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**OIL AND NATURAL GAS CORPORATION LIMITED**  
**FINANCE AND ACCOUNTS SECTION**  
**CAUVERY ASSET**  
**NERAVY- KARAİKAL.**  
PAN No.AAACO1598A

File No.ONGC/Cauvery Asset/DGH/Audit Exceptions/2018-19

Dated: 23<sup>rd</sup> August, 2018

From : Sub Surface Manager, Cauvery Asset, ONGC, Karaikal

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

**Sub:** Replies for Audit Exceptions in respect of NELP block CY-ONN-2002/2 for year 2015-16.

**Ref:** DGH Letter DGH/CF/51/2018 dated 06/08/2018

Please find enclosed herewith the replies to the Audit Exceptions given in the above referred letter pertaining to the NELP Block of Cauvery Asset CY-ONN-2002/2 for the year 2015-16.

Submitted for your kind perusal.

Regards,

*A. M. A. K. Maricar*  
23.08.18

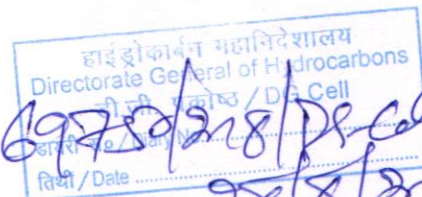
(A M.A.K Maricar)  
Sub Surface Manager(Offt.)  
Cauvery Asset,  
ONGC,Karaikal.

Encl:

1.Replies for DGH Audit exceptions on NELP Audit.

Copy for kind information to:

1. ED-Asset Manager, ONGC, Cauvery Asset, Karaikal
2. GGM-Head Excom, ONGC, New Delhi
3. DGM(F&A)-I/c Finance,ONGC, Cauvery Asset, Karaikal
4. Office Copy





Status: Active

Final Reply to DGH Audit Exceptions on CY-ONN-2002/2 for the FY 2015-16		
Exception No.	Exception	Reply
1	Accrual Accounting	
1(a)	<p>Exploratory Drilling of Well "NMAE" was completed well before 31.03.2015 inspite of Rig Operating Charge of USD 139093 "NMAE" booked in FY 2015-16 instead of FY 2014-15</p> <p><b>Expenses related to 2014-15 need to be booked in 2014-15 only and not in 2015-16</b></p>	<p>The Comments of DGH for Accrual Accounting are well noted. However the cost not accounted in FY 2014-15 was booked in FY 2015-16 for the reason that the Accounting year of FY 2014-15 has already been closed and after the additional cost booking made in FY 2015-16 the error of lower contract costs carried forward for cost recovery from FY 2014-15 was got rectified in FY 2015-16.</p> <p><b>In view of the above, the Audit Exception may be treated as settled</b> since there is no impact in Contract cost on cumulative basis and utmost care will be taken to avoid such instances in future</p>
1(b)	<p>Due to lack of Internal control over consumption of Materials, Casing Pipes valued USD 152540 has been booked in FY 2015-16 as exploratory Drilling Expenditure though actual consumption was in FY 2014-15.</p> <p><b>Expenses related to 2014-15 need to be booked in 2014-15 only and not in 2015-16</b></p>	<p>The Comments of DGH for Accrual Accounting are well noted. However the material consumed in FY 2014-15 which were not accounted was accounted in FY 2015-16 for the reason that the Accounting year of FY 2014-15 has already been closed and after the material consumption booked in FY 2015-16 the error of lower contract costs carried forward for cost recovery from FY 2014-15 was got rectified in FY 2015-16.</p> <p><b>In view of the above, the Audit Exception may be treated as settled</b> since there is no impact in Contract cost on cumulative basis and utmost care will be taken to avoid such instances in future</p>
2	<p><b>Procurement</b></p> <p>ONGC has been directed by MOP&amp;NG to get their procurement procedure approved by MC.</p> <p><b>This needs to be expedited.</b></p>	<p>Pursuant to MOPNG's letter dated 23.01.2015, the Corporate Material Management department of ONGC has issued a circular No.06/2017 dated 20.02.2017 for compliance of PSC Provisions pertaining to NELP Blocks. As per the circular, ONGC shall follow the PSC procedure for the future procurements.</p> <p>Further, for acquisition of goods and services, 75<sup>th</sup> Operating Committee Resolution(OCR) has passed on 02.04.2015. The same has been sent to DGH for MC</p>



		<p>approval on 10.08.2015.</p> <p>Copy of the 75<sup>th</sup> OC Resolution dated 02/04/2015 along with the ONGC Letter dated 10/08/2015 and 25/10/2017 is enclosed herewith as Annexure-A.</p> <p><b>In view of above, the audit exception may not be pursued further.</b></p>
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*Sh. N. K. N. N.*

75<sup>th</sup> OPERATING COMMITTEE RESOLUTION

NEP-IV BLOCK, CY-ONN-2002/2 (Madanam area)

MODE OF APPROVAL By Circulation

DT. 02-04-2015

AGENDA: Approval for Procedure for acquisition of Goods and Services

In further pursuance of Article 6.1.1 of JQA, the CY-ONN-2002/2 Joint venture block operating committee hereby agrees to the following:-

Appendix-F of the PSC lays down the objectives, principles and procedures for the acquisition of goods and services. The Operator namely, ONGC being a well established PSU in the E&P industry has well established purchase procedures for the procurement of Goods and Services which are broadly in conformity with the objectives of Appendix-F of the PSC.

By this resolution, the partners of the CY-ONN-2002/2 Joint venture block agree to the proposal of the Operator to follow its procurement practices as this allows the advantage of consolidation of requirement across several agencies resulting in larger participation of vendors and price advantage due to larger contracted volume of goods and services. The operator agrees to share the relevant documents with the partners for the purpose of transparency and audit. Any deviation in procedure from Appendix F of PSC will be brought to the notice of the OC by the Operator and approval will be sought from MC under Article 8.3(f) of PSC.

OC Member *(Signature)*  
ONGC

OC Member *(Signature)*  
BPRI





OIL AND NATURAL GAS CORPORATION LIMITED

(Regd. Office: Pandit Deendayal Upadhyaya, Ujjain Bhawan 5, Noida Mandala 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

DI-25-10-2017

Letter No. ONGC/CAU/CYONN3002/2/2017

To

The Director General

The Directorate General of hydrocarbons

QIDB Bhawan, Plot No. 2, Sector-75

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/E.O 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 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,

Janardhana Vema,  
GM (GP)-Block Manager  
Block-I, Cauvery Basin

*V. Janardhana Vema*  
23/10/2017

*Amritha*





OIL AND NATURAL GAS CORPORATION LIMITED

(Regd. Office: Jeevan Bharati, Tower II, 124, Indira Chowk, New Delhi-110001)  
OFFICE OF THE BLOCK MANAGER-I, CAUVERY BASIN

11 (West), CMDA Building  
No. 1, Gandhi-Inn Road  
Egmore, Chennai-600008

Phone: 044-28573168, Fax: 044-28591279

Ref: ONGC/CAT/Block-I/CY-ONN-2002/2 / 2015  
Date: 10.08.2015

From: Janardhana Vema, DGM(GP) Acreage Manager  
Cauvery Basin, Chennai

To : Director General, Directorate General of Hydrocarbons,  
OIDB Bhavan, Plot No.2, Sector 73, Noida -201 301

( Attn : Shri R.B.Singh, CG(S) Nodal Officer

Sub: 75<sup>th</sup> OC Resolution in respect of Block CY-ONN-2002/2

Sir,

Please find enclosed one copy of the 75<sup>th</sup> Operating Committee  
Resolution by circulation in respect of Block CY-ONN-2002/2 duly signed by the  
OC representatives of BPRIL and ONGC for your kind perusal

Regards,

Janardhana Vema  
DGM(GP), Acreage Manager  
Block-I, Cauvery Basin, Chennai.

*J. Vema*

