

Reliance-bp seeks \$11 per mBtu for more gas from KG-D6 field

PRESS TRUST OF INDIA
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RELIANCE INDUSTRIES (RIL) and its partner bp of the UK have offered for auction 6 million standard cubic metres per day of more gas from their KG-D6 block as the partners bring the deepest field in the block to production.

The two partners will on May 19 e-auction 6 mscmd of gas, whose supplies will start from June 1, according to a tender document.

Bidders have been asked to quote a variable 'v' over and above the JKM price, the spot market benchmark for liquefied natural gas (LNG) delivered to Japan and South Korea.

The starting bid price is $V = \$ - 0.06$ (minus 0.06) per mBtu. "Each bidder is required to enter bids that are higher than or equal to the starting bid price," the tender document said, adding the maximum value of 'v' that would be accepted will be



ON THE BLOCK

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\$0.75 per mBtu.

The JKM price is around \$11.5 per million British thermal units at present. And the start price of the auction translates into a gas price of \$11.44 per mBtu and at the ceiling, it would result in a price of \$12.25.

Bidders can seek volume for a tenure of 3 to 5 years.

Reliance-bp had last month sold

6 mscmd of gas to buyers like state-owned Indian Oil, Adani-Total Gas and Shell. IOC walked away with almost half of the 6 mscmd of gas sold in an e-auction on April 12 while state-owned gas utility GAIL bought 0.7 mscmd, Adani-Total Gas 0.4 mscmd, Shell 0.5 mscmd, GSPC 0.25 mscmd and IGS another 0.5 mscmd.

In that auction, too, bidders were asked to quote variable 'V' in the gas price formula 'JKM + V'. But this price was subject to the government-notified ceiling price.

The final bid price in that auction came at \$0.75 per mBtu premium over the JKM price (JKM + \$0.75 per mBtu), sources said, adding at the JKM price prevailing at that time of around \$12.6 per mBtu, the implied price for gas came to \$13.35.

But the bidders will only have to pay the ceiling or the cap price that the government fixes bi-annually for gas produced from difficult areas, such as deepsea and high-temperature, high-pressure (HTHP).

The ceiling price for April to September is USD 12.12 per mmBtu, they said, adding 29 bidders secured gas supplies for 5 years.

In the new auction, Reliance-bp has not indicated any such condition in the latest auction.



Reliance-BP to e-auction more gas from KG-D6

Starting price of auction around US\$ 11.44 per mmBtu

PTI ■ NEW DELHI

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Gas produced from wells drilled below the seabed is used to produce electricity, make fertiliser or turned into CNG for powering automobiles or piped to household kitchens for cooking as well as in industries.

In May last year, Reliance-bp had auctioned 5.5 mmscmd of incremental gas from the newer discoveries in the KG-D6 block, benchmarking it to

the same JKM gas marker.

The price discovered in that e-auction came at a USD 0.06 discount to the JKM (Japan-Korea Marker) LNG price.

Prior to that, the duo had sold 7.5 mmscmd of gas at a discount of USD 0.18 per mmBtu to JKM.

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 in April 2009, and MA, the only oilfield in the block, was put into production in September 2008.

While the MA field stopped producing in September 2018, output from D-1 and D-3 ceased in February 2020.

Since then, Reliance-bp is investing USD 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 per cent of India's gas demand by 2023.

RIL, bp seek 6 mmscmd more gas from KG-D6 block

ENS ECONOMIC BUREAU @ New Delhi

Reliance Industries (RIL) and its partner UK-based bp sought bids for 6 million standard cubic metres per day of more gas from their KG-D6 block.

As per the reports citing tender documents, the electronic auction will be held on May 19 for the gas from the MJ field that will begin supplying from June 1, 2023. As per the tender documents, bidders have been asked to quote a variable 'v' over and above the JKM price, the spot market benchmark for liquefied natural gas (LNG) delivered to Japan and South Korea. The starting bid price is $V = \$ -0.06$ (minus 0.06) per mmBtu.

Currently, JKM price is about \$11.5 per million British thermal units. And the start price

of the auction translates into a gas price of \$11.44 per mmBtu and at the ceiling, it would result in a price of \$12.25. Bidders can seek volume for a tenure of 3 to 5 years. Reliance-bp had last month sold 6 mmscmd of gas to buyers like state-owned Indian Oil Corporation (IOC), Adani-Total Gas and Shell.



IOC walked away with nearly half of the 6 mmscmd gas sold in an e-auction on April 12 while GAIL bought 0.7 mmscmd, Adani-Total Gas 0.4 mmscmd, Shell 0.5 mmscmd, GSPC 0.25 mmscmd and IGS another 0.5 mmscmd. Gas produced from wells drilled below the seabed is used to produce electricity, make fertiliser or turned into CNG for powering automobiles or piped to household kitchens for cooking as well as in industries.