

RIL plans to drill four wells in KG-D6 to step up natural gas production

Rishi Ranjan Kala
New Delhi

Reliance Industries, which accounts for 30 per cent of India's gas production, has proposed to drill four wells in the satellite and R-clusters at KG-D6 to enhance the production of natural gas.

The oil-to-chemicals major, which on an average produced around 27 million standard cubic meters per day (mscmd) gas from its three clusters in KG-D6 during FY24, expects to incrementally recover around 240 billion cubic feet (bcf) of the commodity, touted as the best energy transition fuel. "Based on the comprehensive assessment undertaken with more than two years of production data, three additional wells in R-cluster and one additional well in satel-

lite cluster are being proposed to be drilled. This is expected to provide incremental recovery of around 240 bcf of gas from these fields," RIL said in its annual report for FY24.

The company's exploration strategy is focused on finding additional gas accumulations that can be tied back to the existing world-class infrastructure, using an infrastructure-led exploration (ILX) approach.

KG-D6 DEEPWATER

Since the commencement of production, Block KG-D6 established several global benchmarks in terms of operational performance, including 99.9 per cent uptime and more than 13 years of incident-free operations, RIL noted.

The next wave of projects — R-cluster, satellite cluster,



ON THE AGENDA. Three wells in R Cluster and one well in Satellite Cluster are proposed to be at KG-D6

and MJ — have been commissioned and are currently under production. These projects have leveraged the hub infrastructure in place, thereby reducing cost.

The average production for FY24 from the three fields is around 27 mscmd gas and around 18,000 barrels per day of oil and condensate. Production is in line with expectations, it added.

In line with the increasing gas production, three rounds of e-auction were successfully completed. Overall, 15 mscmd gas contracts were signed with buyers across fertilizer, city gas distribution, refineries and aggregators.

Condensate production commenced from the MJ Field in KG-D6 Block in April 2023, after which the first

auction process was launched in May 2023. Five rounds of auction were conducted, and 12 cargo offtakes were successfully completed by the end of March 2024.

On the exploration side, RIL said that block KGUD-WHP-2018/1 (KG-UDW1) was awarded to RIL-BP JV under the OALP II licensing round, and the petroleum exploration licence was issued in August 2019.

"Post completion of the 3D seismic acquisition and processing campaign, the first exploration well was drilled in the Block, and the drilled well data are under analysis," it added.

During the year, RIL acquired Block KG-UD-WHP-2022/1 (KG-UDW2) under the OALP VIII licensing round. The contract for the block was signed in January 2024.

COAL BED METHANE

RIL is currently producing coal bed methane (CBM) from its block SP (West)-CBM-2001/1. More than 300 wells are in production, with an average output of 0.64 mscmd gas during the year. "To augment production, a 40 multi-lateral horizontal well programme is being executed in SP (West). This is the first time in India that such horizontal wells are being drilled for CBM. Reliance has already drilled 13 horizontal wells, out of which 10 wells are put on production. Preliminary results are encouraging," it added.

Reliance Gas Pipeline, a subsidiary of RIL, operates the 302-km Shahdol-Phulpur Pipeline from Shahdol (MP) to Phulpur (UP) connecting the CBM gas fields with the National Gas Grid.



ONGC investors need faster production ramp-up from KG basin

Ashish Agrawal

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Oil and Natural Gas Corp. Ltd's (ONGC's) standalone Ebitda of ₹18,600 crore for the June quarter (Q1FY25) was above analysts' estimates but 4.3% lower year-on-year. While production volumes were lower last quarter, ONGC aims to increase output by 19% to 47 million tonnes of oil equivalent (mmtoe) by FY27.

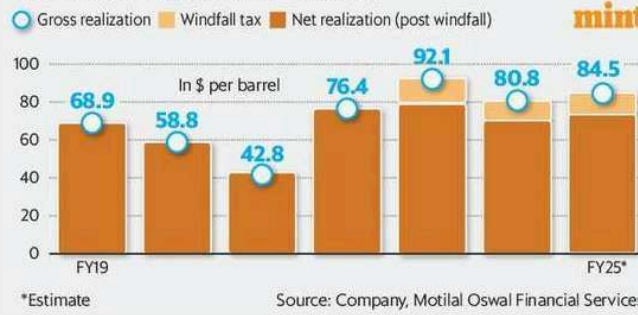
This should be aided by higher production from the KG basin 98/2 block, where the ramp-up has been slow. Oil production from the block is currently 12,000 barrels per day

(bpd). This is projected to rise to 30,000 bpd by Q3FY25 and 45,000 bpd by the end of FY25. Gas output is expected to rise from 1.6 million metric standard cubic metres per day (mmscmd) to 6 mmscmd by the end of FY25.

KG 98/2 should contribute more to profit since oil output from the block won't attract the windfall tax and gas prices are expected to be higher over the next few years. Hemang Khanna, an analyst at Nomura Financial Advisory and Securities (India), also expects ONGC to benefit from higher oil and gas volumes in the coming years; favourable cess and royalty structures; and a

Upside capped

ONGC's realization gains from higher oil prices has been limited in recent years due to the windfall tax



rising share of gas volumes with premium pricing from the end of FY25. "We conservatively build in oil volume growth of 4% and

gas volume growth of 6% over FY24-26F," Khanna wrote in a report dated 6 August.

The development of this block

should help address the decline in production from about 65 mmtoe in FY19 to 52 mmtoe in FY24 (including ONGC's share in joint ventures and ONGC Videsh Ltd).

The company is also developing other fields. Overall capex guidance for FY25 and FY26 stands at ₹32,000-33,000 crore, slightly lower than the ₹35,000 crore spent in FY24.

In Q1FY25, ONGC's net realization after the windfall tax was \$73 per barrel, marginally lower than in the previous quarter. The windfall tax, introduced in July 2022, caps the upside from increases in oil prices to counter the impact of volatility in crude.

For instance, Brent crude oil prices averaged \$100 in 2022 and fell to \$82 in 2023. Crude rose to almost \$90 in April 2024, but is now around \$82.

The government has also allowed 20% higher prices for gas produced from difficult fields, a move that should be finalised by the end of FY25. The company expects about 25% of its gas production to be eligible for this premium.

ONGC's stock is up nearly 90% over the past year owing to a strong outlook on volume improvement and profitability. From here, investors will keep a close eye on the production ramp-up from KG 98/2.

RIL ready for the next level with telecom, green energy

FE BUREAUS

New Delhi/Mumbai, August 7

RELIANCE INDUSTRIES (RIL) is ready for the next level of growth, as its green energy projects are set to deliver. Also, its telecom business Jio's indigenously-developed technologies, which are being deployed at scale in India, takes to the rest of the world.

In RIL's FY24 annual report released on Wednesday, chairman and MD Mukesh Ambani said that in the world of volatility and uncertainty, India is shining as a beacon of stability and prosperity.

He said that the company is targeting net-zero carbon emissions from its operations by 2035.

Ambani said the launch of Jio 4G mobile telephony services in 2016 turned a data-dark India into a data-rich nation, supplying every home with affordable, high-speed 4G data. "And this year, Jio has further enhanced the country's digital infrastructure by rolling out its True5G network across India in world-record time," he said, adding the launch of affordable smartphone JioBharat will go a long way in making India 2G-mukt.

While consumer-facing businesses grow, Reliance continues to invest in traditional fossil fuels. Its gas field in Bay of Bengal meets about 30% of the country's needs while the world's largest single-site refinery at Jamnagar in Gujarat ensures a steady supply of fuel to

both India and offshore markets.

All this while it invests in recycling and circular economy. "Reliance has become the first Indian company to chemically recycle plastic waste-based pyrolysis oil into circular polymers," Ambani said.

This is in addition to recycling of

polyester and polyolefins, and converting PET bottles and plastic waste into road laying material.

"As we work towards our goal of attaining net carbon zero by the year 2035, the development of the Dhirubhai Ambani Green Energy Giga Complex in Jamnagar is progressing rapidly," he said. "This giga complex will be one of the largest end-to-end integrated renewable energy manufacturing facilities globally."

Besides generating electricity from renewable sources, it will produce solar modules and electrolyzers to produce green hydrogen.

Reliance, he said, is also exploring multiple technologies for capture and recycling of carbon. "We are confident that our new energy business will play a pivotal role in the global movement for adoption of cleaner fuels," he said. "Our target is not just to make clean energy available, but also to make it accessible and affordable, thereby ensuring energy self-sufficiency for India."

The media and entertainment business consolidated its market share with record viewership of Indian Premier League T20 cricket on JioCinema. It has also entered into a landmark agreement with The Walt Disney Company for creating a joint venture which combines the businesses of Viacom 18 and Star India. "The resultant JV will be one of the leading television and digital streaming platforms in India, bringing best-in-class entertainment," he said.

**MUKESH AMBANI, CHAIRMAN,
RELIANCE INDUSTRIES**

THIS YEAR, JIO HAS FURTHER ENHANCED INDIA'S DIGITAL INFRASTRUCTURE BY ROLLING OUT TRUE5G NETWORK IN WORLD-RECORD TIME



AIMS TO BE LARGEST DEVELOPER OF GREEN PROJECTS IN INDIA

Reliance Sees Greener Pastures in RE, Eyes Global Partnerships

Ambani says co has consolidated its balance sheet, is ready for next level of growth

Our Bureau

Mumbai: Reliance Industries Ltd wants to be the partner of choice for leading global climate technology and product companies, the telecoms-to-petrochemicals conglomerate said in its fiscal 2024 annual report released on Wednesday.

Over the next 12 months, RIL said, its focus would be to bring onstream new-energy manufacturing facilities, operate them efficiently and start developing renewable energy (RE) generation projects.

RIL's new-energy division will commission its first module and cell manufacturing train in the ongoing fiscal. Solar panels manufactured at its Jamnagar facility have obtained BIS certification. "Work on RE development has commenced and Reliance has been allotted land in Gujarat. We aim to become the largest RE developer in India," RIL said in the report.

"Simultaneously, we would develop a supply chain locally for self-sufficiency and reduce the reliance on imports," the company said, adding that a 50 MWh (megawatt hour) per year capacity pilot line has been set up for manufacturing lithium-ion cells. It can be scaled up for commercial-scale production.

RIL is setting up a mega project, the Dhirubhai Ambani Green Energy Giga Complex spanning 5,000 acres in Jamnagar, to manufacture components for the RE sector. **Phased commencement of operations at the Solar PV Giga Fac-**

Growth Opportunities

Full integration across the new energy value chain

Establish and enable 100 GW of renewable energy by 2030

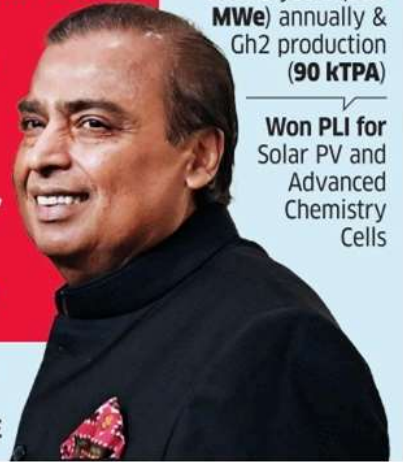
Leverage internal project execution capabilities and partner skills to set up new energy projects

Has set up 50 MWh pilot line for li-battery cells



SEES SIGNIFICANT CAPTIVE DEMAND FOR GREEN ENERGY ACROSS DIFFERENT BUSINESSES OF RELIANCE

I am confident that Reliance's arrival on the global renewable energy landscape too will be truly disruptive"
MUKESH AMBANI
 Chairman and MD, RIL



Won PLI for manufacturing electrolyzers (300 MWe) annually & Gh2 production (90 KTPA)

Won PLI for Solar PV and Advanced Chemistry Cells

tory is expected by the end of 2024.

"RIL made notable progress in cost-competitive green hydrogen production by reducing the cost of renewable power generation and the installed cost of electrolyzers for giga-scale deployment," it said.

Addressing shareholders, chairman and managing director Mukesh Ambani said: "Reliance has consolidated its balance sheet after the previous round of capex and is ready for the next level of growth."

"Our constant endeavour to find solutions for India and Indians has helped us

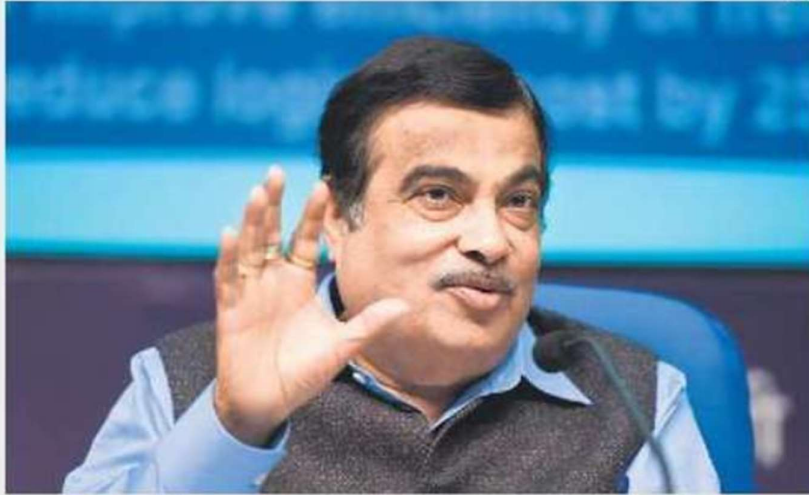
spot multiple growth opportunities that have expanded our business portfolio."

The company said it is exploring various carbon capture utilisation and sequestration pathways, including synthetic fuels, construction materials, algae cultivation and other innovative solutions.

Referring to the digital services arm Jio, Ambani said it will "continue to play a stellar role in building the nation's digital infra and capabilities". RIL's MJ Field in the KG-D6 block accounts for 30% of India's domestic gas production, he added.

Govt to allow up to 35% bio-bitumen mixing: Gadkari

HT



New Delhi: Union road transport minister Nitin Gadkari on Wednesday said the government will allow mixing of lignin up to 35% in petroleum-based bitumen, a large part of which is imported from other countries. Bitumen is a black substance produced through the distillation of crude oil and is widely used for making roads and roofs. The foreign exchange saving is expected to be ₹10,000 crore and a patent has been already submitted, the minister said. **PTI**



Maersk orders LNG ships, takes a detour on its green goals

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Danish boxship giant A.P. Moller-Maersk is hedging its bets on non-carbon fuel ships.

The world's second-biggest liner will add up to 60 new vessels to its fleet, many of which will run on liquefied natural gas, a carbon-based propulsion fuel.

The move marks a departure from Chief Executive Vincent Clerc's repeated pledge to avoid LNG-powered vessels and focus on methanol-powered ships that emit no carbon dioxide. Maersk's rivals have ordered LNG vessels, which emit about 25% less carbon than ships burning bunker oil.

The new ships, which will also be able to run on traditional bunker fuel, will be delivered from 2026 to 2030. They will be a mix of charters and purchases of new vessels, which cost more than \$120 million on average.

Maersk currently operates more than 700 ships with a capacity to move around 4.3 million containers. The company said its overall capacity will stay the same as it will recycle a number of older ships.

Maersk established itself as a trailblazer in the transition to green shipping when it purchased the first 25 green-methanol ships. But a shortage of promised methanol supplies from Chinese producers led to the change of plans.

Clerc said that the industry will see a mix of fuels including methanol and LNG coexist for a longer period than anticipated while there is a high level of uncertainty on their availability and cost.

"It is very dangerous for us to completely place one bet on one technology," he told the Journal in an interview. "We have opted with this order for more of a hedging approach to maintain our competitive edge."

He said Maersk's targets to cut carbon emissions by a quarter in 2030 and hit net zero emissions by 2040 are on track and they won't change.

The first of the green-methanol ships was delivered to Maersk last year and the remainder are to be delivered gradually until 2027.

To secure supplies, Maersk

has signed agreements with private methanol producers in the U.S., Asia and Europe, as well as the governments of Spain and Egypt. Most of the vessels being ordered by Maersk and others are dual fuel, meaning they also can run on bunker fuel if methanol supplies are low.

Clarksons Research has estimated that it will cost the industry more than \$3 trillion to switch to new forms of power. Producing enough carbon-neutral fuels and developing a global refueling network are major challenges.

Prices for green methanol, which isn't yet widely available as a marine fuel, can run up to twice as much as bunker oil, according to shipowners. Green methanol is an umbrella term covering liquid methanol produced using renewable energy such as wind or solar power.

The European Union plans to introduce carbon-emission taxes for ships coming to or sailing within the continent starting this year, which could help to narrow the bunker oil-methanol price gap, but global efforts to make alternative fuels more attractive are fragmented.

A number of Maersk's competitors such as France's CMA

CGM and Germany's Hapag-Lloyd have

THE WALL STREET JOURNAL.

ordered dozens of LNG-powered vessels as an intermediate step toward cleaner ships.

Maersk on Wednesday reported second-quarter earnings fell to \$798 million from \$1.45 billion a year prior. The company said rerouting vessels on longer routes around southern Africa's Cape of Good Hope led to an increase in bunker-fuel consumption and higher operating costs.

Container operators have diverted ships to avoid the Red Sea after Houthi rebels began attacking commercial vessels at the end of last year, creating a shortage of vessels and port bottlenecks while inflating freight rates.

"Market demand has been strong, and as we have all seen, the situation in the Red Sea remains entrenched, which leads to continued pressure on global supply chains," CEO Clerc said in a statement. Those conditions are expected to continue for the remainder of the year, he added.

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ONGC Jumps on Q1 Show, Oil India Also

Expectations of stronger crude oil prices in the near term boost sentiment, too

Kairavi Lukka

Mumbai: Shares of state-owned oil exploring firms Oil and Natural Gas Corporation (ONGC) and Oil India jumped almost 8% each after the former's first-quarter operating profits beat analyst estimates. Investors hoped Oil India, which is scheduled to announce its June quarter results on Thursday, too may post strong earnings.

ONGC shares gained 7.5% to close at ₹328.9 on Wednesday. Oil India rose 7.7% to close at ₹615.5. The Nifty

Oil & Gas index advanced 3.1%, while the Nifty 50 gained 1.27%.

Analysts said the likelihood of oil prices gaining due to tensions between Israel and Iran also boosted sentiment in these shares.

"ONGC and Oil India went up due to expectations of firming crude oil prices in the near term due to the crisis in the Middle East and because the market also has expectations of a good result from Oil India, as ONGC has already posted positive results," said Aamar Deo Singh, senior VP of research at Angel One.

Brokerages Motilal Oswal Finan-

cial Services, Emkay Global and Elara Capital have also maintained 'buy' ratings on ONGC in the latest reports after the company's operating profit was 10% above estimates.

The firms have set a target of ₹360-373, implying 9.4%-13.4% upsides.

"We think the shares gained because of the high dividend yield nature of the stocks (4-6%), coupled with good management guidance and the possibility of rate cuts in the US, rather than just the results," said Hemang Jani, director, Finazenn.



Analysts said the management of ONGC suggested a growth of 12-27% in crude oil and gas production over the next three years, which was cheered by the market "The long term trend for both ONGC and Oil India looks positive but we may see some profit-taking in the near term due to the significant run-up. We will suggest investors to wait for a fall rather than buying the stocks at current levels," said Singh.

ONGC shares have returned 60% in 2024 so far, and Oil India has gained 144%. Nifty's Oil & Gas index was up 36.6% in this period.

Exporters Find Solace in Africa, Aus as Asia and Europe Spoil Diesel Party

Supply from India in July up slightly at 7% as Red Sea crisis adds to refiners' woes

Sanjeev Choudhary

New Delhi: Indian refiners are pushing more diesel into Africa and Australia as supply surfeit in Asia and intense competition in Europe keep margins under pressure.

The country's diesel exports to Europe and Asia in July fell by 18% and 21% month-on-month, respectively, according to energy cargo tracker Vortexa.

On the other hand, volumes to Africa and Australia were up 83% and 28%, respectively.

Overall diesel exports from India increased by 7% to 533 thousand barrels per day (TBD) in July. Europe received 151 TBD of diesel from India, Asia 104 TBD, Africa 115 TBD and Australia 113 TBD.



Middle East and US diesel cargoes are competing strongly for market share with India

"Growing surplus of diesel in Asia has reduced export arbitrage to the east," said Serena Huang, an analyst at Vortexa.

Europe has been an attractive market for Indian diesel exporters who now face intense competition from other suppliers. "As Europe is structurally short of diesel, cargoes can fetch a premium that makes the arbitrage workable. However, the Middle East and US diesel cargoes are competing strongly for market share with India, narrowing the arbitrage in recent months," said Huang.

Adding to the refiners' woes is the Red Sea crisis. The Houthi threat has forced all of India's diesel exports to Europe to travel around the Cape of Good Hope, increasing the voyage time by two weeks and pushing up transit costs.

Lower absorption in Europe and Asia means refiners must find buyers for their diesel in other markets.

Reliance Industries and Rosneft-backed Nayara Energy are the country's two largest diesel exporters. Reliance operates an export-only refinery in Gujarat.

Indian refiners earned \$29 billion in revenue from diesel exports in 2022-23 as prices rose with the Ukraine war breaking out in February 2022. As the oil markets cooled off, their realisation declined to \$22 billion in 2023-24.

SCOPE APSE organises Devpt Program for CPSEs



SCOPE Academy of Public Sector Enterprises (APSE) organised, an Executive Development Program for Junior and Mid-Level Executives of CPSEs on the

theme 'The Career Journey to Personal Effectiveness'. Atul Sobti, Director General, SCOPE, inaugurated the week-long programme in which participants from 22 Public Sector Enterprises from across the country are participating. In his inaugural address, DG, SCOPE said that the Public Sector possesses an unmatched pool of talent that only needs to be sharpened. Highlighting the need for Confidence, Conviction and Commitment for ensuring a successful career journey, he reiterated that SCOPE is dedicated to guiding and developing capacities of Public Sector talent. He further added that it is a unique program that offers a great learning experience to the participants and an opportunity to engage and network with executives from different organisations and diverse sectors.

Crude oil rebounds from multi-month lows



London: Crude oil prices bounced back from multi-month lows on concerns that an escalating conflict in the Middle East could hurt oil production. Brent crude futures were up \$1.42 to \$77.90 a barrel at 1310 GMT. US West Texas Intermediate crude was up \$1.48 to \$74.68.

REUTERS

मॉनसून सत्र

केंद्रीय परिवहन मंत्री गडकरी ने राज्यसभा में दी जानकारी

पराली से बन रहे जैव बिटुमेन, बायो सीएनजी और बायो गैस

नई दिल्ली, 7 अगस्त (एजेंसी) : सड़क परिवहन एवं राजमार्ग मंत्री नितिन गडकरी ने बुधवार को कहा कि राष्ट्रीय राजधानी दिल्ली तथा आसपास के क्षेत्रों में प्रदूषण का कारण बनने वाली पराली से जैव बिटुमेन, बायो सीएनजी, बायो गैस और हवाई ईंधन बनाया जा रहा है। गडकरी ने राज्यसभा में प्रश्नकाल के दौरान पूरक प्रश्नों के उत्तर में यह जानकारी दी। उन्होंने कहा कि देश का किसान अब केवल अन्नदाता नहीं है, वह ऊर्जादाता भी है, बिटुमेनदाता भी है और हवाई ईंधन दाता भी है।

उन्होंने कहा कि एक टन पराली से 30 प्रतिशत जैव बिटुमेन, 350 किलो बायो गैस और 350 किलो बायोचाप बनाई जा रही है। उन्होंने



कहा कि इस बिटुमेन का इस्तेमाल सड़क निर्माण में किया जा रहा है।

देश में 90 प्रतिशत सड़कों के निर्माण में अभी 88 लाख टन जैव बिटुमेन का इस्तेमाल किया

एक टन पराली के 2500 रुपए

नितिन गडकरी ने कहा कि किसानों को एक टन पराली के लिए 2500 रुपए दिए जाएंगे। ये सभी तकनीक किसानों के साथ-साथ देश की ऊर्जा जरूरतों तथा ढांचगत निर्माण परियोजनाओं के लिए भी बहुत उपयोगी हैं। इससे जीवाश्म ईंधन के आयात पर खर्च होने वाले 16 लाख करोड़ रुपए के आर्थिक बोझ में भी कमी आएगी।

जाता है। अगले वर्ष तक यह 100 लाख टन पहुंचने की संभावना है। अभी 50 प्रतिशत बिटुमेन का आयात किया जा रहा है जिस पर 25 से 30 हजार करोड़ रुपए की लागत आती है। अभी देश

राजमार्गों के लिए राशि सीमा नहीं

उत्तराखंड में चार घाम परियोजना के 100 किलोमीटर के प्राकृतिक रूप से संवेदनशील क्षेत्र में सड़क की चौड़ाई कम रखने की मांग से जुड़े सवाल पर उन्होंने कहा कि इस परियोजना का अभी 150 किलोमीटर काम बाकी है। उस क्षेत्र में भविष्य में भूस्खलन होने की आशंकाओं को ध्यान में रखकर मजबूत निर्माण किया जाएगा। एक अन्य सवाल के जवाब में उन्होंने कहा कि राजमार्गों के निर्माण के लिए स्वीकृत राशि की कोई सीमा नहीं है।

में पराली से बायो सीएनजी भी बनाई जा रही है। देशभर में इस तरह की 450 परियोजनाएं हैं, जिनमें यह कार्य किया जा रहा है। इनमें से अधिकतर पंजाब, हरियाणा और उत्तर प्रदेश में हैं।

