

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM & NATURAL GAS

LOK SABHA
UNSTARRED QUESTION NO. 388
TO BE ANSWERED ON 18th December, 2017

Oil and Gas Production in KG Basin

388: SHRI HARISHCHANDRA CHAVAN:
SHRI RAM TAHAL CHOUDHARY:

पेट्रो लयम एवं प्राकृतिक गैस मंत्री

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

- (a) whether a number of companies have stopped production work in the Krishna-Godavari (KG) Basin blocks and if so, the details thereof and the reasons therefor, company-wise;
- (b) whether cases of violation of the contract/agreement signed for oil and gas production in KG Basin have been reported/come to the notice of the Government recently;
- (c) if so, the details thereof along with number of such cases reported during the last three years and the current year; and
- (d) the details and outcome of the action taken by the Government in this regard along with the rules under which the said action has been taken?

ANSWER

पेट्रो लयम एवं प्राकृतिक गैस मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)

(धर्मेन्द्र प्रधान)

MINISTER OF PETROLEUM & NATURAL GAS
(SHRI DHARMENDRA PRADHAN):

(a) At present, in KG Basin, oil and gas is produced from onshore area of Rajahmundry Assets and Eastern Offshore Assets of ONGC under nomination regime and Block KG-DWN-98/3, KG-OSN-2001/3 and Ravva field under Production Sharing Contract regime. Production of oil and gas is reported from all the above-said fields/blocks.

(b) to (d) : Two cases of violation/breach of the Production Sharing Contract (PSC) terms & conditions for oil and gas production in KG Basin have been reported. Details of the case are as follows:-

i) Contractors of Block KG-DWN- 98/3 in violation of Article 15 of PSC claimed cost recovery beyond the entitlement out of cost petroleum due to creation of excess capacity and failure to adhere drilling schedule approved under Addendum to Initial Development Plan (AIDP), resulting in under-utilisation of assets / facilities. The Government vide Notice dated 03.06.2016 disallowed cost recovery of US \$ 2.756 billion and demanded additional profit petroleum US \$ 246.9 million upto FY 2014-15. The contractors invoked arbitration which is pending adjudication. Till February 2016, Rs. 491.26 crores has been credited in gas pool account against the additional profit petroleum due and payable by contractors.

ii) For drawal of gas by the contractor of KG-DWN-98/3 from the contiguous block in violation of Article 10.15, 11.2 and 12 of PSC, Government issued Notice dated 03.11.2016 to contractors claiming provisionally an amount US \$ 1.552 billion along with interest upto 31.03.2016 towards restitution and an amount of US \$ 174.9 million towards additional profit petroleum. The contractors invoked arbitration, which is pending adjudication.
