

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

UNSTARRED QUESTION NO:933

ANSWERED ON:02.03.2015

PRODUCTION OF OIL AND GAS FROM KG D

Reddy Shri Ponguleti Srinivasa;Singh Deo Shri Kalikesh Narayan

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

- (a) the current levels of production of oil and gas from Krishna Godavari KG-D6 oil fields by public and private sector companies including Reliance Industries Limited (RIL);
- (b) the names of the companies which have allegedly violated the terms of Production Sharing Contract (PSC) along with the details thereof and the punitive action taken/initiated by the Government against such companies;
- (c) the details of actual shortfall in supply of gas to various gas based industries including power companies and action taken by the Government to recover the dues from public and private sector companies in the country which are responsible for shortfall in gas production from KG-D6 basin;
- (d) whether the Government has cancelled some of area allotted to RIL and its partners in KG-D6 due to under production of gas and under utilisation of facilities ana if so, the further initiatives taken /being taken by the Government in this regard ; and
- (e) whether RIL has deducted more development expenses to Panna, Mukta and Tapti fields and if so, the action taken by the Government for violation of PSC against the erring companies?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DHARMENDRA PRADIIAN):

- (a). The production of oil & gas from KG-D6 block operated by Reliance Industries Limited during last three years(2011-12 to 2013-14) and the current year (2014-15) is as under:

Gas Production In MMSCM					
Block	Operator	2011-12	2012-13	2013-14	2014-15
(April-January, 2015)					
KG-DWN-98/3	(Reliance Industries Ltd.)	15611	9516	5050	3792

Oil + Condensate in MMBBL					
Block	Operator	2011-12	2012-13	2013-14	2014-15
(April-January, 2015)					
KG-DWN-98/3	industries Ltd.)	5.67	3.31	2.31	1.93

MMSCM- Million Standard Cubic Meters
MMBBL - Million Barrels

- (b) The Contractors under the PSC Regime are required to adhere to the provisions of the respective contracts while carrying out exploration and production activities. Non compliance of contract provisions, if any, is dealt in accordance with stipulations laid down in the Contract and extant policies of Government. However, major PSC violations like change of ownership without approval, non-submission of bank guarantees, submission of false information etc. attract major penalties like termination of contract.

Under the PSC Regime, till now major PSC violations and action taken/initiated by the Government in such cases, is given below:

Block/ Field	Operator	PSC Violation Details	Action Taken
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MZ-ONN-2004/2	Naftogaz	Submission of False Information (NIO / PSC Article 30.3a)	PSC Terminated vide Notice dated 11.10.2012.
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AA-ONN- Naftogaz Submission of False PSC Terminated vide Notice dated 11.10.2012.
2004/4 Information (NIO /
PSC Article 30.3a)

CB-ONN- Naftogaz Submission of False PSC Terminated vide Notice dated 11.10.2012.
2004/5 Information (NIO /
PSC Article 30.3a)

AA-ONN- Prize Non-Submission of Bank PSC Terminated vide letter dated 15.10.2013
2010/1 Petroleum Guarantee(Article 29)
Company Ltd.

CB-ONN- Vasundhara Non-Submission of Bank PSC Terminated vide letter dated 23.04.2012
2005/8 Resources Guarantee(Article 29)
Ltd.

DS-ONN- Geo-Global Non-Submission of Bank PSC Termination Notice issued on 9.7.2014
2004/1 Resources Guarantee(Article 29)

Amguri Field Canoro Transfer of Participating Contract and Operatorship of Canoro Resources Ltd.,
Resources Interest without Govt, was terminated. Decision was taken to
consent (Article 29 auction the 60% PI which was held by
& 31.3e) Canoro Resources Ltd.

(c) The demand of natural gas by consumers in various sectors for 2014-15 as per the Report of the Working Group on Petroleum & Natural Gas Sector for the 12th Five year plan, allocation of domestic gas to various sectors and supply of natural gas (domestic and imported) to various sectors during April to September, 2014 are as under :-

Figures in MMSCMD

No	S. Sector Demand during 2014-15 as per working Group Report for P&NG sector for 12th Five year plan	Allocation of domestic gas during April to September, 20-14	Supply of domestic RLNG during April to September, 20-14	Supply of imported gas during April to September, 20-14
1	Power	171	108.69	25.37 3.43
2	Fertilizer	113	58.92	26.77 15 05
3	City Gas	24	9.9	9.07 7.45
Distribution				
4	Industrial	22	17.19	5.08 3.93
5	Petrochemicals /Refineries/ Internal Consumption	67	39.84	7.34 13.23
6	Sponge Iron/ Steel	8	9.95	1.16 1.46
	Total	405	244.49	74.79 44.55

Demand has been estimated without considering the price sensitivity Note: Demand for imported RLNG is price sensitive and is dependant on the affordability of the customer to absorb the same.

The Government vide order dated 10th July, 2014 disallowed cumulative cost recovery of US\$ 2.376 billion upto FY 2013-14 on account of under utilization of assets and under production of natural gas vis-a-vis projected approved production rate in the KG- D6 Block.

(d) No contract area of KG-DWN-98/3(KG-D6) block was cancelled due to under production of gas and under utilization of facilities. However, in accordance with the PSC provisions, an order was issued on 30.10.2013 for relinquishment of 6198.88 sq.km area out of total contract area of 7645 sq.km of KG-DWN-98/3 block.

(e) The contractors which includes RIL have recovered cost in excess of cost recovery limit in Panna, Mukta and Mid & South Tapti fields and the issue is under arbitration.