

'No nod for ONGC's ultra deep sea find'

Upstream oil regulator DGH has refused to review the commerciality of India's deepest gas discovery made by Oil and Natural Gas Corp (ONGC) on grounds that developing the find poses technological challenges.

ONGC plans to invest Rs. 21,528.10 crore to develop the ultra deepsea UD-1 discovery in its Bay of Bengal block KG- DWN-98/2 (KG-D5) by 2022-23. The find would have helped double the output from the KG block.

It had earlier this year submitted to the Directorate General of Hydrocarbons (DGH) for approval a declaration of commerciality (DoC) of UD-1 find, sources with direct knowledge of the development said.

DGH, however, refused to review the DoC on grounds there was no technology available to produce gas from such water depths, they said.

A senior ONGC official said it was beyond the mandate of the regulator to not review a discovery and look into technology. "We are the operator and are confident of technology being available to develop the discovery," he said adding the company had replied to the DGH over its concerns.

'Nine wells planned'

ONGC plans to drill nine wells on the discovery that lies in water depths of 2,400-3,200 metres and will produce a peak output of 19 million standard cubic metres per day.

UD-1 holds some 75 billion cubic metres of inplace reserves.

The official said that there were consultants who had showed to ONGC that discoveries deeper than UD-1 have been put to production in recent times, particularly in the Gulf of Mexico.

"An expression of interest (Eoi) meeting we had earlier this year for developing the KG finds saw several consultants offering solutions for such water depths," he said.

ONGC is in the process of appointing a consultant who will assist in developing the UD-1 discovery.

The 7,294.6 sq km deepsea KG-D5 block, which sits next to Reliance Industries' flagging KG-D6 fields, has been broadly categorised into Northern Discovery Area (NDA - 3,800.6 sq km) and Southern Discovery Area (SDA - 3,494 sq km).

The NDA has 11 oil and gas discoveries while SDA has the nation's only ultra-deepsea gas find of UD-1. These finds have been clubbed into three groups — Cluster-1, Cluster-II and Cluster-III.

Last year, the company had finalised a Rs. 34,012 crore plan for developing the Cluster-II finds by 2019-20. First gas production is envisaged by June 2019 and oil would start flowing from March 2020, he said.

From Cluster-II, a peak oil output of 77,305 barrels per day is envisaged within two years of start of production.

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