

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

UNSTARRED QUESTION NO:1731

ANSWERED ON:16.08.2013

PRODUCTION OF OIL AND GAS

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

- (a) whether the domestic production of crude oil and natural gas has fallen during April 2013 to July 2013 against the corresponding period during the previous year;
- (b) if so, the details thereof;
- (c) the steps taken by the Government for enhancing production of crude oil and gas in the country;
- (d) whether the Government has identified the reasons for the said fall in production;
- (e) if so, the details thereof along with the oil field-wise amount of fall in production of crude oil and natural gas, separately for each oil field; and
- (f) whether certain gas producers are trying to create an artificial shortage of gas through low production in order to raise gas prices and if so, the details thereof and the reaction of the Government thereto?

**Answer**

Minister of State in the Ministry of PETROLEUM & NATURAL GAS (SMT. PANABAAGA LAKSHMI)

(a) & (b) Yes Madam, the domestic crude oil production during April, 2013 to July, 2013 was 12.592 Million Metric Tonne (MMT) against production of 12.788 MMT during April, 2012 to July, 2012.

The natural gas production during April, 2013 to July, 2013 was 11.959 Billion Cubic Metre (BCM) against the production of 14.451 BCM during April, 2012 to July, 2012

(c) Several measures have been taken by the Government/Oil PSUs to accelerate the production of crude oil and natural gas in the country, which includes the following:

- (i) Offering of more unexplored areas for exploration through future New Exploration Licensing Policy (NELP)/Open Acreage Licensing Policy (OALP) bidding rounds.
  - (ii) Exploring alternate energy sources such as Coal Bed Methane (CBM), Shale gas/Shale oil and Gas Hydrates etc.
  - (iii) Introducing Policy/Guidelines allowing exploration in existing Mining Lease (ML) areas with certain conditions.
  - (iv) Implementation of New Technologies such as horizontal well drilling etc.
  - (v) Application of Enhanced Oil Recovery (EOR)/ Improved Oil Recovery (IOR) techniques for increasing recovery factor from existing fields.
- (d) The marginal shortfall in oil production was due to less oil production from matured and ageing fields. The gas production was substantially less mainly due to less gas production from KG-D6 block.

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.

(e) The details of production of crude oil during April, 2012 to July, 2012 and April, 2013 to July, 2013 by Oil and Natural Gas

Corporation Ltd. (ONGC), Oil India Ltd. (OIL) and Private and Joint Venture Companies (Pvt./Jvs) under Production Sharing Contract (PSC) are at Annexure-I, Annexure-II and Annexure-III respectively.

The details of production of natural gas during April, 2012 to July, 2012 and April, 2013 to July, 2013 by ONGC, OIL and Pvt./Jvs are at Annexure-IV, Annexure-V and Annexure-VI respectively.

(f) The oil/gas production performance and reservoir management issues in fields/blocks under the PSC regime are monitored on a regular basis and deliberated in Technical Committee Meetings and Management Committee Meetings. Further, the annual programme quantity of oil/gas is also approved by the Management Committee (MC) comprising of representatives of the Contractor(s) and the Government. In the case of KG-D6 Block, a notice for disallowance of costs of production facilities amounting to \$ 1.005 billion as on 31.03.2012 has been issued to the Contractors, and the matter is currently under arbitration.