

**Levying of penalty on RIL**

\*245. SHRI RAM KRIPAL YADAV: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government has levied a penalty of Rs. 6600 crore on Reliance Industries Limited (RIL) for shortfall in production of gas from their KG-D6 Gas Basin;

(b) if so, whether Government has received this amount; and

(c) if not, the details of action taken in this matter so far?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI M. VEERAPPA MOILY): (a) No Sir. No penalty has been levied by Government of India (GOI) on RIL. However, GOI has disallowed cost recovery of \$ 1.005 billions for following reasons. Production of gas from D1 and D3 fields of KG-DWN-98/3 (KG-D6) block is not in line with the Management Committee (MC) approved Addendum to the Initial Development Plan (AIDP). The Contractor has failed to adhere to the approved AIDP both in terms of drilling and putting on stream the number of wells and the gas production rate. As a result, the actual cumulative gas production from D1 and D3 fields upto 31.03.2012 was 1.584 Trillion Cubic Feet (TCF), as against the projected cumulative gas production of 2.030 TCF as per approved AIDP for the same period. According to Directorate General of Hydrocarbons (DGH), the decline in gas production from KG-D6 block is due to the following reasons:

- (i) Out of a total 18 gas producer wells in D1 and D3 fields, 6 wells have ceased to produce gas due to water loading/sand ingress in wellbores.
- (ii) Out of 6 oil/gas producer wells in MA field, 2 oil/gas producers have ceased to flow oil/gas due to water ingress in wellbores.
- (iii) Non drilling of the required number of gas producer wells in D1 and D3 fields by the Contractor in line with the Addendum to Initial Development Plan (AIDP) approved by the Management Committee (MC).

Further, the Contractor has submitted the following reasons for less gas production as compared to AIDP of D1 and D3 fields:

- (i) Considering the reservoir behaviour based on existing wells in main

channel area, as well as the reservoir characteristics in overbank areas of D1 and D3 fields, any additional wells in D1 and D3 fields, may not help improve either production rate or recovery.

- (ii) Substantial variance in Reservoir Behavior and Character has been observed *vis-a-vis* the prediction, and there seem to be reservoir constraints in achieving the gas production rates.
- (iii) Pressure decline is several times higher than originally envisaged.
- (iv) Early water production in some of the wells was not predicted in initial reservoir simulations, though overall field water production is small.
- (v) The Contractor's inability to firm up appropriate drilling locations on plea of geological complexities.

Government have not accepted the contention of the contractor and therefore, in May 2012, had ordered proportionate disallowance of cost of production facilities amounting to US \$ 1.005 Billion. RIL, the Operator of KG-D6 block, has initiated arbitration proceedings on the matter according to the provisions of the Production Sharing Contract and Government of India have also appointed arbitrator.

(b) and (c) The cost recovery of RIL is subject to the decision in arbitration proceedings.

#### **Power Infrastructure in Bihar**

\*246. SHRI N.K. SINGH: Will the Minister of POWER be pleased to state:

(a) the details of the installed capacity of power generation in public and private sector, State-wise;

(b) whether it is a fact that the installed capacity in all other General Category States and even in some of the Special Category States is higher than the installed capacity in Bihar;

(c) if so, whether Government is proposing to undertake any targeted measures to improve the power infrastructure in Bihar; and

(d) if so, the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF POWER (SHRI JYOTIRADITYA MADHAVRAO SCINDIA): (a) and (b) The State-wise details