Salient Features of Policy Reforms in HYDROCARBON EXPLORATION & LICENSING POLICY (HELP)

Intensifying Exploration and Production Activities in Less Explored Areas
Salient Features of HELP under OALP

- Single license for all types of hydrocarbons
- Submission of Expression of Interest(s) throughout the year
- Freedom to carve out blocks through EoI
- Exploration rights for full contract life
- Revenue Sharing Model
- Pricing and Marketing freedom
- Low Royalty Rates

Submission of Expression of Interest (EoI)

- Fixed fee for EoI Application/ Tender - INR 75,000
- EoIs submission throughout the year in 3 (three) windows
- EoI should fall within single category of basin

01. 1st APRIL TO 31st JULY
02. 1st AUG TO 30th NOV
03. 1st DEC TO 31st MARCH
Ease of Doing Business

Management Committee role redefined to facilitate Contractors in petroleum operations with minimum approvals

Self-certification with standardized formats/templates for simplified contract management being implemented

Online Contract Management system for hassle free and fast approvals

No obligation to run Drill Stem Test

An alternate simple method for dispute resolution

Adequate flexibility to revise FDP multiple times within timelines

Easy transfer /exit from blocks

Low Regulatory Burden

Liberalized ‘Environment Clearance’ for conducting exploratory drilling (Notified: January 16, 2020)

No restrictions on Monetization of Discovery at an early stage (Notified: June 25, 2020)

Issuance of single Essentiality Certificate for multiple blocks

Approvals not required for the following*

- Notification of Discovery
- Field Development Plan
- Program Quantity (3 years projection figures for production)
- Determination of area within the Contract area to be relinquished
- Methodology for measurement of Petroleum**
- Abandonment plan/site restoration**
- Automatic extensions in Exploration/Development period on payment of requisite fee

*Submission required only for information, MC comments if any to be provided within 7 days

**Government guidelines to be followed
Aims at increasing exploration activities and attracting domestic and foreign investment in unexplored/unallocated areas of sedimentary basins.

**Bid Evaluation Criteria - Category I Basins & CBM Blocks**

<table>
<thead>
<tr>
<th>PARAMETER</th>
<th>SCORE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Originator Incentive*</td>
<td>5</td>
<td>Available to the EoI submitting party</td>
</tr>
<tr>
<td>Work Programme</td>
<td>65</td>
<td>Blocks in Category I Basins: Seismic Survey 20% (13 Marks), No. of Exploratory Wells 80% (52 Marks)</td>
</tr>
<tr>
<td>Revenue Share</td>
<td>30</td>
<td>CBM Blocks: No. of Core Holes 35 Marks, No. of Test Wells 30 Marks</td>
</tr>
</tbody>
</table>

*On first come first serve basis

*Quote at HRP capped at 50%
Bid Evaluation Criteria - Category II & III Basins

Exclusive Work Programme based Bidding

**PARAMETER**
- Originator Incentive
- Work Programme

**SCORE**
- 5
- 95

**DESCRIPTION**
- Seismic Survey: 20% (19 Marks)
- No. of Exploratory Wells: 80% (76 Marks)

Revenue Sharing at predetermined rates if annual revenue crosses USD 2.50 billion i.e. “Windfall Gain”

<table>
<thead>
<tr>
<th>Revenue (Net of Royalty &amp; taxes on sales) (in billion USD) in a Financial Year</th>
<th>GoI Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 2.50</td>
<td>Nil</td>
</tr>
<tr>
<td>&gt;2.50 &lt;=5.00</td>
<td>10%</td>
</tr>
<tr>
<td>&gt;5.00 &lt;=10.00</td>
<td>30%</td>
</tr>
<tr>
<td>&gt;10.00</td>
<td>50%</td>
</tr>
</tbody>
</table>

*On first come first serve basis*
**Exploration Period with Single Phase**

<table>
<thead>
<tr>
<th>Type of Block</th>
<th>Exploration Period</th>
<th>Extension Provision* (To complete CWP only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Onland/Shallow Water/CBM</td>
<td>3 Years</td>
<td>Maximum 9 months extension (Extension fee: USD 25,000 per month or part thereof)</td>
</tr>
<tr>
<td>Deep Water/Ultra Deep Water</td>
<td>4 Years</td>
<td>Maximum 18 months extension (Extension fee: USD 50,000 per month or part thereof)</td>
</tr>
</tbody>
</table>

*Automatic extension, Government approval not required

**Concessional Royalty Rates for Early Commercial Production**

<table>
<thead>
<tr>
<th>Prerequisite: Commercial Production commence within</th>
<th>Concession in existing Royalty Rates for project life</th>
</tr>
</thead>
<tbody>
<tr>
<td>✐ Four (4) years for Onland and Shallow Water blocks</td>
<td>✐ 10% for Category-I Basins</td>
</tr>
<tr>
<td>✐ Five (5) years for Deep Water and Ultra Deep Water blocks from the effective date of contract</td>
<td>✐ 20% for Category-II Basins</td>
</tr>
<tr>
<td></td>
<td>✐ 30% for Category-III Basins</td>
</tr>
</tbody>
</table>
# Field Development Plan Timelines

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Timelines for Submission of Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discovery Related Information</td>
<td>Online Submission in Factsheet</td>
</tr>
</tbody>
</table>
| Appraisal Programme submission timelines | From the date of Potential Commercial Interest (PCI):  
- Onland/Shallow Water Blocks: 6 Months  
- Deep/Ultra Deep Water Blocks: 12 Months |
| Appraisal Period and FDP submission timelines combined | Petroleum other than CBM-  
- Onland blocks: within 36 months of PCI Notice + 6 months extension  
- Offshore blocks: within 48 months of PCI Notice+12 months extension  
- CBM -60 days prior to expiry of Assessment Period |
| Provision for extension in FDP submission | **Automatic extension** on payment of extension fee @USD 15000 per month or part thereof |
| FDP Submission | Submit Part A, Part B and Part C of FDP to Government for information. **Approval not required**  
- Approval of Development Area required for grant of PML |
| Revision in FDP | Contractor can revise FDP multiple time within the time limits prescribed for commencement of Commercial Production by submitting information to the Government |
## Development Phase & Commercial Production – Timelines

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Timelines &amp; Liquidated Damages (LD)</th>
</tr>
</thead>
</table>
| Development Phase                             | ✷ Begins with FDP submission  
.loaded with commencement of Commercial Production |                                                                                                                                                                                                                       |
| Commencement of Development Operations        | ✷ Within 1 year from grant of PML  
. LD – Commencement after 1 year of PML  
. Onland blocks = USD 1 million + USD 250 per day  
. Offshore blocks = USD 5 million + USD 250 per day  
. No commencement up to 2 years of grant of PML  
. Relinquish rights to develop Discovery Area + such area to be excluded from Contract Area |                                                                                                                                                                                                                       |
| Commencement of Commercial Production         | ✷ From grant of PML  
. Onland blocks: 2 years  
. Shallow Water blocks: 3 years  
. Deep Water / Ultra Deep-Water blocks: 5 years  
. LD up to 2 years of delay  
. Onland blocks = USD 2 million + USD 2000 per day  
. Offshore blocks = USD 10 million + USD 2000 per day  
. If delay more than 2 years  
. Material breach of Contract & Contract is liable to be terminated |                                                                                                                                                                                                                       |