



पेट्रोलियम एवं प्राकृतिक गैस विनियामक बोर्ड
Petroleum and Natural Gas Regulatory Board
प्रथम-तल, वर्ल्ड ट्रेड सेंटर, बाबर रोड, नयी दिल्ली: 110001
1st Floor, World Trade Centre, Babar Road, New Delhi – 110 001

24.05.2013

Public Notice

The Petroleum and Natural Gas Regulatory Board (PNGRB) has received an application from M/s Silica Ceramica (P) Limited (SCPL) to lay, build, operate or expand the dedicated natural gas pipeline from ONGC Kavitam EPS to GAIL Kavitam SV station in West Godavari (Andhra Pradesh) under the provisions of Regulation 19(2) of the Petroleum & Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008. The details of the application are available on the PNGRB's website www.pngrb.gov.in.

2. In terms of the provisions of Regulation 19(2) of the Petroleum & Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008, PNGRB has analyzed the application and is prima-facie of the view that although the proposed pipeline is intended for supply of natural gas from gas source to a specific consumer and not for "resale", it does not actually fall under the category of dedicated pipeline as the proposed pipeline will be actually connected to common carrier network of GAIL's K.G. Basin. As per the gas allocation letter of ONGC dated 23.04.2013, in case SCPL has to lay a dedicated pipeline from ONGC's installation to SCPL's plant at Narayanpuram village, it is required to submit proof of submission of application to PNGRB under PNGRB Regulations, 2008. Accordingly, SCPL would have to lay about 50 KM length of dedicated pipeline from ONGC's installation to its plant.

3. There is no service obligation on the part of GAIL to provide connectivity from K.G. Basin pipeline network to ONGC's installation, which is not a

consumer. Further, laying of 3.6 KM pipeline infrastructure for only 2 years span may not be a viable proposition for any transporter.

3. As this is a unique situation, laying of the proposed 3.6 KM pipeline appears to be the most rational and logical solution which would avoid in-fructuous investment for laying a separate dedicated pipeline of 50 KM length that too when there is no guarantee on sustained availability of gas from the ONGC's installation at Kavitam. Considering this as a special case, PNGRB is prima-facie of the opinion to allow SCPL for laying a pipeline of 3.6 KM from ONGC Kavitam EPS to GAIL Kavitam SV station subject to the entity submitting an undertaking that this pipeline will be used only to transport gas produced at ONGC's Penugonda isolated field on its account which will be further transported through K.G. Basin pipeline network of GAIL to its plant at Narayanpuram village for own consumption. Hence, PNGRB proposes to consider SCPL's application to lay a pipeline of 3.6 KM from ONGC Kavitam EPS to GAIL Kavitam SV station as a dedicated pipeline and accordingly seeks the public comments in terms of the provisions of Regulation 19(2) of the Petroleum & Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008.

4. If anybody has any views/comments in this regard, the same may be submitted to the Secretary, PNGRB within 15 days of issue of this public notice through email at secretary@pngrb.gov.in or in writing through post at the above mentioned address mentioning the subject as "*SCPL's proposed dedicated natural gas pipeline ONGC Kavitam EPS to GAIL Kavitam SV station in West Godavari under Regulation 19(2)*".

OSD (R)



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Oil and Natural Gas Corporation Limited

5-15th Floor, South Tower, Scope Minar, Laxmi Nagar, Delhi-110092
Phone : 2240 6000, 2244 6425, 32, 35, 99 Fax : 011-2244 6426

Corporate Marketing Group

No. ONGC/MKTG/SR/e-tender/DM/60(2)/2012-13
Dated 23.04.2013

To,

M/s Silica Ceramica (P) Ltd.,
Narayanpuram Village, (Near Tadepalligudem Town),
Unguturu Mandal, West Godavari District,
Andhra Pradesh. Pin: 534 407.

e-mail:silicaceramica@gmail.com

Sub: Allocation of gas on fall-back basis to your unit by ONGC from Penugonda field of Rajahmundry Asset through e-tender (Tender No. K16AC12004).

Ref: Your bid response No. 650015337 submitted through ONGC's e-bidding engine.

Sir,

This is with reference to ONGC's tender No. K16AC12004 for sale of 10,000 SCMD gas from Penugonda field of Rajahmundry Asset to be delivered ex-ONGC installation, viz., Kavitam EPS and your bid response No.650015337 submitted through ONGC's e-bidding engine for sourcing 10,000 SCMD gas.

Vide earlier allocation letter dated 25.03.13 your unit had been allocated 5,000 SCMD gas.

Now, I am directed to inform that the quantity of additional available 5,000 SCMD gas has been allocated to you in terms of Article 4.3.3 of BEC provided in Annexure-III of tender document. The gas supplies will be on fall-back basis from ONGC's Penugonda field of Rajahmundry Asset at non-APM gas price notified in the bid document.

The current non-APM gas price is USD 4.50/MMBTU as notified by MoP&NG, Government of India for 'Southern Zone-KG Basin' and is subject to change as per notification of Govt. of India issued from time to time. This price is inclusive of royalty, but exclusive of VAT and all applicable taxes as specified in the tender document. The marketing margin of ₹200/MSCM-(Rupees Two hundred only per MSCM) would be charged in addition to the gas price.

The above gas allocation/supply is subject to fulfilling the following conditions:

1. The gas supplies will be on fall-back basis, as spelt out in tender.
2. You should have dual fuel facilities in your plant, as per Para 8 of 'Special Terms for Sale of Gas' (Annexure-II) of tender.
3. Gas would be delivered ex-fence ONGC's installation; viz; Kavitam EPS and you would create or arrange necessary infrastructural facilities including pipelines and compressors (if required) for off-take of gas & further transportation to your unit.
4. The gas supply pressure at delivery point ex- Kavitam EPS would be about one Kg/cm²g.
5. You are required to submit the required statutory clearances prior to commencement of gas supplies to your plant. This also includes proof of submission of application to 'Petroleum & Natural Gas Regulatory Board' (PNGRB) under PNGRB Regulations, 2008 in case you are laying dedicated pipeline from ONGC's installation to your plant.
6. Scheduled Date of Gas Off-take: You have quoted 'zero' days as number of days required for commencing gas off-take from ONGC's readiness date indicated in Tender or the date of allocation, whichever is later. As ONGC's readiness date was 15.08.12, which is already lapsed, your obligation to commence gas off-take is within 'Zero' days from date of issue of this letter of 'Notification of Award'. In case of delay, Security Deposit (SD), as submitted by you, shall be encashed for every week of delay on weekly basis (as spelt out under Article 10 A (ii) of 'Special Terms for Sale of Gas' (Annexure-II) of tender document.

M. S. N. N. N.



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7. Before commencement of gas supply, you are required to submit the 'Performance Security of Payment against gas supply 'as per Article 14 of 'Special Terms for Sale of Gas' (Annexure-II) and Article 13.12 of the Model GSA enclosed as Annexure IV to the Tender document in the form of irrevocable, revolving and without recourse Letter of Credit (L/C) from Nationalized/Scheduled Commercial Bank) to cover the security of payment for the value of sixty (60) days gas supply. The said amount works out to be ₹ 33,67,000/- (Rupees Thirty Three lakh Sixty Seven thousand only). It may kindly be noted that the gas supply shall not commence unless L/C towards payment security is furnished.
8. As per tender condition on 'Notification of Award' (NOA), Para 27.2 of 'Instructions to the Bidders', this 'Notification of Award' has formed the contract. The "Gas Supply Agreement" based on model Gas Supply Agreement provided in the tender would be separately conveyed to you within 7 (seven) working days. You are requested to contact Asset Manager, ONGC, Rajahmundry Asset to conclude the same within 30 (thirty) days of this letter.
9. All documents pertaining to statutory clearances are to be submitted to Asset Manager, ONGC, Rajahmundry Asset.

Thanking you,

Yours Sincerely,

M.S. Hiwale
23/4/13
(M.S. Hiwale)

CE(P)-I/c Marketing-Gas

Copy to:

Director (GP), MoP&NG, Government of India,
Shastri Bhavan, New Delhi- 110 001.

19.04.2013

To,
The Chairman,
Petroleum and Natural Gas Regulatory Board
1st Floor, World Trade Center,
Babar Lane, Connaught Place,
New Delhi – 110001

Sub: Request for considering our application under dedicated Natural Gas pipeline & grant us permission for laying, building and operating of a dedicated Natural Gas pipeline

Ref: Our letter dated 04.04.2013 requesting application for laying, building and operating of a dedicated Natural Gas pipeline from ONGC Kavitam EPS to GAIL Kavitam SV Station in West Godavari district Andhra Pradesh.

Respected Sir,

Further to our above mentioned application we would like to submit the following important points for your kind consideration

- a. ONGC has allotted us 5000 SCMD of natural gas from the above mentioned isolated & marginal field through e auction under guidelines of MOP&NG. This gas well is not connected through pipeline as the well head pressure is only in the low range of 1-3 bar. Duration of gas availability as projected by ONGC is only for two years.
- b. ~~Nearby~~ The nearest GAIL SV station from the ONGC gas well is located at a distance of 4 km.
- c. Our ceramic tiles manufacturing unit where the gas is required for captive consumption is located at a distance of 50 km from this ONGC gas well. Our manufacturing unit is connected with GAIL pipeline & presently drawing gas from GAIL under swapping arrangement.
- d. We have applied for your kind permission for laying, building and operating of a dedicated natural gas pipeline from ONGC well to nearest GAIL SV Station (delivery point) of 4 km stretch in Kavitam, West Godavari District, Andhra Pradesh. From this point gas will be further transported using GAIL's common carrier to our plant (redelivery point).

Considering above points our kind submissions are as below

- a. The proposed pipeline will be only used to facilitate onwards transportation of gas to the specific consumer i.e. Silica Ceramica Pvt Limited & no resale of gas will happen. Therefore it fulfills the criteria of "dedicated pipeline for natural gas" as specified under the regulation 2 (f)

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(i) of the Petroleum & Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulation 2008.

- b. We have an existing gas transmission agreement & capacity tranche agreement with GAIL. Presently we are contracted for 48000 SCMD of natural gas & receiving only 15000 SCMD of gas through swapping arrangement. Around 70% of capacity tranche is remaining unutilized since last 2 years and we are forced to pay heavy ship or pay transmission charges to GAIL for this entire period without actual transmission of gas.
- c. More than 50% capacity of our plant remained unutilized for want of natural gas since last 2 years. Also remaining fuel requirement of the plant is met through using expensive fuels like Propane & LPG making the production of tiles commercially unviable.
- d. Although ONGC allocation of 5000 SCMD is very low and only available for the duration of 2 years, access to this gas will definitely help us to improve our plant utilization to some extent and reduce ship or pay transmission charges of GAIL by providing actual gas in the system.
- e. Request you to kindly take note of the fact that the natural gas offering from ONGC is time bound & delay in evacuation arrangement may lead to cancelation of allotment. We need to make necessary pipeline arrangement on or before 15.06.2013.

Therefore we sincerely request you to kindly consider our application under the criteria of dedicated pipeline for natural gas & grant us your kind permission for laying, building and operating of a dedicated natural gas pipeline at the earliest as mentioned in our application.

Thanking you,

Yours sincerely,

For **Silica Ceramica (P) Limited**


P N Trivedi

Director

Encl:

- a. ONGC allotment letter dated 25.03.2013
- b. GAIL CT
- c. GAIL SOP charges invoice
- d. PNGRB application dated 04.04.2013

✓ CC: The Member (Infrastructure), PNGRB

CC: The Secretary, PNGRB

etc

SILICA CERAMICA (P) LIMITED

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06.04.2013

To,
The Secretary,
Petroleum and Natural Gas Regulatory Board
1st Floor, World Trade Center,
Babar Lane, Connaught Place,
New Delhi – 110001

Sub: Application for laying, building and operating of a dedicated Natural Gas pipeline from ONGC Kavitam EPS to GAIL Kavitam SV Station in West Godavari district Andhra Pradesh.

Respected Sir,

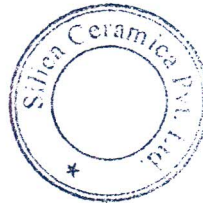
This has reference to the regulation 19(2) of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural gas pipelines) Regulations 2008. We are pleased to submit our application under regulation 19(2) for laying building and operating the proposed dedicated natural gas pipeline from ONGC Kavitam EPS to GAIL Kavitam SV Station in West Godavari district Andhra Pradesh. Natural gas delivered at GAIL Kavitam SV station will be further transported by GAIL to our manufacturing unit located at Narayanpuram Village (Near Tadepalligudem Town), Unguturu Mandal, West Godavari District, Andhra Pradesh.

This line is proposed to evacuate natural gas from Penugonda isolated field of ONGC with a capacity of 50000 SCMD at a pressure of 45 bar. Please find the attached details as per the Schedule – A and pipeline route map.

We request you to kindly process our request and advice us to proceed further in this matter for early commissioning of the pipeline. Available gas from ONGC will help us to improve utilization of our manufacturing unit.

Thanking you,
Yours faithfully,
For Silica Ceramica (P) Limited


P N Trivedi
Director



Encl:

- a. Details as per Schedule – A & Project Details
- b. Pipeline route map

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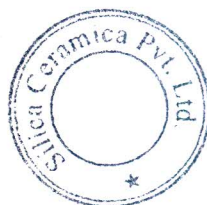
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SCHEDULE – A

APPLICATION FOR LAYING, BUILDING & OPERATING DEDICATED NATURAL GAS PIPELINE

1	Name of the Entity	Silica Ceramica (P) Limited
2	Plant location	Narayanpuram Villlage, Unguturu Mandal, West Godavari District Andhra Pradesh –534407
3	Contact person details Name Designation Phone numbers Fax E – mail Mobile	A. Balu Executive Director +91 8818 252506 arumugam.balu@milanobath.com +919676900940
4	Type of firm	Private Limited Company
5	Type of industry	Vitrified & ceramic tiles manufacturing unit.
6	Type of process	Continuous
7	Date of incorporation	12.12.2006
8	Address of the registered office	Narayanpuram Villlage, Unguturu Mandal, West Godavari District Andhra Pradesh –534407
9	Point of origin and end point of the proposed gas pipeline	Point of origin : ONGC Kavitam EPS End point : GAIL Kavitam SV Station
10	Pipeline route map	Maps attached
11	Gas availability position	Sale of gas by ONGC from small / marginal field through e bidding
12	Potential natural gas demand	Based on the production capacity of installed machinery, we need a total of 0.083 MMSCMD of Natural Gas.
13	Pipeline capacity	0.05 MMSCMD at 45 bar pressure
14	Gas route map for utilization	As attached
15	Proposed budget	₹.1.5 Crore



Project Details

Silica Ceramica (P) Limited is engaged in the business of manufacturing vitrified and ceramic tiles. Ceramic industry is energy intensive industry and requires huge amount of thermal and electrical energy for the manufacturing process. Natural gas is the most preferred fuel in ceramic industry due to its clean properties and ease of operation. In ceramic industry natural gas is utilized in various thermal energy applications such roller hearth kilns with pre kiln drier, horizontal driers and spray driers and all of them are integral part of production process. A brief description of the gas utilization in the equipments is mentioned below—

Roller Hearth Kiln With Pre Kiln Drier

Roller hearth kiln with pre kiln drier is a major consumer of natural gas in the plant. The roller hearth kiln is a 160 m long kiln having different temperature zones with highest maintained at 1220 deg C to fire vitrified tiles. The natural gas pressure from skid is reduced to 50 mbar for usage in the kilns so that it can be fired in individual burner.

Most important feature of the roller hearth kiln is that it is continuous operating equipment which normally operated for 24 hours for 365 days therefore uninterrupted supply of natural gas is very much essential for this operation.

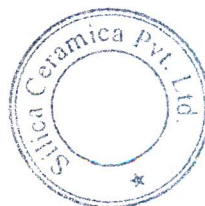
Horizontal Drier

Horizontal drier is 5 layer drier continuous systems which dries the green tile by reducing the moisture level from 5% to less than 0.5% through humidity control. The temperature maintained in the horizontal drier is approximately 160 to 180 deg C.

Spray Drier

The function of spray drier is produce ceramic powder of 5% moisture from ceramic slurry. The temperature of the spray drying chamber is kept at 500 deg C at pressure of -8 mbar (vacuum). The ceramic slip is sprayed in these conditions to produce powder. To maintain this temperature, natural gas is used as fuel for combustion.

Silica Ceramica (P) Limited has entered into a gas transmission agreement with GAIL in the year 2009 for transportation of natural gas from Odoru to it manufacturing unit in West Godavari district. However due to severe shortage of natural gas in Andhra Pradesh and absence of swapping mechanism the unit did not receive natural gas till Oct. 2011. After approval of swapping mechanism the company started receiving around 15000 SCMD of RLNG starting Nov.2011. As a result of non availability of natural gas plant manufacturing capacity remains grossly underutilized even today also.



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To overcome the impasse over availability of natural gas the company has participated in the E – tenders of gas from small and marginal field by ONGC. Under the tender ONGC will made the gas available in the pressure range of 1-3 bar at the well head and the bidder need to do all necessary arrangement for compression and transportation of gas from the well head to its manufacturing facility.

Silica Ceramic (P) limited has got gas allocation from Penugonda field of ONGC for a quantity of 5000 SCMD for a period of 2 years. Under this tender natural gas from Penugonda field will be delivered from Kavitam EPS of ONGC. Silica Ceramic (P) limited need to do all necessary arrangement for compression and onwards transmission of the gas to its manufacturing unit which is located at a distance of 50 kms from Kavitam EPS of ONGC. Nearest GAIL gas pipeline connectivity at GAIL Kavitam is available at a distance of 3.6 KM from ONGC Kavitam EPS.

We therefore propose to lay, build & operate a dedicated natural gas pipeline from Kavitam EPS of ONGC to GAIL Kavitam. This pipeline will be of 3.6 km stretch. We will be receiving at ONGC Kavitam EPS at a pressure range of 1-3 bar and compress it to 45 bar or above, transport the gas though the dedicated pipeline of 3.6 km stretch & delivering the gas at GAIL Kavitam terminal at 45 bar for onwards transmission to our manufacturing unit of Silica Ceramica (P) Limited.



