



## OIL AND NATURAL GAS CORPORATION LIMITED

(Regd. Office: Jeevan Bharti, Tower II, 124, Indira Chowk, New Delhi- 110 001)

SPECIALIST GROUP, CAUVERY BASIN

10(East), CMDA Building

No: 8, Gandhi-Irwin Road

Egmore, Chennai-600 008

Phone: 044-28573020 Fax: 044-28591279

File No. ONGC/CB/SPG/Audit/DGH/Audit Exceptions/2018-19

Dated 03.09.2018

From : R. Veeramani, CG (S), Cauvery Basin, Chennai

✓ To: The Directorate General,  
Directorate General of Hydrocarbons,  
OIDB Bhavan Sector -73,  
Noida-201301(UP).

Sub: Replies for Audit Exceptions in respect of NELP blocks CY-ONN-2002/2 for years 2009-10&2010-11

Ref: 1. MOP&NG letter No O-22015/99/2013-ONG-IV/EO dated 28.11.2013, 13.06.14, 28.11.14, 09.02.17 and DGH letter DGH/CF/51/2018 dated 08.03.2018

Please find enclosed herewith the replies to the Exceptions given in the above referred letters pertaining to the NELP Blocks of Cauvery Basin CY-ONN-2002/2 for the years 2009-10 & 2010-11.

Submitted for your kind perusal.

Regards.

*(Signature)*  
(R. Veeramani)  
CG(S)

Audit Coordinator, Cauvery Basin,

Encl:

1. Replies for DGH audit Exceptions on NELP Audit

Copy for kind information to:

1. ED – Basin Manager, Cauvery, Chennai
2. GGM-Head EXCOM, ONGC, New Delhi
3. ED-Chief Internal Audit, ONGC, New Delhi
4. GM-Block Manager-I, Cauvery Basin, Chennai
5. DGM (F&A)-Head Finance, Cauvery Basin, Chennai
6. Regional Audit Head, Southern Sector, ONGC, Chennai
7. Office copy

आर. वीरमणि / R. VEERAMANI  
मुख्य भूभौतिकीविद् (धरातल) / CHIEF GEOPHYSICIST (S)  
विशेषज्ञ समूह, कावेरी बेसिन, SPG, CAUVERY BASIN  
ओएनजीसी, चेन्नै / ONGC, CHENNAI - 600 008

*(Signature)*  
R. Veeramani  
A. Kumar  
619

*(Signature)*  
Shri B. N. Nath  
04/09

70593/2018/PS-CB-215  
6/9/2018  
डायरी सं./ Diary No. ....  
तिथी / Date .....

Recd on 10/09/18  
Dr. R.C. Malhotra  
10/09/18



Block: CY-ONN-2002/2

Financial Year: 2009-10 &amp; 2010-11

Basin: Cauvery Basin

Audit Exception date: 08.03.2018

Status: Active

Clarifications to DGH Audit Exceptions on CY-ONN- 2002/2 for the FY 2009-10 & 2010-11		
Exception No.	Exception	REPLY
1	<b>Procurement Procedure</b> The Observation cannot be settled unless the approval of MC is obtained for deviation in procurement policy.	Audit observation has been noted. ONGC is in the process of obtaining MC approval for adoption of ONGC's procurement procedure.
6	<b>Exchange Rates</b> MOPNG has not given any direction on the earlier comment of DGH. Therefore, the observation cannot be settled unless the approval of MC is obtained for deviation in procurement policy or financial impact, if any, due to deviation in Exchange rates is provided in the accounts.	Audit observation has been noted. ONGC is in the process of obtaining MC approval for adoption of ONGC's procurement procedure.







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**OIL AND NATURAL GAS CORPORATION LIMITED**  
(Regd. Office: Pandit Deendayal Upadhyaya Urja Bhavan 5, Nelson Mandela Marg, Vasant Kunj, New Delhi- 110070)  
**OFFICE OF THE BLOCK MANAGER, BLOCK-I, CAUVERY BASIN**  
11 (West), CMDA Building  
No: 1, Gandhi-Irwin Road  
Egmore, Chennai-600008  
Phone: 044-28542519, Fax: 044-28591279

Letter No. ONGC/CAU/CYONN2002/2/2017

Dt.25-10-2017

To  
The Director General  
The Directorate General of hydrocarbons  
OIDB Bhavan, Plot No. 2, Sector-73  
**NOIDA - 201301.**

(Attn: Shri.R.B.Singh, Nodal officer)

**Sub: MC approval for Procurement Procedure for block CY-ONN-2002/2**

**Ref: 1. DGH/CF/51/2017 dated 4<sup>th</sup> September, 2017**  
**2. MoPNG Letter No. O-22015/38/2016-ONG-IV/EO dated 4<sup>th</sup> October, 2017**

Sir,

This has reference to the letters referred above. Vide reference sl. no.2, MoPNG has directed Operator to seek MC approval for Procurement Procedure followed by Operator for the block CY-ONN-2002/2. Operator had already submitted 75<sup>th</sup> OC resolution for Approval for Procedure for acquisition of Goods and Services vide letter No.ONGC/CAU/Block-I/ CY-ONN-2002/2 /2015 dated 10.08.2015. A copy of letter and OC resolution (Pdf file) has been enclosed. It is requested that the same may kindly be approved by MC at the earliest.

Regards,

*V. Janardhana Vema* 25/10/2017  
Janardhana Vema,  
GM (GP)-Block Manager  
Block-I, Cauvery Basin

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Request for MC approval for procurement policy of CY-ONN-2002/2 Block

From: JANARDHANA VEMA/ONGCL

To: ram.singh@ddhinda.gov.in

CC: SK9 GUPTA/ONGCL@ONGCL, ATUL BORTHAKUR/ONGCL@ONGCL, K KANTHAPPAN/ONGCL@ongcl

BCC: R VEERAMANI/ONGCL

Thursday, March 22, 2018 02:0 PM

Hide Details

Dear Sir,

Please refer to our earlier correspondences regarding MC approval for procurement policy for the Bloc CY-ONN-2002/2. Please find attached the copy of 75th OCR regarding approval for procurement policy for CY-ONN-2002/2 for your reference and immediate necessary action. Please arrange for the MC approval at the earliest.

(See attached file: OC approval for procurement procedure CY-ONN-2002by2.pdf)

Regards

Janardhana Vema

GM(Geophysics), Block Manager-I

Cauvery Basin

Attachments: (Click the filename to launch)

OC approval for procurement procedure CY-ONN-2002by2.pdf

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**From:** JANARDHANA VEMA/ONGCL  
**To:** R VEERAMANI/ONGCL@ONGCL

**Date:** Tuesday, July 17, 2018 01:10PM  
**Subject:** Fw: OCR # 99 for Adoption of Exchange rate-Block CY-ONN-2002/2

Regards

Janardhana Vema

GM(Geophysics), Block Manager-I

Cauvery Basin

----- Forwarded by JANARDHANA VEMA/ONGCL on 17-07-2018 13:13 -----

From: K SASIDHARAN123/ONGCL  
To: ram.singh@dghindia.gov.in  
Cc: JANARDHANA VEMA/ONGCL@ONGCL  
Date: 21-05-2018 14:17  
Subject: OCR # 99 for Adoption of Exchange rate-Block CY-ONN-2002/2

Sir,  
Please find enclosed copy of 99th OCR for block CY-ONN-2002/2 for Adoption of Exchange rate for the years 2009-10 & 2010-11 and for subsequent years for your kind perusal and MC review. Original copy has been sent by post.  
(See attached file: Signed OCR 99.pdf)

Regards,

Sasidharan Kinattukara

DGM (G)

Cauvery Basin

Attachments:

Signed OCR 99.pdf



NELP-IV BLOCK CY-ONN-2002/2 [ONGC (60%) + BPRL (40%)]

99<sup>th</sup> OPERATING COMMITTEE RESOLUTION Dated 21.03.2018

**Mode of Approval:** By Circulation

**Agenda:**

Adoption of Exchange rate for the years 2009-10 & 2010-11 and for subsequent years.

**Discussion:**

- DGH vide their letter dt.08-03-2018 raised audit exception regarding currency exchange rate adopted for the Block CY-ONN-2002/2 for the years 2009-10 & 2010-11. DGH suggested MC approval for adoption of the exchange rate.
- Section 1.6 of the Accounting Procedure has undergone modifications in various NELP rounds as given below, with regard to exchange rate conversion.  
Till NELP-V round, Monthly average of daily mean of the buying and selling rates as quoted by SBI (OR ANY OTHER FINANCIAL BODY AS MAY BE MUTUALLY AGREED BY THE PARTIES)  
NELP-VI Round, Monthly average of daily mean of the buying and selling rates as quoted by RBI (OR ANY OTHER FINANCIAL BODY AS MAY BE MUTUALLY AGREED BY THE PARTIES)  
NELP-VII Rounds onwards: RBI Reference Rate for the transaction day.
- Para 1.6.1 of PSC for Currency Exchange Rates of Accounting Procedure reads as below:  
"For conversion purposes between United States Dollars and Indian Rupees or any other currency, the monthly average of the daily mean of the buying and selling rates of exchange as quoted by the State Bank of India (or any other financial body as may be mutually agreed by the Parties) for the Month in which the revenues, costs, expenditures, receipts or income are recorded, shall be used. However, in the case of any single non-US Dollar transaction in excess of the equivalent of fifty thousand (50,000) USD Dollars, the conversion into US Dollars shall be performed on the basis of the average of the applicable exchange rates for the day on which the transaction occurred."
- ONGC (Operator) is following a centralized SAP system of accounting which is common for various work centers of ONGC. The system is designed to follow the daily average mean rates of SBI (for buying and selling) for the conversion of its INR transactions to USD. The same system of conversion through SAP is consistently being followed for all the Blocks allotted through various rounds of NELP. It is felt that once a policy on currency conversion is followed consistently by a company, the impact becomes negligible over a period of time.
- Therefore, Operator proposes to adopt daily average mean rate of SBI rates for currency exchange conversion of its INR transactions to USD during 2009-10 & 2010-11 and subsequent years for all transactions irrespective of value.

 



**Resolution:**

OC recommends, 'the daily average mean rates for buying and selling as quoted by SBI' for adoption of USD-INR exchange rates for the years 2009-10 & 2010-11 and for the subsequent years also for MC approval.

**Approved & Adopted by ONGC Ltd**

**OC Member (or Alternate OC Member)**

Signature : V. Jeyaraj  
Name : JANARDHANA VEMA  
Date : 21-03-2018

**Approved & Adopted by BPRL**

**OC Member (or Alternate OC Member)**

Signature : [Signature]  
Name : DANNY J BEJOY  
Date : 08-05-2018