

## Exploration & Production

The energy demand is on rise with social and economic development in the country. Current hydrocarbon demand is much more than the domestic crude oil and natural gas production. In order to bridge the gap between energy supply and demand, it is imperative to accelerate the exploration and production activities in the country.

Keeping in view the growing requirement 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 gas assets abroad (iii) development of alternate sources of hydrocarbon such as- Coal Bed Methane (CBM) and Shale Gas, (iv) Research & Development for new sources such as - Gas Hydrate (v) to carry out E&P operations in safe and environment friendly manner.

In the upstream sector, the two Upstream National Oil Companies (NOCs) viz., Oil and Natural Gas Corporation Limited (ONGC) and Oil India Limited (OIL) play a dominant role with a total share of about 68% in oil and gas production in the country. Presently, ONGC produces nearly 58.9% of indigenous crude oil and 65.8% of country's gas production, while OIL's share is 9.2% of indigenous crude oil and 7.4% of gas production. The share of Private/JV companies in oil and gas production is 32% and 26% respectively.

Exploration and Production sector has been opened up after implementation of New Exploration Licensing Policy (NELP) and Coal Bed Methane (CBM) Policy. These policies provide a level playing field to the private investors including foreign companies by giving the same fiscal and contract terms as applicable to National Oil Companies (NOCs) for the offered exploration acreage.

The Directorate General of Hydrocarbons (DGH) was established under the administrative control of Ministry of Petroleum and Natural Gas by Government of India Resolution in 1993. The objective of DGH setting up were - to promote sound management of the Indian oil and natural gas resources having a balanced regard for environment, safety, technological and economic aspects of petroleum activity. In addition, DGH has been

entrusted with certain responsibilities concerning the Production Sharing Contracts for Discovered fields/Exploration blocks, promotion of investment and monitoring of E&P activities.

In view of unfavorable demand–supply balance of hydrocarbons in the country, acquiring equity oil and gas assets overseas is one of the important components in enhancing energy security. The Government is encouraging national oil companies to pursue equity oil and gas opportunities overseas. Oil & Natural Gas Corporation Videsh Limited (OVL) has produced about 8.357 Million Metric Tonnes (MMT) of oil and equivalent gas during the year 2013-14 from its assets abroad in Sudan, Vietnam, Venezuela, Russia, Syria, Brazil, South Sudan and Colombia. The estimated crude oil & natural gas production target in 2014-15 is about 8.155 MMT of oil and equivalent gas. The reasons for lower overseas production are geopolitical problems in south Sudan and Syria. Oil CPSEs viz. OVL, IOC, OIL, BPCL, HPCL and GAIL have acquired E&P assets in more than 20 countries.

In Exploration and production, 100% Foreign Direct Investment(FDI) is allowed through automatic route. The details of present Foreign Direct Investment (FDI) policy for the Petroleum and Natural Gas Sector is laid down by para 6.2.4.2 of Circular 6 of 2013 issued on 22.08.2013 by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry.

New policy initiatives for enhancing oil & gas supply in the country are in process including uniform licensing policy, revenue sharing contracts, Fiscal stability and taxation in E&P sector, etc.