

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

STARRED QUESTION NO:467

ANSWERED ON:06.08.2009

GAS SALE AGREEMENT BETWEEN ONGC AND GAIL

Hegde Shri Anant Kumar;Singh Shri Rajiv Ranjan (Lalan)

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

- (a) whether a Gas Sale Agreement (GSA) has been signed between the Gas Authority of India Ltd. (GAIL) and the Oil and Natural Gas Corporation (ONGC) for sale of the Administrative Price Mechanism (APM) gas produced by ONGC from its oil fields;
- (b) if so, the details thereof;
- (c) the price at which the APM gas will be supplied to GAIL as per the GSA;
- (d) whether the sale price of APM gas under GSA is much below the price charged by the privately-operated fields;
- (e) if so, the details thereof; and
- (f) the manner in which the GSA will benefit GAIL?

Answer

MINISTER OF PETROLEUM & NATURAL GAS(SHRI MURLI DEORA)

(a) to (f): A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF THE LOK SABHA STARRED QUESTION NO. 467 TO BE ANSWERED ON 06.08.2009 BY SHRI RAJIV RANJAN SINGH, ALIAS LALAN SINGH AND SHRI ANANTKUMAR HEGDE REGARDING GAS SALE AGREEMENT BETWEEN ONGC AND GAIL.

(a) & (b): A Gas Supply Agreement (GSA) for supply of Administered Pricing Mechanism (APM) gas was signed between Oil and Natural Gas Corporation Limited (ONGC) and GAIL (India) on 07.07.2006. The GSA is valid for 15 years, i.e., till 06.07.2021. The GSA covers APM gas supplies through about 100 custody transfer points spread across various locations in the country. GAIL will offtake 90% of the adjusted Annual Contract quantity or nevertheless pay for it. Invoicing would take place twice a month and GAIL would make payment within seven days.

(c) : The price of gas is according to Government orders prevailing from time to time.

(d) & (e): The consumer price of APM gas is Rs. 3200/ thousand standard cubic meter (mscm) for power & fertilizers sector consumers. The APM gas price of small consumers having allocation of less than 0.05 million standard cubic meter per day (mmscmd) and court-mandated consumers is Rs. 3840/ mscm.

The price of natural gas for customers in North- East has been kept at 60% of the price in the rest of the country. Accordingly, the price for power and fertilizers sector in the North – East is Rs. 1920/ mscm and that for court mandated & small consumers in the region is Rs. 2304/ mscm. The above price is at Net Calorific Value (NCV) of 10,000 Kcal/scm and is excluding royalty.

Empowered Group of Ministers (EGoM) constituted by Government to consider inter alia issues pertaining to pricing of natural gas produced under New Exploration Licensing Policy (NELP) has approved the price of gas produced from NELP fields. As regards pre-NELP Joint Venture (JV) gas, its pricing is governed in terms of the provisions of Production Sharing Contracts (PSC) signed between the Government and the JV.

The price of APM gas is substantially below the price charged by privately operated fields, as APM gas is produced by National Oil Companies, viz., ONGC & OIL, from nominated gas fields and is supplied mainly to priority sector customers.

(f): Based on the projections made available by ONGC on yearly basis as per GSA, GAIL would plan pipeline capacities and also additional tie up from other sources for down stream distribution.