

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

UNSTARRED QUESTION NO:5814
ANSWERED ON:08.09.2011
PRIDUCTION SHARING CONTRACTS
Vardhan Shri Harsh

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

- (a) whether the Comptroller and Auditor General's performance audit regarding production sharing contracts to be signed between private and public sector for petroleum and natural gas exploration is likely to be made compulsory by making changes in the provisions of the contract;
- (b) if so, the time frame regarding the same; and
- (c) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI R.P.N.SINGH)

(a) to (c): As per the Production Sharing Contracts (PSCs), 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). The Government exercised this right and requested Comptroller and Auditor General of India (C&AG) to conduct the special audit in eight producing fields namely: Panna-Mukta, Mid & South Tapti, KG-DWN-98/3, RJ-ON-90/1, Ravva, Hazira, KG-OSN-2001/3 and PY-3, where large stake of the Government is involved in the form of Royalty, Profit Petroleum. Out of 8 blocks, C&AG accepted to conduct audit in four blocks namely: KG-DWN-98/3, Panna Mukta fields, Tapti fields and RJ-ON-90/1 for the years 2006-07 and 2007-08. Further, C&AG was requested to conduct the audit of 20 producing fields/ exploratory blocks for years 2007-08 and 2008-09. The proposal has been accepted by C&AG. Hence, amendment to PSC provision is not considered necessary.