



Modalities for Operationalization of Open Acreage Licensing Policy

(May 2023)






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Definitions and Key Terms

1	Application Fee	A non-refundable fee of INR 5,00,000 (Five Lakhs) (excluding taxes) payable or paid for the purposes of filing Eol application.
2	Bid Bond	Bid Bond shall mean the bond so specified to be submitted by the bidder as per section 3.6(ii).
3	Bidder	Company(ies) participating singly or in consortium in the competitive bidding process conducted periodically for the blocks offered under NIO.
4	Category - I Basins	Basins which have proven hydrocarbon resources with established commercial production as notified by Government of India/DGH from time to time.
5	Category –II Basins	Basins which have contingent resources which are yet to be converted to recoverable reserves and commercial production as notified by Government of India/DGH from time to time.
6	Category –III Basins	Basins which have prospective resources with no hydrocarbon discovery and few exploration inputs and data as notified by Government of India/DGH from time to time.
7	Coal Bed Methane (CBM) Block	Blocks based on Eol(s) received/carved out by DGH in areas notified with primary target as CBM.
8	Committed Work Programme	Committed Work Programme shall mean the minimum work programme specified by the Contractor in its bid.
9	Contractor	Contractor shall mean the Party(ies) so defined as Contractor in the Model Revenue Sharing Contract (MRSC)
10	Contract Area	Area so defined in Model Revenue Sharing Contract (MRSC).
11	Deep Water Area	The area falling beyond four hundred (400) metre isobath till fifteen hundred (1500) metre isobath.
12	Exchange Rate	For the purpose of Bid Bond and Participation Bond, Reserve Bank of India (RBI), Financial Benchmarks of India Private Limited (FBIL), or RBI authorized agency exchange rate of same day or previous working day of issuance of Bank Guarantee will be applicable.
13	Exploration Operations	Operations conducted in the Contract Area pursuant to the Contract in search of petroleum and shall include but not be limited to aerial, geological, geophysical, geochemical, paleontological, palynological, topographical and seismic surveys, analysis, studies and their interpretation, investigations relating to the subsurface geology including drilling of exploration wells and other related activities such as surveying, drill site preparation and all work necessarily connected therewith that is conducted in connection with petroleum exploration.
14	Map	An area demarcating the boundaries need to be submitted along with the Eol Application Form to clearly define the area selected by the applicant. Maps accompanying Eols have to be submitted as per defined 10'x10' & 1'x1' grids or partial 1'x1' grid available at National Data Repository (NDR).
15	Maximum Area	The maximum area for Onland, CBM, Shallow Water, Deep Water and Ultra Deep Water for which Eol can be submitted are defined in para 3.3.

16	Net Worth	Net Worth shall be calculated in accordance with the format provided in the Annexure III. Requisite Net Worth shall be assessed as per the provisions of Section 2.2.2.
17	NIO	Notice Inviting Offer published by DGH prior to each round of bidding.
18	Operator	The party so appointed under Revenue Sharing Contract to conduct and execute exploration and/or development and/or production operations in the Contract Area as well as any substitute or successor.
19	Originator(s)	Company(ies) who have submitted the first suo motu EoI requesting for carving out a block, which has been accepted by DGH, shall be designated as the Originator of the block carved out pursuant to their request.
20	Participation Bond	Participation Bond shall mean the bond so specified to be submitted by the Company(ies) submitting EoI as per section 3.6(i)(b).
21	Revenue Share	Revenue Share shall mean the share of revenue payable to the Government computed as per the applicable provisions of MRSC.
22	Target Depth	<p>Target Depth shall mean the minimum depth of wells to be drilled for the wells under the Committed Work Programme in Category-I basins and Mandatory wells to be drilled under Phase-II (entry to Phase-II and for retaining the area which was otherwise to be relinquished) of the Exploration Period in accordance with Article 3 of MRSC.</p> <p>Target Depth shall be measured in True Vertical Depth (TVD) from the Mean Sea Level (MSL)/ Sea Bed for onland/offshore areas, respectively.</p>
23	Type of Blocks	<p>Blocks with more than 50 percent area falling in onshore area would be classified as Onland Blocks.</p> <p>Blocks with more than 50 percent area falling in Shallow Water area would be classified as Shallow Water Blocks.</p> <p>Blocks with more than 50 percent area falling in Deep Water Area would be classified as Deep Water Block.</p> <p>Blocks with more than 30 percent area falling in Ultra Deep Water Area would be classified as Ultra Deep Water Block.</p> <p>Any change in classification shall apply on bidding rounds prospectively.</p>
24	Windfall Gain	“ Windfall Gain ” means gain accrues to the Contractor when Revenue (as defined in Article-15.1 of MRSC) from the Contract Area exceeds USD 2.5 billion in a Financial Year.
25	Ultra Deep Water Area	The area falling beyond fifteen hundred (1500) metre isobath.

The words and phrases not defined in this document shall have the same meaning as defined in the Model Revenue Sharing Contract (hereinafter referred to as “MRSC”). In case of any contradiction, the definition provided in the MRSC shall prevail.

1. Background

1.1. Policy

- (i) The Government of India (**“Government”**) introduced the Open Acreage Licensing Policy (**“OALP”**) as a part of the Hydrocarbon Exploration and Licensing Policy (**“HELP”**) on March 30, 2016.
- (ii) The Government notified further Policy Reforms on February 28, 2019 to increase exploration activities, attract domestic and foreign investment in unexplored/unallocated areas of sedimentary basins.
- (iii) Directorate General of Hydrocarbons (**“DGH”**) under Ministry of Petroleum & Natural Gas will continue to facilitate investors in proposing, through a suo motu Expression of Interest (**“Eol”**), blocks of their choice for contracting based on the data available in the National Data Repository (**“NDR”**).
- (iv) This document sets out the process for operationalizing the OALP in pursuance of Policy Reforms notified on February 28, 2019.
- (v) To enable interested company(ies) to study the sub-surface data, DGH offers facility of NDR which can be used as per the Data Policy notified by the Government.
- (vi) The Eol(s) received from company(ies) will be assessed as per the “Qualification Criteria” set out in Section 2 of this document.
- (vii) The bid(s) received from company(ies) will be assessed as per the “Qualification Criteria” set out in Section 2 of this document and will be evaluated as per the “Bid Evaluation Criteria” set out in Section 6 of this document.
- (viii) DGH may, if deemed necessary, carve out blocks and offer the same for bidding and the same shall be in addition to the blocks carved out pursuant to the suo motu Eols filed by the company(ies) to be offered for bidding under OALP.

1.2 Option under OALP

- (i) The applications for suo motu Eol can be filed for Revenue Sharing Contract (RSC) which permits exploration, development and production operations in any of the Onland (including CBM), Shallow Water, Deep Water and Ultra Deep Water block for all type of hydrocarbons.
- (ii) Exploration Period shall be different for blocks in Category-I basins and blocks in Category-II/III basins, and as per details provided in Model Revenue Sharing Contract (MRSC) Article 3.
- (iii) The Contractor may also submit an Additional Work Programme, however, no extension shall be granted for the completion of the same.
- (iv) For the purpose of this document block has the meaning as defined in Section 3.3.
- (v) Any Company(ies) either singly or in consortium can put in only 1 (one) bid either as an Operator or non-operator for 1 (one) particular block.
- (vi) Company(ies) selected through competitive bidding process would enter into contract with the Government as per the Model Revenue Sharing Contract (MRSC) published before the competitive bidding. Such model contract will be based on the principles of HELP.

2. Qualification Criteria (QC)

2.1. Applicability of Qualification Criteria

- (i) The applicant submitting suo motu EoI and/or bid must be a company singly or in consortium with other companies, through an unincorporated or incorporated joint venture. Applicant has to meet necessary Technical and Financial Criteria specified in Section 2.2 of this document.
- (ii) EoIs and/or bids will be assessed for Technical Qualification Criteria and Financial Qualification Criteria as mentioned below

2.2 Qualification Criteria

Technical Qualification Criteria and Financial Qualification Criteria, at the EoI/competitive bidding stage shall be as under:

2.2.1 Technical Qualification Criteria

- (i) To be considered as an Operator (in a Consortium or singly), a company(ies) submitting EoI/Bidder would be required to meet the following technical qualification criteria at the EoI/competitive bidding stage as on submission date:

S. No.	Criteria	Onland	Shallow Water/ Deep Water/ Ultra Deep Water	CBM
1	Minimum Operatorship Experience (Experience of Operatorship in oil and gas exploration and / or development and / or production in the preceding 10 (ten) years) from the date of EoI submission/launch of NIO	1 (one) year experience is mandatory	1 (one) year experience is mandatory	1 (one) year experience is mandatory
2	Acreage Holding (sq. km.): (for Onland, Shallow Water, Deep Water/ Ultra-deep Water and CBM) in preceding 10 (ten) years from the date of EoI submission/launch of NIO	Positive Optional if Point No. 3 is fulfilled		
3	Average Annual production for any previous 5 (five) years: (for Onland, Shallow Water, Deep Water/ Ultra-deep Water) in preceding 10 (ten) years from the date of EoI submission/launch of NIO	Positive Optional if Point No. 2 is fulfilled		

- (ii) “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 as an operator.
- (iii) Operatorship Experience in respective type of block is required for which bidder is applying, subject to:
- Operatorship Experience in Shallow Water/Deep Water/Ultra Deep Water block would be recognized as relevant for all type of blocks.
 - Operatorship Experience in Onland block would be recognized as relevant for Onland and Shallow Water blocks.
 - Operatorship Experience in Coal Bed Methane (“CBM”) block would be recognized as relevant for Onland blocks.

Details of Average Annual Production shall be as per Table-X of Annexure-I of NIO.

- (iv) Acreage Holding means those areas where the designated Operator holds lease/license /permit etc., for exploration and/or development and/or production operations in accordance with the laws of respective country(ies).
- (v) EoI Originator/Bidder shall be required to furnish relevant documentary evidence in regard to all requisite technical qualification criteria.

2.2.2 Financial Qualification Criteria

There will be 2 (two) stage qualification for assessment of Net Worth. Net Worth has to be certified by the statutory auditor of the company and its board of directors.

Stage-1

- (i) EoI submitting Party/Bidder needs to meet following Net Worth criteria. In case of a Consortium each member has to meet Net Worth requirement in proportion to their Participating Interest (“PI”) for each bid.

S. No.	Type of Block	Requisite Net worth for one sector (in million USD)	Net worth for additional sectors (in million USD/ sector)
1	Onland	5	1
2	Shallow Water	20	2
3	Deep Water	60	2.5
4	Ultra Deep Water	90	3
5	CBM	2.5	0.5

- (ii) Minimum Net Worth will be that of one sector irrespective of the area sought (if area sought is less than one sector of 10’ x 10’).

- (iii) For additional area (in addition to one sector) Net Worth for area less than 10'x10' sector will be computed on pro rata basis (in multiples of 1'x1'). Partial 1'X1' unit will be considered as full 1'X1' unit for the calculation of Net Worth.
- (iv) Requisite Net Worth for each Block will be computed and published in NIO.

Stage-2

- (v) Net Worth of the constituents of the Bidder will be reassessed in proportion to their Participating Interest at the time of bid opening and final allocation of the Blocks. At this stage, Net Worth of the Bidder should be equal to or more than the higher of:
 - Estimated expenditure for the Committed Work Programme; or
 - LD equivalent value of the Committed Work Programme.

Any shortfall in Net Worth is allowed to be supported by an equivalent Bank Guarantee in favour of the Government from a Scheduled Commercial Bank. (As per format specified in NIO) which shall be encashed as per the provisions of MRSC.

3. Submission of EoI

3.1. Obligation of the Originator

- (i) The company/consortium submitting an EoI must qualify technically and financially at the bidding stage subject to Section 3.4(i) else the Participation Bond will stand forfeited.
- (ii) Originator(s) will be allowed to change the member(s) in consortium and their Participating Interest subject to Article 26 of MRSC, before the bid submission closing date, and such reconstitution of consortium will not impact the benefit of the Originator incentive. However, Operatorship as submitted in EOI cannot be changed till the signing of the Contract. Such consortium, without any change in Operatorship, is liable to submit the bid for the applicable block.

3.2 Submission of EoI

- (i) Suo motu EoI shall be submitted online, through HELP EoI submission portal, in the format specified in Annexure II of this document and as may be specified in detail in the HELP portal along with scan copy of the Participation Bond and, subject to the instructions therein.
- (ii) A non-refundable Application Fee is to be paid online through the DGH payment gateway.
- (iii) Original copy of EoI Application (generated on the HELP portal on successful submission of EoI), the Participation Bond and other requisite documents (if any), shall be submitted to DGH within 7 (seven) working days from the date of online submission. The documents shall be delivered to :

HELP: EoI SUBMISSION

Directorate General of Hydrocarbons
(Under Ministry of Petroleum & Natural Gas)
OIDB Bhawan, Plot No 2, Sector 73, Noida, India
Phone: 0120-2472000
Fax: 0120-2472049

Suo motu EoIs will be accepted throughout the year in 3 (three) windows- 1st August to 30th November, 1st December to 31st March and 1st April to 31st July. The deadline for submission will be observed as 17:00 hrs IST of the closing dates for respective window DGH will endeavor to finalize the EoIs received and publish the Notice Inviting Offer ("NIO") for competitive bidding within 30 (thirty) days of closure of each window for EoI submission subject to internal/Government approvals;

- (iv) Timely submission of the EoI for a particular window shall be the responsibility of the interested party. EoI received by DGH after the closing date and time for a window, shall be considered in the subsequent EoI window.

- (v) DGH shall not be responsible for the loss of tender or for any delay during the postal transit or otherwise.

3.3 Carving out a block from submitted Eol

- (i) In the Open Acreage Licensing route, the freedom of identification of area and seeking to have them offered as blocks for contract will be with the applicant company(ies). The area available for carving out the Eol can be viewed on the NDR.
- (ii) The block carved out from identified Eol ought to:
 - a) fall within only one category of sedimentary basins of India. In other words, in a single Eol, Company(ies) are not allowed to carve out the area in more than one categories of the sedimentary basins. In such case, two separate Eols are required to be submitted for each Category of Sedimentary Basin;
 - b) be free of existing PEL/ PML;
 - c) not fall in area indicated as “NO-GO” in the NDR”.
- (iii) An area of (10' x 10') (~336 sq.km.) is defined as “Sector” for all types of hydrocarbons. An applicant has to identify an area for Eol submission by selecting one or more than one contiguous Sector(s). However, for the areas where it is not possible to identify an area in multiple of Sectors of size 10'x10' due to non-availability of clear areas, the applicant company(ies) will be allowed to submit Eol for one or more than one contiguous units of size 1' x 1'. Units less than 1'x1', in polygonal manner with curved/straight lines connecting corner points, will be allowed in the Eols if complete 1'x1' grids are not available to cover area along natural boundaries like coastlines, State & International borders, boundaries of forests, national parks, riverine areas, sanctuaries, restricted/ No-Go zones, including intervening area among already awarded blocks etc.

DGH may suitably modify the submitted EOI to incorporate partial 1'x1' grids in such cases.
- (iv) Separate Eol applications are to be submitted for non-contiguous areas and for different category of basins. However single Eol can be submitted for contiguous area that covers Onshore/Offshore and multiple States.
- (v) Following conditions apply for carving out a block:
 - a) DGH at its discretion will accept the area for which Eol has been submitted or alter/modify the area after due evaluation.

For clarification, in case of any block carved out through an Eol, DGH shall have the power to suitably alter (increase or decrease) the block boundary, so as to adjust for any emerging intervening area around the carved block, and also to retain the carved block under a single jurisdiction, to the extent it may find justified, provided any such increase or decrease in area does not deviate more than fifty percent of the original Eol block area.

b) The minimum and maximum Area for application will be as presented below:

Type of block	Minimum Area	Maximum Area
Onland	1 (one) Sector	20 (twenty) Sectors
Shallow Water	1 (one) Sector	40 (forty) Sectors
Deep Water/Ultra Deep Water	1 (one) Sector	60 (sixty) Sectors
CBM	1 (one) Sector	2 (two) Sectors

Note: The condition for minimum area shall be subject to provisions of Art. 3.3(iii)

(vi) Type of block (i.e. Onland, Shallow Water, Deep Water and Ultra Deep water) would be as defined in this document.

3.4 Principles behind expressing suo motu interest

- (i) EoI applicants will be obliged to participate (submit a bid acceptable to the DGH) in the subsequent bidding. In case the deviation in the area finalized by the DGH to be put up for bidding is more than 50% (fifty percent) of the Application Area, then such obligation will be waived and the Participation Bond will be released upon communication of its intent to not to participate in the bidding process.
- (ii) The Participation Bond submitted along with the EoI will be forfeited if the EoI submitting party does not participate in the bidding process except in the circumstance enumerated above in Section 3.4 (i).
- (iii) The Participation Bond would be released as per Section 5.5.

3.5 Composition of EoI

An EoI shall include the following:

- a) Original signed Application Form;
- b) Map showing the area of interest outlined on NDR grid;
- c) The Annual Report including the Audited Annual Accounts for latest completed financial year. If annual Report of year end date immediately preceding the EoI submission date has not finalized, then such report for the immediately preceding year end date shall be submitted ;
- d) Information in support of qualification (Net Worth, Operatorship experience etc.);
- e) Additional supporting information (for example, Article and Memorandum of Association, Certificate of Incorporation/Registration, Corporate Structure, etc.) to be uploaded on EoI Submission portal and sent physically to the DGH;
- f) Proof of payment covering the Application Fee;
- g) The Participation Bond in prescribed format;
- h) The EoI submitting party has to submit Due Diligence Report (DDR) while identifying the area for which the EoI is being submitted. The list of all geological and geophysical data used by the company for evaluation of the proposed area and the report on assessed level of prospectivity is to be submitted;

The report should be based on available geo-scientific data and describe key petroleum system elements, likely major plays supported by appropriate seismic and geological cross sections and/or maps;

Due Diligence Report is not required to be submitted for the areas for which scanty or no data is available. However, a brief conceptual report about the geological model and prospectivity of the area should be provided;

Primary data source for the above report has to be NDR or data previously procured from the GoI; Data source must be disclosed and data should be in the legal possession of the EoI submitting party;

- i) Contractor has to specify 'Target Depth' (meters) of wells to be drilled (refer definition no. 22 Target Depth) based on due diligence.

3.6 EoI Application Fee/Tender Fee & Participation Bond/Bid Bond

- (i) An EoI in prescribed formats will be accompanied by the following:

- a) A non-refundable Application Fee of INR 5,00,000 (Five Lakhs) (excluding taxes) to be paid online along with EoI.
- b) An Originator will have to submit a Participation Bond of value USD 20,000 (twenty thousand) per Sector for all types of blocks in the form of Bank Guarantee from a Scheduled Commercial Bank valid for a period of 18 (eighteen) months from the date of issuance. Date of Issuance shall not be earlier than 30 (thirty) days from the submission of EoI. A cap of USD 2,00,000 (two hundred thousand) for all types of blocks is applicable.

Exchange Rate as defined in this document shall be applicable to convert USD figures in INR.

The Participation Bond for an area of (1'x1') (partial grid of 1'X1' will be considered as full 1'X1' unit for the calculation of value of Participation Bond) will be pro-rated in proportion to the Participation Bond requirement for one sector of size (10'x10').

- (ii) A Bidder will have to submit a Bid Bond of value USD 20,000 (twenty thousand) per sector for all types of blocks in the form of Bank Guarantee from a Scheduled Commercial Bank valid for a period of 12 (twelve) months from the date of issuance. Date of Issuance shall not be earlier than 30 (thirty) days from the submission of Bid. A cap of USD 2,00,000 (two hundred thousand) for all types of blocks is applicable.

The Participation Bond of the Originator will be released, if it doesn't win the bid but fulfils both the Technical Qualification Criteria and the Financial Qualification Criteria subject to Section 3.4(i).

The Bid Bond for an area of (1'x1') (partial unit of 1'X1' will be considered as full 1'X1' grid for the calculation of value of Bid Bond) will be pro-rated in proportion to the Bid Bond requirement for one sector of size (10'x10').

Exchange Rate as defined in this document shall be applicable to convert USD figures in INR.

- (iii) In case of extension in the bid closing date/Contract signing date beyond the validity of Participation or Bid Bond (whichever is applicable to the bidder), DGH may seek the validity extension of Participation/Bid Bond for a period of 6 (six) months or such other longer period (not more than 12 (twelve) months) as required by GoI. If the bidder/winning bidder fails to submit the extended Bank Guarantee 30 (thirty) days before the expiry date of the initially submitted Bank Guarantee, the submitted Bank Guarantee shall be invoked and encashed. If the winning bidder fails to sign the Contract within the stipulated time, encashed BG amount will be forfeited.
- (iv) The Originator(s) will not be required to submit the Tender Fee and Bid Bond at the bidding stage.

Bidders will have to submit a non-refundable Tender Fee of INR 5,00,000 (Five Lakhs) (excluding taxes) to be paid online to the DGH at the bidding stage.

4. Revenue Sharing Contract (RSC)

- (i) Revenue Sharing Contract will allow company(ies) to undertake, as the context may require, Exploration Operations, Development Operations or Production Operations or any combination of two or more of such operations, including construction, operation and maintenance of all necessary facilities, plugging and abandonment of wells, safety, environmental protection, transportation, storage, sale or disposition of petroleum to the delivery point, site restoration and any or all other incidental operations or activities as may be necessary (**“Petroleum Operations”**).
- (ii) Terms of Revenue Sharing Contract will be as per the Model Revenue Sharing Contract (MRSC) approved by the Government.
- (iii) Different terms and conditions may be specified in MRSC for Category-I, Category-II & III Sedimentary Basins and CBM Blocks.

5. Evaluation of Eol

5.1. Evaluation Period

- (i) Applications for Eol will be evaluated on a First Come First Served basis. The proposed block/area (for which Eol has been accepted by the DGH) shall be unavailable for further Eol subject to submission of requisite documents to the DGH within the timeline.
- (ii) The DGH will endeavor to finalize the Eols received and publish the NIO for competitive bidding after 30 (thirty) days of closure of each window for Eol submission subject to internal/Government approvals.

5.2 General Condition(s)

- (i) Eol(s) received and accepted by the DGH, will be considered to put for bidding subject to such adjustment of areas as the DGH may carry out at its discretion.

5.3 Evaluation of Eol

- (i) Eol will be evaluated for Technical Qualification Criteria and Financial Qualification Criteria for the Operator as mentioned in Section 2 of this document. However, an applicant has to meet applicable Financial Qualification Criteria and Technical Qualification Criteria at the time of bidding as well.
- (ii) The Eol submitter has to submit report on due diligence undertaken while identifying the area for which Eol is being submitted. The list of all Geological & Geophysical (G&G) data used by the company for the proposed Eol and the report on assessed level of prospectivity is to be submitted.

The report should be based on available geoscientific data and describe key petroleum system elements, likely major plays supported by seismic and geological cross sections and/or maps.

Due diligence report is not required to be submitted for the areas for which scanty or no data is available. However, a brief conceptual report about the geological model and prospectivity of the area should be provided.

- (iii) Primary Data Source for the above report has to be NDR or data previously procured from the Gol.
- (iv) Data source must be disclosed and data should be in the legal possession of the Eol submitting party.

5.4 Eol Acceptance Criteria

- (i) Eols will be accepted subject to the fulfillment of following conditions:
 - Submission of all the components listed under the Section 'Composition of Eol' (Section 3.5 of this document);
 - Due Diligence Report would be reviewed by the DGH and accepted if the report adheres with all conditions;

- Fulfilment of Qualification Criteria, both Technical and Financial;
- Eols will be accepted on First Come First Served basis and no Eol will be entertained having area overlapping with the already submitted Eol; and
- Eols overlapping with the existing PEL/PML areas and “No Go Areas” as marked in NDR will not be entertained or the area appropriately adjusted so as to allocate single contiguous area.
- Eol shall cover a single category of sedimentary basins of India.

(ii) The Eol not fulfilling any of the above conditions shall be liable for rejection.

5.5 Result of Eol Evaluation

- (i) At the end of evaluation, the DGH will accept/reject the Eol submitted by the Originator and recommend the finalized Blocks to the Government for inclusion in NIO for the upcoming Bid Round.
- (ii) The outcome of the Eol will be published on the DGH website and the maps of approved Eols will be displayed in NDR.
- (iii) The name and other submissions made by the Originator shall not be disclosed to other Bidders during the bidding process.
- (iv) The Originator will be duly informed in case their Eol is not accepted or deviation in area is more than 50% (fifty percent) of the Application Area pursuant to Section 3.4. In case of rejection of the Eol by the DGH the Participation Bond will be released. In case of such deviation in area, the Participation Bond would be released subject to conditions specified under Section 3.4.

6. NIO Publication and Bid Evaluation

6.1 DGH shall publish the NIO and make the announcement seeking bids for Hydrocarbon Blocks from eligible interested parties.

6.2.1 Bid Submission

- (i) Competitive bids will be sought against each block accepted by the DGH after the Originator(s) submit suo motu EoI(s), subject to Bidders meeting all the necessary Qualification Criteria set out in Section 2 of this document.
- (ii) Originator(s) will be allowed to change the member(s) in consortium and their Participating Interest subject to Article 26 of MRSC, before the bid submission closing date, and such reconstitution of consortium will not impact the benefit of the Originator incentive. However, Operatorship as submitted in EOI cannot be changed till the signing of the Contract. Such consortium, without any change in Operatorship, is liable to submit the bid for the applicable block.
- (iii) A period of 60 (Sixty) days or as published in NIO will be provided to Bidders to submit bids from the date of publishing the NIO (unless otherwise extended).

6.3 Bid Evaluation Period

- (i) The DGH will endeavor to complete the bid evaluation as per criteria mentioned in para. 6.4 below.
- (ii) Government shall endeavor to award the blocks within 60 (sixty) days of the completion of bid evaluation.
- (iii) After the award of blocks, efforts will be made to execute the contracts with the winning bidders on a date to be specified by the Government within thirty (30) days.

6.4 Bid Evaluation Criteria

- (i) Bid Evaluation Criteria ("BEC") will be specific to sedimentary basin categories.
- (ii) The Bidder scoring the highest marks against the following evaluation matrix and meeting all other conditions including sufficiency of Net Worth will be declared winner for that Block.

For all Hydrocarbons where conventional hydrocarbons are primary target:

Category – I Basins			
S. No.	Activity	Marks	Evaluation Method
1. Technical (Marks 65)			
(i)	2D Seismic surveys (API)	13	Bidders quoting highest weighted Seismic programme will be assigned 13 marks and others will be assigned marks proportionately. Weighted Seismic programme will be calculated by considering 2D and 3D seismic in following weightage: For Onland- 2D-12.5% weightage & 3D-87.5% weightage For Offshore- 2D-25% weightage & 3D-75% weightage
(ii)	3D Seismic surveys (API)		
(iii)	Exploratory Wells	52	Bidder quoting highest number of Wells will be assigned maximum marks and others will be assigned marks proportionately
	Sub Total	65 (Sixty Five)	
2	Originator Incentive	5 (Five)	Awarded to the Originator only
3	Revenue Sharing	30 (Thirty)	Bidder with highest Revenue share offered to GoI gets maximum marks and others will be assigned marks proportionately. (refer NIO and MRSC)
	Total Marks	100 (Hundred)	

Category – II & III Basins			
S. No.	Activity	Marks	Evaluation Method
1. Technical (Marks 90)			
(i)	2D Seismic surveys (API)	90	Bidders quoting highest weighted Seismic programme will be assigned 90 marks and others will be assigned marks proportionately. Weighted Seismic programme will be calculated by considering 2D and 3D seismic in following weightage: For Onland- 2D-12.5% weightage & 3D-87.5% weightage For Offshore- 2D-25% weightage & 3D-75% weightage
(ii)	3D Seismic surveys (API)		
	Sub Total	90 (Ninety)	

2	Originator Incentive	10	Originator will get 10 marks
	Total	100 (Hundred)	

For CBM Blocks:

S. No.	Activity	Marks	Evaluation Method
1) Technical (Marks 65)			
(i)	No. of Core Holes	35 (Thirty five)	Bidder quoting highest no. of Core Holes gets maximum marks and others will be assigned marks proportionately.
(ii)	No. of Test wells	30 (thirty)	Bidder quoting highest no. of Test Wells gets maximum marks and others will be assigned marks proportionately
	Sub Total	65 (Sixty Five)	
2)	Originator Incentive	5 (five)	Originator will get 5 marks
3)	Revenue Sharing	30 (Thirty)	Bidder with highest Revenue share offered to Gol gets maximum marks and others will be assigned marks proportionately. (<i>refer NIO and MRSC</i>)
	Total	100 (Hundred)	

6.5 Net Worth of the bidder should be equal to or more than the higher of:

- Estimated expenditure for the Committed Work Programme (as submitted in the Annexure-I of the NIO); or
- LD equivalent value of the Committed Work Programme.

7. Revenue Share

Revenue share to the Government shall be specific to Category of Sedimentary Basins. Provisions relating to Revenue share will be as under: -

Category-I Basins and CBM Blocks

- (i) The bidder will quote the percentage of revenue to be shared with the Government against Lower Revenue Point (LRP) and Higher Revenue Point (HRP).
- (ii) The Lower Revenue Point (LRP) and Higher Revenue Point (HRP) for the blocks where conventional hydrocarbons are primary target shall be equal to USD 0.05 million of revenue per day and USD 7 million revenue of per day respectively.
- (iii) The Lower Revenue Point (LRP) and Higher Revenue Point (HRP) for the blocks where Coal Bed Methane (CBM) is primary target shall be equal to USD 0.01 million of revenue per day and USD 0.5 million revenue of per day respectively.
- (iv) The percentage Revenue Shares offered shall be non-zero positive whole number, such that, the percentage share of Revenue offered by the bidder to the Government at the HRP shall be higher than that offered at the LRP.
- (v) The Revenue Sharing upper ceiling at HRP shall be 50% i.e. Bidder can quote maximum 50% revenue share percentage at Higher Revenue Point.
- (vi) Contractor shall be allowed to share revenue with the Govt. at the rate quoted by the bidder at LRP for initial period of 4 (four) years in case of Onland Blocks (including CBM), 5 (five) years in case of Shallow Water Blocks and 7 (seven) years in case of Deep Water Blocks and Ultra Deep Water Blocks from the date of commencement of Commercial Production under a Petroleum Mining Lease (PML) granted for the Development Area, post submission of FDP of the block as per timelines and provisions of Article-10 of MRSC.
- (vii) Contractor shall share Revenue with the Government from the commencement of Commercial Production from the Contract Area at percentages quoted at two revenue points at the time of bidding and Revenue share shall be calculated as per the methodology given in MRSC.
- (viii) The provisions of stabilization period and methodology given in MRSC to calculate revenue share shall apply mutatis mutandis to calculate Revenue share at the time of bid evaluation.

Category II and III Basins

- (i) Bids for the Blocks falling under these Categories will be evaluated only on the basis of Committed Work Programme and no Revenue Share quotes are required. However, Revenue shall be shared with Government only when "Windfall Gain" accrues to the Contractor. In such case following slabs shall be applicable to calculate Revenue Share :

S. No.	Revenue in a Financial Year	(%) sharing with Government
i	Up to USD 2.5 billion	Nil
ii	More than USD 2.5 billion but less than equal to 5 billion	10% of revenue exceeding USD 2.5 billion
iii	More than USD 5 billion but less than equal to 10 billion	Revenue from (ii) and 30% of revenue exceeding USD 5 billion
iv	More than USD 10 billion	Revenue from (ii) and (iii) and 50% of revenue exceeding USD 10 billion

- (ii) Revenue Share to the Government shall be payable from the month in which “Windfall Gain” accrues to the Contractor i.e. when Year to Date revenue crosses the threshold limit of USD 2.5 billion in a Financial Year.

Revenue for the purpose of this clause shall have same meaning as defined in MRSC of respective Blocks.

8. OAL Incentive Mechanism

- (i) In order to encourage company(ies) to participate in Open Acreage Licensing, Originator Incentive will be provided to the Originator.
- (ii) For blocks falling in Category-I basins, the Originator participating in the bidding process will get additional 5 (five) marks during the bid evaluation. For blocks falling in Category-II and Category-III basins, the Originator participating in the bidding process will get additional 10 (ten) marks during the bid evaluation.
- (iii) Originator(s) will be allowed to change the member(s) in consortium and their Participating Interest subject to Article 26 of MRSC, before the bid submission closing date, and such reconstitution of consortium will not impact the benefit of the Originator incentive. However, Operatorship as submitted in EOI cannot be changed till the signing of the Contract. Such consortium, without any change in Operatorship, is liable to submit the bid for the applicable block.

Annexure I – Abbreviations

S. No.	Acronym	Abbreviation
1	BEC	Bid Evaluation Criteria
2	CBM	Coal Bed Methane
3	DGH	Directorate General of Hydrocarbons (in India)
4	EoI	Expression of Interest
5	E&P	Exploration & Production
6	FBIL	Financial Benchmarks of India Private Limited
7	GoI	Government of India
8	PML	Petroleum Mining Lease
9	MRSC	Model Revenue Sharing Contract
10	NIO	Notice Inviting Offer
11	OALP	Open Acreage Licensing Policy
12	PEL	Petroleum Exploration License
13	USD	United States Dollar
14	RBI	Reserve Bank of India

Annexure II- EoI Format

Application Form for Expression of Interest

1. Operator Information	
Name of the proposed Operator and contact Information	
Name of the Operator	
Contact Address	
Telephone number	
Mobile number	
Fax number	
Email address	

2. Constitution of the consortium			
S. No.	Company Name	PI Share (%)	Contact Address

3. Corporate Information		
This information should be provided by company submitting EoI. In case of a EoI from a consortium, each member of the consortium should provide this information.		
A	The company's legal name	
B	In case of Consortium, name of the Operator	
C	Place of incorporation or registration	Place: State: Country: Zip:
D	Authorized representative of the company for communication on the bid	Name: Designation: Address: Tel.: Facsimile:



E	Name and address of the Chairman of the Board of Directors	Name: Address:
F	Name and address of the Chief Executive Officer	Name: Address:
G	Name and address of shareholders holding more than 10% (ten percent) of company's stock	
H	Structure and details of the group, if any, to which the EoI submitting company belongs including information on affiliates/parent company	
I	If parent company's Net Worth is being used to submit the EoI, then please indicate percentage share-holding of the parent company in the EoI submitting company and the status of the parent company in the group structure	
J	The business activities of the company	
K	Name(s) and address of parent company(ies) (where applicable)	Name: Address: Tel.: Facsimile: E-mail:
L	The company should submit its annual report including the audited balance sheets and profit & loss statements along with the schedule of notes forming part of the balance sheet and a certificate (in English language) of their Net Worth certified by the company's statutory auditors for the latest completed year. In case of parent company Net Worth is being used to submit the EoI, this information of parent company should also be provided	
M	Number of total corporate employees of the company	
N	Number of employees engaged in Technical and Nontechnical activities in E&P.	
O	Details of judgments/arbitral awards against company or Consortium members or any corporate member of the group of companies to which the bidder belongs in the past 10 (ten) years. Please mention the nature of the case	
P	Details of any anticipated material events, risks, activities or plans which will have significant impact either positively or negatively on the company's ability to perform its obligations in India under the contract	
Q	Has the company earlier worked in India? If yes, provide details	
R	Details of termination or withdrawal from any earlier Production/Revenue Sharing Contract in India by the company or any member company of the consortium	

4. Eol Submitted for		
Category of the Basin		
Type of Block		
Unique Identification Number(s) of grid as per NDR	10'x10' Sectors	
	1'x1' Sectors	
	Less than 1'x1' Sectors (with description)	
Type of Hydrocarbon (Primary category)		
Target Depth		
Comments		

5. Qualification criteria	
Type of Eol	
Type of Block	
To be filled only by proposed operator	
a. Technical Qualification criteria	
Operatorship Experience (in Years)	
Type of Operatorship Experience	Onland
	Shallow Water
	Deep Water
	Ultra Deep Water
	CBM
Acreage Holding in last consecutive 10 years (in sq. km)	
Average Annual Production for the previous 5 years (in MMBoe) in preceding 10 ten years from the date of Eol submission/launch of NIO	



6. To be filled for each consortium member			
Company		ABC	XYZ
Equity	(in USD)		
Other Equity	(in USD)		
Miscellaneous expenditure to the extent not written off	(in USD)		
Net Worth	(in USD)		

7. Details for Participation Bond		
Details of the Bank Guarantee (to be submitted within 7 (seven) working days from the day of online submission of EoI)	BG No.	
	Name and Address of the Bank	
	Issue Date:	
	Date of Expiry of the BG	

8. Application Fee		
Online Payment	Reference No.	
	Date:	

9. Contact details	
Give details of the person, DGH should treat as its first point of contact about this application	
Name of the Company	
Name of the Contact person	
Contact Address	
Telephone Number	
Mobile Number	
Email Address	

10. Declaration

A duly authorized officer from each of the applicants listed in Part 2 must approve the information given in this form.

I hereby declare that the information given in this application is correct:

S. No.	Company Name	Name of the Signatory	Signature	Date

11. Document Checklist for EoI Submission

- Original signed Application form;
- Map showing the area of interest outlined on NDR grid;
- Audited financial statements and Annual Reports of latest financial year;
- Article and Memorandum of Association, Certificate of Incorporation/Registration, Corporate structure
- Payment proof covering the Application Fee
- Participation Bond to ensure participation in the bidding stage.
- An interim report enumerating the due diligence undertaken by the EoI submitter while identifying the area for which EoI is being submitted.
- Target Depth of wells to be drilled.
- Documents in support of qualification (Net Worth certificate from statutory auditor and statement of prior experience as per qualification criteria applicable).

Annexure III- Format for Net Worth

The Net Worth of the bidding company/parent company shall be calculated in accordance with the method given below based on the latest completed year's audited standalone (not consolidated) annual account and annual report:

S. No.	Sub-Criteria	Amount (USD million)
A	Equity	
B	Other Equity	
C	Misc. expenditure to the extent not written off	
D	Net worth = A+B-C	

Note: Exchange rate used, if applicable, to convert figures in USD.

The above information should be provided for the year for which the latest audited standalone (not consolidated) annual account and annual reports are furnished in accordance with section 3.5 (c).

Annexure IV- Proforma of Participation Bond

To,
The Secretary to the Government of India
Ministry of Petroleum and Natural Gas,
Shastri Bhavan
Dr. Rajendra Prasad Marg,
New Delhi- 110001, India

1. Whereas Government of India (hereinafter referred to as "Government") has announced Open Acreage Licensing Policy ("OALP").
2. Whereas _____[Name of Company submitting the EoI/ Name of each company submitting the EoI as a consortium] having registered office at _____(hereinafter referred to as "Company"/ "Companies", which expression unless repugnant to the context or meaning thereof include all its/their respective successors, administrators, executors and assigns), is/are desirous to submit Expression of Interest (hereinafter referred to as "EoI") in relation to entering into Revenue Sharing Contract for the block.
3. Whereas Company/Companies is/are required to submit a Bank Guarantee as per terms and conditions set out in OALP and such Bank Guarantee is to continue to serve as the Bid Bond if Company/ Companies submit bid pursuant to Notice Inviting Offers ("NIO") inviting bids for award of such block or part thereof by the Government.
4. In consideration of Government having agreed to consider Bank Guarantee towards Participation Bond for evaluation of EoI, in relation to entering into Revenue Sharing Contract for the block, to be submitted pursuant to OALP of the Government, by the Company/Companies, the Company /s Companies has/have agreed to adhere to terms and conditions as set out in OALP and NIO for the block or part thereof and to furnish to the Government a Bank Guarantee (hereinafter referred to as "Guarantee") towards its/their obligations as per OALP and NIO , hereinafter referred to as the "Obligations" for an amount of US\$_____ equivalent to _____ Indian Rupees for performance of such Obligations.
5. We _____(name of the Bank) registered under the Law of _____ and having its registered office at _____ (hereinafter referred to as "the Bank", which expression shall unless repugnant to the context or meaning thereof includes all its successors, administrators, executors and assigns) do hereby guarantee and undertake to pay immediately on the first demand in writing and any/all money(s) to the extent of Indian Rupees / US\$ _____(in figures) (Indian Rupees / US\$ _____ in words) without any demur, reservation, contest or protest and/or without any reference to the Company/Companies.



Any such demand made by Government on the Bank by serving a written notice shall be conclusive and binding, without any proof, on the Bank as regards the amount due and payable, notwithstanding any dispute(s) pending before any court, tribunal, arbitrator, sole expert, conciliator or any other authority and/or any other matter or thing whatsoever, as liability under these presents being absolute and unequivocal. We agree that the Guarantee herein contained shall be irrevocable and shall continue to be enforceable until it is discharged by Government in writing. This Guarantee shall not be determined, discharged or affected by the liquidation, winding up, dissolution or insolvency of the Company/ any or all the Companies and shall remain valid, binding and operative against the Bank.

6. The Bank also agree that Government at its option shall be entitled to enforce this Guarantee against the Bank as a principal debtor, in the first instance, without proceeding against the Company/Companies and notwithstanding any security or other guarantee that Government may have in relation to the Company's/Companies' liabilities.
7. The Bank further agree that Government shall have fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the Obligations or to extend time of performance by the said Company/Companies from time to time or to postpone for any time or from time to time exercise of any of the powers vested in Government against the said Company/Companies and to forebear or enforce any of the terms and conditions of the Obligations and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said Company/Companies or for any forbearance, act or omission on the part of Government or any indulgence by Government to the said Company/Companies or any such matter or thing whatsoever which under the law relating to sureties would, but for this provision, have effect of so relieving us.
8. The Bank further agree that the Guarantee herein contained shall remain in full force during the period that is taken for the performance of Obligations and all dues of Government under or by virtue of such Obligations have been fully paid and its claim satisfied or discharged or till Government discharges this Guarantee in writing, whichever is earlier.
9. This Guarantee shall not be discharged by any change in our constitution, in the constitution of Company/that of the any or all of the Companies.
10. The Bank confirms that this Guarantee has been issued with observance of appropriate laws of the country of issue.
11. The Bank also agrees that this Guarantee shall be governed and construed in accordance with Indian Laws and subject to the exclusive jurisdiction of Indian courts at _____**India.

12. Notwithstanding anything contained herein above, our liabilities under this Guarantee is limited to Indian Rupees / US\$ _____(in figures) (Indian Rupees / US\$ _____ in words) and our Guarantee shall remain in force up to ____ 20__ and additional one (1) year after the expiry date/extended date. Any claim under this Guarantee must be received before the expiry of one (1) year or before the expiry of one (1) year from the extended date if any. If no such claim has been received by us within one (1) year after the said date/extended date the Government's right under this will cease. However, if such a claim has been received by us within and up to one (1) year after the said date/extended date, all the Government's rights under this Guarantee shall be valid and shall not cease until we have satisfied that claim.

In witness whereof, the Bank through its authorized officers has set its hand and stamp on this _____ day of _____ 20__ at _____.

The seal/stamp of _____ was hereto duly affixed by _____ this _____ day of _____ 20__ in accordance with its bye-laws and this Guarantee was duly signed by _____ and _____ as required by the said bye-laws.

Witness:

- Bank Guarantee can be submitted in INR. For exchange rate from USD to INR, exchange rate published by RBI/FBIL/RBI authorized agency for the same day or immediate previous working day can be used.

** Jurisdiction of the BG shall be New Delhi or Place of issuance of BG.

