

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

UNSTARRED QUESTION NO:3276
ANSWERED ON:30.08.2013
PRICE OF NATURAL GAS
Das Shri Khagen;Rathod Shri Ramesh

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

- (a) the details of evidence-based research backing for increasing the gas price recently by the Government;
- (b) the wellhead price of natural gas and the price of Liquefied Natural Gas (LNG) in the country; (C) whether the higher price of gas is likely to yield higher upstream investment in untapped hydrocarbon frontiers resulting in higher output and reduction in import of gas; and
- (d) if so the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SMT. PANABAACA LAKSHMI)

(a) Government has approved the gas price formula based on the Rangarajan Committee recommendations, which will be applicable from 1st April 2014 for a period of 5 years. The details are at Annexure-I. The report of Rangarajan Committee is available at www.eac.gov.in.

(b) Under the Production Sharing contract (PSC) regime and Coal Bed methane (CBM) Contract regime, the wellhead price of gas is considered to be the sales price of gas received by the Contractor within the contract area.

The gas sales price within the contract area in the gas producing fields under the PSC and CBM Contract Regime varies from US\$ 3.5/mmbtu to US\$ 6.79/mmbtu in 2011-12. The ex-terminal price of liquefied natural gas (after regasification) being sold by GAIL to various customers, during August, 2013 is in range of US \$13.40 to US \$16.40 per MMBTU. The above price is excluding transmission tariff, marketing margin and taxes.

(c) and (d) The assurance for higher gas price is likely to encourage accelerated exploration efforts by the Contractors which may lead to new hydrocarbon discoveries. Further, the higher gas price may enable development and monetization of stranded gas discoveries in onland and offshore areas.