



## ● LOWER THAN DISCOVERED RATE

# Reliance, BP to get govt-capped price of \$4.06 for new gas from KG-D6

PRESS TRUST OF INDIA  
New Delhi, December 20

**RELIANCE INDUSTRIES AND** its partner BP will get only \$4.06 a unit for the new gas they have started to produce from the eastern offshore KG-D6 field even though they have discovered a higher rate in an open market auction, sources said.

Reliance-BP in November 2019 auctioned initial gas from the R-Series field at a bid-able percentage of Brent crude oil price.

If Brent crude oil stays in the current range of \$50 to 51 a barrel, the price comes to \$4.2 to 4.4 per million British thermal unit, two sources at the buyers of R-Series gas said.

Even though operators have pricing freedom, they can't sell gas at a rate higher than the cap the government notifies every six months. The cap for six months to March 31, 2021, is \$4.06 per mmBtu and so Reliance-BP would get only that amount for the remainder of the current fiscal, they said.

Essar Steel, Adani Group and state-owned GAIL in November 2019 bought the majority of the initial 5 million standard cubic meters per day of gas planned to be produced



from R-Series in the KG-D6 block by bidding between 8.5 and 8.6% of dated Brent price.

Emails sent to Reliance and BP for comments remained unanswered.

The rate discovered in the November 2019 auction at the lower end of the Brent price band is the same as the one that Reliance got in the first five years of production from Dhirubhai-1 and 3 and MA fields in the KG-D6 block. These fields ceased to produce a few months back.

Reliance got \$4.205 per mmBtu for gas from D1 and D3 and MA fields during April 2019 and March 2014. It would have got double of that rate if a new formula proposed by the Rangarajan committee was approved but the new BJP government scrapped it and

brought a new formula on pricing gas at rates prevalent in export surplus nations such as the US and Russia.

The rates came to \$5.05 in 2014 and are currently at \$1.79 per mmBtu.

Sources said the government in 2016 allowed a higher price for any new gas to be produced from a difficult project such as the deep sea field. R-Cluster field fell in that definition and gas from it was free to be sold but subject to the price cap.

The price cap for October 2020 to March 2021 period is \$4.06 per mmBtu, down from \$5.61 in the previous six month.

Reliance and BP had on November 18 stated that they have the commencement of natural gas production from

Asia's deepest gas project, R-Cluster or R-Series.

The two firms are investing \$5 billion in bringing to production three deepwater gas projects in block KG D6 – R-Cluster, Satellites Cluster, and MJ – which together are expected to meet about 15% of India's gas demand by 2023.

R-Cluster will have a peak output of 12.9 mmscfd while satellites, which are supposed to begin output from the third quarter of 2021 calendar year, would produce a maximum of 7 mmscfd. MJ field will start production in the third quarter of 2022 and will have a peak output of 12 mmscfd.

Sources said Reliance had in November 2019 auctioned the first 5 mmscfd of gas from the newer discoveries in the KG-D6 block by asking bidders to quote a price (expressed as a percentage of the dated Brent crude oil rate), supply period and the volume of gas required.

A floor or minimum quote of 8.4% of dated Brent price was set, which meant that bidders had to quote 8.4% or a higher percentage for securing gas supplies.

Dated Brent means the average of published Brent prices for three calendar months immediately preced-

ing the relevant contract month in which gas supplies are made.

Essar Steel picked up 2.25 mmscfd in the country's first transparent and dynamic forward auction that lasted about five-and-a-half-hours on November 15, 2019, sources said.

Gujarat State Petroleum (GSPC) bought 1.2 mmscfd while Adani Group and Mahanagar Gas bought 0.3 mmscfd, sources said, adding GAIL, acting on behalf of fertiliser companies, bought 0.3 mmscfd of gas.

Hindustan Petroleum (HPCL) had bought 0.35 mmscfd and 0.10 mmscfd went to Gujarat State Fertilizers & Chemicals (GSFC)/Gujarat Narmada Valley Fertilizers & Chemicals (GNFC), sources said.

In all, 15 customers across sectors such as steel, petrochemicals, city gas, glass and ceramic got gas in the tender, they added.

Reliance has so far made 19 gas discoveries in the KG-D6 block. Of these, D-1 and D-3 -- the largest among the lot -- were brought into production from April 2009 and MA, the only oilfield in the block was put to production in September 2008.



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PTI ■ NEW DELHI

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# रिलायंस, बीपी की केजी-डी6 के नए स्रोत की गैस की सरकारी दर हो सकती है 4.06 डॉलर तक

नई दिल्ली, (भाषा)। रिलायंस और उसके भागीदार बीपी को अपतटीय केजी-डी6 फील्ड में नए स्रोत से प्राप्त हो रही गैस के लिये सरकार द्वारा निर्धारित 4.06 डॉलर प्रति यूनिट का ही भाव मिलेगा। हालांकि दोनों को खुले बाजार में इससे ऊंचे भाव के ग्राहक मिल सकते हैं। सूत्रों ने यह जानकारी दी। रिलायंस-बीपी ने नवंबर 2019 में केजी-डी6 की आर-श्रृंखला फील्ड से शुरूआती गैस की नीलामी की थी। इसके लिये ब्रेंट क्रूड तेल को तुलनाआधार बनाया गया। आर-श्रृंखला के खरीदारों से जुड़े दो सूत्रों ने कहा कि इसके तहत अगर ब्रेंट क्रूड तेल 50 से 51 डॉलर बैरल के मौजूदा स्तर पर रहता है, कीमत 4.2 से 4.4 डॉलर प्रति 10 लाख ब्रिटिश थर्मल यूनिट (यूनिट) होगी। हालांकि परिचालकों को कीमत निधारण के मामले में आजादी मिली हुई है, लेकिन वे सरकार द्वारा हर छह महीने पर निर्धारित सीमा से अधिक दर पर गैस नहीं बेच सकते। छह महीने 31 मार्च,

2021 तक के लिये सीमा 4.06 डॉलर प्रति यूनिट है। ऐसे में रिलायंस-बीपी को चालू वित्त वर्ष की बची हुई अवधि के लिये वही भाव मिलेगा। एस्सार स्टील, अडाणी ग्रुप और सार्वजनिक क्षेत्र की गेल ने नवंबर 2019 में आर-श्रृंखला से उत्पादित शुरूआती 50 लाख घन मीटर प्रतिदिन गैस के लिये डेटेड ब्रेंट के दिनांकित भाव के 8.5 से 8.6 प्रतिशत के बीच की बोली लगायी। इन कंपनियों ने क्षेत्र से शुरू में 50 लाख टन उत्पादन की योजना में से ज्यादातर हिस्सा खरीद लिया है इस बारे में रिलायंस और बीपी को ई-मेल भेजकर टिप्पणियां मांगी गयी, लेकिन उनकी तरफ से कोई जवाब नहीं आया। नवंबर 2019 में नीलामी में जो भाव सामने आया, वह ब्रेंट कीमत दायरा का निचला स्तर था। साथ ही यह कीमत वही है जो रिलायंस को धीरूभाई-1 और 3 और एमए फील्डों से उत्पादित गैस के लिये शुरूआती पांच साल के लिये मिली थी।