

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:1236

ANSWERED ON:04.03.2010

HIKE IN PROJECT COST OF RELIANCE INDUSTRY KRISHNA GODAVARI GAS FIELDS

Roy Shri Nripendra Nath; Tirkey Shri Manohar

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Government has approved the hike in project cost of Reliance Industry Krishna Godavari Gas fields;
- (b) if so, the details thereof alongwith the details of the amount approved previously as the project cost;
- (c) the criteria adopted for assessing the project cost; and
- (d) the impact of this increase on retail power tariffs?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI JITIN PRASADA)

(a)&(b): The Field Development Plan of D1 & D3 gas discoveries in the block KG-D6 (RIL-NIKO) was approved by the Management Committee as required by the Production Sharing Contract (PSC). The investment is estimated to increase from US \$ 2.5 billion approved in the Initial Development Plan to US \$ 8.8 billion as per the Revised Development Plan. The increase is on account of increase in production volume, corresponding increases in production facilities and number of wells, and increase in global price level for E&P services.

(c): The estimated investment proposed by the Contractor was assessed based on the type and size of the production facilities, pipelines and number of wells to be drilled and completed etc.

(d): Under New Exploration Licencing Policy PSCs, pricing of gas is not linked to the cost of production of gas and therefore, change in project cost has no direct relationship to price of gas.