
Petronet LNG partners to buy stakes in New Guinea and Australia

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BS reported that Petronet LNG which is the country's biggest natural gas importer, plans to go upstream through acquisition of stakes in gas fields in Papua New Guinea and Australia in partnership with ONGC. It also plans to set up gas liquefaction plants in the two regions, involving a total investment of up to USD 20 billion.

As per report the company is looking at these so called farms in arrangements for gas fields with total reserves of 7 to 12 trillion cubic feet gas. These reserves would be able to support a 5 to 7 million tonne liquefaction plant for a 25 year period. Setting up of a plant of this capacity typically involves an investment of \$8-10 billion and could take at least 5 to 6 years.

Mr P Dasgupta MD & CEO of Petronet LNG told Business Standard that "The company is serious about going upstream. The due diligence at both these locations is over. The talks on financial valuation will begin shortly. The purpose behind this initiative is to secure an independent source of energy supply for India and curb the volatility in delivered gas prices."

Mr Dasgupta said that "We plan to set up a liquefaction plant in Papua New Guinea, where the gas fields are onshore. A similar plant might be set up in Australia at a later stage, where the gas fields are offshore. The purchase of stake in gas fields and setting up of liquefaction plants would require a total investment of as much as USD 32 to USD 40 billion which will be funded through a mix of debt and equity.

Mr Dasgupta added that "ONGC will bring in its expertise in upstream exploration as well as the investment. But we will need to get more equity partners since the investment size is huge."

The process is likely to be over by this calendar year.

(Sourced from Business Standards)

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