



Allocation of Gas produced from new wells/ well intervention at 20% premium over APM price

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As per Guidelines for domestic gas pricing, domestic natural gas price (APM Price) was fixed at 10% of the Indian Crude basket price as announced by Petroleum Planning and Analysis (PPAC) on monthly basis. It was provided in the guidelines that for the gas produced from new wells or well intervention in the nomination fields of ONGC/Oil India Limited, there would be a premium of 20% over APM prices (i.e. total 12% of Indian Crude basket price for new gas). The modalities for the same had to be worked out by Directorate General of Hydrocarbon (DGH) for approval of Ministry of Petroleum and Natural Gas (MOP&NG).

In pursuance of the above guidelines, MOP&NG has now notified the allocation of gas produced from new wells or well interventions from nominated fields of ONGC/OIL at 20% premium over the APM price.

The enhanced price for new gas will make the new gas development projects viable and help the ONGC to augment the production of Natural Gas from nominated fields in challenging areas that require higher amount of capital and technology. This will enhance the investment capacity in the Company to take up development projects which are otherwise capital intensive and involve higher degree of risks requiring commensurate prices. ONGC Board has recently approved Daman Upside Development project in our nominated field of Mumbai High at a cost of ~ Rs 7,800 crore for increasing the domestic gas production and job has already been awarded for execution. The peak production envisaged from this project is around 5 MMSCMD.

ONGC Board has also approved another project Integrated Development of 4 Contract areas under DSF-II at a Project cost of ~ Rs 6,000 crore with a peak production of around 4 MMSCMD of gas where GoI has already allowed pricing and marketing freedom under DSF Policy. Job has already been awarded for execution of this project also.

The implementation of policy decision aligns with the National vision of achieving target of share of Natural gas in Indian energy basket from 6% to 15% by 2030.

Issued By:

Corporate Communications, ONGC

Corporate Communications, New Delhi,

Phone: +91-11-26754013

Mail: ongcdelhicc@ongc.co.in