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Government of India  
**Ministry of Petroleum and Natural Gas**  
Shastri Bhawan, New Delhi-110001  
(Off.) (Fax : 23383585 & 23383100)

File No.O-22015/ 171 /2014-ONG-IV/EO

12<sup>th</sup> February, 2015

To

The Chairman & Managing Director  
Oil & Natural Gas Corporation Limited (ONGC)  
9<sup>th</sup> Floor, Jeevan Bharti Building  
124 Indira Chowk, Sansad Marg  
New Delhi

Sub.: **Audit Exceptions in respect of CY-ONN-2002/2 for FY 2011-12 & 2012-13**

Sir,

I am directed to refer to Auditor's Reports on the subject cited above and to forward the following exception for taking necessary action:

**Exception No. 1: Chart of Accounts**

The operator has not submitted the Chart of Accounts to GOI as per PSC.

**Operator is advised to submit the Chart of Accounts and get it approved as per PSC.**

**Exception No. 2: Appointment of Auditors**

For the FY 2011-12, M/s GHG & Associates was appointed auditor in 35<sup>th</sup> Management Committee Meeting dated 18.05.2012.

For the FY 2012-13, M/s GHG & Associates, was appointed auditor in 40<sup>th</sup> Management Committee Meeting dated 12.07.2013.

For both the years audit has been completed before their appointment in Management Committee. This is violation of Article 25.4.2 of PSC.

**Operator needs to explain this non compliance.**

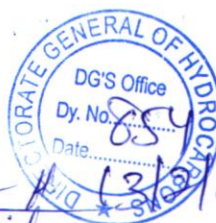
**Exception No. 3: Site Restoration Fund**

Site Restoration Fund has not been created by the operator even the operator has successfully completed the exploration phase and appraising its discovery in MD#3.

**Operator needs to explain the exception. Operator is advised to create SRF as a prudent measure.**

**Exception No. 4: Local Procurement Statement**

For both the years, the Local Procurement Statement was not submitted which is a contravention of Section 10 of PSC.



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Sh. H. C. Mathur

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Operator is advised to submit the statements at the earliest, and hence forth follow PSC timelines.

**Exception No. 6: Production Statement**

Production Statement has not been submitted by the operator that is applicable for FY 2012-13.

Operator is advised to submit Statement as applicable in a timely manner as per PSC.

**Exception No. 7: Late Submission**

On our verification of documents the Statement of Cost, Expenditure and Receipts has been submitted to DGH from 2<sup>nd</sup> Quarter of 2011-12.

However, none of the statement has been submitted within 30 days after the end of each quarter.

Operator is advised to submit all statements on time as per PSC.

**Exception No. 8: Procurement**

The operator is not having pre-approved Vender list alongwith pre-qualification criteria for specified activities (as prescribed in Appendix F of the PSC).

The operator (ONGC) procure materials & equipment on behalf of all the blocks under the companies operatorship and these are used and/or consumed for carrying out the work programme of the venture.

For services related expenditure on drilling and seismic acquisition, ONGC awards and executes centralised, umbrella contracts encompassing a large number of blocks operated by ONGC. The originating debits are captured in the JV books through service entry sheets as explained above.

Operator needs to explain this non compliance.

2. The contractor may be asked to forward their compliance reports / further comments directly to DGH within 15 days from receipt of the letter.

Yours faithfully



(Rakesh Mishra)

Under Secretary to the Government of India

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Copy to :-

DG, Directorate General of Hydrocarbons, Noida with the request to monitor the progress and to ensure compliance of the audit exception.