

Justice Shah Report on ONGC-RIL dispute

767. SHRI DEVENDER GOUD T.: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of complaint of ONGC that Reliance has taken its gas in KG basin and claiming compensation to the tune of ₹ 11,000 crores;

(b) whether it is also the fact that one man commission, Justice Shah, has also substantiated this;

(c) what are the reasons that Justice Shah Committee says that ONGC has no right to compensation but only the Central Government has the right; and

(d) how Government is going to resolve the issue?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN): (a) Oil and Natural Gas Corporation Ltd. (ONGC) had filed a Writ Petition No.3054 of 2014 before Delhi High Court against the exploitation and extraction of gas by Reliance Industries Limited (RIL) from ONGC Blocks praying, *inter alia*, that the Union of India and Directorate General of Hydrocarbons (DGH) be directed to appoint independent agency to establish continuity of reservoirs across the two blocks of ONGC and RIL and for gas balancing in accordance with the provisions of Oilfield (Regulation and Development) Act, 1948 (the Act) and Petroleum and Natural Gas Rules, 1959(PNG Rules) and provision of Production Sharing Contracts (PSC), and if ONGC is found entitled by the independent agency, RIL be directed to submit full accounts of the gas produced and to be produced and sold and to be sold and the values thereof and undertake to pay ONGC as may be determined. On agreement by both ONGC and RIL, an independent third party DeGolyer and MacNaughton (D&M) was appointed to go in the issue of migration and production of gas from ONGC to RIL blocks. The D&M submitted its report, *inter alia*, concluding the connectivity and continuity of reservoirs and migration of gas. To consider in depth the report submitted by D&M and recommend the action to be taken by the Government thereon considering legal, financial and contractual provisions including Oilfields (Regulation and Development) Act, P&NG Rules and concerned PSCs etc. and to quantify the unfair enrichment, the Government appointed single member Committee consisting of Justice A P Shah, retired Chief Justice of Delhi High Court.

(b) to (d) The Committee had in its Report concluded *inter alia*, that there has been unjust enrichment to the Contractor of the block KG-DWN-98/3 due to production of the migrated gas from the ONGC's blocks KG-DWN-98/2 and Godavari PML. The Shah Committee has concluded that the Government of India, and not

ONGC, is entitled to claim restitution from RIL for the unjust benefit it received and unfairly retained. ONGC has no locus standi to bring a tortious claim against RIL for trespass/conversion since it does not have any ownership rights or possessory interest in the natural gas. Shah Committee has relied on the Article 27 of the PSC that “the Government is the sole owner of the petroleum underlying the contract area and shall remain the sole owner of petroleum produced under the PSC”, and also the judicial support in the judgment of the Supreme Court in *RNRL vs RIL*, (2010) 7 SCC 1. Thus, the Committee held that ONGC, till the time it produces gas from its block, has no legal or possessory right in the gas under its surface and contract area. The gas continues to belong to the Government of India.

Government has accepted the recommendations of the Committee and consequently, through its notice dated 3rd November, 2016 directed RIL to remit an amount of USD 1,552,071,067 (computed provisionally) being net amount of restitution receivable along with interest upto 31.3.2016 and USD 174,905,120 towards the revised additional cumulative Profit Petroleum receivable upto 31.3.2016 to the Government within 30 days from the date of receipt of the notice. RIL *vide* its Notice of Arbitration dated 11.11.2016 has invoked arbitration disputing the claim of the Government of unjust benefit and restitution claimed in the aforesaid Ministry's notice.

Increase/decrease in petroleum prices

†768. SHRI P. L. PUNIA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of the increase/decrease in rates of petrol, diesel, petroleum gas, natural gas, kerosene in retail market effected in last two years and the number of times these were effected;

(b) the number of times and quantum of increase or decrease in the prices of crude oil in international market, the details thereof;

(c) the quantum of total increase or decrease of tax/tariff on above products in last two years and the quantum of subsidy given thereof; and

(d) the amount of total loss occurred due to delay in making strategic reserve of crude oil, the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN): (a) The details of revision in the Retail Selling Prices (RSP) of Petrol, Diesel, PDS Kerosene and Domestic LPG, at Delhi, since 1st April, 2014 are given in Statement-I (*See below*).

† Original notice of the question was received in Hindi.