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# हाईड्रोकार्बन महानिदेशालय

पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय  
भारत सरकार

## DIRECTORATE GENERAL OF HYDROCARBONS

Ministry of Petroleum & Natural Gas  
Government of India

DGH/CF/51/2018

6<sup>th</sup> August 2018

The Chairman & Managing Director  
Oil & Natural Gas Corporation (ONGC)  
3<sup>rd</sup> 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 Year 2015-16**

Sir,

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

**Exception No. 1: Accrual Accounting**

(a) Exploratory drilling of well "NMAE" was completed well before 31.03.2015 inspite of that Rig Operating charge of USD 139093 was booked in the same well during FY 2015-16.

**Reply:** The Drilling for Well NMAE was completed in December 2014. During Rig Cost allocation US\$ 139093 in December 2014 was allocated less and based on Internal Audit Observation of ONGC, amount of US\$ 139093 was charged lower to well NMAE and same was allocated in April 2015 of FY 2015-16.

**DGH Comments:** Expenses related to 2014-15 need to be booked in 2014-15 only and not in 2015-16. Operator is required to do the necessary correction as per accepted accounting principles.

(b) Due to lack of internal control over consumption of materials, casing valued USD 152540 has been booked in FY 2015-16 as exploratory drilling expenditure though actual consumption was in FY 2014-15.

**Reply:** Drilling for NMAD (Side Track) well was completed on March 2015. However Material consumption was booked and accounted in April 2015 for US\$ 152540. The observation is well noted and it will be avoided in future,



We Care

**DGH Comments:** Expenses related to 2014-15 need to be booked in 2014-15 only and not in 2015-16. Operator is required to do the necessary correction in accounts.

**Exception No. 2: Procurement**

ONGC has been directed by MOP&NG to get their Procurement Procedure approved by MC. This needs to be expedited.

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The contractor is required to forward the comments to DGH within 15 days from receipt of this letter.

Thanking you,

Yours faithfully,

  
(Rupam Barua)  
HOD (CF)

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