



ASSOCIATION OF SCIENTIFIC & TECHNICAL OFFICERS

Registered with the Registrar of Societies Uttarakhand Govt., Registration No. 172 (1967-68)

OIL AND NATURAL GAS CORPORATION LTD.

Room No. 2016, 2nd Floor, Tower-A, Vasant Kunj, New Delhi-110070

Telefax : 011-26129098 Email : amitkumar@ongc.co.in



AMIT KUMAR
PRESIDENT-CWC
9868282105

No. ASTO/CWC/ONGC/MoPNG/2018-21

11.11.2021

To

Sh. Hardeep S Puri
Hon'ble Minister of Petroleum and Natural Gas
& Minister of Housing and Urban Affairs
Shastri Bhawan
New Delhi – 110001

Sub: ONGC's Role in India becoming a Five Trillion Dollar Economy

Respected Sir,

Association of Scientific and Technical Officers (ASTO) is the sole representative of ONGC's seventeen thousand strong Officer's community, known as Oil Soldiers of the country. ASTO has been in existence since 1967 and has been instrumental in initiating number of path breaking actions that have resulted in major contribution to the energy map of India.

Recently we came across a letter no. O-13031 (18)/3/2021-Expl (E-36600) dated 28th October 2021 written by Additional Secretary, MoPNG on social media. This letter has talked about ONGC's role in India's huge demand for energy, rising import dependency, growing climatic concerns and increasing energy costs. The letter has also made some suggestions to ONGC for increasing the oil and gas production in India. Since the letter is in public domain, therefore, ASTO would like to bring certain facts for your consideration and share the perspective of ONGC's officer's community.

Sir, exploration is a very high risk endeavour where very few like to participate. This is evident from the tepid response to the bids invited under OALP, where only ONGC and to some extent OIL are the only bidders. The private operators most probably are giving priority to commercial aspects, the prevailing business climate and therefore may not be taking the risk that ONGC is willing to take. The data of last three years shows that ONGC has been consistently drilling more than 100 exploratory wells every year even when the International crude prices had hit an all-time low. During the low price regime most of the International and Private E&P Companies had stopped their exploratory plans and had drastically reduced their development investments in Upstream Sector. ONGC, however, bucked the trend and continued to aggressively invest in exploration and development activities. It is the inherent resilience and integrated approach that ONGC has developed over period of time that helped in tiding over such challenging times.

Sir, private E&P companies have been very quick to give up their operatorship, the moment they find that further investment may not suit their business goals. The example is of Panna, Mukta and Tapti fields where International E&P operators did not renew their leases even though the recovery factor from these fields had not even reached 20%, in fact in one case it is even less than 10%. ONGC took up the challenge in continuing the production from the very next day the operator ship was handed over and as per the latest reports are producing more than the approved profile of the field. Another example is Ratna field where after years of non-production by private operator, ONGC took up the challenge and started producing despite several challenges. Similarly, PY-3 (operatorship with a private company), capable of producing nearly 3500 BOPD has been lying idle for years. The private operators are also not fault as they are also facing similar challenges that the mother earth and the environment throws up from time to time.

Sir, hiving off drilling and workover services into a separate company shall have negative impact on the overall exploration and development plans of ONGC. The integrated setup of ONGC has been a big



ASSOCIATION OF SCIENTIFIC & TECHNICAL OFFICERS

Registered with the Registrar of Societies Uttarakhand Govt., Registration No. 172 (1967-68)

OIL AND NATURAL GAS CORPORATION LTD.

Room No. 2016, 2nd Floor, Tower-A, Vasant Kunj, New Delhi-110070

Telefax : 011-26129070 Email : amitkumar@ongc.co.in



CENTRAL WORKING COMMITTEE

advantage for its operations. Drilling nearly 500 wells per annum and carrying out nearly 1500-1600 workovers in a year has been possible because of this integrated in house services that ONGC has. Initial estimate suggest that having a separate services company may further increase the cost of production and therefore shall compromise further investments that is required for aggressive exploration.

Sir, despite the impact of Covid-19, ONGC has been able to maintain the production levels as envisaged in the annual plans. Mumbai High has been producing since 1976 and has been the corner stone of country's Oil production, Bassein and Satellite has been the frontrunner for Gas since 1987. ONGC has been optimally producing from these fields keeping into consideration the health of reservoir. With process of time ONGC has also accreted reserves in these fields and has enhanced the recovery in these fields, going beyond the IOIP. ONGC has plans to further enhance the production from these fields and in coming years, we shall see substantial increase from these fields. All these efforts are in public domain and we are sure that the same must have been scrutinised by the Board of ONGC of which senior officers from MoPNG are an integral part. Farming out 60% PI and operatorship in these fields shall have a major negative impact on ONGC's performance, whereas such efforts in the past have not yielded desired results, example Panna, Mukta, Ratna, Tapti and PY-3.

Sir, as Oil Soldiers, we are completely in sync with the Government's vision on reducing the Oil imports and enhancing the domestic production of crude. For this we would like to make the following suggestions:

1. The mechanism of determining the price of Natural Gas be reviewed, in order to make the Gas production viable.
2. Freedom to market small pools of Natural Gas which in present price regime are unviable and the mechanism is very cumbersome.
3. Optimize the number of statutory clearances and statutory authorities.
4. Rejig procedural aspects to enable ONGC to take faster decisions.

Sir, farming out PI in existing fields shall not yield the desired results of enhancing domestic production instead provide a level playing field and empower ONGC to further enhance the productivity. We would therefore request you that handing over producing fields on a platter to the private operators will not be successful and therefore, in our opinion, should not be pursued. Further, ASTO requests you to provide us an opportunity to meet you personally and present our suggestions in augmenting the domestic Crude Oil and Natural Gas output.

With Warm Regards & Best Wishes


11/11/2021
Amit Kumar

President ASTO-CWC

Copy to:

1. Secretary, MoPNG, Shastri Bhawan, New Delhi
2. CMD, ONGC, 5th Floor DUB, New Delhi
3. Dir(Finance)/Dir(HR)/Dir(Expl)/Dir(T&FS)/Dir(Onshore)/Dir(Offshore), ONGC, 5th Floor, DUB, New Delhi
4. President/Secretary – All ASTO Units