

Industry

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India Oil & Gas Daily

 Equity

1 Sep 2010

■ RIL notifies fourth gas strike in D3 block of KG Basin

Reliance Industries has made a fourth gas discovery in a block close to its D6 area in the KG Basin. The well, KGV-D3-W1, drilled in deepsea block KG-DWN-2003/1 (also known as D3), struck natural gas at 3,501 metres below the sea bed, Hardy Oil, RIL's minority partner in the block said. It, however, did not give an estimate on the reserves the find may hold. This is the fourth successive gas discovery in the block. The discovery has been named Dhirubhai-52 and has been notified to the govt of India and DGH. (Economic Times, 31st Aug)

Saurabh Handa

+91-22-6631-9858
 saurabh.handa@citi.com

Garima Mishra

garima.mishra@citi.com

■ Murli Deora agrees to 10% divestment of Indian Oil, 5% of ONGC

The Petroleum Ministry has agreed to Finance Ministry's proposal to include Indian Oil Corp and ONGC in the list of PSUs slated for disinvestment this financial year. Last Saturday, Petroleum Minister Murli Deora approved the sale of 5% govt equity in ONGC and 10% in IOC to garner about Rs 200bn in the current fiscal after withholding his consent for almost a fortnight for clarity on the oil subsidy scheme. Between the two oil companies, IOC would go first on the block with a simultaneous initial public offer of 10% to raise Rs 95bn for its capital expenditure and a 10% sale of govt holding to raise Rs 76bn. ONGC's disinvestment is expected to raise Rs 128bn. (Indian Express, 1st Sep)

■ Gas regulator seeks power to grant distribution licences

The PNGRB moved the Supreme Court seeking modification of an order passed by the court in March, restraining the watchdog from taking any decision on gas distribution licences. The court had on March 15, 2010 passed an interim order allowing PNGRB to process applications for grant of licence to city gas distribution companies, but barred them from actually giving out licences. The court's contention was that section 16 of the PNGRB Act, 2006, had not been notified by the govt, hence the board had no powers for grant of final licence. Requesting the court to modify its order, PNGRB's counsel Harish Salve submitted that the govt had notified section 16. The apex court will hear the matter in the second week of September. (Business Standard, 31st Aug)

Daily Indicators

| | | 31-Aug-10 | 30-Aug-10 | Last week's avg |
|---------------------|----------|-----------|-----------|-----------------|
| WTI | US\$/bbl | 71.9 | 74.7 | 72.9 |
| Brent | US\$/bbl | 74.3 | 75.5 | 73.6 |
| Indian Crude Basket | US\$/bbl | 73.5 | 74.1 | 72.2 |
| S'pore GRM | US\$/bbl | 3.8 | 4.2 | 4.7 |
| MS | US\$/bbl | 80.9 | 81.7 | 79.0 |
| HSD | US\$/bbl | 85.2 | 86.0 | 84.1 |
| LPG | US\$/Ton | 645.5 | 645.5 | 628.2 |
| SKO | US\$/bbl | 85.3 | 86.3 | 83.9 |

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's projections of LNG imports during 2010-11 to 2015-16

The projections of LNG imports were sought by the govt with a view to draw up a New Maritime Perspective Plan-2020. Based on the projections, it has been seen that India's total imports of LNG are estimated to witness a three fold increase, from 33 mmscmd in FY11, to 91 mmscmd in FY16. The highest increase in LNG imports is expected to come by in FY15, when it is likely to grow by 24.65% yoy. (Indianpetro, 30th Aug)

Pilot shale gas project in Damodar basin: Execution schedule

The execution schedule of the shale gas pilot project, for which ONGC has hired services, on a single tender nomination basis, through a consortium comprising Schlumberger Asia Services Ltd (SASL) as the lead bidder and Schlumberger Solutions Pvt. Ltd (SSPL) and Dowell Schlumberger International (DSI) as other partners of consortium, has been fixed as 520 days (210 days for fields works and 310 days for other works). The project is a special R&D project being undertaken by the E&P major for the assessment of shale gas potential in Raniganj and Karanpura CBM blocks, which have been awarded to it. The project will be taken up through a seven-phase programme including drilling of four wells and testing of one well. (Indianpetro, 30th Aug)

Petroleum consumption demand to grow at 5.7% in 2010-11, says PPAC

The Petroleum Planning and Analysis Cell (PPAC) has estimated that consumption demand for petroleum products in the country will grow at the rate of 5.7% in the ongoing fiscal. This is an increase over last year's actual consumption growth of 3.4%. The single factor which has contributed most towards the increase in demand projected by the PPAC is the commissioning of IOC's naphtha cracker plant at Panipat. This unit alone accounts for 1.2% of the total estimated growth in consumption demand over the year. As regards the four major petroleum products, the growth rates of demand for diesel, LPG, petrol and SKO are estimated to be 8.8%, 7.1%, 12.7% and (-)3.7% respectively during FY11. (Indianpetro, 30th Aug)

Company News

Mittal, HPCL plan Bhatinda Refinery IPO in April next year

L N Mittal and HPCL plan to sell a 10% stake each in the under-construction Bhatinda Refinery through an IPO in April next year to raise Rs 10-15bn. The IPO is being planned closer to mechanical completion of the 9 MMTPA refinery in March/April next year. HPCL-Mittal Energy Limited (HMEL), a joint venture between state-owned HPCL and Mittal Energy Investment Pte Ltd, Singapore, an L N Mittal Group Company, is building the Rs 189bn refinery at Bhatinda, in Punjab. The money thus raised would be used by HPCL and Mittal to pay some of their debt. (Economics Times, 31st Aug)

Adani scouts for new LNG project partner as GSPC undecided

The Adani Group owned Mundra Port and SEZ Limited (MPSEZ) is looking for new partner to commission its LNG terminal as GSPC is yet to give a clear response about its participation in the project. Earlier, the company was to join hands with GSPC that was considering commissioning an LNG terminal at Pipavav. However, both the private and public sector players have not been able to conclude their negotiations. MPSEZ wholtime director Rajeeva Sinha said: "Mundra Port handles import of variety of fuels except for LNG. We do not

want to miss the bus and GSPC was taking too long to decide." (Economics Times, 31st Aug)

Appendix A-1

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|--|-----|------|------|
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