

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

UNSTARRED QUESTION NO:1601

ANSWERED ON:18.11.2010

ALLOCATION OF NATURAL GAS

Rao Shri Sambasiva Rayapati; Sarvey Shri Sathyanarayana

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

- (a) whether the Government is permitting to take the profits of natural gas being available in some States like Andhra Pradesh K. G. basen to its respective State;
- (b) if so, the details thereof;
- (c) the criteria on which the royalty fixed on offshore gas in some States;
- (d) whether the State Government of Andhra Pradesh has sent any proposal for allocation of additional quantum of natural gas to the extent of 4.16 MMSCMD for power requirement; and
- (e) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS(SHRI JITIN PRASADA)

(a) to (c): No, Madam. Under the Production Sharing Contract (PSC) regime, no provision exists for sharing of profits with the State Governments. The State Governments receive the royalties, taxes and other applicable statutory levies for oil/gas production in the onland areas. For offshore fields/blocks under the PSC regime, the royalty is paid to the Central Government on oil and gas production.

The royalty on oil and gas production is fixed as per the stipulations laid down in the Oilfields (Regulation and Development) Act, 1948 and provisions laid down in Production Sharing Contracts.

(d) & (e): Requests from Government of Andhra Pradesh are being received from time to time for allocation of natural gas for existing and proposed power projects in the State. The Empowered Group of Ministers (EGoM) constituted to decide issues pertaining to commercial utilization of gas under New Exploration Licensing Policy (NELP) has accorded one of the highest priority to the power sector. Accordingly, it has been decided to allocate 9.64 million metric standard cubic meter per day (mmscmd) gas on firm basis to thirteen existing gas based power projects in Andhra Pradesh to enable them to operate at 75% Plant Load Factor (PLF). As regards upcoming power projects in Andhra Pradesh, the EGoM, as a matter of policy, has decided that consumers belonging to priority sector should be in a position to actually consume gas as and when it becomes available and that there would be no reservation of gas. It has been further decided by the EGoM that, subject to availability of gas, allocations will be considered for power projects in the pipeline, as and when such projects are ready to commence production. The said decision would also apply to power plants in Andhra Pradesh.