

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

STARRED QUESTION NO:292

ANSWERED ON:30.08.2013

GAS ALLOCATION POLICY

Adhalrao Patil Shri Shivaji;Yadav Shri Dharmendra

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

- (a) whether the Government has decided recently to further reduce gas supply to non-priority sectors to meet the demand of fertilizer and power plants;
- (b) if so, the details thereof along with the details of non-priority sectors to which gas is being supplied at present;
- (c) the reasons for the fall in production of gas during 2012-13 in the country;
- (d) whether the Government proposes to bring changes in the gas allocation policy and allocate gas to power plants that are likely to come up in the next two to three years and if so, the details thereof; and
- (e) whether the Government has constituted an Empowered Group of Ministers (EGoM) to look into the aspects of gas allocation policy and if so, the details of the recommendations made by the EGoM and the action taken by the Government thereon?

Answer

MINISTER IN THE MINISTRY OF PETROLEUM & NATURAL GAS (DR. M. VEERAPPA MOILY)

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT REFERRED IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 292 ASKED BY SHRI ADHALRAO PATIL SHIVAJI AND SHRI DHARMENDRA YADAV, MPs TO BE ANSWERED ON 30.08.2013 REGARDING GAS ALLOCATION POLICY

(a): No, Madam.

(b): The details of natural gas supplied to various non-priority sector which are on pipeline grid during 2012-13 is as follows:

Sector Total Domestic Supply (MMSCMD)

Steel/Sponge Iron 1.10
Refineries 1.13
Petrochemicals 2.84
Others 0.47
Re Seller 0.62
(Except CGD)

Total 6.16

(c): The main reason for fall in gas production in the country is due to drastic fall in production of gas from KG-D6 fields. 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, 6 wells have ceased to produce gas due to water loading/sand ingress in wellbores.
- ii. Out of 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 what was 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.

(d) & (e): Ministry of Petroleum & Natural Gas has circulated a note regarding options for change in inter- se priority in core sector for allocation of NELP gas for consideration of the Empowered Group of Ministers for pricing & commercial utilization of NELP gas. Decision of EGoM is awaited.