



PHD Chamber of Commerce and Industry

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Ask Varun and Avni

Avni: There is lots of talk regarding CBM. Can you tell me what is that

Varun: Coalbed methane (CBM) or coalbed gas is a form of natural gas extracted from coal beds. The term refers to methane adsorbed into the solid matrix of the coal. It is called 'sweet gas' because of its lack of hydrogen sulfide. The presence of this gas is well known from its occurrence in underground coal mining, where it presents a serious safety risk. Coalbed methane, often referred to as CBM, is distinct from a typical sandstone or other conventional gas reservoir, as the methane is stored within the coal by a process called adsorption. The methane is in a near-liquid state, lining the inside of pores within the coal (called the matrix). The open fractures in the coal (called the cleats) can also contain free gas or can be saturated with water. Gas contained in coal bed methane is mainly methane and trace quantities of ethane, nitrogen, carbon dioxide and few other gases. Intrinsic properties of coal as found in nature determine the amount of gas that can be recovered.

(Ask Varun and Avni on Hydrocarbons)

PetMin, UID Authority sign MoU to curb petroleum pilferage

Aiming to curb pilferage of PDS kerosene and domestic LPG, the Unique Identification Authority of India (UIDAI) and the Petroleum Ministry today signed an MoU to facilitate close coordination on the 'Aadhaar' project. As per the MoU, oil

marketing companies IOCL, BPCL and HPCL will act as registrars for the UIDAI on behalf of the ministry for implementation of the project. The 12-digit unique number that the UIDAI will generate will be combined with the the smart card project of the Oil Ministry for distribution of PDS kerosene and domestic LPG through biometric identification of beneficiaries.

[Business Standard – August 4, 2010](#)

Take back CBM blocks if progress not satisfactory

The Coal Ministry wants back blocks given to companies like Reliance Industries and UK's BP Plc for extraction of natural gas from coal beds in case the progress is unsatisfactory. Till date, 33 blocks have been awarded to various firms like Reliance Industries and Essar Oil, among others. Essar Oil, Australia's Arrow Energy and Great Eastern Energy will invest USD 158 million in seven coal bed methane (CBM) blocks. total CBM resources in the country are of the order of 92 trillion cubic feet, of which only 8.9 tcf has been established.

[Times of India- August 2, 2010](#)

GAIL to step up imports by 25% to meet domestic demand.

Even as over 200 new power plants and scores of urea units queue up before the government for natural gas allocation, gas transportation major GAIL India has said it would significantly step up its gas imports when it completes three major pipeline projects and the facilities to re-gassify imported liquid natural gas. Since domestic production of gas is far short of the rising demand, GAIL has to look for foreign sources of gas—spot as well as long term contracts. The need to source gas from overseas market is becoming vital as the government is flooded with

request for over 550 mmscmd of gas from power plants alone.

[Financial Express – August 5, 2010](#)

ONGC proves viability of 2.7tcf Mahanadi block

Oil & Natural Gas Corp (ONGC)-led consortium of state-owned energy firms has proved commercial viability of its Mahanadi gas find, paving the way to start production from the field having about 2.7 trillion cubic feet (tcf) natural gas reserves. The block is expected to start production by 2015-16.

[Economic Times-August 5, 2010](#)

CBM contract for 7 blocks

The Centre on Thursday signed contracts with companies for the seven blocks awarded under the fourth round of Coal Bed Methane (a natural gas) Policy-IV having a resource potential of 330 million cubic metres of gas which are expected to attract over \$150 million investment. While four blocks have gone to Essar Oil, one each has been bagged by Great Eastern Energy Corporation, Arrow Energy (AS) Pte Ltd. and Oil India consortium, and Arrow Energy (ST) Pte Ltd and Tata Power Company consortium. These seven blocks are in Assam, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa and Tamil Nadu. With the conclusion of the fourth round of CBM, the government has signed a total of 33 CBM contracts till date.

[The Hindu- August 5, 2010](#)

Ministry okays Rs 1,54,512-crore investment proposal in 3 PCPIRs

In a major boost for investment in the petrochemical sector, the Ministry of Chemicals and Fertilisers has approved a proposal of investments worth Rs 1,54,512 crore in three regions under its flagship petroleum chemicals and petrochemicals investment regions (PCPIR) policy. The Visakhapatnam and East Godavari PCPIR has received investment commitment of around Rs 73,000 crore through its main or “anchor” investors — a consortium of Hindustan

Petroleum Corporation Ltd and GMR. the Bharuch PCPIR in Gujarat with its main anchor investor, ONGC Petro Additional Ltd (OPAL) — a joint venture of ONGC and Gujarat State Petroleum Corporation — has committed project investment of Rs 16,400 crore. Indian Oil Corporation (IOC) is the anchor investor in the West Bengal PCPIR with a committed investment of Rs 3,000 crore for expansion of its refinery and a new hydro cracker unit, Rs 1,800 crore for a coker unit and Rs 4,000 crore for a new paraxylene unit.

[Business Standard- August-6,2010](#)

OMCs, GSPC may form pipeline joint venture

The state-owned oil marketing companies (OMCs) — Indian Oil (IOC), Bharat Petroleum (BPCL) and Hindustan Petroleum (HPCL) — have joined hands with Gujarat State Petroleum Corp (GSPC) to form a joint venture (JV) for trunk gas pipelines. The four companies have signed a memorandum of understanding (MoU) for jointly bidding for pipeline projects of Petroleum and Natural Gas Regulatory Board (PNGRB). The consortium is in race for the Mallavaram (near Kakinada in Andhra Pradesh)-Bhopal-Bhilwara (Rajasthan)-Vijaipur (near Guna in Madhya Pradesh) pipeline.

[Business Standard- August 7, 2010](#)

Oil PSUs may up petrol prices August-end

State-owned fuel retailers Indian Oil Corp Ltd, Bharat Petroleum Corp Ltd, and Hindustan Petroleum Corp Ltd are likely to raise petrol prices by “at least” Re 1 per litre towards the end of August due to the northward movement of global crude prices. Global crude prices have been rising for the past few weeks on hopes of recovery in energy demand. Crude price for September contract on the New York Mercantile Exchange is currently trading around \$82 a barrel.

In a move towards free pricing, the government on June 25 raised petrol prices by Rs 3.5 per litre to help marketers wipe out revenue losses on the fuel.

[DNA-August 7, 2010](#)

Centre plans to divest stake in ONGC, IOC

Seeking to open the big ticket window of disinvestment, the government has proposed to raise Rs.21,000 crore through the sale of 5 per cent government equity in Oil and Natural Gas Corporation (ONGC) and 10 per cent in Indian Oil Corporation (IOC) in the current fiscal. The reforms in the petroleum sector seems to have triggered off the decision to make the stake sale especially after the government has set an ambitious target of raising Rs.40,000 crore through the disinvestment process to raise money for the social security and flagships schemes of the UPA Government.

[The Hindu- August 6, 2010](#)

India's Reliance inks shale gas JV with Carrizo

Mukesh Ambani's flagship company Reliance Industries has further consolidated its presence in the shale gas industry in the US by paying \$392 million for a 60% stake in a joint venture with Carrizo Oil & Gas. Carrizo is a Houston-based energy company engaged in the exploration, development, exploitation and production of oil and natural gas in a number of US states.

[Finance Asia-August 9, 2010](#)

Gas transportation tariff increases fuel cost for distant consumers

The petroleum regulator's decision to charge incremental gas transportation tariff for every 300 kms has resulted in an unprecedented

increase in fuel cost for consumers located away from the natural gas source. For example, KG-D6 gas consumers in Delhi pays a transportation charge which is about 70% of the gas price at source (\$4.20 per unit), while the fuel costs 100% more in Punjab and Jammu & Kashmir. The higher tariffs have already been passed on to the consumers. The new tariff system will also affect the government's efforts to bring down emissions of toxic gases. As per a calculation done by the Standing Conference of Public Enterprises (Scope), a compressed natural gas (CNG) station in Gujarat will be paying about \$0.4 per unit transportation tariff for gas produced from the Western coast, whereas it will swell by 8 times for a CNG station in Punjab.

[Economic Times- August 13, 2010](#)

International prices

PETROLEUM (\$/bbl)	PRICE
Nymex Crude Future	76.57
Dated Brent Spot	75.98
NATURAL GAS (\$/MMBtu)	
Nymex Henry Hub Future	4.30
Henry Hub Spot	4.42

Source- Bloomberg (August 13, ,2010)

For more information on newsletter/contents please call:

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