

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

STARRED QUESTION NO:362
ANSWERED ON:22.03.2013
PRODUCTION OF OIL AND GAS
Saroj Smt. Sushila;Vardhan Shri Harsh

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

- (a) the aims and objectives envisaged under the New Exploration Licensing Policy (NELP);
- (b) the number of rounds completed under NELP including the number of blocks offered/awarded to various public and private sector companies till date and the estimated quantum of oil and gas discovered as a result thereof, company-wise;
- (c) whether any time-limit has been fixed for starting oil and gas production by various companies which have signed production sharing contracts under NELP and, if so, the details thereof;
- (d) the details of the companies which have not started production within the prescribed time -limit under the said production sharing contracts along with the reasons for the delay in starting production, year-wise and the action taken against them;and
- (e) the details of various measures taken/being taken to accelerate exploratory activities for enhancing domestic oil and gas production?

Answer

MINISTER OF THE STATE IN THE MINISTRY 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. 362 asked by Shri Harsh Vardhan: Shrimati Sushila Saroj for answer on 22.3.2013 regarding Production of oil and Gas.

(a) The New Exploration Licensing Policy (NELP) was introduced by Government of India during 1997-98 and became operational in 1999 with the offer of blocks under the First Round of Bidding. The aims and objectives of NELP are as under:

i. To step up the level of investment in exploration in the country to hasten the pace of reserve accretion, which can serve as a base for higher level of domestic production to meet the rapidly growing demand for petroleum.

ii. To provide a level playing field to Private, Foreign and National Oil Companies by offering exploration acreages through International Competitive Bidding Process on equal terms and conditions.

iii. To liberalize and open up the Exploration and Production (E & P) sector for Private and Foreign investments, by allowing up to 100% Foreign Direct Investment (FDI).

(b) A total of 360 exploration blocks were offered under nine rounds of NELP bidding held so far, of which Production Sharing Contracts (PSCs) have been signed for 254 blocks by various Companies (Central/State Public Sector Undertakings: 144 blocks, Private Companies: 70 blocks and Foreign Companies : 40 blocks, as operators)

So far, a total of 118 discoveries (45 oil and 73 gas) have been made in 39 NELP blocks, resulting in establishment of In-Place oil volume of 39.76 Million Metric Tonnes (MMT) and gas volume of 705.36 Billion Cubic Meters (BCM) respectively. The Company-wise details of blocks awarded, oil/gas discoveries made and reserves established are give in Annexure-I.

(c) The PSCs under NELP are signed for exploration blocks. The commercial production of oil/gas depends on exploration success, leading to hydrocarbon discoveries. Since exploration success cannot be predicted upfront during the signing of the Contracts, no timeline is specified in the PSCs for commencement of commercial production of oil/gas. However, PSCs provide timelines, seven years for on land and shallow water and eight years for deep water, for exploration activities. PSC also has prescribed timelines for notification & appraisal of discoveries and submission of Declaration of Commerciality (DoC)/ Field Development Plan (FDP) in respect of commercial oil/gas discoveries etc. Subsequent to the approval of FDPs by the Management Committee (MC), the time taken by the Contractors for execution of field development plan would depend on several factors, such as type and size of the reservoir, geological aspects, location of the discovery (deepwater, shallow water and onland), availability of services and infrastructure etc. Because of uncertainties associated with these factors, the PSC does not mandate a timeline for commencement of commercial production,

(d) Does not arise in view of reply to Question (c) above.

(e) In order to increase the crude oil/gas production in the country, Government has taken the following steps:

- i. Offering of more unexplored areas for exploration through New Exploration Licensing Policy (NELP) bidding rounds.
- ii. Exploring alternate energy sources such as Coal Bed Methane (CBM), Shale Gas/Shale Oil and Gas Hydrates etc.
- iii. Monitoring of PSCs for undertaking accelerated exploration efforts and fast-track development of commercial discoveries in the awarded blocks/fields.
- iv. Introducing Policy/Guidelines allowing exploration in existing Mining Lease (ML) areas with certain conditions.