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**Government of India  
Ministry of Petroleum and Natural Gas**

**Shasrti Bhawan, New Delhi  
Date: 30<sup>th</sup> March, 2016**

**RESOLUTION**

**O-32011/4/2013-ONG-I:** The objective of Exploration and Production (E&P) Policy in India is to enhance domestic oil and gas production by encouraging exploration in sedimentary basins. Government of India has been reviewing its E&P policy from time to time for intensifying exploration activity and investment therein. Over the years, there has been a shift in the E&P policy, from nomination acreage to competitive bidding. The Government of India designed the New Exploration Licensing Policy (NELP) and Coal Bed Methane (CBM) Policy in late 90s to step up level of investment in exploration within a framework of progressive de-regulation.

Based on the experience of implementation of earlier policies and contractual regimes, Government of India approved a new exploration and licensing policy named 'Hydrocarbon Exploration and Licensing Policy' (HELP). The details of HELP are given below:

**2. Single License for Conventional and Non-conventional Hydrocarbons**

A uniform license to enable E&P operators to explore and extract all hydrocarbon resources covered under the Oilfields Regulation and Development (ORD) Act, 1948, and Petroleum and Natural Gas (PNG) Rules, 1959. This license will enable the contractor to explore conventional and unconventional oil and gas resources including CBM, Shale Gas/Oil, Tight Gas, Gas Hydrates and any other resource to be identified in future which fall within the definition of "Petroleum" and "Natural Gas" under PNG Rules, 1959.

**3. Open Acreage Licensing Policy (OALP)**

E&P companies will be allowed to put in offers for blocks at any time by submitting an initial Expression of Interest (EOI) indicating the area (in terms of grids) which it wishes to take up modalities for operationalization of OALP will be notified separately.

**4. Fiscal Regime**

Present fiscal system of production sharing based on Pre-Tax Investment Multiple (PTIM) and cost recovery / production linked payments will be replaced by a revenue sharing model. The contractor shall pay biddable Government share of revenue (Net of royalty) as per Revenue Sharing Contract.

**5. Royalty**

Royalty rates for onland blocks will be 12.5% for oil and 10% for gas at par with NELP. However, in order to incentivize offshore exploration which involves higher risks and cost, a graded system of reduced royalty rates will be applicable. The royalty rates will be as under:

Blocks	Duration	Royalty Rates	
		Oil	Gas
Onland	-	12.5%	10%
Shallow Water	-	7.5%	7.5%

Deep Water	first 7 years	No Royalty	No Royalty
	after 7 years	5%	5%
Ultra Deep Water	first 7 years	No Royalty	No Royalty
	after 7 years	2%	2%

**6. Pricing and Sale of Crude Oil**

The contractor will be free to sell the crude oil exclusively in domestic market through a transparent bidding process on arms length basis. However, for the sake of calculation of Government revenue, the minimum price will be the price of Indian Basket of Crude Oil (currently comprising of Sour Grade (Oman & Dubai Average) and Sweet Crude (Dated Brent) of Crude Oil processed in Indian refineries) as calculated by Petroleum Planning and Analysis Cell (PPAC) on a monthly basis. If the price arrived through bidding is more than the price of Indian Basket of Crude Oil then the Government's take will be calculated based on the actual price realised.

**7. Pricing and Sale of Natural Gas**

The contractor will have freedom for pricing and marketing of gas produced from these blocks on arms length basis. However for the sake of calculation of Government revenue, the minimum price will be the price calculated as per the Domestic Natural Gas Pricing Guidelines in vogue at relevant point of time. If the price discovered through arms length basis is more than the calculation based on the Domestic Natural Gas Price Guidelines issued by the Government from time to time, then the Government's take will be calculated based on actual price realised.

**8. Sale of Condensate:**

All the provisions of sale of crude oil shall apply mutatis mutandis to condensates.

**9. Increased Exploration Phase**

Exploration period will be 8 years for onland and shallow water blocks. However, in order to encourage exploration in deepwater, ultra deepwater and frontier blocks the exploration period will be 10 years.

**10. No Restriction on Exploration Activity during Contract Period**

The contractor will be allowed to carry out exploration activity during entire contract duration. Exploration will be at the sole risk and cost of the contractors.

**11. Model for Inviting the Bids**

Blocks will be awarded based on 100 points. The points will be awarded on the basis of revenue share being offered to the Government by the bidders and committed biddable Minimum Work Programme (MWP) with weightage of 50 points each.

Bidders will be required to bid the percentage of revenue that they will share with the government and model will be based on revenue-based linear scale. The contractor shall be required to pay biddable Government share of revenue (net of royalty or post-royalty)

**12. Empowered Committee of Secretaries:**

An Empowered Committee of Secretaries (ECS) will be constituted consisting Secretary, Petroleum and Natural Gas, Finance Secretary and Law Secretary. Functions of ECS will include (i) Approval of Model Revenue Sharing Contracts and other bid documents (ii) Resolution of all contractual issues (iii) Inter-ministerial coordination issues (iv) Approval of modalities of operationalization of OALP.

**13. Custom Duty and Oil Cess**

Exemption from custom duty will be provided on all machinery, plants, equipments, materials and supplies related to petroleum operations. There will be no levy of Cess on crude oil.

**14. Management Committee (MC)**

A Management Committee will be constituted with representative from Government / Directorate General of Hydrocarbons (DGH) and contractor. The role of MC will be largely related to monitoring of Minimum Work Programme and technical aspects.

**15. Eligibility for Participation in Bids**

Foreign and Indian companies may have 100% participating interest. Participation of the Government or Government nominee companies is not required in any Joint Ventures.

**16. Site Restoration:**

Abandonment and site restoration process of field/ block will be governed as per Government of India's Guidelines/ Rules/ Regulation as in vogue from time to time. The decision herein contained will come into force with immediate effect and will remain in force until further orders.

  
(U P Singh)  
Additional Secretary to the Government of India

**ORDER**

Ordered that a copy of this Resolution be communicated to all the State Government /Union Territory Administration, Lok Sabha Secretariat and the concerned Ministries and Departments of the Government of India.

Ordered also that the Resolution be published in the Gazette of India for information.

  
(U P Singh)  
Additional Secretary to the Government of India

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