

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

UNSTARRED QUESTION NO:3283
ANSWERED ON:30.08.2013
GAS DISCOVERIES
Adhi Sankar Shri ;Anandan Shri K.Murugesan

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

- (a) whether the Directorate General of Hydrocarbons (DGH) has refused to approve the plan of a private company for developing gas discoveries in block NEL-25 off the Odisha coast due to certain reason;
- (b) If so, the details thereof;
- (c) whether DGH had also recently rejected Declaration of Commerciality (DoC) of three discoveries of the company in the flagging KG-D6 block on the grounds of no separate Drill Stem Tests (DST) being done;
- (d) if so, the details thereof; and
- (e) the steps taken by the Government for speedy development of discoveries to raise domestic output of gas?

Answer

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

a) & b) The Declaration of Commerciality (DoC) proposal for the discoveries D-32 and D-40 in NEC-OSN-97/2 (NEC-25) was not reviewed by the Management Committee (MC) as its commerciality could not be established due to absence of sustainable production test data obtainable from flow of hydrocarbon at the surface, as per PSC requirements.

The development plan for the other two discoveries (D-9 & D-10) was submitted beyond PSC stipulated timelines.

Subsequently, DGH, vide letter dated 05.06.2013 conveyed to M/s RIL and MoP & NG that since the IBDP did not comply with PSC provisions, the same could not be accepted and evaluated.

However, RIL (vide its letter dated 28.06.2013) has made a representation to the Ministry of Petroleum and Natural Gas on DGH's letter dated 05.06.2013 and has reiterated that it has taken all the actions as required under the Production Sharing Contract of the block NEC-OSN-97/2 (PSC). Further, RIL has brought out in this letter that "The issue of DST was discussed at length in the meeting chaired by Hon'ble Minister, MoP&NG on 13th July, 2012. As advised in the meeting, the contractor with a view to moving matters forward, submitted a proposal to the MC for its approval to undertake drilling a well and carry out DST in one of the wells but it found no response from DGH". This letter is under examination in the Ministry.

Further, Ministry of Defence had denied permission to carry out E&P activities in this block and had declared it a "No Go Area". However, Cabinet Committee on Investment (CCI) considered this issue and conditional clearance was given to the block in pursuance to directions of CCI. This was communicated to DGH vide this Ministry's letter dated 12.4.2013.

c) & d) The Declaration of Commerciality (DoC) proposal for three discoveries D-29, D-30 & D-31 made in the block KG-DWN-98/3 (KG-D6), operated by M/s RIL, could not be reviewed by the Management Committee (MC) in absence of sustainable production test data obtainable from flow of hydrocarbon at the surface, as per PSC requirements.

e) While the Contractors are required to adhere to the timelines stipulated in the PSCs for commencement of development of commercial gas discoveries, Government of India, on 01.02.2013, as a general policy has allowed exploration in the Mining Lease (ML) Areas in the country with a condition that any risk to the Government revenue on account of cost recovery is appropriately mitigated. This has been allowed to ensure optimum exploitation of hydrocarbon resources in ML areas.