

**LOK SABHA**  
UNSTARRED QUESTION NO. 2279  
TO BE ANSWERED ON **24<sup>th</sup> December, 2018**

**Penalty on RIL**

2279. SHRIMATI DARSHANA VIKRAM JARDOSH:  
SHRI PONGULETI SRINIVASA REDDY:  
SHRI LAXMAN GILUWA:  
SHRI HARISHCHANDRA CHAVAN:  
SHRI JANARDAN SINGH SIGRIWAL::

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

- (a) whether the Government has imposed an additional penalty of \$380 million on Reliance Industries Limited (RIL) and its partners for producing less than targeted natural gas from eastern offshore Krishna Godavari (KG) D6 basin, if so, the details thereof along with the details of the total penalty imposed on RIL in this regard;
- (b) whether a dispute has been created by the gas supply contractors of KG basin over the cost issued by the Government and if so, the details thereof along with the action taken by the Government to compensate the revenue loss suffered to the exchequer;
- (c) the updated status of the probe conducted by the Government in respect of theft of gas in the KG basin along with the action taken/being taken after the submission of inquiry report to the Government;
- (d) the estimated loss of revenue to the Government due to theft of gas from KG basin along with the steps taken to recover such loss; and
- (e) whether the Government has received any complaint from ONGC regarding drawing gas from its reservoir by a private company and if so, the details thereof along with the action taken by the Government in this regard?

**ANSWER**

पेट्रोलियम एवं प्राकृतिक गैस मंत्री (धर्मेन्द्र प्रधान)  
MINISTER OF PETROLEUM & NATURAL GAS  
(SHRI DHARMENDRA PRADHAN)

(a) & (b): 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 to the 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 cumulative cost recovery of US \$ 2.756 billion and demanded additional profit petroleum of US \$ 246.9 million upto FY 2014-15. Upto Financial year 2013-14, cumulative contract cost of US \$ 2.376 billion was disallowed for cost recovery purpose. For Financial year 2014-15, the cost recovery of US \$ 380 million was disallowed. The contractors invoked arbitration. Till February

2016, Rs. 491.26 crores has been credited in Gas Pool account against the additional profit petroleum due and payable by contractors.

(c) to (e): In 2013-14, ONGC informed DGH about evidence of lateral continuity of gas pools between ONGC blocks and adjacent block. The discussion was held with DGH to appoint a third party independent expert for studying and verifying the same. ONGC also filed a Writ Petition No.3054 of 2014 before Delhi High Court for appointment of independent agency to establish continuity of reservoirs across the two blocks of ONGC and adjacent block. An independent third party expert DeGolyer and MacNaughton (D&M) was appointed to go in the issue of migration and production of gas from ONGC to adjacent block. Government constituted a single member committee comprising of Shri Ajit Prakash Shah, former Chief Justice of Delhi High Court to consider the report submitted by D&M and recommend the action to be taken by Government. The Committee had in its Report, *inter-alia*, concluded that there has been unjust enrichment to the contractor of the block KG-DWN-98/3 due to production of the migrated gas from ONGC's blocks KG-DWN-98/2 and Godavari PML. The Government has accepted the recommendations of the Committee and consequently, issued a notice on 03.11.2016 to claim restitution from the Contractor of the block KG-DWN-98/3 for the unjust benefit received and unfairly retained. Government through this notice has directed the Contractor of block KG-DWN-98/3 to remit an amount of US \$ 1.552 billion along with interest upto 31.3.2016 towards restitution and an amount of US \$ 174.9 million towards additional Profit Petroleum. The Arbitral tribunal, in July 2018, passed an award in favour of the contractor. Government has filed an application under section 34 of the Arbitration and Conciliation (Amendment) Act, 2015 before Delhi High Court for setting aside the award.

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