

Clarification No.3 to NIO/ MRSC

Sl	Reference Document	Reference Article	Query	Response
1.	NIO	Chapter I, Clause IX/6	<p>1. Companies would be required to bid for: i. Biddable Work program (20% weightage) ii. The percentage share of Revenue offered to the Government (80% weightage) 2. Biddable Work Programme should consist of Appraisal / Development Wells only. 3. The bidder should bid percentage share of Revenue offered to Government of India (GOI) by the bidder at the LRP, and at the HRP Our Query/ Request: Based on past experience, the biddable parameters were modified significantly in OALP Rounds III Onwards to ensure quality bids submission.</p> <p>In DSF Rounds 1 and 2 also, some awardees had quoted abnormally high and unworkable share of Government revenues. In order to avoid such a situation in DSF Round 3 and ensure workable competitive bids, we request the relevant clauses may be modified as under: 1. Equal weightage (50% each) be kept the work program and revenue share of the Government 2. An upper ceiling of 50% on biddable revenue share at Higher Revenue Point (HRP) be prescribed</p>	<p>Provisions of NIO and MRSC Shall prevail.</p> <p>Also Refer Amendments to NIO/MRSC</p>
2.	NIO	Chapter I, Clause III	<p>Work Programme: 20% weightage and Revenue Share: 80% weightage More weightage for Work Programme. The weightage ratio should be preferably 50:50.</p>	<p>Provisions of NIO and MRSC Shall prevail.</p> <p>Also Refer Amendments to NIO/MRSC</p>

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3.	NIO	Chapter 1, Clause VI	My suggestion is to give 80% weightage for technical and 20% weightage for commercial. This way we will get bidders to think more about how we can increase the production and get more technically qualified people to bid on these rounds. What I have seen in DSF 1 and DSF 2, more commercially oriented people made the bid to win the project	Provisions of NIO and MRSC Shall prevail. Also Refer Amendments to NIO/MRSC
4.	NIO	Chapter 1, Clause-VI/3	The purpose of higher weightage on fiscal parameters (revenue share with Govt.) rather than work commitments appears to be revenue maximization rather than establishing oil & gas resource base and developing and producing indigenous resources.	Provisions of NIO and MRSC Shall prevail. Also Refer Amendments to NIO/MRSC
5.	NIO	Chapter 1, Clause-VI/3(B)	Minimum LRP and HRP ceiling should be fixed as per prevalent competitive Govt take of prudent fiscal regime for basin prospectively similar to India so as to assure minimum project return and economic viability. Considering very high weightage on fiscal parameter in bid evaluation	Provisions of NIO and MRSC Shall prevail. Also Refer Amendments to NIO/MRSC
6.	NIO	Chapter 1, Clause-VI/3(B)	Does the LRP/HRP has a predefined minimum or maximum value?	Provisions of NIO and MRSC Shall prevail. Also Refer Amendments to NIO/MRSC
7.	NIO	Chapter 1, Clause II/8	Is the Government considering any additional technical qualification for offshore blocks considering the high safety risks involved in offshore operations	Provisions of NIO and MRSC Shall prevail. Also Refer Amendments to NIO/MRSC

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8.	NIO	Chapter 1, Clause-IV/3	Net-worth criteria is CCDs held under offshore parent company to be considered in lieu of a BG.	Provisions of NIO and MRSC Shall prevail. Also Refer Amendments to NIO/MRSC
9.	MRSC	14.5 and 4	If statutory clearances are not granted, then: a) Do the Consortium will be liable to pay the LD? b) Will DGH allow to relinquish the block without LD?	Provisions of NIO and MRSC Shall prevail. Also Refer Amendments to NIO/MRSC
10.	Others	Incentive	Is there any incentive for early production? Whether this will be a part of BEC?	Provisions of NIO and MRSC Shall prevail. Also Refer Amendments to NIO/MRSC
11.	Others	Incentive	We request an detailed provision/guidelines to allow/perform early monetization.	Provisions of NIO and MRSC Shall prevail. Also Refer Amendments to NIO/MRSC
12.	NIO	Chapter 1, Clause VI	We are also confident that we can bring the field upto production (If potential is there) in two and half years (Thirty months time) from the date of grant of PML. We have the ability to plan and work aggressively to achieve this deadline and bring quick production which is the main objective of DGH / Govt of India. We will get all statutory clearances including EC / FC, Land acquisitions for these on land blocks. Since we are committing 30 months (which is possible) or earlier, as bidders those committing time	Provisions of NIO and MRSC Shall prevail. Also Refer Amendments to NIO/MRSC

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			lines like 30 months or below should be given extra weightage in evaluation like HRP / LRP	
13.	MRSC	16.2	The issue is briefly explained below:- In accordance with section 42(1) of Income Tax act, the allowances under section 42 shall be computed and made in the manner specified in the Agreement.	Provisions of NIO and MRSC Shall prevail. Also Refer Amendments to NIO/MRSC
14.	MRSC	16.2	In absence of the manner or methodology for claiming deduction for expenditure incurred in the blocks awarded under RSCs (i.e. the agreement), it would be difficult to claim deduction for expenditure incurred in respect of exploration, development and production operations. Suggestion: The section may be elaborated further for facilitating the Contractors to avail the benefits of deduction under section 42 of the Income Tax Act, 1961.	Provisions of NIO and MRSC Shall prevail. Also Refer Amendments to NIO/MRSC
15.	MRSC	16.2	Methodology, as provided under NELP Contracts, of claiming benefits u/s section 42 of the IT act to be defined in the MRSC	Provisions of NIO and MRSC Shall prevail. Also Refer Amendments to NIO/MRSC
16.	MRSC	17.6	MRSC provides Sale of Petroleum to any affiliate of the Contractor is permitted, in the event the Contractor cannot identify any buyer following the procedure as stipulated in the MRSC. suggestion: It is suggested that affiliates of the Contractor may be permitted to participate in the Competitive bidding process for Gas too in the first place itself in line with the recent notifications on Natural Gas Marketing Reforms.	Provisions of NIO and MRSC Shall prevail. Also Refer Amendments to NIO/MRSC

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17.	NIO	Chapter II, Clause IX/4	Bid Bond” The bid bonds of unsuccessful bidders will be released after the Signing of contracts with successful bidders.” Our Request/ Query: In order to avoid the situation like Sanganpur Contract Area in DSF-II, where due to litigation, unsuccessful bidders had to wait longer for getting refund of Bid Bond, it is requested, the clause may be modified as under: “The bid bonds of unsuccessful bidders will be released after the Signing of contracts with successful bidders or within 180 days after the award of the Contract Area, whichever is earlier.”	Provisions of NIO and MRSC Shall prevail.
18.	MRSC	27.1b	Relaxation of requirement of Parent Company Guarantee if the Contractor entity meets the contractual requirements	Provisions of NIO and MRSC Shall prevail.