

Reliance Industries invokes arbitration against Centre

New Delhi, Nov. 16: Reliance Industries has slapped an arbitration notice on the government over a demand \$1.55 billion made on it for "unfairly enriching" by producing natural gas belonging to ONGC, oil minister Dharmendra Pradhan said on Wednesday.

The oil ministry had on November 3 issued a notice to RIL, Niko and UK's BP plc seeking \$1.47 billion for producing in the seven years ended March 31, 2016 about 338.332 million British thermal unit of gas that had seeped or migrated from state-owned Oil and Natural Gas Corp's blocks into their adjoining KG-D6 in Bay of Bengal.

After deducting \$71.71 million royalty paid on the gas produced and adding an interest at the rate of Libor plus 2 per cent, totalling \$149.86 million, a total demand of \$1.55 billion was made on RIL, BP and Niko.

"RIL vide its Notice of Arbitration dated November 11, 2016 has invoked arbitration dis-

■ **ORIGINALLY, ONGC had sued RIL for producing gas that had migrated from its blocks in the KG basin to adjoining KG-D6 block of RIL**

■ **DELHI High Court, directed the government to appoint committee to look into the issue**

puting the claim of the government of unjust benefit and restitution claimed in the aforesaid ministry's notice dated November 3, 2016," he said in a written reply to a question in Rajya Sabha.

RIL is the operator of KG-D6 block with 60 per cent interest while BP of UK holds 30 per cent stake. The remaining 10 per cent is with Canada's Niko Resources.

Pradhan said the one-man AP Shah Committee has submitted its report on dispute regarding oil and gas blocks in KG Basin on August 28.

"The Committee had in

its report concluded inter alia that there has been unjust enrichment to the contractor of the block KG-DWN-98/3 (KG-D6) due to production of the migrated gas from ONGC's blocks KG-DWN-98/2 and Godavari PML," he said.

The government, he said, has accepted the recommendations of the committee and consequently, it has been decided to claim restitution from RIL-BP-Niko for "the unjust benefit received and unfairly retained."

"A notice in this regard has been issued by the Ministry on November 3, 2016. The government through this notice has directed RIL to remit an amount of \$1,552,071,067 (computed provisionally) being net amount of restitution receivable along with interest up to March 31, 2016," he said.

The government, he said, is also pressing RIL to pay \$174.9 million of additional profit petroleum after certain costs were disallowed because of KG-D6 output being lower than targets. — PTI