

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

STARRED QUESTION NO:197

ANSWERED ON:16.07.2009

GAS FROM KRISHNA GODAVARI BASIN

Aaron Rashid Shri J.M.; Patasani Dr. (Prof.) Prasanna Kumar

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

- (a) whether the Government has taken cognizance of the implications of a recent order of Bombay High Court in respect of distribution and pricing of natural gas from Krishna-Godavari (KG)-6 basin;
- (b) if so, the reaction of the Government thereto;
- (c) the impact of such order on the present and future gas utilization policy of the Government;
- (d) whether the Government proposes to intervene and challenge the verdict;
- (e) if so, the details thereof; and
- (f) the estimated loss of revenue to the Government in respect of profit petroleum and royalty share from KG-6 basin due to the reported production cost differentials with Reliance Industries Ltd.?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA)

(a) to (f): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO. 197 SHRI J. M. AARON RASHID AND DR. PRASANNA KUMAR PATASANI TO BE ANSWERED ON 16.7.2009 REGARDING GAS FROM KRISHNA-GODAVARI BASIN

(a): Yes, Madam.

(b to e): The judgement mentioned that RIL will supply 28 MMSCMD of gas for a period of 17 years from the date gas could be supplied to Reliance Energy Limited (REL) for all its projects at a price not more than US\$ 2.34 per million metric British Thermal Unit (MMBTU).

The Order further, however, mentioned certain options to the parties and observed that if all the options available to the parties in the MOU and/or Scheme of Demerger approved by the Company Court meet with failure within the stipulated time of one month, it will be open for the aggrieved party to approach the Company Court for modification of the Scheme, till then the interim arrangement ordered by the Court at conclusion of the arguments will continue to operate.

In the interim judgement given by the court, the stay on supply of gas to various consumers was vacated. Natural gas production from KG D-6 block has commenced from April 2009. Presently, about 31 MMSCMD gas is being produced and supplied to fertilizer and power companies, in consonance with the decisions of the Empowered Group of Ministers (EGOM).

Now, both the parties Reliance Industries Limited (RIL) and Reliance Natural Resources Limited (RNRL) have separately approached the Supreme Court and challenged the above High Court Order of 15 June 2009. The government has been made an Intervener in the Special leave Petition (SLP) filed by RIL.

(f): Government's revenue in respect of profit petroleum depends on actual costs incurred in the project, besides many other factors. Royalty realized by the Government does not depend on costs incurred. Therefore, the question of loss of revenue does not arise due to reported production cost differentials.