

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

UNSTARRED QUESTION NO:312

ANSWERED ON:06.12.2013

OIL AND GAS BLOCKS

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

- (a) whether the Government has set up any timelimit for various stages of exploring and developing oil and gas blocks;
- (b) if so, the details thereof;
- (c) whether the developers of oil and gas blocks are missing deadlines in this regard;
- (d) if so, the details thereof along with the reasons therefor; and
- (e) the steps taken by the Government to address the problems faced by the developers?

Answer

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

(a): Yes, sir. The Production Sharing Contract (PSC) provides for specific timelines for exploration activities as well as development of oil and gas discoveries made in the blocks. However, the timelines may vary in different PSCs signed under different bidding rounds of Pre-NELP and New Exploration Licensing Policy (NELP).

(b): The exploration period varies from 7 years to 8 years depending on the type of blocks (onland, shallow water and deepwater) and bidding rounds. Provisions for extension of exploration period are governed by the relevant provisions in the PSC as well as extant guidelines/policies of the Government.

The timelines specified for development of discoveries also vary for different NELP PSCs. However, as an example, the following maximum timelines are stipulated in NELP –III PSCs from notification of discoveries till approval of Field Development Plans (FDPs):

- i. Maximum time for crude oil and associated natural gas : 54 months and 20 days
- ii. Maximum time for non associated natural gas : 74 months

(c) & (d): The PSC provides for specific stipulations and timelines for exploration and development, which are required to be adhered to by the operators. However, there are instances of violation of timelines by the Contractors, such as:

Non-completion of Minimum Work Programme (MWP) within phase duration.

Non-submission of Declaration of Commerciality (DoC) and Field Development Plan (FDP) within timeline.

Delay in submission of Annual Work Programme and Budget, Bank Guarantees etc.

Govt. guidelines provide for penalties measures, such as, payment of cost of unfinished work programme and liquidates damages etc. for extension of timelines in exploration phase.

(e): The Government has introduced several policy measures to enable the Contractors to complete the work programmes and also fully exploit the hydrocarbon potential in the blocks and also early monetization of discoveries, such as, Extension Policy, Rig Moratorium Policy, Policy for allowing exploration in Mining Lease (ML) area after the expiry of exploration period and submission of Integrated Field Development Plan (IFDP) etc.