

General of India (CAG) has submitted its final report inter alia objecting to the non-relinquishment of contract area and declaring the entire contract area of the Block KG-DWN-98/3 as 'discovery area'. CAG's observations are as under:

"MoPNG should review determination of the entire contract area of KG-DWN-98/3 as 'discovery area' strictly in terms of the PSC provisions. Further, it should delineate the stipulated 25 per cent relinquishment area at the time of the conclusion of the 1st and 2nd exploratory phases, and then correctly delineate the 'discovery area' strictly based on the PSC definition, linked to well or wells drilled in that part, without considering any subsequent discoveries (which are invalid on account of non-compliance with PSC provisions)".

Further, CAG has also made following observation regarding development cost:

"The operator submitted an 'Initial' Development Plant (IDP) in May 2004 (with estimated capital expenditure (capex) of US\$ 2.4 billion). The IDP was followed up with an Addendum to the IDP (AIDP) in October 2006 (estimated capex of US\$ 5.2 billion for Phase-I and US\$ 3.6 billion for Phase-II. We found that:

- Most procurement activities were undertaken late in line with the schedules of the IDP of May 2004. By contrast, activities in respect of items in the AIDP were initiated even before the submission / approval of the AIDP. Clearly, the development activities of the operator were guided by AIDP, rather than IDP.
- As indicated by the operator, advance action was taken to tie up vendors for timely development of D1/D3 fields in anticipation of the MC approval of the AIDP. While a view could, perhaps, be taken that such pre-approval action is at the risk and cost of the contractor, in reality, this increases the probability of such approvals becoming a fait accompli.

Since approval of estimates does not constitute acceptance of the cost projections of the operator, validating the cost incurred by him can be done only after audit of the actual cost through proper norms. Part of the expenditure in respect of individual items under AIDP incurred during 2006-07 and 2007-08 has been audited. Remaining expenditure incurred from 2008-09 onwards will be covered in future audits".

The report of the CAG has been referred to Public Accounts Committee (PAC) and the same is under consideration of the PAC

#### **Availability of gas at Godawari and Cauvery basins**

1508. SHRI T.K. RANGARAJAN: Will the MINISTER OF PETROLEUM AND NATURAL GAS be pleased to state:

- (a) the total estimated availability of gas in the Godavari basin;

- (b) whether there is any scope of availability of gas in Cauvery basin; and
- (c) the States which are getting gas from Godavari basin?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI R.P.N. SINGH): (a) Directorate General of Hydrocarbons (DGH) under this Ministry has reported that currently, gas is being commercially produced from Rawa Field, operated by M/s Cairn Energy India Limited (CEIL) and D1, D3 and MA fields in KG-DWN-98/3 block, operated by consortium of M/s Reliance Industries Ltd. (RIL) and NIKO Resources Limited (NIKO) in Krishna-Godavari Basin under the Production Sharing Contract (PSC) regime. Further, the Field Development Plan (FDP) for Deen Dayal West (DDW) discovery in KG-OSN-2001/3 block, operated by Gujarat State Petroleum Corporation Limited (GSPC), has been approved and the field is currently under development. The balance recoverable 2P (Proved + Probable) gas reserves of these fields, as on 01.04.2011, as per approved FDPs, are as under;

Rawa : 0.385 Billion Cubic Meter (BCM)

KG-D6 ( D1, D3 and MA) : 290.946 BCM

KG-OSN-2001/3 : 30.014 BCM

(b) In case of Cauvery Basin, currently, gas is being commercially produced from PY-1 Field, operated by Hindustan Oil Exploration Company Limited (HOEC) under the

PSC regime. The balance recoverable 2P (Proved + Probable) gas reserves of the field, as on 01.04.2011, as per approved FDP, is as under:

PY-1 : 6.498 BCM

In another field, PY-3 in Cauvery basin, operated by M/s Hardy, currently there is no commercial sale of gas due to non-availability of gas transportation pipeline. The balance recoverable 2P gas reserves in this field as on 01.04.2011 is about 0.956 Billion Cubic Meter, as per approved FDP.

(c) The Gas produced by ONGC and Cairn Rawa and Rawa Satellite field in Krishna Godavari Basin is consumed locally in Andhra Pradesh whereas gas produced from KG-D6 Blocks consumed in States like Andhra Pradesh, Gujarat, Maharashtra, Madhya Pradesh, Delhi, Uttar Pradesh, Rajasthan and Haryana.

#### **Increase in prices of gas from KG basin**

1509. SHRI K.N. BALAGOPAL: Will the MINISTER OF PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether Government is considering any proposal to increase the price of natural gas from KG basin; and
- (b) if so, the details thereof?