

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

STARRED QUESTION NO:82

ANSWERED ON:27.07.2015

Revision of Domestic Natural Gas Prices

Raut Shri Vinayak Bhaurao;Shewale Shri Rahul Ramesh

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

- (a) the existing mechanism /formula for fixing the prices of domestic natural gas for users;
- (b) whether the Government has received requests from domestic gas producer/companies in deep and ultra-deep water blocks for revision of domestic natural gas prices;
- (c) if so, the details thereof and the reason therefor;
- (d) whether any study/survey has been conducted to find out the exploration cost in such areas as compared to other areas and if so, the details and the outcome thereof; and
- (e) whether the Government proposes to change the existing gas price fixation formula and incentivise the companies operating in deep and ultra-deep water blocks and if so, the details thereof?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DHARMENDRA PRADHAN)

- (a) to (e) A statement is laid on the table of the house.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 82 TO BE ANSWERED ON 27.07.2015 REGARDING REVISION OF DOMESTIC NATURAL GAS PRICES.

(a) Government of India has notified the New Domestic Natural Gas Pricing Guidelines, 2014 which provides for a formula for calculation of domestic natural gas price on six monthly basis.

A copy of New Domestic Natural Gas Pricing Guidelines, 2014 is enclosed.

On the basis of New Domestic Natural Gas Pricing Guidelines 2014, the Petroleum Planning & Analysis Cell (PPAC) notified the price of Domestic Natural Gas applicable for the period from 1st November, 2014 to 31st March, 2015 as US \$ 5.05/MMBTU on Gross Calorific Value(GCV) basis. Further, the PPAC revised the price for the period from 1st April, 2015 to 30th September, 2015 as US\$ 4.66/MMBTU on GCV basis.

(b) & (c) Yes Sir, After the notification of New Domestic Natural Gas Pricing Guidelines, 2014 some of the producers operating in deep water, ultra deep water and High Pressure High Temperature (HPHT) blocks have requested to allow them freedom to sell gas produced from such fields on market determined prices. They have made such request on the ground that production of gas from such field entails higher costs and also involves higher risk.

(d) & (e) Recognizing the higher costs and higher risks involved in extracting gas from different areas such as deep, ultra deep and HPHT areas, Government while approving new domestic natural gas pricing mechanism in October, 2014 had decided that a premium would be given on the gas price determined as per the approved formula in respect of new discoveries with an aim to incentivize the domestic production of natural gas from such areas. In order to determine the quantum of premium Directorate General of Hydrocarbon (DGH) engaged a consultant who, inter-alia, considered the cost structure for extraction of gas from such areas.
