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STANDING COMMITTEE ON PETROLEUM & NATURAL GAS (2014-15)

SIXTEENTH LOK SABHA

MINISTRY OF PETROLEUM & NATURAL GAS

DEMANDS FOR GRANTS (2014-15)

FIRST REPORT

LOK SABHA SECRETARIAT
NEW DELHI

December, 2014/ Agrahayana, 1936 (Saka)

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DEMANDS FOR GRANTS (2014-15)

Presented to Lok Sabha on 16.12.2014

Laid in Rajya Sabha on 16.12.2014

LOK SABHA SECRETARIAT
NEW DELHI

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1. Shri A.K.Singh – Joint Secretary
2. Shri S.C.Chaudhary – Director
3. Shri H. Ram Prakash – Additional Director

*Ceased to be a Member of the Committee on becoming Minister in the Union Council of Government w.e.f. 9th November, 2014.

Ceased to be a Member of the Committee consequent upon his resignation from the membership of the Rajya Sabha w.e.f 25th November, 2014.

INTRODUCTION

I, the Chairman, Standing Committee on Petroleum & Natural Gas having been authorised by the Committee to submit the Report on their behalf present this First Report on 'Demands for Grants (2014-15) of the Ministry of Petroleum & Natural Gas'.

2. The Committee examined the Demands for Grants (2014-15) pertaining to the Ministry of Petroleum & Natural Gas which were laid on the Table of the House on 4th August , 2014.

3. The Committee took evidence of the representatives of the Ministry of Petroleum & Natural Gas at their sitting held on 9th October, 2014. The Committee considered and adopted the Report at their sitting held on 11th December, 2014.

4. The Committee wish to express their thanks to the representatives of the Ministry of Petroleum & Natural Gas for furnishing the material and information in connection with the examination of Demands for Grants (2014-15) of the Ministry and for giving evidence before the Committee.

5. The Committee also place on record their appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

New Delhi;
15 December, 2014
24 Agrahayana,1936 (Saka)

PRALHAD JOSHI,
Chairman,
Standing Committee on
Petroleum and Natural Gas.

REPORT

PART – I

INTORDUCTORY

The demand for energy is on rise concomitant with the socio economic growth in the country. Current hydrocarbon demand is much more than the domestic crude oil and natural gas production. A large amount of foreign exchange goes to the import of crude oil and Liquefied Natural Gas (LNG) to meet the energy needs of the country. In order to bridge the gap between energy supply and demand, it is imperative to accelerate the exploration and production activities in the country. It is also necessary to recognize that India's growing dependence on energy imports exposes its energy needs to external price shocks.

1.2 India's Energy Security at its broadest level, is primarily about ensuring the continuous availability of commercial energy at competitive prices to support its economic growth and meet the lifeline energy needs of its households with safe , clean and convenient forms of energy even if that entails directed subsidies. The most critical elements of our energy security, however, remain the measures to increase the efficiency, reduce requirements and augment the domestic energy resource base by (i) Carrying out E&P operations in safe and environment friendly manner and (ii) Research & Development for the new sources such as Gas Hydrates.

1.3 Keeping in view the growing requirements of energy in the country, Government of India has adopted multi-pronged strategy for giving momentum to exploration and production in the country. The major steps taken in this regard are

(i) Offering of exploration blocks in Indian sedimentary basins through New Exploration Licensing Policy (NELP);
(ii) Acquisition of Oil and Natural Gas assets abroad;
(iii) Development of alternate sources of hydrocarbon such as Coal Bed Methane (CBM) and Shale Gas;

1.4 The Ministry of Petroleum and Natural Gas is concerned with exploration and production of Oil & Natural Gas including also the import , export and conservation of petroleum products. The activities of the Ministry are carried out through its 9 public sector undertakings, 9 subsidiaries and other companies and 7 other organizations.

A. ANALYSIS OF DEMANDS FOR GRANTS (2014-15)

1.5 The budgetary allocations made in respect of Ministry of Petroleum and Natural Gas for the fiscal year 2014-15 are as under :-

(Rs. in Crore)

Plan		Non- Plan	Total
Revenue Section	42.00 (For establishment of RGIPT)	63500.00 (i) Secretariat Economic Services- 25.96 (ii) Petroleum- 63444.04 (iii) Assistance to States- 20.00 (iv) Assistance to States-10.00	63543.00
Capital Section	1.00 (For ISPRL for filling crude oil in the Storage cavern)	-	-

Plan Allocations

1.6 The Plan budget of the Ministry for 2014-15 comprises of;

(i) a sum of Rs. 42 crore for setting up of Rajiv Gandhi Institute of Petroleum Technology (RGIPT) at Jais, Rae Bareilli;

(ii) a token provision of Rs. 1 crore has been provided for the Indian Strategic Petroleum Reserves Ltd. towards cost of filling the cavern storage with crude oil.

The Plan schemes of the Ministry are discussed in the following paragraphs:

(i) Rajiv Gandhi institute of Petroleum Technology (RGIPT)

1.7 Rajiv Gandhi Institute of Petroleum Technology is being set up at Jais, U.P. with the objective of creating an Institute of Excellence in the Petroleum sector to cater to the educational and training requirements in India and globally. The total estimated cost of the project is Rs. 695.58 crore out of which Rs. 435 crore will be on account of capital expenditure. Budgetary support of Rs. 285 crore has been approved. The Institute has been running the academic programme from 2008, operating from a temporary campus at Rae bareli. The acquisition process of land for RGIPT's own campus at Jais near Rae Barelli has been delayed due to various reasons and the phase-I construction activities started in August, 2008 on the available plot of land purchased from Indian Oil tanking Limited. Due to several hindrances, the completion of the RGIPT Campus Project at Jais could not be completed during the 11th Plan. The amount of Rs. 86 Crore of budgetary support released, during XIth Plan period has been fully utilized. An allocation of Rs. 42 Crore as Budgetary support has been made for 2014-15. The funds allocated and the utilization of the grant for the scheme as provided by the Ministry are as under:-

(Rs. In Crore)

Scheme	2011-12			2012-13			2013-14		
	BE	RE	Actual	BE	RE	Actual	BE	RE	Actual
Rajiv Gandhi Institute of Petroleum Technology (RGIPT)	39	39	0	41	10	0	41	15	0

1.8 When asked to furnish a note on the status of the progress achieved in establishment of RGIPT at Jais, Rae Bareli during 2013-14, the Ministry has submitted following information :-

> “The Contractor engaged for the civil construction work of Jais Campus in June 2010 had raised several disputes and extra claims which were not allowable under the contract. In March, 2013, the contractor virtually stopped the work and initiated legal proceedings in Rae Bareli District Court and obtained certain restrains on RGIPT against taking any penal action. The Contractor has also invoked arbitration process. As a result, after the restrains were removed by the court, RGIPT had to ultimately terminate the contract in May 2013, while still defending and claiming compensation in the ongoing arbitration proceedings. In view of this development, it was decided to get the balance work done through a composite works contract in order to complete the campus work. Accordingly, in September 2013 through the tendering process, a contract for the composite work was awarded to a new contractor. The schedule completion date agreed for the project is December, 2015. At the end of the year 2013-14 (i.e. as on 31.3.2014), the overall completion of the campus work achieved was 52.6percent as against the schedule 54.2percent. M/s. Engineers India Limited, Project Management Consultant of the Jais campus project has taken up plans with the contractor for clearing the backlog of the project work, so as to complete the construction of the campus by the schedule date.
>
> In respect of the on-going academic activities from the temporary campus at Rae Bareli, in 2013-14 RGIPT had successfully entered the 6th academic year. 5 batches of MBAs in Petroleum Energy Management, 3 batches of B. Tech graduates in Petroleum Engineering and Chemical Engineering and 2 batches of M. Techs in Petroleum Engineering have passed out from RGIPT.”

1.9 Since the actual expenditure in respect of RGIPT during 2013-14 was nil against the Budget Estimates of Rs. 42 crore, the Committee enquired about the reasons for non-utilisation of allocated funds during the said year. In this regard, the Ministry replied as given under :-

> "The above relates to RGIPT Jais project the capital expenditure of which is funded by Govt. of India through Budgetary support (GBS) to the extent of Rs. 285 crore and OIDB Grant of Rs. 150 crore. As per the Cabinet approval, the budgetary support amount of Rs 285 crore was allocated for spending within the 11th five year plan. However, due to delay in acquisition of major portion of land which was entrusted to the UPSIDC, the project was delayed. The civil construction work for phase- 1 was taken up in the available land the contract for civil work was awarded in June 2010. The work did not progress as per the schedule. As a result of these delays, Rs. 199 crore (out of the approved GBS of Rs. 285 crore) could not be availed within the 11th five year plan period. The process for approval of the transfer of the project from 11th five year plan to 12th five year plan is under process. In view of the above, it was not possible to avail the GBS amount of Rs. 42 crore allocated in BE 2013-14. However, the project expenses are currently being met out of the OIDB Grant."

1.10 The Ministry had informed that one RGIPT is being planned to be established in Assam, When asked to furnish a status note on the establishment of the proposed RGIPT in Assam indicating the progress made in 2013-14, the Ministry in a written reply submitted following information :-

> "MOP&NG vide letter no. R-42024/61/2007-MC (Pt.) dated 11th September 2008 advised RGIPT about the announcement made by the then Hon'ble Prime Minister for setting up of a centre of RGIPT in the State of Assam. Accordingly, a Conceptual Plan for the Assam Centre was prepared by M/s. Ed CIL in May 2009 and the DPR of the Assam Centre was finalized in August 2009. In September 2009, the project cost of Rs. 330 crore was approved by way of grant from Oil Industry Development Board and contribution by Oil PSUs. The primary objective of the Assam Centre of RGIPT is to offer programmes of education/ training of skilled technical manpower for the up-stream sector of Oil and Gas, at the diploma and advance diploma levels.
>
> The Government of Assam has allotted 100 acres of land in Sivasagar for setting up the RGIPT Centre. The foundation stone for the Assam Centre was laid in February 2011 by the then Hon'ble Prime Minister of India. For developing the campus, Engineers India Ltd (EIL) was engaged as Project Management Consultant. After finalizing the concept plan for the campus and obtaining all statutory approvals, the construction phase was initiated. Earth filling and Piling works were needed as the land allotted by the State Govt. is in low lying area. The said works awarded respectively in 2011-12 and 2012-13 and continued during 2013-14 as delays took place due to several reasons which included scarcity of earth borrows area in the vicinity of the site, prolonged monsoon, water logging at work site obstructing movement of equipment etc. In view of

continuing delays, EIL's services were restricted to Earth Filling and Piling works which was completed in April, 2014. For carrying out the rest of the construction activities at Sivasagar, RGIPT has engaged CPWD on deposit work basis. Plans for the construction work for phase 1 have been finalized and the preparation of tender work by CPWD is in progress. Due to the delays, the project scope and cost has been revised and a proposal for approval of the same is currently under the consideration of the MOPN&G, on receipt of which the contract for the civil and other work will be awarded."

(ii) Indian Strategic Petroleum Reserves Limited

1.11 Taking into account the oil security concerns of India, the Government has decided to set up Strategic Crude Oil Storage of about 5.03 million metric tons (MMT) at three locations in the country viz. Visakhapatnam (1.03 MMT), Mangalore (1.5 MMT) and Padur (2.5 MMT). The proposed Strategic Crude Oil Storage would be in underground rock caverns. A Special Purpose Vehicle- Indian Strategic Petroleum Reserves Limited (ISPRL), which is a subsidiary of OIDB has been created for implementation and management of strategic storage of crude oil. Crude oil from the reserves will be released by an empowered committee constituted by the Government, in the event of any supply disruptions from abroad, any natural calamity or any unforeseen global event, leading to an abnormal increase in prices. The project involves capital cost of Rs. 3958 crore and crude oil filling cost of Rs. 25000 crore (calculated at an average crude oil cost of US $110/bbl and exchange rate of 1US $= Rs. 60/-) a token amount of Rs. 1.00 crore has been allocated during BE 2014-15.

1.12 When asked to furnish a status update on various projects on ISPRL for strategic storage of crude oil, the Ministry submitted following information:-

"FINANCIAL PROGRESS

Site	Visakhapatnam	Mangalore	Padur	Total
Original Approved Cost (in Rs. Crore) Sept 2005 prices	672.00	732.00	993.00	2397.00
Revised Cost (in Rs. Crore)	1038.00	1227.00	1693.00	3958.00
Approved ((in Rs. Crore)	Commitment 1038	1227.00	1693.00	3958.00
Actual (in Rs. Crore)	Expenditure 984.98	882.71	1275.74	3143.43
Financial Progress	95 percent	72percent	75percent	

PHYSICAL PROGRESS AND ANTICIPATED COMPLETION DATES AS ON AUGUST 2014

	Visakhapatnam	Mangalore	Padur
UndergroundSch/Act (percent):	100/99.9	100/99.8	100/99.6
Above Ground. Sch/Act (percent):	100/97.7	100/93.5	100/96.7
Physical Sch/Act (percent)	100/98.9	100/97.1	100/94.3
Anticipated Mechanical Completion	September, 2014	October, 2014	September, 2014
Anticipated Commissioning	February, 2015	October, 2015*	Oct 2015 *

*Final commissioning shall depend on completion of a pipeline laying job, contract for which has been awarded on 4th July 2014. Scheduled commissioning is 15 months from the date of award i.e. by 3rd October 2015."

1.13 On being enquired by the committee about the efforts made for availability of funds for filling of crude oil in strategic storage caverns, the Ministry submitted following information:-

"Ministry of Finance (MoF) through letters dated 24.05.2013 have clarified that as per CCEA approval the cost of filling the crude in 3 strategic storage caverns is to be borne by the Government and not by OIDB.

The requirement to fill up the 3 caverns at Vishakhapatnam, Mangalore & Padur is of the order of Rs.25000 crore. There is a plan provision of Rs.4948 crore during the 12th Plan for filling up of caverns. For 2014-15, a token provision of Rs.1 crore has been made in the budget of MoPNG. MoPNG is preparing a proposal for EFC to utilize the plan provision for filling up of Visakhapatnam cavern, which is likely to be completed first."

(iii) Scheme For LPG Connections To BPL Families

1.14 In order to provide grant of one time financial assistance to BPL families for release of new LPG connection to meet cost of Security Deposit for a cylinder and one Pressure Regulator which is currently Rs.1600 a scheme namely CSR scheme is already in operation. The scheme was implemented to issue new LPG connection to BPL families under Rajiv Gandhi Garmin LPG Vitaran Yojana (RGGLVY) and IOC is the main co-coordinator in the matter. Under this scheme a fund has been created from the contribution of 6 oil companies out of their CSR fund to provide assistance to BPL household in RGGLV area.

1.15 The Committee wanted to know as to how many connections have been issued by PSU Oil companies under BPL Scheme under CSR funds of oil PSUs against the set target, the Ministry replied as under:-

"Public Sector Oil Marketing Companies (OMCs) have reported that as on 31.07.2014 they have released a total of 616190 number of LPG connections since start of scheme utilizing Rs. 81.76 Crore. Year-wise details for the years 2011-12, 2012-13, 2013-14 and current year April-July'2014 are as under :

Year	Scheme	No. of connections released	Fund utilized (Rs. in Crore)
2011-12	RURAL	44066	6.17
2012-13	RURAL	102518	15.89
	Delhi-CSR	71410	5.70
	Total	173928	21.59
2013-14	RURAL	188529	30.17
	Delhi-CSR	112418	8.99
	Total	300947	39.16
April' 14 to July' 14	RURAL	60470	9.67
	Delhi-CSR	0	0.00
	Total	60470	9.67

As on 31.07.2014, the total contribution received from the six participating Public Sector Undertakings (PSUs), namely, ONGC, OIL, GAIL, BPCL, HPCL and IOC is Rs.399.81 crore. The said fund was distributed amongst IOCL, BPCL and HPCL in the ratio of 50:25:25. The funds received are allocated by the OMCs amongst all States /UTs for release of connection. However, no target can be fixed as release of connection under this scheme is subject to authentication by local administration of the lists of beneficiaries submitted by the distributors. The release of connections is also related to commissioning of Rajiv Gandhi Gramin LPG Vitaraks (RGGLVs)."

1.16 It has been informed that presently, Ministry is not having any proposal for alternate way to authenticate the list of beneficiaries applying for free LPG connection under BPL Scheme as the BPL list is prepared & maintained by the State/UTs.

Non-Plan Allocations:-

(a) <u>Subsidies and under-recoveries</u>

1.17 Despite the volatility in the prices of petroleum products in the international market, the retail selling prices of diesel (for retail consumers), PDS Kerosene and Subsidized domestic LPG in India are being modulated by the government in order to insulate the common man from the impact of rise in international oil prices and the domestic inflationary conditions. As a result, the OMCs have incurred under-recovery on sale of these products. The Committee enquired about the details of the under-recoveries borne by upstream oil companies and downstream companies production during the last three years.

1.18 Product-wise details of under-recoveries borne by OMCs for the last three years are as under :-

"The gross under-recoveries incurred by the OMCs on regulated petroleum products during last 3 years are as under:

(Rs. Crore)

Year	Product	IOCL	HPCL	BPCL	Total
2011-12	Diesel	42866	17789	20537	81192
	Domestic LPG	14690	7624	7683	29997
	PDS Kerosene	17913	5021	4419	27352
	Total	75469	30434	32638	138541
2012-13	Diesel	47082	20699	24281	92061
	Domestic LPG	19206	10313	10039	39558
	PDS Kerosene	19506	5233	4671	29410
	Total	85793	36246	38990	161029
2013-14	Diesel	29440	15576	17822	62837
	Domestic LPG	23056	11566	11835	46458
	PDS Kerosene	20443	5326	4806	30574
	Total	72938	32468	34463	139869

These under-recoveries have been partially compensated by the Government and upstream companies as per details below:-

(Rs. Crore)

	2011-12	2012-13	2013-14
Gross under-recovery incurred by the OMCs	138541	161029	139869
Burden Sharing of Under-recovery:			
Cash Assistance by the Government to the OMCs	83500	100000	70772
Discount by the Upstream companies to the OMCs	55000	60000	67021
Under-recovery absorbed by the OMCs	41	1029	2076

1.19 The Government is providing subsidy on PDS Kerosene and Subsidized Domestic LPG as per the provisions of 'PDS Kerosene and Domestic LPG Subsidy Scheme, 2002'. The quantity of PDS Kerosene on which subsidy is allowed for each state are limited to the allocations made by the Ministry of Petroleum and Natural Gas subject to actual quantities sold. Currently, Indian Oil corporation limited (IOCL), Hindustan Petroleum Corporation Limited (HPCL) and Bharat Petroleum Corporation Limited (BPCL) and IBP Company Limited (IBP) are allowed to participate in the scheme. At present subsidized cylinders are capped at 12 per household per year from 2014-15 to contain subsidy burden of Government. The detailed working of the provision made for the year 2014-15 are given below:-

Particulars	Unit	PDS Kerosene	Domestic LPG	Total
Estimated sales for 2014-15	TMT	6631	14004	20635
Average Subsidy rate per unit (as per the notified scheme)	Rs. / Ltr./ Cylinder.	0.82	22.58	-
Total Subsidy Amount	Rs. in Crore	698.67	2226.88	2925.56
Add: Net inter-year adjustments/ rounding off (Rs. in Crore)				4.44
Total Budget Estimate for 2014-15 (Rs. in Crore)				2930.00

1.20 A subsidy of Rs. 23 Crore is estimated for freight subsidy on PDS Kerosene and Domestic LPG for far flung areas. When asked to give details of the Freight subsidy scheme, the Ministry replied as under :-

> "Freight Subsidy (for Far Flung Areas) Scheme, 2002 was launched by Government of India in 2002-03 to compensate the freight cost incurred by OMCs on the sale of PDS Kerosene and Domestic LPG in far flung areas. According to clause 3 of the scheme, following areas have been considered:-
>
> (i) North Eastern States including Sikkim except districts in which Digboi, Guwahati, Bongaigaon and Numaligarh Refineries are located.
>
> (ii) States of Jammu & Kashmir, excluding the districts of Jammu & Kathwa, Himachal Pradesh; Uttaranchal, excluding the districts of Haridwar & Udhamsingh Nagar

(iii) Andaman & Nicobar Islands; and

(iv) Lakshdweep Islands

As laid out in the scheme, freight subsidies are computed in the following manner:-

(i) For north eastern sector: From the Bottling Plant/Depot up to the LPG distributors (inclusive Extension counter) in case of domestic LPG; Wholesale Dealers in case of PDS Kerosene

(ii) For other far flung area: From the nearest tap off point or Rail head to the bottling plant /depot and further up to LPG distributors/extension counter /wholesale Dealers in the far flung area.

The above subsidy is distributed to the oil marketing companies based on their sales quantity in the area

(b) Measures to control Subsidy burden

(i) Direct Transfer of cash subsidy

1.21 When asked about the status of progress achieved in implementation of Direct Transfer of Cash subsidy for Kerosene (DTCK) and Direct Benefit Transfer for LPG (DBTL) and the present status of linking of Aadhar Numbers with Bank accounts the Ministry informed that it has launched modified Direct Benefit transfer for LPG (DBTL) scheme in 54 districts on 15.11.2014 and will be launching the scheme all over the country on 01.01.2015 .In this regard the written reply of the Ministry further informed the following :-

"**DTCK :-**

DTCK was initiated on the interim recommendations of the Task Force constituted by the Government under the Chairmanship of the Chairman UIDAI on the issue of Direct Transfer of Cash Subsidy on PDS Kerosene (DTCK) and the 'in principle' approval of EGoM thereon (dated 8th August, 2011).

A Pilot Project for 'Direct Transfer of Cash Subsidy of PDS Kerosene' was launched in the Block Kotkasim, District Alwar (Rajasthan) in December, 2011 by MoP&NG, in collaboration with Government of Rajasthan. Dupring the Pilot, subsidy was transferred into the Bank account of PDS SKO beneficiaries and PDS SKO was moved at full market price at all points of supply. As per the report of the State Government of Rajasthan, the demand of SKO fell by around 67percent.

Under the DTCK 2012, a lump-sum one time grant of Rs. 100 Crore for each State was provided to the states joining the Scheme prior to 31.03.2012. 11 States/UTs (Rajasthan, Madhya Pradesh, Sikkim, Maharashtra, Andman & Nicobar Islands, Jharkhand, Himachal Pradesh, Pudducherry, Kerala, Goa &

Andhra Pradesh) confirmed their participation in the Scheme within the stipulated period. Out of these 11 states, only three States i.e. Rajasthan, Maharashtra and Goa confirmed implementation of DTCK in following district:

States	Districts
Rajasthan	Alwar, Ajmer, Udaipur
Maharashtra	Nandurbar, Wardha, Amaravati
Goa	North Goa

An amount of Rs 10 Crore was released for establishment of an institutional mechanism for direct transfer of subsidy in cash for PDS Kerosene beneficiaries to the States of Rajasthan, Maharashtra and Goa during 2012-13.

MOP&NG had on 03.09.2014 & 06.09.2014 convened a meeting of Principal Secretaries (F&CS Department) of all the States/UTs for discussion on improvement in PDS-SKO Distribution System, including the DTCK.

DBTL:-

- Direct Benefit Transfer for LPG (DBTL) scheme had been launched in 18 districts on 1st June, 2013. On 1st July, 2013, the scheme was launched in Mysore and on 1st August in Mandi (HP). Subsequently the DBTL Scheme was extended to 291 districts by 01.01.2014 in phases as given below :

PHASE	Date of launch	Grace Period Ending/Ended Date	Districts
1	01.06.13	01.09.13	18
	01.07.13	01.10.13	1 Mysore)
	01.08.13	01.11.13	1 (Mandi)
2	01.09.13	01.01.14	22
		-	12 (Kerala)
3	01.10.13	-	43
4	01.11.13	-	38
5	01.12.13	-	49
6	01.01.14	-	107
Total			291

- As on 30th April, 2014, an amount of Rs 5394.97 Crore was transferred into Aadhaar linked bank accounts of 2.8 Crore consumers.
- As per MOP&NG's letter No. P-17018/7/2012-LPG dated 07.3.2014, DBTL scheme has been kept in abeyance in the said 291 districts till further orders and the system of providing subsidized cylinders to all domestic LPG consumers on payment of the applicable subsidized price for each such cylinder has been re-introduced.

- The phase wise Aadhaar seeding status for OMCs as on 31st July 2014 is given in table below :-

Phase	No. of LPG Consumers	LPG Aadhaar Seeding As On Date	percent LPG Aadhaar Seeding As On Date	Bank Aadhaar Seeding As on Date	percent Bank Aadhaar Seeding As on Date
1	6268923	5576038	88.95percent	5135459	81.92percent
2	15378560	11611441	75.50percent	10008852	65.08percent
3	15244059	7722739	50.66percent	5387137	35.34percent
4	13302171	5344203	40.18percent	3712890	27.91percent
5	14849133	3655646	24.62percent	2297786	15.47percent
6	31387851	7980441	25.43percent	4964356	15.82percent

1.22 Under the Budgetary allocations for the year 2014-15, a token provision of Rs. 1 Crore has been made for payment to OMCs for project management expenditure for implementation of Direct Transfer of Subsidy of LPG Scheme. The Ministry has furnished a note on the progress achieved in this regard which is as under :-

> "As per the Direct Benefit Transfer for LPG consumer (DBTL) Scheme, 2013, a one-time sanction of Rs.50 lakh per district for project management expenditure in DBTL districts was provided in the financial year 2013-14. According to the timeline drawn for the launching of the DBTL scheme in various districts, the DBTL scheme was launched in 291 districts till January, 2014. Now, the DBTL scheme has been kept in abeyance with effect from March, 2014 and the allotted budget of Rs.1 crore for financial year 2014-15 stands unutilized."

The Ministry have informed that the Modified DBTL Scheme is being relaunched w.e.f. 15.11.2014 in 54 districts.

(ii) De-duplication of multiple connections:-

1.23 When asked about the mechanisms available with OMCs to check the existence of fake connections at various LPG Distributorships, Ministry submitted following information :-

> "(i) OMCs have the required software to automatically detect the inactive connections where refills were not being taken for more than 180 days resulting in their deactivation. Reactivate of the same requires the KYC to be completed.
>
> For detection of fake and multiple connections in existing OMC consumer master data base, inputs are shared in a phased manner with NIC and de duplication is carried out.

<u>For checking the entrance of fake / multiple connection in to the system</u>:-

OMCs have instituted a process for collection of KYC along with proof of address and proof of identity so that connections are released after reconciliation of KYCs with the existing consumer master data base".

1.24 When asked as to whether any third party audits are conducted on regular basis at these distributorships, the Ministry informed that no third party audits are conducted.

1.25 The Committee enquired as to whether the demand for subsidized domestic LPG cylinders have grown up in the first half of the current year and its impact on under-recoveries, the Ministry submitted following information:-

"Ministry increased the subsidized cylinder quota per domestic LPG customers from 9 cylinders to 12 cylinders for the year 2014-15. For the year 2013-14, starting from 01.02.2014 this capping was kept as 11 from the earlier stipulated quota of 9.

Domestic LPG Sale during Apr-Sept'14 vs Apr-Sept'13 is as under:

Period	Domestic Subsidized (MT)	Domestic Non-Subsidized (MT)	Total
Apr-Sept'14	7566	51	7617
Apr-Sept'13	6600	168	6768
Growth (percent)	14.6percent	(-) 69.6percent	12.5percent

It may be observed that there is growth of 14.6percent in Domestic Subsidized LPG sale during the period Apr-Sept'14 vis-à-vis Apr-Sept'13.

Under recovery claim for Domestic LPG for April to Sept 14 and April to Sept 13 are given below:

(Rs.in crore)

	IOC	HPCL	BPCL	Total
Apr-Sept 13	9262.52	4602.67	4719.76	18584.95
Apr-Sept 14	12123.68	6327.60	6145.50	24596.78

Therefore, under recoveries in the first half of the current year has increased by 32.3percent to Rs.24596.78 Crore.

(iii) KYC Norms

1.26 As on 01.08.2014, there are 17.08 Crore Domestic LPG connections of PSU OMCs. Details of new Domestic LPG connections released are as under:-

2011-12	122.7 Lakh
2012-13	131.6 Lakh
2013-14	159.1 Lakh
Apr-July'14	48.9 Lakh

1.27 OMCs have informed that around 74.33 lakh Know Your Customer (KYCs) were collected out of 1.6 Crore suspected multiple LPG connections found as a result of de duplication done by NIC (State wise and district wise). For other issues like new connection, change in address, transfer of LPG connection etc. KYC forms are being collected by OMCs separately. When asked as to what steps have been devised by the Ministries/ OMCs for completion of KYC data, the Ministry submitted following information:-

> "For all identified multiple connection customers, OMCs are sending letter as well SMS requesting them to provide KYC in case there is no multiple connection. OMCs have also hosted the details of suspect customers on the transparency portal. "

1.28 Asked as to what measures have been taken by the Ministry to control subsidy burden, the Ministry stated as under :-

> "Ministry has taken following measures to control subsidy burden:-
>
> **(i) Capping**:-Oil Marketing Companies can supply a maximum of 12 subsidized LPG cylinders to all domestic LPG consumers per annum. The consumers have to pay full market price for any extra cylinder.
>
> **(ii) Recent decision on DBTL**:- The Cabinet has taken decision to Re-launch the Modified Direct Benefit Transfer for LPG consumers (DBTL) scheme with features including the provision that the subsidy on LPG cylinders will be fixed, permanent advance will be equal to the fixed subsidy and the scheme will be launched in the 54 districts w.e.f. 15.11.2014 and cover the entire country by 01.01.2015.
>
> **(iii) De-duplication**:- As per the Liquefied Petroleum Gas (Supply and Distribution) Order, 2000 every domestic LPG consumer (household) is entitled for one subsidized connection. However, it was observed that in reality there were several multiple connections registered with OMCs either in same name or in different name but in same address of household. The presence of multiple

connections has led to leakage of subsidy. To detect the presence of multiple connections, OMCs under the guidance of MoPNG have undertaken a de-duplication process based on demographic data. As on 01.09.2014, the OMCs have carried out de-duplication of LPG consumers data within the OMCs (on intra and intercompany basis) and so far 0.96 crore connections have been blocked. (as on 01.09.2014) leading to an estimated recurring savings in subsidy of Rs.3353 Crore per annum (@ Rs.522.10 subsidy average of 2013-14 per cylinder and average consumption of 6.69 cylinders per connection)".

B. UTILIZATION OF FUNDS BY OIL PSUS

1.29 The expenditure under the Head Exploration and Production & Refinery and Marketing as provided by MoP&NG is as under:

Head-Exploration and Production

Outlay and actual expenditure

Rs. In crore

	2012-13			2013-14			2014-15 (April to June)		
OIL									
	BE	Actual Expndtr	percent of Actuals to BE	BE	Provisonal Expndtr	percent of Actuals to BE	BE	Provisonal Expndtr	percent of Actuals to BE
	3378.29	2890.03	85.55	3580.99	11733.72	327.67	3632	578.50	15.93
IOCL									
	650.00	389.88	59.98	689.00	6789.28	985.38	764.00	93.29	12.21
HPCL									
	300	55.99	18.66	346	197.27	57.01	38.33	5.24	13.67

Head-Refinery and Marketing

Outlay and actual expenditure

Rs. In crore

	2012-13			2013-14			2014-15		
HPCL									
	BE	Actual Expndtr	percent of Actuals to BE	BE	Provisonal Expndtr	percent of Actuals to BE	BE	Provisonal Expndtr	percent of Actuals to BE
	3156.93	2827.66	89.57	3724.84	2444.60	65.63	3730	276.44	7.41

OIL

1.30 With regard to exploration and production expenditure, it is seen that for the year 2013-14, the actual expenditure of OIL was 327percent of the Budget Estimates. On enquiring about the reasons for the same, the Ministry submitted that the main reason for excess expenditure over Budget Estimates under exploration and production by Oil India Limited (OIL) during 2013-14 is that more funds were utilised for acquiring assets abroad that had not been taken into account in the Budget Estimates for the year. However, as reported by OIL, the actual expenditure in 2013-14 was Rs.9350.98 crore i.e.261percent of Budget Estimates.

IOCL

1.31 It was observed that for the year 2013-14 (exploration & production) actual expenditure of IOCL is 985percent of Budget Estimates. Asked about the reasons for deviation, the Ministry submitted that the higher expenditure for 2013-14 is mainly due to the fact that expenditure of Rs.6141.63 crore that was made towards acquisition of a natural gas asset in Canada which was not envisaged in the annual target for IOCL.

HPCL

1.32 Since HPCL utilised only 57percent of the Budget Estimate in the year 2013-14 earmarked for exploration and production, on enquiring about the reasons, the Ministry submitted that the expenditure in 2013-14 was lower in E&P activities due to the delay in drilling of 2 wells in Cauvery block where HPCL has participating interest. It may be noted that HPCL has participating interests in various E&P blocks and the Budget Estimate is made based on scheduled work program of the Consortium.

MRPL

1.33 Since MRPL and HPCL have utilized only 51percent and 65percent of their Budgets respectively in the year 2013-14 earmarked for Refinery and Marketing during the year 2012-13, MRPL also utilised only 55percent of its Budget earmarked for R&M. The Committee enquired about the lower utilization of the budget estimates,the Ministry submitted that expenditure of MRPL under refinery and marketing was at Rs. 1974.89 crore as against Rs. 3813 crore in 2012-13 and Rs. 1210.35 crore as against Rs. 2347.47 crore in 2013-14. The major reasons for lower utilization are slow progress in Refinery Expansion projects due to delay in captive power plant by BHEL, heavy monsoon, land slide in the poly propylene project site and slow progress by contractors & vendors etc.

1.34 Regarding lower budget utilization by HPCL at Rs. 2444.60 crore against Rs. 3724.84 crore in 2013-14, one reason was deferment of Rs. 260 crore payments due to delay in completion of Diesel Hydrotreater Project, Visakh Refinery. Rs. 85 crore could not be utilized due to delay in environmental clearance for Additional Tankage Project on Calico land, Mumbai Refinery. For Rajasthan refinery, JV project with Government of Rajasthan, Rs. 510.84 crore was estimated towards land cost, although, only Rs. 16 crore were utilized as land was made available by Rajasthan Government at much lower cost. Provision of Rs. 400 crore was made for acquisition of E&P assets through subsidiary company Prize Petroleum, although Rs. 17 crore were utilized. Investments of Rs. 150 crore were planned in the two JVs with GSPC, BPCL & IOCL for pipeline projects viz. Mallavaram-Bhilwara-Bhopal-Vijaipur pipeline &Mehsana-Bhatinda-Jammu-Srinagar Pipeline, that are delayed due to delay in receipt of statutory clearances and ROU issues. (reply 37(iv) of Lop2)The Committee observe that MRPL has utilised only 4percent of the Budget earmarked for 2012-13 and HPCL has not utilized any budget during 2012-13 and 2013-14 earmarked for Petrochemicals and enquired about the reasons for the same. In this regard, Minitsry has submitted that HPCL had earmarked Rs. 10.5 crore &Rs. 10.6 crore respectively in 2012-13 & 2013-14 for feasibility studies for Propylene Manufacturing facilities at Mumbai refinery, Mixed Xylenes from CCR at Mumbai and Visakh Refineries. Based on preliminary feasibility study, these projects have been deferred on viability issues. Regarding lower utilization by MRPL, main reasons reported were delay in execution of poly-propylene project due to relocation of poly propylene unit, delay in environmental clearances, major land slide at project location and slow progress by contractors etc.

<u>CPCL</u>

1.35 The Budget Estimates (BE) and Revised Estimates (RE) of CPCL for the last three years are as under:-

(Rs. in crore)

2012-13			2013-14		2014-15
BE	RE	Actuals	BE	Actuals	BE
785.68	279.38	260.56	299.27	299.27	1102.00

1.36 When asked about the reasons for major deviation in BE &RE and the Actual Plan Expenditure for 2012-13 & 2013-14 by CPCL, it was informed by the MInistry that the deviation is mainly due (a) Delayed start of Resid Upgradation Project due to delay in getting Environmental Clearances, (b) Delay in CRZ clearance for the Crude Oil Pipeline Project and (c) Lag in physical progress of Mounded Bullets Project due to sand scarcity in 3rd quarter of 2013-14.

(i) Delays in projects of Oil PSUs

1.37 The following information was submitted by the Ministry regarding delay in redevelopment projects of ONGC. When asked about the reasons for delay in these projects, the Ministry replied that :-

"The current anticipated completion dates with progress achieved and reasons for delay is placed below:

Sl. No.	Name of the Project	Scheduled completion	Anticipated completion on	Progress achieved	Reasons for delay
(i)	Ankleshwar Redevelopment Project (Rs. 2189 Crore)	12/2014	12/2016	47.76	Large no. of installations and non-availability of technical input such as as-built drawings, contour surveys and lay out of control rooms etc. Preparation of pre-bid replies in view of the quantum and complexities Several round of discussions / clarifications with the bidders Revision in scope of work as a result of revision in production profile
(ii)	Construction of 01 ETP and 03 ETP cum WIPs, Assam	1/2014	8/2017	-	Slow progress in engineering & procurement resulting in termination of contract Formulation of revised execution methodology for fresh tender (NIT re-invited on 22.07.14)
(iii)	Integrated Development of G-1 &GS-15, eastern Offshore, Kakinada	4/2006	6/2015	96.8	Slow progress and stoppage of work by the contractor (M/s CEL, Australia) resulting in termination of the contract on 04.06.2007. Delay in proceedings in Mumbai High Court and prolonged legal battle Delay in finalisation of out of court settlement Delay in availability of subsea manifold and prolonged repairing work Complications in well G-1-9 and well control activities

(iv)	Improved Oil Recovery, Rudrasagar	3/2009	3/2014	100	Project was completed in Mar.'14
(v)	Construction of one Multi-purpose Support Vessel (MSV), Mumbai	3/2013	6/2016	-	High quoted price resulting in closure of the first tender (NIT on 10.02.11) Re-inviting tender on 01.10.13 after preparation of revised BEC

(ii) PATA Expansion Project of GAIL

1.38 On being found that the PATA expansion project of GAIL with the annual plan outlay of Rs.1249 crore has been delayed, the Committee wanted to know about the reasons for delay in this project, by the Ministry replied as under:-

> "The project was approved by GAIL Board in August 2010 and the material for the Petrochemical Project was received by December 2012. However, overall slowdown in the infrastructure sector and the financial impact of the same on infra-structure contractors resulted in slowing down of work by site contractors. Considering the total work load at site i.e. Civil, Mechanical, Electrical and Instrumentation, the front could not be released progressively as there was mismatch in the actual execution by the contractors and that scheduled by PMC / GAIL. This had a cascading effect on the entire project progress.
>
> There were also occasional IR hurdles due to delay in payments to the labourers by the contractors at both the sites viz., Pata and Vijaipur. Due to slowing down by the various contractors e.g. composite, off-sites contractors etc., the billing schedule could not be adhered to and the budget plan got adversely affected. Mechanical completion of the project has already been achieved. Besides close monitoring of the project activities, steps like direct payments to supplier/ Sub-agencies/ improvising the payment terms, etc. have also been taken to mitigate financial constraints of the contractors.
>
> All the equipment and interconnecting piping have been installed at site. All major works have been completed and balance minor piping works are under progress including various pre-commissioning & commissioning activities. The commissioning of all utilities has been achieved at both the sites".

1.39 The Paradip-Raipur-Ranchi Pipeline with a cost of Rs. 200 crore and anticipated completion in the year 2015 has been delayed. When asked about the reasons for delay in the said project, the Ministry informed as under :-

> "The project for laying a pipeline from Paradip to Raipur and Ranchi was approved by the Indian Oil Board on 31.8.2009 at an estimated cost of Rs.1793 crore. Rs.200 crore has been envisaged for expenditure in 2014-15 for this project.
>
> The project was scheduled to be completed by September 2012 as per authorization given by PNGRB.

The proposed pipeline, 1067 km long, passes through Odisha, Chhattisgarh and Jharkhand. Along the route, it crosses rivers, national highways, state highways, railway tracks and also forest envelops. The length of pipeline in forest area in the three states, as per detailed engineering survey and after exercising all possible options to minimize the forest envelop, works out to approx.75 km (Odisha-50 km, Jharkhand-7 km and Chhattisgarh-18 km approx.), involving about 100 Ha of land. However, this length of approx. 75 km is distributed over the entire length of 1067 km in small stretches ranging from 0.08 km to 0.7 km, except at one location, where it is 2.2 km at a stretch. It leads to repeated mobilisation/demobilisation of equipment.

For obtaining Forest clearance, all requisite actions were initiated immediately after authorization of the project by PNGRB in September 2009.

Requirement of completing Gram Sabha in 197 villages and obtaining FRA Certificates from each Division of Forest in Odisha, Chhattisgarh and Jharkhand, as described in circular No.F-No.11-9/1998-FC(pt) dated 30.7.2009 of MoE&F, was complied with by August 2011.

In the meantime, all executing agencies for the project were lined-up, awaiting clearance for commencement of construction activities.

Most of the materials required for permanent incorporation in the pipeline system were delivered at respective sites.

However, subsequent to issuance of circular No. F.No.2-1/2003-FC dated 21.3.2011 by MoE&F, which states that if a project involves forest as well as non-forest land, work should not be started even on non-forest land, till approval of MoE&F for release of forest land under the Act has been given, construction activities on mainline could not be started even in non-forest land. It is pertinent to note that non-forest land is more than 90percent as compared to forest land in the project.

Another new directive was issued by Forest department, Govt. of Odisha vide order No. 10F(Cons) 50/2011(Pt) 18391 / F&E dated 13.10.2011, as per which, the Company had to conduct DGPS survey for all villages involving forest plots, which took an additional 9 months. This requirement did not exist earlier.

After processing the proposal at different levels, the Company could get 1st stage Forest clearance for Chhattisgarh in February 2012 i.e. 29 months after submission of original application. The mainline construction activities in non-Forest land commenced only thereafter. 2nd stage Forest clearance was received in August 2012 i.e. 6 months after receipt of 1st stage Forest clearance. Mainline laying has almost been completed in Chhattisgarh.

However, 1st stage Forest clearance for Jharkhand was received only in September and for Odisha in February 2013 i.e. respectively 27 and 41 months after submission of original applications.

Mainline construction in these two states in non-Forest land could commence only thereafter. 2nd stage Forest clearance for Odisha was received on 4.9.2013 i.e. 8 months after receipt of 1st stage Forest clearance and for Jharkhand on 8.10.2013 i.e. 13 months after receipt of 1st stage Forest clearance.

Even thereafter, work in Forest lands could not commence for want of tree cutting permissions in different Forest Division.

The delay in receipt of 2nd stage Forest clearance and subsequent tree cutting resulted in IOCL inability to hand over RoW in Forest land for commencement of construction activities.

Delayed receipt of forest clearance and subsequent tree cutting permissions has resulted in severe fund constraints for Essar Projects India Ltd. (EPIL), the contractor for mainline and station works in Odisha and Jharkhand. Contractor has withdrawn resources substantially, affecting work progress severely. The modalities of execution of the balance works are under finalization.
The project is now anticipated for completion by December 2015."

(iii) ONGC Petro additions Limited (OPaL)

1.40 Oil and Natural Gas Corporation (ONGC), as a lead promoter, is implementing a grass root integrated petrochemical complex located in Special Economic Zone (SEZ) at Dahej; Gujarat. The project is being implemented through a joint venture company promoted by ONGC along with GAIL, using ONGC's captive feed of C2+ streams from C2-C3 Extraction plant, and Naphtha from Hazira & Uran to produce Polyethylene and Polypropylene.

Product Slates:

Units	Capacity kTPA	Utilization
Dual Feed Cracker Unit	1100 340	Ethylene Captive use Propylene Captive use
HDPE (Dedicated) LLDPE / HDPE (Swing) Poly Propylene	340 2 x 360 340	Merchant sale Merchant sale Merchant sale

Besides the above, OPaL shall also be producing, Benzene, Py gas, Butadiene and CBFS, as co products.

1. Status update on Project Progress.

- As on 31st Aug 2014, the project has achieved 92 percent completion and pre-commissioning activities for mechanically completed units have already commenced at site with the commercial operation targeted for June, 2015.
- All project related clearances/ statutory approvals and environmental clearances have been obtained.
- All work packages for the Project have already been awarded. Project is in advanced stage of implementation with 6 packages (out of 17) mechanically completed, and the remaining under final stages of mechanical completion.
- The delay in completion now is mainly due to delay in execution of three work packages (out of seventeen), i.e. Cooling Water System, Integrated Utility &Offsites, and Effluent treatment and collection system. OPaL is providing financial support to these contractors to improve liquidity to expedite

completion. As a result of a slew of such measures, the progress on these work packages has improved in the past two months.

1.41 The Ministry in this regard further informed that the project cost as approved by ONGC/ OPaL Board in Aug 2012 was Rs 21,396 Crore (considering the Commercial Operation Date for the project as Jan 2014) with Debt equity ratio of 70:30 prior to COD and 60 : 40 post COD. However, the project cost has now been reworked by SBI Caps based on inputs from Project Management Consultant and is now estimated to be Rs 27,011 Crore. OPaL is approaching the existing lenders for re-phasing of existing loan and financing the additional debt for the increased project cost.

C. ***<u>EXPLORATION AND PRODUCTION</u>***

(i) Seismic survey and exploratory efforts

1.42 As per DGH Report, only 46.6percent of the sedimentary basins have been appraised. and more than half of the Indian sedimentary basins have the undiscovered potential of hydrocarbons. Total prognosticated hydrocarbon resources are estimated at about 28,000 million tonnes in the sedimentary basins of the country, out of which 11,145 MMT in-place have been established by ONGC, OIL and Private/JV companies as on 01.04.2013, which means about 60percent hydrocarbon reserves are yet to be find out. The Committee wanted to be apprised about the action plan chalked out by the Ministry for exploration of remaining areas. In this regard, the Ministry submitted following information :-

"The Ministry of Petroleum & Natural Gas, Government of India, has entrusted the DGH with the responsibility of getting Geo-scientific surveys/ activities conducted by any foreign/Indian company to generate new data and upgrade the

available data on hydrocarbon potential of India, with the purpose of attracting foreign and Indian companies to explore and develop oil and gas fields in India. Exploratory Surveys in Sedimentary basins have been carried out by:

(1) National Oil Companies in Nomination Acreages; and

(2) Blocks /Fields awarded to National Oil companies, PSUs and Private & Joint Venture Companies under PSC Regime.

Exploratory Surveys are also carried by DGH either of its own or in collaboration with reputed companies in several unexplored/poorly explored areas.

New Policy for Geo-Scientific Data Generation for Hydrocarbons in Indian Sedimentary Basins with Multi-Client Model Agreement has been formulated by Government of India. Under this policy, Service providers have been invited for carrying out Non-exclusive Multi-Client Geo-Scientific Surveys/ Activities relating to Hydrocarbons in offshore and/or on land part of India. Geo-scientific Data Generation of Hydrocarbons in the country will be a cornerstone for the launch of Open Acreage Licensing Policy (OALP) to promote E&P activities. This new Policy envisages two basic models for generation of geo-scientific data for Indian basins

(I) Non-exclusive Multi-client Model: - In areas where there are expressions of interest by Service Provider to carry out Survey.

(ii) Funding by Government: For area for which no offer to Conduct Survey under Non-exclusive Multi-client Model proposed above is received even after two years of its launch, Government may initiate Survey with own funds.In frontier basins and in areas posing higher financial risk, the above model may not attract service providers to invest their funds for data acquisition. In such areas, the government may undertake data acquisition at its own expense and use this data to encourage bidding for exploration acreages.

Government has received three applications from two companies for conducting Non Exclusive Multi Client 2D seismic survey associated with gravity and manatee data acquisition, which have been forwarded to Ministry of Home Affairs and Ministry of Defence for clearance.

Further, a detailed proposal, with a view to identify new/unexplored hydrocarbon areas through generation of new Geo-Scientific data utilizing advance seismic technology, to open new areas for offer under future bidding rounds, for appraisal of un-appraised areas of sedimentary basins of India is under consideration in the Ministry.

To appraise these areas, 2D seismic surveys are to be conducted and parametric wells to be drilled. Approximate areas to be covered are 48245 LKM Onland, 9028 LKM Shallow Water and 14584 LKM Deep water. 6 Parametric wells would be drilled- 4 on Onland and 2 on Deep Water. Tentative cost proposed is Rs 6804 crore.”

1.43 The Committee asked the Ministry to furnish the details of targets and achievements of ONGC and OIL in respect of acquisition of 2D and 3D seismic data and drilling of exploratory and developmental wells during last three years alongwith the reasons for shortfall. In this regard, the Ministry submitted following information:-

ONGC

The details of targets & achievements of ONGC in respect of acquisition of 2D&3D seismic data & drilling of Exploratory &Development wells during the last three years is as given below:

Seismic Survey	2D Seismic(LKM)		3D Seismic(SKM)	
	Target	**Actual**	**Target**	**Actual**
2011-12	4504	13606	16479	9820
2012-13	12470	3709	5840	11402
2013-14	185	475	10109	8371
Total	**17159**	**17789**	**32428**	**29593**

Note: LKM-Line Kilometer; SKM-Square Kilometer

Reasons for shortfall (Seismic Survey):

In three year period ONGC acquired 17789 LKM of 2D data against a three year cumulative BE target of 17159 LKM. (103.7percent). In 3D the acquisition was 29593 SKM against the target of 32428 SKM. (91.3percent). The reasons for shortfall in 3D survey are stated below:

2011-12:

3D acquisition: The finalization of the contract for 3D survey in various deep-water NELP blocks was delayed as one of the bidders had filed a writ petition in Mumbai High Court.

2012-13:

2D acquisition: In Offshore sector, 10,000 LKM 2D & 2900 SKM 3D under BE targets were planned in future acreages in offshore areas which were envisaged to be awarded under NELP-IX round. Subsequently, only two blocks (GK-OSN-2010/1&2) were awarded under NELP-IX round in Kutch Offshore, which have Minimum Work Programme MWP) commitment of 3D as envisaged in plan.

2013-14:

3D acquisition: Delay in finalisation of contracts, non-availability of MoD Clearance in KG-OSN-2005/1 & 2 blocks and not accounting non-amenable data.

1.44 When asked about the details of funding arrangements made by MoP&NG for DGH for acquisition, processing and interpretation of data, the Ministry in a written reply provided as under:

“The following options are being considered for funding the proposal:

Through Oil Cess Funds to be provided by Ministry of Finance to the Oil Industry Development Board (OIDB).

In case proposal at (i) is not agreed to by the MoF, then ONGC and OIL India Limited, may fund the project.

The OIDB may fund project cost for the first year to start with from funds available with it".

"ONGC

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2013-14:

3D acquisition: Delay in finalisation of contracts, non-availability of MoD Clearance in KG-OSN-2005/1 & 2 blocks and not accounting non-amenable data.

Exploratory Drilling:

Exploratory Drilling	WELLS	
	Target	Actual
2011-12	158	135
2012-13	155	108
2013-14	153	106
Total	466	349

Reasons for shortfall (Exploratory Drilling):

2011-12: Shortfalls are mainly due to operational complications in various wells, side tracking of wells and delays in rig transportation due to barricade by local people in Assam & Assam Arakan (A&AA) Basin.

2012-13: Drilling could not be taken up due to non-availability of clearance from MoD in Cauvery deep water. In Western Offshore, shortages were due to drilling complications in various wells, bad weather conditions and prolonged capital repair of a rig.

2013-14: Shortfalls are mainly due to delays in Land Acquisition and delays in obtaining statutory clearances in Western Onland. Drilling complications in various wells also affected the performance of exploratory drilling.

Development Drilling:

Development Drilling	WELLS	
	Target	Actual
2011-12	272	280
2012-13	325	323
2013-14	311	283
Total	908	886

Reasons for shortfall (Development Drilling):

In development drilling there was some shortfall in FY 2013-14 (283 wells were drilled v/s target of 311 wells). In Cambay one development well extended for a period of 4.07 Rig Month (RM) against a plan of 1.61 RM owing to steam-water kick, well complications and extended production testing. In Johrat, two planned development wells (based on outcome of one exploratory well which went dry) were dropped. Rigs diverted to exploratory drilling (well KHAX), wherein testing was prolonged (3.40 RMs over & above planned testing time). In Western Offshore Down-hole complications delayed deployment of rigs at subsequent locations (loss of 21.80 RMs) & unplanned repairs at rigs (loss of 3.18 RMs). In Krishna Godawari (KG) offshore planned rig could not be deployed due to re-prioritization of work programme (loss of 4.20 RMs). There was also some delay in availability of planned charter hired rig. In Ankleshwar planned charter hired rig was not hired due to non-availability of ready development locations in Nadiad & Vadatal areas (12.00 RMs) and capital repair overrun at rig IPS-M-700-10 (non-availability of 4.30 RMs).

OIL

As far as Oil India Limited (OIL) is concerned, details are as under;-

Sl.No.	Parameter	Unit	2011-12		2012-13		2013-14	
			Target	Actual	Target	Actual	Target	Actual
1	Seismic Survey : 2D	GLKM	2090	1396.91	470	223.77	200	499.24
2	Seismic Survey : 3D	SQKM	1767	1837.69	1570	1795.22	500	928.48
3	Exploratory Wells	Nos	34	16	35	21	32	10
4	Development Wells	Nos	34	22	27	19	38	25

1.45 Since the Minimum Work Programme for 3D seismic surveys and No. of wells drilled has not been completed in most of the basins, the Committee enquired about the reasons for non-completion of the Minimum Work Programme, the Ministry replied as under :-

"Minimum work programme has not been completed in most of the basins due to following reasons:

a) Minimum work programme is carried out in exploration phases. The specific duration of each of the exploration phases is provided in the PSCs. For onland and shallow water blocks, the maximum duration of exploration phases is 3 years, 2 years and 2 years for phase I, II and III respectively with the total period not to exceed 7 years. In case of deepwater and frontier area blocks, generally, the duration of phases is 4 years, 2 years and 2 years respectively with the total period not exceeding 8 years.

b) Extension of Phases of Minimum Work Programme is sought by operators under extension clause of PSC which provides an extension of exploration phase by 6 months with set- off from the next exploration phase to complete MWP.

c) Relinquishment of Blocks by operators.

d) Delays in grant of Environmental Clearance and Petroleum Exploration License.

e) For Non-fulfillment of minimum work programme committed work programme within the stipulated period, Operators are required to pay money for the un-finished minimum work programme.

1.46 The Committee enquired as to whether any penalty has been imposed for non-completion of the Minimum Work Programme, the Ministry in this regard stated as given under: -

"Details of the non-compliance of provisions of production sharing contract (psc) during 2011-12 to 2014-15:-

Sl. No	Operator	Type of Non Compliance of PSC Provisions	Year	No. of Blocks	Action Taken	Amount Recovered (US$ MM)
1	RIL	Block Relinquished without completing Minimum Work Programme (MWP)	2012-13	2	Cost of unfinished MWP to be recovered	
		Block Relinquished without completing Minimum Work Programme (MWP)	2012-13	7	Recovered the Cost of Unfinished Work Programme	76.97
		Block Relinquished without completing Minimum Work Programme (MWP)	2013-14	3	Recovered the Cost of Unfinished Work Programme	18.00
		MWP not completed within Phase Duration	2011-12	2	Recovered the Liquidated Damage	12.00
		MWP not completed within Phase Duration	2012-13	3	Recovered the Liquidated Damage	1.80
		Non Compliance of approved AIDP	2011-12	1	GoI issued notice for proportionate disallowance of cost of production facilities amounting to US$ 1.005 Billion upto 2011-12	
		Non Compliance of approved AIDP	2012-13	1	GoI issued notice for proportionate disallowance of cost of production facilities amounting to US$ 1.797 Billion upto 2012-13	

			2013-14		GoI issued notice for proportionate disallowance of cost of production facilities amounting to US$ 2.376 Billion upto 2013-14	
		Non-Relinquishment of Contract Area	2011-12	1	Contractor has been directed to comply with the audit exceptions	
		Non- Relinquishment of Contract Area	2012-13			
		Non- Relinquishment of Contract Area of 6198.88 Sq. Km.	2013-14		Relinquishment of Contract Area of 6198.88 Sq. KM (Present Area 1446.12 Sq. Km.) done	
2	ONGC	Block entered into Ph-II without completing MWP of Ph-I.	2011-12	1	Recovered Cost of Unfinished Work Programme	1.70
		MWP not completed within Phase Duration	2011-12	4	Recovered Liquidated Damage	19.94
			2012-13	5		16.38
			2013-14	2		0.45
3	OIL	Block Relinquished without completing MWP	2011-12	1	Recovered Cost of Unfinished Programme	5.49
4	Jubilant	MWP not completed within Phase Duration of Phase II	2013-14		Cost of unfinished MWP to be recovered	
5	Naftogaz	Submission of false Statement to Government in execution of Contract	2012-13	3	Contract Termination Notice issued by MoP&NG on 11.10.2012	
6	Petrogaz	MWP not completed within Phase Duration	2011-12	1	Recovered Liquidated damage	0.33
7	HOEC	Jindal Petroleum Ltd, one of the JV partners, did not submit Financial & Performance Guarantee (FPG) and Bank Guarantee (BG) subsequent to PSC signing	2011-12	1	MoP&NG ton 14.07.2011 served the termination notice to JPL	

		Continued to engage the Production Facilities in PY-3 field on nomination basis without MC approval	2011-12	1	Further extension not granted beyond 24.04.2011	
8	Hardy	Incorrect cost recovering PY-3 Field in respect of material & equipment not consumed in year ending 31st March,2009	2012-13		CAG observation was compiled and Operator was asked to remit Petroleum Profit paid short by USD 1,983,303 alongwith interest in view of incorrect cost recovery of the order of USD 4,958,259 as per Article 3.1.8 (i) of Appendix C of PSC	
9	NIKO	Short Payment of Profit Petroleum of US$ 18.71 MM based on arbitral award in 36" pipeline issue in Hazira Field	2010-11	1	On an appeal filed by GoI , the Delhi High Court set aside the arbitral award	
10	ONGC, BGEPIL & RIL	Contractor took cost recovery in excess of CRL amount of US$ 545 Million in Mid & South Tapti Field	2011-12	1	The issue is under arbitration	
11	GSPC	Cost of unfinished MWP to be recovered	2011-12	1	Contractor directed to pay cost of Unfinished MWP	
		Cost of unfinished MWP to be recovered	2012-13	1		
		Cost of unfinished MWP to be recovered	2013-14	1		
12	GAIL	2nd Extension of Phase-I	2012-13		LD paid for 2nd extension of Phase-I	0.43*
		3rd Extension of Phase-I	2013-14		LD paid for 3rd extension of Phase-I	0.71**
13	GGR	Bank guarantee not submitted as per PSC timelines.	2014-15	1	Termination Notice issued by MOP&NG .Existing BG Invoked.	0.62
14	Focus	Drilling of wells SX-4, SX-5 and SX-6 after submission of DOC on 19/11/2013.	2014-15	1	Wells not cost recoverable as per PSC Provisions	

1.47 The Committee observe that most of the cases of Private Companies for payment of penalty for non-completion of Minimum work Programme is either under arbitration or pending to be recovered. Asked to furnish the steps taken by the Ministry for early disposal of such cases, the Ministry informed as under:-

> "There are two Arbitration cases between Government of India and operators 1. M/s Reliance Industries Limited (for Four Blocks (KG-OSN-97/3, KG-OSN-97/4, MS-OSN-97/1 and GK-OSN-97/1) and 2. M/s Hindustan Oil Exploration Company Limited (One Block CY-OSN-97/1 regarding) payment of penalty for non-completion of Minimum work programme.
>
> - During 2014-15, so far contractors under PSC regime has paid US$ 2.76 million as penalty for non-completion of Minimum work programme.
> - Government is following up with the contractors for recovering the unpaid amount and Bank Guarantees were invoked to recover part of the amount from operators by Government".

1.48 Details of Basin wise Cumulative Exploration investment and Development investment made as on 1.7.2014 is given below:

(Figures in US Billion $)

SL.No.	Basin Name	Total Exploration Investment	Total Development Investment	Total
1	Andaman-Nicobar	0.73	0.00	0.73
2	Rajasthan	1.14	4.42	5.56
3	Assam-Arakan	0.47	0.06	0.53
4	Bengal	0.17	0.00	0.17
5	Cambay	1.44	0.95	2.39
6	Cauvery	1.44	0.51	1.95
7	Deccan Syneclise	0.01	0.00	0.01
8	Ganga	0.12	0.00	0.12
9	Himalayan-Foreland	0.03	0.00	0.03
10	Kerela Konkan	0.67	0.00	0.67
11	Krishna Godavari	6.40	9.61	16.01
12	Kutch	0.14	0.00	0.14
13	Mahanadi	2.33	0.01	2.34
14	Mumbai	0.68	3.50	4.18
15	Pranhita Godavari	0.00	0.00	0.00
16	Satpura-South Rewa-Damodar	0.03	0.00	0.03
17	Saurashtra	0.53	0.00	0.53
18	Vindhyan	0.07	0.00	0.07
	Grand Total	16.40	19.06	35.47

1.49 When asked about the details regarding the exploration blocks presently awaiting clearances from Defence, MoPNG and other Ministries, the Ministry submitted following information:-

> “The Ministry of Defence (MoD) had certain reservations on grounds of security in 73 blocks subsequent to the grant of Petroleum Exploration License (PEL), awarded in offshore areas under New Exploration Policy (NELP). The matter was extensively deliberated between MoP&NG and MoD to resolve the issues and subsequently referred to the Cabinet Committee on Investment (CCI). Out of the 73 blocks, clearances have been accorded to 64 blocks (some with conditions).
> In 9 exploration blocks awarded under the NELP bidding rounds, exploration activities have been completely prohibited (‘No Go”)by the Ministry of Defence (MoD) due to overlapping of awarded block areas with defense activities. The details are as under :

List of blocks where Exploration activities have been completely prohibited		
Sl. No	Block Name	Reasons
1	KG-DWN-2004/7	Overlapping with areas of Defence activities
2	NEC-DWN-2004/1	
3	KG-DWN-98/1	
4	CY-PR-DWN-2001/4	
5	PR-DWN-2001/1	
6	KG-DWN-2001/1	
7	KG-OSN-2005/1	
8	KG-OSN-2005/2	
9	KG-DWN-2009/1 (Part-A)	

1.50 On being enquired by the Committee about the details of exploration activities that have been affected due to non-grant of Environment Issues/Clearances, the Ministry submitted following information :-

Sl. No.	Location	Blocks	Issues/Problem
1	Assam	AA-ONN-2003/1	Environmental Clearance/Forest Clearance not granted by MoEF/ Govt. of Assam
2	Assam	AA-ONN-2004/2	Environmental Clearance/Forest Clearance not granted by MoEF/ Govt. of Assam
3	Assam	AA-ONN-2004/3	Environmental Clearance/Forest Clearance not granted by MoEF/ Govt. of Assam
4	Manipur	AA-ONN-2009/1	Environmental Clearance/ Forest Clearance not granted by MoEF/Govt. of Manipur

5	Manipur	AA-ONN-2009/2	Environmental Clearance/ Forest Clearance not granted by MoEF/Govt. of Manipur
6	Manipur	AA-ONN-2002/4	Environmental Clearance/ Forest Clearance not granted by MoEF/Govt. of Manipur
7	Madhya Pradesh	SR-ONN-2005/1	Block falls under Guru Ghasidas National Park and its buffer zone.
8	Tripura	AA-ONN-2009/3	Around 69percent of the block is falling in 10 km Eco Sensitive Zone (ESZ) of Holanga Pahar Wild Life Sanctuary. The ESZ is yet to be demarcated by State Govt.
9	Offshore	CY-OSN-2009/1	Block Proposed for relinquishment by Operator due to delay in grant of Environment Clearance

Delays in execution of exploration activity due to delay in Grant of Environment Clearances:

Sl. No.	Block Name	Period of excusable delay granted by MOP&NG	Reasons for excusable delay
1	CB-ONN-2002/1	223 days (18.04.2008 to 27.11.2008) without set off from next phase	Pending grant of environmental clearance for block CB-ONN-2002/1
2	CB-OSN-2003/1	435 days (05.12.2008 to 13.02.2010)	Environmental Delay
3	CB-OS/1	181 days (20.12.2006 to 19.06.2007	Delay in getting CRZ clearance
4	HF-ONN-2001/1	492 days 17.11.2009 to 24.03.2011	Environmental Clearance
5	AA-ONN-2001/1	214 days (26.09.2012 to 27.04.2013)	Compensation of time loss during appraisal for obtaining statutory Forest clearance
		Excusable delay from 28.04.2013 to the date issuance of order from Govt. of Tripura	For not getting forest clearance from Tripura Govt. Time to be calculated after issuance of order from Govt. of Tripura
6	AA-ONN-2001/2	275 days (15.10.2009 to 17.07.2010)	On account of delay in getting environmental clearance
		919 days 01.10.2010 to 07.04.2013 (as special dispensation)	Regularising the interim period
7	KK-OSN-2001/2	108 days (12.03.2007 to 27.06.2007)	Delay in grant of MOEF clearance

8	KK-OSN-2001/3	111 days (12.03.2007 to 01.07.2007)	Delay in grant of MOEF clearance
9	MN-OSN-2000/2	5 months 21 days (16.06.2006 to 05.02.2007)	Environmental Clearance
10	WB-OSN-2000/1	285 days (30.01.2006 to 10.11.2006)	Delay in EIA Clearance
		164 days (17.09.2007 to 27.02.2008)	Special Dispensation
11	CY-OSN-2000/2	180 days (16.02.2005 to 15.08.2005)	Environmental Clearance
		584 days (16.08.2005 to 23.03.2007)	Environmental Clearance
12	CY-ONN-2002/2	190 days (31.08.2009 to 09.03.2010), Phase-II	Environmental Clearance
13	CB-ONN-2005/7	374 days (31.05.2014 to 08.06.2015)	Environmental Clearance
14	CB-ONN-2005/2	208 days (22.03.2014 to 15.10.2014)	Environmental Clearance
15	AA-ONN-2002/3	199 days extension under excusable delay	Environment clearance for Location KA-1
16	AA-ONN-2004/2	1 year, 11 months and 18 days	Forest department of Assam took long time to arrive at a decision and finally refused conversion of Forest land for the 2nd drilling location DRB in the block.
17	KG-ONN-2004/1	2093 days	delay in grant of forest permission

1.51 The Committee observed that in many blocks exploration activities could not take off. The Ministry was asked to furnish the details regarding number of blocks relinquished during last five years and the reasons for relinquishing. In this regard, the Ministry submitted following information :-

> "The following foreign companies engaged in oil and Gas exploration in India have proposed to relinquish 14 exploration blocks (13 offshore deepwater + 1 onland) under Production Sharing Contract (PSC) regime mainly due to restrictions imposed by Ministry of Defence:

Sl. No.	Company Name	Blocks	Block Details	Reasons Given by Operators
1	M/s BHP Billiton	9 offshore /deepwater blocks	MB-DWN-2005/2, MB-DWN-2005/3, MB-DWN-2005/4, MB-DWN-2005/5, MB-DWN-2005/7, MB-DWN-2005/9 MB-OSN-2009/6, MB-OSN-2009/7, MB-OSN-2009/3.	Conditional Clearance by Ministry of Defence(MoD)
2	M/s Santos	2 offshore /deepwater blocks	NEC-DWN-2004/1 and NEC-DWN-2004/2	Maritime boundary dispute between India and Bangladesh and MOD clearance
3	M/s BP	1 offshore /deepwater blocks	KG-DWN-2005/2	Restrictions imposed by the MOD
4	M/s BG	1 offshore /deepwater blocks	KG- DWN-2009/1	Non grant of MOD clearance in Part A of the block and Conditional grant of MOD Clearance in part B of the block
5	M/s Eni	1 onland block	RJ-ONN-2003/1	Non grant of Permission for petroleum operation in Desert National Park (DNP) area falling within the block.

Blocks relinquished by ONGC;-

Sl. No.	Block Name	Duration of Exploration Activity	Date of Relinquishment	Reasons for relinquishment
1	KG-DWN-98/4	19.05.2000 to 22.03.2010	22.03.2010	RHP extension given upto 21.03.2010 as the drilling of additional well was completed on 21.03.2010. MWP completed and Block relinquished w.e.f. 22.03.2010 after Phase - III
2	CY-DWN-2001/1	12.03.2003 to 09.03.2011	09.03.2011	Phase-I well dry. No prospectivity
3	KK-DWN-2001/3	12.03.2003 to 18.07.2010	18.07.2010	due to poor prospectivity
4	KK-DWN-2002/3	17.03.2004 to 16.09.2010	16.09.2010	due to poor prospectivity
5	GS-OSN-2003/1	05.12.2005 to 05.12.2010	05.12.2010	Block relinquished without entering into phase – III w.e.f. 05.12.2010 without any extension.
6	KG-DWN-98/5	19.05.2000 to 25.06.2011	25.06.2011	MWP of Phase - III completed and Block relinquished w.e.f.

				25.06.2011 after Phase – III
7	HF-ONN-2001/1	10.06.2003 to 22.09.2011	22.09.2011	Operator had proposed to relinquish the area after drilling of Kasoli-1 well which was dry.
8	AN-DWN-2002/2	17.03.2004 to 16.02.2012	16.02.2012	due to poor prospectivity
9	MN-DWN-2002/1	17.03.2004 to 20.04.2012	20.04.2012	due to poor prospectivity
10	MN-DWN-2002/2	17.03.2004 to 10.04.2012	10.04.2012	due to poor prospectivity
11	AN-DWN-2003/1	05.12.2005 to 05.12.2012	05.12.2012	due to poor prospectivity
12	VN-ONN-2003/1	21.02.2006 to 22.08.2012	22.08.2012	Block relinquished after completion of MWP of Phase-II , w.e.f. 22.08.2012
13	KK-DWN-2004/1	09.05.2007 to 08.05.2012	08.05.2012	due to poor prospectivity
14	AN-DWN-2002/1	17.03.2008 to 17.03.2013	17.03.2013	due to poor prospectivity
15	KG-DWN-2002/1	17.03.2004 to 16.09.2012	16.09.2012	due to poor prospectivity
16	CY-PR-DWN-2004/2	23.05.2007 to 23.11.2012	23.11.2012	due to poor prospectivity
17	KG-DWN-2004/2	07.05.2007 to 22.12.2012	22.12.2012	due to poor prospectivity
18	KG-DWN-2004/3	08.05.2007 to 08.11.2012	08.11.2012	due to poor prospectivity
19	KG-DWN-2004/5	23.05.2007 to 22.11.2012	22.11.2012	due to poor prospectivity
20	CY-DWN-2004/1	28.05.2007 to 28.11.2012	28.11.2012	due to poor prospectivity
21	CY-DWN-2004/2	23.05.2007 to 23.11.2012	23.11.2012	due to poor prospectivity
22	CY-DWN-2004/4	21.05.2007 to 21.11.2012	21.11.2012	due to poor prospectivity
23	KK-DWN-2002/2	17.03.2004 to 16.03.2014	16.03.2014	due to poor prospectivity
24	CB-ONN-2004/4	05.02.2008 to 04.04.2013	04.04.2013	due to poor prospectivity
25	GV-ONN-2004/1	11.12.2007 to 22.11.2013	22.11.2013	due to poor prospectivity
26	PA-ONN-2004/1	12.09.2007 to 26.07.2013	26.07.2013	due to poor prospectivity
27	KG-DWN-2004/1	15.05.2007 to 15.06.2013	15.06.2013	due to poor prospectivity
28	KG-DWN-2004/6	21.05.2007	Proposed	due to poor prospectivity
29	AN-DWN-2005/1	27.01.2009 to 27.01.2014	27.01.2014	due to poor prospectivity
30	KG-DWN-2005/1	27.01.2009 to 27.01.2014	27.01.2014	The Operating Committee agrees that review of prospectivity carried out based on integrated G&G analysis, by

				integrating data from the drilled wells namely KG-DWN-2005/1-A-1 and KG-DWN-2005/1-D-1, indicates that further exploration in block appears to be of high risk at this point of time.

1.52 Asked as to whether any institutional mechanism exists where MoPNG can coordinate with different Ministries such as Ministry of Environment and Forests and Ministry of Defence so that clearances from them can be obtained before the carving and offering of Blocks. In this regard, the Ministry submitted following information :-

> "As a matter of policy, this Ministry has now decided to take in-Principle approval from all concerned Ministries/Department e.g. Ministry of Environment and Forests, Ministry of Defence, Ministry of Home Affairs, Ministry of External Affairs and Department of Space identified blocks for auction in future.
> Further, a Project Monitoring Group (PMG) has been set up in the Cabinet Secretariat for fast-tracking stalled large projects both in the public and private sectors that facilitates removal of implementation bottlenecks to expedite clearances with various Ministries / States.
>
> An online project management system has been developed for fast tracking projects that entail an investment of over Rs. 1000 crore or such projects that are critical in nature. As far as P&NG sector projects are concerned, 21 projects that are having issues relating to Environment & Forest and 2 projects Defence clearance amongst others have been taken up in the PMG meetings. Of these, Ministry of Environment & Forest clearances have been received in the 12 projects.

1.53 The Committee wanted to know the details of oil and gas discoveries made by various National Oil Companies and Private companies in the country during the last 5 years. The details as furnished by the Ministry are as under:-

> "Details of oil and gas discoveries made by various National Oil Companies and Private companies working under PSC Regime in the country are given below :

Sl. No.	OPERATOR	Gas	Oil	Grand Total
1	BRITISH GAS		1	1
2	CAIRNS	8	38	46
3	ESSAR		5	5
4	Focus	5		5
5	GSPC	11	25	36
6	HARDY	1		1
7	HOEC	1	2	3
8	INTERLINK		1	1

9	JOGPL	4	2	6
10	NAFTOGAS		1	1
11	NIKO	2		2
12	OIL		1	1
13	ONGC	30	14	44
14	RIL	40	12	52
	Grand Total	102	102	204

As far as ONGC is concerned, ONGC has made 104 Oil & gas discoveries during the last five years. As a practice whenever a discovery is made it is notified to DGH. However, one discovery, Panadanallur-7 (PN-7) in CY-ONN-2004/2 of Cauvery Basin proved gas (Not Measurable) during 2012-13 where Format-A was submitted and DGH advised for further testing to improve gas flow. This discovery is planned for further stimulation".

1.54 The Ministry have informed that the time required for development of hydrocarbon discoveries normally varies from 3 to 8 years depending upon various factors such as location/size of discovery, availability of infrastructure facility besides other oil fields services. The time required for development of hydrocarbon discoveries is-

- About **3 years for onland** areas,
- About **6 years for shallow offshore** areas and
- About **8 years for deepwater** areas.

The **factors affecting the development of hydrocarbon discoveries,** inter-alia, include the following:

(i) Location of the discovery- On the basis of the location of the hydrocarbon discovery location i.e. onland, shallow offshore or deepwater, requirement of surface facilities (laying of pipelines, Oil collecting stations, Platform, etc.) and development strategy is decided.

(ii) The size of hydrocarbon discovery- The quantum and type of hydrocarbon reserves will decide the type of development strategy that would be followed in an economic manner.

(iii) Availability of infrastructure facility in and around discovery- The discovery can be put on production on faster pace in case of availability of infrastructure facility nearby the discovery. However, in remote areas, surface facility is to be developed.

(iv) Delay in Statutory Clearances

So far a total of 131 hydrocarbon discoveries (47 oil and 84 gas) have been made under the NELP regime in 42 blocks which are in various stages of development.

1.55 When asked as to whether the Indian PSUs have expertise in carrying out exploration and production in deepwater blocks, the Ministry replied as under:-

> "Currently OIL doesn't have any production from deep water blocks. As far as ONGC is concerned, ONGC has been carrying out exploration in deep water for more than three decades and the first discovery in deep water was made in the year 1980 in KG Deep water areas. Since inception till 01.07.2014, ONGC has acquired 2, 83,520 LK of 2D, 1, 20,607 SK of 3D seismic data, drilled 126 exploratory wells and has made 24 discoveries. With these exploratory efforts, till 01.04.2014 ONGC has established 631.39 MMtoe of In-Place hydrocarbons and 131.32 MMtoe of Ultimate Reserves in its operated acreages.
>
> For seismic data acquisition and well-logging ONGC is using latest technologies available in the market that can meet the requirements of deep water depths and using them ONGC has carried out seismic surveys and log-data acquisition successfully. Though, ONGC has developed adequate in-house technical expertise to meet the challenges of deep water exploration, the help of the international domain experts are sought whenever required in an effort to manage the exploration risks in deep water exploration.
>
> In the field of drilling, technologies are available to meet the requirements of deep water blocks. During 2013-14 ONGC has drilled two wells in KG offshore; well KGDWN2005/1-A-1in water depth of 3174m which was drilled down to 7725m and well KGDWN2005/1-1D in water depth of 3065m and drilled down to 6098m.
>
> ONGC is giving major thrust to develop discoveries in the prolific Krishna Godavari basin off the country's East Coast including discoveries in deep water blocks.
>
> ONGC has already commenced production from its first deep water well in G-1 field in Eastern Offshore from Nov'2013 under on-going integrated development of G-1/GS-15 Project. Further, a number of deep water fields in East coast are under appraisal/ development stage including Integrated Development of Vashishta & S1fields and KG-DWN-98/2 block, and shall contribute in the coming years.
>
> The production from one subsea well is 0.6 MMSCMD and second well under the scheme has recently been completed. Presently both the wells are kept closed and will be put on production after completion of ongoing pipeline integrity test by GAIL for safety reasons.
>
> In reply to the second part, it is submitted that currently there is no commercial production from any deepwater block operated by ONGC/OIL under the PSC regime.

1.56 The Committee wanted to be apprised about the success achieved by the upstream oil companies in deepwater exploration during the last three years and the efforts made by these companies to intensify the exploration, the Ministry informed as under :-

“Currently there is no commercial production from any deepwater block operated by ONGC/OIL under the PSC regime. However, there is production of oil and gas from deepwater block KG-DWN-98/3 (KG-D6) in East Coast, operated by M/s Reliance Industries Ltd. (RIL). The oil and gas production from this block commenced in 2008 and 2009 respectively.

The details of the 9 discoveries (7 Gas Discoveries & 2 Oil Discoveries) made in the blocks in deep water under PSC regime during the last three years (2011-12 to 2013-14) and the current year 2014-15 (till August, 2014) are as under :

Basin Name	Operator	BLOCKS	Gas	Oil
Andaman-Nicobar	Oil and Natural Gas Corporation Ltd.	AN-DWN-2002/1	1	
Cauvery	Reliance Industries Ltd.	CY-DWN-2001/2	1	
		CY-PR-DWN-2001/3	1	
Krishna Godavari	Oil and Natural Gas Corporation Ltd.	KG-DWN-2005/1	1	
		KG-DWN-98/2		2
	Reliance Industries Ltd.	KG-DWN-2001/1	1	
		KG-DWN-98/3	1	
Mahanadi	Oil and Natural Gas Corporation Ltd.	NEC-DWN-2002/2	1	
Grand Total			7	2

(ii) Exploration in Kerala Konkan basin

1.57 Asked to furnish a note on the present status of exploratory activities in Kerala Konkana Basin, the Ministry submitted following information:-

"Under the Production Sharing Contract (PSC) regime, 19 exploration blocks were awarded in Kerala-Konkan basin in shallow and deepwater area as under:

- 11 Blocks were awarded to Oil and Natural Gas Corporation Ltd (ONGC) & its Consortium partners,
- 7 Blocks to Reliance Industries limited (RIL) and
- 1 Block to BHP Billiton & GVK Oil & Gas Ltd.

As on 30.09.2014, about 50,082 Line Kilometers (LKM) of 2D seismic and 14, 233 Sq. Km of 3D seismic data have been acquired and 11 exploratory wells have been drilled in the awarded blocks. No hydrocarbon discovery has been made and all the 19 awarded blocks have been relinquished. The details of blocks are given below:

S.No.	Basin	Type	Block	Operational/ Relinquished	Operator/ Consortium
1	Kerala-Konkan	Deep-water	KK-DWN-2000/2	Relinquished	**ONGC 85percent,** GAIL 15percent
2			KK-DWN-2000/1	Relinquished	**RIL 100percent**
3			KK-DWN-2000/3	Relinquished	**RIL 100percent**
4			KK-DWN-2001/1	Relinquished	**RIL 100percent,**
5			KK-DWN-2001/2	Relinquished	**RIL 100percent,**
6			KK-DWN-2001/3	Relinquished	**ONGC 100percent**
7			KK-DWN-2002/2	Relinquished	**ONGC-80**,HPCL-20
8			KK-DWN-2002/3	Relinquished	**ONGC-80**,HPCL-20
9			KK-DWN-2003/1	Relinquished	**RIL 100percent**
10			KK-DWN-2003/2	Relinquished	**RIL 100percent**
11			KK-DWN-2000/4	Relinquished	**ONGC 100percent**
12			KK-DWN-2004/1	Relinquished	**ONGC 45percent** Cairn India Ltd. 40percent Tata Petrodyne Ltd. 15percent
13			KK-DWN-2005/1	Relinquished	**BHP Billiton Petroleum International Pty.Ltd. 26percent** & GVK Oil and Gas Ltd. 74percent
14			KK-DWN-2005/2	Relinquished	**ONGC 90percent ,** GSPC 10percent
15		ShallowWater	KK-OSN-97/2	Relinquished	**RIL-100percent**
16			KK-OSN-97/3	Relinquished	**ONGC–100percent**
17			KK-OSN-2000/1	Relinquished	**ONGC 100percent**
18			KK-OSN-2001/2	Relinquished	**ONGC 100percent**
19			KK-OSN-2001/3	Relinquished	**ONGC 100percent**
		Note: Operators are indicator in bold			

(iii) New Exploration and Licensing Policy (NELP)

1.58 New exploration Licensing Poilicy (NELP) provides for a world class fiscal and contract framework for exploration and production of hydrocarbons. 100 percent FDI is allowed under NELP. At present 254 Production Sharing Contracts (PSCs) have been signed under nine rounds of New Exploration Licensing Policy (NELP) bidding. When asked about the details of participation by various companies in different NELP rounds along with number of blocks and bids received, the Ministry submitted following information:-

> “Under the New Exploration Licensing Policy (NELP) bidding rounds, so far, Production Sharing Contracts (PSCs) have been signed for 254 exploration blocks through International Competitive Bidding (ICB) process. The company-wise numbers of such blocks are given below:

COMPANY WISE BLOCKS AWARDED UNDER THE NEW EXPLORATION LICENSING POLICY (NELP)		
Sl. No.	Company (Operator)	No. of Blocks
	PSU	
1	Bharat Petro Resources Ltd	2
2	GAIL (India) Limited.	1
3	Gujarat State Petroleum Corporation Ltd.	8
4	Indian Oil Corporation Ltd.	2
5	National Thermal Power Corporation	1
6	Oil and Natural Gas Corporation Ltd.	111
7	Oil India Ltd.	19
	PSU Total	144
	Private	
8	Adani Welspun Exploration Ltd.	1
9	Essar Oil Ltd.	3
10	Esveegee Steel (Gujarat) Pvt. Ltd.	3
11	Focus Energy Ltd.	3
12	Harish Chandra (India) Ltd.	2
13	Hindustan Oil Exploration Company Limited.	2
14	Jay Polychem (India) Ltd.	1
15	Jubilant Oil & Gas Private Limited.	6
16	Mercator Petroleum Private Limited.	2
17	Omkar Naturals Resources Pvt. Ltd.	2
18	Pan India Consultants	1
19	Pratibha Oil and Natural Gas Pvt. Ltd.	1
20	Prize Petroleum Company Ltd.	2
21	Quest Petroleum Pvt. Ltd.	1
22	Reliance Industries Ltd.	38
23	Sankalp Oil and Natural Resources Ltd.	1
24	Vasundhara Resources Ltd.	1
	Private Total	70
	Foreign	
25	Bengal Energy International Inc.	1
26	BHP Billiton Pty. Ltd.	10
27	BP Exploration (Alpha)	1
28	British Gas Exploration and Production (India)	2
29	Cairn Energy India Pty Ltd.	8
30	Deep Energy Llc	4
31	ENI (India) Ltd.	2
32	Geo-Global Resources Inc.	2
33	Geo-Petrol International Inc.	1
34	Naftogaz	3
35	Niko Resources Limited.	2
36	OAO Gazprom	1
37	Petrogas	1
38	Santos International Operations Pty. Ltd.	2
	Foreign Total	40
	Grand Total	254

1.59 The Committee wanted to be apprised about the efforts made by Ministry to increase the participation by various companies. In this regard, the Ministry informed as under:-

"The Government of India launched the New Exploration and Licensing Policy (NELP) during 1997, thereby opening the sector to all players, including foreign companies, with the aim of attracting private investment and infusing technology from all around the world. The following strategy has been adopted to attract more international company participation in future bidding rounds.

(1) New Contract regime:

There have been issues arising out of implementation of PSCs and there have been many issues which are unresolved and which would require a clear decision for promoting E&P activities in the country. Dr. C.R. Rangrajan Committee has recommended that "A uniform licensing policy to enable E&P operators to explore and extract all hydrocarbon resources covered under the Oilfields Regulation and Development (ORD) Act, 1948, and Petroleum and Natural Gas (PNG) Rules, 1959 under one PEL/PML, and one contractual regime will replace the NELP and CBM regime for the Contracts to be awarded in future. The uniform licence will enable the contractor to explore conventional and unconventional oil and gas resources including CBM, shale gas/oil, tight gas, gas hydrates and any other resource to be identified in future which fall within the definition of "Petroleum" and "Natural Gas" under PNG rules, 1959." A uniform licensing policy is under consideration by Government of India

Present fiscal system of production sharing based on PTIM and Cost recovery / production linked payment will be replaced by a revenue sharing model based on an incremental production-based sliding scale combined with a fixed, price-sensitive scale subjected to approval by Government of India. The contractor shall pay biddable Government share of revenue (net of royalty), as per Revenue Sharing Contract (RSC).

(2). Data availability:

Companies interested in participating in bidding for exploration blocks require good amount of quality seismic and well data to study the prospectivity and carryout techno-commercial viability of each block. In spite of several campaigns of own funded data acquisition programmes and contractor funded and revenue sharing multi client speculative surveys programmes, there is no significant quantum of data available. Now, a new model multi client surveys programme under the new policy as detailed below has been launched with onetime fees payment and without revenue sharing.

(3). National Data Repository (NDR):

A National Data Repository (NDR) is being set up to populate all the geo-scientific data available in the country and the same will be operational by 1st April 2015 and thereafter Open Acreage Licensing Policy (OALP), can be launched. Once NDR becomes operational, the companies can view geo-scientific data from anywhere in the world and firm up an opinion regarding prospectivity of the blocks prior to bidding for the block. When OALP comes into existence bidding rounds can be organized round the year instead of irregular frequency as at present and also operators can chose their area of interest. This will enhance the exploration activity in the country.

(4). NELP –X bidding round:

The Ministry of Petroleum & Natural Gas is making preparations for launching a tenth bid round. Blocks shall be offered for Exploration and Exploitation of conventional as well as unconventional hydrocarbon resources under Uniform Licensing Policy when the policy is approved. So far, a total of 52 blocks have been identified for offer based on the grant of requisite statutory clearances. The Government is in the process of finalizing a suitable contract model for this round."

1.60 When asked about the policy initiative taken by the Government in E&P sector for promoting Exploration and Production of Hydrocarbon, the Ministry apprised as under:

"Policy initiatives taken by the Government in E & P Sector

In order to accelerate the pace of exploration and production of hydrocarbon in the country, the Government has taken various steps as under:

Policies allowing the Contractors to carry out exploration activities in the Mining Lease (ML) areas after the expiry of exploration period and submission of Integrated Development Plans for a cluster of discoveries etc. have been introduced to facilitate early monetization of discoveries and exploring additional hydrocarbon potential in the ML areas

- In order to acquire geophysical data in poorly explored and unexplored areas, the Government has formulated a new policy for Geo-scientific data generation for hydrocarbons in Indian sedimentary Basins and Agreement to carry out Non-exclusive Multi-Client Geo-scientific surveys/Activities.
- Shale Gas and Shale Oil Policy has been announced by the Government of India in October, 2013 for National Oil Companies (NOCs) to explore and exploit shale oil and gas resources in nomination regime acreages.

- A Multi Organization Team (MOT) has been constituted to carry out re-assessment of Hydrocarbon Resources of India in all its 26 sedimentary basins. The Exercise will cover all the 26 sedimentary basins of India.
- In order to improve the administration of the existing PSCs, the Government has initiated the process of formulating various guidelines and checklists aimed at resolving ambiguities and bottlenecks, which are being encountered both by the Government and the contractors during the operationalization of the PSCs".

1.61 On enquiring about the plans of the Ministry with regard to the launch of tenth NELP round and the reasons for delay, the Ministry in this regard informed that DGH had carved out 86 oil and gas blocks for future round of bidding which were sent to Ministry of Home Affairs, Defence, Environment & Forests, External Affairs and Department of Space for Clearances. Out of 86 blocks, clearances in respect of 52 blocks have been received from all agencies and data packages and basin information dockets are being prepared for these 52 blocks.

1.62 The draft Uniform Licensing Policy (ULP) for award of hydrocarbon acreages with new contractual system and fiscal model based on the recommendations of Dr. Rangarajan Committee, is under consideration. A uniform licensing policy to enable E&P operators to explore and extract all hydrocarbon resources covered under the Oilfields Regulation and Development (ORD) Act, 1948, and Petroleum and Natural Gas (PNG) Rules, 1959 under one PEL/PML, and one contractual regime, will replace the NELP and CBM regime for the Contracts to be awarded in future. The uniform license will enable the contractor to explore conventional and unconventional oil and gas resources including CBM, shale gas/oil, tight gas, gas hydrates and any other resource to be identified in future which fall within the definition of "Petroleum" and "Natural Gas" under PNG rules, 1959. Next round of bidding will start once the policy and contractual regime to be adopted is finalized.

1.63 When asked about the features of the Revenue Sharing Model, the Ministry submitted following information:-

- The Revenue sharing model based on an incremental production-based sliding scale combined with a fixed, price-sensitive scale.
- According to the model, the contractor shall pay biddable Government share of revenue (net of royalty).
- Revenue, net of royalty will be shared between the Contractor and the Government, based on the average daily production in a month for oil and gas, using a sliding scale calculation methodology.

- Bidding is to be made progressive on Government "take" and in multiples for each subsequent level of production as well as price tranche.
- The production and price bands will be pre-determined and specified in the bid document for each block to enable the bidders to bid appropriate revenue shares for each cell in the matrix.

(iv) National Data Repository (NDR)

1.64 The establishment of National Data Repository (NDR) is meant for storing and maintaining hydrocarbon exploration and production data in safe and reusable manner. The Committee wanted to know the physical and financial targets set for completion of this Repository along with the progress achieved towards its completion with focus on work done in 2013-14. In this regard, the Ministry submitted following information :-

> "A National Data Repository (NDR) is defined as a government sponsored data bank to preserve and disseminate oil and gas information and data in order to promote and regulate hydrocarbon exploration and development activities in the country.
>
> <u>Roles and Objectives:</u>
>
> NDR is expected to store and maintain hydrocarbon exploration & production data in a safe and reusable manner, in perpetuity. The data shall be preserved in accordance with generally accepted NDR standards, and made available to entitled users.
>
> The main objective is to setup National Data Repository of reliable exploration and production data for India with provisions for seamless access and on-line data management.
>
> Specific objectives are:
>
> - To validate, store, maintain and reproduce high quality and reliable geoscientific data.
> - To facilitate efficient data reporting, data exchange, and data trading among existing players including all geoscientific agencies.
> - To improve DGH's ability to monitor and control the E&P activities and reporting.
> - To encourage new E & P activities by providing high quality and reliable data.
> - To strengthen overall geoscientific activities in India.
> - To support an open acreage system under Open Acreage Licensing Policy (OALP) for an improved Global E & P Business environment in India.

Project Scope:

The brief scope of work is to build, populate and operate a NDR on turnkey basis and broadly comprises the following:

- To perform Site Preparation, Hardware and Software supply, installation & maintenance.
- To provide requisite manpower for carrying out services for NDR operation.
- To maintain and operate the Data Center.

In term of data volume that will be loaded and managed, the present scope in the first 6 years of contract is as follows:

2D seismic	- 1.6 million LKM ~ 400 TB
3D seismic	- 0.4 million SKM ~ 2,000 TB
Seismic reports	- 2,400
Well Logs	- 8,400 wells
Well reports	-16,800
Image Logs	- 33,600
Production data	- On regular monthly basis

Main Features of NDR Project:

The proposed NDR is expected have the following features:

- State owned multi-client
- Globally acceptable industry standards & formats
- Proven state of the art technology
- Promoting E&P activities through NELP & OALP
- Role based multi-level authorization
- Multi-tier data security
- Conforming National Laws on E&P data
- Secured web based & 24x7 availability
- Business Continuity & Disaster Recovery

Tendering for NDR Project

The Ministry vide O-32011/36/2013-ONG-I dated 19.08.2013 approved NDR Tender Document, NDR expenditure and appointment of Engineers India Limited (EIL) as Project Management Consultant (PMC).

Notice for inviting tender for NDR Project was floated by EIL with Bidding Document AS/A427-000-DC-TN-0002/1001 as an ICB on single stage two-bid system on 01.11.2013. A pre-bid meeting with the prospective bidders was held on 10.09.2013 in EIL. The bid closing date was 20.12.2013. Three bids were received and the techno-commercial parts of the Bids (other than price) were opened on the same day. The three bidders who have submitted the bids are as follows:

i. M/s. Geoleader India Pvt. Ltd., New Delhi
ii. M/s. Schlumberger Solutions Private Limited, Mumbai
iii. M/s. Halliburton Offshore Services Inc., Cayman Islands

All the three bids were found to be techno-commercially acceptable by EIL. The three Price Bids were opened by EIL on 07.02.2014. The technical evaluation and price bid analysis has been completed by EIL in line with provisions of the Bidding Document. Recommendation for award of NDR contract received from EIL has been submitted to MoPNG on 12.02.2014 for approval.

Upon receiving approval from the Ministry, the NDR Contract has been awarded to M/s Halliburton on 28.02.2014.

Project Completion Schedule:

NDR will be built up, populated and operated in a perpetual manner. Initially, the contract shall be of duration of 6 years extendable for another 2 years.

Date of commencement phase	: 03.03.2014
Data Centre Site Preparation phase	: 30.11.2014
HW Commissioning phase	: 30.11.2014
NDR Build up phase	: 28.02.2015
Initial data population phase	: 29.02.2016
Operation Phase (Initial original period)	29.02.2020
Operation Phase (extended period)	: 28.02.2022

Creation of infrastructure to house the NDR is also a part of the contract. The Site Preparation and Mobilization has commenced from 3rd March, 2014 and the work is under progress. The schedule completion of infra-structure work and mobilization of hardware for the data center is nine months from the work commencement that is on 2nd December, 2014. Thereon a period of three months is earmarked for NDR build-up period and the NDR is expected to be operational by March, 2015.

Present Status

The building of NDR infrastructure and procurement of hardware is under progress and is expected to be completed by October, 2014; before the schedule date."

(v) Open Acreage Licensing Policy (OALP)

1.65 The Government had approved the proposal of the Ministry of Petroleum & Natural gas for adopting a policy of open availability of exploration acreages. Under the proposed policy, instead of Government of India carving out blocks for offer, the companies would select their own areas of interest for carrying out exploration.

1.66 Open Acreages Licensing Policy (OALP) will enable bidders to bid for blocks on offer at any time of the year. Data for these blocks would be made available to the bidders through the NDR. Directorate General of Hydrocarbons has initiated the process of establishing an NDR mainly to cater to the needs of E&P sector, research institutes and for academia. Once OALP is implemented, bidding rounds can be organized round the year instead of at irregular intervals as at present and also operators can chose their area of interest.

1.67 National Data Repository (NDR) will enable implementation of OALP. Work for setting up of NDR in DGH has already been started. Building of infrastructure like civil work and site preparation would be completed by September, 2014 and thereafter mobilization of hardware and software will take place. Test run is expected to be completed during January-February, 2015 and thereafter uploading of data will start.

(vi) Production Of Crude Oil and Natural Gas

1.68 The details of crude oil and natural gas production targets vis a vis actual during the last three years (2011-12 to 2013-14) and the current year (2014-15) from the Nomination blocks under ONGC and OIL and blocks/fields under the Production Sharing Contract (PSC) regime, operated by Private/Joint Venture Companies, are as under :

	2011-12		2012-13		2013-14		2014-15	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual (till August,2014)
Crude Oil Production (MMT)								
ONGC	23.73	23.71	23.98	22.56	24.08	22.24	23.51	9.25
OIL	3.76	3.85	3.95	3.66	3.91	3.46	3.60	1.43
PSC Regime	10.69	10.53	12.12	11.64	11.46	12.08	11.65	4.87
Total	38.18	38.09	40.05	37.86	39.45	37.78	38.76	15.55
Natural Gas Production (BCM)								
ONGC	23.46	23.32	23.69	23.55	23.44	23.28	24.00	9.20
OIL	2.63	2.63	2.92	2.64	2.74	2.63	2.84	1.15

PSC Regime	25.59	21.61	15.38	14.49	12.27	9.50	9.78	3.72
Total	51.68	47.56	41.99	40.68	38.45	35.41	36.62	14.07

1.69 The Committee asked about the projections for demand and production of crude oil, Natural Gas and other petroleum products for next three years and the action plan devised by the Government to achieve it, the Ministry in a written reply furnished following information:-

"The projected crude oil and natural gas production under the Production Sharing Contract (PSC) regime for the next three years (2015-16 to 2017-18) are as under:

	2015-16	2016-17	2017-18
Crude Oil Production Target /Projection (MMT)	10.776	9.500	8.500
Natural Gas Production Target/Projection (BCM)	11.735	14.611	16.490

OIL

As far as Oil India Limited (OIL) is concerned, details are as under:

Parameter	Target 2015-16	Target 2016-17	Target 2017-18
Crude oil Production (MMT)	3.70	3.72	3.74
Natural Gas Production (BCM)	3.10	3.10	3.20

ONGC

Projection of Crude oil & Natural Gas for next three years for ONGC is stated below:

	2014-15	2015-16	2016-17
	Target	Projection	
Production of Crude Oil-ONGC(MMT)	23.510	24.033	24.149
ONGC-JV Share	3.630	-	-
Total CRUDE OIL ONGC+JV	27.140	24.033	24.149
Production of Natural Gas(BCM)	24000	25258	27756
ONGC-JV Share	1340	-	-
Total Natural Gas ONGC+JV	25340	25258	27756

JV projections are yet to be firmed up

In order to achieve energy security as well as to increase domestic oil and gas production, following steps are being taken by the Government:

- Offering of exploration blocks through NELP bidding rounds.
- Encouraging exploration and exploitation of alternative energy sources, such as Coal Bed Methane (CBM), Shale Gas, Gas Hydrates etc.
- Policy for exploration and exploitation of Shale Gas/Shale Oil resources by NOCs under the Nomination Regime.
- Policy on Non–exclusive Multi-client Speculative Survey for assessment of unexplored sedimentary basin has been approved.

Apart from above, there are various measures being taken by the National Oil Companies/ Private and Joint Venture Companies to increase current production level. These include development of new and marginal fields, Improved Oil Recovery/Enhanced Oil Recovery activities, well stimulation, field re-development/revitalization, work-over activities, chemical stimulation etc. according to the technical requirement of the fields and feasibility.

Various activities such as work over jobs, well stimulation, artificial optimization, reservoir monitoring and reservoir pressure maintenance are being carried out on routine to limit the base decline. Notwithstanding the constraints of mature fields and sharp decline in the base production all out efforts are being made to increase the production.

Some of the initiatives taken/being taken to enhance production are induction of new technology in the area of drilling, well completion, artificial lift, well stimulation etc., revamping of surface facilities, early monetization of new discoveries and fast track development of marginal fields."

(vii) Production from NELP Blocks

1.70 So far a total of 131 hydrocarbon discoveries (47 oil and 84 gas) have been made under the NELP regime in 42 blocks. It can be seen from the following table that most of the gas discoveries have been made in shallow water offshore and deepwater blocks. These blocks are located mainly in Eastern Offshore areas. These discoveries include several gas discoveries made by ONGC, RIL and GSPCL in Mahanadi- North East Coast, Krishna-Godavari and Cauvery basins.

Area	Oil Discovery	Gas Discovery	Total Discoveries
Deepwater	7	39	46
Shallow Water	3	34	37
Total offshore	10	73	83
Onland	37	11	48
Grand Total	47	84	131

1.71 Under the NELP, the hydrocarbon discoveries have been made by NOCs, Private and Foreign Companies. So far, a total of 65 discoveries have made by NOCs (ONGC & OIL) and State PSU (GSPCL) and the remaining 66 discoveries have been made by Private/Foreign Companies as operators. The details of Company-wise discoveries made are as under:

Sl. No.	Company (Operator)	Oil Discovery	Gas Discovery	Total Discoveries
1	ONGC	10	30	40
2	Oil India Ltd.	1	-	1
3	Gujarat State Petroleum Corporation Ltd.	15	9	24
4	Reliance Industries Ltd.	14	37	51
5	Jubilant Oil and Gas Pvt. Ltd.	2	4	6
6	Focus Energy Ltd.	-	1	1
7	Cairn India Ltd.	4	1	5
8	Niko Resources Ltd.	-	2	2
9	Naftogaz	1	-	1
Total		47	84	131

1.72 So far, commercial production of oil and gas has commenced from 5 NELP blocks as under:

- KG-DWN-98/3 (KG-D6) block operated by RIL in East Coast
- CB-ONN-2000/2 block operated by NIKO Resources in Gujarat
- CB-ONN-2000/1, CB-ONN-2002/3 & CB-ONN-2003/2 block operated by GSPC in Gujarat.

The year-wise and block-wise detail of oil and gas production from the above blocks since inception of commercial production is as under:

Sl. No.	Crude Oil Production (in TMT)						Natural Gas Production (in MMSCM)				
	Blocks-> Year	CB-ONN-2000/1	CB-ONN-2002/3	CB-ONN-2003/2	KG-DWN-98/3	Sum of prod of all blocks	CB-ONN-2000/1	CB-ONN-2000/2*	CB-ONN-2003/2	KG-DWN-98/3	Sum of prod of all blocks
1	04-05					0.00		72.13			72.13
2	05-06					0.00		105.51			105.51
3	06-07					0.00		106.41			106.41
4	07-08	21.49				21.49	0.35	102.01			102.36
5	08-09	29.70			129.89	159.59	0.90	96.44		79.33	176.67
6	09-10	31.78			501.70	533.48	0.85	88.78		15105.99	15195.62
7	10-11	33.66			1078.49	1112.15	0.91	55.94		20400.49	20457.35
8	11-12	45.34			681.35	726.69	0.85	32.32		15611.41	15644.58

9	12-13	46.09			394.29	440.39	0.77	12.84		9516.53	9530.14
10	13-14	48.05	0.13	0.15	274.34	322.68	1.48	0.00	0.01	5050.04	5051.53
11	14-15	17.79	0.19	0.33	118.20	136.51	0.80		0.01	1970.41	1971.22
12	Grand Total	273.90	0.32	0.48	3178.27	3452.98	6.90	672.37	0.02	67734.19	68413.49

* The CB-ONN-2000/2 field has been closed in FY 2013-14 after completion of field life.

Note: In 2014-15, the actual oil and gas production is for the period (April-August, 2014)

(TMT = Thousands of Metric Tonnes; MMSCM = Millions Standard Cubic Metres).

Currently, following major NELP gas discoveries are under development:

(i) The 3 gas discoveries (KG-8, 15 & 17) in the block KG-OSN-2001/3 in Krishna-Godavari shallow offshore, operated by GSPCL have been developed in the name of Deendayal West (DDW). The gas production was envisaged to commence much earlier. However, due to delayed field development, the commercial gas production is yet to be realized. The Contractor has informed that they will start production (likely by end of September, 2014) once the gas allocation in done by the Government. The Contractor plans to start gas production from two wells initially @ 28 MMSCFD (0.8 MMSCMD) which will be ramped up to about 55 MMSCFD (1.56 MMSCMD) by February, 2015 with addition of two more wells. The approved FDP envisages initial start-up gas production rate of 1.10 MMSCMD to 1.81 MMSCMD in year 1, about 2.32 MMSCMD to 3.82 MMSCMD in year 2 and peak gas production rate of 5.24 MMSCMD in year 3 respectively.

(ii) Four Satellite Gas Field Development in the block KG-DWN-98/3 (KG-D6) in Krishna-Godavari deepwater area, operated by RIL: The first gas is estimated by the contractor in mid2016-17 with a peak production rate of 10.3 MMSCMD.

(iii) D-34 Gas Field Development in the block KG-DWN-98/3 (KG-D6) in Krishna-Godavari deepwater area, operated by RIL: The first gas is estimated by the contractor in mid2017-18 with a peak production rate of 12 .9 MMSCMD.

Currently, fourteen major NELP Oil discoveries are under development i.e. four of ONGC(West Patan-3, Karan nagar-1, Nadiad-1, vadatal-1), six of GSPC (SE-02, SE-03, SE-04, SE-05, SE-08, SE-10), three of Essar (EEU-1,ENP-1,ENS-1) and one (N-E) of Cairn where oil production commencement is expected during 2014-15.

(viii) Production in KG Basin

1.73 The targets and actual production of oil and gas in the KG basin during last three years are as under:-

"Under the Production Sharing Contract (PSC) regime, currently oil/gas is being commercially produced from the following fields/blocks:

- D1,D3 & D-26 (MA) fields in KG-DWN-98/3 (KG-D6) block operated by M/s Reliance Industries Ltd. (RIL)
- Ravva Field operated by M/s Cairn India Ltd. (CIL)

The details of oil and gas production targets from the above fields/block .during the last three years (2011-12 to 2013-14) and the current year (2014-15) are as under:

	Ravva				KG-DWN-98/3			
	2011-12	2012-13	2013-14	2014-15	2011-12	2012-13	2013-14	2014-15
Target Oil Production (In TMT)	1619.9	1097.1	900.0	1024.0	714.8	495.3	300.0	370.0
Actual Oil Production (In TMT)	1340.3	1071.8	1035.5	403.2	681.3	394.3	274.3	118.2
Target Gas production (in MMSCM)	683.1	450.1	400.0	292.9	19,538.6	10,108.7	7,000.0	4619.3
Actual Gas Production (In MMSCM)	633.5	514.6	449.5	116.6	15,611.4	9,516.5	5,050.0	1,970.4

Note: In 2014-15, the actual oil and gas production is for the period (April-August, 2014). The above targets are as per the yearly Revised Estimates (RE) targets.

(TMT = Thousands of Metric Tonnes; MMSCM = Millions Standard Cubic Metres).

1.74 The Ministry was asked to furnish the status of the action taken by the Government with regard to non-achievement of targeted production of natural gas from KG D6 block. In this regard, the Ministry submitted following information:-

"M/s RIL is the operator of the deepwater block KG-DWN-98/3 in the Krishna-Godavari Basin. The gas production from D1 & D3 fields in this block is much less than the production rates approved in the Addendum to Initial Development Plan (AIDP). The Contractor had set up production facilities to produce gas to a maximum level 80 MMSCMD, but has failed to adhere to the approved Field Development Plan in terms of drilling and putting on stream the required number of wells and consequent achievements of projected gas production profile in AIDP. The Government has issued notice on 02.05.2012 for proportionate disallowance of cost of production facilities amounting to US $ 1.005 billion for FY 2011-12. The Government has also issued notice on 14.11.2013 for disallowance of cumulative contract cost of US $ US $ 1.797 Billion as on 31st March 2013 towards excess capacity created in the block. Further, a notice has also been issued on 10.07.2014 whereby a cumulative cost of US $2.376 billion upto 31st March, 2014 has been disallowed. All these issues are currently under arbitration."

MoP&NG has also raised a claim of additional Profit Petroleum to the tune of US$ 0.115 billion to be paid by the contractor, on account of disallowance of cumulative contract costs of US$ 1.797 billion, till 2012-13.

This Ministry has issued notices to the Contractors on 02.05.2012, 14.11.2013, 04.02.2014 and 10.07.2014 and advised contractor to comply with the approved AIDP to meet the targets with respect to the committed Gas Production rates and to forthwith remedy the default and to remit the additional Profit Petroleum of US$ 0.195 billion cumulative upto 2013-14."

1.75 Asked about the status of the effort made by the Government to improve production of gas from KG D6 block, the Ministry replied as under:-

"In order to increase the gas production from KG-DWN-98/3 block (KG-D6) block, following steps have been taken by the Government:

- The Contractor's proposal to install compressor at Onshore Terminal to increase gas recovery from D1 & D3 fields (under AIDP) has been approved by the Management Committee (MC). This will help in reducing the back pressure on the wells and may lead to lower abandonment pressures. The procurement activities for the compressors have been initiated by the Contractor.
- The Optimized Field Development Plan (OFDP) of another 4 gas discoveries (D-2, 6, 19 & 22) has been approved by MC and is under implementation.
- The Field Development Plan (FDP) of gas discovery D-34 has also been approved by MC and is under implementation.
- The appraisal plan of MJ-1 gas discovery made in this block has also been approved by the MC.

In addition, the following steps have been taken by the Contractor:

- Work-over of 3 ceased wells in D1 & D3 completed. Further, one substitute well in these fields is currently under drilling.
- In MA field, 1 new well has been drilled and 1 ceased well has been side-tracked and completed. Both these wells have been put on production.
- Appraisal drilling of two appraisal wells for MJ-1 gas discovery has been taken up."

1.76 Details of Targets & Actual Production from KG during the last three years for ONGC are as below:

CRUDE OIL	Unit	2011-12		2012-13		2013-14	
		Target	Actual	Target	Actual	Target	Actual
KG- Onland	MMT	0.249	0.305	0.286	0.295	0.270	0.297
Eastern Offshore Asset	MMT	0.103	0.038	0.200	0.044	0.100	0.026
Total	MMT	0.352	0.343	0.486	0.339	0.370	0.323

NATURAL GAS	Unit	2011-12		2012-13		2013-14	
		Target	Actual	Target	Actual	Target	Actual
KG- Onland	MMSCM	1270.00	1363.79	1014.40	1248.55	1050.00	1171.34
Eastern Offshore Asset	MMSCM	423.00	25.07	596.08	56.01	319.00	104.91
Total	MMSCM	1693.00	1388.85	1610.48	1304.56	1369.00	1276.26

1.77 The Ministry of Petroleum and Natural Gas have informed that the production targets in Eastern offshore could not be achieved due to delay in “Integrated development of G1/GS15 Project” resulting in delay in commencement of production from G-1 field. The production has commenced from Nov’ 2013 and presently the wells of G-1 field have been kept closed in view of pipelines safety issues related to GAIL pipeline.

1.78 When the Committee asked as to why the share of crude oil production by oil PSUs, both onshore and offshore has decreased, the Ministry has furnished following reasons in this regard:-

“There has been some decline in ONGC's production, both at Onshore & Offshore. The details are as below:

	Unit	**2011-12**		**2012-13**		**2013-14**	
		MOU	**Actual**	**MOU**	**Actual**	**MOU**	**Actual**
Crude Oil Offshore	MMT	16.703	16.328	16.897	15.617	17.384	15.541
Crude Oil Onshore	MMT	7.032	7.385	7.083	6.945	6.700	6.706
Total	**MMT**	**23.735**	**23.712**	**23.980**	**22.562**	**24.084**	**22.247**
ONGC-JV Share	MMT	3.265	3.213	3.560	3.565	3.156	3.747
Total ONGC Prodnincl JV Share	**MMT**	**27.000**	**26.925**	**27.540**	**26.127**	**27.240**	**25.994**

The total ONGC production (incl JV) declined by 2.97 percent in FY 12-13 in comparison to FY 11-12. The decline in next year was 0.5 percent (FY 13-14 in comparison to FY 12-13).The Production from ONGC operated fields has declined from 23.71 MMT in 2011-12 to 22.56 MMT in FY 12-13 (4.85percent) & to 22.25 MMT in FY 13-14 (1.37percent).”

<u>Less production in FY 2012-13 is due to:</u>

- Major overhauling/ engine replacement jobs of Process Gas Compressors in Heera and Neelam fields resulting in less gas lift pressure/ de-optimization of wells.
- Less than envisaged gain from sidetrack wells in Mumbai High Field.

<u>Less production in FY 2013-14 is due to:</u>

- Less production from NBP field mainly due to lesser number of new wells put on production due to drilling complications
- Delay in commencement of production from B193 cluster. However the production has commenced from Oct'2013 and has been ramped up presently to a level of ~ 13000 BOPD approx.

All the major oil fields of ONGC are now quite mature & old. No major oil field like Mumbai High has been discovered in about past 35 years. As such ONGC has been producing from mature oil fields & only some new marginal fields have been discovered in past few years. World-wide a natural decline of about 6-7 percent is seen in production from matured oil fields. Due to Improved oil recovery (IOR) techniques & Enhanced Oil recovery (EOR) techniques adopted by ONGC, steep natural decline has been contained.

1.79 When asked about the details of the fields/blocks, where the improved oil recovery and enhanced oil recovery techniques have been applied by ONGC & OIL and the results achieved so far against the investments made, the Ministry replied as under:-

As far as Oil India Limited (OIL) is concerned, since most of the crude oil and gas produced by OIL is from its matured and aging fields, it has initiated fit for purpose EOR/IOR initiatives in all the fifteen (15) fields of Assam and Arunachal Pradesh.

To established additional wellhead potential and chartering a steady growth in production, OIL has taken a structured approach towards intensification and integration of various IOR/EOR processes in the form of infill /horizontal/J-bend drilling, well intervention through workover, recompletion, well stimulation, gravel pack to control sand ingress as well as application of low salinity water injection for pressure maintenance and improved recovery in various reservoirs. Incremental Crude oil gained through IOR/EOR over total oil production during 2013-14 is summarized below:

IOR-EOR Oil production contribution	
Total Oil Production (MMT)	3.442
Contribution from IOR/EOR (MMT)	1.128

Results in the form of incremental oil through various IOR/EOR activities are as under:

	2013-14
Infill + Horizontal wells(MMT)	0.751
Water injection(MMT)	0.194
Well Re-interventions(MMT)	0.183
Total (MMT)	1.128

The details of investment are as under:-

Sl. No.	Particulars (Cost)	2013-14(Amount in Rs.Lakh)
1	Devl. Drilling - Water Disposal	4755.55
2	Devl. Drilling - In-fill & horizontal wells	36189.53
3	Well Re-intervention	16190.79
4	Water Injection	5494.62
5	Rod Pump	1216.46
6	Jet Pump	526.05
7	Gas Lifting	9138.54
8	Nitrogen Coil Tubing Deployment	1610.68
9	Digboi Field activities	218.17
10	Oil Well Servicing	7068.00
11	Flowlines	5636.52
12	Boosting	1071.58
13	IOR-EOR G&R Field studies	154.48
14	IOR-EOR Capital expenditure	7174.55
15	Total IOR & EOR Expenditure	96445.51

<u>ONGC</u>

ONGC has taken up 24 IOR and EOR schemes in the major fields for augmenting the oil and gas production. The schemes were taken in stages starting from 2000-01. The name of projects and achievement of incremental oil against the plan with expenditure incurred is placed below:

Sl. No.	Name	Actual Expenditure upto (Rs. Cr) Mar'14	Plan oil gain(MMT) Mar'14	Actual oil gain (MMT) Mar'14	Remarks
1	MHN Redevelopment	3301.98	17.564	15.485	Completed in Dec'06
2	MHS Redevelopment	6568.72	25.740	25.612	Completed in May'07
3	IORNeelam	347.69	1.967	2.572	Completed in Jul'05
4	Addl. Development Heera Part–I	309.08	2.570	0.996	Completed in Dec'03
5	Addl. Development Heera Part–II	1018.62	1.479	1.975	Completed in Jan'09
6	MHN Redevelopment Ph-II	5591.10	6.789	3.999	Completed in Jun'14
7	MHS Redevelopment Ph-II	7879.77	11.936	7.192	Completed in Jun'14
8	Heera& S. Heera Redevelopment	2651.89	6.226	5.317	Completed in Nov'11

9	Heera& S. Heera Redevelopment Ph-II	2435.25	0.532	0.231	Ongoing
10	IOR B-173A Field	84.61	0.00	0.00	Ongoing
11	Development of Western Periphery of MH South	248.21	0.00	0.00	Ongoing
	Total Offshore	30436.92	74.803	63.379	
12	In-situ combustion Balol	100.03	5.537	2.447	Completed in Nov'01
13*	In-situ combustion Santhal	314.62	15.407*	7.040*	Completed in Dec'01
14	IORSanthal	36.65			Completed in Nov'03
15	IORJotana	53.24	0.749	0.524	Completed in Oct'04
16	IORSobhasan	59.64	1.086	0.735	Completed in May'08
17	IOR North Kadi Phase-I	60.91	0.849	0.980	Completed in Apr'07
18	IOR North Kadi Phase-II	30.66	0.323	0.503	Completed in Nov'06
19	IORKalol	84.18	2.179	2.159	Completed in Jul'10
20	EORSanand	20.67	1.504	1.220	Completed in Sep'02
21	IORGandhar	546.43	3.737	4.775	Completed in Jun'05
22	IORLakwa-Lakhmani	743.92	2.493	1.175	Completed in Sep'13
23	IORGeleki	1759.52	3.155	1.904	Completed in Oct'13
24	IORRudrasagar	452.91	1.483	0.567	Completed in Mar'14
	Total Onshore	4263.38	38.502	24.029	
	Total	34700.30	113.305	87.408	

* The incremental oil shown at Sl. No. 13 (In-situ Santhal) is inclusive of project at Sl. No. 14 (IORSanthal)

* The CB-ONN-2000/2 field has been closed in FY 2013-14 after completion of field life.

Note: In 2014-15, the actual oil and gas production is for the period (April-August, 2014)

(TMT = Thousands of Metric Tonnes; MMSCM = Millions Standard Cubic Metres).

Currently, following major NELP gas discoveries are under development:

(iv) The 3 gas discoveries (KG-8, 15 & 17) in the block KG-OSN-2001/3 in Krishna-Godavari shallow offshore, operated by GSPCL have been developed in the name of Deendayal West (DDW). The gas production was envisaged to commence much earlier. However, due to delayed field development, the commercial gas production is yet to be realized. The Contractor has informed that they will start production (likely by end of September, 2014) once the gas allocation in done by the Government. The Contractor plans to start gas production from two wells initially @ 28 MMSCFD (0.8 MMSCMD) which will be ramped up to about 55 MMSCFD (1.56 MMSCMD) by February, 2015 with addition of two more wells. The approved FDP envisages initial start-up gas production rate of 1.10 MMSCMD to 1.81 MMSCMD in year 1, about 2.32 MMSCMD to 3.82 MMSCMD in year 2 and peak gas production rate of 5.24 MMSCMD in year 3 respectively.

(v) Four Satellite Gas Field Development in the block KG-DWN-98/3 (KG-D6) in Krishna-Godavari deepwater area, operated by RIL: The first gas is estimated by the contractor in mid2016-17 with a peak production rate of 10.3 MMSCMD.

(vi) D-34 Gas Field Development in the block KG-DWN-98/3 (KG-D6) in Krishna-Godavari deepwater area, operated by RIL: The first gas is estimated by the contractor in mid2017-18 with a peak production rate of 12 .9 MMSCMD.

Currently, fourteen major NELP Oil discoveries are under development i.e. four of ONGC(West Patan-3, Karan nagar-1, Nadiad-1, vadatal-1), six of GSPC (SE-02, SE-03, SE-04, SE-05, SE-08, SE-10), three of Essar (EEU-1,ENP-1,ENS-1) and one (N-E) of Cairn where oil production commencement is expected during 2014-15.

D. NATIONAL GAS GRID AND AVAILABILITY OF NATURAL GAS

(i) National Gas Grid

1.80 The Committee wanted to know as to whether there is any proposal of the Ministry for setting up of a National Gas Grid. In this regard, the Ministry in a written reply submitted following information:-

"Presently, the country is having about 15,000 Km long existing pipeline infrastructure (including Spur lines) which is under operation. In order to complete the national gas grid, an additional 15,000 km of pipelines are envisaged.

The additional 15000 Km of pipelines and various pipeline sections required to complete the Gas Grid have been categorized under the following four categories:

A. Category 1: Three (03) pipelines with combined length of 2753 Km have been identified under this category. The authorizations to construct these pipelines have already been granted either by Central Government or PNGRB. These pipeline sections are :

i. Jagdishpur-Phulpur-Haldia Pipeline(M/s GAIL) - 2050 Km.

ii. Shadhol-Phulpur Pipeline(M/s RGPL) - 312 Km
iii. Kakinada-Vizag-Srikakulam(M/s APGDCL) - 391 Km

Pipeline (ii) and (iii) above are smaller in length and construction activities of these sections are likely to start within a year. GAIL has awarded tender for the route survey of Jagdishpur-Phulpur-Haldia Pipeline (JHPL). Survey work will start from October 2014. Subsequent construction activities of JHPL will commence after finalization of revival of two fertilizer plants at Barauni and Gorakhpur (which are along the JHPL route), by the Department of Fertilizers.

B. Category 2: Four (04) pipelines having combined length of 6958 km were authorized by PNGRB in year 2011 & 2012.

i. Mallavaram-Bhopal-Bhilwara via Vijaipur (M/s GITL) - 2042 Km
ii. Mehsana-Bhatinda (M/s GIGL) - 2052 Km
iii. Bhatinda-Jammu-Srinagar (M/s GIGL) - 725 Km
iv. Surat-Paradip (M/s GAIL) - 2112 Km

Construction work on these pipelines could not commence because of absence of anchor customers. M/s GITL and M/s GIGL are the two subsidiaries of Gujarat State Petronet Ltd (GSPL), a Gujarat State Government promoted pipeline entity. GAIL and GSPC/GSPL are in discussions to explore the possibility of joint development of certain sections of these pipelines. Timeline/Action plan for start of construction activities for these pipelines in a phased manner will be finalized as per agreement between GAIL and GSPC/GSPL. The modalities are expected to be firmed up by GAIL and GSPC/GSPL within 3 months.

C. Category 3: Five (05) pipeline sections have been identified under this category where no authorization has been granted so far. The combined length of the pipeline sections is ~3800 Km. The pipelines are :

i. Ennore-Nellore - 220 Km
ii. Ennore–Thiruvallur-Bengaluru-Puducherry- Nagapattinum-Maduri-Tuticorin - 1,175 Km
iii. Ranchi-Talcher-Paradip - ~520 Km
iv. Barauni-Guwahati-Agartala - ~ 1,300 Km
v. Haldiya-Paradip/Srikakulam - ~ 500/700 Km

PNGRB has initiated the bidding process for granting authorization to lay the first two (02) pipeline sections. PNGRB authorization is likely to be granted within 3 months. The remaining three (03) pipeline sections are identified by MoP&NG for implementation through PPP mode with Viability Gap Funding (VGF). In compliance with the meeting taken by Finance Secretary for development of National Gas Grid through PPP mode on 8.08.2014, MoP&NG has identified GAIL as the “sponsoring authority” for implementing Ranchi-Talcher-Paradip pipeline section on a pilot basis through PPP mode with VGF. The other two proposed pipeline sections (iv) and (v) could be considered after successful implementation of the identified pilot project.

D. Category 4: This category consists of the pipeline sections where physical construction work is either in progress or stalled. Total length of these pipeline sections is 1765 Km. The pipeline sections are-

i.	Kochi-Koottanad-Bangalore-Mangalore (M/s GAIL)-	1,062 Km
ii.	Spur-lines to Dadri-Bawana-Nangal (M/s GAIL)-	100 Km
iii.	Spur-lines to Chhainsa – Jhajjar – Hissar (M/s GAIL) -	193 Km
iv.	Spur-lines to Dabhol-Bangalore(M/s GAIL) -	410 Km

The KKBMPL's completion is contingent upon resolution of Right of Use (RoU) acquisition in the States of Tamilnadu and Kerala. The spur lines at (ii), (iii) and (iv) would be completed in the near future. The matter is being followed up with the State Government of Kerala and Tamilnadu. However, the RoU issue is presently sub-judice before the Hon'ble Supreme Court."

1.81 In addition to above, during the course of oral evidence, Secretary, MoPNG informed that out of the total envisaged 15000 kms pipeline, 11000 kms pipeline has been authorized and another 4000 kms will be constructed based on PPP Model. It was further informed that the major problem in the construction of these pipelines is the price at which gas is available due to which anchor customers are not ready.

1.82 The Ministry of Petroleum and Natural Gas has informed that there are three pipelines on which work was started one of which was Kochi-Mangalore pipeline. Due to the delay in construction of Kochi-Mangalore pipeline, the Petronet LNG terminal which was built at a cost of around Rs. 4000 crore is functioning at only 1 percent of its original capacity.

1.83 Asked about the status of construction of Kochi-Mangalore pipeline which has been delayed, the CMD, GAIL during the course of oral evidence submitted following information :-

"Kochi to Mangalore and Kochi to Bangalore are the two pipelines that are authorised to GAIL. The GAIL has completed all the formalities to procure all the materials, invested almost Rs. 3,000 crore and awarded all the contracts both in the State of Kerala and in the State of Tamil Nadu, the work has started. In the Tamil Nadu with the consent of the State Government after having all MOUs, all agreements meeting at the highest level in the State, we started a job. Somehow after one month of our job, there was resistance from the farmers in the Coimbatore area and then it led to a different stand of the State Government and they said that you cannot lay line through the farmland and you go on the

National Highway. permission to lay a pipeline on national highway was denied due to safety issues."

(ii) City Gas Distribution

1.84 Among the several announcements made in the budget speech, it was announced to increase the coverage of Piped Natural Gas (PNG) across the country. When asked about the plan devised by the Ministry in this regard, the Secretary, MoPNG during the course of oral evidence, submitted following information:-

"The number of existing customers today is 26,28,582. The target for this year is to add 8,78,313 customers taking it to about 35 lakh customers. The target for 2015-2016 is an additional 14,42,000 consumers; in 2016-2017, it is about 16,00,000 connections; in 2017-2018, it is 16,25,000; and in 2018-2019, it is 11,96,000. These are the targets, which have been set, and for the current year out of 8,78,000, bulk of it would be in Gujarat; about 1,37,000 would be added in Maharashtra; and another 1,17,000 would be added in UP.

We have 23 cities with a population of more than 5 lakh, which have PNG connections, and another 51 cities are under bidding with population of more than 5 lakh plus 26 cities with population between 4-5 lakh. The prerequisites for all these are pipelines."

1.85 Asked as to whether any target has been fixed for the year 2014-15 for issuance of new connections of PNG, the CMD, GAIL during the course of oral evidence replied as under :-

"These targets are being given by the Regulatory Board to the CGD companies to give so many connections or the number of houses to be connected. For example, in the City of Delhi, though pipe has reached all the places, 85 per cent of the area is covered, there some areas where pipeline cannot be laid like in the congested slums or in congested areas like Chandini Chowk or Chawri Bazaar. Otherwise, 85 per cent to 90 per cent of the area in Delhi is covered with the Grid. Total connections in Delhi today are around four lakhs. This year the target has been given to them to give one lakh connections in Delhi, Gurgaon and Noida. But we still have another 40 per cent or 50 per cent of houses to be covered. But it depends upon the response of the household whether they want to convert or not. Basically, it is not the demand, but it is the target to connect new houses."

1.86 Asked as to how the availability of gas would be ensured for expansion of city gas distribution network and the existing policy for allocation of gas, the Ministry submitted following information:-

"As per the extant Gas Utilization Policy of the Government, City Gas Distribution Sector for supply of gas to domestic and transport sectors is at priority

No.4.However, in compliance with the order of the Hon'ble Gujarat High Court order dated 25.7.2012 in Writ Petition (PIL) No. 47/2011 and 54/2011 and order of Hon'ble Supreme Court dated 05.4.2002 in Writ Petition Civil No. 13029/1985 titled M.C. Mehta vs. Union of India, Ministry issued revised guidelines dated 03.2.2014, wherein 100percent requirement of gas for CNG (transport) and PNG (domestic) segments was met through supply of domestic gas. Further, to simplify the procedure, Ministry has recently issued guidelines dated 20.8.2014, wherein it has been decided to authorize GAIL for diverting domestic gas from non-priority sector to meet the requirement of CNG (transport) and PNG (domestic) segments as per their actual consumption during the preceding six months."

1.87 In addition, the following information was provided by CMD, GAIL during the course of oral evidence:-

"as far as city gas sector is concerned, it is consuming almost 10 million gas today across India, and every new city that you connect you need almost 0.25 to 0.30 gas per day to meet their requirement. I am just giving a thumb rule number.

The 51 cities, which are going to be connected, will need another 10 million gas in next 5-6 years time. This will depend upon the availability of the Grid, and laying of the Grid in those cities."

1.88 One of the important announcements made in the Budget that the usage of PNG will be rapidly scaled up in a Mission mode as it is clean and efficient fuel. Asked as to what action plan has been devised by the Minstry in this direction, the Ministry submitted the following information:-

"Increase usage of PNG in mission mode form

Petroleum and Natural Gas Regulatory Board (PNGRB) is entrusted with the task of rolling out of CGD entities, which in turn, provided PNG connections to households. At present, a number of entities are operating in 52 Geographical Areas (GAs) while many GAs are under the bidding process being conducted by PNGRB.

(2). The details of CGDinfrastructure in the country (as on August 2014) is as under:

- No. of CGD entities	:	22
- No. of States and UTs covered by CGD networks	:	13 States and UTs
- PNG Connections	:	26.28 Lakh
- CNG Stations	:	943

(3). The state-wise CGD infrastructure details are as follows:

(As on August 2014)

State & UT	PNG (domestic)	PNG (Commercial & Industrial)	CNG Stations	Total network length (Km)
Andhra Pradesh	1,790	41	11	218.00
Assam	27,051	1,304	-	5586.00
Delhi	373,066	1,253	255	5380.21
Gujarat	1,320,834	19,792	327	20925.14
Haryana	19,674	244	17	1066.05
Madhya Pradesh	2,732	94	27	394.73
Maharashtra	743,917	2,581	201	4626.62
Punjab*	-			0.00
Rajasthan	191	18	3	93.37
Telangana	459	8	18	146.40
Tripura	15,249	320	5	402.96
UT*	-			0.00
Uttar Pradesh	123,619	1,418	79	5626.33
Grand Total	2,628,582	27,073	943	44465.81

(Note: * PNGRB has authorized the entities for laying CGD network in Chandigarh (UT) and Jalandhar (Punjab) in year 2013-14).

(4). Vide this Ministry's letter dated 24.07.2014, PNGRB was requested to finalize a Phase wise action plan within one month for expansion of PNG usage in "Mission Mode" for extending PNG coverage to all 5 lakh plus cities (and other cities also where feasible) over the next five years. In response PNGRB informed that expansion of PNG coverage/usage would require inter alia development of CGD networks. Based on the requests received from various State Governments, PNGRB has been considering entire district as GA for development of CGD network so that PNG is made available to rural population also. Hence, the cities having population of more than 5 lakh in the district will automatically get covered in the GA and PNG can be made available in such cities through the CGD networks. PNGRB has also invited bids for authorizing entities to develop CGD networks in 14 new Geographical Areas (districts) in its 4th CGD bidding round. Further, PNGRB has identified 41 additional GAs (districts) for inviting bids from interested entities in 5th and 6th round of CGD bidding.

(5). Though it is the primary responsibility of PNGRB to grant authorization for development of CGD networks thereby expanding the usage of PNG, the performance of each CGD entity w.r.t. growth in PNG connections and other parameters was reviewed by the Ministry in August, 2014.

When the Committee enquired about the capacity utilization of various Natural Gas pipelines in the country, the Ministry submitted following information.

"The capacity utilization of various Natural Gas pipelines in the country as on 31.3.2014 is as under:

Sl. No.	Name of the Natural Gas Pipeline Network	percent Capacity utilization as on 31.3.2014
1	HVJ -GREP-DVPL and spur (Hazira-Vijaipur-Jagdishpur) HVJ/VDPL	80.98
2	DVPL-GREP Upgradation (DVPL-2 & VDPL)	28.39
3.	Chhainsa-Jhajjar-Hissar pipeline (including spur lines) commissioned uptoSultanpur, Jhajjar-Hissar under hold (111 km) flow of 5 million upto 2011-12	15
4.	Dahej-Uran-Panvel (DUPL/DPPL) including spur lines	44.82
5.	Dadri-Bawana-Nanga pipeline, Dadri-Bawana: 106 km, Bawana-Nangal:501 km, spur line of BNPL:196 km	0
6.	Dabhol-Bangalore pipeline (including spur)	6.09
7.	Kochi-Koottanad-Bangalore-Mangalore (phase-I)	5.21
8.	Assam (Lakwa)	22
9.	Tripura (Agartala)	64.4
10.	Ahmedabad	13
11.	Rajasthan (Focus energy)	46.5
12.	Bharuch, Vadodara (UNDERA) includedRLNG + RIL	14.6
13.	Mumbai	95.4
14.	KG Basin (included RLNG + RIL)	37.4
15.	Cauvery Basin	41.22
16.	East-West pipeline (RGTIL)	16.9
17.	GSPCL network including spur lines	44
18.	Assam Gas Company (Duliajan to Numaligarh)	75
19.	Dadri-Panipat	32.8
20.	Uran-Trombay	66

(iii) Pricing of Natural Gas

1.89 The Government of India constituted a committee under the chairmanship of Dr C. Rangarajan, the then Chairman, Economic Advisory Council to the Prime Minister in May, 2012, to look into the Production Sharing Contract (PSC) mechanism in petroleum industry. The Committee submitted its report in December, 2012. Based on the recommendations of Rangarajan Committee Report, natural gas pricing guidelines were approved by the Government in the meeting of Cabinet Committee on Economic Affairs (CCEA) held on 27th June 2013.

1.90 The Government considered gas price issue in the CCEA meeting held on 25th June, 2014 and noted that the whole issue of gas pricing would need comprehensive re-examination and directed that the Domestic Natural Gas Pricing Guidelines, 2014 will be kept in abeyance up to 30.09.2014 and till that time, the domestically produced gas continue to be priced at the rate prevailing on 31.03.2014. Draft Uniform Licensing Policy for award of hydrocarbon acreages with new contractual system and fiscal model based on the recommendations of Dr. Rangarajan Committee, former Economic Advisor to PM, is under consideration.

1.91 The Committee wanted to be informed about the present status of the adoption of Revenue sharing model. In this regard, the Ministry informed that in pursuance of recommendations of Dr. Rangarajan Committee, for switching over from the existing Production Sharing Contract to Revenue Sharing Contract, Ministry has formulated a draft new contractual Model Revenue Sharing Contract (MRSC) after several discussions and deliberations from DGH and NOCs. Draft MRSC has been placed on the website of Ministry seeking comments from all stakeholders before giving MRSC to final shape. MRSC is proposed to be applicable prospectively.

1.92 The Committee enquired as to whether recent increase in prices of natural gas would enable additional gas becoming available, the Ministry submitted following information:-

> "A Committee was constituted consisting of Secretary (Power), Secretary (Expenditure), Secretary (Fertilizer) as members and Additional Secretary (P&NG) as its Member Secretary to carry out comprehensive re-examination of the issue of gas pricing. The Committee considered the views of stakeholders, reports and studies available in public domain while making recommendations on the pricing of domestically produced natural gas. It is expected that the increase in domestic natural gas prices would spur natural gas production in the country and provide additional funds to National Oil Companies (NOCs) to further invest in Exploration and Production activities. To incentivize investment and for development of discoveries in deep water, ultra deep water, high pressure and high temperature areas, a premium would be given on the gas price determined as per the New Domestic Natural Gas Pricing Guidelines."

(iv) Liquified Natural Gas

1.93 Asked about the present policy of procurement and processing of LNG in India, the Ministry informed that LNG is a commodity imported under Open General License (OGL) policy of Government of India and any importer desirous of importing LNG can import at Terminals where there is capacity. LNG is imported into the country on long and medium/short term and spot basis. The import of LNG on term basis is done to meet the deficit in the country due to shortage of supply from domestic production, whereas the procurement of LNG on spot basis is done from time to time to meet the short-term demand-supply gap and also to serve peak requirement of customers which are not met through term tie ups. LNG is imported at different LNG terminals in the country which is then re-gasified at the terminal and marketed to downstream consumers through pipelines.

1.94 Decision to set up LNG terminals is taken by companies based on techno commercial considerations. Several RLNG projects on the west and east coast of the country are at conceptual stage. Based on available information, a list of such projects is as under:

Sl No.	Location	State	Envisaged capacity (in MMTPA)	Investment made (Rs. in crore)
1.	Mundra	Gujarat	5	300
2.	Gangavaram	Andhra Pradesh	5	Investment not yet made
3.	Ennore	Tamil Nadu	5	28
4.	Dhamra	Odisha	5	Investment not yet made
5.	Kakinada	Andhra Pradesh	3.5	Investment not yet made
6.	Paradip	Odisha	4	Investment not yet made

The details of existing LNG terminals alongwith their capacity utilization are as under:

Location of LNG terminal	Owner of the terminal	Installed capacity (in MMTPA)	percentCapacity utilization during 2013-14
Dahej	PLL	10	96percent
Hazira	Hazira LNG Pvt. Ltd.	5	56.4percent (2.82 MMTPA)
Kochi	PLL	5	Less than 2percent
Dabhol	GAIL	2	30percent of operational capacity i.e. 1.75 MMTPA

1.95 The Committee wanted to be apprised about the details of international agreements / MoUs signed for procurement of LNG. In this regard, the Ministry informed as under:-

"Following agreements/MoUs have been signed by different companies for procurement of LNG from international market:

1. <u>GAIL (India) Ltd.</u>

(a) Sabine Pass Liquefaction LLC for supply of 3.5 MMTPA for 20 years from US with expected supplies to commence in 2017-18.

(b) Gazprom Marketing and Trading Singapore Pvt Ltd for supply of 2.5 MMTPA for 20 years from Russia with supplies expected to commence in 2019-20.

(c) Dominion Cove Point LNG LP, USA for long term terminal service agreement for booking of 2.3 MMTPA liquefaction capacity to export equivalent LNG from US to India and supplies are expected to commence in 2017-18.

(d) GDF Suez LNG for supply of 0.36 MMTPA for 2 years from 2013 to 2014.

(e) Gas Natural Fenosa, Spain for supply up to 0.72 MMTPA for 3 years from 2013 to 2015.

(f) Framework Agreement with Gas Natural Fenosa in 2012 for collaboration across the value chain including development of LNG business.

(g) MoU with M/s Chubu Electric, Japan in 2014 for collaboration in different areas including joint procurement of LNG.

2. Petronet LNG Ltd. (PLL)

At present Petronet LNG Limited (PLL) has 7.5 MMTPA LNG supply from RasGas, Qatar on long term basis for 25 years. The supply under this agreement commenced from 2004. PLL has also entered into a long term supply agreement for 1.44 MMTPA LNG with the Mobil Australia Resources Company Pty Ltd (a subsidiary of Exxon Mobil) from their Gorgon Project in Australia. The supply is likely to commence by end of 2015.

Petronet LNG Limited has also entered into a Master Sales & Purchase Agreement (MSPA) which is a Framework Agreement with around 30 major worldwide LNG Producers, Suppliers and Traders for future spot/ short term purchase as and when required.

3. Gujarat State Petroleum Corporation (GSPC)

GSPC has signed an agreement with British Gas for a period of 20 years for of LNG supply from June 2015 (1.25 MMTA from June 2015 and 2.5 MMTPA from June 2017)."

E. DISINVESTMENT IN OIL PSUS

1.96 When asked to furnish the details regarding the procedure followed for disinvestment in oil PSUs and the levels at which approval is sought before disinvesting in oil PSUs, the Ministry submitted following information:-

"As per the Government of India (Allocation of Business) Rules, 1961, all matters relating, inter-alia, to disinvestment of Central Government equity from Central Public Sector Undertakings (CPSUs); sale of Central Government equity through offer for sale or private placement in the erstwhile CPSUs; implementation of disinvestment decisions, including appointment of advisers, pricing of shares, and other terms and conditions of disinvestment, are within the mandate of Ministry of Finance, Department of Disinvestment. Disinvestment in oil PSUs is undertaken by MoF after approval of the Cabinet Committee on Economic Affairs."

1.97 Asked about the details of the proposed move for disinvestment in oil PSUs during the current year and the decisions taken thereon, following information was submitted by the Ministry :-

"In September, 2014 Government decided to divest 5percent paid-up capital in Oil & Natural Gas Corporation Ltd. (ONGC) out of the Government of India's shareholding of 68.94percent through Offer for Sale (OFS) method in the domestic market as per Securities and Exchange Board of India (SEBI) Rules and Regulations. The decision on disinvestment is taken by Department of Disinvestment of Ministry of Finance."

F. *INFRASTRUCTURAL CONSTRAINTS FACED BY OMCs IN IMPORT OF CRUDE OIL*

1.98 The Committee wanted to be apprised about the present status of removing infrastructural constraints at Chennai and JawaharDweep Port, Mumbai and repair of Jetty No. IV, in order to save huge amounts of demurrages paid by BPCL/IOCL for imports of crude oil. The Ministry in this regard submitted following information:-

(i) As per information furnished by BPCL, a joint meeting of BPCL and HPCL was held with Mumbai Port Trust (MbPT) on 02.09.2014 wherein MbPT has indicated their willingness to construct 5th Jetty at MOT in Mumbai and invited BPCL and HPCL for co-investing in the new Jetty. MbPT also informed that they are undertaking the repair work of Jetty No.4 which is in a bad shape.

(ii) According to MbPT, the estimated cost of Rs.525 crore for construction of berth, laying of pipeline, marine loading arms etc. of the 5th Jetty. MbPT also mentioned that reclaimed land of around 24 hectares would be available at an estimated cost of Rs.200 crore which can be used for tankfarms. MbPT has indicated participation of oil companies (BPCL and HPCL) under the following three options:

i) Entire investment by Oil PSUs, in which case the tariff will be fixed based on the mutual discussion.

ii) Cost equally shared by Mumbai Port and the Oil PSUs, in which case the tariff will be fixed pro rata.

iii) Full investment by Mumbai Port in which case the MbPT shall have the right to fix the tariff based on the actual capital investment.

(iii) As per BPCL, an in-principle approval was obtained by them from their management for going ahead in participation of investment for the construction of 5th Jetty jointly with HPCL/MbPT.

(iv) However, IOCL has stated that they do not have any infrastructural constraints at JawaharDweep and Chennai Port.

G. PERFORMANCE OF OVERSEAS ASSETS OF OVL

1.99 The Imperial Energy Asset was acquired by OVL in 2009 which comprises of 8 blocks in the Tomsk region of western Siberia (Russia) i.e. block 69, 70-1, 70-2, 70-3, 77, 88, 85-1 &86 with 100 percent ownership covering approx. 12700 sq. kms with 13 licenses. Asked about the present status of production of from this field, the Ministry submitted following information:-

> **"**Since acquisition of Imperial Energy by OVL in January 2009, Imperial could increase its production from 6,260 bopd (year end 2008) to the highest level of approx. 19,500 bopd by mid-2011. However during the subsequent years there has been a decline in production as it was felt prudent that prior to undertaking any further development drilling activity, the company should focus on identifying suitable technology to economically exploit the tight reservoirs. As a result of this decision taken by the management in November 2011, Imperial Energy has currently put on hold all major developmental drilling activities till suitable technology is successfully identified to exploit the tight reservoirs.
>
> The Audit Committee of ONGC looked into the matter. The Committee looked into the issues such as (i) procedure adopted by OVL in estimation of reserves, profile and potential (ii) approval of competent authorities for the acquisition (iii) post-acquisition efforts of OVL to increase the production and (iv) lessons for the future.The report of the Audit Committee is being examined."

1.100 In addition, Secretary MoP&NG during the course of oral evidence submitted following information :

> "The imperial oil has not turned out to be what it was expected to be. They are trying something which is similar to hydrofracking. If that works, we will get oil. Otherwise, the investment may not yield what was promised. That is the reality today".

H. CSR INITIATIVES BY OIL PSUs

1.101 Asked about the minimum percentage of profitability that needs to be spent on social welfare activities by the various PSUs under the corporate social responsibility, the Ministry submitted following information:-

"Every year, each CPSE shall with the approval of its Board of Directors make a budgetary allocation for CSR and Sustainability activities/projects for the year. The budgetary allocation will be based on the projitability of the company. More specifically, it will be determined by the Profit After Tax (PAT) of the company in the previous year as shown hereunder:-

PAT of CPSE In the previous year	Range of Budgetary allocation for CSR and Sustainability activities(as & of PAT in previous year)
(i) Less than Rs.100 crore	3percent - 5percent
(ii) Rs.100 crore to Rs.500 crore	2percent - 3percent
(iii) Rs.500 crore and above	1percent - 2percent

For all CPSEs having PAT above Rs. 500 crore in the previous year, the range of budgetary allocation for CSR and Sustainability activities has been raised to 1percent- 2percent. All CPSEs shall strive to maximize their spending on CSR and Sustainability activities and move towards the higher end of their slabs of budgetary allocation."

2. Sick or loss making companies or those having a negative Net Worth and nor mandated to earmark specific funds for CSR and Sustainability activities. However, they must pursue CSR and Sustainability policies by integrating them with their business plans, strategies and processes, which do not involve any financial expenditure. In addition, they may try to attain CSR and Sustainability objectives through the adoption of innovative methods for water, waste and energy management, reduction of carbon emission, preservation of bio-diversity, and production of goods and services whoich are consumer and environment friendly, without any additional cost, perhaps even savings to the company. They may also collaborate with the profit making CPSEs and assist them in ingenious ways without financial support in CSR and Sustainability activities."

1.102 On a further query regarding the details of the money spent on CSR activities by various oil PSUs against the target set during last three years, the Ministry submitted following information :-

"The amount spent on CSR activities by various oil PSUs during the last three years are as under:- (Amount in Rs. Crore)

Amount (in crore) spent during last 3 years				
S.No.	Name of PSUs	2011-12	2012-13	2013-14
1.	ONGC	121.08	262.13	341.25
2.	IOCL	82.73	78.97	81.91
3.	OIL	50.12	49.63	72.89
4.	GAIL	62.97	65.44	43.14
5.	EIL	9.42	5.97	6.49
6.	HPCL	26.54	21.76	23.74
7.	BPCL	15.41	17.88	34.38
8.	OVL	23.94	20.83	21.71
9.	MRPL	3.27	4.65	3.47
10.	NRL	5.86	5.51	5.29

11.	Balmer Lawrie	3.00	3.00	4.07
12.	CPCL	3.73	1.99	1.01
	Total	408.07	537.76	639.35

I. ***ALLOCATION OF FUNDS TO OIDB***

1.103 Oil Industry Development Board was established in 1975 under the Oil Industry (Development) Act 1974 for development of oil industry when the need of progressive self-reliance in the petroleum and petroleum based raw materials assumed greater importance. The functions of the board involve rendering financial assistance to the promotion of all such activities as are, in its opinion conducive to the development of the oil industry. The financial assistance is extended by way of loans and grants for activities such as prospecting, refining, processing, transportation, storage, handling and marketing of mineral oil, production and marketing of oil products and production of fertilizers and chemicals.

1.104 The Committee in their 16th and 21st Reports (15 Lok Sabha) had recommended that the MoPNG should make efforts for allocation of funds to OIDB from the proceeds of cess collected. The Committee wanted to know about the efforts made by the Ministry for increasing the availability of funds to OIDB and the results achieved thereof. In this regard, the Ministry informed as under:-

> "No funds have been allocated to OIDB during the last three years by the MoF out of OIDB Cess collection. OIDB has been restricting its expenditure/investments to the extent of availability of funds. More oil and gas development projects/activities could be initiated/funded, if additional funds are released by Government. Accordingly, MoPNG had earlier requested Ministry of Finance (MoF) through letters dated 8.11.2012 and 9.4.2013 for allocation of funds out of cess collection to OIDB, but the request was not agreed to by MoF (letter dated 24.5.2013 of the Finance Minister). Minister, PNG wrote another letter dated 14.03.2014 to the Finance Minister to reconsider the earlier decision and
>
> (a) to consider transferring at least Rs.3000 crore on immediate basis to OIDB to meet its urgent requirement during 2014-15 ; and
>
> (b) to agree to devolution of 75percent of the collected cess proceeds to OIDB thereafter for enabling it to render unhindered funding for meeting its various commitments.
>
> The reply from MoF is awaited."

J. *SAFETY OF OIL INSTALLATIONS*

1.105 Details of fire incidents occurred in oil installations/Gas pipelines of PSU during the last two years i.e. 2012-13 and 2013-14 is given as under :-

I. INCIDENTS OF FIRE AT PSU CROSS-COUNTRY PIPELINES

Sl. No.	Date of Incident	Company	Location	Brief Description of the Incident	Nature of Incident	Number of Fatalities
2012-13						
01	20.5.12	IOCL	SMPL, Sanganer PS	At 07:20 Hrs On 20.05.12 Heavy Crude Oil leakage through the flange joint of Scrapper Barrel Launcher valve which took fire at Sanganer.	Fire	-
02	03.10.12.	OIL	OIL, Langkashi	On 3.10.2012, a fire incident occurred within the vicinity of Langkashi OCS/GCS at around 10.30 pm at 4" gas lift artery line. No injury or fatality reported		
03	4.12.12	IOCL	Dabsar Scrapper Station	On 4.12.12, at about 18:30 Hrs. crude oil spillage and fire was reported from the Dabsar scrapper receiving station. It is due to mechanical failure of parent metal of flange in heat affected zone of the weld joint. Inferior quality of parent.	Fire	03
2013-14						
01	11.6.13	IOCL	IOCL-Vadinar Pump Station	Rim seal Fire in two crude oil tanks (SS001 & SS004) on 11th June'13 at 0600 hrs during thunderstorm & heavy lightning. Rim seal damaged. No Casualty or injury.	Fire	-
02	11.6.13	OIL	OIL, Jorajan OCS	Flash fire occurred while carrying out modification job on 12" dia crude oil delivery line at around 4:00 PM on 11.06.2013. Two persons got burn injuries and one among them succumbed to the injury.	Fire	01
03	27.2.14	IOCL	IOCL, Vadinar crude oil tank farm	On 27.02.2014, there was a flash fire incident at 0515 hrs near crude oil tank SS-1outside the tank dyke while pipeline maintenance work was in progress on 42" tank inlet header line. Three contractor's persons got burn injuries.	Fire	02

II. INCIDENTS OF FIRE AT PSU REFINERIES & GPPs

Sl. No	Organisation / Location	Date	Fire	Fatality	Description of the incident
2012 – 13					
	IOCL-Guwhati Refinery	13.07.2012	1	1	Fire broke out at TT gantry when loading of naphtha was in progress at around 1600 hrs of 13.07.12. The driver of TT sustained burn injury and subsequently succumbed for the injury.
	IOCL-Haldia	28.09.2012	1	3	Fire occurred from rupture of diesel line reached to the nearby hot work area at 13.20 hrs of 28.09.2012. 3 fatalities among 4 injured contract workers.
	IOCL-Panipat	14.09.2012	1	-	Fire incident occurred in Vacuum Reboiler Heater of Hydrocracker unit (OHCU) at around 0540 hrs of 14.9.2012. No human injury/casualty reported.
	HPCL-Visakh Refinery	18.11.2012	1	-	Fire occurred in the oil soaked insulation due to oil leak from exchangers' 42-E-24 C/D area in Crude Unit – III at 0206 hrs of 18.11.2012.
	BPCL-Kochi Refinery	13.11.2012	1	1	While carrying out cold cutting of 30" old crude line using hand held hacksaw blade, flash fire occurred either due to falling off fire crackers or petromax light (which was used for illumination during night) The worker who was in the pit sustained burn injury and subsequently succumbed to the injuries.
	BPCL-NRL	07.04.2012	1	-	Fire broke out in high pressure fin fan cooler of hydrocracker unit at around 6.35 PM on 07.04.12.
2013 – 14					
	IOCL- Gujarat Refinery	16.07.2013	1	1	On 16.07.2013, a fire took place at FCCU unit's KOD drum drain point while draining liquid from the vessel. One employee who received burn injury was under treatment and subsequently succumbed to burn injuries.
	HPCL-Visakh Refinery	16.05.2013	1	-	On 16.05.2013 at 2205 hrs a fire broke out in CDU-3 unit at the pipe rack from pipe leak. No injuries.
	HPCL-Visakh Refinery	23.08.2013	1	28	At 1646 hrs on 23.08.13, A fire broke-out in the Newly constructed cell of the process cooling tower during commissioning activity.
	BPCL-NRL	31.05.2013	1	-	On 31.05.2013, fire took place in crude booster pump area. No injuries reported.
	BPCL-Kochi Refinery	16.10.2013	1	-	On 16.10.2013, at around 2315 hrs fire broke out in the rim seal area of crude oil storage tank YT 23. No injury.
	ONGC-MRPL	03.06.2013	1	-	Fire incident took place at a Crude Distillation Unit (CDU) of MRPL , on reflux return line

Sl. No	Organisation / Location	Date	Fire	Fatality	Description of the incident
					connecting the CDU column in the CDU-2 unit

III. INCIDENTS OF FIRE AT PSU E&P INSTALLATIONS/ WELLS

Sl. No	Organisation/ Location	Date	Fire	Fatality	Brief Description of the Incident
2012-13					
	OIL, Jorajan	19.04.12	1	-	A fire broke out at well plinth (under production). Fire was brought under control.
	ONGC, Well AM#22	26.04.12	1	-	Fire occurred in waste pit and bushes around the well AM#122 well head side. Fire duration 17.0 hrs. To 18.0hrs. Fire tenders called & extinguished the fire
	ONGC, GGS	01.05.12	1	-	Farmer has put up fire in his land after the crop harvesting. Due to unfavorable wind direction fire spread over the flare pit area near to GGS. Fire tender was called at 17.33 which extinguished the fire completely & cooled off adjoining area at 18.00 hrs.
	ONGC, Well No SOB#236	25.05.12	1	-	A pit near well no SOB#236 having the dry vegetation and dead oil caught fire On, the central fire station was informed which doused the flame.
	OIL, Duliajan	01.09.12	1	-	A fire broke out at the early hours at the well head. Fire tenders called & extinguished the fire. Suspected miscreant activity.
	ONGC	20.09.12	1	-	Smoke signal from BHS M/D UPS room observed on at 15.00 hrs. On investigation observed heavy smoke with fire from UPS-2 panel of UPS room at BHS middle deck. Fire extinguished with the help of CO2 extinguisher.UPS-2 damaged and standby UPS-1 came on line.
	ONGC, Borholla, Assam	28.09.12	1	- -	A couple of blasts were heard and a major fire broke out in the heater treater area on at around 21.20 hrs. inBorholla GGS of Assam asset. Fire spread out to master pit area, storm water channels, tanker unloading area and then towards transformer area. Immediately, emergency response plan was activated at the site. Receipt of hydrocarbon in the GGS was cut off by closing wells and processing facilities. Simultaneously fire fighting was carried out with in-house facility and with the help of 2 nos. of fire tenders. The fire was completely extinguished at around 23.05 hrs. No casualty and injury has been reported.

Sl. No	Organisation/ Location	Date	Fire	Fatality	Brief Description of the Incident
	ONGC, Chemical Storage area	14.10.12	1	-	Fire was detected on the main deck near mud chemical storage area. Alarm was raised & fire plan was activated. Found one chemical pallet containing chemical burning. Extinguished the fire with fire extinguisher.
	ONGC, Mud pit room	03.01.13	1	-	fire broke out in mud pit room due to falling of hot molten metal/welding/cutting slag on the electrical cables, while cutting the deck plates for steel renewal jobs by work man in the dry dock. Fire spread to various area (sack room, mud pit room & bulk head of propulsion room). Fire was controlled at 19.30 hrs. Two persons suffered injuries during firefighting.
	ONGC, Sivasagar, Assam	03.01.13	1	2	On, a regular servicing of heater treater no-3 was going on by contact workers. At around 15.30 hrs. after depressurizing and purging with water of heater treater no 2, the workers opened one of the man holes. During the opening of second man hole of heater treater-2 an explosion was heard followed by fire in Heater Treater-1. Fire was doused by in house firefighting facilities as well as fire team from Geleky, Sibsagar& Lakwa fire station. Subsequently during cooling & searching operations, two charred dead bodies of contract workers were found.
	ONGC, Ahmedabad	08.03.13	1	1	A fatal accident of an ONGC employee, production engineer took place during reverse wash operation. The victim sustained burn injuries due to outbreak of fire during production testing work near the oil/gas storage tank area. He was shifted to Hospital, where he died.
2013-14					
	ONGC, GGS	01.05.13	1		Fire was observed near flare pit of GGS. Fire was under fully control at 15.50 hrs.
	ONGC	25.05.13	1		An electrical flash occurred leading to a minor fire in bus bar of the alternator bus cabinet of TG-3. This resulted in power shut down at the process complex (offshore)
	ONGC	29.06.13	1		Smoke was observed coming from a chemical pallet of Ammonium Persulfate on port side main deck. Chemical pallet was covered with tarpaulin, which spontaneously ignited, causing fire in tarpaulin. Fire was controlled in 7 min (offshore)
	ONGC	18.09.13	1		A fire occurred at the emergency generator panel at the time of thunder storm & heavy rain fall. Possible cause is contact of rain

Sl. No	Organisation/ Location	Date	Fire	Fatality	Brief Description of the Incident
					water with electric panel, resulting into short circuit. (offshore)
	ONGC	18.09.13	1		Fire reported in the engine compartment of Port crane. Extinguished the fire. (offshore).
	ONGC	27.11.13			A fire broke out in the engine room on top of engine no. 1 near turbo charger and engine exhaust area. Fire was brought under control at 10.45 hrs. No major damage caused to engine or any other equipment in the vicinity of fire. (offshore)

IV. INCIDENTS OF FIRE AT PSU MARKETING INSTALLATIONS (POL & LPG)

Sl.No	Organisation / Location	Date	Fire	Fatality	Description of the incident
2012 - 13					
	IOCL Vijayawada Plant	16.04.2012	1	-	A fire took place in store room of Vijaywada BP due to electrical short circuit. The items like consumables, pressure regulator stored in the store were burnt.
	IOCL Jaipur Bottling Plant	28.05.2012	1	1	While decoupling of loading arm from a bulk TT, flash fire took place and two TT drivers suffered burn injuries in the TLF bay. One of the drivers died in the hospital. Failure of quick release coupling in the loading arm to maintain containment and driver's failure to ensure cold flaring of LPG content of the loading arm after completion of loading.
	IOCL Haridwar Bottling Plant	30.05.2012	1	-	A fire took place in Haridwar LPG Bottling Plant in the filled cylinder shed. The fire took place on the leaking valve defective LPG cylinder stacked in the shed. The fire was extinguished with the help of sprinkler system within 12-13 minutes.
	BPCL Haldia Location	30.10.2012	1	-	While attending to leak in expansion line of a floating roof tank on MS service, MS leakage occurred due to faulty operation of valves in expansion line. Leaked MS was being collected when flash fire took place.
	IOCL-CRMB unit of PMC, Panipat, Haryana	02.12.2012	1	-	Smoke and flame was observed from the stack of CRM conveyor chute of CRMB kettles No.131. The fire was extinguished within 25 minutes by the Security shift officer of PMC and Panipat Refinery Fire Service. There was no loss of property or injury to personnel.
	IOCL-Hazira Terminal	05.01.2013	1	5	Tank No. 4 having capacity of 9651 KLs on MS service developed leaks in pontoon. Contractor's persons reached tank roof,

Sl.No	Organisation / Location	Date	Fire	Fatality	Description of the incident
					presumable entered deck and the roof exploded preceding full surface fire in the tank. Subsequently, the two contiguous MS storage tanks also caught fire. With the help of various agencies, the fire was fought but it continued for 5 days. 5 fatalities took place in the incident.
	HPCL Bhatinda LPG Bottling Plant	19.02.2013	1	-	At the Bulk LPG loading gantry No.1 of Bhatinda LPG Terminal, while loading LPG at bay no.3 & 4, fire was noticed on the top of both the loadingTTs at the point where SRV is installed. Later, it was observed that the Roto Gauge of one tanker was leaking and suddenly the auto firefighting sprinkler system started and the fire was brought under control. Nearby assistance also received in time and finally the fire was extinguished at around 5 pm. AC sheets were burnt and glass pan of 4 TTs damaged. No other loss of property/loss of life/injury reported.
2013 - 14					
	IOCL Raninagar Bottling Plant	06.05.2013	1	-	A flash fire at PMCC, Raninagar BP while changing the HRC fuse in the panel. One contractor workman got burn injury on right hand face due to the flash. The worker was hospitalised
	IOCL Chengelpet Bottling Plant	27.05.2013	1	-	One contract labour noticed smoke from ventilators of stores. He informed all the officials. The main power supply was shut down and hydrant points operated to extinguish the fire through windows of the stores from three sides.

1.106 The Ministry have submitted that the Ministry of Petroleum & Natural Gas, Government of India remain committed to ensure that the vital Oil & Gas installations in the country that provide security to the Nation and its safety are given highest priority and focused attention that it deserves. Every incident which occurs in the Industry, be it small or major, is viewed very seriously by the Ministry and suitable measures are taken to ensure that companies concerned take adequate preventive measures to ensure that such incidents do not occur again. In this regard, the Ministry further added:-

> "The Oil & Gas Industry in India is a sensitive Industry and with the addition of new technologies in the field, the complexity of operations is enhanced manifold. With the experience gained from operations of such highly complex facilities and lessons learnt from unfortunate incident of fire at Jaipur terminal in the year 2009,

OISD under the aegis of MoP&NG has upgraded its standards w.r.t. fire fighting facilities by incorporating the latest features as recommended by the fact finding committee headed by Shri M B Lal.

Some of these features incorporated in the OISD Standards to further enhance the safety of these installations are:

- Provision of Automatic Rim Seal Fire Protection System for floating roof tanks;
- Double Fire contingency for POL installations of Capacity 30000KL & above in line with the Refineries;
- Provision of Gas Detectors at Tank Farm areas for early warning;
- Replacement of Hammer Blinds;
- Provision of CCTVs;
- Provision of Remote operated Shut off Valves (Fire safe & Fail Safe features);
- Provision of Remote operated High Volume long range monitor for fighting tank fires;
- Provision of Medium Expansion Foam Generators for fighting dyke fires etc.
- Further, to enhance safety of the cross country pipelines installations, OISD has developed various Safety Standards for cross country pipelines used for transfer of petroleum, incorporating latest technological developments, taking inputs from international standards like American Society of Mechanical Engineers (ASME), American Petroleum Institute (API), and best operating practices. For example, considering the large inventory of non piggable petroleum pipelines in the country (in both upstream and downstream sector); and the hazard posed by leakages through such pipelines resulting in environmental pollution; OISD in the year 2013, has released Guidelines for regular inspection & maintenance of such non-pig gable pipelines in the country.
- To ensure implementation of the standards developed in downstream refining, and marketing operation, mid-stream (Pipelines) and Exploration & Production (E&P) operations, OISD carries our intensive field level audits of the establishments of such industry & findings of the audits are shared at local level i.e. at personnel at installations, to the Head of the respective organizations and to the concerned sections at Ministry of Petroleum & Natural Gas. These are reviewed periodically to ensure implementation. The basic purpose of the same is to improve the safety systems in those establishments &that no untoward incident takes place in the oil installations.
- In the wake of recent Fire Incident at GAIL pipeline, a communication was issued to Chairman/CMDs of Oil Companies to take actions and enforce all safety measures across industry to prevent recurrence of the incident.

- Also, in above context, a special review was taken with the Oil & Gas Industry (PSU as well Private/ JVs) on 23.07.2014 by Joint Secretary, Ministry of Petroleum & Natural Gas on Safety integrity and healthiness of various pipelines including cross-country pipelines, jetty pipelines, non-piggable pipelines SPM & sub-sea pipelines.
- An exhaustive action was drawn post the above meeting. Industry members have been advised to implement the pipeline integrity and health management programme at their respective installation. Ministry/OISD shall monitor the implementation on regular basis".

1.107 The Ministry/OISD had earlier circulated the recommendations of a Major Fire Incident at HPCL Vizag Refinery to all the Refineries in India advising all other Refiners including those in the Private/JV Sector to duly comply with the inquiry committee recommendations at their respective installations to avoid recurrence of similar incident at any other Installation in the country.

1.108 In this connection, when the Committee asked about the recent GAIL's pipeline sabotage happened at Amlapuram in Andhra Pradesh and corrective steps taken to avoid any such mishapping in the future, the CMD GAIL deposed before the Committee during evidence, as under:

> "we have taken a lot of initiatives on that. The first initiative is to sensitise the people by having a public contact programme.
>
> Secondly, some of the pipelines which were built 20-30 years ago, the Board has taken a decision to replace all those old pipelines with new pipelines. Since earlier the IT technology was not so advanced, the new pipelines which are being laid will have a dedicated optical fibre cable. Each and every point will be mapped through a centralised control system which is all there right now but it is that one point is connected and another point is not connected. So we are now making it through and through.
>
> Thirdly, all the standard operating procedures have been re-visited with the international consultants apart from EIL. We are having third party consultants to look at all the SOPs there.
>
> Fourthly, the inspection schedule which was earlier made is now being revised and its frequency is being increased. At corporate level, we have created a central monitoring group headed by a General Manager. They are monitoring the parameters daily on PAN India basis. There is monitoring group on specific issue of cathodic protection, corrosion and the quality of gas.
>
> Fifthly, we have made as a policy that we will not allow any product to enter into the pipeline until and unless it is measured and tested at the inland point itself.

These are some of the parameters which I can broadly say but there are huge number of actions which we have taken along the pipelines. Apart from that, the markers and incident reporting system now is such that if anything happens anywhere, it will be reported through SMS to the highest level. It comes through a telephone by a call centre to the highest level. All these things hae been introduced now. All these safety awareness, safety drive, safety among the employees, etc. are being increased.

There are 37 recommendations which are drawn as an action plan. The target has been given, responsibility has been given and these are being monitored regularly".

K. *UNCONVENTIONAL SOURCES OF ENERGY*

(i) Shale Gas

1.109 Shale gas has emerged as an important new source of energy in the country. India has several Shale formulations which seem to hold Shale gas. The Shale Gas formulations are spread over several sedimentary basins of the country such as Cambay, Gondwana, Krishna-Godavari onland and Cauvery. Asked about the present status of Shale Gas exploration in the country, the Ministry submitted following information :-

"The Government has, on 14.10.2013, notified the policy guidelines for exploration and exploitation of shale gas and oil by National Oil Companies (NOCs) in their onland Petroleum Exploration Lease (PEL) / Petroleum Mining Lease (PML) blocks awarded under the nomination regimes.

As per the policy, the NOCs will undertake a mandatory minimum work programme in a fixed time frame for shale gas and oil exploration and exploitation, so that there is optimum accretion and development of shale gas and oil resources.

Under the first phase of assessment of shale gas and oil, exploration and exploitation, at present, 56 PEL/PML blocks (ONGC 50, and OIL – 6) have been identified by NOCs. These blocks are located in the states of Assam (7 blocks), Arunachal Pradesh (1 block), Gujarat (28 blocks), Rajasthan (1 block), Andhra Pradesh (10 blocks) and Tamil Nadu (9 blocks).

ONGC has drilled one well in Cambay Basin, Gujarat for assessment of shale gas/shale oil potential of Cambay Basin where coring has been completed. M/s ConocoPhillips of USA has provided technical help in well planning and data evaluation stage for the well. In addition, ONGC has collected cores from another 8 wells. Further, ONGC has spudded one more well for shale gas & oil exploration in Gandhar area of Cambay Basin by using mostly in house resources. However, some of the services would be outsourced to competent service providers."

1.110 Asked as to whether the prospects of Shale Gas Exploration on lines of the Shale Gas revolution that occurred in US can be done, the Secretary, MoPNG during the course of oral evidence submitted following information :-

> "At the moment, shale gas exploitation, as per the present policy, is limited to the national oil companies. ONGC has been entrusted with drilling 50 wells. Oil India has been entrusted with drilling 5 wells and work has started. Locations have been decided. We are formulating a policy to involve the private sector in it because a revolution which has been brought about in the US.......
>
> ......We need to drill a lot of more wells. Compared to the USA, we drill a very small fraction of it. Unless we drill exploratory wells, we are not getting anywhere. This is the position as far as shale gas is concerned."

(ii) Gas Hydrates

1.111 The presence of gas hydrate was established in the year 2006 in Krishna Godavari, Mahanadi and Andaman deep waters in numerous complex geologic settings. Initial work in India on Gas Hydrates as an energy resource, was done by GAIL and NIO. In 1995 an expert committee realized the potential of gas hydrates in India. In 1997, the Indian National Gas Hydrate Programme (NGHP) was initiated by MoPNG which was restructured in the year 2000.Gas hydrate exploratory research in India is being steered by the Ministry of Petroleum & Natural Gas under National Gas Hydrate Program (NGHP) with participation from Directorate General of Hydrocarbons (DGH), National E&P companies (Oil and Natural Gas Corporation Ltd, GAIL India Ltd, Indian Oil Corporation & Oil India Ltd) and National Research Institutions (National Institute of Oceanography, National Geophysical Research Institute and National Institute of Ocean Technology). Steering Committee is headed by Secretary, P&NG with Joint Secretary as Convenor. The Technical Committee is chaired by DG, DGH and has participation from all NOCs like OIL, ONGC, GAIL, IOC & EIL, and National Institutes like the NGRI, NIO & NIOT.

<u>NGHP Expdition-01:</u>

In 2006, under the NGHP Expedition-01, 21 sites were drilled in four areas:

a. Kerala-Konkan Basin, west coast
b. Krishna-Godavari Basin, east coast
c. Mahanadi Basin, east coast and
d. Andaman Sea

The Drilling Vessel JOIDES Resolution was engaged for period of 115 days during 2006 and drilled 39 cores at 21 sites covering the Arabian Sea, Bay of Bengal and Andaman Sea.

The highlights of the NGHP Expedition-01 are summarized as follows:

- Physical presence of gas hydrate was established in the KG, Mahanadi and Andaman basins.
- A large number of gas hydrate cores and non-gas hydrate bearing cores were collected from 21 sites and 39 holes.
- Most of the recovered gas hydrate was characterized as either pore-filling grains or particles disseminated in coarser grain sediments or as a fracture-filling material in clay dominated sediments.
- Richest marine gas hydrates accumulation (Site NGHP-01-10 in the KG Basin).
- Thickest and deepest (612M in the offshore of the Andaman Islands, Site NGHP-01-17) associated with tuffaceous sediments was identified.

<u>Prospects of GH mapped in various regions</u>

- Earlier studies, based on the occurrence of gas hydrate stability zone maps had prognosticated 1894 TCM of gas hydrate. This is under revision.
- Global studies by the US-BOEM prognosticate 933 TCF (~29 TCM - Recent Issue of Fire in the Ice, 2012) based on gas hydrate occurrence in sand.
- Under NGHP, NGRI completed a research project on quantitative estimation of gas hydrates computing seismic attenuation and other attributes on the characteristic high velocity anomaly observed in gas hydrate bearing sediments. The studies indicate 51.56 BCM gas in 2.47 x 10^9 m^3 of gas hydrate sediments for the localized area of study.
- Under NGHP, NIO completed a study around the site NGHP-01-10 where ~128 m thick gas hydrate has been recovered. The study aimed at understanding the spatial extent of gas hydrate indicate a resource estimate of ~ 16.5 million cubic meters from a gas hydrate bearing sediment over an area of 0.98 km^2.
- The studies indicate that gas hydrate resources in India are encouraging. However, as identified during the International Conference on gas hydrates held in 2008 at Delhi, the Indian NGHP should primarily aim to search for sands associated with gas hydrates in the deep water basins of KG, Mahanadi and Andaman.
- Areas of gas hydrate stability zones are shown in Fig-1. Areas of high prospectivity based on Gas hydrate stability zone are indicated in dots. During NGHP Expedition-01 presence of gas hydrate has been established in Krishna Godavari, Mahanadi and Andaman basins. Based on studies the identified areas with possible sand dominating areas are shown in Fig-2. The dots in Fig.2 indicate drilling targets for NGHP Expedition-02.

1.112 Asked about the total expenditure incurred (year-wise) so far on R&D activities in Gas Hydrate, the Ministry submitted following information:-

Year	Expenditure (Rs)	Remarks
2001-2002	24665115	
2002-2003	117983178	
2003-2004	17917085	
2004-2005	30000000	
2005-2006	1198400000	* NGHP Expedition-01, shared by ONGC, OIL, GAIL, IOCL and OIDB
2006-2007	2179625	
2007-2008	1583218	
2008-2009	10699800	
2009-2010		No new R & D project proposals were taken up.
2010-2011		
2011-2012		
2012-2013	6188000	
2013-2014	2268750	
2014-2015	3145167	
	1415029938	(A) Funds released by OIDB for R&D Projects under NGHP

Table: Prepared based on data provided by OIDB

* Expenditure incurred by ONGC OIL, GAIL & IOCL upto 30percent (10percent each) of Cost Proportionately for NGHP Drilling Coring and Logging Operations and on Board Studies for Gas Hydrate in Indian Offshore Areas through Consortium lead by M/s. Overseas Drilling Ltd. (ODL).

1. ONGC → Rs.18, 03, 92,427/- paid on 26.03.2007
2. OIL → Rs.18, 03, 92,427/- paid on 13.11.2007
3. GAIL → Rs.18, 03, 92,427/- paid on 13.03.2007
4. IOCL → Rs.18, 50, 00,000/- paid on 03.04.2010

Total (B) → Rs. 72, 61, 77,281/-
Grand Total (A+B) → Rs. 214.15 Crore

1.113 On being enquired by the Committee about the present status of the National Gas Hydrates Programmes in the country, the Ministry submitted following information :-

"Present status of NGHP & Progress in exploration of GH in the country:

a) Based on geoscientific studies NGHP has now identified 78+ sites and possible areas with a high sand deposition within the gas hydrate stability zone. NGHP has concentrated studies in the Krishna Godavari and Mahanadi deep water basins where possibilities of sand turbidite systems are high.

b) Steering Committee of NGHP met on 07th Oct 2013. The steering committee has approved the execution of NGHP Expedition-02 which aims at locating sand bearing areas within the gas hydrate stability zone in the Krishna Godavari & Mahanadi deep water basins on the east coast of India.

c) As approved by the Steering Committee, the NGHP Expedition-02 shall consist of:
   i) Identifying sites with high probability of sands within gas hydrate stability zone.
   ii) Carry out Logging While Drilling (LWD), coring and wire line logging of identified sites.
   iii) Interpret and collate the data to identify a suitable site for pilot production testing in NGHP Expedition-03.

d) Twenty prospective sites have been prioritized out of a total of 78+ sites identified in the KG and Mahanadi basins of India by the scientists of ONGC, DGH, NGRI & NIO for the NGHP Expedition-02. These sites have been reviewed by a committee of international experts from USGS, US-DOE and US-BOEM. Fine tuning of the identified sites is continuing.

e) The Steering Committee of NGHP also approved that the NGHP Expedition-02 will be executed by ONGC.

f) The Steering Committee has also approved the fund sharing for the expenditure of NGHP Expediton-02. ONGC will be sharing 20percent of the expenditure; OIL, IOCL and GAIL shall each share 10percent each and OIDB shall be sharing remaining 50percent of the expenditure to be incurred on NGHP Expedition-02.

g) ONGC, following its procedures, is at an advanced stage of tendering the drill ship and services for the execution of the NGHP Expedtion-02.

h) Based on the results of the NGHP Expedition-02, further surveys and geoscientific studies will be planned to identify suitable location(s) for carrying out pilot production testing in NGHP Expedition-03.

i) Steering Committee has approved new R & D projects, which would benefit the NGHP in the planning of NGHP Expedition-03 by providing some of the vital geo scientific inputs determined by simulation and laboratory experiments.

j) As gas hydrate exploration and exploitation is still globally at the research stage, NGHP has several memoranda of understandings with international organizations to keep abreast of international developments and progress in the field of gas hydrates. These interactions are benefitting NGHP in the planning of NGHP Expedition-02, enhancing the understanding of gas hydrate occurrences in India and will certainly aid in determining the way forward for the NGHP Expedition-03."

(iii) Coal Bed Methane

1.114 Coal Bed Methane is a natural gas (Methane) adsorbed in coal and lignite seams and is an eco friendly source of energy. Coal is both the source and reservoir rock for CBM. CBM production is done by simple depressurization and dewatering process. To harness this new source of energy in the country, the Government approved a comprehensive CBM policy in July, 1997 for exploration and production of CBM gas. As of now, 30 CBM Blocks have been awarded through competitive international bidding under the first four rounds of CBM bidding. The blocks are being operated by technically competent companies. Prior to implementation of CBM policy, 2 blocks were awarded on nomination basis and block through FIPB Route. Thus a total of 33 exploration blocks have been awarded so far. CBM in-place reserves of 9.9 TCF have already been established in 8 CBM Blocks. The first commercial production of CBM has commenced from July, 2007 and the current CBM production is about 0.45 MMSCMD.

1.115 An announcement made by the Government in the budget was to accelerate production and exploitation of coal bed methane reserves and possibility of using modern technology to maximize production will be explored. Asked as to what action plan has been chalked out by the Ministry in this regard, following information was submitted:-

> "In order to harness CBM potential in the country, the Government of India formulated CBM Policy in 1997 wherein CBM being Natural Gas is explored and exploited under the provisions of the Oil Fields (Regulation and Development) Act 1948 (ORD Act 1948) and Petroleum & Natural Gas Rules 1959 (P&NG Rules 1959) administered by Ministry of Petroleum & Natural Gas (MoP&NG).
>
> Exploration under CBM Policy has been undertaken by national and international companies. Total prognosticated CBM resource for 33 awarded CBM blocks, is about 63.85 TCF (1810 BCM), of which only 9.9 TCF (277.2 BCM) has been established as Gas in Place (GIP), due to several constraints in exploring and developing CBM resources. Commercial CBM production has started from one block since 14thJuly 2007. The present CBM production is about 0.45 MMSCMD and under business as usual it is expected to be around 4 MMSCMD by 2016-17. More than 700 wells (core holes and production wells) have been drilled and total expenditure of Rs.5000 crore has been made on CBM activities up to 31.03.2014.
>
> The CBM Policy is under review with a view to give a fillip to CBM exploration in the country. A decision is expected shortly.

1.116 Asked about the status of progress made by the Public Sector Companies in the CBM Blocks awarded to them, the Ministry submitted following information:-

> "ONGC is the only Public Sector Company (PSU) which is operating 4 (four) Active CBM Blocks. They are: BK-CBM-2001/I, NK-CBM-2001/I, Jharia and Raniganj (North). Status of these blocks is mentioned in serial nos. 5, 6, 7 and 2 respectively in answer to question 64 (i). All the four CBM blocks are in development phase after approval of Field Development Plan. ONGC has submitted PML application for all four CBM blocks to respective state govt. However, PML has not been granted to ONGC till date. Due to lack of PML, ONGC is unable to commence the development phase activities."

1.117 When the Committee desired to know as to whether the commercial production of CBM has started from these blocks, the Ministry submitted that none of the CBM blocks operated by the PSU – M/s. ONGC have commenced Commercial production. Out of 33 CBM Blocks, only 1 (one) CBM block - Raniganj (South) operated by M/s. GEECL (private company) is under commercial production. The block is currently producing @ 0.3685 MMSCMD.

None of the 4 blocks operated by ONGC have commenced commercial production of CBM due to non-grant of PML by respective state government.

1.118 Asked as to whether the Government proposes any new initiative in exploration and production of Coal Bed Methane (CBM) blocks, the Ministry in a written reply submitted following information:-

> "A proposal for amendment of the CBM policy of 1997 and other measures to promote CBM production is under consideration of the Government.
>
> a) Proposal for policy on Uniform Licensing Policy (ULP) for simultaneous exploration and exploitation of conventional oil/gas, CBM, Shale oil/gas is under consideration at Government level."

(iv) Underground Coal Gasification (UCG)

1.119 The Committee wanted to be apprised about the progress achieved in the Underground Coal gasification Project. In this regard, the Ministry informed as under :-

> " ONGC signed an Agreement of Collaboration (AOC) with Skochinsky Institute of Mining (SIM), Russia on 25th November 2004 for Underground Coal Gasification (UCG). The UCG project is being carried out with the consultancy of the said Russian Institute. MoUs were signed with companies like CIL, SCCL, Gujarat Mineral Development Corporation and Gujarat Industries Power

Corporation Ltd. (GIPCL). The project is envisaged to be completed in phases comprising of various stages right from site selection to construction of UCG Enterprise. Eleven sites were evaluated for suitability to UCG and out of those only Vastan mine block, NaniNaroli, Surat, Gujarat was found to be suitable. GIPCL, a state PSU of Govt of Gujarat has lignite fired power plant at NaniNaroli. Subsequent stages of detailed characterization & pilot layout, detailed engineering design were taken up for Vastan. Additional geological and hydro-geological data was generated for the design and execution of UCG pilot. 21 bore holes were drilled and High Resolution Shallow Seismic Survey was carried out for detailed characterization of the field. The data was analyzed and location and layout of UCG Pilot finalized. The detailed engineering design for construction of UCG pilot module has been prepared by Ukrainian institute M/s Dongiproshkht in coordination with SIM. Ministry of Environment and Forest, Government of India has given the Environmental clearance for testing of pilot in Feb 2010. Allocation of Vastan block by Ministry of Coal (MoC) for UCG pilot project is pending.

Award of Vastan block for UCG by MoC has consistently been followed up by ONGC. A gazette notification from GoI for UCG block allocation in the form of NIA(Notice Inviting Application) was issued on July 29, 2013 whereby Vastan UCG block was earmarked for state government companies / corporations located in the state of Gujarat. Accordingly, GIPCL submitted application on August 21, 2013 in consultation with ONGC. Since the Vastan block for UCG was earmarked for state government PSU only, ONGC could not apply for the allocation of the same. However when the MoC vide their letter dated 7th October 2013, requested ONGC to verify / examine information provided by GIPCL and offer comments sought by MoC before allocation of block, it was communicated that the information submitted by GIPCL has been firmed up in consultation with ONGC and it was conveyed that ONGC has played a key technical role in the stages of site selection, detailed characterization, high resolution seismic survey, detailed engineering design for UCG pilot project at Vastan. Therefore, MoC was requested to allocate Vastan block jointly to ONGC & GIPCL.

Later MoC has also sought the opinion of Govt. of Gujarat (GoG) on the issue. GoG has recommended MoC to allocate the block solely in the favour of GIPCL. Subsequently, a meeting has taken place in MoC on 26th June 2014. As per its Record Notes dated 4th Aug. 2014 of discussions on 26th June 2014, the Vastan lignite block has been recommended for award to GIPCL and the technology is to be implemented through a JV between ONGC and GIPCL. Issue of the formal order of allotment of the block is awaited.

In addition to Vastan additional sites were evaluated for suitability. Four sites namely Hodu-Sindhari (Rajasthan), Kurla (Rajasthan), Tadkeshwar (Gujarat), Surkha (Gujarat), were found suitable. The projects on these sites could be taken up based on the learning curve of Vastan.

(v) Coal Liquifaction Programme

1.120 The Ministry was aksed to furnish a note on Coal Liquefaction programme as an unconventional source of energy and the progress achieved so far. In this regard following information was submitted by the Ministry:-

> "India has the fourth largest reserves of coal in the world and is the third largest producer. The coal is, however, of generally low quality, with high ash content, commonly ranging from 35percent to 50percent. The heating value varies between 4000 to 5000 Kcal/ kg. Development of Coal to Liquid (CTL) Industry can go a long way to provide energy security to the country as liquid fuels from the coal can provide ultra-clean transport and cooking fuels. Low rank coal with high ash content and non-cooking type can be economically utilized as a feed stock for CTL projects in India. There have been a few initiatives in this direction. In this regard Oil India Limited has undertaken some test work, pilot plant runs and feasibility studies on CTL using Direct Liquefaction Technology from Headwaters, USA. Under these studies, suitability of DCL Technology on Assam coal was evaluated. Oil India Limited established its first pilot coal liquefaction plant at its R&D center in Duliajan, Assam."
>
> However, the CTL era in India really kick started when, in 2008, Ministry of Coal (MoC) offered three Captive Coal Blocks in Odisha for CTL Projects and issued guidelines for allotment of these blocks. Eligibility criteria were fixed for applicant companies. An Inter-Ministerial Group(IMG) was formed, headed by Member, Energy, and Planning Commission to examine the proposals received for allocation of coal blocks for CTL Projects.
>
> There was a tremendous response to this offer and as many as 28 companies, including several prominent Private and Public Sector Companies submitted total 22 applications, either solely or as Consortium.
>
> Finally, two companies, Jindal Steel & Power Ltd (JSPL) and Strategic Energy Technology Systems Ltd. (SETSL), a Tata-Sasol Joint Venture emerged as the successful applicants. While the Ramchandi block was awarded to JSPL, Tata-Sasol JV got the North of Arkhapal Block for CTL Projects. A total investment of about US$ 18 billion is expected in these two awarded blocks with combined production potential of 160,000 bbl/d of synthetic liquid fuel. However, the actual commercial production performance of the proposed CTL Plants will only be known after successful implementation of Pilot Scale Plants.

(vi) Ethanol Blended Petrol (EBP)

1.121 The Government had started the Ethanol Blended Petrol (EBP) Programme in 2003. In 2006 the same was extended to the entire country, except the North-Eastern States, Jammu & Kashmir, Andaman & Nicobar Islands and Lakshadweep. In the series of steps to give boost to EBP Programme, the Government decided on

22.11.2012 that 5percent mandatory ethanol blending with Petrol should be implemented across the country. The 5percent mandatory blending be reckoned for the country as a whole and it should be achieved by 30.06.2013.

1.122 Accordingly, a Gazette Notification was issued by MoPNG on 02.01.2013 directing OMCs to sell ethanol blended Petrol with percentage of ethanol upto 10percent as per BIS specification to achieve 5percent ethanol blending across the country as a whole. CCEA in its subsequent meeting held on 3.7.2013, has decided that OMCs will procure ethanol (produced from molasses route only) only from domestic sources to achieve the mandatory requirement of 5percent ethanol blending with petrol by October, 2013 in areas/parts of the country where sufficient quantity of ethanol is available. In other parts of the country, blending of ethanol may be increased progressively depending upon the availability of ethanol to reach the 5percent mandatory level. OMCs and Sugar Industry Associations may interact with each other on a regular basis to achieve the target.

1.123 Pursuant to the above mentioned decisions, OMCs are implementing the Programme in the 21 States and 4 UTs as per the availability of Ethanol and floated two tenders for procurement of ethanol in December 2012 and July, 2013. The July 2013 tender was followed up by an Expression of Interest (EoI) in January, 2014. The quantity of ethanol required by OMCs and the supplied quantity in these three tenders / EOI till 7th September, 2014 is given in the table below :-

(Figures in crore litre)

Tender	Period	OMC requirement	Offered Quantity to OMCs	Finalized Quantity for OMCs	Supplied quantity to OMCs
December 2012 Tender	July 2013 to June 2014	140.4	55	39.8	33.31
July 2013 Tender	December 2013 to November 2014	133.2	61.8	25.2	12.63
January 2014 (EOI)	May 2014 to November 2014	24.3	5.37	5.37	1.93
Total		297.9	122.17	70.37	47.87

1.124 Recently, a new tender has also been floated by OMCs on 9.7.2014 for procurement of 155.94 crore litre of ethanol to meet industry requirement for the period from November, 2014 to October, 2015. The tender has been opened and OMCs are processing for placing orders on valid bidders.

1.125 Asked about the present status of implementation of Bio-diesel Policy in the country, the Ministry submitted following information:-

"Bio-diesel Purchase Policy:

Ministry of Petroleum and Natural Gas had announced a Bio-diesel Purchase Policy in October 2005, which became effective from 1.1.2006. Under this policy, OMCs are to purchase bio-diesel, meeting the prescribed BIS standard, at a uniform price, as may be decided by the OMCs from time to time, for blending with High Speed Diesel (HSD) to the extent of 5percent, at identified 20 purchase centres across the country. Presently, the declared price for Bio-diesel at the designated purchase centres is Rs.45 per litre w.e.f. 28.04.2014. However, the Bio-diesel manufacturers have not come forward to sell their Bio-diesel produce to OMCs at this declared price.

National Policy on Bio-fuels:

(2). MNRE has promulgated a National Policy on Bio-fuels in December 2009. As per this Policy, the responsibility of storage, distribution and marketing of Bio-fuels would rest with OMCs. The Minimum Purchase Price (MPP) for bio-diesel by the OMCs will be linked to the prevailing retail diesel price and the MPP, for bio-diesel will be determined by the Biofuel Steering Committee (NBSC) and decided by the National Bio-fuel Coordination Committee (NBCC).

(3). During a meeting held on 17th June 2014, NBSC has decided, inter-alia that to begin with, Railways and Defence, as bulk consumers, be permitted to purchase bio-diesel directly. Further, action in this regard is underway.

PART II

OBSERVATIONS / RECOMMENDATIONS OF THE COMMITTEE

Recommendation No. 1

Energy Security and Hydrocarbon Sector

The Committee note that the mandate for MoP&NG is exploitation of Petroleum Reserves, Production, Supply, Distribution of Petroleum and Petroleum Products, strengthening energy security by acquiring oil and gas equity abroad, creation and administration of strategic petroleum reserves, etc for the country. The Committee further note that activities of MoP&NG touch all sectors of the society in some way. Energy consumption is growing steadily over the years as the Government embarks upon high growth rate for achieving its development agenda. The MoP&NG accordingly has a daunting challenge in its hands as at present 80 percent of the crude oil demand is met by imports. The Committee note that while domestic production of crude oil/ natural gas is stagnant, the Ministry has been active in encouraging PSUs to acquire oil and gas assets abroad.

MoP&NG has many organizations under its administrative control namely Oil Industry Development Board (OIDB), Petroleum Conservation Research Association (PCRA), Oil Industry Safety Directorate (OISD), Directorate General of Hydrocarbons (DGH), Centre for High Technology (CHT) etc. The country is facing several challenges in the hydrocarbon sector like stagnant production, technological requirements, skilled manpower, conservation measures, safety issues, etc. The Committee, therefore, recommend that MoP&NG should reappraise the activities of these organizations and seek funds from the Government so that these organizations/agencies can expand their activities and assist in fulfilling the mandate of the Ministry.

Similarly, the distribution, supply and marketing of petroleum products across the nation is a logistical challenge. Considering the demand for such products, MoP&NG should enable people to have the products of their choice in a quick and efficient manner. While subsidy remains a key issue, the Committee recommend, that the Ministry should focus on the energy security of the country while ensuring access to energy sources at an affordable price to the people in a reasonable timeframe.

Recommendation No.2

Rajiv Gandhi Institute of Petroleum Technology (RGIPT)

The Committee note that the Rajiv Gandhi Institute of Petroleum Technology (RGIPT) is being set up at Jais, U.P. with the objective of creating an Institute of Excellence in Petroleum Sector to cater to the educational and training requirements in India with a total estimated project cost of Rs.695 crore. Due to delay in establishment of the Institute, the academic activities are being conducted in a temporary campus in Rae Bareli since 2008.

The Committee note that the main reason for the delay in project is the litigation process started by the original contractor. At present EIL, Project Management Consultant of the Jais Campus project is carrying out the work through a composite contract and also has taken up with the contractor for clearing the backlog of the project work.

The Committee note with serious concern that the budgetary allocations for the project could not be utilised during last three years and only 52.6 percent of the work has been completed. The timeline of the project has been shifted time and again and the Institute which was scheduled for completion in 11th Plan is now slated for completion in December, 2015. The Committee take a serious view on the further delay of the project and recommend the Ministry to put in sincere effort with stringent monitoring to ensure its completion by the revised timeline i.e. December, 2015. The Committee also recommend that the responsibility may be fixed and penal action taken against all concerned including the original contractor for inordinate delay of the project.

Recommendation no. 3

Filling of Strategic storage caverns

The Committee note that underground strategic storage caverns are being built at three locations namely i.e. Vishakhapatnam, Padur and Mangalore to have a crude oil storage capacity of 5.03 MMT. This project is being undertaken at an estimated capital cost of Rs. 3958 crore. The three storage caverns at Vishakhpatnam, Padur and Mangalore have achieved more than 95 percent of completion and Visakhpatnam cavern will be ready by February, 2015 and the remaining two by October, 2015. Once the construction of storage caverns is complete, they are to be filled with crude oil. A token amount of rupees one crore has been provided in the budgetary allocations for the year 2014-15. Since the Vizag cavern is to be ready by February 2015 and funds would be required to fill with crude oil, the Committee recommend that MOP&NG should seek funds from Ministry of Finance.

The Committee note that the crude oil filling cost was estimated at Rs.25000 crore at a price of $110/ bbl. and therefore recommend that the Ministry should monitor the crude oil prices in the international market which fluctuate and seize the suitable opportunity for buying crude oil for filling the strategic storage cavern located at Visakhpatnam.

Recommendation No. 4

Scheme for LPG Connections to BPL Families:

The Committee note that a scheme for issuing LPG connections to BPL families was launched by the Government and is being implemented through the Corporate Social Responsibility (CSR) funds of six major oil companies. A total of 6,16,190 connections have been released so far under the scheme utilizing Rs 81.76 crore of the CSR funds. The Committee have further been informed that no targets have been fixed for the release of connections under the scheme by the Ministry. The major hurdle in the implementation of the scheme is authentication of the list of beneficiaries by local administration in the States/Districts. The Committee expect the MoP&NG to take more interest in the scheme by sensitizing the States about the role of local administration in the implementation of the scheme.

The Committee desire that wide publicity should be given to the scheme since it is meant to benefit poor people. The Committee also recommend that Ministry/State Govts/OMC's should fix State-wise and Company-wise targets for release of connections under the scheme urgently as to ensure that the benefit of the scheme reaches the poor in a time bound manner.

Recommendation No. 5

Measures to contain subsidy

The Committee note that one of the most important issues faced by the MoPNG and the Government is the under-recoveries incurred by OMCs on the sale of petroleum products. The Committee also note that the decline in international crude prices is a good opportunity to tackle the subsidy burden and effectively control the under-recoveries borne by OMCs. The Committee further observe that after the recent deregulation in the price of Diesel, the major burden of subsidy for the Government is on account of sale of two petroleum products i.e. PDS Kerosene and domestic LPG. In this regard, the Committee note that for containing the subsidy burden due to domestic LPG, measures such as de-duplication of multiple connections, identification and cancellation of fake connections, capping of subsidized domestic LPG cylinders, Direct transfer of subsidies into the bank accounts have been taken by the Ministry .

The Committee have been informed that the Modified Direct Benefit Transfer scheme for LPG has been re-launched w.e.f 15.11.2014 in 54 districts. However, the Direct Transfer of Cash Subsidy on Kerosene (DTCK) which was to be implemented in 11 States/UTs, has been implemented only in three States namely Rajasthan, Maharashtra and Goa comprising only seven districts, three each from Rajasthan and Maharashtra and one from Goa. Once the schemes take off, the diversion of subsidy with regard to sale of PDS Kerosene and domestic LPG is expected to come down substantially. The Committee recommend that the Modified Direct Benefit Transfer for LPG and DTCK should be implemented by the Ministry in a time bound manner in all the districts in the country.

The Committee would like to draw the attention of the Ministry to their recommendations in the 11th and 16th reports (15th Lok Sabha) regarding exclusion of higher income group from subsidy of domestic LPG cylinders. The Committee desire that OMCs/MoP&NG should appeal and launch camapaign for voluntarily giving up of the LPG subsidy by well off individuals and to create awareness in the public so that the people may be encouraged to contribute to welfare of their poor breathren by voluntary giving up subsidy.

The Committee would reiterate their earlier recommendation and would like the Ministry at the same time to evolve a suitable mechanism to exclude higher income group from availing subsidized LPG cylinders.

Recommendation no. 6

KYC Norms

The Committee in their 11th and 16th reports (15th Lok Sabha) had recommended for implementation of Know Your Customer norms for the LPG consumers across the country. The Committee note that OMCs have implemented KYC norms and consequently as on 01.09.2014 has resulted in blocking of 0.96 crore connections leading to an estimated recurring saving in subsidy of Rs. 3353 crore per annum.

The Committee have been informed by Ministry that KYC on all the customers is not possible as large number of connections are to be covered. However, the Committee deprecate their approval are not convinced by the Ministry's reply as each distributor has a limited number of consumers and collection of KYC details at distributor level should be easily possible. The Committee are sanguine that KYC exercise would further clean up the system and yield much more saving in the subsidy. The Committee are of the view that the KYC process will not only help OMCs to have a database of all their customers but also help in deliver better customer services. Therefore, the Committee recommend the Ministry to do KYC exercise of all LPG consumers in a phased manner within a stipulated time frame.

Recommendation No. 7

Utilisation of Budget Outlays

The Committee note that there is skewed utilization of budget outlays by various oil PSUs compare to the previous financial years. In some of the PSUs, there is huge variation between budget estimates and revised estimates and further, there is under-utilization of even the revised budget estimates.

The Committee observe that for the year 2013-14 under the head Exploration & Production (E&P), actual expenditure of Indian Oil Corporation is 985 percent of Budget Estimates. Similarly, the actual expenditure of Oil India Limited under E&P has been about 327 percent of the Budget Estimates. The Committee further observe that in case of HPCL and MRPL, there is under-utilisation of funds under the head refinery and marketing. The Committee are unhappy to find that in most of the oil PSUs, the Budget Estimate and the actuals have wide variance and even the Revised Estimate which is generally arrived at during the course of the year has also significant variation with the actual fund utilisation in most of the years.

The Committee expect the oil PSUs, some of them navratnas, to be more serious in their budgetary excercises and revamp their budgetary planning mechanism so that such flawed estimates are avoided. The Committee also recommend that a stringent monitoring system should be put in place to ensure that budget projections are achieved in the stipulated timeframe for effective planned activity.

Recommendation No. 8

Seismic survey

The Committee note that 46 percent of sedimentary basin has been assessed for hydrocarbon prospects and under the Hydrocarbon Vision 2025 , the entire country is to be covered by 2025. In many parts of the country, the seismic survey was conducted more than two decades back with the then available technology.

The Committee further note that MoP&NG has chalked out a proposal to carry out data Acquisition, Processing and Interpretation (API) at a tentative cost of Rs 6804 crore through DGH. The Committee note that the proposal is to be funded from oil cess funds to be provided by Ministry of Finance(MOF) or by ONGC and Oil India Limited or OIDB may fund the project during the first year with the funds available with it. The Committee are of the opinion that this data acquisition, interpretation and processing is an important work in the exploratory activities of the country and therefore, recommend that the MoP&NG should approach the Govt for allocation of funds and ensure that this work is implemented in a time bound manner and Ministry shall closely monitor the programme.

Recommendation No. 9

Delay in Exploration Activities in the awarded blocks

The Committee note that there is delay in exploration activities due to non-availability of requisite clearances from different Ministries including Ministry of Defence (MOD), Ministry of Environment and Forests(MOEF) and other agencies. The Committee note that 73 blocks under New Exploration Liscensing Policy (NELP) for which the Ministry of Defence had not allowed exploration activity earlier have since permitted for exploration in 64 blocks and nine blocks have been declared as no go areas.

The Committee further note that clearances are awaited from Ministry of Environment and Forests in the States of Assam, Manipur, Tripura and Madhya Pradesh for exploration activity. The Committee are dismayed to find that certain foreign companies have proposed to relinquish 14 exploration blocks due to restrictions imposed by the Ministry of Defence thereby discouraging participation of foreign companies. Indian companies are also affected due to delay in clearances from Government agencies. The Committee, therefore, recommend that the Ministry/DGH should ensure that all the necessary clearances are obtained from concerned authorities for blocks offered for auction so that the companies which emerge successful can commence their exploration work at the earliest.

Recommendation No. 10

New Exploration Licensing Policy (NELP)

The Committee note that in order to increase the pace of exploration for oil and gas, the Government had introduced the New Exploration Licensing Policy (NELP) in 1999 in the country. Under NELP, exploration blocks were awarded to Indian private and foreign companies through international competitive bidding process where National Oil Companies, viz. ONGC and OIL are also competing on equal footing. The Committee also note that so far nine rounds of biddings have been conducted under New Exploration Licensing Policy (NELP) and 10th round is to be held. The Committee further note that due to delay in finalization of contractual regime for exploration, the further bidding under NELP is held up for nearly three years. Further, the exploratory activities are not taking off in the blocks awarded under earlier rounds due to lack of clearances and disputes in interpretation of contracts. The Committee are seriously concerned with the lull in the exploratory activities particularly when domestic production is stagnating and demand keeps growing. The Committee, therefore, recommend that the Ministry should finalise the contractual model at the earliest and launch of the Tenth NELP round may be done in order to intensify exploration activities in the country. The Committee desire that new contractual regime should have provisions for deallocation of blocks by Ministry in case of inordinate delay beyond stipulated time frame in carrying out the exploratory programme.

Recommendation No. 11

National Data Repository (NDR)

The Committee note that establishment of National Data Repository (NDR) meant for storing and maintaining exploration and production data in a safe and reusable manner is in progress. The contracts for commissioning of the NDR and establishment of infrastructure for the same have been awarded and is expected to become operational by March, 2015. The Committee have been informed that the proposal for launch of Open Acreage Licensing Policy (OALP) is also under consideration with the Government. Under the proposed policy, the data for blocks will be made available at any time of the year. NDR is an essential requirement for launch of OALP. The companies would select their own areas of interest for carrying out the exploration and OALP will enable the bidders to bid for the blocks on offer all round the year. The Committee, considering the benefits of OALP, recommend that the progress of NDR should be regularly monitored by the Ministry/DGH in order to achieve its scheduled completion.

Recommendation No. 12

Production of Crude oil

The Committee note with concern that the stagnant domestic crude oil production for the years 2011-12, 2012-13 and 2013-14 stands at 38.09 MMT, 37.86 MMT and 37.78 MMT respectively. Further, the natural gas production for the last three years has also been continuously declining at 47.56 BCM, 40.68 BCM and 35.41 BCM. The Committee observe that most of the production for upstream PSU companies is coming from nomination blocks and under NELP, the commercial production has started from only five blocks awarded to private operators i.e. RIL, Niko and GSPC. The Committee are further constrained to note that currently there is no commercial production from any deepwater block operated by ONGC/OIL under the PSC regime. The Committee note with serious concern that the production of natural gas from the Eastern Offshore asset in the KG basin also shows a declining trend.

The Committee observe that while the demand of energy resources is growing every year, the domestic production of hydrocarbons has not kept pace with the growing demand. Though Improved Oil Recovery (IOR) and Enhanced Oil Recovery (EOR) techniques have been applied in various fields and the production has been augmented but there is big gap in demand supply scenario. The upstream oil companies have informed that the decline and stagnancy are due to aging oil fields and lack of new discoveries in recent times. The Committee note that ONGC has also relinquished its blocks in Kerala-Konkan region after carrying out exploration works for the last 30 years .

Since the National Oil Companies have a crucial role in achieving self reliance in energy resources, the Committee recommend that the MoP&NG should do a comprehensive review and fill the gaps in the exploratory programme of Oil PSUs.

Recommendation No. 13

National Gas Grid

The Committee note that at present, the country is having about 15,000 kms long natural gas pipeline infrastructure under operation and the Government has announced the establishment of a National Gas Grid across the country with an additional 15,000 kms of pipelines .

The Committee observe that use of natural gas being cleaner, more efficient and safe fuel has considerable advantage over traditional fuels. The completion of gas grid will extend the coverage to domestic, industrial consumers and for transport sector across the country. The Committee, however, note that authorizations by PNGRB are still awaited in respect of the Barauni-Guwahati-Agartala pipeline with a length of 1300 kms. Further, the work in Kochi-Mangalore pipeline has been stalled due to Right of Way (RoW) and regional problems/issues. The Committee also note that the capacity utilization of existing natural gas pipelines is very poor and at the same time, the availability of natural gas in the country is less than the demand.

National Gas grid is an important project to enable the availability of the natural gas in different parts of the country. The Committee, therefore, recommend that the process of establishment of National Gas Grid may be properly planned and implemented in a time-bound manner and would expect the Ministry to ensure the availability of natural gas alongwith the progress in the completion of pipeline.

Recommendation no. 14

Increasing coverage of PNG/CNG

The Committee note that the Government has planned to increase the CNG/PNG coverage across the country to another 51 cities which are under bidding stage in addition to the 23 cities that have already been covered. These 51 cities have a population of more than 5 lakh plus and 26 cities with population between 4 to 5 lakh are also to be covered. The Committee note that the prerequisite for this expansion of CNG/PNG coverage is availability of gas and pipelines.

The Committee further note that the Natural Gas being environment friendly, easy to transport and economical has inherent advantages over other hydrocarbon fuels. The City Gas Distribution (CGD) sector has been given priority under the policy of allocation of gas. The Committee, therefore, desire that the City Gas network should be expanded by giving more connections in cities under existing CGD network. The Committee also desire that the CGD network should be expanded by the Ministry to not only to the cities but also to the rural areas across the country.

Recommendation No. 15

Delay in projects of Oil PSUs

The Committee note that a number of projects of oil PSUs worth more than Rs. 1000 crore have been delayed over a period of time. Such projects include the Ankaleshwar redevelopment project (Rs. 2189 crore), Improved Oil recovery at Rudrasagar, Construction of multipurpose support vessel and OPaL project (Rs. 23000 crore) of ONGC, PATA expansion project and Paradip-Raipur-Ranchi pipeline (1793 crore) of GAIL. The Committee observe that the PATA project was delayed due to hurdles created by the contractor i.e. non-execution of the work and delay in payments to labourers, whereas the Pipeline project was delayed due to non-availability of necessary clearances.

The Committee are unhappy to note that delay in high value projects of Oil PSUs leads to cost escalation causing losses to the exchequer and also affects the long term plans of Petroleum Sector in the country. The Committee, therefore, recommend that the Ministry should review and find out remedial measures for clearing the same. The Committee are of the opinion that the Ministry/PSUs should have close liasion with State Governments/local authorities/ elected representatives so as to ensure that all the stakeholders are on board before the completion of the project and recommend that cases where the delay is due to non-execution of work by the contractor, stringent penalties must be imposed.

Recommendation No. 16

Delay in ONGC Petro additions Limited (OPaL)

The Committee note that the OPaL project is being implemented by ONGC at Dahej, Gujarat with a original project cost of about Rs. 21,396 crore. However, due to delay in commissioning of the project, the revised estimated project cost now stands at Rs. 27,011 crore showing a cost escalation of about Rs. 5000 crore. The Committee are further constrained to note that the OPaL is rephasing the loan and financing of additional debt for the increased cost of the project will further add to the interest being paid by the Company. The Committee are dismayed to note that the feedstock plant (C2-C3 Extraction Plant) which will provide feedstock to the OPaL project has been completed and lying idle. An additional expenditure of Rs. 100 crore is being incurred every year to keep the plant operational.

The Committee have learnt that this project was scheduled for completion in January, 2014 and has now been slated for completion by August, 2015. The Committee are unhappy to note that the OPaL project with such a huge expenditure has been delayed and therefore, recommend the Ministry to ensure that it is completed by the revised timeline and necessary steps are taken to tie up the sources of natural gas for running the project.

Recommendation No. 17

Infrastructural constraints at Jawahar Dweep Port in import of crude oil

The Committee have learnt that OMCs are incurring huge expenditure on account of demurrage costs on domestic ports due to lack of requisite infrastructure. The Committee were informed that BPCL and HPCL have been facing multiple constraints at Jawahar Dweep Port at Mumbai during the imports of crude oil due to draft limitations, as the port has only Jetty no. IV which is very old and needs to be repaired. The Committee have also been informed that there is lack of berthing facility for Very Large Crude Carriers (VLCC) and due to these draft limitations, HPCL and BPCL are incurring additional freight.

The Committee have now been informed that a joint meeting between HPCL, BPCL and Mumbai Port Trust (MbPT) was held wherein the MbPT has indicated their willingness to construct Jetty V in collaboration with HPCL and BPCL and requires an investment of Rs. 525 crore. Once the new jetty is constructed, a major constraint would be resolved in the import of crude oil. While observing the benefits of the investments in comparison to the demurrages paid by OMCs every year, the Committee desire that HPCL/BPCL and MbPT should work out an action plan for early construction of Jetty V at Mumbai Port.

Recommendation No. 18

Performance of Imperial Energy Asset of OVL

The Committee note with serious concern that the Imperial Energy asset of ONGC Videsh Limited (OVL) acquired in January, 2009 with an investment to the tune of 2.1 billion dollars has not been found productive. Production levels achieved so far have not been found commensurate with the estimated levels at the time of acquisition . The Committee have been informed that the deviation from the estimated production is mainly due to complexities of the reservoir which have been identified after operating the fields and all efforts to ramp up the production from this asset like deployment of new technologies in specific areas for mitigation of the risk have been applied but of no avail.

The Committee are constrained to note that OVL had made huge investment in such a geographically complex asset without assessing its ability to produce prior to investment. The Committee further note that OVL which has been acquiring assets abroad has discovered the complexities in reservoir after acquiring it which is totally unacceptable. This has led to waste of time and investments .

The Committee would like to caution the Ministry/OVL to be prudent and strengthen their due diligence procedure in making investments in assets abroad. The Committee also recommend that the accountability of all concerned officials including consultants carrying out the appraisal may also be fixed .

Recommendation No. 19

Safety of Oil/Gas Pipelines

The Committee are deeply concerned to note that there has been increase in the number of incidents in oil and gas installations and more than 46 such occurances have taken place in various plants, pipelines and installations of Oil PSUs during the last two years. The Committee further note that the major fire incidents have occurred in the Vizag refinery of HPCL and in GAIL's pipeline in Andhra Pradesh.

The Committee feel that the safety of oil installations is of paramount importance and any laxity in upkeep/handling of highly inflammable oil and gas products can be a high risk to life, property and environment and therefore consider such high number of incidents totally unacceptable. The Committee therefore, recommend that the safety mechanisms of the Oil companies should be regularly monitored by the Ministry. The Committee also desire that the oil companies should have a policy of zero tolerance and that all incidents including minor ones should be thoroughly investigated and accountability fixed.

Recommendation No. 20

Allocation of funds to OIDB

The Committee note that OIDB was established under an Act of Parliament for promotion of activities related to the development of oil sector in the country and the activities of the board are to be funded through cess levied on crude oil and Natural Gas. A part of this cess is given to OIDB for funding its project requirements after due appropriation by the Parliament.

The Committee observe that OIDB is funding various organizations e.g. DGH, OISD, PPAC, CHT and PCRA apart from funding various plan schemes of the Ministry such as RGIPT and ISPRL. OIDB is also working on a number of important projects including the National Gas Hydrates Programme, ISPRL, etc. The Committee observe that activities of OIDB have been restricted as no funds have been released by the Government to it during the last three years. The Committee have further been informed that OIDB can function effectively only if regular and adequate funds are released by the Government and despite repeated requests made by MoP&NG, MOF has not released the funds so far. The Committee also note that OIDB requires around Rs. 3000 crore on immediate basis for funding its requirements for the year 2014-15.

The Committee feel that activities of OIDB should be viewed with more seriousness as it is related to Oil and Gas sector striving for energy security in national interest. Therefore, the Committee, recommend that the MoP&NG should take up the matter with the Ministry of Finance appropriately projecting the fund requirements and pursue for increased allocation to OIDB.

Recommendation No. 21

CSR Funds of Oil PSUs

The Committee note that as per existing guidelines of Department of Public Enterprises (DPE), PSUs must spend 2 percent of their profit after tax (PAT) under the Corporate Social Responsibility (CSR). The Committee are constrained to note that the targets fixed by the Ministry under corporate social responsibility and the figures for the Profit after tax have not been furnished by the Ministry. The Committee further note that the spending on CSR initiatives of some Oil PSUs such as ONGC, OIL, BPCL and IOCL have increased during 2013-14 in comparison to the year 2011-12 and 2012-13 but the spending of OVL & HPCL have remained stagnant. The Committee are constrained to note that the spending under CSR initiative by GAIL, MRPL, CPCL and EIL has decreased during the year 2013-14 as compared to 2011-12 and 2012-13.

The Committee observe that the activities pertaining to Petroleum and Natural Gas sector impact the environment and desire that the Oil PSUs must take initiatives for the development of the regions surrounding Oil Installations, plants, exploration regions, refineries etc. The Committee, therefore, recommend that the Ministry should prevail upon the Oil PSUs and the CSR funds of these companies should be spent fully each year on the welfare activities in a transparent manner.

Recommendation No. 22

Intensification of Shale Gas exploration

The Committee note that India is known to hold deposits of Shale Gas spread over the major basins in India such as Cambay, Assam-Arakan, Krishna Godavari and Cauvery basins in the country. The Committee further note that the Government has announced a policy with regard to exploration of shale gas under which National Oil Companies have been permitted to explore and develop Shale Gas reserves in the country in the blocks provided to them under nomination regime. The Committee have been informed that the ONGC has drilled wells in the Cambay basin for data evaluation and assessment of Shale Gas in this region. It has further been informed by the Ministry that the development of shale gas reserves depends upon the drilling of more number of wells.

The Committee observe that the production of Shale gas in U.S. has improved the global energy landscape and also impacted the prices of hydrocarbons in the international market. Further, the shale gas availability has also made the energy resources affordable. The Committee note that in India, availability of gas is a major concern and crucial for functioning of various projects. The Committee feel that PSU Oil companies should intensify the exploratory efforts in the field of Shale gas and urge that more number of wells should be drilled. The Committee also desire that private operators should also be permitted in this field so that the country can benefit from this new source of gas.

Recommendation No. 23

Coal Bed Methane (CBM)

The Committee note that the Government of India had formulated a CBM policy in 1997 under which its exploration is being carried out. The Committee have been informed that till date 33 blocks have been awarded and the commercial production has started from Raniganj (south) block only. Further, the present CBM production stands at 0.45 MMSCMD and the Ministry has claimed that at present pace the production is expected to be around 4 MMSCMD by 2016-17. The Committee are unhappy to note that even after huge investment of Rs. 5000 crore and seventeen years, the exploratory efforts have not paid off. The Committee note that India being the third largest producer of coal in the world holds significant prospects of recovering CBM from its coal beds and the total prognosticated CBM reserves in the country are to the tune of 91.8 Trillion Cubic Feet (TCF) spread over 11 States in the country and further, around 9.90 TCF resrves have been found recoverable. Since there are proven reserves of coal in the country, the Committee feel that the exploitation of CBM should be speeded up. The Committee, therefore, recommend that the Ministry should intensify the exploratory efforts and production of CBM to achieve the set production targets within the stipulated timeframe.

The Committee note that ONGC is the only PSU which is carrying out the exploration of Coal Bed Methane which is operating four active blocks in Jharia and Raniganj. The Committee recommend that the CBM policy which is under review may be finalized at the earliest with an action plan to increase the production of CBM from various blocks. The Committee also desire that MoP&NG should permit other oil PSUs and more private operators interested in the exploration of this untapped hydrocarbon resource.

Recommendation No. 24

Underground Coal Gasification (UCG)

The Committee note that ONGC has been carrying out the development of underground coal gasification in collaboration with Stochinsky Institute of Mining, Russia and MoUs have also been signed with CIL, SCCL, Gujarat Mineral Development Corporation and Gujarat Industries Power Corporation Ltd. (GIPCL). The Committee further note that the advanced stages of the development are to be carried out in the coal blocks for which Vastan block in Gujarat has been chosen. However, ONGC could not get the authority to develop that block due to the condition that applicant has to be a State level operator. The Committee have further been informed that in addition to Vastan block, other sites were also being evaluated for suitability and four sites namely Hodu-Sindhari (Rajasthan), Kurla (Rajasthan), Tadkeshwar (Gujarat), Surkha (Gujarat) have been found suitable.

The Committee are constrained to note that the UCG technology in the country is still under developed. The Committee feel that the development of UCG should not be kept limited to Vastan Block and other blocks should also be explored. Further, the MoP&NG should take up the matter with concerned State Governments to relax the criteria for National Oil PSUs so that the award of the block is not limited to State level companies only as these companies have more technological expertise with regard to development of hydrocarbon reserves. Since huge coal deposits in India can offer avenues for Underground Coal Gasification, the Committee also desire that the Ministry should review the policy on development of UCG and take effective measures for its exploitation at the earliest. The Committee are given to understand that the technology for UCG is available with other countries for the past several decades and therefore, recommend that the Ministry/Oil PSUs may explore collaboration with the countries experienced in UCG for technology transfer.

New Delhi;
December, 2014
Agrahayana,1936 (Saka)

PRALHAD JOSHI,
Chairman,
Standing Committee on
Petroleum and Natural Gas.

Annexure - I

MINUTES
STANDING COMMITTEE ON PETROLEUM & NATURAL GAS
(2014-15)

THIRD SITTING
(09.10.2014)

The Committee sat on Thursday, the 9th October, 2014 from 1100 hrs. to 1345 hrs. in Room No. '53', Parliament House, New Delhi.

PRESENT

Shri Pralhad Joshi - Chairman

MEMBERS
LOK SABHA

2 Dr. Ravindra Babu
3 Shri P. K. Biju
4 Shrimati Rama Devi
5 Shri Elumalai V.
6 Shri Naranbhai Kachhadiya
7 Dr. Thokchom Meinya
8 Shrimati Jayshreeben Patel
9 Shri Arvind Sawant
10 Dr. Bhola Singh (Begusarai)
11 Shri Kamakhya Prasad Tasa
12 Shri Rajesh Verma
13 Shri Om Prakash Yadav
14 Shri Laxmi Narayan Yadav

RAJYA SABHA

15 Shri Mani Shankar Aiyar
16 Shri Prabhat Jha
17 Shri Bhubaneshwar Kalita
18 Shri Mansukh L. Mandaviya
19 Shrimati Gundu Sudharani
20 Shri Sharad Yadav

Secretariat

1. Shri A.K.Singh - Joint Secretary
2. Shri H.Ram Prakash - Additional Director

Representatives of the Ministry of Petroleum & Natural Gas

1	Shri Saurabh Chandra	-	Secretary
2.	Dr. S.C.Khuntia	-	AS&FA
3.	Dr. Neeraj Mittal	-	Joint Secretary
4.	Shri P. Kalyanasundaram	-	Joint Secretary
5.	Shri U.P.Singh	-	Joint Secretary
6.	Shri Alok Chandra	-	Advisor (Fin)
7.	Shri Ambrish Kumar	-	Sr. Eco. Advisor
8.	Ms. Archana S. Mathur	-	Eco. Advisor

Representatives of Public Sector Undertakings and other Organisations

1.	Shri B. Ashok	-	Chairman, IOCL
2.	Shri S.Varadarajan	-	CMD, BPCL
3.	Ms. Nishi Vasudeva	-	CMD, HPCL
4.	Shri B.C.Tripathi	-	CMD, GAIL
5.	Shri D.K.Sarraf	-	CMD, ONGC
6.	Shri S.K.Srivastava	-	CMD, OIL
7.	Shri A.K.Purwaha	-	CMD, EIL
8.	Shri Virendra Sinha	-	C&MD, Balmer Lawrie & Co. Ltd.
9.	Shri S. Venkataramana	-	MD, CPCL
10.	Shri P. Padmanabhan	-	MD, NRL
11.	Shri Narendra K Verma	-	MD, OVL
12.	Shri H.K.Dev Chowdhury	-	MD, Biecco Lawrie
13.	Shri Upamanyu Chatterjee	-	Secretary, PNGRB
14.	Shri L.N.Gupta	-	Secretary, OIDB
15.	Shri B.N.Talukdar	-	DG, DGH
16.	Ms. Atreyee Das	-	DG, PPAC
17.	Shri B.D.Ghosh	-	ED, CHT
18.	Shri Hirak Dutta	-	ED, OISD
19.	Shri Rajan K. Pillai	-	CEO, ISPRL
20.	Shri Abhay Bakre	-	ED, PCRA

2. At the outset, Hon'ble Chairman welcome the Members, representatives of the Ministry of Petroleum and Natural Gas and Public Sector Undertakings to the sitting of the Committee. The Chairman then called upon the representatives of the Ministry of Petroleum and Natural Gas/PSUs/ other organizations to brief the Committee for highlighting various aspects related to the budget (2014-15) of MoP&NG.

3. Thereafter, a representative of Ministry of Petroleum and Natural Gas through a power point presentation briefed the Committee regarding Plan and Non-Plan allocations of the Ministry's Demands for Grants (2014-15). The power point presentation covered various issues like present status of three oil storage caverns being built by ISPRL, fund allocation for RGIPT project and utilization thereof, under-recoveries incurred by OMCs due to subsidy given on petroleum product, implementation details of direct transfer of cash kerosene scheme 2012, performance during 12^{th} five year plan etc.

4. The Hon'ble Members then sought clarifications on various issues that *inter alia* included efforts undertaken to increase PNG coverage, use of modern technologies to explore reserves of coal bed methane, technical expertise acquired by Indian oil companies for shale gas exploration, progress in exploration of alternate sources of fuel like shale gas, gas hydrates and coal gasification of overseas blocks by OVL, demand and availability of natural gas, status of declaration made in the budget speech of Finance Minister regarding laying of 15000 KM pipeline using the appropriate PPP model and status of various pipelines, handing over of gas bottling plant at Lacua, Assam to BPCL and cascading impact on the supply of LPG cylinders in the region, implementation of revenue sharing model in place of PSC, voluntary foregoing of LPG subsidies by consumers etc. The other issues included progress of cross country pipeline project viz IPI and TAPI, reasons for abeyance of direct benefit transfer of LPG subsidies, involvement of local people of any region in process of exploration, transportation and distribution of petroleum products for sinning their confidence and creating conductive environment for combating local resistance, disinvestment by Government in ONGC and HPCL, implementation of M.B.Lal Committee recommendations, monitoring mechanism available with oil companies for surveillance of pipelines for ensuring safety, kerosene subsidy and formulation of policy thereon.

5. The clarification sought by Members on various points were provided by the representatives of the Ministry, However, on some of the points to which the Ministry's officials could not readily respond, the Hon'ble Chairman asked them to furnish written replies. The Committee also decided to undertake an on the spot study visit in the first week of the November with details to be finalized in due course.

6. A verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.

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Annexure - II

MINUTES
STANDING COMMITTEE ON PETROLEUM & NATURAL GAS
(2014-15)

SIXTH SITTING
(11.12.2014)

The Committee sat on Thursday the 11 December, 2014 from 1600 hrs. to 1700 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Sh. Pralhad Joshi - Chairman

MEMBERS
LOK SABHA

2. Shri Ravindra Babu Pandula
3 Smt. Rama Devi
4 Shri Elumalai V.
5 Shri Naranbhai Kachhadiya
6 Smt. Pratima Mondal
7 Shri Ashok Mahadeorao Nete
8 Smt. Jayshreeben Patel
9 Smt. Anupriya Patel
10 Shri Arvind Sawant
11 Shri Raju Shetti
12 Dr. Bhola Singh
13 Shri Ravneet Singh
14 Shri Kamakhya Prasad Tasa
15 Shri Om Prakash Yadav
16 Shri Laxmi Narayan Yadav

RAJYA SABHA

17 Shri Ishwarlal Shankarlal Jain
18 Shri Bhubaneshwar Kalita
19 Shri Mansukh L. Mandaviya

SECRETARIAT

1.	Shri A.K.Singh	-	Joint Secretary
2.	Shri S.C. Chaudhary	-	Director
3.	Shri H.Ram Prakash	-	Additional Director
4.	Smt Jagriti Tewatia	-	Deputy Secretary

2. At the outset, Hon'ble Chairman welcomed the Members to the sitting of the Committee held to consider and adopt two reports of the committee namely (i) Draft Report on DFGs (2014-15) of MoPNG and (ii) Draft Action taken report on the recommendations contained in the 23 report (15th LS) on the subject 'Functioning of Oil Industry Development Board'.

3. The Committee, thereafter, considered the draft Report on 'Demands for Grants (2014-15)' of MoPNG and adopted the same with slight modifications suggested by the Members and also dropped recommendation at SI.No.17 (reg. Disinvestment of oil PSUs).

4. * * * * * *

5. The Committee also authorized the Chairman to finalize the reports and present/lay them in both the Houses of Parliament.

The Committee then adjourned.

* **Matter not related to this subject.**