

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

UNSTARRED QUESTION NO:4170
ANSWERED ON:22.03.2013
PENALTY ON PRIVATE GAS COMPANIES
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government has levied any penalty on the private gas companies due to various reasons like shortfall in production of gas; and

(b) if so, the details of the penalty levied thereon against each of such companies during the last three years

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SMT. PANABAAGA LAKSHMI)

(a) and (b) The actual cumulative gas production from D 1 and D 3 Fields of KG-DWN 98/3 block operated by Reliance Industries Ltd. (RIL) upto 31.3.2012 was 1.584 Trillion Cubic Feet (TCF), as against the projected cumulative gas production of 2.030 TCF as per approved Addendum to Initial Development Plan (AIDP) for the same period relating to above fields.

DGH has reported that the decline in gas production from the block in 2011-12 is due to the following reasons:

(i) Out of total 18 gas producer wells in D1 & D3 fields of the block, 6 wells have ceased to produce gas due to water/sand ingress in wellbores.

(ii) Out of 6 oil/gas producer wells in MA field in the same block, 2 oil/gas producers have ceased to flow oil/gas due to water ingress in wellbores.

(iii) Non drilling of the required number of gas producer wells in D1 & D3 fields by the Contractor in line with the Addendum to Initial Development Plan (AIDP) approved by the Management Committee (MC).

The contractor has attributed various reasons for reduction in reserves such as production performance, pressure decline, early water encroachment, less contribution from the sands outside the main channel areas, results obtained from Material Balance, Simulation and Geological Models etc.

The Government, in May 2012, had issued notice for proportionate disallowance of cost of production facilities amounting to US \$ 1.005 Billion. The Operator of the block KG-DWN- 98/3, M/s RIL, has invoked arbitration proceedings on the matter and Govt. of India (GoI) has also appointed arbitrator.

Further, in case of exploration of oil/gas under the PSC regime, penalty provisions exist for payment of Liquidated Damage (LD) on account of the unfinished minimum work program, phase extension etc. by the Contractors. The company-wise details of such penalties paid to GoI during the last three years (2009-10 to 2011-12) are as under:

Details of Total Penalty Paid to GoI by the Private Companies during 2009-10 to 2011-12 under PSC Regime

Sr.No.	Company Name	Amount Paid as Penalty (US\$ Million)
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1	RIL	78.88
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2	Geopetrol	4.73
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3 Focus Energy 0.05

4 GeoGlobal Resources 0.29

5 Jubilant Energy 1.49