



अशोक चक्रवर्ती
महाप्रबंधक - सुरता, कार्बन प्रबंधन समूह
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ऑयल एण्ड नेचुरल गैस कॉर्पोरेशन लिमिटेड
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Letter No. ONGC/DLI/CMG/1/Review reply/2008

Jan 21, 2008

Dear Mr Kumaraswamy

Enclosed herewith are the ONGC response to the observations raised by the UNFCCC sect. regarding the ONGC Hazira FGR Project & other documents.

Query 1. The DOE is requested to clearly state on what basis it has considered that the barriers listed in the PDD would prevent the implementation of this project activity, and the PP is requested to explain why the project activity was commenced prior to being submitted for validation if the barriers are to be considered prohibitive.

The reply explained as under, details about how the project implementation team, the CDM implementation team, the corporate guidelines on environment, had overcome the barriers listed in the PDD during the project implementation, which otherwise would prevent the project implementation and the commencement of the project activity prior to its submission for validation.

Reply 1 : The development of CDM projects at "Oil and Natural Gas Corporation (ONGC)" is undertaken centrally by a specialized group at the Corporate Office, Delhi for the entire organization. This group facilitates the implementation of CDM process including validation and verification.

Therefore, the project implementation team at Hazira Gas Processing Complex (HGPC-project site) and the CDM group (Delhi) worked simultaneously on their respective areas. The key dates/activities of respective teams were as under:

Plant Implementation Team (On-site)			CDM Implementation Team (Delhi)		
No.	Description	Date	No.	Description	Date
1.	Meeting on CDM (Ref: Annex-1)	6 th September, 2002	1	Internal note from Head Env't. Mgt. to plant (Ref: Annex-4)	5 th January 2001
2.	Study carried out by ONGC's Institute of Oil and Gas Production Technology (IOGPT) ¹ and submission of report	October, 2002	2.	Communication from head HSE to Head Corp. Communication. (Ref: Annex-5)	31 st August, 2002
3.	Global Compact Principles- Principle 9-	8 th May, 2003	3.	Approval of committee for appointment of CDM	4 th Jan, 2004

¹ Reference: IOGPT is the dedicated Oil and Gas production technology research institute of ONGC located at Panvel, Maharashtra, India.

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Plant Implementation Team (On-site)			CDM Implementation Team (Delhi)		
No.	Description	Date	No.	Description	Date
	Follow up (Ref: Annex-2)			consultants. (Ref: Annex-6)	
4	Progress Reports To GM-Head, HSE (Ref: Annex-3)	26 th April, 2004; 10 th Aug, 2004; 9 th Aug, 2005; 2 nd Jan, 2006.	4.	Short listing of consultants for CDM projects. (Ref: Annex-7)	18 th Feb, 2004
5.	Review of (IOGPT) report, further study and submission of report to the project coordinator.	January, 2004	5.	Floating of public tender for CDM consultant (Ref: Annex-8)	18 th May, 2005
6.	Financial concurrence and sanction. (Ref: Annex- 16)	Dec, 2004	6.	Re-tendering of CDM projects (Ref: Annex-9)	22 nd Aug, 2005
7.	Tendering, finalization of tender and placement of work order for compressor(Ref:Annex-17)	July, 2005	7.	Appointment of consultant by placing Letter of Intent (Ref: Annex-10)	4 th Oct, 2005
8.	Receipt of compressor, completion of Piping & allied works, execution, installation and commissioning	January, 2006	8.	Contract signing with consultant (Ref: Annex- 11)	20 th Feb, 2006
			9.	Approval of ONGC executive committee for extension of the consultants scope for Hazira Plant (Ref: Annex-12)	25 th Mar, 2006
			10.	Appointment of the consultants, contract signing(Ref: Annex-13)	8 th May, 2006
			11.	Letter of Appointment to the DOE(Ref: Annex14)	31 st May 2006
			12.	Host Country Approval received	26 th July, 2006
			14.	PDD Sent to the project coordinator and the corporate office with the revised methodology (AM0037)	5 th January, 2007
			15	PDD sent to the DOE for validation	2 nd March, 2007

Thus the plant team worked with focus on project implementation while the corporate team worked as a central coordinator for all of ONGC's (i.e. the Company's) efforts, focused on the CDM aspects.

The barriers listed in the PDD prevented this project for implementation. Therefore, based on the instruction from the Head, Environment Management, ONGC, the said project was discussed in detail, to be undertaken considering CDM. Accordingly, the project activities was initiated for implementation. By the time the PDD was being finalized by the consultants, it was realized that indeed the barriers envisaged before were real, hence they were presented in the PDD.

The above also explains why the project activity was commenced prior to being submitted for validation.

Query 2. The common practice analysis has not been conducted in accordance with the Tool for the demonstration and assessment of additionality. The DOE is requested to clarify how this section of the PDD has been validated and considered to be appropriate.

Reply 2: In India there are only two sour gas processing facilities, processing the gas received directly from the oil and gas fields. ONGC Hazira is the largest² sour gas processing plant with installed capacities 46 MMSCMD. The ONGC Uran plant (which has a registered CDM project activity), is only other sour gas processing facility in India with installed capacity of 20 MMSCMD. Thus, the knowledge of flare gas recovery system handling sour gas with large range of variation in flow, pressure, temperature, corrosiveness in similar set up in the country becomes inherent to demonstrate that the project activity is not a common practice.

Query 3. The DOE shall clarify why the PDD submitted for registration does not contain information regarding the prior consideration of the CDM as required by the guidelines for completing the PDD.

Reply 3: Additionality tool Version 2 was initially used during the submission of the PDD. The CDM consideration was clearly explained as per the Step 0 specified in Additionality Tool Version 02. However, since the Additionality tool was revised before the request for registration of the project, the PDD was suitably modified as per Version 03 which does not include Step 0 for demonstrating prior CDM consideration.

The PDD Submitted for registration does contain information regarding the CDM awareness but CDM consideration information specific to the project, was as under:

There were internal ONGC Corporate instructions:

- Internal note dated 5 January 2001 from Head, Environment management, to all asset managers, Basin Managers and Head work centers which urged the assets to develop CDM projects as per the Kyoto protocol framework.
- Communication from Head HSE dated 31 August 2002 to Head, Corporate communication, providing related information on principles of global compact for inclusion in the ONGC annual report. The note clearly stated that "All possible efforts are continuing to ensure reduction of emissions that contribute to global warming". It stresses that work is on to reduce gas flaring and achieve "zero gas flaring" at the assets.
- Based on the internal corporate instructions, there were internal meetings held in Hazira Gas Processing Complex on 6th September

² Reference: http://www.ongcindia.com/press_release1_new.asp?fold=press&file=press220.txt, Viewed on January, 2008

2002 and 8th May 2003, and decisions were undertaken regarding implementation of the project including the CDM aspects.

Query 4. The DOE shall provide further details regarding how it is satisfied that the CDM was seriously considered in the implementation of this specific project activity.

Reply 4: ONGC undertakes several activities which under normal course of action, result in GHG reductions. However, the Corporate office has identified specific projects which are technologically challenging to be undertaken through the CDM route.

The HGPC facility was specifically identified to be implemented taking into consideration the CDM benefits.³ There are several external and internal communications for this project (also presented in Reply to Query 1) which ascertains that the CDM was seriously considered in the implementation of this specific project activity.

Query 5. The DOE is requested to provide further information regarding how it has validated that the gas has been flared for the previous three years and not vented.

Reply 5: The gas has been flared and not vented is validated on the basis of ambient air quality measurements being done and recorded. Venting is not permitted in India.³ As per state pollution control board (SPCB) stipulations, monthly statement is required to be submitted to the SPCB regarding the ambient air quality of the plant (Ref: Annex-15). The hydrocarbon measured is below the detectable limits (BDL). Statutory authorities can inspect any time, if required. Non-compliance or misreporting could lead to severe penalties and actions.

HGPC has to strictly adhere to guidelines. The records were submitted to the DOE.

Further, Sour gas contains H₂S and hence cannot be vented out due to safety reasons. As per the Material Safety Data Sheets (MSDS), the permissible limit of H₂S is 10 ppm whereas the sour gas if flared will result in concentrations of ⁴approximately 700 ppm which will prove fatal.

Therefore, it is evident that before the project activity the gas was flared and can never be vented.

Query 6. Further information is required regarding what steps will be taken if the monthly analyses of carbon content indicate significant variations.

³ Reference: CPCB standards for Oil Drilling and Gas Extraction Industry:
<http://www.cpcb.nic.in/Environmental%20Standards/Effluent/standard46.html>

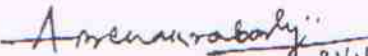
⁴ Reference: Material Safety Data Sheet,
http://ivogadro.chem.iastate.edu/MSDS/hydrogen_sulphide.pdf, viewed on January 2008.

Reply 6:

At HGPC, periodic gas analysis is being carried out. The variation in carbon content is taken care of by averaging the figures of monthly composition analysis.

In normal circumstances, no significant variation in the carbon content of the flare gas is expected. However, if the carbon content of the gas in flare header goes under any variation, it will automatically be reflected in the monthly average to be accounted for.

Regards,


21/1/08

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