

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

UNSTARRED QUESTION NO:1699
ANSWERED ON:16.08.2013
PRODUCTION OF GAS FROM KG D BASIN
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

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- (a) whether the production of gas from Krishna-Godavari (KG)-D6 basin has fallen to one third from the promised level at the time of award of contract;
- (b) if so, the production of gas anticipated and the actual production achieved during each of the last three years and the current year;
- (c) the reasons for shortfall in production and the steps taken by the Government to achieve the targeted production as well as increase the production of gas from KG-D6 basin;
- (d) whether prices of gas from the said basin have also been increased recently; and
- (e) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SMT. PANABAACA LAKSHMI)

- (a) The average rate of gas production from D1 , D3 and MA fields in the KG-DWN-98/3 (KG-D6) block, operated by RIL, during (April-July, 2013) was to the tune of 15.04 MMSCMD as compared to the gas production target of 86.92 MMSCMD during 2013-14 approved in the Field Development Plans (FDPs).
- (b) The actual average rate of gas production in KG-D6 block from D1 , D3 and MA fields during the last three years (2010-11 to 2012-13) and current year (2013-14 till July, 2013) vis-à-vis the targets approved in the FDPs are as under :

(in MMSCMD)
Year FDP Targets of D1, Actual
& D3 and MA fields Production

2010-11 62.10 55.89

2011-12 70.38 42.65

2012-13 86.73 26.07

2013-14 86.92 15.04

(till July, 2013)

- (c) The decline in gas production from KG-D6 block is due to the following reasons:

i. Out of a total 18 gas producer wells in D1 & D3 fields, 9 wells have ceased to produce gas due to water loading/sand ingress in wellbores.

ii. Out of a 6 oil/gas producer wells in MA field, 2 oil/gas producers have ceased to flow oil/gas due to water ingress in wellbores.

iii. Non drilling of the required number of gas producer wells in D1 & D3 fields by the Contractor in line with the Addendum to Initial Development Plan (AIDP) approved by the Management Committee (MC).

Further, the Contractor has submitted the following reasons for less gas production as compared to AIDP of D1 and D3 fields:

- i. Substantial variance in Reservoir Behavior and Character has been observed vis-à-vis the prediction, and there seem to be reservoir constraints in achieving the gas production rates.
- ii. Pressure decline is several times higher than originally envisaged.
- iii.

Early water production in some of the wells was not predicted in initial reservoir simulations, though overall field water production is small.

The following corrective measures have been taken to increase natural gas production in KG-DWN-98/3 (KG-D6) block:

- i. The Contractor has been asked to drill, complete and connect more producer wells and undertake appropriate remedial measures to revive the sick wells in D1, D3 and MA fields in this block.
- ii. The Contractor's proposal to install compressor at Onshore Terminal to increase gas recovery from D1 & D3 fields has been approved by the Management Committee (MC).
- iii. Revised Field Development Plan (RFDP) of MA field has been approved by the MC.
- iv. The Optimized Field Development Plan (OFDP) of another 4 gas discoveries (D-2, 6, 19 & 22) has been approved by MC.
- v. The Declaration of Commerciality (DoC) of gas discovery D-34 has also been reviewed by MC.

Further, the gas production from D1 & D3 fields was much less than the production rates approved in the Field Development Plan (FDP). The Contractor had set up production facilities (in a cost recoverable manner) for approved production of 80 MMSCMD, but he failed to adhere to the approved Field Development Plan both in terms of gas production rate as well as drilling and putting on stream the required number of wells, even after repeated reminders. The Government, in May, 2012, issued notice for proportionate disallowance of cost of production facilities amounting to US \$ 1.005 Billion. The issue is currently under arbitration.

(d) and (e) Government has approved the gas price formula based on the Rangarajan Committee recommendations, which will be applicable from 1st April 2014 for a period of 5 years, for this block as well.