

Block (G-4) located in Krishna -Godavari Basin and has also requested Court to appoint an independent agency under its supervision to establish the continuity of reservoirs and to estimate the volume of gas and also for working out gas balancing between the above reservoirs if found to have continuity.

Subsequently, ONGC and RIL, under the supervision of DGH, has appointed a third party international expert agency M/s DeGolyer & MacNaughton, Dallas, USA to establish the continuity of reservoirs across the ONGC and RIL offshore deep water blocks/areas in Krishna -Godavari Basin

Letter of award has been issued to independent third party M/s DeGolyer & MacNaughton, Dallas, USA on 03.07.2014. The company has started the work since 25th September 2014. Further course of action is dependent on the outcome of the report of the independent third party.

KG D6 operators disallowed from recovery of invested amount

435. SHRI A.U. SINGH DEO: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Ministry had disallowed KG D-6 operators from recovering 2.376 billion dollars invested to develop offshore Krishna Godavari gas fields due to which an additional profit share of 115 million dollars has accrued to Government, if so, the details thereof;

(b) the details of position taken by Government and that by the KG D-6 operators; and

(c) the steps Government proposes to undertake on the same?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN): (a) to (c) This Ministry *vide* its letters dated 02.05.2012, 10.09.2013, 14.11.2013 and 10.07.2014, had disallowed development cost based on the cumulative shortfall in production of gas *vis-a-vis* production estimates under the approved AIDP (Addendum to Initial Development Plan) for corresponding years incurred by the Contractor. The total disallowed development costs as on 31st March 2014 amounts to US \$ 2.376 billion. As a result of above disallowance of a portion of contract cost, contractor is liable to pay additional profit petroleum of USD 195,341,957 to Government for period upto the 2013-14.

The contractor of the block has invoked arbitration on this issue.

The possible alternatives for affecting the recovery of additional profit petroleum from the contractor are being worked out.