

**GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS**

**LOK SABHA
UNSTARRED QUESTION NO. 1347
TO BE ANSWERED ON 24th July, 2017
Crude Oil Production by ONGC**

1347. SHRI KESINENI NANI:

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

a) whether ONGC has reportedly overstated crude oil output and if so, the details thereof and the reasons therefor;

(b) whether some Government agency has objected to the components which were included in the calculation of production performance and if so, the details thereof along with the response of the Government in this regard;

(c) the likely impact on subsidy bill for ONGC during the last three years and the current year; and

(d) the likely implications of these over reporting of performance during the said period and the steps taken by the Government in the matter?

ANSWER

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DHARAMENDRA PRADHAN)

(a) to (d) The Comptroller and Auditor General of India's Report No. 21 of 2016 on "Crude Oil Production measurement and Reporting System in ONGC" had pointed out inclusion of 'condensate' quantity as crude oil production and thereby overstating the crude oil production. As per the report, there has been overstatement of crude oil production on account of above. The report has further stated that there has been over statement due to excess closing stock in Ankleshwar and Assam Assets. The ONGC has submitted that there has been mismatch between reported and measured quantity of crude oil due to inconsistency in measurement procedures adopted across the different work centres of the organization. The difference between reported crude oil production and the finished crude is inherent due to the process of crude oil production, processing, storage & transportation and is mainly due to the following reasons:-

- Metering & Measurement discrepancies.
- Gravity Separation of Basic Sediments & Water (BS&W) and free water from oil during transportation,
- Release of gas during its processing,
- Evaporation & Transportation losses.
- Partial processing / stabilization of crude oil in offshore due to space constraint. This partially stabilized crude oil is transported through sub-sea pipeline to on land terminal. Crude oil is further processed to make it refinery / consumer compatible.

Keeping in view the recommendations of C&AG the following remedial actions have been taken by ONGC:-

- Corporate and Asset Specific Standard Operating Procedures (SOPs) for crude oil measurement and Reporting have been issued and implemented for standardizing accounting methodology across all Assets. Further, comprehensive guidelines titled “Adoption of Best Oil & Gas Accounting System in ONGC” have also been issued for implementation.
- In onshore, the legacy system of production reporting which led to mismatch between actual and reported production has been discontinued and reporting is being done through SAP system only.
- To avoid manual intervention in measurement and reporting of crude oil, meters and inventory measuring devices are being connected to SAP system through SCADA. The SAP – SCADA integration has been completed in offshore and is in progress in onshore assets.

The Comptroller and Auditor General of India (C&AG) in its Report No.21 of 2016 has reported that ONGC bore an additional subsidy burden of Rs.18626.74 crore during 2011-12 to 2014-15 due to inclusion of condensate and off-gas in production of crude oil. Further over reporting of Production in Ankleshwar and Assam Assets (due to excess closing stock) has also resulted in additional subsidy burden of Rs.160.69 crore.

Major reasons for shortfall in crude oil and natural gas production

1. More than expected natural decline from mature and aging fields.
2. Delay in completion of development and re-development projects.
3. Frequent bandhs and blockades in the operational areas of Oil India Ltd.
4. Lesser offtake of gas from consumers.
5. Gas production affected due to GAIL pipeline accident near Tatipaka.
6. Water and sand ingress in the wells.
7. Contractual issues.

Initiatives taken by Government and Public Sector Oil Companies for enhancing oil and gas production are as under:-

- Development of Marginal Fields.
- Appraisal of about 1.5 million sq. km un-appraised area of the Indian Sedimentary Basins.
- Re-assessment of Hydrocarbon Resources.
- Exploration and exploitation of Shale Gas/Shale Oil resources.
- Implementation of Improved Oil Recovery and Enhanced Oil Recovery Schemes.
- Reviving of old and sick wells.
- Technology Induction/adoption/absorption and engaging international experts in the area of drilling, well completion, artificial lifts, well stimulation etc. is being done regularly according to the technical requirement of the wells/fields and feasibility.
- Monetization of small and marginal discoveries in Onshore through service contract and outsourcing
- Revamping/Replacement/Additional Capacity Projects.