

No. 47011/7(9)/93-CPAM/CA-I
Government of India
Ministry of Coal

.....

New Delhi, the 3rd, January, 2014

To,

M/s Utkal Coal Limited
Bomikhal,
PO Rasulgarh, Bhubaneswar
Odisha - 751010

Subject : Show Cause Notice to M/s Utkal Coal Limited in respect of Ukal 'C' coal block- regarding.

Sir,

I am directed to refer to this Ministry's letter No. **47011/15/95-CPAM dated 29.05.1998** conveying allocation of **Utkal -C coal block** in pursuance of provisions of the Coal Mines (Nationalization) Act, 1973, subject to certain conditions.

2. In order to expedite the development of the coal block, review meetings were held from time to time. In the review meeting held on **11/12.01.2012** the **Committee noted that it was seen that production from the few coal blocks will be started in the year 2011- 2012 or the near future as per the indicated schedule. It is the recommendation of the Committee that the allocatees of these coal blocks be advised to start mining/ coal production in 2011-12 or as per the indicated schedule or production failing which appropriate action will be initiated.**

3. In the meantime, the Government constituted an Inter-Ministerial Group (IMG) on 21.06.2012 under the Chairpersonship of Additional Secretary (Coal), Ministry of Coal having members from Ministry of Power, Ministry of Steel, Ministry of Commerce & Industry, Department of IPP, Ministry of Law and Justice, Department of Legal Affairs, Department of Economic Affairs. The IMG has the mandate to review the progress of development of allocated coal blocks and associated end use projects and to recommend action including de-allocation, if required. The **IMG in its 22nd Meeting held on 23.10.2013**

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inter alia considered the status of the development of the Utkal C coal block prepared by the Coal Controller's Organisation (CCO) as on June, 2013 noted that no significant progress has been made by your company towards development of coal block. It has been noticed that a number of important/critical milestones are pending. The details of milestones to be achieved and the time lapsed against each milestone, as reported by the Office of Coal Controller, are given in the table below :

| Mile Stones | Schedule date of Completion | Actual date of Completion | Slippage in YY/MM (as on June.13) | Remarks | Special Observation |
|----------------------------------|------------------------------------|----------------------------------|--|--------------------------------|----------------------------|
| Purchase of GR | 13.7.1998 (45 days) | 18.9.2000 | 2Yrs 2 Months | | |
| Submission of Bank Guarantee | Not applicable | NA | | BG introduced in March.2005 | |
| Mining Lease Application | 29.8.1998 (3 month) | 15.7.1998 | - | Mining lease: 575.07 Ha | |
| Submission of Mining Plan | 29.11.1998 (6 months) | 5.12.2001 | 3Yrs 1 Months | | |
| Approval of Mining Plan | 29.1.1999 (8 months) | 23.6.2005 | 6 Yrs 5 Months | | |
| Application of Previous approval | 29.3.1999 (10 months) | 16.7.1999 | 4 Months | | |
| Granting of Previous approval | 29.4.1999 (11 months) | 26.7.2007 | 8Yrs 3 Months | | |
| Application of Forest clearance | 29.5.1999 (12 month) | 3.9.1999/28.1.2005 | 4Yrs 8 Months | | |

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|------------------------------------|--------------------------------|------------|-----------------|---|--|
| Grant of Forest Clearance | 29.11.1999 9 (18 months) | 7.10.2011 | 12 Yrs | | |
| Application EMP Clearance | 29.5.1999 (12 month) | 8.10.2005 | 6Yrs 5 Months | | |
| Grant of EMP Clearance | 29.11.1999 9 (18 months) | 5.10.2006 | 7 Yrs | | |
| Grant of Mining Lease | 29.5.2000 (24 months) | Pending | 13 Yrs 1 Month | | |
| Application of Land Acquisition | 29.12.1999 (19 months) | 6.9.2005 | 5Yrs 9 Months | Rs. 155.90 Cr. deposited towards payment of Pvt land of the mining lease including Government land for mining lease and R & R site. | |
| Completion of Land Acquisition | 29.5.2001 (36 months) | 31.12.2009 | 8 Yrs 7 Months | | |
| Application for opening permission | 29.9.2001 (40 months) | Pending | 12 Yrs 9 Months | | |
| Grant of Opening permission | 29.10.2001 (41 months) | Pending | 12 Yrs 8 Months | | |



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|-----------------|---------------------------|---------|-----------------|---|--|
| Coal Production | 29.11.2001 (42 months) | Pending | 12 Yrs 7 MOnths | OC mine including forest land. Commencement of mining operation is expected by 31.1.2014. | Grant Order of ML by Orissa Govt is the main issue, needs to be settled at the earliest. |
|-----------------|---------------------------|---------|-----------------|---|--|

Keeping in view the unsatisfactory progress, IMG recommended to issue show cause notice for delay in development of coal block. The recommendation of IMG has since been considered and accepted by the Government.

4. Under the above circumstances, you are hereby called upon to show cause, on each milestone separately to this Ministry within a period of **20 days** from the date of issue of this show cause notice as to why the delay in the development of the coal block should not be held as violation of the terms and conditions of the allocation of **Utkal C coal block** and why the block should not be de-allocated failing which it would be presumed that the your company has no explanation to offer and action as appropriate would be taken against your company for de-allocation of the said coal block.

5. You are also requested to furnish a detailed status note on the progress of end use plant(s) (EUPs) for which the above mentioned coal block was allocated to you.

Yours faithfully,


[S.K.SHAHI]
Director
Tel.23382807

COPY TO :

- (i) The Coal Controller, Coal Controller Organisation, 1- Council House Street, Kolkata.
- (ii) ✓ NIC, Ministry of Coal for uploading the letter on Ministry's website.

Coal Controller Office, Kolkata
Updated Status of Coal Block as on June.2013
(As per Status report submitted by the company)

1. Name of Company:- M/s. Utkal Coal Ltd (ICCL)
2. Name of Coal Block:- Utkal-C (Explored) OC/Pvt
3. Name of the Owner/Address etc.:- The Director, UCL, B4/147, Safdarjung Enclave, New Delhi-110 029
4. Date of Allocation:- 29.5.1998
5. Location: Talcher Coalfields. Orissa
6. Project cost :- Rs. 337.96 Cr
7. Total investment made Cr (As per CA report):- Rs.274.79 Cr. (till June 2013)
8. Reserve (Mill tonnes):- 196.347
9. Mineable Reserve:- 130.384 MT
10. Yearly rated capacity (MTPA):- 3.37
11. Grade of Coal:- E-G
12. Cost of GR:- Rs. 2.46 Cr.
13. BG Amount: - - Not applicable (BG introduced in March, 2005 for Pvt block)).
14. Type of EUP:- Captive Power
15. Location of Project:- Choudar, Cuttack. Orissa.
16. Capacity of Project:- Proposed 2 additional CPP and 1 Existing CPP
17. Explored/Un explored:- Explored
18. Type of Mine :- OC
19. Zero Date of captive block :- 29.5.1998 (As per block allocation letter)
20. Previous Recommendation, if any:- Coal Production assured to start in 2011-12 by MOC as per decision of review meeting dated 11/12.1.2012.

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| Application for opening permission | 29.9.2001 (40 months) | Pending | 12 Yrs 9 Months | | |
| Grant of Opening permission | 29.10.2001 (41 months) | Pending | 12 Yrs 8 Months | | |
| Coal Production | 29.11.2001 (42 months) | Pending | 12 Yrs 7 Months | OC mine including forest land. Commencement of mining operation is expected by 31.1.2014. | Grant Order of ML by Orissa Govt is the main issue, |

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|--|--|--|--|--|-------------------------------------|
| | | | | | needs to be settled at the earliest |
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Major Constraint faced by block allocatee

LA: -Rs. 155.90 Cr. deposited towards payment of Pvt land of the mining lease including Government land for mining lease and R & R site. Lease deed for entire Pvt land has been signed.

R & R: - Rehabilitation site with amenities completed involving outlay of Rs.8.79 Crs and 11 out of 143 families have already shifted in Rehabilitation site.

ML: Terms & conditions for grant of mining lease have already been submitted to Govt of Odisha on 14.12.2011. Govt of Odisha directed for resubmission of compliance on 8.4.13 as per new check list. Grant order for mining lease has been pending with the Depart of Steel & Mines, Govt of Odisha.

Commencement of mining operation is expected by **31.1.2014**.

Mine Closure Plan: MCP approved on 20.4.12.

Escrow Account for mine closure plan is not opened.

Constraint:- (i)The bottleneck as expressed by the company is issue of grant order and acquisition of Pvt forest land besides the grant of surface right at the level of Govt of Odisha. Govt of Odisha issued fresh check list for monitoring compliance in order to issue grant order. The same has been completed by UCL.

(ii) Section 4(1) of LA expired and a fresh application has been made and Gazette publication has been done. Govt forest land has not been leased.

EUP: Existing: 108 MW PP is running at Choudar, Cuttack. Orissa.

Expansion: 30 MW + 120 MW Phase-I & 240 MW in phase-II

- 30 MW Power Project commissioned
- 120 MW (U#1=60-MW synchronized in Dec, 2012 and U#2 60 MW was synchronized and put to use on 30.6.2013. and
- 240 MW in Dec.2014.

Project cost:_ Rs. 595.18 Cr. (120 MW)

Investment made till Sept.13:- Rs.1367.12 Cr. (as per CA report)