

MODEL REVENUE SHARING CONTRACT (MRSC)

BETWEEN

THE GOVERNMENT OF INDIA

AND

XYZ LIMITED

UNDER

HYDROCARBON EXPLORATION AND LICENSING POLICY

WITH RESPECT TO CONTRACT AREA IDENTIFIED

AS BLOCK

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**REVENUE SHARING CONTRACT
FOR OFFSHORE AREAS**

This Contract made on this _____ Day of _____, Two thousand and **Twenty One** between:

The President of India, acting through the _____, Ministry of Petroleum and Natural Gas (hereinafter referred to as “the Government”) of the FIRST PART;

AND

XYZ Limited, a company incorporated under the laws of India (hereinafter referred to as _____” or “Contractor”) having its registered office at _____ which expression shall include its successors and such assigns as are permitted under Article 2 hereof, of the SECOND PART;

WITNESSETH:

WHEREAS

- (1) By virtue of Article 297 of The Constitution of India, Petroleum in its natural state in the territorial waters, exclusive economic zone, and the continental shelf of India is vested in the Union of India;
- (2) The Oilfields (Regulation and Development) Act, 1948 (53 of 1948) (hereinafter referred to as “the Act”) and the Petroleum and Natural Gas Rules, 1959, made there under (hereinafter referred to as “the Rules”) make provisions, inter alia, for the regulation of Petroleum Operations and grant of Licenses and Leases for exploration, development and production of Petroleum in India;
- (3) The Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 (80 of 1976) (hereinafter referred to as “the Maritime Act”) provides for the grant of a license by the Government to explore and exploit the resources of the continental shelf and exclusive economic zone and any Petroleum Operation under this Contract shall be carried out under a license granted by the Central Government;
- (4) Rule 5 of the Rules provides for an agreement between the Government and the Licensee or Lessee containing additional terms and conditions with respect to the License or Lease;
- (5) The Government desires that all types of Petroleum resources conventional and unconventional oil and gas resources including CBM, Shale Gas/Oil, Tight Gas, Gas Hydrates and any other resource to be identified in future which fall within the definition of ‘Petroleum’ and “Natural Gas” under the Rules which may exist in the territorial waters (Ultra Deep, Deep or Shallow Water), exclusive economic zone, the continental shelf of India, be discovered and exploited with utmost expedition in the

overall interests of India in accordance with Good International Petroleum Industry Practices (GIPIP);

- (6) _____ have committed that they have or will acquire and make available, the necessary financial and technical resources and the technical and industrial competence and experience necessary for proper discharge and / or performance of all obligations required to be performed under this Contract in accordance with Good International Petroleum Industry Practices (GIPIP) and will provide guarantees as required in Article 17 for the due performance of its obligations hereunder; and
- (7) The Government of India had invited bids for the Contract Area. The Contractor XYZ submitted the bids which were evaluated. Where after, the Contractor XYZ was found to be successful. Pursuant to the bidding process, the Government has agreed to enter into this Contract with the Contractor with respect to the Contract Area as specified and named in Appendix A (hereinafter referred to as “the Block”) on the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the premises and covenants and conditions herein contained, IT IS HERE BY AGREED between the Parties as follows:

REVENUE SHARING CONTRACT FOR ONLAND AREAS

This Contract made on this _____ Day of _____, Two thousand and **Twenty One** between:

The President of India, acting through the _____, Ministry of Petroleum and Natural Gas (hereinafter referred to as “the Government”) of the FIRST PART;

AND

XYZ Limited, a company incorporated under the laws of India (hereinafter referred to as _____” or “Contractor”) having its registered office at _____ which expression shall include its successors and such assigns as are permitted under Article 2 hereof, of the SECOND PART;

WITNESSETH:

WHEREAS

- (1) The Oilfields (Regulation and Development) Act, 1948 (53 of 1948) (hereinafter referred to as “the Act”) and the Petroleum and Natural Gas Rules, 1959, made there under (hereinafter referred to as “the Rules”) make provisions, inter alia, for the regulation of Petroleum Operations and grant of Licenses and Leases for exploration, development and production of Petroleum in India;

- (2) The Rules provide for the grant of Licenses and Leases in respect of land vested in a State Government by that State Government with the previous approval of the Central Government;
- (3) Rule 5 of the Rules provides for an agreement between the Government and the Licensee or Lessee containing additional terms and conditions with respect to the License or Lease;
- (4) The Government desires that all types of Petroleum resources including conventional and unconventional oil and gas resources including CBM, Shale Gas/Oil, Tight Gas, Gas Hydrates and any other resource to be identified in future which fall within the definition of ‘Petroleum’ and ‘Natural Gas’ under the Rules, which may exist in India, whether within territorial waters (Ultra Deep, Deep or Shallow Water), exclusive economic zone, the continental shelf of India, or Onland, be discovered and exploited with utmost expedition in the overall interests of India in accordance with Good International Petroleum Industry Practices (GIPIP);
- (5) ___have committed that it they have, or will acquire and make available, the necessary financial and technical resources and the technical and industrial competence and experience necessary for proper discharge and / or performance of all obligations required to be performed under this Contract in accordance with Good International Petroleum Industry Practices (GIPIP) and will provide guarantees as required in Article 17 for the due performance of its obligations hereunder; and
- (6) The Government of India had invited bids for the Contract Area. The Contractor XYZ submitted the bids which were evaluated. Where after, the Contractor XYZ was found to be successful. Pursuant to the bidding process, the Government has agreed to enter into this Contract with the Contractor with respect to the Contract Area as specified and named in Appendix A (hereinafter referred to as “the Block”) on the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the premises and covenants and conditions herein contained, IT IS HERE BY AGREED between the Parties as follows:

ARTICLE 1

DEFINITIONS

- 1.1 In this Contract, unless the context requires otherwise, the following terms shall have the meaning ascribed to them hereunder:
- 1.1.1. **“Applicable Law”** or **“Law”** means, with respect to each jurisdiction relevant to the Parties, any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, government resolution, directive, guideline, policy, notification or other governmental decision of, or determination by, or any interpretation or adjudication, having the force of law or any of the foregoing, by the competent Government having jurisdiction over the matter in question whether in effect on the Effective Date or thereafter;
- 1.1.2. **“Affiliate”** means a company or a body: (a) which directly or indirectly controls or is controlled by a Member which is a Party to this Contract; or (b) which directly or indirectly controls or is controlled by a company which directly or indirectly controls or is controlled by a Member which is a Party to this Contract. For the purpose of this definition it is understood that “control” means the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder’s agreements or voting agreements or in any other manner.
- 1.1.3. **“Appendix”** means an Appendix attached to this Contract and made a part thereof.
- 1.1.4. **“Appraisal”** means an activity to establish commerciality of a Discovery which may include acquisition, processing and interpretation of G&G (Geological and Geophysical) data, drilling of Appraisal Wells, extended well testing or any stimulation activity.
- 1.1.5. **“Appraisal Programme”** means a programme, as formulated in accordance with Article 8 and carried out, following a Discovery in the Contract Area for the purpose of Appraisal of the Discovery and delineating the Reservoirs to which the Discovery relates in terms of thickness and lateral extent and determining the characteristics thereof and the quantity of recoverable Petroleum therein.
- 1.1.6. **“Appraisal Well”** means a Well drilled pursuant to an Appraisal Programme.
- 1.1.7. **“Appropriate Government”** means the State Government or the Central Government as the case may be.
- 1.1.8. **“Arm’s Length Sales”** shall mean, for the purpose of this Contract, the sales of Petroleum carried out between buyer and seller parties, not being the same legal entity, following a transparent and competitive bidding process according to procedures as prescribed by Government. The sale to the Contractor or its constituents will not be considered as Arms Length Sale.

- 1.1.9. **“Article”** means an article of this Contract and the term “Articles” means more than one Article.
- 1.1.10. **“Associated Natural Gas”** or “ANG” means Natural Gas produced in association with Crude Oil either as free gas or in solution, if such Crude Oil can by itself be commercially produced.
- 1.1.11. **“Barrel”** means a quantity or unit equal to 158.9074 liters (forty two (42) United States gallons) liquid measure, at a temperature of sixty (60) degrees Fahrenheit (15.56 degrees Celsius) and under one atmosphere pressure (14.70 psia).
- 1.1.12. **“Basement”** means any igneous or metamorphic rock, or rocks or any stratum of such nature, in and below which the geological structure or physical characteristics of the rock sequence do not have the properties necessary for the accumulation of Petroleum in commercial quantities and which reflects the maximum depth at which any such accumulation can be reasonably expected in accordance with the knowledge generally accepted in the international petroleum industry.
- 1.1.13. **“Bid”**
- a) **In relation to “Bid for Category-I Basins”** shall mean the complete bid submitted in relation to the Block by the Contractor pursuant to the NIO that inter alia comprised of the Work Programme and financial bid on Revenue Share that has been accepted by the Government and pursuant to which this Contract is being entered into.
 - b) **In relation to “Bid for Category-II & III Basins”** shall mean the complete bid submitted in relation to the Block by the Contractor pursuant to the NIO that comprised of the Work Programme that has been accepted by the Government and pursuant to which this Contract is being entered into.
- 1.1.14. **“Block”** shall have the meaning given to the term in Recital 6 (of onshore) & Recital 7 (of offshore) of this Contract.
- 1.1.15. **“Borehole”** means a well drilled in the sub-surface with or without obtaining the cores of rock samples for the purpose of ascertaining any information.
- 1.1.16. **“Business Day”** means any of the Calendar Days, which is not a holiday.
- 1.1.17. **“CAG”** means the Comptroller and Auditor General of India.
- 1.1.18. **“Calendar Day”** or “Day” means any of the seven (7) days of a week.
- 1.1.19. **“Calendar Month”** or “Month” means any of the twelve (12) months of the Calendar Year.
- 1.1.20. **“Calendar Year”** means a period of twelve (12) consecutive Months according to the Gregorian calendar, commencing with the first (1st) Day of January and ending with the thirty-first (31st) day of December.

- 1.1.21 “**Category – I Basins**”, “**Category-II Basins**” and “**Category-III Basins**” mean the basins so defined and listed in Appendix L.
- 1.1.22. “**Coal Bed Methane (CBM)**” means Natural Gas (mainly Methane) contained in coal or bituminous lignite beds under Reservoir condition and extracted there from during Petroleum Operations.
- 1.1.23 “**Coal Bed Methane Blocks**” or “**CBM Blocks**” means Blocks where primary target of Petroleum Operations is Coal Bed Methane (CBM) and provisions specific to CBM as provided in this document shall be applicable.
- 1.1.24. “**Commercial Assessment**” means an assessment made by the Contractor for the purpose of determining whether or not CBM accumulations in the Contract Area are commercially exploitable and whether or not Commercial Production is viable after consideration of all pertinent technical, financial and economic data and other relevant factors according to generally accepted Good International Petroleum Industry Practices (GIPIP).
- 1.1.25. “**Commercial Production**” means production of Petroleum from the Contract Area (excluding production for testing purposes) and delivery of the same at the relevant Delivery Point under a programme of regular production and sale.
- 1.1.26. “**Committed Work Programme**” shall mean the minimum work programme specified by the Contractor in its Bid subject to terms and conditions specified in Article 4 and subject to such modifications that are allowed under Article 4.5 and Appendix – C.
- 1.1.27. “**Condensate**” means those low vapour pressure hydrocarbons with API gravity between 50° API and 120° API, that are obtained from Natural Gas through condensation or extraction and refers solely to those hydrocarbons that are liquid at normal surface temperature and pressure conditions; provided that in the event Condensate is produced from a Development Area and is segregated at the Delivery Point or transported to the Delivery Point after segregation, then the provisions of this Contract shall apply to such Condensate as if it were Crude Oil.
- 1.1.28. “**Contract**” means this agreement and the Appendices mentioned herein and attached hereto and made an integral part hereof and any amendments made thereto pursuant to the terms hereof.
- 1.1.29. “**Contract Area**” means that part of the **Original Contract Area** or any portion of the said area remaining after relinquishment or surrender from time to time pursuant to the terms of this Contract and shall include any additional area granted to the Contractor, for which Contractor has valid License(s)/Lease(s) at any point during the currency of the Contract.
- 1.1.30. “**Contract Year**” means a period of twelve (12) consecutive months counted from the Effective Date and thereafter from the anniversary of the Effective Date.
- 1.1.31. “**Contractor**” means pursuant to the NIO the company(ies) submitting the Bid accepted by the Government, and have been awarded, through this Contract with

the Government, to carry out Petroleum Operations. If there is more than one Party Constituting Contractor, they shall be individually referred as “Member” and collectively referred as “Contractor”, including their respective successors and permitted assigns under Article 2.

- 1.1.32. **“Core Hole”** means a Borehole in which coring is carried out up to the final depth of the Borehole for the purpose of detailed study of various parameters of rock and also coal or lignite sample.
- 1.1.33. **“Crude Oil”** or “Oil” or “Crude” means all kinds of hydrocarbons and bitumen, both in solid and in liquid form, in their natural state or obtained from Natural Gas by condensation or extraction, including distillate and Condensate when commingled with the heavier hydrocarbons and delivered as a blend at the Delivery Point but excluding Natural Gas.
- 1.1.34. **“Deep Water Area”** (for Deep Water blocks/areas) means area falling beyond four hundred (400) metre isobath till fifteen hundred (1500) metre isobath, provided, however, that for the purposes of this Contract, the Contract Area as on Effective Date, as described in the Appendix A shall be deemed to be Deep Water Area falling beyond four hundred (400) metre isobath till fifteen hundred (1500) metre isobath.
- 1.1.35. **“Delivery Point”** means, except as otherwise herein provided or as may be otherwise agreed between the Parties having regard to international practice, the point at which Petroleum reaches the outlet flange of the delivery facility, either offshore or onshore and different Delivery Point(s) may be established for purposes of sales.
- 1.1.36. **“Development Area”** means part of the Contract Area which encompasses one or more existing and/or new Discovery(ies), as per the Field Development Plan that has been finalized pursuant to TAR associated therewith being approved by the Government and any additional area that may be required for proper development of such Discovery(ies) and accordingly made available by the Government for inclusion in such Development Area. Such an area shall be contiguous and established as such in accordance with the provisions of the Contract.
- 1.1.37. **“Development Phase”** means the period identified in Article 8.5 during which Development Operations shall be carried out by the Contractor.
- 1.1.38. **“Development Operations”** means operations conducted in accordance with the Field Development Plan and Good International Petroleum Industry Practices (GIPIP).
- 1.1.39. **“Development Well”** means a Well drilled, deepened or completed after the date the Field Development Plan has been submitted to the Government, for the purposes of producing Petroleum, increasing production, sustaining production or accelerating extraction of Petroleum including production Wells, injection Wells and dry Wells.

- 1.1.40. **“DGH”** or “Directorate General of Hydrocarbons” shall mean the organization known as Directorate General of Hydrocarbons, presently under the administrative control of Ministry of Petroleum and Natural Gas, Government of India, and shall include any successor authority thereof.
- 1.1.41. **“Discovery”** means the finding, during Petroleum Operations, of a deposit or several deposits of Petroleum in the same well not previously known to have existed, which can be demonstrated as recoverable at the surface, by testing methods which are in adherence to Good International Petroleum Industry Practices (GIPIP). Discoveries within the same pool shall not be treated as separate discoveries.
- 1.1.42. **“Discovery Area”** means that part of the Contract Area which the Contractor determines and identifies to be the “Discovery Area” about which, based upon Discovery and the results obtained from a Well or Wells drilled or any other geological and geophysical studies, the Contractor is of the opinion that Petroleum exists and is likely to be produced in commercial quantities and which is identified as the “Discovery Area” in the Appraisal Programme pursuant to Article 8 of this Contract.
- 1.1.43. **“Effective Date”** means the later of the date on which this Contract is executed by the Parties or the date of issue of the first License covering any part of the Original Contract Area or date from which such issued first License(s) covering any part of the Original Contract Area have been made effective by the Government and/or relevant State Government(s).
- 1.1.44. **“Environmental Damage”** means soil erosion, removal of vegetation, destruction of wildlife, pollution of groundwater or surface water, land contamination, air pollution, noise pollution, bush fire, disruption to water supplies to natural drainage or natural flow of rivers or streams, damage to archaeological, paleontological and cultural sites and shall include any damage or injury to, or destruction of, soil or water in their physical aspects together with vegetation associated therewith, aquatic or terrestrial mammals, fish, avifauna or any plant or animal life whether in the sea or in any other water or on, in or under land.
- 1.1.45. **“Exploration Operations”** means operations conducted in the Contract Area pursuant to this Contract in searching for Petroleum and in the course of an Appraisal Programme and shall include but not be limited to aerial, geological, geophysical, geochemical, paleontological, palynological, topographical and Geoscientific surveys, analysis, studies and their interpretation, investigations relating to the subsurface geology including drilling of Exploration Wells and Appraisal Wells, testing and other related activities such as surveying, drill site preparation and all work necessarily connected therewith that is conducted in connection with Petroleum exploration.
- 1.1.46. **“Exploration Period”** means the period during which Exploration Operations may be carried out by the Contractor subject to the provisions of Article 3.

- 1.1.47. **“Exploration Well”** means a Well drilled for the purpose of searching for undiscovered Petroleum accumulations on any geological entity (be it of structural, stratigraphic, facies or pressure nature) to at least a depth as specified in the Article 4.1 .
- 1.1.48. **“Field”** means an Oil Field or a Gas Field or combination of both as the case may be.
- 1.1.49. **“Field Development Plan”** or “FDP” means the comprehensive plan formulated by the Contractor in relation to the development of a Discovery(ies), in accordance with Article 8.
- 1.1.50. **“Financial Year”** means the period from the first (1st) Day of April to the thirty-first (31st) Day of March of the following Calendar Year.
- 1.1.51. **“Foreign Company”** means a company within the meaning of Section 2(42) of the Companies Act, 2013.
- 1.1.52. **“Gas”** means Natural Gas, including that generated in-situ and retained in shale and associated fine grained rock matrix including carbonate stringers, adsorbed onto organic particles, or within fractures in shales of source rock origin and obtained there from through boreholes.
- 1.1.53. **“Gas Field”** means, within the Contract Area, a Reservoir of Natural Gas or a group of Reservoirs of Natural Gas within a common geological structure or feature.
- 1.1.54. **“Gas Hydrate”** means an occurrence of hydrocarbon in which molecules of natural gas, typically methane, are trapped in ice molecules.
- 1.1.55. **“Government”** means Government of India or State Government or any other instrumentality of the Government as the case may be. Central Government means Government of India.
- 1.1.56. **“Government’s share of Revenue”** means the amounts determined to be payable to the Government for each month under Article 12 of this Contract.
- 1.1.57. **“HPHT”** or “High Pressure High Temperature” means a well having an undisturbed bottom hole temperature of greater than 300°F and a pore pressure of at least 0.8 psi/ft. or requiring a BOP with a rating in excess of 10000 psi.
- 1.1.58. **“HRP”** or “Higher Revenue Point”, means value published as being the HRP/Higher Revenue Point in the NIO, for the Block i.e.____
- 1.1.59. **“Lease”** means a Petroleum Mining Lease (“PML”) granted pursuant to the Rules.
- 1.1.60. **“Lenders”** means the financing institutions, banks, multilateral funding agencies and similar bodies undertaking lending business or their trustees/ agents including their successors and assignees, who have agreed to provide finance to a Member(s) and are permitted chargee under Article 2.

- 1.1.61. **“Lessee”** means the Contractor to whom a Lease is issued under the Rules for the purpose of carrying out Petroleum Operations in the Development Area.
- 1.1.62. **“LIBOR”** means the London Inter-Bank Offer Rate for six-month maturates of United States Dollars as quoted by the International Swaps and Derivative Association or such other bank being an ICE LIBOR contributor panel bank as the Parties may agree.
- 1.1.63. **“License”** means a Petroleum Exploration License (“PEL”) granted pursuant to the Rules.
- 1.1.64. **“Licensee”** means the Contractor to whom a License is issued under the Rules for the purpose of carrying out Petroleum Operations in the Contract Area.
- 1.1.65. **“Liquidated Damages”** or “LD” with respect to Committed Work Programme shall have the meaning ascribed to the term in Article 4.4.
- 1.1.66. **“LRP”** or “Lower Revenue Point” means the value published as being the LRP/Lower Revenue Point in the NIO, for the Block i.e. ____
- 1.1.67. **“Management Committee”** or “MC” means the committee constituted pursuant to Article 5 hereof.
- 1.1.68. **“Member”** means such Parties that are comprising the Contractor in the event the Contractor is a consortium comprising of more than one Party. In case the Contractor comprises only one company, Member shall denote, wherever necessary, that sole company.
- 1.1.69. **“Modern Oil Field and Petroleum Industry Practices”** or **“Good International Petroleum Industry Practices (GIPIP)”** shall mean guidelines recommended by DGH for carrying out petroleum operations efficiently, safely, prudently and in an environmentally sustainable manner. This shall also include any other guidelines and notifications as and when issued by the Government in pursuant of the same.
- 1.1.70. **“Month”** means Calendar Month.
- 1.1.71. **“Natural Gas”** means wet gas, dry gas, all other gaseous hydrocarbons, and all substances contained therein, including sulphur, carbon dioxide and nitrogen but excluding extraction of helium, which are produced from Oil or Gas or CBM Wells, excluding those condensed or extracted liquid hydrocarbons that are liquid at normal temperature and pressure conditions, and including the residue gas remaining after the condensation or extraction of liquid hydrocarbons from gas.
- 1.1.72. **“Non Associated Natural Gas”** or “NANG” means Natural Gas which is produced either without association of Crude Oil or in association with such quantities of Crude Oil which by itself cannot be commercially produced.
- 1.1.73. **“Non-Defaulting Member”** shall have the meaning specified in Article 20.3.

- 1.1.74. **“NIO”** or “Notice Inviting Offers” means the notice inviting offers issued by the Government of India dated dd- Month, 2021 pursuant to which Contractor had submitted their Bid for the Block.
- 1.1.75. **“Oil Field”** means, within the Contract Area, an Oil Reservoir or a group of Oil Reservoirs within a common geological structure or feature.
- 1.1.76. **“Operator”** means one of the Parties comprising the Contractor, designated as the Operator pursuant to Article 6.
- 1.1.77. **“Operating Agreement”** means the Joint Operating Agreement entered by the constituents of the Contractor in accordance with Article 6, with respect to conduct of Petroleum Operations.
- 1.1.78. **“Operating Committee”** means the Committee established by that name in the Operating Agreement pursuant to Article 6.
- 1.1.79. **“Original Contract Area”** means the area described in Appendix A of this Contract.
- 1.1.80. **“Parent Company”** – A company is a parent company of another company if it can exercise voting rights directly or indirectly or through its Affiliate(s) to control management and operations by influencing or electing the Board of Directors of that other company.
- 1.1.81. **“Participating Interest”** means, in respect of each Party constituting the Contractor, the undivided share expressed as a percentage of such Party’s participation in the rights and obligations under this Contract.
- 1.1.82. **“Parties”** means the parties signatory to this Contract including their successors and permitted assigns under this Contract and the term “Party” means any of the Parties.
- 1.1.83. **“Petroleum”** means naturally occurring hydrocarbons, whether in the form of natural gas or in a liquid, viscous or solid form or a mixture thereof, but does not include coal, lignite and helium occurring in association with petroleum or coal or shale.
- 1.1.84. **“Petroleum Operations”** means, 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.

Unless the context requires otherwise, the term “Petroleum Operations” be interpreted to include “CBM Operations.”

- 1.1.85. **“Petroleum Produced and Saved”** means gross Petroleum produced excluding:

- (i) impurities such as water or solids produced along with Petroleum,
 - (ii) Petroleum recycled to the reservoir,
 - (iii) Petroleum used in Petroleum Operations or flared, and
 - (iv) Petroleum otherwise unavoidably lost under the provisions of the Contract.
- 1.1.86. **“Pilot Assessment Well”** means a Well drilled for the purpose of determining the potential CBM accumulations in the Contract Area on geological entities in terms of thickness, lateral extent and Gas content of coal seams up to a depth or stratigraphic level specified in the Work Programme.
- 1.1.87. **“Potential Commercial Assessment”** means the finding, during exploration, of a deposit of CBM in commercial quantities which can be recovered at the surface in a flow measurable by conventional petroleum industry testing methods.
- 1.1.88. **“Production Operations”** means all operations conducted for the purpose of producing Petroleum from the Development Area after the commencement of production from the Development Area including the operation and maintenance of all necessary facilities therefore.
- 1.1.89. **“Reservoir”** means a naturally occurring accumulation of Petroleum including a geological unit limited by rock characteristics by structural or stratigraphic boundaries or coal or lignite of any rank which contains Petroleum (whether in association or independent of water or any other minerals) or a combination of these.
- 1.1.90. **“Revenue”** shall have meaning as defined in Article 12.1. Revenue will be computed as per Appendix B.
- 1.1.91. **“Revenue Share”** shall mean Government’s Share of Revenue.
- 1.1.92. **“Royalty”** means the royalty payable by the Contractor to the Government under Article 13 and payable at the rates specified under Appendix D.
- 1.1.93. **“Rules”** means the Petroleum and Natural Gas Rules, 1959 and any amendments made thereto from time to time.
- 1.1.94. **“Secretary”** means any person appointed by the Operator to act as a secretary to the Management Committee. Provided in case of any change of the Operator in the manner prescribed under Article 6, the Operator shall within a period of (5) Working Days appoint a person to act as a secretary to the Management Committee.
- 1.1.95. **“Self-sufficiency”** means a situation, in relation to any Year, where the total availability of Crude Oil and Condensate and/or Natural Gas from all Petroleum production activities in India meets the total national demand, as determined by Government.

- 1.1.96. **“Site Restoration”** shall mean all activities required to return a site to its state as of the Effective Date pursuant to the Contractor’s environmental impact study and approved by the Government or to render a site compatible with its intended after-use (to the extent reasonable) after cessation or decommissioning of Petroleum Operations in relation thereto and shall include, where appropriate, proper abandonment or decommissioning of Wells or other facilities, removal of equipment, structures and debris, establishment of compatible contours and drainage, replacement of top soil, re-vegetation, slope stabilization, in-filling of excavations or any other appropriate actions in the circumstances and will include Government notifications/guidelines, if any.
- 1.1.97. **“Statement”** or **“Statements”** refers to the statements required to be furnished in accordance with Article 16 of this Contract.
- 1.1.98. **“State Government”** means any government of a state of the Union of India, which has control over the Contract Area for the purpose of grant of Licenses / Leases. In case the Contract Area covers more than one state, the State Government shall include all such governments of those states.
- 1.1.99. **“Subcontractor”** means any company or person contracted by the Contractor or Operator to provide goods or services with respect to Petroleum Operations.
- 1.1.100. **“Technical Assessment Report”** or **“TAR”** shall mean the part of Field Development Plan shall be submitted by the Contractor generally in the form and manner prescribed by the Government from time to time.
- 1.1.101. **“Test Well”** means an Exploration Well drilled for the purpose of carrying out different well tests to assess the CBM production potential of the coal or lignite seams. The well tests in such a well shall include but not be limited to injection or fall off tests, stress test, dewatering test for production testing or any other test as required for estimation of CBM and water production rates.
- 1.1.102. **“Term”** has the meaning as ascribed under Clause 28.1 of this Contract.
- 1.1.103. **“Ultra Deep Water Area”**, means the area falling beyond fifteen hundred (1500) metre isobath.
- 1.1.104. **“Ultra Deep Water Blocks”** means a block in which more than thirty percent (30%) of the area is Ultra Deep Water Area.
- 1.1.105. **“US \$”** or **“USD”** or **“US Dollar”** or **“United States Dollar”** means the currency of the United States of America.
- 1.1.106. **“Well”** means a borehole, made by drilling in the course of Petroleum Operations, but does not include a seismic shot hole.
- 1.1.107. **“Windfall Gain”** accrues to the Contractor when Revenue from the Contract Area lying in Category II or Category III basins, exceeds USD 2.5 billion in a Financial Year.

- 1.1.108. **“Work Programme”** means Committed Work Programme or additional work programme in accordance with Article 4, for the purpose of carrying out Petroleum Operations.
- 1.1.109. **“Year”** means a Financial Year.

1.2 Interpretation

In this Contract, unless the context requires otherwise:

- (i) reference to the singular includes a reference to the plural and vice versa;
- (ii) reference to a “Person” includes an individual, proprietorship, partnership firm, company, body corporate, co-operative society, entity, authority or any body, association or organization of individuals or persons whether incorporated or not;
- (iii) reference to any agreement, deed, document, instrument, rule, regulation, notification, statute or the like shall mean a reference to the same as may have been duly amended, modified or replaced, in accordance with its terms;
- (iv) Article headings in this Contract are inserted for convenience only and shall not be taken into consideration in interpreting the terms of this Contract;
- (v) the term “Article” refers to the specified Articles of this Contract and reference to any schedule or annexure shall be to a schedule or annexure of this Contract;
- (vi) A reference in this Contract to the word “including” shall also mean “including but not limited to”; and
- (vii) In the event of any conflict between any provisions in the main body of this Contract and any provision in the Appendices, the provision in the main body shall prevail.

ARTICLE 2

PARTICIPATING INTERESTS

- 2.1 The initial Participating Interest of the Members comprising the Contractor is as under:
____:____
- 2.2 Subject to the terms of this Contract, any Member comprising the Contractor may assign, or transfer, a part or all of its Participating Interest, with the prior written consent of the Government, in accordance with the procedure prescribed by the Government of India in this regard from time to time. The consent shall not be unreasonably withheld, provided that the Government is satisfied about the technical and financial capacity and ability, and the readiness and willingness of the prospective assignee or transferee, to perform the obligations under this Contract. Provided further that, the prospective assignee or transferee is not a company incorporated in a country with which the Government, for policy reasons, has restricted trade or business;
- 2.3 Subject to the provisions of this Contract, any Member which is a Party to this Contract may with the prior written consent of the Government, enter into a transaction which may result in change in the:
- (a) status of a Member or its shareholding resulting in a change in the “management” or “control” of any Member comprising the Contractor; or
 - (b) the “management” or “control” of the Parent Company of any Member; or
 - (c) status of a Member or its shareholding resulting in a change in its relationship with any company providing the guarantee specified under Article 19.1 (a) and 19.1 (b);
- For the purpose of this Article, “control” shall have the same meaning as in Article 1.1.2.
- Provided that such transaction shall be carried out in accordance with the procedure prescribed by the Government of India in this regard from time to time.
- 2.4 No assignment or transfer shall be effective until the approval of the Government is received or deemed to have been received. Approval may be given by the Government on such terms and conditions as it may deem fit.
- 2.5 In the event that the Government does not give its prior written consent or does not respond to a request for assignment or transfer by a Member comprising the Contractor within one hundred and twenty (120) days of such request and receipt of all required information, consent shall be deemed to have been given by the Government.

- 2.6 An assignment or transfer shall not be made where the Participating Interest to be retained by the proposed assignor or the percentage interest of assignee after the assignment shall be less than ten per cent (10%) of the total Participating Interest of all the constituents of the Contractor, except where the Government, on the recommendations of the Management Committee may, in special circumstances, so permit.
- 2.7 A Member comprising the Contractor, may with the prior consent in writing of the Government mortgage, pledge or create a charge or otherwise create an encumbrance at its own risk and cost over all or part of its Participating Interest for the purposes of security for raising funds for performing its obligation under the Contract, provided that:
- i. the mortgage, pledge or charge or encumbrance and the Lender's rights thereunder shall be expressly subordinated to the rights of the other Parties including the pre-emptive rights of the other Parties under this Contract and the Operating Agreement and shall in no manner compromise or affect the rights and interests of other Parties to the Contract or result in interference with joint operations

Provided that any Party which wishes to exercise the said pre-emptive rights will explicitly assume the obligation on the same terms and conditions as the Borrower;
 - ii. the Party creating such mortgage, pledge, charge or encumbrance shall indemnify the other Parties; and
 - iii. in case of foreclosure or default by a borrowing Party, the mortgagee shall not be deemed to have acquired a right to carry on either by itself or through an agent, the Petroleum Operations under this Contract, without the prior written consent of the Government of India.

ARTICLE 3

LICENSE, EXPLORATION PERIOD AND LEASE

3.1 *Time Period for Submission of Application for Grant of Permission /License*

The Contractor shall submit an application for grant of permission /License for carrying out Petroleum Operations in the Original Contract Area as described in Appendix-A, within thirty (30) Calendar Days from the date of execution of this Contract. In the event the Contractor fails to submit the application for License within the time period stipulated in this Article, the Contract shall stand terminated.

3.2 *License*

The Contractor shall have the right to explore for Petroleum within the Contract Area and shall be granted the License to explore in the Contract Area in accordance with the provisions of the Applicable Law.

3.3 *Exploration Period*

The Exploration Period shall begin on the Effective Date and will be of three (3) years for Onland/CBM/Shallow Water Blocks and four (4) years for Deep Water/Ultra Deep Water Blocks unless extended as per the provisions of this Article.

3.4 *Extension of Exploration Period*

3.4.1 The Exploration Period may be extended for a maximum period of one (1) year in case of Onland/Shallow Water/CBM Blocks and two (2) years in case of Deep Water/ Ultra-Deep Water Blocks.

3.4.2 Subject to provisions of Article 3.4.1, the Contractor may extend the Exploration Period from time to time, by depositing payment into the Bank Account prescribed by Government at least thirty (30) Calendar Days prior to the expiry of Exploration Period as follows:

- i) For Onland/Shallow Water/CBM Blocks: USD 25,000 or its INR equivalent per month or any part of the month for the duration of extension sought.
- ii) For Deep Water/Ultra-Deep Water Blocks: USD 50,000 or its INR equivalent per month or any part of the month for the duration of extension sought.

3.4.3 Where the Contract Area is situated in North Eastern Region, the Government upon receipt of a request from the Contractor, may extend the exploration period for a maximum period of two (2) years. This extension is in addition to the provisions of Article 3.4.1.

3.4.4 The Contractor may avail of extension in Exploration Period under Article 3.4.2, 3.4.3 or any other applicable policy laid down by the Government in any order, subject to the fulfilment of the eligibility criteria laid down therein.

3.5 *Retention or Relinquishment of Contract Area or part thereof, before the end of expiry of the Exploration Period or extended Exploration Period*

3.5.1 The Contractor at any time during the Exploration Period or the Exploration Period as extended under Article 3.4, as the case may be, shall exercise either of the following options by giving a written notice to Government, subject to the condition that the Contractor has completed the Committed Work Programme or has paid liquidated damages as per Article 4.4:

a) retain any Discovery Area and/or any Development Area to conduct Development Operations and Production Operations in relation to any Discovery in accordance with the terms of this Contract and relinquish the rest of the Contract Area;

or

b) relinquish the entire Contract Area.

3.5.2 If at the end of the Exploration Period, neither of the options provided in (a) and (b) of Article 3.5.1 is exercised by the Contractor or the Contractor fails to complete the Committed Work Programme or pay Liquidated Damages as per Article 4.4 in lieu thereof or there is no discovery, this Contract shall stand terminated and the License shall stand automatically cancelled. Such termination shall be without prejudice to the right of the Government to claim liquidated damages.

Provided that, if the Contractor has completed the Committed Work Programme and there is no Discovery, the Contractor may make an application in writing to the Government to retain the Contract Area or part thereof, within 15 days prior to the expiry of the Exploration Period or the period as extended under Article 3.4, as the case may be. The Government on being satisfied that the Contractor has demonstrated that the Contract Area or part thereof has good prospects in consonance with the GIPIP, may permit the Contractor to retain any part of the Contract Area for a further period not exceeding a total period of two (2) years. Upon expiry of such period, the provisions relating to retention and relinquishment of Contract Area shall be applicable in accordance with the provisions of this Article.

3.6 *Time Period for Submission of Application for Grant of Lease*

The Contractor shall submit application for the grant of Lease in respect of the approved Development Area to the Appropriate Government within thirty (30) days from the

approval of Development Area pursuant to Article 8. In the event the Contractor fails to submit the application for Lease within the time period stipulated in this Article, the Contract shall stand terminated.

3.7 *Lease:*

The Contractor shall be granted Lease to carry out all Petroleum Operations within the leased area comprised within the Contract Area in accordance with the provisions of the Applicable Law.

3.8 *Term:*

3.8.1 The term of this Contract shall commence from the Effective Date and shall continue for the period of the License and any Lease granted by the Government under the Applicable Law, unless the Contract is terminated or the Contract Area is relinquished earlier in accordance with the terms of this Contract.

3.8.2 If this Contract is terminated in accordance with its terms, the License and Lease shall stand automatically cancelled.

3.8.3 The Contract shall be deemed to have been terminated, if for any reason, the Contractor ceases to hold such License or Lease.

Provided that where the License has expired and the application for grant of Lease submitted by the Contractor is pending before the appropriate authority, the Contract shall be deemed to have been extended till date of grant of such Lease and the Contractor shall be permitted to carry out Petroleum Operations during such intervening period between expiry of License and grant of Lease.

3.8.4 The term of the Contract shall be renewed upon grant of further License or Lease or renewal of license or lease, as per the provisions of the Applicable Law.

ARTICLE 4

WORK PROGRAMME

4.1 During the currency of the Exploration Period, the Contractor shall complete the Committed Work Programme as specified below:

S. No	Type of Work	Quantum	Total Estimated Expenditure (USD)
1	2D Seismic Surveys(API) (in LKM)		
2	3D Seismic Surveys (API) (in Sq. Km)		
3	Exploratory Wells		
	3.1 Number of Wells		
	3.2 Target Depth (in meters)		

Exploration Well(s) shall be drilled to at least one of the following depths:

- (i) Target Depth;
- (ii) Basement;
- (iii) such depth as may be prescribed by the Government in this regard.

4.1 (a) Petroleum Operations in relation to CBM blocks shall be conducted in accordance with the provisions of Appendix-C to this Contract provided that , all the provisions of this Contract shall be applicable for CBM unless stated otherwise.

4.1 (b) No Work Program shall be applicable for exploitation of Coal and Underground Coal Gasification (UCG). Hence there would be no Liquidated Damages for the same.

4.2 If the Contractor has obtained, before or after the award of a particular Block, seismic data generated under a Multi-client Speculative Survey model for that particular Block, then the same can be set off against the similar Committed Work Programme for that Block.

4.3 The Contractor shall complete Committed Work Programme during the Exploration Period or the Exploration Period as extended in accordance with Article 3.4. During the said period, the Contractor may also formulate and complete any Additional Work Programme and shall submit the same to the Government for information.

4.4 *Liquidated Damages for Non-completion of Work Programme:*

4.4.1 If at the end of such the Exploration Period or Exploration Period as extended in accordance with Article 3.4, the Contractor fails to complete the Committed Work Programme, then each Member constituting the Contractor shall pay to the Government its Participating Interest share for an amount which shall be equivalent to Liquidated Damages (LD) as under:

In USD					
	Onland Excluding CBM)	Shallow Water	Deep Water	Ultra Deep Water	CBM
Per well/ Core hole (as applicable)	1,000,000	3,000,000	10,000,000	12,000,000	Core hole-250,000 Test Wells-650,000
Per sq. km. of 3D Seismic	5,000	1,500	1,500	1,500	N.A.
Per line km. of 2D Seismic	2,500	1,000	1,000	1,000	N.A.

Note- The LD shall be paid by the Contractor to the Government within thirty (30) days of the receipt of its demand from the Government. In the event of any failure to pay LD value within the due date, the Contractor shall pay interest compounded on daily basis for the entire period of delay at applicable LIBOR plus two percent (2%) points

4.4.2 LD shall be payable for the quantum that falls short against Committed Work Programme. However, in case of Well(s) which have not been drilled upto the depth specified in the Committed Work Programme, the Contractor shall pay LD for the entire Well, irrespective of the meterage left to be drilled.

4.4.3 DGH shall approve the swapping of 2D Acquisition, Processing and Interpretation data and 3D Acquisition, Processing and Interpretation data with each other, in a manner such that the weighted seismic programme quoted and the marks obtained at the time of bidding remains the same or are higher.

4.4.4 In case of swapping of 2D and 3D Acquisition, Processing and Interpretation data, the LD will be levied as per Committed Work Programme.

4.5 *Option to Exit:*

In case of denial of License(s) or necessary clearances by Government/State Government(s) for part of the Contract area or delay in grant thereof beyond two (2) years for reasons not attributable to the Contractor, the Contractor may make an application seeking approval of the Government :

- a) to exit from the contract without payment of Liquidated Damages as specified in Article 4.4; or

- b) for proportional reduction in Committed Work Programme, rounded off to the nearest integer with a minimum number of one, proportional reduction of License fee and amendment of License.

Provided that in case of denial of License or clearances, the application should be submitted by the Contractor to the Government within three months of the receipt of such communication by the Contractor from the Appropriate Government. In case of delay in grant of License or clearances beyond 2 years, the application should be submitted by the Contractor to the Government within three months of the date of expiry of the period of two (2) years from the date of submission of the application for grant of License or the relevance clearance.

Provided further that in case the Contractor does not exercise the option to exit within the time specified in this Article, but proposes to exit from the Contract later, Liquidated Damages will be levied to the extent of unfinished Committed Work Programme, proportional to the reduced area.

Notwithstanding anything contained in this Article, the option to exit or seek reduction in Committed Work Programme shall apply in case of clearances where consent of the Government can be deemed to have been given under the Applicable Law.

ARTICLE 5

MANAGEMENT COMMITTEE

- 5.1 A Management Committee shall be constituted within thirty (30) days of the Effective Date comprising of the following nominated representatives of the Parties:
- (a) two (2) representatives of the Government, of which one (1) shall be designated as its Chairman;
 - (b) two (2) representatives of the Contractor where Contractor is the sole Member; or, if the Contractor comprises of two or more Members then each Member shall have one (1) representative in the Management Committee.
- 5.2 Each Party shall also nominate alternate members with full authority to act in the absence and on behalf of the members nominated under Article 5.1 and may, at any time, nominate another member or alternate member to replace any member nominated earlier by notice to other members of the Management Committee.
- 5.3 DGH shall be designated as the Secretariat of the Management Committee. The designated representative of the Operator shall be the Secretary of the Management Committee.
- 5.4 The Management Committee shall:
- (a) periodically review the performance of the contractual obligations under this Contract and shall be empowered to call for information and documents required for the said purposes;
 - (b) endeavor to remove any hindrance or difficulties in exploration, production and development operations in the block and provide all necessary assistance to facilitate Petroleum Operations;
 - (c) remain in operation after expiry of the term or termination of the Contract or relinquishment of the Contract Area, for the limited purposes of carrying out the functions assigned to it for site restoration under the Applicable Law from time to time or for any other purpose in connection with Contract for the Block, with the consent of Government.
- 5.5 The Management Committee shall conduct its meetings and perform the functions assigned to it in the manner prescribed by the Government in this regard.

ARTICLE 6

OPERATORSHIP, JOINT OPERATING AGREEMENT AND OPERATING COMMITTEE

6.1 _____ shall be the Operator for the purpose of carrying out Petroleum Operations pursuant to the Contract during the term of this Contract.

6.2 The Parties may change the Operator if Member(s) holding the majority of Participating Interests agree to appoint another Member as Operator. A Member that fails to meet the eligibility criteria laid down for the Contractor/Operator at the time of bidding shall not be eligible for appointment as Operator. Any change in Operatorship shall be communicated to the Government of India within three (3) Calendar Days of such decision by the Members.

6.3 The functions required of the Contractor under this Contract shall be performed by the Operator on behalf of the Contractor subject to, and in accordance with the provisions of this Contract and generally accepted Good International Petroleum Industry Practices (GIPIP).

Provided that all Members constituting the Contractor shall be jointly and severally liable to the Government for performance of the contractual obligations under this Contract. Nothing contained in this Contract, shall be construed as relieving the Contractor (or Members thereof, if applicable) from any of its obligations or liabilities under the Contract.

6.4 In the event there are more than one Member(s) constituting the Contractor, then a Joint Operating Agreement shall be executed between the Members, within forty five (45) days of the Effective Date or such longer period as may be agreed to by Government. The said Agreement shall be consistent with provisions of this Contract and shall provide for, among other things:

(a) The appointment, resignation, removal and responsibilities of the Member being designated as Operator.

(b) An Operating Committee shall be constituted comprising of an agreed number of representatives of the Members chaired by a representative of the Operator.

(c) Ways to resolve any issues amongst Members amicably so as not to affect the Petroleum Operations.

(d) In case, unanimity is not achieved on a decision in the Operating Committee within the stipulated time, then the decision of the representatives of the Contractor or the representatives of the Members having an aggregate Participating Interest of seventy percent (70%) or more (as applicable) shall be binding on all members of the Contractor.

- 6.5 A decision on any matter relating to this Contract or any ancillary or related matter shall be taken by the Operating Committee by a simple majority of the Members present and voting and such decision shall be binding on all Members including the Operator.
- 6.6 The said agreement shall be consistent with the provisions of this Contract and shall comprise all necessary provisions including but not limited to appointment, resignation and removal of members, their rights, duties and liabilities, risk allocation and management, powers of the Operator, role of Operating Committee, contribution to costs, default, procedures for decision-making especially in case of disagreement between Members and remedies. In case of any inconsistency or contradiction, the provisions of this Contract shall prevail over the provisions of the Joint Operating Agreement.
- 6.7 Operator shall provide to the Government a copy of the duly executed Joint Operating Agreement within thirty (30) days of its execution date or such longer period as may be agreed to by the Government.
- 6.8 In the event an assignment of Participating Interest occurs in accordance with Article 2 resulting in the change in Member(s) of the Contractor, then the provisions of Article 6.4, 6.6 and 6.7 shall be complied with from the date of any such change.

ARTICLE 7

GENERAL RIGHTS AND OBLIGATIONS OF THE PARTIES

7.1 Subject to the provisions of this Contract, the Contractor shall have the following rights:

- (a) subject to the provisions of Article 9, the exclusive right to carry out all Petroleum Operations within the Contract Area, including Exploration in retained Contract Area during the term of the contract.
- (b) the right to use, free of charge, such quantities of Petroleum produced as are reasonably required for conducting Petroleum Operations in the Contract Area in accordance with Good International Petroleum Industry Practices (GIPIP);
- (c) the right to lay pipelines, build roads, construct bridges, ferries, aerodromes, landing fields, radio telephones and related communication and infrastructure facilities and exercise other ancillary rights as may be reasonably necessary for the conduct of Petroleum Operations subject to such approvals from relevant authorities as may be required under the Applicable Laws in force from time to time for the regulation and control thereof;
- (d) the right to promptly sell Crude Oil and Condensate and/or Natural Gas produced from the Contract Area in the domestic market in India following a fully transparent and competitive process on arm's length basis in accordance with the procedures notified by Government from time to time.

Provided that nothing contained herein shall be construed to confer upon the Contractor the right to export or sell Crude Oil and Condensate and/or Natural Gas outside India.

- (e) the right to use Petroleum produced from the Contract Area for the purpose of Petroleum Operations including reinjection for pressure maintenance in Oil Fields, gas lifting and captive power generation required Petroleum Operations.

Provided that the Contractor shall submit at the end of each month the records relating to the quantity of Petroleum used for the purposes of Petroleum Operations to the Government for its information and records;

- (f) such other rights as are specified in this Contract.

7.2 The Contractor shall be exclusively responsible for Petroleum Operations in the Contract Area and the Contractor shall bear the complete risk in carrying out the Petroleum Operations, and shall be solely responsible to the Government for the execution and management of the Petroleum Operations in accordance with this Contract.

- 7.3 The Government reserves the right to itself, or to grant to others the right, to prospect for and mine minerals or substances other than Petroleum within the Contract Area; provided, however, that if after the Effective Date, others are issued rights, or the Government proceeds directly to prospect for and mine in the Contract Area any minerals or substances other than Petroleum, the Contractor shall use its best efforts to avoid obstruction to or interference with such operations within the Contract Area and the third parties and/or the Government, as the case may be, shall use best efforts to ensure that operations carried out do not obstruct or unduly interfere with Petroleum Operations in the Contract Area.
- 7.4 The Contractor shall, having due regard to Good International Petroleum Industry Practices (GIPIP):
- (a) except as otherwise expressly provided in this Contract, conduct all Petroleum Operations at its sole risk, cost and expense and provide all funds necessary for the conduct of Petroleum Operations including funds for the purchase or lease of equipment, materials or supplies required for Petroleum Operations as well as for making payments to employees, agents and Subcontractors;
 - (b) conduct all Petroleum Operations in relation to the Contract Area diligently, expeditiously, efficiently and in a safe and workman like manner pursuant to the Work Programme formulated in accordance with Contract;
 - (c) ensure provision of all information, data, samples etc. which may be required to be furnished under the Applicable Laws or under this Contract;
 - (d) ensure that all equipment, materials, supplies, plant and installations used by the Contractor, the Operator, and Subcontractors comply with generally accepted standards and are of proper construction and kept in safe and good working order;
 - (e) in the preparation and implementation of Work Programmes and in the conduct of Petroleum Operations, follow Good International Petroleum Industry Practices (GIPIP) with such degree of diligence and prudence reasonably and ordinarily exercised by experienced parties engaged in a similar activity under similar circumstances and conditions. Any directions of DGH for maintaining reservoir health shall be followed by the contractor;
 - (f) after the designation of a Development Area, pursuant to this Contract, forthwith proceed to take all necessary action for prompt and orderly development of the Development Area and for the production of Petroleum in accordance with the terms of this Contract;
 - (g) appoint a technically competent and sufficiently experienced representative, and, in his absence, a suitably qualified replacement therefore, who shall be resident in India and who shall have full authority to take such steps as may be necessary to implement this Contract and whose name(s) shall, on appointment within ninety (90) days after commencement of the first Contract Year, be made known to the Government;

- (h) provide acceptable working conditions, living accommodation and access to medical attention and nursing care for all personnel employed in Petroleum Operations;
- (i) carry out such other obligations as are specified in this Contract, in particular those specified in Article 11;
- (j) be always mindful of the rights and interests of India in the conduct of Petroleum Operations.

7.5 Subject to the terms and conditions of this Contract, the rights and obligations of the Parties shall include but not be limited to:

- (a) The obligation of the Contractor to pay the Government's share of Revenue to the Government;
- (b) The right of the Contractor to receive the Contractor's share of Revenue;
- (c) The obligation of the Contractor to complete at its costs the Committed Work Programme within the timelines specified in Article 3 and the Field Development Plan and to expeditiously develop any Discovery and produce Petroleum from the Contract Area.
- (d) The obligation of the Contractor to furnish any information or documents as required by the Management Committee, the Government or DGH during the validity of the Contract and after expiry or termination of this Contract.
- (e) The obligation of the Contractor to obtain and maintain all necessary approvals, licenses and permissions as may be necessary under the Applicable Law and to comply with the provisions of the Applicable Law during the term of the contract.

7.6 *Government's Right to substituted performance:*

In case the Contractor fails to promptly perform the contractual obligations under the Contract to the satisfaction of the Government, the Government shall be entitled, without prejudice to its other rights and remedies under this Agreement including its rights of Termination, to issue a notice requiring the Contractor or any of its constituent Member to perform the contractual obligations in the manner and within the time frame prescribed by the Government, failing which the Government shall proceed to perform such obligations itself or authorise any other person to perform such obligations at the sole risk, cost and expense of the Contractor or any of its constituent Member, which shall be recovered from the Revenue Share of the Contractor or any of its constituent Member.

7.7 Until such time as the total availability of Crude Oil and Condensate and/or Natural Gas from all Petroleum production activities in India meets the total national demand as determined by the Government, the Contractor shall sell Petroleum, Crude Oil and Condensate and/or Natural Gas produced from the Contract Area in the domestic market in India. If India attains Self- sufficiency in natural gas and/or Crude Oil and Condensate, during any year, the Government shall issue guidelines for sale of excess production of Crude Oil and Natural Gas.

ARTICLE 8

DISCOVERY, DEVELOPMENT AND PRODUCTION

- 8.1 If and when a Discovery is made within the Contract Area, the Contractor shall notify the Government as per the format prescribed by the Government within seven (7) days from the establishment of the Discovery (“Notification of Discovery” or “NOD”) and the Contractor shall promptly run tests, as it may be required under Good International Petroleum Industry Practices (GIPIP) in respect of such Discovery, to determine whether the Discovery is of Potential Commercial Interest (PCI) and merits appraisal. The Contractor shall submit the information relating to Potential commercial Interest (hereinafter referred as “PCI Notice”) for such Discovery to the Government within one hundred and twenty (120) days from the NOD in the format prescribed by the Government from time to time. The Contractor has the option to submit an expression of its intent to submit individual Discovery Development Plan or Integrated Field Development Plan along with the PCI Notice and submit the Field Development Plan (FDP) within eighteen (18) Months thereof.
- 8.2 If, pursuant to Article 8.1 above, the Contractor informs the Government that the Discovery merits appraisal, the Contractor shall submit an Appraisal Programme no later than six (6) months from the date of submission of PCI Notice for Onland/Shallow Water Blocks and twelve (12) Months for Deep Water / Ultra Deep Water Blocks. On the basis of Appraisal Programme, a Field Development Plan earmarking the Development Area shall be prepared by Contractor and submitted to the Government, within thirty six (36) months of PCI Notice for Onland Blocks and forty eight (48) months for Offshore Blocks.
- 8.2 (a) For Contract Area situated in North Eastern Region, the Government upon receipt of a request from the Contractor, may extend the Appraisal Program period for an additional maximum period of one (1) year.
- 8.3 The Contractor shall file an application for obtaining necessary permissions and grant of Petroleum Mining Lease for Development Area within thirty (30) days from the date of submission of FDP.
- 8.4 The Contractor may submit multiple/integrated Field Development Plans for the discoveries depending on the development strategy adopted by Contractor.

The contractor may seek extension(s) for submission of the Field Development Plan by paying an extension fee of USD 15000 per month or part of the month subject to a maximum period of six (6) months for Onland Blocks and twelve (12) months for Offshore Blocks. The extensions can be sought multiple times by making requisite payment subject to maximum period as stated above. This extension of time period shall be automatic on payment of extension fee in the bank account prescribed by Government.

- 8.5 The Development Phase shall begin with the submission of Field Development Plan and continue till commencement of Commercial Production, unless terminated earlier. The Contractor shall carry out Development Operations in accordance with the Field Development Plan and Good International Petroleum Industry Practices (GIPIP).
- 8.6 The Contractor may revise the Field Development Plan subject to the timelines for commencement of commercial production as specified in Article 8.8.
- 8.7 *Timelines for commencement of Development Operations:*
- In the event the Contractor does not commence Development Operations for Discovery(ies) for which Field Development Plan has been submitted, within one (1) year from the date of grant of Petroleum Mining Lease (PML), then the Contractor shall be liable to pay liquidated damages equal to one time fixed payment of USD 1,000,000 (USD one million) for Onland Blocks and USD 5,000,000 (USD five million) for Offshore blocks and USD 250 per day over and above the fixed payment, till the date it commences Development Operations.
- Provided that, if the Contractor does not commence Development Operations for two (2) years from the date of grant of PML, the Development Area togetherwith the rights of the Contractor relating to such Discovery(ies) shall stand relinquished.
- 8.8 *Timelines for commencement of Commercial Production:*
- 8.8.1 The Contractor shall commence Commercial Production within the timelines provided below from the date of grant of Petroleum Mining Lease (PML):
- (i) two (2) years in case of Onland Blocks or
 - (ii) three (3) years in case of Shallow Water Blocks or
 - (ii) five (5) years in case of Blocks falling in Deep Water/Ultra Deep Water areas.
- 8.8.2 In the event the Contractor does not commence Commercial Production within the timelines provided in Article 8.8.1, the Contractor shall be liable to pay liquidated damages equal to one time fixed payment of USD 2,000,000 (USD two million) for Onland Blocks and USD 10,000,000 (USD ten million) for Offshore Blocks and USD 2000 per day over and above the fixed payment, till the date it commences Commercial Production subject to a maximum delay of two years.
- Provided that if the Contractor fails to commence production from the Development Area even after expiry of a period of two years from date of lapse of the timelines provided in Article 8.8.1, such failure may be treated as a material breach by the Government of India and the Contract may be terminated.
- 8.9 The Contractor, at any time during Exploration Period, subject to paying Royalty, Government's Revenue Share and taxes, may produce, sell and market Petroleum. The Revenue share payable to the Government for early monetized discoveries during the exploration period shall be calculated as per Article 12.3.3 (a).

8.10 In case the Reservoir of the Discovery extends beyond the Development Area designated in the Field Development Plan, either within the original Contract Area but subsequently relinquished or, outside the original Contract Area, the Contractor shall notify about the same to the Government giving complete details of such extension.

In case the area is not held by any other party or no application of License or Lease is pending with the Government or the area has not been offer by the Government, the Government may extend the Development Area on terms and conditions in accordance with method of Unit Development applicable in such cases. In case the area is held by any other party, Government may direct joint development of the reservoir as provided in Article 9 (Unit Development).

8.11 The Contractor is limited by the Petroleum that is available in its clearly defined and demarcated Development Area. Notwithstanding anything contained in this Contract, the Contractor shall have no right to carry out Petroleum Operations with respect to a reservoir extending outside the Contract Area, without seeking prior explicit written permission of the Government of India.

8.12 A failure of the Contractor to notify the Government about extension of any part of Reservoir of the Discovery Area outside its Contract Area as required under Article 8.10, shall be considered a material breach of the Contract and the provision of Article 20.2 (l) shall apply accordingly.

8.13 The discovery, development and production related to Coal and UCG shall be governed by Applicable Laws.

ARTICLE 9

UNIT DEVELOPMENT

- 9.1 If a Reservoir in a Discovery Area is situated partly within the Contract Area and partly in an adjoining area in India over which another entity (hereinafter referred as “Other Contractor”) has a contract to conduct Petroleum Operations, and both parts of the Reservoir can be more efficiently developed together on a commercial basis, upon receiving a notification from the Contractor as provided in Article 8 or on receiving information in writing from any party to these Contracts or any information on this from any bonafide source, the Government may, for securing the more effective recovery of Petroleum from such Reservoir, by notice in writing to the Contractor, direct that the Contractor:
- a) collaborates and agrees with such other contractors on the joint development of the Reservoir;
 - b) prepare and submit a plan for such joint development of the said Reservoir, within the period notified by the Government.
- 9.2 If the Contractor and Other Contractor (the parties) are unable to agree to collaborate and/or notify the Government on the proposed plan for joint development of the Reservoir as provided in Article 9.1 above, and/or not able to come to a consensus, the Government shall call for a joint development plan from an independent agency (at the cost of the parties), which agency may make such a proposal after taking into account the position of the parties in this regard. Such a joint development plan, if approved by Government, shall be binding on the parties, notwithstanding their disagreement with the plan. However, the Contractor may in case of any disagreement on the issue of joint development or the proposed joint development plan prepared in accordance with this Article or within forty five (45) Business Days of the plan approval as aforesaid in this Article, notify the Government that it elects to surrender its rights in the Reservoir/Discovery in lieu of participation in a joint development.
- 9.3 If a proposed joint development plan is agreed and adopted by the parties, or adopted following determination by the Government, the plan as finally adopted shall be the approved joint development plan and the parties shall comply with the terms of the said development plan.
- 9.4 In the event the FDP has already been submitted by the Contractor, and the Contractor subsequently comes to know that Reservoir of the Discovery extends into the areas outside its Contract Area being developed by Other Contractor authorized by the Government, it shall promptly notify the Government of the same within fifteen (15) Business Days of knowledge of such extension.

- 9.5 In the event the Contractor comes to know that the Reservoir of the Discovery is extending into the areas already being developed by Other Contractor authorized by the Government (such Contract Area into which the Reservoir extends hereinafter referred to as “Other Contract Area”, and such other Block hereinafter referred to as “Other Block”) then the Contractor shall submit an application for joint development of the Reservoir (“Joint Development Application”) to the Government providing: (i) details of the Reservoir, (ii) details relating to the area falling in the Other Block, (iii) all such other data and information that the Contractor may determine to be relevant. The Contractor shall provide a copy of the Joint Development Application to the Other Contractor prior to or at the time of its submission to the Government.
- 9.6 The Government shall carry out preliminary evaluation on the basis of available data for the Contract Area and the Other Contract Area. In the event the Government believes that the Reservoir is common, then the Government may direct the Contractor of this Contract Area or the Other Contract Area or any other person to carry out a hydrocarbon balancing study and submit a proposal for joint development of the Reservoir by the Contractor and Other Contractor.

ARTICLE 10

MEASUREMENT AND VALUATION OF PETROLEUM

- 10.1 Petroleum produced, used for internal consumption and/or Petroleum Operations, flared, saved and sold from the Contract Area shall be measured for volume, weight and quality applying methods, appliances and procedures prescribed by the Government in this regard from time to time and the Good International Petroleum Industry Practices (GIPIP) using the latest mechanisms available for measurement and valuation of petroleum including online and electronic monitoring.
- 10.2 The Government may, at all reasonable times, inspect and test the appliances used for measuring the volume and determining the quality of Petroleum.
- 10.3 The Contractor shall give the Government timely notice of its intention to conduct measuring operations or any agreed alteration for such operations and the Government shall have the right to supervise, either directly or through authorized representatives, such operations.
- 10.4 The Contractor shall keep all the records of analysis and measurement of hydrocarbons calibrations and proving of measurement system and make available to Government or its authorized agency such records on request or at the end of every quarter. Records shall be kept for the currency of the contract period in the manner prescribed by the Government of India.
- 10.5 For the purpose of this Contract, the value of Petroleum shall be determined in terms of United States Dollars based on the pricing methodology provided herein.
- 10.5.1 **Pricing Methodology:**
- The Government's share of Revenue shall be calculated based on the higher of the price arrived at, by the following:
- i. price arrive at through competitive bidding process on arm's length basis; or
 - ii. (a) In case of Petroleum other than Natural Gas, the price of Indian Basket of crude oil (currently comprising of Sour Grade (Oman & Dubai Average) and Sweet Grade (Brent Dated) of Crude Oil processed in Indian refineries) as calculated by Government nominated agency and
(b) in case of Natural Gas/CBM/Shale Gas, the price calculated as per the guidelines prescribed by the Government.
- 10.6 Petroleum unsold during a month will be valued at higher of a price realized during preceding sale or the price declared by the Government of India. The price declared by Government of India shall be applicable in case of no preceding sale. However, any difference in the actual price realized and the valuation price will be made good by necessary adjustments in Revenue payable during the month of such sale.
- 10.7 The measurement and valuation related to Coal and UCG shall be governed by Applicable Laws.

ARTICLE 11

PROTECTION OF THE ENVIRONMENT

- 11.1 The Contractor and its sub-contractors shall conduct Petroleum Operations in an environmentally acceptable and safe manner consistent with Good International Petroleum Industry Practices (GIPIP) and in compliance with all Applicable Laws relating to protection and conservation of environment, after obtaining all necessary clearances and shall ensure that Petroleum Operations are properly monitored;
- 11.2 The Contractor shall take necessary and adequate steps to prevent, minimize and mitigate and remedy Environmental Damage and create awareness of the same amongst its employees, workers and sub-contractors. The Contractor shall also ensure that adequate compensation for injury to persons or damage to property caused by the effect of Petroleum Operation is provided and flaring of gas is minimized;
- 11.3 The measures and methods to be used by the Contractor for the purpose of complying with the terms of Article 11.2 shall be determined in timely consultation with the Government upon the commencement of Petroleum Operations or whenever there is a significant change in the scope or method of conducting Petroleum Operations and shall take into account the international standards applicable in similar circumstances and environmental impact study (if any) shall be carried out in accordance with applicable Environment Impact Assessment Notification and under the laws as applicable from time to time. The Contractor shall notify the Government and relevant State Government, in writing, of the measures and methods finally determined by the Contractor and shall cause such measures and methods to be reviewed from time to time in the light of prevailing circumstances.
- 11.4 If the Government in accordance with the laws has good reason to believe that any works or installations erected by the Contractor or any operations conducted by the Contractor are endangering or may endanger persons or any property of any person, or are causing or may cause pollution, or are harming or may harm fauna or flora or the environment to a degree which the Government deems unacceptable, the Government may require the Contractor to take remedial measures within such reasonable period as may be determined by the Government and to repair any such damage. If the Government deems it necessary, it may also require the Contractor to discontinue Petroleum Operations in whole or in part until the Contractor has taken such remedial measures or has repaired any damage caused.
- 11.5 The Contractor shall obtain necessary environmental clearances from appropriate governments/authorities in accordance with the provisions of applicable environmental laws. In the event the appropriate authority takes more than the time period stipulated under the Applicable Laws for providing such clearances, or where no specific time period is provided for grant of such clearance, more than 120 (one hundred and twenty)

days (“Approval Period”), then the days taken by the Government or State Government in addition to the Approval Period to grant such approval (“Extra Days”) shall be taken into account in determining all time periods provided for discharge of obligations of the Contractor under the Contract and such time periods, if already determined, shall stand extended by the number of Extra Days.

- 11.6 Where the Contract Area is partly located in areas forming part of certain national parks, sanctuaries, mangroves, wetlands of national importance, biosphere reserves and other biologically sensitive areas passage through these areas shall generally not be permitted. However, if there is no passage, other than through these areas to reach a particular point beyond these areas, permission of the appropriate authorities shall be obtained.
- 11.7 The Contractor shall, prior to conducting any drilling activities, prepare and submit for review by the Government contingency plans for dealing with oil spills, fires, accidents, blow outs and emergencies, designed to achieve rapid and effective emergency response. The plans referred to above shall be considered by the Government and concerns expressed by the Government shall be taken into account forthwith.
- 11.8 In the event of an emergency, accident, oil spill or fire or accident arising from Petroleum Operations affecting the environment, the Contractor shall forthwith notify the Government, concerned State Government(s) and relevant Agencies and shall promptly implement the relevant contingency plan and perform such Site Restoration as may be necessary in accordance with extant guidelines and GIPIP.
- 11.9 In the event that the Contractor fails to comply with any of the terms contained in Articles 11.7 and 11.8 within a period specified by the Government, the Government, after giving the Contractor reasonable notice in the circumstances, may take any action which may be necessary to ensure compliance with such terms and to recover from the Contractor, immediately after having taken such action, all costs and expenditures incurred in connection with such action together with interest compounded on daily basis at LIBOR plus 2 percentage from the date of commencement of obligation of the Contractor.
- 11.10 The Contractor shall create a Site Restoration Fund and carry out site restoration activities as per applicable rules / standards / notifications / guidelines. For the purpose of this Contract, the word profit petroleum mentioned in the Site Restoration Fund Scheme - 1999 may be read as Revenue. In the event that the Contractor fails to complete site restoration, the contractor shall be liable to pay damages equivalent to the cost of restoration as estimated by DGH.
- 11.11 The obligations and liability of the Contractor for the environment hereunder shall be limited to damage to the environment which:
- (a) occurs after the Effective Date; and
 - (b) results from an act or omission of the Contractor.

ARTICLE 12

REVENUE SHARE

12.1 “Revenue” for the purposes of determining the Government’s share of Revenue under this Contract shall be:

- (i) all amounts that are accruing to the Contractor, net of taxes on sales, on account of the Petroleum Produced and Saved from the Contract Area for the month;

LESS

- (ii) Royalty for that Month calculated by applying the weighted average selling price for the relevant month at the Delivery Point.

Revenue will be computed as per Appendix B of this Contract.

12.2 The Contractor shall pay the Government on a monthly basis, the Government’s Share of Revenue from the Revenue for such Month (as determined in accordance with Article 12.1) from the Contract Area, in accordance with the provisions of this Article 12.

12.3 Methodology to calculate Revenue Share for Blocks falling in Category-I Basins and CBM Blocks

12.3.1 The Government’s share of Revenue for a Month, when the average daily Revenue for the relevant Month is less than or equal to LRP, shall be _____ % (percent) (X) of the Revenue as determined as per Article 12.1.

12.3.2 The Government’s share of Revenue for a Month, when the average daily Revenue for the relevant Month is equal to or more than the HRP shall be _____ % (percent) (Y) of Revenue as determined as per Article 15.1.

12.3.3 Notwithstanding Article 12.3.1, Article 12.3.2 and Article 12.3.4, the Government Share of Revenue for an initial period two years (2) in case of Onland, three years (3) in case of Shallow Water and five years (5) in case of Deep & Ultra Deep Water from the commencement of first Commercial Production from the Contract Area shall be calculated as _____% (X) of the Revenue as determined in Article 12.1.

For the purpose of this Article 12.3.3, the expression “first Commercial Production” shall not include Commercial Production during the period of Early Monetization as permitted under Article 8.9 and shall only denote Commercial Production (including continued production, if any, from the subsumed Mining Lease granted under Early Monetization Plan) under a Petroleum Mining Lease (PML) granted for the Development Area.

12.3.3 (a) The Revenue share payable to the Government for early monetized discoveries during the exploration period, as given in Article 8.9, shall be calculated at ____% (X) (i.e. LRP rate) of the Revenue as determined as per Article 12.1.

12.3.4 The Government’s share of Revenue for a Month, when the average daily Revenue for the relevant Month is more than the LRP and less than the HRP, shall be determined as under:

$$\text{Government’s share of Revenue (Z)} = X + [(Y-X) \times (R-LRP) / (HRP - LRP)]$$

Where:

“Z” = Government share of Revenue, in percentage terms, at any level, which is more than the LRP and less than the HRP

“X” = Government share of Revenue, in percentage terms, at LRP level.

“Y” = Government share of Revenue, in percentage terms, at HRP level;

“R” = Average daily Revenue, computed on the basis of Revenue determined as per Article 12.1;

“HRP” = the meaning ascribed to it in Article 1.1.58 of this Contract

“LRP” = the meaning ascribed to it in Article 1.1.66 of this Contract

12.4 Government Revenue Share for Blocks falling in Category-II & Category-III Basins

12.4.1 Revenue shall be shared with the Government only if Windfall Gain accrues to the Contractor.

12.4.2 Revenue Share to the Government in a Financial Year shall be payable from the Month in which “Windfall Gain” accrues to the Contractor i.e. from the month in which the threshold limit of USD 2.5 billion is crossed during the relevant Financial Year.

12.4.3 In case Windfall Gain accrues to the Contractor, the Revenue Share to Government shall be payable as under:

- a) If the cumulative Revenue in a Financial Year is less than or equal to USD 2.5 billion, then no Revenue Share.
- b) If the cumulative Revenue in a Financial Year is more than USD 2.5 billion but less than or equal to USD 5 billion, 10% of Revenue exceeding USD 2.5 billion.
- c) If the cumulative Revenue in a Financial Year is more than USD 5 billion but less than or equal to USD 10 billion, Revenue Share calculated in (b) above plus 30% of Revenue exceeding USD 5 billion.
- d) If the cumulative Revenue in a Financial Year is more than USD 10 billion, Revenue Share calculated in (b) & (c) above plus 50% of Revenue exceeding USD 10 billion.

12.4.4 Revenue share payable to the Government for a Month in a Financial Year shall be equal to the amount as calculated at the end of that month applying the rates given in Article 12.4.3 on cumulative revenue at the end of that month as reduced by the Revenue Share calculated on cumulative revenue at the end of previous month.

In other words, Revenue Share payable for the month is equal to Revenue Share calculated on cumulative Revenue as at the end of Current month applying the rate(s) given in Article 12.4.3 (less) Revenue Share calculated on cumulative Revenue as at the end of previous month.

12.5 The Government's share of Revenue for a month shall be paid by the Contractor to the Government on or before the last Day of succeeding Month. In the event of any failure to pay Government's share of revenue within the due date, the Contractor shall pay interest compounded on daily basis for the entire period of delay at applicable LIBOR plus two percent (2%) points. If the Contractor fails to pay Government share of revenue within thirty (30) days after the due date, it shall be considered as a material breach of Contract.

12.6 The Contractor shall remit Royalty and Government share of Revenue in Indian Rupees (INR). For conversion purposes between United States Dollars and Indian Rupees or any other currency, the Reserve Bank of India Reference Rate of Exchange for the transaction day on which the revenues receipts or income are recorded shall be used.

12.7 Revenue from Coal and UCG shall be governed by Applicable Laws.

ARTICLE 13

TAXES, ROYALTIES, DUTIES ETC.

- 13.1 Companies that are parties to the Contract and Petroleum Operations under this Contract shall be subject to all fiscal legislation in India except where, pursuant to any authority granted under any Applicable Law, they are exempted wholly or partly from the application of the provisions of a particular law or as otherwise provided herein.
- 13.2 Pursuant to the provisions of section 42 of the Income-tax Act, 1961, the following allowances shall apply in computing income tax payable by a Member comprising the Contractor on its profits and gains from the business of Petroleum Operations in lieu of (and not in addition to) the allowances admissible under the Income-tax Act, 1961.
- i) The expenditure incurred, both capital and revenue, towards Exploration or drilling activities in any contract areas before the start of the commercial production shall be aggregated and 100% per annum of such expenditures shall be allowed in the year of first Commercial Production. Alternatively, such expenditures can be amortized over a period of ten (10) years from the year of first commercial production;
 - ii) The expenditure incurred, both capital and revenue, towards Exploration and drilling activities in any contract areas after the beginning of commercial production, shall be allowed 100% per annum in the year in which it is incurred;
 - iii) The expenditure incurred towards Development Operations (other than drilling operations), Production Operations and any other expenditure in respect of Petroleum Operations not covered in above (i) and (ii) shall be treated as per the relevant provisions of Income Tax Act 1961.
 - iv) However, if there is no commercial discovery in the Contract Area and the Contract Area is relinquished; all expenditures incurred towards Exploration Operations shall be allowed as a normal business expenditure in the year of such relinquishment.
- 13.3 For the purposes of Article 13.2 and section 42 of the Income-tax Act, 1961:
- a) The following terms used in section 42 of the Income-tax Act, 1961, shall have the meanings corresponding to the terms used in this Contract and defined in Article 1 as follows:
 - i. “agreement” means this Contract;
 - ii. “commercial production” shall have the meaning assigned in Article 1.
 - b) “Year” means a Previous Year as defined in the Income Tax Act, 1961.
 - c) The other terms used herein and defined in Article 1 shall have the meaning therein ascribed.
- 13.4 The Contractor shall be required to pay Royalty to the State Government(s) (in case of onshore areas) and to the Central Government (in case of offshore areas), at the rates specified in Appendix- D of this contract, of the value of the Petroleum Produced and Saved by the Contractor from the Contract Area calculated as per Article 10 of this contract. Concessional Royalty Rates specified in Appendix-D shall be applicable if

Commercial 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 this Contract.

- 13.5 Cess under Oil Industry (Development) Act, 1974 OID Act shall not be applicable on crude oil production from these Blocks.
- 13.6 Machinery, plant, equipment, materials and supplies imported by the Contractor and its Subcontractors solely and exclusively for use in Petroleum Operations under this Contract or similar contracts with the Government where customs duty has been exempted by the Government shall be exempt from customs duties and export duties or other charges on re-exportation of the said items in accordance with applicable legislation.
- 13.6 Royalty, Taxes and Duties pertaining to Coal and UCG shall be governed by Applicable Laws.

ARTICLE 14

JOINT DEVELOPMENT OF COMMON INFRASTRUCTURE

- 14.1 The Contractor and other party(ies) having rights over any other block, whether such block lies adjacent to the Contract Area or not, can mutually agree to:
- (i) terms and conditions of using for their respective Petroleum Operations any infrastructure(s) already existing in relation to any Block or Contract Area; or
 - (ii) develop common infrastructure(s) in accordance with the terms and conditions mutually agreed to between the Contractor and the other party(ies).
- 14.2 Any agreement on joint development of infrastructure pursuant to Article 14.1 shall be submitted to the Government, for its information and records, within thirty (30) days of execution of such agreement.
- 14.3 If the Contractor desires to acquire seismic data that requires activity across block boundaries, for full fold coverage along the block boundary, into areas already being developed by another entity authorized by the Government (such other block hereinafter referred to as “Other Block”, and such other entity hereinafter referred to as “Other Contractor”), then the Contractor shall submit an application for such data acquisition to the Government providing:
- (i) details of activities pertaining to seismic data acquisition required in the Other Block,
 - (ii) details relating to the area falling in the Other Block required for seismic data acquisition activities,
 - (iii) all such other data and information that the Contractor may determine to be relevant.

The Contractor shall provide a copy of the above submissions to the Other Contractor thirty (30) days prior to its submission to the Government. The Contractor shall share the data pertaining to the Other Block under Article 14.3 with the Other Contractor within thirty (30) days from the completion of the acquisition activity.

ARTICLE 15

EMPLOYMENT AND TRAINING

- 15.1 Without prejudice to the right of the Contractor to select and employ such number of personnel as, in the opinion of the Contractor, are required for carrying out Petroleum Operations in a safe and efficient manner, the Contractor shall, to the maximum extent possible, employ, and require the Operator and Subcontractors to employ, citizens of India having appropriate qualifications and experience, taking into account experience required in the level and nature of the Petroleum Operations.

- 15.2 The Operator shall offer a mutually agreed number of Indian nationals the opportunity for on-the-job training and practical experience in Petroleum Operations during the Exploration Period. Not later than six (6) Months after submission of FDP, the Operator shall, in consultation with the Government, establish and implement training programmes for staff positions at every level of Petroleum Operations including skilled, technical, executive and management positions, with a view to ensuring employment of nationals of India.

ARTICLE 16

LOCAL GOODS AND SERVICES

16.1 In the conduct of Petroleum Operations, the Contractor shall:

- (a) give preference to the purchase and use of goods manufactured, produced or supplied in India provided that such goods are available on terms equal to or better than imported goods with respect to timing of delivery, quality and quantity required, price and other terms;
- (b) employ Indian subcontractors having the required skills or expertise, to the maximum extent possible, insofar as their services are available on comparable standards with those obtained elsewhere and on competitive terms; provided that where no such subcontractors are available, preference may be given to non-Indian Subcontractors who utilize Indian goods to the maximum extent possible, subject, however, to the proviso in Para (a) above; and
- (c) ensure that provisions in terms of Para (a) and (b) above are contained in contracts between the Operator and its subcontractors.

16.2 In this Article “goods” means equipment, materials and supplies.

ARTICLE 17

INSURANCE AND INDEMNIFICATION

17.1 Insurance

17.1.1 The Contractor shall, during the term of this Contract, maintain and obtain insurance coverage for and in relation to Petroleum Operations and Coal for such amounts and against such risks as are customarily or prudently insured in the international petroleum industry in accordance with Good International Petroleum Industry Practices (GIPIP), and shall within two (2) months of the date of policy or renewal furnish to the Government, certificates evidencing that such coverage is in effect. Such insurance policies shall include the Government as additional insured and shall waive subrogation against the Government. The said insurance shall, without prejudice to the generality of the foregoing, cover:

- (a) loss or damage to all installations, equipment and other assets for so long as they are used in or in connection with Petroleum Operations; provided however, that if for any reason the Contractor fails to insure any such installation, equipment or assets, it shall replace any loss thereof or repair any damage caused thereto;
- (b) loss, damage or injury caused by pollution in the course of or as a result of Petroleum Operations;
- (c) loss of property or damage or bodily injury suffered by any third party in the course of or as a result of Petroleum Operations for which the Contractor may be liable;
- (d) any claim for which the Government may be liable relating to the loss of property or damage or bodily injury suffered by any third party in the course of or as a result of Petroleum Operations for which the Contractor is liable to indemnify the Government, or the State Government(s);
- (e) with respect to Petroleum Operations offshore, the cost of removing wrecks and cleaning up operations following any accident in the course of or as a result of Petroleum Operations;
- (f) the Contractor's and/or the Operator's liability to its employees engaged in Petroleum Operations; and
- (g) any business interruption losses.

17.1.2 The Contractor shall require its Subcontractors to obtain and maintain insurance against the risks referred to in Article 17.1.1 relating mutatis mutandis to such Subcontractors.

17.2 **Indemnity**

The Contractor shall indemnify, defend and hold the Government and the State Government(s) harmless against all claims, losses and damages of any nature whatsoever, including, without limitation, claims for loss or damage to property or injury or death to persons caused by or resulting from any Petroleum Operations and operations related to Coal conducted by or on behalf of the Contractor.

ARTICLE 18

RECORDS, REPORTS, ACCOUNTS AND REVENUE AUDIT

- 18.1 The Contractor shall maintain in original at an office in India adequate verifiable records of production and sales transactions which shall be used for valuation of Petroleum, Coal and UCG for computing Government share of Revenue for currency of the contract. The financial statements shall be prepared both in USD and INR using RBI/FBIL reference rate. The quantitative statements shall be prepared in Barrels (BBL) & Million Metric Tonne (MMT) for Crude Oil and Condensates and in Million British Thermal Units (MMBTU) and Million Standard Cubic Metres (MMSCM) for Natural Gas. For Coal and UCG, units of MMT and MMSCM respectively may be used.
- For the purpose of this Contract, the Contractor shall maintain a separate bank account in a Scheduled Commercial Bank.
- 18.2 The Contractor shall prepare, maintain and submit to the Government monthly statements of progress reports and developments relating to Petroleum Operations, Revenue, Production, and computation of Royalty and Government's Share of Revenue, in the format(s) prescribed by the Government, on or before the seventh (7th) Day of the following Month for the Term of this Contract.
- 18.3 Annual audit of statement pertaining to Revenue, Production, and computation of Royalty and Government's Share of Revenue shall be done by auditor appointed by the Contractor. Scope of such an audit shall include items required as per CAG. The Audited statements shall be submitted to the Government within two (2) months from the close of relevant Financial Year. The audit shall be carried out on the behalf of the Contractor by an independent firm of Chartered Accountants, registered in India in accordance with the generally accepted auditing and accounting practices in India.
- 18.4 The Government or its appointed agency shall have the right to audit the Royalty, Revenue and the quantity of Petroleum, Coal & UCG Produced and Saved under this contract.
- 18.5 The accounting and auditing provisions and procedures specified in this Contract are without prejudice to any other requirements imposed by any statute in India, including, without limitation, any specific requirements of the statutes relating to taxation of Members.
- 18.6 For the purpose of any audit pursuant to this Contract, the Contractor shall make available in original to the auditor all such books, records, accounts and other documents and information and facilities of the Petroleum Operations as may be reasonably required by the auditor during normal business hours.

ARTICLE 19

INFORMATION, DATA, CONFIDENTIALITY, INSPECTION AND SECURITY

- 19.1 The title in all data obtained as a result of Petroleum Operations under the Contract including, but not limited to, geological, geophysical, geochemical, petrophysical, engineering, Well logs, maps, magnetic tapes, cores, cuttings and production data as well as all interpretative and derivative data (excluding any proprietary technology), including reports, analyses, interpretations and evaluation prepared in respect of Petroleum Operations by or on behalf of the Operator or any of the Consortium Partner (hereinafter referred to as "Data") shall vest in the Government, provided, however, that the Contractor shall have the right to make use of such Data, free of cost, for the purpose of Petroleum Operations under this Contract as provided herein.
- 19.2 The Contractor shall promptly provide the available data to the Government, free of cost. Provided that the Contractor may, for use in Petroleum Operations, retain copies or samples of material or information constituting the Data and retain original material constituting Data with the approval of the Government. In case the Data is capable of reproduction and copies or samples have been supplied to the Government in equivalent quality, size and quantity, the Contractor may, export samples or original Data for processing or laboratory examination or analysis subject to the right of inspection by the Government and applicable regulations.
- 19.3 The Contractor shall keep the Government currently advised of all developments taking place during the course of Petroleum Operations and shall provide the Government with full and accurate information and progress reports relating to Petroleum Operations (on a daily, monthly, yearly or other periodic basis) as Government may reasonably require and in the manner prescribed by the Government in this regard from time to time. Provided that, this obligation shall not extend to proprietary technology.
- 19.4 All Data, information and reports obtained or prepared by, for or on behalf of, the Contractor pursuant to this Contract shall be treated as confidential and, subject to the provisions herein below, the Parties shall not disclose the contents thereof to any third party without the prior consent in writing of the other Party.
- 19.5 The obligation specified in Article 19.4 shall not operate so as to prevent disclosure:
- (a) to Affiliates, Contractors, or Subcontractors for the purpose of Petroleum Operations;
 - (b) to employees, professional consultants, advisers, data processing centers and laboratories, where required, for the performance of functions in connection with Petroleum Operations for any Party comprising the Contractor;
 - (c) to banks or other financial institutions, in connection with Petroleum Operations;

- (d) to bonafide intending assignees or transferees of a Participating Interest of a Party comprising the Contractor or in connection with a sale of the stock or shares of a Party comprising the Contractor;
 - (e) to the extent required by any Applicable Law or in connection with any legal proceedings or by the regulations of any stock exchange upon which the shares of a Party or an Affiliate of a party comprising the Contractor are quoted;
 - (f) to Government departments for, or in connection with, the preparation by or on behalf of the Government of statistical reports with respect to Petroleum Operations, or in connection with the administration of this Contract or any relevant law or for any purpose connected with Petroleum Operations; and
 - (g) by a Party with respect to any Data or information which, without disclosure by such Party, is generally known to the public.
- 19.6 Any Data, information or reports disclosed by the Parties comprising the Contractor to any other person pursuant to Article 19.5 (a) to (d) shall be disclosed on the terms that such Data, information or reports shall be treated as confidential by the recipient. Intimation of disclosures made by Members pursuant to Article 19.5, except those made to the employees of Contractor or its affiliates shall be given to the Government.
- 19.7 Any Data, information or reports relating to the Contract Area which, in the opinion of the Government might have significance in connection with offers of acreages by the Government, may be disclosed by the Government for such purpose. Government may also disclose such Data or information for any exploration programme to be conducted by a third party in adjoining areas with the consent of the Contractor, for better understanding of regional geological set-up and such consent by the Contractor shall not be unreasonably withheld.
- 19.8 Where an area ceases to be part of the Contract Area, the Contractor shall hand over all the originals and copies of the Data and information with respect to that part to the Government within a period of one (1) year from the date of relinquishment or surrender or termination of the contract. The Contractor shall, however, be allowed to retain one copy of the Data in its possession for its own use, where required, and shall not use the Data for sale or any other purposes, except for Research and Development (R&D) activities and Regional integration purposes with the prior approval of the Government. Subject to the provisions of this Article, the Contractor shall keep all Data/information confidential.

Notwithstanding any provision in the Contract to the contrary, the Government shall have the right to disclose and freely use all data and information at its sole discretion except for data of proprietary nature such as interpretation report to any party on or after three (3) years from acquisition of such data in order to promote exploration and production activities in the country. For any relinquished areas the Government shall have right to disclose and freely use all the data immediately after such relinquishment.

- 19.9 The Government shall, at all reasonable times, through duly authorized representatives, be entitled to observe Petroleum Operations and to inspect all assets, books, records, reports, accounts, contracts, samples and Data kept by the Contractor or the Operator in respect of Petroleum Operations in the Contract Area, provided, however, that the Contractor shall not be required to disclose any proprietary technology. The duly authorized representatives shall be given reasonable assistance by the Contractor for such functions and the Contractor shall afford such representatives reasonable use of all facilities and privileges afforded to its own personnel in the field including the use of office space and housing for a period not exceeding thirty (30) Business Days in a Year and thereafter at the cost of Government. The said representatives shall be entitled to make a reasonable number of surveys, measurements, drawings, tests and copies of documents, take samples, and make reasonable use of the equipment and instruments of the Contractor provided that such functions shall not unduly interfere with the Contractor's Petroleum Operations.
- 19.10 The Contractor shall give reasonable advance notice to the Government, or to any other authority designated by the Government for such purpose, of its programme of conducting surveys by aircraft or by ships, indicating, inter alia, the name of the survey to be conducted, approximate extent of the area to be covered, the duration of the survey, the commencement date, and the name of the airport or port from which the survey aircraft or ship will commence its voyage.
- 19.11 The Government, or the authority designated by the Government for such purpose, shall have the right to inspect any aircraft or ship used by the Contractor or a Subcontractor carrying out any survey or other operations in the Contract Area and shall have the right to put on board such aircraft or ship, Government officers in such number as may reasonably be necessary to ensure compliance by the Contractor or the Subcontractor with the security requirements of India.
- 19.12 If the Contractor does not provide to the Government relevant information; or suppresses key data; or omits any data regarding exploration and/or development and/or production, it shall be considered as material breach of the contract.
- 19.13 For the purpose of this Contract, Policy for E&P Data Assimilation, Disclosure, Sharing, Accessibility & Dissemination through National Data Repository published by Government of India as amended from time to time shall prevail at all times.

ARTICLE 20

TITLE TO PETROLEUM, DATA AND ASSETS

- 20.1 The Government is the sole and exclusive owner of Petroleum underlying the Contract Area and shall remain the sole and exclusive owner of Petroleum produced pursuant to the provisions of this Contract except as regards that part of Crude Oil, Condensate or Gas, the title whereof has passed to the Contractor or any other person in accordance with the provisions of this Contract.
- 20.2 Title to Petroleum to which the Contractor is entitled under this Contract, and title to Petroleum sold by the Contractor/ Members thereof (as applicable) shall pass to the relevant buyer party at the Delivery Point.
- 20.3 Title to all Data specified in Article 19 shall be vested in the Government and the Contractor shall have the right to use thereof as therein provided.
- 20.4 Assets purchased by the Contractor for use in Petroleum Operations shall be owned by the Parties comprising the Contractor in proportion to their Participating Interest provided that the Government shall have the right to require vesting of full title and ownership in it, free of charge and encumbrances, of any or all assets, whether fixed or movable, acquired and owned by the Contractor for use in Petroleum Operations inside or outside the Contract Area, such right to be exercisable at the Government's option upon expiry or earlier termination of the Contract.
- 20.5 The Contractor shall be responsible for proper maintenance, insurance and safety of all assets acquired for Petroleum Operations and for keeping them in good repair, order and working condition at all times.

ARTICLE 21

GUARANTEES

21.1 Each of the Members constituting the Contractor or the Operator on behalf of the other Members or the Parent Company, shall procure and deliver to the Government within thirty (30) days from the date on which this Contract is executed by the Parties:

- (a) an irrevocable, unconditional Bank Guarantee from a Scheduled Commercial Bank of good standing in India, acceptable to the Government, in favor of the Government, for the amount specified in Article 21.2 and valid for the Exploration Period for which bid commitments are made as specified in Article 4.1 with claim period of sixty (60) days, in a form prescribed by Government of India;
- (b) financial and performance guarantee in favor of the Government from the Company or from a Parent Company of the Member (in case the Party had relied on its Parent Company for meeting the technical qualification or Net Worth criteria in the bid) acceptable to the Government, in the form and substance prescribed by Government of India;
- (c) a legal opinion from its legal advisors, in a form satisfactory to the Government, to the effect that the aforesaid guarantees have been duly signed and delivered on behalf of the guarantors with due authority and is legally valid and enforceable and binding upon them;

In the event the Contractor fails to submit the Bank Guarantee within the time period stipulated in this Article, it shall be considered as material breach of the contract and subject to provisions in Article 22.2, in such event, the Participation / Bid Bond and BG in lieu of Net Worth submitted pursuant to NIO shall be encashed and forfeited.

- 21.2 (a) The amount of the guarantee referred to in Articles 21.1 (a) above shall be equal to the Liquidated Damages computed by applying the rates specified in the Article 4.4. The amount of guarantee of the Members comprising the Contractor under this Contract shall be to the extent of their individual Participating Interest.
- (b) after the completion and due performance of the Committed Work Programme, the guarantee will be released in favor of the Member on presentation to the bank of a certificate from the Government that the obligation of the Contractor has been fulfilled or license has been denied by the Central or State Government(s) as the case may be and the guarantee may be released. A certificate shall be provided within thirty (30) days from the completion of the said Work Programme and fulfillment of obligations under the Contract to the satisfaction of the Government or on submission of proof of rejection of license by the government as the case may be.

21.3 The Contractor shall submit a Bank Guarantee, valid for the duration of the Contract, for an amount equal to USD 300,000 (three hundred thousand) within 30 days from the

submission of FDP. Such guarantee shall be delivered by the Contractor in a form prescribed by the Government of India.

21.4 If any of the documents referred to in Article 21.1 are not delivered within the period specified herein, this Contract may be terminated by the Government upon ninety (90) days written notice of its intention to do so.

21.5 Subject to Article 21.6, notwithstanding any change in the composition or shareholding of the parent company furnishing a performance guarantee as provided herein, it shall, not under any circumstances, be absolved of its obligations contained in the guarantees provided pursuant to Article 21.1(b).

21.6 If:

- (a) a Party (“Assignor”) assigns all or a part of its Participating Interest to a third party (“Assignee”);
- (b) the Assignee provides an irrevocable, unconditional Bank Guarantee from a Scheduled Commercial Bank of good standing in India, acceptable to the Government, in favor of the Government, for an amount equal to the assignee’s Participating Interest share of the Liquidated Damages (LD) equivalent of the Committed Work Programme and current at the Effective Date of the assignment;
- (c) the Assignee provides performance guarantee and legal opinion in terms of this Article;
- (d) the amendment to the Contract giving effect to the assignment of Participating Interest is executed by all Parties;

then the Government shall release the guarantee given by the assignor under Article 21.1 (a) to the extent of the amount of the guarantee provided by the assignee and where relevant the guarantee under Article 21.1 (b).

21.7 The guarantees including but not limited to the Bid Bonds submitted by the Contractor at the time of bidding shall be returned only after appropriate Bank Guarantee has been submitted under Article 21.1 by the Contractor.

21.8 The Bank Guarantees submitted pursuant to Article 21 shall be extended from time to time-

- (a) for the period up to which the Exploration Period is extended; or
- (b) for the term of this Contract, as the case may be.

The extended Bank Guarantees shall be submitted ten (10) days prior to expiry of the existing Bank Guarantees submitted by the Contractor.

ARTICLE 22

TERMINATION OF THE CONTRACT

- 22.1 The Contractor may terminate this Contract:
- (a) with respect to any part of the Contract Area other than a Development Area then producing, or that prior thereto had produced Petroleum, upon giving ninety (90) days written notice of its intention to do so; and
 - (b) with respect to any Development Area in which Petroleum is being produced, or that prior thereto had produced Petroleum, or from where the production becomes uneconomical to produce, upon giving at least one hundred and eighty (180) days written notice of its intention to do so.
- 22.2 This Contract may be terminated by the Government upon giving 90 (ninety) days written notice with reasons to the other Parties of its intention to do so in the following circumstance, namely the Contractor or a Member comprising the Contractor (“Defaulting Party”):
- (a) has knowingly submitted any false statement to the Government in any manner which was a material consideration in the execution of this Contract; or
 - (b) has intentionally and knowingly extracted or authorized the extraction of petroleum or minerals not authorized to be extracted by the Contractor without the permission of the Government, whether from within or outside the Contract Area; or
 - (c) or its parent company which has given guarantee as per Article 21 of this Contract, is adjudged bankrupt by a competent court or enters into any scheme of composition with its creditors or takes advantage of any law for the benefit of debtors including the Insolvency and Bankruptcy Code ; or
 - (d) or its parent company which has given guarantee as per Article 21 of this Contract, has passed a resolution to apply to a competent court for liquidation of the Member unless the liquidation is for the purpose of amalgamation or reconstruction of which the Government has been given notice and the Government is satisfied that the Member’s performance under this Contract would not be adversely affected thereby and has given its approval thereto; or
 - (e) has assigned any interest in the Contract or part thereof without the prior written consent of the Government; or
 - (f) has failed to comply with any final determination or award made by a sole expert or arbitrators; or
 - (g) has failed to carry out or observe any of the terms and conditions of the License or Lease or the provisions of any Applicable Law in force thereunder, subject however to Article 23; or

- (h) on notice of termination as provided in Article 21.4; or
- (i) has failed to submit the FDP in accordance with the terms of this Contract; or
- (j) has not carried out any petroleum operation in the Contract Area for a duration of more than one year; or
- (k) has failed to maintain production from the Contract Area at optimum level as the FDP; or
- (l) committed a material breach of the Contract; or
- (m) has failed to make any monetary payment required by law or under this Contract by the due date or within such further period after the due date as may thereafter be specified by the Government.
- (n) no adjustment of Royalty, Government Share of Revenue and Windfall Gain, if any on the part of Contractor by himself/themselves shall be allowed in any circumstances.

PROVIDED THAT where the Contractor comprises two or more Members, the Government shall not exercise its rights of termination pursuant to Article 22.2 and the termination notice shall not become effective, if within 90 days period of the service of such notice on the Contractor or any of its constituent Members, any of the other Member(s) constituting the Contractor (the “Non-Defaulting Members”):

- A) satisfy the Government that it or they, is/are willing and would be able to carry out the obligations of the Contractor.
- B) with the consent of the Government, acquire the Participating Interest of the defaulting Member and procure and deliver to the Government a guarantee or guarantees as referred to in Article 21.1 in respect of the Participating Interest of the defaulting Member acquired by the Non Defaulting Member.

Provided further that, in the event there is no Non-Defaulting Member to carry on the obligations of the Contractor, the Lenders to the Contractor shall have the right to identify an entity to step-in and discharge and duly carry out the obligations of the Contractor (“Replacement Contractor”), within a period of ninety (90) days, or such extended period as may be granted by the Government following the notice of the Government’s intention to terminate the Contract pursuant to this Article 22.2. Upon identification of the Replacement Contractor by the Lenders, the Lenders shall submit the technical and financial details of the Replacement Contractor to the Government, which should be equivalent to the Contractor at the time of its selection and assure the Government of the ability of the Replacement Contractor to discharge the obligations under this Contract and to duly undertake and carry out the obligations of the Contractor. The Government shall, upon satisfaction of the ability of the Replacement Contractor to carry out the obligations of the Contractor hereunder, shall approve and agree to the assignment of the Contract to the Replacement Contractor.

22.3 If the circumstances of Article 22.2 (c) or (d) or (f), or (g), or (h), or (i) or (j), or (k) or (l) or (m) are remedied (whether by the defaulting Member or by Non-Defaulting

Member or any third Party on its behalf) within the ninety (90) Day period, or such extended period as may be granted by the Government, following the notice of the Government's intention to terminate the Contract as aforesaid, such termination shall not become effective.

- 22.4 On termination of this Contract, for any reason whatsoever, the rights and obligations of the Contractor shall cease but such termination shall not affect any rights of any Party which may have accrued or any obligations undertaken or incurred by the Contractor/ Members thereof (as the case may be) and not discharged prior to the date of termination.
- 22.5 In the event of termination, the Government may require the Contractor, for a period not exceeding one eighty (180) days from the date of termination, to continue, for the account and at the cost of the Government, Petroleum production activities until the right to continue such production has been transferred to another entity.
- 22.6 Termination of this Contract shall not discharge the Contractor of its obligation to carry out site restoration and shall carry out necessary action as directed by the Government to avoid Environmental Damage or hazards to human life or to the property of others.
- 22.7 Upon termination of this Contract under Article 22.2, the Defaulting Party shall be liable for all damages and penalties under the applicable laws and rules and also as per the provisions of this Contract.
- 22.8 The termination of the Contract, relinquishment or surrender of all or part of the Contract Area shall not be construed as absolving the Contractor of any liability undertaken or incurred by the Contractor in respect of the Contract Area during the period between the Effective Date and the date of such relinquishment or termination.

ARTICLE 23

FORCE MAJEURE

- 23.1 Any non-performance or delay in performance by any Party hereto of any of its obligations under this Contract, or in fulfilling any condition of any License or Lease granted to such Party, or in meeting any requirement of the Act, the Rules or any License or Lease, shall, except for the payment of monies due under this Contract or under the Act and the Rules or any law, be excused if, and to the extent that, such non-performance or delay in performance under this Contract is caused by Force Majeure as defined in this Article.
- 23.2 For the purpose of this Contract, the term Force Majeure means any cause or event, other than the unavailability of funds, whether similar to or different from those enumerated herein, lying beyond the reasonable control of, and unanticipated or unforeseeable by, and not brought about at the instance of, the Party claiming to be affected by such event, or which, if anticipated or foreseeable, could not be avoided or provided for, and which has caused the non-performance or delay in performance. Without limitation to the generality of the foregoing, the term Force Majeure shall include natural phenomena or calamities, earthquakes, typhoons, fires, wars declared or undeclared, epidemic, pandemic, hostilities, invasions, blockades, riots, strikes, insurrection, civil disturbances and Government/State Government imposed lockdown but shall not include the unavailability of funds.
- 23.3 Where a Party is claiming suspension of its obligations on account of Force Majeure, it shall promptly, but in no case later than ten (10) days of occurrence of Force Majeure notify the Management Committee and the Government of the occurrence of the Force Majeure and thereafter provide the Government with a copy to Management Committee with the detailed notice giving full particulars of the Force Majeure, the estimated duration thereof, the obligations affected, the reasons for suspension (if any), with description and the manner in which it is causing the non-performance or delay in performance under this Contract, the measures being taken by the party to mitigate the management of the Force Majeure event (if any means are possible) but such detailed notice of Force Majeure should in no case be later than thirty (30) days after the occurrence of the event of Force Majeure notified to the Management Committee and the Government.
- 23.4 A Party claiming Force Majeure shall exercise reasonable diligence to seek to overcome the Force Majeure event and to mitigate the effects thereof on the performance of its obligations under this Contract. The Party affected shall promptly notify the Management Committee and the Government within 10 (ten) days from the Day the Force Majeure event has been removed and no longer prevents it from complying with the obligations which have been suspended and shall thereafter resume compliance with such obligations as soon as possible.

- 23.5 The Party asserting the claim of Force Majeure shall have the burden of proving that the circumstances constitute valid grounds of Force Majeure under this Article and that such Party has exercised reasonable diligence and efforts to remedy the cause of any alleged Force Majeure.
- 23.6 Where a Party is prevented from exercising any rights or performing any obligations under this Contract due to Force Majeure, the time for the performance of the obligations affected thereby and for performance of any obligation or the exercise of any right dependent thereon, and the term of Exploration Period, Appraisal Period, Development Phase of this Contract, may be extended to the extent of Force Majeure period or by such period as may be approved by the Government
- 23.7 Notwithstanding anything contained herein above, if an event of Force Majeure occurs and is likely to continue for a period in excess of thirty (30) days, the Parties shall meet to discuss the consequences of the Force Majeure and the course of action to be taken to mitigate the effects thereof or to be adopted in the circumstances.
- 23.8 In the event, the Force Majeure persists for more than one year, the Contractor shall have an option to exit from the Contract without any obligations provided, the Contractor has completed proportionate amount of Work programme (rounded off to the nearest integer with a minimum number of one) for the period for which the Contractor has worked without a Force Majeure condition. However, if the work programme completed by the Contractor at the time of exiting is less than the proportionately reduced (w.r.t. time) work programme, then the Liquidated Damages to the extent of unfinished Work Programme shall be levied on the Contractor. The Contractor is allowed to exercise such an option during the currency of the Force Majeure or no later than 3 (three) months from the date of removal of Force Majeure.

ARTICLE 24

APPLICABLE LAW AND LANGUAGE OF THE CONTRACT

- 24.1 This Contract shall be governed and interpreted in accordance with the laws of India as amended or modified by the appropriate Government from time to time.
- 24.2 Nothing in this Contract shall entitle the Contractor to exercise the rights, privileges and powers conferred upon it by this Contract in a manner, which will contravene the laws of India.
- 24.3 The English language shall be the language of this Contract and shall be used in arbitral proceedings. All communications, hearing or visual materials or documents relating to this Contract shall be written or prepared in English.

ARTICLE 25

MEDIATION, CONCILIATION, SOLE EXPERT AND ARBITRATION

- 25.1 The Parties shall use their best efforts to amicably settle all disputes, differences, disagreements or claims arising out of, in relation to or in connection with any of the terms and conditions of this Contract or performance thereof.
- 25.2 Matters which, by the terms of this Contract, the Parties have agreed to refer to a sole expert and any other matter which the Parties may agree to so refer for expert determination, may be referred to a sole expert who shall be an independent and impartial person of international standing with relevant qualifications and experience, appointed by a written agreement between the Parties and who shall not, by virtue of nationality, personal connection or commercial interest, have a conflict between his/her own interest and his/her duty as a sole expert. In the event that the Parties fail or are unable to agree on a sole expert within thirty (30) days or such longer period as may be mutually agreed by Parties, the sole expert shall be appointed by a body or an institution or an agency or a person, mutually agreed by Parties.
In case, there is no agreement on the body or an institution or an agency or a person for appointing sole expert or such institution or agency or body fails to appoint a sole expert within thirty (30) days or such longer period as may be mutually agreed by Parties, the matter shall be referred to arbitration. Any sole expert appointed shall be acting as an expert and not as an arbitrator and the decision of the sole expert on matters referred to him/her shall be final and binding on the Parties and shall not be subject to arbitration.
- 25.3 Subject to the provisions of this Contract, the Parties hereby agree that any controversy, difference, disagreement or claim for damages, compensation or otherwise (hereinafter in this Article referred to as a “dispute”) arising between the Parties, which cannot be settled amicably within ninety (90) days after the dispute arises, may (except for those referred to in Article 25.2, which may be referred to a sole expert) be submitted to conciliation or an arbitral tribunal for final decision as hereinafter provided.
- 25.4 Prior to submitting a dispute to arbitration, the Parties may by mutual agreement submit the matter for conciliation in accordance with Part III of the Arbitration and Conciliation Act, 1996 as amended from time to time (“Arbitration Act”) or to any other dispute resolution process notified by the Government in this regard from time to time including the Committee of Experts/Eminent Persons notified by the Government of India vide Notification No. Expl-15022(13)/6/2017-ONGD-V dated 16.12.2019. No arbitration proceedings shall be instituted while such proceedings are pending provided that a Party may initiate arbitration proceedings in the event that dispute has not been resolved by such proceedings within sixty (60) days from the date of commencement of such dispute resolution proceedings.

- 25.5 The arbitral tribunal shall consist of three (3) arbitrators. Each Party to the dispute shall appoint one (1) arbitrator and the Party or Parties shall so advise the other Parties. The two (2) arbitrators appointed by the Parties shall appoint the presiding arbitrator.
- 25.6 Any Party may, after appointing an arbitrator, request the other Party(ies) in writing to appoint the second arbitrator. If such other Party fails to appoint an arbitrator within thirty (30) days of receipt of the written request to do so, such arbitrator may, at the request of the first Party, be appointed in accordance with Arbitration Act.
- 25.7 If the two arbitrators appointed by or on behalf of the Parties fail to agree on the appointment of the presiding arbitrator within thirty (30) days of the appointment of the second arbitrator and if the Parties do not otherwise agree, at the request of either Party, the presiding arbitrator shall be appointed in accordance with Arbitration Act.
- 25.8 If any of the arbitrators fails or is unable to act, his successor shall be appointed by the Party or person who originally appointed such arbitrator in the manner set out in this Article as if he was the first appointment.
- 25.9 The decision of the arbitral tribunal shall be pronounced within four (4) months unless otherwise extended by the Parties subject to the relevant provisions of Arbitration Act, and, in case of difference among the arbitrators the decision of the majority shall be final and binding on the Parties.
- 25.10 The arbitration agreement contained in this Article 25 and the arbitration proceedings conducted pursuant to the arbitration agreement shall be governed by the Arbitration Act.
- 25.11 The right to arbitrate disputes under this Contract shall survive expiry or the termination of this Contract.
- 25.12 The venue and seat of the sole expert, mediation, conciliation or arbitration proceedings pursuant to this Article, unless the Parties agree otherwise, shall be New Delhi, India and the proceedings shall be conducted in the English language. Insofar as practicable, the Parties shall continue to implement the terms of this Contract notwithstanding the initiation of proceedings before a sole expert, conciliator or arbitral tribunal and any pending claim or dispute.
- 25.13 The fees and expenses of a sole expert or conciliator appointed by the Parties shall be borne equally by the Parties. The cost and expenses of arbitrator appointed by a Party in accordance with the provision of this Article shall be borne by the respective Party and the cost and expenses of presiding arbitrator and other incidental expenditure in relation to arbitration and liability thereof shall be at the discretion of the arbitrators.
- 25.14 Notwithstanding anything contrary contained herein above, in the event of dispute among Government Company(ies) [as defined in the Companies Act, 2013] and with the Government, such disputes shall be settled in accordance with guidelines issued on the subject by Government from time to time.

ARTICLE 26

AMENDMENTS, WAIVER, SURVIVAL AND MISCELLANEOUS

- 26.1 This Contract shall not be amended, modified, varied or supplemented in any respect except by an instrument in writing signed by all the Parties, which shall state the date upon which the amendment or modification shall become effective.
- 26.2 No waiver by any Party of any one or more obligations or defaults by any other Party in the performance of this Contract shall operate or be construed as a waiver of any other obligations or defaults whether of a like or of a different character.
- 26.3 Notwithstanding any condonation of delay granted to the Contractor pursuant to the Contract, the Parties hereby agree that the time is of essence and the Contractor shall initiate all actions well in time in order to ensure that each activity falling within the scope of the Contractor is completed within the agreed time limits.
- 26.4 In the event that any provision in this Contract shall for any reason be determined by any court or tribunal to be illegal, invalid or unenforceable, then the remaining provisions shall not be affected, impaired or invalidated and shall remain in full force and effect and shall continue to be binding upon the Parties.
- 26.5 Any termination or expiration of this Contract shall be without prejudice to any rights, remedies, obligations and liabilities which may have accrued to a Party pursuant to this Agreement or otherwise under Applicable Law. All rights or remedies which may have accrued to the benefit of either Party (and any of this Contract's provisions necessary for the exercise of such accrued rights or remedies) prior to the termination or expiration of this Contract shall survive such termination or expiration. Furthermore, the provisions of Articles 1, 24, 27, and 26.5 shall survive the termination or expiration of this Agreement.
- 26.6 The provisions of this Contract shall be applicable to any Exploration, Development and Production Operations for CBM with minor modifications as provided in the Special Provisions provided in Appendix-C. In case of inconsistency, the special provisions comprised in Appendix-C for CBM Operations shall prevail over the general provisions applicable to all Petroleum Operations.

ARTICLE 27

NOTICES

27.1 All notices, statements, and other communications to be given, submitted or made hereunder by any Party to another shall be sufficiently given if given in writing in English language and sent by registered post, postage paid, or by facsimile, or email to the address or addresses of the other Party or Parties as follows:

(a) If to the Government:

Secretary to the Government of India
Ministry of Petroleum and Natural Gas
Shastri Bhawan,
Dr. Rajendra Prasad Marg,
New Delhi- 110001, India
Facsimile No.: 91 11 23383585
Telephone No.:
Email:

(b) XYZ Limited:

27.2 Notices when given in terms of Article 27.1 shall be effective when delivered if offered at the address of the other Parties as under Article 27.1 during business hours on working days and, if received outside business hours, on the next following working day.

27.3 Any Party may, by reasonable notice as provided hereunder to the other Parties, change its address and other particulars for notice purpose.

IN WITNESS WHEREOF, the representatives of the Parties to this Contract being duly authorized have hereunto set their hands and have executed these presents this ____day of _____, Two thousand and **Twenty One**.

Signed for and on behalf of the President of India

By: _____

In presence of _____

Signed for and on behalf of XYZ Limited

By: _____

In presence of _____

APPENDIX A

A.1 DESCRIPTION OF THE ORIGINAL CONTRACT AREA

The area comprising approximately _____sq. km. Onshore/Offshore India identified as block _____ described herein, falling in _____Basin (Category-__) and shown on the map attached as Appendix A.2 (“Map of the Original Contract Area”). Longitude and Latitude measurements commence at points 1,2,3.....,are given below:

A.2 MAP OF THE ORIGINAL CONTRACT AREA

APPENDIX B

**REVENUE COMPUTATION FOR THE PURPOSE OF COMPUTING REVENUE
SHARE**

Particulars	Method	Remarks
Sales Revenue for the month as per accounting statements prepared on accrual basis (A)	Quantity of Crude, Gas, Condensate and other derivatives sold X Weighted Average Selling Price accounted on accrual basis of accounting, without any negative provisions or adjustments related to previous months sales	Computed using the weighted average selling price at the Delivery Point
ADD , Closing Stock at the end of the relevant month (B)	Quantity of closing stock of each category of Petroleum in Closing Stock as per Stock Statement for the end of the month	Closing Stock at the end of the month would be valued on the basis of the price realized during preceding sale for that month
LESS , Opening Stock (C) carried over from previous month	Value of Opening Stock	Value same as that of closing stock for the previous month calculated as per (B) above for the previous month for rates applicable for that month (net of Royalty and Taxes)
LESS , Taxes and Royalty (D)	Applicable Royalty and any other taxes on the Quantity of Petroleum Produced and Saved for the month accrued for the month as per financial statements	Royalty and Taxes if included in the Revenue Amounts above (A) and (B) and payable for the month shall be adjusted as a deduction from the Revenue
Total (A+B-C-D)	Revenue for the Month for the purpose of Article 12.1 of the Contract	

If there are no sales in any particular month, but production, the average sales price for the previous month shall be applicable for the computation of (B). If there is production for previous months but no sales, the relevant Government declared price shall apply for valuation of (B), subject to any adjustment that may be carried out based on actual sales in the immediately succeeding month.

Above Revenue Calculation is subject to the provisions of Article 10 of this Contract.

Revenue shall be computed at the agreed Delivery Point as per the provisions of this Contract.

APPENDIX C

SPECIFIC PROVISIONS FOR PETROLEUM OPERATIONS RELATING TO CBM BLOCKS

1. In relation to CBM Petroleum Operations, during the currency of Exploration Period the Contractor shall complete the following Committed Work Programme:
 - a) Drilling of Committed number _____ of Core holes (at least one Core hole to penetrate the technical basement), and carry out related studies as under:
 - i. Geophysical logging, interpretation of coal thickness and associated strata;
 - ii. Analysis of coal grade, rank, cleat spacing of coal core samples obtained during drilling;
 - iii. Adsorption isotherm of core samples;
 - iv. Gas content of coal core samples by desorption studies in canisters; and
 - v. Injection/ fall off test in the Core holes for carrying out permeability study and Reservoir simulation leading to forecasting of CBM and water productions.
 - b) Drilling of (_____)Test Wells*

Drilling, completion, stimulation (hydro fracturing or cavitations etc.), well testing, dewatering (production testing) of the Test Wells. Forecasting of CBM gas production and water based on the results of reservoir simulation, hydro-geological studies and preliminary economic assessment.
 - c) Any other work considered necessary by the Contractor;
 - d) Submission of reports:

At the end of Core hole drilling, testing and studies, and on the results of drilling and production testing of committed production Test Wells.
2. The actual depth objective for each of the Core holes/Test Well(s) shall be determined by the Contractor on geological consideration. However, at least one Core hole should penetrate the Technical Basement. The Contractor shall ensure that all relevant subsurface, geological, geochemical and geophysical information necessary for the attainment of the exploration objectives in accordance with Good International Petroleum Industry Practices (GIPIP) is carried out during exploratory drilling.
3. If the depth/ geological objective of the Well is not achieved for any reason, in that case, a substitute well shall be drilled of the same specifications as stipulated in Clause 2 above.

On completion of the Committed Work Programme or on payment of Liquidated Damages for the unfinished Committed Work Programme as provided in clause 1 of this annexure, the Contractor shall have the option exercisable by giving a written notice to

the Government at least thirty (30) days prior to the expiry of Exploration Period, to either:

- i) relinquish the entire Contract Area and the Contract shall stand terminated; or
- ii) retain the Contract Area or part thereof for a further period of three (3) years (herein after referred to as the Assessment Period) to conduct appraisal activities and market surveys or for the purpose of conducting development and production Operations in accordance with the terms of this Contract. The Contractor shall have no further obligation in respect of the Committed Work Programme

During the currency of Assessment Period of three (03) years, the Contractor shall complete the following appraisal activities:

I. Pilot Assessment

- a) Drilling of pilot Wells, in one or more Clusters for stimulation, de-watering, Gas flow rate measurement and ascertaining other production parameters;
- b) Perform stimulation, injection and related tests, run computer modelling of production profiles;
- c) Carry out environmental impact and related studies; and
- d) Prepare a technical assessment of the Contract Area.

II. Market Surveys and Commitment

- a) Carry out market surveys, investigate potential markets and obtain market Commitments;
 - b) Submit a Field Development Plan to the Government.
4. During the Assessment Period or earlier, if and when a Potential Commercial Assessment is made within the Contract Area, the Contractor shall:
- a) Forthwith inform the Management Committee and the Government of the Potential Commercial Assessment and furnish the details of such assessment to the Management Committee and Government within thirty (30) days;
 - b) Proceed to prepare a techno-economic pre-feasibility report, as may be required to determine whether the Potential Commercial Assessment is of commercial interest within one (1) year of the Potential Commercial Assessment and submit the report to Government through the Management Committee;
5. If the Contractor decides to proceed with the development plan, then, the Contractor shall prepare such plan and submit the same to the Management Committee at least sixty (60) days prior to the expiry of Assessment Period.
6. The Contractor shall undertake to complete the Committed Work Programme agreed upon in accordance with Clauses 1. In the event that the Contractor fails to fulfill the said Committed Work Programme by the end of the Exploration Period, if any, or Contract is terminated in accordance with the Article 22, the Contractor shall pay to the Government

an amount equivalent to Liquidated Damages specified for unfinished Committed Work Programme under Article 4.4.

7. A FDP prepared and submitted by the Contractor in relation to CBM shall contain detailed proposals for the construction, establishment and operations of all facilities and services for and incidental to the recovery of CBM, storage and transportation of CBM to the Delivery Point together with all data and supporting information including, but not limited to:
 - a. Description of the nature and characteristic of the Reservoir data, statistics, interpretations and conclusions on all aspects of the geology, Reservoir evaluation, CBM engineering factors, reservoir models, estimates of reserve in place, recoverable reserves, possible production magnitude, nature and analysis of producible CBM;
 - b. Details of the Development Plan and/or alternative Development Plans, if any, including but not limited to the number of Wells to be drilled, the production profile and the rate of CBM to be produced on Yearly basis during the Development and Production Phases, the transportation facilities to be installed and the infrastructure to be established and/or used under such Development Plan and/or alternative Development Plans, if any;
 - c. Estimated rate of production to be established and projection of the possible sustained rate of production in accordance with Good International Petroleum Industry Practices (GIPIP) under such Development Plan and /or alternative Development Plans, if any, which will ensure that the area does not suffer an excessive rate of decline of production or an excessive loss of reservoir pressure;
 - d. Details of proposed marketing arrangements including any sales commitment;
 - e. Estimates of Development Costs, Production Costs, estimated sales revenues and any other income under such development plan and/or alternative development plan, if any;
 - f. Details of proposed financing arrangements;
 - g. Work Programme(s) and Budget(s) for development proposal;
 - h. Implementation schedule of major activities of the Development Plan;
 - i. Detailed proposal for further evaluation of Producing Areas of commercial interests in the Contract Area;
 - j. Measures to be taken for health and safety of employees engaged in CBM operations; and
 - k. Anticipated adverse impact on the environment and measures to be taken for prevention or minimization thereof and for general protection of the environment in conduct of CBM Operations.

APPENDIX D

ROYALTY RATES

For the purpose of this contract, following royalty rates will be applicable (vide Notification S.O. 367 (E) dated 14-01-2019):

Type of hydrocarbons	Duration	Royalty rates (Oil)	Royalty rates (Gas & CBM)
Onland	-	12.5%	10.0%
Shallow Water	-	7.5%	7.5%
Deep Water	First 7 years	No Royalty	No Royalty
	After 7 years	5%	5%
Ultra Deep Water	First 7 years	No Royalty	No Royalty
	After 7 years	2%	2%

Concessional Royalty Rates:

Basin Category Wise following concessional royalty rates will be applicable vide notification S.O.1597(E) dated 11th April, 2019:

Crude Oil-

Basin Category	Onland	Shallow water	Deepwater		Ultra-deepwater	
	Throughout	Throughout	First 7 Years	After 7 Years	First 7 Years	After 7 Years
Category-I Basins	11.25%	6.75%	Nil	4.50%	Nil	1.80%
Category II Basins	10%	6%	Nil	4%	Nil	1.60%
Category III Basins	8.75%	5.25%	Nil	3.50%	Nil	1.40%

Natural Gas/CBM-

Basin Category	Onland	Shallow water	Deepwater		Ultra-deepwater	
	Throughout	Throughout	First 7 Years	After 7 Years	First 7 Years	After 7 Years
Category-I Basins	9%	6.75%	Nil	4.50%	Nil	1.80%
Category II Basins	8%	6%	Nil	4%	Nil	1.60%
Category III Basins	7%	5.25%	Nil	3.50%	Nil	1.40%