

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS

LOK SABHA

STARRED QUESTION NO: 442

ANSWERED ON:26.04.2013

PURCHASE OF NATURAL GAS

ANANT KUMAR HEGDE

- (a) whether the Gas Authority of India Limited (GAIL) has signed any terminal service agreement recently with a United States' based oil and gas company for purchase of natural gas;
- (b) if so, the details thereof;
- (c) the criteria and price fixed for the purpose under the agreement; and
- (d) the steps taken by the Government to intensify upstream acquisition efforts for gas sourcing and hedging in view of the increased liquefaction and loading capacity?

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:-

ANSWER

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SMT.
PANABAAGA LAKSHMI)

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT REFERRED IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED
QUESTION NO. 442 TO BE ANSWERED ON 26.04.2013 REGARDING PURCHASE OF
NATURAL GAS

(a) & (b): GAIL (India) Limited has recently signed a Terminal Service Agreement with Dominion Cove Point LNG, LP through GAIL Global (USA) LNG LLC for booking 2.3MMTPA liquefaction capacity in the Cove Point LNG liquefaction terminal project located at Lusby in the state of Maryland, USA. Construction work is expected to start in 2014 and the liquefaction facilities are expected by 2017. While Dominion Cove has federal approval to export gas to countries having Free Trade Agreement with the US, it has applied for Non-FTA approval for export to countries like India which do not have such agreements in place.

(c): As per the agreement, GAIL will procure its own natural gas and deliver for liquefaction at the terminal. Thereafter, LNG would be loaded into the ships arranged by GAIL. GAIL would be paying service charges to Dominion Cove for liquefaction of natural gas. The liquefaction charges would be one of the components in the final delivered LNG price to India. Other components would be purchase price of natural gas, transportation charges for delivery of gas to the LNG terminal, shipping charges etc.

(d): Indian companies that have acquired upstream gas assets abroad include OVL, GAIL, OIL, IOCL, BPCL, GSPC, RIL and Essar. Decisions are taken by companies based on techno-commercial considerations.