

# A good deal better

Shell is not the only multinational investing in the rapidly-evolving Asian upstream market; BP is also increasing its stake in the region, reports **GlobalData**.

In February, BP became the latest IOC to expand its presence in Asia by signing an agreement to acquire a 30% stake in 23 oil and gas production-sharing contracts – including the KG D6 block from Reliance Industries for \$7.2 billion. The agreement also includes the formation of a 50:50 joint venture between the companies to source and market gas in India. The project aims to accelerate the creation of infrastructure to receive and transport natural gas in the country.

The joint venture capitalises on Reliance's outstanding project management track record and operations expertise, and BP's deepwater exploration and development capabilities. Under the production-sharing contracts Reliance will continue as operator of the producing KG D6 block, which is located in the Krishna-Godavari basin in India. The oil and gas blocks in this basin cover an area of approximately 270,000 square kilometres and currently produce about 1.8 billion cubic feet a day.

The deal sees BP gain a 30% stake in some of the most prospective assets in India. In the KG-D6 block, Reliance has made 27 oil and gas discoveries so far; two of the gas discoveries, Dhirubhai 1 and 3, are in production, as is the MA oil field. The partnership benefits Reliance by ramping up declining production in its flagship asset. Gas production in the KG D6 block fell from 60 million cubic metres a day

at the beginning of 2010 to around 54.5 million cubic metres a day the following December. This is the first time that Reliance has managed a gas block of KG-D6's size, so it will benefit from BP's proven technological expertise.

The joint venture is in line with BP's strategy of increasing its exposure to growing energy markets. Energy consumption and demand for clean fuels in India is expected to increase at a high rate over the next two decades,

while the country's gas consumption is expected to grow at a rate of 5% year-on-year for the next 20 years.

BP's alliance with Reliance sees the former gain a strong foothold in India's fast-paced emerging gas market.

BP already has a strong presence in India; it has been working alongside Reliance since December 2008 on the D-17 deepwater block (also in the Krishna-Godavari basin) in which it has a 50% stake. ■

**Table 1. Krishna-Godavari basin blocks acquired by BP, February 2011**

Basin	Block	Exploration round	Block area	Partners and participating interests
Krishna-Godavari basin	KG-DWN-98/1 (D4)	NELP I	6,700	Reliance (100%)
	KG-DWN-98/3 (D6)	NELP I	7,645	Reliance (90%) Niko (10%)
	KG-DWN-2001/1 (D9)	NELP III	11,605	Reliance (90%) Hardy (10%)
	KG-DWN-2003/1 (D3)	NELP V	3,280	Reliance (90%) Hardy (10%)
	KG-DWN-2004/4 (D13)	NELP VI	11,904	Reliance (100%)
	KG-DWN-2004/7 (D16)	NELP VI	11,856	Reliance (100%)
Mahanadi basin/north-east coast	MN-DWN-98/2 (MND10)	NELP I	7,195	Reliance (100%)
	MN-DWN-2003/1 (MNDV4)	NELP V	17,050	Reliance (85%) Niko (15%)
	MN-DWN-2004/1 (MND17)	NELP VI	11,605	Reliance (100%)
Cauvery-Palar basin	MN-DWN-2004/2 (MND 18)	NELP VI	6,700	Reliance (100%)
	MN-DWN-2004/3 (MND 19)	NELP VI	7,645	Reliance (100%)
	MN-DWN-2004/4 (MND 20)	NELP VI	11,605	Reliance (100%)
	MN-DWN-2004/5 (MND 21)	NELP VI	3,280	Reliance (100%)
	NEC-OSN-97/2 (NEC 25)	NELP I	9,461	Reliance (90%) Niko (10%)
	NEC-DWN-2002/1 (D 9)	NELP IV	25,565	Reliance (100%)
	CY-DWN-2001/2 (D 5)	NELP III	14,325	Reliance (100%)
	CY-PR-DWN-2001/3 (D 6)	NELP III	8,600	Reliance (100%)
	CY-PR-DWN-2001/4 (D 7)	NELP III	10,590	Reliance (90%) Hardy (10%)
	CY-PR-DWN-2001/1 (PRD 8)	NELP III	8,255	Reliance (100%)
Combay onland	CB-ONN2003/1 (CB 10)	NELP V	635	Reliance (100%)
Upper Assam basin	AS-ONN-2000/1 (AS 17)	NELP II	6,215	Reliance (90%) Hardy (10%)
Kerala-Konkan	KK-DWN-2001/1 (D 1)	NELP III	27,315	Reliance (100%)
	KK-DWN-2001/2 (D 2)	NELP III	31,515	Reliance (100%)

Source: GlobalData/BP