

Open Acreage Licensing Programme (OALP) Bid Round- I

Wednesday, 02 May 2018, Noida

Press Release

India's OALP maiden Bid Round takes off spectacularly: 110 bids received for 55 exploration blocks

The OALP Bid Round – I was successfully concluded on May 2, 2018. This was the first ever auction of blocks under the Open Acreage Licensing Programme ('OALP') in India. Path breaking Hydrocarbon Exploration and Licensing Policy ('HELP'), which was approved by the Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, in March 2016, has been the centre-piece of upstream Oil and Gas sector reform process in the country. OALP under the aegis of Hydrocarbon Exploration and Licensing Policy (HELP) is meant to steer India as a global E&P investment destination.

Investors had submitted Expression of Interest (Eoi) for fifty-five blocks spread across the country for carrying out Exploration and Production activities. Sh. Dharmendra Pradhan, Union Cabinet Minister in charge of Ministry of Petroleum and Natural Gas inaugurated the National Data Depository and opened OALP process in June 2017. 55 Eoi's received were put on bid in the month of January 2018. These 55 blocks spread across 10 sedimentary basins of India were on offer, spread across Onland, Shallow Water (offshore), and Deepwater areas, cover around 60,000 sq kms. The blocks are spread all across the Indian sedimentary areas, namely, Assam-Arakan (19), Mumbai Offshore (2), Cambay (11), Rajasthan (9), KG (5), Cauvery (3), Kutch (2), Saurashtra (2), Himalayan Foreland (1) and Ganga (1) basins.

HELP policy paradigm on which OALP is based has following reform components:

- i. Based on Revenue Sharing Contract
- ii. Provides Unified Licensing for Conventional and Unconventional Hydrocarbons
- iii. Blocks have been carved out by investors based on data from National Data Repository (NDR)
- iv. Market Pricing and free access to the market for the product
- v. Low regulatory burden

MoPNG and DGH undertook interactive sessions and road-shows in India (Mumbai, Ahmedabad, Delhi, Hyderabad and Kolkata) and abroad (Houston, London/Aberdeen, Istanbul, Abu Dhabi) to disseminate the process and the benefits of OALP to the E&P investor community, under the guidance and leadership of the Minister, Shri Dharmendra Pradhan. Further digital marketing campaign was carried on several websites globally during the bidding period for attracting the attention of global fraternity. Round the clock support was provided by DGH facilitation desk and the bid platform service provider, to clarify any issues the prospective bidders faced.

Since inception of NELP, when bidding at such a large is taking place, this is the highest number of bids since 2009. After the success of Discovered Small Field (DSF) bid round- 2016, this is the first time that the bids were invited under the new Revenue Sharing Regime for the exploration blocks, where bidders quoted Revenue Share and their Work Programme commitments, with no need for audits for their expenses and with clearly defined timelines for exploration and development.

In spite of challenging global market environment, where E & P investments are in consolidation mode, Directorate General of Hydrocarbons (DGH) received 110 e-Bids for the 55 blocks on offer by the deadline of 1200 Hours (IST) on 02 May 2018. Despite the above challenges, the response to OALP Bid Round-I has been very favourable and reaffirmed the investor sentiment in the Indian E&P sector. The overwhelming response received from the investor community is a testament of Investor's confidence in the renewed policy framework chronicled by Government. A measure of competition can be gauged by the fact that only two blocks received single bids. Rest all, received two or more than two bids.

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Hitherto 87% of Mining lease area was controlled by National Oil Companies, but with the advent of HELP and DSF new private players have shown considerable interest in Indian E & P sector thereby leading to further private investments in this sector. Also, this bid round sees a huge accretion of 60,000 sq.km to the exploration area. This is about 60% of the area presently under exploration.

Out of the total **110** e-bids received, **92** e-bids were received for onland blocks and **18** e-bids were received for offshore blocks. As many as **9** companies (Individually or as member of the bidding consortium) have participated in the bid round. The response to the OALP Bid Round has been overwhelming as compared to the last round of E&P auctions under the NELP regime in 2009-10, largely credited to the new policy reforms which have improved the ease of doing business by introducing a transparent regulatory framework. It is pertinent to mention that all the 55 blocks offered in OALP Bid Round – I have been bid and it is a 100% success. Out of 55 blocks on offer 46 blocks are on onland 8 blocks are in shallow water and one block in deep water.

The technical bid documents (online and hard copies) were opened on 02 May 2018 at DGH's Noida office in the presence of the bidders. The evaluation of the bids would be undertaken in a time bound manner and decision on award would be taken by Empowered Committee of Secretaries and Group of Ministers, after the commercial bids are opened.

The Government endeavours to award the blocks by June 2018, so as to expedite the exploration activities to establish some part of the huge prognosticated conventional hydrocarbon resources of the order of 230 billion barrels of O+OEG in the "Yet-to-Find" category in India.

The award of these blocks would lead to significant uptick in the E&P activities in India. In the long run, discoveries from these blocks would go towards enhancing domestic production and reduction of the import dependence of India. As OALP is a continuing process, success in this bid round is likely to spur many new investors for second and subsequent Rounds.

Summary of e-bids received under the OALP Bid Round - I

Total Number of companies participating: 9 (Nine)

Total Blocks on offer		Bids received for (No. of Blocks)	Total Number of e-Bids
Total	55	55	110
Onland	46	46	92
Offshore	9	9	18

Total No. of Companies	Public Sector Units / Subsidiary	Indian Private Companies
9	5 (ONGC, OIL, GAIL India, IOCL, BPRL)	4 (Vedanta, Selan, HOEC, Sun Petro)

Details of the bids, block wise, is available on www.dghindia.gov.in
