

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

UNSTARRED QUESTION NO:1849
ANSWERED ON:05.08.2010
BIDS FOR SALE OF NATURAL GAS
Maadam Shri Vikrambhai Arjanbhai;Mahendrasinh Shri Chauhan

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

- (a) whether Panna Mukta and Tapti Gas (PMT) joint venture partners invited the bids for sale of natural gas up to 4 mmscmd from 1st April, 2006 from various companies;
- (b) if so, the details thereof;
- (c) whether the Gujarat Petroleum Corporation Ltd. has offered the highest price for gas amongst the bidders;
- (d) if so, the details thereof;
- (e) whether the State Government of Gujarat has made representation to the Union Government to follow the rules of tender procedure and offer gas to GSPCL since their bid was the highest;
- (f) if so, the reaction of the Government thereto;
- (g) whether the Government of Gujarat has also requested the Union Government to allocate 3.15 MMSCMD gas for Pipavav project; and
- (h) if so, the response of the Union Government thereto?

Answer

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

(a) to (d): The Production Sharing Contract (PSC) signed between the Government and the Joint Venture (JV) provides that the entire gas would be sold to the Government nominee.

However, during 2004-05, Government allowed PMT JV to directly sell 4.6 mmscmd gas, while the remaining about 6 mmscmd gas continued to be supplied to power & fertilizer consumers through GAIL. Further, it was decided that the position would be reviewed at the end of the year. In the meantime, perhaps on the understanding that the gas being marketed by GAIL might be released for direct marketing to JV from 2006-07, PMT JV solicited Expression of Interests (EoI) from prospective buyers to purchase gas up to 4 mmscmd from 1st April, 2006 for a period of two years with a caveat that the JV reserved the right to decide the quantity to be sold. As informed by PMT JV, GSPC and another buyer offered the highest price for this gas. The issue of continuing gas supplies to the power and fertilizer sector consumers by GAIL beyond 31.3.2006 was reviewed in the Ministry in March 2006 and it was decided that this arrangement needed to be continued for a further period of 2 years, i.e., up to 31.3.2008, as then there were no alternative sources of gas supplies and any disruption in gas supplies would have resulted in idling of the existing assets in these important sectors.

Subsequently, it was decided in 2007 that, in accordance with the provisions of the PSC, all gas produced by PMT JV would be sold to Government nominee, i.e., GAIL, from 2008-09. Accordingly, the entire production of PMT JV is being supplied to GAIL from 1.4.2008.

(e) & (f): This Ministry had received through Prime Minister's Office a copy of the letter dated 8.3.06 addressed to the Prime Minister by Members of Parliament. As mentioned above, it has been decided in 2007 that, from 2008-09, all gas produced by PMT JV should be supplied to GAIL for marketing according to Government's directions.

(g): Yes, Madam

(h): The entire gas produced from PMT is already committed and is being sold by the Government nominee, viz., GAIL (India) Limited, to various priority sector customers. As regards gas produced from KG D-6 field, it has been decided that, subject to the availability of gas, necessary allocations from KG D-6 fields will be made to these projects as and when they are ready to commence production.