

Govt wins \$1bn price dispute with RIL, BG

Sanjay Dutta
& Pradeep Thakur | TNN

New Delhi: The government has won an international arbitration involving potential claim of more than \$1 billion, initiated six years ago by Reliance Industries Ltd and the Indian arm of BG (formerly British Gas) following a gas price and royalty dispute in the Panna-Mukta and Tapti fields off the Mumbai coast.

In a 1,000-page verdict on October 12, the London-based arbitration panel rejected RIL-BG's main demands for higher cost recovery limit and certain deductions while calculating wellhead price of gas, all of which have a direct impact on their revenue.

An oil ministry functionary confirmed the develop-

CASE FROM 2010

► RIL & British Gas (acquired by Shell) have **30% stake** in Panna-Mukta and Tapti fields

► Arbitration initiated in Dec 2010 as RIL-BG and govt differ on **price of gas and royalty**

► In 1,000-page verdict, London panel rejects RIL-BG's demands for **higher cost recovery limit and deductions** in calculating gas price

ment but declined to elaborate. Officials aware of the development said initial feedback indicated a favourable outcome for the government on major issues.

► **RIL reviewing award: P8**