

Hydrocarbon exploration policy gets Cabinet nod

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The Union Cabinet has given nod to a policy giving operators the option to explore all unconventional hydrocarbons — including shale, coal bed methane and hydrates — in the existing field. The move is likely to benefit companies like Oil and Natural Gas Corporation (ONGC), Oil India, Vedanta Cairn, Reliance Industries and CBM players like Essar Oil & Gas Exploration and Production (EOGEPL).

Through this, exploration of unconventional hydrocarbons can be carried out under the existing Production Sharing Contracts (PSCs), CBM contracts and Nomination fields. Moreover, the Uniform Licensing Policy, which is presently applicable in Hydrocarbon Exploration and Licensing Policy (HELP) and Discovered Small Field (DSF) Policy, will be applicable to all operating fields. "We welcome the move since it will open up exploration of all unconventional hydrocarbon resources in existing fields to meet the energy needs of one of the fastest growing economies. Essar is looking forward to expediting the potential of 2 trillion cubic feet of recoverable CBM and shale gas from Mehsana and Raniganj blocks," said Vilas Tawde, managing director and chief executive officer of EOGEPL.

The company is expecting recoverable reserves of at least 1.5 trillion cubic feet (tcf) of recoverable shale gas reserves in its Raniganj block in West Bengal, which may require an investment of at least \$1 billion.

Similarly, Cairn India had approached the government in 2013, seeking first right of refusal on producing shale from its Rajasthan block. According to sources, Vedanta Cairn has the largest unconventional reserves among existing private sector hydrocarbon players.

In 2015, Schlumberger had stated that India has between 300 and 2,100 tcf of total shale gas and oil resources. Shale gas and oil are those found trapped within the shale sedimentary formations. Similarly, a recent study by the US Geological Survey states that India has the second largest gas hydrate reserves after the United States—with Krishna Godavari, Cauvery and Kerala basins alone contributing 100-130 trillion cubic feet of estimated reserves. On the other hand, Directorate General of Hydrocarbons estimates indicated the presence of around 92 tcf of CBM, spread across 12 states.

With this policy dispensation, the government is expecting fresh investment in Exploration and Production (E&P) activities and higher chances of finding new hydrocarbon discoveries