

Format for submission of views on the Expression of Interest for  
The Geographical Area (GA) of Bokaro, Dhanbad and Gamaria (Jharkahnd)

Views in respect of the Expression of Interest		EOI/CGD/9/2010
1	Name of the entity/ person	Oil and Natural Gas Corporation Ltd.
2	Complete address	Shri P.K. Ghosh, Executive Director – Chief Marketing, ONGC, SCOPE MInar, 15 <sup>th</sup> Floor, Core-4, Laxmi Nagar, Delhi 110 092
3	Email Id/ Telephone/ Fax	ghosh_pk@ongc.co.in; 011-22022005, 22406054; 011-22406917
4	Identification proof (in case of an individual person)	--
5	Views and suggestions related to	Expression of Interest proposed by M/s. Calcutta Compressors and Liquefaction Engineering Limited for laying, building, operating or expanding city or local natural gas distribution network in the geographical areas of Dhanbad, Bokaro and Gamria (Jharkhand):
a	Geographical area proposed by the entity for laying, building, operating or expanding city or local area natural gas distribution network	<p>(i) The proposal at point 2 C indicates firm Gas Supply Agreement with ONGC for supply of CBM Gas. In this regard, it is clarified that the validity period of the agreement is only for a short period of five years and that too starting from 5,000 SCMD ramping up to a level not exceeding to 50,000 SCMD by 2013. There is no commitment to supply CBM beyond this period.</p> <p>(ii) The gas supply volume required to meet the demand for natural gas in the said regions as claimed by the entity is not adequate, when looked from a long-term perspective. Currently, the CBM production is only being test marketed from a single exploratory well at Parbatpur, Dhanbad, which is still in an exploratory phase and the CBM block is yet to be developed. It is informed that ONGC is yet to firm up CBM gas production profile and schedule ex-Jharia.</p> <p>(iii) ONGC's CBM gas production from a single exploratory well at Parbatpur, Dhanbad is presently being only test</p>
b	Other aspects of the proposal	
c	Any other issue	

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	<p>marketed and further development of block by ONGC is being planned. This being the case, the entity's claim that commercial production of CBM from Parbatpur has commenced is factually incorrect. Further, it is not clear as to how the entity could claim availability of CBM for meeting the demand for Bokaro from an initial level of 0.139 MMSCMD to reach a level of 0.25 MMSCMD by 2020 and for Dhanbad from 0.20 MMSCMD to reach a level of 0.32 MMSCMD by 2020.</p> <p>(iv) The said Gas supply agreement with ONGC therefore cannot be construed as providing any supply comfort to the level of demand projections and certainly not any time beyond 2013. The CBM availability is also subject to variations during the exploratory phase. The gap between the supply and the projected demand is huge, which clearly indicates that the cities of Bokaro, Dhanbad and Gamaria are not likely to receive CBM supplies at a commercial scale from Parbatpur and Gamria.</p> <p>(v) As far as Gamaria, which is part of the said GA, is concerned, it is not falling within the Jharia CBM block of ONGC. It is not known if any exploration has been initiated in this area; CBM production potential needs clear assessment through exploratory efforts, which is not yet established.</p> <p>(vi) The entity has also mentioned other alternative sources for natural gas for these cities, like, gas from NEC Blocks in offshore Orissa through proposed GAIL pipeline. So far no discovery or any likely commercial production from these blocks has been announced and therefore a potential source cannot be considered as source available at this point in time and even in near future.</p>
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- (vii) Further, supply of natural gas in this region from any other region has to be a commercially viable proposition and has to compete with coal as the same is readily available and is an economic option in the region. Also it is understood that there is no proposal to set-up LNG facility at Haldia as of date, which has also been indicated as another source by the entity. Therefore, the development of gas market in this region would largely be guided by the availability of CBM at a commercial scale, which clearly is not the case as of now.

Therefore, the EOI for setting-up CGD networks in the geographical areas of Bokaro and Dhanbad is quite pre-mature, as of now, and should be set aside by applying the provisions of Regulation 5 (1) of the Petroleum and Natural GAs Regulatory Board (Authorizing Entity to Lay, build, operate or expand City or Local Natural Gas Distribution Networks) Regulations, 2008 on the grounds that CBM availability is not to the level to meet the demand projections made by the entity and is far away from commercial scale of CBM operations as per the current plans of ONGC. Going ahead with the EOI at this stage may result in allowing "squatter's advantage" to any incumbent entity selected based on bidding as CBM supplies from ONGC at commercial scale are not available to the cities of Dhanbad, Bokaro and Gamaria (Jharkhand) in the near future as claimed by the entity. This may not also be in consumer interest in the absence of assured gas supplies and may therefore also lead to development of a sub-optimal network.

P.K. Ghosh  
Executive Director – Chief Marketing, ONGC,  
SCOPE Minar, 15<sup>th</sup> Floor, Core-4, Laxmi  
Nagar, Delhi 110 092

Name and Signature of ~~entity~~ individual person  
Official Seal in case of ~~entity~~

**P.K. GHOSH**

Executive Director  
Chief Corporate Marketing Group  
ONGC SCOPE Minar,  
Delhi - 110092

Date: 27 September 2010  
Place: Delhi



GAIL Gas Limited

गेल गैस लिमिटेड  
[गेल(इंडिया)लिमिटेड की पूर्णतः स्वामित्व अनुषंगी कम्पनी]  
(भारत सरकार का उपक्रम-एक नवरात्र कम्पनी)

**GAIL GAS Limited**

[A wholly owned subsidiary of GAIL (India) Limited  
(A Government of India Undertaking-A Navratna Company)]

Comments on the Public Notice regarding EOI given by Calcutta Compression and Liquefaction on laying, building and operating CGD network in Dhanbad, Bokara, Purulia and Gamharia

**GA: Dhanbad, Bokaro, Gamharia**

Views in respect of the expression		EOI given by Calcutta Compression and Liquefaction on laying, building and operating CGD network in Dhanbad, Bokara, Purulia and Gamharia
1	Name of the entity	GAIL GAS LIMITED
2	Complete address	A - 1 & A-2, Sector -2, NOIDA - 2010301
3	E-mail / telephone / Fax	<a href="mailto:rcarora@gail.co.in">rcarora@gail.co.in</a> / 0120 253 2293
4	Identification proof in case of an individual person)	n/a
5	View and suggestions related to :	
a	Geographical area proposed by the entity	1. The GA leaves some important areas like Raghunathpur, Tatanagar. These may be included 2. The GA may be put up for bidding 3. The majority of area is either covered with dense forest or with small mountains/hills.
b	Other aspects of the proposal	
c	Any other issue	

Date: October 13, 2010

Place: NOIDA

  
Name and signature of the entity / Individual person  
Official seal (in case of entity)