

LOK SABHA
UNSTARRED QUESTION NO. 2957
TO BE ANSWERED ON 12th December, 2024

Accelerate the Domestic Crude Oil Production

2957. DR. D RAVI KUMAR:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) the measures taken by the Government for planning to increase the domestic crude oil production which declined from 37.9 MMT in Financial Year (FY) 2013-14 to 29.4 MMT in Financial Year (FY) 2024-25;
- (b) whether the Government has a plan to address India's growing dependence on crude oil imports, which currently meet 88% of the country's requirements, amid rising demand in FY2025-26 and beyond, if so, the details thereof;
- (c) the steps are being taken by the Government to accelerate gas production growth, especially from the Krishna Godavari Basin fields to meet the increasing domestic gas consumption expected in FY 2025-26;
- (d) the mechanism from which the Government ensures stable gas prices as given in the revised APM pricing formula and the impact of ceiling price mechanism on domestic gas production; and
- (e) the Government's strategy to leverage the Open Acreage Licensing Policy (OALP) Bid Round-IX and future bidding rounds to expand exploration and production activities across India's sedimentary basins?

ANSWER

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(श्री सुरेश गोपी)

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS
(SHRI SURESH GOPI)

- (a) About 77% of the country's crude oil production is from mature fields (producing for more than 20 years). There is a natural decline in production year on year from mature fields. To arrest the natural decline, the Government approved the Policy framework in 2018 to promote and incentivize Enhanced Recovery (ER)/Improved Recovery (IR)/Unconventional Hydrocarbon (UHC) production methods through fiscal incentives in the form of partial waiver of royalty and cess.

New discoveries are also needed to accelerate production. During the earlier NELP regime, a total of 254 blocks were awarded till 2012. However, only a few discoveries could be made and majority of the blocks were relinquished by operators.

Thereafter, to increase domestic production, the Government unveiled a series of policy initiatives over the last 10 years. The reforms are aimed at reducing regulatory burden, enhancing transparency, increasing investment in exploration and consequently enhancing domestic oil and gas production. The Hydrocarbon Exploration and Licensing Policy (HELP) was notified on 30th March 2016, marking a major shift from Production sharing contract regime to Revenue sharing regime with easier regulatory compliances. 144 blocks have been awarded so far in 8 bidding rounds and already 13 discoveries have been made so far.

The Government has also focussed its approach towards generating more sedimentary basin data through projects like National Seismic Program (NSP), Exclusive Economic Zone (EEZ) survey, Andaman Offshore Project, Mission Anveshan, Extended Continental Shelf Survey and Stratigraphic wells. The Government also opened up a significant portion of its offshore areas which previously remained prohibited for exploration in the name of No-Go Area.

In addition to the above, the list of policy reforms introduced by the Government *inter alia* include:

- i. Policy under Production Sharing Contract (PSC) regime for early monetization of hydrocarbon discoveries, 2014.
- ii. Discovered Small Field Policy, 2015.
- iii. Hydrocarbon Exploration and Licensing Policy (HELP), 2016.
- iv. Policy for Extension of PSCs, 2016 and 2017.
- v. Setting up of National Data Repository, 2017.
- vi. Appraisal of Un-appraised areas under National Seismic Programme, 2017.
- vii. Policy framework for extension of PSCs for Discovered Fields and Exploration Blocks under Pre-New Exploration Licensing Policy (Pre-NELP), 2016 and 2017.
- viii. Policy to Promote / Incentivize Enhanced Recovery Methods for Oil & Gas, 2018.
- ix. Policy Framework for exploration and exploitation of Unconventional Hydrocarbons under Existing Production Sharing Contracts (PSCs), Coal Bed Methane (CBM) Contracts and Nomination Fields, 2018.
- x. Lower Royalty Rates, Zero Revenue Share (till Windfall Gain) and no drilling commitment in under Category II/III basins to attract bidders through 2019 policy.
- xi. Release of about 1 Million Sq. Km. (SKM) 'No-Go' area in offshore in 2022 which were blocked for exploration for decades.

(b) Government has also taken various steps to reduce import dependency which *inter alia* include demand substitution by promoting usage of natural gas as fuel/feedstock across the country towards increasing the share of natural gas in economy and moving towards gas-based economy, promotion of renewable and alternate fuels like ethanol, second generation ethanol, compressed bio gas and biodiesel, refinery process improvements, promoting energy efficiency and conservation, etc. The Government has been promoting blending of ethanol in petrol under

the Ethanol Blended Petrol (EBP) Programme. Blending of Petrol has reached approximately 14.6% during Ethanol Supply Year (ESY) 2023-24 and resulted in approximately forex savings of Rs. 1.09 Lakh Crores from ESY 2013-14 to ESY 2023-24. For promoting the use of Compressed Bio Gas (CBG) as automotive fuel, Sustainable Alternative Towards Affordable Transportation (SATAT) initiative has also been launched.

(c) The Government has introduced a slew of Natural Gas Marketing reforms to boost the gas-based economy, which *inter alia* include:

- Government approved 'New Domestic Natural Gas Pricing Guidelines' in October, 2014, based on the prices prevailing in major international hubs to strike a balance between the requirements of both producing and consuming sectors.
- Subsequently, from 2015 onwards, Government provided marketing and pricing freedom for gas under DSF, OALP, CBM regimes and for gas produced from North-Eastern Region (NER) and new gas discoveries after 28.02.2019 under all regimes.
- To incentivize gas production from difficult areas such as High Pressure- High Temperature (HP-HT) reservoirs and deepwater and ultra-deepwater areas, Government, on 23rd March, 2016, granted marketing including pricing freedom on natural gas production with a price ceiling announced on half yearly basis by Petroleum Planning and Analysis Cell (PPAC).
- Further, 'Natural Gas Marketing Reforms' were announced in October 2020, to prescribe standard procedure to discover market price of gas to be sold in the market by gas producers, through a transparent and competitive process through electronic bidding. Subsequently, detailed guidelines for Discovery of Market Price for Domestically Produced Natural Gas through e-bidding were issued in December 2020.
- Gas producers having pricing and marketing freedom have been permitted additional option for gas upto 500 MMSCM per annum through gas exchanges.
- As a further momentum to gas reforms and saving the environment, Government issued detailed guidelines for monetization of Ad-hoc/Test Gas produced during the Testing of oil and gas Well in November 2021.
- In January 2023, Government provided clarifications on discovery of market price and sale and resale of gas produced from discoveries in Deepwater, Ultra Deepwater and High Pressure/ High Temperature areas with marketing and pricing freedom.
- In April 2023, Government revised the domestic natural gas pricing and linked to 10% of the monthly average of Indian Crude Basket. In case of nomination fields by ONGC and OIL, the gas price subject to floor and ceiling price. 20% premium for the gas price is allowed for the gas produced from new wells and well intervention in the nomination fields of ONGC & OIL.

To boost gas production, especially from the Krishna Godavari (KG) Basin, and meet rising domestic gas demand, the Government has taken various initiatives which *inter alia* include:

- i. Addition of new fields in KG-DWN-98/2 block and approval for high end Ocean Bottom Node (OBN) survey of KG-DWN-98/2 block.
- ii. Drilling additional wells in D-34 and Satellite fields in KG-DWN-98/3 block.

(d) Government has approved the revised domestic natural gas pricing guidelines in April 2023 for gas produced from nomination fields of ONGC/OIL, New Exploration Licensing Policy (NELP) blocks and pre-NELP blocks, where Production Sharing Contract (PSC) provides for Government's approval of prices. The price of such natural gas is 10% of the monthly average of Indian Crude Basket and is notified on a monthly basis. For the gas produced by ONGC & OIL from their nomination blocks, the Administered Price Mechanism (APM) price is subject to a floor and a ceiling which is \$4 per million metric british thermal unit (mmbtu) and \$6.5 per mmbtu currently. Gas produced from new wells or well interventions in the nomination fields of ONGC & OIL, is allowed a premium of 20% over the APM price.

(e) Through Open Acreages Licensing Policy (OALP) biddings, the Government is expanding and accelerating the pace of exploration across sedimentary basins of India. Till date eight OALP bid rounds have concluded and 144 exploration blocks have been awarded for Exploration & Production (E&P) activities with a total anticipated investment of 3.37 billion USD. In OALP Bid Round-IX, 28 Blocks spreading over an area of 1,36,596 Sq.km have been offered. The Government has brought reforms/ amendments to enhance the participation in bid rounds by addressing the difficulties faced by the existing operators in the existing contractual framework and to make them compatible with the needs of global E&P players so that the bid documents can be made globally competitive.
