

Restoration of gas to four urea plants ordered

ABDUL RASHEED AZAD ISLAMABAD (January 07, 2013) : The government has directed the authorities concerned to workout a plan for restoration of gas supply to the four fertilizer plants on Sui-Northern Gas Pipelines Limited (SNGPL) network immediately, it is learnt. Sources in the Petroleum Ministry told *Business Recorder* here on Saturday that the four fertilizer plants on SNGPL network including Pakarab, Dawood Hercules, Engro new plant and Agritech have suffered more than any other industry due to chaotic gas situation since December, 2011. The government on April 19, 2012 diverted 202 Million Cubic Feet per Day (MMCFD) gas to power sector for dealing with the power shortage. "Now the government has decided to dedicate 202MMCFD gas to the four urea plants on SNGPL system to save huge foreign exchange spending on import of urea", the official said. "Government has in principle decided to supply gas to the fertilizer plants from new gas discoveries. The gas for urea plants would be arranged from five gas fields including, 130MMCFD from Kunar-Pasaki gas field and 22MMCFD from Mari Shello, while 50MMCFD to be arranged from Baho, Makhori and another gas field. The SNGPL will transport gas for urea plants while the plants would pay back transportation charges to the gas utility", the official maintained. The government last year preferred to import over one million tons of urea by spending hefty amount of \$783 millions foreign exchange. In addition, the government also paid huge subsidy of Rs 54 billion on the imported urea to keep the price at par with the locally produced urea. Agriculture contributes around 24 percent to the GDP and also provides raw material to all the major industries of Pakistan including, textiles and sugar. SNGPL based fertilizer plants were badly hit and hardly achieved 31 percent fertilizer production of their installed capacity, due to short supply of gas. In the past winter all four fertilizer plants on SNGPL network faced complete shutdown, which resulted in huge production and financial loss to the fertilizer plants. Dawood Hercules produced only 39 percent of urea, which stood at 199,000 tons against the production capacity of 513,000 tons. Pakarab Fertilizer plant only produced 27 percent of urea, which stood at 29,000 tons against the production capacity of 106,000 tons. Agritech plant produced 34 percent of urea, which stood at 146,000 tons against production capacity of 428,000 tons and Engro new plant produced 27 percent of urea, which stood at 347,000 tons against the production capacity of 1.26 million tons.

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