

## **ONGC, NTPC reach agreement on CBM, coal mining blocks**

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New Delhi April 24 Oil and Natural Gas Corporation Ltd (ONGC) and NTPC Ltd seem to have resolved a key issue on the exploitation of coal block in a situation where the coal seams bear both coal bed methane (CBM) gas as well as coal. This could well pave the way for an alliance between the two corporates to exploit the block.

A joint working group (JWG) set up by the two companies to work out a mechanism for simultaneous exploitation of block for CBM and coal mining have agreed on a possible sequential operation by them in the area, sources told Business Line. The block in North Karanpura, Jharkhand, which was allotted to ONGC for CBM extraction, was also allotted to NTPC for coal mining by the Coal Ministry.

ONGC had expressed concern over the allotment of three coal blocks awarded to it for extracting CBM to other three companies for mining coal — one in West Bengal and two in Jharkhand. The blocks in question have also been allotted to NTPC (Jharkhand), Electrosteel and Casting Ltd (Jharkhand), and West Bengal Mineral Development and Trading Corporation (West Bengal) for coal mining. The private sector company, which was earlier not coming to the negotiating table, has now agreed to resolve the issue, sources said.

Meanwhile, the two ministries concerned - Coal and Petroleum - have constituted a committee to suggest a framework to work out a mechanism for simultaneous exploitation of these blocks. The committee comprises representatives from the two ministries.

Elaborating on the issue, sources said studies have shown simultaneous operations for coal mining and CBM extraction can take place. For extracting CBM, it is necessary to leave an area having a radius of 45-90 metres around the borehole through which the gas comes out. CBM is extracted at depths below 300 metres, while coal is mined in India up to 200 metres. Globally, however, technology for underground mining up to 300 metres is available.

The gas resource base in the country from CBM extraction in 26 blocks awarded is estimated to be approximately 50 trillion cubic feet (TCF) of the total gas resource base of estimated 450 TCF. The gas reserves established as on April 1, 2006 from hydrocarbon resources is 94 TCF and from CBM gas resources is 6 TCF.

As per estimates, the demand for gas is estimated to be 179 million standard cubic metres per day (mmscmd) in 2006-07 with production to be around 88 mmscmd. The commercial production of CBM is expected in 2007-08.

(Source: Business Line)