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GEECL signs pact to retail CNG from IOC's outlets

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NEW DELHI: Great Eastern Energy Corp Ltd (GEECL), the first commercial producer of Coal Bed Methane (CBM) in India, has signed an agreement with Indian Oil Corp (IOC) for retailing compressed natural gas (CNG) from the state-run firm's outlets in Durgapur.

"We have signed a franchisee agreement with IOC for selling CNG from IOC's fuel outlets in Durgapur. Initially, five retail outlets have been identified and we hope to start selling CNG to automobiles from first outlet by end of November," GEECL President and Chief Operating Officer Prashant Modi said here today.

UK-listed GEECL began commercial production of gas from below coal seams from its Raniganj CBM block in West Bengal in July this year. It is currently producing 1.5-2 million standard cubic feet per day of gas from the block. "The five outlets will consume about 1.5 million standard cubic feet per day of gas... we currently sell small volumes to a biscuit and glass factory," he said.

Gas output would rise to 35-40 million standard cubic feet per day in 30 months when 100 wells are drilled. The company is laying a pipeline to supply gas to consuming industries by mid-2008.

After about 30 years, when the CBM is exhausted, coal would be mined at Raniganj. GEECL believes CBM is better quality than natural gas because it has 96 per cent methane, contains no sulphur and has very little carbon dioxide. Natural gas contains about 7 per cent carbon dioxide as well as other impurities such as sulphur, propane and butane.