



India's long-term LNG deal with Iran

India has signed a pact with Iran for importing 7.5 million tonnes of liquefied natural gas (LNG) for 25 years from that country beginning 2009. The execution of the pact will be done by GAIL and Indian Oil Corp on the Indian side and Iranian Gas Export Corporation on behalf of Iran, which have signed a MoU for the purpose. The LNG deal marks a high point in India-Iran relations in hydrocarbon sector. India and Iran took during last one year of negotiations.

Another MoU was signed between ONGC Videsh Ltd (OVL) and National Iranian Oil Company (NIOCL) whereby OVL will get a 20 per cent share in the development of Iran's biggest onshore oil field, Yadavaran, and 100 per cent in 30,000-barrels-per-day Jufeyr field. The 20 per cent in Yadavaran would translate into 60,000 barrels per day of crude oil for India, according to official sources.

R. Javadi, Managing Director, National Iranian Gas Export Corp, said Iran would export LNG from the Phase 12 of the gigantic South Pars gas field. Phase 12 is to produce 15 million tonnes of LNG, of which 10 million tonnes have already been contracted. Indian companies will also have the right to take stake in the plant that will be set up in Iran to liquefy the natural gas produced from Phase-12. "Indian companies can take up to 4 per cent stake for every one million tonnes of LNG they buy," he said.

Yadavaran has a potential to produce 300,000 barrels per day while Jufeyr can produce 30,000-40,000 barrels per day. "In both Yadavaran and Jufeyr oilfields, Indian firm will get a fixed rate of return on the capital it invests in bringing the field to production. Ownership of the field would not be passed on. The Indian investment would be paid back in the form of oil," Zangeneh said.

He said Chinese company Sinopec with 50 per cent stake will be the operator of Yadavaran field while National Iranian Oil Co, the owner of the field, would have the remaining 30 per cent. The LNG imported would be marketed by GAIL, IOC, ONGC and Oil India Ltd in 40:25:25:10 proportion.

Meanwhile, Iran has given the first offer price for the gas in the range of \$6 per million British thermal unit (mBtu) at a recent tri-nation high-level meeting between Iran-Pakistan-India (IPI) on the proposed pipeline project

A senior Petroleum Ministry official told select mediapersons in New Delhi: "After 18 months of negotiations, Iran has given the first price offer for gas to be delivered at the Iran-Pakistan border. "This is the first fix on the price. Now Pakistan and India will have to do their homework to negotiate for the final price."

As regard the project structure, the official said, "Both the options of whether a consortium approach or each country should lay the pipeline in its own territory was deliberated upon," the official said adding that the broader details would be discussed at next trilateral secretary level meeting to be held in Islamabad.

Earlier, at roundtable organised by the Confederation of Indian Industry (CII), Petroleum Secretary M.S. Srinivasan said that from the highs of \$12-13 mBtu, the spot price of gas being traded globally has softened to around \$7-8 mBtu. "For the long-term contracts, we expect the gas price to stabilise at around \$4.5-5 mBtu," he said. In fact, the state-owned gas transmission firm GAIL (India) Ltd is going to pay \$4.75 per mBtu for gas from the Panna, Mukta and Tapti fields owned by BG, ONGC and Reliance Industries. ■