



PMC Cell – MM

## Oil and Natural Gas Corporation Ltd

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### **Sub: Systematic improvements to avoid Irregularities in disposal of condemned material.**

In one of the case for disposal of condemned production tubing, the actual physical quantities and weight of available condemned production tubing for delivery to the scrap buyer were considerably lower than the quantities and weight for which tender for sale of condemned production tubing was invited. Investigation revealed the following reason for wrong estimation of the material available for sale at stock yard:

- (i) Non-disposal of tubing over a long period resulting in huge accumulation
- (ii) Absence of proper documentation regarding receipt & dispatch of materials and stock of scrapped material available at stock yard.
- (iii) Improper storage of scrapped tubings.

In order to avoid reoccurrence of such instances, all concerned are advised to follow the following guidelines:

- (i) Documentation regarding receipt & dispatch of materials and stocks available at stock yards should be properly maintained on daily basis and should be verified by In-Charge on regular interval.
- (ii) Provisions existing under para 40.2.10 (b) of IMMM, stipulating that scrap should be stored in smaller lots consisting of items of similar nature and for avoiding practice to form bigger lots of material accumulated over a longer period of time should be meticulously followed.

For assessment of quantum of material, a committee may be formed at the work center, if felt necessary. A committee may be formed to assess the quantum, in case it is felt necessary by work center.


- (iii) To ensure that all scrap, metals, waste, surplus stores and equipment are properly located, handled and disposed off at the earliest, guidelines existing under para 40.1.4 and 40.2.10, should be complied with.

As far as possible, depending on the work load at work center, there should be a separate Stock holder for condemned tubular and scrap yard receipt section concerned so that accounting in SAP is done systematically.

- (iv) Weigh Bridge for weighing the items should be made available within the stock yards.
- (v) Concrete beams should be in place for proper stacking of tubulars to maintain the tubulars from deterioration and proper estimation of quantity.
- (vi) Buyer should be advised to arrange transport vehicle as per the requirement of the case, on case to case basis to ensure no pilferage happens at the time of removal of scrap from yard.
- (vii) Accounting of condemned items/lots in SAP system should be ensured in a timely manner.
- (viii) To ensure that bidder inspects the scrap materials being auctioned prior to participating in the bidding process, provisions under para 40.4.3 (f) of IMMM must be followed.
- (ix) Separate stacking should be made with respect to size, PPF of the tubing as well as for drill pipes. Identification boards should be displayed prominently.
- (x) The charge of condemned material should be taken by stock holder under scrap material code in ICE system immediately on receipt of condemned material along with duly approved recommendation of condemnation board instead of waiting till the disposal of condemned material in order to have control over condemned quantity through ICE system. In this regard provisions under para 40.1 and 40.2 of IMMM should be followed. Further, on receipt/hand-over of material to disposal cell following activities should be performed by stock holder of disposal cell:
  - (a) Find material codes already created for condemned/scrap items with first two digits as 71\*. For finding material code use transaction code ZMMMATHELP\_HQ with material type ZDIS.
  - (b) Make GR using movement 907 for material so identified and quantified. Process guides are available at t-code MIGO or VA01. Making of GR should be immediately on receipt of material by disposal stock holder.
  - (c) In case estimated quantity is more than actual quantity delivered, make adjustment in stock using MIGO -> GI -> OTHERS -> movement type 979. In case quantity delivered is more make GR for balance quantity and use same batch no. in which deliveries have been made.
- (xi) Proper record needs to be maintained mentioning the number of pipes, type and weight of drill pipes, production tubing and drill bits received at stock yards to avoid any manipulation and/or miscalculation of material lying at the yards.
- (xii) In order to prevent theft and pilferage of material in ONGC stock yards, guidelines issued vide circular No. 22/2012 dated 12.09.2012 should also be meticulously followed by all concerned.

CCTV surveillance must be restored too. Senior officer from security section should do regular motoring and surprise checks.

Above guidelines should be meticulously followed by all concerned.

  
21/9/2020  
(A.P. Tripathi)  
ED-Chief MM Services

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