

## FAQs: OALP Bid Round I (Facilitation Workshop)

January 2018

(Updated on 7<sup>th</sup> February, 2018)

**Q1) For LRP and HRP, low end number equivalent in monetary terms and high end number has been given. Is it the same for onland, shallow and deepwater?**

Ans: Yes, The LRP and HRP values are same for Onland, Shallow, Deepwater and Ultra Deep Water Blocks as specified in NIO.

**Q2) It was mentioned earlier that a company can directly go to the subsequent phase if it is confident of the data availability and they can get 45 marks. Does this provision still exist?**

Ans: No, There is no such provision. Bidding has to be done for the Work Programme for the Initial Phase of Exploration in all circumstances.

**Q3) How do you define the market price for gas?**

Ans: Gas pricing is to be established on “Arm’s Length” basis through a competitive process in the Indian market. The Government has no role in deciding the gas price under HELP. However, Government’s share of Revenue shall be calculated based on the higher of the price arrived at, by the following methods:

- i. through a competitive process; or
- ii. the price calculated as per the Domestic Natural Gas Pricing Guidelines by Govt. of India prevailing at relevant point of time.

**Q4) Is there any extension policy for the Work Programme?**

Ans: Provisions for extension in Initial and Subsequent Exploration Phase are stipulated in Article 3 (License and Exploration Period) of the MRSC.

**Q5) Once the blocks are awarded, it is said that one has flexibility to farm in and farm out. Is there a well- defined process for the same? How easy is it to farm in and farm out?**

Ans: Assignment of Participating Interest can be processed as per the clauses of Article 26 of MRSC. The procedure for PI transfer is simple and transparent.

**Q6) On committed Work Programme – 45 points are on 2D, 3D and number of wells. Is there any points for well metreage ?**

Ans: There are no points for metreage in the bid evaluation.

**Q7) It is said that target depth is defined. What do you mean by that?**

Ans: Target Depth for each Block on offer is given in the NIO. Bidders are bound to drill wells up to Target Depth as mentioned in the NIO with the conditions of Article 5.1 and 5.2 of MRSC. Target Depth has been arrived at through the investor driven EoI process.

**Q8) Under the Open Acreage policy, what is the proposed process of land acquisition. Has the government acquired land already?**

Ans: Govt. will not be responsible to acquire the necessary land, the Operator of the Block shall be responsible for land acquisition as per the policies of State/ Central Govt according to their drilling/development programme.

**Q9) Prior Operatorship is one of the condition for operator to qualify. Is prior production experience also a criteria?**

Ans: Prior Operatorship Experience is mandatory for qualification. In addition to that, either of the Acreage Holding or Production will suffice for qualification as specified. For more information, please refer para 4 Bid Qualifying Criteria of NIO.

**Q10) Is joint operatorship experience acceptable for fulfilling the operatorship criteria?**

Ans: Yes, provided the party has been in a valid joint operatorship for a block for more than a year.

**Q11) If data is purchased at EoI stage, but party has not submitted the EoI, Is it mandatory for the Party to purchase the Data again ?**

Ans: Purchase of Basic Data Package is waived off only for the Originators of the block. All other bidders need to purchase the Basic Data Package.

**Q12) Regarding signing of document through DSC – all the pages need to be signed or only the front page?**

Ans: Signing of the Documents through DSC will be done for document as a whole not for individual pages. In case of hard copy submission, all pages of the documents must be signed and authenticated with the corporate stamp.

**Q13) Suppose there are 3 bidders and highest bidder opts out after award of the Block. Does the second highest bidder get the block?**

Ans: No, there is no such provision in the NIO document.

**Q14) There is a requirement of operatorship experience, does other experience like seismic drilling etc. suffice for specific operatorship experience?**

Ans No, provisional services like seismic acquisition and drilling will not suffice for operatorship experience. Operatorship experience means experience of the party, appointed in accordance with laws of the respective country (ies), to conduct and execute exploration and/or development and/or production operations.

Operatorship experience of Reconnaissance Contractor will also be considered subject to the Note (ii) of para 4 (xi).

**Q15) On PI assignment – does this assignment happen after signing of RSC or can it be done before?**

Ans: PI assignment can only be entertained after the signing of the contract as per provisions of MRSC.

**Q16) Do all partners need to meet the qualification criteria separately?**

Ans: No, for technical qualification only the experience of Operator will be considered. For Financial Qualification, each member should have adequate NW that fulfils their requirement of NIO (Both at Sage 1 and Stage 2) in proportionate to its PI. They have the option to top-up their NW with additional BG at stage 2 only (if there is a deficit vis a vis value of Committed Work Programme).

**Q17) If one partner does not meet the Net Worth criteria, can the other partner make up for that?**

Ans: No, each member of the consortium should have NW in proportionate to its PI on a stand-alone basis. No cross utilization of the NW is allowed.

**Q18) What is the data room booking cost?**

The Charges for Data Room per day per Work Station is as follows:

| S. No. | Time Schedule                  | Charges          |
|--------|--------------------------------|------------------|
| 1      | For 1 <sup>st</sup> Three Days | USD 250 per day  |
| 2      | Fourth Day                     | USD 500          |
| 3      | Fifth Day onwards              | USD 1250 per day |

**Q19) Is there a cut-off date for declaring NW? What if the year ends after 31<sup>st</sup> March?**

Ans: As specified in the NIO Audited Accounts for the year ended in March 31, 2017 or later shall be required for computation of financial capacity. However, only in certain exceptional cases, where the Calendar Year is followed for accounting by a company, it is clarified that audited accounts for FY ending at 31st Dec., 2016 will be applicable, only in case the audited accounts are not available for FY ending 31st Dec., 2017. The same needs to be confirmed by CEO of the company and should be accompanied also by a statement of provisional/summary financial statements for FY ending 2017 duly certified by the CFO.

**Q20) What is the relevance of Core analysis in Bid Evaluation Scoring?**

Ans: As per the HELP Policy, single license will be issued for both conventional and non conventional hydrocarbons. Bidders quoting for core analysis in respect to Shale exploration will get scores as defined in the NIO. It is up to the bidders to quote for core analysis if they consider shale to be a target.

**Q21) In multiple wells you get multiple objects (types of HC). How do you stick to the work programme?**

Ans. As soon as the Discovery is made, the same is delinked from the Exploration timelines under the MRSC, irrespective of the available balance exploration period and the discoveries then follow the Appraisal and Development timelines as mentioned in the Article 10 of MRSC.

**Q22) Is there any requirement of renegotiating bilateral trade agreements for bidding?**

Ans: Bidding will be based on International Competitive Bidding and have no special significance to bilateral trade agreements between India and a foreign country. It is up to foreign investors to evaluate the bilateral trade agreements of their home jurisdictions and their impact on their bid.

**Q23) Is there any clause related to Fiscal stability ?**

Ans: Bidders are required to verify on their own the applicable taxes and duties on their proposed activities and **not make any claim on the Government of India arising from any change in rates/rules etc. that may happen from time to time.**

**Q24) Has DGH defined what is a 'Discovery'?**

Ans: Definition of Discovery has been provided at Article 1.1.38 of MRSC.

**Q25) Is there any bid bond for bidding apart from the registration charges?**

Ans: There is no registration Charges for Bidding. Bidder has to submit Tender Fee of USD 1,000 per Block and Bid Bond of requisite value as published in the NIO.

**Q26) Is there any defined LD clause?**

Ans: Liquidated Damages (LD) has been defined in the para 8 (vi) of NIO.

**Q27) Is there any provision for conversion from one type of Work Programme to another type of Work Programme?**

Ans: Article 5.5 of MRSC stipulates that 2D seismic API and 3D seismic API can be swapped with each other on the basis of technical and logistic merits after proper scrutiny and on recommendations of MC. May kindly refer to Article 5.5 of MRSC for complete provisions.

**Q28) Are the offered blocks cleared from Ministry of Defence (MoD) etc.?**

Ans: In principle clearance has been taken from MoD to the extent available and no go areas published in NDR. However, such clearances are on-going and depend solely on the Government. The Operator is still required to obtain statutory clearances as applicable before the commencement of the Work Programme.

**Q29) If a bidder has quoted entirely for 3D, does the bidder get marks for 2D also?**

Ans. Yes, Bidders quoting 3D seismic for the complete area of the block will also get full marks allotted for 2D as well.

**Q30) Can all consortium members see the Committed Work Programme and quotation of the Lead Bidder?**

Ans: No, only the lead bidder will have the access at the E-bidding portal for quoting and viewing of the Work Programme. Consortium members have to coordinate amongst themselves for the bid and would be bound by the bid of the Lead Bidder on their behalf.

**Q31) What are the reasons for change in basinal area?**

Ans: All basins were remapped using latest geodetic tools and also new basin (like Punjab) or basinal area (Gulf of Mannar to Cauvery) were included.

**Q32) What is the new feature of latest basin classification?**

Ans: The new classification has addressed commercial producibility and instances of discoveries in basins.

**Q33) Why are there no block on offer in other basins ?**

Ans: Blocks on offer are finalized based on EoIs received. Investors had the freedom to choose the area (EoIs) based on their own assessment about the prospectivity.

**Q34) Is there any strategy for other basins not currently put on auction?**

Ans: Such basins are part of available acreage for submission of EoI under OALP. NDR is continuously updating with enriched information that would be available. Many basins are covered under National Seismic Programme resulting in acquisition of seismic data in basins lacking adequate seismic coverage and may receive EoIs in future.

**Q35) What does the resource figure stand for?**

Ans: This represents petroleum initially in place as per industry-standard SPE-SEG classification. Its recoverable part would constitute prospective resources.

**Q36. Do you have any specific strategy for exploring new plays?**

Ans: All new results of resource reassessment would help strengthen exploration thrust of such play. Such information may be accessed from NDR when such data will be uploaded. Investor is at liberty to explore and exploit any of the suggested plays.

**Q37 What are the methods used for resource reassessment?**

Ans: Petroleum System Modelling was used for basins with adequate data and Areal Yield method applied for basin with less or no sparse data.

**Q38 What are rationales for resource reassessment?**

Ans: The study was carried out to comprehensively assess all 26 basins (not 15 as earlier) and the analysis was done at unit and play level. It was also designed to examine relevance of remapping or re-categorization of basins

**Q39 What are the reasons for increase in resource volume?**

Ans: Increase was mainly due to addition of new data and basinal (new plays and area) information over the last two decades apart from inclusion of eleven earlier excluded basins in current reassessment of Hydrocarbon Resources.

**Q40 How will NDR be enriched with the new resource studies?**

Ans: The results of studies including information on available plays, working models and inputs of new wells and survey data will be available in NDR.

**Q41) What data can Operator access to NDR as a part of OALP block bidding?**

Ans: Operator can purchase any block-specific data available at NDR on request. Operator can access/ purchase any data including that of block and adjoining area based on NDR Data Policy.

**Q42) What constitute core and Core Analysis Report in case of cores for assessing shale gas play?**

Ans: Core and core report requirement is as follows:

- Minimum length of core (conventional) planned & committed in a well could be 9 – 18 m with a minimum recovery of 50%
- Studies related to shale Geochemistry should include TOC, Thermal Maturity including Vitrinite Reflection (VRo) , Hydrogen Index (HI), Thermal Alteration Index (TAI), Rock Eval Pyrolysis, etc),
- Desorption studies.
- Sedimentological studies
- Bulk & Clay Mineralogy (XRD)
- Scanning Electron Microscopic studies (SEM)
- Rock Mechanics

- Petrophysical studies
- Any visible micro/macro feature in the core like cracks/fractures etc.

Side wall cores and studies thereof shall not amount to core/Core Report.