

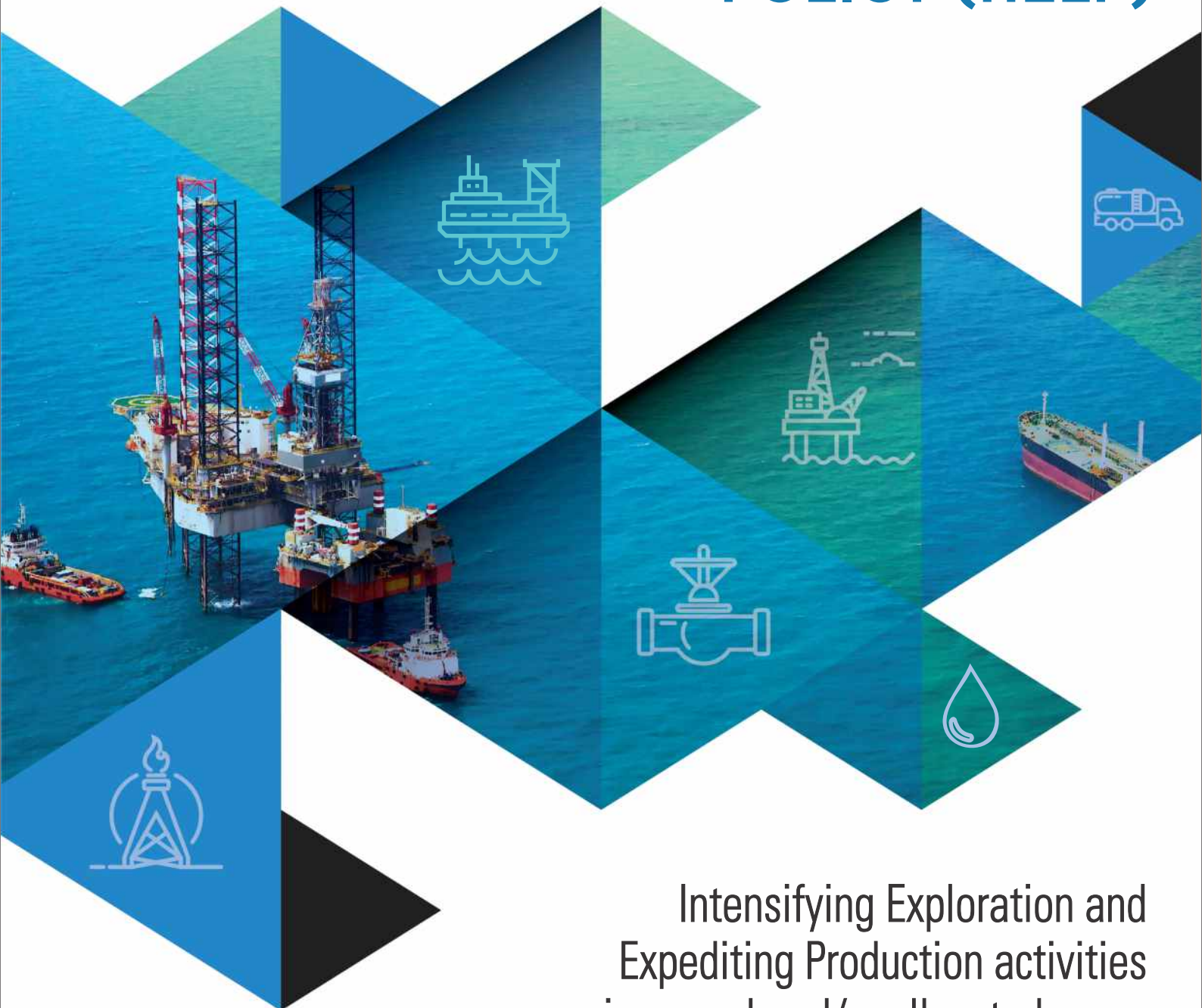


Ministry of Petroleum and Natural Gas  
Government of India



Directorate General of Hydrocarbons

# SALIENT FEATURES OF POLICY REFORMS IN HYDROCARBON EXPLORATION & LICENSING POLICY (HELP)



Intensifying Exploration and  
Expediting Production activities  
in unexplored/unallocated areas



## Salient Features of HELP under OALP

Single license for all types of hydrocarbons



Freedom to carve out blocks through Eol



Revenue Sharing Model\*



Pricing and Marketing freedom



Submission of Expression of Interest(s) throughout the year



Low Royalty Rates



Exploration rights on all retained area for full contract life



## Reforms in Expression of Interest (Eol) Submission

Fixed fee for Eol Application/  
Tender - **INR 75,000**



Eol should fall within single category of basin



Eols submission throughout the year in 3 (Three) windows



## Ease of Doing Business

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



Online Contract Management system for hassle free and fast approvals



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



No obligation to run Drill Stem Test



Adequate flexibility to revise FDP multiple times within timelines



An alternate simple method for dispute resolution has been introduced



Easy transfer /exit from blocks



*\*No Revenue Share based bidding for Category-II and III blocks*



## Policy Reforms Notified on February 28, 2019

**Aims at increasing exploration activities and attracting domestic and foreign investment in unexplored/unallocated areas of sedimentary basins**



### Bid Evaluation Criteria

#### Category I and CBM Blocks - More Weightage to Work Programme

| PARAMETER   | Originator Incentive*                 | Work Programme   | Revenue Share  |
|-------------|---------------------------------------|--|--|
| SCORE       | 5                                     | 65   | 30   |
| DESCRIPTION | Available to the EoI submitting party | <b>Blocks in Category I Basins</b> <ul style="list-style-type: none"> <li>Seismic Survey – 20% (13 Marks)</li> <li>No. of Exploratory Wells – 80% (52 Marks)</li> </ul> <b>CBM Blocks</b> <ul style="list-style-type: none"> <li>No. of Core Holes – 35 Marks</li> <li>No. of Test Wells – 30 Marks</li> </ul> | Revenue share to the Government at LRP and HRP <sup>#</sup> (Lower/Higher Revenue Point)<br><br><i>#Quote at HRP capped at 50%</i> |

#### Blocks in Category II and III Basins

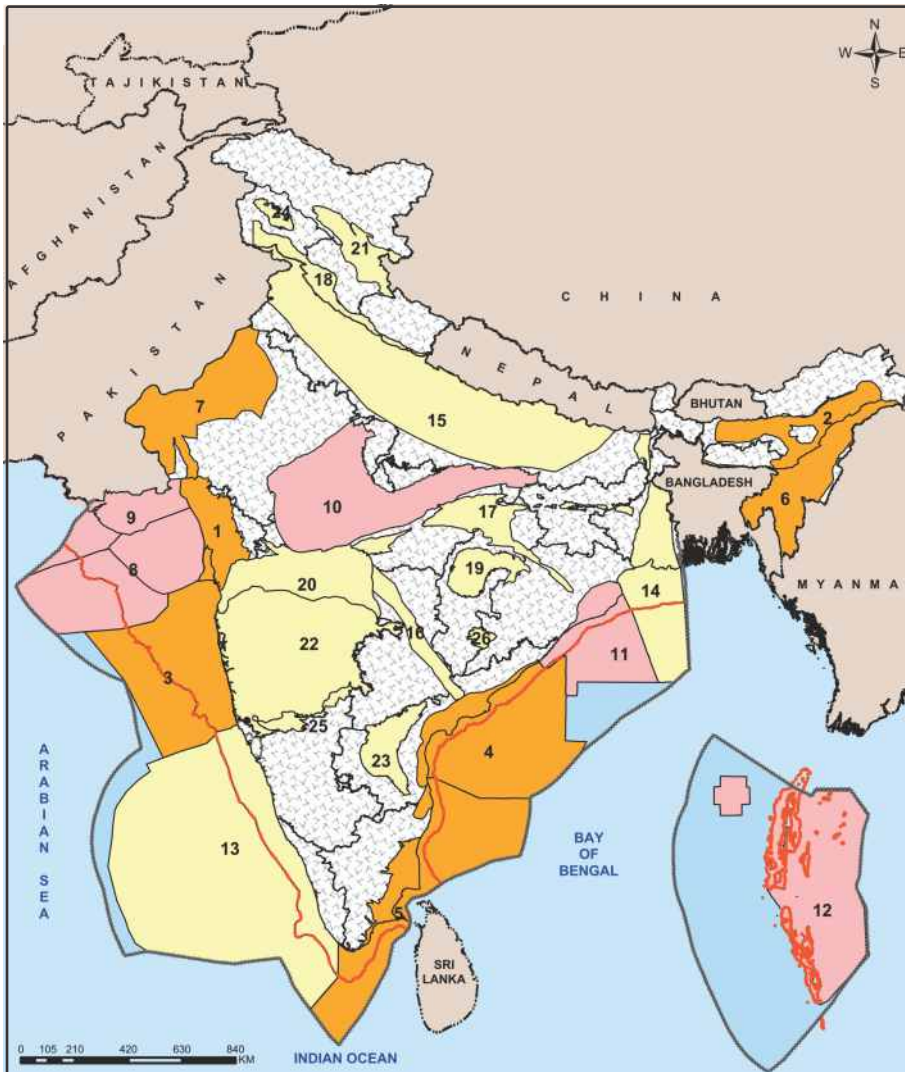
| Exclusive Work Programme based Bidding |                                       |  | Revenue Sharing at predetermined rates if annual revenue crosses USD 2.5 billion i.e. "Windfall Gain" |               |
|--|---------------------------------------|--|---|---------------|
| PARAMETER                              | Originator Incentive*                 | Work Programme   | Revenue (Net of Royalty & taxes on sales) (in billion USD) in a Financial Year                        | Gol Share (%) |
| SCORE                                  | 5                                     | 95   | Up to 2.5   | Nil           |
| DESCRIPTION                            | Available to the EoI submitting party | <ul style="list-style-type: none"> <li>Seismic Survey – 20% (19 Marks)</li> <li>No. of Exploratory Wells – 80% (76 Marks)</li> </ul> | >2.5 <=5.00   | 10%           |
|  |                                       |  | >5.00 <=10.00   | 30%           |
|  |                                       |  | >10   | 50%           |

\*On first come first serve basis





# Re-categorization of Indian Sedimentary Basins



- Category-I  
(Proven commercial productivity)
- Category-II  
(Identified prospectivity)
- Category-III  
(Prospective Basins)
- Pre-Cambrian Basement/  
Tectonic Sediments
- Water Areas Within EEZ
- 400m Bathymetry
- EEZ Boundary

## Category - I Basins

- 1 Cambay
- 2 Assam-Shelf
- 3 Mumbai Offshore
- 4 Krishna-Godavari
- 5 Cauvery
- 6 Assam-Arakan Fold Belt
- 7 Rajasthan

## Category - II Basins

- 8 Saurashtra
- 9 Kutch
- 10 Vindhyan
- 11 Mahanadi
- 12 Andaman

## Category - III Basins

- |                                   |                     |
|-----------------------------------|---------------------|
| 13 Kerala-Konkan                  | 20 Narmada          |
| 14 Bengal - Purnea                | 21 Spiti - Zaskar   |
| 15 Ganga - Punjab                 | 22 Deccan Syneclise |
| 16 Pranhita - Godavari            | 23 Cuddapah         |
| 17 Satpura - South Rewa - Damodar | 24 Karewa           |
| 18 Himalyan Foreland              | 25 Bhima-Kaladgi    |
| 19 Chhattisgarh                   | 26 Bastar           |

## Other Key Changes

Definition of Effective Date suitably modified to address the issue, in case Contract Area falls in the jurisdiction of two or more Governments, so that activities can commence without delay

Exemption from seeking '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





## Shorter Exploration Period with Single Phase

| Type of Block               | Exploration Period as per Revised Policy |  |
|-----------------------------|--|--|
|                             | Exploration Period                       | Extension Provision* (To complete CWP only)  |
| Onland/Shallow Water/CBM    | 3 Years                                  | Maximum 9 months extension<br>(Extension fee: USD 25,000 per month or part thereof)  |
| Deep Water/Ultra Deep Water | 4 Years                                  | Maximum 18 months extension<br>(Extension fee: USD 50,000 per month or part thereof) |

\*Automatic extension, Government approval not required

## Concessional Royalty Rates for Early Commercial Production

|   |  |
|---|--|
| <b>Prerequisite: Commercial Production commence within</b> <ul style="list-style-type: none"><li>Four (4) years for Onland and Shallow Water blocks</li><li>Five (5) years for Deep Water and Ultra Deep Water blocks from the effective date of contract</li></ul> | <b>Concession in existing Royalty Rates</b> <ul style="list-style-type: none"><li>10% for Category-I Basins</li><li>20% for Category-II Basins</li><li>30% for Category-III Basins</li></ul> |
|---|--|

## New Field Development Plan Approvals and Timelines

| Parameters  | Approvals/Timelines   |
|---|---|
| Notification of Discovery (NOD) and Potential Commercial Interest (PCI) | Notify/Submit NOD & PCI with Government   |
| Appraisal Programme submission timelines                                | From the date of PCI submission: <ul style="list-style-type: none"><li>Onland/Shallow Water Blocks : 6 Months</li><li>Deep/Ultra Deep Water Blocks: 12 Months</li></ul>   |
| Appraisal Period and FDP submission timelines combined                  | <ul style="list-style-type: none"><li>Petroleum other than CBM-<ul style="list-style-type: none"><li>➤ Onland Blocks: within 36 months of PCI Notice + 6 months extension</li><li>➤ Offshore Blocks: within 48 months of PCI Notice+12 months extension</li></ul></li><li>CBM -60 days prior to expiry of Assessment Period</li></ul> |
| Provision for extension in FDP submission                               | <b>Automatic extension</b> on payment of extension fee @USD 15000 per month or part thereof   |
| FDP Submission  | <ul style="list-style-type: none"><li>Submit Part A, Part B and Part C of FDP to Government for information. <b>Approval not required</b></li><li>Approval of Development Area required for grant of PML</li></ul>  |
| 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 & Commencement of Commercial Production

| Parameters                             | Revised Policy  |
|--|---|
| Development Phase                      | <ul style="list-style-type: none"> <li>Begins with FDP submission</li> <li>Ends with commencement of Commercial Production</li> </ul>   |
| Commencement of Development operations | <p>Commencement of Development operations within one year from the grant of PML</p> <ul style="list-style-type: none"> <li>Delay beyond 1 year - Liquidated Damages <ul style="list-style-type: none"> <li>➤ Onland blocks = USD 1,000,000 + USD 250 per day</li> <li>➤ Offshore blocks = USD 5,000,000 + USD 250 per day</li> </ul> </li> <li>Delay beyond 2 years <ul style="list-style-type: none"> <li>➤ Relinquish rights to develop discovery area + such area to be excluded from contract area</li> </ul> </li> </ul>   |
| Commencement of Commercial Production  | <ul style="list-style-type: none"> <li>Commencement of commercial production from the grant of PML within the below mentioned timelines: <ul style="list-style-type: none"> <li>➤ Onland blocks: 2 years</li> <li>➤ Shallow Water blocks: 3 years</li> <li>➤ Deep Water /Ultra Deep Water: 5 years</li> </ul> </li> <li>If delay beyond above timelines and upto 2 years - Liquidated Damages <ul style="list-style-type: none"> <li>➤ Onland blocks = USD 2,000,000 + USD 2000 per day</li> <li>➤ Offshore blocks = USD 10,000,000 + USD 2000 per day</li> </ul> </li> <li>If delay more than 2 years beyond allowed timelines <ul style="list-style-type: none"> <li>➤ Material breach and Contract is liable to be terminated</li> </ul> </li> </ul> |



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