

F.No. O-22013/17/2015-ONG.DV
Ministry of Petroleum & Natural Gas
Shastri Bhavan

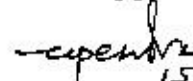
Dated:15th December, 2015

OFFICE MEMORANDUM

Block KG_DWN-98/2 has been operated by Oil and Natural Gas Commission (ONGC) since 2005. ONGC also has a nomination block (Godavari PML) adjacent to the block KG-DWN-98/2. Block KG-DWN-98/3 (KG D6) operated by Reliance Industries Limited (RIL) has a common boundary with the block KG-DWN-98/2 as well as Godavari PML block. KG-DWN-98/3 (KG D6) is under production since 2009 whereas the Field Development Plan for the block KG-DWN-98/2 is yet to be approved. ON 22.7.2013, ONGC wrote to the Director General of Hydrocarbons (DGH) that there is a evidence of lateral continuity of gas pools of the ONGC blocks with KG D6 pools. After various discussions between ONGC, DGH and RIL, ONGC and RIL jointly appointed M/s DeGolyer and Mac Naughton (D&M) to carry out a third party study.

2. D&M have subsequently submitted their report on 30.11.2015.
3. It has been decided to constitute a single member Committee comprising of Sh.Ajit Prakash Shah, Chairman, 20th Law Commission of India and former Chief Justice of Delhi High Court to look into the ongoing dispute between RIL and ONGC regarding ONGC blocks (KG-DWN-98/2 and Godavari PML) and RIL block KG-DWN-98/3 in KG basin.
4. The Committee will have following Terms of Reference:
 - a. 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 those contained in Oilfield Regulations and Development Act, Petroleum and Natural Gas Rules and concerned Production Sharing Contracts (PSCs) etc;
 - b. To recommend the future course of action to be taken on this issue in light of the findings contained in the report;
 - c. To quantify the unfair enrichment, if any, to the contractors of the adjacent block KG-DWN-98/3 and measures to prevent future unfair enrichment to these contractors on account of gas migration and to recommend action to be taken to make good the loss to ONGC/Government on account of such unfair enrichment to the contractors;
 - d. To consider the acts of omission and commission, if any, on part of the stakeholders including RIL, ONGC, DGH and Government and give recommendations on them.
5. The Committee will submit its report in three months.

6. The Committee shall formulate its own procedure and may call for any records and examine any witness as it deems fit. The Ministry of Petroleum and Natural Gas shall provide necessary administrative support.


15.12.2015
(U.P. Singh)

Additional Secretary to Govt. of India

To:

1. Sh. Ajit Prakash Shah, Chairman 20th Law Commission of India and former Chief Justice of Delhi High Court
2. Sh. A.P. Sawhney, Director General of Hydrocarbons;
3. Sh. D. K. Saraf, Chairman & Managing Director, Oil and Natural Gas Corporation
4. Sh. PMS Prasad, Reliance Industries Limited, Reliance Corporate Park, Mumbai
5. Sh. Sashi Mukundan, Regional President and Country Head, BP Exploration (Alpha) Limited, Mumbai
6. Mr. Larry Fisher, M/s Niko (NECO) Ltd. Mumbai

Cc for Info:

1. PS to Hon'ble MOS (IC), P&NG
2. PPS to Secretary (P&NG)