



हाईड्रोकार्बन महानिदेशालय

पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय
भारत सरकार

DIRECTORATE GENERAL OF HYDROCARBONS

Ministry of Petroleum & Natural Gas
Government of India

DGH/CF/51/2019

23rd September 2019

The Chairman & Managing Director
Oil & Natural Gas Corporation (ONGC)
3rd Floor, Plot 5A & 5B,
Nelson Mandela Marg, Vasant Kunj,
New Delhi – 110070
Fax: 011-23383585 & 23383100

Sub: Audit Exceptions in respect of CY-ONN-2002/2 for the Years 2016-17 & 2017-18

Sir,

I am directed to refer to the report of Auditors M/s Bhaskara Rao & Co., Chartered Accountants on the subject cited above and forward the following audit exceptions for taking necessary action.

Exception No. 1: Measurement of Petroleum

As per article 13.1 of PSC, Petroleum for internal consumption for petroleum operations, flared, saved and sold from the contract area shall be measured by methods and appliances generally accepted and customarily used in modern oil field and petroleum industry practices and approved by the Management Committee and the government.

Procedures for Measurement of Petroleum is yet to be approved by the Operating Committee and Management Committee even though the commercial production has started from the financial year 2016-17 though the Operator has recently sent the measurement procedures to DGH for consideration through letter dated 18.12.2018.

DGH Comment: Operator is required to take approval of OC and MC for measurement methodology at the earliest as per the PSC provisions.

Exception No. 2: Site Restoration fund

As per Article 14.10, block has to create SRF but the same has not yet been created by the block.

DGH Comment: Operator is required to open SRF account and deposit sufficient amount as per provisions of Site Restoration Fund Scheme 1999.

Exception No. 3: Insurance

We have noted that well-MDDC 9 is covered in the Insurance for FY 2016-17; However, the same is not covered in policy effective for FY 2017-18.



We Care

DGH Comment: Operator is required to explain the reasons of audit exception and Operator is required to take appropriate coverage of all Assets including wells of the block.

General Advisories

Advisory No. 1: Mining Lease

As per Article 11.2 of PSC, application for Lease (Mining Lease) in respect of proposed development area to be submitted to relevant state government, Revised application for PML was made on 13.11.2015 to Tamilnadu Government District Collector (Geology & Mining Department, Nagapattinam), approval for the same is yet to be received.

DGH Comment: Operator is advised to follow up with the State Govt. for the issuance of PML.

Advisory No. 2: Procurement Procedure

As per the DGH Inspection report for the FY 2015-16, Exception- 2 states that ONGC has been directed by MOP&NG to get their procurement procedure approved by MC. However we have noted that though the Operator had already submitted 75th OC Resolution for getting MC approval and the same is pending for approval by MC.

DGH Comment: Operator is advised to expedite MC approval for procurement policy.

Advisory No. 3: Approval of Annual Accounts

As per Article 25.4.3, audited accounts shall be approved by the MC within 90 days from the end the year. However, we have noted that audited accounts were approved by the MC for FY 2016-17 and 2017-18 with delay of 16 Months and 4 Months respectively.

DGH Comment: Operator is advised to take approval of Annual Accounts from MC within prescribed timelines hence forth.

Thanking you,

Yours faithfully,


(Ravinder Kumar)
GM (F&A), Incharge Audit

Copy to: Mr. D.K. Ghosh, Under Secretary to the Govt. of India, MOP&NG, Shastri Bhawan, New Delhi – 110001.