



# Open Acreage Licensing Policy

Procedure for  
Operationalisation





# Open Acreage Licensing Policy

Procedure for  
Operationalisation



# TABLE OF CONTENTS

Sl. No.	Contents	Page No.
	Definitions	1
1.	Background	3
1.1.	Policy	3
1.2.	Option for investors	3
2.	Qualification Criteria (QC)	5
2.1.	Applicability of Qualification Criteria	5
2.2.	Qualification Criteria for Petroleum Operations Contract	5
2.2.1.	Technical Qualification Criteria	5
2.2.2.	Financial Qualification Criteria	6
2.3.	Qualification Criteria for Reconnaissance Contract	6
3.	Submission of EoI	8
3.1.	Obligation of the Originator	8
3.2.	Submission of EoI	8
3.3.	Carving out a block	9
3.4.	Principles behind expressing suo motu interest	9
3.5.	Composition of suo motu EoI	10
3.6.	Application Fee & Participation Bond/Bid Bond	10
4.	Types of Contract	12
4.1.	Petroleum Operations Contract	12
4.2.	Reconnaissance Contract	12
5.	Evaluation of EOI	14
5.1.	Evaluation Period	14
5.2.	General Conditions	14
5.3.	Evaluation of EoI	14
5.4.	Result of EoI evaluation	14
6.	Public announcement for Notice Inviting Offer	16
7.	Bid Evaluation Criteria (BEC)	17
7.1.	Bid submission	17
7.2.	Bid Evaluation Period	17



7.3.	Bid Evaluation Criteria	17
7.3.1.	Reconnaissance Contract	17
7.3.2.	Petroleum Operations Contract	17
8.	OAL Incentive Mechanism	20
8.1.	Originator Incentive	20
8.2.	Migration Incentive from Reconnaissance to Petroleum Operations Contract	20
Annexure 1	Commonly used terminologies	21
Annexure 2	EoI Format	22
Annexure 3	Format for Networth	26
Annexure 4	Timelines for OAL Process	27







## Definitions

- 1 3 Years audited documents**

The audited documents for 3 years are required to assess the Net worth of the company.
- 2 Application fee**

A non-refundable (in any case) Application fee of USD 1000/- to be paid online along with EOI or Bid.
- 3 Application form**

A prescribed format will be made available at DGH website to avoid any miss-communication.
- 4 Bid Bond**

A Bidder, along with the bid, will have to submit a Bid Bond of value 150,000 USD/ sector for POC for all types of blocks in the form of Bank Guarantee from a Scheduled Commercial Bank valid for a period of 12 Months. A cap of 1 million USD for block falling under Onland or Shallow water category and 2 million USD for blocks falling under Deepwater or Ultra deep water category is applicable.

For Reconnaissance Contract, a Bidder will have to submit a Participation Bond of value 30,000 USD/ sector for all types of blocks in the form of Bank Guarantee from a Scheduled Commercial Bank valid for a period of 12 Months. A cap of 0.2 million USD for a block falling under Onland or Shallow water category and 0.4 million USD for blocks falling under Deepwater or Ultra deep water category is applicable.
- 5 Bidder**

Investor(s) participating in competitive bidding process conducted after suo motu EOI of Originator(s) is accepted.
- 6 Committed Work Programme**

“Committed Work Programme” means the Work Programme specified by the Contractor in its Bid.
- 7 Contract Area**

Contract Area means, on the Effective Date, the area described in Model Revenue Sharing Contract(MRSC) and delineated on the map attached or any portion of the said area remaining after relinquishment or surrender from time to time pursuant to the terms of this Contract.
- 8 Deepwater Area**

Distance from sea level to seafloor greater than 400 meter isobaths, (~1200 ft)
- 9 Delivery of EOI**

Hard copies of the EOI document and Bank Guarantee are required to be submitted by hand/post within 10 days from the online submission.
- 10 Frontier Area**

“Frontier Area” means any area identified, demarcated and so notified by the Government or its authorised agency(ies) for the purpose of exploration and exploitation of Oil and Gas, which is logistically and technically difficult and lacks infrastructural and/or marketing facilities, etc.
- 11 Map**

An area demarcating the boundaries need to be submitted along



- with application form to clearly define the area selected by the prospective company.
- 12 Maximum Area** The maximum area for on-land, shallow water, frontier, deep water and ultra-deep-water for which EoI can be submitted are defined in para 3.3 (V).
- 13 NIO** Notice Inviting Offer published by DGH prior to bidding
- 14 Operator** The party appointed by the Government to conduct and execute Reconnaissance and/or Exploration and/or Development and/or Production operations in the Contract Area as well as any substitute or successor.
- 15 Originators** Investors who have submitted EoI for carving out a block
- 16 Participation Bond** An Originator, along with the EOI, will have to submit a Participation Bond of value 150,000 USD/ sector for POC for all types of blocks in the form of Bank Guarantee from a Scheduled Commercial Bank valid for a period of 18 Months. A cap of 1 million USD for block falling under Onland or Shallow water category and 2 million USD for blocks falling under Deepwater or Ultra deep water category is applicable..
- For Reconnaissance Contract, an Originator will have to submit a Participation Bond of value 30,000 USD/ sector for all types of blocks in the form of Bank Guarantee from a Scheduled Commercial Bank valid for a period of 18 Months. A cap of 0.2 million USD for a block falling under Onland or Shallow water category and 0.4 million USD for blocks falling under Deepwater or Ultra deep water category is applicable.
- 17 Target Horizon/Depth** Applicant has to mention minimum Depth/Horizon of well(s) to be drilled at Exploration stage.
- 18 Ultra-Deepwater Area** Distance from sea level to seafloor greater than 1500 meter isobath, (~5000 ft.)



## 1. Background

### 1.1. Policy

- (i) The Government of India introduced the Open Acreage Licensing Policy (OALP) as a part of the Hydrocarbon Exploration and Licensing Policy (HELP) on March 30, 2016.
- (ii) Accordingly, Directorate General Hydrocarbon (DGH) under Ministry of Petroleum & Natural Gas (MoPNG) will facilitate investors in proposing, through a suo motu Expression of Interest (Eoi), blocks of their choice for contracting based on the data available in National Data Repository (NDR).
- (iii) This document sets out the process for operationalizing the OALP.
- (iv) To enable interested investors to study the sub-surface data, the DGH offers facility of NDR which can be used as per the Data Policy notified by Govt. of India.
- (v) The Eoi(s) received from investors will be assessed as per the “Qualification Criteria” set out in Section [2] of this document.
- (vi) The bid(s) received from investors will be assessed as per the “Qualification Criteria” set out in Section [2] of this document and will be evaluated as per the Evaluation Criteria as set out in Section [7] of this document.
- (vii) The DGH will also administer, when deemed necessary, rounds of awards of blocks carved out by DGH, for contracting in addition to the option available to investors to make suo motu applications under OALP.

### 1.2. Option for investors

- (i) While filing suo motu Eoi, the applicants can choose to seek one of the following types of contracts:
  - a) **Petroleum Operations Contract-** permits Exploration, Development and Production Operations in any of the Onshore, Shallow-Water, Frontier, Deep-water and Ultra-deep water block for all type of hydrocarbons for
    - a period of six [6] years with a provision for extension of one [1] year each in Initial and Subsequent Exploration Phase for On-land and Shallow water blocks
    - a period of six [6] years with a provision for up to two extensions of one [1] year each in Initial and Subsequent Exploration Phase for Frontier, Deep water and Ultra Deep-water blocks.

Exploration Phase	Onland/ Shallow water/ CBM	Deepwater/ Ultra Deepwater/ Frontier
Initial Exploration Phase	3 years (with provision for additional one year extension)	3 years (with provision for additional up to two extensions of one year each)
Subsequent Exploration Phase	3 years (with provision for additional one year extension)	3 years (with provision for additional up to two extensions of one year each)
Exploration Period	<b>6 (+2) Years</b>	<b>6 (+4) Years</b>



- b) **Reconnaissance Contract**- permits Exploration Operations in any of the Onshore, Shallow-Water, Frontier, Deep-water and Ultra-deep water block for all types of hydrocarbons for a period of two [2] years with a provision for an extension of one [1] year.
- (ii) For the purpose of these contracts, DGH has classified the Sector /Area into three zones based on the quantum of geological and geophysical data availability. Classification for the Sector /Area and the available data for the same can be viewed on NDR. Eol for a Block will be accepted based on type of contract applicable for that zone in which the block is falling in. Type of contract that are permitted for different zone is mentioned in the table below:

Contract/Zone	Zone 1 (Sufficient Data)	Zone 2 (Moderate Data)	Zone 3 (No data)
<b>Reconnaissance Contract</b>	Not Applicable	Applicable	Applicable
<b>Petroleum Operations Contract</b>	Applicable	Applicable	Applicable

- (iii) For an area, preference amongst different type of Contracts (as mentioned in Chapter 4 of this document), if, submitted within the same submission window as described in [Para 3.2(iv)] would be accorded in following order:
- 1) Petroleum Operations Contract
  - 2) Reconnaissance Contract
- (iv) For the purpose of this document block has the meaning as defined in Para [3.3.(iii)]
- (v) For the purpose of this document, Investor(s) submitting suo motu Eol for Reconnaissance Contract/ Petroleum Operations Contract is/are hereinafter referred as “Originator(s)”.
- (vi) Any Originator or Bidder can put in only one bid either as an operator or non-operator for one particular block.
- (vii) Investor(s) selected through competitive bidding process would enter into contract with the GoI as per the model contract provided before the competitive bidding. Such model contracts will be based on the principles of Hydrocarbon Exploration and Licensing Policy (HELP).

<sup>1</sup> “**Exploration Operations**” means operations conducted in the Contract Area pursuant to the Contract in searching for Petroleum and shall include but not be limited to aerial, geological, geophysical, geochemical, palaeontological, 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.



## 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 association with other companies, through an unincorporated or incorporated venture.
- (ii) EoI and/or bid for Reconnaissance/ Petroleum Operations Contract will be assessed for Technical & Financial Qualification Criteria for the respective Contract as mentioned below

### 2.2. Qualification Criteria for Petroleum Operations Contract

- (i) Technical and Financial Qualification criteria, as mentioned in the paragraphs below, is to be met by the Operator at the EoI/competitive bidding stage for Petroleum Operations Contract.

#### 2.2.1. Technical Qualification Criteria

- (i) To be considered as an Operator a party would be required to meet the following technical qualification criteria at competitive bidding stage as on submission date:

Sl.	Criteria	Onland	Shallow Water	Frontier/ 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 last consecutive 10 years)	1 year Experience is Mandatory	1 year Experience is Mandatory	1 year Experience is Mandatory	1 year Experience is Mandatory
2	Minimum Acreage Holding (sq. Km.): (for Onland, Shallow Water, Deep Water/ Ultra-deep Water and CBM) in last consecutive 10 years		Positive Optional if Point 3 is fulfilled		
3	Minimum Average Annual production (MMBOE) for any previous 5 years: (for Onland, Shallow Water, Deep Water/ Ultra-deep Water) in last consecutive 10 years		Positive Optional if Point 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.
- (iii) Operatorship Experience in respective category of block is required for which bidder is applying, subject to:



- a. Operatorship experience in Deepwater/Ultra Deepwater block would be recognized as relevant for all type of blocks.
  - b. Operatorship experience in Shallow water block would be recognized as relevant for Deepwater, shallow water and on-land blocks
  - c. Operatorship experience in on-land block would be recognized as relevant for on-land and Shallow water blocks
  - d. Operatorship experience in CBM block would be recognized as relevant for on-land blocks
- (iv) Acreage Holding (Petroleum Exploration License) 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 countries.

### 2.2.2. Financial Qualification Criteria

There will be a two stage qualification for assessment of Network.

#### Stage-1

- (i) Bidder (individually or in consortium) needs to meet following Network (refer Annexure- 3 for format) criteria in proportion to their Participating Interest (PI) for Petroleum Operations Contract for each bid.

Sl.	Block	Requisite Net worth for one sector (in million USD)	Net worth for additional sectors (in million USD/ sector)
1	Onshore/ Frontier	5	1
2	Offshore Shallow Water	20	2
3	Deep Water	60	2.5
4	Ultra-Deep Water	90	3
5	Coal Bed Methane (CBM)	2.5	0.5

#### Stage-2

- (ii) Network of the constituents of the bidder will be reassessed in proportion to their Participating Interest (PI) at the time of technical bid opening. At this stage, Network of the bidder should be equal to or more than the higher of
  - Estimated expenditure for the Committed Work Programme
  - LD equivalent value of the Committed Work ProgrammeAny shortfall in Network is allowed to be supported by an equivalent Bank Guarantee in favour of Government of India from a scheduled commercial bank.

### 2.3. Qualification Criteria for Reconnaissance Contract

- (i) Qualification criteria is to be met by the Originator and Bidder for Reconnaissance Contract, at the EoI/competitive bidding stage.
- (ii) Both Originator and/or bidder for Reconnaissance must have one of the following experience:
  - a 1000 LKM of 2D seismic API experience, or



- b 300 sq km of 3D seismic, or
  - c Drilling experience of at least 5 wells. or
  - d Others surveys like CSEM, Gravity, Magnetic, MT etc for at least 1000 sq km
- (iii) Originator and Bidder should have positive Networth at the time of bidding. However, Networth of the constituents of the bidder will be reassessed in proportion to their Participating Interest (PI) at the time of technical bid opening. At this stage, Networth of the bidder should be equal to or more than the higher of
- Estimated expenditure for the Committed Work Programme
  - LD equivalent value of the Committed Work Programme
- Any shortfall in Networth is allowed to be supported by an equivalent Bank Guarantee in favour of Government of India from a scheduled commercial bank.
- (iv) If, the contractor wishes to migrate from Reconnaissance Contract to Petroleum Operations Contract, he would be required to meet both Technical as well as Financial Qualification Criteria as applicable for the block.





### 3. Submission of Eol

#### 3.1. Obligation of the Originator

- (i) The company/consortium submitting an Eol must qualify technically and financially at the bidding stage subject to 3.4(i). Participation bond will be forfeited, otherwise.
- (ii) In case of a consortium submitting EOI, the same consortium without any change is liable to submit the bid. Originator incentive would not be granted in case composition of the consortium changes at the time of bidding and the Participation Bond of such consortium would be forfeited.

#### 3.2. Submission of Eol

- (i) Suo motu EOI shall be submitted online, through HELP EOI Submission Portal, in the format specified in Annexure 2 and as may be specified in detail in the HELP Portal of this document along with scan copy of the Participation Bond and, subject to the instructions therein.
- (ii) A non-refundable Application Fee of USD 1000/- [one thousand] is to be paid online through DGH payment gateway.
- (iii) Original copy of EOI Submission report (generated on the HELP Portal on successful submission of EOI), Participation Bond and other requisite document if any, shall be submitted to DGH within [10] calendar days from the date of online submission. The documents shall be delivered to:

**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

- (iv) Suo motu Eols will be accepted throughout the year in two windows. The deadline for submission will be observed as 23:59 hrs IST of the closing dates for respective window:
  - a) November 15th of every year for submission in Window-1 of the respective year
  - b) May 15th of every year for submission in Window-2 of the respective year
  - c) DGH will endeavor to finalize the Eols received and publish Notice Inviting Offer (NIO) for competitive bidding within 30 days of closure of each window for Eol submission subject to internal/Gol approvals.
  - d) A period of 60 days will be provided to bidders to submit bids from the date of publishing the NIO.
  - e) DGH will endeavor to complete the bid evaluation as per criteria mentioned in para 7.3 and award the block within 10 weeks from the bid closing date.
  - f) After the award of block, bid winner will sign the contract within a period of 45 days.
- (v) Timely submission of the Eol will be the responsibility of the interested party. Eol received by DGH after the closing date and time, will be considered in the subsequent evaluation period or window.
- (vi) DGH will not be responsible for the loss of tender or for any delay during the postal transit or otherwise.





### 3.3. Carving out a block

- (i) In the Open Acreage Licensing route, the freedom of identification of block and seeking to have them offered for contract will be with the investors. The block identified ought to
  - a) fall within the sedimentary basins of India, and
  - b) be free of PEL/ PML
  - c) not to fall in area indicated as “NO-GO” in NDR
- (ii) The area available for carving out the block can be viewed on the NDR.
- (iii) An area of [10' x 10'] (~336 sq.km) is defined as Sector for all types of hydrocarbons. An investor has to carve out a Block (for EOI submission) as one or more than one contiguous Sector(s). However, for the
  - a) areas adjoining (sharing the common boundary) existing Blocks (areas already under a PEL/PML), the incumbent Contractor will be allowed to submit EOI for one or more than one contiguous areas of size [1' x 1'] with a maximum area of 50 units of size [1'x1'].
  - b) Areas where it is not possible to carve out a block in multiple of sectors of size 10'x10' due to non-availability of areas, the investor will be allowed to submit EOI for one or more than one contiguous areas of size [1' x 1']

The Network for an area of [1'x1'] will be pro-rated in proportion to the Network requirement for one sector of size (10'x10').
- (iv) Separate applications are expected for different block.
- (v) Following conditions apply for carving out a block:
  - a) DGH at its discretion will accept the area for which EOI has been submitted OR alter/modify the area after due evaluation.
  - b) The minimum and maximum area for application will be as presented below:

Type Of Block (for all hydrocarbons except CBM)	Minimum Area	Maximum Area
<b>Onland</b>	1 sector	10 sectors
<b>Shallow Water</b>	1 sector	20 sectors
<b>Frontier/Deep Water/Ultra Deep Water</b>	1 sector	30 sectors
<b>CBM</b>	1 sector	2 sectors

- (vi) The category of block (viz. Onland, Shallow Water, Deep Water, Ultra Deep Water, Frontier and CBM) will be guided by the DGH policy in vogue. The current guidelines pertaining to this subject are a part of Good International Petroleum Industry Practices (GIPIP) notified by DGH.

### 3.4. Principles behind expressing suo motu interest

- (i) Eol applicants will be obliged to participate (submit a bid acceptable to DGH) in the subsequent bidding. In case the deviation in the area finalized by DGH to be put up for bidding is more than 50% of the Application Area, then such obligation will be waived and Participation Bond will be released upon communication of its intent to not to participate in the bidding process.



- (ii) Participation Bond submitted along with the EoI will be forfeited if the EoI submitting party doesn't 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 3.5.
- (iv) Category of the block (i.e. Onland, Shallow Water, Frontier, Deep Water,) would be considered as the category in which more than 50% area of block falls in. Block would be considered Ultra Deep Water Block if more than 30% of the Block falls in Ultra Deep Water

### 3.5. Composition of suo motu EoI

- (i) A suo motu EoI for OAL shall include the following:
  - a) Original signed Application Form;
  - b) Map showing the area of interest outlined on NDR grid;
  - c) 3 years audited financial statements and Annual Reports;
  - d) Additional supporting information (for example, Article of Association and Memorandum, Certificate of Incorporation/Registration, corporate structure, etc.) to be uploaded on HELP portal and sent physically to DGH ;
  - e) Payment proof covering the application fee
  - f) Participation Bond in prescribed format by the prescribed date
  - g) Submit a report on due diligence undertaken while identifying the area for which EOI is being submitted. The list of all Geological & Geophysical (G & G) data available with the company for the proposed area such as basin data, earlier well logs, if any, and the report on assessed level of prospectivity is to be submitted, in case of EoI for Petroleum Operations Contract. The due diligence report shall include the following:
    - a Details of Supporting Geoscientific Data
    - b All relevant Maps describing top structure, thickness, reservoir Property parameter
    - c Seismic attribute map depicting facies and structure
    - d Seismic sections across all identified prospects
    - e Comprehensive Evaluation Report

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

Primary Data Source for the above report has to be NDR or Data previously procured from GOI.

Data source must be disclosed and data should be in the legal possession of the EoI submitting Party.

- h) For Petroleum Operations Contract, applicant has to define Target Horizon (millisecond) for surveys to be undertaken and Target Depth (meters) of wells to be drilled.
- i) For Reconnaissance Contract, applicant has to define Target Horizon (millisecond) for surveys to be undertaken and wells are to be drilled till basement.
- j) DGH at its sole discretion reserves the right to alter the e Target horizon and Target Depth for the respective block at the bidding stage.



### 3.6. Application Fee & Participation Bond/Bid Bond

- (i) A suo motu EoI in prescribed formats will be accompanied with:
  - a) A non-refundable Application Fee of US\$ [1,000 (One Thousand)] to be paid online to DGH.
  - b) An Originator (or a Reconnaissance Licensee intends to Migrate to PoC) will have to submit a Participation Bond of value 150,000 USD/ sector for POC for all types of blocks in the form of Bank Guarantee from a Scheduled Commercial Bank valid for a period of 18 Months. A cap of 1 million USD for block falling under Onland or Shallow water category and 2 million USD for blocks falling under Deepwater or Ultra deep water category is applicable.

For Reconnaissance Contract, an Originator will have to submit a Participation Bond of value 30,000 USD/ sector for all types of blocks in the form of Bank Guarantee from a Scheduled Commercial Bank valid for a period of 18 Months. A cap of 0.2 million USD for a block falling under Onland or Shallow water category and 0.4 million USD for blocks falling under Deepwater or Ultra deep water category is applicable.
  - c) A Bidder will have to submit a Bid Bond of value 150,000 USD/ sector for POC for all types of blocks in the form of Bank Guarantee from a Scheduled Commercial Bank valid for a period of 12 Months. A cap of 1 million USD for block falling under Onland or Shallow water category and 2 million USD for blocks falling under Deepwater or Ultra deep water category is applicable.

For Reconnaissance Contract, a Bidder will have to submit a Bid Bond of value 30,000 USD/ sector for all types of blocks in the form of Bank Guarantee from a Scheduled Commercial Bank valid for a period of 12 Months. A cap of 0.2 million USD for a block falling under Onland or Shallow water category and 0.4 million USD for blocks falling under Deepwater or Ultra deep water category is applicable. Participation Bond of Originator will be released, if he doesn't win the bid but fulfils the Qualification criteria (Both Technical and Financial) subject to 3.4(i).
- (ii) Originator(s) (or a Reconnaissance Licensee intends to Migrate to PoC) will not be required to submit the Tender Fee and Bid Bond at the bidding stage.
- (iii) Bidders will have to submit a non-refundable Tender Fee of US\$ [1,000 (USD One thousand)] to be paid online to DGH at the bidding stage.



## 4. Types of Contract

### 4.1. Petroleum Operations Contract

- (i) Petroleum Operations Contract will allow investors 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.
- (ii) Terms of Petroleum Operations Contract will be as per the Revenue Sharing Contract approved by Government of India.

### 4.2. Reconnaissance Contract

- (i) Investors interested in carrying out Exploration Operations in areas available for exploration in the onshore/offshore sector may submit EoI to DGH for Reconnaissance Contract in the format set out in Annexure [2] of this document.
- (ii) Reconnaissance Contract will allow parties to carry out Exploration Operations in a given block for all types of hydrocarbons for a period of [2] years with a provision for an extension up to one [1] year.
- (iii) Post completion of reconnaissance activity contractor will submit all the data so gathered to DGH as per the Data Policy notified by DGH.
- (iv) Operator of the Reconnaissance shall have the exclusive right to license the Data (excluding Raw Data, Physical Oceanographic Data and DGH Data) during the Contract Duration (12 years), provided that license of such Data to companies incorporated in neighboring countries of India or countries as notified by DGH from time to time will require prior permission of DGH.
- (v) Operators of the Reconnaissance Contract for a particular block, upon completion of at least 80% of the work programme commitments, becomes eligible to submit an intent to migrate to Petroleum Operations Contract. To exercise this option, the Contractor will submit an intent to migrate to DGH, at least 90 days prior to the expiry of the Reconnaissance Contract. The contractor will have to meet Technical as well as Financial Qualification Criteria as applicable (mentioned in Section [2]) for Petroleum Operations Contract for the block under consideration. Incentives for migration to Petroleum Operation Contract is specified in Section [8] of this document.
- (vi) Upon receipt of the intent to migrate to Petroleum Operations Contract for the area for which it has undertaken Reconnaissance, DGH shall have the right to license the Reconnaissance Data collected by the operator for the Contract Area to all other bidders. The data will be licensed at price bid by the Contractor. The proceeds of such license of data will be deposited in an escrow account.
- (vii) In-case, the operator of the Reconnaissance Licensee does not win the bid for migration to Petroleum Operations Contract, then the proceeds realized through license of Reconnaissance Data to bidder(s) will be transferred to the Contractor. However, if the Contractor wins the bid, then none of the consortium member shall have claim over the proceeds realized from such a license of data and all the rights to license the data shall lapse with immediate effect.
- (viii) Investors who have completed term of Reconnaissance Contract for that block, and have not submitted an intent to migrate to Petroleum Operations Contract within permitted time, shall NOT be obliged to bid for Petroleum Operations Contract if and when DGH puts out the block to bid.



- (ix) Originator of Reconnaissance Contract for a block will be provided incentives as mentioned in Section [8] of this document.
- (x) The parties procuring data from Reconnaissance Licensee shall be eligible to set off the seismic data against their committed work program.
- (xi) Reconnaissance Licensee may, at its discretion, allow any third party to undertake Non-Exclusive Multi-client surveys



## 5. Evaluation of EOI

### 5.1. Evaluation Period

- (i) Applications for Eoi will be evaluated on a First Come First Served basis. The proposed block/area (for which Eoi has been accepted by DGH) shall be unavailable for further Eoi of that particular type of contract subject to submission of requisite documents to DGH within the timeline. However, Eoi submitted for Reconnaissance Contract would be superseded by Eoi for Petroleum Operations Contract, if submitted for the same area, during the same submission Window.
- (ii) DGH will endeavor to finalize the Eois received and publish Notice Inviting Offer (NIO) for competitive bidding after 30 days of closure of each window for Eoi submission subject to internal/GOI approvals. A tentative timeline to complete the OAL process is placed in the Annexure-4 of this document.

### 5.2. General Conditions

- (i) Eoi(s) received for Reconnaissance Contract and/or Petroleum Operations Contract, accepted by DGH, will be considered to put for bidding subject to such adjustment of areas as DGH may carry out at its discretion.

### 5.3. Evaluation of Eoi

- (i) Eoi for Reconnaissance/ Petroleum Operations Contract will be evaluated for Technical & Financial Qualification Criteria as mentioned in section [2] of this document. However, an applicant has to meet applicable Financial and Technical qualification criteria at the time of bidding.
- (ii) The Eoi submitter has to submit a report on due diligence undertaken while identifying the area for which EOI is being submitted. The list of all Geological & Geophysical (G & G) data available with the company for the proposed area such as basin data, earlier well logs, if any, and the report on assessed level of prospectivity is to be submitted, in case of Eoi for Petroleum Operations Contract. The due diligence report shall include the following:
  - a. Details of Supporting Geoscientific Data
  - b. All relevant Maps describing top structure, thickness, reservoir Property parameter
  - c. Seismic attribute map depicting facies and structure
  - d. Seismic sections across all identified prospects
  - e. Comprehensive Evaluation Report

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

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

### 5.4. EOI Acceptance Criteria

- (i) Eois will be accepted subject to the fulfillment of following conditions
  - Submission of all the components listed under the para Composition of suo motu Eoi (Para 3.5 of this document)



- Due diligence report would be reviewed by DGH and accepted if the report adheres with all conditions.
- Fulfilment of Qualification Criteria, Both Technical and Fiscal
- Eols will be accepted on First Come First serve Basis and no Eol will be entertained having area overlapping with the already submitted Eol
- Eols overlapping with the “No Go Areas” will not be entertained.

(ii) The EOI not fulfilling above conditions shall be liable for rejection.

#### **5.5. Result of Eol evaluation**

- (i) At the end of evaluation, DGH will accept/reject the Eol submitted by the Originator based on ECS approval.
- (ii) The outcome of Eol will be published on the DGH website.
- (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% of the Application Area pursuant to Section 3.4. In case of rejection of the EOI by DGH the Participation Bond will be released. In case of deviation in area, the Participation Bond would be released as per Section 3.4.
- (v) If, Eol for the Reconnaissance Contract is superseded by Petroleum Operations Contract the party submitting would be informed and their Participation Bond would be released.



## **6. Public announcement for Notice Inviting Offer**

The DGH, under its Open Acreage Licensing Policy for exploration of oil and natural gas, seeks bids for hydrocarbon blocks in India from eligible interested parties. The Government invites bids from companies for (1). Reconnaissance Contract and (2). Petroleum Operations Contract. Further details have been provided in the document namely Notice Inviting Offer (NIO).





## 7. Bid Evaluation Criteria (BEC)

### 7.1. Bid submission

- (i) Competitive bids will be sought against each block accepted by DGH after Originator(s) submit suo motu EOI(s), subject to bidders meeting all the necessary Qualification Criteria set out in Section [3] of this document.
- (ii) In case of a consortium submitting EOI, the same consortium without any change is liable to submit the bid. Originator incentive would not be granted in case composition of the consortium changes at the bidding stage and the Participation Bond of such consortium would be forfeited.
- (iii) A period of 60 days will be provided to bidders to submit bids from the date of publishing the NIO.

### 7.2. Bid Evaluation Period

- (i) DGH will endeavor to complete the bid evaluation as per criteria mentioned in para 7.3 below and award the block within 45 days from the bid closing date.
- (ii) After the award of block, bid winner will be given a period of 45 days to sign the contract.

### 7.3. Bid Evaluation Criteria

#### 7.3.1. Reconnaissance Contract

- (i) The bidder scoring the highest marks against the following evaluation matrix will be declared winner, and subject to meeting all other conditions, will get into agreement with the GoI for Reconnaissance Contract:

**For all types of Hydrocarbons:**

Sl.	Activity	Marks for quantum of work	Marks for Price of Data	Evaluation Method
<b>1. Technical (Marks 90)</b>				
<b>1.1</b>	2D* Seismic survey (API)	20	8	<ul style="list-style-type: none"> <li>Bidder quoting highest quantum gets the maximum marks for quantum of work</li> <li>Bidder quoting lowest price gets maximum marks for price of data</li> <li>Others get marks separately on pro-rata basis</li> </ul>
<b>1.2</b>	3D* Seismic survey (API)	35	10	
<b>1.3</b>	No of wells	15	7	
<b>2</b>	<b>Originator Incentive</b>	<b>5</b>	<b>-</b>	<b>Originator will get 5 marks others will get zero marks</b>
<b>Total</b>		<b>75</b>	<b>25</b>	

*\*If the bidder bids for full area 3D, then he will get full marks allotted to 2D as well*

#### 7.3.2. Petroleum Operations Contract

- (i) Bid Evaluation Criteria will be same irrespective of the zones.



- (ii) The bidder scoring the highest marks against the following evaluation matrix will be declared winner, and subject to meeting all other conditions, will get into agreement with the GoI for Petroleum Operations Contract:

For all Hydrocarbons where conventional hydrocarbon are primary target:

Sl.	Activity	Marks	Evaluation Method
<b>1.</b>	<b>Technical</b>	<b>45</b>	
<b>1.1</b>	2D Seismic survey (API)	8	Bidder quoting highest 2D seismic survey (LKM) will be assigned 8 marks and others will be assigned marks proportionately
<b>1.2</b>	3D Seismic survey (API)*	17	Bidder quoting highest 3D seismic survey (Sq.KM) will be assigned 17 marks and others will be assigned marks proportionately  In case, bidder bids full area for 3D, he will get full marks for 2D as well.
<b>1.3</b>	No. of Exploratory Wells	15	Bidder quoting highest number of wells will be assigned 15 marks and others will be assigned marks proportionately
<b>1.4</b>	Core Analysis (for shale resources)	5	Bidder quoting maximum number of wells with core analysis for target shale plays will be assigned 5 marks and others will be assigned marks proportionately.
<b>2</b>	<b>Originator Incentive</b>	<b>05</b>	<b>Originator will get 5 marks others will get zero</b>
<b>3.</b>	<b>Fiscal Package</b>	<b>50</b>	
<b>1</b>	Revenue Sharing (Revenue Sharing modalities to be provided in NIO and MRSC document)	50	Highest bidder gets maximum marks and others on pro-rata basis

\* If the bidder bids for full area 3D, then he will get full marks allotted to 2D as well



**For Blocks where CBM is primary target:**

Sl.	Activity	Marks	Evaluation Method
1)	Technical (Marks 45)		
1.1	No of Core Holes	25	Highest bidder gets maximum marks and others on pro-rata basis
1.2	No of Test wells	20	Highest bidder gets maximum marks and others on pro-rata basis
2)	<b>Originator incentive</b>	<b>05</b>	<b>Originator will get 5 marks</b>
3)	Financial (Marks 50)		
1	Revenue Sharing	50	Highest bidder gets maximum marks and others on pro-rata basis

- (iii) Networth 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-1 of the NIO)
  - LD equivalent value of the Committed Work Programme



## 8. OAL Incentive Mechanism

In order to encourage investor to participate in Open Acreage Licensing, incentives will be provided to the participants.

### 8.1. Originator Incentive

- (i) The Originator participating in the bidding process for Reconnaissance Contract and Petroleum Operations Contract, will get additional 5 marks during the bid evaluation.
- (ii) In case of a consortium submitting EOI, the same consortium without any change is liable to submit the bid. Originator incentive would not be granted in case composition of the consortium changes at the time of bidding. Additionally, the Participation Bond of such consortium would be forfeited.

### 8.2. Migration Incentive from Reconnaissance to Petroleum Operations Contract

Reconnaissance Contractor for a particular block, upon completion of at least 80% of the work programme commitments, becomes eligible to submit an Intent to Migrate to Petroleum Operations Contract. Such Intent to Migrate would be treated as Expression of Interest to undertake Petroleum Operations Contract in that particular block.

While migrating from a Reconnaissance Contract for a block to Petroleum Operations Contract, "Migration Incentive" in terms of "Originator Incentive" (as mentioned above) will be granted to the Operator (as defined/nominated by the consortium) of the Reconnaissance Contract.

Only the Operator of the Reconnaissance Contract, as on date of submission of intent to migrate, shall be eligible for Originator Incentive. No other party of the consortium would have any right either on Originator Incentive or licensing of Reconnaissance Data.



## Annexure 1 – Commonly used terminologies

S No.	Acronym	Abbreviation
1	Application Area	The area for which EoI has been submitted
2	BEC	Bid Evaluation Criteria
3	Block	Area to be carved out to carry out exploration/production activities
4	CBM	Coal Bed Methane
5	DGH	Directorate General of Hydrocarbons (in India)
6	E&P	Exploration & Production
7	Gol	Government of India
8	ML	Mining Lease
9	MRSC	Model Revenue Sharing Contract
10	NIO	Notice Inviting Offer
11	OALP	Open Acreage Licensing Policy (in India)
12	PEL	Petroleum Exploration Licence
13	<i>suo motu</i> EoI	The EoI submitted by the interested party to DGH
14	USD	United States Dollar
15	Window	The time frame in which the EoI has to be submitted to be considered and evaluated in the respective period.



## Annexure 2- Eol Format\*

### Application Form for Expression of Interest for Reconnaissance/ Petroleum Operations Contract

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

Constitution of the consortium			
S No.	Company Name	PI share (%)	Contract Address

#### Corporate Information:

This information should be provided by all bidders. In case of a bid from a consortium, each member of the consortium should provide this information.

Corporate Information		
A	The bidding company's legal name	
B	In case of Consortium bid, name of the Operator	
C	Place of incorporation or registration	Place : State : Country : Zip :
D	Authorised representative of the company for communication on the bid	Name : Designation : Address : Tel. : Facsimile :
E	Name and address of Chairman of Board of Directors	
F	The name and address of the Chief Executive	

\*details to be specified in HELP/OAL Eol submission Web Portal



F	The name and address of the Chief Executive	
G	The name and address of shareholders holding more than 10% of company's stock	
H	Structure and details of the group, if any, to which the bidding company belongs including information on affiliates/parent company	
I	If parent company's financial and performance guarantee is proposed to be furnished, then please indicate percentage share-holding of the parent company in the bidding 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 Networth certified by the company's statutory auditors for the latest completed year. In case of parent company guarantee, 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 non technical 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 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 bidder's ability to perform its obligations in India under the contract	
Q	Has the bidder earlier worked in India? If yes, provide details	
R	Details of termination of or withdrawal from any earlier Production/ Revenue Sharing Contract in India by the bidding company or any member company of the bidding consortium	Yes/No



Information on Consortium members (for all the members)	
Name of the proposed Consortium and contact information	
Name of the Consortium	
Contact Address	
Telephone number	
Mobile number	
Fax number	
Email address	

EOI Submitted for	
Description (in term of grids)	
Unique Identification Number(s) of grid as per NDR	
Type of Contract (Reconnaissance Contract or Petroleum Operations Contract)	
Type of Hydrocarbon (Primary category)	
Target Horizon (Reconnaissance Contract)/	
Target Depth (Petroleum Operations Contract)	
Comments	

Application Fee		
Online Payment	Reference No.	
	Date:	

Details for Participation Bond		
Details of the Bank Guarantee (to be submitted within 10 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	





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	
Contact Address	
Telephone Number	
Mobile Number	
Fax Number	
Email Address	

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

Document Checklist for Eoi Submission
<ul style="list-style-type: none"><li>• Original signed Application Form;</li><li>• Map showing the area of interest outlined on NDR grid;</li><li>• Last 3 years audited financial statements and Annual Reports;</li><li>• Article of Association and Memorandum, Certificate of Incorporation/Registration, corporate structure</li><li>• Payment proof covering the application fee</li><li>• Participation Bond to ensure participation in the bidding stage.</li><li>• An interim report enumerating the due diligence undertaken by the EOI submitter while identifying the area for which EOI is being submitted.</li><li>• For Petroleum Operations Contract, Target Horizon (millisecond) for surveys to be undertaken and Target Depth of wells to be drilled.</li><li>• For Reconnaissance Contract, Target Horizon (millisecond) for surveys to be undertaken and wells are to be drilled till basement.</li><li>• Documents in support of Pre-qualification (Networth certificate from statutory auditor and statement of prior experience as per PQ criteria applicable).</li></ul>



### Annexure 3- Format for Network

The Networth of the bidding company/parent company shall be calculated in accordance with the method given below based on the latest completed year's audited annual account and annual report:

Name of the Company:

S.No.	Sub-Criteria	Amount (USD million)
A	Paid-up capital	
B	Reserve and Surplus	
C	Misc. expenditure to the extent not written off	
D	Networth = 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 annual account and annual reports are furnished.



## Annexure 4 - Timelines for OAL Process

Activities	15 <sup>th</sup> Nov	15 <sup>th</sup> Dec	16 <sup>th</sup> Dec	15 <sup>th</sup> Feb	31 <sup>st</sup> March	15 <sup>th</sup> May	15 <sup>th</sup> June	16 <sup>th</sup> June	16 <sup>th</sup> August	31 <sup>st</sup> October	15 <sup>th</sup> November
Last date for EOI Submission Window-1											
Finalization and Review of EOI for Window-1											
Issue of Bid document											
Bid submission deadline											
Bid Evaluation & Award (on or before)											
Contract Signing (on or before)											
Last date for EOI Submission Window-2											
Finalization and Review of EOI for Window-2											
Issue of Bid document											
Bid submission deadline											
Bid Evaluation & Award (on or before)											
Contract Signing (on or before)											