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**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**

**End Semester Examination, May 2018**

<b>Program</b>	<b>: B.A.L.L.B. (Energy Law)</b>	<b>Semester</b>	<b>: VIII</b>
<b>Subject (Course):</b>	<b>Oil &amp; Gas Law &amp; Policy (Downstream)</b>	<b>Max. Marks</b>	<b>: 100</b>
<b>Course Code</b>	<b>: LLBD 412</b>	<b>Duration</b>	<b>: 3 Hrs</b>
<b>No. of pages</b>	<b>: 2</b>		

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**Section A-Objective type, any five (5 x 2 = 10 marks)**

- 1) What do you understand by the downstream oil and gas sector, and how is it different from the upstream?
- 2) Name some of the key private and public sector players in the downstream sector?
- 3) What is Administrative Pricing Mechanism?
- 4) What do you understand by the concept of common and contract carrier?
- 5) What do you understand by the “take or pay” concept used in the gas transportation agreement?
- 6) What are the three different classification of Petroleum identified under the Petroleum Act, 1934?

**Section B-Short answer type Conceptual questions (2 x 10 = 20 marks).**

**A choice of question is allowed between question No 1 or 2, question No 3 is compulsory**

- 1) Under which provisions of the Constitution of India do the Center Government and the State Government have the power to enact with respect to petroleum and gas? What is the intention of such structure of power? Critically analyse  
Or
- 2) How did the Supreme Court in the case of Association of Natural Gas vs Union of India bring out the distinction between the power of the Central Government and the State Government with respect to petroleum and gas? Critically analyse
- 3) What are the licensing requirements with respect to storage, import and transport of petroleum, and which entities are exempted from such requirements?

**Section C-Analytical questions, any two (2x 10 = 20 marks)**

- 1) Critically analyse, how the Policy for “Development of Natural Gas Pipelines and City or Local Natural Gas Distribution Networks” proposes to produce a more competitive and efficient industry structure?

- 2) Why is there a need for a regulator to regulate the downstream oil and gas sector? Is the market forces not adequate to take care of any anti-competitive concerns? Critically analyse
- 3) Why are there so few private oil marketing companies in the downstream oil and gas sector in spite of removal of APM and 100% FDI?

**Section D - Application based, all (5 x 10 = 50 marks)**

In October 2009, Great Eastern Energy Corporation Limited (“GEECL”) informed PNGRB that it was setting up a dedicated pipeline for supply of CBM gas to their customers. In January 2010, PNGRB informed the company that the pipeline did not fall under the category of a dedicated pipeline. GEECL was advised to apply for registration under the relevant regulations as its pipeline qualified as a common carrier. GEECL ignored such order of PNGRB. As a result an order was passed by PNGRB against GEECL imposing penalty of Rupees One Crore under Section 28 of the PNGRB Act, with an additional penalty of Rupees Two Lakhs for everyday during which the failure continued/continues after contravention of the first direction, for laying and operating a pipeline for transportation of Coal Bed Methane (CBM) gas without prior permission under Section 16 of the PNGRB Act. GEECL contended that the pipelines laid and being operated by it are not a common carrier of gas within the meaning of the PNGRB Act and it was thus not required to take any such permission. GEECL further contended that under the Production Sharing Contract for the CBM block, it has the permission to lay pipelines to supply gas to the customers. In this regard, the Production Sharing Contract permits the contractor to carry out all works related to the development of the block, including the laying of pipelines, storage, gas processing facilities, the installation of export and loading facilities and other facilities required for the development and production of gas. In view of the above answer the following:

- 1) Will the pipeline of GEECL be considered as a dedicated pipeline or a common carrier? Critically analyse in view of the PNGRB order and the existing law.
- 2) Can PNGRB decide the network tariff with respect to GEECL’s own use of the pipeline for supplying CBM gas to its customers? Critically analyse in view of the Supreme Court case of Indraprastha Gas Ltd. vs Petroleum and Natural Gas Regulatory Board & Others
- 3) GEECL further requires relevant land rights to lay, build and operate its pipelines. In this regards, how would you advice GEECL in its proposed acquisition of right of user in land? Elaborate
- 4) What will be the rights and obligation of GEECL as an entity laying, building and operating a natural gas pipelines? Critically analyse in view of the PNGRB Act and the PNGRB regulations on natural gas pipelines.
- 5) The PNGRB Act states that PNGRB will be guided by its objectives of “*competition among entities, avoiding in fructuous investment, maintaining or increasing supplies or for securing equitable distribution or ensuring adequate availability of petroleum, petroleum products and natural gas throughout the country*”. Critically analyse the relevant provisions of the PNGRB Act and the regulations thereunder, which promotes the above objective of PNGRB.

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**Section A-Objective type, all (5 x 2 = 10 marks)**

- 1) What is marketing service obligation?
- 2) What is retail service obligation?
- 3) What is a city gas distribution network?
- 5) Who is the licensing authority under the Petroleum Act, 1934?

**Section B-Short answer type Conceptual questions, all (2 x 10 = 20 marks)**

- 1) What are the relevant licensing requirements and exemptions allowed with respect to:
  - (a) storage of petroleum;
  - (b) import of petroleum and
  - (c) transport of petroleum
- 2) What power does the Constitution of India lay down with respect to petroleum and gas? Critically analyse.

**Section C-Analytical questions, all (2x 10 = 20 marks)**

- 1) How does the Government propose to enhance competition and promote public interest in the downstream sector?
- 2) Why are there so few private oil marketing companies in the downstream oil and gas sector?

**Section D - Application based, all (50 marks)**

In October 2009, Great Eastern Energy Corporation Limited (“GEECL”) informed PNGRB that it was setting up a dedicated pipeline for supply of CBM gas to their customers. In January 2010, PNGRB informed the company that the pipeline did not fall under the category of a dedicated pipeline. GEECL was advised to apply for registration under the relevant regulations as its pipeline qualified as a common carrier. GEECL ignored such order of PNGRB. As a result an order was passed by PNGRB against GEECL imposing penalty of Rupees One Crore under Section 28 of the PNGRB Act, with an additional penalty of Rupees Two Lakhs

for everyday during which the failure continued/continues after contravention of the first direction, for laying and operating a pipeline for transportation of Coal Bed Methane (CBM) gas without prior permission under Section 16 of the PNGRB Act. GEECL contended that the pipelines laid and being operated by it are not a common carrier of gas within the meaning of the PNGRB Act and it was thus not required to take any such permission. GEECL further contended that under the production sharing contract for the CBM block, it has the permission to lay a pipeline to supply gas to its customers. In view of the above answer the following:

- 1) What is a common carrier and how is it different from a dedicated pipeline? Critically analyse in view of the PNGRB order and the obligations set out in the PNGRB Act. [15 marks]
- 2) Can PNGRB decide the tariff for the dedicated pipeline? Critically analyse in view of the Supreme Court case. [15 marks]
- 3) What other approvals would GEECL be required to obtain from the relevant authorities with respect to storage, transport and supply of CBM gas to the consumers? [10 marks]
- 4) GEECL is both in the transportation and marketing of CBM/natural gas. What specific obligation and requirements will be applicable to GEECL in this regard? Critically analyse [10 marks]