

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

STARRED QUESTION NO:312

ANSWERED ON:17.08.2006

GAS FROM COAL FIELDS

Chavda Shri Harisinh Pratapsinh;Rao Shri Kavuru Samba Siva

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) the prospects of finding gas in and around coal fields in different states;
- (b) the nature and amount of royalty and its sharing among the stakeholders under the terms and conditions of the exploration bids and subsequent contracts;
- (c) whether the Government has received representations from various quarters to review the existing oil/gas exploration policy;
- (d) if so, the details thereof; and
- (e) the action taken by the Government thereon?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI MURLI DEORA)

(a) to (e):- A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (e) OF THE LOK SABHA STARRED QUESTION NO312 BY SHRI K. S. RAO AND SHRI HARISINGH TO BE ANSWERED ON 17.08.2006 REGARDING `GAS FROM COAL FIELDS`.

(a) The coal fields at deeper levels are estimated to have coal bed methane gas trapped in coal seams. The Government of India has formulated a Coal Bed Methane (CBM) Policy in 1997 for extraction of this gas. Till date the Government has signed 16 contracts for exploration and production of CBM gas in the States of Chhatisgarh (1 block), Gujarat (1 block), Jharkhand (5 blocks), Madhya Pradesh (3 blocks), Rajasthan (2 blocks), Maharashtra (1 block) and West Bengal (3 blocks)

(b) The contracts provides for payment of royalty @ 10% in accordance with Petroleum & Natural Gas Rules, 1959 to the respective State Governments and in addition they are required to pay production level payments as specified in the respective contracts.

(c) to (e) No representations have been received from the State Governments to review the existing oil/gas exploration policy. However, some of the State Governments had represented to the Central Government for sharing of production level payments and profit petroleum share payable to the Central Government under the contracts for sharing with the respective State Governments. Based on the recommendations of the 12th Finance Commission, the Central Government has accepted the sharing of production level payment and profit petroleum payable to the central Government with the respective State Governments in respect of onland Blocks in ratio of 50:50 subject to the condition that this should be within the overall ceiling of transfers recommended by 12th Finance Commission (38% of the gross revenue).