

Additional FAQ : OALP Bid Round – I

(Updated on 3rd April, 2018)

Q1 If a company has production operations experience as service providers, will it fulfil Technical qualification?

Ans Production Experience from the Field for which the applicant holds Mining License will only be considered.

Q2 Is Report of Resource Reassessment Study 2017 available free of cost or can it be Purchased?

Ans The reports, data, models will not be free and the same will be differently priced basin wise and study-specific. We're in process of receiving these datasets.

Q3 After initial LRP, the revenue share will be calculated through linear Interpolation till HRP. Do we have any constraints after how many years HRP will be in place. Similarly during stabilization period which one should be shared LRP or HRP?

Ans The LRP and HRP under the OALP have been kept in such a way that it captures a wide range of possibilities so that there is no deterrent for increasing production/ large discoveries. The LRP and HRP is same for all blocks on offer.

During Stabilization Period, Government share of Revenue will be calculated at LRP.

Q4 Is Resource reassessment carried out upto 400m bathymetry only. Are the discoveries beyond 400 Mts bathymetry included in Resource Reassessment?

Ans 400m isobath is the limit of shallow water (which was considered earlier to be 200m) but to mention that resource reassessment has been carried out for deepwater as well, which is upto EEZ.

Q5 The blocks which are fairly covered with 3D data set, committing 3D seismic reprocessing will be considered for maximum marks allocated to 2D and 3D seismic survey?

Ans There is no parameter regarding 3D seismic Reprocessing for Bid Evaluation. There will be no evaluation for elements other than Bid Parameters mentioned in the NIO. For Bid Evaluation Criteria, please refer Chapter 6 (page 9) of NIO.

Q6 Have Defense and Environmental clearances obtained prior to OALP.

Ans In principle clearance on maps for all the open acreage area marked at NDR has been obtained by DGH. However, updation of No Go Areas is an ongoing process, so operator of the Block will be required to again obtain clearance at the time of commencement of the Work Programme.

Q7 If a company is holding an acreage under DSF Round-I, does this qualify the company as an operator to bid in OALP Round-I even if it has not commenced production till now?

Ans There are two aspects

1) Operatorship Experience : Start of Operatorship Experience will be considered from effective date of the Contract i.e date of grant of PEL/ML to the Operator of the Block. One year Operatorship experience is mandatory. In addition;

2) As per BQC, either of the two "Positive Acreage Holding in the last 10 years" or "Production for previous five years in the last consecutive 10 years" will work as qualification.

Q8 Only number of wells for core analysis for target shale plays to be quoted or total length of core also to be mentioned?

Ans Only number of wells for core analysis for target shale plays to be quoted.

Further, 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.

Q9 Provision of Stabilization period for revenue sharing will be considered from which date? Is it from start of production during exploration phase, or after approval and start of commercial production after full field development?

Ans Stabilization period will start from date of commencement of commercial production as defined in the MRSC.

Q10 If Basic Data Package of worth \$1000 is purchased by Bidder, does the bidder still needs to pay additional \$1000 for tender fee.-

Ans Both the payment of USD 1000/- as tender fee and purchase of Basic Data Package are mandatory.

Q11 Is bid bond common for all blocks or we have to submit separate bid bond for each blocks.

Ans Bid Bond of requisite value as mentioned in the NIO needs to be separately submitted against each Block.

Q12 Can we save the bid as a draft?

Ans Yes, Bid can be saved as a draft in the e-Bidding Portal and revised till final bid submission date.

Q13 Is data Room Booking Chargeable ?

Ans Physical Data Room can be booked on chargeable basis as per the Data Policy of NDR.

Q14 What will be the value of Performance Bank Guarantee against the committed Work Programme ?

Ans The amount of Guarantee shall be equal to Liquidated Damages computed by applying rates mentioned in the Appendix-I of MRSC. The amount of Guarantee of the members comprising the Contractor will be limited to the extent of their participating interest.

Q15 In case, the new acreage under OALP is adjacent to existing PSC area, How the production allocation and thus revenue sharing vs royalty/cess issues will be addressed? Joint FDP with PSC + revenue sharing is possible?

Ans There are two scenarios

- 1) Both the contractors i.e existing PSC Contractor and the New RSC contractor has not submitted the FDP : A joint development programme can be submitted by the contractors as per their consensus or GoI can call upon a development plan from an independent agency at the cost of the Parties.
- 2) When the existing PSC contractor has already submitted the FDP : GoI will direct the managing committees of the Contracts to carry out a hydrocarbon balancing study and submit a proposal for joint development.

For more information please refer Article 12 "Unit Development" of MRSC.

Q16 In Hydrocarbon Resource Reassessment, what are the surveys carried out and which agency has carried out the surveys?

Ans The whole exercise of reassessment was carried out using already acquired, processed and interpreted survey data including drilled well information. There was no specific survey done for the purpose. Secondly, the work was carried out by multi-organisation team of ONGC, OIL and DGH with key procedures and results reviewed by international subject-experts and Indian basin-experts.

Q17 Bidders are required to exercise priorities of each block they are going to bid. Does it affect the H1 status in case of a tied bid?

Ans No, it does not. Priority only comes into play if a bidder is highest bidder (best score) in n blocks, but its Net worth and BG is insufficient to meet the CWP value of n blocks together, then system will allocate blocks as per their exercised priority and available Network.

Q18 What is the Size limit of documents to be uploaded on e-Bidding Portal.

Ans Recommended to limit attachment files less than 10 MB each. However, e-bidding portal is capable of accepting attachment files till 50 MB.

Q19 Can BG/ payment details be amended once saved ?

Ans Bid bond and BG details can be updated only until the attachment is "confirmed" by bidder, after which these details cannot be changed.

Q20 What are the documents needs to be submitted online, and which are to be submitted physically?

Ans The comprehensive list of the required documents is available in the Annexure – I of NIO. All the documents listed needs to be submitted in Hard Copy along with the bid. The e-bidding portal, at block level, mentions which document needs to be uploaded online. Please note that Quantum for Work Programme and bidden values against the LRP and HRP for share of Govt. Revenue is not required to be submitted with the Hard Copy.

Q21 Will GST apply on the rigs imported by a foreign service provider on his Import Export Code for the purpose of providing drilling services to an Indian company?

Ans GST shall be levied at the rate of 5% against Essentiality Certificate on import of rig for the purposes of providing services to petroleum operations. However, if these rigs are taken on lease, then GST on such imports shall be exempt subject to fulfillment of certain prescribed conditions.

Q22 Whether deduction for investment allowance under section 32AC / 32AD of the Income-tax Act is to be restricted to 50% (similar to the treatment for additional depreciation) of the cost of plant and machinery if the same are used for less than 180 days in the year of purchase?

Ans Unlike additional depreciation, investment allowance focuses on encouraging capital expenditure towards plant and machinery. There is no restriction on deduction of investment allowance related to usage of such assets during the year, under section 32AC/ 32AD of the Act.

Q23 Whether Geological Survey, being a pre-drilling service, would be covered under the definition of exploration, mining and drilling service under Notification No. 1 of 2018 dated 25 January 2018, resulting into reduced GST of 12%?

Ans In terms of Notification no. 01 of 2018 dated 25 January 2018, GST rate on services of exploration, mining or drilling of petroleum crude or natural gas has been reduced from 18% to 12%.

Geological Survey, being related to drilling service, would fall within the ambit of the above notification and the applicable rate of GST of 12% shall apply.

Q24 Whether a GST registration is required to be obtained for a rig providing services in offshore location beyond 12 nautical miles? In case of multiple place of operations in different offshore blocks beyond 12 nautical miles from the coastline, whether GST registration is required to be obtained separately for each block or whether a single GST registration shall suffice?

Ans GST registration is required for services rendered beyond 12 nautical miles under Union Territory registration. However, there is no requirement to undertake multiple registrations under GST and a single registration under Union Territory for multiple blocks beyond 12 nautical miles shall suffice.

Q25 In case of contract for composite services i.e. contract for supply of goods as well as service, GST would be levied on material portion and service portion separately?

Ans In order to determine the applicable rate of GST on payment towards composite service contract, it would be pertinent to evaluate the nature of said contract i.e. whether the contract is a composite supply or a mix supply. In case of composite supply, rate of tax applicable to principal supply shall apply on total supply of goods and services, however, in case of mixed supply, highest rate shall be applicable.

Further, if the contract provides for adequate bifurcation for sale of goods and provision of services and the services / materials are not interlinked and consideration for sale of goods and services are mentioned separately then a position can be adopted that sale of goods and services are independent of each other and accordingly, the GST rate applicable to each component of goods and services can be charged separately.

Q26 In case of Single Bidder, Blocks will be awarded or not?

Ans Decision shall be considered by the Government of India at the time of award.

Q27 Is there any specific format for Bank Guarantee to be submitted as Bid Bond? Bid bond needs to be from a Scheduled Commercial Bank, Does the bid bond need to be from the Delhi branch of a Scheduled Commercial Bank or can it be from any branch in India?

Ans Yes, there is specific Format for Bank Guarantee placed at Annexure III (Page No. 38) of NIO. Bid Bond (BG) can be issued from any branch of any Scheduled Commercial Bank in India.

Q28 Is quantum for Work Programme and value of Govt. Share % against LRP and HRP required to be submitted along with the Hard copy documents?

Ans Quantum for Work Programme and value Govt. Share % against LRP and HRP (Bidding Parameters) is not required to be submitted along with the Hard copy documents. If submitted, the hard copy submission will be returned unopened. If the Part-II bids are received in a sealed envelope, such envelope will be returned unopened and bid evaluation would be carried out on the basis of the bid submitted in the e-bidding portal only. In case, after opening the Hard Copy Submission it is found that it is accompanied with the Bidding Parameters, the bid will be liable to be rejected.

Q29 Article 19 stated that petroleum shall be valued higher of the actual prices realized on the benchmark price. However, the article 15.1 states that the government share of the revenues shall be determined on the actual sale price accrued in books. Please Clarify.

Ans Revenue Share would be computed based on Benchmark Price / Actual Price whichever is higher as per Article-19.

Q30 Is PSTM, PSDM and Raw gathers are available at NDR ?

Ans Yes, PSTM, PSDM and Raw gathers are available at NDR

Q31 In case if there exist any gas hydrate prospects, can the exploration be a part of OALP round?

Ans Gas Hydrates are covered under unified license.

Q32 The disparity in production and sale of crude due to operational requirement would result in actual realization which is different from valuation based on production volume. How will this difference be managed?

Ans Article 19.1 of MRSC provides that "The contractor shall have the right to use Petroleum produced from the Contract Area for the purpose of Petroleum Operations including reinjection for pressure maintenance in Oil Fields, Gas lifting and captive Power Generation required for Petroleum Operations. Provided that the Contractor shall submit at the end of each month the records relating to the quantity of Petroleum used for the purpose of Petroleum Operations to the Management Committee for its information and records"

Q33 In case of mismatch of well Target Depth (TD) between NIO and e-Bidding Portal which is the final TD?

Ans The TD provided in the e-bidding portal is final. NIO had been amended through a corrigendum No. OALP BID ROUND-1/NIO/CR-1 dated 19/01/2018