

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

UNSTARRED QUESTION NO:2834
ANSWERED ON:07.02.2014
ALLOCATION OF GAS
Rao Shri Nama Nageswara

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

- (a) whether the Government has recently directed to further reduce gas supply to non-priority sectors to meet the demand of fertiliser and power plants;
- (b) if so, the details of non-priority sectors to which gas supply is being curtailed;
- (c) whether the production of gas has fallen sharply in the country and if so, the reasons therefor;
- (d) whether the Government has constituted an Empowered Group of Ministers (EGoM) to look into the various aspects of gas allocation policy; and
- (e) if so, the details thereof and the manner in which it is likely to ensure proper distribution of gas to all the sectors?

Answer

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

(a) No, Madam.

(b) Does not arise in view of (a) above.

(c): The gas production under the PSC (Production Sharing Contract) regime has drastically fallen from 26.77 Billion Cubic Meter (BCM) in 2010-11 to about 9.58 BCM (estimated) in 2013-14. The major reasons for such significant decline in gas production are given below:

(i) The gas production from D1 and D3 fields of KG D6 blocks has been lower than that approved in the Field Development Plan (FDP). The possible reasons are non-drilling of adequate numbers of wells as per approved FDP, water and sand ingress in wellbores leading to closure of 10 out of a total of 18 gas producers in these two fields.

(ii) Decline in gas production from another major gas producing field, namely, Mid and South Tapti: The reasons are pre-mature water ingress in wellbores resulting in shut-in of several existing producers (wells) and less than envisaged gas production potential of the field.

(iii) Natural decline of other matured and ageing gas producing fields like Ravva, Hazira, CB-OS/2 and NSA-Bheema.

(iv) Delay in implementation of Coal Bed Methane (CBM) development plans due to various issues, such as, land acquisition, environmental clearance, non availability of nearby markets and pipeline infrastructure.

(d) & (e): Yes, Madam. An Empowered Group of Ministers (EGoM) has been constituted to decide issues relating to commercial utilization of gas produced under New Exploration Licensing Policy (NELP). The EGoM has decided the following order of priority for supply of NELP gas:

i) Existing gas-based urea plants

ii) Existing gas-based LPG plants

iii) Gas-based power plants, supplying the entire electricity produced from the allocated gas to the Distribution Licensees at regulated tariff under a Power Purchase Agreement.

iv) City Gas Distribution (CGD) network for domestic & transport sectors Subsequently in view of the increased availability of gas, the EGoM also took a decision to supply gas to steel, petrochemicals & refineries for feedstock purposes, CGD networks for industrial & commercial customers, other gas-based fertilizers plants and to captive power plants, after meeting the requirement of the sectors mentioned at

(i) -
(iv) above.

