

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

STARRED QUESTION NO:179

ANSWERED ON:08.03.2013

PRODUCTION OF GAS

Rawat Shri Ashok Kumar

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

- (a) the quantum of gas produced in the country including from the Krishna - Godavari (KG) basin by the public and private sector companies during each of the last three years and the current year, company-wise;
- (b) the extent to which gas production by the said companies has exceeded or fallen short of the terms of agreement during the said period, company-wise along with the loss of revenue incurred to the Government as a result thereof, year- wise;
- (c) whether any public or private sector company has not complied with the terms of contract/ agreement regarding production / exploration of gas in the country including KG basin during the said years;
- (d) if so, the details thereof, company-wise; and
- (e) the action taken or proposed to be taken by the Government against the companies?

Answer

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

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 179 TO BE ANSWERED ON 8TH MARCH, 2013 REGARDING PRODUCTION OF GAS ASKED BY SHRI ASHOK KUMAR RAWAT, M.P.

(a) & (b) Under the Production Sharing Contract (PSC) regime and Coal Bed Methane (CBM) Contract regime the gas production targets are fixed block-wise/field-wise and not company-wise. However, under nomination regime, the annual Memorandum of Understanding (MOU) targets are fixed for public sector oil companies namely ONGC and OIL.

The target and actual gas production during last three years and the current year under the PSC regime and CBM Contract regime are as under:

(In Billion Cubic Meters)

2009-10 2010-11 2011-12 2012-13 (Till January, 2013)

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25.43 21.98 86.4 28.19 26.77 94.9 25.58 21.61 84.5 12.89 12.68 98.4

The above gas production figures include gas production in Krishna-Godavari basin under the PSC regime from Rawva field, operated by M/s Cairn Energy India Pty. Ltd. (CEIL) and D1, D3 and MA fields in KG-DWN-98/3 (KG-D6) block, operated by M/s Reliance Industries Ltd (RIL).

The target and production of Natural Gas by Oil India Limited (OIL) and Oil and Natural Gas Corporation Limited (ONGC) in the country including Krishna Godavari (KG) Basin under nomination Regime are given below:

{Natural Gas Production (in Million Metric Standard Cubic Meter (MMSCM))}

Year 2009-10 2010-11 2011-12 2012-13

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OIL 2528 2415.59 2621 2352.72 2633 2633.29 2919 2212.22 (upto Jan'13)

ONGC 22248 23109 22774 23095 23457 23316 17754 17721 (upto Dec'12)

(Provisional figures)

ONGC has reported that they have achieved the MOU targets for production of natural gas. However, the gas production from KG Basin fell short of MOU target during 2011-12 and current year i.e. April'12 to December'12 mainly due to restricted gas production being taken from GS-15 Offshore field for better reservoir management. OIL has reported that their gas production potential is sufficient to cater for the current agreements and is dependent on withdrawal capacity of customers.

Under the PSC regime, the gas production during the last three years has been affected by several factors as under:

- (i) Less than estimated gas production from KG-DWN-98/3 (KG-D6) block.
- (ii) Under performance of South Tapti wells due to water ingress.
- (iii) Decline in the ageing and mature fields like Rawa, Hazira, CB-OS/2 etc.
- (iv) Delay in production start-up from PY-1 field.

(V) Complete shut-down of Panna-Mukta field for 96 days due to failure of Single Point Mooring (SPM) system.

(vi) Less than envisaged production from CBM blocks due to land acquisition problems and non availability of gas transportation infrastructure etc.

The gas production from D1 & D3 fields KG-D6 block, operated by M/s RIL, constituting about 60% to 66% of total gas production under the PSC regime during the above three years, has been lower than the gas production envisaged in the Management Committee (MC) approved Addendum to the Initial Development Plan (AIDP), and is one of the major reasons for less than estimated gas production under the PSC regime.

The lower than estimated gas production from any field/block may not be construed as directly impacting the Government of India (GoI) revenue, as the gas not produced currently may be producible at a later date depending on several factors such as geological and reservoir characteristics of the field/blocks, infusion of latest technology to improve recovery factor etc., which may, therefore, only defer revenue realization from the sale of gas.

(c) to (e) As far as gas production under the PSC regime is concerned, in case of D1 & D3 fields in KG-D6 block, the Contractor has failed to adhere to the approved AIDP both in terms of drilling and putting on stream the number of wells and the gas production rate. As a result, the actual cumulative gas production from D1 & D3 fields upto 31.03.2012 was 1.584 Trillion Cubic Feet (TCF), as against the projected cumulative gas production of 2.030 TCF as per approved AIDP for the same period. Therefore, the Government, in May 2012, had issued notice for proportionate disallowance of cost of production facilities amounting to US \$ 1.005 Billion. RIL, the Operator of KG-D6 block, has initiated arbitration proceedings on the matter and Government of India have also appointed arbitrator. The contractor has stated that decrease in gas reserves is due to various reasons such as reservoir and production performance, decline in pressure, early water encroachment, less contribution from the sands outside the main channel areas, results obtained from Material Balance, Simulation and Geological Models etc.

In case of exploration of oil/gas under the PSC regime, penalty provisions exist for payment of Liquidated Damage (LD) on account of the unfinished minimum work program, phase extension etc. by the Contractors. The company-wise details of such penalties paid to

Gol during the last three years (2009-10 to 2011-12) are as under:

Details of Penalty Paid to Gol by the Contractors during 2009-10 to 2011-12 under PSC Regime

Sr.No. Company Name Amount Paid as Penalty (US\$ Million)

1 ONGC 39.30

2 OIL 6.09

3 RIL 78.88

4 Geopetrol 4.73

5 Focus Energy 0.05

6 GeoGlobal Resources 0.29

7 Jubilant Energy 1.49

8 Petrogas 0.33

Total 131.16