

ORDERS & NOTIFICATIONS

1.3 Supplementary Guidelines for laying petroleum product pipelines notified on 26-10-2004.

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS

NOTIFICATION

New Delhi, the 26th October, 2004

Supplementary Guidelines for Laying Petroleum Product Pipelines

F.No.P-20012/5/99-PP/OR-II. — In continuation of notification F.No.P-20012/5/99-PP dated 20.11.2002 of the Government of India, Ministry of Petroleum and Natural Gas published in the Gazette of India Extraordinary, Part I – Section I, regarding Guidelines for Laying Petroleum Product Pipelines, the Government of India are pleased to issue, in public interest, the following supplementary guidelines for pipelines falling under category 1 (iii) of the aforesaid guidelines 20.11.2002.

Common Carrier Capacity

1. The "common carrier" capacity to be built under para 3.4 of the Guidelines for Laying Petroleum Product Pipelines notification F.No.P-20012/5/99-PP dated 20.11.2002 provides the right of first use to any party other than the owner/proposer, throughout the life of the pipeline.
2. In the event that capacity is available out of the common carrier capacity, the owner/proposer may utilise the same with the stipulation that should any other party seek transportation through common carrier capacity, the owner/proposer would vacate and make available common carrier capacity up to the designated level immediately.

Time Frame For Completion of Pipeline

3. Pipeline project will be required to be commissioned within the time period provided in the sanction/approval letter, which shall have an outer limit of 36 months from the date of sanction/approval.

Bank Guarantee

4. The owner/proposer will be required to furnish an irrevocable bank guarantee of an amount equivalent to 2% of the project outlay or Rs.2 lakhs per kilometer of pipeline proposed, whichever is higher, as a guarantee for commissioning the pipeline project as per the approved time schedule. The irrevocable bank guarantee shall be encashable any time after 36 months from the date of the sanction/approval and will be dischargeable only on advice of the Government. If the completion of the project is delayed beyond 36 months from the date of sanction/approval of the project, then the bank guarantee may be invoked.
5. The ROU acquisition would be commenced after execution of Bank Guarantee and its deposit with the Government.

6. The Bank Guarantee may be deposited within 30 days of issue of sanction letter failing which sanction letter would stand withdrawn.
7. The bank guarantee will be discharged on commissioning of the pipeline within the time period specified and satisfactory compliance of conditions imposed through the sanction/approval letter.

Competent Authority for Acquiring ROU

8. Only serving Government Officers will be considered for working as Competent Authority under the Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962.

Transfer of Ownership

9. Where a pipeline implementing company is a subsidiary company and has been granted sanction/approval letter on the basis of its holding/parent company's balance sheet, permission of Ministry of Petroleum and Natural Gas will be required to be obtained prior to any change in management/majority holding in such pipeline implementing subsidiary.

Eligibility of Players Seeking Capacity in a Pipeline Project

10. Any party may approach the proposer to seek capacity in a pipeline project for which an EOI has been issued under Guidelines for Laying Petroleum Product Pipelines notification F. No. P-20012/5/99-PP dated 20.11.2002. Eligibility of parties seeking capacity will not be limited on the grounds that the party, seeking capacity is neither a refinery nor possessing any marketing rights.

Miscellaneous

11. These supplementary guidelines may be read in the context of the earlier guidelines of 20.11.2002. Ministry of Petroleum and Natural Gas shall have the power to issue clarifications or directions for smooth implementation of the Guidelines /Supplementary Guidelines

PRABH DAS, Jt. Secy.