

## NEWS

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# Gas dispute: ONGC claims share of benefits from RIL

Team at public sector major working on gas valuation; final report by Nov 20

**RICHA MISHRA**

New Delhi, November 5

With allegations against Reliance Industries (RIL) and its partners pumping ONGC's gas proven right, the public sector explorer now wants not just the existing benefits but also compensation for the previous years.

ONGC has indicated this in its response to the draft report by the American consultant DeGolyer and MacNaughton (D&M), which inquired into the public sector giant's charges of RIL pumping out gas from its adjacent block.

According to sources in the know, both ONGC and RIL have given their views on the draft report and the final report would be expected by November 20.

The draft D&M report had confirmed 'reservoir continuity' - the absence of any barriers between blocks. According to the report, of the total reserves in D-1 and D-3 fields (producing areas in the D6 block), about 15 per cent could belong to ONGC. The reserves in D-1 and D-3 fields block total 2.9 trillion cubic feet, of which 2.1 trillion cubic feet has already been extracted.

While all concerned rule out a joint development of the area as the fields have been pro-

ducing since 2009 and now have residual life of just three-four years, sharing of benefits seems to be a logical conclusion. But, valuation of the gas will be critical, an official associated with the development said.

An internal team of ONGC is simultaneously working on the valuation, which will have to consider the investments already made by RIL and its partners as well as what will be the right gas price.

"Once the final report is submitted, it will be assessed by the Ministry of Petroleum & Natural Gas, which may decide to seek legal opinion as well as go for a detailed technical study before reaching a final conclusion," an official added.

Recalling the series of incidents, an official associated with the development said, in 2013, when ONGC made this allegation first, it had drawn the Ministry's ire. Questions were raised on why ONGC woke up so late when the D6 block started production in April 2009. Today, ONGC stands vindicated, another official added.

On its part, RIL has been maintaining that it has gone by the production sharing contract (PSC).

The PSC prescribes that any activity undertaken by a contractor can only be done after approval of the block Management Committee - which sees the operations of the block and has representatives from the Ministry and Directorate General of Hydrocarbons with veto power.

Every activity is reviewed technically, operationally, economically, and contractually, before it is approved by the committee.

## ONGC's ultra-deepwater find holds promise

**RICHA MISHRA**

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ONGC's ultra-deepwater find of 2007 in the east coast shows significant hydrocarbons potential, if the tests are any indication.

The public sector major has recently concluded the testing of UD1 well in its KG-DWN-98/2 block and the results show more than 8.5 lakh cubic metre a day (close to one mmscmd) of gas.

"If this is just from one well, imagine the quantum we are looking at, if further activities are undertaken," an official in the know of the development said.

UD1 is the first ultra deepwater well drilled in the country, and ONGC had to put on hold further work in this area due to the technological challenges. However, with the timeline defined in the production sharing

contract for completing each task, ONGC had to do testing or else it would have had to surrender the area to the government.

To monetise its discoveries in the block, which is adjacent to Reliance Industries Ltd-operated KG-D6, ONGC had to divide the block into two areas - North and South. While it is going ahead with its Northern area discovery, it has put on hold its southern area where UD1 falls.

ONGC had wanted to adopt a cluster approach for its East Coast discoveries (estimated at 11) and had submitted a development plan to the Directorate-General of Hydrocarbons (DGH) in 2012.

But with the drop in Reliance Industries' D6 block output, the public sector operator was asked to come up with a more detailed development plan.