

Reliance-BP seek buyers for 5.5 mmscmd gas from KG-D6

NEW DELHI: Reliance Industries Ltd and its partner BP Plc of UK have sought bids for sale of 5.5 million standard cubic meters per day of additional natural gas that will be available for sale from their eastern offshore KG-D6 block.

The e-auction is slated for April 23 and the gas supply will start from late April or early May, according to the tender document.

Bidders will have to quote a price linked to Platts JKM (Japan Korea marker), the liquefied natural gas (LNG) benchmark price assessment for spot physical cargoes.

The lowest bid that can be placed is JKM minus \$0.3 per million British thermal unit. The highest acceptable bid would be JKM plus \$2.01 per mmBtu.

This is the same benchmark the RIL-BP had used in Febru-

ary to sell out 7.5 mmscmd of gas from the block.

At current price, the lowest price for the 5.5 mmscmd of gas that RIL-BP are auctioning comes to near \$6.5 per mmBtu. But they will be entitled to a maximum of \$3.62 per mmBtu ceiling fixed by the government for a six-month period to September 30. The consortium of RIL and BP Exploration (Alpha) Limited (a unit of BP Plc) "is

developing deepwater gas fields viz. the R Cluster (D34), MJ (D55) and Satellites & Other Satellites (D2, D22, D29 and D30) in the KG D6 block," the tender document said.

The gas to be produced from the fields has been granted marketing and pricing freedom but this is subject to a ceiling price that the government fixes every six month. The ceiling price for April 1 to September 30, 2021

is \$3.62 per mmBtu.

Bidders can seek a supply tenure of 3 to 5 years. The minimum volume one could ask for is 0.01 mmscmd and the maximum could be the full volume on offer. "A Bidder shall be required to quote the variable denoted as 'V' in \$per mmBtu terms pursuant to the Gas Price formula specified below: Gas Price (in US\$/MMBtu (GCV)) shall be = JKM + V," it said.

In the February auction, RIL picked up two-thirds of the 7.5 mmscmd gas sold. Reliance O2C, an affiliate of RIL, picked up 4.8 mmscmd of gas while state gas utility GAIL (India) Ltd won 0.85 mmscmd of supplies and Shell 0.7 mmscmd.

Adani Total Gas got 0.1 mmscmd, Hindustan Petroleum Corporation Ltd (HPCL) 0.2 mmscmd and Torrest Gas 0.02 mmscmd.

Other buyers include IRM Energy (0.1 mmscmd), PIL (0.35 mmscmd) and IGS (0.35 mmscmd).

Sources said the gas was bought at a price of \$0.18 per mmBtu discount to JKM i.e. price of JKM (minus) \$0.18 with tenures ranging from 3 to 5 years.

Reliance O2C is the new unit that holds the firm's refinery and petrochemical assets. PFI