

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

UNSTARRED QUESTION NO:4905
ANSWERED ON:09.12.2010
CAPITAL COST FOR PRODUCTION ON NATURAL GAS
Saha Shri Anup Kumar

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

- (a) the total capital cost approved by Director General of Hydrocarbon for production of gas in KG Basin by M/s RIL/NIKO;
- (b) the actual cost of production in dollar/mmbtu and rated daily production based on the above capital; and
- (c) the cost of components, namely, fixed and variable cost in 4.2 dollar/mmbtu fixed by the Empowered Group of Ministers (EGOM) for gas production in KG D6 Basin?

Answer

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

(a): The Management Committee (MC) has approved the Field Development Plan (FDP) of the block KG-DWN-98/3 as per terms and conditions of Production Sharing Contract (PSC).

As per the approved FDP for the D1 and D3 gas discoveries of the said block, the estimated investment is approximately US \$ 8.8 billion.

(b): As per approved FDP, the peak gas production envisaged from D1 & D3 fields is to the tune of 80 Million Metric Standard Cubic Meter Per Day (MMSCMD). The field being in development stage has not reached its peak production level. The actual cost of production can be firmed up only after the field reaches stabilized peak production stage.

(c): The Empowered Group of Ministers (EGoM) had approved a price formula for the gas produced under KG-DWN-98/3 PSC in its meeting held on 12.9.2007 for 5 years from the date of commencement of supply. The details of the formula is as under:

$SP \text{ (USD/mmbtu)} = 2.5 + (CP - 25) \times 0.15$

Where SP=Selling Price

CP=Crude Price

The cap for CP in the formula has been frozen at US \$ 60 per barrel. The price obtained from the basis/formula comes to US \$ 4.2 per MMBTU for crude oil price equal or greater than US\$ 60 per barrel.