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STANDING COMMITTEE ON PETROLEUM & NATURAL GAS (2010-11)

FIFTEENTH LOK SABHA

MINISTRY OF PETROLEUM & NATURAL GAS

DEMANDS FOR GRANTS (2010-11)

[Action Taken by the Government on the recommendations contained in the Second Report (Fifteenth Lok Sabha) of the Standing Committee on Petroleum and Natural Gas (2009-10)]

SEVENTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

February, 2011/ Phalguna, 1932 (Saka)

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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 Seventh Report on Action Taken by the Government on the recommendations contained in the Second Report (Fifteenth Lok Sabha) of the Committee on 'Demands for Grants (2010-11)' of Ministry of Petroleum and Natural Gas.

2. The Second Report of the Standing Committee on Petroleum & Natural Gas was presented to Lok Sabha on 22 April, 2010. The Action Taken Replies of the Government to all the recommendations contained in the Second Report were received on 20th July 2010.

3. The Standing Committee on Petroleum & Natural Gas (2010-11) considered and adopted the Report at their sitting held on 4 February, 2011.

4. An analysis of the action taken by the Government on the recommendations contained in the Second Report (Fifteenth 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;
14 March, 2011
13 Phalguna,1932 (Saka)

ARUNA KUMAR VUNDAVALLI,
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 Second Report (Fifteenth Lok Sabha) of the Standing Committee on Petroleum and Natural Gas (2009-2010) on 'Demands for Grants (2010-2011)', which was presented to Lok Sabha on 22.04.2010.

2. Action Taken Notes have been received from the Government in respect of all the 25 Recommendations /Observations contained in the Report. These have been categorised as follows:-

(i) Recommendations/Observations that have been accepted by the Government:- SI.Nos. 5, 9, 10, 11, 13, 14, 17, 24 and 25.

(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies SI. Nos.- 3, 7, 12, 16, 21 and 23.

(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:- SI.Nos. 2, 4, 8, 15 and 19.

(iv) Recommendations/Observations in respect of which final replies of the Government are still awaited : - SI.Nos.1, 6, 18, 20 and 22.

3. The Committee 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. Acquisition of land for RGIPT

Recommendation (Sl. No. 2, Para No.1.18)

5. The Committee were constrained to note that acquisition of land for RGIPT targeted to be completed by 2007-08, has been running behind the schedule. Only land admeasuring 47.8 acres could be acquired by 2007-08 and proposal for acquisition of balance land admeasuring 95 acres was still pending with Uttar Pradesh State Industrial Development Corporation since August 2007. The Committee further noted that with the persistent efforts of the Ministry and follow up with UPSIDC, the process had now gained momentum. Since the acquisition of land had been badly delayed, the Committee had desired the matter be constantly pursued with the State Government authorities.

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

> "Additional Land under acquisition:
> The proposal for acquisition of additional 95 acres of land has been pending with the Uttar Pradesh State Industrial Development Corporation (UPSIDC) since 2007. A meeting of the District Land Use Committee, Rae Bareli held on 04.03. 2010 considered the proposal and after approval by District Magistrate (DM), Rae Bareli the final proposal was sent to Divisional Commissioner, Lucknow on 20.03.2010 for further action. In the meeting of the State Land Use Committee held on 24.04.2010, it was decided that DM, Rae Bareli may make further efforts to locate availability of non-agricultural land in the vicinity. Accordingly, the Sub-Divisional Magistrate (SDM), Rae Bareli made enquiries as to availability of non-agricultural land nearby RGIPT. Later, based on SDM's, report submitted on 21.05.2010, DM Rae Bareli, conveyed to the office of Divisional Commissioner, Lucknow that no non-agricultural land is available in the nearby area of RGIPT site. The matter is being taken up on regular basis with the concerned authorities".

7. The Committee note with concern the reasons advanced by the Ministry in their action taken reply for the continuing delay in acquisition of additional 95 acres of land even after a lapse of 3 years.

While considering the DFG 2010-11 in the context of RGIPT, the Committee were informed by the Government that with the intervention of the Ministry of Petroleum and Natural Gas and continuous follow up by RGIPT, the process gained momentum and the first meeting of State level "Land Use Committee" was held in the month of December, 2009 and after considering certain objections raised by land owners, RGIPT and UPSIDC were advised to revise the proposal. However, the 'State Land Use Committee' in their meeting held on 24.04.2010 did not accept the revised proposal submitted by the District Land Use Committee and decided that DM, Rae Bareli may make further efforts to locate availability of non-agricultural land in the vicinity of the Institutue. Subsequently, based on the report given by SDM, Rai Bareli on 21.05.2010, DM, Rai Bareli conveyed to the Divisional Commissioner, Lucknow that no non-agricultural land is available in the nearby area of RGIPT site. Thus, the efforts made during the last 3 years for acquisition of the additional land have come to nothing. But what is surprising is that the reply of the Ministry does not explain the reasons, if any for rejection of the revised proposal of the District 'Land Use Committee' by the State 'Land Use Committee'. The assurance of the Ministry that the matter is being taken up on regular basis with concerned authorities does not carry any conviction in as much as it does not explain the specific steps being taken by them on the alternative course of action particularly in the context of non-availability of non-agricultural land in the vicinity of RGIPT and also the rejection of the revised proposal earlier submitted by the District Land Use Committee. The Committee are aware that it is essentially for the UPSIDC and State Land Use Committee to take expeditious decision on acquisition of the additional land in order to avoid further time and cost overruns. However, considering the significance of the RGIPT and need for its timely development, it is equally incumbent on the Government of India to take up the matter with the Government of Uttar Pradesh at appropriate level to bring an immediate end to this avoidable controversy and delay over acquisition of the additional land for the Institute. The Committee, therefore, would like to be apprised of the conclusive action taken in the matter at the earliest.

B. Variation in Budget Estimates for Centre for High Technology (CHT)

Recommendation Sl. No4 /Para No. 1.23

8. The Committee noted that Centre for High Technology (CHT), a specialized agency established by the Ministry of Petroleum and Natural Gas in 1987, acts as the technical wing of the Ministry for implementation of scientific and technological programme of the Government. The Committee observed that the Budget outlays for 2008-09 for Centre for High Technology (CHT) were increased from Rs. 11.22 crore to Rs. 27.83 crore and for the year 2009-10, against the Budget Estimates of Rs. 11.62 crore, the Revised Estimates were enhanced to Rs. 25.68 crore. The Committee were surprised over variation in figures of revised estimates and the actuals as Budget Estimates (BE) for capital expenditure, R&D project and special studies by CHT during 2009-10 were substantially increased at RE stage and the actuals were far higher than the Revised Estimates for these activities. The Committee, therefore, felt that the principles of prudent financial management were not followed in the case of CHT while preparing Budget Estimates (BE) and Revised Estimates (RE) and recommended that Government should ensure that the Budget Estimates (BE) and Revised Estimates (RE) are consistent with the actual requirement of funds to carry out the identified project/studies by CHT.

9. In this regard, the Ministry of Petroleum and Natural Gas has informed the Committee as under:

> "1. While figures earlier indicated in Para 1.22 of the Report reflected actuals upto January, 2010, the details in regard to BE, RE and Actual expenditure for the full years 2008-09 and 2009-10 are as under:

Rs. in lakh

Item	2008-09			2009-10			2010-11
	Budget Estimates	Revised Estimates	Actuals	Budget Estimates	Revised Estimates	Actuals	BE
Revenue expenditure	599.80	680.50	560.28	687.55	730.60	657.87	654.60
Capital expendit	11.00	13.00	4.62	8.00	13.00	7.11	7.00

ure							
Projects: (a) R&D Projects	211.42	462.93	214.07	136.99	500.00	152.00	269.99
(b) Special Studies	300.00	1625.00	0.00	330.00	1325.00	0.00	0.00
Total	**1122.22**	**2781.43**	**778.97**	**1162.54**	**2568.60**	**816.98**	**931.59**

2. The reasons for variation in expenditure under various heads are given below:

Capital Expenditure

The Capital Expenditure during 2008-09 was less mainly due to non-procurement of computers during the year. During 2009-10 the Capital Expenditure was close to BE figures but it was lower than RE mainly due to lower expenses on purchase of computers.

R&D Projects

Budget provision for R&D projects was revised from Rs. 211.42 lakh (BE 2008-09) to Rs. 462.93 lakh (RE 2008-09) to take care of the higher outgo for ongoing projects which were near completion as well as to settle accounts of already completed projects. However, actual payments both for ongoing as well completed projects were less due to lower/no claims from R&D organizations/institutions.

Against BE 2009-10 of Rs. 136.99 lakh, Rs. 500 lakh were provided in RE 2009-10 on account of transfer of “Coal-to-liquid” R&D project from “Special Studies” to R&D projects as well as to take care of higher outgo for ongoing projects, which were near completion as well as to settle the accounts of already completed projects. However, actual payments both for ongoing as well as completed projects were less due to lower/no claim of different projects by R&D projects organizations/institution.

Special Studies

Based on the success of Integrated Refinery Business Improvement Programme (IRBIP) Phase-I, an agreement was signed with Shell GSI in July, 2008 to extend the programme to another four refineries in Phase-II. Higher Outlays for Special Studies at RE 2008-09 and 2009-10 stage were provided as compared to BE. An amount of Rs. 1625 lakh was earmarked at RE 2008-09 stage for IRBIP Phase II Programme as per the agreement signed with Shell Global Solutions, which, however, could not be operated due to changes in extant guidelines for award of such job and process for fresh global tendering was initiated. Accordingly, provision of Rs. 1325 lakh was

again made at RE 2009-10 stage for the purpose. Though actions for inviting fresh bids for the study were initiated in 2009-10, the job could not be awarded for execution during 2009-10 due to procedural and policy changes.

3. However, the observations of the Hon'ble Committee have been noted for compliance in future.

10. Considering the variations between the BE, RE and actual expenditure during the years 2008-09 and 2009-10 in respect of CHT on items such as Capital expenditure, R&D projects and special studies, the Committee felt that the principles of prudent financial management were not followed by the Government and recommended that Government ensure consistency in such matters. The Committee note with concern that action taken reply of the Government explains the gap between the RE and actual expenditure for the years 2008-09 and 2009-10 on capital expenditure for the same reasons of non procurement of computers and lower expenses on computer while in the case of R&D projects it was accounted for by the same reasons of less or no claim of different projects by R&D projects organization/institution. Similarly, in the case of special studies, the variation between increased RE and actual expenditure which was nil was explained perfunctorily by stating the same reasons that the Integrated Refinery Business Improvement Programme Phase-II could not be operated due to changes in extant guidelines for award of such job in 2008-09 and the job could not be awarded for execution in 2009-10 due to procedural and policy changes. The Committee strongly feel that increasing revised estimates for two years by stating more or less same reasons for underutilization of funds clearly points towards lack of prudent budget and financial management practices. It is needless to emphasise that a budget provision or its revision must be realistic, reasonable, attainable and based on a thorough analysis of goals and objectives to be achieved. The Committee, therefore, urge the Government to curb such practices by fixing the responsibility for poor management of funds instead of merely stating that the observations of the Committee have been noted for compliance in future. The Committee would like to be apprised of the actual action taken in this regard at the earliest.

C. Consistent shortfall in production of oil and gas

Recommendations (Sl. Nos. 8, Para No. 1.43)

11. The committee were concerned to note the consistent shortfall in achieving the oil production targets by major upstream PSU ONGC and the Pvt./JV companies in the last 3 years. Against the production targets (MMT) of 27.160, 27.054 and 26.950, the achievement by ONGC had been only 25.944, 25.367 and 25.764 respectively during the years 2007-08, 2008-09 and 2009-10. In case of private companies the shortfalls were more significant as against production target (MMT) of 5.15, 5.26 and 5.52 during the last 3 years, the achievement had been 5.08, 4.57 and 4.76 (upto Feb. 2010) only. While expressing displeasures at the shortfall in targets by ONGC and private companies, the Committee desired the companies to find out the reasons for the shortfall and take necessary steps to augment oil production through improved technology. The Committee, further noted that for remaining years of XI Plan for 2010-11 and 2012, the targets for private companies had been significantly enhanced to 11.32 MMT and 12.00 MMT. In view of their enhanced target the Committee desired that DGH to do close monitoring of the private companies to ensure that there is no slippage in their achievement.

As regards, gas production the Committee found that though ONGC and OIL have been more or less able to achieve the targets, there was a significant shortfall in achieving targets by private companies. Against a target of 12.59 BCM the actual achievement had been 8.09 BCM and the target for the year 2009-10 was unlikely to be achieved with 19.35 BCM of natural gas produced upto February 2010 against the target of 25.43 BCM. While expressing concern on large scale shortfalls on achievement of targets, the Committee, recommended the Ministry of Petroleum and Natural Gas /DGH to take concrete steps and impress upon the need to adhere to the targets both by public and private companies.

2. In this regard, the Ministry of Petroleum & Natural Gas has submitted the following reply:-

"ONGC

Onshore:

The details of actual crude oil production vis-à-vis targets in **ONGC's onshore** areas during the three years i.e. 2007-08, 2008-09 and 2009-10 are as under:

Year	**Oil Production (MMT)**		
	Target	**Actual**	**% Achieve.**
2007-08	8.575	7.896	92.08
2008-09	8.158	7.560	92.67
2009-10	7.658	7.518	98.17

It does not include oil production from KG Offshore which is 0.028 MMT in 2007-08, 0.005 MMT during 2008-09 and 0.000075 MMT during 2009-10

It can be seen from the above table that ONGC's crude oil production from onshore areas is marginally declining. The reasons for less crude oil production are mainly due to:

1. Decline in base production in Assam Asset and increase in water cut in major matured fields of Ankleshwar & Ahmedabad Asset.
2. Less gain from EOR fields of Balol and Santhal at Mehsana.
3. Less than envisaged oil gain from IOR schemes in Assam Asset

It is pertinent to mention that most of the producing fields in Onshore area are old & mature and presently major producing fields, Kalol, Jhalora, Nawagam, Viraj, Sanand, Sobhasan, Jotana, Santhal, Ankleshwar etc. in Gujarat and Lakwa, Geleki, Rudrasagar in Assam have crossed their plateau period of production and entered the natural decline phase (a natural process in the production life of oil fields).

It is to mention that 85% of onshore crude oil production comes from 13 major fields and 19 medium fields and average age of these fields is about 30 yrs. Further, no major / large discovery has been made by ONGC in its onshore areas in last two decades and the discoveries made are either small pool or marginal in nature. Inspite of these limitations, in order to arrest the decline / augment crude oil & natural gas production, during the year 2000-01 ONGC has already identified and initiated IOR/EOR schemes in 11 major onshore fields i.e. Kalol, Sanand, Gandhar, North Kadi, Sobhasan, Jotana, Santhal, Balol, Lakwa-Lakhmani, Geleki and Rudrasagar to be implemented in stages through 13 schemes

All the wells and major facilities in Kalol, Gandhar, North Kadi Phase-I &

Phase-II, Sobhasan, Jotana & Santhal Infill IOR schemes have been completed. The other IOR schemes namely Lakwa, Geleki, and Rudrasagar are under implementation. The facilities have been created for EOR schemes in Sanand, Balol and Santhal in Gujarat.

ONGC in its onshore areas is adopting various proven new technologies suited for improving oil and gas production from existing fields. Further renowned service providers and world renowned domain experts are engaged for application of latest technologies in onshore fields.

Further, ONGC has taken/ being taking various actions for augmenting/ maintaining the crude oil and natural gas production in its onshore areas. In addition to focus on repair of existing wells, artificial lift and stimulation of wells, various efforts are being made/planned for enhancing oil production in the fields being operated by ONGC in Onshore areas of the country. Details are placed at **Annexure-I.**

Offshore:
The oil/condensate production performance of Mumbai Offshore & East Coast in last 03 years, the achievement with respect to 11th plan targets and the reasons for shortfall are as under:

Year	**Oil Production (MMT)**		
	Plan	**Actual**	**% Achieve.**
2007-08	18.585	18.048	97.11
2008-09	19.099	17.807	93.23
2009-10	20.303	17.340	85.4

Reasons for shortfall

2007-08

- Less inputs in terms of side track wells in Mumbai High and development wells in Heera field.
- Well fluid Handling problem at Mumbai High North after BHN accident and production of additional well fluid processing /handling from new development wells.
- Non-availability of NA-SBM w.ef. 5th July'07 to March'2008.

2008-09

- Delay in installation of 04 new platforms under Heera Redevelopment Project which led to the non availability of planned inputs of 18 new wells.
- Less production from VSEA due to delay in VSEA & BCP-A2 project
- Less input in terms of sidetrack wells due to less availability of rigs and less than anticipated production from development wells.
- Increase in water cut in Neelam and Vasai West (SB-11) fields.
- Less condensate receipt due to non-commencement of gas production from C- series and less condensate drop out in MUT/BUT/HUT gas trunk lines.

- Delay in commencement of production from East Coast.

2009-10

- Less input in terms of development and sidetrack wells and less oil gain than planned from completed sidetrack and development wells. Stuck up pig/choking of 16" X 11.8 km ZB- ICD line from 04.05.2009 to 07.07.09 during pigging operations.
- Delay in commencement of production from new wells of HSC, HJ, B 134 A and HI well platforms planned under Heera Redevelopment project.
- Less than anticipated production from flowing VSEA wells
- Less drop out condensate and less receipt of condensate from C series in view of less gas production from C series.
- Production from East Coast delayed.
- Production from Marginal fields delayed.

Production enhancement through Technology Absorption and Adaptation

In pursuit of enhancing production, ONGC has scouted for new technologies during implementation phase of Mumbai High redevelopment Phase-I in 2001 to 2006.

Some of the new technological initiatives which were undertaken during this phase have been absorbed by ONGC to have field wide application on regular basis are:

1. Extended Reach Drilling (ERD) with horizontal drain hole(s) to reach by-passed oil areas early.
2. Multilateral completions and horizontal completions in lower layers of LIII, use of LWD in reservoir sections.
3. Activation of new completions through surge plug.
4. Use of glycol/ low toxic synthetic oil base mud systems and rotary steering systems to drill Miocene shale, use of medium and short radius drilling in sidetracks, use of whip-stock to kick off sidetracks.
5. CTU friendly completions and use of expandable casing.

Some of the technologies planned or currently on the horizon and likely to be used during the implementation of phase-II redevelopment are as follows.

1. Segmented completion with option of selective production from different sections of the drain hole using swell packer with sliding sleeve.
2. Advanced completion for simultaneous exploitation of productive sub-layers.
3. Use of fiber optic cable for on-line monitoring of well condition (intelligent well completion).
4. Use of 'periscope' for proper placement of horizontal drain hole in thin sub-layers of the reservoir.
5. Use of 'stethoscope' for recording reservoir pressure while drilling.

6. Use of RSS drilling system with SOBM in 17 ½" section to reduce drill time and achieve higher drift.
7. Use of light weight modular rigs for cost effective side-tracking and work-over jobs.
8. Advanced seismic data acquisition (4D-4C), processing and interpretation for
9. Better characterization of the reservoir to identify areas of by-passed oil.

In continuance, following new technological initiates have been undertaken in 2009-10 to improve well productivity, reducing operational risk and cost effectiveness.

1. **Quick Silver technology** was successfully inducted for fast and uncontaminated formation sample recovery and the first job was carried out in exploratory well D – 18 - G at rig Badrinath. Quicksilver has also been used in five wells in Mumbai Offshore during 2009 – 10.
2. **PressureXpress (XPT),** a new generation dynamic tester, is one of the technologies introduced in the year 2009 – 10. XPT success rate of pretests is high even in low permeable formation and saves significant rig time.
3. **Sonic Scanner** inducted for fracture identification, permeability / anisotropy analysis and radial profiling for well bore damage in well VSEA-7H at Rig Ron Top Mayer.

Further, IOGPT, a premier institute of ONGC in the field of production technology has recommended new technologies in 2009-10 which are being planned for field implementation.

- Dual ESP in D-1 field
- Piggable Wye Technology
- Dual POD ESP for performance enhancement
- CO2 well tracer surveillance technology
- Multiphase pump

The above mentioned technological initiatives would be concomitant with the projects / schemes like Mumbai High North redevelopment project phase-II, Mumbai High South redevelopment project phase-II, redevelopment of Heera and South Heera which are under implementation to get incremental oil as under:

1. Redevelopment of Heera & South Heera Fields in Western Offshore. The project envisages an incremental oil and gas production of 10.865 MMT and 2.265 BCM respectively by the year 2030. The total project, including drilling is expected to be complete by June'2010.
2. Mumbai High South Redevelopment Project Phase-II: The project envisages an incremental Oil & gas production of 18.31 MMT and 2.70 BCM (revised) respectively by the year 2030. The total project, including drilling is schedule to be completed by Mar'2013.
3. Mumbai High North Redevelopment Project Phase-II: Approved by ONGC Board in January 2009. The project envisages an incremental Oil & gas production of 17.354 MMT and 2.987 BCM respectively by the year

2030. The total project, including drilling is schedule to be completed by Sept 2012.

In 11th plan , emphasis was given on exploitation of hydrocarbons from marginal fields like B-22 cluster, B-193 cluster, D-18, WO series, B-192 series, C-series, B-series and North Tapti to augment production from Western offshore. The 11th Plan projections for New and marginal fields (C series , B- 46 +, WO+, D-18, B- 192, B- 134, B-22+, B-193+ and North Tapti) are at 6.242 MMT oil production and 11.50 BCM gas production . In the terminal years of 11th plan i.e. 2010-11 and 2011-12, new and marginal fields were expected to contribute 2.196 MMT and 3.246 MMT respectively.

Fields like D-1, SB-11 (Vasai West) and Vasai East have already been put on production and are contributing in production of western Offshore. The cu1rrent status of offshore marginal fields projects is placed at **Annexure-II**.

OIL

As far as Oil India Limited (OIL) is concerned, crude oil and natural gas production by OIL has been in increasing trend, as seen from the following details, because of various IOR/EOR measures:

	2007-08 (Actual)	2008-09(Actual)	2009-10 (Actual)
Crude Oil Production (MMT)	3.101	3.468	3.572
Natural Gas Production (BCM)	2.34	2.268	2.415

Incidentally, OIL recorded the highest ever production, both crude oil and natural gas, during the year 2009-10. In case of crude oil production, the increase in the year 2009-10 is over 15% compared to 2007-08, while in case of natural gas the increase is 3.2%.

Annexure-I

Major efforts to enhance oil and gas production

ONGC has taken various actions for augmenting/maintaining the crude oil and natural gas production. In addition to focus on repair of existing wells, artificial lift and stimulation of wells, following various efforts are being made / planned for enhancing oil and gas production in the fields being operated by ONGC in Onshore areas of the country:

In ONGC onshore areas, most of the major producing fields (Kalol, Jhalora, Nawagam, Viraj, Sanand, Sobhasan, Jotana, Santhal, Ankleshwar etc. in Gujarat and Lakwa, Geleki, Rudrasagar in Assam) are old and have crossed their plateau period of production and have entered the declining phase (a natural process in the production life of oil fields). It may also be noted that 85% of the crude oil production is coming from 32 fields (Major & Medium) which have an average age of over 30 years and have an average natural decline in base production of 7-8%. In some of the fields it is as high as 15%.

Various activities such as work over jobs, well stimulation, artificial optimization, reservoir monitoring and reservoir pressure maintenance are being carried out on routine to limit the base decline. Not withstanding the constraints of mature fields and sharp decline in base production, all out efforts are being made to increase crude oil production. Some of the initiatives taken/ being taken to enhance production from onshore fields are as under:

I. Improved Oil Recovery (IOR) / Enhanced Oil Recovery (EOR) Schemes:

ONGC has already identified and initiated IOR/EOR schemes in 11 major onshore fields i.e. Kalol, Sanand, Gandhar, North Kadi, Sobhasan, Jotana, Santhal, Balol, Lakwa-Lakhmani, Geleki and Rudrasagar to be implemented in stages through 13 schemes.

The measures for Improved Oil Recovery (IOR) include:

- Augmentation of production facilities
  - Drilling of additional in-fill wells to reduce the sweep area.
  - Redistribution of water injection.
  - Water & gas shutoff.
  - Zone transfer.

- Artificial lift optimization.

a. Completed IOR schemes:

All the wells and major facilities in Kalol, Gandhar, North Kadi Phase-I & Phase-II, Sobhasan, Jotana & Santhal Infill have been completed.

b. Under implementation:

Three IOR schemes in Assam i.e. Lakwa-Lakhmani, Geleki and Rudrasagar fields are under various stages of implementation.

These three IOR schemes were reviewed during the course of implementation and the following corrective measures are being taken up:

- Thrust on development drilling activity and prioritization of high potential wells.
- Tracing the bypassed / undrained areas based on the latest available simulation models due to reservoir heterogeneities.
- Use of high volume lift pumps (ESPs) in Lakwa field.
- Reservoir pressure maintenance by enhancement of water injection in Geleki Field operating under depletion drive to arrest the decline in reservoir pressure.

B. Enhanced Oil Recovery (EOR) Schemes:

a. Enhanced Oil Recovery (EOR) Schemes under implementation:

Three EOR schemes in three onshore fields i.e. Sanand, Balol and Santhal in Gujarat have already been initiated.

- Sanand EOR – facilities commissioned in Nov'2001 and scheme under operation.
- Balol and Santhal Insitu Combustion (EOR schemes) - facilities have been commissioned in Nov./Dec.'2001 and the Insitu Combustion is in progress.

Another EOR scheme, Commercial In-situ combustion for Lanwa is under conceptualization which would result a substantial increase in production from the field after implementation.

II. Technology Induction/adoption/absorption:

- MEOR (Micro-biological Enhanced oil recovery) jobs carried out in 25 wells against the plan of 50 wells of Ahmedabad and under evaluation.

- WDP (Wax Deposition Prevention) job carried out in 74.80 Km flowlines of 25 wells in Ahmedabad Asset.
- PDB (Paraffin Degrading Bacterial) jobs carried out in 50 wells of Mehsana Asset which has resulted in substantial reduction of scrapping and hot oil jobs.
- High Volume Lift Pump (ESP) installed in one well and planned for another four wells in Assam Asset.
- Massive hydro-fracturing for enhancement of production from tight formations:

▪ In Sobhasan Field, Mehsana Asset, HF job was carried out in 5 wells by Schlumberger resulting in substantial oil gain from all the wells.

▪ In Ahmedabad Asset 10 wells have been identified in Kalol and Nawagam field for hydro-fracturing jobs by M/s Schlumberger.

▪ More hydro-fracturing jobs may be taken up in Ankleshwar Asset based on successful result from hydro-fracturing in the previous years carried out in association with M/s Schlumberger and In-house efforts.

- Tracer survey for water surveillance job in water injection wells of Geleki field, Assam.

III. Engaging international experts for providing best in class services and technology:

- MOU with M/s Weatherford has been signed to provide specific technology solutions for increasing production from aging oil-fields of its onshore assets.
- Heads of Agreement (HOA) with M/s Shell India signed for technology induction in field optimization for increasing production and enhancing recoveries from fields operated by ONGC. Initially five western onshore fields (North Kadi, Nawagam, Gandhar, Jotana and Linch) have been short listed for due diligence by Shell team.
- Multi Disciplinary Team (MDT) approach is being adopted in Western Onshore area for improving field management. M/s AMSI, having experience in Asset Management, have been engaged to help in rolling out / implementing MDT concept in Western Onshore.
- M/s Practical Reservoir Solution LLC, Houston, USA has been engaged in the area of reservoir engineering & simulation for Lakwa TS-2, Lakhmani & Geleki fields of Assam Asset.

IV. Other initiatives to enhance production:

1) **Aggressive infill drilling**

167 development wells are planned for drilling in onshore field in 2009-10. 152 development wells have already been drilled against plan of 125 wells during the period April'09 to Dec'09.

2) **Side-tracking of suboptimal and non-flowing wells using CHFR logs**

Use of CHFR logs has been successfully used while sidetracking in Rudrasagar, Sobhasan and Jotana field. More such jobs are being planned.

3) **Targeting small fields for additional development**

The three fields of Cambay sub-asset i.e. Padra, Akhouljuni and Kathana has been redeveloped by planning to drill 22 development locations out of which 10 locations have been drilled. Further drilling of wells is in progress.

4) Application of gel/polymer technology for profile modification and increased sweep efficiency.

5) Specialized drilling techniques like horizontal drilling, high angle wells, side tracking, multilateral drilling and completion with non-damaging fluid are being adopted to improve well productivity. First deep horizontal well, GNTC, in GS-3A sand of Gandhar field, Ankleshwar Asset has been successfully completed and the well is producing liquid @ of 85 m^3/d as against normal production of about 20m^3/d from conventional wells.

V. New Projects:

Various projects have been taken up in Onshore Assets with the aim of removing surface bottlenecks to improve productivity, product quality, system integrity and meeting environmental norms.

i) Assam Renewal Project (Group–A) has been awarded for surface facilities revamping and upgradation of Lakwa and Lakhmani fields.

ii) Up-gradation of Facilities at Desalter Plant , Nawagam(Ahmedabad): The project has been undertaken to improve product quality and meet the dispatch norms for refinery.

iii) Two pipeline replacement project (2 PLRP), Ahmedabad & Mehsana Asset: The project will help uninterrupted transportation of crude oil to Koyali Refinery as the present line is old and due to frequent line leakages.

iv) Two Pipeline Project (2PLP), Ankleshwar: The project will help in eliminating dependence on tanker transportation and uninterrupted production of crude during monsoon period.

v) Glass Fiber Reinforced Plastic (GRP) water pipe line Project, Ankleshwar: Water through this pipeline shall be used to enhance water injection for reservoir pressure maintenance in Ankleshwar field, apart for fulfilling other operational requirements of the process plants.

vi) GRP-Zanore water pipeline project, Ankleshwar: To enhance water injection for reservoir pressure maintenance in Gandhar field.

vii) Integrated Oil & Gas Pipeline Project (IOGPLP) at Gandhar field, Ankleshwar Asset: These pipelines include 3 gas lift lines for gas lift optimization of gas lift wells and others will help in removing surface de-bottlenecking in addition to improving system integrity.

viii) LP Gas Compression Facility, Rajahmundry: The project envisages creation of LP Gas processing facilities at five installations (Tatipaka, Mandapeta, Ponamanda, Adavipalem, and Mori). The project will help in monetizing 24.5 LCMD of LP gas.

ix) KJ#3–Ramnad gas pipeline project, Cauvery Asset: To handle the augmented gas production from new field Kanjirangudi of Ramnad district.

x) Trunk pipeline project at Cauvery Project: For transportation of crude oil from satellite fields through trunk pipeline.

xi) Creation of surface facilities, Cauvery Asset: A new processing facilities is being set up for Kanjirangudi and Palkbay shallow fields of Ramnad District to process the gas from these fields which are having huge gas reserves.

xii) Creation of Sonamura GGS (0.8 MMSCMD) and pipeline project for augmentation of gas processing facilities at Tripura Asset.

VI. Other Developmental Projects / surface facilities initiatives under implementation

- Augmentation of oil production from Wasna field in Ahmedabad Asset.
- Limbodra field development phase-II in Ahmedabad Asset.
- Gamij field development phase-I in Ahmedabad Asset.
- In order to monetize the idle gas reserves and to facilitate intensification of future E&P activities of Tripura Asset, ONGC Board has approved Feasibility Report titled “projects and facilities to produce and supply 6.0 MMSCMD gas from Tripura gas fields” to be implemented in three phases. Up-gradation and expansion of GCS at Baramura and Agartala Dome to increase the gas handling capacity to 2.7 MMSCMD has been completed. Further construction of GCS at Sonamura (capacity 0.8 MMSCMD) and capacity enhancement of Konaban GCS to 1.5 MMSCMD is planned to supply gas to the proposed 726.6 MW Power Plant at Palatana, Tripura.
- Upgradation & revamping of GGS-I & II of Rudrasagar field of Assam Asset.

Annexure-II

The current status of offshore marginal field projects:

1. **Development of C-Series (C-22, C-23, C-24, C-26, C-39 & B-12):** The project envisages gas production of 15.14 BCM and 6.13 MM Cubic meter of condensate in 15 years (by 2023) from completion of the project. Phase-I Facilities completed on 24.09.2009. Trial production commenced. Drilling of wells is in progress. The project is likely to be completed by Mar'11
2. **Additional Development of D1 field:** The project envisages production of 13.962 MMt oil by 2025. Project approved on 21.01.2010. Project is likely to be completed by Dec'2011.
3. **B-22 Cluster:** The project envisages of 2.46 MMt of oil, 1.13 MMT of condensate and 6.56 BCM gas by 2019-20. Facilities completion schedule 30.04.2011. The total project, including drilling is schedule to be completed by Apr'2012.
4. **B-193 field Development**: The project envisages production of 5.57 MMT oil, 0.75 MMt of condensate & 5.12 BCM gas in 15 years. Facilities completion schedule is March 2012. The total project, including drilling is likely to be completed by March'2012.
5. **B-Series Gas (B-46, B-48, B-105 and B-188):** The project envisages production 5.273 BCM gas & 1.684 MMm3 condensate in 12 years. Pre award activities are in progress. Project is likely to be completed by May 2012.
6. **North Tapti gas field Development**: The project envisages production of 4.116 BCM in 10 years. Project is likely to be completed March 2011.
7. **Development of Marginal field cluster-7 (B-192, B-45 & WO-24 structures):** The project envisages cumulative production of oil & condensate is 9.7 MMt and gas 4.5 BCM over a period of 16 years.

Development of Eastern Offshore Oilfields

a) Integrated Development of G-1 & G-15: The project has been approved at a cost 1262.93 Cr. Integrated development of these fields envisages production of 0.982 MMT of Oil & 5.92 BCM of gas over a period of 15 years. The development of shallow water field (GS -15) and deep water field (G-1) is expected to be completed by May 2011.

b) Development of GS-29 Field: The development of GS-29 field is being taken up under phase I of Project Manik, and drilling of two appraisal wells are planned.

c) G-4 Field Development: The development of G-4 field is to be taken up under phase II of Project Manik and drilling of appraisal wells are planned in 2010-11/2011-12.

d) S1 & Vashishta Fields: The fields are being developed along with the hub

development of KG offshore. Gas production from Vashistha field is expected to be 15.775 BCM over a period of 9 years. Project Vashistha is scheduled to be completed by 2012-13.

13. In view of the lower achievement of oil and gas production targets during last 3 years by major upstream PSUs and the Private/JV companies, the Committee had desired the companies to find out the reasons for the shortfall and take necessary steps to increase oil production through improved technology and also recommended that DGH should monitor and ensure that no slippage should occur in targets of public and private companies. The Ministry, in their action taken reply have informed about the efforts made by ONGC to improve oil and gas production by adopting various proven new technologies like Extended Reach Drilling (ERD), Micro-biological Enhanced oil recovery (MEOR), Wax Deposition Prevention (WDP), massive hydro fracturing for enhancement of production from tight formations and activation of new completions through surge plug, quick silver technology, Pressure Xpress (XPT) to improve well productivity and reduce operational risk. The reply of the Government is however silent on monitoring of the private exploration companies by DGH/MoP&NG and the remedial measures being taken to prevent slippage in achieving their targets. While reiterating their earlier recommendation, the Committee would also like to be apprised of the present mechanism with DGH to regularly monitor the performance of private companies so as to ensure completion of targets.

D. Action against LPG distributors for delay in refill supply

Recommendations (Sl. Nos. 15, Para No. 1.71)

14. As regards the complaints of deliberate delay in refill supply by LPG distributors, the Committee observed that only 163 cases had been established in the country during the last 3 years and further between April 2009 to January 2010. Out of these 163 cases, only 12 cases have been reported to be established in Delhi. The Committee wanted to be apprised of the action taken against these 163 LPG distributors as per the MDG guidelines. The Committee had been informed that the instructions were issued by OMCs to LPG distributors for making delivery to consumers within 48 hours of booking in normal circumstances. However, in spite of these instructions it was seen that the delivery of LPG was taking much longer time especially in small towns. The Committee desired the OMCs to monitor that these instructions are strictly followed by LPG distributors and also put in place a mechanism for quick redressal of complaints of consumers over late delivery. The Committee had also recommended that the OMCs should launch a consumer awareness programme through print and electronic media to educate the customers of their right to get LPG delivery within 48 hours of booking and also of the mechanism available in OMCs for timely redressal of their complaints/grievances in this regard.

15. In their reply, the Ministry of Petroleum & Natural Gas has submitted the following:-

> "The customers are educated through release of advertisement in the print media on the various aspects of LPG, including the fact that the customers can expect refill delivery within 48 hrs. of their booking under normal circumstances.
>
> On established cases of deliberate delay in refill supplies, action as per provisions of Marketing Discipline Guidelines (MDG) 2001 is taken against the erring distributorships. MDG-2001 provides:-

Sr.No	Established minor irregularities	Proposed penal action			
		1st	2nd	3rd	4th
1.	Deliberate delay / inaccuracies in submitting reports / undue delay in refill supplies.	Caution / Warning & Counseling	Fine of Rs.5000/-	Fine of Rs.15,000/-	Termination

For redressing customer complaints, Customer Service Cells are being operated at Area / Territory / Regional Offices of Public Sector Oil Marketing Companies (OMCs). The Customer Service Cells handle grievance redressal of the customers in the distribution of LPG by the distributors. The customer service cells provide remedy / information to the varied nature of grievances or queries that are received, in line with the policies applicable thereto. The contact details of Customer Service Cells are periodically advertised in print media as well as in, also on the Cash Memos and displayed in the distributors show room.

In addition to the Customer Service Cells, Toll Free Telephone facility (numbers 155233 / 1800-2333-555) has been made available to LPG customers to convey their grievances / suggestions. Provision has also been made for customers to register their feedback regarding supplies of LPG cylinders through Internet on the website of the respective OMCs".

16. The Committee are unhappy to note that although they had desired to know the action taken by the Government/OMCs against the established 163 cases of deliberate delay in refill supply by the LPG distributors as per the provision of the Marketing Discipline Guidelines (MDG), 2001, the reply of the Government is silent on the issue and has just narrated the proposed penal action and present mechanism to redress the customer complaints/grievances. The Committee would, therefore, again desire the Government to inform them the action taken against the established cases of delayed supply of refill by LPG distributors and desire that OMCs should develop a suitable monitoring mechamism at area/territory level to ensure that refills are supplied by all LPG distributors within the 48 hours of their booking under normal circumstances under intimation to this Committee.

E. Establishment of CNG Stations in NCT of Delhi

Recommendation (Sl. No. 19, Para No.1.82)

17. The Committee had been informed that City Gas Distribution (CGD) entities and joint ventures of GAIL are undertaking work of laying the CNG network in the country. The Committee noted that there are only 173 established CNG stations in NCT of Delhi till date as against projected requirement of 250 stations by March, 2008 in order to cater to expected increase in demand of CNG in near future. The Committee desired that these remaining CNG filling stations be set up soon in Delhi to prevent inconvenience to the public using CNG vehicles. The Committee further noted that apart from NCT of Delhi only 8 states and 1 Union Territory had been provided with CNG coverage so far. The number of CNG filling stations set up in States like Uttar Pradesh (30) and Andhra Pradesh (11) was far less while it is negligible in States like Tripura (11), Madhya Pradesh(1), Haryana(6), West Bengal(5) and Daman & Diu(1). The Committee, therefore, recommended that the number of CNG filling station in all these States/UTs should be increased according to the potential gas requirements as per CNG based vehicles. The CNG network should also be extended to the remaining States/UTs to provide clean fuel to the entire country.

18. In their action taken reply, the Ministry of Petroleum & Natural Gas have informed the Committee as under:-

> "From the number of CNG stations 163 (with compression capacity 21 lakh kg per day) as prevailing on March 2008, IGL has now commissioned 241 CNG stations in Delhi, Noida, Greater Noida & Ghaziabad. Work is in progress in another 44 CNG stations in the region and these are expected to be completed by March 2011. Therefore, by March 2011, the number of CNG stations shall be 285 (with compression capacity of around 42 lakh kg per day). In the next three years, the number of CNG stations would have gone up by 75 % and compression capacity would have been doubled. Therefore, IGL has been most aggressive in expanding its CNG infrastructure. IGL shall continue to expand the CNG infrastructure in the entire NCR, so as to ensure a convenient and comfortable refueling experience to the CNG consumers.
> One constraint, which significantly delays the start of CNG services from

new stations, is the process of getting licence / NOC from concerned authorities. After a CNG station has been completed, clearance has to be taken from Additional Commissioner of Police (Licensing), Delhi Fire Service, Traffic Police Department, District Police and subsequently from Chief Controller of Explosives, Nagpur. Despite intervention at senior level, such as Chief Secretary, Delhi, it still takes almost six months time to complete the process. Therefore, even after completion, CNG station takes almost 6 months before commencement of operation.

For CGD network, connectivity to the source of gas is a prerequisite. Government has recently authorized the laying of nine new trunk natural gas pipelines, namely, Dadri-Bawana-Nangal, Chainsa-Gurgaon-Jhajjar-Hissar, Jagdishpur-Haldia, Dabhol-Bangalore, Kochi-Kottanad-Bangalore/Mangalore, Kakinada-Basudebpur-Howrah, Vijaywada-Nellore-Chennai, Chennai-Tuticorin and Chennai-Bangalore-Mangalore pipelines. CGD projects in Geographical Areas (GA) adjacent to these pipelines will be developed after commissioning of these pipelines".

19. Taking note of establishment of only 173 CNG stations in National Capital Territory of Delhi against the projected requirement of 250 stations by March, 2008, and only 8 States and 1 Union Territory (UT) were provided with CNG coverage so far, the Committee had recommended that number of CNG stations in all the States/UTs with existing network should be increased and extended to the remaining States/UTs to meet potential gas requirements of CNG based vehicles to provide cleaner fuel to the entire country. The Government in their Action Taken Reply has informed that for City Gas Distribution (CGD) network, connectivity to the source of gas is a prerequisite and CGD projects in Geographical Areas adjacent to nine new trunk natural gas pipelines will be developed after commissioning of these pipelines. Further, Indraprastha Gas Limited (IGL) has reported to have commissioned 241 CNG stations in Delhi, Noida, Greater Noida & Ghaziabad and another 44 CNG stations are expected to be completed by March 2011. The Committee are, however, not satisfied with the present pace of establishment of CNG stations in National Capital Region (NCR) area and recommend that the Government should ensure aggressive expansion of CNG stations in the National Capital Region matching with its growing demand.

20. The Committee further note that even after completion, CNG stations take almost 6 months time before commencement of operation due to delayed issuance of license/No Objection Certificate (NOC) from concerned authorities. Keeping in view the inconvenience to public using environmental friendly CNG vehicles, the Committee desire that the Government should take immediate necessary steps to streamline the procedure and ease the process of getting licence/NOC from concerned authorities so as to ensure timely operationalisation of new CNG stations.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 5, Para No.1.31)

The Committee note with concern that as on first fortnight of March, 2010, the share of custom duty, excise duty and Sales/VAT taxes on petrol and diesel in Delhi are 51.47% and 30.24% respectively. Further, the contribution to Central Government exchequer by petroleum sector during 2008-09 was Rs.93,513 crore and a subsidy of Rs.74,002 crore was provided by the Government which was 79% of petroleum sector's contribution to the Central Government exchequer. The Committee further note that this subsidy amount was 27% and 35% during 2006-07 and 2007-08 respectively and for the year 2009-10 (April-December) it is reported to be only 25% (prov). Given the fact that a part of the revenue generated from the petroleum sector is being given back as subsidy by the Government to control the price of petroleum products, the Committee are of the opinion that the Government should consider to moderate/rationalize the Central taxes to give relief to the common man who is already facing relentless price rise. The Committee also note that the prices of petroleum products vary in different parts of the country due to variation in Sale Tax/Vat imposed by different State Governments which are in the range of 18% (Orissa) to 33% (Andhra Pradesh). The Committee recommend that the Government should impress upon all the State Governments to moderate the Sales Tax/Vat to a uniform rate on the petroleum products to mitigate the burden on the consumers of petroleum products.

REPLY OF THE GOVERNMENT

The issue of rationalization of taxes was taken up with the Ministry of Finance, Department of Revenue. Ministry of Finance has informed that the tax structure on Petrol and Diesel, raised in Para 1.31, has been formulated based on the recommendations of Rangarajan Committee and has been revisited during the last Budget 2010-11, considering the necessity of fiscal consolidation.

The need to rationalize/reduce Sales Tax/VAT on the petroleum products

was taken up with the Chief Ministers of all States as well as the Empowered Committee of State Finance Ministers. The Committee has informed that as per the recommendation of the Empowered Committee of State Finance Ministers, Petrol and Diesel have been kept outside the purview of VAT, and the uniform floor rate for these two items is 20% except for North Eastern States and J&K, where the same is 12.5%. States are free to fix sales tax rate above the floor rate.

(MINISTRY OF PETROLEUM AND NATURAL GAS
OM NO. G- 25015/6/2010- Fin I , Dated 20th July 2010)

Recommendation (Sl. No. 9, Para No.1.50)

The Committee in their 23rd Report (14th Lok Sabha) had recommended that Government/Indian Oil Corporation Limited (IOCL) expedite the pending fund raising process in regards to 15 MMTPA Paradip Refinery Project, with a projected completion schedule of October, 2011. The Committee, however, observe that as on 28.02.2010 overall physical progress of 14.82% has been achieved and only Rs.2703 crore spent against a cost commitment of about Rs.10,920 crore. The Committee are unhappy to note the continuing delay in commissioning of the project from October 2011 to November 2012. The Committee feels that given the present progress of the project it may be difficult for the project to be completed even as per revised completion schedule. The Committee, therefore, recommends the Government/IOCL should consistently monitor the progress of the project so as to ensure completion of the project without further cost and time overruns

REPLY OF THE GOVERNMENT

- IOCL's Board of Directors, in March, 2006, accorded in-principle approval for installation of a grassroot 15 MMTPA Refinery-cum-petrochemical complex with a target completion of October, 2011 and sanctioned an amount of Rs.1146 crore (enhanced to Rs.1627 crore in August, 2007) for pre-project activities including dredging and reclamation by sand filling. However, in view of high estimated cost and financial constraints, IOCL Board in May, 2008 decided to implement refinery portion only.

- Between March, 2006 and February, 2009, pre-project / infrastructure development activities, Front End Engineering & Design (FEED) etc. were continued. IOCL Board sanctioned Rs.3480 crore for ordering of long lead items and some major conventional work. However, due to continued uncertainty of funding and financial constraints, cash allocation as per the sanction could not be achieved.

- After finalizing the funding methodology, Board of Directors have accorded final investment approval to the 15 MMTPA Paradip Refinery project on

28.2.2009 at an estimated cost of Rs.29,777 crore. The project is scheduled to be progressively completed and stabilized from March, 2012 to November, 2012.

- Presently, implementation of the project is in full swing. In order to achieve the challenging schedule, as per multi-consultant strategy to have more engineering manpower resources committed to the project, International and Indian consultants have been lined up for detailed engineering, procurement and construction management including lining up of Managing Project Management Consultant within a month's time after approval. Various activities related to the project like Design, Engineering, Procurement and Tendering are in progress. Major critical long lead equipments have already been ordered and major contracts finalized. Construction activities like soil investigation, piling work etc. are in progress at site.

- As on 31.03.2010, the overall physical progress of 15.91% has been achieved and an expenditure of Rs.3,212 crore has been incurred against the cost commitment of Rs.13,306 crore.

- The project is being constantly monitored by the senior management of IOCL and its Board. It is also being monitored by the Ministry through Quarterly Performance Reviews (QPR) to ensure commissioning and stabilization of the project, in line with the revised approved schedule.

(MINISTRY OF PETROLEUM AND NATURAL GAS
OM NO. G- 25015/6/2010- Fin I , Dated 20th July 2010)

Recommendation (Sl. No. 10, Para No.1.51)

The Committee note that the Government had approved a grass root oil refineries of 6 MMTPA at Bina, Madhya Pradesh in 1995. The project approved at an estimated cost of Rs.10735 crore is yet to be commissioned. The deadline for commissioning of the refinery has been revised from December, 2009 to September, 2010 with revised estimated cost of Rs.11,397 crore. The Committee express its serious concern over the delay in commissioning Bina Refinery which has been fraught with roadblocks like land acquisition and environmental clearances. In view of the long period of 15 years taken from date of approval in commissioning the Bina oil refinery and cost overrun of Rs.1022 crore of the project, the Committee feel that there is a systematic failure in the very process of planning, review and execution of such an important project. The Committee, therefore, recommend that the Government should evolve a suitable strategy to reduce delays in development of oil refineries on fast track basis and ensure that the refinery is fully operational by the revised target.

REPLY OF THE GOVERNMENT

The Ministry of Petroleum & Natural Gas is regularly monitoring the progress of Bina Refinery Project for ensuring its commissioning by September, 2010. The pre-commissioning activities have already been initiated and the current status of the Bina Refinery Project is as follows:

- The overall physical progress of the refinery is 99.2%.
- Single Point Mooring and Crude oil Terminal at Vadinar has been commissioned.
- Vadinar-Bina cross-country crude pipeline has been commissioned.
- All utilities except power plant have been commissioned.

Pre-commissioning / commissioning of Bina Refinery has been affected due to non-completion of Captive Power Plant by BHEL. The Lump sum Turnkey (LSTK) contract for supply and installation of Captive Power Plant (CPP) was awarded to M/s BHEL on 29.9.2006 with contractual completion date progressively from November, 2008 to May, 2009. However, none of the boiler & generator has been completed / commissioned by BHEL. BHEL have now committed that the 1st boiler and generator would be ready by June, 2010 and other boilers & generators (2 Nos.) progressively by September, 2010. Completion of CPP in totality is very crucial for all the downstream pre-commissioning activities of the various units. The matter is being followed up at the highest level in BHEL. Secretary(P&NG) has personally reviewed the progress of CPP with Chairman & Managing Director, BHEL on 9th March, 2010. Another review has been scheduled on 2nd June, 2010.

In the interim, Bharat Oman Refineries Limited (BORL) have hired 3 portable boilers to help in commissioning of Crude distillation unit (CDU) / Vacuum distillation unit (VDU) by June, 2010.

The refinery is expected to start stabilization and commercial production in September, 2010 subject to availability of steam and power on sustained basis from CPP.

(MINISTRY OF PETROLEUM AND NATURAL GAS
OM NO. G- 25015/6/2010- Fin I , Dated 20th July 2010)

Recommendation (Sl. No. 11, Para No.1.53)

The Committee are unhappy to note the deteriorating financial health of oil

refineries in the North-East region due to high landed cost of imported crude oil and the entry tax on crude oil being levied by the State Government which is affecting the profitability of North-East Refineries. As regards remedial measures taken, the Government have informed that a Committee to study 'Optimisation of Capacity Utilisation of North East Refineries' had submitted its report to the Ministry of Petroleum and Natural Gas on July 04, 2008 and action has been taken to augment crude oil production in the North East Region by offering acreages in North –Eastern Region under New Exploration Licensing Policy (NELP) and also to enhance crude oil recovery through Enhanced Oil Recovery (EOR)/ Improved Oil Recovery (IOR) methods. The Committee desire that recommendations of the Government Committee should be scrupulously implemented in all the refineries in North-Eastern Region to make them economically viable and profit earning.

REPLY OF THE GOVERNMENT

The recommendations of the Committee have been noted for compliance.

(MINISTRY OF PETROLEUM AND NATURAL GAS
OM NO. G- 25015/6/2010- Fin I , Dated 20th July 2010)

Recommendation (Sl. No. 13, Para No.1.69)

The Committee note that OMCs have reportedly released as many as 60 lakh LPG connections during 2009-10 (upto December 2009) and yet there is a waiting list of more than 2 lakh connections with the LPG distributors due to various reasons viz. shortage of equipment, local strikes etc. The Committee was informed in this regard that the problems of shortage of equipment have been overcome and IOCL is taking steps to procure 105.16 lakh new LPG cylinders and 68.68 lakh pressure regulators for the year 2010-11 while HPCL is tendering for 35 lakh regulators and cylinders during the year 2010-11. In view of these steps being taken by IOCL and HPCL to procure adequate number of LPG cylinders and regulators, the Committee hope the present waiting list of about 2 lakh LPG connections will not only be cleared expeditiously but they would be sufficient to take care of the release of regular LPG connections including release of BPL families.

REPLY OF THE GOVERNMENT

Public Sector Oil Marketing Companies (OMCs) have released 85.79 Lakh

new LPG connections in the country during the year 2009-10 and the waiting list for release of new LPG connections with the LPG distributorships of the OMCs are 1.54 Lacs as on 01.04.2010 which is expected to be liquidated shortly.

OMCs, namely, Indian Oil Corporation Limited (IOC), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) will procure 105.16 lakh, 36 lakh and 35 lakh new LPG cylinders respectively during the year 2010-11. HPCL has also plan to procure another 15 lakh LPG cylinders. Sufficient Pressure Regulators are also being arranged by OMCs, including procurement of 68.68 lakh Pressure Regulators during the year 2010-11 by IOC. The planned procurement are sufficient enough to take care of the requirements for release of new LPG connections, including connections to BPL families.

(MINISTRY OF PETROLEUM AND NATURAL GAS
OM NO. G- 25015/6/2010- Fin I , Dated 20th July 2010)

Recommendation (Sl. No. 14, Para No.1.70)

The Committee are concerned to note that out of a total of 1122 lakh LPG connections issued as on 31.12.2009, 95.65 lakh customers are reported to have multiple connections in the country on an intra company basis. The Committee further note that the Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000, as amended vide Notification dated 10.09.2009, inter-alia provides for one domestic LPG connection for one household (instead of per person earlier) and that is it mandatory for PNG providing agencies to obtain undertaking from the customer to surrender his LPG connection within 60 days from the date of obtaining PNG connection or else to discontinue the supply of PNG to such a consumer of LPG. The Committee have also been informed that the OMCs have initiated action of blocking such multiple LPG connections which are registered against the same customer and as on 15.03.2010, 15.09 lakh LPG connections have been blocked by the OMCs. The Committee recommend that the Government/OMCs should take expeditious action to block all the identified 95.65 lakh customers with multiple connections so that the waiting list for LPG connections in the country is cleared at the earliest.

REPLY OF THE GOVERNMENT

The multiple connections are identified by the OMCs using a software which detects connections having same name and same address. It also detects multiple connections at same address. While carrying out the exercise of weeding out of multiple connections, it was noticed that many addresses particularly in the villages are similar. However, with further probing it was found that the connections are in different household as in villages the addresses are

based on a common road/locality etc. Such connections require physical verification before taking action of termination. The identified connections are hence verified and once it is established that the household has multiple connection the same is being blocked and subsequently terminated once the equipment are surrendered by the customer. The verification is being done so as to avoid any inconvenience to the genuine customers.

OMCs are making all out efforts to detect and terminate the multiple connections. OMCs have already advertised all over the country in leading dailies advising the customers to surrender more than one connections in their household. All distributors have been advised to give wide publicity for the drive. The connection can be terminated only after receiving the equipment's back from the customers. As the customers are not forthcoming, the action could not be taken immediately. However all confirmed multiple connections have been blocked and new refills are not being issued.

Termination of multiple connections shall increase the availability of equipment. However, availability of equipment is not a constraint as adequate provisions for procurement of equipment for meeting the requirement for release of new LPG connections and liquidating the waiting list has been made by the OMCs.

(MINISTRY OF PETROLEUM AND NATURAL GAS
OM NO. G- 25015/6/2010- Fin I , Dated 20th July 2010)

Recommendation (Sl. No. 17, Para No.1.80)

The Committee note that the Ministry of Petroleum and Natural Gas has finalized Vision 2015 of the oil and gas sector for consumer satisfaction and beyond wherein efforts would be made to provide PNG facilities to 201 more cities by the year 2015. The Committee further note that 9 Joint Venture companies formed by GAIL are undertaking City Gas Distribution activities in designated areas/cities. In order to promote investment from public as well as private sector, the Government has authorized the laying of nine new trunk natural gas pipelines namely Dadri-Bawana-Nangal, Chainsa-Gurgaon-Jhajjar-Hissar, Jagdishpur-Haldia, Dabhol-Bangalore, Kochi-Kanjirkkod-Bangalore/Mangalore, Kakinada-Basudebpur-Howrah, Vijaywada-Nellore-Chennai, Chennai-Tuticorin and Chennai-Bangalore-Mangalore. In view of the Vision 2015 Programme of the Government, the Committee recommend that the Government should regularly monitor the progress of laying of these pipelines as

per agreed timeline and physical parameters to ensure their completion by 2012. It is also imperative that the city network covered by these new pipeline should be taken up and completed in time to achieve the targets of providing PNG facilities to 201 cities by 2015 as envisaged under the Vision 2015.

REPLY OF THE GOVERNMENT

The Government is regularly monitoring the progress of trunk natural gas pipelines authorized by it, viz., Dadri-Bawana-Nangal, Chainsa-Gurgaon-Jhajjar-Hissar, Jagdishpur-Haldia, Dabhol-Bangalore, Kochi-Kottanad-Bangalore/Mangalore, Kakinada-Basudebpur-Howrah, Vijaywada-Nellore-Chennai, Chennai-Tuticorin and Chennai-Bangalore-Mangalore pipelines. GAIL and Reliance Gas Transportation Infrastructure Ltd. (RGTIL) have been directed to ensure the completion of these pipelines by 2012.

Petroleum & Natural Gas Regulatory Board (PNGRB) has planned to develop CGD projects in Geographical Areas (GA) adjacent to these pipelines. Further, PNGRB is conducting pre-feasibility study in various GAs. Entities in these GAs would be selected by PNGRB on the basis of their Regulations in a transparent & objective manner.

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Recommendation (Sl. No. 24, Para No.1.104)

To combat the adulteration of Petroleum Products, Ministry of Petroleum and Natural Gas has adopted remedial measures like automation of retail outlets (RO), Certification of Retail Outlets by third party and installation of Global Positioning System in tank trucks etc. As regards the Third Party Certification (TPC), the Committee note that IOCL has completed the TPC of all 8028 ROs, and has newly identified retail outlets to be competed between April 2010-March 2013, whereas BPCL has complete TPC of 4327 ROs out of 5235. Similarly, Third Party surveillance of HPCL ROs in respect of 3850 retail outlets out of 4027 has been completed till 31.12.2009. The Committee recommend that the Government should take necessary steps to ensure that BPCL and HPCL also complete Third Party Certification in respect of balance 908 and 177 retail outlets at the earliest.

REPLY OF THE GOVERNMENT

BPCL

As on 31.3.2010, BPCL have completed third party certification of all the 5235 identified retail outlets.

HPCL

As of March 2010, HPC had exceeded the number of audits. HPCL did 4225 audits against the target of 4220 for 2009-10.

All the retail outlets selling more than 200 KL MS/HSD per month are targated to be Automated. HPCL has 1530 ROs selling more than 200 KL MS/HSD per month. As on 31.3.2010, HPC had completed automation at 1682 ROs exceeding the target.

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Recommendation (Sl. No. 25, Para No.1.105)

The Committee note that BPCL has installed Global Positioning System on all its tank lorries and HPCL has got only 90.5% of its tank trucks installed with the system. The Committee further note that out of 90% tank trucks initially installed by IOCL with Vehicle Mounted System (IP-23) by September, 2009, only 25% are in working condition as these were progressively affected over a period of time by rain and heavy moisture. The IOCL has now started exercise for replacement of the faulty VMS (IP-23) with upgraded version of (IP-65). The Committee fail to understand how and why VMS (IP-23) was technically approved in 2006 without visualizing the problem areas such as rain and heavy moisture that would impact the durability and technical efficiency of this device within a short period of 3 years. Needless to say that improper assessment of the suitability of these devices led to a wasteful expenditure of Rs.4855 per tank truck from 2006 to September 2009. The Committee recommend that IOCL should expedite installation of the IP-65 model of VMUs in all the Tank Trucks without any further delay.

REPLY OF THE GOVERNMNT:

IOCL

IOC has drawn a schedule whereby approximately 21,000 units of VMUs (IP-65model) would be made operational by November 2010.

HPCL

HPC has total 6200 tank trucks. VMS has been installed on 5580 T/Ts. Balance T/Ts will covered with VMS by July, 2010.

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CHAPTER III

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

Recommendation (Sl. No. 3, Para No.1.19)

The Committee are also constrained to note that although the land measuring 47.8 acres was acquired by 2007-08 for RGIPT, no construction work at site was started till December, 2009. Taking note of the fact that the construction work of boundary wall at the acquired land has been awarded in December, 2009 and the award for major civil work is reported to be awarded by March, 2010, the Committee desire the Government to take all necessary steps to ensure that the infrastructure work of Phase-I relating to academic and administrative complex, faculty residence, student hostel, utilities etc. at the available land is completed by 2011-12 as initially targeted.

REPLY OF THE GOVERNMENT

Phase I construction work of RGIPT Campus in Jais

After the award of boundary wall work, the tender for major civil package work was finalised with a view to award the work by February 2010. However, the environmental clearance of the project which was expected by February, 2010 was delayed as explained below.

2. The Environmental Impact Assessment (EIA) study was completed and the report submitted to Director of Environment, Lucknow in November 2009. In the meeting of the State Expert Appraisal committee (SEAC) held on 26.03. 2010, RGIPT's case for environment clearance was recommended for approval to the State Environmental Impact Assessment Authority (SEIAA). In the meeting of SEAC held on 30.04. 2010, the Committee had some observations on RGIPT's proposal regarding Ground Water Table fluctuations and the clearance for abstraction of Ground Water from Bore Wells. The necessary clarification was promptly provided by RGIPT. During the subsequent meeting of the State Environmental Impact Assessment Authority (SEIAA) held on 20.05.2010, the decision to approve the Environmental Clearance to the RGIPT Campus project was taken. The Environmental Clearance was issued by

Director of Environment, Lucknow on 31.05.2010. LOI for the above work has been issued on 04.06.2010 and the contractor has been asked to mobilize equipment, materials and men and the start of work which as per the current indication will be around 01.07.2010. In view of delay in approval of the Environmental Clearance, the completion of the project is, now, expected by 2012-13.

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Recommendation (Sl. No. 7, Para No.1.40)

The Committee notes that the drilling targets of ONGC & OIL have been underachieved in the past due to non-availability of drilling rigs both in onland and offshore areas. In case of ONGC, against the overall planned target of 383 wells during first three years of XI Plan, only 283 exploratory wells had been drilled till 1.1.2010. As against the target of 274 onland wells to be explored by ONGC during the first 3 years of the 11th Plan, only 201 wells could be explored as on 1.1.2010 and against the offshore exploratory targets of 109 wells the actuals are reported to 82. Similarly, OIL has drilled only 33 wells during the first three years of XI Plan. The Committee find that non-availability of drillings rigs had also adversely affected OIL's drilling programme as out of a total of 10 in-house drilling rigs with OIL, refurbishment of 8 drilling rigs is reported to be in progress. The Committee appreciate the fact that ONGC and OIL have strived hard to overcome the shortage by deploying contractual rigs at the needed locations, but still they observe there has been a considerable Rig Months lost by ONGC due to idle time of rigs. The Rig Months lost due to waiting on ready site/location and other reasons are reported to be 55.0 RM, 72.2 RM and 32.62 RM during 2007-08, 2008-09 and. 2009-10 respectively. The estimated cost charged in respect of idle time of rigs was stated to be Rs. 809.90 crores for the said 3 years. Given the global shortage of drilling rigs, the Committee strongly recommend the Government/Oil exploration companies to make a proper assessment of the requirement of in-house/charted rigs in conformity with the physical targets set for exploration and development drilling. The Committee further desire that ONGC/OIL should not only increase the number of in-house drilling rigs to reduce dependence on contractual rigs from the international market but also work out a proper strategy to ensure optimum utilization of the rigs and prevent loss of rig months due to their idle time on the locations.

REPLY OF THE GOVERNMENT

ONGC

To sustain exploratory drilling work programme, in-house drilling fleet as well as charter hired rigs are being deployed to achieve the physical work programme. Also to meet the enhanced drilling rig requirements, additional rig resources have been charter hired. Presently there is no shortage of drilling rigs for both onshore and offshore drilling programme.

To improve the availability of rigs, management actions are being taken to minimize the time for the land acquisition and subsequent civil works so that the time lost on account of waiting on ready site/locations and other reasons are minimized.

State-of-the-art technology inputs such as advanced technology drill-bits, new generation mud systems, down-hole drilling/maneuvering tools etc., are also being used for the efficient drilling of wells. Further, refurbishment and up-gradation of departmental drilling rigs is also being carried out in phased manner so as to improve the equipment availability.

To enhance the in-house drilling rig fleet, action is in hand for acquisition of 10 land rigs and 4 offshore rigs, which is at various stages of approval.

OIL

As far as Oil India Limited (OIL) is concerned, non-availability of drilling rigs severely affected OIL's drilling programme.

OIL, at present, has 10 nos. in-house drilling rigs in operation in the State of Assam, vintages varying from 20-30 years. In addition, one no. in-house drilling rig is deployed in Rajasthan. Due to old vintage, the performance of the rigs in Assam has deteriorated to a large extent, leading to frequent failures and operational downtime. Currently, refurbishment of 8 drilling rigs is in progress.

In order to prolong the useable life, refurbishment works of 8 Nos. M/s. Bharat Heavy Electrical Limited (BHEL) make AC-SCR drilling rigs of Oil India Limited were taken in two phases by M/s. BHEL, Original Equipment Manufacturer (OEM), out of which refurbishment works of 2 Nos. drilling rigs have since been

completed.

Additionally, to supplement the in-house drilling rigs, 5 nos. charter hired drilling are currently deployed by OIL in Assam. Actions are in hand to procure 3 nos. additional drilling rigs.

At present, no drilling rig has been kept idle by OIL during the last three years and OIL's drilling rigs, both in-house as well as charter hired, were effectively put into operation without any idling time period.

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Recommendation (Sl. No. 12, Para No.1.54)

The Committee are further concerned to note that no action has been taken by the Government on their earlier recommendation (23rd Report, 14th Lok Sabha) for excise duty concession to North-East Refineries from the current level of 50% to 100%. The Committee desire that their previous recommendation should be implemented and excise concession to North-East refineries should be increased.

REPLY OF THE GOVERNMENT

The above said recommendation was taken up with the Ministry of Finance, Department of Revenue. Ministry of Finance has informed that the issue regarding 100% concession to North East Refineries was examined in the past and it was not found advisable to support an unviable unit through fiscal instruments whose impact is always not transparent. Further, it was felt that extending the North East exemption to existing petroleum refineries would generate similar demands from other sectors. Therefore, it has been decided by that Ministry to extend a uniform concessional rate of 50% of the effective rates of Excise Duties (basic, special, AED and special additional duty of excise) to all the four refineries in the North East namely, NRL, IOC-D, IOC-G and BRPL.

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Recommendation (Sl. No. 16, Para No.1.72)

Black marketing/diversion of subsidized domestic LPG cylinders take place due to wide gap between retail price of LPG for domestic LPG and the market price of commercial LPG. The Committee note in this regard that action has been taken in 2021 cases during the year 2006-07, 2007-08 and between April, 2009 to January, 2010. The Committee were informed that the Marketing Discipline Guidelines (MDG) provides for a fine of Rs. 20,000/- plus price of LPG delivered at commercial rates for 1st offence, fine of Rs. 50,000/- plus the price of LPG delivered at commercial rates for 2nd offence and termination of the distributorship for 3rd offence. Out of 2021 cases, 1714 cases were related to 1st offence, 298 cases of 2nd offence and 9 cases of 3rd offence. In this connection, the committee recommend that the besides increasing the number of raids by OMCs to check such malpractice's by LPG distributors. The Government may also consider to give incentives to individuals from the general public by way of awards, whose complaints of malpractices against LPG distributors have been established.

REPLY OF THE GOVERNMENT

OMCs are monitoring the LPG distributorships by way of carrying our regular inspections, refill audits, surprise checks, joint inspections etc. In addition, complaints, including diversion of domestic LPG and Overcharging received against the distributors are also being investigated and if established action against the erring distributorships, is taken as per provisions of the MDG-2001 against the distributorships.

OMCs are also conducting raids on commercial establishments to curb the diversion of domestic LPG cylinders. Complaints received by OMCs against the distributors are investigated and if established action as per MDG-2001 is taken against the distributorships.

Presently OMCs are having robust system for identifying the malpractices at the distributorships. In case incentives are given to general public by way of awards, it may prove counter productive as this may lead to a plethora of complaints motivated for the sole purpose of earning incentive. This would put immense pressure on the OMCs to weed out frivolous complaints. Hence OMCs are of the opinion that scheme like giving incentives to public by way of awards shall derail the existing mechanisms of monitoring the distributorships.

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Recommendation (Sl. No. 21, Para No.1.86)

The Committee note that "Hydrogen Corpus Fund" has been set up by the Ministry of Petroleum & Natural Gas in consortium with 5 PSUs, with corpus of Rs.100 crore, for supporting research and development in various aspects of Hydrogen, which is expected to replace Natural Gas as transport fuel. The Committee find that R&D centre of IOCL has been reported to have taken slew of measures to give necessary fillip to the promotion of hydrogen as an auto fuel and in furtherance of the same have collaborated with many organizations. While having a track of developments made in other countries in the field, the Committee recommend that Ministry of Petroleum & Natural Gas should play a proactive role and in co-ordination with Ministry of Science & Technology and Ministry of New and Renewable Energy should come up with some concret measures and strategies in promotion of Hydrogen as an auto fuel.

REPLY OF THE GOVERNMENT

The Hydrogen Corpus Fund (HCF) has been set up for development of Hydrogen as an alternative energy source, by facilitating research and development in various aspects of production, storage, delivery, applications and synergising the development activities and capacity building etc.

The Hydrogen research activities within the oil and gas sector under HCF are in line with the roadmap given by the National Hydrogen Energy Board (NHEB), wherein MOP&NG, Deptt. of Science & Technology (DST), Ministry of New & Renewable Energy (MNRE) etc. are represented.

The projects identified and accepted for development under HCF takes into consideration the areas / projects already taken up by DST and MNRE, to avoid duplication of efforts. The institutes working under / for DST and MNRE are also part of these projects. Efforts are being made for achieving greater synergy with MNRE and DST.

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Recommendation (Sl. No. 23, Para No.1.95)

The Committee note that in the year 2004-05 IOCL started a chain of low cost Retail Outlets (ROs) under names "Kisan Sewa Kendras" in rural/agricultural

market to make available the petroleum products and non fuel products to rural community of the country and accordingly set up 2825 Kisan Sewa Kendras till 28.2.2010. Likewise BPCL had also set up 835 Kisan Sewa Kendras (Rural retail outlets) till 1.03.2010. Similarly, HPCL has set up 1415 rural outlets under a different name called "Hamara Pump". The HPCL propose to set up 250 more ROs in the year 2010-11. While appreciating the initiative of the OMCs to set up the ROs in the rural and agricultural market, the Committee impress upon the need to deepen the reach of these outlets to cover the maximum rural areas and also to put in place adequate monitoring mechanism to prevent the scope for adulteration of petroleum products sold through these outlets.

REPLY OF THE GOVERNMENT

IOC

The concept of Kisan Seva Kendra (KSK) was first introduced in the year 2004-04, and subsequently the process of setting up KSKs
is continuing year after year till date. IOCL has set up 2,978 KSKs in the country as on 1.6.2010.

The following measures are taken by IOCL, for checking/monitoring of quantity of Petrol/Diesel dispensed through the Retail Outlets throughout the country including rural areas:

- Regular /surprise inspections are carried out at IOCL's Retail Outlets by IOCL Field Officers /Senior Officers throughout the country including rural areas.
- Joint inspections are also carried out at IOCL's Retail Outlets to identify instances of malpractices by officers of Multi Department Teams (MDT), including rural areas.
- During the inspections of Retail Outlets carried out by IOCL, as and when any irregularity is observed, action is taken against the defaulting dealer in line with the provisions of Marketing Discipline Guidelines (MDG) & Dealership Agreement.
- All Retail Outlets & Kisan Seva Kendras are provided with filter paper, density kits and Five-liter measure to enable customers desirous of checking quality and quantity of fuel dispensed through petrol pumps. These measures are widely publicized by displaying boards at the outlets/KSKs. Customer awareness campaigns are conducted at regular intervals and incentives are also offered to customers to voluntarily check fuel quality/quantity at retail outlets.
- The MDG under which the Oil Marketing Companies (OMCs) take penal actions against the erring dealers have been revised during August 2005 making the penal actions more stringent. As per the MDG 2005, a dealership would be terminated in the first instance of adulteration.

BPCL

As on 1.4.2010, BPCL have set up 874 rural retail outlets and have plans to set up additional 200 rural outlets during 2010-11. BPCL has put in place monitoring mechanism to prevent the scope of adulteration of petroleum products sold through its retail outlets including rural retail outlets. Regular as well as surprise inspections are carried out by field staff during their visits to the retail outlets.

Besides, inspections are also carried out by senior officials during their visits to the retail outlets.

HPCL

HPCL had set up 1482 Hamara Pumps by 31.3.2010. Commissioning of 250 new Hamara Pumps in rural areas during 2010-11 will enable increasing the penetration of retail outlets in rural areas. To prevent the adulteration of petroleum products sold through these outlets the following monitoring mechanism is followed:

- Inspection of retail outlet once in a quarter by the sales officer of the oil company.
- Inspection of the retail outlet by an officer in "C" grade and above once in a year.
- Inspection carried out by joint inspection teams.
- Surprise checks by the company Mobile Labs and the Industry Mobile Labs to assess the quality of product samples at Retail Outlets.
- Inspection by District Administration authorities.

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CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Sl. No. 2, Para No.1.18)

The Committee are constrained to note that acquisition of land for RGIPT targeted to be completed by 2007-08, is running behind the schedule. Only land admeasuring 47.8 acres could be acquired by 2007-08 and proposal for acquisition of balance land admeasuring 95 acres is still pending with Uttar Pradesh State Industrial Development Corporation since August 2007. The Committee further note that with the persistent efforts of the Ministry and follow up with UPSIDC, the process has now gained momentum. Since the acquisition of land has been badly delayed, the Committee desire the matter be constantly pursued with the State Government authorities.

REPLY OF THE GOVERNMENT

Additional Land under acquisition:

The proposal for acquisition of additional 95 acres of land has been pending with the Uttar Pradesh State Industrial Development Corporation (UPSIDC) since 2007. A meeting of the District Land Use Committee, Rae Bareli held on 04.03. 2010 considered the proposal and after approval by District Magistrate (DM), Rae Bareli the final proposal was sent to Divisional Commissioner, Lucknow on 20.03.2010 for further action. In the meeting of the State Land Use Committee held on 24.04.2010, it was decided that DM, Rae Bareli may make further efforts to locate availability of non-agricultural land in the vicinity. Accordingly, the Sub-Divisional Magistrate (SDM), Rae Bareli made enquiries as to availability of non-agricultural land nearby RGIPT. Later, based on SDM's, report submitted on 21.05.2010, DM Rae Bareli, conveyed to the office of Divisional Commissioner, Lucknow that no non-agricultural land is available in the nearby area of RGIPT site. The matter is being taken up on regular basis with the concerned authorities.

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Comments of the Committee

(Please see Para 7 of Chapter-1)

Recommendation (Sl. No. 4, Para No.1.23)

The Committee note that Centre for High Technology (CHT) is a specialized agency established by the Ministry of Petroleum and Natural Gas in 1987 and it acts as the technical wing of the Ministry for implementation of scientific and technological programme of the Government. The Committee observe that the Budget outlays for 2008-09 for Centre for High Technology (CHT) were increased from Rs. 11.22 crore to Rs. 27.83 crore and for the year 2009-10, against the Budget Estimates of Rs. 11.62 crore, the Revised Estimates were enhanced to Rs. 25.68 crore. The Committee, are surprised over variation in figures of revised estimates and the actuals as Budget Estimates (BE) for capital expenditure, R&D project and special studies by CHT during 2009-10 were substantially increased at RE stage and the actuals are far higher than the Revised Estimates for these activities. The Committee, therefore, feel that the principles of prudent financial management were not followed in the case of CHT while preparing Budget Estimates (BE) and Revised Estimates (RE) and recommend that Government should ensure that the Budget Estimates (BE) and Revised Estimates (RE) are consistent with the actual requirement of funds to carry out the identified project/studies by CHT.

REPLY OF THE GOVERNMENT

1. While figures earlier indicated in Para 1.22 of the Report reflected actuals upto January, 2010, the details in regard to BE, RE and Actual expenditure for the full years 2008-09 and 2009-10 are as under:

Rs. in lakh

Item	2008-09			2009-10			2010-11
	Budget Estimates	Revised Estimates	Actuals	Budget Estimates	Revised Estimates	Actuals	BE
Revenue expenditure	599.80	680.50	560.28	687.55	730.60	657.87	654.60
Capital expenditure	11.00	13.00	4.62	8.00	13.00	7.11	7.00
Projects: (a) R&D Projects	211.42	462.93	214.07	136.99	500.00	152.00	269.99
(b) Special Studies	300.00	1625.00	0.00	330.00	1325.00	0.00	0.00
Total	**1122.22**	**2781.43**	**778.97**	**1162.54**	**2568.60**	**816.98**	**931.59**

2. The reasons for variation in expenditure under various heads are given below:

Capital Expenditure

The Capital Expenditure during 2008-09 was less mainly due to non-

procurement of computers during the year. During 2009-10 the Capital Expenditure was close to BE figures but it was lower than RE mainly due to lower expenses on purchase of computers.

R&D Projects

Budget provision for R&D projects was revised from Rs. 211.42 lakh (BE 2008-09) to Rs. 462.93 lakh (RE 2008-09) to take care of the higher outgo for ongoing projects which were near completion as well as to settle accounts of already completed projects. However, actual payments both for ongoing as well completed projects were less due to lower/no claims from R&D organizations/institutions.

Against BE 2009-10 of Rs. 136.99 lakh, Rs. 500 lakh were provided in RE 2009-10 on account of transfer of "Coal-to-liquid" R&D project from "Special Studies" to R&D projects as well as to take care of higher outgo for ongoing projects, which were near completion as well as to settle the accounts of already completed projects. However, actual payments both for ongoing as well as completed projects were less due to lower/no claim of different projects by R&D projects organizations/institution.

Special Studies

Based on the success of Integrated Refinery Business Improvement Programme (IRBIP) Phase-I, an agreement was signed with Shell GSI in July, 2008 to extend the programme to another four refineries in Phase-II. Higher Outlays for Special Studies at RE 2008-09 and 2009-10 stage were provided as compared to BE. An amount of Rs. 1325 lakh was earmarked at RE 2008-09 stage for IRBIP Phase II Programme as per the agreement signed with Shell Global Solutions, which, however, could not be operated due to changes in extant guidelines for award of such job and process for fresh global tendering was initiated. Accordingly, provision of Rs. 1325 lakh was again made at RE 2009-10 stage for the purpose. Though actions for inviting fresh bids for the study were initiated in 2009-10, the job could not be awarded for execution during 2009-10 due to procedural and policy changes.

3. However, the observations of the Hon'ble Committee have been noted for compliance in future.

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Comments of the Committee

(Please see Para 10 of Chapter-1)

Recommendation (Sl. No. 8, Para No.1.43)

The committee are concerned to note the consistent shortfall in achieving the oil production targets by major upstream PSU ONGC and the Pvt./JV companies in the last 3 years. Against the production targets (MMT) of 27.160, 27.054 and 26.950, the achievement by ONGC has been only 25.944, 25.367 and 25.764 respectively during the years 2007-08, 2008-09 and 2009-10. In case of private companies the shortfall is more significant as against production target (MMT) of 5.15, 5.26 and 5.52 during the last 3 years, the achievement has been 5.08, 4.57 and 4.76 (upto Feb. 2010) only. While expressing displeasures at the shortfall in targets by ONGC and private companies, the Committee desires the companies to find out the reasons for the shortfall and take necessary steps to augment oil production through improved technology. The Committee, further note that for remaining years of XI Plan for 2010-11 and 2012, the targets for private companies have been significantly enhanced to 11.32 MMT and 12.00 MMT. In view of their enhanced target the Committee desires that DGH to do close monitoring of the private companies to ensure that there is no slippage in their achievement.

As regards, gas production the Committee found that though ONGC and OIL have been more or less able to achieve the targets, there is a significant shortfall in achieving targets by private companies. Against a target of 12.59 BCM the actual achievement has been 8.09 BCM and the target for the year 2009-10 is unlikely to be achieved with 19.35 BCM of natural gas produced upto February 2010 against the target 25.43 BCM. While expressing concern on large scale shortfalls on achievement of targets, the Committee, recommend the Ministry of Petroleum and Natural Gas /DGH to take concrete steps and impress upon the need to adhere to the targets both by public and private companies.

REPLY OF THE GOVERNMENT

ONGC

Onshore:

The details of actual crude oil production vis-à-vis targets in **ONGC's onshore** areas during the three years i.e. 2007-08, 2008-09 and 2009-10 are as under:

Year	**Oil Production (MMT)**

	Target	Actual	% Achieve.
2007-08	8.575	7.896	92.08
2008-09	8.158	7.560	92.67
2009-10	7.658	7.518	98.17

It does not include oil production from KG Offshore which is 0.028 MMT in 2007-08, 0.005 MMT during 2008-09 and 0.000075 MMT during 2009-10

It can be seen from the above table that ONGC's crude oil production from onshore areas is marginally declining. The reasons for less crude oil production are mainly due to:

4. Decline in base production in Assam Asset and increase in water cut in major matured fields of Ankleshwar & Ahmedabad Asset.
5. Less gain from EOR fields of Balol and Santhal at Mehsana.
6. Less than envisaged oil gain from IOR schemes in Assam Asset

It is pertinent to mention that most of the producing fields in Onshore area are old & mature and presently major producing fields, Kalol, Jhalora, Nawagam, Viraj, Sanand, Sobhasan, Jotana, Santhal, Ankleshwar etc. in Gujarat and Lakwa, Geleki, Rudrasagar in Assam have crossed their plateau period of production and entered the natural decline phase (a natural process in the production life of oil fields).

It is to mention that 85% of onshore crude oil production comes from 13 major fields and 19 medium fields and average age of these fields is about 30 yrs. Further, no major / large discovery has been made by ONGC in its onshore areas in last two decades and the discoveries made are either small pool or marginal in nature. Inspite of these limitations, in order to arrest the decline / augment crude oil & natural gas production, during the year 2000-01 ONGC has already identified and initiated IOR/EOR schemes in 11 major onshore fields i.e. Kalol, Sanand, Gandhar, North Kadi, Sobhasan, Jotana, Santhal, Balol, Lakwa-Lakhmani, Geleki and Rudrasagar to be implemented in stages through 13 schemes

All the wells and major facilities in Kalol, Gandhar, North Kadi Phase-I & Phase-II, Sobhasan, Jotana & Santhal Infill IOR schemes have been completed. The other IOR schemes namely Lakwa, Geleki, and Rudrasagar are under implementation. The facilities have been created for EOR schemes in Sanand, Balol and Santhal in Gujarat.

ONGC in its onshore areas is adopting various proven new technologies suited for improving oil and gas production from existing fields. Further renowned service providers and world renowned domain experts are engaged for application of latest technologies in onshore fields.

Further, ONGC has taken/ being taking various actions for augmenting/ maintaining the crude oil and natural gas production in its onshore areas. In addition to focus on repair of existing wells, artificial lift and stimulation of wells, various efforts are being made/planned for enhancing oil production in the fields being operated by ONGC in Onshore areas of the country. Details are placed at **Annexure-I.**

Offshore:

The oil/condensate production performance of Mumbai Offshore & East Coast in last 03 years, the achievement with respect to 11th plan targets and the reasons for shortfall are as under:

Year	**Oil Production (MMT)**		
	Plan	**Actual**	**% Achieve.**
2007-08	18.585	18.048	97.11
2008-09	19.099	17.807	93.23
2009-10	20.303	17.340	85.4

Reasons for shortfall

2007-08

- Less inputs in terms of side track wells in Mumbai High and development wells in Heera field.
- Well fluid Handling problem at Mumbai High North after BHN accident and production of additional well fluid processing /handling from new development wells.
- Non-availability of NA-SBM w.ef. 5th July'07 to March'2008.

2008-09

- Delay in installation of 04 new platforms under Heera Redevelopment Project which led to the non availability of planned inputs of 18 new wells.
- Less production from VSEA due to delay in VSEA & BCP-A2 project
- Less input in terms of sidetrack wells due to less availability of rigs and less than anticipated production from development wells.
- Increase in water cut in Neelam and Vasai West (SB-11) fields.
- Less condensate receipt due to non-commencement of gas production from C- series and less condensate drop out in MUT/BUT/HUT gas trunk lines.

- Delay in commencement of production from East Coast.

2009-10

- Less input in terms of development and sidetrack wells and less oil gain than planned from completed sidetrack and development wells. Stuck up pig/choking of 16" X 11.8 km ZB- ICD line from 04.05.2009 to 07.07.09 during pigging operations.
- Delay in commencement of production from new wells of HSC, HJ, B 134 A and HI well platforms planned under Heera Redevelopment project.
- Less than anticipated production from flowing VSEA wells
- Less drop out condensate and less receipt of condensate from C series in view of less gas production from C series.
- Production from East Coast delayed.
- Production from Marginal fields delayed.

Production enhancement through Technology Absorption and Adaptation

In pursuit of enhancing production, ONGC has scouted for new technologies during implementation phase of Mumbai High redevelopment Phase-I in 2001 to 2006.

Some of the new technological initiatives which were undertaken during this phase have been absorbed by ONGC to have field wide application on regular basis are:

6. Extended Reach Drilling (ERD) with horizontal drain hole(s) to reach by-passed oil areas early.
7. Multilateral completions and horizontal completions in lower layers of LIII, use of LWD in reservoir sections.
8. Activation of new completions through surge plug.
9. Use of glycol/ low toxic synthetic oil base mud systems and rotary steering systems to drill Miocene shale, use of medium and short radius drilling in sidetracks, use of whip-stock to kick off sidetracks.
10. CTU friendly completions and use of expandable casing.

Some of the technologies planned or currently on the horizon and likely to be used during the implementation of phase-II redevelopment are as follows.

10. Segmented completion with option of selective production from different sections of the drain hole using swell packer with sliding sleeve.
11. Advanced completion for simultaneous exploitation of productive sub-layers.
12. Use of fiber optic cable for on-line monitoring of well condition (intelligent well completion).
13. Use of 'periscope' for proper placement of horizontal drain hole in thin sub-layers of the reservoir.
14. Use of 'stethoscope' for recording reservoir pressure while drilling.
15. Use of RSS drilling system with SOBM in 17 ½" section to reduce drill time and achieve higher drift.

16. Use of light weight modular rigs for cost effective side-tracking and work-over jobs.
17. Advanced seismic data acquisition (4D-4C), processing and interpretation for
18. Better characterization of the reservoir to identify areas of by-passed oil.

In continuance, following new technological initiates have been undertaken in 2009-10 to improve well productivity, reducing operational risk and cost effectiveness.

4. **Quick Silver technology** was successfully inducted for fast and uncontaminated formation sample recovery and the first job was carried out in exploratory well D – 18 - G at rig Badrinath. Quicksilver has also been used in five wells in Mumbai Offshore during 2009 – 10.
5. **PressureXpress (XPT),** a new generation dynamic tester, is one of the technologies introduced in the year 2009 – 10. XPT success rate of pretests is high even in low permeable formation and saves significant rig time.
6. **Sonic Scanner** inducted for fracture identification, permeability / anisotropy analysis and radial profiling for well bore damage in well VSEA-7H at Rig Ron Top Mayer.

Further, IOGPT, a premier institute of ONGC in the field of production technology has recommended new technologies in 2009-10 which are being planned for field implementation.

- Dual ESP in D-1 field
- Piggable Wye Technology
- Dual POD ESP for performance enhancement
- CO2 well tracer surveillance technology
- Multiphase pump

The above mentioned technological initiatives would be concomitant with the projects / schemes like Mumbai High North redevelopment project phase-II, Mumbai High South redevelopment project phase-II, redevelopment of Heera and South Heera which are under implementation to get incremental oil as under:

4. Redevelopment of Heera & South Heera Fields in Western Offshore. The project envisages an incremental oil and gas production of 10.865 MMT and 2.265 BCM respectively by the year 2030. The total project, including drilling is expected to be complete by June'2010.
5. Mumbai High South Redevelopment Project Phase-II: The project envisages an incremental Oil & gas production of 18.31 MMT and 2.70 BCM (revised) respectively by the year 2030. The total project, including drilling is schedule to be completed by Mar'2013.
6. Mumbai High North Redevelopment Project Phase-II: Approved by ONGC Board in January 2009. The project envisages an incremental Oil & gas production of 17.354 MMT and 2.987 BCM respectively by the year 2030. The total project, including drilling is schedule to be completed by Sept 2012.

In 11th plan , emphasis was given on exploitation of hydrocarbons from marginal fields like B-22 cluster, B-193 cluster, D-18, WO series, B-192 series, C-series,

B-series and North Tapti to augment production from Western offshore. The 11th Plan projections for New and marginal fields (C series , B- 46 +, WO+, D-18, B-192, B- 134, B-22+, B-193+ and North Tapti) are at 6.242 MMT oil production and 11.50 BCM gas production . In the terminal years of 11th plan i.e. 2010-11 and 2011-12, new and marginal fields were expected to contribute 2.196 MMT and 3.246 MMT respectively.

Fields like D-1, SB-11 (Vasai West) and Vasai East have already been put on production and are contributing in production of western Offshore. The current status of offshore marginal fields projects is placed at **Annexure-II**.

OIL

As far as Oil India Limited (OIL) is concerned, crude oil and natural gas production by OIL has been in increasing trend, as seen from the following details, because of various IOR/EOR measures:

	2007-08 (Actual)	2008-09(Actual)	2009-10 (Actual)
Crude Oil Production (MMT)	3.101	3.468	3.572
Natural Gas Production (BCM)	2.34	2.268	2.415

Incidentally, OIL recorded the highest ever production, both crude oil and natural gas, during the year 2009-10. In case of crude oil production, the increase in the year 2009-10 is over 15% compared to 2007-08, while in case of natural gas the increase is 3.2%.

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Comments of the Committee

(Please see Para 13 of Chapter-1)

Annexure-I

Major efforts to enhance oil and gas production

ONGC has taken various actions for augmenting/maintaining the crude oil and natural gas production. In addition to focus on repair of existing wells, artificial lift and stimulation of wells, following various efforts are being made / planned for enhancing oil and gas production in the fields being operated by ONGC in Onshore areas of the country:

In ONGC onshore areas, most of the major producing fields (Kalol, Jhalora, Nawagam, Viraj, Sanand, Sobhasan, Jotana, Santhal, Ankleshwar etc. in Gujarat and Lakwa, Geleki, Rudrasagar in Assam) are old and have crossed their plateau period of production and have entered the declining phase (a natural process in the production life of oil fields). It may also be noted that 85% of the crude oil production is coming from 32 fields (Major & Medium) which have an average age of over 30 years and have an average natural decline in base production of 7-8%. In some of the fields it is as high as 15%.

Various activities such as work over jobs, well stimulation, artificial optimization, reservoir monitoring and reservoir pressure maintenance are being carried out on routine to limit the base decline. Not withstanding the constraints of mature fields and sharp decline in base production, all out efforts are being made to increase crude oil production. Some of the initiatives taken/ being taken to enhance production from onshore fields are as under:

I. Improved Oil Recovery (IOR) / Enhanced Oil Recovery (EOR) Schemes:

ONGC has already identified and initiated IOR/EOR schemes in 11 major onshore fields i.e. Kalol, Sanand, Gandhar, North Kadi, Sobhasan, Jotana, Santhal, Balol, Lakwa-Lakhmani, Geleki and Rudrasagar to be implemented in stages through 13 schemes.

The measures for Improved Oil Recovery (IOR) include:

- Augmentation of production facilities
  - Drilling of additional in-fill wells to reduce the sweep area.
  - Redistribution of water injection.
  - Water & gas shutoff.
  - Zone transfer.
  - Artificial lift optimization.

b. Completed IOR schemes:

All the wells and major facilities in Kalol, Gandhar, North Kadi Phase-I & Phase-II, Sobhasan, Jotana & Santhal Infill have been completed.

b. Under implementation:

Three IOR schemes in Assam i.e. Lakwa-Lakhmani, Geleki and Rudrasagar fields are under various stages of implementation.

These three IOR schemes were reviewed during the course of implementation and the following corrective measures are being taken up:

- Thrust on development drilling activity and prioritization of high potential wells.
- Tracing the bypassed / undrained areas based on the latest available simulation models due to reservoir heterogeneities.
- Use of high volume lift pumps (ESPs) in Lakwa field.
- Reservoir pressure maintenance by enhancement of water injection in Geleki Field operating under depletion drive to arrest the decline in reservoir pressure.

B. Enhanced Oil Recovery (EOR) Schemes:

a. Enhanced Oil Recovery (EOR) Schemes under implementation:

Three EOR schemes in three onshore fields i.e. Sanand, Balol and Santhal in Gujarat have already been initiated.

- Sanand EOR – facilities commissioned in Nov'2001 and scheme under operation.
- Balol and Santhal Insitu Combustion (EOR schemes) - facilities have been commissioned in Nov./Dec.'2001 and the Insitu Combustion is in progress.

Another EOR scheme, Commercial In-situ combustion for Lanwa is under conceptualization which would result a substantial increase in production from the field after implementation.

II. Technology Induction/adoption/absorption:

- MEOR (Micro-biological Enhanced oil recovery) jobs carried out in 25 wells against the plan of 50 wells of Ahmedabad and under evaluation.
- WDP (Wax Deposition Prevention) job carried out in 74.80 Km flowlines of 25 wells in Ahmedabad Asset.

- PDB (Paraffin Degrading Bacterial) jobs carried out in 50 wells of Mehsana Asset which has resulted in substantial reduction of scrapping and hot oil jobs.
- High Volume Lift Pump (ESP) installed in one well and planned for another four wells in Assam Asset.
- Massive hydro-fracturing for enhancement of production from tight formations:
    - In Sobhasan Field, Mehsana Asset, HF job was carried out in 5 wells by Schlumberger resulting in substantial oil gain from all the wells.
    - In Ahmedabad Asset 10 wells have been identified in Kalol and Nawagam field for hydro-fracturing jobs by M/s Schlumberger.
    - More hydro-fracturing jobs may be taken up in Ankleshwar Asset based on successful result from hydro-fracturing in the previous years carried out in association with M/s Schlumberger and In-house efforts.
- Tracer survey for water surveillance job in water injection wells of Geleki field, Assam.

III. Engaging international experts for providing best in class services and technology:

- MOU with M/s Weatherford has been signed to provide specific technology solutions for increasing production from aging oil-fields of its onshore assets.
- Heads of Agreement (HOA) with M/s Shell India signed for technology induction in field optimization for increasing production and enhancing recoveries from fields operated by ONGC. Initially five western onshore fields (North Kadi, Nawagam, Gandhar, Jotana and Linch) have been short listed for due diligence by Shell team.
- Multi Disciplinary Team (MDT) approach is being adopted in Western Onshore area for improving field management. M/s AMSI, having experience in Asset Management, have been engaged to help in rolling out / implementing MDT concept in Western Onshore.
- M/s Practical Reservoir Solution LLC, Houston, USA has been engaged in the area of reservoir engineering & simulation for Lakwa TS-2, Lakhmani & Geleki fields of Assam Asset.

V. Other initiatives to enhance production:

6) **Aggressive infill drilling**

167 development wells are planned for drilling in onshore field in 2009-10.

152 development wells have already been drilled against plan of 125 wells during the period April'09 to Dec'09.

7) **Side-tracking of suboptimal and non-flowing wells using CHFR logs**

Use of CHFR logs has been successfully used while sidetracking in Rudrasagar, Sobhasan and Jotana field. More such jobs are being planned.

8) **Targeting small fields for additional development**

The three fields of Cambay sub-asset i.e. Padra, Akhouljuni and Kathana has been redeveloped by planning to drill 22 development locations out of which 10 locations have been drilled. Further drilling of wells is in progress.

9) Application of gel/polymer technology for profile modification and increased sweep efficiency.

10) Specialized drilling techniques like horizontal drilling, high angle wells, side tracking, multilateral drilling and completion with non-damaging fluid are being adopted to improve well productivity. First deep horizontal well, GNTC, in GS-3A sand of Gandhar field, Ankleshwar Asset has been successfully completed and the well is producing liquid @ of 85 m^3/d as against normal production of about 20m^3/d from conventional wells.

V. New Projects:

Various projects have been taken up in Onshore Assets with the aim of removing surface bottlenecks to improve productivity, product quality, system integrity and meeting environmental norms.

i) Assam Renewal Project (Group–A) has been awarded for surface facilities revamping and upgradation of Lakwa and Lakhmani fields.

ii) Up-gradation of Facilities at Desalter Plant , Nawagam(Ahmedabad): The project has been undertaken to improve product quality and meet the dispatch norms for refinery.

iii) Two pipeline replacement project (2 PLRP), Ahmedabad & Mehsana Asset: The project will help uninterrupted transportation of crude oil to Koyali Refinery as the present line is old and due to frequent line leakages.

iv) Two Pipeline Project (2PLP), Ankleshwar: The project will help in eliminating dependence on tanker transportation and uninterrupted production of crude during monsoon period.

v) Glass Fiber Reinforced Plastic (GRP) water pipe line Project, Ankleshwar: Water through this pipeline shall be used to enhance water injection for reservoir pressure maintenance in Ankleshwar field, apart for fulfilling other operational requirements of the process plants.

vi) GRP-Zanore water pipeline project, Ankleshwar: To enhance water injection for reservoir pressure maintenance in Gandhar field.

vii) Integrated Oil & Gas Pipeline Project (IOGPLP) at Gandhar field, Ankleshwar Asset: These pipelines include 3 gas lift lines for gas lift optimization of gas lift wells and others will help in removing surface de-bottlenecking in addition to improving system integrity.

viii) LP Gas Compression Facility, Rajahmundry: The project envisages creation of LP Gas processing facilities at five installations (Tatipaka, Mandapeta, Ponamanda, Adavipalem, and Mori). The project will help in monetizing 24.5 LCMD of LP gas.

ix) KJ#3–Ramnad gas pipeline project, Cauvery Asset: To handle the augmented gas production from new field Kanjirangudi of Ramnad district.

x) Trunk pipeline project at Cauvery Project: For transportation of crude oil from satellite fields through trunk pipeline.

xi) Creation of surface facilities, Cauvery Asset: A new processing facilities is being set up for Kanjirangudi and Palkbay shallow fields of Ramnad District to process the gas from these fields which are having huge gas reserves.

xii) Creation of Sonamura GGS (0.8 MMSCMD) and pipeline project for augmentation of gas processing facilities at Tripura Asset.

VI. Other Developmental Projects / surface facilities initiatives under implementation

- Augmentation of oil production from Wasna field in Ahmedabad Asset.
- Limbodra field development phase-II in Ahmedabad Asset.
- Gamij field development phase-I in Ahmedabad Asset.
- In order to monetize the idle gas reserves and to facilitate intensification of future E&P activities of Tripura Asset, ONGC Board has approved Feasibility Report titled “projects and facilities to produce and supply 6.0 MMSCMD gas from Tripura gas fields” to be implemented in three phases. Up-gradation and expansion of GCS at Baramura and Agartala Dome to increase the gas handling capacity to 2.7 MMSCMD has been completed. Further construction of GCS at Sonamura (capacity 0.8 MMSCMD) and capacity enhancement of Konaban GCS to 1.5 MMSCMD is planned to supply gas to the proposed 726.6 MW Power Plant at Palatana, Tripura.
- Upgradation & revamping of GGS-I & II of Rudrasagar field of Assam Asset.

Annexure-II

The current status of offshore marginal field projects:

8. **Development of C-Series (C-22, C-23, C-24, C-26, C-39 & B-12):** The project envisages gas production of 15.14 BCM and 6.13 MM Cubic meter of condensate in 15 years (by 2023) from completion of the project. Phase-I Facilities completed on 24.09.2009. Trial production commenced. Drilling of wells is in progress. The project is likely to be completed by Mar'11
9. **Additional Development of D1 field:** The project envisages production of 13.962 MMt oil by 2025. Project approved on 21.01.2010. Project is likely to be completed by Dec'2011.
10. **B-22 Cluster:** The project envisages of 2.46 MMt of oil, 1.13 MMT of condensate and 6.56 BCM gas by 2019-20. Facilities completion schedule 30.04.2011. The total project, including drilling is schedule to be completed by Apr'2012.
11. **B-193 field Development**: The project envisages production of 5.57 MMT oil, 0.75 MMt of condensate & 5.12 BCM gas in 15 years. Facilities completion schedule is March 2012. The total project, including drilling is likely to be completed by March'2012.
12. **B-Series Gas (B-46, B-48, B-105 and B-188):** The project envisages production 5.273 BCM gas & 1.684 MMm3 condensate in 12 years. Pre award activities are in progress. Project is likely to be completed by May 2012.
13. **North Tapti gas field Development**: The project envisages production of 4.116 BCM in 10 years. Project is likely to be completed March 2011.
14. **Development of Marginal field cluster-7 (B-192, B-45 & WO-24 structures):** The project envisages cumulative production of oil & condensate is 9.7 MMt and gas 4.5 BCM over a period of 16 years.

Development of Eastern Offshore Oilfields

a) Integrated Development of G-1 & G-15: The project has been approved at a cost 1262.93 Cr. Integrated development of these fields envisages production of 0.982 MMT of Oil & 5.92 BCM of gas over a period of 15 years. The development of shallow water field (GS -15) and deep water field (G-1) is expected to be completed by May 2011.

b) Development of GS-29 Field: The development of GS-29 field is being taken up under phase I of Project Manik, and drilling of two appraisal wells are planned.

c) G-4 Field Development: The development of G-4 field is to be taken up under phase II of Project Manik and drilling of appraisal wells are planned in 2010-11/2011-12.

d) S1 & Vashishta Fields: The fields are being developed along with the hub

development of KG offshore. Gas production from Vashistha field is expected to be 15.775 BCM over a period of 9 years. Project Vashistha is scheduled to be completed by 2012-13.

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Recommendation (Sl. No. 15, Para No.1.71)

As regards the complaints of deliberate delay in refill supply by LPG distributors, the Committee observe that only 163 cases have been established in the country during the last 3 years and further between April 2009 to January 2010. Out of these 163 cases, only 12 cases have been reported to be established in Delhi. The Committee would like to be apprised of the action taken against these 163 LPG distributors as per the MDG guidelines. The Committee have been informed that the instructions have been issued by OMCs to LPG distributors for making delivery to consumers within 48 hours of booking in normal circumstances. However, in spite of these instructions it is seen that the delivery of LPG is taking much longer time especially in small towns. The Committee desire the OMCs to monitor that these instructions are strictly followed by LPG distributors and also put in place a mechanism for quick redressal of complaints of consumers over late delivery. The Committee also recommend that the OMCs should launch a consumer awareness programme through print and electronic media to educate the customers of their right to get LPG delivery within 48 hours of booking and also of the mechanism available in OMCs for timely redressal of their complaints/grievances in this regard.

REPLY OF THE GOVERNMENT

The customers are educated through release of advertisement in the print media on the various aspects of LPG, including the fact that the customers can expect refill delivery within 48 hrs. of their booking under normal circumstances.

On established cases of deliberate delay in refill supplies, action as per provisions of Marketing Discipline Guidelines (MDG) 2001 is taken against the erring distributorships. MDG-2001 provides:-

Sr.No.	Established minor irregularities	Proposed penal action			
		1st	2nd	3rd	4th

1	Deliberate delay / inaccuracies in submitting reports / undue delay in refill supplies.	Caution / Warning & Counseling	Fine of Rs.5000/-	Fine of Rs.15,000/-	Termination

For redressing customer complaints, Customer Service Cells are being operated at Area / Territory / Regional Offices of Public Sector Oil Marketing Companies (OMCs). The Customer Service Cells handle grievance redressal of the customers in the distribution of LPG by the distributors. The customer service cells provide remedy / information to the varied nature of grievances or queries that are received, in line with the policies applicable thereto. The contact details of Customer Service Cells are periodically advertised in print media as well as in, also on the Cash Memos and displayed in the distributors show room.

In addition to the Customer Service Cells, Toll Free Telephone facility (numbers 155233 / 1800-2333-555) has been made available to LPG customers to convey their grievances / suggestions. Provision has also been made for customers to register their feedback regarding supplies of LPG cylinders through Internet on the website of the respective OMCs.

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Comments of the Committee

(Please see Para 16 of Chapter-1)

Recommendation (Sl. No. 19, Para No.1.82)

The Committee have been informed that City Gas Distribution (CGD) entities and joint ventures of GAIL are undertaking work of laying the CNG network in the country. The Committee note that there are only 173 established CNG stations in NCT of Delhi till date as against projected requirement of 250 stations by March, 2008 in order to cater to expected increase in demand of CNG in near future. The Committee desire that these remaining CNG filling stations be set up soon in Delhi to prevent inconvenience to the public using CNG vehicles. The Committee further note that apart from NCT of Delhi only 8 states and 1 Union Territory have been provided with CNG coverage so far. The number of CNG filling stations set up in States like Uttar Pradesh (30) and Andhra Pradesh (11) is far less while it is negligible in States like Tripura (11), Madhya Pradesh(1), Haryana(6), West Bengal(5) and Daman & Diu(1). The Committee, therefore, recommend that the number of CNG filling station in all these States/UTs should be increased according to the potential gas

requirements as per CNG based vehicles. The CNG network should also be extended to the remaining States/UTs to provide clean fuel to the entire country.

REPLY OF THE GOVERNMENT

From the number of CNG stations 163 (with compression capacity 21 lakh kg per day) as prevailing on March 2008, IGL has now commissioned 241 CNG stations in Delhi, Noida, Greater Noida & Ghaziabad. Work is in progress in another 44 CNG stations in the region and these are expected to be completed by March 2011. Therefore, by March 2011, the number of CNG stations shall be 285 (with compression capacity of around 42 lakh kg per day). In the next three years, the number of CNG stations would have gone up by 75 % and compression capacity would have been doubled. Therefore, IGL has been most aggressive in expanding its CNG infrastructure. IGL shall continue to expand the CNG infrastructure in the entire NCR, so as to ensure a convenient and comfortable refueling experience to the CNG consumers.

One constraint, which significantly delays the start of CNG services from new stations, is the process of getting licence / NOC from concerned authorities. After a CNG station has been completed, clearance has to be taken from Additional Commissioner of Police (Licensing), Delhi Fire Service, Traffic Police Department, District Police and subsequently from Chief Controller of Explosives, Nagpur. Despite intervention at senior level, such as Chief Secretary, Delhi, it still takes almost six months time to complete the process. Therefore, even after completion, CNG station takes almost 6 months before commencement of operation.

For CGD network, connectivity to the source of gas is a prerequisite. Government has recently authorized the laying of nine new trunk natural gas pipelines, namely, Dadri-Bawana-Nangal, Chainsa-Gurgaon-Jhajjar-Hissar, Jagdishpur-Haldia, Dabhol-Bangalore, Kochi-Kottanad-Bangalore/Mangalore, Kakinada-Basudebpur-Howrah, Vijaywada-Nellore-Chennai, Chennai-Tuticorin and Chennai-Bangalore-Mangalore pipelines. CGD projects in Geographical Areas (GA) adjacent to these pipelines will be developed after commissioning of these pipelines.

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Comments of the Committee

(Please see Paras 19 & 20 of Chapter-1)

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINALREPLIES OF THE GOVERNMENT ARE STILL AWAITED

Recommendation (Sl. No. 1, Para No.1.17)

The Committee note that the Non Plan Budget of Rs. 3142 crore of the Ministry of Petroleum and Natural Gas for 2010-11 mainly comprises of subsidies for PDS kerosene and domestic LPG (Rs. 2900 crore), freight subsidy on PDS kerosene and domestic LPG for far-flung areas (Rs. 25 crore), Rs. 183 crore as subsidy for supply of natural gas to North-Eastern Region and a provision of Rs. 15 crore and Rs. 1.60 crore for Petroleum and Natural Gas Regulatory Board (PNGRB) and Society for Petroleum Regulatory respectively. Apart from this, an allocation of Rs. 17.40 crore has been kept for Secretariat and economic services. On the Plan side, the Committee note that an allocation of Rs. 36 crore has been made towards Rajiv Gandhi Institute for Petroleum Technology (RGIPT) project, Jais, Rai Barelli and a token provision of Rs. 1 crore has been made for a new scheme for providing LPG connection to BPL families as onetime assistance of Rs. 1400/LPG connection. While considering various allocations made in the DFG for 2010-11, the Committee observe that although Rs. 490 crore are stated to be required to cover 35 lakh BPL families, only one crore token grant was earmarked for one time assistance to BPL families @ Rs.1400 per LPG cylinder. In this regard, the Committee want to emphasise that a flagship scheme of LPG connection to BPL families should not face any financial crunch. The Committee would like to be apprised of the detailed steps taken by the Government and the strategy planned in this regard to achieve the targets. At the same time, the Committee would also like to be apprised of State-wise figures of BPL families likely to be covered under the scheme during 2010-11 and 2011-12.

REPLY OF THE GOVERNMENT

As per the "**Vision-2015"** adopted for the LPG sector, a target has been given to the OMCs to raise the over-all LPG population coverage to 75% in the country by releasing 5.5. crore new LPG connections by 2015 especially in rural areas and under-covered areas. As the urban centers are more or less, covered by LPG network, future growth envisaged under "Vision – 2015" will be concentrated in

the rural/under-covered areas.

As a step towards this direction, the Rajiv Gandhi Gramin LPG Vitrak Yojana (RGGLVY) for small size LPG distribution agencies has been launched on 16.10.2009. To ensure that growth of LPG usage is evenly spread, OMCs are assessing/identifying locations in a phased manner under RGGLVY.

RGGLVY scheme which primarily aims at providing LPG to the rural house-holds, including BPL families has been launched on 16.10.2009 and subsequently advertisements inviting applications for distributors under the scheme have been released in 8 States where the reach of LPG is very low namely, Bihar, Chhatisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh and West Bengal covering 1266 locations in the 1st phase of implementation of this scheme and 763 locations in the States namely, Andhra Pradesh, Karnataka, Maharashtra, Puducherry and Tamil Nadu in the 2nd phase. The selection of the same is in progress as per policy. However, the setting up of LPG distributors involves identifying of a suitable location, arranging land for construction of godown/ showroom and obtaining statutory clearances.

The Corporate Social Responsibility (CSR) scheme has since been approved. It has been decided to utilize 20% of Corporate Social Responsibility (CSR) funds of six major Oil PSUs namely Indian Oil Corporation Limited (IOC), Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Limited (HPCL), Oil and Natural Gas Corporation Limited (ONGC), GAIL (India) Limited and Oil India Limited (OIL) for extending one time financial assistance of Rs. 1400 to cover the security deposit for one LPG cylinder and one Pressure Regulator to Below Poverty Line (BPL) families applying for new LPG connection at Rajiv Gandhi Gramin LPG Vitrak (RGGLV) distributors. Approximately, 70 lakh BPL families will be covered under this scheme during 2010-11 & 2011-12. The State-wise details could be made available only after implementation of the scheme in the country

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Recommendation (Sl. No. 6, Para No.1.32)

The Committee note that the Expert Group headed by Dr. Kirit Parekh

Committee has made several recommendations on 'viable and sustainable pricing of petroleum products'. In this regard, the Committee urge the Government not to consider the expert group recommendations in isolation but to give due weightage to the recommendations made by the Committee on Petroleum and Natural Gas in their 6th and 10th Reports (14th Lok Sabha) on 'Pricing of Petroleum Products'.

REPLY OF THE GOVERNMENT

The Government has constituted an Empowered Group of Ministers on 27.4.2010, which will consider the issues relating to the under-recoveries of the Oil Marketing Companies on the sale of four sensitive petroleum products.

(MINISTRY OF PETROLEUM AND NATURAL GAS
OM NO. G- 25015/6/2010- Fin I , Dated 20th July 2010)

Recommendation (Sl. No. 18, Para No.1.81)

The Committee note that IGL, a joint venture with BPCL and Government of National Capital Territory of Delhi, has been authorized to undertake City Gas Distribution (CGD) programme in Delhi and adjoining areas. Till now IGL network has penetrated areas/colonies with estimated 4.5 lakh households which comes to around 20% of entire population of Delhi. IGL has so far released PNG connections to 1.72 lakh household in NCT of Delhi which comes to about 22.5% of households covered by PNG network. To cover the entire Delhi households by 2012, the city had been divided into 70 charge areas by Petroleum and Natural Gas Regulatory Board and these areas correspond to 70 legislative constituencies. The Committee are unhappy to note that IGL has failed to provide PNG connection to a majority of the household in the existing network in the city and the reasons for this were cited as large number of occupants being tenants, intermittent occupancy and unwillingness to discontinue LPG connection. The Committee also note that PNG connections are being provided only in authorized localities/colonies in the city and urban villages and unauthorized colonies have been left out. In this regard, the Government has assured that IGL shall be in readiness to extend pipeline network to offer its services even to unauthorized colonies as and when these colonies are regularized by civil agencies and subject to technical feasibility from safety and other consideration. The Committee feel that in the present scenario where

IGL's PNG network has covered only 20% of the entire population of Delhi, and only 22.5% of households in the covered area has been provided PNG connections, as there are a total of 43.7 lakh LPG customers in the city, it may not be easy for the company to cover the remaining 80% population by 2012. The Committee, therefore, recommend that the Government should make all out efforts not only to ensure that the PNG network already laid in the city is fully utilized to its potential but also to extend the network coverage to entire city by 2012 as targeted. The Petroleum and Natural Gas Regulatory Board should take necessary measures to ensure that the IGL meets the various conditions and obligations it has agreed to in the mater of providing PNG network and connections to all the household in Delhi.

REPLY OF THE GOVERNMENT

Delhi has been divided into 70 charge areas corresponding to 70 Assembly constituencies. So far IGL's network is present in 53 charge areas. IGL plans to extend its network to all the 70 charge areas by March 2012. A mega expansion plan for the next five years, involving capex to the tune of Rs. 3000 crore, has already commenced for expansion of the infrastructure in Delhi, Noida, Greater Noida and Ghaziabad.

So far, IGL has provided PNG connections to over 1.8 lakh domestic kitchens. The expansion of PNG network is being undertaken at a fast pace, so that IGL is able to provide PNG connectivity to the residents of all the 70 charge areas by March 2012. It is pertinent to mention that IGL has far exceeded the project milestones set by PNGRB for providing PNG connections in the last year and is fast on course to provide one lakh new domestic PNG connections every year.

IGL is doing its best to provide connectivity to all the residents, wherever they are located. IGL would initially be taking up authorized and regularized colonies. IGL is also committed to lay its network and provide its services even in those colonies which are not yet regularized, as soon as the colonies get regularized by Government.

There is a definite delay in execution of work because of delay in digging permissions by civic authorities. There are many other reasons for withholding permissions, such as VIP movements, and presently due to Commonwealth Games. The progressive release of permissions allows IGL to continue the expansion of network, but the same would be spread over a period of time. The laying of network in entire Delhi, therefore, is bound to take a few years, because

of the pattern of release of digging permissions by civic authorities. It is expected that IGL's network will definitely reach in all 70 charge areas by 2012 and, further, the penetration to all Delhi residents in authorized colonies should be possible by 2015. There is no other constraint on part of IGL, which limits the progress of network expansion and release of PNG connections.

(MINISTRY OF PETROLEUM AND NATURAL GAS
OM NO. G- 25015/6/2010- Fin I , Dated 20th July 2010)

Recommendation (Sl. No. 20, Para No.1.85)

The Committee are unhappy to note that the Ethanol Blended Petrol (EBP) Programme of the Government which stipulated 5% blending of ethanol with petrol as mandatory with effect from 9.10.2007 and optional blending of 10% ethanol with petrol from October 2007 and thereafter mandatory blending from October 2008, had failed miserably as availability of ethanol during the period 2006-2009 was deficient to the extent of 60%. Despite several steps taken by the Government and the consequent reduction or removal of various duties on ethanol imposed by different State Governments, the supply of required quantity of ethanol could not be ensured to the OMCs. In the absence of availability of adequate ethanol for 5% blending with petrol, it is not clear how the OMCs will implement latest decision of the Cabinet Committee on Economic Affairs (CCEA) to enforce mandatory blending of 5% ethanol with MS petrol for the time being and the OMCs to face financial penalties in default of the same. The Committee, therefore, feel that the Government should have first taken necessary steps to resolve all the issues relating to supply of adequate ethanol instead of imposing penalties on OMCs as mandated by the decision of Cabinet Committee on Economic Affairs (CCEA).

REPLY OF THE GOVERNMENT

The availability of ethanol has been well below the mark to sustain the EBP Programme at 5% level. The availability of ethanol during the period 2006-2009 was deficient to the extent of 60%. Besides there were State specific issues, which impeded the smooth implementation of EBP Programme, as such it could not be implemented in 6 States and 1 UT at all out of 20 States and 4 UTs notified. And in the rest of 14 States and 3 UTs the programme could be run only on the basis of whatever procurement could be made. But nowhere it could reach upto 5% level uniformly.

2. In view of the acute the shortage of ethanol availability, and other constraints coming in the way of implementing the EBP Programme even on 5% optional basis, MoPNG submitted a note on 19.10.2009 seeking relaxation of the mandatory clause imposed by Government's earlier decision of 9.10.2007 till the availability of ethanol in required quantity and uniformity in the state government procedures in use and movement of ethanol become a reality in practice.

3. The Government decided on 12.11.2009 (i) to enforce mandatory blending of 5% ethanol with MS for time being and in the event of the failure of oil marketing companies to do so, appropriate financial penalties be imposed on them. (ii) All issues relating to supply of ethanol be resolved by Inter-ministerial Committee consisting of Secretaries in Department of Food & PD, Department of Consumer Affairs, MoPNG and MNRE.

4. A revised proposal was mooted by MoPNG suggesting purchase of ethanol from domestic producers at a price fixed by the government. Different opinions were expressed by Department of Chemicals & Petrochemicals, Department of Food & Public Distribution and Ministry of Heavy Industries. A Group of Ministers (GoM) was constituted to harmonize the views expressed.

5. The GoM held a meeting on 6.4.2010, where in issues of different ministries were discussed and following was recommended:

(i) The price of ethanol may be fixed at Rs.27/litre till such time it is reviewed by a Committee of Experts, under the Chairmanship of Dr. Saumitra Chaudhury, Member, Planning Commission having Senior Advisor (Energy), a representative of Sugar Industry, a representative of Oil Industry, Joint Secretary from Ministry of Petroleum & Natural Gas and Joint Secretary (Sugar) as other members and a decision taken thereon by the competent authority

(ii) The Oil Marketing Companies will procure ethanol produced from indigenous sources only at the determined price.

(iii) Department of Chemicals & Petro Chemicals may take up the matter regarding reduction of import duty on industrial alcohol from 7.5% to 0% separately for consideration in case the landed cost of imported ethanol inclusive of duty is more than Rs.27/litre.

6. Government is yet to take a decision on the recommendations of the GoM.

(MINISTRY OF PETROLEUM AND NATURAL GAS
OM NO. G- 25015/6/2010- Fin I , Dated 20th July 2010)

Recommendation (Sl. No. 22, Para No.1.92)

The Committee noted that in all 26 Coal Bed Methane (CBM) contracts were awarded for exploration CBM gas with estimated reserves of about 1379 BCM of CBM gas. The expected peak production from these blocks is 38 MMSCMD while the current productions only 0.22 MMSCMD. As regards the progress of ONGC in its nine CBM blocks, the Committee have been informed that the company has made the exit from the 3 awarded blocks after completion of Phase I activity and is further planning to surrender 1 more block even before completing Phase I activity in view of nil prospectivity of block. In the remaining 4 blocks viz. Jharia, Bokaro and North Karanpura, Raniganj and South Karanpura development work of CBM reservoirs is in different stages, and hence CBM production has not been started from these blocks. The Committee desire ONGC to take expeditious action to develop all the 4 blocks at the earliest in order to commence CBM production. The Committee strongly recommend that the CBM production from these native alternative fuel reserves could be effectively augmented by application and import of new advanced exploration technologies and technical knowhow. The Committee further desire Government/Oil PSUs to make an indepth analysis of the reasons for scanty production from these reservoirs and take conclusive action to overcome the problems identified.

REPLY OF THE GOVERNMENT

ONGC was awarded 9 CBM blocks of which it has relinquished 4 because of their poor CBM prospectively and is presently pursuing its CBM exploration activities in the remaining 5 blocks. Four blocks viz. Jharia, Bokaro, North Karanpura and Raniganj are in exploration phase – II and one Block South Karanpura is in exploration Phase –I.

ONGC is pursuing its CBM exploration activities in all the blocks in right earnest as per the committed minimum work programme (MWP) and the present status of its activities is as follows:

Name of the Block	Awarded under	Participative Interest	Committed Work Programme to GoI	As on date, Status of the Drilling activities in the Block
Jharia	**Nomination**	**ONGC:CIL 90:10**	**Phase-I** **Other Sector:** 8 Coreholes, 2 Expl Wells **Phase-II** **Parbatpur Sector** 9 Pilot wells	**Other Sector** : Drilling of all 8 Coreholes and 2 Exploratory Test Wells Completed **Parbatpur Sector** Drilling of wells equivalent to 9 Pilot wells completed
			Phase-II **Other Sector :** 2 Pilot wells **Phase-III**	**Other Sector:** 2 Pilot wells lined up for drilling. **Parbatpur Sector:** Final Development Plan submitted

			Parbatpur Sector	to GoI for approval.
Bokaro BK-CBM-2001/1	**CBM –I round of bidding**	**ONGC:IOC 80:20**	**Phase-I** 8 Coreholes & 2 Expl Wells	Drilling of all 8 Corehole and 2 Exploratory Test Wells Completed
			Phase-II 12 Pilot wells	2 Test Wells carried forwarded as Pilot wells from Phase-I to Phase-II + Drilling of 5 Vertical Pilot wells and 1 Horizontal Pilot wells completed.
North Karanpura NK-CBM-2001/1	**CBM –I round of bidding**	**ONGC:IOC 80:20**	**Phase-I** 9 Coreholes & 2 Expl Wells	Drilling of all 8 Corehole and 2 Exploratory Test Wells Completed
			Phase-II 6 Pilot wells	2 Test Wells Carried forwarded as Pilot wells from Phase-I to Phase-II + Drilling of 1 Vertical Pilot well is in progress and 2nd pilot well is being taken up shortly.
Raniganj	**Nominatio n**	**ONGC:CIL 74:26**	**Phase-I** 8 Coreholes & 1 Expl Wells	Drilling of all 8 Coreholes and 1 Exploratory Test Well Completed.
			Phase-II 2 Pilot wells	2 Pilot wells lined up for drilling.
South Karanpura (SK-CBM-2003/II)	**CBM-II round of bidding**	**ONGC(100)**	**Phase-I** 10 Coreholes & 3 Expl Wells	Drilling of all 8 Coreholes and 3 Exploratory Test Wells completed.

As far as production of CBM is concerned, Final Development Plan (FDP) for Parbatpur area measuring 18 SKM in Jharia Block and having an estimated in-place reserve of 17.72 BCM has been submitted to GoI for approval. As required by DGH/MoP&NG, the same was got certified by 3rd Party. The pilot project involves drilling of 14/15 horizontal multilateral wells with projected production of 4 lakh cubic meters per day (LCMD) of CBM. Once the approval of FDP is received activities related to Development Phase will be initiated. CBM production from this block was originally scheduled for 2007; however it has been delayed due to the acute problems faced in Land Acquisition and due to complications arising out of the allocation of Coal Mine Block which is overlapping with CBM Block. The issue is yet to be resolved and has delayed the project by more than two years. However, at present, incidentally produced gas during production testing, is being sold at a rate of $5.1 per MMBTU to Calcutta Compression & Liquification Ltd. (CC&L) since 26th Jan'10, after obtaining the approval of GoI.

In Bokaro Block, at the completion of Phase-I, prospective area delineated from exploratory activities is about 45 Sq Km and estimated in-place CBM is about 29 BCM. Phase-II activities are being taken up and depending on the results Development Plan will be submitted.

In North Karanpura Block, at the completion of Phase-I, prospective area delineated from exploratory activities is about 110 Sq Km and estimated in-place CBM is about 33 BCM. Phase-II activities are being taken up and depending on

the results Development Plan will be submitted.

In Raniganj CBM Block prospective area is delineated from exploratory activities (Phase-I) and work related Phase –II activities along with estimates for in-place CBM is in progress.

In South Karanpura Phase –I activities are in progress.

As far as application of latest state of the art technology is concerned ONGC has implemented drilling of horizontal multiseam multilateral wells in Jharia Block to surmount the difficulties of land acquisition and also to find a solution to the complicated area overlapping issue of Coal Mining Block with CBM block. In case of successful application of this technology, from a single site 3 wells can be drilled in place of 8-12 vertical wells from 8-12 different sites, thereby reducing land usage (lessening environmental impact), reducing the cost of surface facilities and also considerably enhancing production.. Moreover, this may also help in harmonious exploitation of CBM and coal resources from the area.

A collaborative research project on CBM between ONGC and University of New South Wales, Australia is underway which includes Reservoir characterization and rock in-situ stress and natural fracture characterization in Bokaro, North Karanpura and Jharia blocks. These studies will not only give an in-depth analysis of the CBM reservoirs but will help in their effective exploitation.

(MINISTRY OF PETROLEUM AND NATURAL GAS
OM NO. G- 25015/6/2010- Fin I , Dated 20th July 2010)

New Delhi;
4th March, 2011
13 Phalguna ,1932 (Saka)

ARUNA KUMAR VUNDAVALLI,
Chairman,
Standing Committee on
Petroleum & Natural Gas.

Annexure-I

MINUTES

STANDING COMMITTEE ON PETROLEUM & NATURAL GAS

(2010-11)

SIXTH SITTING

(4.2.2011)

The Committee sat on Friday, the 4th February 2011 from 1500 hrs. to 1700 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Aruna Kumar Vundavalli - Chairman

MEMBERS

Lok Sabha

2 Shri Anandrao Adsul
3 Smt. Santosh Chowdhary
4 Dr. Ratna De
5 Shri Mukesh B. Gadhvi
6 Shri Maheshwar Hazari
7 Shri Gorakh Prasad Jaiswal
8 Shri Sudarshan Bhagat
9 Dr. Thokchom Meinya
10 Shri Kabindra Purkayastha
11 Shri K. Narayan Rao
12 Shri C.L. Ruala
13 Shri Om Prakash Yadav

Rajya Sabha

14 Shri Tapan Kumar Sen
15 Shri Sabir ali

Secretariat

1.	Shri A.K.Singh	-	Joint Secretary
2.	Smt. Anita Jain	-	Director
3.	Shri J.V.G. Reddy	-	Additional Director
4.	Shri Arvind Sharma	-	Deputy Secretary

Representatives of the Ministry of Petroleum & Natural Gas

1.	Shri S.Sundareshan	-	Secretary
2.	Shri L.N.Gupta	-	Joint Secretary

Ministry of Finance (Department of Revenue)

1.	Shri Anup Kumar Srivastava	-	Joint Secretary

Ministry of Finance (Department of Expenditure)

1.	Smt. Meena Aggarwal	-	Joint Secretary (PF-I)

Representatives of Public Sector Undertakings and other organisations

1.	Shri S.V.Narasimhan	-	Chairman (Addl. Charge) and Director (Finance), IOCL
2.	Shri A.K.Hazarika	-	CMD (Addl. Charge) and Director (Onshore), ONGC
3.	Shri N.M.Borah	-	CMD, OIL
4.	Shri B.C.Tripathi	-	CMD, GAIL
5.	Shri S. Radhakrishnan	-	Acting CMD, BPCL
6.	Shri D.K.Saraf	-	Dir. (Fin), ONGC
7.	Shri T.K.Ananth Kumar	-	Dir. (Fin), OIL
8.	Shri B. Mukherjee	-	Director (Fin), HPCL
9.	Dr. B. Mohanty	-	Director, PPAC
10.	Shri S.P.Gupta	-	Director (Fin), PPAC

2. ** ** ** ** ** ** ** ** ** ** **

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3. ** ** ** ** ** ** ** ** ** ** **

4. ** ** ** ** ** ** ** ** ** ** **

5. Thereafter, the Committee took up for consideration the draft Action Taken Report on the recommendations contained in the 2nd Report (15th Lok Sabha) on Demand for Grants (2010-11) of Ministry of Petroleum and Natural Gas and adopted the same without any modification. The Committee also authorised the Chairman to finalise the Report after making 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.

The Committee then adjourned.

** Matter not related to the subject

Annexure II

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE SECOND REPORT (FIFTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON PETROLEUM AND NATURAL GAS (2009-10) ON 'DEMANDS FOR GRANTS (2010-11) OF THE MINISTRY OF PETROLEUM AND NATURAL GAS'.

I	**Total No. of Recommendations**	25
II	Recommendations/Observations which have been accepted by the Government (Vide Recommendations at Sl. Nos. 5,9,10,11,13,14,17,24 and 25)	9
	Percentage to Total	36%
III	Recommendations/Observations which the Committee do not desire to pursue in view of Government's Reply (Vide Recommendations at Sl. Nos. 3,7,12,16,21 and 23)	**6**
	Percentage of Total	24%
IV	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (Vide Recommendations at Sl. Nos. 2,4,8,15 and 19)	5
	Percentage of Total	20%
V	Recommendations/Observations in respect of which final replies of the Government are still awaited (Vide Recommendations at Sl. Nos. 1,6,18,20 and 22)	5
	Percentage of Total	24%