

CAG raps ONGC for misuse of funds: Says Besides Poor Planning & ...

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Says Besides Poor Planning & Monitoring, Oil Explorer Lacks Even Norms, Benchmarks

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planning, lack of foresight and co-ordination in decision-making besides sloppy monitoring of work during the 10th Plan.

To begin with, CAG has told the oil ministry, failure on the part of ONGC to drill the number of wells "resulted in payment of Rs 124 crore penalty and an expenditure of Rs 368.89 crore that was rendered unfruitful". Delays in hiring rigs meant putting off drilling of eight deepwater wells. Not hiring two additional rigs led to a backlog of 18 wells and an extra expenditure of Rs 886.81 crore, while



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ONGC failed to monitor drilling operations and maintain estimates. Analysis of 35 wells revealed that "actual

cost of drilling the wells was Rs 3,286.57 crore against estimates of Rs 2,482.55 crore partly because the company had not established norms and benchmarks for work completion...It diverted its own deepwater rig to shallow

waters, foregoing a saving of Rs 2,775 crore."

Pointing to lack of coordination among various divisions, CAG said ONGC drilled six of the 16 wells committed in the original grant period of four years in nine acreages it got without bidding. It repeatedly bought more time by paying Rs 15 crore each time but still failed to drill the committed number of wells in two blocks. In March 2007, it surrendered one of the two blocks after incurring an expenditure of Rs 111.38 crore.

Scrutiny of 10 contracts for seismic surveys, CAG said, showed ONGC's lack of foresight in chartering and mobilising specialised vessels and the firm lost significant part of the working season in six deals. This led to delays in acquisition, processing and interpretation of seismic data in six contracts and it had to pay extra money to remobilise vessels in one instance.

"In addition, award of contract to a financially unsound party led to slippages in minimum work programme commitments."