



**STANDING COMMITTEE ON
PETROLEUM & NATURAL GAS
(2012-13)
FIFTEENTH LOK SABHA**

MINISTRY OF PETROLEUM & NATURAL GAS

SAFETY OF OIL INSTALLATIONS

[Action Taken by the Government on the recommendations contained in the Twelfth Report (Fifteenth Lok Sabha) of the Standing Committee on Petroleum and Natural Gas (2011-12)]

SEVENTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

May, 2013/ Vaisakha, 1935 (Saka)

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Report (Fifteenth Lok Sabha) of the Standing Committee on Petroleum and Natural Gas
(2011-12)]*

Presented to Lok Sabha on 08.05.2013

Laid in Rajya Sabha on 08.05.2013

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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 Seventeenth Report on Action Taken by the Government on the recommendations contained in the Twelfth Report (Fifteenth Lok Sabha) of the Committee on 'Safety of Oil Installations'.

2. The Twelfth Report of the Standing Committee on Petroleum & Natural Gas was presented to Lok Sabha on 22 May, 2012. The Action Taken Replies of the Government to all the recommendations contained in the Twelfth Report were received on 30th August, 2012.

3. The Standing Committee on Petroleum & Natural Gas (2012-13) considered and adopted the Report at their sitting held on 02 May, 2013.

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

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;
06 May, 2013
16 Vaishakha, 1935 (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 Twelfth Report (Fifteenth Lok Sabha) of the Standing Committee on Petroleum and Natural Gas (2012-2013) on 'Safety of Oil Installations', which was presented to Lok Sabha on 22.5.2012.

2. Action Taken Notes have been received from the Government in respect of all the 16 Recommendations /Observations contained in the Report. These have been categorized as follows:-

(i) Recommendations/Observations that have been accepted by the Government:- SI.Nos. 1,7,8,10 and 15.

(Chapter- II)

(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies SI. Nos.- 4,5,9 and 11

(Chapter-III)

(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:- SI.No. 13 and 14

(Chapter-IV)

(iv) Recommendations/Observations in respect of which final replies of the Government are still awaited: - SI. Nos. 2,3,6,12 and 16.

(Chapter-V)

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.

Recommendation SI. No. 2

Need for Consolidation of safety legislations

5. The Committee note that 9 legislations (6 for downstream companies and 3 for upstream companies) have been enacted to deal with the safety aspects of oil and gas industry. There are 7 agencies both in Central and State Governments dealing with enforcement of safety standards. The Committee note that some of the legislations like Explosives Act, 1884, Petroleum Act, 1934, Oil Mines Act, 1952 and Petroleum and Natural Gas Rules, 1959 under ORDA Act, 1948 are very old and desire that the Government should revisit the safety clauses of these legislations pertaining to the oil and gas sector in the light of new technologies / practices evolved during the years in this sector.

The Committee opine that multiplicity of legislations to deal with the safety of oil and gas installations has made the enforcement process difficult. The Committee recommend the Government to bring out an umbrella legislation for the oil and gas sector with the Ministry of Petroleum and Natural gas as nodal Ministry incorporating all safety related provisions contained in different Acts.

6. In response, the Ministry of Petroleum and Natural Gas has submitted the following:

“Ministry will review the old Acts coming under its jurisdiction by a panel / committee for possible amendments, if any.
Regarding bringing in of an umbrella legislation on safety issues, since different Ministries are administering different acts/rules on safety, concerned Ministries will be consulted before a decision is made on the issue”.

7. The Committee in their recommendation had pointed out that multiplicity of legislations to deal with the safety of oil and gas installations had made the enforcement process difficult. To streamline the same, the Committee had desired the Government to bring out an umbrella legislation by incorporating all safety related provisions contained in different Acts for the oil and gas installations with the Ministry of Petroleum and Natural Gas as nodal Ministry.

The Ministry in its reply to the above recommendation has stated that it would review the old Acts coming under its jurisdiction by a panel for possible amendments. Further, it has stated that since different Ministries are administering different Acts/Rules on safety, concerned Ministries would be consulted before a decision is made on the issue.

While welcoming the initiative of Ministry to review the old Acts coming under its jurisdiction by a panel, the Committee would like the Ministry to apprise them of the progress made on the issue regarding conditions, terms of reference and also the work done by the reviewing Panel. Further, the Committee desire that the Ministry should earnestly strive for a comprehensive umbrella legislation on safety related issues of the oil and gas installations.

Recommendation No.3

Need for Single Agency to Enforce Safety

8. The Committee note that OISD has been functioning as the technical directorate of the Ministry of Petroleum and Natural Gas and has formulated 112 safety standards. OISD checks the implementation of these standards through various safety inspections but has statutory powers to enforce these standards only for upstream offshore installations. The Committee further note that PESO which is under the administrative control of Ministry of Commerce and Industry is the competent authority to administer Petroleum Rules under Petroleum Act, 1934 which inter alia refers to 6 crucial OISD standards pertaining to fire protection facilities for downstream oil and gas installations. The Committee further note that Director General of Mines Safety (DGMS) under the administrative control of Ministry of Labour and Employment has been vested with powers for enforcing safety rules for onshore oil and gas installations.

The Committee have been informed that there is a proposal to transfer the PESO's job relating to Petroleum Rules to OISD. The Committee are in agreement with this move and desire that the process of transfer should be completed at the earliest. The Committee further recommend that the Ministry should take up the matter with appropriate authorities for the transfer of DGMS responsibilities under the Petroleum Rules to OISD as well.

The Committee would like to point out that multiple agencies enforcing different set of safety laws will lead oil industry to comply with number of authorities for safety related laws and regulations. The Committee view that there will be no clear accountability on the part of agencies as they may blame other agencies for any lapses which lead to incidents. The Committee, therefore, recommend that OISD should be made the nodal agency to formulate, monitor and enforce the OISD standards and other applicable laws for the entire oil and gas sector.

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

“The proposal to transfer PESO's job relating to Petroleum Rules to OISD is being pursued by the Ministry and it has been decided to engage a reputed consultant to work out the manpower requirement, financial implications, legal

issues, etc. and the terms of reference for the consultant have been finalized by OISD.

As regards transfer of responsibilities entrusted to DGMS to the OISD, it is mentioned that the Ministry of Labour and Employment had in December, 2012 moved a Cabinet proposal for amendment in the Mines Act, 1952 which would extend jurisdiction of the Act beyond 12 nautical miles that is up to the Exclusive Economic Zone and Maritime Zone of India as defined in the Territorial Waters Continental Shelf, Exclusive Economic Zone and Maritime Zones Act, 1976. MoP&NG had raised strong objections since the Petroleum and Natural Gas (Safety in Offshore Operations) Rules, 2008 notified under Section 8 of the Oilfields (Regulation and Development) Act, 1948, aimed at regulating the process of safety in offshore oil and gas activities was already in operation. It was explained that the proposed amendment of the Mines Act, 1952 would lead to duplication. The matter was referred to the Committee of Secretaries. After due deliberation, the CoS recommended that the changes proposed by the Ministry of Labour & Employment could be notified without effecting the existing Rules made by MoP&NG. The Cabinet approved this proposal to notify the proposed amendments over and above the Rules notified by MoP&NG.

Similarly, if transfer of functions related to oil and gas sector is eventually effected from PESO to OISD, the OISD's jurisdiction in on-shore areas could continue alongside that of DGMS".

10. The Committee had pointed out with concern that multiple agencies like PESO, OISD and DGMS enforcing different set of safety laws will lead oil industry to comply with number of authorities for safety related laws and regulations. To ensure accountability for the lapses, the Committee recommended the Ministry to designate OISD as the nodal agency to formulate, monitor and enforce all OISD standards and other applicable laws for the entire oil and gas sector.

The Ministry, in its reply has intimated that a proposal to transfer PESO's job relating to Petroleum Rules to OISD is being pursued. In this regard, a reputed consultant is being engaged to workout the modalities like manpower requirement, financial implications, legal issues etc and the terms of reference for the consultant have been finalized by OISD. Further, it has been stated that if transfer of functions related to oil and gas sector is eventually effected from PESO to OISD, the OISD's jurisdiction in onshore areas could continue alongside that of DGMS.

The Committee are not satisfied with the reply of the Ministry. The Committee also feel that continuation of OISD's jurisdiction in on-shore areas alongside that of DGMS is a clear dilution of Committee's recommendation. The

Committee, therefore, reiterate that OISD should be made the nodal agency to formulate, monitor and enforce the OISD standards and other applicable laws for the entire oil and gas sector. Also, efforts must be initiated at the earliest to confer statutory status upon OISD. Further, the powers of DGMS must be brought under the functional jurisdiction of OISD for the successful implementation of MB Lal Committee recommendations.

Recommendation No.6

Safety Recommendation implementation

11. The Committee note that MB Lal Committee which was constituted in the aftermath of the Jaipur fire accident in October, 2009, came out with a Report containing 113 recommendations. The Ministry while accepting the Report specified a time line of 24 months i.e. by end of April 2012 in consultation with OMCs for the implementation of these recommendations. The Committee are constrained to note that by April, 2012, only 66 recommendations out of 113 have been implemented. The Committee further note that the timeline has been shifted to December, 2014 for implementation of some of the recommendations.

The Committee are unhappy that though the initial timeline has expired, the recommendations especially pertaining to procurement and installation of important safety equipments are still pending. This reflects poorly on the managements of OMC's and their planning and implementation abilities. The Committee strongly deprecate the dilatory tactics of the OMCs and inefficient supervision of the Ministry resulting in inexplicable delays in the implementation of safety standards.

Taking into account all factors, the Committee would, therefore, recommend that the Ministry should direct the OMC's to fast track the procurement of safety items and desire that the Secretary should monitor the progress on fortnightly basis. The Committee would like to be apprised of the implementation status within a month

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

OMCs have been advised to expedite implementation of the MB Lal Committee recommendations and the same is being monitored through OISD.

Ministry has, so far, been monitoring implementation of MB Lal Committee recommendations, including standards 116 & 117 through a Joint Implementation Committee (JIC) constituted by the Ministry. 27 meetings of the JIC have been held, so far. The JIC has now been abolished and the implementation of the M B

Lal Committee recommendations are being monitored through the OISD. The latest implementation status is placed at Annexure I.

13. The Committee in their recommendation had noted with concern that only 66 recommendations have been implemented out of 113 recommendations of M.B.Lal Committee. Further the Committee deprecated the postponement of implementation schedule of M.B.Lal Committee recommendations from April 2012 to December 2014. The Committee had therefore, recommended the Ministry to direct the OMCs to fast-track the procurement of safety items and desired that the Secretary should monitor the progress of the same on fortnightly basis.

The Ministry in this regard has stated that OMCs have been advised to expedite the implementation of M.B.Lal Committee recommendations and the same is being monitor through OISD. The Ministry has further informed that so far, 71 recommendations have been implemented out of 113 recommendations of M.B. Lal Committee.

While expressing the displeasure at the casual reply of the Government, the Committee are concerned to note that so far only 71 recommendations out of 113 of M.B.Lal Committee have been implemented till September, 2012 which amounts to only 63% of the total recommendations. Further, the Committee feel that the Ministry has absolved its supervisory responsibilities by shifting the role of supervision to OISD. The Committee, therefore, urge the Ministry to take upon the implementation of M.B.Lal Committee seriously and entrust themselves with the work of supervising the implementation process rather than devolving the responsibility to OISD.

Recommendation No.13

14. Rim Seal Fire Detection System The Committee note that the Rim Seal Fire Detection System is an the important safety equipment that needs to be installed in the tanks carrying hydro carbons. The Committee note that about 618 nos. of this system are required involving an expenditure of Rs. 1125 crore for all the three oil marketing companies. The Committee note it was decided on 8th October, 2010 that this item was to be procured on Joint Industry basis. The Industry Working Group finalized tender document on 11th September, 2011.

The Committee further note that as the volume of work was enormous and installation specific, the OMCs decided to go for individual tender basis on 8th December, 2011. The Committee express unhappiness at the time taken by the 3 OMCs for finalizing the tender document which almost took one year and then to go for company-wise tender.

The Committee are further anguished that after all the exercise Ministry has now informed that there is a proposal to cancel the tender since only one offer was received and the bid was also not meeting the tender criteria. Industry working group has now decided to revisit the Rim Seal specification. The Committee are dismayed that an important recommendation of the MB Lal Committee has not progressed even after two years and the process has to start afresh. The Committee would urge the Ministry to relook at the decision of the OMCs as there appears to be a deliberate attempt on the part of OMC's to delay in implementing this safety recommendation.

15. In response, the Ministry of Petroleum and Natural Gas has submitted the following

OMCs have Maharatna and Navratna status with sufficient autonomy in commercial / procurement matters.

Reasons for delay in procurement of the system have already been communicated to the Standing Committee. All three OMCs have informed to have refloated the tenders after having revised the pre-qualification criteria and revised specifications.

16. The Committee in their recommendation had observed that the Rim Seal Fire Detection System is an important safety equipment that needs to be installed in the tanks storing hydrocarbons. The Committee had expressed their displeasure at the OMCs for wasting one year precious time through joint industry and individual company tenders to procure Rim Seal Detection equipment. Further, the Committee were dismayed that an important recommendation of the M.B.Lal Committee had not been progressed even two years after the submission of the report and the entire process of tendering had to be initiated afresh by the OMCs.

The Ministry in its reply while maintaining that OMCs have Maharatna and Navratna status with sufficient autonomy in commercial procurement matters, has stated that the reasons for delaying in procurement of the system have already been communicated to the Committee. Further, all the three OMCs have informed to have refloated the tenders after having revised the prequalification criteria and revised specifications.

The Committee are not happy at the terse action taken reply of the Ministry and concerned with the indifferent attitude of the Ministry to the implementation of MB Lal committee recommendations. The Committee are fully aware that OMCs have autonomy in procurement matters. However, the Committee are concerned

with the safety of oil installations and are dismayed by the lack of attention by Ministry in this matter. While observing that Rim Seal Fire Detection system is a vital fire safety equipment to be installed in the oil and gas installations, the Committee express their displeasure at the OMCs for wasting precious time in revising prequalification criteria and revised specifications for the refloated tenders for procuring Rim Seal Detection equipment. The Committee, therefore, expect the Ministry to be vigilant and also desire the OMCs to expedite the process of procurement of Rim Seal Detection equipment at the earliest for the safety of oil and gas installations.

Recommendation No.14

17. Hydrocarbon Detection System The Committee note that requirement of Hydrocarbon Detection System was one of recommendations of MB Lal Committee. The Committee also note that the Industry members visited abroad to study type, location and usage of HC detectors in their locations and decided for liquid type detector. The industry working group took more than 3 months to finalize specifications. The Committee further note that there are few vendors for liquid type detectors and the latest time line furnished by the Ministry indicate the completion time by March, 2013 to December, 2014. The Committee deplore the fait accompli provided by the oil companies and the Ministry regarding the timeline as the original timeline have ended and the revised time line of December, 2014 is another 30 months away. The Committee desire the Ministry and OMCs to submit the explanation of the officials concerned on the inordinate delays in the matter and also take required measures to prepone the timelines for early implementation of safety standards.

18. In response, the Ministry of Petroleum and Natural Gas has submitted the following

“OMCs have Maharatna and Navratna status with sufficient autonomy in commercial / procurement matters. Instructions have been issued to the industry to expedite the procurement process. All three OMCs have floated the tender for procurement of hydrocarbon detection system.”

19. The Committee in their recommendation had observed that hydrocarbon detection system was one of the recommendations of M.B.Lal Committee. While deploring the fait accompli provided by the oil companies and the Ministry regarding the extended time line of December, 2014 for the procurement of

Hydrocarbon Detection system, the Committee desired the Ministry and OMCs to submit an explanation of the officials concerned on the inordinate delay in the matter and also take required measures to advance the timelines for early implementation of safety standards.

The Ministry in its reply while maintaining that OMCs have Maharatna and Navratna status with sufficient autonomy in commercial procurement matters, has stated that instructions have been issued to the industry to expedite the procurement process and all three OMCs have floated the tender for procurement of hydrocarbon detection system. The reply is however, silent on the reasons for delay in procurement measures taken to implement the safety standards.

The Committee are not satisfied with the action taken replies of the Ministry. The Committee observe that Hydrocarbon Detection system is a fire safety equipment to be installed in the oil and gas installations. The Committee are dismayed at the lackadaisical attitude of the Ministry for not submitting the explanation on the inordinate delay in the procurement of hydrocarbon detection equipment which is vital for the implementation of M.B. Lal recommendation and therefore, the Committee reiterate that Ministry must closely monitor the procurement process and ensure adherence to the timeline.

Chapter II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation No.1

Safety of oil installations

The Committee note that safety is a major and critical concern for oil and gas industry. Any laxity in upkeep/handling of highly inflammable oil and gas products can be a high risk to life, property and environment. In view of increasing activity in the sector and large number of oil and gas installations i.e. exploration sites, refineries, pipelines etc. in the country, it is imperative for the oil and gas companies to have well developed safety systems and practices in place and strict compliance of safety norms by personnel working in the installations. The safety mechanisms of the companies are also required to be regularly monitored by the Ministry.

The Committee are, however, constrained to note that despite the safety being of paramount concern, the Ministry of Petroleum and Natural Gas does not have implementation of safety measures as part of their mandate. To give due importance to the safety aspects, the Committee recommend that monitoring of safety measures in both public and private companies should be included in the mandate of the Ministry. They further desire that the Ministry should place safety in both upstream and downstream companies as a thrust area of 12th Plan.

Reply of the Government

Monitoring the safety measures in both the public and private sector oil and gas companies is included in the mandate of the Ministry. It is under this mandate that the Ministry has set up a Safety Council with the Oil Industry Safety Directorate having been set up to assist the Safety Council. 112 standards have been developed by OISD, covering almost all aspects of the oil and gas industry.

The deep concern of the Committee regarding safety aspects has been noted and also shared with the oil companies. The Ministry will also place appropriate emphasis on safety during the 12th Plan.

Ministry of Petroleum & Natural Gas

OM No. R-27011/2/2011-OR.I dated 21.08.2012

Recommendation No.7

Training for personnel of oil marketing companies

The Committee note that OISD has prescribed standards for training of personnel and provision of personal protective equipments and lifesaving appliances at the installations. They are however, surprised to note that as pointed out by MB Lal Committee, the personnel deployed at Jaipur IOC terminal at the time of the accident had no safety training and also Self Contained Breathing Apparatus (SCBA) which is an important safety equipment was not available. The Committee wonders whether these issues were pointed out by OISD when it conducted the safety audits at this installation. The Committee observe that this clearly indicates gaps in the safety preparedness to handle the accidents in oil and gas sector. The Committee are constrained to note that M.B.Lal Committee recommendations for hands on training in firefighting has not been implemented even one year after the expiry of the time line set for the purpose.

The Committee are of the opinion that training related to safety should be an integral part of work in the oil industry. The Committee, therefore recommend that safety training to all employees should be made mandatory and at the same time ensuring the availability of personnel with protective equipments and lifesaving appliances at all oil and gas installations. The committee also desire the Ministry to ensure comprehensive safety audits in oil installations by incorporating the aspects not already covered. The Committee recommend that all oil and gas installations should run mandatory disaster response simulations to ensure that adequate response mechanisms are in place for any eventuality.

Reply of the Government

Training is a regular feature of the entire oil industry and is a continuous ongoing process. It is also an integral part of functional operating practices. OMCs are regularly conducting training with live-fire fighting scenarios. During audit, safety adequacy, training and disaster preparedness of the installations are verified and recommendations are made for improvement. The Committee's recommendations of safety training will be given due emphasis. The concern of the Committee has been shared with the oil companies.

Ministry of Petroleum & Natural Gas

OM No. R-27011/2/2011-OR.I dated 21.08.2012

Recommendation No.8

Accountability for safety issues

The Committee note that there has been increase in the number of incidents in oil and gas installations during the last few years. During 2010-11 there were a total of 84 incidents consisting of 70 accidents and 14 relating to fire leading to a loss of Rs.34.15 crore. The Committee find that such high number of incidents in a year unacceptable and feel that the oil companies should have zero tolerance for accidents. The Committee desire that all incidents including minor ones and near miss should be thoroughly investigated and accountability should be fixed. The Committee suggest that oil and gas companies should designate the senior most official of the unit as the nodal officer for safety related matters to ensure closer supervision and effective monitoring of safety standards.

Reply of the Government

As per present practice unit heads at oil installations are already in-charge of all safety aspects. However, the concern of the Standing Committee has also been shared with the oil companies.

Ministry of Petroleum & Natural Gas

OM No. R-27011/2/2011-OR.I dated 21.08.2012

Recommendation No.10

Outside experts in Safety Council

The Committee note that the Safety Council includes Members comprising of all Joint Secretaries and Advisors of the Ministry of Petroleum & Natural Gas, Chief Executive Officers of all of PSU's of the oil industry, Chief controller of Explosives, Advisor, Fire to the Govt. of India and the DG of Factory Advice, Service and Labour Institutes. The Committee also note that the Secretary, MOPNG is Chairman of Safety Council.

The Committee observe from the composition of Safety Council, that it does not have any representation from academia or renowned experts in the field to advise on safety aspects. The Committee opine that since safety in the oil industry is of vital importance, it is imperative that the highest decision making body in the country for safety issues

should have inputs and contribution of experts in the field. Therefore, the Committee recommend that the Ministry should appoint national and international experts including from other PSUs like BHEL, NTPC etc. to the Safety Council.

Reply of the Government

The Safety Council already has sufficient representation of experts in the area of safety. In addition to the permanent members, there is also a provision for including two private companies for a two year duration. This brings in additional experience and expertise. However, the concern of the Standing Committee is noted and OISD has been advised to explore the possibility of including members from the academia and other experts on safety in the Safety Council.

Ministry of Petroleum & Natural Gas
OM No. R-27011/2/2011-OR.I dated 21.08.2012

Recommendation No.15

Procurement of Medium Expansion Foam Generators (MEFG)

The Committee note that MB Lal Committee has recommended for provision of Medium Expansion Foam Generators (MEFG) at marketing locations. The Committee note that the Joint industry tender in this regard was floated by IOCL on 7th July 2011. However, only one offer was meeting Pre-qualification criteria and the price quoted by the vendor was 400% of estimate. The Committee have been informed that due to exorbitant rate quoted by vendor, the tender was cancelled and refloated by individual Oil marketing companies. The Committee further note that after retendering by individual oil marketing companies in the case of IOCL, two offers were received but none found meeting the tender criteria. Hence the tender was refloated again on 4.4.2012 with relaxed PQ criteria.

The Committee are dismayed at the considerable time lost in tendering and retendering due to which procurement of important safety equipment has got delayed. Though 400% price quoted by vendor is very much on higher side, the decision to go for retendering was not a prudent one since the offers received have been found not

meeting the tender criteria. The Committee hope that relaxed PQ criteria for the refloated tenders does not amount to dilution of safety standards.

The Committee are disappointed that on one pretext or other, the procurement of items has been getting delayed. The Ministry also does not seem to take any action on directing the OMC's to adhere to the timelines committed to the Ministry. The committee therefore recommend that the timelines already committed should be strictly adhered to.

Reply of the Government

OMCs have Maharatna and Navratna status with sufficient autonomy in commercial / procurement matters.

IOCL had initially floated a global tender on industry basis for procurement of 1388 nos. MEFG in July,2011. The industry cost estimate for portable and fixed MEFG were Rs. 33500 and Rs 35985 respectively. Only one bidder was qualified and when the price bids were opened on 16.12.11 the rates quoted for portable and fixed MEFG were Rs. 225787 and Rs 172125 respectively (i.e. seven and five times higher than estimates). The tender was cancelled and it was decided to float tenders individually. HPCL floated tender for procurement of 366 MEFG. The tender was opened on 18.04.12 and the delivered quoted rates for portable and fixed MEFG came down to Rs. 24609 and Rs 29747 respectively i.e. 14% and 13% of the amount that had been quoted in the joint tender. Similar rates were obtained in case of BPCL and IOCL as well.

This amply demonstrates that exercise of caution and due diligence, even though it led to delay, was justified since it resulted in a huge cost saving for the OMCs.

Ministry of Petroleum & Natural Gas

OM No. R-27011/2/2011-OR.I dated 21.08.2012

Chapter III

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

Recommendation No.4

Oil Industry Safety Directorate (OISD)

The Committee note that OISD carries out safety audits/inspection and conducts pre commissioning safety audits of PSU's. The Committee note that these standards are implemented on self-regulatory basis by the industry.

The Committee observe that 59 recommendations out of 170 in BPCL Kochi refinery and 14 out of 78 recommendations in CPCL-Chennai are based on the safety audits conducted by OISD between January and June 2010 respectively have not been implemented. The Committee further note that 6 recommendations pertaining to safety audit conducted during June, 2005 at MRPL are still pending. The Committee fail to understand the delays in implementation of these recommendations and emphasize that the recommendations made by OISD should be considered with due seriousness by Oil Marketing Companies and implemented in a time bound manner.

The Committee note that OISD has not been vested with statutory authority to penalize the violators of safety standards. The Committee feel that this has rendered OISD a mere recommendatory body with no powers to enforce the stipulated standards. The Committee are of the opinion that in the oil industry, it is essential to adhere to safety standards and implement safe working practices. The Committee, therefore, recommends that the Ministry should confer statutory status on OISD to enable it to enforce the safety standards with legal authority and also to take penal action against the non-compliance thereof.

Reply of the Government

As regards conferring of statutory status to OISD, the suggestion is noted for further necessary action. The proposal to transfer PESO's job relating to Petroleum Rules to OISD is being pursued by the Ministry and it has been decided to engage a reputed consultant to work out the manpower requirement, financial implications, legal issues, etc. and the terms of reference for the consultant have been finalized by OISD.

It has also been decided that safety related aspects would be continuously monitored by the Ministry during the quarterly performance review of PSUs and instructions also issued to all companies to regularly place safety related issues in their agenda for meeting of their respective Boards.

Ministry of Petroleum & Natural Gas
OM No. R-27011/2/2011-OR.I dated 21.08.2012

Recommendation No.5

Manpower requirements of OISD

The Committee note that the total sanctioned manpower in OISD is 66 but the actual manpower is only 29. A large number of posts are vacant in Exploration & Production (E&P) side as only 6 posts are filled against the actual strength of 28 posts. The Committee also note that OISD draws its personnel only on deputation from public sector oil companies and there are no permanent staff or its own cadre. The Committee understand that this is due to fact that the oil companies are not able to spare their officials which the Ministry has also admitted as an area of concern.

The Committee are of the view that since OISD has no permanent cadre with less than half of the sanctioned manpower in place, the efficacy of the enforcement of safety standards is compromised. The Committee, therefore, recommend that the Ministry should urgently look into the matter and take steps to fill up the vacant posts by exploring the options other than deputation. The Committee further desire that the Ministry should consider manning OISD with a permanent cadre of officers in a time bound manner.

Reply of the Government

While some vacant posts in OSD have been filled up, further action on the remaining vacant posts is being taken up in consultation with OISD and public sector oil companies. As regards, a permanent cadre for manning OISD, the matter will be reviewed at the time of transfer of functions from PESO to OISD.

Ministry of Petroleum & Natural Gas
OM No. R-27011/2/2011-OR.I dated 21.08.2012

Recommendation No.9

Private sector oil industries should also be audited

The Committee note that the OISD conducts pre-commissioning safety audits for the oil industry. The Committee, however, observe that the pre commissioning safety audits are being done only for Public sector oil companies and not for private sector oil companies. This is not a desirable situation as safety standards should be applied uniformly for both public and private sector companies.

The Committee, therefore, recommend that Ministry should take steps to bring the private sector oil installations under OISD for complying with pre-commissioning safety audit and other such safety measures applicable to the industry.

Reply of the Government

Audit of private oil companies has already been started. During 2011-12 EOL & RIL have been audited and this year's calendar includes ESA of BORL, HMEL and Petronet pipelines.

However, Private oil companies will comprehensively come under the ambit of OISD once statutory status is accorded to OISD.

Ministry of Petroleum & Natural Gas

OM No. R-27011/2/2011-OR.I dated 21.08.2012

Recommendation No.11

Dilution of OISD Standards 116 and 117

The Committee were informed that the OISD Standards 116 and 117 relating to fire protection facilities in downstream companies were revised after inputs from MB Lal Committee and Chairmen Committee. The Committee note that the OISD and the Ministry received a number of representations from private companies raising some issues pertaining to revised standards. The Committee further note that after receipt of the representations the issues were referred first to Steering Committee, then to Chairman Committee and thereafter to Technical expert committee and finally certain clauses like Equivalency clause, retroactivity clause and common firefighting clause in OISD STD-116 and 117 have been accepted for inclusion.

The Committee would like to point out that in the written replies of the Ministry and also during oral submissions before the Committee, the Secretary had maintained that there is no move to

review or dilute the OISD standards 116/117 and the same are being implemented by the industry. The Committee feel that this is an ambivalent stand of the Ministry since the inclusion of Equivalency clause, retroactivity clause and common firefighting clauses in OISD STDs clearly indicates dilution of the OISD standards apart from derailing the implementation schedule. The Committee, therefore, strongly deprecate the Ministry and OMCs for misleading them on this important issue and would expect more diligent and responsible approach of officials while making submissions before the Committee. The Committee recommend that there should be no dilution in OISD safety standards 116 & 117 till the implementation of M.B.Lal Committee Report.

Reply of the Government

Updation of standard is a regular phenomenon as practiced through-out the world and is done based on technological advances, industry experience etc. Therefore, the amendment of OISD STD 116&117 in the particular context of incorporating the equivalency and a common firefighting clause is not in any way going to dilute the subject standard but on the contrary would enhance transparency & economic viability of the procurement process without compromising the safety performance requirement. There is already a mention of retroactivity in the existing standards and the proposal on retroactivity is merely clarificatory in nature.

Ministry of Petroleum & Natural Gas
OM No. R-27011/2/2011-OR.I dated 21.08.2012

Chapter IV

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

Recommendation No.13

Rim Seal Fire Detection System The Committee note that the Rim Seal Fire Detection System is an the important safety equipment that needs to be installed in the tanks carrying hydro carbons. The Committee note that about 618 nos. of this system are required involving an expenditure of Rs. 1125 crore for all the three oil marketing companies. The Committee note it was decided on 8th October, 2010 that this item was to be procured on Joint Industry basis. The Industry Working Group finalized tender document on 11th September, 2011.

The Committee further note that as the volume of work was enormous and installation specific, the OMCs decided to go for individual tender basis on 8th December, 2011. The Committee express unhappiness at the time taken by the 3 OMCs for finalizing the tender document which almost took one year and then to go for company-wise tender.

The Committee are further anguished that after all the exercise Ministry has now informed that there is a proposal to cancel the tender since only one offer was received and the bid was also not meeting the tender criteria. Industry working group has now decided to revisit the Rim Seal specification. The Committee are dismayed that an important recommendation of the MB Lal Committee has not progressed even after two years and the process has to start afresh. The Committee would urge the Ministry to relook at the decision of the OMCs as there appears to be a deliberate attempt on the part of OMC's to delay in implementing this safety recommendation.

Reply of the Government

OMCs have Maharatna and Navratna status with sufficient autonomy in commercial / procurement matters.

Reasons for delay in procurement of the system have already been communicated to the Standing Committee. All three OMCs have informed to have refloated the tenders after having revised the pre-qualification criteria and revised specifications.

Ministry of Petroleum & Natural Gas

OM No. R-27011/2/2011-OR.I dated 21.08.2012

Comments of the Committee

(Please see para 14 of Chapter-I)

Recommendation No.14

Hydrocarbon Detection System

The Committee note that requirement of Hydrocarbon Detection System was one of recommendations of MB Lal Committee. The Committee also note that the Industry members visited abroad to study type, location and usage of HC detectors in their locations and decided for liquid type detector. The industry working group took more than 3 months to finalize specifications. The Committee further note that there are few vendors for liquid type detectors and the latest time line furnished by the Ministry indicate the completion time by March, 2013 to December, 2014. The Committee deplore the fait accompli provided by the oil companies and the Ministry regarding the timeline as the original timeline have ended and the revised time line of December, 2014 is another 30 months away.

The Committee desire the Ministry and OMCs to submit the explanation of the officials concerned on the inordinate delays in the matter and also take required measures to prepone the timelines for early implementation of safety standards.

Reply of the Government

OMCs have Maharatna and Navratna status with sufficient autonomy in commercial / procurement matters.

Instructions have been issued to the industry to expedite the procurement process. All three OMCs have floated the tender for procurement of hydrocarbon detection system.

Ministry of Petroleum & Natural Gas

OM No. R-27011/2/2011-OR.I dated 21.08.2012

Comments of the Committee

(Please see para 17 of Chapter-I)

Chapter V
RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES
OF THE GOVERNMENT ARE STILL AWAITED

Recommendation No.2

Need for Consolidation of safety legislations

The Committee note that 9 legislations (6 for downstream companies and 3 for upstream companies) have been enacted to deal with the safety aspects of oil and gas industry. There are 7 agencies both in Central and State Governments dealing with enforcement of safety standards. The Committee note that some of the legislations like Explosives Act, 1884, Petroleum Act, 1934, Oil Mines Act, 1952 and Petroleum and Natural Gas Rules, 1959 under ORDA Act, 1948 are very old and desire that the Government should revisit the safety clauses of these legislations pertaining to the oil and gas sector in the light of new technologies / practices evolved during the years in this sector.

The Committee opine that multiplicity of legislations to deal with the safety of oil and gas installations has made the enforcement process difficult. The Committee recommend the Government to bring out an umbrella legislation for the oil and gas sector with the Ministry of Petroleum and Natural gas as nodal Ministry incorporating all safety related provisions contained in different Acts.

Reply of the Government

Ministry will review the old Acts coming under its jurisdiction by a panel / committee for possible amendments, if any.

Regarding bringing in of an umbrella legislation on safety issues, since different Ministries are administering different acts/rules on safety, concerned Ministries will be consulted before a decision is made on the issue.

Ministry of Petroleum & Natural Gas

OM No. R-27011/2/2011-OR.I dated 21.08.2012

Comments of the Committee

(Please see para 7 of Chapter-I)

Recommendation No.3

Need for Single Agency to Enforce Safety

The Committee note that OISD has been functioning as the technical directorate of the Ministry of Petroleum and Natural Gas and has formulated 112 safety standards. OISD checks the implementation of these standards through various safety inspections but has statutory powers to enforce these standards only for upstream offshore installations. The Committee further note that PESO which is under the administrative control of Ministry of Commerce and Industry is the competent authority to administer Petroleum Rules under Petroleum Act, 1934 which inter alia refers to 6 crucial OISD standards pertaining to fire protection facilities for downstream oil and gas installations. The Committee further note that Director General of Mines Safety (DGMS) under the administrative control of Ministry of Labour and Employment has been vested with powers for enforcing safety rules for onshore oil and gas installations.

The Committee have been informed that there is a proposal to transfer the PESO's job relating to Petroleum Rules to OISD. The Committee are in agreement with this move and desire that the process of transfer should be completed at the earliest. The Committee further recommend that the Ministry should take up the matter with appropriate authorities for the transfer of DGMS responsibilities under the Petroleum Rules to OISD as well.

The Committee would like to point out that multiple agencies enforcing different set of safety laws will lead oil industry to comply with number of authorities for safety related laws and regulations. The Committee view that there will be no clear accountability on the part of agencies as they may blame other agencies for any lapses which lead to incidents. The Committee, therefore, recommend that OISD should be made the nodal agency to formulate, monitor and enforce the OISD standards and other applicable laws for the entire oil and gas sector.

Reply of the Government

The proposal to transfer PESO's job relating to Petroleum Rules to OISD is being pursued by the Ministry and it has been decided to engage a reputed consultant to work out the manpower requirement, financial implications, legal issues, etc. and the terms of reference for the consultant have been finalized by OISD.

As regards transfer of responsibilities entrusted to DGMS to the OISD, it is mentioned that the Ministry of Labour and Employment had in December,2012 moved a Cabinet proposal for amendment in the Mines Act, 1952 which would extend jurisdiction of the Act beyond 12 nautical miles that is up to the Exclusive Economic Zone and Maritime Zone of India as defined in the Territorial Waters Continental Shelf, Exclusive Economic Zone and Maritime Zones Act, 1976. MoP&NG had raised strong objections since the Petroleum and Natural Gas (Safety in Offshore Operations) Rules, 2008 notified under Section 8 of the Oilfields (Regulation and Development) Act, 1948, aimed at regulating the process of safety in offshore oil and gas activities was already in operation. It was explained that the proposed amendment of the Mines Act, 1952 would lead to duplication. The matter was referred to the Committee of Secretaries. After due deliberation, the CoS recommended that the changes proposed by the Ministry of Labour & Employment could be notified without effecting the existing Rules made by MoP&NG. The Cabinet approved this proposal to notify the proposed amendments over and above the Rules notified by MoP&NG.

Similarly, if transfer of functions related to oil and gas sector is eventually effected from PESO to OISD, the OISD's jurisdiction in on-shore areas could continue alongside that of DGMS.

Ministry of Petroleum & Natural Gas

OM No. R-27011/2/2011-OR.I dated 21.08.2012

Comments of the Committee

(Please see para 10 of Chapter-I)

Recommendation No.6

Safety Recommendation implementation

The Committee note that MB Lal Committee which was constituted in the aftermath of the Jaipur fire accident in October, 2009, came out with a Report containing 113 recommendations. The Ministry while accepting the Report specified a time line of 24 months i.e. by end of April 2012 in consultation with OMCs for the implementation of these recommendations. The Committee are constrained to note that by April, 2012, only 66 recommendations out of 113 have been implemented. The Committee further

note that the timeline has been shifted to December, 2014 for implementation of some of the recommendations.

The Committee are unhappy that though the initial timeline has expired, the recommendations especially pertaining to procurement and installation of important safety equipments are still pending. This reflects poorly on the managements of OMC's and their planning and implementation abilities. The Committee strongly deprecate the dilatory tactics of the OMCs and inefficient supervision of the Ministry resulting in inexplicable delays in the implementation of safety standards.

Taking into account all factors, the Committee would, therefore, recommend that the Ministry should direct the OMC's to fast track the procurement of safety items and desire that the Secretary should monitor the progress on fortnightly basis. The Committee would like to be apprised of the implementation status within a month.

Reply of the Government

OMCs have been advised to expedite implementation of the MB Lal Committee recommendations and the same is being monitored through OISD.

Ministry has, so far, been monitoring implementation of MB Lal Committee recommendations, including standards 116 & 117 through a Joint Implementation Committee (JIC) constituted by the Ministry. 27 meetings of the JIC have been held, so far. The JIC has now been abolished and the implementation of the M B Lal Committee recommendations are being monitored through the OISD. The latest implementation status is placed at Annexure I.

Ministry of Petroleum & Natural Gas
OM No. R-27011/2/2011-OR.I dated 21.08.2012
Comments of the Committee

(Please see para 13 of Chapter-I)

Recommendation No.12

High Volume Long Range Monitors (HVLR)

The Committee note that OISD Standard 117 have provided for installation of High Volume Long Range Monitors (HVLRs) in the oil installations. The Committee note that the Joint Industry tender for procurement was floated on 6th December, 2010 and the

technical bids opened on 18th Jan, 2011 for evaluation. However, the price bids which were to be opened in May, 2011 could be opened only in January, 2012. This delay has been attributed to obtaining stage wise clearance from individual OMCs and handling of complaints from some quarters. The Committee are not convinced by reasons given by the oil companies. They are unable to understand the requirement of stage wise clearance from individual OMCs when the Joint Industry tender has been floated. Though some of the delays were procedural due to handling of complaints, the Committee could not but come to a conclusion that the OMCs are not serious in early procurement of these items.

The Committee are further constrained to note that after more than 16 months only a bare minimum quantity for emergency procurement has been put up for approval. The Committee deplore the kind of insensitivity shown by the oil companies in procurement of such a key safety equipment. The Committee would like to know the reasons for making only an emergency procurement.

The Committee note that after the technical bids were opened there was an unsolicited offer from Akron Bros whose tender was earlier rejected on technical grounds and the price quoted by Akron Bros was used as negotiating point with other vendors. The OMCs claim that it is in accordance with CVC guidelines and purchase procedures. The Committee desire that the issue needs to be verified and reported upon by the Ministry and recommend the matter be referred to CVC to see if there is any violation of guidelines in taking Akron Bros offer as negotiating point with other vendors.

Reply of the Government

Procurement of equipment is a commercial matter which is purely a function of oil companies. OMCs have Maharatna and Navratna status with sufficient autonomy in commercial / procurement matters.

However, as suggested by the Committee, a detailed note on the procurement process followed by the OMCs for procurement of HVLRs has been sent to the CVC on 10th July, 2012 with a request to examine the reasonability of the procedure followed by the OMCs. Reply from CVC is awaited. The Committee shall be informed of the outcome after receipt of report from CVC.

Ministry of Petroleum & Natural Gas
OM No. R-27011/2/2011-OR.I dated 21.08.2012

Recommendation No.16

Enquiry on delay in procurement

The Committee note that the MB Lal Committee had made several recommendations and OISD also had revised its standards because of which the oil companies need to procure important safety equipments. The Ministry had consulted the OMC's regarding implementation of these recommendations and had agreed for 24 month timeline.

Now the committee have been informed by the ministry that the OMCs have been facing the following important issues relating to procurement.

- i) Limited number of vendors to supply items
- ii) High price quoted by vendors
- iii) Lack of experience in dealing similar works
- iv) Complaints received about the tender process

The Committee understand that the Oil Marketing Companies are bound by their own procurement procedures and also CVC guidelines. The Committee are of the view that the delay that has happened is inexplicable and would expect the Ministry and OMC's should have shown more alertness and urgency in procurement rather than hiding behind procedures. The Committee, therefore recommend that the Ministry should order an enquiry into the entire process of procurement and delay in procurement and also whether the procedure followed were in conformity with the extant rules in place. The Committee may be apprised of the outcome of the above enquiry within a period of one month.

Reply of the Government

The detailed reasons for delay in procurement have been explained to the Committee. Since OISD is the coordinating agency for safety matters and is well conversant with the reasons for delay in procurement, ED, OISD has been entrusted with the task of conducting a detailed inquiry into the matter. The inquiry is presently underway and ED, OISD has sought extension of time till 15th September, 2012 for submission of his report. The Committee shall be apprised of the outcome of the inquiry upon receipt of the same from OISD.

New Delhi
May 2013
Vaisakha, 1935 (Saka)

Aruna Kumar Vundavalli
Chairman
Standing committee on
Petroleum and Natural Gas

Oil Industry Safety Directorate
OIDB Bhawan, Noida

Sub: Overall Status of Implementation of MB Lal Committee
Recommendations

(Status as on 21.08.2012)

Total recommendations: 113

Industry Status

S.No.	Recommendation	Number	Percentage
A	Recommendations implemented	71	63%
Implementation in progress			
B	Recommendations under implementation	42	37%
1	Engineering related	06	05%
2	Procurement related	10	09%
3	Training Related	03	03%
4	General/Policy Related	13	11%
6	OISD Related	10	09%

Engineering Related

S.No	Recommendations	Present Status					Remarks																									
1-3	<p>Push buttons on the MOV should be brought just outside the dyke. Push button operation should be modified so that action required for opening is different than action required for closing (e.g. pull type and push type). The push button assembly should be mounted at a place where it is easily visible to the operator.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Company</th> <th style="text-align: center;">Total Location</th> <th style="text-align: center;">Completed</th> </tr> </thead> <tbody> <tr> <td>IOCL</td> <td style="text-align: center;">52</td> <td style="text-align: center;">52</td> </tr> <tr> <td>BPCL</td> <td style="text-align: center;">21</td> <td style="text-align: center;">21</td> </tr> <tr> <td>HPCL</td> <td style="text-align: center;">21</td> <td style="text-align: center;">21</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: center;">94</td> <td style="text-align: center;">21</td> </tr> </tbody> </table>					Company	Total Location	Completed	IOCL	52	52	BPCL	21	21	HPCL	21	21	TOTAL	94	21	<p>100% implemented</p>										
Company	Total Location	Completed																														
IOCL	52	52																														
BPCL	21	21																														
HPCL	21	21																														
TOTAL	94	21																														
4-6	<p>Lighting adequacy should be checked so that visibility is adequately ensured at the push button of MOV & HOV location) The pipeline transfer should preferably be commenced during day light hours. Adequate lighting in operational areas should be ensured</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Company</th> <th style="text-align: center;">Total Location</th> <th style="text-align: center;">Completed</th> <th style="text-align: center;">Work in progress</th> <th style="text-align: center;">Target</th> </tr> </thead> <tbody> <tr> <td>IOCL</td> <td style="text-align: center;">138</td> <td style="text-align: center;">128</td> <td style="text-align: center;">10</td> <td style="text-align: center;">Sept' 12</td> </tr> <tr> <td>BPCL</td> <td style="text-align: center;">81</td> <td style="text-align: center;">81</td> <td style="text-align: center;">0</td> <td style="text-align: center;">Completed</td> </tr> <tr> <td>HPCL</td> <td style="text-align: center;">72</td> <td style="text-align: center;">62</td> <td style="text-align: center;">10</td> <td style="text-align: center;">August' 12</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: center;">291</td> <td style="text-align: center;">271</td> <td style="text-align: center;">20</td> <td></td> </tr> </tbody> </table> <p>Completed at 93% locations. Final Target Date of Completion : September' 2012</p>					Company	Total Location	Completed	Work in progress	Target	IOCL	138	128	10	Sept' 12	BPCL	81	81	0	Completed	HPCL	72	62	10	August' 12	TOTAL	291	271	20		<p>93% implemented</p> <p>Implementation was slightly delayed due to:</p> <ol style="list-style-type: none"> 1. Study on energy efficient light fittings. 2. Lighting adequacy survey conducted at all POL location. 3. Delay in supply due to limited availability of flame proof fittings.
Company	Total Location	Completed	Work in progress	Target																												
IOCL	138	128	10	Sept' 12																												
BPCL	81	81	0	Completed																												
HPCL	72	62	10	August' 12																												
TOTAL	291	271	20																													

Engineering Related

S.No	Recommendations	Present Status					Remarks																									
7	Tank Dyke Valves should be provided with position indicator (open or close) in control room and necessary hardware and instrumentation should be provided for this.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Company</th> <th style="text-align: center;">Total Location</th> <th style="text-align: center;">Completed</th> <th style="text-align: center;">Work in progress</th> <th style="text-align: center;">Target</th> </tr> </thead> <tbody> <tr> <td>IOCL</td> <td style="text-align: center;">138</td> <td style="text-align: center;">138</td> <td style="text-align: center;">0</td> <td style="text-align: center;">Completed</td> </tr> <tr> <td>BPCL</td> <td style="text-align: center;">81</td> <td style="text-align: center;">81</td> <td style="text-align: center;">0</td> <td style="text-align: center;">Completed</td> </tr> <tr> <td>HPCL</td> <td style="text-align: center;">62</td> <td style="text-align: center;">12</td> <td style="text-align: center;">50</td> <td style="text-align: center;">August' 12</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: center;">281</td> <td style="text-align: center;">231</td> <td style="text-align: center;">50</td> <td></td> </tr> </tbody> </table> <p>Completed at 82% locations. Final Target Date of Completion: August' 2012</p>					Company	Total Location	Completed	Work in progress	Target	IOCL	138	138	0	Completed	BPCL	81	81	0	Completed	HPCL	62	12	50	August' 12	TOTAL	281	231	50		<p>82% completed.</p> <p>Delay in implementation at HPCL was mainly due to study of wireless type transmitters.</p>
Company	Total Location	Completed	Work in progress	Target																												
IOCL	138	138	0	Completed																												
BPCL	81	81	0	Completed																												
HPCL	62	12	50	August' 12																												
TOTAL	281	231	50																													
8	The TFMS system should be upgraded and integrated with SAP and provision for recording of all critical events in SAP as well as TFMS (such as critical valves position, start/stop of pumps, levels in tanks, alarms etc.).	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Company</th> <th style="text-align: center;">Total Location</th> <th style="text-align: center;">Completed</th> <th style="text-align: center;">Work in progress</th> <th style="text-align: center;">Target</th> </tr> </thead> <tbody> <tr> <td>IOCL</td> <td style="text-align: center;">32</td> <td style="text-align: center;">05</td> <td style="text-align: center;">27</td> <td style="text-align: center;">Sept' 12</td> </tr> <tr> <td>BPCL</td> <td style="text-align: center;">21</td> <td style="text-align: center;">05</td> <td style="text-align: center;">16</td> <td style="text-align: center;">March'13</td> </tr> <tr> <td>HPCL</td> <td style="text-align: center;">63</td> <td style="text-align: center;">28</td> <td style="text-align: center;">35</td> <td style="text-align: center;">Dec'12</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: center;">116</td> <td style="text-align: center;">38</td> <td style="text-align: center;">78</td> <td></td> </tr> </tbody> </table> <p>Completed at 33% locations. Final Target Date of Completion : March'2013</p>					Company	Total Location	Completed	Work in progress	Target	IOCL	32	05	27	Sept' 12	BPCL	21	05	16	March'13	HPCL	63	28	35	Dec'12	TOTAL	116	38	78		<p>This is a major job. Software development activity being proprietary in nature, vendors were initially asking abnormally high prices due to which finalization of order got delayed.</p>
Company	Total Location	Completed	Work in progress	Target																												
IOCL	32	05	27	Sept' 12																												
BPCL	21	05	16	March'13																												
HPCL	63	28	35	Dec'12																												
TOTAL	116	38	78																													
9	The fire water requirement for terminals shall be based on two fire contingencies simultaneously as is the case in Refineries.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Company</th> <th style="text-align: center;">Total Location</th> <th style="text-align: center;">Completed</th> <th style="text-align: center;">Work in progress</th> <th style="text-align: center;">Target</th> </tr> </thead> <tbody> <tr> <td>IOCL</td> <td style="text-align: center;">59</td> <td style="text-align: center;">Nil</td> <td style="text-align: center;">59</td> <td style="text-align: center;">June/Dec'14</td> </tr> <tr> <td>BPCL</td> <td style="text-align: center;">26</td> <td style="text-align: center;">Nil</td> <td style="text-align: center;">26</td> <td style="text-align: center;">June/Dec'14</td> </tr> <tr> <td>HPCL</td> <td style="text-align: center;">29</td> <td style="text-align: center;">5</td> <td style="text-align: center;">24</td> <td style="text-align: center;">June'14</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: center;">114</td> <td style="text-align: center;">5</td> <td style="text-align: center;">109</td> <td></td> </tr> </tbody> </table> <p>Completed at 4% locations. Final Target Date of Completion : December'2014</p>					Company	Total Location	Completed	Work in progress	Target	IOCL	59	Nil	59	June/Dec'14	BPCL	26	Nil	26	June/Dec'14	HPCL	29	5	24	June'14	TOTAL	114	5	109		<p>In progress.</p>
Company	Total Location	Completed	Work in progress	Target																												
IOCL	59	Nil	59	June/Dec'14																												
BPCL	26	Nil	26	June/Dec'14																												
HPCL	29	5	24	June'14																												
TOTAL	114	5	109																													

Procurement Related						
S.No	Recommendation S	Present Status				Remarks
1	Hydrocarbon (HC) detectors shall be installed near all potential leak sources of class 'A' and 'B' petroleum products e.g. tank dykes, tank manifolds, pump house manifolds, etc. Further, HC detectors of proper type should be selected and should be proof tested and maintained in good condition.	Company	Tender Date	Work / P.O Award Date	Completion date	
		IOCL	14.07.12	21.12.12	Dec'2013	
		BPCL	29.06.12	15.10.12	Dec'2013	
		HPCL	29.03.12	31.8.12	April'2013	
		Final Target Date of Completion : Dec'2013				
2	Medium expansion foam generators shall be provided to arrest vapour cloud formation from spilled volatile hydrocarbons.	Company	Quantity	Tender Date	Work / P.O Award Date	Completion date
		IOCL	704	April'12	25.06.12	Sept'2012
		BPCL	354	Feb'12	June'12	Jan'2013
		HPCL	330	March'12	03.07.12	Jan'2013
		Total	1388			
		Purchased order have been placed by all the three OMCs Final Target Date of Completion : Januray'2013				
3	An emergency kit shall be provided consisting of safety items viz. fire suites, various leak plugging gadgets, oil dispersants and oil adsorbents, lifting jacks (for rescue of trapped	Company	Tender Date	Work / P.O Award Date	Delivery date	
		IOCL	Part item-April'12 For balance items- June-August'12	30.07.12	July'2013	
		BPCL	10.5.2012	30.09.2012	Sept'2013	
		HPCL	29.03.12	31.8.12	Dec.'2012	
		Final Target Date of Completion : September'2013				
						Purchase order for Fire Proximity Suit & PVC Suit placed by IOCL on 30.07.2012

Procurement Related

S.No	Recommendation	Present Status	Remarks																									
.	workers), high intensity intrinsically safe search lights for hazardous area, etc. and shall be readily available at the terminals																											
4	Avoid hammer blind as an equipment in the plant design. Only a closed system design should be adopted. It is understood that other OMCs/MNC's are already using such designs in their installations. Using a Plug valve or a Ball Valve in place of the Hammer Blind should be an acceptable option.	<table border="1"> <thead> <tr> <th>Company</th> <th>Quantity</th> <th>Tender Date</th> <th>Work / P.O Award Date</th> <th>Completion date</th> </tr> </thead> <tbody> <tr> <td>IOCL</td> <td>742</td> <td>09.12.11</td> <td>15.9.12</td> <td>Dec.'2013</td> </tr> <tr> <td>BPCL</td> <td>579</td> <td>09.12.11</td> <td>15.9.12</td> <td>Dec'2013</td> </tr> <tr> <td>HPCL</td> <td>227</td> <td>March'12</td> <td>03.07.12</td> <td>Jan'2013</td> </tr> <tr> <td>Total</td> <td>1490</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Final Target Date of Completion : December'2013</p>	Company	Quantity	Tender Date	Work / P.O Award Date	Completion date	IOCL	742	09.12.11	15.9.12	Dec.'2013	BPCL	579	09.12.11	15.9.12	Dec'2013	HPCL	227	March'12	03.07.12	Jan'2013	Total	1490				BPCL is the coordinator for Industry tender. Technical Evaluation completed on 10.08.12. Price bids expected to be opened on 03.09.12
Company	Quantity	Tender Date	Work / P.O Award Date	Completion date																								
IOCL	742	09.12.11	15.9.12	Dec.'2013																								
BPCL	579	09.12.11	15.9.12	Dec'2013																								
HPCL	227	March'12	03.07.12	Jan'2013																								
Total	1490																											
5	The first body valve on the tank should be Remote Operated Shut Off Valve (ROSOV) on the tank nozzle inside the dyke with Remote Operation only from outside the dyke as well as from the control room. ROSOV should be fail safe and fire safe. It should have only 'close' feature and not 'open' and 'stop' from control room. However, it should have 'close', 'open' &	<p>Total No. of ROSO Valves to be procured : 1077</p> <table border="1"> <thead> <tr> <th>Company</th> <th>Tender Date</th> <th>Work / P.O Award Date</th> <th>Delivery date</th> </tr> </thead> <tbody> <tr> <td>IOCL</td> <td>18.01.2012</td> <td>30.09.12</td> <td>Sept'2013</td> </tr> <tr> <td>BPCL</td> <td>18.01.2012</td> <td>30.09.12</td> <td>Sept'2013</td> </tr> <tr> <td>HPCL</td> <td>18.01.2012</td> <td>30.09.12</td> <td>Sept'2013</td> </tr> </tbody> </table> <p>Final Target Date of Completion : September'2013</p>	Company	Tender Date	Work / P.O Award Date	Delivery date	IOCL	18.01.2012	30.09.12	Sept'2013	BPCL	18.01.2012	30.09.12	Sept'2013	HPCL	18.01.2012	30.09.12	Sept'2013	HPCL is the coordinator for Industry tender. Technical Evaluation expected to be completed by 15.9.2012									
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HPCL	18.01.2012	30.09.12	Sept'2013																									

Procurement Related																															
S.No	Recommendations	Present Status				Remarks																									
	'stop' operation from the panel located outside the dyke.																														
6	A CCTV should be installed covering tank farm areas and other critical areas. The CCTV can nowadays provided with an alarm to provide warning in case of deviation from any normal situation. The CCTV monitoring station should be provided both in the control room as well as in the Security cabin/office.	<table border="1"> <thead> <tr> <th>Company</th> <th>Total location</th> <th>Completed</th> <th>Work in progress</th> <th>Completion date</th> </tr> </thead> <tbody> <tr> <td>IOCL</td> <td>138</td> <td>138</td> <td>0</td> <td>-</td> </tr> <tr> <td>BPCL</td> <td>81</td> <td>42</td> <td>39</td> <td>30.09.2012</td> </tr> <tr> <td>HPCL</td> <td>83</td> <td>55</td> <td>28</td> <td>30.09.2012</td> </tr> <tr> <td>Total</td> <td>302</td> <td>235</td> <td></td> <td></td> </tr> </tbody> </table>	Company	Total location	Completed	Work in progress	Completion date	IOCL	138	138	0	-	BPCL	81	42	39	30.09.2012	HPCL	83	55	28	30.09.2012	Total	302	235			<p>Completed at 78% locations. Final Target Date of Completion : September '2012</p>			<p>Implemented at 78% locations. Delay in supply of material by the vendor. Delay in execution of the job by the contractor particularly at remote location.</p>
Company	Total location	Completed	Work in progress	Completion date																											
IOCL	138	138	0	-																											
BPCL	81	42	39	30.09.2012																											
HPCL	83	55	28	30.09.2012																											
Total	302	235																													
7	Wherever PLT transfers take place, to avoid pilferages, a Mass Flow Meter with Integrator shall be provided on delivery pipelines.	<table border="1"> <thead> <tr> <th>Company</th> <th>Tender Date</th> <th>Work / P.O Award Date</th> <th>Expected Completion date</th> </tr> </thead> <tbody> <tr> <td>IOCL</td> <td>14.07.2012</td> <td>31.12.12</td> <td>Dec.'2013</td> </tr> <tr> <td>BPCL</td> <td>29.06.2012</td> <td>15.09.12</td> <td>June'2013</td> </tr> <tr> <td>HPCL</td> <td>30.03.2012</td> <td>31.08.12</td> <td>Feb.'2013</td> </tr> </tbody> </table>	Company	Tender Date	Work / P.O Award Date	Expected Completion date	IOCL	14.07.2012	31.12.12	Dec.'2013	BPCL	29.06.2012	15.09.12	June'2013	HPCL	30.03.2012	31.08.12	Feb.'2013	<p>Final Target Date of Completion : December'2013</p>			<p>Delay due to finalization of technical specification.</p>									
Company	Tender Date	Work / P.O Award Date	Expected Completion date																												
IOCL	14.07.2012	31.12.12	Dec.'2013																												
BPCL	29.06.2012	15.09.12	June'2013																												
HPCL	30.03.2012	31.08.12	Feb.'2013																												
8	The Rim Seal fire detection and protection system shall be installed in all Class 'A' products in the terminal.	<table border="1"> <thead> <tr> <th>Company</th> <th>Tender Date</th> <th>Work / P.O Award Date</th> <th>Expected Completion date</th> </tr> </thead> <tbody> <tr> <td>IOCL</td> <td>01.06.12</td> <td>15.10.12</td> <td>Dec.'2014</td> </tr> <tr> <td>BPCL</td> <td>31.01.12</td> <td>15.10.12</td> <td>Dec.'2014</td> </tr> <tr> <td>HPCL *</td> <td>25.05.2012</td> <td>30.09.12</td> <td>Oct.'2013</td> </tr> </tbody> </table>	Company	Tender Date	Work / P.O Award Date	Expected Completion date	IOCL	01.06.12	15.10.12	Dec.'2014	BPCL	31.01.12	15.10.12	Dec.'2014	HPCL *	25.05.2012	30.09.12	Oct.'2013	<p>*Floated tender for 30 Tanks of diameter 32m and above for 1st Phase. Balancer tanks are under review to convert the same as internal floating roof tank. Final Target Date of Completion: December'2014</p>			<p>Delay due to re-tendering.</p>									
Company	Tender Date	Work / P.O Award Date	Expected Completion date																												
IOCL	01.06.12	15.10.12	Dec.'2014																												
BPCL	31.01.12	15.10.12	Dec.'2014																												
HPCL *	25.05.2012	30.09.12	Oct.'2013																												
9	Remote operated long range foam monitors (1000 GPM and above) to fight tank fires shall be provided which should be of variable flow	<p>Status (PO Placed) PO Placed for 174 Nos. by OMC in June'2012 with Delivery by June'2013.</p> <table border="1"> <thead> <tr> <th>Company</th> <th>P.O. date</th> <th>Quantity</th> <th>Completion / Delivery date</th> </tr> </thead> <tbody> <tr> <td>IOCL</td> <td>18.06.2012</td> <td>91</td> <td>18.11.2012</td> </tr> <tr> <td>BPCL</td> <td>15.06.2012</td> <td>38</td> <td>June'2013</td> </tr> <tr> <td>HPCL</td> <td>16.06.2012</td> <td>45</td> <td>Nov.'12/March'13</td> </tr> </tbody> </table>				Company	P.O. date	Quantity	Completion / Delivery date	IOCL	18.06.2012	91	18.11.2012	BPCL	15.06.2012	38	June'2013	HPCL	16.06.2012	45	Nov.'12/March'13	<p>For most critical locations, Purchase order placed by OMCs total 174</p>									
Company	P.O. date	Quantity	Completion / Delivery date																												
IOCL	18.06.2012	91	18.11.2012																												
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Procurement Related							
S.No	Recommendation	Present Status				Remarks	
		Total		174		nos.	
		Balance quantity					
		Company	Tender Date	Quantity	Work / P.O Award Date		Expected Completion date
		IOCL	03.07.2012	175	31.12.12		Dec.'2014
		BPCL	17.05.2012		15.10.12		Dec.'2014
		HPCL	17.05.2012	223	*		
		*Tender under process. Final Target Date of Completion : December'2014					
10	Wherever there is a cluster of terminals of different companies, an emergency response centre equipped with advanced firefighting equipment viz. fire tenders and trained manpower shall be considered on cost sharing basis or on outsourcing basis.	<p>Joint tender floated by HPCL for appointment of consultant cancelled as there was no acceptable offer.</p> <p>During the Industry meeting held on 21.08.12 it was decided to approach EIL for consultancy job of setting up of Emergency response centers.</p>					

Training Related

S.No.	Recommendations	Present Status	Remarks										
-3	<p>All terminal operating personnel including regular contractors and security personnel should be given safety and firefighting training with the help of reputed training institutes. The security staff should be trained as first responders for firefighting and rescue operations along with plant operating personnel. Training activities should include Safety Training for contract employees since a number of activities have been outsourced.</p>	<p>Number of persons Targeted in 2 years</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Company</th> <th style="text-align: center;">No. of persons to be trained</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">IOCL</td> <td style="text-align: center;">1800</td> </tr> <tr> <td style="text-align: center;">BPCL</td> <td style="text-align: center;">900</td> </tr> <tr> <td style="text-align: center;">HPCL</td> <td style="text-align: center;">1200</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">3900</td> </tr> </tbody> </table> <p>During the Industry meeting held on 21.08.2012 methodology and other details of imparting live fire training discussed. It was decided to set up live fire training facilities at 8 locations in India. Methodology of setting up of facilities are under finalization.</p> <p>In the meantime live fire training to employees, contract workmen & security staff are being imparted at refineries.</p> <p>Final Target Date of Completion : November'2014</p>	Company	No. of persons to be trained	IOCL	1800	BPCL	900	HPCL	1200	Total	3900	<p>Training is an on-going process and is carried out in-house by respective oil companies.</p> <p>F&S trainings are being imparted to employees, contract workers and security as per OISD-154.</p> <p>Specialized training on HAZOP, risk analysis is also being imparted to identified officers.</p> <p>Mock drills are also being carried out as per plan.</p>
Company	No. of persons to be trained												
IOCL	1800												
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Total	3900												

MINUTES

STANDING COMMITTEE ON PETROLEUM & NATURAL GAS (2012-13) ELEVENTH SITTING (02.05.2013)

The Committee sat on Thursday the 02nd May, 2013 from 1500 hrs. to 1740 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Aruna Kumar Vundavalli - Chairman

MEMBERS Lok Sabha

- 2 Shri Ramesh Bais
- 3 Shri Sudarshan Bhagat
- 4 Shri Kalikesh N. Singh Deo
- 5 Shri Baliram Jadhav
- 6 Dr. Manda Jagannath
- 7 Shri Somabhai Gandadal Koli Patel
- 8 Shri P.L.Punia
- 9 Shri Dhananjay Singh
- 10 Shri A.K.S. Vijayan

RAJYA SABHA

- 11 Shri Sabir Ali
- 12 Shri Mansukh L. Mandaviya
- 13 Smt. Kusum Rai
- 14 Shri Tapan Kumar Sen
- 15 Smt. Gundu Sudharani
- 16 Dr. Prabha Thakur

SECRETARIAT

1. Shri A.K.Singh - Joint Secretary
2. Smt. Anita Jain - Director
3. Shri H. Ram Prakash - Deputy Secretary

Representatives of the Ministry of Petroleum & Natural Gas

1. Shri Vivek Rae - Secretary
2. Shri Sudhir Bhargava - Special Secretary
3. Shri L.N.Gupta - Joint Secretary (Refinery)
4. Shri. Neeraj Mittal - Joint Secretary (Marketing)

Representatives of Indian Oil Corporation Ltd.

1. Shri R.S.Butola - Chairman, IOCL
2. Shri P.K. Goyal - Director (Finance)
3. Shri Rajkumar Ghosh - Director (R)
4. Shri M. Nene - Director (Marketing)
5. Shri V.S. Okhde - Director (PL)
6. Shri A.M.K. Sinha - Director (P&BD)
7. Dr. R.K. Malhotra - Director (R&D)

2. At the outset, Hon'ble Chairman welcomed the Members to the sitting of the Committee. The Committee then considered draft action taken Report on the subject 'Safety of Oil Installations' and draft Report on the subject 'Long Term Purchase Policy and Strategic Storage of Crude Oil' and adopted the same without any modifications.

3. The Committee authorised the Chairman to present/lay the above reports in both the Houses of Parliament.

4. *** **

5. *** **

6. A verbatim of the proceedings of the sitting has been kept in records.

The Committee then adjourned.

*Matter not related to the subject.

Annexure III

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TWELFTH REPORT (FIFTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON PETROLEUM AND NATURAL GAS (2011-12) ON 'SAFETY OF OIL INSTALLATIONS'.

I	<u>Total No. of Recommendations</u>	16
II	Recommendations/Observations which have been accepted by the Government (Vide Recommendations at Sl. Nos. 1, 7, 8, 10 and 15) Percentage to Total	5 31.25%
III	Recommendations/Observations which the Committee do not desire to pursue in view of Government's Reply (Vide Recommendations at Sl. Nos. 4,5,9 and 11) Percentage of Total	4 25%
IV	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (Vide Recommendations at Sl. Nos. 13 and 14) Percentage of Total	2 12.5%
V	Recommendations/Observations in respect of which final replies of the Government are still awaited (Vide Recommendations at Sl. Nos. 2,3,6,12 and 16) Percentage of Total	5 31.25%