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Cabinet Approves Policy Framework For Unconventional Hydrocarbons

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The centre has approved the policy to permit exploration and exploitation of unconventional hydrocarbons such as Shale oil/gas, Coal Bed Methane (CBM) etc.

It will be carried out under the existing Production Sharing Contracts (PSCs), CBM contracts and Nomination fields to encourage the existing Contractors in the licensed/leased area to unlock the potential of unconventional hydrocarbons in the existing acreages.

Background

- Prior to the new policy, existing contractors were not allowed to explore and exploit CBM, shale gas and other unconventional hydrocarbons from the allotted licensed area. Similarly, contractors with CBM fields were not allowed to exploit any other hydrocarbons except CBM.
- India currently has around 100-200 Trillion Cubic Feet (TCF) of shale gas reserves in five sedimentary basins and there is a strong possibility of shale reserves in Cambay basin, Krishna-Godavari Basin and Cauvery basin among others.
- With the approval of this policy, there will be a complete shift from 'One hydrocarbon Resource Type' to 'Uniform Licensing Policy' which is presently applicable in Hydrocarbon Exploration & Licensing Policy (HELP) and Discovered Small Field (DSF) Policy.

Benefits

- **Unearthing Hydrocarbon reserves-** It will enable the realization of prospective hydrocarbon reserves in the existing Contract Areas.
- **Increase in Investment and production-** It will lead to new investment in Exploration and Production (E&P) activities and unearthing new hydrocarbon discoveries which will result in increased domestic production.

- **Creating Employment opportunities-** Exploration and exploitation of additional hydrocarbon resources is expected to spur new investment, the impetus to economic activities, additional employment generation and thus benefitting various sections of society.
- **Application of technology-** This will lead to the induction of new, innovative and cutting-edge technology and forging new technological collaboration to exploit unconventional hydrocarbons.

Coal Bed Methane

- Coalbed methane (CBM) is simply methane found in coal seams. To extract the gas, after drilling into the seam, it is necessary to pump large amounts of water out of the coal seam to lower the pressure.
- CBM is generated either from a biological process as a result of microbial action or from a thermal process as a result of increasing heat with the depth of the coal.
- Unlike much natural gas from conventional reservoirs, coal bed methane contains very little heavier hydrocarbons such as propane or butane and no natural gas condensate. It often contains up to a few per cent carbon dioxide.

Shale Gas/oil

- Shale gas refers to natural gas that is trapped within shale formations.
- Shales are fine-grained sedimentary rocks (made up of clay, quartz and calcite minerals) that can be rich sources of petroleum and natural gas.
- Gas-prone shale may be associated with other resources, such as tight gas and coalbed methane (CBM), in areas where shale is inter-bedded with coal.

Hydrocarbon Exploration & Licensing Policy

- Hydrocarbon Exploration and Licensing Policy (HELP) is a policy adopted by Government of India for carving out a new contractual and fiscal model for award of hydrocarbon acreages towards exploration and production (E&P).
- HELP replaces the present policy regime for exploration and production of oil and gas, known as New Exploration Licensing Policy (NELP), which has been in existence for 18 years.