

PRESS RELEASE

Thursday, January 22, 2009

Ministry of Petroleum and Natural Gas

PRESS NOTE

The Empowered Group of Ministers (EGoM) met on 8th January 2009 to decide on issues pertaining to commercial utilization of gas under NELP.

The following decisions were taken:-

- i) The EGoM took note of the production profile of KG-D6 field, whereby production is expected to reach plateau of around 80 mmscmd by 2012 and start dwindling from 2017 onwards till 2020, and concluded that decisions regarding commercial utilization of gas to be produced from KG-D6 field have to be taken in light of the same.
- ii) While allocating gas to the power sector, priority should be given to power plants in Andhra Pradesh, while all the other power plants, which are connected to the KG D6 field, should also be given gas to make them viable. MoP&NG and Ministry of Power would discuss the plant wise requirement and proposed supply.
- iii) In order to enable fertilizer projects for conversion/expansion/de-bottlenecking/revival to attain financial closure and based on the request of Department of Fertilizer, GAIL has sent a term-sheet to Fertilizers Companies proposing to make supplies from any of the available sources, viz., RIL's KG-D6 field,

other NELP fields and RLNG. GAIL and Fertilizer Companies should finalize the term-sheets, so that these projects are taken up for implementation.

iv) Existing demand from Petrochemicals, Refinery and Steel sectors, including for downstream units of RIL, would be taken up when there is an increase in the production from KG-D6 beyond 40 mmscmd.

v) Subject to the availability of gas, necessary allocations from RIL KG-D6 field would be made to power projects, including Dadri Power Project, that are in the pipeline, after receiving necessary clearance and permission as and when they are ready to commence production. This will be without prejudice to the decisions of the Court cases.

vi) Actual requirement of natural gas for Kakinada-Hyderabad-Uran-Ahmedabad pipeline, constructed by Reliance Gas Transportation Infrastructure Limited would be met, as the pipeline is critical to evacuation of natural gas from KG-D6 field.

vii) In view of the softening of naphtha prices, Department of Fertilizer should examine the viability of some of its fertilizers plants using naphtha rather than natural gas.