

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

UNSTARRED QUESTION NO:4344
ANSWERED ON:19.08.2010
ALLOCATION OF NATURAL GAS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Government has decided to allocate the gas produced by Oil and Natural Gas Corporation (ONGC) from KG D6 Block to the consumers;
- (b) if so, the details thereof alongwith the quantum of gas allocated and indicating the names of the allottee companies, separately;
- (c) whether the price of this gas has been fixed higher than that of the gas produced in KG D6;
- (d) if so, the details thereof alongwith the reasons therefor; and
- (e) the details of the basis for the said price fixation?

Answer

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

(a) & (b): Natural gas from KG D6 block is being produced by RIL-Niko consortium and not ONGC. However, ONGC is producing natural gas from nominated blocks in KG basin, which is being supplied to various customers, whose list is annexed.

(c) to (e): The price of Administered Price Mechanism (APM) gas has been fixed at US\$ 4.2/million british thermal unit (mmbtu) less royalty from June 2010. As regards non-APM gas produced from nominated blocks in KG basin, its price has been fixed as US\$ 4.5/mmbtu. In addition, a premium of \$0.25/mmbtu for production of non-APM gas from offshore fields has been provided, as higher investment is required in development and production of offshore fields.

The price of APM gas has been revised to cover the under-recoveries being faced by National Oil Companies (NOCs), viz., ONGC & OIL, in their gas business. The APM price has been made equal to the price approved for NELP producers, i.e., US \$ 4.2/mmbtu.

As regards non-APM gas, its price has been fixed striking a balance between the gas price which would offer incentive to NOCs to exploit new fields and requirement of customers to receive new supplies of gas at prices conforming to local market prices. The delivered price of the dominant gas in each local market has been considered as the basis for finalizing the non-APM price in that market.