India’s new Hydrocarbon Exploration and Licensing Policy (HELP)
A Prelude
# Agenda

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India’s Energy Outlook

- India is the 3rd largest consumer of oil and petroleum products after USA and China.
- India’s oil & gas demand has outpaced the supply significantly. This gap is expected to widen in future as India becomes the leading energy consumer in the World.
Exploration and Production Regime in India

**State Monopoly**
- 1948

**Beginning of de-regulation**
- 1991
- 28 producing fields and 28 exploratory blocks offered including private players

**Liberalization of E&P Sector (1997-2009)**
- 1997
- 9 NELP and 4 CBM rounds.
- 254 exploratory and 33 CBM blocks through competitive bidding

**New Domestic Gas Pricing Guidelines**
- 2009

**Discovered Small Field Policy**
- 2014
- 2015
- 2016

**Successful completion of DSF 2016**
- 134 e-bids received for 34 contract areas
- 31 contract areas awarded
- 22 Companies shortlisted (15 new Entrants)

**Further liberalization of the sector**
- Discovered small field bid round 2016
- Hydrocarbon Exploration & Licensing Policy
- Open Acreage Licensing
- Revenue Sharing Model
- Pricing Guidelines for difficult gas fields

**Nomination Era**
- Pre-NELP PSCs

**NELP/CBM PSCs**
- Future
India has 26 sedimentary basins covering an area of 3.14 million square kilometres.

**CATEGORY-I BASIN** *(Proven Commercial Productivity)*
- Assam-Arakan, Cambay, Cauvery, Krishna-Godavari Offshore, Mumbai Offshore, Rajasthan

**CATEGORY-II BASIN** *(Identified Prospectivity)*
- Kutch, Mahanadi-NEC, Andaman-Nicobar

**CATEGORY-III BASIN** *(Prospective Basins)*
- Bengal, Ganga, Himalayan Foreland, Kerala-Konkan Lakshadweep

**CATEGORY-IV BASIN** *(Potentially Prospective)*
- Basar, Bhima, Kaladgi, Chhatisgarh, Ciddapat, Deccan Syncline, Karewa, Narmada, Pranhita Godavari, Satpura-S.Rewa-Damodar, Spiti-Zanskar

- Pre-Cambrian Basement/Tectonised Sediments
Architecture of the New E&P Policy

Hydrocarbon and Licensing Policy (HELP)

- Discovered Small Field Policy
- Open Acreage License

Revenue Sharing Model
Full Marketing & Pricing Freedom
Fiscal Incentives

National Data Repository (NDR)
## Attractive Features of HELP

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<th>Feature</th>
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<tr>
<td><strong>Open Acreage Licensing</strong></td>
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<tr>
<td><strong>Revenue Sharing Model</strong></td>
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<tr>
<td><strong>Full Freedom for Marketing and Pricing</strong></td>
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<tr>
<td><strong>Single license for conventional &amp; un-conventional hydrocarbons</strong></td>
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<tr>
<td><strong>Increased exploration phase</strong></td>
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<tr>
<td><strong>Continuous exploration permitted during contract period</strong></td>
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<tr>
<td><strong>Equal weightage of work programme &amp; fiscal share</strong></td>
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<tr>
<td><strong>No carried interest by NOCs</strong></td>
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<tr>
<td><strong>Low Royalty for Offshore Fields</strong></td>
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<td><strong>Up to 100% FDI allowed</strong></td>
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<td><strong>Low regulatory burden</strong></td>
</tr>
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<td><strong>Transparent bidding model</strong></td>
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Fiscal & Taxation Regime

A liberalized regime for investors

- Low Royalty Rates to incentivize exploration in offshore areas

<table>
<thead>
<tr>
<th>Type of Hydrocarbons</th>
<th>Duration</th>
<th>Royalty Rates (Oil)</th>
<th>Royalty Rates (Natural Gas)</th>
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<tbody>
<tr>
<td>Onland</td>
<td>Throughout</td>
<td>12.5%</td>
<td>10%</td>
</tr>
<tr>
<td>Shallow water</td>
<td>Throughout</td>
<td>7.5%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Deep water</td>
<td>First 7 years</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td></td>
<td>After 7 years</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Ultra-Deep water</td>
<td>First 7 years</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td></td>
<td>After 7 years</td>
<td>2%</td>
<td>2%</td>
</tr>
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- **No oil cess** will be applicable on crude oil production from the blocks
- **Custom duty exemption** on goods and services imported for petroleum operations
- Benefits under Income Tax Act
National Data Repository

- Central repository for E&P data of India
- High level of Security
- Ease of Access
- Automatic reporting
- Integrated with GIS browser
- Facilitates sharing among users and domain

Facilitation of data viewing through:

- NDR Portal
- Physical Data Room
- Virtual Data Room
Data loaded in National Data Repository (NDR)

~1.7 million LKM of 2D seismic data

~0.6 million SKM of 3D seismic data

~8,500 well logs and ~11,900 well header data

Total of 160 TB data is available in NDR as on 28th February 2017
Open Acreage Licensing

1. Flexibility for Investors to carve out blocks of their choice through a minimum [10’x10’] grid

2. Easy Access to existing G&G data through NDR

3. Flexibility to choose contracts –
   - Petroleum Operations Contract (POC)
   - Reconnaissance Contract (RC)

4. Incentives to Early Bidders – Originator incentive, Migration incentive from RC to POC

5. Six months periodicity of bid rounds
Area offered under HELP through OAL

Total Sedimentary Area = 3.14 million sq. kms.
Total Area offered under OAL = ~2.7 million sq. kms.
  - Onshore = ~1.5 million sq. kms.
  - Offshore = ~1.2 million sq. kms.

Zone 1 & 2
Sufficient to Moderate Data Coverage
5,64,000 sq. kms.

Zone 3
Sparse Data Coverage
21,36,000 sq. kms.
Open Acreage Process

Investor studies G&G data available on NDR
Carves out blocks for interested area for any of the 2 contracts

POC Contract Period
- 8 years: Exploration
- 20 years: Development and Production

RC Contract Period – 3 years
Submission of EOI
Finalization of Block and Invitation to Bid through NIO
Bid Submission, Evaluation
Award of Contract

Legend -
POC – Petroleum Operations Contract
RC – Reconnaissance Contract
EoI – Expression of Interest
NDR – National Data Repository
NIO – Notice Inviting Tender
## Bidder Qualifying & Evaluation Criteria

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<thead>
<tr>
<th>Technical Qualification</th>
<th>Financial Qualification</th>
<th>Bid Evaluation Criteria</th>
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<tbody>
<tr>
<td><strong>Reconnaissance Contract (RC)</strong></td>
<td><strong>Petroleum Operation Contract (POC)</strong></td>
<td></td>
</tr>
<tr>
<td>▪ No technical criteria</td>
<td>▪ Operatorship Experience</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Acreage holding or production</td>
<td></td>
</tr>
<tr>
<td>▪ Balance Sheet Strength</td>
<td>▪ Balance Sheet Strength</td>
<td></td>
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<tr>
<td>▪ Work Program</td>
<td>▪ Work Program</td>
<td></td>
</tr>
<tr>
<td>▪ Originator Incentive</td>
<td>▪ Revenue Share</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Originator Incentive</td>
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Thank you

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