

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

STARRED QUESTION NO:168  
ANSWERED ON:11.08.2011  
AUDIT OF OIL COMPANIES  
Sugumar Shri K.

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

- (a) whether some of the oil companies, both in the Government and the private sectors, have allegedly refused to share their records/data to the Comptroller and Auditor General (C&AG) thereby limiting the scope of C&AG in quantifying the financial losses;
- (b) if so, the details thereof; and
- (c) the reaction of the Government thereto?

**Answer**

Minister of State in the Ministry of PETROLEUM AND NATURAL GAS (SHRI R. P. N. SINGH)

(a) to (c): A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF THE LOK SABHA STARRED QUESTION NO. 168 (8th POSITION) BY SHRI SUGUMAR K. TO BE ANSWERED ON 11.08.2011 REGARDING "Audit of Oil Companies".

(a) & (b) 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-DWN-98/3(KG-D-6), RJ-ON-90/1, Rawa, Hazira, KG-OSN-2001/3 and PY-3, vide letter dated 13th November 2007.

As per Production Sharing Contracts, 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 up to 2006-07. 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.

Subsequently, Operators had agreed to provide all details and access to the records to facilitate audit by C&AG.

(c) CAG has submitted draft Performance Audit report on Hydrocarbons Production Sharing Contract (PSCs) vide their letter dated 07.06.2011 (marked confidential). This Ministry with the assistance of DGH, the technical arm of the Ministry on PSC matters, had submitted the reply to CAG on 8th July 2011. The comments received from the Operators viz. M/s Cairn, RIL and PMT JV in respect of draft observations pertaining to RJ-ON-90/1, KG-DWN-98/3, Panna-Mukta and Mid & South Tapti blocks respectively, have also been forwarded to CAG for consideration before finalizing the audit report. An exit conference was conducted by CAG on 12th July 2011 with the contractor of the four (4) blocks / fields namely RIL, Cairn, BGEPIL and ONGC and also with DGH and MOPNG. The CAG is in the process of finalizing its report. Thereafter, it will be tabled in the Parliament.