



Government of India
Ministry of Petroleum and Natural Gas
Shastri Bhawan, New Delhi-110001, (Fax: 23389985)

Ref. No. L-12022/8/2014-GP-II

Dated: December 19, 2014

To

1. DG, DGH, Noida.
2. CMD, ONGC, New Delhi.
3. CMD, OIL, Noida.
4. CMD, GAIL (India) Limited.

Sub: Pricing of gas produced from small/isolated fields.

Sir,

The New Domestic Natural Gas Pricing Guidelines, 2014 have been notified on 25.10.2014. As per these guidelines, the pricing of natural gas produced from small/isolated fields from the nomination blocks of National Oil Companies (NOCs) will continue to be governed by the extant guidelines in respect of these fields issued on 8th July, 2013.

2. The revision in guidelines in view of New Domestic Gas Pricing Guidelines are as follows:

Provision in Guidelines dated 8.7.2013	Revised Guidelines
i. Supplies to existing customers from small/isolated fields shall continue as per their APM Allocations or the fallback non-APM allocations or both and shall be restricted at a level equal to the average supply made to such customers in the last six months. Revised Gas Supply Agreement for these quantities shall be finalized by the NOCs within 30 days. Gas supplies shall be made to the existing customers based on this level subject to availability of gas. NOCs shall charge the notified APM price for supplies made against APM allocation and at non-APM price, as notified by the Government from time to time, for the balance supplies (supply level frozen now minus the supply of APM gas).	With new gas pricing guidelines, 2014 there is no distinction between APM and non APM pricing and there is uniform price for gas produced by NOCs from nomination and NELP blocks. Therefore, the supplies made by NOCs to existing customers (without calling for bids) would be at the price worked out as per these guidelines (presently US\$ 5.05 GCV and as revised from time to time).

Handwritten mark

<p>i. In case of additional availability of gas after providing for gas supplies to the existing customers as indicated at (i) above, and for any new production from the small/isolated fields, supply of gas will be decided through open competitive bidding.</p>	<p>In case of new supplies or where the duration of existing contracts have been completed the price would be determined by NOCs by calling bids through an open competitive bidding process.</p>
<p>iii. The bids shall be based on the price and shall be awarded to the highest bidder. In order to ensure higher monetization NOCs shall fix a minimum reserve price equal to the price of non-APM gas for the particular region, as notified by the Government from time to time.</p>	<p>The bids by NOCs shall be based on the price and shall be awarded to the highest bidder. The reserve price for these bids would be equal to the price notified on the basis of New Domestic Gas Pricing Guidelines, 2014 at the time of calling of bids.</p>

3. The other provisions in the guidelines dated 8.7.2013 on this subject and subsequent circulars issued would continue to apply for these fields.


(Nilkanth S. Avhad)
Director (GP)
Tel No. 23070842