

Oil & Gas output from India's foreign assets drops

- Oil and gas production from Indian assets overseas dropped 11% in 2020-21 as Russia and the UAE cut output to meet OPEC+ supply curb commitment and as low prices delayed spending in some fields, showing how host countries' priorities affect Indian oil NSE -0.55 % and gas investments.
- This is the second year of decline for Indian oil firms' overseas output, which had peaked in 2018-19 to 24.7 million metric tonnes of oil equivalent (mmtoe) and then declined to 24.5 mmtoe the next year and 21.9 mmtoe in 2020-21.
- Domestic oil and gas output too declined 7% in 2020-21 to 59.2 mmtoe.
- For a country that imports 85% of its oil and half of its gas needs, acquisition of oil and gas fields abroad is often showcased as a step towards ensuring India's energy security although many experts dispute this.
- Indian companies rarely bring their share of oil from far-off foreign fields to the Indian shores due to expensive shipping and it remains unclear how they will be able to guard the country's interest during any global supply emergency.
- Last year, the production was affected at fields in Russia, the UAE, Azerbaijan and South Sudan as these countries complied with production cuts agreed upon by OPEC+.

India's fuel demand fell 1.5 pct y/y in May

- India's fuel demand fell 1.5 percent in May compared with the same month last year.
- Consumption of fuel, a proxy for oil demand, totalled 15.11 million tonnes, data from the Petroleum Planning and Analysis Cell (PPAC) of the oil ministry showed.
- Sales of gasoline, or petrol, were 12.4 percent higher from a year earlier at 1.99 million tonnes.
- Cooking gas or liquefied petroleum gas (LPG) sales decreased 5.5 percent to 2.17 million tonnes, while naphtha sales surged 25.8 percent to 1.25 million tonnes.
- Sales of bitumen, used for making roads, were 9.8 percent lower, while fuel oil use edged up 0.2 percent in May.

India's Petronet to invest \$2.6 billion for local expansion over 5 years

- India's top gas importer Petronet LNG will invest \$2.6 billion over five years to expand local infrastructure as investing in overseas projects is not lucrative' in the current liquefied natural gas (LNG) surplus market.
- India wants to raise the share of gas in its energy mix to 15% by 2030 from 6.2% and is raising its local output.
- The higher domestic supplies could hit costly spot LNG imports in the short term, but would not impact imports in the long term as India's gas consumption is expected to jump.
- Petronet plans to invest \$ 912.28 million to expand its 17.5-million-tonne per annum (mtpa) Dahej terminal in the West coast to 22.5 mtpa, build a new terminal in the east coast and building new jetty and LNG tanks at Dahej and Kochi.
- In the first phase, the Dahej terminal will be expanded to 20 mtpa by mid-2023, while a new 5-mtpa Gopalpur terminal in the east coast is expected to be ready by 2025.
- Petronet, which was previously planning to sell gas to fuel station owners, will invest \$ 1.09 billion to set up its own 1000 LNG fuel stations.
- It will also invest \$ 545 million to set up 100 compressed bio-gas generation plants over 3 years.

H-Energy signs agreement with Petrobangla for LNG gas pipeline link

- Achieving a major milestone for supply of re-gasified LNG (R-LNG) from India to Bangladesh, H-Energy signed an MoU with Petrobangla.
- The companies will soon finalise a long-term supply agreement to commence the supply of R-LNG to Bangladesh through a cross-border natural gas pipeline. A portion of the piped gas may also be utilised in West Bengal.
- H-Energy was authorised by the Petroleum and Natural Gas Regulatory Board (PNGRB), the regulatory body in India, to build, own and operate Kanai Chhata-Shrirampur natural gas pipeline connecting H-Energy's LNG terminal in West Bengal passing through various regions of the state and further connecting to the Bangladesh border.
- H-Energy is the only company to have received the authorisation from PNGRB to lay a pipeline till the border for the supply of R-LNG into Bangladesh.
- H-Energy's wholly owned subsidiary HE Marketing will be responsible for sourcing LNG and for supplying R-LNG to Petrobangla.
- Petrobangla will supply this R-LNG to gas based power producers and other gas consumers within Bangladesh.

HPCL plans 215-km LPG pipeline from Haldia port to Panagarh

- State-run Hindustan Petroleum (HPCL) is planning to lay a 215-km pipeline to transport liquefied petroleum gas (LPG) from the Haldia port to the company's bottling plant in Panagarh, West Bengal.
- As much as 1.06 million tonne per annum (MTPA) of product is estimated to be transported through the pipeline by FY26.
- The company's demand for LPG for West Bengal, Bihar and Jharkhand markets are met through imports in the Haldia terminal, and the fuel is now transported to HPCL's bottling plants by road.
- HPCL currently operates 3,775 km of hydrocarbon pipelines across the country.
- In its expressions of interest to lay the pipeline to the Petroleum and Natural Gas Regulatory Board, HPCL said it also wants to keep a provision to build a spur line in the future which will connect the proposed line with the Paharpur LPG plant in Kolkata.
- Including the Paharpur extension, the total product volume ferried through the pipeline can rise to 1.31 MTPA by FY26, HPCL said.
- At current volumes, the proposed line is expected to replace 391 million tonne-km of road transportation per annum.

India refiners' May crude processing skids to 7-month low on gloomy demand

- Indian refiners' crude throughput slipped to its lowest level in seven months in May as a raging second wave of coronavirus drove a slump in domestic fuel demand and crude imports.
- Refiners processed about 4.5 million barrels per day (bpd) or 18.97 million tonnes of oil last month. That was 7.7% below April levels but still 16% higher than a year earlier.
- The dip in refinery processing comes on the back of a 5.5% slip in India's crude oil imports from April and May's fuel demand in the third biggest oil consumer slumping to its lowest since August last year.
- Indian refiners operated at an average rate of 92.37% of capacity in May, down from April's 96.82%, the government data showed.
- Natural gas output rose 19.1% to 2.74 billion cubic metres, while crude oil production eased 6.2% to 580,000 bpd or 2.44 million tonnes.

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