

The draft of Shale Gas Policy has prepared by the Ministry of Petroleum and Natural Resources and it would soon be forwarded to the Economic Co-ordination Committee of the Cabinet (ECC) for approval.

Sources highlighted Pakistan's huge reserves of shale gas and said that under the policy, the government would offer shale gas blocks to investors through open bidding. They said that to extract gas from standard and dormant fields, the Ministry had prepared Standard Gas Policy 2012 according to which the ministry offered attractive incentives to investors. Incentives for investors include well-head gas price in accordance with international standards at \$6.3 to \$6.6 per MMBTU with an additional rate of \$0.25 per MMBTU. An official said that through the development of standard gas fields, the government was expecting an additional supply of about 400-500 Million Cubic Feet per Day (MMCFD) of natural gas into the system. From a dormant gas field, up-to 75 percent of the gas could be recovered. He said that Italian oil and gas exploration and production company ENI has expressed a keen interest to start working on Pakistan's shale gas resources and in this regard the company was planning to initiate work on three shale gas pilot projects during the current year. Three projects, he said, would require as many as 1,100 new wells, in addition to 1,850 drilled in the country till date, entailing an investment of nearly \$10 billion. Giving salient features of the proposed shale gas policy, the source said: "Exploration and Production (E&P) companies will be offered 40-50 percent higher prices for the extracted gas compared with the \$4.26/mmbtu price announced in Exploration and Production Policy 2009. Companies, which succeed in recovering gas from tight fields within two years, would get 50 percent hike over the 2009 price and, if it takes more time, they will get only 40 percent hike on the 2009 price. As an added incentive, the leases for the fields will now be for 40 years, instead of 30 in the 2009 policy." Dormant gas fields either had marginal production capacities (two to four mmcf/d) or those which had low BTU gas that were not pipeline quality and were uneconomical to develop and had been capped. Moreover, these fields are geographically scattered and connecting them to fertiliser plants in Punjab was a physical nightmare.

Courtesy: Business Recorder