

### 8.1.3 PETROLEUM AND NATURAL GAS

#### Policy Initiatives

61. The exploration & production and refining sectors have been opened for private participation. Initially the interest shown by the private sector was not encouraging. However, the private sector has shown keen interest in these areas in the recent years.

62. As per the approved programme on dismantling of APM, the consumer prices for all petroleum products, except MS, HSD, ATF, Kerosene Oil (for PDS) and LPG (domestic) have been decontrolled. Further, the ex-storage price of HSD has also been linked to import price. However, the phasing of subsidies in respect of LPG and Kerosene has not been affected as envisaged. The subsidies should be phased out as per approved programme.

63. In pursuance of the announcement made by the Prime Minister, a Group was set up for working out specific framework for developing India Hydrocarbon Vision-2025. The Group has since submitted its report. The Group has suggested the Hydrocarbon Vision-2025 statement as given in Box 8.1.3.1 below:

**BOX 8.1.3.1**  
**Hydrocarbon Vision – 2025**

- To assure energy security by achieving self-reliance through increased indigenous production and investment in equity oil abroad.
- To enhance the quality of life by progressively improving product standards to ensure a cleaner and greener India.
- To develop Hydrocarbon sector as a globally competitive industry which could be benchmarked against the best in the world through technology upgradation and capacity building in all facets of the industry.
- To have a free market and promote healthy competition among players and improve the customer service.
- To ensure oil security for the country keeping in view strategic and defence considerations.

#### Demand And Supply

64. The demand for petroleum products in 2000-01 is estimated to be 104.92 million tonnes (MMT) against the provisional consumption of 95.73 MMT during 1999-2000. At the current growth rate, the demand of petroleum products of 110 million tonnes set for the terminal year of the Ninth Plan is likely to be achieved.

65. The anticipated production of crude oil in 1999-2000 was 32.00 MMT against the target of 33.02 MMT including PVT/JVC productions. The production from ONGC's onshore fields was marginally lower due to less than adequate response from thermal

Enhanced Oil Recovery (EOR) schemes & inadequate power supply at Mehsana, increase in water cut in Gandhar oil field and due to socio-economic problems in Assam. The crude oil production target for 2000-01 has been estimated at 31.99 MMT. The trend indicates that the crude oil production may fall short of Ninth Plan target of 180.82 million tonnes.

66. Against the natural gas production and dispatch targets of 27.45 billion cubic metres (BCM) (including production from PVT/ JVC) and 19.33 BCM for 1999-2000, the anticipated production and despatch were 27.97 BCM and 19.99 BCM respectively. The target for natural gas production and despatch for 2000-01 are set at 28.81 BCM and 19.42 BCM respectively. The trend indicates that the Ninth Plan target of natural gas production of 144.53 BCM is likely to be achieved.

67. The refining capacity as on 1.4.2000 is 112.54 million tonnes per annum (MMTPA). No addition to refining capacity is expected during 2000-01. As per the present estimates, the refining capacity may go up to 129.04 MMTPA against the target of 113.95 MMTPA by the end of the Ninth Plan. The anticipated refinery crude throughput in 1999-00 is 85.89 MMT against the installed capacity 112.54 MMT. The crude throughput target for 2000-01 is 112.00 MMT.

### **Seismic Surveys, Exploratory And Development Drilling**

68. The actual achievements during 1998-99, targets and anticipated achievements 1999-2000, and targets for 2000-01 for seismic surveys are given in the Annexure 8.1.8. The anticipated achievement in exploratory drilling for 1999-2000 is about 46.7 per cent higher than the achievement in 1998-99. The anticipated achievement for development drilling is 334.2 thousand metres in 1999-2000. The targets for exploratory and development drilling for 2000-01 have been kept at 538.82 and 397.83 thousand metres respectively.

69. Details of surveys, drilling, crude oil, and natural gas, refining capacity are given at Annexures 8.1.8 to 8.1.13.

### **Environment Management**

70. Supply of MS with low lead content (0.15 gm/l) was introduced in the whole country from January 1997 and effective from 1.2.2000 only unleaded MS is being sold all over the country. Diesel with 0.25 per cent sulphur is being supplied throughout the country since 1.1.2000.

### **Outlays**

71. An outlay of Rs.13148.77 crore has been provided for 2000-01 in the Petroleum Sector (Rs.6769.15 crore for Exploration and Production, and Transportation of Oil and Gas, and Rs.6379.62 crore for Refining and Marketing). The entire Plan outlay will be funded by IEBR. The company-wise outlays are given at Annexure 8.1.13.