

# Standing Committee Report Summary

## Safety, Security and Environmental Aspects in Petroleum Sector

- The Standing Committee on Petroleum and Natural Gas (Chairperson: Mr. Pralhad Joshi) submitted its report on ‘Safety, Security and Environmental Aspects in Petroleum Sector’ on July 25, 2018. Key observations and recommendations of the Committee include:
- **Safety, security and environment protection in the petroleum sector:** The Committee noted that the petroleum industry handles highly inflammable hydrocarbons, and operates processes under high temperature and pressure. Further, the industry has a significant influence on environmental pollution through exploration and production operations, oil spillage, and refining operations. Therefore, safety, security and environment protection in this industry is important and its safe operations are necessary both for the employees and the society at large. It recommended that all these operations should be continuously monitored, and the legal framework strengthened to enhance safety and minimise the environmental impact.
- **Role of the Safety Council:** Data submitted by Oil Industry Safety Directorate (OISD) indicates that the major cases of accidents across the oil and gas industry occur due to: (i) not following the standard operating procedures (SOPs), (ii) violation of work permit system, and (iii) knowledge gap. The Committee also noted that the Safety Council, an apex body under the Ministry of Petroleum and Natural Gas (MoPNG), has not played its regulatory role in safety matters and procedures in the hydrocarbon sector. Further, there is no set procedure to fix the accountability for accidents in oil and gas installations. The Committee recommended that the Safety Council should seek compliance in the oil and gas industry within a fixed time frame. Failure to comply should be followed by penalties. The MoPNG and other agencies entrusted with enforcement of safety regulations should fix accountability for any cases of violation of SOPs.
- **Safety audits and accidents in oil installations:** In the period 2014-17 (up to November 30, 2017), 309 accidents took place, with 81 fatalities and 193 injuries. The Committee noted that while the number of accidents have come down in some public sector undertakings, the numbers are still high in Hindustan Petroleum Corporation Limited, and Oil and Natural Gas Corporation. The OISD carries out safety audits and investigations and sends these reports to the concerned company with recommendations for compliance. Oil companies also carry out internal audits as per OISD standards. Further, agencies like the Directorate General of Mines Safety (DGMS), the Petroleum and Explosives Safety Organisation (PESO), and the Petroleum and Natural Gas Regulatory Board (PNGRB) also oversee and enforce various safety measures in oil and gas installations. The Committee recommended that all these agencies should review the causes of accidents and overcome the shortcomings in design and procedures.
- **Formation of a Unified Safety Board:** The Committee noted that various statutory authorities are involved in enforcing safety in the petroleum and natural gas industry. For example, (i) in the oil exploration and production segments, the DGMS and OISD, which are under the Ministries of Labour and Employment and MoPNG respectively, regulate safety; (ii) in the oil processing and distribution segments, the PESO and PNGRB, which are under the Ministries of Commerce and Industry and MoPNG respectively, are enforcing safety. PESO regulates 97% of the premises, followed by 2% by DGMS, and 1% by OISD.
- The Committee noted conflict of interest in case of OISD, since officers may not be willing to give adverse reports against their employers. Further, PESO has been handling safety regulations in several hazardous premises such as refineries, manufacturing, storage and the transportation of oil and gas. Therefore, PESO is a more suitable body to administer safety regulations in the entire hydrocarbon sector. The Committee recommended that PESO may be empowered to work as a single framework for regulation of safety in the entire hydrocarbons sector. The capacity of PESO should be enhanced by: (i) providing it prosecution powers, (ii) strengthening the human resources, and coordination with district authorities, and (iii) upgradation of the research and testing infrastructure.

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