

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

UNSTARRED QUESTION NO:5827

ANSWERED ON:08.09.2011

QUANTITY OF OIL AND GAS PRODUCTION FROM KG BASIN

Rani Killi Krupa

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

(a) whether the Bombay High Court has ordered/fixed a much lower price of KG basin gas vis-à-vis those approved by the Government; and

(b) if so, the details thereof and the reaction of the Government thereto?

Answer

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

(a) and (b): No, Madam. However, the judgement dated 15.06.2009 of the Hon'ble Division bench of Bombay High Court has referred to the Memorandum of Understanding (MoU) signed between Reliance Industries Limited (RIL) and Reliance Natural Resources Limited (RNRL). As per para 314 of the judgement, the MoU stipulates that the whole gas after meeting the requirement of NTPC and RNRL, would be appropriated between RIL and RNRL in the ratio of 60:40. MoU also states that this will be the case not only for the gas from KG-D6 but from all other fields being operated and to be operated by RIL. Accordingly, the Bombay High Court disposed of the Appeals with direction to the parties i.e. RIL and RNRL that within one month from the date of judgement, the parties should enter into a "suitable arrangement" on the basis of quantity, tenure and price as specified and agreed between the parties under the MoU.

The Government filed a Special Leave Petition in the Supreme Court against the RNRL and RIL challenging the Bombay High Court judgement to protect interest of the Government and public at large. The Hon'ble Supreme Court vide its judgement dated 7th May, 2010 has held inter alia that:-

- i) The power of the Union of India to regulate supply and production of natural gas is paramount under the Constitution, relevant statutes and the PSC itself and this cannot be superseded by a private arrangement.
- ii) Allocation of natural gas made by the EGOM cannot be overridden by a contractor through a private arrangement.
- iii) Contractor, i.e. RIL, is bound by the decisions of the EGOM on price, quantity and tenure of supply of natural gas.