

**GOVERNMENT OF INDIA  
PETROLEUM AND NATURAL GAS  
LOK SABHA**

UNSTARRED QUESTION NO:122

ANSWERED ON:19.11.2009

AUDIT OF OFFSHORE OIL FIELDS BY CAG

Das Gupta Shri Gurudas;Patel Shri Kishanbhai Vestabhai

**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

- (a) whether the Government had requested the Comptroller and Auditor General of India (CAG) to undertake a special audit of the eight Blocks including KG D6 block of Reliance Industries Ltd;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the CAG could not complete the audit due to lack of access to the records of the private operators;
- (d) if so, the details thereof;
- (e) whether the Ministry was approached by the CAG to help getting access to the records of these operators; and
- (f) If so, the details thereof and the reaction of the Government thereto?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (Shri Jitin Prasada)

(a) to (f) Yes Sir, Ministry of Petroleum & Natural Gas had requested Comptroller and Auditor General of India (C&AG) to undertake a special audit of the eight Blocks namely Panna-Mukta, Tapti, KG-D6, RJ-ON-90/1, Rawa, Hazira, KG-OSN-200/3 and PY-3, vide letter dated 13th November 2007.

As per Production Sharing Contract, the Government has a right to conduct audit through its own representatives or through a qualified firm of recognized Chartered Accountants, registered in India, within a period of two (2) years of the close of the Financial Year (longer period as may be required in case of exceptional circumstances).

Accordingly, in these PSCs the Government had conducted the audit through the qualified firm of recognized Chartered Accountants, appointed by the Government for the years upto 2003-04. However, considering the large stakes involved in these PSCs in form of Royalty and Profit Petroleum, the Government requested the C&AG for carrying out Special Audit for these PSCs.

The C&AG has conveyed that initially audit of records would be taken up for four blocks namely Panna-Mukta, Tapti, KG-D6 and RJ-ON-90/1, for two financial years i.e. 2006-07 & 2007-08 with access to records of earlier years linked to transactions of these years. Initially the operators showed reluctance in giving access of these records to C&AG, on the ground that the

Government has already exercised its right of audit under the PSC. However, subsequently, on specific request from C&AG regarding access to the specific records related to these four blocks, this Ministry took up the matter with the Operators of these four blocks to facilitate access to the records.

As of now, the Operators have expressed willingness to provide all details and access to the records to facilitate audit by C&AG.