

Industry

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India Oil & Gas Daily

 Equity
6 Sep 2010

- **India gas production to rise 25% to 180 mmscmd by 2012-13** — Domestic gas production will rise by over 25% to 180 mmscmd by 2012-13 after RIL's KG-D6 field hits peak output. India's indigenous gas production is currently around 143 mmscmd, of which around 42% comes from RIL's KG-D6 fields, a government official said. "An increase of around 9 mmscmd is expected in 2011-12 from ONGC's marginal fields", he said. ONGC currently sells about 54 mmscmd of gas. In 2012-13, RIL will ramp up production by 20 mmscmd to hit a peak output of 80 mmscmd from the KG-D6 fields. Another 8 mmscmd is expected to come from GSPC's KG basin field. Together with imported LNG, the availability of natural gas in the country currently stands at 167.8 mmscmd. (Economic Times, 5th Sep)
- **ONGC wants to market the western field's C-series gas itself** — ONGC will be itself marketing natural gas from its C-series field off the western coast. This will allow the company to earn marketing margin on the gas instead of GAIL taking advantage of it. The MoPNG has left the decision of marketing of C-series gas to the two companies. ONGC recently asked the Ministry to be allowed to market the 3 mmscmd of output. "The Ministry, post its revision of APM prices early this year, also said the producer can charge marketing margins if the gas reaches the end user directly. We would be allowed to charge Rs200/tcm or US\$0.112/mmbtu as marketing margin. We do not want to compromise on that", said a senior ONGC official. (Business Standard, 6th Sep)
- **ADB sounds out promoter shareholders on exiting Petronet** — Asian Development Bank (ADB) has written to the promoter shareholders of Petronet LNG expressing its intent to exit its 5.2% stake in the company. However, it may not be easy for ADB to exit, as the four public sector promoters – ONGC, IOC, BPCL and GAIL – at any given point, cannot cumulatively hold more than 50% in PLNG. "Alternatives need to be examined if ADB wants to exit the company", an official said adding that the options were whether the ADB stake can be offloaded in the market or a new investor could buy the stake. (Business Line, 5th Sep)

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Daily Indicators

		3-Sep-10	2-Sep-10	Last week's avg
WTI	US\$/bbl	74.6	75.0	74.0
Brent	US\$/bbl	76.0	76.2	75.6
Indian Crude Basket	US\$/bbl	74.9	74.9	74.4
S'pore GRM	US\$/bbl	3.9	3.0	3.6
MS	US\$/bbl	82.6	81.1	81.2
HSD	US\$/bbl	85.9	85.8	85.4
LPG	US\$/Ton	645.5	645.5	645.4
SKO	US\$/bbl	87.1	86.4	85.9

Source: Reuters, Bloomberg

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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Industry News

India pitches for a stake in Ghana's energy sector

India has sought a greater role in Ghana's energy sector, pitching for more tie-ups between ONGC Videsh and oil companies of the African nation. Commerce and Industry Minister – Anand Sharma – also asked the Ghanaian leadership to ensure gas supply for a 1.15 MMTPA ammonia-urea fertiliser plant in India, which is being built at a cost of US\$1bn. The project is expected to be completed by 2014. He also raised the availability of land, potable water, and infrastructural development for the project, according to the commerce ministry. Officials from ONGC, OVL and GAIL held discussions with Ghana National Petroleum Corporation (GNPC) to pursue joint exploration of the oil and gas finds in the country. (Economic Times, 6th Sep)

Company News

Gujarat Gas increases CNG prices by 8%

Gujarat Gas will implement a price revision for CNG supply by Rs2.49/kg with effect from Sunday following the increase in input costs and other operational expenditure. The revised customer price of CNG has been increased by 8% at Rs32.45/kg against the existing price of Rs29.96/kg in the cities of Bharuch, Ankleshwar and Surat. The price hike is almost in line with the other companies in the CNG business in Gujarat. The Gujarat-based Adani Energy Limited (AEL) is offering CNG at Rs32.67/kg followed by GAIL at Rs32.10, HPCL at Rs32.00 and GSPC at Rs31.60. (Times of India, 4th Sep)

CPCL lines up Rs70bn projects

CPCL plans to build a 20-inch interconnecting crude oil pipeline between Karaikkal port and its Chidambaranar oil jetty. This is part of several projects currently ongoing, or that are to be taken up this year, with a total investment of Rs77.6bn. The ongoing projects include a Rs26.2bn auto-fuel quality upgradation project, which was taken up to meet the revised specifications of petrol and diesel. The proposed new projects include a Rs33.5bn resid upgradation project to maximise the distillate yield of the refinery. (Sify, 3rd Sep)

Reliance buys 3 mmbbl spot Brazil crude

Reliance Industries bought around 3 mmbbl of spot Brazilian crude to arrive in India in the next two months. The move was made possible by weaker US crude prices versus European benchmark and lower freight rates, traders said. US crude futures have fallen below ICE Brent with the front month differential between the two grades at its widest level since late May, making South American crudes more affordable to Asian refiners. Crude oil freight rates on major routes were also mostly lower this week due to growing vessel availability. (Economics Times, 3rd Sep)

Appendix A-1

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