

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

UNSTARRED QUESTION NO:223

ANSWERED ON:24.11.2014

PRODUCTION SHARING CONTRACT

Singh Deo Shri Kalikesh Narayan;Subbareddy Shri Yerram Venkata

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

- (a) the names of the public and private sector companies which signed Production Sharing Contract (PSC) for exploration and production of gas in the country including the Krishna Godavari (KG) D-6 Basin during the last three years and the current year;
- (b) the names of the companies which have allegedly violated the terms of contract of PSC during the said period alongwith the details thereof and the punitive action taken/ initiated by the Government against such companies;
- (c) whether the output from the offshore KG D-6 gas fields has fallen drastically during the last three years and the current year?
- (d) if so, the actual shortfall in supply of gas to various gas based industries 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 form D-6 basin; and
- (e) the further 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) During the last three years (2011-12 to 2013-14) and the current year (2014-15, till date), 19 Production Sharing Contracts (PSCs) have been signed. No PSC has been signed for any block in KG Basin. Details are at Annexure-I
- b) A detailed list is at Annexure II
- c) & (d) Yes Madam. Against the firm allocation of 63.259 mmscmd of KG-D6 gas, detail of supply to various sectors is as under:

Period	KG-D6 Gas supplied to various sectors (in mmscmd)
2011-12	42.33
2012-13	25.74
2013-14	13.53
H1 2014-15	12.51

The Government has issued notice for proportionate disallowance of cost of production facilities for cumulative development cost incurred by the contractor and has disallowed an amount of US \$ 2.376 billion from the cumulative development cost incurred by the Contractor as on 31st March 2014. Computation of disallowed Cost is based on the cumulative shortfall in production of gas vis-a-vis production estimates under the approved AIDP till 31.03.2014. As a result of such disallowance of a portion of contract cost, contractor is also liable to pay additional profit petroleum amounting to USD 195,341,957 to the Government for period upto the FY 2013-14.

- (e) The issue is under arbitration. The outcome of the arbitration proceedings would determine the further course of action.