

F. No 103/3/2015/NA
Government of India
Ministry of Coal
O/o of Nominated Authority.

120, F-Wing, 1st Floor Shastri Bhawan,
 New Delhi -110001, Dated - 5th December 2019

To

The Chairman cum Managing Director
 Steel Authority of India Limited
 Ispat Bhawan, Lodi Road,
 New Delhi -110 003

Also to

The Branch Manager
 ICICI Bank Limited
 Commercial Banking
 9A, Connaught Place , New Delhi-110001

Subject :- Termination of Allotment Agreement and Allotment Order in respect of Parbatpur Central Coal Mine Allotted to M/s SAIL under Coal Mines (Special Provisions) Act, 2015. .

Sir,

I am to refer request from Steel Authority of India Limited towards the surrender of Parbatpur Central Coal Mine allotted under Coal Mines (Special Provisions) Act 2015. In this regard, kind attention is invited to Clause 24.3.1(o) of the Allotment Agreement dated 26.10.2015 signed between Nominated Authority & Steel Authority of India Limited (SAIL) in respect of aforesaid Coal Mine which has been reproduced as under:-

“24.3.1. This Agreement may be terminated upon occurrence of any of the following events (each a “Termination Event”):

....(o) surrender of the Coal Mine by the Successful Bidder;”

2. SAIL vide letter dated 08.03.2018 and subsequent letters had requested for the surrender of coal mine. The Allotment Agreement (*clause*

11.1.2) mandated SAIL to enter into a Co-development Agreement with ONGC who are the Coal Bed Methane (CBM) block operator in the mining lease area of the Parbatpur Central Coal Mine, on the understanding that, the block could be simultaneously worked for extraction of coal as well as CBM. However, SAIL had stated that the terms of agreement could not be finalized between ONGC and SAIL as simultaneous operation of CBM and Coal Block is technically not feasible. Further, a "Techno-Commercial Viability Study" for the Parbatpur Central Coal Mining Project conducted by MECON on behalf of SAIL also concluded that due to bifurcation of the Coal Block, the project is not financially viable. Further, DGMS also did not grant permission for the simultaneous operation of coal mining and CBM extraction from the area same area of lease of Coal Mine.

3. In this regard, o/o Nominated Authority decided to sought the technical opinion of CMPDIL (vide letter dated 16.04.2018) on the technical feasibility of simultaneous working of CBM and Coal in the above block on the basis of the report by MECON. The CMPDIL had furnished the following comments:-

The CBM extraction and coal mining within the overlap area to be divided along Fault F5-F5 which will minimise interface and enhance safety in mining operations. ONGC will be working on the western part of the fault while SAIL will presently work in the eastern part (Phase I) and will commence its coal mining operations in the western part after completion of CBM activity approximately after a period of about 20 years in Phase-II."

"With the above arrangement, as advised by DGMS, it is technically feasible for simultaneous extraction of both CBM and coal from the block by dividing the block into two parts and extracting coal in two phases."

4. Further, keeping in view the comments of DGMS as informed by SAIL, O/o the Nominated Authority sought comments of DGMS on the said issue. The DGMS had informed that Considering the need to start CBM extraction as well as coal mining by the respective agency and safety issue of simultaneous mining of CBM and coal in overlapping area, it was suggested to divide the area along fault F5-F5 for CBM extraction and coal mining in overlapping area where M/s ONGC will be working on the Western part while M/s SAIL will be presently working in Eastern part and will commence its

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coal mining operation in Western part after completion of CBM activities which was unanimously agreed.

5. SAIL, vide letter dated 26.11.2018, was further advised to explore the possibility of developing the Parbatpur Central Coal Mine with M/s ONGC and ensure that the coal mine is developed for extraction of coal as well as CBM. However, the SAIL has reiterated that concurrent extraction of Coal & CBM, may not be feasible from technical as well as safety point of view and only feasible option may be sequential extraction of CBM, followed by Coal Mine. In the Monitoring Committee meeting held on 11.01.2019, SAIL had submitted that a report of MECON Limited over the possibility of developing the coal mine with ONGC for extraction of coal as well as CBM, would be finalized with a week. Any consequent action would be taken only after the receipt of report. Subsequent to this, a hearing was held on 28.06.2019 in MoC with the representative of M/s SAIL over there proposal of surrender of Parbatpur coal mine for a reason of technically un-viability. During the meeting, SAIL was directed to submit the report prepared by MECON Limited over the possibility of developing coal mine with ONGC for extraction of coal as well as CBM, for the review of the same by CMPDIL. However, SAIL had not submitted the said report to MoC .

6. In view of the above facts, it is to say that a very little progress has been made in the development of the coal mine and allottee has decided to surrender the coal mine.

7. Further as per clause 24.3.3 of Allotment Agreement, in case the Nominated Authority elects to terminate this Agreement, then the Performance Security and all other payments made by the Successful Bidder shall be forfeited and the Successful Bidder shall not be entitled to any benefits under this Agreement but would continue to be liable towards any antecedent liability, all obligations accrued before the effective date of the surrender/ termination and also for the obligations that must be fulfilled after termination.

राजेश कुमार सिन्हा / RAJESH KUMAR SINHA
संयुक्त सचिव / Joint Secretary
कोयला मंत्रालय / Ministry of Coal
भारत सरकार / Govt. of India
शास्त्री भवन / Shastri Bhawan
नई दिल्ली / New Delhi

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8. In view of the above, it has been decided to terminate the Allotment Agreement and Allotment Order in respect of Parbatpur Central Coal Mine. Accordingly, this letter may be treated as notice under Clause 24.3.2 of the Allotment Agreement. On the completion of notice period of 15 business days on 25.12.2019, the Allotment Agreement and Allotment Order shall stand terminated and the Allottee shall not be entitled to any benefit under Allotment Agreement but would continue to be liable towards any antecedent liability, all obligations accrued before the effective date of the Surrender/termination and also for the obligations that must be fulfilled after termination.

9. The Branch Manager, ICICI Bank Limited, Commercial Banking, 9A, Connaught Place , New Delhi, is hereby, requested to treat this notice as demand under Bank Guarantee No. 0007BGR0047618 dated 15.06.2017 and subsequently amendment on 14.12.2017, 14.06.2018, 17.12.2018, 13.06.2019 and 28.11.2019 issued by ICICI Bank Limited in favour of President of India, acting through Central Government represented by Nominated Authority, and to en-cash an amount of Rs 62,57,04,000/- (Rupees Sixty Two Crore Fifty Seven Lakh and Four Thousand only) which is the entire Guaranteed amount under the said Bank Guarantee and transfer to the account of PAO, Ministry of Coal, bank – United Bank of India, Branch Name – Connaught Circus, New Delhi, Account No. 0276050414586, IFSC Code – UTBIOCON702, MICR Code – 110027022 on 25.12.2019 for the reason of termination of Allotment Agreement.

राजेश कुमार सिन्हा / RAJESH KUMAR SINHA
संयुक्त सचिव / Joint Secretary
कोयला मंत्रालय / Ministry of Coal
भारत सरकार / Govt. of India
शास्त्री भवन / Shastri Bhawan
नई दिल्ली / New Delhi

Rajesh
05.12.19

(Rajesh Kumar Sinha)

Joint Secretary to the Government of India & Nominated Authority

1. The Chief Secretary, Government of Jharkhand.
2. Coal Controller, Coal Controller Organisation, Kolkata.
3. US (CBA-II)/US (IFD)/US (CLD), Ministry of Coal, Government of India.

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4. Pay & Accounts Officer, Pay & Accounts Office, Ministry of Coal- for necessary action.
5. The Branch Manager, United Bank of India, Connaught Circus Branch, New Delhi- for necessary action.

राजेश कुमार सिंह / RAJESH KUMAR SINHA
संयुक्त सचिव / Joint Secretary
कोयला मंत्रालय / Ministry of Coal
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