

No. L-12015/8/2010-GP
Government of India
Ministry of Petroleum and Natural Gas

Shastri Bhawan, New Delhi
Dated the 23rd June 2010

To

C&MD, ONGC
C&MD, OIL
C&MD, GAIL (India) Ltd.

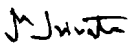
Subject: - Price of APM natural gas produced by National Oil Companies (NOCs).

Please refer letter of even no. dated 31.05.2010 wherein the price of APM gas produced by National Oil Companies (NOCs) has been fixed. Certain clarifications regarding the implementation of the APM pricing order are being issued as below:-

- (a) It has been mentioned in the APM pricing order that the conversion from US\$ to Rupees would be at the RBI reference exchange rate of the month previous to the month during which supply of APM gas is made. It is clarified that the RBI reference exchange rate of the month would be calculated by taking the average of the RBI reference exchange rates for all the days in the relevant month for which the rate is available on the RBI website.
- (b) It has been mentioned in the APM pricing order that marketing margin of Rs. 200/mscm be charged from customers by the Company marketing the gas produced by NOCs. As regards the marketing margin, it is clarified that it shall be charged by ONGC & OIL in cases where they are directly selling gas to end customers. In other cases, the marketing margin would be charged by GAIL. It is also clarified that the said marketing margin would be linked to calorific value of 10,000 Kcal/scm on Net Calorific Value (NCV) basis.
- (c) The said marketing margin is to be charged on the sale of gas produced by NOCs and supplied to both APM & non-APM customers.
- (d) A part of gas production from PMT field is sold by GAIL at APM rate through the gas pool account mechanism, set up in accordance with para 1 (v) of letter No.L-12015/5/04-GP(I) dated 20.6.2005. The marketing margin being charged by GAIL on sale of PMT gas is higher than the Rs. 200/mscm approved by the gas pricing order dated 31.5.2010. The difference should be charged from the gas pool account, similar to the difference in price of gas.
- (e) It has been communicated vide letter no.L-12015/9/2010-GP dated 16.6.2010 that separate compression charge over the price of gas would not be charged, while it is being presently charged in some cases by NOCs. It is clarified that this would be applicable with the implementation of pricing order dated 31.5. 2010.

(f) It is clarified that the pricing order dated 31.5.2010 would be effective from 6.00 am of the dates mentioned in the order.

Yours faithfully,


(Manu Srivastava)
Director
Tele: 23381029

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JS (E)