



सत्यमेव जयते

Ministry of Petroleum and Natural Gas  
Government of India

# India Exploration and Production

## The Investment Framework



Directorate General of Hydrocarbons

Houston, USA  
March 13, 2019

# Transition from NELP to HELP with Open Acreage Licensing

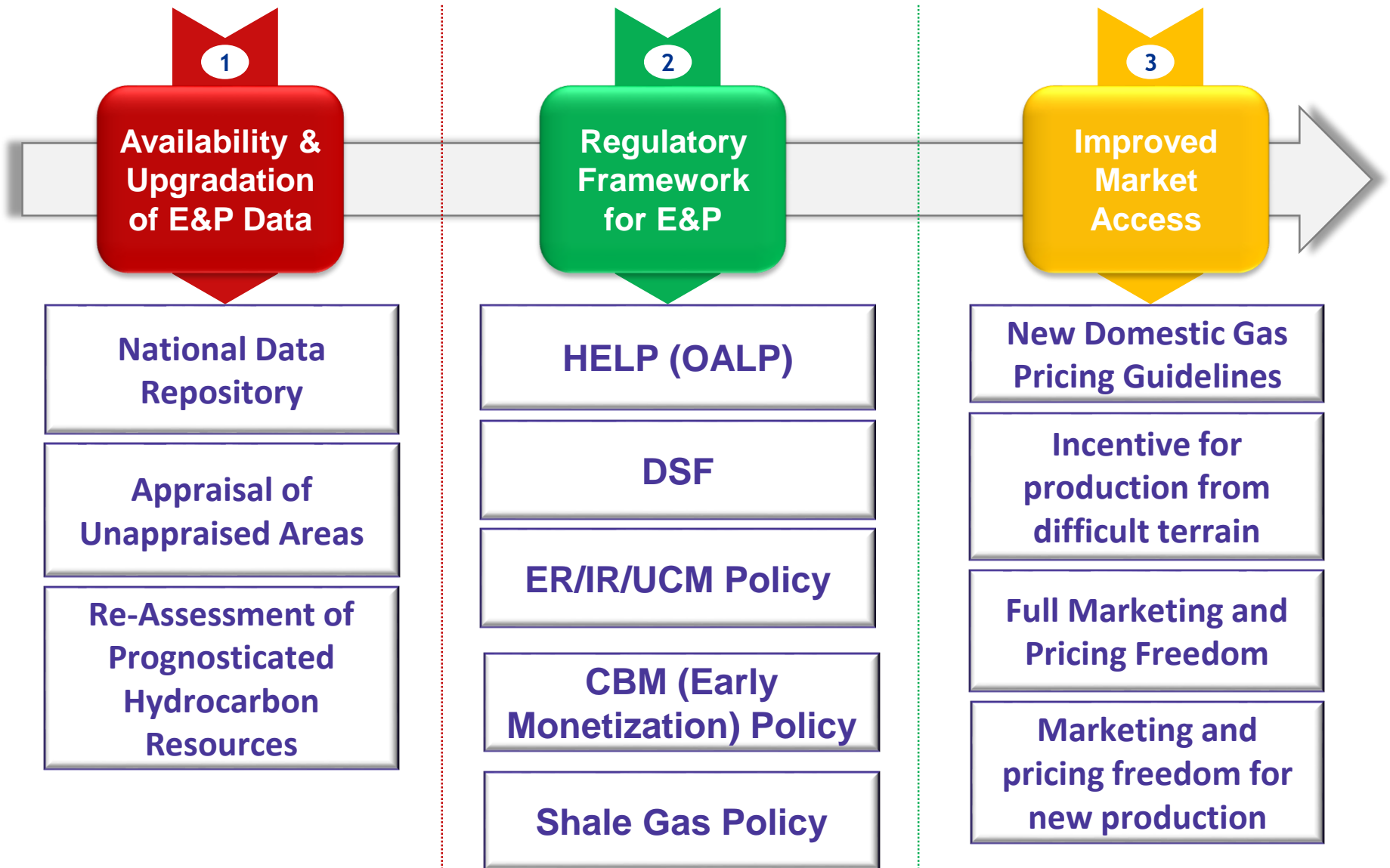
## NELP

- After Pre-NELP rounds, New Exploration and Licensing Policy (NELP) launched in 1999.
- Production Sharing Contract (PSC) with Pre Tax Investment Multiple (PTIM).
- System based on Cost Recovery which meant Audit of Cost lead to dispute and larger regulatory burden.
- Government carved out blocks for bidding, investors had little choice.
- Nine rounds launched since 1999: 254 blocks awarded till date of 156 discoveries have been made.
- USD 40 billion invested (till date), further USD 25 billion in the pipeline.

## HELP and OALP

- Hydrocarbon Exploration Licensing Policy (HELP) launched in 2016.
- Single License for both conventional and unconventional Hydrocarbons.
- Freedom to carve out blocks, EoIs can be made round the year with bidding rounds in 6 months cycles.
- Transition from Cost Recovery mechanism to Revenue Sharing mechanism.
- Full Marketing & Pricing Freedom.
- Fiscal Incentives-Low graded royalty rates.
- Low regulatory burden.
- Exploration rights on all retained area for full contract life.
- 100% PI allowed for foreign / private players.

# Policy reforms in oil and gas E&P sector



# There are vast investment opportunities in Indian sedimentary basins under the flagship Hydrocarbon Exploration and Licensing Policy (HELP)

## Hydrocarbon Exploration and Licensing Policy (HELP)

### Open Acreage Licensing Policy (OALP)

- Exemplifies **Ease of Doing Business**
- Ready access to G&G data and freedom to **carve out acreage of choice**

### Discovered Small Fields (DSF) Policy

- To commercialize production from the **already discovered small fields** of NOCs
- **Low risk investment opportunities** for new entrants

### National Data Repository (NDR)

**State of the art centralized data repository** on Indian sedimentary basins **accessible through an e-platform**

## Salient Features of HELP



**Revenue Sharing Model**



**Full Marketing & Pricing freedom**



**Fiscal Incentives**

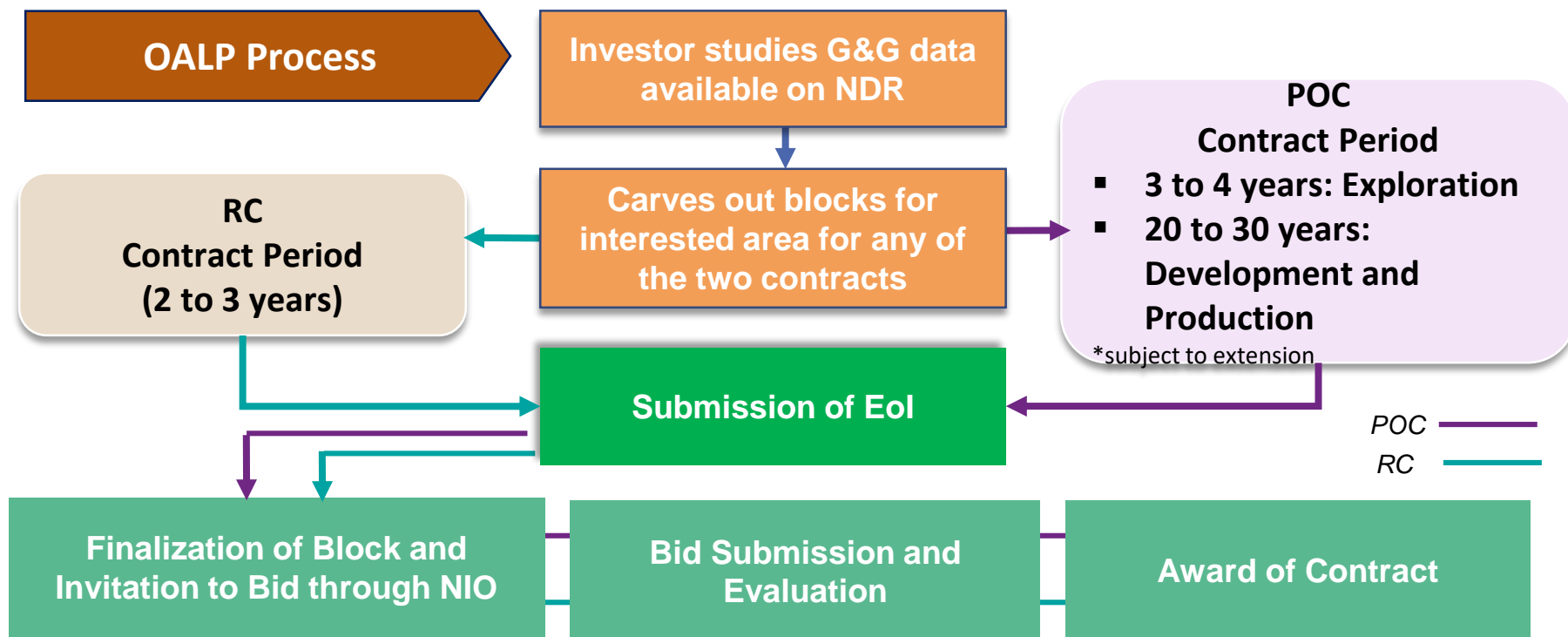


**Freedom to carve out blocks**



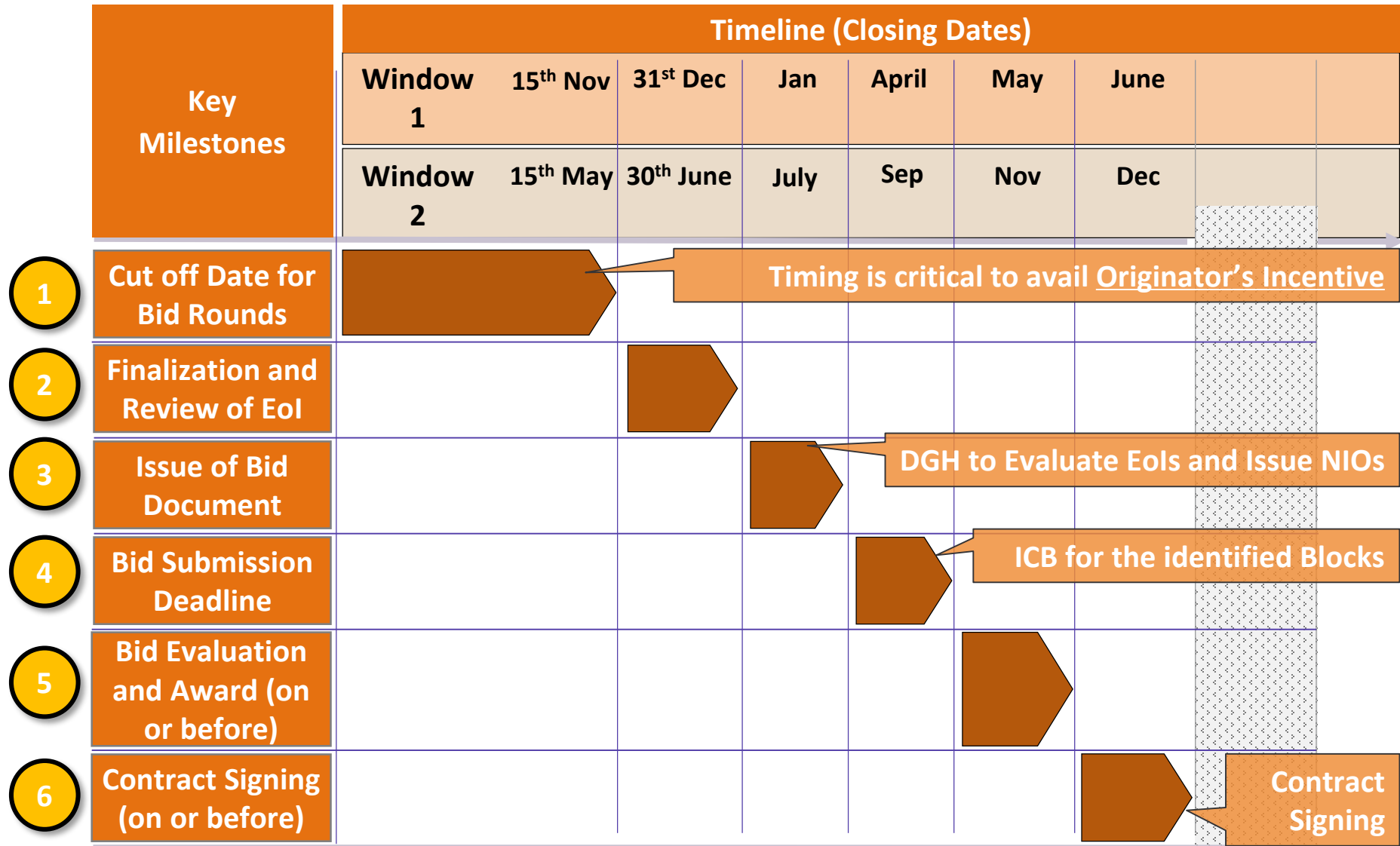
**Uniform Licencing for all HC**

# Enabling Ease of Doing Business for E&P Investors through OALP Process : : Freedom to carve out blocks



- Party submitting EOI for an area shall be **'Originator'** and eligible for **originator incentive**
- Sedimentary basins gridded into **sector of 10' x 10' (1' x 1' for existing PEL/PML)**
- Bidding cycle twice a year (continuous EOI submission, pooled every 6 months)
- Bidding through **fully secured e-bidding platform**

# Key OALP Cycle Timelines for Investors

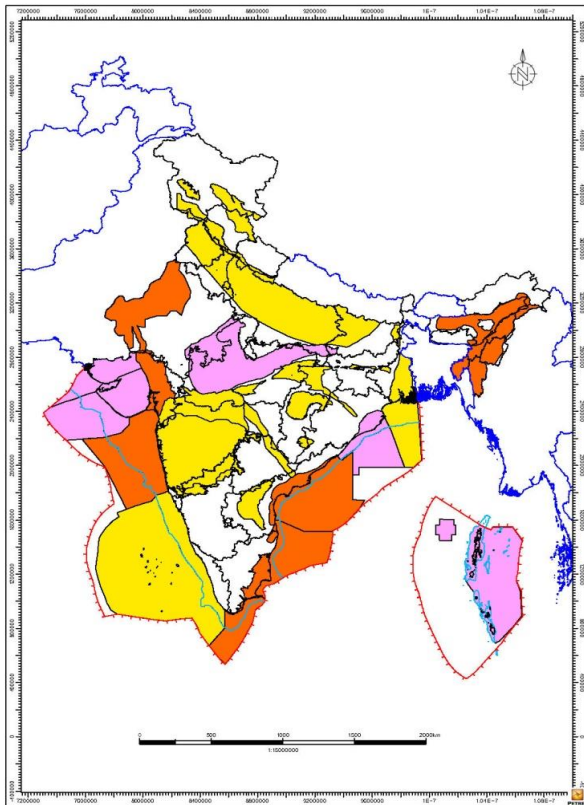


## Current Bidding Timelines

<b>Bidding</b>	<b>Launch</b>	<b>Bid Closing</b>	<b>Contract Award</b>
<b>Round-II</b>	<b>January 2019</b>	<b>April 2019</b>	<b>June 2019</b>
<b>Round-III</b>	<b>February 2019</b>	<b>April 2019</b>	<b>June 2019</b>

# India's Hydrocarbon Potential: Sedimentary Basins

India has 26 sedimentary basins covering an area of 3.36\* million square kilometres



## Category

## Number of Basins

I

**Basins where hydrocarbon presence is established and commercially producing**

Assam Shelf, Assam-Arakan Fold Belt, Cambay, Cauvery, Krishna-Godavari, Mumbai Offshore and Rajasthan Basin

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II

**Basins where hydrocarbon is established but yet to produce commercially**

Andaman, Kutch, Mahanadi, Saurashtra and Vindhyan

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III

**Basins where hydrocarbon presence is yet to established**

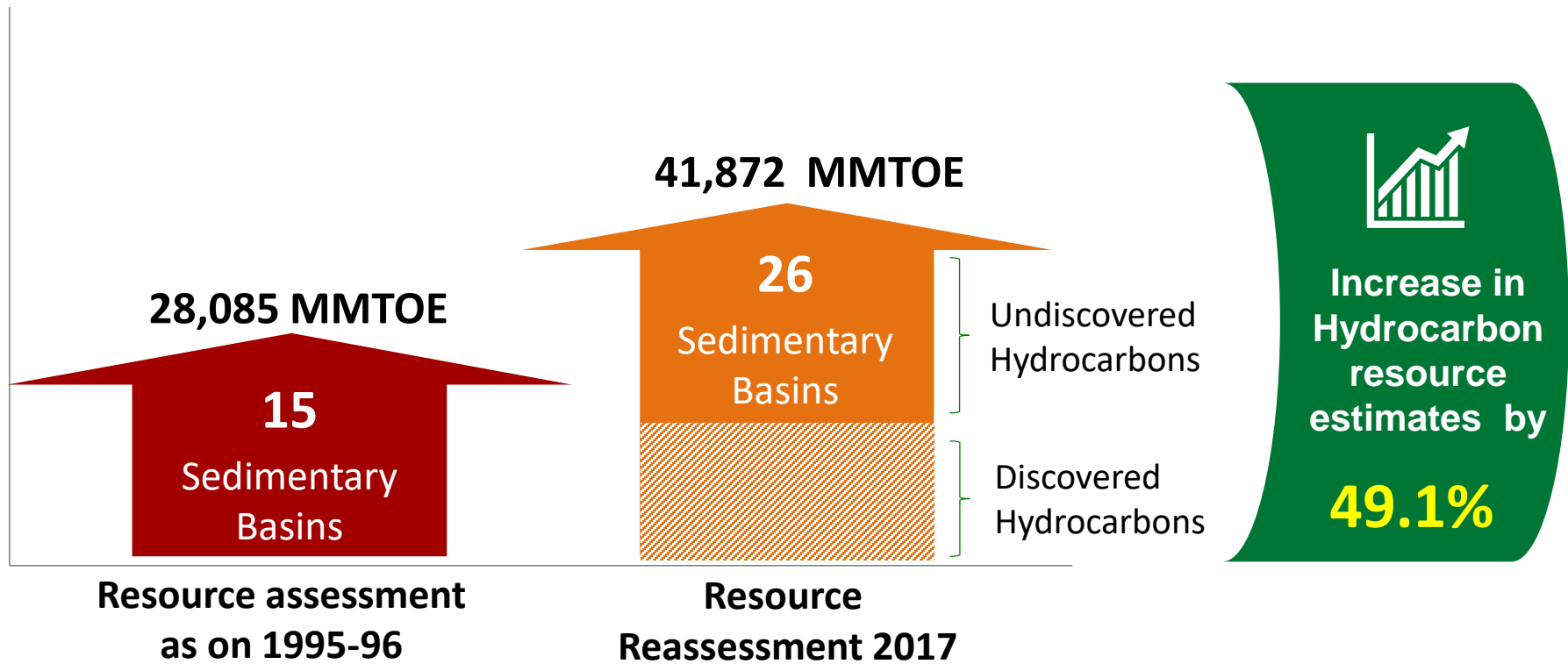
Himalyan Foreland, Ganga-Punjab, Kerala-Konkan, Bengal-Purnea, Karewa, Spiti-Zanskar, Satpura-South Rewa-Damodar, Narmada, Deccan Syneclise, Bhima-Kaladgi, Cuddapah, Pranhita-Godavari, Bastar, Chhattisgarh

14

\*As per Hydrocarbon Resource Reassessment Study 2017, Subject to approval from MoPNG



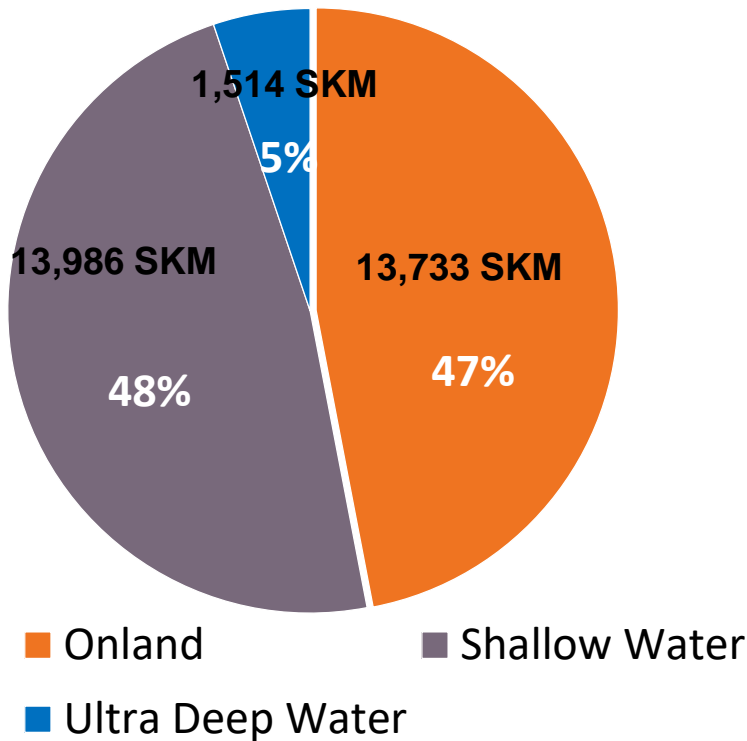
# A quantum leap in the Prognosticated Hydrocarbon resources in India through Resource Reassessment 2017



- Total Hydrocarbon reassessed resources (in place) estimated for **26 sedimentary basins** across onland, shallow water and deep water areas in the present study is 41,872 MMTOE
- Discovered Hydrocarbons is **12,076 MMTOE**
- Undiscovered Hydrocarbons is **29,796 MMTOE**

# Sedimentary Basin-wise Distribution of offered Blocks under OALP-II

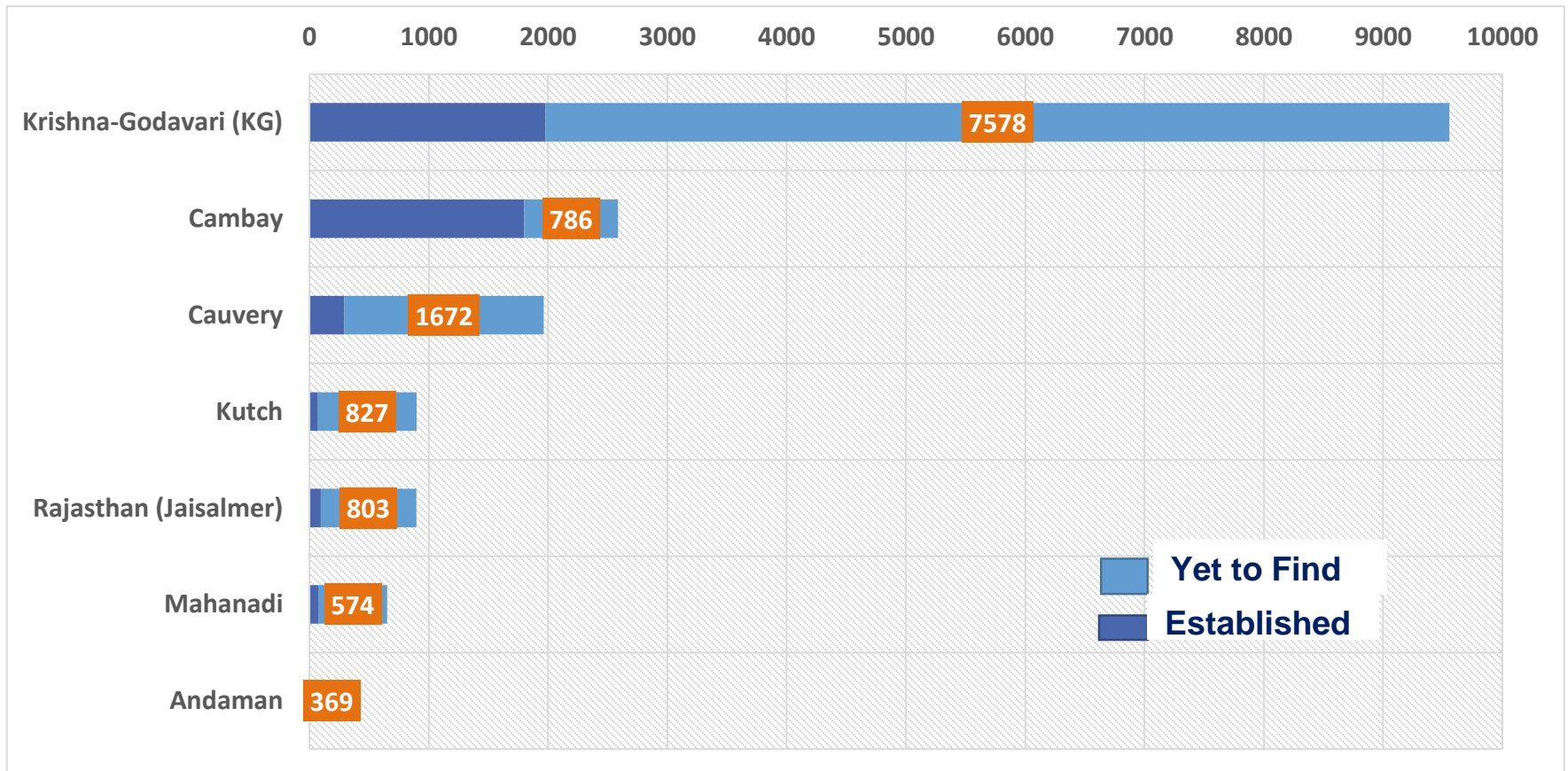
14 Blocks with a total area of 29,233 Sq. km.



Sedimentary Basin	Number	Area (Sq km.)
<b>Ultra deep Water</b>		
Krishna Godavari	1	1,514
<b>Onland</b>		
Mahanadi	4	11,809
Cauvery	1	474
Rajasthan	1	418
Cambay	2	1,032
<b>Shallow Water</b>		
Andaman Basin	2	9,617
Kutch Basin	2	2,544
Mahanadi	1	1,825
<b>Total</b>	<b>14</b>	<b>29,233</b>

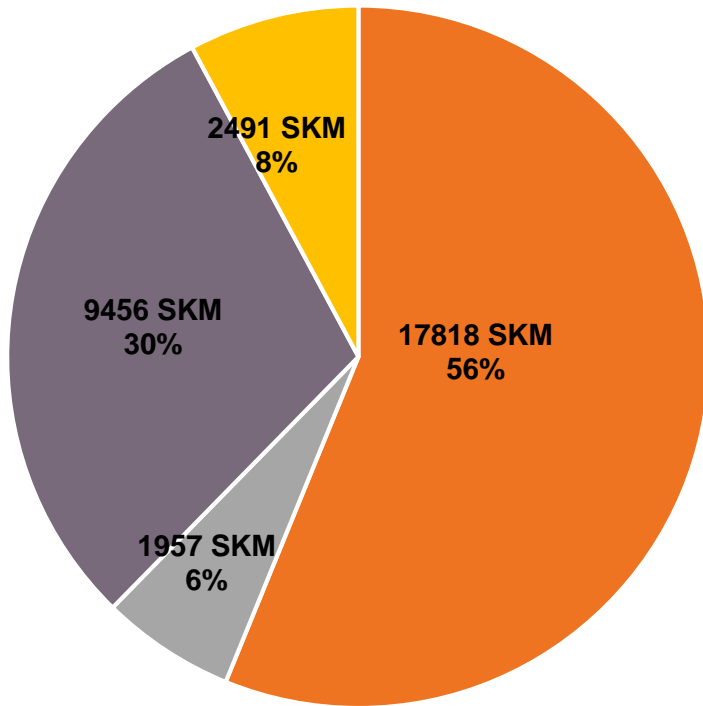
# Resource Potential across Offered Basins under OALP-II

MMTOE



# Sedimentary Basin-wise Distribution of Blocks under OALP-III

23 Blocks with an area of 31,722 Sq.Km.



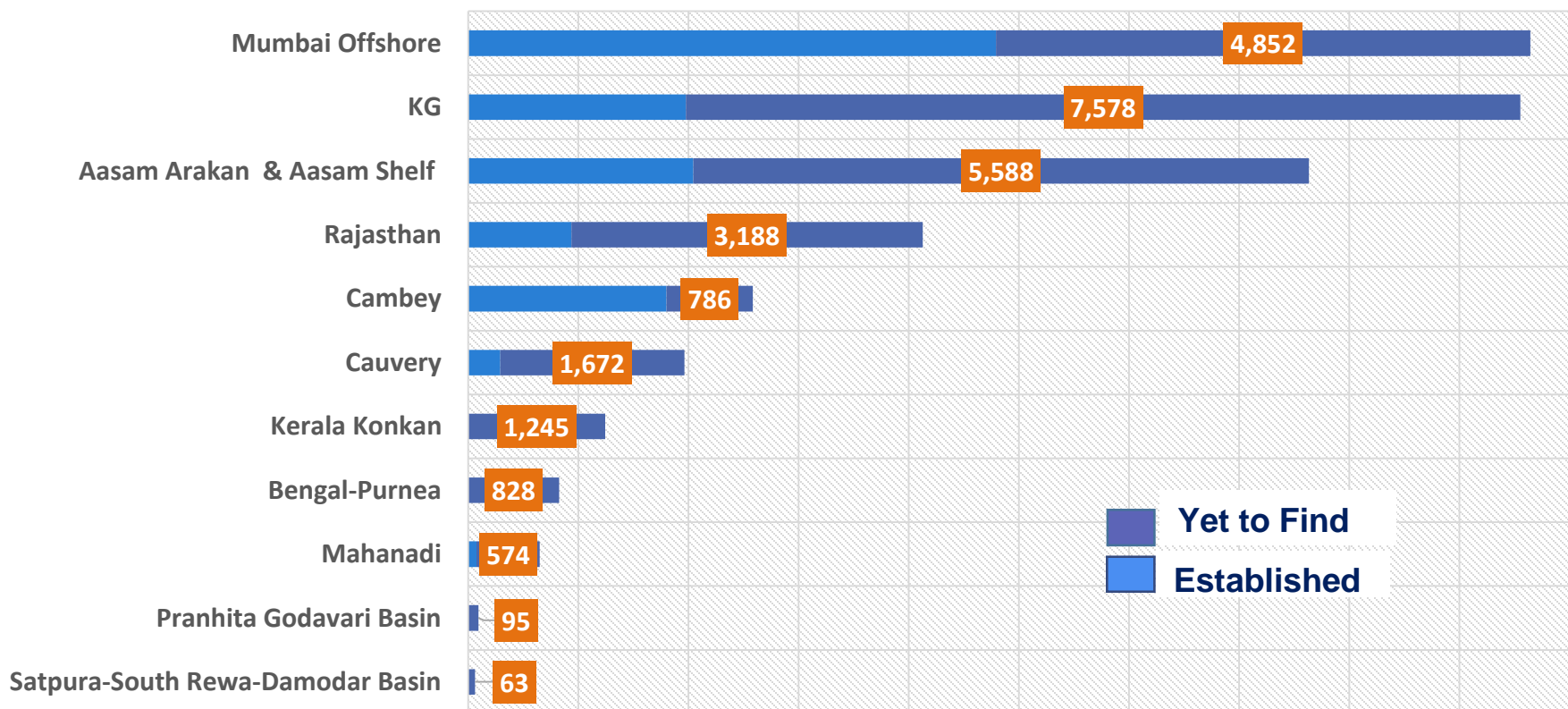
- Onland-Other than CBM
- Onland-CBM

Sedimentary Basin	Number	Area (Sq km.)
<b>Deep Water</b>		
Mahanadi	1	2,491
<b>Onland (other than CBM)</b>		
Mahanadi	1	2,300
Assam Arakan & Assam Shelf	5	4,262
Rajasthan	1	3,016
KG	2	2,831
Bengal-Purnea	1	2,468
Cambay	2	1,078
Cauvery	2	1,863
<b>Shallow Water</b>		
Kerla Konkan	1	3,520
Mumbai Offshore	2	5,936
<b>Total (A)</b>	<b>18</b>	<b>29,765</b>
<b>Onland (CBM)</b>		
Satpura-South Rewa-Damodar Basin	4	1,332
Pranhita-Godavari Basin	1	625
<b>Total (B)</b>	<b>5</b>	<b>1,957</b>
<b>Total</b>	<b>23</b>	<b>31,722</b>

# Resource Potential across Offered Basins under OALP-III

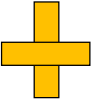
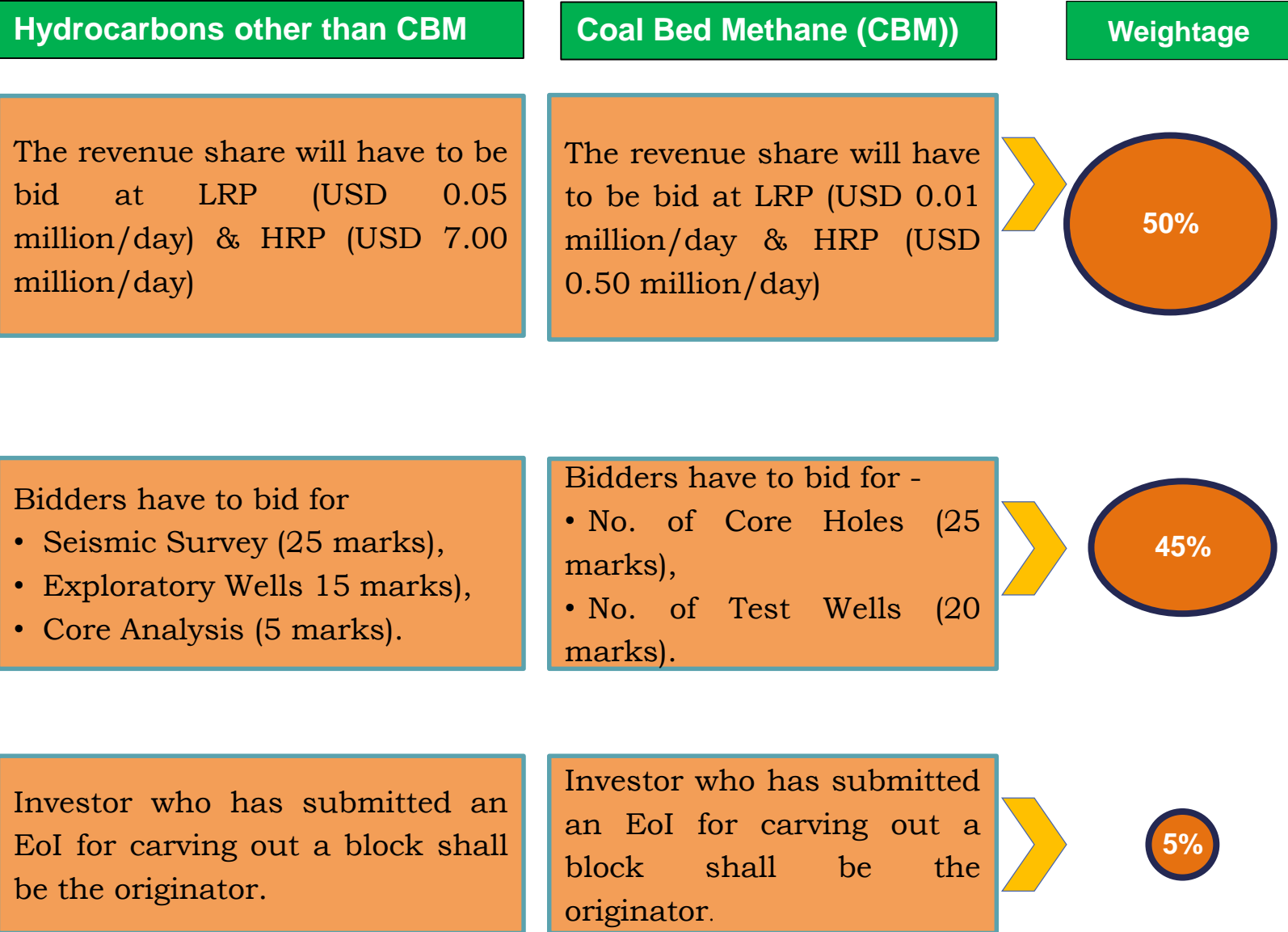
MMTOE

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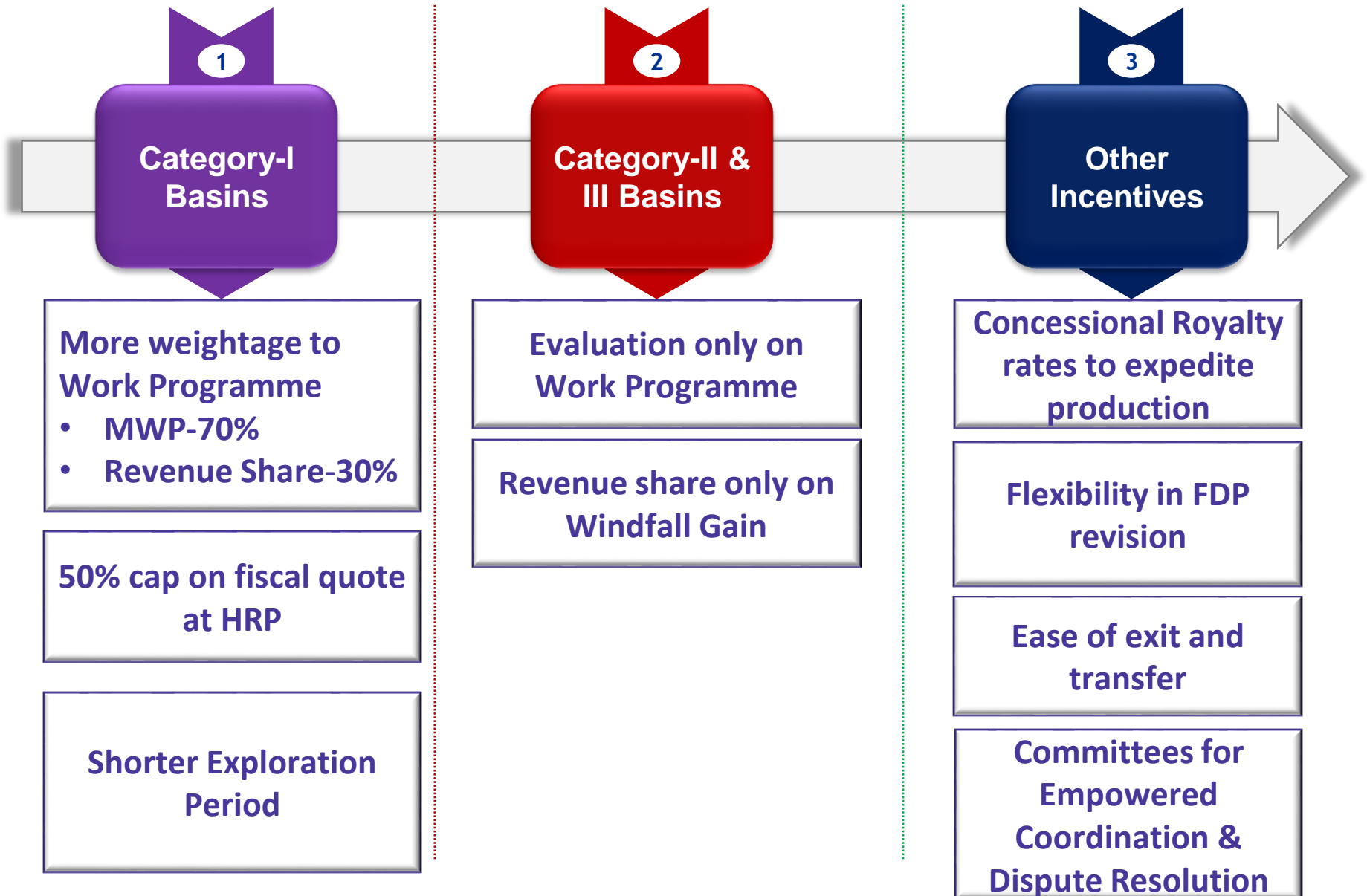


■ Yet to Find  
■ Established

# Bid Evaluation Criteria for Petroleum Operations Contract (POC)



# Proposed simplification of HELP



# Key information touch points



**Ministry of Petroleum  
and Natural Gas**

<http://petroleum.nic.in/>

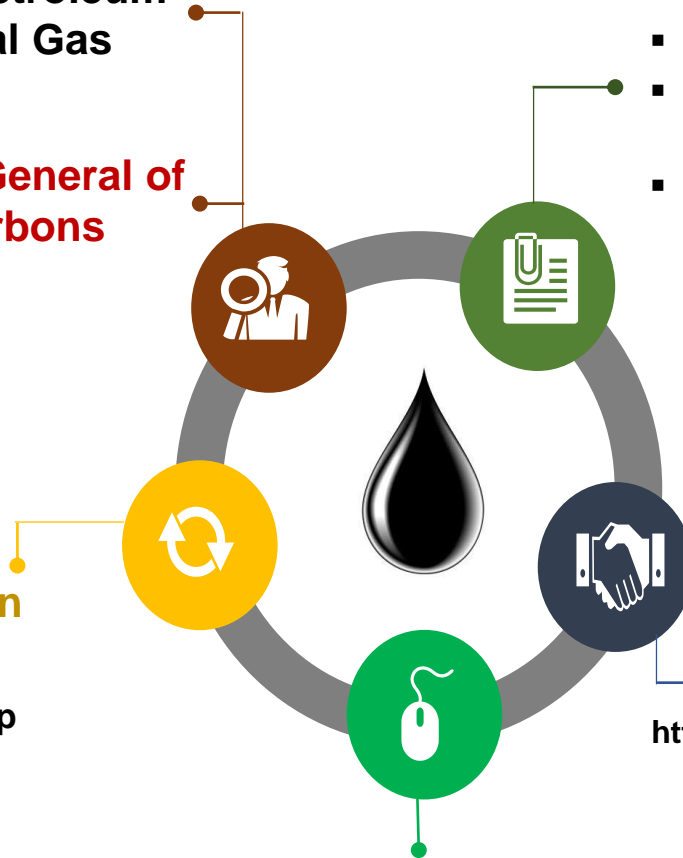


**Directorate General of  
Hydrocarbons**

<http://dghindia.gov.in/>

**Hydrocarbon Exploration  
and Licensing Policy**

<http://online.dghindia.org/oalp>



## OALP Bid Round II & III

- Notice Inviting Offer(NIO)
- Model Revenue Sharing Contract
- Procedure for operationalization of OALP
- Technical Booklet

<http://online.dghindia.org/oalp>

**Bidding URL**

<https://ebidding.dghindia.gov.in/>

## DSF Bid Round

<http://online.dghindia.org/dsf2>

## Facilitation Desk

<http://online.dghindia.org/oalp/contact>

Email: [Facilitationoal@dghindia.gov.in](mailto:Facilitationoal@dghindia.gov.in)



*Thank you*

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**REFORMS  
IN  
HYDROCARBONS EXPLORATION  
AND LICENSING POLICY  
(HELP)**

Government notifies the HELP reforms on 28th February, 2019.

## Objectives and Aspects of Policy Reforms:-

S. N.	Objectives	Measures Taken
1	To increase exploration activities, attract domestic and foreign investment in unexplored/unallocated areas of sedimentary basins.	<ul style="list-style-type: none"><li>➤ Change in Bid-Evaluation Criteria- Core goal moving from revenue-maximisation to production-maximisation</li><li>➤ Shorter exploration period</li><li>➤ Fiscal incentive for commencement of early production</li></ul>
2	To enhance and expedite domestic production of oil and gas from existing fields	<ul style="list-style-type: none"><li>➤ Concessional royalty rates will be applicable to expedite production.</li><li>➤ Marketing and pricing freedom for new gas discoveries.</li><li>➤ Fiscal incentive on additional gas production from domestic fields over and above normal production.</li></ul>
3	To promote ease of doing business by streamlining.	<ul style="list-style-type: none"><li>➤ Setting up coordination mechanism and alternate dispute resolution mechanism.</li></ul>
4	To expediting the approval processes	<ul style="list-style-type: none"><li>➤ Simplification of approval of DGH</li></ul>

## Fiscal and Contractual Terms

### Category-I Basins (Producing Basins)

### Category-II and III Basins (Non-Producing Basins)

#### Change in Bid-Evaluation Criteria-

- Bidding will continue to be based on revenue sharing basis but more weightage to work programme. Weightage of MWP to Revenue share will be 70:30.
- Weightage of MWP will be 20% for seismic survey and 80% for Exploratory wells
- An upper ceiling of 50% at HRP on biddable revenue share to prevent unviable bids and to ensure that revenue sharing does not disincentivise higher production

- Exploration blocks would be bid out exclusively on the basis of exploration work programme without any revenue or production share to Government.
- Windfall gains-Government will take a share only in case there is windfall gain i.e. annual revenue (net of royalty) exceeding USD 2.5 billion.
- Revenue Share slab rates :-

Revenue (Net of Royalty) (Billion USD)	GoI SHARE (%)
Up to 2.5	Nil
>2.5 <=5.00	10%
>5.00 <=10.00	30%
>10	50%

#### Timelines for completion of Minimum Work Programme (MWP)

- Onland and shallow water blocks :- 3 Years
- Deep water and Ultra deep water Blocks :- 4 Years

- No time limit

## Concessional Royalty Rates to expedite production-

Concessional rates will be applicable only if production is commenced within:-

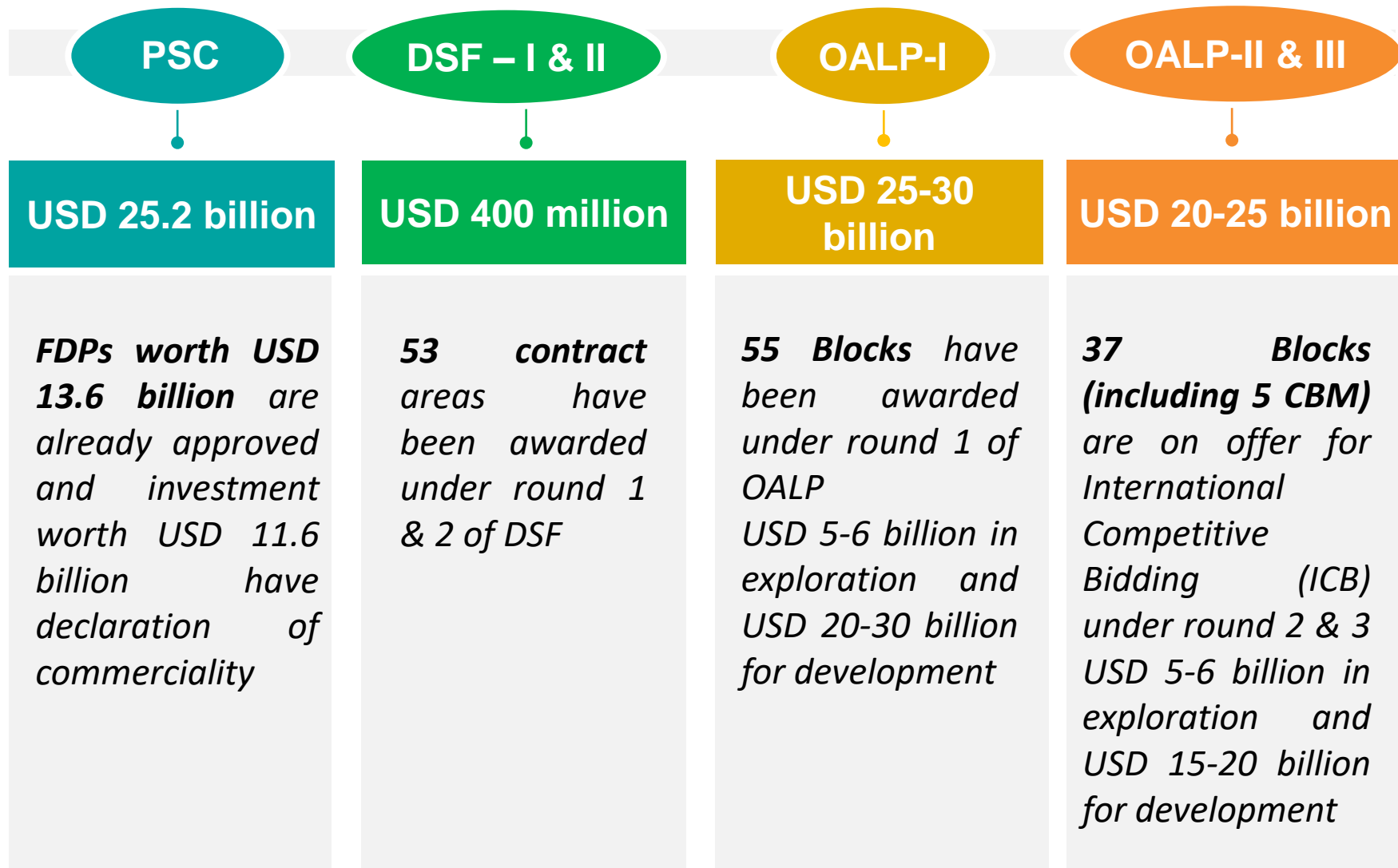
- four (4) years for Onland and shallow water blocks, and
  - Five (5) years for deep water and Ultra deep water blocks
- from the **effective date of contract**

	Crude Oil						Natural Gas/CBM					
Basin Category	Onland	Shallow water	Deepwater		Ultra-deepwater		Onland	Shallow water	Deepwater		Ultra-deepwater	
	Through out	Through out	First 7 Years	After 7 Years	First 7 Years	After 7 Years	Through out	Through out	First 7 Years	After 7 Years	First 7 Years	After 7 Years
Existing Royalty Rates under HELP	12.5%	7.5%	Nil	5%	Nil	2%	10%	7.5%	Nil	5%	Nil	2%
Category-I Basins	11.25%	6.75%	Nil	4.5%	Nil	1.8%	9%	6.75%	Nil	4.5%	Nil	1.8%
Category II Basins	10%	6%	Nil	4%	Nil	1.6%	8%	6%	Nil	4%	Nil	1.6%
Category III Basins	8.75%	5.25%	Nil	3.5%	Nil	1.4%	7%	5.25%	Nil	3.5%	Nil	1.4%

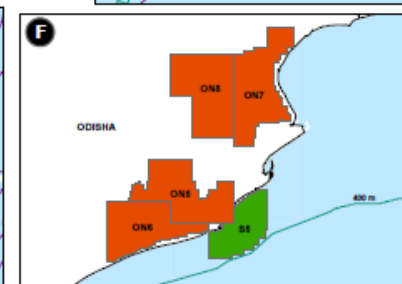
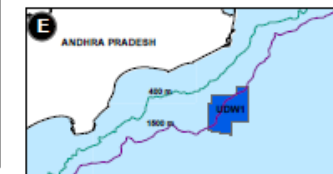
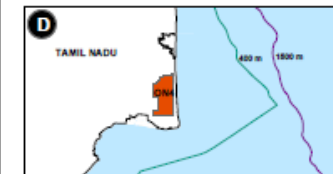
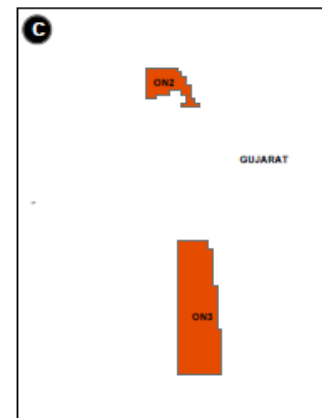
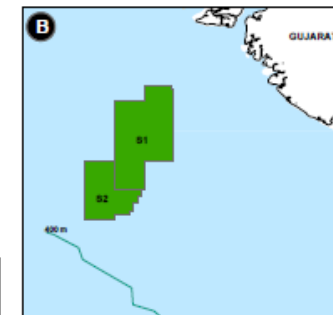
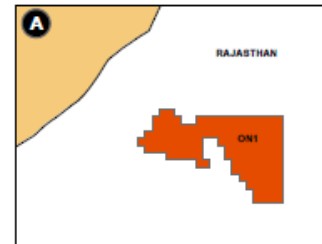
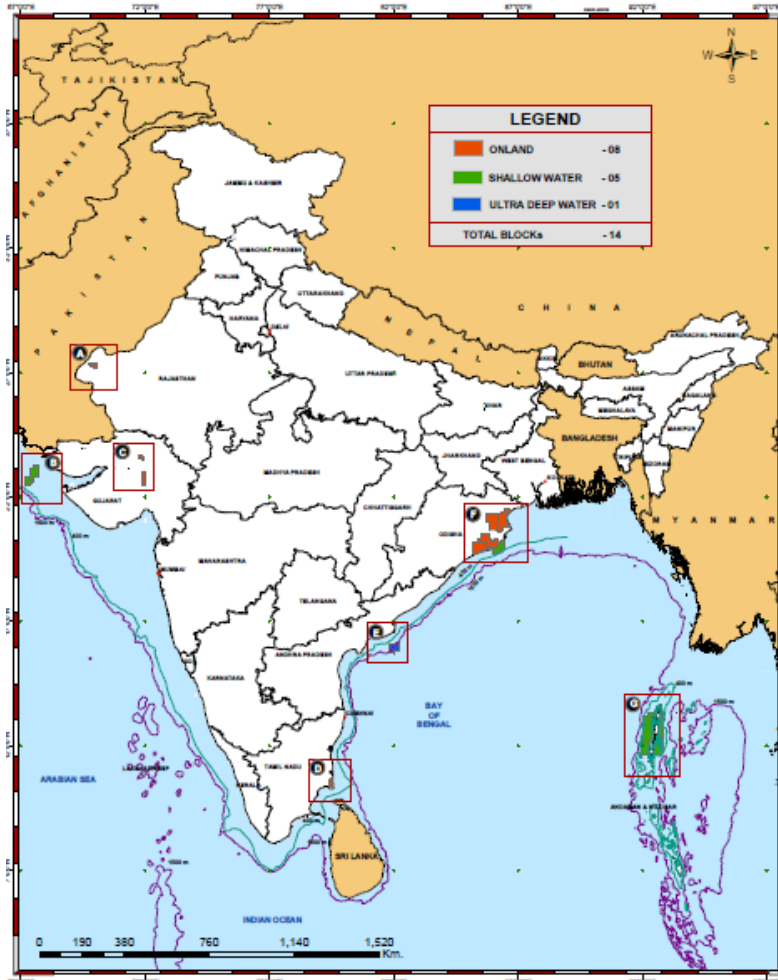
## ER/IR/UCM Policy-Fiscal Incentives

Fiscal Incentive Parameters	Oil Production Projects	Gas Production Projects (Incentive ceiling USD 0.4/ mmbtu-Offshore and USD 0.3/mmbtu-onshore fields)
<b>A-OID Cess Applicable-OID Cess Waiver*/ Royalty Waiver in case of gas production projects except nomination fields</b>		
<b>ER Projects</b>	<b>50% of Cess on incremental production of crude oil from designated wells.</b>	<b>75% of applicable royalty on incremental production of gas from designated wells.</b>
<b>IR Projects</b>	<b>50% cess on entire production after crossing the prescribed recovery rate</b>	<b>75% of applicable royalty on entire production after crossing the prescribed benchmark recovery rate.</b>
<b>UHC Projects</b>	<b>50% cess on entire commercial production of unconventional oil production</b>	<b>75% of applicable royalty on entire commercial production.</b>
<b>Oil Cess waiver in case of Gas Production Projects of Nomination Fields</b>	<b>NA</b>	<b>Equivalent to 75% of royalty against OID cess payable on crude oil from any field of NOCs, preferable from on land crude production.</b>
<b>B-OID Cess Not Applicable (For Oil Projects)** / In case of onshore fields where royalty is received by State Government (For Gas Projects)**</b>	<b>Calculate notional cess waiver and reduce equivalent amount from- Profit Petroleum- NELP Blocks GoI revenue share- OALP and DSF Blocks</b>	<b>Set off incentive amount from GoI share of- Profit Petroleum- NELP Blocks GoI revenue share- OALP and DSF Blocks</b>
	<b>**In case there is no profit petroleum or revenue share- carry forward incentive amount for 120 months.</b>	
<b>* Available only when Average crude oil price of Indian Basket declared by PPAC during calendar month BELOW ceiling/ER reference rate initially USD 80/barrel of crude oil. However, this period will not be deducted from overall tenure of incentive period.</b>		
<b>❖ Upper ceiling on fiscal incentive- Cumulative waiver shall not exceed the total CAPEX incurred for undertaking ER/IR/UHC methods.</b>		

# Anticipated cumulative investment of ~USD 70-80 billion in Indian E&P Sector in coming 4-5 years



# Final Maps with distribution of Blocks on Offer under OALP Bid Round-II





# Final Map of Blocks on Offer under OALP-III

