

Marketing and Pricing freedom for gas production from Deepwater (DW), Ultra Deepwater (UDW) and High Pressure High Temperature (HPHT) areas – *Uniform formula based gas prices*

Government of India announced a policy for all discoveries in DW/ UDW/HPHT areas which commence commercial production from 1st January 2016 and all future discoveries due to the challenging cost and technology intensive operations. The policy is aimed to exploit oil and gas resources in Deep-water (DW), Ultra deepwater (UDW) and High Pressure High Temperature (HPHT) areas and to incentivize gas production from these discovered, difficult areas. Pursuant to this policy, producers will be allowed marketing including pricing freedom subject to a ceiling price based on landed price of alternate fuels, which is calculated once in 6 months and applied prospectively for the next 6 months.

Positive Outcome:

The policy is expected to increase gas production by 6.75 TCF by improving the economic viability of discoveries currently made in: 21 DW areas, 1 UDW area and 5 HPHT areas. Further, this policy would facilitate development of such discoveries to be made in future.

New Domestic Natural Gas Pricing Guidelines

This pricing policy is based on the prevailing hub prices of United States, Mexico, Canada, European Union and Russia; and has price revision cycle of six months.

- To protect the interests of consumers as well as producers, a ceiling based on the landed cost of the alternate fuel has been imposed.
- Ceiling price in USD per MMBTU (GCV) to be calculated as lowest of
- The landed price of imported fuel oil,
- The weighted average import landed price of substitute fuels
- The landed price of imported LNG.
- The pricing is notified for every six months by Petroleum Planning and Analysis Cell of MoP&NG.
- Good news for Investors
- Indian gas markets to move towards a largely uniform formula based gas prices.

Please refer our Annual Report for more details...