also deployed and recovered number of gas hydrate samples, which are currently being studied, as well as preserved for future studies. A total of eighty gas hydrates samples from this site were recovered. As per the scientists working on the project, these are one of the best gas hydrate core samples recovered from anywhere in the world from marine environment.

In nut shell the whole programme was a great success by way of discovering high quality massive type gas hydrates in the KG basin and through establishing presence of hydrates in Andaman sea, which has opened up new vistas for gas hydrate exploration in the country".

**16. In their 12<sup>th</sup> Report (14<sup>th</sup> Lok Sabha), the Committee had desired to know the status of deepwater exploration drilling/coring and gas hydrate analysis. They had also made a specific recommendation that DGH should attempt a systematic study to assess the total gas hydrate resources in the country and complete the same within a fixed time frame. Through the Action Taken Replies, the Committee have been apprised of the status of drilling/coring of gas hydrates in the deepwaters carried out by DGH by**

utilising the services of the R&D drillship 'JOIDES Resolution' – the only available drillship in the world. The Committee have been informed that this programme was a great success by way of discovering high quality gas hydrates in KG basin and establishing the presence of hydrates in Andaman Sea. The Committee appreciate the initiative taken by the organisation in the direction of drilling/coring of gas hydrates in the country. However, they are unhappy to find that the reply of the Government has not given details about the study to assess the total gas hydrate resources in the country. They would like the Government/DGH to address this issue at the earliest under intimation to the Committee.

**E. Manpower requirements of DGH**

**Recommendation (Sl. No. 13, Para No.13)**

17. The Committee had noted that the existing staff strength of DGH including trainee officers and consultants was 108, as against the sanctioned strength of 160. They had been informed that in the past few years, due to award of more and more exploration blocks in consecutive rounds of NELP, the activities of DGH had increased multifold and that the requirement of manpower for the organization was about 160-180 officers. The Committee had further been informed that the activities of DGH in some of the areas like exploration review, development plan review, reservoir management audit & review, PSC monitoring, etc. were being affected mainly due to the shortage of manpower. The Committee, therefore, had recommended that the Government should take steps to fill up the gap in manpower requirements at the earliest so as to enable the organization to perform such activities more efficiently.

18. The Ministry of Petroleum and Natural Gas has submitted the following reply in this regard:

“Administrative Council of DGH headed by Secretary (P&NG) has already sanctioned a manpower strength of 160 for DGH in order to strengthen and enable DGH to effectively accomplish the assigned responsibilities. In addition, DGH may hire consultants and experts as and when required”.



**19. The Committee, in their 12<sup>th</sup> Report (14<sup>th</sup> Lok Sabha), had noted that the existing staff strength of DGH was 108 as against the sanctioned strength of 160. They had been informed that the activities of the organisation in certain areas like exploration review, development plan review, etc. were being affected primarily due to shortage of manpower. The Committee had, therefore, recommended that the Government should fill up the gap in manpower requirements of the organisation at the earliest. However, they are unhappy to note that the Action Taken Reply of the Government is silent regarding the filling up of the gap in manpower requirements of DGH. It appears from the Government's reply that the sanctioned manpower has not yet been provided to the organisation. The Committee would like to know the factual position in this regard as well as the reasons for not providing the sanctioned manpower to the organisation.**

**F. Utilisation of allocations by DGH**

**Recommendation (Sl. No.14, Para No.14)**

20. The Committee were unhappy to find that there had been lower expenditure by DGH vis-à-vis Plan allocations during the last six years. While the shortfall in expenditure in 2001-02 and 2002-03 was negligible, the same in the remaining years had been substantial. The shortfalls in the year 2003-04 and 2004-05 had been attributed to deferment / shifting of various activities to the subsequent year viz. exploratory activities, setting up of national data repository, National Gas Hydrate Programme etc. In the year 2005-06, the committee were surprised to find that the budget estimates of Rs. 8802.20 Lakhs had been revised to Rs. 3945.20 Lakhs and that out of said RE amount, upto 31<sup>st</sup> January 2006, an amount of only Rs. 1346 Lakhs had been spent leaving almost 65% of RE to be spent in the last 2 months of the financial year. The committee did not approve of the repeated failure of the organisation in fully utilising the allocated amounts. They had desired the organisation to make an in-depth analysis of the situation and take remedial measures for optimum / full utilisation of allocations.

21. The Ministry of Petroleum and Natural Gas has submitted the following reply in this regard:

“Standing Committee’s suggestion regarding in-depth analysis of situation and taking remedial measures for optimum/full utilisation of allocation of DGH budget have been noted. The actual expenditure for the year 2005-06 was Rs.3430.59 Lakhs against RE of Rs.3945.20 Lakhs. The marginal shortfall is mainly due to deferment of promotion of NELP-VI and CBM-III to first quarter of 2006-07”.

**22. In their earlier Report, the Committee had expressed their displeasure over the repeated inability of DGH to spend the plan allocations. They had desired the organisation to make an in-depth analysis of the situation and take remedial measures to ensure optimum/full utilisation of allocations. They are unhappy that the trend of shortfall in expenditure by the organisation has still been going on. As against the 2005-06 Budget Estimates of Rs. 8802.20 Lakhs, which was reduced to Rs. 3945.20 Lakhs at RE stage, the actual expenditure was only Rs. 3430.59 Lakhs during the year. The Committee are again unhappy to note that the reply of the Government does not categorically specify as to whether any in-depth analysis of the situation has been carried out by the organisation. From this, the Committee get an impression that their recommendation has not been given due importance. As the jobs assigned to DGH viz. exploration and exploitation of hydrocarbons, national data repository, safety in oilfield operations, National Gas Hydrate Programme, etc. are of vital importance for the country, inadequate expenditure on such activities would adversely affect the pace of their implementation. The Committee, therefore, reiterate their earlier recommendation that the organisation should make an in-depth analysis of the situation and take remedial measures to ensure optimum/full utilisation of allocations in future.**

#### **G. Performance of DGH**

##### **Recommendation (Sl. No. 15, Para No.15)**

23. The Committee had been informed that the performance of DGH in respect of tasks such as acreage offering, development plan review, E&P data repository, strategy for ventures abroad etc. had not matched the expectation.

The gap between expectation and achievement in respect of these items varied from 25% to 100%. The Committee had desired the Government / DGH to make an in-depth analysis of each such task and take remedial measures to improve the performance.

The Committee had further been informed that DGH had certain objectives such as appraisal of the entire sedimentary area of the country, offering remaining areas for exploration bidding and upgradation of the country's poorly explored / unexplored areas to the maximum extent, for the next few years. They had desired to be apprised of the measures taken by the organisation to achieve these objectives and the progress made in the direction of meeting such objectives so far.

24. In this regard, the Ministry of Petroleum and Natural Gas in its Action Taken Reply, has submitted the following reply:

“By the end of XI plan period, about 80% of country's sedimentary areas is proposed to be brought under exploration through successive bidding rounds. Government of India plans to offer about 1 million sq. km of area through NELP/Open Acreage Licensing Regime during the XI Plan period. The work for identifying the areas for offer Seventh round of NELP has already been initiated by DGH. Moreover, DGH will also expedite undertaking survey of the un-explored regions with a view to offering these areas under NELP rounds.”

**25. As the performance of DGH in respect of some tasks like acreage offering, development plan review, E&P data repository, strategy for ventures abroad, etc. had not matched the expectation, the Committee, in their previous Report, had desired the Government/DGH to make an in-depth analysis of each such task and take remedial measures. However, they are unhappy to find that the Action Taken Reply of the Government has not clearly spelt out the in-depth analysis, if any, carried out by DGH of such tasks, the remedial measures taken in this regard and the improvements effected as a result thereof. The Committee are constrained to observe that due importance has not been given by the Government/DGH to their recommendation. They desire to be apprised of these details.**

**The Committee would also like to be apprised of the details of technical expertise i.e. number of people with technical background deployed by DGH to give approval to the Capital Expenditure Plan for the New Field Development Plan submitted by RIL – NIKO combine in respect of D-6 field in the KG basin.**

## **CHAPTER II**

### **RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **Recommendation (Sl. No. 1, Para No.1)**

The Directorate General of Hydrocarbons (DGH) was established under the administrative control of Ministry of Petroleum & Natural Gas by Government of India Resolution in 1993. The objectives of DGH are to promote sound management of the Indian oil and natural gas resources having a balanced regard for environment, safety, and technical and economic aspects of the petroleum activity. DGH has been entrusted with responsibilities concerning exploration and exploitation of hydrocarbons in the country, offering of acreages for exploration, development plans for commercial discoveries of hydrocarbon reserves, management of petroleum reservoir, storage of exploration related data, safety in oil field operations, etc. Keeping in view the huge mandate given to the organization, the Committee desire the Government to provide all necessary assistance to DGH so as to enable the organization to discharge all its duties effectively and play a more active role in the optimal exploitation of hydrocarbons in the country.

#### **Reply of the Government**

DGH is getting all necessary funding through OIDB grants for carrying out all its activities as per the mandate. There are no financial constraints in this regard. Further, Government of India has delegated certain powers vested in it under Oilfields (Regulation and Development) Act, 1948 and Petroleum and Natural Gas Rules, 1959 as amended from time to time to the Directorate General of Hydrocarbons (DGH). The objective of the delegation of statutory powers is to empower DGH so that it can effectively oversee ever increasing exploration and production activities in India with more areas coming under exploration with successive rounds of NELP and CBM. Delegation of powers to DGH mainly covers monitoring of exploration and development programmes, reservoir monitoring with a view to optimize hydrocarbon recovery, maintain data repository, lay down norms for declaration of hydrocarbon discoveries, monitor Government revenue such as royalty and profit petroleum and exercise the specified powers under PNG Rules.

To exercise this delegation, DGH, with the approval of Central Government will prepare transparent guidelines. However, in respect of the contracts, signed by the Government DGH will exercise the powers in accordance and consistent with respective contracts.

The Government has also amended Rule 19 of the P&NG Rules to enable the Government/DGH to get all data from licensees/lessees, free of cost as and when they are acquired and become available. All non-proprietary data can be disclosed by the Government at any time and proprietary data can be disclosed with the consent of the licensees/lessee at any time and after 5 years from the date from which such data becomes available or termination of license/lessee whichever is earlier at the discretion of the Government.

The above steps have been taken by the Government to promote exploration and production activities in the country, strengthen DGH with more powers and enable creating a National Data Repository (NDR) by facilitating DGH to get data from NOCs and private companies for all acreages held by them from time to time. This will also encourage effective use of available data in the country in promoting efficient exploration and production.

(Ministry of Petroleum & Natural Gas  
O.M. NO.O-27012/1/2005-ONG-III dated 26th March, 2007)

**Recommendation (Sl. No. 2, Para No.2)**

The Committee notes that under the nomination regime, the area covered by license for carrying out exploration was valid for an initial period of four years with two subsequent renewals of one year each. On completion of six years 'Petroleum Exploration License(PEL) cycle, the area was either relinquished or applied for grant of fresh license to carry out further exploration. In case of any discovery, the specified area was upgraded to lease for mining and development. The Committee take note of the fact that to allow completion of ongoing exploration activities in the existing nomination licenses, relinquishment norms have been issued by the Government which allow a one time re-grant of PEL for 4 years with further extension of not more than 2 years. The Committee find that during the last five years ONGC has relinquished 16 blocks due to low

prospects/environmental constraints while OIL relinquished 3 exploration blocks, two in Rajasthan and one in Saurashtra offshore. They further find that all the existing PELs of ONGC and OIL are presently running in their regrant PEL cycle which would expire between 2007 and 2010. The Committee, therefore, would desire the Government to direct ONGC and OIL to accelerate the pace of exploration activities in these PELs and complete the process before the deadline so as to ensure that these nomination blocks are not relinquished without valid reasons.

### **Reply of the Government**

DGH has been implementing the policy guidelines issued by MOP&NG vide letter No. O-12013/3/95-ONG/D-IV dated 13.03.2002 for PELs under nomination regime in letter and spirit to accelerate the pace of exploration activities in these PELs. Under the policy one time re-grant is allowed for 4 years with provision of further extension for the next one year with a definite work programme. In case any lead is obtained during the period of regrant, further extension of not more than 2 years may be given. In order to ensure acceleration of exploration activities, DGH has emphasized that the work programme for such blocks under re-grant should include commitment of drilling of at least one well. No extension under regrant will be allowed without at least one well drilling programme. Such a move has resulted in accelerating the pace of seismic acquisition, processing, interpretation and generation of drillable prospect. In addition, Exploration Programme is being monitored in Quarterly Performance Review meetings in the Ministry as well as by Planning Commission.

(Ministry of Petroleum & Natural Gas  
O.M. NO.O-27012/1/2005-ONG-III dated 25th June, 2007)

### **Comments of the Committee**

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

### **Recommendation (Sl. No. 4, Para No.4)**

The Committee considers the New Exploration Licensing Policy (NELP) of the Government as an important milestone in the country's hydrocarbon exploration programme. The Committee note that since 1997, till date, six rounds of NELP biddings have been held and a total of 144 blocks have been offered

under the first five rounds spanning from 2000 to 2005 and contracts for 110 exploration blocks have been signed. The Committee have been informed that under the sixth round, 55 exploration blocks have been offered on 23<sup>rd</sup> February, 2006 and the completion of formalities under this round leading to signing of Production Sharing Contracts may take time upto January 2007. The Committee hope that all work connected with the 6<sup>th</sup> round of NELP should be completed expeditiously so as to enable the operators to start their exploration activities as soon as possible. The Committee also desire DGH to monitor the execution of Production Sharing Contracts meticulously without allowing any flaw on the part of the contractors.

### **Reply of the Government**

Most of the work under Sixth round of NELP has been completed. Under the sixth round of NELP, 55 exploration blocks ( 24 deepwater, 6 shallow water and 25 onland blocks) were offered on 23<sup>rd</sup> February, 2006 covering an area of 0.352 Million sq. km. Bid closing date was 15<sup>th</sup> Sept, 2006. Total 165 bids were received for 52 blocks. Three deepwater blocks (2 in Kerala Konkan basin & 1 in Andaman) did not attract any bid. A total of 68 companies participated in the bidding round (32 Indian and 36 foreign). The evaluations of all 165 bids for 52 blocks have been completed by DGH. The award of these 52 Blocks have been made in February, 2007.

DGH has been meticulously monitoring all the Production Sharing Contracts signed so far which are under operation.

(Ministry of Petroleum & Natural Gas  
O.M. NO.O-27012/1/2005-ONG-III dated 26th March, 2007)

### **Recommendation (Sl. No. 5, Para No.5)**

The Committee note that DGH approves/monitors the development plans/activities of various fields under the Production Sharing Contract and keeps a strict watch on the management of reservoirs. The Committee have been informed that while approving production plans, care is taken by DGH to see that no contractor is allowed to overproduce from the fields eyeing quick profits without regard to reservoir potential. The Committee appreciates the extensive work being carried out by DGH in the areas of field development, reservoir and



production monitoring. Since over production may cause damage to reservoirs besides leading to loss of some precious oil/gas for ever, the Committee desire the organization to pay adequate attention to this area of activity through constant vigil, mid-course corrections, etc.

### **Reply of the Government**

DGH is continuously monitoring the performance of Pvt/JV fields from reservoir point of view. The additional development plan and mid course corrections are also being evaluated and approved by Management Committee for improving the ultimate recovery of the fields. The major Pvt/JVs fields which are being monitored closely are including Ravva, Panna-Mukta and Tapti, Hazira and PY-3 fields. Surveillance team has been formulated which interacts with the operators and make field visits for achieving optimal production from the fields.

DGH is also monitoring reservoir performance of major fields of ONGC which includes the largest offshore field viz. Bombay High is being closely monitored. Additional development/redevelopment of the field and its reservoir performance is under constant observation of DGH. Similarly 14 other major fields of ONGC under EOR/IOR schemes are being monitored regularly and mid course corrections, if required are being suggested for implementation from time to time. DGH will also be monitoring fields of OIL.

(Ministry of Petroleum & Natural Gas  
O.M. NO.O-27012/1/2005-ONG-III dated 26th March, 2007)

### **Recommendation (Sl. No. 9, Para No.9)**

Under The Coal Bed Methane (CBM) Policy formulated in 1997, blocks are being offered through international bidding for exploration and production of CBM in the country. Under the two rounds of CBM bidding, the Government has awarded 16 CBM blocks to National, Private & Joint Venture companies. The Committee have been informed that in the last three years, more than 75 exploratory wells have been drilled in these awarded block with very encouraging results. The total CBM resources in these blocks covering an area of around 7800 sq. km are estimated to be 820 BCM and the total expected production from these blocks is estimated at 23 MMSCMD at their peak production level. The Committee, in their 7<sup>th</sup> and 11<sup>th</sup> Reports (14 Lok Sabha), had desired the

Government to have a complete assessment of the total CBM resources in the country and to evolve a long -term strategy for the exploitation of such resources. They would like to be apprised of the factual details in this regard. As exploration and exploitation of coal bed methane are extremely important for bridging the ever-widening gap between the supply and demand of gas in the country, the Committee desire DGH to ensure that the committed work programme and time schedule in the contracts are adhered to by the companies so that the commercial production of CBM in the country commences by 2007-08 as envisaged.

### **Reply of the Government**

With the formulation of the CBM policy, followed by the signing of an MOU between MOP&NG and MOC, DGH in close interaction with other Government organizations viz., Geological Survey of India (GSI), Central Mines Planning & Design Institute (CMPDI) Central Mining Research Institute (CMRI) etc have arranged for drilling coreholes in virgin coal bearing areas, coal samples collected from these coreholes are being tested in the CMRI Laboratory. As a result of this continuous efforts put up by the Government during past few years, it has already established 1460 BCM of CBM resources about 14000 sq. km areas out of the total 27,000 sq. km possible CBM prospective areas of the country. Scientific studies /efforts are on in the remaining areas for assessment of CBM resources.

For sustained production of CBM on long term basis, Government has already undertaken a time bound work programme. DGH in consultation with Ministry of Coal carves out prospective blocks for exploration and exploitation of CBM. CBM related data are then generated and dockets prepared for these blocks. These CBM blocks are then offered for exploration through open international competitive bidding for exploration & production of CBM by companies.

Companies participating in the bidding process have to submit a time bound work programme. The awardee company(s) are required to enter into a contract with the Government, which is being strictly monitored by DGH with respect to work programme & schedule of activities.

Government has so far awarded 26 CBM blocks to National, Private and Joint venture companies for exploration and production of CBM in the country.

These blocks are located in the states of West Bengal (4), Jharkhand (6), Chattisgarh (3), Madhya Pradesh (5), Andhra Pradesh (2), Rajasthan (4), Gujarat and Maharashtra (one each). The total CBM resources in the awarded blocks covering area of 13800 sq.km are estimated at 1460 BCM, with expected production potential of 38 MMSCMD during peak production period.

As a part of the work programme in the awarded blocks, during last couple of years, more than 100 CBM wells have been drilled in these blocks. Results in some of these blocks are very encouraging, few operators have completed their exploration activity, established CBM reserves and shown their willingness to proceed to the next Development Phase. The commercial production of CBM in the country is likely to commence by 2007-08 as envisaged.

(Ministry of Petroleum & Natural Gas  
O.M. NO.O-27012/1/2005-ONG-III dated 26th March, 2007)

**Recommendation (Sl. No. 10, Para No.10)**

As exploration of oil and gas reserves has some ecological and sociological side effects from oil spills, accidents, fires, etc. provisions have been made in the Production Sharing Contracts in regard to Health Safety and Environmental (HSE) standards of oil fields operations. As per these provisions, the operator has to comply with the relevant norms/standards/regulations/ acts for safe petroleum operations. The Committee find that DGH/OISD has been monitoring the safety and environment related aspects of private/joint venture fields through periodic safety audits/inspections. They are happy to learn that the operators are following good HSE practices and that there have not been any critical findings during the audit process by DGH with respect to violation of HSE norms. The Committee desire DGH to ensure that the operators use the best international practices in their fields. They further desire that the frequency of such audits/inspections be enhanced.

### **Reply of the Government**

During the audit/inspection exercise by OISD/DGH, the HSE practices being followed by the operators are examined in detail and emphasis is laid that the best international practices are followed in this regard. The recommendations are continuously followed up for implementation. Frequency of such audit/inspection depends upon the HSE performance of the operator and may be increased as and when needed for improving the HSE performance.

(Ministry of Petroleum & Natural Gas  
O.M. NO.O-27012/1/2005-ONG-III dated 26th March, 2007)

### **Recommendation (Sl. No. 11, Para No.11)**

The Committee find that DGH during the last several years of its existence has been instrumental in reducing the unexplored/poorly explored area in the country from 58% in 1999-2000 to 44% in 2004-05. They also find that as a result of the pivotal role played by DGH, a total of 10,90,923 sq. km are has been brought under exploration, which is 34.7% of the total sedimentary area of 3.14 million sq. km. The target for exploration coverage set by the 'India Hydrocarbon Vision 2025' Document is 35% upto the end of 10<sup>th</sup> Plan and the Committee are happy that the Government is confident of surpassing this target. The Committee appreciate the efforts made by DGH in the direction of exploration coverage and desire the organization to keep up the good work and meet or even surpass the future targets for exploration coverage as laid down in the Vision Document.

### **Reply of the Government**

DGH is making all out efforts to accelerate exploration in the country as can be seen from the areas offered under successive NELP rounds. An all time high about 0.352 million sq. km of area was offered under the recently concluded Sixth round of NELP. By end of XI Five year plan, 80% of Indian Sedimentary basin is proposed to be brought under exploration.

(Ministry of Petroleum & Natural Gas  
O.M. NO.O-27012/1/2005-ONG-III dated 26th March, 2007)

### **CHAPTER III**

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

**NIL**

## **CHAPTER IV**

### **RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE**

#### **Recommendation (Sl. No. 13, Para No.13)**

The Committee note that the existing staff strength of DGH including trainee officers and consultants is 108, as against the sanctioned strength of 160. They have been informed that in the past few years, due to award of more and more exploration blocks in consecutive rounds of NELP, the activities of DGH has increased multifold and that the requirement of manpower for the organization is about 160-180 officers. The Committee have further been informed that the activities of DGH in some of the areas like exploration review, development plan review, reservoir management audit & review, PSC monitoring, etc. are being affected mainly due to the shortage of manpower. The Committee, therefore, recommend that the Government should take steps to fill up the gap in manpower requirements at the earliest so as to enable the organization to perform such activities more efficiently.

#### **Reply of the Government**

Administrative Council of DGH headed by Secretary (P&NG) has already sanctioned a manpower strength of 160 for DGH in order to strengthen and enable DGH to effectively accomplish the assigned responsibilities. In addition, DGH may hire consultants and experts as and when required.

(Ministry of Petroleum & Natural Gas  
O.M. NO.O-27012/1/2005-ONG-III dated 26th March, 2007)

#### **Comments of the Committee**

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

#### **Recommendation (Sl. No. 14, Para No.14)**

The Committee are unhappy to find that there has been lower expenditure by DGH vis-à-vis Plan allocations during the last six years. While the shortfall in expenditure in 2001-02 and 2002-03 was negligible, the same in the remaining

years has been substantial. The shortfalls in the year 2003-04 and 2004-05 have been attributed to deferment / shifting of various activities to the subsequent year viz. exploratory activities, setting up of national data repository, National Gas Hydrate Programme etc. In the year 2005-06, the committee are surprised to find that the budget estimates of Rs. 8802.20 Lakhs has been revised to Rs. 3945.20 Lakhs and that out of said RE amount, upto 31<sup>st</sup> January 2006, an amount of only Rs. 1346 Lakhs has been spent leaving almost 65% of RE to be spent in the last 2 months of the financial year. The committee do not approve of the repeated failure of the organization to fully utilize the allocated amounts. They desire the organization to make an in-depth analysis of the situation and take remedial measures for optimum / full utilization of allocations.

### **Reply of the Government**

Standing Committee's suggestion regarding in-depth analysis of situation and taking remedial measures for optimum/full utilization of allocation of DGH budget have been noted. The actual expenditure for the year 2005-06 was Rs.3430.59 Lakhs against RE of Rs.3945.20 Lakhs. The marginal shortfall is mainly due to deferment of promotion of NELP-VI and CBM-III to first quarter of 2006-07.

(Ministry of Petroleum & Natural Gas  
O.M. NO.O-27012/1/2005-ONG-III dated 26th March, 2007)

### **Comments of the Committee**

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

### **Recommendation (Sl. No. 15, Para No.15)**

The committee have been informed that the performance of DGH in respect of task such as acreage offering, development plan review, E&P data repository, strategy for ventures abroad etc. has not matched the expectation. The gap between expectations and achievement in respect of these items varies from 25% to 100%. The committee desire the Government / DGH to make an in-depth analysis of each such task and take remedial measures to improve the performance.

The committee have further been informed that DGH has certain objectives such as appraisal of the entire sedimentary area of the country, offering remaining areas for exploration bidding and upgradation of the country's poorly explored / unexplored areas to the maximum extent, for the next few years. They would like to be apprised of the measures being taken by the organization to achieve these objectives and the progress made in the direction of meeting such objectives so far.

### **Reply of the Government**

By the end of XI plan period, about 80% of country's sedimentary areas is proposed to be brought under exploration through successive bidding rounds. Government of India plans to offer about 1 million sq. km of area through NELP/Open Acreage Licensing Regime during the XI Plan period. The work for identifying the areas for offer Seventh round of NELP has already been initiated by DGH. Moreover, DGH will also expedite undertaking survey of the unexplored regions with a view to offering these areas under NELP rounds.

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### **Comments of the Committee**

(Please see para 25 of Chapter I of the Report)



## **CHAPTER V**

### **RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED**

#### **Recommendation (Sl. No. 3, Para No.3)**

DGH carries out, either alone or in collaboration with reputed companies, various projects/surveys to upgrade information about unexplored/less explored areas. These surveys include Satellite Gravity Surveys, Seismic Surveys, Geophysical Surveys, Aero-magnetic Surveys, Geochemical Surveys, etc. The data acquired through these surveys are studied by DGH scientists and engineers and based on the interpretations, data docket and data packages are prepared which are purchased and referred to by various E&P companies for studying the prospects of various blocks before they make up their mind for bidding of such blocks. The Committee are unhappy to learn that though DGH had planned to acquire, process and interpret some seismic data in Rajasthan, Rann of Kutch and Madhya Pradesh during 2004-05, the organization could not acquire the said data due to poor performance of the party to whom the job was awarded. The Committee desire that suitable action against the defaulting party should be taken. As surveys play a very important role in identification of hydrocarbons resources, the Committee desire DGH to ensure the completion of each survey within the time frame. The Committee would also like to be apprised of action taken against the defaulting party.

#### **Reply of the Government**

The contracts for conducting surveys in Mizoram & Arunachal Pradesh were awarded to M/s Shiv Vani Universal. The company could not complete the mobilization within the stipulated time against the contracts. Hence their performance bank guarantee was forfeited.

Keeping in view the unsatisfactory performance of M/s Shiv Vani Universal, it was not considered appropriate to award more jobs in Rajasthan, Madhya Pradesh and Rann of Kutch to M/s Shiv Vani even being lowest party.

Subsequently, efforts were made to get the areas surveyed through speculative route but there was no response from companies. It is therefore proposed to reissue the tenders for surveys in these areas through contracts for

which action have been initiated. DGH will make efforts to get the above surveys completed during the year-2007.

(Ministry of Petroleum & Natural Gas  
O.M. NO.O-27012/1/2005-ONG-III dated 26th March, 2007)

**Recommendation (Sl. No. 6, Para No.6)**

As per provisions of the Production Sharing Contract, hydrocarbon volumes of a discovery are required to be vetted by the Government/DGH prior to its announcement by the operating companies. The Committee have been informed that in the year 2005, Oil & Natural Gas Corporation (ONGC) and Gujarat State Petroleum Corporation (GSPC) made pre-mature announcement of gas discoveries without following the procedure laid down in the PSC. Though the PSC provides for termination of contracts for violation of the provisions contained therein, such a course of action was not resorted to by the Government/DGH. Since premature announcement of discoveries have a bearing on the value of companies' stocks, thereby affecting thousands of investors, the Committee desire the Government/DGH to strictly adhere to the provisions of PSC in such cases in future.

As regards nomination exploration blocks awarded to ONGC & OIL, the Committee have been informed that DGH has framed guidelines for applicability of uniform norms for such blocks which are being examined by the Government. The Committee desires the Government to finalise and put in place the same without further delay. The Committee would like to be informed of the action taken in this regard.

**Reply of the Government**

Discoveries are governed under PSCs signed for respective Blocks. However, to curb the tendency of making claims of unsubstantiated finds, Government of India has issued guidelines on 25<sup>th</sup> May, 2006 for announcement of new hydrocarbon discoveries under PSCs Regime. Similar guidelines for nomination exploration blocks are also being framed by the Government.

(Ministry of Petroleum & Natural Gas  
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**Comments of the Committee**

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

### **Recommendations (Sl. No. 7, Para No.7)**

The Committee are happy to know that steps are being taken by DGH for setting up of a National Knowledge Hub (NKH) of Geo-science data for E&P industry which would be tremendously useful in increasing the hydrocarbon exploration efficiency in the country. The project envisages to collect/store in digital format large quantum of invaluable scientific data obtained during exploration and development activities for future use. In view of the fact that NKH would improve the efficiency of hydrocarbon prospects in the country by providing integrated synergetic environment, creating geo-scientific ambience and establishing a link among R&D institutes, academic institutions and industry, the Committee recommended that the Government should take all possible steps to put in place NKH at the earliest. The Committee also desire that the draft guidelines/modalities of membership for NKH should also be finalized at the earliest and that the process of including private oil companies in the NKH should be initiated immediately, if not already done.

### **Reply of the Government**

Regarding membership of National Knowledge Hub (NKH), the following Government Companies/Organization (14nos.) and Private Operators (15 nos) have been identified for membership of National Data Centre. (NDC)

#### **Government Companies/Organizations**

- 1 ONGC ( Oil & Natural Gas Corporation Ltd.,)
- 2 OIL (Oil India Ltd.,)
- 3 GSI (Geological Survey of India)
- 4 NGRI (National Geophysical Research Institute)
- 5 NRSA (National Remote Sensing Agency)
- 6 NIO (National Institute of Oceanography)
- 7 CESS (Centre for Earth Science Studies)
- 8 WIHG (Wadia Institute of Himalayan Geology)
- 9 IIG (Indian Institute of Geo-magnetism)
- 10 PCRA (Petroleum Conservation Research Association)
- 11 CHT (Centre for High Technology)
- 12 PPAC (Petroleum Planning and Analysis Cell)
- 13 OIIB (Oil Industry Development Board)
- 14 OISD (Oil Industry Safety Directorate)

## **Private Companies**

|    |                      |   |
|----|----------------------|---|
| 1  | RIL                  | (Reliance Industries Ltd.,)                 |
| 2  | EOL                  | (Essar Oil Ltd.,)                           |
| 3  | GSPCL                | (Gujarat State Petroleum Corporation Ltd.,) |
| 4  | HOEC                 | (Hindustan Oil Exploration Ltd.,)           |
| 5  | VIDEOCON             | (Vediocon Petroleum Ltd.,)                  |
| 6  | PHOENIX              | (Phoneix Overseas Ltd.,)                    |
| 7  | JUBILIENT ENPRO      | (Jubilant Enpro Ltd.,)                      |
| 8  | ASSAM GAS COMPANY    | (The Assam Company Ltd.,)                   |
| 9  | INTERLINK            | (Interlink Petroleum Ltd.,)                 |
| 10 | PRIZE PETROLEUM      | (Prize Petroleum Company Ltd.,)             |
| 11 | TATA PETROLEUM Ltd., | (Tata Petroleum Ltd.,)                      |
| 12 | SELAN EXPL           | (Selan Exploration Technology Ltd.,)        |
| 13 | JOSHI TECHNOLOGY     | (Joshi Technologies International Inc.,)    |
| 14 | GRATE ESTERN         | (Great Eastern Energy Corporation Ltd.,)    |
| 15 | PREMIER OIL          | (Premier Oil)                               |

It may be pertinent to mention that aspect of inclusion of private companies as members of NDC is already taken care of as the E&P data acquired by these companies in India would reside in NDC and these companies would be required to contribute to NDC as per the guidelines & modalities of membership when finalized.

(Ministry of Petroleum & Natural Gas  
O.M. NO.O-27012/1/2005-ONG-III dated 26th March, 2007)

### **Comments of the Committee**

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

### **Recommendation (Sl. No. 8, Para No.8)**

The Committee had been informed that the National Gas Hydrate Programme (NGHP) was formulated by the Government in 1997 for exploration & development of Gas Hydrate resources of the country and this programme was put on a fast track implementation in the year 2000. DGH, as coordinator of NGHP, had been making all out efforts since 2002 to get the services of a suitable deepwater drill-ship with on board Laboratories, from various sources for drilling/coring purpose but the organization could not succeed due to non-availability of such services. However, the Committee was informed that recently DGH could obtain a drilling/coring proposal from a US Consortium for the said purpose. They, therefore, had desired to be apprised of the status of the said deepwater exploration drilling/coring and gas hydrate analysis.

The Committee had also desired the organization to attempt a systematic study to assess the total gas hydrate resources in the country and complete the same within a fixed time frame. As development of alternative sources of hydrocarbons was vital for our country's oil security, the Committee had recommended that the pursuit for evolving the right technology should be carried forward vigorously with the aim to start pilot production of gas from gas hydrate as per the NGHP road map.

### **Reply of the Government**

Through detailed scientific studies carried out over a period of time as part of the NGHP, scientists firmed-up ten sites for drilling and coring of gas hydrate bearing sediments in four deep offshore areas in K.G. and Mahanadi Basins in East Coast, Kerala-Konkan basin in the west coast and Andaman offshore.

The drilling and coring for gas hydrates in the deepwaters is a specialized activity and only one R&D drillship "JOIDES Resolution" available in the world, which was deployed by Integrated Ocean Drilling Programme (IODP), an International scientific programme for ocean studies. With continuous persuasion with the concerned entities, the services of R&D drillship "JOIDES Resolution" along with specialized equipment from IODP and world class scientists were hired by DGH through funding from OADB, MOP&NG, Government of India in collaborative efforts through United States Geological Survey (USGS) for carrying out this specialized activity. Thus, first ever gas hydrate exploration expedition called "Indian Gas Hydrate R&D Expedition-1" took place during the period 5<sup>th</sup> May 2006 to 19<sup>th</sup> August 2006, resulting in a world class discovery of gas hydrates in the Krishna-Godavari basin. The brief highlights of the Indian Expedition -1 are given below:

### **Indian Gas Hydrate R&D Expedition 1**

This was first of its kind scientific expedition carried out in the country. India become third country in the world after USA and Japan to undertake such advance and gigantic scientific programme in the field of gas hydrate R&D.

Expedition NGHP-01 was completed in 113 days which included drilling/coring of 39 holes at 21 sites in above four Indian offshore areas.

During the Expedition 494 cores were cut with 2847.01 meters of core recovered reflecting 78.7% of the core recovery, highest so far by any international standards. Three different pressure coring systems were also used.

The second gas hydrate site i.e. NGHP-01-10B was drilled, cored and logged close to an old ONGC deepwater well GD-3-1 (drilled for Hydrocarbons). These hydrates were analyzed onboard the laboratories. Several pressure cores were also deployed and recovered number of gas hydrate samples, which are currently being studied, as well as preserved for future studies. A total of eighty gas hydrates samples from this site were recovered. As per the scientists working on the project, these are one of the best gas hydrate core samples recovered from anywhere in the world from marine environment.

In nut shell the whole programme was a great success by way of discovering high quality massive type gas hydrates in the KG basin and through establishing presence of hydrates in Andaman sea, which has opened up new vistas for gas hydrate exploration in the country”.

(Ministry of Petroleum & Natural Gas  
O.M. NO.O-27012/1/2005-ONG-III dated 26th March, 2007)

#### **Comments of the Committee**

(Please see para 16 of Chapter I of the Report)

#### **Recommendations (Sl. No. 12, Para No.12)**

The Committee are unhappy to note that there has not been any substantial increase in oil and gas production in the country in the last 10/12 years by the National Oil Companies viz. ONGC and OIL. The growth in oil production between 1992-93 and 2004-05 by ONGC was 2.05 MMT and by OIL was 0.673 MMT only. Similarly, in case of gas, the growth in these 12 years was 6.48 BCM for ONGC and 0.446 BCM for OIL. The main reasons for this low growth in production of oil and gas have been cited as the ageing oil and gas fields of ONGC and OIL as well as the lack of major discoveries in the recent past by National Oil Companies. The Committee are perplexed by the inability of

NOCs to substantially increase the rate of production, especially oil production, in a span of 12 years and desire these companies to prepare result-oriented strategies in this regard. They also desire the Government/DGH to impress upon NOCs to intensify exploration in deep water areas, vigorously implement EOR/IOR measures and take other corrective measures that would lead to increase in production.

### **Reply of the Government**

Discovered oil & gas field has certain amount to recoverable reserves and during exploitation, it reaches to its plateau production. All technical efforts are made to get maximum production from the field. The production from these fields has to be optimum maintaining the good reservoir health of the field. The likely crude oil production in 2006-07 will be of the order of 27.35 MMT per annum by ONGC. The production of ONGC in 2006-07 would have been only about 19 MMT, if additional efforts to the tune of about Rs. 10,000 crore investment had not been made for enhancement in recovery. With implementation of these projects, an increase in crude oil production of about 8 MMT will take place, which is about 30% of the current production. Contribution from new fields brought into production will be marginal (0.4 MMT of crude oil). Several important steps have been taken to increase oil and gas production, which include the following:

- (i) IOR/EOR schemes to enhance oil and gas production from ageing fields.
- (ii) Intensity exploration and offering of exploration blocks through NELP.
- (iii) Fasten Development of new discoveries.
- (iv) Oil and gas assets abroad.

(Ministry of Petroleum & Natural Gas  
O.M. NO.O-27012/1/2005-ONG-III dated 26th March, 2007)

**New Delhi;**  
**30 August, 2007**  
**8 Bhadrapada, 1929 (Saka)**

**N. JANARDHANA REDDY,**  
*Chairman,*  
*Standing Committee on*  
*Petroleum & Natural Gas.*

EXTRACTS OF MINUTES

**STANDING COMMITTEE ON PETROLEUM & NATURAL GAS  
(2006-07)**

**ELEVENTH SITTING**

**(11.06.2007)**

The Committee sat on Monday, June 11, 2007 from 1530 hrs. to 1700 hrs. in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

**PRESENT**

**Shri N. Janardhana Reddy - Chairman**

**MEMBERS**

**Lok Sabha**

- 2 Shri M.Appadurai
- 3 Shri Kirip Chaliha
- 4 Shri Lal Muni Choubey
- 5 Dr. M. Jagannath
- 6 Shri Jai Prakash (Hissar)
- 7 Adv. Suresh Kurup
- 8 Shri Nakul Das Rai
- 9 Shri Lakshman Singh
- 10 Shri Ramjilal Suman
- 11 Shri Ratilal Kalidas Varma
- 12 Shri Ram Kripal Yadav

**Rajya Sabha**

- 13 Ms. Mabel Rebello
- 14 Shri Tapan Kumar Sen
- 15 Shri C. Perumal
- 16 Shri Subhash Prasad Yadav



## **Secretariat**

|   |                    |   |                      |
|---|--------------------|---|----------------------|
| 1 | Shri S.K.Sharma    | - | Additional Secretary |
| 2 | Shri P.K.Misra     | - | Joint Secretary      |
| 3 | Smt. Anita Jain    | - | Director             |
| 4 | Shri P.C. Tripathy | - | Deputy Secretary     |

2. At the outset, Hon'ble Chairman welcomed the Members to the sitting of the Committee

3. \*\*\*

4. \*\*\*

5. Thereafter, the Committee took up for consideration the draft Report on action taken by the Government on the Recommendations contained in the Twelfth Report on 'Activities of Directorate General of Hydrocarbons – A Review'.

6. After some discussions, the draft Report was adopted by the Committee with some modifications.

7. The Committee authorised the Chairman to finalise the Report in the light of modifications and make consequential changes, if any, arising out of the factual verification of the Report by the Ministry and present the same to both the Houses of Parliament.

8. A verbatim record of the proceedings of the sitting has been kept.

**The Committee then adjourned.**

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\*\*\*Matters not related to this Report.

**MINUTES**

**STANDING COMMITTEE ON PETROLEUM & NATURAL GAS  
(2007-08)**

**FIRST SITTING**

**(30.08.2007)**

**The Committee sat on Thursday, August 30 2007 from 1530 hrs. to 1615 hrs. in Committee Room `B', Parliament House Annexe, New Delhi.**

**PRESENT**

**Shri N. Janardhana Reddy - Chairman**

**MEMBERS**

**Lok Sabha**

- 2 Shri M.Appadurai
- 3 Shri Kirip Chaliha
- 4 Shri Nakul Das Rai
- 5 Shri Jai Prakash
- 6 Shri Ratilal Kalidas Varma
- 7 Shri Ram Kripal Yadav

**Rajya Sabha**

- 8 Ms. Mabel Rebello
- 9 Shri Tapan Kumar Sen
- 10 Shri C. Perumal

**SECRETARIAT**

1. Shri N.K.Sapra - Joint Secretary
2. Smt. Anita Jain - Director
3. Shri P.C. Tripathy - Deputy Secretary
4. Shri Ram Kishan - Under Secretary

2. At the outset, Hon'ble Chairman welcomed the Members of the Committee and congratulated them on their re-nomination to the Committee. The Hon'ble Chairman briefly apprised the Committee of the activities undertaken by the Committee during the year 2006-07. He also brought to the notice of the Committee that one Action Taken Report (15<sup>th</sup> Report, 14<sup>th</sup> Lok Sabha) on the

original Report on 'Activities of Directorate General of Hydrocarbons – A Review' was adopted by the Committee (2006-07) on 11 June 2007 when the Parliament was not in Session. Since the Committee for the year 2007-08 have been reconstituted w.e.f. 5 August 2007, the said Report needs the consent of the Committee (2007-08) prior to its presentation to Parliament. The Committee adopted the said Report.

3.     \*\*\*                                   \*\*\*                                   \*\*\*                                   \*\*\*

4.     \*\*\*                                   \*\*\*                                   \*\*\*                                   \*\*\*

5.     \*\*\*                                   \*\*\*                                   \*\*\*                                   \*\*\*

***The Committee then adjourned.***

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\*\*\*Matters not related to this Report.

## ANNEXURE III

### (Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TWELFTH REPORT (FOURTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON PETROLEUM AND NATURAL GAS (2006-07) ON 'ACTIVITIES OF DIRECTORATE GENERAL OF HYDROCARBONS – A REVIEW'.

|     |   |        |
|-----|---|--------|
| I   | Total No. of Recommendations  | 15     |
| II  | Recommendations/Observations which have been accepted by the Government<br>(Vide Recommendations at Sl. Nos. 1,2,4,5,9,10 and11)                                      | 7      |
|     | Percentage to Total   | 46.66% |
| III | Recommendations/Observations which the Committee do not desire to pursue in view of Government's Reply  | Nil    |
|     | Percentage of Total   | -      |
| IV  | Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee<br>(Vide Recommendations at Sl. Nos. 13,14 and 15) | 3      |
|     | Percentage of Total   | 20%    |
| V   | Recommendations/Observations in respect of which final replies of the Government are still awaited<br>(Vide Recommendations at Sl. Nos. 3,6,7,8 and 12)               | 5      |
|     | Percentage of Total   | 33.33% |