

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

STARRED QUESTION NO:299
ANSWERED ON:28.07.2014
GAS PRODUCTION IN KG BASIN
Chaudhury Shri Jitendra;Owaisi Shri Asaduddin

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

- (a) the terms and conditions of Production Sharing Contract (PSC) regime;
- (b) the names of the public and private sector companies which signed PSC for exploration and production of gas in the country including the Krishna Godavari (KG) Basin during the last three years and the current year;
- (c) the names of the companies which have allegedly violated the terms of contract of PSC during the said period along with the details thereof and the punitive action taken/initiated by the Government against such companies.
- (d) whether the Government proposes or has any proposal to change PSC regime including a new mechanism for determining the price of natural gas; and
- (e) if so, the details thereof including initiatives taken/being taken by the Government in this regard?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DHARMENDRA PRADHAN)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION No. 299 BY SHRI JITENDRA CHAUDHURY, SHRI ASADUDDIN OWAI SI TO BE ANSWERED ON 28.07.2014 REGARDING GAS PRODUCTION IN KG BASIN.

(a): The salient terms and conditions of Production Sharing Contract (PSC) are as under:

The contract is awarded through a transparent global bidding process.

The Contractor is licensed to carry out exploration for a limited period of 7 to 8 years, during which the committed exploration work program is required to be completed.

In case of commercially viable discoveries, Contractor is granted a mining license for development and production of field with a lease period of 25 years.

Contractor invests his funds and carries out petroleum operation at his risk and cost. The contractor is entitled to deduct a biddable percentage (upto a maximum of 100%) of the admissible contract costs, from the total value of petroleum produced and saved from the contract area.

In case of project yielding a profit, the profit is to be shared with Government at the profit share as offered in bid, in addition to taxes payable under statutes.

The Governments share depends upon sharing of profit petroleum based on the Pre-Tax Investment Multiple (PTIM) after cost recovery.

Government is also paid Royalty on petroleum production.

(b): The details are at Annexure-I.

(c): The details of such cases during years (2011-12 to 2013-14) and the current year (2014-15, till date) are at Annexure-II.

(d) & (e) The Dr. Rangarajan Committee has recommended a new contractual system and fiscal regime on a post-royalty payment revenue sharing basis. The committees suggestions are under examination.

The government has decided that the whole issue of Domestic Natural Gas pricing needs comprehensive re-examination and the Domestic Gas Pricing Guidelines, 2014 have been kept in abeyance upto 30.09.2014, and till that time, the domestically produced

gas would continue to be priced at rates prevailing on 31.03.2014.