

ONGC ends shale exploration, winds up grand project mid-way

Synopsis

Five years and hundreds of crores of rupees later, it's been found that India doesn't have much shale prospects.



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A fracking site in England. Past estimates of India's shale reserves vary widely.

New Delhi: [Oil and Natural Gas Corp \(ONGC\)](#) has wound up its [shale exploration](#) programme mid-way after spending five years and hundreds of crores of rupees, concluding that India may not have enough commercially-extractable shale reserve.

This comes as a setback to the country that had hoped to exploit its own shale rocks to augment its flagging oil and gas production, inspired by the American shale revolution that turned the United States into the largest producer of oil and gas and dramatically reshaped the global energy market this decade.

ONGC recently told the government that it was ending its shale exploration programme ahead of schedule as the results hadn't been encouraging, according to ONGC executives and government officials. It also told the government to get the country's shale potential reassessed by a competent international agency, they said. Following this, the Oil Ministry is considering launching a new resource assessment programme for all unconventional hydrocarbons, including shale, [coal](#) bed methane and gas hydrate, they said.



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“The US has permian shale while India has much younger, tertiary shale. The US shale rocks are brittle and so easier to hydrofrack while those in India are elastic with more clay content, resulting in little yield from fracking,” said an executive. “The general assessment after drilling wells and data analysis was that it may not be a productive idea to sink more capital into shale projects.”

India's search for exploitable shale was marred not just by poor geology but also by the absence of an ecosystem needed to support such innovative efforts, executives said, pointing towards the lack of regulatory support, limited access to research, tech and services.

In 2013, the Oil Ministry had permitted the exploration of shale by ONGC and [Oil India](#) in three phases of three years each. ONGC had to carry out exploration activities in 175 blocks, including 50 blocks in the first phase. Oil India's responsibility included 5 blocks in each phase. Some private players have contemplated but not yet begun shale exploration.

ONGC's exploration programme ended in the first phase itself with ONGC drilling about 26 wells in three hydrocarbon basins of Cambay, KG and Assam-Arakan - spread over Gujarat, Andhra Pradesh and Assam- at a cost of Rs 600-700 crore, executives said. ONGC had to give up its plans of drilling in the fourth basin of Cauvery in the face of strong resistance to shale activities by Tamil Nadu politicians, according to executives.

Just about a fourth of the wells drilled were exclusively for shale while others overlapped with conventional wells. In overlapping cases, the company dug deeper to explore shale into an already-planned conventional well- this meant shared cost and risk.

Past estimates of India's shale reserves vary widely from ONGC's 187 trillion cubic feet (TCF) of shale gas in 5 basins to US [Energy Information Administration](#)'s 584 TCF of shale gas and 87 billion barrels of shale oil in 4 basins, and oilfield services provider [Schlumberger](#)'s 300 to 2100 TCF gas.

A new official assessment in alliance with an international agency may bring a clearer picture on shale reserves. A thrust on research and development and strong incentives to services and technology companies to set up base in India will encourage creation of advanced knowledge and help exploration, executives said.

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