

HeadLine : Essar Oil books LNG capacity with GSPC**Newspaper :** Business Standard**Language :** English**Journalist :** Kalpana Pathak**Edition :** Mumbai**Page No :** 3 **Position :** Top **Height :** 20 **Column :** 3

Essar Oil books LNG capacity with GSPC

Books 2.5 million cubic metres of capacity in Dahej-to-Jamnagar pipeline, to be ready by 2014

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Essar Oil, which runs a 20-million-tonne-per-annum (mtpa) refinery on the western coast of Gujarat, would soon import liquefied natural gas (LNG) for use at the refinery. To facilitate this, the company has booked 2.5 million cubic metres of capacity in Gujarat State Petroleum Corporation (GSPC)'s Dahej-to-Jamnagar pipeline. The capacity would be ready by 2014.

"We are a consumer of LNG at our Vadinar refinery. We do not have regasification capacity. So, we are not importing directly. But in the near future, we plan to import LNG," Lalit Kumar Gupta, managing director and chief executive of Essar Oil, told *Business Standard*.

The company is also in talks to secure some regasification capacity at an LNG terminal. "We are also thinking of taking some regasification capacity at a terminal so that we can import LNG. While Petronet is doing some expansions on the regasification front, I think the only place you have something is Dabhol. We may look at it," Gupta added.

Currently, Essar Oil buys LNG from GSPC for its refinery at Vadinar. The company says there are constraints on the



Currently, Essar Oil buys LNG from Gujarat State Petroleum Corporation for its Vadinar refinery

pipeline supply side; once this additional capacity is available, it can expand its LNG sourcing pool and have the option of importing, too. "The capacity we have booked with GSPC will enable us to look at other sources of supply, as today, we have no option but to necessarily buy gas from GSPC," said Gupta.

With Essar planning to double its refining capacity from 20 mtpa to 40 mtpa in the next five years, its LNG requirement would multiply.

Though Essar Oil was in the race to acquire 25 per cent stake in GSPC and Adani's Mundra

terminal a few years ago, Gupta said this was no longer the case.

GSPC and Adani have proposed a 5.5 mtpa LNG terminal at Mundra, which may become operational in 2016. GSPC holds 50 per cent stake in the project, while Adani holds 25 per cent.

For the remaining 25 per cent, the partners are looking for a strategic investor and partner.

For its 1.24-million-barrels-a-day refinery at Jamnagar in Gujarat, Reliance Industries secures spot LNG cargoes at Hazira from companies such as Shell.