"Unconventional hydrocarbons can play a big role in securing India's energy security"

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The unconventional hydrocarbon resource CBM (Coal Bed Methane) can play a complimentary role in meeting energy needs in India. CBM availability is marginal as of now, compared with the total energy demand in the country, says **Prashant Modi, President & Chief Operating Officer, Great Eastern Energy Corporation Ltd (GEECL).** The awareness of gas use as an alternative to using costly and dirty fuels is low in the country, and Modi sees this as a challenge.

What is the total CBM production in India at present & what role can this resource play in India's energy basket in the years to come?

Current commercial production of CBM (Coal Bed Methane) comes from GEECL. Total production of CBM by GEECL amounted to 14.73 mmscfd (0.42 mmscmd) CBM can play a complementary role in meeting energy needs. As of now, compared with the total energy demand, CBM availability is at best marginal which can supplement in select areas.

As Asia's first company to develop CBM assets, what were the main challenges that GEECL had to address at various stages of clearances, exploration, development, production & development of the assets?

Getting routine environmental clearances continue to be long drawn out and these remain inhibiting factor, in starting even exploratory drilling.

- **What prompted GEECL to set up its own pipeline infrastructure in Raniganj & challenges did GEECL encounter while setting up the same?**
  GEECL decided to lay its own dedicated pipeline to supply its gas production as there was no other pipeline network available. Gas cannot be supplied efficiently without pipelines up to the consumer end.
- **As a CBM producer what kind of support do you expect from the Government?**
  To abide by the production sharing contracts with the operators and ensure free market pricing for gas as mentioned therein. Further, all approvals should be through a single window system.

What are the major challenges in monetising CBM resources in India & which country has most successfully developed their assets and if India can emulate the same model?

The CBM areas generally have no pipeline network and developing a customer base is a critical challenge. There is low awareness of gas use as an alternative to using costly and dirty fuels.

What is the current mechanism for CBM utilisation & pricing in India & to what extent can this fill for import substitute? May we have your comments what best should be done by the government to encourage faster monetization of this resource?

CBM contract allow free market pricing and government must ensure this. Pricing remains the biggest incentive for investment in this sector.

In CBM, there is no cost recovery and we pay Royalty/PLP on the sales as soon as the commercial production commences. So, it is my interest to increase production at the earliest as we need to recover the cost.

What are the other challenges that need to be addressed for smooth & fast execution of development of CBM projects in the country?

Clearances by various agencies of the government should be given before any areas are mandated to operators. This will immensely improve the investment environment and hasten the process of investment.

There has been an ongoing debate on whether oil & gas companies in the coming days should be liable to pay the government an agreed amount depending on the level of output or not. May we have your opinion on production-linked payment (PLP) system in the prospective PSCs. Do you think it will be a better proposition than cost recovery?

Yes. Royalty and PLP contracts appear to be the better option.

Please apprise us about the progress on Raniganj & Mannargudi blocks.

Currently, we are producing 14.73 mmscfd (0.42 mmscmd) of CBM gas from Raniganj (South) block. We have already drilled 132 wells. The block has about 2.35 TCF of gas in place. To exploit the potential, we have to drill a total of 300 wells. The Mannargudi Block covers an effective area of 667 sqkm. and 0.98 TCF of gas in place as per DGH. We are waiting for some final clearances to start the work.

How is GEECL responding to the changing market dynamics and realigning its growth strategies? What are the challenges ahead of GEECL?

Having achieved a certain level of production, GEECL is seeking to ramp up operations by developing its current assets in the most time efficient manner. Further, we will look for new acreages which will be acquired only if those are economically viable. We will not acquire just for the sake of getting acreage.

With India slowly moving towards exploring shale gas assets & development of CBM already in progress, what difference do you feel these resources will have in the long term in securing the energy supplies in India and in the overall cost of gas? Shale gas has been an absolute game changer for the US. Can we expect something like that for India & what are the challenges that India will have to address to go full throttle to exploit the unconventional resources?

Unconventional hydrocarbons can play a big role in securing India's energy security. These are new areas and therefore have to be carefully nurtured. Shale gas can become a major source of energy, provided these assets are developed to their full potential.

However, for these to be tapped and used, pipelines should be developed. Shale gas production peaks initially and therefore before any major development of shale resources, pipelines should be planned and put in place in advance of production.