

GEECL Mulls \$2bn Capex in Indian Shale Gas

Indian coalbed methane (CBM) explorer Great Eastern Energy Corporation (GEECL) will start exploring for shale gas mid-2019 and invest \$2bn for the full development of shale resources in its east India CBM block, it said November 29.

“The company expects to start initial shale gas exploration work of drilling core wells in the first half of next year. Depending on the results obtained and analysed from the core wells, we thereafter intend to drill an optimum number of pilot production wells, it said. Based on further results obtained and analysed from the pilot production wells, the total investment envisaged for the full development over a five to seven year timeframe could be in the region of \$2bn, GEECL added.

The government of India earlier this year **tweaked the rules** to permit exploration and exploitation of all types of hydrocarbons including shale resources under the existing CBM contracts. The government says its policy will enable the realisation of prospective hydrocarbon reserves in the existing contract areas which otherwise would remain unexplored and unexploited.

GEECL said earlier this month that its Ranijagnj (South) block in the eastern Indian state of West Bengal holds estimated shale resource of 3.51 trillion ft³ under a best estimate - with high and low estimates of 6.63 trillion and 1.4 trillion ft³ respectively - according to an independent assessment by ARI.

GEECL also announced that it has reached an initial understanding with state-owned Gail to either enter into a gas offtake agreement or else a gas transmission agreement through Gail's upcoming Jagdishpur-Haldia-Bokaro-Dhamra pipeline (JHBDPL). The pipe is expected to be operational by early 2020 and potentially give the GEECL access to a much larger market in and around the city of Kolkata, it said.

The \$2bn, 2,539-km JHBDPL will carry gas to eastern states of Uttar Pradesh, Bihar, Jharkhand, West Bengal and Odisha. Gail said that the first phase of the JHBDPL is 92% complete and will be commissioned by January, whereas the balance phases including the additional section under Barauni-Guwahati spurline are lined up for sequential completion by December 2021.