

No. O-19025/25/2003-ONG-D- V/C.No. 1783

Government of India
Ministry of Petroleum & Natural Gas
Shastri Bhawan, New Delhi,

Dated 23rd August, 2010

To

Shri S.K. Srivastava
Director General
Directorate General of Hydrocarbons
C-139, Sector-63
Noida- [UP] 201301

Sub: Monitoring/examination of the proposals submitted by the contractors
under the Production Sharing Contracts (PSCs) -- reg

Sir,

As you are already aware that the main objective of delegation of powers to DGH is to utilize their technical expertise for better management of petroleum reservoirs and to help them function as a repository of relevant technical data. As far as the issue of examination of proposals relating to Production Sharing Contracts [PSCs] is concerned, the role of the DGH is to evaluate the merit of the proposal from technical criteria and make recommendations as per PSC provisions to the Government on the technical merit/practicality of the case.

2. It may be noted that the matters involving policy decisions and matters beyond the scope of PSC are required to be referred to the Ministry for decision. However, while referring such proposals to the Ministry, the pros and cons of the proposal, including the possible/estimated financial implications should also be specifically mentioned by the DGH.

3. However, recently, it has been noticed that the proposals of operators/contractors which are well within the terms of PSC are also being referred to the Ministry for taking appropriate view in the matter, sometimes without mentioning the relevant PSC provisions and specific DGH recommendations. Further, it has also been observed that the proposals submitted by the contractors involving PSC violations/deviations etc are being sent to the Ministry without a comprehensive examination of issues involved and sometimes, without suggesting the action required to be taken by the Govt for such violation/deviation from the PSC.

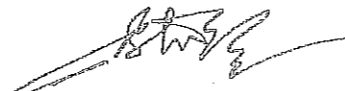
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4. DGH is, therefore, advised to evaluate the merit of the proposal from technical criteria and make specific recommendations as per PSC provisions to the Government on merit of the case. DGH is also advised to adhere to the instructions mentioned in para (2) and (3) above, in all the proposals to be forwarded to the Ministry for consideration/decision, so as to take appropriate and effective decision in the matters.

5. This issues with the approval of competent authority.

Yours faithfully,



(Partha S. Das)
Director (Exp-II)
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