

OFFICE OF THE LEADER OF OPPOSITION
Gujarat Vidhansabha, Gandhinagar.

Press Note

20th Oct, 2011

- **Why LNG terminal is not being set up in Pipavav where GSPC is building a gas based power plant? What is the rationale for having a LNG terminal in Mundra? Is this being done to promote Adani Group at cost of State Exchequer?**
- **Why has GSPC has turned its focus to Egypt for oil and gas explorations ?**
- **KG Basin which was its focal point till now suddenly dumped?**
- **In 2005, even when it was known that there was no such possibility chief minister Modi had knowingly made tall FAKE CLAIMS of 20 TCF GAS reserves in KG basin.**
- **After spending 7000 crores of public money nothing has come out so far. As per our information, upright bureaucrats have already made it clear in the presentation before the CM that the reserve in the KG basin does not exceed 2 TCF.**
- **Without following the plan drawn by its technical Canadian partner GeoGlobal Resources, GSPC kept on drilling dry wells at an expense of 280 million of dollars through the rigs hired from Ruias of Essar. Rigs were hired without any tendering to ensure that favoured supplier keep on earning and they were deployed to drill at locations where it was not possible to find gas. Shaddy consultants were appointed to ensure that favourable reports are drafted to continue drilling in the wrong fashin.**
- **The CM, known for his obstinacy is not in a mood to relent.**
- **Even The estimate of 2 TCF certified by the DGH was obtained from the then Director General of hydro carbons, through manipulations by nefarious means including hiring out a property belonging to the said official in Delhi for the astronomical figure of Rs two lakhs per month by GSPC Ostensibly for its guest house in Delhi.**
- **Why are project partners of GSPC always selected without proper bidding process. Be it Adani or Geo Global or Swan Energy?**
- **How Adani is selected as partner for Egypt blocks and LNG terminal when he is litigating against the GUVNL to terminate 1000 MW PPA.**
- **After five years of that public announcement, there is no sign when the commercial production will begin and when the gas would come to Gujarat.**
- **I also demand full disclosures and white paper on GSPC's dubious projects and deals in India and abroad .**
- **CAG should audit the accounts and major decisions of the GSPC .**

After wasting over Rs 7000 crore public money in much hyped Deendayal block in KG basin, Gujarat government's notoriously corrupt GSPC which has a history of a shady deals has now shifted its focus from KG basin to Egypt for explorations and Mundra for LNG terminal. This move also smacks of corruption and kickbacks.

After miserable failure in bringing KG basin gas in Gujarat, GSPC in Egypt, where the company has got five blocks for oil and gas, has launched exploration activities off Egyptian shore and hired out rig "Noble Paul Romano" at a daily rate of USD 3.25 lakh for 180 days for one well and extendable for more wells. Needless to say that GSPC's partner for this project is Chief Minister Narendra Modi's blue eyed Adani group. Shocking fact is that Adani is litigating against Gujarat Government's GUVNL to terminate 1000 MW PPA and still Gujarat Government continues to shower him with lucrative deals. GSPC has 60 % stake while remaining 40 % share is held by Adani while other details of the nature and terms of agreement and projects are under wraps. (rig will cost USD 58500000). The reason for launching exploration activities is that as per the agreement with the Egypt government, which awarded the blocks to this corrupt entity, GSPC has to carry out certain amount of exploration and drilling works and failing which, over 500 crore bank guarantee will be forfeited. Why such faulty agreement was inked that has such provision of forfeiting bank guarantee amount?

I suspect huge corruption in this entire project and demand full disclosures of the agreements between GSPC, which is a Gujarat government company and is run with the money from the state exchequer, and Egypt government, and between GSPC and Adani group. How Adani was selected as partner in this project? Was there any bidding or sole criteria for selection was Adani's now infamous nexus with the Chief Minister? Gujarat Government's policy seems to be gain to Adani at the loss of state exchequer. Modi and Adani's romance is not limited to supply of PNG and CNG in Ahmedabad and exploration in Egypt, it is flourishing elsewhere also. The LNG terminal being planned by the GSPC at Mundra is another deal wherein this shameless government is considering offering 50% partnership to Adani group. In 2007 Vibrant Gujarat summit, an MoU was signed for LNG terminal for which shareholders were 50 % GSPC, 25 % Adani and 25% Essar group. Subsequently, Essar has backed out and now the government and GSPC are revising parameters for this 4000 crore project to offer remaining 25 % also to Adani so both GSPC and Adani can be 50:50 partners. Why the Gujarat government and GSPC are not inducting any central PSU or state PSU for remaining 25% stake? Why it should not be given to public or any other financial institution?

The GSPC and Gujarat government's move to consider offering remaining share to Adani smacks of corruption and under table deal. The LNG terminal being planned by GSPC in Kutch district is another effort in this direction. In a hush hush affair, the RS 4000 crore Kutch based LNG terminal project parameters are being revised to make the Adanis its 50% partner and to entrust the development work to the Adanis without tender and on nomination basis so that it can pocket inflated project development expenditure and share it with those who facilitate such an arrangement. Secondly, why GSPC has not invited bids to award development works for building LNG terminal? Would that works also be given to Adani group on nomination basis? To make the fund siphoning easier, the sensitive project was decided to shift in earth quake prone Mundra from Pipavav. Till now, hundreds of crore has been invested/ wasted in the name of leveling land without inviting tenders.

Few years ago 'Modi Magic' promised that soon gas from the K G basin gas blocks being explored by the Gujarat Petroleum Corporation(GSPC) would flood Gujarat and every household in Gujarat has only to invest in a chakli (tap) to partake of the bounty. The chaklis have rusted and can now be thrown away. Amid much thumping of chest and bravado, it was announced that the GSPC held blocks in the KG basin had reserves to the tune of 20 TCF (20 trillion cubic feet), which would make Gujarat the Gas capital of the world. Unfortunately GSPC is one cess pool of corruption and wayward mismanagement of public funds, be it the gratuitous induction of GEO GLOBAL and others as partners in profit in the project without any corresponding obligation to invest in the exploration and development expenditure or paying for drilling that did not take place or was not needed and undertaken just to fill up the logs to make false claims.

GSPC has managed to keep the details of its murky operations away from public scrutiny by deviously twisting the provisions of the RTI act.. Any question raised to GSPC under the RTI act is brushed away under the pretext that all matters are what are called 'commercial confidence' and cannot be shared.

In the end it may turn out that the Modi speak on KG basin Gas was just that, lot of Gas and no natural gas would ever flow out of the KG basin and the enormous expenditure incurred there totaling more than Rs 7000 crore so far and the Rs 2000 crore now being spent on platforms and other facilities a terrible wastage of money being spent for the sake of spending so that huge cuts can be made by those who manage and controls GSPC all the way up to the highest authority in the state.

To,
The Editor,

Hon'ble Leader of Opposition has requested to kindly publish this press note in your esteemed newspaper.

(J. J. Rasanía)
Personal Assistant